UNITED STATES OF AMERICA

Congressional Record

PROCEEDINGS AND DEBATES OF THE 106th CONGRESS
FIRST SESSION

VOLUME 145—PART 13

JULY 27, 1999 TO AUGUST 3, 1999
(PAGES 17833 TO 19320)

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, 1999

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2250 Mail: Stop SSOP, Washington, DC 20402–0001

United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 106th CONGRESS, FIRST SESSION

SENATE—*Tuesday, July 27, 1999*

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Dear God, we echo the Psalmist's prayer as we begin this day: "Be merciful to us and bless us, and cause Your face to shine upon us, that Your way may be known on earth."—Psalm 67:1-2.

Father, You have already answered so much of this prayer. You have been merciful in the abundance of Your blessings and Your unmerited grace. You have forgiven us when we have failed, and You have given us new beginnings. Most of all, we praise You for Your smiling face that gives us confidence and courage. We are moved by the reminder that in Scripture the term "Your face" is synonymous with Your presence.

Praise You, Lord, for Your desire to be with us and to share in the struggle for progress. You give strength and power when we seek Your will and desire to do Your desires. We humble ourselves as we begin this day. We want nothing to block Your blessing. We relinquish any self-serving spirit or agenda that would diminish our ability to be blessed or to be a blessing to our beloved Nation. Give us clear minds to receive Your guidance and courageous voices to speak Your truth. Amen.

PLEDGE OF ALLEGIANCE

The Honorable CHUCK HAGEL, a Senator from the State of Nebraska, led the Pledge of Allegiance, as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDING OFFICER (Mr. HAGEL). The distinguished acting majority leader is recognized.

SCHEDULE

Mr. GORTON. Mr. President, today the Senate will be in a period of morning business until 10 o'clock. Following morning business, the Senate will begin consideration of any available appropriations bills. Amendments are expected to be offered, and therefore Senators can expect votes throughout the day's session.

For the information of all Senators, the Senate is expected to begin consideration of the reconciliation bill during Wednesday's session of the Senate. That legislation is limited to 20 hours of debate, and therefore it is hoped the Senate can complete action on that bill Thursday.

I thank my colleagues for their attention.

MORNING BUSINESS

Mr. CAMPBELL. Mr. President, are we in morning business?

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business for not to exceed 30 minutes with Senators permitted to speak therein for up to 5 minutes each, with the time equally divided in the usual form.

The Senator from Colorado is recognized.

(The remarks of Mr. CAMPBELL pertaining to the introduction of S. 1438 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. CAMPBELL. Mr. President, I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DURBIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. I ask to be recognized in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Illinois is recognized for up to 5 minutes.

TAX CUTS

Mr. DURBIN. Mr. President, during the course of this week, we will debate in this Chamber one of the most important issues in terms of the future of our economy.

Most of us can remember it was not that many years ago that the Federal budget was swimming in red ink. My Republican colleagues came to the floor of this Senate 2 years ago begging for the passage of a constitutional amendment to balance the budget. They were so distraught and despondent over deficits that they said the only way to bring this House into order was for us to have the Federal courts impose their will on Congress: The Federal courts must stop Congress from spending. The so-called balanced budget amendment failed by one vote. There were great tears shed on the floor of the Senate by Republican Members and even a few on the Democratic side that we had missed the opportunity to end the era of deficits.

Barely 24 months later and how this world has changed. We are now in the world of surpluses, or at least anticipated surpluses. President Clinton's deficit reduction plan of 1993 accounts for about 80 percent of this deficit reduction and surplus creation, and the other part came from bipartisan agreements since that time.

My Republican colleagues have shifted from this debate about amending the Constitution, saying we are so awash with money in Washington that we have surpluses to be given back to people in the form of tax breaks, primarily for the wealthiest of Americans.

Many on the Democratic side take a more conservative view. It is hard, I am sure, for our Republican friends to stomach this, but we are the conservative party when it comes to fiscal issues because we believe if there is to be a surplus, it should be dedicated first to making certain Social Security is strong for decades to come; second, to make certain Medicare receives an infusion of capital so we don't see an increase in premiums or a reduction in services; and third and most important, buy down the national debt.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

We can speculate for hours on end on the floor of the Senate about the state of America and its economy. However, certain things are obvious. We have more than $5 trillion in national debt that costs $1 billion a day in interest. We have a Social Security system that needs money. We have a Medicare system that does, as well. We should take care of those three items before we go off on some lark of spending $1 trillion in tax breaks for wealthy people.

One might expect to hear that from a Democratic Senator and expect to hear the opposite from a Republican Senator because that is the nature of this debate. I appeal to the American people to step back for a second and look for a credible, objective arbiter. Let me make a suggestion: Alan Greenspan, Chairman of the Federal Reserve Board, who is credited as much as the Clinton administration with bringing about the economic prosperity that has brought down inflation, increased employment, increased the number of new businesses, increased housing. What does Alan Greenspan say about the $1 trillion tax cut? He says it is not wise, not good policy. He said there may be a time in a recession when a tax cut makes sense but to put this tax break for wealthy people on the books now is to fuel an economy too much, to create inflationary pressure.

What would be the response of the Federal Reserve Board? Obviously, raise interest rates. What happens when interest rates are raised? The cost of a mortgage payment goes up for people who have an adjustable rate mortgage. People who have equities in mutual funds for retirement find those equity values falling as interest rates go up. Chairman Alan Greenspan, the objective arbiter, says to the Republicans: Please, stop; don't do this. You are overreacting to what we hope is the good news of a surplus.

That is the critical difference.

We know the Republican tax breaks are primarily geared for wealthy people. We know after 5 years, the Republicans have to dip into the Social Security trust fund to pay for their tax breaks. We know they provide no money whatsoever for Medicare. We know that if we follow their scenario we will be forced on the floor of the Senate and the House of Representatives to make dramatic cuts in education, in environmental protection, in the basics that Americans expect from our Federal Government.

It is a recipe for economic disaster and a recipe for fiscal irresponsibility.

Mr. SCHUMER. Will the Senator yield?

Mr. DURBIN. I am happy to yield to the Senator.

Mr. SCHUMER. I thank the Senator for yielding.

One of our great historians said those who don't learn the lessons of history are condemned to repeat it. We are about to repeat the same kind of mistake that was made 20 years ago. We have an economy that is moving along smartly and well. We have inflation in check. We have job growth. Americans are prosperous and happy.

All of a sudden, almost with happy recklessness, the other side wants to blow all this up.

In 1981, we passed a huge dramatic tax cut. What happened? Interest rates went through the roof. Unemployment rates went from 4 or 5 percent to 7, 8, or 9 percent. Americans were out looking for work. It took an entire decade to rectify that.

Adding insult to injury, not only is this idea reckless in terms of the soundness of our economy as my colleague from Illinois has brought up and as Alan Greenspan stated, now we have CBO, which has always been known as a bipartisan, careful agency, saying this huge tax cut is very wrong, as every major economist that I have read about has also stated. It should be done when we move into recession if, God forbid, we do but not now.

CBO says this balances the budget better than saving the money and putting it aside for debt reduction and for Medicare. The world is almost being turned upside down. I plead with the CBO Director to get his bearings. I have never seen CBO act in such a wild and almost irresponsible way.

We know the budget caps are going to be lifted. What did the Republican leadership do in the House yesterday? They passed another emergency bill. Last week, the census was an emergency, not contained in the budget caps. This week, it was something new. Just yesterday there was an emergency, another $5 billion. They are going over the budget caps. CBO says they won't; it will go to debt reduction. It is absolutely awful.

CBO is one of the few compasses we have as we sail through these new economic waters. For them to get so partisan and so off base by making an assumption that is virtually laughable, I plead with the head of CBO to reexamine his statements. To say a $1 billion tax cut will reduce the deficit more, or a $700 billion tax cut will reduce the deficit more than a $300 billion tax cut, with most of the remainder going to be put aside for debt reduction to help the Medicare system is absurd.

I ask the Senator from Illinois his view of what CBO is doing. When we lose our moorings, when we lose our lodestars, when the whole debate becomes entirely political, we are in trouble.

Mr. DURBIN. I agree with my colleague from New York. We have not run into such economic doubletalk and gobbledygook since the days of the appropriately named Laffer curve.

I yield to the Senator from California.

Mrs. BOXER. I thank the Senator for yielding for a question. I want to join in on the CBO question. I have gotten to the point where I don't listen to any bureaucrats. I listen to the Nobel Prize-winning economists. They are saying the Republican plan is risky and dangerous. Many signed a letter. I am going with them.

We cannot trust the CBO anymore.

I want to ask my friend about the tax break and the question: Is this fair? The Senator has an important chart. I found out yesterday under the Republican Senate plan anyone earning $1 million a year gets back $30,000 each and every year in a tax break, while those at the bottom hardly get anything.

I want to pose a question to my friend from Illinois. A millionaire gets back $30,000. That equals the average income of an average citizen. In other words, a millionaire gets back as much in a tax cut as the average American, who gets up every day and goes to work for 8 hours a day, earns in a year.

I pose the question to my friend: Is this fair?

Mr. DURBIN. I think the Senator from California has once again identified the Achilles' heel of Republican tax policy. They just cannot help themselves. Whenever it comes time for a tax break, they always want to give it to Donald Trump. I think Mr. Trump is doing well. I think Mr. Gates is doing very well. I don't think they need a tax break to be inspired to go to work tomorrow. The Republicans insist that is the case.

Look what it does: For the top 1 percent of wage earners in America, the Republican plan, the Republican tax breaks give an average of almost $23,000 a year. Of course, for those bottom 60 percent, people with incomes below $38,000 a year, they receive $139 a year.

The Republicans say: Wait a minute, the rich are paying all the taxes; they should get the tax break; it should come back to them.

Yet when you look at it, they are taking them at the expense of working families who are concerned about the future of Social Security, concerned about the future of Medicare, and want to make certain we keep up with our basic commitments to education and environmental protection.

The PRESIDING OFFICER (Mr. BUNNING). The Senator's time has expired.

Mr. DURBIN. I thank the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I ask unanimous consent to have the time extended to 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

SNAKE RIVER DAMS

Mr. GORTON. Mr. President, Senators from the Northwest are sometimes frustrated in trying to get our message across, to deliver or reflect the views of our constituencies almost 3,000 miles away, and to let our Senate colleagues from around this country understand what it's like to live in the Northwest.

The Northwest is known for clean air and water, a high quality of life, picturesque landscapes, the beauty and majesty of the Cascade and Olympic Mountains, the rolling hills of the Palouse, lush wooded forests, sparkling lakes, a playground for backpackers, hikers and recreational enthusiasts, home of America's success story—Microsoft, the apple capital of the world, breadbasket to the nation, a vibrant salmon fishery and home of the most wonderful people who possess a zest for life and fierce instinct to preserve and protect these truly unique qualities of my great state of Washington and of Oregon, Idaho, and Montana as well.

Mr. President, I share the passion of my constituents. I consider it an honor to represent a state as great and diverse as mine. But what is often overlooked is the fact that our hydroelectric power system plays a central role in keeping Pacific Northwest a clean, healthy, and affordable place to live, work, play, and raise a family.

I have come to this floor many times to explain what makes the Northwest tick to my colleagues and to others unfamiliar with the region. And I have been frustrated or puzzled by the reaction I get when I reflect the views of my state, and in particular, my eastern Washington communities.

We have been waging a battle with this administration, radical environmental organizations, and other dam removal advocates over the issue of removing Columbia-Snake River dams.

Advocates of dismantling our Columbia River hydro system place the choice in stark terms of dams or salmon. That choice, presented in such terms, is false. The truth is that by applying adaptive management to our hydro system, we can and will preserve endangered salmon runs and our valuable hydro system.

I reject the false choice of salmon versus the Columbia hydro system. I believe passionately that we can and will restore a vibrant salmon fishery to the Columbia and that we can do so within the confines of the hydro system.

To an outsider, one would think the administration has the momentum. Interior Secretary Bruce Babbitt has been a roll—tearing down dams from the California coast to Maine in the Northwest.

Incidentally, however, we may be a new ally in Vice President ALBERT GORE. While he has been known as a removal advocate, last week, in order to get a photo opportunity on the Connecticut River, he had a dam release some 4 billion gallons of water in order that he could go cancoeing. Perhaps now we have found a new use for dams and a new ally in the Vice President, as long as we can offer him canoeing activities by releasing water.

Most of us in the region believe we have the facts and support on our side to defeat those who wish to remove the Snake River dams and thereby destroy a central piece of the Northwest economy and a way of life for millions of Northwesterners.

I have asked myself—What do we have to do?

We can have thousands rally to "Save Our Dams"—as we did in eastern Washington and Oregon communities earlier this year.

We can have our local, State, and Federal officials unite in their opposition to dam removal, and we have added Governor Gary Locke and Senator MURRAY to the ranks of those opposed to removing our eastern Washington dams.

And we can have scientists, federal agencies, and even environmental groups point to global warming as a major cause for salmon decline.

We can have the National Marine Fisheries Service scientists tell us, in a report released April 14, that the chance of recovery for a few distinct salmon runs is only 64 percent if all four lower Snake River dams are removed, as against 53 percent by continuing to transport smolts around the dams—a difference that is barely statistically significant.

And we can have recent media reports tell us that the "Outlook is bright for salmon runs this year." In this July 12 Seattle Times article, scientists and biologists are predicting a potential rebound in salmon stocks in the Pacific Northwest. And the reasons they cite are: improved ocean conditions, better freshwater conditions, and cutbacks in fishing.

But still we hear the dam removal clamor from national environmental groups and bureaucrats in the Clinton-Gore administration. And we have an energized Interior Secretary who in his words has been "out on the landscape over the past few months carrying around a sledgehammer" giving speeches saying "dams do, in fact, outlive their function" and "despite the history and the current differences over dams, Babbitt said he believes change is inevitable." (Trout Unlimited Speech, CQ, July 17, 1999)

Here I am again, to share some compelling statistics recently released by the Army Corps of Engineers that further prove that removing dams in eastern Washington would be an unmitigated disaster and an economic nightmare.

Ten days ago, the Corps released three preliminary economic studies that will be included in an overall Lower Snake River Juvenile Fish Migration Feasibility Study set for completion later this year.

The Corps studies quantified the economic impact of the removal of the four Snake River dams as removal relates to the region's water supply, navigation, and power production.

I simply cannot overstate the importance of these studies and what they mean for the future of the Pacific Northwest, its economy and the livelihood of our families and communities.

That is why I was surprised when there was little attention paid to the release of these three studies. I can remember that as recently as March of this year when the Corps was preparing to release a study on recreation benefits involving the four lower Snake River dams, environmental groups including the Sierra Club, NW Sportfishing Industry Association, Trout Unlimited, and Save Our Wild Salmon were tremendously successful in getting the media's attention and substantial coverage of their claims that removing the four Snake River dams would bring a $300 million annual recreational windfall to the region.

The environmental groups leaked the $300 million number knowing that the study was incomplete, but the false information made big news. Then, the report was completed and the truth was told. In fact, the real number, according to the Corps report is: "Under the natural river drawdown alternative, the value of recreation and tourism then increased to $129 million annually, which represents an increase of about $67 million per year."

Why did this report, with complete analysis, receive so little attention:

I am again surprised at the lack of attention given to the results of the latest three studies, which standing alone, send such a clear signal to this administration, radical environmental groups, and dam removal advocates everywhere that they should abandon their cause.

Let me share these numbers with you:

First, starting with power production:

The economic effect of breaching on the region's power supply would be $251 million to $291 million a year.

Residential bills for Northwest families and senior citizens would increase $1.50 to $5.30 per month.

But the region's industrial power users, which rely on cheap power to provide thousands of jobs can see a monthly increase ranging from $387 to $1,326. Our aluminum companies would see an increase in their monthly bills ranging from $222,000 to $758,000.

If the Snake River dams are breached, how would we replace the 1,231 megawatts the dams produce annually? Keep in mind it takes 1,000 megawatts to serve Seattle. The answer is, there is no cheap alternative. We can increase power production at thermal power plants or build new gas-fired combined-combustion turbine plants.

Finally, these power estimates wouldn't be complete without reminding my colleagues that last month the Administration sought to collect at least $1 billion beyond normal power costs to create a "slush fund" to fund the removal of the four Snake river dams. I was delighted to pass any amendment prohibiting the Bonneville Power Administration from raising rates on Northwest power customers for a project they don't even want.

Second, lets look at irrigation.

The Corps report assumes that there is no economically feasible way to continue to provide irrigation to the 37,000 acres of farmland served by the four Snake River dams. The report assumes 37,000 acres of farmland will be taken out of production as a result of breaching those dams.

What does this loss of water supply mean for eastern Washington?

The loss of irrigated farmland would cost $9.2 million annually.

The cost to retrofit municipal and industrial pump stations would be $.8 to 43.8 million a year.

The cost to retrofit privately-owned wells would be 43.9 million annually.

In light of these sobering statistics, what options would be left for irrigators? The Corps estimated the economic effect on dam breaching on farmland value would amount to more than $134 million. The Corps also considered ways to alter the irrigation system in order to continue to irrigate the 37,000 acres—to accomplish this alternative, we would have to spend more than $291 million—more than the value of the land. Our farmers and agricultural communities are struggling enough as it is, and removing their ability to even water their crops puts them beyond despair. Therefore, the Corps assumes this irrigated farmland will disappear.

Lastely, let's look at transportation:

The Corps studied transportation impacts of breaching the four Snake river dams.

The transportation costs resulting from breaching the four Snake River dams would rise to $1.23 per bushel from .98 cents per bushel—a 24 percent increase.

The annual increase in transportation costs to the region would be $40 million for all commodities.

Breaching the four dams would remove 3.8 million tons of grain from the Snake River navigation system. Of this 3.8 million, 1.1 million would move to rail transportation and 2.7 million tons would move to truck transportation.

According to the report, barge transportation of commodities on the Snake river limits the cost of rail transportation and truck transportation. Removing competition among these types of transportation could drive up costs. According to the report, barge transportation has saved, on average, $5.95 in per ton when compared with other transportation alternatives. "Disturbing this competition would be one of the most important regional consequences of permanent drawdown."

According to the Washington State Legislative Transportation Committee, additional costs resulting from road and highway damage range from $56 million to $100.7 million.

Further, it is important to note that the navigation system of the Columbia allows enough barge transportation that if it were destroyed, more than 700,000 18-wheelers a year would be added to our already congested state roads and highways to replace the lost hauling capacity. (Source: Pacific Northwest Waterways Association)

I want to put all this together and construct a picture for you and what this scenario would mean in eastern Washington.

In exchange for breaching or removing the four Snake river dams, here's what the citizens of the Pacific Northwest could get:

We would lose four dams that produce hydro-power, which emit no pollutants into the air, for a thermal based power source that would jeopardize the clean air unique to the Northwest and enjoyed by countless residents and visitors to our state.

The 37,000 acres of irrigated farmland in Franklin and Walla Walla counties and the hundreds of employees that help supply food to more than a million people would disappear.

There is a likelihood that there would be a temporary loss of water for well users after dam breaching due to the inability to alter well depths until the actual removal of dams.

The increased truck traffic on our roads to haul wheat and barley to coastal ports will have an adverse effect on air quality and impose an additional financial burden on the family farm, which for many would be too much to bear and force them to give up their land.

So what do we get by removing the four Snake River dams? Shattered lives, displaced families and communities who will have seen their livelihoods destroyed, generations of family farmers penniless, industries forced to drive up consumer costs, air pollution, a desert that once bloomed with agriculture products goes dry, a far less competitive Northwest economy and a Northwest scrambling to repay a BPA treasury debt with less revenue, and scrambling to buy or build higher cost polluting sources of power.

So according to these three latest studies, the bottom line is that if we breach the four dams to increase our chances of bringing a select number of salmon runs back by only 11%, the Northwest will suffer economic impacts of $299 to $342 million a year in perpetuity. This staggering figure doesn't even include the estimated $1 billion it would take to actually remove the dams.

If we remove the Snake river dams, over the next 24 years we only improve our chances of recovering spring and summer chinook to the survival goals set by NMFS by 11 to 30 percent over the current system of barging. Over 24 years, NMFS would like to reach the survival standard of returning 150 to 300 spring and summer chinook to the Snake River tributaries each year.

But there is something else that these numbers, studies and data can't quantify:

What many outside the region don't understand is that the four dams on the Lower Snake river are part of our life, heritage, and culture.

I repeat the call I issued last month to the administration and dam removal advocates: abandon your cause and work with the region on cost-effective salmon recovery measures that can restore salmon runs and preserve our Northwest way of life.

Mr. SCHUMER addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. SCHUMER. I ask unanimous consent for 5 minutes in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCHUMER. Thank you, Mr. President.

TAX CUTS

Mr. SCHUMER. I wish to continue the line of discussion we were in before about these two alternative tax cut plans. Again, my greatest worry is not in how the pie is divided, although I certainly very much disagree with the Republican way that is done but, rather, in the overall strength of our economy.

To put a huge tax cut in place now, at a time when inflation is low, unemployment is low, and jobs are being created, has the potential of throwing a monkey wrench into our economy. Targeted tax cuts, things aimed at helping middle-class people with their big financial nuts, whether they be health care or college tuition or retirement—those make some sense. But a huge across-the-board tax cut, in my judgment, could throw the economy dramatically off kilter. Will it? No one can predict. But there is an old expression: If it ain't broke, don't fix it.

Our economy has been moving along well, and now, I think mainly because of some ideologues, we are being pushed to do something that risks the great recovery we are now having. That is issue No. 1.

Issue No. 2 is saving Social Security and Medicare. Again, you cannot have the money go for everything. Despite CBO's awful statements in the last few days—and I will talk about those in a minute—when you have a dollar, you can use it for something. You can return it to the taxpayers, you can spend it on a program, or you can put it away for some kind of obligation that might occur later.

The two great obligations we have to the American people, fiscally speaking, are Social Security and Medicare. If you look at this chart, the Republican plan takes that Social Security surplus and makes it a deficit from 2005 on.

How many Americans, for a quick tax cut—most of which they will not see because it will go, just by definition, to the highest income sector—would risk their Social Security for that tax cut? My argument is: Very few.

How many Americans would risk their Medicare—and, God forbid, they or a loved one became ill—for what have proven to be in the past chimerical tax cuts, things that people do not see? Very few.

So what we are talking about here is very simple—targeted tax cuts that will help the middle class and preserve Social Security, which is the plan the Democrats have put forward, or a huge tax cut, mainly going to people who are doing remarkably well at the highest end of the spectrum and risking Social Security and Medicare.

Mr. DURBIN. Would the Senator from New York yield for a question?

Mr. SCHUMER. I am happy to yield to my friend from Illinois for a question.

Mr. DURBIN. Over the course of the last several months we have had a lot of debate on the floor about a lockbox, a Republican lockbox that is going to protect Social Security and Medicare—lockbox, lockbox, lockbox. I think what we are dealing with when we look at the Republican tax break bill is the Republican "loxbox"—it smells fishy—because in the year 2005 they start dipping right into Social Security. They are taking money out of the Social Security surplus to give tax breaks to wealthy people.

I ask the Senator from New York—I am sure I can speak for people from Illinois as well—as you go around the State of New York and ask people what our priorities should be, if we are going to have a surplus, how many of them have said to you: Well, let's give tax breaks to Donald Trump and let's take money out of the Social Security surplus?

Mr. SCHUMER. I say to the Senator from Illinois that, first of all, my constituents say: Preserve Social Security and Medicare, No. 1; and, second, if you are going to do certain tax breaks, make them targeted to help the middle class, not these big across-the-board tax cuts.

I also say to the Senator, in certain parts of my State they would want a "loxbox," but in many others they would refuse that.

Mrs. BOXER. Will the Senator yield for a question?

Mr. SCHUMER. I am happy to yield to the Senator from California for a question.

Mrs. BOXER. I thank the Senator.

I say to the Senator from New York, I really appreciate his contribution to this debate. I always go back, in my mind, to who is getting these tax cuts—the Donald Trumps, the Bill Gateses, et cetera. The other chart that was used before by my friend from Illinois showed very clearly that if you earn about $800,000 a year, you get back $22,000 a year; if you earn about $25,000 a year, you get back about $129.

I want to talk about that for a moment and ask my friend a question.

Mr. President, $129 is nice to have. No one would turn it away. But if at the same time you suddenly get a bill for $250 a month more for your Medicare, because the Republican plan doesn't put a penny in for Medicare solvency, now you are behind the eight ball, are you not? That $129 you get back is gone, plus you may even have to take care of your parents because Medicare is not going to survive.

The PRESIDING OFFICER. The time of the Senator has expired.

Mrs. BOXER. Mr. President, I ask for 1 additional minute in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. BOXER. I say to my friend, could he comment on the cruel irony of this?

Mr. SCHUMER. Mr. President, I think the Senator from California brings up an extremely valid point. The American people are most worried, not about their present tax situation, although everyone would like lower taxes, no question—particularly in my State, property taxes, which we have nothing to do with, are through the roof. What they care about are the big financial nuts that might bother them.

As the Senator from California said, God forbid a parent becomes ill, God forbid a spouse becomes ill, and Medicare is not there or it is so reduced that they have to shell out tremendous amounts of dollars from their own pocket before Medicare bites in. That is what worries people. That is why, I say to the Senator, I am pushing a tuition deductibility proposal because the average middle-class family is doing fine, but when they get hit with these huge tuition bills, it is tough for them to pay.

One other point, which relates to what the Senator said, going back to what CBO has done in raiding these two plans. I want to come back to this because it is so worrisome. What they have done is, they have said a plan that cuts taxes by $700 billion reduces the deficit more than a plan that cuts taxes by $300 billion—

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SCHUMER. I ask unanimous consent for 1 additional minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCHUMER. I thank the Chair, and I thank the Senator.

CBO has said putting $300 billion aside for deficit reduction reduces the deficit less than putting nothing aside for deficit reduction.

I have, in my 18 years in the House and now my 1 year in the Senate, always relied on CBO as a lodestone, as a morning star—fixed, correct, dealing with the excesses politicians have on both sides of the aisle. That has seemed to be true whether they were appointed by Democrats or Republicans. For the first time, I think we are going to start doubting the veracity of CBO in a significant way because they have so twisted their economic logic that economists across America are scratching their heads.

We need a CBO to be fair and nonpartisan. CBO is vitally important to us being honest in reducing the deficit; when either party does fiscal hi-jinks, they are called to the carpet.

Again, I make a plea to the CBO Director: Reconsider what you have said or, at the very least, give it a better explanation because right now people who follow economics across America are scratching their heads and saying: What has happened? How the heck can CBO score things the way they have? The only answer that seems to be available is politics. That would be a shame.

I yield the floor.

Mr. BIDEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. BIDEN. Mr. President, I ask unanimous consent to proceed for 20 minutes as in morning business or until the managers of the legislation come forward and decide they want to begin the next piece of legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BIDEN. Mr. President, before I get to the subject I wish to speak to, which is the nuclear test ban treaty, I will address a comment to my colleague from New York, Senator SCHUMER.

I, as all Democrats and some Republicans, think a tax cut should be progressive and equitable. To tell you the truth, I would like to be in a position to give the wealthy a tax cut if that were the case. That would be fine as long as we first gave the tax cut to the poor and the middle class.

I was speaking to the Senator from Illinois a moment ago. In my State, which has, as all of our States, very wealthy individuals, I found an interesting phenomenon. Given a choice, if you go back to my State and ask anybody who made $1 million last year or is likely to make one next year, and said: We can continue the economy to grow the way it has the last 7 years, or give you a $30,000 tax cut a year, there isn't any question what they choose. They say: Whoa, leave well enough alone. I am making a lot more than $30,000 a year in the market. I am making a lot more than $30,000 a year in my investments. I am making a lot more than the $30,000 a year I would get in the tax cut from the lower interest rates. I am making a lot more.

How many times have we heard the only thing that has remained constant in this changing economic environment over the last decade is tax cuts are a stimulus? We have one guy sitting at the helm. His name is Greenspan. He has been doing everything but taking an ad in the New York Times to say: Whatever you all do, if this economy heats up, if you stimulate this economy, I am telling you what I am going to do; I am going to raise interest rates.

He hasn't used those exact words, but the market responds to every word he says.

I don't know anybody who thinks that if there were almost an $800 billion tax cut, we are not going to have interest rates raised.

I don't understand the math. To be more crude about it, I don't even understand the politics. It used to be good politics for our Republican friends to try to paint us into a corner and say: We are for tax cuts; Democrats are not for tax cuts ever. Therefore, Democrats are big spenders; therefore, we are good guys. Therefore, vote for us.

I understand that. We do the same thing with them on Social Security. We assume no Republican can be devoted to Social Security, and they assume no Democrat could ever want a tax cut. That is politics. I understand that.

The part I don't understand is to whom they are talking. Even their very wealthy constituency—not all wealthy people are Republicans, but it tends to be that way—is saying: Hey, go slow here.

I hear the name of Bill Gates thrown around and others such as Gates. They are an aberration even among the wealthy. But the wealthy in my State, if they could pick any one thing out of the Roth tax proposal, I know what it would be. It would be the elimination of the inheritance tax. There are only about 820,000 people in all of America who would be affected by it, but that is something—I happen to disagree with them—that is a big deal. That is a big-ticket item. That is worth a lot more than 30,000 bucks, but that is not the thing that would fuel a heated up economy. I am not proposing that. I am trying to figure out the politics.

Mr. SCHUMER. Will the Senator yield?

Mr. BIDEN. I am delighted to yield.

Mr. SCHUMER. I think the Senator makes a very good point. Our No. 1 argument is the one the Senator made. It is not middle class versus wealthy. It is not redistribution. That is an argument.

The No. 1 argument is a very simple one: The economy is doing remarkably well. The people at the highest end of the economic spectrum have benefited the most. That is how it usually is in America. And here we are, everything is going along nicely, interest rates are low, fueling economic growth, allowing people to buy homes, allowing people to take second mortgages so they can buy other things. We are going to change conditions so that Alan Greenspan would be more likely to have to raise interest rates. And he, a Republican conservative, fiscal watchdog, says: Don't do it. And we are proceeding headlong into a wall to do it.

The Senator from Delaware has asked an excellent question: What is motivating this? I think it is leftover politics from the early 1980s.

Mr. BIDEN. I think that is right.

Mr. SCHUMER. There is a view, first, that Democrats haven't learned our lesson, which we have since 1994, which is we can't spend on everything we want to, even though we would want to. What we have proposed doing with this money is not spending most of it on new programs but putting the vast proportion away into Social Security and Medicare and reducing the deficit.

Second, it is based on the theory that the tax system is out of whack. When you look at it, the percentage of tax paid is going down; the economy is moving. It is almost "Alice in Wonderland." So I think the Senator from Delaware makes an excellent point. Whether you believe in the politics of redistribution or not—and there is a division in this country, in this body, and in our party, as a matter of fact—even if you don't, this tax cut, so massive, so much risking the monkey wrench being thrown in the economic engine that is purring smoothly, is a real risk.

Mr. BIDEN. If the Senator will yield, I would like to make an observation or a comment. I heard some of our Republican friends use the old phrase "if it's not broken, don't fix it." They can't stand status quo. I think they can't stand the fact that it is happening on Democrats' watch. I think part of the problem is they have to say something. It is similar to cops, the very thing they said would not work. It was terrible what Charlton Heston—or "Moses" Heston—said. They are going to have 100,000 social workers.

Regarding the deficit reduction package in 1994, every Republican leader stood up and said this will mean chaos, recession, loss of world stature, et cetera, et cetera. They turned out to be wrong; these things are working. Cops are making the crime rate go down. The deficit reduction package worked. We are now in a position where we are doing better than ever. It is as if they have to have something. We politicians, I know, sit there and say if the other party does something, or my opponent does something, and it works, instead of saying it is working, we have to think of something better.

I think the public is prepared to give everybody credit. Everybody deserves credit. The people who deserve the most credit are the people in the business community because of their productivity and the way they trimmed down. I can't figure it out. For the first time in my 27 years as a Senator, this seems to fly in the face of the orthodoxy of the Republican Party. I mean, if you had said to me 15 years ago—first of all, I would not have believed what I am about to say. But if you said to me 15 years ago: JOE, in 1999, you are going to be standing on the floor of the Senate, and one of the choices you are going to participate in making is not whether or not we balance the budget but whether we take money and reduce the accumulated national debt or give a tax cut, first of all, I would not have believed that option would be available. I would not have believed we would be in that position. Forget, for a moment, the two pillars: Social Security and Medicare. Leave them aside for a moment. I would have said: First of all, it won't happen. But if it does, on the idea of reducing the national debt, in every basic economics course you took when you were a freshman in college, they said if you can ever reduce the national debt, the impact upon interest rates, the impact upon home rates, the impact upon the economy would be incredible.

And then, if you asked me: OK, what do you think the Republican Party would do? I would say that is easy. They would reduce the debt. These are the pay-as-you-go guys, the guys who say pay off your debts. These are the guys who had a clock ticking in your city, in Time Square, or down by the railroad station, Penn Station, a big clock, saying the national debt is going up. It was paid for, I suspect, by some wealthy Republican. So the clock was ticking. And not only have we stopped the growth of the debt, but it is ticking in a way that we can have those numbers go in reverse.

Mr. DURBIN. Will the Senator yield?

Mr. BIDEN. Yes.

Mr. DURBIN. As a member of the Judiciary Committee, I am sure the Senator from Delaware remembers 2 years ago on the floor of the Senate our despondency over the deficits, which led some Members on the Republican side to call for a constitutional amendment to balance the budget, where the Federal courts would force Congress to stop spending. We were so despondent that we were going to really change the constitutional framework. That failed by one vote.

Two years later—the Senator from Delaware is right—somehow or another, the Republican Party is searching for its roots and searching for its identity. It has now gone beyond the era of Gingrich and Dole, and it is trying to find out what it stands for anymore. As the Senator from Delaware said, they used to stand for fiscal conservatism. We have a trillion-dollar tax cut, primarily for the wealthiest people, that will divert funds that could be spent to retire the national debt, a debt of over $5 trillion, which costs us a billion dollars a day in interest. We collect taxes from American families—payroll taxes—for a billion dollars a day in interest.

Would the Republicans join the Democrats and say our first priority is to eliminate this debt? No. Instead, they are saying our first priority is tax breaks for the higher income individuals, which could endanger the economy.

I think this Republican Party is searching for identity. I think the Democrats have a situation that I would like to test in an election. If this were a referendum, as in parliamentary forms of government, I would like to take this question to the American people: Do you want a trillion-dollar tax break for the wealthiest people over the Democratic approach to take whatever surplus we have and put it into Social Security, put it into Medicare, and bring down the national debt?

I think ours is a sounder approach. I ask the Senator from Delaware, in his experience in history and in American politics, has he ever seen the world turn so upside down that we Democrats are now the fiscal conservatives?

Mr. BIDEN. No. I must say to my friend from Illinois that I haven't. I really think a legitimate debate—a debate that is a close call, in my view, would be whether or not, for example, we should be spending the surplus to reduce the debt, or spend the surplus—we can do both—or spend more of the surplus to reinforce Social Security and Medicare. That is a traditional debate that we have. Republicans used to argue we are spending too much money on Medicare—not just that it is broken, but we are spending too much; and Social Security is inflated and we should be cutting it back.

If you told me 15 years ago that the debate would be Democrats saying let's not put as much away to reduce the debt, put more in Social Security and Medicare, and with what is left reduce the debt, and the Republicans would have been saying let's reduce the debt, and once that is done, let's try to fix Medicare and Social Security—well, I don't know. The third rail of politics has become Social Security and Medicare. Obviously, they have to be for that; everybody is for that. So nobody really talks about it.

Some courageous guys and women talk about it on the floor, about what we should be doing. But it is just a shame because there is a legitimate debate here. The truth is, for example, if you said to me reduce the debt or spend more money on cops, I would be for spending more money on cops. So it is true that there are some of us in this party who would want to spend more of the surplus for worthwhile things, such as education, law enforcement, et cetera. And it is a legitimate debate. They would say: Look, BIDEN wants to spend more money instead of putting it onto the debt. But that is not even a debate. That is not even a debate.

The debate now is to give a tax cut that no one seems to want. I would love a tax cut. My total salary is what I make here, and the American people pay me a lot of money. I would love a tax cut. I would love even more—since I have a third child going off to college for the first year, and room, board, and tuition in any private school in this country is about $30,000 a year, I selfishly would love a tax break there. But what I would not love is my adjustable rate mortgage to change. I would not want that to change. Give me a tax cut and one little bump in my adjustable rate mortgage, and I am up more than I can save by the tax cut. So I don't know.

Both of our parties are going through a little bit of establishing, going into the 21st century, what the pillars and cornerstones of our philosophies are. Ironically, I think for the change we are sort of a little ahead of the Republicans on where we are. It doesn't mean the American people agree with us. The debate over there seems to be that the jury is still out on where they will go. I hope, for everyone's sake, we get our bearings a little bit because it would truly be a shame if, as a consequence of a political judgment, we imperil what is the most remarkable recovery in the history of the world, essentially.

The economy in America has never been stronger within our borders or comparatively internationally. I hope reason takes hold because even I think Republicans and Democrats know more about what the polling data says than I do. But my instinct tells me this is yesterday's fight. This is yesterday's fight, but it could be tomorrow's tragedy if it prevails.

RATIFYING THE COMPREHENSIVE TEST BAN TREATY

Mr. BIDEN. Mr. President, speaking of polls, which are what I stood up to speak about this morning, I would like to turn to the Comprehensive Nuclear Test Ban Treaty, the comprehensive test ban treaty that was signed nearly three years ago and submitted to the Senate nearly two years ago. The American people overwhelmingly support this treaty, yet it has not even seen the light of day here in the Senate.

The Senate, as we all know, is uniquely mandated under the United States Constitution to give its "advice and consent" to the ratification of treaties that the United States enters into. In a dereliction of that duty, the Senate is not dealing with the Comprehensive Nuclear Test-Ban Treaty.

Why is this occurring? In the view of my colleagues—including some Democrats who support the treaty—this treaty is not high on the agenda of the American people. There is very little political attraction in the issue. It is easy to keep this treaty from being brought up and discussed, because people who care about nuclear testing tend to assume that we already have a nuclear test-ban treaty in force.

President Bush did the right thing in accepting a moratorium on any nuclear tests, but that is not a permanent test-ban. It does not bind anybody other than ourselves. It merely implements our own conclusion that we don't have to test nuclear weapons anymore in order to maintain our nuclear arsenal.

Faced with this perception on the part of many of our colleagues, several of us encouraged supporters of the Test-Ban Treaty to go out and actually poll the American people. Frankly, we wanted real evidence to show to our colleagues—mostly our Republican colleagues—that the American public actually cares a lot about this issue.

I am not going to keep my colleagues in suspense. A comprehensive poll was done. The bottom line is that the American people support this treaty by a margin of 82 percent to 14 percent. That is nearly 6 to 1.

For nearly 2 years, we Democrats—and a few courageous Republicans like Senator SPECTER and Senator JEFFORDS—have tried to convince the Republican leadership that this body should move to debate and decide on this treaty. Let the Senate vote for ratification or vote against ratification. The latest poll results are a welcome reminder that the American people are with us on this important issue or, I might add, are way ahead of us.

I know some of my colleagues have principled objections to this treaty. I respect their convictions even though I strongly believe they are wrong on this issue. What I cannot respect, however—and what my colleagues should not tolerate—is the refusal of the Republican leadership of this body to permit the Senate to perform its constitutional responsibility to debate and vote on ratification of this vital treaty. It is simply irresponsible, in my view, for the Republican leadership to hold this treaty hostage to other issues as if we were fighting over whether or not we were going to appoint someone Assistant Secretary of State in return for getting someone to become the deputy something-or-other in another Department. This treaty isn't petty politics; this issue affects the whole world.

Some of my colleagues believe nuclear weapons tests are essential to preserve our nuclear deterrent. Both I and the directors of our three nuclear weapons laboratories disagree. The $45 billion—yes, I said billion dollars—Stockpile Stewardship Program—that is the name of the program—enables us to maintain the safety and reliability of our nuclear weapons without weapons tests.

The fact is, the United States is in the best position of all the nuclear-weapons states to do without testing. We have already conducted over 1,000 nuclear tests. The Stockpile Stewardship Program harnesses the data from these 1,000 tests along with new high-energy physics experiments and the world's most advanced supercomputers to improve our understanding of how a nuclear explosion—and each part in a weapon—works.

In addition, each year our laboratories take apart and examine some nuclear weapons to see how well those parts work. The old data and new experiments enable our scientists to diagnose and fix problems on our existing nuclear weapons systems without full-scale weapons testing. This is already being done. By this means, our nuclear weapons laboratories are already maintaining the reliability of our nuclear stockpile without testing.

Still, if nuclear weapons tests should be required in the future to maintain the U.S. nuclear deterrent, then we will test. The administration has proposed, in fact, that we enact such safeguards as yearly review and certification of the nuclear deterrent and maintenance of the Nevada Test Site.

The administration has also made clear that if, in the future, the national interest requires what the treaty binds us not to do, then the President of the United States will remain able to say: "No. We are out of this treaty. It is no longer in our national interest. We are giving advanced notice. We are going to withdraw."

Thanks in part to those safeguards I mentioned earlier, officials with the practical responsibility of defending our national security support ratification of the test ban treaty. In addition to the nuclear lab directors, the Chairman of the Joint Chiefs of Staff has spoken in favor of ratification.

Support for ratification is not limited, moreover, to the current Chairman of the Joint Chiefs of Staff. The four previous Chairmen of the Joint Chiefs—also four-star generals—support ratification as well. Think of that. This treaty is supported by Gen. John Shalikashvili, Gen. Colin Powell, Adm. William Crowe, and Gen. David Jones, all former Chairmen of the Joint Chiefs. Those gentleman have guided our military since the Reagan administration.

Why would those with practical national security responsibilities support such a treaty? The answer is simple: For practical reasons.

Since 1992, pursuant to U.S. law, the United States has not engaged in a nuclear weapons test. As I have explained, we have been able, through "stockpile stewardship," to maintain our nuclear deterrent using improved science, state-of-the-art computations, and our library of past nuclear test results. Other countries were free to test until they signed the Comprehensive Test Ban Treaty. Now they are bound, as we are, not to test. But that obligation will wither on the vine if we fail to ratify this test ban treaty.

One traditional issue on arms control treaties is verification. We always ask whether someone can sign this treaty and then cheat and do these tests without us knowing about it. The Comprehensive Test Ban Treaty will improve U.S. monitoring capabilities, with the rest of the world picking up three-quarters of the cost. The treaty even provides for on-site inspection of suspected test sites, which we have never been able to obtain in the past.

Some of my colleagues believe that our imperfect verification capabilities make ratification of the test ban treaty unwise. New or prospective nuclear weapons states can gain little, however, from any low-yield test we might be unable to detect. Even Russia could not use such tests to produce new classes of nuclear weapons.

To put it another way, even with the enhanced regimen of monitoring and on-site inspection, it is possible that there could be a low-level nuclear test that would go undetected. But what all of the scientists and nuclear experts tell us is that even if that occurred, it would have to be at such a low level that it would not enable our principal nuclear adversaries and powers to do anything new in terms of their systems and it would not provide any new weapon state the ability to put together a sophisticated nuclear arsenal.

For example, the case of China is particularly important. We have heard time and again on the floor of this Senate about the loss, beginning during the Reagan and Bush years, of nuclear secrets and the inability, or the unwillingness, or the laxity of the Clinton administration to quickly close down what appeared to be a leak of sensitive information to the Chinese. We lost it under Reagan and Bush, and the hole wasn't closed under the present administration, so the argument goes.

We hear these doomsday scenarios of what that now means—that China has all of this technology available to do these new, terrible things. But guess what? If China can't test this new technology that they allegedly stole, then it is of much less value to them. They have signed the Test-Ban Treaty, and they are prepared to ratify it and renounce nuclear testing forever if we ratify that very same test-ban treaty.

Here we have the preposterous notion—for all those, like Chicken Little, who are crying that the sky is falling—that the sky is falling and China is about to dominate us, but, by the way, we are not going to ratify the Test-Ban Treaty. What a foolish thing.

The Cox committee—named for the conservative Republican Congressman from California who headed up the commission that investigated the espionage that allegedly took place regarding China stealing nuclear secrets from us—the Cox committee warned that China may have stolen nuclear codes. Congressman Cox explained, however, that a China bound by the Test-Ban Treaty is much less likely to be able to translate its espionage successes into usable weapons.

As I noted, however, the Test-Ban Treaty will wither on the vine if we don't ratify it. Then China would be free to resume testing. If we fail to take the opportunity to bind China on this Test-Ban Treaty, that mistake will haunt us for generations and my granddaughters will pay a price for it.

The need for speedy ratification of the Comprehensive Test Ban Treaty is greater than ever before. In India and Pakistan, the world has watched with mounting concern over the past 2 months as those two self-proclaimed nuclear-weapons states engaged in a conventional conflict that threatened to spiral out of control.

Were nuclear weapons to be used in this densely populated area of the world, the result would be a horror unmatched in the annals of war. This breaches the postwar firebreak against nuclear war—which has stood for over 50 years—with incalculable consequences for the United States and the rest of the world.

The India-Pakistan conflict may be back under control for now. President Clinton took an active interest in it, and that seems to have been important to the process in cooling it down. The threat of nuclear holocaust remains real, however, and it remains particularly real in that region of the world. We can help prevent such a calamity. India and Pakistan have promised not to forestall the Test-Ban Treaty's entry into force. They could even sign the treaty by this fall. The Test-Ban Treaty could freeze their nuclear weapons capabilities and make it harder for them to field nuclear warheads on their ballistic missiles.

This will not happen unless we, the United States, accept the same legally binding obligation to refrain from nuclear weapons tests. Thus, we in the Senate have the power to influence India and Pakistan for good or for ill. God help us if we should make the wrong choice and lose the opportunity to bring India and Pakistan back from the brink.

This body's action or lack of action may also have a critical impact upon worldwide nuclear nonproliferation. Next spring, the signatories of the Nuclear Non-Proliferation Treaty will hold a review conference. (The Nuclear

Non-Proliferation Treaty is a different treaty; the treaty that we still must ratify bans nuclear weapons testing, while the Nuclear Non-Proliferation Treaty, which was ratified decades ago, bans the development of nuclear weapons by countries that do not already have them.) If the United States has not ratified the Test-Ban Treaty by the time of the review conference, nonnuclear-weapons states will note that we promised a test-ban treaty 5 years ago in return for the indefinite extension of the Non-Proliferation Treaty. What we will do if we don't ratify is risk undermining the nonproliferation resolve of the nonnuclear weapon states.

Ask any Member in this Chamber—Democrat or Republican; conservative, liberal, or moderate—get them alone and ask them what is their single greatest fear for their children and their grandchildren. I defy any Member to find more than a handful who answer anything other than the proliferation of nuclear weapons in the hands of rogue states and terrorists. Everybody agrees with that.

We have a nonproliferation treaty out there, and we have got countries who don't have nuclear weapons to sign, refraining from ever becoming a nuclear weapons state. But in return, we said we will refrain from testing nuclear weapons and increasing our nuclear arsenals.

Now what are we going to do? If we don't sign that treaty, what do you think will happen when the Nuclear Non-Proliferation Treaty signatories get together in the fall and say: "OK, do we want to keep this commitment or not?" If the United States says it is not going to promise not to test anymore, then China will say it will not promise not to test either. India and Pakistan will say they are not going to promise to refrain from testing. What do you think will happen in every country, from rogue countries such as Syria, all the way to countries in Africa and Latin America that have the capability to develop nuclear weapons? Do you think they will say: "It is a good idea that we don't attempt ever to gain a nuclear capability, the other big countries are going to do it, but not us?" I think this is crazy.

Let me be clear. The Comprehensive Nuclear Test-Ban Treaty must not be treated as a political football. It is a matter of urgent necessity to our national security. If the Senate should fail to exercise its constitutional responsibility, the very future of nuclear nonproliferation could be at stake.

Two months ago I spoke on the Senate floor about the need for bipartisanship, the need to reach out across the chasm, reach across that aisle. Today I reach out to the Republican leadership that denies the Senate—and the American people—a vote on the Comprehensive Test Ban Treaty.

I was joined on Sunday by the Washington Post, which spoke out in an editorial against what it termed "hijacking the test ban." I will not repeat the editorial comments regarding my friend from North Carolina who chairs the committee. I do call to the attention of my colleagues, however, one salient question from that editorial:

> One wonders why his colleagues, of whatever party or test ban persuasion, let him go on.

I have great respect for my friend from North Carolina. He has a deep-seated philosophical disagreement with the Test-Ban Treaty, and I respect that. I respect the majority leader, Mr. LOTT, who has an equally compelling rationale to be against the Test-Ban Treaty. I do not respect their unwillingness to let the whole Senate debate and vote on this in the cold light of day before the American people and all the world.

A poll that was conducted last month will not surprise anybody who follows this issue. But it should serve as a reminder to my colleagues that the American people are not indifferent to what we do here.

The results go beyond party lines. Fully 80 percent of Republicans—and even 79 percent of conservative Republicans—say that they support the Test-Ban Treaty.

And this is considered opinion. In May of last year, the people said that they knew some countries might try to cheat on the test-ban. But they still supported U.S. ratification, by a 73–16 margin. As already announced, today's poll results show even greater support than we had a year ago.

Last year's polls also show a clear view on the public's part of how to deal with the nuclear tests by India and Pakistan. When asked how to respond to those tests, over 80 percent favored getting India and Pakistan into the Test-Ban Treaty and over 70 percent saw U.S. ratification as a useful response.

By contrast, fewer than 40 percent wanted more spending on U.S. missile defense; and fewer than 25 percent wanted us to resume nuclear testing.

The American people understood something that had escaped the attention of the Republican leadership: that the best response to India and Pakistan's nuclear tests is to rope them in to a test-ban, which requires doing the same for ourselves.

The American people reach similar conclusions today regarding China's possible stealing of U.S. nuclear weapons secrets. When asked about its implications for the Test-Ban Treaty, 17 percent see this as rendering the Treaty irrelevant; but nearly three times as many—48 percent—see it as confirming the importance of the Treaty. Once again, the American people are ahead of the Republican leadership.

The American people see the Test-Ban Treaty as a sensible response to world-wide nuclear threats. In a choice between the Treaty and a return to U.S. nuclear testing, 84 percent chose the Treaty. Only 11 percent would go back to U.S. testing.

Last month's bipartisan poll—conducted jointly by the Melman Group and Wirthlin Worldwide—asked a thousand people "which Senate candidate would you vote for: one who favored CTBT ratification, or one who opposed it?" So as to be completely fair, they even told their respondents the arguments that are advanced against ratification.

By a 2-to-1 margin, the American people said they would vote for the candidate who favors ratifying the Treaty. Even Republicans would vote for that candidate, by a 52–42 margin.

Now, as a Democrat, I like those numbers. The fact remains, however, that both the national interest and the reputation of the United States Senate are on the line in this matter.

The national security implications of the Comprehensive Test-Ban Treaty must be addressed in a responsible manner. There must be debate. There must be a vote.

In sum, the Senate must do its duty—and do it soon—so that America can remain the world's leader on nuclear non-proliferation; so that we can help bring India and Pakistan away from the brink of nuclear disaster; and so that the United States Senate can perform its Constitutional duty in the manner that the Founders intended.

Let me close with some words from a most esteemed former colleague, Senator Mark Hatfield of Oregon, from a statement dated July 20. I ask unanimous consent that his statement be printed in the RECORD after my own statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BIDEN. He began:

> The time has come for Senate action on the CTBT ratification.

Senator Hatfield adduces some excellent arguments in favor of ratification, which I commend to my colleagues. But I especially want recommend his conclusion, which summarizes our situation with elegant precision:

> It is clear to me that ratifying this Treaty would be in the national interest. And it is equally clear that Senators have a responsibility to the world, the nation and their constituents to put partisan politics aside and allow the Senate to consider this Treaty.

Senators, that says it all.

EXHIBIT 1

STATEMENT BY SENATOR MARK O. HATFIELD ON CTBT RATIFICATION

The time has come for Senate action on CTBT ratification. Political leaders the world over have recognized that the proliferation of nuclear weapons poses the gravest threat to global peace and stability, a threat that is likely to continue well into the next century. Ratification of the 1996 Comprehensive Nuclear Test Ban Treaty by the United States and its early entry into force would significantly reduce the chances of new states developing advanced nuclear weapons and would strengthen the global nuclear non-proliferation regime for the twenty-first century. Just as the United States led the international community nearly three years ago by being the first to sign the CTB Treaty, which has now been signed by 152 nations, the Senate now has a similar opportunity and responsibility to demonstrate U.S. leadership by ratifying it.

The Treaty enhances U.S. national security and is popular among the American people. Recent bipartisan polling data indicates that support for the Treaty within the United States is strong, consistent, and across the board. It is currently viewed favorably by 82% of the public, nearly the highest level of support in four decades of polling. Only six percentage points separate Democratic and Republican voters, and there is no discernible gender gap on this issue. This confirms the traditional bipartisan nature of support for the CTBT, which dates back four decades to President's Eisenhower's initiation of test ban negotiations and was reaffirmed by passage in 1992 of the Exon-Hatifield-Mitchell legislation on a testing moratorium.

It is clear to me that ratifying this Treaty would be in the national interest. And it is equally clear that Senators have a responsibility to the world, the nation and their constituents to put partisan politics aside and allow the Senate to consider this Treaty.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, I ask unanimous consent that I be allowed to speak for 10 minutes in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMAS. I thank the Chair.

TAX RELIEF

Mr. THOMAS. Mr. President, I want to visit a little bit a topic that will be coming before the Senate very soon, probably tomorrow, and that is tax relief and the reconciliation bill we will be considering.

To me that is one of the most important things before us, not only as the Senate but before us as American people. We ought to spend our time focusing on that issue.

I have been a little amazed at the comments that have been made this morning. I only heard part of them, but they said this tax relief will certainly damage the economy. I have never heard of anything like that in my entire life. More money in the hands of Americans will probably strengthen the economy. We heard about Alan Greenspan's comments. The fact is, his complete comments were that he would much rather see tax relief than expending those dollars in larger government, which basically is the alternative.

We ought to review again for ourselves and for listeners where we are with respect to the surplus, where we are with respect to the public debt, and with the President's proposal versus tax relief.

We all know we worked a very long time to have a balanced budget. For the first time in 25 years, we have a balanced budget, and we want to be sure the majority of the surplus is Social Security money. This is the first time we have done this in a very long time. It is largely the result, of course, of a strong economy and some efforts on the part of this Congress to have a balanced budget amendment, to have some spending caps to hold down spending.

What can we expect? According to the Congressional Budget Office which released their midsession review on July 21, the estimates are that the total budget surplus will measure $1.1 trillion to the year 2004, and to the year 2009 nearly $3 trillion in surplus will be coming in. The non-Social Security portion of that surplus will measure almost $300 billion to the year 2004 and nearly $1 trillion to the year 2009. This is the non-Social Security surplus that comes in to our budget.

The congressional budget resolution which talks about tax relief will leave the publicly held debt level at $1.6 trillion. The President's, on the other hand, will leave it at $1.8 trillion. With some tax relief, the reduction in publicly held debt under the tax relief program, the reconciliation program we will be talking about the next several days, will reduce the debt more than the President's plan which plans to spend the money.

These are the facts. It is interesting; the budget chairman was on the floor yesterday indicating that out of the total amount of money that will be in the surplus, less than 25 percent will be used for tax relief and it will still be $1 trillion.

These are the facts, and it seems to me we ought to give them some consideration.

Another fact that I believe is important in this time of prosperity, in this time of having a balanced budget and having a surplus, is the American people are paying the highest percentage of gross national product in taxes ever, higher than they did in World War II. Certainly, there is a case to be made for some sort of tax relief. If there are surplus dollars, these dollars ought to go back to the people who paid them. They ought to go back to the American people to spend as they choose.

There will be great debates about this, and there have been great debates about this. There are threats by the White House to veto any substaintial tax reductions. Sometimes one begins to wonder, as we address these issues, whether or not it should be what we think is right or whether we have to adjust it to avoid a veto. That is a tough decision. Sometimes we ought to say: All right, if we believe in something, we ought to do what we think is right. If the President chooses to veto it, let him veto it. Otherwise, we compromise less than we think we should. Those are the choices that have to be made.

We will enter into this discussion again, as we have in the past, with different philosophies among the Members of this body. Of course, it is perfectly legitimate. The basic philosophy of our friends on the other side is more government and more spending. The basic philosophy of Republicans has been to hold down the size of government and have less government spending.

There is more to tax reduction than simply tax relief. It has to do with controlling the size of the Federal Government. If we have surplus money in the budget, you can bet your bottom dollar we are going to have more government and more spending, and to me there is a relationship.

Of course, we need to utilize those funds to fulfill what are the legitimate functions of the Federal Government. It is also true that there is a different view of what are the legitimate functions of the Federal Government. I personally believe the Federal Government ought to be as lean as we can keep it. Constitutionally, it says the Federal Government does certain things and all the rest of the things not outlined in the Constitution are left to the States and to the people. I think that is right. I believe the State, the government closest to the people, is the one that can, in fact, provide the kinds of services that are most needed and that fit the needs of the people who live there.

I come from a small State. I come from a State of low population. The delivery of almost all the services—whether it be health care, whether it be education, whether it be highways—is different in Wyoming than it is in New York and, indeed, it should be. Therefore, the one-size-fits-all things we tend to do at the Federal Government are not applicable, are not appropriate, and we ought to move as many of those decisions as we can to the States so they can be made closest to the people.

We will see that difference of philosophy. There are legitimate arguments. That is exactly why we are here, to talk about which approach best fits the needs of the American people: whether we want more Federal Government, whether we want more spending, whether we want to enable more growth in the Federal Government, having the Government involved in more regulatory functions or, indeed, whether we want to limit the Government to what we believe are the essential elements with which the Federal Government ought to concern itself, or whether we ought to move to encourage and strengthen the States to do that.

We have on this side of the aisle, of course, our goals, our agenda. They include preserving Social Security. I am one of the sponsors of our Social Security bill which we believe will provide, over time, the same kinds of benefits for young people who are just beginning to pay and will maintain the benefits for those who are now drawing them. We can do that.

We have tried now I think five times to bring to this floor a lockbox amendment to make sure Social Security money is kept aside and is used for that purpose. We hope it will end up with individual accounts where people will have some of their Social Security money put into their own account where they can choose to have it in equities, or they can choose to have it in bonds, or they can choose to have it in a combination of the two. Increased earnings will accrue to their benefit, and, indeed, they will own it. If they are unfortunate enough to pass away before they use it, it becomes part of their estate.

Those are the things that are priorities for us. We want to do something with education. We sought to do that this year, to provide Federal funding of education to the States in the forms of grants so those decisions can be made to fit Cody, WY, as well as they do Long Island, NY, but quite differently.

We have done some military strengthening. We have done that this year. We want to continue to do that. We have not been able to increase the capacity of the military for a number of years. We need to do that. This is not a peaceful world, as my friends talked about.

Those are the choices. We will hear: If you are going to have tax relief, you cannot do these things. That is not true. We will have a considerable amount left over after we do a Social Security set-aside, after we do tax relief, and there will be adequate dollars to do Medicare reform and to do military reform. That is the plan, that is the program, and that is, I believe, what we should be orienting ourselves toward.

I hope that over the next several days we will have the opportunity to fully debate this. I think there will be great differences in how you do tax relief. There are a million ways to do it. Frankly, I hope we not only have tax relief but also that we help simplify the tax system rather than make it even more complicated than it is. Therefore, I think those will be the issues we should really address.

Mr. President, I yield the floor.

Mr. DURBIN addressed the Chair.

The PRESIDING OFFICER (Mr. ENZI). The Senator from Illinois.

Mr. DURBIN. I ask unanimous consent to be recognized in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMAS. Would it be possible for me to make a unanimous consent request?

EXTENSION OF MORNING BUSINESS

Mr. THOMAS. I ask unanimous consent that the Senate continue in a period of morning business for 90 minutes, equally divided in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER. The Senator from Illinois.

TAX CUTS

Mr. DURBIN. Mr. President, this morning we devoted most of the morning business to a discussion of an item which will come before us soon, and that is the whole question of how our economy is to look for the next few years. There are two very different visions of that future which will be articulated on the floor—one on the Republican side and another on the Democratic side.

The Senator from Wyoming was kind enough to speak and to tell us earlier about his concerns over taxes. Certainly, his concern is shared by many on both sides of the aisle. He made a point which I think is worth noting and explaining. Yes, it is true that Federal tax receipts are higher than they have ever been from individuals and families, but it is also true the tax rates on individuals and families, in every income category, are at some of the lowest levels they have been in modern memory.

The reason why taxes and tax receipts are higher reflects the fact that the economy is strong, people are working, they are earning money in their workplace, as well as in their investments, and they are paying some tax on it.

If you look at the dynamic growth in taxation on American families, you will find it is not from Washington but, rather, from State capitals and local sources, local units of government. That, to me, is an important point to make as we get into a question of whether we should cut Federal taxes.

I, for one, believe we can cut Federal taxes and do it particularly for the lower and middle-income families and really enhance our economy—if they are targeted; if they are contained. Because people who get up and go to work every day, and sweat out the payroll tax, which is usually higher than their Federal income tax liability, are the folks who need a helping hand.

Sadly, the Republican proposal before us, which will be about a $1 trillion tax cut over the next 10 years, does not focus on the lower and middle-income families. It reverts to the favorite group of the Republican Party time and again in tax policy—those at the higher income levels. So we see dramatic tax cuts for the wealthiest American families and "chump change," if you will, for working families.

That in and of itself is an injustice. The Republican Senator who spoke before me made the statement that he could not see why giving more money back to people to spend could possibly hurt the economy. In fact, it is a source of concern.

You notice that about once a month, or once every other month, we wait expectantly for news from the Federal Reserve Board as to whether they are going to raise interest rates. It is an important issue and topic for many Americans. If you have a mortgage with an adjustable rate on it, the decision by Chairman Greenspan of the Federal Reserve to raise interest rates will hit you right in the pocketbook. Your mortgage rate will go up. The payment on your home will go up.

Most people think this is a decision to be made looking at the overall economy. I suggest most American families look at interest rate decisions based on their own family. What will it do to my mortgage rate? What will it do, if I am a small businessperson, to the cost of capital for me to continue doing business? These are real-life decisions.

If the Republicans have their way this week and pass a tax break, primarily for wealthy people, injecting money into the economy, it will increase economic activity. It is expected, then, that some people will buy more. It may mean Donald Trump will buy another yacht or Bill Gates will buy something else.

That money spent in the economy creates the kind of economic movement which the Federal Reserve watches carefully. If that movement seems to be going too quickly, they step in and slow it down. How do they slow it down? They raise interest rates.

So the Republican plan, the tax break for wealthy people, the $1 trillion approach, is one which runs the risk of heating up an economy, which is already running at a very high rate of speed, to the point where the Federal Reserve has to step in. And once stepping in and raising interest rates, the losers turn out to be the same working families who really do deserve a break.

It has been suggested that if we, instead, take our surplus and pay down the national debt, it not only is a good thing intuitively that we would be retiring this debt, but it has very positive consequences for this economy.

Consider for a moment that in the entire history of the United States, from President George Washington through President Jimmy Carter, we had accumulated $1 trillion in debt. That means every Congress, every President, each year, who overspent, spent more Federal money than they brought in in taxes, accumulated a debt which over the course of 200 years of history, came to $1 trillion, a huge sum of money, no doubt.

But after the Carter administration, as we went into the Reagan years, the

Bush years, and the early Clinton years, that debt just skyrocketed. It is now over $5 trillion. That is America's mortgage. We have to pay interest on our mortgage as every American family pays interest on their home mortgage. What does it cost us? It costs us $1 billion a day in interest to borrow the money, to pay off our national debt—$1 billion a day collected from workers through payroll taxes, from businesses and others just to service the debt.

So the question before us is whether or not a high priority should be reducing that debt. Frankly, I think it should be one of the highest priorities. You know who ends up paying that interest forever? The young children in our gallery here watching this Senate debate: Thank you, mom. Thank you, dad. Thanks for everything. Thanks for the national debt, and thanks for the fact that we are going to have to pay for it.

We have some alternative news for them that may be welcome. We have a chance now to help you out. We have a chance to take whatever surplus comes into the Federal Government because of our strong economy and use it to retire the national debt, to bring it down.

That is the proposal from the Democratic side, from President Clinton, and most of my fellow Senators who share the floor with me on this side of the aisle. It is a conservative approach but a sensible one.

The alternative, if we do not do it, I am afraid, is to continue to pay this $1 billion a day in interest on the debt and not bring it down.

If we stick to a disciplined, conservative approach, we can bring down this debt.

Chairman Alan Greenspan said last week: Yes, that is the highest priority. You want this economy to keep moving? You want to keep creating jobs and businesses, people building homes, starting new small businesses, and keeping inflation under control? He said the worst thing you can do is create new programs and spend it, going back to the deficit days. The second worst thing you can do, as the Republican proposal suggests, is give tax breaks to wealthy people. The best thing he said to do is to retire the national debt.

It is eminently sensible on its face. We step forward and say bringing down that debt is good for the economy, will not overheat it, will not raise interest rates. You see, if we can have interest rates continuing to come down, it helps families. How does that happen?

The Federal Government is a big borrower. Because of our $5 trillion-plus debt, we have to borrow money from all over the United States and around the world to service that debt. If we start getting out of the borrowing business, there is less demand for capital, and the cost of capital—interest rates—starts going down. What would a 1 percent reduction in the interest rate mean to families across America over the next 10 years when it comes to their mortgage payments? Savings of over $250 billion. Frankly, taking the conservative approach, paying down the national debt is not only good to keep the economy moving forward but, over the long term, the lower interest rates are good for everyone: good for families who want to buy homes; good for businesses that want to expand and hire more employees, and good all around.

That is the bottom line of this debate. The Republican approach is to spend it on tax cuts, give it to wealthy people. The Democratic approach is pay down the national debt, invest the money in Social Security and in Medicare. That, I think, is the more responsible course of action. What the Republicans would do in the second 5 years of their tax cut is actually mind-boggling, because they would be reaching into the Social Security trust fund to pay for these tax breaks for wealthy people. So folks today who are paying a high payroll tax, putting money in the Social Security trust fund so it is there for the baby boomers and others in the future, would actually be funding a tax cut for some of the wealthiest people in America instead of leaving that money in the Social Security trust fund where it belongs to meet the obligations of that system that is so important to millions of families.

I yield to the Senator from California for a question.

Mrs. BOXER. I thank the Senator from Illinois. We are having this conversation while we await the arrival of the interior appropriations bill, which I know we are both looking forward to working on with the rest of the Senate.

Nothing could be more important right now than the business that will come before this body tomorrow, a huge Republican reconciliation bill which includes these massive tax cuts to the wealthiest and, as a result of that, really crimps the functioning of the rest of the Federal Government.

Again, because my friend is so clear thinking, I underscore what he said in this colloquy.

The Democratic plan makes four very important decisions. First, the Democratic plan takes care of Social Security for the extended future. It says every single dollar of the surplus that belongs to Social Security will be locked up for Social Security, while the debt is paid down at the same time. The difference with the Republicans is, they dip into the Social Security trust fund 6 years from now.

Secondly, the Democratic plan says: What else is important? What else is the safety net for our people? Medicare. So it treats Medicare, in essence, the same way we treat Social Security. We treat it as the twin pillar of the safety net. We say we will take care of Medicare to the tune of over $200 billion. We lock that up. And while it is sitting there, it is used to pay down the external debt of the country.

The third thing we do—I have alluded to that—is debt reduction. Debt reduction is the external debt, the debt that is owed to private people, Americans and those around the world who pick up our bonds. We owe them debt. I see my friend from South Carolina who has pointed this out. Because of that debt, we are paying over $300 billion a year in interest payments which, as my friend said, is bad for the economy. It is wasteful. It does no good to anyone.

Then there is a fourth piece. That is, we take care of the business of Government. We leave enough over to take care of education, to take care of health research, to take care of airport safety, safety in the streets, highways, transit, the things that our people want us to do; we take care of the basic business of Government, no frills but the basic business of Government. Educating our kids is basic. If we don't do that, we are nowhere as a country.

My question to my friend is this: Unless we are not hearing the people, they want us to take care of Social Security and lock it up for the future. They want us to take care of Medicare and lock that money up for the future. They want us to reduce that external debt so the interest payments on the debt disappear. And they want us to take care of the basic business of Government: taking care of our kids, health research, the things we stand on this floor day in and day out talking about, how important it is to improve the quality of life for our people. That is what we do.

The Republicans, the only thing they do is take care of the wealthy. Yes, they take care of some of Social Security, but in the second 5 years, they are dipping into that pot, too.

Does my friend agree with the sort of wrap-up I have given of his remarks? Are we on the same page? And, in conclusion, does he think our plan meets the needs of our people and their plan is risky, it is frightening, it pays off the wealthy and does nothing for our other needs?

Mr. DURBIN. I agree with the Senator from California. I will say this only one more time on the floor. She may have missed it earlier, when I characterized this whole discussion about the lockbox. There is this proposal that comes forward that we create a lockbox for Social Security and for Medicare. In other words, you can't get your hands on it if you want to create a new program or whatever it might be. It is going to be separate, locked away from the grasping hands of any political leaders. So those who follow the debate will hear this: lockbox, lockbox, lockbox. But as we look carefully at the Republican tax break proposals, they reach into that Social Security lockbox in the year 2005 and start taking money out for tax breaks for wealthy people.

I said on the floor earlier, at that point it is no longer a lockbox, it is a "loxbox," because it smells a little fishy. This is no lockbox, if you can reach in and take from it. That is, frankly, what we are going to face with the Republican tax break proposal.

I also say to the Senator from California and the Senator from South Carolina, who is the acclaimed expert when it comes to budget—and we are anxious to hear his comments and contribution—the other thing that is interesting is the Republican tax break plan is based on the theory that we are going to stick with spending caps forever. We are going to keep limitations on spending and appropriations forever. And with those limitations, the surplus grows, and they give it away in tax breaks primarily to wealthy people.

Look what is happening around here. The so-called caps are being breached and broken even as we speak. They came up last week and said—what a surprise—it turns out we have to take a census in America every 10 years. That is an emergency, an unanticipated event.

A census an unanticipated event? We have been taking the decennial census for centuries—not quite that long but at least for a long time. Now they are calling it an emergency to pay for the census so they can go around the caps, so they can spend the money.

It is my understanding that within the last few hours, the House of Representatives has also decided that spending for veterans hospitals is an emergency, and, therefore, we will go around the caps. Frankly, funding the census and funding veterans hospitals would be high on everyone's list here, but to call this an unanticipated emergency—most of the men and women who are being served by those hospitals served us and our country in World War II and Korea. We know who they are, and we know the general state of their health. It is predictable that they would need help at veterans hospitals. It is not an unanticipated emergency.

We are dealing in fictions; we are dealing in doubletalk, in an effort to get around the spending caps, which is the premise of the Republican tax break, that we are going to have spending caps forever. They are violating their premise even as they offer this tax break proposal.

I will make this last point to the Senator from California. She really addresses, I think, one of the basics. There are many on the Republican side who believe that, frankly, Government just gets in the way of a good life for Americans. I disagree. I think in many respects Government is important to a good life for many Americans and their families.

The Senator from California and the Senator from Illinois can certainly agree on the issue of transportation. In Chicago, which I am honored to represent, virtually any radio station will tell you every 10 minutes the state of traffic on the major expressways around Chicago. I am sure the Senator from California can tell the same story. It is getting worse, more congestion, more delays, and more compromise in the quality of life.

We don't want to step away from a Federal contribution to transportation, not only highways but mass transit. Frankly, if we move down the road suggested by Republicans, it would jeopardize it. The same thing is true about crime. It ranks in the top three issues that people worry about. The COPS Program, which Democrats supported along with President Clinton, has created almost 100,000 new police. That brought down the crime rate in America. We want to continue that commitment to making our neighborhoods, streets, and schools safer across America.

Finally, education. I am glad the Senator from California noted this. The Federal contribution to education is relatively small compared to State and local spending, but it is very important. We have shown leadership in the past and we can in the future. It really troubles me to think we are now at a point in our history where, if no law is changed and everything continues as anticipated, we will need to build, on a weekly basis, for the next 10 years—once every week for the next 10 years—a new 1,000-bed prison, every single week for the next 10 years because of the anticipated increase in incarceration.

I think dangerous people should be taken off the street and out of my neighborhood and yours. But I don't believe Americans are genetically inclined to be violent criminals. I think there are things we can do to intervene in lives, particularly at an early stage, to make kids better students and ultimately better citizens. That means investing in education. The Republican plan steps back from that commitment to education, as it does from the commitments to transportation and fighting crime. That is very shortsighted. We will pay for it for many decades to come.

So this debate, some people say, is about a tax break. It is about a lot more. Will the economy keep moving forward? Will we make important decisions so the next generation of Americans is not burdened with paying interest on our old debt, and will we make good on our commitment to American families when it comes to important questions involving transportation, crime, education, and the quality of life?

Mrs. BOXER. Will my friend yield to me for a question?

Mr. DURBIN. I yield to the Senator from California for a question.

Mrs. BOXER. Mr. President, I want to ask him a question about an issue he and I have worked on together for so many years. It takes us back to when we were in the House together. We served together there for 10 years. That is the issue of health research.

Right now, only one out of every three approved grants is actually being funded. So that means cures for cancer, Parkinson's, AIDS, heart disease, stroke, you name it—the biggest killers—are not being found. In other words—let me repeat—we have one out of every three grants approved by the National Institutes of Health because they are very promising. If some scientist has a theory about how to cure prostate or breast cancer, he may not be able to get it done.

This will be my final question. As he goes through the Republican plan, which leaves virtually zero room, as I read it, for increases in this kind of basic spending, does the Senator not think we are shortchanging American families? When I talk to them, that is what they are scared of most.

Mr. DURBIN. I thank the Senator from California for her observation. Yes, many years ago when we were on the Budget Committee in the House, we worked together on medical research and dramatically increased the amount of money for it. It was one of the prouder moments serving on Capitol Hill. I have found, as I have gone across Illinois and around the country, that virtually every American family agrees this is an appropriate thing for the Federal Government to do—initiate and sponsor medical research.

A family never feels more helpless than when a disease or illness strikes somebody they love. They pray to God that the person will survive, and that they can find the best doctors. In the back of their minds they are hoping and praying that somewhere somebody is developing a drug or some treatment that can make a difference. And that "somewhere," many times, is the National Institutes of Health in Washington, DC, in the Maryland suburbs nearby.

If we take the Republican approach of cutting dramatically the Federal budget in years to come for a tax break for wealthy people, we jeopardize the possibility that the NIH will have money for this medical research. That is so shortsighted.

It is not only expensive to continue to provide medical care to diseased or ill people, but, frankly, it is inhumane to turn our backs on the fact that so many families need a helping hand. I sincerely hope before this debate ends, we are able to bring Republicans around to the point of view that when we talk about spending on the Democratic side, it is for the basics—transportation, fighting crime, helping education, and medical research. I would take that out for a referendum across this land. I think that is the sensible way to go.

I yield the remainder of my time.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from South Carolina.

REALITIES OF THE BUDGET

Mr. HOLLINGS. I certainly appreciate it. I really appreciate the significance of and the emphasis the distinguished Senator from Illinois and the distinguished Senator from California are exchanging on the floor about the realities of the budget.

Mr. President, some years ago, there was this debate between Walter Lippmann and the famous educator, John Dewey, with relation to how to build a strong democracy. Mr. Lippmann contended the way to have and maintain a strong democracy was to get the best of minds in the various disciplines countrywide—whether in education, housing, foreign relations, financial and fiscal policy, or otherwise—and let them meet around the table and determine the needs of the Nation and the policy thereof; take care of those needs, give it to the politicians, give it to the Congress, and let them enact it. It was John Dewey's contention—no, he said, what we need is the free press to tell the American people the truth. These truths would be reflected through their Representatives on the floor of the national Congress, and the democracy would continue strong.

For 200-some years now, we have had that free press reporting those truths. But, unfortunately, until this morning—until this morning, Mr. President—they have been coconspirators, so to speak, in that they have joined in calling spending increases spending cuts, and calling deficits surpluses. Eureka. I picked up the Washington Post this morning, and on the front page, the right-hand headline, they talk about the shenanigans of emergency spending and calling up the CBO with different economic assumptions—finding $10 billion. Just go to the phone if you are Chairman of the Budget Committee, call up Mr. Crippen over at CBO and say: Wait a minute. Those economic assumptions we used in the budget resolution—I have different ones. Therefore, give me $10 billion more. It is similar to calling up a rich uncle.

That is now being exposed in the Wall Street Journal. Of all things, they are talking in the front middle section about national and international news headlines and talking about double accounting and how they give them credit for saving the money and spending it at the same time. There is a whole column by our friend David Rogers on page 24. So, eureka, I found it. We are now breaking through and beginning to speak the truth.

I know the distinguished Chair is very much interested in actual and accurate accounting, and the actual fact is we are running a deficit, the Congressional Budget Office says, of $103 billion this year, which ends with August and September—just 2 more months after this July, and we will have spent $103 billion more than we take in; namely, on the deficit.

So, Mr. President, when you hear all of this jargon and plans about surpluses and how they find them and whatever else, you go to the books and you turn to their reports and you say: Wait a minute now. The President came out in his document here, the CBO report—and I hold in my hand the midsession review, which came out 10 days ago and I said: Wait a minute. Let me find out where they find this surplus.

On the contrary, on page 42, under the heading "Total Gross Federal Debt"—Mr. President, I ask unanimous consent that this page be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TABLE 21.—FEDERAL GOVERNMENT FINANCING AND DEBT WITH SOCIAL SECURITY AND MEDICARE REFORM[1]

[In billions of dollars]

	1998 Actual	Estimates					
		1999	2000	2001	2002	2003	2004
Financing:							
Surplus or deficit(–)	69.2	98.8	137.4	144.1	154.2	165.1	175.0
(On-budget)	– 29.9	– 24.8					
(Off-budget)	99.2	123.6	137.4	144.1	154.2	165.1	175.0
Means of financing other than borrowing from the public:							
Medicare solvency transfers			4.8	0.3	12.3	5.2	6.9
Changes in:[2]							
Treasury operating cash balance	4.7	– 6.1					
Checks outstanding, etc.[3]	– 10.5	– 1.6	– 1.2				
Deposit fund balances	– 0.8	– 1.7					
Seigniorage on coins	0.6	1.0	1.0	1.0	1.0	1.0	1.0
Less: Net financing disbursements:							
Direct loan financing accounts	– 11.5	– 25.2	– 21.2	– 20.1	– 19.6	– 19.2	– 17.7
Guaranteed loan financing accounts	– 0.5	1.6	0.9	1.8	1.8	1.8	2.0
Total, means of financing other than borrowing from the public	– 18.0	– 32.0	– 15.8	– 17.0	– 4.4	– 11.2	– 7.8
Total, repayment of the debt held by the public	51.3	66.8	121.6	127.1	149.8	154.0	167.2
Change in debt held by the public	– 51.3	– 66.8	– 121.6	– 127.1	– 149.8	– 154.0	– 167.2
Debt Outstanding, End of Year:							
Gross Federal debt:							
Debt issued by Treasury	5,449.3	5,586.7	5,675.9	5,754.3	5,840.5	5,924.1	6,006.8
Debt issued by other agencies	29.4	28.6	27.7	26.7	25.7	24.3	23.0
Total, gross Federal debt	5,478.7	5,615.3	5,703.6	5,781.0	5,866.1	5,948.4	6,029.8
Held by:							
Government accounts	1,758.8	1,962.2	2,172.2	2,376.6	2,611.6	2,847.9	3,096.5
The public	3,719.9	3,653.0	3,531.4	3,404.4	3,254.5	3,100.5	2,933.3
Federal Reserve Banks[4]	458.1						
Other	3,261.7						
Debt Subject to Statutory Limitation, End of Year:							
Debt issued by Treasury	5,449.3	5,586.7	5,675.9	5,754.3	5,840.5	5,924.1	6,006.8
Less: Treasury debt not subject to limitation[5]	– 15.5	– 15.5	– 15.5	– 15.5	– 15.5	– 15.5	– 15.5
Agency debt subject to limitation	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Adjustment for discount and premium[6]	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Total, debt subject to statutory limitation[7]	5,439.4	5,576.7	5,665.9	5,744.3	5,830.5	5,914.1	5,996.8

[1] Treasury securities held by the public and zero-coupon bonds held by Government accounts are almost entirely measured at sales price plus amortized discount or less amortized premium. Agency debt is almost entirely measured at face value. Treasury securities in the Government account series are measured at face value less unrealized discount (if any).

[2] A decrease in the Treasury operating cash balance (which is an asset) is a means of financing the deficit and therefore has a positive sign. An increase in checks outstanding or deposit fund balances (which are liabilities) would also be a means of financing the deficit and therefore would also have a positive sign.

[3] Besides checks outstanding, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights, and as an offset, cash and monetary assets other than the Treasury operating cash balance, miscellaneous asset accounts, and profit on sale of gold.

[4] Debt held by the Federal Reserve Banks is not estimated for future years.

[5] Consists primarily of Federal Financing Bank debt.

[6] Consists of unamortized discount (less premium) on public issues of Treasury notes and bonds and unrealized discount on Government account series securities, except, in both cases, for zero-coupon bonds.

[7] The statutory debt limits is $5,950 billion.

Mr. HOLLINGS. Then you see the total gross Federal debt, and you see for the 5-year projection—from the years 2000, 2001, 2002, 2003, 2004—it goes from a debt of $5.7036 trillion to $6.298 trillion. That shows the debt going up. And everybody is talking "surplus."

Then I turn over to page 43. This is the President's projection. You can see over the 15 years—not 5 years.

I ask unanimous consent that page 43 be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TABLE 22.—FEDERAL DEBT WITH SOCIAL SECURITY AND MEDICARE REFORM

[In billions of dollars]

	Estimates										Projections				
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt held by the public:															
Debt held by the public, beginning of period	3,653	3,531	3,404	3,255	3,101	2,933	2,744	2,525	2,262	1,964	1,625	1,249	944	637	335
Debt reduction from:															
Off-budget surplus:															
Surplus pending Social Security and Medicare reform	−137	−144	−154	−165	−175	−193	−202	−215	−225	−233	−243	−246	−248	−246	−241
Social Security solvency transfers	0	0	0	0	0	0	0	0	0	0	0	−107	−125	−145	−166
Returns on investment of transfers[1]	0	0	0	0	0	0	0	0	0	0	0	−3	−14	−27	−43
Medicare solvency transfers	−5	−0	−12	−5	−7	−10	−29	−59	−83	−113	−142	−67	−68	−65	−58
Less purchase of equities by Social Security trust fund[1]	0	0	0	0	0	0	0	0	0	0	0	110	139	172	209
Other financing requirements[2]	21	17	17	16	15	13	12	11	9	8	8	8	8	9	9
Total changes	−122	−127	−150	−154	−167	−189	−219	−263	−298	−339	−376	−305	−307	−302	−291
Debt held by the public, end of period	3,531	3,404	3,255	3,101	2,933	2,744	2,525	2,262	1,964	1,625	1,249	944	637	335	44
Less market value of equities	0	0	0	0	0	0	0	0	0	0	0	−110	−248	−420	−629
Debt held by the public, less equity holdings, end of period	3,531	3,404	3,255	3,101	2,933	2,744	2,525	2,262	1,964	1,625	1,249	834	388	−85	−585
Debt held by Government accounts:															
Debt held by Government accounts, beginning of period	1,962	2,172	2,377	2,612	2,848	3,096	3,363	3,667	4,012	4,394	4,823	5,299	5,822	6,374	6,949
Increase prior to Social Security reform	205	204	222	230	240	254	271	280	289	299	310	315	318	317	314
Social Security and Medicare solvency transfers	5	0	12	5	7	10	29	59	83	113	142	173	193	210	224
Earnings on solvency transfers invested in Treasury securities	0	0	1	1	2	2	3	6	11	17	25	35	42	48	55
Less purchase of equities by Social Security trust fund[1]	0	0	0	0	0	0	0	0	0	0	0	−110	−139	−172	−209
Total changes	210	204	235	236	249	266	304	345	382	429	476	523	552	575	593
Debt held by Government accounts, end of period	2,172	2,377	2,612	2,848	3,096	3,363	3,667	4,012	4,394	4,823	5,299	5,822	6,374	6,949	7,543
Plus market value of equities	0	0	0	0	0	0	0	0	0	0	0	110	248	420	629
Debt and equities held by Government accounts, end of period	2,172	2,377	2,612	2,848	3,096	3,363	3,667	4,012	4,394	4,823	5,299	5,932	6,623	7,369	8,172

[1] Includes accrued capital gains.

[2] Primarily credit programs.

Note: Projections for 2010 through 2014 are an OMB extension of detailed agency budget estimates through 2009.

Mr. HOLLINGS. Mr. President, you see the debt held by government accounts, end of period, $7.543 trillion, plus up there at the end of the period, the little 44, making an increase of debt to $7.587 trillion. There is the debt going up from $5.6 trillion to $7.6 trillion, an increase of $2 trillion in the debt.

Everybody is talking "surplus." I wonder where in the world do they get the surplus. We are beginning to see it in the double accounting in the Wall Street Journal and otherwise.

Let's go to the Congressional Budget Office because my good friend, the distinguished Senator from Nebraska, talked about a $2.9 trillion surplus. He is right. In the rhetoric at the very beginning, they talk about a surplus here on page 2—cumulative onbudget surpluses of projected and total, nearly $1 trillion between 1999 and 2009. During that same period, cumulative off-budget surpluses will total slightly more than $2 trillion. That is where he finds, I take it, the $2.9 trillion.

I ask unanimous consent to have printed in the RECORD from the Congressional Budget Office report of July 1, page 19.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TABLE 10.—CBO BASELINE PROJECTIONS OF INTEREST COSTS AND FEDERAL DEBT

[By fiscal year]

	Actual 1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
NET INTEREST OUTLAYS (BILLIONS OF DOLLARS)												
Interest on Public Debt (Gross interest)[1]	364	356	358	358	350	345	342	338	333	328	323	316
Interest Received by Trust Funds:												
Social Security	−47	−53	−59	−67	−74	−82	−91	−100	−110	−121	−132	−144
Other trust funds[2]	−67	−68	−70	−73	−74	−76	−79	−81	−84	−87	−89	−92
Subtotal	−114	−120	−129	−140	−148	−159	−170	−182	−194	−208	−222	−236
Other Interest[3]	−7	−7	−6	−7	−7	−7	−8	−8	−8	−8	−8	−9
Total	243	229	222	212	194	179	164	148	131	112	92	71
FEDERAL DEBT AT THE END OF THE YEAR (BILLIONS OF DOLLARS)												
Gross Federal Debt	5,479	5,582	5,664	5,721	5,737	5,760	5,770	5,770	5,732	5,675	5,600	5,500
Debt Held by Government Accounts:												
Social Security	730	856	1,003	1,157	1,321	1,493	1,675	1,869	2,075	2,292	2,520	2,755
Other accounts[2]	1,029	1,107	1,188	1,267	1,350	1,431	1,510	1,589	1,666	1,743	1,813	1,880
Subtotal	1,759	1,963	2,190	2,425	2,670	2,925	3,185	3,458	3,741	4,035	4,333	4,635
Debt Held by the Public	3,720	3,618	3,473	3,297	3,066	2,835	2,584	2,312	1,992	1,640	1,267	865
Debt Subject to Limit[4]	5,439	5,543	5,626	5,684	5,700	5,724	5,734	5,736	5,699	5,643	5,568	5,469
FEDERAL DEBT AS A PERCENTAGE OF GROSS DOMESTIC PRODUCTS												
Debt Held by the Public	44.3	40.9	37.5	34.2	30.5	27.1	23.7	20.3	16.8	13.2	9.8	6.4

[1] Excludes interest costs of debt issued by agencies other than the Treasury (primarily the Tennessee Valley Authority).

[2] Mainly Civil Service retirement, Military Retirement, Medicare, unemployment insurance, and the Airport and Airway Trust Fund.

[3] Mainly interest on loans to the public.

[4] Differs from the gross federal debt primarily because most debt issued by agencies other than the Treasury is excluded from the debt limit. The current debt limit is $5,950 billion.

Source: Congressional Budget Office.

Note: Projections of interest and debt assume that discretionary spending will equal the statutory caps on such spending through 2002 and will grow at the rate of inflation thereafter.

Mr. HOLLINGS. Mr. President, I have given the American people, as John Dewey said, "the truth," because you look from 2000 right on through where they talk about the gross Federal debt, and the gross Federal debt starts up from the year 2000 and increases to the year 2004 from $5.664 trillion to $6.029 trillion. It is the same for 2004 and 2005.

Yes, I will agree that the Congressional Budget Office shows a diminution, a reduction, in the deficit from the year 2005 to 2009 over the 4-year period. There is a saving or reduction in 2006 of $38 billion; a reduction in the year 2007 of $57 billion; a reduction in the year 2008 of $75 billion; and a reduction in the year 2009 of $100 billion. So it is a cumulative reduction of $270 billion.

They talk about a $2.9 trillion surplus? At best they could talk, under the Congressional Budget Office, about $270 billion.

The reason they even can find the $270 billion is the most favorable of circumstances. The most favorable of circumstances is, one, current policy, as they say on one of the pages here. It says that it assumes discretionary spending will equal the statutory caps on such spending through 2002, and will grow at the rate of inflation thereafter.

That is the most favorable circumstance—no increases; just cap the spending, and adjust inflation thereafter for the first 5 years and inflation thereafter for the next 5 years. It assumes no emergency spending.

We have already seen that they are calling, as the distinguished Senator from Illinois was pointing out, the census an emergency. They have veterans' benefits as an emergency and they have everything else as an emergency. It assumes also that there is no tax cut and that the interest rate stays the same. You have all of these favorable assumptions, and at best, under the Congressional Budget Office, a saving of $270 billion rather than $2.9 trillion.

I have been trying my best to get a time to get on this floor. I thank everybody for the simple reason that the best of circumstances here are that, yes, inflation is low; interest rates are down; unemployment is down; employment figures are up. We have the best of circumstances, to President Clinton's credit. Yes, the deficits have been coming down.

Having said that, as Alan Greenspan said earlier in the year, let's stay the course. Let's stay the course and make sure we continue this, if there is ever a time to pay down the bill—I am glad the Senator from Illinois touched on this—the interest costs.

I was a member of the Grace Commission against waste, fraud, and abuse. We created during the 1980s the biggest waste in the world by voting a 25-percent across-the-board tax cut. Here we are about to repeat the crime. That is a crime against common sense. It is a crime against future generations. There isn't any question about it.

But everybody is talking about a tax cut. Republicans are talking one tax cut. The Democrats are talking, the White House is talking, and everybody is talking tax cut when in reality we don't have any taxes to cut. We don't have any revenues to lose. Everybody knows that. We created the biggest waste in that year. The interest costs are practically $1 billion a day on the national debt.

On the same page as we have included in the RECORD, page 19, you will see in the 10-year period, from 2000 through 2009, we spend on interest costs—total waste—$3.4441 trillion for nothing over the 10-year period.

They are talking about fanciful surpluses out of the atmosphere that do not exist, and otherwise not talking about the tremendous waste for the crass hypocrisy of this monkeyshine of politics that we have to somehow neutralize the Republican tax cut with our tax cut. Come on. Can't we neutralize ourselves with the truth for a change? We are spending $3.4 trillion.

I see my distinguished colleague, the Senator from North Dakota, looking. I must have already used up my time.

I yield to the distinguished Senator from North Dakota.

Mr. DORGAN. Mr. President, will the Senator yield for a question?

Mr. HOLLINGS. Yes.

Mr. DORGAN. Mr. President, yesterday on NPR's "Morning Edition," Kevin Phillips, a Republican author and commentator, had some interesting comments, and I wonder if the Senator from South Carolina had an opportunity to hear this Republican commentator discussing the House of Representatives tax cut.

> Tax bills often deal with Pie in the Sky. The mind boggling ten-year cuts passed late last week by the House of Representatives however deserve a new term: Pie in Stratosphere.

He points out that the top 1 percent would get 33 percent of the tax cuts; the bottom 60 percent get only 7 percent of the tax cuts.

I thought the last paragraph of this Republican commentator was interesting:

> We can fairly call the House legislation the most outrageous tax package in 50 years. It's worse than the 1981 excesses, you have to go back to 1948, when the Republican 80th Congress sent a kindred bill to President Harry Truman. Truman vetoed it, calling the Republicans bloodsuckers, with offices in Wall Street. Not only did he win reelection, but the Democrats recaptured Congress. We'll see if Bill Clinton and Albert Gore have anything resembling Truman's guts.

This is from a Republican commentator. He points out the amount of these tax cuts extending 10 years into the future, by economists who predict these surpluses; economists who can't remember their phone numbers and their home addresses are telling Americans that in 3, 5, 10 years in the future we will have big surpluses. What do we do? The House of Representatives says: Give most of the surpluses back to 1 percent of the people.

A Republican columnist, Kevin Phillips, says it is the most outrageous tax package in the last 50 years.

Can the Senator from South Carolina comment?

Mr. HOLLINGS. I will comment, too, on what the Senator from Illinois discussed about the lockbox and why we can't talk. We couldn't talk about lockbox, and we couldn't get cloture for the simple reason they would not allow my amendments. I gave them notice. I sent a "Dear Colleague" letter to all Senators. I said, No. 1, I will put in a true lockbox. It was worked out with the Social Security Administration. Ken Apfel, who used to work with me when I was chairman of the Budget Committee, is now the Social Security Administrator. The only way to get a true lockbox is to not double the counting and say, I saved it, but then spend it. On the contrary, actually require the Secretary of the Treasury to deposit those amounts each month, place the Treasury bills you have to issue for the debt of Social Security back into the Social Security trust fund.

Somebody says: Wait; what are you going to do with that money? Do exactly what all pension reserves and insurance companies do: Keep it there—what we did for 35 years, from 1935 to 1968, until this changed in 1969. I was going to put a cap on the debt. They think it is a surplus. Say whatever the debt is as of September 30th, in 2 months' time, cap it off. Say that can't be exceeded. Put that limit there and find out who is telling the truth.

They are talking surpluses. I am saying it is deficits. It is debt increases.

Also, cut out the monkeyshine. The distinguished Senator from New Mexico and I had challenged the late Senator Chiles when he was chairman of the Budget Committee and he started using different economic assumptions. We lost on appeal of the ruling of the Chair, but we came around with 301(g) and wrote in the Budget Act that you couldn't have the new economic assumptions different from those in each particular budget resolution. These are the things we wanted to put in with respect to getting truth in budgeting when we passed Gramm-Rudman-Hollings back in 1985.

We have gone totally astray—the White House, Republican and Democrat, the news media—until this morning. That is my point. I thank the Wall Street Journal, I thank the Washington Post for finally reporting some of the truths out here. If we can't level with the American people, no wonder they are talking about "what kind" of tax cut. They all want to pay down the debt. When they use the expression, "pay down the debt" or the "public debt," it doesn't pay any debt at all.

Those T bills come due during the next 10 years and are not renewed. In the meantime, while they are not being renewed, the debt is transferred over to Social Security and other trust funds, so we owe Social Security this very minute $857 billion; by the year 2009, we will owe Social Security $2.7 trillion. Then they talk not only of surpluses but saving Social Security, how we have extended the life of Social Security, when we have actually bankrupted the blooming program.

Mr. President, $2.7 trillion by 2009; we get to 2013, when they really need the money, and it will be over $3 trillion. What Congress will find $3 trillion to start paying the benefits? This is serious business.

I see the distinguished Senator from Wyoming.

Mrs. BOXER. Mr. President, I have one question.

The PRESIDING OFFICER. All time has expired.

Mrs. BOXER. I ask unanimous consent for 2 additional minutes.

The PRESIDING OFFICER. Is there objection?

Mr. ENZI. Reserving the right to object, our side hasn't had 1 minute of debate on this; the other side has used up 45 minutes.

Mrs. BOXER. I ask for 2 additional minutes so that the senior Senator may answer a question.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. BOXER. Has the Senator heard from his people that they are clamoring for the tax cuts? Has he heard from his people who are earning in the high dollar amounts, and who will benefit from this, that they want the tax cuts?

Someone earning $800,000 a year is going to get back $22,000 a year, and someone earning $30,000 gets back $100 bucks. Are the phones in his office ringing off the hook with people asking for these tax cuts and to forget about Social Security and Medicare?

Mr. HOLLINGS. I thank the distinguished Senator and will limit my time so the Senator from Wyoming can take the floor.

The answer is, no, the phone is not ringing off the hook. I had this in the campaign for reelection last year. I put in a value-added tax in order to retire the deficit and the debt. Of course, I was called "High Tax Hollings." I said, rather than tax cuts, we ought to get rid of the national debt and the waste of interest costs of $1 billion a day. I was reelected.

We have the most Republican of all States. South Carolina is the most conservative of all States.

Somehow the truth is coming around to the American people, or at least to the Washington Post and the Wall Street Journal as of this morning. I thank them for that.

The PRESIDING OFFICER. The Senator from Wyoming.

TAX RELIEF

Mr. ENZI. Mr. President, I thank the Senator from South Carolina for his comments. As the accountant in the Senate, I appreciate when others join in the debate about the accounting issue, that if there is a surplus, why is the national debt going up? It is a very simple test. It is printed in the RECORD.

It is our duty to be sure there is good accounting around here; that we aren't keeping two sets of books; that we aren't borrowing the best of each world. The articles mentioned, I point out, said everybody is involved in this. The President is even accepting the best of both worlds so that things can be done this year rather than future years when a more accurate surplus shows up.

The best anybody is estimating now is $3 trillion in surplus. This is supposed to be a true surplus after Social Security. We are almost $6 trillion in debt. Even if all the surplus went to debt, we would still be $3 trillion in debt. That is a lot of money.

However, what we are talking about today isn't whether it is true surplus or not. We are not talking about spending down the national debt. We are talking about spending versus tax relief. Taking away from tax relief by the Democrats isn't with the intent of paying down the national debt. It is to put the money into new programs. We already have programs not adequately funded in this country. We have programs we have dedicated ourselves to in the past that are not adequately funded.

We keep hearing ideas from the other side. We all have ideas about how to spend our money. We hear the ideas for new spending programs, which we will also inadequately fund. However, it is spending versus tax relief.

If Members are confused, it is confusion in the rhetoric just heard: spending versus tax relief. We are saying there will have been a true overpayment of $3 trillion. That is an overpayment of your tax money.

Do you want that spent on new programs, or do you want to get some of it back? That is the issue.

If we are truly talking about paying down the national debt—Senator ALLARD and I have a bill that calls for paying off that national debt. It does not call for just paying down the national debt, but it calls for paying off the national debt over a 30-year period just as you pay a house mortgage. We are all familiar with that. It has been talked about on this floor this morning. It would pay it down like a house mortgage with 30 years of payments.

How do we do that? We take $30 billion of that a year, plus the interest we save by paying down the debt, and we pay it off over a 30-year period. It does not have all the pain everybody talks about, but it is something we owe to future generations. It was not the future generations who spent the money; it was us. We have an obligation to start the payments. We are buying a house for future generations, and, yes, they will have to make some of the payments on it because it extends over 30 years. But we can pay off the national debt, and we can do it and still have money to do some of the other things.

There is a bill that will put that on 30-year payments. I hope the people will pay a little bit more attention to it while we are touting paying off the national debt. That should be an important factor for us. That is not what the debate is about. The debate is about spending versus paying back overpayment of taxes.

I listened to these 45 minutes of speeches that preceded me, and it appears to me the Democrat definition of wealthy is anyone who pays taxes: If you pay taxes, you ought not get any back; we just have to worry about the poor.

Everybody in this country gets something from the Government—everybody. As we look at the other people, sometimes it appears as if they are getting more, but everybody gets something from the Government. We are in a situation in this country where almost half the people do not pay taxes. When that slips over half in a democracy, in a republic where we vote for our elected officials, what will be the sole source, the sole reason, for that vote? Whether we pay taxes or not. There will always be some paying taxes, and those who pay the taxes when there is an overpayment ought to receive some of their money back.

The President has been saying he wants to save Social Security first, that he wants to extend the life of Medicare second, and let me—it is a little confusing what comes third; I think it is spending and then tax relief.

I have listened to two State of the Union speeches where the message was: Save Social Security first. I am still waiting for the plan, a true plan. I have seen the plan where money is taken from Social Security and put into the trust fund and then a check is written for spending, and all the trust fund winds up with is IOUs. That is the way it has been, it is the way it is, and it is the way the President wants it to be.

You can take that money and, instead of putting it back into regular spending, you can put it back into Social Security. This is the greatest pyramid scheme that has ever happened. You can show where you get that trust fund up a couple trillions of dollars, and it is just by spending the money in the trust fund and putting it back in again. It is the same money being counted time after time. We cannot put up with that. That is not true accounting. That is what we have been talking about this morning. That does not save Social Security.

We do have a crisis coming up in Social Security. There are at least five plans on Social Security. The best of each of those plans can be combined into one, and we can save Social Security first.

Medicare is extremely important. There are a lot of people relying on it. Do my colleagues know what the biggest debate in Medicare is these days? How we can spend more money, how we can include more people, include more benefits. And we are still leaving those people who are really counting on Medicare dangling. We have a trust fund that we are spending. It is revolving, too. We have to quit doing the IOUs.

There is something else that is a little misleading on this tax policy. This is not a Republican plan; this is a bipartisan plan which passed out of the Finance Committee. If my colleagues will check the Washington Post that everybody seems so intent on quoting this morning, they will find a guest editorial by BOB KERREY who explains why the tax relief package is important and why he voted for the tax relief package. It is a bit more complicated than anything I am interested in, but every Senator does not get his own way on a tax package, and I am willing to recognize that.

Again, we need to save Social Security, we need to strengthen Medicare, we need to take care of debt reduction, and I have already suggested a way that might be done. There is a bill that will do that relatively painlessly over a 30-year period. I do hope that, instead of going into a whole bunch of new spending programs, some of which are very new and not well thought out, we will look at tax relief for every American taxpayer as the money is available, and that is giving a tax break to those who are paying the tax.

I also want to talk about small business and individual death relief. It is a big issue in my part of the country. Most of Wyoming is small businesses. Those small businesses are sometimes retailers, sometimes manufacturing, quite often they are ranches and farms.

Let me tell you what happens when the head of household dies. The IRS estimates the value of his property—estimates it. I have not heard anybody saying that those estimates are low. They estimate the value of the property, and that family sells off part of the land or all of it to pay that tax debt. If one sells off a part of a ranch or a farm, quite often what they are left with is not economically viable. In fact, in the current economic situation there is a lot of question about the economic viability of the future of our family farms and ranches. There is tremendous concern for that.

We also have this death tax we impose by IRS estimates at the time of death. If I were involved in the Finance Committee final decisions on these things, the way I would work that is not to have an estimate at the time of death. Instead, I would have the real value at the time there is any sale. If that stays in the family, it keeps the same basis it always had and they do not have to estimate it. When the property is sold, when the business is sold, you are not eliminating an economically viable business at that point in time. At that point in time, you are just collecting the revenues for a true value on a sale. There are other ways that can be enhanced, and I hope in an incremental way they will be.

I see the Senator from Texas is here. I have joined her in working on marriage tax penalty relief, a grossly unfair situation in the United States. We are not putting our tax policy where our mouth is. We are saying we want stronger families in this country, and then we are penalizing marriage. We cannot have that.

There are a number of changes that need to be made in our tax policy. When I came here, I was very naive. I anticipated that Senators sat down in little groups and talked about policy like this and then crossed outlines and added words and came up with bills on which people agreed. I am a little disappointed in how much cross-communication there is here.

I congratulate the Finance Committee for the work they did on this tax package. It is a bipartisan tax package. I hope people will work to improve it, that they will work not only on the Senate side but they will work on the other side of this building. Often it looks to me as if we have more conflicts between the House and Senate than we have between Democrats and Republicans.

When one is listening to the rhetoric on whether we are going to spend, which is the reason for not doing tax relief, or do tax relief, pay attention to the debate, and, yes, my colleagues will hear some dissension among the Republicans, probably because we understand taxes and want to come up with the best possible plan, the best possible way to deal with any overpayment that comes up.

I thank the Chair and yield the floor.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I thank my colleague from Wyoming for talking about the tax cuts and why we need them because we heard a lot of debate this morning about that very issue.

I think we are getting down to the core issue between how the Democrats on their side of the aisle would spend taxpayer money and how the Republicans would spend taxpayer money.

I think you can tell right off the bat what people are going to think about tax cuts by how they describe them. When they talk in terms of: How much is it going to cost us to give tax cuts to the American people, right away you know they believe the money you earn belongs to them.

We believe the money you earn belongs to you. We do not think we have a choice to take that money and go spend it on some program that you may or may not like. But if you had the choice of whether to spend $500 to take your children on a vacation or to make a car payment or to save for a downpayment on a home, or a program that may or may not affect you, most people would rather make the decisions themselves.

So let's talk about some of the issues that have been raised this morning.

First of all, if I heard "reckless" one time, I heard it 100 times this past weekend. Let's talk about "reckless." We have $3 trillion estimated as our surplus. Let's talk about how we are going to spend that, and let's see if it seems reckless.

We are going to set aside 75 cents of every dollar of the surplus for paying down debt, for strengthening Social Security, for spending on Medicare, education, and other sources. That will be 75 cents on the dollar to pay down debt, strengthening Social Security, strengthening Medicare, and other spending items.

And 25 cents of every dollar is going to be given back to the people who earned it. So 75 percent to pay down debt; 25 percent given back to the people who earned it.

We are not a corporation. We do not have a choice of what to do with profits. We take just as much money as we are going to need to fund legitimate Government programs and services. That is what governments do. Anything left over goes right back to the people who earned it.

Right now, the people of our country are paying more in peacetime taxes than ever in our history. They deserve to have some of that money back. Many families have two income earners just to cover the taxes so they can keep their quality of life for themselves and their children. We want them to have the quality of life they choose, not by taking taxes from them but by letting them decide how they spend the money they earn.

I am reading a headline in the Washington Post that says: "Clintons Plan Appeal to Women on Tax Cut." They make the argument that we are not going to do anything for Medicare, and if we do not strengthen Medicare it is going to hurt women the most because they live longer.

I agree with the premise that women live longer, and cutting Medicare so that it is not there for them would hurt women the most, but that is not what the Republican plan does. The Republican plan does set aside the money for Medicare.

I would ask the President, when he is talking about strengthening Medicare, why he chose to disregard his own Medicare trustees and the bipartisan plan they supported that would have strengthened Medicare on a bipartisan basis and would have given prescription drug help to those who need it that was agreed to by both sides of the aisle in Congress; and yet the President walked away from that Medicare reform. Today he is saying our plan does not help Medicare, when he had a chance to help Medicare and he walked away from it—a bipartisan effort of Congress to save Medicare.

I do not think the President can have it both ways.

Let me tell you what our tax plan does for the women of our country.

No. 1, we eliminate the marriage penalty tax. If a policeman marries a schoolteacher, they owe $1,000 more in taxes to the Federal Government because they got married. The highest priority the tax cut plan has is to eliminate that penalty. I would say that is very good for the women of our country because they are often the ones who are discriminated against with the marriage penalty tax. We are going to correct that with our tax cut plan. I think that is good for the women of our country.

No. 2, I have introduced a bill for the last 3 years that would allow women who leave the workplace and have children and decide to raise their children, either 6 years before they start school or even 18 years if they decide to, when they come back into the workforce they would be able to buy back into their pension plans as if they had not left.

You see, women are discriminated against in our country, in the pension system especially, because they are the ones who live the longest and they have the lowest pensions. They have the lowest pensions because women are the ones who have children and who stay home to raise them for at least part of the early years, and they never get to catch up under the present system.

I commend Senator ROTH for making that a priority in the Senate tax cut bill, that we would stop discrimination in the pension plans of women in the workforce by allowing them to catch up.

So I think we have done a lot for women. We are setting aside the money to strengthen Medicare; $500 billion over 10 years for added spending on Medicare, education, defense. We need to have that cushion—$500 billion.

In addition to that, we set aside all of the Social Security surplus—every single penny. We fence it off for Social Security because that is the No. 1 concern, and it is the No. 1 stabilizing force for the elderly in our country. That is the first priority in our whole plan. Also, $2 trillion goes directly to Social Security reform and stabilization. That will be fenced off.

The other $1 trillion we want to divide among spending increases and tax cuts. We believe it is a balanced plan. We believe the American people deserve to have back in their pocketbooks the money they earn in order to make the decisions for their families. Also, we have been especially attentive to trying to bring equality for women back into the system.

It is the Republican Congress that gave women the right to contribute equally to IRAs. Before we had our tax cut plan 2 years ago, women who didn't work outside the home could only set aside $250 a year for their retirement security; whereas, if you worked outside the home, you could set aside $2,000 a year. That has gone away. We have equalized women who work outside the home and women who work inside the home with our IRA spousal opportunities.

Now we have to go back and help them on pensions, too. That is where the lion's share of the stability is for our retired people. It is in their retirement systems. That is where women have been hit the hardest because it is women, by and large, who have the children and who will stay home and raise them. I applaud the men who do this, and I appreciate them, but by and large, it is the women who do it. When they come back into the workforce, they are penalized by not being able to have the opportunity to buy back into their pension system so they will have stability when they retire.

Our bill does target women. It is a balanced bill. It saves Social Security. It contributes to more Medicare. It allows for added spending, and it gives tax cuts to the working people who earn this money. We don't own this money. The people who earn it own it. That is the difference I ask the people of our country to look at as we go through this debate.

Listen to how people talk about tax cuts. If they talk about what it costs the Federal Government, then they don't think your money belongs to you. If they talk about it in terms of how do we best give it back to the people who own it, then you know we are looking out for the hard-working American who owns the money and wants to do his or her fair share to contribute to government but isn't looking to finance a landslide.

Mrs. BOXER. Will the Senator yield for a question on the amount of money that a person who earns $800,000 a year gets in a tax break compared to the person who earns $30,000? Will she answer that question?

Mrs. HUTCHISON. Yes, I will answer that question because the Senator from California raises a good point. You have to look, in an across-the-board tax cut, at what people are paying in taxes. A family of four who makes $30,000 doesn't pay taxes. I am glad they don't.

Mrs. BOXER. They certainly do pay taxes. Under your plan, they get back $121 of their hard-earned income. Under your plan, the $800,000 person gets back $22,000. If you earn a million, you get back $30,000. I think when the Senator says hard-working Americans, she is talking about, in their plan, hard-working, very wealthy Americans, unfortunately, leaving out the bulk of the people.

Mrs. HUTCHISON. Actually, I think the Senator from California is overlooking the fact that everyone gets an across-the-board tax cut. In fact, in the Senate plan, it is weighted toward the lower levels because you only have the 1-percent decrease in the 15-percent tax rate.

The average person who pays hundreds of thousands of dollars in taxes is going to receive about $400 in tax relief in the Senate plan. The House plan is different. The House plan gives 10 percent across the board based on how much you pay, which I think is fair. I think everyone should get the benefit according to what they have paid.

The Senate plan is very heavily weighted. I am surprised the Senator from California would oppose something that does help people at the lower end of the scale.

Mrs. BOXER. I say to my friend, read the Citizens for Tax Justice (CTJ) estimate. If you earn $30,000, you get back $121. That is it. If you earn $800,000, according to CTJ, you get back an average of $22,000.

Mrs. HUTCHISON. How much does the person pay at $30,000, and how much does the person pay at $800,000?

Mrs. BOXER. They pay sales taxes. They pay income taxes. I say to my friend, this bill is so unfair to the average working person that the wealthy people get back twice as much as someone working full time on the minimum wage. I look forward to this debate.

Mrs. HUTCHISON. I look forward to the debate as well. I think it is very important that we give across-the-board tax cuts, and I think everything that we can give back to the people who earn it is something I am going to support.

Mr. ALLARD addressed the Chair.

The PRESIDING OFFICER (Mr. ENZI). The Senator from Colorado.

Mr. ALLARD. Mr. President, I thank my colleague from Texas for her remarks, and I also thank the two Senators from Wyoming for their remarks this morning regarding tax cuts.

Our economy has been doing well. It is an unprecedented time of economic growth. Whenever our economy does well, everybody does well. People who are poor do well. You can break it out to any type of economic group you want, but everybody does well because the total tide comes up.

I happen to believe our economy is doing well because we have worked hard in the last decade, decade and a half, to hold down taxes, to reduce the regulatory burden, and to promote good economic growth.

The last effort by the Republicans in the Congress to make sure we continue to have good, strong economic growth in this country was when we dropped the capital gains rate. Nobody is talking about the profound impact that reducing the capital gains rate has had on this country's economic growth. Historically, every time we have dropped capital gains, whether it was during the Kennedy administration or whether it was during the Reagan administration—in some cases, I have seen that happen in my own State of Colorado—revenues to the Federal Government increase.

Today tax revenues to the Federal Government are at a historic high. There is a windfall. There is more money coming into the Federal Government than any of us would have imagined. I think we need to give back some change to the American people. It is their money. They worked hard to earn the money. Consequently, I think they should be the primary recipient of a windfall.

The people of Colorado were blessed because a Republican legislature, with a Republican Governor, returned dollars that came in unexpectedly as revenues to the State of Colorado. They returned it to the taxpayers of Colorado, the people who earn the money, who pay taxes. I happen to think my State of Colorado, under their leadership, has set a great example for the country. I certainly hope this Congress will move forward with a meaningful tax break that will make a difference in people's lives.

We hear a lot of figures thrown around here on the floor. We just heard an example of some of the numbers that had been thrown around this morning and then this afternoon about what is happening to our budget.

We have figures that have come out of OMB. We have figures that have come out of CBO. Let's just take one agency so we are comparing apples with apples and oranges with oranges. I don't think it is fair to pick some of the figures out of OMB and then some of the figures out of CBO and make comparisons. We need to go with one agency.

Let's make a comparison between what the President has done with his plan and the Democrat Party, and what the Republican leadership is pushing for. Let's take the figures from the Congressional Budget Office and see what they look like, comparing the President's budget with what the Republicans are putting together and what they would like to see happen for the future of America.

The President's budget, as reported in the latest report issued by CBO, on July 21, 1999, would leave a public debt of $1.80 trillion in 2009. When you compare that to the Republican proposal, it is over $200 billion higher than the amount left under the congressional budget resolution and the tax cut.

Let's look at the President's budget in terms of the total surplus under CBO's scoring. CBO says the President's budget saves just 67 percent of the total surplus. Now, that compares to a 75-percent saving of the total surplus by the congressional budget resolution and tax cut on the Republican side. President Clinton's budget contains $1 trillion in new spending. I think this issue is really more about spending than about taxes. The President wants to have the money so he can continue to spend more and more. We have heard from the big spenders. They would much rather increase spending than cut taxes. I think we ought to cut taxes instead of increasing spending.

President Clinton's budget, again, contains $1 trillion in new spending. That is 25 percent larger than the Republicans' $792 billion reconciliation tax cut. President Clinton's budget increases taxes by $100 billion over the next 10 years, according to the CBO report, in contrast to the largest middle-class tax cut since Ronald Reagan that is being offered by the Republicans. President Clinton's budget spends the Social Security surplus, the off-budget surplus, for fiscal years 2000, 2004, and 2005 by a total of $29 billion. Now, that is in contrast to the congressional budget resolution and tax cut where the Social Security trust fund is not raided at all in any year.

Even Democrats don't agree necessarily with their own President on his obsessive stand against tax cuts. I can think of one problem to which a Democrat, a friend of mine with whom I serve on the Intelligence Committee, who also happens to be on the Finance Committee, refers. He says: "To me, cutting taxes when we have $3 trillion more coming in than we forecast in the neighborhood"—he is talking about his $800 billion tax proposal—"is hardly what I call an outrageous, irresponsible move."

Some of the Members of the Senate on the other side who have been talking this morning are talking about more spending as opposed to wanting to cut taxes. They say they are willing to run on that agenda. I am willing to take our agenda as Republicans and put it up against what the President is proposing in his plan for the American people. This Republican Congress, I think, has the right message and has the right approach for protecting the future of America.

I think this is great. I am willing to brag about the fact that we protect every cent of Social Security's $1.9 trillion surplus in every year, which adheres to the spending agreement reached with the President in 1997. It also leaves $277 billion to finance emergencies and other priorities, like Medicare and prescription drugs, or simply additional debt reduction, yet still proposes returning $792 billion of the $1 trillion personal income tax overpayment to the taxpayers—I will run on that. I would be glad to run against any Democrat who would come up and say that he supports the President's plan which proposes to increase taxes by $100 billion over the next 10 years, a plan that, despite the largest Federal budget surplus in history, wants to increase taxes, wants $1.1 trillion more spending than a Congress which is adhering to the 1997 budget agreement, which raids Social Security for $30 billion over the next 10 years, which retires over $200 billion less in public debt than the Congress, and which would still not provide a single cent in net tax relief, despite a $1 trillion personal income tax overpayment.

I would be glad to run on that. It amazes me that as we get closer to the election, more and more of the debate gets to be toward cutting taxes. But when we are out from the election, then people criticize Republicans. Other Members in this body, on the other side, criticize Republicans for trying to do the responsible thing and recognize that the windfall that is coming into the Federal Government, the windfall that is coming into the States, actually belongs to the people. They are the ones who worked hard and the ones who earned it.

I want to come down on the side of many of my colleagues on the Republican side who have argued for a tax cut. I think we can do that and pay down the debt. As Senator ENZI mentioned in his comments earlier this morning, we can do both. We can pay down the debt. We can provide for a tax cut, and that is the responsible thing to do. To say that the responsible thing to do is more spending, I believe, is irresponsible.

I want to let it be known that I am strongly in favor of a tax cut, and I am strongly in favor of paying down the debt. I believe we can do both.

I yield the floor.

ORDER OF PROCEDURE

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I understand the other side had time, which would expire at 12:30, but I don't want to cut into that time.

The PRESIDING OFFICER. The other side has 4 minutes 5 seconds left.

Mr. BAUCUS. Mr. President, if the Senator from Colorado is not going to use that time, I ask unanimous consent to speak for the remaining 4 minutes.

Mr. ALLARD. Mr. President, if he asks unanimous consent to be allowed to speak for 2 minutes, I will be glad to yield that time.

Mr. BAUCUS. Mr. President, I ask unanimous consent to speak as in morning business when the Senate reconvenes at 2:15, for 15 minutes, and that Mr. SESSIONS be allowed to speak for 12 minutes as in morning business immediately following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until the hour of 2:15 p.m.

Thereupon, the Senate, at 12:27 p.m., recessed until 2:17 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. INHOFE).

The PRESIDING OFFICER. The Senator from Montana is recognized.

THE TAX "SURPLUS"

Mr. BAUCUS. Mr. President, when the tax reconciliation budget comes before the Senate tomorrow, I plan to offer an amendment which will provide for a lockbox on the Social Security surplus; that is, all the payroll tax surplus that would otherwise go to the Social Security trust fund would be locked into that trust fund. The amendment also provides that one-third of the onbudget surplus be set aside for Medicare.

Why am I doing that? Very simply, Mr. President, because I believe that as we leave this century and this millennium and as we move into the next century and the next millennium, we are faced with a historic opportunity to make decisions that are going to either correctly or incorrectly affect lots of Americans.

What do I mean? Very simply this. A little history first:

About 18 or 19 years ago, after the 1980 elections, this Congress passed a very large tax reduction bill—very large—proposed by the President and passed by this Congress.

What happened as a consequence of that very large tax cut in 1981? I think all commentators will agree—at least a vast majority of commentators will agree—that it caused the deficits in this country to shoot up and the national debt to rise. That tax cut was accompanied by a big increase in defense spending. I am not going to quarrel how much that increase was correct or incorrect. But the agreement is—and by far most people agree—that as a consequence of that action deficits rose dramatically.

If we add up the annual deficits beginning with President George Washington and continuing every year through all the Presidents in American history, up through and including Jimmy Carter, they total about $1 trillion.

In 1988, when Congress passed a tax cut, what happened? The national debt shot up. Why? Because deficits shot up. The national debt in 1980 was about $1 trillion. Twelve years later, the national debt was about $5-, $6- or $7 trillion. It increased $4- or $5 trillion, from $1 trillion to $6- or $7 trillion in that 12-year period—a huge national debt—and we are paying interest on that national debt in the neighborhood of $267- to $280 billion a year. That is what happened.

What did Congress do? It passed two tax increases. The Republican President, Republican Congress, passed two tax increases. There was a significant tax increase in 1982 because the deficits were going out of sight and, in 1984, another tax increase with the Republican President, Republican Congress because the deficits were still going out of sight. That is what happened in the 1980s when Congress was tempted and succumbed to the get-rich-quick siren song with huge tax reductions. That is what happened: instant gratification. However, the future kids and grandkids paid for it in the national debt increase. We passed on the burden and gave it to ourselves, saddling the future with the burden. That is what we did in 1981, pure and simple.

In 1999, what happened? Through a lot of factors, including the Democratic President and the Democratic Congress in 1993, we enacted a large deficit reduction, half tax increases and half spending cuts. Economists agree, as a consequence of that, the national deficit started coming down. The debt starting coming down.

That is not the only reason the debt started coming down. The economy was doing pretty well. Interest rates were down, probably because the market saw the President was going to get a handle on spending and handle on the deficit because the deficits were so high. With increasing technology and globalization, American firms became much more competitive in competing in world markets. The American economy did very well in the last several years as a consequence of all those factors. Incomes have gone up, payroll tax revenues have gone up, and income tax receipts have gone up.

What does that mean today? In 1999, we are projecting a $3 trillion surplus over the next 10 years. Mr. President, $2 trillion of that is payroll tax revenue increases, which we all agree will go to the Social Security trust fund; $2 billion of the $3 billion comes from payroll taxes, and we all agree it will go to the Social Security trust fund. That leaves $1 trillion in the surplus. That $1 trillion is generated by income tax receipts.

The question before the Congress is: What are we going to do with that $1 trillion? That is the question. As we are poised to move into the next millennium, I say we ought to make careful decisions about that. We better not blow it. We better be careful, be prudent with the taxpayers' money, and do what is right.

What is right? I have two charts. The first chart shows the proposal that will come to the floor tomorrow, passed by the majority party, that will provide for a huge tax cut of $792 billion over 10 years. You have to add back $179 billion in interest over 10 years on the national debt because of the tax cut. That means the debt will go up, with more interest payments to make. What does that leave? That leaves $7 billion less after 10 years. That is all.

Man, oh, man, I could stand here for days and days and talk about the problems with that proposal. Let me mention a few. No. 1, this is only a projection. We have no idea what the surplus will be over the next 10 years. It is just a guess. Most commentators think the economy is overheated now. Maybe there is a bubble economy, and maybe the economy will not do so well over a good part of the next 10 years compared to the last 5 or 6 years.

This is a projection. What do we do with the projection? We are locking in tax cuts for the future, offset by a hope that we will have the revenues to pay for it. That is what we are doing. That is one thing that is wrong with this: A tax cut in place by law, offset by a hope that the money will be there—and it probably won't be there.

Second, I point out that the tax cuts are, in fancy parlance, backloaded. Most go into effect near the end of the 10-year period, meaning in the next 10 years, boy, we will really pay. That is when the deficit will start to increase. I said "deficit" increase, not "surplus."

The next chart shows that the baby boomers will start to retire about the year 2010, and in 2020 and 2030 most baby boomers will be hitting retirement age. That is when the tax cuts go into effect an even greater amount, meaning we have less money to take care of the baby boomers.

I say the size of this tax cut is much too much. Alan Greenspan does not agree with it. He says now is not the time for a tax cut because he knows it will tend to put upward pressure on interest rates. We all don't want to see an increase in interest rates.

In addition, there is nothing left over for Medicare. Medicare is an extremely important program for Americans. Ask Americans which national programs they think make the most sense, and most, I daresay, think Social Security is one and Medicare probably is another. Before Medicare went into effect, 50 percent of seniors had no health care; 50 percent had no health care benefits or programs when Medicare went into effect. Now virtually every senior has some kind of health care program.

What are the current problems with Medicare? There are several. Let me name three. No. 1, it does not provide for prescription drugs. Senior citizens get drugs when they are in the hospital, but Medicare will not pay for prescription drugs when they are out of the hospital. There is zero payment under Medicare for prescription drugs.

We all know that health care is changing in America. It is changing a little bit more from procedures and a little more toward drugs, DNA benefits, and things of that nature. Drugs have become much more important. That is one problem with Medicare. We have to provide for prescription drugs. Medicare does not now provide for outpatient prescription drugs.

No. 2, this Congress cut back on Medicare payments too much in 1997 with the so-called Balanced Budget Act of 1997. Medicare payments to hospitals increased significantly, I think on average about 10 percent over the 1990s. Now it is negative, it is cut back, because of provisions this Congress enacted a couple of years ago, which were too great, too much. We all hear it from our hospitals back home, whether they are teaching or rural hospitals, that it has been too much. That has to be dealt with. The majority budget does not deal with it, which is another reason for my amendment.

No. 3, Medicare is in trouble, folks. We all talk about Social Security. The Social Security trust fund will not reach zero deficit for 20 or 30 years. The Medicare trust fund will come down to zero, depending upon who is making the estimates, perhaps 12 or 15 years from now, much sooner than the Social Security trust fund.

I say, therefore, we should pay attention to Medicare. The amendment I will offer will provide that one-third of the on-budget surplus, one-third of the $1 trillion, will be dedicated to Medicare.

I know the arguments. We have to have structural reform of Medicare first before we can put more money into Medicare. I think most agree we need both structural reform and additional money for Medicare. When we in the Congress begin to address structural reform in Medicare, my guess is we will probably not have money anyway so it is good to set aside one-third of the on-budget surplus for Medicare.

If we do not need that one-third at the time, we can send it back to the people in tax cuts or we can use it for veterans' care or for education or for whatnot.

In summation—and I thank the Chair for his patience—at the appropriate time, I will be offering an amendment along with Senator CONRAD to provide that one-third of the on-budget surplus be dedicated to Medicare along with the off-budget surplus dedicated to Social Security. I thank the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. VOINOVICH. Mr. President, I ask unanimous consent that the time for Senator SESSIONS be reserved for use later in the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. VOINOVICH. I also ask unanimous consent that I be recognized for up to 15 minutes as in morning business and that Senator LANDRIEU follow me.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE TRUTH ABOUT BUDGET SURPLUSES

Mr. VOINOVICH. Mr. President, there is an old saying most of us learned as children that goes: If it sounds too good to be true, then it is. The news we have been hearing about bigger than expected budget surpluses for the next 10 to 15 years is precisely that—too good to be true.

Why is that? After all, our economy is strong and is still growing, unemployment is at record lows, and the strength of our economy means our Government is able to take in more revenues from taxpayers and businesses alike. Most people would say things are wonderful. Indeed, just ask anyone. Ask the President. Ask Congress. They will tell you there is money for increased spending, there is money there for tax cuts, and we will be able to meet all our needs. After all, we have these enormous surpluses for as far as the eye can see.

The truth of the matter is, there is no budget surplus. Let me say it again: There is no budget surplus. The truth is, we are actually running a budget deficit this year. According to both CBO and OMB, as this chart from CBO shows, we currently have an on-budget deficit of $4 billion, and the only way the President, or anyone else, can claim a budget surplus today is by taking that surplus and accumulating the Social Security trust funds and using it to mask the deficit, just as we used Social Security to mask the deficit in 1988.

I recall, as Governor of Ohio, everyone celebrating the great budget surplus. The fact of the matter is, in 1988, we were $30 billion in the hole, and what we did with that $30 billion in the hole was mask it with Social Security. For over three decades, Presidents and the Congresses have been using this gimmick: unifying the budget in order to make budget deficits smaller than they really are.

It is disingenuous. It continues to jeopardize the stability of the Social Security trust fund, and it is about time we had our lockbox. The American people are smarter than Washington politicians give them credit. They know their Social Security pension funds are being raided for other Government spending programs. They are mad about it, and they want us to stop doing it.

We need to get honest budget surplus numbers, and in order to do that, we need to leave Social Security alone and pay attention to creating an on-budget surplus.

But here is the President's 15 years of projected surpluses. The whole bar is the unified surplus. The green part is the off-budget Social Security trust fund, and the red part is the true on-budget surplus. As the President says, there is going to be $6 trillion by the end of fiscal year 2014. But under his projections, he will have an on-budget surplus of $2.868 trillion. The rest of his projection is Social Security.

Look at the line on this chart. It is not until fiscal year 2011—fiscal year 2011—before we even see 50 percent of the projected on-budget surplus. In other words, in order to get this great surplus we are supposed to have during the next 15 years, it is not going to be until 2011 that we are actually going to have 50 percent of the on-budget surplus available to us.

We will have to go into the 12th year of the President's 15-year projections to get a majority of those surplus dollars. How can we in good conscience talk about spending increases or tax cuts today when we do not even start to get the majority of the money until 12 years from now? It is inconceivable. That is the next President—8 years if he gets reelected—and then we are into a new President.

The most frightening aspect of all this is numbers are just predictions. They are not real. But both the Congress and the President are treating their projections as if they are gospel truth, and each is contemplating major fiscal decisions based on their particular beliefs and projections. That is not sound public policy.

In fact, last week, CBO Director Dan Crippen said in testimony before the Senate Budget Committee that "10-year budget projections are highly uncertain" and that "economic forecasting is an art that no one has truly mastered." That is from the Director of the Congressional Budget Office, the man in charge of making Congress' surplus projections.

Indeed, as most economists will tell you, the only thing predictable about projections is their unpredictability. So how can we be sure that 5, 10, 15 years from now we will actually have these budget surpluses? The truth is that we cannot.

In testimony before the House Banking Committee, Federal Reserve Chairman Alan Greenspan said:

> . . . it's very difficult to project with any degree of conviction when you get out beyond 12, 18 months.

Twelve to 18 months—not 5 years, 10 years, 15 years. He said 12 to 18 months.

In addition, he stated that

> . . . projecting five or ten years out is very precarious activity, as I think we have demonstrated time and time again.

When the Nation's premier economist warns Congress not to invest in long-range projections, it makes sense for us to listen.

If we think back, we will remember it was only 2 years ago that CBO was projecting huge increased budget deficits as far as the eye could see. In fact, in 1997, CBO projected a $267 billion budget deficit for fiscal year 2000. Think of it. But today, CBO is projecting a $14 billion surplus for fiscal year 2000—a $281 billion swing in just 2 years.

If you think a 2-year swing of that magnitude is incredible, in just the last 6 months, President Clinton's budget projections put together by OMB have swung by a mind-boggling $1 trillion—a trillion dollars. That is more than 10 percent of our national gross domestic product.

The important thing to remember is that a $1 trillion paper surplus can vanish just as easily as it appeared, and if we commit to spending hundreds of billions of dollars we do not even have yet, we are placing our Nation's economic future in serious jeopardy.

As former Senators Sam Nunn and Warren Rudman wrote in the Washington Post:

> The surplus is only a projection that cannot be spent. If spending is increased or taxes are cut based on the expectation of huge surpluses and the projection turns out to be wrong, deficits easily could reappear where surpluses are now forecast.

Given all that uncertainty about whether or not we will have a budget surplus next year, it makes the most sense for us to remain cautious. We should wait and see if the budget surplus we are currently projecting for fiscal year 2000 even materializes before we embark on new spending programs, as the President and the Democrats in Congress want to do, or cut taxes as Republicans are proposing.

As Chairman Greenspan said:

> I see no reason why we have to make decisions crucially at this point until we are sure that we really have got the surplus in tow.

That is Alan Greenspan who has been keeping things in pretty good shape for us the last several years.

Why does the President feel the need to quickly spend the surplus we may achieve over the next 15 years? Why are we talking about cutting taxes by $800 billion over 10 years when we do not have the surplus in hand yet? I think eliminating the death tax, relieving the marriage penalty, and lowering income-tax rates are great ideas, but how are we going to pay for them?

Personally, I do not think we have any business talking about new spending increases or tax cuts so long as we have this gigantic national debt. Right now, our Nation faces a whopping $5.6 trillion national debt, a debt that has risen 600 percent over the last 20 years.

I remind my colleagues, with each passing day, we are spending $600 million a day just on interest on the national debt—$600 million a day.

Most Americans do not realize that 14 percent of their tax dollar goes to pay off the interest on the debt, 15 percent goes for national defense, 17 percent goes for nondefense discretionary spending, and 54 percent goes for entitlement spending.

Look at this pie chart: entitlements, 54 percent; interest on the debt, 14 percent out of every dollar. We are only spending 15 percent on national defense—and the President knows we need to do better in that regard—and nondefense discretionary spending, 17 percent.

We are spending more on interest payments today than we spend on Medicare. We are spending five times as much on interest than we spend on education; 15 times as much as we spend on research at the National Institutes of Health.

Even if the on-budget surpluses do happen to come true, then what better way to keep our economy humming and secure for the future of our children and our grandchildren than by paying down the national debt.

Indeed, as Federal Reserve Chairman Greenspan testified before the House Ways and Means Committee:

> [T]he advantages that I perceive that would accrue to this economy from a significant decline in the outstanding debt to the public and its virtuous cycle on the total budget process is a value which I think far exceeds anything else we could do with the money.

I think we have a problem. Do you really think that Congress would make the tough choices we are going to need to make to get rid of $27 billion this year in order to maintain the budget caps? I do not think it is going to happen. I think many people today are saying that for defense spending, to deal with Medicare, we are probably going to have to break the caps.

If we break the caps, the $14 billion surplus of next year is gone; it is gone. We need to recognize there is no surplus. And if the economic circumstances provide an on-budget surplus—and, boy, we would love to have that—we need to use that money to pay down the debt: no spending hikes, no tax cuts, just pay down the debt.

If the President and Congress need an example, all we have to do is emulate what most American families do when times are good and they have extra money. They do not go out and start spending wildly. They look to pay off their debts—credit cards, loans, and mortgages. It is the responsible thing to do, and it is something that Government must do.

It was interesting. I was at a meeting the other day and asked the people at the table: What do you think about reducing taxes, with this projected surplus? And they came back to me—conservative businessmen—and said: You know, usually you reduce taxes when the economy is in trouble.

One of the gentlemen said: You know, today what people are concerned about is Social Security, and they are concerned about Medicare.

It doesn't make any difference whether they are old or young. If they are young, they are worrying about their parents in the future.

At this stage in the game, it seems to me the best thing we can do is cool it. I urge my colleagues to stop and look at the projected numbers because they are not real. And if we continue to treat them as if they really are, the consequences of spending money we do not have will be very real and, I think, very bad for the United States of America.

Mr. DURBIN. Will the Senator yield for a question?

Mr. VOINOVICH. Mr. President, do I have any time remaining?

The PRESIDING OFFICER. Two and one-half minutes remain.

Mr. VOINOVICH. I would prefer not to yield because I promised the Senator from Louisiana that she would have time. So I would rather not yield at this time.

I yield to the Senator from Louisiana.

Mr. DURBIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. It is my understanding that the Senator from Louisiana is going to be recognized for 10 minutes. I would like to ask, how much time remains on the Democratic side under this morning business segment?

The PRESIDING OFFICER. The time is not allocated to the parties. It was allocated to the individual Senators who requested the time. The Senator from Ohio has been using some of the time from the Senator from Alabama.

Ms. LANDRIEU. I thank the Senator from Ohio for recognizing that I want to speak for 10 minutes. I would be happy to yield several minutes to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Let me say at the outset to my friend, the Senator from Ohio, what a breath of fresh air he is. I commend him. I believe his statement is as forthright as any given on the floor concerning the state of the economy, whether we have a real surplus or we do not, and what is the prudent thing to do. Because what the Senator from Ohio learns when he goes home is the same thing I have learned as a Democratic Senator going home to Illinois: People do not have this passion for tax cuts or brand new spending programs.

The first thing they say to me is: What are you going to do to get rid of this national debt, this debt that started off at $1 trillion at the end of President Carter's administration and is now over $5 trillion? I say to the Senator from Ohio, it is my understanding that that debt costs us, as taxpayers, $1 billion a day. They net it out, because we earn interest as taxpayers, and state it is only $600 million. But the debt itself costs us about $350 billion a year.

The businesspeople and families I speak to in Illinois have the same response that the Senator from Ohio has spoken to on the floor: What are you going to do to get rid of this debt so our children are not burdened with these interest payments? We are really trying to square away the books from the last 20 years.

What the Senator from Ohio said on the floor, I think, is a very wise course of action. That should be our highest priority: reducing the debt and keeping our obligations to Social Security and Medicare.

I do not want to put words in the mouth of the Senator from Ohio, but my fear is those who anticipate surpluses that may not materialize could put us on a bad track. We could be headed back toward deficits, toward red ink, and toward an economy we do not want to see.

The same business people I speak to say, there may come a time, if we have a recession, when a tax cut is the right medicine because it would give the American families more money to spend and bring us out of a recession. But certainly we are not in those days now.

We have a strong economy, a vibrant economy; and, if anything, the fear is it may overheat with too much demand. If that happens, the Federal Reserve Board steps in and raises interest rates, which penalizes every family with an adjustable mortgage and business people who are trying to keep and expand their business.

The Senator from Ohio has really laid the basis for a sensible bipartisan approach. I hope we can work together, as we have in the past. I have admired his independence and the fact that he has been very forthright in his views. I listened carefully to what he said during the course of his statement. I think it really provides a common ground for a bipartisan approach that really is good for the economy and good for future generations.

As I see the Senator from Louisiana is prepared to speak, I yield back the remainder of my time.

Ms. LANDRIEU addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. I commend the Senator from Ohio for his remarks about the importance of our Social Security surplus and preserving it so we can invest and strengthen something the American people and the American families have come to rely on and to appreciate. It is actually something that sets us apart from many nations in the world, that we actually have a safety net that works for older Americans—to honor the fact that they have worked hard through their lives, sometimes at minimum wage jobs, for 30 and 40 and 50 years.

We say, as Americans, if you are president of a corporation or if you are an owner of a small business, or even if you are a minimum wage laborer, we want to have a retirement system that keeps you out of poverty when you are simply at an age where you cannot work and increase your income.

So it is important to us. It is a value. It is something more than just a program. It is something more than just a Government program or an initiative. It is a value of America. I think both sides of the aisle recognize that.

Although there are some differences in the way we would approach the specific lockbox notion, we have made great strides in recognizing that $2 trillion of this $3 trillion surplus needs to be set aside for Social Security. It is important for our Nation. Most certainly, it is important to people from Louisiana. I commend him and also commend the Senator from Illinois for underlining some of those points.

TAX CUTS

Ms. LANDRIEU. I come to the floor today to talk about another particular aspect of fiscal responsibility that is so important. We are in the middle of one of the most important debates of this Congress that may have repercussions for the next generation or two, an opportunity that we haven't really had since 1981 when there was a huge tax cut, and, many of us think, an irresponsible tax cut given at that time that drove our deficits tremendously upward and raised the debt of this Nation.

We are now in the process of debating what to do with our great fortune, a real surplus in non-Social Security revenues. We know what we want to do with the Social Security surplus, and that is to set it aside to strengthen this program because it is a value that Americans share. What do we do with the non-Social Security surplus?

I am one of the Members on this side who hope we can find some measure of tax relief for hard-working, middle-income, low-income Americans, to do it in a way that helps to close the gap in this country between the haves and the have-nots, that helps our children in the next generation to become part of this new economy. I hope we can fashion some smaller, responsible, well-thought-through, and careful tax relief for low-income and middle-income families that will help them, their children, and their grandchildren to participate in perhaps the greatest economic boom to ever happen in the history of the world, not just in this Nation, not just in this democracy, not just in this century, but an economic prosperity that is unprecedented in the history of many nations.

What we want to do if we are going to have a tax cut—and I certainly support one that is responsible and along responsible fiscal lines—is to craft it in such a way that it helps to give our children and our grandchildren the opportunity to participate by improving their skills, by improving their opportunity to create their own businesses, by creating perhaps opportunities for them to participate in this new economy.

One of the things that is very important to our generation and to the generations to come is reflected in a new poll that was just released this week by Frank Luntz, commissioned by the Nature Conservancy, about fiscal responsibility. It is also about the Department of Interior, the appropriations bill we are going to be discussing for that Department also this week.

One of the important issues is how we might reallocate surpluses in our continued quest for fiscal responsibility in this Nation, how to direct some of the revenues coming into the Federal Treasury. A great source of revenue that has been coming into the Federal Treasury over the last 50 years at about $4 billion a year—sometimes more, sometimes less—for a total of $120 billion since 1955 has been money from offshore oil and gas revenues. That money, from the Outer Continental Shelf of the United States, primarily off the shores of Louisiana, contributed to a great deal by Mississippi, Texas, and Alaska, the producing States, has gone in the Federal Treasury and has been used basically for general operating funds.

I and many of my colleagues on this and the other side of the aisle, a bipartisan coalition, think now is the time, as we debate what to do with these surpluses, as we debate how to reallocate some of these revenues, as we debate what are the proper investments to make in the next century regarding tax reductions and investments in education, to talk about making a strong, permanent commitment to our environment.

As the poll results I am going to submit for the RECORD this afternoon indicate, by a wide majority, Republicans and Democrats, young and old, people who live on the east coast and the west coast, people who live in the flat plains and in the mountains overwhelmingly support a real trust fund and a real commitment to preserve parks, recreation areas, open spaces, and wildlife in this Nation.

That is what one of the bills, S. 25, which has been moving through this process both in the House and the Senate, will do. It would make permanent a source of funding from Outer Continental Shelf revenues within the framework of a balanced budget, in a very fiscally conservative way, by using these revenues that are coming from a nonrenewable resource.

One day these oil and gas wells are going to dry up. I spent my time and energy trying to take some of these tax dollars that are already being paid to invest in something that will last for generations to come, something the American people want to pay for, something the American people believe in; that is, creating open spaces for parks and recreation.

I will submit this polling information for the RECORD. I rise to speak for a few minutes about the importance of fiscal responsibility, about a tax cut that could be meaningful, if it is done correctly, and about the potential of using some of these dollars—not raise dollars but redirect some of our dollars into a program that is so important to the American people—full funding for land and water conservation, funding for needs of coastal cities and coastal communities, and also wildlife conservation programs throughout the Nation.

I thank the Chair and yield back the remainder of my time.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. TORRICELLI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. TORRICELLI. Mr. President, I ask unanimous consent to address the Senate as in morning business for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TORRICELLI. I thank the Chair.

ALLOCATION OF RESOURCES

Mr. TORRICELLI. Mr. President, by any measure, this is an extraordinary time in the life of our country. It appears that as the American century comes to a conclusion, the chances are good that what the world is going to witness is simply another American century, where our dominance may be exercised by different technologies, our power may be measured by different means, but our dominance is just as certain.

The quality of life in America is rising to new heights. Our economic strength could be measured by many means, but it is considerable. Home ownership is now at the highest rate in the Nation's history. In 6 years the United States has created 18 million new jobs, more than all of Western Europe and Japan combined. Unemployment is near record lows in the postwar period—genuinely an extraordinary time. Nothing surprises Americans more than that we are witnessing not simply the growth of an economy, employment and economic opportunities, but the Federal Government itself is participating in this extraordinary transformation.

The United States is about to accumulate in our Government budget not only the largest surplus in American history but the largest surplus in the history of any nation in any government budget. Indeed, it is now projected to be $1 trillion larger than was anticipated only several years ago. By the year 2009, the total accumulated surplus of the U.S. Government could be an astonishing $2.9 trillion.

The fundamental question now before this Government as we begin to plan for the next decade, the beginning of a new century, is how to allocate these resources.

The U.S. Government is in a new experience. For more than 50 years we have been in the business of allocating pain. The dominating issues before the U.S. Government were winning the cold war and overcoming the budget deficit. All decisions were seen through these twin prisms. Many of our hopes and ambitions for our country and our people needed to be postponed.

In 1993, the Deficit Reduction Act was a defining moment in that struggle. This Congress, with the Clinton administration's leadership, was facing deficits as high as $300 or $400 billion per year. It was artificially raising interest rates, causing problems with private investment, and difficulties in economic growth.

The extraordinary vote of that year, passing each institution of the Congress by a single vote, did as much to change American economic history as any single act of the 20th century.

(Mr. CRAPO assumed the chair.)

Mr. TORRICELLI. For all of us who participated in the 1993 Deficit Reduction Act, it is probably the singular achievement and the greatest source of pride in our careers. For the American people, it is more than a source of pride; it is a source of new freedom. These surpluses allow us to dream again about rebuilding schools, providing child care, improving the quality of instruction, repairing American infrastructure, funding higher education. Things that were postponed by all these years of debt, struggle, and sacrifice have been made possible again.

But it is important to remember in this transformation, in these last 6 years, there are other heroes, too, more important than the Members of Congress who cast these votes—the people who gave up more and did more to create this new American prosperity. They are simple American families who did without Government programs, Government employees who saw Federal employment decline, people who suffered at declines in Government spending in all measures, and American taxpayers who paid more in Federal taxes to reduce the debt.

It is important to remember because, as we think about the opportunities for education and health care and other Government programs this Federal surplus provides, so, too, is the American taxpayer to be remembered. I do not quarrel with the administration—indeed, I support their notion—that the first obligation in committing these new surplus funds is to protect Medicare and Social Security. It is our first obligation. It is not our only obligation.

Of the approximately $3 trillion of Federal surpluses to be allocated in the next 10 years, $2 billion of it will be required to ensure that Social Security and Medicare are protected. But certainly, with the remaining $1 trillion in accumulated surpluses over the next decade, there is the ability in this Congress to provide some tax relief for working American families. The tax burden of the United States is now the highest since the Second World War.

Middle-class families, who were once in low-income brackets, through prosperity and inflation, have seen themselves, while still facing the enormous costs of education and housing and the requirements of an ordinary American life, facing tax brackets of 28 and 33 percent. Today, a family of four, living on a combined income of $72,000, which can be the simple income of a schoolteacher or a police officer or a public servant, is taxed at 28 percent, instead of the 15 percent which should, and once did, represent the Federal tax rate of middle-class Americans.

It is wrong—it is even unconscionable—to ask a young mother and father trying to raise children, with the high cost of living in the United States, to postpone educational decisions or housing decisions, the requirements of building a family, to pay a 28-percent tax on a combined family income of $50,000, $60,000 or $70,000. It is not right. But mostly, with a Federal surplus of $1 trillion in the next decade, after protecting Social Security and Medicare, it is not necessary.

I believe the first obligation of a Federal tax relief is to expand the 15-percent bracket to genuinely include Americans who are in the middle class, to place them in the tax bracket where they belong. The Roth plan participates in this strategy by expanding the bracket and by lowering the 15-percent bracket to 14 percent. It is a good beginning, but it is not a complete plan.

The other twin tax crisis in America is not high rates but disincentives for savings which are causing a crisis in savings in America. The national savings rate in the United States is now the lowest since the Second World War. In May, our national savings rate was a minus 1.2 percent—a negative rate of savings not seen since the Great Depression. It has no corollary in the Western World, and it is a long-term, economic, Governmental and social problem.

Sixty percent of all Americans who retire rely solely on Social Security. More than 50 percent of Americans effectively have no net worth of any appreciable value, other than their home.

It is a rational economic response to a tax system that provides discouragement for savings and encouragement for consumption.

I believe this tax reduction legislation about to be considered by the Congress can provide a new beginning, first, by expanding the traditional IRA from $2,000 to $3,000. It is notable that when the IRAs were first instituted at $2,000, had they merely kept pace with inflation all these years, it would now allow for a $5,000 deduction rather than the continuing $2,000 level.

Second, people who accumulate $10,000 in a savings account in America to provide themselves some security from the crisis of life, or for their retirements or to prepare for their children's futures, should not be taxed. The Federal Government has no business—indeed, it should have a disincentive—to ever tax an American family who wants to save a modest $5,000 or $10,000. We have an interest in them doing so and should not be providing a disincentive by taxing them on the modest interest they would accumulate. This simple provision of $10,000 in tax-free savings, exempting the first $500 in dividends and interest, would make the savings of 30 million Americans tax-free.

Third, every American should be encouraged to participate in the new prosperity, burgeoning industries, new technologies, and growing market. The Federal Government should not be taxing the modest capital gains of people who earn $1,000, $2,000, or a few thousand dollars in the stock market, or from the sale of real estate. We should be encouraging every American to participate by investing, to gather some wealth for their own security, so that in retirement they don't rely solely on the Government, or continue to live paycheck-to-paycheck. Even if this accumulates only modest amounts of money in savings or investment, it is a beginning for a new economic freedom for American families.

Many of these ideas were included in the tax reduction legislation I offered with Senator COVERDELL. I am enormously proud that in Senator ROTH's proposal, and indeed now in a bipartisan tax bill being discussed by Senator BREAUX and Senator KERREY of Nebraska, many of these same elements are included. I am glad Senator COVERDELL and I have made that contribution.

But now the question becomes not simply which elements of Federal taxes are to be reduced but by how much. Therein lies the argument. I believe, as many of my colleagues on both sides of the aisle have come to believe, that this Congress can responsibly afford, while protecting Social Security and Medicare, to enact a $500 billion tax reduction program over the course of the next decade. That would allow an additional $500 billion for discretionary spending, a prescription drug benefit, or other national needs beyond protecting Social Security and Medicare. It is modest. But it would have an appreciable impact on the quality of life of American families, and genuinely give tax relief to middle-income Americans.

Finally, every Senator must come to the judgment about not only the size of this tax relief program, which I believe should be $500 billion but, indeed, where it should be targeted. It is middle-income families who have seen the rates of their taxes rise through the years as they were pushed into higher brackets by the cost of living and our national prosperity. They should be our first priority.

Our principal national economic problem, even in extraordinarily good times, is the collapse of national savings. Reduction in taxes on savings should be a high priority.

But I believe, as many Democrats and Republicans have come to conclude, that most of this tax reduction program should be for people who are paying most of the taxes in America.

In the 1993 bill, this Congress can be very proud that with the earned-income tax credit we reduced the burden and, indeed, gave assistance to lower income Americans. They deserved and needed the help. This tax program should be for people who are paying taxes, bearing the burden, and need the help.

This is an important moment for this Congress. This vote on a tax reduction program will say a lot about our priorities. We will chart a course for another decade.

I believe we can reach across this aisle and find a reasonable compromise that gives genuine tax relief.

I want the people of the State of New Jersey to know that I have committed myself to be part of that effort.

I yield the floor.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, is the Senator from West Virginia allowed to yield himself a certain amount of time?

The PRESIDING OFFICER. The Senator may seek by unanimous consent for as long as he wishes.

Mr. ROCKEFELLER. I thank the Presiding Officer.

Mr. President, I ask unanimous consent to proceed for less than 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROCKEFELLER. I appreciate the courtesy of the Presiding Officer.

PROJECTED SURPLUS

Mr. ROCKEFELLER. Mr. President, I am very anxious to talk to my colleagues. I want to do it as much as I can in these days to come.

As the previous speaker said, with whom I do not agree on policy, this is a momentous, once-in-a-lifetime opportunity.

I have been here for 15 years. I was for 8 years before Governor of West Virginia where we faced things such as 21-percent unemployment, and things which are almost Third World in their statistical significance compared to what most of my colleagues had to deal with.

Being able to look at a tax surplus or a projected surplus of a lot of money over the next number of years is a wonderful opportunity for the people of my State and for the people of my country.

I have to say, though, the approach of the Finance Committee, on which I serve, voting a $792 billion tax cut is antithetical, to my thoughts, as to what is good for the country and good for the economy.

I will start off by simply saying the obvious; that is, as one of the senior Members of the majority side of the Finance Committee said, 5 percent of Americans pay 95 percent of personal income taxes, and therefore the money ought to go back to them. That is an odd way of thinking. That is certainly one way of thinking. It is obviously that Senator's way of thinking. It doesn't square with sort of the sense of fairness, equity, and distribution of equal opportunity in an economic sense as in other senses that I was brought up to believe in.

We have projected—and I underscore the word "projected"—a surplus of $1 trillion over the next 10 years. The central question is: How do we most responsibly spend this? I think it is a central question of historic importance.

For me there is really only one answer; that is, to pay down the national debt.

It is very hard for me to put into words the feeling of how far we have come since the mid-1980s when we used to have those talks with the Japanese, the structural impediment talks in which they would tell us what they thought we should do and we would tell them what we thought they should do and we never listened to each other. We, in fact, listened to them in 1993, and on our own, in a historic vote, made an enormous beginning, later fueled by the private sector, to balance the budget deficit. I didn't think that would happen when I was in the Senate. But we proceeded to take the action.

I myself was assigned the responsibility of cutting $60 billion out of Medicare, which at that time was a great deal of money, and we proceeded to do that. But never in my wildest dreams did I ever even begin to think of the possibility that we might, in fact, be able to pay down the national debt—the national debt which under the Reagan-Bush administration rose to over $4 trillion. I can't contemplate amounts of that sort. So I couldn't possibly contemplate the results of eliminating amounts of that sort.

But we have a chance to do that. We have the chance to do it by the year 2014 and 2015.

People talk a lot about taxes around here. To me, the greatest tax will come if we pass the Republican tax package, if we "give" the so-called "middle-income worker" that kind of tax advantage because I think it is false. In my State, where the average income is around $30,500, I think the average mainstream worker would end up losing $500 or $600 a year because interest rates would go up on car payments, on home loans, on education loans, on credit cards, and all of those things. Interest rates would go up because we know from what Greenspan said they would. They would probably go up by about 1 percent.

I think the average people in the State whom I represent would end up paying much more under the Republican tax cut plan than they would if we opted to retire the debt because in that case, I think interest payments would go down, and those same people—having watched in wonderment what is or is not going on in Washington—would benefit from the results of two things: Not only lower interest rates, which would affect them up to where they are fixed, but they would also benefit from an economy.

I try to contemplate this in my mind. Come the year 2010 or 2011 when the world really begins to understand that America is dead tracked on the idea of elimination of the national debt, what would happen to the national economy?

My mind can't even bring that into consideration, except it is filled with scenes of incredible entrepreneurial activities by people who are willing to take risks, people who emerge from the hollows of West Virginia, from the deserts of Nevada, from all kinds of high plains of the Northwest, or the northern middle west, and start doing all kinds of things which they have never dared do before base interest rates were there to do it, where money is available, capital is available, and there is a sense of optimism in America, and what I have seen in the last 8 years becomes almost a memory in terms of the optimism and the incredible success and energy of that kind of new economy.

To me, paying off the national debt does two things:

One, it guarantees the economic future of the people whom I represent, who elect me to represent them; and it guarantees the economic future of the entire country for perhaps a generation or two to come because we will have done something impossible—eliminate the budget deficit, and then eliminate the national debt.

How would the markets respond to that? How would human nature respond to that? I only glory to contemplate what that might mean.

Second, I want to pay down the national debt because I don't want to spend money. I don't want to spend money on a whole lot of new things. I want to make sure that something called Social Security—the money for that—and something called Medicare—the money for that—is there in the meantime, until those programs run out of money in a number of years, as all of that money will be going into those trust funds, building up and guaranteeing the future of Medicare and Social Security. That is a matter not of the energy of the American economy but the depth of the American commitment, the social contract that we made both with respect to Social Security and Medicare, both of which are going to need our attention and which need more funds. They would have the funds under a system wherein one concentrated on paying down the national debt.

In the Finance Committee, I originally was for a tax cut of only $250 billion. I am for that today. That was a different tax cut from anything we are considering. I worry very much about Americans not saving. I like the idea of Government matching any American who put a certain amount of money into a savings account; in other words, to encourage something which we do worse than any other people in the world, and that is to save money, putting money in the bank—not only for one's own future but for the capital markets.

I want to see that. I want to see the marriage penalty tax eliminated so it does not become more expensive to get married, it becomes less expensive to get married. If we put up a bill that had no tax cut at all, I would be tempted. I don't know, in the final analysis, if I would vote for it, but I would be tempted.

I believe in paying off the national debt. I think the consequences of that are enormously exciting. Not contemplating the numerical "joust" we play with each other over millions and trillions of dollars, the simple fact is that by the year 2014 or 2015 there would be virtually no national debt remaining—less than 1 percent. That is the single most exciting public policy event I can contemplate since I have served in the Senate. My fear is that Congress is going to figure this out but that Congress is going to figure it out too late, after it has already done the damage.

I regret our failure so far to seize this once-in-a-lifetime opportunity to pay off the national debt. I regret it for my State. My State is the oldest State, so to speak, in terms of population. It has actually surpassed Florida. That would naturally bias me in terms of Social Security and Medicare. If I were from another State, I would feel the same way, I believe.

Social Security has lifted two-thirds of Americans out of poverty. Does one turn one's back on this? People voted for the $792 billion tax cut. But $2 trillion of the surplus already belongs to Social Security. That is not on the table. Of the $1 trillion remaining, that can only happen if we do draconian domestic cuts. I don't mean adding new programs. I mean taking tremendous numbers of billions of dollars in every single area for years and years and taking away from what we are already doing.

I care passionately about veterans' health care as I have watched the veterans' health care system deteriorate in a variety of ways across this country. We are not talking about increasing veterans' health care costs. We are talking about tremendous cuts in those we already have.

Many Members have discussed the fact that a young mind is formed by the time it is 3 years old, the importance of Head Start, the importance of the Older Americans Act, the importance of low-income-housing heating, housing, enterprise zones, law enforcement, the military. All of these receive enormous budget reductions that would sustain themselves over a number of years. Over half a trillion cut from present spending in fiscal year 1999; the same on through fiscal year 2002 and beyond that. CBO doesn't even choose to figure what happens after 5 years. They say they have never done it before so why should they do it now. I think that is an amazing way of thinking. That is what they say.

If we spend $792 billion on a bunch of tax breaks now before we even know that the money is for real and that it will absolutely be there, I cannot in conscience, for the people I represent, believe that Medicare and Social Security will be anything under the great strain of reducing benefits. I cannot bear to have that happen. I don't think anybody should tell you otherwise.

I understand it is very easy to talk about a $792 billion tax cut. It is wonderful to sit in the Finance Committee and have people say we ought to do this or that about ethanol and this or that regarding helping different people, different groups. Sometimes people voting for the bill got all kinds of things implanted in the bill. That was nice. I am sure they were good things.

How does that compare to the real possibility of setting America virtually free economically, establishing our economic dominance for all time by retiring the national debt? Think how the markets would respond to that. Think how capital overseas would flow into our markets, further enabling us to go out and build an even stronger America, close the digital divide, to give everybody an equal opportunity—

not guaranteeing that everybody succeeds but guaranteeing everybody has at least a chance to succeed.

I cannot allow NIH, Head Start, or education programs to take the tremendous reductions from their current level of funding by the Federal Government that would be required under the Republican tax cut. It is phenomenal to me that people have not focused on this consequence of that $792 billion tax cut, a tax cut basically for the rich who already have it, who have already gained by the system, who have already gained through the last 8 years by the stock market increase.

What about the people who are working hard and who would receive a $188 tax increase compared to a $700 or $800 tax increase for people who are very wealthy? I ask my colleagues to think about fairness. I ask my colleagues to think about the consequences of a $792 billion tax cut, and I ask my colleagues above all and finally to think about the absolutely extraordinary power of what would happen in this country if we actually reduced the national deficit to virtually zero—deficit and then debt. We can do both. Therefore, we shouldn't do the Republican tax cut.

I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. I ask unanimous consent to proceed as in morning business for 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAXES

Mr. DURBIN. Mr. President, I commend the Senator from West Virginia. His has been a lonely struggle on the Senate Finance Committee in the minority. I know what he has said today on the Senate floor is an expression of his personal commitment and philosophy in the Senate Finance Committee.

It is such an alluring possibility for politicians to vote for tax cuts. Can you think of two more exciting words for politicians to say other than: I'm going to cut your taxes—tax cuts? Yet we know it may not be the most responsible thing to do on behalf of families across America and the state of our economy.

What the Senator from West Virginia has said during the course of his remarks bears repeating. Look to the question of fairness. We have heard statements on the floor from Members of the Senate who have suggested that taxes have gone up on American families.

It is interesting that when looking at facts we find something different. A median-income family of four currently pays less Federal taxes as a percentage of its income than at any time in the last 20 years.

This data comes from the Treasury Department and the Congressional Budget Office. Lower-income families at one-half the median income level face a Federal tax burden which is the lowest in 31 years, according to the Treasury Department. A family of four can make up to as much as $28,000 a year without paying Federal income taxes. For a family of four at twice median income, that would put them in the middle-income category. The average Federal tax rate will be its lowest in over a decade.

That is not to suggest families do not face a tax burden. They do. Many still pay the payroll taxes, some Federal income taxes, and State and local taxes.

The general increase in revenue to the Federal Treasury really is evidence of a strong economy where people are working, making more money, and perhaps doing better in the stock market than they had in previous years.

When we talk about tax fairness, many of us believe if there is to be any tax cut, it should be directed to the people in the lower- and middle-income groups. Those are the first who should be served.

This chart illustrates what I mentioned earlier.

Mr. ROCKEFELLER. Will the Senator yield?

Mr. DURBIN. I will be happy to yield.

Mr. ROCKEFELLER. I have one quick point. People say we ought to have a tax cut and we ought to give it back to the people who earned it. In other words, it is not the Government's money; it is their money.

I think one thing is interesting: How much is it their money as opposed to their children's money and their children's children's money. In other words, when we talk about protecting money for future programs, such as Social Security and Medicare, we are not just talking about those who pay taxes, whether they be rich or poor, but whether or not their children and their children's children are going to have a reasonable shot at life. It is not just that we do not have money because we are living now and others are not, but we have to keep looking toward the future and our responsibility to that future; is that not right?

Mr. DURBIN. The Senator from West Virginia hits the nail on the head. If we were to abandon our commitment to education, for example, in the country, it would be the most shortsighted thing in the world. It may reduce Government spending; yes, it may reduce taxation; but does anyone believe America would be a better country for it? I certainly do not.

When we say to families we can give them a tax break this year, a tax cut this year or we can take the money and reduce the national debt, and by reducing that debt say to their children and their grandchildren, you are going to have less to pay in taxes for interest on the debt we accumulated in our lifetime, that to me is the most popular thing I have found as I have gone around the State of Illinois.

People are saying: Senator, before you start talking about new programs or massive tax breaks primarily for wealthy people, shouldn't you accept your responsibility to bring down this national debt that is over $5 trillion, a national debt that costs us $1 billion a day in interest payments that are paid primarily to foreigners who hold the national debt of the United States in Treasury securities and the like?

That to me is eminently sensible because when that debt comes down, we reduce the need for $1 billion a day in taxes being collected across America for interest and we reduce the Federal demand for money. When the Federal demand for money goes down, the cost of money—that is, the interest rate—comes down. Families benefit twofold: There is less of a burden when it comes to taxes for interest and paying off the national debt and lower interest rates, which means homes are more affordable and small businesses and farmers can at a lower cost borrow money necessary for their businesses. That to me is a sensible approach. In fact, let me go out on a limb and say it is a conservative approach.

The Democratic plan we are putting forward is the fiscally conservative approach to deal with the national debt. I am heartened by the earlier statement of the Republican Senator from Ohio when he agreed with us. He believes, as I do and as Chairman Alan Greenspan of the Federal Reserve Board has said, that our first priority should be the elimination of that debt and keeping our commitment to Social Security and Medicare.

Do not be misled as you hear some of my colleagues say we have $3 trillion in surplus and we ought to be able to at least give a third of it back to the American people. They do not tell you the whole story. Almost $2 trillion, $1.9 trillion of the $3 trillion, is really money that we virtually all agree should be dedicated to Social Security. We do not want to raid the Social Security trust fund. People have that money taken out of their payroll for the purpose of making certain Social Security is there in the future. Those who are counting that as some sort of surplus really are not dealing fairly with the most important social program in America. So take off the table of this $3 trillion surplus $1.9 trillion, leaving you a little over a trillion dollars.

Of that amount, how much are we going to dedicate for some very important things—paying down the debt or Medicare? The Medicare system, if we do not touch it, by the year 2015, is going to be out of money. We have to decide whether or not we will dedicate a portion of our surplus to Medicare. Do we need to do more for Medicare? Of course, we do. Beyond giving money to retire the debt and Medicare, we have to make some structural changes that may be painful, but they will be ever so much more painful if we do not dedicate a portion of our surplus to Medicare.

Also, we have to look to the basic needs of Government. The Senator from West Virginia has made this point. Every American expects the Federal Government to meet certain responsibilities:

National defense, of course; transportation.

We know what the Interstate Highway System has brought to America and the demands for a more modern transportation system in every State—better highways, mass transit.

Fighting crime: The Federal Government played an important role with 100,000 new cops, and we will continue that.

The whole question of what we are going to do in the area of medical research.

I commend my colleague, the Senator from West Virginia. It is an area near and dear to the hearts of everyone with whom I have spoken that the Federal Government press forward looking for cures for asthma, diabetes, cancer, heart disease, AIDS, and the many things that challenge us and our families.

We expect that Federal commitment and other regulatory responsibilities. When we open that medicine cabinet, we hope, the Food and Drug Administration has done its job, that every prescription drug there is safe and effective and that they have money to do it. The food we eat is still the safest in the world and will continue to be.

If we go down the track that is proposed by the Republicans in their trillion-dollar tax cut, we literally will imperil these programs. It is a fact of life. It will be Pollyanna-ish to suggest we can make a cut of $180 billion a year, as the Republicans have proposed, without having some impact on veterans programs, on Head Start, on transportation, and medical research. That becomes a major part of this discussion.

Let's take a look for a moment, if you will, at what some of the economists have said about the Republican tax bill. Fifty economists, including six Nobel laureates, have said:

> An ever-growing tax cut would drain Government resources just when the aging of the population starts to put substantial stress on Social Security and Medicare.

That, of course, means as we have more and more people reaching retirement age and wanting to live their lives comfortably and independently, Social Security and Medicare absolutely have to be there.

The Republican approach to this, sad to report, not only does not protect the Social Security trust fund; if you will look at this chart, when it gets into the red ink, it means the Republican tax break plan has finally broken through and started using money from the Social Security trust fund. At the year 2005, the Republican tax breaks would raid the Social Security surplus. After all of the speeches they have given about lockboxes and protecting Social Security, they in fact turn to that money and pull it out in 2005, for what? To give tax breaks to the wealthiest among us.

There is a commentator named Kevin Phillips who for years was identified as a Republican. I do not know what his partisan identification is, honestly, but I can tell you what he had to say yesterday on National Public Radio. It is something that every American should hear. He was introduced by Bob Edwards, a familiar voice on National Public Radio, who said:

> The Republican Party last week had its tax reduction proposal passed by the House of Representatives. Commentator Kevin Phillips says it's the most unsound fiscal legislation of the last half century.

I go on to read quotes from Mr. Phillips.

> . . . that's because the cuts are predicated on federal budget surpluses so far out, six, eight or ten years, that it would take an astrologer, not an economist, to predict federal revenues.

He goes on to talk about the fairness of the tax cuts. Kevin Phillips:

> . . . Democrats are certainly correct about the imbalance of benefits by income group. Treasury figures show that the top 1 percent of families, just 1 percent, would get 33 percent of the dollar cuts, the bottom 60 percent of families get a mere 7 percent.

So if you are in the category of a Donald Trump or a Bill Gates, or someone else, this is worth a lot of money. The Republican tax break plan literally could mean $10-, $20-, or $30,000 a year. But if you are a working family, struggling to make ends meet, putting some money together for your kid's college education or your own retirement, it turns out to be in the neighborhood of $20 or $30 a year. That, unfortunately, says a lot about what the Republican proposal would mean to the average family. To endanger our economic expansion, to possibly raise interest rates on home mortgages, business loans and farmers' loans, and to provide tax breaks which are amusing, at best, for average working families, that does not sound like a very sound deal.

The Senator from West Virginia made the point, and effectively. We should be dedicating these funds to retiring this national debt. It is still hard to believe that only 2 years ago we were talking about amending the Constitution for a balanced budget amendment because we were so hopelessly ensnared by deficits—it was the only way out. Now we are talking about giving money away at such a fast pace that we can endanger the economic recovery we have seen in the United States.

Let me read Kevin Phillips' conclusion in his remarks on National Public Radio's "Morning Edition" on Monday, July 26:

> We can fairly call the House legislation the most outrageous tax package in the last 50 years. It's worse than the 1981 excesses, you have to go back to 1948, when the Republican 80th Congress sent a kindred bill to President Harry Truman. Truman vetoed it, calling the Republicans bloodsuckers, with offices on Wall Street.

Not my words—Kevin Phillips'.

> Not only did [Truman] win reelection, but the Democrats recaptured Congress.

I think that puts it in a perspective that we should all be willing to acknowledge. If we are going to deal responsibly with tax cuts for working families, we have to do it in a way that does not tip the scales too heavily on the side of the wealthiest in America.

This is a good illustration: For the top 1 percent of wage earners in America, under the Republican tax break plan, a $22,964 average payment; for the bottom 60 percent, families making less than $38,200 a year—hold on to your hats, America—the Republican tax break plan gives you $139. That is a little over $10 a month. But look what Bill Gates and other folks are coming out with. It is the same old story.

Take a look at when the Republican tax break plan starts to bite. If you are in the baby boom generation, thinking about an idyllic retirement someday, right about the time you start to retire, the Republican tax breaks explode.

What does it mean? It means that, frankly, there will be less money around for the basics of life that we expect from the Federal Government. It is hard to imagine that we are in a position, as we are today with this economic expansion, of jeopardizing it with this kind of a tax break plan. I think it is far better for us to take an approach which the President and the Democrats support—I am beginning to believe some Republicans support—which suggests that our priorities should include Medicare, Social Security, and paying down the national debt.

The Republican approach literally provides no money, no money whatsoever, for us to take care of our Medicare obligation. I think it is just disingenuous for the Republicans to argue that they are only spending 25 percent of the surplus because we know that the unified surplus is, in fact, including the $1.9 trillion in Social Security trust funds. They talk a lot about lockboxes and protecting Social Security, and yet when it comes right down to it, when you look at the money available outside of Social Security, the actual surplus that we hope to imagine, 97 percent of it goes to the Republican tax cut and little or no money for Medicare and other national priorities.

This debate this week is critically important for all American families to sustain the economic expansion which we have seen for the last 7 years.

I yield back the remainder of my time.

Mr. ROCKEFELLER addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. I ask unanimous consent that I be allowed to speak for 10 minutes.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. LOTT addressed the Chair.

Mr. ROCKEFELLER. I yield to the majority leader.

Mr. LOTT. I thank the Senator for yielding.

We are working on a unanimous consent request that we might want to try to get cleared in the next 6 or 7 minutes. So if that should occur, I would ask the Senator to yield me time to do that. But we would do it in such a way where his remarks would not be interrupted.

I thank the Senator for yielding to me.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. ROCKEFELLER. I thank the majority leader for his courtesy.

VETERANS HEALTH CARE

Mr. ROCKEFELLER. Mr. President, I had not expected to talk this afternoon. But I am here. The Senator from West Virginia is here. I am the ranking Democrat on the Veterans' Committee. I am overwhelmed with the sense of urgency, and almost despair, about the condition of health care for veterans in our country.

Because of caps, the veterans health care budget, which is really the most important part of the veterans operation—benefits are important but what they really care about is, is health care going to be there if they need it?—has been flat-lined for the next 5 years. By flat-lined, I mean there is no increase. Even though there are more expenses, there is more requirement for their services, there is no more money.

The Veterans' Administration is the largest health care system in the country. The only difference from any other health care system is that it is entirely a Government health care system. Therefore, the Government determines what it can spend and what it cannot spend. Unlike the private health care systems, it cannot spend a dime over what it is appropriated. So the Balanced Budget Act of 1997, which capped all discretionary programs—which said they could not increase—obviously, therefore, included the veterans health care budget.

I cannot tell you the damage that is being done to our veterans across this country. We talk about veterans, and we talk about them in very florid terms because they deserve that. Those who use the veterans hospitals, who have been in combat, who have sacrificed for their country—America kind of entered into a compact and said that these people will be treated with a special respect, special honor, and special care, and that they will get the health care they need under all conditions and at any time.

The Republican tax cut, along with any other that might be suggested, including the one that is being talked about at $500 billion, would make a mockery of that commitment to the American veteran. I want people to understand that very clearly.

I will talk specifically about some particular types of needs, such as spinal cord injuries, injuries resulting in blindness or amputations, posttraumatic stress disorder. Beginning in October of last year, I asked my committee staff to undertake an oversight project to determine if the Veterans' Administration is, in fact, maintaining their ability to care for veterans with these kinds of special needs.

PTSD, posttraumatic stress disorder, we always associated with the Vietnam war. We have discovered it is not just that war; it is the gulf war, it is the Korean war, it is the Second World War, and it even goes back to the First World War. It is an enormous problem and a special need.

This oversight project, which I asked my staff to do, reviewed 57 specialized programs housed in 22 places around the country.

I say at the outset that the VA specialized services are staffed with incredibly dedicated workers, people who could be working for higher pay in private situations, private hospitals. They are trying to do more, and they are trying to do it with increasingly less. They are often frustrated in their desire to provide the high-quality services that they went to the Veterans' Administration to provide in the first place. I salute them.

I will mention three of the findings in this oversight effort, and then that is all I will do.

First, the Veterans' Administration is not maintaining capacity in a number of specialized programs and is barely maintaining capacity in a number of others. Despite resource money shortfalls, field personnel have been able—but just barely—to maintain the level of services in Veterans' Administration prosthetics, blind rehabilitation, and spinal cord injury programs.

Staffing and funding reductions have been replete. The VA's mental health programs are no longer strong. For example, my staff found that veterans are waiting an average of 5 and a half months to enter posttraumatic stress disorder programs. This is completely unacceptable for a veteran.

Secondly, the VA is not providing the same level of services in all of its facilities. There is wide variation. Staff found this variation from site to site in capacity in how services are provided. The availability of services to veterans seems to depend on where they reside, not what they have done but where they reside. In my view, all veterans are entitled to the same quality of service regardless of whether they live in West Chester County or in Berkeley, WV. It should make no difference. They all have suffered the rigors of combat. They have all earned it. We promised it to them. We are not delivering it to them.

Third, and finally, competing pressures on Veterans' Administration managers make it virtually impossible for them to maintain their specialized medical program. Hospital administrators particularly are being buffeted by competing demands because from central headquarters comes the lack of money, from the veterans comes the demand for services, which used to be there and which now aren't, and they are, therefore, caught in the middle. In many cases, they are suffering across-the-board cuts and have been for a number of years.

I can tell Senators that under neither Democratic nor Republican administrations has the veterans' health care program been adequately funded and funded up to the cost-of-living increase and the so-called inflationary aspect, which reflects what actually true health care represents. We are robbing Peter to pay Paul in many of our veterans' hospitals and to maintain other services on which a higher priority is placed.

Mental health services, I come back to it. Why is it in this country that we will not put down mental health as a disease? Why is it we do not consider it as a medical condition? Why is it that we put it off in the category of human behavior as opposed to something that has a cause in something, such as posttraumatic stress disorder. For veterans, to blindside mental health, to push mental health to the side is beyond comprehension and beyond humanity.

In summary, it is imperative that we all understand what the budget crunch has meant to each VA health service. I say all of this because, again, of the $792 billion tax cut. If that takes place, everything I have talked about not only continues to be true but grows somewhere between 15 and 30 percent worse, not if we are to increase programs, but taking already that we are funding below where programs ought to be, where we have shortchanged veterans' health care services for years, and now we are going to cut billions and billions of more dollars out of that over these next years. That is absolutely intolerable.

I ask unanimous consent to print a copy of the summary of the committee minority staff report in the RECORD at this point.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

MINORITY STAFF REVIEW OF VA PROGRAMS FOR VETERANS WITH SPECIAL NEEDS

BACKGROUND

From its inception, the Department of Veterans Affairs (VA) health care system has been challenged to meet the special needs of its veteran-patients with combat wounds, such as spinal cord injuries, blindness, and post-traumatic stress disorder. Over the years, VA has developed widely recognized expertise in providing specialized services to meet these needs.

In recent years, VA's specialized programs have come under stress due to budget cuts, reorganizational changes, and the introduction of a new resource allocation system. In addition, passage of Public Law 104-262, the Veterans' Health Care Eligibility Reform Act of 1996, brought significant changes in the way VA provides health care services.

In passing eligibility reform, Congress recognized the need to include protections for the specialized service programs. As a result, Public Law 104-262 carried specific provisions that the Secretary of VA must maintain the "capacity" to provide for the specialized treatment needs of disabled veterans in existence at the time the bill was passed (October 1996), including "reasonable access" to such services.

VA has been required to report annually to Congress on the status of its efforts to maintain capacity, with its most recent report published in May 1998. In that report, VA stated that "by and large, the capacity of the special programs . . . has been maintained nationally." However, others have been more critical, including the General Accounting Office, which found that "much more information and analyses are needed to support VA's conclusion," and the VA Federal Advisory Committee on Prosthetics and Special Disability Programs, who called VA's "flawed" and consequently refused to endorse VA's report.

MINORITY STAFF PROJECT

Beginning in October 1998, at the direction of Ranking Member John D. Rockefeller IV, Senate Committee on Veterans' Affairs minority staff undertook an oversight project to determine how well VA is complying with Public Law 104-262's mandate to maintain capacity in the VA's specialized programs. After first meeting with VA Headquarters officials in charge. of the various specialized projects, as well as representatives of the veterans service organizations, we designed a questionnaire and interview protocol for each of the five service programs we selected to study.

Our starting place was defining "capacity," since the law did not do so. After extensive consultation with experts in the field, we chose to focus on the following six factors: (1) number of unique veterans treated; (2) funding; (3) the number of beds (if applicable); (4) the number of staff; (5) access to care, in terms of waiting times and geographical accesssibility; and (6) patient satisfaction. Capacity was rated by comparing data from FY 1997 to FY 1998 to determine whether the program has or has not maintained the same level of effort in each of these areas.

In order to maximize efficiency, we primarily visited sites that included more than one specialized program: most were within reasonable geographical distance of Washington, DC. The sites selected are not a random or representative sample. Nevertheless, we believe the information gathered is significant because we believe capacity should be maintained uniformly throughout the system. There should be no gap in services, regardless of where in the country a veteran goes for treatment.

We reviewed 22 facilities, with a total of 57 specialized services programs: Prosthetics and Sensory aid Services (16 sites); Blind Rehabilitation (3 sites); Spinal Cord Injury (8 sites); PTSD (14 sites); and Substance Use disorders (16 sites).

DATA COLLECTION AND VALIDITY

Data collection and validity is a known area of VA weakness, confirmed by our own observations in this study. Despite the fact that we provided program managers ample time to fulfill our data requests, many lacked the basic, everyday data that should have been easily accessible to them. In many cases, the data provided to us by VA were revised upon our discovery of inherent discrepancies or our questioning of the methodology used. Nevertheless, because it would have been beyond the scope of our resources to conduct a full-scale audit, we relied on the unvalidated data provided to us by VA as the basis for this report.

FINDINGS AND CONCLUSIONS

In general, we found that VA specialized programs are staffed with incredibly dedicated workers, trying hard to do more with less, but often frustrated in their desire to provide high quality services. One of the most consistent complaints we heard about were staffing shortages, which left employees feeling they were working "close to the edge." When staffing is cut to the minimum, programs quickly become vulnerable to disruptions and service delays, and staff suffer from overwork, poor morale, burnout, and/or reduced motivation and quality of performance as a result.

In summary, we reached the following conclusions:

I. VA is not maintaining capacity in a number of specialized programs, and is barely maintaining capacity in the others. We found that despite resource shortfalls, VA field personnel have been able—just barely—to maintain the level of services in the Prosthetics, Blind Rehabilitation, and SCI specialized service programs, but have not maintained capacity in the PTSD and Substance Use Disorder programs. Because of staff and funding reductions, and the resulting increases in workloads and excessive waiting times, the latter two programs are failing to sustain service levels in accordance with the mandates in law.

II. VA is not providing the same level of services in all facilities. In the specialized programs we visited, there was wide variation from site to site in capacity and provision of services. It appears that the relative availability of services to veterans depends on where they reside. However, we believe *all* veterans are entitled to the *same level and quality of service*, regardless of where they live in the country.

III. A gross lack of data, as well as lack of validation of the available data, prevents VA from making verifiable assessments as to whether capacity in its specialized services programs is being maintained. In almost every program we visited, it was difficult to obtain the information we requested, despite the fact that programs were given ample time to complete the data sheets we provided. Frequently, we were told data had been lost, was irretrievable, or was not compiled in a useful format. There were often inherent discrepancies in the data we were initially presented that took a great deal of discussion to resolve. Without solid, readily available data, VA cannot itself ascertain whether it is meeting its own capacity standards. In fact, this problem with data reconciliation is one reason why VA is late in producing this year's capacity report.

IV. VA's shift from inpatient to expanded outpatient treatment has improved access and saved money. At the same time, certain programs, which require a mix of in- and outpatient services, have been weakened. We are concerned that patient outcomes may have suffered in the process. VA is struggling to find the right mix of inpatient and outpatient services. Expanded outpatient services often improve geographical access for veterans and are a good way to stretch limited resources. However, we believe VA may be moving too quickly to close certain inpatient programs, such as PTSD and Substance Use Disorders. This trend is controversial among many clinicians, who are concerned about the appropriateness and effectiveness of outpatient services for many in this patient population. We believe much more research is needed in this area.

V. VA's specialized services suffer from a lack of centralized oversight. As with all VA's health care services, decentralization has resulted in a lack of effective oversight. Headquarters issues directives, but for the most part, there is little followup to monitor how well these directives are being carried out. In addition, once money is allocated to the VISNs, there is little or no monitoring of how this money is being spent. As a result, we found that VA is not in a position to say with any certitude whether or not specialized services are being adequately maintained.

The lack of centralized oversight is particularly critical in the PTSD and Substance Use Disorder programs. VA Headquarters program consultants, by and large, are not consulted when inpatient programs in the facilities are closed or altered in size or format. We believe their expertise should be sought before any decisions are made to change established programs.

VI. Competing pressures on VISN directors make it virtually impossible for them to maintain capacity in their specialized service programs. VISN directors, particularly those most affected by funding reductions resulting from VERA, are being buffeted by competing demands for the declining resources allocated to them. In many cases, they are suffering across-the-board cuts, or may be having to "rob Peter to pay Paul" to maintain other programs on which they place a higher priority. With the lack of centralized oversight, VA has little ability to ensure that VISN directors are spending their money for specialized services as directed.

Mr. ROCKEFELLER. I thank the Chair.

Mr. LOTT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. Mr. President, might I inquire, are we presently in morning business?

The PRESIDING OFFICER. The Senate is in morning business.

Mr. LOTT. Mr. President, if I could be recognized, we hope to momentarily get an agreement with regard to proceeding with the Interior appropriations bill. We are waiting to hear from the Democratic leader before we enter this agreement. I think we have it worked out. I certainly hope so. If the Senator wishes to proceed as in morning business, I hope he will yield once we get the agreement all squared away.

Mr. DORGAN. Mr. President, of course, I will yield, if the majority leader requests. I had wanted to make some comments about the trade deficit that was announced late last week and show a few charts. I ask unanimous consent to proceed for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

FISCAL POLICY AND THE TRADE DEFICIT

Mr. DORGAN. Mr. President, I will come to the floor and comment generously about this fiscal policy issue of $792 billion of tax cuts over the next 10 years. We don't have surpluses yet. We have economists who tell us we will have surpluses and when these surpluses will exist over the coming 10 years. We have an appetite for trying to figure out what we want to do with all these surpluses that have not yet materialized.

Economists at the start of this decade in the early 1990s predicted almost universally that we would have a decade of slow, anemic economic growth and continued trouble. Going back 8 years, we had a $290 billion fiscal policy deficit. The Dow Jones industrial average had not yet reached 3,000, or it had barely reached 3,000. We had sluggish growth. In 1999, the budget deficit is largely gone. The Dow is somewhere close to 11,000. We have robust economic growth and economists predicting wonderful economic news as far as the eye can see. These are economists—who can't remember their telephone numbers or their home addresses—predicting what will happen, 3, 5, and 10 years in the future.

The result is people seize on these surpluses and say: Let's give three-quarters of $1 trillion in tax cuts, nearly one-third of which will go to the top 1 percent of the income earners in this country. I will have a lot more to say about that in the debate which will ensue during this week. My colleague, Senator DURBIN, just read Kevin Phillips' comments that were on NPR yesterday morning. I think they were right on point. I hope we can spend some time discussing those as well.

I want to talk about another deficit, one that both parties have been largely ignoring. It is called the trade deficit.

I have here a Washington Post article that appeared last Wednesday, July 21, "U.S. Trade Deficit Hit Record High in May." This was written by Paul Blustein. Paul is the Washington Post reporter who writes their trade stories. Any time you see a trade story, it will be by Paul Blustein. He will talk to the same three or four people. They will comment in each article, and month after month the trade deficit worsens.

We have a very serious problem. We tackled the budget deficit, and wrestled it to the ground. Now, we largely don't have a fiscal policy budget deficit. It is gone. That was tough, hard work. But the trade deficit is growing and at an alarming rate.

It is interesting that this story in the Washington Post actually says that we have a trade deficit that is a record deficit, "thanks to America's unflagging appetite for foreign goods." The Post, in this story, finds all of this both "heartening" and "worrisome" for the U.S. economy.

Heartening because so many Americans are feeling so prosperous that they are buying an ever-rising amount of imports.

I am more struck by the "worrisome" aspects of this trade deficit. One of those was highlighted by the Post article, with the Japanese deciding that their central bank should intervene with respect to the value of the yen against the dollar—to manipulate the value of the yen in order to influence continued exports to the United States.

What is happening to the trade deficit? This chart shows record trade deficits month after month. It means we are buying more from abroad than we are selling abroad. It means we are running a current accounts deficit that will some day be repaid by a lower standard of living in the United States.

There is a lot of disagreement among economists but none about that. A trade deficit must at some point be repaid in the future by a lower standard of living in the country that experiences the trade deficit.

Here is a chart that shows the growing U.S. trade gap, exports and imports. You will see what is happening to the U.S. exports on this softening bottom line. And you will see what is happening to the level of U.S. imports and the massive red ink that represents indebtedness that burdens this country. Should we worry about this indebtedness? The answer is, yes, of course. Should we do something about it? Absolutely, and sooner rather than later. There is now in law a commission called the Trade Deficit Review Commission. This is a piece of legislation that I authored and was cosponsored by Senators BYRD, STEVENS, and others. This Commission has been impaneled and is now beginning its work. But we have a responsibility as a country to respond to this trade deficit and to do so aggressively.

Another chart shows the deficit with respect to specific countries. Japan: We have had a trade deficit with Japan forever, it seems. This trade deficit is robust and growing, and continues to grow to record levels.

It used to be that economists would say that we have trade deficits because we have been running budget deficits. When you run budget deficits, you are going to run trade deficits. The budget deficits are gone. Why is the trade deficit worsening? Yes, with Japan, with Canada, and it is worsening with Mexico.

We used to have a trade surplus with Mexico. We were able to turn that into a deficit very quickly because we negotiated a trade agreement with Mexico that was incompetent. We have incompetent negotiations by bad negotiators that resulted in bad trade agreements and higher deficits with respect to Mexico. We turned a surplus into a deficit.

China: What is happening with China is a very substantial runup of the trade deficit in just a matter of about 8 to 10 years.

What do we do about all this? I am concerned, obviously, about not only the general trade deficit, which weakens our manufacturing sector, but also with respect to the economic stars in our country, the family farmers. Agricultural trade balances have worsened. Our agricultural trade balance with Europe declined sharply between 1990 and 1998. In Asia and Europe, our agricultural trade balance has changed in a manner that is detrimental to family farming.

Going back to the issue I mentioned on the previous chart of our individual bilateral trade relations with China, Mexico, Canada, and Japan, you will see that we are continuing to run trade deficits that are alarmingly high. Yet no one wants to talk about it, and certainly no one wants to do anything about it. The minute someone says let's take some action, someone else will say: You are proposing a trade war. What on earth can you be thinking about?

This country had better think about itself for a few minutes. It ought to turn inward and ask: What does this red ink mean to the U.S. and its future?

Even Mr. Greenspan, who is prone to understatement, indicated that this cannot be sustained for any lengthy period of time. This country must worry about its bilateral trade relationships with the countries I just described. It also must worry about its general trade strategy, which results in huge trade deficits and in the kind of trade relationships, which I think will make this country's citizens increasingly angry and anxious.

Incidentally, these trade deficits are much higher than the Washington Post reports. The trade deficit in the Post represents the combination of goods and services. If you look at trade deficits in goods, it is much higher than this. That relates to the question of what is happening to the American manufacturers.

Let me talk about farmers specifically for a moment. Our family farmers around the country are suffering through a very serious crisis. The bulk of that is because prices have collapsed on the grain market, even though the stock market is reaching record highs. The grain market has collapsed, and farmers are told their food has no value.

Another serious part is that, even though we produce more than we need and we need to find a foreign home for our grain, we discover that grain floods across our borders and livestock floods across our border, especially from Canada and other parts of the world, undercutting our farmers' interests. Why? Because we had incompetent negotiators negotiating incompetent trade agreements. They have resulted in increasing trade deficits in this country.

The story behind the headlines is the injury that is caused to family farmers, to the manufacturing sector, to that part of America's economy that has produced the strength of this country today. That strength will not long exist if we don't do something about the trade deficit. Those who talk about tax cuts for 10 years, anticipating future economic growth and future economic surpluses, will not see those develop and will not experience that growth unless we do something about this exploding trade deficit. You cannot sustain long-term economic growth when you run a $21.3 billion deficit in one month. It wasn't more than a couple decades ago that we ran a trade deficit of a couple billion dollars in a quarter of the year. Wilbur Mills, who used to be chairman of the Ways and Means Committee, called special meetings to talk about emergency tariffs to be put on goods to reduce the debilitating trade deficits. Now they are $21 billion a month and growing in a very significant way.

We need the Administration and the Congress to understand that the underlying trade negotiations and trade agreements we have had with a number of countries, including NAFTA and GATT, have undercut this country's interests. They do not work. They sell out the interests of family farmers in this country. They injure our manufacturing sector. I am not suggesting putting up walls and retreating. I want our producers to be required to respond to competition. But our producers cannot and should not be expected to respond to competition when our producers have one hand tied behind their backs by unfair trade agreements.

Finally, I want to talk for a moment about what happened last December with the U.S. Trade Ambassador announcing a deal with respect to the Canadian trade issue. They have all kinds of agreements that, as I said, weren't worth much. We just allowed them to put a bunch of points down on a piece of paper. I reviewed that deal, and nothing much has happened. In fact, our trade situation with Canada grows worse. Our agricultural economy grows worse. Prices have continued to collapse. Family farmers continue to be injured and, at the same time, we have durum and spring wheat, cattle and hogs flooding across the border, most unfairly traded and most in violation of the basic tenets of reciprocal trade. Yet, nothing happens. Nobody lifts a finger to say let us stand up on behalf of your interests and take the actions you would expect the Federal Government to take to insist on fair trade.

IN MEMORY OF JUDGE FRANK M. JOHNSON, JR.

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate now proceed to the immediate consideration of S. Res. 165, in memory of Senior Judge Frank M. Johnson, Jr. of the United States Court of Appeals for the Eleventh Circuit, submitted earlier by Senators HATCH, LEAHY, and others.

The PRESIDING OFFICER (Mr. GREGG). The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 165) in memory of Senior Judge Frank M. Johnson, Jr., of the United States Court of Appeals for the Eleventh Circuit.

There being no objection, the Senate proceeded to consider the resolution.

Mr. HATCH. Mr. President, late last week, Senior Judge Frank M. Johnson, Jr. of the Eleventh Circuit Court of Appeals passed away at his home in Montgomery, Alabama. Judge Johnson will be remembered for his courageous stands in some of the most difficult struggles of the Civil Rights era. At a time when men of lesser fortitude would have avoided direct confrontation on the highly unpopular issues of school desegregation and voting rights for African-Americans, Judge Johnson stood firm on his convictions and the law.

Soon after his appointment to the district court by President Eisenhower in 1955, Johnson took the courageous step of striking down the Montgomery law that had mandated that Rosa Parks sit in the back of a city bus. He believed that "separate, but equal" was inherently unequal. Judge Johnson upheld the constitutionality of federal laws granting African-Americans the right to vote in Alabama elections. He believed in the concept of "one man, one vote."

Despite tremendous pressure from Governor George Wallace, Judge Johnson allowed the voting rights march from Selma to Montgomery to proceed despite threats of continued civil unrest and violence. The national fervor that followed the march resulted in the enactment of the Voting Rights Act of 1965.

Today, around a courthouse that bears Frank Johnson's name in Montgomery, there are integrated schools, buses, and lunch counters. Truly representative democracy flourishes in Alabama with African-American state, county, and municipal officials who won their offices in fair elections with the votes of African-American and white citizens. In large part because of Judge Johnson, attitudes that were once intolerant and extreme have dissipated, but the example he set has not.

The members of the Judiciary Committee extend our deepest sympathies to Judge Johnson's family and the host of friends that he had across the country. We will always remember this federal judge for exemplifying unwavering moral courage in the advancement of the wholly American ideal that "all men are created equal" and deserve "equal protection of the laws."

Mr. LOTT. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the resolution be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 165) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 165

Whereas Frank M. Johnson, Jr. was appointed a United States District Judge in Alabama by President Eisenhower in 1955;

Whereas Judge Johnson was elevated to the United States Court of Appeals for the Eleventh Circuit by President Carter in 1979;

Whereas in a time when men of lesser fortitude would have avoided direct confrontation on the highly unpopular issues of school desegregation and voting rights for African-Americans, Judge Johnson stood firm in upholding the constitution and the law;

Whereas Judge Johnson struck down the Montgomery, Alabama law that had mandated that Rosa Parks sit in the back of a city bus, because he believed that "separate, but equal" was inherently unequal;

Whereas Judge Johnson upheld the constitutionality of federal laws granting African-Americans the right to vote in Alabama elections, because he believed in the concept of "one man, one vote";

Whereas despite tremendous pressure from Governor George Wallace, Judge Johnson allowed the voting rights march from Selma to Montgomery to proceed, thus stirring the national conscience to enact the Voting Rights Act of 1965;

Whereas today, around a courthouse that bears Frank Johnson's name in Montgomery, Alabama there are integrated schools, buses, and lunch counters, and representative democracy flourishes in Alabama with African-American state, county, and municipal officials who won their offices in fair elections with the votes of African-American and white citizens;

Whereas in part because of Judge Johnson's upholding of the law, attitudes that were once intolerant and extreme have dissipated,

Whereas the members of the Senate extend our deepest sympathies to Judge Johnson's family and the host of friends that he had across the country;

Whereas Judge Johnson passed away at his home in Montgomery, Alabama on July 23, 1999;

Whereas the American people will always remember Judge Frank M. Johnson, Jr. for exemplifying unwavering moral courage in the advancement of the wholly American ideal that "all men are created equal" and deserve "equal protection of the laws" and for upholding the law: Now, therefore, be it

Resolved by the Senate, That—

(1) The Senate hereby honors the memory of Judge Frank M. Johnson, Jr. for his exemplary service to his country and for his outstanding example of moral courage; and

(2) when the Senate adjourns on this date it shall do so out of respect to the memory of Judge Frank M. Johnson, Jr.

UNANIMOUS CONSENT REQUEST

Mr. LOTT. Mr. President, I believe we are about ready to make the unanimous consent agreement to proceed with the Interior appropriations bill. We had one further modification. I believe it is being cleared on both sides.

I expect there will be no problem, and hopefully we can go forward with that.

In that connection, I urge Senators to come to the floor if they have amendments to this Interior appropriations bill so we can make progress and not spend too much time on opening statements or in quorum calls. I am not encouraging amendments. But if a Senator has an amendment that he or she is very serious about, they should come onto the floor and offer it. If that is not done, we will have a vote before too long. So Members should understand that we will have the Interior appropriations bill available and that we are serious about going forward with it. We hope to make good progress on it tonight. Actually, I would like to see us complete the bill in view of the modifications that have already occurred concerning some of the provisions within this Interior appropriations bill.

It is a very important bill for our country. It involves, obviously, the parks and lands all over our country that are very important to people of all persuasions, as well as funding for various commissions.

I hope that it can be considered quickly. I commend in advance Senator SLADE GORTON for the work he has done on this bill, and his ranking Member, Senator BYRD, and Senator REID, who I know has been very interested in this bill and supports it.

When you have Senator GORTON and Senator BYRD prepared to work on an appropriations bill, I suspect that most of its problems have already been resolved, and the Senate should be able to act very quickly on that legislation.

Mr. DORGAN. Mr. President, will the Senator yield?

Mr. LOTT. I am glad to yield to Senator DORGAN.

Mr. DORGAN. I inquire of the majority leader about the schedule. My understanding is that he is intending to bring the Interior appropriations bill to the floor. I wonder if the majority leader might tell us about the plans he has with respect to the reconciliation bill. Would that be the bill that follows the Interior appropriations bill?

Mr. LOTT. Yes. The reconciliation bill, which provides for the tax relief package, would be next after the Interior appropriations bill. We would like to go to that tonight and begin opening statements. But regardless of what happens with Interior, we will be on the reconciliation bill by 10:30 or quarter to 11 tomorrow morning.

We have to have some time in the morning for statements with regard to the juvenile justice bill, which is going to conference. But that should be completed about 10:30 or 10:45.

Mr. DORGAN. Because of the time limitations on the reconciliation bill, is it the intention, I am curious, of the majority leader that that would consume all of the time tomorrow and Thursday?

Mr. LOTT. That would be our intention. Of course, under the rules dealing with reconciliation, you have 20 hours for debate on the tax relief package. Included in that 20 hours would be debate on amendments, although the vote time on amendments would not count against the 20 hours. So it would be our intention to go through the day and into the night on Wednesday and all day Thursday on this subject and into the night. If we finish the bill Thursday night, then it would be our plan at this time for that to be the conclusion for the week.

I hope we would have already done the Interior appropriations bill. If we can't get it done because of problems that develop Thursday or, as you know, if amendments are still pending when all time has expired, we go through this very unseemly process on voting during what we call a "votarama," with one vote after another and only a minute or two between the votes to explain what is in them.

I hope we won't have that problem this time. But if we can't get it done Thursday night, of course, we would have to go over into Friday. But under the rules, we should be able to finish it not later than Friday and, hopefully, even Thursday night.

We had indicated earlier a desire to go to the Agriculture appropriations bill early next week and, hopefully, complete the Agriculture appropriations bill. We then have the option to go back to the reconciliation conference report.

Mr. DORGAN. I will just observe, if I might, that one way to avoid a lot of recorded votes is to accept a lot of amendments.

Mr. LOTT. If the pattern continues on that bill as it has on other bills, I think that probably will happen. As I recall, last Thursday night at about 8 o'clock around 43 amendments were accepted en bloc on the State-Justice-Commerce appropriations bill.

It is a little tougher when you are talking about tax policy. But I am sure that some probably will be accepted to move forward.

Mr. President, I ask unanimous consent that the Senate now turn to the House Interior bill, and, immediately following the reporting by the clerk, Senator GORTON be recognized to offer the text of the Senate reported bill, as modified, to strike on page 116, lines 3 through 7; page 129, line 14, through page 132, line 20, as an amendment to the House bill.

I further ask unanimous consent that the amendment be agreed to, the bill, as thus amended, be considered original text for the purpose of further amendment, and that any legislative provision added thereby be subject nevertheless to a point of order under rule XVI.

The PRESIDING OFFICER. Is there objection?

Mrs. BOXER. Reserving the right to object, we just heard that Senator BYRD wanted to come to the floor for a couple of seconds. If you would withhold the unanimous consent request until that time, we would greatly appreciate it.

Mr. LOTT. Is there some other issue that Senator BOXER wished to address?

Mrs. BOXER. My issue is taken care of. I am very happy to say that the oil royalties will be stricken from this particular bill. I am very pleased about that. I don't know about the other Senators, but, for me, I have no issue and no problem with the unanimous consent request.

Mr. LOTT. I had been notified that the Senator from California wanted to be on the floor when this unanimous consent request was made.

Mrs. BOXER. I, in fact, read it, and the whole thing is fine with me.

Mr. DURBIN. Mr. President, reserving the right to object, if I might inquire of the majority leader, while we are awaiting the arrival of Senator BYRD, perhaps the Senator from Washington, the chairman of the subcommittee, could respond to some questions about the unanimous consent request.

First, it is my understanding that the unanimous consent request does not waive any rule XVI objections.

Mr. GORTON. The Senator is correct. It does not.

Mr. DURBIN. Am I also correct that the four sections being stricken by the unanimous consent request are sections 328, relevant to the introduction of Grizzly bears into the States of Idaho and Montana, as well as section 340, relative to hard rock mineral mining in the Mark Twain National Forest in Missouri; section 341, another environmental rider relative to energy efficiency; and, finally, section 342, the one referred to by the Senator from California, the environmental rider on crude oil and royalty for purposes of the evaluation question?

Mr. GORTON. The Senator from Illinois is correct on all four.

Mr. DURBIN. Out of the 13 objectionable environmental riders, 4 objectionable by the administration, 4 are being stricken by this unanimous consent request, and all others are in the bill for consideration and subject to rule XVI, or any other appropriate motions.

Mr. GORTON. Or any amendment which may be proposed.

Mr. DURBIN. I thank the Senator from Washington.

Mr. LOTT. Mr. President, if I could inquire of the Senator, is the Senator saying that the administration supports the introduction of Grizzly bears into Idaho and the other State?

Mr. DURBIN. I think the administration's concern is that they allow for the first time Governors of these States to dictate the policy on Federal lands.

Mr. LOTT. That sounds like a good idea.

Mr. DURBIN. It depends on your point of view.

At this point, I withdraw any objection to the unanimous consent request.

Mr. LOTT. Mr. President, are we waiting on Senator BYRD's arrival?

Mrs. BOXER. It is my understanding, I say to my leader, that he is, in fact, on his way over, and he needs just a couple of minutes. If the leader will, I ask him to delay the unanimous consent request.

Mr. LOTT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS CONSENT AGREEMENT

Mr. GORTON. Mr. President, I withdraw the formal text of the unanimous consent request by the majority leader, and I will reread it so it is grammatically correct.

I ask consent that the Senate turn to the House Interior bill and, immediately following the reporting by the clerk, Senator GORTON be recognized to offer the text of the Senate-reported bill, as modified, to strike page 116, lines 3 through 7; page 129, line 18 through page 132, line 20, as an amendment to the House bill. I further ask consent that the amendment be agreed to and the bill as thus amended be considered original text for the purpose of further amendment and that any legislative provision added thereby may nonetheless be subject to a point of order under rule XVI.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

The PRESIDING OFFICER. The clerk will report the bill by Title.

The legislative assistant read as follows:

> A bill (H.R. 2466) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 2000, and for other purposes.

The Senate proceeded to consider the bill.

AMENDMENT NO. 1357

(Purpose: In the nature of a substitute)

Mr. GORTON. Mr. President, pursuant to the unanimous consent agreement, I send an amendment to the desk and ask that it be reported.

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

> The Senator from Washington [Mr. GORTON] proposes an amendment numbered 1357.

Mr. GORTON. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. GORTON. Mr. President, I am pleased to bring before the Senate the Interior and Related Agencies Appropriations Act for Fiscal Year 2000. The bill totals $13.924 billion in discretionary budget authority, an amount that is $1.125 billion below the President's budget request and $19 million below the fiscal year 1999 enacted level. The bill fully complies with the spending limits established in the Balanced Budget Act of 1997, and the amount provided is right at the subcommittee's 302(b) allocation.

As is always the case, putting this bill together has been a tremendous challenge. While I am extremely grateful that Senator STEVENS, in consultation with Senator BYRD, was able to provide the subcommittee with an increase over its original 302(b) allocation, the amount contained in this bill is still slightly below the fiscal year 1999 enacted level. I wish to point out to my colleagues, however, that this does not mean that delivery of programs can be continued at the current level simply by holding appropriations even with last year.

The programs funded in this appropriations bill are highly personnel-intensive, supporting tens of thousands of park rangers, foresters, and Indian Health Service doctors. As such, mandated pay and benefit increases for Federal personnel and increases in rent charged by the General Services Administration—increases over which the subcommittee has no control—place a significant burden on Interior bill agencies. The committee must choose either to provide funds to cover these costs, or require agencies to absorb them by reducing services or finding more efficient ways of delivering programs. For fiscal year 2000, these fixed costs amount to more than $300 million. While the committee has provided increases to cover a majority of this amount by drawing on carryover balances and reducing low priority programs, some agencies will be forced to absorb a portion of their fixed costs.

Given the necessity of funding most fixed costs increases within an allocation that is slightly below the current year level, there is little room in this bill for new programs, increases in existing programs, or additional projects of interest to individual Members. But by terminating low priority programs and making selective reductions in others, we have been able to provide targeted increases for certain high priority programs.

The committee has provided a $70 million increase for the operation of the national park system, including $27 million to increase the base operating budgets of 100 park units. This increase is further indication of the Senate's commitment to preserving and enhancing our national park system while remaining within the fiscal constraints of the balanced budget agreement. The Senate bill puts funding for the operation of our parks at a level fully $277 million higher than the fiscal year 1995 level, and 82 percent over the amount provided a decade ago.

For the other land management agencies, the bill provides an increase of $27 million for the Fish and Wildlife Service, including more than $13 million for the operation of the national wildlife refuge system. The bill increases the Forest Service operating account by $17 million, including significant increases for recreation management, forest ecosystem restoration, and road maintenance. A $22 million increase is provided for management of lands by the Bureau of Land Management, as well as another $5 million increase for payments in lieu of taxes. The amount provided for PILT reflects a continued effort to steadily increase appropriations for this program without harming the core operating programs funded in this bill. Though appropriations for PILT were stagnant throughout the first half of this decade, the amount provided in this bill represents a 28 percent increase over the amount provided in fiscal year 1995.

Among the programs in this bill that are specifically for the benefit of Native Americans, the committee's top priority has been to provide the Secretary of the Interior with the resources necessary to fix the Indian trust fund management system. Indian land and trust fund records have been allowed to deteriorate to a deplorable state, and the Department of the Interior now finds itself scrambling to reconcile thousands upon thousands of trust records that are scattered across the country. Many of these records are located in cardboard boxes that have not been touched for years, or in ancient computer systems that are incompatible with one another. The Department is performing this task under the watchful eye of the court, having been sued by those whose trust accounts it is supposed to be managing.

I believe that Secretary Babbitt is making a good faith effort to address this problem, and as such have recommended a funding level for the Office of the Special Trustee that is $39 million over the amount originally provided for fiscal year 1999. This amount will provide for both the manpower and the trust management systems necessary to fix the problem. I will note, however, that the Federal track record in managing large system procurements is spotty at best. As such, I hope to continue to work closely with the Committee on Indian Affairs and the Committee on Energy and Natural Resources to ensure that these funds are expended wisely, and that we will not regret our decision to provide such a considerable amount for this purpose. I plead with my colleagues, however, to refrain from offering amendments to this bill that would radically change the course of action for trust management that has been laid out by the administration. Any such changes should be carefully considered and have the benefit of hearings by the authorizing committees.

With regard to other Indian programs, I will quickly note that the bill provides an $83 million increase for the Indian Health Service, as well as significant increases for both Indian law enforcement and Indian school construction and repair. Funding for Indian schools continues to be among the highest programmatic priorities expressed by members of the Interior Subcommittee.

The Interior bill also funds a myriad of programs that preserve and enhance our nation's cultural heritage. Perhaps the most visible of these programs are the National Endowments for the Arts and the Humanities. While the subcommittee's allocation did not allow us to increase these accounts by large amounts as would be the desire of many Senators, the bill does provide a $1 million increase for each program. These increases will not allow for any dramatic expansion the Endowments' ongoing programs, but do indicate the committee's general support for the Endowments and the efforts they have made to respond to the various criticisms that have been leveled at them. I hope that we may able to do even better next year.

The bill also includes the full $19 million required to complete the Federal commitment to the construction of the National Museum of the American Indian on The Mall, and $20 million to continue phase two of the comprehensive building rehabilitation project at the Kennedy Center.

The final grouping of agencies in this bill that I will mention at this time are the energy programs. The bill provides funding for both fossil energy R&D and energy conservation R&D at roughly the current year level. These programs are vital if we hope to stem our increasing dependence on foreign oil, to preserve the country's leadership in the manufacture of energy technologies, and to enable our economy to achieve reductions in energy use and emissions in ways that will not cripple economic growth. The bill also preserves funding for the weatherization and state grant programs at the fiscal year 1999 level. Maintaining current funding levels for these programs is made possible in part by the absence of any new appropriations for the naval petroleum and oil shale reserves, and a deferral of appropriations previously made for the Clean Coal Technology Program.

Mr. President, I would like to touch on two more issues that may be of particular interest to members. The first is funding for land acquisition. Many Senators are aware that the President's budget request included some $1 billion for a "lands legacy" initiative. This initiative is an amalgamation of programs, some of which the committee has been funding for years, some of which are entirely new. Many of the programs included in the initiative lack authorization entirely. While the committee may well have chosen to provide many of these increases if it were allowed to distribute a $1.1 billion increase in spending, the lands legacy initiative is absurd in the context of any overall budget that adheres to the terms of the Balanced Budget Act of 1997—the very act that has helped produce the budget surplus that the President is so anxious to spend.

To be clear, this bill does include large amounts of funding for a variety of land protection programs. The bill provides about the same amount of funding for Federal land acquisition as was included in the Senate reported bill last year. It also includes significant increases for other land protection programs such as the Cooperative Endangered Species Fund and the Forest Legacy program. The bill does not, however, include funds for the new and unauthorized grant programs requested by the administration, and does not include funds for the Stateside grant program that is authorized under the Land and Water Conservation Fund Act. While I am sympathetic in concept to the Stateside program, the subcommittee's allocation does not provide the room necessary to restart the program.

Finally, I would like to take a moment to discuss the issue of appropriations "riders." This administration has leveled much criticism at this Congress for including legislative provisions in appropriations bills. This criticism is disingenuous in at least two ways. First, there are without question legislative provisions in this very bill that, if removed, would prompt loud objections from the administration itself. Among these are provisions well known to my colleagues, such as moratoria on offshore oil and gas development and a moratorium on new mining patent applications. There are also some less well-known provisions that have been carried in this bill for years, the subjects of which range from clearcutting on the Shawnee National Forest to the testing of nuclear explosives for oil and gas exploration. Nearly all of these provisions are included in the bill because Congress at some point felt that the Executive branch was tampling on the prerogatives of the legislative branch.

This leads to my second point. It should be well apparent to my colleagues that this administration long ago made a conscious decision not to engage Congress in productive discussions on a wide array of natural resource issues. Most of these issues are driven by statutes that most reasonable people admit are in dire need of updating, streamlining or reform. Instead, the administration has chosen to implement its own version of these laws through expansive regulatory actions, far-reaching Executive orders and creative legal opinions. When the administration overreaches in this fashion, concerned Senators are compelled to respond. The administration knows this, and has clearly made a political calculation that it is in its interest to invite these riders every year. For the administration to criticize the very practice that it deliberately provokes is, as I have said disingenuous at best.

If the administration wishes to take issue with the substance of these provisions rather than hide behind a criticism of the process, it is welcome to do so. Consideration of this bill is an open process. It is not done "in the dark of night," as we so often read. The bill has moved through subcommittee and full committee, and is open for amendment by the full Senate. I expect that we will discuss some of these provisions during the coming debate, and hope that Senators will carefully consider the arguments made on both sides. What I hope Senators will not do, is vote to abdicate the Senate's responsibility to oversee the actions of the executive branch, or sacrifice the power of the purse that is granted to the Congress by the Constitution.

With that admonition, Mr. President, it is probably an appropriate time to turn to Senator BYRD and thank him for his assistance in drafting this bill. He has been an invaluable resource as I have tried to be responsive to the priorities of Members on that side of the aisle, and has been particularly helpful in securing an allocation for the subcommittee that enables us to report a bill that is deserving of the Senate's support. I thank Senator BYRD's staff as well—Kurt Dodd, Liz Gelfer, a detailee, and Carole Geagley for all the hard work they have done on this bill. I also want to thank my subcommittee staff for the long hours and hard work they have put in on this bill—Bruce Evans, Ginny James, Anne McInerney, Leif Fonnesbeck, Joe Norrell, and our detailee Sean Marsan. Kari Vanderstoep of my personal staff and Chuck Berwick—who has now departed my office for business school—have also done a great job of coordinating the many parts of this bill that have a direct impact on the State of Washington.

Once again, I think this is a good bill that balances the competing needs of the agencies it funds against the broader fiscal constraints that we have imposed upon ourselves. I hope my colleagues will support the bill.

There is one final point I want to make, Mr. President, and emphasize to all the Members and their staffs who are within hearing.

This is a bill created by many individual Senators' requests for projects in their home States, and sometimes for projects that are regional and national in scope. This year, at least during my tenure, we set another new record. One hundred Senators made more than 2,400 requests for specific provisions in this bill. Obviously, we could not grant all of the requests that are valid. I must say most of them were, in the sense they were for projects that would increase the ambience of the park system, the national historic system of the country as a whole.

Senator BYRD and I, working together, have done the best job we possibly could in setting priorities for those programs, within the constraints of a bill I have already said is very limited in the total amount of money we have.

So Members' requests that are not included in the bill were not ignored; they were simply omitted either because the given individual had higher priorities within his or her own State or because other priorities intervened in their way.

Mr. BYRD. Mr. President, I speak today in support of the fiscal year 2000 Interior and Related Agencies appropriation bill. This is an important bill which provides for the management of our Nation's natural resources, funds research critical to our energy future, supports the well-being of our Indian populations, and protects the historical and cultural heritage of our country. I urge the Senate to move swiftly in its consideration of this appropriation bill.

It has been my privilege to serve as the ranking member for this bill at the side of our very able chairman, the senior Senator from Washington. Senator GORTON has done an outstanding job in crafting the bill and balancing its many competing interests, a particularly daunting challenge this year in light of the spending caps within which the Appropriations Committee must operate. Even in the best of years, crafting the Interior bill is not an easy task.

The Interior bill remains one of the most popular appropriation bills, funding a diverse set of very worthy programs and projects. The bill is full of thousands of relatively small, yet very meaningful details. Our chairman is a master of the complexities of the Interior bill. It is a pleasure to work on this appropriations bill with Senator GORTON at the helm. He has treated the Senators fairly and openly. This bill was put together in a bipartisan manner, and it reflects priorities identified by Senators, by the public, and by the agencies which are charged with carrying out the programs and projects funded in the bill.

The breadth of the activities covered by the Interior bill is vast—ranging from museums to parks to hospitals to resources to research—with most of the funds being spent far away from the capital. This bill funds hundreds of national parks, wildlife refuges, national forests, and other land management units. This bill supports more than 400 Indian hospitals and clinics and thousands of Indian students. A wide variety of natural science and energy research and technology development are funded through this bill, providing immediate and far-reaching benefits to all parts of our Nation and to our society as a whole.

This bill makes its presence known in every State—from the rocky coasts of Maine to the mountains of California, from the coral reefs of Florida to the far flung island territories of the Pacific, from the Aleutian Islands in Alaska to the Outer Banks of North Carolina. And the number of requests Senator GORTON and I have received from Senators for project funding in the Interior bill—more than 2,400 requests for specific items—reflects its broad impact. While it is impossible to include every request, Senator GORTON has done an admirable job of accommodating high-priority items within the allocation, an allocation that is $1.13 billion below the President's budget request and nearly $20 million below last year's enacted level of $13.94 billion in new discretionary spending authority.

Highlights of this bill include:

A total of $234 million for federal land acquisition, which is $178 million below the President's fiscal year 2000 request (with reprogrammings) and $94 million below the level of funding included in the fiscal year 1999 act for land acquisition.

A continuing emphasis on operating and protecting our national parks. Park operation funds are increased by $70 million, including increases of $19 million for resource stewardship, $16 million for visitor services, and $20 million for park maintenance.

A continuing focus on the operational needs of the other land management agencies. The bill contains an increase of $24 million for the operating accounts of the Bureau of Land Management, including a $9 million increase for range management. The bill also provides an increase of $22 million for the resource management account of the Fish and Wildlife Service, including an increase of $13 million for refuge operations and maintenance.

The bill contains $159 million for the Strategic Petroleum Reserve, allowing operation of the reserve without selling any of its oil.

Fossil energy research and development is funded at $395 million (with use of transfers and prior year balances), which is an increase above both the enacted level (by $11 million) and the request level (by $27 million). Specific increases also are provided for select energy conservation programs in building research and standards, transportation technology and specific industries of the future activities.

While this bill provides needed resources for protecting some of our nation's most valuable treasures, we still have a long way to go. The agencies funded through this bill are starting to make progress towards addressing their operational and maintenance issues, thanks to the leadership of the Congress. But we are by no means out of the woods. Many deplorable conditions remain; many important resource and research needs are unmet. We must continue our vigilance towards unnecessary new initiatives as well as unwise decreases, our support for the basic programs that provide the foundation of the Interior bill, and our careful stewardship of the resources and assets placed in our trust.

Lastly, I extend a warm word of appreciation to the staff that have assisted the Chairman and myself in our work on this bill. They work as a team and serve both of us, as well as all Senators, in a very effective and dedicated manner. On the majority side, the staff members are Bruce Evans, Ginny James, Anne McInerney, Leif Fonnesbeck, Joseph Norrell, and Sean Marsan. On my staff, Kurt Dodd, Carole Geagley, and Liz Gelfer have worked on the Interior Bill this year. This team works under the tutelage of the staff directors of the full committee—Steve Cortese for the majority and Jim English for the minority.

Mr. President, this is a good bill, and I urge the Senate to complete its action promptly.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, what is the pending legislative business?

Mr. GORTON. I believe I have not abandoned the floor at this point.

The PRESIDING OFFICER. The Chair is advised by the Parliamentarian that the floor was open.

Mr. GORTON. Then I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Washington has the floor.

Mrs. MURRAY. Mr. President, I believe I have the floor.

Mrs. BOXER. Point of order, Mr. President. You recognized the Senator from Washington, Senator MURRAY.

The PRESIDING OFFICER. The Senator from Washington has the floor.

Mrs. BOXER. I thank the Chair for that clarification.

Mrs. MURRAY. Mr. President, I rise to talk about some legislative language that is in the Interior bill, on which I will be offering an amendment shortly, which is going to give away more of our public lands for the benefit of a few and at a tremendous cost to all the rest of us. This is a cost to the American taxpayer and to our environment.

I want to begin, as I talk about this, by expressing that I am not going to be attacking the mining industry, which this amendment will be speaking to. I believe mining is an important industry in our country. While most of us don't think about it a lot, mining does produce some important minerals that are vital in every one of our lives. Mining is not only important in individual routines, but it is vital to our industrial base and rural economies. We need an active mining industry in our country. Like all of my colleagues, I support a responsible mining act, but we, as citizens of this country, need a fair deal.

Today the mining industry is treated exceptionally well by our very old laws. Unfortunately, the American taxpayers are not treated well. They receive next to nothing from this industry, and our public lands suffer as well.

A fact that should both amaze and really appall the American public is that mining in this country is controlled by a law that was written in 1872. That law was written just a few short years after the Civil War, when Ulysses S. Grant was still President of the United States. The law of 1872 allows mining interests to buy our Federal lands for between $2.50 and $5 per acre. Guess what they are paying for that now, 130 years later. They are paying between $2.50 and $5 per acre. That is quite a bargain.

And what does the hard rock mining industry pay in royalties back to us for using our land, for what they pull out of our land? Nothing, zero, zilch. The hard rock mining industry is the only extractive industry in this country that pays absolutely no royalties to the taxpayers for minerals that are coming from our public lands.

In addition, over the course of these past 130 years since this law was written, the mining industry has caused tremendous environmental damage throughout the West. Mining waste dumps are responsible for poisoning streams, lakes, and ground water with toxic minerals such as lead, cadmium, and arsenic. Mining in the United States has left a legacy of 12,000 miles of polluted streams and 180,000 acres of polluted lakes. There are 500,000-plus abandoned mines in this country. Guess who pays for the cleanup. The taxpayers. That bill is estimated to be between $32 and $72 billion. We, the taxpayers, pay for the cleanup of these mines.

The 1872 mining law did make sense when it was written 130 years ago. I think everybody here agrees that a lot has changed in 130 years. Our Nation is very different. The value of our public lands has increased dramatically, far more than $2.50 an acre. We no longer need incentives to get people to move out west, which is why that mining law was written. The West, I think, has been settled. Our commitment in this country to protect the environment is now extremely intense. It was nonexistent 130 years ago when this law was written, in part because our natural resources seemed unlimited 130 years ago. I think all of us know that is not true anymore.

Mining technology has changed radically in 130 years. Today a lot more land is needed for every ounce of mineral that is extracted. When this law was written, an old man with a pony or a mule would ride up with his pickax and do his mining on his claim. Today we extract hundreds of pounds of rock that is waste. They use cyanide to leach through it to get just a tiny amount of gold. Technology has changed dramatically.

No one can stand up and say we should continue to regulate the mining industry under the law that was written 130 years ago. Everyone knows it is time to make changes. The question is how and when. Do we engage in a comprehensive overhaul, or do we do as we have done in this bill and just fix the section of the 1872 law that offends the mining industry? Do we try to move forward with the 1872 mining law, or do we move backwards?

There is one provision in the 1872 mining law that provides minimal protection for the environment and for the taxpayers. When someone stakes a mining claim, the law provides that that person can obtain up to, but no more than, 5 acres of additional nonmineral land for the purpose of dumping mining waste. You would think, given the incredible deal that the mining industry is getting on access to public lands, the industry would be more than willing to comply with that provision.

Yet when the mining industry was faced with having to comply with the one and only environmental provision of the 1872 mining law, it went running to its champions in Congress to change that provision. The mining industry says it cannot mine if it is only given 5 acres of public land on which to dump its waste. Indeed, it argues, and Senator CRAIG's amendment in this Interior appropriation bill guarantees, the mining industry should get as much public land as it desires to dump its waste. The contention of the industry as well as the language in this bill is that the 5-acre limitation in the 1872 mining law is without meaning. They are wrong. The 5-acre provision provides a small amount of protection for our public lands, and this Senate should retain it.

The Senate has already done some work on this issue. Senator GORTON amended the emergency supplemental appropriations bill that we passed a few months ago to exclude a mine in my home State of Washington from this 5-acre mill site limitation. Of course, other mining industries now want the same good deal. So Senator CRAIG put a rider on the Interior appropriations bill we are now considering, in full committee, that completely voids any limitation on mill sites for all current and future mining operations.

We have to ask: Where is the balance? Where is the fairness in this limited approach? Where is the fix for the public and their lands to this outdated mining law? It is absolutely absent. The sort of reform to the 1872 mining law that we are witnessing in this bill is not taking us forward but it is taking us backwards.

The environmental provisions in the mining law should be strengthened, not eliminated. Taxpayers should be compensated much more by the mining industry rather than being asked to expand the giveaway of public lands that we are doing in this bill.

Senator GORTON's amendment on the supplemental appropriations bill and Senator CRAIG's amendment on the Interior bill give the mining industry everything it wants and give the American public larger dumps. Companies that paid next to nothing for the public land they are mining, $2.50 an acre, are still paying absolutely no royalties and dumping more waste rock than ever on our precious public lands.

I am not going to stand by and let this industry dump waste rock on our public lands without limitation and without true compensation. We do need comprehensive mining law reform, but until then I am going to fight this effort to piecemeal reform, especially piecemeal reform that benefits the one side that already enjoys tremendous advantages under the current system.

Let me show Senators a photo of Buckhorn Mountain in Washington State. This is the area in Washington State. It is a gorgeous piece of public land, our land. This is what it will look like once a mill moves forward, from this to this. What does it cost the mining industry to go from this to this? Mr. President, $2.50 an acre. They won't have to pay for the extra land to dump their rock, the cyanide-leached rock that they put there. They won't pay the taxpayers anything, and this is our public land. We know we need a mining industry, but if the mining industry wants to continue to make profits in this country, then they should at least compensate the public for what they are going to do.

Let me show my colleagues what this area will look like in a few years. What will the mining industry pay us for changing it from the beautiful photo I showed to this? Just $2.50 an acre. Under this bill and under the bill that passed recently, they are going to get as much acreage as they want to dump their rocks onto our public lands.

I want to make some points that I think are worth remembering. The mining industry has been very slow to embrace any mining law reform. Now that it has encountered a part of the law it doesn't like, it is trying to eliminate the one provision that can limit some of the damage that has been caused by the mining.

The mining law permits mining companies to extract gold, silver, copper, and other hard rock minerals without paying a cent in royalties to the taxpayer. Hard rock mining is the only extractive industry to get this benefit. I will show this to my colleagues. Coal pays 8-percent royalties for underground mining. Hard rock mining, none; they pay nothing.

As we look at this chart, we see that hard rock mining clearly has been given a great gift by the taxpayers of this country, and now in this bill, we see them wanting more and more public lands. Have they negotiated a change to the 1872 mining law in exchange for the more land on which they want to dump? No. They are not going to be paying any more royalties. They are not going to be paying any more for the land. We have simply given it away to all current and future mines in this bill.

Coal, oil, and gas miners all pay 12.5-percent royalties from what they take from public lands. Since 1872, taxpayers have given away $240 billion worth of minerals to the hard rock mining industry. By contrast, all Western States collect a royalty or production fee for minerals removed from State lands. We are talking Federal lands in this bill. Western States collect a royalty or production fee on State lands, collecting between 2 and 10 percent on the gross income of mineral production. We collect nothing for Federal lands.

The 1872 mining law is in need of environmental and fiscal reform. Congress should not overturn the mill site decision and expand it to allow more dumping of mining waste on public lands without getting something back. The mill site decision does not halt hard rock mining on public lands. I want to make that clear. The mill site decision does not halt hard rock mining. Don't believe the false rhetoric you will hear about the Solicitor's opinion enforcing a provision of the 1872 mining law, at the expense of millions of dollars and thousands of jobs. That is simply not true. They can pay for it as everybody else does if they need more land.

The Department of the Interior will not enforce the mill site waste limitation retroactively. For future mine proposals and mine expansion, the limitation will apply. The industry says the mill site decision is not consistent with existing law and instead is policy advocacy by the Interior Department. I am sure we will hear that from our colleagues. That is incorrect. The 1872 mining law clearly limits mill site claims to 5 acres for each lode or placer claim. If the industry is so sure of its legal position, it can fight the Solicitor's opinion in court.

For the record, let me show my colleagues what the law actually says. The mill site statute we referred to throughout this debate is right here. It says:

> Where nonmineral land not contiguous to the vein or lode is used or occupied by the proprietor of such vein or lode for mining or milling purposes, such nonadjacent surface ground may be embraced and included in an application for a patent for such vein or lode, and the same may be patented therewith.

And it goes on and it says:

> Such land may be included in application for a patent for such claim, and may be patented therewith subject to the same requirements as to survey and notice as are applicable to placers. No location made of such nonmineral land shall exceed five acres.

That was the law written back in 1872. It is very clear. Five acres. It says so right here. If the industry doesn't agree with the Solicitor's opinion that this law doesn't say exactly what we have just read, they can go to court and fight it. But to come and give this huge giveaway to an industry that already receives an awful lot from the taxpayers I believe is wrong.

Clearly, we need to reform the mining law of 1872 and maybe, in fact, the mill site limitation needs revision, but not here, not in this way. We need to hold hearings and mark up an authorization bill. We ought to give the American public time to learn of the issue and revise input. If we are going to revise the 1872 law—and we should—we, the taxpayers, ought to give something back.

Mr. DURBIN. Will the Senator yield for a question?

Mrs. MURRAY. Yes.

Mr. DURBIN. I am glad I can join the Senator in her effort to oppose section 336. This is an environmental rider that is part of the Interior appropriations bill. The administration said that it is 1 of the 13 riders—I think there are 9 remaining—which would be the basis of a veto of the legislation. I want to make sure the record is clear and ask the Senator from Washington several questions.

In every instance when she referred to mining, are we talking about mining on public land?

Mrs. MURRAY. We are absolutely referring to mining on our public land.

Mr. DURBIN. So this is land that is owned by all of us, all American taxpayers, land that has been purchased or obtained and supervised over the years at the expense of Federal taxpayers?

Mrs. MURRAY. The Senator from Illinois is absolutely correct. In order to have a claim, you stake your claim on our public lands, lands owned by the taxpayers, and then you have the right to go ahead and move forward and dig your hard rock, and all you have to pay is $2.50 an acre.

Mr. DURBIN. So for $2.50 an acre, these companies—even foreign companies—can go to our federally owned, publicly owned lands and they can start mining for various minerals of value, is that correct?

Mrs. MURRAY. That is correct.

Mr. DURBIN. Now, as I understand the Senator from Washington, you can take up to 20 acres for the actual mining of the mineral, and then you can use 5 acres under the law, nonadjacent, not connected, for the so-called mill site.

Mrs. MURRAY. That is correct. That is where they dump the rock they have extracted.

Mr. DURBIN. Will the Senator show us the photo of what the mill site dumping ground looks like for those who have decided to mine on land owned by taxpayers? If you could show us as an example——

Mrs. MURRAY. This would be one example, I say to the Senator from Illinois, of what a dump site looks like. Here is another one we have. I will put this up as well. This shows where we have an open pit mine, which is what we are talking about, and where the rock is dumped.

Mr. DURBIN. Let me ask the Senator from Washington, if some company—and it could be a foreign company—pays $2.50 an acre, they can start mining these minerals, and then they can take 5 acres of public land and dump all of the rock and waste that is left over after they have mined, is that correct?

Mrs. MURRAY. That is correct.

Mr. DURBIN. Does that company have an obligation under the law, or otherwise, to clean up the mess they have left behind?

Mrs. MURRAY. No, they do not.

Mr. DURBIN. That is an important point. After they have gotten this wonderful deal—$2.50—to go ahead and mine for valuable minerals, they then dump on the mill site all of their waste and rock and leave it for generations to come—some of those pictures look like a lunar landscape—if I understand what the Senator from Washington is saying.

Mrs. MURRAY. Well, the Senator from Illinois is correct. Currently, there are 500,000 more abandoned mines in this country today, and the cleanup for that is estimated to be between $32 billion and $72 billion. That is our money.

Mr. DURBIN. Do they monitor the dump sites, mill sites, for these mines to make sure they don't have at least any environmental danger? They are ugly, but are they environmentally dangerous?

Mrs. MURRAY. In the permanent thinking of mining, those decisions are looked at. But once this is there, it becomes abandoned. It falls to the taxpayers to have to clean it up.

Mr. DURBIN. Let me ask the Senator from Washington, section 336 of this bill, the so-called environmental rider, called a prohibition on mill site limitations, if I read this correctly—I would like to read it to the Senator from Washington for her response—says:

> The Department of Interior and the Department of Agriculture, and other departments, shall not limit the number or acreage of mill sites based on the ratio between the number or acreage of mill sites and the number or acreage of associated load or placer claims for any fiscal year.

I want to ask the Senator from Washington, as I read this, the 1872 mining law put a limitation of five acres on those who mine on our Federal lands to use as a dump site for their mill tailings. If I understand this environmental rider, this says there is no limitation whatsoever—that if this is enacted, these mining companies paying $2.50 an acre and literally taking millions of dollars of minerals out of our land and not paying us for it can then turn around and dump their waste in every direction with no limitation on the number of acres they can cover with this waste.

Mrs. MURRAY. The Senator from Illinois is exactly correct. If we allow the language that is in the Interior bill to move through and to become law, that is exactly correct.

Mr. DURBIN. I ask the Senator from Washington the following question. It almost boggles the mind that we would be so insensitive to the legacy of our generation that we would take beautiful land owned by our country which could be visited and used by future generations and turn it into a landscape dump site of these mill tailings with absolutely no obligation by the company that has made the mess.

Is that the outcome of this amendment?

Mrs. MURRAY. The outcome of this amendment is that we will have hundreds of acres in this country—maybe thousands of acres—with tailings on them and cyanide-leached rock left on them, and it will be our responsibility to clean it up. And the mining industry will not have given us a dime for that.

Mr. DURBIN. If I understand, if I might ask the Senator from Washington, this so-called cyanide leach process—I am not an expert, but as I understand it, those who are able to mine on Federal public lands bring up the dirt and the rock and then pour some form of cyanide over it hoping they will derive down at the bottom of this heap some handful of gold, for example.

Mrs. MURRAY. The Senator from Illinois is correct. The technology that is available today allows mining companies to haul out rock, pour cyanide through it, and come up with an ounce of gold. The price of gold today allows them to do that. It has been profitable for them. Therefore, they take tons of rock, and they are claiming of course that they need more acreage for mill sites because it takes so much more rock to get a small amount of gold.

Mr. DURBIN. Am I correct that the Senator from Washington is saying that after they have poured the cyanide over the rock and the dirt is taken away, they have a handful of gold, and they walk away from the mess that is left behind?

Mrs. MURRAY. The Senator from Illinois is absolutely correct. This is what it would look like.

Mr. DURBIN. Let me ask the Senator, if we are dealing with a law that was written 127 years ago, the obvious question is, Why would they want to amend one section to allow these mining companies to befoul so much more public land and leave the mess behind after they have taken the profits? Why aren't we addressing a wholesale reform or change of this mining law so that taxpayers have a fighting chance?

Mrs. MURRAY. I respond to the Senator from Illinois, I am as baffled as he is, that every Senator knows the 1872 mining law needs to be reformed. It needs to be reformed in a fair and responsible manner. If, indeed, the mining companies need more mill sites, then the taxpayers ought to get something in return. In fact, the mill site limitation is truly the only part of this law that allows us some control over what is left behind because the mining industry did not want to give and take, they just took, and got their rider put into this bill.

Mr. DURBIN. I would like to ask the Senator from Washington to compare—I think this really tells an interesting story, too—the difference in standards that we apply for those who want to use Federal public lands owned by the taxpayers to mine coal and those who want to use them for hard rock mining or for other minerals. I am amazed. I would like to ask the Senator from Washington if she can tell me why. It is my understanding that when it comes to the selection of the mining site, there has to be approval by the Bureau of Land Management through a leasing process for the mining of coal on Federal lands.

Mrs. MURRAY. If the Senator will yield, I have a chart that shows what you do if you are going to mine coal and what you do if you are going to mine hard rock. On the selection of the coal mining site, you have to get approval through a leasing process under the Mineral Leasing Act. In comparison, if you are going to do hard rock mining, which we are talking about in this bill, it is self-initiation on the location. In the mining law based in 1872, there is no BLM approval that is required.

Mr. DURBIN. I would like to ask the Senator a second point. What a giveaway this is—$2.50 an acre. They can literally mine millions of dollars' worth of minerals. The amazing thing is, they do not pay the taxpayers of this country any percentage for what they bring out.

I would like to ask the Senator from Washington to compare the mining of coal on Federal lands when it comes to royalties to mining under the hard rock provisions.

Mrs. MURRAY. The Senator from Illinois is correct. Coal miners have to pay 8 percent for underground mining and 12½ percent for surface mining where hard rock pays none.

I would think the Senators from States who have coal miners who are paying 8 percent would be rushing to the floor and saying: Where is the fairness here where you can mine hard rock for gold and pay not one dime back to the taxpayers for the use of that public land and for what you have extracted from that public land, and yet coal is 12½ percent?

Mr. DURBIN. Is the Senator from Washington aware of the fact that in 1959 a Danish mining company—not an American company—successfully patented public lands in Idaho containing over $1 billion worth of minerals and paid the Federal taxpayers $275?

Mrs. MURRAY. I would say to the Senator from Illinois that there are a lot of taxpayers out there who would like to earn $1 million and only pay $275.

Mr. DURBIN. Is the Senator aware as well that since 1872 there has been more than $240 billion of taxpayer subsidies to this mining industry?

Mrs. MURRAY. I was unaware of the figure, but $240 billion in subsidies does not surprise me.

We are saying that if we are going to hand you another giveaway, which this bill does, what are you going to give us back? In this bill, they give nothing back.

Mr. DURBIN. Is my understanding correct, I ask the Senator from Washington, if you are going to mine coal on public lands, you have to have a detailed permitting and reclamation standard filed which says you are going to clean up your own mess, but when it comes to hard-rock mining you can literally leave your mess behind, from what appears to be a very weak standard?

Mrs. MURRAY. The standard criterion is absolutely correct. If you are going to dig coal, you have to have a detailed permitting and reclamation standard. But if you are going to mine hard rock, which we are talking about in this bill, this giveaway in this bill, you have to show reasonable measures to prevent unnecessary or undue degradation of the public land. It is very minimal.

Mr. DURBIN. I say to the Senator from Washington, I am happy to join her in this effort. This debate will continue. I am happy to say that when she has completed her statement on the subject, I will have some other things I would like to add.

I see the Senator from California on her feet to ask another question.

Mrs. BOXER. Yes. Thank you very much. I ask the Senator from Washington to yield for a few questions.

Mrs. MURRAY. I would be happy to yield for a question.

Mrs. BOXER. I appreciate the leadership of the Senator from Washington and Senator DURBIN from Illinois on the Appropriations Committee fighting this antienvironmental rider all the way from the day they heard about it. I am just pleased to be here in a supportive role.

The reason I came to the floor is that the Senator from Washington has spoken in depth about a particular mine in her State. I want to ask her a few questions about a mine in my State, not that I expect her to be aware of all of this, but to see if she agrees with some of my conclusions on this.

First, I want to underscore through some questions what the Senator from Illinois asked; that is, I say to the Senator from Washington, I have learned by listening to this debate that when one mines for coal, there is in fact a royalty payment due to the Federal taxpayer. Is that correct?

Mrs. MURRAY. The Senator from California is correct. If you are mining for coal, you have to pay 8 percent for underground mining and 12½ percent for surface mining. That is royalty that you pay back to the taxpayers for the use of that land.

Mrs. BOXER. Is it kind of like a rent payment? You go onto Federal land, and for that privilege you pay a percentage of the value of the coal that is mined and extracted from that land. Is that correct?

Mrs. MURRAY. The Senator is correct. If the Senator from California had a mine and wanted to go in and dig coal out of our public lands, she would have to pay the public back something for that coal. It is ours, after all. But if you are going to dig for gold, hard rock mining, you do not have to give us anything back.

Mrs. BOXER. Is the Senator aware—I know she is because she is working with me on this issue, too—that if an oil company finds oil on Federal land, they must pay a royalty payment as well? Is that correct?

Mrs. MURRAY. The Senator from California is well aware that when you extract oil, you pay a royalty; you pay us, the public, who owns the lands, something back.

Mrs. BOXER. As a matter of fact, the Senator knows, because she is helping me on this, as is the Senator from Illinois, we have problems with some of the large oil companies. We don't believe they are paying their fair share of oil royalties, but at least they are paying some royalties.

Mrs. MURRAY. The Senator from California is correct. She may not agree they are paying enough, but they are paying something. Under the current mining laws in this country, hardrock mining pays nothing back to the taxpayers.

Mrs. BOXER. Is it not further the case the Senator from Washington is not suggesting that there be any royalty payment?

Mrs. MURRAY. I am only suggesting, I say to my colleague, that if in this bill we are blatantly going to give them use of our public lands far in addition to what they have had before, they give the public something back. Maybe we should negotiate that in terms of royalties; maybe it should be in a higher percentage that they pay the public; maybe it should be in the requirement that they clean up the land that they have left behind.

Certainly we should get something back for our public lands rather than what we have done in this bill, which is to just give them more of our land.

Mrs. BOXER. Right now, what these hardrock miners want to do is ignore the 1872 mining law. Is it not a fact that in this bill we agree with those mining companies that they can use as much land as they may choose for the waste that comes out of these mines?

Mrs. MURRAY. I say to my colleague, what has occurred is that the technology for taking rock out and getting just a little bit of gold has changed dramatically. The mining companies who used to be able to get by on five acres can no longer get by on five acres. They want a lot more. Instead of negotiating with Congress to pay something back for additional shares, they are saying, no, in this provision in this bill, we have given it away to them for nothing else.

Mrs. BOXER. I ask my friend, because she is the expert on this, if she thinks my description is a good description of why they seem to need so much more land for their waste. From the cyanide leach mine pits, piled hundreds of feet high, over an area of several football fields, is a cyanide solution that is sprinkled over the piles. The cyanide, which is poison, trickles down through the ore, chemically combines with the gold and ore, and collects and pools at the base of the piles. The gold is stripped from the cyanide solution, but the cyanide solution is left on the site.

That is what is so contentious. We have poisoned and dumped on beautiful Federal lands. In this bill, we say: Amen; continue to do it. My friend from Washington is trying to say no to that environmental degradation.

Mrs. MURRAY. The Senator from California gives a very accurate description. Yes, maybe we need gold. We all know there are reasons to have gold. But if the mining companies are going to extract that rock and use cyanide leach, and need more acreage for the dumped rock with cyanide on it, they should pay something back. We should not give it away in the bill. That is what we have done.

Mrs. BOXER. I have a last question, and I don't expect the Senator to know about this particular proposal, but hopefully she can respond to this. In southern Imperial County, CA, a Canadian mining company called Glamis Imperial proposes to build a massive, open pit, cyanide heap leach mine, the kind I have described in my question to the Senator from Washington.

I want the Senator to know how much the people of California treasure their environment, particularly in these areas where we have Native Americans who have very serious tribal concerns over this area. When she fights for the environment in this way, it is not just for the precious State she represents so well, but it is for many other States, including California.

My question is, is my friend aware at the reach and breadth of the fight she is waging?

Mrs. MURRAY. I appreciate the comments from the Senator from California. There are mines in her State as well as many other States where this amendment will simply allow acres and acres of mill site waste to be dumped, with nothing back to the taxpayers.

I hope my colleagues will support me when I offer the amendment to strike the language in this bill, and I hope, as a Congress, we do what we should have done so long ago, which is to look at the 1872 mining law. If the mining companies, indeed, do need more dump sites, ask what we get in return. We should have a fair debate on the mining law. It should not just be in this Interior bill which comes to us at 5 o'clock, when we need to pass a tax bill that we want to start on tomorrow and everybody wants to finish tomorrow, forcing a bill to pass with a huge giveaway. Let's give something back, make sure we have responsible mining reform, and make sure we do it right for the taxpayers who deserve a lot better.

I appreciate the questions from the Senator from California. I will be offering my amendment in a short while. I urge my colleagues to support this amendment on behalf of the environment, on behalf of the taxpayers, on behalf of what is right and fair for people who pay their taxes every day, for other industries to pay their royalties, to pay a fair share. Let's do the mining reform law correctly.

I thank my colleagues. I know the Senator from Illinois wants to discuss this, and I see the Senator from Nevada.

The PRESIDING OFFICER. The Senator from Washington.

AMENDMENT NO. 1359

Mr. GORTON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Washington [Mr. GORTON], proposes an amendment numbered 1359.

Mr. GORTON. I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 79, line 19 of the bill, strike "under this Act or previous appropriations Acts." and insert in lieu thereof the following: "under this or any other Act."

Mr. GORTON. Mr. President, this is merely a technical amendment sent up simply so Members proposing amendments should ask to have it set aside. We will proceed in a more orderly manner in that fashion.

I expected the Senator from Washington to make a motion to strike. If she wishes to do so now, there will be an amendment to that, and we can complete this debate. If she does not wish to do so, the Senator from New Hampshire is prepared to offer an amendment on which there could be a vote probably in an hour or so.

Does the Senator from Washington wish to make a motion to strike or some other motion at the present time?

Mrs. MURRAY. Mr. President, I do intend to offer this amendment. My colleague from Illinois, Senator DURBIN, desires to speak first and then I will.

Mr. GORTON. There is plenty of time to speak after the amendments are before the Senate. If the Senator, my colleague from Washington, wishes to make a motion to strike now, I will yield the floor for her to do so. If she does not, I suggest we go on to an amendment we can deal with right away.

Mrs. MURRAY. Mr. President, if my colleague from Washington State will yield for a question.

Mr. GORTON. Yes.

Mrs. MURRAY. We want to make sure that all the Members on the other side who wish to speak on this are ready to do so.

Mr. GORTON. There will be no limitation on debate until the amendment is agreed on both sides.

Mrs. MURRAY. With that understanding, I am happy to offer my amendment at this time.

Mr. GORTON. I yield the floor.

AMENDMENT NO. 1360

(Purpose: To strike the provision relating to millsite limitations)

Mrs. MURRAY. Mr. President, I send my amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the pending amendment is laid aside.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Washington [Mrs. MURRAY], for herself, Mr. DURBIN, and Mr. KERRY, proposes an amendment numbered 1360.

Mrs. MURRAY. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 122, strike lines 1 through 15.

AMENDMENT NO. 1361

Mr. REID. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for himself, Mr. CRAIG, and Mr. BRYAN, propose an amendment numbered 1361 to the language proposed to be stricken by amendment No. 1360.

Mr. REID. Mr. President, I ask unanimous consent the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the language proposed to be stricken, insert:

SEC. . MILLSITES OPINION.

(a) PROHIBITION ON MILLSITE LIMITATIONS.—Notwithstanding the opinion dated November 7, 1997, by the Solicitor of the Department of the Interior concerning millsites under the general mining law (referred to in this section as the "opinion"), in accordance with the millsite provisions of the Bureau of Land Management's Manual Sec. 3864.1.B (dated 1991), the Bureau of Land Management Handbook for Mineral Examiners H-3890-1, page III-8 (dated 1989), and section 2811.33 of the Forest Service Manual (dated 1990), the Department of the Interior and the Department of Agriculture shall not, for any fiscal year, limit the number or acreage of millsites based on the ratio between the number or acreage of millsites and the number or acreage of associated lode or placer claims with respect to any patent application grandfathered pursuant to Section 312 of this Interior Appropriations Act of ; any operation or property for which a plan of operations has been previously approved; any operation or property for which a plan of operations has been submitted to the Bureau of Land Management or Forest Service prior to October 1, 2000; or any subsequent amendment or modification to such approved or submitted plans.

(b) NO RATIFICATION.—Nothing in this Act shall be constructed as an explicit or tacit adoption, ratification, endorsement or approval of the opinion.

Mr. REID. Mr. President, I simply want to say I have every understanding of the consternation and the concern of my friends from Washington, California, and Illinois about the state of mining in America. They have concerns that should be raised. They have concerns that have been raised. However, this very narrow issue is being talked around.

The fact of the matter is, the picture that my friend from Washington held up, a beautiful mountain area in Washington, has nothing to do with what we are talking about tonight.

The fact is the pictures she showed were pictures from some other mining operation that probably took place at least 60 years ago.

Let's take, for example, a mine that is right over the Nevada border in California. It is called Viceroy Gold. It is in the State of the Senator from California, but it is a mine that is very close to the people of the State of Nevada. It is a short distance from the place I was born, Searchlight, NV. It took $80 million to get that operation in a situation where it could be mined. It started out as an old mine and was originally called Big Chief Mine around the turn of the century. After spending $80 million, this mine was developed. It is an open-pit mine.

I invite everyone to look at that mine because part of the requirements of being allowed to mine there is the land has to be reclaimed. This is an area where they have Joshua trees and some small cedar trees, lots of sagebrush. They have a nursery. When they decide to take some ore, some muck, some dirt out of the ground, they take the trees that are where this open-pit mine is going to be, and they save them. When that area is mined out, they have to reclaim the land. They fill it up and replant these trees. That is going on right now.

That mine only has about a 2-year life left. When the mine is finished, the land will look like it did before. That is one of the requirements. They put up a big bond which makes that necessary. It is not a question of they do it because they like to do it; they do it because that is a requirement of the

State of California that they replace the land the way it used to be.

It is good to do all these scary pictures about mining. My father was a miner, and if my father thought there was gold under my desk, he would dig a hole. That is the way he used to do things. But you cannot do that anymore. There are requirements that say you cannot do that.

I say to my friends from the State of Illinois, from the State of California, and the State of Washington, I have tried to change the 1872 mining law. We have been trying to do that for 10 or 12 years. We offered legislation to change that. We have been as far as conference to change it, but it is never quite good enough. No one is willing to go 50 yards; they want to go 100 yards.

I have always said: Let's change it; let's do it incrementally. It is similar to the Endangered Species Act in which I believe. People want to rewrite the Endangered Species Act totally. It will never happen. We are going to have to do it piece by piece.

Superfund legislation: I believe in the Superfund legislation. We are never going to reauthorize Superfund totally. We need to do it piece by piece. That is what we need to do with this mining law.

What are we talking about? Secretary Bruce Babbitt is only going to be Secretary of the Interior for another year and a half. He is not willing to go through the legislative process. What he wants to do is legislate at the Department of Interior, down at 16th Street or 14th Street, wherever it is. He is legislating down there, and he has admitted it.

Secretary Babbitt has indicated he is proud of his procedure and proud of the way he is doing it. This is what he has said:

> . . . We've switched the rules of the game. We're not trying to do anything legislatively.

Here is what else he says:

> One of the hardest things to divine is the intent of Congress because most of the time . . . legislation is put together usually in a kind of a House/Senate kind of thing where it's [a bunch of] munchkins . . .

The munchkins, Mr. President, are you and me. He may not like that, but I think rather than taking an appointment from the President, he should do as the First Lady and run for the Senate and see if he can get it changed faster.

Our country is set up with three separate but equal branches of Government. The executive branch of Government does not have the right to legislate. It is as simple as that. What has been done in this instance is legislating. That is wrong.

What we are doing—and that is what this debate is all about—is not changing anything. We are putting it back the way it was before he wrote this opinion—he did not write it; some lawyer in his office wrote it—overturning a law of more than 100 years.

All these pictures are not the issue at point. I do not think any of my colleagues will agree that President Clinton or any of his Cabinet officers or anybody in the executive branch of Government have the legal ability to write laws. That is our responsibility, and that is what this debate is about today.

I recognize the 1872 mining law needs to be changed. Let's do it. I am not debating the fact that it needs to be changed. I have offered legislation at the committee level and the conference level to change the amount of money that mining companies pay when they get a patent. We all agree that should be done, but they do not want to do it because it takes away a great piece of argument they have: You can get land for $5 an acre.

We have agreed to change it. It has been in conference where we said: If you go through all the procedures to get a patent, then you should pay fair market value for the land. We agree. Let's do it.

They keep berating these mining companies. Mining is in a very difficult time right now. The price of gold is around $250. Yesterday, the press reported that a company from a little town in Nevada called Battle Mountain in Lander County laid off 200 more workers. That little community has had a little bar and casino for some 60 years. That just closed. Mining is in very difficult shape.

I say to my friends who care about working men and women in this country, the highest paid blue collar workers in America are miners. I repeat: The highest paid blue collar workers in America are miners. They are being laid off because mining companies cannot proceed as they have with these jobs when the gold price has dropped $150 an ounce. It went from almost $400 to $250. They are really struggling. England just sold I do not know how many tons of gold. The IMF is threatening to sell gold. Switzerland is talking about selling gold.

Mining companies are having a difficult time maintaining. One of the largest mining companies in Nevada—the State of Nevada is the third largest producer of gold in the world. South Africa and Australia lead Nevada. We produce a lot of gold, but the confidence of the mining industry has been shaken tremendously. It is getting more and more difficult to make these mines profitable.

One mining company in Nevada, a very large company, has had two successive years of tremendous losses. We have one mining company that still has some profits, the reason being that they sold into the future. They are still being paid on a high price of gold which the free market does not support.

I say to my friends, let's change the mining law. All we are trying to do, I repeat, is not let Secretary Bruce Babbitt legislate. That is what he did. All this does is take the law back to the way it existed.

I heard my friend from Washington say: Why don't the mining companies—I may have the wrong word; "dialog" is not the word she used—have some dealings with Congress? They have tried. We are trying to come up with legislation on which we should all agree.

I hope my friends, for whom I have the deepest respect, understand this is a very narrow issue. I do not mind all the speeches. My friend from California, my friend from Washington, and my friend from Illinois are some of the most articulate people in the Senate. They have great records on the environment. My record on the environment is second to no one. I acknowledge I have defended the mining industry in this Chamber for many years, and I will continue to do so. I want everyone to understand I have tried to be reasonable on this issue, at least that is according to through whose eyes you look. I have tried to be reasonable on this issue before us today.

Also, I have tried to be reasonable on the mining issue generally. As my friends will acknowledge, in the subcommittee I offered a very minimal amendment. It was broadened in the full committee, which is fine. But what I have done, along with Senators BRYAN and CRAIG, is tried to change what was done in the full committee.

I think what we have done is reasonable. I tell my friends, basically, here is what it says. It says Babbitt's opinion does not apply to mining operations that are now ongoing and mining operations that are ongoing that need additional mill sites. It does not apply to new applications. I think that is fair.

Mrs. MURRAY. Will the Senator yield for a question?

Mr. REID. In a second.

I think it is fair. I say to my friends, I think it should not apply to anything because I think the opinion is worthless and does not have any meat on its bones. I do not think the Solicitor has any right to offer the opinion that he did. But I think this amendment is an effort to kind of calm things down, to compromise things. I say to my friends, if you want the law changed, let's change it. I am happy to work with you.

I am happy to yield for a question without losing my right to the floor.

Mrs. MURRAY. I appreciate the Senator yielding for a question because the Senator has a second-degree to my amendment that strikes the language. I understand the Senator from Nevada would like to find a compromise, but the language of the second-degree says that:

> . . . any operation or property for which a plan of operations has been previously approved; any operation or property for which

a plan of operations has been submitted to the Bureau of Land Management or Forest Service prior to October 1, 2000; or any subsequent amendment or modification to such approved or submitted plans.

To me, it says that leaves the door open for any future, not just current, mine.

Mr. REID. We can even talk about the effective date of this legislation. But the intent of the amendment is to protect those operations that are now ongoing. Secretary Babbitt has written a letter to me—that is part of the record of the committee—saying that mining operations that are now in effect would not be harmed by his Solicitor's opinion. What this amendment does is go one step further and say, not only the mining operations that are now in effect but those that are ever in effect that have filed a plan of operation to expand would also be protected.

So that is really the intent of the amendment.

I say to my friends, don't beat up on the mining industry. They supply good jobs. We are willing to change the law. I do not know if any of my friends are on the committee of jurisdiction, the Natural Resources Committee. I am not. I would be happy to work with you in any way I can, as I have indicated on at least one other occasion tonight.

We have tried. We have had legislation that dramatically changes the 1872 mining law that has gotten as far as the conference between the House and Senate, but it was not good enough. We have made absolutely no changes in the law since I have been in the Senate, going on 13 years. I want to make changes. There aren't too many people who are not willing to make changes.

So I would hope we could tone down the bashing of the mining companies. They supply jobs. They are not trying to rape the environment. Under the rules that are now in effect, if they wanted to, it would be very hard to do.

In the place where I was raised, we have hundreds of holes in the ground, created in the years when mining took place there. There are a lot of abandoned mines we need to take care of. There are laws in effect.

In the State of Nevada you have to have fences around some of the holes so people do not ride motorcycles into them or do things of that nature. Abandoned mines that create a harm to the environment, we need to clean them up. I am willing to work harder to have money to do that. But let's limit what we are talking about to the harm that has already been done. Certainly we have a right to do anything legislatively we need to do to protect harm from happening in the future. That is what I am willing to do.

PRIVILEGE OF THE FLOOR

I ask unanimous consent that Mike Haske, a congressional fellow in my office, be granted privileges of the floor during the pendency of S. 1292.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. Mr. President, if the Chair would indulge me for a second.

I apologize to my friend from Illinois who I understand wants the floor.

I yield the floor at this time.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I want to make a quick unanimous consent request.

PRIVILEGE OF THE FLOOR

I ask unanimous consent that Sean Marsan and Liz Gelfer, both on detail to the Appropriations Committee staff, and Kari Vander Stoep of my personal staff, be granted floor privileges for the duration of the debate on the fiscal year 2000 Interior and Related Agencies Appropriations Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

CLARIFICATIONS TO SENATE COMMITTEE REPORT NO. 106–99

Mr. GORTON. I note for the RECORD technical clarifications to the committee report:

On page 37 of the report, the section of the Alaska National Interest Lands Conservation Act that is cited should be section 1306(a), not section 1307(a).

In the last paragraph on page 13 of the report, the reference to the "Las Vegas Water Authority" is an error. The language should have referred to the "Las Vegas Valley Water District."

With that, I yield the floor.

Mr. DURBIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. I rise in opposition to the motion that has been filed by the Senator from Nevada, Mr. REID, on behalf of himself, Senator CRAIG, and Senator BRYAN.

As I read the amendment that has been proposed by the Senator from Nevada, there is virtually no change in the original language offered by Senator CRAIG.

What the Senator from Nevada seeks to do is to say those mining operations currently in operation, those which have the plans of operations submitted to the Bureau of Land Management prior to October 1 of the year 2000, will not be subject to limitation on the acreage that can be used for their dumping of their mill site. I would suggest to the Senator from Nevada it is a slightly different approach, but the net impact is the same.

I have the greatest respect for the Senator from Nevada. I understand his knowledge and familiarity with this subject is certainly far better than my own. But I can tell the Senator, if he drives across my home area in down State Illinois, he will see the legacy of mining which we continue to live with.

In years gone by, in the State of Illinois, and many other States, mining companies literally took to the land, extracted whatever was valuable, and left the mess behind for future generations. You can see it, not only in the areas where we had shaft mining, but you have on our prairies small mountains of what was left behind, often toxic in nature, that now have to be reclaimed by today's taxpayers. Or you might visit Fulton County or southern Illinois and find areas that were strip mined. What is left behind is horrible. It is scrub trees, standing lakes, but, frankly, uninhabitable and unusable—left behind by a mining industry that had one motive: Profit.

It is interesting to me this debate really focuses on a law which was written 127 years ago. Not a single Member of the Senate would suggest that our sensitivity to environmental issues is the same today as it was 127 years ago. We know better. If you want to mine coal in Illinois today, you are held to high standards. The same is true in virtually every State in the Union. You can no longer come in and plunder the land, take out the wealth from it, and leave behind this legacy of rubbish and waste, this lunar landscape. That is today. That is the 20th century. That is 1999.

But when it comes to hard rock mining, we are driven and guided by a law that is 127 years old. It is interesting that the hard rock mining industry has not really worked hard to bring about a real reform of the law. I think that has a lot to do with the fact they have a pretty sweet deal.

For $2.50 an acre, they can take taxpayers' land—owned by Americans—and use it for their own profit, leaving their waste and mess behind, and move on.

For hundreds of dollars, they can extract millions of dollars of minerals and not pay the taxpayers a penny.

The Senator from Nevada says: Don't beat up on the mining industry. I think that is a fair admonition. I don't believe we should beat up on the environment either. We certainly shouldn't beat up on taxpayers. The 1872 mining law does just that.

What is this all about? You will undoubtedly hear in a few minutes from the Senator from Idaho and others that some bureaucrat in the Department of the Interior in November of 1997 took it upon himself to decide what the law would be and all this amendment is about is to try to say to that bureaucrat: It is none of your business. We will decide how many acres you can use to dump your waste after you have mined on Federal land.

What is it all about? On November 7, 1997, the solicitor of the Department of Interior, Mr. Leshy, issued an opinion enforcing a provision of the 1872 mining law which restricts the amount of public land that can be used to dump waste from hard rock mines.

Now, some of those who support this amendment believe that the 1872 mining law is open to interpretation. Interestingly enough, the other body, the House of Representatives, by a margin of almost 100 Members, said that that interpretation is wrong. They go along with the position supported by the Senator from Washington and myself. With respect to mill site claims, the law states: "No location made on and after May 10, 1872, shall exceed 5 acres." The law allows one 5-acre mill site claim per mineral claim. It means that if you buy, at $2.50 an acre or $5 an acre, the right to mine for these minerals, you can only use a 5-acre plot to dump your waste on the so-called mill site.

The effect of the amendment offered by the Senator from Nevada and the Senator from Idaho is to say: No, you can dump on as many acres as you want to, unlimited. Go ahead and leave the waste behind. Let the taxpayers in future generations worry about the environmental impact and what it does visually to America's landscape.

The Leshy opinion in 1997 simply reaffirms the plain language of the law and prior interpretations by Congress and by the mining industry.

I have in my hand citations of the mill site limitations under the 1872 mining law. I ask unanimous consent to have this printed as part of the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MILLSITE LIMITS UNDER THE 1872 MINING LAW

1872—Mining Law enacted, stating: "no location [of a millsite] shall exceed five acres." 30 U.S.C. §42(a).

1872—One month later, General Land Office issues regulation stating: "*The law expressly limits mill-site locations made from and after its passage to five acres* . . ." Mining Regulations §91, June 10, 1872, Copp, U.S. Mining Decisions 270, 292 (1874) (emphasis in original).

1884—Secretary of the Interior rules in J.B. Hoggin, 2 L.D. 755, that more than one millsite may be patented with a lode claim, provided that the aggregate is not more than five acres.

1891—Secretary of the Interior rules in Hecla Consolidated Mining, 12 L.D. 75, that the Mining Law "expressly limits the amount of land to be taken in connection with a mill to five acres."

1891—Acting Secretary of the Interior rules in Mint Lode and Mill Site, 12 L.D. 624, that the Mining Law "evidently intends to give to each operator of a lode claim, a tract of land, not exceeding five acres in extent, for the purpose of conducting mining or milling operations thereon, in connection with such lode."

1903—Acting Secretary of the Interior rules in Alaska Copper Co., 32 L.D. 128, that the "manifest purpose [of the millsite provision of the Mining Law] is to permit the proprietor of a lode mining claim to acquire a small tract of . . . land as directly auxiliary to the prosecution of active mining operations upon his lode claim, or for the erection of a quartz mill. . . . The area of such additional tract is by the terms of the statute restricted to five acres as obviously ample for either purpose."

1914—Curtis H. Lindley writes in the third edition of his oft-cited treatise Lindley on Mines, §520, that a "lode proprietor may select more than one tract [for a millsite] if the aggregate does not exceed five acres."

1955—Denver mining attorney John W. Shireman writes in the First Annual Rocky Mountain Mineral Law Institute that "Each lode claim is entitled to one mill site for use in connection therewith . . ." Shireman, "Mining Location Procedures," 1 Rocky Mtn. Min. L. Inst. 307, 321 (1955).

1960—Congress amends the Mining Law to allow location of millsites in connection with placer claims. In its report on the bill, the Senate Interior Committee explained that it had modified the language of the bill "so as to impose a limit of one 5-acre millsite in any individual case preventing the location of a series of 5-acre millsites in cases where a single claim is jointly owned by several persons. . . . In essence, [the bill] merely grants to holders of placer claims the same rights to locate a 5-acre millsite as has been the case since 1872 in respect to holders of lode claims . . ." S. Rep. No. 904, 86th Cong., 1st Sess., at 2.

1960—The first edition of American Law of Mining (which is written primarily by attorneys for the mining industry) states: "A mill site may, if necessary for the claimant's mining or milling purposes, consist of more than one tract of land, provided that it does not exceed five acres in the aggregate." 1 Am. L. Mining §5.35 (1960).

1968—The American Mining Congress (the leading trade association for the mining industry) presents the following argument for mining law reform to the Public Land Law Review Commission:

"When the mining laws were enacted in 1872, provision was made for the acquisition of five-acre millsites to be used for plant facilities on mining claims. The typical mine then was a high-grade lode or vein deposit from which ores were removed by underground mining. The surface plant was usually relatively small, and acquisition of five-acre millsites in addition to the surface of mining clams . . . adequately served the needs of the mines. . . .

"Today, the situation is frequently different. . . . A mine having 500 acres of mining claims may, for example, require 5000 acres for surface plant facilities and waste disposal areas. It is obvious that such activities may not be acquired through five-acre millsites."—American Mining Congress, The Mining Law and Public Lands, at 29 January 11, 1968).

1970—An analysis of the Mining Law prepared for the Public Land Law Review Commission by Twitty, Sievwright & Mills (a Phoenix, Ariz. law firm that represents the mining industry) closely tracked the argument by the American Mining Congress two years earlier:

"*When the mining laws were enacted in 1872, provision was made for the acquisition of five-acre mill sites to be used for mining or milling purposes.* The typical mine then was a high-grade lode or vein deposit from which ore was removed by underground mining. The surface plant was usually relatively small, and the surface of the mining claims together with the incident mill sites adequately served the needs of the mines for plant facilities and waste disposal areas.

"Today, the situation is frequently different. The high-grade underground mines have, for the most part, been mined out. Open pit rather than underground mining is, with increasing frequency, the most economical way to mine the low-grade deposits which now comprise a major portion of the reserves of many minerals. The mining industry now relies on mechanization, the handling of large tonnages of overburden and ores and the utilization of large surface plants in order to keep costs down so that these low-grade deposits may be mined and treated at a profit. Such mining operations require not only substantial areas for plant facilities, but much larger ares than formerly for the disposal of overburden and mill tailings. *The surface areas of mining claims and mill sites are no longer adequate for such purposes.* * * *

"If a mineral deposit is partially or entirely surrounded by the public domain, the acquisition of adjacent nonmineral land from the United States for necessary facilities is now frequently extremely difficult because *the laws do not provide a satisfactory way to make these acquisitions. Small areas may be acquired as mill sites*, and in certain instances, if the lands meet the statutory requirement as isolated or disconnected tracts, larger acreages may be acquired at public auction. *Mining companies planning large mining operations have been obliged to meet their needs for nonmineral lands by obtaining the necessary lands by other means.*"

Twitty, Sievwright & Mills, "Nonfuel Mineral Resources of the Public Lands; A Study Prepared for the Public Land Law Review Commission," (Dec. 1970), at vol. 3, pp. 1047–48 (emphasis added).

The Twitty, Sievwright study also states: "Under the first clause of subsection (a) of [30 U.S.C. §42], *each lode claimant is allowed, in addition to his lode claim, five acres of land to be used for mining or milling purposes.*" *Id.* at vol. 2, p. 323.

1974—the Interior Board of Land Appeals rules in *United States* v. *Swanson*, 14 IBLA 158, 173–74, that:

> [A millsite] claimant is entitled to receive only that amount of land needed for his mining and milling operations, and this amount can embrace a tract of less than five acres. The statute states that the location shall not "exceed five acres." . . . The reference to five acres in the statute is clearly a ceiling measure, not an absolute, automatic grant."

1977—Salt Lake City mining attorneys Clayton J. Parr and Dale A. Kimball write that "Theoretically, one five-acre millsite can be acquired for each valid mining claim." Parr & Kimball, "Acquisition of Non-Mineral Land for Mine Related Purposes," *23 Rocky Mtn. Min. L. Inst.* 595, 641–42 (1977).

1979—In an analysis of federal mining law, the Congressional Office of Technology Assessment states:

"[I]t is highly doubtful that [millsites] could satisfy all the demands for surface space.There could be at most as many millsites as there are mining claims, and each milliste would be at most one-fourth the size of the typical 20-acre claim, so that the millsites, in the aggregate, would be one-fourth the size of the ore body encompassed by the claims."

Office of Technology Assessment, *Management of Fuel and Nonfuel Minerals in Federal Land*, at 127 (April 1979).

1984—In the second edition of *American Law of Mining*, Patrick J. Garver of the Salt Lake City law firm Parsons, Behle & Latimer (Mr. Garver is now executive vice-president of Barrick Gold Corp.) writes: "Uncertainty also surrounds the issue of the amount of land that may be used by millsite claimants." 4 *Am. L. Mining*, §110.03[4] (2d ed. 1984).

1984—Salt Lake City mining attorneys Clayton J. Parr and Robert G. Holt write in the second edition of *American Law of Mining:* "Because of the relatively uncertain tenure of mill site claims, few miners choose mill sites as a location for permanent mining support facilities." 4 *Am. L. Mining* §110.03[1].

1987—In the revised second edition of *American Law of Mining*, Phoenix mining attorneys Jerry L. Haggard and Daniel L. Muchow write:

"The acquisition of federal lands or interests therein by means other than the locating of mining claims or mill sites is sometimes necessary to provide the additional ground needed for a planned mining operation. The restraints on the number and sizes of mill site claims can limit their usefulness as a land acquisition method."—4 *Am. L. Mining*, §111.01 (2d ed. rev. 1987).

1997—Solicitor of the Department of the Interior John D. Leshy issues opinion titled "Limitations on Patenting Millsites Under the Mining Law of 1872."

Mr. DURBIN. I thank the Chair.

I have quoted the specific words from the mining law of 1872. I can tell Senators that year after year, the 5-acre limitation was restated. There is nothing new about it. In 1872, again, the General Land Office refers to the law expressly limiting mill site locations made from and after its passage to 5 acres.

Twelve years later, in 1884, Secretary of the Interior J.B. Hoggin provided that the aggregate for lode claims is not more than 5 acres. In 1891, similar references; 1903, the same reference is made by the Acting Secretary of the Interior; the area of such additional tract is, by the terms of the statute, restricted to 5 acres. He goes on. In 1914, a treatise on mining by a gentleman named Curtis Lindley:

> Lode proprietors may select one tract per mill site if the aggregate does not exceed 5 acres.

In 1955, Denver mining attorney John Shireman writes in the First Annual Rocky Mountain Mineral Law Institute:

> Each lode claim is entitled to 1 mill site for use in connection therewith.

In 1960, Congress amended the mining law to allow location of mill sites in connection with placer claims. In its report on the bill, the Senate Interior Committee explained that it modified the language of the bill "so as to impose a limit of one 5-acre mill site in any individual case, preventing the location of a series of 5-acre mill sites."

The references go on and on. The American Mining Congress has acknowledged the 5-acre limitation, and of course the branches of government have done the same.

What is in dispute here is, in the minds of a few Senators and the mining industry, the mining process has changed. They want to be able to use more acreage to dump what is left over from this mining process.

It is interesting that the mining industry is so confident that a court would hold up the 5-acre limitation that they have not in any way tested the solicitor's decision in court. They would rather find their friends here in the Senate. That opinion was issued by the solicitor almost 2 years ago.

You will hear a lot of comment—I have heard it in committee—that what Mr. Leshy did in this situation was unfair, illegal, and we are going to stop this bureaucrat from overreaching.

The obvious question is, If it is so unfair and illegal on its face, why didn't the mining industry go to court? They didn't go to court. They went to Congress because they know that their interpretation, their opposition to Mr. Leshy, can't stand up in court.

The Craig rider and now the Reid amendment will allow more dumping of toxic mining waste on public lands and undermine efforts to reform the last American dinosaur, the 1872 mining law.

What can we find in this mined waste? Lead, arsenic, cadmium, in addition to heavy metals. Because of irresponsible mining practices and poor regulation, the mining industry has left behind a legacy of 557,000 abandoned mines in 32 different States. The cost of cleaning up these sites is estimated to be between $32 billion and $72 billion. According to the U.S. Bureau of Mines, mining has contaminated more than 12,000 miles of rivers and streams and 180,000 acres of lakes in the United States.

Let me speak for a moment about the environmental damage. For those who say this is an industry which, frankly, may not cause environmental damage, I hope they will listen closely to what I am about to say: 16,000 abandoned hard rock mine sites have surface and ground water contamination problems that seriously degrade the water around them—16,000 of them. Over 60 of these abandoned hard rock mines pose such severe threats to public health and safety that the EPA has listed them as Superfund priority sites.

There are two or three things that I found incredible that I want to share and make a part of the RECORD.

Each year the mining industry creates nine times more waste than all of the municipal solid waste generated and discarded by all of the cities in the United States of America. In 1987, mines in the United States dumped 1.7 billion tons of solid waste onto our land while the total municipal solid waste from all cities in America totaled 180 million tons.

The second point—and this is hard to believe—each year the hard rock mining industry generates approximately the same amount of hazardous waste as all other U.S. industries combined—one industry, hard rock mining, generating the same amount of hazardous waste as all other U.S. industries combined. You would think when you listen to the arguments from those who would make this dumping unlimited that this is somehow a passive thing, that it is no threat to the environment.

According to the EPA, the U.S. hard rock mining industry generated approximately 61 million tons of hazardous waste in 1985 compared to 61 million metric tons for all other American industries. And what the Craig and Reid amendment says is, for this dangerous waste, we will now give to the mining companies an unlimited landscape of taxpayer-owned land to dump it.

Although the mining industry claims that modern mines employ state-of-the-art technology that prevents contamination, it is not consistently used or managed properly. Some have said our references to contamination are ancient. In 1995, reporting to Congress on mine waste, the EPA stated not only had past mining activities created a major waste problem, but some of the very waste practices that contributed to these problems were still being used by the mining industry.

What kind of mining pollution? Acid mine drainage generated when rock which contains sulfide minerals reacts with water and oxygen to create sulfuric acid. Iron pyrite, fool's gold, is the most common rock type that reacts to form acid mine drainage. Acid leached from the rock severely degrades water quality, killing aquatic life and making water virtually unusable.

Second, heavy metal contamination is caused when metals such as arsenic, cobalt, copper, cadmium, lead, silver, or zinc contained in excavated rock or exposed in an underground mine come in contact with water. Heavy metals, even in trace amounts, can be toxic to humans and wildlife. When consumed, the metals can bio-accumulate.

Processing chemical pollution occurs when chemical agents used by mining companies to separate the target mineral from the ore—cyanide, sulfuric acid, or liquid metal mercury—spill, leak, or leach from the mine site into nearby waters. These chemicals can be highly toxic to humans and wildlife.

The purpose of the amendment before us now is to expand the opportunity for dumping this kind of waste on public land, creating the opportunities for more environmental disasters and hazards to wildlife and humans as well.

A teaspoon of 2 percent cyanide solution can be lethal to humans; over 200 million pounds of cyanide is used in U.S. mining each year.

I have a lengthy list of examples here.

Gilt Edge Gold and Silver Mine, South Dakota: Shortly after opening in 1988, the Gild Edge gold and silver mine cyanide leaked into the groundwater and nearby streams as a result of torn containment liners, poor mine design, and sloppy management practices. Beginning in 1992 the mine began generating acid mine drainage. As a result of acid drainage from Gilt Edge waste piles, pH measurements in nearby steams in 1994 and 1995 were as low as 2.1 (battery acid has a pH of approximately 1; pure water has a pH of approximately 7.0). Due to pollution from the Gilt Edge Mine, area streams are unable to support viable populations of fish and bottom dwelling invertebrates

Summitville Gold Mine, Colorado: In 1986 Canadian based Galactic Resources opened the Summitville Gold Mine in Colorado. The company characterized the mine as a "state-of-the-art" cyanide heap leach gold mine. Immediately after gold production began, the protective lining under the massive heap of ore being treated with a cyanide solution tore, allowing cyanide to leak into the surface and groundwater. The cyanide, acid, and metal pollution from the mine contaminated 17 miles of the Alamosa River. Galactic declared bankruptcy and abandoned the site in 1992. The State of Colorado which had provide scant regulation of the mine asked the Environmental Protection Agency to take over the site under the Superfund program. As of 1996 taxpayers had spent over $100 million to clean up the site.

Iron Mountain, California: Until production was halted in 1963, the Iron Mountain mine produced a wealth of iron, silver, gold, copper and zinc. It also left a mountain of chemically-reactive ore and waste rock that continues to leach enormous amounts of acid and heavy metals pollution into nearby streams and the Sacramento River.

Despite expensive efforts to reduce pollution—Iron Mountain is now on the Superfund National Priority List—enormous amounts of contaminants continue to wash off the site. Each day Iron Mountain discharges huge quantities of heavy metals including 425 pounds of copper, 1,466 pounds of zinc, and 10 pounds of cadmium. Acid waters draining from the site have decimated streams, where the acidity in the water has been measured as low as minus 3 on the pH scale—10,000 times more acidic than battery acid. Streams downstream from the mine are nearly devoid of life. Experts have estimated that at present pollution rates the Iron Mountain site can be expected to leach acid for at least 3,000 years before the pollution source is exhausted.

Oronogo Duenweg Superfund Site, Missouri: Drinking wells near this sprawling complex of lead and zinc mines in Southwestern Missouri have been contaminated by past mining activities.

Chino Copper Mine, New Mexico: The mine has been plagued by spills, leaks and discharges of contaminated mine waste material. Much of the pollution has spilled into Whitewater Creek which runs through densely populated communities. In several incidents in 1987, the mine spilled more than 327,000 gallons of mine wastewater off the site. In 1988 another spill discharged more than 180 million gallons of mine wastewater. More than 90,000 gallons of wastewater were spilled in 1990, and another 120,000 gallons were spilled in 1992.

Brewer Gold Mine, South Carolina: Nearly 11,000 fish were killed in 1990 when heavy rains cause a containment pond to breach, dumping more than 10,000 million gallons of cyanide-laden water into the Lynches River.

DeLamar Mine, Idaho: The DeLalmar silver and gold mine in Idaho has repeatedly dumped heavy metal laced wastewater into nearby streams. Migratory waterfowl have been poisoned by cyanide from its ponds.

Stibnite Mine, Idaho: The Stibnite gold mine has leaked cyanide into nearby groundwater and the East Fork of the Salmon River, an important salmon spawning run.

Ray Mine, Arizona: The Ray Mine was polluted nearby groundwater with toxic levels of copper and Beryllium. In 1990, rainwater washed more than 324,000 gallons of copper-sulfite contaminated wastewater from the mine into the Gila River.

Mr. President, what we are doing today—and I am supporting the amendment of the Senator from Washington, Mrs. MURRAY—is asking the mining industry to take responsibility for their actions, to follow the law as it is clearly written, which limits to 5 acres the mill site, or dump site, they can use for their mining activities. Some of the pictures here—I am sure the Senator from Nevada and others think this picture, as graphic as it is, is ancient. I don't know. There is no date on it, and I won't represent that it is a modern scene, but it shows what unregulated mining has led to. It is a clear indication of a stream that is still in danger because of the pollution from the mining activities.

Modern mining techniques are represented in these photographs, and although they are hard for those following the debate to see, they suggest that when we get into hard-rock mining, we are talking about literally hundreds, if not thousands, of acres that become part of the dump site of this activity. A mining operation, after it has derived the valuable minerals from this Federal public land owned by taxpayers, got out of town and left this behind. So for generations to come, if they fly over, they will look down and say: I wonder who made that mess.

That is as good as it gets under the 1872 mining law. That is a sad commentary. Those who support the Craig-Reid amendment would like us to expand the possibility that these dump sites near the mines would basically be unlimited. They could go on for miles and miles, and we, as taxpayers, would inherit this headache in years to come. There is clearly a need for comprehensive mining reform.

About $4 billion worth of hard-rock minerals—gold, copper, silver, and others—are taken annually from public lands by mining companies without a penny paid to the U.S. taxpayer in royalties—not one cent. That is $4 billion each year out of our land, and not a penny is paid back to the taxpayers.

What would you think about it if your next-door neighbor knocked on the door and said he would like to cut down the trees in your back yard, incidentally, and said he will give you $2.50, and I am sure that is no problem. Of course, it is a problem. It is our property. On that property are treasures of value to us. We are talking about public lands that are our property as American citizens. Those who live in some States believe that that land belongs to them, for whatever they want to use it for. Some of us, as part of the United States of America—"E. Pluribus Unum," as it says above the chair of the Presiding Officer, "of many one"—believe that as one Nation we have an interest in this public land, an interest that goes beyond giving somebody an opportunity to profit and leave a shameful environmental legacy.

Since 1872, there has been more than $240 billion of taxpayer subsidies to the mining industry.

In 1993, the Stillwater Mining Company paid $5 an acre for 2,000 acres of national forest lands containing minerals with an estimated value of $35 billion. I will repeat that. They gave us, as taxpayers, $10,000 for access to $35 billion worth of minerals. Pretty sweet deal for the mining company. Not for the taxpayers.

In 1994, American Barrick Corporation gained title to approximately a thousand acres of public land in Nevada that contained over $10 billion in recoverable gold reserves. Now, for access to $10 billion on Federal public lands, America's lands, how much did they pay? Five thousand one-hundred and forty dollars. A pretty sweet deal.

In 1995, a Danish mining company—not an American company—successfully patented public lands in Idaho containing over $1 billion worth of minerals, and this Danish company paid the American treasury $275—for $1 billion in minerals.

Due to irresponsible mining practices and poor regulation, the mining industry has left behind a legacy of 557,000 hard-rock abandoned mines in 32 States. As the Senator from Washington said earlier, the estimated cost of cleanup is $32 billion to $72 billion.

If this amendment passes that is being pushed on us today, it means there will be more land to be cleaned up. The estimate of $32 billion to $72 billion will grow as the profits are taken out of America's public lands.

There is one case I would like to tell you about: the Zortman-Landuski Mine. The Pegasus Gold Corporation operated these mines for years using Federal and private lands for mining and waste dumping, accumulating numerous citations for water quality violations. In January of 1998, Pegasus Gold Corporation filed for bankruptcy. The mines are now in the hands of a court-appointed judge. But the story gets better. Cost estimates for reclamation of these lands range from $9 million to $120 million. In other words, if we want to clean up the mess they left behind, it will cost taxpayers $9 million to $120 million.

Keep in mind, the amendment before us wants to expand the opportunity to leave that waste behind. More bills for future taxpayers to pay.

I know you are going to like this part. There are questions about whether the mine's reclamation bonds will be sufficient to pay for the cleanup. Here is where it gets good. In the meantime, Pegasus Gold Corporation has petitioned the bankruptcy court to provide

$5 million in golden parachutes for departing executives. The same executives who left this trail of contamination now want to take out of the bankrupt corporation $5 million in golden parachutes because they have done such a fine job for the shareholders. They certainly didn't do a fine job for the taxpayers. They didn't do a fine job when it came to the environment.

If this amendment in the Interior Appropriation bill passes, it is an invitation for more greed and more environmental disasters. The mining industry has to accept the responsibility to come to Washington, deal across the table in a fair manner and in good faith to revise this law so they can pay royalties to the taxpayers for what they draw from this land. Instead, what they have done is try to force-feed through the Interior Appropriations bill a change in the law that will say that the number of acres used for disposal of waste and tailings is unlimited—unlimited.

So we will see further environmental disasters which undoubtedly will occur as a result of it.

The Senator from Washington started with the right amendment, an amendment which recognizes our obligation to future generations. It is not enough to make a fast buck or even to create a job today and leave behind a legacy for which future generations will have to pay. We don't accept that in virtually anything. Businesses across America understand that they have an obligation to not only make a profit, to not only employ those who work there, but to also clean up the mess and not contaminate the environment.

We have said that in a civilized nation it is too high a price to pay for those who just want to glean profits and to leave behind pollution of our air and water and other natural resources. For some reason, many people in the mining industry haven't received that message. They believe they can take the minerals from public lands and leave the environmental contamination behind.

Mr. REID. Will the Senator yield?

Mr. DURBIN. I yield for a question.

Mr. REID. I said in my statement that since I have been here, the 1872 mining law hasn't changed. I meant it had not changed in its entirety. The fact is that we in the Senate and in the House changed the 1872 mining law. It was changed in significant ways, such as passage of the moratorium on patents and a number of things. I didn't want the Senator to think the law hasn't been changed.

I ask my friend from Illinois, what does he think the mining companies should do? Does he think there should be mining to some degree? Can he tell me? I would be happy to translate the message to them. What more does the Senator think can be done than they have done in the past few years?

Let me tell the Senator what they have done. They met with us when we were in the majority. They met with us when we were in the minority. They met with the other side of the aisle when they were in the minority and in the majority. They have agreed to bills. They have agreed to pay royalties.

I say to my friend, what more can they do? They want to be good citizens. They help with things. I can only speak for the State of Nevada. I think around the country they are good corporate citizens. They help with the schools. They pay their taxes. What more should they do?

Mr. DURBIN. I say in response to the Senator from Nevada that I think there is a good starting point. It is existing law that has been there for a long time. They should look at the current law as it applies to those who would mine coal on Federal public lands. If they would follow the standards that apply to the mining of coal, here is the difference. We would have approval by the BLM through a leasing process for the selection of mining sites.

Mr. REID. Could I say to my friend that we have that now?

Mr. DURBIN. What we have now is self-initiation and location under the mining law of 1872 with no BLM approval required.

Mr. REID. That simply isn't true. In fact, I say to my friend from Illinois, the cost of patenting a claim is in the multimillions of dollars now. It is not easy to get through the process that has been set up.

Mr. DURBIN. I say to the Senator that I stand by my remarks. We could certainly resolve this later when we look more closely at the law.

The second thing I would suggest is they pay a royalty. I think it is an outrage that they would pay $2.50 or $5 an acre and not pay a royalty to the taxpayers when they take millions, if not billions, of dollars worth of recoverable minerals out of our federally owned public lands.

Mr. REID. I say to my friend that there is general agreement. The mining companies agree. Eight years ago, we went to conference and agreed to change the amount they paid when a patent is issued.

I also say to my friend that the mining companies signed off on a royalty. That was something initiated here. I have to ask someone here. It passed. I can't tell you that it passed. But it was on the Senate floor that a royalty was agreed to.

I say to my friend that I hope this is the beginning of a dialogue where we can really get something done. There is nobody that I have more respect for than the Senator from Arkansas, who was the spokesperson against mining companies for all the years I was here—the greatest respect in the world. But I say to my friend that he wanted all or nothing, and we kept getting nothing.

I hope my friends will allow us to improve something. We have made very small improvements. I say to my friend that those of us who support mining and the mining companies want changes. They know it doesn't look good, from a public relations standpoint, for them to pay $2.50 or $5 for a piece of land. They know that. But there was something that passed the Senate which allowed the payment of fair market value. That was turned down in conference.

I say to my friend that I know how sincerely he believes in this. I will give him the line and verse. In fact, the Forest Service handbook talks about this very thing. In effect, the solicitor's opinion overruled their own handbook. I hope this will lead to improvement of the law. We all recognize it needs changing. I am willing to work with the Senator in that regard.

Mr. DURBIN. I thank the Senator from Nevada.

Mr. REID. I thank the Senator for allowing me to interrupt. I appreciate it very much.

Mr. DURBIN. I thank the Senator from Nevada, because I believe the statements he made are in good faith and reflect where we should be. We should be sitting down and rewriting this law that is 127 years old instead of having other environmental riders in an Interior appropriations bill. We should be looking to the royalty question, which is a legitimate question that every taxpayer should be interested in instead of saying we are going to take the limitation of the acreage used by mining companies that dump their waste.

I think that is a legitimate concern. Maybe 5 acres isn't enough. But I also think it wouldn't be unreasonable to say to the mining companies: If we give you additional acres for mill sites, we will also require you to reclaim the land so that you can't leave the mess behind.

That is part of the law when it comes to coal mining on Federal public lands. Why shouldn't it be the case when it comes to hard-rock mining?

How can they step away from this mess and say: Frankly, future generations will have to worry about it, and we will not. Mandatory bonding, detailed permitting reclamation, mandated inspections—things that are part of the law when it comes to mining coal—should be part of the law when it comes to hardrock mining.

I reject the idea that we will come in with this bill and make amendments friendly to the mining industry but not hold them to any new standard when it comes to reclamation or royalties. I think the taxpayers deserve better. I think the environment deserves better.

That is what is necessary in this debate. We have seen it, first, on the emergency appropriations bill, where a similar provision was put forward for one mining operation in the State of Washington. Now, if this amendment goes through, we have literally opened the door for mining operations across the United States to literally use as much acreage as they want for their mill sites.

Mr. BURNS. Will the Senator yield for a question?

Mr. DURBIN. I would be happy to yield.

Mr. BURNS. I ask my good friend from Illinois, what environmental law? What environmental law are we talking about here?

Mr. DURBIN. We are talking about the 1872 Mining Act.

Mr. BURNS. That is not an environmental law.

Mr. DURBIN. I would suggest to the Senator that it has an impact on the environment.

Mr. BURNS. What environmental law are we talking about here?

Mr. DURBIN. I have responded to the Senator. If he has another question, I will be happy to answer it.

Mr. BURNS. What environmental law? Is it the Clean Water Act? Is it the Clean Air Act? Is it the National Environmental Policy Act? Is it the National Federal Lands Management Act? What environmental law is the Senator talking about when he refers to environmental law?

Mr. DURBIN. I am talking about the 1872 Mining Act.

Mr. BURNS. I suggest to the Senator that is a land tenure law and subject to all of the environmental laws. The miners are not exempt from them.

I thank the Senator.

Mr. DURBIN. I say to the Senator from Montana, I think he knows well the environmental laws which we mentioned are not applied seriatim to all of these mining claims, and that is why we have the environmental contamination which we have today. That is one of the reasons why it is there. If we are going to have a mining law, I think we need one that talks not only about the profitability of the venture but about the environmental acceptability of this venture. That is the difficulty we run into.

I suspect that the mining industry may want to talk about more acreage for mill sites and dumping but may not be as excited about an environmental response bill. That is part of the discussion, as I see it. Sadly enough, this amendment, which has been added to the Interior appropriations bill, addresses the profit side of the picture and ignores the environmental and taxpayer side of the picture. That, to me, is shortsighted and something that should be defeated.

The fact that this was done in committee and has at least been attempted in the past is a suggestion to me that the mining industry, even with the Republican majority in the House and the Senate, really hasn't gone to the authorizing committees for the changes which have been suggested on the floor. I think they should. I think it is certainly time, after 127 years, to update this law.

In closing, if we are going to change this law and change it in a comprehensive and responsible way, let us do it through the regular authorizing process.

It is interesting to me that yesterday we had a fierce debate on the floor about rule XVI, and we said of rule XVI: We will not legislate on appropriations bills. Of course, there are always exceptions to every rule.

In this case, because there was a reference to the mining act in the bill coming over from the House, they were allowed to offer this amendment. As Members may glean from the length and breadth of this debate and its complexity, we should not be putting this environmental rider on an appropriations bill at the expense of the environment and the taxpayers.

I say to the mining industry, a legitimate industry employing many hardworking people, certainly the things which are done are important to America's economy and its future, but it is not unreasonable for Americans to think that we have a vested interest in our own public lands. Companies cannot leave behind this legacy of waste. Unlimited acreage being used for dump sites is not being held accountable.

This amendment, if it passes, will say to these mining companies: These hard rock mining companies will not be held accountable. Use as much of America's land that is needed to dump your waste after you have mined the minerals. As taxpayers, we will accept it.

For this Senator from Illinois, the Senators from Washington and California and many others, that is unacceptable.

I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, let me speak directly to the Senator from Illinois, the Senator from Massachusetts, and the Senator from Washington. I have heard statements from the Senator from Illinois that I know he means in good faith but I think are wrong. The record must be corrected in that regard. The law does not allow many of the things he has suggested might happen.

For example, tonight he suggested that the Craig-Reid amendment would allow unlimited surface land domain. That is simply not true. Let me repeat for the record, that is an inaccurate statement.

Here is what the law allows today and what the Reid-Craig amendment does: It simply reinstates the law as it exists today. The Senator from Illinois is absolutely right as to what the 1872 mining law says as to the 5 acres per claim. However, what attorneys have said who were brought before the subcommittee that I chair, while that was the law, it was based on the concept of the Comstock Lode, which was the mining activity in the State of Nevada that generated the 1872 mining law. From that time forward to today, it was viewed in the law as a minimum necessary requirement.

What the Senator from Illinois did not say, which refutes the idea that this is some kind of unlimited land surface grab, is the BLM, the administrator of claims on public land, in the process of working with a mining company that is establishing a mining operation establishes the 5 acres and additional acres as is necessary to conduct that mining operation.

What does that mean? That does not mean unlimited acreages. It means exactly what I said it means. It means that the Bureau of Land Management develops a mining plan consistent with the mining operation all inclusively consistent with the Clean Air Act and the Clean Water Act for a mining company to effectively mine the mineral estate they have established under the mine plan and with their permit. That is not unlimited. It is our Federal Government. The BLM under the law establishes the surface domain that a mining company can have for the purpose of operations.

Is that unlimited? I repeat to the Senator from Illinois, no, it is not. It is restricted by the character of the process and by 127 years of operation. That is what it is. That is what we are attempting to reinstate.

The Senator from Illinois went on to say: Why didn't they go to the courts? Why have they come to Congress? The reason they have come to Congress is because the act of the Solicitor would be automatic and immediate. The Senator from Nevada earlier spoke to the consequence of this decision.

Mining stock in this country dropped by a substantial percentage point on the stock exchange because the Solicitor's opinion was saying if it were fully implemented both prospectively and retroactively, it would dramatically halt existing mining operations and cost mining companies that were operating under good faith, the law, and the historic practice as prescribed by the Forest Service and the BLM, by their manual, and by their current handbooks, it would have simply stopped them, and they would have waved literally hundreds of millions of dollars in the process of developing a mining plan that was environmentally accurate and environmentally sound.

I know the Senator from the State of Washington is upset because the crown jewel mine in her State was, by her own State's environment director, announced to be the best ever; that they had met all of the environmental standards; they were complying with all the Clean Air and Water Act and somehow the Solicitor stepped in and stopped the process.

The senior Senator from the State of Washington and the supplemental appropriations bill this year said it is just blatantly unfair for a company to operate in good faith under the law and under the environmental laws of our country. For the Solicitor, an appointed bureaucrat, to step in and stop them without any public process is against the very character of the law we create on this floor.

So the senior Senator from the State of Washington was right in doing what he did. At that supplemental appropriations conference, while I was trying to do exactly what the Senator from Nevada and I have just done with this amendment, we said: No, let's not do that.

I chair the Public Land Subcommittee, the mining subcommittee. Let's hold hearings on this issue. Let's see if the Solicitor is right in doing what he has done. We brought in mining authorities, lawyers who practice this law professionally full time before the committee, asking if the Solicitor was right in doing what he did. Their answer was absolutely not; 127 years of practice would argue that the Solicitor reached out in thin air and grabbed an opinion that he knew would bring the mining industry to its knees.

Why would he know it? Surely, he wouldn't do it arbitrarily or capriciously. Surely, he wouldn't do that for political purposes. Want to bet? Let me state why he did it. Let me speak to Members in Mr. Leshy's own words, words written in his own book, called "Reforming the Mining Law: Problems and Prospects." This Solicitor knew exactly what he was doing. He did it for political purposes. He did not do it for the kind of benevolent, benign, environmentally sound reasons that the Senator from Illinois suggested.

The Solicitor said:

> A hoary maxim of life on Capitol Hill is that Congress acts only when there is either a crisis or a consensus.

The Solicitor at the Department of Interior attempted to establish a crisis in the mining industry with the mining law.

He went on to say:

> Currently there is no genuine crisis involving hardrock mining—

although the Senator from Illinois worked for about an hour to gin one up—

> but with a little effort crises sufficient to bring about reform might be imagined.

That is what the Solicitor said when he was a private citizen environmental advocate against mining.

So then he went on to say:

> At the extreme, it might even be appropriate for the Interior Department and the courts to consciously reach results that make the statute unworkable.

The Solicitor himself in a former life, in 1988, said: You know what we could do? We could create a crisis and make the statute unworkable, and we would force the Congress to change the law. And then all of a sudden John Leshy was no longer private citizen, environmental advocate; he was public citizen appointed Solicitor of the Department of Interior. And what did he do? He followed his own words and his own edicts. He attempted to create a crisis. And a crisis it was, and we have spoken to it already, the crisis that tumbled mining stock dramatically in the stock markets of this country.

A message went out to the mining industry: You are not only unwelcome on public lands, we are going to try to run you off from them. That is a hundreds-of-millions-of-dollars industry, with tens of thousands of employees across this country, yet the Solicitor, a nonelected public official with no public process, did this. The Solicitor's opinion was not subject to public comment or review. The Department of Interior failed to provide a forum for interested parties to express their views. The Solicitor's opinion is a change in the law that the administration made without any kind of review. It just simply said: That's the new law. And I say "new law" because for 127 years the Department of Interior, the BLM, and the Forest Service operated under the law that Senator REID of Nevada and I are attempting to reinstate this evening. That is what the Solicitor did.

Mr. KERRY. Mr. President, may I ask my colleague how long he will be going, just so I can plan accordingly?

Mr. CRAIG. Probably for about another 10 or 15 minutes.

Mr. KERRY. I thank my colleague.

Mr. CRAIG. The Solicitor went on to say:

> Some particularly dramatic episode that highlights the particular anachronisms of the Mining law might also encourage Congress to perform surgery on the Law.

That is what the Solicitor said, and that is what the Solicitor did.

What John Leshy failed to say is that over the years he and I have met around the country, debating, and he has wanted to change the mining law in such a dramatic way that the mining industry of this country simply could not operate.

The Senator from Illinois suggested we ought to change the law. You know, he is right. As chairman of the Public Lands Subcommittee and as chairman of the mining committee for the last 5 years, I say to the Senator from Illinois, we have tried to change the law. We even brought it to the floor once, passed it in a supplemental, and guess what happened. President Clinton vetoed a major change in the 1872 mining law. What did that law have in it? Major reclamation reform. It had within it a hard rock mining royalty that would have funded that reclamation reform so if mine industries went bankrupt, there was a public trust provided by the mining companies to do that kind of reclamation reform. But this President and his Solicitor will not allow that kind of reform to happen.

I have worked in good faith, and, I must say, the Senator from Nevada has, for the last 5 to 6 years to make significant change in the 1872 law. We recognize the need for its modernization. That is not denied here. But what you do not do is the very backdoor, unparticipatory, nonpublic effort of the kind the Solicitor did.

The Senator from Illinois talked about the degradation that happened in his State. What the Senator did not say is, it does not happen anymore. The reason it does not happen anymore, and the reason he should not use it as an example, is that there is a law that disallows it today. There is full mine reclamation on surface mining, especially in the coal industry.

So let me suggest to the Senator from Illinois, let's talk today and not 50 years ago, when he and I would both agree those kinds of practices now are unacceptable. They may have been acceptable then, but they are not acceptable now. In fact, the Senator from Illinois held up a picture. He did not quite know where it was. I will tell him where it was. It was in the State of Montana. I have been to that site. I have traveled and seen these problems. Three times we tried to get that issue in Montana cleaned up. Environmental groups stepped in and sued.

You kind of wonder if they do not want the issue instead of a resolution to the problem. We have worked progressively with them to try to reform the 1872 mining law, and in all instances they have said no. Here is why they said no. They said: We don't want you to have the right to go find the mineral if you find it in a place in which we don't want you to mine.

That is an interesting thesis because gold is, in fact, where you find it. It is not where you might like to have it for environmental reasons. What do we do with a thesis like that? We say OK, gold is where you find it, silver is where you find it, but because of our environmental ethics and standards today, you have to do it in an environmentally sound way.

That is what you have to do. You have to comply with the Clean Air Act. They did in the State of Washington. You have to comply with the Clean Water Act. They did in the State of Washington. You have to meet all the State standards—tough standards in the State of Washington. You have to meet all the Federal standards—tough standards in the State of Washington.

That is what the Crown Jewel Mine did. And yet, at the last moment, in the 12th hour, by pressure from environmental groups, Mr. Leshy came out of his closet and said: No, you can't.

And the senior Senator from the State of Washington said: Wrong, Mr. Leshy. That is not the way a democracy works. That is not the way a representative republic works. If they played by the rules and they played by the law, then they must have the right to continue. That is the issue we are talking about. We are talking about dealing fairly and appropriately with the law.

Let me go ahead and talk about Mr. Leshy some more because he is being talked about tonight as the savior of the environment. Let me tell you what he is really out to do. It is not to save the environment but to destroy the mining industry. He has worked for decades with this goal in mind. What did he say in this book he wrote in 1988? What he said was:

> Bold administrative actions, like major new withdrawals, creative rulemaking or aggressive environmental enforcement, could force the hand of Congress.

Mr. Leshy is right. He forced the hand of Congress. The Senator from Washington and I discussed this briefly in the Appropriations Committee.

I do not stand tonight to impugn the integrity or the beliefs of the Senator from Illinois or the Senator from Washington or the Senator from Massachusetts. But it is important that when you say unlimited withdrawal of surface, I say it is wrong, because it is not right; that is not what the law allows. The Department of Interior does not allow that unless it is within the plan, unless it is bonded, unless it meets all the environmental standards, and it is proven to be required by the mining operation as appropriate and necessary.

Those are the laws as we deal with them today.

I suggest the Senator from Montana was absolutely right. I am talking about reforming the 1872 mining law. It is a location and a withdrawal law. It is not an environmental law. Modern mining companies must adhere to the law, and that is the Clean Air Act, and that is the Clean Water Act, the National Environmental Policy Act, and all of those that are tremendously important. That is what we debate here this evening, and that is why it is critically important that we deal with it in an upfront and necessary manner.

Mr. DURBIN. Will the Senator yield for a question?

Mr. CRAIG. I will be happy to yield in a moment.

I would like to reform the 1872 mining law, and I would like the Senator from Illinois to help me. The Senator from Nevada has stood ready with me for now well over 5 years for that purpose, only to be denied it by this administration. They kept walking away from the table. They would very seldom come and sit down with us. I must tell you, I do not know why. I ultimately had to draw the conclusion that they preferred the issue over the solution because it was our effort in the State of Nevada, a very important mining State for our country, and my State of Idaho, a very important mining State, that we resolve this issue. That, of course, is why I think it is necessary.

A mining claim is a parcel of land containing precious metal in the soil or the rock. That is what a claim is.

A mill site is a plot of ground necessary to support the operations of a mine. That is what a mill site is.

Mill sites are critical to mining because, amongst many uses, they hold the rock extract, that which is brought up out of the ground from the diggings of the mine, containing milling facilities that extract valuable minerals from the ore and provide a location to house administration and equipment and repair and storage facilities.

Let me suggest a comparative to the Senator from Illinois. If I bought a half acre of ground in downtown Chicago for the purpose of building a 50-story building, and they said I could go down 50 feet and establish parking, but I could not go up any, and I was not given any air rights, then I could not build the building. I could acquire the property and I could dig down, but I could not go up.

That is exactly what the Senator is suggesting tonight, that you can gain a mining claim under the law but you cannot build a mill site because 5 acres, I think as most of us know, is a fairly limited amount of ground, and that is exactly what the Federal Government has recognized for 127 years.

As a result of that, what the Government has said is, if you meet these standards and you incorporate it in a mining plan, you can have additional acres we will permit you for that purpose. Is that unlimited? I say to the Senator from Illinois, it is not. To suggest to anybody in the BLM, including this administration's BLM, that they give carte blanche acreages of land to mining companies is, in fact, not true. That is the reality of working with the BLM. Whether it is a Republican BLM or a Democrat BLM, both administrations, all administrations, have adhered to the law. It is important that the law not be misrepresented.

I suggest to the Senator from Illinois that mining is not necessarily a clean business. Digging in the ground is not necessarily a clean business. It is not environmentally pristine. That is the character of it. There are few businesses where you disturb or disrupt the ground that are. It is how you handle them after the fact with which I think the Senator from Illinois, the Senator from Washington, the Senator from Massachusetts, and I would agree. I hope they do not want to run the mining industry out of our country. We already have substantial exodus from our country because of costs of mining based on certain standards. They all attempt to comply.

The greatest problem today is access to the land. The Senator from Illinois does not have any public land in his State, or very limited amounts. My State is 63 percent federally owned land—your land and my land. I am not suggesting that it is Idaho's lands, nor would the Senator from Nevada suggest that only Nevadans ought to determine the surface domain of the State of Nevada. We understand it is Federal land.

Nevadans and Idahoans and Americans all must gain from the value of those resources, but we also understand that they must be gained in an environmentally sound way. We have worked mightily so to build and transform a mining law for that purpose. I must tell you that the Solicitor, both as a private citizen environmental advocate and now as a public citizen Solicitor, has fought us all the way, because he wanted a law that fundamentally denied a mining company the right of discovery, location, and development unless it was phenomenally limited. Those are the issues that clearly we deal with when we are on the floor.

Let me say in closing, Mr. President—and it is very important for the Senators to hear this—we are not changing the law. We are simply saying: Mr. Leshy, you do not have it your way until policymakers—the Senator from Illinois and the Senator from Idaho—agree on what the law ought to be. That is our job; that is not John Leshy's job. Ours will be done in a public process with public hearings and public input and not in the private office of a Solicitor down at the Department of Interior who, in the dark of night, slips out and passes a rule and the stock market crashes on mining stock.

I do not think the Senator from Illinois would like that any more than we would if we did it to major industries in his State, because he and I are policymakers and we should come to a meeting of the minds when it comes to crafting reform of the 1872 mining law. That is what I want to do. I hope that is what he wants to do.

Are we legislating on an appropriations bill? No. We are saying: Mr. Solicitor, you do not have the right to change the law. We will leave the law as it is, as the current 1999 or 1998 handbook at BLM says it is, as the current handbook down at the Forest Service says it is, and that is the handbook a mining company uses to build a mining plan, to build a mining operation. He said at the last hour: The handbook is no good even though we wrote it, even though we OK'd it, and even though that is the way we operate.

I do not think so. We now know why. Because, for goodness sake, we read his book, the book he crafted in 1988 saying: Let's create a crisis, let's bring the mining industry to its knees, and just maybe then we will get the Congress to move.

I heard John Leshy in 1988 and again in 1990, as did the Senator from Nevada. We worked mightily to change the law, and we are still working to do it. We have not been able to accomplish that. I hope we can, and we will work hard in the future to do that. But I hope my colleagues and fellow Senators will support us tonight in leaving the current law intact and not allowing this administration, or any other one, through their attorneys, to arbitrarily change a law without the public process and the public input that the Senator from Illinois and I are obligated to make, and yet tonight he defends the opposite. I do not think he wants that. I do not think any of us want a private process that will deny the right of public input.

Mr. REID. Will the Senator yield for a question?

Mr. CRAIG. I am happy to yield.

Mr. REID. The reason I ask the Senator to yield is, the two leaders, I am sure, are curious as to how long we are going to go with this. There are a number of people who wish to speak. I am wondering if there is any chance we can work out some kind of time agreement on this on the minority side and majority side.

Mr. CRAIG. Let me say to the Senator from Nevada, I am ready to relinquish the floor. The Senator from Massachusetts has been waiting a good long while. I will work with the Senator from Washington. It is certainly her amendment. We have second-degreed it. If we can arrive at a time agreement, I would like to do so to accommodate all who have come to speak on this issue. It is important that they have that opportunity.

At the same time, we want to finish this before the wee hours of the morning, and we want to conclude it either with a vote on the second degree, or, if that is not going to happen, if we cannot arrive at something, we will want to look at finalizing this by a tabling motion. Let me work with the Senator from Washington.

Mr. STEVENS. Before the Senator yields the floor, will he yield for a question?

Mr. CRAIG. I will be happy to yield the floor.

Mr. STEVENS. I have been listening to the debate, and it has primarily been proponents of the amendment. I am willing to have some time. We should have a time certain to vote. I hope there is going to be some accommodation for those who have been waiting for these opening speeches to end. I will be more than willing to set a time, such as 8 o'clock, to vote, provided we get some time to respond to the statements that have already been made.

Mr. CRAIG. I say to the Senator from Alaska, I am going to relinquish the floor and sit down with the Senator from Washington to see if we can work out a time agreement to accommodate the Senator's concern. I hope we can shoot for the 8 o'clock hour or somewhere near that, recognizing everyone's right.

Mr. REID. Will the Senator yield for another question?

Mr. CRAIG. Yes.

Mr. REID. I say to my friend from Idaho and to the Senator from Alaska, there has been a debate on both sides. It has not been dominated by the proponents of the underlying amendment. There has been a good discussion here.

Mr. STEVENS. Maybe I was just listening at the wrong time.

I thank the Chair.

Mr. CRAIG. I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. BURNS. Mr. President, will the Senator yield so I can propound a unanimous consent request?

Mr. KERRY. I yield.

Mr. BURNS. I thank my friend from Massachusetts.

PRIVILEGE OF THE FLOOR

Mr. BURNS. Mr. President, I ask unanimous consent that the privilege of the floor be granted to Terry L. Grindstaff, a legislative fellow in my office, during the debate of the Interior appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BURNS. I thank my friend from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KERRY. I thank the Chair.

Mr. President, I have listened with interest to the debate for some time now, and I listened with great interest to the Senator from Idaho. After listening to the Senator from Idaho, I really believe the fundamental confrontation here was not addressed by the Senator in his comments. He made a lot of references to the Solicitor of the Department of the Interior and to the decision that he alleges was made in the dead of night and that we should not rush forward with a sudden decision by a bureaucrat to change the how we regulate mining on public lands and the relationship between mining companies and the Bureau of Land Management and the Congress.

Let's try to deal with facts. Let's try to deal with the reality of the situation rather than obfuscating and avoiding the confrontation that has been going on in the Congress for a long period of time.

This is not something that is happening just at the whim of a bureaucrat. This is not something that is happening this year, now, suddenly for the first time. There has been a 10-year effort to try to change how we regulate mining in this country, and every time we get close to accomplishing that, some argument or another is used to try to avoid making the right choice—the choice that is part of the original law itself on which all of this is based.

That law is the Federal Land Policy and Management Act of 1976 by which the BLM published its current regulations in 1980. Those regulations are required under the law. It is the law of the land that the Secretary of the Interior must take any action necessary, by regulation or otherwise, to prevent unnecessary or undue degradation of public lands. That is the law.

The Secretary is required to take action to prevent undue or unnecessary degradation of the public lands. We have been debating in the Congress, as long as I have been here, the level of degradation that is taking place, and its impacts, as a result of the hard rock mining.

The BLM published regulations in 1980. They became effective in 1981. That was the first attempt of the BLM to try to provide some kind of effective management ever since the mining law of 1872. A review was supposed to take place 3 years later. That review never took place. But in 1989 a task force was created, and a rulemaking was begun in the Bush administration to consider amendments of the 3809 regulations. The fact is, there was a failure to enact that. Why? Specifically, to give Congress the opportunity to develop its own reform and pass it.

Contrary to what the Senator from Idaho said about secret, last-minute meetings, the fact is that in the 103rd Congress Senator Bumpers introduced legislation. Representative NICK RAHALL of West Virginia introduced legislation, and the House passed his legislation by 316–108. One of the major concerns of those who opposed the measure was that it included an 8-percent royalty on net smelter returns, which would have, according to the arguments of some, and I suspect that includes Western Senators and Representatives, made some mines uneconomic.

So we go back to 1993 when legislation was introduced that would have instituted the very royalties that we were just heard the opponents of the Murray amendment tell us they would accept. But they fought the royalties, and they fought the bill, and the bill died.

Two less comprehensive and almost identical bills were introduced in April of 1993. In those, patents were to continue to be an option, but patent fees were going to reflect the fair market value of the surface estates. A 2-percent net value mine mouth royalty was going to be imposed. In the Senate that year, there was an industry-backed bill. That was passed by the Senate in May of 1993, but once again it was stopped dead because the House and Senate conferees could not bridge the gap between the industry-backed legislation and the environmentally-backed legislation. It died.

In the 104th Congress the Mineral Exploration and Development Act of 1995 was introduced by, again, Representative Rahall and others to overhaul the mining law. That was almost identical to the bill the House passed in the 103rd Congress.

Three mining reform bills were introduced in the Senate. One was introduced by Senator CRAIG. It was supported by the mining industry. Another was introduced by Senator Bumpers. The one introduced by Senator CRAIG more closely resembled the Rahall bill. The bill Senator Bumpers introduced was supported by most of the environmental and conservation community. And a third bill was introduced by Senators Johnston and CAMPBELL that resembled a later version of what then-Chairman Johnston incorporated into the conference debate.

But again no further action was taken. Why? Because once again the industry refused to accept some of the provisions that included to protect the land adequately, including clean up, holding sufficient bonding, do the things necessary which the Senator from Nevada has offered to do on the floor tonight. But there is a long legislative history of the opponents of the amendment refusing to do that. That is why the Bureau of Land Management has finally come to the point of saying we have to do something. And what they are doing is justified.

Since 1980, the gold mining industry in the United States has undergone a 10-fold expansion. I know it is now on facing many challenges as the world market for gold has pushed prices down, but nevertheless, it has grown substantially over the past two decades. Many of those gold mines are located on the public lands that we are suppose to be protecting. Much of this increased production comes from the fact that, as a result of new discoveries and technologies, you can mine ore of a much lower grade. Mine operations are able to move millions of tons of material and move it around the landscape to produce just ounces of gold. The new techniques use cyanide and other toxic chemicals for processing.

In short, even though I agree that we are more environmentally concern today than in years past, the fact is that today's mines have an even greater capacity to cause environmentally negative impacts. We did not hear the Senator from Idaho talk about how we are going to ensure that these mine clean up. Of course, there is an economic impact in trying to clean up a mine. But, I respectively as my colleagues that they don't come to the floor of the Senate and start complaining that suddenly a bureaucrat is coming in the dead of night to do what we have been fighting to do for 10 years in the Senate, and what I think most people understand is a huge struggle between those who want to protect the lands adequately and those who want to continue the practices that are endangering them.

The fact is—and this is a fact—this provision is simply the latest addition in a series of riders that have prevented the Clinton Administration from enforcing the 1872 mining law and reforming the sale of our Nation's mineral assets.

Coal does not get the privileges of hard rock mining. Oil and gas do not get the privileges of hard rock mining. It is absolutely extraordinary that at a time when Senators will come to the floor of the Senate and talk about giving money back, in tax cuts, to the citizens of this country, who deserve the money, that they will vote against giving them the money they deserve from the land that they own. This land belongs to the American citizens, and it is nearly being given away, without royalties, to mining companies that leave behind devastation. The are not paying their fair share, not just for cleaning it up, but also on the gold, silver and other minerals that they profit from, and that Americans own. I think it is the wrong way to legislate the priorities of our lands and the protection of them.

The Bureau of Land Management tried to update environmental protections in 1997. Respectfully, I ask that my colleagues not come to the floor and tell us that this all of this happened in the dead of night or some secret effort. The Clinton Administration tried to enact some reforms in 1997, and they were blocked by a rider on an appropriations bill. It was stopped again by a rider in the 1998 Interior appropriations bill that prohibited them from issuing proposed rules until the Western Governors were consulted and, then, until after November of 1998.

Here we are in July of 1999. The BLM satisfied the requirements of that rider of 1998.

They then resumed the rulemaking process. It wasn't in the dead of night. It wasn't a surprise. The Clinton Administration, again, took up the rulemaking after they had been required to consult with the western Governors. The BLM satisfied that. But then they were stopped again by a rider in the fiscal year 1999 omnibus appropriations bill calling for a study by the National Academy of Sciences and delaying the rules at least until July, which is where we are right now. However, not even that was enough. In February of this year, the BLM issued proposed rules, and it entered a public comment period, not the dead of night, not some surprise effort by the rulemakers. They were proceeding according to how Congress had told them to proceed. And then another rider was inserted into the year 2000 supplemental appropriations bill so that we could further delay the rulemaking process.

Now we are considering a fourth rider, the fourth rider for the mining industry since 1997 in the fiscal year 2000 Interior appropriations.

While these riders are slightly different legislatively, they have all protected a flawed system that continues to allow us to sell an acre of land for as little as $2.50; $2.50 for an acre of land to go in and mine thousands of dollars of worth minerals and possibly cause excessive environmental damage, certainly alter the landscape in a dramatic way.

I am as strong an admirer of the Senator from Nevada as anybody in the Senate. He is a friend, a good friend. He is representing his State and he has to. He has 13,000 miners there. But one has to wonder about the cost of reclaiming the land and who will pay it. At some point we may find cheaper for the United States of America to pay those miners not to mine than to pay for the kind of environmental damage that has been presented here today by the Senators from Washington and Illinois. Rivers have been ruined, the toxics spilled into the environment. What is it, $32 billion to $72 billion is the estimated cost of cleaning up chemicals that have been released in these operations and other environmental damage to drinking water and water systems. It is cheaper to tell them not to do it than to continue to do this.

What are we doing? Well, we have a law, the 1872 Mining Law, that restricts each mine claim of up to 20 acres to a mill site of 5 acres to dump waste and process material.

In his decision, the Solicitor did not amend, he did not reinterpret the law. Even the mining industry has agreed that the 5-acre mill site limit is the law, I point to an article from 1970 when a law firm representing the industry openly concede that point. They may argue a different case now, but before this opportunity presented itself, the mining industry agreed. All the Solicitor did was recommend that the BLM start enforcing this provision again. That is all. Enforce the provision.

Mr. REID. Will my friend yield for a parliamentary inquiry?

Mr. KERRY. I will for the purpose of a parliamentary inquiry.

Mr. REID. I say to my friend, we have talked, and we would like to vote at 7:35 or 7:40. What we are going to do is divide the time between now and then between the proponents and the opponents of this particular amendment. There will be, near that time, a motion to table that will be initiated. Could the Senator indicate about how much longer he wishes to speak?

Mr. KERRY. Mr. President, I can't. I want to speak my mind on this issue. Although I am one of the original cosponsors, I can't speak for the lead sponsor. I don't know if there are other Senators on our side who would like to speak. You have the right to table.

Mr. REID. We know the Senator from Washington wishes to. We want to try to be fair.

Mr. KERRY. I don't imagine I will go more than 10 minutes or so. I don't know what the Senator from Washington needs.

Mr. REID. We could go until 7:40, which leaves 35 minutes.

Mrs. MURRAY. Mr. President, I believe the Senator from Massachusetts has the floor, but if I may clarify, is the Senator asking to divide the time equally between now and 7:40?

Mr. REID. Yes.

Mrs. MURRAY. I will not object to that.

Mr. REID. Divided equally. I ask unanimous consent, Mr. President.

Mr. STEVENS. Just a minute. I don't understand the division of time.

Mr. KERRY. Mr. President, reserving my right to reclaim the floor.

Mr. REID. The Senator has the floor. I say to my friend from Alaska, we would divide the next 35 minutes between the proponents and opponents. There would be equal time. I checked with the other Senator from Alaska and he thinks that is okay.

The PRESIDING OFFICER (Mr. ALLARD). Is there objection? Without objection, it is so ordered. The Senator from Massachusetts is recognized.

Mr. KERRY. I thank the Chair.

The BLM is simply seeking to enforce the existing law once again. No reinterpretation, no change. This is not a far reach. This is existing law, which, as I say, very clearly in 1970 and in other times has been acknowledged as the law even by the mining industry itself.

It was likely under pressure from the mining industry in the 1960s and 1970s that the Federal Government started to overlook the provision and permitted mining operations to use more than the single 5-acre mill site. What we are saying is that was a mistake of enormous environmental and fiscal consequences.

The BLM ought to enforce the law. It is one of the few protections that we have.

Let me try to share with colleagues what the consequences of the current law are, why it needs reform and why it should be enforced. According to an editorial in the USA Today newspaper, in 1994, a Canadian company called American Barrick Resources purchased 2,000 acres of public land in Nevada that contained $10 billion in gold. How much do you think they paid for the 2,000 acres and the $10 billion of gold? They paid $10,000.

Every time in the last few years that we have tried to have a fair meeting of the minds on the subject of what is an appropriate royalty or what is an appropriate bonding, it hasn't worked. It is public land. There ought to be requirements, more than we have now, for a mining company that wants to mine public land, take out billions of dollars of gold, and pay the taxpayers only $10,000. They don't say to you: We are going to degrade the land, damage rivers and leave the place unusable for other purposes.

If they said that, do you think anybody in the Senate would stand up and vote for it up front? No. But you are voting for it. That is the effect of what happens here, unless we turn around and say, no, we are going to enforce the law.

I understand the economics of this, but one of the problems we have across the board nationally and globally is that we don't value the environmental impact on the cost of goods. Nobody wants to be responsible for doing that, for incorporating in the cost of a product the cost reducing our national resources. So we keep doing things that actually cost us an awful lot more, but it is never reflected in the cost of the product. But we pay for it; the American taxpayer pays for it.

The environmental toll is high. Over 12,000 miles of streams have been destroyed, according to the Mineral Policy Center, which is group expert in the impacts of mining. I don't understand how we can risk, especially in the West where water availability is a problem, polluting our watersheds this way. We have one major, enormous reservoir for water for the United States under most of the mid-central section of the nation. We are increasingly depleting that reservoir of water. And we are currently, mainly through agriculture, using that water at a rate exceeding its resupply. We can't afford to destroy 12,000 miles of streams.

What is the economic value of those streams? Has anybody calculated that?

Has anybody calculated the economic value in the cost of lost drinking water because of chemical that contaminated it? This is a matter of common sense, and we are not exhibiting that kind of common sense as we approach it. The fact is that there are almost 300,000 acres of land owned by the citizens of the United States of America, public land that has been mined and left unreclaimed. Abandoned mines account for 59 Superfund sites. There are over 2,000 abandoned mines in our national parks. The Mineral Policy Center estimates the cleanup cost for abandoned mines, as we mentioned earlier, is at the high end, $72 billion, and at the low end, $32 billion.

Will the Senators from the West come forward with that $32 billion? Where is the offer by those who want to continue these practices and run that bill up even higher to pay the bill? Is there an offer to pay the bill?

I think the Senate ought to put an end to this process, to protecting a flawed policy, by supporting the Murray amendment, by opposing rider or provision of Senator CRAIG and Senator REID. I will, if for no other reason so I can simply represent the taxpayers in good conscience. The costs of continuing this program are far greater than the costs of enforcing the law and doing what is required. The Senator from Nevada asked, a moment ago, of the Senator from Illinois: What would you like us to do? He said: What do you think the mining companies ought to do?

Let me respectfully share with you what the Bureau of Land Management wants them to do, which the mining companies and these constant riders are blocking us from doing. Here it is very simply: Protect water quality from impacts caused by the use of cyanide leaching, thereby safeguarding human environmental health in the arid West. Second, protect wetlands in riparian areas, which provide essential wildlife habitat in arid regions, as well as promoting long-term environmental health, and sharply limit or eliminate any loopholes to the requirement to get advance approval of mining and reclamation plans.

Moreover, there are significant things that could be done. Require financial guarantees for all hard rock mining operations; base the financial guarantee amount on the estimated reclamation costs; require the miner to establish a trust fund to pay for long-term water treatment, if necessary. Is that asking too much? If you come in and use the land and you degrade the water, shouldn't you be required to provide water treatment in order to protect the water?

Is it asking too much that you should post a bond in order to guarantee that once you strip the mine of all of its economic value and have taken out billions of dollars and walked away with your profits, that you should have some requirement for reclamation, and that there is a sufficient bonding from those profits. Even if you don't pay royalties, shouldn't you pay to guarantee the land is going to be cleaned up?

So they ask what should we be able to do. The things they should do are clear as a bell, and they have been blocked. Blocked for the 10 years that I have watched this being fought here. I watched Senator Bumpers from Arkansas pace up and down there with these arguments year in and year out. And year in and year out, unfortunately, the industry works its will against the better common sense of true conservationists, against the better common sense of those whom I believe care deeply about the land.

It is incredible to me that we of good conscience can't find adequate language and compromise to protect this land, to be able to do this properly. We require more of coal miners, and we require more of oil and gas than we do of hard rock mining, and it is public land.

So I say to my colleagues we have an opportunity to do what we have been trying to do as a matter of common sense, which is enforce the law of the land. That is all we are asking—enforce the current law of the land as it was before, as it should have been, and as it must be now, in order to adequately protect the interest of the citizens.

I reserve the remainder of our time.

Mr. STEVENS. Mr. President, may I have 8 minutes?

Mr. GORTON. I yield 8 minutes to the Senator.

Mr. STEVENS. Mr. President, I find myself in a strange position because I was Solicitor of the Interior Department. At the time, I followed the law and I interpreted the law; I did not make law. The BLM manual, in case you are interested, says specifically:

> A mill site cannot exceed 5 acres in size. There is no limit to the number of mill sites that can be held by a single claimant.

Now, that is a regulation made pursuant to the law that was in existence at the time the Solicitor rendered his opinion. He ignored that. But the main thing is, I am hearing things on the floor that amaze me. The Senator from Illinois says that, apparently, the environmental laws don't apply to mining claims. Why is it, then, that there is a requirement for mill sites? The mill sites are there primarily for the purpose of the tailings disposal of the ponds that must be built to provide protection under the Clean Water Act. Many of them are enormous in size and require several mill sites in order to have one disposal site. Those environmental laws are there to protect the public lands. But the Solicitor's opinion says you can only have up to 5 acres, which is the Catch-22. This opinion was not intended to validate the mining law. It was made to invalidate the mining law of 1872.

In my State—and, after all, my State has primarily half of the Federal lands in the United States—the mining law is working. Our State has a small mining law that is compatible in terms of requiring claims to be pursued by production of minerals to take actions to protect the lands. In Alaska, it is our fourth largest industry. The Greens Creek Mine has twice as many mill sites as does active claims under a plan filed with and approved by the Federal Government. As a matter of fact, it is mandated by the Federal Government that such lands be used for specific environmental purposes to protect the lands that are being mined and protect the waters, in particular. The Clean Water Act applies.

I am appalled—and I wish my friend from Massachusetts had stayed here—at his comments. I would like to take you to Alaska. Come up to Alaska and I will show you mining claims, and I will show you the extent to which we require them to comply with the environmental laws. As a matter of fact, we have enormous mining claims. The Kensington, Donlin Creek—they would never get off the ground if this amendment were passed.

Currently, there are 235 jobs on one mine alone. This is going to put thousands of people out of work in my State. The fourth largest industry will go out of existence if this passes, because you cannot mine in Alaska with just 5 acres to comply with the mining laws and the environmental laws.

The other thing is, I want to make sure you understand mill sites cannot be on mineral land. Under the law, they cannot be on mineral land. They are lands that are located somewhere in connection with the mining activities, and they have mining operations on them. So most of this entirely misses me. I don't understand what is going on. As a matter of fact, we have had fights over mining claims for years. My good friend from Arkansas is not with us anymore, but we had fights over mining claims. This is the first time people have attacked mill sites. The amendment of the Senator from Washington attacks mill sites under the Solicitor's opinion—a misguided opinion at that—with regard to the number of mill sites. The Forest Service manual states:

> The number of mill sites that may legally be located is based specifically on the need for mining and milling purposes irrespective of the types or number of mining claims involved.

That has been a regulation issued by the Forest Service pursuant to the mining law, and it has been valid for years. Suddenly, the Solicitor's opinion says all that is nonsense; you can only have one mill site per mining claim. I am at a loss to understand why all of this rhetoric is coming at us with regard to the sins of the past.

Why don't we talk about the tremendous destruction in the East? Why is this all about the West? As a matter of fact, as the companies from the East moved into the West, they laid the West to waste, and that is what led to the environmental laws that we have and live by. We abide by them, particularly the Clean Water Act, the Clean Air Act, and the basic Environmental Protection Act.

Every one of these mining claims must have a mining plan approved by the agency that is managing the Federal lands for the Federal Government. Those agencies approved those plans. To suddenly come in and to say there is something wrong about this, I don't understand the Senators from the East, nor do I understand the Senator from the West, raising this kind of an objection to the lands that are necessary for environmental purposes. If this mining claims decision is upheld, that decision made by the Solicitor, every mine in my State must close. Every mine must close. That is nonsense.

Senator MURRAY's amendment merely states that the Solicitor is not going to make law. If you want to bring the law in and change the law of 1872, bring in the bill. We will debate it, as we did Senator Bumpers' bills. But don't come in and try to validate a Solicitor's opinion which is erroneous, and it is not good law.

The PRESIDING OFFICER (Mr. THOMAS). Who yields time?

The Senator from Washington.

Mrs. MURRAY. How much time remains on our side?

The PRESIDING OFFICER. Eight minutes 27 seconds on the Senator's side, and 10 minutes 5 seconds on the majority side.

Mrs. MURRAY. Mr. President, I yield 4 minutes to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, I thank the Senator from Washington for her leadership on this important issue.

I have listened carefully to this debate. I will gladly acknowledge that many of the Senators, including the Senator from Alaska, have more personal knowledge of the mining industry than I do. But I believe that the environmental issues here are clear-cut issues, whether you live in the East, West, North, or South.

What we are talking about here is public land—land owned by every taxpayer. The people in a certain State with public land have no more claim to it than those in every other State. That is why this is a national issue.

Allow me, if I may, to put this in a political context. It is my understanding that this was based on a decision in 1991—I underline 1991—in a manual that was issued by the Department of the Interior, which has now become the handbook, or so-called "manual," which has now become the basis of this debate. This so-called manual, or handbook, was neither a regulation nor a law. It was an interpretation which varied from interpretations which had been in existence since 1872.

For the first time since 1872, in 1991 in the closing days of the Bush administration, someone working in the Department of the Interior raised a question as to whether we would limit these mill sites to 5 acres. That limitation had not been questioned seriously at any point in the promulgation of the Surface Mining Act or in any other law until that date.

The mining industry seized that interpretation in 1991, in the closing hours of the Bush administration, and said: Now the lid is off. We can use as many acres as we want to dump next to our mining sites.

When Mr. Leshy came back in 1997 and said there is no basis in law for that handbook decision, that is when the industry went wild, came to Capitol Hill, and said what we cannot overturn it in the courts and we want you to overturn it with riders on appropriations bills.

Those who talk about the sacred law in this handbook, let me tell you, one person in 1991, and one variation on the 5-acre limitation, and that is the basis for all of the argument that is being made by the other side.

Let me raise a second point. The Senator from Alaska, as well as the Senator from Idaho, said that the Clean Water Act applies to those who are involved in hard rock mining.

For the RECORD, I would like to make this clear. The Clean Water Act—I quote from "Golden Dreams, Poisoned Streams" by the Mineral Policy Center, certainly an organization which has an environmental interest in this, and I am proud to quote it as a source. If there are those who can find them wrong, make it a part of the RECORD. But I would gladly quote them as they say:

> The Clean Water Act, for instance, only partially addresses oversight surface water discharge. While the act sets limits on pollutants which can be discharged from surface waters from fixed point sources, like pipes and other outlets, it fails to directly regulate discharge to ground water, though ground water contamination is a problem at many mine sites. The Clean Water Act does not set any operational or reclamation standard for a mine to assure that sites will not continue to pollute water sources when they are abandoned.

So for those who are arguing on the side of the mining industry to come to this floor and argue that the Clean Water Act will guarantee no environmental problems, let me tell you, it does not do it.

Mr. STEVENS. Will the Senator yield for 30 seconds on our time?

Mr. DURBIN. Yes.

Mr. STEVENS. The Great Malinda Mine in southeast Alaska never opened because of the Clean Water Act. The Senator and his source could not be further wrong.

Mr. DURBIN. I say to the Senator from Alaska that I have no idea about that particular mine. But it could be that they couldn't meet the Clean Water Act test, the fixed-point source test, because if it came to ground water contamination, there is no regulation under the Clean Water Act on mining.

The PRESIDING OFFICER (Mr. ALLARD). The time of the Senator has expired.

Who yields time?

Mr. GORTON. I yield 3 minutes to the Senator from Nevada.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. BRYAN. Mr. President, I thank the Senator from Washington State. I thank the Chair.

There are a couple of points I would like to make. I know we are winding up this debate.

No. 1, I think it is important for the public to understand that this industry faces a very dire financial situation.

In Nevada, we have witnessed in the last decade the third renaissance of mining activity. It has employed thousands and thousands of people in my State with an average salary about $49,000 a year with a full range of benefits. These are good jobs.

Because of the declining price of gold on the world market, we have lost more than 2,000 jobs in the last 6 months alone, and more are scheduled to be laid off. In part, this is because of some proposals by the British Government and the IMF gold sales. It is a separate issue for us. But we are facing a very difficult time.

The second point I would like to make is that this has been framed as an environmental issue. It is not. The full panoply of all of the environmental laws enacted since the late 1960s applies to this industry. So they are not exempt from any of these provisions.

Finally, the point needs to be made that with respect to the reclamation, or lack thereof, we are frequently invited to the specter of what happened decades ago. I don't defend that. This is a new era, and every mine application for a permit requires a reclamation process and the posting of the bond to make sure these kinds of problems do not develop.

Why are we so upset about the Solicitor's opinion? For more than a century unchallenged, the interpretation given by the Solicitor's office was never viewed as the law. In this current administration, when the Clinton administration came into office, at no time during the early years was this kind of interpretation attached.

All of those in this industry relying upon the law as it is—I agree with my colleagues who point out that the law of 1872 needs to be changed. I support those provisions. I think there should be a fair market value for the surface that is taken. There should be a royalty provision. There should be a reverter if the land is no longer used for mining purposes. I agree that there should be a reclamation process that is required. The devil has been in the details. Unfortunately, we have not been able to reach an agreement on that.

But those who have sought and applied for the permits have done so based upon the law as it is today, and the regulations and the manual passed along to us by the Bureau of Land Management say nothing about one mill site for every mining claim—not a word, not a jot, not a title.

This is a new development. It is unfair. I urge my colleagues to reject the proposal.

Mr. GORTON. How much time is available?

The PRESIDING OFFICER. The opposition has 4 minutes 13 seconds and the proponents have 6 minutes 56 seconds.

Mr. GORTON. I yield 4 minutes to the Senator from Alaska.

Mr. MURKOWSKI. Mr. President, this is deja vu all over again, with the exception of the former Senator from Arkansas, Mr. Bumpers, who obviously led this charge before.

I have heard things on the floor of the Senate tonight that are so inaccurate that I am surprised. Some have suggested that cyanide is poured on the grounds of our mines in this country, that there are 12,000 streams that have been polluted and damaged from our mining industry—and ruined, I think was the terminology used. These are totally inaccurate, false statements.

They are rock. There is no cyanide from the mining industry leaching out in the area where mining has occurred. They are all closed systems.

These are emotional appeals based not on fact but on fiction. They are directed by misleading environmentalists who have decided the mining industry and America's can-do spirit and technology can't take resources from the ground and do it properly.

We are not talking about a mining bill. We are talking about the proposal of the Senator from Washington which would limit what the Solicitor has proposed—one site, one mill site in a mining claim.

The reality is we will shut down the industry. That is all there is to it. Companies cannot operate the industry on that kind of a land availability.

They generalize in their criticism. They talk about Superfund, the ground water contamination. There are 55,650 sites. These are sites where mining has occurred. Let's look at their record. Reclaimed or benign, 34 percent, 194,000; landscaped disturbances, the landscape retakes its ability for regeneration, 41 percent; safety hazard, 116,000, 20 percent; surface water contamination, 2.6 percent; ground water contamination, eighty-nine one-hundredths; Superfund, eighty-nine one-hundredths.

My point is this is not a crass dereliction of responsibility. This is the mining industry's history as evaluated by the U.S. Abandoned Mines. Certainly we have exceptions on past practices.

To suggest cyanide is leaching out, to suggest we have an irresponsible industry, to suggest the States are not doing their jobs—and the States obviously oversee reclamation; they oversee the mining permits—and to try to kill the industry with a proposal that is absolutely inaccurate, impractical, and unrealistic is beyond me. I don't think it deserves the time of the Senate today.

Nevertheless, that is where we are. This creates an impossible situation. If we want to run the mining industry offshore, this is the way to do it. Canada did it by a gross royalty. Mexico did it by taxing them.

What is the matter with this body? There are 58,000 U.S. jobs, good paying jobs. We need to be a resource-developed country. Otherwise, we will bring them in from South Africa.

What happened in South Africa? It speaks for itself. I hope my colleagues recognize what this does. This kills the mining industry and exports the jobs offshore.

Mrs. MURRAY. How much time remains?

The PRESIDING OFFICER. Four minutes twelve seconds and three minutes on the other side.

Mrs. MURRAY. Mr. President, we are coming to the end of this debate.

Obviously, there will be a tabling motion on my amendment. We have heard a lot on both sides. The one thing we all share is the understanding that the mining industry is an important industry in this country. We understand it provides jobs in many of our communities. We want to make sure that is retained in a fair way. The mining industry did not like the position of the mining law. Instead of allowing reform of a law that was written almost 130 years ago in a give-and-take fashion, they have come sweeping into the Interior bill, and in that bill the proponents have changed that portion of the law that the mining industry does not like.

Maybe that portion of the law needs to be changed because of current technology that is out there. However, they should give something back. They already have an incredible deal. They pay $2.50 to $5 an acre for the land they use. They pay no royalties and now in this Interior bill they are allowed incredible mass use of our public lands.

We have heard a lot about the law and the BLM manual. Let me show Members what the statute says. This is the 1872 law. It is very clear. It says:

> Such nonadjacent surface ground may be embraced and included in at application for patent for such vein or lode, and the same may be patented therewith . . . on no location made on or after May 10, 1872, of such nonadjacent land shall exceed five acres.

And for placer claims:

> Such land may be included in an application for a patent for such claim and may be patented therewith subject to the same requirements as to survey and notice as are applicable to the placers. No location made of such nonmineral land shall exceed five acres.

The law is clear. The BLM manual from 1976 to 1991 was also very clear and talked about 5 acres. This was changed in 1991 at the end of the Bush era. It was changed to read:

> A mill site cannot exceed five acres in size. There is no limit to the number of mill sites that can be held by a single claimant.

We are not here to debate the BLM manual. We are here to say: Should the law that was written in 1872 be changed to favor one side of this debate in this Interior bill before the Senate right now? We are saying if we are going to change a part of the law, this law, then we should ask the industry what they will give us in return. Will it be royalty that other industries have to pay? Is it more per acre? Should environmental law apply? Should they clean it up?

We should debate it. It should be part of the 1872 Mining Act reform. I think this Congress ought to get into this debate. To do it blatantly for one side in this bill, this night, is not the way to do it. That is why we are debating this issue. I hope many of our colleagues will understand this is a giveaway to an industry that does not pay royalties, that only pays between $2.50 and $5 an acre, less than any Member would pay to go camping on our public lands.

I think it needs to be done in a fair way. I urge my colleagues to step back. What are we doing for the taxpayers of this country? Let's be fair to them. Let's be fair to our public lands. Let's be fair to the law and do it right and not do it in a rider on the Interior appropriations bill. I urge my colleagues to vote against the motion to table.

I thank all of our colleagues who came to the floor to help with this debate.

Mr. GORTON. Rarely has a debate on an amendment had less to do with the content of the amendment itself. This debate is not about past mining practices or the leftovers from those practices or who will pay for them. The passage of the amendment will not affect that whatever, nor will the passage of the motion to table.

Royalties for mining on public lands is not a part of this debate. Passing the Murray amendment will not change those royalties. Passing a motion to table won't change those royalties. The past simply is not involved in this matter. The way in which mining claims are patented is not involved in this matter, nor does this debate involve the environmental laws of the United States. Every plan of operation of a mine must meet the requirements of the Clean Water Act, must meet the requirements of the National Environmental Policy Act, must meet the requirements of the Endangered Species Act. You don't get the permit unless you have met all of those requirements. The mine in the State of Washington that was the subject of the earlier amendment in this body met all those requirements, got all those permits, and won tests against them in courts of the United States. And every other mining claim that will come up, if this motion to table is agreed to, will have to meet the same environmental laws.

What this debate is about is whether or not the laws of the United States are to be amended by the Congress of the United States or by an employee of the Department of the Interior. This 1872 law has been amended by the Department of the Interior's ruling. No Member of Congress, whatever his or her views of the Mining Act of 1872, should favor the proposition that a bureaucrat can amend the laws of the United States. Of course, we ought to debate the 1872 Mining Act. Of course, we ought to vote on it. We have in fact debated and voted on it here in the Congress. But the fact that the changes have not taken place to the satisfaction of some does not delegate the authority to change the laws of the United States to the Department of the Interior.

The subject here is simply that. If this motion to table is agreed to, as the person who will probably chair the conference committee on this subject, I assure you that no final provision will be any stronger than the Craig-Reid amendment because of what the House has done and may well be less sweeping even than that. So at the most, Members, by voting for this motion to table, are voting for the Craig-Reid amendment and probably for something somewhat less stringent.

The PRESIDING OFFICER. All time has expired.

Mr. STEVENS. Mr. President, on behalf of myself and the Senator from Nevada, Mr. REID, I move to table the Murray amendment, No. 1360.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table amendment No. 1360. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Mississippi (Mr. LOTT) is necessarily absent.

Mr. REID. I announce that the Senator from Delaware (Mr. BIDEN), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

The result was announced, yeas 55, nays 41, as follows:

[Rollcall Vote No. 223 Leg.]

YEAS—55

Abraham
Allard
Ashcroft
Bennett
Bingaman
Bond
Breaux
Brownback
Bryan
Bunning
Burns
Byrd
Campbell
Chafee
Cochran
Conrad
Coverdell
Craig
Crapo
Daschle
DeWine
Domenici
Enzi
Frist
Gorton
Gramm
Grams
Grassley
Hagel
Hatch
Helms
Hollings
Hutchinson
Hutchison
Inhofe
Inouye
Kyl
Lincoln
Lugar
Mack
McConnell
Murkowski
Nickles
Reid
Roberts
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Stevens
Thomas
Thompson
Thurmond
Warner

NAYS—41

Akaka
Baucus
Bayh
Boxer
Cleland
Collins
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Fitzgerald
Graham
Gregg
Harkin
Jeffords
Johnson
Kerrey
Kerry
Kohl

Landrieu
Lautenberg
Leahy
Levin
Lieberman
McCain
Mikulski
Murray
Reed
Robb
Rockefeller
Roth
Sarbanes
Schumer
Snowe
Specter
Torricelli
Voinovich
Wellstone
Wyden

NOT VOTING—4

Biden
Kennedy
Lott
Moynihan

The motion was agreed to.

Mr. GORTON. Mr. President, I move to reconsider the vote.

Mr. CRAIG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1361, WITHDRAWN

Mr. REID. Mr. President, I ask unanimous consent that the Reid amendment No. 1361 be withdrawn.

The PRESIDING OFFICER (Mr. BUNNING). Without objection, it is so ordered.

MORNING BUSINESS

Ms. COLLINS. Mr. President, I ask unanimous consent that the Senate now proceed to a period of morning business with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mrs. COLLINS pertaining to the submission of S. Res. 167 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. SESSIONS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Mr. President, I ask unanimous consent to proceed as in morning business for 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

JUDGE FRANK M. JOHNSON, JR.

Mr. SESSIONS. Mr. President, I would like to make a few comments at this time upon the death of Judge Frank M. Johnson, Jr., a native Alabamian born in Haleyville, AL, who was appointed to the Federal bench in 1953 by President Eisenhower and who was buried today in his native Winston County, aged 80.

That Frank M. Johnson, Jr., was a great judge, there can be no doubt. It is appropriate and fitting that this body, which reviews and confirms all members of the judiciary, pause and consider his outstanding life. His death has attracted national attention. While I knew him and considered him a friend, I am certainly unable to effectively articulate in any adequate way what his long tenure has meant to America and to Alabama, but the impact of his life on law in America is so important, I am compelled to try. I just hope I shall be forgiven for my inadequacies.

Many will say that his greatness was to be found in his commitment to civil rights and his profound belief in the ideal of American freedom, which was deep and abiding. These were, indeed, powerful strengths. Others will say that his greatness is the result of his wise handling of a series of pivotal cases that changed the very nature of everyday life throughout America, cases which were at the forefront of the legal system's action to eliminate inequality before the law. Indeed, it is stunning to recall just how many important cases Judge Johnson was called upon to decide and how many of these are widely recognized today as pivotal cases in the history of American law.

How did it happen? How did so much of importance fall to him, and how did he, in such a crucial time, handle them with such firm confidence?

I tend to believe those cases and his achievements at the root arose out of his extraordinary commitment to law, to the sanctity of the courtroom, and to his passionate, ferocious commitment to truth. That was the key to his greatness. Judge Johnson always sought the truth. He demanded it even if it were not popular. He wanted it unvarnished.

Once the true facts in a case were ascertained, he applied those facts to the law. That was his definition of justice. Make no mistake, he was very hard working; very demanding of his outstanding clerks; and, very smart. He finished first in his class at the University of Alabama Law School in 1943. This combination of idealism, courage, industry, and intelligence when applied to his search for truth along with his brilliant legal mind was the source, I think, of his greatness. This explains how when he found himself in the middle of a revolution, he was ready, capable and possessed of the gifts and grades necessary for the challenge.

The historic cases he handled are almost too numerous to mention. There was the bus boycott case in which Rosa Parks, the mother of the civil rights movement, was arrested for failing to move to the back of the bus. There, he struck down Alabama's segregation law on public transportation. That was the beginning. Later, there was his order in allowing the Selma to Montgomery march in 1964, the order to integrate his alma mater, the University of Alabama, despite the famous and intense opposition by Governor George C. Wallace, the desegregation of the Alabama State Troopers, historic prison litigation cases and his mental health rulings which were quoted and followed throughout the nation. Each of these and many other cases were truly historic in effect and very significant legally. Did he go too far on occasion? Was he too much of an activist? On a few occasions, perhaps. Some would say, on occasion, the remedies that he imposed maybe went further than they should have, even though most have agreed that his findings of constitutional violations were sound. But, most of the time and in most of the cases he simply followed the law as we had always known it to be, but unfortunately, not as it was being applied.

When the State tried to stop the Selma to Montgomery march, Judge Johnson concluded, in words quoted, in a fine obituary by J. Y. Smith in the Washington Post Sunday, that the events at the Pettus Bridge in Selma.

> Involved nothing more than a peaceful effort on the part of Negro citizens to exercise Constitutional right: that is, the right to assemble peaceably and to petition one's government for the redress of grievances * * *
>
> It seems basic to our Constitutional principles that the extent of the right to assemble, demonstrate, and march peaceably along the highways and streets in an orderly manner should be commensurate with the enormity of the wrongs that are being protested and petitioned against. In this case, the wrongs are enormous. The extent of the right to demonstrate against these wrongs should be determined accordingly.

These simple, direct and powerful words are typical of the man and his way of thinking. The years in which he presided were tumultuous, the times very tense. I remember the times. Few who were alive in those days do not. Rosa Parks and Frank Johnson-were there. They were present and participating in the commencement of a revolution and the creation of a new social order in America—a better society in which we undertook as a nation to extend equality to all people. True equality has not been fully achieved, but is indisputable that when the hammer of Rosa Parks hit the anvil of Frank Johnson, the sound of freedom rang out loud and clear and to this day that sound has not been silenced. His actions, the cases he decided have caused the anvil of freedom to ring again and again, and that sound changed, not just the South and America but the entire world.

Though I never tried a jury case before Judge Johnson, I did have appellate cases before him when he was a member of the U.S. Court of Appeals for the Eleventh Circuit, to which he was appointed by President Carter in the late 1970's. I was honored to meet him occasionally when I was a United States Attorney and when I was a private attorney. I considered him a friend. He had himself been a United States Attorney and he had great respect for the office. In several ways, and at various times he made comments that affirmed me and my service. It made me feel good. Of this I am certain. If the law, in a case before Judge Johnson, and facts were on my client's side my client would win, if not, my client would lose. This was his reputation throughout the Bar and it was one of his highest accomplishments. He was respected by all members of the bar.

The stories told by lawyers practicing before Judge Johnson were many and some are now legendary. None were better told than those by the long time federal prosecutor, Broward Segrest, who practiced in Judge Johnson's Courtroom throughout his career. No one knew more of the courtroom events and could tell them better than Broward.

There were almost as many Frank Johnson stories as Bear Bryant stories. The point is this: yes, he was famous. Yes, he played an historic role in making this land of equality. And, yes, he was brilliant and fearless. He stood for what he believed in no matter what the consequences at risk to his life. But, it was not just in these great trials that one could divine the nature of his greatness. It was also in the lesser cases that he demonstrated his fierce determination to make justice come alive in his court, for every party in every case.

Lawyers who failed to follow the rules of court or to do an effective job for their clients were in big trouble. Because they knew what he expected, what he demanded, they came to his court prepared and ready to do justice.

There is so much more than can be said. He once called himself a "conservative hillbilly" and that statement could be defended. To Judge Johnson, no one was above the law or above any person who appeared in his court. All were equal. Though a Republican, he was the perfect democrat—with a small "d". Neither power, nor wealth, nor status, nor skilled lawyering counted a whit in his court and everyone knew it. He loved democracy, fairness and justice. Judge Johnson was vigorously indignant at crime and corruption. He fully understood that those who stole or cheated were predators and were acting in violation of morality and law. This he would never tolerate. While he was always committed to providing a fair trial, he was known as a prosecutor's judge. He would not tolerate criminality.

Judge Johnson loved democracy and fairness and justice. He sought to make that real in his courtroom by finding the truth and skillfully, with intellectual honesty, applying the truth, the facts, to the law. As God gives us the ability to understand it, that is justice, and a judge who does not consistently, in great cases and small, at risk of his life, with skill and determination, and with courage and vision, over a long lifetime is worthy to be called great. Frank M. Johnson, Jr. is worthy.

NASA AUTHORIZATION

Mr. LOTT. Mr. President, I rise in support of H.R. 1654, the NASA Authorization Act for fiscal years 2000, 2001, and 2002. Many of my colleagues and their staff's have worked hard on this legislation. This is a good bill. It ensures NASA is authorized at the appropriate level to continue its role in Space Flight and Exploration, Earth and Space Science, assembly and operations on the International Space Station, and Aeronautical Research.

Over the last decade, the U.S. commercial space launch industry has lost its technological advantage and now holds only 30 percent of the worldwide space launch market. As a result, sensitive U.S. technology is often launched into space by either Chinese, Russian or French rockets, increasing the risk of unwarranted U.S. technology transfer to foreign nations. The delayed development of modern, less expensive launch systems in this country needs to be rectified. This high cost of space transportation has greatly curtailed U.S. efforts in space research, science and exploration. This bill includes important provisions to address this issue which I would like to highlight.

Mr. President, NASA is currently conducting research programs, such as the X-33, X-34 and X-37, that could result in important technological advancements applicable to future reusable launch vehicles and reductions in space transportation costs. In addition, there are existing hardware and engine systems, that if evaluated, could make an immediate contribution to reducing the cost of access to space by a factor of 10. The information gained from these evaluations can be incorporated into design plans for the Spaceliner 100 series of vehicles and ultimately reduce the cost of access to space by a factor of one hundred. In the Commerce Committee, I amended the Senate NASA bill to add $150M for Fiscal Year 2000 to accelerate these future space launch programs by one year. Accelerating the efforts that gain us cheaper access to space will help the U.S. recapture the space launch business and save on future launch costs. American companies would not have to look overseas for cheaper launches, thereby minimizing our technology exposure to foreign governments.

Also, I am pleased to see the portion of the Earth Science budget supporting NASA's Commercial Remote Sensing effort is sustained. These programs, managed by the NASA Stennis Space Center's Commercial Remote Sensing Program Office in Mississippi, are contributing to the birth and growth of a new international industry. Wall Street has predicted this industry will grow to the $10 billion level by 2010. NASA Stennis personnel working together with the private sector, university researchers and other Federal agencies are already producing viable commercial products. New efforts are underway to coordinate the potential impact of these commercial products with the Department of Transportation. I have been told by DOT officials that remote sensing technology infused in the right way to DOT's planning efforts could result in significant savings in highway planning and construction. That is a very good potential payback for a small investment in the commercialization of remote sensing technology.

Mr. President, this is a good bill. I hope that the Senate's differences with the House can be resolved quickly so that the bill can be presented to the President for signature.

ON THE KENNEDY/BESSETTE TRAGEDY

Mr. DASCHLE. Mr. President, last week was one of unimaginable shock and sorrow for the families of John Kennedy, Jr., Carolyn Bessette Kennedy and Lauren Bessette. We prayed as we first heard the news that their plane had disappeared. We hoped against hope as the Coast Guard, the Navy and the National Transportation Safety Board conducted their "search and rescue" mission, and we anguished when they shifted to "search and recovery," Now, as John, Carolyn and Lauren are laid to rest in the ocean that claimed their lives, we grieve.

Much has been said these past weeks—in this Chamber, across the country, and around the world—about these three exceptional young people. We have heard again and again how John, Carolyn and Lauren loved life. We have heard so many stories of their compassion and grace, their generosity and their considerable talents. We've heard, most heartbreakingly, about their potential. They had, each of them, the capacity for greatness. That is part of what makes their loss so profound.

The great poet William Wordsworth wrote:

What though the radiance which was once so bright
Be now for ever taken from my sight
Though nothing can bring back the hour
Of splendor in the grass, of glory in the flower;
We will grieve not, rather find
Strength in what remains behind.

Nothing can bring back the splendor of their lives, or their potential. We are left now with only our memories of John Kennedy, Jr., his wife Carolyn, and her sister Lauren. With that in mind, Senator LOTT and I are introducing a resolution to authorize the printing of "Memorial Tributes to John Fitzgerald Kennedy, Jr." These are our own tributes and condolences offered on this floor, this week, by members of the United States Senate. I ask the Senate to pass a resolution so that we may share our tributes with the families of John Kennedy, Carolyn Bessette Kennedy and Lauren Bessette. I can only hope the Kennedy, Bessette and Freeman families are able to find some small strength in the memories of their loved ones, and in the words and sympathy of those who grieve with them.

TRIBUTE TO FIELDING BRADFORD ROBINSON, JR., SPECIAL LEGISLATIVE ASSISTANT AND DEPUTY DIRECTOR OF PROJECTS

Mr. LOTT. Mr. President, I wish to take this opportunity to recognize and say farewell to my longtime staff member, Fielding Bradford Robinson, Jr., who is departing my personal office staff and returning to the State of Mississippi, after more than ten years of outstanding service here in Washington. Throughout his career, Brad Robinson has served with great distinction, and it is my privilege to recognize his many accomplishments and to commend him for the superb service he has provided to me and to my home state of Mississippi.

A native of Jackson, Mississippi, Brad graduated from the University of Mississippi in 1982, with a Bachelor of Arts Degree in Public Administration. At Ole Miss, Brad was an officer of the Associated Student Body and a member of the Delta Psi Fraternity, St. Anthony Hall. He began his association with politics as Page Captain in the Mississippi House of Representatives. After logging countless miles as a pollster associated with CBS News, Brad went to work as a staff assistant to the legendary United States Senator John C. Stennis of Mississippi. At that time, Senator Stennis was President Pro-Tempore of the Senate and Chairman of the Appropriations Committee. Following the retirement of Senator Stennis, Brad signed on as a staff member for freshman Congressman Larkin Smith, my friend and successor in the U.S. House of Representatives. Tragically, Congressman Smith died in a plane crash only months after taking office.

In 1989, Brad returned to the United States Senate and began work as a member of my personal staff. On Thursday, August 5th, 1999, Brad will conclude over ten years of faithful service in my office. During these years, Brad has proven to be one of my most loyal and dedicated staff members. As a special legislative assistant and as my deputy director of projects, Brad has tirelessly worked for the best interests of our Nation and the State of Mississippi. Over the years, working on Mississippi project interests has brought Brad into contact with virtually every city, county, and state agency in Mississippi; every federal agency and department; and every committee of the Senate and the House of Representatives as well.

Brad has pursued virtually every type of public infrastructure project conceivable, helping Mississippians build and improve utility systems, industrial parks, highways, bridges, railroads, airports and water ports. Using formal training from Ole Miss as a public planner, Brad labored closely with local engineers, and with the Army Corps of Engineers, to champion life saving flood control projects in the Mississippi Delta Region, the Jackson Metropolitan Area of Central Mississippi, and in the Forrest and Harrison County areas of South Mississippi. From the Director of the Mississippi Rural Water Association to water system operators throughout Mississippi, Brad is known as a dependable source of information and positive government action. Port directors along the Mississippi River, the Tennessee-Tombigbee Waterway, and the Mississippi Gulf Coast, have come to rely on Brad's expertise and network of contacts, on everything from dredging projects, to trade and empowerment zone designations.

Working behind the scenes to encourage top flight companies such as Southwest Airlines to expand into Mississippi, has also been a talent in which Brad has excelled. He is known by airport directors throughout our state as a man they know personally, who seemingly always is there to help with extending or repairing a runway, or improving navigation and weather instrument capability. Railroads, too, came to know Brad as an honest broker who stood for economic progress that also safeguarded and improved public safety. His multi-modal expertise, made Brad a natural asset to my staff during the legislative process that culminated in the Intermodal Surface Transportation Efficiency Act (ISTEA), as well as later during the legislative development of the Transportation Efficiency Act of the Twenty-first Century (TEA-21).

Among his many successes, Brad played a key role in encouraging the establishment of an environmentally friendly power generating facility in our state, which will efficiently and cleanly make use of vast alternative fuel supplies of lignite or low-grade coal. Combining a broad general knowledge with a keen appreciation for business, science, and technical development, and a deep respect for conservation and history, Brad has become a favorite of both business and development concerns, as well as leaders in historic and natural preservation. Brad was instrumental in historic preservation efforts for the Natchez Trace and the Natchez National Historic Park, as well as efforts to establish a Campaign of Vicksburg National Historic Trail, and a new visitors center for the Corinth, Mississippi Battlefield and Cemetery. Working both with community activists and public officials, Brad helped further these causes as well as many other historic and environmental projects such as rebuilding the Fort Massachusetts lighthouse on Ship Island, and restoring natural levels of water flow along the Lower Pearl River.

Like many effective staff members on Capitol Hill, Brad is the kind of person who never meets a stranger. A true southern gentleman, his Christian values and honest work ethic have endeared Brad to his colleagues and constituents in addition to earning their respect and trust. His flexible yet focused demeanor enables him to handle numerous projects without losing sight of the people with whom he works. For all of the many public projects Brad assisted over the years, he always made time to help individual citizens with their problems. On one occasion, while assisting a constituent with her tax problem, Brad learned of an unintended result that affected similarly situated citizens across our Nation. Brad got to work, helped form a bipartisan coalition, and succeeded in helping amend the tax code to reflect the original intent of Congress.

Brad also has contributed to the quality of life here on Capitol Hill through volunteering his time and leadership for such non-profit organizations as the Mississippi Society, the Ole Miss Alumni Association, and the Taste of the South annual charity ball. He even met his lovely wife, Mary Ellen, while she served on the staff of Senator STROM THURMOND. Brad and Mary Ellen will make their new home in Gulfport, Mississippi, and are expecting their first child in October.

Upon leaving my staff, Brad will serve as Executive Director of the Southern Rapid Rail Transit Commission where he will play a significant role in helping to establish high speed rail passenger service from Houston, Texas, to Jacksonville, Florida, and from the Gulf Coast to Atlanta. On behalf of my colleagues on both sides of the aisle, I wish Brad all of the best in his new career. I wish for Brad, and his growing family, that they experience all of the opportunity, excitement and adventure of the American Dream as they enter this new chapter of their lives and in all of their future endeavors. Brad, my most sincere congratulations on a job well done.

EXPRESSING THANKS AND APPRECIATION TO AMBASSADOR JAMES SASSER

Mr. DODD. Mr. President, I rise today to add my voice to others in thanking Ambassador Jim Sasser for his service to our country as the United States Ambassador to the People's Republic of China for the last three and one half years.

Our friend Jim Sasser has just returned home having distinguished himself as the President's representative in Beijing during a critical and often difficult period in United States/Chinese relations. He understood better than anyone how important it was that he do an effective job as United States Ambassador to such a strategically important country.

When President Clinton nominated Jim as his ambassador he had every confidence in Jim's ability to fulfill his diplomatic duties, and that confidence was not misplaced. Even before Jim took on this assignment he understood that the state of U.S./China relations could have profound implications for peace and prosperity not only in the Asia/Pacific region but globally as well.

Once confirmed, Ambassador Sasser became an articulate and effective spokesman for the administration's policy of engagement with China. He rightfully stressed that the United States does not have the luxury of not dealing with China. He would remind his audiences that China's sheer size, its permanent membership on the United Nations Security Council, its nuclear weapons capability, its economic and military potential, all demand that the United States engage the Chinese Government and the Chinese people.

Soon after his arrival, Jim established excellent working relationships with the Chinese leadership. Both formally and informally he encouraged Beijing to view itself as a responsible member of the international community and act accordingly. I credit Jim's efforts along with others in successfully persuading China to commit itself to respect a number of non-proliferation regimes and to take under serious review the possibility of formally acceding to others.

Perhaps Jim's most significant achievement during his tenure was to oversee preparations for two high level bilateral summits between the United States and China, President Jiang's 1997 visit to Washington and President Clinton's return visit to Beijing in 1998—the first such meetings between the United States and China in nearly a decade. I cannot imagine even the most seasoned of career diplomats performing more ably as United States Ambassador than Jim Sasser has over the last three and one half years.

I kept in touch with Jim during his tenure as ambassador. He was always enthusiastic and fully engaged in working to ensure that United States policies with respect to China served our national security, foreign policy and economic interests.

I have already mentioned to some of my colleagues, that I was actually talking to Jim one evening at the very moment that the U.S. Embassy was under siege by crowds of Chinese students pelting the building with rocks in retaliation for the accidental bombing of the Chinese embassy in Belgrade. It showed great courage for him to remain in the embassy with his staff rather than be evacuated as some had recommended. And through it all Jim never lost his sense of humor.

Although relations between Washington and Beijing have deteriorated in recent months, Jim was able to maintain open lines of communication with the Chinese government at the highest levels. He accomplished this difficult task by the strength of his intellect and personality.

Having had the pleasure of serving with Jim Sasser in the United States Senate it came as no surprise to me that Jim has been an outstanding diplomat. Jim brought to the job of U.S. Ambassador the same vision that he brought to the U.S. Senate while he served in this Chamber.

I remember vividly serving with Jim on the Budget Committee —at the time I was a very junior member of that committee. From 1989 onward, I was able to observe Jim's remarkable, remarkable performance as Chairman of that committee as he built support for sound budget resolutions. Time after time, he marshaled the votes and brought together people of totally different persuasions and opinions—one of the most difficult jobs that any Member of this body has. And he did it successfully, on six different budget resolutions and three reconciliation bills. These victories came under the most difficult circumstances—including during the Republican administration of President George Bush, when he fashioned one of the most difficult budget compromises in modern history.

Jim has served our country ably as a United States Senator and an American diplomat. In fact, there are very few people in public life who come to mind who have made the kinds of contributions to our country that Jim Sasser has over the years.

And through it all, never once has Jim or his family complained about the personal sacrifices that they have made in their years of public service. It therefore seems only appropriate and fitting that I take time today to publicly thank Jim, his wife Mary, and his children Gray and Elizabeth for all that they have done for our country. It is also a personal pleasure to welcome them home to the United States and to Jim's beloved State of Tennessee. I look forward to seeing Jim and Mary very soon and I know our colleagues do as well.

CHANGES TO H. CON. RES. 68 PURSUANT TO SECTION 211

Mr. DOMENICI. Mr. President, section 211 of H. Con. Res. 68 (the FY 2000 Budget Resolution) permits the Chairman of the Senate Budget Committee to make adjustments to specific figures in the budget resolution and on the Senate pay-as-you-go scorecard, provided the CBO estimates an on-budget surplus for FY2000 in its July 1, 1999 update report to Congress.

Pursuant to section 211, I hereby submit the following revisions to H. Con. Res. 68:

[In millions of dollars]

Current Aggregate/Instructions:	
FY 2000 revenue aggregate	$1,408,082
FY 2000 revenue reduction reconciliation instruction	0
FY 2000–2004 revenue reduction reconciliation instruction	142,315
FY 2000–2009 revenue reduction reconciliation instruction	777,868
Adjustements:	
FY 2000 revenue aggregate	−14,398
FY 2000 revenue reduction reconciliation instruction	14,398
FY 2000–2004 revenue reduction reconciliation instruction	14,398
FY 2000–2009 revenue reduction reconciliation instruction	14,398
Revised Aggregate/Instruction:	
FY 2000 revenue aggregate	1,393,684
FY 2000 revenue reduction reconciliation instruction	14,398
FY 2000–2004 revenue reduction reconciliation instruction	156,713
FY 2000–2009 revenue reduction reconciliation instruction	792,266

[Fiscal years, in millions of dollars]

Senate Pay-As-You-Go Scorecard	Total Deficit Impact						
	2000	2001	2002	2003	2004	2000–2004	2005–2009
Current scorecard	49	−8,524	−54,950	−33,312	−52,107	−148,844	−729,920
Adjustments	−14,398	0	0	0	0	−14,398	0
Revised scorecard	−14,349	−8,524	−54,950	−33,312	−52,107	−163,242	−729,920

NICARAGUA'S SANDINISTAS ADMIT TO SUBVERTING NEIGHBORS

Mr. HELMS. Mr. President, I have at hand several news reports indicating that Nicaragua's Sandinistas have finally confessed that they supplied weapons in the 1980s to communist guerrillas in El Salvador and, in fact, were themselves dependent on a flood of weapons from the Soviet Union during that period.

An excellent series of articles, written by Glenn Garvin and published in the Miami Herald earlier this month, at long last makes the record clear on that score. I ask unanimous consent that Glenn Carvin's articles be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HELMS. Mr. President, Mr. Garvin conducted a series of interviews with current and former Sandinista officials who are now celebrating the 20th anniversary of their rise to power on July 19, 1979. What they celebrate is a revolution that brought nothing but poverty and heartache to millions of people.

But in the midst of reciting war stories, they let the truth slip out: these Sandinista officials confirmed that they provided weapons to the Marxist Salvadoran guerrillas. They also acknowledged that the Soviet Union agreed to supply Nicaragua with high-performance MiG fighters, along with other military assistance.

This is not news, but what is, indeed, news is that, for once, two Sandinistas told the truth. back in the 1980s, when President Ronald Reagan and good many Senators accused the Sandinistas of fomenting revolution in neighboring countries, they and their left-wing media apologists in the United States questioned our facts. When the Reagan Administration warned the Soviets not to provide MiGs to Nicaragua, the other side falsely accused President Reagan of hysteria.

Now come Sandinista leaders—cofounder Tomas Borge and former president Daniel Ortega—admitting their role in a plot to escalate the crisis in Central America. Mr. President, neither of the two is famous for telling the truth, but in this case, I think they stumbled upon it, letting the cat out of the bag.

Exhibit 1

[From the Miami Herald]

We Shipped Weapons, Sandinistas Say

(By Glenn Garvin)

MANAGUA.—When Ronald Reagan and Sandinista leaders slugged it out during the 1980s over events in Nicaragua, Reagan was right more often than they liked to admit, the Sandinistas now say.

In a series of interviews with The Herald, several past and present Sandinista officials confirmed that they shipped weapons to Marxist guerrillas in neighboring El Salvador, a statement they once hotly denied.

The Sandinistas also said that the Soviet Union agreed to supply them with MiG jet fighters and even arranged for Nicaraguan pilots to be trained on the planes in Bulgaria. but the Soviets reneged on the deal, sending the Sandinistas scurrying to make peace with the contras.

DOMINO THEORY

"The Sandinista leadership thought they could be Che Guevaras of all Latin America, from Mexico to Antarctica," former Sandinista leader Moises Hassan told the Herald. "the domino theory wasn't so crazy."

During their explosive battles with Congress over U.S. aid to anti-Sandinista rebels in Nicaragua, Reagan administration officials frequently justified helping the rebels on the grounds that the Sandinistas were shipping arms to the Salvadoran guerrillas.

Reagan's deputies also accused the Sandinistas of planning to acquire the MiGs, a move that they warned that the United States "would view with the utmost concern." In 1984, when American officials spotted large crates being unloaded from Soviet ships in Nicaraguan ports, there was widespread fear that the two countries would go to war. But the crates turned out to contain helicopters, and tensions eased.

Sandinista leaders had denied supplying the Salvadoran guerrillas. "We are not responsible for what is happening El Salvador," said Sandinista party cofounder Tomas Borge said in 1980.

Earlier this month, Borge and former president Daniel Ortega both said the denials were false. they said the Sandinistas had shipped arms to Salvadoran guerrillas because the Salvadorans helped them in their successful insurrection against Anastasio Somoza, and also because they thought it would be more difficult for the United States to attack two revolutionary regimes instead of one.

A MATTER OF ETHICS

"We wanted to broaden the territory of the revolution, to make it wider, so it would be harder for the Americans to come after us," Borge said. Ortega added that it was "a matter of ethics" to arm the Salvadorans.

Neither man offered details on how many weapons were supplied. But Hassan a former Sandinista official who was a member of the revolutionary junta that governed Nicaragua in the early 1980s, said he believed about 50,000 weapons and a corresponding amount of ammunition were sent to El Salvador just in the first 16 months of the Sandinista government.

"Ortega and Borge didn't tell me about it, because they thought I was unreliable, but other people who just assumed I knew would casually bring it up," Hassan said.

Hassan resigned from the Sandinista party in June 1985 but continued to work closely with his old colleagues as mayor of Managua until late 1988.

He also confirmed that the Sandinistas had a commitment for MiGs from the Soviet Union.

He said he learned of the plan for the MiGs during 1982, when he was minister of construction and Sandinistas began building a base for the jet fighters at Punta Huete, a remote site on the east side of Lake Managua.

The site included a 10,000-foot concrete runway—the longest in Central America—capable of handling any military aircraft in the Soviet fleet.

CODE NAME: PANCHITO

"It was top secret—we even had a code name, Panchito, so we could talk about it without the CIA hearing," Hassan said. "But somehow the Americans found out."

Alejandro Bendeña, who was secretary general of foreign affairs during the Sandinista government, said Nicaraguan pilots trained to fly the MiGs in Bulgaria. But in 1987, soon after the Punta Huete site was finished, the Soviets backed out, he said.

The news that they weren't getting a weapon they had always considered security blanket, coupled with Soviet advice that it was "time to achieve a regional settlement of security problems," made the Sandinistas realize that they could not longer depend on the USSR for help, Bendaña said.

Quickly, the Sandinistas signed onto a regional peace plan sponsored by Costa Rican President Oscar Arias, which required peace talks with the U.S.-backed contra army, Bendaña said. Those talks led eventually to an agreement for internationally supervised elections that resulted in a Sandinista defeat in 1990.

"It wasn't the intellectual brilliance of Oscar Arias that did it," Bendaña said. "It was us grabbing frantically onto any framework that was there, trying to cut our losses."

Hostility to the U.S. a Costly Mistake

20 YEARS AFTER THE REVOLUTION, NICARAGUANS WONDER HOW IT ALL COULD HAVE GONE SO WRONG

(By Glenn Garvin)

MANAGUA.—It was hard to say which was shining more brightly, Moises Hassan thought, as his makeshift military caravan rolled down the highway: the sun in the sky, or the faces of the people crowded along the road, shrieking "Viva!" to his troops.

It was the morning of July 19th, 1979, and Nicaragua had just awakened to find itself abruptly, stunningly free of a dictatorship that, for more than 40 years, had passed the country around from generation to generation like a family cow.

Hassan, as a senior official in the Sandinista National Liberation Front, the guerrilla movement that had spearheaded the rebellion against the dictatorship, had played a key role in ousting it. But now, as he waived to the crowds lining the highway, he realized that it was what came next that would really count.

"You could see the happiness in the people's faces," he recalled. "And you could see the hope, too. And I told myself, damn, we've taken a lot of responsibility on ourselves . . . . We cannot let these people down.'"

Twenty years later, neither Hassasn nor any other Sandinista leader denies that the revolution they did let Nicaraguans down. It would reel headlong into a decade of confrontation with the United States, a catastrophic economy where peasants literally preferred toilet paper to the national currency, and a civil war that would take 25,000 lives and send perilously close to a million others into exile.

It would end 11 years later in an ignominious electoral defeat from which the Sandististas still haven't recovered, and some say, never will. And it is still a source of wonder to them how everything could have gone so disastrously wrong.

"We believed—it was one of our many errors—that we were going to hold power until the end of the centuries," mused Tomas Borge, who helped found the Sandinista Front in 1961. "It didn't work out that way."

Just as the Sandinista victory in 1979 echoed around the world, ushering in a new chapter of the Cold War, its collapse sent a tidal wave washing through the international left.

Leftist theoreticians who could no longer defend the bueaucracy in the Soviet Union or Fidel Castro's erratic military adventures abroad pinned their hopes on the Baby Boomer regime in Nicaragua. They were devastated when it fared no better than the graying revolutions in Cuba and the USSR.

"It's like saying we had a project to make the world over the greater justice and greater fairness, and we failed," said Margaret Randall, an American academic who lived in Nicaragua during the first four years the Sandinistas governed and wrote four adultatory books about them.

"It's been very, very hard for those of us who gave our best years to Nicaragua, our greatest energies to Nicaragua, who had friends who died there . . . It's one thing to say the people are gone, but the project is still there. But now there's nothing. We're still picking up the pieces."

ALL WAS CONFUSION—CHAOS LEFT SANDINISTAS A BLANK SLATE FOR COUNTRY

On that day 20 years ago, it was a little hard to imagine that any government would emerge from the debris left behind when Anastasio Somoza—the last of three family members to rule Nicaragua—slipped away in the middle of the night.

Within hours of Somoza's departure, the entire senior officer corps of the National Guard, the army on which the dictatorship was built, bolted for the border. On the morning of July 19, Managua's streets were littered with cast-off uniforms of panicky junior officers and enlisted men who were making their own getaways in civilian clothes.

Chaos was everywhere. Children lurched about the parking lot of the Inter-Continental Hotel, spraying the air with bullets from automatic rifles left behind by the soldiers. Inside the hotel, the last of the foreign mercenaries Somoza employed as bodyguards was going room to room, robbing reporters (including one from The Miami Herald) at gunpoint.

At the airport, clogged with government officials and Somoza cronies trying to catch the last plane out, an armed band of teenage Sandinista sympathizers climbed into the tower to try to arrest the air traffic controllers, who were still wearing their National Guard uniforms. Only the intervention of a Red Cross official prevented a complete disaster.

Elsewhere in the city, those who couldn't or wouldn't leave were nervously preparing peace offerings to the revolutionary army that was headed for Managua. One elderly couple spray-painted FSLN—the Spanish initials by which the Sandinistas were known—across the sides of their new Mercedes Benz.

But as Sandinista forces poured into the city over the next few days, the situation quickly stabilized. And as FSLN leaders admit, the anarchy they found actually offered them a marvelous opportunity to start a country from scratch.

"The state dissolved completely," said novelist Giaconda Belli, who delivered the first newscast over Sandinista television. "No army, no judges, no congress, no nothing. . . . It was like a clean slate for us."

What the Sandinistas had promised—to the Organization of American States and the U.S. Government, as they tried to mediate the war against Somoza—was a pluralist, non-aligned democracy with a mixed economy. Many Sandinistas still say that was what they tried to build.

"We were not trying to put a communist government in Managua," Belli insisted. "We were very critical of the Soviet model and the Cuban model. We never closed our borders, we never prohibited organized religion."

But though there were many members of the FSLN who rejected communist dogma, the nine men who composed the Sandinista directorate—the central committee—were committed Marxist-Leninists.

"All the top leadership was Marxist-Leninist," agreed Hassan, who wasn't. "And I knew that if they had their way, Nicaragua would be a Marxist state. But I wasn't too worried about it. I didn't think they would be able to brush aside the rest of us."

Hassan was part of the five-member junta—which included two non-Sandinista members—that was theoretically governing Nicaragua until free elections could be held. But, he soon realized, all the important decisions were being made by the party leadership. The junta was little more than a rubber stamp.

"I remember when the Russians invaded Afghanistan late in 1979, the junta had to meet to decide what position we were going to take at the United Nations," Hassen said. "We decided we would condemn it. But when [Foreign Minister Miguel] D'Escoto went up to New York, he abstained when it was time to vote. The Sandinista directorate told him what to do, and he obeyed them, not us."

In fact, there was an increasing confusion between the identity of the country and the party. The police became the Sandinista National Police, the army the Sandinista People's Army. Schoolchildren pledged allegiance not only to Nicaragua but to the Sandinista party, and promised it their "love, loyalty and sacrifice."

Meanwhile, the failure to condemn the Soviet invasion was symptomatic of the revolution's leftward march. The government quickly moved to seize anything that was "mismanaged" or "underexploited." Farmers were ordered to sell grain only to a state purchasing agency and cattle only to state slaughterhouses.

Newsmen who criticized government policies lost their papers or radio programs, and sometimes were jailed. Kids learned math from schoolbooks that taught two grenades plus two grenades plus two grenades equals six grenades, and their alphabet from sentences like this one that illustrated the use of the letter Q: "Sandino fought the yanquis. The yanquis will always be defeated in our fatherland."

It was the profound Sandinista hostility to the United States—the party anthem even referred to the U.S. as "the enemy of humanity"—that led to what some party leaders now consider its most ruinous mistake: supporting Marxist guerrillas in nearby El Salvador against the American-backed government.

First Jimmy Carter and then Ronald Reagan warned the Sandinistas to stay out of the Salvadoran conflict. When they didn't, the United States first suspended aid to Nicaragua, and later began supporting the counterrevolutionary forces that came to be known as the contras in a civil war that ultimately cost the Sandinistas power.

"It was just political machismo," Belli said. "Everybody was young, wearing uniforms, and they thought they were cut. They wanted to be heroic, and going up against the United States was heroic. . . . But it was the wrong thing to do, and the Nicaraguan people paid a high price."

Several Sandinista leaders say the party missed a golden opportunity when Thomas Enders, an assistant U.S. secretary of state, came to Managua in 1981 with a final carrot-and-stick offer from the Reagan administration: Quit fooling around in El Salvador, and we'll leave you alone, no matter what you do inside Nicaragua. Keep it up, and we'll swat you like a fly.

"It was a great opportunity for a deal," said Arturo Cruz Jr., who was a key official in Nicaragua's foreign ministry at the time. "I think it was a sincere offer. Ronald Reagan considered Nicaragaua a lost cause. Their concern was El Salvador." Sergio Ramirez, a member of the junta and later vice president, agreed: "I thought it was an opportunity, and I said so, but no one agreed with me."

Even with the benefit of hindsight, some Sandinistas say it was unthinkable to back away from the Salvadoran guerrillas.

"That was a matter of ethics on our part," said former President Daniel Ortega. "The Salvadorans had helped us [against Somoza]. And thanks to the armed struggle, El Salvador has changed. It's a much different place than it was then. . . . The war in El Salvador has led to a political advance, and we are part of that achievement."

The United States wouldn't have kept its promise anyway, said Borge. "Look, I don't think Cuba was ever a threat to the United States, but let's say it was at one time," he explained. "Well, with the fall of the Soviet Union, it obviously isn't a threat anymore. But the U.S. agitation against Cuba and attempts to isolate it continue. The U.S. doesn't like revolutionaries, and we were revolutionaries."

But is some Sandinistas had doubts about the carrot in Enders' offer, they know he was serious about the stick. Three months after the Sandinistas rejected the deal, the Regan administration was funneling money to the contras. Four months after that, in March 1982, the contras blew up two major bridges in northern Nicaragua, and the war was on in earnest.

The war led directly to some of the Sandinistas' most unpopular policies, like the military draft, and broadened others, like moving peasants off their land into cooperatives. Censorship expanded until the daily paper La Presena, the last voice of the opposition, was shut down completely.

What had been skirmishes between the Sandinistas and the Roman Catholic Church erupted into full-fledged firefights, climaxing when FSLN militants shouted down Pope John Paul II as he tried to say Mass.

It accelerated the decline already begun by their economic policies. By 1988, inflation was 33,000 percent annually, and it took a shopping bag full of cordobas just to buy lunch—that is if you could find lunch.

Practically everything was in short supply: No hay, there isn't any, because about the only Spanish phrase a visitor of Nicaragua needed. The vast shelves of the supermarkets built in the days of Somoza were empty except for Bulgarian-made dishwasher soap, useless in a country with no dishwashers.

When the Sandinistas managed to obtain food from their socialist trading partners, people were suspicious. A bumper crop of Russian potatoes in 1987 led to the widespread certainty that they were contaminated with radiation from the breakdown of the Soviet nuclear reactor at Chernobyl.

Some of the problems, Sandinista leaders insist even now, weren't their fault.

"The conflict with the church was strong, and it cost us, but I don't think it was our fault." Ortega said. "There was so many people being wounded every day, so many people dying, and it was hard for us to understand the position of the church hierarchy" in refusing to condemn the contras.

Others, they acknowledge, were in large part their responsibility. "When we arrived, we had almost total power," Borge said. "And we didn't know how to handle total power. What came hand in hand with total power was the mistaken belief that we were never mistaken. This made us behave in an arbitrary way. And the most grave and arbitrary abuses were made in the countryside, where the peasants began to join the contras."

Sandinista leaders agree that the contras would never have grown into such a huge and destructive force—some 22,000 by the war's end—if the U.S. hadn't been arming and supplying them. But most of them also admit that the revolution made the war possible by alienating hundreds of thousands of peasants.

"During the 1984 election, we had a rally down in the southern part of the country, and they had this peasant—a contra who had surrendered—make a symbolic presentation of a riffle to me," Ramirez recalled. "We always talked about the contras as American mercenaries, but this guy standing across from me was not some big gringo Ranger. He was a simple peasant.

"Before that, my understanding of the counterrevolution had been intellectual. But here, right before me, was the face of the country. This poor man. . . . He thought we were going to take away his children, interfere in his family, butt into his religion, make him work in a collective.

"And this was the man that the revolution was supposed to be for! You know, the revolution was headed by intellectuals. We did it in the name of the workers and peasants, but were all intellectuals. And in the end , most of the peasants were against us.

END OF GAME—SANDINISTAS STUNNED BY SCOPE OF ELECTION LOSS

The war eventually forced the Sandinistas to agree to internationally supervised elections. They lost—to Violeta Chamorro, publisher of La Prensa, one of their most important allies during the war against Somoza—in a landslide that stunned them.

"We had a naive syllogism: If it was a revolution for the poor, then the poor couldn't be against us," Ramirez said. "But we should have known much earlier. We started out with 90 percent of the population behind us. By 1985, there were 400,000 Nicaraguans who had fled to Miami, several hundred thousand more in Costa Rica and Honduras, and we still only got 60 percent of the vote. The Nicaraguan family was split."

Since the 1990 election, the Sandinistas have lost three more elections (one presidential, two for local offices across the country) by nearly identical margins. The party newspaper is closed, the party television station under the control of Mexican investors. Two major scandals—one over the way Sandinista leaders looted the government on their way out of office in 1990, another over allegations that Daniel Ortega molested his stepdaughter for nine years, beginning when she was 11—have been sandwiched around countless minor ones.

Those who govern now say the Sandinistas left nothing behind but wreckage. Nicaraguan Vice President Enrique Bolaños, a lifelong opponent of the FSLN whose farm was confiscated during the revolution, says it will take decades to undo the damage the Sandinistas did to the Nicaraguan economy.

"Per capital income dropped to the levels of 1942 when they were in charge," he said. "The trade deficit, which had always hovered around zero, went up to $400 million to $600 million their first year, and its stayed there ever since. Even if we get the foreign debt they left us under control—it went from $1.3 billion to $12 billion under them—that trade deficit will kill us."

Many of the party's most loyal militants—including Ramirez, Belli, Hassan and Cruz—have deserted it. Some are harshly critical of what the revolution left behind. Hassan, who has left politics and now manages a garment factory, said that what he saw during the revolution has soured him on the political left.

"I think the left equal populism, which equals give-me-give-me-give-me," he said. "What we bred here are people who say, 'I'll go to demonstrations and shout, but I won't work. I want a salary, but I won't work. I want food, but I won't work. I want a house, but I won't work.

But others believe that the revolution left some things of lasting value, including a sense that even poor people have inalienable rights.

"Nicaraguan peasant will look you straight in the eye," said Alejandro Bendaña, once Daniel Ortega's top foreign policy adviser, now estranged from the party. "That wasn't always true. When I was a kid, they walked up to you, bowing, humble and deferential, saying boss this and boss that. That is a legacy of the revolution."

Bendaña, like many past and present Sandinistas, believes that the revolution would have been worthwhile even if it never accomplished anything but getting rid of the Somozas.

"Our parents had failed to get rid of the bastard, and we were the ones who did it," he said. "And to get rid of the dictatorship, armed force was required. Banging pots and pans in the streets, like in the Philippines, that wasn't going to do it."

Ortega, somewhat paradoxically, believes that the election that ousted him proves that the Sandinistas moved the country forward.

"When we lost the election, we gave up the government," Ortega said. "That hadn't happened before. What we have here is a typical bourgeois democracy—not a true people's democracy—but I still think it represents an advance for Nicaragua."

But being remembered as a transitional asterisk in Nicaraguan history was not what the Sandinistas dreamed of in 1979, when they boasted that they would do nothing less than construct a New Man, free of the chains of ego and selfishness.

"I always thought the revolution would be a transcendental story in human development," mused Ramirez earlier this month. "But it wasn't, was it?"

46TH ANNIVERSARY OF THE KOREAN ARMISTICE

Mr. SHELBY. Mr. President, on July 27, 1953, the armistice was signed, ending the Korean War. On Sunday, July 25, 1999, nearly forty-six years after the fighting stopped, the Veterans of Foreign Wars gathered for the dedication of a Korean War Memorial in Fultondale, Alabama. I rise today, on the 46th Anniversary of the armistice, to honor the military personnel who faithfully served our nation in this conflict.

Many have wrongfully called Korea "the Forgotten War." I want Korean War veterans to know that we have not forgotten their brave service to our nation. The courage and dedication of American troops who fought on and around the Korean Peninsula should never be forgotten. The names of Pusan, Inchon, Chosin Reservoir and countless other locations where our forces fought against Communist aggression continue to bring pride to the hearts and minds of all Americans.

We are constantly and correctly reminded of the thousands of Americans who lost so much in the Vietnam War. Vietnam left such a lasting impression on our history that there has been a temptation to overlook our nation's first stand against the Communist threat in Asia. I am committed to insuring that we do not succumb to this temptation. We must not forget either the 37,000 Americans who gave their lives in Korea, or the 8,000 MIAs whose fate remains a mystery.

Those who served their nation from 1950–53 suffered much, but have left a proud legacy. The 8th Army, Far East Air Force, 1st Marine Division, and 7th Fleet proved their mettle in Korea and remain among the proudest names in American military history. The peace and prosperity which the people of South Korea enjoy today is the direct result of the gallantry of our Armed Forces. The 38,000 American personnel who currently serve in South Korea are guardians of the liberty which their predecessors fought to establish nearly half a century ago.

Mr. President, I ask you and my fellow United States Senators to join me in recognizing the members of the Armed Services who sacrificed so much in defense of freedom and democracy on the Korean Peninsula.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Monday, July 26, 1999, the Federal debt stood at $5,636,525,745,471.93 (Five trillion, six hundred thirty-six billion, five hundred twenty-five million, seven hundred forty-five thousand, four hundred seventy-one dollars and ninety-three cents).

Five years ago, July 26, 1994, the Federal debt stood at $4,632,297,000,000 (Four trillion, six hundred thirty-two billion, two hundred ninety-seven million).

Ten years ago, July 26, 1989, the Federal debt stood at $2,802,473,000,000 (Two trillion, eight hundred two billion, four hundred seventy-three million).

Fifteen years ago, July 26, 1984, the Federal debt stood at $1,536,607,000,000 (One trillion, five hundred thirty-six billion, six hundred seven million).

Twenty-five years ago, July 26, 1974, the Federal debt stood at $475,807,000,000 (Four hundred seventy-five billion, eight hundred seven million) which reflects a debt increase of more than $5 trillion—$5,160,718,745,471.93 (Five trillion, one hundred sixty billion, seven hundred eighteen million, seven hundred forty-five thousand, four hundred seventy-one dollars and ninety-three cents) during the past 25 years.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 9:46 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 2561. An act making appropriations for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes.

H.R. 2415. An act to enhance security of United States missions and personnel overseas, to authorize appropriations for the Department of State for fiscal year 2000, and for other purposes.

The message also announced that the House has passed the following bills, without amendment:

S. 604. An act to direct the Secretary of Agriculture to complete a land exchange with Georgia Power Company.

S. 1258. An act to authorize funds for the payment of salaries and expenses of the Patent and Trademark Office, and for other purposes.

S. 1259. An act to amend the Trademark Act of 1946 relating to dilution of famous marks, and for other purposes.

S. 1260. An act to make technical corrections in title 17, United States Code, and other laws.

The message further announced that the House insists upon its amendments to the bill (S. 507) to provide for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes and asks a conference with the Senate on the disagreeing votes of the two Houses thereon; and appoints the following members as managers of the conference on the part of the House:

For consideration of the Senate bill and the House amendment, and modifications committed to conference: Mr. SHUSTER, Mr. YOUNG of Alaska, Mr. BOEHLERT, Mr. BAKER, Mr. DOOLITTLE, Mr. SHERWOOD, Mr. OBERSTAR, Mr. BORSKI, Mrs. TAUSCHER, and Mr. BAIRD.

At 2:06 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 457. An act to amend title 5, United States Code, to increase the amount of leave time available to a Federal employee in any year in connection with serving as an organ donor, and for other purposes.

H.R. 1074. An act to provide Governmentwide accounting of regulatory costs and benefits, and for other purposes.

H.R. 2565. An act to clarify the quorum requirement for the Board of Director of the Export-Import Bank of the United States.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 457. An act to amend title 5, United States Code, to increase the amount of leave time available to a Federal employee in any year in connection with serving as an organ donor, and for other purposes; to the Committee on Governmental Affairs.

H.R. 1074. An act to provide Governmentwide accounting of regulatory costs and benefits, and for other purposes; to the Committee on Governmental Affairs.

H.R. 2565. An act to clarify the quorum requirement for the Board of Directors of the Export-Import Bank of the United States; to the Committee on Banking, Housing, and Urban Affairs.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–4358. A communication from the Chief, Regulations Branch, U.S. Customs Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled "Automated Export System (AES)" (RIN1515–AC42), received July 23, 1999; to the Committee on Finance.

EC–4359. A communication from the Secretary of Labor, transmitting, pursuant to law, a report relative to worker adjustment assistance training funds; to the Committee on Finance.

EC–4360. A communication from the Director, Corporate Policy and Research Department, Pension Benefit Guaranty Corporation, transmitting, pursuant to law, the report of a rule entitled "Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing Benefits; Correction", received July 23, 1999; to the Committee on Health, Education, Labor, and Pensions.

EC–4361. A communication from the Secretary of Education, transmitting, pursuant to law, a report relative to a vacancy in the position of Chief Financial Officer in the Department of Education and the designation of an Acting Chief Financial Officer; to the Committee on Health, Education, Labor, and Pensions.

EC–4362. A communication from the Administrator, Farm Service Agency, Farm and Foreign Agricultural Services, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Implementation of Preferred Lender Program and Streamlining of Guaranteed Farm Loan Programs Loan Regulations; Correction" (RIN0560–AF38), received July 23, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4363. A communication from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Gypsy Moth Generally Infested Areas" (Docket No. 99–042–1), received July 23, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4364. A communication from the Chief Justice of the Supreme Court, transmitting, pursuant to law, a report of the proceedings of the Judicial Conference of the United States held on March 16, 1999; to the Committee on the Judiciary.

EC–4365. A communication from the Assistant Secretary, Lands and Minerals Management, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled "Leasing of Sulphur or Oil and Gas in the Outer Continental Shelf-Bonus Payments with Bids" (RIN1010–AC49), received July 23, 1999; to the Committee on Energy and Natural Resources.

EC–4366. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Finding of Failure to Submit a Revised State Implementation Plan (SIP) for Lead; Missouri; Doe Run-Herculaneum Lead Nonattainment Area" (FRL # 6408–3), received July 23, 1999; to the Committee on Environment and Public Works.

EC–4367. A communication from the Executive Director, Committee for Purchase from People who are Blind or Severely Disabled, transmitting, pursuant to law, the annual report for fiscal year 1998; to the Committee on Governmental Affairs.

EC–4368. A communication from the Director, Employment Services, Office of Personnel Management, transmitting, pursuant to law, the report of a rule entitled "Career Transition Assistance for Surplus and Displaced Federal Employees" (RIN3206–AI39), received July 23, 1999; to the Committee on Governmental Affairs.

EC–4369. A communication from the Director, Employment Services, Office of Personnel Management, transmitting, pursuant to law, the report of a rule entitled "Positions Restricted to Preference Eligibles" (RIN3206–AI69), received July 23, 1999; to the Committee on Governmental Affairs.

EC–4370. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a report on D.C. Act 13–104, "Taxicab Commission Temporary Amendment Act of 1999"; to the Committee on Governmental Affairs.

EC–4371. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a report on D.C. Act 13–105, "Emergency Financial Assistance for Hospitals Temporary Act of 1999"; to the Committee on Governmental Affairs.

EC–4372. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a report on D.C. Act 13–98, "Use of Trained Employees to Administer Medication Clarification Temporary Amendment Act of 1999"; to the Committee on Governmental Affairs.

EC–4373. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a report on D.C. Act 13–99, "Equal Opportunity for Local, Small, or Disadvantaged Business Enterprises Temporary Amendment Act of 1999"; to the Committee on Governmental Affairs.

EC–4374. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a report on D.C. Act 13–97, "Office of Cable Television and Telecommunications Temporary Amendment Act of 1999"; to the Committee on Governmental Affairs.

EC–4375. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a report on D.C. Act 13–100, "Uniform Controlled Substances Temporary Amendment Act of 1999"; to the Committee on Governmental Affairs.

EC–4376. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a report on D.C. Act 13–102, "Motor Vehicle Excessive Idling Fine Increase Amendment Act of 1999"; to the Committee on Governmental Affairs.

EC–4377. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the report of the certification of a proposed Manufacturing License Agreement with Germany; to the Committee on Foreign Relations.

EC–4378. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the

Arms Export Control Act, the report of a certification relative to a proposed transfer of major defense equipment valued at $14,000,000 from Germany to Greece; to the Committee on Foreign Relations.

EC–4379. A communication from the Acting Assistant Attorney General, Office of Legislative Affairs, Department of Justice, transmitting, pursuant to law, a report relative to the administration of the Foreign Agents Registration Act for the six months ending December 31, 1998; to the Committee on Foreign Relations.

EC–4380. A communication from the President and Chairman, Export-Import Bank of the United States, transmitting, pursuant to law, a report relative to a transaction involving U.S. exports to China; to the Committee on Banking, Housing, and Urban Affairs.

EC–4381. A communication from the President and Chairman, Export-Import Bank of the United States, transmitting, pursuant to law, a report relative to a transaction involving U.S. exports to Taiwan; to the Committee on Banking, Housing, and Urban Affairs.

EC–4382. A communication from the Under Secretary for Export Administration, Department of Commerce, transmitting, pursuant to law, a report entitled "Imposition of Foreign Policy Export Controls for Exports and Reexports of Explosive Detection Systems"; to the Committee on Banking, Housing, and Urban Affairs.

EC–4383. A communication from the General Counsel, National Credit Union Administration, transmitting, pursuant to law, the report of a rule entitled "12 CFR Part 723; Member Business Loans", received July 23, 1999; to the Committee on Banking, Housing, and Urban Affairs.

EC–4384. A communication from the General Counsel, Federal Emergency Management Agency, transmitting, pursuant to law, the report of a rule entitled "List of Communities Eligible for the Sale of Flood Insurance; 64 FR 38311; 07/16/99 (Docket No. FEMA–7716)", received July 22, 1999; to the Committee on Banking, Housing, and Urban Affairs.

EC–4385. A communication from the General Counsel, Federal Emergency Management Agency, transmitting, pursuant to law, the report of a rule entitled "Suspension of Community Eligibility; 64 FR 38309; 07/16/99 (Docket No. FEMA–7717)", received July 22, 1999; to the Committee on Banking, Housing, and Urban Affairs.

EC–4386. A communication from the Secretary, Federal Trade Commission, transmitting, pursuant to law, a report entitled "Cigar Sales and Advertising and Promotional Expenditures" for calendar years 1996 and 1997; to the Committee on Commerce, Science, and Transportation.

EC–4387. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: MD Helicopters, Inc. Model 369 D and E Helicopters; Request for Comments; Docket No. 99–zSW–40 (7–20/7–22)" (RIN2120–AA64) (1999–0274), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4388. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Bell Helicopter Textron Canada Model 206L, 206L–1, 206L–3, and 206L–4 Helicopters; Request for Comments; Docket No. 99–SW–23" (RIN2120–AA64) (1999–0278), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4389. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Boeing Model 777 Series Airplanes; Request for Comments; Docket No. 99–NM 113" (RIN2120–AA64) (1999–0277), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4390. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Boeing Model 747–200 and –300 Series Airplanes Equipped with General Electric CF6–80C2 Series Engines; Docket No. 99–NM 247 (7–20/7–22)" (RIN2120–AA64) (1999–0279), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4391. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: deHaviland, Inc. Models DHC–2 Mk. I, DHC–2 Mk. II, and DHC–2 Mk. III Airplanes; Docket No. 99–CE–05 (7–21/7–22)" (RIN2120–AA64) (1999–0276), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4392. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: British Aerospace HP137 Mk1, Jetstream Models 3101 and 3201 Airplanes; Docket No. 98–CE–115 (7–20/7–22)" (RIN2120–AA64) (1999–0275), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4393. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Amendment of Class E Airspace; North Platte, NE; Direct Final Rule; Request for Comments; Docket No. 99–ACE–33 (7–20/7–22)" (RIN2120–AA66) (1999–0232), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4394. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Amendment of Class E Airspace; Raton, NM; Direct Final Rule; Request for Comments; Docket No. 99–ASW 11 (7–20/7–22)" (R2120–AA66) (1999–0231), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4395. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Amendment of Class E Airspace; Harlan, IA; Direct Final Rule; Confirmation of Effective Date; Docket No. 99–ACE–22 (7–20/7–22)" (RIN2120–AA66) (1999–0229), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4396. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Amendment of Class E Airspace; Ottawa, KS; Direct Final Rule; Confirmation of Effective Date; Docket No. 99–ACE–21 (7–20/7–22)" (RIN2120–AA66) (1999–0230), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4397. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Revocation of Class D Airspace; Dallas NAS, Dallas, TX; Docket No. 99–ASW–08 (7–22/7–22)" (RIN2120–AA66) (1999–0228), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4398. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Standard Instrument Approach Procedures; Miscellaneous Amendments (29) Amdt. 1939 (7–19/7–22)" (RIN2120–AA65) (1999–0035), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4399. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Standard Instrument Approach Procedures; Miscellaneous Amendments (18) Amdt. 1940 (7–19/7–22)" (RIN2120–AA65) (1999–0034), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SPECTER, from the Committee on Veterans' Affairs, with an amendment in the nature of a substitute and an amendment to the title:

S. 1076. A bill to amend title 38, United States Code, to provide a cost-of-living adjustment in rates of compensation paid to veterans with service-connected disabilities, to enhance programs providing health care, education, and other benefits for veterans, to authorize major medical facility projects, to reform eligibility for burial in Arlington National Cemetery, and for other purposes (Rept. No. 106–122).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. CAMPBELL:

S. 1438. A bill to establish the National Law Enforcement Museum on Federal land in the District of Columbia; to the Committee on Energy and Natural Resources.

By Mr. FEINGOLD (for himself, Mr. HARKIN, and Mr. WELLSTONE):

S. 1439. A bill to terminate production under the D5 submarine-launched ballistic missile program; to the Committee on Armed Services.

By Mr. GRAMM (for himself, Mr. LOTT, and Mr. MCCONNELL):

S. 1440. A bill to promote economic growth and opportunity by increasing the level of visas available for highly specialized scientists and engineers and by eliminating the earnings penalty on senior citizens who continue to work after reaching retirement age; to the Committee on Finance.

By Mr. SARBANES (for himself, Ms. MIKULSKI, Mr. WARNER, Mr. ROBB, and Mr. AKAKA):

S. 1441. A bill to amend chapters 83 and 84 of title 5, United States Code, to modify employee contributions to the Civil Service Retirement System and the Federal Employees Retirement System to the percentages in effect before the statutory temporary increase in calendar year 1999, and for other purposes; to the Committee on Governmental Affairs.

By Mr. REED:

S. 1442. A bill to provide for the professional development of elementary and secondary school teachers; to the Committee on Health, Education, Labor, and Pensions.

By Mr. HARKIN (for himself, Mrs. LINCOLN, Mr. WELLSTONE, and Mrs. MURRAY):

S. 1443. A bill to amend section 10102 of the Elementary and Secondary Education Act of 1965 regarding elementary school and secondary school counseling; to the Committee on Health, Education, Labor, and Pensions.

By Mr. GRASSLEY (for himself and Mr. BURNS):

S. 1444. A bill to amend the Internal Revenue Code of 1986 to eliminate the 60-month limit and increase the income limitation on the student loan interest deduction; to the Committee on Finance.

By Mr. KOHL (for himself and Mr. REID):

S. 1445. A bill to amend titles XVIII and XIX of the Social Security Act to prevent abuse of recipients of long-term care services under the medicare and medicaid programs; to the Committee on Finance.

By Mr. LOTT:

S. 1446. A bill to amend the Internal Revenue Code of 1986 to allow an additional advance refunding of bonds originally issued to finance governmental facilities used for essential governmental functions; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Ms. SNOWE (for herself and Ms. COLLINS):

S. Res. 164. A resolution congratulating the Black Bears of the University of Maine for winning the 1999 NCAA hockey championship; to the Committee on the Judiciary.

By Mr. HATCH (for himself, Mr. LEAHY, Mr. SHELBY, Mr. SESSIONS, Mr. GRASSLEY, Mr. BIDEN, Mr. KENNEDY, Mr. KOHL, Mr. DEWINE, Mr. FEINGOLD, and Mr. FITZGERALD):

S. Res. 165. A resolution in memory of Senior Judge Frank M. Johnson, Jr. of the United States Court of Appeals for the Eleventh Circuit; considered and agreed to.

By Mr. THOMAS:

S. Res. 166. A resolution relating to the recent elections in the Republic of Indonesia; to the Committee on Foreign Relations.

By Ms. COLLINS:

S. Res. 167. A resolution commending the Georges Bank Review Panel on the recent report recommending extension of the moratorium on oil and gas exploration on Georges Bank, commending the Government of Canada for extending the moratorium on oil and gas exploration on Georges Bank, and urging the Government of Canada to adopt a longer-term moratorium; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CAMPBELL:

S. 1438. A bill to establish the National Law Enforcement Museum on Federal land in the District of Columbia; to the Committee on Energy and Natural Resources

NATIONAL LAW ENFORCEMENT MUSEUM ACT

Mr. CAMPBELL. Mr. President, today I am pleased to introduce the National Law Enforcement Museum Act of 1999. This legislation would authorize the construction of a National Law Enforcement Museum to be built here in our Nation's Capital.

Just over one year ago, this institution, along with millions of other Americans, were reminded about the risks that our officers must face on a daily basis. On July 24, 1998, U.S. Capitol Police Officer Jacob J. Chestnut and Detective John Gibson were killed by a deranged man. This legislation I introduce today will ensure that their story of heroism and sacrifice is never forgotten, just as we must never forget the thousands of other officers who have made the ultimate sacrifice to secure the safety and well-being of our communities.

As a former deputy sheriff, I know first-hand the risks peace officers face in enforcing our laws. Throughout our nation's history, nearly 15,000 federal, state, and local law enforcement officers have lost their lives in the line of duty. Based on FBI statistics, nearly 63,000 officers are assaulted each year in this country, resulting in more than 21,000 injuries. On average, one police officer is killed somewhere in America every 54 hours.

Approximately 740,000 law enforcement professionals are continuing to put their lives on the line for the safety and protection of others.

We owe all of those officers a huge debt of gratitude, and it is only fitting that we properly commemorate this outstanding record of service and sacrifice.

My legislation seeks to achieve this important goal by authorizing the National Law Enforcement Officers Memorial Fund, a nonprofit organization, to establish a comprehensive law enforcement museum and research repository on federal land in the District of Columbia. The Fund is the same group that so ably carried out the congressional mandate of 1984 to establish the National Law Enforcement Officers Memorial, which was dedicated in 1991 just a few blocks from the Capitol. Clearly, their record of significant achievement speaks volumes about their ability to meet this important challenge.

Since 1993, the Fund has efficiently operated a small-scale version of the National Law Enforcement Museum at a site located about two blocks from the Memorial. The time has come to broaden the scope of this museum and move it in closer proximity to the National Law Enforcement Officers Memorial.

This museum would serve as a repository of information for researchers, practitioners, and the general public. The museum will become the premiere source of information on issues related to law enforcement history and safety, and obviously a popular tourist attraction in Washington, DC, as well.

The ideal location for this museum is directly across from the National Law Enforcement Officers Memorial on a parcel of federal-owned property that now functions as a parking lot. The building, as planned, will have underground parking for the judicial officers who currently use this lot.

Under my legislation, no federal dollars are being proposed to establish this museum. Rather, the Fund would raise all of the money necessary to construct the museum through private donations. Recognizing the national importance of this museum, however, the legislation states that upon completion of the museum facility the Secretary of the Interior and the Administrator of the General Services Administration will be responsible for the maintenance of the exterior grounds and interior space, respectively. The legislation places the responsibility of operating the museum in the hands of the Fund.

Finally, let me add that this legislation is supported by 15 national law enforcement organizations: the Concerns of Police Survivors; the Federal Law Enforcement Officers Association; the Fraternal Order of Police; the Fraternal Order of Police Auxiliary; the International Association of Chiefs of Police; the International Brotherhood of Police Officers; the International Union of Police Associations/AFL–CIO; the National Association of Police Organizations; the National Black Police Association; the National Organization of Black Law Enforcement Executives; the National Sheriffs Association; the National Troopers Coalition; the Police Executive Research Forum; the Police Foundation; the United Federation of Police; and the National Law Enforcement Council. Together, these organizations represent virtually every law enforcement officer, family member and police survivor in the United States.

Mr. President, as we remember the sacrifices made by Officer Chestnut, Detective Gibson and so many other brave officers, I strongly urge my colleagues in the Senate to join me in support of this important legislation.

Mr. President, I ask unanimous consent that the text of the legislation and letters of support be printed in the RECORD.

There being no objection, the materials was ordered to be printed in the RECORD, as follows:

S. 1438

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Law Enforcement Museum Act".

SEC. 2. FINDING.

Congress finds that there should be established a National Law Enforcement Museum to honor and commemorate the service and sacrifice of law enforcement officers in the United States.

SEC. 3. DEFINITIONS.

In this Act:

(1) MEMORIAL FUND.—The term "Memorial Fund" means the National Law Enforcement Officers Memorial Fund.

(2) MUSEUM.—The term "Museum" means the National Law Enforcement Museum established under section 4(a).

(3) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

SEC. 4. NATIONAL LAW ENFORCEMENT MUSEUM.

(a) ESTABLISHMENT.—The Memorial Fund may construct a National Law Enforcement Museum on Federal land located on United States Reservation #7, on the property directly south of the National Law Enforcement Officers Memorial, bounded by—

(1) E Street, NW., on the north;

(2) 5th Street, NW., on the west;

(3) 4th Street, NW., on the east; and

(4) Indiana Avenue, NW., on the south.

(b) DESIGN AND PLANS.—

(1) IN GENERAL.—In carrying out subsection (a), the Memorial Fund shall be responsible for preparation of the design and plans for the Museum.

(2) APPROVAL.—The design and plans for the Museum shall be subject to the approval of—

(A) the Secretary;

(B) the Commission of Fine Arts; and

(C) the National Capital Planning Commission.

(c) FUNDING; EXTERIOR MAINTENANCE.—The Secretary—

(1) shall not permit construction of the Museum to begin unless the Secretary determines that sufficient amounts are available to complete construction of the Museum in accordance with the design and plans approved under subsection (b); and

(2) shall maintain the exterior and exterior grounds of the Museum after completion of construction.

(d) INTERIOR MAINTENANCE.—The Administrator of General Services shall maintain the interior of the Museum after completion of construction.

(e) OPERATION.—The Memorial Fund shall operate the Museum after completion of construction.

(f) FEDERAL SHARE.—The United States shall pay no expense incurred in the establishment or construction of the Museum.

(g) FAILURE TO CONSTRUCT.—If the Memorial Fund fails to construct the Museum by the date that is 7 years after the date of enactment of this Act, the authority to construct the Museum shall terminate on that date, unless construction of the Museum begins before that date.

NATIONAL ASSOCIATION OF
POLICE ORGANIZATIONS, INC.,
Washington, D.C., July 20, 1999.

Hon. BEN NIGHTHORSE CAMPBELL,
Washington, DC.

DEAR SENATOR CAMPBELL: I am writing on behalf of the National Association of Police Organizations (NAPO) to thank you for your understanding and willingness to introduce legislation that when passed into law would authorize the National Law Enforcement Officers Memorial Fund (NLEOMF) to establish a National Law Enforcement Museum in the District of Columbia directly across the street from the National Law Enforcement Officers Memorial.

I stand ready to work with your staff to ensure speedy passage of this important legislation.

NAPO is a coalition of police unions and association from across the United States that serves in Washington, DC to advance the interest of America's law enforcement officers through legislative and legal advocacy, political action and education. Founded in 1978, NAPO now represents 4,000 police organizations and more than 220,000 sworn law enforcement officers including the Denver Police Association and the nearly 4,000 members of the Colorado Police Protective Association.

NAPO lobbied tirelessly for the passage of legislation that allowed for the establishment of the National Law Enforcement Officers Memorial and will work just as hard for this legislation, which when completed will truly complement each other.

The Memorial serves as a reminder to the law enforcement community and the law-abiding public the sacrifice made on a daily basis by our nation's law enforcement officers and their loved ones.

The museum will serve as the most comprehensive law enforcement museum and research facility in the world. It will help create a better understanding of the law enforcement mission and will assist in bringing the police and the public closer together.

I appreciate your continued support of the law enforcement community.

Sincerely,

ROBERT T. SCULLY,
Executive Director.

NATIONAL TROOPERS COALITION,
Albany, NY., July 19, 1999.

Hon. BEN NIGHTHORSE CAMPBELL,
Washington, DC.

DEAR SENATOR CAMPBELL: On behalf of the over 40,000 members of the National Troopers Coalition, I wish to thank you for your sponsorship of legislation that will create a National Law Enforcement Museum on Federal land directly across the street from the National Law Enforcement Officers Memorial.

This museum, in combination with the National Law Enforcement Officers Memorial, will pay tribute to law enforcement as a profession, as well as educate the public on the duties performed by the public servants who have sworn to protect the Constitution and the communities they serve. The research component alone, in conjunction with established Federal resources, should serve all of law enforcement as the premier source of information for operational and training purposes.

The site being considered is a natural setting for this museum and would no doubt enhance those Federal and District of Columbia facilities located nearby.

In closing, I would like to thank you for your leadership in introducing this legislation, as well as your support for State Troopers/Highway Patrolmen and their families. Your concern for them is deeply appreciated. If I or another member of the National Troopers Coalition can assist you, please don't hesitate to contact us.

Sincerely:

MIKE MUTH,
1st Vice Chairman.

FEDERAL LAW ENFORCEMENT
OFFICERS ASSOCIATION,
East Northport, NY, July 23, 1999.

Hon. BEN NIGHTHORSE CAMPBELL,
U.S. Senator,
Russell Building, Washington, DC.

DEAR MR. CHAIRMAN: On behalf of the more than 16,000 members of the Federal Law Enforcement Officers Association (FLEOA), I wish to express FLEOA's strong support for legislation establishing a National Law Enforcement Museum on Federal land located directly across the street from the National Law Enforcement Officers Memorial (NLEOM). FLEOA thanks you for your support.

This legislation creates the largest and most comprehensive law enforcement museum and research facility, at no cost to the taxpayer as all funds necessary to complete the construction will be raised through private donations. We sincerely believe the museum and research facility will enable the public to better understand and appreciate the work of law enforcement, and thus further assist law enforcement in fighting crime. The proposed location, across the street from the Memorial Wall containing the names of nearly 15,000 American law enforcement heroes, is ideal. FLEOA, as a member of the NLEOM Executive Board, fully supports this concept and proposed legislation.

If you have any questions or need further information, please feel free to contact me directly at (212) 264-8400, or through feel free to contact me directly at (516) 368-6117. Thank you for your support.

RICHARD J. GALLO,
President.

NATIONAL BLACK POLICE
ASSOCIATION,
Washington, DC, July 21, 1999.

Hon. BEN NIGHTHORSE CAMPBELL,
U.S. Senate, Russell Senate Office Building, Washington, DC.

DEAR SENATOR CAMPBELL: The National Black Police Association was created in 1972 as a network between minority officers across the country. The NBPA fosters a bond between the minority officers and their communities. This nonprofit organization has helped to improve relations between the police departments and the community.

I am writing on behalf of the National Law Enforcement Memorial Fund to formally request that you introduce legislation authorizing the NLEOMF to establish a National Law Enforcement Museum on Federal land located directly across the street from the National Law Enforcement Officers Memorial.

The goal of the NLEOMF is to create the largest and most comprehensive law enforcement museum and research facility found anywhere in the world. The museum will become "the source" of information on issues related to law enforcement history and safety. This facility would help to create a much better public understanding of and appreciation for the law enforcement profession and the work that they perform at great personal risk.

The museum site that is specified in this draft legislation is federally-owned land that is currently being used by the District of Columbia as a parking lot for the court buildings in the area. Therefore, we hope that you give our request favorable consideration. The museum will become a legacy which that we all would be extremely proud.

Sincerely,

WENDELL M. FRANCE,
Chairperson.

National Law
Enforcement Council,
Washington, DC, July 21, 1999.
Hon. Ben Nighthorse Campbell,
U.S. Senate, Russell Senate Office Building, Washington, DC.

Dear Senator Campbell: As an honorary board member of the National Law Enforcement Officers' Memorial I am pleased to endorse plans for a museum facility on the grounds of the NLEOM. We strongly encourage you and your colleagues in the Congress to support our efforts. The land on which we wish to build our museum is locate on federal land and is located directly across from the Memorial. It requires the approval of Congress.

A Joint Resolution for the building of our Memorial (PL 98-534) was approved by the Congress and signed into law in 1991. We understand a similar Joint Resolution is required for the transfer of the public land in question, which is the site selected for the museum.

We are grateful for your interest and help in the introduction of the necessary legislation which would allow the NLEOMF to build their museum on federal land across from their Museum.

Kindest regards.
Sincerely yours,
Donald Baldwin.

United Federation of
Police Officers, Inc.,
Briarcliff Manor, NY, July 2, 1999.
Hon. Ben Nighthorse Campbell,
Washington, DC.

Dear Senator Campbell: As a member of the National Law Enforcement Memorial Fund's Board of Directors, I am writing to formally request you introduce legislation authorizing our organization to establish the National Law Enforcement Museum on Federal Land located directly across the street from the National Law Enforcement Officers Memorial. It is my understanding that you have received a draft of the proposed legislation from our Executive Director Craig Floyd.

The goal is to create the largest and most comprehensive law enforcement museum and research facility found anywhere in the world. The museum will become the source of information on issues related to law enforcement history and safety. This facility would create a much better public understanding of and appreciation for the law enforcement profession and the work that they perform at great personal risk. The museum and research facility would also serve as an important tool for policy makers and law enforcement trainers in their efforts to make the profession safer and more effective. This museum facility work provide an effective and appropriate complement to the National Law Enforcement Officers Memorial in commemorating the extraordinary level of service and sacrifice provided throughout our history by our nation's law enforcement officers.

Therefore, on behalf of our active, retired, and associate members, I urge you to shepherd this legislation through the United States Congress so this dream will become a reality.

Sincerely,
Ralph M. Purdy,
President.

National Sheriffs' Association,
Alexandria, VA, July 20, 1999.
Re: National Law Enforcement Officers' Memorial—National Law Enforcement Museum Legislation.

Hon. Ben Nighthorse Campbell,
U.S. Senator, U.S. Senate, Russell Senate Office Building, Washington, DC.

Dear Senator Campbell: On behalf of the National Sheriffs' Association—representing the Office of Sheriff and the public safety community in law enforcement, jails, and judicial and court services—I write to express our organization's wholehearted support for the establishment of a National Law Enforcement Museum in Washington, D.C.

Your background as a law enforcement officer and your advocacy on behalf of the public safety community are respected and appreciated by the NSA constituency, and I assure you that—as a proud and dedicated member of the Executive Committee and Board of Directors for the National Law Enforcement Officers' Memorial—I will work hard with NSA's leadership to assist you in any way we can in furtherance of your proposed legislation for the Museum.

NSA supports all legislation for the betterment of our citizenry and the public safety community. The old motto *To Protect and Serve* would be enshrined in a museum such as that proposed and would preserve law enforcement's historical roots. Accordingly, the National Sheriffs' Association would welcome the privilege to work closely with you on this honorable endeavor.

Sincerely,
A.N. Moser, Jr.,
Executive Director.

National Organization of Black Law
Enforcement Executives,
Alexandria, VA, July 19, 1999.
Hon. Ben Nighthorse Campbell,
Russell Senate Office Bldg., Washington, DC.

Dear Senator Campbell: The National Organization of Black Law Enforcement Executives (NOBLE), applauds your efforts to honor the law enforcement officers who have protected, and those who protect our communities by introducing legislation to create the National Law Enforcement Museum.

NOBLE is an organization of over 3,500 primarily African-American law enforcement CEO's and command level officials who are committed to improving the quality of law enforcement service in this country through training, professional competence, personal example and by forming meaningful partnerships with the community.

NOBLE is a member of the board of directors of the National Law Enforcement Memorial Fund, and as such, supports the proposed National Law Enforcement Museum to be located on the isle of a parking lot in Judiciary Square, just south of the National Enforcement Officers Memorial in Washington, D.C.

The nation's memorial to law enforcement officers who have made the supreme sacrifice is unfortunately a perpetual memorial with an average of 150 names inscribed on the memorial walls each year. The memorial serves as a place where the families, friends and co-workers can find peace and solace as they cope with the loss of "their" officer.

Many of these visitors leave mementos that are catalogued and stored in the memorial offices. Other important items relating to law enforcement are also sent to the memorial offices. The memorial office is not an appropriate location to display these remembrances. We believe that these items should be displayed with the dignity they deserve. The National Law Enforcement Museum would compliment the memorial by not only telling the story of the courage and sacrifice of the individual officers "on the wall" but also the evolution of the law enforcement profession.

Besides the historical component, the museum would include a research center. This is a logical progression for the NLEOMF as the center would provide the opportunity to focus law enforcement historical and safety information at one location.

Fiscally, NOBLE believes that the National Law Enforcement Museum is a good investment for the nation. The NLEOMF is committed to this memorial and we have the capacity to construct the memorial through private donations.

The NLEOMF will partner with Secretary of the Interior and the Administrator of the General Services Administration for the maintenance of the building and grounds and the NLEOMF would operate the museum. The D.C. Supreme Court has already given its support for the museum.

We trust that Congress will act on this legislation expeditiously and turn this barren parking lot into living facility, that will meld the past, the present and the future of law enforcement with the memories of those whose names are engraved on the walls of the companion memorial.

Sincerely,
Robert L. Stewart,
Executive Director.

By Mr. FEINGOLD (for himself, Mr. Harkin, and Mr. Wellstone):

S. 1439. A bill to terminate production under the D5 submarine-launched ballistic missile program; to the Committee on Armed Services.

TRIDENT II (D-5) MISSILE PRODUCTION LIMITATION ACT

Mr. FEINGOLD. Mr. President, I come to the floor today to introduce a bill whose time has come.

Mr. President, it is a decade since the Berlin Wall came down, heralding the end of the Cold War. Since then, we have reduced our nuclear arsenal, as have the Russians. And our Navy is advocating to downsize the Trident nuclear submarine fleet, the cornerstone of our nuclear triad strategy. It's just common sense to limit future production of weapons deployed in those submarines.

The bill I introduce today would terminate future production of the Trident II missile. In doing so, this common sense bill would save American taxpayers $5 billion over the next five years, and more than $13 billion over the next ten years.

Mr. President, the Trident II, or D-5 missile, is the Navy's submarine-launched ballistic missile (SLBM). The missile is a Cold War relic that was designed specifically to be a first-strike strategic missile that would attack targets inside the Soviet Union from waters off the continental United States.

The Trident II is deployed aboard Ohio-class nuclear submarines in the order of 24 per boat. Each missile is loaded with 8 independently targetable, nuclear warheads. In other words, 192 warheads per submarine. The warheads bear 300- to 475-kilotons of explosive power. Doing the math, that equals up to 91,200 kilotons of warheads on each and every Trident submarine.

Mr. President, the truth of the matter is we all know that one submarine firing 192 warheads could bring about an apocalypse on this planet. Needless to say, 18, 14, or even 10 submarines with that kind of firepower is beyond necessity. This is especially true if one considers that in addition to, yes, in addition to the SLBMS, the United States deploys 500 Minuteman III intercontinental ballistic missiles with three warheads each; 50 Peacekeeper ICBMs with 10 warheads each; and 94 B–52 and 21 B–2 bombers capable of carrying strategic nuclear warheads.

Mr. President, the United States is building or possesses, right now, 360 Trident II missiles. Current plans would have us purchase 65 more missiles through 2005. The 360 missiles we already own are more than enough to fully arm the ten existing Trident II-armed submarines as well as maintain an adequate test flight program. We simply do not need 65 more missiles. Nor do we need to backfit four Trident I, or C4, missile carrying submarines to carry Trident IIs, especially when one considers that the C4 submarines won't even outlast the Trident I missiles they carry.

I'd like to briefly inform my colleagues on the difference between the Trident I and Trident II missiles. According to CBO, the C4 has an accuracy shortage of about 450 feet compared to the D5, or the distance from where the presiding officer is sitting right now to where the Speaker of the House is sitting down the hall. Given the fact that either missile could utterly destroy the District of Columbia many times over, spending billions of dollars to backfit the C4 submarines seems unnecessary.

And this is not an inexpensive program, Mr. President. According to the Congressional Budget Office, which recommends that we discontinue production of the Trident II and retire all eight C4 submarines, if we terminate production of the missile after this year and retire the C4s by 2005, we would save more than $5 billion over five years, and more than $13 billion over the next ten years. Even here in the Senate, that's real money.

Mr. President, I am not naive enough to believe that Russia's deteriorating infrastructure has eliminated the threat of their ballistic missile capability. And given the missile technology advances in China, North Korea, and Iran, and attempts by rogue states to buy intercontinental ballistic missiles, it is imperative that we maintain a deterrent to ward off this threat. There is still an important role for strategic nuclear weapons in our arsenal. Their role, however, is diminished dramatically from what it was in the past, and our missile procurement decisions should reflect that change.

Mr. President, of our known potential adversaries, only Russia and China even possess ballistic missile-capable submarines. China's one ballistic missile capable submarine is used solely as a test platform. Russia is the only potential adversary with a credible SLBM force, and its submarine capabilities have deteriorated significantly or remain far behind those of our Navy. Due to Russia's continued economic hardships, they continue to cede ground to us in technology and training. Reports even contend that Russia is having trouble keeping just one or two of its strategic nuclear submarines operational. According to General Eugene E. Habiger, USAF (Ret.) and former commander in chief of the U.S. Strategic Command, Moscow's "sub fleet is belly-up."

Mr. President, Russia's submarine fleet has shrunk from more than 300 vessels to about 100. Even Russia's most modern submarines can't be used to full capability because Russia can't adequately train its sailors. Clearly, the threat is diminishing.

Mr. President, earlier this year, Admiral Jay Johnson, the Chief of Naval Operations, went before the Senate Armed Services Committee and stated unequivocally that the Pentagon believes that 14 Trident submarines is adequate to anchor the sea-based corner of the nuclear triad. Based on that testimony, the committee put forward a Department of Defense authorization bill supporting the Navy's plan. Common sense would dictate that fewer submarines warrant fewer missiles. The threat is diminishing; the Navy knows it and the Congress knows it.

The Navy's plan, with the Senate's agreement, to downsize our Trident submarine fleet saves valuable resources and allows us to reach START II arms levels for our SLBMs, and moves us toward future arms reduction treaties. By going with ten boats, the Navy could meet essential requirements under START II today and the anticipated requirements under a START III framework tomorrow.

And ultimately, Mr. President, the United States' leadership in reducing our nuclear stockpile shows our good faith, and will make Russia's passage of a START II treaty more likely.

This strategy of reducing our nuclear stockpile is supported widely by some of our foremost military leaders. General George Lee Butler, former commander in chief of the U.S. Strategic Command, and an ardent advocate of our deterrent force during the Cold War, has said that "With the end of the Cold War, these weapons are of sharply reduced utility, and there is much to be gained by substantially reducing their numbers." I believe we should heed his words.

Mr. President, more than anything else, this issue comes down to a question of priorities. Do we want to spend $13 billion over the next ten years to purchase unnecessary Trident II missiles, or do we want to use that money to address readiness concerns that we've talked a lot about but haven't addressed adequately?

Mr. President, for the past year, we've heard the call to address our military's readiness crisis from virtually all quarters. We were told that foremost among the readiness shortfalls were operations and maintenance as well as pay and allowances accounts.

A preliminary General Accounting Office report on recruitment and retention found that issues like a lack of spare parts; concerns with the health care system; increased deployments; and dissatisfaction with military leaders have at least as much effect on retention, if not more, than a pay raise.

And the Pentagon concurs. Last September, General Henry Shelton, Chairman of the Joint Chiefs, stated that "without relief, we will see a continuation of the downward trends in readiness . . . and shortfalls in critical skills." Army Chief of Staff General Dennis Reimer claimed that the military faces a "hollow force" without increased readiness spending. Chief of Naval Operations Admiral Jay Johnson asserted that the Navy has a $6 billion readiness deficit.

To address the readiness shortfall, Mr. President, the Congress passed an emergency supplemental appropriations bill. The bill spent close to $9 billion, but just $1 billion of it went to address the readiness shortfall. Priorities, Mr. President.

And last month, on the Defense appropriations bill, a couple of Senators inserted an amendment, without debate, to take $220 million from vital Army and Air Force spare parts and repair accounts, and from the National Guard equipment account to buy planes. Planes that the Pentagon doesn't even want. Sponsors of the amendment admitted readily that this was done for the benefit of a company that had lost a multi-billion dollar contract with a foreign country. Priorities, Mr. President.

This bill makes sense now and for the future by saving vital defense dollars now and for years to come, and by stimulating the arms treaty dialogue.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1439

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TERMINATION OF D5 SUBMARINE-LAUNCHED BALLISTIC MISSILE PROGRAM.

(a) TERMINATION OF PROGRAM.—The Secretary of Defense shall terminate production of D5 submarine ballistic missiles under the D5 submarine-launched ballistic missile program.

(b) PAYMENT OF TERMINATION COSTS.—Funds available on or after the date of the enactment of this Act for obligation for the D5 submarine-launched ballistic missile program may be obligated for production under that program only for payment of the costs associated with the termination of production under this Act.

(c) INAPPLICABILITY TO MISSILES IN PRODUCTION.—Subsections (a) and (b) do not apply to missiles in production on the date of the enactment of this Act.

By Mr. GRAMM (for himself, Mr. LOTT, and Mr. MCCONNELL):

S. 1440. A bill to promote economic growth and opportunity by increasing the level of visas available for highly specialized scientists and engineers and by eliminating the earnings penalty on senior citizens who continue to work after reaching retirement age; to the Committee on Finance.

NEW WORKERS FOR ECONOMIC GROWTH ACT

Mr. GRAMM. Mr. President, today I am joined by Senators LOTT and MCCONNELL in introducing the New Workers for Economic Growth Act, which will increase the number of H–1B temporary work visas used by U.S. companies to recruit and hire foreign workers with very specialized skills, particularly in high technology fields. In addition, the legislation eliminates the reduction in Social Security benefits now imposed on individuals aged 65 through 69 who continue to work and whose earnings exceed $15,500 annually. This bill will ensure that the U.S. economic expansion will not be impeded by a lack of skilled workers.

With record low unemployment, many U.S. companies have been forced to slow their expansion, or cancel projects, and may be forced to move their operations overseas because of an inability to find qualified individuals to fill job vacancies. We will achieve our full economic potential only if we ensure that high-technology companies can find and hire the people whose unique qualifications and specialized skills are critical to America's future success.

Last year, the Congress increased temporarily the number of annual H–1B visas from 65,000 to 115,000 for Fiscal Years 1999 and 2000, and to 107,500 in 2001. The number of H–1B visas is scheduled to drop back to 65,000 for Fiscal Year 2002 and subsequent years. The New Workers for Economic Growth Act will increase the H–1B visa cap to 200,000 for Fiscal Years 2000, 2001 and 2002. By the end of that period, we will have the data we need to make an informed decision on the number of such visas required beyond 2002. The bill retains the language of current law which protects qualified U.S. workers from being displaced by H–1B visa holders.

According to a recent study by the American Electronics Association (AEA), Texas has the fastest growing high technology industry in the country and is second only to California in the number of high technology workers. This legislation will ensure that these companies have access to highly skilled, specialized workers, in order that such businesses can continue to grow and prosper, and in doing so, create jobs and opportunity for U.S. workers.

Additionally, our bill expands work opportunities for America's retired senior citizens by removing the financial penalty which is now imposed on those who choose to continue to work while receiving Social Security and whose wages exceed specified levels. The Social Security earnings test robs senior citizens of their money, their dignity, and their right to work, and it robs our Nation of their talent and wisdom. I believe that this legislation represents a fair and effective way to address a critical need in our Nation's economy, and I hope my colleagues will quickly approve this important proposal.

By Mr. SARBANES (for himself, Ms. MIKULSKI, Mr. WARNER, Mr. ROBB, and Mr. AKAKA):

S. 1441. A bill to amend chapters 83 and 84 of title 5, United States Code, to modify employee contributions to the Civil Service Retirement System and the Federal Employees Retirement System to the percentages in effect before the statutory temporary increase in calendar year 1999, and for other purposes; to the Committee on Governmental Affairs.

FEDERAL EMPLOYEE RETIREMENT CONTRIBUTIONS ACT OF 1999

Mr. SARBANES. Mr. President, I am pleased to join with my colleagues, Senators MIKULSKI, WARNER, ROBB and AKAKA, in introducing the Federal Employee Retirement Contributions Act of 1999. This bill would return Federal employee retirement contribution rates to their 1998 levels, effective January 1st, 2000.

Mr. President, in the 1997 Budget Reconciliation bill, as part of the deficit reduction effort, Congress enacted temporary increases in Federal employee retirement contribution rates. In order to meet its fiscal year 1998 reconciliation instructions, the Governmental Affairs Committee reluctantly agreed to phased-in, temporary increases in employee retirement payments of .5 percent through December 31, 2002.

The 1997 provision effectively takes retirement contribution rates under the Civil Service Retirement System (CSRS) from 7 percent to 7.5 percent and under the Federal Employee Retirement System (FERS) from .8 percent to 1.3 percent. Rates are to return to 7 percent and .8 percent respectively in 2003.

Mr. President, the sole rationale for this additional tax on Federal employee income in 1997 was to achieve deficit reduction. It is important to point out that Federal employees received no additional benefits from their increased contributions. Thus, the size of a Federal employee's retirement annuity is not greater because of their increased contributions. Instead, these contribution increases were merely one of several measures included in the Balanced Budget Act in order to raise revenues and reduce the deficit.

The goal of deficit reduction is being realized, and after 30 years of spiraling deficits the economy is now strong and the budget has been balanced. With budget surpluses projected for the near future, the rationale for increasing Federal employees' retirement contribution is no longer valid.

During the past weeks as tax cut proposals have begun moving in the Senate, I have worked to repeal the increased contributions as part of these proposals. While the Majority's tax cut packages would grant billions of dollars in tax relief over the next ten years, and even more in future years, the bill proposals fail to remove the burden that was placed on Federal employees under the Balanced Budget Act.

Mr. President, if we are going to move forward with tax reduction proposals, it is my strong view that we should first make certain that Federal employees, who were singled out to bear an additional burden in the deficit reduction effort, are relieved of that burden. Federal employees should not be forced to continue to contribute more than their fair share, at a time when others are having their taxes reduced.

As of January 1, 1999, half of the .5 percent increase (.25 percent) has already taken effect. Unless action is taken, an additional .15 percent will be deducted from Federal employees' salaries for their retirement on January 1, 2000, followed by .10 percent more in 2001. In these times of strong economic growth, Federal workers should no longer be required to carry this additional burden.

Federal employees were asked to make numerous sacrifices in order to contribute to our Nation's fiscal health. In addition to the increase in retirement contributions, the Federal Government has cut approximately 330,000 employees from its rolls and delayed statutory pay raises over the last several years. Certainly, these were substantial contributions to our country's economy and have helped us turn the corner toward the bright economic future that is now predicted. As we consider how to best utilize projected budget surpluses, we should first remove this burden from Federal employees who have already contributed so much. Repealing the increases in Federal employee retirement contributions is the fair thing to do.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1441

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Employee Retirement Contributions Act of 1999".

SEC. 2. DEDUCTIONS, CONTRIBUTIONS, AND DEPOSITS.

(a) CIVIL SERVICE RETIREMENT SYSTEM.—The table under section 8334(c) of title 5, United States Code, is amended—

(1) in the matter relating to an employee by striking:

"7.4	January 1, 2000, to December 31, 2000.
7.5	January 1, 2001, to December 31, 2002.
7	After December 31, 2002.";

and inserting the following:

"7	After December 31, 1999.";

(2) in the matter relating to a Member or employee for Congressional employee service by striking:

"7.9	January 1, 2000, to December 31, 2000.
8	January 1, 2001, to December 31, 2002.
7.5	After December 31, 2002.";

and inserting the following:

"7	After December 31, 1999.";

(3) in the matter relating to a Member for Member service by striking:

"8.4	January 1, 2000, to December 31, 2000.
8.5	January 1, 2001, to December 31, 2002.
8	After December 31, 2002.";

and inserting the following:

"8	After December 31, 1999.";

(4) in the matter relating to a law enforcement officer for law enforcement service and firefighter for firefighter service by striking:

"7.9	January 1, 2000, to December 31, 2000.
8	January 1, 2001, to December 31, 2002.
7.5	After December 31, 2002.";

and inserting the following:

"7.5	After December 31, 1999.";

(5) in the matter relating to a bankruptcy judge by striking:

"8.4	January 1, 2000, to December 31, 2000.
8.5	January 1, 2001, to December 31, 2002.
8	After December 31, 2002.";

and inserting the following:

"8	After December 31, 1999.";

(6) in the matter relating to a judge of the United States Court of Appeals for the Armed Forces for service as a judge of that court by striking:

"8.4	January 1, 2000, to December 31, 2000.
8.5	January 1, 2001, to December 31, 2002.
8	After December 31, 2002.";

and inserting the following:

"8	After December 31, 1999.";

(7) in the matter relating to a United States magistrate by striking:

"8.4	January 1, 2000, to December 31, 2000.
8.5	January 1, 2001, to December 31, 2002.
8	After December 31, 2002.";

and inserting the following:

"8	After December 31, 1999.";

(8) in the matter relating to a Court of Federal Claims judge by striking:

"8.4	January 1, 2000, to December 31, 2000.
8.5	January 1, 2001, to December 31, 2002.
8	After December 31, 2002.";

and inserting the following:

"8	After December 31, 1999.";

(9) in the matter relating to the Capitol Police by striking:

"7.9	January 1, 2000, to December 31, 2000.
8	January 1, 2001, to December 31, 2002.
7.5	After December 31, 2002.".

and inserting the following:

"7.5	After December 31, 1999.";

and

(10) in the matter relating to a nuclear material courier by striking:

"7.9	January 1, 2000, to December 31, 2000.
8	January 1, 2001, to December 31, 2002.
7.5	After December 31, 2002.".

and inserting the following:

"7.5	After December 31, 1999.".

(b) FEDERAL EMPLOYEES' RETIREMENT SYSTEM.—Section 8422(a) of title 5, United States Code, is amended by striking paragraph (3) and inserting the following:

"(3) The applicable percentage under this paragraph for civilian service shall be as follows:

"Employee	7	January 1, 1987, to December 31, 1998.
	7.25	January 1, 1999, to December 31, 1999.
	7	After December 31, 1999.
Congressional employee.	7.5	January 1, 1987, to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.5	After December 31, 1999.
Member	7.5	January 1, 1987, to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.5	After December 31, 1999.
Law enforcement officer, firefighter, member of the Capitol Police, or air traffic controller.	7.5	January 1, 1987, to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.5	After December 31, 1999.
Nuclear materials courier.	7	January 1, 1987, to the day before the date of enactment of the strom Thurmond National Defense Authorization Act for Fiscal Year 1999.
	7.75	The date of enactment of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.5	After December 31, 1999.".

SEC. 3. CONFORMING AMENDMENTS RELATING TO MILITARY AND VOLUNTEER SERVICE UNDER FERS.

(a) MILITARY SERVICE.—Section 8422(e)(6) of title 5, United States Code, is amended to read as follows:

"(6) The percentage of basic pay under section 204 of title 37 payable under paragraph (1), with respect to any period of military service performed during January 1, 1999, through December 31, 1999, shall be 3.25 percent.".

(b) VOLUNTEER SERVICE.—Section 8422(f)(4) of title 5, United States Code, is amended to read as follows:

"(4) The percentage of the readjustment allowance or stipend (as the case may be) payable under paragraph (1), with respect to any period of volunteer service performed during January 1, 1999, through December 31, 1999, shall be 3.25 percent.".

SEC. 4. OTHER FEDERAL RETIREMENT SYSTEMS.

(a) CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM.—

(1) DEDUCTIONS, WITHHOLDINGS, AND DEPOSITS.—Section 7001(c)(2) of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 659) is amended to read as follows:

"(2) INDIVIDUAL DEDUCTIONS, WITHHOLDINGS, AND DEPOSITS.—Notwithstanding section 211(a)(1) of the Central Intelligence Agency Retirement Act (50 U.S.C. 2021(a)(1)) beginning on January 1, 1999, through December 31, 1999, the percentage deducted and withheld from the basic pay of an employee participating in the Central Intelligence Agency Retirement and Disability System shall be 7.25 percent.".

(2) MILITARY SERVICE.—Section 252(h)(1)(A) of the Central Intelligence Agency Retirement Act (50 U.S.C. 2082(h)(1)(A)), is amended to read as follows:

"(h)(1)(A) Each participant who has performed military service before the date of separation on which entitlement to an annuity under this title is based may pay to the Agency an amount equal to 7 percent of the amount of basic pay paid under section 204 of title 37, United States Code, to the participant for each period of military service after December 1956; except, the amount to be paid for military service performed beginning on January 1, 1999, through December 31, 1999, shall be 7.25 percent of basic pay.".

(b) FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM.—

(1) IN GENERAL.—Section 7001(d)(2) of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 660) is amended by striking subparagraphs (A) and (B) and inserting the following:

"(A) IN GENERAL.—Notwithstanding section 805(a)(1) of the Foreign Service Act of 1980 (22 U.S.C. 4045(a)(1)), beginning on January 1, 1999, through December 31, 1999, the amount withheld and deducted from the basic pay of a participant in the Foreign Service Retirement and Disability System shall be 7.25 percent.

"(B) FOREIGN SERVICE CRIMINAL INVESTIGATORS/INSPECTORS OF THE OFFICE OF THE INSPECTOR GENERAL, AGENCY FOR INTERNATIONAL DEVELOPMENT.—Notwithstanding section 805(a)(2) of the Foreign Service Act of 1980 (22 U.S.C. 4045(a)(2)), beginning on January 1, 1999, through December 31, 1999, the amount withheld and deducted from the basic pay of an eligible Foreign Service criminal investigator/inspector of the Office of the Inspector General, Agency for International Development participating in the Foreign Service Retirement and Disability System shall be 7.75 percent.".

(2) CONFORMING AMENDMENT.—Section 805(d)(1) of the Foreign Service Act of 1980 (22 U.S.C. 4045(d)(1)) is amended in the table in the matter following subparagraph (B) by striking:

"January 1, 1970, through December 31, 1998, inclusive.	7
January 1, 1999, through December 31, 1999, inclusive.	7.25
January 1, 2000, through December 31, 2000, inclusive.	7.4
January 1, 2001, through December 31, 2002, inclusive.	7.5
After December 31, 2002.	7".

and inserting the following:

"January 1, 1970, through December 31, 1998, inclusive.	7
January 1, 1999, through December 31, 1999, inclusive.	7.25
After December 31, 1999.	7.".

(c) FOREIGN SERVICE PENSION SYSTEM.—

(1) IN GENERAL.—Section 856(a)(2) of the Foreign Service Act of 1980 (22 U.S.C. 4071e(a)(2)) is amended to read as follows:

"(2) The applicable percentage under this subsection shall be as follows:

"7.5	Before January 1, 1999.
7.75	January 1, 1999, to December 31, 1999.
7.5	After December 31, 1999.".

(2) VOLUNTEER SERVICE.—Section 854(c)(1) of the Foreign Service Act of 1980 (22 U.S.C. 4071c(c)(1)) is amended by striking all after "volunteer service;" and inserting "except, the amount to be paid for volunteer service beginning on January 1, 1999, through December 31, 1999, shall be 3.25 percent.".

SEC. 5. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on December 31, 1999.

By Mr. REED.

S. 1442. A bill to provide for the professional development of elementary and secondary school teachers; to the Committee on Health, Education, Labor, and Pensions.

PROFESSIONAL DEVELOPMENT REFORM ACT

Mr. REED. Mr. President, I rise today to introduce the Professional Development Reform Act to strengthen and improve professional development for teachers and administrators.

I have long worked to improve the quality of teaching in America's classrooms for the simple reason that well-trained and well-prepared teachers are central to improving the academic performance and achievement of students.

Last Congress, I introduced the TEACH Act to reform the way our prospective teachers are trained. The TEACH Act sought to foster partnerships among teacher colleges, schools of arts and sciences, and elementary and secondary schools.

Such partnerships were a central recommendation of the National Commission on Teaching and America's Future to reform teacher training, and I was pleased that my legislation was included in the renewed teacher training title of the Higher Education Act Amendments of 1998.

As Congress turns to the reauthorization of the Elementary and Secondary Education Act, the focus shifts to new teachers and teachers already in the classroom.

Mr. President, the legislation I introduce today would reform professional development, which too often consists of fragmented, one-shot workshops, at which teachers passively listen to experts and are isolated from the practice of teaching.

We don't expect students to learn their "ABCs" after one day of lessons, and we shouldn't expect a one-day professional development workshop to yield the desired result.

Research shows that such professional development fails to improve or even impact teaching practice.

Moreover, a recent survey of teachers found that professional development is too short term and lacks intensity. In 1998, participation in professional development programs typically lasted from 1 to 8 hours—the equivalent of only a day or less.

As a consequence, only about 1 in 5 teachers felt very well prepared for addressing the needs of students with limited English proficiency, those from culturally diverse backgrounds, and those with disabilities, or integrating educational technology into the curriculum.

Instead, research shows that effective professional development approaches are sustained, intensive activities that focus on deepening teachers knowledge of content; allow teachers to work collaboratively; provide opportunities for teachers to practice and reflect upon their teaching; are aligned with standards and embedded in the daily work of the school; and involve parents and other community members.

Such high-quality professional development improves student achievement. Indeed, a 1998 study in California found that the more teachers were engaged in ongoing, curriculum-centered professional development, holding school conditions and student characteristics constant, the higher their students' mathematics achievement on the state's assessment.

Community School District 2 in New York City is one district which has seen its investment in sustained, intensive professional development pay off with increases in student achievement. Professional development in District 2 is delivered in schools and classrooms and focused on system-wide instructional improvement, with intensive activities such as observation of exemplary teachers and classrooms both inside and outside the district, supervised practice, peer networks, and offsite training opportunities.

Unfortunately, a recent national evaluation of the Eisenhower Professional Development program found that the majority of professional development activities in the six districts studied did not follow such a sustained and intensive approach.

And, in a recent article in the Providence Journal, some teachers noted that professional development for them has revolved around sitting and listening to experts talk about standards, rather than working closely with teachers and students to refine new methods of teaching those standards.

Unlike the bill passed last week in the other body which would do little to address these issues or change professional development, my legislation would create a new formula program for professional development that is sustained, collaborative, content-centered, embedded in the daily work of the school, and aligned with standards and school reform efforts.

To achieve this enhanced professional development, the legislation funds the following activities: mentoring; peer observation and coaching; curriculum-based content training; dedicated time for collaborative lesson planning; opportunities for teachers to visit other classrooms to model effective teaching practice; training on integrating technology into the curriculum, addressing the specific needs of diverse students, and involving parents; professional development networks to provide a forum for interaction and exchange of information among teachers and administrators; and release time and compensation for mentors and substitute teachers to make these activities possible.

The Professional Development Reform Act also requires partnerships between elementary and secondary schools and institutions of higher education for providing training opportunities, including advanced content area courses and training to address teacher shortages. In fact, preliminary U.S. Department of Education data show that the Eisenhower Professional Development activities sponsored by institutions of higher education are most effective.

My legislation will also provide funding for skills and leadership training for principals and superintendents, as well as mentors. Indeed, ensuring that our principals have the training and support to serve as instructional leaders is critical, as is ensuring that mentors have the skills necessary to help our newest teachers and other teachers who need assistance in the classroom.

Funding is targeted to Title I schools with the highest percentages of students living in poverty, where improvements in professional development are needed most.

My legislation does not eliminate the Eisenhower program, but it does require that Eisenhower and other federal, state, and local professional development funds be coordinated and used in the manner described in our bill—on professional development activities that research shows works.

In addition, the Professional Development Reform Act offers resources but it demands results. Strong accountability provisions require that school districts and schools which receive funding actually improve student performance and increase participation in sustained professional development in three years in order to secure additional funding.

In sum, my legislation seeks to ensure that new teachers have the support they need to be successful teachers, that all teachers have access to high quality professional development regardless of the content areas they teach, and that the professional development does not isolate teachers, but rather is part of a coordinated and comprehensive strategy aligned with standards.

Not only does the research bear this out as the way to improve teaching practice and student learning, but education leaders in my home state of Rhode Island, as well as witnesses at a recent Health, Education, Labor, and Pensions Committee hearing stressed the importance of this type of professional development.

Mr. President, the time for action is now as schools must hire an estimated 2.2 million new teachers over the next decade due to increasing enrollments, the retirement of approximately half of our current teaching force, and high attrition rates.

Ensuring that teachers have the training, assistance, and support to increase student achievement and sustain them throughout their careers is a great challenge. But we must meet and overcome this challenge if we are to reform education and prepare our children for the 21st Century.

The Professional Development Reform Act, by increasing our professional development investment and focusing it on the kind of activities and opportunities for teachers and administrators that research shows is effective, is critical to this effort.

I urge my colleagues to join me in this essential endeavor by cosponsoring this legislation and working for its inclusion in the reauthorization of the Elementary and Secondary Education Act.

Mr. President, I ask unanimous consent that the text of this legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1442

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PROFESSIONAL DEVELOPMENT.

(a) SHORT TITLE.—This section may be cited as the "Professional Development Reform Act".

(b) AMENDMENTS.—Title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6601 et seq.) is amended—

(1) by redesignating part E as part F; and

(2) by inserting after part D the following:

"PART E—PROFESSIONAL DEVELOPMENT

"SEC. 2351. PURPOSES.

"The purposes of this part are as follows:

"(1) To improve the academic achievement of students by providing every student with a well-prepared teacher.

"(2) To provide every new teacher with structured support, including a qualified and trained mentor, to facilitate the transition into successful teaching.

"(3) To ensure that every teacher is given the assistance, tools, and professional development opportunities, throughout the teacher's career, to help the teacher teach to the highest academic standards and help students succeed.

"(4) To provide training to prepare and support principals to serve as instructional leaders and to work with teachers to create a school climate that fosters excellence in teaching and learning.

"(5) To transform, strengthen, and improve professional development from a fragmented, one-shot approach to sustained, high quality, and intensive activities that—

"(A) are collaborative, content-centered, standards-based, results-driven, and embedded in the daily work of the school;

"(B) allow teachers regular opportunities to practice and reflect upon their teaching and learning; and

"(C) are responsive to teacher needs.

"SEC. 2252. DEFINITIONS.

"In this part:

"(1) PROFESSIONAL DEVELOPMENT.—The term 'professional development' means effective professional development that—

"(A) is sustained, high quality, intensive, and comprehensive;

"(B) is content-centered, collaborative, school-embedded, tied to practice, focused on student work, supported by research, and aligned with and designed to help elementary school or secondary school students meet challenging State content standards and challenging State student performance standards;

"(C) includes structured induction activities that provide ongoing and regular support to new teachers in the initial years of their careers;

"(D) includes sustained in-service activities to improve elementary school or secondary school teaching in the core academic subjects, to integrate technology into the curriculum, to improve understanding and the use of student assessments, to improve classroom management skills, to address the specific needs of diverse students, including limited English proficient students, individuals with disabilities, and economically disadvantaged individuals, and to encourage and provide instruction on how to work with and involve parents to foster student achievement; and

"(E) includes sustained onsite training opportunities that provide active learning and observational opportunities for elementary school or secondary school teachers to model effective practice.

"(2) ADMINISTRATOR.—The term 'administrator' means a school principal or superintendent.

"SEC. 2353. STATE ALLOTMENT OF FUNDS.

"From the amount appropriated under section 2361 that is not reserved under section 2360 for a fiscal year, the Secretary shall make an allotment to each State educational agency having an application approved under section 2354 in an amount that bears the same relation to the amount appropriated under section 2361 that is not reserved under section 2360 for the fiscal year as the amount the State educational agency received under part A of title I for the fiscal year bears to the amount received under such part by all States for the fiscal year.

"SEC. 2354. STATE APPLICATIONS.

"Each State educational agency desiring an allotment under section 2353 for a fiscal year shall submit to the Secretary an application at such time, in such manner, and accompanied by such information as the Secretary may require. The application shall include—

"(1) a description of the strategy to be used to implement State activities described in section 2355;

"(2) a description of how the State educational agency will assist local educational agencies in transforming, strengthening, and improving professional development;

"(3) a description of how the activities described in section 2355 and the assistance described in paragraph (2) will assist the State in achieving the State's goals for comprehensive education reform, will help all students meet challenging State content standards and challenging State student performance standards, and will help all teachers meet State standards for teaching excellence;

"(4) a description of the manner in which the State educational agency will ensure, consistent with the State's comprehensive education reform plan policies, or statutes, that funds provided under this part will be effectively coordinated with all Federal and State professional development funds and activities, including funds and activities under this title, titles I, III, VI, and VII, title II of the Higher Education Act of 1965, section 307 of the Department of Education Appropriations Act, 1999, and the Goals 2000: Educate America Act; and

"(5) a description of—

"(A) how the State educational agency will collect and utilize data for evaluation of the activities carried out by local educational agencies under this part, including collecting baseline data in order to measure changes in the professional development opportunities provided to teachers and measure improvements in teaching practice and student performance; and

"(B) the specific performance measures the State educational agency will use to determine the need for technical assistance described in section 2355(2) and to make a continuation of funding determination under section 2358.

"SEC. 2355. STATE ACTIVITIES.

"From the amount allotted to a State educational agency under section 2353 for a fiscal year, the State educational agency—

"(1) shall reserve not more than 5 percent to support, directly or through grants to or contracts with institutions of higher education, educational nonprofit organizations, professional associations of administrators, or other entities that are responsive to the needs of administrators and teachers, programs that—

"(A) provide effective leadership training—

"(i) to encourage highly qualified individuals to become administrators; and

"(ii) to develop and enhance instructional leadership, school management, parent involvement, mentoring, and staff evaluation skills of administrators; and

"(B) provide effective leadership and mentor training—

"(i) to encourage highly qualified and effective teachers to become mentors; and

"(ii) to develop and enhance the mentoring and peer coaching skills of such qualified and effective teachers;

"(2) may reserve not more than 2 percent for providing technical assistance and dissemination of information to schools and local educational agencies to help the schools and local educational agencies implement effective professional development activities that are aligned with challenging State content standards, challenging State student performance standards, and State standards for teaching excellence; and

"(3) may reserve not more than 2 percent for evaluating the effectiveness of the professional development provided by schools and local educational agencies under this part in improving teaching practice, increasing the academic achievement of students, and helping students meet challenging State content standards and challenging State student performance standards, and for administrative costs.

"SEC. 2356. LOCAL PROVISIONS.

"(a) ALLOCATIONS TO LOCAL EDUCATIONAL AGENCIES.—Each State educational agency receiving an allotment under section 2353 for a fiscal year shall make an allocation from the allotted funds that are not reserved under section 2355 for the fiscal year to each local educational agency in the State that is eligible to receive assistance under part A of title I for the fiscal year in an amount that bears the same relation to the allotted funds that are not reserved under section 2355 as the amount the local educational agency received under such part for the fiscal year bears to the amount all local educational agencies in all States received under such part for the fiscal year.

"(b) APPLICATIONS.—Each local educational agency desiring a grant under this part shall submit an application to the State educational agency at such time, in such manner, and accompanied by such information as the State educational agency may require. The application shall include—

"(1) a description of how the local educational agency plans—

"(A) to work with schools served by the local educational agency that are described in section 2357 to carry out the local activities described in section 2357; and

"(B) to meet the purposes described in section 2351;

"(2) a description of the manner in which the local educational agency will ensure that—

"(A) the grant funds will be used—

"(i) to provide teachers with the knowledge and skills necessary to teach students to be proficient or advanced in challenging State content standards and challenging State student performance standards, and any local education reform plans or policies; and

"(ii) to help teachers meet standards for teaching excellence; and

"(B) funds provided under this part will be effectively coordinated with all Federal, State, and local professional development funds and activities;

"(3) a description of the local educational agency's strategy for—

"(A) selecting and training highly qualified mentors (utilizing teachers certified by the National Board for Professional Teaching Standards and teachers granted advanced certification as a master or mentor teacher by the State, where possible), for matching such mentors (from the new teachers' teaching disciplines) with the new teachers; and

"(B) providing release time for the teachers (utilizing highly qualified substitute teachers and high quality retired teachers, where possible);

"(4) a description of how the local educational agency will collect and analyze data on the quality and impact of activities carried out in schools under this part, and the specific performance measures the local educational agency will use in the local educational agency's evaluation process;

"(5) a description of the local educational agency's plan to develop and carry out the activities described in section 2357 with the extensive participation of administrators, teachers, parents, and the partnering institution described in section 2357(4); and

"(6) a description of the local educational agency's strategy to ensure that there is schoolwide participation in the schools to be served.

"SEC. 2357. LOCAL ACTIVITIES.

"Each local educational agency receiving an allocation under this part shall use the allocation to carry out professional development activities in schools served by the local educational agency that have the highest percentages of students living in poverty, as measured in accordance with section 1113(a)(5), including—

"(1) mentoring, team teaching, and peer observation and coaching;

"(2) dedicated time for collaborative lesson planning and curriculum development meetings;

"(3) consultation with exemplary teachers and short- and long-term visits to other classrooms and schools;

"(4) partnering with institutions of higher education and, where appropriate, educational nonprofit organizations, for joint efforts in designing the sustained professional development opportunities, for providing advanced content area courses and other assistance to improve the content knowledge and pedagogical practices of teachers, and, where appropriate, for providing training to address areas of teacher and administrator shortages;

"(5) providing release time (including compensation for mentor teachers and substitute teachers as necessary) for activities described in this section; and

"(6) developing professional development networks, through Internet links, where available, that—

"(A) provide a forum for interaction among teachers and administrators; and

"(B) allow the exchange of information regarding advances in content and pedagogy.

"SEC. 2358. CONTINUATION OF FUNDING.

"Each local educational agency or school that receives funding under this part shall be eligible to continue to receive the funding after the third year the local educational agency or school receives the funding if the local educational agency or school demonstrates that the local educational agency or school has—

"(1) improved student performance;

"(2) increased participation in sustained professional development; and

"(3) made significant progress toward at least 1 of the following:

"(A) Reducing the number of out-of-field placements and teachers with emergency credentials.

"(B) Improving teaching practice.

"(C) Reducing the new teacher attrition rate for the local educational agency or school.

"(D) Increasing partnerships and linkages with institutions of higher education.

"SEC. 2359. SUPPLEMENT NOT SUPPLANT.

"Funds made available under this part shall be used to supplement and not supplant other Federal, State, and local funds expended to carry out activities relating to teacher programs or professional development.

"SEC. 2360. NATIONAL ACTIVITIES.

"(a) RESERVATION.—The Secretary shall reserve not more than 5 percent of the amount appropriated under section 2361 for each fiscal year for the national evaluation described in subsection (b) and the dissemination activities described in subsection (c).

"(b) NATIONAL EVALUATION.—

"(1) IN GENERAL.—The Secretary shall provide for an annual, independent, national evaluation of the activities assisted under this part not later than 3 years after the date of enactment of the Professional Development Reform Act. The evaluation shall include information on the impact of the activities assisted under this part on student performance.

"(2) STATE REPORTS.—Each State receiving an allotment under this part shall submit to the Secretary the results of the evaluation described under section 2355(3).

"(3) REPORT TO CONGRESS.—The Secretary annually shall submit to Congress a report that describes the information in the national evaluation and the State reports.

"(c) DISSEMINATION.—The Secretary shall collect and broadly disseminate information (including creating and maintaining a national database or clearinghouse) to help

States, local educational agencies, schools, teachers, and institutions of higher education learn about effective professional development policies, practices, and programs, data projections of teacher and administrator supply and demand, and available teaching and administrator opportunities.

“SEC. 2361. AUTHORIZATION OF APPROPRIATIONS.

“There are authorized to be appropriated to carry out this part $1,000,000,000 for fiscal year 2000 and such sums as may be necessary for each of the fiscal years 2001 through 2004.”.

By Mr. HARKIN (for himself, Mrs. LINCOLN, Mr. WELLSTONE, and Mrs. MURRAY):

S. 1443. A bill to amend section 10102 of the Elementary and Secondary Education Act of 1995 regarding elementary school and secondary school counseling; to the Committee on Health, Education, Labor, and Pensions.

ELEMENTARY AND SECONDARY SCHOOL COUNSELING IMPROVEMENT ACT OF 1999

Mr. HARKIN. Mr President, in April, the nation was rocked by an unspeakable act of violence at Columbine High School in Littleton, Colorado. Twelve innocent students, a heroic teacher and the two student gunmen were killed in the 8th deadly school shooting in 39 months.

Since that tragic incident, there has been a nation wide discussion on the causes of such violence and a search for solutions to prevent such occurrences in the future. I would like to take a few moments to discuss one innovative program that can help us prevent violent acts from happening in the first place.

Mr. President, children today are subjected to unprecedented social stresses, including the fragmentation of the family, drug and alcohol abuse, violence, child abuse and poverty. In 1988, the Des Moines Independent School District recognized the situation confronting young students and expanded counseling services in elementary schools.

The expanded counseling program—Smoother Sailing operates on the simple premise that we must get to kids early to prevent problems rather than waiting for a crisis. As a result, the district more than tripled the number of elementary school counselors to make sure that at least one well-trained professional is available in every single elementary school building.

Smoother Sailing began as a pilot program in 10 elementary schools. The program increased the number of counselors in the elementary schools so there is one counselor for every 250 students—the ratio recommended for an effective program. The participating schools began seeing many positive changes.

After two years, the schools participating in Smoother Sailing saw a dramatic reduction in the number of students referred to the office for disciplinary reasons.

During the 1987–88 school year, 157 students were referred to the office for disciplinary action. After two years of Smoother Sailing, the number of office referrals in those schools dropped to 83—a 47% reduction in office referrals.

During the same period, Des Moines elementary schools with a traditional crisis intervention counseling program had only a 21% reduction in office referrals.

There were other changes as well. Teachers in Smoother Sailing schools reported fewer classroom disturbances and principals noticed fewer fights in the cafeteria and on the playground. The schools and classrooms had become more disciplined learning environments. It was clear that Smoother Sailing was making a difference so the counseling program was expanded to all 42 elementary schools in Des Moines in 1990.

Smoother Sailing continues to be a success.

Smoother Sailing helps students solve problems in a positive manner. Assessments of 4th and 5th grade students show that students can generate more than one solution to a problem. Further, the types of solutions were positive and proactive. We know that the ability to effectively solve problems is essential for helping students make the right decisions when confronted with violence or drugs.

Smoother Sailing gets high marks in surveys of administrators, teachers and parents. They report a high degree of satisfaction with the program.

Ninety-five percent of parents surveyed said the counselor is a valuable part of my child's educational development. Ninety-three percent said they would seek assistance from the counselor if the child was experiencing difficulties at school.

Administrators credit Smoother Sailing with decreasing the number of student suspensions and referrals to the office for disciplinary action. In addition, principals report that the program is responsible for creating an atmosphere that is conducive to learning.

Experts tell us that to be effective, there should be at least one counselor for every 250 students. Unfortunately, the current student:counselor ratio is more than double the recommended level—it is 531:1. That means counselors are stretched to the limit and cannot devote the kind of attention to children that is needed.

In most schools, the majority of counselors are employed at the middle and secondary levels. Therefore, the situation is more acute in elementary schools where the student to counselor ratio is greater than 1000:1.

Mr. President, Smoother Sailing was the model for the Elementary School Counseling Demonstration Act, a section of the Elementary and Secondary School Act.

Today, along with Senators LINCOLN and WELLSTONE, I am introducing the Elementary and Secondary School Counseling Improvement Act of 1999. This legislation does three things.

First, it reauthorizes the Elementary School Counseling Demonstration Act and expands services to secondary schools.

Second, it authorizes $100 million in funding to hire school counselors, school psychologists and school social workers.

Finally, since the counselor shortage is particularly acute in elementary schools, the amendment requires that the first $60 million appropriated would go to provide grants for elementary schools.

Mr. President, CNN and USA Today recently conducted a public opinion poll of Americans. They asked what would make a difference in preventing a future outbreak of violence in our nation's schools.

The leading response was to restrict access to firearms. The second most popular response—a response selected by 60% of those polled—was to increase the number of counselors in our nation's schools.

We should heed the advice of the American people. We have a desperate need to improve counseling services in our nation's schools and this legislation will be an important step in addressing this critical issue. I urge my colleagues to support this legislation.

This legislation is supported by several organizations—the American Counseling Association, the American School Counseling Association, the American Psychological Association, the National Association of School Psychologists, the School of Social Work Association of America and the National Association of Social Workers. I ask unanimous consent that a copy of the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JULY 26, 1999.

DEAR SENATOR. We are writing to urge your support of the “Elementary and Secondary Counseling Improvement Act” introduced by Senator Tom Harkin (D–IA). The Act would increase and expand access to much needed counseling and mental health services for children in our nation's elementary and secondary schools.

According to the National Institute of Mental Health (NIMH), although 7.5 million children under the age of 18 require mental health services, only one in five receive them. As the tragedy of this year's school shootings remind us, students have mental, emotional, and behavioral needs which require the services of qualified counseling professionals. Additionally, counseling and mental health services are essential to help teachers provide quality instruction and enable students to achieve to high academic standards.

Unfortunately, in schools across the nation, the supply of qualified school counselors, school psychologists and school social workers is scarce. The U.S. average student-to-counselor ratio is 513:1. In states like California and Minnesota, one counselor serves more than 1,000 students, and in other states, one school psychologist serves as many as 2,300 students. Similar caseloads exist for school social workers; in one county in Georgia, one school social worker is responsible for over 4,000 students. These ratios make it nearly impossible for students to get the counseling and mental health services they need. This serious shortage of qualified professionals has undermined efforts to make schools safe, improve academic achievement, and has overly burdened teachers.

High caseloads are not the only obstacle facing a student in need of help. School counselors, school psychologists, and school social workers are often charged with miscellaneous administrative or paperwork duties, and may spend almost a quarter of their time on these tasks. Providers need to be able to provide direct services to student, teachers, families, and staff in schools.

The Elementary School Counseling Demonstration Act (ESCD) was first enacted with bi-partisan support as part of the Improving America's Schools Act in 1994. The Act provided counseling services through qualified school counselors, school psychologists, and school social workers. Senator Harkin's "Elementary and Secondary Counseling Improvement Act" would reauthorize the Elementary School Counseling Demonstration, and expand services to secondary schools.

The Elementary and Secondary Counseling Improvement Act would provide funding to schools to expand counseling programs and services provided by only hiring qualified school counselors, school psychologists, and social workers. The Act ensures that programs funded will be comprehensive and accountable by requiring that applicants:

Design the program to be developmental and preventative; Provide in-service training for school counselors, school psychologists, and school social workers; Convene an advisory board composed of parents, counseling professionals, teachers, school administrators, and community leaders to oversee the design and implementation of the program; and Require that counseling professionals spend at least 85% of their work time providing direct services to students and no more than 15% on administrative tasks.

We urge you to support Senator Harkin's Elementary and Secondary Counseling Improvement Act.

Sincerely,

American Counseling Association (AA).

American Psychological Association (APA).

National Association of School Psychologists (NASP).

National Association of Social Workers (NASW).

By Mr. GRASSLEY (for himself and Mr. BURNS):

S. 1444. A bill to amend the Internal Revenue Code of 1986 to eliminate the 60-month limit and increase the income limitation on the student loan interest deduction; to the Committee on Finance.

EXPANSION OF THE STUDENT LOAN INTEREST DEDUCTION

Mr. GRASSLEY. Mr. President, I am joined today by Senator BURNS introducing legislation to expand the student loan interest deduction. Specifically, my bill will repeal the sixty-month payment limitation and increase the income levels qualifying students for the tax deduction for student loan interest. I previously presented the elimination of the sixty-month student loan deductibility restriction in a bill in February. As a member of the Finance Committee, I have asked that both it and the income limit expansion I now propose be included in the Reconciliation bill that will be before the Senate this week. I am happy to report that both are in the committee reported bill.

In a move detrimental to the education of our nation's students, the Tax Reform Act of 1986 eliminated the tax deduction for student loan interest. Deeply troubled that this important relief was no longer available to young women and men trying to start their careers, since 1987 my colleagues on both sides of the aisle and I have sought to ease the heavy burden of paying back student loans by reinstating the tax deduction. In 1992, we succeeded in passing legislation to restore the deduction for student loan interest, only to be stymied by a veto as part of a larger bill with tax increases. After ten arduous years, our persistent work on behalf of America's students finally came to fruition when we succeeded in reinstating the deduction under the Taxpayer Relief Act of 1997. Our victory demonstrated Congress' sincere commitment to making educational opportunities available to all students and families across the nation, and confirmed our willingness to assist young Americans in acquiring the best education possible by easing the financial hardship they face.

While our endeavors in 1997 were progressive, we were unable to go as far as we wanted to go due to financial constraints. Because the nation was still in a fiscal crisis at that time, we were compelled to limit the deductibility of student loan interest to sixty payments, and to only those taxpayers with an adjusted gross income of between $40,000 and $55,000 filing individually or between $60,000 and $75,000 for married couples. Additionally, the deduction itself was phased in at $1000, and will cap out at $2500 in 2002.

In keeping the income limits for the deduction at such low income levels, we are letting a great opportunity to assist more young Americans pass us by. Setting the income cap at the current low mark does a disservice to some of our nation's most needy collegiate borrowers. A great number of students are forced to borrow heavily to acquire an education that will allow them to stay competitive in our global economy. The present income restriction punishes resourceful students who land jobs which pay salaries slightly above the meager cap, even though they may have been forced to borrow heavily to obtain their education due to limited means.

Currently, the deductibility of student loan interest is limited to a mere sixty loan payments, equivalent to five years plus time spent in forbearance or deferment. This payment limitation, like the income restriction, was put in place during our fiscal difficulties of 1997. Since we are now experiencing a great budget surplus with our booming economy, Congress now has the ability to expand on both of these areas where previously we were forced to scale back. As mentioned, I already introduced a bill, S. 471, that would eliminate the 60-month limit on student loan interest reductions.

Fortunately, our situation today is quite different than when we made our original improvements in 1997. Now, with our robust economy and budget surplus, we have a splendid opportunity to do what we were unable to do before. As the price of going to college has continued to spiral upward, student debt has risen to appalling levels. We must not shrink from our responsibility to provide additional relief to our students. We should repeal the sixty-month payment limitation. We should increase the income levels from $40,000 to $50,000 for single students, and, eliminating any marriage penalty, increase from $60,000 to $100,000 for married couples. The amount of the deduction would then be gradually phased out for taxpayers with incomes between $50,000 and $65,000 filing individually and between $100,000 and $115,000 for married couples. Let our actions clearly demonstrate that the United States Congress stands behind all of our nation's students in their efforts to better their lives.

By expanding the student loan interest deduction, we will bring vital relief to some of our most deserving borrowers seeking the American dream. Rather than penalizing resourceful students who find jobs with incomes above the present cap, we will be rewarding the hard work and ingenuity of our students. We must continue to support young Americans who land jobs with salaries slightly above our current threshold yet still needing financial assistance.

Excessive student debt is a major problem for many students. As people in a position to help them, Congress must seek out more ways to be of service to our young people. In this time of economic plenty, it is our duty to invest in our students' education, for to do so is an investment in America's future. A well-deducted workforce is vital to maintain competitiveness in an ever-changing global economy. By broadening the income limits to receive the tax deduction for student loan interest, we demonstrate our commitment to education and maintaining the position of the United States at the pinnacle of the free world.

I urge my colleagues to join me in this effort to relieve the excessive burdens on those trying to better themselves and their families through education by loosening the income limits to quality for the tax deduction for student loan interest payments and eliminating the sixty-month payment limitation.

By Mr. KOHL (for himself and Mr. REID):

S. 1445. A bill to amend titles XVIII and XIX of the Social Security Act to prevent abuse of recipients of long-term care services under the Medicare and Medicaid programs; to the Committee on Finance.

PATIENT ABUSE PREVENTION ACT

Mr. KOHL. Mr. President, I rise today to reintroduce the Patient Abuse Prevention Act. I am pleased to be joined in this effort by Senator REID, who has worked tirelessly with me on this important legislation.

This bill is the product of collaboration and input from the administration, the health care industry, patient and employee advocates—who all have the same goal I do: protecting patients in long-term care from abuse, neglect, and mistreatment.

Last fall, the Department of Health and Human Services Office of Inspector General issued a report describing how easy it is for people with abusive and criminal backgrounds to find work in nursing homes. On September 14 of last year, the Senate Aging Committee held hearings on this disturbing problem, where we heard horrifying stories of elderly patients being abused by the very people who are charged with their care. While the vast majority of nursing home workers are dedicated and professional, even one instance of abuse is inexcusable. This should not be happening in a single nursing home in America.

Mr. President, it is estimated that more than 43 percent of Americans over the age of 65 will likely spend time in a nursing home. The number of people needing long-term care services will continue to increase as the Baby Boom generation ages. The vast majority of nursing homes, home health agencies and hospices do an excellent job in caring for their patients. But it only takes a few abusive staff to cast a dark shadow over what should be a healing environment.

A disturbing number of cases have been reported where workers with criminal backgrounds have been cleared to work in direct patient care, and have subsequently abused patients in their care. In 1997, the Milwaukee Journal-Sentinel ran a series of articles describing this problem, which led my home State of Wisconsin to pass a criminal background check law for health care workers. The legislation I introduce today follows their example and builds on their efforts.

Why is it necessary to act? Because it is just far too easy for a worker with a history of abuse to find employment and prey on the most vulnerable patients. The OIG report found that 5 percent of nursing home employees in two States had prior criminal records. The OIG also found that between 15–20 percent of those convicted of patient abuse had prior criminal records. It is just too easy for known abusers to find work in health care and continue to prey on patients.

Current state and national safeguards are inadequate to screen out abusive workers. All States are required to maintain registries of abusive nurse aides. But nurse aids are not the only workers involved in abuse, and other workers are not tracked at all. Even worse, there is no system to coordinate information about abusive nurse aides between States. A known abuser in Iowa would have little trouble moving to Wisconsin and continuing to work with patients there.

In addition, there is no Federal requirement that long-term care facilities conduct criminal background checks on prospective employees. People with violent criminal backgrounds—people who have already been convicted of murder, rape, and assault—could easily get a job in a nursing home or other health care setting without their past ever being discovered.

Our legislative will go a long way toward solving this problem. First, it will create a National Registry of abusive long-term care employees. States will be required to submit information from their current State registries to the National Registry. Facilities will be required to check the National Registry before hiring a prospective worker. Any worker with a substantiated finding of patient abuse will be prohibited from working in long-term care.

Second, the bill provides a second line of defense to protect patients from violent criminals. If the National Registry does not contain information about a prospective worker, the facility is then required to initiate an FBI background check. Any conviction for patient abuse or a relevant violent crime would bar that applicant from working with patients.

I realize that this legislation will not solve all instances of abuse. We still need to do more to stop abuse from occurring in the first place. But this bill will ensure that those who have already abused an elderly or disabled patient, and those who have committed violent crimes against people in the past, are kept away from vulnerable patients.

Mr. President, I want to repeat that I strongly believe that most long-term care providers and their staff work hard to deliver the highest quality care. However, it is imperative that Congress act immediately to get rid of those that don't. When a patient checks into a nursing home or hospice, or receives home health care, they should not have to give up their right to be free from abuse, neglect, or mistreatment.

Our nation's seniors made our country what it is today. It is our obligation to make sure we treat them with the dignity, care, and respect they deserve. I look forward to continuing to work with my colleagues, the administration, and the health care industry in this effort to protect patients. Our nation's seniors and disabled deserve nothing less than our full attention.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD. I also ask unanimous consent that a letter of support for this legislation from the National Citizens' Coalition for Nursing Home Reform be included in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1445

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Patient Abuse Prevention Act".

SEC. 2. ESTABLISHMENT OF PROGRAM TO PREVENT ABUSE OF NURSING FACILITY RESIDENTS.

(a) NURSING FACILITY AND SKILLED NURSING FACILITY REQUIREMENTS.—

(1) MEDICAID PROGRAM.—Section 1919(b) of the Social Security Act (42 U.S.C. 1396r(b)) is amended by adding at the end the following:

"(8) SCREENING OF NURSING FACILITY WORKERS.—

"(A) BACKGROUND CHECKS ON APPLICANTS.—Subject to subparagraph (B)(ii), before hiring a nursing facility worker, a nursing facility shall—

"(i) give the worker written notice that the facility is required to perform background checks with respect to applicants;

"(ii) require, as a condition of employment, that such worker—

"(I) provide a written statement disclosing any conviction for a relevant crime or finding of patient or resident abuse;

"(II) provide a statement signed by the worker authorizing the facility to request the search and exchange of criminal records;

"(III) provide in person a copy of the worker's fingerprints; and

"(IV) provide any other identification information the Secretary may specify in regulation;

"(iii) initiate a check of the data collection system established under section 1128E in accordance with regulations promulgated by the Secretary to determine whether such system contains any disqualifying information with respect to such worker; and

"(iv) if that system does not contain any such disqualifying information—

"(I) request that the State initiate a State and national criminal background check on such worker in accordance with the provisions of subsection (e)(8); and

"(II) furnish to the State the information described in subclauses (II) through (IV) of clause (ii) not more than 7 days (excluding Saturdays, Sundays, and legal public holidays under section 6103(a) of title 5, United States Code) after completion of the check against the system initiated under clause (iii).

"(B) PROHIBITION ON HIRING OF ABUSIVE WORKERS.—

"(i) IN GENERAL.—A nursing facility may not knowingly employ any nursing facility worker who has any conviction for a relevant crime or with respect to whom a finding of patient or resident abuse has been made.

"(ii) PROVISIONAL EMPLOYMENT.—After complying with the requirements of clauses (i), (ii), and (iii) of subparagraph (A), a nursing facility may provide for a provisional period of employment for a nursing facility worker pending completion of the check against the data collection system described under subparagraph (A)(iii) and the background check described under subparagraph (A)(iv). Such facility shall maintain direct supervision of the worker during the worker's provisional period of employment.

"(C) REPORTING REQUIREMENTS.—A nursing facility shall report to the State any instance in which the facility determines that a nursing facility worker has committed an act of resident neglect or abuse or misappropriation of resident property in the course of employment by the facility.

"(D) USE OF INFORMATION.—

"(i) IN GENERAL.—A nursing facility that obtains information about a nursing facility worker pursuant to clauses (iii) and (iv) of subparagraph (A) may use such information only for the purpose of determining the suitability of the worker for employment.

"(ii) IMMUNITY FROM LIABILITY.—A nursing facility that, in denying employment for an applicant (including during the period described in subparagraph (B)(ii)), reasonably relies upon information about such applicant provided by the State pursuant to subsection (e)(8) or section 1128E shall not be liable in any action brought by such applicant based on the employment determination resulting from the information.

"(iii) CRIMINAL PENALTY.—Whoever knowingly violates the provisions of clause (i) shall be fined in accordance with title 18, United States Code, imprisoned for not more than 2 years, or both.

"(E) CIVIL PENALTY.—

"(i) IN GENERAL.—A nursing facility that violates the provisions of this paragraph shall be subject to a civil penalty in an amount not to exceed—

"(I) for the first such violation, $2,000; and

"(II) for the second and each subsequent violation within any 5-year period, $5,000.

"(ii) KNOWING RETENTION OF WORKER.—In addition to any civil penalty under clause (i), a nursing facility that—

"(I) knowingly continues to employ a nursing facility worker in violation of subparagraph (A) or (B); or

"(II) knowingly fails to report a nursing facility worker under subparagraph (C);

shall be subject to a civil penalty in an amount not to exceed $5,000 for the first such violation, and $10,000 for the second and each subsequent violation within any 5-year period.

"(F) DEFINITIONS.—In this paragraph:

"(i) CONVICTION FOR A RELEVANT CRIME.—The term 'conviction for a relevant crime' means any Federal or State criminal conviction for—

"(I) any offense described in paragraphs (1) through (4) of section 1128(a); and

"(II) such other types of offenses as the Secretary may specify in regulations, taking into account the severity and relevance of such offenses, and after consultation with representatives of long-term care providers, representatives of long-term care employees, consumer advocates, and appropriate Federal and State officials.

"(ii) DISQUALIFYING INFORMATION.—The term 'disqualifying information' means information about a conviction for a relevant crime or a finding of patient or resident abuse.

"(iii) FINDING OF PATIENT OR RESIDENT ABUSE.—The term 'finding of patient or resident abuse' means any substantiated finding by a State agency under subsection (g)(1)(C) or a Federal agency that a nursing facility worker has committed—

"(I) an act of patient or resident abuse or neglect or a misappropriation of patient or resident property; or

"(II) such other types of acts as the Secretary may specify in regulations.

"(iv) NURSING FACILITY WORKER.—The term 'nursing facility worker' means any individual (other than any volunteer) that has direct access to a patient of a nursing facility under an employment or other contract, or both, with such facility. Such term includes individuals who are licensed or certified by the State to provide such services, and nonlicensed individuals providing such services, as defined by the Secretary, including nurse assistants, nurse aides, home health aides, and personal care workers and attendants.".

(2) MEDICARE PROGRAM.—Section 1819(b) of the Social Security Act (42 U.S.C. 1395i–3(b)) is amended by adding at the end the following:

"(8) SCREENING OF SKILLED NURSING FACILITY WORKERS.—

"(A) BACKGROUND CHECKS ON APPLICANTS.—Subject to subparagraph (B)(ii), before hiring a skilled nursing facility worker, a skilled nursing facility shall—

"(i) give the worker written notice that the facility is required to perform background checks with respect to applicants;

"(ii) require, as a condition of employment, that such worker—

"(I) provide a written statement disclosing any conviction for a relevant crime or finding of patient or resident abuse;

"(II) provide a statement signed by the worker authorizing the facility to request the search and exchange of criminal records;

"(III) provide in person a copy of the worker's fingerprints; and

"(IV) provide any other identification information the Secretary may specify in regulation;

"(iii) initiate a check of the data collection system established under section 1128E in accordance with regulations promulgated by the Secretary to determine whether such system contains any disqualifying information with respect to such worker; and

"(iv) if that system does not contain any such disqualifying information—

"(I) request that the State initiate a State and national criminal background check on such worker in accordance with the provisions of subsection (e)(6); and

"(II) furnish to the State the information described in subclauses (II) through (IV) of clause (ii) not more than 7 days (excluding Saturdays, Sundays, and legal public holidays under section 6103(a) of title 5, United States Code) after completion of the check against the system initiated under clause (iii).

"(B) PROHIBITION ON HIRING OF ABUSIVE WORKERS.—

"(i) IN GENERAL.—A skilled nursing facility may not knowingly employ any skilled nursing facility worker who has any conviction for a relevant crime or with respect to whom a finding of patient or resident abuse has been made.

"(ii) PROVISIONAL EMPLOYMENT.—After complying with the requirements of clauses (i), (ii), and (iii) of subparagraph (A), a skilled nursing facility may provide for a provisional period of employment for a skilled nursing facility worker pending completion of the check against the data collection system described under subparagraph (A)(iii) and the background check described under subparagraph (A)(iv). Such facility shall maintain direct supervision of the covered individual during the worker's provisional period of employment.

"(C) REPORTING REQUIREMENTS.—A skilled nursing facility shall report to the State any instance in which the facility determines that a skilled nursing facility worker has committed an act of resident neglect or abuse or misappropriation of resident property in the course of employment by the facility.

"(D) USE OF INFORMATION.—

"(i) IN GENERAL.—A skilled nursing facility that obtains information about a skilled nursing facility worker pursuant to clauses (iii) and (iv) of subparagraph (A) may use such information only for the purpose of determining the suitability of the worker for employment.

"(ii) IMMUNITY FROM LIABILITY.—A skilled nursing facility that, in denying employment for an applicant (including during the period described in subparagraph (B)(ii)), reasonably relies upon information about such applicant provided by the State pursuant to subsection (e)(6) or section 1128E shall not be liable in any action brought by such applicant based on the employment determination resulting from the information.

"(iii) CRIMINAL PENALTY.—Whoever knowingly violates the provisions of clause (i) shall be fined in accordance with title 18, United States Code, imprisoned for not more than 2 years, or both.

"(E) CIVIL PENALTY.—

"(i) IN GENERAL.—A skilled nursing facility that violates the provisions of this paragraph shall be subject to a civil penalty in an amount not to exceed—

"(I) for the first such violation, $2,000; and

"(II) for the second and each subsequent violation within any 5-year period, $5,000.

"(ii) KNOWING RETENTION OF WORKER.—In addition to any civil penalty under clause (i), a skilled nursing facility that—

"(I) knowingly continues to employ a skilled nursing facility worker in violation of subparagraph (A) or (B); or

"(II) knowingly fails to report a skilled nursing facility worker under subparagraph (C);

shall be subject to a civil penalty in an amount not to exceed $5,000 for the first such violation, and $10,000 for the second and each subsequent violation within any 5-year period.

"(F) DEFINITIONS.—In this paragraph:

"(i) CONVICTION FOR A RELEVANT CRIME.—The term 'conviction for a relevant crime' means any Federal or State criminal conviction for—

"(I) any offense described in paragraphs (1) through (4) of section 1128(a); and

"(II) such other types of offenses as the Secretary may specify in regulations, taking into account the severity and relevance of such offenses, and after consultation with representatives of long-term care providers, representatives of long-term care employees, consumer advocates, and appropriate Federal and State officials.

"(ii) DISQUALIFYING INFORMATION.—The term 'disqualifying information' means information about a conviction for a relevant crime or a finding of patient or resident abuse.

"(iii) FINDING OF PATIENT OR RESIDENT ABUSE.—The term 'finding of patient or resident abuse' means any substantiated finding by a State agency under subsection (g)(1)(C) or a Federal agency that a skilled nursing facility worker has committed—

"(I) an act of patient or resident abuse or neglect or a misappropriation of patient or resident property; or

"(II) such other types of acts as the Secretary may specify in regulations.

"(iv) SKILLED NURSING FACILITY WORKER.—The term 'skilled nursing facility worker' means any individual (other than any volunteer) that has direct access to a patient of a skilled nursing facility under an employment or other contract, or both, with such facility. Such term includes individuals who are licensed or certified by the State to provide such services, and nonlicensed individuals providing such services, as defined by the Secretary, including nurse assistants, nurse aides, home health aides, and personal care workers and attendants.".

(b) STATE REQUIREMENTS.—

(1) MEDICAID PROGRAM.—

(A) EXPANSION OF STATE REGISTRY TO COLLECT INFORMATION ABOUT NURSING FACILITY EMPLOYEES OTHER THAN NURSE AIDES.—Section 1919 of the Social Security Act (42 U.S.C. 1396r) is amended—

(i) in subsection (e)(2)—

(I) in the paragraph heading, by striking "NURSE AIDE REGISTRY" and inserting "NURSING FACILITY EMPLOYEE REGISTRY";

(II) in subparagraph (A)—

(aa) by striking "By not later than January 1, 1989, the" and inserting "The";

(bb) by striking "a registry of all individuals" and inserting "a registry of (I) all individuals"; and

(cc) by inserting before the period ", and (II) all other nursing facility employees with respect to whom the State has made a finding described in subparagraph (B)";

(III) in subparagraph (B), by striking "involving an individual listed in the registry" and inserting "involving a nursing facility employee"; and

(IV) in subparagraph (C), by striking "nurse aide" and inserting "nursing facility employee or applicant for employment"; and

(ii) in subsection (g)(1)—

(I) in subparagraph (C)—

(aa) in the first sentence, by striking "nurse aide" and inserting "nursing facility employee"; and

(bb) in the third sentence, by striking "nurse aide" each place it appears and inserting "nursing facility employee"; and

(II) in subparagraph (D), by striking "nurse aide" each place it appears and inserting "nursing facility employee".

(B) FEDERAL AND STATE REQUIREMENT TO CONDUCT BACKGROUND CHECKS.—Section 1919(e) of the Social Security Act (42 U.S.C. 1396r(e)) is amended by adding at the end the following:

"(8) FEDERAL AND STATE REQUIREMENTS CONCERNING CRIMINAL BACKGROUND CHECKS ON NURSING FACILITY EMPLOYEES.—

"(A) IN GENERAL.—Upon receipt of a request by a nursing facility pursuant to subsection (b)(8) that is accompanied by the information described in subclauses (II) through (IV) of subsection (b)(8)(A)(ii), a State, after checking appropriate State records and finding no disqualifying information (as defined in subsection (b)(8)(F)(ii)), shall submit such request and information to the Attorney General and shall request the Attorney General to conduct a search and exchange of records with respect to the individual as described in subparagraph (B).

"(B) SEARCH AND EXCHANGE OF RECORDS BY ATTORNEY GENERAL.—Upon receipt of a submission pursuant to subparagraph (A), the Attorney General shall direct a search of the records of the Federal Bureau of Investigation for any criminal history records corresponding to the fingerprints or other positive identification information submitted. The Attorney General shall provide any corresponding information resulting from the search to the State.

"(C) STATE REPORTING OF INFORMATION TO NURSING FACILITY.—Upon receipt of the information provided by the Attorney General pursuant to subparagraph (B), the State shall—

"(i) review the information to determine whether the individual has any conviction for a relevant crime (as defined in subsection (b)(8)(F)(i));

"(ii) report to the nursing facility the results of such review; and

"(iii) in the case of an individual with a conviction for a relevant crime, report the existence of such conviction of such individual to the database established under section 1128E.

"(D) FEES FOR PERFORMANCE OF CRIMINAL BACKGROUND CHECKS.—

"(i) AUTHORITY TO CHARGE FEES.—

"(I) ATTORNEY GENERAL.—The Attorney General may charge a fee to any State requesting a search and exchange of records pursuant to this paragraph and subsection (b)(8) for conducting the search and providing the records. The amount of such fee shall not exceed the lesser of the actual cost of such activities or $50. Such fees shall be available to the Attorney General, or, in the Attorney General's discretion, to the Federal Bureau of Investigation, until expended.

"(II) STATE.—A State may charge a nursing facility a fee for initiating the criminal background check under this paragraph and subsection (b)(8), including fees charged by the Attorney General, and for performing the review and report required by subparagraph (C). The amount of such fee shall not exceed the actual cost of such activities.

"(ii) PROHIBITION ON CHARGING APPLICANTS OR EMPLOYEES.—An entity may not impose on an applicant for employment or an employee any charges relating to the performance of a background check under this paragraph.

"(E) REGULATIONS.—

"(i) IN GENERAL.—In addition to the Secretary's authority to promulgate regulations under this title, the Attorney General, in consultation with the Secretary, may promulgate such regulations as are necessary to carry out the Attorney General's responsibilities under this paragraph and subsection (b)(8), including regulations regarding the security, confidentiality, accuracy, use, destruction, and dissemination of information, audits and recordkeeping, and the imposition of fees.

"(ii) APPEAL PROCEDURES.—The Attorney General, in consultation with the Secretary, shall promulgate such regulations as are necessary to establish procedures by which an applicant or employee may appeal or dispute the accuracy of the information obtained in a background check conducted under this paragraph. Appeals shall be limited to instances in which an applicant or employee is incorrectly identified as the subject of the background check, or when information about the applicant or employee has not been updated to reflect changes in the applicant's or employee's criminal record.

"(F) REPORT.—Not later than 2 years after the date of enactment of this paragraph, the Attorney General shall submit a report to Congress on—

"(i) the number of requests for searches and exchanges of records made under this section;

"(ii) the disposition of such requests; and

"(iii) the cost of responding to such requests.".

(2) MEDICARE PROGRAM.—

(A) EXPANSION OF STATE REGISTRY TO COLLECT INFORMATION ABOUT SKILLED NURSING FACILITY EMPLOYEES OTHER THAN NURSE AIDES.—Section 1819 of the Social Security Act (42 U.S.C. 1395i–3) is amended—

(i) in subsection (e)(2)—

(I) in the paragraph heading, by striking "NURSE AIDE REGISTRY" and inserting "SKILLED NURSING CARE EMPLOYEE REGISTRY";

(II) in subparagraph (A)—

(aa) by striking "By not later than January 1, 1989, the" and inserting "The";

(bb) by striking "a registry of all individuals" and inserting "a registry of (I) all individuals"; and

(cc) by inserting before the period ", and (II) all other skilled nursing facility employees with respect to whom the State has made a finding described in subparagraph (B)";

(III) in subparagraph (B), by striking "involving an individual listed in the registry" and inserting "involving a skilled nursing facility employee"; and

(IV) in subparagraph (C), by striking "nurse aide" and inserting "skilled nursing facility employee or applicant for employment"; and

(ii) in subsection (g)(1)—

(I) in subparagraph (C)—

(aa) in the first sentence, by striking "nurse aide" and inserting "skilled nursing facility employee"; and

(bb) in the third sentence, by striking "nurse aide" each place it appears and inserting "skilled nursing facility employee"; and

(II) in subparagraph (D), by striking "nurse aide" each place it appears and inserting "skilled nursing facility employee".

(B) FEDERAL AND STATE REQUIREMENT TO CONDUCT BACKGROUND CHECKS.—Section 1819(e) of the Social Security Act (42 U.S.C. 1395i–3(e)) is amended by adding at the end the following:

"(6) FEDERAL AND STATE REQUIREMENTS CONCERNING CRIMINAL BACKGROUND CHECKS ON SKILLED NURSING FACILITY EMPLOYEES.—

"(A) IN GENERAL.—Upon receipt of a request by a skilled nursing facility pursuant to subsection (b)(8) that is accompanied by the information described in subclauses (II) through (IV) of subsection (b)(8)(A)(ii), a State, after checking appropriate State records and finding no disqualifying information (as defined in subsection (b)(8)(F)(ii)), shall submit such request and information to the Attorney General and shall request the Attorney General to conduct a search and exchange of records with respect to the individual as described in subparagraph (B).

"(B) SEARCH AND EXCHANGE OF RECORDS BY ATTORNEY GENERAL.—Upon receipt of a submission pursuant to subparagraph (A), the Attorney General shall direct a search of the records of the Federal Bureau of Investigation for any criminal history records corresponding to the fingerprints or other positive identification information submitted. The Attorney General shall provide any corresponding information resulting from the search to the State.

"(C) STATE REPORTING OF INFORMATION TO SKILLED NURSING FACILITY.—Upon receipt of the information provided by the Attorney

General pursuant to subparagraph (B), the State shall—

"(i) review the information to determine whether the individual has any conviction for a relevant crime (as defined in subsection (b)(8)(F)(i));

"(ii) report to the skilled nursing facility the results of such review; and

"(iii) in the case of an individual with a conviction for a relevant crime, report the existence of such conviction of such individual to the database established under section 1128E.

"(D) Fees for performance of criminal background checks.—

"(i) Authority to charge fees.—

"(I) Attorney general.—The Attorney General may charge a fee to any State requesting a search and exchange of records pursuant to this paragraph and subsection (b)(8) for conducting the search and providing the records. The amount of such fee shall not exceed the lesser of the actual cost of such activities or $50. Such fees shall be available to the Attorney General, or, in the Attorney General's discretion, to the Federal Bureau of Investigation until expended.

"(II) State.—A State may charge a skilled nursing facility a fee for initiating the criminal background check under this paragraph and subsection (b)(8), including fees charged by the Attorney General, and for performing the review and report required by subparagraph (C). The amount of such fee shall not exceed the actual cost of such activities.

"(ii) Prohibition on charging applicants or employees.—An entity may not impose on an applicant for employment or an employee any charges relating to the performance of a background check under this paragraph.

"(E) Regulations.—

"(i) In general.—In addition to the Secretary's authority to promulgate regulations under this title, the Attorney General, in consultation with the Secretary, may promulgate such regulations as are necessary to carry out the Attorney General's responsibilities under this paragraph and subsection (b)(9), including regulations regarding the security confidentiality, accuracy, use, destruction, and dissemination of information, audits and recordkeeping, and the imposition of fees.

"(ii) Appeal procedures.—The Attorney General, in consultation with the Secretary, shall promulgate such regulations as are necessary to establish procedures by which an applicant or employee may appeal or dispute the accuracy of the information obtained in a background check conducted under this paragraph. Appeals shall be limited to instances in which an applicant or employee is incorrectly identified as the subject of the background check, or when information about the applicant or employee has not been updated to reflect changes in the applicant's or employee's criminal record.

"(F) Report.—Not later than 2 years after the date of enactment of this paragraph, the Attorney General shall submit a report to Congress on—

"(i) the number of requests for searches and exchanges of records made under this section;

"(ii) the disposition of such requests; and

"(iii) the cost of responding to such requests.".

(c) Application to Other Entities Providing Long-Term Care Services.—

(1) Medicaid.—Section 1902(a) of the Social Security Act (42 U.S.C. 1396a) is amended—

(A) in paragraph (65), by striking the period and inserting "; and"; and

(B) by inserting after paragraph (65) the following:

"(66) provide that any entity that is eligible to be paid under the State plan for providing long-term care services for which medical assistance is available under the State plan to individuals requiring long-term care complies with the requirements of subsections (b)(8) and (e)(8) of section 1919.".

(2) Medicare.—Part D of title XVIII of the Social Security Act (42 U.S.C. 1395x et seq.) is amended by adding at the end the following:

"APPLICATION OF SKILLED NURSING FACILITY PREVENTIVE ABUSE PROVISIONS TO ANY PROVIDER OF SERVICES OR OTHER ENTITY PROVIDING LONG-TERM CARE SERVICES

"Sec. 1897. The requirements of subsections (b)(8) and (e)(6) of section 1819 shall apply to any provider of services or any other entity that is eligible to be paid under this title for providing long-term care services to an individual entitled to benefits under part A or enrolled under part B (including an individual provided with a Medicare+Choice plan offered by a Medicare+Choice organization under part C).".

(d) Reimbursement of Reasonable Costs for Background Checks.—The Secretary of Health and Human Services shall factor into any payment system under titles XVIII and XIX of the Social Security Act the reasonable costs of the requirements of sections 1819(b)(8) and 1919(b)(8) of such Act, as added by this section, incurred by any entity subject to such requirements.

SEC. 3. INCLUSION OF ABUSIVE NURSING FACILITY WORKERS IN THE DATABASE ESTABLISHED AS PART OF NATIONAL HEALTH CARE FRAUD AND ABUSE DATA COLLECTION PROGRAM.

(a) Inclusion of Abusive Acts Within a Long-Term Care Facility.—Section 1128E(g)(1)(A) of the Social Security Act (42 U.S.C. 1320a–7e(g)(1)(A)) is amended—

(1) by redesignating clause (v) as clause (vi); and

(2) by inserting after clause (iv), the following:

"(v) A finding of abuse or neglect of a patient or a resident of a long-term care facility, or misappropriation of such a patient's or resident's property.".

(b) Coverage of Long-Term Care Facility Employees.—Section 1128E(g)(2) of the Social Security Act (42 U.S.C. 1320a–7e(g)(2)) is amended by inserting ", and includes any individual of a long-term care facility (other than any volunteer) that has direct access to a patient or resident of such a facility under an employment or other contract, or both, with the facility (including individuals who are licensed or certified by the State to provide services at the facility, and nonlicensed individuals, as defined by the Secretary, providing services at the facility, including nurse assistants, nurse aides, home health aides, and personal care workers and attendants)" before the period.

(c) Reporting by Long-Term Care Facilities.—

(1) In general.—Section 1128E(b)(1) of the Social Security Act (42 U.S.C. 1320a–7e(b)(1)) is amended by striking "and health plan" and inserting ", health plan, and long-term care facility".

(2) Correction of information.—Section 1128E(c)(2) of the Social Security Act (42 U.S.C. 1320a–7e(c)(2)) is amended by striking "and health plan" and inserting ", health plan, and long-term care facility".

(d) Access to Reported Information.—Section 1128E(d)(1) of the Social Security Act (42 U.S.C. 1320a–7e(d)(1)) is amended by striking "and health plans" and inserting ", health plans, and long-term care facilities".

(e) Mandatory Check of Database by Long-Term Care Facilities.—Section 1128E(d) of the Social Security Act (42 U.S.C. 1320a–7e(d)) is amended by adding at the end the following:

"(3) Mandatory check of database by long-term care facilities.—A long-term care facility shall check the database maintained under this section prior to hiring under an employment or other contract, or both, any individual as an employee of such a facility who will have direct access to a patient or resident of the facility (including individuals who are licensed or certified by the State to provide services at the facility, and nonlicensed individuals, as defined by the Secretary, that will provide services at the facility, including nurse assistants, nurse aides, home health aides, and personal care workers and attendants).".

(f) Definition of Long-Term Care Facility.—Section 1128E(g) of the Social Security Act (42 U.S.C. 1320a–7e(g)) is amended by adding at the end the following:

"(6) Long-term care facility.—The term 'long-term care facility' means a skilled nursing facility (as defined in section 1819(a)), a nursing facility (as defined in section 1919(a)), a home health agency, a hospice facility, an intermediate care facility for the mentally retarded (as defined in section 1905(d)), or any other facility that provides long-term care services and receives payment for such services under the medicare program under title XVIII or the medicaid program under title XIX.".

(g) Authorization of Appropriations.—There is authorized to be appropriated to carry out the amendments made by this section, $10,200,000 for fiscal year 2000.

SEC. 4. PREVENTION AND TRAINING DEMONSTRATION PROJECT.

(a) Establishment.—The Secretary of Health and Human Services shall establish a demonstration program to provide grants to develop information on best practices in patient abuse prevention training (including behavior training and interventions) for managers and staff of hospital and health care facilities.

(b) Eligibility.—To be eligible to receive a grant under subsection (a), an entity shall be a public or private nonprofit entity and prepare and submit to the Secretary of Health and Human Services an application at such time, in such manner, and containing such information as the Secretary may require.

(c) Use of Funds.—Amounts received under a grant under this section shall be used to—

(1) examine ways to improve collaboration between State health care survey and provider certification agencies, long-term care ombudsman programs, the long-term care industry, and local community members;

(2) examine patient care issues relating to regulatory oversight, community involvement, and facility staffing and management with a focus on staff training, staff stress management, and staff supervision;

(3) examine the use of patient abuse prevention training programs by long-term care entities, including the training program developed by the National Association of Attorneys General, and the extent to which such programs are used; and

(4) identify and disseminate best practices for preventing and reducing patient abuse.

(d) Authorization of Appropriations.—There is authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 5. EFFECTIVE DATE.

The provisions of and amendments made by the Act shall apply, without regard to whether implementing regulations are in effect, to any individual applying for employment or hired for such employment—

(1) by any skilled nursing facility (as defined in section 1819(a) of the Social Security Act) or any nursing facility (as defined in section 1919(a) of such Act), on or after the date which is 6 months after the date of enactment of this Act,

(2) by any home health agency, on or after the date which is 12 months after such date of enactment, and

(3) by any hospice facility, any intermediate care facility for the mentally retarded (as defined in section 1905(d) of the Social Security Act), or any other facility that provides long-term care services and receives payment for such services under the medicare program under title XVIII of such Act or the medicaid program under title XIX of such Act, on or after the date which is 18 months after such date of enactment.

NATIONAL CITIZENS' COALITION FOR
NURSING HOME REFORM,
Washington, DC, July 21, 1999.

Hon. HERBERT KOHL,
U.S. Senate, Washington, DC.

DEAR SENATOR KOHL: The National Citizens' Coalition for Nursing Home Reform (NCCNHR) commends you and your staff for your initiative in seeking to improve care and conditions in long-term care facilities. NCCNHR is a non-profit consumer organization whose mission is to improve the quality of care and life for long term care residents. Our organization represents residents and their advocates. We work closely with the nation's long-term care ombudsmen and house the National Long Term Care Ombudsman Resource Center.

We strongly support your proposed legislation cited as the Patient Abuse Prevention Act, which would require criminal background checks for nursing home workers. This legislation would provide residents protection from individuals with a history of committing crimes against residents. It would also create a much needed National Registry for long-term care employees with a history of abuse, to be used by nursing homes hiring employees for their facilities.

In particular, NCCNHR applauds your revisions to last year's bill, the "Long-Term Care Patient Protection Act of 1998" to include (1) a requirement that criminal background checks of employees will be conducted in all facilities (including specifically, nursing homes, home health, and hospices); (2) that applicants may not be charged for the costs of the checks; (3) that applicants who challenge the accuracy of the background check will also be able to appeal the decision and (4) that there is no longer a prohibition on Medicare and Medicaid reimbursement for the costs of conducting background checks.

We strongly urge, however, that the legislation also expand its language to provide criminal background checks on all long-term care workers and not just employees who have direct access to residents. Considering the vulnerability of long-term care residents, criminal background checks should be conducted on all workers, including contract workers, in all health care settings, including home care, and assisted living.

Again, NCCNHR congratulates you, Senator Kohl, on your persistence and foresight. If you need further information, contact me or Ana Rivas-Beck, J.D., Law and Policy Specialist.

Sincerely,

ELMA HOLDER,
Founder.

Mr. REID. Mr. President, I rise today to join my colleague, Senator KOHL, in introducing the "Patient Abuse Prevention Act." This legislation would help protect our nation's most vulnerable citizens by keeping workers with criminal and abusive backgrounds out of our long-term care facilities.

It is simply too easy for workers with criminal or abusive histories to gain employment in long-term care facilities. A report released last year by the Office of the Inspector General at the Department of Health and Human Services (HHS) confirmed that current regulations were not sufficient to protect the frail and elderly from being placed in the hands of known abusers and criminals. If we do not take steps to keep workers with criminal and abusive backgrounds out of our long-term care facilities, the growing number of reports of abuse and theft in these facilities will only continue to increase.

The "Patient Abuse Prevention Act" would give employers the tools they need to weed out potential employees who are unfit to provide care to the elderly because of abusive or criminal backgrounds. Our bill would create a national registry of abusive workers within an existing database at HHS. It would also expand existing State nurse aide registries to include substantiated findings of abuse by all facility employees, not just nurse aides. States would submit any existing or newly acquired information contained in the State registries to the national registry. This would ensure that once an employee is added to the national registry, the offender will not be able to simply cross state lines and find employment in another facility where he may continue to prey on the frail and elderly.

Our bill would require all long-term care facilities to initiate a search of the national registry of abusive workers when considering a potential employee. If the prospective employee is not listed on the registry, the facility would then conduct a State and national criminal background check on the individual through the Federal Bureau of Investigations.

The Inspector General for the Department of Health and Human Services reports that 46 percent of facilities believe that incidents of abuse are under-reported. Our bill would require long-term care facilities to report all instances of resident neglect, abuse, or theft by an employee to the State. This would ensure that offenders are reported and added to the national registry before they have the opportunity to strike again.

Over the past few years, Senator KOHL and I have worked to ensure that our frail and elderly are not placed in the hands of criminals. During the 105th Congress, we introduced similar legislation and conducted hearings through the Senate Special Committee on Aging. This bill is a culmination of our efforts to institute greater protections for all residents of long-term care facilities.

One of the most difficult times for any individual or family is when they must make the decision to rely upon the support and services of a long-term care facility. Families should not have to live with the fear that their loved one is being left in the hands of a criminal. Last year, Richard Meyer testified before the Senate Aging Committee about the sexual assault of his 92-year-old mother by a male certified nursing assistant who had previously been charged and convicted for sexually assaulting a young girl. This legislation would prevent tragedies like this one from occurring in the future.

I have visited countless long-term care facilities in my home state of Nevada. During these visits, I have always been impressed by the compassion and dedication of the staff. Most nurse aides and health care workers are professional, honest, and dedicated. Unfortunately, it only takes one abusive staff member to terrorize the lives of the residents. That is why we must work to weed out the "bad apples" who do not have the best interest of the residents in mind. I urge you to join Senator KOHL and me in our efforts to provide greater protections for all residents of long-term care facilities.

By Mr. LOTT:

S. 1446. A bill to amend the Internal Revenue Code of 1986 to allow an additional advance refunding of bonds originally issued to finance governmental facilities used for essential governmental functions; to the Committee on Finance.

STATE AND LOCAL GOVERNMENT ESSENTIAL SERVICES FINANCING LEGISLATION

Mr. LOTT. Mr. President, I rise today to introduce legislation to help state and local governments more effectively finance the cost of essential services such as schools, streets, and water and sewer systems.

By easing tax law restrictions on the refinancing of certain bonds, this proposal would allow local jurisdictions to take advantage of favorable market interest rates. Financing the essential projects of our communities is primarily a state and local government responsibility. Federal tax laws should make it easier—not more difficult—for them to lessen the burden of taxes and other governmental charges on our citizens.

The proposal would adjust tax law restrictions on the refinancing of certain bonds issued to provide services such as government-owned schools, hospitals, streets and water and sewer systems.

Under current tax rules, most state and local governments may undertake an advance refunding of bonded indebtedness only one time and are thus unable to take full advantage of periods when market interest rates are low. This legislation would allow every state and local government an additional opportunity to refinance bonded indebtedness issued to finance essential governmental projects.

Furthermore, this legislation would give state and local governments flexibility skin to that of a homeowner who refinances a mortgage to reduce monthly payments and thereby increase income. The federal government should not expect state and local governments to shoulder the burden of financing local infrastructure, and then deny them the flexibility to handle their own affairs in the most efficient and cost-effective manner. The change will help continue shifting power and control to local government where it belongs.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1446

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ADDITIONAL ADVANCE REFUNDINGS OF CERTAIN GOVERNMENTAL BONDS.

(a) IN GENERAL.—Section 149(d)(3)(A)(i) of the Internal Revenue Code of 1986 (relating to advance refundings of other bonds) is amended—

(1) by striking "or" at the end of subclause (I),

(2) by adding "or" at the end of subclause (II), and

(3) by inserting after subclause (II) the following:

"(III) the 2nd advance refunding of the original bond if the original bond was issued after 1985 or the 3rd advance refunding of the original bond if the original bond was issued before 1986, if, in either case, the original bond was issued as part of an issue 90 percent or more of the net proceeds of which were used to finance governmental facilities used for 1 or more essential governmental functions (within the meaning of section 141(c)(2)),".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to refunding bonds issued on or after the date of enactment of this Act.

ADDITIONAL COSPONSORS

S. 10

At the request of Mr. DASCHLE, the name of the Senator from Louisiana (Ms. LANDRIEU) was added as a cosponsor of S. 10, a bill to provide health protection and needed assistance for older Americans, including access to health insurance for 55 to 65 year olds, assistance for individuals with long-term care needs, and social services for older Americans.

S. 37

At the request of Mr. GRASSLEY, the name of the Senator from Montana (Mr. BURNS) was added as a cosponsor of S. 37, a bill to amend title XVIII of the Social Security Act to repeal the restriction on payment for certain hospital discharges to post-acute care imposed by section 4407 of the Balanced Budget Act of 1997.

S. 71

At the request of Ms. SNOWE, the name of the Senator from Tennessee (Mr. FRIST) was added as a cosponsor of S. 71, a bill to amend title 38, United States Code, to establish a presumption of service-connection for certain veterans with Hepatitis C, and for other purposes.

S. 75

At the request of Mr. LUGAR, the name of the Senator from Montana (Mr. BURNS) was added as a cosponsor of S. 75, a bill to repeal the Federal estate and gift taxes and the tax on generation-skipping transfers.

S. 76

At the request of Mr. LUGAR, the name of the Senator from Montana (Mr. BURNS) was added as a cosponsor of S. 76, a bill to phase-out and repeal the Federal estate and gift taxes and the tax on generational-skipping transfers.

S. 77

At the request of Mr. LUGAR, the name of the Senator from Montana (Mr. BURNS) was added as a cosponsor of S. 77, a bill to increase the unified estate and gift tax credit to exempt small businesses and farmers from estate taxes.

S. 78

At the request of Mr. LUGAR, the name of the Senator from Montana (Mr. BURNS) was added as a cosponsor of S. 78, a bill to amend the Internal Revenue Code of 1986 to increase the gift tax exclusion to $25,000.

S. 88

At the request of Mr. BUNNING, the names of the Senator from Arkansas (Mrs. LINCOLN), the Senator from Connecticut (Mr. DODD), the Senator from Kentucky (Mr. MCCONNELL), and the Senator from South Dakota (Mr. DASCHLE) were added as cosponsors of S. 88, a bill to amend title XIX of the Social Security Act to exempt disabled individuals from being required to enroll with a managed care entity under the medicaid program.

S. 309

At the request of Mr. MCCAIN, the name of the Senator from Vermont (Mr. LEAHY) was added as a cosponsor of S. 309, a bill to amend the Internal Revenue Code of 1986 to provide that a member of the uniformed services shall be treated as using a principal residence while away from home on qualified official extended duty in determining the exclusion of gain from the sale of such residence.

S. 335

At the request of Ms. COLLINS, the name of the Senator from Louisiana (Mr. BREAUX) was added as a cosponsor of S. 335, a bill to amend chapter 30 of title 39, United States Code, to provide for the nonmailability of certain deceptive matter relating to games of chance, administrative procedures, orders, and civil penalties relating to such matter, and for other purposes.

S. 407

At the request of Mr. LAUTENBERG, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 407, a bill to reduce gun trafficking by prohibiting bulk purchases of handguns.

S. 409

At the request of Mr. KENNEDY, the name of the Senator from Vermont (Mr. LEAHY) was added as a cosponsor of S. 409, a bill to authorize qualified organizations to provide technical assistance and capacity building services to microenterprise development organizations and programs and to disadvantaged entrepreneurs using funds from the Community Development Financial Institutions Fund, and for other purposes.

S. 471

At the request of Mr. GRASSLEY, the name of the Senator from Montana (Mr. BURNS) was added as a cosponsor of S. 471, a bill to amend the Internal Revenue Code of 1986 to eliminate the 60-month limit on student loan interest deductions.

S. 472

At the request of Mr. GRASSLEY, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 472, a bill to amend title XVIII of the Social Security Act to provide certain medicare beneficiaries with an exemption to the financial limitations imposed on physical, speech-language pathology, and occupational therapy services under part B of the medicare program, and for other purposes.

S. 484

At the request of Mr. CAMPBELL, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. 484, a bill to provide for the granting of refugee status in the United States to nationals of certain foreign countries in which American Vietnam War POW/MIAs or American Korean War POW/MIAs may be present, if those nationals assist in the return to the United States of those POW/MIAs alive.

S. 662

At the request of Mr. CHAFEE, the names of the Senator from Nevada (Mr. BRYAN), and the Senator from West Virginia (Mr. BYRD) were added as cosponsors of S. 662, a bill to amend title XIX of the Social Security Act to provide medical assistance for certain women screened and found to have breast or cervical cancer under a federally funded screening program.

S. 664

At the request of Mr. CHAFEE, the names of the Senator from Indiana (Mr. BAYH), and the Senator from Delaware (Mr. BIDEN) were added as cosponsors of S. 664, a bill to amend the Internal Revenue Code of 1986 to provide a credit against income tax to individuals who rehabilitate historic homes or who are the first purchasers of rehabilitated historic homes for use as a principal residence.

S. 800

At the request of Mr. BURNS, the name of the Senator from Kansas (Mr. BROWNBACK) was added as a cosponsor of S. 800, a bill to promote and enhance public safety through the use of 9-1-1 as the universal emergency assistance number, further deployment of wireless 9-1-1 service, support of States in upgrading 9-1-1 capabilities and related functions, encouragement of construction and operation of seamless, ubiquitous, and reliable networks for personal wireless services, and for other purposes.

S. 861

At the request of Mr. DURBIN, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 861, a bill to designate certain Federal land in the State of Utah as wilderness, and for other purposes.

S. 915

At the request of Mr. GRAMM, the name of the Senator from Idaho (Mr. CRAPO) was added as a cosponsor of S. 915, a bill to amend title XVIII of the Social Security Act to expand and make permanent the medicare subvention demonstration project for military retirees and dependents.

S. 956

At the request of Ms. SNOWE, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 956, a bill to establish programs regarding early detection, diagnosis, and interventions for newborns and infants with hearing loss.

S. 1131

At the request of Mr. EDWARDS, the name of the Senator from Massachusetts (Mr. KERRY) was added as a cosponsor of S. 1131, A bill to promote research into, and the development of an ultimate cure for, the disease known as Fragile X.

S. 1144

At the request of Mr. VOINOVICH, the name of the Senator from Indiana (Mr. BAYH) was added as a cosponsor of S. 1144, a bill to provide increased flexibility in use of highway funding, and for other purposes.

S. 1169

At the request of Mr. MCCAIN, the name of the Senator from Missouri (Mr. BOND) was added as a cosponsor of S. 1169, a bill to require that certain multilateral development banks and other lending institutions implement independent third party procurement monitoring, and for other purposes.

S. 1172

At the request of Mr. TORRICELLI, the name of the Senator from Missouri (Mr. ASHCROFT) was added as a cosponsor of S. 1172, a bill to provide a patent term restoration review procedure for certain drug products.

S. 1200

At the request of Ms. SNOWE, the name of the Senator from North Carolina (Mr. EDWARDS) was added as a cosponsor of S. 1200, a bill to require equitable coverage of prescription contraceptive drugs and devices, and contraceptive services under health plans.

S. 1203

At the request of Ms. MIKULSKI, the name of the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 1203, a bill to amend the Older Americans Act of 1965 to extend authorizations of appropriations for programs under the Act through fiscal year 2004, to establish a National Family Caregiver Support Program, to modernize aging programs and services, to address the need to engage in life course planning, and for other purposes.

S. 1211

At the request of Mr. BENNETT, the names of the Senator from Colorado (Mr. ALLARD) and the Senator from California (Mrs. FEINSTEIN) were added as cosponsors of S. 1211, a bill to amend the Colorado River Basin Salinity Control Act to authorize additional measures to carry out the control of salinity upstream of Imperial Dam in a cost-effective manner.

S. 1266

At the request of Mr. GORTON, the name of the Senator from Wyoming (Mr. THOMAS) was added as a cosponsor of S. 1266, a bill to allow a State to combine certain funds to improve the academic achievement of all its students.

S. 1272

At the request of Mr. NICKLES, the names of the Senator from Tennessee (Mr. FRIST) and the Senator from Utah (Mr. BENNETT) were added as cosponsors of S. 1272, a bill to amend the Controlled Substances Act to promote pain management and palliative care without permitting assisted suicide and euthanasia, and for other purposes.

S. 1293

At the request of Mr. COCHRAN, the name of the Senator from Hawaii (Mr. AKAKA) was added as a cosponsor of S. 1293, a bill to establish a Congressional Recognition for Excellence in Arts Education Board.

SENATE CONCURRENT RESOLUTION 9

At the request of Ms. SNOWE, the names of the Senator from Michigan (Mr. ABRAHAM) and the Senator from Connecticut (Mr. DODD) were added as cosponsors of Senate Concurrent Resolution 9, a concurrent resolution calling for a United States effort to end restrictions on the freedoms and human rights of the enclaved people in the occupied area of Cyprus.

SENATE CONCURRENT RESOLUTION 32

At the request of Mr. CONRAD, the name of the Senator from South Dakota (Mr. DASCHLE) was added as a cosponsor of Senate Concurrent Resolution 32, a concurrent resolution expressing the sense of Congress regarding the guaranteed coverage of chiropractic services under the Medicare+Choice program.

SENATE CONCURRENT RESOLUTION 34

At the request of Mr. SPECTER, the name of the Senator from Virginia (Mr. ROBB) was added as a cosponsor of Senate Concurrent Resolution 34, a concurrent resolution relating to the observence of "In Memory" Day.

SENATE RESOLUTION 95

At the request of Mr. THURMOND, the names of the Senator from Texas (Mrs. HUTCHISON), the Senator from Kansas (Mr. ROBERTS), the Senator from Nebraska (Mr. HAGEL), the Senator from Virginia (Mr. ROBB), the Senator from Pennsylvania (Mr. SPECTER), and the Senator from West Virginia (Mr. BYRD) were added as cosponsors of Senate Resolution 95, a resolution designating August 16, 1999, as "National Airborne Day."

SENATE RESOLUTION 99

At the request of Mr. REID, the name of the Senator from New York (Mr. SCHUMER) was added as a cosponsor of Senate Resolution 99, a resolution designating November 20, 1999, as "National Survivors for Prevention of Suicide Day."

SENATE RESOLUTION 118

At the request of Mr. REID, the name of the Senator from Alabama (Mr. SESSIONS) was added as a cosponsor of Senate Resolution 118, a resolution designating December 12, 1999, as "National Children's Memorial Day."

SENATE RESOLUTION 128

At the request of Mr. COCHRAN, the name of the Senator from Hawaii (Mr. AKAKA) was added as a cosponsor of Senate Resolution 128, a resolution designating March 2000, as "Arts Education Month."

SENATE RESOLUTION 164—CONGRATULATING THE BLACK BEARS OF THE UNIVERSITY OF MAINE FOR WINNING THE 1999 NCAA HOCKEY CHAMPIONSHIP

Ms. SNOWE (for herself and Ms. COLLINS) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 164

Whereas the Black Bears of the University of Maine defeated the Wildcats of the University of New Hampshire by a score of 3 to 2 in overtime in Anaheim, California, on April 3, 1999, to win the 1999 NCAA hockey championship;

Whereas the Maine Black Bears finished their season with an impressive record of 31-6-4, losing only 1 game at home;

Whereas the Maine Black Bears have brought the NCAA hockey championship home to Maine for the 2d time this decade;

Whereas the Maine Black Bears coaching staff and players displayed outstanding dedication, teamwork, and sportsmanship throughout the season to achieve collegiate hockey's highest honor; and

Whereas the Maine Black Bears have brought pride and honor to the State of Maine: Now, therefore, be it

Resolved, That the Senate congratulates the Black Bears of the University of Maine for winning the 1999 NCAA hockey championship.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the president of the University of Maine.

• Ms. SNOWE. Mr. President, I rise today to congratulate the University of Maine Black Bear hockey team—winner of the National Collegiate Athletic Association Division I hockey championship for the second time this decade.

Mr. President, collegiate athletics have been an important part of the educational experience for generations. As an adjunct to academics, collegiate sports at their best teach the values of teamwork, the virtues of good sportsmanship, the lessons of disappointment, and the joys of personal as well as collective achievement.

Collegiate sports also bring communities and, often, entire states together. In Maine, there are few places charged with the level of excitement and comradery you'll find in Orono's Alfond Arena, where the action is close, the play intense, and the pride palpable.

But you don't need to be at the Alfond to feel the excitement. All Over Maine, families gather to watch their team and cheer "Go Blue"—from Fort Kent to Calais to Cumberland to Kittery.

And this year especially, the Black Bears gave us a lot to cheer about. With a 31, 6 and 4 record, the 1998–1999 Maine Black Bears hockey team clearly played to win—and achieved that goal with remarkable regularity. And with only one loss coming at home, the Black Bears at Alfond were almost as sure a thing as snow in January.

In the playoffs—which included three New England Teams—the Black Bears continued to thrill all of Maine, rewarding audiences with college hockey as it was meant to be played.

Maine's players never gave in and they never gave up. Unyielding in their play, believing in themselves to the very end, Maine clinched the championship in a hard-fought, well-played overtime game against a superb University of New Hampshire team. And at that moment, Mainers near and far—even those who didn't attend my alma mater—were reunited with each other in the spirit of fellowship and victory.

So it is an honor for me to commend each and every member of the Black Bear team—not only for their tremendous commitment to personal excellence, but also to the success of the entire team.

In particular, seniors Steve Kariya, Marcus Gustafsson, Jason Vitorino, Bobby Stewart, and David Cullen thrilled us with their outstanding play and their remarkable leadership. And Maine's goalie, junior Aflie Michaud, deserves special mention for stopping an astounding 46 shots—a feat that rightfully brought him the honor of being named the tournament's most valuable player.

Finally, I applaud the Black Bear coaching staff for a job well done. You can't win without the fundamentals, and Maine's coaches certainly had this team prepared to take the ice—just ask their opponents. But perhaps most importantly, they took young men who were talented in their own right and made them into something even far more formidable—a singular, unstoppable force that would not be denied in its quest to become the very best.

Mr. President, there is something about excellence, especially at the highest levels of competition, that elevates all those who come in contact with it. And the magic of a sport like hockey is that, even if you have never strapped on a skate, never taken a slapshot, never iced a puck, never scored a hat trick, you're amazed by the passion of those who do. You're inspired by the athleticism and artistry. And you come to believe that perhaps we all have the potential for greatness, if only we are willing to work hard enough and care deeply enough to pursue our dreams.

The 1999 Maine Black Bears hockey team had the kind of year that dreams are made of. Today, by virtue of posting a win in the last game of the last NCAA Hockey tournament of the century, Maine is truly the final word in college hockey.

On behalf of the people of Maine, I commend the players, staff, and administration at the University of Maine hockey program for a season to remember. All of Maine is very proud, and we look forward to many more seasons of excitement in the new millennium.•

Ms. COLLINS. Mr. President, I rise today to join Senator SNOWE in offering a resolution congratulating the University of Maine Men's Ice Hockey team, who, as many of my colleagues know, won the 1999 NCAA Division I Hockey Championship earlier this year.

Like all who watched the thrilling championship game on April 3, I was on the edge of my seat when Marcus Gustafsson scored the game-winning goal to give the Black Bears a heart-stopping 3–2 overtime victory over the University of New Hampshire Wildcats. This incredible victory gave the Black Bears their second national championship in seven years—and nearly gave me a heart attack. I must say, had the game not been as close as it was, I would have been able to relax a bit more that night. But as any sports fan knows, a close game—particularly a game that is won in overtime—is all the more rewarding, and much more befitting as the crowning achievement of a national champion.

In Maine, where we take our sports seriously despite not having any major league sports teams, the Black Bears are a tremendous source of pride. As anyone traveling on the Maine Turnpike can tell you, signs that once welcomed you to "Vacationland" now welcome you to the home of the NCAA Hockey Champions. This year the Black Bears once again earned our admiration with an impressive record of 31 wins, 6 losses, and 4 ties. Also, they repeatedly wowed the faithful Maine fans by winning all but one game on their home ice—the beloved Alfond Arena.

Throughout the season, the players and coaching staff all showed tremendous dedication and heart, and their ability to work together as a team was second to none. They advanced boldly through the NCAA tournament, beating Boston College in overtime at the "Frozen Four," and ultimately earned the right to play in the championship game against the University of New Hampshire Wildcats—a team that had beaten the Black Bears twice earlier in the season. Not to be denied, the Black Bears persevered and beat the Wildcats when it mattered the most.

True to form for any national championship team, the Black Bears have a tremendous amount of talent. Four Maine men were selected in this year's National Hockey League draft, and I suspect that several more of their teammates will eventually join them in playing professional hockey. What made this team great, however, was its strong determination, its ability to work together, and its perseverance. It is these qualities that produce championships, and they are qualities that will continue to serve these fine young men very well—both on and off the ice.

Since winning the championship, the Black Bears have enjoyed a substantial amount of much-deserved recognition. I was proud to be among those fans who were on hand to welcome the victorious team home, and I was also pleased to speak at an awards dinner in the team's honor. Soon, Maine's players and coaches will be honored by the President at the White House. Therefore, I believe it is altogether fitting and proper that the Senate add its voice, and recognize the Black Bears' accomplishments, by adopting the resolution that I so proudly offer with Senator SNOWE. While the Senate chamber may not be Alfond Arena, it is most appropriate that I close my remarks with the chant, "M-A-I-N-E-Gooooooo Blue!"

I urge my colleagues to support this resolution.

SENATE RESOLUTION 165—A RESOLUTION IN MEMORY OF SENIOR JUDGE FRANK M. JOHNSON, JR. OF THE UNITED STATES COURT OF APPEALS FOR THE ELEVENTH CIRCUIT

Mr. HATCH (for himself, Mr. LEAHY, Mr. SHELBY, Mr. SESSIONS, Mr. GRASSLEY, Mr. BIDEN, Mr. KENNEDY, Mr. KOHL, Mr. DEWINE, Mr. FEINGOLD, and Mr. FITZGERALD) submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 165

Whereas Frank M. Johnson, Jr. was appointed a United States District Judge in Alabama by President Eisenhower in 1955;

Whereas Judge Johnson was elevated to the United States Court of Appeals for the Eleventh Circuit by President Carter in 1979;

Whereas in a time when men of lesser fortitude would have avoided direct confrontation of the highly unpopular issues of school desegregation and voting rights for African-Americans, Judge Johnson stood firm in upholding the Constitution and the law;

Whereas Judge Johnson struck down the Montgomery, Alabama law that had mandated that Rosa Parks sit in the back of a city bus, because he believed that "separate, but equal" was inherently unequal;

Whereas Johnson upheld the constitutionality of federal laws granting African-Americans the right to vote in Alabama elections, because he believed in the concept of "one man, one vote";

Whereas despite tremendous pressure from Governor George Wallace, Judge Johnson allowed the voting rights march from Selma to Montgomery to proceed, thus stirring the national conscience to enact the Voting Rights Act of 1965;

Whereas today, around a courthouse that bears Frank Johnson's name in Montgomery, Alabama there are integrated schools, buses and lunch counters, and representative democracy flourishes in Alabama with African-American state, county, and municipal officials who won their offices in fair elections with the votes of African-American and white citizens;

Whereas in part because of Judge Johnson's upholding of the law, attitudes that were once intolerant and extreme have dissipated;

Whereas the members of the Senate extend our deepest sympathies to Judge Johnson's family and the host of friends that he had across the country;

Whereas Judge Johnson passed away at his home in Montgomery, Alabama on July 23, 1999;

Whereas the American people will always remember Judge Frank M. Johnson, Jr. for exemplifying unwavering moral courage in the advancement of the wholly American ideal that "all men are created equal" and deserve "equal protection of the laws" and for upholding the law: Now, therefore, be it

Resolved by the Senate, That—

(1) The Senate hereby honors the memory of Judge Frank M. Johnson, Jr. for his exemplary service to his country and for his outstanding example of moral courage; and

(2) when the Senate adjourns on this date it shall do so out of respect to the memory of Judge Frank M. Johnson, Jr.

SENATE RESOLUTION 166—RELATING TO THE RECENT ELECTIONS IN THE REPUBLIC OF INDONESIA

Mr. THOMAS submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 166

Whereas the Republic of Indonesia is the world's fourth most populous country, has the world's largest Muslim population, and is the second largest country in East Asia;

Whereas Indonesia has played an increasingly important leadership role in maintaining the security and stability of Southeast Asia, especially through its participation in the Association of Southeast Asian Nations (ASEAN);

Whereas in response to the wishes of the people of Indonesia, President Suharto resigned on May 21, 1998, in accordance with Indonesia's constitutional processes;

Whereas the government of his successor, President Bacharuddin J. Habibie, has pursued a transition to genuine democracy, establishing a new governmental structure, and developing a new political order;

Whereas President Habibie signed several bills governing elections, political parties, and the structure of legislative bodies into law on February 1, 1999, and scheduled the first truly democratic national election since 1955;

Whereas on June 7, 1999, elections were held for the Dewan Perwakilan Rakyat (DPR) which, despite some irregularities, were deemed to be free, fair, and transparent according to international and domestic observers;

Whereas over 100 million people, more than ninety percent of Indonesia's registered voters, participated in the election, demonstrating the Indonesian people's dedication to democracy;

Whereas the ballot counting process has been completed and the unofficial results announced;

Whereas the official results will be announced in the near future, and it is expected by all parties that the official results will mirror the unofficial results; and

Whereas Indonesia's military has indicated that it will abide by the results of the election; Now, therefore, be it

Resolved, That the Senate:

(1) congratulates the people of Indonesia on carrying out the first free, fair, and transparent national elections in forty-four years;

(2) supports the aspirations of the Indonesian people in pursuing a transition to genuine democracy;

(3) calls upon all Indonesian leaders, political party members, military personnel, and the general public to respect the outcome of the elections, and to uphold that outcome pending the selection of the new President by the Majelis Permusyawaratan Rakyat (MPR) later this year;

(4) calls for the convening of the MPR and the selection of the next President as soon as practicable under Indonesian law in order to reduce the impact of continued uncertainty on the country's political stability and to enhance the prospects for the country's economic recovery;

(5) calls upon the present ruling Golkar party to work closely with any successor government in assuring a smooth transition to a new government; and

(6) urges the present government, and any new government, to continue to work to ensure a stable and secure environment in East Timor by:

(A) assisting in disarming and disbanding any militias on the island;

(B) granting full access to East Timor to groups such as the United Nations, international humanitarian organizations, human rights monitors, and similar nongovernmental organizations;

(C) upholding its commitment to cooperate fully with the United Nations Assistance Mission for East Timor (UNAMET).

SENATE RESOLUTION 167—COMMENDING THE GEORGES BANK REVIEW PANEL ON THE RECENT REPORT RECOMMENDING EXTENSION OF THE MORATORIUM ON OIL AND GAS EXPLORATION ON GEORGES BANK, COMMENDING GOVERNMENT BANK, AND URGING THE GOVERNMENT OF CANADA TO ADOPT A LONGER-TERM MORATORIUM

Ms. COLLINS submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 167

Whereas the unusual underwater topography and tidal activity of Georges Bank create an almost self-contained ecosystem, unique within the ocean that surrounds it;

Whereas Georges Bank is one of the most productive fisheries in the world;

Whereas people of both Canada and the United States harvest cod, haddock, yellowtail flounder, scallops, lobsters, swordfish, and herring from Georges Bank;

Whereas significant economic sacrifices have been made by fishermen from both Canada and the United States to work toward sustainable and healthy fish stocks;

Whereas hundreds of small communities in New England and the maritime provinces of Canada depend on fish from Georges Bank for economic support and their maritime-based way of life;

Whereas an oil spill on Georges Bank would have catastrophic effects on the Georges Bank ecosystem and the economies of the coastal communities of New England and the maritime provinces of Canada;

Whereas Georges Bank experiences some of the most severe weather in the world, and the frequent storms, strong currents, and high winds would cripple any post-spill cleanup effort;

Whereas many scientists, fishermen, and other persons concerned with and knowledgeable about the unique ecosystem of Georges Bank have urged the Government of Canada to extend the moratorium on oil and gas activity;

Whereas the Georges Bank Review Panel issued a report recommending an extension of the moratorium on oil and gas activity; and

Whereas the Government of the United States has established a moratorium on oil and gas activity in Georges Bank until the year 2012: Now, therefore, be it

Resolved, That the Senate—

(1) commends the Georges Bank Review Panel on the recent report recommending extension of the moratorium on oil and gas exploration on Georges Bank;

(2) commends the Government of Canada for extending the moratorium on oil and gas activity on Georges Bank through 1999; and

(3) urges the Government of Canada to extend the moratorium until the year 2012.

Ms. COLLINS. Mr. President, I rise today to submit a resolution commending the Georges Bank review panel on the recent extension of the moratorium on oil and gas exploration on Georges Bank and urging our Canadian neighbors to adopt a longer-term moratorium that would match that adopted by the United States.

Georges Bank is a large shallow bank on the Outer Continental Shelf of the eastern North American continent. Georges Bank, which separates the Gulf of Maine from the open Atlantic Ocean, is traditionally known as one of the most productive fishing grounds in the world. Fishing vessels from New England and Canada catch cod, haddock, yellowtail flounder, scallops, lobsters, swordfish, herring, and bluefin tuna in its waters. Literally hundreds of communities depend upon fish from Georges Bank for their way of life and livelihood.

In 1984, the United States-Canadian boundary dispute involving ownership of Georges Bank was resolved by the International Court of Justice at The Hague. The Court declared the northeastern portion of the bank as under Canadian jurisdiction and the southwestern portion as under the jurisdiction of the United States. Since that decision, both the United States and Canada have maintained a moratorium on oil and gas exploration on Georges Bank.

In 1998, the United States extended its moratorium until the year 2012.

In 1988, with the adoption of the Canada-Nova Scotia Accord Acts, Canada placed a moratorium on petroleum activities on Georges Bank until January 1, 2000. In preparation for the expiration of that moratorium, a three-person review panel held an extensive public comment period, commissioned studies, and thoroughly explored the pros and cons of allowing oil and gas activity on the Canadian portion of Georges Bank. Last month, at the conclusion of its review, the panel recommended that the moratorium on petroleum activities on Georges Bank be continued, but it did not specify a date.

I certainly respect the fact that Canada is entitled to make its own mineral management decisions. Nevertheless, given the joint jurisdiction that the United States and Canada have over Georges Bank, I believe it is appropriate for this body to convey its concern and support for the unique ecosystem and fisheries of Georges Bank. An accident involving a petroleum spill on either side of the line could have a devastating impact on fisheries well up and down the coast from Nova Scotia and New Brunswick to the coast of New England.

The severe weather in and the vast expanse of Georges Bank far from shore would greatly complicate any effort to clean up any spill that could occur. Indeed, even if a spill never occurred, the lubricants used in drilling could well have a toxic impact on Georges Bank's delicate fisheries.

Fishermen from Canada and the United States are subject to strict regulations governing fishing on Georges Bank. These regulations are designed to allow fish stocks to recover after years of overfishing. They have involved considerable sacrifices for the fishermen who depend on Georges Bank to make a living. But the sacrifices are paying off, and the fish stocks are recovering. It would be a shame to set back or to reverse completely those hard-won recovery efforts with even the risk of a major oil spill.

The resolution I am submitting today encourages the Government of Canada to accept the recommendations of its review panel. It also goes further by asking our neighbor to the north to extend its drilling moratorium until the year 2012 to match the American moratorium. In that way, both Canadians and Americans may be assured that Georges Bank will remain in its traditional uses.

AMENDMENTS SUBMITTED

TAXPAYER REFUND ACT OF 1999

ABRAHAM (AND OTHERS) AMENDMENT NO. 1354

(Ordered to lie on the table.)

Mr. ABRAHAM (for himself, Mr. FITZGERALD, Mr. MOYNIHAN, and Mr. SCHUMER) submitted an amendment intended to be proposed by them to the bill (S. 1429) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000; as follows:

At the end of title XI, insert the following:

SEC. . NO FEDERAL INCOME TAX ON AMOUNTS RECEIVED BY HOLOCAUST VICTIMS OR THEIR HEIRS.

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, gross income shall not include any amount received by an individual (or any heir of the individual)—

(1) from the Swiss Humanitarian Fund established by the Government of Switzerland or from any similar fund established by any foreign country, or

(2) as a result of the settlement of the action entitled "In re Holocaust Victims' Asset Litigation", (E.D. NY), C.A. No. 96–4849, or as a result of any similar action.

(b) EFFECTIVE DATE.—This section shall apply to any amount received before, on, or after the date of the enactment of this Act.

ABRAHAM AMENDMENT NO. 1355

(Ordered to lie on the table.)

Mr. ABRAHAM submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place, insert the following:

SEC. . TAX EXEMPT TREATMENT OF CERTAIN BONDS ISSUED IN CONNECTION WITH DELINQUENT REAL PROPERTY TAXES.

(a) IN GENERAL.—Section 148 of the Internal Revenue Code of 1986 is amended by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

"(i) SPECIAL RULE FOR DELINQUENT TAX BONDS.—

"(1) IN GENERAL.—For purposes of this section, a bond which meets the requirements of paragraph (2) shall not be treated as an arbitrage bond.

"(2) DELINQUENT TAX BOND REQUIREMENTS.—A bond meets the requirements of this paragraph if—

"(A) the bond is issued primarily to facilitate the collection or receipt of delinquent real property taxes,

"(B) all sale proceeds of the issue of which the bond is a part (other than sale proceeds, if any, to be used for costs of issuance and the establishment of a reasonably required reserve or replacement fund) are transferred, within 30 days after the date of issue of the bond, to governmental units that levy, collect, or receive real property taxes,

"(C)(i) the amount of the sale proceeds so transferred does not exceed the amount of delinquent real property taxes for the year (or the preceding year) certified by such units to the issuer of the bond as uncollected, and

"(ii) such certification is made as of a specific date which occurs during the 5-month period preceding the date of the issuance of the bond,

"(D) the maturity date of the bond is not later than 3 months after the date of the issue,

"(E) the last maturity date of the issue of which the bond is a part (including the last maturity date of any bonds issued to refund that issue or to refund other bonds issued to refund that issue) is not later than 26 months after the date of issuance of the original bond, and

"(F) all delinquent real property taxes (and interest, fees, and penalties attributable to such taxes) received by such governmental units after the specific date referred to in subparagraph (C) and before any maturity date of such issue are used, within 3 months of receipt, for the payment of principal, interest, or redemption price of the issue of which the bond is a part (to the extent that such taxes, interest, fees, and penalties do not exceed such principal, interest, and redemption price, in the aggregate)."

(b) COORDINATION WITH HEDGE BOND RULES.—Section 149(g)(3) of such Code is amended by adding at the end the following new subparagraph:

"(D) EXCEPTION FOR DELINQUENT TAX BOND.—For purposes of this subsection, the term 'hedge bond' shall not include any bond that meets the requirements of section 148(i)(2)."

(c) COORDINATION WITH POOLED FINANCIAL BOND RULES.—Section 149(f)(4)(B) of such Code is amended—

(1) by striking "or" at the end of clause (i),

(2) by striking the period at the end of clause (ii) and inserting ", or", and

(3) by adding at the end the following new clause:

"(iii) section 148(i) applies to such bond."

(d) COORDINATION WITH PRIVATE ACTIVITY BOND RULES.—Paragraph (2) of section 141(c) of such Code (relating to private activity bond; qualified bond) is amended by striking "or" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", or", and by adding at the end the following new subparagraph:

"(C) is with respect to a bond which meets the requirements of section 148(i)(2) (relating to delinquent tax bonds)."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act. For purposes of the preceding sentence, a bond (or series of bonds) issued to refund a bond shall be treated as being issued on the date of issuance of the refunded bond, if the refunding bond meets the requirements of subclauses (I), (II), and (III) of section 144(a)(12)(A)(ii) of the Internal Revenue Code of 1986.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

LEVIN (AND DEWINE) AMENDMENT NO. 1356

(Ordered to lie on the table.)

Mr. LEVIN (for himself and Mr. DEWINE) submitted an amendment intended to be proposed by them to the bill (H.R. 2466) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 2000, and for other purposes; as follows:

On page 10, line 23, strike "River:" and insert "River, of which $400,000 shall be available for grants under the Great Lakes Fish and Wildlife Restoration Program, and of which $114,280,000 shall be available for general administration:".

GORTON AMENDMENT NO. 1357

Mr. GORTON proposed an amendment to the bill, H.R. 2466, supra; as follows:

Strike all after the enacting clause and insert the following:

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Department of the Interior and related agencies for the fiscal year ending September 30, 2000, and for other purposes, namely:

TITLE I—DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

MANAGEMENT OF LANDS AND RESOURCES

For expenses necessary for protection, use, improvement, development, disposal, cadastral surveying, classification, acquisition of easements and other interests in lands, and performance of other functions, including maintenance of facilities, as authorized by law, in the management of lands and their resources under the jurisdiction of the Bureau of Land Management, including the general administration of the Bureau, and assessment of mineral potential of public lands pursuant to Public Law 96–487 (16 U.S.C. 3150(a)), $634,321,000, to remain available until expended, of which $2,147,000 shall be available for assessment of the mineral potential of public lands in Alaska pursuant to section 1010 of Public Law 96–487 (16 U.S.C. 3150); and of which not to exceed $1,000,000 shall be derived from the special receipt account established by the Land and Water Conservation Act of 1965, as amended (16 U.S.C. 460l–6a(i)); and of which $1,500,000 shall be available in fiscal year 2000 subject to a match by at least an equal amount by the National Fish and Wildlife Foundation, to such Foundation for cost-shared projects supporting conservation of Bureau lands; in addition, $33,529,000 for Mining Law Administration program operations, including the cost of administering the mining claim fee program; to remain available until expended, to be reduced by amounts collected by the Bureau and credited to this appropriation from annual mining claim fees so as to result in a final appropriation estimated at not more than $634,321,000, and $2,000,000, to remain available until expended, from communication site rental fees established by the Bureau for the cost of administering communication site activities: *Provided*, That appropriations herein made shall not be available for the destruction of healthy, unadopted, wild horses and burros in the care of the Bureau or its contractors.

WILDLAND FIRE MANAGEMENT

For necessary expenses for fire preparedness, suppression operations, emergency rehabilitation and hazardous fuels reduction by the Department of the Interior, $287,305,000, to remain available until expended, of which not to exceed $5,025,000 shall be for the renovation or construction of fire facilities: *Provided*, That such funds are also available for repayment of advances to other appropriation accounts from which funds were previously transferred for such purposes: *Provided further*, That unobligated balances of amounts previously appropriated to the "Fire Protection" and "Emergency Department of the Interior Firefighting Fund" may be transferred and merged with this appropriation: *Provided further*, That persons hired pursuant to 43 U.S.C. 1469 may be furnished subsistence and lodging without cost from funds available from this appropriation: *Provided further*, That notwithstanding 42 U.S.C. 1856d, sums received by a bureau or office of the Department of the Interior for fire protection rendered pursuant to 42 U.S.C. 1856 et seq., Protection of United States Property, may be credited to the appropriation from which funds were expended to provide that protection, and are available without fiscal year limitation.

CENTRAL HAZARDOUS MATERIALS FUND

For necessary expenses of the Department of the Interior and any of its component offices and bureaus for the remedial action, including associated activities, of hazardous waste substances, pollutants, or contaminants pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. 9601 et seq.), $10,000,000, to remain available until expended: *Provided*, That notwithstanding 31 U.S.C. 3302, sums recovered from or paid by a party in advance of or as reimbursement for remedial action or response activities conducted by the Department pursuant to section 107 or 113(f) of such Act, shall be credited to this account to be available until expended without further appropriation: *Provided further*, That such sums recovered from or paid by any party are not limited to monetary payments and may include stocks, bonds or other personal or real property, which may be retained, liquidated, or otherwise disposed of by the Secretary and which shall be credited to this account.

CONSTRUCTION

For construction of buildings, recreation facilities, roads, trails, and appurtenant facilities, $12,418,000, to remain available until expended.

PAYMENTS IN LIEU OF TAXES

For expenses necessary to implement the Act of October 20, 1976, as amended (31 U.S.C. 6901–6907), $130,000,000, of which not to exceed $400,000 shall be available for administrative expenses: *Provided*, That no payment shall be made to otherwise eligible units of local government if the computed amount of the payment is less than $100.

LAND ACQUISITION

For expenses necessary to carry out sections 205, 206, and 318(d) of Public Law 94–579, including administrative expenses and acquisition of lands or waters, or interests therein, $17,400,000, to be derived from the Land and Water Conservation Fund, to remain available until expended.

OREGON AND CALIFORNIA GRANT LANDS

For expenses necessary for management, protection, and development of resources and for construction, operation, and maintenance of access roads, reforestation, and other improvements on the revested Oregon and California Railroad grant lands, on other Federal lands in the Oregon and California land-grant counties of Oregon, and on adjacent rights-of-way; and acquisition of lands or interests therein including existing connecting roads on or adjacent to such grant lands; $99,225,000, to remain available until expended: *Provided*, That 25 percent of the aggregate of all receipts during the current fiscal year from the revested Oregon and California Railroad grant lands is hereby made a charge against the Oregon and California land-grant fund and shall be transferred to the General Fund in the Treasury in accordance with the second paragraph of subsection (b) of title II of the Act of August 28, 1937 (50 Stat. 876).

FOREST ECOSYSTEMS HEALTH AND RECOVERY FUND

(REVOLVING FUND, SPECIAL ACCOUNT)

In addition to the purposes authorized in Public Law 102–381, funds made available in the Forest Ecosystem Health and Recovery Fund can be used for the purpose of planning, preparing, and monitoring salvage timber sales and forest ecosystem health and recovery activities such as release from competing vegetation and density control treatments. The Federal share of receipts (defined as the portion of salvage timber receipts not paid to the counties under 43 U.S.C. 1181f and 43 U.S.C. 1181f–1 et seq., and Public Law 103–66) derived from treatments funded by this account shall be deposited into the Forest Ecosystem Health and Recovery Fund.

RANGE IMPROVEMENTS

For rehabilitation, protection, and acquisition of lands and interests therein, and improvement of Federal rangelands pursuant to section 401 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701), notwithstanding any other Act, sums equal to 50 percent of all moneys received during the prior fiscal year under sections 3 and 15 of the Taylor Grazing Act (43 U.S.C. 315 et seq.) and the amount designated for range improvements from grazing fees and mineral leasing receipts from Bankhead-Jones lands transferred to the Department of the Interior pursuant to law, but not less than $10,000,000, to remain available until expended: *Provided*, That not to exceed $600,000 shall be available for administrative expenses.

SERVICE CHARGES, DEPOSITS, AND FORFEITURES

For administrative expenses and other costs related to processing application documents and other authorizations for use and disposal of public lands and resources, for costs of providing copies of official public land documents, for monitoring construction, operation, and termination of facilities in conjunction with use authorizations, and for rehabilitation of damaged property, such amounts as may be collected under Public Law 94–579, as amended, and Public Law 93–153, to remain available until expended: *Provided*, That notwithstanding any provision to the contrary of section 305(a) of Public Law 94–579 (43 U.S.C. 1735(a)), any moneys that have been or will be received pursuant to that section, whether as a result of forfeiture, compromise, or settlement, if not appropriate for refund pursuant to section 305(c) of that Act (43 U.S.C. 1735(c)), shall be available and may be expended under the authority of this Act by the Secretary to improve, protect, or rehabilitate any public lands administered through the Bureau of Land Management which have been damaged by the action of a resource developer, purchaser, permittee, or any unauthorized person, without regard to whether all moneys collected from each such action are used on the exact lands damaged which led to the action: *Provided further*, That any such moneys that are in excess of amounts needed to repair damage to the exact land for which funds were collected may be used to repair other damaged public lands.

MISCELLANEOUS TRUST FUNDS

In addition to amounts authorized to be expended under existing laws, there is hereby appropriated such amounts as may be contributed under section 307 of the Act of October 21, 1976 (43 U.S.C. 1701), and such amounts as may be advanced for administrative costs, surveys, appraisals, and costs of making conveyances of omitted lands under section 211(b) of that Act, to remain available until expended.

ADMINISTRATIVE PROVISIONS

Appropriations for the Bureau of Land Management shall be available for purchase, erection, and dismantlement of temporary structures, and alteration and maintenance of necessary buildings and appurtenant facilities to which the United States has title; up to $100,000 for payments, at the discretion of the Secretary, for information or evidence concerning violations of laws administered by the Bureau; miscellaneous and emergency expenses of enforcement activities authorized or approved by the Secretary and to be accounted for solely on his certificate, not to exceed $10,000: *Provided*, That notwithstanding 44 U.S.C. 501, the Bureau may, under cooperative cost-sharing and partnership arrangements authorized by law, procure printing services from cooperators in connection with jointly produced publications for which the cooperators share the cost of printing either in cash or in services, and the Bureau determines the cooperator is capable of meeting accepted quality standards.

UNITED STATES FISH AND WILDLIFE SERVICE

RESOURCE MANAGEMENT

For necessary expenses of the United States Fish and Wildlife Service, for scientific and economic studies, conservation, management, investigations, protection, and utilization of fishery and wildlife resources, except whales, seals, and sea lions, maintenance of the herd of long-horned cattle on the Wichita Mountains Wildlife Refuge, general administration, and for the performance of other authorized functions related to such resources by direct expenditure, contracts, grants, cooperative agreements and reimbursable agreements with public and private entities, $683,519,000, to remain available until September 30, 2001, except as otherwise provided herein, of which $11,701,000 shall remain available until expended for operation and maintenance of fishery mitigation facilities constructed by the Corps of Engineers under the Lower Snake River Compensation Plan, authorized by the Water Resources Development Act of 1976, to compensate for loss of fishery resources from water development projects on the Lower Snake River: *Provided*, That not less than $1,000,000 for high priority projects which shall be carried out by the Youth Conservation Corps as authorized by the Act of August 13, 1970, as amended: *Provided further*, That not to exceed $5,932,000 shall be used for implementing subsections (a), (b), (c), and (e) of section 4 of the Endangered Species Act, as amended, for species that are indigenous to the United States (except for processing petitions, developing and issuing proposed and final regulations, and taking any other steps to implement actions described in subsections (c)(2)(A), (c)(2)(B)(i), or (c)(2)(B)(ii)): *Provided further*, That of the amount available for law enforcement, up to $400,000 to remain available until expended, may at the discretion of the Secretary, be used for payment for information, rewards, or evidence concerning violations of laws administered by the Service, and miscellaneous and emergency expenses of enforcement activity, authorized or approved by the Secretary and to be accounted for solely on his certificate: *Provided further*, That of the amount provided for environmental contaminants, up to $1,000,000 may remain available until expended for contaminant sample analyses: *Provided further*, That all fines collected by the U.S. Fish and Wildlife Service for violations of the Marine Mammal Protection Act (16 U.S.C. 1362–1407) and implementing regulations shall be available to the Secretary, without further appropriation, to be used for the expenses of the U.S. Fish and Wildlife Service in administering activities for the protection and recovery of manatees, polar bears, sea otters, and walruses, and shall remain available until expended: *Provided further*, That, heretofore and hereafter, in carrying out work under reimbursable agreements with any state, local, or tribal government, the U.S. Fish and Wildlife Service may, without regard to 31 U.S.C. 1341 and notwithstanding any other provision of law or regulation, record obligations against accounts receivable from such entities, and shall credit amounts received from such entities to this appropriation, such credit to occur within 90 days of the date of the original request by the Service for payment.

CONSTRUCTION

For construction and acquisition of buildings and other facilities required in the conservation, management, investigation, protection, and utilization of fishery and wildlife resources, and the acquisition of lands and interests therein; $40,434,000, to remain available until expended: *Provided*, That notwithstanding any other provision of law, a single procurement for the construction of facilities at the Alaska Maritime National Wildlife Refuge may be issued which includes the full scope of the project: *Provided further*, That the solicitation and the contract shall contain the clauses "availability of funds" found at 48 C.F.R. 52.232.18.

LAND ACQUISITION

For expenses necessary to carry out the Land and Water Conservation Fund Act of 1965, as amended (16 U.S.C. 4601–4 through 11), including administrative expenses, and for acquisition of land or waters, or interest therein, in accordance with statutory authority applicable to the United States Fish and Wildlife Service, $55,244,000, to be derived from the Land and Water Conservation Fund and to remain available until expended.

COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND

For expenses necessary to carry out the provisions of the Endangered Species Act of 1973 (16 U.S.C. 1531-1543), as amended, $21,480,000, to be derived from the Cooperative Endangered Species Conservation Fund, and to remain available until expended.

NATIONAL WILDLIFE REFUGE FUND

For expenses necessary to implement the Act of October 17, 1978 (16 U.S.C. 715s), $10,000,000.

MULTINATIONAL SPECIES CONSERVATION FUND

For expenses necessary to carry out the African Elephant Conservation Act (16 U.S.C. 4201–4203, 4211–4213, 4221–4225, 4241–4245, and 1538), the Asian Elephant Conservation Act of 1997 (16 U.S.C. 4261–4266), and the Rhinoceros and Tiger Conservation Act of 1994 (16 U.S.C. 5301-5306), $2,400,000, to remain available until expended: *Provided*, That funds made available under this Act, Public Law 105–277, and Public Law 105–83 for rhinoceros, tiger, and Asian elephant conservation programs are exempt from any sanctions imposed against any country under section 102 of the Arms Export Control Act (22 U.S.C. aa–1).

NORTH AMERICAN WETLANDS CONSERVATION FUND

For expenses necessary to carry out the provisions of the North American Wetlands Conservation Act, Public Law 101–233, as amended, $15,000,000, to remain available until expended.

WILDLIFE CONSERVATION AND APPRECIATION FUND

For necessary expenses of the Wildlife Conservation and Appreciation Fund, $800,000, to remain available until expended.

ADMINISTRATIVE PROVISIONS

Appropriations and funds available to the United States Fish and Wildlife Service shall be available for purchase of not to exceed 70 passenger motor vehicles, of which 61 are for replacement only (including 36 for police-type use); repair of damage to public roads within and adjacent to reservation areas caused by operations of the Service; options for the purchase of land at not to exceed $1 for each option; facilities incident to such public recreational uses on conservation areas as are consistent with their primary purpose; and the maintenance and improvement of aquaria, buildings, and other facilities under the jurisdiction of the Service and to which the United States has title, and which are used pursuant to law in connection with management and investigation of fish and wildlife resources: *Provided*, That notwithstanding 44 U.S.C. 501, the Service may, under cooperative cost sharing and partnership arrangements authorized by law, procure printing services from cooperators in connection with jointly produced publications for which the cooperators share at least one-half the cost of printing either in cash or services and the Service determines the cooperator is capable of meeting accepted quality standards: *Provided further*, That the Service may accept donated aircraft as replacements for existing aircraft: *Provided further*, That notwithstanding any other provision of law, the Secretary of the Interior may not spend any of the funds appropriated in this Act for the purchase of lands or interests in lands to be used in the establishment of any new unit of the National Wildlife Refuge System unless the purchase is approved in advance by the House and Senate Committees on Appropriations in compliance with the reprogramming procedures contained in Senate Report 105–56.

NATIONAL PARK SERVICE

OPERATION OF THE NATIONAL PARK SYSTEM

For expenses necessary for the management, operation, and maintenance of areas and facilities administered by the National Park Service (including special road maintenance service to trucking permittees on a reimbursable basis), and for the general administration of the National Park Service, including not less than $1,000,000 for high priority projects within the scope of the approved budget which shall be carried out by the Youth Conservation Corps as authorized by 16 U.S.C. 1706, $1,355,176,000, of which $8,800,000 is for research, planning and interagency coordination in support of land acquisition for Everglades restoration shall remain available until expended, and of which not to exceed $8,000,000, to remain available until expended, is to be derived from the special fee account established pursuant to title V, section 5201 of Public Law 100–203.

NATIONAL RECREATION AND PRESERVATION

For expenses necessary to carry out recreation programs, natural programs, cultural programs, heritage partnership programs, environmental compliance and review, international park affairs, statutory or contractual aid for other activities, and grant administration, not otherwise provided for, $49,951,000: *Provided*, That notwithstanding any other provision of law, the National Park Service may hereafter recover all fees derived from providing necessary review services associated with historic preservation tax certification, and such funds shall be available until expended without further appropriation for the costs of such review services.

HISTORIC PRESERVATION FUND

For expenses necessary in carrying out the Historic Preservation Act of 1966, as amended (16 U.S.C. 470), and the Omnibus Parks and Public Lands Management Act of 1996 (Public Law 104–333), $42,412,000, to be derived from the Historic Preservation Fund, to remain available until September 30, 2001, of which $8,422,000 pursuant to section 507 of Public Law 104–333 shall remain available until expended.

CONSTRUCTION

For construction, improvements, repair or replacement of physical facilities, including the modifications authorized by section 104 of the Everglades National Park Protection and Expansion Act of 1989, $221,093,000, to remain available until expended, of which $1,100,000 shall be for realignment of the Denali National Park entrance road: *Provided*, That $4,000,000 for the Wheeling National Heritage Area and $1,000,000 for Montpelier shall be derived from the Historic Preservation Fund pursuant to 16 U.S.C. 470a: *Provided further*, That notwithstanding any other provision of law, a single procurement for the construction of visitor facilities at Brooks Camp at Katmai National Park and Preserve may be issued which includes the full scope of the project: *Provided further*, That the solicitation and the contract shall contain the clause "availability of funds" found at 48 CFR 52.232.18.

LAND AND WATER CONSERVATION FUND

(RESCISSION)

The contract authority provided for fiscal year 2000 by 16 U.S.C. 4601–10a is rescinded.

LAND ACQUISITION AND STATE ASSISTANCE

For expenses necessary to carry out the Land and Water Conservation Fund Act of 1965, as amended (16 U.S.C. 4601–4 through 11), including administrative expenses, and for acquisition of lands or waters, or interest therein, in accordance with statutory authority applicable to the National Park Service, $84,525,000, to be derived from the Land and Water Conservation Fund, to remain available until expended, of which $500,000 is to administer the State assistance program.

ADMINISTRATIVE PROVISIONS

Appropriations for the National Park Service shall be available for the purchase of not to exceed 384 passenger motor vehicles, of which 298 shall be for replacement only, including not to exceed 312 for police-type use, 12 buses, and 6 ambulances: *Provided*, That none of the funds appropriated to the National Park Service may be used to process any grant or contract documents which do not include the text of 18 U.S.C. 1913: *Provided further*, That none of the funds appropriated to the National Park Service may be used to implement an agreement for the redevelopment of the southern end of Ellis Island until such agreement has been submitted to the Congress and shall not be implemented prior to the expiration of 30 calendar days (not including any day in which either House of Congress is not in session because of adjournment of more than three calendar days to a day certain) from the receipt by the Speaker of the House of Representatives and the President of the Senate of a full and comprehensive report on the development of the southern end of Ellis Island, including the facts and circumstances relied upon in support of the proposed project.

None of the funds in this Act may be spent by the National Park Service for activities taken in direct response to the United Nations Biodiversity Convention.

The National Park Service may distribute to operating units based on the safety record of each unit the costs of programs designed to improve workplace and employee safety, and to encourage employees receiving workers' compensation benefits pursuant to chapter 81 of title 5, United States Code, to return to appropriate positions for which they are medically able.

UNITED STATES GEOLOGICAL SURVEY

SURVEYS, INVESTIGATIONS, AND RESEARCH

For expenses necessary for the United States Geological Survey to perform surveys, investigations, and research covering topography, geology, hydrology, biology, and the mineral and water resources of the United States, its territories and possessions, and other areas as authorized by 43 U.S.C. 31, 1332, and 1340; classify lands as to their mineral and water resources; give engineering supervision to power permittees and Federal Energy Regulatory Commission licensees; administer the minerals exploration program (30 U.S.C. 641); and publish and disseminate data relative to the foregoing activities; and to conduct inquiries into the economic conditions affecting mining and materials processing industries (30 U.S.C. 3, 21a, and 1603; 50 U.S.C. 98g(1)) and related purposes as authorized by law and to publish and disseminate data; $813,243,000, of which $72,314,000 shall be available only for cooperation with States or municipalities for water resources investigations; and of which $16,400,000 shall remain available until expended for conducting inquiries into the economic conditions affecting mining and materials processing industries; and of which $2,000,000 shall remain available until expended for ongoing development of a mineral and geologic data base; and of which $160,248,000 shall be available until September 30, 2001 for the biological research activity and the operation of the Cooperative Research Units: *Provided*, That of the funds available for the biological research activity, $1,000,000 shall be made available by grant to the University of Alaska for conduct of, directly or through subgrants, basic marine research activities in the North Pacific Ocean pursuant to a plan approved by the Department of Commerce, the Department of the Interior, and the State of Alaska: *Provided further*, That none of these funds provided for the biological research activity shall be used to conduct new surveys on private property, unless specifically authorized in writing by the property owner: *Provided further*, That no part of this appropriation shall be used to pay more than one-half the cost of topographic mapping or water resources data collection and investigations carried on in cooperation with States and municipalities.

ADMINISTRATIVE PROVISIONS

The amount appropriated for the United States Geological Survey shall be available for the purchase of not to exceed 53 passenger motor vehicles, of which 48 are for replacement only; reimbursement to the General Services Administration for security guard services; contracting for the furnishing of topographic maps and for the making of geophysical or other specialized surveys when it is administratively determined that such procedures are in the public interest; construction and maintenance of necessary buildings and appurtenant facilities; acquisition of lands for gauging stations and observation wells; expenses of the United States National Committee on Geology; and payment of compensation and expenses of persons on the rolls of the Survey duly appointed to represent the United States in the negotiation and administration of interstate compacts: *Provided*, That activities funded by appropriations herein made may be accomplished through the use of contracts, grants, or cooperative agreements as defined in 31 U.S.C. 6302 et seq.: *Provided further*, That the United States Geological Survey may contract directly with individuals or indirectly with institutions or nonprofit organizations, without regard to 41 U.S.C. 5, for the temporary or intermittent services of students or recent graduates, who shall be considered employees for the purposes of chapters 57 and 81 of title 5, United States Code, relating to compensation for travel and work injuries, and chapter 171 of title 28, United States Code, relating to tort claims, but shall not be considered to be Federal employees for any other purposes.

MINERALS MANAGEMENT SERVICE

ROYALTY AND OFFSHORE MINERALS MANAGEMENT

For expenses necessary for minerals leasing and environmental studies, regulation of industry operations, and collection of royalties, as authorized by law; for enforcing laws and regulations applicable to oil, gas, and other minerals leases, permits, licenses and operating contracts; and for matching grants or cooperative agreements; including the purchase of not to exceed eight passenger motor vehicles for replacement only; $110,682,000, of which $84,569,000 shall be available for royalty management activities; and an amount not to exceed $124,000,000, to be credited to this appropriation and to remain available until expended, from additions to receipts resulting from increases to rates in effect on August 5, 1993, from rate increases to fee collections for Outer Continental Shelf administrative activities performed by the Minerals Management Service over and above the rates in effect on September 30, 1993, and from additional fees for

Outer Continental Shelf administrative activities established after September 30, 1993: *Provided*, That $3,000,000 for computer acquisitions shall remain available until September 30, 2001: *Provided further*, That funds appropriated under this Act shall be available for the payment of interest in accordance with 30 U.S.C. 1721(b) and (d): *Provided further*, That not to exceed $3,000 shall be available for reasonable expenses related to promoting volunteer beach and marine cleanup activities: *Provided further*, That notwithstanding any other provision of law, $15,000 under this heading shall be available for refunds of overpayments in connection with certain Indian leases in which the Director of the Minerals Management Service concurred with the claimed refund due, to pay amounts owed to Indian allottees or Tribes, or to correct prior unrecoverable erroneous payments.

OIL SPILL RESEARCH

For necessary expenses to carry out title I, section 1016, title IV, sections 4202 and 4303, title VII, and title VIII, section 8201 of the Oil Pollution Act of 1990, $6,118,000, which shall be derived from the Oil Spill Liability Trust Fund, to remain available until expended.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

REGULATION AND TECHNOLOGY

For necessary expenses to carry out the provisions of the Surface Mining Control and Reclamation Act of 1977, Public Law 95–87, as amended, including the purchase of not to exceed 10 passenger motor vehicles, for replacement only; $95,891,000: *Provided*, That the Secretary of the Interior, pursuant to regulations, may use directly or through grants to States, moneys collected in fiscal year 2000 for civil penalties assessed under section 518 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1268), to reclaim lands adversely affected by coal mining practices after August 3, 1977, to remain available until expended: *Provided further*, That appropriations for the Office of Surface Mining Reclamation and Enforcement may provide for the travel and per diem expenses of State and tribal personnel attending Office of Surface Mining Reclamation and Enforcement sponsored training.

ABANDONED MINE RECLAMATION FUND

For necessary expenses to carry out title IV of the Surface Mining Control and Reclamation Act of 1977, Public Law 95–87, as amended, including the purchase of not more than 10 passenger motor vehicles for replacement only, $185,658,000, to be derived from receipts of the Abandoned Mine Reclamation Fund and to remain available until expended; of which up to $7,000,000, to be derived from the Federal Expenses Share of the Fund, shall be for supplemental grants to States for the reclamation of abandoned sites with acid mine rock drainage from coal mines, and for associated activities, through the Appalachian Clean Streams Initiative: *Provided*, That grants to minimum program States will be $1,500,000 per State in fiscal year 2000: *Provided further*, That of the funds herein provided up to $18,000,000 may be used for the emergency program authorized by section 410 of Public Law 95–87, as amended, of which no more than 25 percent shall be used for emergency reclamation projects in any one State and funds for federally administered emergency reclamation projects under this proviso shall not exceed $11,000,000: *Provided further*, That prior year unobligated funds appropriated for the emergency reclamation program shall not be subject to the 25 percent limitation per State and may be used without fiscal year limitation for emergency projects: *Provided further*, That pursuant to Public Law 97–365, the Department of the Interior is authorized to use up to 20 percent from the recovery of the delinquent debt owed to the United States Government to pay for contracts to collect these debts: *Provided further*, That funds made available under title IV of Public Law 95–87 may be used for any required non-Federal share of the cost of projects funded by the Federal Government for the purpose of environmental restoration related to treatment or abatement of acid mine drainage from abandoned mines: *Provided further*, That such projects must be consistent with the purposes and priorities of the Surface Mining Control and Reclamation Act: *Provided further*, That the State of Maryland may set aside the greater of $1,000,000 or 10 percent of the total of the grants made available to the State under title IV of the Surface Mining Control and Reclamation Act of 1977, as amended (30 U.S.C. 1231 et seq.), if the amount set aside is deposited in an acid mine drainage abatement and treatment fund established under a State law, pursuant to which law the amount (together with all interest earned on the amount) is expended by the State to undertake acid mine drainage abatement and treatment projects, except that before any amounts greater than 10 percent of its title IV grants are deposited in an acid mine drainage abatement and treatment fund, the State of Maryland must first complete all Surface Mining Control and Reclamation Act priority one projects.

BUREAU OF INDIAN AFFAIRS

OPERATION OF INDIAN PROGRAMS

For expenses necessary for the operation of Indian programs, as authorized by law, including the Snyder Act of November 2, 1921 (25 U.S.C. 13), the Indian Self-Determination and Education Assistance Act of 1975 (25 U.S.C. 450 et seq.), as amended, the Education Amendments of 1978 (25 U.S.C. 2001–2019), and the Tribally Controlled Schools Act of 1988 (25 U.S.C. 2501 et seq.), as amended, $1,631,996,000, to remain available until September 30, 2001 except as otherwise provided herein, of which not to exceed $93,684,000 shall be for welfare assistance payments and notwithstanding any other provision of law, including but not limited to the Indian Self-Determination Act of 1975, as amended, not to exceed $115,229,000 shall be available for payments to tribes and tribal organizations for contract support costs associated with ongoing contracts, grants, compacts, or annual funding agreements entered into with the Bureau prior to or during fiscal year 2000, as authorized by such Act, except that tribes and tribal organizations may use their tribal priority allocations for unmet indirect costs of ongoing contracts, grants, or compacts, or annual funding agreements and for unmet welfare assistance costs; and of which not to exceed $402,010,000 for school operations costs of Bureau-funded schools and other education programs shall become available on July 1, 2000, and shall remain available until September 30, 2001; and of which not to exceed $51,991,000 shall remain available until expended for housing improvement, road maintenance, attorney fees, litigation support, self-governance grants, the Indian Self-Determination Fund, land records improvement, and the Navajo-Hopi Settlement Program: *Provided*, That notwithstanding any other provision of law, including but not limited to the Indian Self-Determination Act of 1975, as amended, and 25 U.S.C. 2008, not to exceed $44,160,000 within and only from such amounts made available for school operations shall be available to tribes and tribal organizations for administrative cost grants associated with the operation of Bureau-funded schools: *Provided further*, That any forestry funds allocated to a tribe which remain unobligated as of September 30, 2001, may be transferred during fiscal year 2002 to an Indian forest land assistance account established for the benefit of such tribe within the tribe's trust fund account: *Provided further*, That any such unobligated balances not so transferred shall expire on September 30, 2002.

CONSTRUCTION

For construction, repair, improvement, and maintenance of irrigation and power systems, buildings, utilities, and other facilities, including architectural and engineering services by contract; acquisition of lands, and interests in lands; and preparation of lands for farming, and for construction of the Navajo Indian Irrigation Project pursuant to Public Law 87–483, $146,884,000, to remain available until expended: *Provided*, That such amounts as may be available for the construction of the Navajo Indian Irrigation Project may be transferred to the Bureau of Reclamation: *Provided further*, That not to exceed 6 percent of contract authority available to the Bureau of Indian Affairs from the Federal Highway Trust Fund may be used to cover the road program management costs of the Bureau: *Provided further*, That any funds provided for the Safety of Dams program pursuant to 25 U.S.C. 13 shall be made available on a nonreimbursable basis: *Provided further*, That for fiscal year 2000, in implementing new construction or facilities improvement and repair project grants in excess of $100,000 that are provided to tribally controlled grant schools under Public Law 100–297, as amended, the Secretary of the Interior shall use the Administrative and Audit Requirements and Cost Principles for Assistance Programs contained in 43 CFR part 12 as the regulatory requirements: *Provided further*, That such grants shall not be subject to section 12.61 of 43 CFR; the Secretary and the grantee shall negotiate and determine a schedule of payments for the work to be performed: *Provided further*, That in considering applications, the Secretary shall consider whether the Indian tribe or tribal organization would be deficient in assuring that the construction projects conform to applicable building standards and codes and Federal, tribal, or State health and safety standards as required by 25 U.S.C. 2005(a), with respect to organizational and financial management capabilities: *Provided further*, That if the Secretary declines an application, the Secretary shall follow the requirements contained in 25 U.S.C. 2505(f): *Provided further*, That any disputes between the Secretary and any grantee concerning a grant shall be subject to the disputes provision in 25 U.S.C. 2508(e): *Provided further*, That notwithstanding any other provision of law, collections from the settlements between the United States and the Puyallup tribe concerning Chief Leschi school are made available for school construction in fiscal year 2000 and hereafter.

INDIAN LAND AND WATER CLAIM SETTLEMENTS AND MISCELLANEOUS PAYMENTS TO INDIANS

For miscellaneous payments to Indian tribes and individuals and for necessary administrative expenses, $27,131,000, to remain available until expended; of which $25,260,000 shall be available for implementation of enacted Indian land and water claim settlements pursuant to Public Laws 101–618 and

102-575, and for implementation of other enacted water rights settlements; and of which $1,871,000 shall be available pursuant to Public Laws 99-264, 100-383, 103-402 and 100-580.

INDIAN GUARANTEED LOAN PROGRAM ACCOUNT

For the cost of guaranteed loans, $4,500,000, as authorized by the Indian Financing Act of 1974, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed $59,682,000.

In addition, for administrative expenses to carry out the guaranteed loan programs, $504,000.

ADMINISTRATIVE PROVISIONS

The Bureau of Indian Affairs may carry out the operation of Indian programs by direct expenditure, contracts, cooperative agreements, compacts and grants, either directly or in cooperation with States and other organizations.

Appropriations for the Bureau of Indian Affairs (except the revolving fund for loans, the Indian loan guarantee and insurance fund, and the Indian Guaranteed Loan Program account) shall be available for expenses of exhibits, and purchase of not to exceed 229 passenger motor vehicles, of which not to exceed 187 shall be for replacement only.

Notwithstanding any other provision of law, no funds available to the Bureau of Indian Affairs for central office operations or pooled overhead general administration (except facilities operations and maintenance) shall be available for tribal contracts, grants, compacts, or cooperative agreements with the Bureau of Indian Affairs under the provisions of the Indian Self-Determination Act or the Tribal Self-Governance Act of 1994 (Public Law 103-413).

In the event any tribe returns appropriations made available by this Act to the Bureau of Indian Affairs for distribution to other tribes, this action shall not diminish the Federal government's trust responsibility to that tribe, or the government-to-government relationship between the United States and that tribe, or that tribe's ability to access future appropriations.

Notwithstanding any other provision of law, no funds available to the Bureau, other than the amounts provided herein for assistance to public schools under 25 U.S.C. 452 et seq., shall be available to support the operation of any elementary or secondary school in the State of Alaska.

Appropriations made available in this or any other Act for schools funded by the Bureau shall be available only to the schools in the Bureau school system as of September 1, 1996. No funds available to the Bureau shall be used to support expanded grades for any school or dormitory beyond the grade structure in place or approved by the Secretary of the Interior at each school in the Bureau school system as of October 1, 1995.

The Tate Topa Tribal School, the Black Mesa Community School, the Alamo Navajo School, and other BIA-funded schools, subject to the approval of the Secretary of the Interior, may use prior year school operations funds for the replacement or repair of BIA education facilities which are in compliance with 25 U.S.C. 2005(a) and which shall be eligible for operation and maintenance support to the same extent as other BIA education facilities: *Provided*, That any additional construction costs for replacement or repair of such facilities begun with prior year funds shall be completed exclusively with non-Federal funds.

DEPARTMENT OFFICES

INSULAR AFFAIRS

ASSISTANCE TO TERRITORIES

For expenses necessary for assistance to territories under the jurisdiction of the Department of the Interior, $67,325,000, of which: (1) $63,076,000 shall be available until expended for technical assistance, including maintenance assistance, disaster assistance, insular management controls, coral reef initiative activities, and brown tree snake control and research; grants to the judiciary in American Samoa for compensation and expenses, as authorized by law (48 U.S.C. 1661(c)); grants to the Government of American Samoa, in addition to current local revenues, for construction and support of governmental functions; grants to the Government of the Virgin Islands as authorized by law; grants to the Government of Guam, as authorized by law; and grants to the Government of the Northern Mariana Islands as authorized by law (Public Law 94-241; 90 Stat. 272); and (2) $4,249,000 shall be available for salaries and expenses of the Office of Insular Affairs: *Provided*, That all financial transactions of the territorial and local governments herein provided for, including such transactions of all agencies or instrumentalities established or used by such governments, may be audited by the General Accounting Office, at its discretion, in accordance with chapter 35 of title 31, United States Code: *Provided further*, That Northern Mariana Islands Covenant grant funding shall be provided according to those terms of the Agreement of the Special Representatives on Future United States Financial Assistance for the Northern Mariana Islands approved by Public Law 104-134: *Provided further*, That Public Law 94-241, as amended, is further amended (1) in section 4(b) by deleting "2002" and inserting "1999" and by deleting the comma after the words "$11,000,000 annually" and inserting in lieu thereof the following: "and for fiscal year 2000, payments to the Commonwealth of the Northern Mariana Islands shall be $5,580,000, but shall return to the level of $11,000,000 annually for fiscal years 2001 and 2002. In fiscal year 2003, the payment to the Commonwealth of the Northern Mariana Islands shall be $5,420,000. Such payments shall be"; and (2) in section (4)(c) by adding a new subsection as follows: "(4) for fiscal year 2000, $5,420,000 shall be provided to the Virgin Islands for correctional facilities and other projects mandated by Federal law.": *Provided further*, That of the amounts provided for technical assistance, sufficient funding shall be made available for a grant to the Close Up Foundation: *Provided further*, That the funds for the program of operations and maintenance improvement are appropriated to institutionalize routine operations and maintenance improvement of capital infrastructure in American Samoa, Guam, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of Palau, the Republic of the Marshall Islands, and the Federated States of Micronesia through assessments of long-range operations maintenance needs, improved capability of local operations and maintenance institutions and agencies (including management and vocational education training), and project-specific maintenance (with territorial participation and cost sharing to be determined by the Secretary based on the individual territory's commitment to timely maintenance of its capital assets): *Provided further*, That any appropriation for disaster assistance under this heading in this Act or previous appropriations Acts may be used as non-Federal matching funds for the purpose of hazard mitigation grants provided pursuant to section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170c).

COMPACT OF FREE ASSOCIATION

For economic assistance and necessary expenses for the Federated States of Micronesia and the Republic of the Marshall Islands as provided for in sections 122, 221, 223, 232, and 233 of the Compact of Free Association, and for economic assistance and necessary expenses for the Republic of Palau as provided for in sections 122, 221, 223, 232, and 233 of the Compact of Free Association, $20,545,000, to remain available until expended, as authorized by Public Law 99-239 and Public Law 99-658.

DEPARTMENTAL MANAGEMENT

SALARIES AND EXPENSES

For necessary expenses for management of the Department of the Interior, $62,203,000, of which not to exceed $8,500 may be for official reception and representation expenses and up to $1,000,000 shall be available for workers compensation payments and unemployment compensation payments associated with the orderly closure of the United States Bureau of Mines.

OFFICE OF THE SOLICITOR

SALARIES AND EXPENSES

For necessary expenses of the Office of the Solicitor, $36,784,000.

OFFICE OF INSPECTOR GENERAL

SALARIES AND EXPENSES

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General, $26,614,000.

OFFICE OF SPECIAL TRUSTEE FOR AMERICAN INDIANS

FEDERAL TRUST PROGRAMS

For operation of trust programs for Indians by direct expenditure, contracts, cooperative agreements, compacts, and grants, $73,836,000, to remain available until expended: *Provided*, That funds for trust management improvements may be transferred to the Bureau of Indian Affairs and Departmental Management: *Provided further*, That funds made available to Tribes and Tribal organizations through contracts or grants obligated during fiscal year 2000, as authorized by the Indian Self-Determination Act of 1975 (25 U.S.C. 450 et seq.), shall remain available until expended by the contractor or grantee: *Provided further*, That notwithstanding any other provision of law, the statute of limitations shall not commence to run on any claim, including any claim in litigation pending on the date of the enactment of this Act, concerning losses to or mismanagement of trust funds, until the affected tribe or individual Indian has been furnished with an accounting of such funds from which the beneficiary can determine whether there has been a loss: *Provided further*, That notwithstanding any other provision of law, the Secretary shall not be required to provide a quarterly statement of performance for any Indian trust account that has not had activity for at least eighteen months and has a balance of $1.00 or less: *Provided further*, That the Secretary shall issue an annual account statement and maintain a record of any such accounts and shall permit the balance in each such account to be withdrawn upon the express written request of the account holder.

INDIAN LAND CONSOLIDATION PILOT

For implementation of a pilot program for consolidation of fractional interests in Indian lands by direct expenditure or cooperative agreement, $5,000,000 to remain available until expended, of which not to exceed $500,000 shall be available for administrative expenses: *Provided*, That the Secretary may enter into a cooperative agreement, which shall not be subject to Public Law 93–638, as amended, with a tribe having jurisdiction over the pilot reservation to implement the program to acquire fractional interests on behalf of such tribe: *Provided further*, That the Secretary may develop a reservation-wide system for establishing the fair market value of various types of lands and improvements to govern the amounts offered for acquisition of fractional interests: *Provided further*, That acquisitions shall be limited to one or more pilot reservations as determined by the Secretary: *Provided further*, That funds shall be available for acquisition of fractional interests in trust or restricted lands with the consent of its owners and at fair market value, and the Secretary shall hold in trust for such tribe all interests acquired pursuant to this pilot program: *Provided further*, That all proceeds from any lease, resource sale contract, right-of-way or other transaction derived from the fractional interest shall be credited to this appropriation, and remain available until expended, until the purchase price paid by the Secretary under this appropriation has been recovered from such proceeds: *Provided further*, That once the purchase price has been recovered, all subsequent proceeds shall be managed by the Secretary for the benefit of the applicable tribe or paid directly to the tribe.

NATURAL RESOURCE DAMAGE ASSESSMENT AND RESTORATION

NATURAL RESOURCE DAMAGE ASSESSMENT FUND

To conduct natural resource damage assessment activities by the Department of the Interior necessary to carry out the provisions of the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. 9601 et seq.), Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.), the Oil Pollution Act of 1990 (Public Law 101–380), and Public Law 101–337; $4,621,000, to remain available until expended.

ADMINISTRATIVE PROVISIONS

There is hereby authorized for acquisition from available resources within the Working Capital Fund, 15 aircraft, 10 of which shall be for replacement and which may be obtained by donation, purchase or through available excess surplus property: *Provided*, That notwithstanding any other provision of law, existing aircraft being replaced may be sold, with proceeds derived or trade-in value used to offset the purchase price for the replacement aircraft: *Provided further*, That no programs funded with appropriated funds in the "Departmental Management", "Office of the Solicitor", and "Office of Inspector General" may be augmented through the Working Capital Fund or the Consolidated Working Fund.

GENERAL PROVISIONS, DEPARTMENT OF THE INTERIOR

Sec. 101. Appropriations made in this title shall be available for expenditure or transfer (within each bureau or office), with the approval of the Secretary, for the emergency reconstruction, replacement, or repair of aircraft, buildings, utilities, or other facilities or equipment damaged or destroyed by fire, flood, storm, or other unavoidable causes: *Provided*, That no funds shall be made available under this authority until funds specifically made available to the Department of the Interior for emergencies shall have been exhausted: *Provided further*, That all funds used pursuant to this section are hereby designated by Congress to be "emergency requirements" pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, and must be replenished by a supplemental appropriation which must be requested as promptly as possible.

Sec. 102. The Secretary may authorize the expenditure or transfer of any no year appropriation in this title, in addition to the amounts included in the budget programs of the several agencies, for the suppression or emergency prevention of forest or range fires on or threatening lands under the jurisdiction of the Department of the Interior; for the emergency rehabilitation of burned-over lands under its jurisdiction; for emergency actions related to potential or actual earthquakes, floods, volcanoes, storms, or other unavoidable causes; for contingency planning subsequent to actual oil spills; for response and natural resource damage assessment activities related to actual oil spills; for the prevention, suppression, and control of actual or potential grasshopper and Mormon cricket outbreaks on lands under the jurisdiction of the Secretary, pursuant to the authority in section 1773(b) of Public Law 99–198 (99 Stat. 1658); for emergency reclamation projects under section 410 of Public Law 95–87; and shall transfer, from any no year funds available to the Office of Surface Mining Reclamation and Enforcement, such funds as may be necessary to permit assumption of regulatory authority in the event a primacy State is not carrying out the regulatory provisions of the Surface Mining Act: *Provided*, That appropriations made in this title for fire suppression purposes shall be available for the payment of obligations incurred during the preceding fiscal year, and for reimbursement to other Federal agencies for destruction of vehicles, aircraft, or other equipment in connection with their use for fire suppression purposes, such reimbursement to be credited to appropriations currently available at the time of receipt thereof: *Provided further*, That for emergency rehabilitation and wildfire suppression activities, no funds shall be made available under this authority until funds appropriated to "Wildland Fire Management" shall have been exhausted: *Provided further*, That all funds used pursuant to this section are hereby designated by Congress to be "emergency requirements" pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, and must be replenished by a supplemental appropriation which must be requested as promptly as possible: *Provided further*, That such replenishment funds shall be used to reimburse, on a pro rata basis, accounts from which emergency funds were transferred.

Sec. 103. Appropriations made in this title shall be available for operation of warehouses, garages, shops, and similar facilities, wherever consolidation of activities will contribute to efficiency or economy, and said appropriations shall be reimbursed for services rendered to any other activity in the same manner as authorized by sections 1535 and 1536 of title 31, United States Code: *Provided*, That reimbursements for costs and supplies, materials, equipment, and for services rendered may be credited to the appropriation current at the time such reimbursements are received.

Sec. 104. Appropriations made to the Department of the Interior in this title shall be available for services as authorized by 5 U.S.C. 3109, when authorized by the Secretary, in total amount not to exceed $500,000; hire, maintenance, and operation of aircraft; hire of passenger motor vehicles; purchase of reprints; payment for telephone service in private residences in the field, when authorized under regulations approved by the Secretary; and the payment of dues, when authorized by the Secretary, for library membership in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members.

Sec. 105. Appropriations available to the Department of the Interior for salaries and expenses shall be available for uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901–5902 and D.C. Code 4–204).

Sec. 106. Appropriations made in this title shall be available for obligation in connection with contracts issued for services or rentals for periods not in excess of twelve months beginning at any time during the fiscal year.

Sec. 107. No funds provided in this title may be expended by the Department of the Interior for the conduct of offshore leasing and related activities placed under restriction in the President's moratorium statement of June 26, 1990, in the areas of northern, central, and southern California; the North Atlantic; Washington and Oregon; and the eastern Gulf of Mexico south of 26 degrees north latitude and east of 86 degrees west longitude.

Sec. 108. No funds provided in this title may be expended by the Department of the Interior for the conduct of offshore oil and natural gas preleasing, leasing, and related activities, on lands within the North Aleutian Basin planning area.

Sec. 109. No funds provided in this title may be expended by the Department of the Interior to conduct offshore oil and natural gas preleasing, leasing and related activities in the eastern Gulf of Mexico planning area for any lands located outside Sale 181, as identified in the final Outer Continental Shelf 5-Year Oil and Gas Leasing Program, 1997–2002.

Sec. 110. No funds provided in this title may be expended by the Department of the Interior to conduct oil and natural gas preleasing, leasing and related activities in the Mid-Atlantic and South Atlantic planning areas.

Sec. 111. Advance payments made under this title to Indian tribes, tribal organizations, and tribal consortia pursuant to the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) or the Tribally Controlled Schools Act of 1988 (25 U.S.C. 2501 et seq.) may be invested by the Indian tribe, tribal organization, or consortium before such funds are expended for the purposes of the grant, compact, or annual funding agreement so long as such funds are—

(1) invested by the Indian tribe, tribal organization, or consortium only in obligations of the United States, or in obligations or securities that are guaranteed or insured by the United States, or mutual (or other) funds registered with the Securities and Exchange Commission and which only invest in obligations of the United States or securities that are guaranteed or insured by the United States; or

(2) deposited only into accounts that are insured by an agency or instrumentality of the United States, or are fully collateralized to ensure protection of the funds, even in the event of a bank failure.

Sec. 112. (a) Employees of Helium Operations, Bureau of Land Management, entitled to severance pay under 5 U.S.C. 5595, may apply for, and the Secretary of the Interior may pay, the total amount of the severance pay to the employee in a lump sum.

Employees paid severance pay in a lump sum and subsequently reemployed by the Federal Government shall be subject to the repayment provisions of 5 U.S.C. 5595(i)(2) and (3), except that any repayment shall be made to the Helium Fund.

(b) Helium Operations employees who elect to continue health benefits after separation shall be liable for not more than the required employee contribution under 5 U.S.C. 8905a(d)(1)(A). The Helium Fund shall pay for 18 months the remaining portion of required contributions.

(c) The Secretary of the Interior may provide for training to assist Helium Operations employees in the transition to other Federal or private sector jobs during the facility shut-down and disposition process and for up to 12 months following separation from Federal employment, including retraining and relocation incentives on the same terms and conditions as authorized for employees of the Department of Defense in section 348 of the National Defense Authorization Act for Fiscal Year 1995.

(d) For purposes of the annual leave restoration provisions of 5 U.S.C. 6304(d)(1)(B), the cessation of helium production and sales, and other related Helium Program activities shall be deemed to create an exigency of public business under, and annual leave that is lost during leave years 1997 through 2001 because of 5 U.S.C. 6304 (regardless of whether such leave was scheduled in advance) shall be restored to the employee and shall be credited and available in accordance with 5 U.S.C. 6304(d)(2). Annual leave so restored and remaining unused upon the transfer of a Helium Program employee to a position of the executive branch outside of the Helium Program shall be liquidated by payment to the employee of a lump sum from the Helium Fund for such leave.

(e) Benefits under this section shall be paid from the Helium Fund in accordance with section 4(c)(4) of the Helium Privatization Act of 1996. Funds may be made available to Helium Program employees who are or will be separated before October 1, 2002 because of the cessation of helium production and sales and other related activities. Retraining benefits, including retraining and relocation incentives, may be paid for retraining commencing on or before September 30, 2002.

(f) This section shall remain in effect through fiscal year 2002.

SEC. 113. Notwithstanding any other provision of law, including but not limited to the Indian Self-Determination Act of 1975, as amended, funds available herein and hereafter under this title for Indian self-determination or self-governance contract or grant support costs may be expended only for costs directly attributable to contracts, grants and compacts pursuant to the Indian Self-Determination Act and no funds appropriated in this title shall be available for any contract support costs or indirect costs associated with any contract, grant, cooperative agreement, self-governance compact or funding agreement entered into between an Indian tribe or tribal organization and any entity other than an agency of the Department of the Interior.

SEC. 114. Notwithstanding any other provisions of law, the National Park Service shall not develop or implement a reduced entrance fee program to accommodate non-local travel through a unit. The Secretary may provide for and regulate local non-recreational passage through units of the National Park System, allowing each unit to develop guidelines and permits for such activity appropriate to that unit.

SEC. 115. Notwithstanding any other provision of law, in fiscal year 2000 and thereafter, the Secretary is authorized to permit persons, firms or organizations engaged in commercial, cultural, educational, or recreational activities (as defined in section 612a of title 40, United States Code) not currently occupying such space to use courtyards, auditoriums, meeting rooms, and other space of the main and south Interior building complex, Washington, D.C., the maintenance, operation, and protection of which has been delegated to the Secretary from the Administrator of General Services pursuant to the Federal Property and Administrative Services Act of 1949, and to assess reasonable charges therefore, subject to such procedures as the Secretary deems appropriate for such uses. Charges may be for the space, utilities, maintenance, repair, and other services. Charges for such space and services may be at rates equivalent to the prevailing commercial rate for comparable space and services devoted to a similar purpose in the vicinity of the main and south Interior building complex, Washington, D.C. for which charges are being assessed. The Secretary may without further appropriation hold, administer, and use such proceeds within the Departmental Management Working Capital Fund to offset the operation of the buildings under his jurisdiction, whether delegated or otherwise, and for related purposes, until expended.

SEC. 116. (a) In this section—

(1) the term "Huron Cemetery" means the lands that form the cemetery that is popularly known as the Huron Cemetery, located in Kansas City, Kansas, as described in subsection (b)(3); and

(2) the term "Secretary" means the Secretary of the Interior.

(b)(1) The Secretary shall take such action as may be necessary to ensure that the lands comprising the Huron Cemetery (as described in paragraph (3)) are used only in accordance with this subsection.

(2) The lands of the Huron Cemetery shall be used only—

(A) for religious and cultural uses that are compatible with the use of the lands as a cemetery; and

(B) as a burial ground.

(3) The description of the lands of the Huron Cemetery is as follows:

The tract of land in the NW quarter of sec. 10, T. 11 S., R. 25 E., of the sixth principal meridian, in Wyandotte County, Kansas (as surveyed and marked on the ground on August 15, 1888, by William Millor, Civil Engineer and Surveyor), described as follows:

"Commencing on the Northwest corner of the Northwest Quarter of the Northwest Quarter of said Section 10;

"Thence South 28 poles to the 'true point of beginning';

"Thence South 71 degrees East 10 poles and 18 links;

"Thence South 13 degrees and 30 minutes West 28 poles;

"Thence West 11 and one-half poles;

"Thence North 19 degrees 15 minutes East 31 poles and 15 feet to the 'true point of beginning', containing 2 acres or more.".

SEC. 117. Grazing permits and leases which expire or are transferred, in this or any fiscal year, shall be renewed under the same terms and conditions as contained in the expiring permit or lease until such time as the Secretary of the Interior completes the process of renewing the permits or leases in compliance with all applicable laws. Nothing in this language shall be deemed to affect the Secretary's statutory authority or the rights of the permittee or lessee.

SEC. 118. Refunds or rebates received on an on-going basis from a credit card services provider under the Department of the Interior's charge card programs may be deposited to and retained without fiscal year limitation in the Departmental Working Capital Fund established under 43 U.S.C. 1467 and used to fund management initiatives of general benefit to the Department of the Interior's bureaus and offices as determined by the Secretary or his designee.

SEC. 119. Appropriations made in this title under the headings Bureau of Indian Affairs and Office of Special Trustee for American Indians and any available unobligated balances from prior appropriations Acts made under the same headings, shall be available for expenditure or transfer for Indian trust management activities pursuant to the Trust Management Improvement Project High Level Implementation Plan.

SEC. 120. All properties administered by the National Park Service at Fort Baker, Golden Gate National Recreation Area, and leases, concessions, permits and other agreements associated with those properties, shall be exempt from all taxes and special assessments, except sales tax, by the State of California and its political subdivisions, including the County of Marin and the City of Sausalito. Such areas of Fort Baker shall remain under exclusive federal jurisdiction.

SEC. 121. Notwithstanding any provision of law, the Secretary of the Interior is authorized to negotiate and enter into agreements and leases, without regard to section 321 of chapter 314 of the Act of June 30, 1932 (40 U.S.C. 303b), with any person, firm, association, organization, corporation, or governmental entity for all or part of the property within Fort Baker administered by the Secretary as part of Golden Gate National Recreation Area. The proceeds of the agreements or leases shall be retained by the Secretary and such proceeds shall be available, without future appropriation, for the preservation, restoration, operation, maintenance and interpretation and related expenses incurred with respect to Fort Baker properties.

SEC. 122. None of the funds provided in this or any other Act may be used for pre-design, design or engineering for the removal of the Elwha or Glines Canyon Dams, or for the actual removal of either dam, until such time as both dams are acquired by the Federal government notwithstanding the proviso in section 3(a) of Public Law 102-495, as amended.

SEC. 123. (a) SHORT TITLE.—This section may be cited as the "Battle of Midway National Memorial Study Act".

(b) FINDINGS.—The Congress makes the following findings:

(1) September 2, 1997, marked the 52nd anniversary of the United States victory over Japan in World War II.

(2) The Battle of Midway proved to be the turning point in the war in the Pacific, as United States Navy forces inflicted such severe losses on the Imperial Japanese Navy during the battle that the Imperial Japanese Navy never again took the offensive against the United States or the allied forces.

(3) During the Battle of Midway on June 4, 1942, an outnumbered force of the United States Navy, consisting of 29 ships and other units of the Armed Forces under the command of Admiral Nimitz and Admiral Spruance, out-maneuvered and out-fought 350 ships of the Imperial Japanese Navy.

(4) It is in the public interest to study whether Midway Atoll should be established as a national memorial to the Battle of Midway to express the enduring gratitude of the

American people for victory in the battle and to inspire future generations of Americans with the heroism and sacrifice of the members of the Armed Forces who achieved that victory.

(5) The historic structures and facilities on Midway Atoll should be protected and maintained.

(c) PURPOSE.—The purpose of this Act is to require a study of the feasibility and suitability of designating the Midway Atoll as a National Memorial to the Battle of Midway within the boundaries of the Midway Atoll National Wildlife Refuge. The study of the Midway Atoll and its environs shall include, but not be limited to, identification of interpretative opportunities for the educational and inspirational benefit of present and future generations, and of the unique and significant circumstances involving the defense of the island by the United States in World War II and the Battle of Midway.

(d) STUDY OF THE ESTABLISHMENT OF MIDWAY ATOLL AS A NATIONAL MEMORIAL TO THE BATTLE OF MIDWAY.—

(1) IN GENERAL.—Not later than six months after the date of enactment of this Act, the Secretary of the Interior shall, acting through the Director of the National Park Service and in consultation with the Director of the United States Fish and Wildlife Service, the International Midway Memorial Foundation, Inc. (hereafter referred to as the "Foundation"), and Midway Phoenix Corporation, carry out a study of the suitability and feasibility of establishing Midway Atoll as a national memorial to the Battle of Midway.

(2) CONSIDERATIONS.—In studying the establishment of Midway Atoll as a national memorial to the Battle of Midway under paragraph (1), the Secretary shall address the following:

(A) The appropriate federal agency to manage such a memorial, and whether and under what conditions, to lease or otherwise allow the Foundation or another appropriate entity to administer, maintain, and fully utilize the lands (including any equipment, facilities, infrastructure, and other improvements) and waters of Midway Atoll if designated as a national memorial.

(B) Whether designation as a national memorial would conflict with current management of Midway Atoll as a wildlife refuge and whether, and under what circumstances, the needs and requirements of the wildlife refuge should take precedence over the needs and requirements of a national memorial on Midway Atoll.

(C) Whether, and under what conditions, to permit the use of the facilities on Sand Island for purposes other than a wildlife refuge or a national memorial.

(D) Whether to impose conditions on public access to Midway Atoll as a national memorial.

(3) REPORT.—Upon completion of the study required under paragraph (1), the Secretary shall submit, to the Committee on Energy and Natural Resources of the United States Senate and the Committee on Resources of the House of Representatives, a report on the study, which shall include any recommendations for further legislative action. The report shall also include an inventory of all known past and present facilities and structures of historical significance on Midway Atoll and its environs. The report shall include a description of each historic facility and structure and a discussion of how each will contribute to the designation and interpretation of the proposed national memorial.

(e) CONTINUING DISCUSSIONS.—Nothing in this Act shall be construed to delay or prohibit discussions between the Foundation and the United States Fish and Wildlife Service or any other government entity regarding the future role of the Foundation on Midway Atoll.

SEC. 124. Where any Federal lands included within the boundary of Lake Roosevelt National Recreation Area as designated by the Secretary of the Interior on April 5, 1990 (Lake Roosevelt Cooperative Management Agreement) were utilized as of March 31, 1997, for grazing purposes pursuant to a permit issued by the National Park Service, the person or persons so utilizing such lands shall be entitled to renew said permit under such terms and conditions as the Secretary may prescribe, for the lifetime of the permittee or 20 years, whichever is less.

SEC. 125. Notwithstanding any other provision of law, the Secretary of the Interior is authorized to redistribute any Tribal Priority Allocation funds, including tribal base funds, to alleviate tribal funding inequities by transferring funds on the basis of identified, unmet needs. No tribe shall receive a reduction in Tribal Priority Allocation funds of more than ten percent in fiscal year 2000.

SEC. 126. None of the Funds provided in this Act shall be available to the Bureau of Indian Affairs or the Department of the Interior to transfer land into trust status for the Shoalwater Bay Indian Tribe in Clark County, Washington, unless and until the tribe and the county reach a legally enforceable agreement that addresses the financial impact of new development on the county, school district, fire district, and other local governments and the impact on zoning and development.

SEC. 127. None of the funds provided in this Act shall be available to the Department of the Interior or agencies of the Department of the Interior to implement Secretarial Order 3206, issued June 5, 1997.

SEC. 128. Of the funds appropriated in title V of the Fiscal Year 1998 Interior and Related Agencies Appropriation Act, Public Law 105–83, the Secretary shall provide up to $2,000,000 in the form of a grant to the Fairbanks North Star Borough for acquisition of undeveloped parcels along the banks of the Chena River for the purpose of establishing an urban greenbelt within the Borough. The Secretary shall further provide from the funds appropriated in title V up to $1,000,000 in the form of a grant to the Municipality of Anchorage for the acquisition of approximately 34 acres of wetlands adjacent to a municipal park in Anchorage (the Jewel Lake Wetlands).

SEC. 129. Funds sufficient to cover the cost of preparation of an Environmental Impact Statement are hereby redirected from the funds appropriated in the fiscal year 1999 Department of Interior Appropriations Bill, Bureau of Indian Affairs, Safety of Dams Construction Account, Weber Dam. These funds are directed to be used for completion of an environmental impact statement to facilitate resolution of fish passage issues associated with the reconstruction of the Weber Dam and Reservoir on the Walker River Paiute Reservation in Nevada. The analysis shall include, but not be limited to: (1) an evaluation of whether any reservoir, and if so what capacity reservoir, is needed to assure that the water rights of the Walker River Paiute Tribe can be adequately served with surface water; (2) an evaluation of the feasibility and cost of constructing a new off stream reservoir as a replacement for Weber Reservoir; (3) an evaluation of the feasibility and cost of converting Weber Reservoir into an off stream reservoir; and (4) an evaluation of the feasibility and cost of serving the water rights of the Walker River Paiute Tribe with groundwater. The BIA is directed to work through the Bureau of Reclamation, either via contract or memorandum of understanding, to complete this environmental impact statement within 18 months of enactment of this act. No contract for construction or reconstruction of the Weber Dam shall be awarded until such Environmental Impact Statement is completed. In addition, $125,000 of the funds appropriated in fiscal year 1999 to the Bureau of Indian Affairs, Safety of Dams Construction Account, Weber Dam, shall be directed to assist the Walker River Paiute Tribe in exploring the feasibility of establishing a Tribal-operated Lahontan cutthroat trout hatchery on the Walker River, in recognition of the negative impacts on the tribe associated with delay in reconstruction of Weber Dam.

TITLE II—RELATED AGENCIES

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

FOREST AND RANGELAND RESEARCH

For necessary expenses of forest and rangeland research as authorized by law, $187,444,000, to remain available until expended.

STATE AND PRIVATE FORESTRY

For necessary expenses of cooperating with and providing technical and financial assistance to States, territories, possessions, and others, and for forest health management, cooperative forestry, and education and land conservation activities, $190,793,000, to remain available until expended, as authorized by law.

NATIONAL FOREST SYSTEM

For necessary expenses of the Forest Service, not otherwise provided for, for management, protection, improvement, and utilization of the National Forest System, and for administrative expenses associated with the management of funds provided under the headings "Forest and Rangeland Research", "State and Private Forestry", "National Forest System", "Wildland Fire Management", "Reconstruction and Construction", and "Land Acquisition", $1,239,051,000, to remain available until expended, which shall include 50 percent of all moneys received during prior fiscal years as fees collected under the Land and Water Conservation Fund Act of 1965, as amended, in accordance with section 4 of the Act (16 U.S.C. 4601–6a(1)).

WILDLAND FIRE MANAGEMENT

For necessary expenses for forest fire presuppression activities on National Forest System lands, for emergency fire suppression on or adjacent to such lands or other lands under fire protection agreement, and for emergency rehabilitation of burned-over National Forest System lands and water, $560,980,000, to remain available until expended: *Provided*, That such funds are available for repayment of advances from other appropriations accounts previously transferred for such purposes: *Provided further*, That notwithstanding any other provision of law, up to $4,000,000 of funds appropriated under this appropriation may be used for Fire Science Research in support of the Joint Fire Science Program: *Provided further*, That all authorities for the use of funds, including the use of contracts, grants, and cooperative agreements, available to execute the Forest Service and Rangeland Research appropriation, are also available in the utilization of these funds for Fire Science Research.

For an additional amount to cover necessary expenses for emergency rehabilitation, presuppression due to emergencies, and wildfire suppression activities of the Forest Service, $90,000,000, to remain available until expended: *Provided*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: *Provided further*, That these funds shall be available only to the extent an official budget request for a specific dollar amount, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress.

RECONSTRUCTION AND MAINTENANCE

For necessary expenses of the Forest Service, not otherwise provided for, $362,095,000, to remain available until expended for construction, reconstruction, maintenance and acquisition of buildings and other facilities, and for construction, reconstruction, repair and maintenance of forest roads and trails by the Forest Service as authorized by 16 U.S.C. 532–538 and 23 U.S.C. 101 and 205: *Provided*, That up to $15,000,000 of the funds provided herein for road maintenance shall be available for the decommissioning of roads, including unauthorized roads not part of the transportation system, which are no longer needed: *Provided further*, That no funds shall be expended to decommission any system road until notice and an opportunity for public comment has been provided on each decommissioning project: *Provided further*, That any unexpended balances of amounts previously appropriated for Forest Service Reconstruction and Construction as well as any unobligated balances remaining in the National Forest System appropriation in the facility maintenance and trail maintenance extended budget line items at the end of fiscal year 1999 may be transferred to and made a part of this appropriation.

LAND ACQUISITION

For expenses necessary to carry out the provisions of the Land and Water Conservation Fund Act of 1965, as amended (16 U.S.C. 460l–4 through 11), including administrative expenses, and for acquisition of land or waters, or interest therein, in accordance with statutory authority applicable to the Forest Service, $37,170,000, to be derived from the Land and Water Conservation Fund, to remain available until expended: *Provided*, That subject to valid existing rights, all Federally owned lands and interests in lands within the New World Mining District comprising approximately 26,223 acres, more or less, which are described in a Federal Register notice dated August 19, 1997 (62 F.R. 44136–44137), are hereby withdrawn from all forms of entry, appropriation, and disposal under the public land laws, and from location, entry and patent under the mining laws, and from disposition under all mineral and geothermal leasing laws.

ACQUISITION OF LANDS FOR NATIONAL FORESTS SPECIAL ACTS

For acquisition of lands within the exterior boundaries of the Cache, Uinta, and Wasatch National Forests, Utah; the Toiyabe National Forest, Nevada; and the Angeles, San Bernardino, Sequoia, and Cleveland National Forests, California, as authorized by law, $1,069,000, to be derived from forest receipts.

ACQUISITION OF LANDS TO COMPLETE LAND EXCHANGES

For acquisition of lands, such sums, to be derived from funds deposited by State, county, or municipal governments, public school districts, or other public school authorities pursuant to the Act of December 4, 1967, as amended (16 U.S.C. 484a), to remain available until expended.

RANGE BETTERMENT FUND

For necessary expenses of range rehabilitation, protection, and improvement, 50 percent of all moneys received during the prior fiscal year, as fees for grazing domestic livestock on lands in National Forests in the sixteen Western States, pursuant to section 401(b)(1) of Public Law 94–579, as amended, to remain available until expended, of which not to exceed 6 percent shall be available for administrative expenses associated with on-the-ground range rehabilitation, protection, and improvements.

GIFTS, DONATIONS AND BEQUESTS FOR FOREST AND RANGELAND RESEARCH

For expenses authorized by 16 U.S.C. 1643(b), $92,000, to remain available until expended, to be derived from the fund established pursuant to the above Act.

ADMINISTRATIVE PROVISIONS, FOREST SERVICE

Appropriations to the Forest Service for the current fiscal year shall be available for: (1) purchase of not to exceed 110 passenger motor vehicles of which 15 will be used primarily for law enforcement purposes and of which 109 shall be for replacement; acquisition of 25 passenger motor vehicles from excess sources, and hire of such vehicles; operation and maintenance of aircraft, the purchase of not to exceed three for replacement only, and acquisition of sufficient aircraft from excess sources to maintain the operable fleet at 213 aircraft for use in Forest Service wildland fire programs and other Forest Service programs; notwithstanding other provisions of law, existing aircraft being replaced may be sold, with proceeds derived or trade-in value used to offset the purchase price for the replacement aircraft; (2) services pursuant to 7 U.S.C. 2225, and not to exceed $100,000 for employment under 5 U.S.C. 3109; (3) purchase, erection, and alteration of buildings and other public improvements (7 U.S.C. 2250); (4) acquisition of land, waters, and interests therein, pursuant to 7 U.S.C. 428a; (5) for expenses pursuant to the Volunteers in the National Forest Act of 1972 (16 U.S.C. 558a, 558d, and 558a note); (6) the cost of uniforms as authorized by 5 U.S.C. 5901–5902; and (7) for debt collection contracts in accordance with 31 U.S.C. 3718(c).

None of the funds made available under this Act shall be obligated or expended to abolish any region, to move or close any regional office for National Forest System administration of the Forest Service, Department of Agriculture without the consent of the House and Senate Committees on Appropriations.

Any appropriations or funds available to the Forest Service may be transferred to the Wildland Fire Management appropriation for forest firefighting, emergency rehabilitation of burned-over or damaged lands or waters under its jurisdiction, and fire preparedness due to severe burning conditions.

Funds appropriated to the Forest Service shall be available for assistance to or through the Agency for International Development and the Foreign Agricultural Service in connection with forest and rangeland research, technical information, and assistance in foreign countries, and shall be available to support forestry and related natural resource activities outside the United States and its territories and possessions, including technical assistance, education and training, and cooperation with United States and international organizations.

None of the funds made available to the Forest Service under this Act shall be subject to transfer under the provisions of section 702(b) of the Department of Agriculture Organic Act of 1944 (7 U.S.C. 2257) or 7 U.S.C. 147b unless the proposed transfer is approved in advance by the House and Senate Committees on Appropriations in compliance with the reprogramming procedures contained in House Report 105–163.

None of the funds available to the Forest Service may be reprogrammed without the advance approval of the House and Senate Committees on Appropriations in accordance with the procedures contained in House Report 105–163.

No funds appropriated to the Forest Service shall be transferred to the Working Capital Fund of the Department of Agriculture without the approval of the Chief of the Forest Service.

Funds available to the Forest Service shall be available to conduct a program of not less than $1,000,000 for high priority projects within the scope of the approved budget which shall be carried out by the Youth Conservation Corps as authorized by the Act of August 13, 1970, as amended by Public Law 93–408.

Of the funds available to the Forest Service, $1,500 is available to the Chief of the Forest Service for official reception and representation expenses.

To the greatest extent possible, and in accordance with the Final Amendment to the Shawnee National Forest Plan, none of the funds available in this Act shall be used for preparation of timber sales using clearcutting or other forms of even-aged management in hardwood stands in the Shawnee National Forest, Illinois.

Pursuant to sections 405(b) and 410(b) of Public Law 101–593, of the funds available to the Forest Service, up to $2,250,000 may be advanced in a lump sum as Federal financial assistance to the National Forest Foundation, without regard to when the Foundation incurs expenses, for administrative expenses or projects on or benefitting National Forest System lands or related to Forest Service programs: *Provided*, That of the Federal funds made available to the Foundation, no more than $400,000 shall be available for administrative expenses: *Provided further*, That the Foundation shall obtain, by the end of the period of Federal financial assistance, private contributions to match on at least one-for-one basis funds made available by the Forest Service: *Provided further*, That the Foundation may transfer Federal funds to a non-Federal recipient for a project at the same rate that the recipient has obtained the non-Federal matching funds: *Provided further*, That hereafter, the National Forest Foundation may hold Federal funds made available but not immediately disbursed and may use any interest or other investment income earned (before, on, or after the date of enactment of this Act) on Federal funds to carry out the purposes of Public Law 101–593: *Provided further*, That such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States.

Pursuant to section 2(b)(2) of Public Law 98–244, up to $2,650,000 of the funds available to the Forest Service shall be available for matching funds to the National Fish and

Wildlife Foundation, as authorized by 16 U.S.C. 3701–3709, and may be advanced in a lump sum as Federal financial assistance, without regard to when expenses are incurred, for projects on or benefitting National Forest System lands or related to Forest Service programs: *Provided*, That the Foundation shall obtain, by the end of the period of Federal financial assistance, private contributions to match on at least one-for-one basis funds advanced by the Forest Service: *Provided further*, That the Foundation may transfer Federal funds to a non-Federal recipient for a project at the same rate that the recipient has obtained the non-Federal matching funds.

Funds appropriated to the Forest Service shall be available for interactions with and providing technical assistance to rural communities for sustainable rural development purposes.

Notwithstanding any other provision of law, 80 percent of the funds appropriated to the Forest Service in the "National Forest System" and "Reconstruction and Construction" accounts and planned to be allocated to activities under the "Jobs in the Woods" program for projects on National Forest land in the State of Washington may be granted directly to the Washington State Department of Fish and Wildlife for accomplishment of planned projects. Twenty percent of said funds shall be retained by the Forest Service for planning and administering projects. Project selection and prioritization shall be accomplished by the Forest Service with such consultation with the State of Washington as the Forest Service deems appropriate.

Funds appropriated to the Forest Service shall be available for payments to counties within the Columbia River Gorge National Scenic Area, pursuant to sections 14(c)(1) and (2), and section 16(a)(2) of Public Law 99–663.

The Secretary of Agriculture is authorized to enter into grants, contracts, and cooperative agreements as appropriate with the Pinchot Institute for Conservation, as well as with public and other private agencies, organizations, institutions, and individuals, to provide for the development, administration, maintenance, or restoration of land, facilities, or Forest Service programs, at the Grey Towers National Historic Landmark: *Provided*, That, subject to such terms and conditions as the Secretary of Agriculture may prescribe, any such public or private agency, organization, institution, or individual may solicit, accept, and administer private gifts of money and real or personal property for the benefit of, or in connection with, the activities and services at the Grey Towers National Historic Landmark: *Provided further*, That such gifts may be accepted notwithstanding the fact that a donor conducts business with the Department of Agriculture in any capacity.

Funds appropriated to the Forest Service shall be available, as determined by the Secretary, for payments to Del Norte County, California, pursuant to sections 13(e) and 14 of the Smith River National Recreation Area Act (Public Law 101–612).

For purposes of the Southeast Alaska Economic Disaster Fund as set forth in section 101(c) of Public Law 104–134, the direct grants provided in subsection (c) shall be considered direct payments for purposes of all applicable law except that these direct grants may not be used for lobbying activities.

No employee of the Department of Agriculture may be detailed or assigned from an agency or office funded by this Act to any other agency or office of the Department for more than 30 days unless the individual's employing agency or office is fully reimbursed by the receiving agency or office for the salary and expenses of the employee for the period of assignment.

The Forest Service shall fund overhead, national commitments, indirect expenses, and any other category for use of funds which are expended at any units, that are not directly related to the accomplishment of specific work on-the-ground (referred to as "indirect expenditures"), from funds available to the Forest Service, unless otherwise prohibited by law: *Provided*, That the Forest Service shall implement and adhere to the definitions of indirect expenditures established pursuant to Public Law 105–277 on a nationwide basis without flexibility for modification by any organizational level except the Washington Office, and when changed by the Washington Office, such changes in definition shall be reported in budget requests submitted by the Forest Service: *Provided further*, That the Forest Service shall provide in all future budget justifications, planned indirect expenditures in accordance with the definitions, summarized and displayed to the Regional, Station, Area, and detached unit office level. The justification shall display the estimated source and amount of indirect expenditures, by expanded budget line item, of funds in the agency's annual budget justification. The display shall include appropriated funds and the Knutson-Vandenberg, Brush Disposal, Cooperative Work-Other, and Salvage Sale funds. Changes between estimated and actual indirect expenditures shall be reported in subsequent budget justifications: *Provided further*, That during fiscal year 2000 the Secretary shall limit total annual indirect obligations from the Brush Disposal, Cooperative Work-Other, Knutson-Vandenberg, Reforestation, Salvage Sale, and Roads and Trails funds to 20 percent of the total obligations from each fund.

Notwithstanding any other provision of law, any appropriations or funds available to the Forest Service may be used to reimburse the Office of the General Counsel (OGC), Department of Agriculture, for travel and related expenses incurred as a result of OGC assistance or participation requested by the Forest Service at meetings, training sessions, management reviews, land purchase negotiations and similar non-litigation related matters: *Provided*, That no more than $500,000 is transferred: *Provided further*, That future budget justifications for both the Forest Service and the Department of Agriculture clearly display the sums previously transferred and request future funding levels.

Any appropriations or funds available to the Forest Service may be used for necessary expenses in the event of law enforcement emergencies as necessary to protect natural resources and public or employee safety.

Of any funds available to Region 10 of the Forest Service, exclusive of funds for timber sales management or road reconstruction/construction, $7,000,000 shall be used in fiscal year 2000 to support implementation of the recent amendments to the Pacific Salmon Treaty with Canada which require fisheries enhancements on the Tongass National Forest.

DEPARTMENT OF ENERGY

CLEAN COAL TECHNOLOGY

(DEFERRAL)

Of the funds made available under this heading for obligation in prior years, $156,000;000 shall not be available until October 1, 2000: *Provided*, That funds made available in previous appropriations Acts shall be available for any ongoing project regardless of the separate request for proposal under which the project was selected.

FOSSIL ENERGY RESEARCH AND DEVELOPMENT

For necessary expenses in carrying out fossil energy research and development activities, under the authority of the Department of Energy Organization Act (Public Law 95–91), including the acquisition of interest, including defeasible and equitable interests in any real property or any facility or for plant or facility acquisition or expansion, and for conducting inquiries, technological investigations and research concerning the extraction, processing, use, and disposal of mineral substances without objectionable social and environmental costs (30 U.S.C. 3, 1602, and 1603), performed under the minerals and materials science programs at the Albany Research Center in Oregon, $390,975,000, to remain available until expended, of which $24,000,000 shall be derived by transfer from unobligated balances in the Biomass Energy Development account: *Provided*, That no part of the sum herein made available shall be used for the field testing of nuclear explosives in the recovery of oil and gas.

ALTERNATIVE FUELS PRODUCTION

(INCLUDING TRANSFER OF FUNDS)

Moneys received as investment income on the principal amount in the Great Plains Project Trust at the Norwest Bank of North Dakota, in such sums as are earned as of October 1, 1999, shall be deposited in this account and immediately transferred to the general fund of the Treasury. Moneys received as revenue sharing from operation of the Great Plains Gasification Plant and settlement payments shall be immediately transferred to the general fund of the Treasury.

NAVAL PETROLEUM AND OIL SHALE RESERVES

The requirements of 10 U.S.C. 7430(b)(2)(B) shall not apply to fiscal year 2000: *Provided*, That, notwithstanding any other provision of law, unobligated funds remaining from prior years shall be available for all naval petroleum and oil shale reserve activities.

ENERGY CONSERVATION

For necessary expenses in carrying out energy conservation activities, $682,817,000, to remain available until expended, of which $25,000,000 shall be derived by transfer from unobligated balances in the Biomass Energy Development account: *Provided*, That $166,000,000 shall be for use in energy conservation programs as defined in section 3008(3) of Public Law 99–509 (15 U.S.C. 4507): *Provided further*, That notwithstanding section 3003(d)(2) of Public Law 99–509, such sums shall be allocated to the eligible programs as follows: $133,000,000 for weatherization assistance grants and $33,000,000 for State energy conservation grants.

ECONOMIC REGULATION

For necessary expenses in carrying out the activities of the Office of Hearings and Appeals, $2,000,000, to remain available until expended.

STRATEGIC PETROLEUM RESERVE

For necessary expenses for Strategic Petroleum Reserve facility development and operations and program management activities pursuant to the Energy Policy and Conservation Act of 1975, as amended (42 U.S.C. 6201 et seq.), $159,000,000, to remain available until expended: *Provided*, That the Secretary of Energy hereafter may transfer to the SPR Petroleum Account such funds as may be necessary to carry out drawdown and sale operations of the Strategic Petroleum Reserve initiated under section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241) from any funds available to the Department of Energy under this Act or previous appropriations Acts. All funds transferred pursuant to this authority must be replenished as promptly as possible from oil sale receipts pursuant to the drawdown and sale.

ENERGY INFORMATION ADMINISTRATION

For necessary expenses in carrying out the activities of the Energy Information Administration, $70,500,000, to remain available until expended.

ADMINISTRATIVE PROVISIONS, DEPARTMENT OF ENERGY

Appropriations under this Act for the current fiscal year shall be available for hire of passenger motor vehicles; hire, maintenance, and operation of aircraft; purchase, repair, and cleaning of uniforms; and reimbursement to the General Services Administration for security guard services.

From appropriations under this Act, transfers of sums may be made to other agencies of the Government for the performance of work for which the appropriation is made.

None of the funds made available to the Department of Energy under this Act shall be used to implement or finance authorized price support or loan guarantee programs unless specific provision is made for such programs in an appropriations Act.

The Secretary is authorized to accept lands, buildings, equipment, and other contributions from public and private sources and to prosecute projects in cooperation with other agencies, Federal, State, private or foreign: *Provided*, That revenues and other moneys received by or for the account of the Department of Energy or otherwise generated by sale of products in connection with projects of the Department appropriated under this Act may be retained by the Secretary of Energy, to be available until expended, and used only for plant construction, operation, costs, and payments to cost-sharing entities as provided in appropriate cost-sharing contracts or agreements: *Provided further*, That the remainder of revenues after the making of such payments shall be covered into the Treasury as miscellaneous receipts: *Provided further*, That any contract, agreement, or provision thereof entered into by the Secretary pursuant to this authority shall not be executed prior to the expiration of 30 calendar days (not including any day in which either House of Congress is not in session because of adjournment of more than three calendar days to a day certain) from the receipt by the Speaker of the House of Representatives and the President of the Senate of a full comprehensive report on such project, including the facts and circumstances relied upon in support of the proposed project.

No funds provided in this Act may be expended by the Department of Energy to prepare, issue, or process procurement documents for programs or projects for which appropriations have not been made.

In addition to other authorities set forth in this Act, the Secretary may accept fees and contributions from public and private sources, to be deposited in a contributed funds account, and prosecute projects using such fees and contributions in cooperation with other Federal, State or private agencies or concerns.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

INDIAN HEALTH SERVICE

INDIAN HEALTH SERVICES

For expenses necessary to carry out the Act of August 5, 1954 (68 Stat. 674), the Indian Self-Determination Act, the Indian Health Care Improvement Act, and titles II and III of the Public Health Service Act with respect to the Indian Health Service, $2,135,561,000, together with payments received during the fiscal year pursuant to 42 U.S.C. 238(b) for services furnished by the Indian Health Service: *Provided*, That funds made available to tribes and tribal organizations through contracts, grant agreements, or any other agreements or compacts authorized by the Indian Self-Determination and Education Assistance Act of 1975 (25 U.S.C. 450), shall be deemed to be obligated at the time of the grant or contract award and thereafter shall remain available to the tribe or tribal organization without fiscal year limitation: *Provided further*, That $12,000,000 shall remain available until expended, for the Indian Catastrophic Health Emergency Fund: *Provided further*, That $384,442,000 for contract medical care shall remain available for obligation until September 30, 2001: *Provided further*, That of the funds provided, up to $17,000,000 shall be used to carry out the loan repayment program under section 108 of the Indian Health Care Improvement Act: *Provided further*, That funds provided in this Act may be used for one-year contracts and grants which are to be performed in two fiscal years, so long as the total obligation is recorded in the year for which the funds are appropriated: *Provided further*, That the amounts collected by the Secretary of Health and Human Services under the authority of title IV of the Indian Health Care Improvement Act shall remain available until expended for the purpose of achieving compliance with the applicable conditions and requirements of titles XVIII and XIX of the Social Security Act (exclusive of planning, design, or construction of new facilities): *Provided further*, That funding contained herein, and in any earlier appropriations Acts for scholarship programs under the Indian Health Care Improvement Act (25 U.S.C. 1613) shall remain available for obligation until September 30, 2001: *Provided further*, That amounts received by tribes and tribal organizations under title IV of the Indian Health Care Improvement Act shall be reported and accounted for and available to the receiving tribes and tribal organizations until expended: *Provided further*, That, notwithstanding any other provision of law, of the amounts provided herein, not to exceed $203,781,000 shall be for payments to tribes and tribal organizations for contract or grant support costs associated with contracts, grants, self-governance compacts or annual funding agreements between the Indian Health Service and a tribe or tribal organization pursuant to the Indian Self-Determination Act of 1975, as amended, prior to or during fiscal year 2000.

INDIAN HEALTH FACILITIES

For construction, repair, maintenance, improvement, and equipment of health and related auxiliary facilities, including quarters for personnel; preparation of plans, specifications, and drawings; acquisition of sites, purchase and erection of modular buildings, and purchases of trailers; and for provision of domestic and community sanitation facilities for Indians, as authorized by section 7 of the Act of August 5, 1954 (42 U.S.C. 2004a), the Indian Self-Determination Act, and the Indian Health Care Improvement Act, and for expenses necessary to carry out such Acts and titles II and III of the Public Health Service Act with respect to environmental health and facilities support activities of the Indian Health Service, $189,252,000, to remain available until expended: *Provided*, That notwithstanding any other provision of law, funds appropriated for the planning, design, construction or renovation of health facilities for the benefit of an Indian tribe or tribes may be used to purchase land for sites to construct, improve, or enlarge health or related facilities.

ADMINISTRATIVE PROVISIONS, INDIAN HEALTH SERVICE

Appropriations in this Act to the Indian Health Service shall be available for services as authorized by 5 U.S.C. 3109 but at rates not to exceed the per diem rate equivalent to the maximum rate payable for senior-level positions under 5 U.S.C. 5376; hire of passenger motor vehicles and aircraft; purchase of medical equipment; purchase of reprints; purchase, renovation and erection of modular buildings and renovation of existing facilities; payments for telephone service in private residences in the field, when authorized under regulations approved by the Secretary; and for uniforms or allowances therefore as authorized by 5 U.S.C. 5901–5902; and for expenses of attendance at meetings which are concerned with the functions or activities for which the appropriation is made or which will contribute to improved conduct, supervision, or management of those functions or activities: *Provided*, That in accordance with the provisions of the Indian Health Care Improvement Act, non-Indian patients may be extended health care at all tribally administered or Indian Health Service facilities, subject to charges, and the proceeds along with funds recovered under the Federal Medical Care Recovery Act (42 U.S.C. 2651–2653) shall be credited to the account of the facility providing the service and shall be available without fiscal year limitation: *Provided further*, That notwithstanding any other law or regulation, funds transferred from the Department of Housing and Urban Development to the Indian Health Service shall be administered under Public Law 86–121 (the Indian Sanitation Facilities Act) and Public Law 93–638, as amended: *Provided further*, That funds appropriated to the Indian Health Service in this Act, except those used for administrative and program direction purposes, shall not be subject to limitations directed at curtailing Federal travel and transportation: *Provided further*, That notwithstanding any other provision of law, funds previously or herein made available to a tribe or tribal organization through a contract, grant, or agreement authorized by title I or title III of the Indian Self-Determination and Education Assistance Act of 1975 (25 U.S.C. 450), may be deobligated and reobligated to a self-determination contract under title I, or a self-governance agreement under title III of such Act and thereafter shall remain available to the tribe or tribal organization without fiscal year limitation: *Provided further*, That none of the funds made available to the Indian Health Service in this Act shall be used to implement the final rule published in the Federal Register on September 16, 1987, by the Department of Health and Human Services, relating to the eligibility for the health care services of the Indian Health Service until the Indian Health Service has submitted a budget request reflecting the increased costs associated with the proposed final rule, and such request has been included in an appropriations Act and enacted into law: *Provided further*, That funds made available in this Act are to be apportioned to the Indian Health Service as appropriated in this Act, and accounted for in the appropriation structure set forth in this Act: *Provided further*, That with respect to functions transferred by the Indian Health Service to tribes or tribal organizations, the Indian Health Service is authorized to provide goods and services to those entities, on a reimbursable basis, including payment in advance with subsequent adjustment, and the reimbursements received therefrom, along with the funds received from those entities pursuant to the Indian Self-Determination Act, may be credited to the same or subsequent appropriation account which provided the funding, said amounts to remain available until expended: *Provided further*, That reimbursements for training, technical assistance, or services provided by the Indian Health Service will contain total costs, including direct, administrative, and overhead associated with the provision of goods, services, or technical assistance: *Provided further*, That the appropriation structure for the Indian Health Service may not be altered without advance approval of the House and Senate Committees on Appropriations.

OTHER RELATED AGENCIES

Office of Navajo and Hopi Indian Relocation

SALARIES AND EXPENSES

For necessary expenses of the Office of Navajo and Hopi Indian Relocation as authorized by Public Law 93–531, $8,000,000, to remain available until expended: *Provided*, That funds provided in this or any other appropriations Act are to be used to relocate eligible individuals and groups including evictees from District 6, Hopi-partitioned lands residents, those in significantly substandard housing, and all others certified as eligible and not included in the preceding categories: *Provided further*, That none of the funds contained in this or any other Act may be used by the Office of Navajo and Hopi Indian Relocation to evict any single Navajo or Navajo family who, as of November 30, 1985, was physically domiciled on the lands partitioned to the Hopi Tribe unless a new or replacement home is provided for such household: *Provided further*, That no relocatee will be provided with more than one new or replacement home: *Provided further*, That the Office shall relocate any certified eligible relocatees who have selected and received an approved homesite on the Navajo reservation or selected a replacement residence off the Navajo reservation or on the land acquired pursuant to 25 U.S.C. 640d–10.

Institute of American Indian and Alaska Native Culture and Arts Development

PAYMENT TO THE INSTITUTE

For payment to the Institute of American Indian and Alaska Native Culture and Arts Development, as authorized by title XV of Public Law 99–498, as amended (20 U.S.C. 56 part A), $4,250,000.

Smithsonian Institution

SALARIES AND EXPENSES

For necessary expenses of the Smithsonian Institution, as authorized by law, including research in the fields of art, science, and history; development, preservation, and documentation of the National Collections; presentation of public exhibits and performances; collection, preparation, dissemination, and exchange of information and publications; conduct of education, training, and museum assistance programs; maintenance, alteration, operation, lease (for terms not to exceed 30 years), and protection of buildings, facilities, and approaches; not to exceed $100,000 for services as authorized by 5 U.S.C. 3109; up to 5 replacement passenger vehicles; purchase, rental, repair, and cleaning of uniforms for employees; $364,562,000, of which not to exceed $40,704,000 for the instrumentation program, collections acquisition, Museum Support Center equipment and move, exhibition reinstallation, the National Museum of the American Indian, the repatriation of skeletal remains program, research equipment, information management, and Latino programming shall remain available until expended, and including such funds as may be necessary to support American overseas research centers and a total of $125,000 for the Council of American Overseas Research Centers: *Provided*, That funds appropriated herein are available for advance payments to independent contractors performing research services or participating in official Smithsonian presentations.

CONSTRUCTION AND IMPROVEMENTS, NATIONAL ZOOLOGICAL PARK

For necessary expenses of planning, construction, remodeling, and equipping of buildings and facilities at the National Zoological Park, by contract or otherwise, $4,400,000, to remain available until expended.

REPAIR AND RESTORATION OF BUILDINGS

For necessary expenses of repair and restoration of buildings owned or occupied by the Smithsonian Institution, by contract or otherwise, as authorized by section 2 of the Act of August 22, 1949 (63 Stat. 623), including not to exceed $10,000 for services as authorized by 5 U.S.C. 3109, $35,000,000, to remain available until expended: *Provided*, That contracts awarded for environmental systems, protection systems, and exterior repair or restoration of buildings of the Smithsonian Institution may be negotiated with selected contractors and awarded on the basis of contractor qualifications as well as price.

CONSTRUCTION

For necessary expenses for construction, $19,000,000, to remain available until expended.

ADMINISTRATIVE PROVISIONS, SMITHSONIAN INSTITUTION

None of the funds in this or any other Act may be used to initiate the design for any proposed expansion of current space or new facility without consultation with the House and Senate Appropriations Committees.

The Smithsonian Institution shall not use Federal funds in excess of the amount specified in Public Law 101–185 for the construction of the National Museum of the American Indian.

National Gallery of Art

SALARIES AND EXPENSES

For the upkeep and operations of the National Gallery of Art, the protection and care of the works of art therein, and administrative expenses incident thereto, as authorized by the Act of March 24, 1937 (50 Stat. 51), as amended by the public resolution of April 13, 1939 (Public Resolution 9, Seventy-sixth Congress), including services as authorized by 5 U.S.C. 3109; payment in advance when authorized by the treasurer of the Gallery for membership in library, museum, and art associations or societies whose publications or services are available to members only, or to members at a price lower than to the general public; purchase, repair, and cleaning of uniforms for guards, and uniforms, or allowances therefor, for other employees as authorized by law (5 U.S.C. 5901–5902); purchase or rental of devices and services for protecting buildings and contents thereof, and maintenance, alteration, improvement, and repair of buildings, approaches, and grounds; and purchase of services for restoration and repair of works of art for the National Gallery of Art by contracts made, without advertising, with individuals, firms, or organizations at such rates or prices and under such terms and conditions as the Gallery may deem proper, $61,438,000, of which not to exceed $3,026,000 for the special exhibition program shall remain available until expended.

REPAIR, RESTORATION AND RENOVATION OF BUILDINGS

For necessary expenses of repair, restoration and renovation of buildings, grounds and facilities owned or occupied by the National Gallery of Art, by contract or otherwise, as authorized, $6,311,000, to remain available until expended: *Provided*, That contracts awarded for environmental systems, protection systems, and exterior repair or renovation of buildings of the National Gallery of Art may be negotiated with selected contractors and awarded on the basis of contractor qualifications as well as price.

John F. Kennedy Center for the Performing Arts

OPERATIONS AND MAINTENANCE

For necessary expenses for the operation, maintenance and security of the John F. Kennedy Center for the Performing Arts, $14,000,000.

CONSTRUCTION

For necessary expenses for capital repair and rehabilitation of the existing features of the building and site of the John F. Kennedy Center for the Performing Arts, $20,000,000, to remain available until expended.

Woodrow Wilson International Center for Scholars

SALARIES AND EXPENSES

For expenses necessary in carrying out the provisions of the Woodrow Wilson Memorial Act of 1968 (82 Stat. 1356) including hire of passenger vehicles and services as authorized by 5 U.S.C. 3109, $6,040,000.

National Foundation on the Arts and the Humanities

National Endowment for the Arts

GRANTS AND ADMINISTRATION

For necessary expenses to carry out the National Foundation on the Arts and the Humanities Act of 1965, as amended, $86,000,000 shall be available to the National Endowment for the Arts for the support of projects and productions in the arts through assistance to organizations and individuals pursuant to sections 5(c) and 5(g) of the Act, for program support, and for administering the functions of the Act, to remain available until expended.

MATCHING GRANTS

To carry out the provisions of section 10(a)(2) of the National Foundation on the Arts and the Humanities Act of 1965, as amended, $13,000,000, to remain available until expended, to the National Endowment for the Arts: *Provided*, That this appropriation shall be available for obligation only in such amounts as may be equal to the total amounts of gifts, bequests, and devises of money, and other property accepted by the chairman or by grantees of the Endowment under the provisions of section 10(a)(2), subsections 11(a)(2)(A) and 11(a)(3)(A) during the current and preceding fiscal years for which equal amounts have not previously been appropriated.

National Endowment for the Humanities

GRANTS AND ADMINISTRATION

For necessary expenses to carry out the National Foundation on the Arts and the Humanities Act of 1965, as amended, $97,550,000, shall be available to the National Endowment for the Humanities for support of activities in the humanities, pursuant to section 7(c) of the Act, and for administering the functions of the Act, to remain available until expended.

MATCHING GRANTS

To carry out the provisions of section 10(a)(2) of the National Foundation on the Arts and the Humanities Act of 1965, as amended, $14,150,000, to remain available until expended, of which $10,150,000 shall be available to the National Endowment for the Humanities for the purposes of section 7(h): *Provided*, That this appropriation shall be available for obligation only in such amounts as may be equal to the total amounts of gifts, bequests, and devises of money, and other property accepted by the chairman or by grantees of the Endowment under the provisions of subsections 11(a)(2)(B) and 11(a)(3)(B) during the current and preceding fiscal years for which equal amounts have not previously been appropriated.

Institute of Museum and Library Services

OFFICE OF MUSEUM SERVICES

GRANTS AND ADMINISTRATION

For carrying out subtitle C of the Museum and Library Services Act of 1996, as amended, $23,905,000, to remain available until expended.

ADMINISTRATIVE PROVISIONS

None of the funds appropriated to the National Foundation on the Arts and the Humanities may be used to process any grant or contract documents which do not include the text of 18 U.S.C. 1913: *Provided*, That none of the funds appropriated to the National Foundation on the Arts and the Humanities may be used for official reception and representation expenses: *Provided further*, That funds from nonappropriated sources may be used as necessary for official reception and representation expenses.

Commission of Fine Arts

SALARIES AND EXPENSES

For expenses made necessary by the Act establishing a Commission of Fine Arts (40 U.S.C. 104), $1,078,000: *Provided*, That beginning in fiscal year 2000 and thereafter, the Commission is authorized to charge fees to cover the full costs of its publications, and such fees shall be credited to this account as an offsetting collection, to remain available until expended without further appropriation.

NATIONAL CAPITAL ARTS AND CULTURAL AFFAIRS

For necessary expenses as authorized by Public Law 99–190 (20 U.S.C. 956(a)), as amended, $7,000,000.

Advisory Council on Historic Preservation

SALARIES AND EXPENSES

For necessary expenses of the Advisory Council on Historic Preservation (Public Law 89–665, as amended), $2,906,000: *Provided*, That none of these funds shall be available for compensation of level V of the Executive Schedule or higher positions.

National Capital Planning Commission

SALARIES AND EXPENSES

For necessary expenses, as authorized by the National Capital Planning Act of 1952 (40 U.S.C. 71–71i), including services as authorized by 5 U.S.C. 3109, $6,312,000: *Provided*, That all appointed members will be compensated at a rate not to exceed the rate for level IV of the Executive Schedule.

United States Holocaust Memorial Council

HOLOCAUST MEMORIAL COUNCIL

For expenses of the Holocaust Memorial Council, as authorized by Public Law 96–388 (36 U.S.C. 1401), as amended, $33,286,000, of which $1,575,000 for the museum's repair and rehabilitation program and $1,264,000 for the museum's exhibitions program shall remain available until expended.

Presidio Trust

PRESIDIO TRUST FUND

For necessary expenses to carry out title I of the Omnibus Parks and Public Lands Management Act of 1996, $24,400,000 shall be available to the Presidio Trust, to remain available until expended, of which up to $1,040,000 may be for the cost of guaranteed loans, as authorized by section 104(d) of the Act: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed $200,000,000. The Trust is authorized to issue obligations to the Secretary of the Treasury pursuant to section 104(d)(3) of the Act, in an amount not to exceed $20,000,000.

TITLE III—GENERAL PROVISIONS

SEC. 301. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive Order issued pursuant to existing law.

SEC. 302. No part of any appropriation under this Act shall be available to the Secretary of the Interior or the Secretary of Agriculture for the leasing of oil and natural gas by noncompetitive bidding on publicly owned lands within the boundaries of the Shawnee National Forest, Illinois: *Provided*, That nothing herein is intended to inhibit or otherwise affect the sale, lease, or right to access to minerals owned by private individuals.

SEC. 303. No part of any appropriation contained in this Act shall be available for any activity or the publication or distribution of literature that in any way tends to promote public support or opposition to any legislative proposal on which congressional action is not complete.

SEC. 304. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 305. None of the funds provided in this Act to any department or agency shall be obligated or expended to provide a personal cook, chauffeur, or other personal servants to any officer or employee of such department or agency except as otherwise provided by law.

SEC. 306. No assessments may be levied against any program, budget activity, subactivity, or project funded by this Act unless advance notice of such assessments and the basis therefor are presented to the Committees on Appropriations and are approved by such Committees.

SEC. 307. (a) COMPLIANCE WITH BUY AMERICAN ACT.—None of the funds made available in this Act may be expended by an entity unless the entity agrees that in expending the funds the entity will comply with sections 2 through 4 of the Act of March 3, 1933 (41 U.S.C. 10a–10c; popularly known as the "Buy American Act").

(b) SENSE OF CONGRESS; REQUIREMENT REGARDING NOTICE.—

(1) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—In the case of any equipment or product that may be authorized to be purchased with financial assistance provided using funds made available in this Act, it is the sense of the Congress that entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products.

(2) NOTICE TO RECIPIENTS OF ASSISTANCE.—In providing financial assistance using funds made available in this Act, the head of each Federal agency shall provide to each recipient of the assistance a notice describing the statement made in paragraph (1) by the Congress.

(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a "Made in America" inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 308. None of the funds in this Act may be used to plan, prepare, or offer for sale timber from trees classified as giant sequoia (Sequoiadendron giganteum) which are located on National Forest System or Bureau of Land Management lands in a manner different than such sales were conducted in fiscal year 1999.

SEC. 309. None of the funds made available by this Act may be obligated or expended by the National Park Service to enter into or implement a concession contract which permits or requires the removal of the underground lunchroom at the Carlsbad Caverns National Park.

SEC. 310. None of the funds appropriated or otherwise made available by this Act may be used for the AmeriCorps program, unless the relevant agencies of the Department of the Interior and/or Agriculture follow appropriate reprogramming guidelines: *Provided*, That if no funds are provided for the AmeriCorps program by the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1999, then none of the funds appropriated or otherwise made available by this Act may be used for the AmeriCorps programs.

SEC. 311. None of the funds made available in this Act may be used: (1) to demolish the bridge between Jersey City, New Jersey, and Ellis Island; or (2) to prevent pedestrian use of such bridge, when it is made known to the Federal official having authority to obligate or expend such funds that such pedestrian use is consistent with generally accepted safety standards.

SEC. 312. (a) LIMITATION OF FUNDS.—None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to accept or process applications for a patent for any mining or mill site claim located under the general mining laws.

(b) EXCEPTIONS.—The provisions of subsection (a) shall not apply if the Secretary of the Interior determines that, for the claim concerned: (1) a patent application was filed with the Secretary on or before September 30, 1994; and (2) all requirements established under sections 2325 and 2326 of the Revised Statutes (30 U.S.C. 29 and 30) for vein or lode claims and sections 2329, 2330, 2331, and 2333 of the Revised Statutes (30 U.S.C. 35, 36, and 37) for placer claims, and section 2337 of the Revised Statutes (30 U.S.C. 42) for mill site claims, as the case may be, were fully complied with by the applicant by that date.

(c) REPORT.—On September 30, 2000, the Secretary of the Interior shall file with the House and Senate Committees on Appropriations and the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate a report on actions taken by the Department under the plan submitted pursuant to section 314(c) of the Department of the Interior and Related Agencies Appropriations Act, 1997 (Public Law 104-208).

(d) MINERAL EXAMINATIONS.—In order to process patent applications in a timely and responsible manner, upon the request of a patent applicant, the Secretary of the Interior shall allow the applicant to fund a qualified third-party contractor to be selected by the Bureau of Land Management to conduct a mineral examination of the mining claims or mill sites contained in a patent application as set forth in subsection (b). The Bureau of Land Management shall have the sole responsibility to choose and pay the third-party contractor in accordance with the standard procedures employed by the Bureau of Land Management in the retention of third-party contractors.

SEC. 313. Notwithstanding any other provision of law, amounts appropriated to or earmarked in committee reports for the Bureau of Indian Affairs and the Indian Health Service by Public Laws 103-138, 103-332, 104-134, 104-208, 105-83, and 105-277 for payments to tribes and tribal organizations for contract support costs associated with self-determination or self-governance contracts, grants, compacts, or annual funding agreements with the Bureau of Indian Affairs or the Indian Health Service as funded by such Acts, are the total amounts available for fiscal years 1994 through 1999 for such purposes, except that, for the Bureau of Indian Affairs, tribes and tribal organizations may use their tribal priority allocations for unmet indirect costs of ongoing contracts, grants, self-governance compacts or annual funding agreements.

SEC. 314. Notwithstanding any other provision of law, for fiscal year 2000 the Secretaries of Agriculture and the Interior are authorized to limit competition for watershed restoration project contracts as part of the "Jobs in the Woods" component of the President's Forest Plan for the Pacific Northwest or the Jobs in the Woods Program established in Region 10 of the Forest Service to individuals and entities in historically timber-dependent areas in the States of Washington, Oregon, northern California and Alaska that have been affected by reduced timber harvesting on Federal lands.

SEC. 315. None of the funds collected under the Recreational Fee Demonstration program may be used to plan, design, or construct a visitor center or any other permanent structure without prior approval of the House and the Senate Committees on Appropriations if the estimated total cost of the facility exceeds $500,000.

SEC. 316. (a) None of the funds made available in this Act or any other Act providing appropriations for the Department of the Interior, the Forest Service or the Smithsonian Institution may be used to submit nominations for the designation of Biosphere Reserves pursuant to the Man and Biosphere program administered by the United Nations Educational, Scientific, and Cultural Organization.

(b) The provisions of this section shall be repealed upon enactment of subsequent legislation specifically authorizing United States participation in the Man and Biosphere program.

SEC. 317. None of the funds made available in this or any other Act for any fiscal year may be used to designate, or to post any sign designating, any portion of Canaveral National Seashore in Brevard County, Florida, as a clothing-optional area or as an area in which public nudity is permitted, if such designation would be contrary to county ordinance.

SEC. 318. Of the funds provided to the National Endowment for the Arts—

(1) The Chairperson shall only award a grant to an individual if such grant is awarded to such individual for a literature fellowship, National Heritage Fellowship, or American Jazz Masters Fellowship.

(2) The Chairperson shall establish procedures to ensure that no funding provided through a grant, except a grant made to a State or local arts agency, or regional group, may be used to make a grant to any other organization or individual to conduct activity independent of the direct grant recipient. Nothing in this subsection shall prohibit payments made in exchange for goods and services.

(3) No grant shall be used for seasonal support to a group, unless the application is specific to the contents of the season, including identified programs and/or projects.

SEC. 319. The National Endowment for the Arts and the National Endowment for the Humanities are authorized to solicit, accept, receive, and invest in the name of the United States, gifts, bequests, or devises of money and other property or services and to use such in furtherance of the functions of the National Endowment for the Arts and the National Endowment for the Humanities. Any proceeds from such gifts, bequests, or devises, after acceptance by the National Endowment for the Arts or the National Endowment for the Humanities, shall be paid by the donor or the representative of the donor to the Chairman. The Chairman shall enter the proceeds in a special interest-bearing account to the credit of the appropriate endowment for the purposes specified in each case.

SEC. 320. No part of any appropriation contained in this Act shall be expended or obligated to fund new revisions of national forest land management plans until new final or interim final rules for forest land management planning are published in the Federal Register. Those national forests which are currently in a revision process, having formally published a Notice of Intent to revise prior to October 1, 1997; those national forests having been court-ordered to revise; those national forests where plans reach the fifteen year legally mandated date to revise before or during calendar year 2000; national forests within the Interior Columbia Basin Ecosystem study area; and the White Mountain National Forest are exempt from this section and may use funds in this Act and proceed to complete the forest plan revision in accordance with current forest planning regulations.

SEC. 321. No part of any appropriation contained in this Act shall be expended or obligated to complete and issue the five-year program under the Forest and Rangeland Renewable Resources Planning Act.

SEC. 322. (a) In providing services or awarding financial assistance under the National Foundation on the Arts and the Humanities Act of 1965 from funds appropriated under this Act, the Chairperson of the National Endowment for the Arts shall ensure that priority is given to providing services or awarding financial assistance for projects, productions, workshops, or programs that serve underserved populations.

(b) In this section:

(1) The term "underserved population" means a population of individuals who have historically been outside the purview of arts and humanities programs due to factors such as a high incidence of income below the poverty line or to geographic isolation.

(2) The term "poverty line" means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) applicable to a family of the size involved.

(c) In providing services and awarding financial assistance under the National Foundation on the Arts and Humanities Act of 1965 with funds appropriated by this Act, the Chairperson of the National Endowment for the Arts shall ensure that priority is given to providing services or awarding financial assistance for projects, productions, workshops, or programs that will encourage public knowledge, education, understanding, and appreciation of the arts.

(d) With funds appropriated by this Act to carry out section 5 of the National Foundation on the Arts and Humanities Act of 1965—

(1) the Chairperson shall establish a grant category for projects, productions, workshops, or programs that are of national impact or availability or are able to tour several States;

(2) the Chairperson shall not make grants exceeding 15 percent, in the aggregate, of such funds to any single State, excluding grants made under the authority of paragraph (1);

(3) the Chairperson shall report to the Congress annually and by State, on grants awarded by the Chairperson in each grant category under section 5 of such Act; and

(4) the Chairperson shall encourage the use of grants to improve and support community-based music performance and education.

SEC. 323. None of the funds in this Act may be used for planning, design or construction of improvements to Pennsylvania Avenue in front of the White House without the advance approval of the House and Senate Committees on Appropriations.

SEC. 324. Notwithstanding any other provision of law, none of the funds provided in this Act to the Indian Health Service or Bureau of Indian Affairs may be used to enter into any new or expanded self-determination contract or grant or self-governance compact pursuant to the Indian Self-Determination Act of 1975, as amended, for any activities not previously covered by such contracts, compacts or grants. Nothing in this section precludes the continuation of those specific activities for which self-determination and self-governance contracts, compacts and grants currently exist or the renewal of contracts, compacts and grants for those activities; implementation of section 325 of Public

Law 105–83 (111 Stat. 1597); or compliance with 25 U.S.C. 2005.

SEC. 325. Amounts deposited during fiscal year 1999 in the roads and trails fund provided for in the fourteenth paragraph under the heading "FOREST SERVICE" of the Act of March 4, 1913 (37 Stat. 843; 16 U.S.C. 501), shall be used by the Secretary of Agriculture, without regard to the State in which the amounts were derived, to repair or reconstruct roads, bridges, and trails on National Forest System lands or to carry out and administer projects to improve forest health conditions, which may include the repair or reconstruction of roads, bridges, and trails on National Forest System lands in the wildland-community interface where there is an abnormally high risk of fire. The projects shall emphasize reducing risks to human safety and public health and property and enhancing ecological functions, long-term forest productivity, and biological integrity. The Secretary shall commence the projects during fiscal year 2000, but the projects may be completed in a subsequent fiscal year. Funds shall not be expended under this section to replace funds which would otherwise appropriately be expended from the timber salvage sale fund. Nothing in this section shall be construed to exempt any project from any environmental law.

SEC. 326. HARDWOOD TECHNOLOGY TRANSFER AND APPLIED RESEARCH. (a) The Secretary of Agriculture (hereinafter the "Secretary") is hereby and hereafter authorized to conduct technology transfer and development, training, dissemination of information and applied research in the management, processing and utilization of the hardwood forest resource. This authority is in addition to any other authorities which may be available to the Secretary including, but not limited to, the Cooperative Forestry Assistance Act of 1978, as amended (16 U.S.C. 2101 et. seq.), and the Forest and Rangeland Renewable Resources Act of 1978, as amended (16 U.S.C. 1600–1614).

(b) In carrying out this authority, the Secretary may enter into grants, contracts, and cooperative agreements with public and private agencies, organizations, corporations, institutions and individuals. The Secretary may accept gifts and donations pursuant to the Act of October 10, 1978 (7 U.S.C. 2269) including gifts and donations from a donor that conducts business with any agency of the Department of Agriculture or is regulated by the Secretary of Agriculture.

(c) The Secretary is hereby and hereafter authorized to operate and utilize the assets of the Wood Education and Resource Center (previously named the Robert C. Byrd Hardwood Technology Center in West Virginia) as part of a newly formed "Institute of Hardwood Technology Transfer and Applied Research" (hereinafter the "Institute"). The Institute, in addition to the Wood Education and Resource Center, will consist of a Director, technology transfer specialists from State and Private Forestry, the Forestry Sciences Laboratory in Princeton, West Virginia, and any other organizational unit of the Department of Agriculture as the Secretary deems appropriate. The overall management of the Institute will be the responsibility of the USDA Forest Service, State and Private Forestry.

(d) The Secretary is hereby and hereafter authorized to generate revenue using the authorities provided herein. Any revenue received as part of the operation of the Institute shall be deposited into a special fund in the Treasury of the United States, known as the "Hardwood Technology Transfer and Applied Research Fund", which shall be available to the Secretary until expended, without further appropriation, in furtherance of the purposes of this section, including upkeep, management, and operation of the Institute and the payment of salaries and expenses.

(e) There are hereby and hereafter authorized to be appropriated such sums as necessary to carry out the provisions of this section.

SEC. 327. No timber in Region 10 of the Forest Service shall be advertised for sale which, when using domestic Alaska western red cedar selling values and manufacturing costs, fails to provide at least 60 percent of normal profit and risk of the appraised timber, except at the written request by a prospective bidder. Program accomplishments shall be based on volume sold. Should Region 10 sell, in fiscal year 2000, the annual average portion of the decadal allowable sale quantity called for in the current Tongass Land Management Plan which provides greater than 60 percent of normal profit and risk at the time of the sale advertisement, all of the western red cedar timber from those sales which is surplus to the needs of domestic processors in Alaska, shall be made available to domestic processors in the contiguous 48 United States based on values in the Pacific Northwest as determined by the Forest Service and stated in the timber sale contract. Should Region 10 sell, in fiscal year 2000, less than the annual average portion of the decadal allowable sale quantity called for in the current Tongass Land Management Plan meeting the 60 percent of normal profit and risk standard at the time of sale advertisement, the volume of western red cedar timber available to domestic processors at rates specified in the timber sale contract in the contiguous 48 states shall be that volume: (i) which is surplus to the needs of domestic processors in Alaska; and (ii) is that percent of the surplus western red cedar volume determined by calculating the ratio of the total timber volume which has been sold on the Tongass to the annual average portion of the decadal allowable sale quantity called for in the current Tongass Land Management Plan. The percentage shall be calculated by Region 10 on a rolling basis as each sale is sold. (For purposes of this amendment, a "rolling basis" shall mean that the determination of how much western red cedar is eligible for sale to various markets shall be made at the time each sale is awarded.) Western red cedar shall be deemed "surplus to the needs of domestic processors in Alaska" when the timber sale holder has presented to the Forest Service documentation of the inability to sell western red cedar logs from a given sale to domestic Alaska processors at a price equal to or greater than the log selling value stated in the contract. All additional western red cedar volume not sold to Alaska or contiguous 48 United States domestic processors may be exported to foreign markets at the election of the timber sale holder. All Alaska yellow cedar may be sold at prevailing export prices at the election of the timber sale holder.

SEC. 329. For fiscal year 2000, the Secretary of Agriculture, with respect to lands within the National Forest System, and the Secretary of the Interior, with respect to lands under the jurisdiction of the Bureau of Land Management, shall use the best available scientific and commercial data in amending or revising resource management plans for, and offering sales, issuing leases, or otherwise authorizing or undertaking management activities on, lands under their respective jurisdictions: *Provided*, That the Secretaries may at their discretion determine whether any additional information concerning wildlife resources shall be collected prior to approving any such plan, sale, lease or other activity, and, if so, the type of, and collection procedures for, such information.

SEC. 330. The Secretary of Agriculture and the Secretary of the Interior shall:

(a) prepare the report required of them by section 323(a) of the Fiscal Year 1998 Interior and Related Agencies Appropriations Act (Public Law 105–83; 111 Stat. 1543, 1596–7);

(b) make the report available for public comment for a period of not less than 120 days; and

(c) include the information contained in the report and a detailed response or responses to any such public comment in any final environmental impact statement associated with the Interior Columbia Basin Ecosystem Project.

SEC. 331. Section 7 of the Service Contract Act (SCA), 41 U.S.C. section 356 is amended by adding the following paragraph:

"(8) any concession contract with Federal land management agencies, the principal purpose of which is the provision of recreational services to the general public, including lodging, campgrounds, food, stores, guiding, recreational equipment, fuel, transportation, and skiing, provided that this exemption shall not affect the applicability of the Davis-Bacon Act, 40 U.S.C. section 276a et seq., to construction contracts associated with these concession contracts.".

SEC. 332. TIMBER AND SPECIAL FOREST PRODUCTS. (a) DEFINITION OF SPECIAL FOREST PRODUCT.—For purposes of this section, the term "special forest product" means any vegetation or other life forms, such as mushrooms and fungi that grows on National Forest System lands, excluding trees, animals, insects, or fish except as provided in regulations issued under this section by the Secretary of Agriculture.

(b) FAIR MARKET VALUE FOR SPECIAL FOREST PRODUCTS.—The Secretary of Agriculture shall develop and implement a pilot program to charge and collect not less than the fair market value for special forest products harvested on National Forest System lands. The authority for this pilot program shall be for fiscal years 2000 through 2004. The Secretary of Agriculture shall establish appraisal methods and bidding procedures to ensure that the amounts collected for special forest products are not less than fair market value.

(c) FEES.—

(1) IN GENERAL.—The Secretary of Agriculture shall charge and collect from persons who harvest special forest products all costs to the Department of Agriculture associated with the granting, modifying, or monitoring the authorization for harvest of the special forest products, including the costs of any environmental or other analysis.

(2) SECURITY.—The Secretary of Agriculture may require a person that is assessed a fee under this subsection to provide security to ensure that the Secretary of Agriculture receives fees authorized under this subsection from such person.

(d) WAIVER.—The Secretary of Agriculture may waive the application of subsection (b) or subsection (c) pursuant to such regulations as the Secretary of Agriculture may prescribe.

(e) COLLECTION AND USE OF FUNDS.—

(1) Funds collected in accordance with subsection (b) and subsection (c) shall be deposited into a special account in the Treasury of the United States.

(2) Funds deposited into the special account in the Treasury in accordance with this section in excess of the amounts collected for special forest products during fiscal year 1999 shall be available for expenditure by the Secretary of Agriculture on October 1, 2000 without further appropriation, and shall remain available until expended to pay for—

(A) in the case of funds collected pursuant to subsection (b), the costs of conducting inventories of special forest products, monitoring and assessing the impacts of harvest levels and methods, and for restoration activities, including any necessary vegetation; and

(B) in the case of fees collected pursuant to subsection (c), the costs for which the fees were collected.

(3) Amounts collected in accordance with subsection (b) and subsection (c) shall not be taken into account for the purposes of the sixth paragraph under the heading of "Forest Service" of the Act of May 23, 1908 (16 U.S.C. § 500); section 13 of the Act of March 1, 1911 (16 U.S.C. § 500); the Act of March 4, 1913 (16 U.S.C. § 501); the Act of July 22, 1937 (7 U.S.C. § 1012); the Acts of August 8, 1937 and of May 24, 1939 (43 U.S.C. §§ 1181 et. seq.); the Act of June 14, 1926 (43 U.S.C. § 869–4); chapter 69 of title 31 United States Code; section 401 of the Act of June 15, 1935 (16 U.S.C. § 715s); the Land and Water Conservation Fund Act of 1965 (16 U.S.C. § 460*l*–6a); and any other provision of law relating to revenue allocation.

SEC. 333. Title III, section 3001 of Public Law 106–31 is amended by inserting after the word "Alabama," the following phrase "in fiscal year 1999 or 2000".

SEC. 334. The authority to enter into stewardship and end result contracts provided to the Forest Service in accordance with Section 347 of Title III of Section 101(e) of Division A of Public Law 105–825 is hereby expanded to authorize the Forest Service to enter into an additional 9 contracts in Region One.

SEC. 335. LOCAL EXEMPTIONS FROM FOREST SERVICE DEMONSTRATION PROGRAM FEES. Section 6906 of Title 31, United States Code, is amended—

(1) by inserting "(a) IN GENERAL.—" before "Necessary"; and

(2) by adding at the end the following:

"(b) LOCAL EXEMPTIONS FROM DEMONSTRATION PROGRAM FEES.—

"(1) IN GENERAL.—Each unit of general local government that lies in whole or in part within the White Mountain National Forest and persons residing within the boundaries of that unit of general local government shall be exempt during that fiscal year from any requirement to pay a Demonstration Program Fee (parking permit or passport) imposed by the Secretary of Agriculture for access to the Forest.

"(2) ADMINISTRATION.—The Secretary of Agriculture shall establish a method of identifying persons who are exempt from paying user fees under paragraph (1). This method may include valid form of identification including a drivers license.".

SEC. 336. MILLSITES OPINION. PROHIBITION ON MILLSITE LIMITATIONS.—Notwithstanding the opinion dated November 7, 1997, by the Solicitor of the Department of the Interior concerning millsites under the general mining law (referred to in this section as the "opinion"), in accordance with the millsite provisions of the Bureau of Land Management's Manual Sec. 3864.1.B (dated 1991), the Bureau of Land Management Handbook for Mineral Examiners H–3890–1, page III–8 (dated 1989), and section 2811.33 of the Forest Service Manual (dated 1990), the Department of the Interior and the Department of Agriculture shall not limit the number or acreage of millsites based on the ratio between the number or acreage of millsites and the number or acreage of associated lode or placer claims for any fiscal year.

SEC. 337. Notwithstanding section 343 of Public Law 105–83, increases in recreation residence fees may be implemented in fiscal year 2000: *Provided*, That such an increase would not result in a fee that exceeds 125 percent of the fiscal year 1998 fee.

SEC. 338. No federal monies appropriated for the purchase of land by the Forest Service in the Columbia River Gorge National Scenic Area ("CRGNSA") may be used unless the Forest Service complies with the acquisition protocol set out in this section:

(a) PURCHASE OPTION REQUIREMENT.—Upon the Forest Service making a determination that the agency intends to pursue purchase of land or an interest in land located within the boundaries of the CRGNSA, the Forest Service and the owner of the land or interest in land to be purchased shall enter into a written purchase option agreement in which the landowner agrees to retain ownership of the interest in land to be acquired for a period not to exceed one year. In return, the Forest Service shall agree to abide by the bargaining and arbitration process set out in this section.

(b) OPT OUT.—After the Forest Service and landowner have entered into the purchase option agreement, the landowner may at any time prior to federal acquisition voluntarily opt out of the purchase option agreement.

(c) SELECTION OF APPRAISERS.—Once the landowner and Forest Service both have executed the required purchase option, the landowner and Forest Service each shall select an appraiser to appraise the land or interest in land described in the purchase option. The landowner and Forest Service both shall instruct their appraiser to estimate the fair market value of the land or interest in land to be acquired. The landowner and Forest Service both shall instruct their appraiser to comply with the Uniform Appraisal Standards for Federal Land Acquisitions (Interagency Land Acquisition Conference 1992) and Public Law 91–646 as amended. Both appraisers shall possess qualifications consistent with state regulatory requirements that meet the intent of Title XI, Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

(d) PERIOD TO COMPLETE APPRAISALS.—The landowner and Forest Service each shall be allowed a period of 180 days to provide to the other an appraisal of the land or interest in land described in the purchase option. This 180-day period shall commence upon execution of a purchase option by the landowner and the Forest Service.

(e) BARGAINING PERIOD.—Once the landowner and Forest Service each have provided to the other a completed appraisal, a 45-day period of good faith bargaining and negotiation shall commence. If the landowner and Forest Service cannot agree within this period on the proper purchase price to be paid by the United States for the land or interest in land described in the purchase option, the landowner may request arbitration under subsection (f) of this section.

(f) ARBITRATION PROCESS.—If a landowner and the Forest Service are unable to reach a negotiated settlement on value within the 45-day period of good faith bargaining and negotiation, during the 10 days following this period of good faith bargaining and negotiation the landowner may request arbitration. The process for arbitration shall commence with each party submitting its appraisal and a copy of this legislation, and only its appraisal and a copy of this legislation, to the arbitration panel within 10 days following the receipt by the Forest Service of the request for arbitration. The arbitration panel shall render a written advisory decision on value within 45 days of receipt of both appraisals. This advisory decision shall be forwarded to the Secretary of Agriculture by the arbitration panel with a recommendation to the Secretary that if the land or interest in land at issue is to be purchased that the United States pay a sum certain for the land or interest in land. This sum certain shall fall within the value range established by the two appraisals. Costs of employing the arbitration panel shall be divided equally between the Forest Service and the landowner, unless the arbitration panel recommends either the landowner or the Forest Service bear the entire cost of employing the arbitration panel. The arbitration panel shall not make such a recommendation unless the panel finds that one of the appraisals submitted fails to conform to the Uniform Appraisal Standard for Federal Land Acquisition (Interagency Land Acquisition Conference 1992). In no event, shall the cost of employing the arbitration panel exceed $10,000.

(g) ARBITRATION PANEL.—The arbitration panel shall consist of one appraiser and two lawyers who have substantial experience working with the purchase of land and interests in land by the United States. The Secretary is directed to ask the Federal Center for Dispute Resolution at the American Arbitration Association to develop lists of no less than ten appraisers and twenty lawyers who possess substantial experience working with federal land purchases to serve as third-party neutrals in the event arbitration is requested by a landowner. Selection of the arbitration panel shall be made by mutual agreement of the Forest Service and landowner. If mutual agreement cannot be reached on one or more panel members, selection of the remaining panel members shall be by blind draw once each party has been allowed the opportunity to strike up to 25 percent of the third-party neutrals named on either list. Of the funds available to the Forest Service, up to $15,000 shall be available to the Federal Center for Dispute Resolution to cover the initial cost of establishing this program. Once established, costs of administering the program shall be borne by the Forest Service, but shall not exceed $5,000 a year.

(h) QUALIFICATIONS OF THIRD-PARTY NEUTRALS.—Each appraiser selected by the Federal Dispute Resolution Center, in addition to possessing substantial experience working with federal land purchases, shall possess qualifications consistent with state regulatory requirements that meet the intent of Title XI, Financial Institutions Reform, Recovery & Enforcement Act of 1989. Each lawyer selected by the Federal Dispute Resolution Center, in addition to possessing substantial experience working with federal land purchases, shall be an active member in good standing of the bar of one of the 50 states or the District of Columbia.

(i) DECISION REQUIRED BY THE SECRETARY OF AGRICULTURE.—Upon receipt of a recommendation by an arbitration panel appointed under subsection (g), the Secretary of Agriculture shall notify the landowner and the CRGNSA of the day the recommendation was received. The Secretary shall make a determination to adopt or reject the arbitration panel's advisory decision and notify the landowner and the CRGNSA of this determination within 45 days of receipt of the advisory decision.

(j) ADMISSABILITY.—Neither the fact that arbitration pursuant to this act has occurred nor the recommendation of the arbitration panel shall be admissible in any court or administrative proceeding.

(k) EXPIRATION DATE.—This act shall expire on October 1, 2002.

SEC. 339. A project undertaken by the Forest Service under the Recreation Fee Demonstration Program as authorized by Section 315 of the Department of the Interior and Related Agencies Appropriations Act for Fiscal Year 1996, as amended, shall not result in—

(1) displacement of the holder of an authorization to provide commercial recreation services on Federal lands. Prior to initiating any project, the Secretary shall consult with potentially affected holders to determine what impacts the project may have on the holders. Any modifications to the authorization shall be made within the terms and conditions of the authorization and authorities of the impacted agency.

(2) the return of a commercial recreation service to the Secretary for operation when such services have been provided in the past by a private sector provider, except when—

(A) the private sector provider fails to bid on such opportunities,

(B) the private sector provider terminates its relationship with the agency, or,

(C) the agency revokes the permit for noncompliance with the terms and conditions of the authorization.

In such cases, the agency may use the Recreation Fee Demonstration Program to provide for operations until a subsequent operator can be found through the offering of a new prospectus.

This Act may be cited as the "Department of the Interior and Related Agencies Appropriations Act, 2000".

REED (AND KENNEDY) AMENDMENT NO. 1358

(Ordered to lie on the table.)

Mr. REED (for himself and Mr. KENNEDY) submitted an amendment intended to be proposed by them to the bill, H.R. 2466, supra; as follows:

On page 94, line 7, strike "$86,000,000" and insert "$91,000,000".

On page 132, between lines 20 and 21, insert the following:

SEC. 3. (a) The total discretionary amount made available by this Act is reduced by $5,000,000: *Provided*, That the reduction pursuant to this subsection shall be made by reducing by a uniform percentage the amount made available for travel, supplies, and printing expenses to the agencies funded by this Act.

(b) Not later than 30 days after the date of enactment of this Act, the Director of the Office of Management and Budget shall submit to the Committees on Appropriations of the House of Representatives and the Senate a listing, by account, of the amounts of the reductions made pursuant to subsection (a).

GORTON AMENDMENT NO. 1359

Mr. GORTON proposed an amendment to the bill, H.R. 2466, supra; as follows:

On page 79, line 19 of the bill, strike "under this Act or previous appropriations Acts." and insert in lieu thereof the following: "under this or any other Act."

MURRAY (AND OTHERS) AMENDMENT NO. 1360

Mrs. MURRAY (for herself, Mr. DURBIN, and Mr. KERRY) proposed an amendment to the bill, H.R. 2466, supra; as follows:

On page 122, strike lines 1 through 15.

REID (AND OTHERS) AMENDMENT NO. 1361

Mr. REID (for himself, Mr. CRAIG, and Mr. BRYAN) proposed an amendment to amendment No. 1360 proposed by Mrs. MURRAY to the bill, H.R. 2466, supra; as follows:

In lieu of the language proposed to be stricken, insert:

SEC. . MILLSITES OPINION.

(a) PROHIBITION ON MILLSITE LIMITATIONS.—Notwithstanding the opinion dated November 7, 1997, by the Solicitor of the Department of the Interior concerning millsites under the general mining law (referred to in this section as the "opinion"), in accordance with the millsite provisions of the Bureau of Land Management's Manual Sec. 3864.1.B (dated 1991), the Bureau of Land Management Handbook for Mineral Examiners H-3890-1, page III-8 (dated 1989), and section 2811.33 of the Forest Service Manual (dated 1990), the Department of the Interior and the Department of Agriculture shall not, for any fiscal year, limit the number or acreage of millsites based on the ratio between the number or acreage of millsites and the number or acreage of associated lode or placer claims with respect to any patent application grandfathered pursuant to Section 312 of this Interior Appropriations Act of ; any operation or property for which a plan of operations has been previously approved; any operation or property for which a plan of operations has been submitted to the Bureau of Land Management or Forest Service prior to October 1, 2000; or any subsequent amendment or modification to such approved or submitted plans.

(b) NO RATIFICATION.—Nothing in this Act shall be construed as an explicit or tacit adoption, ratification, endorsement or approval of the opinion.

LIEBERMAN AMENDMENTS NOS. 1362-1364

(Ordered to lie on the table.)

Mr. LIEBERMAN submitted three amendments intended to be proposed by him to the bill, H.R. 2466, supra; as follows:

AMENDMENT NO. 1362

On page 18, line 16, strike "$84,525,000" and insert "$86,025,000".

On page 18, line 19, before the period, insert the following: ", and of which not less than $2,500,000 shall be used to acquire the Weir Farm National Historic Site in Connecticut".

On page 77, line 16, strike "$390,975,000" and insert "$389,475,000".

On page 77, line 19, before the colon, insert the following: ", and of which not more than $30,796,000 shall be used for exploration and production supporting research".

AMENDMENT NO. 1363

On page 17, line 10, strike "$42,412,000" and insert "$43,912,000".

On page 17, line 14, before the period, insert the following: ", and of which not less than $1,500,000 shall be used for the preservation of the Mark Twain House in Connecticut".

On page 63, line 1, strike "$1,239,051,000" and insert "$1,237,551,000".

On page 63, line 6, before the period, insert the following: ": *Provided*, That, of the amounts made available under this heading, not more than $227,400,000 may be used for timber sales management".

AMENDMENT NO. 1364

On page 18, line 16, strike "$84,525,000" and insert "$86,525,000".

On page 18, line 19, before the period, insert the following: ", and of which not less than $2,000,000 shall be used to purchase 668 acres of land in Connecticut, known as "Trout Brook Valley", from the Aspetuck Land Trust".

On page 63, line 1, strike "$1,239,051,000" and insert "$1,237,051,000".

On page 63, line 6, before the period, insert the following: ": *Provided*, That, of the amounts made available under this heading, not more than $226,900,000 may be used for timber sales management".

TAXPAYER REFUND ACT OF 1999

ABRAHAM (AND WYDEN) AMENDMENT NO. 1365

(Ordered to lie on the table.)

Mr. ABRAHAM (for himself and Mr. WYDEN) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert:

SEC. . EXPANSION OF DEDUCTION FOR COMPUTER DONATIONS TO SCHOOLS.

(a) EXTENSION OF AGE OF ELIGIBLE COMPUTERS.—Section 170(e)(6)(B)(ii) (defining qualified elementary or secondary educational contribution) is amended—

(1) by striking "2 years" and inserting "3 years", and

(2) by inserting "for the taxpayer's own use" after "constructed by the taxpayer".

(b) REACQUIRED COMPUTERS ELIGIBLE FOR DONATION.—

(1) IN GENERAL.—Section 170(e)(6)(B)(iii) (defining qualified elementary or secondary educational contribution) is amended by inserting ", the person from whom the donor reacquires the property," after "the donor".

(2) CONFORMING AMENDMENT.—Section 170(e)(6)(B)(ii) is amended by inserting "or reaquired" after "acquired".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable years ending after the date of the enactment of this Act.

SEC. 2. CREDIT FOR COMPUTER DONATIONS TO SCHOOLS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by this Act, is amended by adding at the end the following:

"SEC. 45E. CREDIT FOR COMPUTER DONATIONS TO SCHOOLS.

"(a) GENERAL RULE.—For purposes of section 38, the school computer donation credit determined under this section is an amount equal to 30 percent of the qualified elementary or secondary educational contributions made by the taxpayer during the taxable year.

"(b) QUALIFIED ELEMENTARY OR SECONDARY EDUCATIONAL CONTRIBUTION.—For purposes of this section, the term 'qualified elementary or secondary educational contribution' has the meaning given such term by section 170(e)(6)(B), except that such term shall include the contribution of a computer (as defined in section 168(i)(2)(B)(ii)) only if computer software (as defined in section 197(e)(3)(B)) that serves as a computer operating system has been lawfully installed in such computer.

"(c) Increased Percentage for Contributions to Schools in Empowerment Zones, Enterprise Communities, and Indian Reservations.—In the case of a qualified elementary or secondary educational contribution to an educational organization or entity located in an empowerment zone or enterprise community designated under section 1391 or an Indian reservation (as defined in section 168(j)(6)), subsection (a) shall be applied by substituting '50 percent' for '30 percent'.

"(d) Certain Rules Made Applicable.—For purposes of this section, rules similar to the rules of paragraphs (1) and (2) of section 41(f) shall apply.

"(e) Termination.—This section shall not apply to taxable years beginning on or after the date which is 3 years after the date of the enactment of the New Millennium Classrooms Act."

(b) Current Year Business Credit Calculation.—Section 38(b) (relating to current year business credit), as amended by this Act, is amended by striking "plus" at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting ", plus", and by adding at the end the following:

"(14) the school computer donation credit determined under section 45E(a)."

(c) Disallowance of Deduction by Amount of Credit.—Section 280C (relating to certain expenses for which credits are allowable) is amended by adding at the end the following:

"(d) Credit for School Computer Donations.—No deduction shall be allowed for that portion of the qualified elementary or secondary educational contributions (as defined in section 45E(b)) made during the taxable year that is equal to the amount of credit determined for the taxable year under section 45E(a). In the case of a corporation which is a member of a controlled group of corporations (within the meaning of section 52(a)) or a trade or business which is treated as being under common control with other trades or businesses (within the meaning of section 52(b)), this subsection shall be applied under rules prescribed by the Secretary similar to the rules applicable under subsections (a) and (b) of section 52."

(d) Limitation on Carryback.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

"(9) No carryback of school computer donation credit before effective date.—No amount of unused business credit available under section 45E may be carried back to a taxable year beginning on or before the date of the enactment of this paragraph."

(e) Clerical Amendment.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 45D the following:

"Sec. 45E. Credit for computer donations to schools."

(f) Effective Date.—The amendments made by this section shall apply to contributions made in taxable years beginning after the date of the enactment of this Act.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

GRAHAM (AND OTHERS) AMENDMENT NO. 1366

(Ordered to lie on the table.)

Mr. GRAHAM (for himself, Mr. Enzi, Mr. Bryan, Mr. Reid, Mr. Voinovich, Mr. Grams, and Mr. Lugar) submitted an amendment intended to be proposed by them to the bill, H.R. 2466, supra; as follows:

At the appropriate place, insert the following:

SEC. . PROHIBITION ON CLASS III GAMING PROCEDURES

No funds made available under this Act may be expended to implement the final rule published on April 12, 1999, at 64 Fed. Reg. 17535.

ABRAHAM AMENDMENT NO. 1367

(Ordered to lie on the table.)

Mr. ABRAHAM submitted an amendment intended to be proposed by him to the bill, H.R. 2466, supra; as follows:

On page 17, line 25, after the colon insert the following: "*Provided further*, That $1,030,000 shall be made available for Isle Royale National Park to address visitor facility and infrastructure deterioration:".

MUHAMMAD ALI BOXING REFORM ACT

McCAIN AMENDMENT NO. 1368

Mr. SESSIONS (for Mr. McCain) proposed an amendment to the bill (S. 305) to reform unfair and anticompetitive practices in the professional boxing industry; as follows:

On page 5, line 2, before "The" insert "(a) In General.—".

On page 9, between lines 17 and 18, insert the following:

(b) Effective Date.—The amendments made by subsection (a) apply to contracts executed after the date of enactment of this Act.

On page 9, line 25, strike "by".

On page 10, beginning in line 3, strike "that sanctions professional boxing matches on an interstate basis".

On page 11, line 2, strike "within 14 days".

On page 11, line 4, insert "within 5 business days" before "mail".

On page 11, line 8, strike "post a copy, within the 14-day period," and insert "immediately post a copy".

On page 11, line 14, strike "Commissions." and insert "Commissions if the organization does not have an address for the boxer or does not have an Internet website or homepage.

On page 12, line 20, strike "Alternative.—In lieu of" and insert "Posting.—In addition to".

On page 12, line 23, strike "may" and insert "shall".

On page 15, line 1, strike 'by".

On page 18, line 11, after "9(b)," insert "9(c),".

On page 18, line 15, strike "the violations occur", and insert "a violation occurs".

On page 18, beginning in line 17, strike "such additional amount as the court finds appropriate," and insert "an additional amount which bears the same ratio to $100,000 as the amount of the gross revenues in excess of $2,000,000 bears to $2,000,000,".

On page 18, line 19, strike "and".

On page 18, between lines 19 and 20, insert the following:

(3) striking in "section 9" in paragraph (3), as redesignated, and inserting "section 9(a)"; and

On page 18, line 20, strike "(3)" and insert "(4)".

On page 19, line 4, strike "which the practice involves;" and insert "that involves such practices;".

On page 19, line 15, strike the closing quotation marks and the second period.

On page 19, between lines 15 and 16, insert the following:

"(e) Enforcement Against Federal Trade Commission, State Attorneys General, Etc.—Nothing in this Act authorizes the enforcement of—

"(1) any provision of this Act against the Federal Trade Commission, the United States Attorney General, the chief legal officer of any State for acting or failing to act in an official capacity;

"(2) subsection (d) of this section against a State or political subdivision of a State, or any agency or instrumentality thereof; or

"(3) section 15 against a boxer acting in his capacity as a boxer.".

On page 20, line 5, strike "amended—" and insert "amended by—".

On page 20, line 6, strike "by".

On page 20, line 7, strike "by".

REID AMENDMENT NO. 1369

Mr. SESSIONS (for Mr. Reid) proposed an amendment to the bill, S. 305, supra; as follows:

On page 18, line 11, strike "or 17" and insert 17, or 18".

On page 20, after line 13, insert the following:

SEC. 9. REQUIREMENTS FOR CONTRACTS BETWEEN BOXERS AND BROADCASTING COMPANIES.

(a) In General.—The Professional Boxing Safety Act of 1996 (15 U.S.C. 6301 et seq.), as amended by section 6, is amended—

(1) by redesignating section 18, as redesignated by section 6 of this Act, as section 19; and

(2) by inserting after section 17 the following:

"SEC. 18. CONTRACTS BETWEEN BOXERS AND BROADCASTING COMPANIES.

"(a) Contract Requirements.—Any contract between a boxer and a broadcast for the broadcaster of a boxing match in which that boxer is competing shall—

"(1) include mutual obligations between the parties; and

"(2) specify either—

"(A) the number of bouts to be broadcast; or

"(B) the duration of the contract.

"(b) Prohibitions.—A broadcaster may not—

"(1) require a boxer to employ a relative or associate of the broadcaster in any capacity as a condition of entering into a contract with the broadcaster;

"(2) have a direct or indirect financial interest in the boxer's manager or management company; or

"(3) make a payment, or provide other consideration, (other than of a de minimus amount or value) to a sanctioning organization or any officer or employee of such an organization in connection with any boxer with whom the broadcaster has a contract, or against whom a boxer with whom is broadcaster has a contract is competing.

"(c) NOTIFICATION OF REDUCTION IN AGREED AMOUNT.—If a broadcaster has a contract with a boxer to broadcast a match in which that boxer is competing, and the broadcaster reduces the amount it agreed to pay the boxer under that contract (whether unilaterally or by mutual agreement), the broadcaster shall notify, in writing within 48 hours after the reduction, the supervising State commission for that match of the reduction.

"(d) ENFORCEMENT.—

"(1) CONTRACT.—A provision in a contract between a broadcaster and a boxer that violates subsection (a) is contrary to public policy and unenforceable at law.

"(2) PROHIBITIONS; NOTIFICATION.—For enforcement of subsections (b) and (c), see section 10.".

(b) BROADCASTER DEFINED.—Section 2 of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6301), as amended by section 8 of this Act, is amended by adding at the end thereof the following:

"(13) BROADCASTER.—The term 'broadcaster' means any person who is a licensee as that term is defined in section 3(24) of the Communications Act of 1934 (47 U.S.C. 153(24)).". .

MOYNIHAN AMENDMENT NO. 1370

Mr. SESSIONS (for Mr. MOYNIHAN) proposed an amendment to the bill, S. 305, supra; as follows:

On page 20, after line 13, add the following:

(d) STANDARDIZED PHYSICAL EXAMINATIONS.—Section 5(1) of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6304(1)) is amended by inserting after "examination" the following: ", based on guidelines endorsed by the American Medical Association, including a circulo-respiratory check and a neurological examination.".

(e) CAT SCANS.—Section 6(b)(2) of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6305(b)(2)) is amended by inserting before the period the following: "and, with respect to such renewal, present proof from a physician that such boxer has taken a computerized axial tomography (CAT) scan within the 30-day period preceding that date on which the renewal application is submitted and that no brain damage from boxing has been detected".

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

DURBIN AMENDMENT NO. 1371

(Ordered to lie on the table.)

Mr. DURBIN submitted an amendment intended to be proposed by him to the bill, H.R. 2466, supra; as follows:

At the end of the bill add the following:

SEC. 3 . SHAWNEE NATIONAL FOREST, ILLINOIS.

None of the funds made available under this Act may be used to—

(1) develop a resource management plan for the Shawnee National Forest, Illinois; or

(2) make a sale of timber for commodity purposes produced on land in the Shawnee National Forest from which the expected cost of making the timber available for sale is greater than the expected revenue to the United States from the sale.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. ENZI. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry, be allowed to meet during the session of the Senate on Tuesday, July 27, 1999. The purpose of this meeting will be to discuss consolidation and anti-trust issues in agricultural business.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. ENZI. Mr. President, I ask unanimous consent that the full Committee on Environment and Public Works be granted permission to meet to mark up S. 1090, the Superfund Program Completion Act of 1999, Tuesday, July 27, 9:30 a.m., Hearing Room (SD-406).

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FINANCE

Mr. ENZI. Mr. President, the Finance Committee requests unanimous consent to conduct a hearing on Tuesday, July 27, 1999 beginning at 2:30 p.m. in room 215 Dirksen.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. ENZI. Mr. President, I ask unanimous consent that the Committee on Health, Labor, and Pensions be authorized to meet for a hearing on "Innovations in Child Care" during the session of the Senate on Tuesday, July 27, 1999, at 10:00 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. ENZI. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet for a hearing re Oversight of the Criminal Division of the Department of Justice, during the session of the Senate on Tuesday, July 27, 1999, at 2:00 p.m., in SD 628.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON AFRICAN AFFAIRS

Mr. ENZI. Mr. President, I ask unanimous consent that the Subcommittee on African Affairs be authorized to meet during the session of the Senate on Tuesday, July 27, 1999 at 2:15 p.m. to hold a roundtable.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON COMMUNICATIONS

Mr. ENZI. Mr. President, I ask unanimous consent that the communications subcommittee of the Senate Committee on Commerce, Science, and Transportation be authorized to meet on Tuesday, July 27, 1999, at 9:30 a.m. on privacy on the Internet.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON FOREST & PUBLIC LAND MANAGEMENT

Mr. ENZI. Mr. President, I ask unanimous consent that the Subcommittee on Forests & Public Land Management of the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Tuesday, July 27, for purposes of conducting a subcommittee hearing which is scheduled to begin at 2:30 p.m. The purpose of this hearing is to receive testimony on S. 439, a bill to amend the National Forest & Public Land of Nevada Enhancement Act of 1988 to adjust the boundary of the Toiyabe National Forest, Nevada, S. 719, a bill to provide for the orderly disposal of certain Federal land in the State of Nevada and for the acquisition of environmentally sensitive land in the State, and for other purposes; S. 930, a bill to provide for the sale of certain public land in the Ivanpah Valley, Nevada, to the Clark County, Nevada, Department of Aviation, S. 1030, a bill to provide that the conveyance by the Bureau of Land Management of the surface estate to certain land in the State of Wyoming in exchange for certain private land will not result in the removal of the land from operation of the mining laws; S. 1288, a bill to provide incentives for collaborative forest restoration projects on National Forest System and other public lands in New Mexico, and for other purposes; and S. 1374, a bill to authorize the development and maintenance of a multiagency campus project in the town of Jackson, Wyoming.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

BETH KENNETT AND TRADE MISSION TO IRELAND

• Mr. LEAHY. Mr. President, one of the real treasures of my State of Vermont are the people who live and work there. Recently, I had the pleasure of leading a trade mission to Ireland with a group of Vermont business owners seeking strategic business alliances to increase trade and tourism between our state and Ireland. One of the members of the delegation, Beth Kennett, traveled to Ireland with specific goals in mind—to increase tourism from Ireland to Vermont and to learn more about agri-tourism.

Beth Kennett is the president of Vermont Farms! as well as a co-owner, along with her husband Bob, of a dairy farm that also serves as a bed and breakfast. On the trip, Mrs. Kennett was hosted by representatives of the agri-tourism industry and visited several agri-tourism farms. She was very enthusiastic throughout her stay and commented later on the diversity of her experiences. She said that one day she found herself wearing Wellies and the next she was meeting the Lord and Lady of the Manor.

I can gladly say that our mission was a success. We were able to open up doors for new business relationships and tourism between Ireland and Vermont, while also bringing back information on how to develop agri-tourism in Vermont. I ask that an article by Associated Press writer David Gram regarding Mrs. Kennett's experience be printed in the record.

The article follows:

[From the Associated Press, June 23, 1999]

FARM LIFE GROWS AS TOURISM DRAW IN VERMONT

(By David Gram)

ROCHESTER, VT. Beth Kennett calls the big, five-story, red barn with its cupola topped with a Holstein-shaped weathervane "one of the cathedrals of the country."

And if people from around the world travel to Paris to see the Notre Dame, why not to Rochester's Liberty Hill to see her farm?

In fact, they do. In addition to milking one of the most productive small herds of registered Holsteins in the state, Kennett, her husband Bob and her sons Tom and David—young men who are following their parents into farming—open their sprawling, two-century-old farmhouse to travelers.

They're part of a growing number of Vermont farmers who are bridging the gap between two of the mainstays of Vermont's economy: agriculture and tourism.

The Kennetts' house dates from 1825, the barn from 1889, there are splendid views of the surrounding hills, a mile of frontage on the White River with several good swimming holes, and hiking trails in the abutting Green Mountain National Forest. Down in the well kept barn, there are 65 milkers and, occasionally, a newborn calf to marvel at.

Kennett got into the hospitality business when a big drop in prices paid to farmers for milk in 1984 prompted her and her family to look for new sources of income.

"We took stock of our assets, and decided that since we had this big old farmhouse with 18 rooms, we might as well take advantage of it," she recalled.

Now she's got a regular clientele of guests who return year after year, she's president of a statewide association of farmers who offer lodging, tours and other amenities for visitors, and she's just back from joining Sen. Patrick Leahy, D-Vt., on a trade mission to Ireland.

For a full dinner, big breakfast and charming country lodgings complete with wide-board floors, flowered wallpaper and a claw-foot bathtub, Kennett charges $70 per adult and $30 per child. The house can accommodate 15 guests and occasionally is the destination for reunions of several branches of the same family.

"Not only has it been a diversification of income for the farm, but it's been invaluable in the number of friends we've made over the years. And it's a wonderful opportunity to educate the public about agriculture," she said.

Kennett is president of an association called VT Farms!, which has grown to 56 members in less than three years of existence.

Their offerings range from pick-your own strawberries and apples to wine tasting to petting zoos. Some 15 to 20 accommodate overnight guests, according to Ron Fisher, who tracks the industry for the Vermont Department of Agriculture.

"What we're looking for with agri-tourism is to literally make this another revenue stream for farmers," Fisher said. "It's not going to replace the milk check, but it's another source of cash flow to the individual who's going to open up the farm to agri-tourism."

Agri-tourism may be due for a boost from the federal government. Rep. Bernard Sanders, I-Vt., announced earlier this month that the U.S. House had approved a $1 million appropriation for a pilot project to promote the fledgling industry.

Kennett said if some funds become available, she may look for Vermont to apply some of the ideas she picked up in Ireland, where she said farm-based tourism is widely practiced, accepted and considered an integral part of the country's allure for visitors.

Fisher said state officials hope agri-tourism can help stanch the loss of farms in Vermont. There were more than 20,000 in 1950, the fast majority of them dairy operations; today there are fewer than 3,000 dairy farms in the state. Kennett said there were 11 farms shipping milk when she and her husband moved to Rochester from Addison 20 years ago; today, she said, theirs is the last farm in Rochester shipping milk.

Blending a working farm with a hospitality business is a lot of work. Kennett said she's up at milking time to make breakfast for her guests, and spends afternoon preparing dinner for her family and up to 15 guests.

But she said she has no complaints. It's been a great way to beat the isolation which can be a feature of Vermont farm life. She doesn't need to visit the world's concert halls, because there's a family of accomplished violinists who visit every year from Newton, Mass., and put on a concert at the farm.

Then there's the art professor and his class who arrive en masse for a week occasionally. They paint the surrounding scenery and then put on an art show at week's end. And there's the magician from New York who comes and puts on a show each Fourth of July.

"I don't need to go off and see the world," Kennett said."The world comes to me."•

TRIBUTE TO VERY REVEREND A.G. DOUMATO

Mr. CHAFEE. Mr. President. I rise today to praise and commend the dedication and commitment of Very Reverend Abdulahad Gabriel Doumato who, for the past fifty years, has led the parish of Saint Ephraim's Syrian Orthodox Church in Rhode Island.

Approximately 300 friends, family members, clergymen, elected officials, and parishioners will gather on Sunday, August 1st, to honor Father Doumato on this milestone. A native of Syria, we in his adopted state of Rhode Island have benefitted from and been enriched by Father Doumato's selfless service, devotion, compassion and wisdom—attributes which have characterized his long and distinguished tenure.

Father Doumato is a compassionate individual who cares profoundly for his community. He is a deeply peaceful and religious man who possesses boundless hope and optimism. He has consistently and successfully worked for the betterment of his community and has always served with faith and devotion. Indeed, he is a man of integrity, flawless character, unquestionable commitment, and one who has earned a sterling reputation as a pillar of his community.

The original community of Saint Ephraim's Church in Rhode Island was formed by a group of immigrant families who came to the United States before the turn of the century. This small, industrious community managed to buy a house and use it as a parish center and chapel for worship. The church was subsequently chartered in 1913.

Although Saint Ephraim's has only been in existence for 86 years, the Syrian Orthodox Church has its roots in the original Christian Church of Jerusalem. The dean of Apostles, Saint Peter, who personally anointed his successor before his journey to Rome, founded the Church in Antioch. The Church's current supreme leader, His Holiness Mor Ignatius Zakka I, Patriarch of Antioch and all the East, is the 122nd direct successor of Saint Peter. The church claims a wealth of theological, liturgical, and musical traditions. Indeed, to this day the liturgy is conducted in Aramaic, the language spoken by Jesus Christ, and was the lingua franca in the Near East.

Mr. President, Father Doumato has enjoyed an interesting and fulfilling career in the ministry of his church. Like many of us, his life has been filled with challenges, hardships and hope. Unlike many of us, however, he has enjoyed some truly unique and rich experiences. He was born in 1918 and raised in the shadow of the Cathedral Church of the Virgin Mary in the city of Homs, Syria. He was educated in Homs, first in his Church's school and later by Jesuit Brothers. His interest in theology and his Church was an early and important part of his life. His father, the late Gabriel Doumato, who immigrated to Rhode Island in 1973, was an ardent supporter of the Church and served his community in many capacities.

Upon completing his education, Father Doumato taught in the Church's schools across Syria. At the beginning of World War II, he entered the French-run National Police Academy and graduated with honors in 1939. For the next ten years, he served as a member of the National Police Force. Throughout this period, he continued to serve the Church as a deacon and was constantly urged by His Holiness Patriarch Ephraim, the Church's supreme leader, to join the ministry. In 1949, he resigned his commission and entered the Seminary of the Syrian Orthodox Church in Syria.

Father Doumato was ordained into the priesthood in August 1950 by His Holiness Patriarch Ephraim and immediately assigned to serve the church in Central Falls, Rhode Island. Because of visa delays however, he was unable to attend to this position for two years. In the meantime, he remained in Homs and served as personal secretary to His Holiness the Patriarch.

Accompanied by his wife, Victoria, and their four young children, Father Doumato arrived in Rhode Island in August 1952 to lead his new congregation. Ever since his arrival, Father Doumato has quietly and faithfully served God, his parish, our State and, indeed, our country. He has also authored numerous publications about the history of the church and its Divine Liturgy. In 1970, his dedication and self-sacrifice was recognized and honored when he was elevated to the position of Cor-Episcopose—the highest distinction of the priesthood. In 1991, he was again honored for his service and was awarded the Holy Cross of the Archdioceses of the United States and Canada.

In closing, I would like to extend my very best wishes on this special occasion to Father Doumato, to his family, and to his parishioners at Saint Ephraim's Church. We are all very proud of Father Doumato, and appreciative of his many contributions to his community, and to our state.

I would now like to recognize my colleague, Senator REED, who also wishes to honor Father Doumato.●

● Mr. REED. Mr. President, I, too, wish to join Senator CHAFEE in paying tribute to the Very Reverend Abdulahad Gabriel Doumato on the occasion of his fiftieth anniversary as leader of the parish of Saint Ephraim's Syrian Orthodox Church in Rhode Island.

A proud and patriotic "American", Father Doumato loves his adopted country and is happiest when helping the new immigrants within his flock assimilate into American society. Mr. President, Father Doumato is responsible for sponsoring hundreds of new citizens to our great nation, granting them the opportunity to live the American dream. He has educated these families—including those of six of his brothers and sisters—about our system of government and the privilege, opportunity, and responsibility of American citizenship.

Father Doumato is often heard telling his parishioners, "There is no country like the United States. It truly is the land of opportunity and you should thank God for the opportunity you have to live in this great land." A good shepherd, Father Doumato has been a shining example to his family and his flock.

The Doumatos are a sizable and considerable clan in Rhode Island—the extended family numbers over 120 persons. We cannot imagine that there has been a single elected official in the Blackstone Valley area, or across the State, that has not come into contact with a member of the family. Indeed, father Doumato's children, grandchildren, nephews and nieces have been industrious citizens and have served our country in numerous positions of distinction, including as officers in the Armed Forces, diplomats, university educators, U.S. Senate aides and senior advisors, engineers, and leaders in law, the arts, medicine, commerce and industry. He and his family have richly contributed to the betterment of our community in Rhode Island.

Mr. President, in closing, I would also like to wish Reverend Doumato and his wife, Victoria, a happy and healthy 57th Anniversary, which they will celebrate later this year.

May his children and grandchildren—along with his parishioners—continue to benefit from his wisdom!●

RETIREMENT OF LIEUTENANT GENERAL PATRICK M. HUGHES

● Mr. BAUCUS. Mr. President, I rise today to bring to the attention of Senators the retirement of Lieutenant General Patrick M. Hughes of the United States Army. A native of Great Falls Montana, I am proud that one of our native sons has made such a vital contribution to the defense of this great country, through a military career spanning nearly 40 years.

The recipient of many military awards and honors, including the Defense Distinguished Service Medal, the Silver Star, the Purple Heart and the Bronze Star, General Hughes has been a valuable friend to me and the people he has served in his distinguished career.

Although we have come to expect people of high caliber and dedication in our armed forces, General Hughes' service has been exceptional. Most recently assigned as the Director for Intelligence, J2, the Joint Staff, General Hughes began his military career in 1962. Following completion of his enlistment in 1965, he attended Montana State University, where he graduated in 1968. He was then commissioned in the U.S. Army infantry, and served two tours in Vietnam. He commanded several military intelligence (MI) detachments, an MI battalion, an MI brigade and the Army Intelligence Agency. He also served in senior staff positions, including a tour as the J2 of the U.S. Central Command.

Throughout his distinguished career, General Hughes' tireless and sincere dedication to the men and women in uniform has vastly improved their quality of life and mission readiness. As he retires from the United States Army, he will leave behind a tremendous legacy.

Mr. President, General Hughes is a great credit to the Army and the Nation. I salute him for his many years of selfless service to our country, and offer my gratitude to him, his wife Karlene and their sons, Barry and Chad, on the occasion of his retirement from the United States Army. I know I speak for the people of my state when I say that I am proud of General Hughes; I know that I speak for all Americans when I say that he will be missed.●

CHANNEL ONE NETWORK

● Mr. BROWNBACK. Mr. President, I will ask to include in the CONGRESSIONAL RECORD two letters recognizing the efforts of the Channel One Network in educating school-age children in the dangers of drug use.

These letters were originally included in the transcript of the Senate Committee on Health, Education, Labor, and Pensions hearing on July 13 regarding Drug Free Schools.

The first is from Richard Bonnette, President of the Partnership for a Drug Free America. Mr. Bonnette thanks Channel One for supporting the mission of Partnership for a Drug-Free America by changing millions of young people's attitudes about drugs.

In the second letter, I join Mr. Bonnette's praise of Channel One's airing of $25 million worth of pro bono anti-drug public service announcements over the last ten years as part of its news broadcasts to school-aged children.

I am pleased to join Mr. Bonnette in congratulating Channel One on their efforts.

I ask that these letters be printed in the RECORD.

The letters follow.

U.S. SENATE,
Washington, DC, July 14, 1999.

Hon. JAMES JEFFORDS,
Chairman, Senate Committee on Health, Education, Labor, and Pensions, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I respectfully request that the attached letter from Richard Bonnette, President and CEO of the Partnership for a Drug-Free America be made a part of the record for the Committee's July 13, 1999 hearing on Drug Free Schools.

Mr. Bonnette writes in praise of the excellent public service of the Channel One Network in educating our nation's youth about the dangers of drug use. I would like to join Mr. Bonnette's praise of the Channel One Network.

Over the past ten years, Channel One has aired more than $25 million worth of anti-drug public service announcements as part of its news broadcasts to school-aged children. The efforts of the Channel One Network demonstrates good corporate citizenship. When we in Congress call upon the media and entertainment industries to act responsibly for the benefit of our children, this is part of what we are talking about.

Mr. Bonnette's letter refers to a study conducted between 1995–1997 by the Partnership for a Drug Free America. The study found strong evidence that students in Channel One schools had significantly more negative attitudes about drugs, and were much more aware of the risks of drugs than students in non-Channel One schools. I am pleased to here add my praise of their efforts.

Sincerely,

SAM BROWNBACK,
U.S. Senator.

PARTNERSHIP FOR A
DRUG-FREE AMERICA,
New York, NY, May 14, 1999.

Mr. KEVIN MCALILEY,
President and CEO, Channel One Network,
New York, NY.

DEAR MR. MCALILEY: I am writing to thank Channel One for its unceasing dedication and steadfast commitment to educating the young people of this country about the dangers of drug use. Channel One has supported the Partnership's mission by extensively covering the drug issue through your programming and by airing more than $25 million worth of anti-drug public service announcements—pro bono—since your inception in 1990. The incontrovertible fact is that because of Channel One, millions of teens are keeping away from drugs.

For the past ten years, Channel One has been instrumental in supporting Partnership for a Drug-Free America's mission by changing millions of young people's attitudes about drugs. This is not speculation—it is fact. The Partnership conducted the Partnership Attitude Tracking Study, 1995–1997 and compared Channel One students' attitudes towards drug use versus those of students from non-Channel One schools. The study found conclusive evidence that Channel One students had significantly more negative attitudes about drugs and were much more aware of the risks of drugs than students in non-Channel One schools. By utilizing your Web site, Channel One has also been able to expand its reach beyond the Channel One school audience and encourage national youth involvement in this issue.

Please accept our thanks and congratulations for Channel One's important work. Channel One's passion and concern for America's children is admirable and your support of the Partnership has been vital in reinforcing anti-drug messages to teens.

Sincerely,

RICHARD D. BONNETTE.•

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

On July 22, 1999, the Senate passed S. 1217. The text of the bill follows:

S. 1217

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies programs for the fiscal year ending September 30, 2000, and for other purposes, namely:

TITLE I—DEPARTMENT OF JUSTICE

GENERAL ADMINISTRATION

SALARIES AND EXPENSES

For expenses necessary for the administration of the Department of Justice, $82,485,000, of which not to exceed $3,317,000 is for the Facilities Program 2000, to remain available until expended: *Provided*, That not to exceed 43 permanent positions and 44 full-time equivalent workyears and $8,136,000 shall be expended for the Department Leadership Program exclusive of augmentation that occurred in these offices in fiscal year 1999: *Provided further*, That not to exceed 41 permanent positions and 48 full-time equivalent workyears and $4,811,000 shall be expended for the Offices of Legislative Affairs and Public Affairs: *Provided further*, That the latter two aforementioned offices may utilize non-reimbursable details of career employees within the caps described in the aforementioned proviso.

JOINT AUTOMATED BOOKING SYSTEM

For expenses necessary for the nationwide deployment of a Joint Automated Booking System, $6,000,000, to remain available until expended.

NARROWBAND COMMUNICATIONS

For the costs of conversion to narrowband communications as mandated by section 104 of the National Telecommunications and Information Administration Organization Act (47 U.S.C. 903(d)(1)), $20,000,000, to remain available until expended: *Provided*, That such funds may be transferred to any Department of Justice organization upon approval by the Attorney General: *Provided further*, That any transfer pursuant to the previous proviso shall be treated as a reprogramming under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

COUNTERTERRORISM FUND

For necessary expenses, as determined by the Attorney General, $27,000,000, to remain available until expended, to reimburse any Department of Justice organization for (1) the costs incurred in reestablishing the operational capability of an office or facility which has been damaged or destroyed as a result of any domestic or international terrorist incident; (2) the costs of providing support to counter, investigate or prosecute domestic or international terrorism, including payment of rewards in connection with these activities; and (3) the costs of conducting a terrorism threat assessment of Federal agencies and their facilities: *Provided*, That any Federal agency may be reimbursed for the costs of detaining in foreign countries individuals accused of acts of terrorism that violate the laws of the United States: *Provided further*, That funds provided under this paragraph shall be available only after the Attorney General notifies the Committees on Appropriations of the House of Representatives and the Senate in accordance with section 605 of this Act.

TELECOMMUNICATIONS CARRIER COMPLIANCE FUND

For payments authorized by section 109 of the Communications Assistance for Law Enforcement Act (47 U.S.C. 1008), $15,000,000, to remain available until expended.

ADMINISTRATIVE REVIEW AND APPEALS

For expenses necessary for the administration of pardon and clemency petitions and immigration related activities, $30,727,000.

In addition, $59,251,000 for such purposes, to remain available until expended, to be derived from the Violent Crime Reduction Trust Fund.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, $32,049,000; including not to exceed $10,000 to meet unforeseen emergencies of a confidential character, to be expended under the direction of, and to be accounted for solely under the certificate of, the Attorney General.

UNITED STATES PAROLE COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the United States Parole Commission as authorized by law, $7,176,000.

LEGAL ACTIVITIES

SALARIES AND EXPENSES, GENERAL LEGAL ACTIVITIES

For expenses necessary for the legal activities of the Department of Justice, not otherwise provided for, including not to exceed $20,000 for expenses of collecting evidence, to be expended under the direction of, and to be accounted for solely under the certificate of, the Attorney General; and rent of private or Government-owned space in the District of Columbia, $299,260,000; of which not to exceed $10,000,000 for litigation support contracts shall remain available until expended: *Provided*, That of the funds available in this appropriation, not to exceed $55,166,000 shall remain available until expended for office automation systems for the legal divisions covered by this appropriation, and for the United States Attorneys, the Antitrust Division, and offices funded through "Salaries and Expenses", General Administration: *Provided further*, That of the total amount appropriated, not to exceed $1,000 shall be available to the United States National Central Bureau, INTERPOL, for official reception and representation expenses.

In addition, $185,740,000 for such purposes, to remain available until expended, to be derived from the Violent Crime Reduction Trust Fund.

In addition, for reimbursement of expenses of the Department of Justice associated with processing cases under the National Childhood Vaccine Injury Act of 1986, as amended, not to exceed $4,028,000, to be appropriated from the Vaccine Injury Compensation Trust Fund.

SALARIES AND EXPENSES, ANTITRUST DIVISION

For expenses necessary for the enforcement of antitrust and kindred laws, $112,318,000: *Provided*, That, notwithstanding section 3302(b) of title 31, United States Code, not to exceed $112,318,000 of offsetting collections derived from fees collected in fiscal year 2000 for premerger notification filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. 18a) shall be retained and used for necessary expenses in this appropriation, and shall remain available until expended: *Provided further*, That the sum herein appropriated from the General Fund shall be reduced as such offsetting collections are received during fiscal year 2000, so as to result in a final fiscal year 2000 appropriation from the General Fund estimated at not more than $0.

SALARIES AND EXPENSES, UNITED STATES ATTORNEYS

For necessary expenses of the Offices of the United States Attorneys, including intergovernmental and cooperative agreements, $589,478,000; of which not to exceed $2,500,000 shall be available until September 30, 2000, for (1) training personnel in debt collection, (2) locating debtors and their property, (3) paying the net costs of selling property, and (4) tracking debts owed to the United States Government: *Provided*, That of the total amount appropriated, not to exceed $8,000 shall be available for official reception and representation expenses: *Provided further*, That, notwithstanding any other provision of this Act, of the amount made available under this heading, not to exceed $20,000,000 may be transferred to, and merged with, funds in the "Federal Prisoner Detention" appropriations account: *Provided further*, That not to exceed $10,000,000 of those funds available for automated litigation support contracts shall remain available until expended: *Provided further*, That not to exceed $2,500,000 for the operation of the National

Advocacy Center shall remain available until expended: *Provided further*, That not to exceed $1,000,000 shall remain available until expended for the expansion of existing Violent Crime Task Forces in United States Attorneys Offices into demonstration projects, including inter-governmental, inter-local, cooperative, and task-force agreements, however denominated, and contracts with State and local prosecutorial and law enforcement agencies engaged in the investigation and prosecution of violent crimes: *Provided further*, That, in addition to reimbursable full-time equivalent workyears available to the Offices of the United States Attorneys, not to exceed 9,044 positions and 9,312 full-time equivalent workyears shall be supported from the funds appropriated in this Act or made available during fiscal year 2000 under any other Act for the United States Attorneys, of which 2,107 positions and 2,171 full-time equivalents shall be dedicated to civil or civil defensive litigation: *Provided further*, That $27,000,000 shall only be available to support or establish task forces to enforce Federal laws related to preventing the possession by criminals of firearms (as defined in section 921(a) of title 18, United States Code), of which $5,000,000 shall be for a task force in each of the paired locations of Philadelphia, Pennsylvania, and Camden, New Jersey; Las Cruces, New Mexico, and Albuquerque, New Mexico; Savannah, Georgia, and Charleston, South Carolina; Baltimore, Maryland, and Prince Georges County, Maryland; and Denver, Colorado, and Salt Lake City, Utah; and of which $1,000,000 shall be for the task force coordinated by the Office of the United States Attorney for the Eastern District of Wisconsin, and $1,000,000 shall be for the task forces coordinated by the Office of the United States Attorney for the Western District of New York and task forces coordinated by the Office of the United States Attorney for the Northern District of New York.

In addition, $500,000,000 for such purposes, to remain available until expended, to be derived from the Violent Crime Reduction Trust Fund.

UNITED STATES TRUSTEE SYSTEM FUND

For necessary expenses of the United States Trustee Program, as authorized by 28 U.S.C. 589a(a), $112,775,000, to remain available until expended and to be derived from the United States Trustee System Fund: *Provided*, That, notwithstanding any other provision of law, deposits to the Fund shall be available in such amounts as may be necessary to pay refunds due depositors: *Provided further*, That, notwithstanding any other provision of law, $112,775,000 of offsetting collections derived from fees collected pursuant to 28 U.S.C. 589a(b) shall be retained and used for necessary expenses in this appropriation and remain available until expended: *Provided further*, That the sum herein appropriated from the Fund shall be reduced as such offsetting collections are received during fiscal year 2000, so as to result in a final fiscal year 2000 appropriation from the Fund estimated at $0.

SALARIES AND EXPENSES, FOREIGN CLAIMS SETTLEMENT COMMISSION

For expenses necessary to carry out the activities of the Foreign Claims Settlement Commission, including services as authorized by 5 U.S.C. 3109, $1,175,000.

SALARIES AND EXPENSES, UNITED STATES MARSHALS SERVICE

For necessary expenses of the United States Marshals Service; including the acquisition, lease, maintenance, and operation of vehicles, and the purchase of passenger motor vehicles for police-type use, without regard to the general purchase price limitation for the current fiscal year, $409,253,000, as authorized by 28 U.S.C. 561(i); of which not to exceed $6,000 shall be available for official reception and representation expenses; and of which not to exceed $4,000,000 for development, implementation, maintenance and support, and training for an automated prisoner information system shall remain available until expended: *Provided*, That none of the amount made available under this heading may be used to contract with any individual to perform the duties of an officer or employee of the United States Marshals Service on a temporary or intermittent basis, except for prisoner ground transport, service of process, and evictions: *Provided further*, That none of the amount made available under this heading may be used for the service of process on any person by an officer or employee of the United States Marshals Service, unless such service of process is pursuant to a written request made by a judge of the United States (as defined in section 451 of title 28, United States Code) and approved by the Attorney General.

In addition, $138,000,000 for such purposes, to remain available until expended, to be derived from the Violent Crime Reduction Trust Fund.

CONSTRUCTION

For planning, constructing, renovating, equipping, and maintaining United States Marshals Service prisoner-holding space in United States courthouses and federal buildings, including the renovation and expansion of prisoner movement areas, elevators, and sallyports, $9,632,000, to remain available until expended.

JUSTICE PRISONER AND ALIEN TRANSPORTATION SYSTEM FUND, UNITED STATES MARSHALS SERVICE

Beginning in fiscal year 2000 and thereafter, payment shall be made from the Justice Prisoner and Alien Transportation System Fund for the payment of necessary expenses related to the scheduling and transportation of United States prisoners and illegal and criminal aliens in the custody of the United States Marshals Service, as authorized in 18 U.S.C. 4013, including, without limitation, salaries and expenses, operations, and the acquisition, lease, and maintenance of aircraft and support facilities: *Provided*, That the Fund shall be reimbursed or credited with advance payments from amounts available to the Department of Justice, other Federal agencies, and other sources at rates that will recover the expenses of Fund operations, including, without limitation, accrual of annual leave and depreciation of plant and equipment of the Fund: *Provided further*, That proceeds from the disposal of Fund aircraft shall be credited to the Fund: *Provided further*, That amounts in the Fund shall be available without fiscal year limitation, and may be used for operating equipment lease agreements that do not exceed 5 years: *Provided further*, That with respect to the transportation of Federal, State, local and territorial prisoners and detainees, the lease or rent of aircraft by the Justice Prisoner Air Transport System shall be considered use of public aircraft pursuant to 49 U.S.C. section 40102(a)(37).

For the initial capitalization costs of the Fund, $9,000,000.

FEDERAL PRISONER DETENTION

For expenses, related to United States prisoners in the custody of the United States Marshals Service as authorized in 18 U.S.C. 4013, but not including expenses otherwise provided for in appropriations available to the Attorney General, $500,000,000, as authorized by 28 U.S.C. 561(i), to remain available until expended.

FEES AND EXPENSES OF WITNESSES

For expenses, mileage, compensation, and per diems of witnesses, for expenses of contracts for the procurement and supervision of expert witnesses, for private counsel expenses, and for per diems in lieu of subsistence, as authorized by law, including advances, $110,000,000, to remain available until expended; of which not to exceed $6,000,000 may be made available for planning, construction, renovations, maintenance, remodeling, and repair of buildings, and the purchase of equipment incident thereto, for protected witness safesites; and of which not to exceed $1,000,000 may be made available for the purchase and maintenance of armored vehicles for transportation of protected witnesses: *Provided*, That, notwithstanding any other provision of this Act, of the amount made available under this heading, not to exceed $15,000,000 may be transferred to, and merged with, funds in the "Federal Prisoner Detention" appropriations account.

SALARIES AND EXPENSES, COMMUNITY RELATIONS SERVICE

For necessary expenses of the Community Relations Service, established by title X of the Civil Rights Act of 1964, $7,199,000.

ASSETS FORFEITURE FUND

For expenses authorized by 28 U.S.C. 524(c)(1)(A)(ii), (B), (F), and (G), as amended, $23,000,000, to be derived from the Department of Justice Assets Forfeiture Fund.

RADIATION EXPOSURE COMPENSATION

ADMINISTRATIVE EXPENSES

For necessary administrative expenses in accordance with the Radiation Exposure Compensation Act, $2,000,000.

PAYMENT TO RADIATION EXPOSURE COMPENSATION TRUST FUND

For payments to the Radiation Exposure Compensation Trust Fund, $20,300,000.

INTERAGENCY LAW ENFORCEMENT

INTERAGENCY CRIME AND DRUG ENFORCEMENT

For necessary expenses for the detection, investigation, and prosecution of individuals involved in organized crime drug trafficking not otherwise provided for, to include intergovernmental agreements with State and local law enforcement agencies engaged in the investigation and prosecution of individuals involved in organized crime drug trafficking, $304,014,000, of which $20,000,000 shall remain available until expended: *Provided*, That any amounts obligated from appropriations under this heading may be used under authorities available to the organizations reimbursed from this appropriation: *Provided further*, That any unobligated balances remaining available at the end of the fiscal year shall revert to the Attorney General for reallocation among participating organizations in succeeding fiscal years, subject to the reprogramming procedures described in section 605 of this Act.

HIGH INTENSITY INTERSTATE GANG ACTIVITY AREAS PROGRAM

For expenses necessary to establish and implement the High Intensity Interstate Gang Activity Areas Program (including grants, contracts, cooperative agreements and other assistance) pursuant to section 205 of S. 254 as passed by the Senate on May 20, 1999, and consistent with the funding proportions established therein, $20,000,000.

FEDERAL BUREAU OF INVESTIGATION

SALARIES AND EXPENSES

For necessary expenses of the Federal Bureau of Investigation for detection, investigation, and prosecution of crimes against the United States; acquisition, lease, maintenance, and operation of aircraft; and not to exceed $70,000 to meet unforeseen emergencies of a confidential character, to be expended under the direction of, and to be accounted for solely under the certificate of, the Attorney General, $2,692,791,000; of which not to exceed $50,000,000 for automated data processing and telecommunications and technical investigative equipment and not to exceed $1,000,000 for undercover operations shall remain available until September 30, 2001; of which not less than $260,000,000 shall be for counterterrorism investigations, foreign counterintelligence, and other activities related to our national security; of which not to exceed $14,000,000 for research, development, test, and evaluation shall remain available until expended; and of which not to exceed $10,000,000 is authorized to be made available for making advances for expenses arising out of contractual or reimbursable agreements with State and local law enforcement agencies while engaged in cooperative activities related to violent crime, terrorism, organized crime, and drug investigations; and of which $1,500,000 shall be available to maintain an independent program office dedicated solely to the automation of fingerprint identification services: *Provided*, That not to exceed $65,000 shall be available for official reception and representation expenses: *Provided further*, That, including reimbursable full-time equivalent workyears available to the Federal Bureau of Investigation, not to exceed 27,604 positions and 27,604 full-time equivalent workyears shall be supported from the funds appropriated in this Act or made available during fiscal year 2000 under any other Act for the Federal Bureau of Investigation: *Provided further*, That no funds in this Act may be used to provide ballistics imaging equipment to any State or local authority which has obtained similar equipment through a Federal grant or subsidy unless the State or local authority agrees to return that equipment or to repay that grant or subsidy to the Federal Government.

In addition, $280,501,000 for such purposes, to remain available until expended, to be derived from the Violent Crime Reduction Trust Fund.

CONSTRUCTION

For necessary expenses to construct or acquire buildings and sites by purchase, or as otherwise authorized by law (including equipment for such buildings); conversion and extension of federally-owned buildings; and preliminary planning and design of projects; $10,287,000, to remain available until expended.

DRUG ENFORCEMENT ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of the Drug Enforcement Administration, including not to exceed $70,000 to meet unforeseen emergencies of a confidential character, to be expended under the direction of, and to be accounted for solely under the certificate of, the Attorney General; expenses for conducting drug education and training programs, including travel and related expenses for participants in such programs and the distribution of items of token value that promote the goals of such programs; acquisition, lease, maintenance, and operation of aircraft; $798,187,000, of which not to exceed $1,800,000 for research shall remain available until expended, and of which not to exceed $4,000,000 for purchase of evidence and payments for information, not to exceed $10,000,000 for contracting for automated data processing and telecommunications equipment, and not to exceed $2,000,000 for laboratory equipment, $4,000,000 for technical equipment, and $2,000,000 for aircraft replacement retrofit and parts, shall remain available until September 30, 2001; and of which not to exceed $50,000 shall be available for official reception and representation expenses.

In addition, $419,459,000 for such purposes, to remain available until expended, to be derived from the Violent Crime Reduction Trust Fund.

CONSTRUCTION

For necessary expenses to construct or acquire buildings and sites by purchase, or as otherwise authorized by law (including equipment for such buildings); conversion and extension of federally-owned buildings; and preliminary planning and design of projects; $5,500,000, to remain available until expended.

IMMIGRATION AND NATURALIZATION SERVICE

SALARIES AND EXPENSES

For expenses, not otherwise provided for, necessary for the administration and enforcement of the laws relating to immigration, naturalization, and alien registration, including not to exceed $50,000 to meet unforeseen emergencies of a confidential character, to be expended under the direction of, and to be accounted for solely under the certificate of, the Attorney General; acquisition, lease, maintenance and operation of aircraft; research related to immigration enforcement; for protecting and maintaining the integrity of the borders of the United States including, without limitation, equipping, maintaining, and making improvements to the infrastructure; and for the care and housing of Federal detainees held in the joint Immigration and Naturalization Service and United States Marshals Service's Buffalo Detention Facility, $1,697,164,000, of which not to exceed $400,000 for research shall remain available until expended; of which not to exceed $10,000,000 shall be available for costs associated with the training program for basic officer training, and $5,000,000 is for payments or advances arising out of contractual or reimbursable agreements with State and local law enforcement agencies while engaged in cooperative activities related to immigration; and of which not to exceed $5,000,000 is to fund or reimburse other Federal agencies for the costs associated with the care, maintenance, and repatriation of smuggled illegal aliens: *Provided*, That none of the funds available to the Immigration and Naturalization Service shall be available to pay any employee overtime pay in an amount in excess of $20,000 during the calendar year beginning January 1, 2000: *Provided further*, That uniforms may be purchased without regard to the general purchase price limitation for the current fiscal year: *Provided further*, That not to exceed $5,000 shall be available for official reception and representation expenses: *Provided further*, That any Border Patrol agent classified in a GS–1896 position who completes a 1-year period of service at a GS–9 grade and whose current rating of record is fully successful or higher shall be classified at a GS–11 grade and receive pay at the minimum rate of basic pay for a GS–11 position: *Provided further*, That the Commissioner shall within 90 days develop a plan for coordinating and linking all relevant Immigration and Naturalization Service databases with those of the Justice Department and other Federal law enforcement agencies, to determine criminal history, fingerprint identification, and record of prior deportation, and, upon the approval of the Committees on the Judiciary and the Commerce, Justice, State, and the Judiciary Appropriations Subcommittees, shall implement the plan within fiscal year 2000: *Provided further*, That the Commissioner shall have the authority to provide a language proficiency bonus, as a recruitment incentive, to graduates of the Border Patrol Academy from funds otherwise provided for language training: *Provided further*, That the Commissioner shall fully coordinate and link all Immigration and Naturalization Service databases, including IDENT, with databases of the Department of Justice and other Federal law enforcement agencies containing information on criminal histories and records of prior deportations: *Provided further*, That the Immigration and Naturalization Service shall only accept cash or a cashier's check when receiving or processing applications for benefits under the Immigration and Nationality Act: *Provided further*, That, including reimbursable full-time equivalent workyears available to the Immigration and Naturalization Service, not to exceed 29,784 positions and 29,784 full-time equivalent workyears shall be supported from the funds appropriated in this Act or made available during fiscal year 2000 under any other Act for the Immigration and Naturalization Service: *Provided further*, That not to exceed 39 permanent positions and 39 full-time equivalent workyears and $4,284,000 shall be expended for the Offices of Legislative Affairs and Public Affairs: *Provided further*, That the latter two aforementioned offices shall be augmented by personnel details, temporary transfers of personnel on either a reimbursable or non-reimbursable basis, or any other type of formal or informal transfer or reimbursement of personnel or funds on either a temporary or long-term basis and such augmentation may not exceed 4 full-time equivalent workyears: *Provided further*, That the number of positions filled through non-career appointment at the Immigration and Naturalization Service, for which funding is provided in this Act or is otherwise made available to the Immigration and Naturalization Service, shall not exceed 4 permanent positions and 4 full-time equivalent workyears.

VIOLENT CRIME REDUCTION PROGRAMS

In addition, $873,000,000, for such purposes, to remain available until expended, to be derived from the Violent Crime Reduction Trust Fund.

CONSTRUCTION

For planning, construction, renovation, equipping, and maintenance of buildings and facilities necessary for the administration and enforcement of the laws relating to immigration, naturalization, and alien registration, not otherwise provided for, $138,964,000, to remain available until expended.

FEDERAL PRISON SYSTEM

SALARIES AND EXPENSES

For expenses necessary for the administration, operation, and maintenance of Federal penal and correctional institutions, including purchase (not to exceed 708, of which 602 are for replacement only) and hire of law enforcement and passenger motor vehicles, and for the provision of technical assistance and advice on corrections related issues to foreign governments, $3,116,774,000: *Provided*, That the Attorney General may transfer to the Health Resources and Services Administration such amounts as may be necessary for direct expenditures by that Administration for medical relief for inmates of Federal penal and correctional institutions: *Provided further*, That the Director of the Federal Prison System (FPS), where necessary, may enter into contracts with a fiscal agent/fiscal intermediary claims processor to determine the amounts payable to persons who, on behalf of the FPS, furnish health services to individuals committed to the custody of the FPS: *Provided further*, That not to exceed $6,000 shall be available for official reception and representation expenses: *Provided further*, That not to exceed $50,000,000 for the activation of new facilities shall remain available until September 30, 2000: *Provided further*, That, of the amounts provided for Contract Confinement, not to exceed $20,000,000 shall remain available until expended to make payments in advance for grants, contracts and reimbursable agreements, and other expenses authorized by section 501(c) of the Refugee Education Assistance Act of 1980, as amended, for the care and security in the United States of Cuban and Haitian entrants: *Provided further*, That, notwithstanding section 4(d) of the Service Contract Act of 1965 (41 U.S.C. 353(d)), FPS may enter into contracts and other agreements with private entities for periods of not to exceed 3 years and 7 additional option years for the confinement of Federal prisoners.

In addition, $46,599,000 for such purposes, to remain available until expended, to be derived from the Violent Crime Reduction Trust Fund.

BUILDINGS AND FACILITIES

For planning, acquisition of sites and construction of new facilities; leasing the Oklahoma City Airport Trust Facility; purchase and acquisition of facilities and remodeling, and equipping of such facilities for penal and correctional use, including all necessary expenses incident thereto, by contract or force account; and constructing, remodeling, and equipping necessary buildings and facilities at existing penal and correctional institutions, including all necessary expenses incident thereto, by contract or force account, $549,791,000, to remain available until expended, of which not to exceed $14,074,000 shall be available to construct areas for inmate work programs: *Provided*, That labor of United States prisoners may be used for work performed under this appropriation: *Provided further*, That not to exceed 10 percent of the funds appropriated to "Buildings and Facilities" in this Act or any other Act may be transferred to "Salaries and Expenses", Federal Prison System, upon notification by the Attorney General to the Committees on Appropriations of the House of Representatives and the Senate in compliance with provisions set forth in section 605 of this Act.

FEDERAL PRISON INDUSTRIES, INCORPORATED

The Federal Prison Industries, Incorporated, is hereby authorized to make such expenditures, within the limits of funds and borrowing authority available, and in accord with the law, and to make such contracts and commitments, without regard to fiscal year limitations as provided by section 9104 of title 31, United States Code, as may be necessary in carrying out the program set forth in the budget for the current fiscal year for such corporation, including purchase of (not to exceed five for replacement only) and hire of passenger motor vehicles.

LIMITATION ON ADMINISTRATIVE EXPENSES, FEDERAL PRISON INDUSTRIES, INCORPORATED

Not to exceed $3,429,000 of the funds of the corporation shall be available for its administrative expenses, and for services as authorized by 5 U.S.C. 3109, to be computed on an accrual basis to be determined in accordance with the corporation's current prescribed accounting system, and such amounts shall be exclusive of depreciation, payment of claims, and expenditures which the said accounting system requires to be capitalized or charged to cost of commodities acquired or produced, including selling and shipping expenses, and expenses in connection with acquisition, construction, operation, maintenance, improvement, protection, or disposition of facilities and other property belonging to the corporation or in which it has an interest.

OFFICE OF JUSTICE PROGRAMS

JUSTICE ASSISTANCE

For grants, contracts, cooperative agreements, and other assistance authorized by title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, and the Missing Children's Assistance Act, as amended, including salaries and expenses in connection therewith, and with the Victims of Crime Act of 1984, as amended, $168,592,000, to remain available until expended, as authorized by section 1001 of title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended by Public Law 102–534 (106 Stat. 3524), of which $2,000,000 shall be made available to the Department of Psychiatry and Human Behavior at the University of Mississippi School of Medicine for research in addictive disorders and their connection to youth violence, and $204,500,000 for counterterrorism programs, including $40,000,000 as authorized by Section 821 of the Antiterrorism and Effective Death Penalty Act of 1996, respectively: *Provided further*, That none of these funds made available under this heading shall be provided to any State that has failed to establish a comprehensive counterterrorism plan which has been approved by the National Domestic Preparedness Office.

STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE

For grants, contracts, cooperative agreements, and other assistance authorized by part E of title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, for State and Local Narcotics Control and Justice Assistance Improvements, notwithstanding the provisions of section 511 of said Act, $552,100,000, to remain available until expended, as authorized by section 1001 of title I of said Act, as amended by Public Law 102–534 (106 Stat. 3524), of which $5,000,000 shall be available to the National Institute of Justice for a national evaluation of the Byrne program, of which $52,100,000 shall be available to carry out the provisions of chapter A of subpart 2 of part E of title I of said Act, for discretionary grants under the Edward Byrne Memorial State and Local Law Enforcement Assistance Programs: *Provided*, That of the total amount appropriated, not to exceed $1,000,000 shall be available to the TeamMates of Nebraska project.

VIOLENT CRIME REDUCTION PROGRAMS, STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE

For assistance (including amounts for administrative costs for management and administration, which amounts shall be transferred to and merged with the "Justice Assistance" account) authorized by the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 103–322), as amended ("the 1994 Act"); the Omnibus Crime Control and Safe Streets Act of 1968, as amended ("the 1968 Act"); and the Victims of Child Abuse Act of 1990, as amended ("the 1990 Act"), $1,407,450,000, to remain available until expended, which shall be derived from the Violent Crime Reduction Trust Fund; of which $400,000,000 shall be for Local Law Enforcement Block Grants, pursuant to H.R. 728 as passed by the House of Representatives on February 14, 1995, except that for purposes of this Act, the Commonwealth of Puerto Rico shall be considered a "unit of local government" as well as a "State", for the purposes set forth in paragraphs (A), (B), (D), (F), and (I) of section 101(a)(2) of H.R. 728 and for establishing crime prevention programs involving cooperation between community residents and law enforcement personnel in order to control, detect, or investigate crime or the prosecution of criminals: *Provided*, That no funds provided under this heading may be used as matching funds for any other Federal grant program: *Provided further*, That $50,000,000 of this amount shall be for Boys and Girls Clubs in public housing facilities and other areas in cooperation with State and local law enforcement: *Provided further*, That funds may also be used to defray the costs of indemnification insurance for law enforcement officers: *Provided further*, That $20,000,000 shall be available to carry out section 102(2) of H.R. 728: *Provided further*, That $30,000,000 shall be available for the Police Corps training program, as authorized by sections 200101–200113 of the 1994 Act; of which $260,000,000 shall be available to carry out section 102 of the Crime Identification Technology Act of 1998 (42 U.S.C. 14601), including for grants for law enforcement equipment for discretionary grants to States, local units of government, and Indian tribes, of which $500,000 is available for a new truck safety initiative in the State of New Jersey, of which $100,000 shall be used to award a grant to Charles Mix County, South Dakota, to upgrade the 911 emergency telephone system, of which $40,000,000 is for grants to upgrade criminal records, as authorized by section 106(b) of the Brady Handgun Violence Prevention Act of 1993, as amended, and section 4(b) of the National Child Protection Act of 1993, of which $15,000,000 is for the National Institute of Justice to develop school safety technologies, of which $12,000,000 is available for the Office of Justice Program's Global Criminal Justice Information Network for work with states and local jurisdictions; of which $100,000,000 shall be for the State Criminal Alien Assistance Program, as authorized by section 242(j) of the Immigration and Nationality Act, as amended; of which $75,000,000 shall be for Violent Offender Incarceration and Truth in Sentencing Incentive Grants pursuant to subtitle A of title II of the 1994 Act, of which $41,000,000 shall be available for the Cooperative Agreement Program, and of which $34,000,000 shall be reserved by the Attorney General for fiscal year 2000 under section 20109(a) of subtitle A of title II of the 1994 Act; of which $10,000,000 shall be for the Court Appointed Special Advocate Program, as authorized by section 218 of the 1990 Act; of which $2,000,000 shall be for Child Abuse Training Programs for Judicial Personnel and Practitioners, as authorized by section 224 of the 1990 Act; of which $206,750,000 shall be for Grants to Combat Violence Against Women, to States, units of local government, and Indian tribal governments, as authorized by section 1001(a)(18) of the 1968 Act, including $23,000,000 which shall be used exclusively for the purpose of strengthening civil legal assistance programs for victims of domestic violence, and $10,000,000 which shall be used exclusively for violence on college campuses: *Provided further*, That, of these funds, $5,200,000 shall be provided to the National Institute of Justice for research and evaluation of violence against women, and $10,000,000 shall be available to the Office of Juvenile Justice and Delinquency Prevention for the Safe Start Program, to be administered as authorized by part C of the Juvenile Justice and Delinquency Act of 1974, as amended; of which $34,000,000 shall be for Grants to Encourage Arrest Policies to States, units of local government, and Indian tribal governments, as authorized by section 1001(a)(19) of the 1968 Act; of which $25,000,000 shall be for Rural Domestic Violence and Child Abuse Enforcement Assistance Grants, as authorized by section 40295 of the 1994 Act; of which $5,000,000 shall be for training programs to assist probation and parole officers who work with released sex offenders, as authorized by section 40152(c) of the 1994 Act, and for local demonstration projects; of which $1,000,000 shall be for grants for televised testimony, as authorized by section 1001(a)(7) of the 1968 Act; of which $5,000,000 shall be for the Tribal Courts Initiative; of which $300,000 shall be used to award a grant to the Wakpa Sica Historical Society; of which $63,000,000 shall be for grants for residential substance abuse treatment for State prisoners, as authorized by section 1001(a)(17) of the 1968 Act; of which $30,000,000 shall be for State and local forensic laboratories as authorized by section 1001(a)(22) of the 1968 Act, as well as for improvements to the State and local forensic laboratory general forensic science capabilities to reduce their DNA convicted offender database sample backlog; of which $900,000 shall be for the Missing Alzheimer's Disease Patient Alert Program, as authorized by section 240001(c) of the 1994 Act; of which $1,300,000 shall be for Motor Vehicle Theft Prevention Programs, as authorized by section 220002(h) of the 1994 Act; of which $40,000,000 shall be for Drug Courts, as authorized by title V of the 1994 Act; of which $1,500,000 shall be for Law Enforcement Family Support Programs, as authorized by section 1001(a)(21) of the 1968 Act; of which $2,000,000 shall be for public awareness programs addressing marketing scams aimed at senior citizens, as authorized by section 250005(3) of the 1994 Act; and of which $100,000,000 shall be for Juvenile Accountability Incentive Block Grants, except that such funds shall be subject to the same terms and conditions as set forth in the provisions under this heading for this program in Public Law 105–119, but all references in such provisions to 1998 shall be deemed to refer instead to 1999; of which $45,000,000 shall be available for the Indian Country Initiative: *Provided further*, That funds made available in fiscal year 2000 under subpart 1 of part E of title I of the 1968 Act may be obligated for programs to assist States in the litigation processing of death penalty Federal habeas corpus petitions and for drug testing initiatives: *Provided further*, That, if a unit of local government uses any of the funds made available under this title to increase the number of law enforcement officers, the unit of local government will achieve a net gain in the number of law enforcement officers who perform nonadministrative public safety service.

WEED AND SEED PROGRAM FUND

For necessary expenses, including salaries and related expenses of the Executive Office for Weed and Seed, to implement "Weed and Seed" program activities, $40,000,000 to remain available until expended, for intergovernmental agreements, including grants, cooperative agreements, and contracts, with State and local law enforcement agencies engaged in the investigation and prosecution of violent crimes and drug offenses in "Weed and Seed" designated communities, and for either reimbursements or transfers to appropriation accounts of the Department of Justice and other Federal agencies which shall be specified by the Attorney General to execute the "Weed and Seed" program strategy: *Provided*, That funds designated by Congress through language for other Department of Justice appropriation accounts for "Weed and Seed" program activities shall be managed and executed by the Attorney General through the Executive Office for Weed and Seed: *Provided further*, That the Attorney General may direct the use of other Department of Justice funds and personnel in support of "Weed and Seed" program activities only after the Attorney General notifies the Committees on Appropriations of the House of Representatives and the Senate in accordance with section 605 of this Act.

COMMUNITY ORIENTED POLICING SERVICES

VIOLENT CRIME REDUCTION PROGRAMS

For activities authorized by the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 104–322) (referred to under this heading as the "1994 Act"), including administrative costs, $325,000,000 ,to remain available until expended for Public Safety and Community Policing Grants pursuant to title I of the 1994 Act, of which $140,000,000 shall be derived from the Violent Crime Reduction Trust Fund: *Provided*, That $180,000,000 shall be available for school resource officers: *Provided further*, That not to exceed $17,325,000 shall be expended for program management and administration: *Provided further*, That of the unobligated balances available in this program, $170,000,000 shall be used for innovative community policing programs, of which $90,000,000 shall be used for the Crime Identification Technology Initiative, $25,000,000 shall be used for the Bulletproof Vest Program, and $25,000,000 shall be used for the Methamphetamine Program: *Provided further*, That the funds made available under this heading for the Methamphetamine Program shall be expended as directed in Senate Report 106–76: *Provided further*, That of the funds made available under this heading for school resource officers, $900,000 shall be for a grant to King County, Washington.

JUVENILE JUSTICE PROGRAMS

For grants, contracts, cooperative agreements, and other assistance authorized by the Juvenile Justice and Delinquency Prevention Act of 1974, as amended, ("the Act"), including salaries and expenses in connection therewith to be transferred to and merged with the appropriations for Justice Assistance, $277,597,000, to remain available until expended, as authorized by section 299 of part I of title II and section 506 of title V of the Act, as amended by Public Law 102–586, of which (1) notwithstanding any other provision of law, $6,847,000 shall be available for expenses authorized by part A of title II of the Act, $89,000,000 shall be available for expenses authorized by part B of title II of the Act, and $49,750,000 shall be available for expenses authorized by part C of title II of the Act, of which $500,000 shall be made available for the Youth Advocacy Program: *Provided*, That $26,500,000 of the amounts provided for part B of title II of the Act, as amended, is for the purpose of providing additional formula grants under part B to States that provide assurances to the Administrator that the State has in effect (or will have in effect no later than one year after date of application) policies and programs, that ensure that juveniles are subject to accountability-based sanctions for every act for which they are adjudicated delinquent; (2) $12,000,000 shall be available for expenses authorized by sections 281 and 282 of part D of title II of the Act for prevention and treatment programs relating to juvenile gangs; (3) $10,000,000 shall be available for expenses authorized by section 285 of part E of title II of the Act; (4) $15,000,000 shall be available for expenses authorized by part G of title II of the Act for juvenile mentoring programs; (5) $95,000,000 shall be available for expenses authorized by title V of the Act for incentive grants for local delinquency prevention programs; of which $20,000,000 shall be for delinquency prevention, control, and system improvement programs for tribal youth; of which $25,000,000 shall be available for grants of $360,000 to each state and $6,640,000 shall be available for discretionary grants to states, for programs and activities to enforce state laws prohibiting the sale of alcoholic beverages to minors or the purchase or consumption of alcoholic beverages by minors, prevention and reduction of consumption of alcoholic beverages by minors, and for technical assistance and training: *Provided further*, That upon the enactment of reauthorization legislation for Juvenile Justice Programs under the Juvenile Justice and Delinquency Prevention Act of 1974, as amended, funding provisions in this Act shall from that date be subject to the provisions of that legislation and any provisions in this Act that are inconsistent with that legislation shall no longer have effect: *Provided further*, That of amounts made available under the Juvenile Justice Programs of the Office of Justice Programs to carry out part B (relating to Federal Assistance for State and Local Programs), subpart II of part C (relating to Special Emphasis Prevention and Treatment Programs), part D (relating to Gang-Free Schools and Communities and Community-Based Gang Intervention), part E (relating to State Challenge Activities), and part G (relating to Mentoring) of title II of the Juvenile Justice and Delinquency Prevention Act of 1974, and to carry out the At-Risk Children's Program under title V of that Act, not more than 10 percent of each such amount may be used for research, evaluation, and statistics activities designed to benefit the programs or activities authorized under the appropriate part or title, and not more than 2 percent of each such amount may be used for training and technical assistance activities designed to benefit the programs or activities authorized under that part or title: *Provided further*, That of the total amount appropriated not to exceed $550,000 shall be available to the Lincoln Action Program's Youth Violence Alternative Project.

In addition, $38,000,000 shall be available for the Safe Schools Initiative.

In addition, for grants, contracts, cooperative agreements, and other assistance authorized by the Victims of Child Abuse Act of 1990, as amended, $7,000,000, to remain available until expended, as authorized by section 214B of the Act.

PUBLIC SAFETY OFFICERS BENEFITS

To remain available until expended, for payments authorized by part L of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796), as amended, such sums as are necessary, as authorized by section 6093 of Public Law 100–690 (102 Stat. 4339–4340) and, in addition, $3,500,000, to remain available until expended, for programs authorized by section 1201(h) of said Act.

GENERAL PROVISIONS—DEPARTMENT OF JUSTICE

SEC. 101. In addition to amounts otherwise made available in this title for official reception and representation expenses, a total of not to exceed $45,000 from funds appropriated to the Department of Justice in this title shall be available to the Attorney General for official reception and representation expenses in accordance with distributions, procedures, and regulations established by the Attorney General.

SEC. 102. Section 110 of division C of Public Law 104–208 is repealed.

SEC. 103. None of the funds appropriated by this title shall be available to pay for an abortion, except where the life of the mother would be endangered if the fetus were carried to term, or in the case of rape: *Provided*, That should this prohibition be declared unconstitutional by a court of competent jurisdiction, this section shall be null and void.

SEC. 104. None of the funds appropriated under this title shall be used to require any person to perform, or facilitate in any way the performance of, any abortion.

SEC. 105. Nothing in the preceding section shall remove the obligation of the Director of the Bureau of Prisons to provide escort services necessary for a female inmate to receive such service outside the Federal facility: *Provided*, That nothing in this section in any way diminishes the effect of section 104 intended to address the philosophical beliefs of individual employees of the Bureau of Prisons.

SEC. 106. Notwithstanding any other provision of law, not to exceed $10,000,000 of the funds made available in this Act may be used to establish and publicize a program under which publicly advertised, extraordinary rewards may be paid, which shall not be subject to spending limitations contained in sections 3059 and 3072 of title 18, United States Code: *Provided*, That any reward of $100,000 or more, up to a maximum of $2,000,000, may not be made without the personal approval of the President or the Attorney General and such approval may not be delegated.

SEC. 107. Not to exceed 10 percent of any appropriation made available for the current fiscal year for the Department of Justice in this Act, including those derived from the Violent Crime Reduction Trust Fund, may be transferred between such appropriations, but no such appropriation, except as otherwise specifically provided, shall be increased by more than 20 percent by any such transfers: *Provided*, That any transfer pursuant to this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation except in compliance with the procedures set forth in that section.

SEC. 108. Notwithstanding any other provision of law, for fiscal year 2000 and thereafter, the Assistant Attorney General for the Office of Justice Programs of the Department of Justice—

(1) may make grants, or enter into cooperative agreements and contracts, for the Office of Justice Programs and the component organizations of that Office; and

(2) shall have final authority over all grants, cooperative agreements, and contracts made, or entered into, for the Office of Justice Programs and the component organizations of that Office.

SEC. 109. (a)(1) Notwithstanding any other provision of law, for fiscal year 2000, the Attorney General may obligate any funds appropriated for or reimbursed to the Counterterrorism programs, projects or activities of the Department of Justice to purchase or lease equipment or any related items, or to acquire interim services, without regard to any otherwise applicable Federal acquisition rule, if the Attorney General determines that—

(A) there is an exigent need for the equipment, related items, or services in order to support an ongoing counterterrorism, national security, or computer-crime investigation or prosecution;

(B) the equipment, related items, or services required are not available within the Department of Justice; and

(C) adherence to that Federal acquisition rule would—

(i) delay the timely acquisition of the equipment, related items, or services; and

(ii) adversely affect an ongoing counterterrorism, national security, or computer-crime investigation or prosecution.

(2) In this subsection, the term "Federal acquisition rule" means any provision of title II or IX of the Federal Property and Administrative Services Act of 1949, the Office of Federal Procurement Policy Act, the Small Business Act, the Federal Acquisition Regulation, or any other provision of law or regulation that establishes policies, procedures, requirements, conditions, or restrictions for procurements by the head of a department or agency or the Federal Government.

(b) The Attorney General shall immediately notify the Committees on Appropriations of the House of Representatives and the Senate in writing of each expenditure under subsection (a), which notification shall include sufficient information to explain the circumstances necessitating the exercise of the authority under that subsection.

SEC. 110. Notwithstanding any other provision of law for fiscal year 2000 and thereafter, in any action brought by a prisoner under section 1979 of the Revised Statutes (42 U.S.C. 1983) against a Federal, State, or local jail, prison, or correctional facility, or any employee or former employee thereof, arising out of the incarceration of that prisoner—

(1) the financial records of a person employed or formerly employed by the Federal, State, or local jail, prison, or correctional facility, shall not be subject to disclosure without the written consent of that person or pursuant to a court order, unless a verdict of liability has been entered against that person; and

(2) the home address, home phone number, social security number, identity of family members, personal tax returns, and personal banking information of a person described in paragraph (1), and any other records or information of a similar nature relating to that person, shall not be subject to disclosure without the written consent of that person, or pursuant to a court order.

SEC. 111. Hereafter, for payments of judgments against the United States and compromise settlements of claims in suits against the United States arising from the Financial Institutions Reform, Recovery and Enforcement Act and its implementation, such sums as may be necessary, to remain available until expended: *Provided*, That the foregoing authority is available solely for payment of judgments and compromise settlements: *Provided further*, That payment of litigation expenses is available under existing authority and will continue to be made available as set forth in the Memorandum of Understanding between the Federal Deposit Insurance Corporation and the Department of Justice, dated October 2, 1998, and may not be paid from amounts provided in this Act.

SEC. 112. Section 2(c) of the Public Law 104–232, as amended, is further amended by replacing "five" with "three".

SEC. 113. Section 4006 of title 18, United States Code, is amended—

(1) by striking "The Attorney General" and inserting the following: "(a) IN GENERAL.—The Attorney General"; and

(2) by adding at the end the following:

"(b) HEALTH CARE ITEMS AND SERVICES.—

"(1) IN GENERAL.—Payment for costs incurred for the provision of health care items and services for individuals in the custody of the United States Marshals Service shall not exceed the lesser of the amount that would be paid for the provision of similar health care items and services under—

"(A) the medicare program under title XVIII of the Social Security Act; or

"(B) the medicaid program under title XIX of such Act of the State in which the services were provided.

"(2) FULL AND FINAL PAYMENT.—Any payment for a health care item or service made pursuant to this subsection, shall be deemed to be full and final payment.".

SEC. 114. (a) The Attorney General shall establish by plain rule that it shall be punishable conduct for any Department of Justice employee, in the discharge of his or her official duties, intentionally to—

(1) seek the indictment of any person in the absence of a reasonable belief of probable cause, as prohibited by the Principles of Federal Prosecution, U.S. Attorneys' Manual 9–27.200 et seq.;

(2) fail to disclose exculpatory evidence to the defense, in violation of his or her obligations under Brady v. Maryland, 373 U.S. 83 (1963);

(3) mislead a court as to the guilt of any person by knowingly making a false statement of material fact or law;

(4) offer evidence lawyers know to be false;

(5) alter evidence in violation of 18 U.S.C. 1503;

(6) attempt to corruptly influence or color a witness' testimony with the intent to encourage untruthful testimony, in violation of 18 U.S.C. 1503 and 1512;

(7) violate a defendant's right to discovery under Federal Rule of Criminal Procedure 16(a);

(8) offer or provide sexual activities to any government witness or potential witness as in exchange for or on account of his or her testimony;

(9) improperly disseminate confidential, non-public information to any person during an investigation or trial, in violation of 28 C.F.R. 50.2, Federal Rule of Criminal Procedure 6(e); 18 U.S.C. 2511(1)(c), 18 U.S.C. 2232 (b) and (c), 26 U.S.C. 6103, or United States Attorneys' Manual 1–7.000 et seq.

(b) The Attorney General shall establish a range of penalties for engaging in conduct described above that shall include—

(1) reprimand;

(2) demotion;

(3) dismissal;

(4) referral of ethical charges to the bar;

(5) suspension from employment; and

(6) referral of the allegations, if appropriate, to a grand jury for possible criminal prosecution.

(c) Subsection (a) is not intended to and does not create substantive rights on behalf of criminal defendants, civil litigants, targets or subjects of investigation, witnesses, counsel for represented parties or represented parties, or any other person, and shall not be a basis for dismissing criminal or civil charges or proceedings against any person or for excluding relevant evidence in any proceeding in any court of the United States.

SEC. 115. (a) Hereafter, none of the funds made available by this or any other Act may be used to pay premium pay under title 5, United States Code, sections 5542 to 5549, to any individual employed as an attorney, including an Assistant United States Attorney, in the U.S. Department of Justice for any work performed on or after the date of enactment of this Act.

(b) Hereafter, notwithstanding any other provision of law, neither the United States nor any individual or entity acting on its behalf shall be liable for premium pay under title 5, United States Code, sections 5542 to 5549, for any work performed on or after the date of enactment of this Act by any individual employed as an attorney in the Department of Justice, including an Assistant United States Attorney.

SEC. 116. Notwithstanding any other provision of this Act, the total of the amounts appropriated under this title of this Act is reduced by $2,468,000, out of which the reductions for each account shall be made in accordance with the chart on fiscal year 2000 general pricing level adjustment dated May 4, 1999, provided to Congress by the Department of Justice.

SEC. 117. Section 113 of the Department of Justice Appropriations Act, 1999 (section 101(b) of division A of Public Law 105–277), as amended by section 3028 of the Emergency Supplemental Appropriations Act, 1999 (Public Law 106–31), is further amended by striking the first comma and inserting "for fiscal year 2000 and hereafter,".

SEC. 118. No funds provided in this Act may be used by the Office of Justice Programs to support a grant to pay for State and local law enforcement overtime in extraordinary, emergency situations unless the Appropriations Committees of both Houses of Congress are notified in accordance with the procedures contained in section 605 of this Act.

SEC. 119. Hereafter, notwithstanding any other provision of law, the Attorney General shall grant a national interest waiver under section 203(b)(2)(B) of the Immigration and Nationality Act (8 U.S.C. 1153(b)(2)(B)) on behalf of any alien physician with respect to whom a petition for preference classification has been filed under section 203(b)(2)(A) of such Act (8 U.S.C. 1153(b)(2)(A)) if—

(1) the alien physician seeks to work in an area designated by the Secretary of Health and Human Services as having a shortage of health care professionals or at a health care facility under the jurisdiction of the Department of Veterans Affairs; and

(2) a Federal agency or a State department of public health has previously determined that the alien physician's work in such an area or at such facility was in the public interest.

SEC. 120. For fiscal year 2000, the Director of the United States Marshals Service shall, within available funds, provide a magnetometer and not less than one qualified guard at each unsecured entrance to the real property (including offices, buildings, and related grounds and facilities) that is leased to the United States as a place of employment for Federal employees at 625 Silver, S.W., in Albuquerque, New Mexico.

SEC. 121. Section 286(q)(1)(A) of the Immigration and Nationality Act of 1953 (8 U.S.C. 1356(q)(1)(A)), as amended, is further amended—

(1) by deleting clause (ii);

(2) by renumbering clause (iii) as (ii); and

(3) by striking ", until September 30, 2000," in clause (iv) and renumbering that clause as (iii).

SEC. 122. (a) In this section:

(1) The term "hate crime" has the meaning given the term in section 280003(a) of the Violent Crime Control and Law Enforcement Act of 1994 (28 U.S.C. 994 note).

(2) The term "older individual" means an individual who is age 65 or older.

(b) The Attorney General shall conduct a study concerning—

(1) whether an older individual is more likely than the average individual to be the target of a crime;

(2) the extent of crimes committed against older individuals; and

(3) the extent to which crimes committed against older individuals are hate crimes.

(c) Not later than 180 days after the date of enactment of this Act, the Attorney General shall submit to Congress a report containing the results of the study.

SEC. 123. (a) In implementing the Institutional Hearing Program and the Institutional Removal Program of the Immigration and Naturalization Service, the Attorney General shall give priority to—

(1) those aliens serving a prison sentence for a serious violent felony, as defined in section 3559(c)(2)(F) of title 18, United States Code; and

(2) those aliens arrested by the Border Patrol and subsequently incarcerated for drug violations.

(b) Not later than March 31, 2000, the Attorney General shall submit a report to Congress describing the steps taken to carry out subsection (a).

SEC. 124. Notwithstanding any other provision of law, $190,000 of funds granted to the City of Camden, New Jersey, in 1996 as a part of a Federal local law enforcement block grant may be retained by Camden and spent for the purposes permitted by the grant through the end of fiscal year 2000.

This title may be cited as the "Department of Justice Appropriations Act, 2000".

TITLE II—DEPARTMENT OF COMMERCE AND RELATED AGENCIES

Trade and Infrastructure Development

RELATED AGENCIES

Office of the United States Trade Representative

SALARIES AND EXPENSES

For necessary expenses of the Office of the United States Trade Representative, including the hire of passenger motor vehicles and the employment of experts and consultants as authorized by 5 U.S.C. 3109, $26,067,000, of which $1,000,000 shall remain available until expended: *Provided*, That not to exceed $98,000 shall be available for official reception and representation expenses.

International Trade Commission

SALARIES AND EXPENSES

For necessary expenses of the International Trade Commission, including hire of passenger motor vehicles, and services as authorized by 5 U.S.C. 3109, and not to exceed $2,500 for official reception and representation expenses, $45,700,000, to remain available until expended.

DEPARTMENT OF COMMERCE

International Trade Administration

OPERATIONS AND ADMINISTRATION

For necessary expenses for international trade activities of the Department of Commerce provided for by law, and engaging in trade promotional activities abroad, including expenses of grants and cooperative agreements for the purpose of promoting exports of United States firms, without regard to 44 U.S.C. 3702 and 3703; full medical coverage for dependent members of immediate families of employees stationed overseas and employees temporarily posted overseas; travel and transportation of employees of the United States and Foreign Commercial Service between two points abroad, without regard to 49 U.S.C. 1517; employment of Americans and aliens by contract for services; rental of space abroad for periods not exceeding ten years, and expenses of alteration, repair, or improvement; purchase or construction of temporary demountable exhibition structures for use abroad; payment of tort claims, in the manner authorized in the first paragraph of 28 U.S.C. 2672 when such claims arise in foreign countries; not to exceed $327,000 for official representation expenses abroad; purchase of passenger motor vehicles for official use abroad, not to exceed $30,000 per vehicle; obtain insurance on official motor vehicles; and rent tie lines and teletype equipment, $290,696,000, to remain available until expended, of which $3,000,000 is to be derived from fees to be retained and used by the International Trade Administration, notwithstanding 31 U.S.C. 3302: *Provided*, That of the $311,344,000 provided for in direct obligations (of which $308,344,000 is appropriated from the General Fund, $3,000,000 is derived from fee collections, $68,729,000 shall be for Trade Development, $22,549,000 shall be for Market Access and Compliance, $31,420,000 shall be for the Import Administration, $169,398,000 shall be for the United States and Foreign Commercial Service, $14,449,000 shall be for Executive Direction and Administration, and $4,799,000 shall be for carryover restoration: *Provided further*, That the provisions of the first sentence of section 105(f) and all of section 108(c) of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2455(f) and 2458(c)) shall apply in carrying out these activities without regard to section 5412 of the Omnibus Trade and Competitiveness Act of 1988 (15 U.S.C. 4912); and that for the purpose of this Act, contributions under the provisions of the Mutual Educational and Cultural Exchange Act shall include payment for assessments for services provided as part of these activities.

Export Administration

OPERATIONS AND ADMINISTRATION

For necessary expenses for export administration and national security activities of the Department of Commerce, including costs associated with the performance of export administration field activities both domestically and abroad; full medical coverage for dependent members of immediate families of employees stationed overseas; employment of Americans and aliens by contract for services abroad; rental of space abroad for periods not exceeding ten years, and expenses of alteration, repair, or improvement; payment of tort claims, in the manner authorized in the first paragraph of 28 U.S.C. 2672 when such claims arise in foreign countries; not to exceed $15,000 for official representation expenses abroad; awards of compensation to informers under the Export Administration Act of 1979, and as authorized by 22 U.S.C. 401(b); purchase of passenger motor vehicles for official use and motor vehicles for law enforcement use with special requirement vehicles eligible for purchase without regard to any price limitation otherwise established by law, $55,931,000 to remain available until expended, of which $1,877,000 shall be for inspections and other activities related to national security: *Provided*, That the provisions of the first sentence of section 105(f) and all of section 108(c) of the Mutual Educational and Cultural Exchange Act of 1961 (22 U.S.C. 2455(f) and 2458(c)) shall apply in carrying out these activities: *Provided further*, That payments and contributions collected and accepted for materials or services provided as part of such activities may be retained for use in covering the cost of such activities, and for providing information to the public with respect to the export administration and national security activities of the Department of Commerce and other export control programs of the United States and other governments: *Provided further*, That no funds may be obligated or expended for processing licenses for the export of satellites of United States origin (including commercial satellites and satellite components) to the People's Republic of China, unless, at least 15 days in advance, the Committees on Appropriations of the House and the Senate and other appropriate Committees of the Congress are notified of such proposed action.

ECONOMIC DEVELOPMENT ADMINISTRATION

ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS

For grants for economic development assistance as provided by the Public Works and Economic Development Act of 1965, as amended, and for trade adjustment assistance, $203,379,000 to be made available until expended.

SALARIES AND EXPENSES

For necessary expenses of administering the economic development assistance programs as provided for by law, $24,937,000: *Provided*, That these funds may be used to monitor projects approved pursuant to title I of the Public Works Employment Act of 1976, as amended, title II of the Trade Act of 1974, as amended, and the Community Emergency Drought Relief Act of 1977.

MINORITY BUSINESS DEVELOPMENT AGENCY

MINORITY BUSINESS DEVELOPMENT

For necessary expenses of the Department of Commerce in fostering, promoting, and developing minority business enterprise, including expenses of grants, contracts, and other agreements with public or private organizations, $27,627,000.

ECONOMIC AND INFORMATION INFRASTRUCTURE

ECONOMIC AND STATISTICAL ANALYSIS

SALARIES AND EXPENSES

For necessary expenses, as authorized by law, of economic and statistical analysis programs of the Department of Commerce, $51,158,000, to remain available until September 30, 2001.

BUREAU OF THE CENSUS

SALARIES AND EXPENSES

For expenses necessary for collecting, compiling, analyzing, preparing, and publishing statistics, provided for by law, $156,944,000.

PERIODIC CENSUSES AND PROGRAMS

For expenses necessary to conduct the decennial census, $2,789,545,000 to remain available until expended.

In addition, for expenses to collect and publish statistics for other periodic censuses and programs provided for by law, $125,209,000, to remain available until expended.

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses, as provided for by law, of the National Telecommunications and Information Administration (NTIA), $11,009,000, to remain available until expended: *Provided*, That, notwithstanding 31 U.S.C. 1535(d), the Secretary of Commerce shall charge Federal agencies for costs incurred in spectrum management, analysis, and operations, and related services and such fees shall be retained and used as offsetting collections for costs of such spectrum services, to remain available until expended: *Provided further*, That hereafter, notwithstanding any other provision of law, NTIA shall not authorize spectrum use or provide any spectrum functions pursuant to the NTIA Organization Act, 47 U.S.C. 902–903, to any Federal entity without reimbursement as required by NTIA for such spectrum management costs, and Federal entities withholding payment of such cost shall not use spectrum: *Provided further*, That the Secretary of Commerce is authorized to retain and use as offsetting collections all funds transferred, or previously transferred, from other Government agencies for all costs incurred in telecommunications research, engineering, and related activities by the Institute for Telecommunication Sciences of the NTIA, in furtherance of its assigned functions under this paragraph, and such funds received from other Government agencies shall remain available until expended.

PUBLIC TELECOMMUNICATIONS FACILITIES, PLANNING AND CONSTRUCTION

For grants authorized by sections 391 and 392 of the Communications Act of 1934, as amended, $30,000,000, to remain available until expended as authorized by section 391 of the Act, as amended: *Provided*, That not to exceed $1,800,000 shall be available for program administration as authorized by section 391 of the Act: *Provided further*, That notwithstanding the provisions of section 391 of the Act, the prior year unobligated balances may be made available for grants for projects for which applications have been submitted and approved during any fiscal year: *Provided further*, That, hereafter, notwithstanding any other provision of law, the Pan-Pacific Education and Communication Experiments by Satellite (PEACESAT) Program is eligible to compete for Public Telecommunications Facilities, Planning and Construction funds.

INFORMATION INFRASTRUCTURE GRANTS

For grants authorized by section 392 of the Communications Act of 1934, as amended, $18,102,000, to remain available until expended as authorized by section 391 of the Act: *Provided*, That not to exceed $3,000,000 shall be available for program administration and other support activities as authorized by section 391: *Provided further*, That, of the funds appropriated herein, not to exceed 5 percent may be available for telecommunications research activities for projects related directly to the development of a national information infrastructure: *Provided further*, That, notwithstanding the requirements of section 392(a) and 392(c) of the Act, these funds may be used for the planning and construction of telecommunications networks for the provision of educational, cultural, health care, public information, public safety, or other social services: *Provided further*, That notwithstanding any other provision of law, no entity that receives telecommunications services at preferential rates under section 254(h) of the Act (47 U.S.C. 254(h)) or receives assistance under the regional information sharing systems grant program of the Department of Justice under part M of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796h) may use funds under a grant under this heading to cover any costs of the entity that would otherwise be covered by such preferential rates or such assistance, as the case may be.

PATENT AND TRADEMARK OFFICE

SALARIES AND EXPENSES

For necessary expenses of the Patent and Trademark Office provided for by law, including defense of suits instituted against the Commissioner of Patents and Trademarks, $785,976,000, to remain available until expended: *Provided*, That of this amount, $785,976,000 shall be derived from offsetting collections assessed and collected pursuant to 15 U.S.C. 1113 and 35 U.S.C. 41 and 376, and shall be retained and used for necessary expenses in this appropriation: *Provided further*, That the sum herein appropriated from the General Fund shall be reduced as such offsetting collections are received during fiscal year 2000, so as to result in a final fiscal year 2000 appropriation from the General Fund estimated at $0: *Provided further*, That, during fiscal year 2000, should the total amount of offsetting fee collections be less than $785,976,000, the total amounts available to the Patent and Trademark Office shall be reduced accordingly: *Provided further*, That any amount received in excess of $785,976,000 in fiscal year 2000 shall remain available until expended, but shall not be available for obligation until October 1, 2000.

SCIENCE AND TECHNOLOGY

TECHNOLOGY ADMINISTRATION

UNDER SECRETARY FOR TECHNOLOGY/OFFICE OF TECHNOLOGY POLICY

SALARIES AND EXPENSES

For necessary expenses for the Under Secretary for Technology/Office of Technology Policy, $7,972,000, of which not to exceed $600,000 shall remain available until September 30, 2001.

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

SCIENTIFIC AND TECHNICAL RESEARCH AND SERVICES

For necessary expenses of the National Institute of Standards and Technology, $288,128,000, to remain available until expended, of which not to exceed $282,000 may be transferred to the "Working Capital Fund".

INDUSTRIAL TECHNOLOGY SERVICES

For necessary expenses of the Manufacturing Extension Partnership of the National Institute of Standards and Technology, $109,836,000, to remain available until expended.

In addition, for necessary expenses of the Advanced Technology Program of the National Institute of Standards and Technology, $226,500,000, to remain available until expended, of which not to exceed $73,000,000 shall be available for the award of new grants, and of which not to exceed $500,000 may be transferred to the "Working Capital Fund".

CONSTRUCTION OF RESEARCH FACILITIES

For construction of new research facilities, including architectural and engineering design, and for renovation of existing facilities, not otherwise provided for the National Institute of Standards and Technology, as authorized by 15 U.S.C. 278c–278e, $117,500,000, to remain available until expended, of which not to exceed $10,000,000 shall be used to fund a cooperative agreement with the University of South Carolina School of Medicine, and of which not to exceed $10,000,000 shall be used to fund a cooperative agreement with Dartmouth College.

National Oceanic and Atmospheric Administration

OPERATIONS, RESEARCH, AND FACILITIES

(INCLUDING TRANSFERS OF FUNDS)

For necessary expenses of activities authorized by law for the National Oceanic and Atmospheric Administration, including maintenance, operation, and hire of aircraft; grants, contracts, or other payments to nonprofit organizations for the purposes of conducting activities pursuant to cooperative agreements; and relocation of facilities as authorized by 33 U.S.C. 883i; $1,783,118,000, to remain available until expended, of which $6,000,000 shall be used by the National Ocean Service as response and restoration funding for coral reef assessment, monitoring, and restoration, and from available funds, $1,000,000 shall be made available for essential fish habitat activities, and $250,000 shall be made available for a bull trout habitat conservation plan, of which $112,520,000 shall be used for resource information activities of the National Marine Fisheries Service and $806,000 shall be used for the Narragansett Bay cooperative study conducted by the Rhode Island Department of Environmental Management in cooperation with the Federal Government, of which $390,000 shall be used by the National Ocean Service to upgrade an additional 13 Great Lakes water gauging stations in order to ensure compliance with Year 2000 (Y2K) computer date processing requirements: *Provided*, That fees and donations received by the National Ocean Service for the management of the national marine sanctuaries may be retained and used for the salaries and expenses associated with those activities, notwithstanding 31 U.S.C. 3302: *Provided further*, That in addition, $66,426,000 shall be derived by transfer from the fund entitled "Promote and Develop Fishery Products and Research Pertaining to American Fisheries": *Provided further*, That grants to States pursuant to sections 306 and 306A of the Coastal Zone Management Act of 1972, as amended, shall not exceed $2,000,000: *Provided further*, That the Secretary of Commerce shall make funds available to implement the mitigation recommendations identified subsequent to the "1995 Secretary's Report to Congress on Adequacy of NEXRAD Coverage and Degradation of Weather Services", and shall ensure continuation of weather service coverage for these communities until mitigation activities are completed: *Provided further*, That no general administrative charge shall be applied against any assigned activity included in this Act and, further, that any direct administrative expenses applied against assigned activities shall be limited to five percent of the funds provided for that assigned activity: *Provided further*, That of the amount made available under this heading for the National Marine Fisheries Services Pacific Salmon Treaty Program, $5,000,000 is appropriated for a Southern Boundary and Transboundary Rivers Restoration Fund, subject to express authorization: *Provided further*, That the Secretary may proceed as he deems necessary to have the National Oceanic and Atmospheric Administration occupy and operate its research facilities which are located at Lafayette, Louisiana.

PROCUREMENT, ACQUISITION AND CONSTRUCTION

(INCLUDING TRANSFERS OF FUNDS)

For procurement, acquisition and construction of capital assets, including alteration and modification costs, of the National Oceanic and Atmospheric Administration, $670,578,000, to remain available until expended: *Provided*, That unexpended balances of amounts previously made available in the "Operations, Research, and Facilities" account for activities funded under this heading may be transferred to and merged with this account, to remain available until expended for the purposes for which the funds were originally appropriated.

PACIFIC COASTAL SALMON RECOVERY

For necessary expenses associated with the restoration of Pacific salmon populations listed under the Endangered Species Act, $100,000,000: *Provided*, That, of the amounts provided, $18,000,000 each is made available as direct payments to the States of California, Oregon, Washington, and $20,000,000 is made available as a direct payment to the State of Alaska: *Provided further*, That, of the amounts provided, $6,000,000 shall be made available to Pacific Coastal tribes (as defined by the Secretary of Commerce) through the Department of Commerce, which shall allocate the funds to tribes in California and Oregon, and to tribes in Washington after consultation with the Washington State Salmon Recovery Funding Board: *Provided further*, That the Secretary ensure the aforementioned $6,000,000 be used for restoration of Pacific Salmonid populations listed under the Endangered Species Act: *Provided further*, That funds to tribes in Washington shall be used only for grants for planning (not to exceed 10 percent of grant), physical design, and completion of restoration projects: *Provided further*, That each tribe receiving a grant in Washington State derived from the aforementioned $6,000,000 provide a report on the specific use and effectiveness of such recovery project grant in restoring listed Pacific Salmonid populations, which report shall be made public and shall be provided to the Committees on Appropriations in the United States House of Representatives and the United States Senate through the Salmon Recovery Funding Board by December 1, 2000: *Provided further*, That $15,000,000 is made available to the State of Washington as a direct payment for implementation of the June 3, 1999 Agreement of the United States and Canada on the Treaty Between the Government of the United States of America and the Government of Canada Concerning Pacific Salmon, 1985 (hereafter referred to as the "Pacific Salmon Treaty") extending the Treaty framework to include habitat protection objectives: *Provided further*, That $5,000,000 is made available as a direct payment to the State of Alaska for implementation of the June 3, 1999 Agreement of the United States and Canada on the Pacific Salmon Treaty extending the Treaty framework to include habitat protection objectives for fisheries enhancement measures.

COASTAL ZONE MANAGEMENT FUND

Of amounts collected pursuant to section 308 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1456a), not to exceed $4,000,000, for purposes set forth in sections 308(b)(2)(A), 308(b)(2)(B)(v), and 315(e) of such Act.

FISHERMEN'S CONTINGENCY FUND

For carrying out the provisions of title IV of Public Law 95–372, not to exceed $953,000, to be derived from receipts collected pursuant to that Act, to remain available until expended.

FOREIGN FISHING OBSERVER FUND

For expenses necessary to carry out the provisions of the Atlantic Tunas Convention Act of 1975, as amended (Public Law 96–339), the Magnuson-Stevens Fishery Conservation and Management Act of 1976, as amended (Public Law 100–627), and the American Fisheries Promotion Act (Public Law 96–561), to be derived from the fees imposed under the foreign fishery observer program authorized by these Acts, not to exceed $189,000, to remain available until expended.

FISHERIES FINANCE PROGRAM ACCOUNT

For the cost of direct loans, $2,038,000, as authorized by the Merchant Marine Act of 1936, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That none of the funds made available under this heading may be used for direct loans for any new fishing vessel that will increase the harvesting capacity in any United States fishery.

General Administration

SALARIES AND EXPENSES

For expenses necessary for the general administration of the Department of Commerce provided for by law, including not to exceed $3,000 for official entertainment, $34,046,000.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended (App. 1–11 as amended by Public Law 100–504), $17,900,000.

FISHERIES PROMOTIONAL FUND

(RESCISSION)

Of the unobligated balances available under this heading, $1,187,000 are rescinded.

General Provisions—Department of Commerce

SEC. 201. During the current fiscal year, applicable appropriations and funds made available to the Department of Commerce by this Act shall be available for the activities specified in the Act of October 26, 1949 (15 U.S.C. 1514), to the extent and in the manner prescribed by the Act, and, notwithstanding 31 U.S.C. 3324, may be used for advanced payments not otherwise authorized only upon the certification of officials designated by the Secretary of Commerce that such payments are in the public interest.

SEC. 202. During the current fiscal year, appropriations made available to the Department of Commerce by this Act for salaries and expenses shall be available for hire of passenger motor vehicles as authorized by 31 U.S.C. 1343 and 1344; services as authorized by 5 U.S.C. 3109; and uniforms or allowances therefore, as authorized by law (5 U.S.C. 5901–5902).

SEC. 203. None of the funds made available by this Act may be used to support the hurricane reconnaissance aircraft and activities that are under the control of the United States Air Force or the United States Air Force Reserve.

SEC. 204. None of the funds provided in this or any previous Act, or hereinafter made available to the Department of Commerce, shall be available to reimburse the Unemployment Trust Fund or any other fund or account of the Treasury to pay for any expenses paid before October 1, 1992, as authorized by section 8501 of title 5, United States Code, for services performed after April 20, 1990, by individuals appointed to temporary positions within the Bureau of the Census for purposes relating to the 1990 decennial census of population.

SEC. 205. Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Department of Commerce in this Act may be transferred between such appropriations, but no such appropriation shall be increased by more than 10 percent by any such transfers: *Provided*, That any transfer pursuant to this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

SEC. 206. Any costs incurred by a Department or agency funded under this title resulting from personnel actions taken in response to funding reductions included in this title or from actions taken for the care and protection of loan collateral or grant property shall be absorbed within the total budgetary resources available to such Department or agency: *Provided*, That the authority to transfer funds between appropriations accounts as may be necessary to carry out this section is provided in addition to authorities included elsewhere in this Act: *Provided further*, That use of funds to carry out this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

SEC. 207. The Secretary of Commerce may award contracts for hydrographic, geodetic, and photogrammetric surveying and mapping services in accordance with title IX of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 541 et seq.).

SEC. 208. The Secretary of Commerce may use the Commerce franchise fund for expenses and equipment necessary for the maintenance and operation of such administrative services as the Secretary determines may be performed more advantageously as central services, pursuant to section 403 of Public Law 103–356: *Provided*, That any inventories, equipment, and other assets pertaining to the services to be provided by such fund, either on hand or on order, less the related liabilities or unpaid obligations, and any appropriations made for the purpose of providing capital shall be used to capitalize such fund: *Provided further*, That such fund shall be paid in advance from funds available to the Department and other Federal agencies for which such centralized services are performed, at rates which will return in full all expenses of operation, including accrued leave, depreciation of fund plant and equipment, amortization of automated data processing (ADP) software and systems (either acquired or donated), and an amount necessary to maintain a reasonable operating reserve, as determined by the Secretary: *Provided further*, That such fund shall provide services on a competitive basis: *Provided further*, That an amount not to exceed 4 percent of the total annual income to such fund may be retained in the fund for fiscal year 2000 and each fiscal year thereafter, to remain available until expended, to be used for the acquisition of capital equipment, and for the improvement and implementation of Department financial management, ADP, and other support systems: *Provided further*, That such amounts retained in the fund for fiscal year 2000 and each fiscal year thereafter shall be available for obligation and expenditure only in accordance with section 605 of this Act: *Provided further*, That no later than 30 days after the end of each fiscal year, amounts in excess of this reserve limitation shall be deposited as miscellaneous receipts in the Treasury: *Provided further*, That such franchise fund pilot program shall terminate pursuant to section 403(f) of Public Law 103–356.

SEC. 209. NEW ENGLAND FISHERY MANAGEMENT COUNCIL. Section 302(a)(1)(A) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1852(a)(1)(A)) is amended—

(1) by striking "17" and inserting "18"; and

(2) by striking "11" and inserting "12".

SEC. 210. SENSE OF SENATE WITH RESPECT TO PROMOTING TRAVEL AND TOURISM. (a) FINDINGS.—Congress finds that—

(1) an effective public-private partnership of Federal, State, and local governments and the travel and tourism industry can successfully market the United States as the premiere international tourist destination in the world;

(2) the private sector, States, and cities currently spend more than $1,000,000,000 annually to promote particular destinations within the United States to international visitors;

(3) other nations are spending hundreds of millions of dollars annually to promote the visits of international tourists to their countries, and the United States will miss a major marketing opportunity if it fails to aggressively compete for an increased share of international tourism expenditures as they continue to increase over the next decade;

(4) a well-funded, well-coordinated international marketing effort, combined with additional public and private sector efforts, would help small and large businesses, as well as State and local governments, share in the anticipated growth of the international travel and tourism market in the 21st century; and

(5) a long-term marketing effort should be supported to promote increased travel to the United States for the benefit of every sector of the economy.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that Congress should enact this year, with adequate funding from available resources, legislation that would support international promotional activities by the United States National Tourism Organization to help brand, position, and promote the United States as the premiere travel and tourism destination in the world.

SEC. 211. STUDY OF A GENERAL ELECTRONIC EXTENSION PROGRAM. Not later than 6 months after the enactment of this Act, the Secretary of Commerce shall report to Congress on possible benefits from a general electronic commerce extension program to help small businesses, not limited to manufacturers, in all parts of the Nation identify and adopt electronic commerce technology and techniques, so that such businesses can fully participate in electronic commerce. Such a general extension service would be analogous to the Manufacturing Extension Program managed by the National Institute of Standards and Technology, and the Cooperative Extension Service managed by the Department of Agriculture. The report shall address, at a minimum, the following—

(1) the need for or opportunity presented by such a program;

(2) some of the specific services that such a program should provide and to whom;

(3) how such a program would serve firms in rural or isolated areas;

(4) how such a program should be established, organized, and managed;

(5) the estimated costs of such a program; and

(6) the potential benefits of such a program to both small businesses and the economy as a whole.

SEC. 212. SENSE OF THE SENATE REGARDING THE EUROPEAN COUNCIL NOISE RULE AFFECTING HUSHKITTED AND REENGINED AIRCRAFT. (a) FINDINGS.—The Senate finds that—

(1) for more than 50 years, the International Civil Aviation Organization (ICAO) has been the single entity vested with the authority to establish international noise and emissions standards; through ICAO's efforts, aircraft noise has decreased by an average of 40 percent since 1970;

(2) ICAO is currently working on an expedited basis on even more stringent international noise standards, taking into account economic reasonableness, technical feasibility and environmental benefits;

(3) international noise and emissions standards are critical to maintaining United States aeronautical industries' economic viability and to obtaining their ongoing commitment to progressively more stringent noise reduction efforts;

(4) European Council (EC) Regulation No. 925/1999, banning certain aircraft meeting the highest internationally recognized noise standards from flying in Europe, undermines the integrity of the ICAO process and undercuts the likelihood that new Stage 4 standards can be developed;

(5) while no regional standard is acceptable, this regulation is particularly offensive; there is no scientific basis for the regulation and it has been carefully crafted to protect European aviation interests while imposing arbitrary, substantial and unfounded cost burdens on United States aeronautical industries;

(6) the vast majority of aircraft that will be affected by EC Regulation No. 925/1999 are operated by United States flag carriers; and

(7) the implementation of EC Regulation No. 925/1999 will result in a loss of jobs in the United States and may cost the United States aviation industry in excess of $2,000,000,000.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) EC Regulation No. 925/1999 should be rescinded by the EC at the earliest possible time;

(2) that if this is not done, the Department of State should file a petition regarding EC Regulation No. 925/1999 with ICAO pursuant to Article 84 of the Chicago Convention; and

(3) the Departments of Commerce and Transportation and the United States Trade Representative should use all reasonable means available to them to ensure that the goal of having the rule repealed is achieved.

This title may be cited as the "Department of Commerce and Related Agencies Appropriations Act, 2000".

TITLE III—THE JUDICIARY

SUPREME COURT OF THE UNITED STATES

SALARIES AND EXPENSES

For expenses necessary for the operation of the Supreme Court, as required by law, excluding care of the building and grounds, including purchase or hire, driving, maintenance, and operation of an automobile for the Chief Justice, not to exceed $10,000 for the purpose of transporting Associate Justices, and hire of passenger motor vehicles as authorized by 31 U.S.C. 1343 and 1344; not to exceed $10,000 for official reception and representation expenses; and for miscellaneous expenses, to be expended as the Chief Justice may approve, $35,903,000.

CARE OF THE BUILDING AND GROUNDS

For such expenditures as may be necessary to enable the Architect of the Capitol to carry out the duties imposed upon him by the Act approved May 7, 1934 (40 U.S.C. 13a–13b), $9,652,000, of which $6,751,000 shall remain available until expended.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

SALARIES AND EXPENSES

For salaries of the chief judge, judges, and other officers and employees, and for necessary expenses of the court, as authorized by law, $16,911,000.

UNITED STATES COURT OF INTERNATIONAL TRADE

SALARIES AND EXPENSES

For salaries of the chief judge and 8 judges, salaries of the officers and employees of the court, services as authorized by 5 U.S.C. 3109, and necessary expenses of the court, as authorized by law, $11,957,000.

COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES

SALARIES AND EXPENSES

For the salaries of circuit and district judges (including judges of the territorial courts of the United States), justices and judges retired from office or from regular active service, judges of the United States Court of Federal Claims, bankruptcy judges, magistrate judges, and all other officers and employees of the Federal Judiciary not otherwise specifically provided for, and necessary expenses of the courts, as authorized by law, $2,892,265,000 (including the purchase of firearms and ammunition); of which not to exceed $19,150,000 shall remain available until expended for space alteration projects; and of which not to exceed $10,000,000 shall remain available until expended for furniture and furnishings related to new space alteration and construction projects.

In addition, $100,000,000 for such purposes, to remain available until expended, to be derived from the Violent Crime Reduction Trust Fund.

In addition, for expenses of the United States Court of Federal Claims associated with processing cases under the National Childhood Vaccine Injury Act of 1986, not to exceed $2,581,000, to be appropriated from the Vaccine Injury Compensation Trust Fund.

DEFENDER SERVICES

For the operation of Federal Public Defender and Community Defender organizations; the compensation and reimbursement of expenses of attorneys appointed to represent persons under the Criminal Justice Act of 1964, as amended; the compensation and reimbursement of expenses of persons furnishing investigative, expert and other services under the Criminal Justice Act; the compensation (in accordance with Criminal Justice Act maximums) and reimbursement of expenses of attorneys appointed to assist the court in criminal cases where the defendant has waived representation by counsel; the compensation and reimbursement of travel expenses of guardians ad litem acting on behalf of financially eligible minor or incompetent offenders in connection with transfers from the United States to foreign countries with which the United States has a treaty for the execution of penal sentences; and the compensation of attorneys appointed to represent jurors in civil actions for the protection of their employment, as authorized by 28 U.S.C. 1875(d), $353,888,000, to remain available until expended as authorized by 18 U.S.C. 3006A(i).

FEES OF JURORS AND COMMISSIONERS

For fees and expenses of jurors as authorized by 28 U.S.C. 1871 and 1876; compensation of jury commissioners as authorized by 28 U.S.C. 1863; and compensation of commissioners appointed in condemnation cases pursuant to rule 71A(h) of the Federal Rules of Civil Procedure (28 U.S.C. Appendix Rule 71A(h)), $60,918,000, to remain available until expended: *Provided*, That the compensation of land commissioners shall not exceed the daily equivalent of the highest rate payable under section 5332 of title 5, United States Code.

COURT SECURITY

For necessary expenses, not otherwise provided for, incident to the procurement, installation, and maintenance of security equipment and protective services for the United States Courts in courtrooms and adjacent areas, including building ingress-egress control, inspection of packages, directed security patrols, and other similar activities as authorized by section 1010 of the Judicial Improvement and Access to Justice Act (Public Law 100–702), $196,026,000, of which not to exceed $10,000,000 shall remain available until expended, to be expended directly or transferred to the United States Marshals Service, which shall be responsible for administering the Judicial Facility Security Program consistent with standards or guidelines agreed to by the Director of the Administrative Office of the United States Courts and the Attorney General.

ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS

SALARIES AND EXPENSES

For necessary expenses of the Administrative Office of the United States Courts as authorized by law, including travel as authorized by 31 U.S.C. 1345, hire of a passenger motor vehicle as authorized by 31 U.S.C. 1343(b), advertising and rent in the District of Columbia and elsewhere, $56,054,000, of which not to exceed $10,000 is authorized for official reception and representation expenses.

FEDERAL JUDICIAL CENTER

SALARIES AND EXPENSES

For necessary expenses of the Federal Judicial Center, as authorized by Public Law 90–219, $18,476,000; of which $1,800,000 shall remain available through September 30, 2001, to provide education and training to Federal court personnel; and of which not to exceed $1,000 is authorized for official reception and representation expenses.

JUDICIAL RETIREMENT FUNDS

PAYMENT TO JUDICIARY TRUST FUNDS

For payment to the Judicial Officers' Retirement Fund, as authorized by 28 U.S.C. 377(o), $29,500,000; to the Judicial Survivors' Annuities Fund, as authorized by 28 U.S.C. 376(c), $8,000,000; and to the United States Court of Federal Claims Judges' Retirement Fund, as authorized by 28 U.S.C. 178(l), $2,200,000.

UNITED STATES SENTENCING COMMISSION

SALARIES AND EXPENSES

For the salaries and expenses necessary to carry out the provisions of chapter 58 of title 28, United States Code, $9,743,000, of which not to exceed $1,000 is authorized for official reception and representation expenses.

GENERAL PROVISIONS—THE JUDICIARY

SEC. 301. Appropriations and authorizations made in this title which are available for salaries and expenses shall be available for services as authorized by 5 U.S.C. 3109.

SEC. 302. Not to exceed 10 percent of any appropriation made available for the current fiscal year for the Judiciary in this Act may be transferred between such appropriations, but no such appropriation, except "Courts of Appeals, District Courts, and Other Judicial Services, Defender Services" and "Courts of Appeals, District Courts, and Other Judicial Services, Fees of Jurors and Commissioners", shall be increased by more than 20 percent by any such transfers: *Provided*, That any transfer pursuant to this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

SEC. 303. Notwithstanding any other provision of law, the salaries and expenses appropriation for district courts, courts of appeals, and other judicial services shall be available for official reception and representation expenses of the Judicial Conference of the United States: *Provided*, That such available funds shall not exceed $12,000 and shall be administered by the Director of the Administrative Office of the United States Courts in the capacity as Secretary of the Judicial Conference.

SEC. 304. Pursuant to section 140 of Public Law 97–92, Justices and judges of the United States are authorized during fiscal year 2000, to receive a salary adjustment in accordance with 28 U.S.C. 461: *Provided*, That $9,611,000 is appropriated for salary adjustments pursuant to this section and such funds shall be transferred to and merged with appropriations in title III of this Act.

SEC. 305. Notwithstanding any other provision of law, in addition to funds appropriated elsewhere in this title, $2,700,000 is appropriated to the "Courts of Appeals, District Courts, and Other Judicial Services" and is provided for the Institute at Saint Anselm College and the New Hampshire State Library.

SEC. 306. Section 604(a)(5) of title 28, United States Code, is amended by adding before the semicolon at the end thereof the following: ", and, notwithstanding any other provision of law, pay on behalf of justices and judges of the United States appointed to hold office during good behavior, aged 65 or over, any increases in the cost of Federal Employees' Group Life Insurance imposed after April 24, 1999, including any expenses generated by such payments, as authorized by the Judicial Conference of the United States".

SEC. 307. PLACE OF HOLDING COURT AT CENTRAL ISLIP, NEW YORK. The second paragraph of section 112(c) of title 28, United States Code, is amended to read "Court for the Eastern District shall be held at Brooklyn, Hauppauge, Hempstead (including the village of Uniondale), and Central Islip.".

SEC. 308. WEST VIRGINIA CLERK CONSOLIDATION APPROVAL. Pursuant to the requirements of section 156(d) of title 28, United States Code, Congress hereby approves the consolidation of the Office of the Bankruptcy Clerk with the Office of the District Clerk of Court in the Southern District of West Virginia.

SEC. 309. SENIOR JUDGE'S CHAMBERS IN PROVO, UTAH. The Internal Revenue Service is directed to vacate sufficient space in the Federal Building in Provo, Utah as soon as practicable to provide space for a senior judge's chambers in that building. The General Services Administration is directed to provide interim space for a senior judge's chambers in Provo, Utah and to complete a permanent senior judge's chambers in the Federal Building located in that city as soon as practicable.

SEC. 310. (a) IN GENERAL.—Section 3006A(d)(4)(D)(vi) of title 18, United States Code, is amended by adding after the word "require" the following: ", except that the amount of the fees shall not be considered a reason justifying any limited disclosure under section 3006A(d)(4) of title 18, United States Code''.

(b) EFFECTIVE DATE.—This section shall apply to all disclosures made under section 3006A(d) of title 18, United States Code, related to any criminal trial or appeal involving a sentence of death where the underlying alleged criminal conduct took place on or after April 19, 1995.

This title may be cited as "The Judiciary Appropriations Act, 2000''.

TITLE IV—DEPARTMENT OF STATE AND RELATED AGENCIES

DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

DIPLOMATIC AND CONSULAR PROGRAMS

For necessary expenses of the Department of State and the Foreign Service not otherwise provided for, including expenses authorized by the State Department Basic Authorities Act of 1956, as amended, the Mutual Educational and Cultural Exchange Act of 1961, as amended, and the United States Information and Educational Exchange Act of 1948, as amended, including employment, without regard to civil service and classification laws, of persons on a temporary basis (not to exceed $700,000 of this appropriation), as authorized by section 801 of such Act of 1948; expenses authorized by section 9 of the Act of August 31, 1964, as amended; representation to certain international organizations in which the United States participates pursuant to treaties, ratified pursuant to the advice and consent of the Senate, or specific Acts of Congress; arms control, nonproliferation, and disarmament activities as authorized by the Arms Control and Disarmament Act of September 26, 1961, as amended; acquisition by exchange or purchase of passenger motor vehicles as authorized by law; and for expenses of general administration, $2,671,429,000: *Provided*, That, of the amount made available under this heading, not to exceed $4,000,000 may be transferred to, and merged with, funds in the "Emergencies in the Diplomatic and Consular Service" appropriations account, to be available only for emergency evacuations and terrorism rewards: *Provided further*, That of the amount made available under this heading, $299,480,000 shall be available only for worldwide security upgrades: *Provided further*, That of the amount made available under this heading, $500,000 shall be available only for the National Law Center for Inter-American Free Trade: *Provided further*, That of the amount made available under this heading, $5,000,000 shall be available only for overseas continuing language education: *Provided further*, That of the amount made available under this heading, $13,500,000 shall be available only for the East-West Center: *Provided further*, That of the amount made available under this heading, $6,000,000 shall be available only for overseas representation expenses: *Provided further*, That of the amount made available under this heading, not to exceed $125,000 shall be available only for the Maui Pacific Center: *Provided further*, That no employee of the Department of State shall be detailed to another agency, organization, or institution on a reimbursable or non-reimbursable basis for a total of more than 2 years during any 5-year period, unless the Secretary of State determines that a detail for a period more than a total of 2 years during any 5 year period would further the interests of the Department of State: *Provided further*, That not later than 3 months after the date of enactment of this Act, each employee of the Department of State who has served on detail to another agency, organization, or institution for a total of more than 2 years during the 5-year period preceding the date of enactment of this Act shall terminate the detail, unless the Secretary of State determines that the extension of the detail would further the interests of the Department of State: *Provided further*, That notwithstanding section 140(a)(5), and the second sentence of section 140(a)(3), of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995, fees may be collected during fiscal year 2000 and each fiscal year thereafter, under the authority of section 140(a)(1) of that Act: *Provided further*, That all fees collected under the preceding proviso shall be deposited as an offsetting collection to appropriations made under this heading to recover costs as set forth under section 140(a)(2) of that Act and shall remain available until expended: *Provided further*, That of the amount made available under this heading for the Bureau of Oceans and International Environment and Scientific Affairs, $5,000,000 is appropriated for a Northern Boundary and Transboundary Rivers Restoration Fund: *Provided further*, That of the amount made available under this heading, not less than $11,000,000 shall be available for the Office of Defense Trade Controls.

In addition, not to exceed $1,252,000 shall be derived from fees collected from other executive agencies for lease or use of facilities located at the International Center in accordance with section 4 of the International Center Act, as amended; in addition, as authorized by section 5 of such Act, $490,000, to be derived from the reserve authorized by that section, to be used for the purposes set out in that section; in addition, not to exceed $6,000,000, to remain available until expended, may be credited to this appropriation from fees or other payments received from or in connection with English teaching, library, motion pictures, and publication programs, and from fees from educational advising and counseling, and exchange visitor program services as authorized by section 810 of such Act of 1948; and, in addition, not to exceed $15,000, which shall be derived from reimbursements, surcharges, and fees for use of Blair House facilities in accordance with section 46 of the State Department Basic Authorities Act of 1956.

CAPITAL INVESTMENT FUND

For necessary expenses of the Capital Investment Fund, $80,000,000, to remain available until expended, as authorized in Public Law 103–236: *Provided*, That section 135(e) of Public Law 103–236 shall not apply to funds available under this heading.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended (5 U.S.C. App.), $26,495,000, notwithstanding section 209(a)(1) of the Foreign Service Act of 1980, as amended (Public Law 96–465), as it relates to post inspections.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

For expenses of educational and cultural exchange programs, as authorized by the Mutual Educational and Cultural Exchange Act of 1961, as amended (22 U.S.C. 2451 et seq.), and Reorganization Plan No. 2 of 1977 (91 Stat. 1636), as amended, $216,476,000, to remain available until expended as authorized by section 105 of such Act of 1961 (22 U.S.C. 2455): *Provided*, That not to exceed $800,000, to remain available until expended, may be credited to this appropriation from fees or other payments received from or in connection with English teaching and publication programs as authorized by section 810 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1475e) and, notwithstanding any other provision of law, fees from educational advising and counseling: *Provided further*, That, of the amount appropriated under this heading for the Fulbright program, such sums as may be available may be used for the Tibetan Exchange Program.

NATIONAL ENDOWMENT FOR DEMOCRACY

For grants by the Department of State to the National Endowment for Democracy as authorized by the National Endowment for Democracy Act, $30,000,000, to remain available until expended: *Provided*, That, in lieu of the dollar amount specified under the heading "CAPITAL INVESTMENT FUND" in this Act, the dollar amount under that heading shall be considered to be $50,000,000.

REPRESENTATION ALLOWANCES

For representation allowances as authorized by section 905 of the Foreign Service Act of 1980, as amended (22 U.S.C. 4085), $5,850,000.

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

For expenses, not otherwise provided, to enable the Secretary of State to provide for extraordinary protective services in accordance with the provisions of section 214 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 4314) and 3 U.S.C. 208, $8,100,000, to remain available until September 30, 2000.

SECURITY AND MAINTENANCE OF UNITED STATES MISSIONS

For necessary expenses for carrying out the Foreign Service Buildings Act of 1926, as amended (22 U.S.C. 292–300), preserving, maintaining, repairing, and planning for, buildings that are owned or directly leased by the Department of State, renovating, in addition to funds otherwise available, the Main State Building, and carrying out the Diplomatic Security Construction Program as authorized by title IV of the Omnibus Diplomatic Security and Antiterrorism Act of 1986 (22 U.S.C. 4851), $583,496,000, to remain available until expended as authorized by section 24(c) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2696(c)): *Provided*, That none of the funds appropriated in this paragraph shall be available for acquisition of furniture and furnishings and generators for other departments and agencies.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

For expenses necessary to enable the Secretary of State to meet unforeseen emergencies arising in the Diplomatic and Consular Service pursuant to the requirement of 31 U.S.C. 3526(e), and as authorized by section 804(3) of the United States Information and Educational Exchange Act of 1948, as amended, $7,000,000 to remain available until expended as authorized by section 24(c) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2696(c)), of which not to exceed $1,000,000 may be transferred to and merged with the Repatriation Loans Program Account, subject to the same terms and conditions.

REPATRIATION LOANS PROGRAM ACCOUNT

For the cost of direct loans, $593,000, as authorized by section 4 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2671): *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974. In addition, for administrative expenses necessary to carry out the direct loan program, $607,000, which may be transferred to and merged with the Salaries and Expenses account under Administration of Foreign Affairs.

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

For necessary expenses to carry out the Taiwan Relations Act, Public Law 96–8, $16,000,000.

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

For payment to the Foreign Service Retirement and Disability Fund, as authorized by law, $128,541,000.

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

For expenses, not otherwise provided for, necessary to meet annual obligations of membership in international multilateral organizations, pursuant to treaties, ratified pursuant to the advice and consent of the Senate, or specific Acts of Congress, $943,308,000, of which not to exceed $107,000,000 shall remain available until expended for payment of arrearages: *Provided*, That none of the funds appropriated or otherwise made available by this Act for payment of arrearages may be obligated or expended unless such obligation or expenditure is expressly authorized by the enactment of a separate Act that makes payment of arrearages contingent upon United Nations reforms: *Provided further*, That any payment of arrearages shall be directed toward special activities that are mutually agreed upon by the United States and the respective international organization.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

For necessary expenses to pay assessed and other expenses of international peacekeeping activities directed to the maintenance or restoration of international peace and security, $280,925,000, of which not to exceed $28,093,000 shall remain available until September 30, 2001, and of which not to exceed $137,000,000 shall remain available until expended for payment of arrearages: *Provided*, That none of the funds appropriated or otherwise made available by this Act for payment of arrearages may be obligated or expended unless such obligation or expenditure is expressly authorized by the enactment of a separate Act that makes payment of arrearages contingent upon United Nations reforms: *Provided further*, That any additional amount provided, not to exceed $107,000,000, which is owed by the United Nations to the United States as a reimbursement, including any reimbursement under the Foreign Assistance Act of 1961 or the United Nations Participation Act of 1945, that was owed to the United States before the date of enactment of this Act shall be applied or used, without fiscal year limitation, to reduce any amount owed by the United States to the United Nations, except that any such reduction pursuant to the authority in this paragraph shall not be made unless expressly authorized by the enactment of a separate Act that makes payment of arrearages contingent upon United Nations reform: *Provided further*, That the funds provided under this heading (other than funds provided to pay arrearages) shall be disbursed in the manner described in the following table:

Mission	*Amount*
UN Disengagement Observer Force	$8,900,000
UN Interim Force in Lebanon	34,000,000
UN Iraq/Kuwait Observer Mission	4,500,000
UN Mission in Bosnia and Herzegovina/UN Mission of Observers in Prevlaka	50,000,000
UN Force in Cyprus	6,500,000
UN Observer Mission in Georgia	5,500,000
UN Mission of Observers to Tajikistan	7,000,000
UN Observer Mission in Sierra Leone	8,500,000
War Crimes Tribunal—Yugoslavia and Rwanda	15,525,000
UN Observer Mission to East Timor	3,500,000

INTERNATIONAL COMMISSIONS

For necessary expenses, not otherwise provided for, to meet obligations of the United States arising under treaties, or specific Acts of Congress, as follows:

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES AND MEXICO

For necessary expenses for the United States Section of the International Boundary and Water Commission, United States and Mexico, and to comply with laws applicable to the United States Section, including not to exceed $6,000 for representation; as follows:

SALARIES AND EXPENSES

For salaries and expenses, not otherwise provided for, $19,551,000.

CONSTRUCTION

For detailed plan preparation and construction of authorized projects, $5,939,000, to remain available until expended, as authorized by section 24(c) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2696(c)).

AMERICAN SECTIONS, INTERNATIONAL COMMISSIONS

For necessary expenses, not otherwise provided for the International Joint Commission and the International Boundary Commission, United States and Canada, as authorized by treaties between the United States and Canada or Great Britain, and for the Border Environment Cooperation Commission as authorized by Public Law 103–182, $5,733,000, of which not to exceed $9,000 shall be available for representation expenses incurred by the International Joint Commission.

INTERNATIONAL FISHERIES COMMISSIONS

For necessary expenses for international fisheries commissions, not otherwise provided for, as authorized by law, $15,549,000: *Provided*, That the United States' share of such expenses may be advanced to the respective commissions, pursuant to 31 U.S.C. 3324: *Provided further*, That of the amounts made available for the Inter-American Tropical Tuna Commission in fiscal year 2000, not more than $2,350,000 may be obligated and expended: *Provided further*, That no tuna may be imported in any year from any High Contracting Party to the Convention establishing the Commission (TIAS 2044; 1 UST 231) unless the Party has paid a share of the joint expenses of the Commission proportionate to the share of the total catch from the previous year from the fisheries covered by the Convention which is utilized by that Party.

OTHER

EISENHOWER EXCHANGE FELLOWSHIP PROGRAM TRUST FUND

For necessary expenses of Eisenhower Exchange Fellowships, Incorporated, as authorized by sections 4 and 5 of the Eisenhower Exchange Fellowship Act of 1990 (20 U.S.C. 5204–5205), all interest and earnings accruing to the Eisenhower Exchange Fellowship Program Trust Fund on or before September 30, 2000, to remain available until expended: *Provided*, That none of the funds appropriated herein shall be used to pay any salary or other compensation, or to enter into any contract providing for the payment thereof, in excess of the rate authorized by 5 U.S.C. 5376; or for purposes which are not in accordance with OMB Circulars A–110 (Uniform Administrative Requirements) and A–122 (Cost Principles for Non-profit Organizations), including the restrictions on compensation for personal services.

ISRAELI ARAB SCHOLARSHIP PROGRAM

For necessary expenses of the Israeli Arab Scholarship Program as authorized by section 214 of the Foreign Relations Authorization Act, fiscal years 1992 and 1993 (22 U.S.C. 2452), all interest and earnings accruing to the Israeli Arab Scholarship Fund on or before September 30, 2000, to remain available until expended.

EAST-WEST CENTER

To enable the Secretary of State to provide for carrying out the provisions of the Center for Cultural and Technical Interchange Between East and West Act of 1960 (22 U.S.C. 2054–2057), by grant to the Center for Cultural and Technical Interchange Between East and West in the State of Hawaii, $12,500,000: *Provided*, That none of the funds appropriated herein shall be used to pay any salary, or enter into any contract providing for the payment thereof, in excess of the rate authorized by 5 U.S.C. 5376.

RELATED AGENCIES

BROADCASTING BOARD OF GOVERNORS

INTERNATIONAL BROADCASTING OPERATIONS

For expenses necessary to enable the Broadcasting Board of Governors, as authorized by the United States Information and Educational Exchange Act of 1948, as amended, the United States International Broadcasting Act of 1994, as amended, and Reorganization Plan No. 2 of 1977, as amended, and the Foreign Affairs Reform and Restructuring Act of 1998, to carry out international communication activities, $362,365,000, of which not to exceed $16,000 may be used for official receptions within the United States as authorized by section 804(3) of such Act of 1948 (22 U.S.C. 1747(3)), not to exceed $35,000 may be used for representation abroad as authorized by section 302 of such Act of 1948 (22 U.S.C. 1452) and section 905 of the Foreign Service Act of 1980 (22 U.S.C. 4085), and not to exceed $39,000 may be used for official reception and representation expenses of Radio Free Europe/Radio Liberty; and in addition, notwithstanding any other provision of law, not to exceed $2,000,000 in receipts from advertising and revenue from business ventures, not to exceed $500,000 in receipts from cooperating international organizations, and not to exceed $1,000,000 in receipts from privatization efforts of the Voice of America and the International Broadcasting Bureau, to remain available until expended for carrying out authorized purposes.

BROADCASTING TO CUBA

For expenses necessary to enable the Broadcasting Board of Governors to carry out the Radio Broadcasting to Cuba Act, as amended, the Television Broadcasting to Cuba Act, and the International Broadcasting Act of 1994, and the Foreign Affairs Reform and Restructuring Act of 1998, including the purchase, rent, construction, and improvement of facilities for radio and television transmission and reception, and purchase and installation of necessary equipment for radio and television transmission and reception, $23,664,000, to remain available until expended: *Provided*, That funds may be used to purchase or lease, maintain, and operate such aircraft (including aerostats) as may be required to house and operate necessary television broadcasting equipment.

RADIO CONSTRUCTION

For the purchase, rent, construction, and improvement of facilities for radio transmission and reception, and purchase and installation of necessary equipment for radio and television transmission and reception as authorized by section 801 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1471), $13,245,000, to remain available until expended, as authorized by section 704(a) of such Act of 1948 (22 U.S.C. 1477b(a)).

GENERAL PROVISIONS—DEPARTMENT OF STATE AND RELATED AGENCIES

SEC. 401. Funds appropriated under this title shall be available, except as otherwise provided, for allowances and differentials as authorized by subchapter 59 of title 5, United States Code; for services as authorized by 5 U.S.C. 3109; and hire of passenger transportation pursuant to 31 U.S.C. 1343(b).

SEC. 402. Not to exceed 10 percent of any appropriation made available for the current fiscal year for the Department of State in this Act may be transferred between such appropriations, but no such appropriation, except as otherwise specifically provided, shall be increased by more than 20 percent by any such transfers: *Provided*, That not to exceed 10 percent of any appropriation made available for the current fiscal year for the Broadcasting Board of Governors in this Act may be transferred between such appropriations, but no such appropriation, except as otherwise specifically provided, shall be increased by more than 20 percent by any such transfers: *Provided further*, That any transfer pursuant to this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

SEC. 403. The Secretary of State is authorized to administer summer travel and work programs without regard to preplacement requirements.

SEC. 404. None of the funds made available in this Act may be used by the Department of State or the Broadcasting Board of Governors to provide equipment, technical support, consulting services, or any other form of assistance to the Palestinian Broadcasting Corporation.

SEC. 405. None of the funds appropriated or otherwise made available by this Act or any other Act for fiscal year 2000 or any fiscal year thereafter should be obligated or expended for the operation of a United States consulate or diplomatic facility in Jerusalem unless such consulate or diplomatic facility is under the supervision of the United States Ambassador to Israel.

SEC. 406. None of the funds appropriated or otherwise made available by this Act or any other Act for fiscal year 2000 or any fiscal year thereafter may be obligated or expended for the publication of any official Government document which lists countries and their capital cities unless the publication identifies Jerusalem as the capital of Israel.

SEC. 407. For the purposes of registration of birth, certification of nationality, or issuance of a passport of a United States citizen born in the city of Jerusalem, the Secretary of State shall, upon request of the citizen, record the place of birth as Israel.

SEC. 408. None of the funds appropriated or otherwise made available in this Act for the United Nations may be used by the United Nations for the promulgation or enforcement of any treaty, resolution, or regulation authorizing the United Nations, or any of its specialized agencies or affiliated organizations, to tax any aspect of the Internet.

SEC. 409. EXTENSION OF TEMPORARY PROTECTED STATUS FOR CERTAIN NATIONALS OF LIBERIA. (a) CONTINUATION OF STATUS.—Notwithstanding any other provision of law, any alien described in subsection (b) who, as of the date of enactment of this Act, is registered for temporary protected status in the United States under section 244(c)(1)(A)(iv) of the Immigration and Nationality Act (8 U.S.C. 1254a(c)(1)(A)(iv)), or any predecessor law, order, or regulation, shall be entitled to maintain that status through September 30, 2000.

(b) COVERED ALIENS.—An alien referred to in subsection (a) is a national of Liberia or an alien who has no nationality and who last habitually resided in Liberia.

SEC. 410. NOTIFICATION OF INTENT TO SELL CERTAIN UNITED STATES PROPERTIES. Consistent with the regular notification procedures established pursuant to section 34 of the State Department Basic Authorities Act of 1956, the Secretary of State shall notify in writing the Committees on Foreign Relations and Appropriations in the Senate and the Committees on International Relations and Appropriations in the House of Representatives sixty days in advance of any action taken by the Department to enter into any contract for the final sale of properties owned by the United States that have served as United States Embassies, Consulates General, or residences for United States Ambassadors, Chiefs of Missions, or Consuls General.

This title may be cited as the "Department of State and Related Agencies Appropriations Act, 2000".

TITLE V—RELATED AGENCIES

DEPARTMENT OF TRANSPORTATION

MARITIME ADMINISTRATION

MARITIME SECURITY PROGRAM

For necessary expenses to maintain and preserve a U.S.-flag merchant fleet to serve the national security needs of the United States, $96,700,000, to remain available until expended.

OPERATIONS AND TRAINING

For necessary expenses of operations and training activities authorized by law, $72,664,000.

MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM ACCOUNT

For the cost of guaranteed loans, as authorized by the Merchant Marine Act, 1936, $11,000,000, to remain available until expended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed $1,000,000,000.

In addition, for administrative expenses to carry out the guaranteed loan program, not to exceed $3,893,000, which shall be transferred to and merged with the appropriation for Operations and Training.

ADMINISTRATIVE PROVISIONS—MARITIME ADMINISTRATION

Notwithstanding any other provision of this Act, the Maritime Administration is authorized to furnish utilities and services and make necessary repairs in connection with any lease, contract, or occupancy involving Government property under control of the Maritime Administration, and payments received therefore shall be credited to the appropriation charged with the cost thereof: *Provided*, That rental payments under any such lease, contract, or occupancy for items other than such utilities, services, or repairs shall be covered into the Treasury as miscellaneous receipts.

No obligations shall be incurred during the current fiscal year from the construction fund established by the Merchant Marine Act, 1936, or otherwise, in excess of the appropriations and limitations contained in this Act or in any prior appropriation Act, and all receipts which otherwise would be deposited to the credit of said fund shall be covered into the Treasury as miscellaneous receipts.

CENSUS MONITORING BOARD

For necessary expenses of the Census Monitoring Board, as authorized by section 210 of Public Law 105–119, $4,000,000, to remain available until expended.

COMMISSION FOR THE PRESERVATION OF AMERICA'S HERITAGE ABROAD

SALARIES AND EXPENSES

For expenses for the Commission for the Preservation of America's Heritage Abroad, $490,000, as authorized by section 1303 of Public Law 99–83.

COMMISSION ON CIVIL RIGHTS

SALARIES AND EXPENSES

For necessary expenses of the Commission on Civil Rights, including hire of passenger motor vehicles, $8,900,000: *Provided*, That not to exceed $50,000 may be used to employ consultants: *Provided further*, That none of the funds appropriated in this paragraph shall be used to employ in excess of 4 full-time individuals under Schedule C of the Excepted Service exclusive of 1 special assistant for each Commissioner: *Provided further*, That none of the funds appropriated in this paragraph shall be used to reimburse Commissioners for more than 75 billable days, with the exception of the chairperson who is permitted 125 billable days.

COMMISSION ON SECURITY AND COOPERATION IN EUROPE

SALARIES AND EXPENSES

For necessary expenses of the Commission on Security and Cooperation in Europe, as authorized by Public Law 94–304, $1,250,000, to remain available until expended as authorized by section 3 of Public Law 99–7.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Equal Employment Opportunity Commission as authorized by title VII of the Civil Rights Act of 1964, as amended (29 U.S.C. 206(d) and 621–634), the Americans with Disabilities Act of 1990, and the Civil Rights Act of 1991, including services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles as authorized by 31 U.S.C. 1343(b); non-monetary awards to private citizens; and not to exceed $29,000,000 for payments to State and local enforcement agencies for services to the Commission pursuant to title VII of the Civil Rights Act of 1964, as amended, sections 6 and 14 of the Age Discrimination in Employment Act, the Americans with Disabilities

Act of 1990, and the Civil Rights Act of 1991, $279,000,000: *Provided*, That the Commission is authorized to make available for official reception and representation expenses not to exceed $2,500 from available funds.

FEDERAL COMMUNICATIONS COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Federal Communications Commission, as authorized by law, including uniforms and allowances therefor, as authorized by 5 U.S.C. 5901–02; not to exceed $600,000 for land and structure; not to exceed $500,000 for improvement and care of grounds and repair to buildings; not to exceed $4,000 for official reception and representation expenses; purchase (not to exceed 16) and hire of motor vehicles; special counsel fees; and services as authorized by 5 U.S.C. 3109, $232,805,000, of which not to exceed $300,000 shall remain available until September 30, 2001, for research and policy studies: *Provided*, That $185,754,000 of offsetting collections shall be assessed and collected pursuant to section 9 of title I of the Communications Act of 1934, as amended, and shall be retained and used for necessary expenses in this appropriation, and shall remain available until expended: *Provided further*, That the sum herein appropriated shall be reduced as such offsetting collections are received during fiscal year 2000 so as to result in a final fiscal year 2000 appropriation estimated at $47,051,000: *Provided further*, That any offsetting collections received in excess of $185,754,000 in fiscal year 2000 shall remain available until expended, but shall not be available for obligation until October 1, 2000.

Notwithstanding any other provision of law, the Federal Communications Commission is authorized to operate, maintain, and repair its headquarters building, and may negotiate with the lessor or place orders for alterations or building services.

FEDERAL MARITIME COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Federal Maritime Commission as authorized by section 201(d) of the Merchant Marine Act, 1936, as amended (46 U.S.C. App. 1111), including services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles as authorized by 31 U.S.C. 1343(b); and uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–02, $14,150,000: *Provided*, That not to exceed $2,000 shall be available for official reception and representation expenses.

FEDERAL TRADE COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Federal Trade Commission, including uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902; services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; and not to exceed $2,000 for official reception and representation expenses, $114,059,000: *Provided*, That not to exceed $300,000 shall be available for use to contract with a person or persons for collection services in accordance with the terms of 31 U.S.C. 3718, as amended: *Provided further*, That, notwithstanding any other provision of law, not to exceed $114,059,000 of offsetting collections derived from fees collected for premerger notification filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. 18(a)) shall be retained and used for necessary expenses in this appropriation, and shall remain available until expended: *Provided further*, That the sum herein appropriated from the General Fund shall be reduced as such offsetting collections are received during fiscal year 2000, so as to result in a final fiscal year 2000 appropriation from the General Fund estimated at not more than $0, to remain available until expended: *Provided further*, That none of the funds made available to the Federal Trade Commission shall be available for obligation for expenses authorized by section 151 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (Public Law 102–242, 105 Stat. 2282–2285).

LEGAL SERVICES CORPORATION

PAYMENT TO THE LEGAL SERVICES CORPORATION

For payment to the Legal Services Corporation to carry out the purposes of the Legal Services Corporation Act of 1974, as amended, $300,000,000, of which $289,000,000 is for basic field programs and required independent audits; $2,100,000 is for the Office of Inspector General, of which such amounts as may be necessary may be used to conduct additional audits of recipients; and $8,900,000 is for management and administration: *Provided further*, That any unobligated balances remaining available at the end of the fiscal year may be reallocated among participating programs for technology enhancements and demonstration projects in succeeding fiscal years, subject to the reprogramming procedures described in section 605 of this Act.

ADMINISTRATIVE PROVISION—LEGAL SERVICES CORPORATION

None of the funds appropriated in this Act to the Legal Services Corporation shall be expended for any purpose prohibited or limited by, or contrary to any of the provisions of, sections 501, 502, 503, and 504 of Public Law 105–119 (111 Stat. 2510), and all funds appropriated in this Act to the Legal Services Corporation shall be subject to the same terms and conditions set forth in such sections, except that all references in sections 502 and 503 of the law to 1997 and 1998 shall be deemed to refer instead to 1999 and 2000, respectively.

MARINE MAMMAL COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Marine Mammal Commission as authorized by title II of Public Law 92–522, as amended, $1,300,000.

SECURITIES AND EXCHANGE COMMISSION

SALARIES AND EXPENSES

For necessary expenses for the Securities and Exchange Commission, including services as authorized by 5 U.S.C. 3109, the rental of space (to include multiple year leases) in the District of Columbia and elsewhere, and not to exceed $3,000 for official reception and representation expenses, $0; and, in addition, to remain available until expended, from fees collected in fiscal year 1998, $130,800,000, and from fees collected in fiscal year 2000, $240,000,000; of which not to exceed $10,000 may be used toward funding a permanent secretariat for the International Organization of Securities Commissions; and of which not to exceed $100,000 shall be available for expenses for consultations and meetings hosted by the Commission with foreign governmental and other regulatory officials, members of their delegations, appropriate representatives and staff to exchange views concerning developments relating to securities matters, development and implementation of cooperation agreements concerning securities matters and provision of technical assistance for the development of foreign securities markets, such expenses to include necessary logistic and administrative expenses and the expenses of Commission staff and foreign invitees in attendance at such consultations and meetings including: (1) such incidental expenses as meals taken in the course of such attendance; (2) any travel and transportation to or from such meetings; and (3) any other related lodging or subsistence: *Provided*, That fees and charges authorized by sections 6(b)(4) of the Securities Act of 1933 (15 U.S.C. 77f(b)(4)) and 31(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78ee(d)) shall be credited to this account as offsetting collections: *Provided further*, That the Commission shall conduct a study on the effects of electronic communications networks and extended trading hours on securities markets, including effects on market volatility, market liquidity, and best execution practices.

SMALL BUSINESS ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the Small Business Administration as authorized by Public Law 103–403, including hire of passenger motor vehicles as authorized by 31 U.S.C. 1343 and 1344, and not to exceed $3,500 for official reception and representation expenses, $246,300,000: *Provided*, That the Administrator is authorized to charge fees to cover the cost of publications developed by the Small Business Administration, and certain loan servicing activities: *Provided further*, That, notwithstanding 31 U.S.C. 3302, revenues received from all such activities shall be credited to this account, to be available for carrying out these purposes without further appropriations: *Provided further*, That $87,000,000 shall be available to fund grants for performance in fiscal year 2000 or fiscal year 2001 as authorized by section 21 of the Small Business Act, as amended: *Provided further*, That $1,800,000 shall be made available to carry out the drug-free workplace demonstration program under section 27 of the Small Business Act (15 U.S.C. 654): *Provided further*, That $23,200,000 shall be available to fund grants for Microloan Technical Assistance as authorized by section 7(m) of the Small Business Act.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended (5 U.S.C. App.), $13,250,000.

BUSINESS LOANS PROGRAM ACCOUNT

For the cost of direct loans, $4,000,000, to be available until expended; and for the cost of guaranteed loans, $164,368,000, as authorized by 15 U.S.C. 631 note, of which $45,000,000 shall remain available until September 30, 2001: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That during fiscal year 2000, commitments to guarantee loans under section 503 of the Small Business Investment Act of 1958, as amended, shall not exceed the amount of financings authorized under section 20(e)(1)(B)(ii) of the Small Business Act, as amended: *Provided further*, That during fiscal year 2000, commitments for general business loans authorized under section 7(a) of the Small Business Act, as amended, shall not exceed $10,500,000,000 without prior notification of the Committees on Appropriations of the House of Representatives and Senate in accordance with section 605 of this Act: *Provided further*, That during fiscal year 2000, debentures guaranteed under title III of the Small Business Investment Act of 1958, as amended, shall not exceed the amount authorized under section 20(e)(1)(C)(ii).

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, $129,000,000, which may be transferred to and merged with the appropriations for Salaries and Expenses.

DISASTER LOANS PROGRAM ACCOUNT

For the cost of direct loans authorized by section 7(b) of the Small Business Act, as amended, $77,700,000, to remain available until expended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended.

In addition, for administrative expenses to carry out the direct loan program, $86,000,000, which may be transferred to and merged with appropriations for Salaries and Expenses, including $500,000 for the Office of Inspector General of the Small Business Administration for audits and reviews of disaster loans and the disaster loan program, and said sums shall be transferred to and merged with appropriations for the Office of Inspector General.

ADMINISTRATIVE PROVISION—SMALL BUSINESS ADMINISTRATION

Not to exceed 10 percent of any appropriation made available for the current fiscal year for the Small Business Administration in this Act may be transferred between such appropriations, but no such appropriation shall be increased by more than 20 percent by any such transfers: *Provided*, That any transfer pursuant to this paragraph shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

STATE JUSTICE INSTITUTE

SALARIES AND EXPENSES

For necessary expenses of the State Justice Institute, as authorized by the State Justice Institute Authorization Act of 1992 (Public Law 102-572 (106 Stat. 4515-4516)), $6,850,000, to remain available until expended: *Provided*, That not to exceed $2,500 shall be available for official reception and representation expenses.

TITLE VI—GENERAL PROVISIONS

SEC. 601. No part of any appropriation contained in this Act shall be used for publicity or propaganda purposes not authorized by the Congress.

SEC. 602. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 603. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

SEC. 604. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the Act and the application of each provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

SEC. 605. (a) None of the funds provided under this Act, or provided under previous appropriations Acts to the agencies funded by this Act that remain available for obligation or expenditure in fiscal year 2000, or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the agencies funded by this Act, shall be available for obligation or expenditure through a reprogramming of funds which: (1) creates new programs; (2) eliminates a program, project, or activity; (3) increases funds or personnel by any means for any project or activity for which funds have been denied or restricted; (4) relocates an office or employees; (5) reorganizes offices, programs, or activities; or (6) contracts out or privatizes any functions, or activities presently performed by Federal employees; unless the Appropriations Committees of both Houses of Congress are notified 15 days in advance of such reprogramming of funds.

(b) None of the funds provided under this Act, or provided under previous appropriations Acts to the agencies funded by this Act that remain available for obligation or expenditure in fiscal year 2000, or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the agencies funded by this Act, shall be available for obligation or expenditure for activities, programs, or projects through a reprogramming of funds in excess of $1,000,000 or 20 percent, whichever is less, that: (1) augments existing programs, projects, or activities; (2) reduces by 20 percent funding for any existing program, project, or activity, or numbers of personnel by 20 percent as approved by Congress; or (3) results from any general savings from a reduction in personnel which would result in a change in existing programs, activities, or projects as approved by Congress; unless the Appropriations Committees of both Houses of Congress are notified 15 days in advance of such reprogramming of funds.

SEC. 606. None of the funds made available in this Act may be used for the construction, repair (other than emergency repair), overhaul, conversion, or modernization of vessels for the National Oceanic and Atmospheric Administration in shipyards located outside of the United States.

SEC. 607. (a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American-made.

(b) NOTICE REQUIREMENT.—In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a "Made in America" inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 608. None of the funds made available in this Act may be used to implement, administer, or enforce any guidelines of the Equal Employment Opportunity Commission covering harassment based on religion, when it is made known to the Federal entity or official to which such funds are made available that such guidelines do not differ in any respect from the proposed guidelines published by the Commission on October 1, 1993 (58 Fed. Reg. 51266).

SEC. 609. (a) None of the funds appropriated or otherwise made available by this Act shall be expended for any purpose for which appropriations are prohibited by section 609 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1999.

(b) The requirements in subparagraphs (A) and (B) of section 609 of that Act shall continue to apply during fiscal year 2000.

SEC. 610. Notwithstanding any other provision of law, not more than 20 percent of the amount allocated to any account or subaccount from an appropriation made by this Act that is available for obligation only in the current fiscal year may be obligated during the last two months of the fiscal year.

SEC. 611. None of the funds made available in this Act shall be used to provide the following amenities or personal comforts in the Federal prison system—

(1) in-cell television viewing except for prisoners who are segregated from the general prison population for their own safety;

(2) the viewing of R, X, and NC-17 rated movies, through whatever medium presented;

(3) any instruction (live or through broadcasts) or training equipment for boxing, wrestling, judo, karate, or other martial art, or any bodybuilding or weightlifting equipment of any sort;

(4) possession of in-cell coffee pots, hot plates or heating elements; or

(5) the use or possession of any electric or electronic musical instrument.

SEC. 612. Any costs incurred by a department or agency funded under this Act resulting from personnel actions taken in response to funding reductions included in this Act shall be absorbed within the total budgetary resources available to such department or agency: *Provided*, That the authority to transfer funds between appropriations accounts as may be necessary to carry out this section is provided in addition to authorities included elsewhere in this Act: *Provided further*, That use of funds to carry out this section shall be treated as a reprogramming of funds under section 605 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

SEC. 613. None of the funds made available in this Act to the Federal Bureau of Prisons may be used to distribute or make available any commercially published information or material to a prisoner when it is made known to the Federal official having authority to obligate or expend such funds that such information or material is sexually explicit or features nudity.

SEC. 614. Of the funds appropriated in this Act under the heading "Office of Justice Programs—State and Local Law Enforcement Assistance", not more than 90 percent of the amount to be awarded to an entity under the Local Law Enforcement Block Grant shall be made available to such an entity when it is made known to the Federal official having authority to obligate or expend such funds that the entity that employs a public safety officer (as such term is defined in section 1204 of title I of the Omnibus Crime Control and Safe Streets Act of 1968) does not provide such a public safety officer who retires or is separated from service due to injury suffered as the direct and proximate result of a personal injury sustained in the line of duty while responding to an emergency situation or a hot pursuit (as such terms are defined by State law) with the same or better level of health insurance benefits at the time of retirement or separation as they received while on duty.

SEC. 615. (a) None of the funds appropriated or otherwise made available by this Act shall be expended for any purpose for which appropriations are prohibited by section 616 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1999.

(b) Subsection (a)(1) of section 616 of that Act is amended—

(1) by striking "and" after "Gonzalez"; and

(2) by inserting before the semicolon at the end of the following, ", Jean-Yvon Toussaint, and Jimmy Lalanne".

(c) The requirements in subsections (b) and (c) of section 616 of that Act shall continue to apply during fiscal year 2000.

SEC. 616. None of the funds appropriated pursuant to this Act or any other provision of law may be used for (1) the implementation of any tax or fee in connection with the implementation of 18 U.S.C. 922(t); (2) any system to implement 18 U.S.C. 922(t) that does not require and result in the immediate destruction of any identifying information submitted by or on behalf of any person who has been determined not to be prohibited from owning a firearm.

SEC. 617. None of the funds appropriated or otherwise made available by this Act may be used to pay to house any individual, other than an attorney, attending a Federal law enforcement training center in a privately owned or operated place of lodging.

SEC. 618. Section 309(j)(8) of the Communications Act of 1934 is amended by adding new paragraph (D) as follows:

"(D) PROTECTION OF INTERESTS.—

"(i) Title 11, United States Code, or any otherwise applicable Federal or state law regarding insolvencies or receiverships, or any succeeding Federal law not expressly in derogation of this subsection, shall not apply to or be construed to apply to the Commission or limit the rights, powers, or duties of the Commission with respect to (a) a license or permit issued by the Commission under this subsection or a payment made to or a debt or other obligation owed to the Commission relating to or rising from such a license or permit, (b) an interest of the Commission in property securing such a debt or other obligation, or (c) an act by the Commission to issue, deny, cancel, or transfer control of such a license or permit.

"(ii) Notwithstanding otherwise applicable law, for each license or construction permit issued by the Commission under this subsection for which a debt or other monetary obligation is owed to the Federal Communications Commission or to the United States, the Commission shall be deemed to have a perfected, first priority security interest in such license or permit, and in the proceeds of sale of such license or permit, to the extent of the outstanding balance of such a debt or other obligation.

"(iii) This paragraph shall apply retroactively, including to pending cases and proceedings whether on appeal or otherwise.".

SEC. 619. Notwithstanding any other provision of law, none of the funds appropriated or otherwise made available by this Act may be provided for or used by the National Security Council or personnel working for or detailed to the Council.

SEC. 620. (a) DEFINITIONS.—For the purposes of this section—

(1) the term "agency" means the Federal Communications Commission.

(2) the term "employee" means an employee (as defined by section 2105 of title 5, United States Code) who is serving under an appointment without time limitation, and has been currently employed by such agency for a continuous period of at least 3 years; but does not include—

(A) a reemployed annuitant under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, or another retirement system for employees of the Government;

(B) an employee having a disability on the basis of which such employee is or would be eligible for disability retirement under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, or another retirement system for employees of the Government;

(C) an employee who has been duly notified that he or she is to be involuntarily separated for misconduct or unacceptable performance;

(D) an employee who has previously received any voluntary separation incentive payment from the Federal Government under this section or any other authority;

(E) an employee covered by statutory reemployment rights who is on transfer to another organization; or

(F) any employee who, during the 24-month period preceding the date of separation, has received a recruitment or relocation bonus under section 5753 of title 5, United States Code, or who, within the 12-month period preceding the date of separation, received a retention allowance under section 5754 of that title.

(3) The term "Chairman" means the Chairman of the Federal Communications Commission.

(b) AGENCY PLAN.—

(1) IN GENERAL.—The Chairman, prior to obligating any resources for voluntary separation incentive payments, shall simultaneously submit to the authorizing and appropriating committees of the House and the Senate and to the Office of Management and Budget a strategic plan outlining the intended use of such incentive payments and a proposed organizational chart for the agency once such incentive payments have been completed.

(2) CONTENTS.—The agency's plan shall include—

(A) the positions and functions to be reduced, eliminated, and increased, as appropriate, identified by organizational unit, geographic location, occupational category and grade level;

(B) the time period during which incentives may be paid;

(C) the number and amounts of voluntary separation incentive payments to be offered; and

(D) a description of how the agency will operate without the eliminated positions and functions and with any increased or changed occupational skill mix.

(3) CONSULTATION.—The Director of the Office of Management and Budget shall review the agency's plan and may make appropriate recommendations for the plan with respect to the coverage of incentives as described under paragraph (2)(A), and with respect to the matters described in paragraph (2) (B) and (C). Any such recommendations shall be submitted simultaneously to the authorizing and appropriating committees of the House and the Senate. The Chairman shall not implement the agency plan without prior written notification to the chairman of each authorizing and appropriating committees of the House and the Senate at least fifteen days in advance of such implementation.

(c) AUTHORITY TO PROVIDE VOLUNTARY SEPARATION INCENTIVE PAYMENTS.—

(1) IN GENERAL.—A voluntary separation incentive payment under this section may be paid by the Chairman to any employee only to the extent necessary to eliminate the positions and functions identified by the strategic plan.

(2) AMOUNT AND TREATMENT OF PAYMENTS.—A voluntary incentive payment—

(A) shall be paid in a lump sum, after the employee's separation;

(B) shall be equal to the lesser of—

(i) an amount equal to the amount the employee would be entitled to receive under section 5595(c) of title 5, United States Code (without adjustment for any previous payments made); or

(ii) an amount determined by the Chairman, not to exceed $25,000;

(C) may not be made except in the case of any qualifying employee who voluntarily separates (whether by retirement or resignation) under the provisions of this section by not later than September 30, 2001;

(D) shall not be a basis for payment, and shall not be included in the computation, of any other type of Government benefit; and

(E) shall not be taken into account in determining the amount of any severance pay to which the employee may be entitled under section 5595 of title 5, United States Code, based on any other separation.

(d) ADDITIONAL AGENCY CONTRIBUTIONS TO THE RETIREMENT FUND.—

(1) IN GENERAL.—In addition to any other payments which it is required to make under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, the agency shall remit to the Office of Personnel Management for deposit in the Treasury of the United States to the credit of the Civil Service Retirement and Disability Fund an amount equal to 15 percent of the final base pay of each employee of the agency who is covered under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, to whom a voluntary separation incentive has been paid under this Act.

(2) DEFINITION.—For the purpose of paragraph (1), the term "final basic pay", with respect to an employee, means the total amount of basic pay which would be payable for a year of service by such employee, computed using the employee's final rate of basic pay, and, if last serving on other than a full-time basis, with appropriate adjustment therefor.

(e) EFFECT OF SUBSEQUENT EMPLOYMENT WITH THE GOVERNMENT.—(1) An individual who has received a voluntary separation incentive payment from the agency under this section and accepts any employment for compensation with the Government of the United States, or who works for any agency of the United States Government through a personal services contract, within 5 years after the date of the separation on which the payment is based shall be required to pay, prior to the individual's first day of employment, the entire amount of the lump sum incentive payment to the agency.

(2) If the employment under paragraph (1) is with an executive agency (as defined by section 105 of title 5, United States Code), the United States Postal Service, or the Postal Rate Commission, the Director of the Office of Personnel Management may, at the request of the head of the agency, waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

(3) If the employment under paragraph (1) is with an entity in the legislative branch, the head of the entity or the appointing official may waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant available for the position.

(4) If the employment under paragraph (1) is with the judicial branch, the Director of the Administrative Office of the United States Courts may waive the repayment if the individual involved possesses unique abilities and is the only qualified applicant for the position.

(f) Intended Effect on Agency Employment Levels.—

(1) In general.—Voluntary separations under this section are not intended to necessarily reduce the total number of full-time equivalent positions in the Federal Communications Commission. The agency may redeploy or use the full-time equivalent positions vacated by voluntary separations under this section to make other positions available to more critical locations or more critical occupations.

(2) Enforcement.—The president, through the Office of Management and Budget, shall monitor the agency and take any action necessary to ensure that the requirements of this subsection are met.

(g) Regulations.—The Office of Personnel Management may prescribe such regulations as may be necessary to implement this section.

(h) Effective Date.—This section shall take effect on the date of enactment. (Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriations Act, 1999, as included in Public Law 105–277, section 101(b).)

Sec. 621. The Secretary of Commerce (hereinafter the "Secretary") is hereby authorized and directed to create an "Interagency Task Force on Indian Arts and Crafts Enforcement" to be composed of representatives of the United States Trade Representative, the Department of Commerce, the Department of the Interior, the Department of Justice, the Department of the Treasury, the International Trade Administration, and representatives of other agencies and departments in the discretion of the Secretary to devise and implement a coordinated enforcement response to prevent the sale or distribution of any product or goods sold in or shipped to the United States that is not in compliance with the Indian Arts and Crafts Act of 1935, as amended.

Sec. 622 (a) Findings.—The Senate makes the following findings:

(1) When telephone area codes were first introduced in 1947, 86 area codes covered all of North America. There are now more than 215 area codes, and an additional 70 area codes may be required in the next 2 years.

(2) The current system for allocating numbers to telecommunications carriers is woefully inefficient, leading to the exhaustion of a telephone area code long before all the telephone numbers covered by the area code are actually in use.

(3) The proliferation of new telephone area codes causes economic dislocation for businesses and unnecessary cost, confusion, and inconvenience for households.

(4) Principles and approaches exist that would increase the efficiency with which telecommunications carriers use telephone numbering resources.

(5) The May 27, 1999, rulemaking proceeding of the Federal Communications Commission relating to numbering resource optimization seeks to address the growing problem of the exhaustion of telephone area codes.

(b) Sense of Senate.—It is the sense of the Senate that—

(1) the Federal Communications Commission shall release its report and order on numbering resource optimization not later than December 31, 1999;

(2) such report and order should minimize any disruptions and costs to consumers and businesses associated with the implementation of such report and order; and

(3) such report and order should apply not only to large metropolitan areas but to all areas of the United States that are facing the problem of exhaustion of telephone numbers.

Sec. 623. Prohibition on Requirement for Use of Accounting Method Not Conforming to Generally Accepted Accounting Principles. No part of any appropriations contained in this Act shall be used by the Federal Communications Commission to require any person subject to its jurisdiction under the Communications Act of 1934, as amended (47 U.S.C. 151 et seq.) to utilize for any purpose any form or method of accounting that does not conform to Generally Accepted Accounting Principles established by the Financial Accounting Standards Board.

Sec. 624. (a) The total discretionary amount made available by this Act is reduced by $92,000,000: *Provided*, That the reduction pursuant to this subsection shall be taken pro rata from travel, supplies, and printing expenses made available to the agencies funded by this Act, except for activities related to the 2000 census.

(b) Not later than 30 days after the date of enactment of this Act, the Director of the Office of Management and Budget shall submit to the Committees on Appropriations of the House of Representatives and the Senate a listing of the amounts by account of the reductions made pursuant to the provisions of subsection (a).

Sec. 625. Prohibition of Transfer of a Firearm to an Intoxicated Person. (a) Prohibition of Transfer.—Section 922(d) of title 18, United States Code, is amended—

(1) by redesignating paragraphs (8) and (9) as paragraphs (9) and (10), respectively; and

(2) by inserting after paragraph (7) the following:

"(8) is intoxicated;".

(b) Definition of Intoxicated.—Section 921(a) of title 18, United States Code, is amended by adding at the end the following:

"(35) The term 'intoxicated', in reference to a person, means being in a mental or physical condition of impairment as a result of the presence of alcohol in the body of the person.".

Sec. 626. (a) To implement the June 3, 1999 Agreement of the United States and Canada on the Treaty Between the Government of the United States of America and the Government of Canada Concerning Pacific Salmon (the "1999 Agreement") $140,000,000 is authorized only for use and expenditure as described in subsection (b).

(b)(1) $75,000,000 for grants to provide the initial capital for a Northern Boundary and Transboundary Rivers Restoration and Enhancement Fund to be held by the Pacific Salmon Commission and administered jointly by the Pacific Salmon Commission Commissioner for the State of Alaska with Canada according to a trust agreement to be entered into by the United States and Canada for the purposes of research, habitat restoration, and fish enhancement to promote abundance-based, conservation-oriented fishing regimes.

(2) $65,000,000 for grants to provide the initial capital for a Southern Boundary and Transboundary Rivers Restoration and Enhancement Fund to be held by the Pacific Salmon Commission and administered jointly with Canada by the Pacific Salmon Commission Commissioners for the States of Washington, Oregon, and California according to a trust agreement to be entered into by the United States and Canada for the purposes of research, habitat restoration, and fish enhancement to promote abundance-based, conservation-oriented fishing regimes.

(3)(i) Amounts provided by grants under paragraphs (1) and (2) may be held in interest-bearing accounts prior to the disbursement of such funds for program purposes, and any interest earned may be retained for program purposes without further appropriation by Congress;

(ii) the Northern Boundary and Transboundary Rivers Restoration and Enhancement Fund and Southern Boundary and Transboundary Rivers Restoration and Enhancement Fund are subject to the laws governing Federal appropriations and funds and to unrescinded circulars of the Office of Management and Budget, including the audit requirements of the Office of Management and Budget Circular Nos. A–110, A–122 and A–133; and

(iii) Recipients of funds from the Northern Boundary and Transboundary Rivers Restoration and Enhancement Fund and Southern Boundary and Transboundary Rivers Restoration and Enhancement Fund, which for the purposes of this subparagraph shall include interest earned pursuant to subparagraph (i), shall keep separate accounts and such records as may be reasonably necessary to disclose the use of the funds as well as facilitate effective audits.

(c) The President shall submit a request for funds to implement this section as part of his official budget request for the fiscal year 2001.

Sec. 627. Funds made available under Public Law 105–277 for costs associated with implementation of the American Fisheries Act of 1998 (Division C, title II, of Public Law 105–277) for vessel documentation activities shall remain available until expended.

Sec. 628. (a) Findings.—The Senate makes the following findings:

(1) Iran has been designated as a state sponsor of terrorism by the Secretary of State and continues to be among the most active supporters of terrorism in the world.

(2) According to the State Department's annual report entitled "Patterns of Global Terrorism", Iran supports Hizballah, Hamas, and the Palestinian Islamic Jihad, terrorist organizations which oppose the Middle East peace process, continue to work for the destruction of Israel, and have killed United States citizens.

(3) A United States district court ruled in March 1998 that Iran should pay $247,000,000 to the family of Alisa Flatow, a United States citizen killed in a bomb attack orchestrated by the Palestinian Islamic Jihad in Gaza in April 1995.

(4) The Government of Iran continues to maintain a repressive political regime in which the civil liberties of the people of Iran are denied.

(5) The State Department Country Report on Human Rights states that the human rights record of the Government of Iran remains poor, including "extra judicial killings and summary executions; disappearances; widespread use of torture and other degrading treatment; harsh prison conditions; arbitrary arrest and detention; lack of due process; unfair trials; infringement on citizen's privacy; and restrictions on freedom of speech, press, assembly, association, religion, and movement".

(6) Religious minorities in Iran have been persecuted solely because of their faith, and the Government of Iran has detained 13 members of Iran's Jewish community without charge.

(7) Recent student-led protests in Iran were repressed by force, with possibly five students losing their lives and hundreds more being imprisoned.

(8) The Government of Iran is pursuing an aggressive ballistic missile program with foreign assistance and is seeking to develop weapons of mass destruction which threaten United States allies and interests.

(9) Despite the continuation by the Government of Iran of repressive activities in Iran and efforts to threaten United States allies and interests in the Near East and South Asia, the President waived provisions of the Iran and Libya Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701 note) intended to impede development of the energy sector in Iran.

(b) Sense of Senate.—It is the sense of the Senate that—

(1) the President should condemn in the strongest possible terms the failure of the Government of Iran to implement genuine political reforms and protect the civil liberties of the people of Iran, which failure was most recently demonstrated in the violent repression of student-led protests in Teheran and other cities by the Government of Iran;

(2) the President should support democratic opposition groups in Iran more aggressively;

(3) the detention of 13 members of the Iranian Jewish community by the Government of Iran is a deplorable violation of due process and a clear example of the policies of the Government of Iran to persecute religious minorities; and

(4) the decision of the President to waive provisions of the Iran and Libya Sanctions Act of 1996 intended to impede development of the energy sector in Iran was regrettable and should be reversed as long as Iran continues to threaten United States interests and allies in the Near East and South Asia through state sponsorship of terrorism and efforts to acquire weapons of mass destruction and the missiles to deliver such weapons.

Sec. 629. Section 203(p)(1)(B) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484(p)(1)(B)) is amended—

(1) by striking clause (ii);

(2) by inserting "or public safety" after "law enforcement";

(3) by striking "(i)";

(4) by striking "(I)" and inserting "(i)"; and

(5) by striking "(II)" and inserting "(ii)".

Sec. 630. Protection of Seniors and the Disabled in Federal Family Violence Prevention Programs. (a) Findings.—Congress finds that—

(1) of the estimated more than 1,000,000 persons age 65 and over who are victims of family violence each year, at least ⅔ are women;

(2) national statistics are not available on the incidence of domestic or family violence and sexual assault against disabled women, although several studies indicate that abuse of disabled women is of a longer duration compared to abuse suffered by women who are not disabled;

(3) in almost 9 out of 10 incidents of domestic elder abuse and neglect, the perpetrator is a family member, and adult children of the victims are the largest category of perpetrators and spouses are the second largest category of perpetrators;

(4) the number of reports of elder abuse in the United States increased by 150 percent between 1986 and 1996 and is expected to continue increasing;

(5) it is estimated that at least 5 percent of the Nation's elderly are victims of moderate to severe abuse and that the rate for all forms of abuse may be as high as 10 percent;

(6) elder abuse is severely underreported, with 1 in 5 cases being reported in 1980 and only 1 in 8 cases being reported today;

(7) many older and disabled women fail to report abuse because of shame or as a result of prior unsatisfactory experiences with individual agencies or others who lack sensitivity to the concerns or needs of older or disabled individuals;

(8) many older or disabled individuals also fail to report abuse because they are dependent on their abusers and fear being abandoned or institutionalized;

(9) disabled women may fear reporting abuse because they are fearful of losing their children in a custody case;

(10) public and professional awareness and identification of violence against older or disabled Americans may be difficult because these persons are not integrated into many social networks (such as schools or jobs), and may become isolated in their homes, which can increase the risk of domestic abuse; and

(11) older and disabled Americans would greatly benefit from policies that develop, strengthen, and implement programs for the prevention of abuse, including neglect and exploitation, and provide related assistance for victims.

(b) In General.—Part T of title I of the Omnibus Crime Control and Safe Streets Act of 1968 is amended—

(1) in section 2001 (42 U.S.C. 3796gg)—

(A) in subsection (a)—

(i) by inserting ", including older women and women with a disability" after "combat violent crimes against women"; and

(ii) by inserting ", including older women and women with a disability" before the period; and

(B) in subsection (b)—

(i) in the matter preceding paragraph (1), by inserting ", including older women and women with a disability" after "against women";

(ii) in paragraph (6), by striking "and" after the semicolon;

(iii) in paragraph (7), by striking the period and inserting "; and"; and

(iv) by adding at the end the following:

"(8) developing a curriculum to train and assist law enforcement officers, prosecutors, and relevant officers of the Federal, State, tribal, and local courts in identifying and responding to crimes of domestic violence and sexual assault against older individuals and individuals with a disability and implementing that training and assistance.";

(2) in section 2002(c)(2) (42 U.S.C. 3796gg–1) by inserting "and service programs tailored to the needs of older and disabled victims of domestic violence and sexual assault" before the semicolon; and

(3) in section 2003 (42 U.S.C. 3796gg–2)—

(A) in paragraph (7), by striking "and" after the semicolon;

(B) in paragraph (8), by striking the period and inserting "; and"; and

(C) by adding at the end the following:

"(9) both the term 'elder' and the term 'older individual' have the meaning given the term 'older individual' in section 102 of the Older Americans Act of 1965 (42 U.S.C. 3002); and

"(10) the term 'disability' has the meaning given the term in section 3(3) of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102(3)).".

(c) Effective Date.—The amendments made by this section shall apply to any grant made beginning with fiscal year 2000.

TITLE VII—RESCISSIONS

DEPARTMENT OF JUSTICE

General Administration

WORKING CAPITAL FUND

(RESCISSION)

Of the unobligated balances available under this heading, $22,577,000 are rescinded.

Legal Activities

ASSET FORFEITURE FUND

(RESCISSION)

Of the unobligated balances available under this heading, $5,500,000 are rescinded.

Drug Enforcement Administration

DRUG DIVERSION CONTROL FEE ACCOUNT

(RESCISSION)

Amounts otherwise available for obligation in fiscal year 2000 for the Drug Diversion Control Fee Account are reduced by $35,000,000.

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

OPERATIONS, RESEARCH, AND FACILITIES

(RESCISSION)

Of the funds provided under the heading, "Operations, Research, and Facilities" in the Dire Emergency Supplemental Appropriations Act, 1992 (Public Law 102–368), $3,400,000 are rescinded.

DEPARTMENT OF STATE AND RELATED AGENCIES

DEPARTMENT OF STATE

Security and Maintenance of United States Missions

(RESCISSION)

Of the unobligated balances available under this heading, $58,436,000 are rescinded.

Broadcasting Board of Governors

INTERNATIONAL BROADCASTING OPERATIONS

(RESCISSION)

Of the unobligated balances available under this heading, $18,780,000 are rescinded.

TITLE VIII—CHILDREN WHO WITNESS DOMESTIC VIOLENCE PROTECTION ACT

Sec. 801. Short Title. This title may be cited as the "Children Who Witness Domestic Violence Protection Act".

Sec. 802. Findings. Congress finds the following:

(1) Witnessing domestic violence has a devastating impact on children, placing the children at high risk for anxiety, depression, and, potentially, suicide. Many children who witness domestic violence exhibit more aggressive, antisocial, fearful, and inhibited behaviors.

(2) Children exposed to domestic violence have a high risk of experiencing learning difficulties and school failure. Research finds that children residing in domestic violence shelters exhibit significantly lower verbal and quantitative skills when compared to a national sample of children.

(3) Domestic violence is strongly correlated with child abuse. Studies have found that between 50 and 70 percent of men who abuse their female partners also abuse their children. In homes in which domestic violence occurs, children are physically abused and neglected at a rate 15 times higher than the national average.

(4) Men who witnessed parental abuse during their childhood have a higher risk of becoming physically aggressive in dating and marital relationships.

(5) Exposure to domestic violence is a strong predictor of violent delinquent behavior among adolescents. It is estimated that

between 20 percent and 40 percent of chronically violent adolescents have witnessed extreme parental conflict.

(6) Women have an increased risk of experiencing battering after separation from an abusive partner. Children also have an increased risk of suffering harm during separation.

(7) Child visitation disputes are more frequent when families have histories of domestic violence, and the need for supervised visitation centers far exceeds the number of available programs providing those centers, because courts therefore—

(A) order unsupervised visitation and endanger parents and children; or

(B) prohibit visitation altogether.

(8) Recent studies have demonstrated that up to 50 percent of children who appear before juvenile courts in matters involving allegations of abuse and neglect have been exposed to domestic violence in their homes.

SEC. 803. DEFINITIONS. In this title:

(1) DOMESTIC VIOLENCE.—The term "domestic violence" includes an act or threat of violence, not including an act of self defense, committed by a current or former spouse of the victim, by a person with whom the victim shares a child in common, by a person who is cohabiting with or has cohabited with the victim, by a person who is or has been in a social relationship of a romantic or intimate nature with the victim, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction of the victim, or by any other person against a victim who is protected from that person's act under the domestic or family violence laws of the jurisdiction.

(2) INDIAN TRIBAL GOVERNMENT.—The term "Indian tribal government" has the meaning given the term "tribal organization" in section 102 of the Older Americans Act of 1965 (42 U.S.C. 3002).

(3) STATE.—The term "State" means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(4) WITNESS DOMESTIC VIOLENCE.—

(A) IN GENERAL.—The term "witness domestic violence" means to witness—

(i) an act of domestic violence that constitutes actual or attempted physical assault; or

(ii) a threat or other action that places the victim in fear of domestic violence.

(B) WITNESS.—In subparagraph (A), the term "witness" means to—

(i) directly observe an act, threat, or action described in subparagraph (A), or the aftermath of that act, threat, or action; or

(ii) be within earshot of an act, threat, or action described in subparagraph (A), or the aftermath of that act, threat, or action.

SEC. 804. GRANTS TO ADDRESS THE NEEDS OF CHILDREN WHO WITNESS DOMESTIC VIOLENCE. (a) IN GENERAL.—The Family Violence Prevention and Services Act (42 U.S.C. 10401 et seq.) is amended by adding at the end the following:

"SEC. 319. MULTISYSTEM INTERVENTIONS FOR CHILDREN WHO WITNESS DOMESTIC VIOLENCE.

"(a) GRANTS AUTHORIZED.—

"(1) AUTHORITY.—The Secretary, acting through the Director of Community Services, in the Administration for Children and Families, is authorized to award grants to eligible entities to conduct programs to encourage the use of domestic violence intervention models using multisystem partnerships to address the needs of children who witness domestic violence.

"(2) TERM AND AMOUNT.—Each grant awarded under this section shall be awarded for a term of 3 years and in an amount of not more than $500,000 for each such year.

"(3) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section, an entity shall—

"(A) be a nonprofit private organization;

"(B)(i) demonstrate recognized expertise in the area of domestic violence and the impact of domestic violence on children; or

"(ii) enter into a memorandum of understanding regarding the intervention program that—

"(I) is entered into with the State or tribal domestic violence coalition and entities carrying out domestic violence programs that provide shelter or related assistance in the locality in which the intervention program will be operated; and

"(II) demonstrates collaboration on the intervention program with the coalition and entities and the support of the coalition and entities for the intervention program; and

"(C) demonstrate a history of providing advocacy, health care, mental health, or other crisis-related services to children.

"(b) USE OF FUNDS.—An entity that receives a grant under this section shall use amounts provided through the grant to conduct a program to design or replicate, and implement, domestic violence intervention models that use multisystem partners to respond to the needs of children who witness domestic violence. Such a program shall—

"(1)(A) involve collaborative partnerships with—

"(i) local entities carrying out domestic violence programs that provide shelter or related assistance; and

"(ii) partners that are courts, schools, social service providers, health care providers, police, early childhood agencies, entities carrying out Head Start programs under the Head Start Act (42 U.S.C. 9831 et seq.), or entities carrying out child protection, welfare, job training, housing, battered women's service, or children's mental health programs; and

"(B) be carried out to design and implement protocols and systems to identify, refer, and appropriately respond to the needs of, children who witness domestic violence and who participate in programs administered by the partners;

"(2) include guidelines to evaluate the needs of a child and make appropriate intervention recommendations;

"(3) include institutionalized procedures to enhance or ensure the safety and security of a battered parent, and as a result, the child of the parent;

"(4) provide direct counseling and advocacy for adult victims of domestic violence and their children who witness domestic violence;

"(5) include the development or replication of a mental health treatment model to meet the needs of children for whom such treatment has been identified as appropriate;

"(6) include policies and protocols for maintaining the confidentiality of the battered parent and child;

"(7) provide community outreach and training to enhance the capacity of professionals who work with children to appropriately identify and respond to the needs of children who witness domestic violence;

"(8) include procedures for documenting interventions used for each child and family; and

"(9) include plans to perform a systematic outcome evaluation to evaluate the effectiveness of the interventions.

"(c) APPLICATION.—To be eligible to receive a grant under this section, an entity shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

"(d) TECHNICAL ASSISTANCE.—Not later than 90 days after the date of enactment of this section, the Secretary shall identify successful programs providing multisystem and mental health interventions to address the needs of children who witness domestic violence. Not later than 60 days before the Secretary solicits applications for grants under this section, the Secretary shall enter into an agreement with 1 or more entities carrying out the identified programs to provide technical assistance to the applicants and recipients of the grants. The Secretary may use not more than 5 percent of the amount appropriated for a fiscal year under subsection (e) to provide the technical assistance.

"(e) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2000 through 2002.

"(2) AVAILABILITY.—Amounts appropriated under paragraph (1) shall remain available until expended.

"(f) DEFINITIONS.—In this section, the terms 'domestic violence' and 'witness domestic violence' have the meanings given the terms in section 803 of the Children Who Witness Domestic Violence Protection Act.".

(b) ADMINISTRATION.—Section 305(a) of the Family Violence Prevention and Services Act (42 U.S.C. 10404(a)) is amended—

(1) by striking "an employee" and inserting "1 or more employees"; and

(2) by striking "The individual" and inserting "Each individual".

SEC. 805. COMBATTING THE IMPACT OF EXPERIENCING OR WITNESSING DOMESTIC VIOLENCE ON ELEMENTARY AND SECONDARY SCHOOL CHILDREN. (a) AMENDMENT.—Subpart 2 of part A of title IV of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7131 et seq.) is amended by adding at the end the following:

"SEC. 4124. GRANTS TO COMBAT THE IMPACT OF EXPERIENCING OR WITNESSING DOMESTIC VIOLENCE ON ELEMENTARY AND SECONDARY SCHOOL CHILDREN.

"(a) GRANTS AUTHORIZED.—

"(1) AUTHORITY.—The Secretary is authorized to award grants to and enter into contracts with elementary schools and secondary schools that work with experts described in paragraph (2), to enable the schools—

"(A) to provide training to school administrators, faculty, and staff, with respect to issues concerning children experiencing domestic violence in dating relationships and witnessing domestic violence, and the impact of the violence described in this subparagraph on children;

"(B) to provide educational programing to students regarding domestic violence and the impact of experiencing or witnessing domestic violence on children;

"(C) to provide support services for students and school personnel for the purpose of developing and strengthening effective prevention and intervention strategies with respect to issues concerning children experiencing domestic violence in dating relationships and witnessing domestic violence, and the impact of the violence described in this subparagraph on children; and

"(D) to develop and implement school system policies regarding identification and referral procedures for students who are experiencing or witnessing domestic violence.

"(2) EXPERTS.—The experts referred to in paragraph (1) are experts on domestic violence from the educational, legal, youth, mental health, substance abuse, and victim advocacy fields, and State and local domestic violence coalitions and community-based youth organizations.

"(3) AWARD BASIS.—The Secretary shall award grants and contracts under this section on a competitive basis.

"(4) POLICY DISSEMINATION.—The Secretary shall disseminate to elementary schools and secondary schools any Department of Education policy guidance regarding preventing domestic violence and the impact of experiencing or witnessing domestic violence on children.

"(b) USES OF FUNDS.—Funds provided under this section may be used for the following purposes:

"(1) To provide training for school administrators, faculty, and staff that addresses issues concerning children experiencing domestic violence in dating relationships and witnessing domestic violence, and the impact of the violence described in this paragraph on children.

"(2) To provide education programs for students that are developmentally appropriate for the students' grade levels and are designed to meet any unique cultural and language needs of the particular student populations.

"(3) To develop and implement school system policies regarding identification and referral procedures for students who are experiencing or witnessing domestic violence.

"(4) To provide the necessary human resources to respond to the needs of students and school personnel when faced with the issue of domestic violence, such as a resource person who is either on-site or on-call, and who is an expert in domestic violence as described in subsection (a)(2).

"(5) To provide media center materials and educational materials to schools that address issues concerning children experiencing domestic violence in dating relationships and witnessing domestic violence, and the impact of the violence described in this paragraph on children.

"(6) To conduct evaluations to assess the impact of programs assisted under this section in order to enhance the development of the programs.

"(c) CONFIDENTIALITY.—Policies, programs, training materials, and evaluations developed and implemented under subsection (b) shall address issues of victim safety and confidentiality that are consistent with applicable Federal and State laws.

"(d) APPLICATION.—

"(1) IN GENERAL.—To be eligible to be awarded a grant or contract under this section for any fiscal year, an elementary school or secondary school, in consultation with an expert described in subsection (a)(2), shall submit an application to the Secretary at such time and in such manner as the Secretary shall prescribe.

"(2) CONTENTS.—Each application submitted under paragraph (1) shall—

"(A) describe the need for funds provided under the grant or contract and the plan for implementation of any of the uses described in subsection (b);

"(B) describe how the domestic violence experts described in subsection (a)(2) shall work in consultation and collaboration with the elementary school or secondary school; and

"(C) provide measurable goals and expected results from the use of the funds provided under the grant or contract.

"(e) DEFINITIONS.—In this section, the terms 'domestic violence' and 'witness domestic violence' have the meanings given the terms in section 803 of the Children Who Witness Domestic Violence Protection Act.

"(f) APPLICABILITY.—The provisions of this part (other than this section) shall not apply to this section.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 4004 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7104) is amended—

(1) in paragraph (1), by striking "and" after the semicolon;

(2) in paragraph (2) by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(3) $5,000,000 for each of the fiscal years 2000 through 2002 to carry out section 4124.".

SEC. 806. CHILD WELFARE WORKER TRAINING ON DOMESTIC VIOLENCE. (a) DEFINITIONS.—In this section:

(1) GRANTEE.—The term "grantee" means a recipient of a grant under this section.

(2) SECRETARY.—The term "Secretary" means the Secretary of Health and Human Services.

(b) GRANTS AUTHORIZED.—

(1) AUTHORITY.—The Attorney General and the Secretary are authorized to jointly award grants to eligible States, Indian tribal governments, and units of local government, in order to encourage agencies and entities within the jurisdiction of the States, organizations, and units to recognize and treat, as part of their ongoing child welfare responsibilities, domestic violence as a serious problem threatening the safety and well-being of both children and adults.

(2) TERM AND AMOUNT.—Each grant awarded under this section shall be awarded for a term of 3 years and in an amount of not less than $250,000.

(c) USE OF FUNDS.—Funds provided under this section may be used to support child welfare service agencies in carrying out, with the assistance of entities carrying out community-based domestic violence programs, activities to achieve the following purposes:

(1) To provide training to the staff of child welfare service agencies and domestic violence programs with respect to the issue of domestic violence and the impact of the violence on children and their nonabusive parents, which training shall—

(A) include training for staff, supervisors, and administrators, including staff responsible for screening, intake, assessment, and investigation of reports of child abuse and neglect; and

(B) be conducted in collaboration with child welfare experts, domestic violence experts, entities carrying out community-based domestic violence programs, relevant law enforcement agencies, probation officers, prosecutors, and judges.

(2) To provide assistance in the modification of policies, procedures, programs, and practices of child welfare service agencies and domestic violence programs in order to ensure that the agencies—

(A) recognize the overlap between child abuse and domestic violence in families, the dangers posed to both child and adult victims of domestic violence, and the physical, emotional, and developmental impact of domestic violence on children;

(B) develop relevant protocols for screening, intake, assessment, and investigation of and followup to reports of child abuse and neglect, that—

(i) address the dynamics of domestic violence and the relationship between child abuse and domestic violence; and

(ii) enable the agencies to assess the danger to child and adult victims of domestic violence;

(C) identify and assess the presence of domestic violence in child protection cases, in a manner that ensures the safety of all individuals involved and the protection of confidential information;

(D) increase the safety and well-being of children who witness domestic violence, including increasing the safety of nonabusive parents of the children;

(E) develop appropriate responses in cases of domestic violence, including safety plans and appropriate services for both the child and adult victims of domestic violence;

(F) establish and enforce procedures to ensure the confidentiality of information relating to families that is shared between child welfare service agencies and community-based domestic violence programs, consistent with law (including regulations) and guidelines;

(G) provide appropriate supervision to agency staffs who work with families in which there has been domestic violence, including supervision concerning issues regarding—

(i) promoting staff safety; and

(ii) protecting the confidentiality of child and adult victims of domestic violence; and

(H) develop protocols with law enforcement, probation, and other justice agencies in order to ensure that justice system interventions and protections are readily available for victims of domestic violence served by the social service agency.

(d) APPLICATION.—

(1) IN GENERAL.—To be eligible to receive a grant under this section, a State, Indian tribal government, or unit of local government shall submit an application to the Attorney General and the Secretary at such time and in such manner as the Attorney General and the Secretary shall prescribe.

(2) CONTENTS.—Each application submitted under paragraph (1) shall contain information that—

(A) describes the specific activities that will be undertaken to achieve 1 or more of the purposes described in subsection (c);

(B) lists the child welfare service agencies and domestic violence service agencies in the jurisdiction of the applicant that will be responsible for carrying out the activities; and

(C) provides documentation from 1 or more community-based domestic violence programs that the entities carrying out such programs—

(i) have been involved in the development of the application; and

(ii) will assist in carrying out the specific activities described in subparagraph (A), which may include assisting as subcontractors.

(e) PRIORITY.—In awarding grants under this section, the Attorney General and the Secretary shall give priority to applicants who demonstrate that entities that carry out domestic violence programs will be substantially involved in carrying out the specific activities described in subsection (d)(2)(A), and to applicants who demonstrate a commitment to educate the staff of child welfare service agencies about—

(1) the impact of domestic violence on children;

(2) the special risks of child abuse and neglect; and

(3) appropriate services and interventions for protecting both the child and adult victims of domestic violence.

(f) Evaluation, Reporting, and Dissemination.—

(1) Evaluation and reporting.—Each grantee shall annually submit to the Attorney General and the Secretary a report, which shall include—

(A) an evaluation of the effectiveness of activities funded with a grant awarded under this section; and

(B) such additional information as the Attorney General and the Secretary may require.

(2) Dissemination.—Not later than 6 months after the expiration of the 3-year period beginning on the initial date on which grants are awarded under this section, the Attorney General and the Secretary shall distribute to each State child welfare service agency and each State domestic violence coalition, and to Congress, a summary of information on—

(A) the activities funded with grants under this section; and

(B) any related initiatives undertaken by the Attorney General or the Secretary to promote attention by the staff of child welfare service agencies and community-based domestic violence programs to domestic violence and the impact of domestic violence on child and adult victims of domestic violence.

(g) Technical Assistance.—

(1) Identification of successful programs.—Not later than 90 days after the date of enactment of this section, the Secretary shall identify successful programs providing training to child welfare and domestic violence programs to address the needs of children who witness domestic violence.

(2) Agreement.—Not later than 60 days before the Secretary solicits applications for grants under this section, the Secretary shall enter into an agreement with 1 or more entities carrying out the training programs identified under paragraph (1) to provide technical assistance to the applicants and recipients of the grants.

(3) Funding.—The Secretary may use not more than 5 percent of the amount appropriated for a fiscal year under subsection (h) to provide technical assistance pursuant to the agreement under paragraph (2).

(h) Authorization of Appropriations.—

(1) In general.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2000 through 2002.

(2) Availability.—Amounts appropriated under paragraph (1) shall remain available until expended.

Sec. 807. Safe Havens for Children. (a) Grants Authorized.—The Attorney General may award grants to States (including State courts) and Indian tribal governments in order to enable them to enter into contracts and cooperative agreements with public or private nonprofit entities (including tribal organizations and nonprofit organizations operating within the boundaries of an Indian reservation) to assist those entities in establishing and operating supervised visitation centers for purposes of facilitating supervised visitation and visitation exchange of children by and between parents. Not less than 50 percent of the total amount awarded to a State or Indian tribal government under this subsection for any fiscal year shall be used to enter into contracts and cooperative agreements with private nonprofit entities.

(b) Considerations.—In awarding grants under subsection (a), the Attorney General shall consider—

(1) the number of families to be served by the proposed visitation center;

(2) the extent to which the proposed supervised visitation center will serve underserved populations (as defined in section 2003 of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796gg-2));

(3) with respect to an applicant for a contract or cooperative agreement, the extent to which the applicant demonstrates cooperation and collaboration with nonprofit, nongovernmental entities in the local community served, including the State or tribal domestic violence coalition, State or tribal sexual assault coalition, local shelters, and programs for domestic violence and sexual assault victims;

(4) the extent to which the applicant demonstrates coordination and collaboration with State, tribal, and local court systems, including mechanisms for communication and referral; and

(5) the extent to which the applicant demonstrates implementation of domestic violence and sexual assault training for all staff members.

(c) Use of Funds.—Amounts provided under a grant, contract, or cooperative agreement awarded under this section may be used only to establish and operate supervised visitation centers.

(d) Application.—

(1) In general.—The Attorney General shall award grants for contracts and cooperative agreements under this section in accordance with such regulations as the Attorney General may establish by regulation, which regulations shall establish a multiyear grant process.

(2) Contents.—Each application submitted under paragraph (1) shall—

(A) demonstrate recognized expertise in the area of domestic violence and a record of high quality service to victims of domestic violence or sexual assault;

(B) demonstrate collaboration with and support of the State or tribal domestic violence coalition, State or tribal sexual assault coalition, or local domestic violence shelter, program, or rape crisis center in the locality in which the supervised visitation center will be operated;

(C) provide supervised visitation and visitation exchange services over the duration of a court order to promote continuity and stability;

(D) ensure that any fees charged to individuals for use of services are based on an individual's income;

(E) demonstrate that adequate security measures, including adequate facilities, procedures, and personnel capable of preventing violence, are in place for the operation of supervised visitation; and

(F) describe standards by which the supervised visitation center will operate.

(3) Priority.—In awarding grants for contracts and cooperative agreements under this section, the Attorney General shall give priority to States that, in making a custody determination—

(A) consider domestic violence; and

(B) require findings on the record.

(e) Annual Report.—Not later than 120 days after the last day of each fiscal year, the Attorney General shall submit to Congress a report that includes information concerning—

(1) the total number of individuals served and the total number of individuals turned away from services (categorized by State), the number of individuals from underserved populations served and the number turned away from services, and the factors that necessitate the supervised visitation or visitation exchange, such as domestic violence, child abuse, sexual assault, and emotional or other physical abuse, or any combination of such factors;

(2) the number of supervised visitations or visitation exchanges ordered during custody determinations under a separation or divorce decree or protection order, through child protection services or other social services agencies, or by any other order of a civil, criminal, juvenile, or family court;

(3) the process by which children or abused partners are protected during visitations, temporary custody transfers, and other activities for which the supervised visitation centers are established under this section;

(4) safety and security problems occurring during the reporting period during supervised visitations or at visitation centers including the number of parental abduction cases;

(5) the number of parental abduction cases in a judicial district using supervised visitation services, both as identified in criminal prosecutions and in custody violations; and

(6) program standards for operating supervised visitation centers established throughout the United States.

(f) Authorization of Appropriations.—

(1) In general.—There is authorized to be appropriated from the Violent Crime Reduction Trust Fund established under section 310001 of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14211) to carry out this section $20,000,000 for each of fiscal years 2000 through 2002.

(2) Availability.—Amounts made available under paragraph (1) shall remain available until expended.

(3) Distribution.—Not less than 95 percent of the total amount made available to carry out this section for each fiscal year shall be used to award grants, contracts, or cooperative agreements.

(4) Allotment for Indian tribes.—

(A) In general.—Subject to subparagraph (B), not less than 5 percent of the total amount made available to carry out this section for each fiscal year shall be available for grants to, or contracts or cooperative agreements with, tribal organizations and nonprofit organizations operating within the boundaries of an Indian reservation.

(B) Reallotment of funds.—If, beginning 9 months after the first day of any fiscal year for which amounts are made available under this paragraph, any amount made available under this paragraph remains unobligated, the unobligated amount may be allocated without regard to subparagraph (A).

Sec. 808. Law Enforcement Officer Training. (a) Grants Authorized.—The Attorney General shall award grants to nonprofit domestic violence programs, shelters, or organizations in collaboration with local police departments, for purposes of training local police officers regarding appropriate treatment of children who have witnessed domestic violence.

(b) Use of Funds.—A domestic violence agency working in collaboration with a local police department may use amounts provided under a grant under this section—

(1) to train police officers in child development and issues related to witnessing domestic violence so they may appropriately—

(A) apply child development principles to their work in domestic violence cases;

(B) recognize the needs of children who witness domestic violence;

(C) meet children's immediate needs at the scene of domestic violence;

(D) call for immediate therapeutic attention to be provided to the child by an advocate from the collaborating domestic violence program, shelter, or organization; and

(E) refer children for followup services; and

(2) to establish a collaborative working relationship between police officers and local domestic violence programs, shelters, and organizations.

(c) APPLICATION.—

(1) IN GENERAL.—To be eligible to be awarded a grant under this section for any fiscal year, a local domestic violence program, shelter, or organization, in collaboration with a local police department, shall submit an application to the Attorney General at such time and in such manner as the Attorney General shall prescribe.

(2) CONTENTS.—Each application submitted under paragraph (1) shall—

(A) describe the need for amounts provided under the grant and the plan for implementation of the uses described in subsection (c);

(B) describe the manner in which the local domestic violence program, shelter, or organization shall work in collaboration with the local police department; and

(C) provide measurable goals and expected results from the use of amounts provided under the grant.

(d) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated from the Violent Crime Reduction Trust Fund established under section 310001 of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14211) to carry out this section $3,000,000 for each of fiscal years 2000 through 2002.

(2) AVAILABILITY.—Amounts made available under paragraph (1) shall remain available until expended.

SEC. 809. REAUTHORIZATION OF CRISIS NURSERIES. (a) AUTHORITY TO ESTABLISH DEMONSTRATION GRANT PROGRAMS.—The Secretary of Health and Human Services may establish demonstration programs under which grants are awarded to States to assist private and public agencies and organizations in providing crisis nurseries for children who are abused and neglected, are at risk of abuse or neglect, are witnessing domestic violence, or are in families receiving child protective services.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 2000 through 2002.

TITLE IX—HATE CRIMES PREVENTION

SEC. 901. SHORT TITLE. This title may be cited as the "Hate Crimes Prevention Act of 1999".

SEC. 902. FINDINGS. Congress finds that—

(1) the incidence of violence motivated by the actual or perceived race, color, national origin, religion, sexual orientation, gender, or disability of the victim poses a serious national problem;

(2) such violence disrupts the tranquility and safety of communities and is deeply divisive;

(3) existing Federal law is inadequate to address this problem;

(4) such violence affects interstate commerce in many ways, including—

(A) by impeding the movement of members of targeted groups and forcing such members to move across State lines to escape the incidence or risk of such violence; and

(B) by preventing members of targeted groups from purchasing goods and services, obtaining or sustaining employment or participating in other commercial activity;

(5) perpetrators cross State lines to commit such violence;

(6) instrumentalities of interstate commerce are used to facilitate the commission of such violence;

(7) such violence is committed using articles that have traveled in interstate commerce;

(8) violence motivated by bias that is a relic of slavery can constitute badges and incidents of slavery;

(9) although many State and local authorities are now and will continue to be responsible for prosecuting the overwhelming majority of violent crimes in the United States, including violent crimes motivated by bias, Federal jurisdiction over certain violent crimes motivated by bias is necessary to supplement State and local jurisdiction and ensure that justice is achieved in each case;

(10) Federal jurisdiction over certain violent crimes motivated by bias enables Federal, State, and local authorities to work together as partners in the investigation and prosecution of such crimes;

(11) the problem of hate crime is sufficiently serious, widespread, and interstate in nature as to warrant Federal assistance to States and local jurisdictions; and

(12) freedom of speech and association are fundamental values protected by the first amendment to the Constitution of the United States, and it is the purpose of this title to criminalize acts of violence, and threats of violence, carried out because of the actual or perceived race, color, religion, national origin, gender, sexual orientation, or disability of the victim, not to criminalize beliefs in the abstract.

SEC. 903. DEFINITION OF HATE CRIME. In this title, the term "hate crime" has the same meaning as in section 280003(a) of the Violent Crime Control and Law Enforcement Act of 1994 (28 U.S.C. 994 note).

SEC. 904. PROHIBITION OF CERTAIN ACTS OF VIOLENCE. Section 245 of title 18, United States Code, is amended—

(1) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(2) by inserting after subsection (b) the following:

"(c)(1) Whoever, whether or not acting under color of law, willfully causes bodily injury to any person or, through the use of fire, a firearm, or an explosive device, attempts to cause bodily injury to any person, because of the actual or perceived race, color, religion, or national origin of any person—

"(A) shall be imprisoned not more than 10 years, or fined in accordance with this title, or both; and

"(B) shall be imprisoned for any term of years or for life, or fined in accordance with this title, or both if—

"(i) death results from the acts committed in violation of this paragraph; or

"(ii) the acts committed in violation of this paragraph include kidnapping or an attempt to kidnap, aggravated sexual abuse or an attempt to commit aggravated sexual abuse, or an attempt to kill.

"(2)(A) Whoever, whether or not acting under color of law, in any circumstance described in subparagraph (B), willfully causes bodily injury to any person or, through the use of fire, a firearm, or an explosive device, attempts to cause bodily injury to any person, because of the actual or perceived religion, gender, sexual orientation, or disability of any person—

"(i) shall be imprisoned not more than 10 years, or fined in accordance with this title, or both; and

"(ii) shall be imprisoned for any term of years or for life, or fined in accordance with this title, or both, if—

"(I) death results from the acts committed in violation of this paragraph; or

"(II) the acts committed in violation of this paragraph include kidnapping or an attempt to kidnap, aggravated sexual abuse or an attempt to commit aggravated sexual abuse, or an attempt to kill.

"(B) For purposes of subparagraph (A), the circumstances described in this subparagraph are that—

"(i) in connection with the offense, the defendant or the victim travels in interstate or foreign commerce, uses a facility or instrumentality of interstate or foreign commerce, or engages in any activity affecting interstate or foreign commerce; or

"(ii) the offense is in or affects interstate or foreign commerce.

"(3) No prosecution of any offense described in this subsection may be undertaken by the United States, except upon the certification in writing of the Attorney General, the Deputy Attorney General, the Associate Attorney General, or any Assistant Attorney General specially designated by the Attorney General that—

"(A) he or she has reasonable cause to believe that the actual or perceived race, color, national origin, religion, sexual orientation, gender, or disability of any person was a motivating factor underlying the alleged conduct of the defendant; and

"(B) that he or his designee or she or her designee has consulted with State or local law enforcement officials regarding the prosecution and determined that—

"(i) the State does not have jurisdiction or refuses to assume jurisdiction;

"(ii) the State has requested that the Federal Government assume jurisdiction; or

"(iii) actions by State and local law enforcement officials have or are likely to leave demonstratively unvindicated the Federal interest in eradicating bias-motivated violence.".

SEC. 905. DUTIES OF FEDERAL SENTENCING COMMISSION. (a) AMENDMENT OF FEDERAL SENTENCING GUIDELINES.—Pursuant to its authority under section 994 of title 28, United States Code, the United States Sentencing Commission shall study the issue of adult recruitment of juveniles to commit hate crimes and shall, if appropriate, amend the Federal sentencing guidelines to provide sentencing enhancements (in addition to the sentencing enhancement provided for the use of a minor during the commission of an offense) for adult defendants who recruit juveniles to assist in the commission of hate crimes.

(b) CONSISTENCY WITH OTHER GUIDELINES.—In carrying out this section, the United States Sentencing Commission shall—

(1) ensure that there is reasonable consistency with other Federal sentencing guidelines; and

(2) avoid duplicative punishments for substantially the same offense.

SEC. 906. GRANT PROGRAM. (a) AUTHORITY TO MAKE GRANTS.—The Office of Justice Programs of the Department of Justice shall make grants, in accordance with such regulations as the Attorney General may prescribe, to State and local programs designed to combat hate crimes committed by juveniles, including programs to train local law enforcement officers in investigating, prosecuting, and preventing hate crimes.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

SEC. 907. AUTHORIZATION FOR ADDITIONAL PERSONNEL TO ASSIST STATE AND LOCAL LAW ENFORCEMENT. There are authorized to be appropriated to the Department of the Treasury and the Department of Justice, including the Community Relations Service, for fiscal years 2000, 2001, and 2002 such sums as are necessary to increase the number of personnel to prevent and respond to alleged violations of section 245 of title 18, United States Code (as amended by this title).

SEC. 908. SEVERABILITY. If any provision of this title, an amendment made by this title, or the application of such provision or amendment to any person or circumstance is held to be unconstitutional, the remainder of this title, the amendments made by this title, and the application of the provisions of such to any person or circumstance shall not be affected thereby.

SEC. 909. HATE CRIMES. (a) DECLARATIONS.—Congress declares that—

(1) further efforts must be taken at all levels of government to respond to the staggering brutality of hate crimes that have riveted public attention and shocked the Nation;

(2) hate crimes are prompted by bias and are committed to send a message of hate to targeted communities, usually defined on the basis of immutable traits;

(3) the prominent characteristic of a hate crime is that it devastates not just the actual victim and the victim's family and friends, but frequently savages the community sharing the traits that caused the victim to be selected;

(4) any efforts undertaken by the Federal Government to combat hate crimes must respect the primacy that States and local officials have traditionally been accorded in the criminal prosecution of acts constituting hate crimes; and

(5) an overly broad reaction by the Federal Government to this serious problem might ultimately diminish the accountability of State and local officials in responding to hate crimes and transgress the constitutional limitations on the powers vested in Congress under the Constitution.

(b) STUDIES.—

(1) COLLECTION OF DATA.—

(A) DEFINITION OF HATE CRIME.—In this paragraph, the term "hate crime" means—

(i) a crime described in subsection (b)(1) of the first section of the Hate Crime Statistics Act (28 U.S.C. 534 note); and

(ii) a crime that manifests evidence of prejudice based on gender or age.

(B) COLLECTION FROM CROSS-SECTION OF STATES.—Not later than 120 days after the date of enactment of this Act, the Comptroller General of the United States, in consultation with the National Governors' Association, shall select 10 jurisdictions with laws classifying certain types of crimes as hate crimes and 10 jurisdictions without such laws from which to collect data described in subparagraph (C) over a 12-month period.

(C) DATA TO BE COLLECTED.—The data to be collected are—

(i) the number of hate crimes that are reported and investigated;

(ii) the percentage of hate crimes that are prosecuted and the percentage that result in conviction;

(iii) the length of the sentences imposed for crimes classified as hate crimes within a jurisdiction, compared with the length of sentences imposed for similar crimes committed in jurisdictions with no hate crime laws; and

(iv) references to and descriptions of the laws under which the offenders were punished.

(D) COSTS.—Participating jurisdictions shall be reimbursed for the reasonable and necessary costs of compiling data under this paragraph.

(2) STUDY OF TRENDS.—

(A) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the Comptroller General of the United States and the General Accounting Office shall complete a study that analyzes the data collected under paragraph (1) and under the Hate Crime Statistics Act of 1990 to determine the extent of hate crime activity throughout the country and the success of State and local officials in combating that activity.

(B) IDENTIFICATION OF TRENDS.—In the study conducted under subparagraph (A), the Comptroller General of the United States and the General Accounting Office shall identify any trends in the commission of hate crimes specifically by—

(i) geographic region;

(ii) type of crime committed; and

(iii) the number of hate crimes that are prosecuted and the number for which convictions are obtained.

(c) MODEL STATUTE.—

(1) IN GENERAL.—To encourage the identification and prosecution of hate crimes throughout the country, the Attorney General shall, through the National Conference of Commissioners on Uniform State Laws of the American Law Institute or another appropriate forum, and in consultation with the States, develop a model statute to carry out the goals described in subsection (a) and criminalize acts classified as hate crimes.

(2) REQUIREMENTS.—In developing the model statute, the Attorney General shall—

(A) include in the model statute crimes that manifest evidence of prejudice; and

(B) prepare an analysis of all reasons why any crime motivated by prejudice based on any traits of a victim should or should not be included.

(d) SUPPORT FOR CRIMINAL INVESTIGATIONS AND PROSECUTIONS BY STATE AND LOCAL LAW ENFORCEMENT OFFICIALS.—

(1) ASSISTANCE OTHER THAN FINANCIAL ASSISTANCE.—

(A) IN GENERAL.—At the request of a law enforcement official of a State or a political subdivision of a State, the Attorney General, acting through the Director of the Federal Bureau of Investigation, shall provide technical, forensic, prosecutorial, or any other form of assistance in the criminal investigation or prosecution of any crime that—

(i) constitutes a crime of violence (as defined in section 16 of title 18, United States Code);

(ii) constitutes a felony under the laws of the State; and

(iii) is motivated by prejudice based on the victim's race, ethnicity, or religion or is a violation of the State's hate crime law.

(B) PRIORITY.—In providing assistance under subparagraph (A), the Attorney General shall give priority to crimes committed by offenders who have committed crimes in more than 1 State.

(2) GRANTS.—

(A) IN GENERAL.—There is established a grant program within the Department of Justice to assist State and local officials in the investigation and prosecution of hate crimes.

(B) ELIGIBILITY.—A State or political subdivision of a State applying for assistance under this paragraph shall—

(i) describe the purposes for which the grant is needed; and

(ii) certify that the State or political subdivision lacks the resources necessary to investigate or prosecute the hate crime.

(C) DEADLINE.—An application for a grant under this paragraph shall be approved or disapproved by the Attorney General not later than 24 hours after the application is submitted.

(D) GRANT AMOUNT.—A grant under this paragraph shall not exceed $100,000 for any single case.

(E) REPORT.—Not later than December 31, 2001, the Attorney General, in consultation with the National Governors' Association, shall submit to Congress a report describing the applications made for grants under this paragraph, the award of such grants, and the effectiveness of the grant funds awarded.

(F) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $5,000,000 for each of fiscal years 2000 and 2001.

(e) INTERSTATE TRAVEL TO COMMIT HATE CRIME.—

(1) IN GENERAL.—Chapter 13 of title 18, United States Code, is amended by adding at the end the following:

"§ 249. Interstate travel to commit hate crime

"(a) IN GENERAL.—A person, whether or not acting under color of law, who—

"(1) travels across a State line or enters or leaves Indian country in order, by force or threat of force, to willfully injure, intimidate, or interfere with, or by force or threat of force to attempt to injure, intimidate, or interfere with, any person because of the person's race, color, religion, or national origin; and

"(2) by force or threat of force, willfully injures, intimidates, or interferes with, or by force or threat of force attempts to willfully injure, intimidate, or interfere with any person because of the person's race, color, religion, or national origin,

shall be subject to a penalty under subsection (b).

"(b) PENALTIES.—A person described in subsection (a) who is subject to a penalty under this subsection—

"(1) shall be fined under this title, imprisoned not more than 1 year, or both;

"(2) if bodily injury results or if the violation includes the use, attempted use, or threatened use of a dangerous weapon, explosives, or fire, shall be fined under this title, imprisoned not more than 10 years, or both; or

"(3) if death results or if the violation includes kidnapping or an attempt to kidnap, aggravated sexual abuse or an attempt to commit aggravated sexual abuse, or an attempt to kill—

"(A) shall be fined under this title, imprisoned for any term of years or for life, or both; or

"(B) may be sentenced to death.".

(2) TECHNICAL AMENDMENT.—The analysis for chapter 13 of title 18, United States Code, is amended by adding at the end the following:

"249. Interstate travel to commit hate crime.".

This Act may be cited as the "Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2000".

THE MILITARY RESERVISTS SMALL BUSINESS RELIEF ACT OF 1999

Mr. SESSIONS. Mr. President, on behalf of the majority leader, I ask unanimous consent that the Senate proceed to the immediate consideration of calendar No. 166, S. 918.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 918) to authorize the Small Business Administration to provide financial and business development assistance to military reservists' small businesses, and for other purposes.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Small Business, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Military Reservists Small Business Relief Act of 1999".

SEC. 2. REPAYMENT DEFERRAL FOR ACTIVE DUTY RESERVISTS.

Section 7 of the Small Business Act (15 U.S.C. 636) is amended by adding at the end the following:

"(n) REPAYMENT DEFERRED FOR ACTIVE DUTY RESERVISTS.—

"(1) DEFINITIONS.—In this subsection:

"(A) ELIGIBLE RESERVIST.—The term 'eligible reservist' means a member of a reserve component of the Armed Forces ordered to active duty during a period of military conflict.

"(B) ESSENTIAL EMPLOYEE.—The term 'essential employee' means an individual who is employed by a small business concern and whose managerial or technical expertise is critical to the successful day-to-day operations of that small business concern.

"(C) PERIOD OF MILITARY CONFLICT.—The term 'period of military conflict' means—

"(i) a period of war declared by Congress;

"(ii) a period of national emergency declared by Congress or by the President; or

"(iii) a period of a contingency operation, as defined in section 101(a) of title 10, United States Code.

"(D) QUALIFIED BORROWER.—The term 'qualified borrower' means—

"(i) an individual who is an eligible reservist and who received a direct loan under subsection (a) or (b) before being ordered to active duty; or

"(ii) a small business concern that received a direct loan under subsection (a) or (b) before an eligible reservist, who is an essential employee, was ordered to active duty.

"(2) DEFERRAL OF DIRECT LOANS.—

"(A) IN GENERAL.—The Administration shall, upon written request, defer repayment of principal and interest due on a direct loan made under subsection (a) or (b), if such loan was incurred by a qualified borrower.

"(B) PERIOD OF DEFERRAL.—The period of deferral for repayment under this paragraph shall begin on the date on which the eligible reservist is ordered to active duty and shall terminate on the date that is 180 days after the date such eligible reservist is discharged or released from active duty.

"(C) INTEREST RATE REDUCTION DURING DEFERRAL.—Notwithstanding any other provision of law, during the period of deferral described in subparagraph (B), the Administration may, in its discretion, reduce the interest rate on any loan qualifying for a deferral under this paragraph.

"(3) DEFERRAL OF LOAN GUARANTEES AND OTHER FINANCINGS.—The Administration shall—

"(A) encourage intermediaries participating in the program under subsection (m) to defer repayment of a loan made with proceeds made available under that subsection, if such loan was incurred by a small business concern that is eligible to apply for assistance under subsection (b)(3); and

"(B) not later than 30 days after the date of enactment of this subsection, establish guidelines to—

"(i) encourage lenders and other intermediaries to defer repayment of, or provide other relief relating to, loan guarantees under subsection (a) and financings under section 504 of the Small Business Investment Act of 1958 that were incurred by small business concerns that are eligible to apply for assistance under subsection (b)(3), and loan guarantees provided under subsection (m) if the intermediary provides relief to a small business concern under this paragraph; and

"(ii) implement a program to provide for the deferral of repayment or other relief to any intermediary providing relief to a small business borrower under this paragraph.".

SEC. 3. DISASTER LOAN ASSISTANCE FOR MILITARY RESERVISTS' SMALL BUSINESSES.

Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting after the undesignated paragraph that begins with "Provided, That no loan", the following:

"(3)(A) In this paragraph—

"(i) the term 'essential employee' means an individual who is employed by a small business concern and whose managerial or technical expertise is critical to the successful day-to-day operations of that small business concern;

"(ii) the term 'period of military conflict' has the meaning given the term in subsection (n)(1); and

"(iii) the term 'substantial economic injury' means an economic harm to a business concern that results in the inability of the business concern—

"(I) to meet its obligations as they mature;

"(II) to pay its ordinary and necessary operating expenses; or

"(III) to market, produce, or provide a product or service ordinarily marketed, produced, or provided by the business concern.

"(B) The Administration may make such disaster loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) to assist a small business concern that has suffered or that is likely to suffer substantial economic injury as the result of an essential employee of such small business concern being ordered to active military duty during a period of military conflict.

"(C) A small business concern described in subparagraph (B) shall be eligible to apply for assistance under this paragraph during the period beginning on the date on which the essential employee is ordered to active duty and ending on the date that is 90 days after the date on which such essential employee is discharged or released from active duty.

"(D) Any loan or guarantee extended pursuant to this paragraph shall be made at the same interest rate as economic injury loans under paragraph (2).

"(E) No loan may be made under this paragraph, either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis, if the total amount outstanding and committed to the borrower under this subsection would exceed $1,500,000, unless such applicant constitutes a major source of employment in its surrounding area, as determined by the Administration, in which case the Administration, in its discretion, may waive the $1,500,000 limitation.

"(F) For purposes of assistance under this paragraph, no declaration of a disaster area shall be required.".

SEC. 4. BUSINESS DEVELOPMENT AND MANAGEMENT ASSISTANCE FOR MILITARY RESERVISTS' SMALL BUSINESSES.

(a) IN GENERAL.—Section 8 of the Small Business Act (15 U.S.C. 637) is amended by adding at the end the following:

"(l) MANAGEMENT ASSISTANCE FOR SMALL BUSINESSES AFFECTED BY MILITARY OPERATIONS.—The Administration shall utilize, as appropriate, its entrepreneurial development and management assistance programs, including programs involving State or private sector partners, to provide business counseling and training to any small business concern adversely affected by the deployment of units of the Armed Forces of the United States in support of a period of military conflict (as defined in section 7(n)(1)).".

(b) ENHANCED PUBLICITY DURING OPERATION ALLIED FORCE.—For the duration of Operation Allied Force and for 120 days thereafter, the Administration shall enhance its publicity of the availability of assistance provided pursuant to the amendments made by this Act, including information regarding the appropriate local office at which affected small businesses may seek such assistance.

SEC. 5. GUIDELINES.

Not later than 30 days after the date of enactment of this Act, the Administrator of the Small Business Administration shall issue such guidelines as the Administrator determines to be necessary to carry out this Act and the amendments made by this Act.

SEC. 6. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this Act shall take effect on the date of the enactment of this Act.

(b) DISASTER LOANS.—The amendments made by section 3 shall apply to economic injury suffered or likely to be suffered as the result of a period of military conflict occurring or ending on or after March 24, 1999.

Mr. KERRY. Mr. President, after weeks of difficult decisions, decisions which have in too many respects divided us by party, we have today an easy vote—a vote on which we can all agree. We can support reservists and small business by voting for S. 918, the Military Reservists Small Business Relief Act of 1999. When I introduced this bill on April 29th, it had 31 cosponsors. It now has the endorsement of 52 Senators—31 Democrats and 21 Republicans.

A majority of the Senate—Senators from Maine to Utah, Michigan to North Carolina—have said that the men and women who serve as reservists need and deserve help maintaining their businesses while they are serving on active duty. That is an important statement about our commitment to the reservists who serve our country.

Today, more than 4,700 reservists are serving on active duty around the world. Where are they? In Haiti, Iraq, Bosnia, and Kosovo. And where are their businesses and jobs? Pick any state—Massachusetts, Arizona, Georgia, Ohio, Michigan.

When these men and women are called to action, they often have little notice, and their families face financial and emotional hardships. With half of America's military forces serving in reserve and National Guard units—a total of 1.4 million Americans—the Pentagon has acknowledged that extensive missions now require quicker call-ups. As a veteran of the Vietnam War and Ranking Member of the Small

Business Committee, I know how disruptive active service can be for reservists who are suddenly called away from their families and work to serve our country.

What does a small business with few financial or personal reserves do without the owner, manager or employee who is essential to the daily operation and success of the small business? If you're in a rural area or small town, it will be hard to find a replacement. And if your family steps in, often they don't have the experience or time to run the business. A Commander from Danvers, Mass, who owns two gas station convenience stores said the tight job market only exacerbates the difficulty of finding a replacement, and that training someone well enough to "leave the business in [their] hands would be near impossible." We need to help these men and women, their families and communities, bridge the gap between when the troops leave and when they return.

The Military Reservists Small Business Relief Act of 1999 offers small businessmen and women three types of assistance. First, it authorizes the SBA to defer loan repayments and to reduce interest rates on any of its direct loans, including disaster loans. The deferrals and reductions authorized by this bill are available from the date that the military reservist is called to active duty until 180 days after his or her release from active duty.

For microloans and loans guaranteed under the SBA's financial assistance programs, such as the 504 and 7(a) loan programs, the bill directs the Agency to develop policies that encourage and facilitate ways for SBA lenders to defer or reduce loan repayments. For example, a microlenders' ability to repay its debt to the SBA is dependent upon payments from microborrowers. So, with this bill's authority, if a microlender extends or defers loan repayment to a borrower who is a deployed military reservist, in turn the SBA would extend repayment obligations to the microlender.

Second, the bill establishes a low-interest economic injury loan program to be administered by the SBA through its disaster loan program. These loans would be available to provide interim operating capital to any small business when the departure of a miliary reservist to active duty causes substantial economic injury. Under the bill, such harm includes three general cases: inability to make loan payments; inability to pay ordinary and necessary operating expenses; or inability to market, produce or provide a service or product that it ordinarily provides. Under this provision, an eligible small business may apply for an economic injury loan from the date that the company's military reservist is ordered to active duty until 90 days after release from active duty.

Third, the bill directs the SBA and all of its private sector partners, such as the Small Business Development Centers and the Women's Business Centers, to make every effort to reach out to those businesses affected by call up of military reservists to active duty and offer business counseling and training. Those left behind to run the business, whether it's a spouse, a child, or an employee, while the military reservist is serving, may be inexperienced in running the business and need quick access to management and marketing counseling. We need to do what we can to help them keep their doors open and reduce the impact of military conflicts and national emergencies on the economy.

Finally, at the insightful suggestion of my colleague Senator LEVIN, the bill will be effective for all qualified reservists who are demobilized as of March 24th, 1999. According to the Department of Defense, 1,266 reservists have been demobilized from Bosnia, Iraq and Kosovo since the 24th.

The provisions for this bill should already be available for those who need it, and I deeply regret that this bill hasn't been acted on earlier. The nature of the legislation is uncontroversial, it passed the Committee on Small Business June 9th, almost 50 days ago, by unanimous consent and, to repeat, it has the endorsement of 51 Senators. Since then, it has also passed the full House and the Senate Committee on Small Business as part of H.R. 1568, the Veterans Entrepreneurship and Small Business Development Act of 1999.

As much as I am frustrated by the delay on this bill, it probably doesn't compare to that of reservists who are on active duty and losing sleep over how they are going to keep their businesses going and avoid ruining their credit records. Ask the truck driver who serves in the Missouri National Air Guard and reported to active duty four months ago. He bought a new rig shortly before being called up and has hefty monthly payments to meet. He lined up a replacement to drive his truck while he was gone to keep money coming in, but the driver backed out of the agreement right before the reservist was to leave.

He tried to do the right thing—to implement a contingent plan—and yet something beyond his control interfered. It's hard to keep your customers happy when their merchandise isn't getting delivered. And it's even harder to make your loan payments when you're not bringing in enough money.

Or ask the reservist from Oklahoma who has supported his wife and four children for the past five years with a carpet and upholstery business. In 1998, he was called up for eight months, and he's been active this year since May 8th. What made it particularly damaging for his business this year was that he was called up at the beginning of the industry's high season. January to April are slow times, and April to December are the money-making months. He called my office a month ago to find out about this bill and find out how he could get assistance.

Though this bill was still waiting for action by the full Senate, we put him in contact with the SBA headquarters in Oklahoma to find some way to help. After reviewing his options and what it would take to resuscitate his business, he called to say that he was closing shop for good: "I'm just going to close my business down. I'm not going to try to get a small business loan. I want to cut my losses now. . . ."

We have yet to know the full impact on and needs of reservists currently deployed, but, unfortunately, we know the veteran reservists of the Persian Gulf War, Operation Desert Storm, suffered substantial set-backs while away from their businesses. They left their businesses or companies in good shape and returned to hardships ranging from bankruptcy to financial ruin, from deserted clients to layoffs.

When I introduced this bill, I talked about a small-business owner from New England, a physician and Lieutenant Commander in the Navy Reserve. He was called up for Operation Desert Storm as a flight surgeon in January 1991. For ten years, he had been a solo practitioner. After six months of service, he had to file bankruptcy. That bankruptcy affected not only him and his wife, but also his two employees and their families. After one year on duty, he returned home to face civilian life without a business or a job. He was only one of many. We must never let that happen again.

The Military Reservists Small Business Relief Act is timely because it can help those 6,500 reservists who have been serving in Kosovo since as far back as March. Even those who have already come home and are struggling to keep their businesses afloat. However, it is also important for future reservists because it can offer them relief if they serve any future contingency operations such as Kosovo, military conflicts or national emergencies.

For example, in 1993, the National Guard in Missouri was deployed for two months to help with the devastating flood of the Missouri and Mississippi Rivers that left 14 miles of Missouri river-front land under water. While on active duty, two reservists, one with a successful hair salon in a suburb of St. Louis and another with a painting business in Rolla, lost so many of their clients they eventually had to close their small businesses. One of them resigned from the National Guard after that experience because he felt it had taken too big a toll on his life. At a time when America so badly needs more of our citizens to give of themselves, to sign up as military reservists, to make a sacrifice, we must pass this bill to make sure that service will not mean financial ruin. We must pass this legislation to take a stand for our reservists.

In closing, I want to thank and acknowledge Jan Behon of Pittsburgh, Pennsylvania, and Dr. Harold V. Nelson of Louisville, Kentucky, who volunteer for SERRR, the Self-Employed Recalled Reservists and Retirees committee, for their support, years of sacrifice and experience that they lent to this bill.

I also want to thank the National Guard Association of the United States for backing this legislation and ask that the Association's letter of support be included in the RECORD.

Mr. President, I thank my colleagues, particularly the 51 cosponsors of my bill, for their support of this important legislation.

Mr. SESSIONS. Mr. President, I ask unanimous consent that the Committee substitute amendment be agreed to, the bill, as amended, be read the third time, and passed, and the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendment was agreed to.

The bill (S. 918), as amended, was read the third time, and passed.

PRESERVATION OF ROUTE 66 CULTURAL RESOURCES

Mr. SESSIONS. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of H.R. 66, which is at the desk.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (H.R. 66) to preserve the cultural resources of the Route 66 corridor and to authorize the Secretary of Interior to provide assistance.

There being no objection, the Senate proceeded to consider the bill.

Mr. SESSIONS. Mr. President, I ask unanimous consent that the bill be considered read the third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 66) was considered read the third time and passed.

Mr. DOMENICI. Mr. President, I am so very pleased that the Senate has passed H.R. 66, and taken an historic step in preserving one of America's cultural treasures—Route 66. I have long championed preservation of Route 66, the "Mother Road," which changed and shaped America in the twentieth century. This body had already passed my legislation earlier this year, S. 292, the Route 66 Corridor Preservation Act. Congresswoman HEATHER WILSON of Albuquerque, New Mexico, reintroduced a companion bill (H.R. 66) in the House of Representatives, and after a few amendments, we have finally got legislation which will preserve the unique cultural resources along the famous Route and authorize the Interior Secretary to provide assistance through the Park Service. I have been working for this day for nine years.

This legislation almost became law at the end of the 105th Congress, but failed to pass in the House of Representatives due to last minute political wrangling. However, no one has ever questioned the merit of this legislation.

I introduced the "Route 66 Study Act of 1990," which directed the National Park Service to determine the best ways to preserve, commemorate, and interpret Route 66. As a result of that study, I introduced legislation last Congress authorizing the National Park Service to join with Federal, State, and private efforts to preserve aspects of historic Route 66, the Nation's most important thoroughfare for East-West migration in the twentieth century.

H.R. 66 authorizes a funding level over 10 years and stresses that we want the Federal Government to support grassroots efforts to preserve aspects of this historic highway. The Secretary of the Interior can now support State, local, tribal, and private organizations' efforts to preserve these resources.

Designated in 1926, the 2,200-mile Route 66 stretched from Chicago to Santa Monica, CA. It rolled through eight American States and three time zones. In New Mexico, it went through the communities of Tucumcari, Santa Rosa, Albuquerque, Grants, and Gallup. New Mexico added to the aura of Route 66, giving new generations of Americans their first experience of our colorful culture and heritage. Route 66 allowed generations of vacationers to travel to previously remote areas and experience the natural beauty and cultures of the Southwest and Far West.

While mobility of Americans has increased, few have forgotten the impact of this two-lane roadway of our youth. The "Grapes of Wrath" illustrates how depression-era families utilized this "Mother Road" to escape the dust bowl and start new lives in the West. The western U.S. was later opened to tourism, and many people learned the beauties of this entire country, Midwest to West. And I think a few folks discovered that New Mexico really is the Land of Enchantment.

The bill is designed to assist private efforts to preserve structures and other cultural resources of the historic Route 66 corridor. I am pleased that as we reach the turn of the century, we have recognized this historic landmark, and the impact it had on this Nation in this century.

I thank my colleagues for once again recognizing the importance of this legislation. I also want to thank the many New Mexicans and the National Historic Route 66 Federation for their support and help in this effort. Finally we will have a law recognizing the twentieth century equivalent to the Santa Fe Trail.

MUHAMMAD ALI BOXING REFORM ACT

Mr. SESSIONS. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 161, S. 305.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 305) to reform unfair and anticompetitive practices in the professional boxing industry.

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Commerce, Science, and Transportation, with amendments; as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets and the parts of the bill intended to be inserted are shown in italic.)

S. 305

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Muhammad Ali Boxing Reform Act".

SEC. 2. FINDINGS.

The Congress makes the following findings:

(1) Professional boxing differs from other major, interstate professional sports industries in the United States in that it operates without any private sector association, league, or centralized industry organization to establish uniform and appropriate business practices and ethical standards. This has led to repeated occurrences of disreputable and coercive business practices in the boxing industry, to the detriment of professional boxers nationwide.

(2) Professional boxers are vulnerable to exploitative business practices engaged in by certain promoters and sanctioning bodies which dominate the sport. Boxers do not have an established representative group to advocate for their interests and rights in the industry.

(3) State officials are the proper regulators of professional boxing events, and must protect the welfare of professional boxers and serve the public interest by closely supervising boxing activity in their jurisdiction. State boxing commissions do not currently receive adequate information to determine whether boxers competing in their jurisdiction are being subjected to contract terms and business practices which may be violative of State regulations, or are onerous and confiscatory.

(4) Promoters who engage in illegal, coercive, or unethical business practices can take advantage of the lack of equitable business standards in the sport by holding boxing events in states with weaker regulatory oversight.

(5) The sanctioning organizations which have proliferated in the boxing industry have not established credible and objective criteria to rate professional boxers, and operate

with virtually no industry or public oversight. Their ratings are susceptible to manipulation, have deprived boxers of fair opportunities for advancement, and have undermined public confidence in the integrity of the sport.

(6) Open competition in the professional boxing industry has been significantly interfered with by restrictive and anti-competitive business practices of certain promoters and sanctioning bodies, to the detriment of the athletes and the ticket-buying public. Common practices of promoters and sanctioning organizations represent restraints of interstate trade in the United States.

(7) It is necessary and appropriate to establish national contracting reforms to protect professional boxers and prevent exploitative business practices, and to require enhanced financial disclosures to State athletic commissions to improve the public oversight of the sport.

(8) Whereas the Congress seeks to improve the integrity and ensure fair practices of the professional boxing industry on a nationwide basis, it deems it appropriate to name this reform in honor of Muhammad Ali, whose career achievements and personal contributions to the sport, and positive impact on our society, are unsurpassed in the history of boxing.

SEC. 3. PURPOSES.

The purposes of this Act are—

(1) to protect the rights and welfare of professional boxers by preventing certain exploitative, oppressive, and unethical business practices they may be subject to on an interstate basis;

(2) to assist State boxing commissions in their efforts to provide more effective public oversight of the sport; and

(3) to promoting honorable competition in professional boxing and enhance the overall integrity of the industry.

SEC 4. PROTECTING BOXERS FROM EXPLOITATION.

The Professional Boxing Safety Act of 1996 (15 U.S.C. 6301 et seq.) is amended by—

(1) redesignating section 15 as 16; and

(2) inserting after section 14 the following:

"SEC. 15. PROTECTION FROM EXPLOITATION.

"(a) CONTRACT REQUIREMENTS.—

"(1) IN GENERAL.—Any contract between a boxer and a promoter or manager shall—

"(A) include mutual obligations between the parties;

"(B) specify a minimum number of professional boxing matches per year for the boxer; and

"(C) set forth a specific period of time during which the contract will be in effect, including any provision for extension of that period due to the boxer's temporary inability to compete because of an injury or other cause.

"(2) 1-YEAR LIMIT ON COERCIVE PROMOTIONAL RIGHTS.—

"(A) The period of time for which promotional rights to promote a boxer may be granted under a contract between the boxer and a promoter, or between promoters with respect to a boxer, may not be greater than 12 months in length if the boxer is required to grant such rights, or a boxer's promoter is required to grant such rights with respect to a boxer, as a condition precedent to the boxer's participation in a professional boxing match against another boxer who is under contract to the promoter.

"(B) A promoter exercising promotional rights with respect to such boxer during the 12-month period beginning on the day after the last day of the promotional right period described in subparagraph (A) may not secure exclusive promotional rights from the boxer's opponents as a condition of participating in a professional boxing match against the boxer during that period, and any contract to the contrary—

"(i) shall be considered to be in restraint of trade and contrary to public policy; and

"(ii) unenforceable.

"(C) Nothing in this paragraph shall be construed as pre-empting any State law concerning interference with contracts.

"(3) PROMOTIONAL RIGHTS UNDER MANDATORY BOUT CONTRACTS.—Neither a promoter nor a sanctioning organization may require a boxer, in a contract arising from a professional boxing match that is a mandatory bout under the rules of the sanctioning organization, to grant promotional rights to any promoter for a future professional boxing match.

"(b) EMPLOYMENT AS CONDITION OF PROMOTING, ETC.—No person who is a licensee, manager, matchmaker, or promoter may require a boxer to employ, retain, or provide compensation to any individual or business enterprise (whether operating in corporate form or not) recommended or designated by that person as a condition of—

"(1) such person's working with the boxer as a licensee, manager, matchmaker, or promoter;

"(2) such person's arranging for the boxer to participate in a professional boxing match; or

"(3) such boxer's participation in a professional boxing match.

"(c) ENFORCEMENT.—

"(1) PROMOTION AGREEMENT.—A provision in a contract between a promoter and a boxer, or between promoters with respect to a boxer, that violates subsection (a) is contrary to public policy and unenforceable at law.

"(2) EMPLOYMENT AGREEMENT.—In any action brought against a boxer to recover money (whether as damages or as money owed) for acting as a licensee, manager, matchmaker, or promoter for the boxer, the court, arbitrator, or administrative body before which the action is brought may deny recovery in whole or in part under the contract as contrary to public policy if the employment, retention, or compensation that is the subject of the action was obtained in violation of subsection (b).".

(b) CONFLICTS OF INTEREST.—Section 9 of such Act (15 U.S.C. 6308) is amended by—

(1) striking "No member" and inserting "(a) REGULATORY PERSONNEL.—No member"; and

(2) adding at the end thereof the following:

"(b) FIREWALL BETWEEN PROMOTERS AND MANAGERS.—

"(1) IN GENERAL.—It is unlawful for—

["(A) a promoter to have a direct or indirect financial interest in the management of a boxer; or

["(B) a manager—]

"(A) a boxer's promoter (or a promoter who is required to be licensed under State law) to have a direct or indirect financial interest in that boxer's licensed manager or management company; or

"(B) a licensed manager or management company (or a manager or management company that, under State law, is required to be licensed)—

"(i) to have a direct or indirect financial interest in the promotion of a boxer; or

"(ii) to be employed by or receive compensation or other benefits from a promoter, except for amounts received as consideration under the manager's contract with the boxer.

"(2) EXCEPTION FOR SELF-PROMOTION AND MANAGEMENT.—Paragraph (1) does not prohibit a boxer from acting as his own promoter or manager.".

SEC. 5. SANCTIONING ORGANIZATION INTEGRITY REFORMS.

(a) IN GENERAL.—The Professional Boxing Safety Act of 1996 (15 U.S.C. 6301 et seq.), as amended by section 4 of this Act, is amended by—

(1) redesignating section 16, as redesignated by section 4 of this Act, as section 17; and

(2) by inserting after section 15 the following:

"SEC. 16. SANCTIONING ORGANIZATIONS.

"(a) OBJECTIVE CRITERIA.—A sanctioning organization that sanctions professional boxing matches on an interstate basis shall establish objective and consistent written criteria for the ratings of professional boxers.

"(b) APPEALS PROCESS.—A sanctioning organization shall establish and publish an appeals procedure that affords a boxer rated by that organization a reasonable opportunity, without the payment of any fee, to submit information to contest its rating of the boxer. Under the procedure, the sanctioning organization shall, within 14 days after receiving a request from a boxer questioning that organization's rating of the boxer—

"(1) provide to the boxer a written explanation of the organization's criteria, its rating of the boxer, and the rationale or basis for its rating (including any response to any specific questions submitted by the boxer); and

"(2) submit a copy of its explanation to the President of the Association of Boxing Commissions of the United States and to the boxing commission of the boxer's domiciliary State.

"(c) NOTIFICATION OF CHANGE IN RATING.—If a sanctioning organization changes its rating of a boxer who is included, before the change, in the top 10 boxers rated by that organization, *or who, as a result of the change is included in the top 10 boxers rated by that organization*, then, within 14 days after changing the boxer's rating, the organization shall—

"(1) mail notice of the change and a written explanation of the reasons for its change in that boxer's rating to the boxer at the boxer's last known address;

"(2) post a copy, within the 14-day period, of the notice and the explanation on its Internet website or homepage, if any, for a period of not less than 30 days; and

"(3) mail a copy of the notice and the explanation to the President of the Association of Boxing Commissions.

"(d) PUBLIC DISCLOSURE.—

"(1) FTC FILING.—Not later than January 31st of each year, a sanctioning organization shall submit to the Federal Trade Commission—

"(A) a complete description of the organization's ratings criteria, policies, and general sanctioning fee schedule;

"(B) the bylaws of the organization;

"(C) the appeals procedure of the organization; and

"(D) a list and business address of the organization's officials who vote on the ratings of boxers.

"(2) FORMAT; UPDATES.—A sanctioning organization shall—

"(A) provide the information required under paragraph (1) in writing, and, for any document greater than 2 pages in length, also in electronic form; and

"(B) promptly notify the Federal Trade Commission of any material change in the information submitted.

"(3) FTC TO MAKE INFORMATION AVAILABLE TO PUBLIC.—The Federal Trade Commission shall make information received under this subsection available to the public. The Commission may assess sanctioning organizations a fee to offset the costs it incurs in processing the information and making it available to the public.

"(4) INTERNET ALTERNATIVE.—In lieu of submitting the information required by paragraph (1) to the Federal Trade Commission, a sanctioning organization may provide the information to the public by maintaining a website on the Internet that—

"(A) is readily accessible by the general public using generally available search engines and does not require a password or payment of a fee for full access to all the information;

"(B) contains all the information required to be submitted to the Federal Trade Commission by paragraph (1) in a easy to search and use format; and

"(C) is updated whenever there is a material change in the information.".

(b) CONFLICT OF INTEREST.—Section 9 of such Act (15 U.S.C. 6308), as amended by section 4 of this Act, is amended by adding at the end thereof the following:

"(c) SANCTIONING ORGANIZATIONS.—

"(1) PROHIBITION ON RECEIPTS.—Except as provided in paragraph (2), no officer or employee of a sanctioning organization may receive any compensation, gift, or benefit directly or indirectly from a promoter, boxer, or manager.

"(2) EXCEPTIONS.—Paragraph (1) does not apply to—

"(A) the receipt of payment by a promoter, boxer, or manager of a sanctioning organization's published fee for sanctioning a professional boxing match or reasonable expenses in connection therewith if the payment is reported to the responsible boxing commission under section 17; or

"(B) the receipt of a gift or benefit of de minimis value.".

(c) SANCTIONING ORGANIZATION DEFINED.—Section 2 of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6301) is amended by adding at the end thereof the following:

"(11) SANCTIONING ORGANIZATION.—The term 'sanctioning organization' means an organization that *ranks boxers or* sanctions professional boxing matches in the United States—

"(A) between boxers who are residents of different States; or

"(B) that are advertised, otherwise promoted, or broadcast (including closed circuit television) in interstate commerce.".

SEC. 6. PUBLIC INTEREST DISCLOSURES TO STATE BOXING COMMISSIONS.

(a) IN GENERAL.—The Professional Boxing Safety Act of 1996 (15 U.S.C. 6301 et seq.), as amended by section 5 of this Act, is amended by—

(1) redesignating section 17, as redesignated by section 5 of this Act, as section 18; and

(2) by inserting after section 16 the following:

"SEC. 17. REQUIRED DISCLOSURES TO STATE BOXING COMMISSIONS.

"(a) SANCTIONING ORGANIZATIONS.—Before [sanctioning] *sanctioning or authorizing* a professional boxing match in a State, a sanctioning organization shall provide to the boxing commission of, or responsible for [sanctioning] *regulating* matches in, that State a written statement of—

"(1) all charges, fees, and costs the organization will assess any boxer participating in that match;

"(2) all payments, benefits, complimentary benefits, and fees the organization will receive for its affiliation with the event, from the promoter, host of the event, and all other sources; and

"(3) such additional information as the commission may require.

A sanctioning organization that receives compensation from any source to refrain from exercising its authority or jurisdiction over, or withholding its sanction of, a professional boxing match in any State shall provide the information required by paragraphs (2) and (3) to the boxing commission of that State.

"(b) PROMOTERS.—Before a professional boxing match organized, promoted, or produced by a promoter is held in a State, the promoter shall provide [a statement in writing] to the boxing commission of, or responsible for [sanctioning] *regulating* matches in, that State—

"(1) a copy of any agreement in writing to which the promoter is a party with any boxer participating in the match;

"(2) a statement *in writing* made under penalty of perjury that there are no other agreements, written or oral, between the promoter and the boxer with respect to that match; and

"(3) a statement in writing of—

"(A) all fees, charges, and expenses that will be assessed by or through the promoter on the boxer pertaining to the event, including any portion of the boxer's purse that the promoter will receive, and training expenses; [and]

"(B) all payments, gift, or benefits the promoter is providing to any sanctioning organization affiliated with the [event.] *event; and*

"(C) any reduction in the amount or percentage of a boxer's purse after—

"(i) a previous agreement concerning the amount or percentage of that purse has been reached between the promoter and the boxer; or

"(ii) a purse bid held for the event.

"(c) JUDGES.—Before participating in a professional boxing match as a judge in any State, an individual shall provide to the boxing commission of, or responsible for regulating matches in, that State a statement in writing of all payments, including reimbursement for expenses, and any other benefits that individual will receive from any source for judging that match.

"[(c)] *(d)* INFORMATION TO BE AVAILABLE TO STATE ATTORNEY GENERAL.—A promoter shall make information received under this section available to the chief law enforcement officer of the State in which the match is to be held upon request.

"[(d)] *(e)* EXCEPTION.—The requirements of this section do not apply in connection with a professional boxing match scheduled to last less than 10 [rounds.".] *rounds.*

"(f) CONFIDENTIALITY OF AGREEMENTS.—Neither a boxing commission nor an Attorney General may disclose to the public any matter furnished by a promoter under subsection (b)(1) or subsection (d) except to the extent required in public legal, administrative, or judicial proceedings brought against that promoter under State law.".

SEC. 7. ENFORCEMENT.

Section 10 of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6309) is amended by—

(1) inserting a comma and "other than section 9(b), 15, 16, or 17," after "this Act" in subsection (b)(1);

(2) redesignating paragraphs (2) and (3) of subsection (b) as paragraphs (3) and (4), respectively, and inserting after paragraph (1) the following:

"(2) VIOLATION OF ANTI-EXPLOITATION, SANCTIONING ORGANIZATION, OR DISCLOSURE PROVISIONS.—Any person who knowingly violates any provision of section 9(b), 15, 16, or 17 of this Act shall, upon conviction, be imprisoned for not more than 1 year or fined not more than—

"(A) $100,000; and

"(B) if the violations occur in connection with a professional boxing match the gross revenues for which exceed $2,000,000, such additional amount as the court finds appropriate,

or both."; and

(3) adding at the end thereof the following:

"(c) ACTIONS BY STATES.—Whenever the chief law enforcement officer of any State has reason to believe that a person or organization is engaging in practices which violate any requirement of this Act, the State, as *parens patriae*, may bring a civil action on behalf of its residents in an appropriate district court of the United States—

"(1) to enjoin the holding of any professional boxing match which the practice involves;

"(2) to enforce compliance with this Act;

"(3) to obtain the fines provided under subsection (b) or appropriate restitution; or

"(4) to obtain such other relief as the court may deem appropriate.

"(d) PRIVATE RIGHT OF ACTION.—Any boxer who suffers economic injury as a result of a violation of any provision of this Act may bring an action in the appropriate Federal or State court and recover the damages suffered, court costs, and 'reasonable attorneys fees and expenses.".

SEC. 8. PROFESSIONAL BOXING SAFETY ACT AMENDMENTS.

(a) DEFINITIONS.—Section 2 of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6301), as amended by section 5(c) of this Act, is amended by adding at the end thereof the following:

"(12) SUSPENSION.—The term 'suspension' includes within its meaning the revocation of a boxing license.".

(b) RENEWAL PERIOD FOR IDENTIFICATION CARDS.—Section 6(b)(2) of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6305(b)(2)) is amended by striking "2 years." and inserting "4 years.".

[(b)] *(c)* STATE BOXING COMMISSION PROCEDURES.—Section 7(a)(2) of such Act (15 U.S.C. 6306(a)(2)) is amended—

(1) by striking "or" in subparagraph (C);

(2) by striking "documents." at the end of subparagraph (D) and inserting "documents; or"; and

(3) adding at the end thereof the following:

"(E) unsportsmanlike conduct or other inappropriate behavior inconsistent with generally accepted methods of competition in a professional boxing match.".

Mr. SESSIONS. Mr. President, I ask unanimous consent that the committee amendments be agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Committee amendments were agreed to.

AMENDMENT NO. 1368

(Purpose: To incorporate a number of changes suggested by the Attorney General, and for other purposes)

Mr. SESSIONS. Mr. President, Senator MCCAIN has an amendment at the desk. I ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Alabama (Mr. SESSIONS), for Mr. MCCAIN, proposes an amendment numbered 1368.

The amendment is as follows:

On page 5, line 2, before "The" insert "(a) IN GENERAL.—".

On page 9, between lines 17 and 18, insert the following:

(b) EFFECTIVE DATE.—The amendments made by subsection (a) apply to contracts executed after the date of enactment of this Act.

On page 9, line 25, strike "by".

On page 10, beginning in line 3, strike "that sanctions professional boxing matches on an interstate basis".

On page 11, line 2, strike "within 14 days".

On page 11, line 4, insert "within 5 business days" before "mail".

On page 11, line 8, strike "post a copy, within the 14-day period," and insert "immediately post a copy".

On page 11, line 14, strike "Commissions." and insert "Commissions if the organization does not have an address for the boxer or does not have an Internet website or homepage.

On page 12, line 20, strike "ALTERNATIVE.—In lieu of" and insert "POSTING.—In addition to".

On page 12, line 23, strike "may" and insert "shall".

On page 15, line 1, strike "by".

On page 18, line 11, after "9(b)," insert "9(c),".

On page 18, line 15, strike "the violations occur" and insert "a violation occurs".

On page 18, beginning in line 17, strike "such additional amount as the court finds appropriate," and insert "an additional amount which bears the same ratio to $100,000 as the amount of the gross revenues in excess of $2,000,000 bears to $2,000,000,".

On page 18, line 19, strike "and".

On page 18, between lines 19 and 20, insert the following:

(3) striking in "section 9" in paragraph (3), as redesignated, and inserting "section 9(a)"; and

On page 18, line 20, strike "(3)" and insert "(4)".

On page 19, line 4, strike "which the practice involves;" and insert "that involves such practices;".

On page 19, line 15, strike the closing quotation marks and the second period.

On page 19, between lines 15 and 16, insert the following:

"(e) ENFORCEMENT AGAINST FEDERAL TRADE COMMISSION, STATE ATTORNEYS GENERAL, ETC.—Nothing in this Act authorizes the enforcement of—

"(1) any provision of this Act against the Federal Trade Commission, the United States Attorney General, the chief legal officer of any State for acting or failing to act in an official capacity;

"(2) subsection (d) of this section against a State or political subdivision of a State, or any agency or instrumentality thereof; or

"(3) section 15 against a boxer acting in his capacity as a boxer.".

On page 20, line 5, strike "amended—" and insert "amended by—".

On page 20, line 6, strike "by".

On page 20, line 7, strike "by".

Mr. SESSIONS. Mr. President, I ask unanimous consent the amendment be considered as read and agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 1368) was agreed to.

AMENDMENT NO. 1369

(Purpose: To establish contract requirements for broadcasting)

Mr. SESSIONS. Mr. President, there is a second amendment at the desk. I ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Alabama (Mr. SESSIONS), for Mr. REID, proposes an amendment numbered 1369.

The amendment is as follows:

On page 18, line 11, strike "or 17" and insert 17, or 18".

On page 20, after line 13, insert the following:

SEC. 9. REQUIREMENTS FOR CONTRACTS BETWEEN BOXERS AND BROADCASTING COMPANIES.

(a) IN GENERAL.—The Professional Boxing Safety Act of 1996 (15 U.S.C. 1603 et seq.), as amended by section 6, is amended—

(1) by redesignating section 18, as redesignated by section 6 of this Act, as section 19; and

(2) by inserting after section 17 the following:

"SEC. 18. CONTRACTS BETWEEN BOXERS AND BROADCASTING COMPANIES.

"(a) CONTRACT REQUIREMENTS.—Any contract between a boxer and a broadcaster for the broadcast of a boxing match in which that boxer is competing shall—

"(1) include mutual obligations between the parties; and

"(2) specify either—

"(A) the number of bouts to be broadcast; or

"(B) the duration of the contract.

"(b) PROHIBITIONS.—A broadcaster may not—

"(1) require a boxer to employ a relative or associate of the broadcaster in any capacity as a condition of entering into a contract with the broadcaster;

"(2) have a direct or indirect financial interest in the boxer's manager or management company; or

"(3) make a payment, or provide other consideration (other than of a de minimus amount or value) to a sanctioning organization or any officer or employee of such an organization in connection with any boxer with whom the broadcaster has a contract, or against whom a boxer with whom is broadcaster has a contract is competing.

"(c) NOTIFICATION OF REDUCTION IN AGREED AMOUNT.—If a broadcaster has a contract with a boxer to broadcast a match in which that boxer is competing, and the broadcaster reduces the amount it agreed to pay the boxer under that contact (whether unilaterally or by mutual agreement), the broadcaster shall notify, in writing within 48 hours after the reduction, the supervising State commission for that match of the reduction.

"(d) ENFORCEMENT.—

"(1) CONTRACT.—A provision in a contract between a broadcaster and a boxer that violates subsection (a) is contrary to public policy and unenforceable at law.

"(2) PROHIBITIONS; NOTIFICATION.—For enforcement of subsections (b) and (c), see section 10.".

(b) BROADCASTER DEFINED.—Section 2 of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6301), as amended by section 8 of this Act, is amended by adding at the end thereof the following:

"(13) BROADCASTER.—The term 'broadcaster' means any person who is a licensee as that term is defined in section 3(24) of the Communications Act of 1934 (47 U.S.C. 153(24)).".

Mr. SESSIONS. Mr. President, I ask unanimous consent that the amendment be agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 1369) was agreed to.

AMENDMENT NO. 1370

(Purpose: To standardize the physical examinations that each boxer must take before each professional boxing match and to require a brain CAT scan every two years as a requirement for licensing a boxer)

Mr. SESSIONS. Mr. President, there is a final amendment at the desk, and I ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Alabama (Mr. SESSIONS), for Mr. MOYNIHAN, proposes an amendment numbered 1370.

The amendment is as follows:

On page 20, after line 13, add the following:

(d) STANDARDIZED PHYSICAL EXAMINATIONS.—Section 5(1) of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6304(1)) is amended by inserting after "examination" the following: ", based on guidelines endorsed by the American Medical Association, including a circulo-respiratory check and a neurological examination,".

(e) CAT SCANS.—Section 6(b)(2) of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6305(b)(2)) is amended by inserting before the period the following: "and, with respect to such renewal, present proof from a physician that such boxer has taken a computerized axial tomography (CAT) scan within the 30-day period preceding that date on which the renewal application is submitted and that no brain damage from boxing has been detected".

Mr. MOYNIHAN. Mr. President, on January 3, 1999, Jerry Quarry, a perennial heavyweight boxing champion contender in the 1960's and 1970's, died of pneumonia brought on by an advanced state of dementia pugilistica. He was 53. The Professional Boxing Safety Act of 1996 was an excellent step toward making professional boxing safer for its participants. Nevertheless, it contains several gaps.

The amendment I proposed here today is aimed at protecting professional fighters by requiring more rigorous prefight physical examinations and by requiring a brain catscan before a boxer can renew his or her professional license.

Mr. SESSIONS. Mr. President, I ask unanimous consent that the amendment be agreed to, the bill be read a third time and passed, as amended, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 1370) was agreed to.

The bill (S. 305), as amended, was read the third time and passed.

(The bill will be printed in a future edition of the RECORD.)

ORDERS FOR WEDNESDAY, JULY 28, 1999

Mr. SESSIONS. Mr. President, on behalf of the majority leader, I ask unanimous consent that when the Senate completes its business today, it adjourn until the hour of 9:30 a.m. on Wednesday, July 28. I further ask consent that on Wednesday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed expired, and the time for the two leaders be reserved for their use later in the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. SESSIONS. For the information of all Senators, the Senate will reconvene tomorrow morning at 9:30 a.m. In accordance with a previous order, the Senate will begin a cloture vote on the substitute amendment to the juvenile justice bill at 9:45 a.m. Following the vote, it is the intention of the majority leader to begin consideration of the reconciliation bill. By statute, the reconciliation bill is limited to 20 hours of debate, and therefore it is hoped that the Senate can make significant progress on that bill on Wednesday. It is expected that the Senate will complete action on that legislation on Thursday, or Friday, if necessary.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. SESSIONS. If there is no further business to come before the Senate, I now ask unanimous consent the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 8:33 p.m., adjourned until Wednesday, July 28, 1999 at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate July 27, 1999:

DEPARTMENT OF COMMERCE

ANNE H. CHASSER, OF OHIO, TO BE AN ASSISTANT COMMISSIONER OF PATENTS AND TRADEMARKS, VICE LAWRENCE J. GOFFNEY, JR., RESIGNED.

THE JUDICIARY

BRIAN THEADORE STEWART, OF UTAH, TO BE UNITED STATES DISTRICT JUDGE FOR THE DISTRICT OF UTAH VICE J. THOMAS GREENE, RETIRED.

PETRESE B. TUCKER, OF PENNSYLVANIA, TO BE UNITED STATES DISTRICT JUDGE FOR THE EASTERN DISTRICT OF PENNSYLVANIA VICE THOMAS N. O'NEILL, JR., RETIRED.

FEDERAL TRADE COMMISSION

THOMAS B. LEARY, OF THE DISTRICT OF COLUMBIA, TO BE A FEDERAL TRADE COMMISSIONER FOR THE TERM OF SEVEN YEARS FROM SEPTEMBER 26, 1998, VICE MARY L. AZCUENAGA, RESIGNED.

HOUSE OF REPRESENTATIVES—*Tuesday, July 27, 1999*

The House met at 9 a.m. and was called to order by the Speaker pro tempore (Mrs. WILSON).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
July 27, 1999.

I hereby appoint the Honorable HEATHER WILSON to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

MORNING HOUR DEBATES

The SPEAKER pro tempore. Pursuant to the order of the House of January 19, 1999, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to 25 minutes, and each Member, except the majority leader, the minority leader, or the minority whip, limited to 5 minutes, but in no event shall debate extend beyond 9:50 a.m.

The Chair recognizes the gentleman from Oregon (Mr. BLUMENAUER) for 5 minutes.

LIVABLE COMMUNITIES IN A GLOBAL ECONOMY

Mr. BLUMENAUER. Madam Speaker, one aspect of the livable community in a global economy is the struggle of this Congress to understand the huge and complex nation, that is China. An ancient society, over 4,000 years old, and a large country, almost beyond our comprehension, more than four times the United States, a quarter of the world's population. In my lifetime, we have turned a blind eye to the cruelty and corruption of the Kuomintang government, headed by Chiang Kai-Shek.

We chose to support that effort during World War II. We ended up making some unfortunate decisions perhaps only history will judge, but the recent evidence suggests that we did not have to make as much of an enemy of Mao Tse-Tung and the communists.

This tragic miscalculation came into fore during the Korean war, when General MacArthur defied President Truman and enlarged the conflict and ultimately cost thousands of United States lives that was unnecessary. At the time, of course, in the well of this Congress, MacArthur was viewed as a hero and Truman was vilified.

History has shown that President Truman was, in fact, a visionary in a number of respects; one of our greatest presidents, praised by no one less than Ronald Reagan, but we have seen the ebb and flow on this floor where Congress simply has not exercised proper perspective.

We saw where Richard Nixon, who was characterized during his early career as a red baiter, as someone who was against the Communist Chinese, yet he was able during his presidency, one of the most enduring and lasting contributions was to swing the balance of power towards a more strategic alliance with China, and that hastened the collapse of the former Soviet Union.

We have seen China behave as a nation of what appears to be to us in excess. The great leap forward, costing millions of lives of their own people, the cultural revolution of the seventies, the current turmoil that is in this context is perhaps a little more understandable, but one thing is very clear, that we are seeing unprecedented access to the Chinese people, more and more educated abroad, particularly in the United States.

Even with the Internet access, it is transforming the internal dynamics of China. The United States does not have to sit back helplessly as we look at forces in China but nonetheless it seems to me important that we do not use heavy-handed, clumsy behavior, assuming that the United States can isolate China and make it bend to our dictates. It is important that we use trade and our economic relationship as tools.

There is no turning back. Our history, both of the United States and of the West in general, has been mixed with the Chinese and there is much to make them apprehensive, but the United States has paid a heavy price for miscalculating during World War II, during the Korean War and Vietnam.

The United States and China spies on each other continuously but we really do not know each other very well. I am hopeful that this week on this floor Congress will reject the notion that we ought not to treat China as we do 180 other countries, with normal trade relations, because if we are able to take that important step, it is only going to hasten the further change and progress within China, strengthening our country, strengthening the Chinese people and their economy, and ultimately the world itself will be a better place.

A DEBT MONEY SYSTEM

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Washington (Mr. METCALF) is recognized during morning hour debates for 5 minutes.

Mr. METCALF. Madam Speaker, there is a fundamental flaw in our money system that allows money to be created as a debt instrument. It is called a debt money system, and money must never be created and loaned into circulation. The reason this must be avoided at all costs is that when interest is charged on money at the point of issue, the interest is mathematically unpayable.

This can be illustrated. Let me give just a quick example. It is an oversimplification. Let us say that five people design a money system. They create $50 in currency without intrinsic value, paper currency, say. Each one borrows $10 and agrees to repay the $10 in one year and, of course, they will pay interest on it. They will each pay $1 in interest.

Now, this is obviously a flawed system because if only $50 is created, a year later it is impossible for $55 to be repaid. Someone in the system is going to lose their collateral that they pledged for the loan.

Unfortunately for us, this is the kind of system which has been imposed on this country. The deeper problems do come to light as we look carefully at our monetary system.

Now, there will always be some people who are better managers, just good at business or just lucky in their choices. That is the first group. They will prosper in any system. Then there is the upper middle class who will manage a satisfactory standard of living. Then next is the lower middle class, who may manage a satisfactory standard of living by working two jobs or being frugal in their spending or so forth.

Number four, there are the working poor who really do work hard but at low paying jobs they can never get ahead at all.

Number five, at the bottom are the hopeless poor who may work some or are on some sort of welfare but have little chance to better their situation in the real world. They are the last hired in good times and the first fired when the economy is slipping.

Now, it is easy to say this group does not have the skills, probably true; does not want to work, probably not true, but in any event there is strong evidence that the system, the system we

☐This symbol represents the time of day during the House proceedings, e.g., ☐1407 is 2:07 p.m.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

have, plays a critical role in their lack of success.

Let us suppose there are five heads of families that live on a new continent. We will just invent a situation. Again, they work hard, bartering for things. The plan proposed would be to issue the certificates, as I mentioned, and they would be the medium of exchange. They issue fifty pieces of paper or fifty certificates and they have to each repay one certificate at the end of the year, and thus the interest on it is impossible to be paid. That is, if money is issued as a loan, the interest is impossible to be repaid.

Now, it is easy to see in a simple situation like that, or example, but it is impossible to see in our huge national monetary system with hundreds of billions of dollars constantly being created and extinguished. Actually, it is estimated that about $20 billion is extinguished and created each day in America, causing the fundamental flaw in our system. The fact of creating money out of thin air and loaning it into circulation at interest makes the interest mathematically impossible to be paid.

The result is that this system builds more and more debt which cannot be repaid, resulting ultimately in monetary problems, anything from a minor recession to a major hair-curling depression such as we experienced in the 1930s. These things are the result or can be the result of a flawed monetary system.

The point I make is that we must understand the danger of relying on the issue of debt money. It is the responsibility of Congress to understand this issue and its ramifications, and change the way we issue the Nation's money. More on this later.

A PERMANENT NEGOTIATOR TO FACILITATE DIRECT TALKS ON NAGORNO KARABAGH MUST BE APPOINTED

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from New Jersey (Mr. PALLONE) is recognized during morning hour debates for 5 minutes.

Mr. PALLONE. Madam Speaker, the foreign operations appropriations bill, which this House is expected to begin debating later this week, contains an important provision that is extremely timely and deserves our support. Language in the foreign ops legislation addresses the need for a negotiated settlement to the Nagorno Karabagh conflict; noting that the important position of special negotiator for Nagorno Karabagh and NIS, the Newly Independent States of the former Soviet Union, regional conflicts is currently vacant.

The Committee on Appropriations urged the Secretary of State to move forthwith to appoint a permanent special negotiator to facilitate direct negotiations and any other contacts that will bring peace to the long suffering people of the South Caucasus.

Madam Speaker, Nagorno Karabagh is an historically Armenian populated region that declared its independence as the Soviet Union was breaking up. The neighboring Republic of Azerbaijan, which claims Nagorno Karabagh as part of its own territory, went to war to prevent Karabagh, known to the Armenian people as Artsakh, from achieving its independence.

The people of Karabagh prevailed in battle and Azerbaijan agreed to a cease-fire in 1994 but, Madam Speaker, a permanent negotiated settlement acceptable to all sides has been elusive.

The U.S. has played a leading role in the effort to resolve this conflict, as a co-chair of the Minsk Group, under the auspices of the Organization for Security and Cooperation in Europe.

The U.S. has had three of our diplomats serve in the post of special negotiator to try to resolve this conflict.

Madam Speaker, the position of special negotiator recently became vacant with the departure of Donald Keyser, a career diplomat who moved on to another post in the State Department. Mr. Keyser, our third special negotiator, played a major role in shaping a new plan to settle the conflict, known as the Common State proposal.

Despite their substantial reservations, both Armenia and Nagorno Karabagh agreed to the Common State proposal as a basis for negotiations. Unfortunately, Azerbaijan flatly rejected this proposal.

Mr. Keyser worked very hard to move this process forward, so his departure leaves a major void. At this critical juncture, we must get another permanent special negotiator in place without delay, preferably either a very senior diplomat or perhaps another American recognized for leadership in public policy and public life, someone who can command the respect necessary to win the confidence of all parties to the conflict.

To echo and amplify the language in the foreign ops bill, I will be circulating amongst our colleagues here a letter to President Clinton and Secretary Albright urging that they move to appoint a special negotiator immediately.

Madam Speaker, two weeks ago Armenia's ambassador to the United States, Ambassador Rouben Shugarian, came to Capitol Hill to brief Members of Congress and our staff about the Nagorno Karabagh peace process, and one of the most positive developments of late has been the increase in direct contacts between the presidents of Armenia and Azerbaijan. The presidents of the two countries recently met privately in Geneva.

The surprise announcement that came out of the meeting was a tentative agreement to have Nagorno Karabagh participate directly in the next session of face-to-face talks. While it may be too soon to talk of a breakthrough, Armenian President Kocharian stated that he believes Azerbaijan's President Heydar Aliyev is serious about achieving a solution to the Karabagh conflict. Ambassador Shugarian spoke at our recent meeting with cautious optimism about other avenues for direct talks, and it is important for this process to continue and indeed to be accelerated as much as possible.

That is why today I want to stress that the presence of a permanent U.S. special negotiator to facilitate direct negotiations and other contacts is extremely important at this time. I urge the administration to act quickly to appoint a new and permanent special negotiator.

BUDGET PRIORITIES

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentlewoman from Georgia (Ms. MCKINNEY) is recognized during morning hour debates for 5 minutes.

Ms. MCKINNEY. Madam Speaker, in the 1980s, at the height of the so-called Reagan revolution, Congress passed a Budget Act which made trickle down economics the policy of the land. Under the banner of fiscal conservatism, that budget provided for large increases in military spending, along with sweeping tax cuts that mainly benefited the wealthy. The theory was that the money would trickle down to regular folks, but we regular folks only got trickled on.

In fact, we got so tired of being trickled on that we voted George Bush out of the White House and put Bill Clinton in. The result, as was predicted by the liberals at the time, was the largest debt in the history of the world.

However, let us fast forward to the 1990s where the Republican Contract on America has been totally discredited and they would like us to forget that they shut down the government in order to force our President to accept their twisted priorities. Instead, because Democrats stood up to the Republican bullying, we are now experiencing Bill Clinton's economy where job growth is up, unemployment is down, homeownership is up and interest rates are down. The deficit is down and the budget surplus is up.

Unfortunately, the Republican Congress' response to all of this is predictable. Increase military spending and go back to the same old trickle down theories that produced the largest debt in the history of the free world; this time a trillion dollar tax cut to their wealthy fat cat buddies and an increase in military spending as they embark upon a desperate effort to recapture the glory days of Ronald Reagan's trickle down.

Amazingly, they think we have forgotten. They figure that by changing the name to compassionate conservatism they can fool us, but that is just not so. In the FY 2000 budget, the United States will spend more on the interest on Ronald Reagan's debt than on the entire Medicare program. The FY 2000 budget also commits half of all Federal discretionary spending to military programs.

Now, there are some good things in the military budget that I strongly support: Cooperative threat reduction programs, increases in pay for members of our uniformed services, and increased benefits for America's veterans. However, the tremendous excesses in the military budget compelled me to oppose it. The current defense strategy calls on the military to be prepared to fight two significant wars at the same time, without any allies, and while maintaining a credible military reserve. The bottom line is that we maintain a Cold War era military and its incumbent costs irrespective of any realistic assessment of the threat to our national security. We also maintain at tremendous expense a Cold War nuclear arsenal.

I strongly believe we must leave behind the military structure and devices that we depended upon to win the Cold War and prepare for the real world of today and tomorrow. Instead, we are layering unrealistic demands on top of Cold War needs. As a result, the emergency supplemental appropriations bill became a Christmas tree, laden with gifts of pork for everyone, and the rate of the increase in military spending now threatens Social Security, low income housing and nutrition programs.

It is clear to me that our national security cannot be measured in bombers alone. I believe our national security depends equally on our domestic programs and on constructive foreign policy initiatives. We can no longer continue to spend nearly half of all of our Federal discretionary dollars on military programs. This misplaced priority compromises our national security by shortchanging our investments in programs that make for real security: A healthy, well-educated, properly housed citizenry.

Does the U.S. really need a military that is big enough to simultaneously fight two major regional wars alone? Why does the U.S. need to continue to station 100,000 troops in Europe? Europe cannot defend itself? Why is the United States spending $35 billion per year to maintain over 6,000 nuclear weapons on high alert against an enemy that no longer exists? Why should the U.S. spend another $11 billion on a missile defense system that is technologically infeasible and strategically destabilizing? Why not close the military bases that the Department of Defense no longer needs and support converting them into profitable commercial and industrial centers? Why should the DOD get more money when it cannot even find over $9 billion worth of inventory and continues to give away millions in over payments to contractors?

More money is not the answer to Pentagon waste. Instead, we should end the obsolete U.S. Cold War military, invest instead in developing multilateral civil institutions such as the organization for cooperation and security in Europe. These steps will reduce the cost of the U.S. Government by more than $40 billion a year.

THREATS OF HATE MUST STOP AGAINST SAN FRANCISCO'S CHINESE-AMERICAN POPULATION

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from California (Mr. LANTOS) is recognized during morning hour debates for 5 minutes.

Mr. LANTOS. Madam Speaker, some time back I rose in the well of this House to denounce the burning of Black churches in the south. A few weeks ago, it was my duty and the duty of my like-minded colleagues to denounce the burning of three synagogues in California. Today it is my painful duty to speak out against a new and different incipient hate crime.

I am proud to represent the City of San Francisco in this body. San Francisco is viewed across the globe as one of the most spectacularly beautiful places on Earth, but its real beauty comes not from its location and topography and buildings but from the richness of the cultural variety of its citizens.

In recent days, our Chinese American population has been intimidated, attacked, assaulted, with hate literature of the most pernicious type. I stand here, Madam Speaker, calling on these merchants of hate to stop their nefarious and hideous business.

San Francisco's Chinese American community is one of the most law abiding, industrious, hard working, patriotic segments of our society. They deserve our respect and our recognition; not the oozing of hate literature and the threats of thugs who are in the process of attempting to intimidate a population which for generations has contributed so richly, not only to the cultural variety but also to the economic vibrancy of our city.

This attack on San Francisco's Chinese American community must stop. I call upon the major law enforcement agencies at all levels to be ultra vigilant in seeing to it that these merchants of hate will not go beyond their threats and, in fact, engage in physical actions of intimidation against the Chinese American population.

San Francisco prides itself, and justly so, in providing a secure, safe and civilized haven to all its citizens. The Chinese American population of the City of San Francisco is entitled to nothing less.

I intend to meet with the leadership of that community to reassure them that my colleagues in this body and indeed our Federal Government is fully prepared to protect them in all their rights and privileges as American citizens.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until 10 a.m.

Accordingly (at 9 o'clock and 25 minutes a.m.), the House stood in recess until 10 a.m.

□ 1000

AFTER RECESS

The recess having expired, the House was called to order at 10 a.m.

PRAYER

The Chaplain, the Reverend James David Ford, D.D., offered the following prayer:

Let us pray using the words of Psalm 100:

Make a joyful noise to the Lord, all the lands.

Serve the Lord with gladness.

Come into His presence with singing.

Know that the Lord is God.

It is He that made us, and we are His.

We are His people, and the sheep of His pasture.

Enter His gates with thanksgiving and His courts with praise.

Give thanks to Him, and bless His name.

For the Lord is good.

His steadfast love endures forever, and His faithfulness to all generations.

Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. FROST. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. FROST. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Pursuant to clause 8, rule XX, further proceedings on this vote will be postponed.

The point of no quorum is considered withdrawn.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from New York (Mr. MCNULTY) come forward and lead the House in the Pledge of Allegiance.

Mr. MCNULTY led the Pledge of Allegiance as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

> H.R. 2280. An act to amend title 38, United States Code, to provide a cost-of-living adjustment in rates of compensation paid for service-connected disabilities, to enhance the compensation, memorial affairs, and housing programs of the Department of Veterans Affairs, to improve retirement authorities applicable to judges of the United States Court of Appeals for Veterans Claims, and for other purposes.

The message also announced that the Senate has passed bills of the following titles in which concurrence of the House is requested:

> S. 296. An act to provide for continuation of the Federal research investment in a fiscally sustainable way, and for other purposes.
>
> S. 1402. An act to amend title 38, United States Code, to enhance programs providing education benefits for veterans, and for other purposes.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. GILLMOR). The Chair will entertain 15 one-minutes on each side.

25TH ANNIVERSARY OF LEGAL SERVICES CORPORATION

(Mr. ARMEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ARMEY. Mr. Speaker, today the White House is holding a party celebrating the 25th anniversary of the Legal Services Corporation.

Mr. Speaker, this is no time to celebrate. We now know that the Legal Services Corporation massively misrepresented its caseload to Congress. In fact, according to a recent study, LSC misreported a full one-third of its cases to Congress. That kind of waste and mismanagement are hardly causes for celebration.

LSC was inflating numbers. LSC was giving Congress misleading information. LSC was wasting taxpayer money. And worst of all, it was neglecting the very people it claims to help.

Mr. Speaker, we cannot reward poor performance and misleading information. No birthday celebration can paper over the fact that the Legal Services Corporation is not helping as many people as it claims.

Now that the false cases have been exposed, it is clear that LSC does not deserve the funding it has been getting. In fact, Mr. Speaker, perhaps they should make their case before the false claims court.

Mr. Speaker, given LSC's habit of inflating numbers by a third, I would not be surprised if that birthday cake at the White House today has 33 candles on it.

TRIBUTE TO JUDGE FRANK M. JOHNSON

(Mr. FROST asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FROST. Mr. Speaker, on July 23 the Nation lost a great American when Judge Frank M. Johnson died at his home in Montgomery, Alabama.

Judge Johnson was truly an American hero, a man of decency and courage, and whose dedication to the principles of the Constitution ensured that all Americans might enjoy the rights and privileges accorded to the citizens of this Nation by that great document.

His most celebrated decisions came in the early years of the civil rights movement in this country. After Rosa Parks refused to give up her seat on a Montgomery bus, Judge Johnson ruled that the regulation that required her to stand in order that a white passenger might sit was in violation of the 14th Amendment.

Following the savage beating of civil rights marchers, who included our own colleague the gentleman from Georgia (Mr. LEWIS) by Alabama state troopers as they attempted to march from Selma to Montgomery, Judge Johnson moved that those marchers should be allowed to express their grievances through a peaceful demonstration.

In his ruling, he said that those marchers were doing nothing more than exercising their Constitutional right to assemble peaceably to seek redress of grievances.

He struck down laws that prohibited African-Americans from serving on juries, signed the order to force the integration of the University of Alabama, took part in the case that led to the one man, one vote ruling by the Supreme Court and had a hand in scores of other cases that led to desegregation of public facilities throughout the South.

Mr. Speaker, I believe this great man did indeed yield true justice. The country has lost a great man.

LANCE ARMSTRONG, AN INCREDIBLE COMEBACK

(Mr. SAM JOHNSON of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SAM JOHNSON of Texas. Mr. Speaker, we have got a new hero named Lance Armstrong as a professional cycler.

In October of 1996, he was diagnosed with cancer, threatening not only his career but his life. Last Sunday afternoon, he conquered both. Lance, who grew up in Plano, Texas, in our district, won the Tour de France by 7 minutes, 37 seconds.

Armstrong's triumph over the France landscape is a testament to the strength of human mind, body, and spirit when put to the test and a testament to faith in God that miracles do happen.

The fact that an American won the race for the first time in 9 years is reason enough for national celebration. But Armstrong's victory over cancer gives a very real, very special hope to those who are struggling with cancer.

Today we say bravo and congratulations, Lance, for a victory that will go down as one of the most incredible comebacks in history.

America is in your debt. God bless you.

AMERICA MUST NOT TOLERATE MURDERERS

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, the Yosemite murderer confessed to four brutal killings. Cary Stayner said he beheaded one victim. Cary Stayner then said he had killed the mother and her 15-year-old daughter. Cary Stayner then said he killed their 16-year-old friend as well. Then Cary Stayner apologized. My colleagues, Cary Stayner said, "I'm sorry."

Beam me up, Mr. Speaker. I say it is time for a jury to tell Cary Stayner, Goodnight, sweet Prince. It is time to meet the devil.

An America that tolerates murderers like Cary Stayner is an America that will have more murderers like Cary Stayner.

I yield back the record number of victims laid to rest in cemeteries all over America.

THREE CORNERSTONES OF REPUBLICAN BUDGET PROPOSAL

(Mr. PITTS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PITTS. Mr. Speaker, the Republican budget proposal contains three important provisions, some of which our friends on the other side appear to be ignoring.

First, it contains a Social Security and Medicare lockbox requirement which locks away 100 percent, every dime of the money collected from FICA taxes and requires that it all goes towards Social Security, Medicare.

Secondly, it provides for substantial debt reduction. Debt held by the public would be reduced by over $2 trillion over the next 10 years.

And third, it provides for tax relief they are debating.

Social Security and Medicare, debt reduction, and tax relief. Those are the three cornerstones of our budget proposal. It seems that Social Security and Medicare and debt reduction are being forgotten in all of the debate about tax relief.

But to ignore our plan to strengthen Social Security and Medicare, to ignore the $2 trillion in debt reduction that our plan calls for simply does not do it justice.

Our plan is fair, balanced, and responsible. It protects seniors, begins paying down the national debt, and gives taxpayers a break.

MASSIVE REPUBLICAN TAX BREAK IS OUTRAGEOUS AND EXCESSIVE

(Mr. CROWLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CROWLEY. Mr. Speaker, the massive House Republican tax break is outrageous and excessive, threatening opportunities to strengthen Social Security, Medicare, and education.

Just listen to Republican analyst Kevin Phillips in comments made today: "We can fairly call the House legislation the most outrageous tax package of the last 50 years. It is worse than the 1981 excesses. You have to go back to 1948, when the Republican 80th Congress sent a kindred bill to President Harry Truman. Harry Truman vetoed it, calling the Republicans 'bloodsuckers with offices in Wall Street.' Not only did he win reelection, but the Democrats recaptured Congress."

House Republicans have also proved that they are more concerned about big tax cuts for the wealthy than providing relief for America's school districts by failing to take a prime opportunity to include a real school construction initiative.

The tunnel vision by Republicans on a big tax break for the rich senselessly blocks commonsense tax incentives that would provide crucial aid to America's schools.

Republican priorities put wealthy Americans over the needs of our children. Mr. Speaker, we must put our children before the wealthy in this country.

AMERICANS SHOULD HOLD ON TO MORE OF THEIR HARD-EARNED MONEY

(Mr. HAYWORTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAYWORTH. Mr. Speaker, it is very interesting to come to the well of this Chamber; and we can always depend on something. It is as predictable as the swallows returning to San Juan Capistrano and the buzzards going back to Hinckley, Ohio. We always hear from my liberal friends every excuse in the book as to why the American people should not keep more of their hard-earned money.

I appreciate my good friend from New York and his lesson in revisionist history. It is always interesting to hear the rationale of those doomed to defeat because they fail to recognize that, if given a choice, we believe Americans should hold on to more of their hard-earned money instead of sending it to Washington bureaucrats to waste.

While we are on the subject and talking about children, I am curious as to why my liberal friends think that those working Americans who earn $40,000 a year are somehow rich. Because it turns out those who make $40,000 a year pay nearly four times as much in taxes as those who earn $20,000 a year.

Finally, Mr. Speaker, I point this out: It is real simple what we want to do with the surplus, the overcharge. We want to take $2 of that surplus and put it away, lock it away for Social Security and Medicare. And then with the other dollar that remains, we want to give it back to the American people because it is their money and in that way we will secure America's future and the majority in this Chamber.

DO NOT VOTE TO CONDEMN UNTIL WE KNOW WHAT IT IS

(Mr. STRICKLAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STRICKLAND. Mr. Speaker, it troubles me that sometimes in this Chamber we stand and say things that we ought not to say. We criticize people that we have no right to criticize.

We recently voted to condemn a scientific study and an organization, an organization that has done as much as any organization in this country to fight child abuse.

I wonder how many of us read the study before we were willing to vote to say that the methodology was flawed. I wonder how many of us were technically competent to make that decision.

I believe that we ought to observe the Ten Commandments. One of those Commandments says, you ought not to bear false witness against your neighbor.

When we say things about an organization or about an individual scientist that are untrue or unsubstantiated, in my judgment, we have violated that Commandment.

We ought to have the decency not to vote to condemn something until we know what it is we are voting to condemn.

GOVERNMENT SHOULD NOT KEEP TAXPAYERS' HARD-EARNED MONEY

(Mr. CHABOT asked and was given permission to address the House for 1 minute.)

Mr. CHABOT. Mr. Speaker, Republicans are proposing a tax cut. In fact, we passed it in the House of Representatives here just last week. Democrats criticized it, and now they say they want to target a tax cut. But there is a big difference. Republicans are targeting all taxpayers. If they pay taxes, they get a tax cut. To liberal Democrats that is not fair. To their way of thinking only if the government decides whether they are worthy of some social engineering should they get a tax cut. And if they are carrying most of the tax burden, they are the last persons the liberal Democrats here in the House want to give a tax cut to. For most taxpayers, when a liberal wants to give a targeted tax cut, well, this is a euphemism for "you are not getting one."

Let me say again what the Republican approach to tax cuts is, if one is a taxpayer, one gets to keep some of one's hard-earned money. It is not the Government's money. It belongs to the people who had labored and worked hard to earn it in the first place.

Yes, it is a question of fairness and it sends an important signal to the American people that hard work will be rewarded.

REPUBLICAN BUDGET BETTER AT DEBT REDUCTION THAN DEMOCRAT PROPOSALS

(Mr. BALLENGER asked and was given permission to address the House for 1 minute.)

Mr. BALLENGER. Mr. Speaker, I want to reiterate. The Republican budget contains $200 billion more in debt reduction than does the Democrat proposals. You heard that right. Our budget is better on debt reduction than the Democrat budget is according to the Congressional Budget Office.

□ 1015

But one would never know it from listening to some of my colleagues on the other side of the aisle, many of whom seem to be positively incapable of describing our tax cut proposal accurately.

Republicans call for both tax relief and debt reduction in our proposal. Indeed, our plan would reduce the debt held by the public by slightly over $2 trillion over the next 10 years. To call that irresponsible is reckless or a bit odd. We have a balanced and fair plan that not only provides for debt reduction and tax relief, but insists on a Social Security and Medicare lockbox provision for the first time. One hundred percent of the retirement surplus would go to Social Security and Medicare.

In other words, all FICA taxes would actually go towards the programs they were designed to go towards, Social Security and Medicare.

Do Democrats really think that is reckless?

PORKER OF THE WEEK AWARD

(Mr. HEFLEY asked and was given permission to address the House for 1 minute.)

Mr. HEFLEY. Mr. Speaker, to prevent potential catastrophic nationwide computer meltdown, the Securities and Exchange Commission, or the SEC, is fighting brokers and firms to ensure that their computers actually read "00" as of January 1 of 2000.

Recently an 87-year-old broker who has spent 50 years in the investment business was fined $5,000 for not being Y2K compliant. There is only one problem. This particular gentleman does not own a computer. His operation is so small, he does not actually sell them mutual funds; he just gives advice. He never touches any money at all.

Mr. Speaker, that has not stopped the SEC from demanding a yearly audit of his firm which costs him another $5,000. He went ahead, and he paid the original Y2K fine because he could not afford the money to fight the bureaucracy.

He will not be without a computer for long, however. New SEC regulations insist that all brokers have a computer so they can receive e-mail notices from the agencies.

Here we have a legitimate businessman being harassed and intimidated by his own government agency paid for by his own tax dollars. Outrageous. It is inexcusable and a waste of taxpayers' time and money.

The Securities and Exchange Commission gets my porker of the week award and my disgust.

STOP THE ANTI-MINING GREED

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, well, here we go again. The left-leaning, anti-mining zealots want a Federal tax on all mining operations on an estimated, hypothetical, or proposed value of a mine. Moreover, the proposed values that are given to these mines are nothing but sheer guesses that always grossly overexaggerate the worth of the mineral deposit.

For example, some of these mining opponents cite the Stillwater Mine in Montana as a taxpayer giveaway of $38 billion. Grossly exaggerated, Mr. Speaker. $38 billion could fund a hostile takeover of the Ford Motor Company. This amount of money could purchase the entire metal mining industry in the United States and Canada.

Some claim that patents to Barrick Gold Mine have a value of $10 billion. Keep in mind that the supposed 10 billion is wrapped up in a small acreage of desert rock. Using their irrational logic, one could say that the raw land beneath the Washington Post printing plant would be worth several billion dollars itself.

In 1556 Georgious Agricola stated the miners should start mining operations in a district only where it is friendly. This quote still holds true today. Stop the anti-mining greed.

MOURNING THE PASSING OF REV. BOOKER T. SEARS OF SPARTANBURG, SOUTH CAROLINA

(Mr. DEMINT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DEMINT. Mr. Speaker, every community has citizens that strive to improve the way of life for all those around them. They serve others because they want to, not because they have to.

One such man was Reverend Booker T. Sears of Spartanburg, South Carolina. Last week Reverend Sears, a pioneer civil rights leader and respected community leader, passed away at his home. Reverend Sears was pastor of Thompson Street Baptist Church for nearly 50 years. His efforts within the community helped integrate public schools, desegregate public transportation, and develop many community improvement projects.

Reverend Sears will be remembered as a man who truly cared about all those around him. During his career, he was a mentor to young pastors and a servant to everyone in the community.

Reverend Sears is a testimony of one man making a difference in the lives of thousands, Mr. Speaker. We will miss Reverend Sears. It is now our time to carry on his mission off love and service.

LANCE ARMSTRONG: THE REAL McCOY

(Mr. KASICH asked and was given permission to address the House for 1 minute.)

Mr. KASICH. Mr. Speaker, Sunday afternoon I took the time to sit and really celebrate vicariously, as much as it would be appropriate, as Lance Armstrong pedaled the final 2,300 miles into Paris. What an amazing story for a man who many had given up on. Given less than a 50–50 chance to even survive the cancer that wracked his body, he had incredible steely determination, and he was able to not only overcome cancer, but also to prove so many of the sponsors who had given up on him wrong.

As my colleagues know, this is a time in America when we are all in search of heroes, all in search of the real McCoy. As my colleagues know, I think Lance Armstrong is the real McCoy. When he crossed that victory stripe and he was interviewed by the network, he had not prepared some big braggadocio speech. In fact, it took him 2 or 3 questions to finally get Lance Armstrong to say that with human beings many times we get a second chance, and the second chance may even be better and greater than the first chance.

Lance Armstrong is humble, determined and an inspiration and should be a hero to everyone who lives not just in the boundaries of the United States but around the globe to adults, to our seniors, and to children alike.

God bless you, Lance Armstrong, for your accomplishment.

PRESCRIPTION POLITICS

(Mr. SMITH of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of Michigan. Mr. Speaker, the President has proposed that the Medicare program provide free drug prescription. Now anyone with a basic understanding of how markets work knows that the President's proposal will increase demand and ultimately drive up the price of prescription drugs. This in turn will cause insurance rates to rise for everyone who has prescription drug coverage and further worsen the burden of those who do not have drug coverage.

As the price of drugs rise, Medicare's financial position will worsen, and this will lead to higher tax costs for everyone and pressure from the government to put price controls on prescription drugs. This will lead to shortages of prescription drugs and a slowdown in research for new and better drugs. Eventually bureaucrats in Washington will be telling seniors what prescription drugs they are going to be allowed to have.

Now the President is proposing free prescription drugs because at first glance it appears to give seniors something for nothing. But he and his advisers know as well as I do the harm that it will do seniors and the rest of us. He is proposing this to play politics, to try to thwart tax cuts, and try to have a bigger, more powerful government.

RETURN THE BUDGET SURPLUS TO THE PEOPLE IT BELONGS TO

(Mr. SCHAFFER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHAFFER. Mr. Speaker, government or the people; that is the question. Should the projected budget surpluses be kept in Washington, D.C., or should it be returned to the people it belongs to?

On the liberal side of the aisle, they say, trust politicians. We won't spend it. We'll invest it wisely for you.

On the conservative side of the aisle, we look at human nature. All of our history, and especially the track record of these very same people making these promises and we say, nice try. Let's give it back to the taxpayers before politicians in Washington spend it.

The idea that the same people who blocked Ronald Reagan's attempts at cutting spending and then blamed Reagan for budget deficits, the same people who call Republicans extremists every time we try to cut spending, the same people who become hysterical every time Republicans insist on fiscal discipline are now asking us to trust they will not spend the budget surplus. I find that completely absurd, and in any case, that money belongs to the people, not to the government.

THREE THINGS WE HAVE TO DO WITH THE SURPLUS

(Mr. KINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KINGSTON. Mr. Speaker, we now have a surplus for the first time since 1969, and there are two reasons for this: number one, Congress has brought in the rein on spending; but number two, and more importantly, hard-working Americans have worked their tails off, and tax revenues have increased as a result of it.

I believe there are three things we need to do with that surplus and there are three things that the Republican bill did do last week.

Number one, protected and preserved Social Security and Medicare. This bill set aside $1.9 trillion in Social Security and Medicare and used a lockbox device. Keep in mind the President not only wanted to preserve 62 percent of Social Security, the Republican bill preserves 100 percent.

The number two thing this bill does is pays down the debt. For 40 years, liberal Washington spending programs have given us a $5.4 trillion debt. This bill pays it down by over $2 trillion.

And then number three, it gives Americans their refund for overcharge on the government. It gives 792 billion in tax relief, and as liberal Senator Bob Kerrey says, it is not reckless; it is not irresponsible when you are looking at the surpluses that we are.

I hope that the demagoguery in Washington will stop and we can pass this very important bill for the sake of Social Security, Medicare, and the debt.

STOP THEM BEFORE THEY SPEND AGAIN

(Mr. GEORGE MILLER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEORGE MILLER of California. Mr. Speaker, it is a rather interesting argument that the Republicans make so that they can pass their tax bill to give the vast majority of its benefits to the wealthiest people in this country, and that is they must give the money to the wealthy so that the Congress will not spend the money. It is interesting because there can be no expenditures of that money without Republican votes.

Last time I looked this morning, the Republicans controlled the Senate and the Republicans controlled the House, but they keep saying, You have to stop me before I spend again. It is the Republicans' Committee on Appropriations that is coming up with phony emergencies. They now want to say that the census was an emergency. We could not predict it, we could not see it, we did not know it was coming. That is funny; it has come every 10 years. For the last 200 years of this country we have had a census in this country, but somehow now it is an emergency spending so that they can break the caps, so they can spend the surplus supposedly there for Social Security. Every day now they are dipping into the Social Security Trust Fund to spend more and more money.

So the Republicans are saying, You got to give a tax cut to the wealthiest people, otherwise they will spend the money. Sort of like the son of Sam who was saying, Stop me before I kill again.

Stop them before they spend again.

ABOLISH DOE

(Mr. ROYCE asked and was given permission to address the House for 1 minute.)

Mr. ROYCE. Mr. Speaker, $30,000 should be enough to purchase a nice car or make a down payment on a house or pay for a couple of years of college, but $30,000 should not be enough to buy a $9 million supercomputer especially when the technology has the potential to be exported for nuclear weapons research. But that is exactly what the Department of Energy has allowed to happen, and when the DOE officials realized their mistake, they scrambled to buy the computer back for three times the sales price.

Now this just does not compute.

The Department has proven time and time again that it does not put a premium on national security, and that is why I have introduced my bill, H.R. 2411, which would eliminate this multi-billion-dollar bureaucracy with confused missions and questionable priorities. Frankly, these are responsibilities that should be handled again by the Department of Defense. We should abolish this agency.

It is time we stopped the Department of Energy from turning our national labs into garage sales. I urge my colleagues to take a closer look at this risk to America's national security interests.

TRADE POLICY TOWARD THE COMMUNIST REGIME IN CHINA

(Mr. ROHRABACHER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROHRABACHER. Mr. Speaker, in a few brief minutes this House will consider the issue of what trade policy we shall have towards the Communist regime in China.

☐ 1030

It is a bipartisan issue. It is an issue in which there are some Republicans on one side and some Republicans on the other; some Democrats on one side, some Democrats on the other.

I would ask the American people to pay close attention to the debate that we will have on this issue. This debate will determine whether or not this country is remaining true to its principles as stated by our Founding Fathers; whether or not that is indeed our highest value, that freedom and democracy and human rights remain the highest value for the American people.

Mr. Speaker, if we are not committed to those fundamental principles, we will lose in the end, because not only will we not prosper, but our country will be put in jeopardy, our national security will be compromised. This, perhaps, is one of the most important issues that we will discuss this year, and I would hope that the American people pay close attention to the upcoming debate.

THE JOURNAL

The SPEAKER pro tempore (Mr. Gillmor). Pursuant to clause 8 of rule XX, the pending business is the question of agreeing to the Speaker's approval of the Journal of the last day's proceedings.

The question is on the Speaker's approval of the Journal.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MCNULTY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 352, nays 53, answered "present" 1, not voting 27, as follows:

[Roll No. 337]

YEAS—352

Ackerman
Allen
Andrews
Archer
Bachus
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Bryant
Burr
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Clayton
Clement
Coble
Coburn
Combest
Condit
Conyers
Cook
Cooksey
Cox
Coyne
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (IL)
Davis (VA)
Deal
DeGette
Delahunt
DeLauro
DeLay
DeMint
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Engel
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fletcher
Foley
Forbes
Fossella
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (TX)
Green (WI)
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Herger
Hill (IN)
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
Meehan
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Nethercutt
Ney
Northup
Norwood
Nussle
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pascrell
Paul
Payne
Pease
Pelosi
Petri
Phelps
Pickering
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Quinn
Radanovich
Rahall
Rangel
Regula
Reyes
Reynolds
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Salmon
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Scarborough
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Stump
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Upton
Velazquez
Vento
Vitter
Walden
Walsh
Wamp
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Wexler
Weygand
Whitfield
Wilson
Woolsey
Wu
Wynn
Young (FL)

NAYS—53

Aderholt
Baird
Bilbray
Borski
Brown (FL)
Brown (OH)
Clay
Clyburn
Costello
Crane
DeFazio
English
Fattah
Filner
Ford
Gephardt
Gutierrez
Gutknecht
Hefley
Hill (MT)
Hilleary
Hilliard
Hutchinson
Johnson, E.B.
Kucinich
LoBiondo
Markey
McGovern
McNulty
Miller, George
Moran (KS)
Neal
Pallone
Pastor
Peterson (MN)
Ramstad
Riley
Sabo
Sanford
Schaffer
Stark
Strickland
Stupak
Sweeney
Taylor (MS)
Thompson (CA)
Thompson (MS)
Udall (NM)
Visclosky
Waters
Weller
Wicker
Wolf

ANSWERED "PRESENT"—1

Tancredo

NOT VOTING—27

Abercrombie
Armey
Bereuter
Burton
Campbell
Chenoweth
Collins
Cramer
Davis (FL)
Deutsch
Edwards
Fowler
Gordon
Greenwood
Hinchey
Kilpatrick
McDermott
Meek (FL)
Oberstar
Peterson (PA)
Pickett
Pryce (OH)
Snyder
Watkins
Weldon (PA)
Wise
Young (AK)

☐ 1051

So the Journal was approved.

The result of the vote was announced as above recorded.

Stated for:

Mr. BURTON of Indiana. Mr. Speaker, during rollcall No. 337 I was unavoidably detained. Had I been here I would have voted "yea."

DISAPPROVING EXTENSION OF NONDISCRIMINATORY TREATMENT TO PRODUCTS OF PEOPLE'S REPUBLIC OF CHINA

Mr. ARCHER. Mr. Speaker, pursuant to the previous order of the House, I call up the joint resolution (H.J. Res. 57) disapproving the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of the People's Republic of China, and ask for its immediate consideration in the House.

The Clerk read the title of the joint resolution.

The text of H.J. Res. 57 is as follows:

H.J. RES. 57

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress does not approve the extension of the authority contained in section 402(c) of the Trade Act of 1974 recommended by the President to the Congress on June 3, 1999, with respect to the People's Republic of China.

The SPEAKER pro tempore (Mr. GILLMOR). Pursuant to the order of the House of Thursday, July 22, 1999, the gentleman from Texas (Mr. ARCHER) and a Member in support of the joint resolution each will control 1½ hours.

Is the gentleman from California (Mr. STARK) in favor of the joint resolution?

Mr. STARK. I am in favor of the joint resolution, Mr. Speaker.

PARLIAMENTARY INQUIRY

Mr. TRAFICANT. Mr. Speaker, parliamentary inquiry.

The SPEAKER pro tempore. The gentleman from Ohio (Mr. TRAFICANT) will state his inquiry.

Mr. TRAFICANT. Mr. Speaker, if all of these Members who are controlling time favor normal trade relations for China, I would ask unanimous consent to control half of the time on this side in opposition to normal trade relations for China.

The SPEAKER pro tempore. The Chair would advise the gentleman from Ohio that the time has already been divided, half in favor and half opposed to the joint resolution.

GENERAL LEAVE

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and include extraneous matter on House Joint Resolution 57.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ARCHER. Mr. Speaker, I ask unanimous consent to yield one-half of my time to the gentleman from New York (Mr. RANGEL) in opposition to the joint resolution, and that he be permitted to yield further blocks of time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. STARK. Mr. Speaker, I ask unanimous consent that I be allowed to yield half of my time in support of the joint resolution to the gentleman from California (Mr. ROHRABACHER), and that in turn, he be allowed to yield blocks of that time so yielded.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER pro tempore. Pursuant to the order of the House of July 22 and the unanimous consent agreement of today, the gentleman from Texas (Mr. ARCHER), the gentleman from California (Mr. STARK), the gentleman from New York (Mr. RANGEL), and the gentleman from California (Mr. ROHRABACHER) each will be recognized for 45 minutes.

The Chair recognizes the gentleman from Texas (Mr. ARCHER).

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong opposition to the resolution, which would cut off normal trade relations between the U.S. and China.

The relationship between China and the U.S. is very fragile now, as we all know, perhaps more fragile than ever. A number of developments have contributed to the precarious position in which we find ourselves today: the concern about Chinese espionage, escalating tensions between China and Taiwan, the mistaken bombing of the Chinese embassy in Belgrade, and more recently, the repression of Chinese civilians who wish to practice their faith.

In no way should we discount the gravity of these developments, nor their impact on the U.S.-China relations. Rather, we should respect the significance of each and resolve to improve the situation. We should certainly not take steps that would cause relations to deteriorate even further, lest we risk far greater consequences for America, for China, and for the entire world in the future.

Mr. Speaker, denying normal trade relations to China at this volatile stage would be such a step, and that is why I strongly oppose this resolution. House Joint Resolution 57 proposes to subject all Chinese imports to prohibitive duty rates averaging about 44 percent. Of our 234 trading partners, only six, countries such as Cuba, Laos, and North Korea, receive this exclusionary tariff treatment.

As a practical matter, China would likely retaliate with mirror sanctions against U.S. exports of goods and services to China totalling $18 billion and growing. Exports to China support 200,000 U.S. jobs. These are high caliber high-paying jobs, paying about 15 to 18 percent above the average manufacturing wage.

American firms and workers have competitors in Japan and Europe with a keen interest in this dynamic market. China's infrastructure needs require a total of $744 billion over the next decade, including transportation, power generation, telecommunication, and many, many other services. They must be sourced abroad. Japan and Europe will be more than happy to replace the United States as a reliable supplier to China, capturing the business Americans would be forced to forfeit.

The question is, who will be hurt? The answer is, not the Chinese. It will be American workers losing high-paid manufacturing jobs.

House Joint Resolution 57 penalizes U.S. consumers, as well. China supplies low-priced consumer goods such as toys and games, apparel, shoes, and simple electronics. Americans, particularly those in lower-income brackets, depend on access to these reasonably priced items for their families, to improve their family's standard of living.

□ 1100

Revoking China's NTR status would amount, in effect, to a $300 a year tax increase on the average American family of four. Costs of goods used as inputs in U.S. factories would also skyrocket, reducing the competitiveness of finished American manufactured products worldwide. The question is: Who will be hurt? The answer is: Not the Chinese, it will be American families.

It is less easy to quantify how dangerous H.J. Res. 57 would be to U.S. national security interests in this turbulent region of the world. By throwing thousands out of work, revoking NTR would deal a devastating blow to the people of Hong Kong as they struggle to maintain their way of life and autonomy following the territory's reversion to China. Taiwan's economy, too, would suffer with severe disruption. Securing Chinese cooperation on dangerous issues such as North Korea and the weapons proliferation will never happen without a functioning trade relationship between the U.S. and China.

China is one of the world's oldest and most influential civilizations. I recognize that progress toward a more democratic and open society is slow, agonizing, irregular; but it is common sense to appreciate that China will not respond positively to draconian trade sanctions. Advancement of human rights, religious freedom, and democratic principles will not be achieved if we cut ties completely with the Chinese people.

American political business and religious leaders need to remain engaged in China in order to further our values there. The most valuable American export to China is American ideals. Religious freedom is increasing in China, and we even see free elections in Chinese villages where non-Communist candidates have been elected. The question is: Would this be happening without the impact of Americans and American society on China: The answer is: No, it would not.

The open lines of communication that accompany a basic trade relationship with China support the economic and foreign policy interests of the United States in a strategically important and dangerous region of the world.

We cannot undermine U.S. political, economic, and security interests by unraveling the trade relations that benefit both countries. We cannot turn our backs on the Chinese people who compromise one-fifth of the world's population. I urge a "no" vote on H.J. Res. 57.

Mr. Speaker, I yield the remainder of my time to the gentleman from Illinois (Mr. CRANE), and I ask unanimous consent that he be permitted to distribute it as he sees fit.

The SPEAKER pro tempore (Mr. GILLMOR). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. STARK. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I oppose renewing normal trade relations with the People's Republic of China. Indeed, it may be among the world's oldest civilizations, but today those wonderful people are lead by barbarious fascists.

The gentleman from Texas (Mr. ARCHER), chairman of the Committee on Ways and Means, asked: Who is hurt? I can give my colleagues a list of the people who are hurt now by our current relationships with China: Millions of Tibetans, 6 million having been killed since the Chinese occupation in 1949; 2,000 political prisoners, these are just religious dissidents; 30 to 40 million Muslims have suffered; women and children; women pregnant outside of family planning rules have been abducted and forced to have sterilization.

The inhumane treatment of human beings in China is documented over and over and over again. As far as national security, it has been documented recently by the Cox committee that China is stealing military secrets from us in preparation for nuclear war and has violated the proliferation and nonproliferation agreements and does not deserve our trading partnership.

Whatever help may go to Boeing and Hewlett-Packard and whoever wants to sell a bunch of roam phones and airplanes to China is paid for by the blood and sweat that makes the cheap T-shirts and cheap shoes that are sold by Wal-Mart and others who import the slave labor produced goods.

We cannot continue this. This is just a matter of will Americans do business with murderers, with torturers, with child molesters, with people who are being lead by leaders who have no spark of humanity. This cannot go on.

The only message they understand is profit. They care not one whit for decency. The only thing we can do is cut into our profit at some small risk to the richest manufacturing companies in this country. Let us do it. Let us make a statement for human rights. Let us make a statement for childhood suffrage. Let us make a statement for decency. Let us make a statement for all the American values and suggest that we are rich enough and strong enough in this country to support Boeing and Hewlett-Packard and all of those people, and McDonald's franchises, all of those people who would supposedly be hurt if we do not.

Mr. Speaker, it is my pleasure and privilege to yield 5 minutes to the gentleman from Oregon (Mr. WU), one of the leading Members of the freshman class of the House of Representatives in the Democratic Caucus who has much experience and knowledge in this area.

Mr. WU. Mr. Speaker, I thank the gentleman from California for yielding me this time.

Mr. Speaker, as the first Chinese American to stand in this House, as a trade and international trade lawyer, I feel a special responsibility in this debate. But special responsibilities run deep in this House, because the Representatives of the United States of America in Congress assembled almost exactly 223 years ago committed themselves to the path of liberty and committed to each other their lives, their fortune, and their sacred honor.

America has lead the way for 223 years on the path of freedom, sometimes with a certain stride and sometimes through great adversity, but always leading the way and shining a light for others to follow.

What this debate is about, it is about who we are as a free people, what we stand for as a country, the courage of this Congress, and the integrity of each of us as individuals. What this debate is not about is engagement. Of course we must engage China, 1.2 billion people.

We are engaged with China, and we will be engaged with China. We must be engaged with China culturally. There are 6,000 Chinese on cultural exchange visas here in the United States. We must be engaged with China educationally. There are 14,000 Chinese on student visas in the United States. We must be engaged with China on environmental issues, on labor issues, on human rights issues. We must be engaged with China on issues where we agree and where we disagree.

Of course we must be engaged with China in business and trade. But the business of America must be more than business alone. An engagement must be through more than just the cash register. Let me give my colleagues the difference between cash register engagement and real engagement.

Cash register engagement would have us see the Chinese people as workers and as consumers, as 2 billion strong-arms to do our work, as 2 million legs to wear American jeans.

Real engagement recognizes the Chinese people as real people, people who have hopes and aspirations, people who would walk the path of freedom without.

Cash register engagement would say they are not ready for freedom. Real engagement recognizes that freedom is young everywhere. It is only 220 years old here in America. It is 150 years old in Britain. It is 100 years old in France, 50 years old in Germany and Japan.

I stand here as living proof that the Chinese people can fully participate in democracy. I stand here as proof that all people deserve to walk the path of freedom.

Where have we been walking in the past 10 years? Through two administrations, we have been walking, not the path of freedom, but the moral wilderness. We have been called off the path of freedom by the siren song of the cash register, and we have closed our ears and our hearts and we have walked away from those who had walked the path of freedom with us.

What has it gained us? What has it gained us? A larger trade deficit, more people in jail than ever. We have tried it the wrong way for 10 years. Let us try it the right way for this 1 year.

I ask my colleagues to vote in favor of this resolution and against most favored nation status for the Chinese Government.

Mr. RANGEL. Mr. Speaker, I yield myself as much time as I may consume.

Mr. Speaker, I oppose this resolution, and I call on my colleagues to vote against it. We, as Americans on the bridge of going into the next century, while we have a boom in our economy, there is no question that, in order to sustain this economic boom, we are going to have to continue to maintain our technological leadership and expansion in trade. The whole thing for the next century is going to be trade, trade, trade, and more trade.

It is true that we have lost a lot of our low-skilled jobs here, and we have to do more to protect those people that have been dislocated and placed out of work. There is no question that, as a result of our important leadership role in the world, that more and more is expected of us to protect the human rights and political rights of other people.

But I think that there is a lot of hypocrisy in terms of America's ability to monitor these things all over the world and, at the same time, to ignore many of the same inequities that exist in our country.

I was among those who lead the fight in sanctions against South Africa because the whole world saw exactly what was happening to majority rule there. But, now, America has singled out sanctions and trade punishment when most of the time we stand alone, Cuba being an example of how just wrong trade policy can get.

It would seem to me that we have an obligation for the next generation to say what we have done to prove that America leads the way in moral leadership; that we never have to explain how we get on the Amnesty International list in terms of violation of human rights; that we should not have to explain why 1.8 million Americans are locked up in jail, why 90 percent of them are locked up for nonviolent crimes, and how we find that most all of them came from the most terrible schools that we have in America.

We have to make certain that this new technology, that we have investments in it, and that we move forward and turning away from countries that we trade with, but to take advantage of our power, our influence, to make certain that, by example, we show the people that we protect human rights and political rights in this country and throughout the world.

Mr. Speaker, I yield the balance of my time to the gentleman from Michigan (Mr. LEVIN), and I ask unanimous consent that he be allowed to allocate that time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

□ 1115

Mr. ROHRABACHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the author of this legislation that we are discussing today, I dedicate this bill to Ginetta Sagan, a champion of human rights, who has inspired me for many, many years.

The legislation we are talking about will deny normal trade relations, formerly Most Favored Nation status, to Communist China. This preferential trade status should not be granted to a despotic regime. It should not be granted to regimes that are engaged in aggression, militarism, proliferation, and a systematic abuse of human rights of their own people.

I certainly disagree with the last speaker who suggested that the United States of America is in some way morally equivalent to this dastardly, dastardly tyrannical regime, the world's worst human rights abuser. By ignoring the nature of the Communist regime that rules China with an iron hand we are doing no favor to the American people and we are doing no favor to the Chinese people.

Mr. Speaker, we will be told time and again during this debate that bestowing this preferential trade status on Communist China will tend to civilize and moderate the gangster-like rulers there. All empirical evidence suggests the opposite. Since Tiananmen Square

10 years ago, which was a massacre of democracy advocates that the Beijing regime still denies, but since then the genocide continues in Tibet and the repression throughout China has escalated.

We have just heard today someone say that freedom of religion has never been greater in China. Yet, in fact, in the last few weeks a new generation of victims are being rounded up and brutalized, many disappearing into the Lao Gai prison camps, which are the Chinese version of the Nazi concentration camps, or the gulag system of the former Soviet Union. The latest victims are part of a meditation and exercise movement, a religious minority based purely on Chinese cultural and spiritual traditions. This has grown to some 70 million practitioners, including some members of the Communist party and their families.

Yet these innocent people, who have no political agenda, have now joined the Tibetans, the Chinese Muslims, and the Christians, who refused to register in their registered churches, in that they are all becoming enemies of the state.

The leaders of this same tyrannical regime that is persecuting these religious people still boasts in their meetings, and it has been quoted in their last meeting just a month ago, that they will "destroy capitalism." I think we can read that the United States of America is who they want to destroy.

This is the same regime that is using its annual $70 billion trade surplus, and we are permitting them that trade surplus with our irrational policy that we are talking about today, they are using that to modernize their military. They are building nuclear-armed missiles based solely on American technology, and stolen American technology, missiles that are aimed at the United States and that could incinerate millions of Americans.

After 10 years of debating this issue in Congress, as their trade surplus with the United States continues to grow, there is absolutely no sign of moderation or liberalization on the mainland of China.

Secondly, Mr. Speaker, we will hear that China must be given this preferential trade status because we cannot isolate or refuse to trade with this vast potential market. Glassy-eyed businessmen can overlook any crime, shut their ears to any pleas for mercy in their quest for the China market. Well, China is the market of the future, it always has been, and as long as it is under Communist Chinese rule, it always will be. The Communist rulers are playing Americans as saps. Little Taiwan, with 20 million people, buys more from us than all of mainland China with its 1.2 billion people. So does tiny Singapore.

This debate, no matter how the other side may claim otherwise, is not about isolating China or cutting it off from trade. Americans will still be free to trade with China at their own risk. But those are the operative words we are talking about today. They will be trading at their own risk. The reason these powerful business lobbies are pushing for normal trade relations status is that it will permit wealthy financial interests to invest in Communist China with the benefits of subsidies provided by the American taxpayer.

In short, American businessmen will be able to close down their factories in the United States, as they have been doing, and they will be able to move them to China with a subsidy by the taxpayers of the United States of America. And that is what this debate is really all about. Because people will still be free to sell their products over in China, no matter what happens in this particular debate.

This debate is not about free trade. Obviously, it is about subsidy, as I just said. But if it was truly about free trade, I would be on the other side. I believe in free trade. Free trade between free people. What we have is manipulated trade on their side and free trade on ours. That ends up benefiting the Communist Chinese and their clique that rules that country. It is not free trade; it is just a masking phrase for a totally insane policy that permits huge tariffs on any American product that they are trying to sell into China versus low tariffs on the Chinese goods that are flooding into the United States and putting our people out of work.

There has been a short-term profit. Sure, there has been a short-term profit, to a few billionaires in the United States. But it is not in the long-term interest of the American people, who are now in the shadow of Chinese nuclear weapons that are aimed at the United States and our cities.

I am asking my colleagues to join me in changing a policy that is out of control and self-destructive. Our current policy is not good for the American people, it is not good for the Chinese people, it is not making peace more likely, and America's technology is flowing to a regime that is very similar to the Japanese militarists of the 1930s. This is simply emboldening. Just like our trade policy did with the Japanese back in the 1920s and 1930s, we are simply emboldening the bully boys in Beijing to continue their repression, their aggression, and their belligerency.

This immoral policy of accommodating the Japanese back in the 1920s did not work and did not lead to peace or freedom, and it will not give us peace and freedom in our time. I ask my colleagues to join with me in standing up for democracy, for the economic interests of our people, and for a rational approach to world peace.

Mr. Speaker, I reserve the balance of my time.

Mr. CRANE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong opposition to H.J. Res. 57, which would terminate normal trade relations with China 60 days after enactment. By raising tariffs to the prohibitive levels that applied before 1980, and thereby prompting mirrored retaliation on the part of the Chinese against $18 billion of U.S. exports, this resolution would effectively extinguish trade relations between our two countries.

And for my distinguished colleague and friend from California who was just on the floor, I would remind him that his State exported $2.5 billion worth of goods. And these were not all those powerful interests, although maybe in the scrap and waste industry, because the gentleman's State exported $124 million worth of scrap and waste. And I am glad that China was willing to take it instead of dumping it in my back yard.

But in addition to that, manufactured goods out of the State of California were $2.5 billion, and that translates into roughly 40,000, almost 50,000 domestic jobs that pay, on average, 15 to 20 percent more than most jobs.

During the debate today, proponents of the bill will urge Members to send a signal to China in order to protest violations of human rights. Unfortunately, revoking normal trade relations is a rash policy that offers no practical plan for bringing the political and economic change to China that we all seek. I urge my colleagues to support a more pragmatic policy which acknowledges that a nation of 1.2 billion people is more likely to imitate our powerful example over time than it is to bend as a result of our threats.

My goal in maintaining normal trade relations is to support the continued presence of Americans throughout Chinese society, whether they be entrepreneurs, teachers, religious leaders, or missionaries. And speaking of missionaries, I might note that we had a visit here on the Hill with Ned Graham, Billy Graham's son, and they have been engaged in missionary activity in mainland China for several years and have distributed literally millions of Bibles in their missionary efforts. They have even contracted with a publishing firm in mainland China to print their Bibles. These contacts would be threatened if we revoked NTR.

Since the economic opening of China by Deng Xiaoping in 1978 and the transition in China from centrally planned socialism to a more capitalist system, 200 million Chinese citizens have been lifted out of absolute poverty. Likewise, while restrictions on organized religion remain, there has been a marked growth in religious activity in China during the last decade. To be sure, there are several severe problems remaining, but listen to Reverend Pat Robertson, who has urged Congress "to keep the door to the message of freedom and God's love" open, not shut. "Leaving a billion people in spiritual darkness punishes not the Chinese Government but the Chinese people," he wrote. "The only way to pursue morality is to engage China fully and openly as a friend."

In the past few years we have observed democracy beginning to take root in the form of functioning elections at the village level in China. To date, one in three Chinese citizens have participated in local elections where many successful candidates have been non-Communists.

Many observers believe that freedom in China is greater now than at any time in its long history. The Chinese Government has allowed an unprecedented increase in the ability to own property, a home or a business, to travel and to keep profits. In a few years, more than half of the state-run industries will be privatized.

While preserving NTR trade status offers hope for improving the welfare of the Chinese people, it is also squarely in the U.S. national interest. Revoking NTR would be interpreted by the Chinese as an act of hostility. This would strengthen the hand of those in China who oppose further reform and opening to the West. It would jeopardize China's new willingness to embrace the market-oriented trade disciplines of the WTO as evidenced in the April 8 package of concessions put on the table by Premier Zhu Rhongji at the summit meeting with President Clinton.

U.S. negotiators secured progress toward an expansive bilateral market access agreement, along with Chinese commitments to adopt WTO rules relating to such issues as technology transfer, subsidies, product safeguards, and state enterprises. China also agreed to end sanitary and phytosanitary bans on the importation of United States wheat, meat, and citrus products.

If implemented, these commitments could represent substantial new opportunities for U.S. exports to China, because Chinese markets, already huge, will grow even further in areas such as agriculture and information technology.

Unlike any other major trade agreement, this is a one-sided set of concessions. In exchange for steep tariff reductions and wholesale reforms of the Chinese trading system, the United States gives up nothing. At the same time, we preserve our positive influence over the direction of the turbulent change that is occurring in China.

I urge the administration to get back to the table with the Chinese as soon as possible. The United States has a unique opportunity at this point in time. In my view, the President should have seized this historic opportunity to lock China into a binding WTO agreement. Clearly, a protectionist move to revoke normal trade relations with China would permanently derail the potential WTO deal. History in Asia and the political evolution in China will be entirely different if we allow this deal to slip through our fingers.

Maintaining normal trade relations is in the economic interest of all Americans because it preserves 200,000 U.S. jobs which are directly supported by U.S. exports to China.

□ 1130

My home State of Illinois sold almost a billion dollars of products to China in 1992. These are jobs that pay wages, as I indicated earlier, 15 to 20 percent higher than jobs supported by sales to the domestic market. They would be the first casualties in a war of trade retaliation.

Mr. Speaker, trade is the one area where the mutual advantage for China and the United States is clear; and, for that reason, I strongly urge a "no" vote on H.J. Res. 57.

Mr. Speaker, I reserve the balance of my time.

Mr. STARK. Mr. Speaker, I am honored to yield 3 minutes to the gentleman from Michigan (Mr. BONIOR) the distinguished minority whip.

Mr. BONIOR. Mr. Speaker, I see nothing clear in the advantage of trade with China.

Ten years ago, the Chinese tanks rumbled into Tiananmen Square to crush an historic call for freedom and reform. Despite that danger, many demonstrators stood their ground. Hundreds were beaten; they were arrested; and they were shot.

Now, 10 years later, many of those arrested that grim day are still in prison. One of them, Zhang Shanguang, served 7 years. After Tiananmen Square, he was released, only to be rearrested because he dared to speak out on behalf of laid-off workers.

Just over the past week, Chinese authorities arrested more than 5,000 people solely on the basis of their religious beliefs. They joined countless others already locked away in dark cells and reeducation camps simply because they spoke about their faith or their right to form a union or their right to seek justice in their country.

By any measure, any measure conceivable, this is an abysmal record. And what is our response today? Well, some say we need to give the Chinese authorities more time, we need to give them more time by way of economic incentive to change. We are told to be patient.

Ten years is long enough to see that nothing has changed. In fact, it has gotten worse. The current regime continues to abuse human rights and political rights without the slightest hesitation.

The authorities even arrested a man recently in downtown Beijing for wearing a T-shirt and on the T-shirt were the words "labor rights." They arrested him and threw him in prison for wearing a T-shirt.

Even as we speak, Nike is negotiating a deal with a sweatshop in China that pays teenage girls 16 cents an hour to make gym shoes that sell for $120 a pair. They work 12 hours a day for 16 cents an hour. And they have no power, no power to speak up for a better deal or to organize or no right to basic dignity, no hope at all in this situation they find themselves in.

That is unless we do something about it, unless we use our courage to leverage our economic strength to enact real reform. We could give the people of China a chance to help themselves.

Our policy of granting China special trade status no matter what they do year after year has failed.

How long are we going to ignore China's policy of slave labor, of prison labor, of forced abortions, of ethnic persecution, of religious persecution? And what are we ignoring it for? A $67-billion trade deficit?

Now, this is really surreal when we think about it. We sell more to Belgium than we do to over a billion Chinese. So let us adopt a common-sense approach, a new approach. Let us demand proof of progress before we grant China special trade status.

Let us not, as the gentleman from Oregon (Mr. WU) so eloquently spoke just a few minutes here, engage in a system of cash register engagement with China. Let us be beyond that. Let us be bigger than that. Let us stand for the ideals for which our Founding Fathers came before this country and before the world.

I urge my colleagues to vote "yes" on the resolution to deny China MFN status.

Mr. LEVIN. Mr. Speaker, may I inquire as to how much time there is remaining on all sides.

The SPEAKER pro tempore (Mr. GILLMOR). The gentleman from Illinois (Mr. CRANE) has 31 minutes remaining. The gentleman from Michigan (Mr. LEVIN) has 42 minutes remaining. The gentleman from California (Mr. ROHRABACHER) has 37½ minutes remaining. The gentleman from California (Mr. STARK) has 33½ minutes remaining.

Mr. LEVIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in opposition to H.J. Res. 57.

Our relationship with China indeed faces many major challenges. The question in each case is whether using this annual review to withdraw NTR will confront the challenges.

I want to focus today on two of these aspects, our trade relationships and our human rights relationships.

First is the trade. Clearly, there are major problems to confront in our trade relationship with China. The large and growing current trade deficit; how we integrate a huge economy that remains nonmarket-based in many vital respects and that does not operate within a clear rule of law into a world trading order based on free market rules and the rule of law.

Neither of these problems is easily solved. The current trade deficit results, in part, because China restricts market access and because it exploits and manipulates its nonmarket mechanisms, both capital and labor.

It is imperative we address these problems in negotiations with the Chinese in the bilateral WTO access talks. Some were addressed before the negotiations broke off, but others were not. And they were reasons the U.S. could not sign off on an agreement with the Chinese a few months ago.

The answer on key trade issues is not to withdraw NTR today but to insist on clearly adequate terms and conditions before NTR is granted on a permanent basis. Enactment of today's resolution would bring further trade negotiations with the Chinese to a halt, to a complete halt. It would indeed lower our trade deficit. It would do so by terminating most of our trade rather than by addressing the structural issues, issues which are helping to create the trade deficit today, which must be addressed as we look at the longer run when China will increasingly be a competitor as well as a consumer of American made products and services, and issues which must, as I said, be fully addressed before permanent NTR is even considered.

Now let me, if I might, address human rights issues, which indeed must be addressed. Recent events in China demonstrate that the U.S. must bring sustained pressure on China on human rights. The recent suppression of followers of Falun Gong demonstrates once again that, however more open in some respects Chinese society is today compared to a decade ago, and it is, when it comes to any perceived threat to communist authoritarian control, the power of central authority will trample individual rights.

The problem with the use of this annual debate as a main tool is that it involves an instrument, withdrawal of NTR, which, absent a cataclysmic event, everybody knows in the end will not be invoked.

On the one hand, I agree with those who say that withdrawal of an NTR is not a sufficiently relevant or effective mechanism to press ahead on human rights. On the other hand, I agree that the operation of a normal trade economic relationship will not likely by itself transform China on human rights and Democratic values.

In a word, we need to find an alternative instrument.

I realize it is not easy to find such, but I urge that we have not worked hard enough in its search. We debate once a year and then mainly wait for the next year.

We, the administration and the Congress, do not spend sustained time trying to persuade other nations to join themselves with us on human rights issues. There is no certain answer. But quite clearly, the withdrawal of NTR is not, partly because idle threats rarely create much, if any, pressure.

So, in both respects, both as to trade and human rights, a "no" vote on this resolution is in order. But, and I say this with the full depth of conviction, it must not be the end of this work on trade and human rights but a stimulus to further vigorous efforts.

Mr. Speaker, I reserve the balance of my time.

Mr. ROHRABACHER. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. TRAFICANT).

Mr. TRAFICANT. Mr. Speaker, I support the resolution. I oppose these so-called normal trade relations with China.

Trade with communist China is a one-way street. It now exceeds $1 billion a week. Experts say it will exceed $70 billion this year.

I want the Members to know that China, with money from Uncle Sam, is buying attack aircraft, nuclear submarines, and intercontinental ballistic missiles.

And we are continuing to simply talk about a trade scenario. Unbelievable.

The record is clear. China has already threatened to nuke Taiwan. And we are now kow towing to China with a one-China policy.

China, as we debate this measure, has 14 intercontinental ballistic missiles pointed at American cities according to the Central Intelligence Agency. China is arming terrorist nations who hate Uncle Sam. And we are today voting again to continue a policy that is anti-American and threatens our national security.

The bottom line of this debate: Congress is financing the greatest threat in our Nation's history.

We have got to be dumb, my colleagues. This is not just a trade matter. This is much more. The records show over the last several years China is spying and buying America right out from under us while Congress is granting Chinese officials gallery passes.

I heard about all of the trade surpluses. I am sure I am going to hear one from Ohio. Ohio has got a deficit with China. Ohio has got a deficit with Japan. The Nation has a $70-billion deficit, and we are in fact threatening the future of each and every one of our constituents and citizens.

I do not know what it is going to take. I do not think Congress will wise up until there is a Chinese dragon eating our assets around here. I think that is what it is going to have to take.

I want a reciprocal trade agreement with China, with Japan. Engagement is fine if it is not a one-way toll bridge for American companies.

I think it is time for our committees who have jurisdiction over trade to start bringing out the trade measures. That is the most significant problem facing our country.

Mr. CRANE. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. HOUGHTON) our distinguished colleague.

Mr. HOUGHTON. Mr. Speaker, I do not know why we are doing this to ourselves. I mean, every single year we come up and beat the tambourine and hit the drum.

This is not going to go anyplace. We cannot cut off our relationship with China. We do not want to do it. It is the wrong thing to do. There are hundreds of ways to make China an enemy. This just happens to be one of them.

Now, it is very easy to get into specifics here, but I have been to China. I have done business there. I know what they are doing. We have a trade deficit. It is not going to get turned around soon. There are human rights problems. There are labor problems. There are environmental problems.

But I can remember talking to one of the people in one of our plants over there who said, You can be philosophic about trade relations with China. You can cut it off or increase the tariffs. Let me tell you something, my job is on the line; and I want you to remember that, because I am trying to have an impact here not only with my company but also with my family.

□ 1145

We must be able to relate and to talk and share ideas and to trade. How else do things change? Just by shutting off things? No. So to cut off the normal trade status with China, I think, is wrong, and I think we must oppose H.J. Res. 57.

Mr. STARK. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. I thank my friend from California for yielding me this time.

Mr. Speaker, I rise in support of H.J. Res. 57, to deny trading privileges to the People's Republic of China.

Every year when we debate this issue, America's CEOs stream into Ronald Reagan Airport seeking special favors for the world's worst abuser of human rights. They are helped by former government officials that know how the machinery of government operates, including former Secretary of State Henry Kissinger, former U.S. Trade Representative Carla Hills, and former Commerce Secretary Mickey Kantor.

This fall, Mr. Speaker, "Fortune" magazine is sponsoring a 3-day business trip to China. This gala, which CEOs by invitation only of the largest companies in America will attend, will feature dinner with the world's leading Communist, Jiang Zemin, and will feature lunch with Henry Kissinger. It concludes just prior to the celebration on October 1 of the 50th anniversary of the founding of the People's Republic of China, the 50th anniversary of the victory of communism, the 50th anniversary of the "who-lost-China" debate.

These CEOs from America's largest companies, many of them will travel from Shanghai to Beijing on October 1 to watch a parade in Tiananmen Square. As this military hardware from the People's Republic of China goes by and is viewed by America's most prosperous and successful CEOs, most prosperous capitalists as they watch this Communist parade go by, as ludicrous as this all sounds, it is safe to say there probably will not be much discussion by these CEOs to each other or to Communist leaders about the forced abortions in China, probably not much discussion about nuclear weapons sales, technology sales to Pakistan, probably not much discussion about persecution of Christians, probably not much discussion among these capitalists and Communists about China's slave labor camps or its child labor or all of its human rights abuses.

Mr. Speaker, we should vote "yes" on this Rohrabacher resolution. We should demand to see if China, for only 1 year, can stop its human rights abuses; we should demand to see if China, for only 1 year, can stop its use of slave labor and child labor; we should demand if China, for only 1 year, can stop threatening the democracy, the democracy next door, Taiwan; and we should demand, if only for 1 year, that China open up its markets so that instead of a $65 billion trade deficit, persistent trade deficit we have with that country, that maybe we could deal on an equal footing.

Mr. Speaker, a "yes" vote on H.J. Res. 57 is an opportunity to send a message to the American business community and most importantly to the thugs that run the Communist Party in China. It is an opportunity to send a message that this kind of behavior that they have exhibited is no longer acceptable.

Mr. LEVIN. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from California (Mr. MATSUI), an expert on trade matters.

Mr. MATSUI. I thank the gentleman from Michigan for yielding me the time.

Mr. Speaker, there is no question that if you look at China's record on human rights, on the whole issue of espionage, the trade deficit, one would have to say that our relationship with China is a very difficult one, it is an uncertain one, and it is one that obviously has a lot of ups and downs.

I think the gentleman from California (Mr. DREIER) recently in an oped piece in the Los Angeles Times described it as a roller coaster ride that we have with China. But in spite of all this, I think, as the gentleman from New York (Mr. HOUGHTON) mentioned, we are going to continue on our trade relations with China.

It is somewhat unfortunate that we have this debate tied with trade, because what eventually happens here is the fact that trade continues on and to some extent the comments made by the opponents of trade with China become diminished. We should really highlight the issues of human rights, the whole issue of proliferation, but it should be in a different forum, one in which we can all join together and deal with.

The reason we must continue on trade with China is pretty simple. China is 22 percent of the world population. One out of every five individuals on this planet is Chinese. Over the next 20 or 30 years, China will become one of the most dangerous players in the world if we begin to try to isolate them; or, on the other hand, if we engage the Chinese, perhaps, not certainly but perhaps, we can enter into a period where the U.S. and China and other countries of the free world begin to operate and work together. This is a strategic issue for the United States. This is an important issue for the United States.

Let me address, if I may, the issue of human rights just for a moment in conclusion. Yes, there is political repression in China and there is very little political rights in China. On the other hand, with the continuing engagement of the U.S. and other countries with the Chinese, there are probably more personal freedoms than we have ever had. Hopefully that middle class in China will begin to understand that it must, over time, change its own government. That is the key to trade with China and that is the key to make China a more open form of government, along with the open economy it is trying to achieve at this time.

I urge a strong "no" vote on this resolution.

Mr. ROHRABACHER. Mr. Speaker, I yield myself 1 minute.

Let me again state, this is not about isolating China; this is not about not trading with China. Those arguments are irrelevant. Those arguments are not what this is about. Normal trade relations, by providing this privileged status for Communist China, simply says that if we provide that, and I am saying we should not, and those voting for this resolution are saying we should not, provides that we can subsidize the investment in China by the American taxpayers.

If my resolution passes today, people will still be able to trade with China all they want. They can sell all their goods, they can try to set up their factories, but they have to do so at their own risk. The reason the business community is fighting this is because we are then, by taking away normal trade relations with China, taking away their right to get government subsidies when they close factories here and set them up in Communist China. It does not isolate China. People can continue in engagement. We are just not going to subsidize them and subsidize the people who are providing them what they need to build their infrastructure to outcompete us. That makes all the sense in the world.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Florida (Ms. ROS-LEHTINEN).

Ms. ROS-LEHTINEN. Mr. Speaker, I rise in support of this bill for a simple reason. This is not the time to reward a government which poses a threat to U.S. national security, which closes its markets to American products, which not only steals nuclear secrets from our labs but violates U.S. intellectual property rights. Before we extend normal trade relations to the PRC, we should ask ourselves what trading with this regime, an abuser of human rights, has accomplished thus far.

Has it accomplished the overall goal of changing unacceptable behavior by the Chinese Government? Are the Chinese people any freer? Are they able to exercise their rights as individuals and as citizens of the state without reprisals? Do American businesses have unlimited access to Chinese markets? Or are they subject to barriers and widespread discrimination? Are the American people any safer?

Reports by the Central Intelligence Agency show that 13 of China's 18 long-range strategic missiles have single nuclear warheads aimed at U.S. cities. China also has an array of strategic missiles that U.S. military and intelligence officials say are targeted on U.S. forces deployed in Asia.

Defense and intelligence experts show that China continues to transfer dangerous technology to Iran and Pakistan and is actively involved in the transfer of nuclear, chemical, and biological weapons and missiles to other rogue states. The PRC is subsidizing Chinese missile and nuclear industries and prolonging the status quo. We have all read with grave concerns the report by the Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China.

Looking at the issue from a strictly commercial perspective, looking at it as if trade is the most important aspect, affording China normal trade relations also makes no sense whatsoever. It would be rewarding China for its closed markets which in just the first 4 months of this year has resulted in an $18.4 billion trade deficit for the United States.

I urge my colleagues to vote for the bill to disapprove NTR for China.

Mr. CRANE. Mr. Speaker, I include for the RECORD the article referred to by the gentleman from California (Mr.

MATSUI). It was an L.A. Times article that was written by the chairman of the Committee on Rules.

[From the L.A. Times]

END THE U.S.-CHINA ROLLER COASTER

(By David Dreier)

Twists and turns, slow and measured ascents followed by stomach churning plunges. A roller coaster at your local theme park? No, U.S.-China relations over the last few years. And it's a bad way for two enormous and important countries on opposite sides of the Pacific Rim to deal with one another. The U.S. should seize the upcoming opportunity to fashion common-sense trade rules that will offer the American and Chinese peoples greater hopes for stability, prosperity and freedom.

The U.S.-China relations roller coaster will crest this summer as the annual trade debate over normal trade relations—sometimes called "most favored nation" status—is merged with the more debate about China's admission to the World Trade Organization. These intricate trade negotiations and rules that are the stuff of lawyers and government officials are vitally important because prices, product quality, consumer choice, jobs and investments are ultimately tied to trade. Trade with Asia is critical to California's and America's continued economic growth.

The American people have been exposed to China in the last year like never before. Unfortunately, much of this attention has been the negative headlines of espionage, protests against the tragic mistaken bombing of the Chinese embassy in Belgrade and illegal campaign activities. Though these all deserve to be discussed and examined in full, what has not received enough attention has been the truly revolutionary change sweeping across China.

China is literally revamping its entire economic system, an enormous undertaking. It's the equivalent of the people switching to driving on the other side of the road, repudiating their whole political ideology and changing their economic language all at once. This type of economic and political revolution can't happen overnight. If it did, there could be such instability and shock to the system that retrenchment, bloodshed and political repression might reappear. When China tried swift, radical change during the Cultural Revolution and the Great Leap Forward, 60 million people died.

But things are changing in China, and mostly for the better. We can be under no illusions about the fact that the Beijing government is a repressive, authoritarian dictatorship. Yet although political rights are largely nonexistent, there is no question that personal freedom is on the rise, due in large part to market reforms.

Year after year, the United States has extended normal trading relations to China over the objections of those who think that curtailing trade will solve our problems with China. I have never understood the argument that limiting Chinese interaction with America's vibrant free market, democratic institutions and renowned individual spirit of free enterprise would somehow strengthen democratic activists and weaken entrenched hard-liners. Trade with China is not a gift or reward that should be given and taken away; it is a crucial tool needed to foster change and reform in a very old, proud and different culture.

This annual debate over commercial relations with China will end once that country is admitted to the WTO and agrees to take the painful steps necessary to bring its economy in line with world standards and practices. China's WTO membership will bring major benefits to Americans, by fully opening China's vast market to American manufacturers, farmers and service industries. Of particular importance to my state of California will be the protections of intellectual property rights of our world-class entertainers and high-tech industries. What a win-win scenario this is for American workers, businesses and consumers.

As Americans, we must pursue China for our own self-interest as much as to help China get better, with the top priority being the safeguarding of our national security. China is a business partner, but we cannot confuse that with a strategic relationship. We do share some mutual interests that it is hoped would be increased as friendly ties improve. But just as a business wouldn't share its confidential marketing strategies or cost structure with a competitor, the U.S. government and American businesses must take care not to leak sensitive material to the Chinese government. China is simultaneously our business partner and our competitor.

What we must do is approve normal trade relations and its entry into the WTO for the sake of both our nations, A stable and open trade relationship, divorced form the wild roller coaster ride of yearly fights and political trends, will increase prosperity and improve the lives of the American and Chinese people.

Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. WELLER).

Mr. WELLER. Mr. Speaker, I rise in opposition to this resolution and urge a "no" vote.

I stand here today in support of free trade with China, our globe's most populous nation, our fourth largest trading partner. When we have issues such as this before this House, I am often asked, as I travel throughout the diverse district that I have the privilege of representing, what does this all mean. What does this debate that we are having today mean to the folks on the South Side of Chicago and in the south suburbs of Illinois?

Exports to China total almost $1 billion from the State of Illinois. An economist will tell you that for every $1 billion in exports, it is over 17,000 jobs that are at stake. Illinois sent over 775 million dollars' worth of manufacturing exports, tractors made in the Quad Cities, industrial heavy equipment made in Joliet, food products, textile mill products, apparel, lumber and wood products, furniture, paper products, printing goods, chemical products, rubber and plastics, leather products, stone, clay and glass products, fabricated metal products, transportation equipment, electronic equipment, farm goods, corn, soybeans, wheat, pork, beef, all from the State of Illinois.

I learned firsthand in the late 1970s what it means for free trade with China. After President Nixon opened up China, we sent a shipment of breeding stock, breeding swine from Illinois to China and they came from our farm. That was the first shipment of American breeding stock to China. We learned the advantage personally at that time. But for thousands of Illinoisans, free trade means jobs.

When you think about it, this vote today could jeopardize over 17,000 jobs in Illinois. I urge my colleagues when they consider how to cast their vote as to which of their neighbors will lose their job if this resolution succeeds. I urge a "no" vote.

Mr. STARK. Mr. Speaker, I would just like to suggest that while there were $14 billion of stuff that we exported to China, you figure 20,000 jobs per billion, that is 280,000 jobs. That is hardly as many as the Chinese have killed in Tibet since their horrid reign. It is how you decide you want to take care of people.

Mr. Speaker, I yield 3 minutes to the distinguished gentlewoman from California (Ms. PELOSI), the leader in the fight for human rights in China, for sensible and reasonable trade negotiations that will lead to nonproliferation and workers' rights and human rights.

I ask unanimous consent, Mr. Speaker, at the conclusion of her remarks that she be allowed temporarily to control my time.

The SPEAKER pro tempore (Mr. GILLMOR). Is there objection to the request of the gentleman from California?

There was no objection.

□ 1200

Ms. PELOSI. Mr. Speaker, I have to husband the time very carefully because we proudly have so many people who want to come to the floor today to speak on behalf of human rights in China, fair trade for the United States, and a safer world.

Mr. Speaker, we are here today because the President must request a special waiver to grant what is now called normal trade relations to China. He must request a special waiver for normal trade relations to China. What we are not here about today is to isolate China or any discussion of it. So anyone who is on the other side of this issue who wishes to characterize those of us who want to help the Chinese people as isolating them do a grave disservice to the debate.

The issue is not whether bringing this issue every year is productive or constructive or has improved human rights in China. The issue before this body is: Is the present policy, the Bush-Clinton China policy, working?

We were told when they delinked trade and human rights that it would lead to improvement in both. Wrong, it has led to failure in both.

Now we are calling this normal trade relations because we changed the name last year. There have been all kinds of name changes. For example, this policy was called constructive engagement before. It was neither constructive nor true engagement, so then they changed it to a strategic partnership. It was not that either, so now they call it purposeful, principled engagement with our eyes open.

Do not take my word for it, it is in their book: Purposeful, principled engagement with our eyes open.

Mr. Speaker, that is a refreshing change from with our eyes closed, blinded to the atrocities in China and the unfair trade practices and the proliferation of weapons. And I am just waiting for next year when I think maybe it will be called purposeful, principled engagement with China with our eyes wide open and the wax cleaned out of our ears.

Because then, maybe then, the administration and the proponents of this absolute concession to China, maybe then with the wax cleaned out of their ears, they will hear the pleadings of the monks and nuns in Tibet who have been tortured for decades by the People's Liberation Army. They will hear them over the sound of the army of lobbyists here in Washington, D.C. here to lobby on this issue. And maybe then with the wax out of their ears, they will hear the crying of the Panchen Lama, the baby chosen by His Holiness to be the next Dalai Lama, kidnapped by the regime. And we have said nothing.

Maybe then they will hear that baby cry over the clinking of champagne glasses as they toast the abusers of human rights in China. And maybe with the wax out of their ears they will hear the cries of people still in prison for speaking freely. Maybe then they will hear the pleadings of the families and the prisoners still in prison, hundreds of them, for speaking freely in Tiananmen Square, and the thousands who are in jail because of their religious beliefs.

Mr. Speaker, I want to put in the RECORD the statement of the U.S. Catholic Conference of Bishops opposing renewing MFN and in support of this resolution:

DEPARTMENT OF SOCIAL
DEVELOPMENT AND WORLD PEACE,
Washington, DC, June 30, 1999.

DEAR REPRESENTATIVE: The upcoming vote on extending "normal trade relations" status to the People's Republic of China presents the Congress with a significant opportunity and challenge to send an unmistakably clear message about our national concern for the protection of basic human rights.

Each time over the past several years when the issue has arisen, it has been our conviction that no Administration has been sufficiently committed to pressing the Chinese authorities on their systemic violations of certain fundamental human rights. Our Conference has focused particularly on the issues of religious freedom and we have repeatedly cited the persecution of religious groups, such as the unregistered Protestant and Catholic churches, and the intrusive interference by the state in the internal life of the "open" or recognized churches. The persecution and control of Tibetan Buddhism is especially shameful and known to all.

We acknowledge that the present Administration has made efforts to raise these issues with the Chinese authorities, but little, if anything, has changed on the human rights front in these last years of increased engagement. Indeed, the continued detention of religious figures as well as of democracy advocates only point up the necessity for unrelenting official U.S. firmness on issues of human rights and religious freedom.

The trade status debate may not be the best forum, but it does offer the Congress an important opportunity to raise the priority of human rights and religious liberty. Therefore, I urge you to send as clear a message as possible by voting to overturn the President's waiver of the relevant sanctions of the 1974 Trade Act. A strong vote to deny MFN/NTS status to China should strengthen the Administration's commitment to putting human rights at the top of the China agenda and send a strong signal that the status quo is not acceptable.

Sincerely yours,

MOST REVEREND
THEODORE E. MCCARRICK,
Archbishop of Newark, Chairman, International Policy Committee, U.S. Catholic Conference.

So, Mr. Chairman, I plead with my colleagues who have voted on the other side of this issue. Ten years is enough. The trade deficit has gone from 3 billion to 56 billion. It will be $67 billion for this year.

It has not led to better trade relations, it has not led to more U.S. products going into China. Quite the reverse. A $67 billion trade surplus for the regime to consolidate its power, the proliferation of weapons of mass destruction continues, the human rights violations continue. And this past week, they have arrested between 10 and 20,000 people for the practice of their self-help, for their own self-help group. Ten to 20,000 people, no food, no water. Do not give the regime a waiver to abuse human rights, abuse trade practices, and proliferate weapons of mass destruction.

Vote for the Rohrabacher amendment. This is not normal.

Mr. LEVIN. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. ROEMER).

Mr. ROEMER. Mr. Speaker, I rise in strong support of normal trade relations with China and do so because we are confronted with two choices. The choices are clear and simple. We can have a constructive and purposeful engagement policy with China or we can have a new Cold War with a new evil empire with new costs to our taxpayers for a larger defense budget.

Now I think that we have made some limited progress with China, probably the most important bilateral relationship that we are going to have with any country in the world over the next 50 years. What are some of the things that we have done where we have been successful? We hear a lot of the problems on the floor today. Well, one example is the East Gates International headed by Ned Graham, the son of the Reverend Billy Graham, has been able to distribute 2.5 million Bibles legally in China since 1992 and help us work toward some more religious freedoms.

With respect to proliferation and arms control efforts, China has joined the nuclear nonproliferation treaty; they have signed a chemical weapons convention; they have signed the biological weapons convention; they have signed the Comprehensive Test Ban Treaty; and they have signed the International Convention on Civil and Political Rights.

Now there are some successes. Have they made enough progress on human rights? Absolutely not, and that is one of the reasons why we need to engage them, and I had a meeting with a host of my colleagues at Blair House with Premier Zhu Rongji a few months ago, and we pushed him and we pushed him and we asked questions and we tried to get him to do more and more and more on the human rights issue.

But the choice is clear. Are we going to have a constructive engagement policy with China or a new evil empire with China? Please vote down this policy on the floor today.

Mr. Speaker, I rise in strong opposition to H.J. Res. 57, disapproving the President's request to provide "Normal Trade Relations" (NTR) in 1999 with products made in China. Since I have served in Congress, I have supported "constructive engagement" with China as a method of improving our critically important bilateral relationship and pursuing our foreign policy goals to advance human rights and religious freedom. While progress at times remains slow and painful, continued talks and diplomacy are key aspects of this important bilateral relationship.

Ten years ago in Tiananmen Square, Chinese students courageously demonstrated in support of democracy, but they were met by violence from a regime fearful of change. We continue to stand for human rights in China, and I firmly believe that a continued policy of principled and purposeful engagement reinforces our efforts to move China toward broader freedoms and openness. We have successfully influenced China to make significant progress, but much more must be achieved.

We continue to have serious differences with China on human rights, their efforts to acquire sensitive information, nuclear nonproliferation, regional stability and transnational threats such as drug trafficking, terrorism, and smuggling people across borders. We will continue to deal directly with these differences. As the President stated when he announced his decision to extend NTR: "We pursue engagement with our eyes wide open, without illusions."

Accordingly, we should continue to speak and negotiate frankly about our differences and to firmly protect our national interests. However, a policy of disengagement and confrontation would serve only to strengthen those in China who oppose greater openness and freedom. Through constructive engagement, we will remain sensitive and respond quickly to ongoing human rights violations, including China's recent massive crackdown on members of Falun Gong and religious suppression in Tibet and against Protestant "house churches" in Henan.

In particular, we should call for the immediate release of three Chinese activists—Xu Wenli, Qing Yongming and Wang Youcai—who received stiff prison sentences for advocating the China Democracy Party last year. Earlier this year, I met Premier Zhu Rongji at the Blair House and wrote a follow-up letter that was signed by ten Members of the House of Representatives who support NTR in which we called for their immediate release.

Clearly, trade encourages human rights, and it has facilitated the work of Western religious ministries active in China. For example, East Gates International, headed by Ned Graham, son of evangelist Billy Graham, has been able to distribute 2.5 million Bibles legally in China since 1992. This organization can communicate freely with its contacts in China because of the proliferation of information-exchange technology such as e-mail, faxes, and cellular telephones—a development made possible by trade and economic reform. As Billy Graham has written, "Do not treat China as an adversary but as a friend."

Revoking NTR would rupture our relationship with a third of the world's population and jeopardize our political and economic security. Such an action would make China more defensive, isolated and unpredictable, weakening the forces of change and nullifying the progress achieved so far. Moreover, revoking NTR would undermine our efforts to engender constructive Chinese participation in international organizations that will promote China's adherence to international standards on human rights, weapons of mass destruction, crime and drugs, immigration, the environment, economic reform and trade. Indeed, constructive engagement means advancing U.S. interests in tangible ways.

As Brent Scowcroft said in a recent New York Times article, "The U.S. has at least another two decades to encourage China's responsible development before it presents us with a direct military challenge. As China's intentions are clarified by its actions, the U.S. and its regional partners will be able to make constant course adjustments." To be sure, we will keep a close eye on China, particularly in the wake of its recent moves in the disputed Spratly Islands where it has unilaterally installed military facilities, and its hostile posturing against Taiwan.

While the Cox Report uncovered troubling lapses in security at the U.S. national laboratories, we must maintain perspective on China's limited but emerging military capability. To that end, we should continue to engage China in easing tensions on the Korean Peninsula, as well as cooperative efforts to combat terrorism, drug trafficking and intellectual property piracy. As a result of our engagement policy, China has joined the Nuclear Nonproliferation Treaty and Zangger Committee, the Chemical Weapons Convention, and the Biological Weapons Convention. Additionally, China signed the Comprehensive Test Ban Treaty and pledged to ratify it soon, and has ceased nuclear cooperation with Iran.

Furthermore, maintaining NTR with China—as every President has requested since 1980—is good for U.S. farmers, workers, small businesses, and the economy. Last year, we exported $14 billion worth of goods, making China our largest growing market abroad. Revoking NTR would invite retaliation against U.S. exporters and investors, as tariffs on imports from China would immediately increase from an average 6 percent to 44 percent. In turn, China would immediately start buying from our European and Asian competitors. This would seriously jeopardize more than 400,000 U.S. jobs which currently depend on exports to China and Hong Kong.

Moreover, withdrawing from our constructive engagement policy will preclude us from pursuing opportunities to open new markets to American products. Earlier this year, the U.S. negotiated far-reaching market access for agricultural and industrial goods as well as a wide range of service sectors. Additionally, significant agreements were reached on important rules of commerce, but differences remain on the implementation and duration of provisions governing dumping and product safeguards.

We also successfully negotiated tariff reductions with China from 80 percent to 25 percent in the year 2005, with auto tariffs decreasing to an average of 10 percent. However, without NTR, we cannot reasonably hope to pursue additional tariff reductions to further open Chinese markets to U.S.-made automobiles, nor improvements to improved consumer financing so that more autos can be purchased. We must also encourage China to update its antiquated distribution system which penalizes foreign competitors.

Improving trade relations is similar to peeling an onion, as numerous layers must be pared before the job is finished. I am hopeful that the Chinese will approach improving future trade relations with a view to the whole picture, rather than making small adjustments one layer at a time. At the same time, China must demonstrate progress for individual liberties by releasing arrested political, religious and human rights activists, if they hope to continue to enjoy strong relations with the United States.

Mr. Speaker, I am confident that constructive engagement with China will lead to positive results, advancing our trade interests and foreign policy goals of religious freedom and improved human rights. I strongly encourage my colleagues to support constructive engagement and vote against this resolution to disapprove Normal Trade Relations with China.

Mr. ROHRABACHER. Mr. Speaker, I am happy to hear about all these agreements Communist China has signed.

Mr. Speaker, I yield 4 minutes to the gentleman from Virginia (Mr. WOLF).

Mr. WOLF. Mr. Speaker, I rise in opposition to MFN. I know it is a difficult vote for a lot of Members and there is a lot of soul searching, so I just want to tell people why I am strongly opposed to MFN.

For me it is an issue of the soul; it is an issue of conscience; it is an issue that 10 years from now when I look back, I want to know that I did maybe not what was right, maybe people differ, but what I think my God told me to do.

Now I think we maybe in a situation similar to the Parliament in the 1930's in Great Britain when Winston Churchill tried to alarm people about what was taking place, and yet they still wanted to trade with Nazi Germany, and Nazi Germany went on to do horrific things. My sense is, and I hope I am wrong, but that is what is going to happen today with China.

And I would say to my friend from Indiana, they are the evil empire and they are the evil empire like Ronald Reagan said in 1983 with regard to the Soviet Union.

There are 13 Catholic bishops in jail in China today. I would change my vote if they set those bishops free. Bishop Su, who has been in jail because he gave holy communion to the gentleman from New Jersey (Mr. SMITH); he has been in jail for over 20 years. Thirteen Catholic bishops, a large number of Catholic priests are in jail. There is the gentleman from New Jersey (Mr. SMITH). He can tell my colleagues; go up and ask him. Bishop Su is in jail because of giving him holy communion.

So the next time on Sunday the call comes to go forward to the rail when colleagues take holy communion, think about Bishop Su. I hear all these missionaries quoted. Does anyone ever quote Bishop Su any more? Does anyone even ask to see Bishop Su any more?

There are a large number of Catholic priests in jail. There are a large number of evangelical house church people that are in jail. Muslims in China are being persecuted like my colleagues will not believe. I have a letter talking about electric volts and shocks being used on the Muslims.

Then there's Tibet. I am the only Member of Congress who has been to Tibet for years. When I was there, and we came in not as a Member of Congress, but as a tourist, I was told of unbelievable persecution. Lhasa is a Chinese city. It is no longer a Tibetan city. The Chinese government has destroyed 4,000 monasteries, not 4 monasteries, but 4,000 monasteries.

There are more slave labor camps in China today than when Solzhenitsyn wrote the book Gulag Archipelago. The book was a best seller. We all went out and hailed it, and it broke the world open. There are more gulags, more gulags in China today than there were when Solzhenitsyn wrote the book on the evil empire in Russia. If you don't believe it, call the CIA; they can share the pinpoint maps.

Then there are forced abortions. They track women down and throw them on the table. The gentleman from New Jersey (Mr. SMITH) can tell my colleagues about forced abortions. In some respects this ought to be a major pro-life vote. Steve Mosher of the Population Research Institute told me the other day there were 12 to 15 million abortions last year in China, and it is basically the abortion capital of the world. I do not understand, frankly, why this is not a pro-life vote.

Then there is slave labor. There are Chinese workers, slave laborers, in Sudan building a pipeline, and in Sudan every major terrorist group in the world, Abu Nidal, Hamas are all there.

What would my colleagues tell Bishop Su if we could see him today? I want to tell him that I know we will not take away MFN, but I wanted to send a message with my vote. I urge my colleagues to talk to the Romanian people. When we took MFN away from Ceausescu, the people told us that they heard the news on Radio Free Europe, and I want to send a message to the Chinese people on Radio Free Asia that the Congress stood with them on behalf of the persecuted church in China. There are good and decent men and women on both sides. For me, this is a vote of conscience and I urge support of the Rohrabacher resolution.

Mr. Speaker, I rise in strong support of H.J. Res. 57, the resolution disapproving normal trade relations (NTR)—formerly called Most-Favored-Nation (MFN) status—with the People's Republic of China. I commend my colleague from California, Representative ROHRABACHER, for sponsoring this legislation. I also want to applaud the valiant and always steadfast efforts of Representative NANCY PELOSI. She is a consistent voice for freedom in China and a true advocate for human rights around the world.

Today, while we debate this issue on the floor of the House of Representatives, the Chinese government is suppressing and persecuting practitioners of Falun Gong. In the past several weeks, China has been engaging in one of the largest crackdowns of a group of people since the Tiananmen massacre of 1989. Thousands of Falun Gong practitioners, including many of its leaders and government officials, have been arrested. It is estimated that over 40 million people in China practice Falun Gong, many of them poor or unemployed. They are not involved in politics, but the Chinese government has chosen to crack down harshly on this movement.

This illustrates perfectly why I continue to oppose NTR for China. Many argue that the way to improve human rights in China is to keep giving China NTR status. The problem is that this has been our policy for the past ten years, but human rights have not improved. China's human rights record is as bad today as it was in 1989, when the Chinese government killed and injured hundreds of students who were peacefully demonstrating for political reform on Tiananmen Square.

The persecution of the underground Christian church continues.

Many Protestant pastors, Catholic bishops and priests are still being arrested, fined, beaten and imprisoned. Some have been in prison for many, many years—even decades. I will insert for the RECORD a partial list of Chinese Christians currently detained or imprisoned for religious reasons.

House church Christians and laypeople are still being arrested, fined, beaten and imprisoned.

Churches are still being destroyed.

Bibles are still being confiscated.

The Tibetan culture and religion are still being systematically destroyed. Tibetan Buddhist monks and nuns are being arrested and tortured. Tibetan Buddhist monasteries are still being controlled by cadres of Chinese communist security officials. The Tibetan people are still being deprived of their freedom, their livelihood and their culture.

I have seen the repression in Tibet with my own eyes. It is frightening.

Muslims in the Northwest portion of China are still being persecuted—Amnesty International issued a comprehensive report on persecution of Muslim Uyghurs earlier this year. Uyghurs are being arbitrarily detained. Thousands of Uyghur political prisoners are in jail and are being tortured. Recently, a group of Uyghurs shared with the Congressional Human Rights Caucus how they had been tortured in prison. I am submitting for the RECORD the testimony of Mr. Abdugheni Musa, who was arrested and tortured in 1995 for organizing a peaceful youth rally.

Democracy activists are still being watched, arrested, imprisoned, held under house arrest and sent to reeducation through labor camps. Scores of individuals associated with the Democracy Party have been arrested and given long sentences just in the last few months.

Over one hundred Tiananmen Square protesters are still in prison.

Those wishing to remember the 10th anniversary of the tragic events of spring 1989 when hundreds of protesters were brutally massacred at Tiananmen Square were prevented by the Chinese government from doing so. The families of the dead, wounded and exiled who are demanding an apology from the government of China for its actions in 1989 are being persecuted.

The Chinese government allowed and encouraged protesters to destroy the U.S. Embassy in Beijing. They bused in people. The Chinese Ambassador insulted the intelligence of the American people on Sunday talk shows with his demands.

China still runs a massive system of gulag slave labor camps—the laogai. The State Department's 1998 report on human rights in China said 230,000 people were detained in "re-education through labor camps" in China at the end of last year. People are sent to reeducation through-labor camps without a trial or any kind of judicial proceeding.

China still has a program in which the kidneys, corneas and other organs are taken from executed prisoners and sold to foreign buyers for tens of thousands of dollars. Some of these organs are being peddled in the United States, against U.S. law.

It still engages in coercive population practices—including forced abortions and sterilizations. There are 7 to 15 million abortions a year in China, 6 to 12 times more than in the United States. According to the Population Research Institute, most of these abortions are performed under duress, with threats, bribes and sanctions—and sometimes outright force—used to elicit compliance.

So nothing has really changed with regard to human rights in China.

Our policy has done nothing to improve China's behavior regarding proliferation. According to Director of Central Intelligence George Tenet, China remains a "key supplier" of technology inconsistent with our nonproliferation goals—particularly missile and chemical technology to Pakistan and Iran. On April 15, 1999, the Washington Times cited intelligence reports that the Chinese are continuing to sell weapon technologies.

Finally, our policy has resulted in no improvement in ending China's unfair trade practices. The U.S. trade deficit with China continues to skyrocket (approaching over $60 billion), U.S. goods are shut out of China's market and U.S. jobs continue to be lost to cheap Chinese labor. In 1989, at the time of the Tiananmen massacre, our trade deficit with China was only $6 billion. today it is 10 times that.

This year a new element has been thrown into the mix that should make this Congress think twice about continuing our business-first policy—undisputed evidence of China's espionage in U.S. nuclear labs and its acquisition of knowledge about some of America's most advanced nuclear warheads.

As I look at this issue and the Cox report, I am concerned that the United States will be providing China the economic means through trade to develop missiles on which to attach advanced nuclear warheads designed with information stolen from the United States so these missiles can then be used to hit our grandchildren, or even our children.

The report of the bipartisan Select Committee on National Security and Military/Commercial Concerns with the People's Republic of China chaired by Representative CHRIS COX found clear evidence that design information stolen from the United States will enable China to build thermonuclear warheads and attach them to ICBM missiles sooner than would have otherwise been possible. It said "the PRC has the infrastructure and the technical ability to use elements of U.S. warhead design information in the PLA's next generation of thermonuclear weapons. . . . The PRC could begin serial production of such weapons during the next decade. . . ." It also concludes, "The Select Committee judges that elements of the stolen information on U.S. thermonuclear warhead designs will assist the PRC in building its next generation of mobile ICBM's, which may be tested this year." China's mobile ICBM missiles will have the ability to hit the United States.

We are giving China the economic means to develop these weapons.

While it may be painful for some if we restrict China's ability to trade on favorable terms with the United States, China is now a greater threat to the U.S. national security than it has ever been in the past.

We also need to remember that China has deliberately tried to influence our political process through illegal campaign donations.

Our current policy has yielded very little progress on issues that the American people care about. Some 67 percent of Americans surveyed by Zogby earlier this year said that they would like the U.S. to put increased restrictions on trade with China because of China's human rights abuses. Many Americans are concerned about China's nuclear espionage as well.

It is interesting to note that in years past, when the Chinese government actually feared that MFN would be taken away by this Congress, people were released on their treatment in prison improved. Wei Jingsheng, one of China's most noted dissidents, wrote in a recent message to Congress, "Although the lack of willpower and consistency in U.S. policy have prevented effective pressure on China to democratize, the effectiveness of the use of the MFN issue to improve conditions for political prisoners and limit arrest of dissidents has been clearly shown."

He has a personal example. In late 1993, after serving 14 years in jail, he was released from prison at a time when China wanted to be selected to host the year 2000 Olympics and President Clinton had publicly threatened now to renew MFN again unless human rights improved. He was arrested again in early 1994, but kept in a guest house where he was free to go out for dinner with a police escort. Once President Clinton assured the Chinese privately that he would delink trade from human rights in 1994, Wei was moved to a harsh prison where conditions were very bad. He as kept there until he was released on medical parole in 1997 after intense international pressure.

I submit for the RECORD a copy of his statement.

Nobody has been released in the last few weeks in China. Quite the opposite. China is engaged in one of the harshest crackdowns on dissent this decade.

China knows they have nothing to fear from this Congress. Beijing is confident that trade will trump everything else and the American government will continue to make any concessions necessary to ensure favorable conditions for trade.

This Congress must stand up for the values of freedom and democracy. We must be on the side of those fighting for freedom, not standing with the oppressors. The hundreds of political and religious prisoners in jail in China today are counting on this Congress to speak out for them. It may be the only thing that saves their life or wins their freedom.

Trade has not brought freedom to China despite ten years of unconditional NTR, but this debate and vote is not actually about restricting trade with China. We all know that at the end of the day the status quo will not change. But if the House were to disapprove NTR for China, it would send a powerful message to Beijing—one the Chinese government will not forget.

Let's change our course—let's vote for one year not to renew NTR.

Think about the Catholic bishops, the Catholic priests, the Tibetan Buddhist monks and nuns, the Falun Gong practitioners, the Uyghur Muslims, the democracy activists and the many, many others who are sacrificing their freedom for their beliefs. Think about them when you cast your vote. Our current policy has done nothing to help them. This vote may be the only hope they have.

PERSONAL TESTIMONY

Dear honorable congressmen and congresswomen,

Today I thank you very much for giving me this precious opportunity to testify before you. My name is Abdugheni Musa. I am a Uyghur from Ghulja City in the Xinjiang Uyghur Autonomous Region of P.R. China. I want to testify on the brutal torture methods of the Chinese government through my personal accounts of suffering in the Chinese prison.

In February 1995, some young Uyghur businessmen and I organized The Ili Youth Mashrap, a traditional Uyghur cultural event, in order to improve morality, say no to drugs, strengthen our religious faith and build local economy. This traditional event had a very strong social impact on the Uyghurs in Ghulja City and was welcomed everywhere.

However, the social impact of Mashrap shocked and worried the Chinese authorities. Thus, it became the very reason for the Chinese government to suppress the Mashrap and its participants.

First of all, the Chinese government labeled Mashrap as illegal and then started arresting the Uyghur youth that organized and participated this event.

The Ghulja municipal police arrested me on June 7, 1996 and detained me in Yengi Hayat prison. In jail, I constantly and repeatedly faced physical and mental torture from the Chinese prison guards.

Two days after my arrest at 12:30 a.m., the Chinese prison guards dragged me into a basement interrogation cell and started interrogating and torturing me. Since then, the Chinese guards started a habit of torturing me every night.

All of these Chinese guards spoke very good Uyghur language. These Chinese guards put me in the electric chair for seven times. For five times, they put a high voltage electric shocker on my head that caused extreme convulsion all over my body. My heart irregularly pounded and my eyes blackened. I fainted several times during the tortures.

Exactly on the seventh day of my arrest, again the Chinese guards dragged me to the basement for confession in the middle of the night and inserted a wire with horsehair on top into my genital. The more the guard inserted the more he wound it. This caused severe damage to my urinary system. As a result, my genital swelled up and I urinated blood for more than a month.

During the torture, one of the Chinese guards pointed his finger at me and said, "We will castrate the inferior masculinity of your turban-heads and prostitute your girls. What can you turban-heads do to us great Chinese nation? With our spit, your will all drown." Then, they used electric club and knocked me down again and again.

For three times, the Chinese guards allowed the Chinese inmates to brutalize me. For many times, the Chinese inmates kept me standing awake for several days. I fainted almost every time when they did this to me. They forced me to squat and put my hands back to kiss the wall from a meter apart. The Chinese inmates kicked me, hit me and punched me whenever I failed to kiss it. I bumped into the wall and my nose started bleeding.

The Chinese prison guards seriously tortured, brutalized and severely injured me for more than one and a half-month. In the end, I collapsed because of fever, coughing with blood, sweating, frailty, lung problems and genital pain. I could stand and go to the restroom only with the help of others. I was bedridden for many days in the cell.

On July 20, The Chinese prison doctor came to see me. He was shocked to know my physical problems. Then, for fear of my death in jail, he ordered the jail to send me to the municipal military hospital on July 25th.

I stayed for only a week in the hospital. And then I escaped the hospital on August 3. Later, I successfully escaped to Kazkhstan via Korghas border on August 5.

While I was in Chinese prison, the Chinese police but six of my Uyghur friends and me into the same jail. Like me, all of them faced serious tortures from the Chinese prison guards to confess. We were all forced and tortured to confess that Mashrap was organized to carry out anti-Chinese government activities and separating Xinjiang from China. However, in the face of extremely painful tortures, all of us denied these charges.

On July 5, the Chinese guards dragged all of us into the basement interrogation cell and forced us to confess our crimes. We told the guards that we had nothing to confess since we didn't break any law. The angry Chinese guards stripped Yusuf naked and forced him to confess. Since he denied all the criminal charges and said Mashrap was a traditional and cultural Uyghur event aimed at improving moral and social values.

The Chinese guards couldn't find a way for him to confess, and also hoping to teach all of us a lesson, brought in two German shepherds in the cell and started using the dogs to bite naked Yusuf. One of the dogs viciously attacked him and bit his genital. He fell and crawled on the floor holding his private area. But the ruthless Chinese guards continued to molest him with the dogs hoping to annihilate our will of resistance.

Yusuf and I were put into the same cell at that time. Today he is still serving prison terms in the Chinese prison.

To get his confession, the Chinese guards tortured my friend Abdusalam Keyim on a high voltage electric chair. Then he was stripped naked and forced into an extremely low degree freezer. Later, the Chinese guards nailed metal sticks into his fingers and pulled out his nails one by one. In the end, they hit the back of his head with an electric bar and permanently damaged his brain. Since then, be became mentally insane and released from the jail. Abdusalam was from the Watergate neighborhood in Ghulja City.

My friend Muhammad Eli Mamatimin faced the most brutal torture in jail. One day he was forced to confess his crimes by the Chinese guards. He denied every single charge. To punish him, the guards put a wine bottle into his anus and kicked the bottle every time he denied one charge. Immediately he internally bled and fainted. Then, we has taken into the cell. We was what the Chinese guards did to him and all of us cried. Since then, Muhammad couldn't sit or sleep on his back and walk straight.

The most shocking and heinous crime the Chinese prison guards committed in jail is that they allowed the Chinese inmates to rape the Uyghur girls by taking turns. On 27 in June 1996, the Chinese prison guards brought Peride, a 21-year old pious Uyghur Muslim girl, from the ladies cell into the men's jail. The Chinese guards striped her naked and told her to ask her God to save her. Later, they put her naked into a cell with six Chinese inmates. These six Chinese criminals took turn and raped her one by one.

We heard Peride's painful cries coming out of the Chinese cell. We yelled, cried, kicked the metal bars and the wall. Instead of punishing the Chinese inmates, the guards furiously rushed into our cell and beat us up with electric bars. Then, they held Peride out of the Chinese cell since she was already fainted. Peride was from the Konqi neighborhood in Ghulja City.

When I escaped to Kazakhstan, a friend of mine who was put in this jail told me the following account. One day in January 1997, the

Chinese prison guards stripped Rena, a 23-year old Uyghur girl, naked and put her into Chinese cell. Like Peride, Rena was group-raped by the Chinese inmates. Rena was from Kepekyuzi village at the Jilyuz County.

Now I want to give a list of names of my Uyghur friends and acquaintances that suffered and continually suffered in the Chinese prisons. Some of their whereabouts are still unknown or missing today.

1. Turghan Tursun, 27, religious student, arrested on February 5, 1997 as a "separatist". He was sentenced to 5-year in jail. Currently, Turghan is serving his prison terms in Ili Prefecture Jail. He was from Ghulja tannery.

2. Iminjan, 29, teacher, arrested after February 1997 as a "separatist". He was sentenced to 15-year in jail. Currently, Iminjan is serving his prison term in Ili Prefecture Jail. He was from Ghulja tannery.

3. Yusufjan Eysa, 29, private businessman, arrested in January 1997. He was missing for one year. Later found by his father in Qapqal jail. Yusufjan was sentenced to 5-year in jail. Currently, he is serving his term at Ghulji municipal prison.

4. Seydehmet Yunus, 24, religious student, arrested in April 1998 as a "separatist". He was from Erkin Street in Ghulja City. He is still missing.

5. Ablet, 26, religious student, arrested in April 1998 as a "separatist". He was from Mashrapbay Street in Ghulja City. He is still missing.

6. Tursun, 26, religious student, arrested in April 1998 as a "separatist". He was from Totdukan neighborhood in Ghulja City. He is still missing.

7. Kahar, 26, religious student, arrested in May 1998 as a "separatist". He was from Totdukan neighborhood in Ghulja City. He is still missing.

8. Ablikim Muhammadjan, 24, religious student, arrested in April 1998 as a "separatist". He was from Dong neighborhood in Ghulja City. He is still missing.

9. Mirzat, 25, religious student, arrested in April 1998 as a "separatist". He was from the Watergate neighborhood. He is still missing.

10. Zulpikar Mamat, 26, religious student, arrested in March 1998 as a "separatist". He was from Aydong neighborhood in Ghulja City. He is still missing.

11. Ilyar, 26, religious student, arrested in May 1998 as a "separatist". He was from Urumqi Nenming neighborhood. He is still missing.

12. Dawud, 28, religious student, arrested in May 1998 as a "separatist". He was from Azatyuz village at Jeliyuz County in Ghulja. He is still missing.

13. Ablet Karihaji, 53, a religious mullah, arrested in December 1996 as a "separatist". He was sentenced for 20 years. He was from Kepekyuz village at Jeliyuz County in Ghulja. Due to severe torture, he was taken out with a handcart to meet his wife and kids when they came to visit him in prison.

14. Muhammadjan Karim, 29, religious teacher, arrested in June 1997 as a "separatist". He was from Topadeng neighborhood in Ghulja City. He is still missing.

15. Sultan Tursun, 25, religious student, arrested in February 1997 as a "separatist". He was Dong neighborhood in Ghulja City.

Dear ladies and gentlemen, all of these people are my good friends. The Chinese government has imprisoned a person from almost every Uyghur family in Ghulja City since 1996. At present, the Chinese government is still arresting hundreds of Uyghurs and mercilessly torturing them in the prisons. The Chinese human rights violation of the Uyghur people is nowhere to be found in the world.

It is my sincere hope from the bottom of my heart that the United States, the United Nations, and the international community take necessary measures to guarantee the fundamental human right of the Uyghur people and help free all the Uyghur political prisoners in the Chinese prisons.

Thank you,
Abdugheni Musa.

DEPARTMENT OF SOCIAL
DEVELOPMENT AND WORLD PEACE,
Washington, DC, June 30, 1999.

DEAR REPRESENTATIVE: The upcoming vote on extending "normal trade relations" status to the People's Republic of China presents the Congress with a significant opportunity and challenge to send an unmistakably clear message about our national concern for the protection of basic human rights.

Each time over the past several years when the issue has arisen, it has been our conviction that no Administration has been sufficiently committed to pressing the Chinese authorities on their systemic violations of certain fundamental human rights. Our Conference has focused particularly on the issues of religious freedom and we have repeatedly cited the persecution of religious groups, such as the unregistered Protestant and Catholic churches, and the intrusive interference by the state in the internal life of the "open" or recognized churches. The persecution and control of Tibetan Buddhism is especially shameful and known to all.

We acknowledge that the present Administration has made efforts to raise these issues with the Chinese authorities, but little, if anything, has changed on the human rights front in these last years of increased engagement. Indeed, the continued detention of religious figures as well as of democracy advocates only point up the necessity of unrelenting official U.S. firmness on issues of human rights and religious freedom.

The trade status debate may not be the best forum, but it does offer the Congress an important opportunity to raise the priority of human rights and religious liberty. Therefore, I urge you to send as clear a message as possible by voting to overturn the President's waiver of the relevant sanctions of the 1974 Trade Act. A strong vote to deny MFN/NTS status to China should strengthen the Administration's commitment to putting human rights at the top of the China agenda and send a strong signal that the status quo is not acceptable.

Sincerely yours,
MOST REVEREND THEODORE E. MCCARRICK,
Archbishop of Newark; Chairman, International Policy Committee, U.S. Catholic Conference.

FRC URGES HOUSE TO TAKE A STAND FOR HUMAN RIGHTS AND FREEDOM, REJECT "ABNORMAL TRADE RELATIONS" WITH CHINA

WASHINGTON, DC.—"On June 3, President Clinton with callous audacity commemorated the eve of the 10th anniversary of the Tiananmen Square massacre by asking Congress once again to reward China with renewal of its Normal Trade Relations (NTR) status. A strange thing to do, considering that there's nothing 'normal' about U.S. relations with China," said Bill Saunders, Foreign Policy and Human Rights Counsel for Family Research Council (FRC), on Thursday. "What is normal about conducting business as usual with a Chinese regime that lies to its people about NATO's accidental embassy bombing and virtually holds our ambassador hostage in the U.S. embassy by staging riots around him?"

While the President insists that the Administration's policy of "constructive engagement" is having a positive impact in China, all of the evidence shows that this is not true. The State Department's annual Human Rights Report released in February found that human rights deteriorated significantly in China in the past year. Along with the ongoing crackdown on political dissidents, the report highlighted religious persecution of Protestant and Catholic groups, continued abusive reproductive policies including forced abortion, and persecution of ethnic minorities. The Cox Report reveals that espionage can occur and national security can be threatened when we treat an authoritarian regime as if it's a democratic ally sharing American interests.

"The last time America seriously debated China's trade status, two years ago, it went by another name, Most Favored Nation (MFN). Changing MFN's name can't change the fact that there is less reason for normal trade with China today than there was in 1997," said Saunders. "The situation in China has gone from bad to worse, and the U.S. government is enabling the Chinese regime to continue its stranglehold on the Chinese people.

"The Congress must take a stand for the self-evident truth that all people, including the Chinese people, are endowed by their Creator with certain unalienable rights. The Congress must turn rhetoric about freedom into action to secure freedom. The Congress must reject NTR for China."

GENERAL BOARD OF CHURCH AND SOCIETY OF THE UNITED METHODIST CHURCH,
Washington, DC, July 26, 1999.

DEAR REPRESENTATIVE: This week's vote on whether to extend most favored nation status to the People's Republic of China presents Congress with a basic choice about human rights.

Every year when the issue has been voted, we have watched carefully for signs of improvement in China's human, labor, and environmental rights record. Last year, we did not urge Congress to withhold this trading status from China. We were waiting to see if the Administration's overtures to China lead to changes in China's actions. In the past year, however, despite promises from the Clinton Administration, that China's policies were improving, we have observed slippage in the most basic rights in China.

The persecution of indigenous people and their religions is of special concern to me. The situation of the Tibetans is most well known, but all of the 50 or so indigenous peoples in China experience restrictions of their freedoms.

The Clinton Administration has made an effort to raise issues of human rights, labor rights, and religious freedom with the Chinese, but little has changed. The current detention of members of the Falun Gong sect suggested that the Chinese policies have changed in the wrong direction. Other religious leaders and democracy activists still languish in jail.

I urge you to deny what is now called "normal trading status" to China until the Administration can certify that China is respecting the basic human rights of all groups in China. A "no" vote to this status will signal that the US Congress makes respect for human rights a priority.

Sincerely,

DR. THOM WHITE WOLF FASSETT,
General Secretary.

THE CENTER FOR RELIGIOUS FREEDOM, FREEDOM HOUSE, PRIORITY LIST—CHINESE CHRISTIANS PERSECUTED FOR RELIGIOUS REASONS, JULY 14, 1999

PROTESTANTS

1. Peter Xu Yongze. Pastor Peter Yongze Xu, China's most prominent underground Protestant leader, was sentenced to three years of labor camp on September 25, 1997, in Zhengzhou, Henan province, for "disrupting public order." His trial was closed to the public and he was denied a defense lawyer. Pastor Xu, the 56-year-old leader of the three- to four-million-strong New Birth Movement of evangelicals, was arrested on March 16, 1997, as he was meeting with other leaders of large evangelical churches in China. His wife and several of his associates were also imprisoned.

2. Liu Fenggang. A 37-year-old active member of a unofficial Protestant house-church in Beijing. Liu was arrested on August 9, 1995, at his home as part of a general crackdown on the dissident community in Beijing prior to the UN Fourth World Conference on Women. In early December 1995, Liu was sentenced to 2.5 years of "re-education through labor."

3. Wang Changqing. A 52-year-old house-church leader of the Zhoukou Prefecture, Henan province, Wang and five other Christian house-church leaders were sentenced without trial to three years of "re-education through labor" on August 14, 1995. The house-church leaders were accused of belonging to outlawed religious organizations and scheming to overthrow the Communist Party with foreign religious groups. Wang and the other Christian house-church leaders denied belonging to any of these "outlawed" religious groups because they consider them heresies. Wang has been transferred to Henan's Xuchang Labor Reform Center to begin his third prison term at a labor reform camp.

4. Zheng Yunsu. Leader of popular Jesus Family religious community in Duoyigou, Shandong province, Christian Zheng was arrested in June 1992 with thirty-six other community members, including his four sons. Their arrests are thought to be in part the result of the community's May 1992 efforts to prevent security forces from tearing down their church. The elder Zheng was charged with holding "illegal" religious meetings, "leading a collective life," disturbing the peace and resisting arrest. Sentenced to 12 years of imprisonment, he is thought to be held at the Shengjian Motorcycle Factory labor camp near Jinan city. Other community members received sentences of five years (another source says three). Public Security Bureau officials raiding the church compound in June 1992 leveled the church and confiscated personal property.

5. Pei Zhongxun (Korean Name: Chun Chul). The 76-year-old ethnic Korean Protestant leader from Shanghai, Pei, was arrested in August 1983 for counter-revolutionary activities. Accused of spying for Taiwan (because of ties to Taiwanese Christians) and of distributing Bibles and other Christian literature to others in the house-church movement, he was charged with "counterrevolutionary crimes," and sentenced to 15 years of imprisonment. He is reportedly imprisoned in Shanghai Prison No. 2. His family is permitted to visit him for half-an-hour each month.

6. Wang Xin Cai. Evangelical Wang was arrested with Pastor Peter Xu Yongze and imprisoned on March 16, 1997, in Zhengzhou, Henan. There is no further information on his legal situation.

7. Qin Musheng. Evangelical Qin was arrested with Pastor Peter Xu Yongze and imprisoned on March 16, 1997, in Zhengzhou, Henan. He has been sentenced to two and a half years of education through labor.

8. Qing Jing. Qing, the 30-year-old wife of Pastor Peter Xu Yongze, was arrested along with her husband on March 16, 1997, in Zhengzhou, Henan. She has been sentenced to one year of education through labor.

9. Sister Feng Xian. Evangelical Feng was arrested with Pastor Peter Xu Yongze and imprisoned on March 16, 1997, in Zhengzhou, Henan. She has been sentenced to two and one half years of education through labor.

10. Su Yu Han. The 37-year-old evangelical was imprisoned on July 25, 1996, and sentenced to a reeducation labor camp for one and a half years. He is from the Tongnan neighborhood in Wu Tong town in Tong Xiang Country, Zhejiang Province, an area that has been targeted for severe repression by a specific Party directive. His house church with eight rooms was destroyed completely on the night of his arrest. All of his property was confiscated.

11. Wu Bing Fang. The 22-year-old brother of imprisoned evangelical Su Yuhan was imprisoned on July 25, 1996, and sentenced to a re-education labor camp for one and a half years. He is from Xin Ku neighborhood, Hong Yong town, Jia Xing district, Zhejiang Province. All of his property was confiscated.

12. Cao Wen Hai. Evangelical Cao was imprisoned on August 10, 1997, in Ping Ding Shan, Henan. His hometown in Fang Cheng county, Henan Province, is known as the "Jerusalem of China" where the Chinese House church movement was initiated in the 1980's. He was helping in the ministries of millions of Christians in China.

13. Zhang Chun Xia. Evangelical Zhang was imprisoned on August 10, 1997 in Ping Ding Shan, Henan. Her hometown in Fang Cheng county, Henan Province, is known as the "Jerusalem of China" where the Chinese House church movement was initiated in the 1980's. She was helping in the ministries of millions of Christians in China.

14. Zhao Song Yin. Evangelical Zhao was imprisoned on August 10, 1997, in Ping Ding Shan, Henan. His hometown in Fang Cheng county, Henan Province, is known as the "Jerusalem of China" where the Chinese House church movement was initiated in the 1980's. He was helping in the ministries of millions of Christians in China.

15. Philip Guoxing Xu. Philip Xu is a 43-year-old evangelical traveling preacher and Bible teacher based in Shanghai, was arrested on June 16, 1997, and is presently in solitary confinement. Since late 1997, he has been allowed family visits and was allowed to send a letter from prison in May 1998. His legal situation is uncertain. He was sentenced without a trial to 3 years of labor camp (with labor at day and solitary confinement at night) in DA FUNG in northern Jiangsu Province. His wife was turned away when she tried to visit him on October 22, 1997, after traveling 20 hours by bus from Shanghai. Previously, he had been arrested on March 14, 1989 for a "thorough investigation." At that time the authorities found "no political motivation, no intention for collecting money, and no sexual misconduct," he was released. He had also been arrested on November 6, 1989 while teaching a Bible study class, and was sentenced without trial to three years of labor camp. After completing that sentence, Guoxing was released. He is married, and now has a young daughter. His birthday is March 16, 1955. He lived in California between 1980 and 1982.

16. Huang Dehong. Huang Dehong, a Protestant from Baokang, Hubei province, affiliated with China Evangelistic Fellowship, is being detained in Baokkang Prefectural Labor Educational Camp.

17. Huan Debao. Huan Debao, a Protestant from Baokang, Hubei province, affiliated with China Evangelistic Fellowship, is being detained in Wuwei Labor Educational Camp in Gansu.

18. Hei Qunhu. Hei Qunhu, a Protestant from Lushi, Henan province, affiliated with China Evangelistic Fellowship, is being detained in Wuwei Labor Educational Camp in Gansu.

19. Dai Chenggang. Dai Chenggang, a Protestant from Baokang, Hubei province, affiliated with China Evangelistic Fellowship, is being detained in Zhenglin Labor Educational Camp, in Zhaoyang, Hubei.

20. Zhang Shangkui. Zhang Shangkui, a Protestant from Zhaoyang, Hubei province, affiliated with China Evangelistic Fellowship, is being detained in Zhenglin Labor Educational Camp, in Zhaoyang, Hubei.

21. Li Qingshu. Li Qingshu, a Protestant from Zhaoyang, Hubei province, affiliated with China Evangelistic Fellowship, is being detained in Zhenglin Labor Educational Camp, in Zhaoyang, Hubei.

22. Zhang Jun. Zhang Jun, a Protestant from Zhaoyang, Hubei province, affiliated with China Evangelistic Fellowship, is being detained in a local township educational camp in Hubei since April 6, 1999.

23. Brother Song. Brother Song, a Protestant from Zhaoyang, Hubei province, affiliated with China Evangelistic Fellowship, is being detained in Shayang Labor Educational Camp in Hubei since April 6, 1999.

24. Hu Shoubin. Hu Shoubin, a Protestant from Qianjiang, Hubei province, affiliated with China Evangelistic Fellowship, is being detained in Shayang Labor Educational Camp in Hubei.

25. Jia Ping. Jia Ping, a Protestant from Xiantao, Hubei province, affiliated with China Evangelistic Fellowship, is being detained in Shayang Labor Educational Camp in Hubei.

26. Huang Zhihai. Huang Zhihai, a Protestant from Hebei province, affiliated with China Evangelistic Fellowship, is being detained in Tangshan Labor Educational Camp in Hebei.

27. Fan Jinxia. Fan Jinxia, a Protestant from Hebei province, affiliated with China Evangelistic Fellowship, is being detained in Tangshan Labor Camp in Hebei.

28. Yang Xiaofang. Yang Xiaofang, a Protestant from Hebei province, affiliated with China Evangelistic Fellowship, is being detained in Tangshan Labor Camp in Hebei.

29. Liang Fujuan. Liang Fujuan, a Protestant from Hebei province, affiliated with China Evangelistic Fellowship, is being detained in Tangshan Labor Educational Camp in Hebei.

30. Huang Xiaojuan. Huang Xiaojuan, a Protestant from Hebei province, affiliated with China Evangelistic Fellowship, is being detained in Tangshan Labor Educational Camp, in Hebei.

31. Zhu Qin. Zhu Qin, a Protestant from Beijing, affiliated with China Evangelistic Fellowship, is being detained in Tongxian Labor Educational Camp in Hebei.

32. Zheng Fang. Zheng Fang, a Protestant from Xinyang, Henan province, affiliated with China Evangelistic Fellowship, is being detained in Shibalihe Labor Educational Camp in Zhengzhou, Henan.

33. Xu Ying. Xu Ying, a Protestant from Xinyang, Henan province, affiliated with China Evangelistic Fellowship, is being detained in Shibalihe Labor Educational Camp in Zhengzhou, Henan.

34. Ye Kensheng. Ye Kensheng, a Protestant from Xinyang, Henan province, affiliated with China Evangelistic Fellowship, is being detained in Xinyang Municipal Labor Educational Camp.

35. Xiao Minghai. Xiao Minghai, a Protestant from Xinyang, Henan province, affiliated with China Evangelistic Fellowship, is being detained in Xinyang Municipal Labor Educational Camp.

35. Zhang Jinchen. Zhang Jinchen, a Protestant from Xinyang, Henan province, affiliated with China Evangelistic Fellowship, is being detained in Xinyang Municipal Labor Educational Camp.

36. Wang Xuchua. Wang Xuchua, a Protestant from Xinyang, Henan province, affiliated with China Evangelistic Fellowship, is being detained in Xinyang Municipal Labor Educational Camp.

37. Li Zhongchang. Li Zhongchang, a Protestant from Henan province, affiliated with China Evangelistic Fellowship, is being detained in Nanhu Labor Educational Camp in Anhui.

38. Zhan Guohua. Zhan Guohua, a Protestant from Henan province, affiliated with China Evangelistic Fellowship, is being detained in Hefei Labor Educational Camp in Anhui.

39. Li Liya. Li Liya, a Protestant from Huo Qiu, Anhui province, affiliated with China Evangelistic Fellowship, is being detained in Nanhu Labor Educational Camp in Anhui.

40. Hou Feng. Hou Feng, a Protestant from Jianchuan, Anhui province, affiliated with China Evangelistic Fellowship, is being detained in Nanhu Labor Educational Camp in Anhui.

41. Tian Lin. Tian Lin, a Protestant from Jianchuan, Anhui province, affiliated with China Evangelistic Fellowship, is being detained in Nanhu Labor Educational Camp in Anhui.

42. Meng Qingli. Meng Qingli, a Protestant from Shangqiu, Henan province, affiliated with China Evangelistic Fellowship, is being detained in Shangqiu Labor Educational Camp in Anhui.

43. Wu Guifang. Wu Guifang, a Protestant from Xingiang province, affiliated with China Evangelistic Fellowship, is being detained in Urumqi Labor Educational Camp in Xinjiang.

44. Guei Chuan-Lun. Guei Chuan-Lun, a Protestant from Feng Yang, Anhui province, is being detained in Baofeng Labor Educational Camp in Xuanzhou, Anhui.

45. Liu Hai-Kuan. Liu Hai-Kuan, a Protestant from Feng Yang, Anhui province, is being detained in Baofeng Labor Educational Camp in Xuanzhou, Anhui.

46. Zhang Wan-Bao. Zhang Wan-Bao, a Protestant from Feng Yang, Anhui province, is being detained in Baofeng Labor Educational Camp in Xuanzhou, Anhui.

47. Lin Ke-Wei. Lin Ke-Wei, a Protestant from Li-Xin, Anhui province, is being detained in Nanhu Agricultural Labor Educational Camp.

48. Peng Shu-Xia. Peng Shu-Xia, a Protestant from Chang Feng, Anhui province, is being detained in Women Labor Educational Camp in Hefei, Anhui.

49. Wang Chuan-Bing. Wang Chuan-Bing, a Protestant from Qing-gang, Heilongjiang province, is being detained in Qing-gang Detention Center in Heilongjiang.

50. Wang Xincai. Wang Xincai, a Protest from Lushan, Henan province, is being detained in Qiliyan Labor Educational Camp in Zhengzhou, Henan.

51. Wu Juesheng. Wu Juesheng, a Protestant, is being detained in Da-an Labor Educational Camp in the Biyang Prefecture of Henan province.

52. Zhang Chunxia. Zhang Chunxia is being detained in Shibalihe Female Labor Educational Camp in Zhenghou, Henan province.

53. Xu Dajiang. Xu Dajiang, a Protestant from Xinyang, Henan province, affiliated with China Evangelistic Fellowship, is being detained in Xinyang Municipal Labor Educational Camp.

54. Zhao Wu Na. Zhao Wu Na is a 50-year-old (born 1948) evangelical Christian woman from Shanghai who was arrested on December 28, 1997, and detained in a labor camp. A graduate of the government-sponsored East China Theological Seminary, she resigned from the Patriotic Three-Self movement and began to evangelize independently. Her husband has disappeared and she believes that he has been kidnapped by government agents in a covert operation.

ROMAN CATHOLICS

55. Bishop Zeng Jingmu. [Transferred to house arrest on May 9, 1998]. The 78-year old Roman Catholic Bishop of Yu Jiang, Jiangxi province, Bishop Zeng was sentenced without a trial, in March 1996 to three years of "re-education through labor" in the laogai for his religious activities for being arrested the previous November. He had already spent about two decades in communist prisons for his faith. Reportedly, Bishop Zeng was weakened by a serious case of pneumonia which he had contracted during a short prison detention in October 1995. In 1994, he had been arrested on August 14, one day before an Assumption Day raid by Public Security officials from the town of Yu Jiang and held without charge until December 1994. He has been adopted by Amnesty International as a "prisoner of conscience."

56. Bishop An Shuxin. Bishop An was arrested in February 1996 as a preemptive strike against the popular annual May 24 Catholic Pilgrimage to the shrine of Mary in village of Donglu in Hebei. Police crushed all commemorations, other clergy from the area were imprisoned or placed under house arrest, and some churches and prayer houses in the area were desecrated. He remains in detention. He is an auxiliary bishop to Bishop Su.

57. Bishop James Su Zhimin. Bishop Su Zhimin, 65, the Roman Catholic bishop of Baoding in Hebei Province who respects the authority of the Vatican, has spent twenty years in Chinese prisons. During one prison stint lasting 15 years, he was subjected to extreme torture. In one incident, the board, which was used to beat him, was reduced to splinters. The police then ripped apart a wooden door and continued to beat Bishop Su until it also disintegrated into splinters. Other tortures used against him included being hung from his wrists while being beaten on his head, and on another occasion being placed in a cell which was partially filed with water. The Bishop was left there for days, unable to either sit, lie down or sleep. He suffered extensive hearing loss as a result. In 1996, Bishop Su wrote a courageous letter of protest about religious violations of Chinese government authorities. He was arrested most recently on October 8, 1997 for religious reasons after 18 months in hiding. On October 24, the U.S. State Department reported that it had received word from Chinese authorities that the bishop had been released from jail, but this turned out to be false and local Catholics report that government agents are now blocking access to the bishop's residence. Bishop Su is believed to be in detention. Reliable reports indicate that on November 7, 1998 he was transferred from Qingyuan prison to a government guest house or apartment building in Qingyuan where he was held incommunicado and kept under strict 24-hour police surveillance. The transfer probably occurred to defuse protest during the Chinese president's state visit to Washington. The American religious delegation that traveled to China in February 1998 were refused permission by the government to visit Bishop Su. Chinese Ambassador Li Zhaozing continues to spread disinformation about the Bishop; on May 18, 1998, he wrote to Congressman Vince Snowbarger denying that Bishop Su was under detention, stating he "is a free man." His whereabouts and well-being are not known. He is in state custody, presumably in a labor camp.

58. Bishop Julias Jia Zhiguo. The 58-year-old Bishop of Zhengding, Hebei province, and secretary-general of the underground Chinese Bishop's Conference, Bishop Jia was arrested on August 27, 1995, and held at a detention center in Yong Nian until being released two months later. He had been subjected to frequent short detentions at the hands of the Public Security Bureau. He was arrested on January 7, 1994, and but released shortly thereafter, and re-arrested January 20, 1994, but subsequently released in early February. He was arrested again on February 9, 1994, and reportedly released in one month later. He had been arrested on April 5, 1993, with eight other priests, all of whom were released later that year. He is currently under police surveillance and severe restrictions of movement that are a form of house arrest.

59. Bishop Joseph Li Side. In his 60's, the Bishop of Tianjin diocese was arrested May 25, 1992, exiled in July 1992 to a rural Liang Zhuang, Ji county, and forbidden to leave. According to most recent report, he is being held under a form of house arrest on the top of a mountain. He had previously been detained several times, including 1989, when he was arrested for playing a role in the underground episcopal conference and reportedly tried in secret.

60. Bishop Gu Zheng Mattia. The Bishop of Xining diocese, Qinghai province, was arrested on October 6, 1994, but released sometime in early December 1994. He has been placed under police surveillance and restrictions of movement. Church sources report as of July 1997, he was again placed under detention by Public Security organs.

61. Bishop Joseph Fan Zhongliang. Bishop Fan, the 74-year-old acting bishop of Shanghai, is under ritual house arrest at his apartment in Shanghai. During Easter Week, Bishop Fan's residence was ransacked and his Bible, catechism, code of Canon Law, and meager diocesan treasury were confiscated by police. He has been previously imprisoned for his faith for 25 years between 1957 and 1982. He had also been arrested on June 10, 1991, reportedly in response to the Vatican's elevating to Cardinal another Chinese bishop, Ignatius Kung. On August 19, 1991, he was transferred to a form of house arrest in Shanghai, which was confirmed by a Freedom House delegation in mid-1997.

62. Bishop Casimir Wang Milu. The 55-year-old Bishop of Tianshui diocese, Gansu province, Bishop Wang was arrested April 1984 for

counter-revolutionary activities, including ordaining priests (after his own secret consecration as bishop by Bishop Fan Xueyuan in January 1981), having contact with the Vatican and other Chinese Roman Catholics, and criticizing government religious policy and the Catholic Patriotic Association. In 1985 or 1986 he was sentenced to ten years of "reform through labor" and four years of deprivation of political rights. He was imprisoned for a time at labor camp in Pingliang, Gansu and then transferred to a labor camp near Dashaping in Lanzhou. Released on parole on April 14, 1993, he remains under severe restrictions of movement, that are a form of house arrest. He was previously imprisoned for his faith during the Cultural Revolution.

63. Bishop Cosmas Shi Enxiang. The 71-year-old auxiliary Bishop of Yixian, Hebei province, Bishop Shi was originally arrested in December 1990 and held by Xushui County Public Security Bureau. His whereabouts remained unknown for close to three years. He was thought to have been held in a "reeducation through labor" camp near Handan or in an "old age home." On November 31, 1993, he was released and permitted to return home. Although reportedly in poor health, he resumed duties as Auxiliary Bishop of Yixian, thought under police surveillance and restrictions of movement.

64. Bishop Han Dingsiang. Bishop Dingsiang was arrested in Yong Nian. He has been arrested and released several times and it is believed he is currently in jail.

65. Bishop Han Jingtao. Bishop Jingtao has been prevented by police from exercising his ministry.

66. Bishop Liu Guandong. Bishop Guandong, of Yixian, is under strict surveillance by Chinese security forces.

67. Bishop Zhang Weizhu. Bishop Weizhu was arrested in Xianxian on May 31, 1998.

68. Rev. Guo Bo Le. A Roman Catholic priest from Shanghai, Rev. Guo was sentenced in January 1996 to two years of imprisonment at a "reform through labor" camp because of "illegal religious activity." He was arrested while celebrating Mass on a boat for about 250 fishermen. Guo's other "illegal" activities included administering the Sacrament of the Sick, establishing underground evangelical church centers, organizing catechetical institutes, teaching Bible classes and "boycotting" the Catholic Patriotic Association. Fifty-eight-year-old Guo has already spent thirty years—over half his life—in Chinese prisons because of his faith.

69. Rev. Vincent Qin Guoliang. Rev. Qin, a 60-year-old Roman Catholic priest, was arrested on November 3, 1994, in the city of Xining, Qinghai province, on unknown charges by Public Security officials. He was arbitrarily sentenced to two years' "reeducation through labor" at Duoba labor camp 20 kilometers from Xining. Father Qin was forced to carry rocks and blocks of ice in the camp, but after one month of this hard labor he became seriously ill. In March 1995, he was allowed to perform light duties and is now the treasurer of the prison. According to press accounts, the sentencing procedure circumvented the need for his name to appear on any legal documents, thereby preventing him from being officially recognized as a "prisoner." It is not known if he has been released but if he has he probably was returned to his previous status as an "employee detainee" for the State. He had been previously, arrested on April 21, 1994, while celebrating Mass, and released on August 29, 1994. Beginning in 1955, he served 13 years of imprisonment because of his refusal to renounce ties with the Vatican. Upon completion of prison term, he was transferred to a labor camp as an "employee detainee" to make bricks at No. 4 brick factor in Xining. After another 13 years of this forced labor, he was refused government permission to return to his home in Shanghai. He was forced to continue working at the No. 4 brick factor in Xining until his re-arrest in April 1994. He was secretly ordained a priest in 1986 and carried out his apostolic work in the province of Qinghai.

70. Rev. Liao Haiqing. Rev. Liao is a 68-year-old priest in Fuzhou, Jiangxi province. Arrested in August 4, 1995, he was last known to be detained at Lin Chuan City's detention center. Father Liao has a heart condition and high blood pressure, but he is not allowed to receive medication from his family, who are barred from visiting him. Previously arrested on August 11, 1994, on unspecified charges and held in detention until mid-November 1994. Prior to that, he had been arrested while celebrating Mass, on August 16, 1992, and held until March 1993. He has also previously served a ten-year term, which ended in July 1991.

71. Rev. Peter Cui Xingang. The 31-year-old Pastor of the Church of Our Lady of China in Donglu village, Hebei province, the site of the famous underground Catholic procession, was arrested in late March 1996 and detained along with Bishop Su Zhimin. He had been reportedly in and out of detention since then and at last report in mid-1997 was behind bars once again. He had been previously, arrested on July 28, 1991, and held without trial until being released in August 1995.

72. Rev. John Wang Zhongfa. Rev. Zhongfa, a is a 67 year-old Roman Catholic priest of Wenzhou diocese, Zhejiang province, was arrested on November 24, 1997, and sentenced in January 1998 to one year of re-education through labor for "disturbing the peace." He Wenzhou city council, which imposed the sentence, reportedly said that his sentence is to expire on November 23, 1998. The priest, labelled "Number One Evil" by security officials, was arrested for organizing an unauthorized Marian event last October. According to a report from a Catholic source in Hong Kong, Fr. Wang is out of 15,000 yuan (US$1,800) bail but must report regularly to police. He was arrested while conducting a private funeral service for a nun.

73. Rev. Shi Wende. Rev. Wende, of Yixian diocese, Hebei province, was arrested on March 14, 1998, while visiting the home of an underground Catholic in Liu Li Quao, according to the Cardinal Kung Foundation. His whereabouts are not known.

74. Fr. Deng Ruolun. Fr. Ruolun, a first apostolic Administrator of the Diocese of Yujiang, was arrested in Jiangxi province on August 14, 1997, while celebrating Mass at a private home. His father was later detained on August 20, along with five others whose names remain unknown.

According to a report by Amnesty International released on March 31, 1998, over 200 Roman Catholics were detained in Jiangxi province in 1997. The arrests were apparently carried out in two separate incidents: the first in August 1997; and the second, between mid November and December. Some of those arrested were jailed or tortured. Their current whereabouts and legal status are unknown. The following 11 names are those identified as detained:

75. Zhang Jiyu. Zhang Jiyu is a 48-year-old Catholic woman, who are arrested and detained in Jiangxi province on August 13, 1997, after protesting the arrest of her 17-year-old daughter, who herself had been detained for religious reasons.

76. Liu Haicheng. Lui Haicheng was arrested in Jiangxi on August 15, 1997, for allowing a private mass at his home (where Fr. Deng Ruolun had been arrested). Police reportedly tortured Haicheng in order to extract a confession of guilt to criminal charges.

77. Zhou Xiaoling. Zhou Xiaoling, like Liu Haicheng, was arrested in Jiangxi province on August 15, 1997, and then tortured for allowing a private mass in his own home.

78. Xiao Lan. Xiao Lan, a 32-year-old Catholic nun, was arrested in Jiangxi province in mid August of 1997.

79. Long Mei. Long Mei, a 24-year-old Catholic nun, was arrested in Jiangxi province in mid August of 1997.

80. Yuan Mei. Yuan Mei, a 20-year-old Catholic nun, was arrested in Jiangxi province in mid August of 1997.

81. Cheng Jinli. Cheng Jinli, a 24-year-old Catholic nun, was arrested in Jiangxi province in mid August of 1997.

82. Hua Jingjin. Hua Jinglin, a 30-year-old Catholic nun, was arrested in Jiangxi province in mid August of 1997.

83. Jun Fang. Jun Fang, a Catholic nun, was arrested in Jiangxi province in mid August of 1997.

84. Zhang Jiehong. Zhang Jiehong, a 50-year-old Catholic laywoman, was arrested in Jiangxi province in mid August of 1997.

85. Fr. Lin Rengui. Fr. Rengui, of Pingtan county, was arrested during Christmas of 1997. His sentence is unknown.

86. Fr. Ma Qinguan. Fr. Qinguan, a priest from Baoding, is being pursued for capture.

87. Fr. Wang Chengi. Fr. Chengi, was arrested in December of 1996. He was sentenced to three years' imprisonment. He is currently at Shandong Jining Reeducation Camp.

88. Fr. Wei Jingkun. Fr. Jingkun, of Baoding, was arrested on August 15, 1996.

89. Fr. Xiao Shixiang. Fr. Shixiang, was arrested in June, 1996 and given a three-year sentence. He is currently at Tianjin #5 prison.

90. An Xianliang. An Xianliang, a Catholic from the village of An Jia Zhuag, was arrested in 1996.

91. Di Yanlong. Di Yanlong, a Catholic from the village of An Jia Zhuang, was arrested in 1996 and sentenced to three years in prison.

92. Gao Shuping. Gao Shuping, a Catholic citizen of Lin Chuan, was arrested in November 1996.

93. Gao Shuyun. Gao Shuyun, a Catholic from Chongren County, was arrested in April 1995.

94. Huang Guanghua. Huang Guanghua, from Chongren County, was arrested in April 1995.

95. Huang Tengzong. Huang Tengzong, from Chongren County, was arrested in April 1995.

96. Jia Futian, from the village of Yangzhuang, was arrested in 1996 and sentenced to three years in prison.

97. Li Lianshu. Li Lianshu, a Catholic, was arrested during Christmas of 1995. He was sentenced to four years and is currently at Shandong #1 Reeducation camp.

98. Li Quibo. Li Quibo, a Catholic, was arrested in Easter 1996. He was sentenced to three years and is currently at Shandong #1 Reeducation camp.

99. Li Shengxin. Li Shengxin, a Catholic from An Guo, was arrested in 1996 and sentenced to three years in prison.

100. Li Xin. Li Xin, a Catholic, was arrested in 1996 and sentenced to three years in prison.

101. Pan Kunming. Pan Kunming, a Catholic from Yu Jiang, was arrested in 1996 and sentenced to five years.

102. Rao Yanping. Rao Yanping, a Catholic from Yu Jiang, was arrested in April 1995 and sentenced to four years.

103. Wang Chengqun. Wang Chengqun, a Catholic from Baoding, was arrested in April 1996 and sentenced to three years.

104. Wang Yungang. Wang Yungang, a Catholic, was arrested during Christmas 1996, and sentenced to two years and currently is at Shandong Changle Reeducation Camp.

105. Xie Suqian. Xie Suqian, a Catholic from Baoding, was arrested on August 15, 1998.

106. Yao Jinqiu. Yao Jinqiu, a Catholic from the village of An Jia Zhuang, was arrested in 1996 and sentenced to three years.

107. Yu Qixiang. Yu Qixiang, a Catholic from Yu Jiang, was arrested in April 1995 and sentenced to two years.

108. Yu Shuishen. Yu Shuishen, a Catholic from Yu Jiang, was arrested in April 1995 and sentenced to three years in prison.

109. Zhou Quanxin. Zhou Quanxin, a Catholic layman, was arrested in Baoding, Hebei Province, during an underground Holy Mass on Pentecost Sunday, May 23, 1999, while aiding the escape of the presiding priest.

110. Zhou Zhenpeng. Zhou Zhenpeng, a Catholic layman, was arrested in Baoding, Hebei Province, during an underground Holy Mass on Pentecost, May 23, 1999, while aiding the escape of the presiding priest.

111. Zhou Zhenmin. Zhou Zhenmin, a Catholic layman, was arrested in Baoding, Hebei Province, during an underground Holy Mass on Pentecost Sunday, May 23, 1999, while aiding the escape of the presiding priest.

112. Zhou Zhenquan. Zhou Zhenquan, a Catholic layman, was arrested in Baoding, Hebei Province, during an underground Holy Mass on Pentecost Sunday, May 23, 1999, while aiding the escape of the presiding priest.

Sources: Cardinal Kung Foundation; Church sources in China; Family members of religious prisoners; Compass Direct; Fides (news agency under the auspices of the Vatican's congregation for mission countries, Propaganda Fides); Information Center of Human Rights and Democratic Movement in China (Hong Kong); The Oregonian; Reuters; U.S. State Department Human Rights Reports on Countries (1999); Zenit; Christian Solidarity Worldwide; Amnesty International; Union of Catholic Asian News.

See Center's Web site for further information: www.freedomhouse.org/religion.

The Effect of MFN on China

(By Wei Jingsheng)

The reason that a representative of the highest level of the Chinese Communist Party (CCP) met with me in 1994 was that many in the inner circles of the CCP believed that I could influence the future of MFN, due to my meeting with Secretary of State Warren Christopher.

Among the conditions which were promised to me at that time, some were met very faithfully. Even though I had been illegally taken into custody, they scrupulously fulfilled two agreements: one was the freeing of Wang Juntao, Chen Ziming and several other political prisoners. The other was that after I agreed to their conditions they would not arrest my associates, including Wang Dan, Liu Nianchun, Liu Xiaobo and many others who fell within the protective scope of the agreement.

However, there were promises that they did not keep. These include not allowing the democracy faction to carry out public activities and buy banks and newspapers, and releasing another group of prisoners, such as Hu Shigen and Zhou Guoqiang. Because U.S. President Clinton decoupled MFN from human rights considerations, many people inside the CCP decided that there was no need to continue to keep the promises they had made.

I found out in prison that the treatment of political prisoners followed the political atmosphere, changing as the atmosphere changed. The most important elements in the political atmosphere were U.S.-China relations and the question of MFN.

In 1994, after my secret negotiations with the CCP's representative, I was put under house arrest in a high-level guesthouse. Living conditions were quite good, and it was possible to go out to eat in the company of a policeman, for example; the only thing I could not do was have contacts with the outside world. They were obviously planning to release me after a short time, because they were concerned that my opinion could influence the future of MFN. They had no control over the future of MFN, and so they treated me a high degree of courtesy.

But about a month after Secretary of State Christopher returned to the U.S., they suddenly sent me to a place where conditions were even harsher than in a prison. It was damp, there were no facilities for washing, and I could not even go to the toilet without being under the scrutiny of a guard. There was no access to newspapers, TV or radio. Not only did I have no contact with the outer world, but even my sources of news were cut off. This occurred because, although the delinking of MFN with human rights had not been made public, the Chinese government had already received reliable assurances of this from the American side. At the time I guessed that this was the situation, and after I came to the U.S. in 1997 I received proof that confirmed my earlier suspicions.

While the Chinese government began to lobby in the U.S. for permanent MFN status, I was sentenced to 14 years and was sent to prison. From the end of 1996 until early 1997, as lobbying for "permanent MFN status" for China was called for openly in the U.S. Congress, the CCP convened a meeting on politics and law, and the ranking politics and law committee member, Luo Gan, publicly called for a crackdown on resistance, hunger strikes and other activities by political prisoners.

Conditions for political prisoners in China's jails quickly became more oppressive. Almost all conditions necessary to sustain life disappeared, many more were beaten and the use of handcuffs and punishment cells became more common. I also received this type of treatment. For details, please see the newspaper reports from the first part of 1997.

In June and July of 1997, revelations about the conditions of Chinese political prisoners were comparatively frequent. During discussions about MFN in the U.S. Congress, this issue was often discussed. Demands to suspend MFN increased, and, in China, the government ceased carrying out oppressive measures against political prisoners. The use of shackles and punishment cells stopped, prisoners were returned to their normal cells, and the most necessary items for daily life were restored.

The events described above show clearly that the strategy of using MFN to put pressure on the Chinese government is highly effective. Although the lack of willpower and consistency in U.S. policy have prevented effective pressure on China to democratize, the effectiveness of the use of the MFN issue to improve conditions for political prisoners and limit arrests of dissidents has been clearly shown.

In other words, if the pressure of the MFN issue is lost, it means collusion with the hardliners of the CCP as they persecute and oppress China's opposition.

Mr. CRANE. Mr. Speaker, I urge my colleague from Virginia to consult with the Reverend Billy Graham and Pat Robertson.

Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from Connecticut (Mrs. JOHNSON).

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in strong opposition to this resolution. Denying NTR to China will undermine our interests, United States economic interests. It is our twelfth largest market and increased imports from the United States 11 percent last year all on products made by highly skilled workers earning high wages.

Connecticut exports to China in 1998 totaled more than 301 million ranking it tenth in the Nation. Connecticut businesses and its workers have a direct interest in maintaining normal trading relations with China and with further opening China's markets. With a quarter of the world's population and the third largest economy, China's buying power will grow tremendously in the years ahead. If we do not engage this emerging major market, other nations will replace U.S. companies and these significant profits gained as a competitive advantage over us. That has already happened in the helicopter and other markets through shortsighted American policy.

Mr. Speaker, it is just a fact that China is making quiet but significant progress in many areas. Unlike Russia, China has recognized the need to recapitalize their state-owned businesses and has gradually sold many to foreign companies. They are modernizing their economy without the level of unemployment, crime, and turmoil that has plagued other nations faced with this challenge.

Furthermore, western companies have brought management practices to China that develop individual initiative and respect workers' ideas. They have brought more stringent health safety and environmental standards accomplishing goals like reducing industrial waste 35 percent and harmful air emissions 36 percent, as did Carrier since 1995.

And western companies have brought more opportunity to workers like Otis Elevator's home ownership program.

In addition, China has had direct elections in half its villages, gaining experience with secret ballots and multicandidate elections. In some provinces, 40 percent of the candidates are young entrepreneurs and not Communist Party members. In 1997, as part of the rule of law initiative the training of legal aid lawyers began.

In sum, China is modernizing its economy and governance through a process that is harmonious with her long history and cultural traditions, but that should not obscure the growth of values in common with people in the west. It should certainly not obscure our common interest in the growth of trade between our nations based on the principles that undergird the WTO relationships. By renewing NTR and working with China to enter WTO we can help China adopt free and fair trade policies. Lower tariffs make our goods more affordable. Distribution rights under WTO will provide access to customers. Good for China, good for us.

I urge renewal of the normal trade relations with China and opposition to this resolution of disapproval.

I rise in strong opposition to this resolution. Denying NTR to China will undermine our entire U.S. economic interests. It is our 12th largest market and increased imports from the U.S. 11% last year. With a population of 1.2 billion, China imported approximately $18 billion worth of U.S. goods and services in 1998, supporting thousands of high-wage, high-skill, export-related American jobs. This represents an increase of more than 11% from the previous year, making China the 12th largest U.S. export market.

Connecticut exports to China in 1998 totaled more than $301 million, ranking it 10th in the nation. Connecticut businesses and its workers have a direct interest in maintaining normal trade relations with China and in further opening its markets.

With a quarter of the world's population and third largest economy, China's buying power will grow tremendously in the years ahead. If we do not engage this emerging major market, other nations will replace U.S. companies and use the significant profits gained as a competitive advantage over us. That has already happened in the helicopter market with U.S. producers guilty of short-sighted policy.

It is just fact that China is making quiet but significant progress in many areas. Unlike Russia, China recognized the need to recapitalize their state-owned businesses and has gradually sold many to foreign companies. They are modernizing their economy without the level of unemployment, crime and turmoil that has plagued other nations faced with this challenge. Furthermore, western countries have brought stringent management practices to China that develop individual initiative and respect workers' ideas, have brought management health, safety and environmental standards, accomplishing goals like reducing industrial waste 35% and harmful air emissions by 36% as did Carrier since 1995 and western companies have brought new opportunities to workers like Otis Elevator home ownership programs.

In addition China has held direct election in half its villages, gaining experience with secret ballots and multi-candidate elections. In some provinces, 40% of the candidates are young entrepreneurs and not communist party members. (They seek better schools and roads, and are cracking down on corruption.) In 1997, as part of a rule of law initiative, the training of legal aid lawyers began.

In sum, China is modernizing its economy and governance through a process that is harmonious with her cultural traditions, but that should not obscure the growth of values shared by people in the West.

China is now on the verge of gaining membership in the World Trade Organization. WTO membership requires a country to adopt free and fair trade practices. We must encourage this progress toward a more open market economy because with it will come the opportunity for American companies to distribute their goods in China far more broadly and the lower Chinese tariffs will make our goods competitive in that growing market. It should certainly not obscure our common interest in the growth of trade between us based on the principles that undergird WTO relationships (transparency of law and regulation, equal treatment of foreign and domestic producers, lower tariffs and reduced non-tariff barriers, intellectual property protection and dispute settlement through a fair process.) By allowing NTR and working with China to enter the WTO, we can help China "adopt free and fair" trade practices and assure the growth of our economy. The lower tariffs required by WTO will make our goods more affordable and the distribution rights under WTO will provide us access to customers good for us and good for China.

Denying normal trade relations with China will only limit our ability to influence and work with China in other areas of mutual concern. Only a policy of principled and persistent engagement will promote American interests on all issues from economic security to non-proliferation, the rule of law, and human rights.

I urge the renewal of normal trade relations with China and opposition to this resolution of disapproval.

□ 1215

Ms. PELOSI. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. LEWIS), a champion for human rights throughout the world and at home.

Mr. LEWIS of Georgia. Mr. Speaker, the supporters of Most Favored Nation status may have changed the name to "Normal Trade Relations," but the situation in China has not changed. In fact, the conditions are getting worse.

Just a few days ago, the Chinese government conducted its largest crackdown since Tiananmen Square. Thousands of religious worshippers were arrested. Chinese soldiers took people from their homes and places of worship. Some were beaten. The human rights abuses continue, and yet there are those who would reward China with MFN.

Business as usual, trade as usual, and China does not change. We are sending the wrong message. We have a moral obligation, a mission, and a mandate to stand up for human rights and for democracy. We must send a strong message that China must change its ways if it wants to continue doing business with the United States. Our foreign policy, our trade policy must be a reflection of our ideals and values. Renewing MFN allows China to continue its terrible abuses without repercussion. That is not right.

Where are our morals? Where are our values? Where are our principles? I believe in free and fair trade, but it must not be trade at any price, and the price of renewing MFN for China is too high.

Mr. Speaker, I urge my colleagues to support this resolution. I want to thank the gentlewoman from California (Ms. PELOSI) for taking the lead in standing up for human rights and for democracy in China.

Mr. LEVIN. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. NEAL), a member of the Committee on Ways and Means.

Mr. NEAL of Massachusetts. Mr. Speaker, we should continue normal trade relations with China. This is a very important issue to the United States of America, as well as to the future of China.

As is the case with almost all important legislation, the rhetoric is heated and the arguments are exaggerated. That is only natural, because the debate we are involved in is a complexity that oftentimes is far beyond the immediate issue in front of us: trade.

The debate ranges on both sides to economic, political, strategic, security, and humanitarian issues. Yet, we have this one vehicle to express our opinions, our positions, and even our frustrations about our relationship with China.

China is the largest emerging market in the world, and it is increasingly important politically and militarily to the United States. China's leadership will, whether we like it or not, shape much of what happens throughout Asia and the Pacific. We must try to influence what happens inside of China. We must influence the course of conduct by China's influence and leadership, and, of course, we must take the opportunity to see how best we can influence how China emerges as a greater economic and military power.

But how do we influence China if we refuse to trade with them and they retaliate against us? How do democratic values emerge? How do they learn to tolerate dissent? How do they come to respect human rights and religious liberties? Do we sit back and hope that the Europeans are willing to demonstrate these values, or do we actively engage the Chinese at all levels and patiently work for change within that country?

I do not think there is anybody who is willing to say that there has been no change in China during the last 20 years. I do not think anyone would say that that change has been sufficient. In fact, it seems painstakingly slow, but it is occurring, and we must see to it that it continues to occur.

We must not lose site of the penalty here. It is to deny to China what we give to almost every other nation in the world: normal trade relations, exactly what the term implies. The aberration is not with those who would grant NTR to China; it is with those who would apply the Smoot-Hawley Tariff Act to China.

Mr. ROHRABACHER. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. GILMAN), the chairman of the Committee on International Relations and a Member of this body who served in World War II in the Pacific and knows full well the price that we pay as a country for an unrealistic policy towards a militaristic regime.

Mr. GILMAN. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in strong support of H.J. Res. 57, a resolution disapproving granting MFN, now called NTR, to the People's Republic of China.

It has been 10 years since the massacre of Tiananmen Square, and since then, the world has witnessed a marked deterioration of human and religious rights in the People's Republic of China and in occupied Tibet and in East Turkestan. Since 1989, our trade deficit has grown from $6 billion to a projected $67 billion. China's bold threats against democratic Taiwan and its naval actions against the Philippines directly reflect its new-found wealth and its military prowess. Both give unrestricted access to our U.S. markets.

U.S. industry estimates of intellectual property losses in China due to counterfeiting and due to trademark piracy have continually exceeded $2 billion over the past several years. Some U.S. companies estimate losses from counterfeiting account for 15 to 20 percent of their total sales in China. It is my understanding that Microsoft alone has lost an estimated $1 billion in software piracy by China over the past 10 years.

Mr. Speaker, the administration's transfer of American resources and wealth through our so-called "engagement policy" with the dictators in Beijing has led to serious long-term consequences. The engagement policy failure has fueled an enormous trade imbalance that dwarfs all reason. China's enormous foreign currency reserves permits Beijing to belligerently dismiss U.S. protests of its transfer of deadly weapons of mass destruction to terrorist nations. So-called engagement has cleared the way for China's regional hegemony.

China's experts within the administration have presided over this Nation's singular greatest foreign policy disaster. It has led to the thefts of our nuclear weapons designs, the weakening of our national security and strategic alliances, and the trivialization of respect for our American interests.

Last week, it was reported that a Protestant worshipper was killed by security forces; and this week, thousands of followers of Falun Gong, the spiritual movement that was recently outlawed, were arrested.

Accordingly, Mr. Speaker, I support H.J. Res. 57 and I urge my colleagues to support this important resolution.

Mr. CRANE. Mr. Speaker, I yield 1 minute to the gentlewoman from Illinois (Mrs. BIGGERT), my neighbor.

Mrs. BIGGERT. Mr. Speaker, I rise today to urge my colleagues to oppose the resolution revoking Normal Trade Relations for China.

Many of my colleagues have said that this body should signal our disapproval of Chinese policy by denying NTR. I would caution those who seek to send such a signal to first answer one very basic question: Will your vote to revoke NTR for China today actually change the behavior of China tomorrow? Think about it. Will ending NTR free the political prisoners, reverse the abuse of human rights, and stop the persecution of religious groups? Will denying NTR teach the youth of China the values of democracy, the principles of capitalism, and the merits of a free and open society?

Make no mistake; ending NTR for China will not achieve these goals. It will portend, however, the end of U.S. trade with China and the end of our influence in China.

Mr. Speaker, I urge my colleagues to retain our influence and our trade relations with China by voting against the resolution today.

Mr. Speaker, I rise today to urge my colleagues to vote against the resolution to revoke Normal Trade Relations (NTR) for China.

Many of my colleagues have said that this body should signal our disapproval of Chinese policy by denying NTR.

Mr. Speaker, I would caution those who seek to "signal" China by ending NTR to think for just one moment today about the likely consequences and first answer one very basic question.

Will your vote to end NTR for China today actually change the behavior of China tomorrow? Think about it.

Will ending NTR free the political prisoners, reverse the abuse of human rights, and stop the persecution of religious groups?

Will denying NTR bolster the moderates or will it strengthen the hands of the hard-liners as they struggle to control the future course of China policy?

Most importantly, will revoking NTR teach the youth of China the values of democracy, the principles of capitalism, and the merits of a free and open society?

Mr. Speaker, if I thought that ending NTR would achieve these goals in China, I too would cast my vote of disapproval today.

But make no mistake: denying China NTR denies the U.S. the ability to influence China's workers, China's human rights policies, China's politics, and perhaps most importantly, China's future.

Make no mistake: ending NTR for China will effectively end all hope of gaining WTO accession. It will end our best hope of getting China to open its markets and live by the world's trade rules. And it will effectively put an end to our trade with China.

In short, revoking NTR for China will send much more than a signal: it will portend the end of U.S. trade with China, and the end of our influence in China.

I urge my colleagues to vote to retain our influence—and our trade relations—with China by voting against the resolution today.

Ms. PELOSI. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland (Mr. HOYER), who has been a champion of human rights, particularly in the New Independent States and in eastern and central Europe, and a champion throughout the world for human rights.

Mr. HOYER. Mr. Speaker, I thank the gentlewoman from California for yielding to me, who herself has been such a great leader on this issue.

I rise today in strong support of House Joint Resolution 57 disapproving the extension of Normal Trade Relations to the People's Republic of China.

We have, of course, none of us a quarrel with the 1.2 billion citizens of China. But in extending this trading status we have to ask ourselves, what has the Chinese Government done, one of the last Communist dictatorships on earth, to deserve, to merit this consideration?

The Chinese Government's record reads, frankly, more like an indictment. China flagrantly violates the human rights of its own citizens and internationally recognized labor standards. It fomented anti-American hatred after our clearly accidental bombing in Belgrade. It recently began saber rattling against Taiwan, and it repeatedly, repeatedly has been unwilling to make vital democratic reforms.

This past June marked the 10th anniversary of the Chinese Government's crackdown on the advocates of democracy in Tiananmen Square. Has the injustice stopped since Tiananmen? No, not at all. Over the past few months the government has once again detained dissidents, handing down sentences of up to 4 years in prison for, and I quote, "subverting State power, assaulting the government, holding illegal rallies, and trying to organize workers laid off from a State-run firm." I suggest all of those are values that America holds dear.

The Washington Post reported this past Sunday that Chinese security forces have rounded up in this month 4,000 people in Beijing alone during a massive nationwide crackdown against the popular Buddhist-based spiritual movement, Falun Gong. But the human rights and labor standard violations are only one in a series of provocative acts by the Chinese Government.

China's recent threat of military action against Taiwan threatens the very security of that region. In addition, the breach in security at American nuclear weapons labs over the past 20 years threatens us.

I say to my colleagues, reject Normal Trade Relations, adopt this resolution. Send a clear, clear message of American values.

Mr. LEVIN. Mr. Speaker, could we be informed of the time on all sides.

The SPEAKER pro tempore (Mr. SHIMKUS). The gentleman from Michigan (Mr. LEVIN) has 30 minutes remaining; the gentleman from Illinois (Mr. CRANE) has 24 minutes remaining; the gentleman from California (Mr. ROHRABACHER) has 25 minutes remaining; and the gentlewoman from California (Ms. PELOSI) has 22 minutes remaining.

Mr. LEVIN. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Arkansas (Mr. BERRY).

Mr. BERRY. Mr. Speaker, trade with China is absolutely essential. We face the challenges that trade with China press, or we can turn our back and face the consequences: lost markets for America's farmers and the possibility of food shortages in China. China does not have enough food to feed its population. They have 25 percent of the world's population and 7 percent of the world's arable land. We have an agriculture trade surplus with China that is absolutely essential to our agriculture community. In 1997, U.S. agriculture sales to China totaled $4 billion. We have a huge trade surplus in agriculture with China, 250 percent in our favor. They are one of our largest wheat customers.

China is a growth market. They are increasing food imports. NTR is critical to our market access. As the Chinese economy improves, more value-added goods will be bought. China will have to play fair to enter the World Trade Organization. China must show improved access to U.S. agriculture products and revoking NTR will derail this progress.

□ 1230

Engagement will result in improvements. We want a peaceful and prosperous China. One billion hungry people does not lead to a stable democracy. The U.S. is well-positioned to help feed their people while maintaining positive relations. Turning our back on China today would be a huge mistake.

I urge Members to vote to maintain trade with China. Vote no on House Joint Resolution 57.

Mr. ROHRABACHER. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. STEARNS), a great champion of American values.

Mr. STEARNS. Mr. Speaker, I rise this afternoon to support House Joint Resolution 57, to disapprove the extension of what I call most-favored-nation trading status for China.

To my colleagues on both sides of the aisle, I say that we as Americans are not being true to our heritage if we continue to do business with people who are tyrants, who trample upon all that we hold sacred. Let me repeat that, we are foolish to do business with tyrants who trample upon all that this great Nation holds sacred.

Adam Smith wrote the Wealth of Nations, and we all use it as a guide in trade relations. He quotes three reasons to put up tariffs and protect American companies. One is for retaliation of unfair trade practices, which has been occurring. Two is to phase out trade tariffs in our country to protect obsolete industries. We should do this as a moral imperative. Lastly, it is to protect a nation's national security.

I submit to this body today, the question on this resolution is one of our national security. We cannot continue to do trade with a country that is arming itself to the teeth with our money, has provided missiles to Iran and nuclear technology to Pakistan, has fired missiles towards Taiwan to intimidate its government, has launched the greatest military buildup in Asia since Japan in the 1930s. It is continuing to warn Japan and trying to intimidate it.

Mr. Chairman, this is a country that is arming for war. It has stolen U.S. satellite missile technology, has targeted 13 of its 18 intercontinental ballistic missiles at the United States of America. It has ignored our protests of the persecution of Christians and political dissidents.

Are we being prudent? Are we going to turn our back on all the sacred heritage of our country for the dollar sign? I submit that China itself is dysfunctional, it is going to have a currency collapse soon and we should not go forward with this most favored nation status for China.

In the sixth century B.C., Chinese general Sun Tzu wrote, "The opportunity to defeat the enemy is often provided by the enemy himself." Are we providing China this opportunity? I urge the approval of this resolution.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SHIMKUS). The Chair will remind Members that all graphs and charts to be used on the floor should be put in place at the beginning of the speaker's presentation and then removed at the end of the speaker's presentation, so the Chair would ask Members to take down charts that are not utilized at that time.

Mr. CRANE. Mr. Speaker, I yield 1 minute to our distinguished colleague, the gentleman from New Jersey (Mr. FRELINGHUYSEN).

Mr. FRELINGHUYSEN. Mr. Speaker, I thank the gentleman for yielding time to me.

I rise in opposition to this resolution and in support of continuing trade relations with China. For my part, I do not believe that isolating China economically will do anything to improve their human rights record. We must not make the mistake of now believing we can isolate one quarter of the world's population and then expect to have any influence on their social and political institutions.

I, too, am outraged by the political and religious oppression that has taken place in China, but shutting the few openings in China that exist cannot stop it. Rather, I believe that the more involved we become, the more we are commercially engaged with China, the more results we can achieve in securing greater political and religious freedoms for the people of China, as well.

Mr. Speaker, trade does open the window of the world to the Chinese people and to our American ideals. We need to keep that window open. Closing it hurts us more than China.

Mr. Speaker, I rise in opposition to H.J. Res. 57 and in support of continuing Normal Trade Relations (NTR) with China.

This debate over China NTR gives focus to our economic, as well as strategic relations, with China. And this debate allows Members to express the deep concerns of all Americans about political and religious oppression that occurs in China.

For my part, I do not believe that isolating China economically will do anything to improve their human rights record. We must not make the mistake now of believing we can isolate one-quarter of the world's population and then expect to have any influence on their social and political institutions.

I, too, am outraged by political and religious oppression that has taken place in China, but shutting the few openings in China that exist cannot stop it. Rather, I believe that the more involved we become, the more we are commercially engaged with China, the more results we can achieve in securing greater political and religious freedoms for the people of China as well.

Trade does open the window to the world for the people of China.

In that regard, just let me talk briefly about just one industry—the telecommunications industry—and what its greater presence will do for the people of China. All of our lives are being changed dramatically by the "information" revolution. And, all of us realize that increased access to information for the people of China from sources outside China is one of the best ways we have of exposing Chinese citizens to new ideas, to broader horizons, and to new opportunities and choices for their future.

Our American telecommunications companies are at the forefront of building the infrastructure that makes information available to people around the globe.

So, let's look at China's market for these information technologies.

China is adding the equivalent of one million cell phones per month.

China is adding the equivalent of one Bell company per year.

In 1998, only ten percent of China's population had a telephone in their home.

In the U.S., roughly one half of all households have access to the Internet. In Brazil, one out of 70 families has access. In China, only one out of 400 families has access.

Yes, this is a vast untapped market for U.S. companies. And, I can assure that if we are not in China, all of our foreign competitors will be.

But it is also much more than an untapped market. Expanding access to information for the Chinese people is an untapped opportunity to expose them to our ideals and our freedoms.

There are so many other examples of both the economic and strategic opportunities in China.

And those economic opportunities are significant.

Last year alone, the United States exported $18 billion in goods and services to China, now our fourth-largest trading partner. Already, hundreds of thousands of American jobs are supported by trade with China.

For my State of New Jersey, China is now our fifth largest trading partner. Our exports to China amount to over $350 million and that trade employs some 5,000 to 8,000 residents of my state. And the potential for growth is enormous.

Here are a few examples.

One New Jersey company that has been active in China for twenty years, signed a contract for the largest single boiler project in Chinese history. This project alone will yield $310 million in orders for American goods and services, including sales for many small and medium sized companies.

Another New Jersey infrastructure company projects a market of $18 billion for its products in China over the next decade. And their sales have already increased 100% over the past five years.

One of our energy companies anticipates a $13 billion market in China over the next ten years.

For one of our insurance companies, 40% of their new premiums were sold in China in 1998.

It is clear from just these few examples that failing to extend Normal Trade Relations Status to China will slam the door shut for American products and services in the world's most populous market. It only serves to leave China open to our foreign competitors who all have normal trade relations with China. American companies and their employees would be punished by this shortsighted action, not the Chinese government.

Again, renewal of NTR is as much an economic decision as it is a key component of our national strategy to integrate China more fully into the family of nations. We need to maintain a stable political and economic relationship with China.

I believe that the best way to promote the cause of human freedom and democracy and our American ideals is our very presence, economically and otherwise, in China.

Therefore, I urge my colleagues to vote against this resolution and in support of extending Normal Trade Relations with China.

Ms. PELOSI. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from New Jersey (Mr. PASCRELL), who has been so very hard at work on behalf of human rights in China and a fair deal for the American worker.

Mr. PASCRELL. Mr. Speaker, I rise today in strong support of House Resolution 57. I find it interesting that many of the same folks who talk about political espionage are here defending trade.

To those who argue for us to continue putting the leaders of Beijing above the workers of America, I ask them to please listen for a moment. This is hypocrisy. After years of hearing the same arguments for most-favored-nation trading status, it is time for this Congress to say enough is enough.

Extending this status to China has failed to produce the results we want. We still see unconscionable human rights abuses, which we would not tolerate in other countries. We still see nuclear weapons proliferation, which we have not tolerated in other nations. We still see a widening trade deficit every year.

The annual exercise of reviewing and renewing China's NTR status has been a complete failure. It is an annual exercise in futility. America needs a new approach. The data tells us what we need to do today. We are told we need to engage China in order to achieve our economic goals. Let us get beyond the rhetoric and look at the facts.

We are on track to surpass last year's deficit with China, not close the gap. If the trend continues, our trade deficit would reach $66 billion. What does this huge imbalance mean to American taxpayers, American workers? China has engaged that strategy to manage trade, not normalize trade. It ignores intellectual property rights, it evades restrictions on Chinese textile exports, and has put the Great Wall up to prohibit foreign products from entering the market.

The U.S. levies an average NTR tariff rate of 2 percent on the Chinese. They levy a 17 percent rate on NTR trade. This is a one-way street. We should think about the families in America, and stop holding our noses and allowing this unfairness to continue.

Mr. LEVIN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Speaker, I rise in strong opposition to the resolution that would end normal trade relations with China. With normal trade relations, our farmers and ranchers can sell their products in China on the same terms as their competitors from Canada, Australia, South America, and Europe.

Last year U.S. agricultural exports to China exceeded $3 billion, making it the fourth largest market in the world for U.S. agricultural products. Demand for agricultural products is likely to increase as China's economy continues to grow at a rate of about 8 percent annually. That is why our competitors are eager for us to give up on the Chinese market.

In recent years the Canadian Wheat Board has worked tirelessly to promote its products in China.

The Australians hold an 8 percent stake in a flour and feed mill in Shenzen, China, and it brought together a consortium to upgrade China's grain handling and storage facilities with $1 billion worth of projects.

Our farmers are facing record low prices. While our competitors are out building market share in China, we sit here and debate whether we even want to have a normal trade relationship with its 1,237,000,000 customers.

We must continue to work towards WTO membership for China. However, we have consistently told China that its entry to the WTO depends upon a commercially meaningful agreement. China cannot expect to maintain indefinitely the $1 billion per week trade surplus it currently enjoys with the United States.

In agriculture, the message seems to have been received. China is changing slowly, but it is changing surely. In connection with its bid to join the WTO, China has agreed to reduce overall average tariffs for agricultural products from the current 30 to 50 percent to 17 percent by 2004. For priority U.S. products, the rate will be even lower, 14½ percent. USDA estimates that with entry into WTO, China's net agricultural imports would increase by over $8 billion annually. That is a benefit to the United States workers, men and women producing the tractors, making the fertilizer, making all of the products that are utilized here in the United States.

I urge my colleagues to join me in supporting normal trade relations with China by voting no on this disapproval.

Mr. ROHRABACHER. Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma (Mr. COBURN), a healer, a doctor, a person concerned about human health and human beings.

Mr. COBURN. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I have put a sign I know that not everybody can read, but this is a contrast between two countries, country A and country B. It is the exact representation made by the State Department as far as human rights in those two countries as of the end of 1998.

I want to share with the Members just a minute what our own government says about these two countries. Then I am going to tell Members what these two countries are. The government human rights record worsens significantly, there were problems in many areas, including extrajudicial killings, disappearances, torture, brutal beatings, arbitrary arrests, and detention. That is country A.

Country B, the government's human rights record deteriorated sharply beginning in the final months of the year with a crackdown against organized political dissent. Abuses included instances of extrajudicial killings, torture, mistreatment of prisoners, forced confessions, arbitrary arrests, detention, lengthy incommunicado detention, and denial of due process.

One other area let us look at, discrimination and violence against women remain serious problems. Discrimination against women and ethnic minorities worsened during the year.

Country B, discrimination against women, minorities, and the disabled. Violence against women, including coercive family planning practices, which sometimes include forced abortion, forced sterilization, prostitution, trafficking in women and children, and abuse of children. They are all problems.

I want Members to know who these two countries are. Country A we just spent billions of dollars bombing. It is called Yugoslavia, the great enemy Yugoslavia, that perpetrated such terrible acts on the Kosovar Albanians. We spent billions bombing them.

The other country, country B, is China, which we have elevated and said we must trade with, regardless of what they do to their people. We are schizophrenic if we do continue to have normal trade relations with China. Why would we bomb one that has an identical record, and say the other must be our best trading partner?

It has to do with money, Mr. Speaker. Is America going to sell its soul?

Mr. CRANE. Mr. Speaker, I yield 1 minute to our distinguished colleague, the gentleman from Michigan (Mr. KNOLLENBERG).

Mr. KNOLLENBERG. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise today in strong support of extending normal trade relations to China. Trade between the United States and China is a net plus for the American people. It supports hundreds of thousands of high-paying jobs. It creates competition in the economy. It results in the American people receiving better goods and services at more affordable prices.

During today's debate, and I have heard much of it already, there has been a lot of talk about the trade deficit, about nuclear espionage and human rights. These are all very important issues. They deserve our immediate attention. However, disrupting our economic relationship with China will not do anything to solve these problems. It will only add more tensions to an already tense relationship with the Chinese and create bigger problems in the long run.

Mr. Speaker, I therefore urge my colleagues to protect the economic interests of the United States by supporting normal trade relations with China. Vote no on House Joint Resolution 57, and yes for better paying jobs and greater economic opportunities for the American people.

Ms. PELOSI. Mr. Speaker, I am pleased to yield 1 minute to the gentlewoman from Wisconsin (Ms. BALDWIN), who has been a hard worker for human rights throughout the world and a star in the freshman class.

Ms. BALDWIN. Mr. Speaker, I rise today in opposition to renewing normal trade relations with China. I do believe that the United States needs to engage with China in an ongoing dialogue about joint economic concerns, but our dialogue cannot be limited to a discussion of trade. America's agenda needs to be broadly based, reflecting our democratic values, like free speech, freedom of religion, the right to privacy, and the right to organize. Trade is only a part of our relationship with China.

This is my first time participating in this annual ritual of NTR renewal. I call it a ritual because each year we walk through the same steps in which many of us criticize China's political and social repression. Then the majority decides we must continue NTR as our best hope for creating change in China.

□ 1245

It certainly seems to make sense except for one thing. It has not been working. Since 1980 when we began this NTR renewal ritual, we have seen some reforms. However, no similar progress is being made on human rights, labor standard, and democratic reform. Therefore, I urge my colleagues to join me in voting in favor of H.J. Res. 57.

Mr. LEVIN. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Speaker, I thank the gentleman from Michigan for his courtesy in yielding me this time.

Today, the United States and China spend hundreds of millions of dollars spying on each other. But despite all the spying, I do not think we really know each other very well.

China is in fact a study in contradictions. Today, it is more modern and open than ever before in its 4,000-year history. Yet, it is in fact reacting defensively in an agitated fashion regarding the continued controversy with Taiwan.

We have our demonstrators outside here on the grounds of the Capitol dealing with the local religious movement, Falun Gong, that has captured so much interest in China.

It is an ancient nation that is modernizing rapidly, but this society filled with state-run activities is paying a substantial price as it downsizes its bureaucracy, modernizes its institutions, and privatizes it its state-owned industry.

The United States has paid a terrible price in the past for misunderstanding China. During World War II, we bet on the wrong horse. Barbara Tuchman's brilliant biography of Joe Stillwell makes clear the waste of resources for the corrupt Kuomintang government of Chiang Kai-Shek, who was not interested in fighting the Japanese, when we could have done something more constructive with Mao Tse-Tung.

During the Korean War, we had thousands, tens of thousands, of needless American casualties because General McArthur, in flagrant disregard of orders and common sense, overplayed his hand. Yet, the Cold War was won more quickly in part because Richard Nixon had the courage to reverse his course of action and engage in a strategic alliance with China.

Lots of countries we disagree with abuse human rights and do not honor democracy or the free market. Sometimes, sadly, that happens with the United States complicity. We gave arms to terrorists with Ronald Reagan.

Normal trading relations does not mean we condone that behavior. It just gives us more tools and opportunity to do something about it. The world will be a better place sooner. One only has to review 4,000 years of Chinese history and look at where we are today to know that we are, in fact, on the right path.

Mr. ROHRABACHER. Mr. Speaker, it is my honor to yield 4½ minutes to the gentleman from New Jersey (Mr. SMITH), the chairman of the Subcommittee on International Operations and Human Rights.

Mr. SMITH of New Jersey. Mr. Speaker, I thank the gentleman from California for yielding me this time. I want to thank the gentleman for leading our debate and introducing his resolution.

Mr. Speaker, each year at this time, Congress has the opportunity to review the results of the administration's China policy, and each year it becomes more clear how miserably that policy has failed.

In the 5 years since President Clinton delinked China's MFN status from human rights, there has been significant regression, not progress in China. Now, even as we hold this debate, Beijing is conducting another major crackdown, the most important internal security exercise since the Tiananmen Square massacre against religious freedom.

Mr. Speaker, the Chinese government knows this vote is taking place today. We are being watched, and we are being tested. The test is simple. If we ignore the latest escalation in the brutality, if we just vote the same way we have in the past, then we fail. We will have abandoned the Chinese people. We will have abandoned our ideals of democracy and human rights.

I ask my colleagues, what will it take for us to say no more business as usual with Communist China? I would respectfully submit that any reasonable limit has been passed a long time ago.

Mr. Speaker, the administration's so-called policy of constructive engagement on behalf of human rights has been a disaster, even according to the administration's own benchmarks. In quarterly reports, Amnesty International tracks the seven human rights policy goals that President Clinton announced before his 1998 trip to Beijing.

Those Amnesty reports detail a complete lack of progress in all categories. Let me explain. On the release of all prisoners of conscience and Tiananmen Square prisoners. Amnesty reports total failure, regression.

Two, review of all counter-revolutionary prison terms: Total failure, no progress.

Allow religious freedom. Amnesty reports total failure, no progress.

Four, prevent coercive family planning and harvesting of organs: Total failure, no progress.

Five, fully implement pledges on human rights treaties: No progress.

Six, review of reeducation through labor system: Total failure, no progress.

Seven, end police and prison brutality: Again, Amnesty reports total failure, no progress.

Mr. Speaker, the Communist government of the PRC blatantly and systematically violates the most fundamental human rights. It tracks down and stamps out political dissents. Just turn on television news. It is happening before our very eyes. The Beijing dictatorship imprisons religious leaders, ranging from the 10-year-old Panchen Lama to the elderly Catholic Bishop Su of Baoding. The gentleman from Virginia (Mr. WOLF) mentioned this holy and heroic man earlier. I led a human rights delegation to China a few years ago. Biship Su met us and celebrated mass. For that he was put into prison. Bishop Su said nothing offensive about the government. He loved those who hated him.

The Chinese government also harvests and sells the internal organs of executed prisoners. Harry Wu—the great Chinese human rights leaders testified about this practice at one of my hearings. China, as we all know forces women who have unauthorized pregnancies to abort their babies and then to be sterilized against their will. Brothers and sisters are illegal in China—forced abortion is common place. China continues to brutalize the indigenous peoples of Tibet and of Xinjiang Uighur Autonomous Region, and it summarily executes Muslim Uighur political and religious prisoners.

Mr. Speaker, when will we learn the lesson that, when dealing with the PRC, the U.S. cannot settle for paper promises or deferred compliance? The Chinese dictatorship regularly tells bold-faced lies about the way it treats its own people. It says, for example, that nobody died in Tiananmen Square. Mr. Cho Hao Tlea, the Defense Minister in this city, said no one died there.

Mr. Speaker, I convened a hearing of several of the leaders of the democracy movement, some of the dissidents in correspondence who gave compelling testimony about how people died at Tiananmen Square; and, yet, the defense minister said nobody died. Incredible! I invited the defense minister to our hearing—he was a no show.

Mr. Speaker, as we know, the Chinese Government claims religious freedom exists in the PRC. We know now there is no religious freedom. But brother knows better.

Mr. Speaker, since my time is about to expire, I just want to remind Members that when the business community and the administration want to see intellectual property rights protected, what do we do? We threaten sanctions. I believe we should put people at least on par with pirated software, CDs, and movies. This Congress should declare that torture, forced abortion, and overt crimes against humanity count at least as much as protecting copyrights and consumer goods. Sanctions do work if consistently applied.

I urge a "yes" vote on the very important resolution of the gentleman from California (Mr. ROHRABACHER). And salute him for his wisdom in offering it today.

Mr. CRANE. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Illinois (Mr. EWING).

Mr. EWING. Mr. Speaker, I thank the gentleman from Illinois for yielding me this time.

Mr. Speaker, I rise today to oppose the resolution which would unilaterally isolate China from the U.S. only. Support normal trade relations with China. I support China being a part of the WTO. China will be one of the superpowers in the next millennium. Peaceful co-existence between us is to all of our benefit.

Now, we all understand that things are not as we would like them in China. But how do we most impact that? I think by engaging them, engaging them in how to handle human rights, by engaging them in fair trade, our intercourse with China since the close of the Cold War has paid dividends. To put our head in the sand and to back away from it would be ill-advised.

Mr. Speaker, I come to the floor today to again express my strong support for continuing Normal Trade Relations with China.

Since I came to Congress in 1991, this debate has gone on every year and every year I have come to the floor to explain how important trade with China is to our farmers.

It is essential that we continue to grant Normal Trade Relations to China. China will be the most important market for the United States in the 21st Century and granting Normal Trade Relation status is the foundation of any typical bilateral trading relationship.

The recent negotiations for China's accession to the World Trade Organization are proof that China is ready to join the international trade community and we cannot pass up this opportunity.

My home state of Illinois is the 6th leading exporter in the United States and over half a million jobs in Illinois rely on exports. The current crisis in agricutlrue has placed a spotlight on the huge need for increased foreign market access.

USDA has predicted that 75% of the growth in American farm exports over the next 10 years will be to Asia—and China will make up over half of this amount.

China is already America's 4th largest agriculture export market and if the administration will complete the WTO accession agreement our farmers and ranchers will have the level playing field that they have been waiting for.

I urge members to vote against this resolution of disapproval and urge the Administration to complete the bilateral agreement for China's accession to the WTO.

Ms. PELOSI. Mr. Speaker, I am pleased to yield 1 minute to the gentlewoman from California (Ms. WOOLSEY), a person who has been a faithful trooper in the fight for human rights throughout the world and a great leader.

Ms. WOOLSEY. Mr. Speaker, we have been told that, with MFN, China has made progress in many areas. To that I ask, what progress?

Right now, as we speak, thousands of Buddhists have been and are being arrested and jailed, jailed and arrested for their beliefs, and that is their only crime. Repression of religion is not progress.

Just last year, last year, three founders of the China Democracy Party were jailed for expressing opposition to China policy. Repression of democracy is not progress.

Child labor and the forced labor of political prisoners continues to be business as usual in China. Denial of workers' rights is not progress. Forced abortion, nuclear proliferation, and an expanded trade deficit is not progress. Extending China's NTR status amounts to rewarding China for continuing its human rights violations.

Vote to support real progress. Vote for H.J. Res. 57.

Mr. LEVIN. Mr. Speaker, I yield 2½ minutes to the very distinguished gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Mr. Speaker, we are not in conflict over the facts. I think we agree on the facts. What we are debating is the conclusions as to how to best address those facts.

We agree that forced sterilizations and forced abortions occur, and they are wrong. We are not disputing that. We agree that communism does not work, that it is a bankrupt ideology, that it offends the human condition, that it represses the human spirit, that it is just plain wrong.

But I would hope we would also agree on other facts that cannot be disputed. One such fact is that there is no other major Nation that does not extend normal trading relations with China. That is all we are talking about, continuing the normal trading relations that we extend to every other trading partner, but for a very few pariahs.

We would also hope that we would agree that there are about 200,000 American jobs involved here. We would also hope that we would agree that if we cut off normal trading relations with China and isolate them, that there is an adverse impact upon our economy, and that there will be other countries coming in to fill the gap, countries who, in many cases, have far less commitment to human rights and economic progress, and individual liberties than the United States does. We must all share a confidence in our universal commitments to human rights. Surely, no one on the other side is suggesting that we who will vote to extend NTR to China are so heartless that we don't care about the numerous violations of human rights that occur on a daily basis.

I think these things are clear. So when we weigh all the facts, we who agree that human rights are being violated every day, have come to the conclusion that the best way to change China's attitude is to improve their standard of living.

If we improve their standard of living, they will want to have individual freedoms. They will insist upon it. They will insist upon a free enterprise economy. Eventually, they will become a democratic state. That is what we want. We agree on the facts. We want to get to the same place. We are just as committed.

Support normal trade relations with China. Reject this resolution before us today. Give the Chinese people their best chance to break the chains of communist ideology.

I rise to oppose this resolution and support renewal of normal trade relations with China.

This is not a disagreement over facts but rather over judgement on how best to address those facts. I share the concerns expressed by some of my colleagues regarding human rights abuses by the People's Republic of China.

I am deeply troubled by the religious persecution that is occurring in China, including the recent crack-down on Falun Gong practitioners. Christians, Catholics and anyone who puts their God above their State is considered to be a threat to China's leaders today. However, I disagree with the premise that discontinuing normal trade relations will somehow positively improve human rights in China.

Promoting normal trade and continued economic engagement, over time, will help open up Chinese society. History has proven this inevitability. The very activities that trade and engagement bring to China help foster a climate under which religious teachings can spread and flourish.

Canceling or conditioning NTR further isolating China would only damage our interests and undermine support among our allies to keep pressure on the Chinese government to institute more fundamental political and economic reforms and human rights protections.

I would like to remind my colleagues that trade is not a partisan issue. NTR status for China has been supported by every President, Republican and Democrat alike, who has confronted this issue.

By continuing normal trading relations with China, we extend ordinary tariff treatment that we grant to all but a few nations. We are not providing China special treatment and we are not endorsing China's policies. We are simply supporting the best way to promote U.S. interests.

But, we should continue normal trade relations with China for more than just economic reasons. It is in our national interest.

By resuming NTR with China, we advance our long-term national interests in achieving democratic and market reforms in the world's most populous nation.

Our national interest are best served by a secure, stable and open China. The way we engage the Chinese government will help determine whether China assimilates into a community of nations and follows the rule of law or becomes more isolated and unpredictable.

Continuing normal trading relations with China also serves our best economic interests. Approximately 200,000 U.S. jobs are tied directly to U.S. exports to China.

In the absence of this relationship, we would be placing our firms that are making great strides gaining new market share in China at a severe disadvantage.

We would be standing alone on a trade policy that neither our allies nor our trade competitors would follow. Our competitors would reap the benefits of business opportunities that would otherwise go to U.S. firms.

The United States is the only major country that does not extend "permanent" normal trade relations to China. Revoking NTR status with China would only increase prices which U.S. consumers pay for goods and services and ultimately cost U.S. jobs. If the Chinese do not buy our products, they will buy them from Europe and other Asian countries.

We would also be passing the cost of higher tariffs on Chinese exports, more than $500 million annually, on to U.S. consumers. Clearly, it's the American consumer who loses if we do not continue NTR with China.

Higher tariffs on Chinese exports would only shift our demand for inexpensive, mass-market consumer goods to other developing countries and would not result in a net gain in U.S. manufacturing jobs.

China is the fifth largest trading partner of the U.S. Two-way trade between the U.S. and China has increased almost tenfold between 1990 and 1997, increasing from roughly $10 billion to $75 billion.

This growth is expected to continue to rise in the 21st century as more Chinese benefit from an improved standard of living and increased purchasing power.

Our current trade imbalance with China can best be narrowed through increased trade and liberalization of the Chinese economy. As their income rises, demand for high-quality U.S. products increases and our trade deficits decline.

In short, we have much to lose and little to gain by failing to continue our current trading relationship with China. I urge my colleagues on both sides of the aisle to vote in our national interest and support normal trade relations with China.

Mr. ROHRABACHER. Mr. Speaker, I yield 4 minutes to the gentleman from Indiana (Mr. BURTON), the man who has studied this issue and realizes that Japan and Nazi Germany were both very, very developed in their economy, and they also were aggressors and human rights abusers.

Mr. BURTON of Indiana. Mr. Speaker, here we go again. First we gift wrap and hand over to Communist China virtually all of our most sensitive secrets. Now we are going to grant them most preferential trade status. What in the world is going on?

China has stolen data on the W–88 nuclear warhead and the neutron bomb. They have funneled illegal campaign contributions to the Democratic party and the administration. They are transferring missile technology to countries like North Korea and Iran. They continue to violate basic human rights. They are circumventing our trade laws by transshipping their textile goods through third countries.

□ 1300

Does this sound like a country that deserves preferential treatment?

According to Paul Redmund, the CIA's chief spy hunter, China's spying was far more damaging to national security than Aldrich Ames and would turn out to be as bad as the Rosenbergs, who were executed back in the 1950s for that.

A team of U.S. nuclear experts practically fainted when the CIA showed them the data that China has stolen. The Chinese penetration is total, said one official. They are deep, deep into the labs' black programs, thus endangering every man, woman and child in this country.

Why are we rewarding China for its spying? For God's sake, this is the country that funneled illegal contributions to President Clinton's 1996 reelection campaign. This is the country that told Johnny Chung, we like your President, and then gave him $300,000 to give to the Democrat Party.

Johnny Chung testified under oath that he was directed to make illegal contributions to the President's campaign by General Ji, who is the head of China's military spy operations worldwide. General Ji met with him three times and ordered that $300,000 be directed to Chung for political contributions here in the United States.

One of its joint ventures was the Indonesia-based international firm called the Lippo Group, run by Mochtar and James Riady, close friends of the President, and who frequently visited the White House. James Riady's chief adviser on political donations was John Huang, a former employee of Lippo. John Huang received a job from the Clinton administration at the Commerce Department. He later left Commerce to work for the Democratic National Committee where, with the help of James Riady, he collected nearly $3 million in illegal contributions from

China. Mr. Speaker, Johnny Chung, John Huang, and Charlie Trie together raised over $3 million in illegal donations that we know of that have been linked to the Bank of China.

Over the past 2 years, my committee has been conducting an investigation into illegal fundraising, including illegal efforts by the Chinese Government to influence our elections. We asked the Bank of China to provide us bank records that would show the origins of millions of dollars in foreign money that was funneled to the DNC. The Bank of China turned us down flat.

We had 121 people take the fifth amendment or flee the country. A number of the most important people among this list are hiding in China. When my staff attempted to travel to China to interview these people, the Chinese Government denied us visas and threatened to arrest our investigators. Does this sound like a country that deserves preferential trade status?

Does it really make sense to give preferential trade status to a country that is helping North Korea build a missile capable of delivering nuclear warheads to the West Coast of the United States?

With respect to trade, in the last 10 years, 91 percent of all illegal transshipment cases have been filed against China. The U.S. Customs Department has cited China for illegally transshipping textile and apparel goods through more than 30 other countries.

Mr. Speaker, in just about every area I can think of China's record stinks. They spy on us, they try to buy our elections, they send missile technology to just about every rogue regime in the world, they are actively working to improve the missile technology of our enemies, and they thumb their noses at our trade laws and have one of the worst human rights records in the world. How all this merits preferential trade status is beyond me.

I urge a vote in favor of House Joint Resolution 57. It is time to show China some backbone and stop letting them walk all over America.

Mr. CRANE. Mr. Speaker, I yield 1½ minutes to the gentleman from Pennsylvania (Mr. PITTS).

Mr. PITTS. Mr. Speaker, everyone agrees that the Chinese Government is in desperate need of reform. Everyone agrees they violate human rights. Its leaders imprison dissidents, muzzle free speech, raid house church meetings, force women to have abortions, and outlaw opposition political parties. However, according to humanitarian workers in China, revoking normal trade relations would be counterproductive. They have told me that revoking NTR would strengthen the Chinese regime and actually intensify these human rights abuses.

We should listen to these people, many of whom have committed their lives to service in China. They know the language, they know the culture, and they know the mentality. And I wish to share a couple of comments from them with my colleagues.

Reverend Daniel Su, a member of a Christian house church in China says, "To revoke China's NTR status as a way to better its human rights performance is like setting your car on fire when it stalls."

I have many quotes which I will not have time to say here, but listen to this quote of a letter signed by 32 Christian groups working in China. "NTR is the core of America's engagement policy toward China. Taking it away will hurt the Chinese people, particularly those who are persecuted because of their religious faith. When U.S.-China relationships deteriorate, Christians in China will be blamed and penalized."

Mr. Speaker, let us listen to these people who have a deep, longstanding involvement in China. They are working in China because they love the Chinese people and believe that revoking NTR will hurt those that we are seeking to help. I believe it is more effective for the U.S. to address our human rights abuses through the diplomatic perspective. Support NTR.

Ms. PELOSI. Mr. Speaker, I would like to make an inquiry about how much time is remaining in the debate.

The SPEAKER pro tempore (Mr. SHIMKUS). The gentlewoman from California (Ms. PELOSI) has 18 minutes remaining; the gentleman from California (Mr. ROHRABACHER) has 14½ minutes remaining; the gentleman from Illinois (Mr. CRANE) has 17½ minutes remaining; and the gentleman from Michigan (Mr. LEVIN) has 21½ minutes remaining.

Ms. PELOSI. Mr. Speaker, I yield 1 minute to the gentleman from Maryland (Mr. CARDIN), a member of the Committee on Ways and Means and a champion of human rights; and also, Mr. Speaker, I ask unanimous consent to yield control of the time back to the gentleman from California (Mr. STARK).

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from California?

There was no objection.

Mr. CARDIN. Mr. Speaker, China's human rights record ranks with the former Soviet Union and the former apartheid government of South Africa.

One of the proudest moments in the history of our Nation is when we used trade to bring about change in the Soviet Union, when we used trade to bring about change in South Africa, and we can do it again. The reason is quite clear. China needs the U.S. consumer. It gives us leverage to bring about change. It has worked in the past and it will work again.

U.S. consumers should not be financing the oppressive regime in China, and that is exactly what they do if we extend the Most Favored Nation status to China. I urge my colleagues to support the resolution of disapproval so that we can speak with a clear voice as to what is happening today in China.

Mr. LEVIN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. GREEN).

Mr. GREEN of Texas. Mr. Speaker, I thank the gentleman from Michigan (Mr. LEVIN), a member of the Committee on Ways and Means, for yielding me this time.

In the past, I have always supported normal trade relations with China, and this year it is much more difficult because of the response of the Chinese Government and the people of China to the accidental bombing of the embassy in Belgrade. A country that wants to be our friend and partner does not use misfortune or tragedy as an opportunity to attack our diplomats and also to damage United States property.

I have worked with companies in my district to expand their business in China. I expected a much different response from a country that has such a long history and is known for its courtesy. I hope the Government of China realizes they cannot expect our friendship and cooperation on one day and then attack our country's representative the next.

Our balance of trade deficit with China bothers me a great deal. Knowing the state of our relations with China, it is not the time to revoke normal trade relations. We need to have cooler thoughts, both in our government and in China. By not renewing normal trade relations for this year, we invite international competitors to establish a stronger foothold while further isolating our companies in what has the potential to be one of the largest consumer markets. Again, our competitors are not as concerned about the human rights in China as we are.

Also, we need to remember that this is just the annual renewal of normal trade relations with China. We have a lot of work to do before we admit China to the World Trade Organization, but we are heading down the right path, and this is one step in that direction. We will revisit this issue again, if not this fall, again next year.

Mr. Speaker, I urge rejection of this resolution.

Mr. LEVIN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. BENTSEN).

Mr. BENTSEN. Mr. Speaker, I rise in strong opposition to this measure which would disapprove continued normal trade relations trading status with China.

As we know, NTR trading status does not provide any preferential treatment but rather grants the ordinary tariff treatment that the United States extends to virtually every nation in the world. Fewer than a dozen countries do not have NTR status, including North

Korea, Cuba, Afghanistan, Iran, Iraq, and Libya.

The problem with the underlying resolution, as well intentioned as it is among its sponsors, is, I believe, that it will alienate any type of relationship we may have with China. And while we have had severe problems because of their espionage program against the United States, and we all have severe concerns about their human rights violations, I do not think it is a country that we want to just cut off relations with. I think there are both foreign policy concerns and economic concerns.

Furthermore, I think, in my opinion, there really are two China's. There is the old hard-line China that is fighting the new market-oriented China. And we have a fight going on in the upper levels of the Chinese Government of whether or not to move the economy towards more market orientation, which we know will bring about capitalism and will bring about more freedoms in the countries; and the old-hard line regime that wants to stop that. I think by cutting off trade relations, as the underlying resolution would propose to do, it would undercut those who want to move towards a more market-oriented government.

Finally, what effect would this have? This would force the Chinese to devalue their currency, which would be incredibly destabilizing to the region where the U.S. has about 35 percent of its export market. That, in turn, would increase our trade deficit here, cost American jobs, not create American jobs; and I think that would be detrimental to the American economy. So to vote for this resolution, while well intentioned, it is, in my opinion, a vote against American industry and a vote against the American worker.

Mr. Speaker, maintaining China's NTR status is important because of the significant impact it has on the U.S. economy. In 1998, the U.S. exported over $14 billion in goods and services to China, benefiting thousands of U.S. companies and hundreds of thousands of American workers. In the state of Texas, exports to China provide jobs and income for more than 33,000 families; and China and Hong Kong were the state's seventh-largest export market in 1998. In Houston, the trade ties to China are equally significant. Trade through the Port of Houston totaled $577 million in 1997, with exports accounting for 76 percent of that total.

The relationship between the U.S. and China has undergone significant strain in recent months with the theft of nuclear weapons secrets, the accidental NATO bombing of the Chinese Embassy in Belgrade, increased tensions between China and Taiwan, and China's recent crackdown on political demonstrators. While these are legitimate national security concerns, U.S. security interests would not be enhanced if relations with China worsen as a result of revoking NTR. The best way to bring about broad and meaningful change in China is through a continued policy of frank, direct engagement that enhances our ability to work with and influence China on a broad range of concerns. While the bilateral relationship continues to be tested, it is vitally important that the fundamental elements of the relationship be maintained.

Failure to renew NTR would further destabilize the Pacific Rim region economically and politically at a time when many Asian countries are beginning to recover from their worst financial crisis since World War II. Revoking NTR would put additional pressure on China to devalue their currency, likely resulting in another round of currency devaluations in Asia that could undermine the efforts of the International Monetary Fund and the U.S. Treasury to contain the crisis and worsen our trade deficit.

Through our continued policy of engagement, the U.S. has worked to ensure that China's accession to the World Trade Organization is predicated on strong commercial terms that provide significant market access for exports of U.S. goods and services. Our policy of engagement has also obtained significant Chinese concessions on South Asian security, nuclear proliferation, drug trafficking and human rights. Much work remains to be done. Normal trade relations will continue to advance the process of opening China, exposing Chinese people to American ideas, values and personal freedoms.

A policy of principled engagement remains the best way to advance U.S. interests and create greater openness and freedom in China. The renewal of NTR trading status is the centerpiece of this policy, and I urge my colleagues to reject this resolution and support continued trade with China.

Mr. Speaker, I hope my colleagues will defeat the resolution.

Mr. ROHRABACHER. Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina (Mr. JONES), a man who represents tens of thousands of U.S. Marines and their families in his district, and a man who cares deeply about American national security.

Mr. JONES of North Carolina. Mr. Speaker, I rise today in strong support of H.J. Resolution 57. For the last 5 years, I have opposed extending Most Favored Nation status to China. Every year the administration promises that our relations with the Communist country will improve, and every year China proves us wrong.

In 1995, Congress extended normal trade status to China. The conditions were to stop abusive human rights practices and stop exporting lethal weapons. China has not stopped these practices. The CIA reported in 1996 that China was the greatest supplier of weapons of mass destruction and technology to foreign countries.

China has not put an end to its long and established history of human rights abuses, like forced abortion and sterilization. China never lives up to its end of the bargain.

The Chinese citizens who seek democracy are often jailed, tortured, and even killed. Religious leaders are harassed and incarcerated, and places of worship closed or destroyed when the faith and church are not sanctioned by the Chinese Government.

Mr. Speaker, what is more frightening is that our own government seems unconcerned about the security of America. This administration turns a blind eye when China sells technology to our enemies and steals our nuclear secrets.

Mr. Speaker, before we extend this economic advantage to China, we must see proof that China is serious about extending freedom to the Chinese people and becoming a partner in this world.

Mr. Speaker, I support H.J. Resolution 57 and encourage my colleagues to do the same.

Mr. CRANE. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. OSE).

Mr. OSE. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in opposition to the resolution.

I would like to take a few moments to discuss the effects of trade on our economy. Whenever trade policy is discussed, people forget the many benefits that free trade bestows on our Nation. Today, tradeable goods represent approximately 30 percent of our gross national product, and the export sector remains one of the shining lights of our economy. Exports have grown rapidly in the last decade, creating thousands of new jobs, and these jobs pay considerably more than jobs that are unrelated to trade.

Trade also benefits consumers. As these trade barriers fall, resources are able to flow more efficiently. American companies engaged in international trade become leaner and more competitive. As a result, consumers in all our districts enjoy lower prices and better products.

Indeed, the efficiencies created by trade have been a critical component to the economic prosperity we now enjoy. I urge my colleagues to defeat this resolution.

□ 1315

Mr. STARK. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from California (Ms. LEE) a leader in the fight for human rights and my neighbor.

Ms. LEE. Mr. Speaker, I thank my colleague from California (Mr. STARK) for his consistent work on behalf of human rights throughout the world.

Mr. Speaker, I am joined with my very courageous colleague from Oregon (Mr. WU) in support of this resolution to not oppose normal trade relations with China.

I do not cast this vote lightly. My district is part of the wonderful gateway to Asia. Our local economy is heavily dependent on our trade with China even with the trade deficit increasing from $63 billion to about $70 billion.

However, I am acutely and painfully aware of the importance of basic human rights for people throughout the world. There continues to be major violations by the Chinese Government of the rights of the Chinese people.

I am a firm believer of self-determination for China. China has chosen communism. That is their right. However, it is wrong to round up, to intimidate, and to arrest people, place them in slave labor camps with no due process.

The time is now to send a strong, unyielding message that the United States will not condone mass suffering and oppression.

We are not talking about cutting off our relationship with China. We want to modify our trade relations so that people of China and the United States can benefit from a fair and free trade policy.

Mr. LEVIN. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California (Mr. DOOLEY).

Mr. DOOLEY of California. Mr. Speaker, I rise today to express my opposition to this resolution of disapproval regarding normal trade relationships with China.

Clearly, the United States' relationship with China is complicated. Recent events, including the bombing of the Chinese Embassy in Belgrade, China's reaction to the bombing, and evidence of spying in our national labs have only added complexities to our relationship.

We are all in agreement that we must take steps necessary to protect our national security interests and to ensure that our counterintelligence programs prevent future security breaches. But at this critical juncture, we would be foolish to abandon our economic and political relationship with China and with it our ability to influence their economic, political, and humanitarian policies in the future.

I agree with Presidents Clinton, Bush, Reagan, Carter, and Ford that a policy of engagement is better than a policy of isolation. We cannot afford to embrace a Cold War mentality that would demonize and isolate China.

A policy of economic and political engagement is the surest way to promote U.S. interests in China, to advance democracy and human rights within China, and to enhance future economic opportunities for U.S. workers and businesses.

In addition to today's important vote, we must move swiftly to finalize a WTO agreement that will bring China into the international trade community. The United States is aggressively pursuing a WTO agreement for the past 21 months, and Ambassador Barshefsky should be complimented for the agreement that she has negotiated to date; and, hopefully, it will soon be finalized.

While a WTO agreement would present tremendous opportunities for U.S. workers and businesses, bringing China into the WTO is more than just a matter of market share. China's accession into the WTO would lock China into a rules-based international organization and bring them into the legal framework of the international community through the WTO.

Mr. Speaker, I recognize the problems that currently exist in China. I appreciate the efforts of some of my colleagues and remain committed to improving in the area of human rights and trade policy and proliferation.

Since the reestablishment of diplomatic relations with China in 1979, total trade between our two nations has increased from $4.8 billion in 1980 to $75.4 billion in 1997. This makes China our fourth largest trading partner. China's economy is growing at an average rate of almost 10 percent a year, making it one of the fastest growing economies in the world.

In order for the United States to remain the dominant economic power in the world, we cannot close the door on the most populous nation in the world. China will continue to have a growing influence on the world's economy. For U.S. businesses and workers to continue to prosper and grow, we need continued economic engagement with China by renewing Normal Trade Relations.

In addition to today's important vote, we must move swiftly and finalize a WTO agreement that will bring China into the international trade community. The United States has been aggressively pursuing a WTO agreement for the past 21 months, and while an agreement has not been finalized, the deal currently on the table presents tremendous market opportunities for all sectors of the U.S. economy including agriculture, information technology, financial services, and manufacturers. Ambassador Barshefsky and her negotiating team are to be commended for their extraordinary efforts in reaching this unprecedented agreement.

As a member who represents the nation's number one agricultural district, I want to thank the Administration for negotiating an agreement that presents tremendous opportunities for U.S. producers. With respect to agriculture, high Chinese tariffs on nearly all agricultural products would be reduced substantially over the next four years. It is projected that by the year 2003, 37 percent of the world food demand will come from China. America ranchers and farmers are the most efficient and competitive in the world. The WTO agreement on the table would move to level the playing field and allow U.S. agriculture tremendous access to the world's largest agricultural market.

And agriculture isn't the only sector that would benefit. The agreement would also open Chinese markets to a number of U.S. industrial products and services including information technology products, automobiles, insurance and financial services. Quotas on information technology products would be reduced from 13.3 percent to zero, and China would agree to adhere to the Information Technology Agreement negotiated in 1996. In addition, the agreement offers U.S. investment in telecommunications and entertainment for the first time, and would subject China to WTO requirements on intellectual property protection to ensure respect for U.S. copyrights, trademarks and patents. Automobile tariffs would be reduced from 80–100 percent to 25 percent. American insurance companies would be able to sell a wide range of products throughout China, as compared to the current policy that limits life insurance sales to Shanghai and Guangzhou. And American banks would be able to operate anywhere in China.

In addition to tariff reductions and other market access agreements, bringing China under the umbrella of the WTO would make China accountable for its trade practices and subject to WTO enforcement actions.

I support the Administration's policy, and am encouraged by recent reports that negotiations will resume in the near future. In spite of the recent strains place on our relationship with China, it is in our overwhelming interest to finalize a WTO agreement and maintain our policy of economic and political engagement. A policy of continued engagement is the most effective tool we have to protect our national security interests and promote our economic political ideals.

Mr. Speaker, I recognize the problems that currently exist in China, and I appreciate the effort of some of my colleagues in remaining committed to improvements in the area of human rights, trade policy and proliferation. However, I strongly disagree with the philosophy of isolation and disengagement, and believe it would be a mistake to disapprove the extension of NTR.

Mr. ROHRABACHER. Mr. Speaker, I yield 2 minutes to the gentleman from Colorado (Mr. TANCREDO), a new member of the Committee on International Relations, a strong voice for America's values and American security.

Mr. TANCREDO. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I rise today in support of House Joint Resolution 57, which was commendably introduced by the gentleman from California (Mr. ROHRABACHER) in direct defiance to the Jackson-Vanik waiver renewed by the President on June 3.

Mr. Speaker, we are here today to address an issue that we characterize as normal trade status, normal trade relations, and we want to extend it.

The implications, of course, going along with that phrase "normal trade status," "normal trade relations," would be that something good is happening as a result of it and, therefore, we want to continue it, normal trade relations. But in reality, Mr. Speaker, nothing good is happening as a result of having these trade relationships with China.

Now, we in fact do not export very much and as a matter of fact every year it gets worse. The amount of products that we actually export from the United States to China is relatively small. A variety of reasons: The Chinese, of course the government keeps a number of obstacles in place to prevent us from actually exporting our merchandise. And beyond that, of course, there is no market.

Relatively few people in China can buy anything when the at average income is $600 a year. That is one problem.

On the other side, of course, we do import a great deal from China; and we say that this is a good thing because we can import products that are cheaper, our consumers can buy cheaper products.

Well, it is absolutely true that we can buy cheaper products from China. It is much more difficult for American workers to compete with workers in China because, of course, workers in China, for the most part, are not paid anything. They are, in fact, slave laborers.

A recent South China Morning Post article stated, China directory contains detailed financial information on 99 labor camps with annual commercial sales of $842 million to the United States.

In other words, we import almost a billion dollars of slave labor products, slave labor produced products. How proud does that make my colleagues feel?

Vote for the amendment.

Mr. CRANE. Mr. Speaker, I yield 1½ minutes to the gentleman from Ohio (Mr. PORTMAN), our distinguished colleague on the Committee on Ways and Means.

Mr. PORTMAN. Mr. Speaker, I rise today to support the continuation of normal trade relations between the United States and China.

There is no doubt that China has, in fact, been a significant factor in the economic expansion we have all enjoyed in this country during the 1990s.

In my own district, in Cincinnati, Ohio, we have almost doubled our exports to China during that time period. That means more jobs for my constituents, more prosperity for the families and businesses that I represent in southwest Ohio, and a healthy economy for my area, for the State of Ohio, and indeed for the entire country.

China is far from perfect. The lack of respect for human rights, the findings of the Cox report, the situation in Taiwan and other issues are serious problems. But none of these problems can be solved by disengagement.

In fact, our involvement with China, our engagement with China is one of the major reasons that the Chinese Government is continuing to stumble and lurch in the right direction with regard to liberalizing their economy in particular, but also relaxing restrictions on human rights, as the gentleman from Pennsylvania (Mr. PITTS) pointed out a moment ago based on the testimony of missionaries who are in China.

Mr. Speaker, today this Congress is presented with a very clear and stark choice. We can choose to be constructive agents for positive change in China by continuing normal trade relations, or we can choose to be virtual enemies, returning to an antagonistic Cold War style relationship.

I would just ask my colleagues a few questions. Will our Nation's best interests be served by putting the world's most populous country into the rare category of only six countries who do not have normal trading relations, countries like Cuba, Laos, North Korea? Will our Nation benefit by denying NTR status to China when not one of our competitors in Europe or Asia are not likely to follow suit?

Finally, will our children live in a safer and more secure world if we spend the next 50 years in a costly and distracting Cold War in China?

Mr. Speaker, I support continued engagement.

Mr. STARK. Mr. Speaker, I yield 1 minute to the distinguished gentleman from California (Mr. LANTOS).

Mr. LANTOS. Mr. Speaker, there is a grotesque quality to this debate. If someone walks into this room, he really does not know whether he is listening to people who favor or oppose extending preferential trade relations with China because almost everybody begins by denouncing the horrendous human rights conditions in China.

Well, they are indeed horrendous. Ten years ago, I put up in my office this poster demonstrating how a single individual with the courage of his convictions stood up to this monstrous, corrupt, communist dictatorship.

Nothing has changed. Nothing has changed. What moral authority this body has, it relinquishes it every year as we debate this issue.

The future of China does not rest with the communist leadership of this country. It rests with the new people who are passionately committed to a free and Democratic vote, are arrested daily, and are persecuted by this rotten dictatorship.

Support the resolution.

Mr. LEVIN. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from American Samoa (Mr. FALEOMAVAEGA) our distinguished colleague and a member of the Committee on International Relations.

Mr. FALEOMAVAEGA. Mr. Speaker, although I understand and deeply respect the arguments of my colleagues who believe it is in the best interests of the United States to remove NTR with the People's Republic of China, I must respectfully oppose adoption of the measure before us.

Mr. Speaker, the fact cannot be contested that it is the direct fruit of our policy in China engagement which has been upheld in bipartisan fashion by five administrations since President Nixon.

Mr. Speaker, I concur with my colleagues that China has much more progress to make, especially in the areas of human rights, weapons proliferation, fair trade, and Taiwan's status. However, punishing China with NTR removal will not further these meritorious aims.

An economic war with China will result in disengagement with the U.S. I believe this will fundamentally isolate the forces for continued progress and gradual reform in China, while propping up strongmen and hardliners like Li Peng and the PLA leadership who would relish, Mr. Speaker, the opportunity for heightened conflict with our country.

Mr. Speaker, this is a dangerous move at a time when even China is already volatile and extremely unstable both economically and politically.

In the interest of peace and stability for the people of China, people of the United States, and the peoples of the Asia-Pacific nations, I urge our colleagues to consider carefully the ramifications of H.J.Res. 57 and vote against this measure.

Mr. ROHRABACHER. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. HUNTER), a man who served in Vietnam and a man who represents many military personnel deeply concerned about the security of our country.

Mr. HUNTER. Mr. Speaker, I thank the gentleman for yielding me the time.

Let us kind of review the bidding here. China has stolen American nuclear secrets. China has used hard American dollars that we have sent them pursuant to this trade loss that we experience with them every year to buy missile cruisers from Russia which have one mission, and that mission is to kill American aircraft carriers.

China has proliferated the components for weapons of mass destruction to terrorist nations which have a stated goal of using those weapons of mass destruction on America.

A lot of my friends have talked about this policy of engagement. And yet what do we see in terms of China's real view of the United States? I think China's view of the United States is one that is seen through a very cynical lens. They view America's policy toward China as being one that is driven by corporate greed. And because of that, they see no reason to change their policy in any of the very important areas where we would like to see a change of policy because they feel that America's real goals, our goals of trying to secure the world, our goals of trying to help our friends and allies, some of whom are threatened by China, will always be superseded by what they view as corporate greed.

Let us prove them wrong. Let us pass Rohrabacher.

Mr. CRANE. Mr. Speaker, I yield such time as he may consume to the gentleman from Nebraska (Mr. BARRETT).

Mr. BARRETT of Nebraska. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I rise in support of extending normal trade relations with China and in support of keeping open the lines of communication and the doors through which we not only trade goods and services but also promote ideas and sell democracy.

The House should soundly defeat this resolution.

For many, China's spying and its poor record on human rights are reason enough to pass this resolution. But, it's not enough. And it would be counterproductive. Ignoring and trying to punish this country of 1 billion accomplishes nothing but further isolating the very people we want to help. And we risk jeopardizing a peaceful relationship with a country emerging as a world superpower.

The lines of communication and trade must stay open. It is through them that the power of American ideals, such as respect for the individual and the importance of individual freedom, can be shared. I will agree with many of my colleagues who have taken the floor today to call this a vote about abortion, but I disagree that a vote for this resolution is a pro-life vote. I want to keep open the means we have to touch those lives and let those poor people know there is a form of government that would never allow coerced abortions and force sterilizations upon its citizens.

By engaging China, we have and do make a positive difference. Change has been slow in China, but change will continue only with our continued input and influence.

No less important are the benefits to Americans of NTR. We must consider what denial of NTR will do for our exporters, especially US farmers and ranchers. We're in the depths of a price crisis in agriculture. Our producers haven't received prices this low for decades. Closing off even one trade avenue would only worsen the situation, and it would have only a negligible affect on China's behavior.

By 2003, China will account for 37 percent of the world's food demand. That's a lot of mouths to fill. With China's growing middle class and their growing demand for our superior products, this presents a tremendous opportunity for US producers.

I urge my colleagues, please don't "cut off our nose to spite our face" with China. Our farmers and ranchers need this market, and the people of China need our ideas and support if they are to bring about change in their government and in their lives. Let's keep the doors open.

Mr. CRANE. Mr. Speaker, I yield 1½ minutes to our distinguished colleague, the gentleman from Florida (Mr. SHAW).

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I rise today in opposition to disapproving normal trade relations status for the People's Republic of China.

Mr. Speaker, this Nation has had some serious issues with China: China's abysmal human rights record, its alleged attempts to influence the White House by way of illegal campaign contributions, its theft of our military secrets.

□ 1330

These are legitimate points of concern between our nations. But supporters of this resolution are wrong to state that these issues are connected or can be somehow corrected by revoking normal trade relations with China.

Let me repeat what has been said many times before. Engaging China through trade does not constitute an endorsement of China's actions or policies. As Secretary of State Madeleine Albright correctly stated in a letter to Congress, "Revoking normal trade relations would do nothing to encourage the forces of change in China. It would not free a single prisoner, open a single church, or expose a single Chinese citizen to a new idea. It would seriously disadvantage America's growing economic interest in China, rupture the overall United States-Sino relationship, and place at risk efforts to bring China into the rules-based international community."

I would hasten to add that revoking normal trade relations with China would also jeopardize thousands of American jobs and would dramatically drive up prices for American consumers.

Mr. Speaker, I urge a "no" vote on this resolution.

Mr. STARK. Mr. Speaker, I yield 1 minute to the gentlewoman from Ohio (Ms. KAPTUR).

Ms. KAPTUR. Mr. Speaker, the most constructive step Congress can take today to fortify our Nation's political ideals and economic foundation is to say "no" to renewing China's "special" trade status. There is nothing "normal" about China's trade relationship with the United States today. It is astoundingly abnormal, with gigantic and growing trade deficits.

This year it will amount to over $60 billion more of Chinese goods coming into this country than our exports allowed into their nation; over half a million lost jobs in the United States; China, now the second largest holder of U.S. dollar reserves and buying political influence around the world with that money, restructuring their markets and transshipping goods through Japan here to the United States.

All I can say is our ancestors in the Kaptur and Rogowski families came to this country for freedom. They were freedom lovers. They were opportunity lovers. I refuse to be a placeholder in this Congress for Chinese state monopolies or the Communist Party, and I am certainly not going to be a placeholder for some of the largest multinationals on the face of the globe who merely want to make profits off the backs of those who work as slaves.

Mr. LEVIN. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California (Mr. BECERRA), a member of the Committee on Ways and Means.

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in opposition to H.J. Res. 57 which would cut off normal trade relations with China.

We have heard a number of bad things that have been occurring in China and certainly all of us would concur that they are bad and they must change. But there are, I think, a number of issues that have to be raised before we deal with the issue of normal trade relations and decide what we should do with a country as large and as important as China.

I respect the point of view of my colleagues who have expressed support for this resolution, especially the gentlewoman from California (Ms. PELOSI) and the gentleman from California (Mr. STARK) who have been so adamant on this issue and so in many ways responsible in what they have done. We must change that trade imbalance that we have with China. That is not tolerable. The human rights conditions in China must improve. We all know that. And the piracy of American ingenuity, our intellectual products, whether it is our films, our music, we must protect all of those things from piracy that we see going on in China. But you cannot negotiate and you cannot settle anything if you are not willing to sit down at the table with folks. You have to engage. There is no way we can ever deal with the piracy issues, the human rights issues, the issues of the trade imbalance, if we are not willing to sit down with the Chinese and say, "This is where we need to go together." It would be foolish for us to just all of a sudden break.

Are the Europeans, any European country breaking relations with China on economic matters? Are the Asians, any Asian country breaking economic relations with China? Are the Latin Americans, any Latin American country breaking relations with China because of the issues that we have raised here that are of concern to all of us? Not a one. Not one country that is part of the WTO has said, "We're going to treat China the way this resolution would have the U.S. treat China."

How would we want to unilaterally try to do this and hope to accomplish anything, whether on human rights, on trade, on piracy, if we are not willing to sit down and talk to either friend, foe or otherwise? We must be there at the table to try to get from them something. Otherwise, they are going to treat us the way we would treat any other enemy, like someone they do not need to deal with.

What about all the jobs in places like Los Angeles? We must protect those as well. At the end of the day it is better for us to engage and treat these folks like people we would sit down with rather than as economic pariah.

I urge Members to vote against this resolution.

Mr. ROHRABACHER. Mr. Speaker, I yield myself 30 seconds.

I would like to remind the Members exactly what we are debating here. We are debating not whether or not we are ever going to talk to China again. We are not talking about cutting all relations or isolating China. We are talking about whether or not China should continue to have huge tariffs on our products while we let them flood their products into our country with low tariffs on their products while they keep our products out of their country with high tariffs.

We are also talking about whether or not our businesses that shut down factories here, whether those businessmen should be able to get taxpayer support, subsidies for their loans in setting up factories over there to use slave labor. Those are the issues we are talking about today.

Mr. Speaker, I yield 1 minute to the gentleman from Mississippi (Mr. TAYLOR).

Mr. TAYLOR of Mississippi. Mr. Speaker, somewhere in America today, someone who served honorably in the American Armed Forces will be denied care at a Veterans' Administration hospital for lack of funds. Twelve thousand young soldiers, sailors, airmen and marines will continue to be eligible for food stamps because of lack of money. Military retirees who served our country honorably for 20 years will be told you can no longer go to the base hospital for lack of money.

Yet this Congress today will vote whether or not to give the Communist Chinese a $20 billion tax break so they can continue to enjoy a $60 billion trade surplus with our country which they will use to build the weapons, the technology of which they stole from us over the past decade.

That is what it is all about. No one wants to say it. This is a $20 billion tax break for the most repressive government on this earth. A "yes" vote says that, "No, we're going to treat you the way you treat us and charge you what you charge us." A "no" vote is a $20 billion tax break for the Communists.

Mr. CRANE. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. PAUL).

Mr. PAUL. Mr. Speaker, I thank the gentleman for yielding me this time. I rise in opposition to this resolution and in support of free trade.

Mr. Speaker, the reason a country engages in free trade is not altruism—we do not encourage trade and low tariffs for the benefit of a trading partner. Even if the reciprocal country does not lower its tariffs we can still benefit.

Open and free trade with all nations, short of war, should be pursued for two specific reasons. One, it's a freedom issue; the right of the citizens of a free country to spend their money any way they see fit, anywhere in the world. And two, free trade provides the best deal for consumers allowing each to cast dollar votes with each purchase respecting quality and price. The foreign competition is a blessing in that it challenges domestic industries to do better. The Japanese car industry certainly resulted in American car manufacturers offering more competitive products.

In setting trade policy we must not assume that it is our job to solve any internal political problems of our trading partners any more than it is their responsibility to deal with our internal shortcomings.

Our biggest problem here in the Congress is that we seemingly never have a chance to vote for genuine free trade. The choice is almost always between managed-plus-subsidized trade or sanctions-plus-protectionism. Our careless use of language (most likely deliberate) is deceitful.

Genuine free trade would involve low tariffs and no subsidies. Export-Import Bank funding, OPIC, and trade development subsidies to our foreign competitors would never exist. Trading with China should be permissible, but aid should never occur either directly or through multilateral banking organizations such as the IMF or World Bank. A true free trade policy would exclude the management of trade by international agencies such as the WTO and NAFTA. Unfortunately, these agencies are used too frequently to officially place restrictions on countries or firms that sell products "too cheaply"—a benefit to consumers but challenging to politically-favored domestic or established "competitors." This is nothing more than worldwide managed trade (regulatory cartels) and will eventually lead to a trade war despite all the grandiose talk of free trade.

Trade policy should never be mixed with the issue of domestic political problems. Dictatorial governments trading with freer nations are more likely to respect civil liberties if they are trading with them. Also, it is true that nations that trade are less likely to go to war with one another.

If all trade subsidies are eliminated, there is less temptation on our part to impose conditions on others receiving our grants and loans.

Before we assume that we can improve the political liberties of foreign citizens, we must meet the responsibility of protecting all civil liberties of our own citizens irrespective of whether it is guaranteeing first and second amendment protections or guaranteeing the balance of power between the states and the federal government as required by the ninth and tenth amendments.

Every argument today for trading with China is an argument for removing all sanctions with all nations including Cuba, Libya, Iran and Iraq. None of these nations come close to being a threat to our national sovereignty. If trade with China is to help us commercially and help the cause of peace, so too would trade with all countries.

I look forward to the day that our trade debate may advance from the rhetoric of managed trade versus protectionism to that of true free trade, without subsidies or WTO-like management; or better yet, free trade with an internationally accepted monetary unit recognizing the fallacy of mismanaged fiat currencies.

Mr. CRANE. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from Pennsylvania (Mr. TOOMEY).

Mr. TOOMEY. Mr. Speaker, I thank the gentleman from Illinois for yielding me this time.

Mr. Speaker, rejecting this resolution and renewing NTR with China will help to safeguard American security with respect to a potential adversary, will serve American economic interests, and will encourage policies that will allow individual liberty, the rule of law and thus respect for human rights ultimately to flourish in China.

On the security front, NTR and the expanded trade opportunities that it brings in nonmilitarily sensitive goods reduces the likelihood of military conflict between the United States and China. Countries with extensive trade relations are simply less likely to go to war with each other than countries without these ties.

Renewing NTR with China will benefit our economy by expanding U.S. export opportunities and by providing American consumers access to low-cost goods.

Finally, Mr. Speaker, renewing NTR with China will help the Chinese people to liberate themselves from the dictatorship under which they live. Chinese Communist leadership has embarked on, what is for them, a dangerous course. Unlike most other Communist dictatorships this century, Deng Xiaoping chose to open China to foreign investment, limited free enterprise and engagement with the West. His bet was that he could enjoy the economic benefits of capitalism without losing the Communist Party's monopoly on political control.

If we engage China, Deng's successors will lose that bet and the people of China will be the winners of freedom. Freedom is ultimately indivisible and once tasted, Mr. Speaker, it is irresistible. People who enjoy economic freedom will demand political freedom. People who read American newspapers will eventually demand their own free press. People who travel to the United States on business will see the incomparable superiority of freedom and in time demand it for themselves.

I urge a "no" vote on this resolution.

Mr. STARK. Mr. Speaker, I yield 1 minute to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Speaker, this is supposed to be about trade, but I also think it might be about a form of genetic engineering. We are taking a gene of the global multinational corporation with its campaign to drive down wages and lower working conditions and knock out workers rights and we are genetically combining it with a totalitarian Communist government which uses slave labor, violates human rights, attacks religious liberties, tortures children, forces abortions and attacks people who simply want to survive, and the same government is involved in the manufacturing of weapons of mass destruction.

Now, this is genetic engineering and we are combining this and we call it normal trade relations. There is nothing normal about this combination. We are talking about creating a Frankenstein. We should go back to the laboratory and work with the living.

Mr. LEVIN. Mr. Speaker, I yield 2 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise to comment generally on the overall policy that the United States has had with China over the years. I think it is important to note that this is not a Democratic issue or Republican issue. In fact, even in the good will and intentions of the Nixon administration in opening the door to China, we might have misstepped even there.

And so we come to this point where annually we go through a ritual of dealing with a country that seems not to listen. I am troubled in both our debate and what we are requested to do. And so I would like to just offer what I hope as the votes are taken today and as I reluctantly vote to provide the NTR with its continuation, that the American policy, both Republican and Democrats, both this administration and Congress, be focused on action items of what we should be doing.

First of all, I think that it is horrific, of the siege of the American embassy even after the terrible act of bombing of the Chinese embassy in the former Yugoslavia which we apologized, I think we should demand compensation for the U.S. embassy and its consul offices. I believe we should demand, of course, the relationship between Taiwan and China, actively engage in making sure that there is a fairness and an ability to negotiate and not to oppress. I think that we should ensure that there is no transshipment and no dumping along with some of the other issues of slave labor. We have been too meek and mild in our negotiations. And, yes, we did offer a resolution in the United Nations which failed, and I do compliment our administration for doing that, but we should do it over and over and over again. And then we have not been successful in the trade imbalance. What we need to do is to make as part of our key trade efforts, to emphasize small and medium-sized businesses.

The policies with China have been wrong for Democrats and Republicans. It is time for the United States to get some guts and gumption and to do something about it.

I rise today to express my serious concern regarding normal trade relations with China. Opponents of the resolution argue that while China continues to engage in many noxious practices, they believe that revoking normal trade relations is too drastic a step and would most likely prove to be counterproductive.

This year's annual vote on the trade status between the United States and China has drawn more than its usual amount of attention. This year has presented the U.S./Chinese relationship with many obstacles and hurdles to maintaining a normal dialogue between our two nations. We are all more than familiar with the issues in this relationship including:

The trade deficit with China which continues to widen. Second only to Japan, Chinese predatory trade practices have resulted in a trade deficit of an estimated $60 billion. This trade deficit is growing at a faster rate than that with any other major trading partners.

The unresolved status of Taiwan continues to go unresolved. The Chinese refusal to agree to renounce the use of force continues to alarm its Asian neighbors.

China's slow and often times stagnant pace of reform in the area of human rights. The Chinese seemingly have learned little from the Tiananmen Square massacre; ten years later they continue to hamper pro-democracy efforts and religious freedom.

Chinese efforts to stem the proliferation of nuclear-arms continue to proceed at a snail's pace. They continue to transfer advanced ballistic missile technology to Syria and Pakistan, provides nuclear and chemical weapons technology to Iran, and refuses to comply with the nuclear non-proliferation treaty.

In addition to these issues, the United States is still reviewing the ramifications of the Cox Report. We are also still struggling to come to an understanding of the Chinese government's reaction to the mistaken bombing of the China's embassy. The tragic bombing was clearly a mistake and the administration apologized for this mistake but despite these efforts the Chinese government allowed a violent protest to go unchecked and threaten the lives of our embassy personnel.

Opponents of this legislation have stated that the argument over normal trade status is not just about what kind of country China is—it is about what kind of nation we are. I agree with this statement because I believe that we are not a nation who quits in the middle of the race. Our relationship with China is not a sprint but rather a marathon race. A relationship begun in earnest during the Nixon administration, China has continually opened itself largely due to the insistence of the United States.

The stakes in this year's Normal Trade Relations debate are higher than ever. The United States and China are on the verge of a major trade agreement regarding the terms for Chinese accession to the World Trade Organization. Such a breakthrough would open China's markets to American products, companies, workers, and farmers and bring China under global trade rules and enforcement procedures. A strong show of House support for Normal Trade Relations is important to our efforts to complete a World Trade Organization. The China market is particularly important for American agriculture, which is experiencing a serious economic downturn because of declining U.S. exports to Asia.

Removing Normal Trade Relations would almost certainly remove all hope of reducing the widening gulf between our two nations and building a lasting bridge of communication. In simple dollar and sense terms it will cost Americans both exports and jobs. United States exports to China have tripled over the last decade and supports over 170,000 American jobs.

America's relationship with China will go through many ups-and-downs, just like our relations with every other nation. Difficult issues may require the strong assertion of U.S. interests. But it is vital that the fundamental elements of stable U.S.-China relations remain intact. Revoking Normal Trade Relations or enacting anti-China legislation is not a solution and would threaten America's vital stake in cooperation with China on proliferation, security, and trade. However, the United States must be firm in its relationship with China on its Human Rights abuses compensation for the trashing of the U.S. Embassy in China after the accidental bombing of the Chinese embassy during the Kosovo conflict, the continuing trade imbalance that must end, the dumping of Chinese goods in other countries to avoid U.S. import laws and many other concerns. I reluctantly vote no on this resolution.

□ 1345

Mr. ROHRABACHER. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. DOYLE), a friend of the steelworkers, a man who has sometimes disagreed with me, but always in a very pleasant way, but one who shares our basic values and concern for the working people of our country and his district.

Mr. DOYLE. Mr. Speaker, I got here in 1995 and I certainly was no expert in trade matters. So I was persuaded by the proponents of normal trade relations that engaging China would be the way that we could help lower this trade deficit we had, and engaging China was the only way to help China grow and lessen these human rights abuses, and I voted for Most Favored Nation status for China in 1995, and I waited a year, and it got worse. And in 1996 we heard the same arguments over again, engagement was the only way to lower the deficit and improve human rights. And I voted for it again, Mr. Speaker, and it got worse, and the same the following year, and the same last year.

When I got here in 1995, the trade deficit with China was $33 billion. Today it is projected to be $67 billion.

I have heard a speaker say that there is no argument about the facts here, only about what the end result is going to be. Well, Mr. Speaker, the facts are this: our engaging China and Most Favored Nation status has not worked.

It is time to try a different approach.

This year I intend to vote with the gentleman from California (Mr. ROHRABACHER).

Mr. CRANE. Mr. Speaker, I yield such time as he may consume to the gentleman from Iowa (Mr. NUSSLE), our colleague on the Committee on Ways and Means.

Mr. NUSSLE. Mr. Speaker, I rise in opposition to the resolution, in support of normal trade relations.

Mr. CRANE. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Nebraska (Mr. BEREUTER).

Mr. BEREUTER. Mr. Speaker, as chairman of the Subcommittee on Asia and the Pacific and a member of the Cox Committee, I rise in opposition to the resolution. I strongly support the continuation of NTR status for China because it is clearly both in America's short-term and long-term national interests. Continuing NTR is not about granting a favor or a preference to China; it is about acting in our own national interest. That is what this debate is all about. Rather than ranting and raving about problems in human rights and democratic freedoms, I prefer to focus realistically on doing something about them. This is not the right forum for addressing those issues.

Mr. Speaker, ever since President Nixon traveled to China, U.S. policy has sought to promote a stable and peaceful Asia where America's trade interests could be advanced without sacrificing security. Successive administrations have made expansion of trade relations and economic liberalization key tenets of our China policy. The goal is not only to expand U.S. trade, but also to provide a means of giving China a stake in a peaceful, stable, economically dynamic Asian Pacific region and pulling that country into an international community.

Overall, this responsible approach has been successful despite the increasingly problematic nature of Sino-American relations. It has protected not only our own national interests, but also those of our friends and allies.

The U.S. has convinced nearly every other country in the region that the best way to avoid conflict is to engage each other in trade and close economic ties. Abandoning this basic tenant of our foreign policy with respect to China would be a serious shock and would be an extraordinary setback for much of what our Nation has been trying to achieve in the entire Asian Pacific region. Mr. Speaker, it would send many countries scrambling to choose between China and the United States.

Finally, remember that it is certainly premature to view China as an enemy or an adversary, although we can make it our adversary if we adopt a policy of trying to isolate and ostracize China.

There is perhaps no more important set of related foreign policy issues for the 21st century than the challenges and opportunities posed by the emergence of a powerful and fast-growing China. However, today we are not having a debate focused on those important challenges. Instead, we are debating whether to impose 1930s Great Depression-era Smoot-Hawley trade tariffs on China that the rest of the world and China know for our own American interests we realistically will never impose.

This particular annual debate has become highly counterproductive; it is very damaging to Sino-American relations with almost no positive results in China or in our relationship with that country and its people. It unnecessarily wastes our precious foreign policy leverage and seriously damages our Government's credibility with the leadership of China and with our allies. It hinders our ability to coax the Chinese into the international system of world trade rules, non-proliferation norms, and human rights standards. Moreover, Beijing knows the United States cannot deny NTR without severely harming American workers, farmers, consumers or businesses, or do it without devastating the economies of Hong Kong and Taiwan.

It is true as NTR opponents argue, that ending normal trade relations with China would deliver a very serious blow to the Chinese economy, but the draconian action of raising the average weighted tariff on Chinese imports to 44 percent harm the United States economy as well. China is already the 13th largest market abroad for American goods and the 4th largest market for American agricultural exports. If NTR is denied to China, Beijing will certainly retaliate against the over $14 billion in U.S. exports to China. As a result, many of the approximately 200,000 high-paying export jobs related to United States-China trade would disappear while the European Union, Canada, Japan, Australia, Brazil, and other major trading nations would rush to fill the void.

Maintaining NTR is crucial to being able to re-engage in negotiations with China on its accession to the World Trade Organization (WTO), negotiations which could result in a much greater opening of China's markets to U.S. agricultural, industrial and service exports. As the pending agreement is export-oriented, it is the American worker, farmer and businessman who benefit from increased sales to China. The agreement would also institute important reforms that reduce the competitive coercion on American businesses to transfer their industrial technology to China or for China to require manufacturing offsets to transfer jobs from the United States to China.

Just focusing specifically on agriculture for a minute, it is certainly worth remembering that the American Farm Bureau has called China "the most important growth market for U.S. agriculture in the 21st century." The U.S. Department of Agriculture estimates that, over the next decade, 75 percent of the growth in American farm exports will be to Asia, of which half will come from increased U.S. exports to China. In the China WTO accession negotiations and have been halted but which the Administration quite rightly wants to resume having mistakenly rejected a commercially viable package during Premier Zhu's visit last April, it is China that is making all of the concessions. The United States is not giving up anything. In manufactured goods and service exports, the news was almost all incredibly good. In agriculture, for example, the pork, beef, soybean, corn and wheat markets in China that are essentially closed to American exports today would be opened significantly with tariffs dropping from over 40 percent today down to 12 percent or lower. Indeed, the National Pork Producers Council has called this deal a "grand slam home run."

Revoking the extension of NTR for China would have the effect of scuttling these stalled negotiations during what we hope will be their final phase and jeopardizing the substantial benefits to American exports and jobs a new trade agreement and China's accession to the WTO promise. Revoking NTR would turn our grand slam home run into a dismal strike-out. Rejecting NTR status for China is self-evidently neither in our short term nor our long term national interest.

Some have advocated the revocation of NTR status for China in order to punish Beijing for its espionage operations against the United States. As one of the nine members of the bipartisan Cox Select Committee (Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China) which investigated and reported on Chinese espionage, and as a former counter-intelligence officer in our military, this Member adamantly rejects such linkage. The United States has been and will continue to be the target of foreign, including Chinese, espionage. We should have expected China to spy on us, just as we should know that others, including our allies, spy on us. While our outrage at China for spying is understandable, that anger and energy ought to be directed on correcting the severe and inexcusable problems in our own government. Our losses are ultimately the result of our own government's lax security, indifference, naivete and incompetence, especially in our Department of Energy weapons laboratories, the National Security Council and the Federal Bureau of Investigation. The scope and quality of our own counter-intelligence operations, especially those associated with the Department of Energy's weapons labs, are completely unrelated to whether or not a country like China has NTR status. Indeed, revoking NTR status for China does absolutely nothing to improve the security of our weapons labs or protect militarily sensitive technologies. However, this feel-good symbolic act of punishment would inflict severe harm on American business and the 200,000 American jobs that exports to China provide. It makes no sense to punish American farmers and workers for the gross security lapses by our own government of which the Chinese—and undoubtedly other nations—took advantage.

We should first remember to do no harm to our own Nation and America's citizens. Therefore, Mr. Speaker, this Member is strongly opposed to House Joint Resolution 57 and urgently urges its rejection.

Mr. STARK. Mr. Speaker, I yield 30 seconds to the gentleman from Vermont (Mr. SANDERS).

Mr. SANDERS. Mr. Speaker, we currently have a $67 billion trade deficit with China which equates to the loss of 1 million jobs. It also is lowering real wages for American workers. Should the working people of this country be forced to compete against desperate people who are paid 20 or 30 cents an hour? Should we continue a policy where corporate America throws American workers out on the street and runs to China and hires those people? I think not.

Let us support this sensible resolution. Let us end the policy which just does not work.

Mr. Speaker, I rise in strong support of this resolution.

I am not anti-Chinese.

I am not a xenophobe.

I do not want another cold war with China, and I want to see our country do everything it can to establish warm and positive relations with China.

I support this resolution because our current trade policy with China is a disaster. We currently have a $67 billion trade deficit with China, in a year in which we are experiencing a record breaking $224 billion overall trade deficit. Economists tell us that for every one billion dollars we have in a trade deficit we lose 17,000 jobs—many of them decent paying manufacturing jobs. That means that our trade deficit with China is costing us approximately 1,139,000 jobs.

Mr. Speaker, I am very concerned that, over the last 20 years, many of the largest corporations in America have invested tens of billions of dollars in China in the search for very cheap labor. They are not investing in Vermont, New York or Mississippi. They are not hiring young American workers. They are not re-building our manufacturing base. Instead, they are hiring desperate workers in China at 20 or 30 cents an hour to produce products which are then sold in the United States and elsewhere—products not meant for the Chinese market but for the world market.

The result of this whole trend is that corporate profits soar, the average American worker today is earning 12% less in inflation accounted for weekly earnings compared to 1973. In terms of hourly wages, in 1973 the average American worker earned $13.61. Today, in the midst of this so-called booming economy, that worker is earning $12.77 an hour—6% less than in 1973. I should also add that that American worker is now working 160 hours a year more than was the case 20 years ago in order to make up for the drop in his or her real wages.

Mr. Speaker, we must stop the race to the bottom. I want to see the people in China and all developing countries improve their standard of living, but we must help that happen in a way that does not hurt American workers. We must not continue to play American workers off against Chinese workers. American workers should not have to compete against the workers in China who are paid extremely low wages, who cannot form unions, who cannot even elect their political leaders.

In fairness to the working people of this country, we must not continue MFN with China.

Mr. STARK. Mr. Speaker, I yield 30 seconds to the gentleman from Illinois (Mr. LIPINSKI).

Mr. LIPINSKI. Mr. Speaker, I rise today in strong support of H.J. 57, a resolution to disapprove normal trade relations with the People's Republic of China.

It is clear to see that our trade deficit with China has skyrocketed over the years, and hundreds of thousands of good paying American jobs have been exported. In 1993 we had a $22 billion trade deficit with China. Last year the deficit was $60 billion. Thanks to this administration's misguided trade policies, we have traded away good paying American jobs.

Mr. Speaker, over the years we have been bending over backwards for Beijing. I ask the question: Why?

Mr. Speaker, I rise today in strong support of H. J. Res. 57, a resolution to disapprove normal trade relations with the People's Republic of China.

It's clear to see that our trade deficit with China has skyrocketed over the years, and hundreds of thousands of good paying American jobs have been exported. In 1993, we had a $22 billion trade deficit with China. Last year, the deficit was $60 billion. Thanks to the Administration's misguided trade policies, we've traded away good paying American jobs.

Mr. Speaker, over the years, we've been bending over backwards for Beijing.

Why?

They need us more than we need them. They need the American market. We have one of the strongest and wealthiest consumer markets in the world. They sell billions of dollars of their products in our market. They need us. They need America. But while they insist we open up more of our markets, they've steadfastly refused to open up theirs.

Then why should we give NTR to China? Supporters argue that by staying engaged with China is the only way we can improve their behavior. But I would ask those supporters, in the last twenty years, have we seen any improvements?

Has China improved their human rights record? No. They're still considered one of the most egregious offenders in the world. They prosecute Christians, throw pro-democracy activists in labor camps and gulags, and promote forced abortions and sterilization.

Has China improved their unfair trade practices? No. They continue to keep out American products by imposing high trade barriers. They dump our shores with their cheap products, but won't allow us to fairly sell American goods in their market. Democratic Taiwan, a little island of only 23 million people, buys more American products than all of Communist China, a huge land mass of over 1.2 billion consumers.

Has China been our friend in the international arena? No. They send spies over to steal our nuclear technology. They continue to threaten their democratic neighbors in the Pacific region. They recently renewed threats to keep Taiwan from declaring itself an independent state. They refuse to join international efforts to control nuclear proliferation. They continue to sell advanced missile technology to rogue nations.

We've given China opportunity after opportunity to show their friendship. We've offered our hand in friendship, but they've refused to take it. They continue to confront us as enemies.

A recent article in The People's Daily, a Communist controlled newspaper in China, the U.S. was likened to Nazi Germany. Is that the action of a friend?

Mr. Speaker, extending NTR to China is not in line with our strategic interests, and it is not in line with American ideals. I urge all of my colleagues to vote for this resolution and against NTR for China.

Mr. LEVIN. Mr. Speaker, I yield 3 minutes to the gentleman from Florida (Mr. DAVIS).

Mr. DAVIS of Florida. Mr. Speaker, I rise in strong opposition to the Rohrabacher amendment, and listening to the arguments that have been made today that suggest we discontinue normal trade relations with China, one of the points that is being made is that we need to send a message to China that we disapprove particularly of some of the reprehensible behavior that appeared to have occurred recently with their government.

I agree we need to send a message to China. They certainly should not be engaged in conduct that is contrary to the very values which we stand for and practice every day. But I strongly disagree that this is the proper means by which to send a message.

This is not just a sense of Congress, this is not just a message. This is a complete collapse of our trade relationship with China.

Listen to what some of the missionaries have said who serve in that country and care very deeply about many of the human rights issues that we have discussed here on the floor of the House today. They have argued for constructive engagement to continue in China.

Let us not set off another trade war just to send a message. The United States trade representative has estimated that it could cost consumers as much as half a billion dollars in increased prices for shoes, clothing, and small appliances if we were to end this trade relationship entirely and set off a trade war.

Now the question has been raised today by a number of very eloquent speakers, what has changed since we have allowed normal trade relations to continue over the years? Where have we seen progress? Well, what is about to change is that we hopefully will have a debate on the floor of the House in just a few months about whether China enters the World Trade Organization, and this will be an incredibly fundamental debate. It will be an opportunity for us to engage China on a broader scale than ever before in an attempt to expose them to our values and to expose them to more people from our country.

A number of us met with the premier of China just a few months ago, and many of us told him that, as we begin to trade more with this country, we invariably will expect more from that country as we expose them to our values, as we exchange more citizens on a regular basis. We believe democracy will be contagious, we believe our values will be contagious because we think that we stand for many universal truths. That is when constructive engagement really begins to have a dramatic and long term impact, when we begin the debate on WTO accession, and we talk as a Congress about how we are going to use that to really have truly long-term improvement in the lives of the citizens of China regardless of what their government chooses to do and the progress the government chooses to make.

So today let us send the appropriate message which is this is not an endorsement of policies that China is engaged in that we strongly disagree with, but it is a clear recognition once again that a trade war is not in our Nation's best interests and that we should defeat this motion today.

Mr. ROHRABACHER. Mr. Speaker, I reserve the balance of my time for the moment.

Mr. CRANE. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. CALVERT).

Mr. CALVERT. Mr. Speaker, I rise in support of normal trade relations with China and in opposition to this resolution of disapproval. I have grave concerns about the Chinese Government. Their policy and practice include religious persecution, stealing our national secrets, unfair trade practices, and military intimidation of their neighbors.

Let us be clear. The Chinese government is no friend of the United States or democracy. However, I would subscribe to Ronald Reagan's philosophy on dealing with potential adversaries: contain them militarily, engage them diplomatically, and flood them with Western goods and influence.

Sadly, the Clinton-Gore administration has failed on the military front, is suspect on the diplomatic front; yet on the trade front where Congress has a say, we should not fail. Maintaining normal trading relations is important to the Chinese people, but it is also important to California farmers. These hard-working farmers support 1.4 million jobs in California, have led the Nation in production since 1948. California's agricultural exports to China have risen nearly 50 percent since 1993 and now total over $2.4 billion annually.

With all these exports to China, California sent an equal amount of American ideals, moral values, and capitalism.

Mr. STARK. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Speaker, I wanted to just take a moment to respond to some comments I have heard here today.

First, we are here to complain about a policy that does not work. To those who say that the trade will lead to human rights, this trickle-down notion, this trickle-down liberty notion has not worked. So we do not want to start a trade war with China. I am going to tell my colleagues why that is not going to happen.

First of all, though I want to recognize once again that the name has been changed from Most Favored Nation status to Normal Trade Relations, and that the name was not changed to protect the innocent. The human rights violations continue. As we speak, the regime that we want to hand $67 billion to is rounding up people for their freedom of expression in China.

On the trade issue, here is the item: $71 billion. So if we threaten to revoke MFN or NTR, whatever colleagues want to call it, the Chinese are not going to walk away. Where are they going to sell 71 billion dollars' worth of goods? They cannot. The same threat that the administration used on intellectual property violations should apply here. So they are not going any place with 72 billion dollars' worth of goods.

I urge my colleagues to vote aye on the resolution.

Mr. LEVIN. Mr. Speaker, I reserve the balance of my time.

Mr. ROHRABACHER. Mr. Speaker, I reserve the balance of my time.

PARLIAMENTARY INQUIRY

Mr. ROHRABACHER. Mr. Speaker, parliamentary inquiry?

The SPEAKER pro tempore (Mr. SHIMKUS). The gentleman will state his parliamentary inquiry.

Mr. ROHRABACHER. Mr. Speaker, I would like to ask a question of the Chair.

Is there some notion or plan for a quorum call? So we just finish this debate in the next few minutes, and there will be no quorum call?

The SPEAKER pro tempore. No.

Mr. ROHRABACHER. Then I reserve the balance of my time.

The SPEAKER pro tempore. At this point a point of no quorum is not in order. The debate will proceed until closing when Members are recognized for closing statements. Members will be recognized in reverse order of opening. First, the gentleman from California (Mr. ROHRABACHER); secondly, the gentleman from Michigan (Mr. LEVIN); third, the gentleman from California (Mr. STARK); and, fourth, the gentleman from Illinois (Mr. CRANE).

□ 1400

Mr. CRANE. Mr. Speaker, I yield 2½ minutes to our distinguished colleague, the gentleman from Arizona (Mr. KOLBE).

Mr. KOLBE. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, here we go again. It is just like clock work. As spring turns into summer and the throngs of tourists begin their dissent on the Nation's Capital once again, we come to the House floor for what has become an almost ritualistic debate about trade relations with China. Once again, we find ourselves driven to view our trade relations with 1.3 billion people through the narrow prism of a decades-old statute that was not even designed to fit this situation. Mr. Speaker, it is time for us to end this kind of debate. If we are ever to develop a truly coherent and a comprehensive policy towards this nation, the largest on the face of this planet, we have to break free from this debate.

Our relationship with China is complex, and it is increasingly important. There are a myriad of issues that are intertwined in this relationship: nuclear proliferation, regional security, the bilateral trade balance, intellectual property protection, religious freedom, the future of Taiwan, Tibet and Hong Kong, and political and economic freedom for the people of China. How can we possibly deal with these complex issues through an annual congressional debate that asks a single question: Should we conduct commercial relations with China on the same basis that we do with other countries?

Mr. Speaker, I call upon my colleagues to take a step forward with me today. Vote down this resolution of disapproval and join in forging a truly comprehensive policy towards the People's Republic of China.

I believe to my very core that the most important thing we can do for human rights in China is to help bring a rules-based system of trading to that country, and the only certain way we can do this is to get China into the World Trade Organization. We must help those who are reformers in China to help themselves. We must continue to work to bring the rule of law to China. We must strengthen our relationship with our allies by maintaining a strong military presence in that region, and we must be clear and consistent in our message to the Chinese government.

But one thing is clear. This annual debate over whether we will continue our political and economic relations with China is never constructive. It hampers our ability to formulate a comprehensive and effective policy toward the region, and I believe it is time for it to end.

Mr. Speaker, I urge a renewal of Normal Trade Relations. History has shown economic growth to be an effective catalyst for political change. The principles of individual liberty and a freedom embodied in economic liberalization will prevail, but only if we have the political courage to make the right choice to let them flourish, and that means renewing Normal Trade Relations with China.

Mr. STARK. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Mr. Speaker, last year legislation overhauling the Internal

Revenue Service included a provision changing the term Most Favored Nation trading status to Normal Trade Relations. Apparently, supporters of MFN for China decided that changing the name would make this debate go away. The debate is the same. Only the names have been changed in order to protect the guilty.

And make no mistake about it, the People's Republic of China is guilty. They are guilty of stealing American nuclear weapons secrets. They are guilty of proliferating weapons of mass destruction around the world. They are guilty of gross violations of human rights. They are guilty of a wide array of unfair trade practices. China has already been convicted in the court of public opinion. The question is, what is this Congress going to do in response to China's reckless behavior? Are we going to extend Normal Trade Relations for another year, or are we going to stop business as usual until China reforms its ways?

Let us look at Beijing's proliferation rap sheet. They refuse to join international efforts to stem proliferation of nuclear arms, continue to transfer advanced ballistic missile technology to Syria and to Pakistan; and they provide nuclear and chemical weapons technology to Iran, and they refuse to comply with the nuclear nonproliferation treaty. The Central Intelligence Agency has reported in February of this year that China remains a key supplier of technology inconsistent with nonproliferation goals.

Mr. Speaker, the only thing that will really make them reexamine this behavior is if this Congress actually denies them Most Favored Nation, Normal Trade Relations. Let us not forget that we already have a $60 billion trade deficit with them. Only Japan exceeds it, and that will not last for long. They continue to engage in proliferation activities; they continue to engage in human rights violations.

Mr. Speaker, I urge a "yes" vote on this disapproval motion.

Mr. LEVIN. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Speaker, in an imperfect world, we do not have the choice of dealing with perfect nations. Certainly, China is far from perfect as a nation, as are we, and I must admit I am especially bothered by recent detentions in China, and I hope the Chinese know that this Congress is sensitive to those detentions.

But we have a choice today. It is engagement, or it is isolation. Let us see how that has worked in other circumstances. We chose isolation in the case of our dealings with Cuba. What has happened? Thirty-eight years later Castro is in power. Let us choose engagement and look at that and its track record. We chose to engage the former Soviet Union. Today, they are a democratic nation, struggling with an economy, albeit, but a democratic nation.

The choice today is not dealing with perfect nations; it is a choice between isolation and engagement. I would suggest that the policy of engagement with China, as important of a nation as it is, makes sense for America and the world in the 21st century.

Mr. ROHRABACHER. Mr. Speaker, I ask unanimous consent to yield 2 minutes to the gentleman from California (Mr. STARK) to be used for yielding on his side.

The SPEAKER pro tempore (Mr. SHIMKUS). Is there objection to the request of the gentleman from California?

There was no objection.

Mr. STARK. Mr. Speaker, I yield such time as he may consume to the gentleman from Iowa (Mr. GANSKE).

Mr. GANSKE. Mr. Speaker, I rise in support of the joint resolution and in opposition to the extension of MFN to China.

Mr. Speaker, I rise in support of this resolution and in opposition to the extension of normal trade relations with China.

Our agricultural economy is in a desperate situation and we need to move to improve access to international markets. But China has had years to prove that it is a viable market for American agricultural products and has failed to do so.

Despite years of engagement and normal trade relations, our trade with China has been going backwards and we still face severe roadblocks in agricultural goods.

Let's review some of the supposed benefits the United States has realized from normal trade relations:

- Our overall trade deficit had increased from $6.2 billion in 1989 to $56.9 billion in 1998.
- The average Chinese tariff on agricultural imports is 40%.
- Some agricultural commodities are assessed tariffs greater than 100%.
- Agricultural exports to China have actually decreased by nearly $100 million since 1989.

Such a deal! I am sure those that claim trade benefits from this relationship have some "lake front" property in the Gobi desert for us too.

I believe we must increase our access to international markets for a variety of agricultural commodities, especially meat like pork.

Like many of my colleagues and my constituents, I am concerned about the future of America's pork industry. China is a huge potential market—there are more than one billion people in China and they consume vast quantities of pork.

Well, let's take a look at how this market has treated the American pork industry under normal trade relations:

Chinese pork production in 1997 was 42.5 million metric tons compared to the 7.8 metric tons produced in the U.S. How can we expect to increase our pork exports to this market that produces 6 times the amount of pork we do when there are agricultural barriers in place?

U.S. pork exports to China in 1997 totaled only 150,000 metric tons—less than 2% of our domestic production.

Overall pork and swine exports to China in 1998 amounted to only $6.5 million dollars.

Some point to recent reductions in agricultural tariffs on certain products as an indication of Chinese capitulation. Yet, they fail to note that China continues to implement several non-tariff trade barriers.

The U.S. Trade Representative reported this year that China still conducts import substitution. In other words, the Chinese government can and does deny permission to import foreign products when a domestic alternative exists, or, given their closed society, whenever they want.

Look at the numbers I just cited: China produces a lot of pork. NTR will not alter this competitive structure.

Normal trade relations have not altered these protectionist policies and will not promote changes in the future.

Years of normal trade relations have not resulted in a significant reduction in trade restrictions. Normal trade with China has not resulted in a better trade relationship.

Instead, China has sold us a bill of goods in which realization of potential markets remains perpetually around the corner.

The result has been an increase in our trade deficit with a Communist regime.

Let's think about that. We can argue the benefits and detriments of trade with China all day. But we also need to consider that this Communist government spied on American nuclear facilities.

They stole vital American nuclear secrets. They have the capability to strike American soil with nuclear weapons!

How can we reward such actions with Most Favored Nation trading status. That's right—we may have changed its name, but the impact is the same—Most Favored Nation.

What kind of message do we want to send to the international community? We can send one of two messages:

"Steal from us, threaten your neighbors and violate your people's basic human rights and you will reap the benefits of American capitalism."

Or, "Play by rules, respect the security of your neighbors and preserve the rights of your people, or feel the consequences of your actions."

Let's send the right message. That America will not be violated or manipulated.

I urge my colleagues to vote against rewarding this country with preferential trade status and vote for House Joint Resolution 57.

Mr. ROHRABACHER. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. COX), the distinguished chairman of the Cox Commission, a bipartisan select committee that was set up to investigate certain national security challenges that we face with Communist China.

Mr. COX. Mr. Speaker, we are here today to debate the President's waiver of the Jackson-Vanik law, which, by its terms, requires that in order to get low tariff treatment, the People's Republic of China must have fair immigration policies. Yet, having listened to the debate, I have not heard the substance of Jackson-Vanik come up at all; neither the supporters nor the opponents of this resolution have even mentioned the PRC's immigration policies. Instead, this debate has been cast by the opponents of the resolution as a debate about free trade, and by the supporters of the resolution as a debate about political, economic, religious, civil and other human rights concerns in the People's Republic of China.

If this resolution really were about free trade, if this debate were really about free trade, then I would vote in support of free trade, because it is in America's interests and it is in the interests of all of our trading partners. It is at least arguable that human rights violations are a separate issue from the question of tariff rates on beanie babies being imported into the United States.

Yet, sadly, in order to assure the defeat of this resolution, its opponents are whitewashing the government's record, making extravagant, that is to say the People's Republic of China's record, making extravagant claims about the progress of democracy in China; there is none, or the liberal limbs of certain of China's Communist rulers. That certainly requires a double standard. Or the more favorable economic standards that some Chinese find themselves in now as compared to, say, the time of the cultural revolution. That is a fact, but it is also a fact that the Communist portion of China has an economic product per person that is less than Guatemala's, while the democratic government and people and society in Taiwan buy far more from the United States than all of the PRC and have one of the highest standards of living in the world.

Whitewashing human rights abuses in the PRC, which is what this debate has come to symbolize is not in our Nation's interests, nor in the interests of the people of China. It is for this reason, especially on a vote that is largely symbolic, because the President has already granted this waiver and everyone knows that there will not be a two-thirds vote in the Senate or the House or both to override, so especially on a symbolic vote, I cannot join with the opponents.

The PRC really does deny freedom of speech; the PRC really does deny freedom of thought. The Communist government really does persecute religious groups that it cannot control, and it really has jailed millions of people, prisoners of conscience, in the notorious laogai slave labor camps that Harry Wu has so courageously documented.

Last year, President Clinton signed a law passed by this Congress that required the Secretary of Defense to send us a list of People's Liberation Army-controlled companies operating in the United States. The administration is in violation of that law; they have been for half a year. What that means is that the extension of Normal Trade Relations to the People's Republic of China is also an extension of normal trade relations to the People's Liberation Army. I know of no responsible U.S. corporation that wishes this.

This debate and this vote is not about tariff rates. It is about sending a signal to Beijing. I cannot rubber stamp the Clinton policy towards China, and I am heartened that a big number of Republicans and Democrats today will not do so either.

Mr. CRANE. Mr. Speaker, I yield 1 minute to the gentleman from Arizona (Mr. SALMON).

Mr. SALMON. Mr. Speaker, this is not a lot of time to debate such a sensitive issue, but I will say this. After having served a mission from my church among the Chinese people, after having learned about their language and their culture and communicating one on one with these people for 2 years in my youthful life, I learned a lot of things, I thought, not only about their society, but about our society. I have learned one thing painfully clear in my life, and that is you never improve any relationship by walking away from it. Right now I think this relationship is at an all-time low and I think both sides have some culpability in that situation.

But I will say this: the last speaker was right on. There are human rights violations, there are problems with Taiwan, there are nuclear nonproliferation problems. But I will say this as well: when it comes to the espionage issue, I do not fault China nearly as much as I do this administration for falling asleep at the switch. Let us not try to penalize China what we should take out on this administration for not doing its job. Let us not close the door on a lot of people who would like to be able to open up their doors to Christianity, and they would not get that opportunity, I believe, if we revoke MFN. Please, let us vote against this measure.

Mr. STARK. Mr. Speaker, might I inquire as to the time remaining.

The SPEAKER pro tempore. The gentleman from California (Mr. STARK) has 11 minutes remaining; the gentleman from California (Mr. ROHRABACHER) has 2 minutes remaining; the gentleman from Illinois (Mr. CRANE) has 5½ minutes remaining; and the gentleman from Michigan (Mr. LEVIN) has 6½ remaining.

Mr. STARK. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. KASICH).

Mr. KASICH. Mr. Speaker, I think that it is important that we recognize that in a community of nations, there are going to be differences between nations. And in fact, the differences between our Nation and China represents a fundamental difference in the political system where we honor representative government; in the economic system, where we recognize the value of capitalism and free markets; and in the value system that underpins our society where we recognize the fact that we answer at the end of the day to a higher being. Frankly, the Chinese reject all of that. They do not share our political objectives; they do not share our political system; they do not share our economic system; and they do not share our value system.

☐ 1415

Does that mean we should totally isolate them and walk away? The answer is no. But in the course of relations, there are times when we will get along better than when we will not get along.

But the problem has been that the Chinese continue to engage in proliferation, including recent reports that involve proliferation of sensitive technology to the North Koreans, of all nations of the world, that perhaps provides for us the most complicated set of problems. Yet, the Chinese have proliferated to the North Koreans, in addition to other nations in the world.

Secondly, they have stolen our secrets. And to blame us for the fact that they stole our secrets I think is really the wrong way to pinpoint the problem. The fact is that nations should not be engaging in stealing of secrets, which violates fundamental values.

Thirdly, they have engaged in constant abuse of human rights.

Finally, their recent relationship and difficulties with Taiwan.

This all underscores the fact that because they do not share our political system, our economic system, or our value system, now is not the time to reward them. This is a down time between U.S. and China.

Does it mean it is the end of the road? Of course not, because they live on the same street where we live. But just like when we have a neighbor that breaks the fundamental rules of the neighborhood, it is necessary for Nations to punish other countries that do not share their values, and break the fundamental rules and values that have been established in the neighborhood.

Accept this resolution. It will do this country well, and it will send an important message to the entire world.

Mr. CRANE. Mr. Speaker, I yield 1 minute to our distinguished colleague, the gentleman from Connecticut (Mr. SHAYS).

Mr. SHAYS. Mr. Speaker, I rise in strong opposition to this resolution. I have listened to some of my colleagues today who want to revoke normal trade relations status for China. I, too, am deeply concerned that top nuclear secrets were stolen from U.S. nuclear labs, but I blame the United States more than I blame China. In my judgment the Clinton administration failed to understand the fundamental difference between promoting a strong business relationship with China and maintaining a strong strategic military advantage with that Nation.

The distinguished Cox Report counsels changes in our counterintelligence and military security, but it does not call into question our business relationship with China. I continue to support maintaining normal trade relations with China, not favored, but normal relations.

We should not give up on trade relations between our two countries. A nation cannot have a prosperous free market economy without educating its citizens. The more educated a country's citizens become, the more they will demand an open society and freedom. Only through economic and social engagement will this transformation truly take place making, China, the United States, and the world a better place.

Mr. LEVIN. Mr. Speaker, I yield 1 minute to the gentleman from Guam (Mr. UNDERWOOD).

Mr. UNDERWOOD. Mr. Speaker, I rise in opposition to House Joint Resolution 57, which would revoke normal trade relations with the People's Republic of China. I fully recognize the emotional content of the debate today.

Some have characterized this as a debate about whether China has violated human rights and whether China has much of a defensible record on religious freedom, or whether they have much of a progressive record towards democracy. But I readily concede, and I think most people who stand in opposition to the resolution readily concede that China does not have a sterling record on any of these items. In fact, it has an abysmal record.

But this is really a debate as to whether the denial of normal trade relations will have much of an effect on any of these matters. Closing the door to the PRC, and in de facto punishing it with high tariffs, is not the answer to alleviating human rights conditions there or preventing espionage in the future. This is just simply too simplistic.

The United States is already tied to the rest of the globe in a sophisticated and integrated tapestry of economic, political, and social coexistence. We need to maintain our policy of engagement with China.

Mr. Speaker, I rise in opposition to H.J. Res. 57, which would revoke Normal Trade Relations (NTR) with the People's Republic of China (PRC).

Closing the door to the PRC and de facto punishing it with high tariffs is not the answer to alleviating human rights conditions there or preventing espionage in the form of stealing nuclear secrets This so-called solution is too simplistic a plan. The fact is the United States is already tied to the rest of the globe in a sophisticated and integrated tapestry of economic, political and social co-existence. This punitive act will only serve to harm our interests in global commerce and leadership. What evidence do we have that suspension of NTR would lead to a conciliatory PRC ready to bend at the will of American morality and ethics? None. On the other hand, free traders and many observers will attest that NTR suspension will backfire on the United States guaranteed. A minimum of 400,000 American jobs, which depend on exports to the PRC and Hong Kong, will be threatened. In addition, Asia's recovery from the Asian financial crisis will stall and further hurt American businesses and workers. Our economic competitors would be more than eager to supplant the United State's position as one of the PRC's largest trading partners. It takes little genius to realize that the phenomenon that has protected the United States from the Asian crisis has been our aggregate consumption. This measure would be sure to stymie this indeed.

The political ramifications of suspending NTR with the PRC are clearly negative. There is the very real threat of hard-line PRC leaders coming to the fore as feelings of American attempts to ostensibly contain the PRC are heightened. In addition, our ASEAN and Asian allies fear that political instability in the PRC will mean instability in the Asia-Pacific region. Americans living in the continental United States may feel insulated from the turmoil in the Asia-Pacific, but for the Americans living in the area, such as the residents of Guam, this threat of tumult, whether economic or political, is very real. While the rest of America rode on an economic high during the height of the Asian financial crisis, Guam experienced an economic depression which has catapulted our unemployment level to 14% today.

I am fully in support of improving the lives of PRC citizens, which includes greater democracy, respect for human rights, and regional stability, but suspending NTR is not the way to do it. Engaging the PRC is the answer. I urge my colleagues to oppose H.J. Res. 57 in the interests of all Americans.

Mr. STARK. Mr. Speaker, I yield 7 minutes to the distinguished gentleman from Oregon (Mr. WU).

Mr. WU. Mr. Speaker, I thank the gentleman from California for yielding time to me.

Mr. Speaker, as the first Chinese American to serve in this House, as a high technology and international trade attorney, I have a special responsibility in this debate. I thank my colleagues for the honor of speaking now.

This debate is not about engagement, because we all believe in engagement; but not just business engagement, because the business of America must be more than just business, and engagement must be through more than just the cash register. This debate is about how we view the Chinese people and about how we view ourselves.

Cash register engagement views the Chinese people as just workers and consumers, 2 billion strong arms to do our work, 2 billion legs to wear American jeans. Full engagement recognizes that Chinese people are people like us, people with hopes and aspirations, aspirations to walk the path of freedom that we have blazed.

That, Mr. Speaker, is what this debate is really about. It is about who we are as a free people, what are our values, what does this Congress stand for; our integrity as individuals. Can we live up to the legacy of our forebears, those in this Congress who swore themselves to liberty, and in so doing, pledged their lives, their fortunes, and their sacred honor?

In this debate, in this debate I would like to address three groups.

First, to the Chinese people, so rich in culture and history and heritage, I encourage them to strive not just for prosperity but for freedom, also, because if they achieve prosperity, their children will thank them. But if they achieve both prosperity and liberty, their children will view them the way that I view my parents, as ordinary people who rose to extraordinary challenges. And in rising to these great challenges, they became giants of their era. Just as I measure each day what I achieve against what my parents achieved in their era, their children will measure themselves against the legacy of freedom and prosperity that they can leave them. Rise to the challenge of history.

To the people of Oregon, those who have honored me back home with the greatest honor that an immigrant boy who came to this country not being able to speak English could ever hope to have, to represent them in this Congress, I know that we have a trade-dependent State, but they and I understand that the business of America must be more than just business.

We understand that those who came West, whether they came West across the ocean in creaking wooden ships or whether they came West across the prairie in creaking wooden wagons, they came West not just to get rich, they came West to be free.

Oregonians expect to be represented by men and women of conscience. Join me in my vote of conscience today. Stand with me and stand with our forebears.

Finally, to my colleagues in this Chamber, they know what it means to cast this vote in a trade-dependent district, but I ask them to stand with me and to stand with our forebears who put their lives, their liberties, and their sacred honor on the line. Stand with me, and stand with all those who would walk the path of freedom with us.

For the past 10 years we have strayed from the path of liberty. Through two administrations we have listened to the siren song of the cash register. We have walked into a moral wasteland. What has it gained us but 10 years of growing trade deficits, $60 billion in an annual trade deficit, more Chinese prisoners of conscience than ever?

We can change this with a vote today. Let me make this perfectly clear. If Members take away nothing more than this from this debate, know this, that with our vote today we can make one of the clearest differences of our congressional service. When we take this voting card and we insert it into that slot, when we insert it into that slot, we are literally reaching into the deepest, darkest dungeons ever built by man. When we face that red button and that green button, we can literally set people free by choosing that green button, because years ago, 6 or 7 or 8 years ago when the vote was close in this Chamber, the government in Beijing would set people free every single year in order to affect the vote in this Chamber. By choosing the green button, we can set people free today.

For us, it is merely a choice between two buttons, green and red. For our forebears, it was their lives, their fortunes, and their sacred honors. Because of their sacrifice, we have an easier choice today. Choose the green button. Choose freedom today.

Mr. CRANE. Mr. Speaker, I yield 1½ minutes to the distinguished gentlewoman from Seattle, Washington (Ms. DUNN), who will be hosting the WTO ministerial this fall.

Mr. LEVIN. Mr. Speaker, by a previous agreement, I yield 30 seconds to the gentlewoman from Washington (Ms. DUNN).

The SPEAKER pro tempore (Mr. SHIMKUS). The gentlewoman from Washington (Ms. DUNN) is recognized for 2 minutes.

Ms. DUNN. Mr. Speaker, I rise today in opposition to this resolution and in support of our continuing policy of engagement through normal trade relations with China.

The open exchange of goods and services has been a critical component of fostering understanding between nations for centuries. Creating an environment of normal relations and ongoing engagement only serves to lower the walls of fear and suspicion while building a spirit of cooperation through joint venture.

Make no mistake, our relationship with China is complex and evolving, a road filled with obstruction. We have legitimate concerns about nuclear proliferation: our own security protection, the security of Taiwan and the rest of the region, and human rights.

So what should be our objective with China with respect to trade relations? I believe that liberalized trade with a Communist society in the process of opening itself up to the community will some day deliver to our trading partners our most precious gift, and that is the gift of freedom.

There is important work being done in China by western groups attempting to fan this flame of democracy. The National Endowment for Democracy and the International Republican Institute are just two such groups sowing the seeds of freedom inside China. Ned Graham, a resident of my home State of Washington and son of evangelist Billy Graham, has been very successful in spreading the message of religious freedom in China.

His group, Eastgates, International, has distributed 2.5 million Bibles in China since 1992. According to Mr. Graham, he can communicate freely with his contacts in China because of the proliferation of information exchange technology, a development that has been made possible by trade and economic reform.

Continuing normal trade relations with China, the United States' fourth largest trading partner, will only serve to build on this success. I urge my colleagues to oppose this resolution.

□ 1430

Mr. CRANE. Mr. Speaker, I yield 2½ minutes to the distinguished gentleman from California (Mr. DREIER), the honorable chairman of the Committee on Rules.

Mr. LEVIN. Mr. Speaker, by prearrangement, I yield 1 additional minute to the gentleman from California (Mr. DREIER).

Mr. DREIER. Mr. Speaker, I thank both of my friends for yielding this time to me.

Mr. Speaker, this is not a debate between those who care about national security and the security of our Nation's labs and those who care about trade. In fact, national security is our number one priority and should continue to be. In a bipartisan way, we are going to work to address that.

At the same time, we can not ignore the very important issues of human rights and of religious persecution. Mr. Speaker, I will take a back seat to no one when it comes to raising concerns about those human rights issues.

Ten years ago this summer, I joined with my colleagues marching to the Chinese Embassy to protest the Tiananmen Square massacre. Just last week, I met with family members of the Falun Gong religious movement whose relatives are being persecuted in China.

The fact of the matter is, our national interests are best served by maintaining commercial relations with our fourth largest trading partner and an emerging power in the Pacific. The key fact today is that the very same market reforms that underpin our vibrant commercial relationship have been the single most powerful force for change in the 5,000-year history of China.

Now, in the last 2 decades, China has undergone a remarkable transformation. I should say to my colleagues who have raised the issue of Taiwan that, 2 decades ago, in Taiwan, there was a very repressive regime. Yet, we maintain commercial relations, and that was key to bringing about democratization.

So in the last 2 decades, if we look at China, it has, in fact, undergone a remarkable transformation driven by market-based economic reforms and an open door to trade and foreign investment. Now this transformation is changing Chinese society and accelerating progress towards increased personal freedom, individual economic choice, and access to outside sources of information.

Many thoughtful analysts who study these changes that are taking place in China believe that the best hope for freedom and democracy in China lies along this path of reform.

About 10 days ago, I called professor Harry Rowen at the Hoover Institution who served in the Reagan administration, in fact one of the great experts on China. I asked him if this year's bad news in U.S.-China relations has caused him to change his mind about the long-term prospects for political freedom in China, which he wrote about 3 years ago in "National Interests." While repression is a reality today, it is just as true that we are witnessing several remarkable pro-democratic developments in China.

For the first time in Chinese history, the judicial system gives criminal suspects the same basic rights afforded our system. Forced confessions have been ruled invalid as a means of proving guilt. These reforms have led to a rapid rise in commercial litigation and in cases being brought against the Chinese Government. There are even civil rights lawsuits that exist.

Now, I have been following for years, having served as a board member of the International Republican Institute, the work of that arm of the National Endowment for Democracy. We have been working to bolster freedom in village elections. Thanks to our efforts, we have seen in rural life a whole thrust towards elections. Today 500 million Chinese experience local democracy by voting in competitive village elections where half of the winners have been nonCommunist candidates.

China's Internet users have doubled to 4 million since the end of 1998, and we now have seen just a report this morning that there are going to be 280 million cell phone users there. This is the right thing to do to maintain our commercial ties. I urge a "no" vote on the resolution.

Mr. ROHRABACHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this debate is not about maintaining commercial relations with Communist China. It is about maintaining the current commercial relations with Communist China. This is not about isolating Communist China or disengaging from Communist China. It will not prevent anybody from talking to Communist China. This is not about banning trade with Communist China or ending trade with Communist China. It is about altering the current rules of the game with trade.

This is about what? H.J. Res. 57 raises tariffs on Chinese goods as long as they keep their high tariffs and roadblocks to American manufactured products. In other words, it ends the Chinese tariff advantage against our products.

What does it also do? It eliminates the subsidies. This resolution, H.J. Res. 57, would end the trading status which eliminates the subsidies. Our resolution eliminates the subsidies and loan guarantees that are now given to U.S. businessmen to close their factories in the United States and set them up in Communist China in order to take advantage of slave labor. Do we really want to subsidize businessmen this way? This resolution ends that practice.

Yes, it changes the current rules of the game. Under the current system, under those rules of the game where they can have high tariffs against our products, we let them flood their products into our country, and we subsidize the investment of our businessmen in China, in Communist China, to give jobs to their people and put our people out of work, give them the ability to outcompete us with our technology.

Under those rules of the game, we have had a $70 billion trade surplus. What have they done with that? They have used it to modernize their weapons. With that technology that they stole from us, from our missiles, and our weapons systems, they are using that $70 billion to build weapons to aim at us and to threaten American cities and threaten the lives of every American person.

Does a government like this deserve normal trade relations? I say no. It is time to change the rules of the game to protect America's interest, America's security.

Mr. LEVIN. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I feel deeply about the outstanding issues with China. We have had, indeed, a healthy debate. These are the right issues. Unfortunately, this resolution is the wrong answer.

I want to talk about trade and human rights. We have to be concerned about the imbalance of trade as shown on this chart. We have to be concerned about how we integrate a still non-market economy and one that is not based on the rules of law into a system that is based on the rule of law and on free market economy rules. We have to worry about that integration and how it is going to occur.

I very much disagree with those who think it is easy, that we should have just signed on the dotted line when Premier Zhu was here. There were outstanding issues that needed to be resolved, both in terms of market access and also in terms of the role of capital markets and labor markets in China when it is still not anything close to a market-based society.

How are we doing that? The best hope is to negotiate these issues in WTO accession by China. That is the best way to do it. Are we there yet? No. Can we get there? Perhaps. If we do not, I will vote "no" on permanent NTR. If we make more progress, I could vote "yes".

But look, face it, all of our concern about market issues, about the imbalance here, all of our hopes to, in a rather soon fashion, address these issues will be pulled away from us if we were to pass this resolution. China accession, WTO accession negotiations would come to a careening halt, not only now, but for the foreseeable future. We have got to do the hard work on trade.

I want to say a word about human rights. I feel deeply about this, too. One of my family entered China the day of Tiananmen Square. But, look, this discussion every year is not moving the ball forward. Everybody knows that, if we were to pass this resolution, it would not pass the Senate. If it were ever to pass the Senate, it would be vetoed by the President. We have got to do the hard work on human rights beyond this annual discussion.

So, look, the issues are the correct ones. But we need more than symbolism. We need more than symbolism. We need to do the hard work every day, day-to-day, on these trade issues and human rights issues. In that sense, this resolution is a diversion.

I hope out of this discussion will come a dedication to do WTO China right in the interest of American workers and businesses and on human rights to every day find new mechanisms to express ourselves.

We do not take ourselves seriously enough when we devote ourselves only once in a year. This is an every-year job on trade. It is an every-day job on trade. It is an every-year job on human rights. It is an every-day job on human rights.

Let us roll up our sleeves and do more than symbolism. I urge that we vote "no" on this resolution and then get busy solving the trade and human rights issues that are embedded in our present relationship with China.

Mr. STARK. Mr. Speaker, I am pleased to yield such time as he may consume to the gentleman from Missouri (Mr. GEPHARDT), the distinguished minority leader, to close debate for our side.

Mr. GEPHARDT. Mr. Speaker, I commend the leadership of the gentlewoman from California (Ms. PELOSI) who has truly been the leader on this issue. I want to commend all of my friends on the other side of the aisle who have also stood and spoken their minds on this issue.

I want to commend the gentleman from Oregon (Mr. WU), a new Member of the House who comes from a district that is heavily dependent on trade. I want to commend his courage in making the statement he made today. He obviously did it from his heart and his mind, and I really, really admire the statement that he made.

I rise today to ask Members to vote for this resolution. It is clear to me that, on any of the grounds that we must look at, trade, rule of law, human rights, that not only has China not made progress in the last year, in fact, I would say that they are moving in the exact wrong direction that they ought to be moving in.

Let us first talk about trade. In 1988, the year before Tiananmen Square, we had a $3.5 billion deficit with China. In 1997, it was $50 billion. This year, it will be $70 billion. In fact, our exports to China in this year will decline to less than $14 billion. We export more to Belgium, a country of 10 million people, than we export to China.

Why is this the case? It is the case because we are not allowed to export our items to China. They do not want our goods. They want one-way free trade. They want to support the deficits they have with most every other country in the world with what they can sell to the United States. They want to play us for a sucker because we are willing to let them do it.

If we continue to be willing to let them do what they want to do, the trade deficit with China will be $100 billion soon, $140 billion, $200 billion. How much unfair trade do we want to put up with? It makes no sense.

The gentleman from California (Mr. DREIER) says we have to maintain commercial relationships. This much? How much is enough commercial relationship to allow them to make so-called progress? This is ridiculous. There is no common sense in it whatsoever.

Now let us talk about rule of law.

□ 1445

Trade relations depend upon rule of law. Rule of law in China would benefit our businesses. Our business community comes to us and says, when are we going to get intellectual property protected in China? If we do not take a stand ultimately on MFN, how do we expect to get them to accept the rule of law?

A country that arrests people for speaking their minds is not about to protect people's property. A country that seizes political dissidents is not about to protect our property. A country that seizes the assets of foreign corporations is not about to protect our property. If we do not take a stand on MFN, ultimately there is no way to get China to ultimately accept a rule of law and protect our property.

Finally, let me talk about human rights. Abraham Lincoln said that our Declaration of Independence gave liberty not alone to the people of this country, but hope to all the world for all future time. The issue of human rights is not just an American issue, it is an issue for every human being in this world. And the primary reason to take this stand today against MFN for China is because they refuse, right till today, to give their people basic, decent human rights.

We remember Tiananmen Square, but let us fast forward to today. There is a group in China that wants to practice its own form of religious belief, Falun Gong. They are arresting people today who they do not want to express their beliefs. They are arresting people in their own government who are suspected now of allowing the people to carry out these beliefs in China.

Tell me if they are making progress. They are making progress in the wrong direction. When will America stand up and finally say that the human rights we enjoy must be enjoyed by every citizen in this world, including the billion people who live in China.

Today is the day to take that stand. Vote for this resolution. Let us stand for trade, let us stand for rule of law and let us stand, most importantly, for the human rights of the people in China.

Mr. CRANE. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. OXLEY).

Mr. OXLEY. Mr. Speaker, I rise in opposition to the resolution.

Before I get into the thrust of my comments, I think we must all once again be reminded that what this debate is really all about is extending normal trading ties with China for another year.

Normal Trade Relations, or NTR, does not grant some special benefit to the Chinese. Rather, it simply grants the Chinese the same trading status that the U.S. has with most of the rest of the world.

China is our fourth largest trading partner. We exported $14 billion in goods and services to the Chinese in 1998, which supported over 200,000 high-wage American jobs.

Revoking NTR would push tariffs on Chinese goods from four to 40 percent, resulting in an effective tax increase of nearly $300 per American family.

I understand and appreciate the concerns opponents of NTR have with the government of the People's Republic of China. I harbor no illusions about the benevolence of the PRC's leadership.

However, I firmly believe that engagement with China offers the best hope for democratic reform there. I have to ask what opponents of engagement hope to accomplish by revoking NTR. To my mind, it would be a step backward.

Again, I urge my colleagues to oppose this resolution and promote, rather than stifle, positive change in China.

Mr. CRANE. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, let me wrap up by expressing my total commitment to the traditional bipartisan support we have given toward advancing normal trade relations with China, and I am talking about all of our presidents, President Ford, President Carter, President Reagan, President Bush, President Clinton, all of them; and most recently, in addition, 17 former secretaries of State, Defense and national security advisers, all of whom endorse the wise, prudent policy we have pursued of continuing normal trade relations with China.

Normal trade relations supports U.S. jobs. In addition to that, it maintains our ability to create a positive change in China, paves the way for further trade liberalization, and preserves our security interests.

Mr. Speaker, I urge my colleagues to vote "no" on H.J. Res. 57.

Mr. EWING. Mr. Speaker, I rise today to oppose the resolution which would unilaterally isolate China from the United States. I support Normal Trade Relations with China. I support China being part of the WTO. China will be one of the superpowers in the next millennium. Peaceful coexistence is of benefit to us all.

Now, we all understand that things are not as we would like them in China. But how do we most impact that? I think by engaging them in fair trade, our discourse with China since the close of the cold war has paid dividends. To put our head in the sand and to back away would be ill advised.

I come to the floor today to again express my strong support for continuing Normal Trade Relations with China.

Since I came to Congress in 1991, this debate has gone on every year and every year I have come to the floor to explain how important trade with China is to our farmers.

It is essential that we continue to grant Normal Trade Relations to China. China will be the most important market for the United States in the 21st Century and granting Normal Trade Relation status is the foundation of any typical bilateral trading relationship.

The recent negotiations for China's accession to the World Trade Organization are proof that China is ready to join the international trade community and we cannot pass up this opportunity.

My home state of Illinois is the 6th leading exporter in the United States and over half a million jobs in Illinois rely on exports. The current crisis in agriculture has placed a spotlight on the huge need for increased foreign market access.

USDA has predicted that 75% of the growth in American farm exports over the next 10 years will be to Asia—and China will make up over half of this amount.

China is already America's 4th largest agriculture export market and if the administration will complete the WTO accession agreement our farmers and ranchers will have the level playing field that they have been waiting for.

I urge Members to vote against this resolution of disapproval and urge the administration to complete the bilateral agreement for China's accession to the WTO.

Mr. ALLEN. Mr. Speaker, Members on both sides of this debate agree that the Chinese government behaves badly, and does things we don't like.

We agree that we want a future China that is more democratic, more respectful of the rights of its citizens, and a member of the international community that plays by the rules.

We also agree that U.S. policy should promote a better China.

But we disagree on the best way to do that.

One side argues that the best way is to punish China for past behavior.

The other side argues that the best way is to engage China to encourage better behavior in the future.

I agree with the latter.

If we approve this resolution, and cut off Normal Trade Relations with China, we can say we have punished China for bad behavior. But will it cause them to release the members of the Fulan Gong religious group? Will it cause them to stop threatening Taiwan? Will it cause them to drop market barriers to our products, and equalize our trade balance? I have not heard a convincing case that, if we withdraw NTR, China will make these improvements we seek.

China has 1.3 billion people. It has a larger landmass than the U.S. We can't push China around. Dictates by our government will have minimal, if any, effect on the degree of freedom and democracy with China. These values are more effectively transmitted to the Chinese people through non-governmental means: business engagement, global financial linkage, cultural and educational exchange, non-governmental organization involvement and, most of all, the Internet.

The United States-China relationship is very complex, and requires careful management and diplomacy. The sledgehammer approach will not solicit better behavior, and will likely backfire on us.

Change in China will not happen overnight. We must be firm and strong in communicating our differences with the Chinese government. But at the same time, we must recognize that long-term change is best nurtured through engagement with the Chinese people.

I urge members to vote against H.J. Res. 57.

Mrs. KELLY. Mr. Speaker, I rise today to discuss my deep concerns with our continued relations with the People's Republic of China. Mr. Speaker, today we must send a crystal clear message to China that their business-as-usual attitude must not continue. On almost every level China is promoting and advocating policies which indicate an unwillingness to negotiate honestly with the United States.

Whether it be on copyright infringement, use of prison labor, religious freedom, military build up, trading of weapons of mass destruction, labor rights, the illegal importation of guns into the United States, espionage against the United States, illegal campaign contributions to United States candidates and general repression of the rights and freedoms of the Chinese People, the government of the Peoples Republic of China must change their policies. They must understand that if we are going to consider their inclusion into the World Trade Organization (WTO) they must make substantial, measurable progress in all of these areas.

As world leaders in commerce and industry and the world's only remaining superpower, we must set the example for the rest of the world to follow on this issue. This afternoon, my good friend the gentleman from California (Mr. COX), spoke on the floor of China seeing the United States as a "paper tiger." That rings of truth. The government of the Peoples

Republic of China will not take our words seriously unless we are willing to back our demands for action and negotiation with concrete actions of our own.

Let me be clear, I do not stand here today advocating for passage of H.J. Res. 57. Passage of this joint resolution would send the wrong message. I voted against H.J. Res. 57 and was pleased that it failed. We should not unilaterally cut off trade relations with China. That is the wrong policy and will only serve to fuel the forces of repression and lawlessness in China. Today I speak for the development of a new relationship with the government of the People's Republic of China. A relationship that rewards positive, measurable actions and penalizes them for double dealing, theft and repression. I call on the Administration to develop new relations with China based on these principles before China's government descends further down the wrong path.

Mrs. FOWLER. Mr. Speaker, I rise to express my support for the resolution pending before us today to deny Normal Trade Relations (NTR) Status for the People's Republic of China.

I cast this vote with some reluctance. I do believe that there is value to a policy that engages China—the most populous country in the world and permanent member of the United Nations Security Council—in an effort to move it in the right direction. My vote against the renewal of NTR does not mean that I do not support free trade or the possibility of including China in the World Trade Organization (WTO).

Having said that, however, I continue to be deeply troubled by aspects of Chinese behavior—behavior that in my judgment ought to impede forward progress on the NTR issue. It is because I still have grave concerns about a variety of issues regarding China, that my vote on this bill will remain consistent with my votes in previous years.

First, the revelations of the Cox Report raise profound questions in my mind about the suitability of conferring NTR status on China at this time.

Second, despite commitments by Chinese leaders, China continues to engage in the proliferation of technologies related to weapons of mass destruction and ballistic missiles. Press reports only last week indicated that Chinese companies continue to sell missile technology to North Korea, despite our nation's active efforts to prevent further transfers to that country.

I have also expressed concern in recent years about Chinese companies that are owned by the Peoples Liberation Army (PLA). Legislation I proposed called on the Defense Department to publish the names of Chinese companies exporting products to the United States that are owned and operated by the PLA. Despite this legislation being signed into law last year, this process has not been put into action. The bill also allowed the President to take additional action against PLA-owned companies by doing things like denying these particular companies NTR status. However, the Administration has not taken advantage of this part of the law either.

At this time, the PLA uses U.S.-derived profits to build weapons—weapons that may well be used against the United States. In other words, the PLA continues to run a number of Chinese companies, and is able to take profits from these companies—who sell their products in the U.S.—and turn around and use these profits to build weapons. Free market capitalism is an admirable objective, but it must be pursued without supporting PLA.

In addition, there are the continuing concerns about religious and human rights in China. The country continues to pursue policies in these areas that warrant condemnation.

The latest saber-rattling over Taiwan is another deeply troubling development in regard to China.

Finally, I am not able to support NTR for China due to the fact that, although we have been voting each year since 1980 to renew NTR, there still has not been a sufficient move toward a balance of trade between the two countries. We continue to maintain a United States trade deficit with China, and over the past decade it has increased from $6 billion to an expected $305 billion by the end of 1999.

I am hopeful that consideration of the inclusion of China in the WTO will be the start of a move toward more open access to the Chinese market, and that it will provide a fundamental change in dynamics between the two countries that will result in fair trade practices. While I understand the importance of maintaining trade relations with China, I also think that it is important that our country be on an equal footing with China in regard to trade.

If China were to resume negotiations on entry into the World Trade Organization and reach a bilateral agreement with the United States on the terms of participation, the issue of NTR would merit a thorough reconsideration. In that case, the primary benefit, in my judgment, would accrue to the United States.

I urge my colleagues to support this resolution of disapproval.

Mr. HOYER. Mr. Speaker, I rise today in strong support of House Joint Resolution 57, which would disapprove the President's extension of Normal Trade Relations—what used to be called Most Favored Nation status—with the People's Republic of China.

Let me stress, I have no quarrel with the more than 1.2 billion citizens of China. They are a good, industrious and honorable people. But, in extending this trading status, we have to ask ourselves: What has the Chinese government—one of the last communist dictatorships on earth—done to deserve it?

The Chinese government's record reads more like an indictment. China flagrantly violates the human rights of its own citizens and internationally recognized labor standards. It fomented anti-American hatred after our clearly accidental bombing of the Chinese embassy in Belgrade. It recently began saber rattling against Taiwan. And it repeatedly has been unwilling to make vital democratic reforms.

Just last week, this House passed a resolution marking the 10th Anniversary of the fall of the Berlin Wall and the West's victory over communism. Ironically, this past June also marked the 10th Anniversary of the Chinese government's crackdown on the advocates of democracy in Tiananmen Square.

An estimated 5,000 Chinese were killed on June 3 and 4, 1989, when government troops crushed pro-democracy protests. Another 10,000 were injured and hundreds more were arrested.

Has the injustice stopped? Not at all. Over the past few months, the government has once again detained dissidents, handing down sentences of up to four years in prison for "subverting state power, assaulting government, holding illegal rallies, and trying to organize workers laid off from a state run firm."

And the Washington Post reported this past Sunday that Chinese security forces have rounded up more than 4,000 people in Beijing alone during a massive, nationwide crackdown against the popular Buddhist-based spiritual movement Falun Gong. The government banned the group last week.

At the dawn of the New Millennium, China—in many respects—has barely entered the 20th Century on human rights. And that simply is not acceptable. Nor should it be countenanced by the greatest democracy in the world.

But the human rights and labor standard violations are only one in a series of provocative acts by the Chinese government.

China's recent threats of military action against Taiwan threaten future stability in the region. Although Taiwan's President Lee Teng-hui has retreated on remarks declaring his nation a separate state from the mainland, China has proceeded with "war-time" mobilization drills in protest of those remarks.

In addition, the breach in security at American nuclear weapons labs over the past 20 years and recent revelations concerning the development of the neutron bomb and the long range DF–31 missile raise serious concerns about China's advancing military capability and its commitment to non-proliferation of weapons.

Furthermore, China has shown no compunction about violating U.S. intellectual property rights, shipping products made with prison labor and prohibiting thousands of foreign products from entering the Chinese market through a maze of regulations.

Now, in fairness, it can be said that the people of China are somewhat better off than they were 10 years ago. The government has extended some basic rights to its citizens. Whether starting a business, choosing a job, or watching a foreign movie—these rights, albeit restricted, signal some progress.

But has China gone far enough in adopting democratic policies and respecting human rights. The answer clearly is no.

Undeniably, China is one of the great powers in the world today, and our ability to influence its decisions is limited. But we do know that more than one-third of China's exports today are sold in the United States. In the month of May alone, the Department of Commerce reported a trade deficit with China of $5.25 billion and it is projected to reach $67 billion in 1999.

The extension of Normal Trading Relations is one of the few economic levers we possess that can spur China to improve its behavior on these critical issues. We should not forfeit our economic leverage outright. Coddling has never worked.

I implore my colleagues to vote for this Resolution, which would send an unmistakable message to the Chinese government that it cannot continue business as usual.

Mr. COMBEST. Mr. Speaker, I rise in opposition to H.J. Res. 57, a resolution of disapproval of normal trade relations (NTR) status for products from China. I believe that it is in the best interest of United States agriculture to continue, and eventually expand, our trading relationship with China.

U.S. agriculture exports to China were more than $3 billion last year. China represents an agriculture market that is vital to the long-term success of our farmers and ranchers. Agriculture trade with China can strengthen development of private enterprise in that country and bring China more fully into world trade membership.

More than 60 agricultural organizations representing producers, processors, and exporters support extension of normal trade relations with China.

There are few countries that do not have normal trade relations (NTR) status with the United States. NTR status allows a country's products to enter into the United States at the same tariff rates that apply to other trading partners. In fact, NTR provides no special treatment. It allows us to treat all countries' imports in the same manner. Failure to do so often has a serious negative impact on American agriculture, the first to feel the impact of embargoes and retaliation.

Recently the United States signed a bilateral agreement with China that will break down the artificial barriers China erected for certain U.S. exports. China has closed its market for far too long to high quality U.S.meat, wheat, citrus and poultry. Under this agreement, China will accept specific science-based standards and our farmers and ranchers will have access to the vast Chinese market.

Failure to continue normal trade relations with China may jeopardize this agreement.

Additionally, I am encouraged by the progress made by the U.S. Trade Representative in negotiating the rules for China's accession to the World Trade Organization. The goal is to open China's marketplace and secure China's agreement to trade concessions that result in lower tariffs and improved access. Based on the information provided by the USTR, if the preliminary agreements reached remain a part of a final agreement with China, significant progress has been made. I urge the Administration to continue its negotiations. Free and fair trade agreements are good for U.S. agriculture.

International trade is important for American agriculture and for the success and prosperity of American farmers and ranchers.

I urge my colleagues to reject H.J. Res. 57.

Ms. ESHOO. Mr. Speaker, I rise in opposition to this resolution and in support of extending Normal Trade Relations with China.

U.S. exports to China have quadrupled over the past decade and last year alone, our exports to China totaled over $14 billion dollars.

Mr. Speaker, there is no doubt that the U.S. economy is envied by the rest of the world. Our economy has rebounded and flourished because we decided it was more prudent to engage our trading partners than to build walls around our borders.

We do have the responsibility to actively continue an aggressive push for human rights and environmental reforms, recognizing that these responsibilities need not come at the expense of our economic prosperity. They can and should be addressed in concert with economic issues.

The U.S. policy of engagement "with our eyes wide open" best exemplifies the vision needed for global trade success in the new economy.

Today, we should renew this policy and defeat this resolution. I urge my colleagues to oppose this resolution and support the continuation of Normal Trade Relations with China.

Mr. KLECZKA. Mr. Speaker, I rise in opposition to H.J. Res. 57, a motion disapproving of normal trade relations (NTR) with China. I support the continuation of normal trade relations with China because it is in the best interests of both the United States and China.

We must realize that normal trade relations does not confer any special benefits upon the Chinese government. NTR status simply means that the United States will not impose prohibitive tariffs on Chinese products. In return, China must agree to extend NTR treatment to the United States. NTR is a well-established principal under international trade laws and the guidelines of the World Trade Organization.

Nearly every American agrees that China has a long way to go in providing its people with greater political, social, and economic freedoms. Furthermore, concerns about China's development of weapons of mass destruction and espionage activities are troubling. If I believed revoking China's NTR status would address these concerns, I would oppose this extension.

Instead of turning our back on China, a policy of continued engagement will allow the United States to continue to press the Chinese government to give its people greater freedoms and a better standard of living. Since the establishment of normal trade relations with China 20 years ago, living standards for average Chinese citizens has increased dramatically. The continued American presence in China has provided the people with access to more outside information and ideas than ever before. Finally, increased American trade and investment in China has provided a foundation for bilateral cooperation that has led to a more open forum to discuss sensitive topics such as foreign policy and international security matters.

Trade with China is extremely important to the American economy. According to the National Association of Manufacturers, American businesses exported $14 billion of goods to China in the past year. These sales support roughly 400,000 high-skill and high-paying jobs in the United States. There is also the vast potential for further sales of American products to China. China has 1.2 billion people—one-fifth of the world's population. Its economy will only continue to expand as China spends more than $700 billion on infrastructure projects. To close the Chinese market to American businesses would have a devastating impact on our economy.

Mr. Speaker, as I said, I support a continuation of normal trade relations with China because it is in the best interest of both nations. American trade and investment in China will afford the Chinese people with greater freedom and a better life. It will also preserve hundreds of thousands of high-skill, high-wage jobs for future generations of American workers.

Mr. DICKS. Mr. Speaker, the decision that Congress will make today with regard to maintaining Normal Trade Relations with the People's Republic of China represents another important step in defining our future relationship with China.

The Select Committee on U.S. Security and Military/Commercial Concerns with the People's Republic of China, on which I served as Ranking Minority Member, found some very disturbing information with regard to the theft of nuclear technology from our research labs by the PRC. However, the most disturbing findings of the Committee were that these losses resulted from our own security and counter-intelligence failures. Together with the Administration, we have begun to take steps to address this problem, and I am hopeful that our plan will be successful in preventing another sever security breach.

Although I fully recognize the seriousness of these thefts, I do not believe that they should deter us from maintaining our trade partnership with China.

Trade between the United States and China is of tremendous benefit to both nations. China, with one-quarter of the world's population, represents the world's largest emerging market. Although many segments of China's economy have not yet matured, the United States today exports $14.3 billion worth of goods to China annually—four times greater than 10 years ago—supporting more than 400,000 high-wage jobs. Within the State of Washington alone, exports to China totaled nearly $1.1 billion in 1996, and more than $8 billion worth of goods passed through the ports of my state either going to or coming from China.

China represents a huge potential market for future sales in my state for the sale of aircraft, high-tech products, agricultural goods, and forest products. For aircraft alone, the Chinese market is worth over $140 billion during the next 20 years. Lack of NTR trading status would not only jeopardize access to that market, but also bring retaliation against our country's trading sectors and hundreds of thousands of workers.

The people of China also benefit from trade with the United States. As that market opens wider and the Chinese economy develops, the Chinese middle class grows in strength, both political and economic. I believe that developing a viable middle class in China is the best way to provide a solid foundation upon which an open, democratic society may be created. Denying NTR status through this Resolution today will run counter to that objective, greatly hindering this transition, and is clearly not in our nation's best interests.

Supporters of this Resolution argue that by denying NTR status to China, we will be forcing the government to make significant changes to their policies. I believe the exact opposite result would occur.

If we choose not to renew NTR status to China, our international competitors will not hesitate to fill the void that will be left by our absence. Effectively, we will be excluding ourselves from the economy of the largest nation on the earth.

In the aerospace industry, for example, the European consortium Airbus is both willing and capable of replacing Boeing as the leading supplier of commercial aircraft to China. Similarly, I believe it would be exceedingly more difficult for our government to make progress on curbing the enormous problem of software piracy that robs Microsoft and the many other American software companies of hundreds of millions of dollars each year. Let me assure my colleagues that in the long run, denying NTR status will be much worse for our economic well-being than it will be for China's.

As we vote today to decide the future of our relationship with China, I urge members to support continued engagement with China by opposing the Resolution to disapprove Normal Trade Relations.

The SPEAKER pro tempore (Mr. SHIMKUS). All time for debate has expired.

Pursuant to the order of the House of Thursday, July 22, 1999, the joint resolution is considered as having been read for amendment and the previous question is ordered.

The question is on engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the joint resolution.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. ROHRABACHER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 170, nays 260, answered "present" 1, not voting 3, as follows:

[Roll No. 338]

YEAS—170

Abercrombie
Aderholt
Baldwin
Ballenger
Barcia
Barr
Bartlett
Barton
Bishop
Bonior
Bono
Borski
Brady (PA)
Brown (FL)
Brown (OH)
Burr
Burton
Capuano
Cardin
Carson
Chambliss
Chenoweth
Clay
Clyburn
Coble
Coburn
Collins
Condit
Cook
Costello
Cox
Coyne
Cubin
Cummings
Danner
Davis (IL)
Deal
DeFazio
Delahunt
DeLauro
Diaz-Balart
Dickey
Doolittle
Doyle
Duncan
Ehrlich
Engel
Evans
Everett
Forbes
Fowler
Frank (MA)
Gallegly
Ganske
Gejdenson
Gephardt
Gibbons
Gilman
Goode
Goodling
Graham
Gutierrez
Hall (OH)
Hastings (FL)
Hayes
Hayworth
Hefley
Hilleary
Hilliard
Hinchey
Hobson
Horn
Hostettler
Hoyer
Hunter
Hyde
Jackson (IL)
Jones (NC)
Jones (OH)
Kaptur
Kasich
Kennedy
Kildee
Kilpatrick
King (NY)
Kingston
Klink
Kucinich
Lantos
Lee
Lewis (GA)
Lipinski
LoBiondo
Markey
Martinez
Mascara
McIntyre
McKinney
Meek (FL)
Meeks (NY)
Menendez
Miller, George
Mink
Mollohan
Nadler
Ney
Norwood
Obey
Olver
Owens
Pallone
Pascrell
Payne
Pelosi
Pickering
Pombo
Rahall
Riley
Rivers
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Royce
Sabo
Sanchez
Sanders
Sanford
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Sisisky
Smith (NJ)
Smith (TX)
Souder
Spence
Spratt
Stark
Stearns
Strickland
Stupak
Sweeney
Tancredo
Taylor (MS)
Taylor (NC)
Thompson (MS)
Tiahrt
Tierney
Traficant
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Walsh
Wamp
Waters
Watt (NC)
Waxman
Weldon (FL)
Wexler
Weygand
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)

NAYS—260

Ackerman
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Barrett (NE)
Barrett (WI)
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Boswell
Boucher
Boyd
Brady (TX)
Bryant
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Castle
Chabot
Clayton
Clement
Combest
Conyers
Cooksey
Cramer
Crane
Crowley
Cunningham
Davis (FL)
Davis (VA)
DeGette
DeLay
DeMint
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Dreier
Dunn
Edwards
Ehlers
Emerson
English
Eshoo
Etheridge
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Ford
Fossella
Franks (NJ)
Frelinghuysen
Frost
Gekas
Gilchrest
Gillmor
Gonzalez
Goodlatte
Gordon
Goss
Granger
Green (TX)
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastert
Hastings (WA)
Herger
Hill (IN)
Hill (MT)
Hinojosa
Hoeffel
Hoekstra
Holden
Holt
Hooley
Houghton
Hulshof
Hutchinson
Inslee
Isakson
Istook
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Kanjorski
Kelly
Kind (WI)
Kleczka
Knollenberg
Kolbe
Kuykendall
LaFalce
LaHood
Lampson
Largent
Larson
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Linder
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McKeon
McNulty
Meehan
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Minge
Moakley
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Napolitano
Neal
Nethercutt
Northup
Nussle
Ortiz
Ose
Oxley
Packard
Pastor
Paul
Pease
Peterson (MN)
Petri
Phelps
Pickett
Pitts
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Ramstad
Rangel
Regula
Reyes
Reynolds
Rodriguez
Roemer
Rogan
Roukema
Roybal-Allard
Rush
Ryan (WI)
Ryun (KS)
Salmon
Sandlin
Sawyer
Saxton
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Skeen
Skelton
Smith (MI)
Smith (WA)
Snyder
Stabenow
Stenholm
Stump
Sununu
Talent
Tanner
Tauscher
Tauzin
Terry
Thomas
Thompson (CA)
Thornberry
Thune
Thurman
Toomey
Towns
Turner
Upton
Vitter
Walden
Watkins
Watts (OK)
Weiner
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Young (FL)

ANSWERED "PRESENT"—1

Slaughter

NOT VOTING—3

McDermott
Oberstar
Peterson (PA)

□ 1510

Messrs. HOEFFEL, SIMPSON, PETRI, and SHADEGG changed their vote from "yea" to "nay."

Mr. ENGEL, Mr. WISE, and Ms. ROS-LEHTINEN changed their vote from "nay" to "aye."

So the joint resolution was not passed.

The result of the vote was announced as above recorded.

CONFERENCE REPORT ON H.R. 2465, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 2000

Mr. HOBSON submitted the following conference report and statement on the bill (H.R. 2465) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes:

CONFERENCE REPORT (H. REPT. 106-266)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2465) "making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes", having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert:

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for military construction, family housing, and base realignment and closure functions administered by the Department of Defense, for the fiscal year ending September 30, 2000, and for other purposes, namely:

MILITARY CONSTRUCTION, ARMY

For acquisition, construction, installation, and equipment of temporary or permanent public works, military installations, facilities, and *real property for the Army as currently authorized by law, including personnel in the Army Corps of Engineers and other personal services necessary for the purposes of this appropriation, and for construction and operation of facilities in support of the functions of the Commander in Chief, $1,042,033,000, to remain available until September 30, 2004: Provided, That of this amount, not to exceed $91,605,000 shall be available for study, planning, design, architect and engineer services, and host nation support, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor.*

Military Construction, Navy

For acquisition, construction, installation, and equipment of temporary or permanent public works, naval installations, facilities, and real property for the Navy as currently authorized by law, including personnel in the Naval Facilities Engineering Command and other personal services necessary for the purposes of this appropriation, $901,531,000, to remain available until September 30, 2004: Provided, That of this amount, not to exceed $72,630,000 shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor.

Military Construction, Air Force

For acquisition, construction, installation, and equipment of temporary or permanent public works, military installations, facilities, and real property for the Air Force as currently authorized by law, $777,238,000, to remain available until September 30, 2004: Provided, That of this amount, not to exceed $36,412,000 shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor.

Military Construction, Defense-wide

(INCLUDING TRANSFER OF FUNDS)

For acquisition, construction, installation, and equipment of temporary or permanent public works, installations, facilities, and real property for activities and agencies of the Department of Defense (other than the military departments), as currently authorized by law, $593,615,000, to remain available until September 30, 2004: Provided, That such amounts of this appropriation as may be determined by the Secretary of Defense may be transferred to such appropriations of the Department of Defense available for military construction or family housing as he may designate, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation or fund to which transferred: Provided further, That of the amount appropriated, not to exceed $48,324,000 shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor.

Military Construction, Army National Guard

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Army National Guard, and contribution therefor, as authorized by chapter 1803 of title 10, United States Code, and Military Construction Authorization Acts, $227,456,000, to remain available until September 30, 2004.

Military Construction, Air National Guard

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Air National Guard, and contributions therefor, as authorized by chapter 1803 of title 10, United States Code, and Military Construction Authorization Acts, $263,724,000, to remain available until September 30, 2004.

Military Construction, Army Reserve

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Army Reserve as authorized by chapter 1803 of title 10, United States Code, and Military Construction Authorization Acts, $111,340,000, to remain available until September 30, 2004.

Military Construction, Naval Reserve

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the reserve components of the Navy and Marine Corps as authorized by chapter 1803 of title 10, United States Code, and Military Construction Authorization Acts, $28,457,000, to remain available until September 30, 2004.

Military Construction, Air Force Reserve

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Air Force Reserve as authorized by chapter 1803 of title 10, United States Code, and Military Construction Authorization Acts, $64,404,000, to remain available until September 30, 2004.

North Atlantic Treaty Organization Security Investment Program

For the United States share of the cost of the North Atlantic Treaty Organization Security Investment Program for the acquisition and construction of military facilities and installations (including international military headquarters) and for related expenses for the collective defense of the North Atlantic Treaty Area as authorized in Military Construction Authorization Acts and section 2806 of title 10, United States Code, $81,000,000, to remain available until expended.

Family Housing, Army

For expenses of family housing for the Army for construction, including acquisition, replacement, addition, expansion, extension and alteration and for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, as follows: for Construction, $80,700,000, to remain available until September 30, 2004; for Operation and Maintenance, and for debt payment, $1,086,312,000; in all $1,167,012,000.

Family Housing, Navy and Marine Corps

For expenses of family housing for the Navy and Marine Corps for construction, including acquisition, replacement, addition, expansion, extension and alteration and for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, as follows: for Construction, $341,071,000, to remain available until September 30, 2004; for Operation and Maintenance, and for debt payment, $891,470,000; in all $1,232,541,000.

Family Housing, Air Force

For expenses of family housing for the Air Force for construction, including acquisition, replacement, addition, expansion, extension and alteration and for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, as follows: for Construction, $349,456,000, to remain available until September 30, 2004; for Operation and Maintenance, and for debt payment, $818,392,000; in all $1,167,848,000.

Family Housing, Defense-wide

for expenses of family housing for the activities and agencies of the Department of Defense (other than the military departments) for construction, including acquisition, replacement, addition, expansion, extension and alteration, and for operation and maintenance, leasing, and minor construction, as authorized by law, as follows: for Construction, $50,000, to remain available until September 30, 2004; for Operation and Maintenance, $41,440,000; in all $41,490,000.

Department of Defense Family Housing Improvement Fund

For the Department of Defense Family Housing Improvement Fund, $2,000,000, to remain available until expended, as the sole source of funds for planning, administrative, and oversight costs relating to family housing initiatives undertaken pursuant to 10 U.S.C. 2883, pertaining to alternative means of acquiring and improving military family housing, and supporting facilities.

Base Realignment and Closure Account, Part IV

For deposit into the Department of Defense Base Closure Account 1990 established by section 2906(a)(1) of the Department of Defense Authorization Act, 1991 (Public Law 101–510), $672,311,000, to remain available until expended: Provided, That not more than $346,403,000 of the funds appropriated herein shall be available solely for environmental restoration, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor.

GENERAL PROVISIONS

Sec. 101. None of the funds appropriated in Military Construction Appropriations Acts shall be expended for payments under a cost-plus-a-fixed-fee contract for construction, where cost estimates exceed $25,000, to be performed within the United States, except Alaska, without the specific approval in writing of the Secretary of Defense setting forth the reasons therefor.

Sec. 102. Funds appropriated to the Department of Defense for construction shall be available for hire of passenger motor vehicles.

Sec. 103. Funds appropriated to the Department of Defense for construction may be used for advances to the Federal Highway Administration, Department of Transportation, for the construction of access roads as authorized by section 210 of title 23, United States Code, when projects authorized therein are certified as important to the national defense by the Secretary of Defense.

Sec. 104. None of the funds appropriated in this Act may be used to begin construction of new bases inside the continental United States for which specific appropriations have not been made.

Sec. 105. No part of the funds provided in Military Construction Appropriations Acts shall be used for purchase of land or land easements in excess of 100 percent of the value as determined by the Army Corps of Engineers or the Naval Facilities Engineering Command, except: (1) where there is a determination of value by a Federal court; (2) purchases negotiated by the Attorney General or his designee; (3) where the estimated value is less than $25,000; or (4) as otherwise determined by the Secretary of Defense to be in the public interest.

SEC. 106. None of the funds appropriated in Military Construction Appropriations Acts shall be used to: (1) acquire land; (2) provide for site preparation; or (3) install utilities for any family housing, except housing for which funds have been made available in annual Military Construction Appropriations Acts.

SEC. 107. None of the funds appropriated in Military Construction Appropriations Acts for minor construction may be used to transfer or relocate any activity from one base or installation to another, without prior notification to the Committees on Appropriations.

SEC. 108. No part of the funds appropriated in Military Construction Appropriations Acts may be used for the procurement of steel for any construction project or activity for which American steel producers, fabricators, and manufacturers have been denied the opportunity to compete for such steel procurement.

SEC. 109. None of the funds available to the Department of Defense for military construction or family housing during the current fiscal year may be used to pay real property taxes in any foreign nation.

SEC. 110. None of the funds appropriated in Military Construction Appropriations Acts may be used to initiate a new installation overseas without prior notification to the Committees on Appropriations.

SEC. 111. None of the funds appropriated in Military Construction Appropriations Acts may be obligated for architect and engineer contracts estimated by the Government to exceed $500,000 for projects to be accomplished in Japan, in any NATO member country, or in countries bordering the Arabian Gulf, unless such contracts are awarded to United States firms or United States firms in joint venture with host nation firms.

SEC. 112. None of the funds appropriated in Military Construction Appropriations Acts for military construction in the United States territories and possessions in the Pacific and on Kwajalein Atoll, or in countries bordering the Arabian Gulf, may be used to award any contract estimated by the Government to exceed $1,000,000 to a foreign contractor: Provided, That this section shall not be applicable to contract awards for which the lowest responsive and responsible bid of a United States contractor exceeds the lowest responsible bid of a foreign contractor by greater than 20 percent: Provided further, That this section shall not apply to contract awards for military construction on Kwajalein Atoll for which the lowest responsive and responsible bid is submitted by a Marshallese contractor.

SEC. 113. The Secretary of Defense is to inform the appropriate committees of Congress, including the Committees on Appropriations, of the plans and scope of any proposed military exercise involving United States personnel 30 days prior to its occurring, if amounts expended for construction, either temporary or permanent, are anticipated to exceed $100,000.

SEC. 114. Not more than 20 percent of the appropriations in Military Construction Appropriations Acts which are limited for obligation during the current fiscal year shall be obligated during the last 2 months of the fiscal year.

(TRANSFER OF FUNDS)

SEC. 115. Funds appropriated to the Department of Defense for construction in prior years shall be available for construction authorized for each such military department by the authorizations enacted into law during the current session of Congress.

SEC. 116. For military construction or family housing projects that are being completed with funds otherwise expired or lapsed for obligation, expired or lapsed funds may be used to pay the cost of associated supervision, inspection, overhead, engineering and design on those projects and on subsequent claims, if any.

SEC. 117. Notwithstanding any other provision of law, any funds appropriated to a military department or defense agency for the construction of military projects may be obligated for a military construction project or contract, or for any portion of such a project or contract, at any time before the end of the fourth fiscal year after the fiscal year for which funds for such project were appropriated if the funds obligated for such project: (1) are obligated from funds available for military construction projects; and (2) do not exceed the amount appropriated for such project, plus any amount by which the cost of such project is increased pursuant to law.

(TRANSFER OF FUNDS)

SEC. 118. During the 5-year period after appropriations available to the Department of Defense for military construction and family housing operation and maintenance and construction have expired for obligation, upon a determination that such appropriations will not be necessary for the liquidation of obligations or for making authorized adjustments to such appropriations for obligations incurred during the period of availability of such appropriations, unobligated balances of such appropriations may be transferred into the appropriation "Foreign Currency Fluctuations, Construction, Defense" to be merged with and to be available for the same time period and for the same purposes as the appropriation to which transferred.

SEC. 119. The Secretary of Defense is to provide the Committees on Appropriations of the Senate and the House of Representatives with an annual report by February 15, containing details of the specific actions proposed to be taken by the Department of Defense during the current fiscal year to encourage other member nations of the North Atlantic Treaty Organization, Japan, Korea, and United States allies bordering the Arabian Gulf to assume a greater share of the common defense burden of such nations and the United States.

(TRANSFER OF FUNDS)

SEC. 120. During the current fiscal year, in addition to any other transfer authority available to the Department of Defense, proceeds deposited to the Department of Defense Base Closure Account established by section 207(a)(1) of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100–526) pursuant to section 207(a)(2)(C) of such Act, may be transferred to the account established by section 2906(a)(1) of the Department of Defense Authorization Act, 1991, to be merged with, and to be available for the same purposes and the same time period as that account.

SEC. 121. No funds appropriated pursuant to this Act may be expended by an entity unless the entity agrees that in expending the assistance the entity will comply with sections 2 through 4 of the Act of March 3, 1933 (41 U.S.C. 10a–10c, popularly known as the "Buy American Act").

SEC. 122. (a) In the case of any equipment or products that may be authorized to be purchased with financial assistance provided under this Act, it is the sense of the Congress that entities receiving such assistance should, in expending the assistance, purchase only American-made equipment and products.

(b) In providing financial assistance under this Act, the Secretary of the Treasury shall provide to each recipient of the assistance a notice describing the statement made in subsection (a) by the Congress.

(TRANSFER OF FUNDS)

SEC. 123. Subject to 30 days prior notification to the Committees on Appropriations, such additional amounts as may be determined by the Secretary of Defense may be transferred to the Department of Defense Family Housing Improvement Fund from amounts appropriated for construction in "Family Housing" accounts, to be merged with and to be available for the same purposes and for the same period of time as amounts appropriated directly to the Fund: Provided, That appropriations made available to the Fund shall be available to cover the costs, as defined in section 502(5) of the Congressional Budget Act of 1974, of direct loans or loan guarantees issued by the Department of Defense pursuant to the provisions of subchapter IV of chapter 169, title 10, United States Code, pertaining to alternative means of acquiring and improving military family housing and supporting facilities.

SEC. 124. None of the funds appropriated or made available by this Act may be obligated for Partnership for Peace Programs in the New Independent States of the former Soviet Union.

SEC. 125. (a) Not later than 60 days before issuing any solicitation for a contract with the private sector for military family housing the Secretary of the military department concerned shall submit to the congressional defense committees the notice described in subsection (b).

(b)(1) A notice referred to in subsection (a) is a notice of any guarantee (including the making of mortgage or rental payments) proposed to be made by the Secretary to the private party under the contract involved in the event of—

(A) the closure or realignment of the installation for which housing is provided under the contract;

(B) a reduction in force of units stationed at such installation; or

(C) the extended deployment overseas of units stationed at such installation.

(2) Each notice under this subsection shall specify the nature of the guarantee involved and assess the extent and likelihood, if any, of the liability of the Federal Government with respect to the guarantee.

(c) In this section, the term "congressional defense committees" means the following:

(1) The Committee on Armed Services and the Military Construction Subcommittee, Committee on Appropriations of the Senate.

(2) The Committee on Armed Services and the Military Construction Subcommittee, Committee on Appropriations of the House of Representatives.

(TRANSFER OF FUNDS)

SEC. 126. During the current fiscal year, in addition to any other transfer authority available to the Department of Defense, amounts may be transferred from the account established by section 2906(a)(1) of the Department of Defense Authorization Act, 1991, to the fund established by section 1013(d) of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3374) to pay for expenses associated with the Homeowners Assistance Program. Any amounts transferred shall be merged with and be available for the same purposes and for the same time period as the fund to which transferred.

SEC. 127. Not later than April 30, 2000, the Secretary of Defense shall submit to the congressional defense committees a report examining the adequacy of special education facilities and services available to the dependent children of uniformed personnel stationed in the United States. The report shall identify the following:

(1) The schools on military installations in the United States that are operated by the Department of Defense, other entities of the Federal government, or local school districts.

(2) School districts in the United States that have experienced an increase in enrollment of 20 percent or more in the fast five years resulting from base realignments or consolidations.

(3) The impact of increased special education requirements on student populations, student-

teacher ratios, and financial requirements in school districts supporting installations designated by the military departments as compassionate assignment posts.

(4) The adequacy of special education services and facilities for dependent children of uniformed personnel within the United States, particularly at compassionate assignment posts.

(5) Corrective measures that are needed to adequately support the special education needs of military families, including such improvements as the renovation of existing schools or the construction of new schools.

(6) An estimate of the cost of needed improvements, and a recommended source of funding within the Department of Defense.

SEC. 128. Notwithstanding this or any other provision of law, funds appropriated in Military Construction Appropriations Acts for operations and maintenance of family housing shall be the exclusive source of funds for repair and maintenance of all family housing units, including flag and general officer quarters; Provided, That not more than $25,000 per unit may be spent annually for the maintenance and repair of any general or flag officer quarters without thirty days advance prior notification of the appropriate committees of Congress; Provided further, That beginning January 15, 2000 the Under Secretary of Defense (Comptroller) is to report annually to the Committees on Appropriations all operations and maintenance expenditures for each individual flag and general officer quarters for the prior fiscal year.

SEC. 129. The first proviso under the heading "MILITARY CONSTRUCTION TRANSFER FUND" in chapter 6 of title II of the 1999 Emergency Supplemental Appropriations Act (Public Law 106–31) is amended by inserting "and to the North Atlantic Treaty Organization Security Investment Program as provided in section 2806 of title 10, United States Code" after "to military construction accounts": Provided, That funds transferred to the North Atlantic Treaty Organization Security Investment Program from the Military Construction Transfer Fund pursuant to such authority shall be available for all purposes of the Security Investment Program and shall remain available until expended.

SEC. 130. The Army, Navy, Marine Corps, and Air Force are directed to submit to the appropiate committees of the Congress by July 1, 2000, a Family Housing Master Plan demonstrating how they plan to meet the year 2010 housing goals with traditional construction, operation and maintenance support, as well as privatization initiative proposals. Each plan shall include projected life cycle costs for family housing construction, basic allowance for housing, operation and maintenace, other associated costs, and a time line for housing completions each year.

SEC. 131. Notwithstanding any other provision of law, no funds appropriated or otherwise made available by this Act or any other Act may be obligated or expended for any purpose relating to the construction at Bluegrass Army Depot, Kentucky, of any facility employing a specific technology for the demilitarization of assembled chemical munitions until the date on which the Secretary of Defense certifies to the Committees on Appropriations that the Department of Defense will complete a demonstration of the six alternatives to baseline incineration for the destruction of chemical agents and munitions as identified by the Program Evaluation Team of the Assembled Chemical Weapons Assessment program.

This Act may be cited as the "Military Construction Appropriations Act, 2000".

And the Senate agree to the same.

David L. Hobson,
John Edward Porter,
Roger F. Wicker,
Todd Tiahrt,
James T. Walsh,
Dan Miller,
Robert B. Aderholt,
Kay Granger,
C.W. Bill Young,
John W. Olver,
Chet Edwards,
Sam Farr,
Allen Boyd,
Normal D. Dicks,
David R. Obey,
Managers on the Part of the House.

Conrad Burns,
Kay Bailey Hutchison,
Larry E. Craig,
Jon Kyl,
Ted Stevens,
Patty Murray,
Harry Reid,
Daniel K. Inouye,
Robert C. Byrd,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2465) making appropriations for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes, submit the following joint statement to the House of Representatives and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

The Senate deleted the entire House bill after the enacting clause and inserted the text of Senate bill (S. 1205). The conference agreement includes a revised bill.

ITEMS OF GENERAL INTEREST

Matters Addressed by Only One Committee.—The language and allocations set forth in House Report 106–221 and Senate Report 106–74 should be complied with unless specifically addressed to the contrary in the conference report and statement of the managers. Report language included by the House which is not changed by the report of the Senate or the conference, and Senate report language which is not changed by the conference is approved by the committee of conference. The statement of the managers, while repeating some report language for emphasis, does not intend to negate the language referred to above unless expressly provided herein. In cases in which the House or the Senate has directed the submission of a report from the Department of Defense, such report is to be submitted to both House and Senate Committees on Appropriations.

Financial Management.—The conferees agree that the amount requested for construction contingencies, 5 percent for new construction and 10 percent for alterations or additions, is excessive. Therefore, the conferees have included general reductions which reduce the funding available for contingency within the Department. The conferees direct that no project for which funds were previously appropriated, or for which funds are appropriated in this bill, may be canceled as a result of the reductions included in the conference agreement.

The conference agreement includes reductions totaling $25,900,000 which result from re-estimation of inflation undertaken by the Office of Management and Budget as part of the mid-session review of the budget request. The conferees direct the Department to distribute these reductions proportionally against each project and activity in each account, as follows:

Reductions Resulting From Economic Assumptions In OMB's Mid-Session Review of the Budget Request

Account	*Amount*
Military Construction, Army	$3,700,000
Military Construction, Navy	3,000,000
Military Construction, Air Force	2,300,000
Military Construction, Defense-wide	2,300,000
Family Housing Operations, Army	3,500,000
Family Housing Construction, Navy	1,000,000
Family Housing Operations, Navy	3,600,000
Family Housing Construction, Air Force	1,000,000
Family Housing Operations, Air Force	3,500,000
Base Realignment and Closure, Part IV	2,000,000
	$25,900,000

European Construction.—The conference agreement does not provide funding for European military construction projects. The conferees direct the Department to use funds that were appropriated in the Fiscal Year 1999 Emergency Supplemental Appropriations Act (Public Law 106–31) to provide full funding for these projects.

Service Academy Military Construction Master Plan.—The conferees direct the Under Secretary of Defense (Comptroller) and the Under Secretary of Defense (Acquisition and Technology) to conduct a joint review of the Service Academies' military construction, family housing, and operations and maintenance requirements in this or any other Act. This review is to be completed in conjunction with the services and result in the development of a Service Academy Master Plan. Accordingly, the conferees direct the Secretary of Defense to submit the plan to the congressional defense committees no later than March 1, 2000, Any future requirements at an Academy must be included in the Master Plan. Furthermore, after the Service Academy Master Plan is submitted, any emergent requirements not included in the plan will require notification of the congressional defense committees.

MILITARY CONSTRUCTION, ARMY

The conference agreement appropriates $1,042,033,000 for Military Construction, Army, instead of $1,223,405,000 as proposed by the House, and $1,067,422,000 as proposed by the Senate. Within this amount, the conference agreement earmarks $91,605,000 for study, planning, design, architect and engineer services, and host nation support instead of $87,215,000 as proposed by the House and $86,414,000 as proposed by the Senate.

California—Presidio of Monterey: Video Teletraining Facility.—The conferees direct that this project is to be accomplished within additional funds provided for unspecified minor construction.

New York—U.S. Military Academy: Cadet Physical Development Center, Phase II.—The conference agreement provides $14,000,000 for the construction of this project, instead of no funding as proposed by the House, and $28,500,000 as proposed by the Senate. The conferees agree the total cost of this project estimated at $85,000,000 is excessive, and are aware this cost estimate includes $17,000,000 for seismic upgrade. According to United States Geological Survey, National Earthquake Information Center documents, the

Military Academy is located in a low-risk seismic area. Additionally, in a Report of Seismic Study on the project, a consultant made the following comment, "Seismic upgrading, subject to review with governing Corps of Engineers and U.S. Military Academy authorities, is not recommended, is not considered cost-effective, and is not practically feasible." As a result of these understandings, the conferees agree to cap the total cost of this project at $63,000,000. The Under Secretary of Defense (Comptroller) is directed to report to the appropriate committees of Congress no later than January 15, 2000 on the revised cost estimate for this project, including project-level information presented in Form 1391 detail.

Pennsylvania—Carlisle: Military History Institute.—The conferees are aware of the Army's plan to rebuild the Military History Institute in Carlisle, Pennsylvania. Of the $70,305,000 provided for planning and design within the "Military Construction, Army" account, the conferees direct that $500,000 be made available for the design of this facility.

MILITARY CONSTRUCTION, NAVY

The conference agreement appropriates $901,531,000 for Military Construction, Navy, instead of $968,862,000 as proposed by the House, and $884,883,000 as proposed by the Senate. Within this amount, the conference agreement earmarks $72,630,000 for study, planning, design, architect and engineer services instead of $65,010,000 as proposed by the House and $66,581,000 as proposed by the Senate.

Virginia—Quantico Marine Corps Base: Infrastructure Development.—Mission growth at Quantico over the past decade has put an enormous amount of stress on the basic infrastructure there. In fact, past efforts to program the construction of new facilities at the installation have failed due to the lack of basic infrastructure. The conferees are aware of plans to provide utilities and road structures at Quantico to correct current facility deficiencies. The project will also open approximately 500–800 acres for future development. The conferees agree this project is needed for continued growth and development of the base. Therefore, the Navy is directed to accelerate the design of this project and include the required funding in its fiscal year 2001 budget request.

MILITARY CONSTRUCTION, AIR FORCE

The conference agreement appropriates $777,238,000 for Military Construction, Air Force, instead of $752,367,000 as proposed by the House, and $783,710,000 as proposed by the Senate. Within this amount, the conference agreement earmarks $36,412,000 for study, planning, design, architect and engineer services instead of $32,104,000 as proposed by the House and $32,764,000 as proposed by the Senate.

Kansas—McConnell Air Force Base: Base Civil Engineer Complex.—The conferees direct the Air Force to accelerate the design of this project, and to include the required funding in its fiscal year 2001 budget request.

MILITARY CONSTRUCTION, DEFENSE-WIDE

The conference agreement appropriates $593,615,000 for Military Construction, Defense-wide, instead of $755,718,000 as proposed by the House, and $770,690,000 as proposed by the Senate. Within this amount, the conference agreement earmarks $48,324,000 for study, planning, design, architect and engineer services instead of $33,324,000 as proposed by the House and $38,664,000 as proposed by the Senate.

Chemical Demilitarization Program.—The conference agreement provides $267,100,000 for the chemical demilitarization program to fully fund all requested projects for fiscal year 2000. However, the conferees are concerned over the extremely slow obligation and expenditure rates for the program due to pending decisions on alternative technologies, delays in obtaining the required environmental and construction permits, and possible delays in equipment delivery. Therefore, based on unobligated prior year funds, the conferees include a general reduction of $93,000,000 against the entire program. This reduction includes $15,000,000 from the program's planning and design account.

Forward Operating Locations.—The fiscal year 2000 budget request included $42,800,000 for the construction of three Forward Operating Locations (FOLs) using funds from the "Drug Interdiction and Counter-Drug Activities, Defense" appropriation. Due to the presentation of the budget request, the conferees intend this matter be dealt with in the Defense Appropriations Bill. The conferees direct that future needs for the construction of FOLs be requested under the "Military Construction, Defense-wide" account. Furthermore, in future budget submissions, the conferees expect project-level information for FOL construction projects to be presented in Form 1391 detail. The conferees further expect the Department to accomplish any required planning and design for these projects by realigning Defense-wide planning and design.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The conference agreement appropriates $227,456,000 for Military Construction, Army National Guard, instead of $135,129,000 as proposed by the House, and $226,734,000 as proposed by the Senate.

Florida—St. Petersburg/Tampa Area: Readiness Center.—Of the additional funding provided for planning and design, the conferees direct that not less than $3,500,000 be made available for the design of this project.

Maryland—Aberdeen Proving Ground (Weide Army Airfield): UH–60 Tie Down Pads.—The conferees direct that this project is to be accomplished within additional funds provided for unspecified minor construction.

Minnesota—Mankato: Training and Community Center.—The current facility used by the 2nd Battalion 135th Infantry Mechanized was originally built in 1914. The facility has deteriorated extensively and is substandard with respect to Minnesota State Building Codes, the Life Safety Code, Occupational Safety and Health Administration (OSHA) regulations, and requirements identified by the Americans with Disabilities Act (ADA). Therefore, the conferees direct the Army National Guard to accelerate the design of this project, and to include the required funding in it fiscal year 2001 budget request.

Oregon—Baker City: Readiness Center.—The conferees direct the Army National Guard to accelerate the design and to include this project in its fiscal year 2001 budget request.

MILITARY CONSTRUCTION, AIR NATIONAL GUARD

The conference agreement appropriates $263,724,000 for Military Construction, Air National Guard, instead of $180,870,000 as proposed by the House, and $238,545,000 as proposed by the Senate.

Rhode Island—Quonset: Maintenance Hangar.—Of the $7,275,000 provided for planning and design within the "Air National Guard" account, the conferees direct that not less than $1,500,000 be made available to accelerate and complete the design and any necessary site preparation work for a new hangar to maintain the C–130J–30 stretch aircraft assigned to the Rhode Island National Guard. Although the conferees were unable to fund this, and other, meritorious projects due to severe financial constraints, the conferees recognize the urgency of this project. Therefore, the conferees have deferred the project without prejudice and direct the Administration to incorporate the necessary $16,500,000 for its construction into the President's fiscal year 2001 budget.

MILITARY CONSTRUCTION, ARMY RESERVE

The conference agreement appropriates $111,340,000 for Military Construction, Army Reserve, instead of $92,515,000 as proposed by the House, and $105,817,000 as proposed by the Senate.

MILITARY CONSTRUCTION, NAVAL RESERVE

The conference agreement appropriates $28,457,000 for Military Construction, Naval Reserve, instead of $21,574,000 as proposed by the House, and $31,475,000 as proposed by the Senate.

MILITARY CONSTRUCTION, AIR FORCE RESERVE

The conference agreement appropriates $64,404,000 for Military Construction, Air Force Reserve, instead of $66,549,000 as proposed by the House, and $35,864,000 as proposed by the Senate.

NORTH ATLANTIC TREATY ORGANIZATION SECURITY INVESTMENT PROGRAM

The conference agreement appropriates $81,000,000 for the North Atlantic Treaty Organization Security Investment Program (NSIP) as proposed by the House, instead of $100,000,000 as proposed by the Senate.

The conferees note that the actual requirement for the NATO Security -Investment Program has been reduced to $172,000,000 since the submission of the budget request. The conferees expect the Department to use funds that were appropriated in the Fiscal Year 1999 Emergency Supplemental Appropriations Act (Public Law 106–31) to provide adequate funding for this account.

North Atlantic Treaty Organization Security Investment Program Funds.—The conferees agree to a provision, Section 124, which prohibits the use of NSIP funds for any aspect of the Partnership for Peace Program in the New Independent States of the former Soviet Union.

The conferees continue the requirement that no funds will be used for projects (including planning and design) related to the enlargement of NATO and the Partnership for Peace, unless Congress is notified 21 days in advance of the obligation of funds. In addition, the conferees' intent is that Section 110 of he General Provisions shall apply to this program.

The Department of Defense is directed to identify separately the level of effort anticipated for NATO enlargement and for Partnership for Peace for that fiscal year in future budget justifications.

FAMILY HOUSING—OVERVIEW

General and Flag Officer Quarters.—The conferees were dismayed to learn the Air Force, in addition to the Navy, has in recent years supplemented family housing funds with regular operations and maintenance funds on general and flag officer quarters. Therefore, the conferees have no recourse but to include a general provision (Section 128) which statutorily prohibits the mixing of operations and maintenance and family housing funds on all family housing units, including general officer quarters.

The conferees will continue the existing notification requirement to the appropriate committees of Congress when maintenance and repair costs will exceed $25,000, instead of $15,000 as proposed by the House, for a unit not requested in the budget justification. However, beginning January 15, 2000, the Under Secretary of Defense (Comptroller) is to report on an annual basis all operations and maintenance expenditures for each individual flag and general officer quarters. In addition, the conferees direct the Inspector General of the Department to investigate the circumstances surrounding the expenditures of regular operations and maintenance funds on general and flag officer quarters by all military services. The Inspector General should determine if there were any violations of appropriations law and address corrective actions taken by the Department to preclude future occurrence of these violations.

FAMILY HOUSING, ARMY

The conference agreement appropriates $80,700,000 for Construction, Family Housing, Army, instead of $89,200,000 as proposed by the House and $60,900,000 as proposed by the Senate.

The conferees direct that the following project is to be accomplished within the increased amount provided for construction improvements:

Kentucky—Fort Campbell (26 units)	$2,800,000

The conference agreement appropriates $1,086,312,000 for Operation and Maintenance, Family Housing, Army, instead of $1,089,812,000 as proposed by the House and $1,098,080,000 as proposed by the Senate.

The conference agreement appropriates a total of $1,167,012,000 for Family Housing, Army, instead of $1,179,012,000 as proposed by the House and $1,158,980,000 as proposed by the Senate.

FAMILY HOUSING, NAVY AND MARINE CORPS

The conference agreement appropriates $341,071,000 for Construction, Family Housing, Navy and Marine Corps, instead of $312,559,000 as proposed by the House and $298,354,000 as proposed by the Senate.

The conferees direct that the following projects are to be accomplished within the increased amount provided for construction improvements:

California—Twentynine Palms MCAGCC (692 units)	$5,100,000
Illinois—Great Lakes NTC (127 units)	14,400,000
North Carolina—Camp Lejeune MCB (91 units)	9,100,000
North Carolina—Cherry Point MCAS (138 units)	2,700,000
Pennsylvania—Philadelphia NICP (2 units)	200,000
South Carolina—Parris Island MCRD (48 units)	4,932,000

The conference agreement appropriates $891,470,000 for Operation and Maintenance, Family Housing, Navy and Marine Corps, instead of $895,070,000 as proposed by the House and Senate.

The conference agreement appropriates a total of $1,232,541,000 for Family Housing, Navy and Marine Corps, instead of $1,207,629,000 as proposed by the House and $1,193,424,000 as proposed by the Senate.

FAMILY HOUSING, AIR FORCE

The conference agreement appropiates $349,456,000 for Construction, Family Housing, Air Force, instead of $344,996,000 as proposed by the House and $335,034,000 as proposed by the Senate.

The conferees direct that the following project is to be accomplished within the increased amount provided for construction improvements:

South Carolina—Charleston AFB (50 units)	$5,500,000

The conference agreement appropriates $818,392,000 for Operation and Maintenance, Family Housing, Air Force, instead of $821,892,000 as proposed by the House and Senate.

Illinois—Scott Air Force Base: Asbestos Removal.—The conferees understand the Air Force has an immediate asbestos problem with a housing complex at Scott AFB in Illinois. The Air Force plans to utilize part of this complex for other purposes, but cannot do so without first completing the removal of the asbestos material. The conferees urge the Air Force to use funds available within the "Family Housing, Air Force Operation and Maintenance" account in this Act to perform the required asbestos removal at Scott AFB.

The conference agreement appropriates a total of $1,167,848,000 for Family Housing, Air Force, instead of $1,166,888,000 as proposed by the House and $1,156,926,000 as proposed by the Senate.

FAMILY HOUSING, DEFENSE-WIDE

The conference agreement appropriates $50,000 for Construction, Family Housing, Defense-wide, as proposed by the House and Senate.

The conference agreement appropriates $41,440,000 for Operation and Maintenance, Family Housing, Defense-wide, as proposed by the House and Senate.

The conference agreement appropriates a total of $41,490,000 for Family Housing, Defense-wide, as proposed by the House and Senate.

FAMILY HOUSING REVITALIZATION TRANSFER FUND

The conference agreement appropriates no funds for the Family Housing Revitalization Transfer Fund, as proposed by the House, instead of $25,000,000 as proposed by the Senate.

DEPARTMENT OF DEFENSE FAMILY HOUSING IMPROVEMENT FUND

The conference agreement appropriates $2,000,000 for the Department of Defense Family Housing Improvement Fund as proposed by the House instead of $25,000,000 as proposed by the Senate. The reduction from the level proposed by the Senate reflects full funding of construction projects and construction improvement projects in the traditional family housing accounts, rather than in the Family Housing Improvement Fund. Transfer authority is provided for the execution of any qualifying project under privatization authority which resides in the Fund.

HOMEOWNERS ASSISTANCE FUND, DEFENSE

The conference agreement appropriates no funds for the Homeowners Assistance Fund, Defense.

The total estimated requirements for the fund for fiscal year 2000 are estimated at $62,687,000 and will be funded with transfers from the Base Realignment and Closure account and revenue from the sales of acquired property.

BASE REALIGNMENT AND CLOSURE—OVERVIEW

Construction Projects: Administrative Provision.—The conferees agree that any transfer of funds which exceeds reprogramming thresholds for any construction project financed by any Base Realignment and Closure Account shall be subject to a 21-day notification to the Committees, and shall not be subject to reprogramming procedure.

Construction Budget Data.—The conferees are concerned about the accuracy and reliability of the base realignment and closure (BRAC) construction budget data provided annually to the Congress. The Office of the Department of Defense Inspector General and the General Accounting Office recently found that the Services submitted BRAC military construction data in the fiscal years 1997 through 1999 military construction budgets based on overstated requirements and unsupported specifications and costs. They also found that the major commands of the Services did not effectively implement management control procedures established for the BRAC military construction planning, programming and budgeting process. This has resulted in overstated and invalid BRAC requirements and lack of supporting documentation. The conferees direct the Department to take the necessary corrective action to ensure that these deficiencies are corrected in the fiscal year 2001 budget submission.

Future Costs of Environmental Restoration.—The conferees direct the Department of Defense to submit a legislative proposal for the establishment of a Treasury account entitled "Base Realignment and Closure Environmental Restoration", rather than budgeting for future costs in the Operation and Maintenance accounts. The conferees direct that future costs for environmental restoration and operations and maintenance related to the four rounds of base closure conducted from 1988 through 1995 shall be programmed and budgeted in this new account.

BASE REALIGNMENT AND CLOSURE ACCOUNT, PART IV

The conference agreement appropriates $672,311,000 for the Base Realignment and Closure Account, Part IV, instead of $705,911,000 as proposed by the House and Senate. Within the amount appropriated, the conference agreement earmarks $346,403,000 for environmental restoration, instead of $360,073,000 as proposed by the House and $426,036,000 as proposed by the Senate.

Revised Economic Assumptions.—As described earlier in this report, the conferees recommend a reduction of $2,000,000 from the budget request based on reestimation of inflation.

Unreported Proceeds.—The Services have collected $11,800,000 more in proceeds from land sales and leases at closing or realigning bases than reported in the fiscal year 2000 budget request. Statutes and Department of Defense guidance state that proceeds from the transfer, lease, or disposal of property due to the Base Realignment and Closure process shall be deposited into the Base Closure Accounts. The conferees understand that, because such proceeds were collected after the development of the budget, the Army did not report $8,000,000 worth of proceeds, and the Navy did not report $3,800,000. The conferees direct the Services to deposit these proceeds into the Base Realignment and Closure Account, and have reduced the Base Realignment and Closure Account, Part IV fiscal year 2000 appropriation by $11,800,000 to reflect this action.

Funds Previously Withheld.—The conferees recommend a reduction of $13,800,000 to the Base Realignment and Closure Account, Part IV. This reduction is based on funds that were previously withheld from obligation based on an inflation rate that was lower than expected. At the time the fiscal year 2000 budget was submitted to Congress, these funds were withheld from obligation, but have subsequently been made available.

Previously Funded Military Construction.—Based on funds that were requested for three military construction projects that have already been funded or canceled, the conferees recommend an additional reduction of $6,000,000 to the Base Realignment and Closure Account, Part IV. The Army requested $3,300,000 for an expanded dining facility at Fort Leonard Wood in Missouri that was accelerated and funded with fiscal year 1999 funds. The Army also requested $1,100,000 for a sanitary sewer line at Fort Dix in New Jersey. The Army now plans to continue using the existing utility plant. Therefore, the $1,100,000 included in the fiscal year 2000 budget request is no longer needed. The Navy included $1,600,000 in its budget request for building renovations at the Norfolk Naval Base in Virginia. However, in fiscal year 1999, nearly $4,000,000 was appropriated for the same project. Later, the cost of the project was reduced to $1,600,000. Therefore, the conferees believe there is sufficient funding available for this project without new appropriations for fiscal year 2000.

Texas—Reese Air Force Base: Building Demolition.—In an effort to replace over 3,000 jobs lost due to the closure of Reese AFB, the Lubbock Reese Redevelopment Authority (LRRA) is partnering with local universities to develop a technology led research project. The LRRA plans to leverage research, technology transfer and academic endeavors to attract businesses to relocate at Reese AFB. To attract such companies to Reese AFB, the LRRA has identified over 40 facilities to be demolished. The conferees direct the Air Force to support the LRRA's plans for demolition at the installation. The Secretary of the Air Force is directed to report to the appropriate committees of Congress no later than January 15, 2000 on the plans for building demolition at the installation, including the funding and estimated dates for completion of such activities.

GENERAL PROVISIONS

The conference agreement includes general provisions that were not amended by either the House or Senate in their versions of the bill.

The conference agreement includes a provision, Section 121, as proposed by the House, which prohibits the expenditure of funds except in compliance with the Buy American Act. The Senate bill contained no similar provision.

The conference agreement includes a provision, Section 122, as proposed by the House, which states the Sense of the Congress that recipients of equipment or products authorized to be purchased with financial assistance provided in this Act are to be notified that they must purchase American-made equipment and products. The Senate bill contained no similar provision.

The conference agreement includes a provision, Section 123, as proposed by the House, permitting the transfer of funds from Family Housing, Construction accounts to the DOD Family Housing Improvement Fund. The Senate bill contained no similar provision.

The conference agreement includes a provision renumbered Section 124, as proposed by the Senate amended to prohibit the use of funds in this Act to be obligated for Partnership for Peace programs in the New Independent States of the former Soviet Union. The House bill contained no similar provision.

The conference agreement includes a provision renumbered Section 125, as proposed by the House and the Senate, which requires the Secretary of Defense to notify Congressional Committees sixty days prior to issuing a solicitation for a contract with the private sector for military family housing.

The conference agreement includes a provision renumbered Section 126, as proposed by the House and the Senate, which provides transfer authority to the Homeowners Assistance Program.

The conference agreement includes a provision renumbered Section 127, as proposed by the Senate, which requires the Secretary of Defense to report on the adequacy of special education facilities for Department of Defense family members. The House bill contained no similar provision.

The conference agreement includes a provision renumbered Section 128, as proposed by the House, amended to require that all Military Construction Appropriation Acts be the sole funding source of all operation and maintenance for family housing, including flag and general officer quarters, and limits the repair on flag and general officer quarters to $25,000 per year without prior notification to the committees of Congress. And an annual report is required on all operations and maintenance expenditures for each individual quarters. The Senate bill contained a similar provision.

The conference agreement includes a provision renumbered Section 129, as proposed by the House and Senate, amended to amend the 1999 Emergency Supplemental Appropriations Act to allow the Department of Defense to transfer military construction funding to the North Atlantic Treaty Organization Security Investment Program, and to allow any funds transferred to remain available until expended.

The conference agreement includes a provision renumbered Section 130, as proposed by the House, amended to direct that the Army, Navy, Marine Corps and Air Force submit to the appropriate committees of Congress, by July 1, 2000, a Family Housing Master Plan. The Senate bill contained no similar provision.

The conference agreement includes a provision renumbered Section 131, as proposed by the Senate amended to require the Secretary of Defense to certify that the Department of Defense intends to proceed with the demonstration of six alternative technologies to chemical weapons incineration before constructing the chemical demilitarization facility at Bluegrass, Kentucky. Pending the Secretary's certification this allows the planning, design and site preparation of the facility and the testing of the alternatives to proceed concurrently. The House bill contained no similar provision.

Those general provisions that are not included in the conference agreement follow:

The conference agreement deletes the Senate provision which prohibits the use of funds for repair and maintenance of any flag and general officer quarters in excess of $25,000 without prior notification to the congressional defense committees.

The conference agreement deletes the Senate provision which reduced various accounts in this Act by five percent.

The conference agreement deletes the Senate provision restricting the conveyance of land at the former Fort Sheridan, Illinois.

The conference agreement deletes the House provision which reduced various accounts in this Act.

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
ALABAMA		
ARMY		
ANNISTON ARMY DEPOT		
AMMUNITION DEMILITARIZATION FACILITY (PHASE VII)	7,000	---
REDSTONE ARSENAL		
TEST MEASUREMENT LAB/SUPPORT FACILITY	---	9,800
AIR FORCE		
MAXWELL AFB		
OFFICER TRAINING SCHOOL CADET DORMITORY	---	10,600
DEFENSE-WIDE		
ANNISTON ARMY DEPOT		
AMMUNITION DEMILITARIZATION FACILITY (PHASE VII)	---	7,000
AIR NATIONAL GUARD		
BIRMINGHAM ANGB		
BASE ENGINEER MAINTENANCE COMPLEX	---	4,200
DANNELLY FIELD		
MEDICAL TRAINING AND DINING FACILITY	---	6,000
TOTAL, ALABAMA	7,000	37,600
ALASKA		
ARMY		
FORT RICHARDSON		
WHOLE BARRACKS COMPLEX RENEWAL	2,200	14,600
FORT WAINWRIGHT		
EMISSION REDUCTION FACILITY	2,300	15,500
MOUT COLLECTIVE TRAINING FACILITY	---	17,000
AMMUNITION SURVEILLANCE FACILITY	---	2,300
AIR FORCE		
EIELSON AFB		
REPAIR KC-135 PARKING RAMP	941	4,000
REPAIR RUNWAY	3,334	14,000
WEAPONS RELEASE SYSTEM FACILITY	1,451	6,100
ELMENDORF AFB		
ALTER ROADWAY DAVIS HWY	---	9,500
CONSTRUCT C-130 PARKING RAMP	3,995	17,000
DORMITORY	3,727	15,800
DEFENSE-WIDE		
EIELSON AFB		
HYDRANT FUEL SYSTEM	9,000	26,000
ELMENDORF AFB		
HYDRANT FUEL SYSTEM	4,700	23,500
FORT WAINWRIGHT		
HOSPITAL REPLACEMENT (PHASE I)	18,000	18,000
ARMY NATIONAL GUARD		
FORT RICHARDSON		
CSMS/MATES	2,940	13,850
AIR NATIONAL GUARD		
KULIS ANGB		
COMPOSITE SUPPORT COMPLEX	2,170	10,000
TOTAL, ALASKA	54,758	207,150
ARIZONA		
ARMY		
FORT HUACHUCA		
WASTEWATER TREATMENT PLANT (PHASE I)	---	6,000
NAVY		
CAMP NAVAJO NAVY DETACHMENT		
MAGAZINES MODERNIZATION	1,910	7,560
YUMA MARINE CORPS AIR STATION		
CHILD DEVELOPMENT CENTER ADDITION	640	2,620
LAND ACQUISITION	3,650	14,400
AIR FORCE		
DAVIS-MONTHAN AFB		
AIRCRAFT PROCESSING RAMP	1,847	7,800
DEFENSE-WIDE		
DAVIS MONTHAN AFB		
ADD/ALTER AMBULATORY HEALTH CARE CENTER	2,400	10,000
TOTAL, ARIZONA	10,447	48,380

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
ARKANSAS		
ARMY		
PINE BLUFF ARSENAL		
AMMUNITION DEMILITARIZATION FACILITY (PHASE IV)	61,800	---
AIR FORCE		
LITTLE ROCK AFB		
C-130 SQUAD OPERATIONS/AIRCRAFT MAINT UNIT FAC	---	7,800
DEFENSE-WIDE		
PINE BLUFF ARSENAL		
AMMUNITION DEMILITARIZATION FACILITY (PHASE IV)	---	61,800
AIR NATIONAL GUARD		
LITTLE ROCK AFB		
VEHICLE/BASE ENGINE MAINTENANCE COMPLEX	1,881	8,699
AIR FORCE RESERVE		
LITTLE ROCK AFB		
ALTER AERIAL PORT TRAINING FACILITY	209	800
TOTAL, ARKANSAS	63,890	79,099
CALIFORNIA		
ARMY		
FORT IRWIN		
LAND ACQUISITION (PHASE I)	---	19,000
ROTATIONAL UNIT FACILITY MAINTENANCE AREA	3,300	13,400
PRESIDIO OF MONTEREY		
GENERAL INSTRUCTION FACILITY	---	7,100
NAVY		
BARSTOW MARINE CORPS LOGISTICS BASE		
TEST TRACK/TEST POND FACILITY	1,150	4,670
CAMP PENDLETON MARINE CORPS BASE		
ARMORY	660	2,620
BACHELOR ENLISTED QUARTERS	2,390	9,740
INTEGRATED COMMUNICATIONS HUB	960	3,810
MARINE EXPEDITIONARY FORCE OPS/COMMAND CENTER	---	6,800
STAFF NON-COMMISSIONED OFFICER'S ACADEMY	1,640	6,480
TACTICAL VEHICLE MAINTENANCE FACILITY	2,210	9,010
CORONA NAVAL SURFACE WARFARE CENTER		
MEASUREMENT SCIENCE LABORATORY	---	7,070
LEMOORE NAVAL AIR STATION		
AIRCRAFT ORDNANCE LOADING FACILITIES	3,010	11,900
AVIATION ARMAMENT FACILITY	1,460	5,800
ENGINE MAINTENANCE SHOP ADDITION	600	2,360
NEW GYMNASIUM FACILITIES	---	16,000
STRIKE FIGHTER WEAPONS TRAINING FACILITY	1,000	3,960
NAVAL POSTGRADUATE SCHOOL (MONTEREY)		
GYMNASIUM	---	5,100
NORTH ISLAND NAVAL AIR STATION		
BERTHING WHARF (PHASE I)	40,760	40,760
SAN DIEGO MARINE CORPS RECRUIT DEPOT		
PHYSICAL FITNESS CENTER ADDITION	810	3,200
SAN DIEGO NAVAL MEDICAL CENTER		
BACHELOR ENLISTED QUARTERS MODERNIZATION	5,470	21,590
TWENTYNINE PALMS MARINE CORPS BASE		
BACHELOR ENLISTED QUARTERS	4,840	19,130
CAST TRAINER ADDITION	420	1,670
TACTICAL VEHICLE MAINTENANCE FACILITY	3,420	13,960
TWENTYNINE PALMS NAVAL HOSPITAL		
BACHELOR ENLISTED QUARTERS	1,930	7,640
AIR FORCE		
BEALE AFB		
FLIGHTLINE FIRE STATION	2,086	8,900
EDWARDS AFB		
CONSTRUCT SPURS SOUTH BASE	---	5,500
TRAVIS AFB		
ADD TO PHYSICAL FITNESS CENTER	1,754	7,500
DEFENSE-WIDE		
CORONADO NAVAL AMPHIBIOUS BASE		
NAVAL SPECIAL WARFARE C2 ADDITION	2,272	6,000
LOS ANGELES AIR FORCE BASE		
MEDICAL/DENTAL CLINIC REPLACEMENT	2,400	13,600
PRESIDIO OF MONTEREY		
DOD CENTER RENOVATION	6,712	28,000
TRAVIS AIR FORCE BASE		
WAR READINESS MATERIALS WAREHOUSE/ENGINEERING SUPP	2,000	7,500

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
AIR NATIONAL GUARD		
FRESNO ANGS		
OPERATIONS TRAINING AND DINING FACILITY...........	---	9,100
MOFFETT FIELD		
REPLACE AIRCRAFT MAINTENANCE HANGAR...............	3,033	14,000
NAVY RESERVE		
CAMP PENDLETON MARINE CORPS RESERVE CENTER		
RESERVE TRAINING COMPLEX..........................	1,649	9,940
TOTAL, CALIFORNIA................................	97,936	352,810
COLORADO		
ARMY		
FORT CARSON		
MOBILIZATION MATERIAL WAREHOUSE...................	---	4,400
PETERSON AFB		
US ARMY SPACE COMMAND HEADQUARTERS................	3,700	25,000
PUEBLO DEPOT ACTIVITY		
AMMUNITION DEMILITARIZATION FACILITY (PHASE I)....	11,800	---
AIR FORCE		
PETERSON AFB		
FIRE/CRASH RESCUE STATION.........................	---	7,000
USSPACECOM/NORAD HEADQUARTERS.....................	7,887	33,000
SCHRIEVER AFB		
CHILD DEVELOPMENT CENTER..........................	---	6,700
PHYSICAL FITNESS CENTER...........................	929	3,900
SANITARY SEWER LINE...............................	1,296	5,500
US AIR FORCE ACADEMY		
UPGRADE ACADEMIC FACILITY.........................	4,056	17,500
DEFENSE-WIDE		
PUEBLO ARMY DEPOT		
AMMUNITION DEMILITARIZATION FACILITY (PHASE I)....	---	11,800
TOTAL, COLORADO..................................	29,668	114,800
CONNECTICUT		
ARMY RESERVE		
WEST HARTFORD		
ADD/ALTER RESERVE CENTER..........................	---	17,525
DELAWARE		
AIR FORCE		
DOVER AFB		
VISITORS QUARTERS.................................	---	12,000
DISTRICT OF COLUMBIA		
ARMY		
FORT MCNAIR		
CHAPEL..	380	1,250
WALTER REED ARMY MEDICAL CENTER		
PHYSICAL FITNESS TRAINING CENTER..................	1,020	6,800
NAVY		
MARINE CORPS BARRACKS, 8TH & I STREETS		
SITE IMPROVEMENTS.................................	---	4,000
TOTAL, DISTRICT OF COLUMBIA......................	1,400	12,050
FLORIDA		
NAVY		
JACKSONVILLE (BLOUNT ISLAND)		
LAND ACQUISITION (PHASE I)........................	---	5,000
MAYPORT NAVAL STATION		
HARBOR OPERATIONS/SMALL CRAFT BERTH...............	---	9,560
WHITING FIELD NAVAL AIR STATION		
JPATS T-6A TRAINER FACILITY.......................	1,200	4,750
POWER CHECK PAD/APRON MODIFICATIONS...............	---	600
AIR FORCE		
EGLIN AFB		
DINING FACILITY...................................	---	4,700
DORMITORY...	1,635	7,000
SQUADRON OPERATIONS FACILITY......................	1,566	6,600
EGLIN AFB AUXILIARY FIELD 9		
DORMITORY...	2,161	9,100
REPAIR RUNWAY/TAXIWAY.............................	2,269	9,700

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
MACDILL AFB		
ADD/ALTER PHYSICAL FITNESS CENTER	1,302	5,500
MISSION PLANNING CENTER (PHASE I)	---	10,000
PATRICK AFB		
AIR FREIGHT/PASSENGER TERMINAL FACILITY	1,967	8,300
BASE SUPPLY/TRAFFIC MANAGEMENT COMPLEX	2,238	9,500
TYNDALL AFB		
UPGRADE AIRFIELD	---	10,800
DEFENSE-WIDE		
JACKSONVILLE NAVAL AIR STATION		
ADD/ALTER BRANCH MEDICAL/DENTAL CLINIC	780	3,780
PATRICK AFB		
MEDICAL LOGISTICS FACILITY REPLACEMENT	200	1,750
PENSACOLA NAVAL AIR STATION		
AIRCREW WATER SURVIVAL TRAINING FACILITY	1,300	4,300
ARMY NATIONAL GUARD		
PENSACOLA		
READINESS CENTER	---	4,628
ARMY RESERVE		
ORLANDO		
LAND ACQUISITION, JOINT RESERVE COMPLEX	690	690
AIR FORCE RESERVE		
HOMESTEAD ARB		
FIRE FIGHTER TRAINING FACILITY	524	2,000
FIRE STATION	---	2,950
TOTAL, FLORIDA	17,832	121,208
GEORGIA		
ARMY		
FORT BENNING		
AMMUNITION HOLDING AREA	420	1,400
WHOLE BARRACKS COMPLEX RENEWAL (PHASE I)	7,100	21,000
FORT STEWART		
CONTINGENCY LOGISTICS FACILITY	---	18,500
MULTI-PURPOSE TRAINING RANGE	1,100	7,200
WHOLE BARRACKS COMPLEX RENEWAL W/ DINING (PHASE I)	7,000	20,000
NAVY		
ALBANY MARINE CORPS LOGISTICS BASE		
ENGINEERING EQUIPMENT SHOP	1,540	6,260
AIR FORCE		
FORT BENNING		
AIR SUPPORT OPERATIONS SQUADRON FACILITY	911	3,900
MOODY AFB		
SQUADRON OPERATIONS FACILITY	763	3,200
TAXIWAY	---	2,750
ROBINS AFB		
KC-135 FLIGHT SIMULATOR FACILITY	789	3,350
DEFENSE-WIDE		
FORT BENNING		
REGIMENTAL COMMAND AND CONTROL FACILITY	2,272	10,200
MOODY AFB		
WAR READINESS MATERIALS WAREHOUSE/BIOENVIRONMENTAL ENGINEERING FACILITY	200	1,250
AIR NATIONAL GUARD		
SAVANNAH INTERNATIONAL AIRPORT		
COMPOSITE SUPPORT COMPLEX	2,116	9,800
REGIONAL FIRE TRAINING FACILITY	368	1,700
ARMY RESERVE		
FORT GILLEM		
USAR CENTER/ORGANIZATIONAL MAINTENANCE SHOP/DIRECT SUPPORT/WAREHOUSE	3,610	22,121
AIR FORCE RESERVE		
DOBBINS AFB		
ADD/ALTER FACILITY FOR C130-H AIRCREW TRAINING	558	2,130
ROBINS AFB		
ADD/ALTER AIR FORCE RESERVE COMMAND HEADQUARTERS AND ALTERNATE TANKER AIRLIFT CONTROL CENTER	3,666	14,000
TOTAL, GEORGIA	32,413	148,761
HAWAII		
ARMY		
SCHOFIELD BARRACKS		
WHOLE BARRACKS COMPLEX RENEWAL (PHASE I)	14,200	25,000

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
NAVY		
CAMP H.M. SMITH		
CINCPAC HEADQUARTERS (PHASE I)	15,870	15,870
KANEOHE BAY MARINE CORPS AIR STATION		
CONTROL TOWER AND AIR TRAFFIC CONTROL FACILITY	1,460	5,790
PEARL HARBOR NAVAL SHIPYARD		
ABRASIVE BLAST AND PAINT FACILITY	2,690	10,610
PEARL HARBOR NAVAL STATION		
BACHELOR ENLISTED QUARTERS MODERNIZATION	4,720	18,600
PEARL HARBOR NAVAL SUBMARINE BASE		
BERTHING WHARF	7,470	29,460
AIR FORCE		
HICKAM AFB		
FIRE TRAINING FACILITY	785	3,300
ARMY NATIONAL GUARD		
BELLOWS AFS		
REGIONAL TRAINING INSTITUTE (PHASE II)	---	12,105
TOTAL, HAWAII	47,195	120,735
IDAHO		
NAVY		
BAYVIEW NAVAL SURFACE WEAPONS CENTER		
UNDERWATER EQUIPMENT LABORATORY	2,540	10,040
AIR FORCE		
MOUNTAIN HOME AFB		
DEFENSE ACCESS ROAD	564	2,400
ENHANCED TRAINING RANGE (PHASE II)	3,487	14,600
AIR NATIONAL GUARD		
BOISE AIRPORT (GOWEN FIELD)		
A-10 EXPAND ARM/DISARM APRON	350	1,600
FUEL CELL & CORROSION CONTROL HANGER	---	2,300
TOTAL, IDAHO	6,941	30,940
ILLINOIS		
NAVY		
GREAT LAKES NAVAL TRAINING CENTER		
ALL WEATHER RUNNING TRACK	354	1,380
BACHELOR ENLISTED QUARTERS ("A" SCHOOL)	7,700	31,410
DRILL HALL REPLACEMENT	2,830	11,190
RECRUIT IN-PROCESS BARRACKS	3,370	13,310
ARMY NATIONAL GUARD		
MARSEILLES		
BATTALION TRAINING COMPLEX	2,325	10,952
TOTAL, ILLINOIS	16,579	68,242
INDIANA		
ARMY		
NEWPORT ARMY AMMUNITION PLANT		
AMMUNITION DEMILITARIZATION FACILITY (PHASE II)	61,200	---
NAVY		
CRANE NAVAL SURFACE WARFARE CENTER		
STRATEGIC WEAPONS SYSTEMS ENGINEERING FACILITY	---	7,270
DEFENSE-WIDE		
NEWPORT ARMY AMMUNITION PLANT		
AMMUNITION DEMILITARIZATION FACILITY (PHASE II)	---	61,200
ARMY NATIONAL GUARD		
CAMP ATTERBURY		
WATER SYSTEM IMPROVEMENTS	---	7,598
AIR NATIONAL GUARD		
FORT WAYNE		
MEDICAL TRAINING FACILITY/DINING HALL	---	7,200
AIR FORCE RESERVE		
GRISSOM ARB		
SERVICES COMPLEX (PHASE I)	---	10,800
TOTAL, INDIANA	61,200	94,068
IOWA		
AIR NATIONAL GUARD		
SIOUX GATEWAY AIRPORT		
VEHICLE MAINTENANCE COMPLEX	---	3,600

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
KANSAS		
ARMY		
FORT LEAVENWORTH		
US DISCIPLINARY BARRACKS (PHASE III)	18,800	18,800
WATER TREATMENT PLANT	1,200	8,100
WHOLE BARRACKS COMPLEX RENEWAL	3,900	26,000
FORT RILEY		
WHOLE BARRACKS RENOVATION (PHASE I)	---	13,000
AIR FORCE		
MCCONNELL AFB		
KC-135 SQUAD OPERATIONS/AIRCRAFT MAINTENANCE UNIT.	2,280	9,600
DEFENSE-WIDE		
FORT RILEY		
CONSOLIDATED TROOP MEDICAL CLINIC	1,060	6,000
AIR NATIONAL GUARD		
MCCONNELL AFB		
B-1 AIRCRAFT LIVE MUNITIONS LOADING RAMP	---	9,300
TOTAL, KANSAS	27,240	90,800
KENTUCKY		
ARMY		
BLUEGRASS ARMY DEPOT		
AMMUNITION DEMILITARIZATION FACILTIY (PHASE I)	11,800	---
AMMUNITION DEMILITARIZATION SUPPORT	11,000	---
AMMUNITION SURVEILLANCE FACILITY	900	6,000
FORT CAMPBELL		
MOUT TRAINING COMPLEX	2,150	14,400
PHYSICAL FITNESS TRAINING CENTER	900	6,000
SABRE HELIPORT IMPROVEMENTS	2,475	19,500
WHOLE BARRACKS COMPLEX RENEWAL (PHASE II)	4,800	22,000
VEHICLE MAINTENANCE FACILITY	---	17,000
FORT KNOX		
AUTOMATED RECORD FIRE RANGE	---	1,300
MULTI-PURPOSE DIGITAL TRAINING RANGE (PHASE II)	2,400	7,000
AIR FORCE		
FORT CAMPBELL		
AIR SUPPORT OPERATIONS SQUADRON FACILITY	1,472	6,300
DEFENSE-WIDE		
BLUE GRASS ARMY DEPOT		
AMMUNITION DEMILITARIZATION FACILITY (PHASE I)	---	11,800
AMMUNITION DEMILITARIZATION SUPPORT	---	11,000
TOTAL, KENTUCKY	37,897	122,300
LOUISIANA		
ARMY		
FORT POLK		
CONSOLIDATED RANGE OPERATIONS/WAREHOUSE FACILITY..	---	6,700
AIR NATIONAL GUARD		
BELLE CHASE NAVAL AIR STATION		
AMMUNITION STORAGE IGLOO	---	1,350
TOTAL, LOUISIANA	---	8,050
MAINE		
NAVY		
BRUNSWICK NAVAL AIR STATION		
BACHELOR ENLISTED QUARTERS REPLACEMENT	4,270	16,890
MARYLAND		
ARMY		
ABERDEEN PROVING GROUND		
AMMUNITION DEMILITARIZATION FACILITY (PHASE II)	66,600	---
FORT MEADE		
MILITARY ENTRANCE PROCESSING STATION	1,350	4,450
WHOLE BARRACKS COMPLEX RENEWAL	2,700	18,000
NAVY		
INDIAN HEAD NAVAL SURFACE WARFARE CENTER DIVISION		
SEWAGE TREATMENT PLANT	2,550	10,070
PATUXENT RIVER NAVAL AIR WARFARE CENTER		
AIRCRAFT/SHIPS SYSTEMS INTEGRATION LABORATORIES	---	3,060
INDOOR FIRING RANGE	---	1,500

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
AIR FORCE		
ANDREWS AFB		
SQUADRON OPERATIONS FACILITY	---	9,900
DEFENSE-WIDE		
ABERDEEN PROVING GROUND		
AMMUNITION DEMILITARIZATION FACILITY (PHASE II)	---	66,600
ANDREWS AFB		
ADD/ALTER MEDICAL LOGISTICS FACILITY	2,000	3,000
FORT MEADE		
PERIMETER FENCE (EAST)	903	903
RECONFIGURE OPS1 CHILLED WATER	2,043	2,043
PATUXENT RIVER NAVAL AIR STATION		
AIRCREW WATER SURVIVAL TRAINING FACILITY	1,200	4,150
ARMY RESERVE		
CURTIS BAY		
ADD/ALTER USARC/MARINE AMSA	---	5,000
TOTAL, MARYLAND	79,346	128,676
MASSACHUSETTS		
ARMY		
WESTOVER AFB		
MILITARY ENTRANCE PROCESSING STATION	1,200	4,000
AIR FORCE		
HANSCOM AFB		
ACQUISITION MANAGEMENT FACILITY RENOVATION	---	16,000
ARMY NATIONAL GUARD		
BARNES ANGB (WESTFIELD)		
ARMY AVIATION SUPPORT FACILITY #2	---	3,933
AIR NATIONAL GUARD		
BARNES ANGB		
BASE SUPPLY COMPLEX	---	5,900
AIR FORCE RESERVE		
WESTOVER ARB		
CONTROL TOWER	---	4,250
TOTAL, MASSACHUSETTS	1,200	34,083
MICHIGAN		
AIR NATIONAL GUARD		
CAMP GRAYLING		
AIR GROUND RANGE SUPPORT FACILITY	---	5,800
SELFRIDGE ANGB		
REPLACE FIRE CRASH/RESCUE STATION	---	7,400
TOTAL, MICHIGAN	---	13,200
MINNESOTA		
AIR FORCE RESERVE		
MINNEAPOLIS/ST PAUL AIR RESERVE STATION		
CONSOLIDATED LODGING FACILITY (PHASE II)	---	8,140
MISSISSIPPI		
NAVY		
GULFPORT NAVAL CONSTRUCTION BATTALION CENTER		
BACHELOR ENLISTED QUARTERS MODERNIZATION	3,260	12,860
GULFPORT NAVAL CONSTRUCTION TRAINING CENTER		
BACHELOR ENLISTED QUARTERS RENOVATION	1,600	6,310
MERIDIAN NAVAL AIR STATION		
ADMINISTRATIVE BUILDING	---	7,280
AIR FORCE		
COLUMBUS AFB		
ADD TO T-1A HANGER	---	2,600
KEESLER AFB		
C-130J SIMULATOR FACILITY	---	8,900
STUDENT DINING FACILITY	1,686	7,100
STUDENT DORMITORY	4,679	19,900
DEFENSE-WIDE		
MISSISSIPPI ARMY AMMUNITION PLANT		
SMALL CRAFT TRAINING COMPLEX	9,600	9,600
ARMY NATIONAL GUARD		
CAMP SHELBY		
MULTI-PURPOSE RANGE COMPLEX, HEAVY (PHASE III)	---	14,800

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
VICKSBURG		
READINESS CENTER	---	5,914
AIR NATIONAL GUARD		
JACKSON INTERNATIONAL AIRPORT		
C-17 SIMULATOR BUILDING	---	3,600
TOTAL, MISSISSIPPI	20,825	98,864
MISSOURI		
ARMY		
FORT LEONARD WOOD		
ACCESS ROAD	---	16,500
WOLVERINE/GRIZZLY SIMULATOR FACILITY	1,600	10,600
AIR FORCE		
WHITEMAN AFB		
B-2 LOW OBSERVABLE RESTORATION FACILITY	5,428	23,000
PHYSICAL FITNESS CENTER	447	1,900
ARMY NATIONAL GUARD		
SEDALIA		
READINESS CENTER	---	3,774
AIR NATIONAL GUARD		
ROSENCRANS MEMORIAL AIRPORT		
UPGRADE AIRCRAFT PARKING APRON (PHASE II)	---	9,000
TOTAL, MISSOURI	7,475	64,774
MONTANA		
AIR FORCE		
MALMSTROM AFB		
DORMITORY	---	11,600
ARMY NATIONAL GUARD		
GREAT FALLS		
READINESS CENTER	---	4,700
AIR NATIONAL GUARD		
GREAT FALLS INTERNATIONAL AIRPORT		
BASE SUPPLY WAREHOUSE	---	1,450
TOTAL, MONTANA	---	17,750
NEBRASKA		
AIR FORCE		
OFFUTT AFB		
DORMITORY	1,941	8,300
NEVADA		
ARMY		
HAWTHORNE ARMY DEPOT		
CONTAINER REPAIR FACLIITY	---	1,700
AIR FORCE		
NELLIS AFB		
F-22 AIRCRAFT MAINTENANCE HANGAR	1,859	7,800
F-22 COMPOSITE AND FABRICATION SHOP	1,756	7,500
F-22 PARTS WAREHOUSE AND OPERATIONS ADDITION	773	3,300
LAND ACQUISITION	---	11,600
TOTAL, NEVADA	4,388	31,900
NEW HAMPSHIRE		
AIR NATIONAL GUARD		
PEASE TRADE PORT		
UPGRADE KC-135 PARKING APRON	---	9,600
NEW JERSEY		
ARMY		
PICATINNY ARSENAL		
ARMAMENT SOFTWARE ENGINEERING CENTER (PHASE I)	---	9,900
NAVY		
EARLE NAVAL WEAPONS STATION		
SECURITY IMPROVEMENTS	---	1,250
LAKEHURST NAVAL AIR WARFARE CENTER		
AIRCRAFT/PLATFORM INTERFACE LABORATORY	3,970	15,710
AIR FORCE		
MCGUIRE AFB		
VISITING QUARTERS	2,765	11,800

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
ARMY NATIONAL GUARD		
FORT DIX		
TRAINING/TRAINING TECHNOLOGY BATTLE LAB (PHASE II)	---	10,015
ARMY RESERVE		
FORT DIX		
CENTRALIZED TACTICAL VEHICLE WASH FACILITY........	1,607	5,624
TOTAL, NEW JERSEY..............................	8,342	54,299
NEW MEXICO		
AIR FORCE		
KIRTLAND AFB		
REPAIR APRONS (PHASE I)...........................	---	14,000
CANNON AFB		
REPAIR RUNWAY #2204..............................	---	8,100
AIR NATIONAL GUARD		
KIRTLAND AFB		
COMPOSITE SUPPORT COMPLEX........................	---	9,700
TOTAL, NEW MEXICO..............................	---	31,800
NEW YORK		
ARMY		
FORT DRUM		
CONSOLIDATED SOLDIER/FAMILY SUPPORT CNTR (PHASE I)	---	12,000
UNITED STATES MILITARY ACADEMY		
CADET PHYSICAL DEVELOPMENT CENTER (PHASE II)......	28,500	14,000
AIR FORCE		
ROME RESEARCH SITE		
CONSOLIDATE INTELLIGENCE AND RECONNAISSANCE LAB...	3,002	12,800
AIR NATIONAL GUARD		
HANCOCK FIELD ANGB		
COMM-ELECTRONICS TRAINING/ASE COMPLEX.............	---	8,900
ARMY RESERVE		
FORT WADSWORTH		
ADD/ALTER USAR CENTER/ORGANIZATIONAL MAINTENANCE SHOP/AREA MAINT SUPPORT ACTIVITY (PHASE II).....	2,066	5,786
AIR FORCE RESERVE		
NIAGRA FALLS AIR RESERVE STATION		
VISITING OFFICERS QUARTERS........................	---	6,300
TOTAL, NEW YORK................................	33,568	59,786
NORTH CAROLINA		
ARMY		
FORT BRAGG		
HEAVY DROP RIGGING FACILITY.......................	4,500	30,000
MOUT TRAINING COMPLEX (PHASE II)..................	5,600	7,000
UPGRADE BARRACKS/D-AREA (PHASE III)...............	---	14,400
WHOLE BARRACKS COMPLEX RENEWAL (PHASE I)..........	16,508	16,508
SUNNY POINT MILITARY OCEAN TERMINAL		
AMMUNITION SURVEILLANCE FACILITY..................	550	3,800
NAVY		
CAMP LEJEUNE MARINE CORPS BASE		
MAINTENANCE AND OPERATIONS FACILITY...............	2,120	8,400
PHYSICAL FITNESS CENTER...........................	1,070	4,230
ROAD AND UTILITY CONSTRUCTION.....................	2,140	8,750
NEW RIVER MARINE CORPS AIR STATION		
AIRCRAFT TAXIWAY ADDITION.........................	130	520
FAMILY SERVICES CENTER............................	330	1,340
PROPERTY CONTROL FACILITY.........................	910	3,610
AIR FORCE		
FORT BRAGG		
AIR SUPPORT OPERATIONS GROUP FACILITY.............	1,076	4,600
POPE AFB		
DANGEROUS CARGO PAD...............................	1,802	7,700
DEFENSE-WIDE		
CAMP LEJEUNE MCB		
TARAWA TERRACE II ELEMENTARY SCHOOL...............	2,387	10,570
CHERRY POINT MARINE CORPS AIR STATION		
AIRCREW WATER SURVIVAL TRAINING FACILITY..........	1,000	3,500
FORT BRAGG		
BATTALION OPERATIONS COMPLEX......................	2,272	18,600
DEPLOYABLE EQUIPMENT FACILITY.....................	1,500	1,500

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
ARMY NATIONAL GUARD		
CHARLOTTE		
ORGANIZATIONAL MAINTENANCE SHOP....................	912	4,297
READINESS CENTER....................................	1,504	7,087
TOTAL, NORTH CAROLINA...........................	46,311	156,412
NORTH DAKOTA		
AIR FORCE		
GRAND FORKS AFB		
PARKING APRON EXTENSION..........................	---	9,500
OHIO		
AIR FORCE		
WRIGHT-PATTERSON AFB		
CONSOLIDATE AEROSPACE STRUCTURES RESEARCH LAB.....	---	17,500
CONSOLIDATE AVIONICS RESEARCH LABORATORY..........	3,230	13,600
CONTROL TOWER.......................................	934	4,000
CONVERT TO PHYSICAL FITNESS CENTER................	---	4,600
DEFENSE-WIDE		
WRIGHT-PATTERSON AFB		
OCCUPATIONAL HEATH CLINIC/BIOENVIRONMENTAL ENGINEERING REPLACEMENT........................	2,800	3,900
AIR NATIONAL GUARD		
MANSFIELD LAHM AIRPORT		
REPLACE SECURITY FORCES COMPLEX...................	---	2,700
SPRINGFIELD-BECKLEY MUNICIPAL AIRPORT		
F-16 SQUADRON OPS FLIGHT TRAINING COMPLEX.........	---	6,700
TOLEDO EXPRESS AIRPORT		
UPGRADE MAINTENANCE COMPLEX.......................	---	8,400
NAVY RESERVE		
COLUMBUS AFB		
RESERVE CENTER ADDITION...........................	---	3,541
AIR FORCE RESERVE		
YOUNGSTOWN AIR RESERVE STATION		
APRON RUNOFF/STORM WATER/DEICING COLLECTION SYSTEM	---	3,400
TOTAL, OHIO......................................	6,964	68,341
OKLAHOMA		
ARMY		
MCALESTER ARMY AMMUNITION PLANT		
AMMUNITION ROAD INFRASTRUCTURE....................	1,020	6,800
FIRE STATION..	900	3,000
RAILYARD INFRASTRUCTURE...........................	2,000	6,800
FORT SILL		
RAIL AND CONTAINERIZATION FACILITY................	2,000	13,200
TACTICAL EQUIPMENT SHOP (PHASE I).................	---	9,900
AIR FORCE		
TINKER AFB		
AIR DRIVEN ACCESS OVERHAUL AND TEST FACILITY......	4,001	17,000
DORMITORY...	1,602	6,800
REPAIR AND UPGRADE RUNWAY.........................	---	11,000
VANCE AFB		
UPGRADE CENTER RUNWAY.............................	---	12,600
AIR NATIONAL GUARD		
TULSA INTERNATIONAL AIRPORT		
COMPOSITE SUPPORT COMPLEX.........................	---	10,800
TOTAL, OKLAHOMA..................................	11,523	97,900
OREGON		
ARMY		
UMATILLA ARMY DEPOT		
AMMUNITION DEMILITARIZATION FACILITY (PHASE V)....	35,900	---
DEFENSE-WIDE		
UMATILLA ARMY DEPOT		
AMMUNITION DEMILITARIZATION FACILITY (PHASE V)....	---	35,900
ARMY NATIONAL GUARD		
SALEM		
ARMED FORCES RESERVE CENTER.......................	---	15,255
TOTAL, OREGON....................................	35,900	51,155

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
PENNSYLVANIA		
ARMY		
CARLISLE BARRACKS		
WHOLE BARRACKS COMPLEX RENEWAL	750	5,000
LETTERKENNY ARMY DEPOT		
AMMUNITION CONTAINERIZATION COMPLEX	570	3,650
NAVY		
MECHANICSBURG NAVAL INVENTORY CONTROL POINT		
WATER DISTRIBUTION SYSTEM IMPROVEMENTS	760	2,990
PHILADELPHIA NAVAL SHIPYARD		
FOUNDRY CASTING PITS MODERNIZATION	---	13,320
DEFENSE-WIDE		
DEFENSE INDUSTRIAL SUPPLY CENTER		
PUBLIC SAFETY CENTER	867	5,000
ARMY NATIONAL GUARD		
CONNELLSVILLE		
READINESS CENTER	---	1,700
AIR NATIONAL GUARD		
JOHNSTOWN ANGS		
AIR TRAFFIC CONTROL TRAINING COMPLEX	---	6,200
ARMY RESERVE		
JOHNSTOWN		
CONSOLIDATE AREA MAINTENANCE SUPPORT ACTIVITY	---	6,300
NAVY RESERVE		
WILLOW GROVE NAVAL AIR STATION		
GROUND EQUIPMENT SHOP	---	600
HAZARDOUS MATERIAL STORAGE FACILITY	320	1,930
TOTAL, PENNSYLVANIA	3,267	46,690
SOUTH CAROLINA		
ARMY		
FORT JACKSON		
EMERGENCY SERVICES CENTER	1,100	7,400
NAVY		
BEAUFORT MARINE CORPS AIR STATION		
ARMORY FACILITY	450	1,790
CORROSION CONTROL FACILITY	2,200	8,700
JET ENGINE TEST CELL	---	7,800
CHARLESTON NAVAL WEAPONS STATION		
AIR TRAFFIC CONTROL ENGINEERING FACILITY	1,930	7,640
CHILD DEVELOPMENT CENTER	---	3,614
AIR FORCE		
CHARLESTON AFB		
C-17 CORROSION CONTROL FACILITY	4,389	18,200
DEFENSE-WIDE		
LAUREL BAY ISLAND		
INTERMEDIATE SCHOOL ADDITION	642	2,874
AIR NATIONAL GUARD		
MCENTIRE ANGS		
CONTROL TOWER	---	8,000
TOTAL, SOUTH CAROLINA	10,711	66,018
SOUTH DAKOTA		
AIR FORCE		
ELLSWORTH AFB		
EDUCATION/LIBRARY CENTER	---	10,200
TENNESSEE		
AIR FORCE		
ARNOLD AFB		
UPGRADE JET ENGINE AIR INDUCT SYSTEM (PHASE III)	1,851	7,800
AIR NATIONAL GUARD		
MCGHEE-TYSON ANGB		
KC-135 HYDRANT REFUELING SYSTEM	---	9,500
TOTAL, TENNESSEE	1,851	17,300
TEXAS		
ARMY		
FORT BLISS		
AIR DEPLOYMENT FACILITY COMPLEX	2,550	17,000
AIRCRAFT LOADING APRON	3,300	22,000

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
AMMUNITION HOT LOAD FACILITY	1,700	11,400
TACTICAL EQUIPMENT SHOP	---	1,950
FORT HOOD		
DEPLOYMENT READY REACTIVE FIELD AND TRAILS	2,000	8,000
FIXED WING AIRCRAFT PARKING APRON	4,600	31,000
FORCE XXI, SOLDIER DEVELOPMENT CENTER (PHASE II)	14,000	14,000
RAIL HEAD FACILITY (PHASE II)	14,800	14,800
SOLDIER SERVICE CENTER	---	16,500
WHOLE BARRACKS COMPLEX RENEWAL	4,350	29,000
NAVY		
INGLESIDE NAVAL STATION		
OPERATIONAL SUPPORT FACILITY	---	11,780
AIR FORCE		
DYESS AFB		
CHILD DEVELOPMENT CENTER	---	5,400
LACKLAND AFB		
DORMITORY	1,257	5,300
SECURITY FORCES CENTER	1,893	8,100
LAUGHLIN AFB		
ADD/ALTER JPATS BEDDOWN VARIOUS FACILITIES	766	3,250
RANDOLPH AFB		
CONTROL TOWER (WEST)	---	3,600
DEFENSE-WIDE		
FORT SAM HOUSTON		
VETERINARY INSTRUCTIONAL FACILITY	600	5,800
AIR NATIONAL GUARD		
KELLY AFB		
F-16 ADD/ALTER SQUAD OPS/FLIGHT TRAINING FACILITY	---	9,700
ARMY RESERVE		
FORT HOOD		
AREA MAINTENANCE SUPPORT ACTIVITY/EQUIPMENT CONCENTRATION SITE	2,684	9,431
NAVY RESERVE		
FORT WORTH JRB		
BACHELOR ENLISTED QUARTERS	---	6,000
TOTAL, TEXAS	54,500	234,011
UTAH		
ARMY		
SALT LAKE		
RED BUTTE DAM	---	6,000
AIR FORCE		
HILL AFB		
CAD/PAD SPARES STORAGE FACILITY	1,081	4,600
AIR NATIONAL GUARD		
SALT LAKE CITY INTERNATIONAL AIRPORT		
OPERATIONS/TRAINING/SQUAD OPERATIONS COMPLEX	---	10,400
NAVY RESERVE		
CAMP WILLIAMS		
MARINE CORPS RESERVE TRAINING CENTER ADDITION	150	890
TOTAL, UTAH	1,231	21,890
VERMONT		
ARMY NATIONAL GUARD		
NORTHFIELD		
MULTIPURPOSE TRAINING FACILITY	---	8,652
VIRGINIA		
ARMY		
FORT BELVOIR		
FIRE STATION	500	1,700
MILITARY POLICE STATION	640	2,150
FORT EUSTIS		
EDUCATION CENTER	---	4,800
WHOLE BARRACKS COMPLEX RENEWAL	5,800	39,000
FORT MYER		
PUBLIC SAFETY CENTER	870	2,900
FORT STORY		
OFFSHORE BREAKWATER SYSTEM	---	8,000
NAVY		
DAM NECK FLEET COMBAT TRAINING CENTER		
BACHELOR ENLISTED QUARTERS	2,610	10,310

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
NORFOLK NAVAL STATION		
BERTHING PIER (PHASE II)	12,690	12,690
PIER ELECTRICAL UPGRADES (PHASE II)	4,720	18,660
PIER REPLACEMENT	8,600	40,000
WATERFRONT ATHLETIC COMPLEX	2,760	10,890
NORFOLK NAVAL SHIPYARD		
BACHELOR ENLISTED QUARTERS REPLACEMENT	4,460	17,630
OCEANA NAVAL AIR STATION		
AIRCRAFT ACOUSTICAL ENCLOSURE	2,910	11,490
QUANTICO MARINE CORPS COMBAT DEVELOPMENT COMMAND		
BACHELOR ENLISTED QUARTERS	5,270	20,820
YORKTOWN NAVAL WEAPONS STATION		
TRESTLE REPLACEMENT AND PIER UPGRADE	6,330	25,040
AIR FORCE		
LANGLEY AFB		
DORMITORY	1,486	6,300
DEFENSE-WIDE		
CHEATHAM ANNEX		
FLEET HOSPITAL SUPPORT OFC CONTAINER HOLDING YARD	500	1,650
DAM NECK		
MISSION SUPPORT FACILITY	2,273	4,700
NORFOLK NAVAL AIR STATION		
AIRCREW WATER SURVIVAL TRAINING FACILITY	1,150	4,050
ARMY NATIONAL GUARD		
FORT PICKETT		
MULTIPURPOSE RANGE	---	13,500
TOTAL, VIRGINIA	63,569	256,280
WASHINGTON		
ARMY		
FORT LEWIS		
AMMUNITION SUPPLY POINT	1,560	5,200
PHYSICAL FITNESS TRAINING CENTER	1,850	6,200
TANK TRAIL EROSION MITIGATION - YAKIMA (PHASE V)	2,000	12,000
NAVY		
BANGOR STRATEGIC WEAPONS FACILITY		
D5 MISSILE SUPPORT FACILITY	1,600	6,300
KEYPORT NUWC		
PIER REPLACEMENT	---	6,700
PORT HADLOCK NAVAL ORDNANCE CENTER (PACIFIC)		
TOMAHAWK MAGAZINE	870	3,440
PUGET SOUND NAVAL SHIPYARD		
DREDGING	3,950	15,610
AIR FORCE		
FAIRCHILD AFB		
FLIGHTLINE SUPPORT FACILITY	---	9,100
SURVIVAL TRAINING LOGISTICS COMPLEX	1,071	4,500
MCCHORD AFB		
C-17 SQUADRON OPERATIONS/AIRCRAFT MAINTENANCE UNIT	1,858	7,900
DEFENSE-WIDE		
FAIRCHILD AFB		
ADD TO HYDRANT FUEL SYSTEM	1,500	12,400
FORT LEWIS		
NORTH DENTAL CLINIC REPLACEMENT	4,950	5,500
WHIDBEY ISLAND NAVAL AIR STATION		
AIRCREW WATER SURVIVAL TRAINING FACILITY	1,300	4,700
ARMY NATIONAL GUARD		
YAKIMA		
MANEUVER AREA TRAINING EQUIPMENT SITE (PHASE I)	3,464	16,316
AIR NATIONAL GUARD		
FAIRCHILD AFB		
COMPOSITE SUPPORT COMPLEX	---	9,800
AIR FORCE RESERVE		
MCCHORD AFB		
ADD/ALTER C-17 SQUADRON OPERATIONS AIRCRAFT MAINTENANCE UNIT FACILITY	864	3,300
TOTAL, WASHINGTON	26,837	128,966

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
WEST VIRGINIA		
ARMY NATIONAL GUARD		
ELEANOR		
MAINTENANCE COMPLEX	---	18,521
READINESS CENTER	---	9,583
TOTAL, WEST VIRGINIA	---	28,104
WISCONSIN		
AIR NATIONAL GUARD		
VOLK FIELD		
REPLACE TROOP TRAINING QUARTERS	1,923	8,900
CONUS CLASSIFIED		
ARMY		
CLASSIFIED LOCATIONS		
CLASSIFIED PROJECT	36,400	36,400
AIR FORCE		
CLASSIFIED LOCATION		
AIR CONTROL SQUADRON OPERATIONS COMPLEX	1,200	5,100
CLASSIFIED PROJECT	1,093	1,093
CLASSIFIED PROJECT	9,700	9,700
SPECIAL TACTICAL UNIT DETACHMENT FACILITY	244	977
TOTAL, CONUS CLASSIFIED	48,637	53,270
ASCENSION ISLAND		
AIR FORCE		
ASCENSION ISLAND AUXILIARY AIR FIELD		
GPS SATELLITE CONTROL STATION	512	2,150
BAHRAIN ISLAND		
NAVY		
ADMINISTRATIVE SUPPORT UNIT (SOUTHWEST ASIA)		
BACHELOR ENLISTED QUARTERS (SECURITY FORCE)	6,230	24,550
BACHELOR ENLISTED QUARTERS (TRANSIENT)	5,840	23,770
OPERATIONS CONTROL CENTER	8,550	34,770
TOTAL, BAHRAIN ISLAND	20,620	83,090
DIEGO GARCIA		
NAVY		
DIEGO GARCIA NAVY SUPPORT FACILITY		
AIRCRAFT INTERMEDIATE MAINTENANCE FACILITY	2,070	8,150
GERMANY		
ARMY		
ANSBACH		
WHOLE BARRACKS COMPLEX RENEWAL	3,150	---
BAMBERG		
WHOLE BARRACKS COMPLEX RENEWAL	860	---
WHOLE BARRACKS COMPLEX RENEWAL	1,400	---
WHOLE BARRACKS COMPLEX RENEWAL	1,230	---
MANNHEIM		
WHOLE BARRACKS COMPLEX RENEWAL	675	---
DEFENSE-WIDE		
RAMSTEIN AIR BASE		
ADD/ALTER DENTAL CLINIC	2,550	---
TOTAL, GERMANY	9,865	---
GREECE		
NAVY		
SOUDA BAY CRETE NAVAL SUPPORT ACTIVITY		
OPERATIONAL SUPPORT FACILITIES	1,620	---
GUAM		
AIR FORCE		
ANDERSEN AFB		
LANDFILL CLOSURE	2,097	8,900
DEFENSE-WIDE		
ANDERSEN AFB		
ANDERSEN ELEMENTARY SCHOOL	10,026	44,170
DEF FUEL SUPPORT POINT GUAM		
REPLACE HYDRANT FUEL SYSTEM	2,600	24,300

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
ARMY NATIONAL GUARD		
BARRIGADA		
READINESS CENTER (PHASE I)........................	---	8,238
ARMY RESERVE		
BARRIGADA		
USAR CENTER/ORGANIZATIONAL MAINTENANCE SHOP/AREA MAINTENANCE SUPPORT ACTIVITY....................	1,116	17,546
TOTAL, GUAM....................................	15,839	103,154
ITALY		
NAVY		
NAPLES NAVAL SUPPORT ACTIVITY		
OPERATIONAL SUPPORT FACILITY......................	7,370	---
AIR FORCE		
AVIANO AB		
RADAR APPROACH CONTROL FACILITY...................	966	---
TOTAL, ITALY....................................	8,336	---
KOREA		
ARMY		
CAMP CASEY		
WHOLE BARRACKS COMPLEX RENEWAL....................	4,650	31,000
CAMP HOWZE		
WATER SYSTEM UPGRADE..............................	920	3,050
CAMP KYLE		
PHYSICAL FITNESS TRAINING CENTER..................	---	4,350
CAMP STANLEY		
ELECTRICAL SYSTEM UPGRADE.........................	1,100	3,650
AIR FORCE		
OSAN AB		
ADD/ALTER PHYSICAL FITNESS CENTER.................	2,229	7,600
DORMITORY...	3,482	12,000
DEFENSE-WIDE		
YONGSAN		
ADD/ALTER HOSPITAL................................	9,570	38,570
MEDICAL SUPPLY/EQUIP STORAGE WAREHOUSE REPLACEMENT	2,300	2,550
TOTAL, KOREA....................................	24,251	102,770
KWAJALEIN		
ARMY		
KWAJALEIN ATOLL		
POWER PLANT - ROI NAMUR ISLAND (PHASE II).........	35,400	35,400
PORTUGAL		
AIR FORCE		
LAJES FIELD (AZORES)		
APRON SECURITY LIGHTING...........................	479	---
PUERTO RICO		
DEFENSE-WIDE		
NSGA SABANA SECA		
MEDICAL/DENTAL CLINIC REPLACEMENT.................	1,120	4,000
AIR NATIONAL GUARD		
PUERTO RICO INTERNATIONAL AIRPORT		
C-130 ADD TO AIRCRAFT PARKING APRON...............	490	2,250
C-130 FUEL CELL AND CORROSION CONTROL FACILITY....	1,212	5,600
C-130 UPGRADE AIRCRAFT MAINTENANCE HANGAR.........	825	3,800
ARMY RESERVE		
FORT BUCHANAN		
USAR CENTER.......................................	1,431	10,101
TOTAL, PUERTO RICO..............................	5,078	25,751
SPAIN		
DEFENSE-WIDE		
MORON AIR BASE		
REPLACE HYDRANT FUEL SYSTEM.......................	4,100	---
ROTA NAVAL STATION		
ROTA ELEMENTARY SCHOOL............................	3,854	---
TOTAL, SPAIN....................................	7,954	---

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
UNITED KINGDOM		
AIR FORCE		
ROYAL AIR FORCE FELTWELL		
WASTEWATER TREATMENT PLANT	786	---
ROYAL AIR FORCE LAKENHEATH		
CHILD DEVELOPMENT CENTER	1,519	---
CONSOLIDATED SUPPORT COMPLEX	3,221	---
ROYAL AIR FORCE MILDENHALL		
CONSOLIDATE CORROSION CONTROL/MAINTENANCE COMPLEX	2,693	---
OPERATIONS FACILITY	1,076	---
HAZARDOUS MATERIAL STORAGE FACILITY	267	---
KC-135 FLIGHT SIMULATOR FACILITY	600	---
ROYAL AIR FORCE MOLESWORTH		
WASTEWATER TREATMENT PLANT	445	---
DEFENSE-WIDE		
ROYAL AIR FORCE FELTWELL		
CONSTRUCT MULTIPURPOSE FACILITY	1,023	---
LAKENHEATH MIDDLE SCHOOL		
CONSTRUCT GYMNASIUM BUILDING	841	---
MENWITH HILL STATION		
MEDICAL CENTER EXPANSION	500	---
ROYAL AIR FORCE LAKENHEATH		
ADD/ALTER DENTAL CLINIC	1,000	---
TOTAL, UNITED KINGDOM	13,971	---
NATO		
NATO SECURITY INVESTMENT PROGRAM	191,000	81,000
WORLDWIDE UNSPECIFIED		
ARMY		
UNSPECIFIED WORLDWIDE LOCATIONS		
HOST NATION SUPPORT	21,300	21,300
MINOR CONSTRUCTION	9,500	14,600
PLANNING AND DESIGN	60,705	70,305
GENERAL REDUCTION	---	-47,580
SUPERVISION, INSPECTION AND OVERHEAD	30,689	---
FINANCING ENTRY	-30,689	---
REVISED ECONOMIC ASSUMPTIONS (MID-SESSION REVIEW)	---	-3,700
NAVY		
UNSPECIFIED WORLDWIDE LOCATIONS		
PLANNING AND DESIGN	65,630	72,630
UNSPECIFIED MINOR CONSTRUCTION	7,342	8,862
GENERAL REDUCTION	---	-40,145
SUPERVISION, INSPECTION AND OVERHEAD	6,178	---
FINANCING ENTRY	-6,178	---
REVISED ECONOMIC ASSUMPTIONS (MID-SESSION REVIEW)	---	-3,000
AIR FORCE		
UNSPECIFIED WORLDWIDE LOCATIONS		
UNSPECIFIED MINOR CONSTRUCTION	8,741	11,341
PLANNING AND DESIGN	28,004	36,412
GENERAL REDUCTION	---	-35,685
SUPERVISION, INSPECTION AND OVERHEAD	3,376	---
FINANCING ENTRY	-3,376	---
REVISED ECONOMIC ASSUMPTIONS (MID-SESSION REVIEW)	---	-2,300
DEFENSE-WIDE		
UNSPECIFIED WORLDWIDE LOCATIONS		
ENERGY CONSERVATION IMPROVEMENT PROGRAM	6,558	---
CONTINGENCY CONSTRUCTION	938	938
GENERAL REDUCTION	---	-25,275
REVISED ECONOMIC ASSUMPTIONS (MID-SESSION REVIEW)	---	-2,300
GENERAL REDUCTION (CHEMICAL DEMILITARIZATION)	---	-93,000
PLANNING AND DESIGN		
TRI-CARE MANAGEMENT ACTIVITY	9,500	9,500
SPECIAL OPERATIONS COMMAND	5,700	5,700
BALLISTIC MISSILE DEFENSE ORGANIZATION	124	15,124
DEFENSE LEVEL ACTIVITIES	18,000	18,000
SUBTOTAL, PLANNING AND DESIGN	33,324	48,324
UNSPECIFIED MINOR CONSTRUCTION		
DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION	1,000	1,000
TRI-CARE MANAGEMENT ACTIVITY	3,587	3,587
SPECIAL OPERATIONS COMMAND	2,300	2,300

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
DEFENSE FINANCE AND ACCOUNTING SERVICE	1,500	1,500
BALLISTIC MISSILE DEFENSE ORGANIZATION	1,248	1,248
DEFENSE LEVEL ACTIVITIES	2,900	2,900
JOINT CHIEFS OF STAFF	6,083	6,083
SUBTOTAL, UNSPECIFIED MINOR CONSTRUCTION	18,618	18,618
ARMY NATIONAL GUARD		
UNSPECIFIED WORLDWIDE LOCATIONS		
PLANNING AND DESIGN	4,129	16,409
UNSPECIFIED MINOR CONSTRUCTION	771	15,629
AIR NATIONAL GUARD		
UNSPECIFIED WORLDWIDE LOCATIONS		
PLANNING AND DESIGN	4,951	7,275
UNSPECIFIED MINOR CONSTRUCTION	2,000	3,500
ARMY RESERVE		
UNSPECIFIED WORLDWIDE LOCATIONS		
PLANNING AND DESIGN	8,500	8,500
UNSPECIFIED MINOR CONSTRUCTION	1,416	2,716
SUPERVISION, INSPECTION AND OVERHEAD	712	---
FINANCING ENTRY	-712	---
NAVY RESERVE		
UNSPECIFIED WORLDWIDE LOCATIONS		
PLANNING AND DESIGN	1,778	2,750
UNSPECIFIED MINOR CONSTRUCTION	1,036	2,806
SUPERVISION, INSPECTION AND OVERHEAD	32	---
FINANCING ENTRY	-32	---
AIR FORCE RESERVE		
UNSPECIFIED WORLDWIDE LOCATIONS		
PLANNING AND DESIGN	1,867	1,867
UNSPECIFIED MINOR CONSTRUCTION	4,467	4,467
SUPERVISION, INSPECTION AND OVERHEAD	407	---
FINANCING ENTRY	-407	---
TOTAL, WORLDWIDE UNSPECIFIED	291,575	116,264
WORLDWIDE VARIOUS		
DEFENSE-WIDE		
VARIOUS LOCATIONS		
POLLUTION ABATEMENT FACILITIES	1,300	1,300
FAMILY HOUSING, ARMY		
VIRGINIA		
FORT LEE (97 UNITS)	---	8,000
WASHINGTON		
FORT LEWIS (48 UNITS)	---	9,000
KOREA		
CAMP HUMPHREYS (60 UNITS)	4,400	24,000
FINANCING ENTRY	-286	---
CONSTRUCTION IMPROVEMENTS	5,303	35,400
FINANCING ENTRY	-345	---
PLANNING AND DESIGN	4,300	4,300
SUPERVISION, INSPECTION AND OVERHEAD	631	---
SUBTOTAL, CONSTRUCTION	14,003	80,700
OPERATION AND MAINTENANCE		
MANAGEMENT ACCOUNT	92,453	84,185
SERVICES ACCOUNT	47,715	47,715
UTILITIES ACCOUNT	220,952	220,952
FURNISHINGS ACCOUNT	44,970	44,970
MISCELLANEOUS ACCOUNT	482	482
LEASING	222,294	222,294
MAINTENANCE OF REAL PROPERTY	469,211	469,211
INTEREST PAYMENTS	3	3
REVISED ECONOMIC ASSUMPTIONS (MID-SESSION REVIEW)	---	-3,500
SUBTOTAL, OPERATION AND MAINTENANCE	1,098,080	1,086,312
TOTAL, FAMILY HOUSING, ARMY	1,112,083	1,167,012

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
FAMILY HOUSING, NAVY AND MARINE CORPS		
ARIZONA		
MARINE CORPS AIR STATION (YUMA) (49 UNITS)..........	---	8,500
CALIFORNIA		
LEMOORE NAVAL AIR STATION (116 UNITS)...............	---	20,188
HAWAII		
KANEOHE BAY MARINE CORPS AIR STATION (100 UNITS)....	5,320	26,615
MARINE CORPS BASE HAWAII FAMILY HOUSING (30 UNITS)..	---	8,000
PEARL HARBOR NAVAL COMPLEX (133 UNITS)..............	6,031	30,168
PEARL HARBOR COMPLEX (96 UNITS).....................	3,831	19,167
NORTH CAROLINA		
CHERRY POINT MARINE CORPS AIR STATION (180 UNITS)...	---	22,036
FINANCING ENTRY.....................................	-908	---
CONSTRUCTION IMPROVEMENTS...........................	31,708	189,682
FINANCING ENTRY.....................................	-1,897	---
PLANNING AND DESIGN.................................	17,715	17,715
SUPERVISION, INSPECTION AND OVERHEAD................	2,805	---
REVISED ECONOMIC ASSUMPTIONS (MID-SESSION REVIEW).....	---	-1,000
SUBTOTAL, CONSTRUCTION..............................	64,605	341,071
OPERATION AND MAINTENANCE		
MANAGEMENT ACCOUNT..................................	82,925	82,925
SERVICES ACCOUNT....................................	63,589	63,589
UTILITIES ACCOUNT...................................	170,991	170,991
FURNISHINGS ACCOUNT.................................	32,636	32,636
MISCELLANEOUS ACCOUNT...............................	1,180	1,180
LEASING...	145,953	145,953
MAINTENANCE OF REAL PROPERTY........................	397,723	397,723
MORTGAGE INSURANCE PREMIUMS.........................	73	73
REVISED ECONOMIC ASSUMPTIONS (MID-SESSION REVIEW)...	---	-3,600
SUBTOTAL, OPERATION AND MAINTENANCE.............	895,070	891,470
TOTAL, FAMILY HOUSING, NAVY AND MARINE CORPS....	959,675	1,232,541
FAMILY HOUSING, AIR FORCE		
ARIZONA		
DAVIS-MONTHAN AFB (64 UNITS)........................	2,707	10,000
CALIFORNIA		
BEALE AFB (60 UNITS)................................	2,301	8,500
EDWARDS AFB (98 UNITS)..............................	4,404	16,270
EDWARDS AFB (90 UNITS)..............................	4,472	16,520
VANDENBERG AFB (91 UNITS)...........................	4,548	16,800
DISTRICT OF COLUMBIA		
BOLLING AFB (72 UNITS)..............................	2,537	9,375
FLORIDA		
EGLIN AFB (130 UNITS)...............................	3,812	14,080
MACDILL AFB (54 UNITS)..............................	2,446	9,034
KANSAS		
MCCONNELL AFB.......................................	---	1,363
MISSISSIPPI		
COLUMBUS AFB (100 UNITS)............................	3,327	12,290
MONTANA		
MALMSTROM AFB (34 UNITS)............................	2,050	7,570
NEBRASKA		
OFFUTT AFB (72 UNITS)...............................	3,343	12,352
NEW MEXICO		
HOLLOMON AFB (76 UNITS).............................	---	9,800
NORTH CAROLINA		
SEYMOUR JOHNSON AFB (78 UNITS)......................	3,300	12,187
NORTH DAKOTA		
GRAND FORKS AFB (42 UNITS)..........................	2,720	10,050
MINOT AFB (72 UNITS)................................	2,912	10,756
OKLAHOMA		
TINKER AFB (41 UNITS)...............................	---	6,000
TEXAS		
LACKLAND AFB (48 UNITS).............................	2,030	7,500
PORTUGAL		
LAJES AFB (AZORES) (75 UNITS).......................	3,509	12,964
FINANCING ENTRY.....................................	-1,033	---

MILITARY CONSTRUCTION (IN THOUSANDS OF DOLLARS)

INSTALLATION & PROJECT	BUDGET REQUEST	CONFERENCE AGREEMENT
CONSTRUCTION IMPROVEMENTS	34,280	129,952
FINANCING ENTRY	-128	---
PLANNING AND DESIGN	17,093	17,093
SUPERVISION, INSPECTION AND OVERHEAD	1,161	---
REVISED ECONOMIC ASSUMPTIONS (MID-SESSION REVIEW)	---	-1,000
SUBTOTAL, CONSTRUCTION	101,791	349,456
OPERATION AND MAINTENANCE		
MANAGEMENT ACCOUNT	56,413	56,413
SERVICES ACCOUNT	31,450	31,450
UTILITIES ACCOUNT	160,117	160,117
FURNISHINGS ACCOUNT	36,997	36,997
MISCELLANEOUS ACCOUNT	2,640	2,640
LEASING	118,509	118,509
MAINTENANCE OF REAL PROPERTY	415,733	415,733
MORTGAGE INSURANCE PREMIUMS	33	33
REVISED ECONOMIC ASSUMPTIONS (MID-SESSION REVIEW)	---	-3,500
SUBTOTAL, OPERATION AND MAINTENANCE	821,892	818,392
TOTAL, FAMILY HOUSING, AIR FORCE	923,683	1,167,848
FAMILY HOUSING, DEFENSE-WIDE		
CONSTRUCTION IMPROVEMENTS (NSA)	50	50
OPERATION AND MAINTENANCE		
MANAGEMENT ACCOUNT (NSA)	67	67
SERVICES ACCOUNT (NSA)	265	265
UTILITIES ACCOUNT (NSA)	515	515
FURNISHINGS ACCOUNT (NSA)	132	132
MISCELLANEOUS ACCOUNT (NSA)	50	50
LEASING (NSA)	13,374	13,374
MAINTENANCE OF REAL PROPERTY (NSA)	244	244
FURNISHINGS ACCOUNT (DIA)	3,401	3,401
LEASING (DIA)	22,265	22,265
MANAGEMENT ACCOUNT (DLA)	247	247
SERVICES ACCOUNT (DLA)	75	75
UTILITIES ACCOUNT (DLA)	414	414
FURNISHINGS ACCOUNT (DLA)	21	21
MAINTENANCE OF REAL PROPERTY (DLA)	370	370
SUBTOTAL, OPERATION AND MAINTENANCE	41,440	41,440
TOTAL, FAMILIY HOUSING, DEFENSE-WIDE	41,490	41,490
DEPARTMENT OF DEFENSE FAMILY HOUSING IMPROVEMENT FUND		
DEPARTMENT OF DEFENSE FAMILY HOUSING IMPROVEMENT FUND.	78,756	2,000
BASE REALIGNMENT AND CLOSURE ACCOUNT, PART IV		
BASE REALIGNMENT AND CLOSURE ACCOUNT, PART IV	705,911	705,911
REVISED ECONOMIC ASSUMPTIONS (MID-SESSION REVIEW)	---	-2,000
INFLATION SAVINGS PREVIOUSLY WITHHELD	---	-13,800
UNREPORTED PROCEEDS	---	-11,800
PREVIOUSLY FUNDED MILITARY CONSTRUCTION	---	-6,000
TOTAL, BASE REALIGNMENT AND CLOSURE ACCOUNT	705,911	672,311
GRAND TOTAL	5,438,443	8,374,000

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 2000 recommended by the Committee of Conference, with comparisons to the fiscal year 1999 amount, the 2000 budget estimates, and the House and Senate bills for 2000 follow:

[In thousands of dollars]

New budget (obligational) authority, fiscal year 1999	$9,134,234
Budget estimates of new (obligational) authority, fiscal year 2000	8,499,273
House bill, fiscal year 2000	8,449,742
Senate bill, fiscal year 2000	8,273,820
Conference agreement, fiscal year 2000	8,374,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1999	−760,234
Budget estimates of new (obligational) authority, fiscal year 2000	−125,273
House bill, fiscal year 2000	−75,742
Senate bill, fiscal year 2000	+100,180

DAVID L. HOBSON,
JOHN EDWARD PORTER,
ROGER F. WICKER,
TODD TIAHRT,
JAMES T. WALSH,
DAN MILLER,
ROBERT B. ADERHOLT,
KAY GRANGER,
C.W. BILL YOUNG,
JOHN W. OLVER,
CHET EDWARDS,
SAM FARR,
ALLEN BOYD,
NORMAN D. DICKS,
DAVID R. OBEY,
Managers on the Part of the House.

CONRAD BURNS,
KAY BAILEY HUTCHISON,
LARRY E. CRAIG,
JON KYL,
TED STEVENS,
PATTY MURRAY,
HARRY REID,
DANIEL K. INOUYE,
ROBERT C. BYRD,
Managers on the Part of the Senate.

☐ 1515

PROVIDING FOR CONSIDERATION OF H.R. 2587, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2000

Mr. LINDER. Madam Speaker, by direction of the Committee on Rules, I call up House Resolution 260 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 260

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 2587) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes. The first reading of the bill shall be dispensed with. Points of order against consideration of the bill for failure to comply with clause 4(c) of rule XIII or section 306 or section 401 of the Congressional Budget Act of 1974 are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations. After general debate the bill shall be considered for amendment under the five-minute rule. Points of order against provisions in the bill for failure to comply with clause 2 of rule XXI are waived. The amendments printed in the report of the Committee on Rules accompanying this resolution may be offered only by a Member designated in the report and only at the appropriate point in the reading of the bill, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment. All points of order against the amendments printed in the report are waived. During consideration of the bill for amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 8 of rule XVIII. Amendments so printed shall be considered as read. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mrs. EMERSON). The gentleman from Georgia (Mr. LINDER) is recognized for 1 hour.

Mr. LINDER. Madam Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Texas (Mr. FROST), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Madam Speaker, House Resolution 260 is an open rule providing for consideration of H.R. 2587, the District of Columbia appropriations bill for fiscal year 2000. The rule provides for 1 hour of general debate divided equally between the chairman and ranking minority member of the Committee on Appropriations.

The rule waives clause 4(c) of rule XIII, requiring a 3-day layover of the committee report; section 306, prohibiting consideration of legislation within the Committee on the Budget's jurisdiction unless reported by the Committee on the Budget; and section 401, prohibiting consideration of legislation providing new entitlement authority which becomes effective during the current fiscal year, of the Congressional Budget Act against consideration of the bill. The rule also waives clause 2 of rule XXI, prohibiting unauthorized appropriations and legislation on an appropriations bill.

Madam Speaker, H. Res. 260 specifically structures consideration of four amendments printed in the Committee on Rules report offered by the gentleman from Kansas (Mr. TIAHRT), the gentleman from Oklahoma (Mr. LARGENT), the gentleman from California (Mr. BILBRAY) and the gentleman from Georgia (Mr. BARR). These amendments may be offered only by the Member designated in the report and only at the appropriate point in the reading of the bill, shall be debatable for the time specified in the report equally divided and controlled between the proponent and an opponent, and shall not be subject to amendment. The rule also waives all points of order against the amendments printed in the Committee on Rules report.

Additionally, this rule accords priority in recognition to Members who have preprinted their amendments in the CONGRESSIONAL RECORD. This encourages Members to take advantage of the option to facilitate consideration of amendments and to inform Members of the details of pending amendments.

The rule also provides that the Chairman of the Committee of the Whole may postpone recorded votes on any amendment and that the Chairman may reduce voting time on postponed questions to 5 minutes, provided that the vote immediately follow another recorded vote and that the voting time on the first in a series of votes is not less than 15 minutes.

House Resolution 260 also provides for one motion to recommit, with or without instructions, as is the right of the minority Members of the House.

Madam Speaker, H. Res. 260 is an open rule similar to those considered for other general appropriations bills. Any Member who wishes to offer an amendment to the District of Columbia appropriations bill will have the opportunity to do so.

In addition, in order to better manage the debate, the Committee on Rules has structured the debate on four specific amendments:

Amendment No. 1 offered by the gentleman from Kansas (Mr. TIAHRT) would prohibit the use of District and Federal funds on a needle exchange program for illegal drugs, or for any payment to any individual or entity who carries out any such program.

Amendment No. 2 offered by the gentleman from Oklahoma (Mr. LARGENT) would prohibit the use of funds contained in this bill from being used to allow joint adoptions by persons who are unrelated by either blood or marriage.

Amendment No. 3 offered by the gentleman from California (Mr. BILBRAY) would prohibit a minor's possession of tobacco products in the District.

And, finally, amendment No. 4 offered by the gentleman from Georgia (Mr. BARR) would prohibit the use of funds from being used to legalize or reduce penalties for the possession, use, or distribution of any schedule 1 substance under the Controlled Substance Act.

Under this open rule, the House will have the opportunity to exercise its responsibility to address these important social issues facing the District. Rather than avoiding controversial issues like needle exchanges, legalizing marijuana, and adoption by domestic partners, Members of this House will be accountable to their constituents and the people of the District. I am pleased that this open rule will bring these honest policy disputes out into the open so that the American people will know where their representatives stand on these issues that affect them right in their own towns and neighborhoods.

I also want to discuss briefly the base bill this rule makes in order. H.R. 2587 appropriates a total of $453 million in Federal funding support for the District, which is $230 million below last year's level and $59 million above the President's request. Additionally, the bill sends $6.8 million in District funds back to the people of Washington, $4 million less than fiscal year 1999 but $40 million more than requested by the President.

Madam Speaker, the Committee on Appropriations has once again performed admirably, working within the responsible budget limits imposed by the Balanced Budget Act while managing the available resources to best serve the American people. I applaud the gentleman from Oklahoma (Mr. ISTOOK) and the gentleman from Virginia (Mr. MORAN) for their hard work to produce this solid legislation.

While this bill supports a broad range of District programs, I would like to focus on the bill's important provisions to improve education for the students of Washington, D.C. Specifically the bill provides $17 million for a new scholarship to help District students attend college. It also reduces a number of regulatory barriers to ensure that District students have the chance to explore the opportunity of charter schools. With this legislation, charter schools will have access to construction funds, the schools will have the same opportunity to expand as other public schools, and parents will be able to send all of their children to the same charter school. Good education policy must start at the local level, and this bill empowers local officials to make the tough decisions necessary to move beyond the serious problems that currently plague their schools.

Additionally, this bill works with local governments to improve city management, encourages adoptions of children currently in foster care, and enacts the $59 million tax cut passed by the D.C. City Council.

This is a responsible bill that makes the Federal Government a partner in D.C. government and helps our Nation's capital move closer to the success and independence that its residents deserve.

Madam Speaker, H.R. 2587 was favorably reported out of the Committee on Appropriations as was this open rule by the Committee on Rules. I urge my colleagues to support the rule so we may proceed with the general debate and consideration of this legislation.

Madam Speaker, I reserve the balance of my time.

Mr. FROST. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, the Committee on Rules has done it to the District of Columbia again. The Republican majority has deliberately stuck a finger in the eyes of the residents of the District of Columbia. Accordingly, I rise in opposition to this rule which specifically makes in order four Republican amendments which seek to micromanage the District, all to advance an agenda which may or may not be shared by the citizens of this city.

The gentlewoman from the District of Columbia made an eloquent plea to the Committee on Rules yesterday asking that the committee not make in order amendments which affect social policy in the city she represents. The committee totally ignored her, Madam Speaker, and in fact the committee did exactly what she asked it not to do.

Madam Speaker, I am not here to advocate one social policy over another. I am not here to advocate the use of marijuana for medicinal purposes, or needle exchange programs, or the sale of tobacco to teenagers, but I do think that the Mayor and the Council of this city ought to be given an opportunity to govern and make the kind of decisions that city councils, county governments and State legislatures in the rest of the country are allowed to make without interference and micromanagement by the U.S. House of Representatives.

The Committee on Rules apparently does not think that Mayor Williams and the City Council should be given that kind of responsibility. Instead, they have made in order in this rule amendments which would prohibit the city from counting ballots cast in an election last year, which would prohibit the city from using its own money to allow adoptions by unmarried couples, and which would prohibit the city from contributing its own funds to a needle exchange program specifically designed to stop the spread of HIV/AIDS in this city.

Madam Speaker, the Mayor and all 13 members of the City Council have asked that these riders, among others, not be included in this appropriations bill. But the Committee on Rules seems to know what is best for this city. This paternalism is insulting and patronizing, Madam Speaker, and for that reason I urge a "no" vote on the rule.

Madam Speaker, I reserve the balance of my time.

Mr. LINDER. Madam Speaker, I am pleased to yield such time as he may consume to the gentleman from Oklahoma (Mr. ISTOOK), the chairman of the Subcommittee on the District of Columbia.

Mr. ISTOOK. Madam Speaker, I rise in support of this rule and of the underlying bill that the rule authorizes to be considered.

I appreciate the Committee on Rules' cooperation in putting the package together for fair consideration of this appropriations measure. I appreciate the gentleman from Florida (Mr. YOUNG), the gentleman from Virginia (Mr. MORAN) with whom I have worked, and, of course, the gentlewoman from the District of Columbia (Ms. NORTON).

This rule keeps in place what the subcommittee and the full Committee on Appropriations have sought to do: that is, to, to the maximum extent possible, respect and follow the budget that was put together by the Mayor and the City Council in the District of Columbia.

There are certain things, of course, that we undertake pursuant to our constitutional obligation. Article 1, section 8, of the U.S. Constitution provides that this Congress has exclusive legislative authority regarding the District of Columbia. However, many years ago, we delegated as much as we could through home rule charter to the District, and I am pleased that the budget that was adopted by the City Council, by the Mayor and by the D.C. Control Board is followed in this appropriations measure.

Let me mention, so that all Members will be fully aware, several things that are in the bill that I do not believe will prove controversial. They are not controversial, and I believe they should be the focus of the consideration of the rule and of the underlying bill.

For example, we are all familiar with the problems of drug and crime that have plagued the District for far too many years. We have a very ambitious program created in this piece of legislation, a $25 million addition on top of other drug testing and treatment funds for the Federal Office of Offender Supervision that is in charge of supervising some 30,000 persons that are on probation or parole within the District of Columbia.

One of the conditions upon being on probation or parole and not being incarcerated is that they remain drug-free. We all know they are not remaining drug-free. In fact, working with the Chief of Police, Mr. Ramsey, here in the District, he advises me, as other people do, that this population of 30,000 offenders is the core of so much of the crime that continues to plague the District of Columbia, persons that are free on supervision, or supposed supervision, that commit hundreds of crimes apiece in many cases, all too often because of the link between crime and drugs.

This bill establishes for those 30,000 offenders a program of consistent, universal drug testing, for some of them once a week, for some of them twice a week, coupled with a major expansion of the drug treatment programs, saying to those offenders, if you wish to remain free on the streets, you must remain free of drugs.

□ 1530

This will be the largest program of its kind of any city in the United States of America. We are dead serious about the war on drugs. This bill takes the largest step we have taken toward attacking that problem. I believe it deserves focus.

We also have within this bill the ratification of the bold tax cut plan that was adopted by the city council and the mayor in the District of Columbia beginning with $59 million the first year and larger amounts thereafter of property tax and income tax relief trying to help revitalize the city that has lost over 200,000 people in recent years, trying to be part of turning it around with economic development initiatives.

And we all know, of course, that even if they have a more vibrant economic city, it still has to be a safe city. So we ratified the council's action in this bill at the same time as we undertake the attack on drugs.

We have $5 million for a special environmental clean up of the Anacostia River. I want to especially commend one of the members of the subcommittee, the gentleman from California (Mr. CUNNINGHAM), who took a special interest in that particular measure.

We have a major problem within the District of Columbia, one of the many accumulated problems through many bad years for the District of long-term foster care, 3,500 kids that need a permanent, stable, loving home. We have $8.5 million for adoption initiatives to help solve this long-term problem and get these kids out of long-term foster care and adopted into stable, permanent, loving homes. That is a very important initiative.

The mayor and the council have been very diligent in bringing in, for the second year, a balanced budget within the District of Columbia. Thanks to some changes in the Federal relationship, some expenses that the Federal Government has assumed, they have a balanced budget; and we respect the priorities they put in.

We also create further tools for rightsizing the size of city government. With the Control Board, in recent years, taking the lead and the gentleman who is now mayor of the city, Anthony Williams, who was Chief Financial Officer of the Control Board leading that way the city has been working to rightsize city government. There is still a problem with too many city workers for the size of the community. We have $20 million to help them with the downsizing initiative through buyouts and early retirements for persons that should be retired from the city payroll but that we need to make sure that we do it without a disruptive mechanism.

We have these and other important initiatives that I think justify the accent upon the positive. We have a new mayor, we have a new council that is working diligently on the problems of city government, and we have also made sure that we do not open up new difficulties in this particular bill.

I commend the Committee on Rules because the amendments which they placed in order are amendments which have previously been important to this House of Representatives. For example, the needle exchange prohibition with public funds that we will be voting on later is the identical provision that was approved by the House, approved by the Senate, and signed into law by the President of the United States last year. The amendment we will vote on is to continue that policy, not to create a new one.

The committee has placed in order an amendment that is different in some ways, however, when it comes to the issue of the medical marijuana initiative petition that was conducted in the District.

We dealt with, last year, a prohibition on counting the ballots. The amendment offered by the gentleman from Georgia (Mr. BARR) which we will offer later today that the Committee on Rules has placed in order is not quite the same. It is a prohibition on changing the law in D.C. to legalize marijuana, but it is not a prohibition against counting the ballots.

The amendment by the gentleman from Oklahoma (Mr. LARGENT) relating to adoption needing to be by couples who are related by marriage or by blood is the same language that was adopted by this House last year. It is not something new that has been brought up.

The language of the gentleman from California (Mr. BILBRAY) regarding tobacco was also something that was attached by the House to this legislation last year.

So the Committee on Rules has avoided opening new fronts with the amendments that are placed in order. I recognize that there are some issues of social policy where there may be disagreements between persons in the District, persons in this Congress, persons on one side of the aisle and persons on the other side of the aisle. But I think when the House works its will with those amendments, we will see that what remains is a bill that promotes fiscal responsibility, that keeps the budget balanced running a surplus with tax cuts to help with the economic revitalization of the District of Columbia, significant incentives regarding the problems of drugs and crime and their interrelationship in D.C. and other measures such as the gentleman from Georgia (Mr. LINDER) has pointed out to strengthen the educational system through the charter schools provisions being made permanent.

They are 5 percent of the District's school enrollment right now. They are projected to be 10 percent this fall, and also the education initiative with the D.C. scholarships, as it is called, which is a tuition aid grant modeled after the tuition aid grants that are currently in place in virtually every State in the Union.

These are things that the Committee on Rules has left intact, they have not fostered disagreement or argument over these issues, and I think it is important that, as we consider the rule, we have that perspective. Yes, we will have disagreements over certain items in the bill, but after we resolve those disagreements, I urge people to adopt the underlying bill, and I urge adoption of the rule that makes it possible.

Mr. FROST. Madam Speaker, I yield 5 minutes to the gentlewoman from the District of Columbia (Ms. NORTON).

Ms. NORTON. Madam Speaker, I want to thank the gentleman from Oklahoma (Mr. ISTOOK) and the ranking member, the gentleman from Virginia (Mr. MORAN), who have worked so hard and so well to bring the D.C. appropriation to the floor early this year. My thanks also to the gentleman from Illinois (Mr. HASTERT) and the gentleman from Florida (Mr. YOUNG) who met with the District's new mayor Tony Williams and me earlier this year and indicated that they would work for early consideration of the city's budget. They have kept that promise.

I want to say a special word of sincere appreciation to the gentleman from Oklahoma (Mr. ISTOOK) in particular for his openness and communication with me and with city officials that enabled us to settle amicably the small differences that inevitably arise. His respect for the work of our new mayor and the D.C. City Council is manifested in the city's consensus budget which came with the approval of the District's Control Board and to which the gentleman from Oklahoma (Mr. ISTOOK) has now given his approval as well.

This hard work is now threatened by amendments that legislate on the appropriation in ways that are strongly opposed by the new mayor and all the members of the revitalized city council. Congress has the right to make policy decisions for this Nation. You have no right to dictate policy to a local jurisdiction. Yet four amendments have been made in order and protected, and they are taken straight out of the annals of authoritarianism.

They would impose on the District a provision that is not only grotesquely anti-democratic, but also is moot, that prohibits local funds for a constitutional test of congressional voting rights, a prohibition on even local funds to contribute to a private lifesaving needle exchange program that has saved hundreds of residents from death and disease caused by the HIV/AIDS epidemic, a prohibition on unmarried couples jointly adopting a child despite 3,000 children awaiting adoption, an entire bill penalizing the possession of tobacco by minors that Mayor Williams has specifically asked be deferred in favor of his own approach, and an amendment that seeks to overturn a local initiative on medical marijuana when no such law has been enacted.

The bill itself also contains two provisions highly objectionable to city residents and elected officials that I cannot possibly support, a prohibition on the use of even local funds for abortions for poor women and a bar on implementation of the city's domestic partners law.

The district has just elected a new reform minded mayor and revitalized its city council. They have sent us a balanced budget with a surplus consisting only of their own money with prudent investments in neglected services and with a tax cut for residents and businesses. Their work should not be undermined by the imposition of the personal preferences of Members on a local jurisdiction when Members are not accountable to local voters. The cumulative effect of these appendages to what is essentially a local budget is so obnoxious that a veto specifically has been threatened. I can only plead with my colleagues to save my appropriation from needless contention and a veto by defeating each and every one of these autocratic, anti-home rule amendments. This rule defeats the good work of the subcommittee by drowning it with irrelevant legislation anathema to the people I represent.

I therefore must ask my colleagues, must plead with my colleagues, to vote against this rule.

Mr. LINDER. Madam Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. FROST. Madam Speaker, I yield 6 minutes to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Madam Speaker, I want to thank my distinguished colleague, the chairperson of the appropriations subcommittee, for working very hard on this bill and coming up with a bill that from every budgetary standpoint, from every appropriations standpoint, is a good bill. It should be passed. We should be unanimous here in our support of the consensus budget that is reflected in this appropriations bill.

In fact, we went beyond the consensus budget and put in things that the mayor and other leaders of the city wanted. We have got more money in here for drug treatment programs, for court programs that supervise probationers and parolees. We have got programs that clearly will substantially reduce the rate of crime in the city. We have got money to address child abuse and neglect, to assist foster care children in getting adopted. Lots of good things, and I wish I could stand up here right now and say let us vote for this rule because it is such a good bill.

Unfortunately, I cannot. I have to urge the body to vote against the rule because it is not a good rule, it is not a fair rule, it is not an appropriate rule. It specifically enables debates on issues that are not appropriately within the appropriations committee's jurisdiction. The reason why this is not a good rule is it puts in things that lie well beyond the scope of the Committee on Appropriations, well beyond the scope of Federal governance.

It makes in order four amendments, four amendments offered by Republican colleagues, makes in order no amendments offered by Democratic colleagues, particularly the one offered by the gentlewoman from the District of Columbia (Ms. NORTON) in alliance with the gentlewoman from Michigan (Ms. KILPATRICK), it makes that out of order, and makes in order four amendments, all of which are inappropriate and would be ruled out of order if this was an open rule.

This should be an open rule. Because it is not, I have to urge all the Members of this body who believe in fairness and in the integrity of the appropriations process to vote no on the rule.

The needle exchange amendment offered by the gentleman from Kansas (Mr. TIAHRT) inserts new language, goes beyond the use of funds appropriated in the act and places conditions on private funds.

☐ 1545

That is not appropriate for an appropriations bill.

We rejected what he was trying to do in full committee; but yet, the Committee on Rules enables him to take out the language that we agreed to in a bipartisan vote, a strong bipartisan vote in full committee.

The Largent amendment would impose a new duty upon District officials. It is an unfunded mandate, imposes a new requirement on District officials to conduct additional screening requirements on applicants for adoption that go considerably beyond the funding issues in this bill to determine who is and who is not eligible to adopt children in the District of Columbia. It is going to restrict a lot of fine people from being able to adopt children when we have more than 3,000 kids in need of adoption.

The Bilbray amendment writes criminal legislation in an appropriations bill. This should be with the Committee on the Judiciary. I am sympathetic with what the gentleman wants to do, but we do not write criminal penalties into appropriations bills. What are we doing that for? It is not the right thing to do. And one can make an argument that this is not even lawful, to be putting in criminal penalties for minors' possession of tobacco. As much as we might like to do it, it does not belong in an appropriations bill.

Then the fourth amendment, this is the Barr amendment, this is brand new. We rejected the gentleman's attempt to prevent the District from counting its own ballots on its own referendum. It would have cost about $1.30 to press a button and announce the results of the referendum. The committee, in a bipartisan aye vote, agreed that we should not be doing that. So we rejected it. So now the gentleman from Georgia (Mr. BARR) has a brand-new thing, brand-new language that needs a hearing, needs consideration by the Committee on the Judiciary that places new penalties on the possession of a long list of substances: peyote, mescaline, marijuana, a whole long list of things.

We have not thought about this, because we have not had any hearings; we do not have any knowledge about what we should be doing on this.

This is clearly authorizing legislation. It has nothing to do with the appropriations bill; and yet, the Committee on Rules makes it in order. The Committee on Rules should not have made that in order. So four amendments do not belong in this bill. If they get attached to this bill, we are going to vote against this bill, and the President is going to veto the bill. They should not be in here. We should be giving credit where credit is due to the Committee on Appropriations for appropriating properly. If we were considering just an appropriations bill, we would have unanimous support for it, but we cannot go writing these kinds of laws on an appropriations bill.

So I strongly urge a "no" vote on the rule. We have a different situation this year from past years. Washington, D.C. is no longer a sharecropper's settlement on a congressional plantation. We should be treating them like every other city in our own Congressional districts and that is why we should vote "no" on the rule.

Mr. LINDER. Madam Speaker, I yield myself such time as required to explain that the only notice that the Committee on Rules got was that the gentlewoman from the District of Columbia (Ms. NORTON) had an amendment to introduce was not submitted to the Committee on Rules; she mentioned it in her testimony. It is a striking amendment, and it is in order.

Madam Speaker, I reserve the balance of my time.

Mr. FROST. Madam Speaker, I yield 2 minutes to the gentlewoman from Michigan (Ms. KILPATRICK).

Ms. KILPATRICK. Madam Speaker, I thank the gentleman for letting us know that the amendment has been stricken and made in order, that the Norton-Kilpatrick amendment will be able to be debated.

I rise in strong opposition to the rule. Madam Speaker, there are 500,000 people who choose to call Washington, D.C. their home. This rule is undemocratic, and it is unfair.

My colleagues may not know it, but the residents of D.C. pay both local and Federal taxes. Last year, some $4.2 billion worth of Federal taxes were paid, more than some States pay. My colleagues may not know it, but D.C.'s population is larger than three other States in our Union who are represented by two Senators, as well as Congress people in this House of Representatives.

The rule that was let yesterday from the Committee on Rules does not allow the District to operate as any other American jurisdiction would be allowed to do so: with its own local tax base. I think it is unconscionable, it is undemocratic, and it is unfair.

Madam Speaker, D.C. residents are taxpaying American citizens and are denied full representation here in the Congress. Some of the amendments that are allowed in order ought not be in an appropriations bill, they should go through the regular process. It is a bad rule, it is unfair, it is undemocratic, and I urge my colleagues to vote "no."

Mr. FROST. Madam Speaker, I ask for a "no" vote on the rule, and I yield back the balance of my time.

Mr. LINDER. Madam Speaker, I urge my colleagues to support this rule and have an open and honest debate on the important issues that the Nation is watching us for.

Madam Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mrs. EMERSON). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. FROST. Madam Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

PROVIDING FOR CONSIDERATION OF H.R. 2605, ENERGY AND WATER DEVELOPMENT APPROPRIATIONS ACT, 2000

Mr. LINDER. Madam Speaker, by direction of the Committee on Rules, I call up House Resolution 261 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 261

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 2605) making appropriations for energy and water development for the fiscal year ending September 30, 2000, and for other purposes. The first reading of the bill shall be dispensed with. Points of order against consideration of the bill for failure to comply with clause 4 of rule XIII are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations. After general debate the bill shall be considered for amendment under the five-minute rule. Points of order against provisions in the bill for failure to comply with clause 2 or clause 5(a) of rule XXI are waived except as follows: page 7, line 1, through page 9, line 2; page 36, lines 21 through 25. During consideration of the bill for amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 8 of rule XVIII. Amendments so printed shall be considered as read. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Georgia (Mr. LINDER) is recognized for 1 hour.

Mr. LINDER. Madam Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts (Mr. MOAKLEY), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Madam Speaker, House Resolution 261 is an open rule providing for consideration of H.R. 2605, the Energy and Water Appropriations bill for fiscal year 2000. The rule provides for 1 hour of general debate, divided equally between the chairman and ranking minority member of the Committee on Appropriations.

The rule waives clause 4(a) of rule 13, which requires a 3-day layover of the committee report. The rule also waives clause 2 of Rule XXI, which prohibits unauthorized or legislative provisions in an appropriations bill, and it waives clause 5(a) of Rule XXI, which prohibits a tax or tariff provision in a bill reported by a committee with jurisdiction over revenue measures. These are waived against provisions in the bill, except as otherwise specified in the rule.

Madam Speaker, this rule accords priority in recognition to Members who have preprinted amendments in the CONGRESSIONAL RECORD. This will simply encourage Members to take advantage of the option in order to facilitate consideration of amendments on the House floor and to inform Members of the details of pending amendments.

The rule also provides that the Chairman of the Committee of the Whole may postpone recorded votes on any amendment, and that the Chairman may reduce voting time on postponed questions to 5 minutes, provided that the vote immediately follow another recorded vote, and that the voting time on the first in a series of votes is not less than 15 minutes. This will provide a more definite voting schedule for all Members and hopefully will help guarantee the timely completion of the appropriations bills.

House Resolution 261 also provides for one motion to recommit, with or without instructions, as is the right of the minority Members of the House.

Madam Speaker, House Resolution 261 is a typical open rule to be considered for general appropriations bills. This rule does not restrict the normal open amending process in any way, and any amendments that comply with the standing Rules of the House may be offered for consideration. While a vast number of amendments is not expected, the rule permits those Members who have amendments every opportunity to offer them.

Madam Speaker, H.R. 2605 appropriates a total of $20.2 billion in discretionary budget authority, which is $880 million below last year's level and $1.4 billion below the President's request. As we all know, the Committee on Appropriations has, once again, had to balance a wide array of interests and make tough choices with scarce resources. I commend the gentleman from California (Mr. PACKARD), the chairman of the subcommittee, and the gentleman from Indiana (Mr. VISCLOSKY), the ranking member for their work on this legislation.

Specifically, the bill provides $4.19 billion for the Corps of Engineers for civil projects such as flood control, shoreline protection and navigation and environmental projects, which is an increase of $91 million over last year's level. The bill also provides $784.7 million for the Bureau of Reclamation to maintain, operate, and rehabilitate Bureau projects and western water infrastructure, which is $2.6 million over last year's level.

As we keep our fiscal House in order, we must ensure that all funding is spent efficiently and where it is needed most. This bill achieves this goal. Notwithstanding the constraints we now face after decades of fiscal irresponsibility, H.R. 2605 effectively funds solar and renewable energy programs, nuclear energy programs, science programs, and atomic energy defense activities.

Madam Speaker, clearly the Department of Energy is a department that is plagued by mismanagement and abuse, and I want to comment on two specific provisions in this appropriations bill that the Committee on Appropriations has taken to reform and improve management and security.

First, the bill reduces contractor travel by 50 percent, a decrease of $125 million from last year's level. The General Accounting Office has reported widespread abuses of travel funds, excessive waste of taxpayers' money, and the overall use of contractors on Department of Energy programs. We cannot stand for this kind of mismanagement and waste, and I strongly support the significant reduction in funding for contractor travel in this bill.

I also wanted to comment on the bill's provisions that delays $1 billion in obligations for the Department of Energy until after June 30, 2000, and until Congress has enacted legislation restructuring the national security program currently under the jurisdiction of the Department of Energy.

The security of our nuclear secrets is vital to this Nation and the Department of Energy has shown itself to be inept in the safeguarding of these secrets. While reports have indicated problems with the Department of Energy for years, the Department's confusing structure and overlapping lines of responsibility have continued to undermine any effort to improve security from within the Department. By withholding these funds until Congress restructures the national security program, we send a strong message that this Congress demands improved management and accountability when it comes to protecting nuclear secrets.

Madam Speaker, H.R. 2605 was favorably reported out of the Committee on Appropriations, as was this open rule by the Committee on Rules. I urge my colleagues to support the rule so that we may proceed with the general debate and consideration of this legislation.

Madam Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Madam Speaker, I thank the gentleman from Georgia (Mr. LINDER), my colleague and friend, for yielding me the customary half hour, and I yield myself such time as I may consume.

Madam Speaker, I want to begin by congratulating my colleagues, the gentleman from Indiana (Mr. VISCLOSKY), the ranking member of the subcommittee, and the gentleman from California (Mr. PACKARD), the chairman of that subcommittee, for their very hard work. This is their first time steering the Energy and Water Development appropriations bills through committee and they have done an excellent job.

□ 1600

Even though this bill is very complicated, they managed to put together a bipartisan bill that was approved by the Committee on Appropriations on a voice vote. Madam Speaker, they deserve our gratitude and they deserve our congratulations.

Madam Speaker, like most appropriation bills, this bill is coming to the floor with an open rule that waives points of order against legislating on an appropriations bill, and I urge my colleagues to support it. In general, this is a very good bill which funds some very excellent energy and water infrastructure projects. Specifically, it provides $4.2 billion for the Army Corps of Engineers and $15.5 billion for the Department of Energy.

The Army Corps of Engineers will be able to continue their civil projects, like controlling floods, protecting our shorelines, and supporting navigational and environmental projects.

They will also receive $951 million in funding for the new Harbor Services Fund, which will make improvements, vast improvements, to our ports and help maintain our harbors. They also will receive $25 million for Challenge 21, which is a river restoration and flood mitigation program.

Madam Speaker, in addition to water projects, this bill also funds the Energy Department, which is responsible for atomic defense activities as well as conducting basic science and energy research activities, which are very, very important in today's high-tech world.

For instance, Madam Speaker, the Energy Department helps develop clean non-greenhouse gas power sources, but they might need more funding to do so. Otherwise our solar and renewable energy programs will take a back seat to those of other countries, and I believe the United States should be on the cutting edge.

Unfortunately, our Internet program was cut as well. This bill cuts funding for the next generation Internet program, also known as Internet 2. This program will help keep the United States on the cutting edge of information and communication technologies by making it easier for universities and government to conduct research using wider bandwidths.

Madam Speaker, now is not the time to be pulling away from the Internet, and I hope this funding can be restored. Furthermore, as it stands now, Madam Speaker, this bill contains some anti-environmental riders which will make it harder to protect wetlands and harder to protect communities against floods. Because of those anti-environmental riders, the administration is strongly opposed to this bill.

But under this open rule, the gentleman from Indiana (Mr. VISCLOSKY) will be able to offer an amendment which can get rid of those anti-wetland amendments and greatly improve the bill.

Once again, Madam Speaker, I congratulate the gentleman from California (Mr. PACKARD), the chairman, and the ranking member, the gentleman from Indiana (Mr. VISCLOSKY) for their very hard work, and I urge my colleagues to support this open rule and support the bill.

Madam Speaker, I reserve the balance of my time.

Mr. LINDER. Madam Speaker, I am pleased to yield such time as he may consume to the gentleman from California (Mr. PACKARD), the chairman of the Subcommittee on Energy and Water Development.

Mr. PACKARD. Madam Speaker, I thank the gentleman from Georgia for yielding time to me. I deeply appreciate the comments of both the gentleman from Georgia and the gentleman from Massachusetts on the rule.

Madam Speaker, this is an open rule. It is a fair rule, one that I totally support, and I want to encourage all the Members to support it, vote for it, and get on with the bill.

Mr. MOAKLEY. Madam Speaker, I yield 5 minutes to the gentleman from Indiana (Mr. VISCLOSKY).

Mr. VISCLOSKY. Madam Speaker, I would like to use my time on the debate on the rule to do three things. The first is to indicate my support, as well, for passage of the rule. It is a good rule.

Secondly, I would like to thank the gentleman from California (Chairman PACKARD) and to thank all of my colleagues on both sides of the aisle on the committee, and to thank all of the staff for their hard work on this very good bill.

Given the allocations that the subcommittee faced, given the responsibilities that the subcommittee faced, and given the positioning we must place ourselves in to have a successful conference with the other body, I do believe that we have done a very good job.

Having said that, I want to use the remainder of my time to set the stage for the amendment I will offer to the bill. The issue deals with the question of the Clean Water Act, current permitting processes that are violative of the Clean Water Act, and the preservation of wetlands in this country.

Wetlands are key in the United States of America, and are vital as far as flood protection. Wetlands are essential as far as our water quality. They are valuable as far as the preservation of wildlife habitat, and they are critical for recreational opportunities. We are losing the benefit of these wetlands, and if the language contained in the bill today is not stripped out, we will lose additional wetlands in an unwarranted fashion.

When European settlers began to come to North America, there were 220 million acres of wetlands. As the chart indicates, in 1995, according to the Department of Agriculture, there are only 124 million acres left. According to the Army Corps of Engineers, the Fish and Wildlife Service, and the Environmental Protection Agency, we continue to lose 70,000 to 90,000 acres of precious wetlands every year, and this must stop.

Beginning under the Reagan administration in 1985, it became the policy of our national government to do something about this issue. The ante was upped, so to speak, in 1989 under President Bush.

I have a statement for my colleagues from President Bush dated June 8, 1989. Essentially, the President said that somewhere around 1989 he would hope that future generations begin to understand that things changed and we began to hold onto our parks and refuges, and we protected our species. In that year, under the Bush administration, the seeds of a new policy about our valuable wetlands were sown, a policy summed up in three simple word by President Bush: "No net loss."

The legislative riders that again I believe are violative of the Clean Water Act and will lead to the loss of additional wetlands are strongly opposed by the Army Corps of Engineers. They are strongly opposed by the Federal Emergency Management Administration. They are strongly opposed by the Environmental Protection Agency.

It is my understanding that the President has indicated the bill would be vetoed if these anti-environmental riders were not stripped from the bill. This is a serious and fundamental issue. I would remind all of my colleagues that this is only the second time in 21 years that an administration has issued a veto threat on this bill. We are talking about a major and substantive change.

I would remind my colleagues as well that in the last three Congresses, over 225 bills have been introduced on wetlands and the Clean Water Act. We have not been able to solve some of the conflicting positions and opinions through the authorization process. This is not the time, this is not the vehicle, to do this.

I would encourage all of my colleagues to listen to the debate and to support my amendment during consideration of the bill to strip this rider out. That is my one fundamental objection. It is a serious difference of opinion. It is the only one, I would point out, that I have with the chairman of the committee.

Mr. MOAKLEY. Madam Speaker, I yield 4 minutes to the gentleman from Colorado (Mr. UDALL).

Mr. UDALL of Colorado. Madam Speaker, I thank the gentleman from Massachusetts for yielding time to me.

I rise in support of the rule and in general support of this bill. This is an important bill for our country. It is especially important for Colorado, as well, because it provides the funding for continuing work on the critical task of cleaning up Rocky Flats, the former atomic weapons facility.

The flats sits near the heart of the Denver-Boulder metropolitan area, which is home to more than 2 million people. It has extensive amounts of hazardous materials. For all Coloradans it is a matter of highest priority to have Rocky Flats cleaned up efficiently, safely, and promptly.

In 1997, the DOE designated the Rocky Flats site as a pilot for accelerated clean-up and closure, and is working to finish cleaning it up in time for closure in the year 2006. I strongly support this effort, as does the entire Colorado delegation here in the House and the other body as well. So I am very glad the bill includes the amount requested in the President's budget for the Rocky Flats closure fund.

I want to thank the gentleman from California (Chairman PACKARD) and the gentleman from Alaska (Chairman YOUNG), and the ranking members, the gentleman from Indiana (Mr. VISCLOSKY) and the gentleman from Wisconsin (Mr. OBEY), for their leadership and for recognizing the importance of this undertaking for Colorado and our Nation.

I also appreciate the inclusion in this bill of funds for the work of the DOE's Office of Worker and Community Transition. The activities of this office, which implements the so-called 3161 program, are essential if we are truly to keep faith with the Cold War warriors who worked at Rocky Flats and at the other sites in the DOE's nuclear weapons complex.

In addition, funding through this office is very important to assist the local communities as they work to adjust to ongoing changes now underway at Rocky Flats, and those that will come after clean-up and closure are achieved.

For example, a number of these communities have joined together to form the Rocky Flats Coalition of Local Governments. This organization, working with other communities and groups, can play a vital role in building consensus about the future uses of both the open space buffer zone and the more intensively developed industrial zone, as well.

So I regret that the bill does not provide all the funds requested by the President for worker and community transition purposes. However, I do understand the tighter constraints under which the Committee on Appropriations has had to work, and I hope that as we proceed with the legislative process, it will be possible to increase that amount to a level more adequate to the program's important purposes.

However, I am very concerned about the language in the committee report suggesting that the DOE "should prepare for significantly decreased or no funding in fiscal year 2001 for implementing these 3161 programs." Terminating or even deeply reducing this fund next year would not be wise or appropriate. It would be a serious breach of faith with our Cold War veterans, and would make it that much harder for local communities to adequately respond to the changed circumstances at Rocky Flats and elsewhere throughout the complex of DOE sites. So I urge the committee to rethink this point, and to refrain from such an approach when it develops next year's bill.

In addition, there are a couple of areas where I think the bill needs improvement. For example, there are provisions related to wetlands that I think should not be included. I think the bill would be better if it did not include language that could make it harder for us to take action to deal with problems associated with climate change and global warming.

I also have some concerns about the bill's provisions as they could affect the Western Power Administration and related entities. In my view, though, the most troublesome aspect of the bill is the inadequate funding it would provide for the DOE's very important programs related to solar and renewable energy, both here at home and internationally, as well.

Working with others on both sides of the aisle, the gentleman from Arizona (Mr. SALMON) and I have been working hard to improve this part of the bill to make it even more balanced and a better measure.

I will have more to say regarding the solar and renewable energy programs, but for now let me reiterate my appreciation for the hard work of the Members and staff of the Subcommittee on Energy and Water Development, and the entire Committee on Appropriations.

I urge support for the rule.

Mr. LINDER. Madam Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from Texas (Mr. GREEN).

Mr. GREEN of Texas. Madam Speaker, I rise in support of both the rule and H.R. 2065, the fiscal year 2000 Energy and Water Development Appropriations Act, and also in support of the rule.

I want to thank the gentleman from California (Chairman PACKARD) and also our ranking member, the gentleman from Indiana (Mr. VISCLOSKY), for their continued support for the Houston-Galveston navigation project. I also want to thank all the Members of that committee, and particularly the gentleman from Texas (Mr. EDWARDS) for his leadership.

For two consecutive years, the Congress has appropriated sufficient funds to complete the widening and deepening of the Houston Ship Channel project in 4 years. This fiscal year, the $60 million appropriation in this bill ensures we will maintain the optimum construction schedule.

Maintaining this schedule is important because it will add an additional $281 million to the project's rate of investment, return on investment, and save taxpayers $63.5 million in increased escalation and investment costs.

The expansion of the Houston Ship Channel is important on many levels. The port of Houston, connected to the Gulf of Mexico by the 50-mile ship channel, is ranked first in foreign tonnage and second in total tonnage among U.S. ports and eighth in total tonnage among world ports.

With more than 7,000 vessels navigating the channel annually and an anticipated increase over the next few years, the widening and deepening is a necessary step in safeguarding the safety and economic viability of the port and the city of Houston.

The port of Houston provides $5.5 billion in annual business revenues, and creates 196,000 direct and indirect jobs. By generating $300 million annually in customs fees and $213 million annually in State and local taxes, the Houston-Galveston navigation project will more than pay for itself.

I appreciate the subcommittee's support, and ask my colleagues to support both this rule and the bill.

Mr. LINDER. Madam Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Madam Speaker, I yield 3 minutes to the gentleman from Oregon (Mr. DEFAZIO).

Mr. DEFAZIO. Madam Speaker, I thank the gentleman for yielding time to me.

Madam Speaker, there is legislation contained in this bill before us that is protected by the rule, legislating on an appropriations bill. This legislation that pertains to the Bonneville Power Administration is very, very problematic, and in fact, is contradicted by language in the manager's report. But, of course, we know the language in the manager's report does not hold sway over legislative provisions contained within the bill protected by the rule, riders on the bill.

There are two provisions that are aimed at Bonneville Power Administration and other Federal power marketing agencies that are damaging and very ill-informed. One is incredibly broad, and it would repeal legislation Congress passed by a large majority in the 1992 Energy Policy Act.

□ 1615

It allowed the Bonneville Power Administration to directly fund operations and maintenance at hydroelectric facilities operated by the Army Corps and the Bureau of Reclamation in the Pacific Northwest.

For years, we had a horrendous backlog and horrendous inefficiency. But then this amendment passed. In fact, now unlike other Federal power marketing agencies and systems around the country, we are pretty much up to date, and it is working very efficiently and effectively, both for the Federal taxpayers and for the region.

Why would this bill repeal that? It is some sort of strange flat-earth view of competition that does not exist and cannot effectively deal with the problem and did not before we had a change in the statute.

Secondly, the bill would prevent Bonneville Power Administration and other PMAs from cooperating with the utility customers to properly maintain the regional transmission grades.

Here we are worried about system reliability across the country which carries both public and private power, and we are going to undermine that in this bill. That is not a good move for the West or even the Southeast in terms of the Tennessee Valley Authority and other PMAs. It is very damaging. In fact, it is so damaging that I will have to vote against the entire bill, and I would urge other western Members to do the same.

Finally, there is a provision that forces BPA to discontinue an important infrastructure development. BPA is installing a fiberoptic network on its transmission towers to improve its communication and its dispatch of power. It is good business. They need to do it.

At virtually no incremental cost, they could provide excess capacity to remote rural communities who will never see in this century or even in the next century for 20 or 30 years a private provider stringing fiberoptics to their communities.

BPA owns 80 percent of the transmission. It does not, by policy, allow other people to access or hang things on its transmission. They are the only alternative out there. In some, again, misguided attempt to bring about competition that does not exist, and if it did exist, I would not be up here on that particular issue and prohibit them from using their excess capacity at no incremental cost to provide services to those communities.

These are ill-intentioned. They are not overcome by the manager's language. I urge colleagues to vote against the entire bill unless these are fixed.

Mr. MOAKLEY. Madam Speaker, I yield back the balance of my time.

Mr. LINDER. Madam Speaker, I urge my colleagues to support this open rule. I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 2587, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore (Mrs. EMERSON). The pending business is the question of agreeing to the resolution, House Resolution 260, on which the yeas and nays are ordered.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the resolution.

The vote was taken by electronic device, and there were—yeas 227, nays 201, not voting 5, as follows:

[Roll No. 339]

YEAS—227

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutknecht
Hall (OH)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Hooley
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Morella
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula

Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Talent
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NAYS—201

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Crowley
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Gutierrez
Hall (TX)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Larson
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Phelps
Pickett
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Sherman
Shows
Sisisky
Skelton
Slaughter
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Stenholm
Strickland
Stupak
Tanner
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Wise
Woolsey
Wu
Wynn

NOT VOTING—5

Chenoweth
Cummings
McDermott
Oberstar
Peterson (PA)

☐ 1640

Mr. CRAMER changed his vote from "yea" to "nay."

Mr. GOODLATTE changed his vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PACKARD. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill (H.R. 2605) making appropriations for energy and water development for the fiscal year ending September 30, 2000, and for other purposes, and that I may include tabular and extraneous material.

The SPEAKER pro tempore (Mrs. EMERSON). Is there objection to the request of the gentleman from California?

There was no objection.

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore (Mrs. EMERSON). Pursuant to House Resolution 261 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2605.

☐ 1642

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2605) making appropriations for energy and water development for the fiscal year ending September 30, 2000, and for other purposes, with Mr. Hansen in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from California (Mr. PACKARD) and the gentleman from Indiana (Mr. VISCLOSKY) each will control 30 minutes.

The Chair recognizes the gentleman from California (Mr. PACKARD).

Mr. PACKARD. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, it is my privilege to present to the Committee of the Whole for its consideration the bill H.R. 2605, making appropriations for energy and water development for the fiscal year ending September 30, 2000.

Mr. Chairman, this bill provides annual funding for a wide array of Federal Government programs involving such diverse matters as national security, environmental cleanup, flood control, advanced scientific research, navigation, alternative energy sources, and the nuclear power regulation.

☐ 1645

Programs funded by this bill affect multiple aspects of American life, having significant implications for domestic security, commercial competitiveness, and the advance of science.

I am proud of the bill reported by the Committee on Appropriations without amendment, and I believe it merits the support of the entire membership of this body.

Perhaps the most remarkable aspect of this bill is its constrained size. The measure represents an unqualified victory for fiscal austerity, conservativism, and responsibility.

Total funding for the energy and water bill in H.R. 2605 is $20.19 billion. This is more than $900 million below the fiscal year 1999 baseline for energy and water development programs. Further, it is $1.4 billion below the budget request and more than $1 billion less than the energy and water bill passed by the Senate earlier this year.

Mr. Chairman, the substantial cuts contained in H.R. 2605 are real. They are not produced by smoke and mirrors gimmicks or creative accounting. They, rather, are the result of a fiscal discipline demanding reduction in the size, scope, and cost of the Federal Government.

Despite the bill's deep programmatic reductions, it provides adequate funding for the continuation of high priority programs, promising the greatest return on the investment of taxpayer dollars.

The cost-effective civil works program of the U.S. Army Corps of Engineers, for example, is funded at a level significantly higher than the budget request and slightly higher than the fiscal year 1999 level. This funding is more than offset by considerable reductions in the Department of Energy.

The bill requires, for example, a reduction of $125 million in DOE contractor travel expenses. This is one-half the level of this current year. And, as my colleagues all know, we have received documented evidence of abusive travel in that Department.

Mr. Chairman, I owe a great debt of gratitude to the hard-working members of the Subcommittee on Energy and Water Development. They have labored hard under difficult fiscal constraints to provide a bill that is balanced and fair.

I especially want to express my gratitude to the ranking minority member, the honorable gentleman from Indiana (Mr. VISCLOSKY). He has been extremely helpful. Together we have developed a good bill. I know there are one or two items of disagreement, but overall I think both of us support a very good bill.

I am very proud of his efforts and pleased that we have worked as well as we have together. It is in large part due to his effort that we present this bill that merits the support of all the Members on final passage.

Mr. Chairman, I urge all Members to support H.R. 2605 as reported by the Committee on Appropriations.

Mr. Chairman, it is my privilege to present to the Committee of the Whole for its consideration H.R. 2605, making appropriations for energy and water development for the fiscal year ending September 30, 2000. Mr. Chairman, this bill provides annual funding for a wide array of Federal government programs, comprehending such diverse matters as national security, environmental cleanup, flood control, advanced scientific research, navigation, alternative energy sources, and nuclear power regulation. Programs funded by this bill affect multiple aspects of American life, having significant implications for domestic security, commercial competitiveness, and the advance of science. I am proud of the bill reported by the Committee on Appropriations without amendment, and I believe it merits the support of the entire membership of this body.

Perhaps the most remarkable aspect of this bill is its constrained size. The measure represents an unqualified victory for fiscal austerity, conservatism and responsibility. Total funding for energy and water programs in H.R. 2605 is $20.19 billion. This is more than $900 million below the fiscal year 1999 baseline for energy and water development programs. Furthermore, it is $1.4 billion below the budget request and more than $1 billion less than the Energy and Water Bill passed by the Senate earlier this summer.

Mr. Chairman, the substantial cuts contained in H.R. 2605 are real. They are not produced by smoke and mirrors, gimmicks, or creative accounting. Rather, they are the result of a fiscal discipline demanding reduction in the size, scope and cost of the Federal government.

Despite the bill's deep programmatic reductions, it provides adequate funding for the continuation of high-priority programs promising the greatest return on the investment of taxpayers dollars. The cost-effective civil works program of the U.S. Army Corps of Engineers, for example, is funded at a level significantly higher than the budget request and slightly higher than fiscal year 1999. This funding is more than offset by considerable reductions in the Department of Energy. The bill requires, for example, a reduction of $125 million in DOE contractor travel expenses, an area of documented abuse.

Title I of the bill provides funding for the civil works program of the Corps of Engineers. The Subcommittee on Energy and Water Development is unanimous in its belief that this program is among the most valuable within the Subcommittee's jurisdiction. The national benefits of projects for flood control, navigation and shoreline protection demonstrably exceed project costs. The bill acknowledges the importance of water infrastructure by funding the civil works program at $4.19 billion, an increase of $91 million over the fiscal year 1999 level and $283 million over the amount requested by the Administration.

Within the amount appropriated to the Corps of Engineers, $159 million is for general investigations, $1.413 billion is for the construction program, and $1.888 billion is for operation and maintenance. In addition, the bill includes $313 million for the Flood Control, Mississippi River and Tributaries, project. This is an increase of $33 million over the Administration's patently inadequate budget request. The bill also fully funds the budget request for the regulatory program, general expenses, and the Formerly Utilized Sites Remedial Action Program.

Mr. Chairman, funding for title II, most of which is for the U.S. Bureau of Reclamation, totals $822 million—a reduction of less than $3 million below the fiscal year 1999 level. The bill includes level funding of $75 million for the CALFED Bay-Delta restoration program and fully funds the budget request for the Central Valley Project restoration fund and the Bureau of Reclamation loan program.

Substantial reductions are included throughout title III of the bill, which funds the Department of Energy. DOE spending reductions, however, are not applied indiscriminately. The Committee has examined each program to determine its relative value and merit. As a consequence, the bill includes more than $2.7 billion for the science programs of DOE. This represents an increase of $36 million over the fiscal year 1999 level and reflects our commitment to protecting the Federal investment in our national scientific infrastructure.

Funding for energy supply programs of the Department totals $578 million. This includes $326 million for research and development of solar and renewable energy technologies. Although this falls short of the Administration's unrealistic budget request, it is a substantial and credible level of funding. Given the Department's historical difficulties in executing these programs, I submit that the recommendation is more than generous.

The energy supply account also includes $266 million for nuclear energy programs. The bill provides $20 million, an increase of $1 million over last year's level, for the nuclear energy research initiative. It also includes $5 million, the full amount of the budget request, to initiate the nuclear energy plant optimization program.

The largest spending category in the Energy and Water Bill is that of environmental restoration and waste management at Department of Energy sites. Funding for cleanup activities in title III of the bill exceeds $6 billion—more than $5.44 billion for defense-related cleanup and more than $560 million for non-defense cleanup activities. The Committee is dedicated to the environmental restoration of areas that participated in the development and maintenance of our nuclear weapons complex. This bill reflects the Committee's continued efforts to promote actual, physical site cleanups and to accelerate the completion of remediation work at DOE sites. Accordingly, the Committee has provided $1.05 billion, the full amount of the budget request, for defense facilities closure projects. This account concentrates funding on discrete sites that are on schedule for cleanup completion by the year 2006.

The bill includes $4 billion for weapons activities of the Department of Energy. This considerable amount should be sufficient to provide for legitimate requirements of stockpile stewardship and management in the coming year. When Congress agreed to initiate the science-based stockpile stewardship program of the Department, it did so based on the pretense that funding for weapons activities would be contained at $4 billion a year for ten years. In the few short years since this program's initiation, however, weapons funding has steadily climbed to $4.4 billion in fiscal year 1999, and the budget requests a further increase of $124 million for fiscal year 2000. The Department has demonstrated neither the capacity nor the commitment to contain program expenses, leaving it to Congress to rein in these runaway costs.

In recognition that the national security programs of DOE must be reorganized, the bill includes language fencing $1 billion of the $4 billion weapons appropriation until such time as the national security programs of the Department have been restructured or an independent agency for national security programs has been established. We will not continue to pour money into a dysfunctional security operation without the promise of meaningful reform.

Section 317 of H.R. 2605 contains language intended to impose limits on the ability of Federal power marketing administrations to compete with the private sector in certain areas outside the sale of electricity. It is the intention of the House Managers that this section not vitiate or adversely impact any of the self-financed or ongoing direct financing relationships for power operations and maintenance or power capital rehabilitation between the power marketing administrations (PMAs) and the Bureau of Reclamation or the U.S. Army Corps of Engineers. Likewise, the House Managers do not interpret this provision to impair the ability of PMAs to aid their customers, other utilities, state and local and other Federal government entities or the public in cases of emergencies or disruption of electrical service where assistance is not otherwise available to the requesting entity. Also, it is not the intent of the legislation to prohibit or disrupt the ability of PMAs to carry out the electrical transmission interconnection mandates of the Federal Energy Regulatory Commission's open access Orders Numbers 888 and 889. Finally, it is not the intent of the provision to disrupt any Y2K planning, testing and modifications necessary for the continued reliability of PMA electrical systems.

Title IV of the bill provides funding for certain independent agencies of the Federal government, including the Nuclear Regulatory Commission, the Appalachian Regional Commission, the Defense Nuclear Facilities Safety Board, and the Nuclear Waste Technical Review Board. Reductions in spending for independent agencies over the past five years have been nothing short of remarkable. In fiscal year 1995, Congress appropriated $470 million for title IV programs. The comparable figure for fiscal year 2000 is $84 million, a reduction of 82%. The bill provides no funding for the Tennessee Valley Authority, eliminating appropriated subsidies to that New Deal-era electric utility.

Mr. Chairman, I owe a debt of gratitude to the hard-working and dedicated Members of the Subcommittee on Energy and Water Development. They have labored under difficult fiscal constraints to produce a bill that is balanced and fair. I am especially grateful to the Ranking Minority Member, the Honorable PETE VISCLOSKY. It is in large part due to his efforts that we present a bill that merits the support of all Members of the House.

Mr. Chairman, I urge all Members to support H.R. 2605 as reported by the Committee on Appropriations.

ENERGY AND WATER APPROPRIATIONS BILL, 2000 (H.R. 2605)
(Amounts in thousands)

	FY 1999 Enacted	FY 2000 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE I - DEPARTMENT OF DEFENSE - CIVIL					
DEPARTMENT OF THE ARMY					
Corps of Engineers - Civil					
General investigations	161,747	135,000	158,993	-2,754	+23,993
Construction, general	1,429,885	1,239,900	1,412,591	-17,294	+172,691
Supplemental appropriations (P.L. 105-277)	35,000			-35,000	
Flood control, Mississippi River and tributaries, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee	321,149	280,000	313,324	-7,825	+33,324
Emergency appropriations (P.L. 105-277)	2,500			-2,500	
Operation and maintenance, general	1,653,252	1,835,900	1,888,481	+235,229	+52,581
Emergency appropriations (P.L. 105-277)	99,700			-99,700	
Regulatory program	106,000	117,000	117,000	+11,000	
FUSRAP	140,000	150,000	150,000	+10,000	
General expenses	148,000	148,000	148,000		
Total, title I, Department of Defense - Civil	4,097,233	3,905,800	4,188,389	+91,156	+282,589
TITLE II - DEPARTMENT OF THE INTERIOR					
Central Utah Project Completion Account					
Central Utah project construction	25,741	21,002	20,431	-5,310	-571
Fish, wildlife, and recreation mitigation and conservation	10,476	12,047	10,476		-1,571
Utah reclamation mitigation and conservation account	5,000	5,000	5,000		
Subtotal	41,217	38,049	35,907	-5,310	-2,142
Program oversight and administration	1,283	1,321	1,283		-38
Total, Central Utah project completion account	42,500	39,370	37,190	-5,310	-2,180
Bureau of Reclamation					
Water and related resources	617,045	652,838	604,910	-12,135	-47,928
(By transfer)	(25,800)			(-25,800)	
Supplemental appropriations (P.L. 106-31)	1,500			-1,500	
Loan program	8,421	12,425	12,425	+4,004	
(Limitation on direct loans)	(38,000)	(43,000)	(43,000)	(+5,000)	
Central Valley project restoration fund	33,130	47,346	47,346	+14,216	
California Bay-Delta ecosystem restoration	75,000	95,000	75,000		-20,000
Policy and administration	47,000	49,000	45,000	-2,000	-4,000
Total, Bureau of Reclamation	782,096	856,609	784,681	+2,585	-71,928
Total, title II, Department of the Interior	824,596	895,979	821,871	-2,725	-74,108
(By transfer)	(25,800)			(-25,800)	
TITLE III - DEPARTMENT OF ENERGY					
Energy supply	727,091	834,791	577,579	-149,512	-257,212
(By transfer)		(5,821)	(5,821)	(+5,821)	
Supplemental appropriations (P.L. 105-277)	60,000			-60,000	
Non-defense environmental management	431,200	330,934	327,223	-103,977	-3,711
Uranium enrichment decontamination and decommissioning fund	220,200	240,198	240,198	+19,998	
Science	2,682,860	2,839,178	2,718,647	+35,787	-120,531
Supplemental appropriations (P.L. 105-277)	15,000			-15,000	
Nuclear Waste Disposal	169,000	258,000	169,000		-89,000
(By transfer)		(39,000)			(-39,000)
Departmental administration	200,475	240,377	193,769	-6,706	-46,608
Miscellaneous revenues	-136,530	-116,887	-106,887	+29,643	+10,000
Net appropriation	63,945	123,490	86,882	+22,937	-36,608
Y2K conversion (emergency appropriations)	10,000			-10,000	
Office of the Inspector General	29,000	30,000	30,000	+1,000	
Environmental restoration and waste management:					
Defense function	(5,576,824)	(5,785,768)	(5,440,250)	(-136,574)	(-345,518)
Non-defense function	(651,400)	(571,132)	(567,421)	(-83,979)	(-3,711)
Total	(6,228,224)	(6,356,900)	(6,007,671)	(-220,553)	(-349,229)
Atomic Energy Defense Activities					
Weapons activities	4,400,000	4,524,900	4,000,000	-400,000	-524,900
Defense environmental restoration and waste management	4,310,227	4,503,276	4,157,758	-152,469	-345,518
Y2K conversion (emergency appropriations)	10,340			-10,340	
Defense facilities closure projects	1,038,240	1,054,492	1,054,492	+16,252	
Y2K conversion (emergency appropriations)	3,500			-3,500	
Defense environmental management privatization	228,357	228,000	228,000	-357	
Subtotal, Defense environmental management	5,590,664	5,785,768	5,440,250	-150,414	-345,518
Other defense activities	1,696,676	1,797,991	1,651,809	-44,867	-146,182
Emergency appropriations (P.L. 105-277)	525,000			-525,000	
Y2K conversion (emergency appropriations)	13,650			-13,650	
Defense nuclear waste disposal	189,000	112,000	112,000	-77,000	
Total, Atomic Energy Defense Activities	12,414,990	12,220,659	11,204,059	-1,210,931	-1,016,600
Power Marketing Administrations					
Operation and maintenance, Southeastern Power Administration	7,500			-7,500	
Operation and maintenance, Southwestern Power Administration	26,000	27,167	27,167	+1,167	
(By transfer)		(773)	(773)	(+773)	

ENERGY AND WATER APPROPRIATIONS BILL, 2000 (H.R. 2605)—Continued
(Amounts in thousands)

	FY 1999 Enacted	FY 2000 Request	Bill	Bill vs. Enacted	Bill vs. Request
Construction, rehabilitation, operation and maintenance, Western Area Power Administration	203,000	171,471	171,471	-31,529	
Falcon and Amistad operating and maintenance fund	1,010	1,309	1,309	+299	
Total, Power Marketing Administrations	237,510	199,947	199,947	-37,563	
Federal Energy Regulatory Commission					
Salaries and expenses	167,500	179,900	174,950	+7,450	-4,950
Revenues applied	-167,500	-179,900	-174,950	-7,450	+4,950
Total, title III, Department of Energy	17,080,798	17,077,197	15,553,536	-1,507,261	-1,523,662
Appropriations	(16,423,308)	(17,077,197)	(15,553,535)	(-869,771)	(-1,523,662)
Supplemental appropriations	(75,000)			(-75,000)	
Emergency appropriations	(525,000)			(-525,000)	
Y2K conversion (emergency appropriations)	(37,490)			(-37,490)	
TITLE IV - INDEPENDENT AGENCIES					
Appalachian Regional Commission	66,400	66,400	60,000	-6,400	-6,400
Defense Nuclear Facilities Safety Board	16,500	17,500	16,500		-1,000
Denali Commission	20,000			-20,000	
Rescission			-18,000	-18,000	-18,000
Nuclear Regulatory Commission:					
Salaries and expenses	465,000	465,400	455,400	-9,600	-10,000
Revenues	-444,800	-442,400	-432,400	+12,400	+10,000
Subtotal	20,200	23,000	23,000	+2,800	
Office of Inspector General	4,800	6,000	6,000	+1,200	
Revenues	-4,800	-6,000	-6,000	-1,200	
Subtotal					
Total	20,200	23,000	23,000	+2,800	
Nuclear Waste Technical Review Board	2,600	3,150	2,600		-550
Tennessee Valley Authority: Tennessee Valley Authority Fund		7,000			-7,000
Supplemental appropriations (P.L. 105-277)	50,000			-50,000	
Total, title IV, Independent agencies	175,700	117,050	84,100	-91,600	-32,950
Grand total:					
New budget (obligational) authority	22,158,325	21,998,026	20,647,895	-1,510,430	-1,348,131
Appropriations	(21,493,635)	(21,998,026)	(20,665,895)	(-827,740)	(-1,330,131)
Rescissions			(-18,000)	(-18,000)	(-18,000)
Emergency appropriations	(664,690)			(-664,690)	
(By transfer)	(25,800)	(45,594)	(6,594)	(-19,206)	(-39,000)

Mr. Chairman, I reserve the balance of my time.

Mr. VISCLOSKY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would again begin, as I did under the rule, to thank the chairman and all of the members for their good work and for this nonpartisan bill that is before the House today but to reiterate, as the chairman alluded to in his remarks during general debate, that there is one fundamental disagreement. That is two environmental riders that were added to the legislation. During the amendment process, I will have an amendment to remove those.

I would like to use my time during the general debate to set the stage for the House, if I could, on the two issues before us. Both deal with the Army Corps. Both deal with wetlands. Both deal with the Clean Water Act. If they are not removed from the legislation, the administration has indicated that they would veto the legislation because they are now included.

I would suggest to the body that they should be removed today.

The first deals with the issue of jurisdictional appeal. Today if a property owner wants to find out if there is a wetland on his or her property, they would approach the Corps and receive a determination. If the determination is not satisfactory to the property owner, they would then proceed to the permitting process and thereafter have jurisdiction to go to the U.S. Federal courts.

The Corps, since 1996, and the administration has recognized that this is not good policy. I would acknowledge to all of my colleagues it is not good policy and it ought to change.

That is what they are about, to promulgate an administrative appeal process so that if a property owner is aggrieved, there is an appeal process within the Corps itself before recourse is taken, especially to the Federal courts. I think that that is what we should be about and that is the process that we should retain.

In the bill, $5 million is included to fully fund the completion and implementation of this appeal process. And we call upon the Corps to do it as expeditiously as possible.

I think that the language that was approved by the other body is acceptable and that the offending language on the jurisdictional issue goes for one final portion talking about final agency action.

What the gentleman from California (Mr. PACKARD) would do in the legislation is to suggest that if an appeal is taken, it would be considered a final agency action and that the property owner could then go to Federal court without first seeking a permit.

I do not believe that this is appropriate policy, because a jurisdictional determination, first of all, does not restrict use of the property. It simply suggests that a permit would be necessary and 95 percent of the permits requested are granted.

Instead of expediting the process, and that is certainly what I think most people want to see encouraged on both sides of the political aisle, it would result in delay. Because instead of people and personnel at the Corps considering permit evaluations and considering other matters dealing with wetland and expeditious consideration, they would be defending those actions in Federal court. It would burden the courts. It would burden the Department of Justice and it certainly is a burden to the Corps.

Finally, it seeks remedy where there is no harm. The issue only arises if there is a wetland. And it is the primary policy of this Nation it preserve those wetlands. And it only occurs if a permit is required.

So I would suggest at this point in time the language that is included in the bill would simply lead to more litigation, and it would not solve the problem as intended.

The second issue refers to a program called Permit 26. And essentially today, and since about 1977, there are 37 different general permits that the Corps of Engineers established to again expedite the process. They are meant to protect wetlands. They are meant to facilitate implementation of the Clean Water Act. If a certain criteria is not met under general permitting, then an individual permit would be necessitated.

Permit 26 is the only one of the 37 that does not meet the standards of the Clean Water Act because it is based on size and acreage and not on activity.

The administration recognized this in 1996 and began to develop a permitting process that is activity based. In 1996, they reduced acreage and allowed the Permit 26 to continue 2 years while this program proceeded. On July 1 of last year, the situation was extended until March of this year, and comments were solicited from the public.

In October of last year, one of the six activities that had been proposed by the Corps based on the comments received were withdrawn, that dealing with master plan development. The Corps heard the concern of property owners, developers, and landowners. An additional comment period was set aside in September of last year.

As we speak, a third comment period relative to this permitting process is now underway. It began on July 21 to make sure that the public input is provided.

It is anticipated, as with the jurisdictional issue, that this permitting situation will be resolved and a final process will be put into place by the end of this year. I think it is inappropriate for us to intervene in an extraordinary fashion to now delay that implementation after the Corps has worked so hard to ensure that it is put in place this year.

I am very concerned about this provision. This is not something that is minor or insignificant. And again, I would remind all of my colleagues that FEMA, the EPA, the Army Corps of Engineers have strongly objected and the administration has now issued a veto threat.

I do believe that the language ought to be removed.

Mr. Chairman, I reserve the balance of my time.

Mr. PACKARD. Mr. Chairman, I yield 3 minutes to the gentleman from Kentucky (Mr. ROGERS) a member of the full committee and also a member of the subcommittee.

Mr. ROGERS. Mr. Chairman, I rise in strong support of this bill and commend it to the body.

In his first year as chairman, our good friend the gentleman from California (Mr. PACKARD) has done an outstanding job. He has taken the courageous approach to producing this bill, working with a lot less money than his predecessors. He compensated for that with difficult but justified decisions throughout the bill.

This bill restores the public works programs of the Army Corps of Engineers, maintaining commitments between the Federal Government and communities across the Nation for flood control, navigation, and shoreline protection.

The President's requested budget ignored many ongoing projects and zeroed them out, while at the same time he proposed $80 million in brand new activities.

The administration adopted the practice of low-balling the annual Corps budget, leaving ongoing projects dangling and walking away from front-line responsibilities that Congress has directed and the Corps has proceeded with.

We on the subcommittee have repeatedly hammered the White House for that practice because it breaks the faith between the Congress the Corps and our communities. It is an irresponsible approach to budgeting for our Nation's needs, and our constituents deserve better.

Fortunately, we have the gentleman from California (Mr. PACKARD) at the helm; and this bill goes a long way towards getting these projects back on track. The recommendation of $4.2 billion will ensure that these vital national priorities are adequately funded.

In addition, Mr. Chairman, I want to speak very briefly in favor of the bill's provisions regarding wetland permitting.

We have been hearing and we will hear more from the opponents on this issue claiming that the bill reduces Federal protections and allows expanded development on remaining wetland. Simply put, that accusation is false. Neither the intent nor the impact of these provisions will be harmful to the environment.

With regards to the administrative appeals process, the bill's provisions merely reflect what the administration expressed support for some time ago. But despite report language in both the 1998 and 1999 bills giving the Corps the direction and the resources to implement an administrative appeals process for jurisdictional wetlands, nothing has happened.

The underlying provisions in this bill in no way undermine public interest groups' rights in the appeals process. It merely gives private property owners, those most affected by the jurisdictional determination, the same rights now afforded to our environmental interest group friends.

The language currently in the bill is a common-sense measure and should have been implemented by the Corps some time ago. I urge the House to support it.

In closing, I will just say that the gentleman from California (Mr. PACKARD) and his very capable staff have put together something we can all be proud of, and I would urge everyone to vote in favor of this bill.

Mr. VISCLOSKY. Mr. Chairman, I reserve the balance of my time.

Mr. PACKARD. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania (Mr. SHUSTER), chairman of the Committee on Transportation and Infrastructure.

☐ 1700

Mr. SHUSTER. Mr. Chairman, I thank my good friend for yielding me this time.

I may not be able to be here on the floor when we debate the Visclosky amendment, although it has already been referred to by the gentleman from Indiana (Mr. VISCLOSKY). I must say that I rise in strong opposition to that amendment.

This amendment, if it passed, would delete a provision in the bill that simply requires a report to Congress before the Corps of Engineers finalizes extremely controversial changes to the nationwide permitting program. There are at least three compelling reasons to support the modest provisions in the bill and vigorously oppose this amendment:

First, the right to know, truth-in-permitting. Congress and the American public have a right to know the costs and workload impacts of sweeping changes to the nationwide permitting program. What is the administration trying to hide? Why are unelected regulators so afraid to assess and disclose information on workload impacts and costs?

Secondly is a question of fairness. While comprehensive reform on wetlands will have to wait for another day, there are some small steps we can take. One is to insist that the administration fully implement the administrative appeals process promised.

Thirdly, accountability. We must hold the administration accountable. President Clinton promised an appeals process in 1993. To date, no process has been established for robust administrative appeals or expedited judicial review.

We have got to hold the environmental extremists and the fearmongers accountable. This bill does not destroy wetlands, risk lives or cause flooding. Read the language. It simply is telling the Corps to share information with the appropriators and with the authorizers. It is not changing any standards under the Clean Water Act.

Stop this misinformation. When the time comes, vote "no" on the Visclosky amendment.

Mr. VISCLOSKY. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon (Mr. WU).

Mr. WU. Mr. Chairman, there is a pilot project at the mouth of the Columbia River, established through the Oregon Graduate Institute and the Marine Environmental Research and Training Station in Astoria, Oregon which provides both realtime and historical model forecasts. The technology from this pilot project could have numerous applications, including channel deepening, habitat restoration and the reduction of flood hazards.

Is it the chairman's understanding and the ranking member's understanding that the Army Corps of Engineers can exchange information and provide professional advice to the Oregon Graduate Institute and the Marine Environmental Research and Training Station in the Institute's development and implementation of this system?

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. WU. I yield to the gentleman from California.

Mr. PACKARD. Mr. Chairman, I understand the gentleman's position, and the gentleman is correct.

Mr. VISCLOSKY. If the gentleman will yield, I would agree with the gentleman from Pennsylvania, the gentleman is correct.

Mr. WU. I thank the chairman and the ranking member and encourage the Corps to interact with the Institute as this remarkable project moves forward in Oregon.

Mr. PACKARD. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey (Mr. FRELINGHUYSEN), a very valuable member of the subcommittee.

Mr. FRELINGHUYSEN. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I rise today in support of H.R. 2605, making appropriations for Energy and Water Development. Let me first thank the gentleman from California (Mr. PAKARD) and the gentleman from Indiana (Mr. VISCLOSKY) for their approach to this year's Energy and Water bill. It is a model of bipartisanship. Likewise, I would like to thank the staff of the committee for their tireless work on behalf of the Nation.

Mr. Chairman, this bill stresses important national priorities while keeping our commitment to downsizing the Federal Government and to keep our budget balanced. Again this year the President's budget request for the Army Corps of Engineers was woefully inadequate. Despite this committee's repeated calls for the President to fund these important infrastructure needs, he chose to ignore us. This bill maintains funding for critical flood safety, coastal protection and dredging projects throughout our Nation and flatly rejects the administration's efforts to back away from these very important and long-term investments. It restores the needed funds to protect American life and property and promotes our international competitiveness.

In addition to the funding for our Nation's infrastructure, this bill provides funding for the Department of Energy. While this bill funds many critical programs at the Department, I would like to speak favorably, but do it under extended remarks, about some of the nonproliferation programs that the gentleman from California and a number of us visited in Russia recently. I think these are long-term investments in protecting our world, and I would like to thank the gentleman from California for taking us to Russia to visit two closed cities, nuclear cities, where we could see firsthand how some of our tax dollars are spent in protecting the world from a growing nuclear problem where, in fact, nuclear materials can get into the wrong hands.

Mr. Chairman, I support the bill.

As you know, Mr. Chairman, after the Cold War, our country and the Soviet Union were left with vast stockpiles of nuclear weapons, plutonium and highly enriched uranium. As a result, the mission of safeguarding this material has fallen to the DOE. In particular, the U.S. needed to ensure that Russian nuclear weapons were being dismantled and that the excess fissile materials removed from them were not used again to produce new nuclear weapons.

The Warhead and Fissile Material Transparency Program, one of the many programs established at the DOE, sought to incorporate a comprehensive strategy to work cooperatively with Russia to develop transparency measures providing confidence that Russian nuclear arms were being dismantled. This program has opened doors in Russia which were once closed to the world.

Also, under the Nuclear Cities Initiative, the U.S. and Russia are now joining forces to bring jobs and commercial enterprises to Russia's nuclear cities. Similarly, the Energy Department is working in Russia to install modern safeguards against further loss of controls over nuclear weapons, elements and knowledge under Material Protection, Control and Accountability System paid for with Energy Department dollars.

Both of these programs are examples of how crucial this international work is and this bill continues to emphasize this importance. The reason I have taken the time to point out a few of these programs is to highlight, that this appropriations bill is more than just meeting our nation's infrastructure needs and scientific research. This bill continues our commitments made through treaties and agreements with Russia and underscores the importance of our continued work together to protect the world from new nuclear threats.

Finally, let me say a word about fusion research. The Committee worked very hard to see that funds were provided to keep this important research on track. Specifically, I am very pleased that the bill includes $250 million for fusion research. Fusion energy has the potential to be unlimited and ultra-clean source of energy for the world. After numerous years of declining budgets for this program, it is refreshing to provide this important commitment.

Mr. Chairman, this bill represents real progress towards setting national priorities. I urge my colleagues to support this bill.

Mr. VISCLOSKY. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. THOMPSON).

Mr. THOMPSON of California. Mr. Chairman, I thank the gentleman from California and the gentleman from Indiana for their leadership in bringing this bill to the floor. They have made a serious effort to keep the bill clean and their dedication to that effort has been instrumental in putting together a bill that we can move through the process. I would like to also thank the gentleman from California (Mr. FARR) for his assistance with a matter in the report regarding the Trinity River Diversion.

It is my understanding that the report language relating to the Trinity River Diversion is meant to ensure that a decision on the Trinity River flows is made in accordance with existing law.

Is that the gentleman's understanding as well?

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of California. I yield to the gentleman from California.

Mr. PACKARD. Mr. Chairman, the gentleman is correct. That is my understanding.

Mr. THOMPSON of California. Mr. Chairman, I look forward to working with the gentleman from California and the gentleman from Indiana to ensure final passage.

Mr. PACKARD. Mr. Chairman, I yield 4 minutes to the gentleman from Florida (Mr. FOLEY).

Mr. FOLEY. Mr. Chairman, I want to take a moment to thank the gentleman from California for bringing such a fine bill to the floor today. Many Members know the difficulty it is for a chairman to wrestle all the issues that they are confronted with because so many priorities exist around America that we all want to deal with.

We all know the funding constraints the Subcommittee on Energy and Water Development was under this year and I think the gentleman from California did an excellent job of funding Members' priorities.

I think the gentleman from California did a particularly fine job funding beach renourishment projects which are vital to the economies of coastal States like Florida. Every year, the administration refuses to recognize the Federal commitment to these projects by not requesting funds. Since I arrived here in 1994, I was quite shocked at the fact that they chose not to fund any beach renourishment projects in my district. I will suggest to Members if they look back at the history of Florida, particularly around the areas where the beaches have suffered the greatest damage, it is as a result of the inlets that were dug by the Corps of Engineers, years, some of them 50, 60 years ago, that have then changed the, if you will, flow of sand that occurs on the beaches, and particularly those to the south of the beach where the inlet was dug have suffered consequences that are extremely dire and environmental concerns on ocean, if you will, enhancements, in turtle nesting, a number of things. I again want to underscore the gentleman's particular fine attention to beach renourishment.

I know that makes the subcommittee's job more difficult, and I thank the gentleman from California for not going along with the administration's irresponsible policy. These are projects that demand and deserve the Federal Government as an active and willing partner, including, in my particular district, there are a number of communities that have, if you will, brought forward local tax dollars in support of these. In fact, some to the degree of well over 50, 75 percent of the local matching effort.

I also want to thank the gentleman from California for fully funding the Everglades and South Florida Ecosystem Restoration Account. This account funds the Everglades "critical restoration projects" authorized in the Water Resources Development Act of 1996 which also includes Ten Mile Creek, a project in my district, these entire projects for the sustainability of Everglades National Park, underscore "national park," a priority we should all share in this Chamber as we care about our national parks in every region and every State and every jurisdiction.

Finally, Mr. Chairman, this year's House bill funds the critical projects list that I just specified that have been designed by the local sponsor, South Florida Water Management, the Corps of Engineers and other entities to the tune of $21 million, an amount greater than the previous 2 years combined, to keep these vital restoration efforts moving forward.

Again, I want to finally and strongly commend the gentleman from California, his first year as chairman of the Subcommittee on Energy and Water Development, for listening to Members' concerns, for looking out for the welfare and vitality of all of our regions, all of our States, for the entirety of our Nation. My hat is off to him for his excellent work and stewardship of this bill to the floor today.

Mr. VISCLOSKY. Mr. Chairman, I yield 2 minutes to the gentleman from Tennessee (Mr. FORD).

Mr. FORD. Mr. Chairman, let me thank the chairman and the ranking member for their leadership on the bill and thank the gentleman from Indiana (Mr. VISCLOSKY) for yielding me this time. I also appreciate the support of both the gentleman from Tennessee (Mr. TANNER) and the gentleman from Tennessee (Mr. BRYANT) on this project that is important not only to the International Port of Memphis but also to the ports along the Lower Mississippi from Cairo, Illinois to Baton Rouge, Louisiana.

Mr. Chairman, in 1944 the Congress authorized a 12-foot navigation channel on the lower Mississippi River between Cairo, Illinois, and Baton Rouge. However, the U.S. Army Corps of Engineers only maintains a 9-foot channel. And although it is estimated that a 12-foot channel exists 85 percent of the time, the need for a formal reevaluation by the U.S. Army Corps of Engineers is necessary. I ask the committee to direct the Corps of Engineers to evaluate the current feasibility of maintaining a dependable 12-foot navigation channel on the Mississippi River below Cairo to Baton Rouge within available Mississippi River and Tributaries funds. The study should determine if the expansion is technically sound, environmentally acceptable and economically justified.

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield to the gentleman from California.

Mr. PACKARD. I thank the gentleman from Tennessee for his leadership on the inland navigational issue and will be more than pleased to work with him.

Mr. FORD. Mr. Chairman, the lower Mississippi River is vital to our Nation as the primary commerce link between our Nation's agricultural heartland and the foreign and domestic markets. It also serves as an economic backbone to the economically challenged areas of the lower Mississippi delta area. A 12-foot navigation channel can increase the cargo-carrying capacity of the existing system with the least investment cost to the Nation. I appreciate the committee's willingness to address this issue and hope that language will be included in the conference report that would direct the Corps of Engineers to evaluate this issue.

Mr. PACKARD. Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Mr. SHAW).

Mr. SHAW. Mr. Chairman, I thank the gentleman for yielding me this time. I rise today in support of H.R. 2605, the Energy and Water Development appropriations bill for the fiscal year 2000.

Mr. Chairman, this bill plays a critical role in public works projects throughout my coastal district. I am especially grateful to the gentleman from California and the gentleman from Indiana for their efforts in the area of shore protection. Since the Clinton-Gore administration decided several years ago to drastically cut shore protection from their annual budget, the Subcommittee on Energy and Water Development has struggled each year to come up with the additional millions of dollars to meet critical beach erosion needs all across our country. This fact, coupled with the budget cap realities, has coastal communities across the country finding themselves facing severe beach erosion with little Federal relief in sight.

Funding issues aside, I am also concerned over the slow rate of progress being made to renourish beaches in Broward County and Miami-Dade County, Florida, where arcane and archaic Army Corps policies have slowed down beach renourishment projects. I am hopeful that I can work with the subcommittee over the next few weeks to find innovative solutions to overcome these obstacles.

I also would be remiss if I did not express my appreciation to this committee as well as the Subcommittee on Interior and also to the chairman of the full committee the gentleman from Florida (Mr. YOUNG) for their sensitivity to our needs of the environment in the Everglades. The attention that this Congress has given to our environmental needs in Florida has really been most gratifying. I want to express appreciation for the entire Florida delegation on this matter.

I urge my colleagues to vote "yes" on this bill.

Mr. VISCLOSKY. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. CROWLEY).

Mr. CROWLEY. Mr. Chairman, I rise today in strong support of this Energy and Water appropriations bill and to thank the gentleman from California and the gentleman from Indiana for all their hard work along with the gentleman from Florida (Mr. YOUNG) and the gentleman from Wisconsin (Mr. OBEY).

On behalf of my constituents from the Seventh Congressional District, I want to convey my heartfelt gratitude for a very important project made possible by this legislation. This bill allows for an Army Corps of Engineers feasibility study to be conducted in Flushing Bay and Flushing Creek in Queens County in New York City.

□ 1715

This study will develop ideas for improving water quality in these bodies of water and help make them viable again for the citizens of New York.

Mr. Chairman, without Federal funding, Flushing Bay and Flushing Creek would not be cleaned up.

I thank the committee for recognizing the importance of this project to the people of Queens and to agreeing to help us maintain and, more importantly, to improve our bodies of water, and once again, Mr. Chairman, I would like to thank the gentleman from Indiana (Mr. VISCLOSKY) for all his support and help in this effort.

Mr. PACKARD. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan (Mr. KNOLLENBERG), a valued member of the subcommittee and the full Committee on Appropriations.

Mr. KNOLLENBERG. Mr. Chairman, I thank the gentleman for yielding this time to me. I appreciate obviously all the work he has done on this bill, his staff included, and the gentleman from Indiana (Mr. VISCLOSKY) for his work in bringing about a great bipartisan proposal. I would like to thank the committee as well for addressing my concerns on back-door implementation of the Kyoto Treaty. This bill includes my language to prohibit the DOE, the Department of Energy, from issuing rules or regulations to implement this fatally flawed agreement until it is ratified by the Senate.

The Kyoto Treaty is unfair. The United States Senate has unanimously voted that it will not consent to a treaty that is so unfair.

Given the stakes involved, Congress must be vigilant in ensuring that this agreement is not rammed through the back door. Make no mistake about it. As the offerer of the amendment, I intend that no taxpayer dollars be spent to do any work whatsoever on carbon emissions trading, be it under the rubric of educational materials, or a seminar or otherwise.

Mr. Chairman, I am also pleased that that bill provides much needed funding for nuclear R&D. Nuclear energy, which represents 20 percent of the Nation's energy supply, provides a viable, cost-efficient and clean alternative to fossil fuels. However, for nuclear energy to become a more prominent energy source for the American people in the 21st century, the Federal Government must dedicate more money to nuclear R&D.

This bill provides 20 million for the NERI program, 12 million for the university support programs, and a first-time appropriation of 5 million for the NEPO program. This modest investment of taxpayer dollars will facilitate the development of technology that will make nuclear energy safer and more efficient. It also ensures that the United States will continue to produce the best nuclear scientists in the world, and it provides the resources to improve the efficiency, the safety and reliability of our existing nuclear power plants.

Mr. Chairman, I believe these programs provide enormous benefits to the American people, and I would like to see their funding increased even further. I understand however the realities of this at this time are not possible.

Once again, I do want to sincerely thank the gentleman from California (Mr. PACKARD) and the gentleman from Indiana (Mr. VISCLOSKY). I want to recognize the staff again because they did a super job, a tremendous job, in bringing this bill to closure.

So with that I urge a yea vote on this bill.

Mr. VISCLOSKY. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. EDWARDS), a valued member of the subcommittee.

Mr. EDWARDS. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, this is not going to be one of the highest profile bills that we will pass before this House this year, but I think it will be one of the most important, one of the most important if my colleagues believe that providing for flood control for communities and urban rural areas across our country is important. One of the most important if they think it is a role of our Federal Government to safeguard the nuclear stockpile, provide for energy research, and help solve the problem and the threat of nuclear proliferation. This bill deals with those crucial, crucial issues.

The reason this bill is not going to be one of the highest profile bills in the Congress is because we had a great chairman of the subcommittee, the gentleman from California (Mr. PACKARD), and a great ranking member, the gentleman from Indiana (Mr. VISCLOSKY), who worked together in a bipartisan, really nonpartisan, fashion on so many of the important decisions that had to be made. And as happens when we have leaders in this House that work together, the press, the national press, pays very little attention to that.

So notwithstanding the honest disagreements as there would be and should be on issues such as the environment and the wetlands issue in this bill, the chairman and the ranking member did an outstanding job of putting together this package on a nonpartisan basis.

Let me say personally while I wish we had more money to fund the critical programs in the Department of Energy, the budget simply did not allow that, and I hope the final conference report might include some plus ups in some of those programs.

And as a final note, Mr. Chairman, let me say that I understand that there are between, depending on how one counts them, 800 and a thousand Member requests for additional spending in this bill, and to those who would argue in support of nearly a trillion dollars tax cut over the next 10 years that we can cut domestic discretionary spending by 20 to 40 percent, I would suggest they need to look at the finer details of legislation such as this, important flood control, water research projects; that if they were to be cut by 20 to 40 percent, we would undermine some terribly, terribly important causes and programs for this country.

This is a good bill. Notwithstanding what happens on the amendment dealing with the wetlands, I intend to support it, and I want to again commend the chairman, the gentleman from California (Mr. PACKARD), and the ranking member, the gentleman from Indiana (Mr. VISCLOSKY), for their leadership on this legislation.

Mr. PACKARD. Mr. Chairman, I have a series of colloquies that I would like to take care of, if we can during the general debate time, and to begin that series I yield such time as he may consume to the gentleman from Utah (Mr. CANNON).

Mr. CANNON. Mr. Chairman, first of all let me express my appreciation for the hard work of the gentleman from California (Mr. PACKARD) and that of the ranking member, the gentleman from Indiana (Mr. VISCLOSKY), in putting together this bill that is before us today.

I know they were approached with many requests that simply could not all be accommodated. I, along with a number of our colleagues, sought funding for a study to be conducted by Oakridge Laboratory of the Atlas Uranium Mill Tailings site in Moab, Utah. I know the gentleman from California is familiar with this issue as this site sits within 750 feet of the Colorado River which runs drinking water for 25 million people.

I understand that funding was not provided because this particular study is not currently authorized. It is my hope that in the coming year, we will secure adequate authorization. At that point would the chairman be willing to work with us to secure funding in the future for this vital study and other remediation efforts?

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from California.

Mr. PACKARD. Mr. Chairman, as the gentleman knows, we did not fund any unauthorized projects, and thus this could not be funded. I will be more than happy to work with the gentleman in the future years.

Mr. CANNON. Mr. Chairman, I thank the chairman and the ranking member.

Mr. PACKARD. Mr. Chairman, I yield such time as he may consume to the gentleman from Utah (Mr. COOK).

Mr. COOK. Mr. Chairman, I would like to commend the gentleman from California (Mr. PACKARD) and the entire committee and their staff for the good bill they brought before us. They worked hard to cut wasteful spending out of the Department of Energy's budget.

I do appreciate this opportunity to engage the chairman, the gentleman from California, in a colloquy, and I would like to urge the gentleman to make the Department of Energy's tight budget even tighter. I believe more cuts can be made to questionable grants awarded under the nuclear energy research initiative or NERI program including cold fusion and others.

Now cold fusion can receive a grant, then the grant administrators are simply not taking seriously their responsibility to the taxpayers. We have to question the adequacy of DOE's peer review process. The whole NERI project needs to be looked at under a microscope. The Department of Energy is not doing this. They are reviewing only the cold fusion grant.

Now here is a perfect opportunity to stop the traditional government solution of throwing more money at a problem in the hope that it will go away. The American people are tired of paying more taxes simply because the government sometimes does not know what it is doing.

The general focus of the other cuts that I suggest are an unnecessary administrative cost.

I hope my colleague can also work to restore or increase funds for several critical programs such as the computational and technological research to ensure that the cleanup of the Defense sites remains on schedule and to guarantee the Department of Energy can adequately fund its payment in lieu of taxes. The DOE has been in arrears on its obligations in these counties since 1994, and with all the money taxpayers give DOE, they should be able to be current on the PILT.

We also need to ensure the safekeeping of our nuclear secrets by increasing counterintelligence funding.

Mr. Chairman, the gentleman has raised funding in this bill for counterintelligence, and I commend him for it, but we need to make sure the job is done right by increasing this funding by about $2 million more.

Mr. Chairman, it is my understanding that the gentleman from California and the committee will work to make some of these changes in conference to address these concerns and save the American taxpayers money.

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. COOK. I yield to the gentleman from California.

Mr. PACKARD. The gentleman is correct. We will be more than pleased to work with him in conference, and we are trying to resolve this issue.

Mr. COOK. I thank the gentleman very much for engaging me in this colloquy.

Mr. PACKARD. Mr. Chairman, I yield 3 minutes to the gentleman from Nevada (Mr. GIBBONS).

Mr. GIBBONS. First of all, I want to congratulate the gentleman from California for his leadership and hard work on this bill, and his time and commitment is appreciated by me and the entire Congress. And for this reason, Mr. Chairman, I am here at the well to discuss the ability of the State of Nevada and all affected local governments in the State to carry out their oversight authority of Yucca Mountain, Nevada, as was granted to them under the Nuclear Waste Policy Act of 1982.

Currently the Department of Energy is conducting tests to determine if Yucca Mountain will be a suitable permanent repository site for nuclear waste. When the Nuclear Waste Policy Act of 1982 was created, Members of this body felt that it was imperative for the State of Nevada and all affected local governments to have sufficient resources to carry out their own oversight.

These necessary moneys are used to properly oversee tests the Department of Energy is carrying out to determine whether or not Yucca Mountain is suitable as a permanent nuclear waste site. This is a very critical part of the 1982 act because it allowed for Nevada and, particularly its residents, to have confidence in the scientific studies and especially the validity of those tests that the Department of Energy has been conducting.

These resources will allow for State and local governments to continue to perform their own independent validation and oversight tests to ensure the best science is used to determine site suitability. It has been my experience that local scientists have been nonbiased and have produced needed assurances that only the best scientific data is used to determine the hydrologic and geologic character of the Yucca Mountain area.

We have nearly 2 million people in Nevada, and their safety and quality of life in this debate should not be ignored, making it imperative that we provide the financial resources to ensure the State of Nevada and affected local governments are able to monitor and report on this activity.

Therefore, I would ask, Mr. Chairman, that the House conferees work with me to get $4.727 million for the State of Nevada and $5.432 million for the affected local governments. These appropriated amounts are consistent with the moneys appropriated in the Senate Fiscal Year 2000 Energy and Water Development Appropriations Act.

And as time moves closer to designate Yucca Mountain as a permanent nuclear repository, it becomes imperative that we address the scientific and safety concerns of the citizens of Nevada, and again I would thank the gentleman from California (Mr. PACKARD) for his work on this bill and appreciate his willingness to work with me on this very important issue.

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from California.

Mr. PACKARD. Mr. Chairman, I would like to assure the gentleman that I do understand the Yucca Mountain issue, particularly as it relates to the Nevada people, and I will do my best to work with the gentleman in resolving the issues. It is a very, very important issue nationally as well as in the gentleman's state.

Mr. GIBBONS. Mr. Chairman, I thank the gentleman for his understanding on this very important issue. These moneys are important to Nevada and to its future.

Mr. VISCLOSKY. Mr. Chairman, I yield 1 minute to the gentleman from Colorado (Mr. UDALL).

Mr. UDALL of Colorado. Mr. Chairman, I wanted to take this opportunity to again express my support for this bill. I also want to thank the gentleman from California (Mr. PACKARD) and the ranking member, the gentleman from Indiana (Mr. VISCLOSKY), for working with me and my colleague, the gentleman from Arizona (Mr. SALMON) on our amendment on renewable energy.

I am glad that the gentleman has agreed to accept our amendment, and I look forward to discussing it in more detail at the appropriate time.

Mr. PACKARD. Mr. Chairman, I yield 2 minutes to the gentleman from Tennessee (Mr. WAMP), a member of the committee.

Mr. WAMP. Mr. Chairman, I seek time to thank the distinguished chairman of this subcommittee and to thank the excellent staff with which he works every day and also to engage him in a colloquy.

☐ 1730

This is an issue of great importance to our Nation.

As the gentleman knows, the Y-12 nuclear weapons plant is located in the district that I serve. These facilities were on the front lines of the Cold War and were an integral part in bringing that long conflict to a successful and victorious end. The workers in Oak Ridge selflessly served our country and did a magnificent job.

As their representative here in the House, I am acutely aware that our national security depends on adequately funding their mission and making sure our aging weapons plants are properly maintained and modernized. However, earlier this year the President submitted a budget that was insufficient to maintain the current activity level at the Y-12 plant. Recognizing this shortfall, the House Committee on National Security provided a $38.6 million increase in funds for the Y-12 weapons plant and environmental management activities there in Oak Ridge.

Because of the small allocation and the extreme pressures placed on the subcommittee, the chairman was not able to fully fund this request. While I understand that not much can be done at this time, I would like to make a strong appeal to the chairman of the subcommittee that when the conference committee convenes, that every effort is made to adequately fund the critical missions of nuclear weapons, stockpile and stewardship and modernization of their facilities.

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. WAMP. I yield to the gentleman from California.

Mr. PACKARD. Mr. Chairman, the gentleman is very much aware of the fact that we have very limited funding, and if additional funds become available between now and conference, we will do our best to make sure that the gentleman's concerns are addressed in conference.

Mr. WAMP. Mr. Chairman, I thank the gentleman.

Mr. VISCLOSKY. Mr. Chairman, I reserve the balance of my time.

Mr. PACKARD. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. POMBO).

Mr. POMBO. Mr. Chairman, as the chairman of the subcommittee is aware, I have an amendment at the desk that has been made in order. The purpose of this amendment is to take $150,000 from the "General Investigation" section under Title 1 for a project in my district and place that amount in the "General Construction" section of that same project. After discussing this in detail with the gentleman from California (Mr. PACKARD), while this is an authorized project and I view it as sound policy, I have decided not to offer that amendment at this time.

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. POMBO. I yield to the gentleman from California.

Mr. PACKARD. Mr. Chairman, I want to thank the gentleman for not offering this amendment. I will work with the gentleman as we proceed through the regular process and through the conference. I understand this project, and I agree that it merits reimbursement funding at the appropriate time during the conferencing.

Mr. POMBO. Mr. Chairman, the Corps did not include this in its current budget request. In order to ensure that this project is included in the Corps' next fiscal year budget proposal, I drafted this amendment and appreciate the gentleman taking an interest in seeing this important issue resolved.

Mr. PACKARD. Mr. Chairman, if the gentleman will further yield, I am aware of the importance this holds to Stockton, California, the city where the gentleman certainly has a great interest in his district, and I will work to see that they are promptly repaid by the Federal Government for authorizing Federal flood control work projects as it carries out on behalf of the Corps. I will do my best.

Mr. POMBO. Mr. Chairman, I thank the gentleman.

The CHAIRMAN. The gentleman from Indiana (Mr. VISCLOSKY) has 13½ minutes remaining; the gentleman from California (Mr. PACKARD) has 1½ minutes remaining.

Mr. PACKARD. Mr. Chairman, I would inquire if the gentleman from Indiana (Mr. VISCLOSKY) would be willing to yield 5 minutes for the purpose of engaging in colloquies with various Members.

Mr. VISCLOSKY. Mr. Chairman, my understanding is the gentleman may need up to 6 minutes, and I am happy to yield him that 6 minutes for purposes of control.

The CHAIRMAN. Without objection, the gentleman from California will control 6 additional minutes.

There was no objection.

Mr. PACKARD. Mr. Chairman, I thank the gentleman from Indiana.

Mr. Chairman, I yield such time as he may consume to the gentleman from Oklahoma (Mr. WATKINS) for the purpose of a colloquy.

Mr. WATKINS. Mr. Chairman, I would like to thank the gentleman from California and also the ranking member, the gentleman from Indiana, the committee members and staff for the great job they have done on this bill.

As my colleagues know, I had the privilege of serving for 10 years on this subcommittee, and I miss the opportunities of being there for a lot of the discussion and debate. But I do appreciate the committee including funding for the southeast Oklahoma water study which is in my district. The study would determine what benefits and needs there are for the potential use of that water in southeast Oklahoma. It is my understanding that the study will also include two hydroelectric projects under consideration at Pine Creek Dam on Little River and at the Broken Bow Re-Regulation Dam on Mountain Fork River, both in my district.

Is that correct, Mr. Chairman?

Mr. PACKARD. Mr. Chairman, if the gentleman will yield, that is correct.

I want to thank the gentleman for his expertise and input and experience on this, and I look forward to working with the gentleman on this very important project.

Mr. WATKINS. I thank the Chairman.

Mr. PACKARD. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. HORN) for the purpose of a colloquy.

Mr. HORN. Mr. Chairman, I thank the gentleman from California (Mr. PACKARD), the chairman of the subcommittee, and the gentleman from Indiana (Mr. VISCLOSKY), the ranking member, and all members of the committee, as well as the very fine staff. I have read through most of this very thorough report which goes on for roughly 201 pages; and in those pages we can see fairness. We can see responsibility and thinking about the national interests in all of these various projects that affect millions of our fellow citizens.

For millions of Americans, my colleagues on the subcommittee have shown the way in building what needs to be done to prevent floods, to utilize and purify our waters in many ways, and to enable us to have great harbors.

I thank the chairman of the subcommittee on behalf of the five congressional districts in Los Angeles County where 500,000 people are in the flood plain. It is a very expensive project, but hopefully it will be almost the last year of construction. The flood area is in the most devastated part of the county of Los Angeles. 400,000 aerospace workers became unemployed starting in March of 1988 and for the next decade.

On top of that then, FEMA imposed flood insurance on this project, and millions of dollars were extracted from thousands of low income workers.

The subcommittee and its members were wise to finish this project which affects so many people in a county of 10 million residents.

Again, I thank the gentleman (Mr. PACKARD) and all of the members of the subcommittee for their help. They have shown fairness and recognition of a population in need, and we thank him for it.

Mr. PACKARD. Mr. Chairman, I thank the gentleman.

Mr. Chairman, I yield 2 minutes to the gentleman from Montana (Mr. HILL).

Mr. HILL of Montana. Mr. Chairman, I want to thank the subcommittee for the work they have done on this bill, and I want to draw the gentleman's attention today to an issue that is important to the people of Montana.

Last year, Congress authorized the sale of certain Federally owned cabin sites on Canyon Ferry Reservoir. The proceeds from the sale, estimated to be $18 million to $20 million, will be used to improve fish and wildlife habitat and recreational access along the Missouri River. In addition, the sale of the cabin sites would enhance the local property tax base.

The Congress made the sale of the cabin sites contingent on the establishment of a $3 million Canyon Ferry Broad Water County Trust, funded in full or in part by in-kind projects carried out by the Bureau of Reclamation. Unfortunately, this bill does not contain any money for these projects.

Does the Chairman believe that it is critical for the Bureau of Reclamation, working in conjunction with the cabin site owners and the local units of government, to identify specific improvement projects around Cabin Ferry in order to ensure that the intent of the Cabin Ferry legislation is fulfilled?

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. HILL of Montana. I yield to the gentleman from California.

Mr. PACKARD. Mr. Chairman, I want to thank the gentleman. The gentleman is correct. I appreciate his leadership on making me aware of this important issue, and I want to compliment him for his hard work and diligence in attempting to complete this sale.

I look forward to working with the gentleman from Montana on this important issue as it proceeds through the appropriations process.

Mr. HILL of Montana. Mr. Chairman, I thank the chairman for his comments and I look forward to working with the subcommittee and with him in the future to complete this important project.

Mr. PACKARD. Mr. Chairman, I yield 2½ minutes to the gentleman from Washington (Mr. NETHERCUTT), a member of the full committee.

Mr. NETHERCUTT. Mr. Chairman, I also want to thank the gentleman from

California (Mr. PACKARD) for the good work that has been done on this bill, as well as express appreciation to the ranking member to try to put this bill together in a way that is fair for all parts of the country who have issues relating to energy and water, especially the work that has been done, Mr. Chairman, on addressing of the salmon restoration funding in the Pacific Northwest. There are tight fiscal constraints in this year's budget, and I appreciate the effort that has been undertaken to address those issues of salmon restoration.

The Pacific Northwest has numerous salmon species listed as endangered or threatened, and the committee has expressed concerns about the money spent on restoration efforts. In fact, last year the subcommittee provided $7 million for Columbia fish mitigation efforts by the Corps of Engineers and included report language that questioned the amount of money that has been spent on fish mitigation efforts.

Mr. Chairman, we are delighted that we are making progress in the region, and I appreciate the gentleman's willingness to provide $65 million in funding for Columbia River fish mitigation efforts. We must continue to look at all options for recovering salmon, including addressing predation by Caspian Terns, thoroughly evaluating "PIT" tag research, and to encourage the Corps of Engineers to make improvements to the current hydroelectric system to improve salmons' survival success rate. It is critically important to the Northwest.

I also appreciate the efforts the gentleman has made to address my concerns regarding section 317 of this bill, since it was marked in the full committee last week. I am still concerned about the interpretation of the language, but I appreciate, Mr. Chairman, the clarification of the intent that appears in this bill.

The Federal Power Marketing Administration, such as BPA, Bonneville Power Administration, provides power in the Pacific Northwest. They are interconnected to other transmission systems. In the case of BPA, the transmission lines are interconnected by areas such as California and Wyoming, and even Canada, and were mandated by law to maintain the safety and reliability of the transmission system.

There are times in these remote areas when power marketing administrations may be the only utility capable, because of manpower and having necessary equipment, of restoring downed transmission lines. PMAs may do this for a public or private utility, thereby expending ratepayer funds, but the operations are done based on reciprocal contracts. In the case of BPA, the ratepayers are reimbursed by the incumbent utility for their work.

So I appreciate the clarification, Mr. Chairman, that has been done with respect to PMAs providing these kinds of services. I am concerned that the language would be interpreted to prohibit PMAs, including BPA, from providing these reciprocal agreements and could hinder the reliability of the system, especially for remote and rural customers.

I appreciate the gentleman's help in this regard.

Mr. VISCLOSKY. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. STRICKLAND).

Mr. STRICKLAND. Mr. Chairman, I rise today to address the importance of the Department of Energy's Worker and Community Transition Program. I am greatly concerned and disappointed with the report language regarding this program.

This year's energy and water report states that, "Funding at DOE cleanup sites in the nuclear weapons complex has stabilized. The need for enhanced severance payments to contract employees and grants to local communities has declined. Worker and community transition is not an enduring mission of the government. The committee does not intend to continue to fund this program, and the Department should prepare for significantly decreased or no funding in fiscal year 2001."

Mr. Chairman, I represent one of two uranium enrichment facilities which is located in Piketon, Ohio. The other plant is located in Paducah, Kentucky; and I know the gentleman from Kentucky (Mr. WHITFIELD), my friend and colleague, has been very supportive of this program.

Our plants were privatized last summer and since privatization, both sites have experienced significant layoffs. Our communities are bracing for more layoffs this summer with future workforce reductions imminent. Now is not the time to eliminate funding for the Worker and Community Transition Program, because we would effectively leave numerous Cold War veterans without the assistance others have received over the years.

I urge the committee to revisit this issue.

Mr. VISCLOSKY. Mr. Chairman, I yield 3 minutes to the gentleman from Washington (Mr. DICKS).

Mr. DICKS. Mr. Chairman, I want to thank the chairman of the subcommittee, the gentleman from California (Mr. PACKARD), and the gentleman from Indiana (Mr. VISCLOSKY), the ranking member. I recognize this is their first year working together, and I think they have done a very good job on this very important bill. I want to thank them for all the money they gave to specific projects in the Pacific Northwest.

Mr. Chairman, as the gentleman from Washington (Mr. NETHERCUTT) did, I want to register my concern, however, about two provisions included in this year's Energy and Water Appropriations Act relating to the power marketing administrations. I understand that the chairman has demonstrated willingness to clarify the language, but I still have deep concerns about the implications, unless the bill language is amended.

Section 316 of the bill would limit the ability of the power marketing administrations to install fiberoptic cable. It is my understanding that the Bonneville Power Marketing Administration is willing to develop a report to the subcommittee which would present their fiberoptic capacity needs, projections, construction, and financing plans.

This provision in the bill limits the ability of the Power Marketing Administrations from certain "construction, expansion or upgrades" to dark fiberoptic telecommunication lines which are repaid by users. I believe this provision is premature and unnecessary. We should allow the PMAs to complete ongoing projects and allow them to provide the Congress with their view of the public benefits before we enact a legislative provision in this appropriations bill.

Additionally, section 317 prohibits the PMAs from providing emergency transmission system maintenance and repair and reimbursable contract services to their customers, which are provided by service utilities across the country.

□ 1745

This provision not only jeopardizes the safety and reliability of the vast transmission system owned by Bonneville, but also violates the Federal Energy Regulatory Commission's order 888, which states that the PMAs in certain circumstances must provide transmission access and construction of additional facilities to neighboring utilities.

This section would prevent the Bonneville Power Administration from directly funding the power operations and maintenance of the 29 Federal Columbia River Power System dams which they are required to do under Federal law. The Northwest power system cannot operate without these funds.

Each of these sections in the bill is unworkable in its current form. It is my great hope that both provisions can be removed, and the PMAs and the subcommittee can work together to address any concerns they may have.

I appreciate, again, all the help from the chairman, he bent over backwards to help us, and the gentleman from Indiana (Mr. VISCLOSKY) has been very willing to help us, as well. We look forward to working with the gentleman in the conference on this issue.

Mr. PACKARD. Mr. Chairman, I reserve the balance of my time.

Mr. VISCLOSKY. Mr. Chairman, I yield 30 seconds to the gentleman from Louisiana (Mr. JOHN).

Mr. JOHN. Mr. Chairman, I would like to engage in a colloquy with the distinguished chairman of the subcommittee, the gentleman from California (Mr. PACKARD).

Mr. Chairman, I would like to thank the gentleman for his past support for the Jennings, Louisiana, biomass ethanol plant. It is my understanding, Mr. Chairman, that it will be possible to explore ways to complete the Federal funding of this plant in fiscal year 2000.

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. JOHN. I yield to the gentleman from Louisiana.

Mr. PACKARD. The gentleman is correct, Mr. Chairman. I will do my best to work with the gentleman.

Mr. JOHN. I thank the gentleman.

Mr. WU. Mr. Chairman, I rise today in support of H.R. 2605, the Energy and Water Appropriations Bill. I would also like to thank Chairman PACKARD and Ranking Member VISCLOSKY for their hard work on bringing a fair and balanced bill to the floor.

I have the privilege and honor of representing the greater Portland area and the Northwest Coast of Oregon. For those of you who have had the pleasure of visiting this wonderful city, you will know that much of the vitality of our region depends on the Willamette and Columbia rivers. Commerce, recreation, and scenic beauty are three products of these Rivers. The Columbia River, stretching from the eastern part of Washington and ending at the mouth in Astoria is one of America's greatest resources.

One in six jobs in the state of Oregon depend on the commerce from the Columbia River. The success of the river is vital to our economy and way of life. Unfortunately, as trade and technology increases, so does the need for passable channels for ships to continue to move in and out of the area ports. This bill includes important operation and maintenance funds to ensure that sorely needed dredging activities can take place and keep commerce moving. Commerce in Oregon will continue to prosper, and the benefits of a solid economy will follow.

I hope to continue to work with the Corps of Engineers to insure that the disposal of dredged materials not affect the crab fishers on the Oregon coast and work to have the least amount of environmental impact as possible. Furthermore, with the deepening of the Columbia River channel, there is concern about the local efforts to develop the Port of Astoria as a deep draft port. As with all ports, development of extensive infrastructure must be market driven, and I am looking forward to doing all I can to look at viable options.

I would also like to take this opportunity to thank the Committee for their support of the Clatskanie River and Fox Creek Projects. With the federal funding allocated, Clatskanie city officials will be able to commence with planning of the Lewis and Clark Bicentennial with a free flowing river; and fish will swim freely in Fox Creek. Finally, I would like to thank the committee for their support of the East Mooring Bay repair in the city of Astoria. These desperately needed funds, along with other funding, will allow Astoria to repair almost half of the breakwater.

Again, Mr. Chairman, Chairman PACKARD, Ranking Member VISCLOSKY, thank you for giving me the opportunity today to support the Energy and Water appropriations bill and more importantly to support the funding for the Columbia River Deepening Project.

Mr. JACKSON of Illinois. Mr. Chairman, I rise in support of the Energy and Water Appropriations bill, but I have one concern that I hope can be resolved during Conference.

My concern is bill language in "Title I, General Expenses" that will force the closure of the Chicago office of the Great Lakes/Ohio River division of the Army Corps of Engineers. Because of the importance of the Great Lakes to the United States, both for shipping and providing drinking water to millions of people, an agreement was reached in 1996 to maintain dual headquarters of the Great Lakes/Ohio River Army Corps division in both Chicago and Cincinnati. This dual headquarters system should be maintained, and I hope that the House conferees will recede to the Senate's silence on this matter.

Otherwise, I am supportive of the bill because it provides funding for critical flood control projects in my district and throughout the Chicago area.

These projects include:

$4.5 million to continue work on the "Deep Tunnel" project, including the Calumet leg of the tunnel in Chicago's South Side and south suburbs, and the McCook and Thornton reservoirs.

$200,000 for detailed planning of a detention pond and storm sewer improvements along Natalie Creek near the Chicago Sanitary and Ship Canal in Oak Forest and Midlothian.

$150,000 for small ecosystem restoration at a reservoir along Hickory Creek in Tinley Park.

$100,000 each for preliminary studies of recurrent flooding problems along: Tributaries A and B of Thorn Creek in Chicago Heights; Flossmoor Tributary of Butterfield Creek in Flossmoor; and Village streets in Calumet Park.

I commend Chairman PACKARD and Ranking Member VISCLOSKY for putting together a bipartisan, even-handed bill under difficult budget circumstances. They have done an amazing job with this bill, while taking into consideration the countless deserving project requests they received from Members from all regions of the country.

I look forward to working with my colleagues on the Appropriations Committee to resolve the issue of closure of the Chicago office of the Great Lakes/Ohio River division, and I encourage my colleagues to support the bill.

Mr. CRANE. Mr. Chairman, I just wanted to take this opportunity to congratulate and thank the chairman of the Energy and Water Appropriations Subcommittee, the chairman of the full Appropriations Committee and all of my colleagues who serve on those two bodies for the excellent work they have done in crafting the Energy and Water Appropriations measure for Fiscal Year (FY) 2000. Not only is the bill, as reported, fiscally responsible, but for the most part its priorities make sense—as does its treatment of wetlands and the environment.

Permit me to elaborate. As it came to the House Floor, the FY2000 Energy and Water Appropriations (H.R. 2605) bill called for $880 million less in spending than the total amount appropriated for energy and water programs in FY1999. Even if one subtracts out the emergency appropriations for those functions in FY1999, the bill is still $215 million below last year's spending level. More impressive yet, the sum of the spending provided for in the committee-reported version of this bill is, according to the committee report, more than $300 million below the amount appropriated in FY1995. What better way to make good on our commitment to a balanced federal budget that locks away Social Security surpluses and reduces our national debt, than to adopt a measure such as this.

Certain critics of H.R. 2605 demur, citing several provisions of the bill that deal with the wetlands permitting process. Their fear is that these provisions will hasten the demise of America's wetlands and, for that reason, they have labeled them "anti-environmental" riders. I beg to differ. Not only do the provisions in question treat all parties interested in wetlands determinations more fairly, but the critics are overlooking another item in the bill that will promote the creation and restoration of wetlands and help us better understand the role they can play in controlling flooding.

That item is the appropriation of the last $1.75 million needed to complete the Des Plaines River Wetlands Demonstration Project (DPRWDP) in northern Illinois. I make particular mention of the project, not just because it is located in the district I am privileged to represent in Congress, but because it has already provided us with invaluable information about the way wetlands work and how they can contribute to such things as habitat preservation and flood control. When the DPRWDP is finished, not only will additional research information be available, but so too will be a "how-to" guide that will help other areas of the country restore wetlands for environmental and flood control purposes. That, in turn, will aid in the accomplishment of the very objective that critics of the wetlands permitting provisions of H.R. 2605 have in mind: the preservation and restoration of wetlands areas around the country.

Having been a supporter of the DPRWDP for over a decade now, I am proud of its accomplishments, excited about its potential and pleased by its inclusion in this bill. Like many other items funded by H.R. 2605, the DPRWDP promises to save American taxpayers many more dollars than it will cost. Not only that, but it should ease the minds of those who are concerned about the future of America's wetlands. The DPRWDP is, in short, a win-win proposition. Within the context of an overall bill that is one of the most fiscally responsible appropriations measures in recent memory, it promotes environmental responsibility as well. That being the case, I urge my colleagues to look at the DPRWDP as one more reason to support the FY2000 Energy and Water Appropriations bill. with the DPWFDP included, H.R. 2065 is a measure to which most everyone should be able to give their enthusiastic backing.

Mrs. ROYBAL-ALLARD. Mr. Chairman, I rise in support of the Energy and Water Appropriations Bill for Fiscal Year 2000, and I compliment the job of my two colleagues on the Appropriations Committee, Subcommittee Chairman RON PACKARD and Ranking Member

PETER VISCLOSKY, on their first year in their respective roles.

The Energy and Water Appropriations bill is always of great importance to California because of its impact on our harbors and waterways, and the need to protect our residents from natural disasters such as flooding.

I will focus on a number of projects that are of specific importance to my constituents in the 33rd Congressional District as well as the entire Los Angeles area.

One of the most important projcts for my constituents is the Los Angeles County Drainage Area flood control project along the Los Angeles and Rio Hondo Rivers, known as the "LACDA" project. This project was recommended by a task force of government agencies, environmental groups, and neighborhood groups. My constituents and other residents along the Los Angeles River are impacted directly because each year of project delay costs local residents as much as $130 million in flood insurance premiums as well as the adverse economic impact associated with building restrictions within the flood plain. Fortunately, FEMA has given us an indefinite postponement of flood insurance increases, but I am pleased that the final increment of this funding has been provided so we can bring the much-needed protection to my constitutes. The LACDA project will restore an adequate level of flood protection to 500,000 people and 177,000 structures, and it will affect 11 cites over 82 square miles in Los Angeles County. Without the LACDA project, an estimated $2.3 billion in damages would result from a large storm event.

I am also pleased that the bill provides the funding to complete the next phase of the Pier 400 construction project in Los Angeles Harbor. This project will create an additional 315 acres of new land at Pier 400 upon which new state-of-the-art marine terminals will be built. In addition, a deep draft navigation project will be completed in order to accommodate the next generation of larger container ships. The Corps of Engineers has already made this project a top priority by reprogramming funds in order to maintain an optimal construction schedule.

Although I was disappointed that funds for the pre-construction, engineering and design phase of the main channel deepening project have not been included, I look forward to working with the committee once this project has been formally authorized to continue these needed improvements to Los Angeles Harbor.

This bill also provides funds for clean-up of the San Gabriel Basin. The San Gabriel groundwater basin is the primary source of drinking water for about one million residents in the San Gabriel Valley. Unfortunately, the groundwater is contaminated with both organic and inorganic compounds, so I am pleased that funds have been included in the bill to get the clean-up project underway. My constituents may draw their water from the Central Basin, but this project is still important to them. If we do not undertake the cleanup of these contaminated sediments in a timely fashion, we run the real risk of contamination of the Central Basin, serving 1.4 million Los Angeles County residents, including my constituents in Vernon, Cudahy, Maywood, Bell, Bell Gardens and South Gate.

Finally, as a member of the House Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China, I understand the Committee's concern with the Department of Energy's national security programs centered around its weapons' laboratories. Given the recent revelations regarding Chinese espionage at our national labs, these concerns are valid and timely. However, I have serious reservations about the way the Committee has chosen to address this issue.

It may be the practice for the Appropriations Committee to delay obligating funds to an agency in order to correct a problem, achieve a specific end, or perhaps just to send a message. In this case, however, the withholding of $1 billion in funding from DOE's nuclear weapons program until June 30, 2000, is overly harsh and, in my view, unnecessary. That level of funding amounts to one-fourth of the Department's total funding for weapons activities. Restricting these funds for the majority of the fiscal year would seriously hamper DOE's ability to carry out its weapons-related research and functions.

Further, both the House and the Senate are already addressing this issue. Just last week, the Senate passed an amendment to the Intelligence Authorization bill which establishes a separately organized Agency for Nuclear Stewardship to be headed by a new Under-Secretary who will report directly to the Secretary of Energy. Within this new agency, a separate office focusing on counter-intelligence would be established with a direct line to the new Under-Secretary as well as the Energy Secretary. The House-passed version of the bill includes several recommendations to increase security at the labs that were agreed to by our bi-partisan Select Committee. Further, the House Science Committee, the Commerce Committee, and the House Select Intelligence Committee are all looking into this matter, and a free-standing bill is expected to be ready sometime this summer.

With the House and Senate already taking meaningful steps to address the security problems at DOE, this funding restriction is unnecessary and will only serve to further hamper the Department's efforts to address these security concerns while carrying out day-to-day functions. I would, therefore, urge the Committee to drop this harmful provision.

Again, I compliment Chairman PACKARD and Ranking Democrat PETER VISCLOSKY for putting together a well-balanced bill that makes progress on many projects of importance to my constituents, my state and the nation.

Mr. CALVERT. Mr. Chairman, I rise today in strong support of H.R. 2605, the Energy and Water Appropriations bill. First, I would like to thank Chairman PACKARD for his hard work and dedication in crafting a balanced bill. I would also like to commend Chairman YOUNG for his responsible leadership in ensuring that these necessary spending bills are delivered on time and at the levels required under the budget resolution.

As a member of the southern California delegation, I understand the importance of preserving our water resources and protecting citizens from flood damage. This bill appropriates vital funds for watershed management, flood control, environmental enhancement, water conservation and water supply, and building dams which will save many lives downstream.

This bill will help protect vulnerable communities. I urge all of my colleagues to support this bill.

I also urge my colleagues to vote against the Visclosky amendment. Under current law, if the Corps of Engineers determines that no wetlands exist on a piece of property, a third party can file suit in court. But, if the Corps determines that wetlands do exist, then the landowner is forced to go through the entire permitting process before he or she can go to court.

Mr. Chairman, current law puts the hard-working citizens at a disadvantage to extreme environmental groups. This bill will allow landowners the same right to appeal a decision in court, the same right that any interested third party currently enjoys. It's only fair and I urge my colleagues to oppose the Visclosky amendment.

Mr. SHIMKUS. Mr. Chairman, I understand that the bill provides $97.5 million under biomass/biofuels energy systems, which includes $41 million for the transportation program.

It is my understanding that, although the House version does not identify which projects receive funds, the conference report has reflected a compromise between the two chambers that provides funding to certain projects.

The concern I would like to raise to the Chairman deals with a project that the Chairman and I have discussed, the National Ethanol Research Pilot Plant.

As the Chairman knows, this project has a $6 million cost-share contribution from the State of Illinois, and will provide for cutting-edge research that will lead to increased efficiencies coupled with cheaper production of ethanol.

Preliminary estimates are that the plant could reduce the cost of ethanol by over 10 cents/gallon in the near term.

If, as in the past, the Conference Report on this bill identifies projects for funding under the biofuels program, I would like to strongly urge that this plant be funded.

Mr. BEREUTER. Mr. Chairman, this Member would like to commend the distinguished gentleman from California (Mr. PACKARD), the Chairman of the Energy and Water Development Appropriations subcommittee, and the distinguished gentleman from Indiana (Mr. VISCLOSKY), the ranking member of the subcommittee for their exceptional work in bringing this bill to the floor.

This Member recognizes that extremely tight budgetary constraints made the job of the subcommittee much more difficult this year. Therefore, the subcommittee is to be commended for its diligence in creating such a fiscally responsible bill. In light of these budgetary pressures, this Member would like to express his appreciation to the Subcommittee and formally recognize that the Energy and Water Development appropriations bill for fiscal year 2000 includes funding for several water projects that are of great importance to Nebraska.

This Member greatly appreciates the $10 million funding level provided for the four-state

Missouri River Mitigation Project. This represents a much-needed increase over the Administration's insufficient request for this important project. The funding is needed to restore fish and wildlife habitat lost due to the Federally sponsored channelization and stabilization projects of the Pick-Sloan era. The islands, wetlands, and flat floodplains needed to support the wildlife and waterfowl that once lived along the river are gone. An estimated 475,000 acres of habitat in Iowa, Nebraska, Missouri and Kansas have been lost. Today's fishery resources are estimated to be only one-fifth of those which existed in pre-development days.

In 1986, the Congress authorized over $50 million to fund the Missouri River Mitigation Project to restore fish and wildlife habitat lost due to the construction of structures to implement the Pick-Sloan plan.

In addition, this bill provides additional funding for flood-related projects of tremendous importance to residents of Nebraska's 1st Congressional District. Mr. Chairman, flooding in 1993 temporarily closed Interstate 80 and seriously threatened the Lincoln municipal water system which is located along the Platte River near Ashland, Nebraska. Therefore, this Member is extremely pleased the Committee agreed to continue funding for the Lower Platte River and Tributaries Flood Control Study. This study should help formulate and develop feasible solutions which will alleviate future flood problems along the Lower Platte River and tributaries. In addition, a related study was authorized by Section 503(d)(11) of the Water Resources Development Act of 1996.

This Member is also pleased that this bill includes $250,000 to complete the interim feasibility study and begin plans and specifications for the Lake Wanahoo project in Saunders County, Nebraska. This is a breakout study of the Lower Platte River and Tributaries Flood Control Study. The interim feasibility study will assess the environmental and flood control benefits of Lake Wanahoo. It will also evaluate other possible measures to provide flood control for the affected downstream areas. The Corps of Engineers has conducted a preliminary feasibility study and has determined that further study of the Sand Creek watershed, the site of the proposed project, is required. This will fulfill the intent of the study authority and to assess the extent of the Federal interest.

Mr. Chairman, additionally, the bill provides continued funding for an ongoing floodplain study of the Antelope Creek which runs through the heart of Nebraska's capital city, Lincoln. The purpose of the study is to find a solution to multi-faceted problems involving the flood control and drainage problems in Antelope Creek as well as existing transportation and safety problems all within the context of broad land use issues. This Member continues to have a strong interest in this project since he was responsible for stimulating the City of Lincoln, the Lower Platte South Natural Resources District, and the University of Nebraska-Lincoln to work jointly and cooperatively with the Army Corps of Engineers to identify an effective flood control system for Antelope Creek in the downtown area of Lincoln.

Antelope Creek, which was originally a small meandering stream, became a straightened urban drainage channel as Lincoln grew and urbanized. Resulting erosion has deepened and widened the channel and created an unstable situation. A ten-foot by twenty-foot (height and width) closed underground conduit that was constructed between 1911 and 1916 now requires significant maintenance and major rehabilitation. A dangerous flood threat to adjacent public and private facilities exists.

The goals of the study are to anticipate and provide for the control of flooding of Antelope Creek, map the floodway, evaluate the condition of the underground conduit, make recommendations for any necessary repair, suggest the appropriate limitations of neighborhood and the University of Nebraska-Lincoln city campus development within current defined boundaries, eliminate fragmentation of the city campus, minimize vehicle/pedestrian/bicycle conflicts while providing adequate capacity, and improve bikeway and pedestrian systems.

This Member is also pleased that the bill provides funding for the Missouri National Recreational River Project. This project addresses a serious problem by protecting the river banks from the extraordinary and excessive erosion rates caused by the sporadic and varying releases from the Gavins Point Dam. These erosion rates are a result of previous work on the river by the Federal Government.

Although this bill does not include funding for the proposed Missouri River Research and Education Center at Ponca State Park in Nebraska, this Member is pleased that $1 million is included in the version approved earlier by the other body. This Member hopes that the conference committee will include funds for this important project in the conference report.

Finally, Mr. Chairman, this Member recognizes that H.R. 2605 also provides funding for Army Corps projects in Nebraska at the following sites: Harlan County Lake; Papillion Creek and Tributaries; Gavins Point Dam, Lewis and Clark Lake; Salt Creek and Tributaries; and Wood River.

Again Mr. Chairman, this Member commends the distinguished gentleman from California (Mr. PACKARD), the Chairman of the Energy and Water Development Appropriations Subcommittee, and the distinguished gentleman from Indiana (Mr. VISCLOSKY), the ranking member of the Subcommittee for their support of projects which are important to Nebraska and the First Congressional District, as well as to the people living in the Missouri River Basin.

Mr. PORTMAN. Mr. Chairman, I am pleased to rise in support of the Energy and Water Appropriations legislation. I am particularly pleased to support two provisions of this legislation that will directly benefit many of the people I represent in Southwest Ohio.

The former Fernald Feed Materials Production Center, now known as the Fernald Environmental Management Project, was a Department of Energy facility that was part of the United States' nuclear weapons production complex from 1951 to 1988. The Fernald site became heavily contaminated and has been the focus of extensive nuclear and hazardous waste cleanup efforts.

The Energy and Water Appropriations bill for Fiscal Year 2000 contains $280,589,000 for the Fernald cleanup. The FY 2000 funding level represents an increase of more than $6 million from the FY 1999 appropriation. The funding is intended to keep the Fernald's accelerated cleanup project on track for completion in 2006, rather than the originally planned 2020.

This appropriation is directly in the public interest. Keeping the accelerated cleanup program at Fernald on track will lower health risks for residents of the surrounding area and lower the overall project costs for the taxpayers.

This legislation also contains $915,000 for the Army Corps of Engineers to study ways to improve flood control in the Mill Creek valley while restoring the waterway's ecosystem. This funding will help with our ongoing effort to revitalize and restore the Mill Creek watershed.

I commend the members of the subcomittee—specially Chairman PACKARD and Ranking Member VISCLOSKY—for their good work on the bill and for including this essential funding.

Mr. BENTSEN. Mr. Chairman, I rise in support of H.R. 2065, the FY 2000 Energy and Water Appropriations bill. I would first like to thank Chairman PACKARD and Ranking Member VISCLOSKY for their hard work on this important legislation. I would also like to thank my good friend from Texas, Mr. EDWARDS, for all the help he and his office have provided me.

I strongly support the decision of the Subcommittee on Energy and Water to ensure the U.S. Army Corps of Engineers receives adequate funding to continue their vital work in the areas of flood control and navigational improvement. I would also like to compliment the Administration for their decision to fully fund the Corps budget. This funding level recognizes the critical economic and public safety initiatives contained within the legislation. Because many flood and navigation projects located in my district are on accelerated construction schedules, full funding by both the Administration and the subcommittee will ensure the expedited completion at great savings to the taxpayers.

I am very pleased by the support this legislation provides for addressing the chronic flooding problems of Harris County, Texas. H.R. 2065 includes vital funding for several flood control projects in the Houston area. These projects include Brays, Sims, and Hunting and White Oak bayous, and will provide much-needed protection for our communities.

I am most grateful for the subcommittee's decision to fully fund the Brays Bayou project at $9.8 million for FY '00 while remaining within their budgetary spending caps as specified by the 1997 Balanced Budget Agreement. This project is necessary to improve flood protection for an extensively developed urban area along Brays Bayou in southwest Harris County. The project consists of three miles of channel improvements, three flood detention basins, and seven miles of stream diversion and will provide a 25-year level of flood protection. The project was originally authorized in the Water Resources Development Act of 1990, as part of a $400 million federal/local flood control project. Through Fiscal Year 1999, over $10 million has already been appropriated. The Harris County Flood Control

District has expended over $21 million for preconstruction preparation in terms of land acquisition, easements, and relocations, plus an additional $2.5 million in engineering and construction. As part of the Water Resources Development Act of 1996, the project was authorized as a demonstration project for a new federal reimbursement program. This program is an effort to strengthen and enhance the Corps/local sponsor role by giving the local sponsor a lead role and providing for reimbursement by the Federal Government to the local sponsor for the traditional federal portion of work accomplished.

I am also most grateful for the committee's decision to fully fund the Sims Bayou project at $18.3 million for FY '00. This project is necessary to improve flood protection for an extensively developed urban area along Sims Bayou in southern Harris County. This project, authorized as part of the 1988 WRDA bill, consists of 19.3 miles of channel enlargement, rectification, and erosion control beginning at the mouth of the bayou at the Houston Ship Channel and will provide a 25-year level of flood protection. This continuing project has received over $120 million to date in state and federal funding and is scheduled to be completed two years ahead of schedule in 2004.

Mr. Chairman, I am also pleased that this legislation provides $60 million to fully fund continuing construction on the Houston Ship Channel expansion project. This project offers tremendous economic and environmental benefits and once completed, will enhance one of our region's most important trade and economic centers. The Houston Ship Channel desperately needs expansion to meet the challenges of expanding global trade and to maintain its competitive edge as a major international port. Currently, the Port of Houston is the second largest port in the United States in total tonnage, and is a catalyst for the southeast Texas economy, contributing more than $5 billion annually and providing 200,000 jobs.

However, the Port's capacity to increase tonnage and create jobs is limited by the size of the channel. Hence the need for the Houston Ship Channel expansion project, which calls for deepening the channel from 40 to 45 feet and widening it from 400 to 530 feet. The ship channel modernization, considered the largest dredging project since the construction of the Panama Canal, will preserve the Port of Houston's status as one of the premier deep-channel Gulf ports and one of the top transit points for cargo in the world.

Mr. Chairman, while I am pleased the critical functions of the U.S. Army Corps of Engineers have been maintained, I am very concerned about the inappropriate legislative rider attached to this bill. This legislation contains a provision indefinitely postponing the phase out of the Corps Nationwide Permit 26 (NWP 26), which is accelerating the destruction of our country's sensitive wetlands. Acknowledging the weaknesses of this permit, the Corps has had several public comment periods with all the stakeholders to develop a workable alternative to revise the NWP 26 process. This ill-conceived legislative rider will negate all the effort that went into forging a workable wetlands permitting system and will continue the ruinous development of wetlands. Consequently, I urge my colleagues to support the Visclosky Amendment allowing the Corps to preserve our shrinking wetlands.

Again, I thank the Chairman and Ranking member for their support and I urge my colleagues to support this legislation.

Mr. MATSUI. Mr. Chairman, I would like to take this opportunity to thank Chairman PACKARD and the Ranking Member, Mr. VISCLOSKY, for their support of Sacramento flood control projects included in the FY 2000 Energy and Water Appropriations bill. Flooding remains the single greatest threat to the public safety of the Sacramento community, posing a constant risk to the lives of my constituents and to the regional economy. Thanks to your efforts and the efforts of this Committee, Sacramento can continue to work toward improvement flood protection.

With a mere 85-year level of protection, Sacramento remains the metropolitan area in this nation most at risk to flooding. More than 400,000 people and $37 billion in property reside within the Sacramento flood plain, posing catastrophic consequences in the event of a flood. While the Congress continues to debate the best long-term solutions to this threat, funding in this bill will provide much needed protection to the existing flood control facilities throughout the region.

Specifically, this legislation will allow for the continuation of levee improvements and bank stabilization projects along the lower American and Sacramento Rivers, increasing levee reliability and stemming bank erosion. Additionally, I greatly appreciate the Committee's willingness to provide funding for projects—including the South Sacramento Streams Group, Strong Ranch and Chicken Ranch Sloughs, and Magpie Creek—aimed at preventing flooding from a series of smaller rivers and streams that present substantial threats separate from those posed by the major rivers in the region. Importantly, the Committee's willingness to include funding for the American River Comprehensive Plan will allow for ongoing Corps of Engineers general investigation work on all area flood control needs, including a permanent solution.

Your support of these vital projects represents a recognition by this Congress of the grave danger confronting Sacramento and a willingness by the federal government to maintain a strong commitment to the community. Again, on behalf of my constituents, I am grateful for your support in helping to address this perilous situation.

Mr. LIPINSKI. Mr. Chairman, I rise today in support of H.R. 2605, the FY 2000 Energy and Water Development Appropriations bill.

Thanks to the leadership of Chairman PACKARD and the Ranking Member, Mr. VISCLOSKY, of the Energy and Water Development Appropriations Subcommittee, we have before us today a finely crafted piece of legislation that will fund the Army Corps of Engineer's civil works division and invest in our nation's water infrastructure. In my opinion, they have been successful in putting together a bill—under very demanding circumstances—that balances the infrastructure needs of this nation, the traditional mission of the Army Corps, and severe budgetary constraints. The end product is a vigorous funding bill that targets wise investments in water infrastructure projects.

Included in the bill are three important projects for my constituents in the Third Congressional District of Illinois. The bill includes $640,000 for the Stoney Creek flood control project in Oak Lawn, $200,000 for the Natalie Creek flood control project in Midlothian and Oak Forest, and $150,000 for the Hickory Creek project in Tinley Park. These funds will be used to continue these ongoing Army Corps projects. These cost-effective projects will help protect property from future flooding damages, safeguard the environment, and improve our communities' standard of living.

I would like to take this opportunity to express some concerns over the progress of those Corps projects, specifically the Section 205 Stoney Creek project in the Village of Oak Lawn. Over the years, there have been some delays. I understand that these are complex and technical projects and things do not always go according to plan, but every year this project is delayed means that another year the Village of Oak Lawn is exposed to extreme flooding risks. I strongly urge the Army Corps Chief of Engineers to expedite completion of this project. Moreover, I would hope that the Natalie Creek and Hickory Creek projects are completed in a reasonable amount of time.

Also included in the bill is $13.129 million for the Chicago Shoreline project, which represents a $5.5 million increase over the Administration's request. My colleagues and I on the House Transportation and Infrastructure Committee worked to authorize this project in the Water Resources Development Act of 1996. With nearly eight miles of Chicago's lakefront and over $5 billion worth of irreplaceable infrastructure and public property at risk, the importance to fully fund and expedite this particular project cannot be understated. The funding for FY 2000 will be utilized to reconstruct the seriously deteriorated revetments from Irving to Belmont, I–55 to 30th Street, 33rd to 37th Street, and 37th to 43rd Street. I commend the Army Corps of Engineers for the hard work put into drafting and finalizing the partnership agreement with the City of Chicago to expedite this project. The new 2005 completion date shortens the schedule by five years.

Again, I thank Chairman PACKARD and the Ranking Member, Mr. VISCLOSKY, for their assistance and leadership in providing the necessary funding for the above projects.

I urge all of my colleagues to pass H.R. 2605.

Mr. ROEMER. Mr. Chairman, on behalf of the Gentleman from California, Mr. HERGER, and myself, we wish to thank you for the generous allocation for biomass energy transportation systems in the FY 2000 Energy and Water Appropriations bill. We understand that, due to budget constraints, the allocation was over $10,000,000 below the budget request. However, it appears that biofuels was a priority to the committee in the renewable energy category. We applaud the committee's foresight, as this is a critical time for commercializing this technology, both to aid in increasing the efficiency of the existing corn ethanol plants, and to help build several biofuels pilot projects throughout the U.S. There are, for example, two plants in California, one almost complete and one slated for construction. One such plant will use rise straw as its feedstock, another will use wood waste. Again, we thank the Chairman and his committee for its support of the biofuels budget and ongoing pilot plan projects.

Mr. SENSENBRENNER. Mr. Chairman, I rise today in support of H.R. 2605, the Energy and Water Development Appropriations Act of 1999. This bill contains funding for the majority of the Department of Energy's (DOE's) civilian science and energy R&D programs as well as legislative guidance on some key project management issues at the Department of Energy.

Today, the Department of Energy epitomizes all that is wrong with how a government department should be run. DOE lacks basic planning and project management skills and cannot provide simple planning information to Congress on costs and deadlines. This appropriation bill represents the hard work of Mr. PACKARD and the Members of the Subcommittee to correct a department that has gone awry and appears incapable of righting itself.

The Science Committee has responsibility for setting authorization levels for funding civilian scientific research and development programs at the Department of Energy as well as providing programmatic direction. The Committee has passed two authorization bills which address Department of Energy funding needs.

They are: H.R. 1655, the Department of Energy Research, Development, and Demonstration Authorization Act of 1999; and H.R. 1656, the Department of Energy Commercial Application of Energy Technology Authorization Act of 1999. While H.R. 2605 does not fully fund some science and energy R&D accounts to their authorized levels, it is a good attempt to follow the authorization bills directions on R&D funding within a tight fiscal framework.

In addition, H.R. 2605 will have a profound impact on climate research at the Department of Energy. While the Administration jumped on the Kyoto bandwagon, I have always believed that a more science-based assessment of our climate and energy resources is necessary before we use taxpayer funds to support a flawed policy approach.

H.R. 2605 addresses this issue through its inclusion of language, known as the Knollenberg amendment, that prohibits any funds from being used to implement the Kyoto Protocol. This language is consistent with language from Representative ZOE LOFGREN's amendment that was adopted by the Committee on Science as part of H.R. 1742, the Environmental Protection Agency Office of Research and Development Act of 1999, on May 25, 1999. Together, both Ms. LOFGREN's and Mr. KNOLLENBERG's language assures taxpayers that Senate ratification must precede actions to implement the Kyoto Protocol and that the Department of Energy cannot attempt to implement any Kyoto regulations through a disingenuous approach. Given the glaring problems with this unfunded, unsigned, and unratified Protocol, such a limitation is proper and necessary and I commend the Appropriations Committee for including this language in H.R. 2605.

Finally, I want to commend and applaud the Committee's decision to follow the authorization language in H.R. 1655 regarding the Spallation Neutron Source (SNS) project. Specifically, H.R. 2605, through legislative and report language, will require DOE to meet the following criteria before any construction funds are released. The criteria taken from H.R. 1655 are as follows:

1. Certification that senior project management positions for the project have been filled by qualified individuals;
2. Cost baseline and project milestones for each major construction and technical system activity, consistent with the overall cost and schedule submitted with the Department's fiscal year 2000 budget, and that have been reviewed and certified by an independent entity, outside the Department and having no financial interest in the project, as the most cost-effective way to complete the project;
3. Binding legal agreements that specify the duties and obligations of each laboratory of the Department of Energy in carrying out the project;
4. A revised project management structure that integrates the staff of the collaborating laboratories working on the project under a single project director, who shall have direct supervisory responsibility over the duties and obligations described in subparagraph (3.) above;
5. Official delegation by the Secretary of primary authority with respect to the project to the project director;
6. Certification from the Comptroller General that the total taxes and fees in any manner or form paid by the Federal Government on the SNS and the property, activities, and income of the Department relating to the SNS to the State of Tennessee or its counties, municipalities, or any other subdivision thereof, does not exceed the aggregate taxes and fees for which the Federal Government would be liable if the project were located in any other State that contains a national laboratory of the Department; and
7. Annual reports on the SNS project, included as part of the Department's annual budget submission, including a description of the achievement of milestones, a comparison of actual costs to estimated costs, and any changes in estimated project costs or schedule.

In the past, costs associated with some major scientific projects have spiraled out of control because adequate preventative measures were not taken in the early planning stages to limit cost growth. The Superconducting Supercollider and International Space Station are two examples, and I believe that the language on Spallation Neutron Source, when coupled with rigorous oversight, will provide the Department of Energy with the facility they need at a cost that does not cause heartburn for the American taxpayer.

Mr. WELLER. Mr. Chairman, thank you for bringing this important bill to the floor. I wish to thank also Chairman PACKARD for his leadership and work in crafting this bill, a bill that will directly help the residents of the 11th Congressional district of Illinois. Mr. Speaker, the Energy and Water Development Appropriations Bill is a good bill, and I ask that all of my colleagues support it.

Two specific projects are funded in this bill that are important to the citizens of Illinois. Both the Thornton Reservoir Project and the Kankakee River Feasibility Study have been given significant and important funding under this bill. The Thornton Reservoir project continues funding for the Tunnel and Reservoir Project known as TARP. TARP is an intricate system of underground tunnels and storage reservoirs that provide flood relief and control combined sewer overflow pollution into Lake Michigan, the source of drinking water for a large portion of the Chicago metropolitan area. To the project's merit, the completed segments of TARP have helped to eliminate 86% of combined sewage pollution in a 325 square mile area.

The Energy and Water Development Appropriations Bill will provide $4.5 million dollars in construction funding for the McCook and Thornton Reservoirs. This funding will go toward continuing construction of the reservoir portion of TARP. Once completed, these reservoirs will provide a storage capacity of 15.3 billion gallons and will produce annual benefits of $104 million.

The Kankakee River is a very important river for residents of the 11th Congressional District, as well as the residents of Congressmen EWING and BUYER's districts. The river provides scenic, recreational, and commercial opportunities for many. Unfortunately, the river does experience flooding and sedimentation problems both in Illinois and Indiana. The Appropriations committee has been very generous with funding in previous years, providing funds for the Army Corps of engineers to complete a Corps Reconnaissance Study and begin a Feasibility Study.

For fiscal year 2000, the Appropriations Committee has provided $295,000 in funding for the Army Corps of Engineers to continue the Feasibility Study. This is an important project and that will improve the quality of life for those who use or live near the river. I am very pleased to see this continued funding, and thank you again for bringing this important bill to the floor today.

Mr. VISCLOSKY. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. PACKARD. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the bill shall be considered for amendment under the 5-minute rule.

During consideration of the bill for amendment, the Chair may accord priority in recognition to a Member offering an amendment that he has printed in the designated place in the CONGRESSIONAL RECORD. Those amendments will be considered read.

The Chairman of the Committee of the Whole may postpone a request for a recorded vote on any amendment, and may reduce to a minimum of 5 minutes the time for voting on any postponed question that immediately follows another vote, provided that the time for voting on the first question shall be a minimum of 15 minutes.

The Clerk will read.

Mr. YOUNG of Alaska. Mr. Chairman, I ask unanimous consent that I may be permitted to offer a point of order on Section 506 at this point in the reading.

The CHAIRMAN. Is there objection to the request of the gentleman from Alaska?

There was no objection.

The CHAIRMAN. The Clerk will read Section 506.

The Clerk read as follows:

Title III, division C, of Public Law 105–277, Making Omnibus Consolidated and Emergency Supplemental Appropriations for fiscal Year 1999 and section 105 of Public Law 106–31, the 1999 Emergency Supplemental Appropriations Act, are repealed.

Mr. YOUNG of Alaska (during the reading). Mr. Chairman, I ask unanimous consent that the section be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Alaska?

There was no objection.

POINT OF ORDER

Mr. YOUNG of Alaska. Mr. Chairman, I make a point of order against Section 506 of the bill, found at page 36, lines 21 to 25. This language repeals the Denali Commission Act of 1998 and constitutes legislation on an appropriations bill in violation of clause 2(b) of rule XXI of the rules of the House of Representatives.

The CHAIRMAN. Does any Member desire to be heard on the point of order?

Mr. VISCLOSKY. Mr. Chairman, I reserve my right to be heard on the point of order.

Mr. PACKARD. Mr. Chairman, we have reviewed this, and we recognize that it does violate it. We would concede the point of order.

Mr. VISCLOSKY. Mr. Chairman, I would concede the point of order.

The CHAIRMAN. Section 506 is conceded to be legislation and the point of order is sustained, and Section 506 is stricken from the bill.

The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2000, for energy and water development, and for other purposes, namely:

Mr. CALLAHAN. I move to strike the last word, Mr. Chairman.

Mr. Chairman, I would like to compliment both the gentleman from Indiana (Mr. VISCLOSKY) and our friend, the gentleman from California (Mr. PACKARD) as well for following in the footsteps of two great Americans, Tom Bevill from Alabama, as well as Joe McDade, who chaired this committee before them. I think they have done an outstanding job.

In serving on the subcommittee, I recognize the difficulties the Members have, especially under the circumstances of the limited amount of allocations we have.

Mr. Chairman, let me say that this is a good bill and it deserves the support of every Member of this body. But I would request that the gentleman from California (Chairman PACKARD) and the gentleman from Indiana (Mr. VISCLOSKY) pay attention to a few items of concern to me in the bill.

While I certainly understand the need to effectively cut corners and to save money wherever possible, I do have some very serious concerns about the impact of the bill on the Power Marketing Administrations' efforts to continue to provide low-cost power to rural areas, including those in south Alabama, as well as throughout the Nation.

Additionally, I have concerns regarding the implementation and the monitoring of water compacts under negotiation between the States of Alabama, Florida, and Georgia. Specifically, I have concern about the lack of sufficient water flow and water quality monitoring systems. Even though I have not discussed this with the gentlemen, the gentleman from California (Chairman PACKARD) or the gentleman from Indiana (Mr. VISCLOSKY), this is something of great concern.

Conceivably we are not talking about a lot of money, but it is something that would require some direction to the Corps, or possibly Interior. I just wanted to make the Members aware that sometime during the process we need to look at this problem to see if possibly the two gentlemen would go along with some language in the conference report to ensure that this problem in this water compact between the States of Alabama, Florida, and Georgia are addressed.

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from California.

Mr. PACKARD. We have already made assurances that we will deal with the power marketing issue the gentleman has brought up. It is more than just the gentleman's own issue.

On the second issue, I deeply appreciate him bringing that to my attention. We will certainly work with the gentleman in any way we can as we proceed forward with the appropriation process.

Mr. CALLAHAN. I thank the chairman.

Mr. RILEY. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from Alabama, in whose district this problem lies.

Mr. RILEY. Mr. Chairman, I would just like to thank the gentleman for bringing this to the attention of the Committee. I think there is a debate right now of what committee this jurisdiction will actually fall under.

But as the gentleman from Alabama mentioned a moment ago, this is a compact that has been negotiated now for about 2 years. One of the problems they face in these water negotiations is having a historical record that they can rely on. So I think it is going to be almost imperative for us to do something to put in these gauges, these monitoring sessions, so we do have a historical record.

So as we go into conference, I hope that the chairman will look upon this with favor, work with us as we work through this process, and see if we can, and as the gentleman from Alabama said, this is not a lot of money, but it is something that is absolutely vital to Alabama and Georgia and Florida's negotiating structure.

I thank the gentleman.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE I

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

Corps of Engineers—Civil

The following appropriations shall be expended under the direction of the Secretary of the Army and the supervision of the Chief of Engineers for authorized civil functions of the Department of the Army pertaining to rivers and harbors, flood control, beach erosion, and related purposes.

General Investigations

For expenses necessary for the collection and study of basic information pertaining to river and harbor, flood control, shore protection, and related projects, restudy of authorized projects, miscellaneous investigations, and, when authorized by laws, surveys and detailed studies and plans and specifications of projects prior to construction, $158,993,000, to remain available until expended: *Provided,* That the Secretary of the Army, acting through the Chief of Engineers, is directed to use the remaining unobligated funds appropriated in Public Law 102–377 for the Red River Waterway, Shreveport, Louisiana, to Daingerfield, Texas, project for the feasibility phase of the Red River Navigation, Southwest Arkansas, study.

Construction, General

For the prosecution of river and harbor, flood control, shore protection, and related projects authorized by laws; and detailed studies, and plans and specifications, of projects (including those for development with participation or under consideration for participation by States, local governments, or private groups) authorized or made eligible for selection by law (but such studies shall not constitute a commitment of the Government to construction), $1,412,591,000, to remain available until expended, of which such sums as are necessary for the Federal share of construction costs for facilities under the Dredged Material Disposal Facilities program shall be derived from the Harbor Maintenance Trust Fund, as authorized by Public Law 104–303; and of which such sums as are necessary pursuant to Public Law 99–662 shall be derived from the Inland Waterways Trust Fund, for one-half of the costs of construction and rehabilitation of inland waterways projects, including rehabilitation costs for the Lock and Dam 25, Mississippi River, Illinois and Missouri; Lock and Dam 14, Mississippi River, Iowa; Lock and Dam 24, Mississippi River, Illinois and Missouri; and Lock and Dam 3, Mississippi River, Minnesota; London Locks and Dam; Kanawha River, West Virginia; and Lock and Dam 12, Mississippi River, Iowa, projects; and of which funds are provided for the following projects in the amounts specified:

Indianapolis Central Waterfront, Indiana, $10,991,000;

Harlan/Clover Fork, Pike County, Middlesboro, Martin County, Pike County Tug Forks Tributaries, Bell County, Harlan County, and Town of Martin elements of the Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River project in Kentucky, $14,050,000; and

Passaic River Streambank Restoration, New Jersey, $8,000,000.

FLOOD CONTROL, MISSISSIPPI RIVER AND TRIBUTARIES, ARKANSAS, ILLINOIS, KENTUCKY, LOUISIANA, MISSISSIPPI, MISSOURI, AND TENNESSEE

For expenses necessary for prosecuting work of flood control, and rescue work, repair, restoration, or maintenance of flood control projects threatened or destroyed by flood, as authorized by law (33 U.S.C. 702a, 702g–1), $313,324,000, to remain available until expended.

OPERATION AND MAINTENANCE, GENERAL

For expenses necessary for the preservation, operation, maintenance, and care of existing river and harbor, flood control, and related works, including such sums as may be necessary for the maintenance of harbor channels provided by a State, municipality or other public agency, outside of harbor lines, and serving essential needs of general commerce and navigation; surveys and charting of northern and northwestern lakes and connecting waters; clearing and straightening channels; and removal of obstructions to navigation, $1,888,481,000, to remain available until expended, of which such sums as become available in the Harbor Maintenance Trust Fund, pursuant to Public Law 99–662, may be derived from that Fund, and of which such sums as become available from the special account established by the Land and Water Conservation Act of 1965, as amended (16 U.S.C. 460l), may be derived from that account for construction, operation, and maintenance of outdoor recreation facilities.

REGULATORY PROGRAM

For expenses necessary for administration of laws pertaining to regulation of navigable waters and wetlands, $117,000,000, to remain available until expended: *Provided*, That the Secretary of the Army, acting through the Chief of Engineers, is directed to use $5,000,000 of funds appropriated herein to fully implement an administrative appeals process for the Corps of Engineers Regulatory Program, which administrative appeals process shall provide for a single-level appeal of jurisdictional determinations, the results of which shall be considered final agency action under the Administrative Procedures Act: *Provided further*, That the Secretary of the Army, acting through the Chief of Engineers, shall, using funds provided herein, prepare studies and analyses of the impacts on Regulatory Branch workload and on cost of compliance by the regulated community of proposed replacement permits for the nationwide permit 26 under section 404 of the Clean Water Act: *Provided further*, That none of the funds made available under this Act may be used by the Secretary of the Army to promulgate or implement such replacement permits unless and until the Secretary of the Army, acting through the Chief of Engineers, has submitted the aforementioned report to the Committees on Appropriations of the House and Senate, the Transportation and Infrastructure Committee of the House, and the Committee on Environment and Public Works of the Senate: *Provided further*, That the Secretary of the Army, acting through the Chief of Engineers, shall not terminate the current nationwide permit 26 unless and until the aforementioned report has been submitted to the Committees on Appropriations of the House and Senate, the Transportation and Infrastructure Committee of the House, and the Committee on Environment and Public Works of the Senate.

AMENDMENT NO. 3 OFFERED BY MR. VISCLOSKY

Mr. VISCLOSKY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 offered by Mr. VISCLOSKY:

Page 5, line 25, strike the comma and all that follows through page 6, line 23, and insert a period.

Mr. VISCLOSKY. Mr. Chairman, I would indicate that the amendment before the body is offered by myself, the gentleman from Minnesota (Mr. OBERSTAR), and the gentleman from Pennsylvania (Mr. BORSKI), and it goes to correct the one deficiency in the bill relative to the Clean Water Act, relative to preserving wetlands in the United States of America, and relative to the veto issue by the administration relative to the language.

It relates to two provisions in the bill, jurisdiction as far as wetlands and the Army's Corps of Engineers, and a program called Permit 26.

I have talked about the importance of wetlands in my earlier remarks. I have talked about the generic situation we find ourselves in. I would like to use the time allotted to me to talk about the potential arguments raised against the amendment, and why I think the amendment ought to be adopted.

As far as the jurisdictional arguments, I do believe that they would, as the bill is currently constituted, lead to more litigation. Several speakers before us on the floor today talked about the delay involved as far as the implementation of the new procedures as far as the appeal, the new permitting process.

There would be much further delay if the language continues to stand. There would be additional burden on the Corps, and again, we would see an increase in litigation.

As far as Permit 26, some might argue that Permit 26 works. It facilitates the process. To some minor extent, they would be correct. The problem is as far as the overarching policy we are concerned about here, that is, the preservation of our wetlands. I would note again that we are losing 70,000 to 90,000 acres a year. Permit 26 is part of the problem. I would not presuppose that it is all of the problem, but it is part of the problem, and it ought to be fixed for that reason, and for the reason that it is not in compliance with the Clean Water Act.

Some would say that this is going to increase the workload for the Army's Corps of Engineers. Earlier when the acreage was reduced in Permit 26, this same argument was raised: We are going to increase delays, we are going to increase the process, and burden two property owners.

The fact is, that turned out not to be true. There were 55,000, approximately, general permits issued in 1996 before the acreage was reduced. In 1998, general permits issued to facilitate the process did increase to 64,000. But on the other hand, the individual permits, which do take more time, were reduced from 5,028 in 1996 to 4,931.

Will there be some increase as far as the burden to the Corps? Quite possibly, but it is manageable, and the Corps is ready to assume that responsibility. Is there going to be increased cost to those who own property, who develop property? Only if they deal with wetlands.

As far as the time delay, I would point out that, again, before Permit 26 was changed in 1996, the average evaluation time for individual permits was 88 days. In 1998, it was reduced to 87 days, and it is my understanding for the individual development of a property that the delay, if you would, or the time involved before construction is started is anywhere from 6 months to a year. These are not consecutive sequences, they are concurrent.

Does the Corps listen to anybody? Has the Corps simply run roughshod over the process? That is another issue that has been raised. I think, again, it is incorrect. There have been over 10,000 comments issued in three different public comment periods. In some cases the Corps has made fundamental changes and agreed with the developmental community.

The developmental community wanted time limits for the Corps to respond regarding a completed application, and as far as the proposed Permit 26, the Corps said, you are absolutely right, it should be included.

□ 1800

Inversely, as far as the environmental community is concerned, they asked at one time that there be a complete prohibition in critical waters in 100-year floodplains. They asked for a complete revocation of permit 26 with no replacement, clearly an additional burden to the developmental community and the Corps said absolutely not. That is going too far in the other direction.

In the earlier debate, there was talk about the delay involved. This is a very precise, very complicated issue. The Corps is trying to do it correctly and have been about that task in both instances since 1996.

PERFECTING AMENDMENT OFFERED BY MR. BOEHLERT

Mr. BOEHLERT. Mr. Chairman, I offer a preferential perfecting amendment.

The Clerk read as follows:

Perfecting amendment offered by Mr. BOEHLERT:

Page 6, line 11, after "until" insert the following: "30 days prior to the final publication of the proposed replacement permits for the nationwide permit 26 under section 404 of the Clean Water Act".

Page 6, line 13, strike "report" and insert the following: "studies and analyses not later than December 30, 1999".

PARLIAMENTARY INQUIRY

Mr. VISCLOSKY. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman from Indiana will state his parliamentary inquiry.

Mr. VISCLOSKY. My question, Mr. Chairman, is if the perfecting amendment of the gentleman from New York (Mr. BOEHLERT) is adopted, will the Visclosky-Oberstar-Borski amendment to strike still be the pending business before the House, and will our amendment, that is, the Visclosky-Oberstar-Borski amendment, if adopted, strike the perfected language?

The CHAIRMAN. The Chair finds that the amendment offered by the gentleman from Indiana is properly treated as a motion to strike. The amendment offered by the gentleman from New York is a perfecting amendment to a portion of the text proposed to be stricken. As such, the perfecting amendment may be considered as preferential, and the motion to strike is placed in abeyance.

After disposition of the perfecting amendment, the committee will decide the motion to strike the specified text, as it may be perfected or not.

Mr. BOEHLERT. Mr. Chairman, I have an amendment to perfect the text that the gentleman from Indiana (Mr. VISCLOSKY) hopes to strike. The amendment I am offering comes after extensive dialogues with my friends and associates and partners, both in the environmental community with whom I am closely associated, and development communities, as well as with the gentleman from California (Chairman PACKARD).

Let me tell my colleagues, this has involved extensive negotiations. Because I will say this, essentially, the gentleman from Indiana (Mr. VISCLOSKY) and my friends in the environmental community are right in expressing their concern that a report on the costs associated with the implementation of a new nationwide 26 permitting program should not be a vehicle to delay the implementation of this program. Let me emphasize and repeat that, should not be a vehicle to delay the implementation of this program.

That is why I am offering an amendment that would make it absolutely clear that a report on costs of implementation would not impede the wetlands nationwide permitting program.

My amendment makes it absolutely clear that the report be required, must be submitted to Congress no later than December 30, 1999. Let me read to my colleagues where we are coming from in the actual language of the bill. It will read, if I am successful with this amendment, "That none of the funds made available under this Act may be used by the Secretary of the Army to promulgate or implement such replacement permits unless and until 30 days prior to the final publication of the proposed replacement permits for the nationwide permit 26 under section 404 of the Clean Water Act the Secretary of the Army, acting through the Chief of Engineers, has submitted the aforementioned studies and analyses not later than December 30, 1999."

That is very specific. There is no wiggle room.

In the July 21 Federal Register, the Corps stated for the record that they had "extended the expiration date for nationwide permit 26 to December 30, 1999."

My amendment assures that the report being legitimately requested by Congress on the costs of a new permitting scheme will not stop the Corps, will not stop the Corps from going final on their nationwide permit 26 changes on the date that they have projected to go final.

I believe this amendment addresses the real environmental concerns that have been expressed.

I have also included language requesting the Corps to submit their report to Congress at least 30 days before implementing a new nationwide permit scheme. I think that is a legitimate request. Because I have the pleasure and privilege of serving as chairman of the House Subcommittee on Water Resources and Environment, the committee of jurisdiction, I would like to know what the costs in both dollars and manpower, what the costs will be for these new regulations that we are going to impose on the Corps.

Again, let me make it clear, this amendment coming from me is a pro-environment amendment, an amendment that makes sense, an amendment that has been worked out. They did not just snap and accept it and say that I am right, and they agree. We had to really work on this thing. But it has been accepted by the gentleman from California (Chairman PACKARD), and I urge all my colleagues to support its adoption.

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. BOEHLERT. I am glad to yield to the distinguished gentleman from California.

Mr. PACKARD. Mr. Chairman, the gentleman is correct. We have worked long and hard to work out an agreement that is acceptable. We have no intention in the language of the bill to delay this process. We simply felt that the report was required. I think the gentleman from New York has concurred in that in his statement.

I fully support the amendment of the gentleman from New York (Mr. BOEHLERT). I think it is an improving amendment, and I think it is improving from both a process point of view as well as an environmental point of view.

Mr. BOEHLERT. Mr. Chairman, I appreciate that. I appreciate coming into the discussions and rather tough negotiations in the spirit the gentleman from California did. He was willing to listen, and he was willing to consider another point of view. Because, initially, as the gentleman well knows, we did not see eye to eye. He did not think this thing needed to be changed. I did. The gentleman from Indiana (Mr. VISCLOSKY) feels that, too.

Let me read from the Federal Register back on July 21 when they are talking about the proposal to issue and modify nationwide permits. They point out this, "the Corps will spend more time on projects with the potential for more environmental damage and less time on projects with minimal adverse effects on the aquatic environment." I support that and obviously urge support for my amendment.

Mr. VISCLOSKY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would, first of all, indicate my regard for the abilities, intellect, as well as the commitment to the environment of the gentleman of New York (Mr. BOEHLERT). I appreciate his working with the chair and the committee to make the bill a better bill. But I make a couple of observations to my colleagues.

The first is that the language proposed by the gentleman from New York essentially provides for a political solution to a fundamental flaw in the legislation as far as the Clean Water Act and protecting wetlands.

Secondly, I do think that, again, the underlying language that we are talking about is extraordinary as far as the additional costs to the Corps to now issue these reports and studies, the diversion of their energies, and a potential delay from the proposed end of these programs; and that is for the jurisdictional issue to be resolved in September and permit 26 to be resolved in November. That, despite the December 30 date in both of these instances, the time frame we are facing today is shorter, so there is still a delay involved.

Additionally, I think it is extralegal because, under permitting, there is no requirement for the agency to provide a costs study. So what is being requested here is outside of what is legally required under the law.

The gentleman's language does not touch upon the issue of jurisdiction that is part of the amendment that is pending before the House.

But saying that, I can read English. I respect the gentleman. The gentleman has, in a way, improved the language of the bill, and I appreciate him for doing it. I accept the gentleman's language, and I would ask every one of my colleagues in the House to do the same.

Mr. BONIOR. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Visclosky-Oberstar-Borski amendment. Mr. Chairman, first of all, let me say to those who may have just tuned into this discussion that the issue at hand that we are talking about is wetlands. That word has not entered into this discussion very much, and it does not usually enter into the discussion much on this floor, at least in recent years.

But I think it is fundamental that we understand how important wetlands are to our planet. They are the fundamental breeding grounds of our planet. Nationwide, wetlands serve as home to 43 percent of our threatened and endangered species. Nearly 70 percent of our commercial fishing catch in this country depends upon these fragile areas.

They also serve as our nature's water treatment facility. They act as a sponge to intercept sediment, polluted runoff, and toxic substances before they contaminate our lakes and our rivers and our streams. They are a fragile part of our ecosystem that brings great joy, great beauty, a tremendous sense of serenity to literally tens of millions of people in this country and abroad. They are, indeed, a very special place.

Now, there has been much talk recently in the country about this thing called sprawl. This area that we discussed tonight, wetlands, has been a victim of that and at an alarming rate. When I talk about an alarming rate, we are letting anywhere between 70,000 to 90,000 acres of wetland be destroyed annually in our country.

One acre of wetlands can store more than 360,000 gallons of water runoff. As I said earlier, they are an important filter for our water system. It was not very long ago, not very far from my State of Michigan, where 104 people died of poisoning from cryptosporidum in their drinking water.

So when we engage in this discussion about this fragile important piece of our planet, it is important to understand that the American people are demanding we do something about this question of clean water. My colleagues cannot address the clean water issue unless they address the question of wetlands.

One of our cheapest and most natural ways to do that is to protect our wetlands. And at a time when our older communities are struggling with the cost of updating their sewers, we should be making it easier to protect these natural water flows and water filters.

The bill before us today has two riders which actually make it harder to protect our wetlands. One would prevent the Army Corps from implementing a common-sense activities-based permitting proposal. The Corps wants to implement a permitting process that would be on a case-by-case basis to protect practices which damage our natural wetlands. But this bill stops the Corps dead in their tracks.

The other rider would eliminate public input from the wetlands decision making process by allowing the Federal courts to issue permits straight to the developers.

Our communities have a right to provide input, not just for wetland permits, but for activities which affect our waters, our ecosystems, and our way of life and our quality of life.

I just want to encourage all of our colleagues to think about the implications here before we go rush off and pass this bill without addressing this question. This amendment is a good amendment. It strikes a good balance in the bill. It preserves for us and for our ancestors a very fragile part of our planet that serves us all so very well.

I want to thank the gentleman from Indiana (Mr. VISCLOSKY), the gentleman from Pennsylvania (Mr. BORSKI), and the gentleman from Minnesota (Mr. OBERSTAR) for having the foresight to bring this to the floor. This amendment is supported by all the environmental organizations. Trouts Unlimited, hunters, fishermen, folks across this country understand the nature of what we are talking about here. I would encourage all of my colleagues to vote "yes" on this amendment.

Mr. GILCHREST. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, first of all, I want to compliment the gentleman from California (Mr. PACKARD), chairman of the Subcommittee on Energy and Water Development for bringing forth a very difficult, complicated, yet sophisticated piece of legislation to deal with the Nation's resource needs, energy needs, water needs. This is not an easy task to follow, to implement.

I also want to compliment the gentleman from Michigan (Mr. BONIOR) for his eloquent statement about the need for this Nation to, not only protect the Nation's wetlands, to not only come up with a proposal for no net loss of the Nation's wetlands, but to add to the Nation's wetlands, because they are what he has spoken, the world's filtering system for the dwindling supply of water.

□ 1815

It does create habitat and spawning grounds for most of the fish in the world. So wetlands are important.

I want to make just a brief statement about this country, the United States. We are as sophisticated as we are right now, we are as successful as we are right now for four reasons: democracy, our political system; an endless frontier; an abundance of natural resources; and character. We are about character and democracy, but we are diminishing our resources because of the expanding population, and our frontier is gone. We are a developed Nation.

So what is our next frontier? What is the most important thing we can do now? Understand that for future unseen generations we need to be as sophisticated as possible to recognize the next frontier is an intellectual frontier on how to manage and increase and improve the way we use the Nation's resources.

Now, this energy appropriations bill goes a little way toward doing that. We will do this on an annual basis. The gentleman from California (Mr. PACKARD) has taken a diverse amount of material, disparate interests, and he has put together, or pieced together a package to do something about the Nation's resources. And I am going to support the Boehlert amendment because it does what we want to do.

Let me run through a couple of other items. The gentleman from Indiana (Mr. VISCLOSKY) said that the President had an edict that we were going to get rid of Nationwide 26. What is Nationwide 26? It is a regulation that came out in 1996 that said the Corps of Engineers could not issue permits for isolated wetlands or wetlands on the headwaters of our Nation's waterways for any particular activity.

Now, they have studied that for several years to see its impact. The President said last October that by this July he wanted to eliminate Nationwide 26. The Corps said they could not do it by then, so they pushed it off until September. Now they have pushed it off until December, according to the Federal Register. The Corps of Engineers is not going to eliminate Nationwide 26 permitting process until December.

Now, does the gentleman from New York (Mr. BOEHLERT) offer a delay to that? Does this stop the Corps dead in its tracks? The answer is no. There is no delay in the proposal of the gentleman from California (Mr. PACKARD) or the proposal of the gentleman from New York (Mr. BOEHLERT). Does it cause a burden on the Corps? I personally do not think so. The Corps can pool its resources with the help of this Congress and decide by December 31 that Nationwide 26 will be eliminated and we will propose some permits for activities in the Nation's wetlands.

What is the cost of the Corps to do this? We ought to know. Do they need any more people on the ground to evaluate the activity to issue the permit? We should know this. What is the cost to the community that would like to propose those activities? I think some of the cost to the regulations by the bureaucracy is arbitrary. We do not know as Members of Congress when we issue statutes what happens. We ought to know the cost to the Corps, because we have to propose funding for the Corps, and we should know the cost to the people that want the permits to do those activities so we can better expedite the entire process.

The language in this proposal by the gentleman from New York (Mr. BOEHLERT) is not a political solution; it is a practical solution. There is no potential delay. The language says by December 30. That is what the Corps said themselves.

We should know the cost estimate, and we should know the activities. I would urge my colleagues that a more sophisticated approach to protecting the Nation's wetlands is to know the full impact of what the Corps is about to do. I want to preserve those wetlands. We want to increase the number of wetlands.

Mr. Chairman, I urge support for the Boehlert amendment.

The CHAIRMAN. If there is no more debate on the Boehlert perfecting amendment, the Chair will put the question.

The question is on the perfecting amendment offered by the gentleman from New York (Mr. BOEHLERT).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. BOEHLERT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to House Resolution 261, further proceedings on the perfecting amendment offered by the gentleman from New York (Mr. BOEHLERT) will be postponed.

The point of no quorum is considered withdrawn.

Debate will continue on the underlying Visclosky motion to strike.

Mr. BAKER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, in 1993, the Clinton administration directed the Corps of Engineers to establish an administrative appeals process for wetlands determinations. That instruction came with a 1-year time line to perfect those guidelines. However, it was 1995, a full year later, before the Corps proposed an administrative appellate process but was not able at that time to fully implement that plan.

It was then 2 years later, in January of 1997, that the Corps testified that they would need some $5 million to implement their administrative review process. The Congress responded and made those funds available.

In 1998, in January, the Corps announced the appellate process that they were formulating as a result of the $5 million appropriation would only review denied permits, not jurisdictional determinations.

Why is this significant? Well, it means a small landowner or a small businessperson must go through the entire administrative appellate review process and spend significant amounts of money to defend their right to their property. Only when they were denied were they then able to go on to an administrative appeal if the Corps' proposal had been enacted.

In 1999, the Congress was told that the Corps would need an additional $5 million to implement an administrative appellate process to include jurisdictional determinations. Now, finally, some 7 years after the Clinton administration directed the Corps to prepare and implement an administrative appellate process, we find in this legislation, as proposed by the gentleman from California (Mr. PACKARD), the important remedy to small landowners across this country.

For those who do not live in a State like Louisiana, where increasingly human habitation is being found impermissible by the Corps of Engineers, it may be difficult to understand the significance of wetlands determinations. A couple who owns a small dry cleaners back home worked hard, many hours, saving as best they could to put money aside to acquire their dream of homeownership. They bought 5 acres of property in a rural part of Livingston Parish.

As they were making their decisions about where they might build their home on this piece of property they were acquiring, a friend told them they had better call the Corps of Engineers and have them come out and make a determination before they decided on their building location.

Well, the fella happened to own a tractor, and what is called back home a bush hog, a piece of equipment for cutting grass, normally. Well, he took the tractor and the bush hog and he went out and topped the 5-acre tract so he could get a better idea of where the trees were located and what might be an attractive place to put the home.

When the Corps of Engineers came out, they were not particularly impressed with this young man's activities. They determined right off the bat, using an inaccurate floodplain map, that the property in question was a wetland and that he had inappropriately cut down young trees. Not only were they not allowed a permit to build in a timely fashion on that property, they were told they had to replant 50 trees at their expense and be responsible for the life of those trees, for their continued growth and safety.

This couple soon realized what they had gotten themselves into: that they had spent 10 years of their life working to save money to buy their American dream only to be told by a government agency, "I am sorry, if you want to object to our determinations, you are going to have to go all the way through the process; and only at the end, if you are denied a 404 permit, will you have the right to go to court and spend more money to try to overturn a decision of the United States Government."

This is ridiculous. The couple has abandoned their hopes of building on the 5 acres and are now back in their dry cleaners, working again this evening, trying to save money to buy another piece of property on which they hope to build their home.

Now, we are not asking that the delicate environmental balance that exists in this country be upset. But let me tell my colleagues, those of us from Louisiana understand delicate environmental balance. Our economy is based on agriculture and fisheries. The wealth of the Gulf of Mexico feeds most of the people around here who go to Washington restaurants and eat these crabs that say made in Louisiana, though I would be interested in knowing where they really come from. Our biggest problem with the environment is not polluting waters, it is gillnetters from out of state, who take monofilament nets and, frankly, destroy our fisheries by hauling them out of state for other purposes.

What we are asking for is just a simple opportunity. If the Corps of Engineers says a landowner cannot build their house on their property that they paid for, we think that landowner should have a chance to have a jurisdictional determination first. Does the Corps have the right to do this to this landowner and can the landowner not get this determination made before they have to spend thousands of dollars defending their right to own property in what is supposed to be a free country.

I congratulate the gentleman from California (Mr. PACKARD) and the committee for finally having put in to a proposal a decent common sense opportunity for small business people and landowners around this country to have the chance to be heard before the government takes their land away.

Mr. BORSKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am pleased to join with the ranking member of the subcommittee, the gentleman from Indiana (Mr. VISCLOSKY) and with the ranking member of the Committee on Transportation and Infrastructure, the gentleman from Minnesota (Mr. OBERSTAR), in offering this amendment. This amendment will strike the harmful riders which would undermine Federal protection of our Nation's wetlands and needlessly increase litigation.

Mr. Chairman, regrettably we are once again debating anti-environmental riders in an appropriations bill. This practice is simply not acceptable. First, this rider undercuts the national protection of wetlands; second, the bill will increase litigation over the wetlands issue; and, third, these issues should be considered and fully debated in the Committee on Transportation and Infrastructure where they belong under the rules of the House.

Furthermore, while anti-environmental riders should not be considered in any appropriations bill, it is particularly unfortunate to see this type of controversy in the energy and water appropriations bill. Historically, this bill is considered to be noncontroversial and receives broad support. The wetlands rider in this bill creates unnecessary controversy and ends that bipartisan support and, in fact, will liked result in a presidential veto of this bill. The Visclosky amendment removes the controversy and ensures this bill an overwhelming vote.

Mr. Chairman, our Nation's wetlands are a critical natural resource deserving of a special level of protection. Not only are wetlands essential for protecting water quality and the health of aquatic ecosystems, but wetlands are the front line of defense against the devastating effects of flooding.

As many of my colleagues know firsthand, one of the greatest benefits provided by our Nation's wetlands, both economically and environmentally, is that of flood protection. Wetlands serve as natural holding areas for heavy rainfall and snow melts, temporarily storing the excess waters for slow release in surrounding areas and recharging groundwater, thereby reducing the damage to downstream farms and communities.

In the process, these vital areas limit the spread of pollutants by naturally assimilating contaminants and often provide critical habitat and nursery areas for migratory birds. Unfortunately, since the 1600s, more than half of the original wetlands in the lower 48 States have been destroyed. Wetlands across the Nation have been drained at an alarming rate, up to 100,000 acres annually, and subsequently converted to farmlands, built for housing developments and industrial facilities, or used as receptacles for waste.

Yet what is even more unfortunate, Mr. Chairman, is the fact the provisions contained in this bill would assist in the destruction of an even greater number of wetlands. First, the legislative proposals contained in this bill would delay the implementation of a revised nationwide program for wetland development. Currently, the discharge of fill materials into certain types of waters is allowed without regard to the type of activities being conducted and without prior notification or delineation as a protected wetland.

In fact, since 1993, the administration has called for a complete review of the wetlands program, and just a few weeks ago the Army Corps of Engineers published a proposal to correct the deficiencies. The riders contained in this bill will needlessly delay the implementation of the new nationwide permitting program, continuing the loss of wetlands. That is unacceptable.

Instead of continuing the destruction of wetlands, we should allow the Corps of Engineers to finish the work on the revised permit system, providing additional protections to our vital wetland resources, yet still allowing continued development of selected wetlands areas.

Mr. Chairman, this proposal also will needlessly increase the amount of litigation surrounding the wetlands permit program. Under the current program, an individual may seek a determination by the Corps to identify whether or not a wetland exists on their property in advance of any planned development. Because such determinations are not always tied to any real desire to develop lands, these agency determinations are not litigated. This rider allows these issues to be challenged in court. We certainly do not need any more lawsuits.

□ 1830

While I support establishing an administrative appeals process for jurisdictional determination, this should not create new multiple opportunities for lawyers.

In addition, this threat of litigation is intended to cause the Corps to be significantly more conservative in its determination of what is a wetland in order to avoid future litigation. This can only result in the further development of greenfields at a time when we should be encouraging continued redevelopment of urban and rural brownfields.

Mr. Chairman, as I stated earlier, our Nation's wetlands are an important but rapidly diminishing natural resource. We cannot accept riders in appropriations bills which further diminish their protection. This amendment will stop this rider and protect these precious resources.

I urge my colleagues to support this amendment.

Mr. PACKARD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to address the two issues that are in this amendment. Let me take the nationwide permit 26 issue first. I will try to be brief on that, because I honestly believe that the Boehlert amendment essentially removes all of the concerns for this portion of the amendment by the gentleman from Indiana (Mr. VISCLOSKY).

Frankly, all this provision is in the bill is a reporting provision. It simply asks for a report. It is nothing more than that. It does not change the process. It does not change the regulations. It does not change the impacts. It does not change any part of the existing law as it relates to wetlands. It only requires a report.

That report will be done before the Corps, at their own admission, can implement the change from the nationwide process to the individual permitting process.

I cannot see any reason for Members to disagree with the provisions that are now in the bill, as amended, on this nationwide permitting process.

I should mention that the Corps itself has admitted that individual permits will take five times longer to process than the nationwide permit 26 general permits will take. The Corps further said, just the other day, last Wednesday, in the Federal Register, the Corps reported that the proposed changes will cause a substantial increase in the Corps' workload by requiring individual permits for activities that would otherwise be evaluated through the nationwide permit program.

The Corps estimated that just one of those proposed exclusions would result in two to three thousand more individual permits per year, at least a 40-percent increase over the current individual permit workload. Can any of my colleagues feel it is not necessary to find out what problems that will cause in the processing?

The Corps is going to have to do more work. They have admitted that. All we want to do in this report is to find out how much more required work it is going to be. Can the Corps handle it? Will it cost more for the Corps? Will we have to provide more funds for the Corps? Will it cost more to the applicant? And, will it cause delays?

All of these questions need to be answered. And the Corps can do it under the Boehlert amendment. Not only can they do it, they must do it before they implement it by the end of the year, which is the time that they said it would take to implement this process anyway.

So much for the nationwide permit process. I can speak a lot more on it, but I will not because far more important is the next issue. Because again, I believe the Boehlert amendment solves the problems in the nationwide permit issue and deserves really no further discussion.

But on to the other portion, that is the administrative appeals process. My colleagues, this is my biggest concern. I get complaints on this process from cities, from counties, from school boards wanting to build schools, water districts wanting to put the sewer and water lines in, State and county facilities that need to be put in to service the people, to build roads, and to build parks.

They are the ones that are struggling more with this now than the private sector is, and they are the ones that are complaining. I have a list of letters from the cities and counties in my district asking us to do something to make it easier for them to go through the process.

My bill very modestly addresses the problems that they have brought to my attention. And the modest change we recommend is to give the cities, the counties and private enterprises that need to develop their land the same opportunity as third parties that may disagree with the Corps' decision.

Let me explain briefly, all this does under current law. I may not have sufficient time to do this, but I will seek time from others to allow me to complete it.

I will use a school district as an example because that is the one that I have heard from most recently, a school district wanting to build a new school. If it is determined by the Corps that they have a wetland on their school site, whether there is or not, if it is declared a wetland by the Corps, then the school district is required to go through the long and drawn out and expensive process of seeking a 404 permit; and they have to complete that 404 permit application and be denied before they can go to court to determine if, in fact, they do have a wetland.

Now, in the meantime, a community group that may be opposed to the school district building a school, can immediately go to court. If the court decides that there is no wetland on the site and this group is objecting to it, they can immediately go to court.

The CHAIRMAN. The time of the gentleman from California (Mr. PACKARD) has expired.

(By unanimous consent, Mr. PACKARD was allowed to proceed for 5 additional minutes.)

Mr. PACKARD. Mr. Chairman, so if the school district is seeking a 404 permit, they cannot take it to court. But someone else can take it to court if the court decides that it is not a wetland on the site.

That is an injustice to the applicant, in my judgment. It definitely favors the third parties and penalizes the applicant.

All my bill will do will be to allow the school district in this instance to challenge the decision that there is a wetland on the site. And they can appeal it to a higher level within the Corps, not at a different agency, within the Corps. The Corps, if they decide, yes, there is a wetland, then the school district can go to court and verify that that decision is correct before they have to go through the long, drawn out expensive process of a 404 permit.

Now, I do not understand what is wrong with that process. It simply gives the school district in this instance exactly the same options within the courts as a third party that may object. To me, that is fair, it is reasonable, it is very sensible, and certainly a very modest change in the process.

I urge my colleagues to recognize that it is not just the big developer that is affected by the rules and the regulations and the process. It is cities, it is schools, it is water districts, it is counties that want to do something for the people that they represent and that they serve.

Mr. BOEHLERT. Mr. Chairman, will the gentleman yield?

Mr. PACKARD. I yield to the gentleman from New York.

Mr. BOEHLERT. Mr. Chairman, I want to point out that the standard of review for a court determination that the Corps has made an improper determination of what is a wetland is the arbitrary and capricious standard.

I am sorry, if the Corps has made a wetland determination that is arbitrary and capricious, and I am not suggesting it does it left and right, then it should be examined in the courts.

Mr. PACKARD. Mr. Chairman, reclaiming my time, I thank the gentleman for his comment.

All this does is to give a chance for any applicant, any property owner, whether it be public or whether it be private, a chance to be certain that this is really a wetland. I do not understand why that is such an egregious request.

Mr. Chairman, I hope and pray that my colleagues will recognize that this is a very modest change and that they will defeat the Visclosky amendment and allow the bill, as now amended and improved, to stand.

Mr. BLUMENAUER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, 10 years ago President Bush announced a no-net-loss policy for Wetlands in this country; and, as a local official, I saluted him for that. It was a policy that was long overdue.

We have heard colleagues from both sides of the aisle talk about the need to protect wetlands in this country. Yet we continue to fall far short of the goal articulated by President Bush.

We can quibble about the statistics, but we are still losing between 1,000 and 2,000 acres per week, 50 to 100 thousand acres per year, year after year, losing this precious resource.

The gentleman does not understand why we should intervene quickly if someone is proposing to develop land as opposed to a slight delay or a longer delay in terms of development. There is a big difference. Because if we allow development to proceed forthwith, we lose that wetland. There is a big, big difference.

I can understand in my mind why it would be sound Government policy to act immediately if there is a potential for losing this activity.

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. BLUMENAUER. I yield to the gentleman from California.

Mr. PACKARD. Mr. Chairman, this provision, I think, is better known now as the puppy. The gentleman has not met this puppy. It is not a puppy that wants to destroy wetlands. Nor is it a puppy that wants to delay the process.

The provision in the bill does not change any of the procedures required by an applicant. It simply gives them the opportunity to appeal the decision. But it certainly is not going to deplete wetlands. That is simply not an issue in this.

Mr. BLUMENAUER. Mr. Chairman, reclaiming my time, I was explaining why it was sound Government policy to permit an immediate action if we are going to lose a resource that is going to be lost for centuries or millennia, as opposed to having a slight delay for development that people can go ahead and appeal and can move forward.

We have seen tremendous progress that has been made streamlining. And, in fact, we have streamlined in many cases too well. We have not halted the loss of the wetlands in this country.

Wetlands, as has been documented, are the cheapest way that we are going to provide flood control. They are the cheapest way that we are going to provide for endangered species. It is the most cost-effective way for combined sewer overflow problems that plague over 1,100 communities around the country.

It is, with all due respect, an effort that a number of us who are concerned environmentally see this as being putting sand in the gears. The last thing an underfunded, overworked Corps of Engineers needs to do is to come forward with yet another study.

They are working on this. I have been a critic at times of the Corps, but I am impressed with the 180-degree effort that has been undertaken on behalf of the Corps of Engineers. We do not need to sidetrack them. They have had over 10,000 comments, moving forward.

Let them develop an administrative procedure for appeal. Do not move it automatically to the courts, undermining some of the incentives that we have now for people to work cooperatively to solve these problems.

We do not need, in my judgment, for us to go once again in an appropriations bill undercutting the work that we appropriately do in the authorizing committee.

I would defer to my friend from New York, the chair of the Subcommittee on Water Resources and Environment, for work that he might do in terms of fine-tuning. In fact, I urge that we bring some of our friends together from a variety of water resources agencies because it goes beyond the Corps of Engineers. It includes FEMA. It includes Interior, the Bureau of Reclamation. There are a wide range of people that need to be involved.

I am not concerned if we require local governments, water districts, school districts, even some Federal agencies to play by the same rules that we require the private sector. That is not an argument for pulling the plug. I think that helps us fine-tune and move the process forward.

The CHAIRMAN. The time of the gentleman from Oregon (Mr. BLUMENAUER) has expired.

(By unanimous consent, Mr. BLUMENAUER was allowed to proceed for 2 additional minutes.)

Mr. BLUMENAUER. Mr. Chairman, I appreciate the courtesy of my colleagues.

I have long felt that one of the problems we have in the Federal Government is that we do play by different rules, whether it is the post office that does not obey local land use laws, zoning code, environmental regulations. I think the Congress should move forward to make sure that we all play by the rules.

But for heaven's sake, I think it is ill-advised, when the Corps of Engineers is, in fact, moving in the right direction, for us to throw sand in the gears as it relates to permit 26, require an overworked, underfunded Corps to come forward with yet another study and to enact a separate appeal process rather than have an administrative repeal.

□ 1845

I strongly urge support for the Visclosky-Borski-Oberstar amendment and that we move away from this notion of environmental legislation with the appropriations process.

Mr. BAKER. Mr. Chairman, will the gentleman yield?

Mr. BLUMENAUER. I yield to the gentleman from Louisiana.

Mr. BAKER. I just wish to point out that the appropriations process gave an additional $11 million for regulatory and administrative procedures in the proposed budget, and, secondly, just a quick Louisiana note, we lose more wetlands in one 2- or 3-day period from one Stage or Level 3 storm called a hurricane than we do in the entire year of normal geological processes. If the gentleman really wishes to help us save wetlands in Louisiana, we just need a few bucks to do some onshore revetments to protect whatever precious wetlands we have left. Otherwise our coastline is going to be up somewhere south of Arkansas.

Mr. BLUMENAUER. Reclaiming my time, with all due respect, I think there are a whole host of areas we could constructively discuss in terms of what has happened environmentally with the State of Louisiana. I think by some ill-planned efforts that have gone, including the Federal Government, over the years, that we have helped create sort of an environmental time bomb in terms of Louisiana.

Mr. BAKER. I will agree with the gentleman, if he will yield further just quickly. One of the problems, which I know that he would not support, would be to let the Mississippi River meander to its natural course.

Mr. BLUMENAUER. Mr. Chairman, I will talk with the gentleman about the Mississippi River flood control and these sorts of things at another time.

Mr. GILCHREST. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to make a quick comment that the gentleman from Louisiana stated earlier about crabs and restaurants in Washington, where most of them come from Louisiana. I would just like to say that a good portion of those crabs come from the Chesapeake Bay in Maryland.

Mr. BAKER. Mr. Chairman, will the gentleman yield?

Mr. GILCHREST. I yield to the gentleman from Louisiana.

Mr. BAKER. The gentleman is absolutely correct. I appreciate him for correcting the official record on this matter. I would point out, however, it is the small ones that come from Maryland.

Mr. GILCHREST. Reclaiming my time, it is the big, meaty blue crabs from the Chesapeake Bay. I thank the gentleman from Louisiana. We are also working on the nutria problem. I know you guys eat them down there. We do not do that up here.

I would like to respond to the gentleman from Oregon for whom I have great respect and with whom I realize and all of us here collectively certainly want to do everything we can to add to the Nation's acreage of wetlands, but as far as two quick items:

The appeals process that is in this legislation. One, it offers someone that has been, if you want to, and I cringe when I say this word, develop or have some activity on wetlands, which I think we should avoid them at all cost and find some other alternative. But if you disagree with the Corps when they say that they have delineated that piece of acreage as a nontitled wetland, what can you do then? In the bill, the gentleman from California (Mr. PACKARD) has said, you can appeal that to a higher level of the Corps of Engineers and then they will determine whether the person on the ground delineated that piece of wetlands correctly. If the Corps sustains the original delineation, then the individual or the group can go to a Federal court. But the Federal court is not going to overturn the Corps' delineation unless it is judged to be arbitrary and capricious. That is rock solid.

The other issue we are talking about here is Nationwide 26 which is a small, narrow area of nontitled wetlands, of wetlands in general. It is not the whole program of section 404. It is a narrow part of section 404 dealing with three acres or less that are considered isolated, are considered at the headwaters of an area. Personally I do not think those isolated wetlands should have activity on there other than maybe a Canada goose or some other habitat for wildlife. But the language in this bill does exactly what the Corps of Engineers said they were going to do in the Federal Register. That is, the Corps of Engineers said by December 31, we will have in place the ability to implement a new regime for isolated wetlands, and, that is, to get rid of Nationwide 26, so they will be able to have an individual permit for activity on that particular wetland.

This bill makes sure, puts into statute, that they will no longer postpone that implementation. It will happen December 31st. They were going to do it in July and then that slipped. They were going to do it in September, then that slipped. Now they say they might do it this December.

What the amendment of the gentleman from New York (Mr. BOEHLERT) does is to make sure they will do it in December, and I think we ought to know the kind of money they need for the people on the ground to implement that policy so that we can ensure that they have enough money. And I think it will help the community that wants to have activity on wetlands, the development community, that they ought to know what it is going to cost them. This is just good legislation.

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. GILCHREST. I yield to the gentleman from California.

Mr. PACKARD. The gentleman should know, and I hope the Congress knows, that we have put money into this bill to literally implement what the Corps was planning to do.

Mr. GILCHREST. I thank the gentleman for that comment.

Mr. KIND. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to just rise today to associate myself with the remarks of my friend from Oregon whom I think is one of the foremost experts in this body in regards to this issue and a whole host of other environmental issues. That is why I rise as a strong supporter of the Visclosky amendment and would encourage my colleagues to support it in final passage.

But I also rise this evening, Mr. Chairman, as one of the cochairs of the bipartisan Upper Mississippi River Task Force that was formed over 3 years ago, a group of Members on both sides of the aisle which is dedicated to get together to bring a little more focus to the importance of the preservation and the protection of one of our national treasures, the Mississippi River. Normally I would be eager to support this bill and I hope I still can if the antienvironmental riders that have been attached are removed, and although there is an agreement to restore some of the funding to the renewable energy program, it is a little disheartening that we could not at least get to level funding as we had last year.

This bill, nevertheless, does contain important provisions for the upper Mississippi River Environmental Management Program, the LaFarge Dam

Project, and the Chicago Sanitary and Ship Canal Dispersal Barrier. I just want to take a couple of moments to talk about a couple of these.

In light of the tight budget constraints, I commend the appropriators, especially the gentleman from Indiana (Mr. VISCLOSKY) and the gentleman from California (Mr. PACKARD), the committee members and committee staff for their recognition of the importance of the Environmental Management Program and for appropriating $18.95 million to the EMP program which is about level funding, where it was last year, but it is $3 million more than what the Senate appropriations level is right now.

Of special note is the bipartisan support and the leadership that we have had in this Mississippi River Task Force from my other cochairs, the gentleman from Minnesota (Mr. GUTKNECHT), the gentleman from Minnesota (Mr. OBERSTAR) and the gentleman from Iowa (Mr. LEACH).

The EMP is a great cooperative effort at the Federal, State and local level involving the Fish and Wildlife Service, the Geological Service, the U.S. Army Corps of Engineers and the five upper Mississippi River basin States that is dedicated to ensure the coordinated development and enhancement of the upper Mississippi River system. The EMP is designed to evaluate, restore and enhance riverine and wetland habitat along a 1200-mile stretch of the upper Mississippi and Illinois River. The EMP program manager, Bob Delaney, has highlighted some of the detrimental effects that would occur to the program if we went with the $3 million less appropriated level on the Senate side than what we have here on the House side.

Mr. Chairman, I include Mr. Delaney's letter to me in the RECORD.

DEPARTMENT OF THE INTERIOR,
U.S. GEOLOGICAL SURVEY,
La Crosse, WI, July 27, 1999.

Hon. RON KIND,
House of Representatives, Washington, DC.

DEAR MR. KIND: I thought it appropriate that I communicate to you impacts to the Upper Mississippi River Environmental Management Program (EMP) which will occur under fiscal year 2000 funding levels currently being considered by the House and Senate.

As you know the EMP funds have never been cost indexed. Yearly inflation and uncontrollables, such as salary increases have reduced program operations and capabilities even under the fully funded level of $19,455 by nearly half since the EMP was initiated in fiscal year 1987. This has prevented the construction of dozens of habitat projects in the five river states (Illinois, Iowa, Minnesota, Missouri, and Wisconsin) involved in the EMP. In addition, it has severely curtailed critical science information needed to assist state and federal river managers in balancing the billion dollar industries associated with navigation, recreation, and wildlife conservation.

The proposed Senate funding level of $16.1 million, $3.555 million below full funding levels, would reduce the Long Term Resource Monitoring component of the EMP by $1.12 million and result in the following impact: (1) It would be necessary to close two of the six state-operated field stations that have been collecting critical data on the river for over ten years. Disrupting the continuity and spatial distribution of data on water quality, fish, and vegetation would seriously compromise the integrity of the resource monitoring program. (2) It may be necessary to terminate the fish monitoring altogether. Given how important this information is to the federal and state agencies that are responsible for managing the fish populations upon which much of the recreational economy of the region depends, this would also be a serious set-back. (3) It may be necessary to eliminate sediment and river mapping functions at the USGS Upper Midwest Environmental Sciences Center in Wisconsin.

The Senate EMP reductions would reduce habitat project construction by $2.43 million and result in the following: Suspend design of a number of habitat restoration projects, including Lake Odessa (Iowa), Batchtown Phases II and III (Illinois), and Calhoun Point (Illinois). In addition, it may be necessary to cancel the scheduled award of construction contracts for projects such as Spring Lake Islands (Wisconsin), Ambrough Slough (Wisconsin), Harpers Slough (Wisconsin/Iowa), Pool Slough (Minnesota/Iowa), Pool 11 Islands (Wisconsin and Iowa), the Batchtown Phase I (Illinois). Each of the Corps of Engineers districts, which implement habitat projects, will experience these types of impacts.

The above funding reduction actions will certainly have crippling effects. The timing could not be worse. The Corps of Engineers, U.S. Geological Survey, and the five river states have just concluded a very difficult process of restructuring the EMP Long Term Resource Monitoring Program to accommodate inflation-driven budget shortfalls that the program will experience even with full funding. Painful decisions have already been made that reduce personnel levels and curtail data collection efforts. The USGS and other partner agencies have made every effort to reduce costs, maximize efficiency, and still maintain the scientific credibility of the program. Further loss of scientific data will reduce the ability to describe and mitigate impacts of the sue of the system for navigation. Additional funding cutbacks will seriously jeopardize the integrity of the program.

The Water Resources Development Act which is currently before Congress reauthorizes the EMP and proposes increased funding levels. Reducing funding for this river management support program at the very time that we are all simultaneously planning for its future seems particularly ill-advised.

Sincerely,
ROBERT L. DELANEY,
LTRMP Program Manager.

Mr. Chairman, the EMP is a vital program to the environmental and the economic well-being of the Mississippi River and the entire upper Mississippi River basin. Navigation along the upper Mississippi supports over 400,000 full-time and part-time jobs, which produces about $4 billion in individual income. Recreation use totals 12 million visitors each year in the upper Mississippi region and results in an economic benefit of roughly $1.2 billion. Maintaining a proper balance between economic growth and environmental protection is essential to maintain the health of the river and the wetlands associated with it.

Mr. Chairman, I would also like to mention an issue that has dragged on far too long and needs to be resolved in my district. In 1962, Congress authorized the Corps of Engineers to construct the LaFarge Dam on the Kickapoo River in western Wisconsin. In the process, it condemned more than 140 family farms and began construction of the dam and reservoir. The project, however, was halted in 1975 and it was only half completed.

Also, under the project, certain State and county highways that were slated for relocation have since fallen into disrepair. Several times throughout the history of the project the Wisconsin DOT has been denied the opportunity to maintain these roads by the Corps. This bill provides the funds to correct this wrong. Now the land is slated to revert back to the people of Wisconsin.

Only recently with the passage of WRDA 1996 were additional funds appropriated to finish what the Corps started. This appropriations bill has made provisions to enable the Corps to finish its business so that eventually the land can be returned to the people of Wisconsin.

Finally, Mr. Chairman, another important issue to the Mississippi River contained in the bill is the Chicago Sanitary and Ship Canal Dispersal Barrier funded at $300,000. All this will do is establish an electrical barrier along the Illinois River in order to prevent the migration of nuisance species from Lake Michigan to the Mississippi, such as the round gobi and also carp trying to travel from the Mississippi to Lake Michigan. It is long overdue. I think this barrier is going to add to the protection of the river.

I would encourage my colleagues again to support the Visclosky amendment to make this a better bill which in all other respects I wholeheartedly endorse.

Ms. WOOLSEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise today in strong support of the amendment offered by the gentleman from Indiana (Mr. VISCLOSKY), the ranking member of the Subcommittee on Energy and Water Development.

This amendment will strip from the bill the harmful riders that would reduce protection for our valuable wetlands and would make it very difficult for a great number of Members of this Congress to vote for the bill without it. With those riders, it will not work.

In my district just north of the Golden Gate Bridge on the north edge of the San Francisco Bay, we spend a lot of time and a lot of energy reconstructing, restoring wetlands that have been destroyed in our area. A lot of that comes through matching funds from the Federal Government and from the State and from local investment and from private investment, because it is very, very important to my district. In fact, we are going to reconstruct a wetland that is now an old, unused Air Force landing pad, Hamilton Air Force Base. It is going to be the largest restored wetland in the State of California. We would not have to do this if wetlands were not disappearing at nearly 100,000 acres a year in this Nation.

In fact, in my State, California, we have lost nearly 90 percent of our original wetlands. This is extremely alarming. Wetlands provide a home to wildlife habitat, filter pollutants from our streams and lakes, help control floods and give us more recreational areas. These wetlands are a spawning ground for fish and provide homes for more than 138 species of birds and also for every amphibian and reptile in the United States.

The riders in this bill undercut key Clean Water Act protections for wetlands. They would invite increased litigation, they would waste Federal dollars, and block revised wetland permits designed to limit wetland destruction and the flooding of homes and businesses.

The Visclosky amendment would allow the Army Corps of Engineers to revise their permit process, providing more protection for our wetlands. Developers may say, and they do, they will say, and they will say it over and over, that this is a long, drawn-out process that would become much longer. However, the reality of the situation is that 82 percent of permits are approved within 16 days of submission, and less than half of 1 percent are denied in the end.

The Corps of Engineers has been in the process of developing these replacement permits for more than 2 years. The process involved two public notice and comment periods in which more than 10,000 people and businesses have participated. These comments ran 9 to 1, Mr. Chairman, in favor of stronger wetland protections.

We need to protect our remaining wetlands. The people of this country know it. They know that the wetlands are among our most valuable environmental resources. These antienvironmental riders must be removed before our wetlands disappear entirely.

I ask my colleagues to support the environment by supporting the Visclosky amendment.

□ 1900

Mr. HINCHEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. HINCHEY. I yield to the gentleman from Washington.

Mr. DICKS. Mr. Chairman, I rise in support of the Visclosky amendment.

Mr. Chairman I rise in strong support of the Visclosky-Oberstar-Borski amendment to the Energy and Water Appropriations Act. The amendment would remove two provisions from the bill which severely threaten the health of our nation's wetlands and ability of the Corps of Engineers to effectively implement the Clean Water Act.

The first provision severely limits the review process for wetlands decisions by making the review of these initial determinations appealable to Federal courts before a final permit decision has been made. It is my understanding that the Administration is currently creating an administrative appeals process for these determinations, and that this section in the bill cuts off that process.

The second provision would indefinitely delay implementation of a revision to the Corps' "Nationwide Permit 26" under Section 404 of the Clean Water Act. The revision was first proposed by the agency last year and is still in the public process being undertaken by the agency. The new nationwide permits are a high priority of the administration. Through this public process, they plan special protections for flood plains and other environmentally sensitive lands. I believe the administration should be allowed to complete the open process and move forward with its revisions to the permitting system, not be cut short by a legislative provision in an appropriations bill.

Our nation's wetlands have already been drastically reduced. We must ensure the protection of these critical areas and not preempt any public processes to be halted because of this legislation. I urge support for the amendment.

Mr. HINCHEY. Mr. Chairman, I wanted to say a word in support of the Visclosky amendment as well because I think it does something that is very important. The administration, this administration, has recognized that the policy that has been pursued by the Army Corps of Engineers over many years which has allowed for the destruction of small wetlands, wetlands under three acres, is a wrongheaded policy in that in the course of that policy we are losing cumulatively hundreds of thousands of acres and have lost cumulatively hundreds of thousands of acres of wetlands over a period of time in the past. The administration wants to move to stop that.

This is a very important thing to do, and we should not discourage the administration in this effort, and unfortunately that is what the anti-environmental riders in this appropriations bill would do. It would make it more difficult to protect small wetlands, wetlands under three acres. It is very important to protect those wetlands for a variety of reasons, not the least of which is the fact that we in this country, as a result of increasing population and increasing activities of various kinds, have placed in jeopardy our surface water supplies, the reservoirs of our Nation, particularly the big cities. We have seen that impact in the Midwest and elsewhere. Consequently the EPA has adopted a program whereby, if cities fail to protect their surface water supplies, their reservoirs, they will have to implement a filtration program. That filtration program is a very expensive one.

Let me give my colleagues the example of the City of New York. In the case of the City of New York, if New York has to build a filtration program which is more likely if we destroy the wetlands upstate, it will cost the city approximately $5 billion to construct that filtration plant and approximately a half a billion dollars a year to operate it. Now that is just the economic side of the equation. Of course, once the filtration plant is built and operating, the quality of the watershed and the water supply system will further deteriorate because the main incentive for protecting it will have been evaporated, will have been lost as a result of the construction of this filtration plant.

So the loss of these wetlands is very critical.

Recently the City of New York did something very foolish, I think, because they approached the Army Corps and dropped a provision whereby they would agree that the city would agree to a plan which would provide for the protection of these small wetlands, these wetlands of less than three acres in the Catskill watershed in upstate New York. The city was prepared to go along with that, but recently the mayor of the city intervened and decided that he would drop that. And so these small wetlands, which are now protecting the quality of the watershed, which is an absolutely precious, invaluable, and I use that word literally, invaluable resource, is in danger now and increasingly in danger because we will be losing these small wetlands.

So, by adopting the anti-environmental rider in this bill we will once again deprive ourselves of the opportunity to protect these small wetlands, protect our water supplies, avoid enormous costs associated with building filtration plants and operating those filtration plants and place our citizenry in increased jeopardy of disease and other ailments as a result of contaminated water supplies.

Mr. BAKER. Mr. Chairman, will the gentleman yield?

Mr. HINCHEY. Mr. Chairman, I yield to the gentleman from Louisiana.

Mr. BAKER. Mr. Chairman, I just wish to point out the only modification the amendment offered by the gentleman from California (Mr. PACKARD) would make is to allow, at the beginning of the 404 process for these small acreage tracks, a determination to be made whether it is or is not a wetlands; no construction, no damage, no wetlands lost. Only a small property owner can go into the United States Government and say, "Is this really a wetlands before I spend all my money to get my property back?" That is all the gentleman's amendment would do.

Mr. HINCHEY. Mr. Chairman, reclaiming my time, I thank the gentleman very much for that. I listened to the gentleman, I am very sympathetic to what the gentleman said about the situation that the story, the anecdote that the gentleman told to us about the situation in Louisiana in his district; I am very sensitive to that, and I appreciate it, and I think that things need to be done about that. We need to protect people from buying property that they intend to build on and then later on they find it is a wetland. We need to take action, at least States particularly ought to take action, against people who sell property alleging that it is buildable, and then later on the purchaser finds out that that is not the case because a wetland is located on it.

Mr. Chairman, I am very sensitive to the problem that my colleague outlines, and I think steps can be taken at the State and local level to deal with those kinds of problems.

I do not think, however, that we ought to be adopting on appropriation measures anti-environmental riders which will make it more difficult for us to protect small wetlands when those small wetlands are so crucial to the health, safety, and welfare of the citizens of this republic.

Mr. BOEHLERT. Mr. Chairman, I move to strike the requisite number of words.

We are switching our attention to a debate on wetlands and the value of wetlands. Let me tell my colleagues I appreciate the value of wetlands.

When President Bush said back in the 1980s that we should have no net loss of wetlands, I stood up and cheered, stood up with many of my colleagues on that side of the aisle. He was right then, and he is right now. Wetlands are precious. They are natural spawning grounds, they are natural filter systems, they are wonderful. We ought to protect the Nation's wetlands.

What we are trying to do simply is, one, say we are not going to let anybody delay, delay, delay determinations or the implementation of this new plan that the Army Corps of Engineers wants to go forward with, we are not going to say, no, we are going to give some people an excuse to delay it. I think they should go forward with it. So there is no argument there. That is why my amendment passed overwhelmingly; well, it is going to when we have the recorded vote. It makes sense. I am not going to let anybody delay something.

And then secondly, I fail to see why we should be offended by the idea, and I have great respect for my colleague, the gentleman from Oregon (Mr. BLUMENAUER). He serves with me on the Subcommittee on Water Resources and the Environment, which I am privileged to chair, and let me tell my colleagues Mr. BLUMENAUER is one of the most valuable members, one of the hardest-working members, but I do not see what the objection would be to have a modest amount of money for the Corps of Engineers and say, "Hey, corps, you're overworked and underfunded." I will agree, everybody can agree with that. "Now tell us what more you need to do the job we expect."

Not everybody here agrees that we should protect these wetlands. I do, and so do a lot of other people on both sides of the aisle. The environment is not a partisan issue. It is not a Republican environment or a Democrat environment. It is a precious, fragile environment, and I want to protect it. But I see nothing wrong with saying to the Corps of Engineers, "We're going to give you a lot more responsibility. Give us an idea of what more you need to fulfill that responsibility."

And then I will tell my colleagues my commitment is on the authorizing committee. I am going to do my level best to give them some additional resource to do the job.

And finally, as the gentleman from Louisiana (Mr. BAKER) pointed out a little bit earlier, I see nothing wrong with saying to somebody, "Let's have sort of an appeal process in place," so if the district office says this is something that I do not agree with and I do not like, then one goes to the next level, they have got a process, and if they say something that I do not like, then go to the court, and the court says, well, this is arbitrary and capricious, they cannot get away with it.

Mr. BAKER. Mr. Chairman, will the gentleman yield on that point?

Mr. BOEHLERT. I yield to the gentleman from Louisiana.

Mr. BAKER. Mr. Chairman, I just wish to make the esteemed Member's opinion clear on the underlying text of Mr. Packard's in this bill. If it is adopted without the Visclosky amendment, no damage to wetlands occurs in the gentleman's opinion. It only allows the land owner to come in and say, "Mr. Corps, is this a wetlands; yes or no," before they do anything.

So there is no damage occurring as some have alleged in the debate here tonight.

Mr. BOEHLERT. Mr. Chairman, I exactly agree with the text as perfected, and the perfecting is very important in my heart. Let me tell my colleagues the perfecting is very important because I could sense, as my colleagues know, sort of a little potential problem here. That is why I had the perfecting amendment.

Mr. VISCLOSKY. Mr. Chairman, will the gentleman yield?

Mr. BOEHLERT. I yield to the gentleman from Indiana with whom I work closely and for whom I have great respect.

Mr. VISCLOSKY. Mr. Chairman, I appreciate the gentleman's comment and would ask why this issue was not addressed in the Water Resources Act.

Mr. BOEHLERT. Mr. Chairman, let me tell my colleagues we had enough issues that we had to address in the water bill. We are still working. The gentleman from Pennsylvania (Mr. BORSKI) over there, my colleague, is smiling because we are getting very close to resolving that issue in a bipartisan manner, and that is what we should do on this floor.

Look. Let us not look at issues as if we are Republicans or Democrats. Let us look at the issues as if we are Americans concerned about a future legacy for our children and grandchildren.

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. BOEHLERT. I yield to the gentleman from California.

Mr. PACKARD. Mr. Chairman, I really want to associate myself with the gentleman's remarks because I too have worked most of my public life to preserve and protect wetlands. I live along the southern California coast surrounded by lagoons and wetlands, and they are very valuable to us, to our quality of life, to our way of life, and to the environment.

I am not anti-environment, I am not anti-wetlands. In fact, my provisions, in my judgment, do not affect the amount of wetlands. Frankly, I dispute that we are losing wetlands. I think the requirements, the mitigation requirements, and the process is requiring that any applicant that has a wetland has to replace it sometimes two, three, four times the amount of acreage than what they have on their property, and, in fact, the State of Pennsylvania has found that they have increased their wetlands since 1989 by the tune of some 4,700 acres.

Mr. BOEHLERT. Reclaiming my time, let me point out that we educated the governor of the State of Pennsylvania in this body, and then we sent him back to Harrisburg to do that.

Mr. GEORGE MILLER of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this debate I think makes the exact point that the ranking member on the committee is trying to make with his amendment, and that is that this ought to be hashed out in the policy committee where all sides can be heard on this as opposed to proposing this amendment, if my colleagues will, in the eleventh hour of this consideration.

I think this committee has done a remarkable job with this legislation given the terrible lack of resources that they have had available to them under the budget constraints to deal with the problems that all the Members have tried to deal with. But clearly in this particular case this language is flawed because it simply comes in in the middle of the process, if my colleagues will, or very near the end of the process, and takes the demands of one constituency to what has been a long-running argument in this country about how we process permits dealing with the protection, the enhancement and conservation of wetlands, and puts the thumb of the committee on one side of the scales of justice here, if my colleagues will, and decides that, in fact, that those who do not think that the Corps is going to respond to them now come to the committee and get it done by edict with no hearing, with no chances for the other side to be heard on this matter.

And that is the reason that the gentleman from Indiana (Mr. VISCLOSKY) and the gentleman from Minnesota (Mr. OBERSTAR) and the gentleman from Pennsylvania (Mr. BORSKI) are quite right in offering this amendment. Many of my colleagues on both sides of the aisle have already attested to the damage that has been done under the current process and the need to change that process. And the Corps is going through a very deliberative process to make sure that all sides, in fact, have been heard.

And we have listened to the testimony of how many tens of thousands of people have testified in organizations on this amendment, I mean on the process by the Corps to change the nationwide permit program that we have under section 26, and we ought to fully understand that that is a process that then the Committee on Transportation and Infrastructure or the Committee on Appropriations can deal with through hearings.

But that is not this process. This process is to render a verdict on a claim that is made, that somehow this will change, this will change the equities, if my colleagues will, of when people can appeal this process, when they can make that determination.

One of the things we clearly found out was that at three acres at a time we were gobbling up tens of thousands of acres of wetlands in the current process or the old process, if my colleagues will. Small does not necessarily mean that wetlands are not important, it does not mean that they are not significant. The fact of the matter is that they have to be reviewed and they have to be considered that.

The Corps also found out that a considerable period of time is being dealt with this question based upon acreage that really does not render a proper judgment, and that is why they are moving to this activity-based system of wetlands that will hopefully give people greater confidence and greater certainty in that process.

And that is why we should support this amendment, because to come in now clearly, as my colleagues can already see, whether it is from the Corps or whether it is from FEMA or other parts of the administration, this has the potential to threaten this entire bill because people have not been able to be heard or make their case on this matter.

I have had meetings on this exact point with many members in our community, but I have to tell my colleagues I do not think that many of the people that I have met with would think that this a terribly fair way to resolve that process in this legislation without an ability to offer amendments other than what the committee would agree to here in the case of Mr. BOEHLERT's, which is clearly an improvement of this. But the Visclosky amendment still ought to be voted on by the House, and it ought to be passed by the House so that we can get back to a thoughtful process that the Corps is currently engaged in.

Mr. Chairman, I want to thank the gentleman for offering his amendment.

□ 1915

I want to thank the gentleman for offering his amendment.

Mr. VISCLOSKY. Mr. Chairman, given the exchange of unanimous consents, I ask unanimous consent for 2 additional minutes to close.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. VISCLOSKY. Mr. Chairman, I want to return the body and the Members to the issue at hand, and the issue is the loss of wetlands in the United States of America. This year, we will lose approximately 70,000 to 90,000 acres of wetland. The two provisions in the bill are not going to lead to the entire loss of all of those wetlands, but they are contributing factors; and for every acre we lose, we cannot get it back.

The gentleman indicated earlier that as far as the authorization bill, we had other issues to deal with, and I appreciate the Chairman's comments. We have other issues to deal with in this bill to the tune of about $20 billion, and that is what we ought to be focused on. We ought to remind ourselves that in the last three Congresses, there were 225 on other bills dealing with issues related to wetlands and permitting, similar to that being debated at this point in time, and we have not ourselves, Republicans or Democrats alike, been able to resolve those in the authorization process. This is not the time, this is not the place, this is a mistake and is subject to a veto, and I would ask my colleagues to support the Visclosky-Oberstar-Borski amendment.

Mr. KUCINICH. Mr. Chairman, I rise today in support of the Visclosky-Oberstar-Borski amendment. Mr. Speaker, wetlands protect our families from floods, filter our drinking water, provide recreational areas, and provide critical habitat for fish and wildlife. Yet we have destroyed more than half of our wetlands for development and agriculture and we continue to destroy one hundred thousand acres of wetlands annually, one hundred thousand. In my state of Ohio we have already lost more than 90 percent of our precious wetlands. The Army Corps of Engineers estimates that floods have killed almost 900 people and destroyed $900 billion in homes, businesses, crops, and government structures since 1990.

The anti-environmental rider in this bill will allow developers to drive their tractors through a loophole and dump fill directly into our wetlands. This rider seeks to extend, indefinitely, a scientifically discredited wetlands permit known as Nationwide Permit 26. This same permit has been the largest source of permitted wetlands loss in America, authorizing tens of thousands of wetland-filling development activities each year. We cannot afford this decimation of one of our nation's most treasured resources.

Mr. Chairman, I urge my fellow members to support this amendment to remove this damaging anti-environmental rider and close this loophole. Vote yes for this amendment and allow us to provide fair and effective protection for the nation's critical wetlands.

Ms. PELOSI. Mr. Chairman, I rise in support of the Visclosky amendment to the Energy and Water Appropriations bill (H.R. 2605).

This amendment addresses two provisions in the bill where Committee language would result in threatening the progress being made to protect wetland areas and the wildlife they shelter. The amendment would address two issues by:

—striking the reporting requirement for the Corps

—striking the appeal of wetlands designations prior to completion of the permitting process

Both the Environmental Protection Agency (EPA) and the Department of the Army oppose these provisions in the bill. EPA's letter states:

> Both provisions will significantly impair the Administration's ability to provide fair and effective protection for the nation's critical wetlands resources.

The Army summarizes its opposition by stating:

> The Administration strongly objects to a provision that would short-circuit the review process for wetlands jurisdictional determination by making the review of these initial decisions appealable to the Federal courts prior to a final permit decision. Although the Administration supports the creation of an administrative review process for these determinations, the bill would generate unnecessary and premature litigation, set back efforts to ensure a fair and amicable resolution of potential disputes, and undermine the ability of citizens and communities to participate on an equal footing in the permit process.

These are letters from the people in charge of this process; individuals who are considered experts and intensely involved in balancing the interests of appropriate development environmental protection. The language in the bill destroys the unique balance that is necessary to protect our nation's wetlands and, instead, tilts the scales toward development of these areas. When we have threatened or endangered species, there are laws with the specific purpose of safeguarding our natural identity. The same criteria should be applied to guard against exceptions for wetlands development. These areas are diminishing; we know that. Given that knowledge, our focus should be on taking extraordinary steps to protect extraordinary areas.

I urge my colleagues to support the Visclosky amendment and to keep in place the necessary protections intended to protect and preserve precious wetlands which are retreating at an alarming rate from our natural landscape. Vote yes on the Visclosky amendment.

The CHAIRMAN. If there is no further debate on the Visclosky motion to strike, it will remain in abeyance pending disposition of the Boehlert perfecting amendment, on which proceedings have been postponed.

The Clerk will read.

The Clerk read as follows:

FORMERLY UTILIZED SITES REMEDIAL ACTION PROGRAM

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary to clean up contamination from sites throughout the United States resulting from work performed as part of the Nation's early atomic energy program, $150,000,000.

POINT OF ORDER

Mr. BOEHLERT. Mr. Chairman, on behalf of the gentleman from Pennsylvania (Mr. SHUSTER), I raise a point of order against the portion of the Formerly Utilized Sites Remedial Action Program beginning with the last comma on page 7, line 7 through page 9 line 2, on the grounds that it is legislation on an appropriations bill in violation of clause 2 of Rule XXI of the Rules of the House. This program has not been authorized for fiscal year 2000. In fact, it is likely that there has never been an authorization for this program.

The CHAIRMAN. Does the gentleman from California wish to be heard on the point of order?

Mr. PACKARD. Mr. Chairman, I concede the point of order.

The CHAIRMAN. Does the gentleman from Indiana wish to be heard on the point of order?

Mr. VISCLOSKY. Mr. Chairman, we concede the point of order.

The CHAIRMAN. The portion of the paragraph identified by the point of order provides for extended availability of funds without a supporting authorization in law, and includes five legislative provisos.

As such, that portion of the paragraph constitutes legislation in violation of clause 2 of rule XXI.

The point of order is sustained. The specified portion of the paragraph is stricken.

Mr. THUNE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise to speak to section 505 of the bill.

Mr. Chairman, this provision would repeal Title VI, division C, of Public Law 105–277, Making Omnibus Consolidated and Emergency Supplemental Appropriations for Fiscal Year 1999. That provision, known as the Cheyenne River Sioux Tribe, Lower Brule Sioux Tribe, and State of South Dakota Terrestrial Wildlife Habitat Restoration Act, would transfer lands along the Missouri River in South Dakota from the U.S. Army Corps of Engineers to the tribes mentioned above as well as the State of South Dakota. The Act also would establish a fund to pay for wildlife habitats.

The Act is a major priority for South Dakota Governor William Janklow. The Governor has requested I submit a letter on this topic for the RECORD. I would like that letter from the Governor inserted at the conclusion of my statement.

The Act also has been the subject of much discussion for South Dakotans, and I have taken great interest in all comments on this issue. While I am aware of the concerns of some of my constituents over issues surrounding this Act, I share in the sentiments of many who support the objectives the Governor attempts to forward in this law. Because of the interest in this issue, I would like to see Section 505 stricken from the bill and hope the Act receives a full review and consideration in a conference committee between the House and Senate on this bill.

Mr. Chairman, I include a letter from the Governor in reference to this matter.

STATE OF SOUTH DAKOTA,
WILLIAM J. JANKLOW, GOVERNOR,
Pierre, SD, July 27, 1999.

Hon. JOHN THUNE,
U.S. House of Representatives,
Washington, DC.

DEAR CONGRESSMAN THUNE: I am writing to reaffirm my adamant support for Title VI, division C, of Public Law 105–277 (Cheyenne River Sioux Tribe, Lower Brule Sioux Tribe, and State of South Dakota Terrestrial Wildlife Habitat Restoration). As you know, the House version of the Energy and Water Development Appropriation repeals it. I hope you will do everything you can to remove the repeal language from the bill and appropriate $3 million for the project.

Please explain to your fellow members of Congress that if the new law is allowed to remain a law, it will reduce future federal tax dollar spending, provide more access for people to use the Missouri River for recreation and give both the state and the participating tribal governments the opportunity to receive benefits we didn't receive when four of the five Missouri River dams were built in South Dakota.

As you know, over 600,000 acres of South Dakota's best river bottom and river adjacent land were taken in the 1950s to create the huge reservoirs of water behind the four Missouri River dams in South Dakota. The water held in these reservoirs has already prevented billions of dollars worth of flood damage to Omaha, Kansas City, and many other cities on the Missouri River and Mississippi River.

Unfortunately, South Dakota is the only state in the Union which as never been allowed to do even a modest amount of development along our greatest river resource. That's been or history because the land immediately adjacent to the Missouri River is owned by the federal government and managed by the Corps of Engineers. We were promised developmental benefits, such as irrigation. But, it didn't happen.

Nebraska sacrificed no land for dams and reservoirs, but it has received federally funded irrigation for over six million areas. North Dakota has only one dam and reservoir, but it has over 300,000 acres of federally funded irrigated land. South Dakota is between those two states and has sacrificed excellent land for four dams and four reservoirs. But, our people have received less than 20,000 acres in federally funded irrigation and very few other benefits from our sacrifices to prevent downstream flooding.

Even though the Missouri River in South Dakota has more miles of shoreline than the Pacific Ocean coast of California, there are only seven marinas on the entire length of the Missouri River in South Dakota. To create a marina here, it takes more than five years to get all of the bureaucratic approvals to put in a dock and facility for our people and visitors to enjoy the Missouri River.

The federal government also controls 84 recreational areas adjacent to the Missouri River. Most of these areas have a restroom, a fish cleaning station and a small dock or ramp for boaters. Some of them have campgrounds. Unfortunately, the Corps of Engineers has neglected them. I receive many letters from South Dakotans and visitors who complain to me about the poor conditions of these federal recreation areas. They write to me because they mistakenly believe that the State of South Dakota is responsible for the poor conditions.

Title VI, division C, of Public Law 105–277 (Cheyenne River Sioux Tribe, Lower Brule Sioux Tribe, and State of South Dakota Terrestrial Wildlife Habitat Restoration) will solve all of those problems by starting the process of transferring all of those Corps of Engineers recreation areas to either state or tribal control.

Because we are willing to do the work to improve and maintain these recreation areas, the state and the tribes will create tremendous recreational opportunities for all of the people of the upper Midwest and anyone else who visits South Dakota. It will be an environmentally sound project and will do nothing to disturb any of the cultural heritage of our Native Americans.

If the new law is allowed to remain in effect, no longer will we be forced to ask the Corps of Engineers "Captain, may I?" No longer will we have to wait for Washington to provide benefits that were promised, but never delivered.

We're not asking for a massive public works project like the old irrigation proposals of the 1950s and 1960s. All we want is the opportunity to take control of these river adjacent lands so that we can improve the recreation areas for all visitors to enjoy.

I have no higher priority than removing this repeal language and implementing this renaissance along the Missouri River. For the first time in our state's 110-year history, we can really have the opportunity to create significant and long-lasting Missouri River benefits for our people and all of the visitors who come to our state.

The amount of money we requested is not a significant portion of the federal budget, but it will provide tremendous opportunities in South Dakota. The $3 million is far less than what the federal government would spend to accomplish the same improvements.

We have an excellent track record concerning federal properties that have been given to the State of South Dakota. When I was Governor fourteen years ago, the federal government announced the closing of many federal fish hatcheries in America. I was the only Governor who didn't object. Instead, I said, "Please give the federal fish hatchery in South Dakota to South Dakota and we'll do a better job for less money." President Ronald Reagan and Secretary of the Interior James Watt said "Yes" to my challenge.

Now, fourteen years later, we are producing twice as many fish as the federal employees produced and our budget is still less than 90 percent of the last federal budget fourteen years ago! I know the state and the tribal governments can do the same with the Corps of Engineers recreation areas.

Please ask your colleagues to give us this opportunity to save the taxpayers of America a lot of money and create more recreational fun for America's families.

Please remove the repeal language for Title VI, division C, of Public Law 105–277 (Cheyenne River Sioux Tribe, Lower Brule Sioux Tribe, and State of South Dakota Terrestrial Wildlife Habitat Restoration) from the House version of the Energy and Water Development Appropriations bill and appropriate $3 million for the project.

Sincerely,

WILLIAM J. JANKLOW.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

GENERAL EXPENSES

For expenses necessary for general administration and related functions in the Office of the Chief of Engineers and offices of the Division Engineers; activities of the Coastal Engineering Research Board, the Humphreys Engineer Center Support Activity, the Water Resources Support Center, and headquarters support functions at the USACE Finance Center; $148,000,000, to remain available until expended: *Provided*, That no part of any other appropriation provided in title I of this Act shall be available to fund the activities of the Office of the Chief of Engineers or the executive direction and management activities of the division offices: *Provided further*, That none of these funds shall be available to support an office of congressional affairs within the executive office of the Chief of Engineers; *Provided further*, That none of these funds shall be used to support more than one regional office in each Corps of Engineers division, which office shall serve as divisional headquarters.

AMENDMENT OFFERED BY MR. DINGELL

Mr. DINGELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Dingell:

Page 9, line 18, strike "; *Provided further*," and all that follows before the period on line 21.

Mr. DINGELL. Mr. Chairman, I rise today because of concerns shared by my colleagues on both sides of the aisle in the Great Lake States who value highly the quality of service that we received from the Corps of Engineers of the United States Army.

The legislation before us caught quite a number of Members of the Great Lakes task force by surprise, because it will have the effect of closing the Corps of Engineers' regional office, which is located in Chicago, which oversees planning and technical assistance for the world's largest and most highly populated fresh water watershed.

I am offering an amendment to strike this language today because of concern not only of Members of Congress, but also of State and local governments along the Great Lakes, and upon the concern of millions of Americans who have rightly depended upon the timely and professional service of the Corps with regard to the use, the development, and also the protection and preservation of that important body of water which means so much to us in the Middle West.

For most of this decade it seems as if we have been struggling with how to restructure the Corps of Engineers. The Great Lakes task force repeatedly opposed general and early plans which, in our view, would have gutted the Corps' ability to serve the Lake States. Finally an agreement was reached in 1996 which established a dual division headquarters in the Great Lakes in the Ohio River division in response to the administration's proposal at the time to close the Great Lakes division. As a result, today the Corps of Engineers has two headquarters in the Midwest, in Chicago and in Cincinnati; and I would note the importance of this in terms of service to the Midwest and protection of the Great Lakes. The movement of many full-time employees from the Great Lakes to the Ohio River office caused a lot of distress amongst the constituencies of our region. However, Great Lakes Members of Congress accepted this split in the spirit of compromise.

My amendment today would remove a provision which moves beyond that compromise, which has generally worked to the satisfaction of the Great Lakes States and their Members of Congress. The result is a high level of uncertainty with regard to both the domestic program coordination and joint implementation of international responsibilities with Canada for the protection and the preservation of the Great Lakes. Issues of concern include the implementation of the boundary waters treaty, Great Lakes waters diversion, lake levels, flood mitigation, technical assistance for our fresh water lakes.

The Chicago office of the Corps, the old north central division, was recognized as a national leader among Corps divisions with regard to the professional development of environmental projects. Already, concern has been expressed by Members of that area and our constituencies about the continued success of those efforts.

Mr. Chairman, I plan to withdraw this amendment after remarks of a few of my colleagues, again in the spirit of trying to make some time between now and conference to have the issues appropriately resolved in partnership with the Corps, the appropriation committees, and the Members of the Great Lakes States.

Mr. Chairman, I yield to my good friend and colleague, the gentleman from California, for whom I have enormous respect, for whatever comments he wishes to make at this time.

Mr. PACKARD. Mr. Chairman, I thank the gentleman for yielding.

I want to assure the gentleman from Michigan that this is a conference item. I fully intend to bring it up at the conference and will work with the gentleman and make every effort to solve the problem.

Mr. DINGELL. Mr. Chairman, I thank the gentleman.

Mr. Chairman, we do have colleagues from the Great Lakes Basin who wish to make some observations on this matter, so I will rise again at a later time for the purpose of withdrawing the amendment.

Mr. BROWN of Ohio. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of the amendment which would strike provisions of the energy and water appropriations bill to require closing the Chicago headquarters of the Great Lakes in the Ohio River division of the Army Corps of Engineers. The division has a headquarters in Cincinnati as well as in Chicago. Both offices are important to serving the needs of the region.

This energy and water bill contains no funds for fiscal year 2000 for the Chicago headquarters. The office would have almost no notice before closing at the end of the current fiscal year. There would not be sufficient time for a smooth transition to the Cincinnati office. The result would be confusion and delays and loss of institutional memory for the programs that are currently run out of the Chicago headquarters. Closing the Chicago headquarters would significantly impair our relationships with Canada for the purposes of managing and preserving Great Lakes and other boundary waters. A mission of the Army Corps that is especially significant to the Great Lakes is the support that it provides for the International Joint Commission.

The U.S. and Canada created the IJC to cooperatively manage the lake and river systems along the border to protect them for the benefit of today's citizens and future generations. The Army Corps has responsibilities under the Great Lakes water quality agreement which coordinates with the EPA's Great Lakes national program office and with the Great Lakes regional office of the IJC, both of which are in Chicago. Maintaining the Army Corps' involvement in these binational responsibilities will be especially critical in the coming year as the Great Lakes region prepares to address the issue of water diversion and international water sales. Even short disruption of the agency's regional leadership structure could have serious negative effects on its contribution to this important process.

Last year, Mr. Chairman, a Canadian firm tried to implement a plan for balk sales of Great Lakes water to customers in Asia. The company has stepped back for the time being while our two governments study the issue of water diversions. But we know more attempts will be made to extract and sell our water. In Ohio, we rely on Lake Erie for much of our region's well being. It is important to safeguard the Great Lakes for the future, and the Army Corps office in Chicago we believe has a key role to play.

Mr. RUSH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise today in support of the Dingell amendment to H.R. 2605. H.R. 2605, as currently drafted, seeks to close the Army Corps of Engineers' regional office located in the City of Chicago.

It was only after a few years ago that we negotiated the continued existence of the Chicago regional office with a plan which was both cost effective and streamlined. I recall those days, Mr. Chairman. Long meetings, meetings where there was a very intense discussion, but we agreed that the Chicago office should be open.

Now, Mr. Chairman, this bill seeks to undo the work that we did accomplish in 1996. The Chicago Corps office is a recognized national leader among the Army Corps of Engineers' division and the professional development in environmental projects. Moreover, surrounding cities and States have long depended upon the services provided by the Corps. Currently because of the Corps, Chicago is in the process of repairing its deteriorating shoreline.

Mr. Chairman, I understand that this amendment will be withdrawn. That said, I nonetheless stand in support of the amendment with the trust that between now and the conference that a partnership will be formed between the Committee on Appropriations, the members of the Great Lakes States, and the Army Corps of Engineers to resolve this important issue.

Ms. SCHAKOWSKY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Michigan (Mr. DINGELL). This amendment would strike language in the bill that would effectively close the Army Corps of Engineers' regional office in Chicago, and I look forward to the intent of this amendment being included in the final piece of legislation.

At this very moment under a landmark agreement between the Army Corps of Engineers and the City of Chicago, the Chicago lake front is being saved from literally crumbling into the water. The city was able to negotiate an agreement with the Army Corps that advanced by 5 years completion of this project. Certainly, the presence of the Army Corps in Chicago helped us do that.

The Great Lakes are unique in the degree to which the Corps is required to work with other Federal agencies. For example, the EPA, which also has its headquarters, its regional headquarters in Chicago, facilitating that kind of cooperation. The north central division has been a national leader in Corps divisions in developing environmental projects.

Certainly, the Great Lakes are the world's greatest source of free-flowing fresh water. We should make providing for the quality of the Great Lakes a priority with every opportunity we are given. Keeping the Army Corps' regional office for the Great Lakes and Ohio River divisions in operation at both the Cincinnati and Chicago locations makes great sense.

□ 1930

Binational and treaty obligations with Canada would be most seriously impacted by the closure of the Chicago headquarters. The Army Corps of Engineers has responsibilities under the Great Lakes Water Quality Agreement and the Boundary Waters Treaty, which are run chiefly through the Chicago regional headquarters. These functions have been identified by the division as the most critical to maintain in Chicago.

Lacking an international airport hub, Cincinnati is not as easily accessible as Chicago. Travel costs for the Corps' staff and other Federal agency staff and Canadian counterparts would rise dramatically if the same level of cooperation and collaboration were to be maintained.

Maintenance of the integrity of the binational responsibilities of the Corps will be especially critical in the coming year as the Great Lakes region prepares to address the issues of water diversion and consumptive uses. Even short-term disruptions to the Corps' regional leadership structure at this time will have serious consequences on the Corps' ability to effect these important decisions.

I know all of my colleagues understand the importance of representing the needs of their districts. We make decisions that are in the best interests of our constituents by being there and seeing them. I would submit to my colleagues, then, that similarly, in order to make decisions that are best for the Great Lakes, the Army Corps must have an operating regional office in the Great Lakes region, in Chicago.

Let us continue a strong commitment to environmental quality and culture by voting for the Dingell amendment, and allowing the Army Corps to do their job unimpeded in the Great Lakes region.

Mr. DAVIS of Illinois. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to support the Dingell amendment. In 1996, the administration granted the Great Lakes Basin and the Ohio River Division two regional branches of the Army Corps of Engineers as a result of a compromise in the 1996 Congress. Now there is an effort to close that which we just negotiated to keep open, and without even discussing it or telling representatives of the areas affected about it.

Although this is a unique situation, there is good reason why this dual division system exists. Both branches serve important purposes. However, I do not believe that the office in Cincinnati can adequately serve Chicago's interests.

Currently, the Army Corps of Engineers is working on a variety of projects in the Chicago area, like Chicago's shoreline restoration, the Deep tunnel, Des Plaines River, small flood control projects, and aquatic ecosystems projects. It is vitally important that these projects be managed from a local site.

We recognize the need for financial reform and cost savings, but the current budget achieves this. After only 3 years of fiscally consolidating the services and administrative activities of the Chicago branch of the Corps, we have seen successful consolidation of the Chicago headquarters. The past 3 years has seen the elimination of several positions in the Chicago office and the streamlining of services, all of which have helped to reduce spending at this branch.

The decision to cut the funding and eliminate the Chicago headquarters would be a great blow to the work that has already been done to accommodate for the 1996 reductions. It would also eliminate the existence of a Great Lakes Army Corps of Engineers headquarters in a city situated on a Great Lake.

I trust that we can get together and form the kind of partnership that is necessary to resolve this difficulty. I commend the gentleman from Michigan for introducing this amendment.

Mr. DINGELL. Mr. Chairman, I ask unanimous consent to strike the requisite number of words.

The CHAIRMAN. Without objection, the gentleman from Michigan is recognized for 5 minutes.

There was no objection.

Mr. DINGELL. Mr. Chairman, I have heard the comments of my good friend, the gentleman from California. We in the Great Lakes are very much troubled about this situation. It means, I think, serious problems to us in terms of protecting one of the great treasures of the United States, because this constitutes the largest reservoir of fresh water anywhere in the world, and of course, one of the most precious and necessary needs of the United States is going to be for water.

I want to thank my colleagues who have joined me in support of this amendment.

Mr. Chairman, I will at this time, with respect to the chairman of the subcommittee and the ranking member, withdraw the amendment, in the expectation that the matter will be discussed carefully and that they will work with us to achieve the protection of the Great Lakes by the continuation of this important service from the Corps of Engineers.

Mr. Chairman, I rise today because of a concern shared by many of my colleagues—on both sides of the aisle—in the Great Lakes states who value highly the quality of service we have received from the U.S. Army Corps of Engineers.

The legislation before us caught quite a few of the members of the House Great Lakes Task Force by surprise, because it would have the effect of closing the Corps of Engineers' regional office—located in Chicago—which oversees the planning and technical assistance for the world's largest and most highly populated freshwater watershed.

I am offering an amendment to strike this language because of the concern not only to Members of Congress, but also state and local governments along the Great Lakes who have rightly depended upon timely and professional service by the Corps.

For most of this decade, it seems as if we have been struggling with how to restructure the Corps of Engineers. The Great Lakes Task Force repeatedly opposed several of the early plans which, in our view, would have gutted the Corps' ability to serve our states.

Finally, an agreement was reached in 1996 which established a "dual-division" headquarters in the Great Lakes and Ohio River Division in response to the Administration's proposal at the time to close the Great Lakes Division. The result is that, today, the Corps of Engineers has two headquarters in the Midwest: in Chicago and in Cincinnati.

The movement of many full-time employees from the Great Lakes to the Ohio River office caused a lot of distress among constituencies in our region; however, Great Lakes Members of Congress accepted this split in the spirit of compromise.

My amendment would remove a provision which moves beyond that compromise. The result is a high level of uncertainty with regard to both domestic program coordination and joint implementation of international responsibilities with Canada. Issues of concern include implementation of the Boundary Waters Treaty, Great Lakes water diversion, lake levels, flood mitigation, and technical assistance for our fresh-water lakes.

The Chicago office of the Corps (the old North Central Division) was recognized as a national leader among Corps' divisions in the professional development of environmental projects. Already, concern has been expressed about the continued success of these efforts.

Mr. Chairman, I plan to withdraw this amendment after remarks by a few of my colleagues again, in the spirit of trying to take some time between now and conference to have these issues resolved in partnership with the Corps, the Appropriations Committee, and Members of Great Lakes States.

Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The CHAIRMAN. The amendment is withdrawn.

Mr. PACKARD. Mr. Chairman, I ask unanimous consent that the remainder of the bill through title II be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The text of the remainder of the bill through title II, page 15, line 10, is as follows:

ADMINISTRATIVE PROVISION

Appropriations in this title shall be available for official reception and representation expenses (not to exceed $5,000); and during the current fiscal year the Revolving Fund, Corps of Engineers, shall be available for purchase (not to exceed 100 for replacement only) and hire of passenger motor vehicles.

TITLE II

DEPARTMENT OF THE INTERIOR

CENTRAL UTAH PROJECT

CENTRAL UTAH PROJECT COMPLETION ACCOUNT

For carrying out activities authorized by the Central Utah Project Completion Act, and for activities related to the Uintah and Upalco Units authorized by 43 U.S.C. 620, $35,907,000, to remain available until expended, of which $15,476,000 shall be deposited into the Utah Reclamation Mitigation and Conservation Account: *Provided*, That of the amounts deposited into that account, $5,000,000 shall be considered the Federal contribution authorized by paragraph 402(b)(2) of the Central Utah Project Completion Act and $10,476,000 shall be available to the Utah Reclamation Mitigation and Conservation Commission to carry out activities authorized under that Act.

In addition, for necessary expenses incurred in carrying out related responsibilities of the Secretary of the Interior, $1,283,000, to remain available until expended.

BUREAU OF RECLAMATION

The following appropriations shall be expended to execute authorized functions of the Bureau of Reclamation:

WATER AND RELATED RESOURCES

(INCLUDING TRANSFER OF FUNDS)

For management, development, and restoration of water and related natural resources and for related activities, including the operation, maintenance and rehabilitation of reclamation and other facilities, participation in fulfilling related Federal responsibilities to Native Americans, and related grants to, and cooperative and other agreements with, State and local governments, Indian Tribes, and others, $604,910,000, to remain available until expended, of which $2,247,000 shall be available for transfer to the Upper Colorado River Basin Fund and $24,089,000 shall be available for transfer to the Lower Colorado River Basin Development Fund, and of which such amounts as may be necessary may be advanced to the Colorado River Dam Fund: *Provided*, That such transfers may be increased or decreased within the overall appropriation under this heading: *Provided further*, That of the total appropriated, the amount for program activities that can be financed by the Reclamation Fund or the Bureau of Reclamation special fee account established by 16 U.S.C. 4601–6a(i) shall be derived from that Fund or account: *Provided further*, That funds contributed under 43 U.S.C. 395 are available until expended for the purposes for which contributed: *Provided further*, That funds advanced under 43 U.S.C. 397a shall be credited to this account and are available until expended for the same purposes as the sums appropriated under this heading: *Provided further*, That funds available for expenditure for the Departmental Irrigation Drainage Program may be expended by the Bureau of Reclamation for site remediation on a non-reimbursable basis.

BUREAU OF RECLAMATION LOAN PROGRAM ACCOUNT

For the cost of direct loans and/or grants, $12,000,000, to remain available until expended, as authorized by the Small Reclamation Projects Act of August 6, 1956, as amended (43 U.S.C. 422a–4221): *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $43,000,000.

In addition, for administrative expenses necessary to carry out the program for direct loans and/or grants, $425,000, to remain available until expended: *Provided*, That of the total sums appropriated, the amount of program activities that can be financed by the Reclamation Fund shall be derived from that Fund.

CENTRAL VALLEY PROJECT RESTORATION FUND

For carrying out the programs, projects, plans, and habitat restoration, improvement, and acquisition provisions of the Central Valley Project Improvement Act, $47,346,000, to be derived from such sums as may be collected in the Central Valley Project Restoration Fund pursuant to sections 3407(d), 3404(c)(3), 3405(f), and 3406(c)(1) of Public Law 102–575, to remain available until expended: *Provided*, That the Bureau of Reclamation is directed to assess and collect the full amount of the additional mitigation and restoration payments authorized by section 3407(d) of Public Law 102–575.

CALIFORNIA BAY-DELTA RESTORATION

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Department of the Interior and other participating Federal agencies in carrying out ecosystem restoration activities pursuant to the California Bay-Delta Environmental Enhancement Act and other activities that are in accord with the CALFED Bay-Delta Program, including projects to improve water use efficiency, water quality, groundwater storage, surface storage, levees, conveyance, and watershed management, consistent with plans to be approved by the Secretary of the Interior, in consultation with such Federal agencies, $75,000,000, to remain available until expended, of which $45,000,000 shall be used for ecosystem restoration activities and $30,000,000 shall be used for such other activities, and of which such amounts as may be necessary to conform with such plans shall be transferred to appropriate accounts of such Federal agencies: *Provided*, That no more than $7,000,000 of the funds appropriated herein may be used for planning and management activities associated with developing the overall CALFED Bay-Delta Program and coordinating its staged implementation: *Provided further*, That funds for ecosystem restoration activities may be obligated only as non-Federal sources provide their share in accordance with the cost-sharing agreement required under section 1101(d) of such Act, and that funds for such other activities may be obligated only as non-Federal sources provide their share in a manner consistent with such cost-sharing agreement: *Provided further*, That such funds may be obligated prior to the completion of a final programmatic environmental impact statement only if: (1) consistent with 40 CFR 1506.1(c); and (2) used for purposes that the Secretary finds are of sufficiently high priority to warrant such an expenditure.

POLICY AND ADMINISTRATION

For necessary expenses of policy, administration, and related functions in the office of the Commissioner, the Denver office, and offices in the five regions of the Bureau of Reclamation, to remain available until expended, $45,000,000, to be derived from the Reclamation Fund and be nonreimbursable as provided in 43 U.S.C. 377: *Provided*, That no part of any other appropriation in this Act shall be available for activities or functions budgeted as policy and administration expenses.

ADMINISTRATIVE PROVISION

Appropriations for the Bureau of Reclamation shall be available for purchase of not to exceed six passenger motor vehicles for replacement only.

AMENDMENT OFFERED BY MR. SALMON

Mr. SALMON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SALMON:

Page 15, line 25, after the dollar amount, insert the following: "(increased by $30,000,000)".

Page 19, line 19, after the dollar amount, insert the following: "(reduced by $37,500,000)".

Mr. SALMON. Mr. Chairman, before I begin, I would like to thank the gentleman from Colorado (Mr. MARK UDALL) for his help with this amendment. He and his staff have been generous with their ideas and time, and their outstanding work is much appreciated by the renewable energy community and myself.

I would also like to thank the gentleman from California (Mr. PACKARD), the chairman of the subcommittee, for his help with this amendment.

Even though the House energy and water budget allocation is $1.5 billion less than the Senate bill, we were still able to come to a good faith agreement to increase the renewable energy budget above Senate levels. The amendment I am proposing today is a responsible effort to restore renewable energy funding to near FY 1999 levels.

We ask that the $30 million be returned to the renewable energy budget. We need this funding to continue the quality research and development that is vital to our national security, international competitiveness, and environmental protection.

We spend more than $100 billion per year to import foreign oil from regions where political instability is tied to fluctuating oil prices. Diversification of our national energy portfolio with renewable energy technologies would lessen the need for costly and potentially prolonged military intervention abroad to defend our access to oil supplies.

Economically, the export market for U.S.-made renewable energy technologies is potentially huge. With 2 billion people around the world still without electric power, we should be doing everything that we can to help American companies compete in this lucrative global market. This amendment will help the United States maintain its lead in the renewable energy race.

Clearly, renewable energy is a clean alternative to conventional fuel. Avoiding pollution through clean, renewable energy technology is almost always cheaper and less intrusive than the alternative of prescriptive government mandates.

Furthermore, renewable energy technologies approach zero emissions for pollutants. The American Lung Association estimates that Americans spend $50 billion a year each year on health care needs that result directly from air pollution alone. Avoiding pollution through clean, renewable energy is preventative medicine, and it is smart.

Renewable energy programs are strongly supported by the public. A survey of 1,018 registered voters conducted in April of 1998 asked what energy programs should receive the highest priority for Federal research and development funding. Renewable energy and energy efficiency programs were supported by 61 percent of all respondents. Natural gas received the next highest level of support from Americans, with 10 percent support, followed by fossil fuels, 7.5 percent, and nuclear energy, 5.9.

Similarly, House support for renewable energy here is strong. The House Renewable Energy Caucus boasts 153 bipartisan Members. Whether Members are concerned about national security, economic prosperity, or the environment, renewable energy technology is a valuable commodity.

As President George Bush said, we must encourage environmentally responsible development of all U.S. energy resources, including renewable energy. Renewable energy does reduce demand upon our other finite natural resources. It enhances our energy security, and clearly, it protects the environment.

So I would like to, again, express my appreciation to the gentleman from California (Chairman PACKARD) for supporting this measure, and also for his commitment to fight for this number in conference committee. We also proposed an offset of $30 million to be deducted from contractor travel.

As Members know, the GAO has investigated contractor travel spending and found outrageous abuses that must be terminated. Regardless, given the choice between travel dollars and research dollars of this valuable resource, it is clear that we must choose the latter.

I urge my colleagues to support the renewable energy research and development funds.

Mr. Chairman, I include for the RECORD an accounting of the Allocation of Additional Funds for Solar and Renewable Energy Programs.

The material referred to is as follows:

ALLOCATION OF ADDITIONAL FUNDS FOR SOLAR AND RENEWABLE ENERGY PROGRAMS—REP. MARK UDALL AND REP. MATT SALMON

[In millions of dollars]

Solar and renewable energy programs	Amendment total (amount of increase)
Solar Buildings	$2.81 (+1.31)
Photovoltaics	$70.13 (+3.13)
Concentrating Solar Power	$15.41 (+2.41)
Biomass Power	$30.47 (+1.47)
Wind	$30.96 (+5.96)
Renewable Energy Production Incentive	$2.61 (+2.61)
International Solar	$4.95 (+1.95)
National Renewable Energy Laboratory	$2.8 (+1.7)
Geothermal	$24.31 (+6.31)
Hydrogen	$21.76 (+.76)
Hydropower	$2.76 (+.76)
Superconductivity	$31.91 (+.91)
Program Direction	$17.72 (+.72)
Totals	$309.35 (+30)

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. SALMON. I yield to the gentleman from California.

Mr. PACKARD. Mr. Chairman, I understand that the gentleman from Colorado would like to speak. But I accept the amendment.

Mr. Chairman, first, I would like to say that the Committee strongly supports solar and renewable energy programs. In the bill, we are recommending a total of $326,450,000 for research and development of these technologies. While not as much as some Members would like to spend, it is a generous and credible level of spending given our severe budget constraints.

The Committee had to reduce last year's funding level by close to $900 million. Nevertheless, the Committee has not reduced spending for photovoltaics, biomass, hydrogen, energy storage and the superconductivity programs. The Committee recommendation is equal to the amount provided by the Senate, which had an allocation $1.5 billion higher than the allocation available to this Committee.

The Subcommittee has provided direction and guidance to reform the way funds are spent. As a result, the Department has acknowledged that the amount of competitively-awarded funds from just two years ago has been increased 219 percent from $77 million in fiscal year 1998 to $247 million in fiscal year 1999. This is a dramatic improvement. We have been hearing from new recipients of this funding who are doing exciting new projects in biomass, photovoltaics and other important solar technologies.

Second, I would like to express my understanding and agreement with the effort to reduce contractor travel. The Energy and Water Subcommittee, working in a bipartisan matter, identified and requested a report which tallied jaw-dropping travel expenses charged to the Department by its own contractors. By now, you have heard that in one year alone, DOE was charged $250 million for contractor travel. This does not include taxpayer-funded travel expenses for DOE's Federal workforce. One contractor was charging DOE for trips from New Mexico to Washington, D.C. at a rate of 87 trips per week. The Committee recommendation includes a 50 percent reduction of travel expenses which is a total of $125 million. If it is the will of the House to further reduce contractor travel for one year, then I believe this sends a very strong message to the Department, which has shown too little interest in controlling contractor costs.

That brings me to my interpretation of this amendment. Since no other source of funding is identified, I will support this amendment which further reduces contractor travel and would provide an additional $30 million in funding for energy supply programs. In accepting the amendment, we agree to distribute this additional funding to the solar and renewable programs.

Mr. Chairman, the Committee accepts the amendment and I urge its immediate adoption so that we might move on to the next amendment.

The CHAIRMAN. For the RECORD, the Clerk will read the pending paragraph.

The Clerk read as follows:

TITLE III

DEPARTMENT OF ENERGY

ENERGY PROGRAMS

ENERGY SUPPLY

(INCLUDING TRANSFER OF FUNDS)

For Department of Energy expenses including the purchase, construction and acquisition of plant and capital equipment, and other expenses necessary for energy supply, and uranium supply and enrichment activities in carrying out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including the acquisition or condemnation of any real property or any facility or for plant or facility acquisition, construction, or expansion; and the purchase of not to exceed one passenger motor vehicle for replacement only, $583,399,953, of which $820,953 shall be derived by transfer from the Geothermal Resources Development Fund, and of which $5,000,000 shall be derived by transfer from the United States Enrichment Corporation Fund.

Mr. UDALL of Colorado. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise tonight in support of this amendment.

Mr. Chairman, I want to begin by just saying how much I appreciate working with my colleague, the gentleman from Arizona (Mr. SALMON), chairman of the House Caucus on Renewable Energy, in developing this amendment.

I am also grateful for the support of a number of my colleagues on both sides of the aisle, including the gentlewoman from California (Ms. WOOLSEY), the gentleman from Colorado (Mr. TANCREDO), the gentleman from New York (Mr. BOEHLERT), the gentleman from Utah (Mr. COOK), the gentleman from Maryland (Mr. BARTLETT), the gentleman from Minnesota (Mr. MINGE,) the gentlewoman from Connecticut (Ms. DELAURO), and many others who have joined me in support of this amendment.

Mr. Chairman, I am glad the amendment will be accepted. Of course, I wish we could do more for solar and renewable energy programs. I was initially disturbed by the deep cuts that the committee made to these programs, reducing them from $336 million this fiscal year to $279 million in the fiscal year 2000. Even our Committee on Science voted to fund them at $316 million in fiscal year 2000.

The Salmon-Udall amendment would restore $30 million to solar and renewable energy programs, leaving them well short of fiscal 1999 funding levels, and would offset this sum with Department of Energy contractor travel funds. Finding offsets to fund these important renewable programs was not easy in such a lean bill, but we did the best we could.

Mr. Chairman, renewable energy is all about investing in America's future, the future of our energy security, our environment, and our international competitiveness. Renewable energy programs allow the U.S. to use its scientific and technological expertise in developing alternative energy sources, such as wind, solar, biomass power, and geothermal energy. These diverse energy resources can decrease our ever-growing dependence on imported oil, and reduce environmental impacts of traditional fossil fuels while expanding our economy through technological advances.

Some may question the need for the development of these technologies. After all, we are not waiting in gas lines, as we were two decades ago, and gas prices are near record levels. But our Nation's dependence on foreign oil is even greater than it was during the 1973 crisis.

Why should we jeopardize our national energy security when we can use home-grown clean energy to reduce our reliance on oil imports and diversify our energy sources?

The DOE's renewable energy programs are a major component of this country's environmental initiatives. By reducing air pollution and other environmental impacts from energy production and use, these programs constitute, as my colleague, the gentleman from Arizona (Mr. SALMON) mentioned, the single largest and most effective Federal pollution prevention program.

Past Federal support for sustainable energy programs has been key to the rapid growth of these emerging technologies. Solar, wind, geothermal, and biomass have together more than tripled their contribution to the Nation's energy mix over the past 20 years.

Including hydropower, renewables now account for about 10 percent of total domestic energy production and approximately 13 percent of domestic electricity generation.

It is estimated that the world market for energy supply equipment and construction over the next 30 years is in the range of several hundred billion dollars. America currently leads the world in developing advanced renewable instruments and products, and we should not surrender this lead to foreign competitors. Yet, funding levels in the bill are not up to the task.

For example, this bill would allocate just $67 million for photovoltaic research. This low funding would jeopardize U.S. technological development, industry growth and momentum, at a time when Japan is spending more than $230 million each year on its own PV program.

Renewable energy technologies have become increasingly cost competitive, but the pace of their penetration into the market will be determined largely by government support for future research and development.

☐ 1945

We need to support public-private partnerships that help promote further commercialization of these technologies. If we look back into history, we did the same thing 100 years ago at Petrochemicals, and that is why we have that strong industry in the fossil fuel area.

To conclude, Mr. Chairman, the Department of Energy's renewable energy programs are vital to our Nation's interests. They help provide strategies and tools to address the national security, environmental, and technological challenges we will face in the next century. Our investments in the past 2 decades are just beginning to pay off in terms of energy security and a cleaner environment.

Even if we were to just keep these programs at fiscal 1999 levels, this might not be sufficient to ensure that we will have uninterrupted reliable sources of energy in the future. Our amendment does not do all that should be done; but it does greatly improve the bill, and I urge its adoption.

Mr. Chairman, I include the following for the RECORD:

ALLOCATION OF ADDITIONAL FUNDS FOR SOLAR AND RENEWABLE ENERGY PROGRAMS

[In millions of dollars]

Solar & renewable energy programs	Amendment total (amount of increase)
Solar Buildings	$2.81 (+1.31)
Photovoltaics	70.13 (+3.13)
Concentrating Solar Power	15.41 (+2.41)
Biomass Power	30.47 (+1.47)
Wind	30.96 (+5.96)
Renewable Energy Production Incentive	2.61 (+2.61)
International Solar	4.95 (+1.95)
National Renewable Energy Laboratory	2.8 (+1.7)
Geothermal	24.31 (+6.31)
Hydrogen	21.76 (+.76)
Hydropower	2.76 (+.76)
Superconductivity	31.91 (+.91)
Program Direction	17.72 (+.72)
Totals	309.35 (+30)

ENERGY AND WATER AMENDMENT BREAKDOWN—SOLAR AND RENEWABLE ENERGY

Program	Sub mark FY00	FY99 actual	Add-ons to $30 M	Totals to $309.35 M
Solar Buildings	1.5	3.6	+1.31	2.81
Photovoltaics	67	72.2	+3.13	70.13

ENERGY AND WATER AMENDMENT BREAKDOWN—SOLAR AND RENEWABLE ENERGY—Continued

Program	Sub mark FY00	FY99 actual	Add-ons to $30 M	Totals to $309.35 M
Concentrating Solar Power	13	17	+2.41	15.41
Biomass Power	29	31.45	+1.47	30.47
Biofuels	41.75	41.75	(1)	41.75
Wind	25	34.771	+5.96	30.96
REPI	0	4	+2.61	2.61
Solar Program Support	2	(2)		2
Internatl Solar	3	6.35	+1.95	4.95
NREL	1.1	3.9	+1.7	2.8
Geothermal	18	28.5	+6.31	24.31
Hydrogen	21	22.25	+.76	21.76
Hydropower	2	3.25	+.76	2.76
Renewable Indians	0	4.779	(2)	(2)
Elect. Systems Transmission	2.5	2.5	(1)	$2.5
HTS	31	32.5	+.91	31.91
Storage	4.5	4.5	(1)	4.5
Fed Building	0	4	(2)	(2)
Program Dir.	17	18.1	+.72	17.72
Totals	279.35	336	+30	309.35

[1] Level.
[2] Not requested.

AGREEMENT

Brings major renewable energy research programs closer to Senate fiscal year 2000 level of $301.8 million.

Offers 8% reduction from fiscal year 1999 totals, bringing total to $309.35 million.

Mr. COOK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of this Salmon-Udall amendment. This amendment makes a good bill better in that it would increase funding for renewable energy research and development programs. This amendment would also give limited funding to begin implementing the new strategic plan to develop enhanced geothermal production technologies.

The Department of Energy produced this strategic planning in collaboration with national laboratories, the University of Utah, and the geothermal industry. Implementing the strategic plan will develop the technology to enhance the production from geothermal systems.

The technology would be applicable to literally hundreds of sites throughout the United States. The U.S. government currently gets $40 million per year in royalties on its geothermal technology. Renewables are a good investment.

A recent report prepared by the Geothermal Energy Association in conjunction with the University of Utah and the Department of Energy expects this research to yield a threefold increase in domestic geothermal electricity production. This extra power will supply 18 million homes with electricity.

This amendment has good offsets. It is paid for from savings resulting from reductions in contractor travel. This is the responsible way to pay for this program rather than taking the money out of the Social Security Trust Fund.

This amendment is not only fiscally responsible, it is environmentally responsible. It takes the savings from cleaning up the waste and inefficiencies in the contractor travel budget and uses them to fund research in clean, safe energy produced here in America.

The Committee on Science passed my amendment that funds geothermal research in this way, and I urge my colleagues here to do the same and vote for this amendment. This amendment will lead to cleaner air for our children and continue to protect Social Security for our parents.

Accelerating development of our renewable resources is a good investment. We in Congress have a duty to spend the money taxed from the American people responsibly. This amendment does that.

Mr. INSLEE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of this amendment for two reasons. First, we as a Nation, will need to come to terms with the rise in the level of atmospheric carbon dioxide at some point, and we might as well start right now. Carbon dioxide is an insidious pollutant because, one while it is odorless and tasteless, it has a nasty habit of trapping heat in the Earth's atmosphere.

Now, there has been a lot of talk about this pollutant, so I thought it might be helpful to look at a chart showing atmospheric concentrations of carbon dioxide over the last 150 years. The information on this chart is one thing virtually all scientists agree on.

Carbon dioxide rates are increasing. They are increasing rapidly. When I first saw it, I was shocked. Because I saw they increased dramatically over the last 100 years and are now beginning to skyrocket towards the end of this century and will continue on that pace upward unless we act. I should repeat, this fact is not in dispute in any country in any scientific journal. That is the bad news.

The good news is that our Nation is perfectly positioned as a net winner, a winner in the call to develop technologies to deal with this problem. The world is going to need new technologies to address this issue. When it comes to developing new technology, no country is more creative, no country is more dynamic and resourceful than the United States.

That is why this graph shows that, when carbon dioxide rates go up, so does our economic potential for capturing new markets, new emerging markets for new energy technologies. But our economic potential will rise only if we make the investments in these new technologies that are possible.

I do not want Europe to lead this new industry. I do not want Japan to lead this new industry. I want America to lead this new industry just like we have led everywhere else.

That is why it is going to be a bright day in Congress when we pass this amendment, when we seize economic potential in the face of a new challenge and pass this amendment, increase investment in new renewable energy resources, and we will turn an environmental challenge into an economic opportunity.

Mr. PACKARD. Mr. Chairman, I accepted this motion with the idea that it would stop all the talk, but now I hope that we can move on. I urge its immediate adoption.

Mr. VISCLOSKY. Mr. Chairman, on behalf of the minority, I would agree with the chairman.

Mr. OLVER. Mr. Chairman, I rise today in support of the Udall-Salmon amendment to restore $30 million to solar and renewable energy programs.

Across the nation this summer, and especially here in the nation's capital, all of us have felt the oppression of numerous "Code Reds"—days when extremely high temperatures combine with high pollution levels—prompting warnings to the elderly and those with asthma and other respiratory illnesses to stay inside if possible, and to limit outdoor activity. How can we, in good conscience, slash funding for the very programs that will combat pollution and reduce the number of days where thousands of people are forced to either stay inside or jeopardize their health and well-being to go about their daily responsibilities?

Renewable energy has an enormous potential to reduce acid rain, global warming, ozone red alert days and health risks associated with pollution from conventional energy sources. Solar and renewable energy programs further represent an opportunity to strengthen America's position in the expanding world markets for clean energy and aid in reducing our dependence on foreign oil imports. We must drive the research that will lead to the technology to produce clean energy in the developing world.

Try to imagine what our environment would be like if the 5 billion people of underdeveloped and developing nations of Asia, Africa, and Latin America were using as much energy per person as we in the United States use per person. And that they energy were being produced from fossil fuel rather than from the renewable energy sources.

Mr. Chairman, we have a responsibility to the future. This responsibility can only be fulfilled by embracing effective energy efficient and pollution-free technologies. Today's children and their children's children—the generation who will be members of this body 100 years from now—deserve to breathe cleaner air, cleaner water, and enjoy a world free from global warming and environmental decay.

We cannot turn our backs on our children and on the future—vote yes for the environment and the future—vote yes on the amendment.

Mr. MARKEY. Mr. Chairman, I rise in support of the Salmon-Udall amendment.

Our future is literally blowing in the wind. Wind and other renewable energy sources are a great investment in our nation's energy future. Solar, wind, geothermal and biomass energy technologies can: (1) reduce dependence on imported fossil fuels; (2) reduce long-run energy costs to consumers and businesses;

(3) create new industries to supply both he U.S. an foreign energy markets; and (4) reduce emissions which create smog acid rain, mercury poisoning, energy markets; and (4) reduce emissions which create smog, acid rain, mercury poisoning, and global climate change. The federal government continues to spend more on fossil fuels, a mature industry that does not need our support, than on renewable energy. We spend almost as much on nuclear energy as on renewables, both for dying fission technologies and for fusion research that is still decades from viability. We need to fund the future, not subsidize the past.

Renewable energy sources are especially important for our environment, as an environmentally benign and sustainable energy alternative to fossil fuels and nuclear power. Today we rely on fossil fuels for 88% of total energy use; oil alone accounts for nearly 40% of our energy, of which 60% is imported crude oil. Our fossil fuel power plants alone spew out 12 millions tons of sulfur dioxide, 7 million tons of nitrogen oxides, and 2 billion tons of carbon dioxide each year. Cars and airplanes emit similar amounts of pollutants. Energy consumption is rising due to economic growth. Even with an aggressive energy conservation effort, we will need new energy sources. We must invest in alternative technologies now if we are to increase the role renewables play in meeting our nation's energy needs and are to avoid further environmental destruction.

Fortunately, renewable technologies have been steadily dropping in price and are on the verge of making a major contribution to our energy supply. Right now, these emerging technologies are limited to niche markets, but ongoing research has cut their costs so that they are almost competitive with fossil fuels, even neglecting the huge environmental costs as fossil fuels:

Wind energy, for example, cost almost 50 cents per kilowatt hour in 1980. Today, the cost of wind energy is around 4 cents, very close to the cost of conventional generation, and is still dropping.

Solar thermal costs have dropped from 60 cents per kilowatt hour in 1980 to 13 cents today.

Solar photovoltaic costs have dropped from over 100 cents per kilowatt hour in 1980 to 20 cents in 1996.

Turning our backs on the R&D program needed to achieve the necessary breakthroughs that will make solar, wind and other renewables fully viable and competitive would be like shepherding a baseball team through eight innings and just walking away in the bottom of the ninth.

The Energy and Water Appropriations bill would slash DOE funding for renewables from the current funding level of $36 million down to $326 million. The Appropriations Committee cut $120 million, 27%, from the President's budget. Unless we boost the funding, we will devastate DOE programs aimed at creating vibrant, fully competitive U.S. renewable industries.

The bill's proposed cuts in renewables funding would severely delay adoption of solar, geotherman, and wind energy technologies. Most economists agree there is at east a 10-year window between the time a technology is first ready for the market and the time the market is ready for the technology. But sometimes, that window is even wider. For example, the telephone was discovered in 1875, but not commercialized until 1915. Television was discovered in 1917, but not commercialized until 1946. Telefax was discovered in 1913, but fax machines weren't commercialized until 1974. Right now, the fledgling renewables technologies industries find themselves in the same position. If we fail to fund renewable energy R&D, the invention-commercialization window could become a multi-decade "window of vulnerability" for U.S. energy consumers.

The Salmon-Udall amendment would restore some funding for renewables. The amendment is fully offset from contractor travel, so it does not take this bill over the budget allocation. It will however, allow DOE to continue providing vitally-needed funding for solar, wind, geothermal, and biomass energy sources, so that America is not held hostage to future oil embargoes or a lack of technological options.

I urge my colleague to support the Salmon-Udall amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arizona (Mr. SALMON).

The amendment was agreed to.

The Clerk will read.

The Clerk read as follows:

NON-DEFENSE ENVIRONMENTAL MANAGEMENT

For Department of Energy expenses, including the purchase, construction and acquisition of plant and capital equipment and other expenses necessary for non-defense environmental management activities in carrying out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including the acquisition or condemnation of any real property or any facility or for plant or facility acquisition, construction or expansion, $327,223,000, to remain available until expended.

URANIUM ENRICHMENT DECONTAMINATION AND DECOMMISSIONING FUND

For necessary expenses in carrying out uranium enrichment facility decontamination and decommissioning, remedial actions and other activities of title II of the Atomic Energy Act of 1954 and title X, subtitle A of the Energy Policy Act of 1992, $240,198,000, to be derived from the Fund, to remain available until expended: *Provided*, That $30,000,000 of amounts derived from the Fund for such expenses shall be available in accordance with title X, subtitle A, of the Energy Policy Act of 1992.

SCIENCE

For Department of Energy expenses including the purchase, construction and acquisition of plant and capital equipment, and other expenses necessary for science activities in carrying out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including the acquisition or condemnation of any real property or facility or for plant or facility acquisition, construction, or expansion, and purchase of not to exceed six passenger motor vehicles for replacement only, $2,718,647,000, to remain available until expended.

NUCLEAR WASTE DISPOSAL

For nuclear waste disposal activities to carry out the purposes of Public Law 97–425, as amended, including the acquisition of real property or facility construction or expansion, $169,000,000, to remain available until expended, to be derived from the Nuclear Waste Fund: *Provided*, That none of the funds provided therein shall be distributed to the State of Nevada or affected units of local government (as defined by Public Law 97–425) by direct payment, grant, or other means, for financial assistance under section 116 of the Nuclear Waste Policy Act of 1982, as amended: *Provided further*, That the foregoing proviso shall not apply to payments in lieu of taxes under section 116(c)(3)(A) of the Nuclear Waste Policy Act of 1982, as amended.

DEPARTMENTAL ADMINISTRATION

For salaries and expenses of the Department of Energy necessary for departmental administration in carrying out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including the hire of passenger motor vehicles and official reception and representation expenses (not to exceed $35,000), $193,769,000, to remain available until expended, plus such additional amounts as necessary to cover increases in the estimated amount of cost of work for others notwithstanding the provisions of the Anti-Deficiency Act (31 U.S.C. 1511 et seq.): *Provided*, That such increases in cost of work are offset by revenue increases of the same or greater amount, to remain available until expended: *Provided further*, That moneys received by the Department for miscellaneous revenues estimated to total $106,887,000 in fiscal year 2000 may be retained and used for operating expenses within this account, and may remain available until expended, as authorized by section 201 of Public Law 95–238, notwithstanding the provisions of 31 U.S.C. 3302: *Provided further*, That the sum herein appropriated shall be reduced by the amount of miscellaneous revenues received during fiscal year 2000 so as to result in a final fiscal year 2000 appropriation from the General Fund estimated at not more than $86,882,000.

OFFICE OF THE INSPECTOR GENERAL

For necessary expenses of the Office of the Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, $30,000,000, to remain available until expended.

ATOMIC ENERGY DEFENSE ACTIVITIES

WEAPONS ACTIVITIES

For Department of Energy expenses, including the purchase, construction and acquisition of plant and capital equipment and other incidental expenses necessary for atomic energy defense weapons activities in carrying out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including the acquisition or condemnation of any real property or any facility or for plant or facility acquisition, construction, or expansion; and the purchase of passenger motor vehicles (not to exceed three for replacement only, $4,000,000,000, to remain available until expended: *Provided*, That, of this amount, $1,000,000,000 shall not be available for obligation or expenditure until after June 30, 2000, and until legislation has been enacted restructuring the national security programs of the Department of Energy or establishing an independent agency for national security programs.

DEFENSE ENVIRONMENTAL RESTORATION AND WASTE MANAGEMENT

For Department of Energy expenses, including the purchase, construction and acquisition of plant and capital equipment and other expenses necessary for atomic energy defense environmental restoration and waste management activities in carrying out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including the acquisition or condemnation of any real property or any facility or for plant or facility acquisition, construction, or expansion; and the purchase of 35 passenger motor vehicles for replacement only, $4,157,758,000, to remain available until expended.

Defense Facilities Closure Projects

For expenses of the Department of Energy to accelerate the closure of defense environmental management sites, including the purchase, construction and acquisition of plant and capital equipment and other necessary expenses, $1,054,492,000, to remain available until expended.

Defense Environmental Management Privatization

For Department of Energy expenses for privatization projects necessary for atomic energy defense environmental management activities authorized by the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), $228,000,000, to remain available until expended.

Other Defense Activities

For Department of Energy expenses, including the purchase, construction and acquisition of plant and capital equipment and other expenses necessary for atomic energy defense, other defense activities, in carrying out the purposes of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including the acquisition or condemnation of any real property or any facility or for plant or facility acquisition, construction, or expansion, $1,651,809,000, to remain available until expended: *Provided*, That not to exceed $5,000 may be used for official reception and representation expenses for national security and nonproliferation activities.

Defense Nuclear Waste Disposal

For nuclear waste disposal activities to carry out the purposes of Public Law 97–425, as amended, including the acquisition of real property or facility construction or expansion, $112,000,000, to remain available until expended.

POWER MARKETING ADMINISTRATIONS

Bonneville Power Administration Fund

Expenditures from the Bonneville Power Administration Fund, established pursuant to Public Law 93–454, are approved for the Northeast Oregon Hatchery Master Plan, and for official reception and representation expenses in an amount not to exceed $1,500.

During fiscal year 2000, no new direct loan obligations may be made.

Operation and Maintenance, Southwestern Power Administration

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of operation and maintenance of power transmission facilities and of marketing electric power and energy, and for construction and acquisition of transmission lines, substations and appurtenant facilities, and for administrative expenses, including official reception and representation expenses in an amount not to exceed $1,500 in carrying out the provisions of section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), as applied to the southwestern power area, $27,940,000, to remain available until expended, of which $773,000 shall be derived by transfer from unobligated balances in "Operation and Maintenance, Southeastern Power Administration"; in addition, notwithstanding the provisions of 31 U.S.C. 3302, not to exceed $4,200,000 in reimbursements, to remain available until expended.

Construction, Rehabilitation, Operation and Maintenance, Western Area Power Administration

For carrying out the functions authorized by title III, section 302(a)(1)(E) of the Act of August 4, 1977 (42 U.S.C. 7152), and other related activities including conservation and renewable resources programs as authorized, including official reception and representation expenses in an amount not to exceed $1,500, $171,471,000, to remain available until expended, of which $160,286,000 shall be derived from the Department of the Interior Reclamation Fund: *Provided*, That of the amount herein appropriated, $5,036,000 is for deposit into the Utah Reclamation Mitigation and Conservation Account pursuant to title IV of the Reclamation Projects Authorization and Adjustment Act of 1992.

Falcon and Amistad Operating and Maintenance Fund

For operation, maintenance, and emergency costs for the hydroelectric facilities at the Falcon and Amistad Dams, $1,309,000, to remain available until expended, and to be derived from the Falcon and Amistad Operating and Maintenance Fund of the Western Area Power Administration, as provided in section 423 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995.

Federal Energy Regulatory Commission

SALARIES AND EXPENSES

For necessary expenses of the Federal Energy Regulatory Commission to carry out the provisions of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), including services as authorized by 5 U.S.C. 3109, the hire of passenger motor vehicles, and official reception and representation expenses (not to exceed $3,000), $174,950,000, to remain available until expended: *Provided*, That notwithstanding any other provision of law, not to exceed $174,950,000 of revenues from fees and annual charges, and other services and collections in fiscal year 2000 shall be retained and used for necessary expenses in this account, and shall remain available until expended: *Provided further*, That the sum herein appropriated from the General Fund shall be reduced as revenues are received during fiscal year 2000 so as to result in a final fiscal year 2000 appropriation from the General Fund estimated at not more than $0.

GENERAL PROVISIONS

SEC. 301. (a) None of the funds appropriated by this Act may be used to award a management and operating contract unless such contract is awarded using competitive procedures or the Secretary of Energy grants, on a case-by-case basis, a waiver to allow for such a deviation. The Secretary may not delegate the authority to grant such a waiver.

(b) At least 60 days before a contract award, amendment, or modification for which the Secretary intends to grant such a waiver, the Secretary shall submit to the Subcommittees on Energy and Water Development of the Committees on Appropriations of the House of Representatives and the Senate a report notifying the subcommittees of the waiver and setting forth the reasons for the waiver.

SEC. 302. (a) None of the funds appropriated by this Act may be used to award, amend, or modify a contract in a manner that deviates from the Federal Acquisition Regulation, unless the Secretary of Energy grants, on a case-by-case basis, a waiver to allow for such a deviation. The Secretary may not delegate the authority to grant such a waiver.

(b) At least 60 days before a contract award, amendment, or modification for which the Secretary intends to grant such a waiver, the Secretary shall submit to the Subcommittees on Energy and Water Development of the Committees on Appropriations of the House of Representatives and the Senate a report notifying the subcommittees of the waiver and setting forth the reasons for the waiver.

SEC. 303. None of the funds appropriated by this Act may be used to—

(1) develop or implement a workforce restructuring plan that covers employees of the Department of Energy; or

(2) provide enhanced severance payments or other benefits for employees of the Department of Energy;

under section 3161 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102–484; 106 Stat. 2644; 42 U.S.C. 7274h).

SEC. 304. None of the funds appropriated by this Act may be used to augment the $20,000,000 made available for obligation by this Act for severance payments and other benefits and community assistance grants under section 3161 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102–484; 106 Stat. 2644; 42 U.S.C. 7274h).

SEC. 305. None of the funds appropriated by this Act may be used to prepare or initiate Requests For Proposals (RFPs) for a program if the program has not been funded by Congress.

(TRANSFERS OF UNEXPENDED BALANCES)

SEC. 306. The unexpended balances of prior appropriations provided for activities in this Act may be transferred to appropriation accounts for such activities established pursuant to this title. Balances so transferred may be merged with funds in the applicable established accounts and thereafter may be accounted for as one fund for the same time period as originally enacted.

SEC. 307. Notwithstanding 41 U.S.C. 254c(a), the Secretary of Energy may use funds appropriated by this Act to enter into or continue multi-year contracts for the acquisition of property or services under the head, "Energy Supply" without obligating the estimated costs associated with any necessary cancellation or termination of the contract. The Secretary of Energy may pay costs of termination or cancellation from—

(1) appropriations originally available for the performance of the contract concerned;

(2) appropriations currently available for procurement of the type of property or services concerned, and not otherwise obligated; or

(3) funds appropriated for those payments.

Sec. 308. None of the funds in this Act may be used for Laboratory Directed Research and Development or Director's Discretionary Research and Development.

Sec. 309. Of the funds appropriated by this title to the Department of Energy, not more than $125,000,000 shall be available for reimbursement of contractor travel expenses.

Sec. 310. (a) None of the funds in this Act or any future Energy and Water Development Appropriations Act may be expended under a covered contract unless the funds are expended in accordance with a Laboratory Funding Plan that has been approved by the Secretary of Energy. The Plan shall be submitted on a quarterly basis, or at such intervals as may be prescribed by the Secretary. The Secretary's approval of the Plan may include adjusting or deleting particular items or categories of items proposed in the Plan.

(b) For purposes of this section, "covered contract" means a contract for the management and operation of the Los Alamos National Laboratory, Lawrence Livermore National Laboratory, or Sandia National Laboratories.

Sec. 311. As part of the Department of Energy's approval of laboratory funding for Los

Alamos National Laboratory, Lawrence Livermore National Laboratory, and Sandia National Laboratories, the Secretary shall review and approve the incentive structure for contractor fees, the amounts of award fees to be made available for the next year, the salaries of first and second tier laboratory management, and the overhead costs.

SEC. 312. None of the funds provided in this Act may be used to establish or maintain independent centers at a Department of Energy laboratory or facility unless such funds have been specifically identified in the budget submission.

SEC. 313. None of the funds provided in this Act may be used to waive overhead or added factor charges for work performed for other Federal agencies or for other Department of Energy programs.

SEC. 314. Sec. 505 of Public Law 102–377, the Fiscal Year 1993 Energy and Water Development Appropriations Act, and section 208 of Public Law 99–349, the Urgent Supplemental Appropriations Act, 1986, are repealed.

SEC. 315. None of the funds made available in this or any other Act may be used to restart the High Flux Beam Reactor.

SEC. 316. None of the funds provided in this or any other Act may be used by the Federal power marketing administrations for construction, expansion or upgrades of fiber optic telecommunication lines, associated facilities or purchase of equipment directly related to such efforts, except for fiber optic cable that is necessary for the foreseeable future for internal management of programs of the Federal power marketing administrations. Federal power marketing administrations shall apply any reduction in spending resulting from the restrictions in the section to the reduction of debt of the Federal power marketing administration.

SEC. 317. None of the funds provided in this or any other Act may be used by the Federal power marketing administrations to:

(1) rent or sell construction equipment;

(2) provide construction, equipment, operation, maintenance or repair services;

(3) perform contract construction work;

(4) provide a construction engineering service; or

(5) provide financing or leasing services for construction, maintenance, operational or engineering services to any private utility, wholesale or retail customer (other than those existing retail customers served by the Federal power marketing administration prior to the date of enactment of this provision), publicly-owned utility, Federal agency, or state or local government entity. The Federal power marketing administrations may provide equipment or a service to a private contractor that is engaged in electrical work on an electrical utility project of the Federal power marketing administration. As used in this section, the term "used construction equipment" means construction equipment that has been in service for more than 2,500 hours. Any Federal power marketing administration may dispose of used construction equipment by means of a public auction conducted by a private entity that is independent of the Federal power marketing administration. Federal power marketing administrations shall apply all proceeds of a disposition of used construction equipment to the reduction of debt of the Federal power marketing administration.

TITLE IV

INDEPENDENT AGENCIES

APPALACHIAN REGIONAL COMMISSION

For expenses necessary to carry out the programs authorized by the Appalachian Regional Development Act of 1965, as amended, for necessary expenses for the Federal Co-Chairman and the alternate on the Appalachian Regional Commission, for payment of the Federal share of the administrative expenses of the Commission, including services as authorized by 5 U.S.C. 3109, and hire of passenger motor vehicles, $60,000,000, to remain available until expended.

DEFENSE NUCLEAR FACILITIES SAFETY BOARD

SALARIES AND EXPENSES

For necessary expenses of the Defense Nuclear Facilities Safety Board in carrying out activities authorized by the Atomic Energy Act of 1954, as amended by Public Law 100–456, section 1441, $16,500,000, to remain available until expended.

DENALI COMMISSION

(RESCISSION)

Of the funds made available under this heading in Public Law 105–245, $18,000,000 is rescinded.

NUCLEAR REGULATORY COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Commission in carrying out the purposes of the Energy Reorganization Act of 1974, as amended, and the Atomic Energy Act of 1954, as amended, including official representation expenses (not to exceed $15,000), $455,400,000, to remain available until expended: *Provided*, That of the amount appropriated herein, $19,150,000 shall be derived from the Nuclear Waste Fund: *Provided further*, That revenues from licensing fees, inspection services, and other services and collections estimated at $432,400,000 in fiscal year 2000 shall be retained and used for necessary salaries and expenses in this account, notwithstanding 31 U.S.C. 3302, and shall remain available until expended: *Provided further*, That $3,850,000 of the funds herein appropriated for regulatory reviews and other assistance provided to the Department of Energy and other Federal agencies shall be excluded from license fee revenues, notwithstanding 42 U.S.C. 2214: *Provided further*, That the sum herein appropriated shall be reduced by the amount of revenues received during fiscal year 2000 so as to result in a final fiscal year 2000 appropriation estimated at not more than $23,000,000.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, $6,000,000, to remain available until expended: *Provided*, That the sum herein appropriated shall be reduced by the amount of revenues received during fiscal year 2000 so as to result in a final fiscal year 2000 appropriation estimated at not more than $0.

NUCLEAR WASTE TECHNICAL REVIEW BOARD

SALARIES AND EXPENSES

For necessary expenses of the Nuclear Waste Technical Review Board, as authorized by Public Law 100–203, section 5051, $2,600,000, to be derived from the Nuclear Waste Fund, and to remain available until expended.

Mr. PACKARD (during the reading). Mr. Chairman, I ask unanimous consent that the remainder of the bill through title IV be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE V—GENERAL PROVISIONS

SEC. 501. None of the funds appropriated by this Act may be used in any way, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before Congress, other than to communicate to Members of Congress as described in section 1913 of title 18, United States Code.

SEC. 502. (a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American-made.

(b) NOTICE REQUIREMENT.—In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a "Made in America" inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 503. (a) None of the funds appropriated or otherwise made available by this Act may be used to determine the final point of discharge for the interceptor drain for the San Luis Unit until development by the Secretary of the Interior and the State of California of a plan, which shall conform to the water quality standards of the State of California as approved by the Administrator of the Environmental Protection Agency, to minimize any detrimental effect of the San Luis drainage waters.

(b) The costs of the Kesterson Reservoir Cleanup Program and the costs of the San Joaquin Valley Drainage Program shall be classified by the Secretary of the Interior as reimbursable or nonreimbursable and collected until fully repaid pursuant to the "Cleanup Program—Alternative Repayment Plan" and the "SJVDP—Alternative Repayment Plan" described in the report entitled "Repayment Report, Kesterson Reservoir Cleanup Program and San Joaquin Valley Drainage Program, February 1995", prepared by the Department of the Interior, Bureau of Reclamation. Any future obligations of funds by the United States relating to, or providing for, drainage service or drainage studies for the San Luis Unit shall be fully reimbursable by San Luis Unit beneficiaries of such service or studies pursuant to Federal Reclamation law.

SEC. 504. Section 6101(a)(3) of the Omnibus Budget Reconciliation Act of 1990, as amended, (42 U.S.C. 2214(a)(3)) is amended by striking "September 30, 1999" and inserting "September 30, 2000".

SEC. 505. Title VI, division C, of Public Law 105–277, Making Omnibus Consolidated and Emergency Supplemental Appropriations for Fiscal Year 1999, is repealed.

SEC. 506. Title III, division C, of Public Law 105–277, Making Omnibus Consolidated and

Emergency Supplemental Appropriations for Fiscal Year 1999 and section 105 of Public Law 106–31, the 1999 Emergency Supplemental Appropriations Act, are repealed.

SEC. 507. Section 211(e)(2)(A) of the Water Resources Development Act of 1996 (Public Law 104–303, 110 Stat. 3682) is amended by striking "in advance in appropriations Acts".

SEC. 508. None of the funds appropriated by this Act shall be used to propose or issue rules, regulations, decrees, or orders for the purpose of implementation, or in preparation for implementation, of the Kyoto Protocol which was adopted on December 11, 1997, in Kyoto, Japan at the Third Conference of the Parties to the United Nations Framework Convention on Climate Change, which has not been submitted to the Senate for advice and consent to ratification pursuant to article II, section 2, clause 2, of the United States Constitution, and which has not entered into force pursuant to article 25 of the Protocol.

AMENDMENT OFFERED BY MR. FILNER

Mr. FILNER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FILNER:

Page 37, after line 16, insert the following new section:

SEC. 509. Of the amount provided in this Act for "Atomic Energy Defense Activities—Weapons Activities", $50,000,000 shall be used for the removal of residual radioactive material from the Atlas site approximately 3 miles northwest of Moab, Utah, and from the floodplain of the Colorado River for permanent disposition and stabilization of such residual radioactive material in a safe and environmentally sound manner.

Mr. PACKARD. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from California reserves a point of order.

Mr. FILNER. Mr. Chairman, this amendment that I offer today is really life and death protection for the 25 million people who get their water from the Colorado River. This is an emergency, Mr. Chairman. We have heard about emergencies in appropriations bills. People are drinking poisoned water.

The water is poisoned by radioactive wastes leaching from an abandoned mine waste pile that is located only 750 feet from the Colorado River. This deadly waste pile, abandoned by the Atlas Corporation, sits in the Moab Valley of southeastern Utah. The Colorado River, flowing south past the site, provides water for 7 percent, Mr. Chairman, 7 percent of the United States population, including Las Vegas, Phoenix, the entire Los Angeles area and the city I represent, San Diego.

My amendment would provide the Department of Energy $50 million, perhaps a third of the money needed, to begin moving the contaminated pile away from the Colorado River. Moving this pile is the most reliable way to save the growing population of California, Arizona, and Nevada from having the highly contaminated waste leak into the water supply for the next 270 years, almost 3 centuries, Mr. Chairman, during which time, many people would likely die from various diseases and maladies caused by drinking water laced with radioactivity and chemical contaminants from the uranium pile.

The money is appropriated by my amendment to begin the first phases of moving the pile, and it is offset by cutting a program that already has $4 billion in the budget; $4 billion offset by a simple $50 million. This is money that will save American lives.

The Department of Energy must step in to save innocent people because the NRC, the Nuclear Regulatory Commission, which has jurisdiction over moving the site, has proven it is simply not up to the task. The NRC's own report states that Atlas' plan to cap the radioactive pile is environmentally acceptable, and I quote their expression, "environmentally acceptable," Mr. Chairman. Is it environmentally acceptable to cover 10.5 million tons of uranium mill waste with rock and sand where the river can reach it during floods in spring and cause a health crisis. With the pile only 10 to 20 feet above the underground aquifer, highly concentrated ammonia will continue to seep into the groundwater.

By contrast, when the Department of Energy has been involved with all of the other contaminated sites along the Colorado River, it moved, not just capped, sites with uranium concentration levels of less than 2 milligrams per liter. I say this is an emergency because the uranium concentration levels at Moab receive 26 milligrams per liter, 13 times what has already been considered a problem.

Mr. Chairman, I heard the earlier colloquy between the gentleman from California (Chairman PACKARD) and the gentleman from Utah (Mr. CANNON) calling for a study of this situation. We are passed the time for a study. We know what must be done. We must move jurisdiction of the pile to the Department of Energy and move this pile. It is a matter of life and death.

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. FILNER. I yield to the gentleman from California.

Mr. PACKARD. Mr. Chairman, I certainly appreciate the gentleman's comments and understand the problem. I certainly look forward to working with him as we proceed forward with the appropriations process.

But I would, however, respectfully ask the gentleman from California (Mr. FILNER) to withdraw the amendment. Otherwise, I will still have to pursue the point of order.

Mr. FILNER. Mr. Chairman, I yield to the gentleman from California (Mr. GEORGE MILLER).

Mr. GEORGE MILLER of California. Mr. Chairman, I want to thank the gentleman very much for offering this amendment. I would hope that the point of order would not lie. This is becoming an increasingly important and dangerous situation. We have been working on this now for the last several years. Clearly, a number of the solutions that have been proposed are simply inadequate for the protection of the drinking water supply from those who take their water from the Colorado River.

I think the gentleman is quite correct. This is now getting to an emergency state of affairs here where we have so many people depending upon this water and we have what clearly is a continuation of the leaching of this radioactive material.

The simple capping of this in place and failure to remove it is not going to work. I think the gentleman's amendment is quite on point.

Mr. FILNER. Mr. Chairman, I yield to the gentlewoman from California (Mrs. NAPOLITANO).

Mrs. NAPOLITANO. Mr. Chairman, I also rise in strong support of this very important amendment offered by the gentleman from California (Mr. FILNER). This amendment provides critical funding to immediately begin moving the radioactive material called the uranium tailings pile from the banks of the Colorado River to an environmentally safe location.

The CHAIRMAN. The time of the gentleman from California (Mr. FILNER) has expired.

(By unanimous consent, Mr. FILNER was allowed to proceed for 1½ additional minutes.)

Mr. FILNER. Mr. Chairman, I yield to the gentlewoman from California (Mrs. NAPOLITANO).

□ 2000

Mrs. NAPOLITANO. Mr. Chairman, the Moab site is the fifth largest uranium tailings pile in the country and by far the largest situated near a river. The pile is unlined, in a floodplain, and just 750 feet from the water's edge, currently leaking contaminants into the Colorado River.

The water affects 25 million people and at least four States. It is truly an environmental crisis and we must act now to protect the safety and well-being of our citizens.

Mr. Chairman, I urge support of this very important amendment.

Mr. FILNER. Mr. Chairman, reclaiming my time, I would simply say that notwithstanding the emergency nature of this situation, and notwithstanding the life and death matters of which we are involved, I understand the chairman will insist on his point of order. I am sorry that these technicalities will be insisted upon, but I acknowledge that the point of order will be sustained.

Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. The amendment is withdrawn.

Mr. PACKARD. Mr. Chairman, I move to strike the last word.

Ms. JACKSON-LEE of Texas. Mr. Chairman, will the gentleman yield?

Mr. PACKARD. I yield to the gentlewoman from Texas.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I am going to offer my support for this legislation and be very brief.

I want to thank the ranking member, the gentleman from Indiana (Mr. VISCLOSKY), for his leadership. This is, in particular, about Texas, and I wish to thank the chairman, the gentleman from California (Mr. PACKARD), for his ongoing funding of projects that the Army Corps of Engineers is working on; Sims Bayou, an area that flooded enormously over the years, which we are keeping on schedule. We want to thank the committee for its continued commitment on that issue.

And likewise, though we are competitive with many of our fellow colleagues, I wish to thank the chairman for his work on and the funding of the Houston Port, because that is an enormous economic arm for the community that I come from and we appreciate very much the fact that that is being kept on track.

Lastly, let me say to the chairman, and I know there are many other smaller projects that we will benefit from in the State of Texas, and in particular the 18th Congressional District, but I also want to note, as I have heard my colleagues speak about being environmentally safe and secure, we realize how much energy and water resources deal with the environment and we appreciate the committee's sensitivity.

I want to say to my constituents in the 18th Congressional District, in the Houston area, that I will continue to work with them, and that the projects that we are funding will be environmentally sound and that I will continue to work with the committee on these issues.

I rise in support of H.R. 2605, the energy and water development appropriations for fiscal year 2000. I support this bill mainly because it provides a total of $5.0 billion in fiscal year 2000 for planning, construction, operation and maintenance, and other activities relating to water projects administered by the Army Corps of Engineers and the Interior Department's Bureau of Reclamation. This bill increases funding for the Army Corps of Engineers by $283 million, 7 percent above the administration's request.

Mr. Chairman, the Sims Bayou Project is a project that stretches through my district. Over the course of recent years, the Sims Bayou has seen massive amounts of flooding. Citizens in my Congressional District have been flooded out of their homes and businesses, and as a result their lives have been continually disrupted.

In 1994, some 759 homes were flooded as a result of the overflow from the Sims Bayou. Mr. Chairman that is 759 families that were forced from their homes and livelihoods. This bill continues the important work of ensuring the continued vitality of the Houston community.

I mainly support this bill because the Appropriations Subcommittee on Energy and Water Development has included $18.3 million for construction and improvement of the Sims Bayou. These funds are needed to continue this vital project and as a result protect the community from further loss of property.

The project is located in south central Houston and Harris County. The Sims Bayou Flood Control Project provides flood damage reduction and consists of 19.3 miles of channel improvement and erosion control measures with environmental quality measures, riparian habitat improvements, and authorized recreational features.

I would like to express my gratitude to the Army Corps of Engineers for their cooperation in bringing some relief to the people of the 18th Congressional district. Their continued efforts continue to avoid and avert the dangers posed by uncontrolled flooding in the Houston community.

In addition to the Sims Bayou project, the Subcommittee on Energy and Water Development also provided funding for several other locations in Houston. These projects include the Buffalo Bayou project and the Hunting Bayou project. Funding was also provided for the Houston-Galveston Navigation Channels.

I am quite certain Mr. Chairman that these projects would not have been able to go forward if this additional money had not been appropriated by the Subcommittee on Energy and Water Development. For that I have to thank Chairman PACKARD, Ranking Member VISCLOSKY, and my friend and colleague CHET EDWARDS who sit on the Appropriations Committee.

I will continue to work with the Army Corps of Engineers and the local Houston officials to ensure that these projects are successfully completed. We need to ensure that these communities are fully protected from the ravages of flooding.

I urge my colleagues to vote yes on H.R. 2605, the Energy and Water Appropriations Act, for Fiscal Year 2000.

Mr. PACKARD. Mr. Chairman, reclaiming my time, I wish to advise the Membership that I am ready to wrap up, and I presume my colleague on the other side of the aisle is ready as well.

I want to say what a pleasure it has been to work with the entire subcommittee, particularly the gentleman from Indiana (Mr. VISCLOSKY), and his staff on his side of the aisle. I certainly want to compliment the staff on our side, who have been working tirelessly on this. They have done a remarkably good job and I really cannot say enough about them.

In wrapping this whole thing up, I simply want to make two things clear: The Boehlert amendment improves the text of the bill. It is not an amendment to the Visclosky amendment. The Visclosky amendment actually would undo the Boehlert amendment. I want all colleagues to understand that clearly.

Therefore, Mr. Chairman, I urge a "yes" vote on the Boehlert amendment, a "no" vote on the Visclosky amendment, and a "yes" vote on final passage.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

This Act may be cited as the "Energy and Water Development Appropriations Act, 2000".

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN. Pursuant to House Resolution 261, proceedings will now resume on those amendments on which further proceedings were postponed, in the following order: The perfecting amendment offered by the gentleman from New York (Mr. BOEHLERT), and amendment No. 3 offered by the gentleman from Indiana (Mr. VISCLOSKY).

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

PERFECTING AMENDMENT OFFERED BY MR. BOEHLERT

The CHAIRMAN. The pending business is the demand for a recorded vote on the perfecting amendment offered by the gentleman from New York (Mr. BOEHLERT) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will designate the perfecting amendment.

The Clerk designated the perfecting amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 426, noes 1, not voting 6, as follows:

[Roll No. 340]

AYES—426

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier

Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson, E.B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Norwood
Nussle
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Paul
Payne
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOES—1

Dingell

NOT VOTING—6

Johnson (CT)
Martinez
McDermott
Northup
Oberstar
Peterson (PA)

□ 2022

Mr. Sandlin changed his vote from "no" to "aye."

So the perfecting amendment was agreed to.

The result of the vote was announced as above recorded.

Stated for:

Mrs. NORTHUP. Mr. Chairman, on rollcall No. 340 I was inadvertently detained. Had I been present, I would have voted "aye."

AMENDMENT NO. 3 OFFERED BY MR. VISCLOSKY

The CHAIRMAN. The pending business is the motion to strike offered by the gentleman from Indiana (Mr. VISCLOSKY) which was placed in abeyance by the previous perfecting amendment.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana (Mr. VISCLOSKY).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. VISCLOSKY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 183, noes 245, not voting 5, as follows:

[Roll No. 341]

AYES—183

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Blagojevich
Blumenauer
Bonior
Borski
Boucher
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clyburn
Conyers
Costello
Coyne
Crowley
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Doyle
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Inslee
Jackson (IL)
Jackson-Lee (TX)
Johnson (CT)
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Larson
Lazio
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Payne
Pelosi
Price (NC)
Rahall
Ramstad
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Rush
Sabo
Sanchez
Sanders
Sawyer
Schakowsky
Scott
Serrano
Shays
Sherman
Slaughter
Smith (NJ)
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Strickland
Stupak
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Traficant
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Wise
Woolsey
Wu

NOES—245

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Berry
Biggert
Bilbray
Bilirakis
Bishop
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Boswell
Boyd
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Clement
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Cox
Cramer
Crane
Cubin
Cunningham
Danner
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Dooley
Doolittle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jefferson
Jenkins
John
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Pastor
Paul
Pease
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Regula
Reynolds

Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sandlin
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Smith (MI)
Smith (TX)
Souder
Spence
Stearns
Stenholm
Stump
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Turner
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Wynn
Young (AK)
Young (FL)

NOT VOTING—5

Martinez
McDermott
Oberstar
Peterson (PA)
Roybal-Allard

☐ 2030

Mr. LAZIO changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. If there are no further amendments, under the rule the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. LAHOOD) having assumed the chair, Mr. HANSEN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2605) making appropriations for energy and water development for the fiscal year ending September 30, 2000, and for other purposes, pursuant to House Resolution 261, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Pursuant to clause 10 of rule XX, the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 420, nays 8, not voting 6, as follows:

[Roll No. 342]

YEAS—420

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Clay
Clayton
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lueas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Payne
Pease
Pelosi
Peterson (MN)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—8

Chenoweth
DeFazio
Gibbons
Paul
Royce
Sanford
Smith (WA)
Wilson

NOT VOTING—6

Clement
Martinez
McDermott
Oberstar
Peterson (PA)
Phelps

☐ 2048

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ISTOOK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill (H.R. 2587) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes, and that I may be permitted to include tabular and extraneous material.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore. Pursuant to House Resolution 260 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2587.

□ 2050

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2587) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes, with Mr. BEREUTER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Oklahoma (Mr. ISTOOK) and the gentleman from Virginia (Mr. MORAN) each will control 30 minutes.

The Chair recognizes the gentleman from Oklahoma (Mr. ISTOOK).

Mr. ISTOOK. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we are here tonight, of course, for general consideration of the appropriations bill for the District of Columbia. This is a bill that is some $200 million below the amount appropriated out of Federal funds last year, the overall amount in the bill because it includes, Mr. Chairman, the District-raised funds as well, as some $6.8 billion. The Federal share of that is $453 million.

Mr. Chairman, this measure is the latest stage in the efforts to assist the District of Columbia in revitalizing from the situations in which it found itself, of course, a number of years ago. There are still many residual problems that linger within the District, but yet I think it is important that we keep our eye on the positive and put some accent upon some things that are heading in the right direction.

I appreciate the efforts of the ranking member on the subcommittee, the gentleman from Virginia (Mr. MORAN), I am grateful for the efforts of our appropriation chairman, the gentleman from Florida (Mr. YOUNG) who himself served for a number of years on this subcommittee, and of course we have worked closely with the gentlewoman from the District of Columbia (Ms. NORTON).

We have also developed, I hope, a good working relationship with the new mayor who was elected last November, Tony Williams, and with the council of the District. I have worked especially close with the chair of the council, Linda Cropp, and I am grateful for their efforts in cooperation, and I think it is a sign of the positive note on which we have been proceeding that the consensus budget that was developed and approved by the mayor, by the city council, and by the Control Board of D.C. is intact within this bill.

We worked with them. We understand that they are undertaking significant efforts to rightsize the government within the city, to improve the government services, to improve the police and the fire protection, to upgrade the quality of public schools, and public school facilities. There is a significant effort that the District launched in the last couple of years for charter schools which are a part of the public school system which this bill also helps to further.

When the relationship between the Federal Government and the District was redefined to help it get on its financial feet and to reorganize things a couple of years ago, the Federal Government, rather than making these same type of lump sum appropriations have in common until that time began making specific appropriations to assume responsibility for the conduct of the court system, the corrections system and the system to supervise offenders, those upon probation, parole and awaiting trial. Those are the main amounts of the Federal portion of the $453 million that is the direct Federal appropriation within this bill.

Within that there are some very significant things that we have attempted to do within this bill.

First, we have recognized that D.C. has balanced its budget. A couple more years of balanced budget, and it will be removed from the Control Board provision that was put in place by Congress a couple of years ago.

We have also recognized that even when we have great efforts at economic stimulus and development in D.C. to try to stem the out migration that began a number of years ago, it does not do any good to have a better developed city if we do not have a safe city.

We have put a lot of time and effort in this particular appropriation to creating a program that is going to be the most striking of its type within the country when it comes to making sure that persons who are on some sort of early release or pre-release program or parole or probation program are remaining drug-free, because such a major portion of the crime in D.C. remains linked to the use of illegal drugs.

There are 30,000 people, Mr. Speaker, who are on probation or parole within the District of Columbia who are required as a condition of that to remain drug-free. They are not doing it. That is a major reason why they are a source of so much of the crime within the city. Some estimates are that many people in this offender population are committing hundreds of crimes each year to sustain their drug habit and because of their drug habit.

We have in addition to the other drug treatment and drug testing programs, a new $25 million initiative that will universally test these persons, some of them every week, all of them within every 2 weeks, and some of them twice a week to make sure that they are abiding by the terms imposed by the courts to stay drug-free, else they will not stay free on the streets.

At the same time there is a significant upgrade in the drug treatment programs because we realize that some people cannot get off of drugs on their own. By doing this with the offender population, we will also free up several million dollars in city funds that were being used to treat persons that were in the offender population that will now be available for other citizens that are in dire need of drug treatment to help the Nation's capital overcome the drug problem and the terrible consequences that it is faced with it.

That is a major effort, the most significant effort undertaken anyplace in the country on universal drug testing for those that are on a probation or a parole status.

We also have several major education initiatives. This House previously passed what we refer to as the D.C. scholarship bill. That D.C. scholarship bill is recognizing the fact that D.C. does not have a state university system, it is not part of the State. Every other State in the country, of course, has that and also has a program to enable students who do not go to one of the State universities to be assisted in their college education.

The House has voted, the Senate is considering, the program to establish that for the District of Columbia. We have within the bill the $17 million to create this ability to give a stepping stone into higher education for persons that have graduated from high school here in the District of Columbia.

We also do several things with the charter school movement, making their status a permanent status rather than a temporary provisional one and opening some doors to some financing for facilities for those charter schools within D.C.

We also recognize there is a problem with some 3,300 or so foster children that are in the custody of the trustee for foster care within the District of Columbia. These are young people that are often trapped in long-term foster care, not with their natural parents, not with family members, but often shuttled around between different foster care families. They need permanent, stable, loving homes. We have an $8½ million initiative to help with the placement and the incentives for that so that we can overcome again one of the accumulated problems with which D.C. still has to deal.

We also have a significant environmental effort regarding the Anacostia River. One of our members of the subcommittee, the gentleman from California (Mr. CUNNINGHAM) was very crucial in developing that program, a $5 million river clean-up program for the contaminants within the Anacostia River.

We have in addition to that some efforts to assist the mayor and the city council in rightsizing the city government. When the Control Board was headed by Tony Williams, who now, of course, is the mayor of D.C., he was the CFO and was very much involved, of course, in getting rid of the overcrowding, shall we say, within some of the city government offices rightsizing the city government.

☐ 2100

We have a $20 million incentive for buyouts and early retirements to help them reduce another 1,000 persons from the city payroll.

At the same time, we have some transportation significant items here relating especially to the 14th Street Bridge over the Potomac River connecting with Virginia, already overburdened with traffic and soon to be further overburdened due to some construction on the other significant river crossing down at the Wilson Bridge.

Mr. Chairman, it is also important to note that this bill ratifies the action of the Mayor and the city council, their bold economic development efforts recognizing that there was a severe problem of being overtaxed within the District. They have passed bold legislation to reduce income taxes and to reduce property taxes within the District of Columbia.

We ratify that action in this piece of legislation. I say that because it is important to always remember that under the Constitution, Article I, Section 8, the Congress, although it is delegated to D.C. with the home rule charter, nevertheless has the constitutional duty and responsibility and exclusive authority, as the Constitution states, over all legislative matters within the District of Columbia.

Mr. Chairman, this has been a consensus effort. I am very appreciative of the efforts of the ranking member, the gentlewoman from the District of Columbia (Ms. NORTON), the members of the city government, and so many other people that have participated in trying to bring a bill that accents the positive things that are going on in D.C. Yes, we know there are accumulated problems in crime, in education, in many things within the city. But, the officials that have taken responsibility for city government in recent months have made a very concerted, very praiseworthy effort to attack these problems, and we want to thank them for doing that, and we want to work cooperatively with them in doing so.

DISTRICT OF COLUMBIA APPROPRIATIONS BILL, 2000 (H.R. 2587)
(Amounts in thousands)

	FY 1999 Enacted	FY 2000 Request	Bill	Bill vs. Enacted	Bill vs. Request
FEDERAL FUNDS					
District of Columbia Resident Tuition Support			17,000	+17,000	+17,000
Incentives for Adoption of Foster Children			8,500	+8,500	+8,500
Citizens Complaint Review Board			1,200	+1,200	+1,200
Federal Payment for Human Services			250	+250	+250
Metrorail improvements and expansion	25,000			-25,000	
Federal payment for management reform	25,000			-25,000	
Federal payment for Boys Town U.S.A	7,100			-7,100	
Nation's Capital Infrastructure Fund	18,778			-18,778	
Environmental Study and Related Activities at Lorton Correctional Complex	7,000			-7,000	
Federal payment to the District of Columbia corrections trustee operations	184,800	176,000	183,000	-1,800	+7,000
Federal payment to the District of Columbia Courts	128,000	137,440	100,714	-27,286	-36,726
Defender Services in D.C. Courts			33,336	+33,336	+33,336
Federal payment to the Court Services and Offender Supervision Agency of the District of Columbia	59,400	80,300	105,500	+46,100	+25,200
Federal payment for Metropolitan Police Department	1,200			-1,200	
Federal payment for Fire Department	3,240			-3,240	
Federal payment for Georgetown Waterfront	1,000			-1,000	
Federal payment to Historical Society for City Museum	2,000			-2,000	
Federal payment for a National Museum of American Music and Downtown Revitalization	700			-700	
United States Park Police	8,500			-8,500	
Federal payment for waterfront improvements	3,000			-3,000	
Federal payment for mentoring services	200			-200	
Federal payment for hotline services	50			-50	
Federal payment for public charter schools	15,622			-15,622	
Medicare Coordinated Care Demonstration Project	3,000			-3,000	
Federal payment for Children's National Medical Center	1,000		3,500	+2,500	+3,500
National Revitalization Financing:					
Economic Development	25,000			-25,000	
Special Education	30,000			-30,000	
Year 2000 Information Technology	20,000			-20,000	
Infrastructure and Economic Development	50,000			-50,000	
Y2K conversion emergency funding (courts)	2,249			-2,249	
Y2K conversion (emergency funding)	61,800			-61,800	
Total, Federal funds to the District of Columbia	683,639	393,740	453,000	-230,639	+59,260
DISTRICT OF COLUMBIA FUNDS					
Operating Expenses					
Governmental direction and support	(164,144)	(174,667)	(162,356)	(-1,788)	(-12,311)
Economic development and regulation	(159,039)	(190,335)	(190,335)	(+31,296)	
Public safety and justice	(755,786)	(778,670)	(785,670)	(+29,884)	(+7,000)
Public education system	(788,956)	(850,411)	(867,411)	(+78,455)	(+17,000)
Human support services	(1,514,751)	(1,525,996)	(1,526,361)	(+11,610)	(+365)
Public works	(266,912)	(271,395)	(271,395)	(+4,483)	
Receivership Programs	(318,979)	(337,077)	(345,577)	(+26,598)	(+8,500)
Workforce Investments		(8,500)	(8,500)	(+8,500)	
Buyouts and Management Reforms			(20,000)	(+20,000)	(+20,000)
Reserve		(150,000)	(150,000)	(+150,000)	
District of Columbia Financial Responsibility and Management Assistance Authority	(7,840)	(3,140)	(3,140)	(-4,700)	
Financing and other	(451,623)	(384,948)	(384,948)	(-66,675)	
Procurement and Management Savings	(-10,000)	(-21,457)	(-21,457)	(-11,457)	
Total, operating expenses, general fund	(4,418,030)	(4,653,682)	(4,694,236)	(+276,206)	(+40,554)
Enterprise Funds					
Water and Sewer Authority and the Washington Aqueduct	(273,314)	(279,608)	(279,608)	(+6,294)	
Lottery and Charitable Games Control Board	(225,200)	(234,400)	(234,400)	(+9,200)	
Office of Cable Television	(2,106)			(-2,106)	
Public Service Commission	(5,026)			(-5,026)	
Office of People's Counsel	(2,501)			(-2,501)	
Office of Insurance and Securities Regulation	(7,001)			(-7,001)	
Office of Banking and Financial Institutions	(640)			(-640)	
Sports and Entertainment Commission	(8,751)	(10,846)	(10,846)	(+2,095)	
Public Benefit Corporation	(66,764)	(89,008)	(89,008)	(+22,244)	
D.C. Retirement Board	(18,202)	(9,892)	(9,892)	(-8,310)	
Correctional Industries Fund	(3,332)	(1,810)	(1,810)	(-1,522)	
Washington Convention Center	(48,139)	(50,226)	(50,226)	(+2,087)	
Total, Enterprise Funds	(660,978)	(675,790)	(675,790)	(+14,812)	
Total, operating expenses	(5,079,008)	(5,329,472)	(5,370,026)	(+291,018)	(+40,554)
Capital Outlay					
General fund	(1,711,161)	(1,218,638)	(1,218,638)	(-492,523)	
Water and Sewer Fund		(197,169)	(197,169)	(+197,169)	
Total, District of Columbia funds	(6,790,169)	(6,745,279)	(6,785,833)	(-4,336)	(+40,554)
Total:					
Federal Funds to the District of Columbia	683,639	393,740	453,000	-230,639	+59,260
District of Columbia funds	(6,790,169)	(6,745,279)	(6,785,833)	(-4,336)	(+40,554)

Mr. Chairman, I reserve the balance of my time.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this is a good appropriations bill. The appropriations part of this bill is a terrific bill, and for that reason, I want to commend the gentleman from Oklahoma (Mr. ISTOOK), the chairman of the Subcommittee on the District of Columbia. He has had an open mind; he has had a very solicitous attitude towards everyone who had ideas on this bill. He has taken the initiative to walk many of the city streets, to visit its schools, to encourage other members of the subcommittee to do the same. I think he has done a fine job on the appropriations part of this appropriations bill, and I thank him for that.

That is why the Committee on Appropriations Subcommittee on the District of Columbia passed out by voice vote this bill, and in the full committee, after eliminating a couple riders, which I will talk about in a moment, we passed the bill out of the full committee on appropriations as well. So everything should be fine.

In fact, I have no intention, Mr. Chairman, of taking up much time tonight, because we are not going to be voting on this bill tonight. We are going to be voting on Thursday, and on Thursday we are going to have to vote on a number of amendments that do not belong on this bill. If they are not added to this bill, then we are going to pass it virtually unanimously. But if they are added to this bill, then this is going to be a futile and very frustrating process, because not only will the Democrats in the House vote against the bill, but the President is going to veto it.

So the principal message we want to leave with those Members who are listening tonight is that if they will stick to the appropriations that belong in this appropriations bill, then we are going to have unanimity, and all of our hard work, particularly under the leadership of the gentleman from Oklahoma (Mr. ISTOOK) will have been constructive. If we do not, it will have been for naught.

The gentleman is absolutely correct in the priorities that he referred to. We agreed with the consensus budget. It was the city council's budget, the Mayor's budget, the control board's budget and our budget, and it was actually consistent with what the gentleman from Virginia (Mr. DAVIS), the chairperson of the District's Authorizing Committee, wanted to see done.

We went even beyond that, Mr. Chairman: $8.5 million for adoption incentives for children, a great idea; $20 million for the Mayor to be able to reform much of the bureaucracy in the District of Columbia, necessary, excellent addition. But another $13 million for expanded drug treatment programs, $17 million for the in-State tuition program for D.C. students; about $20 million for the offender supervision. Unbelievable that drug addicts can commit 300 to 500 crimes just to feed their drug habit. If we can get them off drugs, off drug addiction, then we can make an enormous dent in the crime rate in this city.

So so far, we agree with everything that was added.

However, when we get to the back of the bill, the sort of fine print, we realize there is 160, I think about 163 general provisions. We do not object to all of them, but some of them clearly do not belong in this appropriations bill.

One can make an argument, I would have disagreed, but one could make a decent argument that until the D.C. revitalization act, too many Federal funds were being commingled with District funds. The Congress was appropriating 43 percent of the District's budget. The District was dependent upon the Congress, so the Congress had some justification for putting all kinds of these social riders imposing its wishes in a whole number of areas that had nothing to do with the appropriations bill on District residents.

But the D.C. Revitalization Act was passed in 1997. Those functions that were State functions were taken over by the Federal Government. Those functions that exist in all of our cities and towns across the country that are funded by Federal grants are now funded by Federal grants in the District of Columbia, just the way we treat our own cities. It was the right thing to do.

But because that was done, we are no longer commingling money. We are treating D.C. like any other city, and so we should certainly treat D.C. in the way that we would want our own congressional districts treated, and we would never, ever allow this body to add the kind of social riders that have been added on this bill that will be imposed on the District of Columbia's leaders without their wishes, without their acquiescence, and, in fact, despite their very strenuous opposition.

Four such amendments were made in order by the Committee on Rules. They should not have made them in order. One is the needle exchange program. The bill says no Federal funds can be used for needle exchanges. The bill is right. That is as far as our jurisdiction goes. Leave it there. Do not allow this amendment that goes beyond Federal money and says, we cannot even be using private money or local property taxpayers' money to go into however they want to be spending it.

Mr. Chairman, the fact is we have an epidemic of AIDS in this city, and if the District feels that this is the best way to bring drug addicts into the system so they can treat them and so they can prevent HIV infection, which is the leading cause of death for adults between the ages of 25 and 44 in this city, then we ought to trust the District's judgment.

In terms of the other amendment that is being suggested that we ought not be able to adopt unless one is a traditionally married couple or blood relatives, there are a whole lot of other living arrangements that consist of very fine people who want to do something about the more than 3,000 kids in need of adoption in this city. We have no business passing these kinds of laws.

In terms of the amendment of the gentleman from Georgia (Mr. BARR), who at one point prevented the District from being able to sum up the total of the referendum results on the medicinal use of marijuana, now he has changed this and put in clearly authorizing language that would say that one cannot use certain substances in the District without attaching penalties to it. That goes way beyond the jurisdiction of this committee, even beyond the jurisdiction of the Federal Government.

Lastly, the gentleman from California (Mr. BILBRAY) has an amendment we would be sympathetic with that says it is a criminal penalty for minors to possess tobacco, but we would not do it in our own jurisdictions against the will of our constituents, and it is something that should have been done by the Committee on the Judiciary. It is authorizing language. It has no business on this appropriations bill.

Those are the issues we are going to be debating, arguing over on Thursday. There are others in addition to that that I will not go into at this time. What they are going to do is to leave a sour taste over this bill when it ought to be recognized as a very fine bill. If we had stuck to the appropriations in this bill, we could have worked together, we could have gotten at least one of our appropriation bills signed by the President, and that money could have been used for constructive purposes.

So we will draw swords on Thursday and we agree to disagree tonight. But Mr. Chairman, it is a darn shame, and it goes back to the rule. The rule made in order at least four amendments that never should have been made in order.

Mr. Chairman, I subsequently have two speakers who are going to speak for a short period of time, and hopefully, for the sake of the other Members we are going to wrap up general debate as soon as we can.

Mr. Chairman, I reserve the balance of my time.

Mr. ISTOOK. Mr. Chairman, I yield 3 minutes to the gentleman from Virginia (Mr. DAVIS), the chairman of the related authorizing committee.

Mr. DAVIS of Virginia. Mr. Chairman, I thank my friend for yielding me this time.

I have spent a lot of time on this city over the last 4 years as chairman of the authorizing committee, and I want to compliment the gentleman from Oklahoma (Mr. ISTOOK), the chairman of the subcommittee, for the excellent approach that he has taken in reviewing the D.C. budget and bringing it to the floor in such good shape and in such a timely manner. I will address the substance of the amendments which I think would have been made in order under an open rule, because the wording is "no funds shall be expended," but we will discuss them in detail on Thursday when they come up, and I share some of the concerns of my colleagues on some of these.

Mr. Chairman, the bill is right now in good shape. I want to compliment again the gentleman from Oklahoma. I think the gentleman and his staff have kept our staff well informed. They have worked cooperatively with us. I also want to thank the gentleman from Virginia (Mr. MORAN), the ranking member, for working so closely on this too.

The appropriations bill may be the lowest in dollar amounts, but historically it has generated an extraordinary amount of interest and passion when it comes to this body. While feelings on many of the questions are as strong as ever, the lack of acrimony expressed to date is a tribute to the chairman's skill in searching out to the community and analyzing the issues. I look forward to passage of this bill and a productive conference.

Let me address some of the items that are contained in this bill. The $17 million for the D.C. College Access Act, which I sponsored and which has passed the House and I think will be marked up in the other body next week, is the best money we can spend on the city. It holds out hope to those high school graduates who work hard and want to go to college and fulfill their dreams, and they will not be frustrated just because they do not happen to live in a State and cannot afford in-state tuition to a State university system.

Senator VOINOVICH held a productive hearing on this bill a few weeks ago, and I look forward to working with him and Chairman ISTOOK and my colleague, ELEANOR HOLMES NORTON, and others to authorizing this legislation in advance.

Likewise, I appreciate the 7.5 million for a study of the 14th Street Bridge, a matter I worked on with my colleagues, the gentlemen from Virginia (Mr. MORAN) and (Mr. WOLF), for some period of time. This is also money well spent. I applaud the $25 million in the budget for drug treatment and testing and the $8.5 million to expand foster care, and I compliment the chairman on adding this to the legislation.

The $5 million to help clean up the Anacostia River is much needed, and, of course, approval of the city's consensus for tax cuts will make the District a friendlier place to live and to work and to own and operate a business. The city needs a tax base. That is why we have taken such an interest in its revitalization. Last year, we passed legislation that permitted the new Washington Convention Center to be built downtown. Working in concert with the MCI Center, we are creating a synergy to enliven the downtown area, increase tax revenues, and create job opportunities for its residents.

In the 5 years I have had the honor to serve as the chairman of the District's Authorizing Subcommittee, it has been my philosophy that one cannot have a healthy region without a healthy city. Working in a bipartisan manner, building consensus, I am proud of the way we are turning this city around. The budget that we are considering today continues these efforts. I think it is a step in the right direction, and again I compliment the gentleman from Oklahoma, and I hope this legislation will pass.

□ 2115

Mr. MORAN of Virginia. Mr. Chairman, I yield 3 minutes to the gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Mr. Chairman, I thank the gentleman from Virginia for yielding time to me.

Mr. Chairman, I want to make an observation first. I agree with the ranking member, the gentleman from Virginia (Mr. MORAN), and the gentleman from Virginia (Mr. DAVIS) with reference to the product of this committee. I think it is one of the most positive products in a D.C. bill that I have seen since I have been here.

I also want to make an observation, as someone who is one of the senior members from the Washington regional delegation, that I think this delegation from the Washington metropolitan area is as positive a partner in working with our co-members of this region, the District of Columbia, and the gentlewoman from the District of Columbia (Ms. NORTON).

In particular, I would be remiss if I did not say once again what an extraordinary job the gentlewoman from the District of Columbia (Ms. NORTON) does on behalf of the District. She is attentive, able, energetic, tough as nails when she needs to be, and she is smart as she needs to be in terms of dealing with a very, very difficult situation.

It continues to be, however, I think, a travesty that the representative of the District of Columbia does not have a full vote on this House floor. Even absent that vote, Mr. Chairman, she does an extraordinarily good job in representing the people of the District of Columbia. I congratulate her for it.

Mr. Chairman, I want to just make a couple of comments. I want to thank the gentleman from Oklahoma (Chairman ISTOOK) for, again, his work on this bill. I agree, of course, as he knows, with the gentleman from Virginia (Mr. MORAN) about the Committee on Rules' actions, and with respect to a couple of other provisions in the bill as well that we will discuss tomorrow.

Basically, this is a good bill. The gentleman from Virginia (Mr. MORAN) I think is absolutely correct. As an appropriation bill, that is, without the riders, without the extraneous matter, it is a bill that I think all of us could support.

I also would like to thank the chairman and the ranking member for adding report language in the full committee that deals with the fire service. I have been a longtime advocate of the interests of the fire service. We lost a very distinguished firefighter, John Carter, in 1997. The gentlewoman from the District of Columbia (Ms. NORTON) and I have been at the funeral of two of the firefighters in the District of Columbia that have died in the last 60 days.

There was a report after Mr. Carter's death. That report made a number of recommendations. It was called the Reconstruction Committee. Two of the recommendations it made were dealing with assistance to battalion chiefs and the number of firefighters that were assigned to the trucks as they leave the station.

I believe that matter deserves very serious consideration. I know the D.C. City Council has a concern. It is report language and not mandatory, but I am hopeful that we can work on this matter and focus on it in the months ahead.

I again congratulate the gentlewoman from the District of Columbia (Ms. NORTON) for her outstanding work.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I thank the gentleman from Maryland (Mr. HOYER) for his outstanding cooperation for the Washington metropolitan region. He does a lot for the District of Columbia specifically.

Mr. Chairman, I yield such time as she may consume to the gentlewoman from the District of Columbia (Ms. NORTON), the elected representative of the District of Columbia and our last speaker.

Ms. NORTON. Mr. Chairman, I want to thank the gentleman for yielding time to me, and take this opportunity to thank him for his wonderful attention and his hard work on behalf of the District.

If I may, I would like to thank the gentleman from Maryland (Mr. HOYER) for his very generous remarks concerning me.

This year had promised to be far smoother for the D.C. appropriation than recent years. The gentleman from Illinois (Speaker HASTERT) himself, the gentleman from Florida (Chairman YOUNG), the ranking members, the gentleman from Wisconsin (Mr. OBEY) and the gentleman from Virginia (Mr. MORAN), and especially the gentleman from Oklahoma (Chairman ISTOOK)) worked hard to achieve consensus on the D.C. budget, and they succeeded beautifully. The District's consensus budget, containing only locally-raised revenue, also found consensus in committee.

The D.C. budget is balanced and frugal, with prudent spending, a tax cut, and a surplus.

How, then, can we now allow this thoroughly cooperative give-and-take process to be destroyed by its opposite, the authoritarian imposition of attachments, strongly and unanimously opposed by all the local officials, without exception, who alone are accountable to the residents who live here?

How, how can we allow inflammatory and undemocratically imposed attachments to overwhelm the excellent work the gentleman from Oklahoma (Chairman ISTOOK) has done on public safety in this bill, for example? He has crafted language which added Federal funds to require drug testing and treatment for 30,000 people on parole. I thank him.

How can we take an excellent appropriation bill and bring it down with a veto that has been promised if we sully it with irrelevant appendages that are wholly disrespectful of local self-government? How can we repeat the performance of last year's pitiful D.C. appropriations debacle?

Make no mistake, this appropriation is headed for a completely avoidable train wreck. After listing all the attachments before us, the administration's statement of policy says, and I am quoting, "If such amendments are adopted and included in the bill presented to the president, the senior advisors will recommend that the President veto the bill."

Out of respect for the half million people I represent, the new reform mayor, and the revitalized city council, I ask for a clean appropriation. Members and I may well disagree with local law, but a vote to leave a local law standing is no vote in favor of that law. They did not make it, they cannot leave it standing. Rather, it is an exercise in the oldest of American Federalist exercises. It is a vote for democracy at the local level.

Members jealously guard the local prerogatives of their districts. I demand no less respect for the people I represent. Please respect our rights as American citizens and vote against each and every one of the riders that will come before us on the District appropriation.

I want to close, Mr. Chairman, by drawing to the Members' attention a recent article in the Washington Post that struck me with deep poignancy. It is headed, "U.S. to Host Russians for a Look at Democracy." We are told that this body has appropriated $10 million in an emergency appropriation, no less, to bring Russians here to see how American democracy works.

James Billington, the Librarian of Congress, said, and he is quoted in the article, that "The U.S. Government is bringing 'a genuinely large number of young Russians, the entire cohort of young leaders, especially from the provinces, to observe American life and democratic institutions.'"

Mr. Chairman, I can only ask that for their sake and ours, we deny the Russians gallery passes to witness the D.C. appropriation on Thursday. We are told that bringing large numbers of Russians to the United States, according to Mr. Billington, and I am quoting him now, "Avoids the patronizing syndrome of sending Americans to Russia to tell the Russians how to run their lives."

Instead, Mr. Chairman, the Russians will see this House telling the residents of the District how to run their-lives. It is not the Russians who will be patronized on Thursday if these amendments are offered, it is the people I represent.

We are told that the first 3,000 Russian participants are scheduled to arrive July 28. Fate, how cruel. This is just in time to see the sorriest spectacle left against our stated democratic principles.

Mr. Billington apparently wrote an op-ed piece for the New York Times, where he criticized, according to this article, criticized the United States for doing too little to support the development of democracy in Russia. Mr. Chairman, the criticism belongs with this House and on this bill. We are doing or will do, if we continue in the way we are going, too much to destroy democracy in the Nation's Capitol with the attachments to this bill.

There is still time to show the Russians that democracy works, even in the Capitol of the United States. I urge my colleagues to vote against all the anti-democratic amendments that will come to the House floor on Thursday. Do it not for the Russians, do it for the people I represent, and do it in the name of American democracy.

Mr. ISTOOK. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. Bilbray).

Mr. BILBRAY. Mr. Chairman, I hope, as the Russians come and witness this action, they will be reminded by all of us that we are a constitutional republic, and that the Constitution specifically allows us to delegate authority within the Federal district that was formed by that Constitution, but does not give us the right to delegate the responsibility for what happens in this District.

Mr. Chairman, I am rather concerned when I hear my colleagues talk about that the President will veto this bill if any of these amendments go forward. I cannot believe that William Jefferson Clinton would veto this bill just because we said that children in Washington, D.C. should not be possessing or smoking tobacco.

I just cannot believe the President would veto the bill just because we want to send a clear message that minors should not drink and should not smoke. I just cannot believe that this president would veto a bill just to make sure that Washington, D.C. is not a sanctuary for underage consumption of tobacco.

Today in Virginia, the law that I am proposing this week is the same law that Virginia has. Maryland does not allow minor possession, Virginia does not allow it. Over 20 States do not allow it. I think that after trying to work with the administration and the city, they have been so busy reforming other things that were very, very important to them that they have not gotten around in the year to addressing this issue.

I just ask that we do not say that this president would kill an entire bill just because this president thinks it is outrageous for Congress to say minors should not consume tobacco.

□ 2130

This is a resident issue, but it is also an American issue. We bring pages into this city. We bring our children into this city from all over the country. The message we send to our children and to our pages when we tell them do not go to Virginia and do not go to Maryland and smoke, but here in D.C., it is okay, I do not think anybody in Congress wants to take that responsibility.

Mr. Chairman, I am sure that the President will not veto this bill if we outlaw minor possession and use of tobacco in D.C. I am sure the President will support us in sending a clear message, not just to the children of D.C., but the children across this country that minor use of tobacco needs to stop and start here.

Mr. Chairman, I include the following letters for the RECORD:

HOUSE OF REPRESENTATIVES,
Washington, DC, March 22, 1999.

Hon. ANTHONY WILLIAMS,
Mayor, District of Columbia, Washington, DC.

DEAR MAYOR WILLIAMS: I would like to take this opportunity to congratulate you on your recent election victory. As a part-time resident of the District and as someone who spent twenty years in local government, including two years as a councilman and six years as a mayor, I wish you the best of luck in your first term as Mayor of the District of Columbia.

As you may already be aware, during the House of Representatives Fiscal Year (FY) 1999 appropriation process I introduced an amendment to the D.C. Appropriation Act (H.R. 4380) that prohibited individuals under the age of 18 years of age from possessing and consuming tobacco products in the District of Columbia. This amendment received strong bipartisan support and passed through the House by a 238–138 vote on August 6, 1999, but unfortunately it was not included in the final conference report.

At the time I introduced this amendment only 21 states in the nation had minor possession laws outlawing tobacco, and my amendment would have added the District of Columbia to this growing lists of states. My amendment was very straight forward and easy to understand. It contained a provision to exempt from this prohibition a minor individual "making a delivery of cigarettes or tobacco products in his or her employment" while on the job.

My amendment also contained a penalty section, which was modeled after the state of Virginia's penalty section for minors found in violation of tobacco possession. For the first violation, the minor would, at the discretion of the judge, be subject to a civil penalty of not to exceed $50. For the second violation, the minor would be subject to a civil penalty not to exceed $100. For a third or subsequent violation, the minor would have his or her driver's license suspended for a period of 90 consecutive days. The 90 day suspension is consistent with penalties for minor possession of alcohol in the District of Columbia. Any minor found to be in possession of tobacco may also be required to perform community service or attend a tobacco cessation program. Each of these penalties are at the judge's discretion.

I understand that the District of Columbia already has tough laws on the books to address the issue of sales of tobacco to minors. My amendment focused specifically on the possession of tobacco products by minors in order to put minor possession of tobacco with minor possession of alcohol. All three cities in my district have passed anti-possession laws, so that I am not asking the District to do anything my own communities have not already done.

I was an original cosponsor of the strongest anti-tobacco bill in the 105th Congress, the Bipartisan NO Tobacco for Kids Act (H.R. 3638). The intentions of my amendment was to encourage youth to take responsibility for their actions. If individuals under the age of 18 know they will face a penalty for possession of tobacco, they might be deterred from ever starting to smoke in the first place.

As we move forward in the 106th Congress I would like to know whether you plan to address this issue at the local level. I think it is important that all levels of government work together to help stop children from smoking. I also believe we should send the right message to our children, and the first step in this process would be for the District of Columbia to join Virginia, Maryland, and the twenty other states who have passed youth possession and consumption laws. I would appreciate knowing of your intentions, and to work with you and Members on both sides of the aisle in 1999 to make sure this important piece of legislation becomes law.

Again, congratulations on your new position as Mayor and I look forward to working with you in the future.

Sincerely,

BRIAN P. BILBRAY,
Member of Congress.

MAY 21, 1999.

Hon. BRIAN BILBRAY,
U.S. House of Representatives, Washington, DC.

DEAR CONGRESSMAN BILBRAY: Thank you for your letter sharing your concern about teenage smoking in the District and your congratulations on my November election to the Office of Mayor.

In response to your inquiry, the District of Columbia is addressing the issue of teen smoking through a variety of methods. DC Public Schools has two programs—The Great American Smoke-out and "2 Smart 2 Smoke"—to raise children's awareness of the dangers of smoking. Additionally, the Department of Health supports the efforts of local and community-based initiatives like "Ad-Up, Word-Up and Speak-Out," which encourages school age children to perform their own research on the effects of advertising directed at children.

Finally, the school system recently elevated possession of tobacco to a "level one" infraction—which means violators could incur the severe disciplinary measures, including possible suspension. To assess our progress, the District is tracking youth smoking related data through grants provided by the Center for Disease Control.

I want to assure you that I share your concerns about teenage smokers. Sandra Allen, Chairperson of the City Council's Committee on Human Services, and I are working diligently to strengthen enforcement which should, in combination with the other initiatives, result in a real reduction of teenage smoking. We believe that the cumulative effect of these initiatives will have a marked improvement on the incidence of teen smoking.

Again thank you for bringing this issue to the forefront of my attention. I agree that discouraging our youth from engaging in this terrible habit of smoking is very important in the fight to curtail tobacco's tragic and inevitable long-term effects.

Sincerely,

ANTHONY A. WILLIAMS,
Mayor, District of Columbia.

HOUSE OF REPRESENTATIVES,
Washington, DC, July 8, 1999.

Hon. ANTHONY WILLIAMS,
Mayor, District of Columbia,
Washington, DC.

DEAR MAYOR WILLIAMS: I would like to thank you for your response to my letter regarding my youth consumption amendment and the tobacco strategies in the District of Columbia. I appreciate the information you provided regarding the programs the D.C. public schools are implementing to combat youth smoking.

As I mentioned in my first letter, in the 105th Congress I introduced an amendment to H.R. 4380, FY 1999 District of Columbia appropriations bill that sought to prohibit individuals under the age of 18 years from possessing and consuming tobacco products in the District of Columbia. This amendment received strong bipartisan support and passed through the House by a 238-138 vote on August 6, 1999.

I intend to reintroduce this amendment to the FY 2000 D.C. Appropriations Bill later in the year when Congress takes up this legislation. I believe at the same time we are educating youths on the dangers of tobacco and curtailing advertisements by the tobacco industry, we need to strive for new and innovative ways to reduce tobacco use along with sending a clear message to our youth that we will not tolerate the consumption of tobacco. This is what a youth consumption law in the District will accomplish.

My amendment contains a penalty section, which is modeled after the state of Virginia's penalty section for minors found in violation of tobacco possession. For the first violation, the minor would, at the discretion of the judge, be subject to a civil penalty not to exceed $50. For the second violation, the minor would be subject to a civil penalty not to exceed $100. For a third or subsequent violation, the minor would have his or her driver's license suspended for a period of 90 consecutive days. The 90 day suspension is consistent with penalties for minor possession of alcohol in the District of Columbia. Any minor found to be in possession of tobacco may also be required to perform community service or attend a tobacco cessation program. Each of these penalties are at the judge's discretion (I have attached a draft of my amendment for your convenience).

My amendment focuses specifically on the possession of tobacco products by minors in order to put minor possession of tobacco with minor possession of alcohol. If we are really serious about reducing youth consumption of tobacco we need to put it on the same level as alcohol and treat it equally.

Again, thank you for responding to my original letter and I look forward to working with you on this important issue. Please feel free to contact me if you have any additional questions.

Sincerely,

BRIAN P. BILBRAY,
Member of Congress.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. Guests of the House in the gallery are not allowed to demonstrate their support or opposition to anything that happens on the House floor.

Mr. ISTOOK. Mr. Chairman, I only have my closing comments. I do not know if the gentleman from Virginia (Mr. MORAN) desired to take any further time or not.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. Would the Sergeant at Arms remove the people from the gallery?

Mr. MORAN of Virginia. Mr. Chairman, I would say to the distinguished gentleman from Oklahoma (Mr. ISTOOK) that we are prepared to conclude.

So if the gentleman from Oklahoma is prepared, the gentleman can conclude, and we will renew this debate on Thursday.

Mr. Chairman, I yield back the balance of my time.

Mr. ISTOOK. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I very much appreciate the articulate comments of the gentlewoman from the District of Columbia (Ms. NORTON). I especially appreciate the passion with which she represents her community.

Mr. Chairman, I would like to address a couple of comments that were raised by the gentleman from Virginia (Mr. MORAN) and by the gentlewoman from the District of Columbia (Ms. NORTON) because I think they are worthy of considered response.

I realize that we are going to have certain votes when amendments are offered to this bill on Thursday. As we do in elections, so, too, here in the House of Representatives, we accept the results of votes. We have those votes. We handle our differences. But we do not let the things upon which we differ keep us from uniting to accomplish the things that we agree are good. I think that is important in this.

There may be certain senior advisors of the President who recommends to him that he veto a bill over just one issue. I personally doubt that he would over one or even two. I think that needs to be explored briefly.

I had the opportunity, Mr. Chairman, to serve in local government as a city council member in my community, a library board member over a consolidated county system, and a library chairman, and as a member of the State legislature in Oklahoma. Frequently, especially in the legislature, I found that, as a member of the Oklahoma legislature, we not only established the public policy for State government, but we established public policy for the communities within the State of Oklahoma.

That is true in every State, Mr. Chairman, because cities, counties, villages, townships, parishes, these are established by State government. State government gives them the parameters within which they may function.

It is not uncommon in State government to have issues come up that say, this governs not only how the State itself is going to operate, but also how the political subdivisions within the State are going to be able to operate, what they can do, or what they cannot do.

Washington DC, of course, is a very different situation. It is not a State that has a State government. It is a Federal district that has one city. It is established by the Federal Constitution.

Ms. NORTON. Mr. Chairman, will the gentleman yield on that?

Mr. ISTOOK. I yield to the gentlewoman from the District of Columbia.

Ms. NORTON. Mr. Chairman, I appreciate the gentleman yielding to me. I accept the gentleman's great American analogy, federalist analogy. But as the gentleman himself served in local government, he will, I think, recognize that, at the local level, there was voting representation so that there had been agreement to live by majority vote. Because even at the lowest local level, there was voting representation.

The gentleman recognizes that I have no vote in this body, and what vote I did have was taken from me. I just want to indicate that I would, in fact, agree if, in fact, this State analogy were fully perfect.

Mr. ISTOOK. Mr. Chairman, I understand the gentlewoman's concerns, and I appreciate them. As I said before, I appreciate the great passion that she brings to her representation of D.C. I recognize the concerns that she has over the fact that she is not a voting Member on the floor of this body. I realize her argument. I do not think that undercuts the principle of whether or not the Congress of the United States has responsibilities and authority, even though it is not popular with everyone that we do so.

Because just as the State constitutions create cities and counties and other political subdivisions, the United States Constitution created one special entity called the District of Columbia to be the seat of government for the Nation's Capitol.

Article I, section 8 of the U.S. Constitution states that Congress shall have sole legislative authority over this District. We have delegated through home rule, but, nevertheless, the Constitution established a unique situation. Certainly, of course, the city has the Federal Government here, and it, frankly, has an assurance that this Federal Government is going to be here and will always enjoy the benefits as well as the things which are not benefits of being the seat of the Nation's Government.

But we are given a responsibility over public policy within the District of Columbia, and that makes it a very difficult issue, because it brings forth the feelings and the passions such as the gentlewoman is expressing, and others are, too.

But what we are considering in the bill with the amendments that different Members intend to offer on Thursday to this bill is not unique. I think it is very important to note, if my colleagues look at the amendments that the Committee on Rules chose to place in order for Thursday, we have the amendment to be offered by the gentleman from Oklahoma (Mr. Largent), which states that adoptions should, if they are by multiple persons, should be by persons who are related by blood or by marriage. That is an amendment which was adopted by this House of Representatives a year ago. The vote was 227 to 192. It is not something new that has been brought to bear in this bill.

The amendment that the gentleman from California (Mr. BILBRAY) intends to offer regarding minors and tobacco is not new. It is virtually the same as the amendment which was considered by this House and passed last year by a vote of 283 to 138.

The amendment that the gentleman from Georgia (Mr. BARR) intends to offer is somewhat different from the one last year. Last year, it was adopted by a voice vote. There was not even a recorded vote requested. It was adopted by a voice vote. It would have prohibited the District from counting the results of the initiative and the election that was conducted regarding medical use of marijuana.

But it is important to note that that provision was not only adopted by the House of Representatives, it was also approved by the United States Senate, and it was signed into law by the President of the United States.

This year, the amendment which the Committee on Rules made in order for the gentleman from Georgia (Mr. BARR) does not go that far. It simply states that the District shall not legalize a drug that is a restricted drug under schedule I of the Federal Controlled Substances Act.

The amendment that causes some controversy that the gentleman from Kansas (Mr. TIAHRT) intends to offer on the floor this Thursday, which states that no public money may be used within the District for a program of needle exchange regarding illegal drug usage, that is not a new provision. That was adopted last year by the House of Representatives on a vote of 250 to 169. It was approved by the United States Senate. It was signed into law by the President of the United States.

Maybe this year the President's advisors want him to change his mind and say he should veto it if that provision remains there. But the case remains that that is a provision that was approved by the House, the Senate, and the President a year ago.

The language which the gentleman from Virginia (Mr. MORAN) has in the bill in place of the Tiahrt language to say that the limitation is on the use of Federal funds, but not a limitation on local funds within the District, is an amendment which was disapproved last year by the House on a vote of 173 to 247.

These are not new issues that have been brought up. In fact, I have encouraged my fellow Members not to bring up new issues to tack on to this particular bill. But I have recognized that positions have been taken by the House, by the Senate, by the President, acting in concert, and that those remain issues that have previously been considered appropriate for this body; and, therefore, we have the votes on Thursday on those issues again.

Ms. NORTON. Mr. Chairman, will the gentleman yield?

Mr. ISTOOK. I yield to the gentlewoman from the District of Columbia.

Ms. NORTON. Mr. Chairman, I want to correct the RECORD that the President never specifically signed the D.C. appropriation last year. It was the year of the great appropriation debacle.

Mr. ISTOOK. Mr. Chairman, it was within an omnibus appropriation.

Ms. NORTON. Mr. Chairman, it was within an omnibus bill. The President's agents sought to get each and every one of those amendments off, did get the adoption amendment off, for example, but was not able in the course of negotiations to get all of the amendments off.

So the President is not being inconsistent when he says he will veto this year.

Mr. ISTOOK. Well, as I said correctly, Mr. Chairman, the President signed that provision into law last year. Yes, it was in a bill that had many other things within it, but it was signed into law by the President, the very provision that his advisors now say that they would recommend he veto if that provision remained within the bill.

We all know there is a great difference between what an advisor may counsel, what a member of one of the staff that works for us on Capitol Hill, what they may counsel, and what we may deem that we should do or choose to do. I think we have to have perspective.

We have not brought up new issues within this bill. We have the continuation of the issues that have already been brought before this body, and this body has previously determined that they were appropriate to consider.

Those are still live issues. These include issues that were signed into law by the President a year ago. I think it is appropriate for us to consider something that the President did agree to sign into law a year ago.

We will have those debates Thursday. I will abide by the results. I expect that other Members of this body will abide by those results. I just want to put those in perspective, Mr. Chairman.

But I do not want to lose track of the positive things that we have worked together to do in this bill. After we have those votes on the disagreements, I expect that we can and will and should unite to promote those things that we have put in this bill to make the District of Columbia a better, safer, more prosperous place to live, to work, and to visit.

I think that is a worthwhile goal for the capital city of the United States of America. I hope that every Member of this body will join me in that commitment, regardless of our differences on different votes, unite together and approve this bill for the common good of the capital of the United States of America.

Mr. FARR of California. Mr. Chairman, I rise to congratulate my colleagues, Chairman ISTOOK and Ranking Member MORAN, on a fine bill that they have put together.

Though I disagree with certain portions of it—specifically those prohibiting the use of local funds for abortion and the local domestic partner law—I believe the bill is generally even handed.

There is one issue I wish to raise, however, that is not addressed in this bill and has never, to my knowledge been raised before: pit bulls.

the recent death of a veteran firefighter on the DC fire squad because of a pit bull attack during a fire run is only the latest of tragedies associated with vicious pit bull attacks.

I am an animal lover and for the most part will give animals the benefit of the doubt for their right to share this planet with us. I abhor animal cruelty and am grateful for the support I received from this House in passing a partial ban on steel-jaw leghold just traps two weeks ago.

But this city has a problem with maintaining proper control over pit bulls and Firefighter Robinson was only the most recent addition to a sad list of statistics.

According to Mary Healy, Executive Director of the Washington Humane Society, over ⅓ of all the animals that come into their animal shelters every year is a pit bull. Just think of it: of all the breeds of all the dogs out there, one breed overwhelmingly dominates like no other. These dogs are turned in or found or captured because they are not suitable as pets. It is the nature of this beast to be other-animal aggressive which leads to unprovoked attacks on other dogs and by proximity, on people. As such they pose a public health and safety threat and for this reason the Humane Society supports full ban on pit bulls.

Originally I had considered offering an amendment to this bill specifically calling on the DC Council to do something about this problem. I will refrain from doing so only because I have learned that the DC Council is moving in the right direction on this issue due to the leadership of Councilmember Carol Schwartz. Ms. Schwartz in March introduced strong legislation that would put sensible restrictions on pit bull ownership in the District. I applaud her vision and dedication to solving this troublesome aspect of life in DC. I understand from Councilmember Schwartz that she has been guaranteed a hearing in October by Sandy Allen, Councilmember from War 8 and Chairperson of the Council Committee on Human Services. I fully hope to see the Council enact Ms. Schwartz's legislation on an emergency basis and work toward a more permanent solution—maybe even an out-and-out ban like that enacted in Prince Georges County, Maryland—within the next several months.

We can't wait for the next headline to tell us of the next tragedy of a person hurt or maimed or even killed by these vicious dogs. Firefighter Robinson gave his life; Councilmember Schwartz has the answer. Congress should honor the memory of fireman Robinson by during the Council to pass Ms. Schwartz's bill . . . and if the Council won't act then I will see that Congress does.

Mr. PORTMAN. Mr. Chairman, I rise today to comment on the District of Columbia Appropriations legislation. I commend the subcommittee, its Chairman [Mr. ISTOOK] and the full committee for their work on this important legislation.

As someone with a strong interest in reducing substance abuse through demand reduction—and as co-chairman of the Speaker's Working Group for a Drug-Free America—I'd like to comment on a provision of this legislation that is of particular interest to the drug prevention and education community.

DRUG TESTING FOR PRISONERS AND PAROLEES

I commend the gentleman from Oklahoma for including funding in this program for universal drug testing and screening of incarcerated prisoners and parolees. Today, 80% of incarcerated prisoners in this nation were either under the influence or drugs or alcohol, were regular drug users or violated drug and alcohol laws at the time they committed their crimes. Remarkably, in 1996, more than 1.5 million were arrested for substance abuse-related offenses. Worse yet, those who go to prison without effective treatment for their addiction tend to wind up back in the criminal justice system in the future.

Substance abuse contributes to many of our worst social ills—violence, child and spousal abuse, robbery, theft and vandalism. As a result, our judicial system is overwhelmed with substance abusers. You would think, when a criminal is locked up for a drug-related offense, the prison itself would be a drug-free environment and the prisoner would be forced to get drug treatment.

But our prisons are often bastions of drug abuse. Only 13% of prisoners receive any sort of treatment for their drug problem at all and many of those treatment programs are considered inadequate.

Unfortunately, the drug habits of thousands of these individuals continue and sometimes worsen in prison. So it's no surprise that, according to statistics from the National Center on Addiction and Substance Abuse, 50% of state parole and probation violators were under the influence of drugs, alcohol or both when they committed their new offense. In other words, these individuals continue to be a menace to society because their drug problems are not addressed behind bars.

There are a number of steps we can take to stop the revolving door of incarceration, parole and re-arrest—including the successful drug courts at the local level that use the threat of prison to get people to address their drug habits through treatment. At the national level, a recent Federal Bureau of Prisons study showed that inmates who receive treatment are 73% less likely to be re-arrested than untreated inmates.

That's why I introduced the Drug-Free Prisons and Jails Act last year, which established a model program for comprehensive substance abuse treatment in the criminal justice system to reduce drug abuse, drug-related crime and the costs associated with incarceration.

And that's why I'm pleased to support the drug testing program in this legislation before us today. By identifying criminals and parolees in the District of Columbia with drug addiction problems, we will help to reduce crime in our nation's capital—and we will stop the costly revolving door of drug addiction and incarceration in the DC prison system.

Mr. ISTOOK. Mr. Chairman, I yield back the balance of my time.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. HILL of Montana) having assumed the chair, Mr. BEREUTER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2587) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes, had come to no resolution thereon.

□ 2145

COMMUNICATION FROM THE HONORABLE GARY L. ACKERMAN, MEMBER OF CONGRESS

The Speaker pro tempore (Mr. Hill of Montana) laid before the House the following communication from the Honorable Gary L. ACKERMAN, Member of Congress:

JULY 23, 1999.

Hon. J. DENNIS HASTERT,
Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you pursuant to Rule VIII of the Rules of the House that I received a subpoena for documents and testimony issued by the United States District Court for the Eastern District of New York.

After consultation with the Office of General Counsel, I have determined to comply with the subpoena to the extent that it is consistent with Rule VIII.

Sincerely,

GARY L. ACKERMAN,
Member of Congress.

APPOINTMENT OF MEMBERS TO ATTEND THE FUNERAL OF THE LATE HONORABLE GEORGE E. BROWN, JR.

The SPEAKER pro tempore. Pursuant to the provisions of House Resolution 252, the Chair announces the Speaker's appointment of the following Members of the House to the committee to attend the funeral of the late George E. Brown, Jr.

Mr. STARK, California.
Mr. HASTERT, Illinois.
Mr. GEPHARDT, Missouri.
Mr. BONIOR, Michigan.
Mr. GEORGE MILLER, California.
Mr. WAXMAN, California.
Mr. DIXON, California.
Mr. LEWIS, California.
Mr. MATSUI, California.
Mr. THOMAS, California.
Mr. DREIER, California.
Mr. HUNTER, California.
Mr. LANTOS, California.
Mr. MARTINEZ, California.
Mr. BERMAN, California.
Mr. PACKARD, California.
Mr. GALLEGLY, California.
Mr. HERGER, California.
Ms. PELOSI, California.
Mr. COX, California.
Mr. ROHRABACHER, California.
Mr. CONDIT, California.
Mr. CUNNINGHAM, California.
Mr. DOOLEY, California.
Mr. DOOLITTLE, california.
Ms. WATERS, California.
Mr. BECERRA, California.
Mr. CALVERT, California.
Ms. ESHOO, California.
Mr. FILNER, California.
Mr. HORN, California.
Mr. MCKEON, California.
Mr. POMBO, California.
Ms. ROYBAL-ALLARD, California.
Mr. ROYCE, California.
Ms. WOOLSEY, California.
Mr. FARR, California.
Mr. BILBRAY, California.
Ms. LOFGREN, California.
Mr. RADANOVICH, California.
Mr. CAMPBELL, California.
Ms. MILLENDER-MCDONALD, California.
Mr. ROGAN, California.
Mr. SHERMAN, California.
Ms. SANCHEZ, California.
Mrs. TAUSCHER, California.
Mrs. CAPPS, California.
Mrs. BONO, California.
Ms. LEE, California.
Mr. KUYKENDALL, California.
Mr. GARY MILLER, California.
Mrs. NAPOLITANO, California.
Mr. OSE, California.
Mr. THOMPSON, California.
Mr. OBEY, Wisconsin.
Mr. KILDEE, Michigan.
Mr. SENSENBRENNER, Wisconsin.
Mr. KILDEE, Michigan.
Mr. SENSENBRENNER, Wisconsin.
Mr. HALL, Texas.
Mr. BOEHLERT, New York.
Mr. BARTON, Texas.
Mr. GORDON, Tennessee.
Mr. COSTELLO, Illinois.
Mr. FALEOMAVAEGA, American Samoa.
Mr. MCNULTY, New Year.
Mr. ROEMER, Indiana.
Mr. BARCIA, Michigan.
Ms. EDDIE BERNICE JOHNSON, Texas.
Mr. EHLERS, Michigan.
Ms. RIVERS, Michigan.
Mr. LAMPSON, Texas.
Mr. HOLT, New Jersey.

GENERAL LEAVE

Mr. SMITH of Michigan. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on the subject of the special order today by the gentleman from Florida (Mr. BILIRAKIS).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

TRIBUTE TO PARKER HIGH SCHOOL, BIRMINGHAM, ALABAMA

(Mrs. JONES of Ohio asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. JONES of Ohio. Mr. Speaker, I rise today to pay tribute to Parker High School for its efforts in eliminating color barriers in public education in Birmingham, Alabama, and across the United States. I would like to thank my colleague, the gentleman from Alabama (Mr. HILLIARD), for joining me in this tribute to recognize Parker High School.

Mr. Speaker, it is important to salute Parker for the significant contributions it has made in educating African Americans. My father, Andrew Tubbs, and my uncles, William Burns and Bernard Sherrell, are graduates of Parker High School.

Parker High School was, at one time, considered the world's largest historically African American high school. The school was named after Arthur H. Parker, a teacher in Birmingham, who established the first school in 1899.

Mr. Speaker, I have heard many good things from my family members about how this school has done an excellent job in preparing its students to be leaders in their respective fields.

Parker High School boasts many firsts, for example, graduated the largest number of students at an African-American high school in U.S. history. And also boasts of an enrollment of 3,702 students fifty years ago. Many of their students participated in the Civil Rights Movement and have become well-known business, professional, and civic leaders in cities across our great Nation.

During the 1950s, Parker High School raised its academic standard above all other schools in the State, which gave its students what many considered the best education in Alabama. Some of its graduates include Arthur Shores, the first African American admitted to the Alabama Bar; Bernice Spraggs, Chicago Defender Washington correspondent; James W. Ford, Communist candidate for Vice President in 1936; Shelton "Sead" Hemphill, the trumpet player for Duke Ellington; and Laura Washington, vocalist with Erskine Hawkins.

Many of their alumni have been respected community leaders in New York, Chicago, and my hometown of Cleveland, which is part of the 11th Congressional District that I represent.

I congratulate Parker's class of 1951, who will hold its reunion on Friday, July 30, in Cleveland, Ohio. As a guest speaker, I will help the class celebrate its history and discuss their theme of "Crossing the Bridge to the 21st Century, By Passing our Legacy on to our Heirs."

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

IN RECOGNITION OF DEDICATED SERVICE BY MR. ROBERT TOBIAS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. HOYER) is recognized for 5 minutes.

Mr. HOYER. Mr. Speaker, I rise this evening to recognize the outstanding efforts of Robert Tobias on behalf of Federal employees. After 31 years of service to the National Treasury Employees Union and 16 years as its president, Bob is retiring to spend more time with his family.

Words alone cannot adequately explain the impact Bob Tobias has had over the past 31 years. To say that he is a leader in the Federal employee community simply does not do him or the contributions that he has made justice.

Bob has built NTEU from a union of 22,000 members located solely in the Treasury Department to a union of 155,000 employees representing Federal employees in 22 agencies. Legislatively, I cannot think of one major gain that Federal employees have made since I was elected to Congress in 1981 that has not had Bob Tobias' hand in it.

The list of accomplishments is impressive: helping to create the Federal Employee Retirement System; suing the Nixon administration and recovering $533 million of back pay owed to Federal employees; allowing CSRS-covered Federal employee to have another FERS open season when he won a Supreme Court case challenging the President's use of the line item veto power; IRS restructuring; assisting me in passing the Federal Employees Pay Comparability Act; working to institute alternative work schedules; telecommuting; and on-site child care for Federal employees.

The one area where I think Bob's influence was most deeply felt was the creation of partnership in the workplace and in the reinvention of government. When Vice President Gore's reinvention efforts began, the Federal workplace was at a crossroads. The old adversarial relationship between labor and management simply was not working. Government needed to be more efficient and accomplish more with less resources and personnel.

Participating with the reinvention effort was not easy. It took courage and vision, because, Mr. Speaker, part of the effort called for downsizing the Federal work force to its lowest level since the Kennedy administration. At that time, reinvention and partnership had a lot of detractors, but Bob Tobias and the late AFGE president, John Sturdivant, had a vision and took the risk. They took the risk, and I believe for the first time the talent of the rank-and-file employees started to be harnessed.

It paid off, Mr. Speaker, because bargaining unit employees for the first time got a seat at the table. They got a say in how their agency was run. This risk did not only benefit the members that Bob represented but ultimately paid off for the American taxpayer, who benefited from a more efficient and responsive government.

In his letter to chapter presidents in February, Bob wrote, and I quote: “From my first day at NTEU, my goal has been to move us from helplessness and despair to dignity and respect; from being ignored to being recognized and included; and from acting alone to experiencing our collective power of collective action.”

Mr. Speaker, Bob Tobias has achieved those goals and NTEU members and the American people are better off today because of his efforts. We wish him well, and we wish him all the best in the future, and we thank him for his service.

Mr. Speaker, I often observed to groups of employees to whom I spoke that there was no better labor leader in America than Bob Tobias. He cared about his people, he worked tirelessly on their behalf, he advocated in their best interest and, like most successful leaders, accomplished much for all of those he represented. But as I said earlier in my statement, not only did he accomplish great things for them, but he made the workforce of the American people, the Federal employees, a better, more effective, more efficient, more disciplined, more focused workforce. And for that, we in America owe him a great debt of gratitude. America and its government are a better place for the service of Robert Tobias.

Mr. KOLBE. Mr. Speaker, I rise to acknowledge the work Bob Tobias has done for federal employees. Bob has been the president of the National Treasury Employees Union since 1983 and has been with this organization for the last 31 years. No doubt about it—Bob Tobias has positively affected the character of the NTEU.

As chairman of the Treasury and General Government Appropriations Subcommittee, I have had the honor and privilege of working closely with Bob on many issues. He has always been honest, compassionate, and unrelenting in fighting for what he believed to be the right course of action. I will always look back favorably on the times I have spent working with Mr. Tobias.

It is my understanding that Bob will be 56 years old in August, which is when his fourth term will expire. I wish him the best in his next endeavor. I'm told that he plans to write or teach, and even though he is an alumnus from the University of Michigan, and not from another more formidable “Big 10” school—Northwestern University from which I graduated—I am pleased to recognize Mr. Robert M. Tobias for his work with the NTEU.

GENERAL LEAVE

Mr. HOYER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

25TH ANNIVERSARY OF TURKEY'S INVASION OF CYPRUS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. BILIRAKIS) is recognized for 5 minutes.

Mr. BILIRAKIS. Mr. Speaker, as I have done every year, I rise again to declare my deep concern and utter indignation regarding the 25-year occupation of the island of Cyprus by Turkish troops.

It was in July 1974, that Turkish forces, consisting of 6,000 troops and forty tanks, landed on Cyprus' northern coast and captured a good part of the island nation. This military operation was appropriately code-named “Attila.”

A few days later, the three guarantor powers, namely, Greece, Turkey and the United Kingdom, were negotiating to determine the fate of the island. To maximize its illegal territorial gains, Turkey used this opportunity to launch the second phase of its pre-planned assault, code-named “Attila II.”

Since then, Turkey has occupied 37% of the island in defiance of any code of civilized behavior in the community of nations.

The consequences of that brutal action were devastating. More than 5,000 people were killed during the invasion. Even today, the fate of 1,614 Cypriots and 4 U.S. citizens, missing since the invasion, remains a mystery.

More than 200,000 Greek Cypriots—men, women and children—were forcibly expelled by the invading Turkish army in a mass exodus reminiscent of Bosnia and Kosovo. These “refugees” settled in the southern part of the island. Of course, they have never been compensated by Turkey for their confiscated lands and houses, or for their ruined businesses.

Ever since this atrocious act, Turkey has embarked on a methodical effort to first entrench and fortify its military presence on the island, and second, to alter the demographic characteristics and ethnic composition of its population.

To achieve the former goal, Turkey beefed up its occupation force to more than 40,000. In addition, a large amphibious assault force is permanently stationed at the Turkish mainland base closest to Cyprus.

To accomplish the latter goal, scores of Turkish people from Anatolia were transplanted into the occupied lands to take possession of the properties and businesses of the expelled refugees. These settlers, conservatively estimated at 80,000, and the Turkish occupation force currently outnumber the Turkish-Cypriot population who legitimately inhabited northern Cyprus before the invasion.

The illegal nature of this aggressive act, and the brutality with which it was conducted, aroused the indignation of the international community. In the ensuing years, the arbitrary declaration of the occupied northern Cyprus as an independent “republic” failed to expunge its illegal nature. A quarter of a century later, the occupied Northern Cyprus has remained a pariah “entity,” not recognized by any nation in the world, except Turkey.

Over the years, repeated attempts have been made by individual governments and by the United Nations to find a solution to the problem of Cyprus. All of them failed because of the intransigence of Turkey. As a result, the relations between Greece and Turkey have been adversely affected to the point that direct military confrontations between them have been narrowly averted on at least two occasions. Given their geographic location and the fact that both countries are member states of NATO, such a conflict would seriously impact the stability of the eastern Mediterranean region.

Demilitarization would alleviate the security concerns of all parties and substantially enhance the prospects for a peaceful resolution of the problem. Unfortunately, Cyprus' efforts to resolve the situation have been rebuffed by Turkey and the self-proclaimed leader of the illegitimate Turkish Republic of Northern Cyprus, Mr. Denktash.

The intransigence of the Turkish side is clearly reflected in the two pre-conditions set by Mr. Denktash for a solution of the Cyprus problem. Specifically, he demanded that this illegal "government" in the occupied part of northern Cyprus be formally recognized. He also said Cyprus must withdraw its application to join the European Union, threatening that "there will be war if Cyprus joined the European Union".

Both demands are obviously unacceptable to the Congress, the United States Government, the Government of Greece, the legitimate Government of Cyprus, and to any neutral member of the international community.

Denktash's threats have been echoed by the Government of Turkey which has threatened to annex the occupied part of the island if Cyprus joins the European Union. In fact, Turkey has already signed a number of "agreements" with the illegal Turkish regime that lay the groundwork for the eventual annexation of the occupied area.

What Mr. Denktash and Turkey fail to understand is that acceptance to membership in the European Union must be earned on the basis of performance and achievement.

Over the years, it has become obvious that the intransigence of Turkey on a just settlement of the Cyprus problem represents a strategy aimed at forcing Turkey's acceptance to membership in the European Union. Such membership has so far been denied for several reasons. First, is the fact that Turkey has not yet achieved the level of economic prowess deemed necessary for membership in the European Union. Second, the political system and the philosophy and practices of its governments over the past several decades do not conform with the democratic principles of the western world. Third, Turkey's record on respect of human rights and political freedom leaves a lot to be desired.

Lastly, Turkey continues to reject proposals for a just and permanent solution of the problem of Cyprus, despite the European Parliament's position that membership is contingent upon resolution of the Cyprus problem.

The recent dispute over Cyprus' plan to purchase defensive anti-aircraft missiles to protect itself also demonstrates the bellicose posture of Turkey as opposed to the conciliatory stance of the Government of Cyprus. This incident clearly illustrates the need for a concerted effort to solve the problem of the divided Cyprus.

Turkey objected to the planned deployment of the defensive missiles, falsely claiming that they represent a threat to its security. It also made clear its intention to use force to block this deployment.

In response to these threats, the Government of Cyprus offered to cancel deployment if Turkey would resume serious and constructive reconciliation talks. Yet, the Turkish side remained intransigent in its refusal to renew negotiations and continued to threaten Cyprus with military action.

In a remarkable gesture of good will, the Government of Cyprus eventually and unilaterally canceled the deployment of the missiles, forgoing its legitimate right to self-defense against Turkish aggression. It is regrettable that this conciliatory decision failed to bring the Turkish side to the negotiations table.

Prolonging this explosive state of affairs in eastern Mediterranean is fraught with risks for all parties involved, including the United States. An armed conflict between Greece and Turkey over the Cyprus dispute remains a dire possibility. Such a conflict would have devastating consequences for peace and stability in that sensitive and highly volatile region.

It is the interests of the United States, the countries involved in the dispute, as well as other neighboring countries to have this matter settled in a spirit of mutual respect.

I, along with Representatives MALONEY and KELLY, today introduced a bill that urges Turkey's compliance with all relevant United Nations resolutions relating to Cyprus. This bill also requests our administration to use its influence to persuade Turkey to accept the United Nation's Secretary General's invitation for negotiations without preconditions in the fall of 1999.

To this end, I call upon the administration to focus its attention on the problem at hand and to apply the necessary diplomatic pressure on Turkey and Mr. Dektash in order to promote a peaceful and negotiated resolution of the dispute. If nothing else, history has taught us that neglecting a smoldering problem that has the potential of a major crisis, only makes its consequences more devastating. In the threshold of the third millennium, the United States can hardly afford to turn a blind eye to the Cyprus problem.

Ms. BERKLEY. Mr. Speaker, I would like to thank Mr. BILIRAKIS and Mrs. MALONEY, who are the co-chairs of our congressional caucus on Hellenic issues, by organizing this special order on Cyprus and for their leadership on this issue.

I rise today to acknowledge the 25th anniversary of Turkey's invasion and occupation of Cyprus. As a result, an estimated 35,000 heavily armed Turkish troops continue to occupy 37% of the island.

Nearly 200,000 Greek Cypriots, who fell victim to a policy of ethnic cleansing, were forcibly evicted from their homes and became refugees in their own country. Tragically, a quarter of a century later they are still refugees as they continue to be prevented by the Turkish occupation army from returning to their ancestral homes.

To this day, over 1,600 Greek Cypriots—civilians, soldiers, women and children—including four Americans of Cypriot descent, have been missing since the Turkish invasion of 1974, and their fate is still unaccounted for. The Turkish Government refuses to provide any information of their status.

In June, the leaders of the seven most industrialized countries and Russia, the G–8, urged the U.N. Secretary General to invite the leaders of the two sides to comprehensive negotiations without preconditions in the autumn of 1999. As the G–8 leaders stated recently in Cologne, "The Cyprus problem has gone unresolved for too long. Resolution of this problem would not only benefit all the people of Cyprus, but would also have a positive impact on peace and stability in the region."

Several rounds of negotiations have taken place which have failed, principally because of a lack of political will on the Turkish side and its refusal to abide by international law and to comply with Security Council resolutions which provide the framework for a solution. Moreover, Turkey has upgraded its military presence on the island, it has made repeated threats against the Republic of Cyprus for further military action and has spared no effort to block any progress toward a just and viable solution.

If a solution is ever to be achieved, it is essential that the Turkish side respond positively to the call of the international community for a resumption of the negotiations without preconditions and within the agreed parameters.

Sadly, Turkey continues to reject numerous gestures of goodwill by the Cyprus Government to facilitate the achievement of a solution. The Cyprus Government has canceled an order for the importation and deployment of a Russian defense air-to-missile system on Cyprus, and has put forward a comprehensive proposal for the complete demilitarization of the island, which has also been rejected by the Turkish side.

The current status quo is unacceptable. It is imperative to take all necessary steps to actively support all efforts to end the forcible division of the island and its people and reunify Cyprus through a just and lasting solution. I urge Turkey to comply with the resolutions of the United Nations and to work constructively for a solution to the Cyprus problem. Twenty-five years of occupation are enough.

Mr. ROTHMAN. Mr. Speaker, I rise to mark the 25th anniversary of Turkey's invasion of Cyprus.

As Greek-Cypriots around the world mark a tragic day in their nation's history, hundreds of people joined hands in a circle of hope around the U.S. Capitol to ask for Congress' help in making Cyprus whole again.

All the commemorations held today marking the 25th anniversary of Turkey's invasion of Cyprus highlight one of the great and continuing tragedies of the 20th century. With 37% of Cyprus currently occupied by Turkish forces, with 1,618 Greek-Cypriots still unaccounted for from the conflict, and with over 200,000 Cypriots displaced from their homes since 1974, it is long past time for the United States to lead the international community in addressing this great injustice.

We, in this body, have passed resolution after resolution urging Turkey to withdraw its forces from Cyprus, urging Turkish-Cypriot leaders to renounce "declarations of independence" that they have issued in defiance of international law. And in the United Nations, the Security Council has consistently and forcefully urged Turkey to end its military occupation of over a third of the sovereign territory of the Republic of Cyprus. These efforts, coupled with vigorous diplomatic initiatives sponsored by the United States and the European Community, remain central to securing a final settlement that will end the artificial division of Cyprus.

It is my firm belief that today and every day, Congress has solemn obligation to support a just and lasting solution to the Cyprus problem. A solution which must follow the precepts laid down in United Nations Security Council 1250, which was adopted on June 29, 1999 and which in part reads, ". . . a Cyprus settlement must be based on a State of Cyprus with a single sovereignty." In short, the House of Representatives should serve as a guiding force in the pursuit of a reunified Cyprus, an island nation where all citizens enjoy fundamental freedoms.

Mr. Speaker, let me conclude by saying that I am of the belief that the solution to the Cyprus problem resides in the will of the United States and the international community to renounce the violence that divided Cyprus a quarter century ago and to affirm that the reunification of Cyprus is a priority. The resolutions concerning Cyprus that we in this body consider and pass, those passed by the EU and other distinguished international organizations, are all important. They are important because they uniformly call on Turkey to abide by international law by withdrawing its troops from Cyprus and in so doing, serving to advance a swift and certain resolution to the Cyprus problem. I support the speedy resolution of the Cyprus problem and look forward to a day when the unification, not the division, of Cyprus is celebrated in this body and around the world.

Mrs. MALONEY of New York. Mr. Speaker, twenty-five years is too long. It is too long to be kept from your home. It is too long to be separated from family. It is too long to have children have to make the decision to go to school and never see their family again. Twenty-five years is too long.

It is too long for Cyprus' rich 9,000 year-old cultural and religious heritage in the occupied part to be destroyed or plundered. It is too long to watch helplessly the continual stream of atrocities and human-rights abuses. It is too long for the world to watch in silence and do nothing. Twenty-five years is too long.

It is time to correct the injustice that has been occurring on Cyprus. It is time to return displaced Cypriots to their homes. It is time to reunite families. It is time to allow children to go to school. It is time try to restore the rich cultural and religious heritage of Cyprus.

After 25 years, it is time for the United States to take a vocal role in speaking out against the division of Cyprus and the horrible atrocities that have happened there. That is why the Gentleman from Florida and I introduced a resolution today that urges compliance by Turkey with United Nations Resolutions on Cyprus.

In the last year, the U.N. Security Council has passed four resolutions regarding the invasion of Cyprus. It is time that a Cyprus settlement is reached: Based on a single sovereignty and a single citizenship with its independence and territorial integrity safeguarded and compromised of two politically equal communities—a bicommunal and bizonal federation.

The Republic of Cyprus has agreed to these conditions. It is time that Turkey come to the bargaining table without unacceptable preconditions and the idea of a confederation of two sovereign states. We have challenging work to do. But, with the help of everyone here, hopefully soon we will be celebrating the reunification of Cyprus instead of commemorating the invasion.

Already there are 34 cosponsors of the bill. The momentum in Congress is growing. Take, for instance, the Hellenic Caucus. There are 75 members of the Hellenic Caucus this year which is up from 69 last Congress.

The momentum is here in Congress and we must continue that momentum and use our influence with Turkey to push them to bring real goals to the table instead of unviable preconditions.

Mr. ACKERMAN. Mr. Speaker, today marks the 25th anniversary of Turkey's invasion of Cyprus, and I rise with my colleagues to sadly commemorate this tragic event. I have always supported efforts, including legislation, calling for the end of the tragic separation of the island of Cyprus. I am proud to be a cosponsor of important legislation calling for a just and peaceful resolution to the current situation on Cyprus (H. Con. Res. 81), and have also called for an immediate end to the militarization of Cyprus. I have also written to President Clinton numerous times to point out instances of Turkish aggression on the island. Lastly, I have also supported the Republic of Cyprus's application for entry into the European Union.

It goes without saying that the situation on Cyprus is of great importance to the United States and to me. The appointment of Ambassador Richard Beady as special emissary for Cyprus demonstrates this importance to the Clinton Administration. I believe that after 25 years of stagnation, the situation on Cyprus demands a fair and comprehensive solution. The UN Security Council has condemned the declaration of independence by the Turkish Republic of Northern Cyprus and has called for the withdrawal of all Turkish troops. The Security Council also called on all states not to recognize the purported state of the "Turkish Republic of Northern Cyprus."

In fact, no country in the world recognizes the so-called "TRNC" except for Turkey. UN resolutions since 1974 have called for the withdrawal of all foreign forces from Cyprus, the return of all refugees to their homes in safety, and respect for the sovereignty, independence, territorial integrity and unity of the Republic of Cyprus. Several rounds of negotiation have taken place, all of which have failed because of a lack of political will on the Turkish side and its refusal to abide by international law and to comply with Security Council resolutions.

Turkey has also continued to upgrade its military presence on Cyprus despite the fact that the Republic of Cyprus decided recently not to deploy Russian S–300 missiles on Cyprus. The TRNC has further blocked progress by setting two preconditions for the resumption of peace talks by requiring the recognition of the "TRNC," and the withdrawal of Cyprus' application for membership in the European Union. Neither of these are acceptable to the Republic of Cyprus, and only serve to continue to block any kind of possible resolution.

I therefore call on this Administration, in this 25th year, to take a hard sand on Cyprus, to help enable the people of Cyprus to live under a government chosen by their people. The United States must take the lead in finding a solution to Cyprus, and demonstrate to the world that people of different ethnic backgrounds and religious beliefs can successfully coexist. The people yearn for it and the country needs it.

Mr. BLAGOJEVICH. Mr. Speaker, it has been twenty-five years since Turkish Troops invaded Cyprus, tearing that nation in two. And for those twenty-five years, the world community has repeatedly denounced the illegal Turkish invasion. Through various United Nations' resolutions, joint communiques, and other diplomatic statements, nations around the globe have sent the clear, unequivocal message that the Turkish occupation of Cyprus is patently illegal and must end.

Nonetheless, Turkey continues to arrogantly ignore this unified message. Turkey chooses instead to complain that the world community is biased against it, but nothing could be further from the truth. The world community is simply asking that Turkey abide by the same obligations that all other peace-loving states accept. If Turkey expects to enjoy the privileges of a responsible member of the world community, it must also accept the responsibilities that come with this status.

The time has come, Mr. Speaker, for the United States to say enough is enough. We can no longer continue to ignore the fact that Turkey flaunts the very values which America has fought wars to protect: namely democracy, human rights, and the sanctity of national borders. I urge the Administration to use all possible leverage to bring Turkey, like the rest of our NATO allies, into the fold of responsible, peaceful, democratic nations. This can only happen by bringing Turkey's occupation of Cyprus to an end.

Mr. PORTER. Mr. Speaker, I want to thank the gentleman for Florida (Mr. BILIRAKIS) and the gentlelady from New York (Mrs. MALONEY) for organizing this special order.

Mr. Speaker, I rise today to once again add my voice to that of many others demanding the reunification of Cyprus. Twenty-five years is twenty-five years too long for our voices to go unheard.

Defense Secretary Cohen said last week that he welcomes both sides of this conflict coming to the table to negotiate a settlement. What he did not say is that the Greek Cypriots have always been at the table. It is the Turkish Cypriots who have refused to negotiate until northern Cyprus is recognized as a sovereign nation. No country, except Turkey, has ever recognized northern Cyprus and no country should or ever will.

Turkish Cypriot leader Rauf Denktash has defined himself, his side and Turkish policy by consistently obstructing reunification. In doing so, he consigns Turkish Cypriots to third class status—consigns the Turkish Cypriots to a standard of living far below those of the Republic of Cyprus, a status equal to that of most developing nations.

Approximately 35,000 Turkish troops have occupied northern Cyprus for twenty-five years. During that time, Turkey's government has shown what it is. It is not a democracy. It is a military dictatorship, in which the generals allow as much democracy as they want.

The Clinton Administration has clearly shown that its policy is one of not leaning on Turkey. It supports Turkey's application to the European Union even as Turkey continues to illegally occupy Cyprus, continues to persecute its Turkish population, continues to spurn normal relations with Armenia and continues to defy our policy of working with the Iraqi opposition to overthrow Saddam Hussein.

The time has come for the U.S. to tell Turkey to sit down and negotiate on Cyprus. It is time for the Congress to send a message to the generals, to Rauf Denktash, and to President Clinton—Twenty-five years is twenty-five years too long.

Mr. HORN. Mr. Speaker, most Americans and, indeed, most of the world, are remembering the historic landing on the moon by our brave astronauts 30 years ago today. This event will be remembered as one of the greatest events of this century and this millennium not only for the sheer technological leap that made it possible but also for the finest qualities of mankind that the journey to the moon exemplified. When one thinks of July 20th, one wants to believe in the best for mankind.

Sadly, July 20th is also the anniversary of an occasion far less noble and inspiring. Twenty-five years ago, Turkey invaded Cyprus took control of almost 40 percent of the island. In the wake of Turkey's attack, 1,619 people—including five Americans—disappeared. Their fate remains unknown.

Today, Turkish troops continue to occupy the northern portion of Cyprus, maintaining thousands of troops there in an affront to diplomacy and international law. Barbed-wire cuts across the Island separating thousands of Greek Cypriots from the towns and communities where their families had lived for generations.

On a day when we remember the wonder and bravery of the moon landing, we must not forget the shame and cowardice of the illegal occupation of northern Cyprus. I join my colleagues here today in the hope that we will soon be able to remember the best of this century without a reminder of the worst.

Mr. KENNEDY of Rhode Island. Mr. Speaker, I would like first to thank my colleague from Florida, Mr. BILIRAKIS, for this special order to commemorate and acknowledge the 25th anniversary of the Turkish occupation of the island of Cyprus.

In the past decades we have witnessed many human rights violations such as in Kosovo and in East Timor. This has to change and this commemoration is a step towards change in Cyprus. The United States needs to show our strong support for a unified Cyprus. Until we bring about change, Cyprus and its people will continue to live divided into an island that has a North that is occupied by Turkish troops and an independent South.

There is no reason why the Cypriots should become refugees in their own country or denied access back to their homes. July 20, 1974, was a dreadful day for the Cypriots. Many, until this day, do not know what happened to their families on that day.

We have seen many changes around the world in the past years: The fall of the Berlin Wall, the beginning of peace in the Middle East, and the signing of a peace agreement in Northern Ireland. It is now time that Cyprus becomes part of the list so that freedom can prevail.

I urge my fellow colleagues join in support for a unified Cyprus so that the necessary changes will occur.

Mr. BONIOR. Mr. Speaker, it has been 25 years since the Turkish invasion of Cyprus. In 1974, Turkish troops evicted 200,000 Greek Cypriots from their homes, making them refugees in their own country. And yet, the elapsing of a quarter century has not darkened the memory of the invasion. Turkey's continued violation of the Greek Cypriots' human rights, and the need for the reversal of Turkey's actions and a return to peace remains as strong today as it did in 1974.

For 25 years, Turkey has fought to increase its grip on Cyprus. In violation of international law, Turkey has moved more than 80,000 settlers into the ancestral homes of the Greek Cypriots. A campaign of harassment and the destruction of cultural sites has been used to intimidate the Greek Cypriots.

Despite these abuses, the people of Cyprus struggle to seek a way for peace to grow. The Cypriot Government called for the demilitarization of Cyprus, even with the threat of the Turkish army occupying 37% of the island's territory. Cyprus sought to advance and develop by applying for membership to the European Union. Even as it is constantly confronted with uncertainty and instability, the Cypriot Government acts in the best interest of its people.

The threat of force and noncompliance are used by Turkey to delay a peaceful resolution, even when the world community is calling for peace.

This spring the members of the G–8 and the UN Security Council again called for negotiations for peace in Cyprus. To the international community, the bitterness over the invasion of 1974 remains as strong today as it did 25 years ago. For the Greek Cypriots, who struggle to move forward underneath the burden of human rights violations and refugee status, the desire for peace is unending. In the name of democracy and in the defense of human rights, we must continue to support the people of Cyprus in their efforts to bring peace and stability back to their country.

Mr. GILMAN. Mr. Speaker, I commend the gentleman from Florida, Mr. BILIRAKIS, who has over the years assured us that this House does not fail to observe the events of July 1974 whose tragic consequences still persist today a quarter of a century later.

The occupation of northern Cyprus by Turkish troops, which began some twenty-five years ago, has turned into one of the most vexing problems of the international community. It has confounded the efforts of five U.S. Presidents, four United Nations Secretaries General, and many of the world's top diplomats, including our own. Even the strong efforts last year of Ambassador Richard Holbrooke and Ambassador Tom Miller ran into a brick wall as Mr. Denktash, backed by the Turkish government, came up with new conditions before they would agree to resume negotiations with President Clerides. These conditions, as the Turkish side well understood, were non-starters—the Turks insisted that northern Cyprus be regarded as a sovereign entity, and the government of Cyprus halt negotiations on joining the EU.

Although we are all disappointed that the hard-fought efforts of our envoys did not produce a breakthrough, we call upon our government and the international community not to abandon efforts to break the impasse. I agree with their assessment that the impasse is a result of the Turkish position, and that the key to breaking the current stalemate lies in Ankara. The Secretary General's invitation to the leaders of the two sides to begin talks on all the issues, without preconditions needs to be reinforced by our and other interested governments.

The situation in Turkey is exceedingly complex: The recent elections have produced a coalition government whose partners are odd bedfellows—Center Left, Center Right with a junior member that has never been in government before but has espoused a radical and violent form of ultra-nationalism in the past. It is not likely that such a government will be strong enough to make the necessary compromises, and indeed we have already heard statements from Prime Minister Ecevit that he believes that the Cyprus problem no longer exists, that the the status quo is the solution. We don't know how to put the appropriate pressure on Turkey without giving the negative influences within Turkish society grounds to say that we have turned our backs on Turkey and are not truly interested in its integration into Europe and the West.

The comments that the present situation on Cyprus—division of the island and 35,000 Turkish troops in occupation of one third—is the solution are completely unacceptable for the United States and the international community. It should also be unacceptable to Turkey because if partition is good for Cyprus, then why not for northern Iraq, or even the Kurdish areas of Turkey itself? Obviously the officials who make these ill-advised statements have not thought through the implications of partitioning Cyprus.

When I came to the Congress some twenty-seven years ago, Cyprus was one of the first international crisis that I became involved with as a member of our Foreign Affairs Committee, as it was then called. It is one of the most frustrating facts that I face as I look back on my time in the House, that now after a quarter of a century, during which we have seen the collapse of communism in Europe, greater peace in the Middle East, a possible settlement in Northern Ireland, and conflicts resolved in the Balkan tinderbox, but no movement on Cyprus!

Although we have hit a serious obstacle to progress, The United States has no choice but to continue our efforts to get serious negotiations between the parties on Cyprus resumed. I thank the gentleman for allowing me to participate in this Special Order.

Mr. DEUTSCH. Mr. Speaker, I rise today to commemorate the 25th anniversary of the invasion and forcible division of Cyprus. One quarter century after Turkish troops occupied Cyprus, beginning an unfortunate pattern of human rights violations, violence, and forcible evictions, thousands of Greek Cypriots are still unable to return to their ancestral homes, hundreds more are missing, and precious cultural and religious sites have been irreparably damaged.

I believe, however, that renewed interest in the plight of occupied Cyprus will lead to positive diplomatic developments in the near future. Just last month, the leaders of the G–8 urged the U.N. Secretary General to invite the two sides to participate in comprehensive negotiations. The U.N. Security Council followed suit, adopting one resolution echoing this sentiment and another reiterating its commitment to a final settlement which restores the territorial integrity and independence of Cyprus.

It is my hope that in upcoming meetings, President Clerides of the Republic of Cyprus and Mr. Denktash of the Turkish Cypriots will honor both the spirit and letter of these resolutions, negotiating in good faith to reach a solution which will restore peace, freedom, and security to Cyprus.

I urge all of my colleagues to continue their drive for a resolution to the problems plaguing Cyprus these 25 years. We are faced with an historic opportunity to reinforce the support for a settlement shown by the international community, and to bolster our allies in Greece and Turkey in their quest for peace. We must continue to keep the peace process in Cyprus at the forefront of our foreign affairs agenda if we are to put an end to a quarter century of terrible injustice for the people of Cyprus.

Mr. MARTINEZ. Mr. Speaker, I join my friend, the distinguished gentleman from Florida, and my colleagues in commemorating the 25th anniversary of Turkey's military invasion and continued illegal occupation of northern Cyprus.

On July 20, 1974, Turkey invaded northern Cyprus, forcing more than 200,000 Greek Cypriots from their homes. Turkey's bloody invasion forced one-third of the population of the island to live as refugees. A quarter century has since passed and Turkish troops still occupy nearly 40 percent of the island in defiance of a myriad of U.N. resolutions.

Mr. Speaker, the 25th anniversary of Turkey's military occupation of northern Cyprus weighs heavily on the conscience of all civilized peoples of the world who share in the fundamental principle that military aggression must not prevail.

Mr. Speaker, the status quo must be broken. The paralysis in U.N. sponsored negotiations must be broken. And the intercommunal strife that has torn Cypriots apart must be settled peacefully. But none of these worthy objectives can occur as long as Turkey continues to violate international law and flout U.N. resolutions condemning its oppressive occupation of 40 percent of Cypriot territory.

It is indeed a sad testament to Turkey's intransigence that a quarter of a century after its invasion of northern Cyprus, it still maintains tens of thousands of troops on the island. Turkey must realize that its military occupation of northern Cyprus stands as an obstacle to a just and permanent solution of the Cypriot problem.

Mr. Speaker, any permanent solution to the Cypriot impasse must take into consideration the anxieties and legitimate concerns of both Greek and Turkish Cypriots. However, the first step toward reconciliation and peaceful reunification must be the end of Turkey's illegal occupation of northern Cyprus.

Mr. COYNE. Mr. Speaker, I rise to commemorate the 25th anniversary of the invasion of Cyprus by Turkish military forces.

Despite overwhelming condemnation from the international community, Turkish forces have occupied northern Cyprus for the last 25 years. On July 20, 1974, Rauf Denktash, supported by over thirty thousand Turkish troops, took control of 37 percent of the island and proclaimed it to be the Turkish Republic of Northern Cyprus. During the invasion, Turkish troops murdered over 5,000 Greek Cypriots, evicted 200,000 Greek Cypriots from their ancestral homes and captured five Americans and 1,614 Greek Cypriots, all of whom, with just one exception, are still missing.

The United Nations has always recognized the Greek Cypriot government as the legitimate government of the island, while Turkey remains the only country that recognizes Mr. Denktash's government and supports it with a strong military scattered throughout the northern third of Cyprus. The Turkish Cypriot government has repeatedly refused to negotiate a peaceful solution to the conflict.

In the past years, the international community has attempted to encourage Turkey to alter its policy on the Cyprus conflict. Most recently, the United Nations Security Council passed resolutions in December of 1998, calling for a staged process aimed at limiting and then substantially reducing the level of all troops and armaments on Cyprus. Furthermore, the United Nations has advised that for there ever to be lasting peace on the island, a Cyprus settlement must be based on a Cyprus with a single sovereignty, a single international personality, and a single citizenship.

Mr. Denktash, however, has rejected these UN resolutions on grounds that the Turkish Republic of Northern Cyprus should be recognized by the international community as a legal and sovereign state. Denktash has also refused to meet with the internationally recognized president of Cyprus, Glafcos Clerides, until his Turkish Cypriot state is recognized as independent.

It is my belief that the international community must persuade the Turkish government—Rauf Denktash—to resume negotiations and to work diligently toward a peaceful solution to this 25 year old conflict. The United States must make it clear that it is willing to use foreign aid, sanctions, and its power as a member of several international organizations to elicit a resolution. Mr. Speaker, we must acknowledge our position as a world leader and remain firmly committed to promoting peace and reconciliation on the island of Cyprus.

Mr. MCGOVERN. Mr. Speaker, this year marks 25 years of continued injustice, 25 years of human rights violations, the displacement of people from their homes, of ethnic cleansing. This year marks the 25th year of Turkey's illegal invasion of northern Cyprus, the division of an island, a community, a culture, and a religion more than 9,000 years old.

In the last 25 years, about 40,000 Turkish troops have been stationed in Cyprus; 85,000 Turkish colonists have been moved to northern Cyprus, where they live in the houses of the more than 200,000 Cypriots forced out of their homes. We must all ask ourselves why such an unjust situation has been allowed to persist for a quarter of a century.

After 25 years, some might be tempted to throw in the towel, to become resigned to the Turkish occupation. After 25 years, some might feel that the international community is helpless to act in the face of such aggression and injustice. But they would be wrong. The United States and its international partners must not adopt such an attitude. For the cause of a united and free Cyprus is not lost. And it is important, now more than ever, for all of us to continue and strengthen our support for a peace agreement in Cyprus. Members of this House must continue to pressure the Administration to urge the Turkish government to reach a peace agreement. To date, Turkey has rejected every attempt to move forward on a peace settlement.

There is reason, however, to hope that peace can be achieved. Both Turkey and Cyprus have applied for admission to the European Union. Turkey is bitter that their application has been rejected, while Cyprus is close to being accepted into the EU.

It would serve Turkey well to reflect on how its own actions work against its acceptance. For example, the Turkish Cypriot community was invited by the government of Cyprus to participate in the Cyprus-EU negotiations; they declined the invitation. Turkey has made no effort to come to an agreement, and has recently made the situation more difficult to resolve. Turkey has established a puppet government on Cyprus, that is not recognized by any other nation except Turkey. Turkey has increased its military presence on Cyprus, retains a large armor advantage over the Cypriots, and threatened military action. Cyprus, on the other hand, does not even have a Navy, Army or Air Force, and only maintains a small National Guard.

The United States and the international community must take greater action. A moment of opportunity exists with the desire of Cyprus and Turkey to enter the European Union. We must live up to the promises we have made to the people of Cyprus. The acceptance of Cyprus into the European Union will benefit all the communities of Cyprus. We should strive to see a united Cyprus join the EU and have that action serve as a catalyst for regional economic, political and humanitarian advancement. A step in that direction is continuing the $15 million in U.S. assistance for bi-communal projects and scholarships in Cyprus.

I urge my colleagues to join those of us who are members of the Congressional Caucus on Hellenic Issues to work more forcefully than ever to achieve a peaceful resolution to the conflict in Cyprus, to help return to their homes the some 200,000 Greek-Cypriots who were evicted from their land, to demilitarize the Turkish forces in northern Cyprus, and to find out the fate of the 1,614 Greek-Cypriots and the 5 American citizens who have been "missing" since the Turkish invasion.

I want to thank Congressman BILIRAKIS and Congresswoman MALONEY for their leadership on and dedication to this issue. I know they hope, as I do, that next year we will gather together on the floor of this House to praise a peace agreement for a united Cyprus.

Mrs. KELLY. Mr. Speaker, I rise today to join with my colleagues in marking the 25th Black Anniversary of Turkey's invasion of the island of Cyprus. On July 20, 1974, the government of Turkey sent troops to Cyprus and forcefully assumed control of more than one-third of the island. This action dislocated nearly 200,000 Greek Cypriots, forcibly evicting them from their homes and creating a refugee problem that exists to this day. Additionally, over 1600 Greek Cypriots are still missing or unaccounted for as a result of this brutal invasion.

The Turkish Cypriot community has continually shown its unwillingness to move toward a negotiated settlement with their Greek neighbors. The removal of the roughly 35,000 Turkish troops from the island of Cyprus is central to any such agreement, as is compliance with the previously agreed upon parameters for any solution. However, the Turkish government is doing the exact opposite. They have continued their arms buildup on the island, have abandoned reconciliation efforts begun on a bi-communal grassroots level, have added two new preconditions for resumption of the peace talks and are now seeking the creation of a confederation of two sovereign states. The net result of these actions is to make any sort of rapproachment all the more unlikely.

The Greek Cypriots, have continually demonstrated their flexibility and willingness to compromise in order to bring an end to this long-standing dispute. The Cyprus government has made numerous gestures of goodwill in an effort to move the peace process forward. In the last year, they have canceled the deployment of a Russian defensive surface-to-air missile system on Cyprus in an effort to head off any escalation of this conflict. In addition, Cyprus has continued to comply with the preconditions established by the United Nations Security Council resolutions, and has even put forth a plan for demilitarization of the island.

However, these efforts have failed to produce any movement toward an agreement. The U.S. government must again take bold steps to show its continued resolve to the Turkish government that it is serious about moving toward peace on Cyprus. In this regard, I am pleased to be a cosponsor of House Concurrent Resolution 100 urging the compliance by Turkey with United Nations resolutions relating to Cyprus. It is essential that the United States and the entire international community continue to work for the long awaited resolution to this tragic event.

Mr. Speaker, it is with decisive steps such as these that we can begin to hope for a brighter future for Cyprus. I wish to commend the Gentleman from Florida. Mr. BILIRAKIS, for his steadfast work in this area. I look forward to working with him, and all my colleagues who share our concerns, to achieve a unified and peaceful Cyprus in the future.

Mr. WEYGAND. Mr. Speaker, 25 years ago today, Turkish troops advanced into the Republic of Cyprus and forcefully occupied the island. Today, Cyprus remains divided with heavily armed Turkish troops occupying approximately 37 percent of the Island. Over the past twenty five years there have been signs of hope only to be shattered by statements or displays of aggression resulting in increased tensions and little progress toward resolving the conflict over Cyprus.

Last month, the G–8 countries, at their meeting in Cologne, urged the UN to encourage the resumption of negotiations, stalled since 1997, in the Fall of this year. As a result, the UN Security Council passed resolution 1251 calling for ". . . all States to respect the sovereignty, independence and territorial integrity of the Republic of Cyprus, and requesting them, along with the parties concerned, to refrain from any action which might prejudice that sovereignty, independence and territorial integrity, as well as from any attempt at partition of the island or its unification with any other country."

The Republic of Cyprus has on many occasions offered an olive branch to end this conflict. The Republic of Cyprus has offered to demilitarize the entire island, and has canceled an order of a surface-to-air missile system. Turkey has rejected these overtures and in fact continues to upgrade its military presence on Cyprus and seeks to purchase $4 billion worth of attack helicopters.

Mr. Speaker, throughout its history the United States of America has stood firmly against the forces of oppression and aggression across the globe. We should continue to advocate and support a peaceful resolution to the problem in Cyprus. As a cosponsor of H. Con. Res. 80, I continue to urge the President to take steps to end the restrictions of freedoms on the enclaved people of Cyprus by the Turkish-Cypriots and to work with our allies to peacefully resolve this unfortunate situation.

As the millennium is upon us, it is my sincere hope that we will see significant progress toward a unified Cyprus obtained by peaceful means. This can only improve the economic and political stability of the region, which is undoubtedly in the national security and economic interests of the United States.

Ms. STABENOW. Mr. Speaker, I rise today in recognition of the 25th anniversary of the invasion of the Republic of Cyprus. Since the beginning of this invasion, nearly 200,000 Greek Cypriots have been evicted from their homes and forced from the land where they worked, lived, and raised their families for over 9,000 years.

Today, less than 1,000 Greek Cypriots reside in Northern Cyprus, even though a 1975 humanitarian agreement would have allowed 20,000 Greek Cypriots and Maronites to stay in Northern Cyprus. It is truly a tragedy that so few of the original residents of Northern Cyprus remain in their homeland. The basic rights that we take for granted in the United States have been denied to these citizens.

Now, 25 years after this tragedy, I hope that a resolution can be found that will reunify this island nation that has been torn apart for so long. I join the call of Glafcos Clerides, the President of the Republic of Cyprus, who on Sunday called upon all in Cyprus to strive for a settlement that will "heal the wounds of the past." Mr. Speaker, I stand before you today in hopes that a settlement will be found, one that will bring lasting peace and unity to the entire Island of Cyprus. After 25 years, we must remember the suffering this invasion has caused, and strive for a peaceful future in Cyprus.

Mr. CAPUANO. Mr. Speaker, today marks the 25th anniversary of a tragically historical point in Greek-Turkish-Cypriot relations. On July 20, 1974, Turkish troops began a campaign to forcibly evict nearly 200,000 Greek Cypriots from their homes in the northern part of the island of Cyprus. During the invasion, more than 1,600 men, women and children vanished, and to this day, the Turkish government refuses to provide information as to their whereabouts. After twenty-five years, Greek Cypriots are still prohibited from returning to their homes and remain refugees within their own country.

Turkey has actively worked to change the demographic structure in Northern Cyprus by resettling 80,000 Turkish citizens there, mostly in the homes of evacuated Greek Cypriots. Additionally, in 1983, Turkey encouraged a "unilateral declaration of independence" by the Turkish Republic of Northern Cyprus (TRNC). This declaration was condemned by the U.N. Security Council, as well as the U.S. government. To date the TRNC is not officially recognized as a sovereign State by any country except for Turkey.

In light of the recent atrocities against the Kosovar people, it is time to confront the Turkish aggression against Greek Cypriots. With several failed attempts at a peaceful settlement on the island, the Greek Cypriots continue to suffer. The few remaining Greek Cypriots living in the TRNC are forbidden to attend school or work, seek medical assistance, or visit families living in the Republic of Cyprus. In blatant violation of international laws, Turkey has subjected these people to harassment and intimidation and violated their basic human rights.

Despite the continuing efforts on behalf of the U.S. and the international community to negotiate a peaceful settlement, 35,000 heavily armed Turkish troops continue to occupy more than one-third of the island. In an interview on Turkish television this past Sunday, July 12, a government official claimed that "the Cyprus problem ceased existing after the creation of the Turkish Cypriot state," and that "the entire world has to understand the reality of an independent Turkish state on Cyprus."

Clearly, Mr. Speaker, this is an affront to countless .U.N resolutions calling on Turkey to withdraw its forces and return all refugees to their homes, and for Turkey to respect the sovereignty, independence, and territorial integrity and unity of the Republic of Cyprus. This is an insult to the United States and the global community which has worked tirelessly to unify Greek and Turkish Cypriots in a peaceful manner.

In light of the recent remarks by the Turkish Government, we must reflect upon the tragic incident that occurred 25 years ago when Turkey illegally invaded the Cypriot island. Despite these setbacks, the U.S. and the international. community must continue to work to find a peaceful solution to this conflict that has torn Cyprus apart.

Mr. GEKAS. Mr. Speaker, today I rise to remember 25th "black anniversary" of the Turkish invasion of Cyprus. Even today, an estimated 35,000 troops from Turkey continue to occupy 37 percent of Cyprus' territory.

This invasion was a violation of international law that resulted in the forced eviction of nearly 200,000 Greek Cypriots, making them refugees in their own country. These individuals are still unable to return to their homes. 1,618 Greek Cypriots, including four Americans of Cypriot descent, have been missing since the Turkish invasion, and their fate is still unaccounted for. Additionally, the Turks destroyed Byzantine churches and plundered much of Cyprus' rich 9,000 year-old cultural and religious heritage.

The United Nations has issued several resolutions calling for the withdrawal of all foreign forces from the island, the return of the refugees to their homes and respect for the sovereignty, independence, territorial integrity and unity of the Republic of Cyprus. Despite these pleas, the government of Turkey in 1983 set up a puppet government in the area under its military occupation and effectively seceded from the island Republic, calling itself the Turkish Republic of Northern Cyprus. Turkey is the only nation to recognize this "republic".

The Cyprus government, over the course of the last 25 years, has attempted to each out to the Turkish Cypriot community through dialogue, bicommunal contacts at local levels, and offers to cooperate in negotiations regarding Cyprus' accession to the European Union. Unfortunately, all efforts have been rebuffed.

After a quarter of a century of failed efforts to end this illegal military occupation of over a third of the sovereign territory of the Republic of Cyprus, hope is in sight. The international community is calling for a new round of comprehensive negotiations this fall to find a settlement reuniting the island in one federal, sovereign state. It is obvious that the pressure of the international community on rogue governments can yield positive results. One need only to look upon the recent NATO action in Kosovo to realize that the international community has the diplomatic wherewithal to forge a successful solution to this crisis; all that is needed is the will. For the sake of peace and stability in the region and the world at large, now is the time for a just and lasting peaceful resolution.

Mr. McNULTY. A 25th anniversary is supposed to be a happy occasion. Not so for the Greek-Cypriots. For them it marks the forcible division of Cyprus and the invasion of their beloved island by Turkey in 1974.

In the last quarter century, Turkish invaders forced nearly 200,000 Greek Cypriots from their homes to become refugees in their own land.

For example, the 1975 Vienna III Agreement would have permitted 20,000 Greek Cypriots and Maronites to remain to live normal lives in the Turkish occupied Karpas Peninsula and the Maronite villages. Today, only 500 enclaved Greek Cypriots and 160 Maronites are in the occupied area.

There are reports of all kinds of harassments and violations of civil rights and liberties, including the destruction of Byzantine churches and other places of worship. Turkish restrictions abound—on travel, education and religious practices.

This situation is unacceptable.

And yet, despite all the Turkish abuses, the Government of Cyprus continues to reach out for a peaceful solution.

The Greek Cypriots want peace. Recently, the United Nations Security Council adopted resolutions 1217 and 1218, calling for a peaceful, just, and lasting solution to the Cyprus problem. The United States Government wholeheartedly supports these resolutions and is committed to taking all necessary steps to help in its achievement.

In the final analysis, only the parties to a dispute can settle it. Ultimately, it will be Cyprus and Turkey who will have to agree on a settlement.

The Government of Cyprus is willing to come to the negotiating table.

I urge our Government to continue to press ahead to persuade Turkey to comply with the Security Council resolution and to come to the negotiating table to work out a solution to this nettling problem.

There is no quick fix to the Cyprus problem. But we must persevere.

A solution can only benefit the entire Mediterranean region.

TAX CUTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. KUYKENDALL) is recognized for 5 minutes.

Mr. KUYKENDALL. Mr. Speaker, tonight I rise to speak about our most recent tax cut that was put in place, and also to discuss what I think was the key element of that passage, that is, the trigger that was added in on the last round of amendments that were put in place.

Mr. Speaker, we have had projections that are almost mind-boggling when we look at the dollar amount of these surpluses we are projecting into the future. If we do not count the Social Security surplus, but just in our other accounts, we have nearly $1 trillion worth of surplus projected. Now, with that number being projected, our tax cutters looked at it and said, well, we would like to give 80 to 90 percent of that back to the American public in the form of a tax cut.

I, for one, fully agree with giving back tax dollars that are that much in surplus to those needed to run our government functions. However, when it is done on a 10-year forecast, there is risk involved in how accurate that forecast may be. And as I looked at that, I said we need to do something to protect the tax cuts and, at the same time, ensure that we continue this path of paying down public debt.

In doing so, we came to a triggering mechanism. And the trigger works in the fashion that if we are not continuing to pay down the debt, we will not take the tax cut that year. It is a simple mechanism. Just how much interest are we paying on the debt? If that number does not get smaller each year, then we will pay more down on the debt and not have a tax cut that year.

The trigger mechanism is very important because it allows us to very responsibly manage the affairs of this government's finances by paying down our debt and reducing taxes, but not doing one at the exclusion of the other.

Mr. UPTON. Mr. Speaker, will the gentleman yield?

Mr. KUYKENDALL. I yield to the gentleman from Michigan.

Mr. UPTON. Mr. Speaker, I would like to thank the gentleman for yielding to me, because a number of us were instrumental in helping to write this trigger.

On Friday, Mr. Speaker, I was reading the Wall Street Journal and there was a story in there and in it apparently Alan Greenspan, the chairman of the Federal Reserve, was asked before the House Committee on Banking and Financial Services what he thought about this trigger and he said this: "I think that the notion of using a potential trigger is essential," Greenspan said. He further went on to add that using the surplus to reduce the Federal debt is "an extraordinarily effective force for good in this economy."

He signed onto this. In essence, what the trigger is, it is a stoplight. If what the OMB and the CBO folks say is correct in terms of the expectations of where we are going to be with the budget surplus, things happen the way they say, and the debt, in fact, is coming down, $5.5 trillion is what it is today, the tax cut goes forward.

□ 2200

But if, in fact, something happens, if interest rates go up, if spending goes up, and, in fact, the amount of money needed to service the Federal debt goes up rather than declines, the red light goes on. So it is a safety valve. And it also is going to serve as a break on additional spending as well.

So I think that this was a very important measure that a number of us fought for. And furthermore, today I know a number of us communicated to our leadership that we are hoping that the Senate certainly adds this provision in their tax bill that they are debating this week. And if they are not able to get it included, then at least maybe in the conference, when we iron out the differences between the House and the Senate, that certainly the House would prevail on this making sure that the taxpayers are protected by making sure that this trigger device stays in effect.

I applaud the leadership of my colleague on this. It was important as a number of us met with Republican leadership and others. It is a trigger with real teeth. It is going to do the right thing, and that is what we are here for.

Mr. KUYKENDALL. Mr. Speaker, reclaiming my time, I appreciate that comment.

I think the important part of this is, I have used the phrase "responsible." I think it is also discipline that it imposes upon us as a Government.

I came from local governments and State governments where our budgets had to be balanced, and we could not issue debt unless we were asking the voters to approve it. But we do not do that here. We play that role ourselves.

In this case, we have imposed a discipline with this particular triggering mechanism that I think it is essential that it come back in the conference version of this bill. And it is important, I think, that our colleagues on the Senate side hear that, as well.

We have a mechanism now that will impose discipline, give us responsible Government, control the debt, and still allow almost $800 billion worth of tax cuts.

ON ROBERT M. TOBIAS, PRESIDENT OF NTEU

The SPEAKER pro tempore (Mr. TANCREDO). Under a previous order of the House, the gentleman from Maryland (Mr. CUMMINGS) is recognized for 5 minutes.

Mr. CUMMINGS. Mr. Speaker, in 1995, the National Treasury Employees Union, along with other Federal employee and retiree organizations, defeated the first attempt by the 104th Congress to raise Federal employees' retirement contributions and reduce their pension.

At a press conference celebrating the victory, the NTEU national president, Robert Tobias, is quoted as saying, told over 500 Federal employees in attendance, "You promised to serve the public with honesty. You promised to work hard. You promised to serve the public. And in return, you were promised fair treatment and fair pay. It sounded like a fair deal. You kept your word. Now we're asking Congress to keep its word."

Bob Tobias has spent the last 31 years making sure that the executive branch and Congress keep their promises to Federal employees. He has used lawsuits as a way to further Federal employees' causes and to escape the narrow confines of Federal collective bargaining.

He has testified before the Subcommittee on Civil Service on behalf of the 155,000 Federal employees NTEU represents on numerous cases.

Mr. Tobias is a leading authority on Federal employees' issues and by extension has expanded his union's lobbying power on Capitol Hill.

In the last 20 years, Mr. Tobias has been involved in the development of a Federal employees retirement system, FERS, protecting Federal employees' health benefits program, restructuring the Internal Revenue Service, advocating for closure of the pay gap for Federal employees, and he worked with Vice President GORE to create labor-management partnership councils across the Government.

Mr. Tobias is leaving the NTEU to embark on a second career, writing, teaching, and educating a new generation on public policy. Given Mr. Tobias' history, this is probably an attempt to train future politicians on how to vote on Federal employees issues before they get to Capitol Hill.

As ranking member of the Subcommittee on Civil Service and on behalf of all Federal employees in my congressional district and throughout this wonderful country, I wish you the best, Mr. Tobias, in your future endeavors.

ROBERT M. TOBIAS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania, (Mr. COYNE) is recognized for 5 minutes.

Mr. COYNE. Mr. Speaker I rise today to observe the retirement of Mr. Robert M. Tobias. Mr. Tobias will retire as National President of the National Treasury Employees Union when his term expires in August.

Mr. Tobias has been the NTEU's president for the last 16 years. Prior to his service as president of the NTEU, he served the union as its executive vice president and general counsel. Mr. Tobias worked successfully to expand the NTEU's membership from 20,000 to 155,000. His tenure has also been marked by major steps forward in the treatment of federal employees. As a result of his efforts NTEU has negotiated alternative work schedules, flexiplace work arrangements, monetary performance awards, and on-site child care arrangements for federal employees. He was also involved in the successful court battle to overturn the ban on speaking and writing honoraria for federal employees. Mr. Tobias also helped to create innovative labor-management partnerships which resulted in greater productivity and customer satisfaction at the Internal Revenue Service.

Mr. Tobias was also appointed to serve on the Federal Employees Salary Council, the National Partnership Council, the Commission to Restructure the IRS, the Federal Advisory Committee on Occupational Safety and Health, the Executive Improvement Team at the U.S. Customs Service, and, most recently, the IRS Oversight Board. I had the honor to serve with him on the IRS restructuring commission in 1997, and I can vouch first-hand for the hard work and dedication that he put into the commission's efforts to provide Congress with recommendations for improving IRS organization and management. Mr. Tobias has also testified many times before the House Ways and Means Committee, on which I served, and I can honestly say that his testimony was always informative and helpful to the Committee in its efforts to improve the operations of the IRS.

My constituents in Pittsburgh who are part of NTEU's Chapter 34 are pleased to have worked with Mr. Tobias as well.

Mr. Tobias serves on the board of directors of American Arbitration Association and is cofounder and treasurer of the Federal Employees Education and Assistance Fund.

On behalf of my constituents, my colleagues on the IRS restructuring commission, the House Ways and Means Committee, and myself, I want to thank Mr. Tobias for his many years of service and wish him all the best as he pursues new challenges and opportunities in the coming years.

TRIGGER FOR DEBT/TAX REDUCTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. SMITH) is recognized for 5 minutes.

Mr. SMITH of Michigan. Mr. Speaker, I wish to make comments today on the importance of not only a tax reduction but a reduction in the Federal debt and the trigger that we imposed within the tax bill to help assure that both happen.

America's tax burden is the highest in the history of the Republic, not only in nominal terms but in actual percentage of income.

Our Government has grown so large that if we repeal the entire income tax today, the total income coming into the Federal Government would still be as large as it was just 10 years ago. If we did away with the total income tax, other revenue coming into the Federal Government would be as much as the total revenue in 1990. It is past time for Americans to receive some relief from their ever-expanding tax burdens.

Now on the issue of debt. At the same time, our Nation's debt stands at 5 trillion, 600 billion dollars. The interest expense on the debt last fiscal year was larger than the entire Federal budget in 1972. Interest on the Federal debt last year was larger than the entire Federal budget in 1972.

A reduction in the debt would reduce interest rates and encourage economic expansion. It would also reduce the chances that our kids are going to have to pay huge taxes to make up for the over indulgence of their parents and grandparents as we spend and spend a bigger and bigger Government.

While the need for both tax reduction and debt reduction is obvious, a major difficulty facing Congress is the proper mix. Economists from the time of David Ricardo in the 19th century to today disagree on the relative effect of tax reduction and debt reduction on the economy.

However, the important thing is to keep Government from turning into what Thomas Hobbes called "leviathan," an ever-hungry monster gobbling up the Nation's resources.

Last week it became apparent that a conflict of opinion about the size of the tax cut relative to the debt reduction jeopardized the passage of any tax relief.

It was at that point that I recalled experience that the State of Michigan has had in allowing both sides of an issue such as this to get their way.

Back in 1983, I was part of an effort, a tax rate reduction, that we would gradually tie to a certain target to make sure that tax reduction occurred. This year in Michigan, we tied a tax cut to economic conditions in a manner nearly identical to what I proposed in this House last week.

What I proposed and what the gentleman from California (Mr. KUYKENDALL) proposed and what the past House passed was tax reduction tied to our efforts to reduce the debt. Specifically, income tax rate would be reduced gradually in stages over 10 years. But if the interest expense on the Federal debt is not less than the prior year's interest expense, then the next stage of the reduction would be postponed.

The concept is that those who are afraid that tax cuts may lead to greater debt and, thus, greater interest expense would have an automatic hold on further tax cuts until interest expenses went down.

Those who felt and predicted tax cuts are going to spur greater economic growth and, therefore, bring in more revenue and pay down that debt and, therefore, lower the interest rates would get the full tax cut proposed in the original bill.

While the trigger is probably not the perfect trigger, it accomplished the goal of moving the process forward both on reducing the debt and reducing taxes. The concept of using a trigger to allow both sides of the issue to really put your money where the other person's mouth is is a concept of win-win.

It may be crucial to the final passage of this bill that will be acceptable to the White House as well as this House as we review what comes out of conference committee.

I will continue to work this week on perfecting the trigger mechanism since this House, the Senate, and the President must agree on the final outcome before it becomes law.

Debt reduction is important to strengthen the economy and taking the pressure off our kids and grandkids, and tax reduction in a system that has the highest tax rates in history is in need very desperately of the kind of tax cuts that leaves money in the pockets of the people that earn it.

EXTENSION OF NTR FOR CHINA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. TOOMEY) is recognized for 5 minutes.

Mr. TOOMEY. Mr. Speaker, I rise to address the House on the issue of our policy towards the People's Republic of China.

I believe the United States' policy toward China should be guided by three primary and pragmatic goals.

First, we must safeguard American security against a potential adversary. Second, we should pursue economic trade relations that promote American economic interests. And finally, we should encourage policies that will allow individual liberty and the rule of law and, thus, respect for human rights to flourish in China.

Today, Mr. Speaker, Congress voted to renew normal trade relations, or NTR, with China for another year. This renewal of NTR will advance all three of the above-mentioned China policy goals.

On the national security front, NTR and the expanded trade opportunity that it brings in non-militarily sensitive goods and services will reduce the likelihood of military conflict between the United States and China.

Countries with extensive trade relations are simply less likely to go to war with each other than countries without those ties. This is no surprise. With extensive trade comes extensive interests in maintaining peaceful relations and thus more trade.

But make no mistake, NTR does not and should not imply trade in militarily sensitive technologies. Any technology with a direct military application should not be exported to China nor to any other country that is not a close ally of the United States.

The Clinton administration's appalling lapses in safeguarding military technology must be rectified immediately. But denying American and Chinese citizens the opportunity to exchange non-military goods and services will not accomplish that.

Instead, the U.S. should reinstate penalties on companies whose negligent sales compromise our security and rebuild a system of controls on the spread of potentially dangerous technologies.

Renewing NTR with China will benefit our economy by providing American consumers access to low-cost goods and by expanding U.S. export opportunities. Revoking NTR would have subjected Chinese imports to dramatically higher tariffs, and that is another word for taxes. These taxes would not be paid by China but by American consumers. Revoking NTR would have subjected American consumers to up to $29 billion in new taxes.

A second economic benefit from extending NTR will be accelerated growth in high-paying, export-related jobs across America and particularly in my home State of Pennsylvania. Exports in industries such as chemical products, industrial machines, and computer components, where wages average 20 percent higher than the national average, are already fueling much of Pennsylvania's impressive economic growth.

Renewing NTR is a prerequisite to China's ascending to the WTO, which, in turn, will dramatically accelerate further growth and opportunity in U.S. and Pennsylvania exports to China.

But finally, Mr. Speaker, freedom works. By renewing NTR with China, we are helping to provide the opportunity for the Chinese people to liberate themselves from the dictatorship under which they currently live.

China's communist leadership has embarked on what is, for them, a very dangerous course. Unlike most other communist dictatorships this century, from Stalin to Mao to North Korea's Kim Il Jong, Deng Xiaoping chose to open China to foreign investment, limited free enterprise, and engagement with the West. His bet was that he could enjoy the economic benefits of capitalism without losing the communist party's monopoly on political control.

Well, in the long run, Mr. Speaker, if we continue to engage China, Deng's successors will lose that bet and the people of China will be the winners. And they will be the winners of freedom because freedom is ultimately indivisible.

People who enjoy economic freedom will eventually demand political freedom. People who read American newspapers will eventually demand their own free press. The people who travel to the United States on business will see incomparable superiority of freedom and will eventually demand that liberty for their own country.

Freedom once tasted is irresistible. Eventually the Chinese people will demand a free, open, and just Democratic society, just as their fellow countrymen enjoy on Taiwan. Only that kind of society will properly respect the Chinese people's human rights.

These changes to Chinese society will not happen overnight, but having extended NTR will increase the pace at which they develop and, best of all, will be helping ourselves in the process.

□ 2215

REVIEW OF FORUM ON GUN VIOLENCE

The SPEAKER pro tempore (Mr. TANCREDO). Under the Speaker's announced policy of January 6, 1999, the gentlewoman from Illinois (Ms. SCHAKOWSKY) is recognized for half the time until midnight as the designee of the minority leader.

Ms. SCHAKOWSKY. Mr. Speaker, yesterday in Chicago I hosted the first of 16 women's forums on gun violence that will be conducted by Democratic women Members of Congress. The goal of these forums is to develop strategies and build grassroots movements to pass sensible gun safety legislation this year.

I will tell my colleagues more about this event, Mr. Speaker, during the hour and how much all of us, men and women alike, hope these forums will contribute to making our country safer for our children and our grandchildren.

When discussing gun safety legislation, it is easy for us here in Washington to get lost in all the many intricacies of this subject. We can argue fine points of the law, the real meaning of the second amendment to the Constitution, the difference between a 3-day waiting period and a 72-hour waiting period. We can talk about the features of different weapons and ammunition clips and demonstrate our knowledge of the hardware. But for most Americans, it comes down to this. Is my child safe on her way to school? Can I stroll in my neighborhood on a beautiful summer evening? Is it safe for me to walk home from the synagogue after services or from church? No one is secure enough in our country anymore to answer "yes."

After the tragedy at Columbine High School and the shootings and killing in my district during the Fourth of July weekend, Americans are asking, what does it take? What does it take before something is done in the United States Congress? How many children have to die? How many parents must prepare for another funeral?

We want to talk to you tonight as mothers and as grandmothers. This is about my granddaughter Isabelle and about the horror of gun violence and the simple steps that we can take to reduce it. We know that legislation will not eliminate it, but just ask the devastated families of victims if stopping the killing of even one child is not worth it.

Mr. Speaker, I yield to the gentlewoman from Texas (Ms. EDDIE BERNICE Johnson).

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, the Juvenile Justice bill passed long ago, and the House still has not appointed conferees. This legislation and its accompanying gun safety provisions are vitally important to all American families.

Each day in America, 14 kids age 19 and under are killed by guns. In 1996, almost 5,000 juveniles were killed with a firearm. In 1997, 84 percent of murder victims age 13 to 19 were killed with a firearm. Fifty-nine percent of students in grades 6 through 12 know where to get a gun if they want one, and two-thirds of these students say they can acquire a firearm within 24 hours.

Kids and guns do not mix. Yet the Republican leadership refused to consider common-sense gun safety measures that would only serve to protect our kids. It is far too easy for kids to get and use guns. Trigger locks, or locked safety boxes, would keep this from happening.

We have continually passed up the opportunity to act on this vitally important issue. I urge the Republican leadership to move to appoint conferees before we lose another child.

Ms. SCHAKOWSKY. I think that the gentlewoman has expressed the kind of impatience that many Americans are feeling right now. They want to know when we are going to do something. That is particularly true right now of the residents in my district, who are just beginning the healing process after having suffered the violence of hate over the Fourth of July weekend.

I want to put a face to one of the victims of gun violence. Ricky Byrdsong was a former basketball coach at Northwestern University. He was a father, a community leader, and an inspiration to his family and all those who knew him, a deeply religious man. Ricky Byrdsong was committed to a cause, and his cause was to help underprivileged youth reach their full potential and follow their dreams. His work took him to neighborhoods where violence was all too common a feature of everyday life. He lived with his wife and three children in Skokie, Illinois, a quiet community of ordinary homes and bungalows, quiet streets, good schools, and he once commented to a friend on how happy he was to live in a safe neighborhood. He did not have to worry about his kids being hurt. He did not have to worry about the violence that is so common in other neighborhoods. He was happy to live in the peaceful community of Skokie, Illinois.

But that all changed on Friday, July 2nd, when Benjamin Smith murdered Ricky Byrdsong when he was outside playing with his children. He was killed because of the color of his skin. And Mr. Byrdsong was not the first target that night of Benjamin Smith's hate. Six men were shot in Rogers Park. They were walking home from synagogue, they were orthodox Jewish men who were praying that evening. It was a warm summer evening as they walked home. Twenty bullets found their way into six people that night. It is only a miracle really that none of those people was killed. The mother of one of those victims said, "This was not just hate. This is what happens when hate is given a gun."

Dr. Michael Messing was another victim that night. He and his son were the first people who were shot at that evening. He and his son were walking home and he described this at the forum that I held yesterday how Benjamin Smith actually stopped his car, got out and pointed his gun at Dr. Messing and he knew that right away he had to flee, that this was clearly a dangerous situation, he was shot at, his son was shot at, and again miraculously the bullets missed him. But he stood there to watch his neighbor down the street get shot and suddenly from victim, he turned into physician and ran down the street to care for them.

He faxed me a statement today that said:

> "As a recent victim of Benjamin Smith's anti-Semitic and racist shooting spree, I implore you, our leaders in Congress, to pass the necessary legislation on gun control which would inhibit easy access to weapons for criminals. In doing so, you will create a safer, healthier and more optimistic future for our country. If you fail to do so, my living nightmare might one day become yours as well.

You can imagine what a nightmare that is to be with your son and friends walking home and being shot at on the streets of your community.

Littleton, Colorado; Rogers Park in Skokie, Illinois; Bloomington, Indiana; Springfield, Oregon; Fayetteville, Tennessee; Edinboro, Pennsylvania; Jonesboro, Arkansas; West Paducah, Kentucky; and Pearl, Mississippi. Is your hometown next, Mr. Speaker? No one knows for sure.

At the forum yesterday, a number of incredible people testified. They are victims of gun violence that perhaps gave the most dramatic testimony of all.

One was Maureen Young, who comes from my town of Evanston, Illinois. She spoke about her 18-year-old son who was shot in the heart by a person who was told to kill someone for their gang initiation. As she was speaking, she held up the printout from the hospital heart monitor that showed her son's flat line. She held up that tape that showed the flat line on the heart monitor that indicated that her son was dead. And she said, "How many mothers are going to have to come home from the hospital with a tape like this indicating that their child has died?"

Mrs. Young is one of many victims, many mothers, many fathers, who has turned their own personal tragedy into a crusade, and now she is a leader in the Bell Campaign, a campaign designed to wake up America, to organize victims and people who care about those victims into a grassroots campaign to make this Congress more afraid of people who want sensible gun safety legislation than they are from the small minority of people who resist passing even the most sensible and simple pieces of legislation.

It is hard to imagine what Maureen Young has experienced. But there are an average of 13 mothers every single day who experience that. We talk about Columbine and Littleton, Colorado, because it is a community where we do not expect some things like this to happen, just like Skokie, Illinois, and Rogers Park, Illinois. But 13 mothers every day experience the same kind of horror. In my own little town, I have attended three funerals in the last year. I am tired of these funerals. I guess Ricky Byrdsong's funeral makes four.

Mark Carlin, President of the Board of Directors of the Illinois Council Against Handgun Violence, urged us to apply the same common-sense practices that we apply to cars to guns. Why can we not treat guns with the same common-sense regulation as we do our cars? Are we any less free because our car is registered?

He talked about transferring the registration of his father's automobile to himself and how he had to go down and fill out the paperwork. And no one would question that that is not a good thing to do. He talked about the fact that we have to get a driver's license and renew that driver's license, and why is it not that every single gun owner does not need to register for that gun? We would not think of saying people should drive a car without a driver's license. And he said, "What is more sacred in our culture than the automobile?" It defines us in some ways, our mobility, our freedom, our independence, and yet we understand that automobiles and drivers are heavily regulated. And yet not guns.

The gun lobby says guns are somehow a sacred object, that it should escape all that kind of regulation.

At the forum yesterday, I held up a TEC-9 in one hand and a baby rattle in the other hand. Baby rattles are governed by the Consumer Product Safety Commission. We have laws about it. We have laws about how big the parts are in toys that we give to our children. Guns are exempt from regulation by the Consumer Product Safety Commission. Why is that? It is one of the only products, I think it is the only consumer product that is exempt from that kind of regulation. So Mark Carlin was saying, let us at least treat guns with the same respect, if you will, as we do our automobiles.

We had Dr. Kathryn Coffer Christophel who is a respected pediatrician at Children's Memorial Hospital and also an expert on gun safety approaching it as a health issue, reframing this debate as a public health crisis.

□ 2230

She talks about how every year over $1 billion is spent on medical costs associated with the treatment of individuals who have been shot. Of course, these dollar figures do not take into account the lost earnings to their families while they are recuperating. She pointed to a chart that we had there yesterday that showed that in 1996 there were 15 handgun murders in Japan, 15 in the whole nation in the whole year. Thirty handgun murders in Great Britain, Mr. Speaker; 106 in Canada; 213 in Germany; and 9,390 in the United States.

She said, if we looked at that chart and we were talking about a disease, a virus or a bacteria, and we saw how many people were afflicted in the United States, is there any question in our minds that we would say, what are these other nations doing? They seem to have conquered this epidemic, or dramatically reduced it. What are they doing that we are not doing to confront this health crisis. And the answer is really very simple. They have far tougher gun laws. Oh, we may want to bring in all other kinds of cultural issues and maybe they affect some few cases. By and large, the explanation for the difference is we have more guns.

Mr. Speaker, we heard from a remarkable young man, Albert Smith, who just graduated from Evanston Township High School and his family also was touched by a gun-related tragedy in which a member of his family was killed. Albert really does not like to go into details about the tragedy that struck his family, but what he likes to talk about is how it spurred him into action on antiviolence issues, including gun control.

What Albert did was organize a conference on violence and gun control at Evanston Township High School in May which included the U.S. attorney from Massachusetts who came to talk about strategies that they had developed to reduce gun violence, particularly among youth, where they had a long period, I think over 2 years, where not a single child in the City of Boston was lost to gun violence, a coordinated strategy of prevention and control.

Albert had just one simple challenge for all of us who were gathered yesterday and that is, what are you going to do about it? What are you going to do about it? What are we going to do about it?

I have received, as I am sure many, many Members of Congress have, letters from my constituents, letters that tell sad stories and cry out for help, and tell about fear, tell about the fear now of ordinary kids that are afraid to go to school who now think yes, indeed, it could happen to me.

> Dear Representative Schakowsky: Hello. I am currently a high school student at Niles West. I know that I am not old enough to vote for anything, but I would appreciate if you would take the time to consider what I had to say. I think that there should be stricter laws about guns.
>
> Too many kids are getting their hands on guns. I don't know how, but there should be a way to keep guns off the streets. In the Colorado shooting, those kids had some big firearms. How did these kids get their hands on such guns? I am not sure that I feel safe in school, ever since the Colorado shooting. If, by chance, this topic comes up,

and I hope, Mr. Speaker, that my colleagues are listening to that. This child from Illinois is saying,

> If, by chance, this topic comes up, please vote for stricter laws against guns. I heard too many stories about little kids and guns, and I am afraid that someone I care about might get hurt by a gun. I thank you for taking your time to listen to what I say.

And I hope that all of us here, Mr. Speaker, will take time to listen to what this student had to say.

Another:

> Like most people, I have been disturbed by the rising violence in our lives. But Littleton really brings it home. It seems ridiculous to me that guns can be picked up at gun shows without even a background check. It is even worse that people not old enough to legally drink beer can buy assault rifles. Why aren't guns regulated for safety, like every other consumer product? Thousands of children could be saved from disability or death by simple child safety standards for handguns.

Yesterday at this forum, I also held up a TEC–9 and a child safety lock. For $5 or $6, one can get a lock that will be put on guns that will prevent the accidental shooting of children. Let me tell my colleagues a few of those stories.

In Florida in 1999, an 11-year-old boy got angry with his 13-year-old sister. He went to a closet at home, took out a gun his parents kept there and killed his sister. The gun was in an unlocked box, was next to the ammunition, and had no trigger guard.

In Tennessee in May in 1998, a 5-year-old boy found a loaded hand gun on his grandfather's dresser and carried it to school, threatening to kill his teacher and classmates.

In Cleveland, a 13-year-old boy took his father's unsecured handgun and killed himself while playing Russian roulette. The city prosecutor brought charges against the boy's father for violating the ordinance that prohibits minors from having access to a gun.

In Florida, a 14-year-old boy found his father's gun in a closet and shot a playmate in the head after school. The victim lives, but suffers, as we can imagine, from medical problems as a result.

This is one of the sensible gun safety measures that was passed by the Senate to require a child safety lock on every weapon. Why not? Why not, America is asking us. We talk about closing the loophole in the Brady Bill and requiring background checks at gun shows.

Mr. Speaker, Benjamin Smith, who terrorized my community and then killed two people and then himself, and we can talk about the hate groups that he was associated with and hate Web sites on the Internet, and we should. But Benjamin Smith again was able to convert this hatred into violence.

Now, he went to buy a weapon and was turned down because he had an order of protection against him, and fortunately that turned up in his background check. What he did was go to an illegal gun dealer, someone who had legally purchased an arsenal of weapons. If we had had legislation that said that only one gun a month could be purchased, this illegal gun dealer would not have been able to have this arsenal that Ben Smith was able then to buy two guns from this man.

We need to do sensible things. The gun show loophole is another place Ben Smith could have gone to a gun show to purchase those guns, and if he would have found an unlicensed dealer, he could have bought his guns there too. He would have been able to purchase those guns and murder two people in a way that was not intended when we first passed the Brady law. How many lives would be saved if we would close that simple gun show loophole?

When the gentlewoman from New York (Mrs. MCCARTHY) stood on the floor of this House and said, "All we want to do is keep guns out of the hands of criminals," let me just quote from her. She said, "That is all I am trying to do. My amendment closes a loophole. I am trying to stop the criminals from being able to get guns. That is all I am trying to do." And she said, "This is not a game to me. This is not a game to the American people."

Mr. Speaker, this is our colleague, a woman from New York, a hero in the battle for gun safety legislation and someone herself who has experienced the tragedy in her own family.

America is asking us to do something. Let me just refer my colleagues to an editorial, Mr. Speaker, that appeared June 20 in the Chicago Tribune. It says, "The statute of limitations on responsibility in the United States

House of Representatives expired after 59 days, just 59 days after two students shot up Columbine High School in Colorado. The House decided that more dead children is the price to pay to protect the national gun lobby."

And the Chicago Tribune again, on July 18 said, "Last weekend, a bigot with a heart full of hate, a couple of guns and a load of ammo left a trail of blood through Illinois and Indiana. This week, congressional conferees from the House and Senate will start to decide whether the country needs tighter gun control laws."

Mr. Speaker, I only wish that had been true. I only wish that conferees had been appointed and that they were starting to decide whether we need tighter gun laws.

The editorial goes on, "Poll after poll has shown that Americans want to close the loopholes in the existing gun laws governing the sale and use of firearms, but Members of the House who flatly rejected meaningful gun control legislation last month are not listening to the polls, they are listening to the National Rifle Association."

Let us review in closing, Mr. Speaker, the three simple measures that the Senate passed that we hope will become the law of the land, that we hope that the Speaker will appoint conferees, that we can get down to the business that the American people are asking us to do. Those three things are: close the loophole in the Brady Bill, the gun show loophole; the second is to require child safety locks; and the third is to ban, another loophole, ban the importation of high capacity ammunition clips.

If we do those things, we will have made the first small step in addressing the concerns of the Americans for their own safety, for the safety of their children. We will be saying to the American people that we want your children to be able to walk to school and be in school in safety. We want you to feel safe in your neighborhoods. We do not want another child to die; we do not want another police officer to die. We want to address this problem in our country, and we are going to make those first steps. Let us do it, Mr. Speaker. Let us do it soon.

Mrs. NAPOLITANO. Mr. Speaker, in the last few months and years, a series of tragic events has made it clear that there are serious shortcomings in our gun laws that must be addressed. The U.S. Senate, after lengthy consideration, finally passed a bipartisan measure that would begin to close loopholes that have too often resulted in guns getting into the wrong hands by allowing vendors at gun shows and flea markets to sell firearms without conducting background checks. The Senate is to be applauded for this action. The Senate had the courage to pass a bill that dealt with the issue of juvenile justice and gun violence in a sensible and thoughtful manner.

In the House, that same courage appeared to be lacking in too many of our colleagues. As a mother of five and grandmother of thirteen, I empathize with the families who lost children in Littleton, Colorado and with the thousands of other families across this nation who have seen violent crime rob them of their loved ones. These are losses that can never be forgotten and that leave a lasting void no one can fill.

Unfortunately, the American people were the big losers in the debate on the House floor over gun safety last month. Hours of floor debate over three days and nights produced nothing that can comfort those who have already lost a family member to gun violence and provided no real meaningful measures to ensure the future safety of our children.

The fight for sensible gun control is not over. Those of us who believe in closing gun loopholes will continue our efforts. Three months ago, I spoke to many members of Family and Friends of Murder Victims assembled in Rose Hills Memorial Park to honor their slain loved ones during Victims Rights Week. I pledged to them that I would work to ensure we establish laws and programs that help prevent the additional loss of innocent lives and to strengthen victims' rights. I intend to keep that pledge.

Let us look at the facts: In the five years that the Brady Bill has been in effect, requiring a three business-day waiting period for a gun purchase, more than 400,000 illegal gun sales, two-thirds of which involved either convicted felons or people with a current felony indictment, were blocked. This is clear evidence that this law works and that we are on the right path.

However, we still have far to go. Studies show that one in four gun murders are committed by people aged 18 to 20. Furthermore, about two-thirds of all homicides involve the use of a gun. Also consider that domestic violence often turns into homicide in many instances where guns are readily available, and that law enforcement officials support gun safety because it saves police officers' lives.

These facts demand our immediate attention. It is no wonder that a recent Pew Research survey found that 65% of the nation believes gun control is more important than the right to bear arms. Similarly, a Gallup Poll shows that 79% of Americans support mandatory registration of all firearms.

I wholeheartedly support a rational gun safety policy to close loopholes that have allowed too many individuals to skirt laws designed to prevent guns from getting into the wrong hands—often the hands of felons or minors.

We should strengthen the Brady law and fight for new gun safety measures that include: a three business-day waiting period to complete background checks on people buying guns at gun shows and flea markets—just like sales at retail outlets; banning the import of large-capacity ammunitions clips; raising the national age of handgun ownership from 18 to 21; gun safety locks to accompany all new firearm sales; and preventing serious juvenile felons from ever owning guns.

We can achieve all of this if the members of the House have the will and the American people make it clear to their representatives that they demand action on gun safety. Let us stop the delay. Let us pass meaningful gun safety legislation.

GENERAL LEAVE

Ms. SCHAKOWSKY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on my Special Order this evening.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Illinois?

There was no objection.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 2465, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 2000

Mr. DIAZ-BALART, from the Committee on Rules, submitted a privileged report (Rept. No. 106–268) on the resolution (H. Res. 262) waiving points of order against the conference report to accompany the bill (H.R. 2465) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2606, FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

Mr. DIAZ-BALART, from the Committee on Rules, submitted a privileged report (Rept. No. 106–269) on the resolution (H. Res. 263) providing for consideration of the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, which was referred to the House Calendar and ordered to be printed.

ADJOURNMENT TO THURSDAY, JULY 29, 1999

Mr. DIAZ-BALART. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 10 a.m. on Thursday, July 29, 1999.

The SPEAKER pro tempore (Mr. TANCREDO). Is there objection to the request of the gentleman from Florida?

There was no objection.

THE REPUBLICAN AGENDA

The SPEAKER pro tempore (Mr. TANCREDO). Under the Speaker's announced policy of January 6, 1999, the gentleman from Colorado (Mr. SCHAFFER) is recognized for 60 minutes as the designee of the majority leader.

Mr. SCHAFFER. Mr. Speaker, I appreciate the recognition for this hour that I reserve on behalf of the Republican majority. And, specifically, for those Members of the Theme Team and any Member of the Republican Conference that has anything to discuss this evening, I invite them to come down to the floor now and join me in the next hour in discussing topics relative to our majority agenda on the House floor.

That agenda, of course, includes an effort to save and secure a retirement security system through Social Security and Medicare. It also involves our efforts to reduce the tax burden on the American people. The third item is to build the strongest national defense in the country, in the world, one that allows for complete security for our Nation and for our children, and the third effort is to try to create the best education system on the planet.

□ 2245

Those are three goals towards which we are working vigorously, and hoping to accomplish and achieve.

I want to start out by talking about a fifth topic, one that is important to my constituents and one that is fresh on my mind just coming back from a weekend of visiting with constituents. The topic back home was the Endangered Species Act.

The Committee on Resources has a special task force that visited Colorado and held a hearing in the town of Greeley. We had a great hearing. One of our colleagues, the gentleman from Colorado (Mr. UDALL), was able to come up to Greeley and join us, as well as one of the members of the Senate, Senator CAMPBELL. Also, the fourth member of that group was the chairman, the gentleman from California (Mr. POMBO).

We had a great hearing. We heard from many, many people involved in agriculture in Colorado, and those who are in the business of wildlife management and the science of trying to preserve and protect endangered species, and prevent certain species from becoming listed on that list.

We also heard from a number of individuals from environmental groups. But the consensus clearly was that the Endangered Species Act is broken and needs to be fixed; that the act needs to be addressed in wholesale fashion and dramatically reformed.

It is very clear that the notion of protecting and preserving endangered species is a good one, and one that ought to be maintained. It is a noble goal, a worthwhile goal. It is a public goal.

The unfortunate consequence, however, of the Endangered Species Act is that the individual who happens to find one of these species on his or her property bears the almost exclusive burden in shouldering the cost of protecting and preserving and achieving this public goal of species recovery. That is the unfortunate part of it. It is the unfair part of the Endangered Species Act.

Once again, I want to suggest that those we heard from in Colorado, from the farming and ranching community, from the homebuilders in Colorado, those who represent municipalities, as well, we heard from a county commissioner, a State legislator, all of these people really and truly believe that we ought to do everything we can to protect and preserve species, and we certainly do not want to see them go extinct as a result of any human activity.

But they also understand the importance of a local perspective in achieving a strategy to secure these public goals of species recovery and protection of species.

We heard from a county commissioner, for example, Kathay Reynolds, the county commissioner in Lambert County, who was disappointed that the Fish and Wildlife Service did not reach out enough to her and her constituency in devising the rules to protect a mouse, a mouse called the Prebles Meadow Jumping Mouse. This is a mouse that looks just like the Western Jumping Mouse that is a more hardy variety in Colorado.

The mouse has been listed. Let me say that the mouse seems to like water. It hangs out around rivers and streams and irrigation ditches, which in the West is critical in a semi-arid region such as ours when it comes to agriculture. So the mouse likes to be around the water and in the tall grass around the water.

If you happen to find a mouse, one of these Prebles Meadow Jumping Mice in and around your property, your life is about to change, because under the proposed rules by the Fish and Wildlife Service, that means that you can no longer maintain your irrigation canals and ditches. It means that, in many cases, you may have to divert your water and use it in a way that is not conducive to sound agricultural practices.

It also means that again, in an area where water rights, where we fight very hard for water rights, that this has the ability to disrupt the allocation of such a scarce resource.

We heard from many other individuals, but the hearing was a very good one, one that is very, very important to the West. We heard about other species, the mountain plover, the blacktailed prairie dog, and other species that are proposed to be listed in Colorado.

I want to thank the Committee on Resources, its leadership under the chairman, the gentleman from Alaska (Mr. YOUNG), as well as the chairman of the task force, the gentleman from California, for coming out to Colorado and focusing so much national attention on a big problem in our part of the country.

Mr. Speaker, I yield to the gentleman from Montana (Mr. HILL).

Mr. HILL of Montana. Mr. Speaker, I thank the gentleman from Colorado for yielding to me.

While he and I both serve on the Committee on Resources, I was unable to join the gentleman in Colorado over the weekends. But there is no question that the Endangered Species Act is having a very dramatic and in some instances, a devastating impact on our rural communities.

Obviously, it impacts rural areas because rural areas is where habitat involving endangered species exists. But what we know now is that it operates in an unfair fashion, particularly with private property owners. But even the impact that it has on the management of public lands, it is unfair, and it is also ineffective.

We know now that has been having an adverse impact on what the objective is, which is of course to protect species, because the incentives in the Endangered Species Act certainly are such that if one discovers a species on one's property, it is best not to do that. So the incentive is for people to change habitat.

Also one of the huge issues associated with the Endangered Species Act is the fact that the States have had responsibility for managing wildlife. That has been the tradition in this country. In the Endangered Species Act, the Federal Government has taken the dominant role, overriding the authority of the States.

What we see happening is that we are managing for a single species, which is having an adverse impact on other species. In other words, the Endangered Species Act focuses all the resources on a single species, and the broad ecology is secondary to the protection of that species.

So there are a number of reforms we need to make. One is to restore the responsibility and authority of the States, to allow for agreements with private property owners in managing their property for broad species protection, and also to make sure that people who lose the use of their property are appropriately compensated for it.

While I missed this meeting, I certainly agree that we need to reform the Endangered Species Act.

Mr. SCHAFFER. Farmers and ranchers are really having a tough go of it right now, not only because of various regulatory policies, the Endangered Species Act, as implemented by the Fish and Wildlife Service, being among them, but several other matters, tax-related policies and trade issues, also.

But the topic of private property ownership in America is so central and essential to our way of life and our culture. It really is rural America, which in, my opinion, is where we find the real soul of America. These are the same folks, the same spirit and mentality and motivation that in fact founded the country and have sustained our great Republic to this time.

The effect of this particular regulatory action, the Endangered Species Act, is one that restricts and constrains to a tremendous degree the ability not only to enjoy property rights and the use of one's private property, but also the production of our food supply, which is something that, of course, is vital to the long-term solvency of our Nation and the success of our Republic, and the strength of emerging economies throughout the rest of the world.

Mr. Speaker, I yield to the gentleman from Arizona (Mr. HAYWORTH).

Mr. HAYWORTH. I thank my friend from Colorado and my friend, the gentleman from Montana.

Mr. Speaker, as I listened to their words, I could not help but think of the irony of the current administration, who campaigned in 1992 under a slogan of putting people first. How ironic that is, in the wake of decisions by the administration that would seek to dilute what the Fifth Amendment to the Constitution says in its final clause.

I would ask my colleagues and those who join us to listen closely. The final clause of the Fifth Amendment to our Constitution says, "Nor shall private property be taken for public use without just compensation." And the irony of the assertion that the Clinton-Gore gang plan to put people first is exceeded only by the boastfulness of the current president in the inter regnum between his election and swearing in when he said that he would offer the most ethical administration in history.

The irony fairly drips from those words when today, Mr. Speaker, we came to this floor to debate the trade status of the People's Republic of China, mindful of the fact that Chinese shell corporations, technically with American charters, had given money to the Clinton-Gore campaign in 1996; mindful also of the fact that for those of us from the West, from Colorado, Montana, and Arizona, it has been said that this administration has declared war on the West, on resource-based industries, on small family farms and ranches, on a way of life that is rapidly vanishing, hastened by the bureaucratic decisions of those who would seek to short-circuit this document.

Mr. Speaker, one is reminded of the weak assertion by our current Vice President, the same Vice President who last weekend presided over an unparalleled waste of natural resources in the millions of dollars, in the millions of gallons of water, for what is now being called the new Watergate, for what some cynics call Tipper Canoe; for what other cynics call the new Row vs. Wade; a Vice President of the United States, Mr. Speaker, who had the audacity to stand in front of the assembled press and say to America, through the Press Corps, "My legal counsel informs me that there is no controlling legal authority."

Mr. Speaker, it is a fair question to ask, how low can an administration go, from the boastful claims of putting people first, from the boastful claims of having the most ethical administration in history, to the reality of taking contributions from Chinese front corporations, to having a Vice President who, in violation of existing Federal law, sought campaign donations from his Executive Office Building location, not from the Democrat National Committee, and still had the audacity to claim that his legal counsel informed him that there is no controlling legal authority.

Mr. Speaker, I will say again for the record, to my colleagues and those who would join us beyond these walls, there is a controlling legal authority. It is called the Constitution of the United States, which provides oversight capacity to the legislative branch of government, but moreover, Mr. Speaker, which provides a remedy every 4 years for the executive branch, every 2 years for those who would serve in the Congress of the United States, where we stand at the bar of public opinion and are accountable to the people who sent us here.

That should give pause to this Vice President, even though the current president apparently has no concerns about it.

Mr. SCHAFFER of Colorado. Mr. Speaker, this topic of corruption in the executive branch of government and in administration is one that the Committee on Resources again had a chance to look into a little further, and the gentleman from Montana (Mr. HILL) was there.

I would like to ask him to comment, if he would, for a moment on the hearing we had just a few days ago.

Mr. HILL of Montana. As my colleague, the gentleman from Colorado, knows, we are considering a number of bills associated with putting perhaps more of the offshore receipts, revenue from offshore oil and gas development, into habitat and providing that money to the State.

So as part of that, the Committee on Resources asked the General Accounting Office to do an examination of the accounting in the use of these funds. We had one of the most startling reports that I think that I have ever read as a Member of Congress. What we have discovered is that at the very top of this administration, there has been a looting of hunters' and fishermen's funds. People who hunt and fish in the United States pay an excise tax into a fund, the Pittman Robertson fund, and a fisheries fund to provide for habitat to help sustain hunting and provide habitat for hunting.

What we have discovered is that the Fish and Wildlife Service has been looting this account.

□ 2300

They set up special secret accounts. Out of these accounts, they paid for expenses that are inappropriate, illegal. There is not adequate accounting for these funds. If I can make this last point, they even pressured one of their employees to approve a funding request by an anti-hunting group, using funds paid in by hunting and fishing men and women, to use those funds to fund an organization fund for the animals in an anti-hunting campaign.

Mr. HAYWORTH. Mr Speaker, will the gentleman from Montana (Mr. HILL) repeat his assertions, because I think, given the culture of the present day, given the media proclivities here on Capitol Hill and beyond, sometimes, quite often, these stories are missed for whatever reason. Could the gentleman repeat what he has found in the Committee on Resources.

Mr. HILL of Montana. Mr. Speaker, what this general accounting report, and this is a preliminary report, we have asked them to do a more thorough examination, but they have created several administrative accounts, one that the chairman has even labeled a mystery administration account, and used the funds in those accounts to fund projects that would not normally meet the criteria.

They have looted those funds, tried to direct those funds into anti-hunting efforts. In some instances, there is evidence that they used those funds to pay for expenses that are not authorized by Congress. In other instances, they have failed to account for those funds. They have failed to establish any criteria for the approval or the granting of those funds. This is at the very highest levels of the administration.

Now, the person that revealed this information to our committee was fired for failing to go along and has recently entered into a settlement with the Fish and Wildlife Service. But, interestingly, that settlement has a confidential clause, a gag order attached to it. So at our hearing, that employee was unable to give us all the details that he wanted to give us.

Mr. HAYWORTH. Mr. Speaker, if I could ask the gentleman from Montana, is it his impression that this administration was using those different entities, those different people to campaign for a certain point of view, using these people in a way in a campaign that would be unlawful?

Mr. HILL of Montana. Mr. Speaker, this is certainly consistent with the agenda of this administration, which is to restrict the public use of lands. I long suspected that part of that effort is to reduce access by hunters and people who fish and use the public lands for that purpose. This is consistent with that pattern of activity and that agenda.

But in this instance, this is not a small sum of money. This is $550 million a year that goes into this trust fund, and they were peeling off between 6 and 8 percent of this fund, which is

$40 million a year for this purpose. What we also discovered is they took money. Understand, this is a trust fund for habitat, and they were taking this money to backfill the other parts of their budget because they were running short of money in different areas. So they took money from this account for that purpose.

So there are extremely serious allegations here. We are going to continue to have more hearings on it. I am advocating for the committee and the Fish and Wildlife Service to find a way to lift the gag order on this former employee so this person can tell us the whole truth. There were questions that I asked at the hearing that this person was unable to answer because of the confidentiality agreement that had been entered into. But these are very serious matters.

But I know it is troubling to the sportsmen and women in Montana who, through the purchase of guns and ammunition and sporting goods and fishing gear, are paying an excise tax into this fund for habitat purpose, to have this administration using that money or trying to use that money, meeting with, conspiring with anti-hunting groups to try to undermine the very people who are paying the tax.

Mr. SCHAFFER. Mr. Speaker, the interesting thing is we probably would not have discovered this scandal were it not for a handful of conscientious employees and others who work with the Interior Department on management of this fund who found the courage to stand up and represent and think about the taxpayers and what is morally proper and risk their jobs and perhaps their future careers as well. They came forward to Congress and explained what was going on, which it allowed us to have the hearing and move forward. This is a scandal of major proportions.

The gentleman touched on a point that I want to move into next, and that is he said that there is a pattern in the administration when it comes to public use of public lands. That is also true of private lands. There is a deeply held belief in this administration that human beings are a problem, that human beings should not be enjoying our national parks, our national wilderness areas, our National Forests, and so on; that these should be off limits for human activity, whether it is hunting or recreation or even when it comes to private property when it comes to responsible land use.

We talked earlier about the Endangered Species Act and the impact that that has on the ability of an individual private property owner to use his or her land as they see fit.

I want to use an example for my colleagues briefly, and that is one of this apple, just to dramatize the importance of these public lands-private lands use issues when it comes to agriculture.

If this apple represents the surface area of the globe, we have to keep in mind that approximately three-fourths of the Earth is covered with water. So if I cut this apple into quarters, we have represented here the available use of land mass that exists on the earth.

Now, keeping in mind that also of this land mass, approximately half is mountains or desert or arctic regions or areas that are too hot. That leaves us with about an eighth of the land mass that could be useful for growing food.

Now, of this one-eighth, we have a certain portion, about a quarter, that is simply too wet or too hot. We have another quarter that is simply not habitable for or not useful for growing agricultural products. The land is just not rich enough. Then we have another quarter that we can cut away because of concrete, because of infrastructure, roads, bridges, and municipalities and so on.

That leaves us with one thirty-second of the land mass on the entire planet that is available for agriculture. Bear in mind that we are just talking about the surface.

So let me show my colleagues what that represents from the whole apple that I started with. Here is how much we are talking about. Whenever the Fish and Wildlife Service, the Federal Government, or any other Federal agency proposes to move farmers and ranchers off of this little piece of land and take that land out of production, that puts the human population at great peril over a long period of time, and it is the reason we need more sensitivity in Congress and in Washington in general in looking out for these rural individuals.

I am proud to say that this Congress just last week reached out to some of the people who worked that tiny patch of land, and we reached out in a way that has powerful impact. Because when the farmers and ranchers who work that land reach retirement age and start contemplating planning their estates and handing that land to their children, they are confronted with a very unfortunate reality; and that is, upon their death, when they hand that farm or ranch over to their children, the Federal Government walks in and demands upwards of 50 percent of the value of that asset before the children can use that farm or ranch to keep it in production.

That is true for any business owner. It is true for any homeowner who wants to hand their family's assets and wealth over to their children.

We put forward in our tax plan, among the $792 billion in tax relief over a 10-year period an effort to eliminate the inheritance tax all together. That owner's tax that I just referenced, in 10 years, will be gone if this tax is able to move through the Senate and ultimately be signed by the President.

I know the gentleman from Michigan (Mr. HOEKSTRA), who is joining us here tonight, was very helpful and has long been one who has been pushing this Congress to move toward tax relief.

Mr. Speaker, I yield to the gentleman from Michigan (Mr. HOEKSTRA).

Mr. HOEKSTRA. Mr. Speaker, I thank the gentleman from Colorado for yielding to me, and I am glad that I can join my colleagues here tonight to really talk about some of the issues that they have been talking about earlier, but also to put the tax relief plan in context of what we, as a majority, are driving for in the House of Representatives, an agenda that we identify as enabling us to secure the future for American citizens as we move into the next millennium. I know we are going to focus on the tax relief package tonight. But we need to put it in context of the other elements of our plan.

We are focusing on education. We have passed a number of different education bills in this Congress. The most important, or one of the bills last week, again was the Teacher Empowerment Act focusing on enabling local school districts to make sure that every teacher in the classroom was qualified to teach our children, giving local school districts additional flexibility.

We are also, as we move through the tax plan and the tax relief efforts, ensuring as our first step to set aside in a lockbox all of the FICA taxes that the American taxpayers are paying in each and every week. As part of that, there is a right-to-know provision of the tax relief bill that is going to enable taxpayers, when they get their W-2 form, not only to see the amount of FICA taxes that they pay each and every year, but the matching amount that their employers pay each and every year.

□ 2310

So that they are going to see that it is not 6.5 percent of my income, it is 13 percent of my income that never comes home with me but goes directly to Washington.

Mr. Speaker, I yield to the gentleman from Arizona (Mr. HAYWORTH).

Mr. HAYWORTH. Mr. Speaker, I thank my colleagues, the gentleman from Montana (Mr. HILL), the gentleman from Michigan (Mr. HOEKSTRA), and the gentleman from Colorado (Mr. SCHAFFER).

Mr. Speaker, at times Washington tends to operate on what former President Eisenhower called a policy of sophisticated nonsense. That is, we get so caught up in the micro and macroeconomic implications of a decision that we allow ourselves to over-intellectualize what, in essence, is a very simple operation. And it is thus with the tax cut, to hear some folks and pundits in this town talk about it.

Mr. Speaker, I would simply ask the American people to think of the surplus that we confront not in terms of trillions of dollars, but let these three $1 bills represent the $3 trillion surplus as calculated by the Congressional Budget Office. Now, it is worth noting that almost $2 trillion of that surplus we have locked away to save Social Security and Medicare. We have locked $2 trillion, or close to that, of the surplus away to save Social Security and Medicare. But, Mr. Speaker, that leaves $1 trillion to consider.

Mr. Speaker, as my colleagues know, it is the intent of the new majority to learn the lessons of history, which are fairly simple and which boil down to this. If we leave this money in the hands of the Washington bureaucrats, it will be spent. Therefore, our mission in this commonsense conservative majority in this 106th Congress is clear: We must return the money to the people to whom it belongs, the American taxpayer.

This money does not belong to the government, Mr. Speaker. It belongs to all of those who work hard and play by the rules and pay their taxes. Therefore, our legislation that provided tax relief, which we passed last week, is intent on returning the money to whom it belongs. Because, Mr. Speaker, the money belongs to the people, not to the Washington bureaucrats.

And whether it is estate planning reform, putting to death the death tax over a 10-year period; whether it is special accounts for education to empower parents to plan not only for a child's college education but also to seek alternatives in the grades K through 12; whether it is reducing the marriage penalty; or whether it is an across-the-board decrease in the rate of taxation, we hold to this simple truth, Mr. Speaker: The money does not belong to the government. It belongs to the American people. Therefore, the American people should hold on to more of their hard-earned money to save, spend and invest as they see fit.

Mr. Speaker, that stands in stark contrast to the vision offered by the President of the United States, who came to this well of the House to deliver a State of the Union message in January and said that it was his intent to save 62 percent of the Social Security surplus for Social Security. Hello. That means he intended to spend the other 38 percent on new programs. And, indeed, as he stood at that podium, he outlined in the span of 77 minutes some 80 new programs that would cost the American taxpayers at least an additional $100 million in new taxation.

And, indeed, his budget was so reprehensible that not one member of the minority party would bring that budget forward in legislative language to have it voted on. It was up to the majority to bring it forward.

Mr. Speaker, I yield to my good friend, the gentleman from Colorado (Mr. SCHAFFER), who can make the case graphically for us.

Mr. SCHAFFER. Well, I just want to reiterate what the gentleman from Arizona just said.

When the President came and made his State of the Union address, here is what he proposed. Of the $137 billion estimated surplus in the Social Security Trust Fund and in Social Security income, he proposed keeping 60 percent of it in Social Security and spending another 40 percent of it. In other words, taking it away from the Social Security program and spending it on more bureaucracy, more government, and an increasing the Federal budget.

Well, our Republican plan is very different. We have proposed and have moved forward on our plan to lock up the entire $137 billion. This graph, this chart, could not be clearer in showing the difference between the Clinton-Gore plan to raid the Social Security funds, spend 40 percent of it on more government, versus the Republican plan to lock up, to effectively put the cash in a locked box and not spend it, to keep it and devote it toward its intended purpose of Social Security.

That is the dramatic difference between the two visions in Washington, D.C. and the dramatic difference that we stand for and propose that is in the interest of America's retirees and those who are planning for retirement.

Mr. HILL of Montana. If the gentleman will continue to yield, when I am at home, I ask my constituents if their bosses came to them and said they were going to give them a raise amounting to $3,000, what would do with that money. None of them say they would give it to the Federal Government. Most of them say they would put some aside, maybe save some for retirement, or use some of it to pay down their debts, or maybe spend a little of it on their family.

Really, that is what we are talking about doing here, putting some of this money aside for retirement, for Social Security, and to pay down the national debt. And one-third of it, one-third of that money, is going to go to help families decide how they can better spend their money and let them set those spending priorities.

Now, the President says that is reckless. The President said we would give the money back if we could just trust that the American people would spend it the right way. I guess my view is that the people I represent know better how to spend their money better than anybody here in Washington, or anybody in this chamber, including myself. They have a better understanding of how they need to spend that money than I have, And they should have the right and the privilege to make that decision.

Now, if any of them want to give that money back to the U.S. Treasury, I am sure the U.S. Treasury would accept it. But the fact of the matter is, they have needs for their families.

I just want to make one point following up on something the gentleman said about this death tax issue, because I firmly believe this could be the last generation of family farmers and ranchers that we have in America if we do not do something. Our farm economy is in trouble, and we have issues that we need to deal with there, trade and regulatory issues, but the death tax issue is overwhelming.

Most of the farmers and ranchers in my home State are not making any money. They are not generating cash flows. They have no mechanism to finance the death tax. They cannot buy life insurance, they cannot pay the lawyers and the high-priced accountants. They have no way to do it, so they are compelled to sell. Who do they sell to? To movie stars that want to recreate on the land, not farm or ranch it. Or they sell to subdividers.

If we want to have family agriculture and we want to have this green space and these open places, and we want to retain the rural character that we all have roots to, we have to do something now to help folks in agriculture. There are a lot of things we need to do, but one of them is to lift this burden.

The lowest marginal tax rate on the death tax is 38 percent. When they hit the exemption, the threshold, they are paying 38 percent of the value of that estate in taxes. There is no way that a family farmer and a family rancher in my home State today can afford to pay that tax.

We are going to wipe out these family farmers and family ranchers. I do not want to see that happen. I do not want to see the destruction of those rural communities. I do not want to see the unraveling of the culture of agriculture and the importance that is to our history and the heritage of this Nation. So that is why this provision of this bill is so essential, and we have to make sure that we defend it.

□ 2320

Mr. HOEKSTRA. Mr. Speaker, I thank the gentleman for yielding.

When we take a look at what is in the tax cuts, I find it a very interesting discussion to try to identify exactly what part of the Tax Code is the most unfair. I mean, I think we all started out by saying tax relief is essential. When we combine State, local, and Federal taxes and have a tax system that takes 40 percent of the average family income, I think we are united. That is unfair. That is too much.

That means that in a two-wage-earner family, one wage-earner works the entire year to pay the tax bill. We think that is unfair and that puts too much stress on the family. That is why we support an across-the-board tax cut so that every individual in America will benefit from that.

Then we go to the inheritance tax, which clearly we work all of our lives, we pay taxes all of our lives, and then we want to leave part of that to our children. And Uncle Sam again is one of the first ones in line and makes the dream of passing a family farm or small business on to our children, makes it so much more difficult to realize.

Another part of the Tax Code that is unfair is the marriage penalty. We penalize people for being married. Interesting concept. I think again we are united in saying this is an unfair element of the Tax Code.

For the individual who wants to go out and buy health care, does not receive health care from a corporation or a large buying organization, they have to buy with after-tax dollars. If they work for a large corporation, they get it provided and there is no tax consequences to it. That is unfair for the entrepreneur, for the person who wants to start off their own business. We are trying to remedy that.

For the family that wants to set aside dollars for education, we are putting that in so that again it enables people to invest in their people. We think that that makes this a better Tax Code.

So we all have our own personal problems with the Tax Code, but we recognize that there are a lot of inequities and unfairness in the Tax Code. But it starts with tax relief, and then it moves on to these individual elements.

I think we are all looking forward to the day as this Tax Code starts to address fairness, saying we need to make this Tax Code fairer that we can move on to the next debate after 2000, which is how do we simplify the Tax Code.

Two essential elements I think of our longer term vision of what we want to have, which is a fairer Tax Code and a more simple Tax Code. And as we move in that direction, we will make a lot of progress.

Mr. HAYWORTH. Mr. Speaker, if the gentleman would continue to yield, the way I try to see it as the first Arizonan in history to serve on the Committee on Ways and Means with the authority to deal with this Tax Code, Mr. Speaker and my colleagues, is to say it this way: Tax relief first. Tax reform next.

Because, Mr. Speaker, if there is any lesson we have learned from this current administration, it is that words essentially mean nothing.

That is a shock for those of us who grew up under the notion that we would play by the rules, obey the existing law of the land, and then move forward.

Sadly, what we find with this administration and, Mr. Speaker, I think my colleagues, especially my friend from Michigan, will bear me out since he arrived after the election of 1992, a full term prior to my presence in this Congress, the irony of this fact.

It has been said and is a basic tenet of our civics training that the President proposes and the Congress disposes. And yet, Mr. Speaker, I think my colleagues would be interested, as would others, to hear and to understand that throughout this second term of this administration, indeed since 1993, this administration has not shown the common courtesy of delivering to the Congress of the United States executive branch proposals in legislative language.

The last time that happened, Mr. Speaker, was with a proposal in 1993 to socialize our health care. And so, therefore, Mr. Speaker, all the talk of administration plans for Social Security, of administration plans for tax relief, of administration plans for bolstering our national defense are as the wind; there is nothing to them.

For this administration lacks the courage and the ability to summon candor to actually help us govern. And we see it most egregiously when it comes to the death tax.

My friend from Montana is quite right. And when we represent folks in Arizona, as do I, on family farms and on ranches, in Colorado, Montana or Michigan, the fact is this for many a land holder, they are to use the proverbial term, "land rich, cash poor."

And when the patriarch of a family dies, the one in whose name the family ranch or the family farm belongs, the survivors are asked to pay a tax, that is unfair and that is onerous.

Mr. Speaker, if nothing else, those who hear these words should remember this fact, that our common-sense conservative majority is committed to ending, to putting to death, the death tax over the course of the next decade. Because fundamentally, as my friend from Colorado said so well and it was quoted in the Wall Street Journal well near 2 years ago, when he said there should be no taxation without representation, he understands the unfairness of this tax.

And compounding it, Mr. Speaker, is the fact that with all the sturm und drang, with all the trauma introduced into the lives of the survivors, with all the basic unfairness of taxing the work and the labors of those who have gone to their heavenly reward, still in all, the Federal Treasury only takes from the death tax one percent of the total accrued revenue for the Treasury of the United States.

And yet, Mr. Speaker, 75 percent of that one percent is spent tracking down and harassing survivors, forcing families to sell their farms, forcing families to sell their small businesses, and it shows the inequity of this Tax Code.

But, Mr. Speaker, we are cognizant of realities. A President who would stand in Buffalo, New York, one day after standing at this podium and saying that he wants to save 62 percent of the Social Security surplus for Social Security and, therefore, spend the extra 38 percent, as my friend from Colorado holds up the words, January 20 of this year the President of the United States, in a rare moment of candor, said the following quote: "We could give it," meaning the budget surplus, "we could give it all back to you and hope you spend it right. But . . ."

Mr. Speaker, that embraces the central difference. This current President, despite his obvious failings in terms of personal honor and a knowledge of accountability to the people of the United States and, dare I say, accountability of the executive branch to the legislative branch to help us govern, this President stands by a fundamental tenet of faith that is jaundiced and is misguided.

Because, Mr. Speaker, he believes that the Federal Government can spend the money of the people better than can the people. That is a serious problem.

Mr. HOEKSTRA. Mr. Speaker, if my colleague will leave that statement up, it is exactly how this President thinks, that Washington can spend the money better than the American people.

□ 2330

When this President came into office in 1993, total Federal revenues as a percent of gross domestic product, it was 18.4 percent. And under this President, that has never been enough, because he does not believe that the American family, the American taxpayer, knows how to spend that money better than what Washington can.

Today, or projected for the year 2000, Federal revenue will be 20.6 percent of gross domestic product. So the amount of revenue going into Washington as a percent of our gross domestic product is increasing. And actually as we provide and attempt to provide tax relief, our attempt will not even get us back to the level of 1993, which means that the Federal Government is getting bigger and bigger.

Some people believe that this tax relief package that we are trying to provide, this fairness that we are trying to give back to the American taxpayer, is coming at the expense of the Federal Government. No, what we are trying to do is we are trying to get back to where we were in 1993 and 1994. It is a rightsizing of the Federal Government. It is not a downsizing. It is a rightsizing, of getting back to where we were in 1993 after that tax increase.

Mr. HILL of Montana. I think it is really important for people to understand that $800 billion is a large sum of money, but the Federal Government over that 10-year period is going to spend $23 trillion. So it is $800 billion of $23 trillion. Your comments about a fairer, simpler tax code, I think it is also important to note that we are making a down payment in this bill on simplifying taxes. We are eliminating the alternative minimum tax, some of the more onerous provisions and complexities of the tax code.

I asked the Committee on Ways and Means to tell me what this means to the people of my district. In my district, we do not have high incomes. We are about 46th in the Nation in terms of the average income. But in my district over the course of the next 10 years, this is $2.4 billion that will be left in my economy, in the economy of my State. It comes out to just under $10,000 for the average family of four in Montana, how much they will save in taxes with the tax package.

Mr. HOEKSTRA. This goes on top of the tax bill that we did in 1997. This tax relief plan does not have the signature element that we had in our last tax relief package, of the $400 to $500 per child tax credit, but the impact will be as big on the American family as what that tax relief package is. So this definitely means more money in a family's pocket at the end of the year.

Mr. HILL of Montana. Certainly in 1997, we said we have to focus on families. We saw the erosion of the value of the exemption for families and so we provided a tax credit. That was the feature, and lowering the capital gains tax for investment. This is a much broader package of tax reductions. Every taxpayer will enjoy reductions in taxes as a consequence of this and there are also some targeted elements. But the important element from my judgment is the average family of four in Montana is going to have $10,000 they can invest in a house or in their children's education or to buy a car or to buy or build a home, the values that they consider the most important. $10,000 is a fair amount of money, I think, to any family. So this is significant, it is meaningful tax relief.

But the gentleman is right. We have the highest tax burden today in the peacetime history of the country. Even with this tax reduction, we still are going to have a tax burden in this country that is higher than when President Clinton took office. We still have not unraveled the largest tax increase in history that was passed in 1993 with all Democrat support. The most important element here, though, is that we are dealing with the most unfair provisions of the tax code, we are working to try to simplify it. Of course we want to provide tax relief for the working men and women of this country.

Mr. HAYWORTH. I think it is important to point out because, Mr. Speaker, as I have appeared on different media outlets to hear the predictable cacophony and chorus from the left and indeed, Mr. Speaker, it has become so reflexive, I daresay my colleagues who join me on the floor can offer an answer to filling in the blank.

My friends on the left talk about tax cuts for the rich, which is totally false but apparently alluring to those who are captured by the politics of envy, to those who would believe that they do not control their own destiny but, Mr. Speaker, it is patently false and as I heard my colleagues talk and thought about what occurred in the State of Arizona, I could not help but think of the President of the United States during our most recent recess coming to the State of Arizona, specifically coming to South Phoenix.

Now, he could have visited a lot of areas, the Navajo nation, the sovereign Navajo nation where there is chronic unemployment, or San Manual, Arizona, site of the largest underground mine in North America that has been closed thanks in part to the Clinton-Gore-Babbitt War on the West, but this President, Mr. Speaker, chose to go to an area that might be more politically hospitable, to South Phoenix in Arizona, and he proposed what he called the New Market Initiative. Again, Mr. Speaker, this has not been put into legislative language and again like cotton candy, it appears alluring but when you get to it, the details are somewhat sticky and inconvenient, the President of the United States proposes $100 million in loans for depressed areas but, Mr. Speaker, understand the taxpayers must provide some $45 million to set up that loan process, the Federal taxpayers must pay two-thirds of the overhead for the so-called New Market Initiative and yet, Mr. Speaker, I look to the plan to help the neediest among us offered in our tax relief and tax fairness legislation, a plan championed by our good friends the gentleman from Missouri (Mr. TALENT), the gentleman from Oklahoma (Mr. WATTS) and the gentleman from Illinois (Mr. DAVIS), a Democrat, that deals with those depressed areas not just in terms of business start-up and not in terms of make-work for Federal bureaucrats but true empowerment that deals with savings, that deals with home ownership, that also deals with business start-ups, and yet the President of the United States has the audacity to come before the American people and claim that this responsible bipartisan plan to help those who need help is somehow irresponsible and reckless.

Mr. Speaker, it simply is something we have seen all too often with this President, an inability to tell the truth and to deal candidly with the American people.

Mr. SCHAFFER. The gentleman really points out the dramatic difference in the approaches that the two parties take in Washington, the party represented by the President, the Democrat Party, and the party that we represent, the Republican Party. Because I believe both parties care about rural and depressed areas, but there is a difference in the sincerity and the tenacity with which we approach real and meaningful help.

What the gentleman would describe as the President's proposal is a typical one of the liberal agenda in Washington, which is to raise taxes on the American people, send that cash here to Washington, D.C., and have politicians redistribute the wealth to the charities of certain politicians' choices. That does work but it is not fair.

What we had proposed and what we have actually passed through the tax relief effort is not tax provisions for the rich but tax provisions for average Americans and in fact tax provisions that help those who are the poorest among us.

Let me give my colleagues a couple of examples. The commercial revitalization deductions allow for tax relief for those individuals who are making investments in depressed areas around the country. We provided a section that deals with work opportunity tax credits. These are provisions that assist those who hire individuals who live and perform most of their work in these renewal communities, depressed areas that are targeted for economic growth and special assistance and help. We also provided for an effort to encourage employers to hire people off of welfare and put them to work. Now, imagine that. In a country right now that is enjoying very, very low unemployment and has enjoyed phenomenal success in welfare reform, over a 50 percent reduction in the welfare caseload over the last 2 years, we use the tax bill to reduce the burden on Americans so that we can help even more people come off the welfare system, to leave the situation of dependency on the Federal Government and enjoy full economic participation as real Americans, as entrepreneurs, as fully employed, fully engaged citizens. That is a dramatic difference in our efforts to help the very same people that the President suggests he wants to help.

□ 2340

Our method works. Our method has been proven to work, it has met the test of time, it has met the realities of history. Growing the size of government, increasing taxes is a formula for failure, and it is one that the President would like to see us do; it is one that we have a very different direction on, and fortunately, the Congress has ruled, collectively, in our favor, on our side. Less government, lower taxes, more opportunity.

I yield to the gentleman from Michigan.

Mr. HOEKSTRA. Mr. Speaker, I thank the gentleman for yielding. I just really want to reinforce some of the comments that my colleagues from Arizona and Colorado have made.

When we are talking about what we would like to do, we are not talking about an idea or a direction or a hope, we are talking about legislative language that has been introduced, that has been debated, and that has passed.

The National Security authorization bill, passed legislation that is written and has passed. The education bill, whether it is Ed Flex, which gives more flexibility to local school districts and how they deal with the red tape and the mandates from Washington, legislation that has gone through committee and has passed. The Teacher Empowerment Act, legislation that that has been written and has been passed, the Straight A's bill, the legislation is written. The lock box, the legislation is written, is passed, has moved out of the House and we are waiting for the other body to deal with it. The Tax Relief package, the bill is written, has gone through committee, and has passed the House of Representatives.

So it is awfully easy for people on the other side to talk about what they would like to do, and I think my colleague from Arizona has said they have spent a lot of time talking about what they would like to do, but the few times when they have given us legislative language on the budget, not one person voted for their legislative language. So we have met the challenge. We are not only talking about what we would like to do, we are actually here on the floor each and every day passing legislative language that is going to make a difference, that is going to help us secure the future for our kids, for working Americans, and for our retirees. We are making a difference and we are getting the job done.

I yield to my colleague.

Mr. HILL of Montana. Mr. Speaker, I thank the gentleman from Michigan.

One last point I want to make and that is that the disingenuous argument coming from the President that somehow this tax package competes with Social Security or Medicare or paying down the debt, that is not true. This tax package fits together with our plan to lock up every dollar of Social Security taxes for Social Security retirement and to pay down the national debt $2 trillion. There are funds set aside for us to deal with reforming Medicare, if the President will come to terms with us to be able to reform the pharmacy benefit and also to provide this tax relief for the American people. We can do all of this; it is a unique opportunity to do it.

Mr. Speaker, what this tax relief package does compete with is bigger government. The fact of the matter is what the President is arguing for is to set these dollars aside for new government programs, more wasteful spending. All of the education bills that we have just passed are saying, before we put more dollars in education, and we are prepared to do that, our budget provides for it, we are saying, let us spend the dollars we are spending now smarter and better and more effectively. We are prepared to put more dollars into some of those programs, but what we want to do is reform them first, and that all can be accommodated with this tax package.

Mr. SCHAFFER. Mr. Speaker, I yield a minute to the gentleman from Arizona.

Mr. HAYWORTH. It is very simple, Mr. Speaker and my colleagues. Who do you trust? Those who say one thing and do another? Those who believe that money, power and influence should be concentrated in the hands of the Washington bureaucrats? Those who believe, as evidenced by their statements in Buffalo, New York, and from this podium behind me here, that you should not be trusted with your own money to save, spend and invest as you see it? Or, should you embrace the philosophy of the common sense conservative majority that believes it is our mission to transfer money, power and influence out of the hands of the Washington bureaucrats and back home to people living on the front lines, who understand their lives better, who understand that the money belongs not to the Federal Government and to the Washington bureaucrats, but to the people.

Mr. Speaker, on that stand we make our case, and with that, I yield to my friend from Colorado.

Mr. SCHAFFER. Mr. Speaker, I would like to continue on this topic for a few moments, but first, a little earlier I mentioned the field hearing that was conducted in Colorado on the Endangered Species Act, and I have a brief summary of that which I would like to submit for the RECORD.

Secondly, I want to move a little deeper into the discussion on tax relief. But we have spoken a lot tonight about rural areas.

Mr. Speaker, at this time I include for the RECORD the documents previously referred to.

On Saturday, July 24, 1999, Congress came to Greeley, Colorado, to hear about the impacts of the federal Endangered Species Act on Colorado. Along with ESA Chairman RICHARD POMBO and Senator BEN NIGHTHORSE-CAMPBELL, I heard expert and first-hand testimonial about the far-reaching and frequently-devastating effects of the Act on farmers, ranchers, landowners and water-users. These people represent some of the best and brightest Colorado has to offer in its defense, and all can personally attest to the onerous, confusing, costly, contradictory and dictatorial burden the federal ESA regulations impose. I would like to share some of their insightful testimony so the experiences of Colorado can be better understood and can help encourage the improvement of the ESA for the benefit of all forms of life in this great country.

Bennet Raley, water-rights advocate: "If I had a choice, I believe that the existing law should be repealed and Congress should start over and develop a program that achieves national interests in the protection of endangered species without encroaching on private property and the prerogatives of states. Federal agencies simply take water from irrigated agriculture or municipalities in the west because the Endangered Species Act is so powerful."

Alan Foutz, CO Farm Bureau VP: "Farmers' water rights evaporate as federal regulators attempt to protect fish. Ranchers fear loss of livestock as predators are introduced and protected. Producers throughout the nation are forbidden from performing such basic activities as clearing brush from fence rows. In the current act, private property rights are laid aside when recovery plans stop agricultural practices without compensation. An endangered species must be protected at all costs under the current law.

"The act serves as a disincentive for landowners to protect an endangered or threatened species because major constraints are placed on agricultural practices when a species is found.

"Seventy-eight percent of the species listed reside on private lands. The public will need to spend more resources if they want full protection of endangered species.

"A single individual can petition the U.S. Fish and Wildlife Service, The USFWS must perform an initial investigation and taxpayers must pay for all the research, even on bogus petitions.

"Accurate population numbers are not available, therefore, goals for recovery cannot be defined."

Mark Hillman, CO State Senator: "The U.S. Fish and Wildlife Service threatened to fine a Utah man $15,000 for farming his own land and allegedly posing a risk to a protected species of prairie dog, even though no prairie dogs could be found there.

"Restoration and preservation of prairie dog habitat as it may have existed 100 years ago would mean shutting down some of the most prolific wheat producing land in the nation. Sam Hamilton, former U.S. Fish and Wildlife administrator has said: 'The incentives are wrong. If a rare medal is on my property, the value of my land goes up. But if a rare bird is on my property, the value of my property goes down.

"It is patently absurd to proffer a policy based on the asserting that Washington lawmakers—much less Washington bureaucrats—care more about environmental quality in Colorado, or any other state, than do the residents who live there precisely because of our priceless environment."

Don Ament, CO Commissioner of Agriculture: "In its current form, it serves the needs of neither the endangered species nor the taxpayers who provide the funds to support the program. Western farmers and ranchers view the ESA as a law that grants a federal agency the ability to unilaterally determine how their land is farmed or ranched and which could decide the economic future of their enterprise; the ESA grants too much authority to a ruthless bureaucracy."

Ralph Morgenweck, USFWS Moutain-Prairie Regional Director: "The Service is fully committed to finding this balance between economic development and endangered species protection. To continue making progress in implementing the ESA, an increase in funding for our endangered species program is necessary.

As of May 1, 1999, there were 1,181 domestic species on the List of Endangered and Threatened Species; this represents a 30 percent increase in just 5 years."

Larry Bourrett, WY Farm Bureau VP: "At this time there are no listings in Washington, D.C., therefore it is imperative that Congress come to the areas where problems exist to get a real flavor of what is happening daily to some of the nation's citizens.

The Act is benign for those who do not have to suffer the consequences of having a listed species on their private property. However, for those private property owners who happen to be within the identified range of, historic range of, habitat of or potential habitat of a listed species, it is an entirely different story. It is a story of frustration and fear."

Jack Finnery, WY cattle rancher: "It seems to me that just as the rancher and farmer must strike a balance that allows him or her to make a living from the land today while preserving habitat and natural resources for generations to come, the endangered species requirements must be changed to work in harmony with the many other programs that dictate how land should be managed. The ESA requires landowners to leave the land around irrigation ditches in a natural state to protect the Preble's meadow jumping mouse, but ranchers who fail to maintain those ditches may be faced with the loss of their water rights.

Under the Conservation Reserve Program, landowners contract with the federal government to protect land from erosion and curtail the resultant deterioration of water quality. However, the ESA may call for these lands to be opened up to overgrazing to create habitat for prairie dogs and mountain plovers.

The Clean Water Act calls for the protection of water quality in streams, but this mandate contradicts ESA requirements that call for the overgrazing of land to develop habitat for the plover and prairie dog.

A FWS biologist told me, 'I feel sorry for you landowners. As a result of being good stewards of the land, you now have to pay the price.'

What is that price landowners have to pay? Well, that price can be a crushing blow for an agricultural industry already wracked with some of the lowest commodity prices in recent memory and the continued decline in the number of full-time farmers and ranchers who are struggling to make ends meet in what is already a highly regulated industry."

The SPEAKER pro tempore. The time of the gentleman from Colorado has expired.

CONTINUED REPUBLICAN AGENDA

The SPEAKER pro tempore (Mr. TANCREDO). Upon the designation of the Majority Leader, the gentleman from Michigan may proceed, but not beyond midnight.

Mr. HOEKSTRA. I thank the Speaker and I invite my colleagues to stay with me until midnight so that we can continue this dialogue on our agenda for securing America's future, and I will yield to my friend from Colorado.

Mr. SCHAFFER. Mr. Speaker, I was about to say that when it comes to the inheritance taxes, we wonder why, as the gentleman from Arizona pointed out that the inheritance tax only generates a little less than 1 percent of the revenue to the Federal Government. It is relative inconsequential when you factor in the fact that the majority of the Federal revenue received by the Federal Government is squandered and wasted as a result of bureaucracy and other waste.

However, there is also deep-seated resentment in many corners of Washington when it comes to rural America. That was exhibited by the head of the Democrat Congressional Campaign Committee, the chairman, who recently said right outside here that the Democrats have written off, and I quote, "written off the rural areas," and that quote was one that has been discussed repeatedly on the House Floor.

I have written some remarks on that subject, and I would ask that they be inserted at this point into the RECORD.

DON'T WRITE OFF RURAL AMERICA

(By: U.S. Congressman Bob Schaffer)

Rural America is hurting these days and the rest of the country should take notice. The current period of relative economic prosperity has abandoned most sectors of the agriculture economy, often because of deliberate decisions made at the White House.

For example, U.S. trade policy presently favors manufactured products, high tech equipment, and medical supplies in exchange for easy access to American markets for foreign farmers. Nor are trade policies fair for our farmers and ranchers. Foreign growers enjoy far easier access to our markets than we do to theirs.

Westerners tend to be closely tied to agriculture. That's why so many of my rural constituents find it hard to believe there are actually people in Washington, D.C. who harbor hostility toward them.

Just last month, after his party voted against several rural issues, the Democratic Congressional Campaign Committee chairman told reporters Democrats have "written off the rural areas." The DCCC Chairman Rep. Patrick Kennedy (R.I.) later admitted he shouldn't have said it. I agree, but he did, and in doing so illustrated the disdain with which some in Congress view rural America.

Coloradans understand America must count on rural areas, not dismiss them. Statistics confirm the importance of rural settings. Agriculture is still America's number one employer providing more jobs, more business transactions, more entrepreneurial opportunities, and more paychecks than any other sector of the economy.

In Colorado alone, agriculture accounts for over 86,000 jobs, resulting in over $12 billion of commerce. Clearly, agriculture is integral to our economy and should not be ignored or "written off."

Colordo produces an impressive variety of commodities in addition to cattle, wheat, corn, potatoes, sugar beets and dairy products. Growers also raise pinto beans, carrots, mushrooms, barley, sunflowers, watermelon, oats, sorghum, quinoa and wine grapes. Our ranchers' expertise raising cattle, sheep, lambs, poultry and hogs, is expanding to include specialty livestock—bison, elk, emus, ostriches, and fish.

Agriculture products extend beyond food. Colorado is well-known for its production of fresh-cut flowers, sod and turf grass, and hay. Colorado's agricultural-based inputs also contribute vital components to the manufacturing of soaps, plastics, bandages, x-ray film, linoleum, shoes, crayons, paper, shaving cream, tires, and beer.

As consumers, rural Americans provide markets for goods and services, injecting much-needed capital into the marketplace. Rural purchases of trucks, tractors, houses, implements, fuel, computers, and other items have an enormous impact on the economy providing jobs and income for salespeople, waitresses, homebuilders, real estate agents, feed dealers, mechanics, and bank tellers, just to name a few.

Still there are other reasons rural America matters. Colorado boasts over 24,000 farms and ranches, accounting for over half of our state's 66 million acres. People who live on the land are the best environmental stewards. Landowners work actively with soil conservation districts to protect water resources, manage wind erosion, reduce pollution, and control water runoff. In fact, Colorado's farmers are credited with saving an additional 51 million tons of topsoil annually for the past 10 years. They have also seeded 1.9 million acres of private land to permanent grassland under the Conservation Reserve Program, thereby producing thriving wildlife habitat.

Most of all, America's soul is found in its rural communities. A nation launched by planters and preachers, America's founding strength was mustered and sustained by the moral character of rural people. Their values of hard work, honesty, integrity, self-reliance and faith in God thrive in abundance today.

It is truly unfortunate anyone finds such attributes offensive. These are the very values our country needs if the new Millennium is to be as prosperous as the present.

Clearly, rural America is the bedrock of our culture and the salvation of our Republic. Before more of Washington's elite determine otherwise, they would do well to check their facts, consider the farmer, and possibly even say a word of thanks before supper.

Mr. HOEKSTRA. Mr. Speaker, I yield to my colleague from Arizona.

Mr. HAYWORTH. Mr. Speaker, we stand at an epic juncture in American history, because despite the protestations from those who would belong to a third party movement, there is no clearer difference that exists in American political life than what exists in this Chamber. Because my friends on the left, so trusting of the powers of the Federal Government, powers that have grown excessive, that have grown overreaching, that have grown abusive throughout this century; so abusive, Mr. Speaker, to the point that the power of the Federal Government reaches into the pocket of every law-abiding American, my friends on the left place their faith in that burgeoning bureaucracy. Mr. Speaker, the contrast could not be clearer, because those of us in the common sense conservative majority take literally the first 3 words of this document, the Constitution of the United States.

Mr. Speaker, I would note, and not without some irony, especially given the tenor of the rhetoric from the White House and from the Vice President and from our friends on the left, the first 3 words of this document are not they, the bureaucrats. No, Mr. Speaker, the first 3 words of this document read, "We, the people." And despite the fact that a Fox News Opinion

Dynamics Poll taken in the space of the last 10 days of 500 Americans at large, when asked, where does the Federal Government get its money? Despite the fact, Mr. Speaker, that some 50 percent of those respondents replied, oh, the Federal Government has its own special supply of money, and 39 percent answered correctly that the money with which the Federal Government operates comes from the people, the taxpayers, Mr. Speaker, we understand our mission loudly and clearly. As Abraham Lincoln said, Mr. Speaker, the American people, once fully informed, will make the right decisions.

Mr. Speaker, I stand here tonight to reaffirm this basic truth. The money does not belong to Washington bureaucrats.

□ 2350

It does not belong to they, the bureaucrats. It belongs to we, the people.

Mr. HOEKSTRA. Mr. Speaker, it is not only what the Constitution says, although it drives who we are and what we should do, but the lessons as to why the Framers of the Constitution were so brilliant, we only have to go back to when we reformed welfare.

When welfare decisions were being made by bureaucrats in Washington, we were not moving people out of welfare. When we debated here on the floor of the House, and we took the examples of like the State of Wisconsin, that the State legislature, the Governor, they came up with a program to move people off of welfare into the work force, and the bureaucrats here in Washington said, no, you cannot do that; or even worse than that, they did not give them any answer at all.

I think it went on for over 300 days, when we had to stay unified, Democrats and Republicans saying this is what we want to do to help our people in Wisconsin, and the bureaucrats did not even have the courtesy of sending them a reply.

But when we took the welfare program and gave it back to the States, we have seen phenomenal results. It is the same model that we want to put on one of our priority projects, education. We do not want more bureaucrats here in Washington telling people who know our kids' names what they need to do in the classroom. Let the people at the local level do it. Let us empower people at the local level.

It is why we are having a tax relief package that says, let people, let families, let moms and dads, decide what to do with an 800 or 1,000 or 1,500 hours a year. Let them decide how they want to allocate that among the priorities that they have, whether it is a car, whether it is education, or whether it is health care. But let us not let a bureaucrat or politician in Washington make that decision for them.

The same thing with retirement. Let us make sure that we secure the future for our seniors by setting aside 100 percent of the FICA taxes over the next 10 years. Let us set that aside to save social security and to save Medicare, to remove that stress from them.

I yield to the gentleman from Colorado (Mr. TANCREDO), and I thank the gentleman for joining us.

Mr. TANCREDO. Mr. Speaker, I thank the gentleman for recognizing me, to allow me to discuss the subject. Something has been bothering me ever since the debate on the bill that we had on the floor of the House on the issue of the tax reduction.

I was observing the debate. It was heated. It was, I think for the most part, articulate and to the point. But one member of the opposition, a very prominent Democrat, stood at the well and said that he had been in this body for a number of years and he could remember, he said, that in 1981 we in fact put through a tax reduction package. It was actually I think in 1983.

He was talking about the fact that at that point in time, he was suggesting we were watching the same phenomenon, that we were going to put through a tax reduction package again and that we would see something similar occur.

He said what happened after we reduced taxes, essentially after the Reagan tax cuts, he said we saw an explosion of debt, and that the national debt increased dramatically. He was concerned, he said, because he believed the same thing was going to happen here.

I wanted to, at the time, come to the floor just to have the opportunity, and that is why I appreciate this moment now, to remind the gentleman that in fact what he said was accurate, we did have a tax rates reduction and we did have an explosion in debt, but it was not because we gave the people back their money, it was because there was such an increase in revenue to the Federal Government that it was, of course, spent by the Congress.

It was not a problem with the reduction of taxes, it was a problem in the increase in spending that caused the explosion in that debt.

That is exactly what we are trying to avoid with this tax cut proposal, because there is not a soul out there, Mr. Speaker, I do not care which side of the aisle Members are on, and I do not care where Members are on the political spectrum, Members cannot believe, with history as our judge, Members cannot believe that this Congress, whether it was controlled by the Republicans or Democrats, would be given another $800 billion in the till, and we cannot believe that it would be used to "pay down the national debt." It would be spent.

That is why this Congress, this majority, is hoping against hope that we can give that money back before it gets spent, or the gentleman from the other side who was talking the other night will be right, it will, of course, increase the national debt, because we will spend every dime of it if it is left here.

Mr. HOEKSTRA. I yield to the gentleman from Colorado (Mr. SCHAFFER).

Mr. SCHAFFER. I thank the gentleman. That is precisely right. The remarkable thing that this Congress needs to remember, that history shows us, and particularly the opponents who tried to stop us last week when we passed tax relief, is the lesson of President Kennedy, President Reagan, and in fact the lesson, unwillingly, the unwilling lesson learned by the present occupant of the White House. That is, cutting tax rates increases tax revenues to the Federal Government.

That is what President Kennedy discovered when he reduced tax rates. The economy grew, revenues poured into the Federal Government, people in Washington had all the money they needed to accomplish the things that they wanted to accomplish, and that is indisputable.

President Reagan reduced tax rates. Overall revenues to the Federal Government grew. The gentleman is right, at that time there was a different Congress in charge. They spent. What President Clinton discovered when the Republicans took control of the Congress was that when we reduced tax rates, the economy grows, and the Federal Government now has a surplus estimated to be to be at $800 billion over the next 10 years.

We voted last week to give it back to the American taxpayers.

Mr. HAYWORTH. If the gentleman will continue to yield, again, it bears repeating, because, Mr. Speaker, there are those in this town, principally those at the other end of Pennsylvania Avenue but also those who occupy the left side of this Chamber, who would earnestly yearn for a type of collective amnesia to embrace the American people.

The President of the United States has engaged in incredible revisionist history where he calls the largest tax increase in American history noble and justified; when he fails to recognize the contributions of this new commonsense conservative majority, which came in and reined in excessive spending, which led to this surplus; but also with his comments in January of this year, when again he stood at this podium and said, and Mr. Speaker, it bears repeating, that it was his intent to save 62 percent of the social security surplus for social security, which meant, of course, that he intended to spend the other 38 percent; and how that stands in stark contrast, Mr. Speaker, with our lockbox to lock away 100 percent of the social security surplus for social security.

Mr. Speaker, it bears repeating, consider these three $1 bills again to represent $3 trillion. Take away the zeros.

This is what our commonsense conservative majority maintains should happen. Let us take two of those dollar bills, lock them away to save social security and Medicare, and Mr. Speaker, we are left with this dollar bill, representing roughly $1 trillion of additional surplus.

We have a choice, Mr. Speaker. If we leave it in Washington, given the proclivities of our president and the temptations which he cannot withstand, that money will be spent. We believe, as the commonsense conservative majority, that the money belongs to the people who sent it here. It should go back to those people.

For my friends on the left to claim these are tax breaks for the wealthy, it is an interesting definition of wealthy. Apparently they think folks who make $40,000 a year are wealthy because those folks pay almost four times as much in taxes as the folks who earn $20,000 a year.

Mr. HOEKSTRA. Mr. Speaker, I thank my colleague, and I thank my colleagues for joining me this evening.

Just on a final note, the problem here in Washington is not revenue. In 1999 we will collect $1,821,000,000,000. By 2009 that will have increased by 50 percent; that government revenues, if we do not provide tax relief, will have increased to $2,725,000,000,000.

The problem in Washington is not revenue, the problem is we are collecting too much. We need to give tax relief and we need to control spending. We are not cutting spending, we are just slowing the growth, so Federal programs can continue. We just need to control our appetites here in Washington and secure America's future by giving American families and American individuals some of their money back.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. FOWLER (at the request of Mr. ARMEY) until 1 p.m. today on account of official business at the Pentagon.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Ms. EDDIE BERNICE JOHNSON of Texas) to revise and extend their remarks and include extraneous material:)

Mr. HOYER, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Mr. FILNER, for 5 minutes, today.

Mr. HILLIARD, for 5 minutes, today.

Mrs. CLAYTON, for 5 minutes, today.

Ms. JACKSON LEE of Texas, for 5 minutes, today.

Mr. CUMMINGS, for 5 minutes, today.

Mr. COYNE, for 5 minutes, today.

(The following Members (at the request of Mr. SMITH of Michigan) to revise and extend their remarks and include extraneous material:)

Mr. TOOMEY, for 5 minutes, today.

Mr. BURTON of Indiana, for 5 minutes, August 3.

Mr. BILIRAKIS, for 5 minutes, today.

Mrs. MORELLA, for 5 minutes, today.

Mr. KUYKENDALL, for 5 minutes, today.

Mr. SMITH of Michigan, for 5 minutes, today.

Mr. SMITH of Michigan for 5 minutes, July 30.

Mr. DAVIS of Virginia, for 5 minutes, July 28.

Mr. UPTON, for 5 minutes, today.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 296. An act to provide for continuation of the Federal research investment in a fiscally sustainable way, and for other purposes; to the Committee on Science.

S. 1402. An act to amend title 38, United States Code, to enhance programs providing education benefits for veterans, and for other purposes; to the Committee on Veterans' Affairs in addition to the Committee on Armed Services for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 604. An act to direct the Secretary of Agriculture to complete a land exchange with Georgia Power Company.

S. 1258. An act to authorize funds for the payment of salaries and expenses of the Patent and Trademark Office, and for other purposes.

S. 1259. An act to amend the Trademark Act of 1946 relating to dilution of famous marks, and for other purposes.

S. 1260. An act to make technical corrections in title 17, United States Code, and for other purposes.

ADJOURNMENT

Mr. HOEKSTRA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at midnight), under its previous order the House adjourned until Thursday, July 29, 1999, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

3233. A letter from the Administrator, Farm Service Agency, Department of Agriculture, transmitting the Department's final rule—Implementation of Preferred Lender Program and Streamlining of Guaranteed Farm Loan Programs Loan Regulations; Correction (RIN: 0560–AF38) received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3234. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting the Department's final rule—Mexican Fruit Fly Regulations; Removal of Regulated Area [Docket No. 98–082–5] received July 21, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3235. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval of Hospital/Medical/ Infectious Waste Incinerator State Plan For Designated Facilities and Pollutants: Illinois [IL188–1a; FRL–6371–5] received June 30, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3236. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality Implementation Plans; Texas; Revised Format for Materials Being Incorporated by Reference [TX–92–1–7368; FRL–6342–9] received June 30, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3237. A letter from the Acting Chief, Enforcement Division, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Policies and Rules Concerning Operator Service Providers and Call Aggregators [CC Docket No. 94–158] received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3238. A letter from the Special Assistant Chief, Mass Media Bureau, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations. (Indian Springs, Nevada, Mountain Pass, California, Kingman, Arizona, and St. George, Utah) [MM Docket No. 96–171 RM–8846 RM–9145] received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3239. A letter from the Special Assistant to the Chief, Mass Media Bureau, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations. (Lufkin, Texas) [MM Docket No. 98–125] (RM–9301) received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3240. A letter from the Special Assistant to the Bureau Chief, Mass Media Bureau, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations, (Genoa, Mt. Morris, and Oregon, Illinois) [MM Docket No. 99–64] (RM–9485) received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3241. A letter from the Special Assistant to the Chief, Mass Media Bureau, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations. (Llano, Texas) [MM Docket No. 99–131 RM–9333] received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3242. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement with Spain and Italy [Transmittal No. DTC 31-99], pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

3243. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement with the United Kingdom, Spain, and Italy [Transmittal No. DTC 42-99], pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

3244. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to France [Transmittal No. DTC 32-99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

3245. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to Japan [Transmittal No. DTC 23-99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

3246. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to France and the United Kingdom [Transmittal No. DTC 35-99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

3247. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13-99, "Equal Opportunity for Local, Small, or Disadvantaged Business Enterprises Temporary Amendment Act of 1999" received July 22, 1999, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform.

3248. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13-98, "Use of Trained Employees to Administer Medication Clarification Temporary Amendment Act of 1999" received July 22, 1999, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform.

3249. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13-104, "Taxicab Commission Temporary Amendment Act of 1999" received July 22, 1999, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform.

3250. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13-105, "Emergency Financial Assistance for Hospitals Temporary Act of 1999" received July 22, 1999, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform.

3251. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13-97, "Office of Cable Television and Telecommunications Temporary Amendment Act of 1999" received July 22, 1999, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform.

3252. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13-102, "Motor Vehicle Excessive Idling Fine Increase Amendment Act of 1999" received July 22, 1999, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform.

3253. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13-100, "Uniform Controlled Substances Temporary Amendment Act of 1999" received July 22, 1999, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HYDE: Committee on the Judiciary. H.R. 2031. A bill to provide for injunctive relief in Federal district court to enforce State laws relating to the interstate transportation of intoxicating liquor; with an amendment (Rept. 106-265). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOBSON: Committee of Conference. Conference Report on H.R. 2465. A bill making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes (Rept. 106-266). Ordered to be printed.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 2368. A bill to assist in the resettlement and relocation of the people of Bikini Atoll by amending the terms of the trust fund established during the United States administration of the Trust Territory of the Pacific Islands (Rept. 106-267). Referred to the Committee of the Whole House on the State of the Union.

Mrs. MYRICK: Committee on Rules. House Resolution 262. Resolution waiving points of order against the conference report to accompany the bill (H.R. 2465) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes (Rept. 106-268). Referred to the House Calendar.

Mr. DIAZ-BALART: Committee on Rules. House Resolution 263. Resolution for consideration of the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes (Rept. 106-269). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. LATHAM:

H.R. 2613. A bill to provide additional funding to combat methamphetamine production and abuse, and for other purposes; to the Committee on the Judiciary, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. TALENT (for himself, Ms. Velázquez, Mrs. Kelly, Ms. Millender-McDonald, Mr. Hill of Montana, Mr. Davis of Illinois, Mrs. Bono, Mrs. Jones of Ohio, Ms. Berkley, Mrs. Napolitano, Mr. Pascrell, Mrs. McCarthy of New York, Mr. Sweeney, Mr. Combest, and Mr. DeMint):

H.R. 2614. A bill to amend the Small Business Investment Act to make improvements to the certified development company program, and for other purposes; to the Committee on Small Business.

By Mr. TALENT (for himself, Ms. Velázquez, Mrs. Kelly, Ms. Millender-McDonald, Mr. Davis of Illinois, Mrs. Jones of Ohio, Mrs. Bono, Ms. Berkley, Mrs. Napolitano, Mr. Hill of Montana, Mr. Pascrell, Mrs. McCarthy of New York, Mr. Sweeney, Mr. Combest, and Mr. DeMint):

H.R. 2615. A bill to amend the Small Business Act to make improvements to the general business loan program, and for other purposes; to the Committee on Small Business.

By Mr. GOSS (for himself, Mr. Dixon, Mr. Lewis of California, Mr. Castle, Mr. Boehlert, Mr. Bass, Mr. Gibbons, Mr. LaHood, Mrs. Wilson, Mr. Bishop, Mr. Sisisky, Mr. Condit, Mr. Hastings of Florida, Mr. Gilman, Mr. Oxley, and Mr. Stearns):

H.R. 2616. A bill to clarify the policy of the United States with respect to the use and export of encryption products, and for other purposes; to the Committee on the Judiciary, and in addition to the Committees on International Relations, and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. GOSS (for himself, Mr. Lewis of California, Mr. Bass, Mr. Gibbons, and Mr. LaHood):

H.R. 2617. A bill to amend the Internal Revenue Code of 1986 to allow a tax credit for development costs of encryption products with plaintext capability without the user's knowledge; to the Committee on Ways and Means.

By Mr. ACKERMAN (for himself, Mr. Boehlert, Mr. Smith of New Jersey, Mr. Baker, Mr. Coburn, Mr. Cook, Mr. Crowley, Mr. Forbes, Mr. Frost, Mr. Gilchrest, Mr. Goode, Mr. Hall of Texas, Mr. Hilliard, Mr. Hinchey, Ms. Kaptur, Mrs. Kelly, Mr. King, Ms. Lee, Mrs. Maloney of New York, Mr. Mascara, Mr. McHugh, Mr. McNulty, Ms. Millender-McDonald, Mr. Nadler, Mr. Ney, Mr. Rahall, Mr. Romero-Barcelo, Mr. Sanders, Mr. Serrano, Ms. Slaughter, Mr. Towns, Mr. Walsh, Mr. Weiner, and Mr. Whitfield):

H.R. 2618. A bill to amend title XVIII of the Social Security Act and title IV of the Balanced Budget Act of 1997 to eliminate the 15 percent reduction in payment amounts to home health agencies furnishing home health services under the Medicare Program, and to provide for a 36-month grace period for home health agencies to repay overpayments made by the Secretary of Health and Human Services; to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. CANNON:

H.R. 2619. A bill to amend the Colorado River Basin Salinity Control Act to authorize additional measures to carry out the control of salinity upstream of Imperial Dam in a cost-effective manner; to the Committee on Resources.

By Mr. FOLEY (for himself, Mr. Lewis of Georgia, and Mr. Cooksey):

H.R. 2620. A bill to amend title XVIII of the Social Security Act to provide for coverage of glaucoma detection services under part B of the Medicare Program; to the Committee on Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. GREENWOOD (for himself, Mrs. Johnson of Connecticut, Ms. Slaughter, Ms. Jackson-Lee of Texas, and Mr. Ose):

H.R. 2621. A bill to amend the Public Health Service Act to provide for the establishment of a pediatric research initiative; to the Committee on Commerce.

By Mr. HAYES:

H.R. 2622. A bill to provide for a mechanism by which a Member of, or Member-elect to, Congress may decline an annual pay adjustment; to the Committee on Government Reform, and in addition to the Committee on House Administration, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Ms. LOFGREN:

H.R. 2623. A bill to amend the National Defense Authorization Act for Fiscal Year 1998 with respect to export controls on high performance computers; to the Committee on International Relations, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. LOWEY (for herself, Mr. Shays, Mr. Wexler, Ms. DeLauro, Ms. Millender-McDonald, Ms. Woolsey, Ms. Norton, Mrs. Maloney of New York, Mr. Olver, Mr. McDermott, Mr. Abercrombie, Mr. Towns, Mr. Waxman, Mr. Nadler, Mr. Moran of Virginia, Mrs. Mink of Hawaii, Mr. DeFazio, Mr. Stark, Mr. Dixon, Mr. Sanders, Mr. Frank of Massachusetts, Mr. Berman, Mr. Filner, Mr. Frost, Mr. Thompson of California, Ms. Pelosi, Mr. Baird, Ms. DeGette, Ms. Lee, Ms. Waters, Ms. Schakowsky, and Mr. Hinchey):

H.R. 2624. A bill to protect women's reproductive health and constitutional right to choice, and for other purposes; to the Committee on Commerce, and in addition to the Committees on the Judiciary, Education and the Workforce, Armed Services, and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. LUTHER (for himself, Mr. Holden, Mr. Frost, Mr. Baldacci, Mr. Norwood, Mr. Oxley, Mr. Farr of California, Mr. Vento, Mr. Bishop, Mr. Abercrombie, Mr. McIntyre, Ms. Woolsey, Mr. Barcia, and Mr. Filner):

H.R. 2625. A bill to amend title 10, United States Code, to temporarily expand the Department of Defense program by which State and local law enforcement agencies may procure certain law enforcement equipment through the Department; to the Committee on Armed Services.

By Mrs. ROUKEMA (for herself, Mr. Lazio, and Mr. Inslee):

H.R. 2626. A bill to amend certain consumer protection laws to facilitate the electronic delivery of disclosures and other information; to the Committee on Banking and Financial Services.

By Mr. STARK:

H.R. 2627. A bill to amend titles XVIII and XIX of the Social Security Act to prevent abuse of recipients of long-term care services under the Medicare and Medicaid Programs; to the Committee on Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. WATTS of Oklahoma (for himself, Mr. Lucas of Oklahoma, and Mr. Watkins):

H.R. 2628. A bill to amend title XVIII of the Social Security Act to provide greater equity to Medicare-certified home health agencies, and to ensure access of Medicare beneficiaries to medically necessary home health services furnished in an efficient manner under the Medicare Program; to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. HAYES:

H. Con. Res. 164. Concurrent resolution expressing the sense of the Congress that the President should adhere to a consistent policy with respect to the introduction of United States Armed Forces into hostile situations; to the Committee on International Relations.

By Mr. DOGGETT (for himself, Mr. Brady of Texas, Mr. Shays, Mrs. Capps, Mr. Olver, Mr. DeFazio, Ms. DeLauro, Mr. Oberstar, Mr. Blumenauer, Ms. Norton, Mr. Bentsen, Mr. Houghton, Mr. Bonior, Mr. Smith of Texas, Mr. Meehan, Ms. Pryce of Ohio, and Mr. Vento):

H. Res. 264. A resolution expressing the sense of the House of Representatives honoring Lance Armstrong, America's premier cyclist, and his winning performance in the 1999 Tour de France; to the Committee on Government Reform.

PRIVATE BILLS AND RESOLUTIONS

Under clause 3 of rule XII,

Mr. SHOWS introduced A bill (H.R. 2629) for the relief of Juan Carlos Lemus-Medrano; which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 6: Mr. Holt.

H.R. 22: Mr. Miller of Florida.

H.R. 44: Ms. Pryce of Ohio and Mr. Cramer.

H.R. 65: Ms. Pryce of Ohio.

H.R. 179: Mr. Gordon.

H.R. 215: Mr. Strickland.

H.R. 274: Ms. Lee.

H.R. 303: Ms. Pryce of Ohio and Mr. Gutierrez.

H.R. 329: Mr. Weiner.

H.R. 348: Mrs. Thurman.

H.R. 357: Mr. Lipinski.

H.R. 417: Mr. Wu.

H.R. 486: Mrs. Jones of Ohio.

H.R. 534: Mr. Shuster, Mr. Pitts, Mr. Doyle, Mr. Sessions, and Ms. Granger.

H.R. 623: Mr. Sawyer.

H.R. 664: Mr. Reyes.

H.R. 701: Mrs. Fowler, Mr. Strickland, Mr. Boswell, Mr. Klink, Mr. Camp, and Mr. Davis of Virginia.

H.R. 721: Mr. Olver and Mr. LoBiondo.

H.R. 732: Mr. Moran of Virginia and Mrs. Biggert.

H.R. 750: Mr. Kildee and Mr. Spence.

H.R. 783: Mrs. Thurman.

H.R. 802: Mr. Barcia, Mr. Weiner, and Mrs. Thurman.

H.R. 827: Mr. Menendez, Mrs. Kelly, and Ms. McKinney.

H.R. 828: Mr. Payne and Mr. Klink.

H.R. 838: Mr. Gordon.

H.R. 910: Mr. McKeon.

H.R. 933: Mr. Ackerman.

H.R. 997: Ms. Lee.

H.R. 1037: Mr. Abercrombie and Ms. Brown of Florida.

H.R. 1063: Mrs. Maloney of New York.

H.R. 1070: Mr. Gallegly and Mr. Canaday of Florida.

H.R. 1083: Mr. Clyburn and Mr. McHugh.

H.R. 1084: Mr. McIntosh.

H.R. 1102: Mr. Lewis of California.

H.R. 1116: Mr. Terry.

H.R. 1130: Mr. Holt.

H.R. 1180: Mr. Reyes, Mr. Sununu, Mr. Diaz-Balart, Mr. DeFazio, Mr. McCollum, Mr. Weldon of Pennsylvania, Mr. Owens, Mr. Hayes, Mr. Porter, Mr. Callahan, and Mr. Costello.

H.R. 1195: Ms. Sanchez.

H.R. 1215: Ms. Eshoo.

H.R. 1237: Mr. Smith of New Jersey and Ms. Brown of Florida.

H.R. 1256: Ms. McKinney.

H.R. 1272: Mr. Coburn.

H.R. 1292: Mrs. Morella.

H.R. 1303: Ms. Woolsey.

H.R. 1313: Mrs. Mink of Hawaii, Mrs. Lowey, and Mr. Coyne.

H.R. 1315: Mr. McKeon and Mr. Berman.

H.R. 1325: Mr. Pitts and Mrs. Morella.

H.R. 1358: Mr. Moran of Kansas.

H.R. 1441: Mr. Manzullo and Mr. Lewis of Kentucky.

H.R. 1482: Mr. Boucher.

H.R. 1505: Mr. McNulty, Mr. Visclosky, Mr. McGovern, Mr. Green of Texas, Mr. Costello, Mr. Mascara, and Mr. Blagojevich.

H.R. 1514: Ms. Eddie Bernice Johnson of Texas.

H.R. 1525: Mr. Sanders and Mr. Andrews.

H.R. 1592: Mr. English, Mr. Buyer, and Mr. Smith of Washington.

H.R. 1621: Ms. Slaughter, Mr. Walsh, Mr. Riley, Mr. King, Mr. Cramer, and Mr. Toomey.

H.R. 1622: Mr. Moore, Ms. Eddie Bernice Johnson of Texas, and Ms. Woolsey.

H.R. 1623: Mr. Dingell, Mr. Strickland, Mr. Sandlin, and Ms. Sanchez.

H.R. 1629: Ms. Roybal-Allard, Mr. Cramer, Mr. Berry, and Mr. Allen.

H.R. 1648: Mr. Maloney of Connecticut.

H.R. 1689: Mr. Isakson.

H.R. 1728: Ms. Lofgren.

H.R. 1750: Mr. Gejdenson and Mr. Watt of North Carolina.

H.R. 1777: Mr. Tierney and Mr. John.

H.R. 1791: Mr. Sherman.

H.R. 1816: Mr. Stark and Mr. Weiner.

H.R. 1820: Mr. Hinchey and Mr. Fattah.

H.R. 1824: Mr. Upton.

H.R. 1838: Mr. Calvert, Mr. Foley, and Mr. Gejdenson.

H.R. 1839: Mr. Weldon of Pennsylvania.

H.R. 1840: Ms. McKinney.

H.R. 1841: Mr. WEYGAND, Mr. GREEN of Texas, Mr. FROST, and Mr. BLAGOJEVICH.

H.R. 1887: Mr. PRICE of North Carolina, Mr. WEINER, Mr. PETERSON of Minnesota, and Mr. METCALF.

H.R. 1896: Mr. BOUCHER, Mr. MCDERMOTT, and Ms. MCKINNEY.

H.R. 1932: Mr. REYNOLDS and Mr. TOWNS.

H.R. 1960: Mr. BONIOR, Mr. MEEKS of New York, Ms. HOOLEY of Oregon, Ms. ESHOO, Mr. UNDERWOOD, and Mr. CLEMENT.

H.R. 1987: Mr. TALENT, Mr. MCINTOSH, Mr. CAMPBELL, and Mr. SAM JOHNSON of Texas.

H.R. 1990: Mr. HOYER.

H.R. 1998: Mrs. JOHNSON of Connecticut and Mr. DELAHUNT.

H.R. 1999: Mr. SERRANO.

H.R. 2004: Mr. LIPINSKI and Mr. HOLDEN.

H.R. 2030: Ms. SANCHEZ.

H.R. 2060: Mr. HILLIARD and Mrs. BIGGERT.

H.R. 2120: Mr. TIERNEY.

H.R. 2241: Mr. COSTELLO, Mr. FLETCHER, Mr. FROST, and Mrs. MCCARTHY of New York.

H.R. 2247: Mr. HILL of Montana.

H.R. 2252: Mr. FOLEY.

H.R. 2260: Mr. COMBEST and Mr. SESSIONS.

H.R. 2268: Mr. EDWARDS.

H.R. 2283: Mr. LIPINSKI.

H.R. 2308: Mr. LAZIO.

H.R. 2319: Mr. UNDERWOOD, Mr. BEREUTER, Mr. GREEN of Texas, Mr. ENGLISH, and Mr. GUTIERREZ.

H.R. 2320: Mr. RYAN of Wisconsin and Mr. DEMINT.

H.R. 2337: Mr. HILL of Montana and Mr. YOUNG of Alaska.

H.R. 2345: Ms. SLAUGHTER.

H.R. 2348: Ms. DEGETTE and Mr. UDALL of New Mexico.

H.R. 2369: Mr. HINCHEY, Mr. HOLT, Mr. MCNULTY, and Mr. PALLONE.

H.R. 2372: Mr. BARTLETT of Maryland and Mr. BARTON of Texas.

H.R. 2386: Mr. KUCINICH.

H.R. 2401: Mr. LANTOS, Mr. BECERRA, Mr. FRANKS of New Jersey, Mr. ENGLISH, Mr. GUTIERREZ, Mr. PALLONE, Mr. MCNULTY, Ms. WOOLSEY, Mr. DEUTSCH, Mr. EHRLICH, Mr. FROST, Mr. WAXMAN, Mr. BERMAN, and Mr. VENTO.

H.R. 2436: Mr. HAYES, Mr. BOEHNER, Mr. ENGLISH, Mr. BLUNT, Mr. BARCIA, and Mr. PHELPS.

H.R. 2439: Ms. LEE.

H.R. 2442: Ms. SLAUGHTER, Mr. HOEFFEL, Mr. WEYGAND, Mr. RANGEL, Mr. KILDEE, Mr. TERRY, and Mr. CAPUANO.

H.R. 2457: Ms. RIVERS.

H.R. 2505: Mr. FILNER, Mr. FROST, Ms. LEE, Mr. ABERCROMBIE, and Mr. SANDERS.

H.R. 2515: Mr. DEUTSCH.

H.R. 2550: Mr. POMBO, Mr. YOUNG of Alaska, Mr. DOOLITTLE, Mr. SKEEN, Mr. WALDEN of Oregon, Mr. RYUN of Kansas, Mr. GIBBONS, Mr. SAM JOHNSON of Texas, Mr. RADANOVICH, Mr. KNOLLENBERG, Mr. SOUDER, Mr. PACKARD, Mr. TANCREDO, Mr. CUNNINGHAM, Mr. MCINNIS, and Mr. STUMP.

H.R. 2551: Mr. BLILEY, Mr. TALENT, Mr. GOODE, Mr. BRYANT, Mr. EVERETT, and Mr. FOLEY.

H.R. 2572: Mr. BURTON of Indiana, Mr. KUCINICH, Mr. HILLIARD, Mrs. THURMAN, Mr. SCARBOROUGH, Mr. GREEN of Texas, Mr. FROST, Mr. ENGLISH, Mr. LATOURETTE, and Mrs. JONES of Ohio.

H.R. 2573: Mr. FROST and Mr. OLVER.

H.R. 2584: Mr. ENGLISH.

H.J. Res. 55: Ms. LEE.

H. Con. Res. 80: Mr. NORWOOD, Mr. GOODLING, Mr. BAIRD, Mr. CLAY, Mr. BROWN of Ohio, Mr. NEY, Mr. FORD, Mr. WAMP, and Mr. KILDEE.

H. Con. Res. 119: Mrs. KELLY.

H. Con. Res. 128: Mr. BACHUS, Mr. MINGE, Mr. MCGOVERN, Mr. SABO, Mr. TIERNEY, Mr. MARKEY, Mr. LUTHER, Mr. FRELINGHUYSEN, Mr. TOOMEY, Mrs. MEEK of Florida, Mr. HAYWORTH, Ms. BROWN of Florida, Mr. MATSUI, and Mr. LAZIO.

H. Con. Res. 147: Mr. DEUTSCH, Mr. UNDERWOOD, Mr. WEINER, Mr. MORAN of Virginia, and Mrs. THURMAN.

H. Res. 239: Mr. LARGENT and Mr. SALMON.

AMENDMENTS

Under clause 8 of rule XVIII, proposed amendments were submitted as follows:

H.R. 2587

OFFERED BY: MR. STEARNS

AMENDMENT NO. 3: Page 11, line 20, strike the period at the end and insert the following: ": *Provided further*, That nothing in this Act prohibits the Department of Fire and Emergency Medical Services of the District of Columbia from using funds for automated external defribillators.".

H.R. 2606

OFFERED BY: MR. ANDREWS

AMENDMENT NO. 5: Page 116, after line 5, insert the following:

PROHIBITION ON FUNDS FOR OIL PIPELINE FROM BAKU, AZERBAIJAN TO CEYHAN, TURKEY

SEC. 585. None of the funds made available by this Act may be used for any guarantee, insurance, extension of credit, participation in an extension of credit, reinsurance, financing, other financial or technical assistance, or other activities in connection with the purchase or lease of any good or service, or in connection with any project or activity, related to the development, construction, or maintenance of an oil pipeline from Baku, Azerbaijan, to Ceyhan, Turkey, unless there is in effect an unrescinded certification by the Secretary of State that there is a settlement to the conflict in Nagorno-Karabakh.

H.R. 2606

OFFERED BY: MR. ANDREWS

AMENDMENT NO. 6: Page 116, after line 5, insert the following:

PROHIBITION ON FUNDS FOR NEW OPIC PROJECTS

SEC. 585. None of the funds made available by this Act may be used by the Overseas Private Investment Corporation, after the enactment of this Act, for the issuance of any new guarantee, insurance, reinsurance, or financing, or for initiating any other activity which the Corporation is otherwise authorized to undertake.

H.R. 2606

OFFERED BY: MR. BROWN OF OHIO

AMENDMENT NO. 7: Page 7, line 10, after the dollar amount, insert the following: "(increased by $10,000,000)".

Page 27, line 6, after the first dollar amount, insert the following: "(reduced by $10,000,000)".

H.R. 2606

OFFERED BY: MR. MICA

AMENDMENT NO. 8: Page 22, line 17, before the period insert the following: ": *Provided further*, That of the amount appropriated under this heading, $37,500,000 shall be made available in assistance for the antinarcotics directorate (DANTI) of the Colombian National Police as follows: (1) $3,500,000 for GAU 19 protection systems for the 6 existing Black Hawk utility helicopters of the Colombian National Police, including 1 such system for each helicopter, mounting, installation, and a maintenance and training package; (2) $3,500,000 for .50 caliber ammunition for such GAU 19 protection systems; (3) $2,500,000 for upgrade of the hangar at the Guaymaral helicopter base; (4) $6,500,000 for construction of a hangar facility at the El Dorado Airport in Bogota, Colombia, to provide a secure area for storage and maintenance work on the fixed wing and rotar wing aircraft of the Colombian National Police; (5) $2,500,000 to purchase 19 additional MK-44 miniguns for the "Huey" II utility helicopters to be provided to the Colombian National Police; (6) $3,500,000 for 7.62 ammunition for such MK-44 miniguns; (7) $8,000,000 for forward looking infra red (FLIR) systems for 15 of the "Huey" II utility helicopters referred to in paragraph (5); (8) $3,500,000 for field gear for aviation and ground officers of the Colombian National Police, including ballistic protective mats, ballistic protective vests, helmets and field harnesses, canteens, and magazines; (9) $3,000,000 for the establishment and operation of a Colombian National Police customs facility in Cartagena, Colombia, including additional training for Colombian National Police personnel by United States Customs Service personnel; and (10) $1,000,000 for intelligence equipment for the Colombian National Police, including sensors and monitoring and surveillance equipment.

H.R. 2606

OFFERED BY: MR. PAUL

AMENDMENT NO. 9: At the end of the bill, insert after the last section (preceding the short title) the following:

LIMITATION ON FUNDS FOR ABORTION, FAMILY PLANNING, OR POPULATION CONTROL EFFORTS

SEC.   . None of the funds appropriated or otherwise made available by this Act may be made available for—

(1) population control or population planning programs;

(2) family planning activities; or

(3) abortion procedures.

H.R. 2606

OFFERED BY: MR. STEARNS

AMENDMENT NO. 10: Page 116, after line 5, insert the following:

REPORT ON ATROCITIES AGAINST ETHNIC SERBIANS IN KOSOVO

SEC.   . None of the funds appropriated or otherwise made available by this Act in title III under the heading "PEACEKEEPING OPERATIONS" may be obligated or expended for peacekeeping operations in the Kosovo province of the Federal Republic of Yugoslavia (Serbia and Montenegro) until the Secretary of State prepares and submits to the Congress a report containing a detailed description of the atrocities that have been committed against ethnic Serbians in Kosovo, including a description of the incident in which 14 Serbian farmers were killed on or about July 25, 1999, and a description of actions taken by North Atlantic Treaty Organization (NATO) forces in Kosovo to prevent further atrocities.

H.R. 2606

OFFERED BY: MR. STEARNS

AMENDMENT NO. 11: Page 116, after line 5, insert the following:

LIMITATION ON FUNDS FOR PEACEKEEPING OPERATIONS IN KOSOVO

SEC.   . None of the funds appropriated or otherwise made available by this Act in title III under the heading "PEACEKEEPING OPERATIONS" may be obligated or expended for peacekeeping operations in the Kosovo province of the Federal Republic of Yugoslavia (Serbia and Montenegro).

EXTENSIONS OF REMARKS

THE INTRODUCTION OF THE MEDICARE GLAUCOMA DETECTION ACT OF 1999

HON. MARK FOLEY

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. FOLEY. Mr. Speaker, I am pleased to introduce the Medicare Glaucoma Detection Act of 1999 today. Although it is not a disease that is always at the forefront of our attention, glaucoma is a significant cause of legal blindness in this country. An estimated 80,000 Americans are blind because of this disease. Alarmingly, at least two million individuals have glaucoma and estimates show that at least half of them are not aware of it.

Medical science has shown that glaucoma can be prevented or delayed through early diagnosis and treatment. Preliminary data indicates that early detection in many cases can lead to treatment through pharmaceutical intervention rather than through surgery. I see no reason that America's seniors should risk losing their sight, and consequently their independence, from glaucoma if we can effectively identify and treat this disease early. Unfortunately, current Medicare coverage of glaucoma testing is inadequate. Current coverage is only available for those who show clearly identifiable symptoms of the disease. However, for many people, this could be too late.

The Medicare Glaucoma Detection Act will expand coverage of glaucoma testing to include all Medicare patients 65 and older, Medicare-eligible individuals aged 60 to 64 who have a family history of glaucoma and other high risk populations identified by the Secretary of Health and Human Services. Covered services will include a series of tests which must be performed in combination by an ophthalmologist in order to successfully detect the disease.

Preventive care, like early disease testing, has proven to be highly effective in reducing the seriousness of many diseases and in improving the recovery time and quality of life for those who suffer from them. It only makes sense that coverage of glaucoma testing should be expanded in light of the known value of preventive care. Therefore, I would encourage my colleagues to join me in supporting this bill.

RECOGNITION OF S. 76, THE TRAFFIC ENFORCEMENT STATISTICS BILL AS INTRODUCED BY STATE SENATOR FRANK W. BALANCE, JR., RALEIGH, NORTH CAROLINA

HON. BOB ETHERIDGE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. ETHERIDGE. Mr. Speaker, as a strong proponent of equal enforcement and protections under the law, I rise today to call the attention of the Congress to North Carolina Senate Bill (SB) 76, "Traffic Enforcement Statistics" legislation introduced by North Carolina State Senator and Deputy President Pro Tempore Frank W. Balance, Jr. Governor James B. Hunt of North Carolina signed SB 76 into law on April 22, 1999.

SB 76 will greatly assist in determining whether minorities are treated fairly by highway patrols along North Carolina roads and highways by requiring troopers to record the race, age and sex of every driver stopped as well as to cite the reason for particular stops. The collected data will be presented by the Attorney General's Office in a biennial report to the General Assembly. As the chief sponsor of the bill, Senator Balance argued that "there should not be a crime called 'driving while black.'"

Mr. Speaker, SB 76 can serve as a viable model for other states experiencing similar concerns about equal enforcement of traffic laws as well as for our nation. To provide you with more detailed information regarding this important legislation, I am submitting the text of SB 76 along with an article from the Raleigh News & Observer. I encourage my colleagues to read this article and consider SB 76's applicability for your states and on the federal level.

ELECTRONIC DISCLOSURES DELIVERY ACT OF 1999

HON. RICK LAZIO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. LAZIO. Mr. Speaker, Today, I join Congresswoman ROUKEMA and Congressman INSLEE in introducing, The Electronic Disclosures Delivery Act of 1999. The legislation addresses the rapidly increasing role of computers and telecommunications technology in the delivery of financial products and services of all kinds. Providing financial services such as mortgages, insurance and securities over the Internet is redefining the banking and investment industries and promises to be an area of explosive growth over the next five years.

The legislation only addresses electronic delivery of information to and from consumers and financial services providers. It does not affect the rights and responsibilities of any party or the content of any disclosure, including both the timing and format of disclosures and the information to be provided. The bill makes it possible for these disclosures to be given to the consumer efficiently and in a more user friendly format than is currently the practice. Over the Internet, consumers will be able to conduct transactions virtually anywhere and at any time, 7-days-a-week, 24-hours-a-day. Internet commerce will increase consumer convenience, through reduced costs and more "one-stop shopping."

Many of the federal laws that regulate mortgage transactions, including the Real Estate Settlement Procedures Act (RESPA), mandate the delivery of disclosures to consumers. However, in most cases, these laws were adopted to apply to face-to-face or paper transactions, and do not easily accommodate on-line transactions. RESPA is a statute that has not been free from controversy—many would argue that substantive provisions of that law are in need of clarification. However, the legislation that we are introducing today focuses only on the electronic delivery of disclosures. I believe that the on-line delivery of disclosures deserves review apart from the overall RESPA reform.

Let me give you a sense of the impact of the Internet on the financial services industry:

International Data Corporation forecasts that total worldwide commerce on the Internet will grow from an estimated $32.4 billion in 1997 to an estimated $425.7 billlion in 2002.

According to Jupiter Communications, the number of on-line banking households in the United States is projected to grow from an estimated 4.5 million in 1997 to an estimated 17.1 million in 2002. Jupiter Communications further indicates that the percentage of these on-line banking households utilizing Internet banking is projected to rise from an estimated 8 percent in 1996 to an estimated 80 percent in 2000.

A recent Forrester Research, Inc. report indicates that by the year 2003, nearly $100 billlion or 10 percent of the mortgage market will be generated online, while other reports project the market share for Internet originations to be as high as 30 percent by the year 2005.

The Forrester study also indicated that in the view of the financial services industry one of the principal impediments to progress in the offering of mortgages over the Internet is outdated laws and regulations.

The Congress and the regulators must play a leadership role in updating many of the consumer protection laws to reflect new technologies and establish a coherent legislative framework to deliver financial services and products through electronic commerce. As chairman of the Housing Subcommittee I look forward to working with Congresswoman ROUKEMA and Congressman INSLEE to promote these legislative changes that will enhance

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

consumer access to financial products while maintaining appropriate consumer protections.

THE NAVY AND VIEQUES

HON. TONY P. HALL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. HALL of Ohio. Mr. Speaker, in April, U.S. F–18 fighter jets accidentally dropped two 500-pound bombs on an observation post nearly a mile from their target on the Puerto Rican island of Vieques, killing a civilian and wounding four others. Although Vieques has housed a naval live-fire training facility for over 50 years, there are 9,300 civilians who live on the island.

The following research memorandum was authored by Rebecca Brezenoff, a Research Fellow with the Washington-based Council on Hemispheric Affairs (COHA). This timely and pertinent article investigates the issues and delves into the history of naval operations on the island of Vieques:

Washington now finds itself embroiled in a sticky problem on the little-known Puerto Rican Island of Vieques, the site of one of its more perplexing public relations nightmares. Recent tragic events resulting from the military's continuing use of most of the heavily inhabited but relatively small island as a live-weapons storage and training facility present the Clinton Administration with a growing need to reevaluate its policies there. The increasingly militant demonstrations now being staged in Puerto Rico against the Vieques facility and the unity of the Puerto Rican population on the issue suggest that the problem will not go way, but requires some hard decisions now.

The island-municipality, located just off Puerto Rico's southeastern coast, once again emerged into the national news following its latest fatal accident in April, when two Marine fighter jets on a night training run over Vieques missed their mark by a mile and dropped bombs near an observation post, killing a civilian security guard and injuring four other people. Certainly not the first serious incident to have afflicted the training facility, it is one that is likely to remain in the headlines as it prompts heated debate among citizen groups and government leaders, both here and in Puerto Rico. For decades, civilians on the island have suffered the effects of friendly fire. This time, a propitious moment may be at hand for the Pentagon to review its options and have the wisdom to dismantle the base.

The Navy's primary argument in favor of Vieques' continued use has been the unparalleled importance of the live-ammunition training grounds for military readiness. The facility has been used by U.S. military personnel since 1941, when the Navy expropriated more than two-thirds of the 51-square-mile island for weapons storage and for ordinance training, involving bombings, shellings, and mock invasions.

Vieques' usefulness is indisputable. But the Navy is not the island's only tenant; a permanent community of 9,300 inhabitants occupies one-third of it. It would be disingenuous to argue that the naval presence is not detrimental to the lives and livelihoods of the local population. Far from it. This week, the Navy admitted, after years of denials, to dropping 24 napalm bombs on Vieques in 1993. In February of this year, depleted uranium (believed to be linked to Gulf War Syndrome) was illegally discharged by Marine jets during a training exercise. On an island plagued by a cancer rate significantly higher than that of Puerto Rico, the firing of radioactive shells—only a fifth of which were actually recovered during "cleanup"—has not inspired confidence in the Navy's pledge of enhanced attention to safety. Nor is the local populace reassured by current plans to install a powerful anti-drug trafficking radar system, whose electromagnetic waves would be capable of reaching the mainland of South America.

Faced with encroaching environmental damage, stunted economic development due to declines in the fishing and tourism industries, crushing unemployment, the constant pounding of heavy artillery and the drone of low-flying aircraft, damage to building caused by vibrations from war games, and the ongoing danger of bombing accidents from ships and planes, Viequenses have been both figuratively and literally raked by all branches of the military. And not just the U.S. military. The participation of foreign armed forces as well as commercial entities has been solicited—even via advertisements on the Navy's website—for a price. The fees collected in 1998 alone amounted to $80 million, but the increased bombing volume further strained the island's economy and worsened living conditions.

For all the Navy's purported efforts to be a good neighbor to the Viequenses, it words and deeds are today viewed with mistrust. Assurances that the accidentally discharged depleted uranium and the electromagnetic frequencies of the powerful anti-drug trafficking radar pose no threat to human health are dismissed as inaccurate, if not deliberately misleading. Shortly after the mid-May announcement that the Navy would be returning a portion of its land on Vieques to civilian jurisdiction, a fisherman found a 12-foot torpedo near the island's main town. Even the U.S. panel recently established to conduct a thorough study of the Navy's presence on Vieques is seen by skeptics as weighted toward the armed forces—only one of its four members comes from a civilian background. The unfortunate combination of military mistakes and miscalculations, together with questionable judgments and belated admissions, has created for the U.S. authorities a situation as ominous as the unexploded bombs and missiles that often appear on the beaches of Vieques. With the integrity of the inquiry already called into question, Washington will face the difficult task of defending any decision that falls short of completely phasing out the facility.

Short of the forced relocation of over 9,000 people, no modification to the current program can adequately safeguard the residents of Vieques, whereas locating a viable substitute—an unoccupied island—and installing a new training facility, while difficult and costly, remains feasible. The Pentagon has had to reject plans for bases in other locations for such reasons as proximity to population centers and the periodic presence of federally protected migratory birds. Regardless of the recommendations due in August from the commission examine future military use of the island, the White House cannot allow itself to give any less consideration to Vieques' population. Continued live-ordnance target practice on a heavily inhabited island is indefensible, and it is time for the 60-year practice to end.

HAPPY RETIREMENT TO PATRICK KEOHANE

HON. ROY BLUNT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. BLUNT. Mr. Speaker, I rise today to note the passing of an era in the Federal Bureau of Prisons. Mr. Patrick Keohane will retire August 31 as warden of the Federal Medical Center in Springfield, Missouri. That will mark the end a period of over 30 years in which Warden Keohane or one of his two brothers has been a warden somewhere at a federal prison in the United States. It is reportedly the longest period of similar service of any family in federal prison history.

The Keohane family association with the federal prison system goes back even further to Patrick's father Tom who retired as a senior lieutenant after 31 years of service with the Bureau of Prisons. Tom and his wife Nora raised ten children—six boys and four girls—in Springfield, Missouri. Pat and four of his five brothers served in the military.

It is only fitting that Pat is retiring while warden of the Federal Medical Center in Springfield, because it was in Springfield that he began his civilian career in criminal justice as a member of the Springfield Police Department in 1964. It was only 2 years after beginning work for the Federal Prison System in 1967 as a correctional officer that he was transferred to the Springfield facility in 1969. While there, he completed his degree in law enforcement and corrections in 1974 at Drury College.

Pat Keohane has served with distinction in federal prison facilities in Indiana, Wisconsin, Florida, Pennsylvania, New York, Kansas, and Illinois. He was promoted to warden in 1985 and since then has led facilities in Pennsylvania, Indiana, and California, returning to Springfield, Missouri in 1996.

As I mentioned earlier, service for the Keohanes in the Federal Prison System is a family thing. Two of his older brothers each retired with 27 years of service. In fact, they are the only family in the Nation in which three brothers served as wardens in the Federal Bureau of Prisons, and the only one where two brothers, both served as wardens of the same Federal institution at different times—and they accomplished that on two separate accessions.

Besides his family distinctions, Pat Keohane, has received numerous honors and recognitions, including the 1994 Warden of the Year award from the North American Association of Wardens and Superintendents and the U.S. Attorney General's Award for Distinguished Service from Attorney General Janet Reno.

He is being honored later this week at dinner in his hometown in the Seventh District of Missouri. I know that my colleagues in the House join with me in expressing their appreciation for a lifetime of outstanding service to the citizens of these great United States and best wishes for a very happy future to Warden Patrick W. Keohane of Springfield, Missouri.

NATO'S OBLIGATION TO THE SERBS

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. FRANK of Massachusetts. Mr. Speaker, in the Boston Globe for today, Tuesday, July 27, there is an excellent editorial occasioned by the terrible murder of 14 Serb farmers in Kosovo. As the editorial notes, NATO—with the United States as a lead member—has an absolute obligation to do everything humanly possible to apprehend the murderers of these men, and of course an even greater obligation to do everything humanly possible to prevent any recurrence of this sort of outrage.

I believe that the military action in which America took the lead against Serbia was morally justified by the need to prevent the continued systematic oppression of the Albania population of Kosovo. But exactly the same moral considerations demand that we do a better job than we have of protecting the Serbian people left in Kosovo.

The Boston Globe editorial is a forceful, lucid and morally compelling statement and I ask that it be printed here.

NATO'S OBLIGATION TO THE SERBS

Precisely because NATO's justification for intervention in Kosovo was humanitarian, the NATO allies must not allow Friday's gruesome slaughter of 14 Serb peasants in Kosovo to go unpunished. A war for humanitarian motives contradicts its own purpose if it leaves one group of noncombatants unprotected.

The Serb demagogue Slobodan Milosevic understood immediately the political implications of the murders. The next day he said the slaughter of Serbs in a province that NATO still recognizes as an integral part of Serbia proves that there is a need for Yugoslav soldiers and Milosevics special police to return to Kosovo.

Such a return of Milosevic's ethnic cleansers would, of course, vitiate NATO's military triumph. Milosevic can have no illusions about the possibility that his killers and rapists will be allowed any time soon to return to Kosovo. But his political point is well taken. If Serb civilians can be massacred at will in Kosovo, then NATO's propaganda is negated and the allies' war against Milosevic can be described as a naked power grab—an effort to steal a Serb province from its rightful owners.

To prove this was not NATO's war aim, the allies keeping the peace in Kosovo and the UN bureaucrats managing the province's rehabilitation must act quickly and decisively.

Although Hashim Thaci, the Kosovo Liberation Army's self-appointed prime minister, has said members of his provisional government "strongly condemn this act," the KLA must be encouraged to take a public role in locating the killers of the 14 Serbs. At the same time, the NATO countries must send to Kosovo the full complement of peacekeepers they promised. At present, only 60 percent of the 32,000 have arrived.

The revenge killings also illustrate the need for rapid dispatch of 3,000 more international police. Only 170, a small fraction of those committed, are yet serving in Kosovo. If the NATO allies allow Serbs to be murdered and expelled from Kosovo, they will lose in peacetime the war they thought they won from the air.

IN MEMORY OF WILLIAM WILSON STERRETT

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. SKELTON. Mr. Speaker, it has come to my attention that William Wilson Sterrett, of Independence, Missouri, passed away on June 20, 1999.

Born June 15, 1909, in Slater, Missouri, Mr. Sterrett was the son of the late Joseph B. and Elizabeth Galdwell Sterrett. He married Rachel W. Finch on December 19, 1936, in Washington, DC.

Mr. Sterrett was a 1926 graduate of Slater Higher School and a 1930 graduate of Missouri Valley College in Marshall. He attended the University of Missouri-Columbia for two years and graduated from George Washington, University Law School in 1935. He served as Deputy Circuit Clerk of Saline County from 1932–1934. He passed the Bar in December 1934 and practiced law in Saline County for 53 yeas at Sterrett Law Office. He was secretary to Congressman William Nelson in Washington, DC, from 1934–40. He was with the General Accounting Office in Washington, DC, for two years, the War Production board for a year, and the Air Transport Command for two years. He returned to Slater in 1946 where he served as city attorney from 1946–1981.

Mr. Sterret was active in the community. He served as chairman of the Saline County Red Cross and on the Slater Public School board from 1948–52. He was a member, deacon, trustee, elder and Sunday school teacher at the Slater Presbyterian Church. He was president of the Saline County Bar Association from 1983–91 and vice president from 1991–93. He was a longtime member of the Slater Rotary club where he was a past president and the club's first Paul Harris Fellow in 1995. He was a United States Army/Air Corps veteran of World War II and a member of the American Legion Post #78 in Slater. He was a Boy Scout Counselor since 1950 and received the Missouri Valley College Outstanding Alumnus Award in 1996. He served on the board of directors at the State Bank of Slater for 53 years.

Mr. Speaker, I know the Members of the House will join me in extending heartfelt condolences to his wife, Rachel; his two sons, Joseph and James; and his three grandchildren.

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2000

SPEECH OF

HON. GEORGE R. NETHERCUTT, JR.

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 22, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2561) making appropriations for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes:

Mr. NETHERCUTT. Mr. Chairman, in my previous statement in support of H.R. 2561, I addressed the much needed funds for KC-135 tanker aircraft that this bill provides. It is my hope that the Air Force will look at locating these reengined National Guard aircraft consistent with ongoing total force initiatives to maximize Guard and Active efficiencies through enhanced integration and commonality of equipment.

I am also supportive of the quality of life initiatives contained in this legislation. We have provided for significant increases in spare parts, $453 million over the request, equipment repair, $279 million over the request, and real property maintenance, $854 million over the request. We also provide an additional $88 million for soldier support equipment, such as cold weather clothing and initial issue equipment. Spare parts, well-maintained facilities and quality equipment is as important to a soldier's morale as a pay raise, and this bill meets both requirements.

As Chairman of the Diabetes Caucus, I am pleased that the bill also supports a continuing project with the Joslin Diabetes Center, which serves to enhance the lives of military personnel and their dependents. The partnership with Joslin will reduce human suffering and health care costs associated with diabetes for DOD personnel and VA beneficiaries, using strengths in the areas of research, detection, prevention and managed care protocols.

This legislation will meet critical modernization and quality of life needs and deserves the support of all members.

IN MEMORY OF THE LATE BETTY LOU STEVENSON

HON. EDWARD R. ROYCE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. ROYCE. Mr. Speaker, I would like to honor the memory of Betty Lou Stevenson by submitting the following article from the Fullerton Observer, honoring her "life of inspiration", for the RECORD.

[From the Fullerton Observer, Issue Number 322, July 1999]

BETTY LOU STEVENSON—A LIFE OF INSPIRATION

"Service Above Self" best summarizes the extraordinary life of Betty Lou Stevenson. Over 300 community members attended her memorial at St. Andrews Episcopal Church in Fullerton on June 7, 1999 to honor her enormous contributions and positive, energetic spirit. She was very proud of her Scottish heritage and a bagpiper performed at her memorial service. Those in attendance also learned some of the following about this remarkable lady.

Betty Lou was born in Portland, Oregon. Her father being a construction engineer, the family moved on average of once a year, meaning Betty Lou was perpetually the "new student" in school. She learned to "go with the flow" and be comfortable in almost any social situation Betty Lou attended the University of Oregon from 1937–40, where as President of her Chi Omega sorority and of the Heads of Houses she was listed in Who's Who in America Universities and Colleges

(1939-40). Upon graduating from college, Betty Lou and her family moved to Fullerton. The town has never been the same.

Many of Betty Lou's accomplishments occurred while acting in the capacity of single parent to her two sons after her 19-year marriage ended in divorce. While holding down her full-time teaching positions, donating hours of volunteer time and being a single mother she somehow managed to attend night school classes at Whittier College ultimately earning her Master's degree.

Betty Lou Stevenson loved teaching. During her 35 years as a 7th grade math teacher a minimum of 5,000 students passed through her classes and achieved success. Irving Wright, Betty Lou's principal at Wilshire Jr. High, spoke for most of those who knew her when he stated that he admired her tremendously and considered her a wonderful lady. In addition to teaching math at both Wilshire and Nicholas Junior Highs, Betty Lou worked on the yearly Christmas program. Her tireless devotion to her students, school and fellow staff, earned her recognition from the school board for "Distinguished Service to the Fullerton School District."

In 1972 Betty Lou became President of the Fullerton Elementary Teachers Association (FETA). The only walkout in the history of the Fullerton School District occurred the following year. A key factor in the resolution of the negotiations impasse was her participation and leadership.

Volunteering was an essential part of Betty Lou's life. She was a charter member and supporter of the Heritage House at the Fullerton Arboretum spending many a Sunday as a docent, sharing her love of Victorian history with visitors. During the week she often led tours through the House for school groups. Betty Lou loved working at the Heritage House because it reminded her of her happy childhood in Portland and the house that she was born in, which still stands today in a historical neighborhood. Betty Lou also served as a docent for the Art Alliance at Cal State Fullerton, leading groups of high school students through the art galleries.

Upon her retirement Betty Lou devoted even more time to her volunteer efforts. She kept a daily calendar by her telephone to keep track of all her activities. As her calendar shows, being involved in up to four separate activities in one day was not unusual. At the time of her death, she was an active member in 9 major organizations, including the California Retired Teachers Association; PEO; Continuing Learning Experience at Cal State; Delta Kappa Gamma; charter member of AAUW. In all these groups Betty Lou served as President and helped out in any way she was needed, from serving as an officer to serving on the cleanup committee. In short, Betty Lou was a truly dedicated volunteer.

Betty Lou had many varied interests from her decorated egg collection featured in an exhibit at the library, to bridge, to reading and traveling to learn about different cultures. Betty Lou was stylish and hats were one of her trademarks. At St. Andrew's church where she was a member for over 50 years, she was affectionately referred to as the "hat lady." She organized and worked in the parish Clothes Closet from its inception in 1986 distributing clothes to the homeless.

Some of the essence of Betty Lou can be understood from her own words in 1998. Thararat Charconsonthichai, a graduate student at Cal State who extensively interviewed Betty Lou for "The Life Story of Elizabeth Louise Stevenson," said, "Optimism, or the belief that whatever happens will be good, is the essential theme she employed in explaining herself and her life to me." Betty Lou put it this way: "I am an optimist even when I face troubles. I was disappointed that my marriage did not work. That was difficult for me. But I never looked at the bad side. I am basically not a down person. Of course I have disappointments; we all have those. But I always look for something that helps. Nowadays it is not easy to live without an education, especially for women. Women should develop skills to help themselves if such a thing as divorce happens." Betty Lou's career as a teacher and lifelong volunteer for groups with educational missions, underscored her commitment to seeing ideal realized.

At the memorial service, the eulogy was delivered by Father Mark Shier, Rector of St. Andrews. Most fittingly, at the conclusion the audience rose and gave a standing ovation for the life of Betty Lou Stevenson—a life from which we can all gain inspiration.

The family asks that in lieu of flowers donations in Betty Lou's name be made to Fullerton Arboretum or CLE.

IN MEMORY OF THE LATE MRS. ERIS L. RUDMAN

HON. JERRY WELLER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. WELLER. Mr. Speaker, I rise today to honor Mrs. Eris L. Rudman and the preserved prairie named in her memory located in Frankfort, Illinois.

Forty-five years ago, Mrs. Rudman made Frankfort, Illinois her home. She had just served our country in the Korean War as 1st Lieutenant in the U.S. Army Nursing Corps and received combat decoration while serving in an evacuation hospital. Upon arriving in Frankfort, Mrs. Rudman actively developed and maintained the village's first park long before it was acquired officially by the park district. She also indulged in gardening and the people of Frankfort can still appreciate her toils by strolling down Nebraska and Locust streets and gazing at the crab apple trees she and volunteers had planted years ago.

Her community spirit did not end with the environment. Mrs. Rudman served on the Frankfort Planning Commission for sixteen years. She also played an integral role in the publishing and editing of the Frankfort News, a weekly community newspaper, for twenty-three years. In 1984, Mrs. Rudman was named Frankfort's first Citizen of the Year. She was also Grand Marshall of the Frankfort Fall Festival Parade in 1994. Sadly, Frankfort lost this civic minded patriot three years ago in 1996.

The Eris L. Rudman Prairie in nearly four acres of land located south of the Frankfort Public Library parking lot. It was recently planted with a variety of spring and fall blooming flowers. There are 3,100 plants in all which have been complimented with six different kinds of grasses.

Mr. Speaker, I believe it is fitting and appropriate to honor the life of Mrs. Eris L. Rudman, the years of her community building activity, and the prairie which bares her name.

HONORING STUART A. VANMEVEREN

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. SCHAFFER. Mr. Speaker, I rise today not only to extend congratulations to a national figure, but also to tell you how proud I am this honoree hails from, and lives in, my home town of Fort Collins, Colorado. Mr. Stuart A. VanMeveren, the District Attorney who has served Larimer County for twenty-seven years, has been elected the new president of the National District Attorneys' Association (NDAA).

This organization is the largest national professional organization specifically serving the needs of prosecutors in the United States. NDAA is truly a national organization which represents the interests of prosecutors not only from major metropolitan areas, but rural communities like those found in Larimer County.

I have known Stu for fifteen years, but now I'm looking forward to working more closely with him as he directs the NDAA testifying before congressional committees, working with the U.S. Department of Justice, and other federal agencies on matters of public policy affecting the safety of America's communities.

The National District Attorneys Association is going into its fiftieth year of service. I cannot think of a more qualified individual to lead NDAA into the twenty-first century. Stu VanMeveren truly embodies the mission statement of NDAA which is "To be the voice of America's prosecutors and to support their efforts to protect the rights and safety of the people."

TRIBUTE TO CAPTAIN ALEXANDER J. SABOL ON HIS RETIREMENT FROM THE UNITED STATES NAVAL RESERVE

HON. ALAN B. MOLLOHAN

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. MOLLOHAN. Mr. Speaker, I rise today to honor Captain Alexander J. Sabol for his distinguished career and retirement from the United States Naval Reserve.

Captain Alexander J. Sabol was born in Steubenville, OH, on December 14, 1952. He was raised in the steel town of Weirton, WV, and graduated from Weir Senior High School in 1970. In December 1974, he graduated from West Liberty State College, WV, with a bachelor of science degree in business administration with a speciality in marketing.

Captain Sabol entered the Navy through the Aviation Reserve Officer Candidate Program at Pensacola, FL, in August 1974 and was commissioned an ensign on April 1975. He was assigned to training squadrons VT–1, VT–2, HT–8, and HT–18 at NAS Whiting Field, FL, from March 1975 to July 1976 and earned his wings and was designated a naval aviator in July 1976.

Captain Sabol served his first tour as a T–28B/C instructor pilot and ground safety officer from August 1976 to September 1978. In September 1984, he transferred to HM–12, NAS Norfolk, VA, as a pilot under instruction to qualify in the RH–53D, Sea Scallion helicopter to conduct missions in Airborne Mine Countermeasures. From April 1979 through February 1981, he served his first Fleet tour with HM–16, NAS Norfolk, VA performing duties as communications officer and avionics/weapons officer. He then transferred to shore duty in February 1981 to HM–12, NAS Norfolk, VA, and served as a RH–53D instructor pilot, assistant operations officer, RH–53D NATOPS officer, RH–53D model manager, COMNAVAIRLANT RH–53D NATOPS evaluator, and assistant maintenance officer until October 1985. He also served in a temporary duty status as the HM class desk to COMHELTACWING ONE, NAS Norfolk, VA, from April 1984 until November 1984.

Captain Sabol joined the Naval Reserve and was selected for the Training and Administration of the Reserves Program in October 1985 where he was assigned to the Naval Air Reserve Norfolk, VA, as the HM program manager and the naval air coordinator for the establishment of HM–18. In September 1986, he was assigned to HM–18 as operations officer, security officer, and RH–53D NATOPS officer. He then transferred to COMHELWINGRES, NAS North Island, CA as the first HM class desk, COMNAVAIRESFOR RH–53D NATOPS evaluator, and the Naval Air Reserve coordinator for the establishment of HM–19 from November 1987 to June 1989. He then was assigned as the officer-in-charge of HM–18, Norfolk, VA, from June 1989 to July 1991. From July 1991 to December 1993, he served as the executive officer and later as the commanding officer of HM–19, NAS Alameda, CA. He then attended the Naval War College, Newport, RI, from December 1993 until March 1995 and received a master of arts degree in national security and strategy and policy.

He then received orders to the staff of the Chief of Naval Operations, Director of Naval Reserves in the Pentagon, Washington, DC, from March 1987 to November 1996 serving as the Manpower Branch head and then late as the Director, Manpower, Personnel, Training, and Mobilization. In November 1996, he was assigned to the Office of the Assistant Secretary of Defense for Reserve Affairs in the Materiel and Facilities Deputate as the Director of Materiel.

Among his awards and decorations are the Meritorious Service Medal with one star, Navy Commendation Medal with one star, Navy Achievement Medal, navy Unit Commendation with one star, Meritorious Unit Commendation with two stars, Battle "E" ribbon with two "E"s, Navy Expeditionary Medal with one star, National Defense Service Medal, Sea Service Deployment Ribbon with one star, and Armed Forces Reserve Medal with Bronze Hour Glass. He was appointed to the rank of captain on 01 August 1996.

Captain Sabol resides in Centerville, VA, with his wife Anne, also of Weirton, WV, and their two children, Bryon (19) and Alexis (16).

BICENTENNIAL OF RAVENNA, OHIO

HON. TOM SAWYER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. SAWYER. Mr. Speaker, 1999 is a special year for Ravenna, Ohio. In 1799, on the cusp of a new century, Benjamin Tappan became the first settler of what is now Ravenna, in Portage County. The bicentennial of that humble beginning is being celebrated and commemorated throughout the year.

In many ways, Benjamin Tappan demonstrated in one person the diverse talents that have been so instrumental in America's growth. And, in much the same way, the story of Ravenna is the story of America.

Benjamin Tappan apprenticed as a copperplate printer and engraver and studied portrait painting under Gilbert Stuart. He practiced law, served in the World War of 1812, and served in public life as a state senator, judge, canal commissioner, and U.S. Senator. He was, by all accounts, an independent thinker, an opponent of slavery, and a man of immense talents and principle. In short, an American archetype.

Just as Benjamin Tappan's life was characteristic of the early settlers of the wilderness that was Ohio, Ravenna's history is one of growth, adaptation, pride, and hard work.

In the 1820's, Ravenna benefitted from construction of the Pennsylvania and Ohio Canal, popularly known as "The Cross Cut," running from Akron to the Ohio River.

As technology and transportation changed, so did Ravenna. Beginning in the 1850's, the railroads arrived, gradually supplanting the canals. In the years following the Civil War, assisted by the railroads, Ravenna emerged as a manufacturing center. From glassworks to coaches, from woolen mills to cereal mills, and from foundries to rubber, Ravenna has made the tools that built America, the fabric that clothed America, the cereal that fed America, and the balloons that brightened America.

Today, access to both rail and highway transportation has helped Ravenna to attract and maintain industry, even as the region and the nation changed.

It could be said, Mr. Speaker, that there is nothing very special in any of this. Many towns, cities, and regions have changed as the nation and the economy have changed. But it is this apparent familiarity that makes Ravenna special—a community able to maintain its sense of self, its pride of achievement, celebrating its past while looking to the future. Like Benjamin Tappan, as American archetype.

The calendar of events marking this bicentennial is remarkable for its breadth, variety, and sense of fun. Two hundred trees have been planted to mark Ravenna's 200th birthday. There have been presentations of local history, workshops on making memory scrapbooks, a horse show, proclamations, and a golf outing. Still to come are a concert, a parade, fireworks, an art show, a raffle, trolley tours, and the 21st annual "Balloon-A-Fair," a continuing celebration of Ravenna's pride in its lighter-than-air heritage. In short, even as Ravenna celebrates, it cheerfully demonstrates the adage that "it's great to visit the past, but you don't have to live there to enjoy it." The past and the future share a home in Ravenna, Ohio.

At 200, Ravenna has a full, rich heritage, and on the cusp of another new century, the promise of even better things to come.

IN RECOGNITION OF THE AMERICORPS YOUTH PRIDE PROGRAM

HON. PETER DEUTSCH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. DEUTSCH. Mr. Speaker, I rise today to recognize the devoted men and women of the AmeriCorps Youth Pride Program. Youth Pride Program volunteers tutor and mentor 250 low-income youth to help ensure academic achievement in Florida City, Florida. It is both an honor and a privilege for me to pay tribute to such a noble effort.

In addition to helping these students with their academics, the Youth Pride Program provides after-school activities to approximately 350 students. With a 90% decrease in school suspensions and detentions among those served, the success rate of this after school program has been outstanding.

The Youth Pride Program is part of AmeriCorps, a national network of hundreds of community service groups throughout the United States. When President Clinton created AmeriCorps, he spoke about the virtue of service to the community. Like many Americans, I strongly believe that volunteerism provides extensive benefits to volunteer, recipients, and the community at large.

Throughout our nation's history, we have relied on the dedication and action of our citizens to tackle the biggest challenges. I am pleased to say that the AmeriCorps Youth Pride Program adds to this revered tradition. I wish to congratulate the entire staff and volunteer network of the Youth Pride Program on a job well done. This is truly an achievement of which the entire South Florida community can be proud.

COMMENDING ADAM JONES FOR HIS SERVICE AS A REPUBLICAN PAGE

HON. JOE KNOLLENBERG

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. KNOLLENBERG. Mr. Speaker, I rise today to commend Adam Jones on the completion of his service as a Republican page in the House of Representatives.

During his tenure in the nation's capital, Adam proved himself to be a reliable and tireless worker. His work ethic and attention to detail helped ensure that the trains ran on time in the House of Representatives, and he will surely be missed by the individuals he worked closely with over the last year.

Adam is an outstanding young man and an excellent student. He has compiled a grade point average of 3.79 at Northville High School, where he has assumed numerous leadership positions. In addition, Adam has volunteered his time to work on several political campaigns in Oakland and Wayne Counties and has been active in his church.

I am honored that I had the opportunity to nominate Adam for the Republican page program. He capitalized on this wonderful opportunity to work and learn in our nation's capital and enhanced his understanding of politics and the legislative process.

I have the utmost confidence that Adam will continue to achieve success in the endeavors he pursues, and I wish him the very best during his senior year at Northville High.

PERSONAL EXPLANATION

HON. CHARLES H. TAYLOR

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. TAYLOR of North Carolina. Mr. Speaker, due to an unforeseen airline delay enroute to Washington, I was not present to vote on rollcall vote No. 335, the Hoeffel amendment to H.R. 1074. Had I been present, I would have voted "no" on this amendment. I was also unable to vote on rollcall vote No. 336 on passage of H.R. 1074. Had I been present, I would have voted "aye" on this recorded vote.

CONGRATULATING PAT CAMPANILE'S STUDENTS AT SHADY LANE ELEMENTARY

HON. ROBERT E. ANDREWS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. ANDREWS. Mr. Speaker, I rise today to commemorate a great day, on which 30 sixth grade students from the Shady Lane Elementary School reached all of the appropriate levels on their Terra Nova test. Ms. Pat Campanile's sixth grade class is an outstanding group of young people. I wish the best of luck to the following group of sixth graders who shared this special day with me at the Shady Lane School: Courtney Callahan, Nicholas Battee, Jaimie Beeker, Destiny Bingham, Brian Buck, John Childress, Robert Kilcourse, Kody McMichael, Marisa Peters, Matthew Raively, Deborah Robinson, Karen Sabater, Donald Smith, Richard Smith, Marcus Smith, Ayana Thomas, Jessica Welch, George Williams, and Nylan Wolcott.

PERSONAL EXPLANATION

HON. PATRICK J. KENNEDY

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. KENNEDY of Rhode Island. Mr. Speaker, last week I was not able to be present for rollcall votes 308–334. Had I been present, I would have voted the following way: 308—"yea"; 309—"yea"; 310—"yea"; 311—"yea"; 312—"yea"; 313—"no"; 314—"no"; 315—"no"; 316—"yea"; 317—"yea"; 318—"yea"; 319—"yea"; 320—"no"; 321—"yea"; 322—"yea"; 323—"yea"; 324—"no"; 325—"yea"; 326—"yea"; 327—"yea"; 328—"yea"; 329—"yea"; 330—"no"; 331—"yea"; 332—"yea"; 333—"no"; 334—"yea."

RECOGNIZING BISHOP MACRAM MAX GASSIS

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. WOLF. Mr. Speaker, I am submitting for the RECORD an article from the recent Washington Watch by the Family Research Council about Bishop Macram Max Gassis, a Roman Catholic bishop from Sudan. Over the years, Bishop Macram has tirelessly fought for justice for his people—the people of Southern Sudan and the Nuba Mountains who have suffered and died in great numbers during the war that has plagued the country for the past fifteen years.

Over 2 million people have died in Sudan—more than in Rwanda, Kosovo, Somalia and Bosnia combined. They often feel they are forgotten by the world.

Bishop Macram reminds us that these men, women and children must not be forgotten. He reminds us of their brave spirit, their hope in the midst of suffering and their quest for justice. He reminds us of our responsibility to speak out, take action and do what we can to help the people of Sudan.

I have been privileged to know Bishop Macram over the years.

A GENTLE GIANT OF FAITH

(By Bill Saunders)

In Sudan, just south of Egypt, where the church traces its roots to Apostolic times, a radical Islamic government is waging war on its own citizens—torturing and murdering Christians. In this war, the government regularly bombs innocent civilians, destroys their food supplies, poisons their only sources of clean water, desecrates their churches, supports the taking of their children as slaves, and forces non-Arab, non-Muslim people into refugee camps where they must convert to Islam or starve.

For years, the world has done little to help. The U.N. has allowed the Sudanese government to dictate where it can provide relief (thus, the most needy people starve). Until recently, the U.S. focused little diplomatic effort on the problem, despite Sudan's strategic position as a bridge between black Africa and the Middle East, and despite the Sudanese government's avowed aim of exporting radical Islam throughout the world. Only recently, the House of Representatives passed a stinging resolution, finally and fairly condemning these practices by the Sudanese government. Senator Sam Brownback has introduced a similar resolution in the Senate but it remains to be seen whether the House will vote to take substantive action.

In the midst of this man-made hell on earth, one man stands out as he fights for justice. That man is Catholic Bishop Macram Max Gassis. Born in Sudan of ethnically mixed parents and educated in England, Italy, and the United States, the Bishop is an articulate modern-day prophet. The only Sudanese bishop born in the northern (Arab) part of the country, he is fluent in the Arabic language and understands those in the North who see all blacks as "slaves" and all Christians as "infidels".

Unlike so many others, he refuses to pretend the horror does not exist. He has spoken out before the European Parliament, the U.S. Congress, and the United Nations Human Rights Commission. He travels regularly to the West, particularly to the United States, to expose the evil in his country. His witness has inspired many, from Senator Brownbeck to Congressman Frank Wolf. He, like St. Paul, has spoken the truth to kings and governors.

In Sudan, the people revere Bishop Gassis for his courage. The government, angry that he has called it to account, has branded him a criminal. Whenever he travels back to his country, he risks being captured and possibly executed.

Undaunted, he returns to his diocese because his people need him. His presence inspires them. Every time he returns, he smuggles desperately needed supplies through enemy lines. In many areas, he is the only one providing assistance.

Despite his tribulations, the Bishop remains a gentle man, firmly committed to Christ. He has a special affection for children, particularly those children who were formerly enslaved, and is raising several hundred of them, orphaned by the raiders who abducted them. These children need food, clothing, shelter, education, and counseling, and he provides it. Because of this expression of Christian love, the children are joyful and, like Bishop Gassis, full of hope.

Christianity in Sudan, its ancestral home, is alive and growing. The church, through heroes like Bishop Gassis, refuses to be silenced. As he says, "though we in Sudan are being crucified, after every crucifixion, there comes a resurrection."

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2000

SPEECH OF

HON. JACK KINGSTON

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 22, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2561) making appropriations for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes:

Mr. KINGSTON. Mr. Chairman, the House Department of Defense Appropriations Bill for FY00 provides an extremely important allocation of resources in a serious effort to improve critical shortcomings affecting the readiness of our armed forces. This bill meets the budget authority and outlay limits set in the Committee's 302(b) allocation, provides a critical $15.5 billion increase over appropriations in FY99, and provides $2.8 billion above the President's request. This legislation goes a long way to address critical readiness, recruitment, retention, operational maintenance, and quality of life needs that are so important for our military. However, I am concerned about one aspect of the legislation's strategy, cutting programmed funding for the initial production of the Air Force's number one development priority, the F–22, Raptor.

We expect our military to remain the world's best, head and shoulders above any potential aggressor. We demand that our armed forces reign supreme in personnel, training, professionalism, and equipment. We do not want parity with our enemies, we demand superiority. We do not want to win conflicts by attrition but by overwhelming our foes. A most critical aspect of our superiority is our ability to achieve and maintain air superiority in any conflict. Furthermore, today Americans have grown to expect to win conflicts with minimal or even no casualties. The best trained pilots in the most advanced aircraft are the great enabler in any conflict whether to protect our Navy, or to allow the introduction and free maneuver of our ground forces. Air superiority is vital. Experience in modern warfare has continued to reflect the importance of this from success in World War II to operations during Desert Storm and Operation Allied Force.

The F–22 aircraft is being produced to replace the F–15 fighter and to accomplish its air superiority mission beginning in 2005. The F–15 currently represents 1960's technology and the aging fleet will average 26 years old when the F–22 is scheduled to be operational. Today's F–15's have served our country well, but in the future our pilots will be at risk. Its capabilities today are at parity with the Russian SU–27, MIG–29 and by 2005 will be at a disadvantage facing the Russian SU–35 or the French Rafael, and the European Fighter 2000 aircraft that will be available on the world market. Additionally, the surface to air missile threat continues to advance world wide. Today the SA–10 and SA–12 missile availability pose a threat to the F–15. Proliferation of SA–10 and SA–12 capability has increased from four countries in 1985 to fourteen in 1995 and an estimated 22 by 2005. The F–22 will have the capability to counter the surface to air missile threat through stealth technology, supercruise capability that will significantly reduce missile engagement opportunity, maneuverability and unequaled pilot awareness.

The F–22 aircraft does bear costs, $19 billion has been invested to date, but the cost and advanced technology provide significant efficiencies and long term savings. The F–22 will reduce by half the number of maintenance personnel for each aircraft. It is expected to have 30 percent reduction in direct operations and sustainment costs per squadron per year when compared to the F–15. A quicker combat turnaround time will allow higher sortie rates during a conflict. The F–22 program costs are under control and are within the Congressionally mandated cost caps for both development and production. This plane utilizes cutting edge technology to ensure our Air Force continues to maintain our nation's superiority in air combat.

Based upon the status of the current F–22 program, a pause in funding the F–22 procurement requested for FY00 would put the entire program at serious risk. Contract obligations would be breached if aircraft procurement is not funded. This would result in at least a three year delay in the program, would increase costs by $6–8 billion, and exceed the caps set by Congress. The production delay could seriously affect numerous suppliers that could not afford to stop and restart production causing significant erosion of the program's industrial base. Such a pause would seriously disrupt an intricate supply system established in all but a few states.

A pause or end of the F–22 program would have a very negative impact on the future of an important complementary aircraft, the Joint Strike Fighter (JSF). The JSF also under development is being designed as a multi-role aircraft for three services to replace the capabilities of the F–16 and A–10 fleet, with fielding goals in FY10. It is being developed to perform as an air-to ground combat aircraft to complement the air-to-air combat role of the F–22. The characteristics of these planes will differ greatly. If the F–22 program is killed, the U.S. will have a void in the capabilities required by the F–22, the action could cause great changes to JSF, or require development of a whole new kind of aircraft all of which would delay the fielding of the JSF. Additionally, the JSF leverages certain technologies from the F–22, including avionics and engines that use the F–22 as a stepping stone for advancements. Setback of the F–22 program will degrade progress on the JSF. Ultimately, this action could place our air supremacy capability in extreme danger.

Finally, as the F–22 harnesses and employs superb, advanced technology, the development and testing of the aircraft does the same. Flight testing of two test aircraft has proceeded well. Avionics testing has been ongoing through three bench labs and one flying test bed, a 757 aircraft with all avionics including a full cockpit from an F–22. Advanced computer models have also enhanced the ability to hone the technical aspects of the plane. Nine aircraft are funded in the Engineering and Manufacturing Development (EMD) phase of this program. All nine aircraft will be delivered by FY01. Production aircraft that have been requested by the Air Force to be funded in FY00 will not complete production until FY03. This low rate initial production is necessary to efficiently utilize the open delivery line. Testing will be 90% complete and initial operational testing and evaluation will complete in mid-year 2003. This program minimizes risks and employs efficiency and responsible costing to meet delivery milestones. When compared with previous aircraft production such as the F–15 and F–16, the F–22 minimizes, by a large degree, the number of production aircraft during the EMD phase.

In closing, the House Department of Defense Appropriations Bill for FY00 is a good bill that will provide relief for many aspects of our services needs. It goes far to take care of the men and women who serve in America's Army, Navy, Air Force, and Marine Corps. I will vote in favor of this legislation, but with apprehension that this bill does an injustice to the number one Air Force development priority and a critical Department of Defense program that has vital implications on how we remain the undisputed air superiority and air supremacy power in the world.

AMENDMENT TO THE FISCAL YEAR 2000 DEFENSE APPROPRIATIONS BILL OFFERED BY MR. KINGSTON

In the "AIRCRAFT PROCUREMENT, AIR FORCE" account (beginning at page 29, line 11 of the committee print), increase the pending amount by $630,297,000, representing an increase of $1,852,075,000 in the F–22 aircraft program and a decrease of $1,221,778,000 in other programs.

In the "AIRCRAFT PROCUREMENT, NAVY" account (beginning at page 25, line 3 of the committee print), reduce the pending amount by $387,897,000.

In the "RESEARCH, DEVELOPMENT, TEST AND EVALUATION, AIR FORCE" account (beginning at page 35, line 14 of the committee print), reduce the pending amount by $242,400,000.

And amend the committee report accordingly.

DETAILED AMENDMENTS FOR THE COMMITTEE REPORT

CHANGE: INCREASE THE FOLLOWING LINES AS SPECIFIED

Aircraft, Procurement, Air Force. (Report page 173).

Tactical Forces (in thousands of dollars);
F–22 Raptor: $1,574,981.
F–22 Raptor (AP–CY): $277,094.
Total: $1,852,075.

OFFSETS: REDUCE THE FOLLOWING LINES AS SPECIFIED

Title III Procurement

Air Force Procurement (in thousands of dollars)

Combat Aircraft (Report page 173).

Tactical Forces:
F–15: $440,000.
F–16 C/D (MYP): $98.000.
F–16 C/D (MYP) ADV PROC: $24,000.

Mission Support Aircraft:
Operational Support Aircraft: $63,000.
E–8C: $188,200.
Predator UAV: $20,000.

Modification of Inservice Aircraft:
B–1B: $16,650.
A–10: $5,000.
F–15: $58,328.
F–16: $46,000.
C–135: $137,800.
DARP: $124,800.

Aircraft Procurement, Navy

Other Aircraft (Report Page 148).
KC–130J: $281,897.

Modification of Aircraft:
EA–6 Series: $66,000.
AH–1 W Series: $3,000.
H–1 Series: $10,000.
EP–3 Series: $17,000.
P–3 Series: $10,000.

Title IV, Research, Development, Test and Evaluation

RDT&E, Air Force (Rpt page 248)

Demonstration & Validation (In thousands of dollars):
Joint Strike Fighter: $100,000.

Engineering & Manufacturing Development (In thousands of dollars):
B–2 Advanced Technology Bomber: $142,400.

WHY WE NEED THE F–22

THREAT

Need F–22 to counter future and current surface-to-air missile (SA 10/12) threats. The F–15 cannot operate in this environment by itself.

21 countries expected to posses SA 10/12's (advanced SAMS) by 2005.

237 of world's 267 nations have surface to air missiles.

There will be a five fold increase in the number of countries with radar guided air to air missiles.

As many as 700 MIG–21's may be upgraded between 1995 and 2000.

F–15 began, service in early 1970's (almost 25 years ago).

When F–22 becomes operational in FY06, the F–15 will average 26 years old.

When JSF becomes operational in FY10, the F–16 will be 24 years old.

30–40 year old F–15's put our pilots at risk.

Today the F–15 is just at parity with the SU–27 and MIG–29.

By 2005 the F–15 will be disadvantage to the SU–35 and the export versions of the Rafale and European Fighter 2000.

Air to air missiles are proliferating and becoming more capable.

IMPACT OF SLIPPING PROGRAM

3 year delay in program, voids contracts, and kills program.

This is not a pause, it kills the production program.

Increase in costs breaks the contract price and the Congressional costs caps.

Increases Air Force costs by $6.5 billion.

Set back for Army's number one priority the Commanche helicopter since they have some common systems).

$16 billion already invested to date.

Loss of industrial base to support F–22 program.

Upgrading the F–15 would cost about $26 million per plane.

F–22

F–22 replaces the F–15 for all weather superiority and deep attack.

Increased capabilities: stealth, supercruise, maneuverability, avionics, weapons playload.

First look, first shot, first kill against multiple targets.

Flight tests have gone well.

Cost are controlled, costs are within funding caps set by Congress.

The F–22 will reduce by half the number of maintenance personnel for each aircraft.

F–22 will cost $500 million less to operate and support over 20 years than an F–15 squadron.

F–15 afterburner operations are limited to 5–7 minutes, F–22 can operate at supercruise for a significant period of time without afterburners.

20% lower combat turnaround time for the F–22/higher sorties rate.

Lower deployment requirements (14 C–17s to deploy F–15 vs. 4C–17s for F–22).

JSF

JSF leverages technologies from the F–22 (avionics, engines).

JSF is a multi-role air to ground fighter to complement (not replace) the air-to-air role of F–22.

JSF replaces the F–16 and A–10 and meets requirements for other military services.

Without the F–22, the requirements for JSF change and will delay JSF by several years.

For more information contact Cong. Kingston (5–5831) or Cong. Chambliss (5–6531).

Point Paper on HAC–D to F–22 Procurement

BACKGROUND—WHY THE USAF NEEDS THE F–22

The 21st Century Force Structure

The Air Force's modernization strategy is built on the proper mix of "High" capability F–22s and "Low" cost Joint Strike Fighters (JSF) to achieve the dominant capability and operations tempo to support Joint Vision 2010s goal of full spectrum dominance.

F–22 is the high-capability force enabler designed to accomplish the most demanding missions of air superiority and attack of high-value, highly defended targets.

A combination of stealth, supercruise, integrated avionics, and larger internal air-to-air weapons payload are its primary attributes.

The JSF is the low-cost majority of the force—balance of affordability and capability allows procurement of greater numbers to perform a variety of missions and sustain the required high tempo of modern warfare.

JSF Will Rely on the F–22 for Air Superiority

JSF will modernize the largest part of our fleet providing an affordable replacement for the F–16 and A–10.

JSF is dependent upon F–22 technologies and will complement the F–22 in the future as the F–16 complements the F–15 today.

The Need for the F–22

Joint Vision 2010 requires the Air Force to achieve Air Dominance—the ability to completely control adversary's vertical battlespace.

The current air superiority fighter, the F–15, is at parity today with the SU–27 and MIG–29; by IOC for F–22 in 2005, the F–15 will be at a disadvantage with the fielding of the SU–35 and export versions of the Rafale and Typhoon, and the proliferation of advanced air-to-missiles such as the AA–11, AA–X–12, and MICA.

The development and proliferation of advanced surface-to-air missiles (SAMs) such as the SA–10 and SA–12 result in a sanctuary for the enemy because the F–15 will be unable to operate in this environment without a protracted, asset intensive, defense suppression campaign.

F—22's attributes of stealth, supercruise, and integrated avionics will allow it to operate in the presence of the total threat—emerging threat aircraft, advanced SAMs, and advanced air-to-missiles.

Provides American forces the freedom from attack, freedom to maneuver and freedom to attack.

The Time is Now

The current Air Force fighter modernization program is an affordable and effective solution demanded by the increasing age of our current fighter force structure.

By F–22 IOC in 2005, the average age of the F–15 will be 26 years old.

By JSF IOC in 2010, the average age of the F–16 will be 24 years old.

F–22 is an essential investment to achieve air dominance—the key enabler for 21st Century Combat Operations.

DISCUSSION—IMPACT OF THE HAC–D REDUCTION ON THE CURRENT F–22 PROGRAM

The proposed reduction of the F–22 funding has a net impact of terminating the current production program and increases total Air Force costs by $6.5 Billion (does *not* include costs for Service Life Extension of F–15 to accommodate 2 year slip to F–22 Initial Operational Capability).

Termination of the Current Production Program

The current F–22 production strategy to procure all 339 aircraft within the Congressional Cost cap of $39.8B Key elements of this strategy are: Fixed price options for the PRTV and Lot 1; Target Price Curve (TPC) for Lots 2–5; and Multi-year contracts for lots 5–12.

Impact: Termination of the Lot 1 buy voids the fixed price agreement for the PRTV/Lot 1 buy and contractually requires termination of the PRTV aircraft buy. This in turn breaks the TPC and results in a production cost increase over the Congressional cost caps. A new production strategy initiated in FY02 with an 8 aircraft buy (requires Advance Buy in FY01) and a new production profile (8, 10, 16, 24, 36) results in a production cost increase of $5.3B, which breaks the Congressionally mandated production cost cap of $39.8B.

Extension of the EMD Program by 15 Months

The cancellation of the PRTV aircraft drives the requirement to retrofit the EMD aircraft to a production configuration for dedicated initial operational test and evaluation, which would have been accomplished by the PRTVs.

An additional $500M is required for EMD to fund for Out-of-Production parts associated with these aircraft due to the lack of an active production program.

Impact: With the EMD stretchout and above considerations the total cost impact to the EMD program is $1.2B, which breaks Congressionally mandated EMD cost cap of $18.8B.

Delay to Initial Operating Capability (IOC)

F–22 IOC is currently scheduled for December 2005. the change to the production profile would delay IOC (stand up of the first F–22 squadron) to Dec 2007.

Delay in IOC would force the Air Force to execute an F–15 Service Life Extension Program (SLEP) on one Fighter Wing (72 aircraft).

SENATE—*Wednesday, July 28, 1999*

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

We praise You, Gracious Father. Your love is constant and never changes. You have promised never to leave nor forsake us. Our confidence is in You and not ourselves. We waiver, fail, and need Your help. We come to You not trusting in our own goodness but solely in Your grace. You are our joy when we get down, our strength when we are weak, our courage when we vacillate. You are our security in a world of change and turmoil.

Thank You for reminding us that we are not left on our own. When we forget You in the rush of life, You give us a wake-up call. And when we feel distant from You, it is we who move, not You. O Lord, You will never let us go. We claim Your ever-replenishing strength.

And now, filled with wonder, love, and gratitude, we commit this day to live for You and by the power of Your indwelling spirit. Control our minds and give us wisdom; give us sensitivity to people and their needs; help us to be servant-leaders; give us boldness to take a stand for Your mandates of righteousness and justice. Thank You for the privilege of living this day to the fullest. In Your all-powerful name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable BOB SMITH, a Senator from the State of New Hampshire, led the Pledge of Allegiance, as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDING OFFICER (Mr. SANTORUM). The able majority leader is recognized.

O HAPPY DAY

Mr. LOTT. Mr. President, this morning as I came into the Senate Chamber, the words to a song came to mind, "O Happy Day." I almost feel like singing. This is a happy day. This is when the American people finally get to have a little bit more control over their lives, their own lives, based on decisions made in Chester County, PA, or in Pascagoula, MS. This is a day when we are going to be talking about the people being able to keep just a little bit more of their own hard-earned money. Too often in the Senate we are arguing over details; we are trying to figure out how we from Washington can spend more of the people's money; we are thinking about how can we in Washington control more of people's lives.

Well, finally we are going to get to have some fun; the people are going to get to have some fun. They can keep their own money to look after their own children without the Government telling them how to do it, to put them in the school of their choice, to deal with their health needs, or maybe even to have a little fun. O Happy Day. They get to be with their family on their own money.

So I got up this morning feeling good because finally we are going to be doing something that I feel good about, the kind of thing that I came to Washington to do, and that was to try to control and reduce the size of Washington Government, to go with what Thomas Jefferson had in mind, and that was to put those decisions back closest to the people, with the people and the Government closest to the people. This is when we begin to do it. I think back during Jefferson's term after a war, a conflict that the country had been involved in. They terminated the death tax. Yes. Go back and look at history. The only time death taxes were put in place was during wars. When the wars were over, they were ended. But then mistakenly, because he was not in good health, President Wilson, after World War I, did not take it off and we have been stuck with it ever since.

So this is a happy day, and I look forward to having a discussion about the specifics of tax relief for working Americans.

SCHEDULE

Mr. LOTT. Before we get started with that, under a previous order, the Senate will begin a cloture vote on the substitute amendment to the juvenile justice bill at 9:45. Following the vote, Senator SMITH is expected to make some remarks regarding his concerns with the juvenile justice legislation. If cloture is invoked and following the remarks of Senator SMITH, it is hoped the Senate will proceed to the various motions to send the juvenile justice bill to conference.

I understand completely Senator SMITH's concerns. He has been determined, but he has been reasonable and cooperative within the limits of what he felt he had to do to the maximum degree. I thank him for his approach. I certainly share a lot of his concerns. But I believe, all things considered, this is the right thing to do for the Senate and for the country.

The Senate will then begin consideration of the tax relief bill under the reconciliation procedures. As a reminder, by statute, the reconciliation bill is limited to 20 hours of debate. I really would like to have more time for discussion on this bill so that we could cut out some of the discussion on all these other bills that come up. Therefore, it is hoped that Senators will have their amendments ready and will offer their amendments during the 20 hours. Debate time on amendments is included, but the actual vote time is not included in the 20 hours.

So we can expect to go well into the evening today and again on Thursday in order to finish. If we do not, we will go over until Friday. But we have enough time and we certainly should finish this bill no later than sometime during the day Friday.

We do expect opening statements this morning. It may be that there will be several hours needed for the opening statements, but I hope we can quickly turn to the amendment process and give Senators an opportunity to offer amendments about which they feel strongly.

Mr. President, I yield the floor.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, the leadership time is reserved.

JUVENILE JUSTICE REFORM ACT OF 1999

The Senate resumed consideration of the bill.

Pending:

Lott amendment No. 1344, in the nature of a substitute.

Lott amendment No. 1345 (to amendment No. 1344), to provide that the bill will become effective one day after enactment.

Lott amendment No. 1346 (to amendment No. 1345), to provide that the bill will bcome effective two days after enactment.

Lott amendment No. 1347 (to the language proposed to be stricken), to provide that the bill will become effective three days after enactment.

Lott amendment No. 1348 (to amendment No. 1347), to provide that the bill will become effective four days after enactment.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. SMITH of New Hampshire. Mr. President, I see the minority leader

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

coming on the floor. I was just going to try to get about 3 minutes before the vote. Would that be agreeable with the minority leader?

Mr. DASCHLE. Mr. President, it would be entirely agreeable. I would just ask that prior to the time we have a vote, I be able to use some of my leader time for a couple of comments. But I would be happy to yield the floor so that the Senator from New Hampshire can speak.

Mr. SMITH of New Hampshire. I very much appreciate the minority leader's consideration.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. SMITH of New Hampshire. Mr. President, I want to make a point on the legislation before the cloture vote we are going to have shortly because, according to the rules, I am not going to be able to debate this until after the vote, which is really not the best process in the world. But I want my colleagues to know what we will be voting cloture on in a very few moments is the Senate substitute for the underlying House bill. So when we go to cloture on that, what we are doing is substituting gun control for the House bill.

I want all of my colleagues to understand that H.R. 1501 is a return to traditional values.

This bill brings morals back into the school. It brings values back into the school. It focuses on the cultural problems that are facing us. It allows a display of the Ten Commandments. It allows individual religious expression. It allows prayer at school memorial services. It allows faith-based groups to compete for Government juvenile justice grants. That is the underlying provision. That is what I wanted to vote on, and that is what I did not have the opportunity to vote on.

What is being substituted is gun control. It imposes strict limits on gun shows. It requires the sale of trigger locks with guns, and it puts new limits on juvenile gun possession, even juveniles who are law-abiding citizens who might like to have hunting licenses.

The bottom line is, the bill passed by the Senate is a good cultural bill. Gun control is being substituted. If my colleagues vote for cloture, they are voting to substitute gun control for a very good bill that focuses on the cultural and moral problems in our schools.

I will close on this point. There is a fictitious story being circulated on the Internet where a Columbine High School student writes a letter to God and says:

> Dear God: I'm very angry with you. I don't understand why you allowed 13 of my fellow students to be killed by two of my fellow students. Please answer me as soon as possible. Columbine High School student.

A letter comes back from God:

> Dear student: Let me remind you, I'm not allowed in your high school.

We need to think seriously because this is a major decision we are making. If my colleagues vote for cloture, they are substituting gun control for values, prayer in school, the Ten Commandments, religious expression, and prayers at memorial services. That is what they are substituting, one for the other.

Let's make it clear: If you are for gun control, vote for cloture. If you are for values and prayer and the Ten Commandments in school, vote against cloture.

I yield back the remainder of my time. I thank the minority leader for his courtesy.

The PRESIDING OFFICER. The Democratic leader.

Mr. DASCHLE. Mr. President, I will use a few minutes of my leader time to comment.

We intend to support the effort to move this legislation to conference. In fact, I endorse the actions taken by the majority leader in this case in so-called filling the tree.

For the purpose of record and drawing a distinction on this bill from other bills where our majority leader has filled the tree prior to the time we have had any debate, this bill, S. 254, has been debated now for 8 days, from May 11 through May 20. We conducted 32 rollcall votes. The Senate considered 38 amendments—18 Democratic amendments, 20 Republican amendments. We had 10 Democratic amendments agreed to, 17 Republican amendments agreed to, and then we had 10 Democratic and Republican amendments that were not agreed to, and 1 Republican amendment was withdrawn.

The point I am making is that we have had a very good debate on S. 254. We had that debate. We brought it to conclusion. We had a final vote. Now it is time to move it on to conference. I fully respect the Senator from New Hampshire and his determination to slow this process down because he objects to some of the aspects in this bill, and that is his right. But I will say I support the effort made by the majority leader to move this bill to conference and the method he has employed to do so.

Again, this is not the same as laying a bill down for the first time, filling the tree and precluding Democratic amendments. We have had a very good debate on this bill. We have had an opportunity to offer amendments. I cite S. 254 as the model I wish we would follow on all bills, a model that we historically and traditionally have always followed, which is to lay a bill down, allow it to be subject to amendments, have a good debate on amendments, have the votes, have the final vote, and then go to conference.

I hope we can do more such of this in the future as we consider other authorizing bills. I urge my Democratic colleagues and my Republican colleagues to support the effort this morning to move this legislation forward to conference so we can resolve what differences there are with the House—and there are many very important differences. I am hopeful we can bring this bill back from conference in time and that we can be as supportive of it as we were of the bill when it passed on May 20.

Mr. President, I encourage my colleagues to be supportive this morning. I yield the floor.

CLOTURE MOTION

The PRESIDING OFFICER. Under the previous order, pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will report.

The legislative clerk read as follows:

Cloture Motion

We the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the substitute to Calendar No. 165, H.R. 1501, the juvenile justice bill:

Trent Lott, Frank H. Murkowski, Chuck Hagel, Bill Frist, Jeff Sessions, Rick Santorum, Ben Nighthorse Campbell, C.S. Bond, Orrin G. Hatch, John Ashcroft, R.F. Bennett, Pat Roberts, Jim Jeffords, Arlen Specter, Judd Gregg, Connie Mack.

CALL OF THE ROLL

The PRESIDING OFFICER. By unanimous consent, the mandatory quorum call under the rule has been waived.

VOTE

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate on the substitute amendment No. 1344 to H.R. 1501, the juvenile justice bill, shall be brought to a close? The yeas and nays are required under the rule. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Ohio (Mr. VOINOVICH) is necessarily absent.

The PRESIDING OFFICER (Mr. GRAMS). Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 77, nays 22, as follows:

[Rollcall Vote No. 224 Leg.]

YEAS—77

Abraham
Akaka
Ashcroft
Baucus
Bayh
Bennett
Biden
Bingaman
Bond
Boxer
Breaux
Bryan
Byrd
Chafee
Cleland
Cochran
Collins
Conrad
Daschle
DeWine
Dodd
Domenici
Dorgan
Durbin
Edwards
Feingold
Feinstein
Fitzgerald
Frist
Gorton
Graham
Gregg
Hagel
Harkin
Hatch
Hollings
Inouye
Jeffords
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moynihan
Murkowski
Murray
Reed
Reid
Robb
Roberts
Rockefeller

Roth
Sarbanes
Schumer
Sessions
Smith (OR)
Snowe
Specter
Stevens
Thompson
Thurmond
Torricelli
Warner
Wellstone
Wyden

NAYS—22

Allard
Brownback
Bunning
Burns
Campbell
Coverdell
Craig
Crapo
Enzi
Gramm
Grams
Grassley
Helms
Hutchinson
Hutchison
Inhofe
Kyl
Nickles
Santorum
Shelby
Smith (NH)
Thomas

NOT VOTING—1

Voinovich

The PRESIDING OFFICER. On this vote the yeas are 77, the nays are 22. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

AMENDMENT NO. 1347

The PRESIDING OFFICER. The question is now on amendment 1347. The Senator from New Hampshire is recognized for up to 1 hour.

Mr. SMITH. Mr. President, I yield whatever time he may consume to the Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CRAIG. Mr. President, I thank my colleague for yielding. It is obvious from the Senate vote we just had that we could only have delayed this process for several days, but we could not have stopped the ultimate result, which would be sending a flawed Senate bill to a conference with the House. Since that is the case, I see no reason to burn up good will by forcing the Senate to vote again and again with the same result on the various procedural steps that lie before us.

If this is where the Senate will ultimately make its stand, I am willing to let the process move forward.

However, some may be asking why we even made the attempt to stop this action.

Sometimes it can be unclear why a Senator cast the vote he or she did.

That's especially true for procedural votes like the cloture vote we just had.

So let me be clear why I voted the way I did—against cloture, against cutting off the debate on this measure, against moving this version of S. 254 to a conference with the House.

It's not because I oppose the juvenile justice bill. Quite the opposite: it's because I support good juvenile justice reform.

I support the many provisions of this legislation that truly address criminal violence, such as: Making sure violent juveniles are held accountable for their criminal actions; providing resources to states and localities to combat juvenile crime; toughening enforcement of the laws already on the books; helping communities promote school safety; helping parents and the media do more to limit the exposure of children to violence in the entertainment industry.

I support these reforms, and I could support the version of juvenile justice reform passed by the House.

However, the reason I opposed the Senate bill, and why I voted against cloture just now is because this is not a juvenile justice reform measure. It's also a gun control measure.

Gun control has nothing to do with stopping youth violence and crime.

Gun control of the kind proposed in this bill is not just ineffective—it is counterproductive because it would cut off lawful and beneficial uses of firearms.

And what may be the most important thing for anyone watching this debate to understand: gun control is something the House of Representatives has already said—with a bipartisan vote—it will not accept.

This is a set-up, folks. The House has said it will not accept gun control, and the Clinton-Gore Administration, along with its cronies in Congress, have said they won't accept a juvenile justice bill without gun control.

Does anybody else see a problem here? The problem is obvious. I don't see how the conference committee will fashion a version of juvenile justice that both the House and Senate can live with—but I can tell you one thing: whatever comes out of this conference won't have enough gun control in it for the Clinton-Gore administration.

In fact, I'm going to make a prediction here and now that whatever emerges from the conference committee will instantly be criticized—and maybe even threatened with a veto—because it doesn't have enough gun control in it for Bill Clinton and AL GORE, and the folks who work with him. That is because they need gun control as a political issue, and they are not interested in juvenile crime unless they have their political issue along with it.

I said, folks, that is "politics," and I mean it, plain and simple.

Since the day the Senate took its vote, and since the day the House has taken its votes, we have watched the political maneuvering down at the White House and with the Vice President on this issue. Their debate isn't about controlling violence and violent youth. It is about a narrow political agenda of the far left.

It was a campaign kicked off by the President when he blamed the Littleton, Colorado killings on—and I quote from the speech that was later released by the White House and printed on its web page—"the huge hunting and sport shooting culture in America."

What did the hunting culture and the sport-shooting culture in America have to do with the killings in Littleton, CO? In the mind of this President and this Vice President, it was politics. It was their entry once again into this debate.

That's right—the President wasn't talking about the cultural crisis that distresses all of us on all sides of this issue and the breakdown of families, the powerlessness of communities, the alienation of young people, the violence and brutality promoted by the entertainment industry.

It was all politics narrowly focused. No, what the President chose to blame was American hunters and spot shooters.

According to the Clinton-Gore administration, those who lawfully exercise a right protected by the United States Constitution—those people are responsible for the brutal, senseless killings at Columbine High School.

Shame on you, Mr. President. If you are one of the tens of thousands of adult volunteers who have helped train Boy Scouts and other young people in marksmanship, in one of the most successful youth sporting programs in history—according to the President, you're part of the problem.

If you take your family on an annual hunting trip, a "bonding experience" for yourself and your kids—according to the Clinton-Gore administration, you're part of the problem.

If you represented the United States of America in the Olympic shooting events, the gun control community wants you to know that you're part of the problem.

If you hunt for food to put on your table for your family, according to the Clinton and Gore administration, because of Littleton, CO, you are part of the problem.

But it wasn't enough to insult millions of law-abiding Americans by accusing them of responsibility for what happened in Littleton. The President went a step further to suggest that if these law-abiding citizens don't go along with his gun control agenda and give up more of their liberty, then they don't care about the lives of children.

I find that unbelievable. But that is what was implied very clearly by this President—the leader of the free world accusing those who uphold the law of being responsible for those who break the law, accusing those who would passionately defend their civil liberties as being bad citizens, accusing those who may have a firearm for the sole purpose of recreation or defending themselves and their families, accusing these people of not wanting to save children's lives.

And since that kickoff back in April, what have we seen?

We have seen an all-out public relations campaign headed by the White House against lawful firearm use.

We have seen political candidates of the left trying to outdo each other on gun control ideas. It is called have a gun control idea a week and somehow it may elect you in November of 2000.

Maybe this political campaign is scoring points with the gun control community. But I can tell you the people who I have been hearing from—the people outside the Capital Beltway who really have to deal with youth violence in their communities and in their schools—are saying gun control misses the point entirely.

They are saying the solution to youth violence is far more complicated than adding one more layer to the 40,000 gun control laws—40,000, that is right—that are already on the books.

They are saying they need real help and real ideas from Washington, DC, and not a political placebo for the 2000 election.

They are saying it is time to stop pushing political agendas and start pushing a law enforcement crime control agenda.

The Senate had a choice today between a bill that focused on juvenile justice reform and a bill that serves a political agenda.

I think the Senate's vote today has made the job of the conference committee harder and perhaps impossible.

My choice would have been a clean bill that prioritized law enforcement and focused on solving the problem of youth violence.

That is the kind of bill I hope to see coming out of the conference. That is the kind of bill I will work for coming out of the conference—the kind of bill that I could support and I believe that America wants.

They don't want politics in this issue. They want safer schools and safer streets and they want to know their children are safe from violent juveniles who would otherwise make these environments unsafe.

I thank my colleague from New Hampshire for yielding.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. SMITH of New Hampshire. Mr. President, I thank my colleague from Idaho for his remarks.

I say for the Record that I agree with everything he said.

Mr. President, we have had a very unusual set of circumstances this morning.

We had a vote on an issue involving gun control, yet we don't get to speak until after the vote. Knowing what the result is, it does take out a little bit of the steam.

As most of my colleagues know, and I think most American people know, I have filibustered this bill now for about a week by asking for this cloture vote. As Senator CRAIG said, to simply have dilatory motions between now and the time this goes to conference makes no sense because the result of this bill going to conference has already been decided by the vote of the Senate.

Under this rule, each Senator, myself now being the one on the floor, has an hour to discuss the reason for their vote on this issue. I think it is important to discuss it, even though the vote has occurred, because the American people need to understand what we did. I tried in a very few brief minutes, thanks to the consideration of the minority leader who was kind enough to allow me 3 minutes of his time to do this prior to 9:45 when we had the vote, to point out what we were about to do. Apparently not too many people were listening. I will point out again what we did.

The House passed H.R. 1501 and sent it here. That is a cultural bill that allows the display of the Ten Commandments in schools. It allows individual religious expression. It allows prayer in school memorial services. It allows faith-based groups to compete for Government juvenile justice grants. A good bill.

The purpose of that bill was to make a statement about juveniles that perhaps the issue is not guns but, rather, a cultural problem in our schools that we need to address. It was a well-thought-out bill. When that bill came to the Senate, I tried to get a vote up or down on it. Because of procedures by those who felt the bill should not be passed, I could not do it. I was shut out by the so-called legislative tree, a parliamentary tree, so I could not offer the bill and get a vote on it.

Next comes gun control, the Senate provisions. We have a House bill and a Senate bill. The Senate bill imposes strict limits on gun shows. It requires the sale of trigger locks with guns. It puts new limits on juvenile gun possession, the kinds of juveniles that Senator CRAIG spoke about, young teenagers who perhaps might go hunting or sports shooting. These are needless restrictions on law-abiding American citizens, young and old.

I think it is important to understand what has happened. This was substituted for this as a result of the vote we just had. This bill will go to conference. Someone said quite some time ago: If you saw how laws and sausage were made, you would probably get sick and wouldn't want a part of either.

There is a lot of truth to that. I have never had a lot of confidence in those who say: We will clean this up in conference, or we will get a good bill out of conference, or let the conferees work their will.

We will see what kind of will is worked when this comes back. This is gun control, a violation of the second amendment. We voted by 77–22 to put more gun control on the American people. Call it what it is. When this comes out of conference, it will have gun control.

During the Senate's consideration of S. 254, I was very upset that the gun control lobby in this country took advantage of a terrible tragedy. They did a good job of it. This was a very emotional time, a horrible tragedy, and the gun control people used it to the hilt and scared off a lot of people.

What happened at Littleton was a terrible tragedy. People used this on the Senate floor and mounted an unprecedented assault on the second amendment rights of law-abiding American gun owners. Not one law-abiding American citizen had anything to do with Columbine, not one. Not one law-abiding American citizen, not one gun owner or juvenile who is a law-abiding citizen had anything to do with Columbine. They were law breakers who did that at Columbine. They cast the blame, though, on the law-abiding gun owner, while leaving the movie moguls and video gamemakers who promote violence to children unscathed, with no mention. The problem is guns, they said, not the culture.

It is interesting that we take prayer and values out of the schools. What comes in? Violence, drugs, condoms. Hello, America, wake up.

It was well done; it was well orchestrated. It scared off enough people. It scared off the 19 or so votes we needed to block cloture on this bill. The House did the right thing; we did the wrong thing.

We need to take a hard, introspective look at our Nation's culture. That bill did that. This bill does not do that. We see video games designed for young people that glorify violence. I say to the American people taking a few moments to listen, look at those video games your kids are watching. Take a look at what they are watching on the Internet. Take a look at some of the movies they are bringing home from Erol's and watching after you go to bed. Parents might want to take a look and see what is going on in their children's lives.

They glorify violence. They invite children to engage in fantasy killings. They never show the opposite. When somebody is shot in one of the video games, they don't mention the fact that the person who was killed may have a family. They don't talk about that. The only thing shown is the glorification of violence.

We see unconscionably violent movies such as "The Basketball Diaries" in which killings bear a striking resemblance to the Littleton massacre. It doesn't mean every kid who watches that kind of a movie would do that. Of course it doesn't. Some kids can handle it, but some can't. Why expose children to this?

We see music such as that of the so-called Marilyn Manson character that glorifies murder, suicide, sodomy. As a matter of fact, Platinum Records has big sales on those records glorifying murder, suicide, and sodomy. Our kids are listening to this in America and we blame guns. We blame guns with this vote.

We see the marketing of violence in many forms over the Internet. As I said, every child is not going to go to school and murder his classmates or his teacher because he watches or plays some video game or listens to violent music. Some will be influenced by that culture.

I had a shotgun next to my bed for as long as I can remember. At 8 or 9 years old, I knew how to use it. I was trained to use it in the proper way. I never thought about going to school and using it on anybody, and neither did my classmates who also had shotguns. I remember hearing it said when I grew up that if you read good books, good things might happen. By the same token, if a young person watches a bad film or plays an evil video game, bad things may happen. Why take a chance? But it is easier to blame the gun. Blame the gun; blame somebody else. Don't look at what is going on in America. Wake up, America, before it is too late.

This is the second amendment to the Constitution that we just violated. It is not guns that caused this violence.

The first gun came over on a ship probably in 1607. Most likely somebody had a gun coming into Jamestown. For 375 years we had no school shootings, not one. Now we have gun control. In America, we have 40,000 laws, according to Senator CRAIG, and now we have school shootings. Hello. Anybody listening? What is going on here? Is it guns? If it is, how come we didn't have school shootings for 375 years when everybody had a gun?

I believe we should take a look at the news media. The news media has a distressing tendency to engage in sensationalism, the mindless pursuit of greater ratings. On April 20 this year when the children came tumbling out of Columbine High School with blood on their clothes, some children wounded and crying, what happened? With microphones in their face, they were asked: What was it like to witness your classmate's death? Did he say anything as he died?

What they needed when they came out of that high school, my fellow Americans, was a hug.

Do you know what would have really made me feel good? If one of those in the news media had laid down the microphone and laid down the camera and walked up to one of those kids and put his arms around them or her arms around them and said, "I'm sorry. We love you."

But, oh, no, we cannot do that. We have to get right in the face with the microphone and the camera and sensationalize this kind of violence. And then we blame guns.

When are we going to wake up, America, before it is too late? This bill addressed this—tried to. You cannot address these kinds of things with laws, but you can at least make an attempt. You take these things out of the schools and the kids don't have any choice. They can't pray; they can't talk about values. If somebody gets killed and the teachers try to comfort their kids by saying a prayer, the teacher gets fired. And we take away guns and blame guns.

H.R. 1301 declares that State and local governments have the power to display the Ten Commandments on public property. This would allow the public schools to post those Ten Commandments. Does anyone seriously argue that the display of the Ten Commandments in a public school wouldn't help kids at least think a little bit? They do represent the moral foundation of our entire civilization. Does anybody have a problem with, "Thou shall not kill?" Does anybody have a problem with, "Thou shalt not steal?" "Thou shalt not bear false witness?" "Honor thy father and mother?" Does anybody have a problem with those? Is that going to threaten Western civilization, to put those up on the wall of the school? Really? Come on.

H.R. 1501, this bill, declares that the expression of religious faith by individual persons is protected by the Constitution of the United States. This provision would allow greater freedom for individual students to express their religious faith, whatever it is, as well as to organize and participate in student-led religious activities in public school.

Does anyone seriously believe that greater religious freedom in the public schools would not improve the cultural environment in these schools? We spend more time trying to deny religion and values in our schools than we spend with our own kids. Think about it. If we spent as much time with our kids, loving our kids, as we do trying to deny them these kinds of things, we might have a better America. But let's go back and blame guns. That is what we did here; we just blamed guns. We put in gun control and substituted it for this.

Faith-based organizations can compete for Government grants under this bill. Does anyone doubt that involving faith-based organizations in juvenile justice would improve our Nation's juvenile justice system? These cultural approaches to solving the problem of youth violence offer great promise. This bill offers great promise. This bill offers gun control. This is the coward's way out. This is the ostrich vote. Put your head in the sand. Blame the gun. Don't deal with this issue. We wouldn't want to have to do anything as controversial as perhaps posting the Ten Commandments in a school.

I was disappointed during the Senate's consideration of this bill. I was disappointed, frankly, in some of my conservative colleagues in the Senate, some of my pro-gun conservative colleagues in the Senate. I am disappointed. We had a chance to stop this. I spent a great deal of time over the past 2 weeks as we debated S. 254, arguing privately with these colleagues, trying to persuade them to hold the line against this onslaught of more gun control.

Gun shows, do you know what the goal is here? It is not instant background checks. It is the elimination of gun shows—eliminate the shows, don't allow any gun shows. After all, punish the law-abiding American who comes to a gun show, as millions do all across America every year. Punish them. That is the easy thing to do. Do not deal with this. Do not deal with the criminal. Punish the people who go to gun shows, the law-abiding American citizens.

You say, what if somebody, a bad person, gets a gun? Bad people are not going to come and get a gun there; they can get it easier somewhere else. Even if they do, if they commit a crime with it, we put them in jail and put them away as we do anybody else who commits a crime.

I am very disappointed about what the Senate did with respect to these gun shows. It seems evident to me, the practical effect of the Lautenberg amendment, adopted when Vice President GORE sat in the chair and proudly cast the tie-breaking vote: This will ruin the gun shows, put them out of business. That is the aim of the amendment, and that is the aim of this legislation that we just substituted in order to send it to conference. Everybody says we will get it out in conference. We will see about that. Don't hold your breath.

I am very concerned about the effects of this so-called trigger lock amendment. Even though the amendment appears only to require trigger locks to be sold with guns, the legal effect may well do great damage to the second amendment rights of law-abiding gun owners because courts may construe the amendment as creating a new civil negligence standard under which gun owners will be seen as having a legal obligation to use their trigger locks or face legal liability if their gun is misused by some third party. What are we going to create now, a trigger lock inspector? "Knock, knock, knock. Hello, I'm the Government trigger lock inspector. I want to see if you have your trigger lock on your weapon."

Some people say, no, it doesn't require they put it on their weapon; it just requires they buy it. Where is individual and personal accountability and responsibility? If you are dumb enough to leave a weapon without a trigger lock lying around where a kid can reach it, then you ought not own the gun. But that is personal responsibility and accountability. It is not the Government's responsibility. It is certainly not even workable. But maybe it will come to that. We have Government bureaucrats who do just about everything in America. We might as well have 400,000 or 500,000 trigger lock inspectors, and they can knock on the door, "Mr. SMITH, do you have a gun?" "Yes, but I'm not going to give it to you." "Well, I wanted to see whether you have a trigger lock on your gun." It may come to that. Don't laugh.

If the law develops such that gun owners have a legal obligation to use these trigger locks, they may be forced to put their safety and that of their families at risk. It is not unreasonable to imagine a single mother of a small child, depending on her gun for safety, panic stricken, struggling unsuccessfully with her trigger lock, at night, after hearing a burglar in the house. If she has no trigger lock, and she has that thing up on a 10-foot shelf, that is her choice. The Government tells her she has to use a trigger lock—or buy a trigger lock she doesn't even need.

What in the world is happening to this country, to the second amendment, to the Constitution? It is amazing how we pick some amendments, such as the first amendment, and say we must protect that amendment at all costs, but when it comes to the second amendment, no, we can skip that one.

These are two examples of the grave harm gun control amendments adopted by the Senate would do to second amendment rights. When the heat of the moment is gone and the passions so shamelessly stirred up by the gun control lobby have subsided, many of those who have supported these amendments will realize they have done the second amendment serious and lasting harm. But I don't want to see any tears; I don't want to hear any whining; I don't want to hear any, "I'm sorry"; I don't want to hear any, "My gosh, why did I do that? What happened? Where was I when they took the second amendment rights away? Where was I when they took the Constitution?" I don't want to hear it. It is too late.

Great experts have repeatedly shown that criminals do not go to gun stores, complete the necessary forms, and leave with legally purchased weapons. "Hello, I'm a criminal. I am going to use my gun tonight in an armed robbery. I would like to purchase it, please. Where do I fill out the forms?" Criminals are going to buy their guns on the black market or they are going to steal them. I have had people tell me flat out: I might as well buy the guns on the black market. It is a lot safer to me. The Government doesn't know I have it.

That is pretty scary. Gun control has not been shown to reduce crime. Washington, DC, where we are now, has the most crime in all America. The only people who own guns in Washington are the criminals. They have them. You cannot have one. You are an honest citizen. But they have them. Crime has really gone down dramatically in Washington, hasn't it? Gun control has really worked here. Gun control attacks a serious problem from the wrong angle. Sixty million Americans own 200 million firearms. That is a very interesting statistic. Sixty million Americans own 200 million firearms, including 60 million handguns.

Yet four-tenths of 1 percent of those handguns will be used to commit a crime. So 99.6 percent of all handguns are used legally; 99.6 percent, the good folks; four-tenths of 1 percent, the bad guys. We substituted S. 254 for H.R. 1501, right here on the floor of the Senate.

Some argue the crime problem is the result of too much personal freedom. It is not personal freedom that is the problem. It is moral decadence. This bill tries to at least help us deal with it. It is moral decadence. It is a cultural, moral problem and it is getting worse by the day.

We look, in this body, for any excuse—guns, whatever—to look the other way. Maybe we will have a bill tomorrow to ban knives and then baseball bats, maybe cars. They kill about 45 million people a year. Maybe we ought to ban them.

It is a revolving door criminal system. That is what the problem is, moral decadence and a revolving door criminal justice system that puts the average murderer on the street in 7 years. That is right. The average murderer walks out of prison, if he goes to prison—some like Mr. Simpson never go to prison when they should. Yes, that is right, some like Mr. Simpson never go to prison when they should. But the average murderer in this country, if he goes to jail, serves 7 years for murder. But it is the gun's fault, isn't it? We cannot blame the judges, cannot blame the prosecutors, cannot blame the court system. We have to blame guns; blame the peaceful citizen who has the right to own a gun to protect himself.

I am proud I voted the way I did against cloture. I am proud I voted for H.R. 1501 and against S. 254. I am proud to stand up for the second amendment in the Chamber of the Senate, and I will stand up here again and again, year after year, month after month, whatever it takes to make this case because I know I am right, and I am going to continue to do it.

When this bill comes out of conference, I am going to filibuster it again for as long as I can. I am going to do everything I can to kill it, whatever I can do. I am only one person.

In the movie "Mr. Smith Goes to Washington," another Mr. Smith, Jimmy Stewart, dropped on the floor of the Senate after several hours, 23 I think. I think he even beat STROM THURMOND, if I am not mistaken, in the filibuster. He dropped on the floor of the Senate amongst a pile of newspapers. Maybe that is what I have to do. Maybe I will do that. I don't know.

I know one thing, S. 254 is wrong and H.R. 1501 is right. I am going to fight to preserve, protect, and defend the constitutional right, all of the Constitution and all of the constitutional rights of Americans, including the right to keep and bear arms. Many of us who are veterans in the fight to protect the second amendment know the bold and clear words of the second amendment by heart. We cannot say them often enough if we are to educate our fellow citizens about the unmistakable meaning and intent behind those words of that most besieged provision of the Bill of Rights.

It is pretty clear:

> A well regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed.

Tell me where there is anything in that amendment that allows us to do this under the Constitution of the United States of America? I stood right there where the pages are sitting and took the oath twice when I came to the Senate to protect and defend the Constitution of the United States, and that is what I am doing now, and that is what I will continue to do.

There is nothing in those words about background checks. There is nothing in there about the people having a right to keep and bear certain kinds of arms. There is nothing in there that says handguns can be kept or not kept where shotguns can. Nothing. I sure do not see anything in there that gives Congress any leeway whatsoever to infringe second amendment rights whenever some group of anti-gun zealots think what they like to call the "public interest" requires it. The public interest is to preserve and protect the Constitution of the United States of America. That is what the public interest is and nothing else. You trample on the Constitution; you trample on the public interest.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from New Hampshire has 30 minutes remaining.

Mr. SMITH of New Hampshire. I thank the Chair. Mr. President, these solemn words that all of us revere in the second amendment could not be more clear. There is no discussion about what those words mean. I am fascinated as the days go by, the more I am in politics, the more I read about constitutional scholars making unconstitutional arguments. Frankly, I am sick of it. The more recognition these constitutional scholars get, the more unconstitutional their arguments get.

How can anybody read the second amendment to the Constitution of the United States and come up with gun control? It is just simply not possible to do in any rational way. Yet many of the self-appointed leading lights of constitutional law continue to try to throw the second amendment into oblivion, to throw it on the trash heap. Boy, they are doing a good job.

There are 40,000 gun laws already. We can pass a few more and stop law-abiding Americans from going to gun shows. Let's just keep sitting back, America, keep sitting back on your hands—I might use another word if I were not on the Senate floor—and let it happen. Don't do anything. Don't stand up.

You need to start voting, my fellow Americans. You need to start looking at who is doing this to you and to the Constitution of the United States of America, and you need to start throwing those people out of here. That is what you need to do. I do not care with what party they are. It is irrelevant.

These are the same legal scholars who find a constitutional right to abortion, to solicitation, to contributions, to expression, to travel, to privacy, and to a wall of separation between church and state, none of which are mentioned anywhere in the text of that hallowed document. Nowhere. But, oh, they find it. Abortion, where is that in the Constitution?

I do not know if the scholars have read what our founders have said, but somehow I think it is reasonable to accept the premise that those who wrote the Constitution might have known what they were talking about; maybe they knew what they intended; maybe they knew what they intended since they wrote the document.

It is interesting to read some of their words on the second amendment. I am not sure the scholars have read them. If they have, they are not listening. I have read them. Let me quote a few.

The father of the Constitution, James Madison, made absolutely clear what the second amendment means. Mr. Madison declared that the Constitution preserves "the advantage of being armed[,] which Americans possess over the people of almost every other Nation. . . ."

Thomas Jefferson, who wrote the Declaration of Independence, put it this way. Because of the second amendment, Jefferson proclaimed: "No free man shall ever be debarred the use of arms."

Another Founding Father, George Mason of Virginia, upon whose Virginia Bill of Rights the Federal Bill of Rights was based, explained that the second amendment means that the militia shall "consist now of the whole people, except a few public officials."

The whole people will now have the right in the case of tyranny to go to their homes and pick up their arms and protect themselves. That is the purpose of the second amendment. It is not about sport shooting. It is not about hunting. It is about protection, the right of a person to protect himself or herself from tyranny, from enemies.

Sadly, the modern day enemies of the second amendment choose to ignore what the founders said. I do not think they chose to ignore it. I think they deliberately ignored it. They knew exactly what they were doing.

They are trampling on the Constitution—it is a design—and the American people are going to sit back until it is too late—not if I have anything to do about it; not as long as I have a voice; and as long as I can stand on the Senate floor I am going to stop it.

Today they are unrelenting in their attacks on the second amendment, and they have a big advantage. They have a huge advantage because they have the major news media solidly on their side.

I am not much on polls, but it would be interesting to take a little poll to find out how many of the news media pack a little sidearm somewhere to protect themselves in their homes. Do you want to take any bets?

More than 6 years ago, I was driving to work, coming in here to Washington. I did not have a gun on my person because I am traveling in Washington, DC, where by law I am not allowed to have one. I did not think it would look good for a Senator to break the law. I do not like that law. I witnessed two people murdered in front of my eyes before the CIA.

When I got back to Washington, the press found out I had witnessed the murder, and the first question was not: Is your son OK? I just dropped him off at school 2 minutes before down the road. Not: How is your son? Is he OK? Is he handling it all right? Not: How are you? Are you OK? No. That was not the first question. That was not the second, either.

The first question was: Have you now changed your position on gun control? I witnessed a murder 20 minutes, 30 minutes before. That was the first question: Well, Senator, you're a conservative Republican, pro-gun. Have you now changed your position on the second amendment? I said: No, I have not. I wish I had had a gun. I might have saved two people from being killed by an individual standing in the middle of a highway with an AK-47 weapon, shooting innocent people in their cars.

Time and time again, the media has asked me the same question about that very incident. The obsessive focus of those questions on gun control demonstrates how much the media is in the back pockets of the anti-gun zealots. And they are. They are working together. Frankly, they are winning, if you want my honest opinion. They won here today. They won again. Time and time again—again and again and again—we trample on the Constitution of the United States of America.

You know what I said to the media? We ought to stop worrying about the terrorist's gun and start worrying about tracking him down, trying him, convicting him, and getting rid of him so he can never do it again. Finally, after several years, he was tracked down. He was convicted. He is now on death row.

The man who committed those murders outside the CIA was an alien terrorist who fled overseas. In thinking about the right to keep and bar arms in international terms, I find a certain irony. We live in a time in which nearly all of the totalitarian communist regimes, which kept all of the guns in the hands of the government and out of the hands of the people they tyrannized, have collapsed—almost all but not all. Yet their utterly discredited philosophy of gun control still finds a great number of sympathizers and supporters in the world's oldest democracy.

Two of my close friends escaped Castro's Cuba in the late 1950s, early 1960s. The first thing Castro did when he took over was go door to door, house to house, literally, confiscating every weapon he could get. Because once he did that, his people were defenseless, and he knew it.

It is interesting: Tyrannical governments taking our guns; Members of the Senate and the media taking our guns. A bitter irony, isn't it?

Seen in the light of the second amendment's wording, and the meaning of that provision of the Constitution, as illuminated by the comments of our Nation's founders, it is clear to me that the gun control amendments to S. 254 that were adopted by the Senate are a serious attack on the second amendment rights of all Americans.

The cloture vote we just took bringing debate on this bill to a close—which is what cloture is—shows where the votes are in the Senate. The Senate has sided with gun control, and they went against the cultural approach.

You are not going to cut down a big tree by snipping the leaves off of it. We are not going to solve this problem with gun control. We are going to solve this problem when we understand here in America that we have some severe cultural and moral problems.

We need to put values back in schools. We need to put God back in schools. We need to allow kids to have the right to pray and the right to talk about these things with their teachers so their teachers do not have to worry about being fired for giving comfort.

A teacher in, I believe, New York was fired. When her children were agonizing over the fact that one of their classmates had died, and she offered to have them say a little prayer to comfort them, she was fired. The same people who advocated her firing support gun control.

I sought an opportunity to offer an amendment. I wanted to have a vote on H.R. 1501. I was not allowed to get it. All I wanted was a vote. I wanted the House bill. I wanted the Senate to be on record as to whether or not they supported this alternative, H.R. 1501, or this alternative, S. 254.

I stand right here at the desk of Daniel Webster. Webster was in many debates at this desk in the Old Senate Chamber. He was born in New Hampshire and represented New Hampshire in the Congress; and in a moment, I guess, when he wasn't thinking properly he moved to Massachusetts, and he represented Massachusetts in the Senate. But this desk now for evermore belongs to the senior Senator from New Hampshire.

I can imagine what Webster would think and say in the great eloquence that he was able to deliver so many times on the floor of the Senate at this desk. I think about it often. But I can imagine what he might have thought had he been here in this debate this morning, after a vote, with a bunch of rules that nobody put in the Constitution, with us getting a chance to say why it was a bad vote. I wonder what Webster would have said. Those are the rules.

I wonder also what he would have said if he knew we took away part of the second amendment rights of law-abiding American citizens—probably the same thing he would have said if we tried to take the first amendment rights away or any other rights away under the Constitution. He would be appalled.

I am devastated by this vote personally because I have traveled all over America these past 2 years, and I know what is in the hearts of most of the American people out there because I have talked to them one-on-one, literally one-on-one, from California to Maine, to Florida, to Alabama. You name it, I have probably been in the State. And they are disgusted with what we do here. I am a Member of this body. I am not criticizing colleagues, but they get so sick and tired of it, watching the Constitution get trampled on, watching their taxes go up, watching their rights being taken away, watching 35 million of their fellow citizens aborted and murdered.

When we talk about culture, what do we tell the shooters in Columbine and the kids who do these terrible things? We say, go to school today, be good kids, and while you are gone, we will abort your brothers and your sisters—35 million of them since 1973. We just can't continue to do this. It will be business as usual. We will kill another 30 million over the next 25 years. It won't stop.

It is not going to stop, and this isn't going to stop, until the American people understand fully what is happening. When they do, hopefully, they are going to change the Government and get us back to the Constitution of the United States. That is what we swore to uphold, that is what we took the oath to defend, and that is what we ought to do: Defend it and support it: Anything less than that, I don't care if it is the 2nd amendment, the 4th amendment, the 16th amendment, the 22nd amendment, or the body of the Constitution itself, we should defend it all, because that is what we are here for.

It is with great sadness and regret that I have to say to the American people, you lost today. The second amendment today took another hit, and it will continue to take more until we finally realize that enough is enough and we are going to change the people who do this to us time and time again. I hope it happens before it is too late because once we lose the Constitution and respect for it, we lose America.

I had a citizen tell me—I will not mention the name, for obvious reasons—just recently, about a week ago, that he talked to a high-ranking Member in the House of Representatives. I will leave it at that. That high-ranking Member said, in a discussion with that individual: "The Constitution is nothing but a piece of paper."

If that is true, there is not much hope. The last hope for America is the American people. It is not the Senate; it is not the House; it is not the White House; it is the American people.

Mr. President, I yield back the remainder of my time.

Mrs. FEINSTEIN addressed the Chair.

The PRESIDING OFFICER (Mr. HUTCHINSON). The Senator from California.

Mrs. FEINSTEIN. Mr. President, I rise to claim time to speak on this bill.

The PRESIDING OFFICER. The Senator may speak up to 1 hour.

Mrs. FEINSTEIN. I thank the Chair.

Mr. President, I rise to offer my support to both the majority and the minority leaders in their ongoing efforts to get the juvenile justice bill to conference. I believe it is about time. I was an original cosponsor of the juvenile justice bill and helped write the gang abatement provisions of that bill. These provisions are really designed to provide a helping Federal hand to State and local governments for those gangs, criminal gangs, who are now crossing State lines and illegally conducting criminal activities in various States all across this great country.

Both Houses of Congress passed this legislation weeks ago. There are a few commonsense measures, targeted and precise, that provide some regulation of firearms in this country. They are not sweeping, they are actually rather small, yet they have become the focus of debate and stopped a good bill from moving further. The issue of the bill has remained essentially in legislative purgatory, and the will of the Congress and the American people has so far been denied.

I will speak for a moment about the few so-called gun pieces that are in this bill. The first is a bill by Senator ASHCROFT in the Senate which essentially says that juveniles can't possess or buy an assault weapon, assault weapons which were created for military use to kill large numbers of people in close combat—that is the purpose of these weapons, clearly. They were not made for civilian defensive purposes. It is a no-brainer to say that juveniles shouldn't be able to buy them or possess them.

Secondly, trigger locks should be put on weapons sold to the American public. We know they can be. We know they are not costly, and we know they will save lives in instances such as the one that happened a few weeks ago, when a youngster 8 years old picked up a gun, playing a war game with a 7-year-old, and shot the 7-year-old, not knowing the gun was loaded. Again, a no-brainer. Why not sell a gun with a trigger lock if it is going to save innocent lives?

Thirdly, we would close certain gun show loopholes. Does anyone in America really believe that a juvenile should be able to go to a gun show and, unidentified, surreptitiously, buy a gun and not even have a background check? I don't think so.

Finally, I authored a piece of legislation which to me was another no-brainer. We have in prior legislation prohibited American manufacturers from making the big banana clips, large ammunition-feeding devices, some of them as large as 250 rounds, which are used in the so-called grievance killings, 9 of which have taken place in high schools all across this great country in recent years.

That is the law of the land. You can't make them domestically. You can't sell those that are made domestically, and you can't possess them, if they were made following the assault weapons legislation which became part of the crime bill in 1994.

There is a loophole. The loophole is that they can be imported to this country. Last year alone, from almost 20 different countries, 11.4 million large-capacity, ammunition-feeding devices, over 50,000 of them of more than 250 rounds, came into this country. The President couldn't stop it by executive order; we had to legislate; and, in fact, we did. Twenty Republicans voted for this. We had 59 votes in the Senate. The chairman of the House Judiciary Committee moved it as an amendment on the floor, which was passed by unanimous consent in the House.

I will talk more about that in a moment because something rather dastardly has happened to it.

At Columbine High School earlier this year, 13 innocent children died from gunshot wounds. We were all horrified. Since that time, dozens, if not hundreds, of other children across this Nation have also died from gunshot wounds. Congress has done nothing to solve the problem, no measures to try to prevent this from happening in the future.

On August 16, the children of Columbine will return to the very school that witnessed one of the worst incidents of gun violence this Nation has ever seen. When they return, they are going to be asking themselves, their parents, their teachers, and even us a lot of questions:

What has been done to make our school safer?

Is it harder for kids to get guns today?

What has Congress done to help us?

And who is really trying to make a difference?

Many of those same children came here from Littleton this month, and they asked us those same questions. I believe their questions went largely unanswered.

The children received assurances from leadership on both sides of the aisle that Congress is working hard to reduce or eliminate future school shootings and that Members of Congress sympathized with them and would do anything they could to help. But as one child from Littleton put it bluntly: "It is one thing for them to say they sympathize with our pain; it is quite another to look down a gun barrel and think that maybe you are going to die."

This was from a girl just 17 years old, but a girl forced to grow up very quickly after the events of this past year. This is what the issue is all about—the boys and girls out there who fear for their lives every day because of gun violence.

I have asked fourth graders in California schools what is their greatest fear. Do you know what it is? Getting shot on the way to school.

Yet still we wait and we do nothing. We spent more than a week in this body debating and voting on dozens of provisions to stem the tide of youth violence in this country, and—as much as some would still refuse to accept it—to curb the flood of guns reaching criminals and children.

This debate isn't all about just controlling guns. I think this debate really has three pertinent parts to it: One, improving parenting. Parents need to spend more time with their children. They need to set limits and they need to see that they are observed. They need to spend a lot of time with the young people. This has become less and less in a world that requires two parents to work. That is one thing—better parenting.

There is a second thing. Youngsters left alone are more often more dependent on media than I was when I was raised. In my younger days, there wasn't even television, believe it or not. Today, media is surrounded by a culture of violence—even video games. So youngsters are much more exposed to violence today than I was when I was growing up in this country.

Third, the Nation is awash in guns. These three things make a very combustible mix, and we need to deal with it.

But still we wait and we do nothing.

The delays have come in many forms, as I have said—political maneuvering, parliamentary tactics, and others. Just recently, in a virtually unprecedented move, anti-gun control forces in the House of Representatives raised a last-minute "blue slip" challenge to the amendment I just spoke about, which would stop the importation of these big clips—over 11 million of them last year.

It is my understanding this may have been the first time in history that such a challenge was raised to an amendment under Title 18, the criminal code. The first time in history—but that didn't stop the NRA or its supporters in this Congress.

The clear goal of this amendment, and of the overwhelming majority of Members in both Houses of Congress who voted for it, is to keep those foreign-made, high-capacity ammunition clips off our streets and out of the hands of children and criminals. That is the intent. You can't use them for hunting. They are not good for defensive purposes. They are offensive in their use.

For most people, stopping these big clips from flowing into our country and into the hands of children and criminals is simply common sense. But not for the NRA. They have tried to kill this measure for years. They supported the loophole in the first place. This most recent attempt, the blue slip challenge, popped up at the last minute—after the amendment had passed the Senate, after it had passed the House unanimously, and after we had already waited for weeks for a conference to start the juvenile justice bill.

Essentially, the challenge raised to the bill involves the constitutional prerogatives of the House of Representatives to originate all revenue bills. Several Members of the House argue that because the importation of large-capacity, ammunition-feeding devices creates some revenue for the Treasury, the prohibition of such importation would cost us money, and thus the entire juvenile justice bill becomes a revenue bill. Because no similar measure was in the House bill, it was proclaimed that the Senate had illegally originated a revenue bill. After little debate and much misinformation, the House voted to send the juvenile justice bill back to the Senate so that we could remove the clip provision.

I don't believe such action was warranted, and I would have liked an opportunity to make my case before the vote took place, but there wasn't time. In the end, I had little choice, and I picked up the telephone and called the Speaker of the House of Representatives, who was most gracious. He took my call. He said he did not want to kill the clip ban. He did not believe the House of Representatives—the majority—wanted to kill the clip ban, and he would support its reinstitution. I then called the chairman of the Judiciary Committee, the very distinguished Henry Hyde of Illinois, and he had made the clip ban amendment on the floor, which passed unanimously in separate legislation. He said he was supportive of the clip ban. He said he would move to put it back in conference and that he believed a conference committee that he would appoint on the House side would support its reinstitution into the bill.

Put plainly, we were sideswiped, and we were given no time to recover. But make no mistake, the juvenile justice bill is not a revenue bill, and this challenge, I believe, was simply an attempt to further delay the will of the American people.

I want to explain why I don't believe the clip import ban is a revenue measure, as it is meant by the Constitution, despite what the House Parliamentarian has said. I want to put my views on the record in the hope that this type of cynical maneuver won't happen again in the future.

I am not a constitutional scholar, but to me, this is simple common sense. In my view, the mere fact that a small part of a very large bill may incidentally effect some revenue doesn't make the bill a revenue bill. The Constitution states that all bills for raising revenue shall originate in the House. This has been interpreted to mean all bills affecting revenue, I guess, because although the clip ban does not raise revenue, it does affect revenue in a small way by causing the Treasury to lose the proceeds from a 4.2-percent tariff on ammunition clips that are used in certain types of firearms—I believe, handguns.

I don't believe the intent of this constitutional provision was to prevent the Senate from ever passing a bill that somehow affects revenue. After all, almost everything we do, in some way, affects revenue. We constantly pass bills establishing or eliminating fees. We put new requirements on the executive branch that will clearly lead to increased costs. We establish programs that will bring extra money to the Treasury in ways many people find hard to imagine. Our Founding Fathers wanted the House to originate legislation that raises taxes, and that I understand and concur with. But I don't believe they meant for the House to originate every bill in Congress, which would be the logical extension of the arguments made during this very short debate.

The juvenile justice bill was clearly not a bill for raising revenue, and neither was the clip ban amendment itself. The juvenile justice bill was a bill to stop crime. The clip ban was an amendment to eliminate large-capacity, ammunition-feeding devices from our streets. Any revenue affect was incidental, and any claim to the contrary is simply mistaken.

In fact, the revenue effect of this bill was so incidental that nobody even realized that tariffs would be lost until a few short weeks ago. Not when the amendment came to the Senate floor and passed. Not when the amendment came to the House floor and passed. Not during the days and weeks that the juvenile justice bills sat on the calendar.

Only when the pressure was finally getting too great—only when the Senate Majority leader and the House Speaker promised conferees that week—only then did this issue come up for the first time, at the very last minute, before a rushed vote.

Mr. President, in at least two Supreme Court cases—U.S. versus Munoz in 1990 and another as far back as 1897—the Court has held that "revenue bills are those that levy taxes in the strict sense of the word, and are not bills for other purposes which may incidentally create revenue."

Clearly, Mr. President, the juvenile justice bill is not a bill that levies taxes "in the strict sense of the word," but rather it is precisely the type of bill the Supreme Court agrees is not a revenue bill—one that is, and I quote it again, "for other purposes which may incidentally" affect revenue.

Unfortunately, the House of Representatives never had a chance to review those Court cases, because this issue came up so quickly.

In the end, whether or not a Senate bill is a revenue bill boils down to the opinion of a majority of House Members, and those Members have spoken by returning the juvenile justice bill to us for correction. But I firmly believe that if the House had been given an opportunity to study the facts and review the precedent, the outcome would have been different. Instead, the issue was rushed, the debate cut off, and the outcome predetermined.

I can only hope that we have now overcome the remaining hurdles and we can quickly move to conference on these bills, because we are running out of time.

With fewer than 8 legislative days left before the children of Columbine High go back to school, the future of this bill rests squarely with the Republican leadership in both the House and Senate. They have said they want to make progress with our gun laws, and they now have it within their power to do so.

I am encouraged that it now appears that the logjam has been broken, but the inventive and imaginative delays we have faced so far leave me wary of future shenanigans.

The question is, Will those who claim to support reasonable gun control finally put their money where their mouths are, or will they continue to use unprecedented parliamentary maneuvering to avoid the issue and give the NRA its very own Christmas in July?

I, for one, certainly hope that the American people win out, and I thank the majority leader for getting this process moving.

I also would like to extend my thanks to the Speaker of the House of Representatives and the chairman of the Judiciary Committee for their support. Chairman HYDE was very supportive of the assault weapons legislation, which was moved as an amendment to the crime bill in 1994, and his integrity has remained strong and unchallenged in that regard.

That is the one confidence that I have that this clip ban has a chance to fly once again. That rests on the integrity of the chairman of the Judiciary Committee, which I believe is unblemished, and also on the Speaker of the House of Representatives, both of whom have given me their firm assurances.

I thank the Chair. I yield the floor.

Mr. LEAHY. Mr. President, today we have another opportunity to proceed to conference on the Hatch-Leahy juvenile justice bill. Or today we can be delayed, again, by those who prefer no action and no conference to moving forward on the issues of juvenile violence and crime.

I came to the floor this Monday and last Wednesday to demonstrate the seriousness with which Senate Democrats take the matters included in S. 254, the Hatch-Leahy juvenile justice bill.

On Monday the majority leader was able to vitiate the cloture vote that had been scheduled and proceed to take up the House juvenile justice bill, H.R. 1501. He then offered amendment number 1344 to insert the text of S. 254, the Hatch-Leahy juvenile justice bill that passed the Senate after two weeks of open debate and after significant improvements on May 20, by a strong bipartisan vote of 73–25. In so doing, he struck Title VII of the Senate bill, which contained the amendment on the import ban for high capacity ammunition clips.

It was this provision that the House used to justify its decision to return S. 254 to the Senate on the ground that it contains what they consider a "revenue provision" that did not originate in the House. This, too, is consistent with the unanimous consent request that I first propounded last Wednesday and that the Majority Leader sought last Thursday.

I trust that once we obtain cloture on substituting the Senate bill for the House text, which is standard practice before seeking a conference, that the Majority Leader will move to instruct the conferees to reinsert the language that has been omitted from the Senate text to cure the technical objection of the House. That, too, would be consistent with the unanimous consents previously sought.

We will then be in position to have the Senate request the long-delayed conference and appoint its conferees.

One week ago, I took the extraordinary step of propounding a unanimous consent request to move the Senate to a House-Senate conference. I talked to the Majority Leader and the Chairman of the Judiciary Committee in advance of making the unanimous consent request. I noted the history of this measure and the need to move to conference expeditiously if we are to have these programs in place before school resumes in the fall in the course of my colloquy with the Majority Leader last week.

Two weeks ago, Republican leaders of the House and Senate were talking about appointing conferees by the end of that week. Instead, they took no action to move us toward a House-Senate conference but, instead, were moving us away from one. By propounding the unanimous consent last week, I was trying on behalf of congressional Democrats, to break the logjam. The unanimous consent would have cured the procedural technicality and would have resulted in the Senate requesting a conference and appointing conferees without further delay.

While I regret that Republican objection was made to my request last Wednesday, I thank the majority leader for the steps he is taking. Senate Democrats have been ready to go to conference. Unfortunately, objection from the other side of the aisle has extended the normal process from literally seconds into days and possibly weeks before we can conference this important matter.

Today, the Senate takes the second step outlined in my unanimous request, moving toward substituting the Senate bill for the text sent to us by the House. Senators can cooperate in taking the additional steps outlined in my consent request to get to a conference and the Senate could proceed to appoint its conferees and request a conference without further delay, even today.

Alternatively, Senators can exercise their procedural rights to obstruct each step of the way and require a series of cloture petitions and votes. I hope that in the interests of school safety and enacting the many worthwhile programs in the Hatch-Leahy juvenile justice bill, they will begin to cooperate. The delay is costing us valuable time to get this juvenile justice legislation enacted before school resumes this fall.

I spoke to the Senate before the July 4th recess about the need to press forward without delay on this bill. I regret that it is beginning to look like I will be repeating that speech again as we approach the August recess and maybe even into September.

I have contrasted the inaction on the juvenile justice bill with the swift movement on providing special legal protections to certain business interests. In just a few months, big business successfully lobbied for the passage of legislation to protect themselves against any accountability for actions or losses their products may cause to consumers. This week the Senate is moving rather briskly on corporate welfare and other proposals.

Some on the other side of the aisle are dragging their feet and now actively obstructing the House and Senate from moving to appoint conferees on the juvenile justice bill that can make a difference in the lives of our children and families. New programs and protections for school children could be in place when school resumes this fall. The Hatch-Leahy juvenile justice bill is a firm and significant step in the right direction. The passage of this bill shows that when this body rolls up its sleeves and gets to work, we can make significant progress. But that progress will amount to naught if the House and Senate do not conference and proceed to final passage on a good bill.

Every parent, teacher and student in this country is concerned this summer about school violence over the last two years and worried about the situation they will confront this fall. Each one of us wants to do something to stop this violence. There is no single cause and no single legislative solution that will cure the ill of youth violence in our schools or in our streets. But we have an opportunity before us to do our part. It is unfortunate that the Senate is not moving full speed ahead to seize this opportunity to act on balanced, effective juvenile justice legislation.

I want to be assured that after the hard work we all put into crafting a good juvenile justice bill, that we can go to a House-Senate conference that is fair, full, and productive. We have worked too hard in the Senate for a strong bipartisan juvenile justice bill to simply shrug our shoulders when a narrow minority in the Senate would rather we do nothing. I urge all Senators to work to make today the day that we finally can request the overdue House-Senate conference on the Hatch-Leahy juvenile justice bill.

Mr. HATCH. Mr. President, I hope and expect that cloture will be invoked shortly. It is my understanding that we will then proceed to the appointment of conferees for the juvenile crime bill, which is something I have been working on with the majority leader for some time. I commend the leader for his commitment to this bill, and I thank my colleague from New Hampshire for allowing the Senate to work its will.

I appreciate the arguments my colleagues have made and agree with much of what they said. But, in the end, the Senate and House have passed different juvenile crime bills, and it is a conference committee's task to reconcile those differences. It will be a difficult challenge since the Senate has an obligation to advocate for its position. Yet—at the same time—we must recognize that the House passed a bill which contains different cultural reform proposals, less spending, and no gun control provisions. In fact, the House defeated a separate gun control bill.

We must do our best to reconcile these bills. In the end, I hope and trust that this conference committee will produce a vehicle that the House, the Senate, and the President can support. If, however, some in positions of leadership and responsibility are unwilling to search for common ground and are content to simply politicize this issue, the change to do something meaningful for our Nation's children may slip through our hands. I hope that does not happen and I hope that we can come together for the sake of our children.

I want to say yet again that this is one of the most important bills that Congress will consider this year. The Judiciary Committee has worked on juvenile crime legislation for more than two years. The committee marked up the predecessor to S. 254 for nearly two months last Congress. And as you are aware, the Senate spend 2 full weeks this spring debating S. 254.

In 1997, juveniles accounted for nearly one-fifth of all criminal arrests in the United States. Juveniles committed 13.5 percent of all murders, more than 17 percent of all rapes, nearly 30 percent of all robberies, and 50 percent of all arsons. In particular, schools are becoming more and more dangerous. Fifteen percent of students have reported being victimized at school. Additionally, more than half of the Nation's public schools have reported that a crime had been committed on the premises.

Sadly, the killings at Columbine High School last Spring are not an isolated event. Similar shootings have occurred in recent years at schools in Pearl, Mississippi, which left two dead, West Paducah, Kentucky, which left three dead, Jonesboro, Arkansas, which left five dead, Edinboro, Pennsylvania, which left one dead, and Springfield, Oregon, which left two dead.

S. 254 provides an infusion of funds to state and local authorities to combat juvenile crime and youth violence. While juvenile crime is largely a state and local issue, the federal government can play a valuable role in assisting the States fight juvenile crime and violence through flexible block grants. S. 254 provides $1 billion a year to the States to fight juvenile crime and prevent juvenile delinquency. Specifically, S. 254 includes a $450 million juvenile accountability incentive block grant to the States. States can use this grant to implement graduated sentencing sanctions; build detention facilities for juvenile offenders; drug test juvenile offenders upon arrest; and require juvenile offenders to complete school or vocational training, among other reforms. S. 254 also includes the "juvenile Brady" provision, which prohibits the possession of a firearm by persons who commit a violent felony as a juvenile and $75 million annually to help States upgrade juvenile felony records and provide school officials access to such juvenile felony records in appropriate circumstances. In addition, S. 254 provides more than $500 million annually to the States for prevention programs, some of which are specifically targeted toward gangs in schools, and it extends the Violent Crime Reduction Trust Fund through 2005 to ensure adequate funding of administration of justice programs.

In closing, I hope that we can proceed to the appointment of conferees. This will give us the opportunity to accomplish a great deal over the August recess, and I believe that it will allow us to approve a conference report the week after Labor Day. It would be fitting for Congress to wrap up this historic juvenile crime legislation when America's children are returning to school from the summer recess.

Mr. LOTT. Mr. President, I ask unanimous consent that the pending amendment be agreed to, the remaining amendments be withdrawn, the bill be advanced to third reading and passage occur, all without intervening action or debate.

I further ask consent that the Senate insist on its amendment, request a conference with the House, the conferees be instructed to include the above described amendment No. 343 in the conference report, and the Chair be authorized to appoint conferees on the part of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Amendment (No. 1344) was agreed to.

The Amendment (Nos. 1345, 1346, 1347, and 1348) were withdrawn.

The Amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 1501), as amended, was read the third time and passed.

(The text of the amendment No. 1344 was printed in the RECORD of Monday, July 26, 1999.)

The Presiding Officer (Mr. HUTCHINSON) appointed Mr. HATCH, Mr. THURMOND, Mr. SESSIONS, Mr. LEAHY, and Mr. KENNEDY conferees on the part of the Senate.

Mr. LOTT. Before I go to the next unanimous consent request, I again express my appreciation for the patience and for the cooperation of Senator SMITH in working through this process.

Personally, I believe very strongly that we need to have a good juvenile justice bill, which includes a lot of very important provisions with regard to how we try juveniles who commit crime, how we incarcerate them, how we deal with school security, including metal detectors. It also has programs included for alcohol and drug abuse, and it has some values provisions in it.

The House has passed a good bill which did not include the gun provisions. I hope this will be a juvenile justice bill when it comes back from conference.

I do think the right thing to do is to go to conference. I appreciate cooperation in making that happen.

DEPARTMENT OF DEFENSE APPROPRIATIONS, 2000

The PRESIDING OFFICER. Under the order of the Senate of June 8, 1999, the Senate, having received H.R. 2561, will proceed to the bill. All after the enacting clause is stricken and the text of S. 1122 is inserted. H.R. 2561 is read a third time and passed. The Senate insists on its amendment, and requests a conference with the House, and the Chair appoints Mr. STEVENS, Mr. COCHRAN, Mr. SPECTER, Mr. DOMENICI, Mr. BOND, Mr. MCCONNELL, Mr. SHELBY, Mr. GREGG, Mrs. HUTCHISON. Mr. INOUYE, Mr. HOLLINGS, Mr. BYRD, Mr. LEAHY, Mr. LAUTENBERG, Mr. HARKIN, Mr. DORGAN, and Mr. DURBIN conferees on the part of the Senate.

TAXPAYER REFUND ACT OF 1999

Mr. LOTT. I ask unanimous consent the Senate begin consideration of the reconciliation bill, which is the Tax Relief Act, and that the first 3 hours of debate be equally divided in the usual form for purposes of opening statements only.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative assistant read as follows:

A bill (S. 1429) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

There being no objection, the Senate proceeded to consider the bill.

Mr. ROTH. Mr. President, I yield myself 30 minutes.

Mr. President, I don't think there is any parent who hasn't had the experience of sending a child into a store with a $20 bill to buy a carton of milk, a loaf of bread, or perhaps a dozen eggs, and the child returns with the few essentials. In a demonstration of maturity and responsibility, the child returns the change to his or her parent. There is no question who the change belongs to. After all, the parent earned the money; it is needed to support the family; the family will certainly have important uses for it later. The child understands this. So does the parent. Most often, the change is returned to the household budget to take care of other important needs.

Washington needs to demonstrate the same responsibility when it comes to determining what to do with the change that is left over from running the government. There are surplus revenues in the Treasury. As with a child emerging from the grocery store, there is change—big change—left over after Congress has met the necessities of running government.

In trying to balance the budget in 1997, Congress miscalculated the revenues that would be generated by the economy. At the same time, the hard work, the thrift, investment, and risk-taking of Americans combined to create an unexpected windfall of revenue. Now the question Washington seems to be grappling with concerns who rightly deserves the windfall. It is a question any parent or child can answer. American families, those who created the wealth in the first place, those who need their precious resources to meet future basic needs at home, are rightly entitled to the revenues they have earned, revenues Washington did not plan for to meet the expense of government, from which Washington had budgeted.

Now, as the child returning change for the $20, we must hand back the money. We must do it in a broad-based way that is fair to those who provided the funds to Washington in the first place. We must do it through broad-based tax relief that helps individuals and families at all income levels meet real needs.

The broad-based tax relief plan that passed out of the Finance Committee with bipartisan support will do just that. It will benefit nearly every working American. It will help restore equity to the Tax Code and provide American families with the resources they need to meet pressing concerns. It will help individuals and families save for self-reliance and retirement. It will help parents prepare for educational costs. It will give the self-employed and underinsured the boost they need to pay for health insurance. It will begin to restore fairness to the Tax Code by eliminating the marriage tax penalty.

Let me state exactly how the plan works and why it has received bipartisan support. This tax cut package will provide broad relief by reducing the 15-percent tax bracket that serves as the baseline for all taxpayers to 14 percent. In other words, no matter which tax bracket a family may be in, by cutting the 15-percent bracket, everyone will benefit as they will pay 14 percent on their first portion of taxable income. At the same time, this plan expands the 14 percent bracket, dropping millions of Americans who are now paying taxes at 28 percent down to the lower bracket.

For a middle-income family of four, these two changes will mean a tax savings of over $450 a year. And these provisions have already found bipartisan support.

To restore equity to the Tax Code, this plan targets another bipartisan objective by eliminating the marriage tax penalty. For too long, husbands and wives who have worked and paid taxes have been penalized by their dual incomes. I have heard of some couples who have actually chosen not to marry because of the tax penalties their marriage would incur.

This plan will fix that by giving working married couples the option of filing combined returns, using separate schedules to take advantage of the single filer tax rates and the single filer standard deduction.

This is a change that is long overdue. American families have been suffering under the unfair burden of the marriage tax penalty for too long. A simple example shows us why:

Robert and Diane are two single Americans who have fallen in love and want to marry. They are not considered wealthy. In fact, Robert is a hard-working foreman at an auto factory. Susan, his fiancee, is an experienced nurse. Each makes roughly $50,000 a year. Now, under current law—when the file their separate tax returns—they each take a personal exemption and the standard deduction, giving them a taxable income of $43,000. After applying the tax rates for singles, they each owe tax of about $8,745.

If, however, Robert and Diane follow their hearts—get married and start a family—they realize that their total combined income would be $100,000. Should they marry, they would no longer be considered middle-class individuals, but many would regard them as a wealthy family, and under current law their combined income would be reduced by their two personal exemptions and by the standard deduction for married couples.

And here is where they would hit their first marriage penalty problem, discovering that their new standard deduction is significantly less than the combination of the two standard deductions they receive as singles.

But the marriage penalty does not end there. In fact, it gets worse. With their combined income, Robert and Diane—now considered by many to be wealthy—would have a taxable income of $87,400. This is where they would hit their second marriage penalty problem.

The lowest tax rate bracket for married couples is less than twice as wide as the lowest tax rate bracket for singles. In other words, more of their income would now be taxable at higher rates. The result would be a total tax bill of $18,967, almost $1,500 more than they would have paid as singles. That steep increase would come at a time when they could least afford it, a time when just starting out as a married couple they would be looking to buy a home, raise a family, and save for education.

The legislation we introduce today—this broad-based tax relief—completely eliminates the marriage penalty for

Robert and Diane. The Senate Finance Committee bill will allow Robert and Diane to file a joint return, but to calculate their tax liability as if they had remained single. They would each get the benefit of the more generous standard deduction and of the more generous rate brackets. Under this new approach, they would pay a total tax of $17,490 which is the combination of what they had each paid before. This saves them almost $1,500.

But in restoring equity to the tax code, we do not stop with the marriage penalty. Another important measure contained in this broad-based tax relief plan is the elimination of the alternative minimum tax for middle-income families—families like David and Margaret Klaassen. Most of us know their story. The Tenth Circuit recently affirmed that under the current law, the Klaassens are required to pay the alternative minimum tax despite the fact that it may not have been Congress' intent to impact families like the Klaassens when Congress passed the AMT.

David and Margaret Klaassen are the parents of 10 dependent children. They had an adjusted gross income of $83,000 and roughly $19,000 of itemized deductions relating to state and local taxes, medical expenses, interest, and charitable contributions. Their reported adjusted gross income was $63,500, and with 12 personal exemptions their taxable income was $34,000, resulting in regular tax of $5,100.

That would seem fair. And the Klaassens paid the bill. However, the IRS flagged the return and determined that the family was liable for the alternative minimum tax, a provision in the code that was passed to make sure that wealthy individuals and families do not escape at least some liability through tax shelters and other tools they might use to minimize their liability. The IRS determined an AMT deficiency of $1,100. For AMT purposes, the Klaassens were disallowed a $3,300 deduction for State and local taxes.

In addition, $2,100 in medical expenses were disallowed because of the 10-percent floor for AMT purposes. And finally, the Klaassens' entire $29,000 deduction for personal exemptions was disallowed because of the AMT. These adjustments resulted in alternative minimum taxable income of $68,000—twice the taxable income that the Klaassens had without the AMT.

This simply is not fair. It is not what Congress intended. The Finance Committee bill will help return fairness to the tax code by allowing families to receive the full benefits from their personal exemptions. This will also restore taxpayers' ability to receive their $500 per child tax credits, and other benefits that were intended to be available to middle-income families.

These are changes that are long overdue. Again, they have strong bipartisan support. But our broad-based Taxpayer Refund Act of 1999 does so much more.

This plan will also help individuals and families find self-reliance and security in retirement through expanded individual retirement accounts, as well as through enhanced 401(k) plans, 403(b) plans and 457 plans. These are critical programs—programs that along with Social Security and personal savings help individuals prepare for their golden years.

For savings through the workplace, there are 401(k) plans, 403(b) plans and 457 plans, each of which can be sponsored by different types of employers. For individual savings, there is either the traditional IRA or the Roth IRA. And all these different savings vehicles have different limits on how much individuals can save. However, our current system can do more, and the limitations that we placed on retirement savings in times of budgetary restraints should be reexamined in light of the current surplus. For example, the IRA contribution limit has not changed since 1982.

Had it simply been indexed for inflation, it would be almost $5,000 today. What an opportunity that would present middle-class families to prepare for their futures. And that's exactly who benefits from IRAs—middle- and lower-income Americans.

Fifty-two percent of all IRA owners earn less than $50,000. This same group makes about 65 percent of all IRA contributions, and right now they are limited by the $2,000 cap on contributions. IRS statistics also show that the average contribution level in 1993 for people with less than $20,000 in income was $1,500.

Clearly, if the average contribution of modest-income taxpayers is $1,500, this demonstrates that many of these Americans want to make contributions of more than the $2,000 limit. This tax relief bill will incrementally increase the amount that people can contribute to IRAs from $2,000 to $5,000.

In the area of employer-provided savings vehicles, the current maximum pre-tax contribution to a 401(k) plan or a 403(b) annuity is $10,000.

In addition, the maximum contribution to a 457(b) plan is $8,000. Finally, the maximum contribution to a SIMPLE plan is $6,000. These limits are indexed for cost-of-living increases.

There has traditionally been a differential in contribution limits among the various types of plans: IRAs having the lowest limits; SIMPLE plans having a greater limit, but not as much as a 401(k) plan; and 401(k) and 403(b) plans having the highest limits, but the greatest number of regulations.

Since the IRA limit will be raised to $5,000, the bill will increase limits for 401(k) and 403(b) plans to $15,000 and for SIMPLE plans to $10,000; thereby continuing the differential. The limit for 457(b) plans for government employees will increase to $10,000.

There is no question, with rising concerns about security and self-reliance in retirement, that these changes are needed. They will go a long way toward helping individuals and families achieve their economic goals. But the benefits this legislation has for retirement planning do not stop here.

There are other provisions that will add new retirement vehicles, provide greater ability to transfer retirement savings between plans, promote retirement plans for small businesses, and simplify the retirement plan system for both employers and employees.

One provision will allow employees 50 years old or older to make catch-up contributions to their retirement plans. This will be most important for women, benefiting those who may have started their retirement savings late or who may have taken time off to raise children.

Whatever the reason, once these individuals have reached 50, they will be eligible to make additional contributions to their retirement plans that are equal to 50 percent of their plans' maximum allowable contribution. In other words, their total annual contribution could be 150 percent of the normal contribution.

Beyond restoring equity to the tax code and helping Americans prepare for retirement, the Taxpayer Refund Act of 1999 will also help individuals and families gain access to health care—particularly those who are self-employed, or who are not covered by their employers—this legislation will enhance the tax deductibility of health insurance. It does this by accelerating the full deductibility for health insurance for the self-employed and by providing the same benefit on a phased-in basis to employees who are not covered by their employers.

In detail, the Taxpayer Refund Act of 1999 will provide an above-the-line deduction for health insurance and for long-term care for which the taxpayer pays at least 50 percent of the premium. It will allow long-term care insurance to be offered in cafeteria plans and provide an additional dependency deduction to caretakers of elderly family members. To benefit small businesses, this legislation will accelerate the 100 percent deduction for health insurance of self-employed individuals beginning in 2000.

To help make education more affordable for families and students, the Taxpayer Refund Act of 1999 strengthens educational savings opportunities by making college tuition plans tax-free. In other words, families—including grandparents, aunts, and uncles—can invest their after-tax income into a child's educational future. And when that money is used by the child, it will be tax-free on buildup and withdrawal.

This legislation also increases student loan interest deduction income limits for single taxpayers by $10,000 and adjusts the beginning income limits for married couples filing joint returns to twice that of a single taxpayer. Beyond these important changes, this tax relief plan promotes education by making deductions for employer provided assistance permanent, and by allowing employer assistance to be used for graduate-level courses.

Again, these are necessary changes—changes that will help families meet their priorities.

Another important component of this tax relief package involves its treatment of estate and gift taxes. Here, our objective is to protect families, farmers, and small business men and women who have worked their whole lives to build a future for their posterity. Members of the Senate Finance Committee can recall the heartrending testimony of Lee Ann Goddard Ferris whose 71-year-old father died in a tragic farming accident in Lost River Valley, Idaho. For more than 60 years, her family had worked the land.

They owned over 2,600 acres—2,600 acres that had been purchased through decades of toil. In Lee Ann's own words, "My father's death was the most devastating event that any of us has ever gone through. The second most devastating event was sitting down with our estate attorney after his death. I'll never forget his words. The estate attorney said, 'There is no way you can keep this place, absolutely no way.'"

Still suffering from her father's accidental death, Lee Ann couldn't believe what she was hearing. "How can this be?" she asked. "We own this land. We have no debt! We just lost my father, and now we are going to lose the ranch?" According to Lee Ann, "Our attorney proceeded to pencil out the estate taxes . . . and we all sat in total shock."

Where is the fairness, Mr. President? Here a family works for more than half a century to build a ranch, only to hear that estate taxes would rob them of their legacy, their heritage, their home.

"This tax situation has put a tremendous strain on my mother," Lee Ann testified. "Mother worries constantly and has had many sleepless nights. I don't know if any of you could ever imagine how hard it has been on her. She doesn't have her husband anymore. She worked hard her whole life and gave up a lot of material things to put her after-tax dollars back into the land to pay it off. Now, unless this tax law is changed or abolished, she will have to leave her home, which she loves, and our family will not have a base from which to carry on."

With this legislation, Congress will do something to protect these families. The Taxpayer Refund Act of 1999 turns the unified estate tax credit into a true exemption, and it increases the exemption from $1 million to $1.5 million. This legislation also significantly reduces the actual estate tax rate, and it increases the annual gift tax exclusion from $10,000 to $20,000 by the year 2006.

Each of the measures I have outlined as part of the Taxpayer Refund Act of 1999 is vitally important to the well-being of all families; each is a key component of this tax relief package. Again, our purpose is to be broad-based—to provide the most meaningful tax relief possible—to do it in a way that families can meet their individual needs—and to present a plan that can receive strong bipartisan support.

With this major tax relief package—$792 billion over 10 years—we meet all of these criteria. And, in the process, we leave over $500 billion to meet pressing concerns here in Washington, such as preserving and strengthening Medicare.

We are able to do all this and to keep the budget balanced for a simple reason: the work, the investment, and the job creation achieved by Americans everywhere have succeeded in creating long-term economic growth.

It is not right that the reward for this success is that today our taxes are the highest percent of our gross national product than at any other time in postwar history. These same Americans—the authors of this success story—are rightful heirs to the wealth they are creating. After paying for the Government programs for which Congress has planned and budgeted, the change must now be returned to the taxpayer.

This legislation not only returns the change by cutting taxes, it increases access to healthcare; it makes education more affordable; it helps taxpayers prepare for self-reliance and retirement; it keeps their home, farm, and family business safe from death taxes. These are objectives that are shared by everyone. They are objectives that can be embraced by Senators and Congressmen on both sides of the political aisle. They are objectives that can be made realities by being passed into law.

Mr. President, I reserve the remainder of my time.

I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER (Mr. BURNS). The Senator from New York.

Mr. MOYNIHAN. First, I congratulate our revered chairman, Senator ROTH, for the manner in which he has presented the Taxpayer Refund Act of 1999, for the manner in which he brought our committee together in consultation and deliberation, and who, indeed, produced a measure which was bipartisan. It has many elements which would commend our support across the aisle—certainly mine. But it is not to that issue that I will speak today, but to the question of the doctrine.

I would like to put this debate in a doctrinal perspective, which is to say, the development in the 1960s which holds that the only way to restrain the growth of Government is to deliberately create a protracted fiscal crisis.

This begins, of course, with a view of Government that is so very different from what traditional conservatism would hold. It is a new and radical idea. I will discuss how it emerged.

But first I will cite an article from this morning's New York Times op-ed page by Gertrude Himmelfarb, one of our preeminent historians and an avowed conservative. She writes so much of what goes on. She says:

> In their eagerness to do away with the nanny state, some conservatives risk belittling, even delegitimizing, the state itself. A delicate balancing act is required: to dismantle or diminish the welfare state while retaining a healthy respect for the state itself. For good government is the precondition of civil society, providing a safe space within which individuals, families, communities, churches and voluntary associations can effectively function.

But, as I say, the debate on this tax bill is not just a debate about tax policy; for it is far less a debate on taxes than a debate on economic and budget policy and the larger understanding of the role of Government in our society, the role of Government in an advanced market economy.

At the outset of this debate, we should be mindful of some painful mistakes we have made in the not too distant past and which we evidently mean to repeat.

In August of 1993, just 6 years ago, we began to correct a colossal budget mistake. The President signed into law a deficit reduction act without precedent in size that dramatically changed the budget outlook—turning deficits of $290 billion a year, as far as the eye could see—to anticipate my friend David Stockman—into the surpluses we now project of $200 billion and more—surpluses on budget—leaving aside the Social Security revenue stream.

At the time of its passage, it was estimated that the 1993 legislation, the Omnibus Budget Reconciliation Act of 1993, would reduce the deficit by $505 billion over the 5 years, 1994 through 1998.

The Office of Management and Budget, in its fiscal year 2000 edition of "Analytical Perspectives," estimated that the total deficit reduction has been more than twice this. I quote: "The total deficit reduction has been more than twice this—$1.2 trillion."

That suggests the extraordinary quality of that moment when we stood on this floor and waited for the final vote that would allow the Vice President to cast the determining vote, 51–50. The act was passed without one Member of the Republican Party of either House of the Congress.

In 1997, we had a more bipartisan effort in the Balanced Budget Act of 1997.

Again, we see larger revenue benefits than were originally anticipated.

As for the fiscal year that ends this September, the OMB projects a budget surplus of $99 billion and the Congressional Budget Office projects a surplus of $120 billion. With the end of the fiscal year just 2 months away, we can expect, with great confidence, a budget surplus for the second consecutive year.

What explains this huge gap, this pleasant surprise between budget expectations and outcomes in recent years? As is often the case in economic analysis, there are interrelated factors which cannot always easily be disentangled but which provide clues.

To begin with, we appear to be in what has been described by our now-Secretary of the Treasury, Lawrence Summers, at his confirmation hearing as a "virtuous cycle." I put a question to him, and he responded:

> Senator, I think it very important that, as you suggest, we do reduce the national debt by the full amount of the Social Security surpluses, which would continue this virtuous cycle by reducing interest rates, which makes possible more growth, which makes more tax collections, which makes larger surpluses, which makes lower debt, which reduces interest rates, which starts the cycle going again. That is an enormously important process.

The Honorable Robert Rubin, who was Mr. Summers' distinguished predecessor, often spoke of a term which is not in ordinary usage, but it is a term known by Secretaries of Treasury and by persons who deal in securities, in markets. Mr. Rubin would use the term the "risk premium on interest rates." That is to say, the extra charge if a person is lending money, if they are not certain of the fiscal stability of the Federal Government, in this case, and, thence, of the economy at large.

It was, first of all, this risk premium that we broke in 1993, the fear that down the line, if these deficits of $290 billion in the previous year went on and on—the debt had quadrupled over the previous twelve years—that the day would come, again, to use an economist's term, when we would "monetize" the debt through inflation. We would get rid of it by wiping out the value of the dollar. That is that premium, that risk premium on interest rates.

We began to see this effect. I was here on the Senate floor on February 10, 1995. I remarked:

> . . . the economy performed better than expected, in part, because Congress adopted a credible deficit reduction plan. In part, also, because, as Secretary of the Treasury Rubin remarked to the Finance Committee this Wednesday [that is, Wednesday, February 8, 1995], the deficit reduction program squeezed the risk premium on interest rates out of real long-term interest rates. If financial markets do not believe the deficit is under control, they will levy a risk premium on capital lending. In 1993 and 1994, we clearly persuaded the markets that we were finally serious.

From a slightly different perspective, the Congressional Budget Office also took note of the importance of reducing interest costs. For most of the post-World War II period, interest costs have been the second or third largest item in the budget, behind Social Security and national defense.

In commenting on this, the CBO said, of the effects of that 1993 legislation:

> Remarkably, the biggest single change lies in . . . interest—now projected at 3.3 percent of GDP in 2003 compared with 4.5 in the earlier report, a testimonial to the efforts to rein-in the debt's growth [which had taken place].

For the record, CBO, in its latest budget update issued earlier this month, now projects interest costs at just 1.7 percent of GDP in the year 2003, a reduction by half from its September 1993 projection when we had just passed that legislation of that year.

Outlays for net interest peaked at $251 billion 2 fiscal years ago. They are now projected to decrease to $222 billion, and if we can just keep from squandering the surplus, we will repay the debt incurred in those years and that interest cost will again go down, almost to disappear.

Now, I do not mean to suggest that the budget outlook is solely due to changes in budget policies. Factors other than deficit reduction are at work, making for a strong, sustained economic expansion. The economy brings higher receipts and lower outlays for unemployment and other such programs that automatically expand in a recession.

Last week, in testimony before the House Committee on Banking and Financial Services, Alan Greenspan, our world-renowned Chairman of the Board of Governors at the Federal Reserve, provided some insights into what is sustaining this period of remarkable growth. Observing the absence of production bottlenecks, shortages, and price pressures that inevitably occur in an expanding economy, he noted a number of the possible explanations for the good fortunes involved; notably, just-in-time inventories and such like; but they have come about fortuitously at a time when the deficit was under control, deficits were declining, and the prospects were much better all around.

The question is, Can we not keep this? Can we not sustain the extraordinary economic expansion on which we have embarked?

Unemployment is now at 4.3 percent. May I say, as someone who in the Kennedy administration was Assistant Secretary of Labor for Policy Planning, we would have said, sir, that a 4.3-percent unemployment rate was unsustainable. It would lead to an outbreak of inflation. Yet here we have it, 4.3 percent, real economic growth at 4 percent. We are in the ninth year of an expansion, and we have no inflation. This is something that is going to require that the economic textbooks be rewritten. But we have done it, and a lot of it comes about from what we did on the Senate floor in August of 1993 and which our great hope on this side of the aisle is that we not undo in this short time that has passed.

Alan Greenspan, in that testimony, was very clear. He said tax cuts are to be reserved for recessions. That will be the most effective means we can have to regenerate the economy and keep the long-term growth path moving high.

The New York Times editorialized this past Sunday, on the Oracle of the Fed:

> Mr. Greenspan is treated reverently on Capitol Hill, but it appears that the Republicans do not want to heed his advice to run a surplus and pay down the national debt, while saving a tax cut for when it is needed.

How come this sudden resurgence just now, when it would seem so clear that a quite opposite policy has had such very desirable effects? Well, sir, I go back, as I said I would earlier, to matters of political doctrine.

We don't talk much of doctrine on the Senate floor, but there are times for it. In 1995, for example, we debated a constitutional amendment requiring a balanced budget. I presented a series of papers in which I tried to describe the idea of "starving the beast," as the term was; that is to say, depriving the Federal Government of the revenues needed, putting it simply, to govern.

The argument is quite simple. It goes back to the 1970s when a number of theorists on the conservative wing of the Republican Party determined that it was not going to be possible for the Federal Government ever to be controlled in its size as long as it had the revenues to sustain, or even to increase, that size. And so it came about that a policy doctrine developed which argued that deficits, if sizable enough, had acquired a new utility—deficits that had presumably been the horror of conservative financial thought now became something attractive because they could be used to reduce the size of Government itself.

E.J. Dionne, Jr., in an op-ed article in yesterday's Washington Post, clearly recognizes this idea is still afoot. He writes:

> The long-term goal, about which Republican leaders are candid, is to put Government in a fiscal straitjacket for years to come.

In fairness, I think this is more to be encountered on the House side than in this body, but it still would be the cumulative effect, in fact, of the tax cuts that have been proposed in both bodies.

I can remember the onset of this. In the late 1970s, it was clear. One could write about it, and one did. Then came the administration of President Reagan in which, in effect, the policies were carried out—or they began to be carried out. In a television address, 16 days before his inauguration, President Reagan said:

> There will always be those who tell us that taxes could not be cut until spending was reduced. Well, you know, we can lecture our children about extravagance until we run out of voice or breath, or we can cut their extravagance by simply reducing their allowance.

There you have President Reagan in his most agreeable and heart-warming quality. He thought this could be done because he thought there would, in fact, be reductions in Government. There were none. Moreover, very shortly, his economic advisers realized the economic analysis they had used to project revenue increases from tax reductions weren't going to work, and they faced a prospect of deficits of, as David Stockman once said, "$200 billion as far as the eye can see."

Haynes Johnson, in his superb book, "Sleepwalking Through History: America Through the Reagan Years," writes:

> The Reagan team [not the President] saw the implicit failure of supply side theory as an opportunity, not a problem.

Now, this we have to absorb. They saw the failure of supply side theory—which said that the more you cut taxes, the higher the revenues will be—as an opportunity, not a problem. The secret solution was to let the Federal budget deficits rise, thus leaving Congress no alternative but to cut domestic programs. But in the end, they were not cut. Some grew. There was a view, and certainly a respectable one, that defense had to be increased. We now, incidentally, suggest there be a 20-percent reduction in defense spending over the next 10 years.

The Reagan administration increased defense spending, and they had a perfectly good argument for doing that—but not simultaneously with huge tax cuts. There, very shortly thereafter, had to be tax increases. But the course was set for the 1980s and the deficit quadrupled, from under a trillion dollars to about $3.7 trillion now in publicly held debt. So I rise again to say, as I have done before, that what we did in 1981 with that tax cut—for which I voted because projections of huge surpluses in the future—was so ruinously wrong. We now have a debt that will level off at about $6 trillion, while the debt held by the public will fall by $2 trillion, or more, depending on the size of this tax cut.

The other important reason, which I will close on, is that the 1997 balanced budget amendment left us with what the Washington Post this morning calls an "accounting illusion," that we can reduce the spending on domestic programs by 20 percent in real terms over the next 10 years. The illusion is coming apart already. Just the other day, the House of Representatives determined that the money to pay for the decennial census in the year 2000 required an emergency appropriation outside of those limits. We have had that census for many years. That census is provided in the Constitution. It has taken place every decade since 1790. All of a sudden, we have made it into an emergency.

In this morning's Washington Post, our former majority leader, our beloved colleague, ROBERT C. BYRD, has an article called "Time for Truth In Spending." He said:

> What we need to jettison is the political rhetoric. What we need to impose is truth in spending.

And he set down a few principles. He said:

> First, watch our investments carefully and manage them prudently. We should continue our best efforts to manage the economy and watch out for inflation.
>
> Second, do not spend our money before we make it. Before the surplus is spent, whether on tax cuts or continuing important priority programs, wait for the money to be in the bank.

We are proposing to spend a surplus, sir, that does not exist.

> Third, pay our debts. The United States should take advantage of this opportunity to retire the national debt.
>
> Fourth, cover the necessities. Congress should not shortchange the Nation's core programs, such as education, health care, veterans, and the like.
>
> Fifth, put aside what we need for a rainy day. Congress should take steps to reserve the Social Security and Medicare surpluses exclusively for future costs of those programs.
>
> Sixth, don't go on a spending spree. Resist the temptation to create costly new government programs.
>
> Finally, take prosperity in measured doses. Congress should reduce taxes without pulling the rug out from under projected surpluses.

I can think of no wiser counsel.

In that regard, and with great respect for the chairman of the committee, I would suggest that the budget reconciliation process was devised to expedite consideration of deficit reduction measures.

The bill before us uses those same expedited procedures to secure enactment of a deficit-increasing measure.

Section 313(b)(4)(E) of the "Byrd Rule" provides that any provision in any reconciliation bill which would decrease revenues used beyond the budget window—in this case beyond the year 2009—may be automatically stricken from the bill upon a point of order being raised.

Section 1502 of the bill before us provides for permanent continuation of tax cuts in the years beyond 2009, causing revenue losses of hundreds of billions of dollars.

Accordingly, sir, at the appropriate time, I intend to raise the "Byrd Rule" point of order against section 1502 of the bill.

I thank the Chair for his cordial consideration of my remarks.

I see my friend, the chairman of the Budget Committee, is on the floor. I yield the floor.

Mr. DOMENICI. Mr. President, I ask the distinguished chairman of the Finance Committee if he will yield up to 20 minutes.

Mr. ROTH. I am happy to yield to the distinguished chairman of the Budget Committee up to 20 minutes.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 20 minutes.

Mr. DOMENICI. Mr. President, before my friend, Senator ROTH, leaves the floor, let me say to the Senate that Senator ROTH has come through again for the Senate and for the people of this country.

His tax bill is clearly one that recognizes fairness, that puts the money where it ought to be put, gives back to the American people some of their money, and it does it in a way that clearly is prudent and responsible.

It will be very difficult when we are finally finished explaining this bill for the President of the United States to veto this bill.

We are going to talk about that a little later in the day. Since he has challenged us, we will tell the American people loud and clear what he is going to be doing when he vetoes this bill.

Mr. President, I rise today to discuss the budget blueprint that Congress has passed for the first decade of the 21st century. It embodies three major things: Social Security, first and foremost. Much will be said about it. But nobody can deny that with this refund to the American taxpayers, we have left intact every single penny of surplus that belongs to the Social Security trust fund, and we will even debate on the floor locking it up so it is very hard to spend.

The budget before us and that we adopted demanded that 100 percent of all the funding that Social Security recipients will need will be exclusively set aside for that purpose.

Second, it sets aside enough money to meet the demands of Medicare for the next 10 years. Medicare is fully funded under the budget that was adopted by the Congress this year. That means there are no cuts. The program is fully funded for the decade. As a matter of fact, the President cut Medicare in the first 5 years of his budget. We did not do that. Then we would have a rainy day fund to implement any Medicare reform that Congress might enact. I will allude to that soon.

Third, after all the bills of the decade have been paid, after Social Security recipients have their money set aside, after we have funded every penny anticipated for Medicare, and have an ample rainy day fund available, if we want to do something on prescription drugs, then we would send back the excess to the American taxpayers—to the working families—and those in middle- and low-income brackets will get a very substantial tax reduction.

The budget resolution recognized economic conditions now, and the projected economics including the planning for an inevitable recession that might occur in the future. It outlined a decade-long, phased-in tax cut. Only a very small tax cut was envisioned in the first 2 years of this budget timeframe because the economy is already operating above optimum capacity. We want to keep inflation subdued and interest rates low. The budget expected Congress to pass a tax bill that was very small in the first 2 years and grew as the decade wound its way through into the next millennium.

I congratulate again the chairman of the Finance Committee and the members of that committee for producing the kind of tax cut for our budget for the 21st century. I think it is appropriate, prudent, and fair. Chairman ROTH has produced a tax cut that starts small and ends up larger, reflecting economic conditions. He has produced a tax cut that targets help to those who really need it—those with children in school, those with elderly and ill parents who need long-term care, those who are trying to save for their own retirement instead of Government reliance, and many more items of that nature and of that significance.

Yes. The same old class warfare arguments like tired, defeated soldiers of past wars have begun to stagger across the Senate debate again—and they will be here before us again—that we are only helping the rich. We are told we must spend the surplus. That is essentially the argument against our tax refunds—we must spend the surplus. We must grow Government. It is the same old debate.

One party wants to give money to programs. And we want to give money to the people. That is exactly the way it has been, and that is exactly the way it is on this floor.

I believe there is a degree of arrogance in those who argue against tax cuts. They say to working families: I know what to do with your money better than you do. Give it to me so I can spend it.

Can you imagine the arrogance of that position? They have grand schemes now with the surpluses.

Republicans, through their dedicated efforts, and Dr. Greenspan and his fantastic ability to manage the money supply in our country, and to control interest rates, have given the Nation this enormous surplus. The President of the United States thinks they have the money to implement new, grand schemes and to grow government. That is the issue.

A government big enough to give you everything is a government that takes everything away in the form of high taxes.

I didn't originate that quote. I can't imagine and I can't fathom anything more frightening to the average taxpayer than the sight of a grand government schemer rushing toward a $1 trillion pile of extra taxpayer dollars.

Republicans say it is the best of times for tax cuts. Democrats say it is the worst of times. Everyone quotes Dr. Alan Greenspan.

The Taxpayers Refund Act before the Senate is the best of plans.

It lowers rates.

It encourages savings.

It eliminates the worst of a bad Tax Code. It eliminates the marriage penalty for many Americans. It begins the death of a death tax. It ends the alternative minimum tax, to rescue the full benefit of child care, foster care, education, and other needed tax credits for families who otherwise unavoidably would end up in the alternative minimum tax brackets. They are sick of this. They are worried about it.

You will get more mail on this issue because it is grossly unfair to give credits and then take them away—to run across the land saying: We are delighted to have given you a credit for your children's education only to find that middle-income Americans by the hundreds of thousands are falling into this alternative minimum tax trap.

I say: Tax cuts, if not now, when?

The Democrats say not now.

I say: If not tax cuts now, then what?

The President's answer is: Spend it all. It does not matter what he says he wants to spend it for; he wants to spend it all.

Can you imagine if we did not have this surplus? What will the President be doing—asking for tax increases to pay for these programs he thinks we need? I doubt that. I doubt that very much.

I support prudent tax relief, and I must say this is prudent tax relief. It is synchronized to our business cycle and the condition of the economy. It improves our tax policy and moves us toward a system that taxes income that is consumed instead of income that is earned. It moves America toward a tax system that allows business to deduct investments in the year they are made. It encourages investment in retirement, education, and health care.

Congress' budget allocates 75 percent of the projected surplus over the next 10 years for paying down the debt and long-term priorities. If the surplus were a dollar, two quarters would go for Social Security, one quarter for high-priority spending—education, research, and defense—and the remaining quarter for tax cuts.

Without tax cuts, who would spend the surplus?

Not the American people. The Government in Washington would spend it. Without tax cuts, we will "grow" Government. There can be no denial of that. The President plans to grow Government substantially rather than give back anything to the American people. He now says he would veto a $500 billion tax cut. What about $200, Mr. President? That means giving the American people back about 6 cents of the surplus, at $200. Can we afford that? I believe we can afford 25 cents out of every $1 of surplus.

Democrats say the question is: tax cuts versus Social Security. Tax cuts or Medicare. Tax cuts or domestic spending. Tax cut versus debt reduction.

The right answer: It is not "this" versus "that." The correct answer is, we can do all of the above. The size of the surplus lets us do it all. That is the reality. Save Social Security, reform Medicare, provide adequate funding for domestic and defense spending, pay down the debt, and give the American people who earned the money a decent tax cut. Do that in a manner that phases in, which will probably be very complimentary to the American economy.

Even with the tax cuts and refunds we are talking about, our surplus will steadily climb as a share of GDP and our national debt will ultimately be paid off, falling dramatically from 40 percent of GDP this year to only 12 percent in 2009. Under the proposal we make, the external debt—the debt to the public—will go from 40 percent of the gross domestic product to only 12 percent by the end of the decade.

I am amazed the President's political advisers allege this budget is reckless. Nothing is reckless about steadily rising surpluses and paying down our debt by more than 50 percent over the next decade. In fact, our plan lowers the level of debt more than the President's plan. Some may wonder why. That is because the President spends heavily in the first 5 years. We have tiny tax cuts. Thus, he incurs more debt than we do at that time, and he cannot make it up in a decade.

I have been amazed by the administration and other opponents who claim our tax cut will lead to higher interest rates because the economy will overheat. That is just not true. The Fed is most concerned not with the economy as it is today but what it will be in 18 months and thereafter. Our tax cut is slow, a total of $28 billion over the years 2000 and 2001. I repeat, if they are worried about stimulus, it is $28 billion in tax cuts. It is almost unrecognizable in terms of impact one way or the other on the American economy. It saves 92 percent of the projected surplus during these first 2 years. As a result, our budget surpluses will rise sharply from 1.4 percent of the gross domestic product to 2 percent by 2001.

It is clear that the budget plan is not expansionary, which some people now talk about. It truly is not. Ask any economist to look at it in its true sense, phased in as it is, and ask if it is an expansionary budget. I cannot imagine this tax bill would be defeated on such a preposterous economic observation.

In House testimony last week, Chairman Greenspan cautioned against expecting any rapid stimulus as a result of this tax relief package. I can assure the American people that Congress' tax plan will not overheat the economy. As a matter of fact, Chairman Greenspan cautioned against expecting a rapid stimulus as a result of this package, given the long phase-in of the tax cuts.

I can anticipate the response of my Democratic colleagues who are likely to say: If your plan is so ideally suited for the economy, why did Alan Greenspan argue we should let surpluses run for a while before cutting taxes?

Listen carefully. I have two responses. First, I believe the Congress is doing exactly what the Chairman advised. Our budget plan delivers only $28 billion in tax cuts over the next 2 years. Most of that relief is scheduled to arrive only after surpluses have mounted on a consistent basis. Second and more important, Chairman Greenspan is advising what policies would be best in an ideal world. However, he is fully aware that ideal may not be politically feasible.

Let me read a quote he made last week which I think was insightful:

> There is nothing that I can see that would be lost by allowing the process to delay unless, as I have indicated many times, it appears that the surplus is going to become a lightning rod for major increases in outlays. That's the worst of all possible worlds from a fiscal policy point of view. That, under all conditions, should be avoided. I have great sympathy for those who wish to cut taxes now, to preempt the process. And indeed if it turns out they are right, I would say moving on the tax front makes a good deal of sense to me.

The worst of all fiscal policies will materialize if the President gets his way. The President proposes to increase spending by more than $1 trillion over the next 10 years. Most of this new spending would go to create 80 new, often repetitious, often local-government-prerogative-infringing Government programs, with services already being handled at the local or private sector. The President's spending proposals are the worst of all proposals from the standpoint of what is good for America during the next 2 years. That time horizon must concern the Federal Reserve.

The President proposes to use $53 billion of the surplus for new spending. It is nearly twice as large as our tax cut in the next 2 years. Thus, the President's plan would be far more stimulative than the Congress' measured tax cut. I ask my colleagues on the other side of the aisle if they are worried about interest rates rising because the economy is overheating, why support the President's Government-growing agenda over tax cuts? The money is there. We have a surplus.

The last question is the $792 billion question: Who is going to spend it? When faced with the President, who wants to spend the surplus, Congress has no choice but to cut taxes. However, we have to be careful. While we are still saving the majority of the surplus for shoring up our long-term fiscal health, we must be careful in that regard.

To sum up, I leave two messages today. Our budget is prudent, and it is synchronized for where we are in the business cycle. Be skeptical of the administration's criticism of our tax plan. They want to grow Government well in excess of Congress' tax cut. Most of the spending has nothing to do with Social Security or Medicare. This is what should most concern the American people when faced with the surplus, excluding Social Security funds, and I have already indicated what will happen to them. The Republicans want to give it back to the people who earned it and worked so hard.

The big question then is, Who is going to spend the surplus?

With tax cuts, the answer is you; without tax cuts, the answer is big government.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, the minority yields 10 minutes to the Senator from Minnesota.

The PRESIDING OFFICER (Mr. BUNNING). The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, 3 weeks ago, President Clinton visited some of the poorest communities in our country and he spoke eloquently of our obligations to America's most disadvantaged children. Now, with our economy booming and record surpluses, we have a chance to do better for all of our children. This budget fails America's children. I want to speak as loudly and boldly as I can about this reconciliation bill, first about the Republican proposal, and then about what we are proposing as Democrats.

If you look at the non-Social Security surplus, about three-quarters of it really assumes cuts in future domestic spending. The Republican proposal on the floor does not restore any of these cuts. In fact, they add another cut of roughly $200 billion. The Republican plan would require a 38-percent cut in domestic spending in the year 2009, and the Republican tax bills are loaded with corporate welfare for multinational corporations, banks, insurance companies, Wall Street securities firms, and tax giveaways for the wealthy. That is a disappointment. It is a very harsh budget.

But even the Democratic plan fails to fully fund or restore these cuts. Senate Democrats have reserved $290 billion of the surplus to soften the blow on our discretionary priorities like education, but we still allow cuts of several hundred billion dollars. In our plan, with our $300 billion of tax cuts, we do not make up the assumed cuts in our domestic priorities either.

Since defense spending will go up, and there will be spending for transportation which also will go up significantly over the next 10 years, our other domestic priorities will be squeezed even more.

How can we, as Democrats, say we are for addressing the needs of America's children, for fighting poverty, for fully funding Head Start, for equal access to quality education, for helping working families afford the cost of health care and child care, for cleaning up the environment, for community policing, and for veterans' health care, when we are assuming domestic spending cuts of several hundred billion dollars? Something has to give. To use the old Yiddish proverb, you can't dance at two weddings at the same time.

I do not understand this. There are 14 million children who are poor in our country—14 million. There are 6.5 million children who live in households with income of one-half the poverty level. Close to one out of every four children in our country under the age of 3 are growing up poor. Close to 50 percent of children of color under the age of 3 are growing up poor. And now we are being told by both parties—the Republican Party much more so than the Democratic Party—but both parties, that we cannot afford to renew our national vow of equal opportunity for every child? Where in these proposals do we, as a Senate representing the United States of America, live up to our national vow of equal opportunity for every child?

Right now, in Early Head Start, for children age 3 or younger, 1 percent of the children who could be helped and given a head start are able to get this assistance. We are funding this program at a 1 percent level.

For the Republicans, you have $800 billion of tax cuts. You make no investment in any of these areas. Your budget and your proposal will lead to Draconian, really brutal cuts in these programs. Not only will we not be doing anything to make sure poor children have a chance in America, to make sure that there is equal opportunity for every child, but the proposal of the majority party will be making cuts in these programs.

And to the Democratic Party, my party, we have a better proposal. It is less harsh. But there has to be some connection between the convictions we profess and the budgets we propose, and a willingness to fight for them. At some point, the chasm between our words and our actions becomes too wide. If we do not fight hard enough for the things we stand for at some point, we have to recognize we really do not stand for them. We really do not stand for them.

I cannot believe with record economic performance, that the Republican Party can come to the floor of the Senate with a proposal that calls for $800 billion of tax cuts, most of them flowing to our wealthiest citizens, but with a proposed 38-percent cut in Head Start, child care, community policing, and cleanup of the environment.

And to my party, I cannot believe the Democrats come out with a proposal where we, too, are essentially proposing cuts in some of these key domestic priorities. Why did we become involved in politics? What do we believe in? What are our values? Can we not at least make some investment to make sure every child, no matter the color of skin or income of family, urban or rural, or boy or girl, will have a chance to reach her full potential and his full potential?

What ever happened to the Democratic Party's strong commitment to equal opportunity for every citizen? I do not see it in these proposals. We ought not to be talking about tax cuts that benefit the most affluent citizens, when we cannot even live up to our national vow of equal opportunity for every child.

I hope we will do better as we move forward in this debate. I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. The Senator from West Virginia is yielded 45 minutes.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, recently both the Office of Management and Budget and the Congressional Budget Office released their so-called "Mid-Session Reviews" on the state of the Federal budget. Both of these new forecasts project even better performance for the nation's economy in the coming ten years than they had predicted just a few months ago. In fact, the Congressional Budget Office projects unified budget surpluses totaling just under $3 trillion over the next ten years. Of the $3 trillion, approximately $2 trillion results from surpluses being paid into the Social Security trust fund. The remaining $1 trillion—or $996 billion to be exact—is what is called the "on budget" surplus. That is the non-Social Security trust fund surplus. The question before Congress is what do we do with this good news—our government is about to be awash in money, *if* these projections come true.

Before we get too far along with our grandiose plans for massive tax cuts, a dose of reality is in order. Sometimes a dose of castor oil is in order. We may not like it so much, but it has to be taken. So a dose of reality is in order.

These future budget surpluses are, of course, based on "pie in the sky" projections. But I don't think "pie in the sky" is quite right. The projections are so far out into the Stratosphere—more than a decade away—that we would need the Hubble Telescope to track them down.

Mr. President, the fact is that they have not yet occurred, the money is not yet in hand—and may well never occur—for a number of reasons. First, one needs to keep in mind that budget projections for even 1 year are likely to be missed by a substantial margin over the normal 5-year period of congressional budgets. Estimates of deficits and surpluses have been off by billions of dollars. This year, for the first time, instead of 5-year budget projections, we have 10-year budget projections upon which all of the surpluses are being forecast, and upon which tax cut proposals by Democrats, Republicans and the administration are being based.

Does anyone really believe that these 10-year projections will be any more accurate than the usual 5-year numbers? In looking at these incredible amounts of surpluses and tax cuts, I would think that one needs more of an astrologer than an economist to read the tea leaves and to come up with these figures.

Mr. President, consider these facts: CBO's estimate of revenues over the period 1980 through 1998 was off by an absolute average of $38 *billion* per year. The estimates were off by an average of $38 billion per year during the period 1980 through 1998. That is a pretty fair piece of change! This isn't just chicken feed. Some years, the estimates were closer to the projection than other years, but, as I say, the average difference one way or the other, was $38 *billion per year*. Similarly, for outlays, the projections over the past two decades were off the mark by an absolute average of $36 billion per year. The resulting deficit projections by the Congressional Budget Office over the period 1980 through 1998 were off by an absolute average of $54 billion per year. Extend that figure over 10 years, and that is what we are doing now in this bill, and we can see that $540 billion of the $1 trillion projected surplus could melt away faster than last year's snowball.

So what about these latest "rosy" forecasts of budgetary surpluses for the next 10 years? It is obvious that we need to be very careful when relying on such projections to make decisions about whether and if we can afford a tax cut.

CBO officials would be the first to tell you that they have widely missed the mark in their budgetary forecasts, as would the folks at OMB. No one on the face of God's green Earth can predict accurately for even 1 year, much less for 5 or 10 years, what revenues will come into the Treasury, or what expenditures will go out of the Treasury. That is because no one knows what the unemployment rate will be next year, or the inflation rate, interest rates, whether there will be a recession or the duration or virility of such recession. In virtually every CBO report, the following cautionary footnote can be found: "Cyclical disturbances could have a significant effect on the budget at any time during the projection period. A recession would temporarily push down taxable incomes, thus reducing federal revenues. A recession would also cause a boost in spending for unemployment insurance and other benefit programs. CBO estimates that a relatively mild recession (similar to the one in the early 1990s) that began this year could reduce the projected surplus by $55 billion in 2000."

Mr. President, there is no reason to believe that CBO's current forecast of the budgetary picture over the next 10 years will be any more accurate than have been its previous forecasts over the past two decades.

With that dose of reality in mind, let's now turn our attention to the Republican tax cut proposal now before the Senate. Earlier in my remarks, I noted that the Congressional Budget Office projects an on-budget surplus of $996 billion over the coming 10 years FY 2000–2009. The on-budget surplus calculations, it should be noted, are the monies not needed for Social Security or the Postal Service, and not otherwise spent. The Republican tax cut plan proposes to use virtually all of these projected on-budget surpluses for tax cuts of $792 billion and for paying the increased interest on the federal debt of $179 billion. This leaves only $25 billion in projected surpluses for the next 10 years.

What happens if we enact cuts of $792 billion and the CBO projections turn out to be wrong? What happens if they turn out to be wrong, as they have always been? What will Congress do then? The money will by law be leaving the Treasury everyday in the form of tax cuts, but there may be an inadequate surplus to cover them. Will Congress repeal the tax cut? It is easy to vote for a tax cut. Will Congress repeal the tax cut? Will it be able to cut spending even further than the Republican budget—which I will say more about later—already calls for? Will it dip into the Social Security trust fund then? Or, will Congress find it easier to revert back into the bad old days of the 1980s and simply run up massive annual deficits? Those are the four choices we will have. All of them are unacceptable. We must not mislead the American people by promising them massive tax cuts which may well be based only on phantom surpluses which never materialize.

Even if the surpluses do happen, this Republican tax plan could emasculate national security, public investments, and the operations of government. As this chart shows, these areas of the Federal budget could suffer real cuts each year, beginning in fiscal year 2000, drastically below what would be necessary to continue them at the levels provided in fiscal year 1999. In fact, over the whole 10-year period—over the 10-year period—the real reductions would total $775 billion. In other words, the bulk of the $792 billion Republican tax cut is likely, in reality, to be financed by cuts in critical domestic priorities—critical domestic priorities—such as education, health care, infrastructure, child care, the environment, agriculture—that will affect you, the people of this country—old, young, white, black, male, female. They will affect you—you—because they will be financed by cuts in critical domestic priorities.

Mr. President, to give the American people some sense of what I am talking about, let me focus on just three critical areas of the Federal budget that would be thus affected.

First, however, let me point out that the cuts in these programs are based on the assumption that the Republicans will fund defense at the levels requested by President Clinton over the next 10 years. If that is so, and the tax cuts are also enacted, according to the Office of Management and Budget, an across-the-board cut of 38 percent—that is more than a third—in outlays will be required in the other public investments and operations of the Federal Government.

For example, let us take a look at the VA medical care program. That gets close to home. We are already getting lots of mail, lots of telephone calls, e-mails, and so on, from veterans and their families. So let's take a look at the VA medical care program.

What would happen to veterans' health care under the Republican tax cut plan if these cuts are administered in an across-the-board manner? The cuts will rise from $931 million in fiscal year 2000 to over $11.5 billion in fiscal year 2009. In total, the cumulative cuts to the VA medical program—as I say, we are already hearing a lot from veterans because they see these cuts coming—the cumulative cuts to the VA medical program for this 10-year period will be more than $53.5 billion below what it would take to continue current VA medical care services. I might add, as I say, some veterans are already feeling it, and this figure is woefully inadequate.

What do those cuts mean in human terms? As we can see from this chart, OMB projects that 3,252,735 veterans—not talking about dollars now; we are talking about real people, veterans in particular—OMB projects that 3,252,735 veterans will seek treatment at VA medical facilities in fiscal year 2000. That is just over the horizon, fiscal year 2000. Under the Republican tax plan, though, 102,278 of these veterans are going to have to be turned away: Sorry, that program has been reduced, or that program has been cut out; we do not have room for you.

As we can see, over the 10-year period the number of veterans to be turned away—sorry, sorry, we have to turn you away—will increase each year until fiscal year 2009, when, according to these figures, 1,430,985 veterans will be denied critical health care benefits. Is that how a grateful Nation treats its soldiers, sailors, and airmen?

Now, let's look at national crime-fighting programs.

Mr. President, the budget for the Federal Bureau of Investigation was approximately $3 billion in FY 1999. Paying for the Republican tax cuts would require reductions in the FBI budget below what would be needed to continue current services over each of the next 10 years. Those cuts get progressively worse until in FY 2009, the Republican tax cut would require a cut of almost $1.9 billion below the $4.3 billion that would be necessary just to maintain—just to maintain—the same level of service being provided by the FBI in 1999. Over this 10-year period, total cuts to the FBI's budget would equal almost $9 billion.

That is $9 for every minute since Jesus Christ was born. Nine billion dollars, that is a lot of money!

Again, Mr. President, what does this translate to in services to the American people? Forget the dollars for a moment. As this chart shows, the FBI will need 10,687 agents in each of the next 10 years in order to just continue its current law enforcement efforts. But, that will not be possible if we enact the Republican tax cuts. Instead, we can look forward to progressively—progressively—deeper reductions in the number of FBI agents in each of the next 10 years. In FY 2009, rather than being able to employ 10,687 agents, the FBI will only be able to employ, 5,878. Is that what the American people want? And what does that do to our efforts to prevent another World Trade Center bombing? What does it do to our efforts to prevent another Oklahoma City bombing? What do cuts of that magnitude do to our programs to fight organized crime, or the insidious proliferation of child pornography on the Internet?

Sadly, the picture is no better for the effort to patrol our Nation's borders. Progressively deeper budget cuts will have to be made over the next 10 years totaling more than $3.5 billion because of the massive Republican tax cuts. As a result, as we can see displayed in this next chart, the number of INS agents—Immigration and Naturalization Service agents—protecting the Nation's borders will decline from the needed level of 8,947 to only 4,921 in the year 2009. How does that help address the problem of illegal immigration? And that is a big, big, big problem. How do those kind of cuts help our drug interdiction efforts? What kind of message does that send to the Colombian drug lords?

Mr. President, these are just three—just three—examples of the shortsheeting that will take place throughout the entire Federal Government because of the Republican tax plan. As if this weren't bad enough, the real kicker in the Republican tax cut plan is that not only does it cut taxes by almost a trillion dollars over the next 10 years but—get this—this tax cut package would explode in the following 10 years, costing roughly an additional $1.8 trillion, according to preliminary projections by the Treasury Department. Also, the Treasury Department points out that interest on the national debt in the second 10 years caused by the $1.8 trillion in lost revenues would be roughly $1.1 trillion higher.

Let me say that again. The Treasury Department points out that interest on the national debt in the second 10 years caused by the $1.8 trillion in lost revenues would be roughly $1.1 trillion higher.

That makes a total cost of the Republican tax cut plan in the years 2010 through 2019 of $2.9 trillion. The increased interest due on the national debt of $1.1 trillion caused by the Republican tax cut plan is greater than the total amount of their tax cut for the first ten years, which was $792 billion. These massive drains on the U.S. Treasury would take place at the very time when the baby-boom generation is retiring in huge numbers and placing a great strain on the Social Security and Medicare trust funds. This tax cut plan, in my view, represents the absolute omega of irresponsibility. It passes on to our children and grandchildren in the years 2010 through 2019 a $2.9 trillion drain on the U.S. Treasury. The Republican tax cut would have us spend $2.9 trillion over the decade 2010 through 2019 right now, regardless of whether that drain makes it impossible for the country to meet its Social Security and Medicare obligations for its senior citizens.

Recently the Washington Post carried a political cartoon by Herblock on one of its pages, which I have here on this chart. As one can see, at the top of the cartoon appeared these words: "Back for an indefinite run!"

Let me say that again: "Back for an indefinite run!" "Rosy Scenario"—whoopee, we have heard of her, haven't we? "Rosy Scenario—and her long line of stunning surplus sugarplums."

The cartoon depicts Rosy—there she is, all ready for the show—in a costume with dancing girls and throwing dollar bills in the air. There is a song, "Pennies from Heaven." But Mr. President, these are dollar bills! Holy Smoke! Rosy Scenario is throwing them all about us. In front of the theater in which she is appearing, what do we see? We see two eager customers about to buy their tickets for the show. One appears to be an elephant; one appears to be a donkey. They are both depicted in business attire. The ticket salesman seems to have a cynical smirk on his face, as though he knows something that the elephant and the donkey, who are waiting for their tickets, don't know.

When I saw this cartoon, it brought back memories about Rosy. She first appeared on the scene in 1981 as a major player in the Reagan revolution. When President Reagan took office, that so-called revolution was based on supply-side economic ideology that called for massive tax cuts. That was before more than two-thirds of the Senators here today arrived—almost two-thirds, to be exact. Sixty-three Senators are here today who were not here when I was majority leader the third time, 1987 and 1988. But we are talking about 1981. Even more Senators were not here then.

That so-called revolution was based on supply-side economic ideology that called, again, for massive tax cuts, a large buildup in defense spending, and balancing the Federal budget; all were going to be done. Those were the principal budgetary concepts the Reagan revolution put forth.

There were many skeptics at the time as to whether those policies would actually work. I was one of those skeptics. The Senate majority leader, Howard Baker, called it a "riverboat gamble." Nevertheless, in 1981 Congress did enact a huge tax cut, and it did increase defense spending. Entitlement spending also continued to grow. What was the result? The result was an era of the largest Federal deficits by far in history.

Furthermore, "Rosy Scenario" worked her magic numbers in the budget under the direction of President Reagan's chief financial adviser, OMB Director David Stockman. As a result of those policies, rather than ridding the country of Federal deficits, the country saw for the first time in history triple-digit billion dollar deficits in each of Mr. Reagan's eight years in office.

In fact, the national debt stood at $932 billion on January 20, 1981, the date President Reagan took office. Unfortunately, on the day that President Reagan left office on January 20, 1989, the national debt stood at $2,683,000,000,000.

This chart depicts the major causes of increased Federal debt for fiscal years 1981 through 1991. It shows that the 1981 tax cut over that 10-year period, cost the Treasury $2.1 trillion. Those tax cuts were offset by a series of tax increases that became necessary during the Reagan years in an attempt to decrease Federal deficits. Those tax increases equaled $800 billion. Entitlement and defense spending each grew by $600 billion above inflation over this 10-year period. Interest on the climbing national debt increased by $500 billion. The S&L bailout cost $200 billion. And, domestic spending was cut over that 10-year period by $400 billion below inflation. That was a very unfortunate and difficult period in our national history.

The folly of the Reagan Revolution's fiscal policies is set forth in great detail in the book entitled, "The Triumph of Politics" by David Stockman. As I previously pointed out, David Stockman was the principal architect of the Reagan budgets until he left the Administration in 1985. Perhaps the best summary of the conclusions reached by Mr. Stockman is found in the epilogue of the book found on pages 378–379.

> The fundamental reality of 1984 was not the advent of a new day, but a lapse into fiscal indiscipline on a scale never before experienced in peacetime. There is no basis in economic history or theory for believing that from this wobbly foundation a lasting era of prosperity can actually emerge.

Will we never learn!

Cicero said, "To be ignorant of what occurred before you were born is to remain always a child." That is the value of history. That is what we are talking about, history, and history is about to repeat itself.

This can be a year of great opportunity for the Nation if Congress and the administration can work together on our budget priorities for the coming decade. I do not think Congress needs to choose an all-or-nothing course of action, but we do need to jettison the political pandering that is going on. This should not be an "us versus them" battle; it is not a "big government versus little people" battle. So what should Congress do? The same as any wise investor would do:

1, watch our investments carefully and manage them prudently. Manage the economy and watch out for inflation; 2, pay our debt. Pay down the national debt; 3, cover the necessities. Don't short change our Nation's core programs, such as education, health care and the like; 4, put aside what we need to put aside for a rainy day. Reserve the Social Security and Medicare surpluses exclusively for future costs of those programs; 5, take prosperity in measured doses. Ease up on taxes without pulling the rug out from under projected surpluses.

After years of struggling to overcome a sluggish economy and mounting deficits, America is well-launched on an economic renaissance. I hope we in Congress can rise to the challenge and serve as wise stewards of this economic prosperity. I hope we can put aside our political posturing and act in the best interests of the American people and the American Nation.

Before the Congress takes this folly of a plunge, perhaps it is a good time for a bit of a history lesson. It was more than 50 years ago when the Republican-controlled 80th Congress approved a massive $4 billion tax cut. That was a massive tax cut—$4 billion—in those days. President Harry Truman—one of my favorite Presidents—vetoed that tax cut, calling the Republicans "bloodsuckers with offices on Wall Street." I am quoting Mr. Truman as saying that. It took three times, but the Republican majority overturned that veto.

In his nomination speech before the Democratic National Convention, President Truman put forth an idea that we need to recall today. He said that "everybody likes to have low taxes, but we must reduce the national debt in times of prosperity. And when tax relief can be given, it ought to go to those who need it most and not those who need it least, as this Republican rich man's tax bill did."

Just as an aside, not only did Mr. Truman upset Mr. Dewey that year, but the Democrats regained control of the Congress. The American people know when the Congress is dealing with them squarely and wisely. They also know when the Congress is playing political games with their futures.

I am reminded, in closing, of the lesson conveyed by Chaucer in "The Pardoner's Tale." Three young men, searching to find and destroy Death, were directed to a tree under which they found bushels of gold coins. They immediately forgot all about their quest to find and murder Death, and they set to plotting how to get the gold safely home. They decided to wait until darkness fell, and they drew lots to see which of the three would be sent into town to buy food and wine for all of them. The youngest was chosen. While he was gone, the other two decided to kill him upon his return so as to keep more of the gold for themselves. In the meanwhile, the youngest, as he went into town, decided to poison the other two so as to keep it all for himself. When he returned to the tree, the two waiting men pounced upon him and killed him. And then they drank the poisoned wine and died.

Let us heed the warning of "The Pardoner's Tale" and not allow the glitter of gold to blind us to the common good of the Nation. Congress has the ability, the wisdom, and the means to chart a wise budget course for our Nation's future. Let us hope that Congress can also muster the maturity to put aside election year rhetoric in favor of sound fiscal policy.

Mr. President, I yield the floor.

Mr. ROTH. Mr. President, I yield 10 minutes to the Senator from Nebraska.

The PRESIDING OFFICER (Mr. FITZGERALD). The Senator from Nebraska is recognized.

Mr. KERREY. Mr. President, I thank the distinguished Senator from Delaware, the chairman of the Finance Committee. I rise enthusiastically to speak in favor of the legislation that is before us, the proposal to give Americans a $790 billion increase in our after-tax income. I want to, first of all, address this question about the size, which is one of the things I hear most about when I go home. Can we afford to do it? The distinguished Senator from West Virginia, the ranking Democrat on the Appropriations Committee, has just spoken about that as well.

I believe this is a prudent amount. I do not believe this is going to undo the great progress we have made beginning way back in 1990 and the first balanced budget proposal for which I voted. We had another one in 1993, and another in 1997. Taken together, they have all contributed to the elimination of our deficit and the very strong economic growth which we have to be careful not to undo.

The Congressional Budget Office, though they obviously will from time to time make mistakes, forecasts that there will be $3 trillion more coming in over the next 10 years than we have in obligated expenditures. While I favor significant debt reduction, I think one would have to imagine some pretty unusual economic circumstances to imagine a downturn in the economy that would eliminate a $3 trillion forecast. It is asked: To what level do we have to get? Does it have to be $5 trillion before we can give the American people back some of their money?

This, it seems to me, is a reasonable proposal, a moderate proposal. One could make a case for an even larger cut in taxes, and the best way of illustrating that is if we were to imagine that the budget was balanced and CBO said that over the next 10 years we anticipate exactly the amount of revenue coming in that is needed to meet the expenditures that are forecast, and I walked down here to the floor and offered a piece of legislation to increase taxes $2 trillion, I doubt I would get a single vote.

Well, I would actually have to offer a proposal to increase taxes $2.1 trillion to find myself in a situation where we are today. We are talking about reducing the projected surplus from $2.9 trillion down to $2.1 trillion. This is an increase in the after-tax income for the American household. I calculate that, in Nebraska, it means about $4 billion worth of increased income for households that is not taken into Washington, DC. That is a significant amount of money.

Not only is there broad-based tax relief in here with a reduction in the rate from 15 to 14 percent, but there are a number of other things that will happen that I consider to be good. We have about 130,000 Nebraskans without health insurance. One of the reasons is that our tax policy doesn't favor an individual who makes a purchase of health insurance. This proposal will enable many of those 130,000 people to be able to afford that because there is an above-the-line deduction in this proposal for individuals. There are 400,000 households in Nebraska that I estimate will benefit from the savings section in the proposal of the distinguished chairman of our committee—people who are trying to figure out how do I save for my own retirement. I know Social Security doesn't provide me with everything I need. I know I need some kind of savings or pension.

This has significant reform in our pension laws, making it extremely likely that people right now who don't have pensions for small businesses will have pensions in companies that employ relatively small numbers of people.

So in addition to providing $4 billion worth of additional after-tax income to the people of the State of Nebraska, this proposal will also help them save for their retirement. It will result in an increasing number of Nebraskans who have health insurance, and, in addition, it is going to make it easier for working-class families to send their children to college.

There is a deduction here for interest on student loans. One of the most alarming things I see today in the State is the amount of debt students are acquiring in order to be able to get a college degree. It will increase the amount of charitable giving in Nebraska. We have a problem with that today. The charitable giving is flat, and we have questions being asked about how we can increase that amount. This proposal will increase the charitable giving.

There are 180,000 Nebraskans who will applaud this piece of legislation because it eliminates the current tax penalty on them as a consequence of their being married.

This is a good proposal.

There is a $3 trillion surplus being forecast over the next 10 years.

This is a moderate proposal. One could have argued for a larger one.

Not only did the chairman of our committee put together a piece of legislation that is moderate in size, but he attempts to, in addition, have broad-based tax relief to solve real problems we have in our country—that is, individuals who are struggling to plan for their own retirement, individuals who are trying to send their children to college, individuals who are trying to purchase health insurance, organizations throughout our State that are trying to solicit charitable contributions, and families who are angry because they pay a penalty once they get married.

This proposal will not result in our undoing the great progress we have made since the first piece of legislation dealing with the deficit was enacted in 1990, followed with the 1993 effort, and followed by the 1997 effort.

This is moderate tax relief. It will be significant for the people of the State of Nebraska. It will not bring back inflation that Mr. Greenspan talked about because of the way the chairman has drawn the bill.

I have been asked by people: How can you possibly do this? It is not even a close call for me. It is not even close.

I feel extremely enthusiastic about this proposal, about both the dollar size and the makeup of the things that are in it.

I think one of the things that would have made this thing very attractive to Senators on this side of the aisle, and I believe many on the Republican side as well, is if we could have found a way to include an increase in the standard deduction—that is in Senator MOYNIHAN's proposal that he will offer later—that would haven taken 3 million people in America completely off the tax rolls. It would take 9 million people that are currently itemizing deductions and put them in a standard deduction category.

The proposal would have made it even better from the standpoint of working families.

In the small amount of time I have remaining, there are three remaining problems this proposal doesn't even pretend to address and should attempt to address. I have heard people talk about it a lot.

No. 1, discretionary spending. This tax cut is not the threat to discretionary spending.

We have tremendous discretionary spending problems right now.

Everybody knows VA-HUD is in trouble.

We have significant cuts to veterans that are not what anybody wants.

We have problems in Labor-HHS as well.

We know we have problems. There is no tax cut that preceded them. What is causing that is the growing cost of mandatory programs that in the budget we passed in 1997 says that between now and 2009, 56 percent of our budget currently going to mandatory programs will grow to 70 percent. The discretionary programs will go from 31 percent to 27 percent, if we are able to reduce the national debt and reduce the net interest figure as well.

That is what is putting pressure on discretionary spending.

I know it is difficult to face it because it means we have to make changes in those mandatory programs to reduce their cost, or you have to come to the floor and propose increased taxes to pay for all of the things we want to pay for.

There is a problem with growing mandatory and declining discretionary program expenditures.

Second, there is a problem with Medicare—not just for the need to modernize the program, not just the need to provide health insurance for prescription benefits, but we should not, with the growing economy—4 percent real growth and 3 percent real growth in quarter after quarter—we should not with growth in the economy see the number of Americans who are uninsured go up.

There are an estimated 41 million Americans without health insurance, and 24 million of them are in the workforce. We tax their wages to pay for health insurance for everybody else, but they don't have it.

That, in my judgment, is the problem with Medicare. It is not just Medicare. It is all health care that needs to be fixed.

Lastly, Social Security. Senator THOMPSON, I, and others intend to offer an amendment at the appropriate time. We know Social Security needs to be fixed.

This is not like youth violence or Medicare or lots of issues that are extremely complicated—global climate change and others. This is a very straightforward, simple, actuarial problem.

I am astonished that we are able to survive around here without answering the question, What do you think ought to be done? The 150 million Americans under the age of 45 should not like a delay because every year of delay means you have a larger cut in your benefits as a consequence. That is the result of not doing anything.

Our proposal will cut payroll taxes by $1 trillion and increase the net worth. It fixes Social Security and increases the net wealth and worth of American households by $1.5 trillion over 10 years.

That is the third remaining problem that needs to be addressed. We do not address it by locking the money in a lockbox. That doesn't do anything to extend the solvency of Social Security, and I hope during the progress of this debate we are able to make that clear to the American people.

I yield the floor.

Mr. ROTH. Mr. President, I yield 14 minutes to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. Mr. President, I thank the Chair. I thank the chairman.

First of all, I want to align myself with the comments of our previous speaker, Senator KERREY. I think he is right on all points.

I think the question really boils down to a very simple one; that is, whether or not with a $3 trillion surplus it is reckless and dangerous to give 25 percent back to the people who created it. Or stated another way, now that we apparently are going to be in surplus, is this a time for a tax cut or a tax increase.

The President actually over the next 10 years proposes a tax increase and $1 trillion more in spending as opposed to the tax cut we have proposed.

So it is really a very basic philosophical difference that we have here.

First of all, I look at the tax burden we have today.

The reason we have this surplus, of course, is because of unprecedented revenues that are flowing into the Federal Treasury.

The primary reason for that is the unprecedented portion of Federal income tax revenues that are flowing into the Treasury.

The income tax portion of the gross domestic product has now reached 10 percent, which is an all-time high in the history of the United States of America.

The average two-earner income family is paying 38 percent in taxes.

Someone reminded me the other day that even the serfs in feudal times only had to pay a third to their masters, and these families are paying 38 percent.

Tax day now is May 11. We are working for the Government until May 11 of every year. Tax revenue has doubled just since 1987. We have this record level of tax revenues as a share of our gross domestic product.

What do we do about that? This bill, first of all, is addressed to the lower and middle-income taxpayer. It is addressed to the small businessperson who is out there working every day to make a living.

It gives some relief to those who want to save. It gives some relief to folks who want to invest. It gives some relief to folks who want to marry. And it gives some relief to folks who maybe after paying taxes all of their lives, when they die, don't want to have the family farm or their business sold just to pay the tax man again.

It gives some relief to all of those folks. It will not hurt the economy, as previous speakers have pointed out. As Chairman Greenspan has pointed out, it is phased in. It is only about $38 billion for tax relief for the first 2 years.

The President has more spending in his proposal—over $50 billion during the same period of time. If you worried about the stimulus effect of the economy, talk to the President. Don't talk to us about this bill. It reduces the Federal debt more than the President's proposal does.

But in response to this kind of tax burden, and in response to this reasonable—as Senator KERREY said "no brainer," really not even a close call—response to a situation like that where we have this unprecedented situation, we have seen an unprecedented amount of inside-the-beltway hyperventilation.

The President, the Vice President, and members of the White House have taken to the airwaves wringing their hands, and a different part of the sky has fallen every day. We are going to pollute the streams, our kids are not going to be educated, our military is going to go in disrepair, and the Republicans are not looking out for the military anymore. And, that old reliable standby, "We are going to harm Social Security and Medicare if we have tax cuts." It is called "dangerous"—a "dangerous tax cut."

I think that assumes a level of ignorance among the American people that does not exist. I don't have time to talk about all of the accusations and charges and points that have been made to do anything but have tax relief this year. I will discuss one or two in the limited amount of time we have. Perhaps we can address the others later.

With regard to Social Security and Medicare, of course we all know it is a problem. Senator KERREY pointed out the nature of the problem a minute ago again. It is not as if we don't understand the problem. It is not as if we will not have to face up to it. The question is when.

We have a demographic time bomb on our hands that will affect Social Security and Medicare. We are an aging society. Some people say that is not a bad problem, that we are living longer. That is right. However, we have to make some changes precisely because of that if we are not going to ruin our kids and grandkids.

In the year 2030, we will have twice as many people over the age of 65 as we have today. Currently, we have almost four workers for every retiree; in 2030 we will have two workers for every retiree. After the baby boomer generation we will have a smaller population, and a smaller and smaller workforce, with a doubling of the people drawing out these funds. It will not work.

We have made some progress, at least in advancing the debate on these issues on a bipartisan basis. It is the first time I have seen issues of this magnitude and of this importance seriously addressed on a bipartisan basis. It is very encouraging.

We had a Medicare commission with Democrats and Republicans, chaired by Senator BREAUX, that addressed this Medicare problem in a serious fashion. The President's response to that was to scuttle the majority will of that Medicare commission trying to make fundamental reforms because they told us something we already knew; that is, we can't just keep pouring money into a broken, worn out, outdated system.

I think as Senator BREAUX once said: You put gasoline into an old, beat up, worn out car and it is still going to be an old, broken down, beat up old car. Instead of pouring more money on top of the system, we need fundamental reform. We tried to do that. The President's response was to scuttle it.

On Social Security, we had bipartisan bills in the Senate, with Democrats and Republicans working together for serious Social Security reform biting the bullet. It is not the easiest thing politically to do but somebody has to do it. The Democrats and Republicans together are doing it.

The President was looked upon to have a little leadership. Perhaps in these last couple of years he will want to exert some leadership when he is not having to run for reelection. His response was not to show leadership, but to back away from serious reform, saying he will put $100 million worth of

IOUs into the Social Security trust fund which does nothing to save Social Security, and represents nothing more than a tremendous tax burden down the line when those treasuries are redeemed by our kids and grandkids.

While they are saying you can't have a tax cut, you can't have a tax cut, we have to save all this money for Social Security and Medicare, at the same time they are doing everything in the world over at the White House to prevent any real reform for Social Security and Medicare.

What about the question should we be saving all of the surplus for Social Security and Medicare and others? The short answer is we are taking 75 percent of these surplus dollars and devoting it to those very areas by means of a lockbox, by means of setting aside Social Security, Medicare, other spending priorities. Mr. President, 75 percent goes to those things.

I think the more important point we will hear time and time again is the President and Vice President on the airwaves hoping people will believe we are doing something bad to Social Security and Medicare if we pass a tax cut. The primary point is that these surpluses we are talking about are pretty much irrelevant to Social Security and Medicare. As the Comptroller General pointed out, if we put every penny in savings, if we put every penny of surplus into Social Security and Medicare, it would do nothing to change or rectify the fundamental inherent problems we face with those two programs.

I think we can cite the Comptroller, as well as GAO, in saying the President's proposal actually makes the Social Security and Medicare situation worse by pouring additional water into a leaky bucket with the hole in the bottom getting bigger and bigger and bigger, and all the time having to pour more and more water on top. What we are doing is buying a little time from the day of reckoning and convincing people in the short run all they have to do is concentrate on the short run. Don't think about down the road. Don't think about your kids or grandkids. We will not address serious reform but we will start dipping into general revenues instead of having some control with dedicated tax dollars, FICA tax money, dedicated to these particular programs. Then we can keep up with it and see how we are doing, know when we are in trouble. Forget that. We dip into general revenues. We have an extra amount and we will dip into general revenues without any control, without any way to tell how we are doing.

That is totally, totally irresponsible. Yet after doing everything they can to undermine the Social Security and Medicare long-term problem solution the Democrats and Republicans have been trying to work on, after doing everything they can to work against that, they, in turn, use that as a shield to say: Because we are not willing to address that, you have to go along with us and spend an extra $1 trillion to temporarily buy a few more years. Then they hope somebody will come down the road later on with more political courage to address the problem.

I think that is outrageous. Tax cuts have nothing to do with that problem. We set aside 75 percent of the surplus for those matters to start with, but tax cuts have nothing to do with the fundamental problem we are facing.

The only reason I can see for this kind of overreaction to a tax cut with these unprecedented surpluses is that the administration feels like a person who has been wronged, an injustice has been done to them, on the premise that it is the Government's money to start with and somebody has improperly tried to take that money away from them.

For some folks, there will never be a good time for a tax cut. Over the last few years, the President recommended three tax increases in times of deficits. Now we have a time of surpluses and his response is more tax increases. I think it is a debate not just over tax dollars; it is a debate over power. The folks in Washington don't want to give up power. It is a question of who is going to make decisions with regard to people's lives. Will Washington collect money and dole it out as we see fit? Or are we going to leave it in the taxpayers' hands, at least 25 percent of the amount of money about which we are talking?

It is not this tax cut that is dangerous. What is dangerous is a government that can never, ever go but in one direction: eating a bigger and bigger percentage of what we produce in this country. What is dangerous is an administration that will use this kind of debate to mask over the fact it is not willing to face up to timely problems. That is what is dangerous. I think the American people see that.

I think the American people support this bill. I support this bill and urge its passage.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

Mr. BAUCUS. Mr. President, how much time is remaining?

The PRESIDING OFFICER. The Senator has 16 minutes.

Mr. BAUCUS. I yield all 16 minutes to the Senator from West Virginia, Senator ROCKEFELLER.

The PRESIDING OFFICER. The Senator is recognized.

Mr. ROCKEFELLER. Mr. President, I am here in the hopes of convincing my colleagues to oppose the $792 billion tax cut, which is based on a premise of a projected surplus of $996 billion. We have just heard a speech which basically attacked everything President Clinton has done and stayed away from the tax cut debate itself, and that is shaping up as somewhat of a pattern.

I am also here in the hopes of convincing my colleagues that the only prudent fiscal course, the only way you can strike a blow for our constituents and for our country and for our place in this world, is by taking advantage of this, what I consider to be almost certainly a once-in-a-lifetime chance to take the projected surplus and use whatever actually accrues from that to pay down the national debt.

It is very odd to me that the Republican Party and Democratic Party almost seem to have switched. The Democratic Party appears to be the party of fiscal responsibility. The Republican Party wants to be the party of political expediency. That is a political statement on my part. I apologize for that, but I have to make note of my understanding of what has happened in the last several years.

I think we should take this money to take down the debt. I think we should use it to save for Medicare and Social Security's future. I think we should position ourselves to be able, as Alan Greenspan has suggested, if we see the surplus coming in the future years in the way that we want, to then do a meaningful tax cut—once we have put our fiscal house in order. Remember all the talk about getting our fiscal house in order? That is all we talked about in 1990, 1991, 1992, 1993. That was the talk—most of it from the other side.

We are almost there. Now we have come to the point where we can actually get over the hump, position America well for the future, and my colleagues, at least some of them, want to blow all of this investment of effort and discipline we have made with a huge tax cut spending spree which the American people are not asking for, nor is American business asking for.

First and foremost, let's recognize the $996 billion surplus only exists—and I hope my colleagues will pay attention to this—only exists if you assume that Congress will cut $775 billion in real dollars over the next 10 years from programs that the American people want and need.

Does that mean we are adding on new programs? No. That is programs that already exist, that are already under the budget caps and already below expenditure levels of where they ought to be. So that surplus exists only if we cut an additional $775 billion from programs, which I will discuss in a minute.

That $775 billion in cuts is itself almost equal to the size of the Republican-proposed tax cut. That should tell you something about the tradeoff here, whether the tax cut numbers really add up. Deep, deep cuts would be required in seniors programs, education, transportation, veterans—just about every area of the Government—an average of over 30 percent if we are to enact a $792 billion tax cut the American people are not asking for.

By deep cuts I mean the kinds of cuts in programs that provide health care to veterans. People talk about veterans and then run away from their obligations to them. Or child nutrition—we all talk about children. They will have to be cut by more than 40 percent in real terms if the Republican tax cut is enacted. This assumption is ludicrous. It is ludicrous. It is a sham that a massive tax cut of either $792 billion or, the so-called more moderate approach, the $500 billion—they are both shams. They both have the same results. They both cause us to reverse course on fiscal discipline and responsibility, not just to the American people today but to future generations.

We should all have the courage to admit that now, before the Senate makes a mistake of historic proportions, we are subsuming our responsibility to the social fabric of America as we cast our votes. That kind of debilitating discretionary cuts cannot happen in an integrated and united America. The American people will not stand for it. I believe the projected $996 billion will not materialize. That is my personal view. I do not believe it will happen. But the tax cuts will kick in and they will be there. I believe once again we will get into the situation of spiraling deficits that we have tried so hard—going back to the structural impediment talks with Japan, and then the discipline the folks on this side of the aisle exercised in 1993—that all of us have tried to exercise.

Fiscal responsibility—corporate America has done it. Now Government is in the process of doing it. We have eliminated the deficits. We have a chance to eliminate the debt, something that has never even been contemplated before. Now we are going to blow it on a Republican tax cut which the people do not ask for.

Well-respected economists estimate that there would be probably cumulative deficits of maybe $821 billion in the non-Social Security budget over the next 10 years if the Senate Finance Committee's tax packets were enacted. It is a lot less than what is projected. That should be reason enough to rethink a vote for this tax cut package, or any tax cut package of such gigantic proportions.

Let me take a minute or two to outline what I think would happen to our economy if a massive tax cut were enacted. Let us consider what would happen if we actually voted to reduce taxes by $792 billion. Forget the inequity of distribution. I can go into that, but I will not now. Forget the cruel, gross, greedy inequity of that distribution of taxes.

No. 1, if you vote for a $500 billion or $792 billion tax cut, which would undoubtedly further stimulate spending, it is inconceivable to me or any rational person in this Chamber that the Federal Reserve would do anything other than raise interest rates. I listened to Alan Greenspan this morning as Republicans tried to pin him into corners, yet he kept coming back to the point that this is not the time to do it. Do not do it now. There will be consequences if you do it now. Do not make the tax cuts now. This is not the time.

The Chairman of the Federal Reserve, Alan Greenspan, clearly says that. It is not the time for massive tax cuts. If you credit him, as I think most of us do, with being a part, along with the fundamental force of the private sector, of our booming economy, then you should consider what he has to say. One listens closely to every word he has to say because he has not missed one yet. Greenspan said just this week:

> The first priority in my judgment should be getting the debt down, letting the surpluses run, and to, as has been suggested here—[I am quoting Greenspan; this is all him]—put in contingency plans so that in the event that all of this is happening, you could move forward later, at a later date, with tax cuts.

No. 2, let's examine what an increase of tax reductions would do, let's say, with a 1-percent increase in the interest rates by the Federal Reserve. In West Virginia it would mean the average home mortgage holder with an adjustable rate mortgage of $60,000 would pay $456 more every year for that mortgage.

The average student loan payment, based upon $11,800 owed, which is typical, would cost the average student $70 more a year. Add those up, and an average person in West Virginia will have to pay $615 more per year in increased costs due to higher interest rates.

I encourage any Member to do the math for the people they represent. That is the increase they will have to pay. Then you say: But there is a tax reduction out there in the land. In West Virginia, the Republican tax rate reduction proposal will give the average West Virginia family a tax cut of approximately $118 per year versus the $615 more they will have to pay just on college, car, and home.

That is a tax cut? If they have to pay more money, that is not a tax cut. But you say: We have the proposed marriage penalty relief. Maybe that is 100 bucks. Maybe that is a little bit more than 100 bucks, but still that is an enormous tax increase on the burden of average families in West Virginia. I am taking the average family median income of $30,500.

As far as I figure, it does not add up to the cost of what they will have to pay in higher interest rates that are sure to accompany a huge tax cut.

Moreover, many of the people we represent benefit from the programs that will have to be cut. I go back to the 40-percent cut in programs that are now in effect and helping people; not new programs, not new spending, but programs in effect and already underfunded and staying that way through the year 2002. Families with children in Head Start programs will have significant cuts. We all benefit from a range of basic Government services. The air transportation system is grossly underfunded. We all benefit from that. Not all of us, but more and more of the American people are flying.

We benefit from what goes on at NIH in biomedical research. Cures for cancer, Alzheimer's, Parkinson's, and many other things are on their way. Or the assistance that is provided directly to the States—all of these things will be cut under the Republican tax plan. Not just cut, they have already cut, but they will be cut much more.

The NIH increase this year is minute. It will go down substantially. Do people really want to do this? Are my colleagues truly willing to sacrifice those benefits for the American people for a tax cut that disproportionately benefits those who are doing best in our country already?

Three, the Treasury Department just provided us with an analysis of who benefits from the Republican tax cut when it is fully phased in. I point out on the marriage penalty tax cut, there will be no relief for any West Virginians or anybody from any of our States for the first 5 years because it does not kick in. All we do in West Virginia is pay more taxes under a Republican tax cut because of what it inevitably does through the Federal Reserve System.

If my colleagues vote for the Republican tax cut, if they are of such a mind to vote for the Republican tax cut, please understand that Americans in the highest income brackets will get 67 percent of the benefit of this bill. Can anyone call that a middle-income tax cut with a straight face? If one divides up the quintiles—America divided into five different income categories—it is gross, it is embarrassing to see what happens in the distributional tables of who benefits from the Republican tax cut.

How much is there for those in the lower brackets doing the best they can? Very little. In fact, for those in the lowest quintile, which is, in fact, close to 23 million families, they get less than one-half of 1 percent of this generous Republican tax cut bill.

I suggest my colleagues should be able to answer these questions to themselves before they have to answer them to their constituents.

Equally shocking is the fact that more than 45 million families in the lowest brackets get a tiny percentage from this bill. The 23 million American families right in the middle get only 10 percent of the $792 billion Republican proposal. That means, again, that three-fifths, or a little bit more, get only 15.5 percent of the total benefits in this bill. This is wrong; this is dangerous tax policy. Frankly, it is dangerous social policy which will reverberate upon those who vote for it.

Fourth, the Republican tax cut will increase mandatory interest payments on the debt by $141 billion over the next ten years. Mandatory interest payments on the debt are already at about $227 billion. Doesn't that tell you in fairly clear and simple terms why we need to, in fact, pay down the debt to get rid of that obligation, to free up for the capital market this money which is now crowding out private sector investments.

Five, if we spend every dime and more of our available assets in the form of yet unknown surpluses before we preserve Medicare and Social Security for the future, there will be no additional resources left to strengthen those programs that we know the American people do want, do ask for, do insist on, and do look to us to provide.

Medicare is desperately in need of modernization. It is desperately in need of universal outpatient prescription benefits. Social Security needs to meet the needs of the baby boom generation. People on the other side and some on our side talk about we in Washington trying to decide what is good for the people as opposed to the people know what is good for the people. The people out there know. Those whom I represent and my colleagues represent know they are not in it for themselves. They are in it for their children and their grandchildren. It is not just what they think might be best for them. They are thinking, yes, what might be good for them, but what is good for their children and grandchildren. That is the way Americans are. That is the way we have always been.

Six, and finally, for your consideration: If my colleagues cast their vote for a $792 billion tax cut predicated on those deep spending cuts, how will my colleagues be viewed in their States?

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MOYNIHAN. Mr. President, I yield 5 minutes off the bill to the Senator from West Virginia.

The PRESIDING OFFICER. The Senator is recognized.

Mr. ROCKEFELLER. I thank my Democratic chairman of the Senate Finance Committee.

If my colleagues vote for this bill, will they be viewed as a leader? Will they be seen as somebody who is thinking for the long-term good? That is what people want. That is what people yearn for, is leadership. Or will they be looked at as somebody who took the easy course of voting to "return tax dollars," or some part of them? Or will they be viewed as somebody who signed up to an economic plan that will limit our ability to protect Medicare and Social Security? My people point that out. Even if they do not know it, even if they are not sure of it, in their own minds, wouldn't they question whether or not you are exercising leadership responsibilities or political imperatives?

When will these devastating cuts in the important domestic programs affect your constituents? Imagine—how would my colleagues respond to that? What would my colleagues say to them? How would they view you when they discover that these things happened and they happened because of a $792 billion vote that you made? What would you hear from your constituents if you agreed to $775 billion in very important discretionary cuts on programs people care about? These are not new programs but programs already reduced, programs to be further diminished by $775 billion. How would they view you then? Would they view you as a leader or as a follower of public opinion that did not exist in that regard?

Here is one example which is shocking to me, I say to the senior Senator from New York. The House is now considering reclaiming $6 billion from the welfare reform money from the States—from the States, not even from us, but from the States—to make up their shortfall on the Labor-HHS budget. It is kind of "reverse Robin Hood"—stealing from the poor to make sure we can provide tax breaks for the wealthiest of Americans.

I conclude my remarks simply by urging my colleagues, in the most sincere and intense terms, in one of the most important debates—the most important debate I have been associated with in the 15 years I have been in the Senate—to weigh these considerations against the possibility that exists for this country and for our people if we actually pay down the national debt—to accomplish the impossible—to eliminate the budget deficit, to eliminate the national debt, and then to contemplate what kind of country this could be for all of our citizens.

I thank the senior Senator from New York, and I thank our colleagues and yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I yield 19 minutes to the distinguished Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, I thank the chairman of the committee for yielding me so much time and for letting me speak last on our side as we begin the amendment process.

We have heard some awfully strong language here. Our colleague from West Virginia begs us not to give Americans back some of this money that we have taken from them in taxes.

We are projecting a $3 trillion surplus over the next 10 years. Nobody disputes that. We have before us a bill that would give about 25 cents out of every dollar of the projected surplus back to taxpayers. Our Democrat colleagues say: Please, don't do that. Our President is quoted in AP on July 25 as saying that our effort to give 25 cents out of every dollar of projected surplus over the next 10 years back to working people in tax cuts "will imperil the future stability of the country." In fact, yesterday the President said it would hurt women's health care. Perhaps today it will be that it will bring back the bubonic plague.

But it is clear that the President is against giving back 25 cents out of every dollar of surplus—out of every dollar we are taking in above what the Government needs. He thinks giving back 25 cents out of every dollar is too much.

Our Vice President says that the tax cut before us is a "huge, gigantic, risky tax scheme."

This is very extreme language we are hearing. Let me try to explain why it is so shrill. It is shrill for two reasons, really.

No. 1, giving people back their money so they can spend it themselves rather than Government spending it for them hardly seems extreme to the American people. With the projected surplus of $3 trillion, giving about one-fourth of it back in tax cuts hardly seems extreme.

But the other reason the President and his supporters are so shrill is, the President is not telling the truth. Let me explain why.

I have a chart here that has the cover page and one page of text of the analysis of what is called the Mid-Session Review. This is an analysis by the nonpartisan Congressional Budget Office that was just completed of the President's budget; that is, what he proposes we do with the surplus, what the budget adopted by the Congress proposes we do with the surplus; and then it compares the two. The important point being, this is not me talking, this is not Bill Clinton talking, this is the nonpartisan Congressional Budget Office talking.

To listen to the President and to listen to our Democrat colleagues, you get the idea that this is a debate between cutting taxes and paying down debt. The problem is, that is not what the debate is about. This White House has turned misinformation into an art form. Here is the living proof of it.

In the analysis of the Mid-Session Review that was just published by the Congressional Budget Office, the Congressional Budget Office basically has two findings. One, while the President had initially proposed spending some of the Social Security surplus, we have so shamed the administration that they now have agreed with us that the roughly $2 trillion of surplus caused by Social Security should be set aside to either pay down debt or to fix Social Security.

It is interesting that we have voted many times on a lockbox procedure to require that that money not be spent, and we have been unable to get the support of the minority in making that the law of the land. But that is something that at least to this point we have agreed on.

Where the disagreement is—and the Congressional Budget Office shows it very clearly—is, what do you do with the non-Social Security surplus? Basically, what the Congressional Budget Office finds, that the administration desperately does not want anybody to know, is that their answer is, spend it. They are not paying down any debt with the nondefense discretionary surplus. In fact, over a 10-year period they spend every penny of it. And they spend so much money in their budget that in 3 of the years they have to plunder the Social Security trust fund, basically, in contrast to what they have committed to do.

In fact, the Congressional Budget Office concludes, in looking at their own budget—and, again, this is the nonpartisan CBO—that in total, the President, over the next 10 years, would spend $1.033 trillion of the non-Social Security surplus, which is a little more than the entire surplus.

So when our colleagues are saying, don't give money back to taxpayers, pay down the debt, they are not talking about their program. The problem is, and the frustration is, if the President stood up and told the truth and said, don't give this money back to families, let me spend it, don't give this money back to working couples because they can't do as good a job spending it as the Federal Government could, then we could have a meaningful debate. But it is hard to have a meaningful debate because the administration basically is engaged in a concerted effort to mislead people.

But numbers and facts are persistent things. The Congressional Budget Office concludes two things about the Clinton budget that are devastating. No. 1, it would spend an additional $1.033 trillion more than the budget we have adopted and the spending caps to which the President is committed.

Secondly, and equally devastating, despite all this talk about buying down debt, with Chairman ROTH's tax cut, the budget adopted by Congress, which includes this tax cut, still pays down the Federal debt $219 billion more than the President's budget. Why? Because Senator ROTH's tax cut gives $792 billion back to working families. The President's budget spends $1.033 trillion. As a result, even after the tax cut, the Republican budget reduces debt held by the public by $219 billion more than the President's budget.

So his rhetoric is great. His sound bites are flawless. But the point is, he is not telling the truth. The reality is, the President proposes to spend every penny of the discretionary surplus on Government programs and plunders Social Security for additional money in 3 out of the next 10 years.

So the debate is not between reducing debt and cutting taxes. The debate is between letting Government spend the money or letting the taxpayer spend the taxpayer's own money.

But in addition to that, the tax cut that is being called "huge," "vulgar," "dangerous," by President Clinton and his supporters is actually substantially smaller than the massive spending spree the President would take us on with 81 programs.

I ask you, how can it be more dangerous to start to cut taxes by $792 billion with a trillion-dollar surplus than it is to fund 81 programs and spend $1.033 trillion? Obviously, no one can argue that it is even equally dangerous. So what does the President do? He basically does not tell the truth.

Point No. 2, let's talk about: Why a tax cut now?

This chart really shows the highest 7 years in American history, in terms of the tax burden on working American families. The highest tax burden in American history by the Federal Government was in 1945 when Harry Truman was President. By the way, 38 cents out of every dollar earned in America is what we were spending on defense in 1945. That was the highest tax burden in American history.

The second highest tax burden in American history is today. Under President Clinton, in the year 2000—which is the budget year we are considering—the Federal Government will take 20.6 cents out of every dollar earned by every American. That is the second highest Federal tax burden in American history.

The third highest is under President Clinton in 1999.

The fourth highest was under President Clinton in 1998.

The fifth highest was under Franklin D. Roosevelt in 1944, when defense was 37 percent of the economy.

The sixth highest was under Bill Clinton in 1997. Hence, why we have on this chart "Cause of Record Taxes: War and Clinton."

The seventh highest tax burden in American history was the day Ronald Reagan became President. What did we promptly do? We cut taxes by 25 percent. So we have never had, except under President Clinton, tax levels approaching the level we have today.

Now, in terms of this "dangerous" tax cut, this is probably the most telling chart of all. The day Bill Clinton became President, the Federal Government was taking 17.8 cents out of every dollar earned by every American in Federal taxes. Today, we are near an all-time record of 20.6 cents out of every dollar earned by every American. Hence, since Bill Clinton has been President, with the 1993 tax increase as people have moved into higher tax brackets, the tax take on the American people has grown from 17.8 to 20.6 percent.

Now, if we took every penny of the non-Social Security surplus, which is $1 trillion, under current services, actually, bigger if you take a spending freeze, but if we took every penny of that, and we are not proposing that here—we are talking about $792 billion, not over $1 trillion—but if we took the entire trillion and gave it back in tax cuts, 10 years from now, when that tax cut is fully implemented, taxes would still be 18.8 percent of the economy, and taxes would still be substantially above where they were the day Bill Clinton became President.

So when he is calling this tax cut "dangerous and huge," it is a tax cut that would not get us back, in terms of tax burden, to where we were the day Bill Clinton became President. It would still mean the tax burden during the Clinton administration, even with this tax cut, would have grown by more than in any modern Presidency.

Let me address the idea that this is a huge, dangerous tax cut. It is very interesting how people make up these things and nobody goes and looks it up. But let me give you some figures.

We are projecting next year, the first year of this tax cut, that revenues are going to be $1.9 trillion. We are going to collect that much in taxes. This tax cut next year is a whopping $4 billion. So out of $1.905 trillion of taxes we are going to collect, this would give $4 billion back. That is .21 percent. Now, that is the "huge, dangerous" tax cut about which we are talking. It is implemented over a 10-year period. But over that entire period, what is being called a "dangerous" tax cut would reduce taxes on the American people by 3.48 percent. So it is less than a 3.5-percent reduction in taxes, far less than President Clinton would increase government spending, I remind my colleagues, and somehow that is "dangerous."

Well, it is dangerous if you are Bill Clinton, because if we give this money back to the American people, he can't spend it. There are 81 programs he would like to have that he won't get. What the President should be asking, rather than misleading people, is: Here are my 81 programs. This is what I am going to do for you. I love you and this is what we are going to do for you. And we ought to be forced to say: We are going to give you this tax cut, and we are going to let you decide how to spend it.

The people could look at the President's 81 programs and look at our tax cut and they can say, "I would rather President Clinton do it," or "I would rather do it myself." That is the legitimate debate we ought to be having. But we are not having it because the White House continues to mislead the American public.

Let me make a few other points. Our colleagues keep talking about tax cuts for the rich. I have noticed there is a code here: Any tax cut is for the rich. Any tax increase is a tax on the rich.

So when the Democrats pushed through the largest tax increase in American history when they last had a majority, in 1993, that was a tax on the rich. Remember? Well, it raised taxes on gasoline for everybody. Do only rich people drive cars and trucks? I don't think so. It defined as "rich" anybody who made $25,000 a year or more because that is the tax it put on Social Security. Now, I don't know about some of the States that people may represent, but where I am from, $25,000 a year is not rich. But to our Democrat colleagues, obviously, since the Clinton tax increase was a tax on the rich, $25,000 in income made you rich.

According to them, our tax cut is for rich people. They get very excited about the fact that they have discovered when you cut taxes, people who don't pay income taxes don't get tax cuts. In fact, they will point out, I am sure a hundred times here, that 32 percent of American families pay no income taxes, which I personally think is an outrage. I think everybody ought to pay something. But 32 percent of American families pay no income taxes, and their obvious question is: Well, under your tax cut, 32 percent of families don't get a tax cut; how can that be fair?

Let me explain why it is fair. These taxpayers don't get food stamps, the great majority of them. They don't get Medicaid. And unless they are elderly, they don't get Medicare. They don't qualify for those programs. Our point is that tax cuts are for taxpayers. When we are cutting taxes, if you don't pay income taxes, you should not expect to get a tax cut.

Some of our colleagues would like you to believe the Roth package benefits the rich relative to the poor. Well, the plain truth is that the Roth package makes the tax system more progressive, not less progressive. Now, it is true that when you cut taxes, people who pay taxes get to keep more; people who don't pay taxes don't get a tax cut. But our colleagues have basically discovered that, over the years, we have made the tax code more and more and more progressive. In fact, today, the top 50 percent of income earners in America pay 99 percent of the income taxes. So is anybody surprised that, when the top 50 percent pay 99 percent of the income taxes, that when you cut income taxes, the top 50 percent tend to get more tax cuts? In fact, our colleagues like to rant and rave about across-the-board tax cuts by saying, well, a 10-percent tax cut means that Senator ROCKEFELLER, who pays at least 10 times as much in taxes as I do, would get 10 times as big a tax cut.

I am not offended by that. If he pays 10 times as much, and we have an across-the-board cut, he would get 10 times as big a tax cut.

Let me run over these figures real quickly so people understand.

The top 1 percent of income earners in America earn 16 percent of all the income earned, but they pay 32.3 percent of all the taxes.

The top 5 percent earn 30.4 percent of all the income earned, but they pay 50.8 percent of the taxes.

The top 10 percent earn 41.6 percent of the income earned, but they pay 62.4 percent of the taxes.

Should anybody be shocked when you cut taxes, when the upper 50 percent of American income earners pay 99 percent of the taxes, and they are going to get most of the tax cut?

Only our Democrat colleagues and the President would be outraged about that. Our view is that tax cuts are for taxpayers.

Who is rich? I decided to look at this top 50 percent of income earners and basically ask: Who are these rich people who the Democrats think should not get a tax cut?

Let me go down who they are.

They are the 50 percent of people who pay roughly 99 percent of the income taxes.

They are 62 percent of all homeowners in America. They are 66 percent of all people between the age of 45 and 64. They are 67 percent of all full-time workers in America. They are 68 percent of all workers who went to college. They are 69 percent of all married couples. And they are 80 percent of all two-earner households in America.

These are the people who the Democrats tell us are unworthy and should get no tax cut—that these are rich people and they deserve no tax cut. They pay 99 percent of the income taxes, but they deserve no tax cut.

Let me tell you what the code is. The Democrats are always for a tax increase, and the tax increase, no matter who it is imposed on, is always a tax on the rich. They are always against the tax cut, and the tax cut always goes to the rich, and that is basically the code.

When you break through the code, the code is they are for tax increases. They are not for tax cuts because they believe the Government can do a better job of spending your money than you can.

The final two points: We often hear from our colleagues that this is the worst tax cut since the Reagan tax cut of 1981. This is the worst tax since the Reagan tax cut. Do we want to do it again?

Let me remind my colleagues the day Ronald Reagan became President, an average family in America making $50,000 a year was paying $12,626 in Federal income taxes. They were paying 25 cents out of every dollar they earned. Thanks to Ronald Reagan, today they are paying $6,242, or 12.5 percent.

The Democrats think that was terrible. This is the worst tax cut since Ronald Reagan. They must have liked the tax burden under Jimmy Carter. They must have liked the 21-percent interest rates under Jimmy Carter. They must have liked the 13 percent inflation rate under Jimmy Carter. But we had sense enough to end that policy and let working people keep more of what they earn.

Final point: Alan Greenspan's statements have become similar to the Bible—nobody reads them very closely, and everybody quotes them. They quote him on both sides of the argument.

I would like to let him speak for himself. I would like to do it in the context of what the President has proposed.

Alan Greenspan said:

> If you find that as a consequence of those surpluses they tend to be spent, then I would be more in the camp of cutting taxes, because the least desirable is using those surpluses for expanding outlays.

When the President is proposing increasing spending by $1 trillion over the next 10 years, don't we find ourselves in a position where the surplus is being spent?

The answer is obviously, yes. It is being spent just as fast as it can be spent.

Then Alan Greenspan is in favor of giving part of it back—in this case a very conservative amount, 25 cents out of every dollar we have in surplus.

I think we should do it. I think it is the responsible thing to do. I believe we will do it.

If this is taking us back to the terrible days of lowering the tax burden, I am ready to go back.

Mrs. MURRAY. Mr. President, I rise today to express my concerns about the tax plan proposed by my Republican colleagues.

When I first came to the Senate in 1993, there were projected deficits as far as the eye could see. The United States had not seen a budget surplus in a quarter century. The American people were demanding change after more than a decade of Republicans in the White House, and Republicans in control of this body from 1980 to 1986. We knew we had to make some unpopular decisions to put our fiscal house in order. And working with the Clinton administration, the 103rd Congress made those tough decisions.

We reduced the tax burden for the middle class and we restored some degree of tax fairness to our system. We put the Federal Government on the road of less spending, while maintaining commitments to core priorities. Some of my colleagues were defeated in 1994 because they did the right thing for the future of America.

In 1997, Congress and the administration reached a bipartisan agreement to balance the budget and provide responsible tax relief to the American people. At that time, we had no idea we would achieve an on-budget surplus so quickly. Wise fiscal and monetary policies and a strong economy have provided a projected surplus that gives us hope we can solve some of the biggest challenges of our time. It is an exciting time to be in the Congress.

But in our excitement about the projected surplus, I am afraid we are acting in haste. And in doing so, we could undermine the hard work we have done to get to this point.

Let me be clear: I support responsible tax relief for the American people.

I support further reform of our nation's estate tax laws so that the small timberland owner in Mason County, Washington, and the small business owner who sells farm equipment in Moses Lake, Washington, can pass their land and livelihoods on to the next generation.

I support deductibility of health insurance costs so the self-employed owner of a technology start-up company in Seattle can afford health care.

I support reducing the so-called "marriage penalty" so that a young married couple in Spokane has more money to purchase their first home or begin saving for retirement.

I support expanding the low income housing tax credit so that we increase the availability of affordable housing for low- and middle-income families, especially in rural and urban areas.

I support the creation of Farm and Ranch Risk Management Accounts so the apple grower in the Yakima Valley will have one more tool to manage the risk inherent in agriculture.

I support the extension of the research and experimentation tax credit so Washington state high-tech and biotech companies have the incentive and the ability to invest in their long-term future and the future of our country.

I support reforming the individual alternative minimum tax so that families all across Washington state can continue to enjoy the full benefits of the HOPE scholarship and the per child tax credit that we passed in 1997.

In principle, I support all of these ideas, and many others that have been proposed. However, we cannot afford to make tax cuts without considering and carefully weighing the consequences. The American people deserve a responsible tax cut. They also deserve an honest debate from this Congress about how the Republican tax bill would affect their lives.

The majority's tax plan is based on an assumption. An assumption about what future Presidents and Congresses will do. They assume we will have a projected $964 billion non-Social Security surplus through fiscal year 2009. My colleagues propose to use $792 billion of that projected surplus over the next ten years to reduce taxes. They also assume that three-quarters of the projected surplus will come from unspecified reductions in spending by future Congresses.

To all the citizens watching around the country today, let me explain. The 1997 balanced budget agreement called for strict spending caps in discretionary, nondefense spending in fiscal years 2000, 2001, and 2002. In other words, the 17 percent of the Federal budget that funds all Government activities besides Social Security, Medicare, Medicaid, and interest on the $5.5 trillion national debt is subject to cuts. That 17 percent funds the federal role in improving education, giving greater access to Head Start, preventing crime, protecting the environment, providing health care to veterans, investing in urban and rural communities, maintaining national parks, creating affordable housing, reducing traffic congestion through highways and mass transit, and many other important functions.

The projected surplus uses as its baseline spending targets established for fiscal year 2000. Right now, the Senate Appropriations Committee, of which I am a member, is struggling to move forward with bills. Even some of my Republican colleagues have indicated they cannot write appropriations bills within the current spending caps. For example, both the VA, HUD, and Independent Agencies spending bill and the Labor, Health and Human Services, and Education spending bill have not been reported by their respective subcommittee because of the funding difficulties involved.

The American people need to understand that this tax cut will mean massive, unprecedented cuts in important and popular domestic priorities.

If we assume that Congress will meet the discretionary spending caps outlined in the Republican plan, then nondefense discretionary programs would have to be cut by 23 percent by 2009.

What does this mean for Washington state?

It means 23 percent less for Hanford cleanup. It means 23 percent less for salmon recovery. It means 23 percent less for community police officers. It means 23 percent less for highway improvements and mass transit to meet our growing infrastructure demands. It means 23 percent less for Head Start, which serves more than 9,000 children in Washington state. It means 23 percent less for reducing class size. it means 23 percent less for our VA hospitals. It means 23 percent less for the management of Mt. Rainer National Park. But reductions in discretionary spending is far from the only concern with this tax bill.

This bill jeopardizes our ability to reduce our national debt. All of my colleagues have worked hard to get our fiscal house in order. We have successfully balanced the budget, provided reasonable tax relief, and contributed to the strong economic environment we have today. One of our priorities must be continuing to reduce publicly held debt. By doing so we can decrease the interest payments on the debt that currently claim 15 percent of the federal budget. And reducing the debt will also help keep our economy moving forward. Federal Reserve Chairman Alan Greenspan has indicated again and again that reducing debt is preferable to a large tax cut.

I have saved the most important issue for last: Social Security and Medicare. Throughout the past year, as it appeared we would have a large projected budget surplus over the next ten years, I have said repeatedly that we should not raid the surplus for tax cuts until we protect Social Security and Medicare for the long term.

I have listened to many of my colleagues talk about the importance of returning money to taxpayers. Let me tell my colleagues there is no better return on the investment for taxpayers than saving Social Security and Medicare. This must be a top priority. If we fail to enact real reform, we will be judged harshly—and rightly so—by our children and grandchildren. Our Nation's future economic security rests in our hands.

Saving Social Security and Medicare is important to all of our Nation's seniors, but let me explain why it is especially critical to women and their families. Women are twice as likely as men to live with a chronic health care condition. Women receive Social Security and Medicare longer than men, and for all women over age 65, 60 percent of their retirement income comes from Social Security. Often, Social Security and Medicare are their only hope for maintaining a reasonable standard of living and some degree of independence and dignity.

If we fail to protect the solvency of both of these important safety net programs, my generation will become a burden on our children. Our grandchildren will not have the same economic opportunities that we had simply because their parents will be taking care of us. More and more older Americans would fail deep into poverty, further straining family and government resources, and most important the emotional and physical health of seniors.

My Republican colleagues claim they have created a lock box for Social Security and Medicare. However, the Republican proposal simply continues to reserve the Social Security trust fund surplus for Social Security. But, they do not provide any additional resources for either Social Security or Medicare and they do nothing to improve their solvency. Their lockbox is an empty promise.

We can argue about the economic threat posed by this package of tax cuts targeted to the more affluent and geared towards increased consumption, but I think we should be talking instead about maintaining the most successful economic stability programs ever implemented by the federal government—Social Security and Medicare. Can you imagine the economic upheaval that the insolvency of Social Security or Medicare would cause? I can assure my colleagues that hard working Americans want economic security in their retirement years, not tax breaks they may never even see or benefit from.

That's an important point, Mr. President. This tax bill, which would do nothing for Federal initiatives—from Social Security to Medicare, from transportation infrastructure to education, from Section 8 housing to clean air and water—that raise the quality of life of low and middle income Americans would then give three-fourths of the benefits in return to the top one-fifth of income earners. The average tax cut for the bottom 60 percent of taxpayers—with incomes of $38,200 and below—would be $139 per year. And in return for that tax cut, that same family will have to worry even more about taking care of elderly parents, about where they will find money to help their kids go to college since there are fewer Pell Grants, and about how they get to spend some time with their kids when they are on congested highways for hours each day. And to top it all off, when the family goes on vacation to see our nation's national parks, the gates will be closed.

I will support the alternative drafted by my Democratic friends on the Finance Committee. The alternative would meet many of our priorities for any tax bill we send to the President.

The Democratic alternative would provide broad-based relief to the more than 70 percent of taxpayers claiming the standard deduction. It would remove three million taxpayers from the tax rolls. It would also provide marriage penalty relief. These are real benefits targeted to precisely the lower and middle Americans that need it the most.

The Democratic alternative would allow 100 percent deductibility of health insurance costs for self-employed individuals and include a 30 percent tax credit for individuals without employer-sponsored plans. Since the Senate failed to pass a strong Patients' Bill of Rights, the least we can do is make health insurance more accessible to all Americans.

The Democratic alternative would make public school modernization a high priority. It would provide $24 billion in modernization bonds. Mr. President, this would send a strong message to students, parents and administrators that this Congress cares about providing the education infrastructure we desperately need.

The Democratic alternative would provide tax relief for our nation's struggling farmers and ranchers. It would establish Farm and Ranch Risk Management FARRM, accounts so that producers could better manage their income to reduce risk. Given that it is unlikely Congress will act to improve the long-term safety net for growers this year, FARRM accounts are the least we can do.

I urge my colleagues to vote for the Democratic alternative. A vote for the Democratic alternative is a vote for responsible tax relief and responsible government. At a time when most Americans do not have much faith in Congress, let us not compound that sentiment with responsible tax politics. We have worked so hard to correct the misguided policies of the past. As we move forward into the next century, let's learn the lessons of the past and reject the Republican tax plan in front of us.

RETIREMENT SECURITY PROVISIONS IN TAXPAYER REFUND ACT OF 1999

Mr. GREGG. Mr. President, I rise to address several important provisions in the tax relief legislation that has been reported out of the Senate Finance Committee.

In the last few years, I have taken an especial interest in reforming our federal entitlement programs and our tax policies so as to recognize and to prepare for the retirement of the Baby Boom generation that will begin in 2008. During the last Congress, I was appointed by Majority Leader TRENT LOTT to chair a Senate Republican Task Force on Retirement Security, on which Chairman ROTH served, and provided the benefit of his experience and his enduring commitment to promoting retirement saving. Our task force produced a bill, numbered S. 883 in the last Congress, several provisions of which were included in the 1997 reconciliation bill. I am pleased to see that several more have been included in this year's reconciliation bill.

I would like to review several of these provisions and to discuss their significance.

Chairman ROTH has devoted several years of his career to promoting increased personal saving through individual retirement accounts. His IRA legislation, the Roth-Breaux bill, was included in its entirety as the first title of our comprehensive bill. The Chairman succeeded in passing some of the provisions of this legislation during reconciliation last time around, including the back-loaded IRA that has become known as the "Roth IRA." This time, the Finance Committee mark moves the ball still further forward on expanding the saving in individual retirement accounts. It increases the contributions that can be made to these accounts, as well as expanding the number of individuals who can participate in them. Now more than ever, with the Baby boomers poised on the brink of retirement, ready to move from being earners and investors to being consumers, "all saving is good saving." It is a very propitious time to propose that individual saving be promoted and encouraged.

I stress that we score these provisions, for our own accounting purposes, as "revenue losers," but this is misleading. This is not saving that is "lost"—it is only "lost" to the federal government. This saving and investment will result in much-needed contributions to capital formation and to economic growth. This is a far superior use of this money than collecting it to fuel current government consumption.

I was pleased to join in cosponsoring Senator ROTH's legislation to expand IRAs, and am further pleased that this reconciliation bill incorporates a portion of that expansion.

Senator ROTH's IRA legislation was drafted before the task force began work on S. 883 in the last Congress. But there were several provisions that were original to the task force of which I remain very proud, and I am pleased to see that they have received positive attention from the Finance Committee this year.

First of these is the "SAFE" plan for small businesses. This is a new type of defined benefit plan that we worked to devise in concert with others who also perceived the need to make such pension plans more attractive to small business owners. Right now, it is too often the case that it is not in the interest of a small employer to offer such a pension plan. The nondiscrimination rules are too complex, and the small employer may not feel that they can afford the fiscal commitment of such a size, uncertainty, and duration.

The "SAFE" plan neatly balances the need of employers to have a simplified pension structure, with the desire to give employees fair treatment and a pension benefit that they can count on. The rules of the "SAFE" plan are very simple. Fair treatment is ensured by simply requiring that the employer fund a benefit that is the same percentage of pay for each eligible employee in the shop. If one year's contributions produce a pension benefit equal to 2 percent of pay for the boss, then it's also 2 percent of pay for the employee—extremely simple.

"SAFE" is a fully portable, fully funded pension plan that will work. It's portable because the contributions are made specifically on behalf of each employee, so it is easy to track how much of a nest egg each has accrued. If that employee moves on, that balance can move on with them with a minimum of difficulty. It's also fully funded—simple rules dictate how much money the employer puts in for each employee in each year. It has to be enough to fund the promised defined benefit. Each year the accumulation in that account is tracked, and if it falls behind the amount that is assumed to be needed using some flexible and reasonable interest rate assumptions, then the employer will have to make additional contributions to make the employee's pension fund "whole" again. The employer meets his obligations in a simple and easily understood way, and has no mounting financing problem at the end of the game.

I also note that the "SAFE" plan also is an important benefit for long-time employees who have not been covered to date, because it does allow for "catch-up" contributions covering an employee's previous 10 years of service. This is a helpful feature because of the assistance it will give to employees who have less time to prepare for retirement.

The Finance Committee proposal also includes several provisions to increase the amount of contributions that can be made to SIMPLE plans or to other pension plans. I am pleased to note that it also includes several provisions championed by our task force that would benefit small businesses and the self-employed in particular. For one, it would equalize the treatment of self-employed and larger businesses with respect to loans taken from pension plans. Right now, the self-employed, subchapter S owners, partners, sole proprietors, cannot take loans from their pension plan as can larger businesses, and this puts them at a competitive disadvantage. Our proposal to correct this inequity is included in the Finance Committee bill.

We also included a proposal that would remove a disincentive for the self-employed to make matching contributions to their pension plans, and no longer counting such matching contributions towards the annual 401(k) contribution limit. I am pleased that a version of this proposal is also included in the Finance Committee package.

I am also pleased to see the number of provisions included in this legislation aimed at addressing the problem of inadequate retirement income for women, who make up the vast majority of our impoverished elderly population. Our task force considered our women's equity provisions to be so important that we introduced them separately in the last Congress as the WISE, Women's Investment and Savings Equity bill.

Some of the provisions of WISE were included in last year's reconciliation package, including the liberalization of rules governing contributions by homemakers to IRAs.

We also included another provision aimed at giving stay-at-home spouses a chance to "catch-up" on pension contributions if staying at home to care for a child interrupted their past contributions. We offered a provision allowing "catch-up" opportunities for individuals who had taken maternity or paternity leave. The Finance Committee bill also includes a "catch-up" provision. Though not specific to the case of families caring for children, the provision providing for larger IRA and pension contributions once the individual reaches the age of 50 is intended to serve the same purpose—to recognize that individuals often do not have as much money to put aside in saving until their children are out of the nest. Giving parents a chance to "catch up" for these lost opportunities is a family-friendly reform.

I continue to believe that allowing "catch-up" contributions for individuals who missed out on pension contribution opportunities specifically because of child-rearing is an important idea, which I may still wish to pursue. But I am pleased to see the provision in this legislation and to recognize the chairman's effort to serve the same end.

Finally, a number of other reforms that I and the rest of the task force have sponsored in the past also appear in this bill—including important portability provisions that would allow individuals in public sector employment plans to take their pension benefits with them when they join a private employer. The current situation is an artifact of the undue complexity of our pension law, and the incompatibility of public and private pension regulations that has interfered with such portability until now. Public employees are often afraid to leave public positions because they do not know whether their pension benefits will travel with them, especially once it has accumulated to a significant amount that is critical to their retirement plans. Everyone's interest will be served by allowing these accumulations to roll over into other types of plans.

I simply close by again thanking the chairman for the level of attention that he has given to retirement saving in the Finance Committee mark. As the chair of the Republican Task Force on Retirement Security, I find it gratifying to see that the chairman placed such a high priority for these needs among the competing objectives that Senators brought to crafting this tax bill. I hope that indeed "the time has come" for many of these provisions on which we have worked so hard in the past, and I hope that they will be supported throughout this reconciliation process.

I thank my colleagues, and I yield the floor.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Mr. President, I raise a point of order that section 1502 of the bill violates the Budget Act.

Mr. ROTH. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive section 313(b)(1)(e) of the Budget Act for the consideration of S. 1429, and any conference report thereon, amendments between the Houses, and any amendments reported in disagreement.

I ask for the yeas and nays on the motion.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. ROTH. Mr. President, I yield myself such time as I may use.

Mr. President, the point of order against section 1502 is made necessary by the antiquated provision of the Budget Act where provisions were drawn to function in an era of deficits.

Even though the Senate instructed the Finance Committee to cut taxes, almost everyone understood those instructions to mean the tax cuts would be permanent.

Nevertheless, we must contend with the language of section 313(b)(1)(e) of the Budget Act which forbids any reconciliation bill from achieving a net reduction in revenue beyond the 10 years for which the committee was instructed.

Of course, achieving a net reduction in revenues is our goal, as well as our instructions.

Moreover, the Budget Act provision in question was not written with this situation in mind. It was not written to hinder refunds of a budget surplus. Rather, it was written to bar creative accounting provisions, such as those offered on this floor to delay the timing of expenditures, or to accelerate the timing of revenue.

These were one-time only provisions designed to occur at the end of the window—not for any policy reason but only to achieve compliance for a moment in time with the relevant instructions.

I remember a military pay installment was once moved from the last day of one fiscal year to the first day of the next year, which was outside the window, to achieve budgetary savings in the earlier years. But no provision of that sort is contained in this bill.

Rather, the question here is whether any tax relief can be permanent except for a very small percent of tax provisions.

It is a general rule that tax relief is permanent. This was true with the last tax bill, which provided an actual tax cut—the Tax Relief Act of 1997. But that bill was paired with a balanced budget act of the same year, the savings of which far exceeded the tax cut then provided.

Today, we face a new question under the Budget Act because it is unnecessary to pair this tax cut with another bill to cut spending. It is unnecessary because we have already achieved the goal that such a spending bill would hope to achieve, a surplus to fund a tax cut.

In my opinion, the Budget Act provision makes no sense if applied to the current circumstances.

Everything I have said applies in equal measure to the Democratic alternative, and every other tax cut Members are anxious to propose on the floor this week.

In sum, everyone thought we were instructed to achieve permanent tax relief. That was the commonsense understanding. That is the better tax policy. I urge support for the waiver to protect this legislation against an arcane budget rule never intended to apply to this situation.

The PRESIDING OFFICER (Mr. CRAPO). The Senator from New York.

Mr. MOYNIHAN. As my good friend knows, at the end of my statement this morning I indicated I would raise this point of order against section 1502 of the bill, which restores the sunsetted provisions of the bill beyond the 10th year. That is clearly a violation of the Byrd rule which deals with increasing the deficit on a reconciliation bill.

I am surprised to find my friend refer to that provision as "antiquated" or "arcane." We have spent 20 years trying to control this deficit. We quadrupled the national debt in 12 years, from 1980 to 1992. We have now reversed that. We have made the point on this floor that we are providing tax reductions from a projected surplus that has not occurred and may not occur. It certainly does not exist.

A few days ago, in a letter to the Democratic Members on our side, our dear friend, the chairman of the Committee on Foreign Relations, with respect to the Comprehensive Test Ban Treaty, used the word "floccinau cinihilipilification," and it was reported in the press this morning. He got that word from the Senator from New York. Floccinau cinihilipilification is now the second longest word in the Oxford Dictionary. It is from a debate in the House of Commons in the 18th century meaning the futility of budgets. They never come out straight.

I had the opportunity to review an autobiography of John Kenneth Galbraith years back in the New Yorker magazine. I added "ism" to refer to the institutional nature of this, so it became floccinaucinihilipilificationism. It is no joke. One never gets it right. It is not because one cannot, one does not try.

"Exogenous": Come in from the outside. Drought, hurricane, Asia goes to pieces. We don't know what will happen. We have this surplus that would match a $792 billion tax cut. However, does anybody believe we know enough about the decade beyond this one to continue these tax cuts, many of which take hold later in the first decade, such that the Treasury Department holds that in the second decade the revenue costs will be $1.9 trillion and the interest and consequence will be $1.1 trillion. So the total costs would be $3 trillion, which is almost four times the cost of the first decade.

Surely we cannot be so irresponsible. It speaks of hubris to suggest we know what is going to happen that far out. It speaks calamity, as well.

I see my friend from North Dakota. I yield to the Senator 5 minutes.

Mr. CONRAD. I thank the distinguished Senator from New York.

I rise to urge my colleagues to resist the move to waive the budget procedures. I think it is important to remember the history. The budget reconciliation process was devised to expedite consideration of deficit reduction measures. That was the purpose.

The bill before the Senate now perverts that process by using expedited procedures to secure enactment of a measure to increase the deficit. Fortunately, Senator BYRD crafted the Byrd rule to prevent abuse of reconciliation's expedited procedures. He did that to protect the fiscal integrity of the United States. This move to waive that rule is a move to undermine the fiscal integrity of the process. It ought to be resisted by every Member, especially those who profess to be conservative.

Section 313(b)(e) of the Byrd rule provides that any provision in the reconciliation bill that would decrease revenue in years beyond the budget window violates the Byrd rule and would be automatically stricken from the bill upon a point of order being waived.

It is clear this measure, this risky tax cut scheme, explodes in the second 10 years.

This chart shows what happens with the tax scheme being proposed. It starts out modestly, but it grows geometrically. In the second 10 years, it absolutely explodes. It goes from being an $800 billion tax cut over the first 10 years to being over a $2 trillion tax cut in the second 10 years.

Mr. MOYNIHAN. Will the Senator yield?

Mr. CONRAD. I am happy to yield to the Senator.

Mr. MOYNIHAN. I believe the Treasury Department estimated the second 10 years is a $1.9 trillion tax cut, but we have to add $1.1 trillion in interest payments, such that the total cost is $3 trillion.

Mr. CONRAD. The Senator is exactly right. The tax cut alone in the second 10 years is nearly $2 trillion. Obviously, there are additional costs. Because of additional interest costs, if you spend the money or run it in tax cuts, you lose the interest earnings. So you add to the interest costs of the United States. That is why Senator BYRD put in place this very wise rule, so we would not undermine the fiscal integrity of the United States. Now there is a move to waive that rule. It ought to be resisted. It ought to be defeated.

This morning a column in the Washington Post by Robert Samuelson addressed this issue in "The Reagan Tax Myth." He pointed out the danger, the riskiness, the radical nature of the tax proposal before the Senate, and pointed out that it is all based on projections that very well may not come true.

In fact, he pointed out:

> . . . there is no case for big tax cuts based merely on paper projections of budget surpluses.

He pointed out:

> The projections, for example, assume a steep drop in both defense spending and domestic discretionary spending that may be unwise, particularly for defense.

He goes on to say:

> Suppose that spending exceeds projections by one percentage point of national income and that tax revenues fall below projections by the same amount. In today's dollars, these errors—not out of line with past mistakes—would total about $170 billion annually. Most of the future surpluses would vanish.

They would vanish.

Mr. President, I think it is very important. We have heard repeatedly from our friends on the other side of the aisle that they are only providing 25 percent of the surplus in tax cuts. They are not telling the whole story. They are being very selective about what they tell the American people. They say we have $3 trillion of projected surpluses—projected. Let's remember they are projected; they may not happen. And they say they are only providing $800 billion of tax relief.

I ask for 1 additional minute.

Mr. MOYNIHAN. Of course.

Mr. CONRAD. If we check their math, we find the story is quite a bit different from the way they are telling it. Of the total surplus over the next 10 years, $2.9 trillion, nearly $2 trillion of it is Social Security surplus. Are they talking about spending some of this Social Security surplus? Are they talking about once again raiding the Social Security surplus? If they are not, then this should be taken right out of the calculation.

Then we have to take out an additional amount, about $130 billion, because if you provide tax cuts, or you spend the money, interest cost goes up. So now you are down, instead of $3 trillion, to $870 billion. And they are talking about a $800 billion tax cut. They are not using a quarter of the money, unless they intend to use Social Security funds. Fairly described, they are talking about using 94 percent of the non-Social Security surplus for a risky tax cut scheme based entirely on projections, projections that might not come true, and in the second 10 years those tax cuts explode, endangering the fiscal integrity of this Government.

My God, after the progress we have made to eliminate the deficit and create surpluses in the last 6 years, to turn our back on that and take the risk of putting this economic expansion in jeopardy? It is wild. It is risky. It should not happen. And the move to waive the budget rules that protect the fiscal integrity of this country ought to be defeated.

The PRESIDING OFFICER. Who yields time?

The Senator from New York.

Mr. MOYNIHAN. I yield 5 minutes to the Senator from Minnesota who would like to speak on the motion to waive the Byrd rule.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, I thank the Senator from New York. I actually was going to come down here and take a little bit of time to prepare for this, but I will just do this off the top of my head.

I want to say to the Senator from New York, Senator MOYNIHAN, I come to the floor to fully support his initiative, what he is trying to do. I think what the Senator from New York is saying is that we have a proposal on the floor, the Republican proposal, which after the first decade is essentially going to explode the debt, and that really this is the height of folly.

I will not get at all demagogic right now, but I will say this. I do not mean that other times when I speak that I am demagogic. I don't mean that at all. I will say this. When I hear the discussion about how we need to give the surplus back to people, give it back to the taxpayers, I say to myself—and I think this is what Senator MOYNIHAN is trying to say, not just to the Senate but to the country—I say to myself, this is actually not true.

Whatever we have by way of surpluses, assuming that our economic performance will continue to be as good over the decades to come, that surplus belongs to our children and grandchildren. We built up this debt. We saddled this debt on them. We ought to make sure that whatever we do doesn't explode the debt after 2010, that we make sure Medicare and Social Security will be available for them, and we make sure our children and grandchildren will have the same opportunities we have had.

What the Senator from New York is doing with this point of order, his challenge right now to the majority party's plan, is to essentially say this. The people of our country, the vast majority of people in Minnesota, New York, and all across the country, are very intelligent about this. The last thing they want to see us do is explode the debt again. They don't want to see us do it because they don't want to see us go into more debt as a nation. They don't want to see their children saddled with more debt.

There is one other point, which is a political point and also an ideological point. If we pass this proposal, the Republican plan—and I believe the President must veto it—as we look to the second 10 years, we are going to have such an explosion of deficits and debt that will make it impossible for us to move forward on any of the initiatives that do in fact give more opportunities to children, to allow some of the investments we should make—not unwise investments, but investments in education, investments in child care, investments in economic development, investments in our urban communities, investments in our rural communities.

This Republican initiative will explode the debt. It is fiscally irresponsible. It will put us in a straitjacket where we as a country will not be able to make any of the wise investments we should make in education for our children and our grandchildren. This is a critically important initiative, I say to the Senator from New York, and I fully support his action. This vote is probably as important a vote as we are going to have over the next couple of days.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I could not more agree with my friend from Minnesota, who has taught political science superbly well. Earlier today, in opening remarks, I commented on a theory that developed on the conservative side of politics in the 1970s which held that the way to control the size of the Federal Government was to starve it of revenue—"starve the beast" was the rather graphic term. It was indeed. That was the effort in the early 1980s until they realized it was not working. Just yesterday, E.J. Dionne wrote:

> The long-time goal about which Republican leaders are candid, is to put Government in a fiscal straitjacket for years to come.

This is an idea with which we are dealing, not a bunch of numbers, a grand strategy, and it will work if, in the second decade, we see a cost of this measure. The Treasury estimate is $3 trillion, an incalculable sum, which will paralyze, which will put the Government in a straitjacket. We have no right to do that to another generation of Americans. If they wish to do it, that is their right, but it is not surely our option.

Mr. WELLSTONE. Mr. President, I say to my colleague from New York, the point he just made is profoundly important. We do not have a right to make this decision for our children. The next century belongs to them. We do not have a right to make this decision for other Democrats and Republicans who are in the Senate to serve and represent people. This is fiscally irresponsible. It explodes the debt, and it puts us in an absolute straitjacket whereby we will be incapable of making any of the investments we all say we are for to make this a better country.

I yield the floor.

Mr. ROTH. Mr. President, I yield 10 minutes to the Senator from Missouri.

The PRESIDING OFFICER. The Senator from Missouri is recognized for 10 minutes.

Mr. ASHCROFT. I thank the Chair.

Mr. President, I thank my colleague for this opportunity to address what I consider to be a very important issue. Of all the freedoms we enjoy, I think the freedom to use and to spend and to devote the product of our own hands, the work we do to benefit our own families, is perhaps one of the most cherished freedoms of a free society. In our debates about the theories of government and resources and whether we should have tax cuts or increased taxes, sometimes we forget that it is a fundamental freedom—a cherished opportunity for individuals—to accept the incentive, the opportunity, and the responsibility of providing for themselves.

One of the things we want to provide for ourselves, obviously, is government, so that we have a framework in which to work, which protects our property, protects us, and protects our families. That is an important thing we do.

We have to be careful that we do not think we are working for government rather than for ourselves, or that government should do for us those things we can do for ourselves.

As we think about how we deal with the resources that are generated by the enterprise and the productivity of the American people, we ought to think about the American people and the fact that the fundamental freedom we cherish is being able to work, to produce something, and then to manage that which we produce for our own benefit. We as a people have been so successful at it that we even are able to be generous with that which we produce. But it is our own generosity. America is the most giving nation in the world. Philanthropy here dwarfs philanthropy in other settings, but it is, in part, because we are allowed to keep that which we produce. Giving is greater here than any place on the planet because we allow people to keep that which they produce, to manage it for their own benefits and for their families, and then to give it according to their desires.

We stand on the threshold of a debate about what happens when a person works hard and creates something, creates resources, earns wages, creates wealth—that is what wages are. People earn that, they create it with work and decide how it will be devoted, what will happen to it.

We have a situation now where our Government has taxed the American people to such an extent that if those taxes are just collected over the next 10 years, we will have collected in that 10-year period about $3.3 trillion that we will not need to spend in that 10-year period. That is why we call it the general surplus, the sort of global surplus, the entirety of the surplus.

A number of us realized it would not be responsible to spend all of that, so we said: Wait a second, there is a part of that surplus which we will not spend, and that is the part that is the surplus related to Social Security. We said there will be no expenditures of the Social Security surplus. It sounds simple and it sounds like something that should always have been the case, but the truth of the matter is, for the first time in recent history, in memorable history, for the first time we had a budget in this body that said we are not going to spend the Social Security surplus.

Frankly, on this side of the aisle, I am very proud of the fact that we have been able to do that. It was not a budget that was voted for by the people on the other side of the aisle. They did not vote for that. That is not something they have ever done with one of their budgets or one of the things they have done with their leadership, but it is something they fought against. We have done it, and it is now an achievement of the Senate that we have a budget which is designed to protect every cent of Social Security, none of it to be spent to cover operating budget demands of this Government. That is a major achievement. That is something for which we can be grateful.

Secondly, we have a plan in place, even with the proposed tax relief for the American people, that will cut the national debt, the publicly held debt of America, in half over the next 10 years. That is pretty responsible. They are talking about lots of things, saying we are not addressing the debt properly.

Never have I seen any budget in a previous setting ever purport to move forward to cut the deficit in half in the next 10 years. Very few families will try to pay off a mortgage in that period of time—very few. We have an opportunity now, very responsibly, to set aside Social Security, which the American people want us to do, to take the budget deficit of publicly held debt in this country, and cut it in half, paying down the publicly held debt by half in the next 10 years. And then we will have some money, some resources that are left over in this vast infusion of Government resource that has come from the people. What are we going to do with the rest of it?

The Republican plan simply says a good part of that, some significant part of it, ought to go back to the American people. They should be able to spend it on their families, to do for themselves what they do not need Government to do for them, because the best department of social services is the family, the best department of education is the family, the best department of health is the family.

Let's let our families operate. Let's fund families, not just bureaucracies. Let's fund people in their homes, not just the bureaucracy in its Government. That is what the Republican plan is.

There is a lot of debate now: If we can afford a tax cut for the next 10 years, we have to make sure we do not promise the American people we can have tax cuts on a permanent basis.

We are making this tax relief on very modest presumptions regarding the prosperity of this country. We are presuming a very modest growth, very limited. This is conservative.

It is not appropriate for us to say we will provide tax relief now and not provide it later. If we repeal the marriage penalty tax now, we should not repenalize you ten years later. That does not make sense.

We simply ought to put the tax rates where we believe they reflect the integrity of the American people and the productivity of the American people and the fact that the American people are now being asked to pay more than it costs to provide the service. And we ought to reduce them, and we ought to reduce them permanently, not on a piecemeal basis, not with an automatic reinstater of a tax which is the highest in history.

Why is it we are asked to have a tax cut and those on the other side of the aisle want to make sure we cannot make it permanent relief for the people, that we have to promise somehow that the highest rates in history will be revisited after a 10-year lapse? I do not believe that is good government. I do not believe that is good judgment.

I believe when we lower taxes, when we lower the burden on the American people, we are beginning to direct the assets of the culture to America's families instead of governmental bureaucracy. It seems to me we ought to do that on a permanent basis.

I do not remember tax increases that have said they only last 10 years. It seems to me that when taxes have been raised in this culture, they are just raised. I think we would be well served to say we are going to provide a tax structure that respects families. We are not going to say we will take the marriage penalty out of the code for 10 years and then reimposed it.

If we are going to provide tax equity for people so that the lowest-rate taxpayers in America have an even lower rate, and more people are paying at that lower rate, we should not say this is a sale which goes off and later on your taxes will automatically be raised by some Congress in the future or at some certain date in the future.

It is time for us to say that the American people have simply paid in more than it takes to provide the services. When you pay in more than it takes to provide what you are buying, you get change.

I go to the grocery store. When I pay in more than it takes to buy the gallon of milk that I want to buy for my family, the grocer does not say to me: I tell you what I'm going to do for you. I'm going to give you a stalk of celery and a bag of broccoli and two boxes of cereal so you use up all the money you paid me. He says: You paid more than is necessary for the services, and you get change. You get a refund. You get relief. You get some of your resource back.

I think that is where we are as a Senate. It is time for us to look at this country, where our cost of government is higher than it has ever been in the history of this Republic, and to say that it is time to give people relief. That relief is appropriate. And it should be permanent, not relief upon which we could not rely, but that it should be relief upon which we can rely, plan, and build for our future.

Mr. President, I reserve the remainder of our time.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. May I observe in passing, the cost of government is not greater than it ever has been. The revenues are. That is why we have a surplus.

To my good friend, the Senator from North Dakota, I yield 4 minutes to respond; and then the remaining 5 minutes I yield to the Senator from Montana.

The PRESIDING OFFICER. The Senator from North Dakota is recognized for 4 minutes.

Mr. CONRAD. I thank the Chair and the ranking member, the Senator from New York.

The Senator from Missouri misspoke. He said that those of us on this side have not supported saving every penny of the Social Security surplus for Social Security. He is simply wrong. The budget we offered on our side not only saves every penny of the Social Security surplus for Social Security; in addition, we proposed saving an additional $300 billion over the next 10 years to strengthen and preserve Medicare.

So not only did we propose saving every penny of the Social Security surplus for Social Security, we also proposed taking another $300 billion and using it to preserve and protect Medicare.

The thing that is really jolting about this discussion is what is in this column that I referred to earlier by Robert Samuelson in the Washington Post today. He says:

> The wonder is that the Republicans are so wedded to a program that is dubious as [to] both policy and politics. As Federal Reserve Chairman Alan Greenspan noted the other day, tax cuts might someday be justified to revive the economy from a recession or to improve the prospects of a sweeping program of tax simplification. But there's no case for big tax cuts based merely on paper projections of budget surpluses.

Members of the Senate, that is what is so radical about this proposal—radical, risky, dangerous. This proposal not only has massive tax cuts—94 percent of all the non-Social Security surplus over the next 10 years—but it absolutely explodes in the outyears. A tax cut that is $800 billion in the first 10 years becomes $2 trillion and costs an additional $1 trillion of interest. That is exactly what the Byrd amendment was designed to prevent. The whole reason there are expedited procedures in budget reconciliation is to reduce deficits.

Our friends on the other side are trying to use those expedited procedures on a measure that would increase deficits—blow a hole in the budget, potentially a hole of over $3 trillion. That is dangerous. That is not conservative. It is radical. It is risky. It is reckless.

When they say they are only using 25 percent of what is available—nonsense, absolute nonsense. Of the $3 trillion that is projected—and, remember, just as Mr. Samuelson points out—if these projections just change a little bit, as they have over and over and over in our history, these projections of surplus could change to projections of deficit, and we will rue the day when we have undermined the dramatic moves we have made toward fiscal responsibility in getting this country back on track.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CONRAD. I just remind my colleagues, the Democratic plan has more debt reduction in it than the Republican plan. That is a fact. It is indisputable. I hope my colleagues will resist this move to overcome a budget rule to prevent undermining the fiscal integrity of the United States.

Mr. MOYNIHAN. The Senator from Montana is yielded the remaining time we have.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, this debate is almost surreal. We are debating whether to be reckless or not. It comes down to that, whether to be responsible or not. I am astounded that the Senate is having this debate of whether to be responsible or whether to be reckless.

The numbers are clear. They are compelling. The logic is steel-trap logic, with these numbers showing what this Republican majority budget tax proposal will cost—creating recklessness, irresponsibility. The numbers are just black and white clear.

This side has come up with charts, numbers; we have quoted from objective observers, columnists. It all comes out the same. This is extremely irresponsible. Let me remind my colleagues again why.

First of all, this is a column in a recent, very respected paper, the Wall Street Journal, from a day or two ago: "GOP Uses Two Sets of Books. Double-Counting Surplus Keeps Alive the Notion of Being Within Budget." That is from the Wall Street Journal written by David Rogers. No one accuses him of being a biased Democrat. He is a reporter of one of the most respected financial papers in the world, the Wall Street Journal.

This is his conclusion of what is going on: GOP uses two sets of books; double-counting.

I call that reckless. I call that irresponsible. Again, it is surreal.

Let me point this out, again, undisputed. Nobody disputes this. The Republican tax breaks explode, like the atom bomb, in the second 10 years. Nobody disputes that. If you added interest to this, their tax cuts are roughly $1 trillion. There is nothing left over for anything else—Medicare, veterans. If you add in defense, which I am sure the Republican majority is going to do, that amounts to about a 40-percent cut, 40 percent in veterans' benefits, in education, et cetera. That is just the first 10 years.

Then you add it out in the next 10 years and it is over $2 trillion.

Mr. MOYNIHAN. Plus interest.

Mr. BAUCUS. So $2 trillion, plus interest on the national debt, at a time when the baby boomers retire. Why is that so important?

Just one more chart here. It shows when the baby boomers are going to retire, when current younger Americans are going to retire. It is clear. The chart goes way up, beginning here in 2010, and the cost is $250 billion by 2020, at a time when the trust fund, the Medicare trust fund, comes to zero.

So add it all together and the Medicare trust fund comes down to zero in 2015. No dollars are left there. The baby boomer population is exploding and the tax cuts, which push us down into a deeper deficit, will be exploding in the second 10 years. No wonder the majority party wants us to pass this motion waiving all points of order, waiving fiscal responsibility. Again, why are we debating this? Why are we even debating whether to be responsible or irresponsible? It is clear.

One final point. We remember that dreadful day when a conference report was brought back to this body with everything including the kitchen sink in it—everything—bills that were never debated in either the House or Senate, tax bills that were never debated, spending bills that were never debated. They all came back in one gigantic package. That is going to happen if this motion passes. That is very irresponsible. It is irresponsible to us and to the American people.

I am just astounded, frankly, that we as a Democratic Party are in a position of saving the majority party from themselves and, more important, saving the American people. What happened in the 1980s? This is history all over again. In the 1980s, this body, the Republican President and Republican Congress, at the time succumbed to the siren song of huge tax breaks. What happened? Deficits exploded. Then what happened? The Republican Congress was forced to increase taxes. The Republican Congress and the President were forced to increase taxes twice—in 1982 and 1984.

So I say if we, today, lock in these huge tax cuts for the future, they are going to have to come back again to reenact it and put it back in place at a future time. I don't think they want to do that. I urge colleagues to do what is right and not support the majority on this motion.

The PRESIDING OFFICER. The Senator from Delaware controls the remaining time.

Mr. ROTH. Mr. President, I yield such time as the Senator from Texas needs.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. REID. Mr. President, I could not hear the manager. Is the time yielded on this amendment or on the bill?

Mr. ROTH. On this amendment, on the waiver motion.

Mr. GRAMM. Mr. President, I think there are a lot of ways you can argue this point. The Byrd rule, as the distinguished Senator from Montana argued, is to try to protect us from provisions that have not been debated, provisions that have not been considered in committee, but provisions that show up in a reconciliation bill where we have rules that are distinctly different from the Senate rules, principally, that you have limited debate for 20 hours and that, therefore, you can't filibuster it and, therefore, you don't have to have 60 votes to pass it.

I am a supporter of the Byrd rule. I think it is a good rule, and I think it is a rule aimed at exactly the kind of offense that the Senator from Montana is talking about; that is, issues that have not been widely debated, issues that have not been considered in committee, and issues that have not had a full airing of public opinion. But can anybody argue that any one of those points applies to this tax bill? Does anybody here believe this tax bill has not had a full airing of public opinion?

The President, daily, issues some new statement. Yesterday, it was going to be the end of health care for women in America if we cut taxes. For all I know, by this afternoon there could be a new coming of the bubonic plague if we cut taxes. Daily, the Vice President comments on it.

We have had a running debate now for weeks on this issue. We held extensive hearings in the Finance Committee on the issue. We held a markup. We have had extensive debate. Nobody in America has any doubt as to what we are doing in this bill. So my point is that all the reasons we have the Byrd rule, all the reasons that were adequately explained by the Senator from Montana, are good reasons to strike provisions from a reconciliation bill. And that is, if the provisions have not been widely discussed, if the public is not generally aware of them, if there have not been committee hearings and a markup on them, you don't want to give them the special privilege of being in a reconciliation bill. But surely I don't have to make a lengthy argument to convince people that none of those points apply here.

It is true that our Democrat colleagues, using this technicality, can force us to sunset this tax cut in 10 years. They can do it. And in doing so, we have the tax cut for 10 years. Nobody believes the Congress or the American people will just allow them to fall off the end of the Earth in 10 years. It is not the complete undoing of our tax cut if this point of order should be sustained. I don't know that it would be of great practical importance. But I simply say that on an issue that is the No. 1 issue in the country, on an issue that has been extensively debated, on an issue where we held hearings and a markup, on an issue where every American knows the subject is being debated—it is referred to on a minute-by-minute basis on most of the major outlets for news in America—there is no logic to sustaining this point of order.

I really see this as creating instability in the Tax Code. It wasn't our intention to raise a similar point of order against the Democrats' bill. Basically, it seems to me they have a right to propose a permanent tax cut. We could have raised a point of order against such a tax cut if it had been proposed. We would not have done it—basically believing they ought to have a chance to say to the Nation what their vision is. We know their vision. They want to spend this money and they don't want to give it back. It is perfectly legitimate; I just don't agree with it.

I hope our Democrat colleagues will not take this technicality as an opportunity to create a Tax Code that is in effect for 10 years and, at the end of 10 years, it goes away. I think it is unstable. I think it is an irresponsible way of doing it. I don't object. The minority has the right to do this. If we can't get 60 votes, they have every right under the rule to do it. It doesn't undo our tax cut. It is not the end of the world. It certainly makes what we are doing still of great importance.

I argue to those who have not hardened their hearts to a tax cut to allow us to have a permanent tax cut. If you are not for it, vote against it. We are willing to let you offer a permanent tax cut. So that is really the issue. The Byrd rule technically applies to this provision, but the logic of it does not apply. Therefore, I argue that we should waive the point of order, and that is going to take 60 votes. There are 55 Republicans, so if every Republican voted to waive it, we would have to get five Democrats. My argument is, if you are against the tax cut, great; it is perfectly legitimate to be against it. But don't use a technicality to try to undermine a legitimate proposal, which has been debated extensively, which is known to virtually everybody who hasn't been hiding under a rock for the last 6 months; don't use a provision of law that is really aimed at preventing extraneous material from getting into the bill to undermine basically, at least today and tomorrow, and I think for a long time, the No. 1 issue in the country. I hope our Democrat colleagues who are not just hell-bent against a tax cut will vote to waive this point of order so we don't have the absurdity of adopting a tax cut and have it temporary and have it end in 10 years.

Hopefully, we are going to have an opportunity to improve this during 10 years. I am still for it if it is sunset in 10 years. But I don't think this is good policy, and I urge my colleagues to rise above the politics of the moment and vote for good policy.

I reserve the remainder of our time.

Mr. DASCHLE. Mr. President, I know our side is out of time, so I will use leader time to make a couple of remarks with regard to the vote we are to take.

We all are able to use our rhetorical acrobatics from time to time, but I must say, no one is better at it than the distinguished Senator from Texas as we try to define this set of circumstances.

This is a lot more than a technicality. The Byrd rule is there for a reason. I am glad he subscribes to the Byrd rule, but I must say, this goes way beyond the debate we had in committee and the understanding the American people and even Senators have with regard to what is in the bill. This will give the conference, the Congress, the Senate, everybody, carte blanche all the way through the legislative process until this bill goes to the President's desk. Is that what we want to do?

It would be one thing to waive a point of order and do so on the bill alone. That would be understandable. I might add, in that regard, it wasn't the Democrats who made the point of order; it was the majority leader. The majority leader made his own point of order on this bill. It was the distinguished Chair, the senior Senator from Delaware, who made the motion to waive the point of order. So let's make sure we have our facts straight. No one here made the point of order. They did.

But the point of order is not just on the bill. The point of order is on the conference report as well. I want somebody to come up and tell me what is going to be in that conference report. There is a huge difference between the Senate version and the House version, even on the Republican side. There are major differences that have to be ironed out and worked out.

Is anyone here today prepared to waive the point of order on a conference agreement for which there has not been one word written, for which there has not been one meeting, for which really there is no understanding or comprehension today? How could we possibly waive a point of order on something we haven't done yet? That is what our Republican colleagues are prepared to do.

I hope we would have better sense than that, that we would recognize how ill-founded it would be and what a terrible precedent it would be for us to waive a point of order on actions to be taken at a later date by a conference we haven't even named.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BREAUX. Will the distinguished chairman yield?

Mr. ROTH. I am happy to yield.

Mr. BREAUX. Following up on the Democratic leader's question, when we have passed a bill out of the Finance Committee, the Moynihan bill, the Democratic version, and the Roth version, both for permanent tax cuts, different amounts—ours was $295 billion, the chairman's was $792 billion, but they were both permanent tax cuts—I think the point the Democratic leader makes is a good one. I think I could possibly be for waiving the point of order if it was against this bill that we all know about. But to extend that to a conference report when we do not know what is going to be in that bill I think is probably going further than certainly I would be comfortable going.

If it was limited to the bill that is before the Senate where everybody does know what is in it, I could understand that argument. But to say that all points of order against anything that may come back—and who knows what may come back; I have my ideas about what it should be, and others have different opinions. I don't know that we can waive points of order against something we have not yet seen. I was wondering, why does the point of order waiver cover everything that has not yet even been written?

Mr. ROTH. Mr. President, I say to my distinguished colleague, if we do not waive it with respect to the conference report, then we put the conference in a very difficult position. Should it write a bill for 10 years, or should it write one for a permanent tax cut?

Just let me point out that I don't know of a single tax cut taking place since we have had the Budget Act that was not permanent. I don't think there is a single person in the Finance Committee or on the floor who thought otherwise—that when you had tax cuts it was necessarily going to be permanent. That is just common sense.

We all know that the point of the Byrd rule in this case was to avoid monkey business. We have all seen that happen, where you shift payment from one fiscal year to the next year by changing it but for 1 day and, by doing that, you assure that you are in compliance with the budget instructions in theory but not in substance.

Now, we are all interested in seeing this economy continue to grow and prosper. One of the purposes of the tax cut is to ensure that it will happen. I am weary of those who are saying, well, this is going to cause inflation, and so forth. That is just plain rubbish. If you look at our tax cut, practically nothing happens the first year—a very small tax cut. For the first 5 years, it is something like $156 billion. So the big tax cut is 5 years off.

Let me make the point: Congress will be in session. People will be here. They will be able to take appropriate action. If it is thought that the tax cut is not desirable, there is nothing to prevent them from changing it. But let me just say, common sense—and that is what the American people want to see displayed here on the Senate floor—common sense is that when you have a tax cut, it is permanent.

Every substitute, every amendment to be offered here is permanent. Even the Democratic substitute is permanent. Every reconciliation before on spending or taxes, whether it was a Republican Congress or a Democratic Congress, has made permanent changes. Every reconciliation bill has depended on projections. There is nothing new about that. This bill is no different. It is not reckless; it is not radical; it is traditional and common sense.

As I said earlier, everyone thought we were instructed to achieve permanent tax relief. That was the commonsense understanding. This is by far and away the better tax policy.

I urge Members to support the waiver to protect this legislation against an arcane budget rule never intended to apply to this situation.

I yield back the remainder of my time and ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been ordered.

All time having expired, the question is on agreeing to the motion to waive section 313(b)(1)(e) of the Budget Act for the consideration of S. 1429. This vote requires a three-fifths majority. The yeas and nays have been ordered. The clerk will call the roll.

The legislative assistant called the roll.

Mr. NICKLES. I announce that the Senator from Ohio (Mr. VOINOVICH) is necessarily absent.

The PRESIDING OFFICER (Mr. SESSIONS). Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 51, nays 48, as follows:

[Rollcall Vote No. 225 Leg.]

YEAS—51

Abraham
Allard
Ashcroft
Bennett
Bond
Brownback
Bunning
Burns
Campbell
Chafee
Cochran
Coverdell
Craig
Crapo
DeWine
Domenici
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Jeffords
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Stevens
Thomas
Thompson
Thurmond
Warner

NAYS—48

Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Breaux
Bryan
Byrd
Cleland
Collins
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Graham
Harkin
Hollings
Inouye
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Schumer
Snowe
Specter
Torricelli
Wellstone
Wyden

NOT VOTING—1

Voinovich

The PRESIDING OFFICER. On this vote the yeas are 51, the nays are 48. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The point of order is sustained, and section 1502 is stricken.

The Senator from New York.

Mr. MOYNIHAN. Mr. President, might we have order?

The PRESIDING OFFICER. The Senate will come to order. The Senator from New York.

AMENDMENT NO. 1384

(Purpose: To provide a complete substitute).

Mr. MOYNIHAN. Mr. President, I send to the desk the Democratic alternative to the measure before us. This is an amendment in the nature of a substitute. It is proposed by myself, Mr. BAUCUS, Mr. ROCKEFELLER, Mr. BREAUX, Mr. CONRAD, Mr. GRAHAM, Mr. BRYAN, Mr. KERREY, and Mr. ROBB.

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

> The Senator from New York [Mr. MOYNIHAN], for himself, Mr. BAUCUS, Mr. ROCKEFELLER, Mr. BREAUX, Mr. CONRAD, Mr. GRAHAM, Mr. BRYAN, Mr. KERREY, and Mr. ROBB, proposes an amendment numbered 1384.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

The PRESIDING OFFICER. There will be order in the Senate. The Senator from New York.

Mr. MOYNIHAN. Mr. President, just in passing, I note page 440 of our substitute provides that all provisions of and amendments made by this act which are in effect on September 30, 2009, shall cease to apply as of the close of September 30, 2009.

Before I discuss the amendment, I yield 20 minutes to my colleague.

Mr. President, we must have order.

The PRESIDING OFFICER. The Senator is correct. The Senate will please come to order.

The Senator from New York.

Mr. MOYNIHAN. Sir, I do not envy your position, but you seem to have had some success.

I yield 20 minutes for a general statement by my associate on the Finance Committee, the distinguished Senator from Louisiana, the senior Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Mr. President, I thank the distinguished Democratic leader of our Finance Committee. It is interesting; I think the action we have taken really means no matter what type of tax bill ultimately comes back to this body after the conference, we cannot make it a permanent tax cut. For those on our side who have argued for permanency in the Tax Code for research and development or tax incentives, that means we cannot do that. It means if we have an increase in the standard deduction and fix the marriage penalty, we can't do that. It means all those things many of us as Democrats have argued should be permanent tax policy, now we are no longer going to be able to make it permanent no matter how good it is. The argument is true for the other side as well. No matter what comes back in the conference report, it cannot be permanent.

I think from a policy standpoint this is terrible policy. We literally are telling all the businesspeople in this country and employees in this country, people who save in this country, no matter what the law is today, it is going to fall off a cliff and go poof in 10 years. What kind of roadmap for economic growth is it, when a country says our tax policy is only going to be good for 10 years no matter how good it is? No matter how good a Democratic policy it is or Republican policy, it is only going to last for 10 years. That in itself is very bad policy in this Senator's opinion.

At the same time, I recognize we are operating with our hands tied behind our back with regard to bringing up a tax bill through budget reconciliation, with all these rather archaic rules. We ought to be able to debate fairly a tax bill, make it permanent. If you do not like what is in it, vote no; if you like what is in it, vote yes. But we should not be restricted from offering tax legislation that is the permanent policy of this land.

We have had meeting after meeting in the Finance Committee, when people have come up and said: You have to make these provisions permanent. I am not sure whether I am going to expand and grow my company if you are only going to allow it for 10 years, and who knows what is going to happen after 10 years.

That is not good public policy; it is not good tax policy, and it points to the problem: the fact that we are bringing up tax legislation in this reconciliation scenario that requires us to operate as we are operating. I suggest to folks on both sides of the aisle, if we can't make tax laws in this country for more than 10 years, we have done something that is very terrible for this country. I think it is the wrong thing to do.

Let me make a couple of comments on the legislation that is before the Senate. Most countries around the world would love to have the problem we have in this Senate and in this Congress right now. Other countries would look at it as a great opportunity to have the problem we are facing. We cannot seem to come to an agreement on it. That problem is the United States has about a $1 trillion surplus, and all of us are trying to figure out what to do with the surplus. I suggest if we as a Congress, Republicans and Democrats, cannot come to an agreement on what to do with a $1.1 trillion surplus, we, in effect, have said we are not very good at governing; that we cannot simply come together, make our points, seek legitimate compromise, and figure out what to do with a $1 trillion surplus.

I know there are some who want the President to be in a position to have the Republican tax bill of $796 billion pass and send it down to him at the White House and have a great ceremony vetoing it.

His argument will be that it is too large; it is too irresponsible; it is wasteful; it is going to cause the economy to go south; we are going to have an increase in interest rates. He is going to make a lot of good, solid political points when he has that veto ceremony.

There are those on the Republican side who I think would love that to happen, in fact, because they will be able to say: No, the President, when he had the opportunity, chose not to give the American people a legitimate tax cut, and he turned his back on the American people; we are fine with that political argument, and we will take that argument into the election.

The American people outside Washington, in my opinion, have come to the conclusion that they are getting very tired of those types of political positions being taken by Members on both sides of the aisle.

Under the current circumstances, we are headed for a financial train wreck because we are taking positions on both sides of the aisle: It is my way or no way.

I suggest that type of position leads to nothing happening. Sure, we will all at the end of the debate have an argument politically about whose fault it was that nothing was done. Some will say it is the Republicans because they were too greedy. Others will say, no, it was the Democrats' fault because they did not want to give a reasonable tax cut to the American people. We will have good political arguments, but we will have no public policy. We will have good political arguments, but we will be arguing about failure and whose fault it was and whose fault it was that nothing was done. We will not have good public policy, which we were all sent here to craft.

It is clear that in a divided government under which we operate, no party can have their way all the time. If both parties take that position, we will end up getting absolutely nothing done.

There are a number of us who have suggested that somewhere between the $295 billion Democratic proposal and the $796 billion Republican proposal which the President has said he will veto, there has to be some common ground. There has to be a way in which intelligent, hard-working Members are able to come to an agreement somewhere in the middle and come up with a figure that is reasonable and gives a good tax credit to the American people and, at the same time, uses some of the surplus money, the $1 trillion, to address the very serious needs and shortages we have in discretionary programs, such as veterans, health and education, and has some money in it for paying down the national debt, has money in it for Medicare, which is obviously very important.

There should be a way both sides can come together and say: We don't have everything we want but, yes, this is good public policy.

I suggest the American people are crying out for us to move in that direction.

I and others have joined in offering an amendment, which we hope to offer tomorrow, which tries to take the approach of: All right, let's take $500 billion of the $1 trillion and give the American people a good, solid tax cut for those who need it the most, increase the standard deduction for hard-working people, increase the amount that you can earn before you are kicked up into the higher 28-percent bracket so people can keep a little bit more of their dollars. Yes, let's fix the marriage penalty that encourages people, who are two single earners in the same family, not to marry only because of the Tax Code. Yes, let's do something for education and savings, but let's keep it at a reasonable figure of $500 billion, and then we can have the other $500 billion for things that are necessary or are needed.

The President has put some 320-odd billion dollars into Medicare. I was privileged to chair the Medicare Commission for a year. I will tell you that no one can tell this Congress how much money we need to fix Medicare. No one can make that assessment today because we have not yet reformed Medicare. How can we say how much we need to spend on Medicare until we reform it, which everybody agrees we ought to do?

Yes, ultimately the Roth tax bill will pass the Senate. A similar bill with the same size tax cut has passed in the House. I suggest to our leaders on both sides of the aisle, let's hold back trying to go to conference. Pass these two bills and hold them in abeyance and let all Members, Republicans and Democrats alike, those in the House and in the Senate, go back to their respective States and respective districts and listen to our constituents and ask them what their priorities are.

Do not look at the polls that Republican pollsters take and Democratic pollsters take. I can give you the answer when I see the questions they ask. Listen to the people and have town meetings and talk about trying to work together to finish this problem and solve what I think is a real opportunity on what to do with $1 trillion.

I suggest that after we spend that time in August, we then come back to our respective bodies, the House and the Senate, and move quickly, as Senator ROTH has said he will do, on reforming Medicare, real Medicare reform, coming up with good suggestions about what we need to do with a system that was first established in 1965 which no longer works as it should.

When we do Medicare reform, we will then know how much more money we need in order to make that program work. When we find out what that number is, we can then combine it with a reasonable tax cut and have enough money for hard-working Americans and yet have enough money for Medicare reform with a good, solid prescription drug package to go along with it, and then come together, join hands for a very rare moment in bipartisan cooperation to do something which I think is in the national interest, so that at the end of this year we will have more than a political issue about whose fault it was that nothing was done. We will be able to go back to our constituents and say that when we had the opportunity to decide what to do with $1 trillion, we took that opportunity and came up with good public policy.

I hope many of our colleagues can say: I think the Democratic bill is a little too low in the tax cut, but I also think the Republican bill is a little too much of a good thing; therefore, I want to find a legitimate compromise.

I suggest the word "compromise" is not a dirty word. It is something we should be seeking as Members of an elected body which is called upon to make Government work for everyone.

I hope when we do offer in a bipartisan fashion the $500 billion tax cut and reserve the other $500 billion for other needs of discretionary spending, to fix Medicare and reform it with prescription drugs, that we will be able to get a strong degree of bipartisan support so we can all work together and hopefully, sometime in September, we can reach an agreement that makes sense and is good public policy. Good public policy is also good politics. I suggest that is the approach we should be taking.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. MOYNIHAN. Mr. President, I yield the Senator from North Dakota such time as he requires to express himself fully on the matter of the committee substitute.

Mr. CONRAD. May I withhold for the moment?

Mr. MOYNIHAN. By all means. I will take the opportunity to make a brief description of the committee substitute.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, it is our view that the roughly $900 billion in projected surpluses for the coming decade can prudently be allocated in thirds: the first to be reserved for Medicare. We are going to have to get to Medicare. If we do not do it in this session, we may do it in the next or the next Congress, but that time is coming. It will require money. It will require general revenues, there is no mistaking that any longer. We think that keeping a third of a billion dollars for that purpose is prudent. In the meantime, it will retire some debt and there will be some interest savings and we will have that money generally understood to be available.

We think another third has to be used to restore what we have come to call discretionary spending. I wish I knew for sure from where that word came. I think Senator ROTH would not have produced so devious a term. Is the Marine Corps discretionary? Is the Coast Guard? Do we regard the Bureau of the Census as something we can do without? We did for a while, letting the States do it, but since 1860 we have had one. This is our general Government, and it is not discretionary, save on the margins. Most of these functions have been with us a long time, and we need them.

The present arrangement is for drastic reductions in real dollars for these programs over the next decade. It cannot go on. We have just seen the painful scene of the House of Representatives providing an emergency appropriations for the year 2000 census, as if the census came up like a hurricane or a flood. We have had one every 10 years since 1790. It is not an emergency. It is just that it cannot be met under these caps. So we think a third should be preserved for that purpose.

Finally, a third for tax relief, targeted to generally accepted principles that are widely based. We would have $189 billion in broad-based tax relief. That would, most importantly, increase the standard deduction by 60 percent. This would remove more than 3 million taxpayers from the tax rolls and would provide an estimated 9 million more to simply take the standard deduction. It is good tax policy. We believe it certainly is simplification.

We would like to have $27 billion for health care initiatives, including a $1,000 long-term care credit and a 50-percent deduction for long-term health insurance to make health insurance affordable.

We look forward to $17 billion in education initiatives. That would include a large bond program for public school modernization and permanently extending employer-provided tuition assistance for higher education.

If the Senate would indulge me, this latter provision is so important. I have now 23 years in the Finance Committee, and it seems every other year we recommend extending it instead of making it permanent.

But if ever there was a palpable, demonstrably useful program, it is when employers send employees to receive education at various levels, commonly graduate levels, because they want to acquire new skills for which they will be put to work at higher wages, and for which they will pay more taxes, and that virtuous cycle I was talking about this morning will continue. It is unreal we continue to keep it on a short lifespan. But this gives it a much longer period.

Finally, $31 billion in technological and economic development incentives, including an extension of the research credit. These seem, to us, to be widely based. They are equitable, and I hope they will amend themselves to the Senate.

I see my friend from North Dakota is on the floor, is ready, and I yield him 15 minutes.

Mr. CONRAD addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I thank the Chair and thank the Senator from New York.

I thought it might be helpful to review the record on how we got to where we are today as we put in context the choices that Senators have to make.

I think it is helpful to go back to 1981, the Reagan administration, and look at what happened to deficits and debt during that period, and compare it to the Bush administration and the Clinton administration, so that we understand how we got to where we are today and what the implications are for the proposals before us.

If we go back to the Reagan administration, I think we all recall the economic history. We had, then, a major tax cut. The results were clear. The deficits exploded. The debt exploded.

Then, in the Bush administration, we saw a further explosion of deficits, until in the last year of the Bush administration we reached a budget deficit of $290 billion. The national debt had tripled under the Reagan administration.

In 1993, we passed a plan, on the Democratic side, without a single vote from the Republican side, a 5-year plan to reduce the deficits and restore our economic health.

That plan worked and worked beautifully. We saw reductions in the deficit in every year of this plan. We saw in the first year the deficit go down to $255 billion, and then we saw declines in the deficit until we reach surplus.

That is the record of these three administrations.

In 1993, when we passed a 5-year plan that put us on the path to deficit reduction, we had increased taxes on the wealthiest 1 percent of taxpayers on income taxes and cut spending. That is how we achieved balance.

If we look at it from another vantage point, debt held by the public, we can see during the 1880s the debt held by the public grew dramatically. It was only after we passed the 1993 5-year plan that debt held by the public started coming down.

In fact, here we are today; we have seen significant progress made on debt held by the public being reduced. If we have the wisdom to stay on this course, we will see further declines in the publicly held debt. In fact, we can be on a course to eliminate the publicly held debt in 15 years.

What have been the results of this economic policy? The results have been a resurgence in our national economic lives—the lowest inflation rate in 33 years, the lowest unemployment rate in 41 years, and we have seen the best economic performance since the Johnson administration back in the 1960s.

We can see the rates of growth of various administrations. In the Clinton administration we see an economic growth rate of nearly 4 percent. We compare that to the Bush administration, 1.3 percent; 3 percent under Reagan; the Carter administration, and so on. So we have seen a period of sustained economic growth—in fact, the longest economic expansion in our history.

In addition to the other positive benefits, we have seen a dramatic reduction in the welfare caseload. This is largely a result of the economy. It is also a result of the welfare reform proposal that we passed a number of years ago. The percentage on welfare is the lowest in 29 years.

All of this is jeopardized. All of this is jeopardized by the risky, radical, reckless proposal that is before us from our friends on the other side of the aisle. Interestingly enough, the very people who are advocating this proposal said, about the 1993 plan that has formed the basis of the deficit reduction and the economic resurgence of this country, that that plan would not work.

The distinguished chairman of the Finance Committee said about the 1993 plan:

> It will flatten the economy.

Senator GRAMM of Texas, a member of the Finance Committee, said:

> We are buying a one-way ticket to recession.

The truth: The economy has reached a new milestone—the longest peacetime expansion on record.

We had a former President who said: Facts are stubborn things. Indeed, they are. The fact is the 1993 5-year plan, that passed without a single vote on the Republican side, reduced the deficit and formed the basis for an economic resurgence in this country.

Our friends on the other side of the aisle, the very ones who are here with a radical, risky plan, were the ones who were wrong about the 1993 plan. In fact, Senator GRAMM, who was just speaking, said at the time about the 1993 plan:

> I want to predict here tonight that if we adopt this bill the American economy is going to get weaker and not stronger, the deficit four years from [now] will be higher than it is today and not lower . . . when all is said and done, people will pay more taxes, the economy will create fewer jobs, Government will spend more money, and the American people will be worse off.

Senator GRAMM was wrong on virtually every count.

The fact is, the 1993 plan reduced the deficit and kicked off this extraordinary economic expansion: the lowest unemployment rate in 41 years, the lowest inflation rate in 33 years. The fact is, the very folks who are now advocating this radical, risky plan were wrong in 1993, and not just a little bit wrong; they were dead wrong.

Now, let's check their math. It is fascinating what I have heard on the floor today. Over and over the message is that we have a $3 trillion surplus and we are only using one-quarter of it for tax relief. Let's check that.

The truth is, the total surplus that is projected over the next 10 years is $2.9 trillion, according to the Congressional Budget Office. But what they haven't been saying on the floor is that $1.9 trillion of that, nearly two-thirds, is Social Security surplus. So you have to subtract that. That leaves a surplus of $1 trillion. When you take out the additional interest cost that will accrue, if you are going to give a tax cut of $130 billion, you are left with $870 billion that is available of non-Social Security surplus.

What do our friends on the other side of the aisle want to do with this $870 billion? They say, let's take $800 billion, or nearly that, and give it in a tax cut, a risky tax cut that has the potential to blow a hole in the fiscal discipline we have established—$800 billion of tax cut out of $870 billion that is available. That is not 25 percent, that is 94 percent, 94 percent of the non-Social Security surplus being used for a tax cut—not 25 percent, 94 percent.

It is very interesting, the choices that leaves us with. We have nothing for Medicare under the Republican plan, nothing to strengthen Medicare, nothing for domestic needs over the next 10 years, and they have got unallocated $63 billion.

Compare that to the Democratic plan that saves every penny of the Social Security surplus for Social Security and then, in equal thirds, one-third for tax relief, $290 billion—$500 billion less than our friends on the other side—$290 billion to strengthen and protect Medicare, and $290 billion for high-priority domestic needs.

I think it is critically important that people understand when we talk about domestic needs, what are we talking about for the next 10 years? This chart shows what happens if we just have constant buying power over the 10 years, which is represented by this blue line. That is constant buying power.

Our friends on the other side say the Democrats just want to spend money. Let's look at the Democratic plan.

I have just indicated we want $290 billion for domestic needs. That represents this red line. That is a cut in buying power for the Federal Government from what we now have. If you just take last year's spending and add inflation, that is the blue line, constant buying power.

The Democrats are proposing cutting the buying power of the Federal Government. They are proposing cutting spending.

Here is what our Republican friends are talking about in terms of spending cuts, this green line. This green line means dramatic, radical cuts in education, in defense, in parks, in law enforcement. That is what they are talking about. Does anybody believe this is going to happen? Does anybody believe it? It is not even happening this year.

The Wall Street Journal reported yesterday that they are cooking the books on the Republican side because they want to spend more money and want to act as if they are not breaking the caps. At some point we have to face reality and face facts. Facts are stubborn things.

This blue line is constant buying power. The Democratic plan proposes cutting Federal spending in real terms. The Republican plan proposes dramatic, draconian cuts, cuts that cannot be sustained, will not be sustained. In fact, they won't support them for defense, and they shouldn't. They are living with a fiction, and it is a fiction that is being revealed every day as the committees of Congress do their work.

Not only should we check their math but we should check the whole basis for the projections that are being made to sustain a tax cut. Let's remember, the money is not in the bank. The money is projected to come in.

I used to be in charge of projecting the revenue for my State of North Dakota. I can tell my colleagues, there is no 10-year projection that anybody can have great confidence in.

Robert Samuelson, in today's Washington Post, said:

> The wonder is that the Republicans are so wedded to a program that is dubious as to both policy and politics. As Federal Reserve Chairman Alan Greenspan noted the other day, tax cuts might some day be justified, but there is no case for big tax cuts based merely on paper projections of budget surpluses.

In fact, he went on to indicate, if there was just a 1-percent change in revenue and expenditure from what is projected, these surpluses would vanish. That is very much in line with what mistakes have been in the past.

This tax cut scheme is not conservative; it is radical. It is risky. It is reckless. It poses the threat of undermining all of the work we have done to restore the fiscal integrity of this country that has played such a large role in restoring our fiscal health. This is not conservative. It is radical. It is risky. It is reckless. It ought to be stopped.

Now, our friends on the other side of the aisle say tax revenue is the highest it has been in a long time, but they are not telling the whole story. Here is what the revenue and expenditure line of the Federal Government looks like going back to 1980 and carrying through to today.

The blue line is the outlays of the Federal Government, the spending. The red line is the revenues. What we can see is, it has been pretty constant over time. The reason we had a deficit was that the spending line was above the revenue line—pretty basic stuff.

In 1993, when Democrats, without a single Republican vote, passed a plan to balance the budget, we reduced the spending line and we raised the revenue line. That is how we balanced the budget. We cut spending and, yes, we raised income taxes on the wealthiest 1 percent in this country. That is how we balanced the budget. That is how we got the deficit under control. That is how we got the lowest unemployment in 41 years. That is how we got the lowest inflation in 33 years. That is how we got 18 million jobs created. That is how we restored this country to economic health—by cutting spending and raising the revenue to balance the budget.

There is one thing they don't tell us much about because I don't think they want to deal with these facts. They are saying the taxes are the highest they have ever been. The tax revenue is the highest it has been in a considerable period. That is what helped us balance the budget, along with cutting spending. But what they have not talked about is what has happened to individual taxes. Most individual taxes in this country have gone down. It might surprise you to hear that after all the rhetoric on the other side.

These are not KENT CONRAD's calculations; these are the calculations of the respected accounting firm, Deloitte and Touche. These are the combined tax rates of income tax and Social Security taxes. It is very interesting. This is for a working mother, the tax burden, with a family income of just under $20,000 a year. In 1979, their tax rate——

The PRESIDING OFFICER. The Senator's 15 minutes have expired.

Mr. MOYNIHAN. Would the Senator like another 5 minutes?

Mr. CONRAD. I would. I thank the Senator from New York.

It is very interesting; if we study what has happened to the individual tax rates and tax burden of people in this country over 20 years, they have gone down. The Republican rhetoric suggests everybody's taxes are at record highs. It is not true. It is not true. This is the accounting firm of Deloitte & Touche. They point out that for a working mother with an income of just under $20,000, in 1979, her combined tax rate was 8.6 percent. That has dropped to 5 percent today. Why? Because when the Democrats passed that budget balancing plan in 1993—it is true we raised taxes on the wealthiest 1 percent, but we cut taxes on the vast majority of Americans by expanding the earned-income tax credit.

Look at what happened to a middle-income family earning $35,000 a year. Their taxes have not gone up. They have gone down. Again, this is according to the respected accounting firm of Deloitte & Touche. In 1979, their combined tax rate—income tax and Social Security taxes—was 11.2 percent. That dropped to 10.5 percent in 1999, again, because when the Democrats passed the plan to balance the budget in 1993, we expanded the earned-income tax credit.

Look at a tax burden of a family of four earning $85,000, and look at the last 20 years. Again, their tax burden has been reduced. In 1979, it was 17 percent; it is 16.3 percent today.

Don't get me wrong. I am not suggesting that people don't deserve further tax relief. I believe they do. The Democratic proposal provides it. It provides it in a fair and balanced way, in a fiscally responsible way.

That is not the case of the risky, radical scheme of our friends on the other side. Their tax break explodes in the second 10-year period. We have just stopped that, at least momentarily. But this program that they have outlined of $800 billion in tax cuts explodes to $2 trillion, with the additional interest costs that would add another trillion to $3 trillion in the second 10-year period. That is risky. At the very time the baby boomers start to retire, they are going to undermine the fiscal stability of the country.

Those aren't the only issues that need to be addressed. We have already seen how their tax cut explodes in the outyears, just as the baby boomers retire. But we should also ask ourselves how fair is the tax cut scheme of our friends on the other side.

This shows the House bill that has already passed. Their idea of fairness is to give the top 1 percent of the people in this country 32 percent of the benefit. The top 1 percent get 32 percent of the benefits of the tax cut proposal of the Republicans in the House of Representatives, which has already passed. So for people earning under $38,000 a year, they would get, on average, $99. If you are earning over $300,000 a year, you get $20,000. That is not fair. That should not be the policy of the United States—a tax cut plan that is skewed to the richest and wealthiest among us, that gives 32 percent of the benefit to the richest 1 percent. That is not fair. It is not wise. It is radical; it is risky; it is reckless.

There is a better way. The Democratic alternative says save Social Security first—every penny of Social Security surplus for Social Security. And then for the non-Social Security surplus, to split it in equal thirds: one-third to protect Medicare, to extend its solvency, and to provide prescription drug coverage; one-third, tax reductions for working families, targeted squarely at the middle-income people in this country, the very ones who need tax relief; and one-third for high-priority domestic needs such as education, agriculture, defense, and law enforcement.

Again, that $290 billion doesn't even keep pace with inflation. We are cutting Federal spending, in real terms, in the Democratic proposal.

I might add that we have more debt reduction than the Republican plan. Let me make that as a final point. The Democratic plan has over $2 trillion of debt reduction. The Republican plan has just under $2 trillion.

I suggest to my colleagues that the Democratic plan is superior in every way—greater debt reduction, preserving the Social Security surplus for Social Security, preserving and protecting Medicare, providing for our high-priority domestic needs, and, yes, tax relief targeted at those who deserve it the most—not the wealthiest among us, but middle- and lower-income people who richly deserve some tax relief.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. MOYNIHAN. Mr. President, as chairman of the Finance Committee, I stood on this floor for 10 long hours 6 years ago and I thank the Senator from North Dakota for recreating what we did that day and what the consequences have been.

It had been our idea that the Senator from Montana would go next, but we can alternate.

Mr. ROTH. Mr. President, I yield 15 minutes to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 15 minutes.

Mr. GRASSLEY. Mr. President, we have a Democrat alternative tax cut that is the weakest, least adventuresome effort to reduce taxes that you could ever expect which will do little good for anybody.

I call upon my colleagues on the other side of the aisle to be bold in trusting the American people with their money, to be bold in letting people keep money in their own pockets to spend. I ask the other side of the aisle to be as bold in tax policy, and to be as bold in reducing taxes as they are bold in wanting to spend the taxpayers' money. I would like to have them be as bold in reducing taxes as they are bold in their budget of this year to increase practically every program that has ever been thought of, and even establishing a lot of new programs to have Washington bureaucrats spend the additional money coming into the Federal Treasury.

They are not very bold when it comes to giving the taxpayers back their money, but they are very bold in saying how Washington can spend that money better than the taxpayers. They are very bold in increasing new programs and very bold, without using the words, but saying, in effect, that we in Washington know better how to spend the taxpayers' money than the taxpayers do.

How they like to quote Chairman Greenspan because of his respect, but also they only like to tell half of what Chairman Greenspan says. We have had an opportunity, as Senators, to hear Chairman Greenspan in so many different forums this year, just since the first of the year, talk about a surplus and what should be done with it. They would like to have you believe the only thing that Chairman Greenspan says is that he is against any tax cuts.

But what he does is give Congress several alternatives. Admittedly, he says that his first choice is to retire debt held by the public;

Next, to give tax reductions, because tax reductions are better than spending the money as the third alternative.

And particularly, Chairman Greenspan says, top priority ought to be given to cutting marginal tax rates.

Appearing just last week before the House Budget Committee, Chairman Greenspan reiterated his position by making clear, and I will give you this quote:

> Only if Congress believes that the surplus will be spent rather than saved is a tax cut wise.

I think given the President's, and his party's, past and present propensity to want to spend all of the surplus—the President's budget not only spends all the surplus, the President's budget would take $30 billion from Social Security, and they have a $100 billion tax increase as well—with their propensity to spend all of it, and more than the surplus, it should be obvious that the congressional budget plan that is before us by the people on this side of the aisle is aligned very much with Chairman Greenspan's position.

I wish our friends on the other side of the aisle would speak in the same way when they say that this money is not in the bank, that it is only projected income—when they use that as an excuse that you can't give people a tax cut—they ought to not project the expenditure of that money as well.

Yet they are willing to be radical. They are willing to be risky when projecting expenditure of this money. But somehow it is wrong to give this money back to the people to spend because if the people keep this money in the first place, they don't send it to Washington, and it is going to create more jobs. It is going to turn many times over in the economy than would otherwise be turned over in the economy if it were spent by Washington bureaucrats—creating jobs and creating wealth, if the taxpayers spend it, and just being poured down the black, bottomless pit if it is spent in Washington, DC.

We had a chart from the other side of the aisle that said what a great deal has happened since 1993 on reducing the deficit. But what is left out of that equation and that presentation is one of the greatest political revolutions that has come from the grassroots of America in an off-year election in the last 60 years. And that was that the people of this country for the first time in 40 years turned both Houses of Congress over to a Republican majority.

It was only after that Republican majority was elected that there were dramatic changes in budgeting with the caps, and even with a reduction of taxes in 1997 that brought the changes and the discipline to the Hill—even to the White House as well—that brought us to the place where we are today of talking about surpluses, because in the first 2 years of this administration their own budgets were projecting in the outyear deficits for a long, long time. But all of that was turned around when Republicans took over Congress, and started down the road of bringing surpluses and balancing the budget.

We are here to say that the Democrat tax decrease of $300 billion compared to our $792 billion is too puny to do the economic good that ought to be done. It is too puny to return political and economic freedom to the taxpayers of this country because the taxpayers will spend that money more wisely than if it is sent to Washington.

But we are also here to declare victory in the debate over whether we should give tax relief to the American people because they want us to believe with their amendment that they are for a tax cut. They are for a tax cut—a very small, puny tax cut. The President says now he is for a tax cut.

We have won somewhat of a victory in this year's debate. The question now is not whether there should be tax relief, but what kind and how much?

As a Member of the majority party, I can't think of a better problem with which to be confronted. With a tax cut plan before us, we are proposing to finally start sending hard-earned dollars out of Washington and back to the taxpayers.

Most of the provisions of this bill are what the people from the grassroots of America have been telling their Congressmen and Senators they want done—and really want done—because we include those things in our bill: addressing the marriage penalty; providing health care tax relief; more help for education, pensions and savings; long-term care; child care; estate tax relief; and, most importantly, general relief for middle-income taxpayers.

Nearly all of the provisions that I and Senator FEINSTEIN introduced in S. 1160 are included in some form in the bill before us. I commend the chairman for taking the initiative and pushing major tax relief that people really want. And, by the way, even some Democrats supported it out of the Finance Committee. The President has only offered modest tax cuts.

This amendment is an example of it. Of course, in the process, as I indicated, he wants to raise taxes $100 billion in other ways in the process of giving a tax cut, because the President of the United States wants it both ways. He wants to be able to take credit for a tax cut on the one hand while he is raising taxes on the other hand.

Of course, he is sending out all of these frantic, hysterical veto threats. He attacked the House bill, playing the class warfare card that he plays so well, saying that it benefited the rich. Of course, he can't do that with a Senate bill. We saw that was not challenged on this point by people on the other side of the aisle, since 60 percent of the bill before the Senate helps families who are middle class and earning $75,000 or less.

Now the President and his minions are saying $792 billion in tax relief to the American people is too much. He is saying that either they don't need it—meaning they don't need the tax decrease—or he might even be saying they don't deserve it. He says this while asking for billions of dollars in new taxes to pay for even more spending while raiding the Social Security trust fund of $30 billion.

That is right. This President and his budget team raids Social Security to pay for more spending. He does this when taxes as a percentage of the Gross Domestic Product are at an all-time high of around 21 percent. Historically, taxes have been around 18 to 19 percent of the Gross Domestic Product over the last 30- to 40-year-period of time. We restore that historical level.

The public at the grassroots has pretty much consented to pay—not every American would agree with that—but over 30 to 40 years, it has been about 18 to 19 percent. But now it is up to 21 percent. We propose that it be more like that historical rate of taxation, as it has been for a long time.

By contrast, the administration, in addition to providing puny tax relief, would have a debt of $200 billion more than what we will have if our budget is adopted.

We also protect Social Security and Medicare.

The congressional budget plan before the Senate provides a blueprint for savings. We are projecting a cumulative surplus of $3.4 trillion. This includes the surplus in the Social Security trust fund as well as the on-budget general fund surplus. Of the estimated $3.4 trillion surplus, Republicans are advocating in this budget saving $1.9 trillion to save Social Security. These are the funds which are estimated to come into the Social Security trust fund from the payroll tax.

Of course, the President of the United States in attacking our budget is dead wrong in saying we put tax cuts before Social Security, because we plan for Social Security very thoroughly. We have been trying to set up a lockbox so no one will be able to get at that money and spend it. However, we have not met with much cooperation from the other side of the aisle on saving Social Security. I have lost track of the number of times since the first of the year we have had cloture votes on our Republican lockbox proposal. This is truly unfortunate. If we don't create a Social Security lockbox, we are going to end up spending the money for everything else but Social Security. Even the President has said he is in favor of a lockbox, but his actions fall far short of his rhetoric.

The tax cut we are talking about today is $792 billion. This is less than 25 percent of the total cumulative surplus of $3.4 trillion. A lot of our taxpayers say even $792 is not a bold enough tax cut. It is even less than the $1 trillion that will accumulate on the on-budget surplus. There is money left over, $505 billion to be exact, to take care of problems with the Medicare system and provide additional funds for discretionary spending.

In our budget resolution, we provide $180 billion for increased discretionary spending after the budget caps expire in the year 2002. That still leaves $325 billion to help solve Medicare problems and spending for domestic priorities.

Over the next 10 years the Federal Government will take in nearly $23 trillion in all taxes. That is a lot of money. This bill gives $792 billion back to the American taxpayers. That still leaves $22 trillion in revenue that the Government will spend. The tax cut we are talking about is only 3.5 percent, 3.5 pennies out of every $1 coming into the Federal Treasury over the next 10 years. I am a little embarrassed to tell the taxpayers we are only giving a tax cut of 3.5 percent from all the money the Federal Government will take in over the next 10 years. That is three times what the other side of the aisle would return to the taxpayers.

The congressional budget plan will save 75 percent of the surplus projected by the CBO over the next 10 years. In contrast, the President saves only 67 percent. The President is proposing a $95 billion tax increase.

We continually ask the American taxpayers to trust us as legislators. There isn't a day that goes by without us asking for that support from our constituents. Now it seems to me it is time to return trust to the American taxpayers. It is time to trust the American taxpayers with a little bit of their own money—3.5 percent of all the money coming in over the next 10 years.

The latest challenge from the other side of the aisle is reflected in the Democrat substitute before the Senate. I suppose it could be called a tax "scratch" instead of calling it a tax cut because it is that puny. Even a number of Democrats are scoffing at such a weak effort. It is less than $300 billion over 10 years. It does not even have a rate cut for middle-income taxpayers. It does not even get rid of the unfair marriage penalty that affects millions of taxpayers. Compared to our tax bill, it delays the 100-percent deductibility for self-employed health insurance and in the process hurts small business and farmers.

The Democrat plan only provides half of the assistance the Republican plan provides for people who need to purchase their own health insurance. The Clinton-Gore team and their lockstep followers in Congress do not think that the tax rate the average American pays is too much. We all know what their record has been. We all know the Clinton-Gore tax increase of 1993 was the largest ever in the history of the United States. I have heard some Members, in defense of their support of this massive tax increase, try to argue that this is what brought about the current surpluses.

This is a revisionist history that has risen to some sort of art form on the floor of the Senate today. First, the Clinton-Gore tax increase was supposed to raise $240 billion. Of course, this is less than the $290 billion they now say they want to give back in this substitute amendment.

However, the Clinton-Gore tax increase never raised the money it was supposed to raise. The revenue increase that did come in is due to the private sector economic engine and did so despite all of the shackles this administration has placed on business through both tax increases and unprecedented regulation.

In addition, $40 billion of this new revenue can be attributed to the capital gains tax reduction that the Republican Congress passed in 1997. The administration argued this tax reduction would cost revenue, but the Wall Street Journal has said this has brought in $40 billion more. So most of the arguments on the other side of the aisle are just plain wrong.

I yield the floor.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator from Montana.

Mr. BAUCUS. Mr. President, I yield myself 10 minutes.

I begin by asking Members and the public to review the remarks of the Senator from North Dakota, Mr. CONRAD, given 15 or 20 minutes ago. It was one of the best summations of the facts and choices we now face that I have ever heard.

Senator CONRAD is a former tax commissioner of the State of North Dakota and is intimately familiar with tax matters. He also is a very senior member on the Budget Committee. He is very deeply involved in all of the tax and spending matters that face our Federal budget. I urge Senators to review the comments made by the Senator from North Dakota, Mr. CONRAD. They were very much on target. As I said, it was probably the best factual summary of the choices facing Members that I have heard in the entire debate.

Essentially, we have choices that are quite significant. How are we going to manage this additional surplus? I don't want to say awesome, but it is very unusual for this country to have a budget surplus and be faced with these choices. Not too coincidentally, it is the end of the 1990s that we have the choice, as we face the next century, the millennium. I think the American people sent legislators to the Senate and the Congress to do what is right, to do what is right when we have a big surplus.

It has been stated many times, and I will repeat it: The projections over the next 10 years are for a $3 trillion surplus, $2 trillion out of payroll tax additional revenues because more people are working, the economy is doing so well, the payroll tax revenues increase. We have agreed that that $2 trillion generated from the payroll tax increases will go into the Social Security trust fund. We want to make sure the Social Security trust fund is as secure as we can possibly make it. It seems reasonable those revenues go to the Social Security trust fund. That is agreed to here. That is not a problem.

The question is: With the remaining $1 trillion of the $3 trillion that comes out of general revenue—from income taxes, including corporate and individual income taxes—what do we do with that? Very simply, it comes down to making choices. Under the choices we make, some people are going to be helped and some people are going to be hurt. That is the nature of choices. Or some people are helped more and some people are helped not quite as much because we have to make choices.

So essentially what do we have in front of us? I would like to show a chart that has been presented many times, but it is important to drive this point home. It is a fact. The fact is, our friends on the other side of the aisle do propose a tax cut of about $792 billion over the next 10 years. Because of that tax cut, it means the debt will not be reduced as fast as otherwise might be, which means interest on the debt will be a little more. That additional interest on the debt is about $141 billion. If we add the two together, in effect the tax cut offered by the other side really takes $933 billion out of the roughly $1 trillion surplus. That is a fact. Nobody can deny that. That is a fact.

Then the next question is, does that make sense? Who is helped by that? Who is hurt by that? Given the composition of the tax reduction, those helped tend to be the most wealthy Americans at a period in our American history when our economy is doing very well. Who is hurt? The people hurt by this tend to be people who are necessarily going to face very severe reductions in veterans' benefits. It might be in education provisions, it might be the FBI salaries, Head Start, kids not admitted to the program, and so forth.

Why do I say that? I say that because the budget tax proposal before us, presented by the other side, necessarily assumes we are going to stick with the budget caps on discretionary spending.

My friends around the country watching this ask what in the world are discretionary spending caps? Let me explain to the American public what they are. Essentially, Congress passed a budget, by the other side, entirely by the other side—and by the other side I mean the Republican party—which set very tight budget caps. If those budget caps are projected in the next 10 years, that necessarily means about a $595 billion cut in discretionary spending, which is spending on such things as education, veterans' benefits, Head Start programs, education programs, and so forth. But to make it even worse, that does not take into consideration the probable scheduled increase in defense spending of about $127 billion, which means if you add the two together, this budget means about $775 billion in real discretionary spending cuts. That is necessarily, arithmetically, mathematically, the consequence of this proposal—cuts that deep. That means, if defense is increased $127 billion, all the other discretionary spending will be cut about 43 percent by the year 2009.

That means a 43-percent cut in veterans' benefits. Let me tell you a little more about that. What does that mean? That means about 1.5 million veterans will be turned away—turned away because of those cuts. It means about 375,000 kids will be out of the Head Start Program, gone—375,000 kids. That is necessary because of a 43-percent cut in all these programs because this budget assumes no increase in discretionary spending caps and probably, if we are realistic with ourselves, it means the other side is going to add back in defense. That nets out at a 43-percent cut.

I am not saying we should increase these programs above the baseline, although perhaps in some areas we could. But at the very least, we should not cut them 43 percent across the board. Let's say we are not going to cut them 43 percent across the board. Let's say we are going to keep Head Start funding. That necessarily means you have to cut something else by more than 43 percent. That is where we are. Nobody can dispute those facts—nobody. Those are the facts.

Let me show another chart. To state it differently, take a dollar bill. This is the line—it is hard to see on this chart—of the tax breaks as a consequence of the bill before us. This is the additional interest payment, which is about $63 billion for everything else, and I have already outlined what the consequences of that are.

The proposal before us is the Democratic alternative. What is it? Basically, we think it is a wiser set of choices. Again, with roughly a $1 trillion surplus that we are debating, the question is what choices are we going to make? What should we do about it? The choice made by the other side is essentially all of it in tax cuts—all of it. Because if you add interest lost, it basically comes to it all going to tax cuts. That is basically what it is.

We say no. First, because that is a projection and we do not know if it will be real; it is so back loaded. You have heard all the arguments. Rather, let's do a little bit here and a little bit there that protects the future. We say let's have about a $300 billion tax cut. Sure, we are for tax cuts. Let's take $300 billion and reduce it.

Mr. President, I yield myself an additional 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. So another third, we say, goes to Medicare. Let's give some to Medicare. I heard a Senator a few minutes ago say it is reckless or it is irresponsible to spend money on programs. I ask the Senator, is it reckless, is it radical to save a little bit for Medicare? The Medicare trust fund is in dire straits, even more so than the Social Security trust fund. Right now it is projected that the surplus in the Medicare trust fund is due to reach zero about 2015. What happens if the economy is not doing as well in the next several years? What does that mean? That means the Medicare trust fund is due to reach zero earlier than 2015.

You wonder why the projections for the Medicare trust fund expiration kind of bounce around? It is basically because the economy itself changes. Some years we are doing very well, some years not so well. Right now we are doing well, so that means a 2015 expiration date.

So we are saying in the proposal crafted by our leader, the Senator from New York, let's save about a third of this surplus, this $1 trillion surplus, for Medicare. One-third for tax cuts, one-third for Medicare, and we are also saying come on, men and women around here, let's be realistic.

I mentioned earlier about the discretionary spending caps and how the budget on the other side assumes we are not going to raise the caps, which means in effect if we add some for defense, about a $775 billion cut in spending. We are saying that is unrealistic. We are not going to cut veterans' benefits nearly that amount. We are not going to take young kids out of the Head Start Program. So we are saying take a third of that $1 trillion, roughly, and let's dedicate that to the discretionary spending programs so the reductions are not as great as we note they otherwise might be. The result is the interest cost that will necessarily result from this proposal.

So, again, it comes down to choices. Who is helped? Who is hurt? We say the people who should be helped are seniors on Medicare. We should help shore up the Medicare trust fund, the program. Some of these Medicare dollars could be set aside for drug benefits. We know how many seniors desperately need help with prescription drug benefits. We are saying some could help veterans.

What are we really saying? Many say, give back the tax cut, give it back to the people, give it back now to the people.

It is a very sympathetic argument. We are saying let's be responsible but let's give it back to our children. Let's give it back to our children in greater deficit reduction. Let's give it back to our children to help their parents with Medicare. Let's give it back to the future. Let's be responsible.

I do think we have a moral obligation as representatives of the people to do what we can to leave this country in at least as good a shape, if not better shape, than we found it. That means reducing the debt, it means helping shore up Medicare, it means just meeting people's needs in a very solid, responsible way.

The majority plan hurts people on Medicare, hurts veterans, hurts kids in Head Start, hurts the country. We say let's not hurt the country, let's help the country. Let's help the country with a balanced, responsible alternative, one I think the American people really would prefer if they were fully involved in this debate rather than a reckless, irresponsible—I hate to categorize it that way, but I do think it is, quite honestly—a program that takes all of the surplus, $1 trillion, and sends it all back for tax cuts at a time when Mr. Greenspan, the Chairman of the Federal Reserve, says is not the right time for a tax cut. He says it is not the right time because the economy is already heated up and we are dangerously close to the point where, with more stimulus, a bubble could burst and we could be causing a lot more problems than we can even think of at this point.

I thank the Chair and yield back my time.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I yield 12 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. GRAMS. Mr. President, as we consider the $792 billion of overpaid taxes we seek to refund in the Taxpayer Refund Act, millions of Americans are deeply concerned about President Clinton's veto threat. We just heard the statement about we cannot have a "reckless" tax cut, but they want to give back this money to our children and grandchildren and to the American people.

The truth is, our bill is the bill that wants to return this surplus to the taxpayers of the country; the President's bill wants to spend it. It is very different. Somehow, if we give it back in tax relief, it is reckless because the American people somehow do not know how to spend it, but let us keep it in Washington and let Washington spend it and it is fine. I do not understand that logic.

The President has also threatened to veto a proposal from his own party to provide just $500 billion in tax relief—again, more evidence that they want to spend the money, not give it back, not save it for our children, but spend it on new Washington programs.

The President is hinting at supporting tax relief somewhere in the $250 billion range, but his own budget included only one tax cut, and that could only be used for savings, not to let families decide how to spend their own money, but for Washington, the President, to tell you what you are going to do if he decides to give any of your surplus back.

I take this opportunity to make a few points about why the taxpayers have every right to expect this Congress and the President to return at least $792 billion of overpaid taxes.

First, let me emphasize that this bill is a 10-year $792 billion tax cut plan that benefits all Americans, with a focus on providing major tax relief for middle-class families. It is not a tax cut for the rich. It is not an unrealistic level of relief. It significantly reduces taxes for millions of American families and individuals, and it is the biggest tax relief we have ever had since President Ronald Reagan cut taxes dramatically in the early 1980s. I again commend Chairman ROTH for his leadership and his commitment to providing major tax relief.

We promised to return to American families the non-Social Security tax overcharges they paid to the Government, and we have fulfilled that solemn promise. The proposed tax relief will immediately ease working Americans' tax burden and allow them to keep a little more of their own money and use it on their family priorities—not Washington's, not President Clinton's, but their families' priorities.

This taxpayer relief refund legislation gives middle-class working families at least $450 a year in relief from the tax squeeze. It corrects the injustice of the marriage penalty tax by allowing married couples to file joint returns as if they were single payers of taxes, so 22 million Americans will no longer be penalized simply for the fact they are married.

This legislation also eliminates the alternative minimum tax to permit millions of American families, including farmers, to enjoy the full benefit of tax exemptions and credits such as the $500-per-child tax credit which I championed and the Senate passed back in 1997.

The proposed tax relief includes a reduction in the death tax which will help farmers and small businesses across the country pass on their hard-earned legacies to their children, not to pass it on to the Government but to pass it on to their children and their heirs.

The bill makes health care more affordable for millions of self-employed and uninsured by making their health care costs 100-percent deductible, and it includes my legislation to permit workers without coverage to deduct their health insurance costs and also allows those purchasing long-term care policies to deduct them as well. These measures will allow more people to obtain health care coverage or improve the coverage they already have.

The bill before us also encourages working Americans to save more for their future by expanding IRAs and providing education tax benefits for parents, for students, and for workers.

There is other tax relief for hard-working Americans as well. While there is still room to improve the legislation, such as to expand the broad-based tax relief and to provide immediate relief of the marriage penalty, this $800 billion package is a clear victory for working Americans.

One of the most important points I have made repeatedly in this Chamber is that the non-Social Security surplus is the working people's money, not Washington's, and the people deserve the refund.

America's strong economy has turned the ink in Washington's accounting book black for the first time in 40 years. The budget surplus above and beyond Social Security will top $1 trillion to $1.4 trillion over the next 10 years. The CBO finds the increased revenue is propelled by personal income tax increases, and the CBO cites four sources for this unexpected revenue:

First, the rapid growth of taxable income, which has raised the tax base for personal income tax receipts.

Second, the CBO says adjusted gross income, which has grown even more rapidly than taxable personal income, mainly through the realization of capital gains. The capital gains tax increased by 150 percent between 1993 and 1997, which is a third of the growth of tax liability relative to GDP.

Third, rising taxes paid on pension and IRA retirement income.

Fourth, and I think the most important, is the increase in the effective tax rate. As Americans are working harder, as they earn more money, as inflation is there, it pushes more and more of them into the higher tax brackets. The tax rate increase accounts for 40 percent of the tax growth in excess of GDP growth. That is an unfair tax. It has pushed people from one tax bracket into another.

By the way, the CBO also points out the revenue windfall did not result from legislative policy changes. In other words, according to the CBO, the legislative initiatives taken by the President and by Congress did not generate this surplus.

Clearly, all four reasons we have a surplus are the result of the productivity of working men and women of this country, and it has little or nothing to do with Washington. So why should the President, why should Congress, be at the front of the line to spend this surplus, and why are we hearing claims that the $792 billion of tax relief will—and these are the scare tactics, we hear them time after time and they are ridiculous, but they say that tax relief will somehow harm Social Security, it will harm Medicare, and similarly impact Federal spending.

Again, my point is, these are overpaid taxes from American workers and they have every right to get it all back. To say we cannot provide this level of relief without hurting Americans is totally inaccurate.

We must recall that Americans have long been overtaxed and millions of middle-class families cannot even make ends meet due to the growing tax burden. Our savings rate in this country this year is a negative because families do not have any money left, especially after paying taxes, to put away. They are desperately in need of this largest possible tax relief.

Americans today, for example, are paying in my State of Minnesota 42 percent of their hard-earned money on taxes to support Government.

It is hard enough to raise one family without having to raise your Uncle Sam at the same time. According to the Government's own data, the average household today pays about $10,000 in Federal income taxes alone. That is twice as much as they paid in Federal taxes in 1985. The total Federal tax will consume 21 percent of the national income. Americans have not paid this much in taxes since World War II.

They say: Oh, Americans aren't overtaxed. But since President Clinton was elected in 1993, the amount that Federal tax consumes of the gross domestic product has gone from 18 percent to 21 percent. So the Government is taking more of what this country produces, and it comes out of the pockets of average working Americans.

In the past few years, Washington's income, in fact, has grown faster than our economy and twice as fast as the income of working Americans. Washington is growing twice as fast as what you are getting in your paychecks. With more middle-income workers being thrown into higher tax brackets, the "middle class tax squeeze" has been devastating.

Millions of middle-income Americans, who have worked hard to get ahead, have been pushed from the 15-percent tax bracket up into the 28-percent tax bracket. Hundreds of thousands of others have been pushed from the 28-percent tax bracket into the 31-percent bracket, and so on. More people working explains the surge of the Social Security surplus because payroll taxes are levied against everyone. So part-time, low-income, minimum-wage earners cannot escape the cruel tax bites.

According to the census report, the income of the average American family has grown—get this—the average income of the American family has grown only 6.3 percent, in constant dollars, between 1969 to 1996—6.3 percent, while Federal tax revenues have increased by nearly 800 percent during the same time. Yet I hear my colleagues on the other side of the aisle say Americans aren't overtaxed; somehow, they are doing fine.

As a result, Americans today are working harder and they are working longer, but they are taking home less money because the Federal Government is taking home more. A larger share of the earned income of working Americans is siphoned off here to Washington, and it isn't available for families to spend on their priorities.

A recent Census Bureau report finds that 49 million hard-working Americans, including 8 million middle-class Americans, live in a household that has trouble paying for just their basic needs.

President Clinton himself at one time—this was down in Texas during a campaign swing in 1995—admitted to a group of contributors, by the way, that Americans were taxed too much. He said: I might have raised taxes too much in 1993. He said: You might think I did. Well, I think I raised them too much, too.

But today he still refuses to refund overpaid taxes to Americans, because he does not think working Americans are "going to spend it right." President Clinton believes individuals are not capable of making decisions for themselves and bigger Government is the only solution. Instead, he spends the surplus for Government programs, and he calls meaningful tax relief "fiscally irresponsible." His priority is not to give tax relief at all. It is "irresponsible" to ease Americans' tax burdens a little so they can afford basic necessities.

That is the question. Is it irresponsible to even have a family night out once in a while? The family has been, and will continue to be, the bedrock of American society. Strong families make strong communities; strong communities make a very strong America. But 22 million working American couples have been forced to pay $1,400 a year more, on average, in taxes every year simply for choosing to be married. Is it irresponsible to get rid of an unfair tax policy that discourages marriage?

The PRESIDING OFFICER. The Senator has used his 12 minutes.

Mr. GRAMS. I ask unanimous consent for 5 more minutes. Or are we short on time?

The PRESIDING OFFICER. The Senator from Delaware has 28 more minutes.

Mr. ROTH. I yield the Senator 5 more minutes.

Mr. GRAMS. I thank the Senator very much.

So the question I was asking is, Is it irresponsible to get rid of an unfair tax policy that discourages marriage? The President at one time a couple years ago said, yes, this is an unfair tax, but, basically, Washington needs it more than the couple does in order to raise a family.

I have heard many who oppose $792 billion in tax relief support the individual relief included in this package. Just which specific section of the ROTH bill would they throw out? What part of tax relief do they object to most? I would like to know which part they would like to get rid of to get down to what they are proposing in tax relief.

Let me further address the issue of so-called "fiscally irresponsible" tax cuts that we hear of so often. "Fiscally irresponsible," that means, do not give it back to the people who own it, earn it, and should have it, but give it to Washington. That is "responsible," I guess.

But in a recent analysis of President Clinton's midsession proposal, the bipartisan Congressional Budget Office found that our budget plan saves all of the $2 trillion Social Security surplus while the President's revised plan still spends $30 billion of the Social Security surplus. He cannot get by with just spending surplus; he is going to raise taxes by $98 billion, and he is also going to dip into the Social Security trust fund again.

His original plan spent over $150 billion of the Social Security surplus. Yet we still hear claims that our tax relief is at the expense of seniors. It is the President who is spending the money, raising taxes, and dipping into the Social Security trust fund. Yet we are irresponsible because we want to return to the American people the overcharge in taxes?

The CBO estimates that our plan reduces more debt held by the public than the President's plan. That is another thing. We do reduce the debt even more than the President's plan. Ours also produces an additional non-Social Security surplus of nearly $300 billion over the next decade while the President's plan, again, spends almost all of the on-budget surplus. Do you spend it or do you give it back in tax relief? That is the question. Whose money is it?

The CBO also says the President's midsession proposal has no net tax cut but, instead, increases taxes by $95 billion. Again, the surplus isn't enough. He wants to raise taxes another $95 billion. The President commits over $1 trillion in new and additional spending over the next decade by expanding Government programs or creating new programs.

Just quickly, I will show this chart. This is what we are talking about as to what the President plans to do.

We all agree on saving Social Security, putting every dime from the Social Security surplus into the trust fund, into our lockbox, and not spending that. This is our projected $3,371 billion expected surplus. But the President wants to spend all that is remaining and raise taxes by $95 billion more in order to do that.

So contrary to Mr. Clinton's plan, our budget provides $792 billion in tax relief to working Americans. Meanwhile, we save every penny of the Social Security surplus exclusively for Americans' retirement. In addition, we set aside over $505 billion for Medicare and to address spending needs.

Out of this whole projected surplus, we plan on saving for Social Security, for Medicare, for education, other needs, 75 cents on every dollar of this expected surplus. Only 25 cents on the dollar, one-quarter, would go to tax relief. Somehow, they want to spend the whole dollar.

Our tax relief takes only a small portion of the total budget surplus. In fact, only 23 cents of every dollar of the budget surplus goes for tax relief.

There is enough to provide this 23 cent of every surplus dollar for tax relief, to protect Social Security and to reform Medicare, including prescription drug coverage from needy seniors. But what I want to stress today is how we spend this $505 billion is not the question before today. It will come at the end of the year when we look at Medicare reform and the final appropriations bills. Today the issue is, can we provide $792 billion in tax relief, and I think we have proved we can with these charts, and the expert advice us received through the budget process.

In fact, you don't have to be a rocket scientist to figure out who is fiscally responsible and who's fiscally irresponsbile.

Contrary to Mr. Clinton's rhetoric that tax relief will cause recession, cutting taxes will keep our economy strong, will create jobs, increase savings and productivity, forestall a recession and produce more tax revenues.

History has proved that tax cuts work:

In the 1960s, President Kennedy proposed and later President Johnson enacted an individual income tax reduction of an average of 20 percent and reduced the top income tax rate from 91 percent to 70 percent. This tax relief preceded one of the longest economic expansions in U.S. history.

In the 1980s, Ronald Reagan inherited an economy that was deep in recession. Unemployment and inflation sank to double digits and interest rates hit over 20 percent. Reagan implemented an economic plan that dramatically cut taxes, reduced regulations, and got the economy moving again.

What resulted was nothing short of an economic miracle. Our nation experienced the longest peacetime economic expansion in American history. Over 8 years, 20 million new jobs were created, unemployment sank to record lows, all Americans did better, and in spite of lower rates, tax revenues increased.

In the 1990s, many States cut taxes and turned their budget deficits into budget surpluses.

Oklahoma Governor Frank Keating enacted the largest broad-based tax cut in the state's history; Michigan Governor John Engler enacted 24 tax cuts, reducing state personal income taxes to the lowest level in a generation; New Jersey Governor Whittman cut taxes 17 times, reducing state income taxes by 30 percent. In my own state of Minnesota, Governor Carlson cut taxes and generated a record budget surplus. And Governor Ventura returned the surplus to Minnesotans in the form of sales tax rebate and across-the-board income tax cuts.

None of these states broke their budgets; instead they produced a robust economy and generated big budget surpluses which allowed them to provide even more tax cuts.

Our neighbor north of the border, in the Province of Ontario, chose to follow New Jersey and cut their income tax by 30 percent in 1995 instead of increasing spending. It generates a very successful economy. This year, Ontario Premier Mike Harris will cut the income tax by another 20 percent. Here is what he says; "the debate is over; tax cuts create jobs."

Finally, I would like to take a moment to talk again about Social Security, Medicare, and debt reduction.

Republicans are pleased that President Clinton agrees with us that shoring up Social Security and Medicare should be our nation's top priority. But the difference is President Clinton talks about it; and Republicans act on it.

We are determined to achieve these goals. We have locked in every penny of the $1.9 trillion Social Security surplus over the next 10 years, not for government programs, not for tax cuts, but exclusively to protect all Americans' retirement.

We have been working hard to reform Medicare to ensure it will be there for seniors. Prescriptions drug coverage for the needy will be part of our commitment to seniors to protect their Medicare benefits. Had the White House and Democrats cooperated with us, we could have fixed Medicare by now.

In any event, we will continue our effort to preserve Medicare as Chairman ROTH reveals his Medicare bill in the near future.

We have reduced the national debt and will continue to dramatically reduce it. Debt held by the public will decrease to $0.9 trillion by 2009. The interest payment to service the debt will drop from $229 billion in 1999 to $71 billion in 2009. We will eliminate the entire debt held by the public by 2012.

As I indicated before, we have not ignored spending needs to focus on tax cuts as has been charged. We not only have funded all the functions of the government, but also significantly increased funding for our budget priorities, such as defense, education, Medicare, agriculture and others.

In fact, as I mentioned earlier, we set aside over $505 billion in non-Social Security surplus to meet these needs and the debate on how these funds is not before us today. But is there to highlight how Republicans can provide $792 billion in tax relief while not ignoring other important priorities.

This major tax relief does not come at the expense of seniors, farmers, women, children or any other deserving group. On the contrary, it benefits all Americans and keeps our economy strong. And most importantly, this tax relief will give every working American more freedom to decide what's best for themselves and their families.

Let me include my remarks by citing President Reagan who once said: "Every major tax cut in this century has strengthened the economy, generated renewed productivity, and ended up yielding new revenues for the government by creating new investment, new jobs and more commerce among our people."

President Reagan was right.

I remember vividly that when I first proposed the $500 per child tax cut in 1993, the naysayers called it bad policy, even "dangerous." Democrats accused us of cutting taxes for the rich. Sound familiar? Some in Congress contended it was too costly, and others argued that we should balance the budget first. I argued repeatedly that we could and should do both. And so we did. As a result, now we have a balanced budget, and the largest surplus in U.S. history. Cutting taxes, reducing the national debt, and reforming and protecting Social Security and Medicare at the same time are all possible. We can do it again. We must do it again.

I urge my colleagues to defeat this amendment and support the $792 billion in tax relief in the Taxpayer Refund Act.

I thank the Chair. I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I yield 10 minutes to my colleague from Nevada who is on the Finance Committee.

The PRESIDING OFFICER. The Senator from Nevada is recognized for 10 minutes.

Mr. BRYAN. I thank the Senator from New York and the Chair.

Mr. President, I came to the Senate as a new Member in January 1989, at the end of the decade of the 1980s. The fiscal policies the Federal Government pursued during the 1980s resulted in a Federal budget that was awash in red ink.

At the beginning of the 1980s, the entire national debt—from the time of the ratification of the Constitution up until 1980—was less than $1 trillion. That included the assumption of the Revolutionary War debt, financing a costly and devastating Civil War, two world wars, Korea, Vietnam, and the programs of the Great Depression.

In less than a decade, the national debt tripled to $3 trillion. That is an indictment of the fiscal policies of the 1980s that we ought not to repeat.

Mr. President, we have an opportunity here.

One can debate as to who should take credit for the circumstances which none of us could have foreseen a decade ago. A decade ago it was my fondest hope that somehow we would be able to control the spiraling annual deficits which were hundreds of billions of dollars each year. When asked by my fellow Nevadans, how about the national debt, how are you going to pay that back, my response was: I did not see any realistic likelihood that that would occur in my lifetime, certainly not my lifetime as a Member of the Senate.

So today we are in a fortuitous circumstance. As I said, who gets credit for that, that is an issue we can debate at some length. But we have an opportunity to do the responsible thing, and we have the opportunity to do the irresponsible thing.

I think the responsible course of action is to save Social Security, ensure the solvency of Medicare, pay down the national debt, and then provide for a modest and realistic tax cut. That is the responsible thing to do.

In my judgment, the irresponsible alternative is the Republican tax cut before us.

There have been numbers bandied around, $3 trillion is the projected surplus. With respect to the Social Security surplus, that means the Social Security taxes that exceed the amount of the Social Security payments, it is projected over the next decade that that surplus will amount to $1.9 trillion. With respect to that surplus, there is no disagreement. That should be set aside to protect Social Security.

The debate is about the $1 trillion projected surplus that is referred to as on-budget or non-Social Security surplus.

Earlier this morning, as a member of the Senate Banking Committee, we were privileged to have Alan Greenspan, the distinguished and able Chairman of the Federal Reserve Board. There are many, Democrats and Republicans alike across the land, who give Alan Greenspan a substantial measure of credit for the reversals in our fortunes at the Federal level in terms of the situation we find ourselves in today, where we are talking about projected surpluses and not projected deficits. I was privileged to have an opportunity to ask him a question.

I said: Mr. Chairman—directed to Mr. Greenspan—given our current economic circumstances, if we had three choices, what choice would you make: Choice No. 1, a substantial tax cut; Choice No. 2, additional spending; Choice No. 3, reducing the debt?

His answer, unequivocal: Reduce the debt. That, he said, would be the most important thing this Congress could do in fiscal policy to continue the extension of the longest economic expansion in our Nation's history. That comes from Chairman Greenspan.

Now, under the Republican proposal before us, $964 billion is the on-budget surplus. Their proposal would be to reduce taxes by $792 billion.

I understand the instant gratification and I understand that if in a roomful of good and hard-working Americans you asked, would you like to pay less tax, all of us would say yes. Perhaps it is because my wife and I are entering a new period in our lives—we are blessed with three adult children, two of whom have blessed us with grandchildren and a third to bless us with a grandchild to be in a couple of weeks—that my thoughts are not with respect to instant gratification, not the kind of political rhetoric "we want to return your money to you." What is the responsible thing to do for the country? What about my grandchildren and your grandchildren? Ought we not to think about them? Our generation doesn't have a particularly impressive track record running up a national debt that tripled in less than a decade.

The Republican plan would reduce taxes by $792 billion, would cost $141 billion of additional interest, and would result in a surplus remaining over the 10-year period of $32 billion. This surplus that is projected over 10 years is on a very shaky foundation.

I also was able to ask Mr. Greenspan to talk about projections. I said to him: Is it not true, Mr. Chairman, that not even the most able economists—distinguished graduates of the Wharton School of Finance, the Harvard Business School, the Stanford Business School, the most erudite institutions in America—isn't it true that no one can tell us what the economy is going to be like next year, much less what it is going to be like a decade from now? He opined that that was in fact the case.

So this policy is built upon a house of cards. We are not sure these surpluses will, in fact, materialize. Yet we build in to our legislative actions a $792 billion tax cut.

We have been there before, and we have done that before, in the 1980s. We were told in the 1980s that we could have substantial tax cuts and, at the end of the day, we would still be able to reduce the national debt. That did not occur. The national debt more than tripled.

I know that our friends on the other side of the aisle would say that had nothing to do with tax cuts. That is because you all in Congress spent recklessly, foolishly, and irresponsibly.

I was not a part of the Congress at that time. I will not defend all of the expenditures. But I will tell Senators this: If you add what President Reagan requested the Congress to spend in the 8 years he was President and you add up the appropriations that the Congress approved during those 8 years, some of those with a Republican majority in the Senate, the Congress approved $13 billion less, $13 billion less than President Reagan requested. So whether you went to school, as I did, with the old math or the new math, those kinds of tax cuts left us with deficits in the trillions of dollars.

Mr. President, I ask the distinguished leader if he would extend me another 5 minutes; is that possible?

Mr. MOYNIHAN. Another 5 minutes for my friend from Nevada.

The PRESIDING OFFICER (Mr. HAGEL). The Senator from Nevada is recognized for 5 minutes.

Mr. BRYAN. Mr. President, there are several assumptions that our Republican colleagues make in reaching the conclusion of a $792 billion tax cut, $141 billion in interest, leaving a $32 billion surplus to take care of Medicare, other priorities, including reducing the debt. It is a very shaky assumption. Mr. Greenspan also told us this morning that history teaches us to be cautious. This surplus may never materialize. No one can predict with certainty whether it will occur or not.

Implicit in this are some other assumptions that are totally unrealistic. One of those assumptions is we will be able to reduce discretionary spending by $700 billion over the next 10 years. Now, there are more people in America who believe there will be a sighting of Elvis than believe that we are going to reduce discretionary spending by $700 billion. We are talking about such programs as veterans' health, education, what we need to do for agriculture, and any kind of emergencies that might occur as a result of natural calamities or disasters. So the assumption that we can reduce spending by $700 billion in the discretionary accounts, also including national defense, is not realistic.

Indeed, that is premised also upon the spending caps that are in place—next year and the year after it will be even tighter—that we will be able to adhere to them. The chairman of the Banking Committee, as part of his questioning to Mr. Greenspan, indicated that in the House already this year they are talking about emergency spending, which is a vehicle to avoid the spending caps and, in point of fact, is not emergency spending at all—$3.5 billion or $4.5 billion for the census, $3 billion for veterans' health, $30 billion this year alone. That wipes this out.

The point I am trying to make is this is a highly reckless and irresponsible approach. What we ought to do is protect Social Security with the $1.9 trillion surplus, and there is agreement on that. Next, we need to shore up Social Security solvency, pay down that debt, reduce the amount of money we are paying on interest on the national debt, so that we can do some other things with the additional tax cuts or selective spending in terms of veterans' health, or education, or national defense, whatever we determine the priorities may be, and then a more modest tax cut.

The Democratic alternative, I think, comes pretty close to hitting the mark: Tax cuts of $290 billion, Medicare cuts of $290 billion, domestic needs of $290 billion—that reduces spending in real terms over the next 10 years by about $300 billion—and interest, $126 billion. That is a more responsible approach.

I hope we do not revisit the mistakes of the past. Chairman Greenspan, it seems to me, had a lot of wisdom to offer. History teaches us to be cautious. These surpluses may, indeed, never occur and, indeed, if we can pay down the national debt, would we not be doing something for our children and our grandchildren that is the responsible course of action, something we can all be proud of, and provide a reduction in the interest payments we make each year, which is about $230 billion?

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senate majority leader.

Mr. LOTT. Mr. President, I ask unanimous consent that Senator ABRAHAM be recognized to offer the next amendment regarding the Social Security lockbox, and immediately following the reporting by the clerk, the amendment be temporarily laid aside and Senators BAUCUS or CONRAD be recognized to offer a lockbox amendment.

I further ask unanimous consent that the amendments be debated concurrently for a total of 2 hours to be equally divided between Senators ABRAHAM and BAUCUS, or their designees, and following the conclusion or yielding back of time, the amendments be laid aside.

I further ask unanimous consent that following the debates just described, Senator DASCHLE, or his designee, be recognized to offer an amendment, and following that debate the Senate proceed to a period of morning business.

I further ask unanimous consent that no other amendments be in order prior to the stacked votes and the votes begin in the stacked sequence at 9:30 a.m. on Thursday in the order in which they are offered, with 2 minutes of debate prior to each vote.

Finally, I ask unanimous consent that following those votes, there be 10 hours remaining for the consideration of the bill and Senator GRAMM be immediately recognized to offer his amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. LOTT. I ask also unanimous consent that the next Democratic first-degree amendments be in the following order:

Senator KENNEDY, Senator BINGAMAN, Senator KERRY of Massachusetts, and Senator LAUTENBERG.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. Therefore, the next vote in regard to the Democratic alternative is scheduled to occur at approximately 6:30 or 6:35 this evening. It will be the last vote of the evening. The lockbox issue and the Baucus amendment will be debated this evening, with those three votes occurring in the stacked sequence at 9:30 on Thursday morning.

As a reminder to Members, a late session is expected Thursday, and votes are expected to occur on Friday, since it appears it may not be possible to finish Thursday night.

I reiterate my commitment that if we find a way to finish the votes on this issue Thursday night, we will not have a session on Friday. If that is not possible, we will go into session Friday and continue voting as is necessary in order to complete this reconciliation tax relief bill.

I yield the floor.

Mr. ROTH. Mr. President, I yield 14 minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized for 14 minutes.

Mr. MACK. Mr. President, although I agree with many of the specific provisions in the Democrat alternative tax package—including a few bills that I have introduced—I must rise in opposition to this amendment. The plain fact is that the tax cut offered is just too small. We have budget instructions to cut taxes by $792 billion over the next 10 years, and we should cut taxes by $792 billion.

I am glad I have this opportunity to talk about tax cuts, one of my favorite subjects.

We are in the midst of what should be a very easy task: reducing the tax burden on our citizens by $792 billion over the next ten years. After all, over the next decade, the federal government is on track to collect over $3 trillion dollars more than we have budgeted for spending.

In other words, we will be overcharging the taxpayers by $3 trillion. You would think that the suggestion to return to the taxpayers a mere 25 percent of these overpayments would not be controversial. But we have heard, over the past few months, the defenders of the status quo, the advocates of big government, raise their voices in criticism of our tax cut goal.

These critics say that tax cuts are not needed, that taxpayers do not deserve to keep more of their hard earned money. It has even been suggested that the tax burden on our families has been falling. Well, the facts could not be any clearer: the federal government will tax away 20.6 percent of our nation's gross domestic product this year. That is an all-time, peacetime record, a level that was only exceeded when we mobilized to win World War II.

But even though the tax burden is a record high, even though we will be overcharging the taxpayers by $3 trillion over the next decade, every excuse under the sun is being raised against tax cuts. Some of these arguments are contradictory, and all are wrong.

Some argue, from a Keynesian demand-side perspective, that tax cuts will overstimulate the economy. But even after a $792 billion tax cut, the federal government will run up over $2 trillion in surpluses over the next ten years—from a Keynesian viewpoint, $2 trillion in surpluses is not considered a stimulus. And with all of the lags, the delays, and the phase-ins, the bulk of the tax cuts will not arrive until years 2007, 2008, and 2009.

Can anyone seriously suggest that, in a $9 trillion economy, a $4 billion net tax cut for fiscal year 2000 will overstimulate consumer demand? Or even a $25 billion tax cut in 2001? Would a $39 billion tax cut in 2002 overheat the economy, when this is only .004 percent of projected GDP?

Clearly, the facts do not support the argument that our tax cuts will overheat the economy. In any event, from the demand-side perspective, the tax cut would be irrelevant. If we do not cut taxes by $792 billion, it is safe to say that spending will increase by $792 billion over the next decade—spending by the government, that is. That is what President Clinton means when he says we cannot afford a tax cut—his bureaucrats are working overtime to dream up new ways to spend the money, as if the government has first claims to the fruits of our citizens' labor.

What kind of spending initiatives can we expect? A few years back, as many of us recall, President Clinton's so-called stimulus package included spending on such urgent needs as building parking garages at the beach, resurfacing tennis courts, researching the sicklefin chub fish, renovating swimming pools, building golf courses, soccer fields, and softball diamonds, and constructing an ice skating warming hut.

Now, the President is not the only source of such wasteful spending ideas—we in Congress are very susceptible to pressures to spend, spend, spend. But no one here doubts for a minute that if the $792 billion in taxes are instead brought to Washington, the money will all be spent. That is one very good reason why we must keep the money out of Washington in the first place.

The argument is also raised that a $792 billion tax cut leaves no money to meet some other important government goals such as debt reduction. But we still have $1.9 trillion in social security surpluses that will be in a "lockbox" to retire debt and shore up our citizens' retirement security, and another $505 billion in non-social security surpluses that can be used for Medicare, National Defense, and our other priorities. It is my hope that these surpluses will be used for real priorities, not the ice skating warming huts and beach parking garages. It should be clear that this half-trillion dollars is more than enough to cover our priorities.

The rest of the arguments against our tax relief goal are similarly mistaken. Some people argue that the money is needed to retire publicly-held debt—although, after the tax cut, the remaining 75% of the surplus is available for debt reduction. Even with our tax cut, publicly-held national debt will be reduced from 40% of GDP to just 12% of GDP by 2009.

Other people argue that the Federal Reserve Board would react to the tax cut by tightening the money supply. I have already noted that the very small size of the tax cuts over the next two years—just .0015% of GDP—does not add up to a dramatic increase in consumer demand and, in fact, will not increase demand since government spending would have increased by that same amount were we to collect the taxes. And I will point out that, on many occasion, including today, Fed Chairman Alan Greenspan has stated that he believes that government spending is the worst possible use of the surpluses, and that he would support tax cuts if spending is the alternative. Furthermore, a tax cut that removes government barriers to savings and investment is not an "artificial stimulus" that should worry the Fed one bit. Inflation, after all, is caused by too many dollars chasing too few goods, not by too many investors creating wealth and opportunity. An even stronger economy, fueled by the freedom and enthusiasm of our entrepreneurs, is not something to fear.

It is even argued that a sizable tax cut passed now makes a future economic downturn more hazardous, as if the tax cuts needed for an economic rebound will have already been wasted by our efforts this year. Of course, that argument makes the case for tax cuts, as any tax cuts that would succeed in getting us out of a recession should keep us out of one in the first place. That is why former Fed Governor Lawrence Lindsey considers a tax cut a good insurance policy against an economic downturn.

When you consider all of the arguments, there really is no case against cutting taxes by at least $792 billion. Chairman ROTH is to be commended for sticking to his guns and reporting out of Committee a bill that cuts taxes by that full amount, despite all of the pressure exerted by all of the advocates of big government, who would rather spend the money.

One final point I want to make is that these abstract discussions tend to obscure the real reason we are here. Tax cuts are not about numbers, they aren't about aggregate statistics, they aren't about increasing demand by 4 thousandths of a percentage point—tax cuts are about people. We are cutting taxes because of the 67-year-old owner of a family business in Florida's panhandle, who is discouraged from reinvesting his hard-earned profits because the specter of the federal death tax is hovering, waiting to swoop down and scoop up 55% of the increased value of his business. We are cutting taxes because of the two-earner family, struggling to make ends meet, that has to pay over $1,000 extra in taxes just because they are married.

We are cutting taxes so that waitresses, truck drivers, teachers and carpenters can put an extra $1,000 in their IRAs each year, to build a better nest egg for retirement. We are cutting taxes to enable a biomedical company to budget that one additional research project that just might lead to a breakthrough in the treatment of glaucoma or a cure for cancer. And we are cutting taxes to reduce government barriers to saving and investment, so the capital is available for the American entrepreneurs of the 21st Century to develop markets in technologies we cannot even imagine today. We need to cut taxes to get government out of the way and give people the freedom to pursue their own dream—not Washington's.

I thank the Chair.

I yield whatever time I did not use.

The PRESIDING OFFICER. Who seeks recognition?

Mr. MOYNIHAN. Mr. President, we yield any time remaining on our side.

Mr. ROTH. Mr. President, I yield the remainder of our time.

Mr. MOYNIHAN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative assistant called the roll.

Mr. NICKLES. I announce that the Senator from Ohio (Mr. VOINOVICH) is necessarily absent.

The result was announced—yeas 39, nays 60, as follows:

[Rollcall Vote No. 226 Leg.]

YEAS—39

Akaka
Baucus
Biden
Bingaman
Boxer
Breaux
Bryan
Cleland
Conrad
Daschle
Dodd
Dorgan
Durbin
Feingold
Feinstein
Graham
Harkin
Hollings
Inouye
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Schumer
Wyden

NAYS—60

Abraham
Allard
Ashcroft
Bayh
Bennett
Bond
Brownback
Bunning
Burns
Byrd
Campbell
Chafee
Cochran
Collins
Coverdell
Craig
Crapo
DeWine
Domenici
Edwards
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Jeffords
Kyl
Lieberman
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Torricelli
Warner
Wellstone

NOT VOTING—1

Voinovich

The amendment (No. 1384) was rejected.

Mr. ROTH. Mr. President, I move to reconsider the vote and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROTH. Mr. President, I ask unanimous consent that a copy of a letter from Dan Crippen, Director of the Congressional Budget Office, dated July 26, 1999, be printed in the RECORD. The letter analyzes the legislation before us, the Taxpayer Refund Act of 1999.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 26, 1999.

Hon. WILLIAM V. ROTH, Jr.,
Chairman, Committee on Finance,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for the Taxpayer Refund Act of 1999.

If you wish for further details on this estimate, we will be pleased to provide them. The CBO staff contact is Hester Grippando.

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Taxpayer Refund Act of 1999

Summary: The Taxpayer Refund Act of 1999 would provide for a variety of phased-in tax reduction proposals, including a reduction of the 15 percent income tax rate to 14 percent and an expansion of the proposed 14 percent bracket, a provision for married couples to file single returns, modifications of the individual alternative minimum tax, an increase of the annual contribution limit for individual retirement accounts, a reduction of estate and gift taxes, and a new tax deduction for health insurance expenses. The Congressional Budget Office and the Joint Committee on Taxation (JCT) estimate that the bill would decrease governmental receipts by about $4 billion in fiscal year 2000, by about $155 billion over the 2000–2004 period, and by nearly $792 billion over the 2000–2009 period. In addition, the legislation would increase direct spending by $40 million over the 2000–2004 period, but would decrease direct spending by $83 million over the 2000–2009 period. Because the bill would affect receipts and direct spending, pay-as-you-go procedures would apply.

The bill contains a new intergovernmental mandate, the cost of which would not exceed the threshold for intergovernmental mandates ($50 million in fiscal year 1996, adjusted annually for inflation) established in the Unfunded Mandates Reform Act (UMRA). The bill also contains 16 new private-sector mandates. The costs of those mandates would exceed the threshold established by UMRA for private-sector mandates ($100 million in fiscal year 1996, adjusted annually for inflation) in fiscal years 2000 through 2004.

Estimated cost to the Federal Government: The estimated budgetary impact of the bill is shown in the following table.

	By fiscal years, in millions of dollars—					
	1999	2000	2001	2002	2003	2004
CHANGES IN REVENUES						
Estimated Revenues:						
On-Budget	22	−4,042	−24,391	−39,124	−41,685	−45,043
Off-Budget	0	−97	−224	−274	−292	−312
Total Change in Revenues	22	−4,139	−24,615	−39,398	−41,977	−45,355
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority	0	2	4	6	6	10
Estimated Outlays	0	2	4	9	9	13
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimatd Outlays	0	([1])	([1])	([1])	([1])	([1])

[1] Amounts under $500,000.

Sources: Congressional Budget Office and Joint Committee on Taxation.

Basis of estimate: All estimates, with the exception of the following provisions, were prepared by JCT.

Revenues

Accelerate the Repeal of the FUTA Surtax. The Federal Unemployment Tax Act (FUTA) imposes on employers an effective tax of 0.8 percent on the first $7,000 in wages paid annually to each employee. This 0.8 percent includes a 0.2 percent surtax scheduled to expire on December 31, 2007. The bill would accelerate the expiration date to December 31, 2004.

Revenues from the FUTA tax are deposited into federal unemployment trust funds, which are statutorily capped. Under current law, CBO projects that the amounts in the federal trust funds will exceed the caps beginning in 2003. Amounts above the caps are transferred to state unemployment compensation trust funds. Since the state funds are included in the unified federal budget, this transfer will have no net budgetary effect. However, CBO expects that states would respond to this transfer by lowering their unemployment taxes so that their trust fund balances would remain constant.

The bill would lower the amount of revenues deposited into the federal trust funds and thus would reduce the amounts flowing to the state funds. CBO assumes that in the year following each lowered transfer, states would respond by not lowering their unemployment taxes as much as they would have, thus increasing revenues relative to current law. CBO estimates that the measure would reduce governmental receipts by $1,029 million in fiscal year 2005 and by lesser amounts in 2006 and 2007. We estimate increases in receipts in fiscal years 2008 and 2009. Over the 2005–2009 period, CBO estimates that the measure would have no net impact on governmental receipts.

IRS User Fees. The bill would adjust and extend the authority of the Internal Revenue Service (IRS) to charge taxpayers fees for certain rulings by the Office of the Chief Counsel and by the Office for Employee Plans and Exempt Organizations. The bill would eliminate the fee the IRS currently charges on determination letter requests regarding new small business pension plans beginning on December 31, 2000. The bill also would extend for six years beyond its current expiration date of September 30, 2003, the authority of the IRS to charge taxpayers fees for certain rulings. CBO estimates that the adjustment and extension of IRS fees would increase governmental receipts by $42 million over fiscal years 2001 through 2004 and by $323 million during the 2001–2009 period, net of income and payroll tax offsets. CBO based its estimate on recent collections data and on information from the IRS.

Federal spending

IRS User Fees. The bill would adjust and extend the authority of the IRS to charge taxpayers fees for certain rulings by the Office of the Chief Counsel and by the Office for Employee Plans and Exempt Organizations. The IRS has the authority to retain and spend a small portion of these fees without further appropriation. CBO estimates that the adjustment and extension of fees would increase direct spending by $3 million over the 2001–2004 period and by $18 million over the 2001–2009 period.

National Vaccine Injury Compensation Fund and Medicaid. The bill would add conjugate vaccines against streptococcus pneumoniae to the list of taxable vaccines and thus would allow for compensation for injuries related to those vaccines from the National Vaccine Injury Compensation Trust Fund. CBO estimates that this provision would increase outlays by $4 million over the 2000–2004 period. This provision would also increase federal Medicaid outlays by $21 million over the 2000–2004 period because Medicaid would be required to pay the excise tax on purchases of vaccines against streptococcus pneumoniae. The federal government purchases about one-half of all vaccines through its Vaccines for Children program.

In addition, the bill would reduce the tax rate applicable to all taxable vaccines from 75 cents per dose to 25 cents per dose for sales of vaccines after December 31, 2004. This provision would reduce the amount of tax that the Medicaid program would be required to pay for vaccines purchased through its Vaccines for Children program and would decrease federal outlays after the effective date by about $35 million annually.

Also, by adding conjugate vaccines against streptococcus pneumoniae to the list of taxable vaccines, the bill would increase the cost of vaccines purchased under section 317 of the Public Health Service Act. Section 317 authorize grants to states for the purchase of vaccines under federal contracts with vaccine manufacturers. The bill would also reduce the cost of vaccines purchased under this program after December 31, 2004, by reducing the excise tax rate. Any changes in spending under this section would be subject to the annual appropriation process. CBO estimates that there would be additional, but insignificant costs from the addition of the streptococcus pneumoniae vaccines and savings of about $9 million annually from the reduction in he excise tax after December 31, 2004.

Reduced PBGC Premiums for New Plans. Under current law, single-employer defined benefit pension plans pay two types of annual premiums to the Pension Benefit Guaranty Corporation (PBGC). All covered plans are subject to a flat-rate premium of $19 per participant. In addition, underfunded plans must also pay a variable premium that depends on the amount by which the plan's liabilities exceed its assets.

The bill would reduce the flat-rate premium from $19 to $5 per participant for plans established by employers with 100 or fewer participants during the first five years of the plan's operation. According to information obtained from the PBGC, approximately 3,000 plans would qualify for this reduction. Those plans contain an average of about 10 participants each. CBO estimates that the premium change would reduce PBGC's premium income, which is classified as an offsetting collection, by about $0.4 million annually beginning in 2002 or by about $1.3 million over the 2000–2004 period.

Reduction of Additional PBGC Premiums for New and Small Plans. The bill would make two changes affecting the variable-rate premium paid by underfunded plans. First, for all new plans that are underfunded, the bill would phase in the variable-rate premium the plans must pay. In the first year, they would pay nothing. In the succeeding four years, they would pay 20 percent, 40 percent, 60 percent, and 80 percent, respectively, of the full amount. In the sixth and later years, they would pay the full variable-rate premium determined by their funding status. On the basis of information on premium payments to the PBGC in 1996–1997, CBO estimates that this change would affect the premiums of approximately 400 plans each year. It would reduce PBGC's total premium receipts by about $4.2 million over the 2000–2004 period.

The bill would also reduce the variable-rate premium paid by all underfunded plans (not just new plans) established by employers with 25 or fewer employees. Under the bill, the variable-rate premium per participant paid by those plans would not exceed $5 multiplied by the number of participants in the plan. CBO estimates that approximately 8,300 plans would have their premium payments to PBGC reduced by this provision beginning in 2002. Premium receipts by the PBGC would decline by $1.5 million in 2002 and by about $4.6 million over the 2002–2004 period.

Missing Plan Participants. The legislation would expand the missing participant program. The Retirement Protection Act of 1994 established a missing participant program at PBGC for terminating defined benefit plans. The bill would expand the program to include terminating multiemployer plans, defined benefit plans not covered by PBGC, and defined contribution plans.

The budgetary impact of this provision would be less than $0.5 million annually. PBGC does not expect a high volume of missing participants as a result of this proposal, and the administrative costs of expanding the program would not be high. The net budgetary effect of increased benefit payments would also be small. Amounts paid by a pension plan to PBGC for missing participants are held in PBGC's trust fund, which is off-budget. Amounts paid out by PBGC to participants at the time they are located are funded in the same manner as benefit payments to participants in plans for which PBGC is the trustee—partially by the trust fund and partially by on-budget revolving funds.

Rules for Substantial Owner Benefits in Terminated Plans. The legislation would simplify the guarantee and asset allocation rules as they relate to terminated plans involving a substantial owner (ownership interest of at least 10 percent). All owners other than majority owners (those with an ownership interest of 50 percent of more) would be treated the same as other participants, thus receiving a more generous guarantee than under current law. Majority owners would be subject to simplified special rules. The guarantee for majority owners would be phased in at the rate of 1/10 for each year that the plan has been in effect, which is faster than the current-law phase-in, but the nonguaranteed benefits of majority owners would be given a lower priority in the allocation of assets. Only about one-third of the plans taken over by PBGC involve substantial owners, and the change in benefits paid out by PBGC to owner-employees under this provision would be less than $0.5 million in each year.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in governmental receipts and outlays that are subject to pay-as-you-go procedures are shown in the following table. Only changes affecting on-budget outlays and receipts affect the pay-as-you-go scorecard. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By fiscal years, in millions of dollars—										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in Receipts	22	−4,042	−24,391	−39,124	−41,685	−45,043	−89,541	−114,318	−129,025	−145,337	−156,219
Changes in Outlays	0	2	4	9	9	13	−16	−26	−26	−26	−27

Estimated impact on State, local, and tribal governments: JCT has determined that the provision that would add streptococcus pneumoniae to the list of taxable vaccines in an intergovernmental mandate. JCT estimates that the cost of the mandate would not exceed the threshold specified in UMRA ($50 million in fiscal year 1996, adjusted for inflation). Sections of the bill reviewed by CBO regarding pension plans and IRS user fees contain no intergovernmental mandates as defined in UMRA. The section that would move the expiration date of the federal unemployment surtax back three years would have implications for state unemployment compensation programs as noted above.

Estimated impact on the private sector: JCT has determined that 16 provisions in the bill contain private sector mandates. The private-sector mandates in the bill would:

Add certain vaccines against streptococcus pneumoniae to the list of taxable vaccines;

Impose a 10 percent vote or value test for real estate investment trusts (REITs);

Change the treatment of income and services provided by taxable subsidiaries of REITs;

Modify foreign tax credit carryover rules;

Require reporting of information regarding cancellation of indebtedness by nonbank financial institutions;

Limit the use of the nonaccrual experience method of accounting to the amounts to be received for the performance of qualified professional services;

Impose a limitation on prefunding of certain employee benefits;

Repeal the installment method for most taxpayers using the accrual basis;

Prevent the conversion of ordinary income or short-term capital gains into income eligible for long-term capital gain rates;

Deny the deduction and impose an excise tax with respect to charitable split-dollar life insurance programs;

Modify the estimated tax rules of closely held REITs;

Change the tax treatment of prohibited allocation of stock in an Employee Stock Ownership Plan of a subchapter S corporation;

Modify anti-abuse rules related to the assumption of liabilities;

Require consistent treatment and provide basis allocation rules for transfers of intangibles in certain nonrecognition transactions;

Modify the treatment of certain closely held REITs; and

Provide for a basis reduction to assets of a corporation, if stock in that corporation is distributed by a partnership to a corporate partner.

JCT estimates that the cost of the private-sector mandates would exceed the threshold established in UMRA ($100 million in fiscal year 1996, adjusted annually for inflation) in each of the fiscal years 2000–2004.

ESTIMATED COST OF PRIVATE-SECTOR MANDATES

	By fiscal years, in millions of dollars—					
	1999	2000	2001	2002	2003	2004
Cost of the Private Sector	22	830	1,611	1,370	1,083	814

Source: Joint Committee on Taxation.

Estimate prepared by: Federal Revenues: Hester Grippando (for IRS fees) and Noah Meyerson (for FUTA). Federal Spending: Tami Ohler (for pensions), Jeanne De Sa (for National Vaccine Injury Compensation Fund and Medicaid), and John Righter (for IRS fees).

Estimated approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis, G. Thomas Woodward, Assistant Director for Tax Analysis.

Mr. ROTH. Mr. President, I yield 5 minutes on the bill to Senator McCAIN.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. McCAIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. McCAIN. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1397

(Purpose: To provide educational opportunities for disadvantaged children, and for other purposes)

Mr. McCAIN. Mr. President, I have an amendment at the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the clerk will report.

The legislative clerk read as follows:

The Senator from Arizona [Mr. McCAIN] proposes an amendment numbered 1397.

Mr. McCAIN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. McCAIN. Mr. President, as per the agreement with the Senator from Delaware, I will ask unanimous consent that the amendment be laid aside as soon as I use my 5 minutes.

Mr. BAUCUS. Withdrawn.

Mr. McCAIN. Not withdrawn, set aside.

Mr. BAUCUS. Mr. President, reserving the right to object, this is not what I understood the procedure was going to be. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McCAIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Arizona.

Mr. McCAIN. Mr. President, it was made clear by the Senator from Montana and the Senator from Delaware that I will withdraw the amendment after speaking for 5 minutes on it, with the full understanding that there will be a vote on this at the proper time, as amendments are voted on probably tomorrow night.

Mr. BAUCUS. Reserving the right to object, do I understand from the Senator from Arizona that he will offer his amendment then at a later time?

Mr. McCAIN. I have 5 minutes. I want to use the 5 minutes to talk about it. The Senator from Delaware told me the time tomorrow will be taken up, so I asked to be given 5 minutes to talk tonight. In previous years, I have ended up in the position where at 2 a.m. I can speak for 1 minute and the other person can speak for 1 minute. At least now I have 5 minutes.

Mr. BAUCUS. Will the Senator inform us as to the nature of the amendment?

Mr. McCAIN. That is why I asked for 5 minutes, so I can tell the Senator the nature of the amendment.

Mr. BAUCUS. No objection.

Mr. McCAIN. Mr. President, today I am proposing an amendment to authorize a three-year nationwide school choice demonstration program targeted at children from economically disadvantaged families. The program would expand educational opportunities for low-income children by providing parents and students the freedom to choose the best school for their unique academic needs, while encouraging schools to be creative and responsive to the needs of all students.

The amendment authorizes $1.8 billion annually for fiscal years 2001 through 2003 to be used to provide school choice vouchers to economically disadvantaged children through the Nation. The funds would be divided among the States based upon the number of children they have enrolled in public schools. Then, each State would conduct a lottery among low-income children who attend the public schools with the lowest academic performance in their State. Each child selected in the lottery would receive $2,000 per year for three years to be used to pay tuition at any school of their choice in the State, including private or religious schools. The money could also be used to pay for transportation to the school or supplementary educational services to meet the unique needs of the individual student.

In total, the amendment authorizes $5.4 billion for the three-year school choice demonstration program, as well as a GAO evaluation of the program upon its completion. The cost of this important test of school vouchers is fully offset by eliminating more than $5.4 billion in unnecessary and inequitable corporate tax loopholes which benefit the ethanol, sugar, gas, and oil industries.

First, the amendment eliminates tax credits for ethanol producers, eliminating a $1.5 billion subsidy. Ethanol is an inefficient, expensive fuel that has not lived up to claims that it would reduce reliance on foreign oil or reduce impacts on the environment. It takes more energy to produce a gallon of ethanol than the amount of energy that gallon of ethanol contains. Ethanol tax credits are simply a subsidy for corn producers, and the amendment ends the taxpayers' support for this outdated program.

Second, the amendment eliminates three subsidies enjoyed by the oil and gas industry, totaling $3.9 billion. It phases out oil and gas industry's special right to fully deduct capital costs for drilling, exploration and development; eliminates the 15% tax credit for recovering oil using particular methods and ends special right of oil and gas property owners to claim unlimited passive losses under income and alternative minimum tax provisions. Subsidizing the cost of domestic production has not been shown to have reduced reliance on foreign oil or directly contributed to more efficient resource use or domestic productivity. The amendment ends these special tax treatments.

Finally, the amendment eliminates the special loan program for sugar producers and processors, worth $390 million. The Federal Government is burdened with an unnecessary and unprofitable loan program for big sugar producers and enforcing mandated import quotas on foreign sugar. Sugar price supports also force consumers to pay $1.4 billion every year in artificially inflated sugar prices. The amendment simply eliminates the taxpayer-funded loan program in 2003 and immediately requires repayment of existing loans in cash, rather than sugar.

These tax benefits and subsidies were originally intended to serve a limited purpose during times of economic recession and hardship in the 1970s. Our economy has long since recovered and I believe that these subsidies have outlived their purpose. The sunset of these programs will end these corporate welfare programs and return any remaining benefit back to our nation's children.

Mr. President, we all know that one of the most important issues facing our nation is the education of our children. Providing a solid, quality education for each and every child in our Nation is a critical component in their quest for personal success and fulfillment, as well as the success of our nation: economically, intellectually, civically and morally.

We must strive to develop and implement initiatives which strengthen and improve our education system thereby ensuring that our children are provided with the essential academic tools for succeeding professionally, economically and personally. I am sure we all agree that increasing the academic performance and skills of all our Nation's students must be the paramount goal of any education reform we implement.

School vouchers are a viable method of allowing all American children access to high-quality schools, including private and religious schools. Every parent should be able to obtain the highest quality education for their children, not just the wealthy. Tuition vouchers would provide low-income children trapped in mediocre, or worse, schools the same educational choices as children of economic privilege.

Some of my colleagues may argue that vouchers would divert money away from our nation's public schools and instead of instilling competition into our school systems we should be pouring more and more money into poor performing public schools. I respectfully disagree. While I support strengthening financial support for education in our Nation, the solution to what ails our system is not simply pouring more and more money into it. Currently our nation spends significantly more money than most countries and yet our students scored lower than their peers from almost all of the forty countries which participated in the last Third International Mathematics and Science Study TIMMS test. Students in countries which are struggling economically, socially and politically, such as Russia, outscored U.S. children in math and scored far above them in advanced math and physics. Clearly, we must make significant changes beyond simply pouring more money into the current structure in order to improve our children's academic performance in order to remain a viable force in the world economy.

It is shameful that we are failing to provide many of our children with adequate training and quality academic preparation for the real world. The number of college freshmen who require remedial courses in reading, writing and mathematics when they begin their higher education is unacceptably high. In fact, presently, more than 30 percent of entering freshmen need to enroll in one or more remedial course when they start college. It does not bode well for our future economy if the majority of workers are not prepared with the basic skills to engage in a competitive global marketplace.

I concede that school vouchers are not the magic bullet for eradicating all that is wrong with our current educational system, but they are an important opportunity for providing improved academic opportunities for all children, not just the wealthy. Examination of the limited voucher programs scattered around our country reveals high levels of parent and student satisfaction, an increase in parental involvement, and a definite improvement in attendance and discipline at the participating schools. Vouchers encourage public and private schools, communities and parents to all work together to raise the level of education for all students. Today, we have the opportunity to replicate these important attributes throughout all our Nation's communities.

Thomas Jefferson said, "The purpose of education is to create young citizens with knowing heads and loving hearts." If we fail to give our children the education they need to nurture their heads and hearts, then we threaten their futures and the future of our nation. Each of us is responsible for ensuring that our children have both the love in their hearts and the knowledge in their heads to not only dream, but to make their dreams a reality.

The time has come for us to finally conduct a national demonstration of school choice to determine the benefits or perhaps disadvantages of providing educational choices to all students, not just those who are fortunate enough to be born into a wealthy family. I urge my colleagues to support this amendment and put the needs of America's school children ahead of the financial gluttony of big business.

I hope my colleagues will consider this. It is time we got rid of wasteful and unnecessary subsidies. It is time we had a national test voucher program to find out if vouchers, indeed, will live up to the promise that many of us believe is there as a result of giving parents a choice, the same that wealthy parents have in this country.

AMENDMENT NO. 1397, WITHDRAWN

Mr. President, I thank the Senator from Delaware and the Senator from Montana, and I ask unanimous consent that the amendment be withdrawn.

The PRESIDING OFFICER (Mr. BROWNBACK). Without objection, it is so ordered.

Mr. McCAIN. I yield the remainder of my time.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

AMENDMENT NO. 1398

(Purpose: To preserve and protect the surpluses of the social security trust funds by reaffirming the exclusion of receipts and disbursement from the budget, by setting a limit on the debt held by the public, and by amending the Congressional Budget Act of 1974 to provide a process to reduce the limit on the debt held by the public)

Mr. ABRAHAM. Mr. President, under the unanimous consent agreement which was agreed to earlier, I now send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Michigan [Mr. ABRAHAM] for himself, Mr. DOMENICI, Mr. ASHCROFT, Mr. CRAPO, Mr. ENZI, Mr. SANTORUM, Mr. GRAMS, Mr. ALLARD, Mr. FRIST, and Mr. COVERDELL, proposes an amendment numbered 1398.

Mr. ABRAHAM. I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. ABRAHAM. I believe under the previous order we will now set that amendment aside so that the Senator from Montana may be recognized to offer an amendment.

The PRESIDING OFFICER. The amendment is set aside.

The Senator from Montana is recognized.

MOTION TO RECOMMIT WITH INSTRUCTIONS

Mr. BAUCUS. Mr. President, I send an amendment to the desk and ask unanimous consent that Senators CONRAD and HARKIN be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The legislative clerk read as follows:

The Senator from Montana [Mr. BAUCUS] moves to recommit S. 1429 to the Committee on Finance, with instructions to report back within 3 days, with an amendment to reduce the tax breaks in the bill by an amount sufficient to allow one hundred percent of the Social Security surplus in each year to be locked away for Social Security, and one-third of the non-Social Security surplus in each year to be locked away for Medicare with an amendment.

Mr. BAUCUS. I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

TITLE —SOCIAL SECURITY AND MEDICARE SAFE DEPOSIT BOX ACT OF 1999

SEC. 01. SHORT TITLE.

This title may be cited as the "Social Security and Medicare Safe Deposit Box Act of 1999".

Subtitle A—Social Security

SEC. 11. PROTECTION OF SOCIAL SECURITY SURPLUSES.

(a) POINTS OF ORDER TO PROTECT SOCIAL SECURITY SURPLUSES.—Section 312 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

"(g) POINTS OF ORDER TO PROTECT SOCIAL SECURITY SURPLUSES.—

"(1) CONCURRENT RESOLUTIONS ON THE BUDGET.—It shall not be in order in the House of Representatives or the Senate to consider any concurrent resolution on the budget, or conference report thereon or amendment thereto, that would set forth an on-budget deficit for any fiscal year.

"(2) SUBSEQUENT LEGISLATION.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report if—

"(A) the enactment of that bill or resolution as reported;

"(B) the adoption and enactment of that amendment; or

"(C) the enactment of that bill or resolution in the form recommended in that conference report,

together with associated interest costs would cause or increase an on-budget deficit for any fiscal year.

"(3) DEFINITION.—In this subsection:

"(A) ON-BUDGET DEFICIT.—The term 'would cause or increase an on-budget deficit', when applied to an on-budget deficit for a fiscal year, means causes or increases an on-budget deficit relative to the baseline budget projection.

"(B) BASELINE BUDGET PROJECTION.—The term 'baseline budget projection' means the projection described in section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 of current year levels of outlays, receipts, and the surplus or deficit into the budget year and future years, except that—

"(i) if outlays for programs subject to discretionary appropriations are subject to discretionary statutory spending limits, such outlays shall be projected at the level of any applicable current adjusted statutory discretionary spending limits; and

"(ii) if outlays for programs subject to discretionary appropriations are not subject to discretionary spending limits, such outlays shall be projected as required by section 257 beginning in the first fiscal year following the last fiscal year in which such limits applied.".

"(C) BUDGET RESOLUTION BASELINE.—A budget resolution would set forth an on-budget deficit for a fiscal year if the resolution sets forth an on-budget deficit and the most recent Congressional Budget Office baseline estimate of the surplus or deficit for such fiscal year projects an on-budget surplus, on-budget balance, or an on-budget deficit that is less than the deficit set forth in the resolution.".

(b) CONTENT OF CONCURRENT RESOLUTION ON THE BUDGET.—Section 301(a) of the Congressional Budget Act of 1974 is amended by redesignating paragraphs (6) and (7) as paragraphs (7) and (8), respectively, and by inserting after paragraph (5) the following new paragraph:

"(6) the receipts, outlays, and surplus or deficit in the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, combined, established by title II of the Social Security Act;".

Subtitle B—Medicare

SEC. 21. DEFINITIONS.

Section 3 of the Congressional Budget Act of 1974 is amended by adding at the end the following:

"(11) The term 'Medicare surplus reserve' means the surplus amounts reserved to strengthen and preserve the Medicare program as calculated in accordance with section 316.".

SEC. 22. MEDICARE SURPLUS RESERVE POINT OF ORDER.

Section 301 of the Congressional Budget Act of 1974 is amended by adding at the end the following:

"(j) MEDICARE SURPLUS RESERVE POINT OF ORDER.—It shall not be in order in the Senate to consider any concurrent resolution on the budget (or amendment, motion, or conference report on the resolution) that would decrease the surplus in any of the fiscal years covered by the concurrent resolution below the levels of the Medicare surplus reserve for those fiscal years calculated in accordance with section 316.".

SEC. 23. ENFORCEMENT OF MEDICARE SURPLUS RESERVE.

Section 311(a) of the Congressional Budget Act of 1974 is amended by adding at the end the following:

"(4) ENFORCEMENT OF THE MEDICARE SURPLUS RESERVE.—

"(A) IN GENERAL.—After a concurrent resolution on the budget has been agreed to, it shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report that together with associated interest costs would decrease the surplus or the medicare surplus reserve in any fiscal year below the level of the medicare surplus reserve for that fiscal year calculated in accordance with section 316.

"(B) INAPPLICABILITY.—This paragraph shall not apply to legislation that —

"(i) appropriates a portion of the medicare reserve for new subsidies for prescription drug benefits under the medicare program as part of or subsequent to legislation significantly extending the solvency of the Medicare Hospital Insurance Trust Fund; or

"(ii) appropriates new subsidies from the general fund to the Medicare Hospital Insurance Trust Fund.

"(C) SCOREKEEPING DIRECTIVE.—In scoring legislation for purposes of enforcing the point of order established by this paragraph, only the costs of the new prescription drug benefits and any associated interest costs shall be exempted from triggering the point of order.".

SEC. 24. MEDICARE SURPLUS RESERVE.

Title III of the Congressional Budget Act of 1974 is amended by adding at the end the following:

"SEC. 316. MEDICARE SURPLUS RESERVE.

"The amounts reserved for the Medicare surplus reserve in each year are—

"(1) for fiscal year 2000, 33 percent of any on-budget surplus for fiscal year 2000, as estimated pursuant to section 211 of H. Con. Res. 68 (106th Congress); and

"(2) for each of the fiscal years 2001 through 2014, 33 percent of any on-budget surplus, as estimated by the Congressional Budget Office for that fiscal year in its initial report for that fiscal year pursuant to section 202(e).".

SEC. 25. PAY-AS-YOU-GO EXTENSION.

Section 252(a) and section 252(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended by striking "before October 1, 2002,".

SEC. 26. SUPERMAJORITY.

(a) POINT OF ORDER.—Subsections (c)(1) and (d)(2) of section 904 of the Congressional Budget Act of 1974 are amended by inserting after "310(d)(2)," the following: "312(g)."

(b) WAIVER.—Subsections (c)(2) and (d)(3) of section 904 of the Congressional Budget Act of 1974 are amended by inserting after "301(i)," the following: "301(j), 311(a)(4),".

SEC. 27. ADJUSTMENT OF BUDGET LEVELS AND REPEAL.

Upon the enactment of this subtitle, the Chairmen of the Committees on the Budget shall file with their Houses appropriately revised budget aggregates, allocations, and levels (including reconciliation levels) under the Congressional Budget Act of 1974 to carry out this subtitle.

SEC. 28. EFFECTIVE DATE.

This Act shall take effect upon the date of its enactment, and the amendments made by this Act shall apply only to fiscal year 2000 and subsequent fiscal years.

Mr. BAUCUS. Mr. President, this is a motion to recommit the bill and send it back to the Finance Committee with instructions. The instructions would be to change the tax bill to ensure that 100 percent of the off-budget surplus—that is, the Social Security surplus—be set in a lockbox that is in reserve, and it also provides that one-third of the on-budget, or non-Social Security surplus, be set aside for Medicare.

You might remember that although both sides generally agree that of the roughly $3 trillion projected surplus over 10 years, $2 trillion would be reserved for Social Security—that is the Social Security lockbox part of this amendment—we have not reached agreement on the $1 trillion projected on-budget surplus, and this amendment reserves one-third of that for Medicare.

Why is this amendment so important? Plainly, simply, we believe that a portion of the budget surplus should be reserved for Medicare. Americans very much believe in Medicare. Americans want Medicare. Americans want the Medicare program to be in good shape. They want to have the security of knowing that seniors will have a better chance to have a portion of their health care bills provided for, and that means we need Medicare.

There are several problems facing us with Medicare right now. One of them is solvency.

I would like everybody to look at this chart behind me. Very simply, it shows that the Medicare trust fund will become insolvent, under current projections, by the year 2015. That assumes the economy stays as strong in the next 15 years as it is today. That is the assumption.

If for some reason economic growth in America declines slightly, inflation rises slightly, if for some reason there is a reduction in the stock market boom, a reduction in markets, if for some reason interest rates go up, then the insolvency of the trust fund moves back to the left; that is, before 2015.

The Medicare trust fund is in much worse shape than Social Security. Projections are with this lockbox amendment that the Social Security trust fund will be in good shape way off in the future. That is not true for the Medicare trust fund, not true at all.

In fact, this chart shows that, optimally, the trust fund is going to reach a deficit situation—the surplus will be zero—and Medicare payments will therefore have to be decreased under the hospital trust fund, at the very latest by the year 2015, probably earlier.

Why is that doubly important? We are reserving a portion for Medicare, one-third of the on-budget surplus for Medicare, not only because the solvency of the trust fund is in a difficult position, but also because the baby boomers are due to reach retirement age at about 2011 and on through to about 2020.

The baby boomers are going to reach retirement, and that is going to cause much more pressure on the trust fund. We believe it is prudent today to reserve a portion of the on-budget surplus —a third of it—to meet that problem, to meet that demographic condition that is going to occur; namely, more baby boomers. We think it is only prudent to preserve Medicare for that reason.

There is another reason to save for Medicare, and that is very simply to help make it easier for us in the Congress to provide prescription drug coverage for seniors. If we have heard anything lately with respect to Medicare, it is that seniors want and deserve some kind of Medicare prescription drug coverage. Why is that? One reason is that today, essentially, Medicare does not provide for drug coverage out of hospital.

There are some exceptions for that, but as a basic rule Medicare does not provide for prescription drug coverage for seniors except when they are in the hospital. That is a problem. Roughly 30 percent of Americans over age 65 depend entirely on Social Security for their income.

There are a lot of seniors who are not very wealthy. A lot of seniors who desperately look for that Social Security paycheck and who desperately are trying to figure out how to balance their individual or family budget to pay for prescription drugs, to pay for heating bills, to pay for food. This is not some cataclysmic scare tactic. It is not some wild story.

All of us in this Chamber who go to drugstores to get prescription drugs run across an elderly lady or an elderly man talking to the druggist, trying to balance things out, trying to fill a prescription and trying to find enough money to pay for it all, and asking the druggist, "Well, maybe just half," because they don't have enough money. I have seen it. I will bet that most Members of this body have seen either that or something similar to it.

When I first ran for office, I knocked on virtually every door in Missoula County, MT, a lot of doors. One thing that struck me—and I know it gets everybody who does the same thing—there are a lot of people who are really poor, who are really hurting, and most of them are seniors. There are seniors who are having a hard time making ends meet. They are lonely. And we know, too, that drug benefits, drug coverage is more and more important to seniors. Seniors rely much more on drugs today than they did 20, 30 years ago. In part, that is because pharmaceuticals have come out with lots of different drugs that affect people's medical condition, help people's health, especially for seniors, whose health needs more attention in later years. That is clear. We all know that.

When I talk with folks when I am home—it is with some frequency—I see it everywhere. You are reminded just how many people in our country are really in tough shape and they need help. Most of them are seniors. A lot of seniors need a lot of help. Our proposal is simple—a third of the on-budget surplus should be saved for Medicare.

Now the alternative from the other side has no coverage for Medicare—zero, nothing, not a red cent for Medicare, nothing.

Mr. SANTORUM. Will the Senator yield?

Mr. BAUCUS. I will yield at the appropriate point.

We have two amendments before us. One is the Republican alternative, which is the lockbox only for Social Security, that is all and, I might say, in a way which is very dangerous. It will cause train wrecks. It is going to cause the precipitation of confrontations in government. It is very reckless—very reckless. That is one alternative—only Social Security in a reckless way.

The other alternative before us, of the two amendments, is a lockbox that protects Medicare also, but in a nonreckless way.

Those are the two choices. It is very simple. We say that in these times of tremendous projected surpluses, at least a third of the on-budget surplus should be protected for Medicare—at least a third.

My colleagues on the other side of the aisle says zero—they want to put aside nothing for Medicare. We say a third, and we lock it in. We lock it in to the same degree as both sides want to in some way lock in Social Security protection. We lock it in, and we provide for it. The other side has not one red cent for Medicare, not one red cent, not a penny, not a dime, not a quarter, nothing. If they come back and say, we have some money for Medicare, that is a wish. They don't lock it in. They just say maybe. Because of the big tax cut, it is not going to be there. It is just a hope and a wish and a prayer. We say we lock it in. That is the difference.

I strongly urge my colleagues to take advantage of this situation by locking in a third of the on-budget surplus for Medicare.

Another reason for doing this is, all of us have heard in the last year, roughly, about how we went too far in 1997 with the Balanced Budget Act provisions which cut providers' benefits. We have all heard that, that we have cut hospitals, too, that we cut home health care too much, and so forth.

Let me show my colleagues this chart. If they can see this chart, basically it shows the projected cuts under Medicare were about $100 billion over 5 years. Now it has turned out that the actual cuts are almost twice that, almost $200 billion over 5 years. We have all heard that.

To be a little more specific, look how big the differential is between anticipated cuts under the BBA 1997 and the actual cuts. In the anticipated cuts, the differential is greatest for home health care—big difference. It turns out that the actual cuts for home health care are more than twice what we anticipated. And the actual cut under skilled nursing homes is about 60 percent more than we anticipated.

So I will summarize and say that the choice between us is very simple. We have two amendments we are considering. One is a lockbox with only Social Security, in a very dangerous way because it is tied to projections by the CBO. CBO determines what the debt limit is under their amendment.

The other choice is ours, which is not only to protect Social Security but also to protect to the same degree Medicare, at a time when the American Government faces a surplus, a surplus of about $1 trillion over 10 years. It is very simple: Save a third of the surplus for Medicare, for seniors. Help them pay those health care bills. Help them get those prescription drug benefits. Help us relieve the undue pressure we have caused on home health care agencies, on nursing homes, on hospitals, particularly rural hospitals.

This is a no-brainer, Mr. President. This is pretty simple stuff. It is a matter of choices. Do we want to help people on Medicare or do we not? We say yes, we do want to help people on Medicare. We want to help those seniors. This amendment we are offering enables people who are senior citizens to get the health care protection and the health care benefits that we think are so important.

I reserve the remainder of my time.

Mr. ABRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, because we had a little bit of confusion in the order of speaking, I propose at this point a unanimous consent agreement which would allow first the Senator from Pennsylvania to speak on our amendment for up to 10 minutes, to be followed by the Senator from Georgia to speak for 5 minutes on the amendment, and then we would go back at that point to the other side. We had thought we would start since we offered the first amendment on this side of the aisle.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABRAHAM. I yield up to 10 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 10 minutes.

Mr. SANTORUM. Mr. President, I congratulate the Senator from Michigan and Senator DOMENICI for their great work on the Social Security lockbox issue.

Before I get into our amendment, I will address the Senator from Montana. First he says there is no money, not a penny, not a nickel, available for Medicare under the Republican bill. As the chairman of the Budget Committee will show in his big charts—I don't have one of those big charts with me, but I have a smaller one—this yellow area is $505 billion for domestic spending programs.

If we want to—and that is the second point I want to make—use the on-budget surplus to fund Medicare, which is not an on-budget program, it is a separate program like Social Security, by the way—it is a separate program—one of the things I hear from seniors most: Keep Medicare and Social Security separate. That is what the lockbox is trying to do with Social Security. There is money there if we want to take money from the general fund and use it for Medicare.

So the idea that we don't lock it up is ridiculous. The money is there. Then we can decide where we want to spend that money. It is a matter of priorities.

I will make this argument: I don't know if the Senator from Montana has ever voted to spend general fund money on Medicare. I don't think there has been a vote I am aware of in the Finance Committee to actually—there have been resolutions, a sense of the Senate, we should save Medicare—fund a Medicare program out of general fund revenues, Medicare Part A Program.

That, to me, is a dangerous precedent. We have a separate dedicated tax for Medicare—a separate tax. What is now being talked about is that we have to grow Medicare by using the on-budget surplus.

Let me say this: If Medicare was a program that was financially sound, that was doing a very solid job in the sense of providing efficient services, was the kind of coverage that seniors are really looking for, then you might make the argument that it is a well-run program and is doing everything it should be doing, and instead of raising taxes on people to fund Medicare, we should take that money out of the surplus. The problem is, we have a fairly strong bipartisan agreement that there are a lot of problems with Medicare. The Senator from Montana will agree there are serious problems. No. 1, it doesn't cover even half of health care costs of seniors. Here is the major health care program for seniors, and it doesn't even cover half of their costs for health care.

What we are saying is—and we said on a bipartisan basis—let's fix Medicare, make it more efficient, let it meet the needs of seniors, including prescription drug coverage. Why? Because when Medicare was put together 35 years ago, drug therapies weren't that common or well used; they were a very different game. Well, today is different. So we need drug therapy as part of a basic benefit because it is the way we treat people more often. So this idea that, somehow or another, our lockbox is not sufficient because we don't lock up Medicare is ridiculous. We have money to do it, A; and, B, we have to question first whether we should throw more money at Medicare before we fix what is fundamentally flawed with Medicare, in making it a better program. Those are the things I would like to address on Medicare.

With respect to our lockbox, I always find it unbelievable that when we have an issue here with broad consensus—in this case, or in most cases, the issues pushed by our side of the aisle—all of a sudden we have agreement. We have agreement in the House, 416–12. The President says he wants a Social Security lockbox. We come to the Senate and we have agreement. Probably if I talk to seniors around the country, the first thing they will tell me is: If you quit raiding that money out of the Social Security trust fund, Social Security would be OK. We have an agreement.

So we come to the floor with an agreement to fix the Social Security problem. Let's lock that money up so only Social Security money can be used for Social Security. Well, sometimes, as the song in Oklahoma says, a girl can't say no. These are the girls who can't say yes on the other side of the aisle. These Democrats just can't say yes.

We have an agreement, we have something that we all agree on. America is overwhelmingly agreeing with it, but they can't come around to saying let's get this done. No, they are going to change the subject. Well, that Social Security thing, we agree with you; but you don't do enough and therefore we can't let you do this. We can't let you do your Social Security. They throw up this phony red herring with Medicare. I am trying to say the public is tired of this. They want us to be able to find things we have consensus on and do them, instead of playing political games.

What is going on in the Senate on this issue, for six cloture votes, over a several-month period, is political gamesmanship. We have agreement that Social Security moneys should only be used for Social Security, and we can't get one single Democrat vote to pass that measure. We have 80-plus percent of the American public who want it done. We have their President who said: Send me only a Social Security lockbox—only. We have 416 Members of the House who say "Social Security lockbox," and we have 45 obstructionists—45—who would rather play politics because they think they can win the election on making the Republicans bad guys on Medicare. So they throw the Medicare herring out. We don't have the Social Security herring this time. These are the two red herrings that are chronically thrown at Republicans at election time. We have lost the Social Security card, so let's play the other card to muck things up so we don't get things done.

People are sick of that. I can tell you, as a Republican Member who is working hard to preserve Social Security, I am sick of it. We can get this done tomorrow. We can pass a lockbox that says to every Social Security recipient in America: Your money is not going to be spent on other Government programs. We can make that assurance. The President said he would sign it, and 45 people on the Democratic side of the aisle are saying, no, we are not for getting anybody any political wins because we only think of politics. We don't want to give you this political win. We want you to be the do-nothing Congress, so we are going to throw this red herring out. Medicare. Oh, the bogeyman on the Republican side; they don't have a nickel or a penny or a quarter for Medicare.

Garbage. The issue is not Medicare. This is a Social Security lockbox, which the Democrat President—their President and our President—wants. We are ready to give it to him. What is the response from the other side? The response could be, should be: OK, let's do Social Security. We all agree on it. We have broad bipartisan consensus. We have public approval. Let's do Social Security.

But, no. Let me tell colleagues on the other side of the aisle, the Medicare issue is going to be here a little while longer. I don't know of anybody who thinks Medicare is going to go away, or the problems in Medicare are only temporary. That issue will be here, and it is an important issue, one that should be fully debated. But it should not be used to obstruct something that is desperately needed to protect the Social Security trust fund, and that is the political game that is going on. We should call it what it is; it is an absolute red herring.

Social Security can be—should be—must be—protected from raids by the general government and by the very same people, I might add—we saw the Democratic leader come forward this week and say we need $10 billion more for agriculture. May I ask the Senator from Montana where that money is coming from?

Let me answer that question. The Social Security surplus. So is it really that they want to do the Social Security lockbox as they say? Is it really that they want to put all that money aside to make sure Social Security is solvent for the next generation? Or is it really because they just can't help themselves; they want to spend it?

They don't want a lockbox because a lockbox keeps their fingers out of the Social Security trust fund, which they love to raid. They just can't help themselves. They just love to stick their fingers in there and get that money out that is just sitting there. It is just sitting there. It is similar to a sailor on leave, sitting there with a shot on the bar and he is staring at it and he can't leave it alone.

All I am saying is: Leave Social Security alone. Pass the lockbox.

The PRESIDING OFFICER. Under the previous order, the Senator from Georgia is recognized for up to 5 minutes.

Mr. COVERDELL. Mr. President, I think it might be useful for anybody listening to the debate to put this in some sequence. When the Nation discovered there would be projected surpluses of amounts that had not been anticipated, they changed all the dynamics of our discussions about budgets and Social Security. When the President gave us his budget, he spent about 40 percent of the Social Security receipts.

If there is one complaint you hear as you travel across the country, it is that people are unhappy when the Congress dips into the Social Security taxes that have been sent, purportedly, to prepare for the retirement of all those who participate. So when this Congress began, we got a budget from the President that spent 40 percent of those Social Security receipts.

Our side of the aisle said no. We are going to take the President at his admonishment over the years. We are not going to spend any of the Social Security receipts, and we are not going to use it for tax relief. It is going to be set aside and protected. Over the next 10 years, that is almost $2 trillion.

I might add, that does not solve all the issues that deal with Social Security. But it makes a pretty good downpayment on the problem. Everybody in America agrees that ought to be done.

After this debate was floated around the town for a while, I think the President realized it was not going to fly to propose to spend the Social Security receipts. So he said on June 28. That is just several weeks ago after being pummeled for 5 weeks that he should not be spending those receipts. He said, "Social Security taxes should be saved for Social Security, period." He didn't say, "and something else," or, "Maybe we ought to talk about Medicare." We will talk about that in a minute. He said, "Social Security taxes should be saved for Social Security, period." That was a big change.

We had our side of the aisle saying no Social Security receipts for anything but Social Security, and we had the President.

They brought it up in the House of Representatives. It was virtually unanimous with 415 votes. We are going to protect all the Social Security receipts. All that has to happen is for that to clear the Senate, and we say to America: We have made a monumental breakthrough.

What happened when it got to the Senate? Filibuster.

We have endeavored to go to the measure to debate it and to amend it five different times. I might add it would be subject to amendments to improve it and to have the ideas heard from the other side of the aisle.

But what was the response? Don't let the Senate get to the bill. Block it.

The latest ruse, which is this amendment, is to cloud it because they do not want to be responsible for blocking a sound measure to protect Social Security. They don't want to be responsible for that. They do not want headlines such as the New York Times that says "Republicans Seize the Banner on Social Security." This has been their purview for years. Suddenly, they are in the position of having to cloud the issue because they do not want to be seen as being responsible for leaving all of those receipts out there that could be spent or used for some other issue.

We are prepared to pass a lockbox for Social Security—that none of those receipts would be spent on anything but Social Security, or the pay-down, and that they would not be used for tax relief. It would be a monumental breakthrough.

You can only conclude that, A, they don't want a lockbox because they want those funds to be available; and, B, that the reason they are coming forth with blocking going to the bill or an amendment—that gets into another subject—is to cloud the issue, which is they are blocking the ability of the Senate to concur with the President of the United States and the House of Representatives and give America a lockbox that protects Social Security. It is not very complicated.

I will say one last thing. When you go to a town hall meeting and you talk to the American people, they do not want these two subjects mixed. They don't want them jumbled up. They want Social Security protected, and then they will consider what we are talking about on Medicare. They do not want the Government in their medicine cabinet. They don't want these two issues mudded.

Mr. President, I yield in accordance with the unanimous consent.

The PRESIDING OFFICER. Who seeks recognition?

The Senator from Michigan is recognized.

Mr. ABRAHAM. Mr. President, at this point, on behalf of myself and the managers of the bill, I yield up to 15 minutes to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for up to 15 minutes.

Mr. THOMPSON. Mr. President, I thank my friend from Michigan. I thank the Presiding Officer.

Stepping back from what we have been talking about for the last few minutes, I will go back and address the issue at hand concerning the lockbox.

I think it is important to keep in mind what we are about here and what the essential question is. The essential question remains whether or not when we are faced with projected substantial surpluses, 25 percent of that amount should be returned to the people who created those surpluses. That is the American taxpayer. I think that question should answer itself.

Another way to put it is whether or not, in view of these surpluses, we need a tax cut or a tax increase. You would think that question would answer itself. You would think that certainly in a surplus situation you would have to seriously consider tax cuts under those circumstances.

We have a tremendous tax burden right now. Taxes are taking a greater and greater share of our economic productivity. Income taxes alone have reached the level of 10 percent of gross domestic product, the highest they have ever been in this country.

A two-earner family nowadays pays 38 percent of their income in taxes. You would think that surely we could reach agreement that now is the time for a decent tax cut for the American people. If not now, when?

Our Democratic colleague, Senator KERREY from Nebraska, put it well earlier today. He said: I don't even think it is a close call—that under these circumstances we should have a tax cut.

But what we are dealing with now, with regard to the Democratic amendment, is another reason why they say we should not have a tax cut.

We have seen time and time again over the last few days almost utter hysteria in this town primarily from the White House, the President, the Vice President, and their spokespeople wringing their hands giving one reason after another after another why we cannot possibly have a tax cut under these circumstances. It is going to destroy the economy; old folks are going to be put out on the street; we are going to pollute the environment; women's health issues are coming into play.

It is substantial overkill, and it is based upon the fact that they are not telling the truth about the elements of what they are trying to do; that is, essentially give us a tax increase instead of a tax cut and spend an additional $1 trillion-plus.

Now what we have as part of the reason why we can't have a tax cut is we want to protect Medicare and Social Security, and, in this particular amendment we are addressing, the question of a Medicare lockbox.

I think one of the essential questions before this Congress is, What is the responsible way to protect Medicare? We all know we have a substantial problem. We all know we are going to have to address it.

What happened in response to that was a bipartisan effort by the Medicare Commission, chaired by Senator BREAUX from Louisiana. They came up with real reform because everybody knows you can't keep pouring money on top of a system that is broken, that is flawed, that is out of date, that is uneconomical, and that everybody says has to be changed. We can disagree on how to do it, but everybody says and recognizes that we have to have fundamental reform.

The difficulty with that is a political difficulty. It is not one of not knowing what to do; it is having the political nerve and wherewithal to sit down and get the job done.

This commission addressed it. This commission did it, Democrats and Republicans together. But the President pulled the rug out from under that effort. That was a real chance to do some Medicare reform. That would be the only thing that was going to save Medicare. It is fundamental reform. The President pulled the rug out from that effort.

He says now, since we have this Medicare problem and essentially since they have pulled the rug out from the reform effort that would do something to solve the problem, that we have to look to general revenues. We can't have a tax cut now so we have to take this surplus and dedicate a huge chunk of it for so-called fixing Medicare.

The fact of the matter is that will not fix Medicare. It will not even help Medicare. It will be counterproductive. There will be some transition costs as we move from a failing system—it still does a lot of good, but it is a failing system—to one of real reform. There will be some transition costs. The Republican proposal has over $500 billion of revenues in our proposal that can be used for Medicare or any other reason.

Pouring more money in, setting it aside, and calling it a lockbox—and by the way, nobody goes to jail if they get inside the lockbox—I don't think fools anybody. We are making a commitment to set the money aside and not mess with it. I take that commitment seriously. There is nothing keeping Congress from coming in the next day and doing something about it.

The fact of the matter is we are not helping the system by saying we are going to set aside some money for Medicare without addressing fundamental reform. A lot of people want prescription drugs as an additional entitlement. At a time when we have a real fiscal problem with the system itself, laying another entitlement on will provide additional challenges we will have to meet. However, there is even a way to do that if it is accompanied with fundamental reform.

Instead of doing that, what we have in a proposal similar to the President's proposal, just another variation, is saying another reason we cannot have a tax cut is because we need to set aside the general revenues, the surplus, to save Medicare. It will not save Medicare. That approach will actually wind up hurting Medicare.

I was looking at testimony of the Comptroller General on this issue. He was talking about the President's proposal. It has to do with the idea of setting aside general fund revenues, general surpluses, and claims we will use that to solve the Medicare problem.

It is fallacious; it is phony. The Comptroller General says even if all future surpluses were saved, we would be saddled with the budget over the longer term and at current tax rates could fund little else but entitlement funds for the elderly population. Reforms reducing the future funds of Medicare and Social Security and Medicaid are vital to restoring fiscal flexibility for future generations of taxpayers.

The Comptroller General says if we took all the money and poured it into the programs, we are really not doing very much other than perhaps buying a little bit of additional time to allow us to pour more money into a leaky bucket, when the hole in the bucket at the bottom is getting bigger and bigger, and we are pouring more general revenues, under the assumption, I suppose, that we can do that forever without ever having to make real reform.

He says:

> I feel that the greatest risk lies in extending the HI [the hospital] trust fund solvency, while doing nothing to improve the program's long-term sustainable. Or worse, in adopting changes that may aggravate the long-term financial outlook for the program and the budgets.

The Comptroller is saying we are aggravating the problem. You are actually doing harm if you think by putting a little more money on top of this program you can forestall real reform and you can fool the American people into thinking they don't have to make some tough choices and have real reform such as the Medicare Commission came up with. It is making you stand off from the problem and not address the problem.

We are facing a demographic time bomb. In the year 2030 we will have twice as many people over the age of 65. We will have about half as many worker-per-retiree ratio. It will be twice as bad by the year 2030. We know we have to do something.

I am afraid I must conclude that although saving Medicare and Social Security has worked very well for some people who have used it as a way of having to face up to the fundamental problems those two programs present, the real answer to the question that is presented tonight with regard to the Medicare lockbox amendment is that, once again, it is being used as yet another excuse, along with "it will ruin the economy, it will pollute the atmosphere, it will destroy the military." It is being used simply as another excuse as to why we cannot have a tax cut.

For folks who believe the money ought to come to Washington, there is never a good time for a tax cut. There is never a good time for it. It is about power. It is fundamentally about who makes decisions in our society. Anyone believing Washington should have control of this, thinks even in a surplus situation that 25 percent of it can't be returned to the American people.

I say if not now, when in the world could we ever do it? Certainly, we are not doing Medicare any good. We are not doing Medicare any good by standing here and trying to convince the American people that by setting aside a few more general revenue dollars for this system, when we have failed to reach fundamental reform, that we can do that and we will be doing something good for Medicare or the country.

If we can't have a tax cut with a $3 trillion surplus, I don't know when we will ever have one. The President, in three different years, has recommended tax increases in a deficit situation.

Now we have a surplus situation. One would think the answer to that would be a tax cut. Now he comes back and suggests another tax increase. It doesn't make sense.

I suggest the Medicare lockbox proposal be defeated.

Mr. ABRAHAM. Mr. President, I yield up to 15 minutes to the Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for up to 15 minutes.

Mr. DOMENICI. I ask the Presiding Officer to tell me when I have used 10 minutes.

I heard the distinguished Senator from Montana, Mr. BAUCUS, say there is not one nickel for Medicare in this Republican budget. That is absolutely wrong. Perhaps the Senator forgot to include the fact that there is $3.1 trillion in this budget for Medicare, fully funded.

What the Senator should have said was: Shame on the President. He is accusing Republicans, and he underfunded Medicare $31.5 billion on purpose. He did such things in his budget as freezing hospital costs for rural America. Senators, including the distinguished Senator from Montana, are worried about that. The President's proposal is that it be frozen for another year. That is where he picked up $31.5 billion. Guess what he did with it. He spent it on other domestic programs. That is the stark reality, unequivocal truth.

Having said that, let me start with a quote from the CBO on July 23 of 1999. It has some real application to the so-called Medicare lockbox that is being proposed today to confuse the issue. The issue is putting a lockbox around Social Security. The other side doesn't want to vote for that for some reason, so they say: Let's do another lockbox, let's do Medicare, and we will get credit for reducing the debt.

Here is what they say about it.

The chief criticism that the President—that is, OMB—has of CBO is that,

> . . . we did not give them credit for $328 billion in transfers from the general fund to the Medicare trust fund.

Then they say,

> That's right, we didn't, and that's because transfers from one part of government to another do not reduce the public debt.

The whole argument the President is taking to the American people is that he reduces the debt more than we do. But one of his big-ticket items is this one right here. The Congressional Budget Office says that $328 billion that he wanted to move out of the general fund, so it could not be used for tax cuts, he puts in the Medicare trust fund and wants credit for reducing the debt.

What does the Congressional Budget Office say? Fundamentally the most simple of all propositions: We did not give them credit for that because transfers from one part of Government to another do not reduce public debt. That is an interesting one.

Then, in addition, we had a very good Senator who does not agree with the Democrats on everything and say—this is BOB KERREY:

> The President also has a great deal of pain in his plan—a hidden pain in the form of income tax increases that will be borne by future generations of Americans.

He is alluding to the $328 billion which are IOUs, and he says:

> I strongly disapprove of a plan that provides a false sense of complacency that Social Security has been saved by this nebulous and vague idea of "saving the surplus"—

The very same thing applies to Medicare—

> while failing to disclose the real pain that will be imposed on future generations.

When they will have to pay for it, is what he is saying. Their income taxes are going to go up by the amount of $328 billion or whatever amount the Democrats allegedly want to secure for Medicare by putting it in some kind of lockbox in an on-budget trust fund.

I also ask an interesting question: Is there anybody who can stand on the floor of the Senate and suggest that by taking this money away from the taxpayers and shuffling it over into a trust fund extends the date by which we run out of money to pay the Medicare people what they are entitled to? Does it increase any? Not at all. You have to change the payment plan to do that. That is what Medicare reform is all about.

Having said that, I could even quote the President's own OMB budget about it.

Suffice it to say, anybody who wants to read this can. But even they say, "only in a bookkeeping sense" does this carry out any real purpose—in a bookkeeping sense, nothing else. We don't need bookkeeping; we need to decide what we are going to do with this surplus.

I believe I understand the nature of this surplus. I am working very hard to convince people that we all ought to agree on one set of facts and then see where we are.

So I would like to suggest to the Senate, if they find fault with this, they can do their own. But I submit that we have, if you start with a freeze on domestic spending for the next 10 years—Do not jump up and say we cannot do that. I know we cannot do that. But if we start with that, we have an accumulated surplus of $3.3 trillion. We ought to then talk about how the Republicans plan to use that. Very simply, we take every penny that belongs to Social Security and we say put it in a lockbox. That is the debate tonight. But put it in a real lockbox, don't put it in a lockbox such as the one that is offered here on the floor tonight. It is unbelievable that the other side would even claim to have a lockbox.

They create another budget point of order on top of at least four that already exist, against a budget resolution that has an on-budget deficit. That is exactly the issue. You can call it Social Security or whatever. There are already four points of order on that. You do not need this new lockbox on Social Security.

But let me suggest, let's continue on. If this is the way you look at a surplus, then set all the Social Security money aside. Then go and say, What do we do with the rest of it? We submitted the proposal that was put in this budget resolution when we designed it and voted on it for a tax cut over a 10-year period.

People are acting as if we are cutting $792 billion worth of taxes next year. Do you know how much we are cutting taxes next year? Four billion dollars. They are worried about whether we have a tax plan that will overstimulate the American economy. That is so small that it is in the range of rounding errors in terms of the tax take of America.

In the next year it is maybe twice that—$8 or $10 or $12 billion. It does not do anything to inflate this economy because we are planning it right. We are planning it to come in piecemeal, as a booming American economy can absorb it. That is $792 billion. If you want to know the number, that is 23.4 percent of this total surplus.

I have been using a dollar bill. It caught on. The Democrats have used dollar bills, and they got us all confused. They have two different dollar bills, one cut in thirds, one cut some other way. Ours is simple. We have not cut it any way. We say one-quarter of it, 23.4 percent, should go back to the American people. It is tough for Democrats to believe this, but plain old arithmetic says there is $505 billion left over. The other side says there is not a nickel in this for Medicare.

Before they came to the floor, before this idea that we were not doing anything for Medicare became a political issue, the budget resolution had $90 billion in it for Medicare—the one you voted on, Republicans. It had $90 billion in. Now, look here, there is $505 billion worth of domestic priorities. We submit it is up to the Congress and the President to decide how to use it. But would anybody believe we are not going to use part of it for prescription drugs? Of course we are. And, incidentally, is that enough money?

Do you know how much the President said we need for prescription drugs? And he would have sold this to the American people, except it is impossible. He said $48 billion of that is what you need to fix, reform, and pay for prescription drugs. It turns out he totally underestimated it. It is more like $111 billion—$118 billion. But the truth of the matter is, take $90 billion out of it, take $100 billion out of it;

that leaves $405 billion to add to discretionary. Just in rough numbers, you could add about $50 billion a year. If you do $100 billion worth of Medicare, you can add $40 billion a year. Is that enough?

Tomorrow I will put up a chart showing how much discretionary spending has gone up in the last decade. I would be surprised if it went up $40 billion, net increase, in very many of the years.

So essentially we have only one issue here: Do we lock up, in an irretrievable manner, as suggested in the Abraham-Ashcroft-Domenici lockbox, which is really a lockbox—such a lockbox that the Secretary of Treasury was even worried that it did not give Government enough flexibility, so we changed it to give them some flexibility. We provide, in the case of a war, in the case of great emergencies, you are not bound by it. We provide some other flexibility.

But the truth of the matter is that this is a prudent way, if you decide you do not want to use the surplus to grow big, big, big, big Government. If you want to grow it, then do it the way the President recommends: Do not have this tax cut in; have a little piece of one.

The PRESIDING OFFICER. The Senator has used 10 minutes and has 5 minutes remaining.

Mr. DOMENICI. In fact, I am prepared to make a guess, if they want us to settle for $300 billion—and $792 billion, rounded to $800 billion, is almost 25 percent—they would like to give the American taxpayers back less than a dime, it looks to me. So if they have a chart up that explains their position and want to use an American dollar, put it up and clip it off at 10 percent and say: That is what we would like to give you back because we need all the rest of it because we want to increase spending.

I do not think this applies to the distinguished Senator who is making the argument in behalf of the Democrats. I do not think he would want to spend all that money. But I do believe the President has snookered us all. He has us believing we are really going to harm the American people by not paying for every new program he has in mind and more. And, frankly, that is just not true.

In fact, tomorrow, if I can, I will put up about five of the President's new programs, I say to Senator ABRAHAM. I will get them on a chart here, and I will ask the American people: Which do you prefer? These five new programs? Or would you prefer to make it easier to pay off student loans? Would you prefer to make it easier to take care of an elderly parent? Would you prefer to stop penalizing marriage? Or would you prefer a new program? It does not matter what new program. New programs are new programs, if they are added to the expenditure of the Federal Government and are making it grow.

We believe it is a pretty good size right now. We believe there is a need for some growth. We believe there is a need in some instances to increase dramatically what we have been spending, and we voted for that in our budget resolution. We said education is one of them, if you will reform the way we give it to the States. Let's put more money in, not less. We said that. We argued it here on the floor. We propose to stick with that.

But the truth of the matter is that our lockbox will make our tax cut reasonable and plausible and will make sure the Social Security people are safe.

I close tonight by suggesting to everybody who is listening to this debate the President continues to raise the issue and Democrats are following him almost in rote marching, and that is, they get cranked up and they say: We want to save Social Security; we want to save Medicare, which simply means you should not have tax cuts.

Here is $1.9 trillion waiting for you to tell us how to fix Social Security. Is it so complicated? No, it is not complicated. He prefers the issue to a solution. That is why we are on the floor. He does not want to submit a Social Security reform program. He wants to continue to hoodwink us into thinking if you give the people a tax cut, you cannot fix Social Security.

I will bet the President would not submit a Social Security program that would cost so much that it would not leave money for a tax cut out of this surplus. That is absolutely incredible that he would do that. I do not believe he would submit a Medicare reform program that would be so big and so costly that there would not be money for a tax cut. As a matter of fact, he kind of shocked me. He submitted a reform Medicare plan that only costs $48 billion, if he was right in his numbers. It turns out he is not right, but had he been right, he would have been submitting one that cost $48 billion. I submit there is plenty of money left over to do that.

My last argument, and it will take a minute, is there are some suggesting we should not do this now. If we do not do this now, we will never do it because, as a matter of fact, as we proceed through, we will obligate all this money one way or another for some American program, and then we will say there is not any money left for tax cuts.

For those who are so frightened about us having a negative impact on the American economy, let me suggest, for the next 3 years, our impact is insignificant, almost negative. It begins to grow a little bit in the outyears, but even the great doctor—as PHIL GRAMM said today—he is like the Bible, everybody quotes him but nobody reads him. That is what PHIL GRAMM said today on the floor. Even he said if you are going to spend it, have a tax cut. He also said the Republican plan is not significant enough in size over a 10-year period or annually to have a negative impact in terms of the American economy.

I think we are on the right track. Will the Senator yield me 1 additional minute?

Mr. ABRAHAM. I yield 1 minute.

Mr. DOMENICI. We are on the right track, and I think the Democrats have missed the boat. They are mixing apples and oranges when they try to confuse us on another lockbox for Medicare. I think tonight we have just about disposed of that as being a ridiculous approach which I call anything but a tax cut approach. Frankly, with that size surplus accumulated over this period of time, I say if you cannot give back a little bit of it to the American people, then what do they elect us for? I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Montana.

Mr. BAUCUS. Mr. President, I have heard a lot of words.

Mr. DOMENICI. Good words.

Mr. BAUCUS. My question is, Where's the beef? There is nothing on the other side about what they want to do to help Medicare—nothing. The Senator from Pennsylvania started out by saying: Gee, there's money for Medicare. Then he shifted his argument to say we should not use general revenue. Then he shifted his argument to say that the amendment we are offering is a charade, a smokescreen. But if you listen to the words, there is not one word of what he wants to do to help Medicare and help Medicare beneficiaries, to provide money for drug benefits, to help address the balanced budget agreement overcut, and to help the solvency of the trust fund.

I ask again: Where's the beef? Not one word on that side about what they want to do to help Medicare. As a matter of fact, what I hear in the words is, first, we need some kind of structural reform. Let's get structural reform, but let's not use general revenue.

There has been reference to the Breaux commission. Senator BREAUX admits we need resources in addition to structural reform to help solve the Medicare problem. He said that. He is the chairman of the commission. He said we need it. I think he is right. The problems facing Medicare will require both structural reform as well as some additional resources to help solve the problem. At least that is his view, and he is chairman of the Breaux commission. He ought to have some idea of what is necessary.

I also remind my colleagues that structure reform is not easy. I will never forget catastrophic attempts several years ago. That was about $4 on seniors to pay for catastrophic and people went berserk. That thing was repealed faster than a New York minute because of the politics and the difficulty of addressing Medicare reform.

The Breaux commission did not come up with any super-majority recommendation. They could not. It is so difficult, which is not to say we should shirk from structure reform. Of course, we should work on structural reform, but we also need general funds to help with Medicare.

I was very perplexed when I saw the chart put up by the chairman of the Budget Committee. I want to ask him where he got his numbers. I know where he got his numbers. They are his own numbers, not CBO numbers. For example, the CBO baseline projection over the next 10 years is a surplus of about—it is on the chart—of about $2.896 billion. That is CBO.

If you look closely at the chairman's chart, down below in the corner it says: Source. What is the source? It is CBO and the Senate Budget Committee, not just CBO.

We have the Senate Budget Committee—I am trying to avoid the phrase "cooked the books." I will tell you what it did to come up with the chart the chairman was showing. Here is what it did:

The Congressional Budget Office said, OK, we are going to freeze the caps as required under the budget through the year 2002. Then CBO said: We are going to assume a baseline at the rate of inflation for the remainder of the term up to about 2009. That is how they got this number, $2.896 billion.

What did the chairman of the Budget Committee do? He said: I know what I am going to do because the Democrats are really right. What I am going to do is come up with a different number to show there are more savings.

How did he do it? He said: OK, I am going to freeze the baseline after the year 2002 for discretionary spending, and that is going to mean that I get to come up with additional—that is the yellow, domestic priorities.

The fact is, that is very unrealistic and it's not what CBO projects. I think we ought to use the same numbers. A lot of us on our side think CBO is a little tainted; it has become a little political over the years. But I suggest we all start with the same numbers, and the best place to start is CBO. If the Senate Budget Committee majority can come up with its numbers, I suppose the Budget Committee minority can come up with its own numbers. It is no different. That is where we are.

It is important for Senators to know those are not CBO numbers, those are Senate Budget Committee numbers. Those are the majority's numbers, not CBO's numbers.

Mr. DOMENICI. Will the Senator yield?

Mr. BAUCUS. Just say the yellow is an illusion, it is not there, because most of us, if we are realistic, are going to assume we are going to at least keep up with inflation over those years. If we do not keep up with inflation over those years, then we are going to dramatically cut programs.

How much are we going to cut? The figure is about a 54-percent cut in domestic spending.

By saying there is no inflation rate considered past the year 2002, for the rest of the term, these numbers represent, in effect, a 54-percent cut in discretionary spending. That is what it comes out to. That is pretty big. So that is why I say that yellow is an illusion. It is not going to happen.

If I could address another point. My colleagues on the other side of the aisle made two basic charges. First, they say that this is a smokescreen. That we really do not want a lockbox. My good friend, the Senator from New Mexico, said: Well, we have the points of order. It is true, we create an additional point of order, but it is a supermajority point of order—60 votes. It is pretty hard to get more than 60 votes around here.

Witness the waiver on the Byrd rule did not get 60 votes. Oh, that side really wanted to waive the Byrd rule. They could not do it. They could not get 60 votes. Sixty votes is a pretty big hurdle.

Make no mistake, we are very serious about protecting medicare. You can also tell that we are serious because we are proposing a lockbox that is very similar to the House lockbox which passed by an overwhelming margin.

Why is the Senate lockbox not a good idea? I will tell you why. Because it says the debt limit has to go down on a step basis, depending upon what CBO's projections really are for the debt. That is what it says. That is going to force all kinds of votes here to raise the debt limit if it does not work out that way.

We know all the charades around here, all the politics, all the nonsense that goes on around here, because of votes on raising the debt limit, whether or not to pay bills we know we have to pay anyway. It just doesn't make sense. It just does not make sense to tie the debt limit to what CBO says the projections are going to be on the debt. We already have a lockbox which works—at least the House thinks it works. The House approved it. I think only a handful of House Members voted against it.

So we are saying the House lockbox basically works. House Republicans voted for it; House Democrats voted for it. But we want to go one step further. We are also saying, let's reserve some money, a third of the surplus each year, reserve that for Medicare. If it is not used, if structural reform takes care of it and we do not have to use it, it can be used for tax cuts, it can be used for defense spending, it can be used for whatever this body thinks makes the most sense. But only with a supermajority vote.

My good colleagues on the other side of the aisle also made an argument about shifting $328 billion. That is a red herring. That argument has nothing to do with this issue. It is irrelevant.

The only point I am making is that of the $1 trillion on-budget surplus, we ought to at least set aside a third in a reserve fund for medicare.

Congress can decide what it wants to do in helping protect Social Security and Medicare. We can decide to provide for prescription drug benefits. We can address the problems caused by the balanced budget amendment cut backs. We can extend the solvency of the trust fund. That is what this amendment is all about. It is about reserving the funds necessary to help America's seniors. It is actually very simple.

Again, I go back to my basic question, Where is the beef? How do our colleagues on the other side of the aisle assure that are going to provide for Medicare, provide for seniors, provide for drug benefits for our elderly men and women? That is the problem.

I urge Senators, cut through all the rhetoric. Listen carefully to the underlying words. Sometimes, what people don't say is just as telling as what they do say. In this case, our good colleagues make no pretense of guaranteeing funds for medicare. Whereas we say, very simply, let's save a third of the surplus each year in a reserve fund. If we need it, fine. If we do not need it, fine—we can reduce the debt and leave our options open.

We have this opportunity because we have the large projected on-budget surplus in the future. We do not have these opportunities very often. How many Senators can remember times in the past having a $1 trillion on-budget projected surplus? I can't. I do not think anyone else can either.

What is the likelihood that is going to continue? What is the likelihood we are going to have this opportunity 5 years from now? What is the likelihood we will have it 8, 10 years from now? Pretty slim; not very likely, in my judgment.

So we have an opportunity. We have an opportunity to put aside the funds necessary to extend the solvency of Medicare. We have the opportunity to put aside the funds necessary for structural reforms. We have the opportunity to put aside the funds for a prescription drug benefit. I am saying, let's preserve this surplus—let's keep our options open.

Do you know what else our lockbox does? Deficit reduction. People want deficit and debt reduction. They are tired of being saddled with this debt. They don't want their children similarly constrained. That's why this lockbox is such a good proposal. If we don't need the funds for the next, say, 10 years—because the Medicare trust fund will be solvent at least until 2015—that is a $300 billion reduction in the national debt. That is what it comes down to.

So, again, I do not hear anything from the other side aisle about any guarantees to help Medicare except for words—maybe something in the future about structural reform, but certainly not in the budget tax debate—I repeat again, not one red cent for Medicare.

Helping to provide for Medicare is not a smokescreen because we do have a Social Security lockbox that works. Our lockbox is very similar to the one that the House passed. They passed it. If they passed it by such a large margin, providing a supermajority point of order, it makes sense to me that we should do it. But let's go farther and protect Medicare. Let's have both. Let's protect Social Security. Let's also protect Medicare. It is very simple. They are two parts of the same package, if you will, to help the elderly.

We have a lot of very poor elderly. About a third of the American elderly rely solely on Social Security for income—about a third. There are a lot of people who just do not have any money. Virtually one-third are dependent upon it. There are about 44 million people on Social Security including folks with disabilities. The average payment is about $750 a month. That is all. If a third are relying on only $750 a month, that means, clearly, they really need the help.

So, again: A lockbox for Social Security that works and a lockbox for Medicare that also works.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, how much time is remaining on both sides?

The PRESIDING OFFICER. The Senator has 33½ minutes; the other side has 17 minutes 20 seconds.

Mr. BAUCUS. Mr. President, I yield 20 minutes to my good friend, the Senator from New Jersey.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Jersey.

Mr. LAUTENBERG. I thank the Senator from Montana. Perhaps I will use less time than that.

Mr. President, I have listened carefully to the debate. I heard comments that I would describe as scornful, derisive, challenging everybody else's honesty.

I know one thing. When we are challenging someone else's honesty, it is a good idea to do it in front of a mirror. That way, one gets to see what perhaps one might be saying, and understanding where one is going, so that when one reviews the argument being made for or against a particular point of view, if they want to talk in terms of dishonesty and in terms of scorn and in terms of derision about what is being said, it invites the same kind of commentary—which gets us nowhere.

It doesn't improve the debate. It doesn't make it clearer to the American people. It doesn't establish a framework for really thinking the problem through.

Mr. President, I am the senior Democrat on the Budget Committee. And I want to suggest that my colleagues take a look at an article in the Wall Street Journal, entitled "GOP Uses Two Sets of Books." The article explains that the GOP is using two sets of books—one from the Office of Management and Budget, the other from the Congressional Budget Office. And, by taking the best of each, it's trying to hide the fact that, and I quote, "lawmakers are poised again, to raid the very same Social Security funds they have promised to lock away."

Mr. President, I don't accuse our friends on the other side of the aisle of deliberate untruthfulness. But I hope the American people will be able to understand what is really going on.

Mr. President, when it comes to this tax bill, there is no doubt where I stand. I stand for the majority of the American public. The people who are concerned with making a living and providing for their children. The people who are working hard to help their parents and grandparents. The people in families where two people are working, and who are having a hard time meeting their obligations. When mom has to work and dad has to work and they are either on different shifts or the same shifts, it means one of the parents is not home to be with the children at times when that might provide the kind of encouragement and sustenance for development. There is a price to pay for it.

There is physical fatigue. My mother was a widow at age 36. She worked hard. I was old enough to be in the Army. My sister was only 12 when my father died. But there was exhaustion. It was hard to take care of all of the responsibilities.

When I look at tax cuts, I ask, which Americans need them? The guy making $800,000 a year? I don't think he needs a $23,000 tax cut. But that's what he'd get under this bill. And that's money that we could be using to pay off our national debt.

Mr. President, most Americans, if given the opportunity, would love to pay off their loans and their debts. Their mortgages. Their car loans. Well, that's what we want our nation to do.

But the Republicans, instead, want to use the money to provide massive tax breaks for wealthy individuals and special interests. Oil interests, mineral interests, many others. Instead of paying off our debts and leaving our children free from that obligation, the Republican bill would give that money to these special interests.

As you can tell, Mr. President, I object strongly to the Republican tax bill. This legislation raids surpluses that are needed for Social Security, that sacred covenant we have with people who have my color hair that says we want to care of them. It is a commitment we made, a promise we made, as we took the money from their paycheck.

I want to protect Social Security. My conscience calls for it. I have to make sure those who are paying Social Security are going to get the benefits they expected when it comes to retirement time.

Medicare? There are few programs in this country that have the value to people like Medicare, which says that when you reach that age when sickness, when physical problems are not a surprise, you will get the medical care you need. Those are essential, basic things—Social Security solvency, Medicare. These are for people when they are most vulnerable, in their older age. We have made a commitment that we are going to take care of them. Our friends on the Republican side say no, tax breaks; that is more important.

By the way, all of this is more show business than plain business. It is designed to let the American public think they want to be generous and they want to return the money, and we are sinners because we say we are going to help pay off the debt that your kids, Mr. and Mrs. America, won't have to worry about.

They say: Who knows better how to spend the money? Is it those bad guys in Washington—bad guys and women; that is the way we are today—those bad people in Washington who want to just take your money? I heard someone say "take it and spend it," take it and spend it, like that is the principal motive for responsible people serving here. I wouldn't accuse them of that, and I don't think they ought to accuse us of that silly nonsense. Take your money and spend it? That is not what anybody wants to do.

We want to do the right thing. They want to do the right thing. They just haven't learned how yet.

Mr. President, the cost of the tax breaks under their bill would increase dramatically just when the baby boomers begin to retire. The bill would force drastic cuts in education, environmental protection, other priorities. It could lead to a return of higher interest rates. And it is fundamentally unfair.

Mr. President, Democrats strongly support tax cuts for middle-class Americans, ordinary people who are working hard to keep things together. We have proposed almost $300 billion worth of tax cuts. Our cuts were targeted to the middle class, the people who needed them most. But we couldn't get the cooperation of our friends on the other side. We won't take funds needed for

Social Security and Medicare like the Republican bill does. They are willing to take it out of this Social Security trust fund, which I will demonstrate later.

Neither Social Security nor Medicare has enough financing to support the baby boomers in their retirement. We need to extend the solvency of both programs. We need to pay off our debt, which now forces taxpayers to pay $225 billion a year in wasted interest payments. I guess they don't want to stop that. They don't want to stop that. They would rather try to dole it out principally to people at the top of the income ladder. They don't want to reduce that debt.

President Clinton has proposed to reserve all Social Security surpluses for debt reduction as well as another $325 billion for Medicare. The Republicans openly oppose reserving non-Social Security surpluses for Medicare, but they claim their bill reserves all Social Security surpluses for Social Security. The claim is untrue.

The bill before us would raid Social Security surpluses in 5 of the next 10 years. This chart shows the numbers.

Here we are, 2005; that is practically around the corner. What does it say? Red. Everybody knows what red ink means. Minus $12 billion. That is out of the Social Security trust fund. We have no place to get it. So instead of protecting Social Security, we are raiding Social Security because of the tax cut they want to give to the fat cats.

Consider what will happen in 2005. The non-Social Security surplus that year will be $88.6 billion. But this bill would cost $89.9 billion. The bill therefore would directly create Social Security surpluses of $1.3 billion in that year. However, the real raid on Social Security would be much deeper. This legislation would increase debt and lead to higher interest costs. In 2005 alone, these additional interest costs would eat up another $10.9 billion of Social Security surpluses. So the total raid on Social Security would be over $12 billion in 2005.

If you consider both the direct revenue losses and the additional interest costs, this bill would raid the Social Security surplus in each of the second 5 years after enactment.

Mr. President, I think I know what the Republicans would say about this. They will promise that even if this bill does spend Social Security surpluses, many years from now, Congress will somehow make huge cuts in programs, such as education and the environment, to offset these costs. Unfortunately, it is an empty promise that is completely unenforceable. No credibility.

Consider the depth of the cuts that would be required. If you assume the Republican Congress funds defense programs at the levels presently proposed by President Clinton, by the end of the 10 year period, domestic needs, everything from education and environmental protection, to the FBI, would have to be cut roughly 40 percent. Is that credible? A 40-percent cut in student aid? A 40-percent cut in health research? A 40-percent out in veterans' programs?

That is not going to happen. But that is the pretense under which we are operating.

The Republicans are saying we have to reduce and cut programs. But the American people need to understand what that would mean. Head Start—375,000 preschool children would be denied services that help them come to school ready to learn. The FBI—that is a favorite of all of ours because they do very important work—would have to cut 6,300 agents in order to accommodate this. VA medical care—a promise that was made to veterans, and to me when I enlisted in the Army—they would treat 1.4 million fewer patients. Superfund—the wonderful program that helps clean up toxic waste sites in our society—no funding would be provided for any new cleanups, due to begin in 2009. Are summer jobs important? I think so. But 270,000 young people would lose jobs and training opportunities. The list goes on.

Look how the tax breaks in this bill explode in cost. In the first year, they cost $4.2 billion. By the last year, they cost almost $200 billion. In the following 10 years, these costs explode even more. All of this will be happening when the baby boomers start retiring.

In other words, the Republican plan doesn't just raid the Social Security trust fund; it also would undermine the Government's revenue base and dramatically increase the chances that Social Security benefits will be cut.

Similarly, this bill proposes a very real threat to Medicare. The Medicare trust fund is now scheduled to go bankrupt by 2015. President Clinton has proposed a comprehensive reform plan that would extend solvency through 2027, for a dozen years or more. He wants to provide a new prescription drug benefit for older Americans. That is going to come from the surpluses that we enjoy, as long as we don't give them away.

What does this legislation do for Medicare? Zero. There is not a penny to extend the program's solvency, and not one penny for prescription drugs.

Another problem with the bill is that it is fundamentally unfair. It is loaded up with various special interest provisions. Meanwhile, ordinary Americans are left with a few crumbs.

If we look at this chart, the top 1 percent of the income earners, earning $837,000, get a $23,344 cut. If you are in the bottom 60 percent, earning below $38,000, you get $141. That is less than 50 cents a day. I hope those people making $38,000 don't go out and blow that 50 cents a day.

Another problem with this bill, according to an analysis by Citizens for Tax Justice, the top 1 percent of the taxpayers, those with incomes over $300,000—and the average, as we saw, is $837,000—will get those juicy tax breaks that we see here, while the bottom 60 percent will get that $141.

That is not fair. Beyond the threat to Social Security, Medicare, education, and other priorities, and beyond its fundamental unfairness, this bill also poses a significant risk to our economy.

It would be one thing to call for huge tax cuts if our Nation were in the middle of a recession. Sometimes you need a boost, a stimulus, but today our economy is very strong. In this kind of an environment, a large fiscal stimulus is dangerous.

The Federal Reserve just tightened monetary policy, forcing up interest rates to preempt inflation. Chairman Greenspan suggested last week the Fed may raise interest rates again to preserve price stability. A huge tax cut in these conditions would be a serious mistake. It could force up interest rates, which could drag down the investment that is driving our economy. As Chairman Greenspan testified, "The timing is not right."

Mr. President, we are doing no favors for middle-class families if we give them a tax break worth less than 50 cents a day and then force them to pay higher interest rates on their mortgages and their car payments.

Mr. President, before I close, I want to take a minute to respond to an analysis released last week by the Congressional Budget Office. That analysis supposedly shows that the GOP budget plan reduces debt more than the President's. But the analysis is highly misleading, largely because it is based on questionable assumptions.

For example, the analysis assumes the Congress will abide by this year's spending cap, even though the chairman of the Appropriations Committee, a distinguished Senator, Senator STEVENS from Alaska, says there is no way he can pass the bills without more money. It then assumes that Congress will abide by the caps in 2001 and 2002, which are both lower than this year's.

Then, to top it off, CBO assumes Congress will cut even further in real terms in each of the following 7 years. Mr. and Mrs. Public, don't you believe that. Congress is not going to make cuts like that in veterans' medical care. We are not going to permit Head Start to be decimated. We are not going to cut out programs that people depend on for their very lives.

Mr. President, people really need many of these programs. Most don't like to depend on government if they can avoid it. My father at the height of the depression was most ashamed of the fact that he had to go to work for

WPA, the public works program. He demanded dignity. He demanded it almost more than his pride would permit. He worked for a government program, and he was ashamed to tell anybody. People like him do not want government programs. I had my GI bill for my education. I took it because I thought that in the final analysis not only would it help me, but it would help me to be a better citizen, to make a contribution to my country.

The Congressional Budget Office is assuming we will not abide by the spending caps. They are assuming we are actually going to cut almost $200 billion below it. That is not credible.

CBO's analysis also contains a variety of questionable statements. For example, it ignores the extra $14 billion in tax breaks that were added to the $778 billion originally assumed in the budget resolution. It also ignores the Budget Committee's directive to CBO that it use different scorekeeping estimates when it scores appropriations bills.

Those mandates for special, "directed scoring" will allow the Appropriations Committee to spend more, and will reduce the surplus by at least $18 billion. Yet CBO doesn't even mention this in its analysis.

Mr. President, there are other inaccuracies and distortions in the CBO analysis. But together they undermine the credibility of last week's analysis. And, unfortunately, they've raised many questions on this side of the aisle about CBO's fairness and objectivity.

Mr. President, CBO is supposed to be objective and fair to both sides. They are just supposed to look at the numbers. That is all.

Mr. President, let me close by just recapping the main problems with the Republican tax bill.

It raids Social Security surpluses in several years.

It leaves nothing for Medicare.

Its costs explode in the future, just when the baby boomers will be retiring.

It would force extreme cuts in education, health care, crime fighting, and other priorities.

Its tax breaks are unfair, and give huge benefits to special interests and the wealthiest Americans.

And it's fiscally irresponsible, risking higher interest rates and a return to the days of red ink and large deficits.

In sum, Mr. President, this is extreme legislation. It may appeal to the far right wing of the Republican Party. But by posing such a direct threat to Social Security and Medicare, it's inconsistent with the values of mainstream American families.

That is why this President is determined to veto it the minute it reaches his desk, and he should.

I urge my colleagues to oppose the bill and to support the amendment offered by the distinguished Senator from Montana.

I yield the floor.

Mr. KENNEDY. Mr. President, the principle of the Baucus amendment goes to the heart of this debate. We should not enact tax cuts which will use up virtually the entire surplus before we solve the significant financial problems facing Social Security and Medicare.

Placing Social Security and Medicare on a firm financial footing should be our highest budget priorities. The surplus gives us a unique opportunity to extend the long-term solvency of these two vital programs, without hurting the senior citizens who depend upon them. We should seize that opportunity.

Two-thirds of senior citizens depend on Social Security retirement benefits for more than fifty percent of their annual income. Without it, half of the nation's elderly would fall below the poverty line. These same retirees rely on Medicare for their only access to needed health care. For all of them, the Republican proposal does absolutely nothing. It does not provide one new dollar to support Social Security or Medicare. It squanders the unique opportunity which the surplus has given us.

Social Security and Medicare represent America at its best. They reflect a commitment to every worker that disability and retirement will not mean poverty and untreated illness. They are a compact between the Federal government and its citizens that says: work hard and contribute to the system when you are young, and we will guarantee your financial security and your health security when you are old.

It has been said that the measure of a society is how well it takes care of its most vulnerable citizens—the very young and the very old. By that standard, Social Security and Medicare are among the finest achievements in all of our history. Because of Social Security and Medicare, millions of senior citizens are able to spend their retirement years in security and dignity. A Republican tax cut of the magnitude proposed here today will put their retirement security in serious jeopardy.

In the first ten years, the Republican tax cut of $792 billion—plus the increased interest on the national debt required by it—will consume all but $25 billion of the $996 billion surplus. The cost of the tax cut alone will mushroom to two trillion dollars between 2010 and 2019, plus hundreds of billions more in additional debt service. There will be no surplus left to strengthen Social Security and Medicare for future generations of retirees. The needs of the millions of Americans who depend on these basic programs for their well-being are ignored.

Democrats propose a very different set of priorities for the surplus. We commit one-third of the surplus—$290 billion over the next decade and more thereafter—to Medicare. And beginning in 2011, we would dedicate all of the savings which will result from debt reduction to Social Security.

Today, interest on the debt consumes nearly 13% of the federal budget. Under the President's plan, by 2015, that annual debt interest expense will be completely eliminated. As a result, between 2011 and 2019, more than a trillion additional dollars will be available to pay future Social Security benefits. We will be meeting our responsibility to future generations of retirees.

In addition, the GOP tax cut is fundamentally unfair in additional ways. It distributes the overwhelming majority of its tax breaks to those with the highest incomes. The authors of the Republican plan highlight the reduction of the 15% tax bracket to 14%. They point to this reduction as middle class tax relief. But that relief is only a small part of the overall tax breaks in their plan. It accounts for only $216 billion of the $792 billion in GOP tax cuts. Most of the remaining provisions are heavily tilted toward the highest income taxpayers.

If the Republican plan is enacted and implemented, nearly 50% of the tax benefits would go to the richest 5% of taxpayers—and more than 75% of the benefits would go to the wealthiest 20%. Those with annual incomes exceeding $300,000 would receive tax breaks of $23,000 a year. By contrast, the lowest 60% of wage-earners would share less than 11% of the total tax cuts—they would receive an average tax cut of only $139 a year.

The choice could not be more stark—it is between using the entire surplus for an enormous GOP tax cut which overwhelmingly benefits the wealthiest Americans, or using the surplus for modest tax cuts that leave room to preserve Social Security and Medicare for future generations of retirees.

SOCIAL SECURITY

On Social Security itself, the Republican proposal is misleading. The rhetoric surrounding it conveys the false impression that it is a major step toward protecting Social Security. In truth, it does nothing to strengthen Social Security.

The Republican plan would not provide even one additional dollar to pay benefits to future retirees. It would not extend the life of the Trust Fund by one more day. It merely pledges to give to Social Security the dollars which already belong to Social Security under current law.

By contrast, by drawing on the surplus, President Clinton's proposed budget would contribute more than a trillion new dollars to Social Security over the next twenty years. Beginning in 2011, the Administration's plan would devote all of the savings which will result from debt reduction to the

Social Security Trust Fund. That step would extend the life of the Trust Fund by more than a generation, to beyond 2050.

In fact, the Republican plan does not even effectively guarantee that existing payroll tax revenues will be used to pay Social Security benefits. There are trap doors in the Republican "lockbox." A genuine "lockbox" would guarantee that those dollars would be in the Trust Fund when they are needed to pay benefits to future recipients. But that is not what the Republican plan does.

Our Republican friends claim that the enormous tax cuts they have proposed will have no impact on Social Security, because they are not using payroll tax revenues. On the contrary, the fact that the Republican budget commits every last dollar of the on-budget surplus to tax cuts does imperil Social Security.

First, revenue estimates projected ten years into the future are notoriously unreliable. As the Director of the Congressional Budget Office candidly acknowledged:

> Ten year budget projections are highly uncertain. In the space of only six months, CBO's estimate of the cumulative surplus has increased by nearly $300 billion. Further changes of that or a greater magnitude are likely—in either direction—as a result of economic fluctuations, administrative and judicial actions, and other developments.

Despite this warning, the Republican tax cut leaves no margin for error. If we commit the entire surplus to tax cuts and the full surplus does not materialize, Social Security revenues will be required to cover the shortfall in tax cuts.

Second, even if the projected surplus does materialize, the cost of the Republican budget exceeds the surplus in five of the next ten years—2005, 2006, 2007, 2008 and 2009. Unless the Republican proposal is restructured, Social Security revenues will be required to cover the shortfall in each of those years.

Third, the Republican tax cut leaves no funds to pay for emergency spending, which has averaged $9 billion a year in recent years. Over the next decade, we are likely to need approximately $90 billion to cover emergency needs. That money has to come from somewhere. With the entire surplus spent on tax cuts, the Social Security Trust Fund will have to fund these emergency costs as well.

These three threats to Social Security that I have described are very real. They expose the fundamental flaws that prevent the Republican "lockbox" from being a genuine lockbox for Social Security.

In addition, there is an even greater threat to Social Security in the outyears. Under the President's plan, the Social Security Trust Fund would receive 543 billion new dollars from the surplus between 2011 and 2014, and it would receive an additional $189 billion each year after that. The Republican tax cut will make the President's plan impossible to carry out. The cost of their tax cut proposal mushrooms to over $2 trillion between 2010 and 2019. It will consume all of the surplus dollars which were intended for Social Security. There will be nothing left for Social Security. As a result, no new dollars will flow into the Trust Fund, and the future of Social Security will remain in serious doubt.

MEDICARE

The failures of the Republican plan to preserve and strengthen Medicare is just as serious. Today, Medicare is a lifeline for the 40 million elderly and disabled citizens who depend on it for health care. It is an essential part of our health care system. It allows families to save to send a child to college, instead of saving to send a parent to the hospital. It fulfills its founding promise, in which everyone pays in to Medicare during their working years, and everyone benefits from good health care during retirement.

The Republican budget threatens to destroy Medicare by putting it on a starvation diet. Instead of protecting Medicare in anticipation of the largest demographic challenge in its history, the Republican budget sacrifices Medicare on the altar of tax breaks for the rich. There is not one additional dime for Medicare in the Republican budget, although that budget contains nearly $800 billion in tax breaks that disproportionately benefit the wealthy.

Make no mistake. This budget will determine whether we keep the medical care in Medicare. This budget will determine whether Medicare will continue strong and continue to guarantee the protections that are so essential for senior citizens in the years ahead.

Unfortunately, the pending bill falls unacceptably short of reaching these important goals. It is, in fact, a thinly-veiled assault on Medicare and an affront to every senior citizen who has earned the right to affordable health care by a lifetime of hard work. It is a bill that says $800 billion of new tax breaks for the rich are more important than preserving Medicare for our senior citizens.

The top priority for the American people is to protect both Social Security and Medicare. But this budget puts tax breaks for the rich first, and Medicare and Social Security last.

Our proposal says: save Social Security and Medicare by devoting all of the Social Security surplus to Social Security, and by reserving one-third of the on-budget surplus for Medicare. It says: extend the solvency of the Medicare Trust Fund, not by raiding Social Security but by assuring that some of the benefits of our booming economy are used to preserve, protect, and strengthen Medicare. It says that we should modernize Medicare to ensure that all senior citizens have access to affordable medications.

Some of the other side contend that we should not provide additional funds for Medicare. They say we should look for additional ways to reduce Medicare spending. But Medicare spending growth is at an all-time low. In fact, evidence is mounting that Congress has already cut too much from Medicare in the drive to balance the budget in 1997.

While Democrats and Republicans have different opinions about how best to reform Medicare, one fact remains clear: Starting in 2010, the retirement of the baby boom generation will begin in earnest. Without a significant investment now to prepare Medicare for the financial demands of that era, the only options will be to dramatically cut benefits or raise taxes.

According to the most recent projections of the Medicare Trustees, if we do nothing, keeping Medicare solvent for the next 25 years will require benefit cuts of almost 11%—massive cuts of hundreds of billions of dollars—or double-digit payroll tax increases. Keeping Medicare solvent for the next 50 years will require cuts of 25%—or even larger payroll tax increases.

Under the guise of reform, some argue that we should reduce our obligation to support guaranteed benefits. They favor proposals to privatize Medicare, or turn it into little more than a voucher program—leaving senior citizens to the tender mercy of profiteering private insurance companies. Nothing could be more devastating for America's elderly—today and in the future.

We have a clear opportunity to protect Medicare. All we have to do is reserve a fair share of the surplus for Medicare. But instead of protecting Medicare, the pending bill uses $800 billion of the surplus to pay for new tax breaks. You don't need a degree in higher mathematics to understand what is going on here. This Republican plan is Medicare malpractice.

Every senior citizen knows—and their children and grandchildren know, too—that the elderly cannot afford cuts in Medicare. They are already stretched to the limit—and often beyond the limit—to purchase the health care they need.

Because of gaps in Medicare and rising health cost, Medicare now covers only about 50% of the health bills of senior citizens. On average, senior citizens spend 19% of their limited incomes to purchase the health care they need—almost as large a proportion as they had to pay before Medicare was enacted a generation ago. Many low-income senior citizens have to pay even more as a proportion of their income.

By 2025, if we do nothing, the proportion of out-of-pocket spending devoted to health care expenses will rise to 29%. Too often, even with today's Medicare benefits, senior citizens have to choose between putting food on the table, paying the rent, or purchasing the health care they need.

The typical Medicare beneficiary is a widow, seventy-six years old, with an annual income of $10,000. She has one or more chronic illnesses. She is a mother and a grandmother. Yet this budget would cut her Medicare benefits in order to pay for new tax breaks for the wealthy. These are women who will be unable to see their doctor, who will go without needed prescription drugs, or without meals or heat, so that wealthy Americans earning hundreds of thousands of dollars a year can have tens of thousands of dollars more a year in additional tax breaks.

This is the wrong priority for spending our hard-earned surplus—and the wrong priority for America. And the American people know it.

As we debate these issues this week, the response of our opponents is predictable. They deny that they have any plans to cut Medicare. But the American people will not be fooled. They know that our plan and the President's plan will put Medicare on a sound financial basis for the next generation—without benefit cuts, without tax increases, without raising the retirement age, and without privatizing Medicare.

In this debate, we intend to offer Senators a chance to vote on whether they are sincere about protecting both Medicare and Social Security.

Our opponents are already trying to confuse the issue. They say that it is wrong to put the surplus into Medicare.

The workers of this country are the ones who have earned this surplus—and they want to use it to preserve and protect Social Security and Medicare, not use it for new tax breaks for the wealthiest Americans.

Our opponents say that our proposal just puts new I.O.U.s into the Trust Fund. Let's be very clear. There are two ways to restore Medicare's financial stability. One way is to cut benefits. The other way is to provide new resources. Our proposal puts new resources in the Medicare Trust Fund. It takes funds that would otherwise be used for a tax cut for the wealthy, and uses them instead to maintain the health protection the elderly need and deserve—and have earned. In terms of its effect on Medicare, it is no different from depositing payroll tax receipts in the Trust Fund, as we do today.

Those on the other side of the aisle have tried to conceal their neglect of Medicare. They say that their plan does not cut Medicare. That may be true in a narrow, legalistic sense—but it is fundamentally false in every way that counts.

Between now and 2025, Medicare has a shortfall of almost $1 trillion. If we do nothing to address that shortfall, we are imposing almost $1 trillion in Medicare cuts, just as surely as if we said so directly in the text of the legislation. No amount of rhetoric can conceal this fundamental fact. The authors of the pending bill had a choice between supporting Medicare or slashing Medicare—and they chose to slash Medicare.

A vote for our alternative is a clear statement that Congress should preserve and protect Medicare for today's elderly and their children and grandchildren. Rejection of our alternative is an equally clear statement—in favor of new tax cuts for the rich, paid for by harsh and unacceptable cuts in Medicare.

In 1935, when President Franklin Delano Roosevelt signed the Social Security Act, he said it was "a cornerstone in a structure which is being built but is by no means complete."

The creation of Medicare 30 years later added significantly to that structure. On the threshold of a new century, the time has come to add again to that structure.

We can modernize Medicare and prepare for the 21st century—the century of life sciences. We can prepare for the massive influx of retirees from the baby boom generation, if we devote the resources needed to do so. The surplus was generated in part by Medicare savings, and it is only right that a responsible portion be invested in modernizing and strengthening the Medicare.

We know how the American people want us to vote. Congress should listen to their voice. The opponents of Medicare were wrong in 1965, and they are wrong in 1999.

The PRESIDING OFFICER. Who yields time?

The Senator from Michigan.

Mr. ABRAHAM. Mr. President, I yield 10 minutes to the Senator from Missouri.

The PRESIDING OFFICER. The Chair recognizes the Senator from Missouri.

Mr. ASHCROFT. Mr. President, thank you very much. I thank the Senator from Michigan.

Mr. President, it would be amusing, if it weren't tragic, to hear the representations made by those on the other side of the aisle that the Republicans are indifferent to our senior citizens and to Medicare, or indifferent to Social Security.

Let us not forget the Social Security lockbox is a Republican concept.

They come to us saying how aggressively they are supporting what happened in the House. It is about time they started to support a lockbox of some sort. They filibustered that at least six times previously to keep it from being here. It is time we have a lockbox.

We enacted a credible lockbox to protect Social Security so our seniors won't be jeopardized by a reckless sort of effort to spend.

There is real distress on the part of our colleagues on the Democrat side of this Chamber who are afraid we are not going to leave enough money to spend. Their spending habit is hard to break.

But I think we ought to understand the American people are paying in over the next 10 years $3.3 trillion of surplus, and they don't want to buy that much more government. They want some change to go to the store.

You by a gallon of milk, and you give them 10 bucks. You don't expect them to start adding other items to your order to fill up what you could have bought with your 10 bucks. You expect to get your money back when you pay in a surplus, and the American people should do that.

They suggested we don't have any money to deal with a Medicare problem. It is pretty clear we have $505 billion available to deal with Medicare, if we choose to, over the next 10 years.

Just for example, the President said he could fix it for $48 billion. And $505 billion is 10 times that much. But I don't recommend that we allocate a specific amount to fix Medicare before we have decided how to reform Medicare.

The Senator from Tennessee eloquently stated the position of the Comptroller General of the United States, our sort of auditor, the person who looks at things and asks: How are you doing? Is this reasonable? Does it make sense?

He indicates that just pouring more money into a system that is broken—well, you know, if you just step on the gas in a car that is going in the wrong direction, it doesn't get you to your destination any more quickly. The key is to reform Medicare and have a resource available when you reform it. That is the Republican plan.

Are we being irresponsible by taking 23.8 cents out of every surplus dollar and saying to the American people who earned it that we are going to return it?

There is an old slogan in Washington. "You send it; we spend it."

People are a little tired of that.

We have the highest tax rate in the history of the country. Even State and local rates are higher in many cases caused by our mandates on State and local government.

We have a $3.3 trillion surplus, and someone says we should save tax cuts for when it is the right time for tax cuts as if the timing is contingent on the Government.

I tell you. It is the American people's money. Their timing ought to be considered.

I think the American families need resources to do for themselves now, that they should have the money to do it for themselves, and not have to rely on government. We should make that choice.

I rise to say that this business about us not having a regard for Medicare should be dismissed.

We want to reform Medicare. We don't want to pour more resources into a bucket, the bottom of which is like a sieve.

Sure. We will do what we can to sustain the system. It is sustainable, according to the most recent data, until the year 2014. It is good. But we shouldn't decide to just pour money into that system. We should reform it.

There was a bipartisan commission led by Senator BREAUX that would have reformed it. The proposed reform led by Senator BREAUX wasn't to take a lot of money. As a matter of fact, it was to save money.

We are willing to make resources available. But the idea that somehow we have to lock up $300 billion in order to make possible a reform of the system when the $300 billion will keep people from wanting to reform it, and just wanting to spend what is there is not the way to handle the problem.

The chairman of the bipartisan commission, Senator BREAUX, I don't believe supported that provision when it was before the Finance Committee. I don't think we should support it now.

But it is time for us to say to the American people what we said in our budget process, what the Senate voted, I believe, 99–0 to do; and that is to lock up the Social Security surplus.

It is a program which we promised to the American people. It is a program that can go forward. We ought to have that resource available to them. We agreed on that. The House agreed on that.

Talk about the House agreement on the other side of the aisle, yes. This is what the House agreed to—lock up Social Security. I think that is what we ought to do.

We expect to have $2 trillion in Social Security surpluses over the next 10 years. We ought to make sure we don't spend it on anything else. That is the Republican plan. It ought to be the Republican plan. It is the Democrat plan, and the President's plan. The President agreed to it. He said we needed a durable lockbox, "period." He didn't say a lockbox for Social Security and add Medicare. The President didn't say that. He said we need a Social Security lockbox, period. The "period" was his language, not mine. It is not some Republican plot. The President said it. The House of Representatives said it. The Republican Senate has been asking for it, filibustered on the other side of the aisle time after time after time after time after time after time, and now trying to keep us from doing it again.

I think we need to make sure we honor and respect the retirement security of individuals who expect us to protect Social Security.

Having done that, and we find out there is roughly half of the next 10 years' surplus that is not earmarked for Social Security and it is not paid in for Social Security, that money could be divided between tax relief and resources for contingencies that come up in this body, or to the United States Congress. That is why we planned $792 billion in tax relief.

Some say: Is that too much? Is it too little? It is 23-plus percent of the total surplus.

The lion's share of the total surplus should go right into this lockbox. This proposal that Senator DOMENICI, Senator ABRAHAM, I, and other Senators have been talking about, taking Social Security money and earmarking it for Social Security benefits alone, and then reserving the $505 billion that is available in addition to that for future contingencies and needs including, if necessary, transitional costs for reform in Medicare. The Senator from Tennessee eloquently related comments by the Comptroller General of the United States.

This is a resource we now have that we do not have a right to keep, in my judgment. The American people have overpaid their taxes. Like a shopkeeper, who has a responsibility to give back change when they are paid too much for an ordered item, rather than trying to foist off an extra gallon of milk, another ham or another box of cereal, another box of nails or hammer if you are at the hardware store, when a person has paid more for the item than requested, they get their money returned.

Return the money to the American people. The American people earned this money. This is not money that came from Government. This is not from the magic of the Congress. This is not from the creativity of the President. This isn't the product of the bureaucracy. This is the product of the hard work of American families. In many families, both parents work. In some families, both parents are working two jobs or extra work. They have sacrificed and sweat. It is their money.

We have to make a decision. Are we going to fund families in this country or are we going to let fund bureaucracy? Are we going to let families have an opportunity to spend the resources which they have created? We must. In order for them to be confident about the fact we are not giving away the future, make clear that the President has said we need what the House of Representatives voted 416–12 in favor of, and that is a lockbox to protect Social Security.

With that in mind, I say we have a responsibility to the American people to put the Social Security proceeds in the lockbox, to have a prudent approach to the rest of the expenses. Say to the American people with that $800 billion over the next 10 years: You earned it; we returned it. Let's end this idea of: You send it; we spend it. Our desire and appetite should not be unlimited.

I thank the Chair for this opportunity to support the concept of a lockbox.

I reserve the remainder of my time.

Mr. ENZI. Mr. President, I rise in support of Senator ABRAHAM's Social Security lockbox amendment to the Taxpayer Refund Act. This is the third time the Senate has considered this language and I believe it is appropriate that we take up this matter during the debate on the returning the non-Social Security surplus for tax cuts. This amendment should put an end once and for all to the rhetoric about raiding the Social Security trust fund to provide tax cuts. By passing this amendment, the Social Security surplus will be protected.

Congress has the responsibility to create a firewall between the Social Security surplus and the discretionary surplus to ensure that we can meet the future needs of retirees. The Social Security surplus is spoken for and Congress must take steps to ensure that the money is protected and ready for the future.

The source of the surplus is a rising inflow of Social Security payroll taxes. This is money that comes out of the paycheck of every working American who has been paying into the system and we deserve to give them some assurance that the money will be there when they retire. Under the current budget rules, this revenue is treated like revenue from another source—it is put into the general fund and then spent. The lockbox would capture the difference between the inflows to the Social Security trust fund and the payment of benefits to current retirees—reserving it for the Social Security program and helping to guarantee benefits for future retirees.

The amendment that we are debating tonight also prohibits transfers between the general fund and Social Security. That is an important provision, it prevents the president and Congress from playing hide the ball and shifting money from the Social Security trust fund to the general fund and replacing that money with IOUs. An IOU in the Social Security Trust Fund is an obligation of the United States Government, it is a debt that we must pay back. Where is that money going to come from? We cannot repay an IOU with an IOU. We must hold on the Social Security surplus in a budgetary lockbox and protect it.

The Social Security lockbox will also protect the Social Security surplus from wasteful spending and ensure that the money will be there to fulfill future obligations. Just as corporations are prohibited from spending their pension funds on regular business expenses, Congress should have the same restrictions on the Social Security surplus. If company executives handled pension funds like the current use of Social Security the executives would be in jail. The temptation to go back to the old tax and spending ways is too great if Congress has access to a growing pot of money. Congress must not go back to the old spending rules. Just because we have a surplus does not mean hat the battle has been won. It means that we must continue to be watchful and ensure that the surplus is used wisely.

One of the attacks we have heard from the White House and the Democrats is that the we should not refund American's hard-earned money to them because we still have an enormous federal debt. I find this argument astonishing given the spending appetites of many on the other side of the aisle. There is nothing quite like a good tax cut to turn a tax-and-spender into a deficit hawk. While I fear this interest in retiring the national debt may be short-lived metamorphosis, I welcome the interest of my colleagues from the other side of the aisle in fiscal responsibility. In fact, I would invite them to join me as a cosponsor of Senator ALLARD's bill to retire the entire national debt over a 30-year period. I believe that debt reduction is consistent with a tax cut. We need to pay off our debt obligations and trim the allowance of the federal government by returning some of the taxpayers overpayment to them.

The lock-box amendment furthers this goal of debt reduction. This amendment includes higher debt reduction provisions than previous lock-box proposals. As the surplus has continued to grow Senator ABRAHAM has moved the bar higher. The amendment requires more debt reduction as the surplus grows and I believe the American people expect that. Debt reduction creates a ripple effect throughout the economy in the form of lower interest rates for home mortgages or car loans or student loans.

The time has come for the White House and my colleagues on the other side of the aisle to finally provide protection for the Social Security program. Congress must not continue to pay lip service to the concept of preserving the Social Security surplus. We must take the bold steps necessary to ensure that the program is around for the long term. We must not use long term funds to satisfy short term wishes. I urge may colleagues to join me in supporting this important in the Taxpayer Refund Act of 1999.

I thank the Chair and yield the floor.

Mr. BAUCUS. Mr. President, I yield myself 5 minutes.

Mr. President, a couple of points. I heard my good friend, the Senator from Missouri say, as has often been stated, they are using only 23 percent of the surplus for tax reduction.

I think it is important to get the facts out so the American public can decide what the truth is. The fact is, about $3 trillion is projected over the next 10 years. Mr. President, $2 trillion off-budget, Social Security surplus; $1 trillion on-budget surplus. No one disputes that.

We also agree that the roughly $2 trillion generated by the payroll tax, the off-budget surplus, should be reserved for Social Security. We all agree to that. What is in dispute is the $1 trillion remaining on-budget surplus.

The Republican tax cut essentially uses it all, roughly $800 billion, plus the interest expense added on because the tax cut will increase interest, which amounts to a 97-percent tax cut of the on-budget surplus.

So that we have our facts straight, it is roughly 25 percent of the total, if we include the $2 trillion for Social Security that we all agree to protect. What is in dispute is how much of the $1 trillion on budget is used for a tax cut. The answer to that is about 97 percent, including the interest. If interest is not included, maybe about 60 or 70 percent of the surplus is used for a tax cut.

Decide which numbers to use. Those are the facts. I will not stand here and say it is necessarily 97 percent or it is necessarily 23 percent. I think people should recognize what the truth is.

I have a couple of points. This is about choices. Either we choose to set aside one-third of the on-budget surplus for Medicare for seniors, or we don't. That is the choice. That is the choice we have between the two lockbox amendments. One says lockbox Social Security only; the other says lockbox Social Security and Medicare. We believe the proper choice is to protect Medicare.

There is a deeper choice I want to talk about for a moment. It is a choice that many senior citizens in our country make each day. Do they choose to use their income to pay for drugs or do they choose their income for food, to pay the rent, or to pay for the bus? That is the choice that many senior citizens make each day.

About 16 million Americans are faced with that choice a day. That is, 16 million Americans rely solely on Social Security for their income. About 30 percent of American senior citizens rely solely on Social Security for their income, which comes out to about $750 a month. Seniors with a total income of about $750 a month have to make choices. Choose for drugs, choose to pay the rent, choose to pay the food bill, the bus, taxi service—those are the choices. They have to decide which among the choices to make.

We are saying let's help the seniors with that choice. Let's help seniors pay the drug bill. Let's help seniors pay a little more of the doctor bill. If there is anything that obsesses senior citizens, it is their health.

I will never forget when I was walking across Montana campaigning for Congress 24 years ago, I was walking toward Butte, MT, near Elk Park. I was walking down the highway, and I could see perpendicular to me an older fellow hunched up way off in the distance walking toward his mailbox. I could tell we were going to meet at the mailbox. I had my brochure in my pocket in my campaign for Congress. Sure enough, we met at the mailbox. I pulled out my brochure and said: Sir, I am Max BAUCUS. I am running for Congress. Is there anything on your mind you want to talk about? Anything that is really bothering you that you want to talk about?

He said: Oh, nothing except the perplexities of health.

It is certainly true for seniors, and he very much was a senior citizen.

In summation, this is about choices. I think the choice is for Medicare, not against Medicare. The choice is also to help those senior citizens pay for their medical benefits. I hope Senators choose for seniors.

I yield back the remainder of my time.

The PRESIDING OFFICER. The Chair recognizes the Senator from Michigan.

Mr. ABRAHAM. How much time remains?

The PRESIDING OFFICER. Seven minutes twenty-three seconds.

Mr. ABRAHAM. I will not use all that time.

First, I thank the manager of the bill, Senator ROTH, for his patience and the support tonight in this debate. I thank all the Senators who have spoken on our side, to argue, once again, for the Social Security lockbox. We have been doing this now for almost 3 months. I assure our colleagues will continue to do this as long as we have to.

I suspect again tomorrow procedural impediments will be placed in the way of our efforts to try to protect the Social Security surplus, even as everyone in this place makes at least verbal assertions that they want to protect that surplus.

But we will keep trying. Whether or not we have 60 votes tomorrow, we are going to continue this battle until it is won. Every single Member of the Senate, I think, hears from their constituents what this Senator hears when I am back in Michigan; an ongoing and ever increasing level of frustration that our seniors, as well as almost anybody who pays money into the Social Security fund, has with the notion that we spend those dollars on anything other than Social Security.

We have tried to make this a simple issue from the very beginning. We have tried various forms of this lockbox. We have offered different types of amendments to try to address concerns that have been raised. Each time, procedural roadblocks have been placed in our way. My understanding and expectation is that they will be placed in our way again tomorrow. But the bottom line is that—and I agree with the Senator from Montana—that Republicans do want to cut taxes more than Democrats. There is not much disagreement about that around here. That, I believe, reflects a clear distinction between us.

And we Republicans want to protect Social Security with a tough lockbox, the very lockbox that has frequently been criticized tonight because it is so tough.

The question is, where is the beef? The answer is in our lockbox. It is so tough that in fact we have been criticized for making it too tough. That is where it is. It is in the teeth we have put in the lockbox.

We are going to try again tomorrow. We are going to try tomorrow to pass this lockbox proposal in a form that will absolutely guarantee that Social Security money sent to Washington by people who pay payroll taxes is protected from any spending of any kind.

The budget that has been offered by the President is a budget that actually spends over one trillion new dollars of that surplus over the next 10 years. We say those choices, as to how that surplus ought to be spent, should reside in the hands of the people who earned the money and paid the taxes and sent them to Washington. We say take all the Social Security money, protect it in a tough lockbox, and then let's return 25 cents out of every surplus dollar to the men and women in our country who earned those dollars in the first place.

As I have tried to indicate tonight, we have endeavored, on six previous occasions, to try to pass this lockbox. In each case procedural impediments have been placed in our way to prevent it from happening. We would just like to have a chance to have an up-or-down vote. If we have 50-plus votes, then we will have a Social Security lockbox. Hopefully we will get that chance.

Mr. BAUCUS. May I ask the Senator a very gentlemanly, civil question?

Mr. ABRAHAM. The Senator from Michigan, the lead sponsor of this, has very little time left.

The PRESIDING OFFICER (Mrs. HUTCHISON). Does the Senator from Michigan yield?

Mr. BAUCUS. I ask the Senator whether he would agree to the lockbox the House passed?

Mr. ABRAHAM. Let me say this. We have offered that to the Senate to be considered. One of the cloture votes which was offered was on the House lockbox when they passed it. And once again, on party lines, we came to the well of the Senate and our effort to pass that bill was prevented.

All I am saying is we would like to have a final up-or-down vote on this. That is what we are asking for.

Mr. BAUCUS. Madam President, one more brief question?

Mr. ABRAHAM. I am going take back my time actually, Madam President. I am the only person who has been on the floor tonight who has not spoken. The Senator from Montana had two opportunities to speak. I refrained because we had so many speakers on our side. I would like to summarize. I have a feeling the debate is not over on this topic and we will have other opportunities.

I just want to say we brought up the House lockbox on the floor. It was prevented from moving forward. We brought up the tougher version, the Senate version we are offering tonight. We have not had a chance, because of procedural impediments, to vote on it. One proposal I hope might be followed up on is a simple one. Tomorrow maybe neither side should impose procedural impediments, and if one or the other version of this gets a majority of votes in the Senate, then let's move it forward. I suspect that will not happen. I am not going to ask anybody to answer that tonight. But tomorrow I may make a pitch and an appeal to our colleagues to let each side have their vote. If one or the other of these lockboxes gets 51 votes, let's move it forward. Let's give the American people what they want. That is a lockbox to protect Social Security.

Madam President, to me that makes sense. To me it certainly is consistent with what voters in our States want, what people who pay payroll taxes want. It is overdue.

This Senator will come back, if he has to, time after time, well into the night if we have to, to make this case. But it is a simple one—are we or are we not going to really protect the Social Security dollars, that are sent to Washington, from being spent on anything other than Social Security? I say we should. I think we should use a tough lockbox to make sure that happens. We have a chance tomorrow to vote on these two lockbox proposals. I say, if one of them gets 50 votes, that ought to be good enough, if it is true we all want a lockbox. If it is not true, then we will be back again as we have been over the last 3 months, endeavoring to find a way to finally get the American people that which they want.

But, in closing, as we examine this issue, as we consider the next 10 years, if we are really going to have, as current projections indicate, almost $2 trillion in Social Security surpluses, and if we do not do something soon to protect this with a lockbox, those dollars are going to start to be spent. There will be great arguments made for cutting into portions of it this year and the same will happen next year, as has been happening for so many years already. This Senator is doing everything he can to try to make sure those efforts to take money out of the Social Security trust funds for other programs do not happen any longer.

All this debate which has gone on for 3 months has done nothing more than delay and keep open the possibility that Social Security money would be spent on other things. I do not believe we should let that happen. I think we should pass a lockbox tomorrow. If somebody gets 50 votes for their proposal, then my recommendation is we should not use any procedural impediments to prevent that proposal from happening. The President says he wants it. Even the House has passed a version, not the one we are offering, but they passed one nonetheless. So let's go forward. If somebody gets 50 percent let's move this issue out of the Senate and on towards final completion.

I gather my time is up, and I appreciate the debate that has happened this evening.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Madam President, I suggest the absence of a quorum, and in so doing state to my colleagues the next amendment will be offered by the Senator from Florida. He will be here momentarily.

The PRESIDING OFFICER. The clerk will call the roll.

The Legislative assistant proceeded to call the roll.

Mr. GRAHAM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ENZI). Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. GRAHAM. Mr. President, I ask unanimous consent that Alison Egan and Patricia Daugherty of the Finance Committee be granted the privilege of the floor during pendency of S. 1429, a bill to provide for reconciliation pursuant to section 104 of the Concurrent Resolution on the Budget for the Fiscal Year 2000.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair recognizes the Senator from Virginia.

Mr. ROBB. I thank the Chair.

AMENDMENT NO. 1401

(Purpose: To delay the effective dates of the provisions of, and amendments made by, the Act until the long-term solvency of Social Security and Medicare programs is ensured)

Mr. ROBB. Mr. President, I send an amendment to the desk and ask that we consider it for debate at this time and that the vote occur on this amendment at the time previously designated under the unanimous consent agreement.

The PRESIDING OFFICER. Without objection, the clerk will report.

The legislative clerk read as follows:

The Senator from Virginia [Mr. ROBB], for himself, Mr. GRAHAM, Mr. ROCKEFELLER, Ms. MIKULSKI, Mrs. MURRAY, and Mr. BRYAN, proposes an amendment numbered 1401.

Mr. ROBB. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end add the following:

TITLE XVI—DELAY IN EFFECTIVE DATE

Notwithstanding any other provision of, or amendment made by, this Act, no such provision or amendment shall take effect until legislation has been enacted that extends the solvency of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund under section 201 of the Social Security Act through 2075 and the Federal Hospital Insurance Trust Fund under part A of title XVIII of such Act through 2027.

Mr. ROBB. Mr. President, I am pleased to offer this particular amendment with my long-time friend and colleague from Florida, Senator GRAHAM, and others who join us. Both Senator GRAHAM and I served as Governors before coming to this body, and our views on fiscal matters are frequently very much in sync as they are on the amendment we offer this evening. Having served as executive officers of our States, we share a somewhat unique perspective, and it is from that particular unique perspective that we offer this amendment.

The amendment simply states that if it is the will of a majority of the Members of this body to enact the tax cut before us, let's at least accept responsibility for strengthening Social Security and Medicare first. In short, let's get our priorities straight.

We all understand the allure of tax cuts. I do not know many Americans who would not like to have a few extra dollars to spend on something, and I do not know many Americans who truly enjoy writing a check to the IRS. Most of us work hard to minimize legally what we have to pay to Uncle Sam to run our Government, and most of us can find areas where we would like to see Government spending cut or eliminated altogether. Sure, we like and, indeed, expect many of the services and protections Government offers, but we do not like to have to pay for them.

To enact a tax cut of this magnitude at this time when the economy is not in need of an economic stimulus, when we have not fixed Social Security, when we have not fixed Medicare, when we backload all of the tough decisions future Congresses will have to make to pay for the cuts, when we frontload only the politically popular promise of more than we are actually delivering, when we know that discretionary spending assumptions are unrealistic and unattainable, when we are already breaking the spending caps we have pledged to adhere to in the Balanced Budget Act we passed just 2 years ago, when we know defense spending is going to have to increase well beyond the current baseline, when we know that correcting a course of action will be far more difficult than anything we are bent on doing with this bill, Mr. President, I submit that to pass this bill at this time without this amendment would be ludicrous. It would be fiscally irresponsible in the extreme. It would be as fiscally irresponsible as anything Congress has contemplated during the 11 years I have served in this body, and we are doing it all in the face of a certain Presidential veto. Is it any wonder people lose faith in their Government?

Enacting massive tax cuts today before addressing the obligations we know we have tomorrow is reckless. Those who propose this approach are, in effect, buying political benefits by using our children's credit cards. We curry favor today and leave the bill for others to pay. A surplus is what is left over after we have met our obligations, and we will not know what our obligations are until we reform Social Security and Medicare.

I am pleased to offer this amendment with my distinguished colleague from Florida and many others who are acting as cosponsors. I say in the spirit of the amendment that we all have enormous respect for the chairman of the committee and the bipartisan effort that has preceded this particular point in the debate. But we are simply—I am simply unwilling—we are simply unwilling to accept the fact that we should move forward with the tax cuts before the surplus upon which those tax cuts are premised has actually materialized.

Mr. President, I yield the floor to my distinguished colleague from Florida.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Florida.

Mr. GRAHAM. Mr. President, the issue before us with this amendment is what is the proper order of consideration of the issues challenging our Nation? In the Bible it talks about the fact that there is a season for all things. There is a season to plant; there is a season to harvest. The question is, What is the season of America here in late July of 1999?

The position Senator ROBB and I and our cosponsors take is that the season is not for a massive tax cut until we have planted and harvested the seeds of a strengthened Social Security program and a strengthened Medicare program.

The bill that was reported by the Senate Finance Committee and its companion, which has already passed the House of Representatives, would cut taxes by approximately $800 billion over the next 10 years.

Some have claimed—and claimed on this floor earlier today —that a tax cut of $800 billion is the ideal way to usher in a new era of budget surpluses and to maintain the economic growth and prosperity through which we are currently living. I could not disagree more.

With all due respect to my colleagues, the tax cut jeopardizes the long-term solvency of two of the critical programs for millions of Americans—Social Security and Medicare—programs for which there is a solemn contract, a contract between the American Government and its people, a contract which is now in question.

There are a series of rather straightforward questions that lie at the heart of this debate: Do we live for today? Do we consume for today's satisfaction? Or do we plan, do we save, do we prepare for tomorrow? Do we support fiscal gluttony or fiscal discipline? The question our children might ask is, do we eat our dessert before or after spinach?

The amendment Senator ROBB offers delays the effective date of any tax cut until after legislation strengthening Social Security and Medicare has been enacted. This proposal, I suggest, is not dissimilar to the approach which has been proposed by the leadership in the House of Representatives. They have agreed that debt reduction, at least as measured by interest expense, should take priority over tax cuts. Under the House proposal, tax cuts are not made if interest payments do not decline.

Similarly, our amendment places the preservation of Social Security and Medicare as higher priorities than tax cuts. The amendment states that before any tax cut proposal can be implemented, Congress must pass, and the President must sign, legislation extending the solvency of Social Security three generations, or to the year 2075. The Congress must also pass, and the President must also sign, legislation that modernizes the Medicare program and extends the solvency of the hospitalization program within Medicare through the year 2027.

Unfortunately, the tax cut proposal on the Senate floor does not just delay our efforts to preserve these important programs for future generations; it brings these efforts to a screeching halt. The $800 billion tax cut in the plan before us represents over 80 percent of the projected non-Social Security surplus over the next 10 years.

I point to this chart, which indicates that through the combination of the tax breaks of $792 billion, and then the interest which we will have to pay—rather than as our budget has been calculated, those $792 billion would have been used to reduce the Federal debt—since that use will now be diverted to tax cuts, that means we will be required to pay out an additional $100 billion in interest during the next 10 years. With the combination of the lost interest savings associated with these tax cuts and the lost revenue from the tax cuts themselves, the surplus disappears completely, leaving no resources to strengthen Social Security or modernize Medicare for our Nation's older citizens.

Although we cannot accurately predict how the economy will perform over the next 10 years, we do know that demographic changes taking place in America will place a tremendous strain on Social Security and Medicare.

Our elderly population is growing quickly. Those seniors are living longer than ever before. As a result, Social Security is projected to run its first ever deficit in the year 2014.

It has been stated that all we have to do to save Social Security is to lock up the $1.9 trillion that will be derived by the Social Security surpluses in a lockbox, that we can wipe our hands of any further responsibility for the solvency of Social Security. As you well know, the fact is that that will only extend the Social Security solvency to approximately the year 2034. Yet our commitment is to preserve Social Security for three generations, not only to those who are the current beneficiaries, not only to those who will soon become beneficiaries but to their children and their grandchildren. A three-generational solvency for Social Security cannot be achieved through the singular step of investing all of the Social Security surplus into strengthening the Social Security trust fund.

Even worse than the challenge faced by Social Security is the challenge faced by Medicare. The twin pillars of security for older Americans—financial security through Social Security, health security through Medicare.

The trustees of the Medicare fund have reported that Part A, the hospital payments, already exceed the program's revenue and will do so in each of the next 15 years.

In addition, not only does the program have a serious financial problem, Medicare is an increasingly out-of-date program and one that fails to take advantage of the benefits of modern medical science. We have a program which is from the model year 1965 when we desperately need one worthy of the 21st century.

For example, we should increase the number of important preventive benefits available to Medicare. We should provide for programs such as hypertension, programs like glaucoma, for smoking cessation, for the management of hormones—all of which would extend the quality and the length of life, all of which are within the current extents of modern medicine. Yet the Medicare program does not provide those or many other of the important, proven preventative measures.

We need to support that preventive effort by extending Medicare to include a prescription drug benefit, which is not only an important part of treating chronic diseases but a critical part of maintaining the health of our older citizens.

Private health care plans long ago recognized that prescription drugs are a vital tool in efforts to save lives, improve health quality, and prevent and treat sickness and disease.

Medicare will not be relevant in the 21st century if it does not cover the treatments physicians use and patients require.

Yet the tax plan before us says nothing about preserving Social Security to the year 2075 or protecting and strengthening Medicare to the year 2027. Instead, it blindly devotes virtually all of the non-Social Security surplus to tax cuts without considering the larger budget issues, issues which hang over us like the sword of Damocles.

Despite a record economy, the best fiscal situation since the late 1960s, this tax bill passes on the hard choices, passes on the choices that are going to be important to our children and our grandchildren.

The deficit may be gone, but we are still operating under the same pass-the-buck-to-the-next-generation mentality that created it. Talk of an $800 billion tax cut versus a $500 billion tax cut versus a $250 billion tax cut, all of those miss the fundamental point. The fundamental point is, Congress should not pass any tax cut until we have strengthened Social Security by making it solvent for three generations. We should not pass any tax cut until we modernize Medicare by increasing the number of preventive benefits, incorporating a prescription drug benefit, and securing the program's fiscal health. Those should be our priorities.

When this amendment was introduced during last week's Finance Committee markup, it was defeated on a strict party-line vote. It is my hope that bipartisanship, common sense, respect for future generations of Americans will prevent a similar outcome on the Senate floor this week. But if it does not, I am very confident and, frankly, very proud that President Clinton has stated he will veto any tax cut proposal that does not put Social Security and Medicare first. He is in the fiscally responsible position, one that values wise preparation over instant gratification.

Now is the time to extend the life of Medicare and Social Security. Later, if our fiscal situation permits, it might be time to enact tax cuts. But my first priority, shared by Senator ROBB, is to my nine grandchildren and the other children of their generation. I hope my colleagues will join me in making this the priority of Congress as well.

I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I yield to the Senator from Tennessee such time as he may require.

The PRESIDING OFFICER. The Chair recognizes the Senator from Tennessee.

Mr. THOMPSON. I thank the Chair, and I thank Senator ROTH.

It must seem strange to those watching this debate that people on both sides who have the same interest come to such different conclusions about how to get where we both say we are trying to go.

There is no controversy with regard to the need to do something about Medicare and Social Security. We all know that. There is no controversy about the need to do something not just for ourselves but the next generation and the next generation after that. I think that is why many of us came to the Congress and to the Senate. We wanted to give back a little bit. We wanted to look forward. We wanted to do some of those tough things that maybe we thought anybody couldn't do and we could maybe come in for a little while and do that.

Yet here we are, with such diametrically different views as to what will accomplish that. That is what makes good debates, and we have heard a fine presentation with regard to this amendment. But I think it is totally shortsighted and misguided.

In the first place, let's not forget what we are about. We are about the question of whether or not we should have a tax cut with a projected $3 trillion surplus. Some people are suspicious of these projections. I am suspicious of most projections. We know it will not be exactly right. We just don't know which direction or how much. But this Congress gets together quite often and passes tax cuts. If a little farther down the road we have been proven to be incorrect with regard to our projection, it won't take us very long to come in here and raise additional revenues if they are needed. It happens all the time, in my opinion, whether they are needed or not.

On the other hand, if we spend an additional trillion dollars, as the President suggests, that is gone. If we add on additional entitlements without the ability to pay for it when our entitlements are eating us alive in terms of squeezing out spending for everything else, we will never reverse that process.

I fail to see the danger, the treacherous nature of a tax cut, because we can raise taxes anytime we want to. But right now on the table we have a $3 trillion projected surplus. It is really very simple. What do we do with that?

We say that actually less than 25 percent of it, a little over 23 cents on the dollar, should go back to the taxpayers. The rest of it goes to debt reduction, Social Security, whatever we choose to spend with regard to Medicare or any other items of preference on which we believe we need to spend money. And we can't tell that year to year.

Some people say we are cutting money from education and the environment and all that. It is not true. It is absolutely not true. We got together as a Congress with the President a couple of years ago and agreed to abide by some caps. That was the deal. We are trying to stay with that deal. After that deal runs out in 2002, we, as a Congress, can spend the money however we want to.

My personal opinion is, we need to put some more money into some things and we need to take some money out of things on which we are spending money. That is what Congress is all about. So this business that we are going to be cutting this program and cutting that program would lead someone watching us to believe that in our proposal we are slashing this and slashing that. That is what the President is going around and saying, and he is misleading people when he is doing that.

When we increase, we have certain constraints. There is no question about that. I make no apologies for it. I think it is a good thing. It is what we agreed to do. Even past that, we should have certain constraints. But within that framework, we have the ability to spend more money on some things and less money on others. That is as far as discretionary spending is concerned.

Now, with regard to Medicare and Social Security, the proposal before us basically takes our natural sentiment to be very concerned about Medicare and Social Security, because they are in trouble, and says let's hold everything off until we solve that problem. That sounds like a good idea, if this proposal that is before us right now would solve that problem. It would not. It would exacerbate the very problem we say we are trying to solve.

This amendment would say we can't have any tax cuts until we pass legislation that will make Medicare solvent to the year 2027 and make Social Security solvent to the year 2075. What is magic about those dates? What about the year after 2027? We have been talking about what is going to happen in the year 2030. We are going to have twice as many people over the age of 65 at 2030. Why would we want to make it solvent to the year 2027 when we are going to be right in the middle of crunch time?

There is no magic to these dates. Where these dates come from is the President of the United States. These are President Clinton's dates. These are the dates to which he says what he is doing will extend Medicare and Social Security. And they won't.

I think that most economists, most objective observers, the Comptroller General, the CBO, and everyone else who has taken a look at it basically acknowledged that. But it is suggested that we wait before we have any tax cuts until we agree on legislation that will solve these problems by those dates. Can you imagine that process? Can you imagine our agreeing on what legislation in effect accomplishes that?

I can tell my colleagues—and I think most observers I have read who have a job in looking at these things would conclude—that the President's proposal does not do that. What the President basically proposes—and he is able to say this with a straight face because it is so complicated; it is difficult to understand—is saying, okay, we have trouble with Medicare and Social Security. For the most part we have dedicated sources, FICA taxes, to take care of most of all that. But we have trouble with that now. So instead of disciplining ourselves, let's go to the general revenue, because we have some extra now, and instead of reforming Medicare and Social Security and doing those things that the Medicare Commission tried to do, instead of doing those things that some bipartisan Senators—the Senator from Virginia is on one bill that I am on—instead of doing those fundamental things to really solve Medicare and Social Security, let's just transfer some general revenues over into those items to serve as a temporary fix—in Medicare's case, until 2027.

I don't know what the idea is that we are supposed to do. I guess the idea is none of us will be around here to have to answer for it by 2028. But let's look at it individually. Since this amendment is predicated upon the President's proposal, I can only assume that it takes the position that the President's plan works and the President's plan will actually get us solvency by these dates.

But with regard to Social Security, I think both the majority leader and the Speaker of the House have reserved bill No. 1 on both sides for the President's Social Security bill, where he can submit his legislation that he says will effectuate his plan in order to save Social Security. It hasn't come yet because I think most people realize it is not a serious plan. It is a transfer of trillions of dollars of IOUs in the Social Security trust fund, the creation of a new debt that will constitute a burden on future taxpayers.

You talk about looking out for the future. This is not looking out for the future; this is not looking out for our children and our grandchildren, by transferring trillions of dollars in IOUs that will have to be redeemed some day. Then the President, of course, doesn't make these transfers until starting 2011 because that is outside the purview that we are looking at, and CBO and all these other commentators. So nobody is really able to evaluate it very effectively. And then it takes the money he says will come from all of this and he has the Government invest it. He has the U.S. Government invest it.

Chairman Greenspan says that is a terrible idea. When you get right down to it, after all is said and done, there are only three ways to solve this problem, in terms of Social Security: You have to increase taxes, you have to cut benefits, or you have to come up with a way that will produce more off the investments than are being made.

Now we have bipartisan legislation over here—the Senator from Virginia and I—on a bill that we think will do that. That is the only kind of thing that will do that. Transferring more general revenue funds—as I put it earlier, putting more water into a leaky bucket, when the hole in the bottom of the bucket is getting bigger every day—will only carry us so far, they think until 2027 on Medicare and 2075 on Social Security. It might. It might get us that far if we put enough general revenue funds in while we have a surplus. I assume it very well might get us to 2027.

So what. Don't we have an obligation past that? Don't we have an obligation to do something more fundamental? It doesn't take a genius to say you have some extra money, let's just pour it on top of a broken system, or, as one of our Members likes to say, putting more gasoline into an old run down, beat up, decrepit automobile doesn't change the nature of that automobile.

So the President's plan with regard to so-called saving Social Security is not a serious proposal. The President's own budget—the document that he submits, the "Analytical Perspectives of the Budget of the United States Government, Fiscal Year 2000"—says that:

> Under the proposals in the President's budget, the trust funds balances are estimated to increase by approximately 70 percent by the year 2004, raising to $2.8 trillion.

That is the part of the plan the President says will take Social Security out and keep it solvent until the year 2075. But the President's own folks continue:

> These balances are available to finance future benefit payments and other trust fund expenditures—but only in a bookkeeping sense. These funds are not set up to be pension funds, as are the funds of private pension plans. They do not consist of real economic assets that can be drawn down in the future to fund benefits. Instead, they are claims on the Treasury that, when redeemed, will have to be financed by raising taxes, borrowing from the public, or reducing benefits or other expenditures. The existence of large trust fund balances, therefore, does not, by itself, have any impact on the Government's ability to pay benefits.

It is a shell game. His own folks, in this thick document, basically tell it like it is. When you hear him talk about it, of course, it is a little bit different. It makes you believe it is real money and you are setting something aside, and so forth. It is not. The only way we can reform this problem, and the only way we are going to get our arms around it, is to increase FICA taxes. We don't want to do that. The working man is overburdened as it is today. Cut benefits. We don't want to do that, or come up with a system that is going to produce more revenue than the investment that our Social Security system has today, which is virtually nil. We can put a little part of it in the stock market, and even if the market crashed, unless we had unprecedented decades of low market, it would produce much more than what the Social Security system is producing today. Those are the only things we can do. I do not believe these other things are serious in the effect they would have.

Of course, again—and I mentioned it several times today—we are dependent upon the President's support, I guess, to pass a bill that will do these things when, on the other hand, he is doing everything he can to prevent reform. We had a bipartisan Medicare commission. We have these bipartisan bills. As far as the commission is concerned, the President did everything he could to defeat the recommendations there. Democrats and Republicans—and Senator BREAUX chaired that commission, a Democrat—worked together and came up with solutions. The President would not support it. He would rather have a temporary political issue than a long-term solution to this problem. That is very disappointing. Many of us who were critical of the President some time ago thought that in his last couple of years in office he might want to step forward and do this and leave that kind of legacy. He could have done that. It is a wasted opportunity, and I regret that.

So that is the Social Security plan, one that doesn't consist of real economic assets and will have to be financed by raising taxes borrowed from the public or reducing benefits.

What about Medicare? As I understand it, the President's proposal there basically transfers $327 billion from the general revenue. CBO takes a look at it and says it will make Medicare more solvent for several more years. It doesn't have a number on it. But this is what the professionals who look at this say about that. This is what CBO says about the President's Medicare financing. Again, is this the solution to the Medicare problems we have? Is this the reason why we can't have tax cuts because this is what we need to do? I don't think so. Listen:

> The President is proposing to augment Medicare's financing by making transfers from the general fund of the U.S. Treasury to the program's trust funds.

That sounds familiar—Social Security and Medicare.

> Consistent with the policy outlined in the President's budget for fiscal year 2000, CBO estimates that $288 billion would be transferred from the general fund to the Hospital Insurance trust funds over the next decade. That transfer would delay by several years the projected date on which the HI [Hospital Insurance] trust fund will become insolvent by committing future general revenues to the program. It would do nothing to address the underlying rapid growth in spending for Medicare that will eventually outrun the revenues dedicated to the program.

Just on borrowed time, headed toward a cliff.

This plan does nothing to fundamentally alter that.

The Comptroller General, talking about the President's proposal—again, this amendment is based upon the numbers, as I understand it—if I am wrong about that, I can be corrected. But they are the same numbers that the President has been using throughout his plan. The Comptroller General says:

> I feel that the greatest risk lies in extending the HI trust fund solvency while doing nothing to improve the program's long-term sustainability, or worse, in opting for changes that may aggravate the long-term financial outlook for the program.

What he is talking about is something that might not only not do any good in terms of a fundamental sense but will aggravate the problem. If we deceive ourselves into believing that by using general revenue moneys we are really doing something to solve the Social Security/Medicare problem, it will put off real reform and wind up hurting Social Security and Medicare. It encourages us to wait. We can't afford to wait for fundamental reform.

We have in excess of $500 billion in our proposal that can be spent for transition costs, Medicare, any other discretionary spending proposals that we as a Congress decide to spend it on. That is general revenue money, too. There is no question about that.

But, fundamentally, both sides have to come together on an agreement that this is not the sort of thing that is going to solve that problem. It has nothing to do with tax cuts. If we don't fundamentally solve the Social Security problem, a tax cut is going to be irrelevant. If we don't fund it, they are going to be irrelevant to that. It has nothing to do with that basic problem. By keeping the economy strong, cutting taxes for working people, letting them keep a little bit more of their own money, it doesn't directly benefit these programs but it helps the people whom these programs ultimately are designed to benefit.

In conclusion, basically we have no legislation before us and no proposal that would effectuate this amendment in terms of what kind of legislation are we talking about to reach these magic dates.

Second, the President's position, which I think these dates are based upon, is a flawed one for the reason that we have set out.

Lastly, not only is this not reform, but it goes against reform. So, indeed, we come full circle.

I agree with my colleagues that my heart is in the same place as theirs. I want to figure out a way for us to come together and really do something about Medicare and Social Security. I want to find a way to do something about not just ourselves up to 2027, or however long some of us might still be around here—not myself, but the next generation and the generation after that.

Let's look seriously and see whether or not this is the sort of thing that is going to get us there, or whether buckling down and doing the hard work, the hard, politically risky work—because if you use the words, you are running some kind of political risk—and not be diverted with false reasons as to why we shouldn't have a tax cut.

We have had more reasons in one day than you can shake a stick at as to why the world would come to an end if we had a tax cut. There is no good time for a tax cut for some people because a tax cut has more to do with than just dollars and cents; it has to do with the exercise of who is going to make decisions in this society. Money is power. Where the money lies is where the power lies. Is it going to be in the pockets of the American people, or is it going to be in our pockets?

Some say we have been a little bit too reticent ourselves because we say of the surplus dollar that only 25 percent or less should go into the American people's pockets. But to call that dangerous, to call that gluttonous, to call that selfish greatly exceeds the mark.

I urge the defeat of the amendment. Thank you, Mr. President.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ROBB. Mr. President, I thank you, and I thank the distinguished Senator from Tennessee for his comments. I think he is absolutely correct in that there is much that we agree upon. I would like to commend him for his effort to reach the bipartisan consensus that is going to be required if we are going to solve either challenge that we are discussing this evening.

Social Security will not be saved without a bipartisan effort, and it is going to require the hard, politically risky work that the Senator from Tennessee just alluded to. The same thing is true with saving Medicare. Those are not easy decisions. That is one of the principal reasons that we are suggesting we ought to address those tough questions first.

Let me suggest I understand in terms of the remarks made by the distinguished Senator from Tennessee that taking on something that is not on the table is effective. But we are not really defending all of the President's plan in this particular instance. We are using a couple of numbers that happen to coincide with the President's. But ours is much simpler and much more specific. We are talking about simply postponing this tax cut.

The Senator from Tennessee made the point that it might be difficult to actually achieve whatever is necessary for some actuary to come to the conclusion that we had in effect saved Social Security or that we had saved Medicare. I would not contest that assertion by the Senator from Tennessee.

But we are not saying you can never have a tax cut. We are saying only that we will not have this tax cut, this tax cut that we believe at this time is excessive. It may be that a time will come when tax cuts, particularly targeted tax cuts, are appropriate. I suggest to my friend from Tennessee that while the time may be difficult to envision in terms of major tax cuts, it seems to me a time that does not cry out for tax cuts is a time when the economy is not in need of the economic stimulus that would come with a tax cut.

The one thing that the Fed seems to suggest to us is that a tax cut could overheat the economy and would have consequences that we are trying to avoid at this particular time. But the bottom line is this: We are not suggesting anything but, hold up. We are saying in effect, What is the hurry? There is no compelling urgency to cut taxes, particularly when we are talking about a tax cut of this magnitude that can be addressed next year, or the year after, or whenever we find that we can afford to make that kind of a tax cut after meeting our obligations, such as protecting Social Security and Medicare.

That is all we are saying. We are only suggesting that, because of the magnitude of this particular bill, we ought to suspend this particular tax cut until we have achieved those objectives. I suggest that is a relatively modest restraint on our activities, but it is a fiscally responsible approach to take.

I have to tell the distinguished Senator from Tennessee that there are many on this side of the aisle at least who are not all that enamored with some of the suggestions that our brethren have made with respect to tax cuts at this time, and indeed we voted for the Democratic alternative only because it would substitute for the bill that is on the floor today.

But we are not against tax cuts altogether for all time. Indeed, there are some areas where we should provide cuts—the extending, for instance, of the R&D tax credits and others that we know we are going to do anyhow—it is something that would provide a sense of realism and would allow some certainty in terms of planning for those companies that are doing the cutting edge work, that make our economy strong, and that make us a leader in the global economy.

But we are just saying this tax cut is so big and so difficult to justify that we ought to at least hold up until we have, again to quote the distinguished Senator, "done the hard, politically risky work" to protect Social Security and Medicare.

Again, I commend the Senator because he is willing to engage. He is willing to roll up his sleeves and engage on a bipartisan basis in trying to make those tough decisions. I wish we could find more on both sides of the aisle who were willing to roll up their sleeves and work on these decisions.

The distinguished Senator from Florida and I are saying, let's simply not make this tax cut effective until we have solved those problems facing both Medicare and Social Security. I agree with the Senator from Tennessee, we are not solving these problems just by saving some of the surplus generated by Social Security. That does not bring about the systematic change we are going to need to have if we are going to solve the long-term solvency question with respect to Social Security. We are not doing that at this point with respect to Medicare. To that extent, I agree with the Senator.

We have the tougher decisions to make. We are saying let's not take advantage of a projected future surplus since that would, indeed, make all of the other decisions more difficult.

Another point where I differ with the Senator from Tennessee, he says it is always easy to come back and, in effect, reverse the decisions; if we cut taxes too deeply, we can turn around and raise taxes. With all due deference and respect, raising taxes is not easy to do. There are very few in this body on either side of the aisle who like to be tagged with either authoring or voting for a tax increase. That is the problem with tax cuts of this magnitude, particularly when they would be so difficult to reverse, and we splurge without making the tough decisions first. In the meantime the current surplus can be used for constructive, long-term debt reduction.

Lastly, I have been concerned about the focus on publicly held debt as opposed to the total debt. We used to be very much concerned about the total debt. I have told my friends from the White House and others who have focused on this, I think what we are doing to reduce the public debt is a good thing. However, the plan promises too much. We are really not reducing the total obligation we have simply by making the IOU a statutory obligation instead of having it part of the publicly held dealt. Reducing the publicly held debt does good things. It makes our financial future better. It means we don't have to go out and borrow on the markets. However, the same obligations we have with respect to Social Security now, with respect to Medicare now, are still there. We are simply transferring them to a different form so our financial picture looks a little better.

I suggest again this is a limited amendment. It is simply saying, what is the hurry with respect to huge tax cuts that may or may not materialize? Let's do the responsible thing. Let's do that hard, politically risky work of extending Social Security and Medicare solvency first. Then we can address the question of whether or not we provide additional tax cuts and what form and what magnitude they might take.

I yield the floor.

Mr. GRAHAM. Mr. President, in 1983 Alan Greenspan chaired a commission to study the state of Social Security. He began the deliberations of that commission with this admonition: Every member of the commission is entitled to their opinion. No member of the commission is entitled to their facts. We are going to work off a common base of facts and then from that common base arrive at an informed set of judgments.

What are some of the facts that drive this amendment? One, there is a tidal wave of Americans who will reach 65 and become beneficiaries under the Medicare program and the Social Security program beginning in the year 2010. That generation, the generation born immediately after World War II, will more than double the number of current beneficiaries in Social Security and Medicare. That is a fact.

Second, it is a fact that under the current financing in the year 2014, 4 years after that tidal wave begins to hit, Social Security will go negative. That is, it will begin to pay out more benefits than it will take in annually in revenues.

Third, it is a fact that even if we do as is suggested, put all of the Social Security surplus into strengthening the Social Security system primarily by paying down the national debt, even that step will only extend the solvency of Social Security to the year 2034. That happens to be a significant date for me because my youngest daughter will become 65 in the year 2034. I hope she might not necessarily be listening to my remarks, she would not be happy for me to remind her of that.

Fourth, it is a fact that Medicare is a program of the 1960s based on 1960s knowledge of medical science, 1960s concepts of how to provide insurance for health care. With a few exceptions, it is still a 1965 program. It is a program in which the trust funded portions—that is, those that relate to hospital services—is already in a negative position. It is a program which will crack under the weight of the beneficiaries who will begin drawing its services in the year 2010.

Finally, it is a fact that the longer we delay dealing with Social Security and Medicare, the more difficult the problem becomes. We may think we have eased our burden by delaying these hard decisions. We may have eased our burden because we may not be here. But the sooner we act for the benefit of all Americans, particularly those Americans who properly are anticipating the contract they have with their Government for the financial security of Social Security and the health security represented by Medicare, their problems, their challenges, grow daily more severe as we delay dealing with these fundamental issues.

I want to join my colleague, Senator ROBB, in saying much of what the Senator from Tennessee said was compelling. However, he asked a question:

Why is there a relationship between Social Security solvency, Medicare and its strengthening and solvency, and the tax cut? These are unrelated, disparate policy issues.

I beg to say I could not disagree more. There are two ways in which these issues are inextricably intertwined. One is fiscal. This chart indicates with the tax cut of $792 billion and the foregone interest savings of $141, the total cost to the treasury over the next 10 years of the plan before the Senate is $933 billion. If someone wishes to challenge those numbers, I stand silent and yield for them to do so.

I assume, thus, that we agree those are the right numbers.

With a total surplus from non-Social Security purposes—and we have already agreed we will put all the Social Security surplus into saving Social Security—that is $964 billion over 10 years, meaning the total amount that is left will be $32 billion over 10 years, or a little over $3 billion a year in order to do everything else that we may find needs to be done.

The fact is, once we have committed ourselves to this plan, there are no fiscal resources to either further strengthen Social Security to move beyond the year 2034, or to strengthen Medicare. So there is a fiscal relationship.

But beyond the fiscal Siamese twins of these issues, Social Security and Medicare, and this tax cut, is a political reality. There is nothing easier in politics, there is nothing that is less likely to get you a chapter in "Profiles In Courage," than cutting taxes. Everybody likes to cut taxes. That is the classic case of eating your political desert. The question is, Do you eat your desert before you have had to first eat your vegetables? That is what we are being asked to do by passing this tax cut before we have dealt with the vegetables of Social Security and Medicare.

One of the most responsible groups is a group which is now led by two of our colleagues, former Republican Senator from New Hampshire, Warren Rudman, and Democratic Senator from Georgia, Sam Nunn, the Concord Coalition. The Concord Coalition was one of the driving forces that has given us the opportunity to have this debate tonight about surpluses because they helped focus national attention on the rot we were suffering year after year because of the deficits and the mounting national debt.

What does the Concord Coalition advise us about the issue we face tonight? Mr. President, I ask unanimous consent to have printed in the RECORD immediately after my remarks, a statement released today, July 28, 1999, by the Concord Coalition.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 1.)

Mr. GRAHAM. This is the statement of the Concord Coalition. In conclusion it provides:

> The bottom line is that, at the moment, political leaders have no idea how to meet the long-term spending promises that have been made for Social Security and Medicare, and no idea how to meet the tough discretionary spending caps on which the baseline surplus is premised. Major tax cuts should await the resolution of these issues. If the politically hard choices are not made before the easy ones, there is a very real danger that we'll end up spending a surplus we don't really have.

Let me repeat:

> If the politically hard choices are not made before the easy ones, there is a very real danger that we'll end up spending a surplus we don't really have.

So those are why the issues of sequencing—what do we do first, where do we put our primary priorities—are central for the fiscal future of this country and the debate we have this week. I will briefly say why I think the proper order is Social Security and Medicare first.

First, the Social Security taxpayers and the Medicare taxpayers, through their payroll taxes, have created the totality of the surplus we have today. There is no other surplus than the Social Security surplus today, and there will only be a meager surplus beyond Social Security for the foreseeable future. So should not the people who created the surplus have some moral standing to be at the front of the line, not the back of the line, when we decide how to spend the surplus?

Second, a substantial amount of the non-Social Security surplus is going to be the result of the Social Security surplus being invested in paying down the debt held by the public and therefore relieving the National Government of enormous interest payments—that $2 trillion of Social Security surplus when it is fully committed to reducing the debt held by the public. Let us say the average interest on the debt of the Federal Government today is 6 percent. Mr. President, as a certified public accountant, what kind of interest savings do you get at 6 percent on $2 trillion? A very substantial amount of money. And that is a significant part of the non-Social Security surplus. Don't the people who are creating those interest savings deserve to be at the front of the line, not at the back of the line?

Third, we do have a solemn contract between the American Government and its people on these programs. If we think we should not have that contract, then I think someone should stand up and be candid and honest and say: Let's repeal the 1935 Social Security Act, let's repeal the 1965 Medicare Act, so there will not be any false expectations. We are going to abrogate these contracts.

I do not believe there is any Member of this Senate or the House of Representatives who would do so. Therefore, I believe we, as the trustees for the American people in these important programs, have an obligation to see that they can fulfill their expectations.

Finally, we are not suggesting, with the amendment that Senator ROBB and I have offered, what the resolution of this issue should be. There are probably a dozen or more good ideas in this Chamber as to how we should strengthen Social Security, how we should strengthen Medicare. What we are saying is there should be a performance standard. The performance standard, I say to the Senator from Tennessee, my good friend, is not one we stole from somebody else. We have been saying for many years that Social Security should be solvent for three generations.

When you apply that three-generational test to 1999, it happens to come out to the year 2075. If somebody has a different standard they believe Social Security solvency should be judged by, let them come forward and make the case. But I believe we should guarantee this program for current beneficiaries, their children—like my child who, in the year 2034, will start drawing her Social Security benefits and become eligible for Medicare. I am pleased to say that same daughter is now about to make us grandparents, Adele and myself. This will be our 10th grandchild. In November she will have a baby. So we are concerned about the new baby who will soon come into our family. I believe that is a concern all of us share who are or hope soon to be grandparents. So I believe in the three-generational standard, which has been the standard against which Medicare solvency has been historically judged, is a sound one and represents the intergenerational contract.

We are not suggesting how that contract should be fulfilled because there are many ways. But we are saying that is the standard against which all proposals should be judged. Similarly, with Medicare—that is a more difficult proposition because Medicare, unlike Social Security, is not totally funded out of a trust fund but rather a mixture of a trust fund for hospitalization and general revenue, plus premiums by the beneficiaries for the physicians' portion of Medicare. We are saying that, for the hospitalization plan, we should set as a standard the year 2027 for solvency of that trust fund.

Again, if someone wishes to argue for a different standard, that is certainly their prerogative. But we need to have a measurement. We need to have something like an external audit, some standard to which we can submit our proposals and have them evaluated as to whether they meet the test of the American people.

So what we are saying is let's maintain our options. Let us not place ourselves in a position where we are unable to achieve those standards of solvency for Social Security and Medicare. Once we have done that, we can declare hallelujah, and then we can proceed, if there are funds left after we have accomplished those purposes, to tax cuts or whatever else the Congress and the American people believe to be their priorities. But these are the first two priorities. There is both a moral and a legal obligation, and maybe most important, an obligation to our future, as seen in the faces of our children and grandchildren. It is to them that this amendment is directed.

I urge my colleagues to adopt the simple principle: Let's do first things first, and Social Security and Medicare solvency are the first two responsibilities of this Congress. I thank the Chair.

EXHIBIT 1

[From the Concord Coalition, July 28, 1999]

TAX CUTS SHOULD AWAIT HARD CHOICES ON SPENDING

WASHINGTON.—With the House and Senate headed toward passage of a $792 billion, 10-year tax cut, The Concord Coalition today challenged Congress and the President to make the hard choices on discretionary and entitlement spending before enacting a major tax cut.

"Cutting taxes in anticipation of spending cuts that have not been made, and may never be made, is a recipe for the return of chronic annual budget deficits," said Policy Director Robert Bixby. The Concord Coalition pointed out that Congress and the President have yet to agree on several key spending issues, including:

Discretionary caps—The Congressional Budget Office (CBO) baseline assumes that the discretionary spending caps will be complied with through 2002. It is increasingly clear, however, that this goal will not be met. Spending will exceed the caps either explicitly or by stealth through the emergency loophole. The projected baseline surplus varies by hundreds of billions of dollars depending upon the path of discretionary spending. Tax cuts should therefore await a more realistic assessment of the non-Social Security surplus, which will be available only after the dust settles on the appropriations bills.

Medicare prescription drug benefit—Congressional leaders and the President seem to agree that a prescription drug benefit should be added to Medicare. According to CBO, the President's plan would cost $111 billion over ten years. Republican leaders have suggested a less expensive approach, but the question remains—how much will the new benefit cost?

Social Security reform—The CBO baseline assumes that the entire surplus will be used for debt reduction. But what about Social Security reform? Many responsible reform plans would use at least the Social Security portion of the surplus as the down payment on a funded system of individually owned Social Security accounts. If combined with appropriate long-term cost savings in the rest of the program, such a reform plan would do more to improve the outlook for future generations than a strategy of debt reduction alone. Enacting a major tax cut now, however, could drain away resources that may well be needed for the costs of transitioning to a more sustainable, generationally equitable Social Security system.

"The bottom line is that, at the moment, political leaders have no idea how to meet the long-term spending promises that have been made for Social Security and Medicare, and no idea how to meet the tough discretionary spending caps on which the baseline surplus is premised. Major tax cuts should await the resolution of these issues. If the politically hard choices are not made before the easy ones, there is a very real danger that we'll end up spending a surplus we don't really have," Bixby said.

The PRESIDING OFFICER. The Chair recognizes the Senator from Delaware.

Mr. ROTH. I yield myself 10 minutes.

Mr. President, my good friend and colleague, the Senator from Virginia, raised the question as to why a tax cut now, what is the hurry; the economy is doing well. Let me tell you why I think it is critically important we have a tax cut now. That is because the American family needs it.

In going home and talking to my constituents, talking to many families, whether they are farmers or small businessmen, or whomever, they are finding it hard to face the challenges of today. The cost of sending a child to college is increasing very rapidly and is taxing the typical American family. We provide relief in this package for the American family who is trying to send their children to college. They are trying to send their children to college today, not 5 or 10 years hence. That is the reason it is important.

I point out there is something like 42 million families without health insurance. There is no hurry to try to address that, as we do in this legislation? We provide that someone who is self-employed or an employee who works for a company that has no health insurance can take a tax deduction for their insurance. That is helping to provide access today. None of us know whether we will be sick today, tomorrow, or in a week. There is a need for that today, not 5, 10 years from now.

What about savings? We all agree as to the critical importance of the two domestic programs—Social Security and Medicare. But to retire today, it is important people have savings, and that is the reason we have stressed so much the importance of pensions, the importance of IRAs, because if people are going to retire with dignity, they must have the opportunity to save not tomorrow, not 5 years from now, but today.

Marriage penalty: How many of my colleagues have gone home and talked to people about that? There is concern that taxwise it pays not to marry but to live in so-called sin. We take care of the marriage penalty. It is long overdue. Why wait? I think there is good reason, if we are going to help the American family, let's help the American family today, not sometime in the distant future.

It intrigues me. People say delay the tax cut, it is not important. But what about spending? My good friend from Wyoming raised that point, and it is a solid one. If we are going to delay tax cuts, why shouldn't we say there can be no increased spending until we solve these two domestic programs? If it is fair for one, why isn't it fair for the other?

Then the point was made this tax cut is inflationary. That is hard to understand. In the year 2000, we are talking about a $4 billion tax cut. That is not very large when you stop and think that our GDP is $9 trillion. It is not very likely our tax cut in the next year or two is going to have a very significant effect on the economy. The larger cuts come down the road in the last 5 years. Sure, we may not like to vote for tax increases, but we have all done it in the past, and we will do it again if it is necessary, but this tax cut is very slow in developing into a major reduction for the American people.

I oppose the legislation for those reasons. I am a strong believer that we can have the tax cut, address the problems of Medicare, as well as Social Security. As I said, the new CBO estimate of the on-budget surplus over the next 10 years is $996 billion, while my bill returns most of this overpayment of taxes back to those who sent it to Washington, while at the same time it leaves enough money on the table for Social Security reform, $1.9 trillion, and Medicare reform, $505 billion.

As I said in the Finance Committee, I am committed to moving a Medicare bill through the committee after we return in September. It is my hope that comprehensive Medicare reform can be achieved, including providing for a prescription drug benefit, but it must be on a bipartisan basis and it must be done with White House cooperation.

The chairman's mark complies with the budget resolution to this committee by reducing on-budget revenues by $792 billion over 10 years. This amount will allow up to $505 billion of the on-budget surplus to be dedicated to Medicare reform. The President's plan costs $118 billion over 10 years. Clearly, the $505 billion left on the table is more than sufficient to reform Medicare with a prescription drug benefit.

The Committee on Finance has held numerous hearings on Social Security over the past few years. Many of the members of the committee have offered comprehensive Social Security reform plans that, I have to say, are quite compelling. I do intend to return to Social Security after this recess and the Senate works its way through Medicare reform.

I oppose this amendment, and I firmly believe we can address all three—a tax cut, Medicare reform, and strengthen Social Security. I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Virginia.

Mr. ROBB. I thank the Chair. Mr. President, I want to respond briefly, if I can, to our distinguished chairman and friend from Delaware with respect to the question of timing.

The distinguished Senator from Delaware mentioned the fact that the tax cut this year is only $4 billion out of some $792 billion that is proposed in the bill. That is about one-half of 1 percent of the total promise that would be incorporated in statutory law if, for any reason, we are wrong. That is what we would have to find a way to change, against all of the forces that are normally arrayed against any tax increase.

Why squander the opportunity to pay down or to begin to pay down the national debt—not just the publicly held debt, the national debt, the national unified debt? This is the first time in well over a generation there has been any opportunity to pay down the debt.

We are not proposing additional spending. I have not checked with my distinguished colleague from Florida for certain, but if the distinguished chairman of the committee were willing to accept an amendment that would suggest some similar restraint on spending which would correspond to the restraint we are attempting to place on cutting taxes, I will suggest to the chairman of the committee, I think we could find a place to make a deal.

We are not suggesting profligate spending. We are suggesting that we put that money in the bank, that we pay down the national debt.

Again, in terms of urgency, one-half of 1 percent is what we would do right now. But the other 99.5 percent would be locked into the law that we would be obligated, by law, to change at the appropriate time. That is the reason we are suggesting that we do not want to rush to judgment with respect to what many of us believe would simply not be a responsible tax cut of this magnitude at this time.

With that, Mr. President, I thank the Chair and yield the floor.

Mr. THOMPSON addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Tennessee.

Mr. THOMPSON. If the chairman will cede me a couple other minutes, just a couple of points.

I have enjoyed this discussion very much. It is a serious discussion about a serious problem. My only real disappointment is to learn that the Senator from Florida has twice as many grandchildren as I have. But all we ask is for an opportunity to catch up.

But I think there are a lot of things we do agree on. We agree that there is a crisis. We agree that we need fundamental reform in Medicare and Social Security. We agree that the longer we delay in doing that, the worse the problem is going to be.

So the question is, Are we doing the right thing by temporarily papering over the problem to extend it a few years, knowing that is not going to fundamentally solve the problem, giving us an excuse not to really address the fundamental problem or should we push and pressure ourselves to go ahead and address the fundamental problem? That is really the issue here today. I think that is where we have a disagreement.

When I said that there is no relationship between this Medicare/Social Security problem on the one hand and tax cuts on the other, I did not mean to say if you keep more of the tax money and pour more of it into Medicare and Social Security, you could not delay it a little longer. That is certainly true, but fundamentally there is no relationship.

The reason I said that was because of what the Comptroller of the United States said. In his testimony in July before the Finance Committee, he said:

> Even if all future surpluses were saved—

Taking every penny of the surplus, not one dime of tax cuts—

> we would nonetheless be saddled with a budget over the longer term that the current tax rates could fund little else but entitlement programs for the elderly population. Reforms reducing the future growth of Medicare, as well as Social Security and Medicaid, are vital under any fiscal and economic scenario to restoring fiscal flexibility for future generations of taxpayers.

That is the reason I say that even if we put all this aside —we are throwing a lot of numbers around here—take all of it, pour it into Medicare and Social Security, so we can tell people we saved it for a few more years, it really would not address the fundamental problems.

Is it incumbent on us to have a temporary solution or to force ourselves to have a longer-term solution? I think it is the latter. That is kind of what it boils down to.

My friends talk about the size of this tax cut. The economy is projected to be $9 trillion next year. The net tax cuts next year alone are $4 billion, so the tax cuts are less than one-twentieth of 1 percent of the economy next year—less than one-twentieth of 1 percent.

I am told that the tax cuts over the 10-year period would be 3.4 percent of total Federal revenues, and it would be under 1 percent of the gross domestic product. So that is not a huge tax cut if you look at it under those terms, in terms of the share of the economy, especially in light of the fact that taxes, especially Federal taxes—especially Federal income taxes—are mushrooming as a share of our total economy. It is eating up more and more and more as a share of our total economy.

We may have good times now, but that is not guaranteed. We are in a world standing as an island, as it were, at the present time while those all around us have problems. Our friends in Asia, our friends in Japan, some of our friends in Europe, some in South America, all have economic problems. So we have to be mindful of that as we go along.

Quite frankly, there are some who say, when we have a deficit, certainly we can't afford to cut taxes; we have a deficit. And listening to the debate today, apparently some of our same friends, when we have a surplus, say we can't cut taxes because we really don't know whether or not we will have the surplus. So that does not leave us much room for a tax cut.

I have enjoyed the debate. I yield the floor and thank the chairman and my good friends from Florida and Virginia for such an interesting discussion.

Mr. ROBB addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Virginia.

Mr. ROBB. I will just respond to one point made by my distinguished friend from Tennessee. He was suggesting, correctly, that if we were to reserve, save, all of the surplus, we would not save Social Security and we would not save Medicare. We do not disagree. We concede.

Indeed, I suggest that that makes the case for why we believe we ought to save this surplus and, at the very least, not squander it, because it might increase the incentive to make those tough political choices we have not made to protect these two programs.

So saving all of the surplus is not going to save Social Security. It is not going to make Social Security solvent in the context that the Senator from Florida and I are discussing, nor is it going to do that for Medicare. We understand that. But it might focus the mind a little bit. As Samuel Johnson said: when a man knows he is to be hanged it concentrates his mind wonderfully. That is not an exact quote, but that is fairly close to it. Delaying the effective date of the tax cuts might give us some incentive, some focus, to conduct that hard, politically risky work that the Senator from Tennessee so accurately described it is going to take if we are to solve the problem with either Social Security or Medicare.

All we are saying is, let's not squander this money. It isn't just a matter of correcting it next year, it exacerbates the problem, because it is going to increase the amount of money we are going to have to carry in terms of the debt. So we are saying: Hang on; $4 billion, one-half of 1 percent; it is not worth locking in the kind of a tax cut some are suggesting until we've done first things first.

It has been a good debate. I am particularly grateful, first of all, to my friend and colleague from Florida for his leadership and cosponsorship, and to the distinguished chairman, who is also good natured—notwithstanding differences we may have which may be fairly significant, but I have never heard a cross word uttered by him—and to the distinguished Senator from Tennessee for engaging in this dialogue which I think does at least illustrate the choice we are going to have to make and the choice that, in fact, we are asking our colleagues to make.

We are simply saying do not squander the surplus by making this kind of humongous tax cut this year when we can wait until next year or the year after and find out exactly where we are going and, hopefully, increase the pressure to actually save Social Security and Medicare. With that, I thank the Chair, and I thank my colleagues.

The Senator from Florida and I happily yield back the remaining time on our side.

Mr. ROTH. Mr. President, I yield back the remainder of my time.

I ask unanimous consent that the pending Baucus motion be considered in order under the provisions of the consent agreement and all other provisions of the consent agreement remain in status quo.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. ROTH. Mr. President, I ask unanimous consent that the Senate now proceed to a period of morning business.

IN MEMORY OF KING HASSAN OF MOROCCO

Mr. HATCH. Mr. President, I rise to recognize the death of the Arab world's longest-standing leader, King Hassan II of Morocco, who died last Friday at the age of 70. To his family, and to the people of Morocco, I extend my heartfelt condolences.

King Hassan ruled Morocco for 38 years as only the second King of Morocco in that country's modern, independent history, having succeeded to the throne after the death of his father, King Mohammed V, in 1961, only five years after Morocco gained its independence from the French.

Morocco, however, is an ancient country and the country with which the United States has its oldest uninterrupted diplomatic relations. Our two countries signed a Treaty of Peace and Friendship in 1786, which the United States ratified the following year. Thus began a relationship that provided our tall ships a haven in the 18th century and developed into a relationship of geostrategic importance in the 20th century.

This special friendship was cherished in modern times by leaders in both of our countries, particularly King Hassan, and I was pleased to see that President Clinton, along with former President Bush, attended King Hassan's funeral this weekend. America lost a good friend, a wise counsel on the region, and an important and brave promoter for peace in the Middle East.

One of the biggest challenges for the Arab world, as in other parts of the world, has been the challenge of modernization, and how leaders encourage their governments and societies to rise to this challenge.

We have seen several models: secular socialist dictatorships, radical fundamentalist regimes, and traditional authoritarians. King Hassan, whose remarkable career spanned from the era of decolonization to the doorstep of the next century, demonstrated that the traditional model could adapt to the economic and political challenges of modernization. He understood that tradition was not the enemy of the modern, but could ease the transition by providing stability and respect for his people while allowing political and economic reforms to unleash the fundamental strengths and dreams of his people.

For his adept stewardship, he earned the deep and sincere affection of the vast majority of Morocco's nearly 30 million citizens.

Beginning as a traditional authoritarian, the King recognized the importance of constitutional governance early in his reign and expanded political rights through the years. In doing so, he was one of the most successful leaders in the Arab world in reconciling traditional monarchy with the requisites and demands of modernity. King Hassan in recent years had furthered political reform such that, today, the lower house of parliament is elected through universal suffrage from a roster of multiple parties, and the governing coalition, including the Prime Minister, is controlled by the opposition.

Concomitant with these political reforms has been a steady improvement in the human rights situation, marked, in some significant cases, by reconciliation with and compensation for victims of the past. While power still resides predominantly with the crown, King Hassan, by advancing political democracy and the free market, allowed his people and provided his son, King Mohammed VI, with the fundamental platform on which Morocco will proceed confidently into the next century.

Mr. President, no remarks on the legacy of King Hassan can be complete without recognizing his prescient view of reconciliation between Israel and the Arab world. Many note that some of the initial meetings preparing for the signing of the historic Camp David accords occurred with King Hassan in Morocco. The fact is that the King of Morocco had been providing opportunities for encounters and dialogue for years before then, showing that the King had a wise vision for peace as well as a pragmatist's approach for moving toward this noble goal.

From the 1960s to the late Prime Minister Rabin's visit to Morocco in 1993—which was, by the way, only the second Arab nation visited by an Israeli leader, after Egypt—King Hassan of Morocco demonstrated that he recognized the permanent role that the Jewish state had to play in the affairs of the Middle East. In this, as in many other areas, King Hassan was a leader among leaders.

Morocco's new king, King Mohammed VI, has many challenges before him. He, along with King Abdallah of Jordan, represents the new generation of leaders in the region: highly educated, understanding the West, cognizant of the realities of the region, and faced with enormous domestic economic challenges. Morocco's is a youthful population, straddled with an unacceptably high illiteracy rate and an unyielding demand for economic development. These are extremely tough challenges to burden a new and young king. But let us recall the youth of King Hassan when he assumed the throne in 1961 and the misplaced doubts about his future. We recognize today the legacy of King Hassan to his son and his nation.

The United States should assist in the continuing modernization of Morocco and the continuing cooperation to create a more peaceful Middle East. So should continue a special relationship into the 21st century that began so propitiously in the 18th.

THE DEATH OF KING HASSAN II OF MOROCCO

Mr. ABRAHAM. Mr. President, I rise today to honor the life of King Hassan II and express my deepest sympathy and condolences to the people of Morocco.

It was with a great sense of sadness that I learned of the death of King Hassan, a statesman, a peacemaker, and a visionary. The King was beloved not only by the Moroccan people, but by people committed to peace throughout the Middle East and around the world. He was dedicated to this mission for decades, and it is quite unfortunate that he could not live to see the final outcome of his lengthy efforts.

Many in my home State of Michigan and throughout the United States stand with the people of Morocco in mourning the loss of this great leader. My deepest and heartfelt condolences go out to King Mohammed VI, the King's family and all the people of Morocco in these difficult times.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Tuesday, July 27, 1999, the Federal debt stood at $5,640,525,290,562.24 (Five trillion, six hundred forty billion, five hundred twenty-five million, two hundred ninety thousand, five hundred sixty-two dollars and twenty-four cents).

One year ago, July 27, 1998, the Federal debt stood at $5,539,293,000,000 (Five trillion, five hundred thirty-nine billion, two hundred ninety-three million).

Five years ago, July 27, 1994, the Federal debt stood at $4,634,715,000,000 (Four trillion, six hundred thirty-four billion, seven hundred fifteen million).

Ten years ago, July 27, 1989, the Federal debt stood at $2,802,522,000,000 (Two trillion, eight hundred two billion, five hundred twenty-two million).

Fifteen years ago, July 27, 1984, the Federal debt stood at $1,535,890,000,000 (One trillion, five hundred thirty-five billion, eight hundred ninety million) which reflects a debt increase of more than $4 trillion—$4,104,635,290,562.24 (Four trillion, one hundred four billion, six hundred thirty-five million, two hundred ninety thousand, five hundred sixty-two dollars and twenty-four cents) during the past 15 years.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 2:19 p.m., a message from the House of Representatives, delivered by Mr. Hanrahan, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 2488. An act to provide for reconciliation pursuant to section 105 and 211 of the concurrent resolution on the budget for fiscal year 2000.

H.R. 2605. An act making appropriations for energy and water development for the fiscal year ending September 30, 2000, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker has signed the following enrolled bills:

S. 604. An act to direct the Secretary of Agriculture to complete a land exchange with Georgia Power Company.

S. 1258. An act to authorize funds for the payment of salaries and expenses of the Patent and Trademark Office, and for other purposes.

S. 1259. An act to amend the Trademark Act of 1946 relating to dilution of famous marks, and for other purposes.

S. 1260. An act to make technical corrections in title 7, United States Code, and for other purposes.

The enrolled bills were signed subsequently by the President pro tempore (Mr. THURMOND).

MEASURE PLACED ON THE CALENDAR

The following bill was read twice and placed on the calendar:

H.R. 2488. An act to provide for reconciliation pursuant to section 105 and 211 of the concurrent resolution on the budget for fiscal year 2000.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on July 28, 1999, he had presented to the President of the United States, the following enrolled bills:

S. 604. An act to direct the Secretary of Agriculture to complete a land exchange with Georgia Power Company.

S. 1258. An act to authorize funds for the payment of salaries and expenses of the Patent and Trademark Office, and for other purposes.

S. 1259. An act to amend the Trademark Act of 1946 relating to dilution of famous marks, and for other purposes.

S. 1260. An act to make technical corrections in title 17, United States Code, and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-4400. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Revision of Class D and Class E Airspace; Cannon AFS, Clovis NM; Docket No. 99-ASW-02 (7-19/7-22)" (RIN2120-AA66) (1999-0233), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4401. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, transmitting, pursuant to law, the report of a rule entitled "Technical Amendments; Organizational Changes; Miscellaneous Editorial Changes and Conforming Amendments (USCG-1999-5832)" (RIN2115-ZZ02) (1999-0001), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4402. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, transmitting, pursuant to law, the report of a rule entitled "Safety/Security Zone Regulations; Gloucester Schooner Fest, Gloucester, MA (CGD01-99-104)" (RIN2115-AA97) (1999-0048), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4403. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, transmitting, pursuant to law, the report of a rule entitled "Special Anchorage Areas/Anchorage Grounds Regulations; Hudson River, Hyde Park, NY (CGD01-97-086)" (RIN2115-AA98) (1999-0003), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4404. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, transmitting, pursuant to law, the report of a rule entitled "Chemical Testing; Management Information System Reporting Requirements (USCG-1998-4469)" (RIN2115-AF67) (1999-0002), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4405. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, transmitting, pursuant to law, the report of a rule entitled "Drawbridge Regulations; Columbia River, OR (CGD13-99-007)" (RIN2115-AE47) (1999-0031), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4406. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, transmitting, pursuant to law, the report of a rule entitled "Drawbridge Regulations; Harlem River, NY (CGD01-99-093)" (RIN2115-AE47) (1999-0028), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4407. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, transmitting, pursuant to law, the report of a rule entitled "Drawbridge Regulations; Mullica River, NJ (CGD05-99-034)" (RIN2115-AE47) (1999-0030), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4408. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, transmitting, pursuant to law, the report of a rule entitled "Drawbridge Regulations; Steamboat Operation Regulation (CGD13-99-019)" (RIN2115-AE47) (1999-0027), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4409. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, transmitting, pursuant to law, the report of a rule entitled "Drawbridge Regulations; Inner Harbor Navigation Canal, LA (CGD08-99-011)" (RIN2115-AE47) (1999-0029), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4410. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, transmitting, pursuant to law, the report of a rule entitled "Drawbridge Regulations; Atlantic Intracoastal Waterway (AIWW), Beaufort, SC (CGD08-99-038)" (RIN2115-AE47) (1999-0033), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4411. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, transmitting, pursuant to law, the report of a rule entitled "Drawbridge Regulations; Hackensack River, NJ (CGD01-98-091)" (RIN2115-AE47) (1999-0032), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4412. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, transmitting, pursuant to law, the report of a rule entitled "Regatta Regulations; Northern California Annual Marine Events (CGD11-99-007)" (RIN2115-AE46) (1999-0029), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4413. A communication from the Chief, Office of Regulations and Administrative Law, U.S. Coast Guard, transmitting, pursuant to law, the report of a rule entitled "Regatta Regulations; SLR; Chesapeake Challenge, Patapsco River, Baltimore, MD (CGD05–99–064)" (RIN2115–AE46) (1999–0028), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4414. A communication from the General Counsel, Consumer Product Safety Commission, transmitting, pursuant to law, the report of a rule entitled "Child Resistant Packaging of Consumer Products Containing Methacrylic Acid" (RIN3041–AB78), received July 22, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4415. A communication from the Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Closure for Pacific Ocean Perch in the Western Regulatory Area of the Gulf of Alaska", received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4416. A communication from the Deputy Assistant Administrator for Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Final Rule to Establish Procedures for the Testing and Certification of Bycatch Reduction Devices in the Gulf of Mexico," (RIN0648–AK32), received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4417. A communication from the Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Closure for Pacific Ocean Perch in the West Yakutat District of the Gulf of Alaska," received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

EC-4418. A communication from the Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Closure for Northern Rockfish in the Central Regulatory Area of the Gulf of Alaska," received July 23, 1999; to the Committee on Commerce, Science, and Transportation.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCAIN, from the Committee on Commerce, Science, and Transportation, without amendment:

S. 655. A bill to establish nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and rebuilt vehicles (Rept. No. 106–123).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 711. A bill to allow for the investment of joint Federal and State funds from the civil settlement of damages from the Exxon Valdez oil spill, and for other purposes (Rept. No. 106–124).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with amendments:

H.R. 149. A bill to make technical corrections to the Omnibus Parks and Public Lands Management Act of 1996 (Rept. No. 106–125).

By Mr. CHAFEE, from the Committee on Environment and Public Works, with an amendment in the nature of a substitute:

S. 1100. A bill to amend the Endangered Species Act of 1973 to provide that the designation of critical habitat for endangered and threatened species be required as part of the development of recovery plans for those species (Rept. No. 106–126).

By Mr. HELMS, from the Committee on Foreign Relations, with an amendment and with a preamble:

S. Res. 166. A resolution relating to the recent elections in the Republic of Indonesia.

By Mr. HELMS, from the Committee on Foreign Relations, without amendment and with a preamble:

S. Con. Res. 48. A concurrent resolution relating to the Asia-Pacific Economic Cooperation Forum.

EXECUTIVE REPORTS OF COMMITTEE

The following executive reports of committees were submitted:

By Mr. WARNER, for the Committee on Armed Services:

The following named officer for appointment in the United States Air Force to the grade indicated under title 10, U.S.C., section 624:

To be brigadier general

Col. Gary H. Murray, 2413

The following named officer for appointment in the United States Air Force to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Lt. Gen. Robert H. Foglesong, 8617

The following named officer for appointment in the United States Air Force to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Lt. Gen. Charles R. Heflebower, 8234

The following named officer for appointment in the United States Air Force to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Lt. Gen. Lansford E. Trapp, Jr., 7799

The following named officer for appointment in the United States Army to the grade indicated under title 10, U.S.C., section 624:

To be major general

Brig. Gen. Zannie O. Smith, 6499

The following named officer for appointment in the United States Army to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Maj. Gen. Lawson W. Magruder, III, 0729

The following named officer for appointment in the United States Army to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Maj. Gen. Johnny M. Riggs, 1680

The following named officer for appointment in the United States Army to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Maj. Gen. Daniel G. Brown, 2522

The following named officer for appointment in the United States Army to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Maj. Gen. Michael W. Ackerman, 6573

The following named officers for appointment in the United States Navy to the grade indicated under title 10, U.S.C., section 624:

To be rear admiral

Rear Adm. (lh) Alberto Diaz, Jr., 0577
Rear Adm. (lh) Bonnie B. Potter, 9786

The following named officer for appointment in the United States Navy to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be vice admiral

Vice Adm. Robert J. Natter, 9953

The following named officer for appointment in the United States Navy to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be vice admiral

Rear Adm. Gregory G. Johnson, 3052

(The above nominations were reported with the recommendation that they be confirmed.)

Mr. WARNER. Mr. President, for the Committee on Armed Services, I report favorably nomination lists which were printed in the RECORDS of June 21, 1999, June 23, 1999, June 28, 1999, June 30, 1999, July 1, 1999, July 14, 1999, July 19, 1999, July 21, 1999, and ask unanimous consent, to save the expense of reprinting on the Executive Calendar, that these nominations lie at the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORDS of June 21, 1999, June 23, 1999, June 28, 1999, June 30, 1999, July 1, 1999, July 14, 1999, July 19, 1999 and July 21, 1999, at the end of the Senate proceedings.)

Army nominations beginning Richard F. Ballard, and ending Su T. Kang, which nominations were received by the Senate and appeared in the Congressional Record of June 21, 1999.

Army nominations beginning Donald M. Cinnamond, and ending George R. Silver, which nominations were received by the Senate and appeared in the Congressional Record of June 21, 1999.

Army nominations beginning Kimberly J. Ballantyne, and ending Stephen C. Ulrich, which nominations were received by the Senate and appeared in the Congressional Record of June 21, 1999.

Army nominations beginning *Denise D. Adams, and ending *Tami M. Zalewski, which nominations were received by the Senate and appeared in the Congressional Record of June 21, 1999.

Army nominations beginning George D. Lanning, and ending Gregory J. Zanetti, which nominations were received by the Senate and appeared in the Congressional Record of June 23, 1999.

Marine Corps nominations beginning David J. Abel, and ending Raymon Zapata, Jr., which nominations were received by the Senate and appeared in the Congressional Record of June 23, 1999.

Navy nominations beginning Michael K. Abate, and ending Gregg W. Ziemke, which nominations were received by the Senate and appeared in the Congressional Record of June 23, 1999.

Army nominations beginning Phil C. Alabata, and ending Joseph J. Zubak, which nominations were received by the Senate and appeared in the Congressional Record of June 28, 1999.

Navy nomination of Laurel A. May, which was received by the Senate and appeared in the Congressional Record of June 28, 1999.

Air Force nominations beginning Larita A. Aragon, and ending James J. White, which nominations were received by the Senate and appeared in the Congressional Record of June 30, 1999.

Marine Corps nominations beginning Charles E. Headden, and ending Robert L. Williams, which nominations were received by the Senate and appeared in the Congressional Record of June 30, 1999.

Air Force nominations beginning Milton C. Abbott, and ending Scott J. Zobrist, which nominations were received by the Senate and appeared in the Congressional Record of July 1, 1999.

Marine Corps nomination of James R. Judkins, which was received by the Senate and appeared in the Congressional Record of July 14, 1999.

Navy nominations beginning Dean D. Hager, and ending David F. Sanders, which nominations were received by the Senate and appeared in the Congressional Record of July 14, 1999.

Army nominations beginning Gary W. Ace, and ending X4393, which nominations were received by the Senate and appeared in the Congressional Record of July 19, 1999.

Navy nominations beginning Scott R. Barry, and ending Charles L. Taylor, which nominations were received by the Senate and appeared in the Congressional Record of July 21, 1999.

Navy nominations beginning Lloyd B.J. Callis, and ending Michelle L. Wulff, which nominations were received by the Senate and appeared in the Congressional Record of July 21, 1999.

By Mr. HELMS, for the Committee on Foreign Relations:

A. Peter Burleigh, of California, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of the Philippines and to serve concurrently and without additional compensation as Ambassador to the Republic of Palau.

(The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.)

Nominee A. Peter Burleigh.

Post: Manila.

Contributions, Amount, Date, and Donee:

1. Self: $250, 6/98, HRC and $250, 3/97, HRC (Human Rights Compaign).

2. Spouse (n/a).

3. Children and Spouses (n/a).

4. Parents (deceased).

5. Grandparents (deceased).

6. Brothers and Spouses: David P. Burleigh—none.

7. Sisters and Spouses: Ann Burleigh Boucher—none.

J. Brady Anderson, of South Carolina, to be Administrator of the Agency for International Development.

M. Osman Siddique, of Virginia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Fiji, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Nauru, Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Tonga, and Ambassador Extraordinary and Plenipotentiary of the United States of America to Tuvalu.

(The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.)

Nominee: Muhammad Osman Siddique.

Post: Fiji, Nauru, Tonga, and Tuvalu.

Contributions, Amount, Date, and Donee.

Self: $1,000.00, 30 Sept '95, Clinton/Gore Primary; $5,000.00, 18 Mar '96, DNC-Non-Federal; $500.00, 27 Jun '96, Friends of Patrick Kennedy; $1,000.00, 10 Sept '96, New Mexicans for Bill Richardson; $20,000.00, 18 Mar '96, DNC; $500.00, 27 Jun '96, Nick Rahal for Congress; $1,000.00, 07 Oct '96, Bonior for Congress; $1,000.00, 04 Dec '96, Friends of Chris Dodd (primary); $1,000.00, 04 Dec '96, Friends of Chris Dodd (general); $1,000.00, 12 Jan '99, Kennedy for Senate.

2. Spouse: Catherine Mary Siddique; $1,000.00, 30 Sept '95, Clinton/Gore Primary; $5,000.00, 29 May '96, DNC-Non-Federal; $20,000.00, 29 May '96, DNC.

3. Children: Omar O. Siddique, none; Julene N. Siddique, none; Leila C. Siddique, none; Zachary O. Siddique, none.

4. Parents: Muhammad Osman Ghani (Father)—Deceased; Shamsun Nahar Ghani (Mother)—none.

5. Grandparents: Muhammad Darbari—Deceased; Maqbool Begum—Deceased.

6. Brothers & Spouses: M. Osman & Rana Farruk, none; M. Osman & Hazcra Khaled, none; M. Osman & Veronique Yousuf, $500.00, 10 Sept '96; New Mexicans for Bill Richardson.

7. Sisters & Spouses: Nahar & Kamal Ahmad, none; Helen & Aminul Islam, none; Zereen & Wahidul Islam, none; Nasreen & Ghulam Suhrawardi, $500.00, Sept '94, Ted Kennedy for Senate; $500.00, Sept '96, New Mexicans for Bill Richardson.

Michael A. Sheehan, of New Jersey, to be Coordinator for Counterterrorism, with the rank and status of Ambassador at Large. (New Position)

(The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.)

Nominee: Michael A. Sheehan.

Post: Coordinator for Counterterrorism.

Contributions, Amount, Date, and Donee.

Self: none.

Spouse: n/a.

Daughter: Alexandra E. Sheehan: none.

Mother: Janet Purcell Sheehan: none.

Father: John M. Sheehan: none.

Grandparents: all deceased.

Brothers and Spouses: Matthew J. Sheehan: none; Dennis P. Sheehan: none; Susan F. Sheehan: none; Terence P. Sheehan: none; Leslie Sheehan: none; Joseph D. Sheehan: none; Patricia P. Sheehan: none.

Sisters and Spouses: MaryAnne Sheehan: none; Kathleen Sheehan Roach: none; Charles Randolf Roach: to Frank Lucas, 6th District, Oklahoma 1994: $20; to Ed Munster, 2nd District, Connecticut 1994: $250; to Ed Munster, 2nd District, Connecticut 1996: $100.

Robert S. Gelbard, of Washington, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Indonesia.

(The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.)

Nominee: Robert S. Gelbard.

Post: Ambassador to Indonesia.

Nominated June 21, 1999.

Contributions, Amount, Date, and Donee.

Self: $100.00, 1998, Sen. Paul Coverdell.

Spouse: Alene, none.

Children and Spouses: Alexandra, none.

Parents: Ruth and Charles, deceased.

Grandparents: deceased.

Brothers and Spouses: Nicholas, none.

Sisters and Spouses: N/A.

Evelyn Simonowitz Lieberman, of New York, to be Under Secretary of State for Public Diplomacy. (New Position)

Richard Monroe Miles, of South Carolina, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to be Republic of Bulgaria.

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Nominee: Richard Monroe Miles.

Post: The Republic of Bulgaria.

Contributions, amount, date, and donee:

1. Self: none.

2. Spouse: none.

3. Children and spouses: Richard Lee and Elizabeth Anne Miles, none.

4. Parents: Iris Mann (deceased) and James Miles, none.

5. Grandparents: Richard and Lillian Fortner (deceased).

6. Brothers and spouses: none.

7. Sisters and spouses: Louise Angell (Richard), step-sister, none. Lois Navarro (Arthur), step-sister, none, Donna Peabody (Kristin), half-sister, none.

Carl Spielvogel, of New York, to be Ambassador Extraorindary and Plenipotentiary of the United States of America to the Slovak Republic.

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Nominee: Carl Spielvogel.

Post: Ambassador to the Solvak Republic.

Contributions, amount, date, and donee:

1. Self: See attached.

2. Spouse: Barbaralee Diamonstein-Spielvogel—see attached.

3. Children and spouses: Rachel Spielvogel, Paul Spielvogel, David and Patricia Spielvogel, none.

4. Parents: Deceased.

5. Grandparents: Deceased.

6. Brothers and spouses: Deceased.

7. Sisters and spouses: None.

Contributions of Carl Spielvogel

Bill Bradley for US Senate '96, 8FEB93, $500.

Lautenberg Committee, 18JUN93, $500.

Lieberman '94 Committee, 31MAR94, $500.

Democratic Congressional Campaign Committee, 8JUN94, $500.

Bill Bradley for US Senate '96, 5APR94, $500.

Friends of Congressman Hochbrueckner, 18AUG94, $500.

Friends of Jane Harman, 30SEP94, $500.

Democratic Senatorial Campaign Committee, 20APR93, $1,000.

Kerrey for US Senate Committee, 15MAR93, $1,000.

Kennedy for Senate, 30APR93, $1,000.

Moynihan Committee, Inc., 3MAY93, $1,000.

Lieberman '94 Committee, 30JUN93, $1,000.

Senate Victory '94, 16DEC93, $1,000.

Moynihan Committee, Inc., 16DEC93, $1,000.

Kerrey for US Senate Committee, 3JUN94, $1,000.

Friends of Bob Carr, 26JUL94, $1,000.

Kennedy for Senate, 27SEP94, $1,000.

Democratic Senatorial Campaign Committee, 19OCT94, $1,000.

Friends of Bob Carr, 28OCT93, $1,000.

DNC Services Corporation/Democratic National Committee, 17MAY93, $5,000.

DNC-Non-Federal Individual, 31AUG94, $25,000.

Time Future, Inc. (FKA Bill Bradley for US Senate), 21FEB95, $500.

Friends of Senator Carl Levin, 23AUG95, $500.

Time Future, Inc. (FKA Bill Bradley for US Senate), 12SEP95, $500.

Friends of Chris Dodd—'98, 4DEC95, $500.

Rangel for Congress '96, 5MAR96, $500.

Kerry Committee, 9FEB96, $500.

Friends of Mark Warner, 15FEB96, $500.

Nadler for Congress, Inc., 18APR96, $500.

Democratic Congressional Campaign Committee, 9JUL96, $500.

Friends of Chris Dodd—'98, 21DEC96, $500.

Friends of Chris Dodd—'98, 21DEC96, $500.

Feingold Senate Committee, 23DEC96, $500.

Rangel for Congress '96, 9JUL96, $500.

Sanders for Senate, 12JUN95, $1,000.

Clinton/Gore '96 Primary Committee, Inc., 30JUN95, $1,000.

Clinton/Gore '96 Primary Committee, Inc., 17NOV95, $1,000.

New York State Democratic Committee, 6JUL95, $1,000.

Wyden for Senate, 20JAN96, $1,000.

Wyden for Senate, 20JAN96, $1,000.

Clinton/Gore '96 Primary Committee, Inc., 19SEP95, $1,000.

Kennedy for Senate 2000, 21FEB96, $1,000.

Charles Rangel Victory Fund, 9JUL96, $1,000.

Friends of Schumer, 31OCT96, $1,000.

A Lot of People Supporting Tom Daschle; 12DEC96, $2,000.

Democratic Congressional Campaign Committee, 29MAR96, $5,000.

Rangel National Leadership PAC FKA National Leadership PAC, 1NOV96, $5,000.

Dealers Election Action Committee of the National Automobile Dealers Association (NADA) Post-General, 25OCT96, $5,000.

DNC Non-Federal Unincorporated Association Account, 24APR96, $25,000.

A Lot of People Supporting Tom Daschle, 3FEB97, $1,000.

98 Friends of Chris Dodd, 15JUN97, $500.

Friends of Byron Dorgan, 24DEC97, $500.

Green for United States Senate, 15MAY97, $1,000.

A lot of People Supporting Tom Daschle, 3FEB97, $1,000.

A lot of People Supporting Tom Daschle, 3FEB97, $1,000.

Nita Lowey for Congress, 6FEB98, $1,000.

South Dakota Democratic Party, 5FEB98, $1,000.

Moynihan Committee, Inc., 24APR98, $1,000.

Victory in New York, 13OCT98, $1,000.

Schumer, '98, 10OCT98, $1,000.

Rangel for the 106th Congress, 4SEP97, $5,000.

Rangel for the 106th Congress, 6NOV97, $5,000.

National Leadership PAC, 9JAN98, $5,000.

Leadership '98 (FKA Friends of Albert Gore, Jr., Inc.), 31JUL98, $5,000.

Democratic Senatorial Campaign Committee, 19 FEB97, $10,000.

Democratic Congressional Campaign Committee, 25 APR97, $10,000.

Democratic Senatorial Campaign Committee, 17APR98, $10,000.

Contributions of Barbaralee Diamonstein-Spielvogel

Moynihan Committee, Inc., 3MAY93, $1,000.

Bill Bradley for US Senate '96, 8FEB93, $500.

Bill Bradley for US Senate '96, 5AP96, $500.

Democratic Congressional Campaign Committee, 29MAR96, $5,000.

Clinton/Gore '96 Primary Committee, Inc., 27OCT95, $1,000.

Clinton/Gore '96 Gen. Election Legal & Accounting Compliance, 27OCT95, $1,000.

Friends of Chris Dodd—'98, 4DEC95, $500.

Kerry Committee, 9FEB96, $500.

Friends of Dick Durbin Committee, 16FEB96, $1,000.

Kennedy for Senate (1994), 21FEB96, $1,000.

A lot of People Supporting Tom Daschle, 12DEC96, $2,000.

DNC-Non-Federal Individual, 6JUN95, $7,000.

DNC Services Corporation Democratic National Committee, 13AUG98, $18,000.

A Lot of People Supporting Tom Daschle, 30JAN97, $1,000.

A Lot of People Supporting Tom Daschle, 30JAN97, $1,000.

Rangel for the 106th Congress, 4SEP97, $1,000.

Rangel for the 106th Congress, 4SEP97, $1,000.

Nita Lowey for Congress, 6FEB98, $1,000.

South Dakota Democratic Party, 5FEB98, $1,000.

New York State Democratic Committee, 27FEB97, $5,000.

South Dakota Democratic Party, 2MAY97, $5,000.

J. Richard Fredericks, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Switzerland, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Principality of Liechtenstein.

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Nominee: J. Richard Fredericks.

Post: Ambassador to Switzerland and Liechtenstein.

Contributions, amount, date, and donee:

1. Self, see attachment.
2. Spouse, see attachment.
3. Children and Spouses (NA).
4. Parents, see attachment.
5. Grandparents (NA).
6. Brothers and Spouses, see attachment.
7. Sisters and Spouses, see attachment.

MY FAMILY

Wife: Stephanie Sorensen Fredericks.

Children: Matthew Foley Fredericks, age 13, Colleen Sorensen Fredericks, age 12, and Will Norman Fredericks, age 8.

Mother: Lois F. Fredericks.

Father: Norman J. Fredericks (deceased).

Brothers: Norman J. Fredericks, Jr., and Peter G. Fredericks.

Sisters: Lois F. Thornbury, Marcia F. McGratty, and Anne G. Fredericks.

Grandparents: Deceased.

J. Richard Fredericks Political Contributions

3/12/92—Clinton for President Committee	$1,000
7/24/92—Democratic National	1,000
12/3/93—Kathleen Brown	450
3/11/94—Governor Pete Wilson	1,000
4/6/94—Empower America	5,000
9/26/95—Committee to Re-Elect Frank Jordon	1,000
2/13/96—Fund for Democratic Leadership	1,000
5/15/96—Friends of Senator D'Amato	1,000
6/17/96—Democratic National Committee—Nonfed Acct.	100,000
6/17/96—Florida Democratic Party	50,000
6/17/96—Illinois Democratic Party	50,000
6/17/96—Pennsylvania Democratic Party	50,000
Congressman Bart Gordon	1,000
10/13/96—Texas Victory 96'	2,000
10/21/96—New Hampshire Democratic Party	5,000
10/21/96—Kansas Democratic Party	15,000
10/22/96—Wyoming Democratic Party	20,000
10/22/96—Texas Democratic Party	25,000
10/22/96—WVSDEC Victory 96'	1,000
10/22/96—Oklahoma Democratic Party	1,200
10/22/96—Orton 1990	1,000
3/27/97—Daschle for Senate	1,000
6/7/97—Pelosi for Congress (Primary and General Election)	2,000
6/20/97—DCCC	10,000
6/30/97—California Victory 1998 (Joint Fundraising Comm.)	5,000
DSCC ($3,000)	
Boxer for Senate ($2,000 Primary and General)	
10/1/97—John Breaux 1998 (Primary and General Election)	1,500

Stephanie S. Fredericks (Wife) Political Contributions

9/4/96—Democratic National Committee	50,000
10/30/96—Minnesota Democratic Party	26,000
10/30/96—Texas Democratic Party	10,000
10/30/96—New Jersey Democratic Party	24,000
10/1/97—John Breaux for Senate	1,500
6/30/97—California Victory 1998 (Joint Fundraising Comm.)	5,000
DSCC ($3,000)	
Boxer for Senate ($2,000 Primary and General)	
2/24/98—California Presidential Majority Fund	10,000
3/2/98—Presidential California Majority Fund (Joint Fundraising Comm.	10,000
Lois Capps ($1,000 Run-off)	
Mike Thompson ($1,000 Primary)	
DCCC ($8,000 Primary)	
5/13/98—Committee to Retain Judge Douglas	100

Stephanie S. Fredericks (Wife) Political Contributions—Continued

12/2/98—The Mark Hopkins (California Victory Fund—CDP) (In-Kind)	12,500

Lois F. Fredericks (Mother) Political Contributions—None

Norman J. Fredericks, Jr. (Brother) Political Contributions

8/1/94—Concretepac	$250
6/11/96—Concretepac	300
12/28/97—Concretepac	200
10/17/98—Kilpatrick for US Congress	250
12/31/98—Concretepac	200

Lois & Mike Thornbury (Sister and Brother in-law) Political Contributions

1998—Michigan Republican Party	$200
1998—Newt Gingrich	50

Marcia & Edward McGratty (Sister and Brother in-law) Political Contributions

3/26/95—Mullaney for Assembly	$1500
4/7/95—Carroll for Assembly	1000
2/5/97—Mullaney for Assembly	1800
5/25/97—Carroll for Assembly	250
8/16/97—Carroll for Assembly	100
11/1/97—Ferguson for Congress	500
5/10/98—Committee to Elect J. Schrier	100
10/19/98—Ferguson for Congress	500
2/5/98—Mullaney for Senate	1800

Anne Fredericks (Sister) Political Contributions—None

Peter and Michelle Fredericks (Brother and Sister in-Law) Political Contributions

1/13/98—Engler for Governor	$1000
1/13/98—Engler for Governor	1000
10/14/98—Kilpatrick for US Congress	250

Stephanie Fredericks, ONC Services Corporation/Democratic National Committee, 30SEP96, $20,000; Democratic Senatorial Campaign Committee, 30JUN97, $3,000; Friends of Barbara Boxer, 30JUN97, $1,000; Friends of Barbara Boxer, 30JUN97, $1,000; John Breaux Committee, 27OCT97, $1,000; John Breaux Committee, 27OCT97, $500; Friends of Lois Capps, 2MAR98, $1,000; President's California Majority Fund, 2MAR98, $10,000; Democratic Congressional Campaign Committee, 2MAR98, $8,000; Mike Thompson for Congress, 2MAR98, $1,000.

Paul J. Fredricks: Marks Boos Benhard for U.S. Congress 1994, 9 MAR 94, $900.

J.W. Fredericks: Citizens for Senator Wofford, 7JAN94, $500; DNC Services Corporation/Democratic National Committee, 2FEB93, $200; Citizens for Senator Wofford, 18OCT94, $250; Haytaian-U.S. Senate '94, 16MAY94, $1,000; Friends of Newt Gingrich—1992, 20OCT94, $250.

Norman J. Federicks, Jr., National Ready Mixed Concrete Association Political Committee, 1AUG94, $250.

Jay Fredericksen: Norm Dicks for Congress Committee, 14OCT94, $250; Friends for Slade Gorton 1994, 22OCT94, $250.

Richard Frederickson: Toby Roth for Congress '94 Committee, 26AUG94, $500.

Rita A. Frederickson: Republican National Committee—RNC, 5AUG93, $250; Republican National Committee—RNC, 19JAN94, $250.

J Fredericks: DNC Services Corporation/Democratic National Committee, 30SEP96, $20,000.

J. Richard Fredericks: Fund for Democratic Leadership FKA SAC PAC, 21FEB96, $1,000; DNC Non-Federal Unincorporated Association Account, 26JUN96, $100,000; Friends of Senator D'Amato (1998 Committee), 20MAY96, $1,000; DNC-Non-Federal Individual, 30SEP96, $10,000; Texas Democratic Party, 21OCT96, $2,000; Orton for Congress, 23OCT96, $1,000; New Hampshire Democratic State Committee, 29OCT96, $5,000.

J.W. Fredericks: Harvey Gantt for Senate Campaign Committee, 13JUN96, $300; Harvey Gantt for Senate Campaign Committee, 3SEP96, $300; Harvey Gantt for Senate Campaign Committee, 18OCT96, $300; Harvey Gantt for Senate Campaign Committee, 8APR96, $300; Citizens for Senator Wofford, 9JAN96, $500; Citizens for Senator Wofford, 13FEB96, $500.

John Fredericks: Phil Gramm for President, Inc., 23FEB95, $500; Republican National Committee—RNC, 13SEP95, $1,000; Martini for Congress, 22DEC95, $200; Friends of Newt Gingrich, 22JAN96, $750; Republican National Committee—RNC, 23JUL96 $1,000; RNC Republican National State Elections Committee, 13SEP95, $275; Frelinghuysen for Congress, 21OCT96, $200.

Ralph A. Fredericks: NRCCC—Nonfederal Account, 8JAN96, $250.

Robert Fredericks: Electrical Construction PAC-National Electrical Contractors Association Inc. (ECPAC), 10APR96, $250.

John C. Frederickson: Hoyer for Congress, 5SEP96, $200.

John D. Frederickson: Clinton/Gore '96 Primary Committee, Inc., 29JUN95, $1,000.

Julie Ann, Frederickson: Dr. John Hagelin for President 1996, 24JUN96, $250.

Robert J. Frederickson: National Restaurant Association Political Action Committee, 19AUG96, $200.

Richard J. Fredericks: Democratic Congressional Campaign Committee, 30JUN97, $10,000; Nancy Pelosi for Congress, 13JUN97, $1,000; Nancy Pelosi for Congress, 13JUN97, $1,000; Friends of Barbara Boxer, 30JUN97, $1,000; Friends of Barbara Boxer, 30JUN97, $1,000; John Breaux Committee, 27OCT97, $500; John Breaux Committee, 27OCT97, $1,000; A lot of People Supporting Tom Daschle, 3FEB98, $1,000.

Jeanne Fredericks: Christopher Shays for Congress Committee, 28OCT97, $500; Christopher Shays for Congress Committee, 20OCT98, $500.

John Fredericks: Committee to Re-Elect Congresswoman Marge Roukema, 1JUN98, $500.

John W. Fredericks: New Jersey Bankers Political Action Committee, 2JY98, $500.

Joseph T. Fredericks: International Association of Firefighters Interested in Registration and Education, 28MR98, $275.

Norman J. Fredericks, Jr.: National Ready Mixed Concrete Association Political Action Committee (Concretepac), 14JA98, $200; Kilpatrick for United States Congress, 10NO98, $250.

Peter G. Fredericks: Kilpatrick for United States Congress, 10NO98, $250.

Richard Fredericks: Democratic Senatorial Campaign Committee, 30JN97, $3,000; Dan Williams for Congress, 30MR98, $200.

James Fredericksen, MD: Society of Thoracic Surgeons Political Action Committee: The (STS PAC), 27FE97, $500.

John D. Frederickson: National Republican Congressional Committee Contributions, 27FE98, $350.

Robert Frederickson: National Restaurant Association Political Action 13AU97, $250.

Edward J. McGratty, III: Mike Ferguson for Congress, 20OCT98, $500; Mike Ferguson for Congress, 4NO97, $500.

Barbara J. Griffiths, of Virginia, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Iceland.

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Nominee: Barbara J. Griffiths.

Post: Republic of Iceland

Contributions, amount, date, and donee:

1. Self, none.
2. Spouse, David M. Schoonover, none.
3. Children and spouses, not applicable.
4. Parents, Arthur R. Griffiths (deceased); Gloria G. Emmel, none.
5. Grandparents, Arthur Peet (deceased); Mabel Griffiths (deceased); Erich Lehmann (deceased); Marie Lehmann (deceased).
6. Brothers and spouses, Robert E. and Patience Griffiths, none; Gregory L. and Terry Griffiths, none; Randall A. and Abbie Griffiths, none.
7. Sister, Wendy Griffiths Pohanka, $2000, 5/1997, Tom Davis, House of Representatives.

In process of divorce; Spouse contributions, unknown.

Sylvia Gaye Stanfield, of Texas, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Brunei Darussalam.

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Nominee: Sylvia Gaye Stanfield.

Post: Brunei Darussalam.

Contributions, amount, date, and donee:

1. Self, none beyond $1 check-off on income tax return.
2. Spouse, none.
3. Children and spouses, N/A.
4. Parents, Mrs. J.A. (Nadine Roberts) Stanfield, none; Mr. J.A. Stanfield, deceased for 20 years.
5. Grandparents, deceased for over 20 years.
6. Brothers and spouses, none.
7. Sisters and spouses, Eunice F. Stanfield, M.D., none.

William B. Taylor, Jr., of Virginia, for the Rank of Ambassador during tenure of service as Coordinator of U.S. Assistance for the New Independent States.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate).

Mr. HELMS. Mr. President, for the Committee on Foreign Relations, I report favorably a nomination list which was printed in the RECORD of July 1, 1999, and ask unanimous consent, to save the expense of reprinting on the Executive Calendar, that these nominations lie at the Secretary's desk for information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of July 1, 1999, at the end of the Senate proceedings.)

In the Foreign Service nominations beginning Susan Garrison, and ending Richard Tsutomu Yoneoka, which nominations were received by the Senate and appeared in the Congressional Record of July 1, 1999.

By Mr. JEFFORDS, for the Committee on Health, Education, Labor, and Pensions:

A. E. Dick Howard, of Virginia, to be a Member of the Board of Trustees of the James Madison Memorial Fellowship Foundation for a term of six years.

James Roger Angel, of Arizona, to be a Member of the Board of Trustees of the Barry Goldwater Scholarship and Excellence in Education Foundation for a term expiring February 4, 2002.

Edward B. Montgomery, of Maryland, to be an Assistant Secretary of Labor.

Richard M. McGahey, of the District of Columbia, to be an Assistant Secretary of Labor.

Jack E. Hightower, of Texas, to be a Member of the National Commission on Libraries and Information Science for a term expiring July 19, 1999.

Christopher C. Gallagher, of New Hampshire, to be a Member of the Board of Directors of the Corporation for National and Community Service for a term expiring October 6, 2003. (Reappointment)

Jerry D. Florence, of California, to be a Member of the National Museum Services Board for a term expiring December 6, 2002.

(The above nominations were reported with the recommendations that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. WELLSTONE (for himself, Mr. KENNEDY, Mr. INOUYE, Mr. DASCHLE, and Mr. MOYNIHAN):

S. 1447. A bill to amend the Public Health Service Act, Employee Retirement Income Security Act of 1974, and the Internal Revenue Code of 1986 to provide for nondiscriminatory coverage for substance abuse treatment service under private group and individual health coverage; to the Committee on Health, Education, Labor, and Pensions.

By Mr. HUTCHINSON (for himself, Mrs. LINCOLN, Mr. DEWINE, Mr. ASHCROFT, Mr. SESSIONS, Mr. FRIST, Mr. BREAUX, Mr. MOYNIHAN, Mrs. FEINSTEIN, and Mrs. BOXER):

S. 1448. A bill to amend the Food Security Act of 1985 to authorize the annual enrollment of land in the wetlands reserve program, to extend the program through 2005, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. CONRAD (for himself, Mr. FRIST, Mr. ROBB, Mr. INOUYE, Mr. THOMPSON, Mr. MURKOWSKI, and Mr. DEWINE):

S. 1449. A bill to amend title XVIII of the Social Security Act to increase the payment amount for renal dialysis services furnished under the medicare program; to the Committee on Finance.

By Mr. DODD (for himself and Mr. LIEBERMAN):

S. 1450. A bill to authorize the Secretary of Transportation to convey a National Defense Reserve Fleet vessel to the Glacier Society, Inc., of Bridgeport, Connecticut; to the Committee on Commerce, Science, and Transportation.

By Mr. HARKIN (for himself, Mr. HOLLINGS, Mr. BIDEN, and Mr. GRAHAM):

S. 1451. A bill to amend titles XI and XVIII of the Social Security Act to improve efforts to combat medicare fraud, waste, and abuse; to the Committee on Finance.

By Mr. SHELBY (for himself, Mr. BAYH, Mr. BRYAN, Mr. ROCKEFELLER, and Mr. BINGAMAN):

S. 1452. A bill to modernize the requirements under the National Manufactured Housing Construction and Safety Standards of 1974 and to establish a balanced consensus process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. FRIST (for himself, Mr. FEINGOLD, Mr. BROWNBACK, and Mr. LIEBERMAN):

S. 1453. A bill to facilitate relief efforts and a comprehensive solution to the war in Sudan; to the Committee on Foreign Relations.

By Mr. ROBB (for himself, Mr. LAUTENBERG, Mr. CONRAD, Mr. HARKIN, Mr. KENNEDY, Mr. DASCHLE, Mr. REID, Mrs. MURRAY, Mr. LEVIN, Mr. CLELAND, Mr. DODD, Mr. TORRICELLI, Mr. SCHUMER, Mrs. LINCOLN, Mr. JOHNSON, Mr. WELLSTONE, Mr. KERRY, Mr. KERREY, and Mr. AKAKA):

S. 1454. A bill to amend the Internal Revenue Code of 1986 to expand the incentives for the construction and renovation of public schools and to provide tax incentives for corporations to participate in cooperative agreements with public schools in distressed areas; to the Committee on Finance.

By Mr. ABRAHAM (for himself and Mr. FEINGOLD):

S. 1455. A bill to enhance protections against fraud in the offering of financial assistance for college education, and for other purposes; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. HELMS (for himself and Mr. BIDEN):

S. Res. 168. A resolution paying a gratuity to Mary Lyda Nance; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. WELLSTONE (for himself, Mr. KENNEDY, Mr. INOUYE, Mr. DASCHLE, and Mr. MOYNIHAN):

S. 1447. A bill to amend the Public Health Service Act, Employee Retirement Income Security Act of 1974, and the Internal Revenue Code of 1986 to provide for nondiscriminatory coverage for substance abuse treatment service under private group and individual health coverage; to the Committee on Health, Education, Labor, and Pensions.

FAIRNESS IN TREATMENT—THE DRUG AND ALCOHOL ADDICTION RECOVERY ACT OF 1999

• Mr. WELLSTONE. Mr. President, I rise today to introduce legislation that will ensure that private health insurance companies cover the costs for drug and alcohol addiction treatment services at the same level that they pay for treatment for other diseases. The purpose of this bill is to end discrimination in insurance coverage for drug and alcohol addiction treatment. This bill, entitled Fairness in Treatment: The Drug and Alcohol Addiction Recovery Act of 1999, offers the necessary provisions to provide this assurance.

For too long, the problem of drug and alcohol addiction has been viewed as a moral issue, rather than as a disease. Too often, a cloak of secrecy has surrounded this problem, causing people who have this disease to feel ashamed and afraid to seek treatment for their symptoms for fear that they will be seen as admitting to a moral failure, or a weakness in character. We have all seen portrayals of alcoholics and addicts that are intended to be humorous or derogatory, and only reinforce the biases against people who have problems with drug and alcohol addiction. I cannot imagine this type of portrayal of someone who has another kind of chronic illness, a heart problem, or who happens to carry a gene that predisposes them to diabetes.

It has been shown that some forms of addiction have a genetic basis, and yet we still try to deny the serious medical nature of this disease. We think of those with this disease as somehow different from us. We forget that someone who has a problem with drugs or alcohol can look just like the person we see in the mirror, or the person who is sitting next to us at work or on the subway, or like someone in our own family. In fact, it is likely that most of us know someone who has experienced drug and alcohol addiction, within our families or our circle of friends or coworkers.

Alcoholism and drug addiction are painful, private struggles with staggering public costs. A study prepared by The Lewin Group for the National Institute on Drug Abuse and the National Institute on Alcohol Abuse and Alcoholism, estimated that the total economic cost of alcohol and drug abuse to be $246 billion for 1992. Of this cost, $98 billion was due to drug addiction to illicit drugs and other drugs taken for non-medical purposes. This estimate includes addiction treatment and prevention costs, as well as costs associated with related illnesses, reduced job productivity or lost earnings, and other costs to society such as crime and social welfare programs. The study also determined that these costs are borne primarily by governments (46 percent), followed by those who abuse drugs and members of their households

(44 percent). According to this same study, private health and life insurance companies bear only 3.2 percent of the costs of drug abuse and 10.2 percent of the costs of alcohol abuse.

The health effects resulting from alcohol addiction can be very serious, even fatal. A 1996 article in Scientific American estimated that excessive alcohol consumption causes more than 100,000 deaths in the U.S. each year. Of these deaths, twenty-four per cent are due to drunken driving, eleven percent are homicides, and eight percent are suicides. Alcohol contributes to cancers of the esophagus, larynx, and oral cavity, which account for seventeen percent of these deaths. Strokes related to alcohol use account for another nine percent of deaths. Alcohol causes several other ailments, such as cirrhosis of the liver. These ailments account for eighteen percent of the deaths.

We know that addiction to alcohol and other drugs contribute to other problems as well. Addictive substances have the potential for destroying the person who is addicted, their family, and their other relationships. We know, for example, that fetal alcohol syndrome is the leading known cause of mental retardation. If the woman who was addicted to alcohol could receive proper treatment, fetal alcohol syndrome for her baby would be 100 percent preventable, and more than 12,000 infants born in the U.S. each year would not suffer from fetal alcohol syndrome, with its irreversible physical and mental damage. We know too of the devastation caused by addiction when violence between people is one of the consequences. A 1998 SAMHSA report outlined the links between domestic violence and substance abuse. We know from clinical reports that 25–50% of men who commit acts of domestic violence also have substance abuse problems. The report recognized the link between the victim of abuse and use of alcohol and drugs, and recommended that after the woman's safety has been addressed, the next step would be to help with providing treatment for her addiction as a step toward independence and health, and toward the prevention of the consequences for the children who suffer the same abuse either directly, or indirectly by witnessing spousal violence.

People who have the disease of addiction can be found throughout our society. According to the 1997 National Household Survey on Drug Abuse published by SAMHSA, nearly 73 percent of all illegal drug users in the United States are employed. This number represents 6.7 million full-time workers and 1.6 million part-time workers. Although many of these workers could and should have insurance benefits that would cover treatment for this disease, they do not.

In addition to the health problems resulting from the failure to treat the illness, there are other serious consequences affecting the workplace, such as lost productivity, high employee turnover, low employee morale, mistakes, accidents, and increased worker's compensation insurance and health insurance premiums—all results of untreated addiction problems. Whether you are a corporate CEO or a small business owner, there are simple, effective steps that can be taken—including providing insurance coverage for this disease, ready access to treatment, and workplace policies that support treatment—that can reduce these human and economic costs.

We know from the outstanding research conducted at NIH, through the National Institute on Drug Abuse and the National Institute on Alcohol Abuse and Alcoholism, that treatment for drug and alcohol addiction can be effective. That is the major finding from a NIDA-sponsored nationwide study of drug abuse treatment outcomes. The Drug Abuse Treatment Outcome Study (DATOS) tracked 10,000 people in nearly 100 treatment programs in 11 cities who entered treatment for addiction between 1991 and 1993. Results showed that for all four treatment types studied, there were reductions in the use of cocaine, heroin, and marijuana after treatment. Moreover, treatment resulted in other positive changes in behavior, such as fewer psychological symptoms and increased work productivity.

We must do more to prevent this illness and to treat those who are addicted to drugs and alcohol. Over the past few years, the principle of parity in insurance coverage for alcohol and drug rehabilitation and treatment has received the strong support of the White House, ONDCP Director General Barry McCaffrey, Former Surgeon General C. Everett Koop, Former President and Mrs. Gerald Ford, the U.S. Conference of Mayors, Kaiser Permanente Health Plans, and many leading figures in medicine, business, government, journalism, and entertainment who have successfully fought the battle of addiction with the help of treatment. Hearings held last year by the Senate Appropriations Committee and the Committee on Health, Education, Labor, and Pensions highlighted the recent major advances in scientific information about the disease; the biological causes of addiction; the effectiveness and low cost of treatment; and many painful, personal stories of people, including children, who have been denied treatment.

We know that the failure of insurance companies to provide treatment can sometimes have devastating results. The New York Times recently highlighted the tragic suicide of a young man who desperately sought inpatient treatment care for his drug addiction and fought for 8 months to have the plan authorize the treatment that was in fact included in as part of his benefits. The authorization came through—but too late—he had died three weeks earlier from a drug overdose. This kind of denial of care for addiction treatment is not at all unique—the 1998 Hay Group Report on Employer Health Care Dollars Spent on Substance Abuse showed that from 1988 through 1998 the value of substance abuse treatment benefits decreased by 74.5%, as compared to a 11.5% decrease for overall health care benefits.

Addiction to alcohol and drugs is a disease that affects the brain, the body, and the spirit. We must provide adequate opportunities for the treatment of addiction in order to help those who are suffering and to prevent the health and social problems that it causes. This legislation will take an important step in this direction by requiring that health insurance plans eliminate discrimination for addiction treatment. The costs for this are very low. A 1999 study by the Rand Corporation found that the cost to managed care health plans is now only about $5 per person per year for unlimited substance abuse treatment benefits to employees of big companies. A 1997 Milliman and Robertson study found that complete substance abuse treatment parity would increase per capita health insurance premiums by only one half of one percent, or less than $1 per member per month—without even considering any of the obvious savings that will result from treatment. Several studies have shown that for every $1 spent on treatment, more than $7 is saved in other health care expenses, and that these savings are in addition to the financial and other benefits of increased productivity, as well as participation in family and community life. Providing treatment for addiction also saves millions of dollars in the criminal justice system. But for treatment to be effective and helpful throughout our society all systems of care—including private insurance plans—must share this responsibility.

This legislation does not mandate that health insurers offer substance addiction treatment benefits. What it does is prohibit discrimination by health plans who offer substance addiction treatment from placing unfair and life-threatening limitations on caps, access, or financial requirements for addiction treatment that are different from other medical and surgical services.

We must move forward now to vigorously address the serious and life-threatening problem of drug and alcohol addiction in our country. It is long past time that insurance companies do their fair share in bearing the responsibility for treating this disease.

I ask that the full text of the bill be printed in the RECORD.

The bill follows:

S. 1447

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Fairness in Treatment: The Drug and Alcohol Addiction Recovery Act of 1999".

SEC. 2. PARITY IN SUBSTANCE ABUSE TREATMENT BENEFITS.

(a) Group Health Plans.—

(1) Public health service act amendments.—

(A) In general.—Subpart 2 of part A of title XXVII of the Public Health Service Act (42 U.S.C. 300gg–4 et seq.) is amended by adding at the end the following:

"SEC. 2707. PARITY IN THE APPLICATION OF TREATMENT LIMITATIONS AND FINANCIAL REQUIREMENTS TO SUBSTANCE ABUSE TREATMENT BENEFITS.

"(a) In General.—In the case of a group health plan (or health insurance coverage offered in connection with such a plan) that provides both medical and surgical benefits and substance abuse treatment benefits, the plan or coverage shall not impose treatment limitations or financial requirements on the substance abuse treatment benefits unless similar limitations or requirements are imposed for medical and surgical benefits.

"(b) Construction.—Nothing in this section shall be construed—

"(1) as requiring a group health plan (or health insurance coverage offered in connection with such a plan) to provide any substance abuse treatment benefits; or

"(2) to prevent a group health plan or a health insurance issuer offering group health insurance coverage from negotiating the level and type of reimbursement with a provider for care provided in accordance with this section.

"(c) Small Employer Exemption.—

"(1) In general.—This section shall not apply to any group health plan (and group health insurance coverage offered in connection with a group health plan) for any plan year of a small employer.

"(2) Small employer.—For purposes of paragraph (1), the term 'small employer' means, in connection with a group health plan with respect to a calendar year and a plan year, an employer who employed an average of at least 2 but not more than 25 employees on business days during the preceding calendar year and who employs at least 2 employees on the first day of the plan year.

"(3) Application of certain rules in determination of employer size.—For purposes of this subsection:

"(A) Application of aggregation rule for employers.—Rules similar to the rules under subsections (b), (c), (m), and (o) of section 414 of the Internal Revenue Code of 1986 shall apply for purposes of treating persons as a single employer.

"(B) Employers not in existence in preceding year.—In the case of an employer which was not in existence throughout the preceding calendar year, the determination of whether such employer is a small employer shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

"(C) Predecessors.—Any reference in this subsection to an employer shall include a reference to any predecessor of such employer.

"(d) Separate Application to Each Option Offered.—In the case of a group health plan that offers a participant or beneficiary two or more benefit package options under the plan, the requirements of this section shall be applied separately with respect to each such option.

"(e) Definitions.—For purposes of this section—

"(1) Treatment limitation.—The term 'treatment limitation' means, with respect to benefits under a group health plan or health insurance coverage, any day or visit limits imposed on coverage of benefits under the plan or coverage during a period of time.

"(2) Financial requirement.—The term 'financial requirement' means, with respect to benefits under a group health plan or health insurance coverage, any deductible, coinsurance, or cost-sharing or an annual or lifetime dollar limit imposed with respect to the benefits under the plan or coverage.

"(3) Medical or surgical benefits.—The term 'medical or surgical benefits' means benefits with respect to medical or surgical services, as defined under the terms of the plan or coverage (as the case may be), but does not include substance abuse treatment benefits.

"(4) Substance abuse treatment benefits.—The term 'substance abuse treatment benefits' means benefits with respect to substance abuse treatment services.

"(5) Substance abuse treatment services.—The term 'substance abuse services' means any of the following items and services provided for the treatment of substance abuse:

"(A) Inpatient treatment, including detoxification.

"(B) Non-hospital residential treatment.

"(C) Outpatient treatment, including screening and assessment, medication management, individual, group, and family counseling, and relapse prevention.

"(D) Prevention services, including health education and individual and group counseling to encourage the reduction of risk factors for substance abuse.

"(6) Substance abuse.—The term 'substance abuse' includes chemical dependency.

"(f) Notice.—A group health plan under this part shall comply with the notice requirement under section 713(f) of the Employee Retirement Income Security Act of 1974 with respect to the requirements of this section as if such section applied to such plan.".

(B) Conforming amendment.—Section 2723(c) of the Public Health Service Act (42 U.S.C. 300gg–23(c)) is amended by striking "section 2704" and inserting "sections 2704 and 2707".

(2) ERISA amendments.—

(A) In general.—Subpart B of part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1185 et seq.) is amended by adding at the end the following:

"SEC. 714. PARITY IN THE APPLICATION OF TREATMENT LIMITATIONS AND FINANCIAL REQUIREMENTS TO SUBSTANCE ABUSE TREATMENT BENEFITS.

"(a) In General.—In the case of a group health plan (or health insurance coverage offered in connection with such a plan) that provides both medical and surgical benefits and substance abuse treatment benefits, the plan or coverage shall not impose treatment limitations or financial requirements on the substance abuse treatment benefits unless similar limitations or requirements are imposed for medical and surgical benefits.

"(b) Construction.—Nothing in this section shall be construed—

"(1) as requiring a group health plan (or health insurance coverage offered in connection with such a plan) to provide any substance abuse treatment benefits; or

"(2) to prevent a group health plan or a health insurance issuer offering group health insurance coverage from negotiating the level and type of reimbursement with a provider for care provided in accordance with this section.

"(c) Small Employer Exemption.—

"(1) In general.—This section shall not apply to any group health plan (and group health insurance coverage offered in connection with a group health plan) for any plan year of a small employer.

"(2) Small employer.—For purposes of paragraph (1), the term 'small employer' means, in connection with a group health plan with respect to a calendar year and a plan year, an employer who employed an average of at least 2 but not more than 25 employees on business days during the preceding calendar year and who employs at least 2 employees on the first day of the plan year.

"(3) Application of certain rules in determination of employer size.—For purposes of this subsection:

"(A) Application of aggregation rule for employers.—Rules similar to the rules under subsections (b), (c), (m), and (o) of section 414 of the Internal Revenue Code of 1986 shall apply for purposes of treating persons as a single employer.

"(B) Employers not in existence in preceding year.—In the case of an employer which was not in existence throughout the preceding calendar year, the determination of whether such employer is a small employer shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

"(C) Predecessors.—Any reference in this subsection to an employer shall include a reference to any predecessor of such employer.

"(d) Separate Application to Each Option Offered.—In the case of a group health plan that offers a participant or beneficiary two or more benefit package options under the plan, the requirements of this section shall be applied separately with respect to each such option.

"(e) Definitions.—For purposes of this section—

"(1) Treatment limitation.—The term 'treatment limitation' means, with respect to benefits under a group health plan or health insurance coverage, any day or visit limits imposed on coverage of benefits under the plan or coverage during a period of time.

"(2) Financial requirement.—The term 'financial requirement' means, with respect to benefits under a group health plan or health insurance coverage, any deductible, coinsurance, or cost-sharing or an annual or lifetime dollar limit imposed with respect to the benefits under the plan or coverage.

"(3) Medical or surgical benefits.—The term 'medical or surgical benefits' means benefits with respect to medical or surgical services, as defined under the terms of the plan or coverage (as the case may be), but does not include substance abuse treatment benefits.

"(4) Substance abuse treatment benefits.—The term 'substance abuse treatment benefits' means benefits with respect to substance abuse treatment services.

"(5) Substance abuse treatment services.—The term 'substance abuse services' means any of the following items and services provided for the treatment of substance abuse:

"(A) Inpatient treatment, including detoxification.

"(B) Non-hospital residential treatment.

"(C) Outpatient treatment, including screening and assessment, medication management, individual, group, and family counseling, and relapse prevention.

"(D) Prevention services, including health education and individual and group counseling to encourage the reduction of risk factors for substance abuse.

"(6) SUBSTANCE ABUSE.—The term 'substance abuse' includes chemical dependency.

"(f) NOTICE UNDER GROUP HEALTH PLAN.—The imposition of the requirements of this section shall be treated as a material modification in the terms of the plan described in section 102(a)(1), for purposes of assuring notice of such requirements under the plan; except that the summary description required to be provided under the last sentence of section 104(b)(1) with respect to such modification shall be provided by not later than 60 days after the first day of the first plan year in which such requirements apply.".

(B) CONFORMING AMENDMENTS.—

(i) Section 731(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1191(c)) is amended by striking "section 711" and inserting "sections 711 and 714".

(ii) Section 732(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1191a(a)) is amended by striking "section 711" and inserting "sections 711 and 714".

(iii) The table of contents in section 1 of the Employee Retirement Income Security Act of 1974 is amended by inserting after the item relating to section 713 the following new item:

"Sec. 714. Parity in the application of treatment limitations and financial requirements to substance abuse treatment benefits.".

(3) INTERNAL REVENUE CODE AMENDMENTS.—

(A) IN GENERAL.—Subchapter B of chapter 100 of the Internal Revenue Code of 1986 is amended by inserting after section 9812, the following:

"SEC. 9813. PARITY IN THE APPLICATION OF TREATMENT LIMITATIONS AND FINANCIAL REQUIREMENTS TO SUBSTANCE ABUSE TREATMENT BENEFITS.

"(a) IN GENERAL.—In the case of a group health plan (or health insurance coverage offered in connection with such a plan) that provides both medical and surgical benefits and substance abuse treatment benefits, the plan or coverage shall not impose treatment limitations or financial requirements on the substance abuse treatment benefits unless similar limitations or requirements are imposed for medical and surgical benefits.

"(b) CONSTRUCTION.—Nothing in this section shall be construed—

"(1) as requiring a group health plan (or health insurance coverage offered in connection with such a plan) to provide any substance abuse treatment benefits; or

"(2) to prevent a group health plan or a health insurance issuer offering group health insurance coverage from negotiating the level and type of reimbursement with a provider for care provided in accordance with this section.

"(c) SMALL EMPLOYER EXEMPTION.—

"(1) IN GENERAL.—This section shall not apply to any group health plan (and group health insurance coverage offered in connection with a group health plan) for any plan year of a small employer.

"(2) SMALL EMPLOYER.—For purposes of paragraph (1), the term 'small employer' means, in connection with a group health plan with respect to a calendar year and a plan year, an employer who employed an average of at least 2 but not more than 25 employees on business days during the preceding calendar year and who employs at least 2 employees on the first day of the plan year.

"(3) APPLICATION OF CERTAIN RULES IN DETERMINATION OF EMPLOYER SIZE.—For purposes of this subsection:

"(A) APPLICATION OF AGGREGATION RULE FOR EMPLOYERS.—Rules similar to the rules under subsections (b), (c), (m), and (o) of section 414 of the Internal Revenue Code of 1986 shall apply for purposes of treating persons as a single employer.

"(B) EMPLOYERS NOT IN EXISTENCE IN PRECEDING YEAR.—In the case of an employer which was not in existence throughout the preceding calendar year, the determination of whether such employer is a small employer shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

"(C) PREDECESSORS.—Any reference in this subsection to an employer shall include a reference to any predecessor of such employer.

"(d) SEPARATE APPLICATION TO EACH OPTION OFFERED.—In the case of a group health plan that offers a participant or beneficiary two or more benefit package options under the plan, the requirements of this section shall be applied separately with respect to each such option.

"(e) DEFINITIONS.—For purposes of this section—

"(1) TREATMENT LIMITATION.—The term 'treatment limitation' means, with respect to benefits under a group health plan or health insurance coverage, any day or visit limits imposed on coverage of benefits under the plan or coverage during a period of time.

"(2) FINANCIAL REQUIREMENT.—The term 'financial requirement' means, with respect to benefits under a group health plan or health insurance coverage, any deductible, coinsurance, or cost-sharing or an annual or lifetime dollar limit imposed with respect to the benefits under the plan or coverage.

"(3) MEDICAL OR SURGICAL BENEFITS.—The term 'medical or surgical benefits' means benefits with respect to medical or surgical services, as defined under the terms of the plan or coverage (as the case may be), but does not include substance abuse treatment benefits.

"(4) SUBSTANCE ABUSE TREATMENT BENEFITS.—The term 'substance abuse treatment benefits' means benefits with respect to substance abuse treatment services.

"(5) SUBSTANCE ABUSE TREATMENT SERVICES.—The term 'substance abuse services' means any of the following items and services provided for the treatment of substance abuse:

"(A) Inpatient treatment, including detoxification.

"(B) Non-hospital residential treatment.

"(C) Outpatient treatment, including screening and assessment, medication management, individual, group, and family counseling, and relapse prevention.

"(D) Prevention services, including health education and individual and group counseling to encourage the reduction of risk factors for substance abuse.

"(6) SUBSTANCE ABUSE.—The term 'substance abuse' includes chemical dependency.".

(B) CONFORMING AMENDMENT.—The table of contents for chapter 100 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 9812 the following new item:

"Sec. 9813. Parity in the application of treatment limitations and financial requirements to substance abuse treatment benefits.".

(b) INDIVIDUAL HEALTH INSURANCE.—

(1) IN GENERAL.—Part B of title XXVII of the Public Health Service Act (42 U.S.C. 300gg-41 et seq.) is amended by inserting after section 2752 the following:

"SEC. 2753. PARITY IN THE APPLICATION OF TREATMENT LIMITATIONS AND FINANCIAL REQUIREMENTS TO SUBSTANCE ABUSE BENEFITS.

"(a) IN GENERAL.—The provisions of section 2707 (other than subsection (e)) shall apply to health insurance coverage offered by a health insurance issuer in the individual market in the same manner as it applies to health insurance coverage offered by a health insurance issuer in connection with a group health plan in the small or large group market.

"(b) NOTICE.—A health insurance issuer under this part shall comply with the notice requirement under section 713(f) of the Employee Retirement Income Security Act of 1974 with respect to the requirements referred to in subsection (a) as if such section applied to such issuer and such issuer were a group health plan.".

(2) CONFORMING AMENDMENT.—Section 2762(b)(2) of the Public Health Service Act (42 U.S.C. 300gg-62(b)(2)) is amended by striking "section 2751" and inserting "sections 2751 and 2753".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Subject to paragraph (3), the amendments made by subsection (a) shall apply with respect to group health plans for plan years beginning on or after January 1, 2000.

(2) INDIVIDUAL MARKET.—The amendments made by subsection (b) shall apply with respect to health insurance coverage offered, sold, issued, renewed, in effect, or operated in the individual market on or after January 1, 2000.

(3) COLLECTIVE BARGAINING AGREEMENTS.—In the case of a group health plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified before the date of enactment of this Act, the amendments made subsection (a) shall not apply to plan years beginning before the later of—

(A) the date on which the last collective bargaining agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of enactment of this Act), or

(B) January 1, 2000.

For purposes of subparagraph (A), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by subsection (a) shall not be treated as a termination of such collective bargaining agreement.

(d) COORDINATED REGULATIONS.—Section 104(1) of Health Insurance Portability and Accountability Act of 1996 is amended by striking "this subtitle (and the amendments made by this subtitle and section 401)" and inserting "the provisions of part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974, and the provisions of parts A and C of title XXVII of the Public Health Service Act, and chapter 1000 of the Internal Revenue Code of 1986".

SEC. 3. PREEMPTION.

Nothing in the amendments made by this Act shall be construed to preempt any provision of State law that provides protections to enrollees that are greater than the protections provided under such amendments.•

By Mr. CONRAD (for himself, Mr. FRIST, Mr. ROBB, Mr. INOUYE, Mr. THOMPSON, Mr. MURKOWSKI, and Mr. DEWINE):

S. 1449. A bill to amend title XVIII of the Social Security Act to increase the payment amount for renal dialysis services furnished under the Medicare program; to the Committee on Finance.

MEDICARE RENAL DIALYSIS FAIR PAYMENT ACT OF 1999

• Mr. CONRAD. Mr. President, today I am pleased to join Senator FRIST to introduce the Medicare Renal Dialysis Fair Payment Act of 1999. This legislation takes important steps to help sustain and improve the quality of care for Medicare beneficiaries suffering from kidney-failure.

Nationwide, more than 280,000 Americans live with end-stage renal disease (ESRD). In my state of North Dakota, the number of patients living with ESRD is relatively small, just over 600 per year. However, for these patients, and others across the country, access to dialysis treatments means the difference between life and death.

In 1972, the Congress took important steps to ensure that elderly and disabled individuals with kidney-failure receive appropriate dialysis care. At that time, Medicare coverage was extended to include dialysis treatments for beneficiaries with ESRD.

Over the last three decades, dialysis facilities have provided services to increasing numbers of kidney-failure patients under increasingly strict quality standards. However, it has come to my attention that reimbursement to dialysis facilities does not reflect the more stringent quality requirements placed upon dialysis providers.

Since 1983, reimbursement to dialysis facilities has actually declined. Today, according to the Medicare Payment Advisory Commission (MedPAC), dialysis facilities receive on average $122 per treatment, compared with $138 per treatment that they received in 1983. Adjusting for inflation, this means that dialysis providers are only receiving about $42 per treatment (in 1983 dollars) to provide nursing, social work and dietitian care, as well as the actual dialysis treatment.

I am concerned that a continued erosion in Medicare payments to dialysis facilities could jeopardize beneficiaries' access to dialysis services. According to MedPAC, "without an increase in the payment (i.e. composite rate) the quality of dialysis services may decline. Therefore, an update to the composite rate is recommended." Further, MedPAC has concluded that the majority of dialysis facilities now lose money on Medicare reimbursement and the problem is especially acute for small, rural, and non-profit dialysis facilities. In my state, we simply cannot afford to lose rural providers—including providers of dialysis services.

This legislation will ensure dialysis facilities have the resources to continue offering critical dialysis services to individuals with kidney failure. I urge my colleagues to support this important legislation.•

By Mr. DODD (for himself and Mr. LIEBERMAN):

S. 1450. A bill to authorize the Secretary of Transportation to convey a National Defense Reserve Fleet vessel to the Glacier Society, Inc., of Bridgeport, Connecticut; to the Committee on Commerce, Science, and Transportation.

CONVEYANCE OF THE SHIP GLACIER

• Mr. DODD. Mr. President, I rise today to introduce legislation that would save a historic vessel from the scrap heap. The Glacier, a 310 foot, 8,600 ton icebreaker was commissioned as a vessel of the U.S. Navy in 1955. It made 39 trips to the North and South poles; made the deepest penetration of the Antarctic by sea in 1961; rescued explorer Sir Vivan Fuchs; and was the largest icebreaker of its time. Currently, the Glacier is part of the reserve fleet awaiting disposition as scrap or transfer to the Glacier Society, a group dedicated to restoring the Glacier.

This bill would simply convey the Glacier from the reserve fleet to the Glacier Society. The Society is mainly composed of active and retired servicemen who served aboard the Glacier and is headed by Ben Koether, one of the ship's former navigators. The group envisions that the Glacier will operate as a museum and scientific laboratory. Both in port and underway, the Glacier Society hopes to provide hands-on training to children and adults while teaching the history of Polar exploration.

By passing the title of the Glacier to the Glacier Society, Congress will save taxpayers roughly $200,000 per year, enable the development of unique educational opportunities, contribute to the nation's maritime heritage and preserve a piece of history. I look forward to the day when the Glacier Society's vision for the Glacier is achieved. Passage of this bill would be the first step towards realization of that vision.•

By Mr. HARKIN (for himself, Mr. HOLLINGS, Mr. BIDEN, and Mr. GRAHAM):

S. 1451. A bill to amend titles XI and XVIII of the Social Security Act to improve efforts to combat Medicare fraud, waste, and abuse; to the Committee on Finance.

MEDICARE WASTE TAX REDUCTION ACT OF 1999

Mr. HARKIN. Mr. President, today I am introducing with Senator HOLLINGS, Senator BIDEN, and Senator GRAHAM an important piece of legislation that will help to protect and preserve Medicare. The bill is entitled the Medicare Waste Tax Reduction Act of 1999.

For over ten years now, I have worked to combat fraud, waste and abuse in the Medicare program. As Chairman and now Ranking Minority Member of the Senate Appropriations Subcommittee with oversight of the administration of Medicare, I've held hearing after hearing and released report after report documenting the extent of this problem. While virtually no one was paying attention to our effort for many years, we've succeeded in bringing greater attention and focus to this problem in recent years.

Part of our effort has been to try to quantify the scope of the problem. Several years ago, the General Accounting Office reported that up to 10 percent of Medicare funds could be lost to fraud, waste and abuse each year. Many questioned that estimate as too large. They said the problem existed, but it wasn't nearly as big as 10 percent. A few years ago, the Inspector General conducted the first-ever detailed audit of Medicare payments. That Chief Financial Officer Act audit found that fully 14 percent of Medicare payments in 1996, or over $23 billion, had been made improperly.

To combat these substantial losses, we have put into place the reforms embodied in the Health Insurance Portability Act and the Balanced Budget Act. HCFA, the Inspector General and the Justice Department also have continued to aggressively use new authority to crack down on Medicare fraud, waste, and abuse. As a result, we have seen a dramatic decrease in these improper payments. According to the most recent Inspector General's report, improper payments had been reduced from $23.2 billion in 1996, to $20.3 billion in 1997, to $12.6 billion in 1998.

While I am very pleased with the successful efforts so far in combating fraud, waste, and abuse, that still amounts to a nearly $13 billion annual "waste tax" on the American people. Now is not the time to rest on our laurels. We must now question, what is the best way to move forward and further cut this tax. I know there are no "magic-wand" solutions—this is a complex problem with many components. But basically, you need four things: well thought out laws, adequate resources, effective implementation and the help of seniors and health providers. We've made progress on each of these fronts over the last couple of years, but much more remains to be done.

Mr. President, we have many thousands of dedicated health providers who work very hard to improve the quality of life for all people. Through their efforts, Americans have the best quality health care in the world. But, unfortunately, there are a small minority of providers who take advantage of our health care system. This legislation is directly designed to deal with those situations. Further, it is clear that many mispayments to Medicare are the result of a simple lack of understanding of our often complex Medicare payment system. This legislation also addresses this problem by providing increased education and assistance for providers and by reducing the paperwork and administrative hassles that can often lead to innocent, but costly, billing errors.

The primary goal of this legislation is simply this—to ensure that Medicare pays for all that it should pay for—and only what it should pay for.

The Medicare Waste Tax Reduction Act I am introducing today will take a number of important steps to stop the continued ravaging of Medicare.

This bill for example, would direct HCFA to double and better target audits and reviews to detect and discourage mispayments. Currently only a tiny fraction of Medicare claims are reviewed before being paid and less than 2 percent of providers receive a comprehensive audit annually. We must have the ability to separate needed care from bill padding and abuse.

Our bill would also give Medicare the authority to be a more prudent purchaser. As passed by the Senate, the Balanced Budget Act gave Medicare the authority to quickly reduce Part B payment rates (except those made for physician services) it finds to be grossly excessive when compared to rates paid by other government programs and the private sector. In conference, the provision was limited to reductions of no more than 15 percent. This bill would restore the original Senate language. In addition, to assure that Medicare gets the price it deserves given its status as by far the largest purchaser of medical supplies and equipment, Medicare would pay no more than any other government program for these items. Finally, overpayments for prescription drugs and biologicals would be eliminated by lowering Medicare's rate to the lowest of either the actual acquisition cost or 83% of the wholesale cost.

Our bill would also give the Secretary of Health and Human Services greater flexibility in contracting for claims processing and payment functions on behalf of Medicare beneficiaries and providers. It would update Medicare contracting procedures and bring it more in line with standard contracting procedures already used across the Federal Government and therefore allow Medicare the ability to get much better value for its contracting dollars.

The Medicare Waste Tax reduction Act of 1999 would also ensure that Medicare does not pay for claims owed by other plans. Too often, Medicare pays claims that are owed by private insurers because it has no way of knowing a beneficiary is working and has private insurance that should pay first. This provision would reduce Medicare losses by requiring insurers to report any Medicare beneficiaries they insure. Also, Medicare would be given the authority to recover double the amount owed by insurers who purposely let Medicare pay claims they should have paid.

Additionally, coordination between Medicare and private insurers would be strengthened. Often, those ripping off Medicare are also defrauding private health plans. Yet, too little information on fraud cases is shared between Medicare and private plans. In order to encourage better coordination, health plans and their employees could not be held liable for sharing information with Medicare regarding health care fraud as long as the information is not false, or the person providing the information had no reason to believe the information was false.

Our bill would also expand the Medicare Senior Waste Patrol Nationwide. Seniors are our front line of defense against Medicare fraud, waste and abuse. However, too often, seniors don't have the information they need to detect and report suspected mistakes and fraud. By moving the Waste Patrol nationwide, implementing important BBA provisions and assuring seniors have access to itemized bills we will strike an important blow to Medicare waste.

Another critical component of any successful comprehensive plan to cut the Medicare waste tax is to focus on prevention. Most of our efforts now look at finding and rectifying the problems after they occur. While this is important and we need to do even more of it, we all know that prevention is much more cost effective. The old adage "A stitch in time saves nine" was never more true. A major component of an enhanced prevention effort would be the provision of increased assistance and education for providers to comply with Medicare rules.

Further, a great deal of the mis-payments made by Medicare are the result not of fraud or abuse, but of simple misunderstanding of Medicare billing rules by providers. Therefore, this bill provides $10 million a year to fund a major expansion of assistance and education for providers on program integrity requirements. This bill would also ensure the reduction of paperwork and administrative hassle that could prove daunting to providers. Health professionals have to spend too much time completing paperwork and dealing with administrative hassles associated with Medicare and private health plans. In order to reduce this hassle and provide more time for patient care, the Institute of Medicine would be charged with developing a comprehensive plan by no later than June 1, 2000. Their recommendations are to include the streamlining of variations between Medicare and other payers.

Mr. President, while we have made changes to medicare in attempts to extend its solvency thru the next decade, we urgently need to take other steps to protect and preserve the program for the long-term. We should enact the reforms in this bill to weed out waste, fraud and abuse as a first priority in this effort. I urge all my colleagues to review this proposal and hope that they will join me in working to pass it yet this year.

Mr President, I also ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1451

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Medicare Waste Tax Reduction Act of 1999".

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Increased medical reviews and antifraud activities.
Sec. 3. Oversight of home health agencies.
Sec. 4. No markup for drugs or biologicals.
Sec. 5. Ensuring that the medicare program does not reimburse claims owed by other payers.
Sec. 6. Extension of subpoena and injunction authority.
Sec. 7. Civil monetary penalties for services ordered or prescribed by an excluded individual or entity.
Sec. 8. Civil monetary penalties for false certification of eligibility to receive partial hospitalization and hospice services.
Sec. 9. Application of certain provisions of the bankruptcy code.
Sec. 10. Improving private sector coordination in combatting health care fraud.
Sec. 11. Fees for agreements with medicare providers and suppliers.
Sec. 12. Increased medicare compliance, education, and assistance for health care providers.
Sec. 13. Paperwork and administrative hassle reduction.
Sec. 14. Clarification of application of sanctions to Federal health care programs.
Sec. 15. Payments for durable medical equipment.
Sec. 16. Implementation of commercial claims auditing systems.
Sec. 17. Partial hospitalization payment reforms.
Sec. 18. Expansion of medicare senior waste patrol nationwide.
Sec. 19. Application of inherent reasonableness to all part B services other than physicians' services.
Sec. 20. Standards regarding payment for certain orthotics and prosthetics.

Sec. 21. Increased flexibility in contracting for medicare claims processing.
Sec. 22. Exemption of Inspectors General from Paperwork Reduction Act requirements.

SEC. 2. INCREASED MEDICAL REVIEWS AND ANTI-FRAUD ACTIVITIES.

(a) IN GENERAL.—Section 1893(d) of the Social Security Act (42 U.S.C. 1395ddd(d)) is amended by inserting after paragraph (3) the following:

“(4) In the case of fiscal year 2000 and each subsequent fiscal year, procedures to ensure that—

“(A) the number of medical reviews, utilization reviews, and fraud reviews in a fiscal year of providers of services and other individuals and entities furnishing items and services for which payment may be made under this title is equal to at least twice the number of such reviews that were conducted in fiscal year 1999;

“(B) the number of provider cost reports audited in a fiscal year is equal to at least—

“(i) 15 percent of those submitted by a home health agency or a skilled nursing facility; and

“(ii) twice the number of such reports that were audited in fiscal year 1999 for those submitted by any other provider of services or any other individual or entity furnishing items and services for which payment may be made under this title; and

“(C) in determining which providers of services, individuals, entities, or cost reports to review or audit, priority is placed on providers, individuals, entities, and areas that the Secretary determines are subject to abuse and most likely to result in mispayment or overpayment recoveries.”.

(b) INCREASE IN APPROPRIATED AMOUNTS FOR MEDICARE AND MEDICAID ACTIVITIES.—

(1) IN GENERAL.—Section 1817(k)(3)(A)(i) of the Social Security Act (42 U.S.C. 1395i(k)(3)(A)(i)) is amended—

(A) in subclause (II)—

(i) by striking “through 2003” and inserting “and 1999”; and

(ii) by striking “and” at the end;

(B) by redesignating subclause (III) as subclause (IV); and

(C) by inserting after subclause (II) the following:

“(III) for each of the fiscal years 2000 through 2003, the limit for the preceding fiscal year, increased by 25 percent; and”.

(2) ACTIVITIES.—Section 1817(k)(3)(A)(ii) of the Social Security Act (42 U.S.C. 1395i(k)(3)(A)(ii)) is amended—

(A) in subclause (IV), by striking “not less than $110,000,000 and not more than $120,000,000” and inserting “$160,000,000”;

(B) in subclause (V), by striking “not less than $120,000,000 and not more than $130,000,000” and inserting “$190,000,000”;

(C) in subclause (VI), by striking “not less than $140,000,000 and not more than $150,000,000” and inserting “$230,000,000”; and

(D) in subclause (VII), by striking “not less than $150,000,000 and not more than $160,000,000” and inserting “$260,000,000”.

(c) INCREASE IN APPROPRIATED AMOUNTS FOR MEDICARE INTEGRITY PROGRAM.—Section 1817(k)(4) of the Social Security Act (42 U.S.C. 1395i(k)(4)(B)) is amended—

(1) in subparagraph (A), by striking “such amounts as are necessary to carry out the Medicare Integrity Program under section 1893, subject to subparagraph (B) and to” and inserting “the amount appropriated under subparagraph (B), and such amount shall”; and

(2) in subparagraph (B)—

(A) in clause (iv), by striking “such amount shall be not less than $620,000,000 and not more than $630,000,000” and inserting “$780,000,000”;

(B) in clause (v), by striking “such amount shall be not less than $670,000,000 and not more than $680,000,000” and inserting “$830,000,000”;

(C) in clause (vi), by striking “such amount shall be not less than $690,000,000 and not more than $700,000,000” and inserting “$850,000,000”; and

(D) in clause (vii), by striking “such amount shall be not less than $710,000,000 and not more than $720,000,000” and inserting “$870,000,000”.

SEC. 3. OVERSIGHT OF HOME HEALTH AGENCIES.

(a) VALIDATION SURVEYS OF HOME HEALTH AGENCIES.—Section 1891(c) of the Social Security Act (42 U.S.C. 1395bbb(c)) is amended by adding at the end the following:

“(3)(A)(i) The Secretary shall conduct onsite surveys of a representative sample of home health agencies in each State, in a sufficient number to allow inferences about the adequacies of each State's surveys conducted under this subsection.

“(ii) A survey described in clause (i) shall be conducted by the Secretary within 2 months of the date of the survey conducted by the State and may be conducted concurrently with the State survey.

“(iii) In conducting a survey described in clause (i), the Secretary shall use the same survey protocols as the State is required to use under this subsection.

“(iv) If, through a State survey, the State has determined that a home health agency is in compliance with the requirements specified in or pursuant to section 1861(o), this section, or this title, but the Secretary determines (after conducting the survey described in clause (i)) that the facility does not meet such requirements, the Secretary's determination as to the facility's noncompliance with such requirements is binding and supersedes that of the State survey.

“(B) With respect to each State, the Secretary shall conduct surveys under subparagraph (A) each year with respect to at least 5 percent of the number of home health agencies surveyed by the State in the year, but in no case less than 5 home health agencies in the State.

“(C) If the Secretary finds, on the basis of such surveys, that a State has failed to perform surveys as required under this subsection or that a State's survey and certification performance otherwise is not adequate, the Secretary shall provide for an appropriate remedy, which may include the training of survey teams in the State.

“(D) If the Secretary has reason to question the compliance of a home health agency with any of the requirements specified in or pursuant to section 1861(o), this section, or this title, the Secretary may conduct a survey of the agency and, on the basis of that survey, make independent and binding determinations concerning the extent to which the home health agency meets such requirements.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of enactment of this Act.

SEC. 4. NO MARKUP FOR DRUGS OR BIOLOGICALS.

(a) IN GENERAL.—Section 1842(o) (42 U.S.C. 1395u(o)) is amended to read as follows:

“(o)(1) If a physician's, supplier's, or any other person's bill or request for payment for services includes a charge for a drug or biological for which payment may be made under this part and the drug or biological is not paid on a cost or prospective payment basis as otherwise provided in this part, the payment amount established in this subsection for the drug or biological shall be the lowest of the following:

“(A) The actual acquisition cost, as defined in paragraph (2), to the person submitting the claim for payment for the drug or biological.

“(B) 83 percent of the average wholesale price of such drug or biological, as determined by the Secretary.

“(C) For payments for any drug or biological furnished on or after January 1, 2001, the median actual acquisition cost of all claims for payment for such drug or biological for the 12-month period beginning July 1, 1999 (and adjusted, as the Secretary determines appropriate, to reflect changes in the cost of such drug or biological due to inflation, and such other factors as the Secretary determines appropriate).

“(D) The amount otherwise determined under this part.

“(2) For purposes of paragraph (1)(A), the term ‘actual acquisition cost’ means, with respect to such drug or biological, the cost of the drug or biological based on the most economical case size in inventory on the date of dispensing or, if less, the most economical case size purchased within 6 months of the date of dispensing whether or not that specific drug or biological was furnished to an individual whether or not enrolled under this part. Such term includes appropriate adjustments, as determined by the Secretary, for all discounts, rebates, or any other benefit in cash or in kind (including travel, equipment, or free products). The Secretary shall include an additional payment for administrative, storage, and handling costs.

“(3)(A) No payment shall be made under this part for any drug or biological to a person whose bill or request for payment for such drug or biological does not include a statement of the person's actual acquisition cost.

“(B) A person may not bill an individual enrolled under this part—

“(i) any amount other than the payment amount specified in paragraph (1) or (4) (plus any applicable deductible and coinsurance amounts), or

“(ii) any amount for such drug or biological for which payment may not be made pursuant to subparagraph (A).

“(C) If a person knowingly and willfully in repeated cases bills 1 or more individuals in violation of subparagraph (B), the Secretary may apply sanctions against that person in accordance with subsection (j)(2).

“(4) The Secretary may pay a reasonable dispensing fee (less the applicable deductible and coinsurance amounts) for any drug or biological to a licensed pharmacy approved to dispense drugs or biologicals under this part, if payment for such drug or biological is made to the pharmacy.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to drugs or biologicals furnished on or after January 1, 2000.

(c) ELIMINATION OF REPORT ON AVERAGE WHOLESALE PRICE.—Section 4556 of the Balanced Budget Act of 1997 is amended by striking subsection (c).

SEC. 5. ENSURING THAT THE MEDICARE PROGRAM DOES NOT REIMBURSE CLAIMS OWED BY OTHER PAYERS.

(a) INFORMATION FROM GROUP HEALTH PLANS.—Section 1862(b) of the Social Security Act (42 U.S.C. 1395y(b)) is amended by adding at the end the following:

“(7) INFORMATION FROM GROUP HEALTH PLANS.—

“(A) PROVISION OF INFORMATION BY GROUP HEALTH PLANS.—The administrator of a group health plan that is subject to the requirements of paragraph (1) shall provide the Secretary with the information described in subparagraph (C) for each individual covered under the plan who is entitled to any benefits under this title. Such information shall be provided in such manner and at such times as the Secretary may specify (but in no case more frequently than 4 times per year).

"(B) PROVISION OF INFORMATION BY EMPLOYERS AND EMPLOYEE ORGANIZATIONS.—An employer (or employee organization) that maintains or participates in a group health plan that is subject to the requirements of paragraph (1) shall provide to the administrator of the plan the information described in subparagraph (C) for each individual covered under the plan who is entitled to any benefits under this title. Such information shall be provided in such manner and at such times as the Secretary may specify (but in no case more frequently than 4 times per year).

"(C) INFORMATION.—The information described in this subparagraph is as follows:

"(i) ELEMENTS CONCERNING THE INDIVIDUAL.—

"(I) The individual's name.

"(II) The individual's date of birth.

"(III) The individual's sex.

"(IV) The individual's social security insurance number.

"(V) The number assigned by the Secretary to the individual for claims under this title.

"(VI) The family relationship of the individual to the person who has current or prior employment status with the employer.

"(ii) ELEMENTS CONCERNING THE FAMILY MEMBER WITH CURRENT OR PRIOR EMPLOYMENT STATUS.—

"(I) The name of the person in the individual's family who has current or prior employment status with the employer.

"(II) That person's social security insurance number.

"(III) The number or other identifier assigned by the plan to that person.

"(IV) The periods of coverage for that person under the plan.

"(V) The employment status of that person (current or former employee) during those periods of coverage.

"(VI) The classes (of that person's family members) covered under the plan.

"(iii) PLAN ELEMENTS.—

"(I) The items and services covered under the plan.

"(II) The name and address to which claims under the plan are to be sent.

"(III) The name, address, and tax identification number of the plan sponsor.

"(iv) ELEMENTS CONCERNING THE EMPLOYER.—

"(I) The employer's name.

"(II) The employer's address.

"(III) The employer identification number of the employer.

"(IV) The tax identification number of the employer if different than the number in clause (iii)(III).

"(D) USE OF IDENTIFIERS.—The administrator of a group health plan shall utilize a unique identifier for the plan in providing information under subparagraph (A) and in other transactions, as may be specified by the Secretary, related to the provisions of this subsection. The Secretary may provide to the administrator the unique identifier described in the preceding sentence.

"(E) PENALTY FOR NONCOMPLIANCE.—Any individual or entity that knowingly and willfully fails to comply with a requirement imposed by this paragraph shall be subject to a civil money penalty not to exceed $1,000 for each incident of such failure. The provisions of section 1128A (other than subsections (a) and (b)) shall apply to a civil money penalty under the previous sentence in the same manner as those provisions apply to a penalty or proceeding under section 1128A(a).

"(F) GROUP HEALTH PLAN DEFINED.—In this paragraph, the term 'group health plan' has the meaning given such term in paragraph (1)(A)(v).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 2000.

SEC. 6. EXTENSION OF SUBPOENA AND INJUNCTION AUTHORITY.

(a) SUBPOENA AUTHORITY.—Section 1128A(j)(1) of the Social Security Act (42 U.S.C. 1320a–7a(j)(1)) is amended by inserting "and section 1128" after "with respect to this section".

(b) INJUNCTION AUTHORITY.—Section 1128A(k) of the Social Security Act (42 U.S.C. 1320a–7a(k)) is amended by inserting "or an exclusion under section 1128," after "subject to a civil monetary penalty under this section,".

(c) CLARIFYING AMENDMENTS.—

(1) IN GENERAL.—Section 1128A(j)(1) of the Social Security Act (42 U.S.C. 1320a–7a(j)(1)) is amended—

(A) by inserting ", except that, in so applying such sections, any reference therein to the Commissioner of Social Security or the Social Security Administration shall be considered a reference to the Secretary or the Department of Health and Human Services, respectively" after "with respect to title II"; and

(B) by striking the second sentence.

(2) AUTHORITY.—Section 1128A(j)(2) of the Social Security Act (42 U.S.C. 1320a–7a(j)(2)) is amended to read as follows:

"(2) The Secretary may delegate to the Inspector General of the Department of Health and Human Services any or all authority granted under this section or under section 1128.".

(d) CONFORMING AMENDMENT.—Section 1128 of the Social Security Act (42 U.S.C. 1320a–7) is amended by adding at the end the following:

"(k) For provisions of law concerning the Secretary's subpoena and injunction authority with respect to activities under this section, see subsections (j) and (k) of section 1128A.".

SEC. 7. CIVIL MONETARY PENALTIES FOR SERVICES ORDERED OR PRESCRIBED BY AN EXCLUDED INDIVIDUAL OR ENTITY.

(a) IN GENERAL.—Section 1128A(a)(1) of the Social Security Act (42 U.S.C. 1320a–7a(a)(1)) is amended—

(1) in subparagraph (D)—

(A) by inserting ", ordered, or prescribed by such person" after "other item or service furnished";

(B) by inserting "(pursuant to this title or title XVIII)" after "period in which the person was excluded";

(C) by striking "pursuant to a determination by the Secretary" and all that follows through "the provisions of section 1842(j)(2)"; and

(D) by striking "or" at the end;

(2) by redesignating subparagraph (E) as subparagraph (F); and

(3) by adding after subparagraph (D) the following:

"(E) is for a medical or other item or service ordered or prescribed by a person excluded (pursuant to this title or title XVIII) from the program under which the claim was made, and the person furnishing such item or service knows or should know of such exclusion, or".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to claims presented on or after the date of enactment of this Act.

SEC. 8. CIVIL MONETARY PENALTIES FOR FALSE CERTIFICATION OF ELIGIBILITY TO RECEIVE PARTIAL HOSPITALIZATION AND HOSPICE SERVICES.

(a) IN GENERAL.—Section 1128A(b)(3) of the Social Security Act (42 U.S.C. 1320a–7a(b)(3)) is amended—

(1) in subparagraph (A)(ii), by inserting ", hospice care, or partial hospitalization services" after "home health services"; and

(2) in subparagraph (B), by inserting ", section 1814(a)(7) in the case of hospice care, or section 1835(a)(2)(F) in the case of partial hospitalization services" after "home health services".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to documents executed on or after the date of enactment of this Act.

SEC. 9. APPLICATION OF CERTAIN PROVISIONS OF THE BANKRUPTCY CODE.

(a) RESTRICTED APPLICABILITY OF BANKRUPTCY STAY, DISCHARGE, AND PREFERENTIAL TRANSFER PROVISIONS TO MEDICARE AND MEDICAID DEBTS.—Title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by inserting after section 1143 the following:

"APPLICATION OF CERTAIN PROVISIONS OF THE BANKRUPTCY CODE

"SEC. 1144. (a) MEDICARE- AND MEDICAID-RELATED ACTIONS NOT STAYED BY BANKRUPTCY PROCEEDINGS.—The commencement or continuation of any action against a debtor under this title, title XVIII, or title XIX (other than an action with respect to health care services provided to the debtor under title XVIII), including any action or proceeding to exclude or suspend the debtor from program participation, assess civil money penalties, recoup or set off overpayments, or deny or suspend payment of claims shall not be subject to the provisions of section 362(a) of title 11, United States Code.

"(b) MEDICARE- AND MEDICAID-RELATED DEBT NOT DISCHARGEABLE IN BANKRUPTCY.—A debt owed to the United States or to a State for an overpayment under title XVIII or title XIX (other than an overpayment for health care services provided to the debtor under title XVIII), or for a penalty, fine, or assessment under this title, title XVIII, or title XIX, shall not be dischargeable under any provision of title 11, United States Code.

"(c) REPAYMENT OF CERTAIN DEBTS CONSIDERED FINAL.—Payments made to repay a debt to the United States or to a State with respect to items or services provided, or claims for payment made, under title XVIII or XIX (including repayment of an overpayment (other than an overpayment for health care services provided to the debtor under title XVIII)), or to pay a penalty, fine, or assessment under this title, title XVIII, or title XIX, shall be considered final and not preferential transfers under section 547 of title 11, United States Code.".

(b) MEDICARE RULES APPLICABLE TO BANKRUPTCY PROCEEDINGS.—Title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) is amended by adding at the end the following:

"APPLICATION OF PROVISIONS OF THE BANKRUPTCY CODE

"SEC. 1897. (a) USE OF MEDICARE STANDARDS AND PROCEDURES.—Notwithstanding any provision of title 11, United States Code, or any other provision of law, in the case of claims by a debtor in bankruptcy for payment under this title, the determination of whether the claim is allowable, and of the amount payable, shall be made in accordance with the provisions of this title and title XI.

"(b) NOTICE TO CREDITOR OF BANKRUPTCY PETITIONER.—In the case of a debt owed to the United States with respect to items or services provided, or claims for payment made, under this title (including a debt arising from an overpayment or a penalty, fine, or assessment under title XI or this title), the notices to the creditor of bankruptcy petitions, proceedings, and relief required under title 11, United States Code (including under section 342 of that title and section 2002(j) of the Federal Rules of Bankruptcy Procedure), shall be given to the Secretary. Provision of such notice to a fiscal agent of the Secretary shall not be considered to satisfy this requirement.

"(c) TURNOVER OF PROPERTY TO THE BANKRUPTCY ESTATE.—For purposes of section 542(b) of title 11, United States Code, a claim for payment under this title shall not be considered to be a matured debt payable to the estate of a debtor until such claim has been allowed by the Secretary in accordance with procedures under this title.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to petitions filed on or after the date of enactment of this Act.

SEC. 10. IMPROVING PRIVATE SECTOR COORDINATION IN COMBATTING HEALTH CARE FRAUD.

(a) IN GENERAL.—Title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by inserting after section 1157 the following:

"IMPROVING PRIVATE SECTOR COORDINATION IN COMBATTING HEALTH CARE FRAUD

"SEC. 1157A. (a) IN GENERAL.—Notwithstanding any other provision of law, no health plan (as defined in section 1128C(c)), issuer of a health plan, or employee of a health plan shall be held liable in any civil action with respect to the provision of information regarding suspected health care fraud, including Federal health care offenses (as defined in section 24(a) of title 18, United States Code) to an applicable individual unless such information is false and the person providing it knew, or had reason to believe, that such information was false.

"(b) APPLICABLE INDIVIDUAL.—In subsection (a), the term 'applicable individual' means—

"(1) a Federal, State, or local law enforcement official responsible for the investigation or prosecution of suspected health care fraud offenses; or

"(2) an employee of a health plan or issuer of a health plan.

"(c) ATTORNEY'S FEES.—Any health plan, issuer of a health plan, or employee of a health plan against whom a civil action is brought, and who is found to be entitled to immunity from liability by reason of this section, shall be entitled to recover reasonable attorney's fees and costs from the person who brought the civil action.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of enactment of this Act.

SEC. 11. FEES FOR AGREEMENTS WITH MEDICARE PROVIDERS AND SUPPLIERS.

(a) FEES RELATED TO MEDICARE PROVIDER AND SUPPLIER ENROLLMENT AND REENROLLMENT.—Section 1866 of the Social Security Act (42 U.S.C. 1395cc) is amended by adding at the end the following:

"(j) ENROLLMENT PROCEDURES AND FEES.—

"(1) ENROLLMENT OF INDIVIDUALS AND ENTITIES THAT ARE NOT PROVIDERS OF SERVICES.—The Secretary may establish a procedure for enrollment (and periodic reenrollment) of individuals or entities that are not providers of services subject to the provisions of subsection (a) but that furnish health care items or services under this title.

"(2) FEES.—

"(A) IN GENERAL.—The Secretary may impose fees for initiation and renewal of provider agreements under subsection (a) and for enrollment and periodic reenrollment of other individuals and entities furnishing health care items or services under this title under paragraph (1), in amounts up to the full amount which the Secretary reasonably estimates to be sufficient to cover the Secretary's costs related to the process for initiating and reviewing such agreements and enrollments.

"(B) FEES CREDITED TO SPECIAL FUND IN TREASURY.—Fees collected pursuant to this paragraph shall be credited to a special fund of the United States Treasury, and shall remain available until expended, to the extent and in such amounts as provided in advance in appropriations Acts, for necessary expenses for these purposes, including costs of establishing and maintaining procedures and records systems, processing applications, and conducting background investigations.".

(b) CLERICAL AMENDMENT.—The heading of section 1866 of the Social Security Act (42 U.S.C. 1395cc) is amended to read as follows:

"AGREEMENTS WITH PROVIDERS OF SERVICES AND ENROLLMENT OF OTHER PERSONS FURNISHING SERVICES".

SEC. 12. INCREASED MEDICARE COMPLIANCE, EDUCATION, AND ASSISTANCE FOR HEALTH CARE PROVIDERS.

(a) DEVELOPMENT OF PLAN.—Not later than 6 months after the date of enactment of this Act, the Secretary of Health and Human Services shall, in consultation with health care provider representatives, develop and implement a comprehensive plan of activities to—

(1) maximize health care provider knowledge of medicare program integrity requirements, including anti-fraud and abuse laws and administrative actions;

(2) assist health care providers with medicare program integrity compliance, including educating such providers regarding compliance activities and procedures of the Health Care Financing Administration and the Inspector General of the Department of Health and Human Services;

(3) develop improved computer technology for health care providers to both reduce their administrative hassles and facilitate their compliance with medicare program requirements, including physician evaluation and management guidelines; and

(4) otherwise improve compliance among health care providers with rules and regulations under the medicare program.

(b) FUNDING.—Notwithstanding any other provision of law, of the amounts appropriated under section 1817(k)(4) of the Social Security Act (42 U.S.C. 1395i(k)(4)) for a fiscal year, there shall be made available $10,000,000 in fiscal year 2000 and such sums as are necessary in fiscal years 2001 through 2004 to carry out the purposes of this section.

SEC. 13. PAPERWORK AND ADMINISTRATIVE HASSLE REDUCTION.

(a) STUDY BY COMMITTEE.—

(1) ESTABLISHMENT.—Not later than 90 days after the date of enactment of this Act, the Secretary of Health and Human Services shall contract with the Institute of Medicine of the National Academy of Sciences to establish a committee to study medicare program administrative requirements that are applicable to health care providers under such program.

(2) COMMITTEE.—The committee described in paragraph (1) shall be composed of—

(A) at least 9 health care providers who participate in, and have significant experience working with, the medicare program;

(B) experts in paperwork reduction; and

(C) beneficiaries under the medicare program or their representatives.

(b) RECOMMENDATIONS.—The committee described in subsection (a) shall develop recommendations regarding how paperwork and administrative requirements under the medicare program can be minimized in a manner that—

(1) increases the time health care providers that are subject to such requirements have to spend in direct patient care; and

(2) maintains medicare program integrity and compliance with anti-fraud and abuse requirements.

In developing such recommendations, the committee shall seek to streamline variations in administrative and paperwork requirements between the medicare program and other government health programs and private health plans.

(c) REPORT.—

(1) IN GENERAL.—Not later than June 1, 2000, the committee described in subsection (a) shall submit a report to the Secretary of Health and Human Services, the Committees on Finance and Appropriations of the Senate and the Committees on Ways and Means, Commerce, and Appropriations of the House of Representatives.

(2) CONTENTS.—The report required under paragraph (1) shall contain a detailed description of the matters studied pursuant to subsection (a) and the recommendations developed pursuant to subsection (b), including such legislation and administrative actions as the committee considers appropriate.

(d) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There are authorized to be appropriated $1,000,000 for fiscal year 2000 to carry out the purposes of this section.

(2) AVAILABILITY.—Any sums appropriated under the authorization contained in this subsection shall remain available, without fiscal year limitation, until expended.

SEC. 14. CLARIFICATION OF APPLICATION OF SANCTIONS TO FEDERAL HEALTH CARE PROGRAMS.

(a) COVERAGE OF EMPLOYMENT.—Section 1128 of the Social Security Act (42 U.S.C. 1320a–7) is amended—

(1) in subsection (a), in the matter preceding paragraph (1), by inserting "(including employment under)" after "participation in"; and

(2) in subsection (b), in the matter preceding paragraph (1), by inserting "(including employment under)" after "participation in".

(b) APPLICATION UNDER CIVIL MONEY PENALTY AUTHORITY.—Section 1128A of the Social Security Act (42 U.S.C. 1320a–7a) is amended—

(1) in subsection (a)(4), by striking "program under title XVIII or a State health care program" and inserting "Federal health care program" each place it appears;

(2) in subsection (a)(5)—

(A) by striking "title XVIII of this Act, or under a State health care program (as defined in section 1128(h))" and inserting "a Federal health care program"; and

(B) by striking "title XVIII, or a State health care program (as so defined)" and inserting "such program";

(3) in the last sentence of subsection (a), by striking "and to direct the appropriate State

agency to exclude the person from participation in any State health care program"; and

(4) in subsection (h), by striking "State agency or agencies administering or supervising the administration of State health care programs (as defined in section 1128(h))" and inserting "Federal or State agency or agencies administering or supervising the administration of any Federal health care program".

(c) APPLICATION OF WAIVER PROVISIONS TO FEDERAL HEALTH CARE PROGRAMS.—Section 1128 of the Social Security Act (42 U.S.C. 1320a–7) is amended—

(1) in subsection (c)(3)(B), by striking "upon the request of a State" and inserting "upon the request of the director of a Federal health care program";

(2) in subsection (d)(3)(B)(i)—

(A) by striking "State health care program" and inserting "Federal health care program"; and

(B) by striking "State agency" and inserting "Federal or State agency"; and

(3) in subsection (d)(3)(B)(ii), by striking "State health care program" and inserting "Federal health care program (other than under title XVIII)".

(d) NOTICE PROVISION REGARDING FEDERAL HEALTH CARE PROGRAMS.—Section 1128 of the Social Security Act (42 U.S.C. 1320a–7) is amended—

(1) in the heading of subsection (d), by striking "TO STATE AGENCIES AND EXCLUSION UNDER STATE HEALTH CARE PROGRAMS" and inserting "AND EXCLUSION UNDER FEDERAL HEALTH CARE PROGRAMS";

(2) in subsection (d)(1), by striking "State" and inserting "Federal";

(3) in subsection (d)(2)—

(A) by striking "State agency" and inserting "Federal or State agency" each place it appears; and

(B) by striking "State health care program" and inserting "Federal health care program" each place it appears;

(4) in subsection (d)(3)(A), by striking "State" and inserting "Federal"; and

(5) in subsection (g)(3)—

(A) by striking "State agency" and inserting "Federal or State agency"; and

(B) by striking "State health care program" and inserting "Federal health care program".

(e) USE OF DEFINITION OF FEDERAL HEALTH CARE PROGRAM AND TREATMENT OF FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM AS A FEDERAL HEALTH CARE PROGRAM.—Section 1128B(f) of the Social Security Act (42 U.S.C. 1320a–7b(f)) is amended—

(1) in the matter preceding paragraph (1), by inserting "and sections 1128 and 1128A" after "this section"; and

(2) in paragraph (1), by striking "(other than the health insurance program under chapter 89 of title 5, United States Code)".

(f) AUTHORITY TO EXCLUDE FROM FEDERAL HEALTH CARE PROGRAMS BASED ON PRO RECOMMENDATIONS.—Section 1156(b)(1) of the Social Security Act (42 U.S.C. 1320c–5(b)(1)) is amended—

(1) in the second sentence, by striking "eligibility to provide services under this Act on a reimbursable basis" and inserting "participation in any Federal health care program (as defined in section 1128B(f))"; and

(2) in the third sentence, by striking "eligibility to provide services on a reimbursable basis" and inserting "participation in such programs".

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Subject to paragraph (2), the amendments made by this section shall take effect on the date of enactment of this Act.

(2) CONVICTIONS UNDER FEHBP.—The amendment made by subsection (e)(2) shall apply, with respect to convictions under the health insurance program under chapter 89 of title 5, United States Code, to convictions that occur on or after the date of enactment of this Act.

SEC. 15. PAYMENTS FOR DURABLE MEDICAL EQUIPMENT.

(a) IN GENERAL.—Section 1834(a)(1) of the Social Security Act (42 U.S.C. 1395m(a)(1)) is amended—

(1) in subparagraph (B)—

(A) in clause (i), by striking ", or" at the end and inserting a semicolon; and

(B) by inserting after clause (ii) the following:

"(iii) the least expensive amount that the supplier of the item is paid by a Medicare+Choice organization for such item; or

"(iv) the least expensive amount that the supplier of the item is paid by any Federal health care program (as defined in section 1128B(f)) for such item;"; and

(2) by adding at the end the following:

"(E) ADMINISTRATIVE COSTS.—

"(i) IN GENERAL.—Except as provided in clause (ii), if—

"(I) the payment amount for an item is covered under clauses (iii) or (iv) of subparagraph (B); and

"(II) the Secretary determines that the administrative costs associated with billing and receiving reimbursement from the Secretary for the item exceeds the administrative costs associated with providing such item to a Medicare+Choice organization or another Federal health care program (as so defined);

then the Secretary shall adjust the payment rate for such item to reflect such excess.

"(ii) LIMITATION.—In no case may the payment rate for an item that is adjusted under clause (i) exceed the payment rate for such item determined in clauses (i) and (ii) of subparagraph (B).

"(iii) COLLECTION OF INFORMATION.—The Secretary shall collect from durable medical equipment suppliers that receive reimbursement under Federal health care programs (as so defined) such information as the Secretary determines is necessary in order to make the determination described in clause (i)(II).".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to items provided on or after January 1, 2000.

SEC. 16. IMPLEMENTATION OF COMMERCIAL CLAIMS AUDITING SYSTEMS.

(a) COMMERCIAL CLAIMS AUDITING SYSTEMS.—

(1) IN GENERAL.—Not later than 90 days after the date of enactment of this Act, the Secretary shall require medicare carriers to use commercial claims auditing systems in the processing of claims under part B of the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395j et seq.) for the purpose of identifying billing errors and abuses.

(2) SUPPLEMENT TO OTHER TECHNOLOGY.—Commercial claims auditing systems required under paragraph (1) shall be used as a supplement to any other information technology used by medicare carriers in processing claims under the medicare program.

(3) UNIFORMITY.—In order to ensure uniformity in processing claims under the medicare program, the Secretary may require that medicare carriers utilize 1 or more common commercial claims auditing systems, provided that the selection of such system or systems by the Secretary shall be—

(A) after due consideration of competing alternative systems; but

(B) without regard to any provision of law that requires the use of competitive procedures (as defined in section 4 of the Office of Federal Procurement Policy Act (41 U.S.C. 403)) or the publication of notice of proposed procurements.

(4) IMPLEMENTATION.—Commercial claims auditing systems required under paragraph (1) shall be implemented by all medicare carriers by not later than 180 days after the date of enactment of this Act.

(b) MINIMUM SOFTWARE REQUIREMENTS.—Any commercial claims auditing system required to be implemented pursuant to subsection (a) shall, at a minimum—

(1) be a commercial item;

(2) surpass the capability of systems currently used in the processing of claims under part B of the medicare program; and

(3) be modifiable to—

(A) satisfy pertinent statutory requirements of the medicare program; and

(B) conform to policies of the Secretary regarding claims processing under such program.

(c) DISCLOSURE.—

(1) IN GENERAL.—Except as provided in paragraph (2), notwithstanding any other provision of law, any information technology (or data related thereto) utilized by medicare carriers in establishing a commercial claims auditing system pursuant to subsection (a) shall not be subject to public disclosure.

(2) AUTHORIZED DISCLOSURE.—The Secretary may authorize the public disclosure of the information described in paragraph (1) if the Secretary determines that—

(A) release of such information is in the public interest; and

(B) the information to be released is not protected from disclosure under section 552(b) of title 5, United States Code.

(d) DEFINITIONS.—In this section—

(1) COMMERCIAL CLAIMS AUDITING SYSTEM.—The term "commercial claims auditing system" means a commercial specialized auditing system that includes edits which identify inappropriately coded health care claims.

(2) COMMERCIAL ITEM.—The term "commercial item" has the meaning given such term in section 4 of the Office of Federal Procurement Policy Act (41 U.S.C. 403).

(3) INFORMATION TECHNOLOGY.—The term "information technology" has the meaning given such term in subparagraphs (A) and (B) of section 5002(3) of the Information Technology Management Reform Act of 1996 (40 U.S.C. 1401(3)), were such information technology to be acquired by an executive agency.

(4) MEDICARE CARRIER.—The term "medicare carrier" means an entity that has a contract with the Secretary pursuant to section 1842(a) of the Social Security Act (42 U.S.C. 1395u(a)).

(5) SECRETARY.—The term "Secretary" means the Secretary of Health and Human Services.

SEC. 17. PARTIAL HOSPITALIZATION PAYMENT REFORMS.

(a) LIMITATION ON LOCATION OF PROVISION OF SERVICES.—

(1) IN GENERAL.—Section 1861(ff)(2) of the Social Security Act (42 U.S.C. 1395x(ff)(2)) is amended in the matter following subparagraph (I)—

(A) by striking "and furnished" and inserting "furnished"; and

(B) by inserting ", and furnished other than in a skilled nursing facility or in an individual's personal residence" before the period.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to partial hospitalization services furnished on or after the first day of the third month beginning after the date of enactment of this Act.

(b) QUALIFICATIONS FOR COMMUNITY MENTAL HEALTH CENTERS.—Section 1861(ff)(3)(B) of the Social Security Act (42 U.S.C. 1395x(ff)(3)(B)) is amended by striking "entity" and all that follows and inserting the following: "entity that—

"(i) provides the mental health services described in paragraph (1) of section 1913(c) of the Public Health Service Act;

"(ii) meets applicable licensing or certification requirements for community mental health centers in the State in which it is located; and

"(iii) meets such additional standards or requirements as the Secretary may specify to ensure—

"(I) the health and safety of individuals being furnished such services;

"(II) the effective or efficient furnishing of such services (including protecting against fraud, waste, and abuse); and

"(III) the compliance of such entity with the criteria described in such section.".

(c) REENROLLMENT OF PROVIDERS OF CMHC PARTIAL HOSPITALIZATION SERVICES.—

(1) IN GENERAL.—With respect to each community mental health center that furnishes partial hospitalization services for which payment is made under title XVIII of the Social Security Act, the Secretary of Health and Human Services shall provide for periodic recertification to ensure that the provision of such services complies with section 1913(c) of the Public Health Service Act.

(2) DEADLINE FOR FIRST RECERTIFICATION.—The first recertification under paragraph (1) shall be completed not later than 1 year after the date of enactment of this Act.

(d) PROSPECTIVE PAYMENT SYSTEM FOR PARTIAL HOSPITALIZATION SERVICES.—

(1) ESTABLISHMENT OF SYSTEM.—Section 1833 of the Social Security Act (42 U.S.C. 1395l) is amended by inserting after subsection (o) the following:

"(p)(1) The Secretary may establish by regulation a prospective payment system for partial hospitalization services provided by a community mental health center or by a hospital to its outpatients. The system shall provide for appropriate payment levels for efficient centers and hospitals and take into account payment levels for similar services furnished by other efficient entities.

"(2) A prospective payment system established pursuant to paragraph (1) shall provide for payment amounts for—

"(A) the first year in which such system applies, at a level so that, as estimated by the Secretary, the total aggregate payments under this part (including payments attributable to deductibles and coinsurance) for such year are not greater than the total aggregate payments that would have otherwise been made under this part if such system had not been implemented (assuming full implementation of the provisions contained in subsections (a) through (c) of section 17 of the Medicare Waste Tax Reduction Act of 1999); and

"(B) each subsequent year, in an amount equal to the payment amount provided for under this paragraph for the preceding year updated by the percentage increase in the Consumer Price Index for all urban consumers (all items; United States city average) for the 12-month period ending with September of that preceding year.".

(2) COINSURANCE.—Section 1866(a)(2)(A) of the Social Security Act (42 U.S.C. 1395cc(a)(2)(A)) is amended by adding at the end the following: "In the case of services described in section 1832(a)(2)(J), clause (ii) of the first sentence of this subparagraph shall be applied by substituting the payment basis established under section 1833(p) for the reasonable charges.".

(3) CONFORMING AMENDMENTS.—

(A) Section 1832(a)(2) of the Social Security Act (42 U.S.C. 1395k(a)(2)) is amended—

(i) in subparagraph (B), by striking "or subparagraph (I)" and inserting ", (I), or (J)"; and

(ii) in subparagraph (J), by striking "provided by a community mental health center (as described in section 1861(ff)(2)(B))".

(B) Section 1833(a) of the Social Security Act (42 U.S.C. 1395l(a)) is amended—

(i) in paragraph (2) in the matter preceding subparagraph (A), by striking "(H), and (I)" and inserting "(H), (I), and (J)";

(ii) in paragraph (8), by striking "and" at the end;

(iii) in paragraph (9), by striking the period at the end and inserting "; and"; and

(iv) by adding at the end the following:

"(10) in the case of partial hospitalization services, 80 percent of the payment basis under the prospective payment system established under section 1833(p).".

(4) EFFECTIVE DATE.—The amendments made by paragraphs (2) and (3) apply to services furnished on or after January 1 of the first year that begins at least 6 months after the date on which regulations are issued under section 1833(p) of the Social Security Act (42 U.S.C. 1395l(p)) (as inserted by paragraph (1)).

SEC. 18. EXPANSION OF MEDICARE SENIOR WASTE PATROL NATIONWIDE.

There are authorized to be appropriated $25,000,000 in fiscal year 2000, and such sums as are necessary for fiscal years 2001 through 2003, for the purpose of carrying out, and expanding nationwide, the Health Care Anti-Fraud, Waste and Abuse Community Volunteer Demonstration Projects conducted by the Administration on Aging pursuant to the Omnibus Consolidated Appropriations Act, 1997 (Public Law 104–208).

SEC. 19. APPLICATION OF INHERENT REASONABLENESS TO ALL PART B SERVICES OTHER THAN PHYSICIANS' SERVICES.

(a) REPEAL OF CERTAIN PROVISIONS OF THE BALANCED BUDGET ACT OF 1997.—

(1) REPEAL.—Section 4316 of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 390), and the amendments made by such section, are repealed effective August 5, 1997.

(2) APPLICABILITY.—Effective August 5, 1997, the Social Security Act shall be applied and administered as if section 4316 of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 390), and the amendments made by such section, had not been enacted.

(b) APPLICATION OF INHERENT REASONABLENESS TO ALL PART B SERVICES OTHER THAN PHYSICIANS' SERVICES.—

(1) IN GENERAL.—Section 1842(b)(8) of the Social Security Act (42 U.S.C. 1395u(b)(8)) is amended to read as follows:

"(8) The Secretary shall describe by regulation the factors to be used in determining the cases (of particular items or services) in which the application of this part (other than to physicians' services paid under section 1848) results in the determination of an amount that, because of its being grossly excessive or grossly deficient, is not inherently reasonable, and provide in those cases for the factors to be considered in establishing an amount that is realistic and equitable.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect August 5, 1997.

SEC. 20. STANDARDS REGARDING PAYMENT FOR CERTAIN ORTHOTICS AND PROSTHETICS.

(a) STANDARDS.—

(1) IN GENERAL.—Section 1834(h)(1) of the Social Security Act (42 U.S.C. 1395m(h)(1)) is amended by adding at the end the following:

"(F) ESTABLISHMENT OF STANDARDS FOR CERTAIN ITEMS.—

"(i) IN GENERAL.—No payment shall be made for an applicable item unless such item is provided by a qualified practitioner or a qualified supplier under the system established by the Secretary under clause (iii). For purposes of the preceding sentence, if a qualified practitioner or a qualified supplier contracts with an entity to provide an applicable item, then no payment shall be made for such item unless the entity is also a qualified supplier.

"(ii) DEFINITIONS.—In this subparagraph—

"(I) APPLICABLE ITEM.—The term 'applicable item' means orthotics and prosthetics that require education, training, and experience to custom fabricate such item. Such term does not include shoes and shoe inserts.

"(II) QUALIFIED PRACTITIONER.—The term 'qualified practitioner' means a physician or health professional who—

"(aa) is specifically trained and educated to provide or manage the provision of custom-designed, fabricated, modified, and fitted orthotics and prosthetics, and is either certified by the American Board for Certification in Orthotics and Prosthetics, Inc., or is credentialed and approved by a program that the Secretary determines, in consultation with appropriate experts in orthotics and prosthetics, has training and education standards that are necessary to provide applicable items;

"(bb) is licensed in orthotics or prosthetics by the State in which the applicable item is supplied; or

"(cc) has completed at least 10 years practice in the provision of applicable items.

"(III) QUALIFIED SUPPLIER.—The term 'qualified supplier' means any entity that is—

"(aa) accredited by the American Board for Certification in Orthotics and Prosthetics, Inc.; or

"(bb) accredited and approved by a program that the Secretary determines has accreditation and approval standards that are essentially equivalent to those of such Board.

"(iii) SYSTEM.—The Secretary, in consultation with appropriate experts in orthotics and prosthetics, shall establish a system under which the Secretary shall—

"(I) determine which items are applicable items and formulate a list of such items;

"(II) review the applicable items billed under the coding system established under this title; and

"(III) limit payment for applicable items pursuant to clause (i).".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to items provided on or after January 1, 2000.

(b) REVISION OF DEFINITION OF ORTHOTICS.—

(1) IN GENERAL.—Section 1861(s)(9) of the Social Security Act (42 U.S.C. 1395x(s)(9)) is amended by inserting "(including such braces that are used in conjunction with, or as components of, other medical or non-medical equipment when provided by a qualified practitioner (as defined in subclause (II) of section 1834(h)(1)(F))) or a qualified supplier (as defined in subclause (III) of such section)" after "braces".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to items provided on or after January 1, 2000.

SEC. 21. INCREASED FLEXIBILITY IN CONTRACTING FOR MEDICARE CLAIMS PROCESSING.

(a) CARRIERS TO INCLUDE ENTITIES THAT ARE NOT INSURANCE COMPANIES.—Section 1842 of the Social Security Act (42 U.S.C. 1395u) is amended—

(1) in subsection (a), in the matter preceding paragraph (1), by striking "with carriers" and inserting "with agencies and organizations (in this section referred to as 'carriers')"; and

(2) by striking subsection (f).

(b) SECRETARIAL FLEXIBILITY IN CONTRACTING FOR AND IN ASSIGNING FISCAL INTERMEDIARY AND CARRIER FUNCTIONS.—

(1) IN GENERAL.—

(A) Section 1816(a) of the Social Security Act (42 U.S.C. 1395h(a)) is amended to read as follows:

"(a)(1) The Secretary may enter into contracts with agencies or organizations to perform any or all of the following functions, or parts of those functions (or, to the extent provided in a contract, to secure performance thereof by other organizations) to—

"(A) determine (subject to the provisions of section 1878 and to such review by the Secretary as may be provided for by the contracts) the amount of the payments required pursuant to this part to be made to providers of services;

"(B) make payments described in subparagraph (A);

"(C) provide consultative services to institutions or agencies to enable them to establish and maintain fiscal records necessary for purposes of this part and otherwise to qualify as providers of services;

"(D) serve as a center for, and communicate to individuals entitled to benefits under this part and to providers of services, any information or instructions furnished to the agency or organization by the Secretary, and serve as a channel of communication from individuals entitled to benefits under this part and from providers of services to the Secretary;

"(E) make such audits of the records of providers of services as may be necessary to ensure that proper payments are made under this part;

"(F) perform the functions described by subsection (d); and

"(G) perform such other functions as are necessary to carry out the purposes of this part.

"(2) As used in this title and title XI, the term 'fiscal intermediary' means an agency or organization with a contract under this section.".

(B) Section 1816(b)(1)(A) of the Social Security Act (42 U.S.C. 1395h(b)(1)(A)) is amended by striking "after applying the standards, criteria, and procedures" and inserting "after evaluating the ability of the agency or organization to fulfill the contract performance requirements".

(C) Section 1816(d) of the Social Security Act (42 U.S.C. 1395h(d)) is amended to read as follows:

"(d) Each provider of services shall have a fiscal intermediary that—

"(1) acts as a single point of contact for the provider of services under this part;

"(2) makes its services sufficiently available to meet the needs of the provider of services; and

"(3) is responsible and accountable for arranging the resolution of issues raised under this part by the provider of services.".

(D) Section 1816(e) of the Social Security Act (42 U.S.C. 1395h(d)) is amended to read as follows:

"(e) The Secretary, in evaluating the performance of a fiscal intermediary, may solicit comments from providers of services.".

(E) Section 1816(f)(1) of the Social Security Act (42 U.S.C. 1395h(f)(1)) is amended to read as follows:

"(f)(1) With respect to performance requirements under subsection (a), the Secretary may consult with—

"(A) Medicare+Choice organizations under part C of this title;

"(B) providers of services and other persons who furnish items or services for which payment may be made under this title; and

"(C) organizations and agencies performing functions necessary to carry out the purposes of this part.".

(F) Section 1842(b)(2) of the Social Security Act (42 U.S.C. 1395u(b)(2)) is amended—

(i) in subparagraph (A)—

(I) by inserting "(i)" before "No such contract";

(II) by striking the second sentence and inserting the following:

"(ii) With respect to performance requirements for contracts under subsection (a), the Secretary may consult with—

"(I) Medicare+Choice organizations under part C of this title;

"(II) providers of services and other persons who furnish items or services for which payment may be made under this title; and

"(III) organizations and agencies performing functions necessary to carry out the purposes of this part.";

(III) by striking the third sentence; and

(IV) by striking the fourth sentence and inserting the following:

"(iii) The Secretary may not require, as a condition of entering into a contract under this section or under section 1871, that a carrier match data obtained other than in its activities under this part with data used in the administration of this part for purposes of identifying situations in which section 1862(b) may apply.";

(ii) in subparagraph (B), in the matter preceding clause (i), by striking "establish standards" and inserting "develop contract performance requirements"; and

(iii) in subparagraph (D), by striking "standards and criteria" each place it appears and inserting "contract performance requirements".

(2) CONFORMING AMENDMENTS.—

(A) Section 1816(b) of the Social Security Act (42 U.S.C. 1395h(b)) is amended—

(i) in the matter preceding paragraph (1), by striking "an agreement" and inserting "a contract";

(ii) in paragraph (1)(B), by striking "agreement" and inserting "contract"; and

(iii) in paragraph (2)(A), by striking "agreement" and inserting "contract".

(B) Section 1816(c) of the Social Security Act (42 U.S.C. 1395h(c)) is amended—

(i) in paragraph (1)—

(I) in the first sentence, by striking "An agreement" and inserting "A contract"; and

(II) in the last sentence, by striking "an agreement" and inserting "a contract";

(ii) in paragraph (2)(A), in the matter preceding clause (i)—

(I) by striking "agreement" and inserting "contract"; and

(II) by inserting "that provides for making payments under this part" after "this section";

(iii) in paragraph (2)(C), by striking "hospital, rural primary care hospital, skilled nursing facility, home health agency, hospice program, comprehensive outpatient rehabilitation facility, or rehabilitation agency" and inserting "provider of services (as defined in section 1861(u))"; and

(iv) in paragraph (3)(A)—

(I) by striking "agreement" and inserting "contract"; and

(II) by inserting "that provides for making payments under this part" after "this section".

(C) Section 1816(h) of the Social Security Act (42 U.S.C. 1395h(h)) is amended—

(i) by striking "An agreement" and inserting "A contract"; and

(ii) by striking "the agreement" each place it appears and inserting "the contract".

(D) Section 1816(i)(1) of the Social Security Act (42 U.S.C. 1395h(i)(1)) is amended by striking "an agreement" and inserting "a contract".

(E) Section 1816(j) of the Social Security Act (42 U.S.C. 1395h(j)) is amended in the matter preceding paragraph (1)—

(i) by striking "An agreement" and inserting "A contract"; and

(ii) by striking "for home health services, extended care services, or post-hospital extended care services".

(F) Section 1816(k) of the Social Security Act (42 U.S.C. 1395h(k)) is amended—

(i) by striking "An agreement" and inserting "A contract"; and

(ii) by inserting "(as appropriate)" after "submit".

(G) Section 1816(l) of the Social Security Act (42 U.S.C. 1395h(l)) is amended by striking "an agreement" and inserting "a contract".

(H) Section 1842(a) of the Social Security Act (42 U.S.C. 1395u(a)) is amended—

(i) in the matter preceding paragraph (1) (as amended by subsection (a)(1))—

(I) by striking "carriers with which agreements" and inserting "single contracts under section 1816 and this section together, or separate contracts with eligible agencies and organizations with which contracts"; and

(II) by striking "some or all of the following functions" and inserting "any or all of the following functions, or parts of those functions"; and

(ii) in paragraph (3), by inserting "(to and from individuals enrolled under this part and to and from physicians and other entities that furnish items and services)" after "communication".

(I) Section 1842(b) of the Social Security Act (42 U.S.C. 1395u(b)(2)(C)) is amended—

(i) in paragraph (2)(C), in the first sentence, by inserting "(as appropriate)" after "carriers";

(ii) in paragraph (3), in the matter preceding subparagraph (A), by inserting "(as appropriate)" after "contract";

(iii) in paragraph (7)(A), in the matter preceding clause (i), by striking "the carrier" and inserting "a carrier"; and

(iv) in paragraph (11)(A), in the matter preceding clause (i), by inserting "(as appropriate)" after "each carrier".

(J) Section 1842(h) of the Social Security Act (42 U.S.C. 1395u(h)) is amended—

(i) in paragraph (2), in the first sentence—

(I) by striking "an agreement" and inserting "a contract"; and

(II) by inserting "(as appropriate)" after "shall";

(ii) in paragraph (3)(A), by striking "an agreement" and inserting "a contract";

(iii) in paragraph (3)(B), in the third sentence, by striking "agreements" and inserting "contracts";

(iv) in paragraph (5)(A), by inserting "(as appropriate)" after "carriers"; and

(v) in paragraph (8)—

(I) by striking "an agreement" and inserting "a contract"; and

(II) by striking "such agreement" and inserting "such contract".

(c) ELIMINATION OF SPECIAL PROVISIONS FOR TERMINATIONS OF CONTRACTS.—

(1) Section 1816 of the Social Security Act (42 U.S.C. 1395h) is amended—

(A) in subsection (b), in the matter preceding paragraph (1), by striking "or renew";

(B) in subsection (c)(1), in the last sentence, by striking "or renewing"; and

(C) by striking subsection (g).

(2) Section 1842(b) of the Social Security Act (42 U.S.C. 1395u(b)(2)) is amended by striking paragraph (5).

(d) REPEAL OF FISCAL INTERMEDIARY REQUIREMENTS THAT ARE NOT COST-EFFECTIVE.—Section 1816(f)(2) of the Social Security Act (42 U.S.C. 1395h(f)(2)) is amended to read as follows:

"(2) The contract performance requirements described in paragraph (1) shall include—

"(A) with respect to claims for services furnished under this part by any provider of services (as defined in section 1861(u)) other than a hospital, whether such agency or organization is able to process 75 percent of reconsiderations within 60 days and 90 percent of reconsiderations within 90 days; and".

(e) REPEAL OF COST REIMBURSEMENT REQUIREMENTS.—

(1) Section 1816(c)(1) of the Social Security Act (42 U.S.C. 1395h(c)(1)) is amended—

(A) in the first sentence—

(i) by striking the comma after "appropriate" and inserting "and"; and

(ii) by striking ", and shall provide for payment" and all that follows before the period; and

(B) by striking the second and third sentences.

(2) Section 1842(c)(1) of the Social Security Act (42 U.S.C. 1395h(c)(1)) is amended—

(A) in the first sentence—

(i) by striking "section shall provide" and inserting "section may provide"; and

(ii) by striking ", and shall provide" and all that follows before the period; and

(B) by striking the second and third sentences.

(3) Section 2326 of the Deficit Reduction Act of 1984 (42 U.S.C. 1395h note) is amended by striking subsection (a).

(f) SECRETARIAL FLEXIBILITY WITH RESPECT TO RENEWING CONTRACTS AND TRANSFER OF FUNCTIONS.—

(1) Section 1816(c) of the Social Security Act (42 U.S.C. 1395h(c)) is amended by adding at the end the following:

"(4)(A) Except as provided in laws with general applicability to Federal acquisition and procurement or in subparagraph (B), the Secretary shall use competitive procedures when entering into contracts under this section.

"(B)(i) The Secretary may renew a contract with a fiscal intermediary under this section from term to term without regard to section 5 of title 41, United States Code, or any other provision of law requiring competition, if the fiscal intermediary has met or exceeded the performance requirements established in the current contract.

"(ii) Functions may be transferred among fiscal intermediaries without regard to any provision of law requiring competition. However, the Secretary shall ensure that performance quality is considered in such transfers.".

(2) Section 1842(b)(1) of the Social Security Act (42 U.S.C. 1395u(b)(1)) is amended to read as follows:

"(b)(1)(A) Except as provided in laws with general applicability to Federal acquisition and procurement or in subparagraph (B), the Secretary shall use competitive procedures when entering into contracts under this section.

"(B)(i) The Secretary may renew a contract with a carrier under subsection (a) from term to term without regard to section 5 of title 41, United States Code, or any other provision of law requiring competition, if the carrier has met or exceeded the performance requirements established in the current contract.

"(ii) Functions may be transferred among carriers without regard to any provision of law requiring competition. However, the Secretary shall ensure that performance quality is considered in such transfers.".

(g) YEAR 2000 COMPLIANCE.—

(1) Section 1816(f)(2) of the Social Security Act (42 U.S.C. 1395h(f)(2)) (as amended by subsection (d)) is amended by adding at the end the following:

"(B) a requirement that, by such time as the Secretary considers reasonable, the information technology that is used or acquired by the agency or organization to carry out its responsibilities under this title (to the extent that the Secretary finds such information technology is under the control of such agency or organization)—

"(i) meets the definition of 'Year 2000 compliant' under the Federal Acquisition Regulation (concerning accurate processing of date and time data (including calculating, comparing, and sequencing) from, into, and between the 20th and 21st centuries, and the years 1999 and 2000 and leap year calculations) but without regard to whether the information technology is being acquired; and

"(ii) meets such other criteria for Year 2000 compliance as the Secretary considers appropriate.".

(2) Section 1842(b)(2)(A)(i) of the Social Security Act (42 U.S.C. 1395u(b)(2)(A)(i)) (as amended by subsection (b)(1)(F)) is amended by striking the period and inserting ", including a requirement that, by such time as the Secretary considers reasonable, the information technology that is used or acquired by such carrier to carry out its responsibilities under this title (to the extent that the Secretary finds such information technology is under the control of such carrier) meets—

"(I) the definition of 'Year 2000 compliant' under the Federal Acquisition Regulation (concerning accurate processing of date and time data (including calculating, comparing, and sequencing) from, into, and between the 20th and 21st centuries, and the years 1999 and 2000 and leap year calculations) but without regard to whether the information technology is being acquired; and

"(II) such other criteria for Year 2000 compliance as the Secretary considers appropriate.".

(h) WAIVER OF COMPETITIVE REQUIREMENTS FOR INITIAL CONTRACTS.—Contracts that have periods that begin before or during the 1-year period that begins on the first day of the fourth calendar month that begins after the date of enactment of this Act may be entered into under section 1816(a) or 1842(a) of the Social Security Act (42 U.S.C. 1395h(a) and 1395u(a)) without regard to any provision of law requiring use of competitive procedures.

(i) EFFECTIVE DATES.—

(1) The amendments made by subsection (c) apply to contracts that have periods ending on or after the end of the third calendar month that begins after the date of enactment of this Act.

(2) The amendments made by subsections (a), (b), (d), and (e) apply to contracts that have periods beginning after the third calendar month that begins after the date of enactment of this Act.

(3) The amendments made by subsection (f) apply to contracts that have periods that begin after the end of the 1-year period specified in paragraph (1) of this subsection.

(4) The amendment made by subsection (g) shall take effect on the date of enactment of this Act.

SEC. 22. EXEMPTION OF INSPECTORS GENERAL FROM PAPERWORK REDUCTION ACT REQUIREMENTS.

(a) IN GENERAL.—Chapter 35 of title 44, United States Code, is amended by inserting after section 3502 the following:

"§ 3502a. Exemption of any Office of Inspector General

"This chapter shall not apply with respect to any Office of Inspector General established within an agency under the Inspector General Act of 1978.".

(b) TABLE OF CONTENTS AMENDMENT.—The table of contents of chapter 35 of title 44, United States Code, is amended by adding after the item relating to section 3502 the following new item:

"3502a. Exemption of any Office of Inspector General.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this Act.

By Mr. SHELBY (for himself, Mr. BAYH, Mr. BRYAN, Mr. ROCKEFELLER, and Mr. BINGAMAN):

S. 1452. A bill to modernize the requirements under the National Manufactured Housing Construction and Safety Standards Act of 1974 and to establish a balanced consensus process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes; to the Committee on Banking, Housing, and Urban Affairs.

MANUFACTURING HOUSING IMPROVEMENT ACT.

● Mr. SHELBY. Mr. President, today I rise to introduce a bipartisan bill with my colleagues, Senators BAYH, BRYAN, ROCKEFELLER and BINGAMAN. Entitled the "Manufactured Housing Improvement Act," (MHIA) this bill is designed to modernize the requirements under the National Manufactured Housing Construction and Safety Standards Act of 1974 and to establish a balanced consensus process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes.

Many do not realize that the majority of new manufactured homes of today are completely different from those of twenty or even ten years ago, and that this is the fastest growing segment of the housing industry. Today nearly one out of four new single family homes is a manufactured home, and the industry recently set a twenty-year sales record. There are good consumer-oriented reasons for this tremendous growth—manufactured homes offer quality and aesthetically pleasing housing at an average cost of $41,100, excluding the land.

Today, manufactured housing has lowered the threshold to the American Dream of home ownership for millions of Americans, including first-time home buyers, senior citizens, young families, and single parents.

With 5.3 million American households in need of affordable housing, I believe it is imperative to update the laws that regulate the private sector solution to affordable housing. In order for the manufactured housing industry to remain competitive, Congress must modernize the National Manufactured Housing Construction and Safety Standards Act of 1974.

My bill would do just that. MHIA would establish a consensus committee that would submit recommendations to the Secretary of Housing and Urban Development (HUD) for developing, amending, and revising the Federal Manufactured Home Construction and Safety Standards. In addition, the committee would be authorized to interpret the standards and recommend appropriate regulations. Consumers will still be protected by HUD because the Secretary will have absolute authority to reject any recommendations, for any reason, submitted by the consensus committee.

The Manufactured Housing Improvement Act would authorize the Secretary of HUD to use industry label fees for the administration of the consensus committee and the hiring of additional HUD staff in order to assure adequate consumer protection. The Secretary of HUD would also be authorized to use industry label fees to facilitate the availability and affordability of manufactured homes.

This legislation is a very significant step forward in that both consumer and industry groups such as the Seniors Coalition, 60 Plus, and the Council for Affordable and Rural Housing, the National Association of Affordable Housing Lenders, the North American Steel Framing Alliance, and the Community Associations Institute, along with the Manufactured Housing Institute and the Manufactured Housing Association for Regulatory Reform, have endorsed this legislation.

The industry participants have modernized the quality and technology of manufactured housing. It's time for Congress to modernize the laws that regulate an industry that provides affordable housing and contributes more than $33 billion annually to our nation's economy.

Similar legislation passed the House at the end of last Congress on a bipartisan basis under suspension of the rules and has been introduced again this year. I hope this year the Senate will take the lead and send the MHIA to the House as soon as possible.●

● Mr. BAYH. Mr. President, I am pleased to join with my colleague from Alabama, Senator SHELBY, to introduce the Manufactured Housing Improvement Act. This important legislation is designed to ensure that the manufactured housing industry continues to provide safe, affordable housing by modernizing the requirements under the National Manufactured Housing Construction and Safety Standards Act of 1974. The bill also provides the Department of Housing and Urban Development (HUD) with the resources necessary to meet its obligations to manufactured homeowners.

Manufactured housing has evolved significantly in the last twenty-five years; it's no longer the stereotypical mobile home. In fact, the vast majority of manufactured homes installed today are never moved once they have been sited. At an average cost of $40,000 for a new manufactured home, excluding land, manufactured housing is the fastest growing sector of the housing industry. One in every four new single family homes sold in the United States is a manufactured home. Manufactured housing provides many American families with the opportunity to not only own their own homes, but to live in safe, comfortable, and affordable housing. In addition, improvements in construction have led to the development of aesthetically pleasing homes. Most manufactured homes built today are manufactured to resemble traditional site built homes and are enjoyed by an array of Americans, including first time home buyers, senior citizens, and single parent families. Manufactured housing is an industry that not only provides affordable housing but also creates jobs. In my home state of Indiana, the manufactured housing industry employees more than 20,000 Hoosiers and has a total economic impact in my state of nearly $3 billion per year.

The Manufactured Housing Program at HUD, which oversees the industry, has faced many administrative challenges in the last decade. Lack of resources has prevented the program from keeping up with the changing needs of manufactured housing. While the industry has voluntary implemented numerous code changes in recent years, many requests to review standards or regulations currently await action by HUD or have taken numerous years to process, because of inadequate resources at the Department. Ten years ago, the number of HUD employees assigned to this program was 34. Today, only 8 HUD employees are responsible for this program. With the rapid growth in housing technology, it is imperative that HUD not only address these standards but do so in a timely fashion, allowing the industry to remain competitive while providing homeowners with the most advanced housing technology.

Our legislation will remedy this situation by modernizing the program by implementing procedures in which all proposed construction and safety standards are addressed and considered in a reasonable time frame. The Manufactured Housing Improvement Act requires that action on any proposed standard or regulation be taken within one year after it has been proposed to the Secretary. This is an important provision. It requires the Secretary to act, but protects consumers by authorizing the Secretary to reject any proposal which is deemed to be adverse to consumers.

Finally, through the use of industry labeling fees, this legislation provides economic resources to the Secretary for the hiring of additional HUD program staff. The costs of operating this program and the re-staffing of the manufactured housing program will continue to be borne by the manufactured housing industry, not the taxpayer. I note that the industry is willing to bear this expense in order to improve the efficiency of the regulatory system.

As we strive to ensure that all Americans have access to safe, affordable, and quality housing, we need to ensure that best practices are applied to the housing industry and that we support the modernization of housing technology. Manufactured housing is a valuable housing resource and provides access to home ownership for many Americans. I look forward to working with my colleagues to enact this legislation.●

● Mr. ROCKEFELLER. Mr. President, Once again, I am joining Senator SHELBY and other colleagues to introduce legislation intended to strengthen the manufactured housing industry. Manufactured housing provides a major source of affordable housing for American families, including seniors. This industry represents almost thirty percent of new single-family homes sold in the United States. In my state of West Virginia, manufactured housing represents over 60 percent of new homes.

Manufactured housing should play a strong role to increase the availability of affordable housing. This issue will be especially important to seniors who, according to a national survey, forty-five percent of households living in manufactured homes are headed by a person over 50 years old.

Manufactured housing is affordable housing, and it is the fastest growing type of housing nationally. The average cost of a new manufactured home without land in 1997 was $38,400, and even with land and installation fees this cost is well below the typical costs of a newly constructed site-built home.

But this industry faces challenges. Unlike other housing, manufactured housing is regulated by the 1974 National Manufactured Housing Construction and Safety Standards Act by the Department of Housing and Urban Development, (HUD). Because of reform in HUD management, the federal officials overseeing manufactured housing have declined from 34 staff members at its peak to less than a dozen professional staff now. This decline in staff has occurred at the same time that the industry has grown. Unfortunately, due to a lack of staff, HUD cannot keep pace with the need to update the code on a consistent basis and timely manner. In fact, between 1989 and 1996, a consensus committee made 140 suggestions to HUD about changes for the federal codes on manufactured housing, and 80 of these provisions are still pending in the Department. For example, the 1999 National Electrical Code has new, state-of-the-art standards but given staffing shortage, how long will it take to update the electrical standards? Shouldn't we address the staffing shortage, and get action on the lingering recommendations?

In 1990, Congress established a National Commission on Manufactured Housing, and pushed the commission to forge consensus on key issues for this important industry, unfortunately that effort collapsed in 1994.

This legislation is a new effort to address the challenges facing the industry. Introduction of the bill is just a first step. We all understand that the legislative process is designed to seek consensus and improve legislation. I believe that we must work hard to forge consensus among the industry and the consumers. This will be a challenge, but the potential rewards can be great for both sides. The industry can win and prosper with a more effective, streamlined regulatory process that keeps pace with improvements and standards. Consumers will win if safety standards and regulations are adopted more efficiently. Also, if the industry uses new standards to provide better housing, manufactured housing could be designed to meet a wider variety of needs including modules for assisted living.

The current system of regulations and oversight is not working for the industry, nor is it working as well as it should for consumers, according to a survey by seniors. But when there are problems and concerns, all groups need to work together on a strategy for change.

This legislation is intended to promote reform that will help both the industry and the consumers of manufactured housing. My hope is that all sides will work together to forge consensus about reform.

We should use this as an opportunity to come together and develop a new, improved strategy for manufactured housing. Affordable housing is a major issue for families and communities. Manufactured housing is playing a key role in affordable housing, but more could and should be done. To achieve success, we need to develop a bipartisan, consensus approach. We need to help the industry and assure consumers that safety and standards will be retained and improved, not weakened. This is worth our combined effort to provide more affordable housing.•

• Mr. BINGAMAN. Mr. President, I am pleased to rise today as a cosponsor of the Manufactured Housing Improvement Act. This Act has come about as a result of much negotiation between buyers of manufactured housing, the Housing and Urban Development Agency and manufacturers and dealers of manufactured housing. I commend the industry for coming to Congress with its plan to modify the Federal Manufactured Home Construction and Safety Standards Act of 1974. Over twenty years has elapsed since we comprehensively addressed the topic of safety and manufactured housing. Manufactured housing has changed significantly in the past twenty years. With the rise in the number of buyers of manufactured housing, it is time we ensure that safety standards are up-to-date and adequate to address consumers' concerns.

The Senate bill has eleven sections that cover everything from the establishment of a Consensus Committee to a section encouraging secondary market securitization programs for FHA manufactured home loans and other loan programs. The new Consensus Committee will consist of 25 voting members and one non-voting member representing the Secretary of HUD. The Committee will represent a wide spectrum of interested parties, including but not limited to, home producers, retailers, lenders, insurers, consumers, consumer organizations, local public officials, and fire marshals. The Committee will be responsible for recommending amendments to the current safety standards and enforcement regulations to HUD.

Most notably, there is no funding being authorized in this bill. The Secretary of HUD is authorized to use the industry label fees to carry out the responsibilities under the Act and to administer the Consensus Committee.

Not only does manufactured housing provide an affordable housing option for New Mexicans, the overall economic impact of the manufactured housing industry on New Mexico is significant. In 1998, the total economic impact on the state was over $264 million. Although most New Mexicans are familiar with the 157 retailers in the state, many are not aware that we also have two manufacturers located in the state. Last year, these manufacturers produced over 1,000 homes and the entire industry was responsible for employing more than 2,000 people. Anyone driving the highways of New Mexico is familiar with the site of a manufactured home moving across Interstate 40 or Interstate 25. However, many New Mexicans may not know that almost 7,000 homes were shipped into the state in 1998 alone.

Manufactured housing serves an important role in New Mexico. With the rising cost of homes in the metropolitan areas, and even in the smaller northern communities, manufactured housing that have an average cost of only $42,900 enable many more individuals and families to become homeowners. Currently, 41.8% of the housing in New Mexico is manufactured housing.

I think this bill is important not only to New Mexico but to all owners of manufactured housing. With a focus on construction safety standards, consumers will be safer and more secure in their new homes. Both the manufactured Housing Industry and the Congress need to take the concerns raised in the survey conducted by the American Association of Retired Persons seriously. The Consensus Committee created by this bill will play an important role in raising the standards for construction and safety. I hope the Committee thoroughly evaluates the construction concerns and safety issues raised by those responding to AARP's survey. It is critical to the success of this program that the owners, the builders and the regulators work together to achieve a higher level of safety and consumer satisfaction.

I thank Senator SHELBY for introducing this bill and I encourage the Senate to take up this bill and pass this worthwhile legislation.•

By Mr. FRIST (for himself, Mr. FEINGOLD, Mr. BROWNBACK, and Mr. LIEBERMAN):

S. 1453. A bill to facilitate relief efforts and a comprehensive solution to the war in Sudan; to the Committee on Foreign Relations.

SUDAN PEACE ACT

• Mr. FRIST. Mr. President, the United States has a tradition of defining our national interests overseas to reflect our values: freedom from persecution, freedom from religious intolerance, and the inalienable rights of self-determination and economic opportunity. In the twentieth century alone, we have sacrificed so much to defend those interests worldwide, based on the belief that freedom is truly an inalienable right, not simply for Americans, but for all peoples. Even now, in Kosovo and in Bosnia, we have been the world leaders in defending against tyranny and oppression, believing that, although far away, injustice must be met with resolve.

Our response to the tragedy and injustice in Sudan has not been quite so aggressive. The radical Islamic regime in power in Sudan has coordinated a systematic campaign of terror against southern Sudan which includes calculated starvation, slavery, and the killing of innocent women and children. The war of low-level ethnic cleansing in Sudan has ground on for 16 years, claiming the lives of nearly 2 million and displacing over 4 million. That staggering number represents more dead than the wars in Bosnia, Kosovo, Somalia, Afghanistan, and Chechnya combined. In terms of loss of life, it has been the costliest war this century since the Second World War. After 10 years of feeding the starving, with the war no closer to resolution than it was in 1983 when it began, we must change our approach. While we have been very generous as a Nation in terms of humanitarian relief, we have done little to address the causes of the war.

Along with my colleagues, Senator FEINGOLD, Senator BROWNBACK, and Senator LIEBERMAN, I am introducing the "Sudan Peace Act," which aims to strengthen American policy and resolve to end the status quo.

The timing of this initiative is critical. The Government of Sudan has publicly announced that they will use incoming oil revenues to increase the tempo and lethality of the war. An increase in the lethality and tempo of the war would translate into more death and destruction, more shattered lives and more slaves. Thus, time is of the essence in supporting efforts to reach a comprehensive conclusion to the hostilities. Even under such grim circumstances, a glimmer of opportunity to push for a comprehensive solution to the conflict may be at hand. We must take full advantage of that chance, for without the leadership of the United States, the war will certainly drag on for many more years.

International relief operations have been in existence for 10 years with little change. The current arrangement allows Khartoum to manipulate our food donations as a weapon of mass destruction by vetoing United Nations' relief flight plans in areas of rebel activity. Also, at a cost of over $1 million per day, the effort is wrought with the potential for extreme donor fatigue.

We need a new policy using all points of pressure and directing all efforts toward a comprehensive negotiated solution. Reinvigorating and pursuing a peace process based on the Declaration of Principles, signed by the combatants in 1994, is the best means we have to push for a comprehensive solution at this time. So far, the Government of Sudan has refused to negotiate in good faith, choosing instead to continue the brutal war and create political diversions to any credible, binding process.

With a set of new or strengthened political and humanitarian tools, this legislation aims to push all players toward a comprehensive negotiated solution.

The Government of Sudan has long abetted the practice of slavery. Additionally, it has helped organize and coordinate militia, Popular Defense Forces, and paramilitary holy warriors ("muraheleen") to terrorize and sometimes enslave traditional agricultural and pastoralist tribes in the south and in the Nuba Mountains.

The legislation condemns the gross violations of human rights in Sudan—including slavery, the use of the denial of access to food as a weapon of mass destruction, and targeting of civilians—and increases pressure for action in the United Nations Security Council and for UN human rights monitors to be deployed in contested areas.

The effort to stop the conflict in Sudan has the best chance of success if it is a multinational effort. The shameful lack of resolve among the international community to pressure the combatants has been a factor in the perpetuation of the conflict.

The legislation does more than simply highlight the shameful lack of resolve internationally, it seeks to change our own policy to address the causes of the famine and the war.

The legislation gives the Secretary of State clear authority to commit all necessary diplomatic efforts toward reinvigorating the Inter-governmental Authority on Development (IGAD) peace process, including any necessary support for implementation of a settlement. It calls upon the leadership of the members of IGAD and the IGAD Partners Forum (IPF—a grouping of donors and multilateral organizations) to give all necessary support.

The combination of a Declaration of Principles on which a peace process should be based and the engagement of the IGAD Partners' Forum bodes well for a reinvigoration of what has been a foundering process. The fact that IGAD is a credible regional organization adds to its potential success. The Declaration of Principles provides a first critical, measurable step to which the combatants can be held accountable.

The legislation supports the President's sanctions against Sudan, codifying them into law and protecting them from piecemeal erosion until Sudan makes substantial and verifiable progress toward peace. The existing sanctions must be used as a pressure point for peace.

The United States must maintain or strengthen every possible point on which to pressure Sudan to engage in a meaningful peace process. Any relaxation of any portion of the sanctions would essentially be a reward to Khartoum.

The legislation also requires the President to report to Congress on the status and means of financing the new oil fields in Sudan and that financing's relationship to the sanctions, the number and circumstances of bombings of civilian targets by the Government of Sudan, the extent to which humanitarian operations are being compromised, and whether progress is being made toward peace by all parties.

The issue of financing oil fields is especially important. The revenues from the new sources of oil will add a new source of hard currency to finance the war. A key player in making that influx of hard currency into Khartoum is a Canadian company that is listed on the New York Stock Exchange. Considering the wording of the sanctions in the President's Executive order of 1997, such a financial instrument would seem to be something the United States would not be able to legally facilitate. It is certainly not something the United States should want to facilitate.

The United Nations-coordinated relief effort in Sudan, known as Operation Lifeline Sudan (OLS), was founded in 1989 in response to the starvation deaths of 250,000 people in southern Sudan. In March and April 1998 the Government of Sudan denied OLS access to much of Bahr el Ghazal in an effort to starve out rebels. The ban caused severe famine.

The ability of the Government of Sudan to veto OLS relief flight plans has allowed Khartoum to use food as a weapon of mass destruction. It indiscriminately targets combatants and noncombatants alike. Only with the cooperation and pressure from the members of the Security Council and those countries which continue normal trade relations with Sudan can we ever hope to achieve success on this point. Having a viable alternative to OLS would not only allow for the distribution of relief should a flight ban be imposed, it will immediately discourage Khartoum's use of flight bans as an instrument of war.

This legislation continues to press for reform of all humanitarian assistance in Sudan. The bill includes measures to press for reform of OLS, for the continued use of relief organizations outside OLS to deliver the United States' relief assistance, and directs the Administration to develop a possible alternative organization to deliver relief, should Khartoum again place bans on relief flights.

The use of non-OLS groups to distribute relief has two primary benefits. First, it fills in holes where OLS is prohibited from operating either by Khartoum or by its own security concerns. It can also strengthen the hand of OLS with respect to flight bans because Khartoum is reluctant to exercise its veto power when it clearly strengthens organizations outside its control.

The legislation provides new and expanded authority for the Sudan Transition Assistance for Rehabilitation (STAR) program, which seeks to build the basic civil and economic institutions in areas devastated by the war.

The move away from providing only disaster assistance toward providing development assistance is critical. STAR seeks to build the basic administrative and social institutions in areas outside of government control essential for a self sustaining Sudan: civil administration, civil society, agricultural extension services, courts, etc. One of the greatest advantages Khartoum enjoys is a destroyed society in the south. Again, a stronger society and economy in the south serves to disabuse Khartoum of the notion that it can win outright on the battlefield and is thus a pressure point to push for commitment to a viable peace process. The reconciliation efforts between the Dinka and Nuer peoples is arguably the most significant development in recent years in terms of strengthening the areas outside of the government's control and putting pressure on Khartoum to come to the table. Support for those efforts are critical. Finally, this position makes no assumption nor policy statement with regard to the eventual political status of the south.

The legislation also provides for an independent assessment of the humanitarian needs of certain regions in Sudan, which are heavily contested and thus excluded from most multilateral humanitarian operations. The Nuba Mountains and its unique and fast-disappearing people and culture is especially vulnerable.

In an effort to reduce the diversion of food assistance to combatants, to strengthen the targeted population's ability to defend themselves, and to provide for separation of combatants from ongoing humanitarian operations and the personnel who run them, the bill gives the President authority to provide direct food assistance to those forces protecting noncombatants from attacks by government or government-sponsored forces. However, such a program may only be conducted completely separate from current or future humanitarian operations and without compromising them.

Currently, the majority of relief agencies, both within and outside OLS, provide assistance only to noncombatants. As a consequence, hungry rebel forces routinely divert food aid away from delivery areas, either by taxation, or by taking the food outright. The result is that normal food distribution is disrupted and any reasonable separation between combatants and noncombatants is breached. Providing a separate mechanism to feed combatants—who will be receiving food aid in one form or another, regardless of the distribution scheme—hOLSs the possibility of reducing diversions, maintaining a clear separation between combatant and noncombatants, and thus helping to minimize risk to relief agency personnel. Additionally, the necessity of pursuing food has seriously undermined the effectiveness of those forces to defend the population in areas outside of government control, as they must often demobilize for long periods of time to exact food from relief supplies or tend to farming or herding responsibilities. The Administration should make a determination on the potential for such a program to meet the goals outlined in the section. This legislation gives the President the authority to do so, with strong provisions to protect current humanitarian operations. Like other capacity building measures in this legislation, enhancing the ability of those in areas outside of government control to defend themselves from government aggression will ultimately help to dissuade the government from continued prosecution of the war and will thus strengthen the push to engage in a comprehensive peace process.

These are all critical measures and opportunities which the United States must seize. Our policy has not done enough to change the status quo. Our generous response, which began in 1989, has grown and continued to feed more of the starving, yet as a response to the war, it has grown tepid. Unless we do all we can to end the conflict in Sudan, we are part of the problem. For sixteen years we have witnessed the destruction of a nation and the loss of millions of lives, ground into dust as the world misses opportunity after opportunity to stop it.●

By Mr. ROBB (for himself, Mr. LAUTENBERG, Mr. CONRAD, Mr. HARKIN, Mr. KENNEDY, Mr. DASCHLE, Mr. REID, Mrs. MURRAY, Mr. LEVIN, Mr. CLELAND, Mr. DODD, Mr. TORRICELLI, Mr. SCHUMER, Mrs. LINCOLN, Mr. JOHNSON, Mr. WELLSTONE, Mr. KERRY, Mr. KERREY, and Mr. AKAKA):

S. 1454. A bill to amend the Internal Revenue Code of 1986 to expand the incentives for the construction and renovation of public schools and to provide tax incentives for corporations to participate in cooperative agreements with public schools in distressed areas; to the Committee on Finance.

PUBLIC SCHOOL MODERNIZATION AND OVERCROWDING RELIEF ACT OF 1999

Mr. ROBB. Mr. President, I have come before this chamber on numerous occasions to urge our colleagues to find a way to give states and localities the additional resources they so urgently need to build and renovate our nation's schools. In January, Senator LAUTENBERG and I, with several other colleagues, introduced the Public School Modernization Act of 1999. In March, Senators LAUTENBERG, HARKIN, and I were successful in offering an amendment to this year's budget resolution which called for $24.8 billion in zero-interest bonds as well as direct grants for school construction and repair. That amendment passed the Senate unanimously. Regrettably the Senate Finance Committee tax bill includes only minimal school infrastructure assistance, despite the opportunity we had in Committee to include much more substantial infrastructure relief.

Proposals regarding school construction have been offered from both sides of the aisle. Unfortunately, however, the debate about education infrastructure needs and the federal role to address those needs has too often been partisan and has been characterized by an inability or an unwillingness to recognize that there is no one-size-fits-all solution to the school construction dilemma facing many of our nation's school districts.

So today, I am pleased to be joined by Senators LAUTENBERG, CONRAD, HARKIN, KENNEDY, DASCHLE, REID, MURRAY, LEVIN, CLELAND, DODD, TORRICELLI, SCHUMER, LINCOLN, JOHNSON, WELLSTONE, KERRY, KERREY, and AKAKA in introducing legislation designed to combine various bipartisan school construction proposals to create a menu of school construction financing options. The Public School Modernization and Overcrowding Relief Act of 1999 will help school districts build new schools to accommodate the record enrollments of elementary and secondary students we know are coming. It will also help modernize schools to ensure that our children have the benefit of modern technology. And it will help repair old schools which have become outdated and unsafe.

Mr. President, 14 million children attend schools in need of extensive repair or replacement. Twelve million attend schools with leaky roofs, and 7 million attend schools with safety code violations. The President of the Maine Education Association testified before the Health, Education, Labor and Pensions Committee recently and stated that there are schools in Maine that actually turn the lights out when it rains because the electrical wiring is exposed under their leaky roofs.

Compounding the safety problem is the significant overcrowding in the nation's schools. Across the country, there are thousands and thousands of trailers used for instruction—over 3,000 are in use in Virginia alone. So instead of attending science class equipped with the latest technology to conduct biology experiments, our children are going to class in poorly-ventilated portable trailers that can actually be harmful to their health.

Mr. President, Loudon County, Virginia will need to build 22 new schools over the next six years to accommodate its enormous population growth. Despite the help that our own Virginia General Assembly has approved, the state will only provide two to three percent of Virginia's total school infrastructure needs. This isn't just a Virginia phenomenon; it's a national crisis. The National Center for Education Statistics estimates that by 2003, the nation will need to build 2,400 new schools to accommodate record enrollments in our elementary and secondary schools.

In short, school boards should not be forced to choose between hiring an additional teacher or fixing a leaky roof. School superintendents should be installing computer labs, not basic air conditioning. And students should attend schools of the future, not relics of the past.

The legislation we offer today will allow school districts to issue tax-exempt bonds for school construction. Localities will be able to save significant amounts of money on capital improvement projects, as the federal government would give bondholders a tax credit in the amount of the interest that the locality would otherwise be required to pay. The legislation also knocks down a statutory hurdle which currently hinders more private sector involvement in public education by allowing private entities to pool resources with states and localities to build and renovate school buildings. Furthermore, if a state or locality has previously issued bonds at a time when interest rates were high, this legislation would allow them to essentially refinance that debt to take advantage of today's lower interest rates. The legislation will also make it easier for small communities to issue a greater number of bonds without being subject to onerous arbitrage requirements. All of these provisions provide states and localities with choices. Under this legislation, our states and localities will be able to avail themselves of those provisions that best suit their financial needs. The bill creates a menu of options through which states and localities can assemble their own financing packages.

Mr. President, as a former governor, I acknowledge that education is primarily a state and local responsibility. The federal government, however, can be a helpful partner in education by helping to defray the cost of capital improvements without interfering with the substantive decisions that states and localities are struggling to make regarding their academic reform efforts. Providing a variety of financing options to fund capital improvements, therefore, is an imminently constructive role for the federal government to play. For our public education system to be the best in the world, all three levels of government—local, state, and federal—will have to work together.

I thank my colleagues who have cosponsored this legislation, and I look forward to working with them to pass it. It's flexible. It's sensible. And it provides the most financing options of any school construction proposal to date. I hope this legislation brings us one step closer to the compromise I know we can reach.

Mr. President, in the 1930's and again in the 1950's, our grandparents and parents summoned the political will to build the vast majority of our nation's existing school buildings. It is my hope that we can summon that will again. Our nation's students and families deserve no less.•

By Mr. ABRAHAM (for himself and Mr. FEINGOLD):

S. 1455. A bill to enhance protections against fraud in the offering of financial assistance for college education, and for other purposes; to the Committee on the Judiciary.

THE COLLEGE SCHOLARSHIP FRAUD PREVENTION ACT OF 1999

Mr. ABRAHAM. Mr. President, I rise today with my colleague from Wisconsin, Senator FEINGOLD, to introduce the College Scholarship Fraud Prevention Act of 1999. This legislation will prevent unscrupulous businesses from defrauding students seeking to finance a college education.

Students in Michigan and across the nation are targeted by corrupt companies preying on their hopes and dreams of a college education. A college diploma is the key that opens the door to many of today's career opportunities, but the reality is that this diploma is becoming more and more expensive to obtain. A number of organizations have sprung up to address this problem, and many of them perform an invaluable service in providing student financing, or in providing information to students concerning institutions to which those students may apply for financial assistance. Unfortunately, however, a growing number of individuals are turning student need into a scam opportunity, taking financial advantage of students in need of assistance.

Each year, individuals and businesses send thousands of letters out to hopeful students, offering bogus scholarships. The tactics used by these con-artists vary, but they nearly always involve misrepresentation and fraud. Some exclusively use the mails to conduct their illegal activities, while others, like the National Scholarship Foundation have sent hundreds of thousands of postcards to potential college students, encouraging them to call an "800" number for "free money". Students calling the NSF number were told that they were guaranteed $1000 or more in scholarships if they would pay a $189 processing fee, to be refunded if they did not receive the scholarship. Students sending $189 to the NSF received only general information about the college application process and the costs of a college education—information readily available for free from other sources. NSF never provided refunds.

The Federal Trade Commission has been aware of this growing problem, and we have sought their input while drafting this legislation. In 1996, the FTC initiated "Project $cholarship-$cam," a nationwide crackdown on fraudulent scholarship search services. But although the FTC is dedicated to stopping these con artists, it can only pursue civil remedies; the Justice Department is responsible for prosecuting these scam-artists criminally upon FTC referral, and unfortunately, such prosecutions are a rare occurrence.

Even when the Justice Department does prosecute scholarship scam-artists, the penalties are so light as to provide little deterrent effect. For example, this past May a federal jury in Maryland convicted Christopher Nwaigwe of defrauding more than 50,000 college students of more than $500,000. Mr. Nwaigwe had mailed letters to students announcing scholarship offers of $2,500 to $7,500, in exchange for which students were requested to send Mr. Nwaigwe a $10 processing fee. In reality, after the students sent the check, they waited in vain for a response.

Nwaigwe was ordered by the U.S. Postal Service to stop sending misleading letters in 1993, yet, he chose to ignore this warning and continue to defraud students. In 1996, Nwaigwe was the subject of a civil action in U.S. District Court, in which he was permanently enjoined from using materials to solicit money from students. Yet it was only in May—six years after the first official action taken against him—that he finally faced a jury. And the maximum penalty he faces for his long course of fraudulent conduct is five years' imprisonment and a fine of $250,000—half the dollar amount we know to be the minimum he gained through his fraud.

Mr. President, the rapid spread of scholarship scams such as Christopher Nwaigwe's makes it imperative that we step up prosecutions and impose tougher sentences. My legislation would encourage the Justice Department of pursue and prosecute more scholarship scam-artists, by providing an additional ten years' imprisonment and additional fines in fraud cases which involve the offering of educational services.

In addition, this legislation would improve the FTC's ability to enforce orders for disgorgement and redress to consumers. Senator FEINGOLD and I have been briefed by the FTC on its current problems enforcing judgments, and one particularly offensive example involves an abuse of consumer bankruptcy protections. Often, scholarship scam-artists use their fraudulent gains to buy expensive homes. When hit with disgorgement and redress orders, they file for bankruptcy. And because most states exempt at least a portion of the value of residential property from bankruptcy estates, these con-artists are able to retain their ill-gotten gains in the form of their trophy homes. After the bankruptcy proceeding clears their debts, the scam-artists may then sell their estates, keeping the money they have defrauded from students.

Our legislation would prevent con-artists from using their technique to avoid paying court judgments in this fashion. Residential property exemptions from bankruptcy estimates are intended to aid law-abiding people who find themselves in financial difficulty; they were not meant to help scam-artists launder and protect ill-gotten gains. This legislation takes a cue from Congress' response to the savings and loan crisis, and amends the bankruptcy code so that debts derived from college financial assistance fraud would be excluded from homestead bankruptcy exemptions. Legitimate homeowners will still be protected by the bankruptcy laws. But con-artists will no longer be able to use these laws for their own, fraudulent ends.

In addition to these punitive and deterrent measurers. Mr. President, this legislation also includes measures to help student and their families obtain financing help from legitimate organizations. We need to make it easier for students and their families to differentiate legitimate companies from con-artists. The FTC currently warns students about fraudulent scholarship services; while this is commendable, however, in my view, the larger number of students who visit the Department of Education web site to find out about financing option makes it the logical choice for an anti-scam public relations initiative. To that end, this legislation would call on the Secretary of Education to maintain a web page on the Department's web site listing legitimate sources of scholarship information. To ensure that this web page is not misused by unscrupulous companies and individuals, and other provision would require the Education Department to consult with the FTC before including any name on its list.

No organization would be listed on the web page if it or its operator has been prosecuted by the FTC and convicted of using unfair or deceptive practices. In addition, a business or organization would not be listed if the Department of Education receives a significant number of complaints from students alleging that the business has not in good faith delivered on its promises, or if it is under investigation by the FTC.

Taken together, Mr. President, these provision discouraging fraud disseminating information concerning legitimate sources of scholarship information will help students find the assistance they need to finance a college education. Through this legislation we can fight scholarship scams, put those who would defraud students out of business and increase our Nation's pool of educated workers.

I ask my colleagues for their support, and ask unanimous consent that the bill and a section-by-section analysis of the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1455

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "College Scholarship Fraud Prevention Act of 1999".

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) A substantial amount of fraud occurs in the offering of college education financial assistance services to consumers.

(2) Such fraud includes the following:

(A) Misrepresentations regarding the provision of sources from which consumers may obtain financial assistance (including scholarships, grants, loans, tuition, awards, and other assistance) for purposes of financing a college education.

(B) Misrepresentations regarding the provision of portfolios of such assistance tailored to the needs of specific consumers.

(C) Misrepresentations regarding the preselection of students as eligible to receive such assistance.

(D) Misrepresentations that such assistance will be provided to consumers who purchase specified services from specified entities.

(E) Misrepresentations regarding the business relationships between particular entities and entities that award or may award such assistance.

(F) Misrepresentations regarding refunds of processing fees if consumers are not provided specified amounts of such assistance, and other misrepresentations regarding refunds.

SEC. 3. ENHANCED CRIMINAL PENALTIES FOR COLLEGE EDUCATION FINANCIAL SERVICE ASSISTANCE FRAUD.

(a) ENHANCED PENALTIES.—Chapter 63 of title 18, United States Code, is amended by adding at the end the following:

"§ 1348. Enhanced penalties for college education financial service assistance fraud

"(a) IN GENERAL.—A person who is convicted of an offense under section 1341, 1342, or 1343 of this title in connection with the obtaining or providing of any scholarship, grant, loan, tuition, discount, award, or other financial assistance for purposes of financing an education at an institution of higher education shall be fined under this title, imprisoned not more than 10 years, or both.

"(b) OTHER PENALTIES.—Any penalties imposed under this section shall be in addition to any penalties under any of the sections referred to in subsection (a).

"(c) INSTITUTION OF HIGHER EDUCATION DEFINED.—In this section, the term 'institution of higher education' has the meaning given that term in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001).".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of that chapter is amended by adding at the end the following:

"1348. Enhanced penalties for college education financial service assistance fraud.".

SEC. 4. EXCLUSION OF DEBTS RELATING TO COLLEGE FINANCIAL ASSISTANCE SERVICES FRAUD FROM PERMISSIBLE EXEMPTIONS OF PROPERTY FROM ESTATES IN BANKRUPTCY.

Section 522(c) of title 11, United States Code, is amended—

(1) by striking "or" at the end of paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting "; or"; and

(3) by adding at the end the following:

"(4) a debt in connection with fraud in the obtaining or providing of any scholarship, grant, loan, tuition, discount, award, or other financial assistance for purposes of financing an education at an institution of higher education (as that term is defined in section 101 of the Higher Education Act of 1954 (20 U.S.C. 1001)).".

SEC. 5. LIST OF BUSINESSES AND ORGANIZATIONS OFFERING COLLEGE EDUCATION FINANCIAL ASSISTANCE SERVICES.

(a) LIST.—The Secretary of Education shall maintain on the Internet web site of the Department of Education a web page that—

(1) lists businesses and organizations that offer financial assistance (including scholarships, grants, loans, tuition, awards, and other assistance) for purposes of financing an education at institutions of higher education; and

(2) provides the Internet web site address of such businesses and organizations.

(b) APPLICATION FOR PLACEMENT ON THE LIST.—A business or organization may apply to the Secretary of Education for placement on the list.

(c) CONSULTATION.—The Secretary of Education shall consult with the Chairman of the Federal Trade Commission in an effort to ensure that a business or organization applying for placement on the list is a legitimate business or organization.

(d) INELIGIBILITY.—A business or organization shall not be listed on the page if—

(1) the business or organization was prosecuted by the Federal Trade Commission and convicted of using an unfair or deceptive act or practice under the Federal Trade Commission Act (15 U.S.C. 41 et seq.) during the 5-year period preceding the submission of an application under subsection (b);

(2) the business or organization is operated by an individual who operated a business or organization that was prosecuted by the Federal Trade Commission and convicted of using an unfair or deceptive act or practice under such Act during the 5-year period preceding the submission of an application under subsection (b);

(3) the Department of Education receives a significant number of complaints, as determined by the Secretary of Education, from students alleging the business or organization has not in good faith delivered on promises made by the business or organization; or

(4) the business or organization is under investigation by the Federal Trade Commission.

THE COLLEGE SCHOLARSHIP FRAUD PREVENTION ACT OF 1999—SECTION-BY-SECTION ANALYSIS

A bill to enhance protections against fraud in the offering of financial assistance for college education, and for other purposes.

SECTION 1: FINDINGS

This section sets out Congressional findings concerning the high level of fraud that occurs in the offering of college education financial assistance services to consumers.

SECTION 2: ENHANCED CRIMINAL PENALTIES FOR COLLEGE EDUCATION FINANCIAL SERVICE DEFINITIONS

This section amends Chapter 63 of Title 18, United States Code by adding a section that provides for a fine, imprisonment for not more than 10 years, or both, for college education financial service assistance fraud.

SECTION 3: EXCLUSION OF DEBTS RELATING TO COLLEGE FINANCIAL ASSISTANCE SERVICES FRAUD FROM PERMISSIBLE EXEMPTIONS OF PROPERTY FROM ESTATES IN BANKRUPTCY

This provision amends Section 522(c) of Title 11 of the United States Code to allow property otherwise exempted in bankruptcy to be subject to disgorgement and redress orders resulting from college financial assistance services fraud.

SECTION 4: LIST OF BUSINESSES AND ORGANIZATIONS OFFERING COLLEGE EDUCATION FINANCIAL ASSISTANCE SERVICES

This section requires the Secretary of Education to maintain a web page listing businesses and organizations offering financial assistance for purposes of financing an education. The section also requires consultation between the Secretary of Education and the Federal Trade Commission to ensure that a listed business is a legitimate offeror of services, and specifies the circumstances under which a business or organization would be ineligible to be listed.

ADDITIONAL COSPONSORS

S. 50

At the request of Mrs. HUTCHISON, the name of the Senator from Montana (Mr. BURNS) was added as a cosponsor of S. 50, a bill to improve options for excellence in education.

S. 193

At the request of Mrs. BOXER, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 193, a bill to apply the same quality and safety standards to domestically manufactured handguns that are currently applied to imported handguns.

S. 345

At the request of Mr. ALLARD, the name of the Senator from Ohio (Mr. DEWINE) was added as a cosponsor of S. 345, a bill to amend the Animal Welfare Act to remove the limitation that permits interstate movement of live birds, for the purpose of fighting, to States in which animal fighting is lawful.

S. 391

At the request of Mr. KERREY, the name of the Senator from Utah (Mr. HATCH) was added as a cosponsor of S. 391, a bill to provide for payments to children's hospitals that operate graduate medical education programs.

S. 514

At the request of Mr. COCHRAN, the name of the Senator from Idaho (Mr. CRAIG) was added as a cosponsor of S. 514, a bill to improve the National Writing Project.

S. 676

At the request of Mr. CAMPBELL, the names of the Senator from Tennessee (Mr. FRIST) and the Senator from Oklahoma (Mr. NICKLES) were added as cosponsors of S. 676, a bill to locate and secure the return of Zachary Baumel, a citizen of the United States, and other Israeli soldiers missing in action.

S. 692

At the request of Mr. KYL, the name of the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 692, a bill to prohibit Internet gambling, and for other purposes.

S. 708

At the request of Mr. DEWINE, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 708, a bill to improve the administrative efficiency and effectiveness of the Nation's abuse and neglect courts and the quality and availability of training for judges, attorneys, and volunteers working in such courts, and for other purposes consistent with the Adoption and Safe Families Act of 1997.

S. 1035

At the request of Mr. FEINGOLD, the name of the Senator from Arkansas (Mrs. LINCOLN) was added as a cosponsor of S. 1035, a bill to establish a program to provide grants to expand the availability of public health dentistry programs in medically underserved areas, health professional shortage areas, and other Federally-defined areas that lack primary dental services.

S. 1070

At the request of Mr. BOND, the name of the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 1070, a bill to require the Secretary of Labor to wait for completion of a National Academy of Sciences study before promulgating a standard, regulation or guideline on ergonomics.

S. 1110

At the request of Mr. LOTT, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 1110, a bill to amend the Public Health Service Act to establish the National Institute of Biomedical Imaging and Engineering.

S. 1144

At the request of Mr. VOINOVICH, the name of the Senator from New Jersey (Mr. TORRICELLI) was added as a cosponsor of S. 1144, a bill to provide increased flexibility in use of highway funding, and for other purposes.

S. 1199

At the request of Mr. ASHCROFT, the name of the Senator from Oklahoma (Mr. NICKLES) was added as a cosponsor of S. 1199, a bill to require the Secretary of State to report on United States citizens injured or killed by certain terrorist groups.

S. 1200

At the request of Ms. SNOWE, the name of the Senator from Montana (Mr. BAUCUS) was added as a cosponsor of S. 1200, a bill to require equitable coverage of prescription contraceptive drugs and devices, and contraceptive services under health plans.

S. 1207

At the request of Mr. BURNS, the name of the Senator from Indiana (Mr. LUGAR) was added as a cosponsor of S. 1207, a bill to amend the Internal Revenue Code of 1986 to ensure that income averaging for farmers not increase a farmer's liability for the alternative minimum tax.

S. 1293

At the request of Mr. COCHRAN, the name of the Senator from Utah (Mr. BENNETT) was added as a cosponsor of S. 1293, a bill to establish a Congressional Recognition for Excellence in Arts Education Board.

S. 1310

At the request of Ms. COLLINS, the name of the Senator from Kansas (Mr. ROBERTS) was added as a cosponsor of S. 1310, a bill to amend title XVIII of the Social Security Act to modify the interim payment system for home health services, and for other purposes.

S. 1345

At the request of Mr. LAUTENBERG, the name of the Senator from Nevada (Mr. REID) was added as a cosponsor of S. 1345, a bill to amend title 18, United States Code, to prohibit certain interstate conduct relating to exotic animals.

S. 1362

At the request of Mr. BURNS, the name of the Senator from Missouri (Mr. ASHCROFT) was added as a cosponsor of S. 1362, a bill to establish a commission to study the airline industry and to recommend policies to ensure consumer information and choice.

SENATE CONCURRENT RESOLUTION 9

At the request of Ms. SNOWE, the names of the Senator from South Carolina (Mr. THURMOND), the Senator from West Virginia (Mr. ROCKEFELLER), the Senator from Maine (Ms. COLLINS), and the Senator from North Carolina (Mr. EDWARDS) were added as cosponsors of Senate Concurrent Resolution 9, a concurrent resolution calling for a United States effort to end restrictions on the freedoms and human rights of the enclaved people in the occupied area of Cyprus.

SENATE RESOLUTION 95

At the request of Mr. THURMOND, the name of the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of Senate Resolution 95, a resolution designating August 16, 1999, as "National Airborne Day."

SENATE RESOLUTION 99

At the request of Mr. REID, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of Senate Resolution 99, a resolution designating November 20, 1999, as "National Survivors for Prevention of Suicide Day."

AMENDMENT NO. 1069

At the request of Mr. STEVENS, the name of the Senator from Alaska (Mr. MURKOWSKI) was added as a cosponsor of amendment No. 1069 intended to be proposed to S. 1233, an original bill making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2000, and for other purposes.

SENATE RESOLUTION 168—PAYING A GRATUITY TO MARY LYDA NANCE

Mr. HELMS (for himself and Mr. BIDEN) submitted the following resolution; which was considered and agreed to:

S. RES. 168

Resolved, That the Secretary of the Senate is authorized and directed to pay, from the contingent fund of the Senate, to Mary Lyda Nance, widow of Admiral James W. Nance, an employee of the Senate at the time of his death, the sum of $200,000, that sum to be considered inclusive of funeral expenses and all other allowances.

AMENDMENTS SUBMITTED

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

CRAPO (AND OTHERS) AMENDMENT NO. 1372

(Ordered to lie on the table.)

Mr. CRAPO (for himself, Mr. CRAIG, and Mr. BURNS) submitted an amendment to be proposed by them to the bill (H.R. 2466) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 2000, and for other purposes; as follows:

On page 10, line 16, after "herein," insert the following: "of which not less than $750,000 shall be available for the development of a voluntary enrollment habitat conservation plan for cold water fish in cooperation with the States of Idaho and Montana (of which $150,000 shall be used to fund full-time positions of personnel to assist in the development of the plan and $300,000 shall be made available to each State for data collection, organizational, and related activities), and of which not more than $64,626,000 shall be available for habitat conservation, and".

TAXPAYER REFUND ACT OF 1999

BROWNBACK AMENDMENT NO. 1373

(Ordered to lie on the table.)

Mr. BROWNBACK submitted an amendment intended to be proposed by him to the bill (S. 1429) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000; as follows:

Beginning on page 11, strike line 18 and all that follows through page 32, line 14, and insert the following:

SEC. 201. ELIMINATION OF MARRIAGE PENALTY IN INDIVIDUAL INCOME TAX RATES.

(a) GENERAL RULE.—Section 1 (relating to tax imposed) is amended by striking subsections (a) through (e) and inserting the following:

"(a) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—There is hereby imposed on the taxable income of—

"(1) every married individual (as defined in section 7703) who makes a single return jointly with his spouse under section 6013, and

"(2) every surviving spouse (as defined in section 2(a)),

a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $50,700	15% of taxable income.
Over $50,700 but not over $122,800.	$7,605, plus 28% of the excess over $50,700.
Over $122,800 but not over $256,200.	$27,793, plus 31% of the excess over $122,800.
Over $256,200 but not over $556,900.	$69,147, plus 36% of the excess over $256,200.
Over $556,900	$177,399, plus 39.6% of the excess over $556,900.

"(b) HEADS OF HOUSEHOLDS.—There is hereby imposed on the taxable income of every head of a household (as defined in section 2(b)) a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $33,950	15% of taxable income.
Over $33,950 but not over $87,700.	$5,092.50, plus 28% of the excess over $33,950.
Over $87,700 but not over $142,000.	$20,142.50, plus 31% of the excess over $87,700.
Over $142,000 but not over $278,450.	$36,975.50, plus 36% of the excess over $142,000.
Over $278,450	$86,097.50, plus 39.6% of the excess over $278,450.

"(c) OTHER INDIVIDUALS.—There is hereby imposed on the taxable income of every individual (other than an individual to whom subsection (a) or (b) applies) a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $25,350	15% of taxable income.
Over $25,350 but not over $61,400.	$3,802.50, plus 28% of the excess over $25,350.
Over $61,400 but not over $128,100.	$13,896.50, plus 31% of the excess over $61,400.
Over $128,100 but not over $278,450.	$34,573.50, plus 36% of the excess over $128,100.
Over $278,450	$88,699.50, plus 39.6% of the excess over $278,450.

"(d) ESTATES AND TRUSTS.—There is hereby imposed on the taxable income of—

"(1) every estate, and

"(2) every trust,

taxable under this subsection a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $1,700	15% of taxable income.
Over $1,700 but not over $4,000.	$255, plus 28% of the excess over $1,700.
Over $4,000 but not over $6,100.	$899, plus 31% of the excess over $4,000.
Over $6,100 but not over $8,350.	$1,550, plus 36% of the excess over $6,100.
Over $8,350	$2,360, plus 39.6% of the excess over $8,350.".

(b) INFLATION ADJUSTMENT TO APPLY IN DETERMINING RATES FOR 2000.—Subsection (f) of section 1 is amended—

(1) by striking "1993" in paragraph (1) and inserting "1999",

(2) by striking "1992" in paragraph (3)(B) and inserting "1997", and

(3) by striking paragraph (7).

(c) CONFORMING AMENDMENTS.—

(1) The following provisions are each amended by striking "1992" and inserting "1997" each place it appears:

(A) Section 25A(h).
(B) Section 32(j)(1)(B).
(C) Section 41(e)(5)(C).
(D) Section 68(b)(2)(B).
(E) Section 135(b)(2)(B)(ii).
(F) Section 151(d)(4).
(G) Section 221(g)(1)(B).
(H) Section 512(d)(2)(B).
(I) Section 513(h)(2)(C)(ii).
(J) Section 877(a)(2).
(K) Section 911(b)(2)(D)(ii)(II).
(L) Section 4001(e)(1)(B).
(M) Section 4261(e)(4)(A)(ii).
(N) Section 6039F(d).
(O) Section 6334(g)(1)(B).
(P) Section 7430(c)(1).

(2) Subclause (II) of section 42(h)(6)(G)(i) is amended by striking "1987" and inserting "1997".

(3) Subparagraph (B) of section 59(j)(2) is amended by striking ", determined by substituting '1997' for '1992' in subparagraph (B) thereof".

(4) Subparagraph (B) of section 132(f)(6) is amended by inserting before the period ", determined by substituting 'calendar year 1992' for 'calendar year 1997' in subparagraph (B) thereof".

(5) Paragraph (2) of section 220(g) of such Code is amended by striking "by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof".

(6) Subparagraph (B) of section 685(c)(3) is amended by striking ", by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof".

(7) Subparagraph (B) of section 2032A(a)(3) is amended by striking "by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof".

(8) Subparagraph (B) of section 2503(b)(2) is amended by striking "by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof".

(9) Paragraph (2) of section 2631(c) is amended by striking "by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof".

(10) Subparagraph (B) of section 6601(j)(3) is amended by striking "by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof".

(11) Sections 468B(b)(1), 511(b)(1), 641(a), 641(d)(2)(A), and 685(d) are each amended by striking "section 1(e)" each place it appears and inserting "section 1(d)".

(12) Sections 1(f)(2) and 904(b)(3)(E)(ii) are each amended by striking "(d), or (e)" and inserting "or (d)".

(13) Paragraph (1) of section 1(f) is amended by striking "(d), and (e)" and inserting "and (d)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 202. ELIMINATION OF MARRIAGE PENALTY IN STANDARD DEDUCTION.

(a) IN GENERAL.—Paragraph (2) of section 63(c) (relating to standard deduction) is amended to read as follows:

"(2) BASIC STANDARD DEDUCTION.—For purposes of paragraph (1), the basic standard deduction is—

"(A) $8,500 in the case of—

"(i) a joint return, or

"(ii) a surviving spouse (as defined in section 2(a)),

"(B) $6,250 in the case of a head of household (as defined in section 2(b)), or

"(C) $4,250 in any other case."

(b) TECHNICAL AMENDMENTS.—

(1) Paragraph (4) of section 63(c) is amended to read as follows:

"(4) ADJUSTMENTS FOR INFLATION.—In the case of any taxable year beginning in a calendar year after 1999, each dollar amount contained in paragraph (2) or (5) or subsection (f) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins."

(2) Subparagraph (A) of section 63(c)(5) is amended by striking "$500" and inserting "$700".

(3) Subsection (f) of section 63 is amended by striking "$600" each place it appears and inserting "$850" and by striking "$750" in paragraph (3) and inserting "$1,050".

(4) Subparagraph (B) of section 1(f)(6) is amended by striking "subsection (c)(4) of section 63 (as it applies to subsections (c)(5)(A) and (f) of such section)" and inserting "section 63(c)(4)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

On page 9, line 12, strike "2000" and insert "2002".

Beginning on page 10, strike line 17 and all that follows through page 11, line 12, and insert the following:

"(i) JOINT RETURNS AND SURVIVING SPOUSES.—In the case of the table contained in subsection (a)—

"Calendar year:	**Applicable dollar amount:**
2007 or 2008	$4,000
2009 and thereafter	$5,000.

"(ii) OTHER TABLES.—In the case of the table contained in subsection (b), (c), or (d)—

"Calendar year:	**Applicable dollar amount:**
2007 or 2008	$2,000
2009 and thereafter	$2,500.

"(B) COST-OF-LIVING ADJUSTMENT.—In the case of any taxable year beginning in any calendar year after 2009, the applicable dollar amount shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of living adjustment determined under paragraph (3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2007' for 'calendar year 1992' in subparagraph (B) thereof."

GREGG AMENDMENTS NOS. 1374–1375

(Ordered to lie on the table.)

Mr. GREGG submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1374

At the appropriate place in the bill, insert the following:

SEC. . ONE-YEAR EXTENSION OF PERIOD OF TAX MORATORIUM UNDER INTERNET TAX FREEDOM ACT.

Section 1101(a) of the Internet Tax Freedom Act (title XI of division C of Public Law 105–277; 112 Stat. 2681–719; 47 U.S.C. 151 note) is amended by striking "3 years after the date of the enactment of this Act" and inserting "4 years after October 21, 1998".

AMENDMENT NO. 1375

On page 21, before line 1, insert:

(c) MINIMUM DEPENDENT CARE CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.—Section 21(e) (relating to special rules) is amended by adding at the end the following:

"(11) MINIMUM CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.—

"(A) IN GENERAL.—Notwithstanding subsection (d), in the case of any taxpayer with 1 or more qualifying individuals described in subsection (b)(1)(A) under the age of 1, such taxpayer shall be deemed to have employment-related expenses for the taxable year with respect to each such qualifying individual in an amount equal to the sum of—

"(i) $200 for each month in such taxable year during which such qualifying individual is under the age of 1, and

"(ii) the amount of employment-related expenses otherwise incurred for such qualifying individual for the taxable year (determined under this section without regard to this paragraph).

"(B) ELECTION TO NOT APPLY THIS PARAGRAPH.—This paragraph shall not apply with respect to any qualifying individual for any taxable year if the taxpayer elects to not have this paragraph apply to such qualifying individual for such taxable year.".

On page 21, line 1, strike "(c)" and insert "(d)".

On page 195, strike lines 4 through 23.

DASCHLE (AND OTHERS) AMENDMENT NO. 1376

(Ordered to lie on the table.)

Mr. DASCHLE (for himself, Mr. BYRD, Mr. BAUCUS, Mr. BINGAMAN, and Mr. KERREY) submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the end of the bill add the following:

DIVISION II—ENERGY SECURITY TAX INCENTIVES

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This division may be cited as the "Energy Security Tax Act of 1999".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this division an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—

Sec. 1. Short title; amendment of 1986 Code; table of contents.

TITLE I—ENERGY-EFFICIENT PROPERTY USED IN BUSINESS

Sec. 101. Credit for certain energy-efficient property used in business.

TITLE II—NONBUSINESS ENERGY SYSTEMS

Sec. 201. Credit for certain nonbusiness energy systems.

TITLE III—ALTERNATIVE FUELS

Sec. 301. Allocation of alcohol fuels credit to patrons of a cooperative.

TITLE IV—AUTOMOBILES

Sec. 401. Credit for purchase of fuel cell, electric, and hybrid electric vehicles.

TITLE V—CLEAN COAL TECHNOLOGIES

Sec. 501. Credit for investment in qualifying clean coal technology.
Sec. 502. Credit for production from qualifying clean coal technology.
Sec. 503. Risk pool for qualifying clean coal technology.

TITLE VI—METHANE RECOVERY

Sec. 601. Expansion of section 29 tax credit.
Sec. 602. Credit for capture of coalbed methane gas.

TITLE VII—OIL AND GAS PRODUCTION

Sec. 701. Credit for production of re-refined lubricating oil.
Sec. 702. Repeal certain adjustments based on adjusted current earnings relating to oil and gas assets.
Sec. 703. 10-year carryback for percentage depletion for oil and gas property.

TITLE VIII—RENEWABLE POWER GENERATION

Sec. 801. Credit for investment in photovoltaic and wind property manufacturing facilities.
Sec. 802. Modifications to credit for electricity produced from renewable resources.
Sec. 803. Proportional credit for producing electricity through co-firing.
Sec. 804. Credit for capital costs of qualified biomass-based generating system.
Sec. 805. Pass-through of renewable energy production incentive payments to end-users.

TITLE IX—STEELMAKING

Sec. 901. Credit for energy-efficient steelmaking capacity.
Sec. 902. Extension of credit for electricity to production from steel cogeneration.

TITLE X—AGRICULTURE

Sec. 1001. Agricultural conservation tax credit.

TITLE I—ENERGY-EFFICIENT PROPERTY USED IN BUSINESS

SEC. 101. CREDIT FOR CERTAIN ENERGY-EFFICIENT PROPERTY USED IN BUSINESS.

(a) IN GENERAL.—Subpart E of part IV of subchapter A of chapter 1 (relating to rules for computing investment credit) is amended by inserting after section 48 the following:

"SEC. 48A. ENERGY CREDIT.

"(a) IN GENERAL.—For purposes of section 46, the energy credit for any taxable year is the sum of—

"(1) the amount equal to the energy percentage of the basis of each energy property placed in service during such taxable year, and

"(2) the credit amount for each qualified hybrid vehicle placed in service during the taxable year.

"(b) ENERGY PERCENTAGE.—

"(1) IN GENERAL.—The energy percentage is—

"(A) except as otherwise provided in this subparagraph, 10 percent,

"(B) in the case of energy property described in clauses (i), (iii), (vi), (vii), and (viii) of subsection (c)(1)(A), 20 percent,

"(C) in the case of energy property described in subsection (c)(1)(A)(v), 15 percent, and

"(D) in the case of energy property described in subsection (c)(1)(A)(ii) relating to a high risk geothermal well, 20 percent.

"(2) COORDINATION WITH REHABILITATION.—The energy percentage shall not apply to that portion of the basis of any property which is attributable to qualified rehabilitation expenditures.

"(c) ENERGY PROPERTY DEFINED.—

"(1) IN GENERAL.—For purposes of this subpart, the term 'energy property' means any property—

"(A) which is—

"(i) solar energy property,

"(ii) geothermal energy property,

"(iii) energy-efficient building property,

"(iv) combined heat and power system property,

"(v) low core loss distribution transformer property,

"(vi) fuel-efficient farm equipment property,

"(vii) qualified aerobic digester property, or

"(viii) qualified wind energy systems equipment property,

"(B)(i) the construction, reconstruction, or erection of which is completed by the taxpayer, or

"(ii) which is acquired by the taxpayer if the original use of such property commences with the taxpayer,

"(C) which can reasonably be expected to remain in operation for at least 5 years,

"(D) with respect to which depreciation (or amortization in lieu of depreciation) is allowable, and

"(E) which meets the performance and quality standards (if any) which—

“(i) have been prescribed by the Secretary by regulations (after consultation with the Secretary of Energy), and

“(ii) are in effect at the time of the acquisition of the property.

“(2) EXCEPTIONS.—

“(A) PUBLIC UTILITY PROPERTY.—Such term shall not include any property which is public utility property (as defined in section 46(f)(5) as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990), except for property described in paragraph (1)(A)(iv).

“(B) CERTAIN WIND EQUIPMENT.—Such term shall not include equipment described in paragraph (1)(A)(viii) which is taken into account for purposes of section 45 for the taxable year.

“(d) DEFINITIONS RELATING TO TYPES OF ENERGY PROPERTY.—For purposes of this section—

“(1) SOLAR ENERGY PROPERTY.—

“(A) IN GENERAL.—The term ‘solar energy property’ means general solar energy property, solar water heating property, and photovoltaic property.

“(B) GENERAL SOLAR ENERGY PROPERTY.—The term ‘general solar energy property’ means equipment which uses solar energy to generate electricity, to heat or cool a structure, or to provide solar process heat.

“(C) SOLAR WATER HEATING PROPERTY.—

“(i) IN GENERAL.—The term ‘solar water heating property’ means property which, when installed in connection with a structure, uses solar energy for the purpose of providing hot water for use within such structure.

“(ii) LIMITATION ON AMOUNT OF CREDIT.—The credit under subsection (a)(1) for the taxable year with respect to solar water heating property shall not exceed $1,000.

“(iii) ELECTION TO TREAT PROPERTY AS SOLAR WATER HEATING PROPERTY.—Property that is both general solar energy property and solar water heating property shall be treated as general solar energy property for purposes of this section unless the taxpayer elects to treat such property as being only solar water heating property. If such an election is made the energy percentage under subsection (b)(1) shall be 15 percent in lieu of 10 percent.

“(D) PHOTOVOLTAIC PROPERTY.—

“(i) IN GENERAL.—The term ‘photovoltaic property’ means property which, when installed in connection with a structure, uses a solar photovoltaic process to generate electricity for use in such dwelling.

“(ii) LIMITATION ON AMOUNT OF CREDIT.—The credit under subsection (a)(1) for the taxable year with respect to photovoltaic property shall not exceed $2,000.

“(E) SWIMMING POOLS, ETC., USED AS STORAGE MEDIUM.—The term ‘solar energy property’ shall not include property with respect to which expenditures are properly allocable to a swimming pool, hot tub, or any other energy storage medium which has a function other than the function of such storage.

“(F) SOLAR PANELS.—No solar panel or other property installed as a roof (or portion thereof) shall fail to be treated as solar energy property solely because it constitutes a structural component of the structure on which it is installed.

“(2) GEOTHERMAL ENERGY PROPERTY.—

“(A) IN GENERAL.—The term ‘geothermal energy property’ means equipment used to produce, distribute, or use energy derived from a geothermal deposit (within the meaning of section 613(e)(2)), but only, in the case of electricity generated by geothermal power, up to (but not including) the electrical transmission stage.

“(B) HIGH RISK GEOTHERMAL WELL.—The term ‘high risk geothermal well’ means a geothermal deposit (within the meaning of section 613(e)(2)) which requires high risk drilling techniques. Such deposit may not be located in a State or national park or in an area in which the relevant State park authority or the National Park Service determines the development of such a deposit will negatively impact on a State or national park.

“(3) ENERGY-EFFICIENT BUILDING PROPERTY.—

“(A) IN GENERAL.—The term ‘energy-efficient building property’ means—

“(i) a fuel cell that—

“(I) generates electricity and heat using an electrochemical process,

“(II) has an electricity-only generation efficiency greater than 35 percent, and

“(III) has a minimum generating capacity of 5 kilowatts,

“(ii) an electric heat pump hot water heater that yields an energy factor of 1.7 or greater under standards prescribed by the Secretary of Energy,

“(iii) an electric heat pump that has a heating system performance factor (HSPF) of 9 or greater and a cooling seasonal energy efficiency ratio (SEER) of 13 or greater,

“(iv) a natural gas heat pump that has a coefficient of performance of not less than 1.25 for heating and not less than 0.60 for cooling,

“(v) a central air conditioner that has a cooling seasonal energy efficiency ratio (SEER) of 13 or greater,

“(vi) an advanced natural gas water heater that—

“(I) increases steady state efficiency and reduces standby and vent losses, and

“(II) has an energy factor of at least 0.65,

“(vii) an advanced natural gas furnace that achieves a 95 percent AFUE, and

“(viii) natural gas cooling equipment—

“(I) that has a coefficient of performance of not less than .60, or

“(II) that uses desiccant technology and has an efficiency rating of 40 percent.

“(B) LIMITATIONS.—The credit under subsection (a)(1) for the taxable year may not exceed—

“(i) $500 in the case of property described in subparagraph (A) other than clauses (i) and (iv) thereof,

“(ii) $500 for each kilowatt of capacity in the case of a fuel cell described in subparagraph (A)(i), and

“(iii) $1,000 in the case of a natural gas heat pump described in subparagraph (A)(iv).

“(4) COMBINED HEAT AND POWER SYSTEM PROPERTY.—

“(A) IN GENERAL.—The term ‘combined heat and power system property’ means property—

“(i) comprising a system for using the same energy source for the sequential generation of electrical power, mechanical shaft power, or both, in combination with steam, heat, or other forms of useful energy,

“(ii) that has an electrical capacity of more than 50 kilowatts, and

“(iii) that produces at least 20 percent of its total useful energy in the form of both thermal energy and electrical or mechanical power.

“(B) ACCOUNTING RULE FOR PUBLIC UTILITY PROPERTY.—In the case that combined heat and power system property is public utility property (as defined in section 46(f)(5) as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990), the taxpayer may only claim the credit under subsection (a)(1) if, with respect to such property, the taxpayer uses a normalization method of accounting.

“(5) LOW CORE LOSS DISTRIBUTION TRANSFORMER PROPERTY.—The term ‘low core loss distribution transformer property’ means a distribution transformer which has energy savings from a highly efficient core of at least 20 percent more than the average for power ratings reported by studies required under section 124 of the Energy Policy Act of 1992.

“(6) FUEL-EFFICIENT FARM EQUIPMENT PROPERTY.—The term ‘fuel-efficient farm equipment property’ means equipment used in a farming business (as defined in section 263A(e)(4)) which achieves a fuel efficiency level equal to or greater than the 90th percentile of that type of equipment for the year in which such equipment is placed in service.

“(7) QUALIFIED AEROBIC DIGESTER PROPERTY.—The term ‘qualified aerobic digester property’ means an aerobic digester for manure or crop waste that achieves at least 65 percent efficiency measured in terms of the fraction of energy input converted to electricity and useful thermal energy.

“(8) QUALIFIED WIND ENERGY SYSTEMS EQUIPMENT PROPERTY.—The term ‘qualified wind energy systems equipment property’ means wind energy systems equipment with a turbine size of not more than 50 kilowatts rated capacity.

“(e) QUALIFIED HYBRID VEHICLES.—For purposes of subsection (a)(2)—

“(1) CREDIT AMOUNT.—

“(A) IN GENERAL.—The credit amount for each qualified hybrid vehicle with a rechargeable energy storage system that provides the applicable percentage of the maximum available power shall be the amount specified in the following table:

“Applicable percentage		Credit amount is:
Greater than or equal to—	Less than—	
5 percent	10 percent	$ 500
10 percent	20 percent	$1,000
20 percent	30 percent	$1,500
30 percent		$2,000

“(B) INCREASE IN CREDIT AMOUNT FOR REGENERATIVE BRAKING SYSTEM.—In the case of a qualified hybrid vehicle that actively employs a regenerative braking system which supplies to the rechargeable energy storage system the applicable percentage of the energy available from braking in a typical 60 miles per hour to 0 miles per hour braking event, the credit amount determined under subparagraph (A) shall be increased by the amount specified in the following table:

“Applicable percentage		Credit amount increase is:
Greater than or equal to—	Less than—	
20 percent	40 percent	$ 250
40 percent	60 percent	$ 500
60 percent		$1,000

“(2) QUALIFIED HYBRID VEHICLE.—The term ‘qualified hybrid vehicle means an automobile that meets all applicable regulatory requirements and that can draw propulsion energy from both of the following on-board sources of stored energy:

“(A) A consumable fuel.

“(B) A rechargeable energy storage system.

“(3) MAXIMUM AVAILABLE POWER.—The term ‘maximum available power’ means the maximum value of the sum of the heat engine and electric drive system power or other non-heat energy conversion devices available for a driver's command for maximum acceleration at vehicle speeds under 75 miles per hour.

"(4) AUTOMOBILE.—The term 'automobile' has the meaning given such term by section 4064(b)(1) (without regard to subparagraphs (B) and (C) thereof). A vehicle shall not fail to be treated as an automobile solely by reason of weight if such vehicle is rated at 8,500 pounds gross vehicle weight rating or less.

"(5) DOUBLE BENEFIT; PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED.—No credit shall be allowed under subsection (a)(2) with respect to—

"(A) any property for which a credit is allowed under section 25B or 30,

"(B) any property referred to in section 50(b), and

"(C) the portion of the cost of any property taken into account under section 179 or 179A.

"(6) REGULATIONS.—

"(A) TREASURY.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection.

"(B) ENVIRONMENTAL PROTECTION AGENCY.—The Administrator of the Environmental Protection Agency shall prescribe such regulations as may be necessary or appropriate to specify the testing and calculation procedures that would be used to determine whether a vehicle meets the qualifications for a credit under this subsection.

"(7) TERMINATION.—Paragraph (2) shall not apply with respect to any vehicle placed in service during a calendar year ending before January 1, 2003, or after December 31, 2006.

"(f) SPECIAL RULES.—For purposes of this section—

"(1) SPECIAL RULE FOR PROPERTY FINANCED BY SUBSIDIZED ENERGY FINANCING OR INDUSTRIAL DEVELOPMENT BONDS.—

"(A) REDUCTION OF BASIS.—For purposes of applying the energy percentage to any property, if such property is financed in whole or in part by—

"(i) subsidized energy financing, or

"(ii) the proceeds of a private activity bond (within the meaning of section 141) the interest on which is exempt from tax under section 103,

the amount taken into account as the basis of such property shall not exceed the amount which (but for this subparagraph) would be so taken into account multiplied by the fraction determined under subparagraph (B).

"(B) DETERMINATION OF FRACTION.—For purposes of subparagraph (A), the fraction determined under this subparagraph is 1 reduced by a fraction—

"(i) the numerator of which is that portion of the basis of the property which is allocable to such financing or proceeds, and

"(ii) the denominator of which is the basis of the property.

"(C) SUBSIDIZED ENERGY FINANCING.—For purposes of subparagraph (A), the term 'subsidized energy financing' means financing provided under a Federal, State, or local program a principal purpose of which is to provide subsidized financing for projects designed to conserve or produce energy.

"(2) CERTAIN PROGRESS EXPENDITURE RULES MADE APPLICABLE.—Rules similar to the rules of subsections (c)(4) and (d) of section 46 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990) shall apply for purposes of this section.

"(g) APPLICATION OF SECTION.—

"(1) IN GENERAL.—Except as provided by paragraph (2) and subsection (e), this section shall apply to property placed in service after December 31, 1999, and before January 1, 2004.

"(2) EXCEPTIONS.—

"(A) SOLAR ENERGY, GEOTHERMAL ENERGY, AND LOW CORE LOSS DISTRIBUTION TRANSFORMER PROPERTY.—Paragraph (1) shall not apply to general solar energy property or geothermal energy property.

"(B) PHOTOVOLTAIC PROPERTY.—In the case of photovoltaic property, this section shall apply to property placed in service after December 31, 1999, and before January 1, 2006.

"(C) FUEL CELL PROPERTY.—In the case of property that is a fuel cell described in subsection (d)(3)(A)(i), this section shall apply to property placed in service after December 31, 1999, and before January 1, 2005."

(b) ENERGY CREDIT ALLOWABLE AGAINST ENTIRE REGULAR TAX AND ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Section 38(c) (relating to limitation based on amount of tax) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following:

"(3) SPECIAL RULES FOR ENERGY CREDIT.—

"(A) IN GENERAL.—In the case of a C corporation, this section and section 39 shall be applied separately—

"(i) first with respect to so much of the credit allowed by subsection (a) as is not attributable to the energy credit, and

"(ii) then with respect to the energy credit.

"(B) RULES FOR APPLICATION OF ENERGY CREDIT.—

"(i) IN GENERAL.—In the case of the energy credit, in lieu of applying the preceding paragraphs of this subsection, the amount of such credit allowed under subsection (a) for any taxable year shall not exceed the net chapter 1 tax for such year.

"(ii) NET CHAPTER 1 TAX.—For purposes of clause (i), the term 'net chapter 1 tax' means the sum of the regular tax liability for the taxable year and the tax imposed by section 55 for the taxable year, reduced by the sum of the credits allowable under this part for the taxable year (other than under section 34 and other than the energy credit).

"(C) ENERGY CREDIT.—For purposes of this paragraph, the term 'energy credit' means the portion of the credit under subsection (a) which is attributable to the credit determined under section 48A and allowable under section 46 (relating to energy credit)."

(2) CONFORMING AMENDMENT.—Section 38(c)(2)(A)(ii)(II) is amended by striking "(other than the empowerment zone employment credit)" and inserting "(other than the credits described in this paragraph and paragraph (3))".

(c) CONFORMING AMENDMENTS.—

(1) Section 48 is amended to read as follows:

"SEC. 48. REFORESTATION CREDIT.

"(a) IN GENERAL.—For purposes of section 46, the reforestation credit for any taxable year is 20 percent of the portion of the amortizable basis of any qualified timber property which was acquired during such taxable year and which is taken into account under section 194 (after the application of section 194(b)(1)).

"(b) DEFINITIONS.—For purposes of this subpart, the terms 'amortizable basis' and 'qualified timber property' have the respective meanings given to such terms by section 194."

(2) Section 39(d) is amended by adding at the end the following:

"(9) NO CARRYBACK OF ENERGY CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the energy credit determined under section 48A may be carried back to a taxable year ending before the date of the enactment of section 48A."

(3) Section 280C is amended by adding at the end the following:

"(d) CREDIT FOR ENERGY PROPERTY EXPENSES.—

"(1) IN GENERAL.—No deduction shall be allowed for that portion of the expenses for energy property (as defined in section 48A(c)) otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for such taxable year under section 48A(a).

"(2) SIMILAR RULE WHERE TAXPAYER CAPITALIZES RATHER THAN DEDUCTS EXPENSES.—If—

"(A) the amount of the credit allowable for the taxable year under section 48A (determined without regard to section 38(c)), exceeds

"(B) the amount allowable as a deduction for the taxable year for expenses for energy property (determined without regard to paragraph (1)),

the amount chargeable to capital account for the taxable year for such expenses shall be reduced by the amount of such excess.

"(3) CONTROLLED GROUPS.—Paragraph (3) of subsection (b) shall apply for purposes of this subsection."

(4) Section 29(b)(3)(A)(i)(III) is amended by striking "section 48(a)(4)(C)" and inserting "section 48A(f)(1)(C)".

(5) Section 50(a)(2)(E) is amended by striking "section 48(a)(5)" and inserting "section 48A(f)(2)".

(6) Section 168(e)(3)(B) is amended—

(A) by striking clause (vi)(I) and inserting the following:

"(I) is described in paragraph (1)(B) or (2) of section 48A(d) (or would be so described if 'solar and wind' were substituted for 'solar' in paragraph (1)(B)),", and

(B) in the last sentence by striking "section 48(a)(3)" and inserting "section 48A(c)(2)(A)".

(d) CLERICAL AMENDMENT.—The table of sections for subpart E of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 48 and inserting the following:

"Sec. 48. Reforestation credit.
"Sec. 48A. Energy credit."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 1999, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

TITLE II—NONBUSINESS ENERGY SYSTEMS

SEC. 201. CREDIT FOR CERTAIN NONBUSINESS ENERGY SYSTEMS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 25A the following:

"SEC. 25B. NONBUSINESS ENERGY PROPERTY.

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(A) the applicable percentage of residential energy property expenditures made by the taxpayer during such year,

"(B) the credit amount (determined under section 48A(f)) for each vehicle purchased during the taxable year which is a qualified hybrid vehicle (as defined in section 48A(f)(2)), and

"(C) the credit amount specified in the following table for a new, highly energy-efficient principal residence:

"New, Highly Energy-Efficient Principal Residence:	Credit Amount:
30 percent property	$1,000.
40 percent property	$1,500.
50 percent property	$2,000.

"(2) Applicable percentage.—

"(A) In general.—The applicable percentage shall be determined in accordance with the following table:

"Column A—Description	Column B— Applicable Percentage	Column C—Period	
		For the period:	
In the case of:	The applicable percentage is:	Beginning on:	Ending on:
20 percent energy-efficient building property	20 percent	1/1/2000	12/31/2003
10 percent energy-efficient building property	10 percent	1/1/2000	12/31/2001
Solar water heating property	15 percent	1/1/2000	12/31/2006
Photovoltaic property	15 percent	1/1/2000	12/31/2006.

"(B) Periods for which percentage not specified.—In the case of any residential energy property, the applicable percentage shall be zero for any period for which an applicable percentage is not specified for such property under subparagraph (A).

"(b) Maximum Credit.—

"(1) In general.—In the case of property described in the following table, the amount of the credit allowed under subsection (a)(1)(A) for the taxable year for each item of such property with respect to a dwelling unit shall not exceed the amount specified for such property in such table:

"Description of property item:	Maximum allowable credit amount is:
20 percent energy-efficient building property (other than a fuel cell or natural gas heat pump).	$500.
20 percent energy-efficient building property:	
fuel cell described in section 48A(e)(3)(A).	$ 500 per each kw/hr of capacity.
natural gas heat pump described in section 48A(e) (3)(D).	$1,000.
10 percent energy-efficient building property	$ 250.
Solar water heating property	$1,000.
Photovoltaic property	$2,000.

"(2) Coordination of limitations.—If a credit is allowed to the taxpayer for any taxable year by reason of an acquisition of a new, highly energy-efficient principal residence, no other credit shall be allowed under subsection (a)(1)(A) with respect to such residence during the 1-taxable year period beginning with such taxable year.

"(c) Definitions.—For purposes of this section—

"(1) Residential Energy Property Expenditures.—The term 'residential energy property expenditures' means expenditures made by the taxpayer for qualified energy property installed on or in connection with a dwelling unit which—

"(A) is located in the United States, and

"(B) is used by the taxpayer as a residence.

Such term includes expenditures for labor costs properly allocable to the onsite preparation, assembly, or original installation of the property.

"(2) Qualified energy property.—

"(A) In general.—The term 'qualified energy property' means—

"(i) energy-efficient building property,

"(ii) solar water heating property, and

"(iii) photovoltaic property.

"(B) Swimming pool, etc., used as storage medium; solar panels.—For purposes of this paragraph, the provisions of subparagraphs (D) and (E) section 48A(e)(1) shall apply.

"(3) Energy-efficient building property.—The term 'energy-efficient building property' has the meaning given to such term by paragraphs (3) and (4) of section 48A(e).

"(4) Solar water heating property.—The term 'solar water heating property' means property which, when installed in connection with a structure, uses solar energy for the purpose of providing hot water for use within such structure.

"(5) Photovoltaic property.—The term 'photovoltaic property' has the meaning given to such term by section 48A(e)(1)(C).

"(6) New, highly energy-efficient principal residence.—

"(A) In general.—Property is a new, highly energy-efficient principal residence if—

"(i) such property is located in the United States,

"(ii) the original use of such property commences with the taxpayer and is, at the time of such use, the principal residence of the taxpayer, and

"(iii) such property is certified before such use commences as being 50 percent property, 40 percent property, or 30 percent property.

"(B) 50, 40, or 30 percent property.—

"(i) In general.—For purposes of subparagraph (A), property is 50 percent property, 40 percent property, or 30 percent property if the projected energy usage of such property is reduced by 50 percent, 40 percent, or 30 percent, respectively, compared to the energy usage of a reference house that complies with minimum standard practice, such as the 1998 International Energy Conservation Code of the International Code Council, as determined according to the requirements specified in clause (ii).

"(ii) Procedures.—

"(I) In general.—For purposes of clause (i), energy usage shall be demonstrated either by a component-based approach or a performance-based approach.

"(II) Component approach.—Compliance by the component approach is achieved when all of the components of the house comply with the requirements of prescriptive packages established by the Secretary of Energy, in consultation with the Administrator of the Environmental Protection Agency, such that they are equivalent to the results of using the performance-based approach of subclause (III) to achieve the required reduction in energy usage.

"(III) Performance-based approach.—Performance-based compliance shall be demonstrated in terms of the required percentage reductions in projected energy use. Computer software used in support of performance-based compliance must meet all of the procedures and methods for calculating energy savings reductions that are promulgated by the Secretary of Energy. Such regulations on the specifications for software shall be based in the 1998 California Residential Alternative Calculation Method Approval Manual, except that the calculation procedures shall be developed such that the same energy efficiency measures qualify a home for tax credits regardless of whether the home uses a gas or oil furnace or boiler, or an electric heat pump.

"(IV) Approval of software submissions.—The Secretary of Energy shall approve software submissions that comply with the calculation requirements of subclause (III).

"(C) Determinations of compliance.—A determination of compliance made for the purposes of this paragraph shall be filed with the Secretary of Energy within 1 year of the date of such determination and shall include the TIN of the certifier, the address of the building in compliance, and the identity of the person for whom such determination was performed. Determinations of compliance filed with the Secretary of Energy shall be available for inspection by the Secretary.

"(D) Compliance.—

"(i) In general.—The Secretary of Energy in consultation with the Secretary of the Treasury shall establish requirements for certification and compliance procedures after examining the requirements for energy consultants and home energy ratings providers specified by the Mortgage Industry National Accreditation Procedures for Home Energy Rating Systems.

"(ii) Individuals qualified to determine compliance.—Individuals qualified to determine compliance shall be only those individuals who are recognized by an organization certified by the Secretary of Energy for such purposes.

"(D) Principal residence.—The term 'principal residence' has the same meaning as when used in section 121, except that the period for which a building is treated as the principal residence of the taxpayer shall also include the 60-day period ending on the 1st day on which it would (but for this subparagraph) first be treated as his principal residence.

"(d) Special Rules.—For purposes of this section—

"(1) Dollar amounts in case of joint occupancy.—In the case of any dwelling unit which if jointly occupied and used during any calendar year as a residence by 2 or more individuals the following shall apply:

"(A) The amount of the credit allowable under subsection (a) by reason of expenditures made during such calendar year by any of such individuals with respect to such dwelling unit shall be determined by treating all of such individuals as 1 taxpayer whose taxable year is such calendar year.

"(B) There shall be allowable with respect to such expenditures to each of such individuals, a credit under subsection (a) for the taxable year in which such calendar year ends in an amount which bears the same ratio to the amount determined under subparagraph (A) as the amount of such expenditures made by such individual during such calendar year bears to the aggregate of such expenditures made by all of such individuals during such calendar year.

"(2) Tenant-stockholder in cooperative housing corporation.—In the case of an individual who is a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in such section), such individual shall be treated as having made his tenant-stockholder's proportionate share (as defined in section 216(b)(3)) of any expenditures of such corporation.

"(3) Condominiums.—

"(A) In general.—In the case of an individual who is a member of a condominium management association with respect to a condominium which he owns, such individual shall be treated as having made his proportionate share of any expenditures of such association.

"(B) Condominium management association.—For purposes of this paragraph, the term 'condominium management association' means an organization which meets the requirements of paragraph (1) of section 528(c) (other than subparagraph (E) thereof) with respect to a condominium project substantially all of the units of which are used as residences.

"(4) Joint ownership of energy items.—

"(A) In general.—Any expenditure otherwise qualifying as a residential energy property expenditure shall not be treated as failing to so qualify merely because such expenditure was made with respect to 2 or more dwelling units.

"(B) Limits applied separately.—In the case of any expenditure described in subparagraph (A), the amount of the credit allowable under subsection (a) shall (subject to paragraph (1)) be computed separately with respect to the amount of the expenditure made for each dwelling unit.

"(5) Allocation in certain cases.—

"(A) In general.—Except as provided in subparagraph (B), if less than 80 percent of the use of an item is for nonbusiness purposes, only that portion of the expenditures for such item which is properly allocable to use for nonbusiness purposes shall be taken into account. For purposes of this paragraph, use for a swimming pool shall be treated as use which is not for nonbusiness purposes.

"(B) Special rule for vehicles.—For purposes of this section and section 48A, a vehicle shall be treated as used entirely for business or nonbusiness purposes if the majority of the use of such vehicle is for business or nonbusiness purposes, as the case may be.

"(6) Double benefit; property used outside United States, etc., not qualified.—No credit shall be allowed under subsection (a)(1)(B) with respect to—

"(A) any property for which a credit is allowed under section 30 or 48A,

"(B) any property referred to in section 50(b), and

"(C) the portion of the cost of any property taken into account under section 179 or 179A.

"(7) When expenditure made; amount of expenditure.—

"(A) In general.—Except as provided in subparagraph (B), an expenditure with respect to an item shall be treated as made when the original installation of the item is completed.

"(B) Expenditures part of building construction.—In the case of an expenditure in connection with the construction of a structure, such expenditure shall be treated as made when the original use of the constructed structure by the taxpayer begins.

"(C) Amount.—The amount of any expenditure shall be the cost thereof.

"(8) Property financed by subsidized energy financing.—

"(A) Reduction of expenditures.—For purposes of determining the amount of residential energy property expenditures made by any individual with respect to any dwelling unit, there shall not be taken in to account expenditures which are made from subsidized energy financing (as defined in section 48A(g)(1)).

"(B) Dollar limits reduced.—The dollar amounts in the table contained in subsection (b)(1) with respect to each property purchased for such dwelling unit for any taxable year of such taxpayer shall be reduced proportionately by an amount equal to the sum of—

"(i) the amount of the expenditures made by the taxpayer during such taxable year with respect to such dwelling unit and not taken into account by reason of subparagraph (A), and

"(ii) the amount of any Federal, State, or local grant received by the taxpayer during such taxable year which is used to make residential energy property expenditures with respect to the dwelling unit and is not included in the gross income of such taxpayer.

"(e) Basis Adjustments.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.".

(b) Conforming Amendments.—

(1) Section 1016(a) is amended by striking "and" at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting "; and", and by adding at the end the following:

"(28) to the extent provided in section 25B(e), in the case of amounts with respect to which a credit has been allowed under section 25B."

(2) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25A the following:

"Sec. 25B. Nonbusiness energy property."

(c) Effective Date.—The amendments made by this section shall apply to expenditures after December 31, 1999.

TITLE III—ALTERNATIVE FUELS

SEC. 301. ALLOCATION OF ALCOHOL FUELS CREDIT TO PATRONS OF A COOPERATIVE.

(a) In General.—Section 40(d) (relating to alcohol used as fuel) is amended by adding at the end the following:

"(6) Allocation of small ethanol producer credit to patrons of cooperative.—

"(A) In general.—In the case of a cooperative organization described in section 1381(a), any portion of the credit determined under subsection (a)(3) for the taxable year may, at the election of the organization made on a timely filed return (including extensions) for such year, be apportioned pro rata among patrons of the organization on the basis of the quantity or value of business done with or for such patrons for the taxable year. Such an election, once made, shall be irrevocable for such taxable year.

"(B) Treatment of organizations and patrons.—The amount of the credit apportioned to patrons pursuant to subparagraph (A)—

"(i) shall not be included in the amount determined under subsection (a) for the taxable year of the organization, and

"(ii) shall be included in the amount determined under subsection (a) for the taxable year of each patron in which the patronage dividend for the taxable year referred to in subparagraph (A) is includible in gross income.

"(C) Special rule for decreasing credit for taxable year.—If the amount of the credit of a cooperative organization determined under subsection (a)(3) for a taxable year is less than the amount of such credit shown on the cooperative organization's return for such year, an amount equal to the excess of such reduction over the amount not apportioned to the patrons under subparagraph (A) for the taxable year shall be treated as an increase in tax imposed by this chapter on the organization. Any such increase shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit under this subpart or subpart A, B, E, or G of this part."

(b) Technical Amendment.—Section 1388 (relating to definitions and special rules for cooperative organizations) is amended by adding at the end the following:

"(k) Cross Reference.—

"For provisions relating to the apportionment of the alcohol fuels credit between cooperative organizations and their patrons, see section 40(d)(6)."

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

TITLE IV—AUTOMOBILES

SEC. 401. EXTENSION OF CREDIT FOR QUALIFIED ELECTRIC VEHICLES.

(a) Extension of Credit for Qualified Electric Vehicles.—Subsection (f) of section 30 (relating to termination) is amended by striking "December 31, 2004" and inserting "December 31, 2006".

(b) Repeal of Phaseout.—Subsection (b) of section 30 (relating to limitations) is amended by striking paragraph (2) and redesignating paragraph (3) as paragraph (2).

(c) No Double Benefit.—

(1) Subsection (d) of section 30 (relating to special rules) is amended by adding at the end the following:

"(5) No double benefit.—No credit shall be allowed under subsection (a) with respect to any vehicle if the taxpayer claims a credit for such vehicle under section 25B(a)(1)(B) or 48A(e)."

(2) Paragraph (3) of section 30(d) (relating to property used outside United States, etc., not qualified) is amended by striking "section 50(b)" and inserting "section 25B, 48A, or 50(b)".

(3) Paragraph (5) of section 179A(e) (relating to property used outside United States, etc., not qualified) is amended by striking "section 50(b)" and inserting "section 25B, 48A, or 50(b)".

(d) Effective Date.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

TITLE V—CLEAN COAL TECHNOLOGIES

SEC. 501. CREDIT FOR INVESTMENT IN QUALIFYING CLEAN COAL TECHNOLOGY.

(a) Allowance of Qualifying Clean Coal Technology Facility Credit.—Section 46 (relating to amount of credit) is amended by striking "and" at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting ", and", and by adding at the end the following:

"(4) the qualifying clean coal technology facility credit."

(b) Amount of Qualifying Clean Coal Technology Facility Credit.—Subpart E of part IV of subchapter A of chapter 1 (relating to rules for computing investment credit), as amended by section 101(a), is amended by inserting after section 48A the following:

"SEC. 48B. QUALIFYING CLEAN COAL TECHNOLOGY FACILITY CREDIT.

"(a) In General.—For purposes of section 46, the qualifying clean coal technology facility credit for any taxable year is an amount equal to 10 percent of the qualified investment in a qualifying clean coal technology facility for such taxable year.

"(b) Qualifying Clean Coal Technology Facility.—

"(1) In general.—For purposes of subsection (a), the term 'qualifying clean coal technology facility' means a facility of the taxpayer—

"(A)(i) the original use of which commences with the taxpayer or the reconstruction of which is completed by the taxpayer (but only with respect to that portion of the basis which is properly attributable to such reconstruction), or

"(ii) that is acquired through purchase (as defined by section 179(d)(2)),

"(B) that is depreciable under section 167,

"(C) that has a useful life of not less than 4 years, and

"(D) that is used for qualifying clean coal technology.

"(2) Special rule for sale-leasebacks.—For purposes of subparagraph (A) of paragraph (1), in the case of a facility that—

"(A) is originally placed in service by a person, and

"(B) is sold and leased back by such person, or is leased to such person, within 3 months after the date such facility was originally placed in service, for a period of not less than 12 years,

such facility shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback (or lease) referred to in subparagraph (B). The preceding sentence shall not apply to any property if the lessee and lessor of such property make an election under this sentence. Such an election, once made, may be revoked only with the consent of the Secretary.

"(3) Qualifying clean coal technology.—For purposes of paragraph (1)(D)—

"(A) In general.—The term 'qualifying clean coal technology' means, with respect to clean coal technology—

"(i) applications totaling 1,000 megawatts of advanced pulverized coal or atmospheric fluidized bed combustion technology installed as a new, retrofit, or repowering application and operated between 2000 and 2013 that has a design average net heat rate of not more than 8,750 Btu's per kilowatt hour,

"(ii) applications totaling 1,500 megawatts of pressurized fluidized bed combustion technology installed as a new, retrofit, or repowering application and operated between 2000 and 2013 that has a design average net heat rate of not more than 8,400 Btu's per kilowatt hour,

"(iii) applications totaling 1,500 megawatts of integrated gasification combined cycle technology installed as a new, retrofit, or repowering application and operated between 2000 and 2013 that has a design average net heat rate of not more than 8,550 Btu's per kilowatt hour, and

"(iv) applications totaling 2,000 megawatts or equivalent of technology for the production of electricity installed as a new, retrofit, or repowering application and operated between 2000 and 2013 that has a carbon emission rate that is not more than 85 percent of conventional technology.

"(B) Exceptions.—Such term shall not include clean coal technology projects receiving or scheduled to receive funding under the Clean Coal Technology Program of the Department of Energy.

"(C) Clean coal technology.—The term 'clean coal technology' means advanced technology that utilizes coal to produce 50 percent or more of its thermal output as electricity including advanced pulverized coal or atmospheric fluidized bed combustion, pressurized fluidized bed combustion, integrated gasification combined cycle, and any other technology for the production of electricity that exceeds the performance of conventional technology.

"(D) Conventional technology.—The term 'conventional technology' means—

"(i) coal-fired combustion technology with a design average net heat rate of not less than 9,300 Btu's per kilowatt hour (HHV) and a carbon equivalents emission rate of not more than 0.53 pounds of carbon per kilowatt hour; or

"(ii) natural gas-fired combustion technology with a design average net heat rate of not less than 7,500 Btu's per kilowatt hour (HHV) and a carbon equivalents emission rate of not more than 0.24 pounds of carbon per kilowatt hour.

"(E) Design average net heat rate.—The term 'design average net heat rate' shall be based on the design average annual heat input to and the design average annual net electrical output from the qualifying clean coal technology (determined without regard to such technology's co-generation of steam).

"(F) Selection criteria.—Selection criteria for clean coal technology facilities—

"(i) shall be established by the Secretary of Energy as part of a competitive solicitation,

"(ii) shall include primary criteria of minimum design average net heat rate, maximum design average thermal efficiency, and lowest cost to the government, and

"(iii) shall include supplemental criteria as determined appropriate by the Secretary of Energy.

"(c) Qualified Investment.—For purposes of subsection (a), the term 'qualified investment' means, with respect to any taxable year, the basis of a qualifying clean coal technology facility placed in service by the taxpayer during such taxable year.

"(d) Qualified Progress Expenditures.—

"(1) Increase in qualified investment.—In the case of a taxpayer who has made an election under paragraph (5), the amount of the qualified investment of such taxpayer for the taxable year (determined under subsection (c) without regard to this section) shall be increased by an amount equal to the aggregate of each qualified progress expenditure for the taxable year with respect to progress expenditure property.

"(2) Progress expenditure property defined.—For purposes of this subsection, the term 'progress expenditure property' means any property being constructed by or for the taxpayer and which it is reasonable to believe will qualify as a qualifying clean coal technology facility which is being constructed by or for the taxpayer when it is placed in service.

"(3) Qualified progress expenditures defined.—For purposes of this subsection—

"(A) Self-constructed property.—In the case of any self-constructed property, the term 'qualified progress expenditures' means the amount which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) Non-self-constructed property.—In the case of non-self-constructed property, the term 'qualified progress expenditures' means the amount paid during the taxable year to another person for the construction of such property.

"(4) Other definitions.—For purposes of this subsection—

"(A) Self-constructed property.—The term 'self-constructed property' means property for which it is reasonable to believe that more than half of the construction expenditures will be made directly by the taxpayer.

"(B) Non-self-constructed property.—The term 'non-self-constructed property' means property which is not self-constructed property.

"(C) Construction, etc.—The term 'construction' includes reconstruction and erection, and the term 'constructed' includes reconstructed and erected.

"(D) Only construction of qualifying clean coal technology facility to be taken into account.—Construction shall be taken into account only if, for purposes of this subpart, expenditures therefor are properly chargeable to capital account with respect to the property.

"(5) Election.—An election under this subsection may be made at such time and in such manner as the Secretary may by regulations prescribe. Such an election shall apply to the taxable year for which made and to all subsequent taxable years. Such an election, once made, may not be revoked except with the consent of the Secretary.

"(e) Coordination with other credits.—This section shall not apply to any property with respect to which the rehabilitation credit under section 47 or the energy credit under section 48A is allowed unless the taxpayer elects to waive the application of such credit to such property."

(c) Recapture.—Section 50(a) (relating to other special rules) is amended by adding at the end the following:

"(6) Special rules relating to qualifying clean coal technology facility.—For purposes of applying this subsection in the case of any credit allowable by reason of section 48B, the following shall apply:

"(A) General rule.—In lieu of the amount of the increase in tax under paragraph (1), the increase in tax shall be an amount equal to the investment tax credit allowed under section 38 for all prior taxable years with respect to a qualifying clean coal technology facility (as defined by section 48B(b)) multiplied by a fraction whose numerator is the number of years remaining to fully depreciate under this title the qualifying clean coal technology facility disposed of, and whose denominator is the total number of years over which such facility would otherwise have been subject to depreciation. For purposes of the preceding sentence, the year of disposition of the qualifying clean coal technology facility property shall be treated as a year of remaining depreciation.

"(B) Property ceases to qualify for progress expenditures.—Rules similar to the rules of paragraph (2) shall apply in the case of qualified progress expenditures for a qualifying clean coal technology facility under section 48B, except that the amount of the increase in tax under subparagraph (A) of this paragraph shall be substituted in lieu of the amount described in such paragraph (2).

"(C) Application of paragraph.—This paragraph shall be applied separately with respect to the credit allowed under section 38 regarding a qualifying clean coal technology facility."

(d) Transitional Rule.—Section 39(d) of the Internal Revenue Code of 1986 (relating to transitional rules), as amended by section 101(c)(2), is amended by adding at the end the following:

"(10) No carryback of section 48B credit before effective date.—No portion of the unused business credit for any taxable year which is attributable to the qualifying clean coal technology facility credit determined under section 48B may be carried back to a taxable year ending before the date of the enactment of section 48B."

(e) Credit Allowed Against Minimum Tax.—

(1) In general.—Section 38(c) of the Internal Revenue Code of 1986 (relating to limitation based on amount of tax), as amended by section 101(b)(1), is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following:

"(4) Special rules for clean coal technology credit.—

"(A) In general.—In the case of the qualifying clean coal technology facility credit—

"(i) this section and section 39 shall be applied separately with respect to the credit, and

"(ii) in applying paragraph (1) to the credit—

"(I) subparagraph (A) shall not apply, and

"(II) the limitation under paragraph (1) (as modified by subclause (I)) shall be reduced by the credit allowed under subsection (a) for the taxable year (other than the credits described in this paragraph and paragraphs (2) and (3)).

"(B) Qualifying clean coal technology facility credit.—For purposes of this paragraph, the term 'qualifying clean coal technology facility credit' means the portion of the credit under subsection (a) which is attributable to the credit determined under section 48B."

(2) Conforming amendment.—Section 38(c)(2)(A)(ii)(II) of such Code, as amended by section 101(b)(2), is amended by striking "(other than the credits described in this paragraph and paragraph (3))" and inserting "(other than the credits described in this paragraph and paragraphs (3) and (4))".

(f) Technical Amendments.—

(1) Section 49(a)(1)(C) is amended by striking "and" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ", and", and by adding at the end the following:

"(iv) the portion of the basis of any qualifying clean coal technology facility attributable to any qualified investment (as defined by section 48B(c))."

(2) Section 50(a)(4) is amended by striking "and (2)" and inserting ", (2), and (6)".

(3) The table of sections for subpart E of part IV of subchapter A of chapter 1, as amended by section 101(e), is amended by inserting after the item relating to section 48A the following:

"Sec. 48B. Qualifying clean coal technology facility credit."

(g) Effective Date.—The amendments made by this section shall apply to periods after December 31, 1999, and before January 1, 2013, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SEC. 502. CREDIT FOR PRODUCTION FROM QUALIFYING CLEAN COAL TECHNOLOGY.

(a) Credit for Production From Qualifying Clean Coal Technology.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by adding at the end the following:

"SEC. 45D. CREDIT FOR PRODUCTION FROM QUALIFYING CLEAN COAL TECHNOLOGY.

"(a) General Rule.—For purposes of section 38, the qualifying clean coal technology production credit of any taxpayer for any taxable year is equal to the applicable amount for each kilowatt hour—

"(1) produced by the taxpayer at a qualifying clean coal technology facility during the 10-year period beginning on the date the facility was originally placed in service, and

"(2) sold by the taxpayer to an unrelated person during such taxable year.

"(b) Applicable amount.—For purposes of this section, the applicable amount with respect to production from a qualifying clean coal technology facility shall be determined as follows:

"(1) In the case of a facility originally placed in service before 2006, if—

"The facility design average net heat rate, Btu/kWh (HHV) is equal to:	The applicable amount is:	
	For 1st 5 years of such service	For 2d 5 years of such service
Not more than 8400	$.0130	$.0110
More than 8400 but not more than 8550.	$.0100	$.0085
More than 8550 but not more than 8750.	$.0090	$.0070.

"(2) In the case of a facility originally placed in service after 2005 and before 2010, if—

"The facility design average net heat rate, Btu/kWh (HHV) is equal to:	The applicable amount is:	
	For 1st 5 years of such service	For 2d 5 years of such service
Not more than 7770	$.0100	$.0080
More than 7770 but not more than 8125.	$.0080	$.0065
More than 8125 but not more than 8350.	$.0070	$.0055.

"(3) In the case of a facility originally placed in service after 2009 and before 2014, if—

"The facility design average net heat rate, Btu/kWh (HHV) is equal to:	The applicable amount is:	
	For 1st 5 years of such service	For 2d 5 years of such service
Not more than 7720	$.0085	$.0070
More than 7720 but not more than 7380.	$.0070	$.0045.

"(c) Inflation Adjustment Factor.—Each amount in paragraphs (1), (2), and (3) shall each be adjusted by multiplying such amount by the inflation adjustment factor for the calendar year in which the amount is applied. If any amount as increased under the preceding sentence is not a multiple of 0.01 cent, such amount shall be rounded to the nearest multiple of 0.01 cent.

"(d) Definitions and Special Rules.—For purposes of this section—

"(1) any term used in this section which is also used in section 48B shall have the meaning given such term in section 48B,

"(2) the rules of paragraphs (3), (4), and (5) of section 45 shall apply,

"(3) the term 'inflation adjustment factor' means, with respect to a calendar year, a fraction the numerator of which is the GDP implicit price deflator for the preceding calendar year and the denominator of which is the GDP implicit price deflator for the calendar year 1998, and

"(4) the term 'GDP implicit price deflator' means the most recent revision of the implicit price deflator for the gross domestic product as computed by the Department of Commerce before March 15 of the calendar year."

(b) Credit Treated as Business Credit.—Section 38(b) is amended by striking "plus" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ", plus", and by adding at the end the following:

"(13) the qualifying clean coal technology production credit determined under section 45D(a)."

(c) Transitional Rule.—Section 39(d) (relating to transitional rules), as amended by section 501(d), is amended by adding at the end the following:

"(11) No carryback of certain credits before effective date.—No portion of the unused business credit for any taxable year which is attributable to the credits allowable under any section added to this subpart by the amendments made by the Energy Security Tax Act of 1999 may be carried back to a taxable year ending before the date of the enactment of such Act."

(d) Credit Allowed Against Minimum Tax.—

(1) In general.—Section 38(c) (relating to limitation based on amount of tax), as amended by section 501(e)(1), is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following:

"(5) Special rules for clean coal production credit.—

"(A) In general.—In the case of the qualifying clean coal technology production credit—

"(i) this section and section 39 shall be applied separately with respect to the credit, and

"(ii) in applying paragraph (1) to the credit—

"(I) subparagraph (A) shall not apply, and

"(II) the limitation under paragraph (1) (as modified by subclause (I)) shall be reduced by the credit allowed under subsection (a) for the taxable year (other than the credits described in this paragraph and paragraphs (2), (3), and (4)).

"(B) Qualifying clean coal technology production credit.—For purposes of this paragraph, the term 'qualifying clean coal technology production credit' means the portion of the credit under subsection (a) which is attributable to the credit determined under section 45D."

(2) Conforming amendment.—Section 38(c)(2)(A)(ii)(II), as amended by section 501(e)(2), is amended by striking "(other than the credits described in this paragraph and paragraphs (3) and (4))" and inserting "(other than the credits described in this paragraph and paragraphs (3), (4), and (5))".

(e) Clerical Amendment.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following:

"Sec. 45D. Credit for production from qualifying clean coal technology."

(f) Effective Date.—The amendments made by this section shall apply to production after the date of the enactment of this Act.

SEC. 503. RISK POOL FOR QUALIFYING CLEAN COAL TECHNOLOGY.

(a) Establishment.—The Secretary of the Treasury shall establish a financial risk pool which shall be available to any United States owner of qualifying clean coal technology (as defined in section 48B(b)(3) of the Internal Revenue Code of 1986) to offset for the first 3 three years of the operation of such technology the costs (not to exceed 5 percent of the total cost of installation) for modifications resulting from the technology's failure to achieve its design performance.

(b) Authorization of Appropriations.—There is authorized to be appropriated such sums as are necessary to carry out the purposes of this section.

TITLE VI—METHANE RECOVERY

SEC. 601. EXPANSION OF SECTION 29 TAX CREDIT.

(a) 10-year Extension.—Section 29(f) (relating to application of section) is amended—

(1) by inserting "and after December 31, 1999, and before January 1, 2009," after "1993," in paragraphs (1)(A) and (1)(B), and

(2) by striking "2003" in paragraph (2) and inserting "2013".

(b) Expansion of Definition of Biomass.—

(1) In general.—Section 29(c)(3) is amended to read as follows:

"(3) BIOMASS.—The term 'biomass' means—

"(A) any organic material other than—

"(i) oil and natural gas (or any product thereof), and

"(ii) coal (including lignite) or any product thereof, and

"(B) any solid, nonhazardous, cellulosic waste material, which is segregated from other waste materials, and which is derived from—

"(i) any of the following forest-related resources: mill residues, precommercial thinnings, slash, and brush, but not including old-growth timber,

"(ii) urban sources, including waste pallets, crates, and dunnage, manufacturing and construction wood wastes, and landscape or right-of-way tree trimmings, but not including unsegregated municipal solid waste (garbage), or

"(iii) agriculture sources, including orchard tree crops, vineyard, grain, legumes, poultry litter, animal manure, sugar, and other crop by-products or residues."

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to production after the date of the enactment of this Act.

SEC. 602. CREDIT FOR CAPTURE OF COALBED METHANE GAS.

(a) CREDIT FOR CAPTURE OF COALBED METHANE GAS.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by section 502(a), is amended by adding at the end the following:

"SEC. 45E. CREDIT FOR CAPTURE OF COALBED METHANE GAS.

"For purposes of section 38, the coalbed methane gas capture credit of any taxpayer for any taxable year is $10 for each ton of carbon-equivalent coalbed methane gas captured by the taxpayer during such taxable year."

(b) CREDIT TREATED AS BUSINESS CREDIT.—Section 38(b), as amended by section 502(b), is amended by striking "plus" at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting ", plus", and by adding at the end the following:

"(14) the coalbed methane gas capture credit determined under section 45E(a)."

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by section 502(e), is amended by adding at the end the following:

"Sec. 45E. Credit for capture of coalbed methane gas."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to production after the date of the enactment of this Act.

TITLE VII—OIL AND GAS PRODUCTION

SEC. 701. CREDIT FOR PRODUCTION OF RE-REFINED LUBRICATING OIL.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by section 602(a), is amended by adding at the end the following:

"SEC. 45F. CREDIT FOR PRODUCING RE-REFINED LUBRICATING OIL.

"(a) GENERAL RULE.—For purposes of section 38, the re-refined lubricating oil production credit of any taxpayer for any taxable year is equal to $4.05 per barrel of qualified re-refined lubricating oil production which is attributable to the taxpayer (within the meaning of section 29(d)(3)).

"(b) QUALIFIED RE-REFINED LUBRICATING OIL PRODUCTION.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified re-refined lubricating oil production' means a base oil manufactured from at least 95 percent used oil and not more than 2 percent of previously unused oil by a re-refining process which effectively removes physical and chemical impurities and spent and unspent additives to the extent that such base oil meets industry standards for engine oil as defined by the American Petroleum Institute document API 1509 as in effect on the date of the enactment of this section.

"(2) LIMITATION ON AMOUNT OF PRODUCTION WHICH MAY QUALIFY.—Re-refined lubricating oil produced during any taxable year shall not be treated as qualified re-refined lubricating oil production but only to the extent average daily production during the taxable year exceeds 7,000 barrels.

"(3) BARREL.—The term 'barrel' has the meaning given such term by section 613A(e)(4).

"(c) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 1999, the dollar amount contained in subsection (a) shall be increased to an amount equal to such dollar amount multiplied by the inflation adjustment factor for such calendar year (determined under section 29(d)(2)(B) by substituting '1998' for '1979')."

(b) CREDIT TREATED AS BUSINESS CREDIT.—Section 38(b) (relating to current year business credit), as amended by section 602(b), is amended by striking "plus" at the end of paragraph (13), by striking the period at the end of paragraph (14) and inserting ", plus", and by adding at the end the following:

"(15) the re-refined lubricating oil production credit determined under section 45F(a)."

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by section 602(c), is amended by adding at the end the following:

"Sec. 45F. Credit for producing re-refined lubricating oil."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to production after the date of the enactment of this Act.

SEC. 702. REPEAL CERTAIN ADJUSTMENTS BASED ON ADJUSTED CURRENT EARNINGS RELATING TO OIL AND GAS ASSETS.

(a) INTANGIBLE DRILLING COSTS.—Clause (i) of section 56(g)(4)(D) (relating to certain other earnings and profits adjustments) is amended by striking the second sentence and inserting the following: "In the case of any oil or gas well, this clause shall not apply to amounts paid or incurred in taxable years beginning after December 31, 1999."

(b) DEPLETION.—Clause (ii) of section 56(g)(4)(F) (relating to depletion) is amended to read as follows:

"(ii) EXCEPTION FOR OIL AND GAS WELLS.—In the case of any taxable year beginning after December 31, 1999, clause (i) (and subparagraph (C)(i)) shall not apply to any deduction for depletion computed in accordance with section 613A."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 202. 10-YEAR CARRYBACK FOR PERCENTAGE DEPLETION FOR OIL AND GAS PROPERTY.

(a) IN GENERAL.—Subsection (d)(1) of section 613A (relating to limitations on percentage depletion in case of oil and gas wells) is amended to read as follows:

"(1) LIMITATION BASED ON TAXABLE INCOME.—

"(A) IN GENERAL.—The deduction for the taxable year attributable to the application of subsection (c) shall not exceed so much of the taxpayer's taxable income for the year as the taxpayer elects under subparagraph (B)(iii) computed without regard to—

"(i) any depletion on production from an oil or gas property which is subject to the provisions of subsection (c),

"(ii) any net operating loss carryback to the taxable year under section 172,

"(iii) any capital loss carryback to the taxable year under section 1212, and

"(iv) in the case of a trust, any distributions to its beneficiary, except in the case of any trust where any beneficiary of such trust is a member of the family (as defined in section 267(c)(4)) of a settlor who created inter vivos and testamentary trusts for members of the family and such settlor died within the last six days of the fifth month in 1970, and the law in the jurisdiction in which such trust was created requires all or a portion of the gross or net proceeds of any royalty or other interest in oil, gas, or other mineral representing any percentage depletion allowance to be allocated to the principal of the trust.

"(B) CARRYBACKS AND CARRYFORWARDS.—

"(i) IN GENERAL.—If any amount is disallowed as a deduction for the taxable year (in this subparagraph referred to as the 'unused depletion year') by reason of the application of subparagraph (A), the disallowed amount shall be treated as an amount allowable as a deduction under subsection (c) for—

"(I) each of the 10 taxable years preceding the unused depletion year, and

"(II) the taxable year following the unused depletion year,

subject to the application of subparagraph (A) to such taxable year.

"(ii) APPLICABLE RULES.—Rules similar to the rules of section 39 shall apply for purposes of this subparagraph.

"(iii) ELECTION TO WAIVE CARRYBACK.—Any taxpayer entitled to a carryback period under this subparagraph may elect to waive such carryback for any of the taxable years to which such carryback would apply. Such election made in any taxable year may be revised in the next succeeding taxable year in such manner as the Secretary may prescribe.

"(C) ALLOCATION OF DISALLOWED AMOUNTS.—For purposes of basis adjustments and determining whether cost depletion exceeds percentage depletion with respect to the production from a property, any amount disallowed as a deduction on the application of this paragraph shall be allocated to the respective properties from which the oil or gas was produced in proportion to the percentage depletion otherwise allowable to such properties under subsection (c)."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999, and to any taxable year beginning on or before such date to the extent necessary to apply section 613A(d)(1)(B) of the Internal Revenue Code of 1986 (as added by subsection (a)).

TITLE VIII—RENEWABLE POWER GENERATION

SEC. 801. CREDIT FOR INVESTMENT IN PHOTOVOLTAIC AND WIND PROPERTY MANUFACTURING FACILITIES.

(a) ALLOWANCE OF PHOTOVOLTAIC OR WIND PROPERTY MANUFACTURING FACILITY CREDIT.—Section 46 (relating to amount of credit), as amended by section 501(a), is amended by striking "and" at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting ", and", and by adding at the end the following:

"(5) the photovoltaic or wind property manufacturing facility credit."

(b) AMOUNT OF CREDIT.—Subpart E of part IV of subchapter A of chapter 1 (relating to rules for computing investment credit), as amended by section 501(b), is amended by inserting after section 48B the following:

"SEC. 48C. PHOTOVOLTAIC OR WIND PROPERTY MANUFACTURING FACILITY CREDIT.

"(a) IN GENERAL.—For purposes of section 46, the photovoltaic or wind property manufacturing facility credit for any taxable year is an amount equal to 10 percent of the qualified investment in a photovoltaic or wind property manufacturing facility for such taxable year.

"(b) PHOTOVOLTAIC OR WIND PROPERTY MANUFACTURING FACILITY.—

"(1) IN GENERAL.—For purposes of subsection (a), the term 'photovoltaic or wind property manufacturing facility' means a facility of the taxpayer—

"(A)(i) the original use of which commences with the taxpayer or the reconstruction of which is completed by the taxpayer (but only with respect to that portion of the basis which is properly attributable to such reconstruction), or

"(ii) that is acquired through purchase (as defined by section 179(d)(2)),

"(B) that is depreciable under section 167,

"(C) that has a useful life of not less than 4 years, and

"(D) that is used to manufacture photovoltaic or wind property.

"(2) SPECIAL RULE FOR SALE-LEASEBACKS.—For purposes of subparagraph (A) of paragraph (1), in the case of a facility that—

"(A) is originally placed in service by a person, and

"(B) is sold and leased back by such person, or is leased to such person, within 3 months after the date such facility was originally placed in service, for a period of not less than 12 years,

such facility shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback (or lease) referred to in subparagraph (B). The preceding sentence shall not apply to any property if the lessee and lessor of such property make an election under this sentence. Such an election, once made, may be revoked only with the consent of the Secretary.

"(3) PHOTOVOLTAIC OR WIND PROPERTY.—For purposes of paragraph (1)(D)—

"(A) PHOTOVOLTAIC PROPERTY.—The term 'photovoltaic property' has the meaning given to such term by section 48A(d)(1)(D).

"(B) WIND PROPERTY.—The term 'wind property' has the meaning given to the term 'qualified wind energy systems equipment property' by section 48A(d)(8).

"(c) QUALIFIED INVESTMENT.—For purposes of subsection (a), the term 'qualified investment' means, with respect to any taxable year, the basis of a photovoltaic or wind property manufacturing facility placed in service by the taxpayer during such taxable year in an aggregate amount of not less than $5,000,000.

"(d) QUALIFIED PROGRESS EXPENDITURES.—

"(1) INCREASE IN QUALIFIED INVESTMENT.—In the case of a taxpayer who has made an election under paragraph (5), the amount of the qualified investment of such taxpayer for the taxable year (determined under subsection (c) without regard to this section) shall be increased by an amount equal to the aggregate of each qualified progress expenditure for the taxable year with respect to progress expenditure property.

"(2) PROGRESS EXPENDITURE PROPERTY DEFINED.—For purposes of this subsection, the term 'progress expenditure property' means any property being constructed by or for the taxpayer and which—

"(A) cannot reasonably be expected to be completed in less than 18 months, and

"(B) it is reasonable to believe will qualify as a photovoltaic or wind property manufacturing facility which is being constructed by or for the taxpayer when it is placed in service.

"(3) QUALIFIED PROGRESS EXPENDITURES DEFINED.—For purposes of this subsection—

"(A) SELF-CONSTRUCTED PROPERTY.—In the case of any self-constructed property, the term 'qualified progress expenditures' means the amount which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) NON-SELF-CONSTRUCTED PROPERTY.—In the case of non-self-constructed property, the term 'qualified progress expenditures' means the amount paid during the taxable year to another person for the construction of such property.

"(4) OTHER DEFINITIONS.—For purposes of this subsection—

"(A) SELF-CONSTRUCTED PROPERTY.—The term 'self-constructed property' means property for which it is reasonable to believe that more than half of the construction expenditures will be made directly by the taxpayer.

"(B) NON-SELF-CONSTRUCTED PROPERTY.—The term 'non-self-constructed property' means property which is not self-constructed property.

"(C) CONSTRUCTION, ETC.—The term 'construction' includes reconstruction and erection, and the term 'constructed' includes reconstructed and erected.

"(D) ONLY CONSTRUCTION OF PHOTOVOLTAIC OR WIND PROPERTY MANUFACTURING FACILITY TO BE TAKEN INTO ACCOUNT.—Construction shall be taken into account only if, for purposes of this subpart, expenditures therefor are properly chargeable to capital account with respect to the property.

"(5) ELECTION.—An election under this subsection may be made at such time and in such manner as the Secretary may by regulations prescribe. Such an election shall apply to the taxable year for which made and to all subsequent taxable years. Such an election, once made, may not be revoked except with the consent of the Secretary.

"(e) COORDINATION WITH OTHER CREDITS.—This section shall not apply to any property with respect to which the energy credit under section 48A or the rehabilitation credit under section 47 is allowed unless the taxpayer elects to waive the application of such credits to such property."

(c) RECAPTURE.—Section 50(a) (relating to other special rules), as amended by section 501(c), is amended by adding at the end the following:

"(7) SPECIAL RULES RELATING TO PHOTOVOLTAIC OR WIND PROPERTY MANUFACTURING FACILITY.—For purposes of applying this subsection in the case of any credit allowable by reason of section 48C, the following shall apply:

"(A) GENERAL RULE.—In lieu of the amount of the increase in tax under paragraph (1), the increase in tax shall be an amount equal to the investment tax credit allowed under section 38 for all prior taxable years with respect to a photovoltaic or wind property manufacturing facility (as defined by section 48C(b)) multiplied by a fraction whose numerator is the number of years remaining to fully depreciate under this title the photovoltaic or wind property manufacturing facility disposed of, and whose denominator is the total number of years over which such facility would otherwise have been subject to depreciation. For purposes of the preceding sentence, the year of disposition of the photovoltaic or wind property manufacturing facility shall be treated as a year of remaining depreciation.

"(B) PROPERTY CEASES TO QUALIFY FOR PROGRESS EXPENDITURES.—Rules similar to the rules of paragraph (2) shall apply in the case of qualified progress expenditures for a photovoltaic or wind property manufacturing facility under section 48C, except that the amount of the increase in tax under subparagraph (A) of this paragraph shall be substituted in lieu of the amount described in such paragraph (2).

"(C) APPLICATION OF PARAGRAPH.—This paragraph shall be applied separately with respect to the credit allowed under section 38 regarding a photovoltaic or wind property manufacturing facility."

(d) TECHNICAL AMENDMENTS.—

(1) Section 49(a)(1)(C), as amended by section 501(f), is amended by striking "and" at the end of clause (iii), by striking the period at the end of clause (iv) and inserting ", and", and by adding at the end the following:

"(v) the portion of the basis of any photovoltaic or wind property manufacturing facility attributable to any qualified investment (as defined by section 48C(c))."

(2) Section 50(a)(4), as amended by section 504(f), is amended by striking "and (6)" and inserting ", (6), and (7)".

(3) The table of sections for subpart E of part IV of subchapter A of chapter 1, as amended by section 501(f), is amended by inserting after the item relating to section 48B the following:

"Sec. 48C. Photovoltaic or wind property manufacturing facility credit."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to periods after December 31, 1999, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SEC. 802. MODIFICATIONS TO CREDIT FOR ELECTRICITY PRODUCED FROM RENEWABLE RESOURCES.

(a) QUALIFIED FACILITIES INCLUDE ALL BIOMASS FACILITIES.—

(1) IN GENERAL.—Subparagraph (B) of section 45(c)(1) (relating to credit for electricity produced from certain renewable resources) is amended to read as follows:

"(B) biomass."

(2) BIOMASS DEFINED.—Paragraph (2) of section 45(c) is amended to read as follows:

"(2) BIOMASS.—The term 'biomass' means—

"(A) any organic material from a plant which is planted exclusively for purposes of being used at a qualified facility to produce electricity, and

"(B) any solid, nonhazardous, cellulosic waste material which is segregated from other waste materials and which is derived from—

"(i) any of the following forest-related resources: mill residues, precommercial thinnings, slash, and brush, but not including old-growth timber,

"(ii) urban sources, including waste pallets, crates, and dunnage, manufacturing and construction wood wastes, and landscape or right-of-way tree trimmings, but not including unsegregated municipal solid waste (garbage),

"(iii) agriculture sources, including orchard tree crops, vineyard, grain, legumes, sugar, and other crop by-products or residues, or

“(iv) poultry waste.”

(b) Extension and Modification of Placed in Service Rules.—Paragraph (3) of section 45(c) is amended to read as follows:

“(3) Qualified facility.—

“(A) Wind facilities.—In the case of a facility using wind to produce electricity, the term ‘qualified facility’ means any facility owned by the taxpayer which is originally placed in service after December 31, 1993, and before July 1, 2004.

“(B) Biomass facilities.—

“(i) In general.—In the case of a facility using biomass to produce electricity, the term ‘qualified facility’ means any facility owned by the taxpayer which is originally placed in service before July 1, 2004.

“(ii) Combined production facilities included.—For purposes of clause (i), the term ‘qualified facility’ shall include a facility using biomass to produce electricity and ethanol.

“(iii) Special rules.—In the case of a qualified facility described in this subparagraph—

“(I) the 10-year period referred to in subsection (a) shall be treated as beginning no earlier than the date of the enactment of this paragraph, and

“(II) subsection (b)(3) shall not apply to any such facility originally placed in service before January 1, 1997.”

(c) Coordination With Other Credits.—Section 45(d) (relating to definitions and special rules) is amended by adding at the end the following:

“(6) Coordination with other credits.—This section shall not apply to any production with respect to which the clean coal technology production credit under section 45B is allowed unless the taxpayer elects to waive the application of such credit to such production.”

(d) Effective Date.—The amendments made by this section shall apply to electricity produced after the date of the enactment of this Act.

SEC. 803. PROPORTIONAL CREDIT FOR PRODUCING ELECTRICITY THROUGH CO-FIRING.

(a) In General.—Section 45(b) (relating to limitations and adjustments) is amended by adding at the end the following:

“(4) Proportional credit for co-firing.—In the case of a qualified facility as defined in subsection (c)(3)(B) using coal to co-fire with biomass, the amount of the credit determined under subsection (a) for the taxable year shall be reduced by the percentage coal comprises (on a Btu basis) of the average fuel input of the facility for the taxable year.”

(b) Effective Date.—The amendment made by this section shall apply to electricity produced after the date of the enactment of this Act.

SEC. 804. CREDIT FOR CAPITAL COSTS OF QUALIFIED BIOMASS-BASED GENERATING SYSTEM.

(a) Allowance of Qualified Biomass-Based Generating System Facility Credit.—Section 46 (relating to amount of credit), as amended by section 801(a), is amended by striking “and” at the end of paragraph (5), by striking the period at the end of paragraph (5) and inserting “, and”, and by adding at the end the following:

“(6) the qualified biomass-based generating system facility credit.”

(b) Amount of Credit.—Subpart E of part IV of subchapter A of chapter 1 (relating to rules for computing investment credit), as amended by section 801(b), is amended by inserting after section 48C the following:

“SEC. 48D. QUALIFIED BIOMASS-BASED GENERATING SYSTEM FACILITY CREDIT.

“(a) In General.—For purposes of section 46, the qualified biomass-based generating system facility credit for any taxable year is an amount equal to 20 percent of the qualified investment in a qualified biomass-based generating system facility for such taxable year.

“(b) Qualified Biomass-Based Generating System Facility.—

“(1) In general.—For purposes of subsection (a), the term ‘qualified biomass-based generating system facility’ means a facility of the taxpayer—

“(A)(i) the original use of which commences with the taxpayer or the reconstruction of which is completed by the taxpayer (but only with respect to that portion of the basis which is properly attributable to such reconstruction), or

“(ii) that is acquired through purchase (as defined by section 179(d)(2)),

“(B) that is depreciable under section 167,

“(C) that has a useful life of not less than 4 years, and

“(D) that uses a qualified biomass-based generating system.

“(2) Special rule for sale-leasebacks.—For purposes of subparagraph (A) of paragraph (1), in the case of a facility that—

“(A) is originally placed in service by a person, and

“(B) is sold and leased back by such person, or is leased to such person, within 3 months after the date such facility was originally placed in service, for a period of not less than 12 years,

such facility shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback (or lease) referred to in subparagraph (B). The preceding sentence shall not apply to any property if the lessee and lessor of such property make an election under this sentence. Such an election, once made, may be revoked only with the consent of the Secretary.

“(3) Qualified biomass-based generating system.—For purposes of paragraph (1)(D), the term ‘qualified biomass-based generating system’ means a biomass-based integrated gasification combined cycle (IGCC) generating system which has an electricity-only generation efficiency greater than 40 percent.

“(c) Qualified Investment.—For purposes of subsection (a), the term ‘qualified investment’ means, with respect to any taxable year, the basis of a qualified biomass-based generating system facility placed in service by the taxpayer during such taxable year.

“(d) Qualified Progress Expenditures.—

“(1) Increase in qualified investment.—In the case of a taxpayer who has made an election under paragraph (5), the amount of the qualified investment of such taxpayer for the taxable year (determined under subsection (c) without regard to this section) shall be increased by an amount equal to the aggregate of each qualified progress expenditure for the taxable year with respect to progress expenditure property.

“(2) Progress expenditure property defined.—For purposes of this subsection, the term ‘progress expenditure property’ means any property being constructed by or for the taxpayer and which—

“(A) cannot reasonably be expected to be completed in less than 18 months, and

“(B) it is reasonable to believe will qualify as a qualified biomass-based generating system facility which is being constructed by or for the taxpayer when it is placed in service.

“(3) Qualified progress expenditures defined.—For purposes of this subsection—

“(A) Self-constructed property.—In the case of any self-constructed property, the term ‘qualified progress expenditures’ means the amount which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

“(B) Non-self-constructed property.—In the case of non-self-constructed property, the term ‘qualified progress expenditures’ means the amount paid during the taxable year to another person for the construction of such property.

“(4) Other definitions.—For purposes of this subsection—

“(A) Self-constructed property.—The term ‘self-constructed property’ means property for which it is reasonable to believe that more than half of the construction expenditures will be made directly by the taxpayer.

“(B) Non-self-constructed property.—The term ‘non-self-constructed property’ means property which is not self-constructed property.

“(C) Construction, etc.—The term ‘construction’ includes reconstruction and erection, and the term ‘constructed’ includes reconstructed and erected.

“(D) Only construction of qualified biomass-based generating system facility to be taken into account.—Construction shall be taken into account only if, for purposes of this subpart, expenditures therefor are properly chargeable to capital account with respect to the property.

“(5) Election.—An election under this subsection may be made at such time and in such manner as the Secretary may by regulations prescribe. Such an election shall apply to the taxable year for which made and to all subsequent taxable years. Such an election, once made, may not be revoked except with the consent of the Secretary.

“(e) Coordination with other credits.—This section shall not apply to any property with respect to which the energy credit under section 48A or the rehabilitation credit under section 47 is allowed unless the taxpayer elects to waive the application of such credits to such property.”

(c) Recapture.—Section 50(a) (relating to other special rules), as amended by section 801(c), is amended by adding at the end the following:

“(8) Special rules relating to qualified biomass-based generating system facility.—For purposes of applying this subsection in the case of any credit allowable by reason of section 48D, the following shall apply:

“(A) General rule.—In lieu of the amount of the increase in tax under paragraph (1), the increase in tax shall be an amount equal to the investment tax credit allowed under section 38 for all prior taxable years with respect to a qualified biomass-based generating system facility (as defined by section 48D(b)) multiplied by a fraction whose numerator is the number of years remaining to fully depreciate under this title the qualified biomass-based generating system facility disposed of, and whose denominator is the total number of years over which such facility would otherwise have been subject to depreciation. For purposes of the preceding sentence, the year of disposition of the qualified biomass-based generating system facility shall be treated as a year of remaining depreciation.

“(B) Property ceases to qualify for progress expenditures.—Rules similar to the rules of paragraph (2) shall apply in the case of qualified progress expenditures for a qualified biomass-based generating system facility under section 48D, except that the amount of the increase in tax under subparagraph (A) of this paragraph shall be substituted in lieu of the amount described in such paragraph (2).

"(C) APPLICATION OF PARAGRAPH.—This paragraph shall be applied separately with respect to the credit allowed under section 38 regarding a qualified biomass-based generating system facility."

(d) TECHNICAL AMENDMENTS.—

(1) Section 49(a)(1)(C), as amended by section 801(d), is amended by striking "and" at the end of clause (iv), by striking the period at the end of clause (v) and inserting ", and", and by adding at the end the following:

"(vi) the portion of the basis of any qualified biomass-based generating system facility attributable to any qualified investment (as defined by section 48D(c))."

(2) Section 50(a)(4), as amended by section 801(d), is amended by striking "and (7)" and inserting ", (7), and (8)".

(3) The table of sections for subpart E of part IV of subchapter A of chapter 1, as amended by section 801(d), is amended by inserting after the item relating to section 48C the following:

"Sec. 48D. Qualified biomass-based generating system facility credit."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to periods after December 31, 1999, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SEC. 805. PASS-THROUGH OF RENEWABLE ENERGY PRODUCTION INCENTIVE PAYMENTS TO END-USERS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits), as amended by section 201(a), is amended by inserting after section 25B the following new section:

"SEC. 25C. PURCHASE OF RENEWABLE ENERGY PUBLIC POWER PRODUCTION.

"(a) ALLOWANCE OF CREDIT.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this chapter for the 1st taxable year beginning after the 10-year period described in subsection (b) an amount equal to—

"(1) the renewable energy production percentage for such year, times

"(2) the taxpayer's renewable energy public power production amount.

"(b) ELIGIBLE INDIVIDUAL.—For purposes of this section, the term 'eligible individual' means an individual who, pursuant to a written agreement, has purchased electricity from a renewable energy public power facility under a separate rate schedule for a single 10-year period.

"(c) RENEWABLE ENERGY PUBLIC POWER FACILITY.—For purposes of this section, the term 'renewable energy public power facility' means, with respect to any taxable year, a facility which would have been eligible for a credit under section 45 for electricity produced during such year if such facility had been privately owned.

"(d) RENEWABLE ENERGY PRODUCTION PERCENTAGE.—For purposes of this section, the renewable energy production percentage for any taxable year is equal to .

"(e) RENEWABLE ENERGY PUBLIC POWER PRODUCTION AMOUNT.—For purposes of this section, the renewable energy public power production amount for any taxpayer is equal to the amount of kilowatt hours of electricity purchased during the 10-year period described in subsection (b) and reported to the taxpayer by the renewable energy public power facility under the agreement described in such subsection.

"(f) CARRYFORWARD OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under subpart A of part IV of subchapter A (other than this section), such excess shall be carried to each succeeding taxable year."

(b) CONFORMING AMENDMENTS.—

(1) Subsection (c) of section 23 is amended by inserting ", section 25C, and section 1400C" after "other than this section".

(2) Subparagraph (C) of section 25(e)(1) is amended by striking "section 23" and inserting "sections 23, 25C, and 1400C".

(3) Subsection (d) of section 1400C is amended by inserting "and section 25C" after "other than this section".

(4) The table of sections for subpart A of part IV of subchapter A of chapter 1, as amended by section 201(b), is amended by inserting after the item relating to section 25B the following new item:

"Sec. 25C. Purchase of renewable energy public power production."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into after December 31, 1999.

TITLE IX—STEELMAKING

SEC. 901. CREDIT FOR ENERGY-EFFICIENT STEELMAKING CAPACITY.

(a) ALLOWANCE OF ENERGY-EFFICIENT STEELMAKING CAPACITY CREDIT.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by section 701(a), is amended by adding at the end the following:

"SEC. 45G. ENERGY-EFFICIENT STEELMAKING CAPACITY CREDIT.

"(a) IN GENERAL.—For purposes of section 38, the energy-efficient steelmaking capacity credit for any taxable year is an amount equal to the product of—

"(1) $50, multiplied by

"(2) the metric tons of steel produced during such taxable year from a qualified steelmaking system placed in service by the taxpayer or that is acquired through purchase (as defined by section 179(d)(2)) by such taxpayer.

"(b) QUALIFIED STEELMAKING SYSTEM.—For purposes of this section, the term 'qualified steelmaking system' means a system which produces steel at a maximum net specific energy consumption of 17 GJ per metric ton."

(b) CREDIT TREATED AS BUSINESS CREDIT.—Section 38(b), as amended by section 701(b), is amended by striking "plus" at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting ", plus", and by adding at the end the following:

"(16) the energy-efficient steelmaking capacity credit determined under section 45G(a)."

(c) CREDIT ALLOWED AGAINST MINIMUM TAX.—

(1) IN GENERAL.—Section 38(c) (relating to limitation based on amount of tax), as amended by section 502(c)(1), is amended by redesignating paragraph (6) as paragraph (7) and by inserting after paragraph (5) the following:

"(6) SPECIAL RULES FOR ENERGY-EFFICIENT STEELMAKING CAPACITY CREDIT.—

"(A) IN GENERAL.—In the case of the energy-efficient steelmaking capacity credit—

"(i) this section and section 39 shall be applied separately with respect to such credits, and

"(ii) in applying paragraph (1) to such credits—

"(I) subparagraph (A) shall not apply, and

"(II) the limitation under paragraph (1) (as modified by subclause (I)) shall be reduced by the credit allowed under subsection (a) for the taxable year (other than the credits described in this paragraph and paragraphs (2), (3), (4), and (5)).

"(B) ENERGY-EFFICIENT STEELMAKING CAPACITY CREDIT.—For purposes of this paragraph, the term 'energy-efficient steelmaking capacity credit' means the portion of the credit under subsection (a) which is attributable to the credit determined under section 45G(a)."

(2) CONFORMING AMENDMENT.—Section 38(c)(2)(A)(ii)(II), as amended by section 502(c)(2), is amended by striking "(other than the credits described in this paragraph and paragraphs (3), (4), and (5))" and inserting "(other than the credits described in this paragraph and paragraphs (3), (4), (5), and (6))".

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by section 701(c), is amended by adding at the end the following:

"Sec. 45G. Energy-efficient steelmaking capacity credit."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to production after the date of the enactment of this Act.

SEC. 902. EXTENSION OF CREDIT FOR ELECTRICITY TO PRODUCTION FROM STEEL COGENERATION.

(a) EXTENSION OF CREDIT FOR COKE PRODUCTION AND STEEL MANUFACTURING FACILITIES.—Section 45(c)(1) (defining qualified energy resources), as amended by section 802(a)(1), is amended by striking "and" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", and", and by adding at the end the following:

"(C) steel cogeneration."

(b) STEEL COGENERATION.—Section 45(c) is amended by adding at the end the following:

"(4) STEEL COGENERATION.—The term 'steel cogeneration' means the production of steam or other form of thermal energy of at least 20 percent of total production and the production of electricity or mechanical energy (or both) of at least 20 percent of total production which meet regulatory energy-efficiency standards established by the Secretary, to the extent that such energy is produced from—

"(A) gases or heat generated during the production of coke,

"(B) blast furnace gases or heat generated during the production of iron, or

"(C) waste gases or heat generated from the manufacture of steel that uses at least 20 percent recycled material."

(c) MODIFICATION OF PLACED IN SERVICE RULES FOR STEEL COGENERATION FACILITIES.—Section 45(c)(3) (defining qualified facility), as amended by section 802(b), is amended by adding at the end the following:

"(C) STEEL COGENERATION FACILITIES.—In the case of a facility using steel cogeneration to produce electricity, the term 'qualified facility' means any facility meeting the environmental requirements of the Clean Air Act Amendments of 1990 which is owned by the taxpayer and originally placed in service after December 31, 1999, and before January 1, 2005. Such a facility may be treated as originally placed in service when such facility was last upgraded to increase efficiency or generation capability."

(d) Conforming Amendments.—

(1) The heading for section 45 is amended by inserting "and waste energy" after "renewable".

(2) The item relating to section 45 in the table of sections subpart D of part IV of subchapter A of chapter 1 is amended by inserting "and waste energy" after "renewable".

(e) Effective Date.—The amendments made by this section shall apply to electricity produced in taxable years beginning after December 31, 2001, and before January 1, 2005.

TITLE X—AGRICULTURE

SEC. 1001. AGRICULTURAL CONSERVATION TAX CREDIT.

(a) In General.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by section 901(a), is amended by adding at the end the following:

"SEC. 45H. AGRICULTURAL CONSERVATION CREDIT.

"(a) In General.—For purposes of section 38, in the case of an eligible person, the agricultural conservation credit determined under this section for the taxable year is an amount equal to—

"(1) 25 percent of the eligible conservation tillage equipment expenses, and

"(2) 25 percent of the eligible irrigation equipment expenses,

paid or incurred by such person in connection with the active conduct of the trade or business of farming for the taxable year.

"(b) Eligible Person.—For purposes of this section, the term 'eligible person' means, with respect to any taxable year, any person if the average annual gross receipts of such person for the 3 preceding taxable years do not exceed $1,000,000. For purposes of the preceding sentence, rules similar to the rules of section 448(c)(3) shall apply.

"(c) Limitation.—The amount of the credit allowed under subsection (a) for any taxable year shall not exceed $2,500 for each credit determined under paragraph (1) or (2) of such subsection.

"(d) Definitions.—For purposes of this section—

"(1) Eligible conservation tillage equipment expenses.—

"(A) In general.—The term 'eligible conservation tillage equipment expenses' means amounts paid or incurred by a taxpayer to purchase and install conservation tillage equipment for use in the trade or business of the taxpayer.

"(B) Conservation tillage equipment.—The term 'conservation tillage equipment' means a no-till planter or drill designed to minimize the disturbance of the soil in planting crops, including such planters or drills which may be attached to equipment already owned by the taxpayer.

"(2) Eligible irrigation equipment expenses.—The term 'eligible irrigation equipment expenses' means amounts paid or incurred by a taxpayer—

"(A) to purchase and install on currently irrigated lands new or upgraded equipment which will improve the efficiency of existing irrigation systems used in the trade or business of the taxpayer, including—

"(i) spray jets or nozzles which improve water distribution efficiency,

"(ii) irrigation well meters,

"(iii) surge valves and surge irrigation systems, and

"(iv) conversion of equipment from gravity irrigation to sprinkler or drip irrigation, including center pivot systems, and

"(B) for service required to schedule the use of such irrigation equipment as necessary to manage water application to the crop requirement based on local evaporation and transpiration rates or soil moisture.

"(e) Special Rules.—

"(1) Reduction in basis.—For purposes of this subtitle, if a credit is determined under this section with respect to any property, the basis of such property shall be reduced by the amount of the credit so determined.

"(2) Pass-thru in the case of estates and trusts.—For purposes of this section, under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

"(3) Allocation in the case of partnerships.—For purposes of this sectfon, in the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary.

"(4) Denial of double benefit.—No other deduction or credit shall be allowed to the taxpayer under this chapter for any amount taken into account in determining the credit under this section."

(b) Conforming Amendments.—

(1) Section 38(b), as amended by section 901(b), is amended by striking "plus" at the end of paragraph (15), by striking the period at the end of paragraph (16), and inserting ", plus", and by adding at the end the following:

"(17) the agricultural conservation credit determined under section 45H."

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by section 901(d), is amended by adding at the end the following:

"Sec. 45H. Agricultural conservation credit."

(3) Section 1016(a), as amended by section 201(b)(1), is amended by striking "and" at the end of paragraph (27), striking the period at the end of paragraph (28) and inserting "; and", and adding at the end the following:

"(29) in the case of property with respect to which a credit was allowed under section 45H, to the extent provided in section 45H(d)(1)."

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

BUNNING AMENDMENT NO. 1377

(Ordered to lie on the table.)

Mr. BUNNING submitted an amendment to be proposed by him to the bill, S. 1429, supra; as follows:

On page 268, between lines 3 and 4, insert the following:

SEC. CERTAIN COSTS OF PRIVATE FOUNDATION IN REMOVING HAZARDOUS SUBSTANCES TREATED AS QUALIFYING DISTRIBUTION.

(a) In General.—In the case of any taxable year beginning after December 31, 1999, the distributable amount of a private foundation for such taxable year for purposes of section 4942 of the Internal Revenue Code of 1986 shall be reduced (but not below zero) by any amount paid or incurred (or set aside) by such private foundation for the investigatory costs and direct costs of removal or taking remedial action with respect to a hazardous substance released at a facility which was owned or operated by such private foundation.

(b) Limitations.—Subsection (a) shall only apply to costs—

(1) incurred with respect to hazardous substances disposed of at a facility owned or operated by the private foundation but only if—

(A) such facility was transferred to such foundation by bequest before December 11, 1980, and

(B) the active operation of such facility by such foundation was terminated before December 12, 1980, and

(2) which were not incurred pursuant to a pending order issued to the private foundation unilaterally by the President or the President's assignee under section 106 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9606), or pursuant to a nonconsensual judgment against the private foundation issued in a governmental cost recovery action under section 107 of such Act (42 U.S.C. 9607).

(c) Hazardous Substance.—For purposes of this section, the term "hazardous substance" has the meaning given such term by section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(14)).

ALLARD (AND ROBB) AMENDMENT NO. 1378

(Ordered to lie on the table.)

Mr. ALLARD (for himself and Mr. Robb) submitted an amendment to be proposed by them to the bill, S. 1429, supra; as follows:

At the end, add the following:

TITLE —SMALL BUSINESS AND FINANCIAL INSTITUTIONS TAX RELIEF

SEC. 0. SHORT TITLE.

This title may be cited as the "Small Business and Financial Institutions Tax Relief Act of 1999".

Subtitle A—Tax Relief

SEC. 1. EXPANSION OF S CORPORATION ELIGIBLE SHAREHOLDERS TO INCLUDE IRAS.

(a) In General.—Section 1361(c)(2)(A) (relating to certain trusts permitted as shareholders) is amended by inserting after clause (v) the following:

"(vi) A trust which constitutes an individual retirement account under section 408(a), including one designated as a Roth IRA under section 408A."

(b) Treatment as Shareholder.—Section 1361(c)(2)(B) (relating to treatment as shareholders) is amended by adding at the end the following:

"(vi) In the case of a trust described in clause (vi) of subparagraph (A), the individual for whose benefit the trust was created shall be treated as a shareholder."

(c) Sale of Stock in IRA Relating to S Corporation Election Exempt From Prohibited Transaction Rules.—Section 4975(d) (relating to exemptions) is amended by striking "or" at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting "; or", and by adding at the end the following:

"(16) a sale of stock held by a trust which constitutes an individual retirement account under section 408(a) to the individual for whose benefit such account is established if such sale is pursuant to an election under section 1362(a)."

(d) Conforming Amendment.—Section 512(e)(1) is amended by inserting "1361(c)(2)(A)(vi) or" before "1361(c)(6)".

(e) Effective Date.—The amendments made by this section shall apply to trusts which constitute individual retirement accounts on the date of the enactment of this Act in taxable years beginning after December 31, 2000.

SEC. 2. EXCLUSION OF INVESTMENT SECURITIES INCOME FROM PASSIVE INCOME TEST FOR BANK S CORPORATIONS.

(a) In General.—Section 1362(d)(3)(C) (defining passive investment income) is amended by adding at the end the following:

"(v) Exception for banks; etc.—In the case of a bank (as defined in section 581), a bank holding company (as defined in section 246A(c)(3)(B)(ii)), or a qualified subchapter S subsidiary bank, the term 'passive investment income' shall not include—

"(I) interest income earned by such bank, bank holding company, or qualified subchapter S subsidiary bank, or

"(II) dividends on assets required to be held by such bank, bank holding company, or qualified subchapter S subsidiary bank to conduct a banking business, including stock in the Federal Reserve Bank, the Federal Home Loan Bank, or the Federal Agricultural Mortgage Bank or participation certificates issued by a Federal Intermediate Credit Bank."

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 3. TREATMENT OF QUALIFYING DIRECTOR SHARES.

(a) In General.—Section 1361 is amended by adding at the end the following:

"(f) Treatment of Qualifying Director Shares.—

"(1) In general.—For purposes of this subchapter—

"(A) qualifying director shares shall not be treated as a second class of stock, and

"(B) no person shall be treated as a shareholder of the corporation by reason of holding qualifying director shares.

"(2) Qualifying director shares defined.—For purposes of this subsection, the term 'qualifying director shares' means any shares of stock in a bank (as defined in section 581) or in a bank holding company registered as such with the Federal Reserve System—

"(i) which are held by an individual solely by reason of status as a director of such bank or company or its controlled subsidiary; and

"(ii) which are subject to an agreement pursuant to which the holder is required to dispose of the shares of stock upon termination of the holder's status as a director at the same price as the individual acquired such shares of stock.

"(3) Distributions.—A distribution (not in part or full payment in exchange for stock) made by the corporation with respect to qualifying director shares shall be includible as ordinary income of the holder and deductible to the corporation as an expense in computing taxable income under section 1363(b) in the year such distribution is received."

(b) Conforming Amendments.—

(1) Section 1361(b)(1) is amended by inserting ", except as provided in subsection (f)," before "which does not".

(2) Section 1366(a) is amended by adding at the end the following:

"(3) Allocation with respect to qualifying director shares.—The holders of qualifying director shares (as defined in section 1361(f)) shall not, with respect to such shares of stock, be allocated any of the items described in paragraph (1)."

(3) Section 1373(a) is amended by striking "and" at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting ", and", and adding at the end the following:

"(3) no amount of an expense deductible under this subchapter by reason of section 1361(f)(3) shall be apportioned or allocated to such income."

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 4. ISSUANCE OF PREFERRED STOCK PERMITTED.

(a) In General.—Section 1361, as amended by section 6(a), is amended by adding at the end the following:

"(g) Treatment of Qualified Preferred Stock.—

"(1) In general.—For purposes of this subchapter—

"(A) qualified preferred stock shall not be treated as a second class of stock, and

"(B) no person shall be treated as a shareholder of the corporation by reason of holding qualified preferred stock.

"(2) Qualified preferred stock defined.—For purposes of this subsection, the term 'qualified preferred stock' means stock which meets the requirements of subparagraphs (A), (B), and (C) of section 1504(a)(4). Stock shall not fail to be treated as qualified preferred stock solely because it is convertible into other stock.

"(3) Distributions.—A distribution (not in part or full payment in exchange for stock) made by the corporation with respect to qualified preferred stock shall be includible as ordinary income of the holder and deductible to the corporation as an expense in computing taxable income under section 1363(b) in the year such distribution is received."

(b) Conforming Amendments.—

(1) Section 1361(b)(1), as amended by section 6(b)(1), is amended by striking "subsection (f)" and inserting "subsections (f) and (g)".

(2) Section 1366(a), as amended by section 6(b)(2), is amended by adding at the end the following:

"(4) Allocation with respect to qualified preferred stock.—The holders of qualified preferred stock (as defined in section 1361(g)) shall not, with respect to such stock, be allocated any of the items described in paragraph (1)."

(3) Section 1373(a)(3), as added by section 6(b)(3), is amended by inserting "or 1361(g)(3)" after "section 1361(f)(3)".

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

Subtitle B—Revenue Offsets

SEC. 11. PREVENTION OF MISMATCHING OF DEDUCTIONS AND INCOME IN TRANSACTIONS WITH RELATED FOREIGN PERSONS.

(a) In General.—Paragraph (3) of section 267(a) (relating to losses, expenses, and interest with respect to transactions between related taxpayers) is amended to read as follows:

"(3) Payments to foreign persons.—

"(A) In general.—If—

"(i) a payment is to be made by a taxpayer using an accrual method of accounting to a foreign person,

"(ii) such payment is not, as of the date accrued by the taxpayer, currently subject to tax under this chapter, and

"(iii) at the close of the taxable year of the taxpayer for which (but for this paragraph) the amount would be deductible under this chapter, both the taxpayer and the person to whom the payment is to be made are persons specified in any of the paragraphs of subsection (b),

then any deduction allowable under this chapter in respect of such amount shall be allowable as of the day as of which such amount is paid (or, if earlier, the day on which includible in the gross income of any United States person).

"(B) Currently subject to tax.—For purposes of subparagraph (A)(ii), a payment is currently subject to tax under this chapter as of the date accrued by the taxpayer if such payment—

"(i) is includible in the gross income of the foreign person as of such date, and

"(ii)(I) is effectively connected with the conduct by the foreign person of a trade or business within the United States, or

"(II) is includible in the gross income of any citizen or resident of the United States or any domestic corporation for the taxable year of such citizen, resident, or corporation in which the taxable year of the foreign person ends.

The preceding sentence shall not apply if the payment is exempt from taxation (or is subject to a reduced rate of tax) pursuant to a treaty obligation of the United States.

"(C) Exception for payments in ordinary course of business.—Subparagraph (A) shall not apply to any payment made in the ordinary course of the trade or business in which the payor is predominantly engaged if such payment is made within a reasonable period after the day on which such payment would be allowable as a deduction but for this paragraph.

"(D) Other exceptions.—The Secretary may by regulation provide exceptions (consistent with the purposes of this paragraph) to the application of subparagraph (A)."

(b) Conforming Amendments.—

(1) Subsection (e) of section 163 is amended by striking paragraph (3) and by redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively.

(2) Paragraph (5) of section 163(e) (as redesignated by paragraph (1)) is amended by adding at the end the following:

"For treatment of original issue discount on obligations held by related foreign persons, see section 267(a)(3)."

(c) Effective Date.—The amendments made by this section shall apply to payments accrued after the date of enactment of this Act.

McCONNELL AMENDMENT NO. 1379

(Ordered to lie on the table.)

Mr. McCONNELL. submitted an amendment intended to be proposed by him to the bill. S. 1429, supra; as follows:

On page 268, between lines 3 and 4, insert the following:

SEC. . HOLDING PERIOD REDUCED TO 12 MONTHS FOR PURPOSES OF DETERMINING WHETHER HORSES ARE SECTION 1231 ASSETS.

(a) In General.—Subparagraph (A) of section 1231(b)(3) (relating to definition of property used in the trade or business) is amended by striking "and horses".

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

On page 286, line 6, strike "1999" and inserting "2000".

ABRAHAM AMENDMENT NO. 1380

(Ordered to lie on the table.)

Mr. ABRAHAM submitted an amendment intended to be proposed by him to the bill. S. 1429, supra; as follows:

At the appropriate place in title XI, insert the following:

SECTON 11 . THE CADDIE RELIEF ACT.

(a) Short Title.—This section may be cited as the "Caddie Relief Act of 1999".

(b) TREATMENT OF GOLF CADDIES.

(1) IN GENERAL.—Subsection (a) of section 3508 of the Internal Revenue Code of 1986 (relating to treatment of real estate agents and direct sellers) is amended by striking "qualified real estate agent or as a direct seller" and insert "qualified real estate agent, direct seller, or golf caddie".

(2) DEFINITION.—Subsection (b) of section 3508 of such Code is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) GOLF CADDIE.—The term "golf caddie" means an individual who performs the service of carrying golf clubs for, or otherwise assisting, a non-professional golfer and, with respect to whom, substantially all the remuneration (whether or not paid in cash) for the performance of such service is—

"(A) directly related to performing such services rather than to the number of hours worked, and

"(B) paid to such individual directly by the golfer or by a third party as an agent of the golfer where the third party incurs no obligation itself to pay such remuneration.".

(3) CLERICAL AMENDMENTS.—

(A) The heading of section 3508 of such Code is amended to read as follows:

"SEC. 3508. TREATMENT OF REAL ESTATE AGENTS, DIRECT SELLERS, AND GOLF CADDIES.".

(B) The item relating to section 3508 in the table of sections for chapter 25 of such Code is amended to read as follows:

"Sec. 3508. Treatment of real estate agents, direct sellers, and golf caddies.".

(4) EFFECTIVE DATE.—The amendments made by this section shall apply to remuneration paid for services performed in taxable years ending after the date of the enactment of this Act.

HELMS AMENDMENTS NOS. 1381–1382

(Ordered to lie on the table.)

Mr. HELMS submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1381

On page 371, between lines 16 and 17, insert the following:

SEC. . TAX TREATMENT OF STATE ACQUISITION OF RAILROAD REAL ESTATE INVESTMENT TRUST.

(a) IN GENERAL.—If a State acquires all of the outstanding stock of a real estate investment trust which is a non-operating class III railroad and substantially all of the activities of which consist of the ownership, leasing, and operation by such trust of facilities, equipment, and other property used by the trust or other persons in railroad transportation, then, for purposes of section 115 of the Internal Revenue Code of 1986—

(1) such activities shall be treated as the exercise of an essential governmental function, and

(2) income derived from such activities shall be treated as accruing to the State.

(b) GAIN OR LOSS NOT RECOGNIZED ON CONVERSION.—Notwithstanding section 337(d) of the Internal Revenue Code of 1986, no gain or loss shall be recognized under section 336 or 337 of such Code because of the change of status of the real estate investment trust to a tax-exempt entity by reason of the application of subsection (a).

(c) TAX-EXEMPT FINANCING.—Any obligation issued by the entity described in subsection (a) shall be treated as an obligation of the State for purposes of applying section 103 and part IV of subchapter B of chapter 1 of the Internal Revenue Code of 1986.

(d) DEFINITIONS.—For purposes of this section—

(1) REAL ESTATE INVESTMENT TRUST.—The term "real estate investment trust" has the meaning given such term by section 856(a) of the Internal Revenue Code of 1986.

(2) NON-OPERATING CLASS III RAILROAD.—The term "non-operating class III railroad" has the meaning given such term by part A of subtitle IV of title 49, United States Code (49 U.S.C. 10101 et seq.) and the regulations thereunder.

(3) STATE.—The term "State" includes—

(A) the District of Columbia and any possession of the United States, and

(B) any authority, agency, or public corporation of a State.

(e) APPLICABILITY.—This section shall apply on and after the date of any acquisition described in subsection (a).

AMENDMENT NO. 1382

At the end of title XI, insert:

SEC. . CREDIT FOR DRY CLEANING EQUIPMENT USING REDUCED AMOUNTS OF HAZARDOUS SUBSTANCES; REVENUE OFFSET.

(a) CREDIT.—

(1) IN GENERAL.—Section 46 (relating to amount of investment credit) is amended by striking "and" at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting ", and", and by adding at the end thereof the following paragraph:

"(4) the dry cleaning equipment credit."

(2) DRY CLEANING EQUIPMENT CREDIT.—Section 48 is amended by adding at the end the following new subsection:

"(c) DRY CLEANING EQUIPMENT USING REDUCED AMOUNTS OF HAZARDOUS SUBSTANCES.—

"(1) IN GENERAL.—For purposes of section 46, the dry cleaning equipment credit for any taxable year is 20 percent of the basis of each qualified dry cleaning property placed in service during the taxable year.

"(2) LIMITATION.—The credit under this subsection for the taxable year shall apply to only one qualified dry cleaning property placed in service during such year at each business premise of the taxpayer.

"(3) QUALIFIED DRY CLEANING PROPERTY.—For purposes of this subsection, the term 'qualified dry cleaning property' means equipment designed primarily to dry clean clothing and other fabric if—

"(A) such equipment does not use any hazardous solvent as the primary process solvent,

"(B) the original use of such property commences with the taxpayer, and

"(C) with respect to which depreciation (or amortization in lieu of depreciation) is allowable.

"(4) HAZARDOUS SOLVENT.—For purposes of paragraph (3)—

"(A) IN GENERAL.—The term 'hazardous solvent' means any solvent any portion of which consists of a chlorinated solvent, a petroleum-based solvent, or any other hazardous or regulated substance.

"(B) EXCEPTION.—Such term shall not include any solvent—

"(i) not more than 10 percent of which consists of petroleum or petroleum derivatives, and

"(ii) which does not contain any substance determined by the Administrator of the Environmental Protection Agency, the Director of the National Institute for Occupational Safety and Health, the Director of the International Agency for Research on Cancer, the Director of the National Institute of Environmental Health Sciences' National Toxicology Program, or the director of any other appropriate Federal agency to possess—

"(I) carcinogenic potential in humans, or

"(II) bioaccumulative properties."

(3) CLERICAL AMENDMENTS.—

(A) The section heading for section 48 is amended to read as follows:

"SEC. 48. ENERGY CREDIT; REFORESTATION CREDIT; DRY CLEANING EQUIPMENT CREDIT."

(B) The item relating to section 48 in the table of sections for subpart E of part IV of subchapter A of chapter 1 is amended to read as follows:

"Sec. 48. Energy credit; reforestation credit; dry cleaning equipment credit."

(4) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service on or after January 1, 1999.

(b) CLARIFICATION OF COORDINATION OF EXPENSE ALLOCATION REGULATIONS AND TREATIES OF THE UNITED STATES.—

(1) IN GENERAL.—In the case of any nonresident alien individual or foreign corporation having a permanent establishment in the United States, the allocation of items with respect to the permanent establishment in accordance with Treasury Regulation §1.861–8 or §1.882–5 shall not be treated as inconsistent with any treaty of the United States.

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—This subsection shall apply to taxable years beginning before, on, or after the date of the enactment of this Act.

(B) EXCEPTION.—This subsection shall not apply to any taxpayer for any taxable year beginning on or before such date of enactment if—

(i) there has been a decision by a Federal court on or before such date reaching a result inconsistent with the provisions of this subsection, and

(ii) such decision is not overturned on appeal.

KENNEDY AMENDMENT NO. 1383

(Ordered to lie on the table.)

Mr. KENNEDY submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. . FAIR MINIMUM WAGE.

(a) SHORT TITLE.—This section may be cited as the "Fair Minimum Wage Act of 1999".

(b) MINIMUM WAGE INCREASE.—

(1) WAGE.—Paragraph (1) of section 6(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

"(1) except as otherwise provided in this section, not less than—

"(A) $5.65 an hour during the year beginning on September 1, 1999; and

"(B) $6.15 an hour beginning on September 1, 2000;".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) takes effect on September 1, 1999.

(c) APPLICABILITY OF MINIMUM WAGE TO THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.—The provisions of section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

MOYNIHAN (AND OTHERS) AMENDMENT NO. 1384

Mr. MOYNIHAN (for himself, Mr. BAUCUS, Mr. ROCKEFELLER, Mr. BREAUX, Mr. CONRAD, Mr. GRAHAM, Mr. BRYAN, Mr. KERREY, and Mr. ROBB) proposed an amendment to the bill, S. 1429, supra; as follows:

Strike all after the first word and insert:

1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the "Tax and Public Debt Reduction Act of 1999".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) SECTION 15 NOT TO APPLY.—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(d) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—TAX RELIEF FOR WORKING FAMILIES

Sec. 101. Increase in standard deduction.
Sec. 102. Deduction for two-earner married couples.

TITLE II—HEALTH CARE AFFORDABILITY AND ACCESSIBILITY

Sec. 201. Deduction for 100 percent of health insurance costs of self-employed individuals.
Sec. 202. Refundable credit for health insurance costs of employees.
Sec. 203. Deduction for premiums for long-term care insurance.
Sec. 204. Long-term care tax credit.
Sec. 205. Credit for clinical testing research expenses attributable to certain qualified academic institutions including teaching hospitals.
Sec. 206. Treatment of certain hospital support organizations as qualified organizations for purposes of determining acquisition indebtedness.
Sec. 207. Technical amendments related to Vaccine Injury Compensation Trust Fund.

TITLE III—ESTATE TAX PROVISIONS

Sec. 301. Increase in unified estate and gift tax credit.
Sec. 302. Increase in estate tax deduction for family-owned business interest.

TITLE IV—ALTERNATIVE MINIMUM TAX REFORMS

Sec. 401. Allowance of nonrefundable personal credits fully against regular tax liability.
Sec. 402. Repeal of foreign tax credit limitation under alternative minimum tax.
Sec. 403. Income averaging for farmers not to increase alternative minimum tax liability.
Sec. 404. Long-term unused credits allowed against minimum tax.

TITLE V—EXTENSION OF EXPIRING INCENTIVES

Sec. 501. Work opportunity credit and welfare-to-work credit.
Sec. 502. Electricity produced from certain nonrenewable resources credit.
Sec. 503. Subpart F exemption for active financing income.
Sec. 504. Extension of expensing of environmental remediation costs.
Sec. 505. Virgin Islands and Puerto Rico rum cover over.
Sec. 506. Modifications of Puerto Rican economic activity credit.

TITLE VI—QUALITY EDUCATION INITIATIVES

Sec. 601. Expansion of incentives for public schools.
Sec. 602. Modifications to qualified tuition programs.
Sec. 603. Elimination of 60-month limit on student loan interest deduction.
Sec. 604. Additional increase in arbitrage rebate exception for governmental bonds used to finance educational facilities.
Sec. 605. Treatment of qualified public educational facility bonds as exempt facility bonds.
Sec. 606. Permanent extension of exclusion for employer-provided educational assistance.
Sec. 607. Expansion of deduction for computer donations to schools.
Sec. 608. Credit for information technology training program expenses.
Sec. 609. Charitable contributions to certain low income schools may be made in next taxable year.
Sec. 610. Exclusion of National Service Educational Awards.

TITLE VII—ENVIRONMENTAL CONSERVATION AND PROTECTION

Subtitle A—Better America Bonds

Sec. 701. Credit for holders of Better America bonds.
Sec. 702. Better America Bonds Board.

Subtitle B—Conservation Incentives

Sec. 711. Tax exclusion for cost-sharing payments under Partners for Wildlife Program.
Sec. 712. Enhanced deduction for the donation of a conservation easement.
Sec. 713. National wildlife refuge conservation easements.
Sec. 714. Exclusion of 50 percent of gain on sales of land or interests in land or water to eligible entities for conservation purposes.

Subtitle C—Alternative Fuels Incentives

Sec. 721. Extension and expansion of credit for purchase of electric vehicles.
Sec. 722. Additional deduction for cost of installation of alternative fueling stations.
Sec. 723. Credit for retail sale of clean burning fuels as motor vehicle fuel.

Subtitle C—Other Provisions

Sec. 731. Expansion of section 29 tax credit.
Sec. 732. Uniform dollar limitation for all types of transportation fringe benefits.

TITLE VIII—SAVINGS AND PENSION PROVISIONS

Subtitle A—Expanding Coverage for Small Business

Sec. 801. Plan loans for subchapter S owners, partners, and sole proprietors.
Sec. 802. Contributions to IRAs through payroll deductions.
Sec. 803. Modification of top-heavy rules.
Sec. 804. Credit for small employer pension plan contributions and start-up costs.
Sec. 805. Increasing limits for deferrals to simple plans.
Sec. 806. Elective deferrals not taken into account for purposes of limits.

Subtitle B—Increasing Pension Access and Fairness for Women

Sec. 811. Equitable treatment for contributions of employees to defined contribution plans.
Sec. 812. Faster vesting of certain employer matching contributions.
Sec. 813. Deferred annuities for surviving spouses of Federal employees.
Sec. 814. Clarification of tax treatment of division of section 457 plan benefits upon divorce.
Sec. 815. Spouses' right to know proposal.

Subtitle C—Increasing Portability of Pension Plans

Sec. 821. Rollovers allowed among various types of plans.
Sec. 822. Rollovers of IRAs into workplace retirement plans.
Sec. 823. Rollovers of after-tax contributions.
Sec. 824. Hardship exception to 60-day rule.
Sec. 825. Treatment of forms of distribution.
Sec. 826. Rationalization of restrictions on distributions.
Sec. 827. Purchase of service credit in governmental defined benefit plans.
Sec. 828. Employers may disregard rollovers for purposes of cash-out amounts.

Subtitle D—Strengthening Pension Security and Enforcement

Sec. 831. Treatment of multiemployer plans under section 415.
Sec. 832. Extension of missing participants program to multiemployer plans.
Sec. 833. Civil penalties for breach of fiduciary responsibility.
Sec. 834. Failure to provide notice by defined benefit plans significantly reducing future benefit accruals.

Subtitle E—Encouraging Retirement Education

Sec. 841. Periodic pension benefits Statements.
Sec. 842. Clarification of treatment of employer-provided retirement advice.

Subtitle F—Reducing Red Tape

Sec. 851. ESOP dividends may be reinvested without loss of dividend deduction.
Sec. 852. Reduced PBGC premium for new plans of small employers.
Sec. 853. Reduction of additional PBGC premium for new plans.
Sec. 854. Elimination of user fee for requests to IRS regarding new pension plans.
Sec. 855. Distributional analysis of pension tax benefits.

Subtitle G—Other Provisions

Sec. 303. Tax credit for matching contributions to Individual Development Accounts.
Sec. 862. Federal employee retirement contributions.
Sec. 863. Exclusion from income of severance payment amounts

Subtitle H—Plan Amendments

Sec. 871. Provisions relating to plan amendments.

TITLE IX—FARM RELIEF AND ECONOMIC DEVELOPMENT

Sec. 901. Farm and ranch risk management accounts.

Sec. 902. Lease agreement relating to exclusion of certain farm rental income from net earnings from self-employment.
Sec. 903. Exclusion of gain from sale of certain farmland.
Sec. 904. Exemption of small issue agriculture bonds from State volume cap.
Sec. 905. Capital gain realized from transfer of farm property in complete or partial satisfaction of qualified farm indebtedness excluded from gross income.
Sec. 906. Exclusion of discharge of qualified farm indebtedness from gross income increased for certain solvent farmers.
Sec. 907. Net operating loss of farmers.
Sec. 908. Certain cash rentals of farmland not to cause recapture of special estate tax valuation.
Sec. 909. Declaratory judgment remedy relating to status and classification of farmers' cooperatives.

TITLE X—TECHNOLOGY AND ECONOMIC DEVELOPMENT

Sec. 1001. Permanent extension and modification of research credit.
Sec. 1002. New markets tax credit.
Sec. 1003. Increase in State ceiling on low-income housing credit.
Sec. 1004. Increase in volume cap on private activity bonds.
Sec. 1005. Spaceports treated like airports under exempt facility bond rules.
Sec. 1006. Increase in expense treatment for small businesses.

TITLE XI—MISCELLANEOUS INCENTIVES

Subtitle A—Miscellaneous Provisions

Sec. 1101. Oil and gas incentives.
Sec. 1102. Treatment of certain revenues of electric cooperatives.
Sec. 1103. Tax-exempt bond financing of certain electric facilities.
Sec. 1104. Modifications to special rules for nuclear decommissioning costs.
Sec. 1105. Modification of dependent care credit.
Sec. 1106. Allowance of credit for employer expenses for child care assistance.
Sec. 1107. Recovery period for depreciation of certain leasehold improvements.
Sec. 1108. Exemption from income tax for State-created organizations providing property and casualty insurance for property for which such coverage is otherwise unavailable.
Sec. 1109. Disclosure of tax information to facilitate combined employment tax reporting.
Sec. 1110. Increase in limit on certain charitable contributions as percentage of AGI.
Sec. 1111. Low-income second mortgage tax credit.
Sec. 1112. Coordination of child tax credit and earned income credit with certain means-tested programs.
Sec. 1113. No Federal income tax on amounts received by Holocaust victims or their heirs.
Sec. 1114. Tax treatment of special pay for members of the Armed Forces.

Subtitle B—Provisions Relating to Real Estate Investment Trusts

PART I—TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES

Sec. 1121. Modifications to asset diversification test.
Sec. 1122. Treatment of income and services provided by taxable REIT subsidiaries.
Sec. 1123. Taxable REIT subsidiary.
Sec. 1124. Limitation on earnings stripping.
Sec. 1125. 100 percent tax on improperly allocated amounts.
Sec. 1126. Effective date.

PART II—HEALTH CARE REITS

Sec. 1131. Health care REITs.

PART III—CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES

Sec. 1141. Conformity with regulated investment company rules.

PART IV—CLARIFICATION OF EXCEPTION FROM IMPERMISSIBLE TENANT SERVICE INCOME

Sec. 1151. Clarification of exception for independent operators.

PART V—MODIFICATION OF EARNINGS AND PROFITS RULES

Sec. 1161. Modification of earnings and profits rules.

TITLE XII—REVENUE OFFSETS

Subtitle A—General Provisions

Sec. 1201. Modification to foreign tax credit carryback and carryover periods.
Sec. 1202. Limitation on use of non-accrual experience method of accounting.
Sec. 1203. Returns relating to cancellations of indebtedness by organizations lending money.
Sec. 1204. Extension of Internal Revenue Service user fees.
Sec. 1205. Charitable split-dollar life insurance, annuity, and endowment contracts.
Sec. 1206. Transfer of excess defined benefit plan assets for retiree health benefits.
Sec. 1207. Limitations on welfare benefit funds of 10 or more employer plans.
Sec. 1208. Modification of installment method and repeal of installment method for accrual method taxpayers.
Sec. 1209. Inclusion of certain vaccines against streptococcus pneumoniae to list of taxable vaccines.
Sec. 1210. Restoration of phase-out of unified credit.
Sec. 1211. Repeal of lower-of-cost-or-market method of accounting for inventories.
Sec. 1212. Consistent amortization periods for intangibles.
Sec. 1213. Extension of hazardous substance Superfund taxes.
Sec. 1214. Controlled entities ineligible for REIT status.
Sec. 1215. Increase in elective withholding rate for nonperiodic distributions from deferred compensation plans.
Sec. 1216. Treatment of gain from constructive ownership transactions.
Sec. 1217. Restriction on use of real estate investment trusts to avoid estimated tax payment requirements.
Sec. 1218. Prohibited allocations of S corporation stock held by an ESOP.
Sec. 1219. Modification of anti-abuse rules related to assumption of liability.
Sec. 1220. Allocation of basis on transfers of intangibles in certain nonrecognition transactions.
Sec. 1221. Distributions to a corporate partner of stock in another corporation.

TITLE I—TAX RELIEF FOR WORKING FAMILIES

SEC. 101. INCREASE IN STANDARD DEDUCTION.

Subsection (c) of section 63 (relating to standard deduction) is amended by adding at the end the following new paragraph:

"(7) INCREASE IN AMOUNT.—

"(A) IN GENERAL.—In the case of taxable years beginning in any calendar year beginning after 2000, the dollar amounts determined under paragraph (2) (after any increase under paragraph (4)) shall be increased by the applicable dollar amount for such calendar year.

"(B) APPLICABLE DOLLAR AMOUNT.—

"(i) AMOUNT.—The applicable dollar amount for any calendar year shall be determined as follows:

"(I) JOINT RETURNS AND SURVIVING SPOUSES.—In the case of the $5,000 amount under paragraph (2)(A)—

"Calendar year:	**Applicable dollar amount:**
2001 or 2002	$1,000
2003 or 2004	$2,000
2005 or 2006	$3,000
2007 and thereafter	$4,350.

"(II) HEAD OF HOUSEHOLD.—In the case of the $4,400 amount under paragraph (2)(B)—

"Calendar year:	**Applicable dollar amount:**
2001 or 2002	$500
2003 or 2004	$1,000
2005 or 2006	$1,500
2007 and thereafter	$2,150.

"(III) INDIVIDUAL.—In the case of the $3,000 amount under paragraph (2)(C)—

"Calendar year:	**Applicable dollar amount:**
2001 or 2002	$300
2003 or 2004	$600
2005 or 2006	$900
2007 and thereafter	$1,300.

"(IV) MARRIED FILING SEPARATELY.—In the case of the $2,500 amount under paragraph (2)(D)—

"Calendar year:	**Applicable dollar amount:**
2001 or 2002	$500
2003 or 2004	$1,000
2005 or 2006	$1,500
2007 and thereafter	$2,175.

"(ii) COST-OF-LIVING ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2007, the applicable dollar amount under clause (i) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, except that subparagraph (B) thereof shall be applied by substituting 'calendar year 2006' for 'calendar year 1992'. If any amount as adjusted under this subparagraph is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50."

SEC. 102. DEDUCTION FOR TWO-EARNER MARRIED COUPLES.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 (relating to additional itemized deductions for individuals) is amended by redesignating section 222 as section 223 and by inserting after section 221 the following:

"SEC. 222. DEDUCTION FOR MARRIED COUPLES TO ELIMINATE THE MARRIAGE PENALTY.

"(a) IN GENERAL.—In the case of a joint return under section 6013 for the taxable year, there shall be allowed as a deduction an amount equal to the lesser of—

"(1) the applicable dollar amount, or

"(2) the applicable percentage of the qualified earned income of the spouse with the lower qualified earned income for the taxable year.

"(b) Applicable Percentage.—For purposes of this section—

"(1) In general.—The term 'applicable percentage' means 20 percent, reduced (but not below zero) by 1 percentage point for each $1,000 (or fraction thereof) by which the taxpayer's modified adjusted gross income for the taxable year exceeds $75,000.

"(2) Modified adjusted gross income.—For purposes of this subsection, the term 'modified adjusted gross income' means adjusted gross income determined—

"(A) after application of sections 86, 219, and 469, and

"(B) without regard to sections 135, 137, 221, and 911 or the deduction allowable under this section.

"(c) Applicable Dollar Amount.—For purposes of this section—

"(1) In general.—The applicable dollar amount shall be determined in accordance with the following table:

"Taxable year beginning in calendar year:	**Applicable dollar amount:**
2001 or 2002	$1,000
2003 or 2004	$2,000
2005 or 2006	$3,000
2007 and thereafter	$4,350.

"(2) Cost-of-living adjustment.—In the case of any taxable year beginning in a calendar year after 2007, the applicable dollar amount under paragraph (1) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, except that subparagraph (B) thereof shall be applied by substituting 'calendar year 2006' for 'calendar year 1992'. If any amount as adjusted under this paragraph is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.

"(d) Qualified Earned Income Defined.—

"(1) In general.—For purposes of this section, the term 'qualified earned income' means an amount equal to the excess of—

"(A) the earned income of the spouse for the taxable year, over

"(B) an amount equal to the sum of the deductions described in paragraphs (1), (2), (7), and (15) of section 62(a) to the extent such deductions are properly allocable to or chargeable against earned income described in subparagraph (A).

The amount of qualified earned income shall be determined without regard to any community property laws.

"(2) Earned income.—For purposes of paragraph (1), the term 'earned income' means income which is earned income within the meaning of section 911(d)(2) or 401(c)(2)(C), except that—

"(A) such term shall not include any amount—

"(i) not includible in gross income,

"(ii) received as a pension or annuity,

"(iii) paid or distributed out of an individual retirement plan (within the meaning of section 7701(a)(37)),

"(iv) received as deferred compensation, or

"(v) received for services performed by an individual in the employ of his spouse (within the meaning of section 3121(b)(3)(A)), and

"(B) section 911(d)(2)(B) shall be applied without regard to the phrase 'not in excess of 30 percent of his share of net profits of such trade or business'."

(b) Deduction To Be Above-the-Line.—Section 62(a) (defining adjusted gross income) is amended by adding after paragraph (17) the following:

"(18) Deduction for two-earner married couples.—The deduction allowed by section 222."

(c) Earned Income Credit Phaseout To Reflect Deduction.—Section 32(c)(2) (defining earned income) is amended by adding at the end the following:

"(C) Marriage penalty reduction.—Solely for purposes of applying subsection (a)(2)(B), earned income for any taxable year shall be reduced by an amount equal to the amount of the deduction allowed to the taxpayer for such taxable year under section 222."

(d) Clerical Amendment.—The table of sections for part VII of subchapter B of chapter 1 is amended by striking the item relating to section 222 and inserting the following:

"Sec. 222. Deduction for married couples to eliminate the marriage penalty.

"Sec. 223. Cross reference."

(e) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

TITLE II—HEALTH CARE AFFORDABILITY AND ACCESSIBILITY

SEC. 201. DEDUCTION FOR 100 PERCENT OF HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) In General.—Paragraph (1) of section 162(l) is amended to read as follows:

"(1) Allowance of deduction.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to 100 percent of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer and the taxpayer's spouse and dependents."

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 202. REFUNDABLE CREDIT FOR HEALTH INSURANCE COSTS OF EMPLOYEES.

(a) In General.—Subpart C of part IV of subchapter A of chapter 1 (relating to refundable personal credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

"SEC. 35. HEALTH INSURANCE COSTS OF EMPLOYEES.

"(a) In General.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this subtitle an amount equal to 30 percent of the amount paid during the taxable year for qualified health insurance.

"(b) Qualified Health Insurance.—

"(1) In general.—For purposes of this section, the term 'qualified health insurance' means health insurance which constitutes medical care for the taxpayer, his spouse, and dependents, and which meet the requirements of paragraphs (2), (3), and (4).

"(2) Benefits package.—Health insurance meets the requirement of this paragraph if such insurance provides coverage equivalent to the standard Blue Cross/Blue Shield preferred provider option service benefit plan, described in and offered under section 8903(1) of title 5, United States Code.

"(3) Hipaa standards.—Health insurance meets the requirement of this paragraph if such insurance meets standards similar to the standards under chapter 100.

"(4) Premium standards.—Health insurance meets the requirement of this paragraph if the premium rate for such insurance for any calendar year does not exceed by more than 100 percent the average base premium rate for the same or similar health insurance offered by the 5 insurers with the highest premium volume during the preceding calendar year.

"(c) Limitations.—

"(1) Policy limitations.—The amount which may be taken into account under subsection (a) shall not exceed—

"(A) in the case of self-only coverage, $1,000, and

"(B) in the case of family coverage, $2,000.

"(2) Limitation based on employee compensation.—The payments taken into account under subsection (a) for any taxable year shall not exceed the taxpayer's wages, salaries, tips, and other employee compensation includible in gross income for such taxable year.

"(3) Limitation based on other coverage.—Subsection (a) shall not apply to—

"(A) any taxpayer for any calendar month for which the taxpayer is eligible to participate in any subsidized health plan maintained by any employer of the taxpayer or of the spouse of the taxpayer, or

"(B) amounts paid for coverage under any medical care program described in—

"(i) title XVIII, XIX, or XXI of the Social Security Act,

"(ii) chapter 55 of title 10, United States Code,

"(iii) chapter 17 of title 38, United States Code,

"(iv) chapter 89 of title 5, United States Code, or

"(v) the Indian Health Care Improvement Act.

Subparagraph (B)(iv) shall not apply to coverage which is comparable to continuation coverage under section 4980B.

"(d) Limitation Based on Adjusted Gross Income.—

"(1) In general.—No credit shall be allowed under subsection (a) for any taxable year for which the taxpayer's adjusted gross income exceeds the applicable dollar amount.

"(2) Applicable dollar amount.—The term 'applicable dollar amount' means—

"(A) in the case of a taxpayer filing a joint return, $40,000,

"(B) in the case of any other taxpayer, $20,000.

"(3) Cost-of-living adjustment.—

"(A) In general.—In the case of a taxable year beginning after 2003, each dollar amount under paragraph (2) shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2002' for 'calendar year 1992' in subparagraph (B) thereof.

"(B) Rounding rules.—If any amount after adjustment under subparagraph (A) is not a multiple of $50, such amount shall be rounded to the next lower multiple of $50.

"(4) Special rule for married individuals filing separately and living apart.—A husband and wife who—

"(A) file separate returns for any taxable year, and

"(B) live apart at all times during such taxable year,

shall not be treated as married individuals for purposes of this paragraph.

"(e) Limitation Based on Amount of Tax.—

"(1) In general.—The credit allowed by subsection (a) for the taxable year (determined after the application of subsections (c) and (d)) shall not exceed the sum of—

"(A) the tax imposed by this chapter for the taxable year (reduced by the credits allowable against such tax other than the credits allowable under this subpart), and

"(B) the taxpayer's social security taxes for such taxable year.

"(2) Social security taxes.—For purposes of paragraph (1)—

"(A) In general.—The term 'social security taxes' means, with respect to any taxpayer for any taxable year—

"(i) the amount of the taxes imposed by sections 3101, 3111, 3201(a), and 3221(a) on amounts received by the taxpayer during the calendar year in which the taxable year begins,

"(ii) the taxes imposed by section 1401 on the self-employment income of the taxpayer for the taxable year, and

"(iii) the taxes imposed by section 3211(a)(1) on amounts received by the taxpayer during the calendar year in which the taxable year begins.

"(B) Coordination with special refund of social security taxes.—The term 'social security taxes' shall not include any taxes to the extent the taxpayer is entitled to a special refund of such taxes under section 6413(c).

"(C) Special rule.—Any amounts paid pursuant to an agreement under section 3121(l) (relating to agreements entered into by American employers with respect to foreign affiliates) which are equivalent to the taxes referred to in subparagraph (A)(i) shall be treated as taxes referred to in such subparagraph.

"(f) Coordination With Other Provisions.—

"(1) Deduction for medical expenses.—The amount taken into account in computing the credit under subsection (a) shall not be taken into account in computing the amount allowable to the taxpayer as a deduction under section 213(a).

"(2) Deduction for health insurance costs of self-employed individuals.—No amount taken into account under section 162(l) may be taken into account under this section.

"(g) Expenses Must Be Substantiated.—A payment for insurance to which subsection (a) applies may be taken into account under this section only if the taxpayer substantiates such payment in such form as the Secretary may prescribe.

"(h) Section Not To Apply to Long-Term Care Insurance.—This section shall not apply to insurance which constitutes medical care by reason of section 213(d)(1)(C)."

(b) Clerical Amendment.—The table of sections for subpart C of part IV of subchapter A of chapter 1 is amended by striking the last item and inserting the following new items:

"Sec. 35. Health insurance costs of employees.

"Sec. 36. Overpayments of tax."

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

SEC. 203. DEDUCTION FOR PREMIUMS FOR LONG-TERM CARE INSURANCE.

(a) In General.—Part VII of subchapter B of chapter 1 is amended by redesignating section 222 as section 223 and by inserting after section 221 the following new section:

"SEC. 222. PREMIUMS FOR LONG-TERM CARE INSURANCE.

"(a) In General.—In the case of an individual, there shall be allowed as a deduction an amount equal to the applicable percentage of the amount paid during the taxable year for any qualified long-term care insurance contract (as defined in section 7702B(b)) which constitutes medical care for the taxpayer, his spouse, and dependents.

"(b) Applicable Percentage.—For purposes of subsection (a), the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in calendar year—	The applicable percentage is—
2001 and 2002	10
2003 and 2004	25
2005 and 2006	35
2007 and thereafter	50.

"(c) Limitation Based on Coverage Under Certain Subsidized Employer Plans.—

"(1) In general.—Subsection (a) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any plan which includes coverage for qualified long-term care services (as so defined) or is a qualified long-term care insurance contract (as so defined) maintained by any employer of the taxpayer or of the spouse of the taxpayer if 50 percent or more of the cost of coverage under such plan (determined under section 4980B) is paid or incurred by the employer.

"(2) Employer contributions to cafeteria plans or flexible spending arrangements.—Employer contributions to a cafeteria plan or a flexible spending or similar arrangement which are excluded from gross income under section 106 shall be treated for purposes of paragraph (1) as paid by the employer.

"(3) Aggregation of plans of employer.—A plan which is not otherwise described in paragraph (1) shall be treated as described in such paragraph if such plan would be so described if all such plans of persons treated as a single employer under subsections (b), (c), (m), or (o) of section 414 were treated as one plan.

"(d) Deduction Limited to Qualified Long-Term Care Insurance Contracts.—In the case of a qualified long-term care insurance contract (as so defined), only eligible long-term care premiums (as defined in section 213(d)(10)) may be taken into account under subsection (a).

"(e) Special Rules.—For purposes of this section—

"(1) Coordination with deduction for health insurance costs of self-employed individuals.—The amount taken into account by the taxpayer in computing the deduction under section 162(l) shall not be taken into account under this section.

"(2) Coordination with medical expense deduction.—The amount taken into account by the taxpayer in computing the deduction under this section shall not be taken into account under section 213.

"(f) Regulations.—The Secretary shall prescribe such regulations as may be appropriate to carry out this section, including regulations requiring employers to report to their employees and the Secretary such information as the Secretary determines to be appropriate."

(b) Deduction Allowed Whether or Not Taxpayer Itemizes Other Deductions.—Subsection (a) of section 62 is amended by inserting after paragraph (17) the following new item:

"(18) Long-term care insurance costs.—The deduction allowed by section 222."

(c) Clerical Amendment.—The table of sections for part VII of subchapter B of chapter 1 is amended by striking the last item and inserting the following new items:

"Sec. 222. Long-term care insurance costs.

"Sec. 223. Cross reference."

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 204. LONG-TERM CARE TAX CREDIT.

(a) Allowance of Credit.—

(1) In general.—Section 24(a) (relating to allowance of child tax credit) is amended to read as follows:

"(a) Allowance of Credit.—

"(1) In general.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(A) $500 multiplied by the number of qualifying children of the taxpayer, plus

"(B) the applicable dollar amount multiplied by the number of applicable individuals with respect to whom the taxpayer is an eligible caregiver for the taxable year."

"(2) Applicable dollar amount.—For purposes of paragraph (1)(B), the applicable dollar amount for taxable years beginning in any calendar year shall be determined in accordance with the following table:

"Calendar year:	Applicable dollar amount:
2003, 2004, or 2005	$250
2006 or 2007	$500
2008 and thereafter	$1,000."

(2) Additional credit for taxpayer with 3 or more separate credit amounts.—So much of section 24(d) as precedes paragraph (1)(A) thereof is amended to read as follows:

"(d) Additional Credit for Taxpayers With 3 or More Separate Credit Amounts.—

"(1) In general.—If the sum of the number of qualifying children of the taxpayer and the number of applicable individuals with respect to which the taxpayer is an eligible caregiver is 3 or more for any taxable year, the aggregate credits allowed under subpart C shall be increased by the lesser of—".

(3) Conforming amendments.—

(A) The heading for section 32(n) is amended by striking "Child" and inserting "Family Care".

(B) The heading for section 24 is amended to read as follows:

"SEC. 24. FAMILY CARE CREDIT."

(C) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 24 and inserting the following new item:

"Sec. 24. Family care credit.".

(b) Definitions.—Section 24(c) (defining qualifying child) is amended to read as follows:

"(c) Definitions.—For purposes of this section—

"(1) Qualifying child.—

"(A) In general.—The term 'qualifying child' means any individual if—

"(i) the taxpayer is allowed a deduction under section 151 with respect to such individual for the taxable year,

"(ii) such individual has not attained the age of 17 as of the close of the calendar year in which the taxable year of the taxpayer begins, and

"(iii) such individual bears a relationship to the taxpayer described in section 32(c)(3)(B).

"(B) Exception for certain noncitizens.—The term 'qualifying child' shall not include any individual who would not be a dependent if the first sentence of section 152(b)(3) were applied without regard to all that follows 'resident of the United States'.

"(2) Applicable individual.—

"(A) In general.—The term 'applicable individual' means, with respect to any taxable year, any individual who has been certified, before the due date for filing the return of tax for the taxable year (without extensions), by a physician (as defined in section 1861(r)(1) of the Social Security Act) as being an individual with long-term care needs described in subparagraph (B) for a period—

"(i) which is at least 180 consecutive days, and

"(ii) a portion of which occurs within the taxable year.

Such term shall not include any individual otherwise meeting the requirements of the preceding sentence unless within the 39½-month period ending on such due date (or such other period as the Secretary prescribes) a physician (as so defined) has certified that such individual meets such requirements.

"(B) Individuals with long-term care needs.—An individual is described in this subparagraph if the individual meets any of the following requirements:

"(i) The individual is at least 6 years of age and—

"(I) is unable to perform (without substantial assistance from another individual) at least 3 activities of daily living (as defined in section 7702B(c)(2)(B)) due to a loss of functional capacity, or

"(II) requires substantial supervision to protect such individual from threats to health and safety due to severe cognitive impairment and is unable to perform at least 1 activity of daily living (as so defined) or to the extent provided in regulations prescribed by the Secretary (in consultation with the Secretary of Health and Human Services), is unable to engage in age appropriate activities.

"(ii) The individual is at least 2 but not 6 years of age and is unable due to a loss of functional capacity to perform (without substantial assistance from another individual) at least 2 of the following activities: eating, transferring, or mobility.

"(iii) The individual is under 2 years of age and requires specific durable medical equipment by reason of a severe health condition or requires a skilled practitioner trained to address the individual's condition to be available if the individual's parents or guardians are absent.

"(3) Eligible caregiver.—

"(A) In general.—A taxpayer shall be treated as an eligible caregiver for any taxable year with respect to the following individuals:

"(i) The taxpayer.

"(ii) The taxpayer's spouse.

"(iii) An individual with respect to whom the taxpayer is allowed a deduction under section 151 for the taxable year.

"(iv) An individual who would be described in clause (iii) for the taxable year if section 151(c)(1)(A) were applied by substituting for the exemption amount an amount equal to the sum of the exemption amount, the standard deduction under section 63(c)(2)(C), and any additional standard deduction under section 63(c)(3) which would be applicable to the individual if clause (iii) applied.

"(v) An individual who would be described in clause (iii) for the taxable year if—

"(I) the requirements of clause (iv) are met with respect to the individual, and

"(II) the requirements of subparagraph (B) are met with respect to the individual in lieu of the support test of section 152(a).

"(B) Residency test.—The requirements of this subparagraph are met if an individual has as his principal place of abode the home of the taxpayer and—

"(i) in the case of an individual who is an ancestor or descendant of the taxpayer or the taxpayer's spouse, is a member of the taxpayer's household for over half the taxable year, or

"(ii) in the case of any other individual, is a member of the taxpayer's household for the entire taxable year.

"(C) Special rules where more than 1 eligible caregiver.—

"(i) In general.—If more than 1 individual is an eligible caregiver with respect to the same applicable individual for taxable years ending with or within the same calendar year, a taxpayer shall be treated as the eligible caregiver if each such individual (other than the taxpayer) files a written declaration (in such form and manner as the Secretary may prescribe) that such individual will not claim such applicable individual for the credit under this section.

"(ii) No agreement.—If each individual required under clause (i) to file a written declaration under clause (i) does not do so, the individual with the highest modified adjusted gross income (as defined in section 32(c)(5)) shall be treated as the eligible caregiver.

"(iii) Married individuals filing separately.—In the case of married individuals filing separately, the determination under this subparagraph as to whether the husband or wife is the eligible caregiver shall be made under the rules of clause (ii) (whether or not one of them has filed a written declaration under clause (i))."

(c) Identification Requirements.—

(1) In general.—Section 24(e) is amended by adding at the end the following new sentence: "No credit shall be allowed under this section to a taxpayer with respect to any applicable individual unless the taxpayer includes the name and taxpayer identification number of such individual, and the identification number of the physician certifying such individual, on the return of tax for the taxable year."

(2) Assessment.—Section 6213(g)(2)(I) is amended—

(A) by inserting "or physician identification" after "correct TIN", and

(B) by striking "child" and inserting "family care".

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

SEC. 205. CREDIT FOR CLINICAL TESTING RESEARCH EXPENSES ATTRIBUTABLE TO CERTAIN QUALIFIED ACADEMIC INSTITUTIONS INCLUDING TEACHING HOSPITALS.

(a) In General.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by inserting after section 41 the following:

"SEC. 41A. CREDIT FOR MEDICAL INNOVATION EXPENSES.

"(a) General Rule.—For purposes of section 38, the medical innovation credit determined under this section for the taxable year shall be an amount equal to 40 percent of the excess (if any) of—

"(1) the qualified medical innovation expenses for the taxable year, over

"(2) the medical innovation base period amount.

"(b) Qualified Medical Innovation Expenses.—For purposes of this section—

"(1) In general.—The term 'qualified medical innovation expenses' means the amounts which are paid or incurred by the taxpayer during the taxable year directly or indirectly to any qualified academic institution for clinical testing research activities.

"(2) Clinical testing research activities.—

"(A) In general.—The term 'clinical testing research activities' means human clinical testing conducted at any qualified academic institution in the development of any product, which occurs before—

"(i) the date on which an application with respect to such product is approved under section 505(b), 506, or 507 of the Federal Food, Drug, and Cosmetic Act,

"(ii) the date on which a license for such product is issued under section 351 of the Public Health Service Act, or

"(iii) the date classification or approval of such product which is a device intended for human use is given under section 513, 514, or 515 of the Federal Food, Drug, and Cosmetic Act.

"(B) Product.—The term 'product' means any drug, biologic, or medical device.

"(3) Qualified academic institution.—The term 'qualified academic institution' means any of the following institutions:

"(A) Educational institution.—A qualified organization described in section 170(b)(1)(A)(iii) which is owned or affiliated with an institution of higher education as described in section 3304(f).

"(B) Teaching hospital.—A teaching hospital which—

"(i) is publicly supported or owned by an organization described in section 501(c)(3), and

"(ii) is affiliated with an organization meeting the requirements of subparagraph (A).

"(C) Foundation.—A medical research organization described in section 501(c)(3) (other than a private foundation) which is affiliated with, or owned by—

"(i) an organization meeting the requirements of subparagraph (A), or

"(ii) a teaching hospital meeting the requirements of subparagraph (B).

"(D) Charitable research hospital.—A hospital that is designated as a cancer center by the National Cancer Institute.

"(4) Exclusion for amounts funded by grants, etc.—The term 'qualified medical innovation expenses' shall not include any amount to the extent such amount is funded by any grant, contract, or otherwise by another person (or any governmental entity).

"(c) Medical Innovation Base Period Amount.—For purposes of this section, the term 'medical innovation base period amount' means the average annual qualified medical innovation expenses paid by the taxpayer during the 3-taxable year period ending with the taxable year immediately preceding the first taxable year of the taxpayer beginning after December 31, 2000.

"(d) Special Rules.—

"(1) Limitation on foreign testing.—No credit shall be allowed under this section with respect to any clinical testing research activities conducted outside the United States.

"(2) Certain rules made applicable.—Rules similar to the rules of subsections (f) and (g) of section 41 shall apply for purposes of this section.

"(3) Election.—This section shall apply to any taxpayer for any taxable year only if such taxpayer elects to have this section apply for such taxable year.

"(4) Coordination with credit for increasing research expenditures and with credit for clinical testing expenses for certain drugs for rare diseases.—Any qualified medical innovation expense for a taxable year to which an election under this section applies shall not be taken into account for purposes of determining the credit allowable under section 41 or 45C for such taxable year.

"(e) Termination.—This section shall not apply to any expense paid or incurred after the date specified in section 41(h)(1)(B)."

(b) Credit To Be Part of General Business Credit.—

(1) In general.—Section 38(b) (relating to current year business credits) is amended by striking "plus" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ", plus", and by adding at the end the following:

"(13) the medical innovation expenses credit determined under section 41A(a)."

(2) Transition rule.—Section 39(d) is amended by adding at the end the following new paragraph:

"(9) No carryback of section 41A credit before enactment.—No portion of the unused business credit for any taxable year which is attributable to the medical innovation credit determined under section 41A may be carried back to a taxable year beginning before January 1, 1999."

(c) Denial of Double Benefit.—Section 280C is amended by adding at the end the following new subsection:

"(d) Credit for Increasing Medical Innovation Expenses.—

"(1) In general.—No deduction shall be allowed for that portion of the qualified medical innovation expenses (as defined in section 41A(b)) otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for such taxable year under section 41A(a).

"(2) Certain rules to apply.—Rules similar to the rules of paragraphs (2), (3), and (4) of subsection (c) shall apply for purposes of this subsection."

(d) Deduction for Unused Portion of Credit.—Section 196(c) (defining qualified business credits) is amended by redesignating paragraphs (5) through (8) as paragraphs (6) through (9), respectively, and by inserting after paragraph (4) the following new paragraph:

"(5) the medical innovation expenses credit determined under section 41A(a) (other than such credit determined under the rules of section 280C(d)(2)),".

(e) Clerical Amendment.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding after the item relating to section 41 the following:

"Sec. 41A. Credit for medical innovation expenses."

(f) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 206. TREATMENT OF CERTAIN HOSPITAL SUPPORT ORGANIZATIONS AS QUALIFIED ORGANIZATIONS .FOR PURPOSES OF DETERMINING ACQUISITION INDEBTEDNESS.

(a) In General.—Subparagraph (C) of section 514(c)(9) is amended by striking "or" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting "; or", and by adding at the end the following new clause:

"(iv) a qualified hospital support organization (as defined in subparagraph (I))."

(b) Qualified Hospital Support Organizations.—Paragraph (9) of section 514(c) is amended by adding at the end the following new subparagraph:

"(I) Qualified hospital support organizations.—For purposes of subparagraph (C)(iv), the term 'qualified hospital support organization' means, with respect to any indebtedness, a support organization (as defined in section 509(a)(3)) which supports a hospital described in section 170(b)(1)(A)(iii) and with respect to which—

"(i) more than half of its assets (by value) at any time since its organization—

"(I) were acquired, directly or indirectly, by gift or devise, and

"(II) consisted of real property,

"(ii) the fair market value of the organization's unimproved real estate acquired, directly or indirectly, by gift or devise, exceeded 10 percent of the fair market value of all investment assets held by the organization immediately prior to the time that the indebtedness was incurred, and

"(iii) no member of the organization's governing body was a disqualified person (as defined in section 4946 but not including any foundation manager) at any time during the taxable year in which the indebtedness was incurred.

In the case of any refinancing not in excess of the indebtedness being refinanced, the determinations under clauses (ii) and (iii) shall be made by reference to the earliest date indebtedness meeting the requirements of this subparagraph (and involved in the chain of indebtedness being refinanced) was incurred."

(c) Effective Date.—The amendments made by this section shall apply to indebtedness incurred in taxable years beginning after December 31, 2000.

SECTION 207. TECHNICAL AMENDMENTS RELATED TO VACCINE INJURY COMPENSATION TRUST FUND.

(a) Repeal of Mutually Conflicting Amendments.—

(1) In general.—Section 1504 of Division C of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (relating to Vaccine Injury Compensation Trust Fund) is repealed.

(2) Effect of repeal.—The Internal Revenue Code of 1986 shall be applied and administered as if the section repealed by paragraph (1) had never been enacted.

(b) Conforming Amendments.—Section 9510(c)(1) (relating to expenditures from Trust Fund) is amended—

(1) by striking "August 5, 1997" in subparagraph (A) and inserting "October 21, 1998", and

(2) by striking "$9,500,000" in subparagraph (B) and inserting "$10,000,000".

(c) Effective Date.—The amendments made by subsection (b) shall take effect as if included in the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999.

TITLE III—ESTATE TAX PROVISIONS

SEC. 301. INCREASE IN UNIFIED ESTATE AND GIFT TAX CREDIT.

(a) In General.—The table in section 2010(c) of the Internal Revenue Code (relating to applicable credit amount) is amended to read as follows:

"In the case of estates of decedents dying, and gifts made, during:	**The applicable exclusion amount is:**
2000 and 2001	$675,000
2002	$700,000
2003	$740,000
2004 and thereafter ...	$1,000,000."

(b) Effective Date.—The amendment made by this section shall apply to the estates of decedents dying, and gifts made, after December 31, 1999.

SEC. 302. INCREASE IN ESTATE TAX DEDUCTION FOR FAMILY-OWNED BUSINESS INTEREST.

(a) In General.—Section 2057(a)(2) (relating to maximum deduction) is amended by striking "$675,000" and inserting "$1,125,000".

(b) Conforming Amendments.—Section 2057(a)(3)(B) (relating to coordination with unified credit) is amended by striking "$675,000" each place it appears in the text and heading and inserting "$1,125,000".

(c) Effective Date.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2002.

TITLE IV—ALTERNATIVE MINIMUM TAX REFORMS

SEC. 401. ALLOWANCE OF NONREFUNDABLE PERSONAL CREDITS FULLY AGAINST REGULAR TAX LIABILITY.

The second sentence of section 26(a) (relating to limitations based on amount of tax) is amended by striking "1998" and inserting "calendar years 1998 through 2003".

SEC. 402. REPEAL OF FOREIGN TAX CREDIT LIMITATION UNDER ALTERNATIVE MINIMUM TAX.

(a) In General.—Section 59(a) (relating to alternative minimum tax foreign tax credit) is amended by striking paragraph (2) and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(b) Conforming Amendment.—Section 53(d)(1)(B)(i)(II) is amended by striking "and if section 59(a)(2) did not apply".

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 403. INCOME AVERAGING FOR FARMERS NOT TO INCREASE ALTERNATIVE MINIMUM TAX LIABILITY.

(a) In General.—Section 55(c) of the Internal Revenue Code of 1986 (defining regular tax) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following:

"(2) Coordination with income averaging for farmers.—Solely for purposes of this section, section 1301 (relating to averaging of farm income) shall not apply in computing the regular tax."

(b) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 404. LONG-TERM UNUSED CREDITS ALLOWED AGAINST MINIMUM TAX.

(a) In General.—Subsection (c) of section 53 (relating to limitation) is amended by adding at the end the following:

"(2) Special rule for corporations with long-term unused credits.—

"(A) In general.—If—

"(i) a corporation to which section 56(g) applies has a long-term unused minimum tax credit for a taxable year, and

"(ii) no credit would be allowable under this section for the taxable year by reason of paragraph (1),

then there shall be allowed a credit under subsection (a) for the taxable year in the amount determined under subparagraph (B).

"(B) Amount of credit.—For purposes of subparagraph (A), the amount of the credit shall be equal to the least of the following for the taxable year:

"(i) The long-term unused minimum tax credit.

"(ii) 20 percent of the taxpayer's tentative minimum tax.

"(iii) The excess (if any) of the amount under paragraph (1)(B) over the amount under paragraph (1)(A).

"(C) Long-term unused minimum tax credit.—For purposes of this paragraph—

"(i) In general.—The long-term unused minimum tax credit for any taxable year is the portion of the minimum tax credit determined under subsection (b) attributable to the adjusted net minimum tax for taxable years beginning after 1986 and before 2000 and which ended before the 5th taxable year immediately preceding the taxable year for which the determination is being made.

"(ii) First-in, first-out ordering rule.—For purposes of clause (i), credits shall be treated as allowed under subsection (a) on a first-in, first-out basis."

(b) Conforming Amendments.—Section 53(c) (as in effect before the amendment made by subsection (a)) is amended—

(1) by striking "The" and inserting the following:

"(1) In general.—The"; and

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively.

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

TITLE V—EXTENSION OF EXPIRING INCENTIVES

SEC. 501. WORK OPPORTUNITY CREDIT AND WELFARE-TO-WORK CREDIT.

(a) Temporary Extension.—Sections 51(c)(4)(B) and 51A(f) (relating to termination) are each amended by striking "June 30, 1999" and inserting "June 30, 2001".

(b) Clarification of First Year of Employment.—Paragraph (2) of section 51(i) is amended by striking "during which he was not a member of a targeted group".

(c) Effective Date.—The amendments made by this section shall apply to individuals who begin work for the employer after June 30, 1999.

SEC. 502. ELECTRICITY PRODUCED FROM CERTAIN NONRENEWABLE RESOURCES CREDIT.

(a) Temporary Extension.—Section 45(c)(3) (relating to qualified facility) is amended by striking "1999" and inserting "2001".

(b) Effective Date.—The amendment made by this section shall apply to facilities placed in service after June 30, 1999.

SEC. 503. SUBPART F EXEMPTION FOR ACTIVE FINANCING INCOME.

(a) In General.—Sections 953(e)(10) and 954(h)(9) are each amended—

(1) by striking "the first taxable year" and inserting "taxable years", and

(2) by striking "January 1, 2000" and inserting "January 1, 2002".

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 504. EXTENSION OF EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

Section 198(h) (relating to termination) is amended by striking "December 31, 2000" and inserting "June 30, 2001".

SEC. 505. VIRGIN ISLANDS AND PUERTO RICO RUM COVER OVER.

(a) In General.—Section 7652(f)(1) (relating to limitation on cover over of tax on distilled spirits) is amended to read as follows:

"(1) $10.50 ($13.50 in the case of distilled spirits brought into the United States after June 30, 1999, and before July 1, 2001), or".

(b) Effective Date.—The amendment made by this section shall take effect on July 1, 1999.

SEC. 506. MODIFICATIONS OF PUERTO RICAN ECONOMIC ACTIVITY CREDIT.

(a) Taxpayers Other Than Existing Claimants Eligible for Credit.—Section 30A(a)(2) (defining qualified domestic corporation) is amended to read as follows:

"(2) Qualified domestic corporation.—For purposes of paragraph (1), the term 'qualified domestic corporation' means a domestic corporation with respect to which section 936(a)(4)(B) does not apply for the taxable year."

(b) Repeal of Base Period Cap.—Section 30A(a)(1) is amended by striking the last sentence.

(c) Conforming Amendments.—

(1) Section 30A(a)(3) is amended to read as follows:

"(3) Separate application.—For purposes of determining the amount of the credit allowed under this section, this section (and so much of section 936 as relates to this section) shall be applied separately with respect to Puerto Rico."

(2) Section 30A(e)(1) is amended by inserting "but not including subsection (j) thereof" after "thereunder".

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999, and before January 1, 2003.

TITLE VI—QUALITY EDUCATION INITIATIVES

SEC. 601. EXPANSION OF INCENTIVES FOR PUBLIC SCHOOLS.

(a) In General.—Chapter 1 is amended by adding at the end the following new subchapter:

"Subchapter X—Public School Modernization Provisions

"Part I. Credit to holders of qualified public school modernization bonds.
"Part II. Qualified school construction bonds.
"Part III. Incentives for education zones.

"PART I—CREDIT TO HOLDERS OF QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS

"Sec. 1400F. Credit to holders of qualified public school modernization bonds.

"SEC. 1400F. CREDIT TO HOLDERS OF QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS.

"(a) Allowance of Credit.—In the case of a taxpayer who holds a qualified public school modernization bond on a credit allowance date of such bond which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to credit allowance dates during such year on which the taxpayer holds such bond.

"(b) Amount of Credit.—

"(1) In general.—The amount of the credit determined under this subsection with respect to any credit allowance date for a qualified public school modernization bond is 25 percent of the annual credit determined with respect to such bond.

"(2) Annual credit.—The annual credit determined with respect to any qualified public school modernization bond is the product of—

"(A) the applicable credit rate, multiplied by

"(B) the outstanding face amount of the bond.

"(3) Applicable credit rate.—For purposes of paragraph (1), the applicable credit rate with respect to an issue is the rate equal to an average market yield (as of the day before the date of issuance of the issue) on outstanding long-term corporate debt obligations (determined under regulations prescribed by the Secretary).

"(4) Special rule for issuance and redemption.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed.

"(c) Limitation Based on Amount of Tax.—

"(1) In general.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

"(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

"(B) the sum of the credits allowable under part IV of subchapter A (other than subpart C thereof, relating to refundable credits).

"(2) Carryover of unused credit.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

"(d) Qualified Public School Modernization Bond; Credit Allowance Date.—For purposes of this section—

"(1) Qualified public school modernization bond.—The term 'qualified public school modernization bond' means—

"(A) a qualified school construction bond, and

"(B) a qualified zone academy bond.

"(2) Credit allowance date.—The term 'credit allowance date' means—

"(A) March 15,
"(B) June 15,
"(C) September 15, and
"(D) December 15.

Such term includes the last day on which the bond is outstanding.

"(e) Other Definitions.—For purposes of this subchapter—

"(1) Local educational agency.—The term 'local educational agency' has the meaning given to such term by section 14101 of the Elementary and Secondary Education Act of 1965. Such term includes the local educational agency that serves the District of Columbia but does not include any other State agency.

"(2) Bond.—The term 'bond' includes any obligation.

"(3) State.—The term 'State' includes the District of Columbia and any possession of the United States.

"(4) Public school facility.—The term 'public school facility' shall not include any facility which is not owned by a State or local government or any agency or instrumentality of a State or local government.

"(f) Credit Included in Gross Income.—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

"(g) Bonds Held by Regulated Investment Companies.—If any qualified public school modernization bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

"(h) Credits May Be Stripped.—Under regulations prescribed by the Secretary—

"(1) In general.—There may be a separation (including at issuance) of the ownership of a qualified public school modernization bond and the entitlement to the credit under this section with respect to such bond. In case of any such separation, the credit under this section shall be allowed to the person who on the credit allowance date holds the instrument evidencing the entitlement to the credit and not to the holder of the bond.

"(2) Certain rules to apply.—In the case of a separation described in paragraph (1), the rules of section 1286 shall apply to the qualified public school modernization bond as if it were a stripped bond and to the credit under this section as if it were a stripped coupon.

"(i) TREATMENT FOR ESTIMATED TAX PURPOSES.—Solely for purposes of sections 6654 and 6655, the credit allowed by this section to a taxpayer by reason of holding a qualified public school modernization bonds on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.

"(j) CREDIT MAY BE TRANSFERRED.—Nothing in any law or rule of law shall be construed to limit the transferability of the credit allowed by this section through sale and repurchase agreements.

"(k) REPORTING.—Issuers of qualified public school modernization bonds shall submit reports similar to the reports required under section 149(e).

"PART II—QUALIFIED SCHOOL CONSTRUCTION BONDS

"Sec. 1400G. Qualified school construction bonds.

"SEC. 1400G. QUALIFIED SCHOOL CONSTRUCTION BONDS.

"(a) QUALIFIED SCHOOL CONSTRUCTION BOND.—For purposes of this subchapter, the term 'qualified school construction bond' means any bond issued as part of an issue if—

"(1) 95 percent or more of the proceeds of such issue are to be used for the construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which such a facility is to be constructed with part of the proceeds of such issue,

"(2) the bond is issued by a State or local government within the jurisdiction of which such school is located,

"(3) the issuer designates such bond for purposes of this section, and

"(4) the term of each bond which is part of such issue does not exceed 15 years.

"(b) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) by any issuer shall not exceed the sum of—

"(1) the limitation amount allocated under subsection (d) for such calendar year to such issuer, and

"(2) if such issuer is a large local educational agency (as defined in subsection (e)(4)) or is issuing on behalf of such an agency, the limitation amount allocated under subsection (e) for such calendar year to such agency.

"(c) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national qualified school construction bond limitation for each calendar year. Such limitation is—

"(1) $11,800,000,000 for 2001,

"(2) $11,800,000,000 for 2005, and

"(3) except as provided in subsection (f), zero after 2001 and before 2005, and after 2005.

"(d) SIXTY-FIVE PERCENT OF LIMITATION ALLOCATED AMONG STATES.—

"(1) IN GENERAL.—Sixty-five percent of the limitation applicable under subsection (c) for any calendar year shall be allocated among the States under paragraph (2) by the Secretary. The limitation amount allocated to a State under the preceding sentence shall be allocated by the State to issuers within such State and such allocations may be made only if there is an approved State application.

"(2) ALLOCATION FORMULA.—The amount to be allocated under paragraph (1) for any calendar year shall be allocated among the States in proportion to the respective amounts each such State received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year ending before such calendar year. For purposes of the preceding sentence, Basic Grants attributable to large local educational agencies (as defined in subsection (e)) shall be disregarded.

"(3) MINIMUM ALLOCATIONS TO STATES.—

"(A) IN GENERAL.—The Secretary shall adjust the allocations under this subsection for any calendar year for each State to the extent necessary to ensure that the sum of—

"(i) the amount allocated to such State under this subsection for such year, and

"(ii) the aggregate amounts allocated under subsection (e) to large local educational agencies in such State for such year,

is not less than an amount equal to such State's minimum percentage of the amount to be allocated under paragraph (1) for the calendar year.

"(B) MINIMUM PERCENTAGE.—A State's minimum percentage for any calendar year is the minimum percentage described in section 1124(d) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6334(d)) for such State for the most recent fiscal year ending before such calendar year.

"(4) ALLOCATIONS TO CERTAIN POSSESSIONS.—The amount to be allocated under paragraph (1) to any possession of the United States other than Puerto Rico shall be the amount which would have been allocated if all allocations under paragraph (1) were made on the basis of respective populations of individuals below the poverty line (as defined by the Office of Management and Budget). In making other allocations, the amount to be allocated under paragraph (1) shall be reduced by the aggregate amount allocated under this paragraph to possessions of the United States.

"(5) ALLOCATIONS FOR INDIAN SCHOOLS.—In addition to the amounts otherwise allocated under this subsection, $200,000,000 for calendar year 2001, and $200,000,000 for calendar year 2005, shall be allocated by the Secretary of the Interior for purposes of the construction, rehabilitation, and repair of schools funded by the Bureau of Indian Affairs. In the case of amounts allocated under the preceding sentence, Indian tribal governments (as defined in section 7871) shall be treated as qualified issuers for purposes of this subchapter.

"(6) APPROVED STATE APPLICATION.—For purposes of paragraph (1), the term 'approved State application' means an application which is approved by the Secretary of Education and which includes—

"(A) the results of a recent publicly-available survey (undertaken by the State with the involvement of local education officials, members of the public, and experts in school construction and management) of such State's needs for public school facilities, including descriptions of—

"(i) health and safety problems at such facilities,

"(ii) the capacity of public schools in the State to house projected enrollments, and

"(iii) the extent to which the public schools in the State offer the physical infrastructure needed to provide a high-quality education to all students, and

"(B) a description of how the State will allocate to local educational agencies, or otherwise use, its allocation under this subsection to address the needs identified under subparagraph (A), including a description of how it will—

"(i) give highest priority to localities with the greatest needs, as demonstrated by inadequate school facilities coupled with a low level of resources to meet those needs,

"(ii) use its allocation under this subsection to assist localities that lack the fiscal capacity to issue bonds on their own, and

"(iii) ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, and repair in the State that would have occurred in the absence of such allocation.

Any allocation under paragraph (1) by a State shall be binding if such State reasonably determined that the allocation was in accordance with the plan approved under this paragraph.

"(e) THIRTY-FIVE PERCENT OF LIMITATION ALLOCATED AMONG LARGEST SCHOOL DISTRICTS.—

"(1) IN GENERAL.—Thirty-five percent of the limitation applicable under subsection (c) for any calendar year shall be allocated under paragraph (2) by the Secretary among local educational agencies which are large local educational agencies for such year. No qualified school construction bond may be issued by reason of an allocation to a large local educational agency under the preceding sentence unless such agency has an approved local application.

"(2) ALLOCATION FORMULA.—The amount to be allocated under paragraph (1) for any calendar year shall be allocated among large local educational agencies in proportion to the respective amounts each such agency received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year ending before such calendar year.

"(3) ALLOCATION OF UNUSED LIMITATION TO STATE.—The amount allocated under this subsection to a large local educational agency for any calendar year may be reallocated by such agency to the State in which such agency is located for such calendar year. Any amount reallocated to a State under the preceding sentence may be allocated as provided in subsection (d)(1).

"(4) LARGE LOCAL EDUCATIONAL AGENCY.—For purposes of this section, the term 'large local educational agency' means, with respect to a calendar year, any local educational agency if such agency is—

"(A) among the 100 local educational agencies with the largest numbers of children aged 5 through 17 from families living below the poverty level, as determined by the Secretary using the most recent data available from the Department of Commerce that are satisfactory to the Secretary, or

"(B) 1 of not more than 25 local educational agencies (other than those described in subparagraph (A)) that the Secretary of Education determines (based on the most recent data available satisfactory to the Secretary) are in particular need of assistance, based on a low level of resources for school construction, a high level of enrollment growth, or such other factors as the Secretary deems appropriate.

"(5) APPROVED LOCAL APPLICATION.—For purposes of paragraph (1), the term 'approved local application' means an application which is approved by the Secretary of Education and which includes—

"(A) the results of a recent publicly-available survey (undertaken by the local educational agency or the State with the involvement of school officials, members of the public, and experts in school construction and management) of such agency's needs for public school facilities, including descriptions of—

“(i) the overall condition of the local educational agency's school facilities, including health and safety problems,

“(ii) the overcrowded conditions of the agency's schools and the capacity of such schools to house projected enrollments, and

“(iii) the extent to which the agency's schools offer the physical infrastructure needed to provide a high-quality education to all students,

“(B) a description of how the local educational agency will use its allocation under this subsection to address the needs identified under subparagraph (A), including a description of how the agency will—

“(i) give high priority to localities with the greatest needs, as demonstrated by inadequate school facilities coupled with a low level of resources to meet those needs,

“(ii) use its allocation under this subsection to assist localities that lack the fiscal capacity to issue bonds on their own,

“(iii) ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, and repair in the State that would have occurred in the absence of such allocation, and

“(iv) ensure that the needs of both rural and urban areas are recognized, and

“(C) a description of how the local educational agency will ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, or repair in the locality that would have occurred in the absence of such allocation.

A rule similar to the rule of the last sentence of subsection (d)(6) shall apply for purposes of this paragraph.

“(f) Carryover of Unused Limitation.—If for any calendar year—

“(1) the amount allocated under subsection (d) to any State, exceeds

“(2) the amount of bonds issued during such year which are designated under subsection (a) pursuant to such allocation,

the limitation amount under such subsection for such State for the following calendar year shall be increased by the amount of such excess. A similar rule shall apply to the amounts allocated under subsection (d)(5) or (e).

“(g) Special Rules Relating to Arbitrage.—

“(1) In general.—A bond shall not be treated as failing to meet the requirement of subsection (a)(1) solely by reason of the fact that the proceeds of the issue of which such bond is a part are invested for a temporary period (but not more than 36 months) until such proceeds are needed for the purpose for which such issue was issued.

“(2) Binding commitment requirement.—Paragraph (1) shall apply to an issue only if, as of the date of issuance, there is a reasonable expectation that—

“(A) at least 10 percent of the proceeds of the issue will be spent within the 6-month period beginning on such date for the purpose for which such issue was issued, and

“(B) the remaining proceeds of the issue will be spent with due diligence for such purpose.

“(3) Earnings on proceeds.—Any earnings on proceeds during the temporary period shall be treated as proceeds of the issue for purposes of applying subsection (a)(1) and paragraph (1) of this subsection.

“PART III—INCENTIVES FOR EDUCATION ZONES

“Sec. 1400H. Qualified zone academy bonds.

“SEC. 1400H. QUALIFIED ZONE ACADEMY BONDS.

“(a) Qualified Zone Academy Bond.—For purposes of this subchapter—

“(1) In general.—The term ‘qualified zone academy bond’ means any bond issued as part of an issue if—

“(A) 95 percent or more of the proceeds of such issue are to be used for a qualified purpose with respect to a qualified zone academy established by a local educational agency,

“(B) the bond is issued by a State or local government within the jurisdiction of which such academy is located,

“(C) the issuer—

“(i) designates such bond for purposes of this section,

“(ii) certifies that it has written assurances that the private business contribution requirement of paragraph (2) will be met with respect to such academy, and

“(iii) certifies that it has the written approval of the local educational agency for such bond issuance, and

“(D) the term of each bond which is part of such issue does not exceed 15 years.

Rules similar to the rules of section 1400G(g) shall apply for purposes of paragraph (1).

“(2) Private business contribution requirement.—

“(A) In general.—For purposes of paragraph (1), the private business contribution requirement of this paragraph is met with respect to any issue if the local educational agency that established the qualified zone academy has written commitments from private entities to make qualified contributions having a present value (as of the date of issuance of the issue) of not less than 10 percent of the proceeds of the issue.

“(B) Qualified contributions.—For purposes of subparagraph (A), the term ‘qualified contribution’ means any contribution (of a type and quality acceptable to the local educational agency) of—

“(i) equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment),

“(ii) technical assistance in developing curriculum or in training teachers in order to promote appropriate market driven technology in the classroom,

“(iii) services of employees as volunteer mentors,

“(iv) internships, field trips, or other educational opportunities outside the academy for students, or

“(v) any other property or service specified by the local educational agency.

“(3) Qualified zone academy.—The term ‘qualified zone academy’ means any public school (or academic program within a public school) which is established by and operated under the supervision of a local educational agency to provide education or training below the postsecondary level if—

“(A) such public school or program (as the case may be) is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce,

“(B) students in such public school or program (as the case may be) will be subject to the same academic standards and assessments as other students educated by the local educational agency,

“(C) the comprehensive education plan of such public school or program is approved by the local educational agency, and

“(D)(i) such public school is located in an empowerment zone or enterprise community (including any such zone or community designated after the date of the enactment of this section), or

“(ii) there is a reasonable expectation (as of the date of issuance of the bonds) that at least 35 percent of the students attending such school or participating in such program (as the case may be) will be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

“(4) Qualified purpose.—The term ‘qualified purpose’ means, with respect to any qualified zone academy—

“(A) constructing, rehabilitating, or repairing the public school facility in which the academy is established,

“(B) acquiring the land on which such facility is to be constructed with part of the proceeds of such issue,

“(C) providing equipment for use at such academy,

“(D) developing course materials for education to be provided at such academy, and

“(E) training teachers and other school personnel in such academy.

“(b) Limitations on Amount of Bonds Designated.—

“(1) In general.—There is a national zone academy bond limitation for each calendar year. Such limitation is—

“(A) $400,000,000 for 1998,

“(B) $400,000,000 for 1999,

“(C) $400,000,000 for 2001,

“(D) $400,000,000 for 2005, and

“(E) except as provided in paragraph (3), zero after 1999 and before 2001, zero after 2001 and before 2005, and zero after 2005.

“(2) Allocation of limitation.—

“(A) Allocation among states.—

“(i) 1998 and 1999 limitations.—The national zone academy bond limitations for calendar years 1998 and 1999 shall be allocated by the Secretary among the States on the basis of their respective populations of individuals below the poverty line (as defined by the Office of Management and Budget).

“(ii) Limitation after 1999.—The national zone academy bond limitation for any calendar year after 1999 shall be allocated by the Secretary among the States in the manner prescribed by section 1400G(d); except that in making the allocation under this clause, the Secretary shall take into account—

“(I) Basic Grants attributable to large local educational agencies (as defined in section 1400G(e)(4)).

“(II) the national zone academy bond limitation.

“(B) Allocation to local educational agencies.—The limitation amount allocated to a State under subparagraph (A) shall be allocated by the State education agency to qualified zone academies within such State.

“(C) Designation subject to limitation amount.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) with respect to any qualified zone academy shall not exceed the limitation amount allocated to such academy under subparagraph (B) for such calendar year.

“(3) Carryover of unused limitation.—If for any calendar year—

“(A) the limitation amount under this subsection for any State, exceeds

“(B) the amount of bonds issued during such year which are designated under subsection (a) (or the corresponding provisions of prior law) with respect to qualified zone academies within such State, the limitation amount under this subsection for such State for the following calendar year shall be increased by the amount of such excess."

(b) Reporting.—Subsection (d) of section 6049 of the Internal Revenue Code of 1986 (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

"(8) Reporting of credit on qualified public school modernization bonds.—

"(A) In general.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 1400F(f) and such amounts shall be treated as paid on the credit allowance date (as defined in section 1400F(d)(2)).

"(B) Reporting to corporations, etc.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A) of this paragraph, subsection (b)(4) of this section shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i).

"(C) Regulatory authority.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting."

(c) Conforming Amendments.—

(1) Subchapter U of chapter 1 of the Internal Revenue Code of 1986 is amended by striking part IV, by redesignating part V as part IV, and by redesignating section 1397F as section 1397E.

(2) The table of subchapters for chapter 1 of such Code is amended by adding at the end the following new item:

"Subchapter X. Public school modernization provisions."

(3) The table of parts of subchapter U of chapter 1 of such Code is amended by striking the last 2 items and inserting the following item:

"Part IV. Regulations."

(d) Use of net proceeds.—Notwithstanding any other provision of law—

(1) section 439(a) of the General Education Provisions Act shall apply with respect to the construction, reconstruction, rehabilitation, or repair of any school facility to the extent funded by net proceeds obtained through any provision enacted or amended by this Act, and

(2) such net proceeds may not be used to fund the construction, reconstruction, rehabilitation, or repair of any stadium or other facility primarily used for athletic or nonacademic events.

(e) Effective Date.—

(1) In general.—Except as provided in paragraph (2), the amendments made by this section shall apply to obligations issued after December 31, 1999.

(2) Repeal of restriction on zone academy bond holders.—In the case of bonds to which section 1397E of the Internal Revenue Code of 1986 (as in effect before the date of the enactment of this Act) applies, the limitation of such section to eligible taxpayers (as defined in subsection (d)(6) of such section) shall not apply after the date of the enactment of this Act.

SEC. 602. MODIFICATIONS TO QUALIFIED TUITION PROGRAMS.

(a) Eligible Educational Institutions Permitted To Maintain Qualified Tuition Programs.—

(1) In general.—Section 529(b)(1) (defining qualified State tuition program) is amended by inserting "or by 1 or more eligible educational institutions" after "maintained by a State or agency or instrumentality thereof".

(2) Private qualified tuition programs limited to benefit plans.—Clause (ii) of section 529(b)(1)(A) is amended by inserting "in the case of a program established and maintained by a State or agency or instrumentality thereof," before "may make".

(3) Conforming amendments.—

(A) Sections 72(e)(9), 135(c)(2)(C), 135(d)(1)(D), 529, 530(b)(2)(B), 4973(e), and 6693(a)(2)(C) are each amended by striking "qualified State tuition" each place it appears and inserting "qualified tuition".

(B) The headings for sections 72(e)(9) and 135(c)(2)(C) are each amended by striking "QUALIFIED STATE TUITION" and inserting "QUALIFIED TUITION".

(C) The headings for sections 529(b) and 530(b)(2)(B) are each amended by striking "Qualified state tuition" and inserting "Qualified tuition".

(D) The heading for section 529 is amended by striking "state".

(E) The item relating to section 529 in the table of sections for part VIII of subchapter F of chapter 1 is amended by striking "State".

(b) Exclusion From Gross Income of Education Distributions From Qualified Tuition Programs.—

(1) In general.—Section 529(c)(3)(B) (relating to distributions) is amended to read as follows:

"(B) Distributions for qualified higher education expenses.—For purposes of this paragraph—

"(i) In-kind distributions.—No amount shall be includible in gross income under subparagraph (A) by reason of a distribution which consists of providing a benefit to the distributee which, if paid for by the distributee, would constitute payment of a qualified higher education expense.

"(ii) Cash distributions.—In the case of distributions not described in clause (i), if—

"(I) such distributions do not exceed the qualified higher education expenses (reduced by expenses described in clause (i)), no amount shall be includible in gross income, and

"(II) in any other case, the amount otherwise includible in gross income shall be reduced by an amount which bears the same ratio to such amount as such expenses bear to such distributions.

"(iii) Exception for institutional programs.—In the case of any taxable year beginning before January 1, 2004, clauses (i) and (ii) shall not apply with respect to any distribution during such taxable year under a qualified tuition program established and maintained by 1 or more eligible educational institutions.

"(iv) Treatment as distributions.—Any benefit furnished to a designated beneficiary under a qualified tuition program shall be treated as a distribution to the beneficiary for purposes of this paragraph.

"(v) Coordination with hope and lifetime learning credits.—The total amount of qualified higher education expenses with respect to an individual for the taxable year shall be reduced—

"(I) as provided in section 25A(g)(2), and

"(II) by the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A.

"(vi) Coordination with education individual retirement accounts.—If, with respect to an individual for any taxable year—

"(I) the aggregate distributions to which clauses (i) and (ii) and section 530(d)(2)(A) apply, exceed

"(II) the total amount of qualified higher education expenses otherwise taken into account under clauses (i) and (ii) (after the application of clause (v)) for such year,

the taxpayer shall allocate such expenses among such distributions for purposes of determining the amount of the exclusion under clauses (i) and (ii) and section 530(d)(2)(A)."

(2) Conforming amendments.—

(A) Section 135(d)(2)(B) is amended by striking "the exclusion under section 530(d)(2)" and inserting "the exclusions under sections 529(c)(3)(B)(i) and 530(d)(2)".

(B) Section 221(e)(2)(A) is amended by inserting "529," after "135,".

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 603. ELIMINATION OF 60-MONTH LIMIT ON STUDENT LOAN INTEREST DEDUCTION.

(a) Elimination of 60-Month Limit.—Section 221 (relating to interest on education loans) is amended by striking subsection (d) and by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

(b) Conforming Amendment.—Section 6050S(e) is amended by striking "section 221(e)(1)" and inserting "section 221(d)(1)".

(c) Effective Date.—The amendments made by this subsection shall apply with respect to any loan interest paid after December 31, 1999, in taxable years ending after such date.

SEC. 604. ADDITIONAL INCREASE IN ARBITRAGE REBATE EXCEPTION FOR GOVERNMENTAL BONDS USED TO FINANCE EDUCATIONAL FACILITIES.

(a) In General.—Section 148(f)(4)(D)(vii) (relating to increase in exception for bonds financing public school capital expenditures) is amended by striking "$5,000,000" the second place it appears and inserting "$10,000,000".

(b) Effective Date.—The amendment made by subsection (a) shall apply to obligations issued in calendar years beginning after December 31, 2000.

SEC. 605. TREATMENT OF QUALIFIED PUBLIC EDUCATIONAL FACILITY BONDS AS EXEMPT FACILITY BONDS.

(a) Treatment as Exempt Facility Bond.—Subsection (a) of section 142 (relating to exempt facility bond) is amended by striking "or" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ", or", and by adding at the end the following new paragraph:

"(13) qualified public educational facilities."

(b) Qualified Public Educational Facilities.—Section 142 (relating to exempt facility bond) is amended by adding at the end the following new subsection:

"(k) Qualified Public Educational Facilities.—

"(1) In general.—For purposes of subsection (a)(13), the term 'qualified public educational facility' means any school facility which is—

"(A) part of a public elementary school or a public secondary school, and

"(B) owned by a private, for-profit corporation pursuant to a public-private partnership agreement with a State or local educational agency described in paragraph (2).

"(2) Public-private partnership agreement described.—A public-private partnership agreement is described in this paragraph if it is an agreement—

"(A) under which the corporation agrees—

"(i) to do 1 or more of the following: construct, rehabilitate, refurbish, or equip a school facility, and "(ii) at the end of the term of the agreement, to transfer the school facility to such agency for no additional consideration, and

"(B) the term of which does not exceed the last maturity date of any bond which is a part of the issue to be used to finance the activities described in subparagraph (A)(i).

"(3) School facility.—For purposes of this subsection, the term 'school facility' means—

"(A) school buildings,

"(B) functionally related and subordinate facilities and land with respect to such buildings, including any stadium or other facility primarily used for school events, and

"(C) any property, to which section 168 applies (or would apply but for section 179), for use in the facility.

"(4) Public schools.—For purposes of this subsection, the terms 'elementary school' and 'secondary school' have the meanings given such terms by section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), as in effect on the date of the enactment of this subsection.

"(5) Annual aggregate face amount of tax-exempt financing.—

"(A) In general.—An issue shall not be treated as an issue described in subsection (a)(13) if the aggregate face amount of bonds issued by the State pursuant thereto (when added to the aggregate face amount of bonds previously so issued during the calendar year) exceeds an amount equal to the greater of—

"(i) $10 multiplied by the State population, or

"(ii) $5,000,000.

"(B) Allocation rules.—

"(i) In general.—Except as otherwise provided in this subparagraph, the State may allocate the amount described in subparagraph (A) for any calendar year in such manner as the State determines appropriate.

"(ii) Rules for carryforward of unused limitation.—A State may elect to carry forward an unused limitation for any calendar year for 3 calendar years following the calendar year in which the unused limitation arose under rules similar to the rules of section 146(f), except that the only purpose for which the carryforward may be elected is the issuance of exempt facility bonds described in subsection (a)(13)."

(c) Exemption From General State Volume Caps.—Paragraph (3) of section 146(g) (relating to exception for certain bonds) is amended—

(1) by striking "or (12)" and inserting "(12), or (13)", and

(2) by striking "and environmental enhancements of hydroelectric generating facilities" and inserting "environmental enhancements of hydroelectric generating facilities, and qualified public educational facilities".

(d) Exemption From Limitation on Use for Land Acquisition.—Section 147(h) (relating to certain rules not to apply to mortgage revenue bonds, qualified student loan bonds, and qualified 501(c)(3) bonds) is amended by adding at the end the following new paragraph:

"(3) Exempt facility bonds for qualified public-private schools.—Subsection (c) shall not apply to any exempt facility bond issued as part of an issue described in section 142(a)(13) (relating to qualified public educational facilities)."

(e) Conforming Amendment.—The heading for section 147(h) is amended by striking "Mortgage Revenue Bonds, Qualified Student Loan Bonds, and Qualified 501(c)(3) Bonds" and inserting "Certain Bonds".

(f) Effective Date.—The amendments made by this section shall apply to bonds issued after December 31, 2000.

SEC. 606. PERMANENT EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) In General.—Section 127 (relating to exclusion for educational assistance programs) is amended by striking subsection (d).

(b) Repeal of Limitation on Graduate Education.—

(1) In general.—The last sentence of section 127(c)(1) is amended by striking ", and such term also does not include any payment for, or the provision of any benefits with respect to, any graduate level course of a kind normally taken by an individual pursuing a program leading to a law, business, medical, or other advanced academic or professional degree".

(2) Effective date.—The amendment made by paragraph (1) shall apply with respect to expenses relating to courses beginning after December 31, 1999.

SEC. 607. EXPANSION OF DEDUCTION FOR COMPUTER DONATIONS TO SCHOOLS.

(a) In General.—Section 170(e)(6)(A) (relating to limit on reduction) is amended by inserting "(determined by substituting '90 percent' for 'one-half" in clause (i) and without regard to clause (ii) thereof)" after "paragraph (3)(B)".

(b) Reacquired Computers Eligible for Donation.—

(1) In general.—Section 170(e)(6)(B)(iii) (defining qualified elementary or secondary educational contribution) is amended by inserting ", the person from whom the donor reacquires the property," after "the donor".

(2) Reacquired computer equivalent to new computer.—Section 170(e)(6)(B) is amended by striking "and" at the end of clause (vi), by redesignating clause (vii) as clause (viii), and by inserting after clause (vi) the following:

"(vii) the contribution of any reacquired computer technology or equipment is made only after such computer technology or equipment is refurbished to a standard equivalent to newly constructed computer technology or equipment, and".

(3) Conforming amendment.—Section 170(e)(6)(B)(ii) is amended by inserting "or reaquired" after "acquired".

(c) Extension of Deduction.—Section 170(e)(6)(F) (relating to termination) is amended by striking "2000" and inserting "2001".

(d) Effective Date.—The amendments made by this section shall apply to contributions made after December 31, 1999.

SEC. 608. CREDIT FOR INFORMATION TECHNOLOGY TRAINING PROGRAM EXPENSES.

(a) In General.—Subpart D of part IV of subchapter A of chapter 1 (relating to business-related credits) is amended by adding at the end the following:

"SEC. 45D. INFORMATION TECHNOLOGY TRAINING PROGRAM EXPENSES.

"(a) General Rule.—For purposes of section 38, in the case of an employer, the information technology training program credit determined under this section is an amount equal to 20 percent of information technology training program expenses paid or incurred by the taxpayer during the taxable year.

"(b) Additional Credit Percentage for Certain Programs.—The percentage under subsection (a) shall be increased by 5 percentage points for information technology training program expenses paid or incurred—

"(1) by the taxpayer with respect to a program operated in—

"(A) an empowerment zone or enterprise community designated under part I of subchapter U,

"(B) a school district in which at least 50 percent of the students attending schools in such district are eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act,

"(C) an area designated as a disaster area by the Secretary of Agriculture or by the President under the Disaster Relief and Emergency Assistance Act in the taxable year or the 4 preceding taxable years,

"(D) a rural enterprise community designated under section 766 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999,

"(E) an area designated by the Secretary of Agriculture as a Rural Economic Area Partnership Zone, or

"(F) an area designated by the Secretary of Agriculture as a Champion Community, or

"(2) by a small employer.

"(c) Limitation.—The amount of information technology training program expenses with respect to an individual which may be taken into account under subsection (a) for the taxable year shall not exceed $6,000.

"(d) Information Technology Training Program Expenses.—For purposes of this section—

"(1) In general.—The term 'information technology training program expenses' means expenses paid or incurred by reason of the participation of the employer in any information technology training program.

"(2) Information technology training program.—The term 'information technology training program' means a program—

"(A) for the training of—

"(i) computer programmers, systems analysts, and computer scientists or engineers (as such occupations are defined by the Bureau of Labor Statistics), and

"(ii) such other occupations as determined by the Secretary, after consultation with a working group broadly solicited by the Secretary and open to all interested information technology entities and trade and professional associations,

"(B) involving a partnership of—

"(i) employers, and

"(ii) State training programs, school districts, university systems, tribal colleges, or certified commercial information technology training providers, and

"(C) at least 50 percent of the costs of which is paid or incurred by the employers.

"(3) Certified commercial information technology training provider.—The term 'certified commercial information technology training providers' means a private sector provider of educational products and services utilized for training in information technology which is certified with respect to—

"(A) the curriculum that is used for the training, or

"(B) the technical knowledge of the instructors of such provider,

by 1 or more software publishers or hardware manufacturers the products of which are a subject of the training.

"(e) Small Employer.—For purposes of this section, the term 'small employer' means, with respect to any calendar year, any employer if such employer employed 200 or fewer employees on each business day in each of 20 or more calendar weeks in such year or the preceding calendar year.

"(f) Denial of Double Benefit.—No deduction or credit under any other provision of this chapter shall be allowed with respect to information technology training program expenses (determined without regard to the limitation under subsection (c)).

"(g) Certain rules made applicable.—For purposes of this section, rules similar to the rules of section 45A(e)(2) and subsections (c), (d), and (e) of section 52 shall apply."

(b) Credit To Be Part of General Business Credit.—Section 38(b) (relating to current year business credit), as amended by section 205(b)(1), is amended by striking "plus" at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting ", plus", and by adding at the end the following:

"(14) the information technology training program credit determined under section 45D."

(c) No Carrybacks.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits), as amended by section 205(c), is amended by adding at the end the following:

"(10) No carryback of section 45D credit before effective date.—No portion of the unused business credit for any taxable year which is attributable to the information technology training program credit determined under section 45D may be carried back to a taxable year ending before the date of the enactment of section 45D."

(d) Clerical Amendment.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following:

"Sec. 45D. Information technology training program expenses."

(e) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 609. CHARITABLE CONTRIBUTIONS TO CERTAIN LOW INCOME SCHOOLS MAY BE MADE IN NEXT TAXABLE YEAR.

(a) In General.—Section 170(f) (relating to disallowance of deduction in certain cases and special rules) is amended by adding at the end the following new paragraph:

"(10) Time when certain contributions deemed made.—

"(A) In general.—At the election of the taxpayer, a qualified low-income school contribution shall be deemed to be made on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof). The election may be made at the time of the filing of the return for such table year, and shall be made and substantiated in such manner as the Secretary shall by regulations prescribe.

"(B) Qualified low-income school contribution.—For purposes of subparagraph (A), the term 'qualified low-income school contribution' means a charitable contribution to an educational organization described in subsection (b)(1)(A)(ii)—

"(i) which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), as determined under State law, and

"(ii) with respect to which at least 50 percent of the students attending such school are eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act."

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 610. EXCLUSION OF NATIONAL SERVICE EDUCATIONAL AWARDS.

(a) In General.—Section 117 (relating to qualified scholarships) is amended by adding at the end the following:

"(e) Qualified National Service Educational Awards.—

"(1) In general.—Gross income for any taxable year shall not include any qualified national service educational award.

"(2) Qualified national service educational award.—For purposes of this subsection—

"(A) In general.—The term 'qualified national service educational award' means any amount received by an individual in a taxable year as a national service educational award or other amount under section 148 of the National and Community Service Act of 1990 (42 U.S.C. 12604) to the extent the individual establishes that, in accordance with the conditions of such award or other amount, such award or other amount was used for qualified tuition and related expenses (as defined in subsection (b)(2)) of the individual.

"(B) Limitation.—The total amount of the qualified tuition and related expenses (as so defined) which may be taken into account under subparagraph (A) with respect to an individual shall be reduced by the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A with respect to such expenses in any taxable year."

(b) Effective Date.—The amendment made by this section shall apply to amounts received in taxable years beginning after December 31, 1999.

TITLE VII—ENVIRONMENTAL CONSERVATION AND PROTECTION

Subtitle A—Better America Bonds

SEC. 701. CREDIT FOR HOLDERS OF BETTER AMERICA BONDS.

(a) In General.—Part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to credits against tax) is amended by adding at the end the following new subpart:

"Subpart H—Nonrefundable Credit for Holders of Better America Bonds

"Sec. 54. Credit to holders of Better America bonds.

"SEC. 54. CREDIT TO HOLDERS OF BETTER AMERICA BONDS.

"(a) Allowance of Credit.—In the case of a taxpayer who holds a Better America bond on a credit allowance date which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to credit allowance dates during such year on which the taxpayer holds such bonds.

"(b) Amount of Credit.—

"(1) In general.—The amount of the credit determined under this subsection with respect to any credit allowance date for a Better America bond is an amount equal to the product of—

"(A) the credit rate determined by the Secretary under paragraph (2), multiplied by

"(B) the face amount of the bond held by the taxpayer on the credit allowance date.

"(2) Determination.—During each calendar month, the Secretary shall determine a credit rate which shall apply to bonds issued during the following calendar month. The credit rate for any 3-month period ending on a credit allowance date is the percentage which the Secretary estimates will on average equal the yield on corporate bonds outstanding on the day before the date of such determination.

"(3) Special rule for issuance and redemption.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed.

"(c) Limitation Based on Amount of Tax.—

"(1) In general.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

"(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

"(B) the sum of the credits allowable under this part (other than this subpart and subpart C).

"(2) Carryforward of unused credit.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to each of the 5 taxable years following the unused credit year and added to the credit allowable under subsection (a) for each such taxable year, subject to the application of paragraph (1) to such taxable year.

"(d) Better America Bond.—For purposes of this section—

"(1) In general.—The term 'Better America bond' means any bond issued as part of an issue if—

"(A) 95 percent or more of the proceeds of such issue are to be used for a qualified environmental infrastructure project,

"(B) the bond is issued by a State or local government,

"(C) the issuer—

"(i) designates such bond for purposes of this section,

"(ii) has a reasonable expectation that at least 10 percent of the proceeds of such issue will be spent for qualifying environmental infrastructure projects within 6 months of the date such bonds are issued,

"(iii) certifies such proceeds will be used with due diligence for qualified environmental infrastructure projects, and

"(iv) has a reasonable expectation that any property acquired or improved in connection with the proceeds of such issue, other than property improved in connection with a qualified environmental infrastructure project described in paragraph (2)(A)(v), shall continue to be dedicated to a qualified use for a period of not less than 15 years from the date of such issue,

"(D) such bond satisfies public approval requirements similar to the requirements of section 147(f)(2),

"(E) except as provided in paragraph (4)(B), the payment of the principal of such issue is secured by taxes of general applicability imposed by a general purpose governmental unit, and

"(F) the term of each bond which is part of such issue does not exceed 15 years.

"(2) Qualified environmental infrastructure project.—

"(A) In general.—The term 'qualified environmental infrastructure project' means—

"(i) acquisition of qualified property for use as open space, wetlands, public parks, or greenways, or to improve access to public lands by non-motorized means, “(ii) construction, rehabilitation, or repair of a visitor facility in connection with qualified property, including nature centers, campgrounds, and hiking or biking trails,

“(iii) remediation of qualified property to enhance water quality by—

“(I) restoring natural hydrology or planting trees and streamside vegetation,

“(II) controlling erosion,

“(III) restoring wetlands, or

“(IV) treating conditions caused by the prior disposal of toxic or other waste,

“(iv) acquisition of a qualified easement in order to maintain the use and character of the property in connection to which such easement is granted as open space, including an easement to allow access to public land by non-motorized means, and

“(v) environmental assessment and remediation of real property and public infrastructure owned by a governmental unit and located in an area where or on which there has been a release (or threat of release) or disposal of any hazardous substance (within the meaning of section 198), not including any property described in subparagraph (D).

“(B) Qualified property.—The term ‘qualified property’ means real property—

“(i) which is, or is to be, owned by—

“(I) a governmental unit, or

“(II) an organization described in section 501(c)(3) and exempt from taxation under section 501(a) and which has as one if its purposes environmental preservation, and

“(ii) which is reasonably anticipated to be available for use by members of the general public, unless such use would change the character of the property and be contrary to the qualified use of the property.

“(C) Safe harbor for management contracts.—For purposes of subparagraph (B), property shall not be treated as qualified property if any rights or benefits of such property inure to a private person other than rights or benefits under a management contract or similar type of operating agreement to which rules similar to the rules applicable to tax-exempt bonds apply.

“(D) Cercla property.—Property is described in this subparagraph if any portion of such property is included, or proposed to be included, in the national priorities list under section 105(a)(8)(B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9605(a)(8)(B)).

“(E) Limit on disposition of property.—Any disposition of any interest in property acquired or improved in connection with a qualified environmental project described in this paragraph (except a project described in subparagraph (A)(v)) shall contain an option (recorded pursuant to applicable State or local law) to purchase such property for an amount equal to the original acquisition price of such property for any interested organizations described in subparagraph (B)(i)(II) if such organization purchases such property subject to a restrictive covenant requiring a continued qualified use of such property.

“(3) Temporary period exception.—

“(A) In general.—A bond shall not be treated as failing to meet the requirement of paragraph (1)(A) solely by reason of the fact that the proceeds of the issue of which such bond is a part—

“(i) are invested for a reasonable temporary period (but not more than 36 months) until such proceeds are needed for the purpose for which such issue was issued, or

“(ii) are used within 90 days of the close of such temporary period to redeem bonds which are a part of such issue.

Any earnings on such proceeds during the period under clause (i) shall be treated as proceeds of the issue for purposes of applying paragraph (1)(A).

“(B) Investment of proceeds.—For purposes of subparagraph (A), proceeds shall only be invested in—

“(i) Government securities, and

“(ii) in the case of a sinking fund established by the issuer, State and local government securities issued by the Treasury.

“(4) Special rules for projects described in paragraph (2)(A)(v).—

“(A) Limit on use of proceeds for project.—This subsection shall not apply to any bond issued as part of an issue if an amount of the proceeds from such issue are used for a qualified environmental infrastructure project described in paragraph (2)(A)(v) and involving public infrastructure in excess of an amount equal to 5 percent of the total amount of such proceeds used for all projects described in such paragraph (2)(A)(v).

“(B) Private use and repayment of proceeds.—In the case of proceeds of an issue which are used for a qualified environmental infrastructure project described in paragraph (2)(A)(v), the issue of which such bonds are a part shall not fail to meet the requirements of this subsection solely because the proceeds of a disposition of any interest in such property are used to redeem such bonds as long as the purchaser of such property makes an irrevocable election not to claim any deduction with respect to such project under section 198.

“(5) Recapture of credit amount.—

“(A) In general.—If, during the taxable year, any bond that is part of an issue under this section fails to meet the requirements of this subsection—

“(i) such bond shall not be treated as a Better America bond for such taxable year and any succeeding taxable year, and

“(ii) the issuer of such bond shall be liable for payment to the United States of the credit recapture amount.

Such payment shall be made at such time and in such manner as determined by the Secretary.

“(B) Credit recapture amount.—For purposes of subparagraph (A), the credit recapture amount is an amount equal to the sum of—

“(i) the aggregate amount of credit allowed with respect to such bond for the 3 preceding taxable years, plus

“(ii) interest (at the underpayment rate established under section 6621) on the credit amount from the date such credit was allowed to the payment date under subparagraph (A).

“(e) Limitations on Amount of Bonds Designated.—

“(1) In general.—There is a Better America bond limitation for each calendar year equal to—

“(A) $1,900,000,000 for each of years 2001 through 2005, and

“(B) except as provided in paragraph (3), zero after 2005.

“(2) Allocation of limitation among States and local governments.—

“(A) In general.—The limitation amount to be allocated under paragraph (1) for any calendar year shall be allocated among States and local governments with an approved application on a competitive basis by the Better America Bonds Board (referred to in this subsection as the ‘Board’) established under section 702 of the Tax and Public Debt Reduction Act of 1999.

“(B) Approved application.—For purposes of subparagraph (A), the term ‘approved application’ means an application which is approved by the Board, and which includes such information as the Board requires.

“(3) Carryover of unused limitation.—If for any calendar year—

“(A) the limitation amount under paragraph (1), exceeds

“(B) the aggregate limitation amount allocated to States and local governments under this section,

the limitation amount under paragraph (1) for the following calendar year shall be increased by the amount of such excess. No limitation amount shall be carried forward under this paragraph more than 3 years.

“(f) Other Definitions; Special Rules.—For purposes of this subpart—

“(1) Bond.—The term ‘bond’ includes any obligation.

“(2) Credit allowance date.—The term ‘credit allowance date’ means—

“(A) March 15,

“(B) June 15,

“(C) September 15, and

“(D) December 15.

Such term includes the last day on which the bond is outstanding.

“(3) Qualified easement.—The term ‘qualified easement’ means a perpetual easement—

“(A) which would be a qualified conservation contribution under section 170(h) if such easement were a contribution under such section, and

“(B) which is to be held by an entity described in subclause (I) or (II) of subsection (d)(2)(B)(i).

“(4) Qualified use.—The term ‘qualified use’ means, with respect to property, a use which is consistent with the purpose of the qualified environmental infrastructure project related to such property.

“(5) State.—The term ‘State’ includes the District of Columbia, any possession of the United States, and any Indian tribe (as defined in section 45A(c)(6)).

“(6) Partnership; S corporation; and other pass-thru entities.—Under regulations prescribed by the Secretary, in the case of a partnership, trust, S corporation, or other pass-thru entity, rules similar to the rules of section 41(g) shall apply with respect to the credit allowable under subsection (a).

“(g) Credit Included in Gross Income.—Gross income includes the amount of the credit allowed to the taxpayer under this section and the amount so included shall be treated as interest income.

“(h) Bonds Held By Regulated Investment Companies.—If any Better America bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

“(i) Credits May Be Stripped.—Under regulations prescribed by the Secretary—

“(1) In general.—There may be a separation (including at issuance) of the ownership of a Better America bond and the entitlement to the credit under this section with respect to such bond. In case of any such separation, the credit under this section shall be allowed to the person which, on the credit allowance date, holds the instrument evidencing the entitlement to the credit and not to the holder of the bond.

“(2) Certain rules to apply.—In the case of a separation described in paragraph (1), the rules of section 1286 shall apply to the Better America bond as if it were a stripped bond and to the credit under this section as if it were a stripped coupon.

"(j) TREATMENT FOR ESTIMATED TAX PURPOSES.—Solely for purposes of sections 6654 and 6655, the credit allowed by this section to a taxpayer by reason of holding a Better America bond on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.

"(k) CREDIT MAY BE TRANSFERRED.—Nothing in any law or rule of law shall be construed to limit the transferability of the credit allowed by this section through sale and repurchase agreements.

"(l) REPORTING.—Issuers of Better America bonds shall submit reports similar to the reports required under section 149(e)."

(b) REPORTING.—Subsection (d) of section 6049 of the Internal Revenue Code of 1986 (relating to returns regarding payments of interest) is amended by adding at the end the following:

"(8) REPORTING OF CREDIT ON BETTER AMERICA BONDS.—

"(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 54(f) and such amounts shall be treated as paid on the credit allowance date (as defined in section 54(f)(2)).

"(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A) of this paragraph, subsection (b)(4) of this section shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i).

"(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting."

(c) CLERICAL AMENDMENTS.—

(1) The table of subparts for part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"Subpart H. Nonrefundable Credit for Holders of Better America Bonds."

(2) Section 6401(b)(1) of such Code is amended by striking "and G" and inserting "G, and H".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after December 31, 2000.

SEC. 702. BETTER AMERICA BONDS BOARD.

(a) ESTABLISHMENT.—There is established a board to be known as the Better America Bonds Board (in this section referred to as the "Board").

(b) MEMBERSHIP.—

(1) COMPOSITION.—The Board shall be composed of 12 members, as follows:

(A) 3 members shall be individuals who are not otherwise Federal officers or employees and who are appointed by the President, by and with the advice and consent of the Senate.

(B) 2 members, not be affiliated with the same political party, shall be individuals who represent Governors, or other chief executive officers, of a State, mayors, and county commissioners and who are appointed by the President, by and with the advice and consent of the Senate.

(C) 1 member shall be the Administrator of the Environmental Protection Agency or the Administrator's designee.

(D) 1 member shall be the Secretary of Agriculture or the Secretary's designee.

(E) 1 member shall be the Secretary of Housing and Urban Development or the Secretary's designee.

(F) 1 member shall be the Secretary of Interior or the Secretary's designee.

(G) 1 member shall be the Secretary of Transportation or the Secretary's designee.

(H) 1 member shall be the Secretary of the Treasury or the Secretary's designee.

(I) 1 member shall be the Director of the Federal Emergency Management Agency or the Director's designee.

(2) QUALIFICATIONS AND TERMS.—

(A) QUALIFICATIONS.—Members of the Board described in paragraph (1)(A) shall be appointed without regard to political affiliation and solely on the basis of their professional experience and expertise in 1 or more of the following areas:

(i) Tax-exempt organizations which have as a principal purpose environmental protection and land conservation.

(ii) Community planning.

(iii) Real estate investment and bond financing.

In the aggregate, the members of the Board described in paragraph (1)(A) should collectively bring to bear expertise in all of the areas described in the preceding sentence.

(B) TERMS.—Each member who is described in subparagraph (A) or (B) of paragraph (1) shall be appointed for a term of 3 years, except that of the members first appointed—

(i) 1 member shall be appointed for a term of 1 year,

(ii) 2 members shall be appointed for a term of 2 years, and

(iii) 2 members shall be appointed for a term of 3 years.

(C) REAPPOINTMENT.—An individual who is described in subparagraph (A) or (B) of paragraph (1) may be appointed to no more than one 3-year term on the Board.

(D) VACANCY.—Any vacancy on the Board shall be filled in the same manner as the original appointment. Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed for the remainder of that term.

(3) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Board have been appointed, the Board shall hold its first meeting. Subsequent meetings shall be determined by the Board by majority vote.

(4) QUORUM.—A majority of the members of the Board shall constitute a quorum, but a lesser number of members may hold hearings.

(5) CHAIRPERSON.—The member described in paragraph (1)(C) shall serve as the Chairperson of the Board and shall have the sole power to call a meeting of the Board.

(6) REMOVAL.—

(A) IN GENERAL.—Any member of the Board appointed under subparagraph (A) or (B) of paragraph (1) may be removed at the will of the President.

(B) SECRETARIES; DIRECTOR; ADMINISTRATOR.—An individual described in subparagraphs (C) through (I) of paragraph (1) shall be removed upon termination of service in the office described in each such subparagraph.

(c) DUTIES OF THE BOARD.—

(1) IN GENERAL.—The Board shall review applications for allocation of the Better America bond limitation amounts under section 54(e)(2) of the Internal Revenue Code of 1986 and approve applications in accordance with published criteria.

(2) CRITERIA FOR APPROVAL.—The Board shall consider the following criteria in approving an application under paragraph (1):

(A) A distribution pattern of the overall limitation amount available for the year which results in the financing of each category of qualified environmental infrastructure project and results in an even distribution among different regions of the country and sizes of communities.

(B) State or local government support of proposed projects.

(C) Proposed projects which meet local and regional environmental protection or planning goals and leverage or make more efficient or innovative the use of other public or private resources.

(D) Proposed projects which are intended to maintain the viability of existing central business districts, preserve the community's distinct character and values, and encourage the reuse of property already served by public infrastructure.

(E) The extent of expected improvement in environmental quality, outdoor recreation opportunities, and access to public lands.

(3) ANNUAL REPORT.—The Board shall annually report with respect to the conduct of its responsibilities under this section to the President and Congress and such report shall include—

(A) the overall progress of the Better America bond program, and

(B) the overall limitation amount allocated during the year and a description of the amount, region, and qualified environmental infrastructure project financed by each allocation.

(4) CONFLICT OF INTEREST.—The Board shall carry out its duties under this subsection in such a way to ensure that all conflicts of interest of its members are avoided.

(d) POWERS OF THE BOARD.—

(1) HEARINGS.—The Board may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Board considers advisable to carry out the purposes of this section.

(2) INFORMATION FROM FEDERAL AGENCIES.—The Board may secure directly from any Federal department or agency such information as the Board considers necessary to carry out the provisions of this section, including the published and unpublished data and analytical products of the Bureau of Labor Statistics. Upon request of the Chairperson of the Board, the head of such department or agency shall furnish such information to the Board.

(3) POSTAL SERVICES.—The Board may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(e) BOARD PERSONNEL MATTERS.—

(1) COMPENSATION OF MEMBERS.—Each member of the Board who is not otherwise an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level III of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the performance of the duties of the Board. All members of the Board who otherwise are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(2) TRAVEL EXPENSES.—The members of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Board.

(3) STAFF.—

(A) IN GENERAL.—The Chairperson of the Board may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Board to perform its duties. The employment of an executive director shall be subject to confirmation by the Board.

(B) COMPENSATION.—The Chairperson of the Board may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the rate payable for level IV of the Executive Schedule under section 5316 of such title.

(4) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Board without additional reimbursement (other than the employee's regular compensation), and such detail shall be without interruption or loss of civil service status or privilege.

(5) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Board may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

(f) DEFINITIONS.—For purposes of this section—

(1) STATE.—The term 'State' includes the District of Columbia, any possession of the United States, and any Indian tribe (as defined in section 45A(c)(6)).

(2) QUALIFIED ENVIRONMENTAL INFRASTRUCTURE PROJECT.—The term 'qualified environmental infrastructure project' has the same meaning given that term in section 54(d)(2) of the Internal Revenue Code of 1986.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Board such sums as are necessary to carry out the purposes of this section.

(h) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) INITIAL NOMINATIONS.—The President shall submit the initial nominations under subparagraphs (A) and (B) of subsection (b)(1) to the Senate not later than 90 days after the date of the enactment of this Act.

(3) REGULATIONS.—Not later than January 1, 2001, the Board shall publish in the Federal Register the guidelines and criteria for submission and approval of applications under subsection (c).

Subtitle B—Conservation Incentives

SEC. 711. TAX EXCLUSION FOR COST-SHARING PAYMENTS UNDER PARTNERS FOR WILDLIFE PROGRAM.

(a) IN GENERAL.—Section 126(a) (relating to certain cost-sharing payments) is amended by redesignating paragraph (10) as paragraph (11) and by inserting after paragraph (9) the following:

"(10) The Partners for Wildlife Program authorized by the Fish and Wildlife Act of 1956 (16 U.S.C. 742a et seq.).".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 712. ENHANCED DEDUCTION FOR THE DONATION OF A CONSERVATION EASEMENT.

(a) IN GENERAL.—Paragraph (1) of section 170(b) of the Internal Revenue Code of 1986 (relating to percentage limitations) is amended by adding at the end the following:

"(G) SPECIAL RULES FOR QUALIFIED CONSERVATION CONTRIBUTIONS.—In the case of a qualified conservation contribution by an individual (as defined in subsection (h)(1), except that the phrase 'or a certified historic structure' in clause (iv) of subsection (h)(4)(A) shall not apply):

"(i) 50 PERCENT LIMITATION TO APPLY.—Such a contribution shall be treated for purposes of this section as described in subparagraph (A).

"(ii) 20 -YEAR CARRY FORWARD.—Subsection (d)(1) shall be applied by substituting '20 years' for '5 years' each place it appears and with appropriate adjustments in the application of subparagraph (A)(ii) thereof.

"(iii) UNUSED DEDUCTION CARRYOVER ALLOWED ON TAXPAYER'S LAST RETURN.—If the taxpayer dies before the close of the last taxable year for which a deduction could have been allowed under subsection (d)(1), any portion of the deduction for such contribution which has not been allowed shall be allowed as a deduction under subsection (a) (without regard to this subsection) for the taxable year in which such death occurs or such portion may be used as a deduction against the gross estate of the taxpayer."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 713. NATIONAL WILDLIFE REFUGE CONSERVATION EASEMENTS.

(a) LAND SUBJECT TO A QUALIFIED CONSERVATION EASEMENT TO INCLUDE LAND NEAR A NATIONAL WILDLIFE REFUGE.—Section 2031(c)(8)(A)(i)(II) (defining land subject to a qualified conservation easement) is amended—

(1) by inserting ", national wildlife refuge," after "national park", and

(2) by inserting ", refuge," after "such a park".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2000.

SEC. 714. EXCLUSION OF 50 PERCENT OF GAIN ON SALES OF LAND OR INTERESTS IN LAND OR WATER TO ELIGIBLE ENTITIES FOR CONSERVATION PURPOSES.

(a) IN GENERAL.—Part I of subchapter P of chapter 1 (relating to treatment of capital gains) is amended by adding at the end the following new section:

"SEC. 1203. 50-PERCENT EXCLUSION OF GAIN ON SALES OF LAND OR INTERESTS IN LAND OR WATER TO ELIGIBLE ENTITIES FOR CONSERVATION PURPOSES.

"(a) EXCLUSION.—Gross income shall not include 50 percent of any gain from the sale of land or an interest in land or water (determined without regard to any improvements) to an eligible entity if—

"(1) such land or interest in land or water was owned by the taxpayer or a member of the taxpayer's family (as defined in section 2032A(e)(2)) at all times during the 3-year period ending on the date of the sale, and

"(2) such land or interest in land or water is being acquired by an eligible entity which provides the taxpayer, at the time of acquisition, a written letter of intent which shall include the following statement: 'The purchaser's intent is that this acquisition will serve 1 or more of the conservation purposes specified in clause (i), (ii), or (iii) of section 170(h)(4)(A).'

"(b) ELIGIBLE ENTITY.—For purposes of this section, the term 'eligible entity' means—

"(1) any agency of the United States or of any State or local government, or

"(2) any other organization that—

"(A) is organized and at all times operated principally for 1 or more of the conservation purposes specified in clause (i), (ii), or (iii) of section 170(h)(4)(A),

"(B) is described in section 501(c)(3) and exempt from tax under section 501(a), and

"(C)(i) meets the requirements of section 509(a)(2), or

"(ii) meets the requirements of section 509(a)(3) and is controlled by an organization described in section 509(a)(2).

"(c) STOCK IN HOLDING CORPORATIONS.—For purposes of this section, the term 'land or an interest in land or water' shall include stock in any corporation, if the fair market value of the corporation's land or interests in land or water equals or exceeds 90 percent of the fair market value of all of such corporation's assets at all times during the 3-year period ending on the date of the sale."

(b) CLERICAL AMENDMENT.—The table of sections for part I of subchapter P of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

"Sec. 1203. 50-percent exclusion of gain on sales of land or interests in land or water to eligible entities for conservation purposes."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales occurring in taxable years beginning after December 31, 2000.

Subtitle C—Alternative Fuels Incentives

SEC. 721. EXTENSION AND EXPANSION OF CREDIT FOR PURCHASE OF ELECTRIC VEHICLES.

(a) MODIFIED CREDIT FOR VEHICLES WHICH MEET CERTAIN RANGE REQUIREMENTS.—Section 30(a) (relating to allowance of credit) is amended to read as follows:

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(A) 10 percent of the cost of any qualified electric vehicle placed in service by the taxpayer during the taxable year, plus

"(B) in the case of any such vehicle also meeting the requirement described in paragraph (2), $5,000.

"(2) RANGE REQUIREMENT.—The requirement described in this paragraph is a driving range of at least 100 miles—

"(A) on a single charge of the vehicle's rechargeable batteries, fuel cells, or other portable source of electrical current, and

"(B) measured pursuant to the urban dynamometer schedules under appendix I to part 86 of title 40, Code of Federal Regulations."

(b) CREDIT EXTENDED THROUGH 2010.—

(1) IN GENERAL.—Section 30(e) (relating to termination) is amended to read as follows:

"(e) TERMINATION.—This section shall not apply to any property placed in service after December 31, 2010."

(2) CONFORMING AMENDMENTS.—Section 30(b)(2) (relating to phaseout) is amended—

(A) by striking "2002" in subparagraph (A) and inserting "2008",

(B) by striking "2003" in subparagraph (B) and inserting "2009", and

(C) by striking "2004" in subparagraph (C) and inserting "2010".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service in taxable years beginning after December 31, 2000.

SEC. 722. ADDITIONAL DEDUCTION FOR COST OF INSTALLATION OF ALTERNATIVE FUELING STATIONS.

(a) IN GENERAL.—Subparagraph (A) of section 179A(b)(2) (relating to qualified clean-fuel vehicle refueling property) is amended to read as follows:

"(A) In general.—The aggregate cost which may be taken into account under subsection (a)(1)(B) with respect to qualified clean-fuel vehicle refueling property placed in service during the taxable year at a location shall not exceed the sum of—

"(i) with respect to costs not described in clause (ii), the excess (if any) of—

"(I) $100,000, over

"(II) the aggregate amount of such costs taken into account under subsection (a)(1)(B) by the taxpayer (or any related person or predecessor) with respect to property placed in service at such location for all preceding taxable years, plus

"(ii) the lesser of—

"(I) the cost of the installation of such property, or

"(II) $30,000.".

(b) Effective Date.—The amendment made by this section shall apply to property placed in service in taxable years beginning after December 31, 2000.

SEC. 723. CREDIT FOR RETAIL SALE OF CLEAN BURNING FUELS AS MOTOR VEHICLE FUEL.

(a) In General.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by inserting after section 40 the following:

"SEC. 40A. CREDIT FOR RETAIL SALE OF CLEAN BURNING FUELS AS MOTOR VEHICLE FUEL.

"(a) General Rule.—For purposes of section 38, the clean burning fuel retail sales credit of any taxpayer for any taxable year is 15 cents for each gasoline gallon equivalent of clean burning fuel sold at retail by the taxpayer during such year as a fuel to propel any qualified motor vehicle.

"(b) Definitions.—For purposes of this section—

"(1) Clean burning fuel.—The term 'clean burning fuel' means natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, and any liquid at least 85 percent of which consists of methanol.

"(2) Gasoline gallon equivalent.—The term 'gasoline gallon equivalent' means, with respect to any clean burning fuel, the amount (determined by the Secretary) of such fuel having a Btu content of 114,000.

"(3) Qualified motor vehicle.—The term 'qualified motor vehicle' means any motor vehicle (as defined in section 179A(e)) which meets any applicable Federal or State emissions standards with respect to each fuel by which such vehicle is designed to be propelled.

"(4) Sold at retail.—

"(A) In general.—The term 'sold at retail' means the sale, for a purpose other than resale, after manufacture, production, or importation.

"(B) Use treated as sale.—If any person uses clean burning fuel as a fuel to propel any qualified motor vehicle (including any use after importation) before such fuel is sold at retail, then such use shall be treated in the same manner as if such fuel were sold at retail as a fuel to propel such a vehicle by such person.

"(c) No Double Benefit.—The amount of the credit determined under subsection (a) shall be reduced by the amount of any deduction or credit allowable under this chapter for fuel taken into account in computing the amount of such credit.

"(d) Termination.—This section shall not apply to any fuel sold at retail after December 31, 2007.".

(b) Credit Treated as Business Credit.—Section 38(b) (relating to current year business credit) is amended by striking "plus" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ", plus", and by adding at the end the following:

"(13) the clean burning fuel retail sales credit determined under section 40A(a).".

(c) Transitional Rule.—Section 39(d) (relating to transitional rules) is amended by adding at the end the following:

"(9) No carryback of section 40A credit before effective date.—No portion of the unused business credit for any taxable year which is attributable to the clean burning fuel retail sales credit determined under section 40A(a) may be carried back to a taxable year ending before January 1, 1999.".

(d) Clerical Amendment.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 40 the following:

"Sec. 40A. Credit for retail sale of clean burning fuels as motor vehicle fuel.".

(e) Effective Date.—The amendments made by this section shall apply to fuel sold at retail in taxable years beginning after December 31, 2000.

Subtitle C—Other Provisions

SEC. 731. EXPANSION OF SECTION 29 TAX CREDIT.

(a) Placed-in-Service Date.—Section 29(g)(1)(A) is amended by striking "July 1, 1998" and inserting "the date which is 8 months after the date of the enactment of the Tax and Public Debt Reduction Act of 1999".

(b) Effective Date.—The amendment made by this section shall apply to production after the date of the enactment of this Act.

SEC. 732. UNIFORM DOLLAR LIMITATION FOR ALL TYPES OF TRANSPORTATION FRINGE BENEFITS.

(a) In General.—Paragraph (2) of section 132(f) (relating to qualified transportation fringe) is amended to read as follows:

"(2) Limitation on exclusion.—The aggregate amount of the fringe benefits which are provided by an employer to any employee and which may be excluded from gross income under subsection (a)(5) shall not exceed $175 per month."

(b) Conforming Amendment to Inflation Adjustment.—Section 132(f)(6)(A) (relating to inflation adjustment) is amended by striking "the dollar amounts contained in subparagraphs (A) and (B) of paragraph (2)" and inserting "the dollar amount contained in paragraph (2)".

(c) Additional Conforming Amendment.—Section 9010 of the Transportation Equity Act for the 21st Century is amended by striking subsection (c).

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

TITLE VIII—SAVINGS AND PENSION PROVISIONS

Subtitle A—Expanding Coverage for Small Business

SEC. 801. PLAN LOANS FOR SUBCHAPTER S OWNERS, PARTNERS, AND SOLE PROPRIETORS.

(a) Amendment to 1986 Code.—Subparagraph (B) of section 4975(f)(6) (relating to exemptions not to apply to certain transactions) is amended by adding at the end the following new clause:

"(iii) Loan exception.—For purposes of subparagraph (A)(i), the term 'owner-employee' shall only include a person described in subclause (II) or (III) of clause (i)."

(b) Amendment to ERISA.—Section 408(d)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(d)(2)) is amended by adding at the end the following new subparagraph:

"(C) For purposes of paragraph (1)(A), the term 'owner-employee' shall only include a person described in clause (ii) or (iii) of subparagraph (A)."

(c) Effective Date.—The amendments made by this section shall apply to loans made after December 31, 2000.

SEC. 802. CONTRIBUTIONS TO IRAS THROUGH PAYROLL DEDUCTIONS.

(a) Definitions.—For purposes of this section—

(1) Contribution certificate.—The term "contribution certificate" means a certificate submitted by an employee to the employee's employer which—

(A) identifies the employee by name, address, and social security number,

(B) identifies the individual retirement plan to which the employee wishes to make contributions through payroll deductions, and

(C) identifies the amount of such contributions, not to exceed the amount allowed under section 408 of the Internal Revenue Code of 1986 to an individual retirement plan for such year.

(2) Employee.—The term "employee" does not include an employee as defined in section 401(c)(1) of such Code.

(3) Individual retirement plans.—The term "individual retirement plan" has the meaning given the term by section 7701(a)(37) of the Internal Revenue Code of 1986.

(4) Secretary.—The term "Secretary" means the Secretary of the Treasury.

(b) Establishment of Payroll Deduction System.—An employer may establish a system under which employees, through employer payroll deductions, may make contributions to individual retirement plans. An employer shall not incur any liability under title I of the Employee Retirement Income Security Act of 1974 in providing for such a system.

(c) Contributions to Individual Retirement Plans.—

(1) In general.—The system established under subsection (b) shall provide that contributions made to an individual retirement plan for any taxable year are—

(A) contributions through employer payroll deductions, and

(B) if the employer so elects, additional contributions by the employee which, when added to contributions under subparagraph (A), do not exceed the amount allowed under section 408 of the Internal Revenue Code of 1986 for the taxable year.

(2) Employer payroll deductions.—

(A) In general.—The system established under subsection (b) shall provide that an employee may establish and maintain an individual retirement plan simply by—

(i) completing a contribution certificate, and

(ii) submitting such certificate to the employee's employer in the manner provided under subparagraph (D).

(B) Change of amounts.—An employee establishing and maintaining an individual retirement plan under subparagraph (A) may change the amount of an employer payroll deduction in the same manner as under subparagraph (A).

(C) Simplified forms.—

(i) Contribution certificate.—The Secretary shall develop a model contribution certificate for purposes of this paragraph—

(I) which is written in a clear and easily understandable manner, and

(II) the completion of which by an employee will constitute the establishment of an individual retirement plan and the request for employer payroll deductions or changes in such deductions.

(ii) AVAILABILITY.—The Secretary shall make available to all employees and employers the forms developed under this subparagraph, and shall include with such forms easy to understand explanatory materials.

(D) USE OF CERTIFICATE.—Each employer electing to adopt a system under subsection (b) shall, upon receipt of a contribution certificate from an employee, deduct the appropriate contribution as determined by such certificate from the employee's wages in equal amounts during the remaining payroll periods for the taxable year and shall remit such amounts for investment in the employee's individual retirement plan not later than the close of the 30-day period following the last day of the month in which such payroll period occurs.

(E) FAILURE TO REMIT PAYROLL DEDUCTIONS.—For purposes of the Internal Revenue Code of 1986, any amount which an employer fails to remit on behalf of an employee pursuant to a contribution certificate of such employee shall not be allowed as a deduction to the employer under such Code.

(d) ADDITIONAL INFORMATION.—

(1) IN GENERAL.—The system established under subsection (b) shall provide for the furnishing of information to employees of the opportunity of establishing individual retirement plans and of transferring amounts to such plans.

(2) INVESTMENT INFORMATION.—The employer shall also make available to employees information on how to make informed investment decisions and how to achieve retirement objectives.

(3) INFORMATION NOT INVESTMENT ADVICE.—Information provided under this subsection shall not be treated as investment advice for purposes of any Federal or State law.

SEC. 803. MODIFICATION OF TOP-HEAVY RULES.

(a) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—Section 416(g) is amended—

(1) in paragraph (3)—

(A) by striking "LAST 5 YEARS" in the heading and inserting "LAST YEAR BEFORE DETERMINATION DATE", and

(B) in the matter following subparagraph (B), by striking "5-year period" and inserting "1-year period", and

(2) in paragraph (4)(E)—

(b) REQUIREMENTS FOR QUALIFICATION.—Clause (ii) of section 401(a)(10)(B) (relating to requirements for qualifications for top-heavy plans) is amended by adding at the end the following new flush sentence:

"The preceding sentence shall not apply to a plan if the plan is not top-heavy and if it is not reasonable to expect that the plan will become a top-heavy plan."

(c) FROZEN PLAN EXEMPT FROM MINIMUM BENEFIT REQUIREMENT.—

(1) IN GENERAL.—Subparagraph (C) of section 416(c)(1) (relating to defined benefit plans) is amended—

(A) in clause (i), by striking "clause (ii)" and inserting "clause (ii) or (iii)", and

(B) by adding at the end the following:

"(iii) EXCEPTION FOR FROZEN PLAN.—For purposes of determining an employee's years of service with the employer, any service with the employer shall be disregarded to the extent that such service occurs during a plan year when the plan benefits (within the meaning of section 410(b)) no employee or former employee."

(2) CONFORMING AMENDMENT.—Subparagraph (A) of section 415(b)(5) is amended by adding at the end the following: "An employee shall not be credited with a year of participation in a defined benefit plan for any year in which the plan does not benefit (within the meaning of section 410(b)) such employee."

SEC. 804. CREDIT FOR SMALL EMPLOYER PENSION PLAN CONTRIBUTIONS AND START-UP COSTS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by adding at the end the following new section:

"SEC. 45D. SMALL EMPLOYER PENSION PLAN CREDIT.

"(a) GENERAL RULE.—For purposes of section 38, in the case of an eligible employer, the small employer pension plan credit determined under this section for any taxable year is an amount equal to the sum of—

"(1) 25 percent of the qualified employer contributions of the taxpayer for the taxable year, and

"(2) 50 percent of the qualified start-up costs paid or incurred by the taxpayer during the taxable year.

"(b) LIMITATIONS.—

"(1) LIMITS ON CONTRIBUTIONS.—For purposes of subsection (a)(1)—

"(A) qualified employer contributions may only be taken into account for each of the first 3 taxable years ending after the date the employer establishes the qualified employer plan to which the contribution is made, and

"(B) the amount of the qualified employer contributions taken into account with respect to any qualified employee for any such taxable year shall not exceed 3 percent of the compensation (as defined in section 414(s)) of the qualified employee for such taxable year.

"(2) LIMITS ON START-UP COSTS.—The amount of the credit determined under subsection (a)(2) for any taxable year shall not exceed—

"(A) $2,000 for the first taxable year ending after the date the employer established the qualified employer plan to which such costs relate,

"(B) $1,000 for each of the second and third such taxable years, and

"(C) zero for each taxable year thereafter.

"(c) DEFINITIONS.—For purposes of this section—

"(1) ELIGIBLE EMPLOYER.—

"(A) IN GENERAL.—The term 'eligible employer' means, with respect to any year, an employer which has no more than—

"(i) for purposes of subsection (a)(1), 25 employees, and

"(ii) for purposes of subsection (a)(2), 100 employees,

who received at least $5,000 of compensation from the employer for the preceding year.

"(B) 2-YEAR GRACE PERIOD.—An eligible employer who establishes and maintains a qualified employer plan for 1 or more years and who fails to be an eligible employer for any subsequent year shall be treated as an eligible employer for the 2 years following the last year the employer was an eligible employer.

"(C) REQUIREMENT FOR NEW QUALIFIED EMPLOYER PLANS.—Such term shall not include an employer if, during the 3-taxable year period immediately preceding the 1st taxable year for which the credit under this section is otherwise allowable for a qualified employer plan of the employer, the employer and each member of any controlled group including the employer (or any predecessor of either) established or maintained a qualified employer plan with respect to which contributions were made, or benefits were accrued, for substantially the same employees as are in the qualified employer plan.

"(2) QUALIFIED EMPLOYER CONTRIBUTIONS.—

"(A) IN GENERAL.—The term 'qualified employer contributions' means, with respect to any taxable year, any employer contributions made on behalf of a qualified employee to a qualified employer plan for a plan year ending with or within the taxable year.

"(B) EMPLOYER CONTRIBUTIONS.—The term 'employer contributions' shall not include any elective deferral (within the meaning of section 402(g)(3)).

"(3) QUALIFIED EMPLOYEE.—The term 'qualified employee' means an individual who—

"(A) is eligible to participate in the qualified employer plan to which the employer contributions are made, and

"(B) is not a highly compensated employee (within the meaning of section 414(q)) for the year for which the contribution is made.

"(4) QUALIFIED START-UP COSTS.—The term 'qualified start-up costs' means any ordinary and necessary expenses of an eligible employer which are paid or incurred in connection with—

"(A) the establishment or maintenance of a qualified employer plan in which qualified employees are eligible to participate, and

"(B) providing educational information to employees regarding participation in such plan and the benefits of establishing an investment plan.

"(5) QUALIFIED EMPLOYER PLAN.—The term 'qualified employer plan' has the meaning given such term in section 4972(d).

"(d) SPECIAL RULES.—

"(1) AGGREGATION RULES.—All persons treated as a single employer under subsection (a) or (b) of section 52, or subsection (n) or (o) of section 414, shall be treated as one person. All qualified employer plans of an employer shall be treated as a single qualified employer plan.

"(2) DISALLOWANCE OF DEDUCTION.—No deduction shall be allowable under this chapter for any qualified start-up costs or qualified contributions for which a credit is determined under subsection (a).

"(3) ELECTION NOT TO CLAIM CREDIT.—This section shall not apply to a taxpayer for any taxable year if such taxpayer elects to have this section not apply for such taxable year."

(b) CREDIT ALLOWED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (defining current year business credit) is amended by striking "plus" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ", plus", and by adding at the end the following new paragraph:

"(13) in the case of an eligible employer (as defined in section 45D(c)), the small employer pension plan credit determined under section 45D(a)."

(c) PORTION OF CREDIT REFUNDABLE.—Section 38(c) (relating to limitation based on amount of tax) is amended by adding at the end the following new paragraph:

"(4) PORTION OF SMALL EMPLOYER PENSION PLAN CREDIT REFUNDABLE.—

"(A) IN GENERAL.—In the case of the small employer pension plan credit under subsection (b)(13), the aggregate credits allowed under subpart C shall be increased by the lesser of—

"(i) the credit which would be allowed without regard to this paragraph and the limitation under paragraph (1), or

"(ii) the amount by which the aggregate amount of credits allowed by this section (without regard to this paragraph) would increase if the limitation under paragraph (1) were increased by the taxpayer's applicable payroll taxes for the taxable year.

"(B) TREATMENT OF CREDIT.—The amount of the credit allowed under this paragraph shall not be treated as a credit allowed under this subpart and shall reduce the amount of the credit allowed under this section for the taxable year.

"(C) APPLICABLE PAYROLL TAXES.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'applicable payroll taxes' means, with respect to any taxpayer for any taxable year—

"(I) the amount of the taxes imposed by sections 3111 and 3221(a) on compensation paid by the taxpayer during the taxable year,

"(II) 50 percent of the taxes imposed by section 1401 on the self-employment income of the taxpayer during the taxable year, and

"(III) 50 percent of the taxes imposed by section 3211(a)(1) on amounts received by the taxpayer during the calendar year in which the taxable year begins.

"(ii) AGREEMENTS REGARDING FOREIGN AFFILIATES.—Section 24(d)(5)(C) shall apply for purposes of clause (i)."

(d) CONFORMING AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

"Sec. 45D. Small employer pension plan credit."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to costs paid or incurred or contributions made in connection with qualified employer plans established after December 31, 2000.

SEC. 805. INCREASING LIMITS FOR DEFERRALS TO SIMPLE PLANS.

(a) SIMPLE RETIREMENT ACCOUNTS.—Paragraph (2)(A)(ii) of section 408(p) (relating to simple retirement accounts) is amended by striking "$6,000" and inserting "$8,000".

(b) NONDISCRIMINATION TESTS.—Section 401(k)(11)(B)(i)(I) is amended by striking "$6,000" and inserting "$8,000".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 806. ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF LIMITS.

(a) IN GENERAL.—Section 404, as amended by section 803, is amended by adding at the end the following new subsection:

"(o) ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF LIMITS.—Elective deferrals (as defined in section 402(g)(3)) shall not be subject to any limitations described in this section (other than subsection (a)), and such elective deferrals shall not be taken into account in applying such limitations to any other contributions."

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 2000.

Subtitle B—Increasing Pension Access and Fairness for Women

SEC. 811. EQUITABLE TREATMENT FOR CONTRIBUTIONS OF EMPLOYEES TO DEFINED CONTRIBUTION PLANS.

(a) EQUITABLE TREATMENT.—

(1) IN GENERAL.—Subparagraph (B) of section 415(c)(1) (relating to limitation for defined contribution plans) is amended to read as follows:

"(B) the greater of 50 percent of the participant's compensation or $10,000."

(2) APPLICATION TO SECTION 403(b).—Section 403(b) is amended—

(A) by striking "the exclusion allowance for such taxable year" in paragraph (1) and inserting "the applicable limit under section 415", and

(B) by striking paragraph (2).

(3) NONDISCRIMINATION TESTING.—

(A) Section 401(k)(3)(A) is amended by adding at the end the following: "The actual deferral percentage of eligible employees other than highly compensated employees shall be computed without regard to contributions in excess of 25 percent of compensation."

(B) Section 401(m)(3) is amended by adding at the end the following: "The contribution percentage of eligible employees other than highly compensated employees shall be computed without regard to contributions in excess of 25 percent of compensation."

(4) CONFORMING AMENDMENTS.—

(A) Subsection (f) of section 72 is amended by striking "section 403(b)(2)(D)(iii))" and inserting "section 403(b)(2)(D)(iii), as in effect on December 31, 2000)".

(B) Section 403(b)(3) is amended by inserting "or any amount received by a former employee after the 5th taxable year following the taxable year in which such employee was terminated" before the period at the end of the second sentence.

(C) Section 404(a)(10)(B) is amended by striking ", the exclusion allowance under section 403(b)(2),".

(D) Section 415(a)(2) is amended by striking ", and the amount of the contribution for such portion shall reduce the exclusion allowance as provided in section 403(b)(2)".

(E) Section 415(c)(3) is amended by adding at the end the following new subparagraph:

"(E) ANNUITY CONTRACTS.—In the case of an annuity contract described in section 403(b), the term 'participant's compensation' means the participant's includible compensation determined under section 403(b)(3)."

(F) Section 415(c) is amended by striking paragraph (4) and by redesignating paragraph (6) as paragraph (4).

(G) Section 415(c) is amended by striking paragraph (7) and inserting the following new paragraph:

"(5) CERTAIN CONTRIBUTIONS BY CHURCH PLANS NOT TREATED AS EXCEEDING LIMIT.—

"(A) IN GENERAL.—Notwithstanding any other provision of this subsection, at the election of a participant who is an employee of a church, a convention or association of churches, including an organization described in section 414(e)(3)(B)(ii), contributions and other additions for an annuity contract or retirement income account described in section 403(b) with respect to such participant, when expressed as an annual addition to such participant's account, shall be treated as not exceeding the limitation of paragraph (1) if such annual addition is not in excess of $10,000.

"(B) $40,000 AGGREGATE LIMITATION.—The total amount of additions with respect to any participant which may be taken into account for purposes of this subparagraph for all years may not exceed $40,000.

"(C) ANNUAL ADDITION.—For purposes of this paragraph, the term 'annual addition' has the meaning given such term by paragraph (2)."

(H) Section 415(e)(3)(B) is amended—

(i) by striking "subsection (c)(6)" in clause (i) and inserting "subsection (c)(4)", and

(ii) by striking "subsection (c)(7)" in clause (ii)(II) and inserting "subsection (c)(5)".

(I) Section 415(e)(5) is amended—

(i) by striking "(except in the case of a participant who has elected under subsection (c)(4)(D) to have the provisions of subsection (c)(4)(C) apply)", and

(ii) by striking the last sentence.

(J) Section 415(n)(2)(B) is amended by striking "percentage".

(K) Subparagraph (B) of section 402(g)(7) is amended by inserting before the period at the end the following: "(as in effect on the date of the enactment of the Pension Coverage and Portability Act)".

(b) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—Subsection (k) of section 415 is amended by adding at the end the following new paragraph:

"(4) SPECIAL RULES FOR ANNUITY CONTRACTS AND SIMPLIFIED PENSIONS.—For purposes of this section—

"(A) ANNUITY CONTRACTS.—Any annuity contract described in section 403(b) for the benefit of a participant shall be treated as a defined contribution plan maintained by each employer with respect to which the participant has the control required under subsection (b) or (c) of section 414 (as modified by subsection (h)).

"(B) SIMPLIFIED PLANS.—Any contribution by an employer to a simplified employee pension plan for an individual for a taxable year shall be treated as an employer contribution to a defined contribution plan for such individual for such year."

(c) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—Subparagraph (B) of section 457(b)(2) (relating to salary limitation on eligible deferred compensation plans) is amended by striking "33⅓ percent" and inserting "100 percent".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 812. FASTER VESTING OF CERTAIN EMPLOYER MATCHING CONTRIBUTIONS.

(a) AMENDMENTS TO 1986 CODE.—Section 411(a) (relating to minimum vesting standards) is amended—

(1) in paragraph (2), by striking "A plan" and inserting "Except as provided in paragraph (12), a plan", and

(2) by adding at the end the following:

"(12) FASTER VESTING FOR MATCHING CONTRIBUTIONS.—In the case of matching contributions (as defined in section 401(m)(4)(A)), paragraph (2) shall be applied—

"(A) by substituting '3 years' for '5 years' in subparagraph (A), and

"(B) by substituting the following table for the table contained in subparagraph (B):

"Years of service:	The nonforfeitable percentage is:
2	20
3	40
4	60
5	80
6	100."

(b) AMENDMENTS TO ERISA.—Section 203(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(a)) is amended—

(1) in paragraph (2), by striking "A plan" and inserting "Except as provided in paragraph (4), a plan", and

(2) by adding at the end the following:

"(4) FASTER VESTING FOR MATCHING CONTRIBUTIONS.—In the case of matching contributions (as defined in section 401(m)(4)(A) of the Internal Revenue Code of 1986), paragraph (2) shall be applied—

"(A) by substituting '3 years' for '5 years' in subparagraph (A), and

"(B) by substituting the following table for the table contained in subparagraph (B):

"Years of service:	The nonforfeitable percentage is:
2	20

"Years of service:	The nonforfeitable percentage is:
3	40
4	60
5	80
6	100."

(c) Effective Dates.—

(1) In general.—Except as provided in paragraph (2), the amendments made by this section shall apply to contributions for plan years beginning after December 31, 2000.

(2) Collective bargaining agreements.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified by the date of enactment of this Act, the amendments made by this section shall not apply to contributions on behalf of employees covered by any such agreement for plan years beginning before the earlier of—

(A) the later of—

(i) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof on or after such date of enactment), or

(ii) January 1, 2001, or

(B) January 1, 2005.

(3) Service required.—With respect to any plan, the amendments made by this section shall not apply to any employee before the date that such employee has 1 hour of service under such plan in any plan year to which the amendments made by this section apply.

SEC. 813. DEFERRED ANNUITIES FOR SURVIVING SPOUSES OF FEDERAL EMPLOYEES.

(a) In General.—Section 8341 of title 5, United States Code, is amended—

(1) in subsection (h)(1), by striking "section 8338(b) of this title" and inserting "section 8338(b), and a former spouse of a deceased former employee who separated from the service with title to a deferred annuity under section 8338 (if they were married to one another prior to the date of separation),"; and

(2) by adding at the end the following:

"(j)(1) If a former employee dies after having separated from the service with title to a deferred annuity under section 8338 but before having established a valid claim for annuity, and is survived by a spouse to whom married on the date of separation, the surviving spouse may elect to receive—

"(A) an annuity, commencing on what would have been the former employee's 62d birthday, equal to 55 percent of the former employee's deferred annuity;

"(B) an annuity, commencing on the day after the date of death of the former employee, such that, to the extent practicable, the present value of the future payments of the annuity would be actuarially equivalent to the present value of the future payments under subparagraph (A) as of the day after the former employee's death; or

"(C) the lump-sum credit, if the surviving spouse is the individual who would be entitled to the lump-sum credit and if such surviving spouse files application therefor.

"(2) An annuity under this subsection and the right thereto terminate on the last day of the month before the surviving spouse remarries before becoming 55 years of age, or dies."

(b) Corresponding Amendment for FERS.—Section 8445(a) of title 5, United States Code, is amended—

(1) by striking "(or of a former employee or" and inserting "(or of a former"; and

(2) by striking "annuity)" and inserting "annuity, or of a former employee who dies after having separated from the service with title to a deferred annuity under section 8413 but before having established a valid claim for annuity (if such former spouse was married to such former employee prior to the date of separation))".

(c) Effective Date.—The amendments made by this section shall apply with respect to surviving spouses and former spouses (whose marriage, in the case of the amendments made by subsection (a), terminated after May 6, 1985) of former employees who die after December 31, 2000.

SEC. 814. CLARIFICATION OF TAX TREATMENT OF DIVISION OF SECTION 457 PLAN BENEFITS UPON DIVORCE.

(a) In General.—Section 414(p)(11) (relating to application of rules to governmental and church plans) is amended—

(1) by inserting "or an eligible deferred compensation plan (within the meaning of section 457(b))" after "subsection (e))", and

(2) in the heading, by striking "GOVERNMENTAL AND CHURCH PLANS" and inserting "CERTAIN OTHER PLANS".

(b) Waiver of Certain Distribution Requirements.—Paragraph (10) of section 414(p) is amended by striking "and section 409(d)" and inserting "section 409(d), and section 457(d)".

(c) Tax Treatment of Payments From a Section 457 Plan.—Subsection (p) of section 414 is amended by redesignating paragraph (12) as paragraph (13) and inserting after paragraph (11) the following new paragraph:

"(12) Tax treatment of payments from a section 457 plan.—If a distribution or payment from an eligible deferred compensation plan described in section 457(b) is made pursuant to a qualified domestic relations order, rules similar to the rules of section 402(e)(1)(A) shall apply to such distribution or payment."

(d) Effective Date.—The amendments made by this section shall apply to transfers, distributions, and payments made after December 31, 2000.

SEC. 815. SPOUSES' RIGHT TO KNOW PROPOSAL.

(a) Spouse's Right To Know Distribution Information.—

(1) Amendment of internal revenue code.—Section 417(a)(3) (relating to plan to provide written explanations) is amended by adding at the end the following new subparagraph:

"(C) Explanation to spouse.—At the time a plan provides a participant with a written explanation under subparagraph (A) or (B), such plan shall provide a copy of such explanation to such participant's spouse. If the last known address of the spouse is the same as the last known address of the participant, the requirement of the preceding sentence shall be treated as met if the copy referred to in the preceding sentence is included in a single mailing made to such address and addressed to both such participant and spouse."

(2) Amendment of ERISA.—Paragraph (3) of section 205(c) of Employee Retirement Income Security Act of 1974 is amended by adding at the end the following new subparagraph:

"(C) Explanation to spouse.—At the time a plan provides a participant with a written explanation under subparagraph (A) or (B), such plan shall provide a copy of such explanation to such participant's spouse. If the last known address of the spouse is the same as the last known address of the participant, the requirement of the preceding sentence shall be treated as met if the copy referred to in the preceding sentence is included in a single mailing made to such address and addressed to both such participant and spouse."

(b) Effective Date.—The amendments made by this section shall apply to years beginning after December 31, 2000.

Subtitle C—Increasing Portability of Pension Plans

SEC. 821. ROLLOVERS ALLOWED AMONG VARIOUS TYPES OF PLANS.

(a) Rollovers From and to Section 457 Plans.—

(1) Rollovers from section 457 plans.—

(A) In general.—Section 457(e) (relating to other definitions and special rules) is amended by adding at the end the following:

"(16) Rollover amounts.—

"(A) General rule.—In the case of an eligible deferred compensation plan established and maintained by an employer described in subsection (e)(1)(A), if—

"(i) any portion of the balance to the credit of an employee in such plan is paid to such employee in an eligible rollover distribution (within the meaning of section 402(c)(4) without regard to subparagraph (C) thereof),

"(ii) the employee transfers any portion of the property such employee receives in such distribution to an eligible retirement plan described in section 402(c)(8)(B), and

"(iii) in the case of a distribution of property other than money, the amount so transferred consists of the property distributed,

then such distribution (to the extent so transferred) shall not be includible in gross income for the taxable year in which paid.

"(B) Certain rules made applicable.—The rules of paragraphs (2) through (7) (other than paragraph (4)(C)) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A).

"(C) Reporting.—Rollovers under this paragraph shall be reported to the Secretary in the same manner as rollovers from qualified retirement plans (as defined in section 4974(c))."

(B) Deferral limit determined without regard to rollover amounts.—Section 457(b)(2) (defining eligible deferred compensation plan) is amended by inserting "(other than rollover amounts)" after "taxable year".

(C) Direct rollover.—Paragraph (1) of section 457(d) is amended by striking "and" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", and", and by inserting after subparagraph (B) the following:

"(C) in the case of a plan maintained by an employer described in subsection (e)(1)(A), the plan meets requirements similar to the requirements of section 401(a)(31).

Any amount transferred in a direct trustee-to-trustee transfer in accordance with section 401(a)(31) shall not be includible in gross income for the taxable year of transfer."

(D) Withholding.—

(i) Paragraph (12) of section 3401(a) is amended by adding at the end the following:

"(E) under or to an eligible deferred compensation plan which, at the time of such payment, is a plan described in section 457(b) maintained by an employer described in section 457(e)(1)(A); or".

(ii) Paragraph (3) of section 3405(c) is amended to read as follows:

"(3) Eligible rollover distribution.—For purposes of this subsection, the term 'eligible rollover distribution' has the meaning given such term by section 402(f)(2)(A)."

(iii) Liability for withholding.—Subparagraph (B) of section 3405(d)(2) is amended by striking "or" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ", or", and by adding at the end the following:

"(iv) section 457(b)."

(2) ROLLOVERS TO SECTION 457 PLANS.—

(A) IN GENERAL.—Section 402(c)(8)(B) (defining eligible retirement plan) is amended by striking "and" at the end of clause (iii), by striking the period at the end of clause (iv) and inserting ", and", and by inserting after clause (iv) the following new clause:

"(v) an eligible deferred compensation plan described in section 457(b) of an employer described in section 457(e)(1)(A)."

(B) SEPARATE ACCOUNTING.—Section 402(c) is amended by adding at the end the following new paragraph:

"(11) SEPARATE ACCOUNTING.—Unless a plan described in clause (v) of paragraph (8)(B) agrees to separately account for amounts rolled into such plan from eligible retirement plans not described in such clause, the plan described in such clause may not accept transfers or rollovers from such retirement plans."

(C) 10 PERCENT ADDITIONAL TAX.—Subsection (t) of section 72 (relating to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end the following new paragraph:

"(9) SPECIAL RULE FOR ROLLOVERS TO SECTION 457 PLANS.—For purposes of this subsection, a distribution from an eligible deferred compensation plan (as defined in section 457(b)) of an employer described in section 457(e)(1)(A) shall be treated as a distribution from a qualified retirement plan described in 4974(c)(1) to the extent that such distribution is attributable to an amount transferred to an eligible deferred compensation plan from a qualified retirement plan (as defined in section 4974(c))."

(b) ALLOWANCE OF ROLLOVERS FROM AND TO 403(b) PLANS.—

(1) ROLLOVERS FROM SECTION 403(b) PLANS.—Section 403(b)(8)(A)(ii) (relating to rollover amounts) is amended by striking "such distribution" and all that follows and inserting "such distribution to an eligible retirement plan described in section 402(c)(8)(B), and".

(2) ROLLOVERS TO SECTION 403(b) PLANS.—Section 402(c)(8)(B) (defining eligible retirement plan), as amended by subsection (a), is amended by striking "and" at the end of clause (iv), by striking the period at the end of clause (v) and inserting ", and", and by inserting after clause (v) the following new clause:

"(vi) an annuity contract described in section 403(b)."

(c) EXPANDED EXPLANATION TO RECIPIENTS OF ROLLOVER DISTRIBUTIONS.—Paragraph (1) of section 402(f) (relating to written explanation to recipients of distributions eligible for rollover treatment) is amended by striking "and" at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting ", and", and by adding at the end the following new subparagraph:

"(E) of the provisions under which distributions from the eligible retirement plan receiving the distribution may be subject to restrictions and tax consequences which are different from those applicable to distributions from the plan making such distribution."

(d) SPOUSAL ROLLOVERS.—Section 402(c)(9) (relating to rollover where spouse receives distribution after death of employee) is amended by striking "; except that" and all that follows up to the end period.

(e) CONFORMING AMENDMENTS.—

(1) Section 72(o)(4) is amended by striking "and 408(d)(3)" and inserting "403(b)(8), 408(d)(3), and 457(e)(16)".

(2) Section 219(d)(2) is amended by striking "or 408(d)(3)" and inserting "408(d)(3), or 457(e)(16)".

(3) Section 401(a)(31)(B) is amended by striking "and 403(a)(4)" and inserting ", 403(a)(4), 403(b)(8), and 457(e)(16)".

(4) Subparagraph (A) of section 402(f)(2) is amended by striking "or paragraph (4) of section 403(a)" and inserting ", paragraph (4) of section 403(a), subparagraph (A) of section 403(b)(8), or subparagraph (A) of section 457(e)(16)".

(5) Paragraph (1) of section 402(f) is amended by striking "from an eligible retirement plan".

(6) Subparagraphs (A) and (B) of section 402(f)(1) are amended by striking "another eligible retirement plan" and inserting "an eligible retirement plan".

(7) Subparagraph (B) of section 403(b)(8) is amended to read as follows:

"(B) CERTAIN RULES MADE APPLICABLE.—The rules of paragraphs (2) through (7) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A), except that section 402(f) shall be applied to the payor in lieu of the plan administrator."

(8) Section 408(a)(1) is amended by striking "or 403(b)(8)" and inserting ", 403(b)(8), or 457(e)(16)".

(9) Subparagraphs (A) and (B) of section 415(b)(2) are each amended by striking "and 408(d)(3)" and inserting "403(b)(8), 408(d)(3), and 457(e)(16)".

(10) Section 415(c)(2) is amended by striking "and 408(d)(3)" and inserting "408(d)(3), and 457(e)(16)".

(11) Section 4973(b)(1)(A) is amended by striking "or 408(d)(3)" and inserting "408(d)(3), or 457(e)(16)".

(f) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

(2) SPECIAL RULE.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan (as defined in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986) on behalf of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of any amendment made by this section.

SEC. 822. ROLLOVERS OF IRAS INTO WORKPLACE RETIREMENT PLANS.

(a) IN GENERAL.—Subparagraph (A) of section 408(d)(3) (relating to rollover amounts) is amended by adding "or" at the end of clause (i), by striking clauses (ii) and (iii), and by adding at the end the following:

"(ii) the entire amount received (including money and any other property) is paid into an eligible retirement plan for the benefit of such individual not later than the 60th day after the date on which the payment or distribution is received, except that the maximum amount which may be paid into such plan may not exceed the portion of the amount received which is includible in gross income (determined without regard to this paragraph).

For purposes of clause (ii), the term 'eligible retirement plan' means an eligible retirement plan described in clause (iii), (iv), (v), or (vi) of section 402(c)(8)(B) the trustee of which is a person which may be a trustee of an individual retirement plan under section 408."

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 403(b) is amended by striking "section 408(d)(3)(A)(iii)" and inserting "section 408(d)(3)(A)(ii)".

(2) Clause (i) of section 408(d)(3)(D) is amended by striking "(i), (ii), or (iii)" and inserting "(i) or (ii)".

(3) Subparagraph (G) of section 408(d)(3) is amended to read as follows:

"(G) SIMPLE RETIREMENT ACCOUNTS.—In the case of any payment or distribution out of a simple retirement account (as defined in subsection (p)) to which section 72(t)(6) applies, this paragraph shall not apply unless such payment or distribution is paid into another simple retirement account."

(c) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

(2) SPECIAL RULE.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan (as defined in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986) on behalf of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of the amendments made by this section.

SEC. 823. ROLLOVERS OF AFTER-TAX CONTRIBUTIONS.

(a) ROLLOVERS FROM EXEMPT TRUSTS.—Paragraph (2) of section 402(c) (relating to maximum amount which may be rolled over) is amended by adding at the end the following: "The preceding sentence shall not apply to such distribution to the extent—

"(A) such portion is transferred in a direct trustee-to-trustee transfer to a qualified trust which is part of a plan which is a defined contribution plan and which agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

"(B) such portion is transferred to an eligible retirement plan described in clause (i) or (ii) of paragraph (8)(B)."

(b) OPTIONAL DIRECT TRANSFER OF ELIGIBLE ROLLOVER DISTRIBUTIONS.—Subparagraph (B) of section 401(a)(31) (relating to limitation) is amended by adding at the end the following: "The preceding sentence shall not apply to such distribution if the plan to which such distribution is transferred—

"(i) agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

"(ii) is an eligible retirement plan described in clause (i) or (ii) of section 402(c)(8)(B)."

(c) RULES FOR APPLYING SECTION 72 TO IRAS.—Paragraph (3) of section 408(d) (relating to special rules for applying section 72) is amended by inserting at the end the following:

"(H) APPLICATION OF SECTION 72.—

"(i) IN GENERAL.—If—

"(I) a distribution is made from an individual retirement plan, and

"(II) a rollover contribution is made to an eligible retirement plan described in section 402(c)(8)(B)(iii), (iv), (v), or (vi) with respect to all or part of such distribution,

then, notwithstanding paragraph (2), the rules of clause (ii) shall apply for purposes of applying section 72.

"(ii) APPLICABLE RULES.—In the case of a distribution described in clause (i)—

"(I) section 72 shall be applied separately to such distribution,

"(II) notwithstanding the pro rata allocation of income on, and investment in the contract, to distributions under section 72, the portion of such distribution rolled over to an eligible retirement plan described in clause (i) shall be treated as from income on the contract (to the extent of the aggregate income on the contract from all individual retirement plans of the distributee), and

"(III) appropriate adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2000.

SEC. 824. HARDSHIP EXCEPTION TO 60-DAY RULE.

(a) EXEMPT TRUSTS.—Paragraph (3) of section 402(c) (relating to transfer must be made within 60 days of receipt) is amended to read as follows:

"(3) TRANSFER MUST BE MADE WITHIN 60 DAYS OF RECEIPT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), paragraph (1) shall not apply to any transfer of a distribution made after the 60th day following the day on which the distributee received the property distributed.

"(B) HARDSHIP EXCEPTION.—The Secretary may waive the 60-day requirement under subparagraph (A) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement."

(b) IRAS.—Paragraph (3) of section 408(d) (relating to rollover contributions), as amended by section 333, is amended by adding after subparagraph (H) the following new subparagraph:

"(I) WAIVER OF 60-DAY REQUIREMENT.—The Secretary may waive the 60-day requirement under subparagraphs (A) and (D) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 825. TREATMENT OF FORMS OF DISTRIBUTION.

(a) PLAN TRANSFERS.—

(1) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Paragraph (6) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended by adding at the end the following:

"(D) PLAN TRANSFERS.—

"(i) A defined contribution plan (in this subparagraph referred to as the 'transferee plan') shall not be treated as failing to meet the requirements of this subsection merely because the transferee plan does not provide some or all of the forms of distribution previously available under another defined contribution plan (in this subparagraph referred to as the 'transferor plan') to the extent that—

"(I) the forms of distribution previously available under the transferor plan applied to the account of a participant or beneficiary under the transferor plan that was transferred from the transferor plan to the transferee plan pursuant to a direct transfer rather than pursuant to a distribution from the transferor plan,

"(II) the terms of both the transferor plan and the transferee plan authorize the transfer described in subclause (I),

"(III) the transfer described in subclause (I) was made pursuant to a voluntary election by the participant or beneficiary whose account was transferred to the transferee plan,

"(IV) the election described in subclause (III) was made after the participant or beneficiary received a notice describing the consequences of making the election,

"(V) if the transferor plan provides for an annuity as the normal form of distribution under the plan in accordance with section 417, the transfer is made with the consent of the participant's spouse (if any), and such consent meets requirements similar to the requirements imposed by section 417(a)(2), and

"(VI) the transferee plan allows the participant or beneficiary described in subclause (III) to receive any distribution to which the participant or beneficiary is entitled under the transferee plan in the form of a single sum distribution.

"(ii) Clause (i) shall apply to plan mergers and other transactions having the effect of a direct transfer, including consolidations of benefits attributable to different employers within a multiple employer plan.

"(iii) Clause (i) shall not apply to a transfer unless it is in connection with a bona fide transaction or change in employer.

"(E) ELIMINATION OF FORM OF DISTRIBUTION.—Except to the extent provided in regulations, a defined contribution plan shall not be treated as failing to meet the requirements of this section merely because of the elimination of a form of distribution previously available thereunder. This subparagraph shall not apply to the elimination of a form of distribution with respect to any participant unless—

"(i) a single sum payment is available to such participant at the same time or times as the form of distribution being eliminated, and

"(ii) such single sum payment is based on the same or greater portion of the participant's account as the form of distribution being eliminated."

(2) AMENDMENT TO ERISA.—Section 204(g) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)) is amended by adding at the end the following:

"(4)(A) A defined contribution plan (in this subparagraph referred to as the 'transferee plan') shall not be treated as failing to meet the requirements of this subsection merely because the transferee plan does not provide some or all of the forms of distribution previously available under another defined contribution plan (in this paragraph referred to as the 'transferor plan') to the extent that—

"(i) the forms of distribution previously available under the transferor plan applied to the account of a participant or beneficiary under the transferor plan that was transferred from the transferor plan to the transferee plan pursuant to a direct transfer rather than pursuant to a distribution from the transferor plan;

"(ii) the terms of both the transferor plan and the transferee plan authorize the transfer described in clause (i);

"(iii) the transfer described in clause (i) was made pursuant to a voluntary election by the participant or beneficiary whose account was transferred to the transferee plan;

"(iv) the election described in clause (iii) was made after the participant or beneficiary received a notice describing the consequences of making the election;

"(v) if the transferor plan provides for an annuity as the normal form of distribution under the plan in accordance with section 417, the transfer is made with the consent of the participant's spouse (if any), and such consent meets requirements similar to the requirements imposed by section 417(a)(2); and

"(vi) the transferee plan allows the participant or beneficiary described in subclause (III) to receive any distribution to which the participant or beneficiary is entitled under the transferee plan in the form of a single sum distribution.

"(B) Subparagraph (A) shall apply to plan mergers and other transactions having the effect of a direct transfer, including consolidations of benefits attributable to different employers within a multiple employer plan.

"(C) Subparagraph (A) shall not apply to a transfer unless it is in connection with a bona fide transaction or change in employer.

"(5) Except to the extent provided in regulations, a defined contribution plan shall not be treated as failing to meet the requirements of this section merely because of the elimination of a form of distribution previously available thereunder. This paragraph shall not apply to the elimination of a form of distribution with respect to any participant unless—

"(A) a single sum payment is available to such participant at the same time or times as the form of distribution being eliminated; and

"(B) such single sum payment is based on the same or greater portion of the participant's account as the form of distribution being eliminated."

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to years beginning after December 31, 2000.

(b) REGULATIONS.—

(1) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—The last sentence of paragraph (6)(B) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended to read as follows: "The Secretary may by regulations provide that this subparagraph shall not apply to any plan amendment that does not adversely affect the rights of participants in a material manner."

(2) AMENDMENT TO ERISA.—The last sentence of section 204(g)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)(2)) is amended to read as follows: "The Secretary of the Treasury may by regulations provide that this paragraph shall not apply to any plan amendment that does not adversely affect the rights of participants in a material manner."

(3) SECRETARY DIRECTED.—Not later than December 31, 2001, the Secretary of the Treasury is directed to issue final regulations under section 411(d)(6) of the Internal Revenue Code of 1986 and section 204(g)(2) of the Employee Retirement Income Security Act of 1974. Such regulations shall apply to plan years beginning after December 31, 2001, or such earlier date as is specified by the Secretary of the Treasury.

SEC. 826. RATIONALIZATION OF RESTRICTIONS ON DISTRIBUTIONS.

(a) MODIFICATION OF SAME DESK EXCEPTION.—

(1) SECTION 401(k).—

(A) Section 401(k)(2)(B)(i)(I) (relating to qualified cash or deferred arrangements) is amended by striking "separation from service" and inserting "severance from employment".

(B) Subparagraph (A) of section 401(k)(10) (relating to distributions upon termination of plan or disposition of assets or subsidiary) is amended to read as follows:

"(A) IN GENERAL.—An event described in this subparagraph is the termination of the plan without establishment or maintenance of another defined contribution plan (other than an employee stock ownership plan as defined in section 4975(e)(7))."

(C) Section 401(k)(10) is amended—

(i) in subparagraph (B)—

(I) by striking "An event" in clause (i) and inserting "A termination", and

(II) by striking "the event" in clause (i) and inserting "the termination",

(ii) by striking subparagraph (C), and

(iii) by striking "OR DISPOSITION OF ASSETS OR SUBSIDIARY" in the heading.

(2) Section 403(b).—

(A) Paragraphs (7)(A)(ii) and (11)(A) of section 403(b) are each amended by striking "separates from service" and inserting "has a severance from employment".

(B) The heading for paragraph (11) of section 403(b) is amended by striking "SEPARATION FROM SERVICE" and inserting "SEVERANCE FROM EMPLOYMENT".

(3) Section 457.—Clause (ii) of section 457(d)(1)(A) is amended by striking "is separated from service" and inserting "has a severance from employment".

(b) Effective Date.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 827. PURCHASE OF SERVICE CREDIT IN GOVERNMENTAL DEFINED BENEFIT PLANS.

(a) 403(b) Plans.—Subsection (b) of section 403 is amended by adding at the end the following new paragraph:

"(13) Trustee-to-trustee transfers to purchase permissive service credit.—No amount shall be includible in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)) if such transfer is—

"(A) for the purchase of permissive service credit (as defined in section 415(n)(3)(A)) under such plan, or

"(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof."

(b) 457 Plans.—

(1) Subsection (e) of section 457 is amended by adding after paragraph (17) the following new paragraph:

"(18) Trustee-to-trustee transfers to purchase permissive service credit.—No amount shall be includible in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)) if such transfer is—

"(A) for the purchase of permissive service credit (as defined in section 415(n)(3)(A)) under such plan, or

"(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof."

(2) Section 457(b)(2) is amended by striking "(other than rollover amounts)" and inserting "(other than rollover amounts and amounts received in a transfer referred to in subsection (e)(16))".

(c) Effective Date.—The amendments made by this section shall apply to trustee-to-trustee transfers after December 31, 2000.

SEC. 828. EMPLOYERS MAY DISREGARD ROLLOVERS FOR PURPOSES OF CASH-OUT AMOUNTS.

(a) Qualified Plans.—

(1) Amendment to internal revenue code of 1986.—Section 411(a)(11) (relating to restrictions on certain mandatory distributions) is amended by adding at the end the following:

"(D) Special rule for rollover contributions.—A plan shall not fail to meet the requirements of this paragraph if, under the terms of the plan, the present value of the nonforfeitable accrued benefit is determined without regard to that portion of such benefit which is attributable to rollover contributions (and earnings allocable thereto). For purposes of this subparagraph, the term 'rollover contributions' means any rollover contribution under sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16)."

(2) Amendment to ERISA.—Section 203(e) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(c)) is amended by adding at the end the following:

"(4) A plan shall not fail to meet the requirements of this subsection if, under the terms of the plan, the present value of the nonforfeitable accrued benefit is determined without regard to that portion of such benefit which is attributable to rollover contributions (and earnings allocable thereto). For purposes of this subparagraph, the term 'rollover contributions' means any rollover contribution under sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16) of the Internal Revenue Code of 1986."

(b) Eligible Deferred Compensation Plans.—Clause (i) of section 457(e)(9)(A) is amended by striking "such amount" and inserting "the portion of such amount which is not attributable to rollover contributions (as defined in section 411(a)(11)(D))".

(c) Effective Date.—The amendments made by this section shall apply to distributions after December 31, 2000.

Subtitle D—Strengthening Pension Security and Enforcement

SEC. 831. TREATMENT OF MULTIEMPLOYER PLANS UNDER SECTION 415.

(a) Compensation Limit.—Paragraph (11) of section 415(b) (relating to limitation for defined benefit plans) is amended to read as follows:

"(11) Special limitation rule for governmental and multiemployer plans.—In the case of a governmental plan (as defined in section 414(d)) or a multiemployer plan (as defined in section 414(f)), subparagraph (B) of paragraph (1) shall not apply."

(b) Combining and Aggregation of Plans.—

(1) Combining of plans.—Subsection (f) of section 415 (relating to combining of plans) is amended by adding at the end the following:

"(3) Exception for multiemployer plans.—Notwithstanding paragraph (1) and subsection (g), a multiemployer plan (as defined in section 414(f)) shall not be combined or aggregated with any other plan maintained by an employer for purposes of applying the limitations established in this section. The preceding sentence shall not apply for purposes of applying subsection (b)(1)(A) to a plan which is not a multiemployer plan."

(2) Conforming amendment for aggregation of plans.—Subsection (g) of section 415 (relating to aggregation of plans) is amended by striking "The Secretary" and inserting "Except as provided in subsection (f)(3), the Secretary".

(c) Effective Date.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 832. EXTENSION OF MISSING PARTICIPANTS PROGRAM TO MULTIEMPLOYER PLANS.

(a) In General.—Section 4050 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1350) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following:

"(c) Multiemployer Plans.—The corporation shall prescribe rules similar to the rules in subsection (a) for multiemployer plans covered by this title that terminate under section 4041A."

(b) Conforming Amendment.—Section 206(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056(f)) is amended by striking "the plan shall provide that,".

(c) Effective Date.—The amendments made by this section shall apply to distributions made after final regulations implementing subsection (c) of section 4050 of the Employee Retirement Income Security Act of 1974 (as added by subsection (a)) are prescribed.

SEC. 833. CIVIL PENALTIES FOR BREACH OF FIDUCIARY RESPONSIBILITY.

(a) Imposition and Amount of Penalty Made Discretionary.—Section 502(*l*)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132(*l*)(1)) is amended—

(1) by striking "shall" and inserting "may", and

(2) by striking "equal to" and inserting "not greater than".

(b) Applicable Recovery Amount.—Section 502(*l*)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132(*l*)(2)) is amended to read as follows:

"(2) For purposes of paragraph (1), the term 'applicable recovery amount' means any amount which is recovered from (or on behalf of) any fiduciary or other person with respect to a breach or violation described in paragraph (1) on or after the 90th day following receipt by such fiduciary or other person of written notice from the Secretary of the violation, whether paid voluntarily or by order of a court in a judicial proceeding instituted by the Secretary under subsection (a)(2) or (a)(5). The Secretary may, in the Secretary's sole discretion, extend the 90-day period described in the preceding sentence."

(c) Other Rules.—Section 502(*l*) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132(*l*)) is amended by adding at the end the following:

"(5) A person shall be jointly and severally liable for the penalty described in paragraph (1) to the same extent that such person is jointly and severally liable for the applicable recovery amount on which the penalty is based.

"(6) No penalty shall be assessed under this subsection unless the person against whom the penalty is assessed is given notice and opportunity for a hearing with respect to the violation and applicable recovery amount."

(d) Effective Date.—The amendments made by this section shall apply to any action or claim, including any action or claim commenced by the Secretary of Labor, pending on or after the date of enactment of this Act.

SEC. 834. FAILURE TO PROVIDE NOTICE BY DEFINED BENEFIT PLANS SIGNIFICANTLY REDUCING FUTURE BENEFIT ACCRUALS.

(a) Excise Tax.—

(1) In general.—Chapter 43 of subtitle D (relating to qualified pension, etc., plans) is amended by adding at the end the following new section:

"SEC. 4980F. FAILURE OF DEFINED BENEFIT PLANS REDUCING BENEFIT ACCRUALS TO SATISFY NOTICE REQUIREMENTS.

"(a) Imposition of Tax.—There is hereby imposed a tax on the failure of a large defined benefit plan to meet the requirements of subsection (e) with respect to any applicable individual.

"(b) Amount of Tax.—

"(1) In general.—The amount of the tax imposed by subsection (a) on any failure with respect to any applicable individual shall be $100 for each day in the noncompliance period with respect to such failure.

“(2) NONCOMPLIANCE PERIOD.—For purposes of this section, the term ‘noncompliance period’ means, with respect to any failure, the period beginning on the date the failure first occurs and ending on the date the failure is corrected.

“(3) MINIMUM TAX FOR NONCOMPLIANCE PERIOD WHERE FAILURE DISCOVERED AFTER NOTICE OF EXAMINATION.—Notwithstanding paragraphs (1) and (2) of subsection (c)—

“(A) IN GENERAL.—In the case of 1 or more failures with respect to an applicable individual—

“(i) which are not corrected before the date a notice of examination of income tax liability is sent to the employer, and

“(ii) which occurred or continued during the period under examination,

the amount of tax imposed by subsection (a) by reason of such failures with respect to such beneficiary shall not be less than the lesser of $2,500 or the amount of tax which would be imposed by subsection (a) without regard to such paragraphs.

“(B) HIGHER MINIMUM TAX WHERE VIOLATIONS ARE MORE THAN DE MINIMIS.—To the extent violations by the employer (or the plan in the case of a multiemployer plan) for any year are more than de minimis, subparagraph (A) shall be applied by substituting ‘$15,000’ for ‘$2,500’ with respect to the employer (or such plan).

“(c) LIMITATIONS ON AMOUNT OF TAX.—

“(1) TAX NOT TO APPLY WHERE FAILURE NOT DISCOVERED EXERCISING REASONABLE DILIGENCE.—No tax shall be imposed by subsection (a) on any failure during any period for which it is established to the satisfaction of the Secretary that none of the persons referred to in subsection (d) knew, or exercising reasonable diligence would have known, that the failure existed.

“(2) TAX NOT TO APPLY TO FAILURES CORRECTED WITHIN 30 DAYS.—No tax shall be imposed by subsection (a) on any failure if—

“(A) such failure was due to reasonable cause and not to willful neglect, and

“(B) such failure is corrected during the 30-day period beginning on the first date any of the persons referred to in subsection (d) knew, or exercising reasonable diligence would have known, that such failure existed.

“(3) OVERALL LIMITATION FOR UNINTENTIONAL FAILURES.—

“(A) IN GENERAL.—In the case of failures that are due to reasonable cause and not to willful neglect, the tax imposed by subsection (a) for failures during the taxable year of the employer (or, in the case of a multiemployer plan, the taxable year of the trust forming part of the plan) shall not exceed $500,000. For purposes of the preceding sentence, all multiemployer plans of which the same trust forms a part shall be treated as 1 plan.

“(B) TAXABLE YEARS IN THE CASE OF CERTAIN CONTROLLED GROUPS.—For purposes of this paragraph, if all persons who are treated as a single employer for purposes of this section do not have the same taxable year, the taxable years taken into account shall be determined under principles similar to the principles of section 1561.

“(4) WAIVER BY SECRETARY.—In the case of a failure which is due to reasonable cause and not to willful neglect, the Secretary may waive part or all of the tax imposed by subsection (a) to the extent that the payment of such tax would be excessive relative to the failure involved.

“(d) LIABILITY FOR TAX.—The following shall be liable for the tax imposed by subsection (a):

“(1) In the case of a plan other than a multiemployer plan, the employer.

“(2) In the case of a multiemployer plan, the plan.

“(e) NOTICE REQUIREMENTS FOR PLANS SIGNIFICANTLY REDUCING BENEFIT ACCRUALS.—

“(1) IN GENERAL.—If a large defined benefit plan adopts an amendment which has the effect of significantly reducing the rate of future benefit accrual of 1 or more participants, a trust which is part of such plan shall not constitute a qualified trust under this section unless, after adoption of such amendment and not less than 15 days before its effective date, the plan administrator provides—

“(A) a written statement of benefit change described in paragraph (2) to each applicable individual, and

“(B) a written notice setting forth the plan amendment and its effective date to each employee organization representing participants in the plan.

Any such notice may be provided to a person designated, in writing, by the person to which it would otherwise be provided. The plan administrator shall not be treated as failing to meet the requirements of this paragraph merely because the statement or notice is provided before the adoption of the plan amendment if no material modification of the amendment occurs before the amendment is adopted.

“(2) STATEMENT OF BENEFIT CHANGE.—A statement of benefit change described in this subparagraph shall—

“(A) be written in a manner calculated to be understood by the average plan participant, and

“(B) include the information described in paragraph (3).

“(3) INFORMATION CONTAINED IN STATEMENT OF BENEFIT CHANGE.—The information described in this paragraph includes the following:

“(A) Notice setting forth the plan amendment and its effective date.

“(B) A comparison of the following amounts under the plan with respect to an applicable individual, determined both with and without regard to the plan amendment:

“(i) The accrued benefit and the present value of the accrued benefit as of the effective date.

“(ii) The projected accrued benefit and the projected present value of the accrued benefit as of the date which is 3 years, 5 years, and 10 years from the effective date and as of the normal retirement age.

Such comparison may include a statement that ‘The projected benefits were computed using assumptions required under Federal law and may not prove accurate over time.’

“(C) A table of all annuity factors used to calculate benefits under the plan, presented in the form provided in section 72 and the regulations thereunder.

Benefits described in subparagraph (B) shall be stated separately and shall be calculated by using the applicable mortality table and the applicable interest rate under section 417(e)(3)(A). The Secretary may prescribe regulations under which information other than that described in this paragraph may be provided in cases where the comparative benefits are not needed.

“(4) EMPLOYERS HELD HARMLESS.—A plan (and any employer maintaining the plan) shall not be treated as failing to meet the requirements of this subsection (or as being liable to any applicable individual) by reason of any projected amounts under paragraph (3) being wrong if such amounts were computed in accordance with such paragraph.

“(5) LARGE DEFINED BENEFIT PLAN; APPLICABLE INDIVIDUAL.—For purposes of this subsection—

“(A) LARGE DEFINED BENEFIT PLAN.—The term ‘large defined benefit plan’ means any defined benefit plan which had 1,000 or more participants who had accrued a benefit under the plan (whether or not nonforfeitable) as of the last day of the plan year preceding the plan year in which the plan amendment becomes effective. Such term shall not include a governmental plan (within the meaning of section 414(d)) or a church plan (within the meaning of section 414(e)).

“(B) APPLICABLE INDIVIDUAL.—The term ‘applicable individual’ means—

“(i) each participant in the plan, and

“(ii) each beneficiary who is an alternate payee (within the meaning of section 414(p)(8)) under an applicable qualified domestic relations order (within the meaning of section 414(p)(1)(A)),

who has a nonforfeitable benefit under the plan as of the effective date of the plan amendment and who may reasonably be expected to be affected by the plan amendment.

“(6) ACCRUED BENEFIT; PROJECTED RETIREMENT BENEFIT.—For purposes of this subsection—

“(A) PRESENT VALUE OF ACCRUED BENEFIT.—The present value of an accrued benefit of any applicable individual shall be calculated as if the accrued benefit were in the form of a single life annuity commencing at the participant's normal retirement age (and by taking into account any early retirement subsidy).

“(B) PROJECTED ACCRUED BENEFIT.—

“(i) IN GENERAL.—The projected accrued benefit of any applicable individual shall be calculated as if the benefit were payable in the form of a single life annuity commencing at the participant's normal retirement age (and by taking into account any early retirement subsidy).

“(ii) COMPENSATION AND OTHER ASSUMPTIONS.—Such benefit shall be calculated by assuming that compensation and all other benefit factors would increase for each plan year beginning after the effective date of the plan amendment at a rate equal to the median average of the CPI increase percentage (as defined in section 215(i) of the Social Security Act) for the 5 calendar years immediately preceding the calendar year before the calendar year in which such effective date occurs.

“(iii) BENEFIT FACTORS.—For purposes of clause (ii), the term ‘benefit factors’ means social security benefits and all other relevant factors under section 411(b)(1)(A) used to compute benefits under the plan which had increased from the 2d plan year preceding the plan year in which the effective date of the plan amendment occurs to the 1st such preceding plan year.

“(C) NORMAL RETIREMENT AGE.—The term ‘normal retirement age’ means the later of—

“(i) the date determined under section 411(a)(8), or

“(ii) the date a plan participant attains age 62.”

(2) CONFORMING AMENDMENT.—The table of sections for chapter 43 of subtitle D is amended by adding at the end the following new item:

“Sec. 4980F. Failure of defined benefit plans reducing benefit accruals to satisfy notice requirements.”

(b) AMENDMENTS TO ERISA.—

(1) BENEFIT STATEMENT REQUIREMENT.—Section 204(h) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(h)) is amended by adding at the end the following new paragraphs:

"(3)(A) If paragraph (1) applies to the adoption of a plan amendment by a large defined benefit plan, the plan administrator shall, after adoption of such amendment and not less than 15 days before its effective date, provide with the notice under paragraph (1) a written statement of benefit change described in subparagraph (B) to each applicable individual. The Secretary may provide that paragraph (1) shall not apply to an amendment by reason of a failure under this paragraph if such application would be an excessive penalty relative to the failure involved.

"(B) A statement of benefit change described in this subparagraph shall—

"(i) be written in a manner calculated to be understood by the average plan participant, and

"(ii) include the information described in subparagraph (C).

"(C) The information described in this subparagraph includes the following:

"(i) A comparison of the following amounts under the plan with respect to an applicable individual, determined both with and without regard to the plan amendment:

"(I) The accrued benefit and the present value of the accrued benefit as of the effective date.

"(II) The projected accrued benefit and the projected present value of the accrued benefit as of the date which is 3 years, 5 years, and 10 years from the effective date and as of the normal retirement age.

Such comparison shall include a statement that 'The projected benefits were computed using assumptions required under Federal law and may not prove accurate over time.'

"(ii) A table of all annuity factors used to calculate benefits under the plan, presented in the form provided in section 72 of the Internal Revenue Code of 1986 and the regulations thereunder.

Benefits described in clause (i) shall be stated separately and shall be calculated by using the applicable mortality table and the applicable interest rate under section 417(e)(3)(A) of such Code. The Secretary may prescribe regulations under which information other than that described in this subparagraph may be provided in cases where the comparative benefits are not needed.

"(D) A plan (and any employer maintaining the plan) shall not be treated as failing to meet the requirements of this paragraph (or as being liable to any applicable individual) by reason of any projected amounts under subparagraph (C) being wrong if such amounts were computed in accordance with such subparagraph.

"(E) For purposes of this paragraph—

"(i) The term 'large defined benefit plan' means any defined benefit plan which had 1,000 or more participants who had accrued a benefit under the plan (whether or not nonforfeitable) as of the last day of the plan year preceding the plan year in which the plan amendment becomes effective. Such term shall not include a governmental plan (within the meaning of section 3(32)) or a church plan (within the meaning of section 3(33)).

"(ii) The term 'applicable individual' means an individual described in subparagraph (A) or (B) of paragraph (1) who has a nonforfeitable benefit under the plan as of the effective date of the plan amendment and who may reasonably be expected to be affected by the plan amendment.

"(F) For purposes of this paragraph—

"(i) The present value of an accrued benefit of any applicable individual shall be calculated as if the accrued benefit were in the form of a single life annuity commencing at the participant's normal retirement age (and by taking into account any early retirement subsidy).

"(ii)(I) The projected accrued benefit of any applicable individual shall be calculated as if the benefit were payable in the form of a single life annuity commencing at the participant's normal retirement age (and by taking into account any early retirement subsidy).

"(II) Such benefit shall be calculated by assuming that compensation and all other benefit factors would increase for each plan year beginning after the effective date of the plan amendment at a rate equal to the median average of the CPI increase percentage (as defined in section 215(i) of the Social Security Act) for the 5 calendar years immediately preceding the calendar year before the calendar year in which such effective date occurs.

"(III) For purposes of subclause (II), the term 'benefit factors' means social security benefits and all other relevant factors under section 204(b)(1)(A) used to compute benefits under the plan which had increased from the 2d plan year preceding the plan year in which the effective date of the plan amendment occurs to the 1st such preceding plan year.

"(iii) The term 'normal retirement age' means the later of—

"(I) the date determined under section 3(24), or

"(II) the date a plan participant attains age 62.

"(4) A plan administrator shall not be treated as failing to meet the requirements of this subsection merely because the notice or statement is provided before the adoption of the plan amendment if no material modification of the amendment occurs before the amendment is adopted."

(2) CONFORMING AMENDMENT.—Section 204(h)(1) of such Act (29 U.S.C. 1054(h)(1)) is amended by inserting "(including any written statement of benefit change if required by paragraph (3))" after "written notice".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan amendments taking effect in plan years beginning on or after the earlier of—

(A) the later of—

(i) January 1, 1999, or

(ii) the date on which the last of the collective bargaining agreements pursuant to which the plan is maintained terminates (determined without regard to any extension thereof after the date of the enactment of this Act), or

(B) January 1, 2001.

(2) EXCEPTION WHERE NOTICE GIVEN.—The amendments made by this section shall not apply to any plan amendment for which written notice was given to participants or their representatives before March 17, 1999, without regard to whether the amendment was adopted before such date.

(3) SPECIAL RULE.—The period for providing any notice required by, or any notice the contents of which are changed by, the amendments made by this Act shall not end before the date which is 6 months after the date of the enactment of this Act.

Subtitle E—Encouraging Retirement Education

SEC. 841. PERIODIC PENSION BENEFITS STATEMENTS.

(a) IN GENERAL.—Section 105(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025(a)) is amended by striking "shall furnish to any plan participant or beneficiary who so requests in writing, a statement" and inserting "shall furnish to each plan participant at least once each year (3 years in the case of a defined benefit plan) or upon written request of a plan participant or beneficiary, a statement in written or electronic form".

(b) RULE FOR MULTIEMPLOYER PLANS.—Section 105(d) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025(d)) is amended to read as follows:

"(d) Upon written request of a plan participant or beneficiary, each administrator of a plan to which more than 1 unaffiliated employer is required to contribute shall furnish a statement described in subsection (a) in written or electronic form."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after the earlier of—

(1) the date of issuance by the Secretary of Labor of regulations providing guidance for simplifying defined benefit plan calculations with respect to the information required under section 105 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025), or

(2) December 31, 1998.

SEC. 842. CLARIFICATION OF TREATMENT OF EMPLOYER-PROVIDED RETIREMENT ADVICE.

(a) IN GENERAL.—Subsection (a) of section 132 (relating to exclusion from gross income) is amended by striking "or" at the end of paragraph (5), by striking the period at the end of paragraph (6) and inserting ", or", and by adding at the end the following new paragraph:

"(7) qualified retirement planning advice."

(b) QUALIFIED RETIREMENT PLANNING ADVICE DEFINED.—Section 132 is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following:

"(m) QUALIFIED RETIREMENT PLANNING ADVICE.—

"(1) IN GENERAL.—For purposes of this section, the term 'qualified retirement planning advice' means any retirement planning advice provided to an employee and his spouse by an employer maintaining a qualified employer plan. Such term shall not include the providing of tax preparation, accounting, legal, brokerage, or other similar services.

"(2) NONDISCRIMINATION RULE.—Subsection (a)(7) shall apply in the case of highly compensated employees only if such advice is available on substantially the same terms to each member of the group of employees normally provided education and information regarding the employer's qualified employer plan.

"(3) QUALIFIED EMPLOYER PLAN.—For purposes of this subsection, the term 'qualified employer plan' means a plan, contract, pension, or account described in section 219(g)(5)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

Subtitle F—Reducing Red Tape

SEC. 851. ESOP DIVIDENDS MAY BE REINVESTED WITHOUT LOSS OF DIVIDEND DEDUCTION.

(a) IN GENERAL.—Section 404(k)(2)(A) (defining applicable dividends) is amended by striking "or" at the end of clause (ii), by redesignating clause (iii) as clause (iv), and by inserting after clause (ii) the following:

"(iii) is, at the election of such participants or their beneficiaries—

"(I) payable as provided in clause (i) or (ii), or

"(II) paid to the plan and reinvested in qualifying employer securities, or".

(b) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 852. REDUCED PBGC PREMIUM FOR NEW PLANS OF SMALL EMPLOYERS.

(a) In General.—Subparagraph (A) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(A)) is amended—

(1) in clause (i), by inserting "other than a new single-employer plan (as defined in subparagraph (F)) maintained by a small employer (as so defined)," after "single-employer plan,",

(2) in clause (iii), by striking the period at the end and inserting ", and", and

(3) by adding at the end the following new clause:

"(iv) in the case of a new single-employer plan (as defined in subparagraph (F)) maintained by a small employer (as so defined) for the plan year, $5 for each individual who is a participant in such plan during the plan year."

(b) Definition of New Single-Employer Plan.—Section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)) is amended by adding at the end the following new subparagraph:

"(F)(i) For purposes of this paragraph, a single-employer plan maintained by a contributing sponsor shall be treated as a new single-employer plan for each of its first 5 plan years if, during the 36-month period ending on the date of the adoption of such plan, the sponsor or any member of such sponsor's controlled group (or any predecessor of either) had not established or maintained a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new single-employer plan.

"(ii)(I) For purposes of this paragraph, the term 'small employer' means an employer which on the first day of any plan year has, in aggregation with all members of the controlled group of such employer, 100 or fewer employees.

"(II) In the case of a plan maintained by 2 or more contributing sponsors that are not part of the same controlled group, the employees of all contributing sponsors and controlled groups of such sponsors shall be aggregated for purposes of determining whether any contributing sponsor is a small employer."

(c) Effective Date.—The amendments made by this section shall apply to plans established after December 31, 2000.

SEC. 853. REDUCTION OF ADDITIONAL PBGC PREMIUM FOR NEW PLANS.

(a) In General.—Subparagraph (E) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by adding at the end the following new clause:

"(v) In the case of a new defined benefit plan, the amount determined under clause (ii) for any plan year shall be an amount equal to the product of the amount determined under clause (ii) and the applicable percentage. For purposes of this clause, the term 'applicable percentage' means—

"(I) 0 percent, for the first plan year.

"(II) 20 percent, for the second plan year.

"(III) 40 percent, for the third plan year.

"(IV) 60 percent, for the fourth plan year.

"(V) 80 percent, for the fifth plan year.

For purposes of this clause, a defined benefit plan (as defined in section 3(35)) maintained by a contributing sponsor shall be treated as a new defined benefit plan for its first 5 plan years if, during the 36-month period ending on the date of the adoption of the plan, the sponsor and each member of any controlled group including the sponsor (or any predecessor of either) did not establish or maintain a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new plan."

(b) Effective Date.—The amendments made by this section shall apply to plans established after December 31, 2000.

SEC. 854. ELIMINATION OF USER FEE FOR REQUESTS TO IRS REGARDING NEW PENSION PLANS.

(a) Elimination of Certain User Fees.—The Secretary of the Treasury or the Secretary's delegate shall not require payment of user fees under the program established under section 7527 of the Internal Revenue Code of 1986 for requests to the Internal Revenue Service for ruling letters, opinion letters, and determination letters or similar requests with respect to the qualified status of a new pension benefit plan or any trust which is part of the plan.

(b) New Pension Benefit Plan.—For purposes of this section—

(1) In general.—The term "new pension benefit plan" means a pension, profit-sharing, stock bonus, annuity, or employee stock ownership plan which is maintained by one or more eligible employers if such employer (or any predecessor employer) has not made a prior request described in subsection (a) for such plan (or any predecessor plan).

(2) Eligible employer.—The term "eligible employer" means an employer (or any predecessor employer) which has not established or maintained a qualified employer plan with respect to which contributions were made, or benefits were accrued for service, in the 3 most recent taxable years ending prior to the first taxable year in which the request is made.

(c) Effective Date.—The provisions of this section shall apply with respect to requests made after December 31, 2000.

SEC. 855. DISTRIBUTIONAL ANALYSIS OF PENSION TAX BENEFITS.

(a) Analysis.—The Secretary of the Treasury shall, not later than June 30, 2000 conduct a distributional analysis of the tax benefits of major pension and retirement savings arrangements by income group.

(b) Report.—The Secretary shall report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives the results of the analysis under subsection (a). To the extent feasible, the Secretary shall report preliminary results of such analysis within 60 days of the date of the enactment of this Act.

Subtitle G—Other Provisions

SEC. 303. TAX CREDIT FOR MATCHING CONTRIBUTIONS TO INDIVIDUAL DEVELOPMENT ACCOUNTS.

(a) In General.—Subchapter F of chapter 1 (relating to exempt organizations) is amended by adding at the end the following new part:

"PART IX—INDIVIDUAL DEVELOPMENT ACCOUNTS

"Sec. 530A. Individual development accounts.

"SEC. 530A. INDIVIDUAL DEVELOPMENT ACCOUNTS.

"(a) Individual Development Account.—For purposes of this section, the term 'Individual Development Account' means a custodial account established for the exclusive benefit of an eligible individual or such individual's beneficiaries, but only if the written governing instrument creating the account meets the following requirements:

"(1) Except in the case of a qualified rollover (as defined in subsection (c)(2)(E))—

"(A) no contribution will be accepted unless it is in cash, and

"(B) contributions will not be accepted for the taxable year in excess of the lesser of—

"(i) $350, or

"(ii) an amount equal to the compensation includible in the eligible individual's gross income for such taxable year.

"(2) The custodian of the account is a qualified financial institution.

"(3) The interest of an eligible individual in the balance of the account (determined without regard to any such matching contribution or earnings thereon) is nonforfeitable.

"(4) The assets of the account will not be commingled with other property except in a common trust fund or common investment fund.

"(5) Except as provided in subsection (c), any amount in the account may be paid out only for qualified expense distributions.

"(b) Matching Contributions With Respect To Individual Development Accounts.—

"(1) In general.—If an eligible individual establishes an Individual Development Account with a qualified financial institution, the qualified financial institution may deposit into a separate, parallel, individual or pooled matching account an eligible matching contribution for the taxable year. The qualified financial institution shall maintain a separate accounting of matching contributions and earnings thereon.

"(2) Eligible matching contribution.—For purposes of this section, the term 'eligible matching contribution' means a dollar-for-dollar match of the contributions made by the eligible individual into the Individual Development Account described in paragraph (1) with respect to any taxable year.

"(3) Allowance of credit for eligible matching contributions.—

"(A) In general.—In the case of a qualified financial institution, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 85 percent of the eligible matching contributions made by such institution with respect to an eligible individual under this subsection for such taxable year (determined without regard to any amount described in paragraph (4)(B)). If any amount determined under the preceding sentence is not a multiple of $10, such amount shall be rounded to the next highest multiple of $10.

"(B) Limitation based on amount of tax.—The credit allowed under subparagraph (A) for any taxable year shall not exceed the excess of—

"(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

"(ii) the sum of the credits allowable under part IV of subchapter A of this chapter.

"(C) Credit treated as allowed under part IV of subchapter A.—For purposes of subtitle F, the credit allowed under subparagraph (A) shall be treated as a credit allowable under part IV of subchapter A of this chapter.

"(4) Forfeiture of matching funds.—

"(A) IN GENERAL.—Amounts in the matching account established under this subsection for an eligible individual shall be reduced by the amount of any distribution from an Individual Development Account of such individual which is not a qualified expense distribution and which is not recontributed as part of a qualified rollover (as defined in subsection (c)(2)(E)).

"(B) USE OF FORFEITED FUNDS.—Eligible matching contributions which are forfeited by an eligible individual under subparagraph (A) shall be used by the qualified financial institution to make eligible matching contributions for other Individual Development Account contributions by eligible individuals.

"(5) EXCLUSION FROM INCOME.—Gross income of an eligible individual shall not include any eligible matching contribution and the earnings thereon deposited into a matching account under paragraph (1) on behalf of such individual.

"(6) REGULAR REPORTING OF MATCHING CONTRIBUTIONS.—Any qualified financial institution shall report eligible matching contributions to eligible individuals with Individual Development Accounts on not less than a quarterly basis.

"(7) TERMINATION.—No eligible matching contribution may be made for any taxable year beginning after December 31, 2005.

"(c) QUALIFIED EXPENSE DISTRIBUTION.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified expense distribution' means any amount paid or distributed out of an Individual Development Account and the matching account established under subsection (b) for an eligible individual if such amount—

"(A) is used exclusively to pay the qualified expenses of such individual or such individual's spouse or dependents,

"(B) is paid by the qualified financial institution directly to the person to whom the amount is due or to another Individual Development Account, and

"(C) is paid after the holder of the Individual Development Account has completed an economic literacy course offered by the qualified financial institution, a nonprofit organization, or a government entity.

"(2) QUALIFIED EXPENSES.—

"(A) IN GENERAL.—The term 'qualified expenses' means any of the following:

"(i) Qualified higher education expenses.

"(ii) Qualified first-time homebuyer costs.

"(iii) Qualified business capitalization costs.

"(iv) Qualified rollovers.

"(B) QUALIFIED HIGHER EDUCATION EXPENSES.—

"(i) IN GENERAL.—The term 'qualified higher education expenses' has the meaning given such term by section 72(t)(7), determined by treating postsecondary vocational educational schools as eligible educational institutions.

"(ii) POSTSECONDARY VOCATIONAL EDUCATION SCHOOL.—The term 'postsecondary vocational educational school' means an area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this section.

"(iii) COORDINATION WITH OTHER BENEFITS.—The amount of qualified higher education expenses for any taxable year shall be reduced as provided in section 25A(g)(2) and by the amount of such expenses for which a credit or exclusion is allowed under this chapter for such taxable year.

"(C) QUALIFIED FIRST-TIME HOMEBUYER COSTS.—The term 'qualified first-time homebuyer costs' means qualified acquisition costs (as defined in section 72(t)(8) without regard to subparagraph (B) thereof) with respect to a principal residence (within the meaning of section 121) for a qualified first-time homebuyer (as defined in section 72(t)(8)).

"(D) QUALIFIED BUSINESS CAPITALIZATION COSTS.—

"(i) IN GENERAL.—The term 'qualified business capitalization costs' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified business plan.

"(ii) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified business plan, including capital, plant, equipment, working capital, and inventory expenses.

"(iii) QUALIFIED BUSINESS.—The term 'qualified business' means any business that does not contravene any law.

"(iv) QUALIFIED BUSINESS PLAN.—The term 'qualified business plan' means a business plan which meets such requirements as the Secretary of Housing and Urban Development may specify.

"(E) QUALIFIED ROLLOVERS.—The term 'qualified rollover' means, with respect to any distribution from an Individual Development Account, the payment, within 120 days of such distribution, of all or a portion of such distribution to such account or to another Individual Development Account established in another qualified financial institution for the benefit of the eligible individual. Rules similar to the rules of section 408(d)(3) (other than subparagraph (C) thereof) shall apply for purposes of this subparagraph.

"(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) ELIGIBLE INDIVIDUAL.—

"(A) IN GENERAL.—The term 'eligible individual' means an individual who—

"(i) has attained the age of 18 years,

"(ii) is a citizen or legal resident of the United States, and

"(iii) is a member of a household—

"(I) which is eligible for the earned income tax credit under section 32,

"(II) which is eligible for assistance under a State program funded under part A of title IV of the Social Security Act, or

"(III) the gross income of which does not exceed 60 percent of the area median income (as determined by the Department of Housing and Urban Affairs) and the net worth of which does not exceed $10,000.

"(B) HOUSEHOLD.—The term 'household' means all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

"(C) DETERMINATION OF NET WORTH.—

"(i) IN GENERAL.—For purposes of subparagraph (A)(iii)(III), the net worth of a household is the amount equal to—

"(I) the aggregate fair market value of all assets that are owned in whole or in part by any member of a household, minus

"(II) the obligations or debts of any member of the household.

"(ii) CERTAIN ASSETS DISREGARDED.—For purposes of determining the net worth of a household, a household's assets shall not be considered to include the primary dwelling unit and 1 motor vehicle owned by the household.

"(D) PROOF OF COMPENSATION AND STATUS AS AN ELIGIBLE INDIVIDUAL.—Statements under section 6051 and other forms specified by the Secretary proving the eligible individual's wages and other compensation and the status of the individual as an eligible individual shall be presented to the custodian at the time of the establishment of the Individual Development Account and at least once annually thereafter.

"(2) QUALIFIED FINANCIAL INSTITUTION.—The term 'qualified financial institution' means any person authorized to be a trustee of any individual retirement account under section 408(a)(2).

"(3) TREATMENT OF MORE THAN ONE ACCOUNT.—All Individual Development Accounts of an individual shall be treated as one account.

"(4) OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (1), (2), and (3) of section 219(f), section 220(f)(8), paragraphs (4) and (6) of section 408(d), and section 408(m) shall apply for purposes of this section.

"(5) REPORTS.—The custodian of an Individual Development Account shall make such reports regarding such account to the Secretary and to the individual for whom the account is maintained with respect to contributions (and the years to which they relate), distributions, and such other matters as the Secretary may require under regulations. The reports required by this paragraph—

"(A) shall be filed at such time and in such manner as the Secretary prescribes in such regulations, and

"(B) shall be furnished to individuals—

"(i) not later than January 31 of the calendar year following the calendar year to which such reports relate, and

"(ii) in such manner as the Secretary prescribes in such regulations.

"(e) APPLICATION OF SECTION.—This section shall apply to amounts paid to an Individual Development Account for any taxable year beginning after December 31, 2000, and before January 1, 2006."

(b) TAX ON EXCESS CONTRIBUTIONS.—

(1) TAX IMPOSED.—Subsection (a) of section 4973 is amended by striking "or" at the end of paragraph (3), adding "or" at the end of paragraph (4), and inserting after paragraph (4) the following new paragraph:

"(5) an Individual Development Account (within the meaning of section 530A(a)),".

(2) EXCESS CONTRIBUTIONS.—Section 4973 is amended by adding at the end the following new subsection:

"(g) INDIVIDUAL DEVELOPMENT ACCOUNTS.—For purposes of this section, in the case of Individual Development Accounts, the term 'excess contributions' means the excess (if any) of—

"(1) the amount contributed for the taxable year to the accounts (other than a qualified rollover, as defined in section 530A(c)(2)(E)), over

"(2) the amount allowable as a contribution under section 530A.

For purposes of this subsection, any contribution which is distributed from the Individual Development Account in a distribution to which rules similar to the rules of section 408(d)(4) apply by reason of section 530A(d)(4) shall be treated as an amount not contributed."

(c) INFORMATION RELATING TO CERTAIN TRUSTS AND ANNUITY PLANS.—Subsection (c) of section 6047 is amended—

(1) by inserting "or section 530A" after "section 219"; and

(2) by inserting ", of any Individual Development Account described in section 530A(a)," after "section 408(a)".

(d) FAILURE TO PROVIDE REPORTS ON INDIVIDUAL DEVELOPMENT ACCOUNTS.—Paragraph

(2) of section 6693(a) is amended by striking "and" at the end of subparagraph (C), by striking the period and inserting ", and" at the end of subparagraph (D), and by adding at the end the following new subparagraph:

"(E) section 530(d)(5) (relating to Individual Development Accounts)."

(e) CLERICAL AMENDMENT.—The table of parts for subchapter F of chapter 1 is amended by adding at the end the following new item:

"Part IX. Individual development accounts."

(f) FUNDS IN ACCOUNTS DISREGARDED FOR PURPOSES OF CERTAIN MEANS-TESTED FEDERAL PROGRAMS.—Notwithstanding any other provision of the Internal Revenue Code of 1986 or the Social Security Act that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such provision to be provided to or for the benefit of such individual, contributions (including earnings thereon) in any Individual Development Account and applicable matching account under section 530A of such Code shall be disregarded for such purpose.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 862. FEDERAL EMPLOYEE RETIREMENT CONTRIBUTIONS.

(a) DEDUCTIONS, CONTRIBUTIONS, AND DEPOSITS.—

(1) CIVIL SERVICE RETIREMENT SYSTEM.—The table under section 8334(c) of title 5, United States Code, is amended—

(A) in the matter relating to an employee by striking:

"7.4 January 1, 2000, to December 31, 2000.
7.5 January 1, 2001, to December 31, 2002.
7 After December 31, 2002.";

and inserting the following:

"7 After December 31, 1999.";

(B) in the matter relating to a Member or employee for Congressional employee service by striking:

"7.9 January 1, 2000, to December 31, 2000.
8 January 1, 2001, to December 31, 2002.
7.5 After December 31, 2002.";

and inserting the following:

"7 After December 31, 1999.";

(C) in the matter relating to a Member for Member service by striking:

"8.4 January 1, 2000, to December 31, 2000.
8.5 January 1, 2001, to December 31, 2002.
8 After December 31, 2002.";

and inserting the following:

"8 After December 31, 1999.";

(D) in the matter relating to a law enforcement officer for law enforcement service and firefighter for firefighter service by striking:

"7.9 January 1, 2000, to December 31, 2000.
8 January 1, 2001, to December 31, 2002.
7.5 After December 31, 2002.";

and inserting the following:

"7.5 After December 31, 1999.";

(E) in the matter relating to a bankruptcy judge by striking:

"8.4 January 1, 2000, to December 31, 2000.
8.5 January 1, 2001, to December 31, 2002.
8 After December 31, 2002.";

and inserting the following:

"8 After December 31, 1999.";

(F) in the matter relating to a judge of the United States Court of Appeals for the Armed Forces for service as a judge of that court by striking:

"8.4 January 1, 2000, to December 31, 2000.
8.5 January 1, 2001, to December 31, 2002.
8 After December 31, 2002.";

and inserting the following:

"8 After December 31, 1999.";

(G) in the matter relating to a United States magistrate by striking:

"8.4 January 1, 2000, to December 31, 2000.
8.5 January 1, 2001, to December 31, 2002.
8 After December 31, 2002.";

and inserting the following:

"8 After December 31, 1999.";

(H) in the matter relating to a Court of Federal Claims judge by striking:

"8.4 January 1, 2000, to December 31, 2000.
8.5 January 1, 2001, to December 31, 2002.
8 After December 31, 2002.";

and inserting the following:

"8 After December 31, 1999.";

(I) in the matter relating to the Capitol Police by striking:

"7.9 January 1, 2000, to December 31, 2000.
8 January 1, 2001, to December 31, 2002.
7.5 After December 31, 2002.".

and inserting the following:

"7.5 After December 31, 1999.";

and

(J) in the matter relating to a nuclear material courier by striking:

"7.9 January 1, 2000, to December 31, 2000.
8 January 1, 2001, to December 31, 2002.
7.5 After December 31, 2002.".

and inserting the following:

"7.5 After December 31, 1999.".

(2) FEDERAL EMPLOYEES' RETIREMENT SYSTEM.—Section 8422(a) of title 5, United States Code, is amended by striking paragraph (3) and inserting the following:

"(3) The applicable percentage under this paragraph for civilian service shall be as follows:

"Employee	7	January 1, 1987, to December 31, 1998.
	7.25	January 1, 1999, to December 31, 1999.
	7	After December 31, 1999.
Congressional employee	7.5	January 1, 1987, to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.5	After December 31, 1999.
Member	7.5	January 1, 1987, to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.5	After December 31, 1999.
Law enforcement officer, firefighter, member of the Capitol Police, or air traffic controller	7.5	January 1, 1987, to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.5	After December 31, 1999.
Nuclear materials courier	7	January 1, 1987, to the day before the date of enactment of the strom Thurmond National Defense Authorization Act for Fiscal Year 1999.
	7.75	The date of enactment of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.5	After December 31, 1999.".

(b) CONFORMING AMENDMENTS RELATING TO MILITARY AND VOLUNTEER SERVICE UNDER FERS.—

(1) MILITARY SERVICE.—Section 8422(e)(6) of title 5, United States Code, is amended to read as follows:

"(6) The percentage of basic pay under section 204 of title 37 payable under paragraph (1), with respect to any period of military service performed during January 1, 1999, through December 31, 1999, shall be 3.25 percent.".

(2) VOLUNTEER SERVICE.—Section 8422(f)(4) of title 5, United States Code, is amended to read as follows:

"(4) The percentage of the readjustment allowance or stipend (as the case may be) payable under paragraph (1), with respect to any period of volunteer service performed during January 1, 1999, through December 31, 1999, shall be 3.25 percent.".

(c) OTHER FEDERAL RETIREMENT SYSTEMS.—

(1) CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM.—

(A) DEDUCTIONS, WITHHOLDINGS, AND DEPOSITS.—Section 7001(c)(2) of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 659) is amended to read as follows:

"(2) INDIVIDUAL DEDUCTIONS, WITHHOLDINGS, AND DEPOSITS.—Notwithstanding section 211(a)(1) of the Central Intelligence Agency Retirement Act (50 U.S.C. 2021(a)(1)) beginning on January 1, 1999, through December 31, 1999, the percentage deducted and withheld from the basic pay of an employee participating in the Central Intelligence Agency Retirement and Disability System shall be 7.25 percent.".

(B) MILITARY SERVICE.—Section 252(h)(1)(A) of the Central Intelligence Agency Retirement Act (50 U.S.C. 2082(h)(1)(A)), is amended to read as follows:

"(h)(1)(A) Each participant who has performed military service before the date of separation on which entitlement to an annuity under this title is based may pay to the Agency an amount equal to 7 percent of the amount of basic pay paid under section 204 of title 37, United States Code, to the participant for each period of military service after December 1956; except, the amount to be paid for military service performed beginning on January 1, 1999, through December 31, 1999, shall be 7.25 percent of basic pay.".

(2) FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM.—

(A) IN GENERAL.—Section 7001(d)(2) of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 660) is amended by striking subparagraphs (A) and (B) and inserting the following:

"(A) IN GENERAL.—Notwithstanding section 805(a)(1) of the Foreign Service Act of 1980 (22 U.S.C. 4045(a)(1)), beginning on January 1, 1999, through December 31, 1999, the amount withheld and deducted from the basic pay of a participant in the Foreign Service Retirement and Disability System shall be 7.25 percent.

"(B) FOREIGN SERVICE CRIMINAL INVESTIGATORS/INSPECTORS OF THE OFFICE OF THE INSPECTOR GENERAL, AGENCY FOR INTERNATIONAL DEVELOPMENT.—Notwithstanding section 805(a)(2) of the Foreign Service Act of 1980 (22 U.S.C. 4045(a)(2)), beginning on January 1, 1999, through December 31, 1999, the amount withheld and deducted from the basic pay of an eligible Foreign Service criminal investigator/inspector of the Office of the Inspector General, Agency for International Development participating in the Foreign Service Retirement and Disability System shall be 7.75 percent.".

(B) CONFORMING AMENDMENT.—Section 805(d)(1) of the Foreign Service Act of 1980 (22 U.S.C. 4045(d)(1)) is amended in the table in the matter following subparagraph (B) by striking:

"January 1, 1970, through December 31, 1998, inclusive	7
January 1, 1999, through December 31, 1999, inclusive	7.25
January 1, 2000, through December 31, 2000, inclusive	7.4
January 1, 2001, through December 31, 2002, inclusive	7.5
After December 31, 2002	7".

and inserting the following:

"January 1, 1970, through December 31, 1998, inclusive	7
January 1, 1999, through December 31, 1999, inclusive	7.25
After December 31, 1999	7.".

(3) FOREIGN SERVICE PENSION SYSTEM.—

(A) IN GENERAL.—Section 856(a)(2) of the Foreign Service Act of 1980 (22 U.S.C. 4071e(a)(2)) is amended to read as follows:

"(2) The applicable percentage under this subsection shall be as follows:

"7.5	Before January 1, 1999.
7.75	January 1, 1999, to December 31, 1999.
7.5	After December 31, 1999.".

(B) VOLUNTEER SERVICE.—Section 854(c)(1) of the Foreign Service Act of 1980 (22 U.S.C. 4071c(c)(1)) is amended by striking all after "volunteer service;" and inserting "except, the amount to be paid for volunteer service beginning on January 1, 1999, through December 31, 1999, shall be 3.25 percent.".

(e) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on December 31, 1999.

SEC. 863. EXCLUSION FROM INCOME OF SEVERANCE PAYMENT AMOUNTS

(a) EXCLUSION FROM INCOME OF SEVERANCE PAYMENT AMOUNTS.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 139 as section 140 and by inserting after section 138 the following new section:

"SEC. 139. SEVERANCE PAYMENTS.

"(a) IN GENERAL.—In the case of an individual, gross income shall not include any qualified severance payment.

"(b) LIMITATION.—The amount to which the exclusion under subsection (a) applies shall not exceed $2,000 with respect to any separation from employment.

"(c) QUALIFIED SEVERANCE PAYMENT.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified severance payment' means any payment received by an individual if—

"(A) such payment was paid by such individual's employer on account of such individual's separation from employment,

"(B) such separation was in connection with a reduction in the work force of the employer, and

"(C) such individual does not attain employment within 6 months of the date of such separation in which the amount of compensation is equal to or greater than 95 percent of the amount of compensation for the employment that is related to such payment.

"(2) LIMITATION.—Such term shall not include any payment received by an individual if the aggregate payments received with respect to the separation from employment exceed $75,000."

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 139 and inserting the following new items:

"Sec. 139. Severance payments.
"Sec. 140. Cross references to other Acts."

(c) EFFECTIVE DATES.—The amendments made by subsections (a) and (c) shall apply to taxable years beginning after December 31, 2000, and before January 1, 2003.

Subtitle H—Plan Amendments

SEC. 871. PROVISIONS RELATING TO PLAN AMENDMENTS.

(a) IN GENERAL.—If this section applies to any plan or contract amendment—

(1) such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A), and

(2) such plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 or section 204(g) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)) by reason of such amendment.

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—This section shall apply to any amendment to any plan or annuity contract which is made—

(A) pursuant to any amendment made by this title, or pursuant to any regulation issued under this title, and

(B) on or before the last day of the first plan year beginning on or after January 1, 2004.

In the case of a government plan (as defined in section 414(d) of the Internal Revenue Code of 1986 and section 3(32) of the Employee Retirement Income Security Act of 1974), this paragraph shall be applied by substituting "2005" for "2004".

(2) CONDITIONS.—This section shall not apply to any amendment unless—

(A) during the period—

(i) beginning on the date the legislative or regulatory amendment described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not required by such legislative or regulatory amendment, the effective date specified by the plan), and

(ii) ending on the date described in paragraph (1)(B) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect, and

(B) such plan or contract amendment applies retroactively for such period.

TITLE IX—FARM RELIEF AND ECONOMIC DEVELOPMENT

SEC. 901. FARM AND RANCH RISK MANAGEMENT ACCOUNTS.

(a) IN GENERAL.—Subpart C of part II of subchapter E of chapter 1 (relating to taxable year for which deductions taken) is amended by inserting after section 468B the following:

"SEC. 468C. FARM AND RANCH RISK MANAGEMENT ACCOUNTS.

"(a) DEDUCTION ALLOWED.—In the case of an individual engaged in an eligible farming business, there shall be allowed as a deduction for any taxable year the amount paid in cash by the taxpayer during the taxable year to a Farm and Ranch Risk Management Account (hereinafter referred to as the 'FARRM Account').

"(b) LIMITATION.—The amount which a taxpayer may pay into the FARRM Account for any taxable year shall not exceed 20 percent of so much of the taxable income of the taxpayer (determined without regard to this section) which is attributable (determined in the manner applicable under section 1301) to any eligible farming business.

"(c) ELIGIBLE FARMING BUSINESS.—For purposes of this section, the term 'eligible farming business' means any farming business (as defined in section 263A(e)(4)) which is not a passive activity (within the meaning of section 469(c)) of the taxpayer.

"(d) FARRM ACCOUNT.—For purposes of this section—

"(1) IN GENERAL.—The term 'FARRM Account' means a trust created or organized in the United States for the exclusive benefit of the taxpayer, but only if the written governing instrument creating the trust meets the following requirements:

"(A) No contribution will be accepted for any taxable year in excess of the amount allowed as a deduction under subsection (a) for such year.

"(B) The trustee is a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section.

"(C) The assets of the trust consist entirely of cash or of obligations which have adequate stated interest (as defined in section 1274(c)(2)) and which pay such interest not less often than annually.

"(D) All income of the trust is distributed currently to the grantor.

"(E) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

"(2) ACCOUNT TAXED AS GRANTOR TRUST.—The grantor of a FARRM Account shall be treated for purposes of this title as the owner of such Account and shall be subject to tax thereon in accordance with subpart E of part I of subchapter J of this chapter (relating to grantors and others treated as substantial owners).

"(e) INCLUSION OF AMOUNTS DISTRIBUTED.—

"(1) IN GENERAL.—Except as provided in paragraph (2), there shall be includible in the gross income of the taxpayer for any taxable year—

"(A) any amount distributed from a FARRM Account of the taxpayer during such taxable year, and

"(B) any deemed distribution under—

"(i) subsection (f)(1) (relating to deposits not distributed within 5 years),

"(ii) subsection (f)(2) (relating to cessation in eligible farming business), and

"(iii) subparagraph (A) or (B) of subsection (f)(3) (relating to prohibited transactions and pledging account as security).

"(2) Exceptions.—Paragraph (1)(A) shall not apply to—

"(A) any distribution to the extent attributable to income of the Account, and

"(B) the distribution of any contribution paid during a taxable year to a FARRM Account to the extent that such contribution exceeds the limitation applicable under subsection (b) if requirements similar to the requirements of section 408(d)(4) are met.

For purposes of subparagraph (A), distributions shall be treated as first attributable to income and then to other amounts.

"(f) Special Rules.—

"(1) Tax on deposits in account which are not distributed within 5 years.—

"(A) In general.—If, at the close of any taxable year, there is a nonqualified balance in any FARRM Account—

"(i) there shall be deemed distributed from such Account during such taxable year an amount equal to such balance, and

"(ii) the taxpayer's tax imposed by this chapter for such taxable year shall be increased by 10 percent of such deemed distribution.

The preceding sentence shall not apply if an amount equal to such nonqualified balance is distributed from such Account to the taxpayer before the due date (including extensions) for filing the return of tax imposed by this chapter for such year (or, if earlier, the date the taxpayer files such return for such year).

"(B) Nonqualified balance.—For purposes of subparagraph (A), the term 'nonqualified balance' means any balance in the Account on the last day of the taxable year which is attributable to amounts deposited in such Account before the 4th preceding taxable year.

"(C) Ordering rule.—For purposes of this paragraph, distributions from a FARRM Account (other than distributions of current income) shall be treated as made from deposits in the order in which such deposits were made, beginning with the earliest deposits.

"(2) Cessation in eligible farming business.—At the close of the first disqualification period after a period for which the taxpayer was engaged in an eligible farming business, there shall be deemed distributed from the FARRM Account of the taxpayer an amount equal to the balance in such Account (if any) at the close of such disqualification period. For purposes of the preceding sentence, the term 'disqualification period' means any period of 2 consecutive taxable years for which the taxpayer is not engaged in an eligible farming business.

"(3) Certain rules to apply.—Rules similar to the following rules shall apply for purposes of this section:

"(A) Section 220(f)(8) (relating to treatment on death).

"(B) Section 408(e)(2) (relating to loss of exemption of account where individual engages in prohibited transaction).

"(C) Section 408(e)(4) (relating to effect of pledging account as security).

"(D) Section 408(g) (relating to community property laws).

"(E) Section 408(h) (relating to custodial accounts).

"(4) Time when payments deemed made.—For purposes of this section, a taxpayer shall be deemed to have made a payment to a FARRM Account on the last day of a taxable year if such payment is made on account of such taxable year and is made on or before the due date (without regard to extensions) for filing the return of tax for such taxable year.

"(5) Individual.—For purposes of this section, the term 'individual' shall not include an estate or trust.

"(6) Deduction not allowed for self-employment tax.—The deduction allowable by reason of subsection (a) shall not be taken into account in determining an individual's net earnings from self-employment (within the meaning of section 1402(a)) for purposes of chapter 2.

"(g) Reports.—The trustee of a FARRM Account shall make such reports regarding such Account to the Secretary and to the person for whose benefit the Account is maintained with respect to contributions, distributions, and such other matters as the Secretary may require under regulations. The reports required by this subsection shall be filed at such time and in such manner and furnished to such persons at such time and in such manner as may be required by such regulations."

(b) Tax on Excess Contributions.—

(1) Subsection (a) of section 4973 (relating to tax on excess contributions to certain tax-favored accounts and annuities), as amended by section 303(b)(1), is amended by striking "or" at the end of paragraph (4), by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following:

"(4) a FARRM Account (within the meaning of section 468C(d)), or".

(2) Section 4973, as amended by section 303(b)(2), is amended by adding at the end the following:

"(h) Excess Contributions to FARRM Accounts.—For purposes of this section, in the case of a FARRM Account (within the meaning of section 468C(d)), the term 'excess contributions' means the amount by which the amount contributed for the taxable year to the Account exceeds the amount which may be contributed to the Account under section 468C(b) for such taxable year. For purposes of this subsection, any contribution which is distributed out of the FARRM Account in a distribution to which section 468C(e)(2)(B) applies shall be treated as an amount not contributed."

(3) The section heading for section 4973 is amended to read as follows:

"SEC. 4973. EXCESS CONTRIBUTIONS TO CERTAIN ACCOUNTS, ANNUITIES, ETC."

(4) The table of sections for chapter 43 is amended by striking the item relating to section 4973 and inserting the following:

"Sec. 4973. Excess contributions to certain accounts, annuities, etc."

(c) Tax on Prohibited Transactions.—

(1) Subsection (c) of section 4975 (relating to tax on prohibited transactions) is amended by adding at the end the following:

"(6) Special rule for FARRM accounts.—A person for whose benefit a FARRM Account (within the meaning of section 468C(d)) is established shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be a FARRM Account by reason of the application of section 468C(f)(3)(A) to such account."

(2) Paragraph (1) of section 4975(e) is amended by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively, and by inserting after subparagraph (D) the following:

"(E) a FARRM Account described in section 468C(d),".

(d) Failure To Provide Reports on FARRM Accounts.—Paragraph (2) of section 6693(a) (relating to failure to provide reports on certain tax-favored accounts or annuities), as amended by section 303(d), is amended by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively, and by inserting after subparagraph (B) the following:

"(C) section 468C(g) (relating to FARRM Accounts),".

(e) Clerical Amendment.—The table of sections for subpart C of part II of subchapter E of chapter 1 is amended by inserting after the item relating to section 468B the following:

"Sec. 468C. Farm and Ranch Risk Management Accounts."

(f) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 902. LEASE AGREEMENT RELATING TO EXCLUSION OF CERTAIN FARM RENTAL INCOME FROM NET EARNINGS FROM SELF-EMPLOYMENT.

(a) Internal Revenue Code.—Section 1402(a)(1)(A) (relating to net earnings from self-employment) is amended by striking "an arrangement" and inserting "a lease agreement".

(b) Social Security Act.—Section 211(a)(1)(A) of the Social Security Act is amended by striking "an arrangement" and inserting "a lease agreement".

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 903. EXCLUSION OF GAIN FROM SALE OF CERTAIN FARMLAND.

(a) In General.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by adding after section 121 the following new section:

"SEC. 121A. EXCLUSION OF GAIN FROM SALE OF QUALIFIED FARM PROPERTY.

"(a) Exclusion.—In the case of a natural person, gross income shall not include gain from the sale or exchange of qualified farm property, to the extent such property does not exceed 160 acres.

"(b) Limitation on Amount of Exclusion.—

"(1) In general.—The amount of gain excluded from gross income under subsection (a) with respect to any taxable year shall not exceed $500,000 ($250,000 in the case of a married individual filing a separate return), reduced by the aggregate amount of gain excluded under subsection (a) for all preceding taxable years.

"(2) Special rule for joint returns.—The amount of the exclusion under subsection (a) on a joint return for any taxable year shall be allocated equally between the spouses for purposes of applying the limitation under paragraph (1) for any succeeding taxable year.

"(c) Qualified Farm Property.—

"(1) Qualified farm property.—For purposes of this section, the term 'qualified farm property' means real property located in the United States if—

"(A) during periods aggregating 3 years or more of the 5-year period ending on the date of the sale or exchange of such real property—

"(i) such real property was used as a farm for farming purposes by the taxpayer or a member of the family of the taxpayer, and

"(ii) there was material participation by the taxpayer (or such a member) in the operation of the farm, and

"(B) such real property is located contiguous to the principal residence of the taxpayer which is sold or exchanged in the same taxable year as such real property.

"(2) DEFINITIONS.—For purposes of this subsection, the terms 'member of the family', 'farm', and 'farming purposes' have the respective meanings given such terms by paragraphs (2), (4), and (5) of section 2032A(e).

"(3) SPECIAL RULES.—For purposes of this section, rules similar to the rules of paragraphs (4) and (5) of section 2032A(b) and paragraphs (3) and (6) of section 2032A(e) shall apply.

"(d) OTHER RULES.—For purposes of this section, rules similar to the rules of subsection (e) and subsection (f) of section 121 shall apply."

(b) CONFORMING AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by adding after the item relating to section 121 the following new item:

"Sec. 121A. Exclusion of gain from sale of qualified farm property."

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to any sale or exchange after December 31, 2000, in taxable years ending after such date.

SEC. 904. EXEMPTION OF SMALL ISSUE AGRICULTURE BONDS FROM STATE VOLUME CAP.

(a) IN GENERAL.—Section 146(g) (relating to exception for certain bonds) is amended by striking "and" at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting ", and", and by inserting after paragraph (4) the following:

"(5) any small issue bond described in section 144(a)(12)(B)(ii)."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after December 31, 2000.

SEC. 905. CAPITAL GAIN REALIZED FROM TRANSFER OF FARM PROPERTY IN COMPLETE OR PARTIAL SATISFACTION OF QUALIFIED FARM INDEBTEDNESS EXCLUDED FROM GROSS INCOME.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 139 as section 140 and by inserting after section 138 the following new section:

"SEC. 139. CAPITAL GAIN REALIZED FROM TRANSFER OF FARM PROPERTY IN COMPLETE OR PARTIAL SATISFACTION OF QUALIFIED FARM INDEBTEDNESS.

"(a) IN GENERAL.—Gross income of any taxpayer described in subsection (d) does not include so much of the gain from the transfer of farm property in complete or partial satisfaction of qualified farm indebtedness as does not exceed $300,000.

"(b) PRIOR GAINS AND DISCHARGES OF INDEBTEDNESS TAKEN INTO ACCOUNT.—

"(1) IN GENERAL.—If for any prior year—

"(A) gain from the transfer of farm property in complete or partial satisfaction of qualified farm indebtedness, or

"(B) a discharge of such indebtedness,

is excluded from the taxpayer's gross income under subsection (a) of this section or section 108(g), respectively, subsection (a) of this section shall be applied for the taxable year with respect to such gain by reducing the dollar amount contained in such subsection by the such excluded prior year gains and discharges.

"(2) CURRENT YEAR COORDINATION WITH SECTION 108.—Subsection (a) of this section shall be applied for the taxable year with respect to any gain by reducing the dollar amount contained in such subsection (after any reduction under paragraph (1)) by any amount excluded from gross income under section 108 for such year.

"(c) REDUCTION OF TAX ATTRIBUTES.—

"(1) IN GENERAL.—The amount excluded from gross income under subsection (a) shall be applied to reduce the tax attributes described under section 108(b)(2).

"(2) COORDINATION WITH SECTION 108.—For purposes of this subsection, the amount of tax attributes shall be determined after any reduction under section 108(b) by reason of amounts excluded from gross income under section 108(a)(1).

"(d) TAXPAYER DESCRIBED IN THIS SUBSECTION.—

"(1) IN GENERAL.—A taxpayer is described in this subsection if—

"(A) more than 50 percent of the gross receipts of the taxpayer for 6 of the 10 taxable years preceding such taxable year are attributable to—

"(i) the trade or business of farming (within the meaning of section 2032A(e)(5)), or

"(ii) the sale or lease of assets used in such trade or business, or

"(iii) both, and

"(B) equity in all property held by the taxpayer after such transfer is less than the greater of —

"(i) $25,000, or

"(ii) 150 percent of the excess (if any) of—

"(I) the tax imposed by this chapter determined as if this section and section 108 did not apply to the transfer, over

"(II) the tax imposed by this chapter determined with regard to this section and section 108 (if applicable).

"(2) MODIFIED ADJUSTED GROSS INCOME.—For purposes of this subsection, the term 'modified adjusted gross income' means adjusted gross income—

"(A) determined with regard to this section and section 108, and

"(B) increased by the amount of interest received or accrued by the taxpayer during the taxable year which is exempt from tax.

"(3) EQUITY.—For purposes of this subsection, the term 'equity' means, with respect to all property held by the taxpayer, an amount equal to—

"(A) the fair market value of such property, minus

"(B) any indebtedness relating to such property.

"(e) FARM PROPERTY.—For purposes of this section, the term 'farm property' means real and personal property used by the taxpayer in the trade or business of farming (within the meaning of section 2032A(e)(5)).

"(f) QUALIFIED FARM INDEBTEDNESS.—For purposes of this section, indebtedness of a taxpayer shall be treated as qualified farm indebtedness if such indebtedness was incurred directly in connection with the operation by the taxpayer of the trade or business of farming (within the meaning of section 2032A(e)(5)) and when such taxpayer materially participated in such trade or business (within the meaning of section 2032A(e)(6)).

"(g) APPLICATION WITH RECAPTURE PROVISIONS.—In the case of any gain from the transfer of farm property in complete or partial satisfaction of qualified farm indebtedness which is treated as ordinary income under section 1245, 1250, 1252, or 1255, subsection (a) shall be applied for the taxable year by first reducing the dollar amount contained in such subsection by such gain.".

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by striking out the item relating to section 139 and inserting in lieu thereof the following new items:

"Sec. 139. Capital gain realized from transfer of farm property in complete or partial satisfaction of qualified farm indebtedness.

"Sec. 140. Cross references to other Acts.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers occurring after December 31, 2000, in taxable years ending after such date.

SEC. 906. EXCLUSION OF DISCHARGE OF QUALIFIED FARM INDEBTEDNESS FROM GROSS INCOME INCREASED FOR CERTAIN SOLVENT FARMERS.

(a) IN GENERAL.—Section 108(g) (relating to special rules for discharge of qualified farm indebtedness) is amended by adding at the end thereof the following new paragraph:

"(4) SPECIAL LIMITATIONS FOR CERTAIN FARMERS.—

"(A) IN GENERAL.—With respect to a taxpayer who is described in subparagraph (C) of this paragraph and who elects the application of this paragraph—

"(i) the amount excluded under subparagraph (C) of subsection (a)(1) shall not exceed $300,000, and

"(ii) paragraph (2) of this subsection shall be applied by amending such paragraph to read as follows: 'For purposes of this section, indebtedness of a taxpayer shall be treated as qualified farm indebtedness if such indebtedness was incurred directly in connection with the operation by the taxpayer of the trade or business of farming and when such taxpayer materially participated in such trade or business (within the meaning of section 2032A(e)(6)).'

"(B) PRIOR DISCHARGES OF INDEBTEDNESS AND GAINS TAKEN INTO ACCOUNT.—If for any prior year—

"(i) a discharge of qualified farm indebtedness, or

"(ii) gain from the transfer of farm property in complete or partial satisfaction of such indebtedness,

is excluded from the taxpayer's gross income under this subsection or section 139, respectively, subparagraph (A) shall be applied for the taxable year with respect to such discharge by reducing the dollar amount contained in such subparagraph by the such excluded prior year discharges and gains.

"(C) TAXPAYER DESCRIBED IN THIS SUBPARAGRAPH.—A taxpayer is described in this subparagraph if—

"(i) more than 50 percent of the gross receipts of the taxpayer for 6 of the 10 taxable years preceding such taxable year are attributable to—

"(I) the trade or business of farming (within the meaning of section 2032A(e)(5)), or

"(II) the sale or lease of assets used in such trade or business, or

"(III) both,

"(ii) the indebtedness of the taxpayer both before and after such discharge is equal to 70 percent or more of the fair market value in all property held by such taxpayer, and

"(iii) equity in all property held by the taxpayer after such discharge is less than the greater of—

"(I) $25,000, or

"(II) 150 percent of the excess (if any) of the tax imposed by this chapter determined as if this section and section 139 did not apply to the transfer, over the tax imposed by this chapter determined with regard to this section and section 139 (if applicable).

"(D) DEFINITIONS.—For purposes of this paragraph—

"(i) FARM PROPERTY.—The term 'farm property' means real and personal property used by the taxpayer in the trade or business of farming (within the meaning of section 2032A(e)(5)).

"(ii) MODIFIED ADJUSTED GROSS INCOME.—The term 'modified adjusted gross income' means adjusted gross income—

"(I) determined with regard to this section and section 139, and

"(II) increased by the amount of interest received or accrued by the taxpayer during the taxable year which is exempt from tax.

"(iii) EQUITY.—The term 'equity' means, with respect to any property, an amount equal to—

"(I) the fair market value of such property, minus

"(II) any indebtedness relating to such property.".

(b) CONFORMING AMENDMENT.—Subparagraph (A) of section 108(g)(3) is amended by striking out "The amount" and inserting in lieu thereof "Except as provided in paragraph (4), the amount".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any sale or exchange occurring after December 31, 2000, in taxable years ending after such date.

SEC. 907. NET OPERATING LOSS OF FARMERS.

(a) INCREASE IN CARRYBACK YEARS.—Paragraph (1) of section 172(b) (relating to net operating loss carrybacks and carryforwards) is amended by adding at the end the following new subparagraph:

"(G) FARMING LOSSES.—Subparagraph (A) shall be applied—

"(i) in the matter preceding clause (i), by substituting 'any taxable year beginning with the 3rd taxable year after the taxable year of such loss' for 'any taxable year', and

"(ii) in clause (i), by substituting '10 years' for '2 years',

with respect to the portion of the net operating loss of an eligible taxpayer (as defined in subsection (i)) for any taxable year beginning after December 31, 1997, and ending before January 1, 2000, which is a farming loss (as so defined) with respect to the taxpayer."

(b) DEFINITIONS AND RULES RELATING TO FARMING LOSSES.—Section 172 is amended by redesignating subsection (i) as subsection (j) and inserting after subsection (h) the following new subsection:

"(i) DEFINITIONS AND RULES RELATING TO FARMING LOSSES.—For purposes of this section—

"(1) FARMING LOSS.—

"(A) IN GENERAL.—The term 'farming loss' means the lesser of—

"(i) the net operating loss of the taxpayer for the taxable year, or

"(ii) the net operating loss of the taxpayer for the taxable year determined by only taking into account items of income and deduction attributable to 1 or more qualified farming business of the taxpayer.

"(B) DOLLAR LIMITATION.—

"(i) IN GENERAL.—The farming loss of taxpayer for any taxable year shall not exceed $200,000.

"(ii) AGGREGATION RULES.—

"(I) IN GENERAL.—All persons treated as 1 employer under subsections (a) or (b) of section 52 shall be treated as 1 person.

"(II) PASS-THRU ENTITY.—In the case of a partnership, trust, or other pass-thru entity, the limitation shall be applied at both the entity and the owner level.

"(III) OWNER.—The limitation shall be reduced by the amount of farming loss determined for a corporation for which the taxpayer is a 50 percent owner in the taxable year of the corporation ending in the taxable year of the taxpayer owner.

"(2) ELIGIBLE TAXPAYER.—

"(A) IN GENERAL.—The term 'eligible taxpayer' means a taxpayer which derives more than 50 percent of its gross income for the 3-year period beginning 2 years prior to the current taxable year from qualified farming businesses.

"(B) QUALIFIED FARMING BUSINESS.—The term 'qualified farming business' means a trade or business of farming (within the meaning of section 2032A)—

"(i) with respect to which—

"(I) the taxpayer or a member of the family of the taxpayer materially participates (within the meaning of section 2032A(e)(6)), or

"(II) in the case of a taxpayer other than an individual, a 20 percent owner of the taxpayer or a member of the owner's family materially participates (as so defined), and

"(ii) which does not receive in excess of $7,000,000 for sales in a taxable year.

For purposes of clause (i)(II), owners which are members of a single family shall be treated as a single owner.

"(3) OWNER.—

"(A) 20 PERCENT OWNER.—The term '20 percent owner' means any person who would be described in section 416(i)(1)(B)(i) if '20 percent' were substituted for '5 percent' each place it appears in such section.

"(B) 50 PERCENT OWNER.—The term '50 percent owner' means any person who would be described in section 416(i)(1)(B)(i) if '50 percent' were substituted for '5 percent' each place it appears in such section.

"(4) COORDINATION WITH SUBSECTION (b)(2).—For purposes of applying subsection (b)(2), a farming loss for any taxable year shall be treated as a separate net operating loss for such taxable year to be taken into account for the remaining portion of the net operating loss for such taxable year.

"(5) ELECTION.—Any taxpayer entitled to a 10-year carryback under subsection (b)(1)(G) from any loss year may elect to have the carryback period with respect to such loss year, and any portion of the farming loss for such year, determined without regard to subsection (b)(1)(G). Such election shall be made in such manner as may be prescribed by the Secretary and shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the net operating loss. Such election, once made for any taxable year, shall be irrevocable for the taxable year."

SEC. 908. CERTAIN CASH RENTALS OF FARMLAND NOT TO CAUSE RECAPTURE OF SPECIAL ESTATE TAX VALUATION.

(a) IN GENERAL.—Subsection (c) of section 2032A (relating to tax treatment of dispositions and failures to use for qualified use) is amended by adding at the end the following new paragraph:

"(8) CERTAIN CASH RENTAL NOT TO CAUSE RECAPTURE.—For purposes of this subsection, a qualified heir shall not be treated as failing to use property in a qualified use solely because such heir rents such property on a net cash basis to a member of the decedent's family, but only if, during the period of the lease, such member of the decedent's family uses such property in a qualified use."

(b) CONFORMING AMENDMENT.—Section 2032A (b)(5)(A) is amended by striking the last sentence.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to rentals occurring after December 31, 1976.

SEC. 909. DECLARATORY JUDGMENT REMEDY RELATING TO STATUS AND CLASSIFICATION OF FARMERS' COOPERATIVES.

(a) IN GENERAL.—Paragraph (1) of section 7428(a) (relating to creation of remedy) is amended by striking "or" at the end of subparagraph (B), and by inserting after subparagraph (C) the following new subparagraph:

"(D) with respect to the initial qualification or continuing qualification of an organization as a cooperative described in section 521(b) which is exempt from tax under section 521(a), or".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to pleadings filed with the United States Tax Court, the district court of the United States for the District of Columbia, or the United States Court of Federal Claims after the date of enactment of this Act but only with respect to determinations (or requests for determinations) made after January 1, 1998.

TITLE X—TECHNOLOGY AND ECONOMIC DEVELOPMENT

SEC. 1001. PERMANENT EXTENSION AND MODIFICATION OF RESEARCH CREDIT.

(a) PERMANENT EXTENSION.—

(1) IN GENERAL.—Section 41 (relating to credit for increasing research activities) is amended by striking subsection (h).

(2) CONFORMING AMENDMENT.—Paragraph (1) of section 45C(b) is amended by striking subparagraph (D).

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after June 30, 1999.

(b) INCREASE IN PERCENTAGES UNDER ALTERNATIVE INCREMENTAL CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 41(c)(4) is amended—

(A) by striking "1.65 percent" and inserting "2.65 percent",

(B) by striking "2.2 percent" and inserting "3.2 percent", and

(C) by striking "2.75 percent" and inserting "3.75 percent".

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after June 30, 1999.

(c) EXTENSION OF RESEARCH CREDIT TO RESEARCH IN PUERTO RICO AND THE POSSESSIONS OF THE UNITED STATES.—

(1) IN GENERAL.—Section 41(d)(4)(F) (relating to foreign research) is amended by inserting ", the Commonwealth of Puerto Rico, or any possession of the United States" after "United States".

(2) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after June 30, 1999.

SEC. 1002. NEW MARKETS TAX CREDIT.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business-related credits), as amended by section 608(a), is amended by adding at the end the following new section:

"SEC. 45E. NEW MARKETS TAX CREDIT.

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—For purposes of section 38, in the case of a taxpayer who holds a qualified equity investment on a credit allowance date of such investment which occurs during the taxable year, the new markets tax credit determined under this section for such taxable year is an amount equal to 6 percent of the amount paid to the qualified community development entity for such investment at its original issue.

"(2) CREDIT ALLOWANCE DATE.—The term 'credit allowance date' means, with respect to any qualified equity investment—

"(A) the date on which such investment is initially made, and

"(B) each of the 4 anniversary dates of such date thereafter.

"(b) QUALIFIED EQUITY INVESTMENT.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified equity investment' means any equity investment in a qualified community development entity if—

"(A) such investment is acquired by the taxpayer at its original issue (directly or through an underwriter) solely in exchange for cash,

"(B) substantially all of such cash is used by the qualified community development entity to make qualified low-income community investments, and

"(C) such investment is designated for purposes of this section by the qualified community development entity.

Such term shall not include any equity investment issued by a qualified community development entity more than 5 years after the date that such entity receives an allocation under subsection (f). Any allocation not used within such 5-year period may be reallocated by the Secretary under subsection (f).

"(2) LIMITATION.—The maximum amount of equity investments issued by a qualified community development entity which may be designated under paragraph (1)(C) by such entity shall not exceed the portion of the limitation amount allocated under subsection (f) to such entity.

"(3) SAFE HARBOR FOR DETERMINING USE OF CASH.—The requirement of paragraph (1)(B) shall be treated as met if at least 85 percent of the aggregate gross assets of the qualified community development entity are invested in qualified low-income community investments.

"(4) TREATMENT OF SUBSEQUENT PURCHASERS.—The term 'qualified equity investment' includes any equity investment which would (but for paragraph (1)(A)) be a qualified equity investment in the hands of the taxpayer if such investment was a qualified equity investment in the hands of a prior holder.

"(5) REDEMPTIONS.—A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this subsection.

"(6) EQUITY INVESTMENT.—The term 'equity investment' means—

"(A) any stock in a qualified community development entity which is a corporation, and

"(B) any capital interest in a qualified community development entity which is a partnership.

"(c) QUALIFIED COMMUNITY DEVELOPMENT ENTITY.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified community development entity' means any domestic corporation or partnership if—

"(A) the primary mission of the entity is serving, or providing investment capital for, low-income communities or low-income persons,

"(B) the entity maintains accountability to residents of low-income communities through representation on governing or advisory boards or otherwise, and

"(C) the entity is certified by the Secretary for purposes of this section as being a qualified community development entity.

"(2) SPECIAL RULES FOR CERTAIN ORGANIZATIONS.—The requirements of paragraph (1) shall be treated as met by—

"(A) any specialized small business investment company (as defined in section 1044(c)(3)), and

"(B) any community development financial institution (as defined in section 103 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4702)).

"(d) QUALIFIED LOW-INCOME COMMUNITY INVESTMENTS.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified low-income community investment' means—

"(A) any equity investment in, or loan to, any qualified active low-income community business,

"(B) the purchase from another community development entity of any loan made by such entity which is a qualified low-income community investment if the amount received by such other entity from such purchase is used by such other entity to make qualified low-income community investments,

"(C) financial counseling and other services specified in regulations prescribed by the Secretary to businesses located in, and residents of, low-income communities, and

"(D) any equity investment in, or loan to, any qualified community development entity if substantially all of the investment or loan is used by such entity to make qualified low-income community investments described in subparagraphs (A), (B), and (C).

"(2) QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS.—

"(A) IN GENERAL.—For purposes of paragraph (1), the term 'qualified active low-income community business' means, with respect to any taxable year, any corporation or partnership if for such year—

"(i) at least 50 percent of the total gross income of such entity is derived from the active conduct of a qualified business within any low-income community,

"(ii) a substantial portion of the use of the tangible property of such entity (whether owned or leased) is within any low-income community,

"(iii) a substantial portion of the services performed for such entity by its employees are performed in any low-income community,

"(iv) less than 5 percent of the average of the aggregate unadjusted bases of the property of such entity is attributable to collectibles (as defined in section 408(m)(2)) other than collectibles that are held primarily for sale to customers in the ordinary course of such business, and

"(v) less than 5 percent of the average of the aggregate unadjusted bases of the property of such entity is attributable to nonqualified financial property (as defined in section 1397B(e)).

"(B) PROPRIETORSHIP.—Such term shall include any business carried on by an individual as a proprietor if such business would meet the requirements of subparagraph (A) were it incorporated.

"(C) PORTIONS OF BUSINESS MAY BE QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS.—The term 'qualified active low-income community business' includes any trades or businesses which would qualify as a qualified active low-income community business if such trades or businesses were separately incorporated.

"(3) QUALIFIED BUSINESS.—For purposes of this subsection, the term 'qualified business' has the meaning given to such term by section 1397B(d); except that—

"(A) in lieu of applying paragraph (2)(B) thereof, the rental to others of real property located in any low-income community shall be treated as a qualified business if there are substantial improvements located on such property,

"(B) paragraph (3) thereof shall not apply, and

"(C) such term shall not include any business if a significant portion of the equity interests in such business are held by any person who holds a significant portion of the equity investments in the community development entity.

"(e) LOW-INCOME COMMUNITY.—For purposes of this section—

"(1) IN GENERAL.—The term 'low-income community' means any population census tract if—

"(A) the poverty rate for such tract is at least 20 percent, or

"(B)(i) in the case of a tract not located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income, or

"(ii) in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income.

"(2) AREAS NOT WITHIN CENSUS TRACTS.—In the case of an area which is not tracted for population census tracts, the equivalent county divisions (as defined by the Bureau of the Census for purposes of defining poverty areas) shall be used for purposes of determining poverty rates and median family income.

"(f) NATIONAL LIMITATION ON AMOUNT OF INVESTMENTS DESIGNATED.—

"(1) IN GENERAL.—There is a new markets tax credit limitation of $750,000,000 for each of calendar years 2000 through 2004 and zero for any succeeding calendar year.

"(2) ALLOCATION OF LIMITATION.—The limitation under paragraph (1) shall be allocated by the Secretary among qualified community development entities selected by the Secretary. In making allocations under the preceding sentence, the Secretary shall give priority to entities with records of having successfully provided capital or technical assistance to disadvantaged businesses or communities.

"(3) CARRYOVER OF UNUSED LIMITATION.—If the new markets tax credit limitation for any calendar year exceeds the aggregate amount allocated under paragraph (2) for such year, such limitation for the succeeding calendar year shall be increased by the amount of such excess.

"(g) RECAPTURE OF CREDIT IN CERTAIN CASES.—

"(1) IN GENERAL.—If, at any time during the 5-year period beginning on the date of the original issue of a qualified equity investment in a qualified community development entity, there is a recapture event with respect to such investment, then the tax imposed by this chapter for the taxable year in which such event occurs shall be increased by the credit recapture amount.

"(2) CREDIT RECAPTURE AMOUNT.—For purposes of paragraph (1), the credit recapture amount is an amount equal to the sum of—

"(A) the aggregate decrease in the credits allowed to the taxpayer under section 38 for all prior taxable years which would have resulted if no credit had been determined under this section with respect to such investment, plus

"(B) interest at the overpayment rate established under section 6621 on the amount determined under subparagraph (A) for each prior taxable year for the period beginning on the due date for filing the return for the prior taxable year involved.

No deduction shall be allowed under this chapter for interest described in subparagraph (B).

"(3) RECAPTURE EVENT.—For purposes of paragraph (1), there is a recapture event with respect to an equity investment in a qualified community development entity if—

"(A) such entity ceases to be a qualified community development entity,

"(B) the proceeds of the investment cease to be used as required of subsection (b)(1)(B), or

"(C) such investment is redeemed by such entity.

"(4) Special rules.—

"(A) Tax benefit rule.—The tax for the taxable year shall be increased under paragraph (1) only with respect to credits allowed by reason of this section which were used to reduce tax liability. In the case of credits not so used to reduce tax liability, the carryforwards and carrybacks under section 39 shall be appropriately adjusted.

"(B) No credits against tax.—Any increase in tax under this subsection shall not be treated as a tax imposed by this chapter for purposes of determining the amount of any credit under this chapter or for purposes of section 55.

"(h) Basis Reduction.—The basis of any qualified equity investment shall be reduced by the amount of any credit determined under this section with respect to such investment.

"(i) Regulations.—The Secretary shall prescribe such regulations as may be appropriate to carry out this section, including regulations—

"(1) which limit the credit for investments which are directly or indirectly subsidized by other Federal benefits (including the credit under section 42 and the exclusion from gross income under section 103),

"(2) which prevent the abuse of the provisions of this section through the use of related parties,

"(3) which impose appropriate reporting requirements

"(4) which apply the provisions of this section to newly formed entities."

(b) Credit Made Part of General Business Credit.—

(1) In general.—Subsection (b) of section 38, as amended by section 608(b), is amended by striking "plus" at the end of paragraph (13), by striking the period at the end of paragraph (14) and inserting ", plus", and by adding at the end the following new paragraph:

"(15) the new markets tax credit determined under section 45E(a)."

(2) Limitation on carryback.—Subsection (d) of section 39, as amended by section 608(c) is amended by adding at the end the following new paragraph:

"(11) No carryback of new markets tax credit before January 1, 2000.—No portion of the unused business credit for any taxable year which is attributable to the credit under section 45E may be carried back to a taxable year ending before January 1, 2000."

(c) Deduction for Unused Credit.—Subsection (c) of section 196, as amended by section 205(d), is amended by striking "and" at the end of paragraph (8), by striking the period at the end of paragraph (9) and inserting ", and", and by adding at the end the following new paragraph:

"(10) the new markets tax credit determined under section 45E(a)."

(d) Clerical Amendment.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by section 608(d), is amended by adding at the end the following new item:

"Sec. 45E. New markets tax credit."

(e) Effective Date.—The amendments made by this section shall apply to investments made after December 31, 1999.

SEC. 1003. INCREASE IN STATE CEILING ON LOW-INCOME HOUSING CREDIT.

(a) In General.—Clause (i) of section 42(h)(3)(C) (relating to State housing credit ceiling) is amended to read as follows:

"(i) the applicable amount under subparagraph (H) multiplied by the State population,".

(b) Applicable Amount.—Paragraph (3) of section 42(h) (relating to housing credit dollar amount for agencies) is amended by adding at the end the following new subparagraph:

"(H) Applicable amount of state ceiling.—For purposes of subparagraph (C)(i), the applicable amount shall be determined under the following table:

"For calendar year—	**The applicable amount is—**
2001, 2002, and 2003	$1.30
2004 and 2005	1.40
2006 and thereafter	1.50."

(c) Effective Date.—The amendments made by this section shall apply to calendar years after 2000.

SEC. 1004. INCREASE IN VOLUME CAP ON PRIVATE ACTIVITY BONDS.

(a) In General.—The table contained in section 146(d)(2) (relating to per capita limit; aggregate limit) is amended by striking "2002", "2003", "2004", "2005", "2006", and "2007" and inserting "2000", "2001", "2002", "2003", "2004", and "2005", respectively.

(b) Effective Date.—The amendments made by this section shall apply to calendar years after 2000.

SEC. 1005. SPACEPORTS TREATED LIKE AIRPORTS UNDER EXEMPT FACILITY BOND RULES.

(a) In General.—Paragraph (1) of section 142(a) (relating to exempt facility bond) is amended to read as follows:

"(1) airports and spaceports,".

(b) Treatment of Ground Leases.—Paragraph (1) of section 142(b) (relating to certain facilities must be governmentally owned) is amended by adding at the end the following new subparagraph:

"(C) Special rule for spaceport ground leases.—For purposes of subparagraph (A), spaceport property which is located on land owned by the United States and which is used by a governmental unit pursuant to a lease (as defined in section 168(h)(7)) from the United States shall be treated as owned by such unit if—

"(i) the lease term (within the meaning of section 168(i)(3)) is at least 15 years, and

"(ii) such unit would be treated as owning such property if such lease term were equal to the useful life of such property.".

(c) Bond May Be Federally Guaranteed.—Paragraph (3) of section 149(b) (relating to exceptions) is amended by adding at the end the following new subparagraph:

"(E) Exception for spaceports.—Paragraph (1) shall not apply to any exempt facility bond issued as part of an issue described in paragraph (1) of section 142(a) to provide a spaceport in situations where—

"(i) the guarantee of the United States (or an agency or instrumentality thereof) is the result of payment of rent, user fees, or other charges by the United States (or any agency or instrumentality thereof), and

"(ii) the payment of the rent, user fees, or other charges is for, and conditioned upon, the use of the spaceport by the United States (or any agency or instrumentality thereof).".

(d) Effective Date.—The amendments made by this section shall apply to obligations issued after December 31, 2000.

SEC. 1006. INCREASE IN EXPENSE TREATMENT FOR SMALL BUSINESSES.

(a) In General.—Paragraph (1) of section 179(b) (relating to dollar limitation) is amended to read as follows:

"(1) Dollar limitation.—The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed $25,000."

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

TITLE XI—MISCELLANEOUS INCENTIVES

Subtitle A—Miscellaneous Provisions

SEC. 1101. OIL AND GAS INCENTIVES.

(a) Election to Expense Geological and Geophysical Expenditures.—

(1) In general.—Section 263 (relating to capital expenditures) is amended by adding at the end the following new paragraph:

"(j) Geological and Geophysical Expenditures for Domestic Oil and Gas Wells.—Notwithstanding subsection (a), a taxpayer may elect to treat geological and geophysical expenses incurred in connection with the exploration for, or development of, oil or gas within the United States (as defined in section 638) as expenses which are not chargeable to capital account. Any expenses so treated shall be allowed as a deduction in the taxable year in which paid or incurred."

(2) Conforming Amendment.—Section 263A(c)(3) is amended by inserting "263(j)," after "263(i),".

(3) Effective date.—The amendments made by this subsection shall apply to expenses paid or incurred in taxable years beginning after December 31, 2000.

(b) Election to Expense Delay Rental Payments.—

(1) In general.—Section 263 (relating to capital expenditures), as amended by subsection (a)(1), is amended by adding at the end the following new paragraph:

"(k) Delay Rental Payments for Domestic Oil and Gas Wells.—

"(1) In general.—Notwithstanding subsection (a), a taxpayer may elect to treat delay rental payments incurred in connection with the development of oil or gas within the United States (as defined in section 638) as payments which are not chargeable to capital account. Any payments so treated shall be allowed as a deduction in the taxable year in which paid or incurred.

"(2) Delay rental payments.—For purposes of paragraph (1), the term 'delay rental payment' means an amount paid for the privilege of deferring development of an oil or gas well."

(2) Conforming amendment.—Section 263A(c)(3), as amended by subsection (a)(2), is amended by inserting "263(k)," after "263(j),".

(3) Effective date.—The amendments made by this subsection shall apply to payments made or incurred in taxable years beginning after December 31, 2000.

(c) Suspension of Gross Income Limit for Percentage Depletion.—Section 613A(d)(1) (relating to limitation based on taxable income) is amended by adding at the end the following: "This paragraph shall not apply to any taxpayer in taxable years beginning after December 31, 2000, and ending before January 1, 2006."

SEC. 1102. TREATMENT OF CERTAIN REVENUES OF ELECTRIC COOPERATIVES.

(a) In General.—Section 501(c)(12)(C) is amended by striking "or" at the end of clause (i), by striking the period at the end of clause (ii) and inserting ", or", and by adding at the end the following new clause:

"(iii) from revenues received from nonmembers solely as a result of conforming operations to meet provisions of an applicable Federal or State plan designed to provide customer choice in electric power supply, including wheeling revenue, revenue from replacement of lost member sales with nonmember sales, revenue from unbundled electric activities (including metering, billing, and service charges), revenue from member sales at below cost in order to meet market rates, revenue from asset sales, and revenue from diversified businesses if such a business is conducted on a cooperative basis."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after December 31, 1999.

SEC. 1103. TAX-EXEMPT BOND FINANCING OF CERTAIN ELECTRIC FACILITIES.

(a) PERMITTED OPEN ACCESS TRANSACTIONS NOT A PRIVATE BUSINESS USE.—Section 141(b)(6) of the Internal Revenue Code of 1986 (defining private business use) is amended by adding at the end the following:

"(C) PERMITTED OPEN ACCESS TRANSACTIONS NOT A PRIVATE BUSINESS USE.—

"(i) IN GENERAL.—For purposes of this subsection, the term 'private business use' shall not include a permitted open access transaction.

"(ii) PERMITTED OPEN ACCESS TRANSACTION DEFINED.—For purposes of clause (i), the term 'permitted open access transaction' means any of the following transactions or activities with respect to an electric output facility (as defined in subsection (f)(4)(A)) owned by a governmental unit:

"(I) Providing open access transmission services and ancillary services which meet the reciprocity requirements of Federal Energy Regulatory Commission Order No. 888, which are ordered by the Federal Energy Regulatory Commission, which are provided in accordance with a transmission tariff of an independent system operator approved by such Commission, or which are consistent with State administered laws, rules, or orders providing for open transmission access.

"(II) Participation in an independent system operator agreement (including the relinquishment of control of transmission facilities to an independent system operator), in a regional transmission group, or in a power exchange agreement approved by such Commission.

"(III) Delivery on an open access basis of electric energy sold by other entities to end-users served by such governmental unit's distribution facilities.

"(IV) If open access service is provided under subclauses (I) and (III), the sale of electric output of electric output facilities on terms other than those available to the general public if such sale is to an on-system purchaser or is an existing off-system sale.

"(V) Such other transactions or activities as may be provided in regulations prescribed by the Secretary.

"(iii) DEFINITIONS; SPECIAL RULES.—For purposes of this subparagraph—

"(I) ON-SYSTEM PURCHASER.—The term 'on-system purchaser' means a person who purchases electric energy from a governmental unit and whose electric facilities or equipment are directly connected with transmission or distribution facilities that are owned by such governmental unit.

"(II) OFF-SYSTEM PURCHASER.—The term 'off-system purchaser' means a purchaser of electric energy from a governmental unit other than an on-system purchaser.

"(III) EXISTING OFF-SYSTEM SALE.—The term 'existing off-system sale' means a sale of electric energy to a person that was an off-system purchaser of electric energy in the base year, but not in excess of the kilowatt hours purchased by such person in such year.

"(IV) BASE YEAR.—The term 'base year' means 1998 (or, at the election of such unit, in 1996 or 1997).

"(V) JOINT ACTION AGENCIES.—A member of a joint action agency that is entitled to make a sale described in clause (ii)(IV) in a year may transfer that entitlement to the joint action agency in accordance with rules of the Secretary.

"(VI) GOVERNMENT-OWNED FACILITY.—An electric output facility (as defined in subsection (f)(4)(A)) which is leased by a governmental unit or in which a governmental unit has capacity rights acquired with the proceeds of tax-exempt bonds issued before the date of the enactment of this subparagraph shall be treated as owned by such governmental unit.".

(b) ELECTION TO TERMINATE TAX EXEMPT FINANCING.—Section 141 of the Internal Revenue Code of 1986 (relating to private activity bond; qualified bond) is amended by adding at the end the following:

"(f) ELECTION TO TERMINATE TAX-EXEMPT BOND FINANCING FOR CERTAIN ELECTRIC OUTPUT FACILITIES.—

"(1) IN GENERAL.—An issuer may make an irrevocable election under this paragraph to terminate certain tax-exempt financing for electric output facilities. If the issuer makes such election, then—

"(A) except as provided in paragraph (2), no bond the interest on which is exempt from tax under section 103 may be issued on or after the date of such election with respect to an electric output facility; and

"(B) notwithstanding paragraph (1) or (2) of subsection (a) or paragraph (5) of subsection (b), with respect to an electric output facility no bond that was issued before the date of the enactment of this subsection, the interest on which was exempt from tax on such date, shall be treated as a private activity bond, for so long as such facility continues to be owned by a governmental unit.

"(2) EXCEPTIONS.—An election under paragraph (1) does not apply to—

"(A) any qualified bond (as defined in subsection (e)),

"(B) any eligible refunding bond,

"(C) any bond issued to finance a qualifying T&D facility, or

"(D) any bond issued to finance—

"(i) equipment necessary to meet Federal or State environmental requirements applicable to electric output facilities, or

"(ii) repair of electric output facilities in service on the date of the enactment of this subsection.

Any repair under subparagraph (D)(ii) may not increase by more than a de minimis degree the capacity of the facility beyond its original design.

"(3) FORM AND EFFECT OF ELECTIONS.—An election under paragraph (1) shall be made in such a manner as the Secretary prescribes and shall be binding on any successor in interest to the electing issuer.

"(4) DEFINITIONS.—For purposes of this subsection—

"(A) ELECTRIC OUTPUT FACILITY.—The term 'electric output facility' means an output facility that is an electric generation, transmission, or distribution facility.

"(B) ELIGIBLE REFUNDING BOND.—The term 'eligible refunding bond' means any bond (or series of bonds) issued after an election described in paragraph (1) to directly or indirectly refund a bond issued before such election, if—

"(i) the average maturity date of the issue of which the refunding bond is a part is not later than the average maturity date of the bonds to be refunded by such issue, and

"(ii) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond.

For purposes of clause (i), average maturity shall be determined in accordance with section 147(b)(2)(A).

"(C) QUALIFYING T&D FACILITY.—The term 'qualifying T&D facility' means—

"(i) transmission facilities over which services described in subsection (b)(6)(C)(ii)(I) are provided, or

"(ii) distribution facilities over which services described in subsection (b)(6)(C)(ii)(III) are provided."

(c) EFFECTIVE DATE AND TRANSITION RULES.—

(1) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act, except that a governmental unit may elect to apply section 141(b)(6)(C) of the Internal Revenue Code of 1986, as added by subsection (a), with respect to permitted open access transactions on or after July 9, 1996.

(3) TRANSITION RULES.—

(A) PRIVATE BUSINESS USE.—Any activity that was not a private business use prior to the effective date of the amendment made by subsection (a) shall not be deemed to be a private business use by reason of the enactment of such amendment.

(B) ELECTION.—An issuer making the election under section 141(f) of the Internal Revenue Code of 1986, as added by subsection (b), shall not be liable under any contract in effect on the date of enactment of this Act for any claim arising from having made the election.

SEC. 1104. MODIFICATIONS TO SPECIAL RULES FOR NUCLEAR DECOMMISSIONING COSTS.

(a) REPEAL OF LIMITATION ON DEPOSITS INTO FUND BASED ON COST OF SERVICE.—Subsection (b) of section 468A is amended to read as follows:

"(b) LIMITATION ON AMOUNTS PAID INTO FUND.—The amount which a taxpayer may pay into the Fund for any taxable year shall not exceed the ruling amount applicable to such taxable year."

(b) CLARIFICATION OF TREATMENT OF FUND TRANSFERS.—Subsection (e) of section 468A is amended by adding at the end the following new paragraph:

"(8) TREATMENT OF FUND TRANSFERS.—If, in connection with the transfer of the taxpayer's interest in a nuclear powerplant, the taxpayer transfers the Fund with respect to such powerplant to the transferee of such interest and the transferee elects to continue the application of this section to such Fund—

"(A) the transfer of such Fund shall not cause such Fund to be disqualified from the application of this section, and

"(B) no amount shall be treated as distributed from such Fund, or be includible in gross income, by reason of such transfer."

(c) TRANSFERS OF BALANCES IN NONQUALIFIED FUNDS.—Section 468A is amended by redesignating subsections (f) and (g) as subsections (g) and (h), respectively, and by inserting after subsection (e) the following new subsection:

"(f) TRANSFERS OF BALANCES IN NONQUALIFIED FUNDS INTO QUALIFIED FUNDS.—

"(1) IN GENERAL.—Notwithstanding subsection (b), any taxpayer maintaining a Fund to which this section applies with respect to a nuclear powerplant may transfer into such Fund amounts held in any nonqualified fund of such taxpayer with respect to such powerplant.

"(2) MAXIMUM AMOUNT PERMITTED TO BE TRANSFERRED.—The amount permitted to be transferred under paragraph (1) shall not exceed the balance in the nonqualified fund as of December 31, 1998.

"(3) DEDUCTION FOR AMOUNTS TRANSFERRED.—

"(A) IN GENERAL.—The deduction allowed by subsection (a) for any transfer permitted by this subsection shall be allowed ratably over the remaining estimated useful life (within the meaning of subsection (d)(2)(A)) of the nuclear powerplant, beginning with the later of the taxable year during which the transfer is made or the taxpayer's first taxable year beginning after December 31, 2001.

"(B) DENIAL OF DEDUCTION FOR PREVIOUSLY DEDUCTED AMOUNTS.—No deduction shall be allowed for any transfer under this subsection of an amount for which a deduction was allowed when such amount was paid into the nonqualified fund. For purposes of the preceding sentence, a ratable portion of each transfer shall be treated as being from previously deducted amounts to the extent thereof.

"(C) TRANSFERS OF QUALIFIED FUNDS.—If—

"(i) any transfer permitted by this subsection is made to any Fund to which this section applies, and

"(ii) such Fund is transferred thereafter,

any deduction under this subsection for taxable years ending after the date that such Fund is transferred shall be allowed to the transferee and not to the transferor. The preceding sentence shall not apply if the transferor is an organization exempt from tax imposed by this chapter.

"(4) NEW RULING AMOUNT REQUIRED.—Paragraph (1) shall not apply to any transfer unless the taxpayer requests from the Secretary a new schedule of ruling amounts in connection with such transfer.

"(5) NONQUALIFIED FUND.—For purposes of this subsection, the term 'nonqualified fund' means, with respect to any nuclear powerplant, any fund in which amounts are irrevocably set aside pursuant to the requirements of any State or Federal agency exclusively for the purpose of funding the decommissioning of such powerplant.

"(6) NO BASIS IN QUALIFIED FUNDS.—Notwithstanding any other provision of law, the basis of any Fund to which this section applies shall not be increased by reason of any transfer permitted by this subsection."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1105. MODIFICATION OF DEPENDENT CARE CREDIT.

(b) INCREASE IN LIMIT ON EMPLOYMENT-RELATED EXPENSES.—Section 21(c) (relating to dollar limit on amount creditable) is amended—

(1) by striking "$2,400" in paragraph (1) and inserting "$2,700", and

(2) by striking "$4,800" in paragraph (2) and inserting "$5,400".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 1106. ALLOWANCE OF CREDIT FOR EMPLOYER EXPENSES FOR CHILD CARE ASSISTANCE.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by section 1002(a), is amended by adding at the end the following:

"SEC. 45F. EMPLOYER-PROVIDED CHILD CARE CREDIT.

"(a) IN GENERAL.—For purposes of section 38, the employer-provided child care credit determined under this section for the taxable year is an amount equal to 25 percent of the qualified child care expenditures of the eligible taxpayer for such taxable year.

"(b) DOLLAR LIMITATION.—The credit allowable under subsection (a) for any taxable year shall not exceed $90,000.

"(c) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED CHILD CARE EXPENDITURE.—

"(A) IN GENERAL.—The term 'qualified child care expenditure' means any amount paid or incurred—

"(i) to acquire, construct, rehabilitate, or expand property—

"(I) which is to be used as part of a qualified child care facility of the taxpayer,

"(II) with respect to which a deduction for depreciation (or amortization in lieu of depreciation) is allowable, and

"(III) which does not constitute part of the principal residence (within the meaning of section 121) of the taxpayer or any employee of the taxpayer,

"(ii) for the operating costs of a qualified child care facility of the taxpayer, including costs related to the training of employees, to scholarship programs, and to the providing of increased compensation to employees with higher levels of child care training,

"(iii) under a contract with a qualified child care facility to provide child care services to employees of the taxpayer, or

"(iv) to reimburse an employee for expenses for child care which enables the employee to be gainfully employed including expenses related to—

"(I) day care and before and after school care,

"(II) transportation associated with such care, and

"(III) before and after school and holiday programs including educational and recreational programs and camp programs.

"(B) FAIR MARKET VALUE.—The term 'qualified child care expenditures' shall not include expenses in excess of the fair market value of such care.

"(2) QUALIFIED CHILD CARE FACILITY.—

"(A) IN GENERAL.—The term 'qualified child care facility' means a facility—

"(i) the principal use of which is to provide child care assistance, and

"(ii) which meets the requirements of all applicable laws and regulations of the State or local government in which it is located, including, but not limited to, the licensing of the facility as a child care facility.

Clause (i) shall not apply to a facility which is the principal residence (within the meaning of section 121) of the operator of the facility.

"(B) SPECIAL RULES WITH RESPECT TO A TAXPAYER.—A facility shall not be treated as a qualified child care facility with respect to a taxpayer unless—

"(i) enrollment in the facility is open to employees of the taxpayer during the taxable year,

"(ii) if the facility is the principal trade or business of the taxpayer, at least 30 percent of the enrollees of such facility are dependents of employees of the taxpayer, and

"(iii) the use of such facility (or the eligibility to use such facility) does not discriminate in favor of employees of the taxpayer who are highly compensated employees (within the meaning of section 414(q)).

"(3) ELIGIBLE TAXPAYER.—The term 'eligible taxpayer' means for any taxable year a taxpayer with gross receipts of less than $50,000,000 for such year.

"(d) RECAPTURE OF ACQUISITION AND CONSTRUCTION CREDIT.—

"(1) IN GENERAL.—If, as of the close of any taxable year, there is a recapture event with respect to any qualified child care facility of the taxpayer, then the tax of the taxpayer under this chapter for such taxable year shall be increased by an amount equal to the product of—

"(A) the applicable recapture percentage, and

"(B) the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted if the qualified child care expenditures of the taxpayer described in subsection (c)(1)(A) with respect to such facility had been zero.

"(2) APPLICABLE RECAPTURE PERCENTAGE.—

"(A) IN GENERAL.—For purposes of this subsection, the applicable recapture percentage shall be determined from the following table:

"If the recapture event occurs in:	**The applicable recapture percentage is:**
Years 1–3	100
Year 4	85
Year 5	70
Year 6	55
Year 7	40
Year 8	25
Years 9 and 10	10
Years 11 and thereafter	0.

"(B) YEARS.—For purposes of subparagraph (A), year 1 shall begin on the first day of the taxable year in which the qualified child care facility is placed in service by the taxpayer.

"(3) RECAPTURE EVENT DEFINED.—For purposes of this subsection, the term 'recapture event' means—

"(A) CESSATION OF OPERATION.—The cessation of the operation of the facility as a qualified child care facility.

"(B) CHANGE IN OWNERSHIP.—

"(i) IN GENERAL.—Except as provided in clause (ii), the disposition of a taxpayer's interest in a qualified child care facility with respect to which the credit described in subsection (a) was allowable.

"(ii) AGREEMENT TO ASSUME RECAPTURE LIABILITY.—Clause (i) shall not apply if the person acquiring such interest in the facility agrees in writing to assume the recapture liability of the person disposing of such interest in effect immediately before such disposition. In the event of such an assumption, the person acquiring the interest in the facility shall be treated as the taxpayer for purposes of assessing any recapture liability (computed as if there had been no change in ownership).

"(4) SPECIAL RULES.—

"(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (1) only with respect to credits allowed by reason of this section which were used to reduce tax liability. In the case of credits not so used to reduce tax liability, the carryforwards and carrybacks under section 39 shall be appropriately adjusted.

"(B) NO CREDITS AGAINST TAX.—Any increase in tax under this subsection shall not be treated as a tax imposed by this chapter for purposes of determining the amount of any credit under subpart A, B, or D of this part.

"(C) NO RECAPTURE BY REASON OF CASUALTY LOSS.—The increase in tax under this subsection shall not apply to a cessation of operation of the facility as a qualified child care facility by reason of a casualty loss to the extent such loss is restored by reconstruction or replacement within a reasonable period established by the Secretary.

"(e) Special Rules.—For purposes of this section—

"(1) Aggregation rules.—All persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single taxpayer.

"(2) Pass-thru in the case of estates and trusts.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

"(3) Allocation in the case of partnerships.—In the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary.

"(f) No Double Benefit.—

"(1) Reduction in basis.—For purposes of this subtitle—

"(A) In general.—If a credit is determined under this section with respect to any property by reason of expenditures described in subsection (c)(1)(A), the basis of such property shall be reduced by the amount of the credit so determined.

"(B) Certain dispositions.—If, during any taxable year, there is a recapture amount determined with respect to any property the basis of which was reduced under subparagraph (A), the basis of such property (immediately before the event resulting in such recapture) shall be increased by an amount equal to such recapture amount. For purposes of the preceding sentence, the term 'recapture amount' means any increase in tax (or adjustment in carrybacks or carryovers) determined under subsection (d).

"(2) Other deductions and credits.—No deduction or credit shall be allowed under any other provision of this chapter with respect to the amount of the credit determined under this section."

(b) Conforming Amendments.—

(1) Section 38(b), as amended by section 1002(b)(1), is amended by striking "plus" at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting ", plus", and by adding at the end the following new paragraph:

"(14) the employer-provided child care credit determined under section 45F."

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by section 1002(d), is amended by adding at the end the following:

"Sec. 45F. Employer-provided child care credit."

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 1107. RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN LEASEHOLD IMPROVEMENTS.

(a) 15-Year Recovery Period.—Subparagraph (E) of section 168(e)(3) (relating to 15-year property) is amended by striking "and" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ", and", and by adding at the end the following new clause:

"(iv) any qualified leasehold improvement property."

(b) Qualified Leasehold Improvement Property.—Subsection (e) of section 168 is amended by adding at the end the following new paragraph:

"(6) Qualified leasehold improvement property.—

"(A) In general.—The term 'qualified leasehold improvement property' means any improvement to an interior portion of a building which is nonresidential real property if—

"(i) such improvement is made under or pursuant to a lease (as defined in subsection (h)(7))—

"(I) by the lessee (or any sublessee) of such portion, or

"(II) by the lessor of such portion,

"(ii) the original use of such improvement begins with the lessee and after December 31, 2000,

"(iii) such portion is to be occupied exclusively by the lessee (or any sublessee) of such portion, and

"(iv) such improvement is placed in service more than 3 years after the date the building was first placed in service.

"(B) Certain improvements not included.—Such term shall not include any improvement for which the expenditure is attributable to—

"(i) the enlargement of the building,

"(ii) any elevator or escalator,

"(iii) any structural component benefiting a common area, and

"(iv) the internal structural framework of the building.

"(C) Definitions and special rules.—For purposes of this paragraph—

"(i) Commitment to lease treated as lease.—A commitment to enter into a lease shall be treated as a lease, and the parties to such commitment shall be treated as lessor and lessee, respectively, if the lease is in effect at the time the property is placed in service.

"(ii) Related persons.—A lease between related persons shall not be considered a lease. For purposes of the preceding sentence, the term 'related persons' means—

"(I) members of an affiliated group (as defined in section 1504), and

"(II) persons having a relationship described in subsection (b) of section 267(b) or 707(b)(1); except that, for purposes of this clause, the phrase '80 percent or more' shall be substituted for the phrase 'more than 50 percent' each place it appears in such subsections."

(c) Requirement To Use Straight Line Method.—Paragraph (3) of section 168(b) is amended by adding at the end the following new subparagraph:

"(G) Qualified leasehold improvement property described in subsection (e)(6)."

(d) Effective Date.—The amendments made by this section shall apply to qualified leasehold improvement property placed in service after December 31, 2000.

SEC. 1108. EXEMPTION FROM INCOME TAX FOR STATE-CREATED ORGANIZATIONS PROVIDING PROPERTY AND CASUALTY INSURANCE FOR PROPERTY FOR WHICH SUCH COVERAGE IS OTHERWISE UNAVAILABLE.

(a) In General.—Subsection (c) of section 501 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by adding at the end the following new paragraph:

"(28)(A) Any association created before January 1, 1999, by State law and organized and operated exclusively to provide property and casualty insurance coverage for property located within the State for which the State has determined that coverage in the authorized insurance market is limited or unavailable at reasonable rates, if—

"(i) no part of the net earnings of which inures to the benefit of any private shareholder or individual,

"(ii) except as provided in clause (v), no part of the assets of which may be used for, or diverted to, any purpose other than—

"(I) to satisfy, in whole or in part, the liability of the association for, or with respect to, claims made on policies written by the association,

"(II) to invest in investments authorized by applicable law,

"(III) to pay reasonable and necessary administration expenses in connection with the establishment and operation of the association and the processing of claims against the association, or

"(IV) to make remittances pursuant to State law to be used by the State to provide for the payment of claims on policies written by the association, purchase reinsurance covering losses under such policies, or to support governmental programs to prepare for or mitigate the effects of natural catastrophic events,

"(iii) the State law governing the association permits the association to levy assessments on insurance companies authorized to sell property and casualty insurance in the State, or on property and casualty insurance policyholders with insurable interests in property located in the State to fund deficits of the association, including the creation of reserves,

"(iv) the plan of operation of the association is subject to approval by the chief executive officer or other executive branch official of the State, by the State legislature, or both, and

"(v) the assets of the association revert upon dissolution to the State, the State's designee, or an entity designated by the State law governing the association, or State law does not permit the dissolution of the association.

"(B)(i) An entity described in clause (ii) shall be disregarded as a separate entity and treated as part of the association described in subparagraph (A) from which it receives remittances described in clause (ii) if an election is made within 30 days after the date that such association is determined to be exempt from tax.

"(ii) An entity is described in this clause if it is an entity or fund created before January 1, 1999, pursuant to State law and organized and operated exclusively to receive, hold, and invest remittances from an association described in subparagraph (A) and exempt from tax under subsection (a) and to make disbursements to pay claims on insurance contracts issued by such association, and to make disbursements to support governmental programs to prepare for or mitigate the effects of natural catastrophic events."

(b) Unrelated Business Taxable Income.—Subsection (a) of section 512 (relating to unrelated business taxable income) is amended by adding at the end the following new paragraph:

"(6) Special rule applicable to organizations described in section 501(c)(28).—In the case of an organization described in section 501(c)(28), the term 'unrelated business taxable income' means taxable income for a taxable year computed without the application of section 501(c)(28) if, at the end of the immediately preceding taxable year, the organization's net equity exceeded 15 percent of the total coverage in force under insurance contracts issued by the organization and outstanding at the end of such preceding year."

(c) Transitional Rule.—No income or gain shall be recognized by an association as a result of a change in status to that of an association described by section 501(c)(28) of the Internal Revenue Code of 1986, as amended by subsection (a).

(d) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2000.

SEC. 1109. DISCLOSURE OF TAX INFORMATION TO FACILITATE COMBINED EMPLOYMENT TAX REPORTING.

Section 6103(d)(5) is amended to read as follows:

"(5) DISCLOSURE FOR COMBINED EMPLOYMENT TAX REPORTING.—The Secretary may disclose taxpayer identity information and signatures to any agency, body, or commission of any State for the purpose of carrying out with such agency, body, or commission a combined Federal and State employment tax reporting program approved by the Secretary. Subsections (a)(2) and (p)(4) and sections 7213 and 7213A shall not apply with respect to disclosures or inspections made pursuant to this paragraph."

SEC. 1110. INCREASE IN LIMIT ON CERTAIN CHARITABLE CONTRIBUTIONS AS PERCENTAGE OF AGI.

(a) IN GENERAL.—Section 170(b)(1) (relating to percentage limitations) is amended by striking "30 percent" each place it appears in subparagraphs (B) and (C) and inserting "50 percent".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 1111. LOW-INCOME SECOND MORTGAGE TAX CREDIT.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by section 1002(a), is amended by adding at the end the following:

"SEC. 45F. LOW-INCOME SECOND MORTGAGE TAX CREDIT.

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—For purposes of section 38, the amount of the low-income second mortgage tax credit determined under this section for any taxable year in the credit period shall be an amount equal to the applicable percentage of the low-income second mortgage tax credit amount allocated such taxpayer by a State housing finance agency in the credit allocation year under subsection (b).

"(2) APPLICABLE PERCENTAGE.—For purposes of this section, the Secretary shall prescribe the applicable percentage for any year in which the taxpayer is a qualified lender. Such percentage with respect to any month in the credit period with respect to such taxpayer shall be percentages which will yield over such period amounts of credit under paragraph (1) which have a present value equal to 100 percent of the low-income second mortgage tax credit amount allocated such taxpayer under subsection (b).

"(3) METHOD OF DISCOUNTING.—The present value under paragraph (2) shall be determined in the same manner as the low-income housing credit under section 42(b)(2)(C).

"(b) ALLOCATION OF LOW-INCOME SECOND MORTGAGE TAX CREDIT AMOUNTS.—

"(1) AMOUNT OF CREDIT.—Each qualified State shall receive a low-income second mortgage tax credit dollar amount for each calendar year in an amount equal to the sum of—

"(A) an amount equal to—

"(i) 10 cents multiplied by the State population, multiplied by

"(ii) 10, plus

"(B) the unused low-income second mortgage tax credit dollar amount (if any) of such State for the preceding year.

"(2) QUALIFIED STATE.—For purposes of this section—

"(A) IN GENERAL.—The term 'qualified State' means a State with an approved allocation plan to allocate low-income second mortgage tax credits to qualified lenders through the State housing finance agency.

"(B) APPROVED ALLOCATION PLAN.—For purposes of this paragraph, the term 'approved allocation plan' means a written plan, certified by the Secretary, which includes—

"(i) selection criteria for the allocation of credits to qualified lenders—

"(I) based on a process in which lenders submit bids for the value of the credit, and

"(II) which gives priority to qualified lenders with qualified low-income second mortgage tax credit loans which are prepaid during a calendar year, for credit allocations in the succeeding calendar year,

"(ii) an assurance that the State will not allocate in excess of 10 percent of the low-income second mortgage tax credit amount for the calendar year for qualified low-income second mortgage tax credit loans which are neighborhood revitalization project loans,

"(iii) a procedure that the agency (or an agent or other private contractor of such agency) will follow in monitoring for noncompliance with the provisions of this section and in notifying the Internal Revenue Service of such noncompliance with respect to which such agency becomes aware, and

"(iv) such other assurances as the Secretary may require.

"(3) QUALIFIED LENDER.—For purposes of this section, the term 'qualified lender' means a lender which—

"(A) is an insured depository institution (as defined in section 3 of the Federal Deposit Insurance Act), insured credit union (as defined in section 101 of the Federal Credit Union Act), community development financial institution (as defined in section 103 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4702)), or nonprofit community development corporation (as defined in section 613 of the Community Economic Development Act of 1981 (42 U.S.C. 9802)),

"(B) makes available, through such lender or the lender's designee, pre-purchase homeownership counseling for mortgagors, and

"(C) during the 1-year period beginning on the date of the credit allocation, originates not less than 100 qualified low-income second mortgage tax credit loans in an aggregate amount not less than the amount of the bid of such lender for such credit allocation.

"(4) CARRYOVER OF CREDIT.—A low-income second mortgage tax credit amount received by a State for any calendar year and not allocated in such year shall remain available to be allocated in the succeeding calendar year.

"(5) POPULATION.—For purposes of this section, population shall be determined in accordance with section 146(j).

"(6) COST-OF-LIVING ADJUSTMENT.—In the case of a calendar year after 2001, the 10 cent amount contained in paragraph (1)(A)(i) shall be increased by an amount equal to—

"(A) such amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 1999' for 'calendar year 1992' in subparagraph (B) thereof.

"(c) QUALIFIED LOW-INCOME SECOND MORTGAGE TAX CREDIT LOAN DEFINED.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified low-income second mortgage tax credit loan' means a loan originated and funded by a qualified lender which is secured by a second lien on a residence, but only if—

"(A) the requirements of subsections (d), (e), and (f) are met,

"(B) subject to subparagraphs (F), (H), and (I), the proceeds from such loan are applied exclusively—

"(i) to acquire such residence, or

"(ii) to substantially improve such residence in connection with a neighborhood revitalization project,

"(C) the principal amount of the loan is equal to an amount which is—

"(i) not less than 18 percent of the purchase price of the residence securing the loan, and

"(ii) not more than the lesser of—

"(I) 22 percent of such purchase price, or

"(II) $25,000,

"(D) in the case of a neighborhood revitalization project loan, subparagraph (C) is applied by substituting—

"(i) 'purchase price or appraised value' for 'purchase price', and

"(ii) '$40,000' for '$25,000',

"(E) the loan is—

"(i) amortized over a period of not more than 30 years (or any lesser period of time as determined by the lender or the State housing finance agency (as applicable)), or

"(ii) described in paragraph (2),

"(F) the proceeds of such loan are not used for settlement or other closing costs of the transaction in an amount in excess of 4 percent of the purchase price of the residence securing the loan,

"(G) the rate of interest of the loan does not exceed the greater of—

"(i) the excess of—

"(I) the prime lending rate in effect as of the date on which the loan is originated, over

"(II) 5.5 percent, or

"(ii) 3 percent,

"(H) the origination fee paid with respect to the loan does not cause the aggregate amount of origination fees paid with respect to any loans secured by the residence—

"(i) in the case of a neighborhood revitalization project loan, to exceed 1 percent of the appraised value of the residence which secures the loan, and

"(ii) in the case of any other loan, to exceed 2 percent of the appraised value of such residence, and

"(I) the servicing fees of such loan—

"(i) are allocated from interest payments made with respect to the loan, and

"(ii) may not—

"(I) in the case of a neighborhood revitalization project loan, exceed a total of 38 basis points, and

"(II) in the case of any other loan, when added to such fees of any other loan secured by the residence, exceed a total of 63 basis points.

"(2) BALLOON PAYMENT LOAN.—

"(A) IN GENERAL.—A loan is described in this paragraph if such loan—

"(i) meets the requirements of subparagraphs (B) and (C),

"(ii) is for a period of 25 years and, except as provided in clause (iv), no payment is due on such loan until the sooner of—

"(I) the end of such period, or

"(II) the date on which the residence which secures the loan is disposed of,

"(iii) does not prohibit early repayment of such loan, and

"(iv) requires payment on such loan if the mortgagor receives any portion of the equity of such residence as part of a refinancing of any loan secured by such residence.

"(B) INTEREST.—Notwithstanding paragraph (1)(G), the rate of interest of the loan is zero percent.

"(C) SERVICING FEES.—Notwithstanding paragraph (1)(I), there shall be no servicing fees in connection with the loan.

"(3) INDEX OF AMOUNT.—

``(A) In general.—In the case of a calendar year after 2001, the amounts under subparagraphs (C) and (D) of paragraph (1) shall be increased by an amount equal to—

``(i) such amount, multiplied by

``(ii) the housing price adjustment for such calendar year.

``(B) Housing price adjustment.—For purposes of subparagraph (A), the housing price adjustment for any calendar year is the percentage (if any) by which—

``(i) the housing price index for the preceding calendar year, exceeds

``(ii) the housing price index for calendar year 2001.

``(C) Housing price index.—For purposes of subparagraph (B), the housing price index means the housing price index published by the Federal Housing Finance Board (as established in section 2A of the Federal Home Loan Bank Act (12 U.S.C. 1422a)) for the calendar year.

``(d) Mortgagor.—

``(1) In general.—A loan meets the requirements of this subsection if it is made to a mortgagor—

``(A) whose family income for the year in which the mortgagor applies for the loan is 80 percent or less of the area median gross income for the area in which the residence which secures the mortgage is located,

``(B) for whom the loan would not result in a housing debt-to-income ratio, with respect to the residence securing the loan, or total debt-to-income ratio which is greater than the guidelines set by the Federal Housing Administration (or any other ratio as determined by the State housing finance agency or lender if such ratio is less than such guidelines), and

``(C) who attends pre-purchase homeownership counseling provided by the qualified lender or the lender's designee.

``(2) Determination of family income.—For purposes of this subsection and subsection (h), the family income of a mortgagor and area median gross income shall be determined in accordance with section 143(f)(2).

``(e) Residence Requirements.—A loan meets the requirements of this subsection if it is secured by a residence that is—

``(1) a single-family residence (including a manufactured home (within the meaning of section 25(e)(10))) which is the principal residence (within the meaning of section 121) of the mortgagor, or can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the financing is provided,

``(2) purchased by the mortgagor with a down payment in an amount not less than the lesser of—

``(A) 2 percent of the purchase price, or

``(B) $1,000, and

``(3) in the case of a mortgagor with a family income greater than 50 percent of the area median gross income, as determined under subsection (d)(1)(A), not financed in connection with a qualified mortgage issued under section 143.

``(f) Definition and Special Rules Relating to Credit Period.—

``(1) Credit period defined.—For purposes of this section, the term 'credit period' means the period of 10 taxable years beginning with the taxable year in which a low-income second mortgage tax credit amount is allocated to the taxpayer.

``(2) Special rule for 1st year of credit period.—

``(A) In general.—The credit allowable under subsection (a) with respect to any taxpayer for the 1st taxable year of the credit period shall be determined by substituting for the applicable percentage under subsection (a)(2) the fraction—

``(i) the numerator of which is the sum of the applicable percentages determined under subsection (a)(2) as of the close of each full month of such year, during which the taxpayer was a qualified lender, and

``(ii) the denominator of which is 12.

``(B) Disallowed 1st year credit allowed in 11th year.—Any reduction by reason of subparagraph (A) in the credit allowable (without regard to subparagraph (A)) for the 1st taxable year of the credit period shall be allowable under subsection (a) for the 1st taxable year following the credit period.

``(3) Disposition of low-income second mortgage tax credit loans.—If a qualified low-income second mortgage tax credit loan is disposed of during any year for which a credit is allowable under subsection (a), such credit shall be allocated between the parties on the basis of the number of days during such year the mortgage was held by each and the portion of the total credit allocated to the qualified lender which is attributable to such mortgage.

``(g) Loss of Credit.—If, during the taxable year, a qualified low-income second mortgage tax credit loan is repaid prior to the expiration of the credit period with respect to such loan, the amount of the low-income second mortgage tax credit attributable to such loan is no longer available under subsection (a). For purposes of the preceding sentence, the tax credit is allowable for the portion of the year in which such repayment occurs for which the loan is outstanding, determined in the same manner as provided in subsection (f)(2)(A).

``(h) Recapture of Portion of Federal Subsidy From Home-Owner.—

``(1) In general.—If, during the taxable year, any taxpayer described in paragraph (3) disposes of an interest in a residence with respect to which a low-income second mortgage tax credit amount applies, then the taxpayer's tax imposed by this chapter for such taxable year shall be increased by 50 percent of the gain (if any) on the disposition of such interest.

``(2) Exceptions.—Paragraph (1) shall not apply to any disposition—

``(A) by reason of death,

``(B) which is made on a date that is more than 10 years after the date on which the qualified low-income second mortgage tax credit loan secured by such residence was made, or

``(C) in which the purchaser of the residence assumes the qualified low-income second mortgage tax credit loan secured by the residence.

``(3) Income limitation.—A taxpayer is described in this paragraph if, on the date of the disposition, the family income of the mortgagor is 115 percent or more of the area median gross income as determined under subsection (d)(1)(A) for the year in which the disposition occurs.

``(4) Special rules relating to limitation on recapture amount based on gain realized.—For purposes of this subsection, rules similar to the rules of section 143(m)(6) shall apply.

``(5) Lender to inform mortgagor of potential recapture.—The qualified lender which makes a qualified low-income second mortgage tax credit loan to a mortgagor shall, at the time of settlement, provide a written statement informing the mortgagor of the potential recapture under this subsection.

``(6) Special rules.—For purposes of this subsection, rules similar to the rules of section 143(m)(8) shall apply.

``(i) Other Definitions.—

``(1) Neighborhood revitalization project loan.—

``(A) In general.—The term 'neighborhood revitalization project loan' means a loan secured by a second lien on a residence, the proceeds of which are used to substantially improve such residence in connection with a neighborhood revitalization project.

``(B) Neighborhood revitalization project.—The term 'neighborhood revitalization project' means a project of sufficient size and scope to alleviate physical deterioration and stimulate investment in—

``(i) a geographic location within the jurisdiction of a unit of local government (but not the entire jurisdiction) designated in comprehensive plans, ordinances, or other documents as a neighborhood, village, or similar geographic designation, or

``(ii) the entire jurisdiction of a unit of local government if the population of such jurisdiction is not in excess of 25,000.

``(2) State.—The term 'State' includes a possession of the United States.

``(3) State housing finance agency.—The term 'State housing finance agency' means the public agency, authority, corporation, or other instrumentality of a State that has the authority to provide residential mortgage loan financing throughout the State.

``(j) Certification and Other Reports to the Secretary.—

``(1) Certification with respect to State allocation of low-income second mortgage tax credits.—The Secretary may, upon a finding of noncompliance, revoke the certification of a qualified State and revoke any qualified low-income second mortgage tax credit amounts allocated to such State or allocated by such State to a qualified lender.

``(2) Annual report from housing finance agencies.—Each State housing finance agency which allocates any low-income second mortgage tax credit amount to any qualified lender for any calendar year shall submit to the Secretary (at such time and in such manner as the Secretary shall prescribe) an annual report specifying—

``(A) the low-income second mortgage tax credit amount allocated to each qualified lender for such year, and

``(B) with respect to each qualified lender—

``(i) the principal amount of the aggregate qualified low-income second mortgage tax credit loans made by such lender in such year and the outstanding amount of such loans in such year, and

``(ii) the number of qualified low-income second mortgage tax credit loans made by such lender in such year.

The penalty under section 6652(j) shall apply to any failure to submit the report required by this paragraph on the date prescribed therefore.

``(k) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''

(b) Limitation on Carryback of Unused Credit.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits), as amended by section 1002(b)(2), is amended by adding at the end the following:

``(12) No carryback of low-income second mortgage tax credits before effective date.—No portion of the unused business credit for any taxable year which is attributable to the low-income second mortgage tax credit determined under section 45F may be carried back to a taxable year ending before the date of the enactment of section 45F."

(c) Conforming Amendments.—

(1) Section 38(b), as amended by section 1002(b)(1), is amended—

(A) by striking "plus" at the end of paragraph (14),

(B) by striking the period at the end of paragraph (15), and inserting ", plus", and

(C) by adding at the end the following:

"(16) the low-income second mortgage tax credit determined under section 45F."

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by section 1002(d), is amended by adding at the end the following:

"Sec. 45F. Low-income second mortgage tax credit."

(d) Regulations.—The Secretary of the Treasury shall, by regulation, make any necessary adjustments to the amount of credit allocated under section 45F(b)(1) of the Internal Revenue Code of 1986, as added by subsection (a), to ensure that the decrease in revenues in the Treasury, resulting from the amendments made by this section, in calendar years before 2011 does not exceed $1,000,000,000.

(e) Effective Date.—The amendments made by this section apply to calendar years after 2000.

SEC. 1112. COORDINATION OF CHILD TAX CREDIT AND EARNED INCOME CREDIT WITH CERTAIN MEANS-TESTED PROGRAMS.

(a) Child Tax Credit.—Section 24 (relating to child tax credit) is amended by adding at the end the following new subsection:

"(g) Coordination With Certain Means-Tested Programs.—Any refund or credit made to an individual by reason of this section shall not be treated as income or receipts (or taken into account in determining resources) for purposes of determining—

"(1) the eligibility of the individual or any other individual for any month for benefits or assistance under any Federal program or any State or local program financed in whole or in part with Federal funds, or

"(2) the amount or extent of such benefits or assistance."

(b) Earned Income Credit.—Subsection (l) of section 32 (relating to coordination with certain means-tested programs) is amended to read as follows:

"(l) Coordination With Certain Means-Tested Programs.—Any refund or credit made to an individual by reason of this section, and any payment made to such individual by an employer under section 3507, shall not be treated as income or receipts (or taken into account in determining resources) for purposes of determining—

"(1) the eligibility of the individual or any other individual for any month for benefits or assistance under any Federal program or any State or local program financed in whole or in part with Federal funds, or

"(2) the amount or extent of such benefits or assistance."

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 1113. NO FEDERAL INCOME TAX ON AMOUNTS RECEIVED BY HOLOCAUST VICTIMS OR THEIR HEIRS.

(a) In General.—For purposes of the Internal Revenue Code of 1986, gross income shall not include any amount received by an individual (or any heir of the individual)—

(1) from the Swiss Humanitarian Fund established by the Government of Switzerland or from any similar fund established by any foreign country, or

(2) as a result of the settlement of the action entitled "In re Holocaust Victims' Asset Litigation", (E.D. NY), C.A. No. 96-4849, or as a result of any similar action.

(b) Effective Date.—This section shall apply to any amount received before, on, or after the date of the enactment of this Act.

SEC. 1114. TAX TREATMENT OF SPECIAL PAY FOR MEMBERS OF THE ARMED FORCES.

(a) In General.—Subchapter C of chapter 80 (relating to provisions affecting more than one subtitle) is amended by adding at the end the following:

"SEC. 7874. TREATMENT OF SPECIAL PAY FOR MEMBERS OF THE ARMED FORCES.

"(a) General Rule.—For purposes of the following provisions, a special pay area shall be treated in the same manner as if it were a combat zone (as determined under section 112):

"(1) Section 2(a)(3) (relating to special rule where deceased spouse was in missing status).

"(2) Section 112 (relating to the exclusion of certain combat pay of members of the Armed Forces).

"(3) Section 692 (relating to income taxes of members of Armed Forces on death).

"(4) Section 2201 (relating to members of the Armed Forces dying in combat zone or by reason of combat-zone-incurred wounds, etc.).

"(5) Section 3401(a)(1) (defining wages relating to combat pay for members of the Armed Forces).

"(6) Section 4253(d) (relating to the taxation of phone service originating from a combat zone from members of the Armed Forces).

"(7) Section 6013(f)(1) (relating to joint return where individual is in missing status).

"(8) Section 7508 (relating to time for performing certain acts postponed by reason of service in combat zone).

"(b) Special Pay Area.—For purposes of this section, the term 'special pay area' means any area in which an individual receives special pay under section 310 of title 37, United States Code, for services performed in such area."

(b) Conforming Amendment.—The table of sections for subchapter C of chapter 80 is amended by adding at the end the following:

"Sec. 7874. Treatment of special pay."

(c) Effective Date.—The amendments made by this section shall apply to remuneration paid in taxable years ending after the date of the enactment of this Act.

Subtitle B—Provisions Relating to Real Estate Investment Trusts

PART I—TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES

SEC. 1121. MODIFICATIONS TO ASSET DIVERSIFICATION TEST.

(a) In General.—Subparagraph (B) of section 856(c)(4) is amended to read as follows:

"(B)(i) not more than 25 percent of the value of its total assets is represented by securities (other than those includible under subparagraph (A)), and

"(ii) except with respect to a taxable REIT subsidiary and securities includible under subparagraph (A)—

"(I) not more than 5 percent of the value of its total assets is represented by securities of any 1 issuer,

"(II) the trust does not hold securities possessing more than 10 percent of the total voting power of the outstanding securities of any 1 issuer, and

"(III) the trust does not hold securities having a value of more than 10 percent of the total value of the outstanding securities of any 1 issuer."

(b) Exception for Straight Debt Securities.—Subsection (c) of section 856 is amended by adding at the end the following new paragraph:

"(7) Straight debt safe harbor in applying paragraph (4).—Securities of an issuer which are straight debt (as defined in section 1361(c)(5) without regard to subparagraph (B)(iii) thereof) shall not be taken into account in applying paragraph (4)(B)(ii)(III) if—

"(A) the issuer is an individual, or

"(B) the only securities of such issuer which are held by the trust or a taxable REIT subsidiary of the trust are straight debt (as so defined), or

"(C) the issuer is a partnership and the trust holds at least a 20 percent profits interest in the partnership."

SEC. 1122. TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES.

(a) Income From Taxable REIT Subsidiaries Not Treated as Impermissible Tenant Service Income.—Clause (i) of section 856(d)(7)(C) (relating to exceptions to impermissible tenant service income) is amended by inserting "or through a taxable REIT subsidiary of such trust" after "income".

(b) Certain Income From Taxable REIT Subsidiaries Not Excluded From Rents From Real Property.—

(1) In general.—Subsection (d) of section 856 (relating to rents from real property defined) is amended by adding at the end the following new paragraphs:

"(8) Special rule for taxable REIT subsidiaries.—For purposes of this subsection, amounts paid to a real estate investment trust by a taxable REIT subsidiary of such trust shall not be excluded from rents from real property by reason of paragraph (2)(B) if the requirements of subparagraph (A) or (B) are met.

"(A) Limited rental exception.—The requirements of this subparagraph are met with respect to any property if at least 90 percent of the leased space of the property is rented to persons other than taxable REIT subsidiaries of such trust and other than persons described in section 856(d)(2)(B). The preceding sentence shall apply only to the extent that the amounts paid to the trust as rents from real property (as defined in paragraph (1) without regard to paragraph (2)(B)) from such property are substantially comparable to such rents made by the other tenants of the trust's property for comparable space.

"(B) Exception for certain lodging facilities.—The requirements of this subparagraph are met with respect to an interest in real property which is a qualified lodging facility leased by the trust to a taxable REIT subsidiary of the trust if the property is operated on behalf of such subsidiary by a person who is an eligible independent contractor.

"(9) Eligible independent contractor.—For purposes of paragraph (8)(B)—

"(A) In general.—The term 'eligible independent contractor' means, with respect to any qualified lodging facility, any independent contractor if, at the time such contractor enters into a management agreement or other similar service contract with the taxable REIT subsidiary to operate the facility, such contractor (or any related person) is actively engaged in the trade or business of operating qualified lodging facilities for any person who is not a related person with respect to the real estate investment trust or the taxable REIT subsidiary.

“(B) Special rules.—Solely for purposes of this paragraph and paragraph (8)(B), a person shall not fail to be treated as an independent contractor with respect to any qualified lodging facility by reason of any of the following:

“(i) The taxable REIT subsidiary bears the expenses for the operation of the facility pursuant to the management agreement or other similar service contract.

“(ii) The taxable REIT subsidiary receives the revenues from the operation of such facility, net of expenses for such operation and fees payable to the operator pursuant to such agreement or contract.

“(iii) The real estate investment trust receives income from such person with respect to another property that is attributable to a lease of such other property to such person that was in effect as on the later of—

“(I) January 1, 1999, or

“(II) the earliest date that any taxable REIT subsidiary of such trust entered into a management agreement or other similar service contract with such person with respect to such qualified lodging facility.

“(C) Renewals, etc., of existing leases.—For purposes of subparagraph (B)(iii)—

“(i) a lease shall be treated as in effect on January 1, 1999, without regard to its renewal after such date, so long as such renewal is pursuant to the terms of such lease as in effect on whichever of the dates under subparagraph (B)(iii) is the latest, and

“(ii) a lease of a property entered into after whichever of the dates under subparagraph (B)(iii) is the latest shall be treated as in effect on such date if—

“(I) on such date, a lease of such property from the trust was in effect, and

“(II) under the terms of the new lease, such trust receives a substantially similar or lesser benefit in comparison to the lease referred to in subclause (I).

“(D) Qualified lodging facility.—For purposes of this paragraph—

“(i) In general.—The term ‘qualified lodging facility’ means any lodging facility unless wagering activities are conducted at or in connection with such facility by any person who is engaged in the business of accepting wagers and who is legally authorized to engage in such business at or in connection with such facility.

“(ii) Lodging facility.—The term ‘lodging facility’ means a hotel, motel, or other establishment more than one-half of the dwelling units in which are used on a transient basis.

“(iii) Customary amenities and facilities.—The term ‘lodging facility’ includes customary amenities and facilities operated as part of, or associated with, the lodging facility so long as such amenities and facilities are customary for other properties of a comparable size and class owned by other owners unrelated to such real estate investment trust.

“(E) Operate includes manage.—References in this paragraph to operating a property shall be treated as including a reference to managing the property.

“(F) Related person.—Persons shall be treated as related to each other if such persons are treated as a single employer under subsection (a) or (b) of section 52.”

(2) Conforming amendment.—Subparagraph (B) of section 856(d)(2) is amended by inserting “except as provided in paragraph (8),” after “(B)”.

SEC. 1123. TAXABLE REIT SUBSIDIARY.

(a) In General.—Section 856 is amended by adding at the end the following new subsection:

“(l) Taxable REIT Subsidiary.—For purposes of this part—

“(1) In general.—The term ‘taxable REIT subsidiary’ means, with respect to a real estate investment trust, a corporation (other than a real estate investment trust) if—

“(A) such trust directly or indirectly owns stock in such corporation, and

“(B) such trust and such corporation jointly elect that such corporation shall be treated as a taxable REIT subsidiary of such trust for purposes of this part.

Such an election, once made, shall be irrevocable unless both such trust and corporation consent to its revocation. Such election, and any revocation thereof, may be made without the consent of the Secretary.

“(2) 35 percent ownership in another taxable REIT subsidiary.—The term ‘taxable REIT subsidiary’ includes, with respect to any real estate investment trust, any corporation (other than a real estate investment trust) with respect to which a taxable REIT subsidiary of such trust owns directly or indirectly—

“(A) securities possessing more than 35 percent of the total voting power of the outstanding securities of such corporation, or

“(B) securities having a value of more than 35 percent of the total value of the outstanding securities of such corporation.

The preceding sentence shall not apply to a qualified REIT subsidiary (as defined in subsection (i)(2)). The rule of section 856(c)(7) shall apply for purposes of subparagraph (B).

“(3) Exceptions.—The term ‘taxable REIT subsidiary’ shall not include—

“(A) any corporation which directly or indirectly operates or manages a lodging facility or a health care facility, and

“(B) any corporation which directly or indirectly provides to any other person (under a franchise, license, or otherwise) rights to any brand name under which any lodging facility or health care facility is operated.

Subparagraph (B) shall not apply to rights provided to an eligible independent contractor to operate or manage a lodging facility if such rights are held by such corporation as a franchisee, licensee, or in a similar capacity and such lodging facility is either owned by such corporation or is leased to such corporation from the real estate investment trust.

“(4) Definitions.—For purposes of paragraph (3)—

“(A) Lodging facility.—The term ‘lodging facility’ has the meaning given to such term by paragraph (9)(D)(ii).

“(B) Health care facility.—The term ‘health care facility’ has the meaning given to such term by subsection (e)(6)(D)(ii).”

(b) Conforming Amendment.—Paragraph (2) of section 856(i) is amended by adding at the end the following new sentence: “Such term shall not include a taxable REIT subsidiary.”

SEC. 1124. LIMITATION ON EARNINGS STRIPPING.

Paragraph (3) of section 163(j) (relating to limitation on deduction for interest on certain indebtedness) is amended by striking “and” at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting “, and”, and by adding at the end the following new subparagraph:

“(C) any interest paid or accrued (directly or indirectly) by a taxable REIT subsidiary (as defined in section 856(l)) of a real estate investment trust to such trust.”

SEC. 1125. 100 PERCENT TAX ON IMPROPERLY ALLOCATED AMOUNTS.

(a) In General.—Subsection (b) of section 857 (relating to method of taxation of real estate investment trusts and holders of shares or certificates of beneficial interest) is amended by redesignating paragraphs (7) and (8) as paragraphs (8) and (9), respectively, and by inserting after paragraph (6) the following new paragraph:

“(7) Income from redetermined rents, redetermined deductions, and excess interest.—

“(A) Imposition of tax.—There is hereby imposed for each taxable year of the real estate investment trust a tax equal to 100 percent of redetermined rents, redetermined deductions, and excess interest.

“(B) Redetermined rents.—

“(i) In general.—The term ‘redetermined rents’ means rents from real property (as defined in subsection 856(d)) the amount of which would (but for subparagraph (E)) be reduced on distribution, apportionment, or allocation under section 482 to clearly reflect income as a result of services furnished or rendered by a taxable REIT subsidiary of the real estate investment trust to a tenant of such trust.

“(ii) Exception for certain services.—Clause (i) shall not apply to amounts received directly or indirectly by a real estate investment trust for services described in paragraph (1)(B) or (7)(C)(i) of section 856(d).

“(iii) Exception for de minimis amounts.—Clause (i) shall not apply to amounts described in section 856(d)(7)(A) with respect to a property to the extent such amounts do not exceed the one percent threshold described in section 856(d)(7)(B) with respect to such property.

“(iv) Exception for comparably priced services.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if—

“(I) such subsidiary renders a significant amount of similar services to persons other than such trust and tenants of such trust who are unrelated (within the meaning of section 856(d)(8)(F)) to such subsidiary, trust, and tenants, but

“(II) only to the extent the charge for such service so rendered is substantially comparable to the charge for the similar services rendered to persons referred to in subclause (I).

“(v) Exception for certain separately charged services.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if—

“(I) the rents paid to the trust by tenants (leasing at least 25 percent of the net leasable space in the trust’s property) who are not receiving such service from such subsidiary are substantially comparable to the rents paid by tenants leasing comparable space who are receiving such service from such subsidiary, and

“(II) the charge for such service from such subsidiary is separately stated.

“(vi) Exception for certain services based on subsidiary’s income from the services.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if the gross income of such subsidiary from such service is not less than 150 percent of such subsidiary’s direct cost in furnishing or rendering the service.

“(vii) Exceptions granted by Secretary.—The Secretary may waive the tax otherwise imposed by subparagraph (A) if the trust establishes to the satisfaction of the Secretary that rents charged to tenants were established on an arms’ length basis even though a taxable REIT subsidiary of the trust provided services to such tenants.

"(C) Redetermined deductions.—The term 'redetermined deductions' means deductions (other than redetermined rents) of a taxable REIT subsidiary of a real estate investment trust if the amount of such deductions would (but for subparagraph (E)) be increased on distribution, apportionment, or allocation under section 482 to clearly reflect income as between such subsidiary and such trust.

"(D) Excess interest.—The term 'excess interest' means any deductions for interest payments by a taxable REIT subsidiary of a real estate investment trust to such trust to the extent that the interest payments are in excess of a rate that is commercially reasonable.

"(E) Coordination with section 482.—The imposition of tax under subparagraph (A) shall be in lieu of any distribution, apportionment, or allocation under section 482.

"(F) Regulatory authority.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph. Until the Secretary prescribes such regulations, real estate investment trusts and their taxable REIT subsidiaries may base their allocations on any reasonable method."

(b) Amount Subject to Tax Not Required To Be Distributed.—Subparagraph (E) of section 857(b)(2) (relating to real estate investment trust taxable income) is amended by striking "paragraph (5)" and inserting "paragraphs (5) and (7)".

SEC. 1126. EFFECTIVE DATE.

(a) In General.—The amendments made by this part shall apply to taxable years beginning after December 31, 2000.

(b) Transitional Rules Related to Section 1121.—

(1) Existing arrangements.—

(A) In general.—Except as otherwise provided in this paragraph, the amendment made by section 1121 shall not apply to a real estate investment trust with respect to—

(i) securities of a corporation held directly or indirectly by such trust on July 12, 1999,

(ii) securities of a corporation held by an entity on July 12, 1999, if such trust acquires control of such entity pursuant to a written binding contract in effect on such date and at all times thereafter before such acquisition,

(iii) securities received by such trust (or a successor) in exchange for, or with respect to, securities described in clause (i) or (ii) in a transaction in which gain or loss is not recognized, and

(iv) securities acquired directly or indirectly by such trust as part of a reorganization (as defined in section 368(a)(1) of the Internal Revenue Code of 1986) with respect to such trust if such securities are described in clause (i), (ii), or (iii) with respect to any other real estate investment trust.

(B) New trade or business or substantial new assets.—Subparagraph (A) shall cease to apply to securities of a corporation as of the first day after July 12, 1999, on which such corporation engages in a substantial new line of business, or acquires any substantial asset, other than—

(i) pursuant to a binding contract in effect on such date and at all times thereafter before the acquisition of such asset,

(ii) in a transaction in which gain or loss is not recognized by reason of section 1031 or 1033 of the Internal Revenue Code of 1986, or

(iii) in a reorganization (as so defined) with another corporation the securities of which are described in paragraph (1)(A) of this subsection.

(2) Tax-free conversion.—If—

(A) at the time of an election for a corporation to become a taxable REIT subsidiary, the amendment made by section 1121 does not apply to such corporation by reason of paragraph (1), and

(B) such election first takes effect before January 1, 2004,

such election shall be treated as a reorganization qualifying under section 368(a)(1)(A) of such Code.

PART II—HEALTH CARE REITS

SEC. 1131. HEALTH CARE REITS.

(a) Special Foreclosure Rule for Health Care Properties.—Subsection (e) of section 856 (relating to special rules for foreclosure property) is amended by adding at the end the following new paragraph:

"(6) Special rule for qualified health care properties.—For purposes of this subsection—

"(A) Acquisition at expiration of lease.—The term 'foreclosure property' shall include any qualified health care property acquired by a real estate investment trust as the result of the termination of a lease of such property (other than a termination by reason of a default, or the imminence of a default, on the lease).

"(B) Grace period.—In the case of a qualified health care property which is foreclosure property solely by reason of subparagraph (A), in lieu of applying paragraphs (2) and (3)—

"(i) the qualified health care property shall cease to be foreclosure property as of the close of the second taxable year after the taxable year in which such trust acquired such property, and

"(ii) if the real estate investment trust establishes to the satisfaction of the Secretary that an extension of the grace period in clause (i) is necessary to the orderly leasing or liquidation of the trust's interest in such qualified health care property, the Secretary may grant 1 or more extensions of the grace period for such qualified health care property.

Any such extension shall not extend the grace period beyond the close of the 6th year after the taxable year in which such trust acquired such qualified health care property.

"(C) Income from independent contractors.—For purposes of applying paragraph (4)(C) with respect to qualified health care property which is foreclosure property by reason of subparagraph (A) or paragraph (1), income derived or received by the trust from an independent contractor shall be disregarded to the extent such income is attributable to—

"(i) any lease of property in effect on the date the real estate investment trust acquired the qualified health care property (without regard to its renewal after such date so long as such renewal is pursuant to the terms of such lease as in effect on such date), or

"(ii) any lease of property entered into after such date if—

"(I) on such date, a lease of such property from the trust was in effect, and

"(II) under the terms of the new lease, such trust receives a substantially similar or lesser benefit in comparison to the lease referred to in subclause (I).

"(D) Qualified health care property.—

"(i) In general.—The term 'qualified health care property' means any real property (including interests therein), and any personal property incident to such real property, which—

"(I) is a health care facility, or

"(II) is necessary or incidental to the use of a health care facility.

"(ii) Health care facility.—For purposes of clause (i), the term 'health care facility' means a hospital, nursing facility, assisted living facility, congregate care facility, qualified continuing care facility (as defined in section 7872(g)(4)), or other licensed facility which extends medical or nursing or ancillary services to patients and which, immediately before the termination, expiration, default, or breach of the lease of or mortgage secured by such facility, was operated by a provider of such services which was eligible for participation in the medicare program under title XVIII of the Social Security Act with respect to such facility."

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

PART III—CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES

SEC. 1141. CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES.

(a) Distribution Requirement.—Clauses (i) and (ii) of section 857(a)(1)(A) (relating to requirements applicable to real estate investment trusts) are each amended by striking "95 percent (90 percent for taxable years beginning before January 1, 1980)" and inserting "90 percent".

(b) Imposition of Tax.—Clause (i) of section 857(b)(5)(A) (relating to imposition of tax in case of failure to meet certain requirements) is amended by striking "95 percent (90 percent in the case of taxable years beginning before January 1, 1980)" and inserting "90 percent".

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

PART IV—CLARIFICATION OF EXCEPTION FROM IMPERMISSIBLE TENANT SERVICE INCOME

SEC. 1151. CLARIFICATION OF EXCEPTION FOR INDEPENDENT OPERATORS.

(a) In General.—Paragraph (3) of section 856(d) (relating to independent contractor defined) is amended by adding at the end the following flush sentence:

"In the event that any class of stock of either the real estate investment trust or such person is regularly traded on an established securities market, only persons who own, directly or indirectly, more than 5 percent of such class of stock shall be taken into account as owning any of the stock of such class for purposes of applying the 35 percent limitation set forth in subparagraph (B) (but all of the outstanding stock of such class shall be considered outstanding in order to compute the denominator for purpose of determining the applicable percentage of ownership)."

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

PART V—MODIFICATION OF EARNINGS AND PROFITS RULES

SEC. 1161. MODIFICATION OF EARNINGS AND PROFITS RULES.

(a) Rules for Determining Whether Regulated Investment Company Has Earnings and Profits From Non-RIC Year.—Subsection (c) of section 852 is amended by adding at the end the following new paragraph:

"(3) Distributions to meet requirements of subsection (a)(2)(B).—Any distribution which is made in order to comply with the requirements of subsection (a)(2)(B)—

"(A) shall be treated for purposes of this subsection and subsection (a)(2)(B) as made from the earliest earnings and profits accumulated in any taxable year to which the provisions of this part did not apply rather than the most recently accumulated earnings and profits, and

"(B) to the extent treated under subparagraph (A) as made from accumulated earnings and profits, shall not be treated as a distribution for purposes of subsection (b)(2)(D) and section 855."

(b) Clarification of Application of REIT Spillover Dividend Rules to Distributions To Meet Qualification Requirement.—Subparagraph (B) of section 857(d)(3) is amended by inserting before the period "and section 858".

(c) Application of Deficiency Dividend Procedures.—Paragraph (1) of section 852(e) is amended by adding at the end the following new sentence: "If the determination under subparagraph (A) is solely as a result of the failure to meet the requirements of subsection (a)(2), the preceding sentence shall also apply for purposes of applying subsection (a)(2) to the non-RIC year."

(d) Effective Date.—The amendments made by this section shall apply to distributions after December 31, 2000.

TITLE XII—REVENUE OFFSETS

Subtitle A—General Provisions

SEC. 1201. MODIFICATION TO FOREIGN TAX CREDIT CARRYBACK AND CARRYOVER PERIODS.

(a) In General.—Section 904(c) (relating to limitation on credit) is amended—

(1) by striking "in the second preceding taxable year,", and

(2) by striking "or fifth" and inserting "fifth, sixth, or seventh".

(b) Effective Date.—The amendment made by subsection (a) shall apply to credits arising in taxable years beginning after December 31, 1999.

SEC. 1202. LIMITATION ON USE OF NON-ACCRUAL EXPERIENCE METHOD OF ACCOUNTING.

(a) In General.—Section 448(d)(5) (relating to special rule for services) is amended—

(1) by inserting "in fields described in paragraph (2)(A)" after "services by such person", and

(2) by inserting "CERTAIN PERSONAL" before "SERVICES" in the heading.

(b) Effective Date.—g before the period "and section 858".

(c) Application of Deficiency Dividend Procedures.—Paragraph (1) of section 852(e) is amended by adding at the end the following new sentence: "If the determination under subparagraph (A) is solely as a result of the failure to meet the requirement of subsection (a)(2), the preceding sentence shall also apply for purposes of applying subsection (a)(2) to the non-RIC year."

(d) Effective Date.—The amendments made by this section shall apply to distributions after December 31, 2000.

(c) Effective Date.—This section shall apply to taxable years beginning after December 31, 2000.

PART IV—CLARIFICATION OF EXCEPTION FROM IMPERMISSIBLE TENANT SERVICE INCOME

SEC. 1151. CLARIFICATION OF EXCEPTION FOR INDEPENDENT OPERATORS.

(a) In General.—Paragraph (3) of section 856(d) (relating to independent contractor defined) is amended by adding at the end the following flush sentence:

"In the event that any class of stock of either the real estate investment trust or such person is regularly traded on an established securities market, only persons who own, directly or indirectly, more than 5 percent of such class of stock shall be taken into account as owning any of the stock of such class for purposes of applying the 35 percent limitation set forth in subparagraph (B) (but all of the outstanding stock of such class shall be considered outstanding in order to compute the denominator for purpose of determining the applicable percentage of ownership)."

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

PART V—MODIFICATION OF EARNINGS AND PROFITS RULES

SEC. 1161. MODIFICATION OF EARNINGS AND PROFITS RULES.

(a) Rules for Determining Whether Regulated Investment Company Has Earnings and Profits From Non-RIC Year.—Subsection (c) of section 852 is amended by adding at the end the following new paragraph:

"(3) Distributions to meet requirements of subsection (a)(2)(B).—Any distribution which is made in order to comply with the requirements of subsection (a)(2)(B)—

"(A) shall be treated for purposes of this subsection and subsection (a)(2)(B) as made from the earliest earnings and profits accumulated in any taxable year to which the provisions of this part did not apply rather than the most recently accumulated earnings and profits, and

"(B) to the extent treated under subparagraph (A) as made from accumulated earnings and profits, shall not be treated as a distribution for purposes of subsection (b)(2)(D) and section 855."

(b) Clarification of Application of REIT Spillover Dividend Rules to Distributions To Meet Qualification Requirement.—Subparagraph (B) of section 857(d)(3) is amended by inserting before the period "and section 858".

(c) Application of Deficiency Dividend Procedures.—Paragraph (1) of section 852(e) is amended by adding at the end the following new sentence: "If the determination under subparagraph (A) is solely as a result of the failure to meet the requirements of subsection (a)(2), the preceding sentence shall also apply for purposes of applying subsection (a)(2) to the non-RIC year."

(d) Effective Date.—The amendments made by this section shall apply to distributions after December 31, 2000.

TITLE XII—REVENUE OFFSETS

Subtitle A—General Provisions

SEC. 1201. MODIFICATION TO FOREIGN TAX CREDIT CARRYBACK AND CARRYOVER PERIODS.

(a) In General.—Section 904(c) (relating to limitation on credit) is amended—

(1) by striking "in the second preceding taxable year,", and

(2) by striking "or fifth" and inserting "fifth, sixth, or seventh".

(b) Effective Date.—The amendment made by subsection (a) shall apply to credits arising in taxable years beginning after December 31, 1999.

SEC. 1202. LIMITATION ON USE OF NON-ACCRUAL EXPERIENCE METHOD OF ACCOUNTING.

(a) In General.—Section 448(d)(5) (relating to special rule for services) is amended—

(1) by inserting "in fields described in paragraph (2)(A)" after "services by such person", and

(2) by inserting "CERTAIN PERSONAL" before "SERVICES" in the heading.

(b) Effective Date.—To reduce the basis of the property of such controlled corporation. This subsection shall be reapplied to any property of any controlled corporation which is stock in a corporation which it controls.

"(8) Regulations.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations to avoid double counting and to prevent the abuse of such purposes."

(b) Effective Date.—The amendment made by this section shall apply to distributions made after July 14, 1999.

(C) Section 404(a)(10)(B) is amended by striking ", the exclusion allowance under section 403(b)(2),".

(D) Section 415(a)(2) is amended by striking ", and the amount of the contribution for such portion shall reduce the exclusion allowance as provided in section 403(b)(2)".

(E) Section 415(c)(3) is amended by adding at the end the following new subparagraph:

"(E) Annuity contracts.—In the case of an annuity contract described in section 403(b), the term 'participant's compensation' means the participant's includible compensation determined under section 403(b)(3)."

(F) Section 415(c) is amended by striking paragraph (4) and by redesignating paragraph (6) as paragraph (4).

(G) Section 415(c) is amended by striking paragraph (7) and inserting the following new paragraph:

"(5) Certain contributions by church plans not treated as exceeding limit.—

"(A) In general.—Notwithstanding any other provision of this subsection, at the election of a participant who is an employee of a church, a convention or association of churches, including an organization described in section 414(e)(3)(B)(ii), contributions and other additions for an annuity contract or retirement income account described in section 403(b) with respect to such participant, when expressed as an annual addition to such al of deduction for previously deducted amounts.—No deduction shall be allowed for any transfer under this subsection of an amount for which a deduction was allowed when such amount was paid into the nonqualified fund. For purposes of the preceding sentence, a ratable portion of each transfer shall be treated as being from previously deducted amounts to the extent thereof.

"(C) Transfers of qualified funds.—If—

"(i) any transfer permitted by this subsection is made to any Fund to which this section applies, and

"(ii) such Fund is transferred thereafter, any deduction under this subsection for taxable years ending after the date that such Fund is transferred shall be allowed to the transferee and not to the transferor. The preceding sentence shall not apply if the transferor is an organization exempt from tax imposed by this chapter.

(4) New ruling amount required.—Paragraph (1) shall not apply to d not to the transferor. The preceding se

(1) In general.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) Change in method of accounting.—In the case of any taxpayer required by the amendments made by this section to change its method of accounting for its first taxable year ending after the date of the enactment of this Act—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account over a period (not greater than 4 taxable years) beginning with such first taxable year.

SEC. 1203. RETURNS RELATING TO CANCELLATIONS OF INDEBTEDNESS BY ORGANIZATIONS LENDING MONEY.

(a) IN GENERAL.—Paragraph (2) of section 6050P(c) (relating to definitions and special rules) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", and", and by inserting after subparagraph (C) the following new subparagraph:

"(D) any organization a significant trade or business of which is the lending of money."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to discharges of indebtedness after December 31, 1999.

SEC. 1204. EXTENSION OF INTERNAL REVENUE SERVICE USER FEES.

(a) IN GENERAL.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end the following new section:

"SEC. 7527. INTERNAL REVENUE SERVICE USER FEES.

"(a) GENERAL RULE.—The Secretary shall establish a program requiring the payment of user fees for—

"(1) requests to the Internal Revenue Service for ruling letters, opinion letters, and determination letters, and

"(2) other similar requests.

"(b) PROGRAM CRITERIA.—

"(1) IN GENERAL.—The fees charged under the program required by subsection (a)—

"(A) shall vary according to categories (or subcategories) established by the Secretary,

"(B) shall be determined after taking into account the average time for (and difficulty of) complying with requests in each category (and subcategory), and

"(C) shall be payable in advance.

"(2) EXEMPTIONS, ETC.—The Secretary shall provide for such exemptions (and reduced fees) under such program as the Secretary determines to be appropriate.

"(3) AVERAGE FEE REQUIREMENT.—The average fee charged under the program required by subsection (a) shall not be less than the amount determined under the following table:

"Category	**Average Fee**
Employee plan ruling and opinion	$250
Exempt organization ruling	350
Employee plan determination	300
Exempt organization determination	275
Chief counsel ruling	200.

"(c) TERMINATION.—No fee shall be imposed under this section with respect to requests made after September 30, 2009."

(b) CONFORMING AMENDMENTS.—

(1) The table of sections for chapter 77 is amended by adding at the end the following new item:

"Sec. 7527. Internal Revenue Service user fees."

(2) Section 10511 of the Revenue Act of 1987 is repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to requests made after the date of the enactment of this Act.

SEC. 1205. CHARITABLE SPLIT-DOLLAR LIFE INSURANCE, ANNUITY, AND ENDOWMENT CONTRACTS.

(a) IN GENERAL.—Subsection (f) of section 170 (relating to disallowance of deduction in certain cases and special rules), as amended by section 807, is amended by adding at the end the following new paragraph:

"(11) SPLIT-DOLLAR LIFE INSURANCE, ANNUITY, AND ENDOWMENT CONTRACTS.—

"(A) IN GENERAL.—Nothing in this section or in section 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 shall be construed to allow a deduction, and no deduction shall be allowed, for any transfer to or for the use of an organization described in subsection (c) if in connection with such transfer—

"(i) the organization directly or indirectly pays, or has previously paid, any premium on any personal benefit contract with respect to the transferor, or

"(ii) there is an understanding or expectation that any person will directly or indirectly pay any premium on any personal benefit contract with respect to the transferor.

"(B) PERSONAL BENEFIT CONTRACT.—For purposes of subparagraph (A), the term 'personal benefit contract' means, with respect to the transferor, any life insurance, annuity, or endowment contract if any direct or indirect beneficiary under such contract is the transferor, any member of the transferor's family, or any other person (other than an organization described in subsection (c)) designated by the transferor.

"(C) APPLICATION TO CHARITABLE REMAINDER TRUSTS.—In the case of a transfer to a trust referred to in subparagraph (E), references in subparagraphs (A) and (B) to an organization described in subsection (c) shall be treated as a reference to such trust.

"(D) EXCEPTION FOR CERTAIN ANNUITY CONTRACTS.—If, in connection with a transfer to or for the use of an organization described in subsection (c), such organization incurs an obligation to pay a charitable gift annuity (as defined in section 501(m)) and such organization purchases any annuity contract to fund such obligation, persons receiving payments under the charitable gift annuity shall not be treated for purposes of subparagraph (B) as in direct beneficiaries under such contract if—

"(i) such organization possesses all of the incidents of ownership under such contract,

"(ii) such organization is entitled to all the payments under such contract, and

"(iii) the timing and amount of payments under such contract are substantially the same as the timing and amount of payments to each such person under such obligation (as such obligation is in effect at the time of such transfer.)

"(E) EXCEPTION FOR CERTAIN CONTRACTS HELD BY CHARITABLE REMAINDER TRUSTS.—A person shall not be treated for purposes of subparagraph (B) as an indirect beneficiary under any life insurance, annuity, or endowment contract held by a charitable remainder annuity trust or a charitable remainder unitrust (as defined in section 664(d)) solely by reason of being entitled to any payment referred to in paragraph (1)(A) or (2)(A) of section 664(d) if—

"(i) such trust possesses all of the incidents of ownership under such contract, and

(ii) such trust is entitled to all the payments under such contract.

"(F) EXCISE TAX ON PREMIUMS PAID.—

"(i) IN GENERAL.—There is hereby imposed on any organization described in subsection (c) an excise tax equal to the premiums paid by such organization on any life insurance, annuity; or endowment contract if the payment of premiums on such contract is in connection with a transfer for which a deduction is not allowable under subparagraph (A), determined with out regard to when such transfer is made.

"(ii) PAYMENTS BY OTHER PERSONS.—For purposes of clause (i), payments made by any other person pursuant to an understanding or expectation referred to in subparagraph (A) shall be treated as made by the organization.

"(iii) REPORTING.—Any organization on which tax is imposed by clause (i) with to any premium shall file an annual return which includes—

"(I) the amount of such premium paid during the year and the name and TIN of each beneficiary under the contract to which the premium relates, and

"(II) such other information as Secretary may require.

The penalties applicable to returns required under section 6033 shall apply to returns required under this clause. Returns required under this clause shall be furnished at such time and in such manner as the Secretary shall by forms or regulations require.

"(iv) CERTAIN RULES TO APPLY.—The tax imposed by this subparagraph shall be treated as imposed by chapter 42 for purposes of this title other than subchapter B of chapter 42.

"(G) SPECIAL RULE WHERE STATE REQUIRES SPECIFICATION OF CHARITABLE GIFT ANNUITANT IN CONTRACT.—In the case of an obligation to pay a charitable gift annuity referred to in subparagraph (D) which is entered into under the laws of the State which requires, in order for the charitable gift annuity to be exempt from insurance regulation by such State, that each beneficiary under the charitable gift annuity be named as a beneficiary under an annuity contract issued by an insurance company authorized to transact business in such State, the requirements of clauses (i) and (ii) of subparagraph (D) shall be treated as met if—

"(i) such State law requirement was in effect on February 8, 1999,

"(ii) each such beneficiary under the charitable gift annuity is a bona fide resident of such State at the time the obligation to pay a charitable gift annuity is entered into, and

"(iii) the only persons entitled to payments under such contract are persons entitled to payments as beneficiaries under such obligation on the date such obligation is entered into.

"(H) MEMBER OF FAMILY.—For purposes of this paragraph, an individual's family consists of the individual's grandparents, the grandparents of such individual's spouse, the lineal descendants of such grandparents, and any spouse of such a lineal descendant.

"(I) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph, including regulations to prevent the avoidance of such purposes.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this section, the amendment made by this section shall apply to transfer made after February 8, 1999.

(2) EXCISE TAX.—Except as provided in paragraph (3) of this subsection, section 170(f)(11)(F) of the Internal Revenue Code of 1986 (as added by this section) shall apply to premiums paid after the date of the enactment of this Act.

(3) REPORTING.—Clause (iii) of such section 170(f)(11)(F) shall apply to premiums paid after February 8, 1999 (determined as if the tax imposed by such section applies to premiums paid after such date).

SEC. 1206. TRANSFER OF EXCESS DEFINED BENEFIT PLAN ASSETS FOR RETIREE HEALTH BENEFITS.

(a) EXTENSION.—

(1) IN GENERAL.—Paragraph (5) of section 420(b) (relating to expiration) is amended by striking "in any taxable year beginning after December 31, 2000" and inserting "made after September 30, 2009".

(2) CONFORMING AMENDMENTS.—

(A) Section 101(e)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(e)(3)) is amended by striking "1995" and inserting "2001".

(B) Section 403(c)(1) of such Act (29 U.S.C. 1103(c)(1)) is amended by striking "1995" and inserting "2001".

(C) Paragraph (13) of section 408(b) of such Act (29 U.S.C. 1108(b)(13)) is amended—

(i) by striking "in a taxable year beginning before January 1, 2001" and inserting "made before October 1, 2009", and

(ii) by striking "1995" and inserting "2001".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to qualified transfers occurring after December 31, 2000.

SEC. 1207. LIMITATIONS ON WELFARE BENEFIT FUNDS OF 10 OR MORE EMPLOYER PLANS.

(a) BENEFITS TO WHICH EXCEPTION APPLIES.—Section 419A(f)(6)(A) (relating to exception for 10 or more employer plans) is amended to read as follows:

"(A) IN GENERAL.—This subpart shall not apply to a welfare benefit fund which is part of a 10 or more employer plan if the only benefits provided through the fund are 1 or more of the following:

"(i) Medical benefits.

"(ii) Disability benefits.

"(iii) Group term life insurance benefits which do not provide directly or indirectly for any cash surrender value of other money that can be paid, assigned, borrowed, or pledged for collateral for a loan.

The preceding sentence shall not apply to any plan which maintains experience-rating arrangements with respect to individual employers.".

(b) LIMITATION ON USE OF AMOUNTS FOR OTHER PURPOSES.—Section 4976(b) (defining disqualified benefit) is amended by adding at the end the following new paragraph:

"(5) SPECIAL RULE FOR 10 OR MORE EMPLOYER PLANS EXEMPTED FROM PREFUNDING LIMITS.—For purposes of paragraph (1)(C), if—

"(A) subpart D of part I of subchapter D of chapter 1 does not apply by reason of section 419A(f)(6) to contributions to provide 1 or more welfare benefits through a welfare benefit fund under a 10 or more employer plan, and

"(B) any portion of the welfare benefit fund attributable to such conditions is used for a purpose other than that for which the contributions were made,

then such portion shall be treated as reverting to the benefit of the employers maintaining the fund."

"(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions paid or accrued after June 9, 1999, in taxable years ending after such date.

SEC. 1208. MODIFICATION OF INSTALLMENT METHOD AND REPEAL OF INSTALLMENT METHOD FOR ACCRUAL METHOD TAXPAYERS.

(a) REPEAL OF INSTALLMENT METHOD FOR ACCRUAL BASIS TAXPAYERS.—

(1) IN GENERAL.—Subsection (a) of section 453 (relating to installment method) is amended to read as follows:

"(a) USE OF INSTALLMENT METHOD.—

"(1) IN GENERAL.—Except as otherwise provided in this section, income from an installment sale shall be taken into account for purposes of this title under the installment method.

"(2) ACCURUAL METHOD TAXPAYER.—The installment method shall not apply to income from an installment sale if such income would be reported under an accrual method of accounting without regard to this section. The preceding sentence shall not apply to a disposition described in subparagraph (A) or (B) of subsection (1)(2)."

(2) CONFORMING AMENDMENTS.—Sections 453(d)(1), 453(i)(1), and 453(k) are each amended by striking "(a)" each place it appears and inserting (((a)(1)".

(b) MODIFICATION OF PLEDGE RULES.—Paragraph (4) of section 453A(d) (relating to pledges, etc., of installment obligations) is amended by adding at the end the following: "A payment shall be treated as directly secured by an interest in an installment obligation to the extent an arrangement allows the taxpayer to satisfy all or a portion of the indebtedness with the installment obligation."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or other dispositions occurring on or after the date of the enactment of this Act.

SEC. 1209. INCLUSION OF CERTAIN VACCINES AGAINST STREPTOCOCCUS PENUMONLAE TO LIST OF TAXABLE VACCINES.

(a) IN GENERAL.—Section 4132(a)(1) (defining taxable vaccine) is amended by adding at the end the following new subparagraph:

"(L) Any conjugate vaccine against streptococcus pneunmoniae."

(b) EFFECTIVE DATE.—

(1) SALES.—The amendment made by this section shall apply to vaccine sales beginning on the day after the date on which the Centers for Disease Control makes a final recommendation for routine administration to children of any conjugate vaccine against streptococcus pneumoniae.

(2) DELIVERIES.—For purposes of paragraph (1), in the case of sales on or before the date described in such paragraph for which delivery is made after such date, the delivery date shall be considered the sale date.

SEC. 1210. RESTORATION OF PHASE-OUT OF UNIFIED CREDIT.

(a) IN GENERAL.—Paragraph (2) of section 2001(c) is amended by striking "$10,000,000" and all that follows and inserting "$10,000,000. The amount of the increase under the preceding sentence shall not exceed the sum of the applicable credit amount under section 2010(c) (determined without regard to section 2057(a)(3)) and $359,200."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to estates of decedents dying after the date of enactment of this Act.

SEC. 1211. REPEAL OF LOWER-OF-COST-OR-MARKET METHOD OF ACCOUNTING FOR INVENTORIES.

(a) IN GENERAL.—Section 471 (relating to general rule for inventories) is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

(b) CERTAIN WRITE-DOWNS NOT PERMITTED; USE OR MARK-DOWNS REQUIRED UNDER RETAIL METHOD.—

. (1) IN GENERAL.—A taxpayer—

(A) may not use the lower-of-cost-or-market method of accounting for inventories, and

"(B) may not write-down items by reason of being unsalable at normal prices or unusable in the normal way because of damage, imperfections, shop wear, chances of style, odd or broken lots, or other similar causes.

Subparagraph (B) shall not apply to a taxpayer using a mark-to-market method of accounting for both gains and losses in inventory values.

"(2) MARK-DOWNS REQUIRED TO BE TAKEN INTO ACCOUNT UNDER RETAIL METHOD.—The retail method of accounting for inventories shall be applied by taking into account mark-downs in determining the approximate cost of the inventories.

"(3) EXCEPTION FOR CERTAIN SMALL BUSINESSES.—Paragraph (1) shall not apply to any taxpayer for any taxable year if, for all prior taxable years ending on or after the date of the enactment of this subsection, the taxpayer (or any predecessor) met the $5,000,000 gross receipts test of section 448(c).

"(4) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this subsection, including regulations relating to wash-sale-type transaction."

(b) CONFORMING AMENDMENTS.—

(1) Clause (iii) of section 312(n)(4)(C) is amended to read as follows:

"(iii) INVENTORY AMOUNT.—The inventory among of assets under the first-in, first-out method authorized by section 471 shall be determined using the method authorized to be used by the taxpayer under such section."

(2) Subparagraph (C) of section 1363(d)(4) is amended to read as follows:

"(C) INVENTORY AMOUNT.—The inventory amount of assets under a method authorized by section 471 shall be determined using the method authorized to be used by the corporation under such section."

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this subsection.

(2) CHANGES IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by this section to change its method of accounting for its first taxable year beginning after the date of the enactment of this subsection—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account ratably over the 4-taxable year period beginning with the first taxable year beginning after such date.

SEC. 1212. CONSISTENT AMORTIZATION PERIODS FOR INTANGIBLES.

(a) START-UP EXPENDITURES.—

(1) ALLOWANCE OF DEDUCTION.—Subsection (b) of section 195 (relating to start-up expenditures) is amended by striking paragraph (1), by redesignating paragraph (2) as paragraph (3), and by inserting before paragraph (3), as so redesignated, the following new paragraphs:

"(1) ALLOWANCE OF DEDUCTION.—If a taxpayer elects the application of this subsection with respect to any start-up expenditures—

"(A) the taxpayer shall be allowed a deduction for the taxable year in which the active trade or business begins in an amount equal to the lesser of—

"(i) the amount of start-up expenditures with respect to the active trade or business, or

"(ii) $5,000, reduced (but not below zero) by the amount by which such start-up expenditures exceed $50,000, and

"(B) the remainder of such start-up expenditures shall be allowed as a deduction ratably over the 180-month period beginning with the month in which the active trade or business begins.

"(2) AGGREGATION RULE.—For purposes of paragraph (1), all persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single person."

(2) CONFORMING AMENDMENT.—Subsection (b) of section 195 is amended by striking

"Amortize" and inserting "Deduct" in the heading.

(b) Organizational Expenditures.—Subsection (a) of section 248 (relating to organizational expenditures) is amended to read as follows:

"(a) Election to Deduct.—

"(1) In general.—If a corporation elects the application of this subsection (in accordance with regulations prescribed by the Secretary) with respect to any organizational expenditures—

"(A) the corporation shall be allowed a deduction for the taxable year in which the corporation begins business in an amount equal to the lesser of—

"(i) the amount of organizational expenditures with respect to the taxpayer, or

"(ii) $5,000, reduced (but not below zero) by the amount by which such organizational expenditures exceed $50,000, and

"(B) the remainder of such organizational expenditures shall be allowed as a deduction ratably over the 180-month period beginning with the month in which the corporation begins business.

"(2) Aggegation rule.—For purposes of paragraph (1), all persons which are treated as a single employer under subsection (a) or (b) of section 52 shall be treated as a single person."

(c) Treatment of Organizational and Syndication Fees or Partnerships.—Section 709(b) (relating to amortization of organization fees) is amended by redesignating paragraph (2) as paragraph (4) and by amending paragraph (1) to read as follows:

"(1) Allowance of deduction.—If a taxpayer elects the application of this subsection (in accordance with regulations prescribed by the Secretary) with respect to any organizational expenses—

"(A) the taxpayer shall be allowed a deduction for the taxable year in which the partnership begins business in an amount equal to the lesser of—

"(i) the amount of organizational expenses with respect to the partnership, or

"(ii) $5,000, reduced (but not below zero) by the amount by which such organizational expenses exceed $50,000, and

"(B) the remainder of such organizational expenses shall be allowed as a deduction ratably over the 180-month period beginning with the month in which the partnership begins business.

"(2) Dispositions before close of amortization period.—In any case in which a partnership is liquidated before the end of the period to which paragraph (1)(B) applies, any deferred expenses attributable to the partnership which were not allowed as a deduction by reasons of this section may be deducted to the extent allowable under section 165.

"(3) Aggregation rule.—For purposes of paragraph (1), all persons which are treated as a single employer under subsection (a) or (b) of section 52 shall be treated as a single person."

(d) Conforming Amendment.—Subsection (b) of section 709 is amended by striking "Amortization" and inserting "Deduction" in the heading.

(e) Effective Date.—The amendments made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.

SEC. 1213. EXTENSION OF HAZARDOUS SUBSTANCE SUPERFUND TAXES.

(a) Extension of Taxes.—

(1) Environmental tax.—Section 59A(e) is amended to read as follows:

"(e) Application of Tax.—The tax imposed by this section shall apply to taxable years beginning after December 31, 1986, and before January 1, 1996, and to taxable years beginning after December 31, 1999, and before January 1, 2010."

(2) Excise taxes.—Section 4611(e) is amended to read as follows:

"(e) Application of Hazardous Substance Superfund Financing Rate.—The Hazardous Substance Superfund Financing rate under this section shall apply after December 31, 1986 and before January 1, 1996, and after the date of the enactment of the Taxpayer Refund Act of 1999, and before October 1, 2009."

(b) Effective Dates.—

(1) Income tax.—The amendment made by subsection (a)(1) shall apply to taxable years beginning after December 31, 1999.

(2) Excise tax.—The amendment made by subsection (a)(2) shall take effect on the date of the enactment of this Act.

SEC. 1214. CONTROLLED ENTITIES INELIGIBLE FOR REIT STATUS.

(a) In General.—Subsection (a) of section 856 (relating to definition of real estate investment trust) is amended by striking "and" at the end of paragraph (6), by redesignating paragraph (7) as paragraph (8), and by inserting after paragraph (6) the following new paragraph:

"(7) which is not a controlled entity (as defined in subsection (l)); and".

(b) Controlled Entity.—Section 856 is amended by adding at the end the following new subsection:

"(l) Controlled Entity.—

"(1) In general.—For purposes of subsection (a)(7), an entity is a controlled entity if, at any time during the taxable year, one person (other than a qualified entity)—

"(A) in the case of a corporation, owns stock—

"(i) possessing at least 50 percent of the total voting power of the stock of such corporation, or

"(ii) having a value equal to at least 50 percent of the total value of the stock of such corporation, or

"(B) in the case of a trust, owns beneficial interests in the trust which would meet the requirements of subparagraph (A) if such interests were stock.

"(2) Qualified entity.—For purposes of paragraph (1), the term 'qualified entity' means—

"(A) any real estate investment trust, and

"(B) any partnership in which one real estate investment trust owns at least 50 percent of the capital and profits interests in the partnership.

"(3) Attribution rules.—For purposes of this paragraphs (1) and (2)—

"(A) In general.—Rules similar to the rules of subsections (d)(5) and (h)(3) shall apply.

"(B) Stapled entities.—A group of entities which are stapled entities (as defined in section 269(c)(2)) shall be treated as 1 person."

(c) Conforming Amendment.—Paragraph (2) of section 856(h) is amended by striking "and (6)" each place it appears and inserting ", (6), and (7)".

(d) Effective Date.—

(1) In general.—The amendments made by this section shall apply to taxable years ending after July 14, 1999.

(2) Exceptions for existing controlled entities.—The amendments made by this section shall not apply to any entity which is a controlled entity (as defined in section 856(l) of the Internal Revenue Code of 1986, as added by this section) as of July 14, 1999, which is a real estate investment trust for the taxable year which includes such date, and which has significant business assets or activities as of such date.

SEC. 1215. INCREASE IN ELECTIVE WITHHOLDING RATE FOR NONPERIODIC DISTRIBUTIONS FROM DEFERRED COMPENSATION PLANS.

(a) In General.—Section 3405(b)(1) (relating to withholding) is amended by striking "10 percent" and inserting "15 percent".

(b) Effective Date.—The amendment made by subsection (a) shall apply to distributions after December 31, 2000.

SEC. 1216. TREATMENT OF GAIN FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS.

(a) In General.—Part IV of subchapter P of chapter 1 (relating to special rules for determining capital gains and losses) is amended by inserting after section 1259 the following section:

"SEC. 1260. GAINS FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS.

"(a) In General.—If the taxpayer has gain from a constructive ownership transaction with respect to any financial asset and such gain would (without regard to this section) be treated as a long-term capital gain—

"(1) such gain shall be treated as ordinary income to the extent that such gain exceeds the net underlying long-term capital gain, and

"(2) to the extent such gain is treated as a long-term capital gain after the application of paragraph (1), the determination of the capital gain rate (or rates) applicable to such gain under section 1(h) shall be determined on the basis of the respective rate (or rates) that would have been applicable to the net underlying long-term capital gain.

"(b) Interest Charge on Deferral of Gain Recognition.—

"(1) In general.—If any gain is treated as ordinary income for any taxable year by reason of subsection (a)(1), the tax imposed by this chapter for such taxable year shall be increased by the amount of interest determined under paragraph (2) with respect to each prior taxable year during any portion of which the constructive ownership transaction was open. Any amount payable under this paragraph shall be taken into account in computing the amount of any deduction allowable to the taxpayer for interest paid or accrued during such taxable year.

"(2) Amount of interest.—The amount of interest determined under this paragraph with respect to a prior taxable year is the amount of interest which would have been imposed under section 6601 on the underpayment of tax for such year which would have resulted if the gain (which is treated as ordinary income by reason of subsection (a)(1)) had been included in gross income in the taxable years in which it accrued (determined by treating the income as accruing at a constant rate equal to the applicable Federal rate as in effect on the day the transaction closed). The period during which such interest shall accrue shall end on the due date (without extensions) for the return of tax imposed by this chapter for the taxable year in which such transaction closed

"(3) Applicable federal rate.—For purposes of paragraph (2), the applicable Federal rate is the applicable Federal rate determined under 1274(d) (compound semiannually) which would apply to a debt instrument with a term equal to the period the transaction was open.

"(4) No credits against increase in tax.—Any increase in tax under paragraph (1) shall not be treated as tax imposed by this chapter of purposes of determining—

"(A) the amount of any credit allowable under this chapter, or

"(B) the amount of the tax imposed by section 55.

"(c) Financial Asset.—For purposed of ration

"(1) In general.—The term 'financial asset' means—

"(A) any equity interest in any pass-thou entity, and

"(B) to the extent provided in regulations—

"(i) any debt instrument, and

(ii) any stock in a corporation which in not a pass-thru entity.

"(2) Pass-thru entity.—For purposes of paragraph (1), the term 'pass-thru entity' means—

"(A) a regulated investment company,

"(B) a real estate investment trust,

"(C) an S corporation,

"(D) a partnership,

"(E) a trust,

"(F) a common trust fund,

"(G) a passive foreign investment company (as defined in section 1297 without regard to subsection (e) thereof),

"(H) a foreign personal holding company,

"(I) a foreign investment company (as defined in section 1246(b)), and

"(J) a REMIC.

"(d) Constructive Ownership Transaction.—For purposes of this section—

"(1) In general.—The taxpayer shall be treated as having entered into a constructive ownership transaction with respect to any financial asset if the taxpayer—

"(A) holds a long position under a notional principal contract with respect to the financial asset,

"(B) enters into a forward or futures contract to acquire the financial asset,

"(C) is the holder of a call option, and is the grantor of a put option, with respect to the financial asset and such options have substantially equal strike prices and substantially contemporaneous maturity dates, or

"(D) to the extent provided in regulations prescribed by the Secretary, enters into 1 or more other transactions (or acquires 1 or more positions) that have substantially the same effect as a transaction described in any of the preceding subparagraphs.

"(2) Exception for positions which are marked to market.—This section shall not apply to any constructive ownership transaction if all of the positions which are part of such transaction are marked to market under any provision of this title or the regulations thereunder.

"(3) Long position under notional principal contract.—A person shall be treated as holding a long position under a notional principal contract with respect to any financial asset if such person—

"(A) has the right to be paid (or receive credit for) all or substantially all of the investment yield (including appreciation) on such financial asset for a specified period, and

"(B) is obligated to reimburse (or provide credit for) all or substantially all of any decline in the value of such financial asset.

"(4) Forward contract.—The term 'forward contract' means any contract to acquire in the future (or provide or receive credit for the future value of) any financial asset.

"(e) Net Underlying Long-Term Capital Gain.—For purposes of this section, in the case of any constructive ownership transaction with respect to any financial asset, the term 'net underlying long-term capital gain' means the aggregate net capital gain that the tax-payer would have had if—

"(1) the financial asset had been acquired for fair market value on the date such transaction was opened and sold for fair market value on the date such transaction was closed, and

"(2) only gains and losses that would have resulted from the deemed ownership under paragraph (1) were taken into account.

The amount of the net underlying long-term capital gain with respect to any financial asset shall be treated as zero unless the amount thereof is established by clear and convincing evidence.

"(f) Special Rule Where Taxpayer Takes Delivery.—Except as provided in regulations prescribed by the Secretary, if a constructive ownership transaction is closed by reason of taking delivery, this section shall be applied as if the taxpayer had sold all the contracts, options, or other positions which are part of such transaction for fair market value on the closing date. The amount of gain recognized under the preceding sentence shall not exceed the amount of gain treated as ordinary income under subsection (a). Proper adjustments shall be made in the amount of any gain or loss subsequently realized for gain recognized and treated as ordinary income under this subsection.

"(g) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations—

"(1) to permit taxpayers to mark to market constructive ownership transactions in lieu of applying this section, and

"(2) to exclude certain forward contracts which do not convey substantially all of the economic return with respect to a financial asset."

(b) Clerical Amendment.—The table of sections for part IV of subchapter P of chapter 1 is amended by adding at the end the following new item:

"Sec. 1260. Gains from constructive ownership transactions."

(c) Effective Date.—The amendments made by this section shall apply to transactions entered into after July 11, 1999.

SEC. 1217. RESTRICTION ON USE OF REAL ESTATE INVESTMENT TRUSTS TO AVOID ESTIMATED TAX PAYMENT REQUIREMENTS.

(a) In General.—Subsection (c) of section 6655 (relating to estimated tax by corporations) is amended by adding at the end the following new paragraph:

"(5) Treatment of certain REIT dividends.—

"(A) In general.—Any dividend received from a closely held real estate investment trust by any person which owns (after application of subsections (d)(5) and (l)(3)(B) of section 856) 10 percent or more (by vote or value) of the stock or beneficial interests in the trust shall be taken into account in computing annualized income installments under paragraph (2) in a manner similar to the manner under which partnership income inclusions are taken into account.

"(B) Closely held REIT.—For purposes of subparagraph (A), the term 'closely held real estate investment trust' means a real estate investment trust with respect to which 5 or fewer persons own (after application of subsections (d)(5) and (l)(3)(B) of section 856) 50 percent or more (by vote or value) of the stock or beneficial interests in the trust."

(b) Effective Date.—The amendment made by subsection (a) shall apply to estimated tax payments due on or after September 15, 1999.

SEC. 1218. PROHIBITED ALLOCATIONS OF S CORPORATION STOCK HELD BY AN ESOP.

(a) In General.—Section 409 (relating to qualifications for tax credit employee stock ownership plans) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

"(p) Prohibited Allocation of Securities in an S Corporation.—

"(1) In general.—An employee stock ownership plan holding employer securities consisting of stock in an S corporation shall provide that no portion of the assets of the plan attributable to (or allocable in lieu of) such employer securities may, during a nonallocation year, accrue (or be allocated directly or indirectly under any plan of the employer meeting the requirements of section 401(a)) for the benefit of any disqualified individual.

"(2) Failure to meet requirements.—If a plan fails to meet the requirements of paragraph (1)—

"(A) the plan shall be treated as having distributed to any disqualified individual the amount allocated to the account of such individual in violation of paragraph (1) at the time of such allocation,

"(B) the provisions of section 4979A shall apply, and

"(C) the statutory period for the assessment of any tax imposed by section 4979A shall not expire before the date which is 3 years from the later of—

"(i) the allocation of employer securities resulting in the failure under paragraph (1) giving rise to such tax, or

"(ii) the date on which the Secretary is notified of such failure.

"(3) Nonallocation year.—For purposes of this subsection—

"(A) In general.—The term 'nonallocation year' means any plan year of an employee stock ownership plan if, at any time during such plan year—

"(i) such plan holds employer securities consisting of stock in an S corporation, and

"(ii) disqualified individuals own at least 50 percent of the number of outstanding shares of stock in such S corporation.

"(B) Attribution rules.—For purposes of subparagraph (A)—

"(i) In general.—The rules of section 318(a) shall apply for purposes of determining ownership, except that—

"(I) in applying paragraph (1) thereof, the members of an individual's family shall include members of the family described in paragraph (4)(D), and

"(II) paragraph (4) thereof shall not apply.

"(ii) Deemed-owned shares.—Notwithstanding the employee trust exception in section 318(a)(2)(B)(i), disqualified individuals shall be treated as owning deemed-owned shares.

"(4) Disqualified individual.—For purposes of this subsection—

"(A) In general.—The term 'disqualified individual' means any individual who is a participant or beneficiary under the employee stock ownership plan if—

"(i) the aggregate number of deemed-owned shares of such individual and the members of the individual's family is at least 20 percent of the number of outstanding shares of stock in the S corporation constituting employer securities of such plan, or

"(ii) if such individual is not described in clause (i), the number of deemed-owned shares of such individual is at least 10 percent of the number of outstanding shares of stock in such corporation.

"(B) Treatment of family members.—In the case of a disqualified individual described in subparagraph (A)(i), any member of the individual's family with deemed-owned shares shall be treated as a disqualified individual if not otherwise a disqualified individual under subparagraph (A).

"(C) Deemed-owned shares.—For purposes of this paragraph—

"(i) In general.—The term 'deemed-owned shares' means, with respect to any participant or beneficiary under the employee stock ownership plan—

"(I) the stock in the S corporation constituting employer securities of such plan which is allocated to such participant or beneficiary under the plan, and

"(II) such participant's or beneficiary's share of the stock in such corporation which is held by such trust but which is not allocated under the plan to employees.

"(ii) INDIVIDUALS SHARE OF UNALLOCATED STOCK.—For purposes of clause (i)(II), an individual's share of unallocated S corporation stock held by the trust in the amount of the unallocated stock which would be allocated to such individual if the unallocated stock were allocated to individuals in the same proportions as the most recent stock allocation under the plan.

"(D) MEMBERS OF FAMILY.—For purposes of this paragraph, the term 'member of the family' means, with respect of any individual—

"(i) the spouse of the individual.

"(ii) an ancestor or lineal descendant of the individual or the individual's spouse,

"(iii) a brother or sister of the individual or the individual's spouse and any lineal descendant of the brother or sister, and

"(iv) the spouse of any person described in clause (ii) or (iii).

"(5) DEFINITIONS.—For purposes of this subsection—

"(A) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' has the meaning given such term by section 4975(e)(7).

"(B) EMPLOYER SECURITIES.—The term 'employer security' has the meaning given such term by section 409(l).

"(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations providing for the treatment of any stock option, restricted stock, sock appreciation right, phantom stock unit, performance unit, or similar instrumental granted by an S corporation as stock or not stock."

(b) EXCISE TAX.—

(1) IN GENERAL.—Section 4979A(b) (defining prohibited allocation) is amended by striking "and" at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting ", and ", and by adding at the end the following new paragraph:

"(3) any allocation of employer securities which violate the provisions of section 409(p)."

(2) LIABILITY.—Section 4979A(c) (defining liability for tax) is amended by adding at the end the following new sentence: "in the case of a prohibited allocation described in subsection (b)(3), such tax shall be paid by the S corporation the stock in which was allocated in violation of section 409(p)."

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

(2) EXCEPTION FOR CERTAIN PLANS.—In the ease of any—

(A) employee stock ownership plan established after July 14, 1999, or

(B) employee stock ownership plan established on or before such date if employer securities held by the plan consist of stock in a corporation with respect to which an election under section 1362(a) of the internal Revenue Code of 1986 is not in effect on such date.

the amendments made by this section shall apply to plan years ending after July 14, 1999.

SEC. 1219. MODIFICATION OF ANTI-ABUSE RULES RELATED TO ASSUMPTION OF LIABILITY.

(a) IN GENERAL.—Section 357(b)(1) (relating to tax avoidance purpose) is amended—

(1) by striking "the principal purpose" and inserting "a principal purpose", and

(2) by striking "on the exchange" in subparagraph (A).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to assumptions of liability after July 14, 1999.

SEC. 1220. ALLOCATION OF BASIS ON TRANSFERS OF INTANGIBLES IN CERTAIN NON-RECOGNITION TRNSACTIONS

(a) TRANSFERS TO CORPORATIONS.—Section 351 (relating to transfer to corporation controlled by transferor) is amended by redesignating subsection (h) or subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) TREATMENT OF TRANSFERS OF INTANGIBLE PROPERTY.—

"(1) TRANSFERS OF LESS THAN ALL SUBSTANTIAL RIGHTS.

"(A) IN GENERAL.—A transfer of an interest in intangible property (as defined in section 936(h)(3)(B)) shall be treated under this section as a transfer of property even if the transfer is of less than all of the substantial rights of the transferor in the property.

"(B) ALLOCATION OF BASIS.—In the case of a transfer of less than all of the substantial rights of the transferor in the intangible property, the transferor's basis immediately before the transfer shall be allocated among the rights retained by the transferor and the rights transferred on the basis of their respective fair market values.

"(2) NONRECOGNITION NOT TO APPLY TO INTANGIBLE PROPERTY DEVELOPED FOR TRANSFEREE.—This section shall not apply to a transfer of intangible property developed by the transferor or any related person if such development was pursuant to an arrangement with the transferee."

(b) TRANSFERS TO PARTNERSHIPS.—Subsection (d) of section 721 is amended to read as follows:

"(d) TRANSFERS OF INTANGIBLE PROPERTY.—

"(1) IN GENERAL.—Rules similar to the rules of section 351(h) shall apply for purposes of this section.

"(2) TRANSFERS TO FOREIGN PARTNERSHIPS.—For regulatory authority to treat intangibles transferred to a partnership as sold, see section 367(d)(3)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers on or after the date of the enactment of this Act.

SEC. 1221. DISTRIBUTIONS TO A CORPORATE PARTNER OF STOCK IN ANOTHER CORPORATION.

(c) IN GENERAL.—Section 732 (relating to basis of distributed property other than money) is amended by adding at the end the following new subsection:

"(f) CORRESPONDING ADJUSTMENT TO BASIS OF ASSETS OF A DISTRIBUTED CORPORATION CONTROLLED BY A CORPORATE PARTNER.—

"(1) IN GENERAL.—If—

"(A) a corporation (hereafter in this subsection referred to as the 'corporate partner') receives a distribution from a partnership of stock in another corporation (hereafter in this subsection referred to as the 'distributed corporation').

"(B) the corporate partner has control of the distributed corporation immediately after the distribution or at any time thereafter, and

"(C) the partnership's adjusted basis in such stock immediately before the distribution exceeded the corporate partner's adjusted basis in such stock immediately after the distribution,

then an amount equal to such excess shall be applied to reduce (in accordance with subsection (c) the basis of property held by the distributed corporation at such time (or, if the corporate partner does not control the distributed corporation at such time, at the time the corporation partner first has such control).

"(2) EXCEPTION FOR CERTAIN DISTRIBUTIONS BEFORE CONTROL ACQUIRED.—Paragraph (1) shall not apply to any distribution of stock in the distributed corporation if—

"(A) the corporate partner does not have control of such corporation immediately after such distribution, and

"(B) the corporate partner establishes to the satisfaction of the Secretary that such distribution was not part of a plan or arrangement to acquire control of the distributed corporation.

"(3) LIMITATIONS ON BASIS REDUCTION.—

"(A) IN GENERAL.—The amount of the reduction under paragraph (1) shall not exceed the amount by which the sum of the aggregate adjusted bases of the property and the amount of money of the distributed corporation exceeds the corporate partner's adjusted basis in the stock of the distributed corporation.

"(B) REDUCTION NOT TO EXCEED ADJUSTED BASIS OF PROPERTY.—No reduction under paragraph (1) in the basis of any property shall exceed the adjusted basis of such property (determined without regard to such reduction).

"(4) GAIN RECOGNITION WHERE REDUCTION LIMITED.—If the amount of any reduction under paragraph (1) (determined after the application of paragraph (3)(A)) exceeds the aggregate adjusted bases of the property of the distributed corporation—

"(A) such excess shall be recognized by the corporate partner as long-term capital gain, and

"(B) the corporate partner's adjusted basis in the stock of the distributed corporation shall be increased by such excess.

"(5) CONTROL.—For purposes of this subsection, the term 'control' means ownership of a stock meeting the requirements of section 1504(a)(2).

"(6) INDIRECT DISTRIBUTIONS.—For purposes of paragraph (1), if a corporation acquires (other than in a distribution from a partnership) stock the basis of which is determined in whole or in part by reference to subsection (a)(2) or (b), the corporation shall be treated as receiving a distribution of such stock from a partnership.

"(7) SPECIAL RULE FOR STOCK IN CONTROLLED CORPORATION.—If the property held by a distributed corporation is stock in a corporation which the distributed corporation controls, this subsection shall be applied to reduce the basis of the property of such controlled corporation. This subsection shall be reapplied to any property of any controlled corporation which is stock in a corporation which it controls.

"(8) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations to avoid double counting and to prevent the abuse of such purposes."

"(b) EFFECTIVE DATE.—the amendment made by this section shall apply to distributions made after July 14, 1999.

TITLE XIII—COMPLIANCE WITH CONGRESSIONAL BUDGET ACT

SEC. 1301. SUNSET OF PROVISIONS OF ACT.

All provisions of, and amendments made by, this Act which are in effect on September 30, 2009, shall cease to apply as of the close of September 30, 2009.

LINCOLN AMENDMENT NO. 1385

(Ordered to lie on the table.)

Mrs. LINCOLN submitted an amendment intended to be proposed by her to the bill, S. 1429, supra; as follows:

At the appropriate place add the following:

To amend the Internal Revenue Code of 1986 to clarify that any amount allowable as a child tax credit under section 24 or an earned income credit under section 32 shall not be treated as income for purposes of any means-tested Federal program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. COORDINATION OF CHILD TAX CREDIT WITH CERTAIN MEANS-TESTED PROGRAMS.

Section 24 of the Internal Revenue Code of 1986 (relating to child tax credit) is amended by adding at the end the following new subsection:

(g) COORDINATION WITH CERTAIN MEANS-TESTED PROGRAMS.—Any refund or credit made to an individual by reason of this section shall not be treated as income or receipts (or taken into account in determining resources) for purposes of determining—

(1) the eligibility of the individual or any other individual for any month for benefits or assistance under any Federal program or any State or local program financed in whole or in part with Federal funds, or

(2) the amount or extent of such benefits or assistance.

SEC. 2. COORDINATION OF EARNED INCOME CREDIT WITH CERTAIN MEANS-TESTED PROGRAMS.

Subsection (l) of section 32 of the Internal Revenue Code of 1986 (relating to coordination with certain means-tested programs) is amended to read as follows:

(l) COORDINATION WITH CERTAIN MEANS-TESTED PROGRAMS.—Any refund or credit made to an individual by reason of this section, and any payment made to such individual by an employer under section 3507, shall not be treated as income or receipts (or taken into account in determining resources) for purposes of determining—

(1) the eligibility of the individual or any other individual for any month for benefits or assistance under any Federal program or any State or local program financed in whole or in part with Federal funds, or

(2) the amount or extent of such benefits or assistance.

SPECTER AMENDMENT NO. 1386

(Ordered to lie on the table.)

Mr. SPECTER submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

Strike all after the first word and insert:

1. SHORT TITLE; TABLE OF CONTENTS; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This Act may be cited as the "Flat Tax Act of 1999".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents; amendment of 1986 Code.
Sec. 2. Flat tax on individual taxable earned income and business taxable income.
Sec. 3. Repeal of estate and gift taxes.
Sec. 4. Additional repeals.
Sec. 5. Effective dates.

(c) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

SEC. 2. FLAT TAX ON INDIVIDUAL TAXABLE EARNED INCOME AND BUSINESS TAXABLE INCOME.

(a) IN GENERAL.—Subchapter A of chapter 1 of subtitle A is amended to read as follows:

"Subchapter A—Determination of Tax Liability

"Part I. Tax on individuals.
"Part II. Tax on business activities.

"PART I—TAX ON INDIVIDUALS

"Sec. 1. Tax imposed.
"Sec. 2. Standard deduction.
"Sec. 3. Deduction for cash charitable contributions.
"Sec. 4. Deduction for home acquisition indebtedness.
"Sec. 5. Definitions and special rules.

"SECTION 1. TAX IMPOSED.

"(a) IMPOSITION OF TAX.—There is hereby imposed on every individual a tax equal to 20 percent of the taxable earned income of such individual.

"(b) TAXABLE EARNED INCOME.—For purposes of this section, the term 'taxable earned income' means the excess (if any) of—

"(1) the earned income received or accrued during the taxable year, over

"(2) the sum of—

"(A) the standard deduction,

"(B) the deduction for cash charitable contributions, and

"(C) the deduction for home acquisition indebtedness,

for such taxable year.

"(c) EARNED INCOME.—For purposes of this section—

"(1) IN GENERAL.—The term 'earned income' means wages, salaries, or professional fees, and other amounts received from sources within the United States as compensation for personal services actually rendered, but does not include that part of compensation derived by the taxpayer for personal services rendered by the taxpayer to a corporation which represents a distribution of earnings or profits rather than a reasonable allowance as compensation for the personal services actually rendered.

"(2) TAXPAYER ENGAGED IN TRADE OR BUSINESS.—In the case of a taxpayer engaged in a trade or business in which both personal services and capital are material income-producing factors, under regulations prescribed by the Secretary, a reasonable allowance as compensation for the personal services rendered by the taxpayer, not in excess of 30 percent of the taxpayer's share of the net profits of such trade or business, shall be considered as earned income.

"SEC. 2. STANDARD DEDUCTION.

"(a) IN GENERAL.—For purposes of this subtitle, the term 'standard deduction' means the sum of—

"(1) the basic standard deduction, plus

"(2) the additional standard deduction.

"(b) BASIC STANDARD DEDUCTION.—For purposes of subsection (a), the basic standard deduction is—

"(1) $17,500 in the case of—

"(A) a joint return, and

"(B) a surviving spouse (as defined in section 5(a)),

"(2) $15,000 in the case of a head of household (as defined in section 5(b)), and

"(3) $10,000 in the case of an individual—

"(A) who is not married and who is not a surviving spouse or head of household, or

"(B) who is a married individual filing a separate return.

"(c) ADDITIONAL STANDARD DEDUCTION.—For purposes of subsection (a), the additional standard deduction is $5,000 for each dependent (as defined in section 5(d))—

"(1) whose earned income for the calendar year in which the taxable year of the taxpayer begins is less than the basic standard deduction specified in subsection (b)(3), or

"(2) who is a child of the taxpayer and who—

"(A) has not attained the age of 19 at the close of the calendar year in which the taxable year of the taxpayer begins, or

"(B) is a student who has not attained the age of 24 at the close of such calendar year.

"(d) INFLATION ADJUSTMENT.—

"(1) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 1999, each dollar amount contained in subsections (b) and (c) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1998' for 'calendar year 1992' in subparagraph (B) of such section.

"(2) ROUNDING.—If any increase determined under paragraph (1) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.

"SEC. 3. DEDUCTION FOR CASH CHARITABLE CONTRIBUTIONS.

"(a) GENERAL RULE.—For purposes of this part, there shall be allowed as a deduction any charitable contribution (as defined in subsection (b)) not to exceed $2,500 ($1,250, in the case of a married individual filing a separate return), payment of which is made within the taxable year.

"(b) CHARITABLE CONTRIBUTION DEFINED.—For purposes of this section, the term 'charitable contribution' means a contribution or gift of cash or its equivalent to or for the use of the following:

"(1) A State, a possession of the United States, or any political subdivision of any of the foregoing, or the United States or the District of Columbia, but only if the contribution or gift is made for exclusively public purposes.

"(2) A corporation, trust, or community chest, fund, or foundation—

"(A) created or organized in the United States or in any possession thereof, or under the law of the United States, any State, the District of Columbia, or any possession of the United States,

"(B) organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals,

"(C) no part of the net earnings of which inures to the benefit of any private shareholder or individual, and

"(D) which is not disqualified for tax exemption under section 501(c)(3) by reason of attempting to influence legislation, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

A contribution or gift by a corporation to a trust, chest, fund, or foundation shall be deductible by reason of this paragraph only if it is to be used within the United States or any of its possessions exclusively for purposes specified in subparagraph (B). Rules similar to the rules of section 501(j) shall apply for purposes of this paragraph.

"(3) A post or organization of war veterans, or an auxiliary unit or society of, or trust or foundation for, any such post or organization—

"(A) organized in the United States or any of its possessions, and

“(B) no part of the net earnings of which inures to the benefit of any private shareholder or individual.

“(4) In the case of a contribution or gift by an individual, a domestic fraternal society, order, or association, operating under the lodge system, but only if such contribution or gift is to be used exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals.

“(5) A cemetery company owned and operated exclusively for the benefit of its members, or any corporation chartered solely for burial purposes as a cemetery corporation and not permitted by its charter to engage in any business not necessarily incident to that purpose, if such company or corporation is not operated for profit and no part of the net earnings of such company or corporation inures to the benefit of any private shareholder or individual.

For purposes of this section, the term ‘charitable contribution’ also means an amount treated under subsection (d) as paid for the use of an organization described in paragraph (2), (3), or (4).

“(c) Disallowance of Deduction in Certain Cases and Special Rules.—

“(1) Substantiation requirement for certain contributions.—

“(A) General rule.—No deduction shall be allowed under subsection (a) for any contribution of $250 or more unless the taxpayer substantiates the contribution by a contemporaneous written acknowledgment of the contribution by the donee organization that meets the requirements of subparagraph (B).

“(B) Content of acknowledgment.—An acknowledgment meets the requirements of this subparagraph if it includes the following information:

“(i) The amount of cash contributed.

“(ii) Whether the donee organization provided any goods or services in consideration, in whole or in part, for any contribution described in clause (i).

“(iii) A description and good faith estimate of the value of any goods or services referred to in clause (ii) or, if such goods or services consist solely of intangible religious benefits, a statement to that effect.

For purposes of this subparagraph, the term ‘intangible religious benefit’ means any intangible religious benefit which is provided by an organization organized exclusively for religious purposes and which generally is not sold in a commercial transaction outside the donative context.

“(C) Contemporaneous.—For purposes of subparagraph (A), an acknowledgment shall be considered to be contemporaneous if the taxpayer obtains the acknowledgment on or before the earlier of—

“(i) the date on which the taxpayer files a return for the taxable year in which the contribution was made, or

“(ii) the due date (including extensions) for filing such return.

“(D) Substantiation not required for contributions reported by the donee organization.—Subparagraph (A) shall not apply to a contribution if the donee organization files a return, on such form and in accordance with such regulations as the Secretary may prescribe, which includes the information described in subparagraph (B) with respect to the contribution.

“(E) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph, including regulations that may provide that some or all of the requirements of this paragraph do not apply in appropriate cases.

“(2) Denial of deduction where contribution for lobbying activities.—No deduction shall be allowed under this section for a contribution to an organization which conducts activities to which section 11(d)(2)(C)(i) applies on matters of direct financial interest to the donor's trade or business, if a principal purpose of the contribution was to avoid Federal income tax by securing a deduction for such activities under this section which would be disallowed by reason of section 11(d)(2)(C) if the donor had conducted such activities directly. No deduction shall be allowed under section 11(d) for any amount for which a deduction is disallowed under the preceding sentence.

“(d) Amounts Paid To Maintain Certain Students as Members of Taxpayer's Household.—

“(1) In general.—Subject to the limitations provided by paragraph (2), amounts paid by the taxpayer to maintain an individual (other than a dependent, as defined in section 5(d), or a relative of the taxpayer) as a member of such taxpayer's household during the period that such individual is—

“(A) a member of the taxpayer's household under a written agreement between the taxpayer and an organization described in paragraph (2), (3), or (4) of subsection (b) to implement a program of the organization to provide educational opportunities for pupils or students in private homes, and

“(B) a full-time pupil or student in the twelfth or any lower grade at an educational organization located in the United States which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on,

shall be treated as amounts paid for the use of the organization.

“(2) Limitations.—

“(A) Amount.—Paragraph (1) shall apply to amounts paid within the taxable year only to the extent that such amounts do not exceed $50 multiplied by the number of full calendar months during the taxable year which fall within the period described in paragraph (1). For purposes of the preceding sentence, if 15 or more days of a calendar month fall within such period such month shall be considered as a full calendar month.

“(B) Compensation or reimbursement.—Paragraph (1) shall not apply to any amount paid by the taxpayer within the taxable year if the taxpayer receives any money or other property as compensation or reimbursement for maintaining the individual in the taxpayer's household during the period described in paragraph (1).

“(3) Relative defined.—For purposes of paragraph (1), the term ‘relative of the taxpayer’ means an individual who, with respect to the taxpayer, bears any of the relationships described in subparagraphs (A) through (H) of section 5(d)(1).

“(4) No other amount allowed as deduction.—No deduction shall be allowed under subsection (a) for any amount paid by a taxpayer to maintain an individual as a member of the taxpayer's household under a program described in paragraph (1)(A) except as provided in this subsection.

“(e) Denial of Deduction for Certain Travel Expenses.—No deduction shall be allowed under this section for traveling expenses (including amounts expended for meals and lodging) while away from home, whether paid directly or by reimbursement, unless there is no significant element of personal pleasure, recreation, or vacation in such travel.

“(f) Disallowance of Deductions in Certain Cases.—For disallowance of deductions for contributions to or for the use of Communist controlled organizations, see section 11(a) of the Internal Security Act of 1950 (50 U.S.C. 790).

“(g) Treatment of Certain Amounts Paid to or for the Benefit of Institutions of Higher Education.—

“(1) In general.—For purposes of this section, 80 percent of any amount described in paragraph (2) shall be treated as a charitable contribution.

“(2) Amount described.—For purposes of paragraph (1), an amount is described in this paragraph if—

“(A) the amount is paid by the taxpayer to or for the benefit of an educational organization—

“(i) which is described in subsection (d)(1)(B), and

“(ii) which is an institution of higher education (as defined in section 3304(f)), and

“(B) such amount would be allowable as a deduction under this section but for the fact that the taxpayer receives (directly or indirectly) as a result of paying such amount the right to purchase tickets for seating at an athletic event in an athletic stadium of such institution.

If any portion of a payment is for the purchase of such tickets, such portion and the remaining portion (if any) of such payment shall be treated as separate amounts for purposes of this subsection.

“(h) Other Cross References.—

“(1) For treatment of certain organizations providing child care, see section 501(k).

“(2) For charitable contributions of partners, see section 702.

“(3) For treatment of gifts for benefit of or use in connection with the Naval Academy as gifts to or for the use of the United States, see section 6973 of title 10, United States Code.

“(4) For treatment of gifts accepted by the Secretary of State, the Director of the International Communication Agency, or the Director of the United States International Development Cooperation Agency, as gifts to or for the use of the United States, see section 25 of the State Department Basic Authorities Act of 1956.

“(5) For treatment of gifts of money accepted by the Attorney General for credit to the ‘Commissary Funds, Federal Prisons’ as gifts to or for the use of the United States, see section 4043 of title 18, United States Code.

“(6) For charitable contributions to or for the use of Indian tribal governments (or subdivisions of such governments), see section 7871.

“SEC. 4. DEDUCTION FOR HOME ACQUISITION INDEBTEDNESS.

“(a) General Rule.—For purposes of this part, there shall be allowed as a deduction all qualified residence interest paid or accrued within the taxable year.

“(b) Qualified Residence Interest Defined.—The term ‘qualified residence interest’ means any interest which is paid or accrued during the taxable year on acquisition indebtedness with respect to any qualified residence of the taxpayer. For purposes of the preceding sentence, the determination of whether any property is a qualified residence of the taxpayer shall be made as of the time the interest is accrued.

“(c) Acquisition Indebtedness.—

“(1) In general.—The term ‘acquisition indebtedness’ means any indebtedness which—

“(A) is incurred in acquiring, constructing, or substantially improving any qualified residence of the taxpayer, and

"(B) is secured by such residence.

Such term also includes any indebtedness secured by such residence resulting from the refinancing of indebtedness meeting the requirements of the preceding sentence (or this sentence); but only to the extent the amount of the indebtedness resulting from such refinancing does not exceed the amount of the refinanced indebtedness.

"(2) $100,000 LIMITATION.—The aggregate amount treated as acquisition indebtedness for any period shall not exceed $100,000 ($50,000 in the case of a married individual filing a separate return).

"(d) TREATMENT OF INDEBTEDNESS INCURRED ON OR BEFORE OCTOBER 13, 1987.—

"(1) IN GENERAL.—In the case of any pre-October 13, 1987, indebtedness—

"(A) such indebtedness shall be treated as acquisition indebtedness, and

"(B) the limitation of subsection (c)(2) shall not apply.

"(2) REDUCTION IN $100,000 LIMITATION.—The limitation of subsection (c)(2) shall be reduced (but not below zero) by the aggregate amount of outstanding pre-October 13, 1987, indebtedness.

"(3) PRE-OCTOBER 13, 1987, INDEBTEDNESS.—The term 'pre-October 13, 1987, indebtedness' means—

"(A) any indebtedness which was incurred on or before October 13, 1987, and which was secured by a qualified residence on October 13, 1987, and at all times thereafter before the interest is paid or accrued, or

"(B) any indebtedness which is secured by the qualified residence and was incurred after October 13, 1987, to refinance indebtedness described in subparagraph (A) (or refinanced indebtedness meeting the requirements of this subparagraph) to the extent (immediately after the refinancing) the principal amount of the indebtedness resulting from the refinancing does not exceed the principal amount of the refinanced indebtedness (immediately before the refinancing).

"(4) LIMITATION ON PERIOD OF REFINANCING.—Subparagraph (B) of paragraph (3) shall not apply to any indebtedness after—

"(A) the expiration of the term of the indebtedness described in paragraph (3)(A), or

"(B) if the principal of the indebtedness described in paragraph (3)(A) is not amortized over its term, the expiration of the term of the first refinancing of such indebtedness (or if earlier, the date which is 30 years after the date of such first refinancing).

"(e) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) QUALIFIED RESIDENCE.—For purposes of this subsection—

"(A) IN GENERAL.—Except as provided in subparagraph (C), the term 'qualified residence' means the principal residence of the taxpayer.

"(B) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—If a married couple does not file a joint return for the taxable year—

"(i) such couple shall be treated as 1 taxpayer for purposes of subparagraph (A), and

"(ii) each individual shall be entitled to take into account ½ of the principal residence unless both individuals consent in writing to 1 individual taking into account the principal residence.

"(C) PRE-OCTOBER 13, 1987, INDEBTEDNESS.—In the case of any pre-October 13, 1987, indebtedness, the term 'qualified residence' has the meaning given that term in section 163(h)(4), as in effect on the day before the date of enactment of this subparagraph.

"(2) SPECIAL RULE FOR COOPERATIVE HOUSING CORPORATIONS.—Any indebtedness secured by stock held by the taxpayer as a tenant-stockholder in a cooperative housing corporation shall be treated as secured by the house or apartment which the taxpayer is entitled to occupy as such a tenant-stockholder. If stock described in the preceding sentence may not be used to secure indebtedness, indebtedness shall be treated as so secured if the taxpayer establishes to the satisfaction of the Secretary that such indebtedness was incurred to acquire such stock.

"(3) UNENFORCEABLE SECURITY INTERESTS.—Indebtedness shall not fail to be treated as secured by any property solely because, under any applicable State or local homestead or other debtor protection law in effect on August 16, 1986, the security interest is ineffective or the enforceability of the security interest is restricted.

"(4) SPECIAL RULES FOR ESTATES AND TRUSTS.—For purposes of determining whether any interest paid or accrued by an estate or trust is qualified residence interest, any residence held by such estate or trust shall be treated as a qualified residence of such estate or trust if such estate or trust establishes that such residence is a qualified residence of a beneficiary who has a present interest in such estate or trust or an interest in the residuary of such estate or trust.

"SEC. 5. DEFINITIONS AND SPECIAL RULES.

"(a) DEFINITION OF SURVIVING SPOUSE.—

"(1) IN GENERAL.—For purposes of this part, the term 'surviving spouse' means a taxpayer—

"(A) whose spouse died during either of the taxpayer's 2 taxable years immediately preceding the taxable year, and

"(B) who maintains as the taxpayer's home a household which constitutes for the taxable year the principal place of abode (as a member of such household) of a dependent—

"(i) who (within the meaning of subsection (d)) is a son, stepson, daughter, or stepdaughter of the taxpayer, and

"(ii) with respect to whom the taxpayer is entitled to a deduction for the taxable year under section 2.

For purposes of this paragraph, an individual shall be considered as maintaining a household only if over one-half of the cost of maintaining the household during the taxable year is furnished by such individual.

"(2) LIMITATIONS.—Notwithstanding paragraph (1), for purposes of this part a taxpayer shall not be considered to be a surviving spouse—

"(A) if the taxpayer has remarried at any time before the close of the taxable year, or

"(B) unless, for the taxpayer's taxable year during which the taxpayer's spouse died, a joint return could have been made under the provisions of section 6013 (without regard to subsection (a)(3) thereof).

"(3) SPECIAL RULE WHERE DECEASED SPOUSE WAS IN MISSING STATUS.—If an individual was in a missing status (within the meaning of section 6013(f)(3)) as a result of service in a combat zone and if such individual remains in such status until the date referred to in subparagraph (A) or (B), then, for purposes of paragraph (1)(A), the date on which such individual dies shall be treated as the earlier of the date determined under subparagraph (A) or the date determined under subparagraph (B):

"(A) The date on which the determination is made under section 556 of title 37 of the United States Code or under section 5566 of title 5 of such Code (whichever is applicable) that such individual died while in such missing status.

"(B) Except in the case of the combat zone designated for purposes of the Vietnam conflict, the date which is 2 years after the date designated as the date of termination of combatant activities in that zone.

"(b) DEFINITION OF HEAD OF HOUSEHOLD.—

"(1) IN GENERAL.—For purposes of this part, an individual shall be considered a head of a household if, and only if, such individual is not married at the close of such individual's taxable year, is not a surviving spouse (as defined in subsection (a)), and either—

"(A) maintains as such individual's home a household which constitutes for more than one-half of such taxable year the principal place of abode, as a member of such household, of—

"(i) a son, stepson, daughter, or stepdaughter of the taxpayer, or a descendant of a son or daughter of the taxpayer, but if such son, stepson, daughter, stepdaughter, or descendant is married at the close of the taxpayer's taxable year, only if the taxpayer is entitled to a deduction for the taxable year for such person under section 2 (or would be so entitled but for subparagraph (B) or (D) of subsection (d)(5)), or

"(ii) any other person who is a dependent of the taxpayer, if the taxpayer is entitled to a deduction for the taxable year for such person under section 2, or

"(B) maintains a household which constitutes for such taxable year the principal place of abode of the father or mother of the taxpayer, if the taxpayer is entitled to a deduction for the taxable year for such father or mother under section 2.

For purposes of this paragraph, an individual shall be considered as maintaining a household only if over one-half of the cost of maintaining the household during the taxable year is furnished by such individual.

"(2) DETERMINATION OF STATUS.—For purposes of this subsection—

"(A) a legally adopted child of a person shall be considered a child of such person by blood,

"(B) an individual who is legally separated from such individual's spouse under a decree of divorce or of separate maintenance shall not be considered as married,

"(C) a taxpayer shall be considered as not married at the close of such taxpayer's taxable year if at any time during the taxable year such taxpayer's spouse is a nonresident alien, and

"(D) a taxpayer shall be considered as married at the close of such taxpayer's taxable year if such taxpayer's spouse (other than a spouse described in subparagraph (C)) died during the taxable year.

"(3) LIMITATIONS.—Notwithstanding paragraph (1), for purposes of this part, a taxpayer shall not be considered to be a head of a household—

"(A) if at any time during the taxable year the taxpayer is a nonresident alien, or

"(B) by reason of an individual who would not be a dependent for the taxable year but for—

"(i) subparagraph (I) of subsection (d)(1), or

"(ii) paragraph (3) of subsection (d).

"(c) CERTAIN MARRIED INDIVIDUALS LIVING APART.—For purposes of this part, an individual shall be treated as not married at the close of the taxable year if such individual is so treated under the provisions of section 7703(b).

"(d) DEPENDENT DEFINED.—

"(1) GENERAL DEFINITION.—For purposes of this part, the term 'dependent' means any of the following individuals over one-half of whose support, for the calendar year in which the taxable year of the taxpayer begins, was received from the taxpayer (or is treated under paragraph (3) or (5) as received from the taxpayer):

"(A) A son or daughter of the taxpayer, or a descendant of either.

"(B) A stepson or stepdaughter of the taxpayer.

"(C) A brother, sister, stepbrother, or stepsister of the taxpayer.

"(D) The father or mother of the taxpayer, or an ancestor of either.

"(E) A stepfather or stepmother of the taxpayer.

"(F) A son or daughter of a brother or sister of the taxpayer.

"(G) A brother or sister of the father or mother of the taxpayer.

"(H) A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the taxpayer.

"(I) An individual (other than an individual who at any time during the taxable year was the spouse, determined without regard to section 7703, of the taxpayer) who, for the taxable year of the taxpayer, has as such individual's principal place of abode the home of the taxpayer and is a member of the taxpayer's household.

"(2) Rules relating to general definition.—For purposes of this section—

"(A) Brother; sister.—The terms 'brother' and 'sister' include a brother or sister by the halfblood.

"(B) Child.—In determining whether any of the relationships specified in paragraph (1) or subparagraph (A) of this paragraph exists, a legally adopted child of an individual (and a child who is a member of an individual's household, if placed with such individual by an authorized placement agency for legal adoption by such individual), or a foster child of an individual (if such child satisfies the requirements of paragraph (1)(I) with respect to such individual), shall be treated as a child of such individual by blood.

"(C) Citizenship.—The term 'dependent' does not include any individual who is not a citizen or national of the United States unless such individual is a resident of the United States or of a country contiguous to the United States. The preceding sentence shall not exclude from the definition of 'dependent' any child of the taxpayer legally adopted by such taxpayer, if, for the taxable year of the taxpayer, the child has as such child's principal place of abode the home of the taxpayer and is a member of the taxpayer's household, and if the taxpayer is a citizen or national of the United States.

"(D) Alimony, etc.—A payment to a wife which is alimony or separate maintenance shall not be treated as a payment by the wife's husband for the support of any dependent.

"(E) Unlawful arrangements.—An individual is not a member of the taxpayer's household if at any time during the taxable year of the taxpayer the relationship between such individual and the taxpayer is in violation of local law.

"(3) Multiple support agreements.—For purposes of paragraph (1), over one-half of the support of an individual for a calendar year shall be treated as received from the taxpayer if—

"(A) no one person contributed over one-half of such support,

"(B) over one-half of such support was received from persons each of whom, but for the fact that such person did not contribute over one-half of such support, would have been entitled to claim such individual as a dependent for a taxable year beginning in such calendar year,

"(C) the taxpayer contributed over 10 percent of such support, and

"(D) each person described in subparagraph (B) (other than the taxpayer) who contributed over 10 percent of such support files a written declaration (in such manner and form as the Secretary may by regulations prescribe) that such person will not claim such individual as a dependent for any taxable year beginning in such calendar year.

"(4) Special support test in case of students.—For purposes of paragraph (1), in the case of any individual who is—

"(A) a son, stepson, daughter, or stepdaughter of the taxpayer (within the meaning of this subsection), and

"(B) a student,

amounts received as scholarships for study at an educational organization described in section 3(d)(1)(B) shall not be taken into account in determining whether such individual received more than one-half of such individual's support from the taxpayer.

"(5) Support test in case of child of divorced parents, etc.—

"(A) Custodial parent gets exemption.—Except as otherwise provided in this paragraph, if—

"(i) a child receives over one-half of such child's support during the calendar year from such child's parents—

"(I) who are divorced or legally separated under a decree of divorce or separate maintenance,

"(II) who are separated under a written separation agreement, or

"(III) who live apart at all times during the last 6 months of the calendar year, and

"(ii) such child is in the custody of 1 or both of such child's parents for more than one-half of the calendar year,

such child shall be treated, for purposes of paragraph (1), as receiving over one-half of such child's support during the calendar year from the parent having custody for a greater portion of the calendar year (hereafter in this paragraph referred to as the 'custodial parent').

"(B) Exception where custodial parent releases claim to exemption for the year.—A child of parents described in subparagraph (A) shall be treated as having received over one-half of such child's support during a calendar year from the noncustodial parent if—

"(i) the custodial parent signs a written declaration (in such manner and form as the Secretary may by regulations prescribe) that such custodial parent will not claim such child as a dependent for any taxable year beginning in such calendar year, and

"(ii) the noncustodial parent attaches such written declaration to the noncustodial parent's return for the taxable year beginning during such calendar year.

For purposes of this paragraph, the term 'noncustodial parent' means the parent who is not the custodial parent.

"(C) Exception for multiple-support agreement.—This paragraph shall not apply in any case where over one-half of the support of the child is treated as having been received from a taxpayer under the provisions of paragraph (3).

"(D) Exception for certain pre-1985 instruments.—

"(i) In general.—A child of parents described in subparagraph (A) shall be treated as having received over one-half such child's support during a calendar year from the noncustodial parent if—

"(I) a qualified pre-1985 instrument between the parents applicable to the taxable year beginning in such calendar year provides that the noncustodial parent shall be entitled to any deduction allowable under section 2 for such child, and

"(II) the noncustodial parent provides at least $600 for the support of such child during such calendar year.

For purposes of this clause, amounts expended for the support of a child or children shall be treated as received from the noncustodial parent to the extent that such parent provided amounts for such support.

"(ii) Qualified pre-1985 instrument.—For purposes of this subparagraph, the term 'qualified pre-1985 instrument' means any decree of divorce or separate maintenance or written agreement—

"(I) which is executed before January 1, 1985,

"(II) which on such date contains the provision described in clause (i)(I), and

"(III) which is not modified on or after such date in a modification which expressly provides that this subparagraph shall not apply to such decree or agreement.

"(E) Special rule for support received from new spouse of parent.—For purposes of this paragraph, in the case of the remarriage of a parent, support of a child received from the parent's spouse shall be treated as received from the parent.

"PART II—TAX ON BUSINESS ACTIVITIES

"Sec. 11. Tax imposed on business activities.

"SEC. 11. TAX IMPOSED ON BUSINESS ACTIVITIES.

"(a) Tax Imposed.—There is hereby imposed on every person engaged in a business activity located in the United States a tax equal to 20 percent of the business taxable income of such person.

"(b) Liability for Tax.—The tax imposed by this section shall be paid by the person engaged in the business activity, whether such person is an individual, partnership, corporation, or otherwise.

"(c) Business Taxable Income.—

"(1) In general.—For purposes of this section, the term 'business taxable income' means gross active income reduced by the deductions specified in subsection (d).

"(2) Gross active income.—For purposes of paragraph (1), the term 'gross active income' means gross income other than investment income.

"(d) Deductions.—

"(1) In general.—The deductions specified in this subsection are—

"(A) the cost of business inputs for the business activity,

"(B) the compensation (including contributions to qualified retirement plans but not including other fringe benefits) paid for employees performing services in such activity, and

"(C) the cost of personal and real property used in such activity.

"(2) Business inputs.—

"(A) In general.—For purposes of paragraph (1)(A), the term 'cost of business inputs' means—

"(i) the actual cost of goods, services, and materials, whether or not resold during the taxable year, and

"(ii) the actual cost, if reasonable, of travel and entertainment expenses for business purposes.

"(B) Purchases of goods and services excluded.—Such term shall not include purchases of goods and services provided to employees or owners.

"(C) Certain lobbying and political expenditures excluded.—

"(i) In general.—Such term shall not include any amount paid or incurred in connection with—

"(I) influencing legislation,

"(II) participation in, or intervention in, any political campaign on behalf of (or in opposition to) any candidate for public office,

"(III) any attempt to influence the general public, or segments thereof, with respect to elections, legislative matters, or referendums, or

"(IV) any direct communication with a covered executive branch official in an attempt to influence the official actions or positions of such official.

"(ii) EXCEPTION FOR LOCAL LEGISLATION.—In the case of any legislation of any local council or similar governing body—

"(I) clause (i)(I) shall not apply, and

"(II) such term shall include all ordinary and necessary expenses (including, but not limited to, traveling expenses described in subparagraph (A)(iii) and the cost of preparing testimony) paid or incurred during the taxable year in carrying on any trade or business—

"(aa) in direct connection with appearances before, submission of statements to, or sending communications to the committees, or individual members, of such council or body with respect to legislation or proposed legislation of direct interest to the taxpayer, or

"(bb) in direct connection with communication of information between the taxpayer and an organization of which the taxpayer is a member with respect to any such legislation or proposed legislation which is of direct interest to the taxpayer and to such organization, and that portion of the dues so paid or incurred with respect to any organization of which the taxpayer is a member which is attributable to the expenses of the activities carried on by such organization.

"(iii) APPLICATION TO DUES OF TAX-EXEMPT ORGANIZATIONS.—Such term shall include the portion of dues or other similar amounts paid by the taxpayer to an organization which is exempt from tax under this subtitle which the organization notifies the taxpayer under section 6033(e)(1)(A)(ii) is allocable to expenditures to which clause (i) applies.

"(iv) INFLUENCING LEGISLATION.—For purposes of this subparagraph—

"(I) IN GENERAL.—The term 'influencing legislation' means any attempt to influence any legislation through communication with any member or employee of a legislative body, or with any government official or employee who may participate in the formulation of legislation.

"(II) LEGISLATION.—The term 'legislation' has the meaning given that term in section 4911(e)(2).

"(v) OTHER SPECIAL RULES.—

"(I) EXCEPTION FOR CERTAIN TAXPAYERS.—In the case of any taxpayer engaged in the trade or business of conducting activities described in clause (i), clause (i) shall not apply to expenditures of the taxpayer in conducting such activities directly on behalf of another person (but shall apply to payments by such other person to the taxpayer for conducting such activities).

"(II) DE MINIMIS EXCEPTION.—

"(aa) IN GENERAL.—Clause (i) shall not apply to any in-house expenditures for any taxable year if such expenditures do not exceed $2,000. In determining whether a taxpayer exceeds the $2,000 limit, there shall not be taken into account overhead costs otherwise allocable to activities described in subclauses (I) and (IV) of clause (i).

"(bb) IN-HOUSE EXPENDITURES.—For purposes of provision (aa), the term 'in-house expenditures' means expenditures described in subclauses (I) and (IV) of clause (i) other than payments by the taxpayer to a person engaged in the trade or business of conducting activities described in clause (i) for the conduct of such activities on behalf of the taxpayer, or dues or other similar amounts paid or incurred by the taxpayer which are allocable to activities described in clause (i).

"(III) EXPENSES INCURRED IN CONNECTION WITH LOBBYING AND POLITICAL ACTIVITIES.—Any amount paid or incurred for research for, or preparation, planning, or coordination of, any activity described in clause (i) shall be treated as paid or incurred in connection with such activity.

"(vi) COVERED EXECUTIVE BRANCH OFFICIAL.—For purposes of this subparagraph, the term 'covered executive branch official' means—

"(I) the President,

"(II) the Vice President,

"(III) any officer or employee of the White House Office of the Executive Office of the President, and the 2 most senior level officers of each of the other agencies in such Executive Office, and

"(IV) any individual serving in a position in level I of the Executive Schedule under section 5312 of title 5, United States Code, any other individual designated by the President as having Cabinet level status, and any immediate deputy of such an individual.

"(vii) SPECIAL RULE FOR INDIAN TRIBAL GOVERNMENTS.—For purposes of this subparagraph, an Indian tribal government shall be treated in the same manner as a local council or similar governing body.

"(viii) CROSS REFERENCE.—

"For reporting requirements and alternative taxes related to this subsection, see section 6033(e).

"(e) CARRYOVER OF EXCESS DEDUCTIONS.—

"(1) IN GENERAL.—If the aggregate deductions for any taxable year exceed the gross active income for such taxable year, the amount of the deductions specified in subsection (d) for the succeeding taxable year (determined without regard to this subsection) shall be increased by the sum of—

"(A) such excess, plus

"(B) the product of such excess and the 3-month Treasury rate for the last month of such taxable year.

"(2) 3-MONTH TREASURY RATE.—For purposes of paragraph (1), the 3-month Treasury rate is the rate determined by the Secretary based on the average market yield (during any 1-month period selected by the Secretary and ending in the calendar month in which the determination is made) on outstanding marketable obligations of the United States with remaining periods to maturity of 3 months or less."

(b) CONFORMING REPEALS AND REDESIGNATIONS.—

(1) REPEALS.—The following subchapters of chapter 1 of subtitle A and the items relating to such subchapters in the table of subchapters for such chapter 1 are repealed:

(A) Subchapter B (relating to computation of taxable income).

(B) Subchapter C (relating to corporate distributions and adjustments).

(C) Subchapter D (relating to deferred compensation, etc.).

(D) Subchapter G (relating to corporations used to avoid income tax on shareholders).

(E) Subchapter H (relating to banking institutions).

(F) Subchapter I (relating to natural resources).

(G) Subchapter J (relating to estates, trusts, beneficiaries, and decedents).

(H) Subchapter L (relating to insurance companies).

(I) Subchapter M (relating to regulated investment companies and real estate investment trusts).

(J) Subchapter N (relating to tax based on income from sources within or without the United States).

(K) Subchapter O (relating to gain or loss on disposition of property).

(L) Subchapter P (relating to capital gains and losses).

(M) Subchapter Q (relating to readjustment of tax between years and special limitations).

(N) Subchapter S (relating to tax treatment of S corporations and their shareholders).

(O) Subchapter T (relating to cooperatives and their patrons).

(P) Subchapter U (relating to designation and treatment of empowerment zones, enterprise communities, and rural development investment areas).

(Q) Subchapter V (relating to title 11 cases).

(R) Subchapter W (relating to District of Columbia Enterprise Zone).

(2) REDESIGNATIONS.—The following subchapters of chapter 1 of subtitle A and the items relating to such subchapters in the table of subchapters for such chapter 1 are redesignated:

(A) Subchapter E (relating to accounting periods and methods of accounting) as subchapter B.

(B) Subchapter F (relating to exempt organizations) as subchapter C.

(C) Subchapter K (relating to partners and partnerships) as subchapter D.

SEC. 3. REPEAL OF ESTATE AND GIFT TAXES.

Subtitle B (relating to estate, gift, and generation-skipping taxes) and the item relating to such subtitle in the table of subtitles is repealed.

SEC. 4. ADDITIONAL REPEALS.

Subtitles H (relating to financing of presidential election campaigns) and J (relating to coal industry health benefits) and the items relating to such subtitles in the table of subtitles are repealed.

SEC. 5. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this Act apply to taxable years beginning after December 31, 1999.

(b) REPEAL OF ESTATE AND GIFT TAXES.—The repeal made by section 3 applies to estates of decedents dying, and transfers made, after December 31, 1999.

(c) TECHNICAL AND CONFORMING CHANGES.—The Secretary of the Treasury or the Secretary's delegate shall, as soon as practicable but in any event not later than 90 days after the date of enactment of this Act, submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a draft of any technical and conforming changes in the Internal Revenue Code of 1986 which are necessary to reflect throughout such Code the changes in the substantive provisions of law made by this Act.

GRASSLEY AMENDMENTS NOS. 1387–1388

(Ordered to be lie on the table.)

Mr. GRASSLEY submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1387

On page 38, after line 24, add the following:

SEC. . DEEMED IRAS UNDER EMPLOYER PLANS.

(a) In General.—Section 408 (relating to individual retirement accounts) is amended by redesignating subsection (q) as subsection (r) and by inserting after subsection (p) the following new subsection:

"(q) Deemed IRAs Under Qualified Employer Plans.—

"(1) General rule.—If—

"(A) a qualified employer plan elects to allow employees to make voluntary employee contributions to a separate account or annuity established under the plan, and

"(B) under the terms of the qualified employer plan, such account or annuity meets the applicable requirements of this section or section 408A for an individual retirement account or annuity,

then such account or annuity shall be treated for purposes of this title in the same manner as an individual retirement plan (and contributions to such account or annuity as contributions to an individual retirement plan). For purposes of subparagraph (B), the requirements of subsection (a)(5) shall not apply.

"(2) Special rules for qualified employer plans.—For purposes of this title—

"(A) a qualified employer plan shall not fail to meet any requirement of this title solely by reason of establishing and maintaining a program described in paragraph (1), and

"(B) any account or annuity described in paragraph (1), and any contribution to the account or annuity, shall not be subject to any requirement of this title applicable to a qualified employer plan or taken into account in applying any such requirement to any other contributions under the plan.

"(3) Definitions.—For purposes of this subsection—

"(A) Qualified employer plan.—The term 'qualified employer plan' has the meaning given such term by section 72(p)(4).

"(B) Voluntary employee contribution.—The term 'voluntary employee contribution' means any contribution (other than a mandatory contribution within the meaning of section 411(c)(2)(C))—

"(i) which is made by an individual as an employee under a qualified employer plan which allows employees to elect to make contributions described in paragraph (1), and

"(ii) with respect to which the individual has designated the contribution as a contribution to which this subsection applies."

(b) Amendment of ERISA.—

(1) In general.—Section 4 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1003) is amended by adding at the end the following new subsection:

"(c) If a pension plan allows an employee to elect to make voluntary employee contributions to accounts and annuities as provided in section 408(q) of the Internal Revenue Code of 1986, such accounts and annuities (and contributions thereto) shall not be treated as part of such plan (or as a separate pension plan) for purposes of any provision of this title other than section 403(c), 404, or 405 (relating to exclusive benefit, and fiduciary and co-fiduciary responsibilities)."

(2) Conforming amendment.—Section 4(a) of such Act (29 U.S.C. 1003(a)) is amended by inserting "or (c)" after "subsection (b)".

(c) Effective Date.—The amendments made by this section shall apply to plan years beginning after December 31, 1999.

Amendment No. 1388

At the end of title XIV, insert:

SEC. . TECHNICAL CORRECTIONS TO SAVER ACT.

Section 517 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1147) is amended—

(1) in subsection (a), by striking "2001 and 2005 on or after September 1 of each year involved" and inserting "2001, 2005, and 2009 in the month of September of each year involved";

(2) in subsection (b), by adding at the end the following new sentence: "To effectuate the purposes of this paragraph, the Secretary may enter into a cooperative agreement, pursuant to the Federal Grant and Cooperative Agreement Act of 1977 (31 U.S.C. 6301 et seq.), with the American Savings Education Council.";

(3) in subsection (e)(2)—

(A) by striking "Committee on Labor and Human Resources" in subparagraph (B) and inserting "Committee on Health, Education, Labor, and Pensions";

(B) by striking subparagraph (D) and inserting the following:

"(D) the Chairman and Ranking Member of the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations of the House of Representatives and the Chairman and Ranking Member of the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations of the Senate;";

(C) by redesignating subparagraph (G) as subparagraph (J); and

(D) by inserting after subparagraph (F) the following new subparagraphs:

"(G) the Chairman and Ranking Member of the Committee on Finance of the Senate;

"(H) the Chairman and Ranking Member of the Committee on Ways and Means of the House of Representatives;

"(I) the Chairman and Ranking Member of the Subcommittee on Employer-Employee Relations of the Committee on Education and the Workforce of the House of Representatives; and";

(4) in subsection (e)(3)(A)—

(A) by striking "There shall be no more than 200 additional participants." and inserting "The participants in the National Summit shall also include additional participants appointed under this subparagraph.";

(B) by striking "one-half shall be appointed by the President," in clause (i) and inserting "not more than 100 participants shall be appointed under this clause by the President,", and by striking "and" at the end of clause (i);

(C) by striking "one-half shall be appointed by the elected leaders of Congress" in clause (ii) and inserting "not more than 100 participants shall be appointed under this clause by the elected leaders of Congress", and by striking the period at the end of clause (ii) and inserting "; and"; and

(D) by adding at the end the following new clause:

"(iii) The President, in consultation with the elected leaders of Congress referred to in subsection (a), may appoint under this clause additional participants to the National Summit. The number of such additional participants appointed under this clause may not exceed the lesser of 3 percent of the total number of all additional participants appointed under this paragraph, or 10. Such additional participants shall be appointed from persons nominated by the organization referred to in subsection (b)(2) which is made up of private sector businesses and associations partnered with Government entities to promote long term financial security in retirement through savings and with which the Secretary is required thereunder to consult and cooperate and shall not be Federal, State, or local government employees.";

(5) in subsection (e)(3)(B), by striking "January 31, 1998" in subparagraph (B) and inserting "May 1, 2001, May 1, 2005, and May 1, 2009, for each of the subsequent summits, respectively";

(6) in subsection (f)(1)(C), by inserting ", no later than 90 days prior to the date of the commencement of the National Summit," after "comment" in paragraph (1)(C);

(7) in subsection (g), by inserting ", in consultation with the congressional leaders specified in subsection (e)(2)," after "report";

(8) in subsection (i)—

(A) by striking "beginning on or after October 1, 1997" in paragraph (1) and inserting "2001, 2005, and 2009"; and

(B) by adding at the end the following new paragraph:

"(3) Reception and representation authority.—The Secretary is hereby granted reception and representation authority limited specifically to the events at the National Summit. The Secretary shall use any private contributions received in connection with the National Summit prior to using funds appropriated for purposes of the National Summit pursuant to this paragraph."; and

(9) in subsection (k)—

(A) by striking "shall enter into a contract on a sole-source basis" and inserting "may enter into a contract on a sole-source basis"; and

(B) by striking "fiscal year 1998" and inserting "fiscal years 2001, 2005, and 2009".

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

THOMAS (AND ENZI) AMENDMENT NO. 1389

Mr. THOMAS (for himself and Mr. Enzi) submitted an amendment intended to be proposed by them to the bill, H.R. 2466, supra; as follows:

On page 5, line 13, strike the number "130,000,000" and insert in lieu thereof the number "140,000,000";

On page 5, line 22, strike the number "17,400,000" and insert in lieu thereof "12,400,000";

On page 13, line 8, strike the number "55,244,000" and insert in lieu thereof "50,244,000".

TAXPAYER REFUND ACT OF 1999

ABRAHAM (AND OTHERS) AMENDMENT NO. 1390

(Ordered to lie on the table.)

Mr. ABRAHAM (for himself and Mr. Hatch, Mr. Shelby, Mr. DeWine, Mr. Robb, and Mr. Sessions) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

At the appropriate place in title XI, insert the following:

SECTION 11. PLACED-IN-SERVICE DEFINITION.

(a) Section 1205 is amended by redesignating subsection (d) as subsection (e) and inserting the following:

(d) Section 29(g) is amended by adding new paragraph (3):

“(3) COAL BASED SYNTHETIC FUEL FACILITIES.—For purposes of subparagraph (A) of paragraph (1) a facility producing a qualified fuel described in subparagraph (C) of subsection (c)(1) shall be treated as placed in service before July 1, 1998, if such facility produced such qualified fuel on or before such date.”

BINGAMAN AMENDMENT NO. 1391

(Ordered to lie on the table.)

Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the end of the bill add the following:

DIVISION II—ENERGY SECURITY TAX INCENTIVES

SECTION 1. DEPRECIATION TREATMENT OF DISTRIBUTED POWER PROPERTY.

(a) IN GENERAL.—Section 168(e)(3)(E) of the Internal Revenue Code (classifying certain property as 15-year property) is amended by striking ‘and’ at the end of clause (ii), striking the period at the end of clause (iii) and inserting, ‘, and’, and by adding the following new clause:

“(iv) any distributed power property.”

(b) CONFORMING AMENDMENTS.—(1) Section 168(i) is amended by adding at the end the following new paragraph:

“(15) DISTRIBUTED POWER PROPERTY.—the term ‘distributed power property’ means property—

“(A) which is used in the generation of electricity for primary use—

“(i) in nonresidential real or residential rental property used in the taxpayer's trade or business, or

“(ii) in the taxpayer's industrial manufacturing process or plant activity, with a rated total capacity in excess of 500 kilowatts,

“(B) which also may produce usable thermal energy or mechanical power for use in a heating or cooling application, as long as at least 40 percent of the total useful energy produced consists of—

“(i) with respect to assets described in subparagraph (A)(i), electrical power (whether sold or used by the taxpayer), or

“(ii) with respect to assets described in subparagraph (A)(ii), electrical power (whether sold or used by the taxpayer) and thermal or mechanical energy used in the taxpayer's industrial manufacturing process or plant activity,

“(C) which is not used to transport primary fuel to the generating facility or to distribute energy within or outside of the facility, and

“(D) where it is reasonably expected that not more than 50 percent of the produced electricity will be sold to, or used by, unrelated persons.

For purposes of subparagraph (B), energy output is determined on the basis of expected annual output levels, measured in British thermal units (Btu), using standard conversion factors established by the Secretary.”.

(2) Subparagraph (B) of section 168(g)(3) is amended by inserting after the item relating to subparagraph (E)(iii) in the table contained therein the following new line:

“(E)(iv) 22”.

(c) EFFECTIVE DATE.—The amendments made by this section are effective for property placed in service on or after the date of enactment.

SEC. 2. TAX CREDIT FOR COMBINED HEAT AND POWER SYSTEM PROPERTY.

(a) IN GENERAL.—Subpart E of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 48 the following new section:

“SEC. 48A. ENERGY CREDIT

“(a) IN GENERAL.—For purposes of section 46, the energy credit for any taxable year is the amount equal to the energy percentage of the basis of each energy property placed in service during such taxable year.

“(b) ENERGY PERCENTAGE.—

“(1) IN GENERAL.—Except as otherwise provided in this subsection, the energy percentage is 10 percent.

“(2) COMBINED HEAT AND POWER PROPERTY.—The energy percentage is 8 percent in the case of combined heat and power property.

“(3) PERIOD FOR WHICH CREDIT IS ALLOWED FOR COMBINED HEAT AND POWER PROPERTY.—In the case of combined heat and power property, the credit under subsection (a) shall be allowed only for the period beginning on January 1, 2000 and ending on December 31, 2002.

“(4) COORDINATION WITH REHABILITATION.—The energy percentage does not apply to that portion of the basis of any property which is attributable to qualified rehabilitation expenditures.

“(5) TRANSITION RULES.—Rules similar to the rule of section 48(m) (as in effect on the day before the date of the enactment of the Revenue reconciliation Act of 1990) shall apply for purposes of this subsection

“(c) ENERGY PROPERTY DEFINED.—

“(1) IN GENERAL.—For purposes of this subpart, the term ‘energy property’ means any property—

“(A) which is—

“(i) solar energy property,

“(ii) geothermal energy property, or

“(iii) combined heat and power system property,

“(B)(i) the construction, reconstruction, or erection of which is completed by the taxpayer, or

“(ii) which is acquired by the taxpayer if the original use of such property commences with the taxpayer,

“(C) with respect to which depreciation (or amortization in lieu of depreciation) is allowable, and

“(D) which meets—

“(i) the performance and quality standards (if any), and the certification requirements (if any), which have been prescribed by the Secretary by regulations (after consultation with the Secretary of Energy or the EPA Administrator, as appropriate), and

“(ii) are in effect at the time the property is placed in service.

“(2) EXCEPTION.—Such term shall not include any property which is public utility property (as defined in section 46(f)(5) as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990). The preceding sentence shall not apply to combined heat and power system property.

“(d) DEFINITIONS RELATING TO TYPES OF ENERGY PROPERTY.—For purposes of this section—

“(1) SOLAR ENERGY PROPERTY.—The term ‘solar energy property’ means equipment which uses solar energy—

“(A) to generate electricity,

“(B) to heat or cool (or provide hot water for use in) a structure, or

“(C) to provide solar process heat.

“(2) GEOTHERMAL ENERGY PROPERTY.—The term ‘geothermal energy property’ means equipment used to produce, distribute, or use energy derived from a geothermal deposit (within the meaning of section 613(e)(2)), but only, in the case of electricity generated by geothermal power, up to (but not including) the electrical transmission stage.

“(3) COMBINED HEAT AND POWER SYSTEM PROPERTY—

“(A) IN GENERAL.—The term ‘combined heat and power system property’ means property comprising a system—

“(i) which uses the same energy source for the simultaneous or sequential generation of electrical power, mechanical shaft power, or both, in combination with the generation of steam or other forms of useful thermal energy (including heating and cooling applications),

“(ii) which has an electrical capacity of more than 50 kilowatts or a mechanical energy capacity of more than 67 horsepower or an equivalent combination of electrical and mechanical energy capacities,

“(iii) which produces—

“(I) at least 20 percent of its total useful energy in the form of thermal energy, and

“(II) at least 20 percent of its total energy in the form of electrical or mechanical power (or a combination thereof), and

“(iv) the energy efficiency percentage of which exceeds 60 percent (70 percent in the case of a system with an electrical capacity in excess of 67,000 horsepower (or a combination thereof)).

“(B) SPECIAL RULES.—

“(i) ENERGY EFFICIENCY PERCENTAGE.—For purpose of subparagraph (A)(iv), the energy efficiency percentage of a system is the fraction—

“(I) the numerator of which is the total useful electrical, thermal, and mechanical power produced by the system at normal operating rates, and

“(II) the denominator of which is the lower heating value of the primary fuel source for the system.

“(ii) DETERMINATIONS MADE ON BTU BASIS.—The energy efficiency percentage and the percentages under subparagraph (A)(iii) shall be determined on a Btu basis.

“(iii) INPUT AND OUTPUT PROPERTY NOT INCLUDED.—The term ‘combined heat and power system property’ does not include property used to transport the energy source to the facility or to distribute energy produced by the facility.

“(iv) ACCOUNTING RULE FOR PUBLIC UTILITY PROPERTY.—In the case that combined heat and power system property is public utility property (as defined in section 46(f)(5) as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990), the taxpayer may claim the credit under subsection (a)(1) only, if with resect to such property, the taxpayer uses a normalization method of accounting.

“(v) DEPRECIATION.—No credit shall be allowed for any combined heat and power system property unless the taxpayer elects to treat such property for purposes of section 168 as having a class life of not less than 22 years.

“(e) SPECIAL RULES.—For purposes of this section—

“(1) Special rule for property financed by subsidized energy financing or industrial development bonds—

“(A) REDUCTION OF BASIS.—For purposes of applying the energy percentage to any property, if such property is financed in whole or in part by—

“(i) subsidized energy financing, or

“(ii) the proceeds of a private activity bond (within the meaning of section 141) the interest on which is exempt from tax under section 103, the amount taken into account as the basis of such property shall not exceed the amount which (but for this subparagraph (B).

"(B) DETERMINATION OF FRACTION.—For purposes of subparagraph (A), the fraction determined under this subparagraph is 1 reduced by a fraction—

"(ii) the numerator of which is that portion of the basis of the property which is allocable to such financing or proceeds, and

"(ii) the denominator of which is the basis of the property.

"(C) SUBSIDIZED ENERGY FINANCING.—For purposes of subparagraph (A), the term 'subsidized energy financing' means financing provided under a Federal, State, or local program a principal purpose of which is to provide subsidized financing for projects designed to conserve or produce energy.

"(2) CERTAIN PROGRESS EXPENDITURES RULE MADE APPLICABLE.—Rules similar to the rules of subsections (c)(4) and(d) section 46 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990) shall apply for purposes of this section.'.

"(b) Conforming Amendments—

"(1) Section 48 of such Code is amended to read as follows:

"SEC. 48. REFORESTATION CREDIT.

"(a) IN GENERAL.—For purposes of section 46, the reforestation a credit for any taxable year is 10 percent of the portion of the amortizable

basis of any qualified timber property which was acquired during such taxable year and which is taken into account under section 194 (after the application of section 194(b)(1)).

"(b) DEFINITIONS.—For purposes of this subpart the terms 'amortizable basis' and 'qualified timber property' have the respective meanings given to such terms by section 194.".

(2) Subsection (d) section 39 of such Code is amended by adding at the end the following new paragraph:

"(9) NO CARRYBACK OF ENERGY CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the energy credit determined under section 48A, except for the credit determined with respect to solar energy property and geothermal energy property, may be carried back to a taxable year ending before the date of the enactment of section 48A.".

(3) Paragraph (3) of section 50(c) of such Code is amended by adding at the end the following flush sentence:

"In the case of the energy credit, the preceding sentence shall apply only to so much of such credit as relates to solar energy property and geothermal property (as such terms as defined in section 48A(e)).".

(4) Subclause (III) of section 29(b)(3)(A)(i) of such Code is amended by striking "section 48(a)(4)(C)" and inserting "section 48A(g)(1)(C)".

(5) Subparagraph (E) of section 50(a)(2) of such Code is amended by striking "section 48(a)(5)" and inserting "section 48A(g)(2)".

(6) Subparagraph (B) of section 168(e)(3) of such Code is amended—

(A) in clause (vi)(I) by striking "section 48(a)(3)" and inserting "paragraphs (1) and (2) of section 48A(d)", and

(B) in the last sentence by striking "section 48(a)(3)" and inserting "section 48A(c)(2)".

(7) Subparagraph (E) of section 168(e)(3) of such Code, as amended by section 803(a), is further amended by striking "and" at the end of clause (iii), by striking the period at the end of clause (iv) and inserting ", and", and by inserting after clause (iv) the following new clause:

"(v) any combined heat and power system property (as defined in section 48A(d)(4)) for which a credit is followed under section 48A and which, but for this clause, would have a recovery period of less than 15 years.".

(8) The table contained in subparagraph (B) of section 168(g)(3) of such Code, as amended by section 803(b)(2), is further amended by adding at end the following "(E)(v) 11."

(c) CLERICAL AMENDMENT.—The table of sections for subpart E of part IV of subchapter A of chapter 1 of such Code is amended by striking the item relating to section 48 and inserting the following new items:

"Sec. 48. Reforestation credit.

"Sec. 48A Energy credit.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to periods after December 31, 1999, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SPECTER AMENDMENT NO. 1392

(Order to lie on the table.)

Mr. SPECTER submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the end of title XI, insert the following:

SEC. . BIOTECHNOLOGY INVESTMENT TAX CREDIT.

(a) ALLOWANCE OF CREDIT.—Section 46(a) (relating to amount of investment credit) is amended by striking "and" at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting ", and", and by adding at the end the following new paragraph:

"(4) the biotechnology investment credit."

(b) AMOUNT OF CREDIT.—Section 48 is amended by adding at the end the following new subsection:

"(c) BIOTECHNOLOGY INVESTMENT CREDIT.—

"(1) IN GENERAL.—For purposes of section 46, the biotechnology investment credit for any taxable year is an amount equal to 10 percent of the qualified investment for such taxable year.

"(2) QUALIFIED INVESTMENT.—

"(A) IN GENERAL.—For purposes of paragraph (1), the qualified investment for any taxable year is the aggregate of—

"(i) the applicable percentage of the basis of each new biotechnology property placed in service by the taxpayer during such taxable year, plus

"(ii) the applicable percentage of the cost of each used biotechnology property placed in service by the taxpayer during such taxable year.

"(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage for any property shall be determined under paragraphs (2) and (7) of section 46(c) (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

"(C) CERTAIN RULES MADE APPLICABLE.—The provisions of subsections (b) and (c) of section 48 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990) shall apply for purposes of this paragraph.

"(3) BIOTECHNOLOGY PROPERTY.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'biotechnology property' means any property—

"(i) which is used in connection with applicable biotechnology research, and

"(ii) with respect to which depreciation (or amortization in lieu of depreciation) is allowable.

"(B) APPLICABLE BIOTECHNOLOGY RESEARCH.—The term 'applicable biotechnology research' means the use of applicable technologies to benefit society by improving human healthcare through—

"(i) producing or modifying products, and developing microorganisms, for specific uses,

"(ii) identifying targets for small molecule pharmaceutical development, and

"(iii) transforming biological systems into useful processes and products.

"(C) APPLICABLE TECHNOLOGIES.—The term 'applicable technologies' means recombinant DNA techniques, biochemistry, molecular and cellular biology, genetics and genetic engineering, biological cell fusion techniques, and other bioprocesses which use living organisms, or parts of such organisms, for the purposes described in subparagraph (B).

"(4) COORDINATION WITH OTHER CREDITS.—No credit shall be determined under this subsection for any amount taken into account in determining the amount of any other credit allowable under this chapter. A taxpayer may elect which credit under this chapter shall apply to any amount.

"(5) CERTAIN PROGRESS EXPENDITURE RULES MADE APPLICABLE.—Rules similar to rules of subsections (c)(4) and (d) of section 46 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990) shall apply for purposes of this subsection."

(c) TECHNICAL AMENDMENTS.—

(1) Subparagraph (C) of section 49(a)(1) is amended by striking "and" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ", and", and by adding at the end the following new clause:

"(iv) the basis of any new biotechnology property and the cost of any used biotechnology property."

(2) Subparagraph (E) of section 50(a)(2) is amended by striking "section 48(a)(5)(A)" and inserting "section 48 (a)(5) or (c)(5)".

(3) Paragraph (5) of section 50(a) is amended by adding at the end the following new subparagraph:

"(D) SPECIAL RULES FOR CERTAIN PROPERTY.—In the case of any biotechnology property which is 3-year property (within the meaning of section 168(e))—

"(i) the percentage set forth in clause (ii) of the table contained in paragraph (1)(B) shall be 66 percent,

"(ii) the percentage set forth in clause (iii) of such table shall be 33 percent, and

"(iii) clauses (iv) and (v) of such table shall not apply."

(4)(A) The section heading for section 48 is amended to read as follows:

"SEC. 48. OTHER CREDITS."

(B) The table of sections for subpart E of part IV of subchapter A of chapter 1 of such Code is amended by striking the item relating to section 48 and inserting the following:

"Sec. 48. Other Credits."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 1999.

GREGG AMENDMENTS NOS. 1393–1394

(Ordered to lie on the table.)

Mr. GREGG submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1393

On page 235, strike lines 15 through 19, and insert:

(1) IN GENERAL.—Section 2031(c)(8)(A) (defining land subject to a qualified conservation easement) is amended by striking clause (i) and by redesignating clauses (ii) and (iii) as clauses (i) and (ii), respectively.

AMENDMENT NO. 1394

On page 235, strike lines 15 through 19, and insert:

(1) IN GENERAL.—Clause (i) of section 2031(c)(8)(A) (defining land subject to a conservation easement) is amended—

(A) by striking "25 miles" both places it appears and inserting "50 miles", and

(B) striking "10 miles" and inserting "25 miles".

SESSIONS (AND OTHERS) AMENDMENT NO. 1395

(Ordered to lie on the table.)

Mr. SESSIONS (for himself, Mr. COVERDELL, and Mr. CRAIG) submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. ____. CAPITAL GAIN TREATMENT UNDER SECTION 631(b) TO APPLY WHETHER OR NOT OWNER RETAINS ECONOMIC INTEREST.

(a) IN GENERAL.—Subsection (b) of section 631 (relating to disposal of timber with a retained economic interest) is amended—

(1) by inserting "AND OUTRIGHT SALES OF TIMBER" after "ECONOMIC INTEREST" in the subsection heading, and

(2) by striking "such owner retains an economic interest in such timber" and inserting "such owner either retains an economic interest in such timber or makes an outright sale of such timber".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to sales after the date of the enactment of this Act.

LEAHY AMENDMENT NO. 1396

(Ordered to lie on the table.)

Mr. LEAHY submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the end of title XI, insert the following:

SEC. ____. DEDUCTION FOR COSTS OF MAKING COMPUTERS AND COMPUTER SOFTWARE YEAR 2000 COMPLIANT.

(a) IN GENERAL.—

(1) PROPERTY PLACED IN SERVICE IN 1999.—A taxpayer may elect to treat the cost of a business Y2K asset placed in service during the taxpayer's first taxable year beginning in 1999 as an expense which is not chargeable to capital account. The cost so treated shall be allowed as a deduction from gross income for purposes of the Internal Revenue Code of 1986.

(2) PROPERTY PLACED IN SERVICE IN 1997 OR 1998.—A taxpayer may elect to deduct from gross income an amount equal to the unrecovered basis of a business Y2K asset placed in service during the 2 taxable years preceding the first taxable year beginning in 1999 and which is otherwise subject to depreciation under such Code.

(b) LIMITATIONS.—

(1) IN GENERAL.—The aggregate amount allowed as a deduction under subsection (a) shall not exceed $40,000.

(2) APPLICATION OF BUSINESS LIMITATIONS OF SECTION 179.—Rules similar to the rules of paragraphs (2), (3), and (4) of section 179(b) of such Code shall apply for purposes of this section. For purposes of the preceding sentence, the cost of property to which the limitation in paragraph (2) of such section 179(b) applies shall be the sum of—

(A) the amounts elected under subsection (a)(1) with respect to property placed in service during the taxpayer's first taxable year beginning in 1999, and

(B) the amounts elected under subsection (a)(2) with respect to the unrecovered basis of business Y2K assets placed in service during the 2 taxable years preceding the first taxable year beginning in 1999.

(c) DEFINITIONS.—For purposes of this section—

(1) BUSINESS Y2K ASSET.—The term "business Y2K asset" means an asset acquired by purchase for use in the active conduct of a trade or business which is—

(A) any computer acquired to replace a computer where such replacement is necessary because of the year 2000 computer conversion problem, and

(B) any of the following items which are of a character subject to the allowance for depreciation under such Code:

(i) the modification of computer software to address the year 2000 computer conversion problem, and

(ii) computer software which is year 2000 compliant acquired to replace computer software which is not so compliant.

(2) COMPUTER.—The term "computer" means a computer or peripheral equipment (as defined by section 168(i)(2)(B)) of such Code.

(3) COMPUTER SOFTWARE.—The term "computer software" has the meaning given to such term by section 167(f) of such Code.

(4) UNRECOVERED BASIS.—The term "unrecovered basis" means the adjusted basis of the business Y2K asset determined as of the close of the last taxable year beginning before January 1, 1999.

(d) SPECIAL RULES.—

(1) IN GENERAL.—Rules similar to the rules of subsections (c) and (d) (other than paragraph (1) thereof) of section 179 of such Code shall apply for purposes of this section.

(2) TREATMENT AS DEDUCTION UNDER SECTION 179.—For purposes of the Internal Revenue Code of 1986, the deduction allowed under this section shall be treated in the same manner as a deduction allowed under section 179 of such Code.

(3) ORDERING RULE.—For purposes of section 179 of such Code, subsection (b)(3)(C) of such section shall be applied without regard to the deduction allowed under this section.

McCAIN AMENDMENT NO. 1397

Mr. McCAIN proposed an amendment to the bill, S. 1429, supra; as follows:

At the appropriate place, add the following:

TITLE ____—EDUCATIONAL OPPORTUNITIES FOR DISADVANTAGED CHILDREN

Subtitle A—Educational Opportunities

SEC. ____01. PURPOSES.

The purposes of this title are—

(1) to assist States to—

(A) give children from low-income families the same choices among all elementary and secondary schools and other academic programs as children from wealthier families already have;

(B) improve schools and other academic programs by giving parents in low-income families increased consumer power to choose the schools and programs that the parents determine best fit the needs of their children; and

(C) more fully engage parents in their children's schooling; and

(2) to demonstrate, through a 3-year national grant program, the effects of a voucher program that gives parents in low-income families—

(A) choice among public, private, and religious schools for their children; and

(B) access to the same academic options as parents in wealthy families have for their children.

SEC. ____02. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There is authorized to be appropriated to carry out this title (other than section ____10) $1,800,000,000 for each of fiscal years 2001 through 2003.

(b) EVALUATION.—There is authorized to be appropriated to carry out section ____10 $17,000,000 for fiscal years 2001 through 2004.

SEC. ____03. PROGRAM AUTHORITY.

(a) IN GENERAL.—The Secretary shall make grants to States, from allotments made under section ____04 to enable the States to carry out educational choice programs that provide scholarships, in accordance with this title.

(b) LIMIT ON FEDERAL ADMINISTRATIVE EXPENDITURES.—The Secretary may reserve not more than $1,000,000 of the amounts appropriated under section ____02(a) for a fiscal year to pay for the costs of administering this title.

SEC. ____04. ALLOTMENTS TO STATES.

(a) ALLOTMENTS.—The Secretary shall make the allotments to States in accordance with a formula specified in regulations issued in accordance with subsection (b). The formula shall provide that the Secretary shall allot to each State an amount that bears the same relationship to the amounts appropriated under section ____02(a) for a fiscal year (other than funds reserved under section ____03(b)) as the number of covered children in the State bears to the number of covered children in all such States.

(b) FORMULA.—Not later than 90 days after the date of enactment of this Act, the Secretary shall issue regulations specifying the formula referred to in subsection (a).

(c) LIMIT ON STATE ADMINISTRATIVE EXPENDITURES.—The State may reserve not more than 1 percent of the funds made available through the State allotment to pay for the costs of administering this title.

(d) DEFINITION.—In this section, the term "covered child" means a child who is enrolled in a public school (including a charter school) that is an elementary school or secondary school.

SEC. ____05. ELIGIBLE SCHOOLS.

(a) ELIGIBILITY.—

(1) IN GENERAL.—Schools identified by a State under paragraph (2) shall be considered to be eligible schools under this title.

(2) DETERMINATION.—Not later than 180 days after the date the Secretary issues regulations under section ____04(b), each State shall identify the public elementary schools and secondary schools in the State that are at or below the 25th percentile for academic performance of schools in the State.

(b) PERFORMANCE.—The State shall determine the academic performance of a school under this section based on such criteria as the State may consider to be appropriate.

SEC. ____06. SCHOLARSHIPS.

(a) IN GENERAL.—

(1) SCHOLARSHIP AWARDS.—With funds awarded under this title, each State awarded a grant under this title shall provide scholarships to the parents of eligible children, in accordance with subsections (b) and (c). The State shall ensure that the scholarships may be redeemed for elementary or secondary education for the children at any of a broad variety of public and private schools, including religious schools, in the State.

(2) SCHOLARSHIP AMOUNT.—The amount of each scholarship shall be $2000 per year.

(3) Tax Exemption.—Scholarships awarded under this title shall not be considered income of the parents for Federal income tax purposes or for determining eligibility for any other Federal program.

(b) Eligible Children.—To be eligible to receive a scholarship under this title, a child shall be—

(1) a child who is enrolled in a public elementary school or secondary school that is an eligible school; and

(2) a member of a family with a family income that is not more than 200 percent of the poverty line.

(c) Award Rules.—

(1) Priority.—In providing scholarships under this title, the State shall provide scholarships for eligible children through a lottery system administered for all eligible schools in the State by the State educational agency.

(2) Continuing Eligibility.—Each State receiving a grant under this title to carry out an educational choice program shall provide a scholarship in each year of the program to each child who received a scholarship during the previous year of the program, unless—

(A) the child no longer resides in the area served by an eligible school;

(B) the child no longer attends school;

(C) the child's family income exceeds, by 20 percent or more, 200 percent of the poverty line; or

(D) the child is expelled or convicted of a felony, including felonious drug possession, possession of a weapon on school grounds, or a violent act against an other student or a member of the school's faculty.

SEC. 07. USES OF FUNDS.

Any scholarship awarded under this title for a year shall be used—

(1) first, for—

(A) the payment of tuition and fees at the school selected by the parents of the child for whom the scholarship was provided; and

(B) the reasonable costs of the child's transportation to the school, if the school is not the school to which the child would be assigned in the absence of a program under this title;

(2) second, if the parents so choose, to obtain supplementary academic services for the child, at a cost of not more than $500, from any provider chosen by the parents, that the State determines is capable of providing such services and has an appropriate refund policy; and

(3) finally, for educational programs that help the eligible child achieve high levels of academic excellence in the school attended by the eligible child, if the eligible child chooses to attend a public school.

SEC. 08. STATE REQUIREMENT.

A State that receives a grant under this title shall allow lawfully operating public and private elementary schools and secondary schools, including religious schools, if any, serving the area involved to participate in the program.

SEC. 09. EFFECT OF PROGRAMS.

(a) Title I.—Notwithstanding any other provision of law, if a local educational agency in the State would, in the absence of an educational choice program that is funded under this title, provide services to a participating eligible child under part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.), the State shall ensure the provision of such services to such child.

(b) Individuals With Disabilities.—Nothing in this title shall be construed to affect the requirements of part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.).

(c) Aid.—

(1) In General.—Scholarships under this title shall be considered to aid families, not institutions. For purposes of determining Federal assistance under Federal law, a parent's expenditure of scholarship funds under this title at a school or for supplementary academic services shall not constitute Federal financial aid or assistance to that school or to the provider of supplementary academic services.

(2) Supplementary Academic Services.—

(A) In General.—Notwithstanding paragraph (1), a school or provider of supplementary academic services that receives scholarship funds under this title shall, as a condition of participation under this title, comply with the provisions of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

(B) Regulations.—The Secretary shall promulgate regulations to implement the provisions of subparagraph (A), taking into account the purposes of this title and the nature, variety, and missions of schools and providers that may participate in providing services to children under this title.

(d) Other Federal Funds.—No Federal, State, or local agency may, in any year, take into account Federal funds provided to a State or to the parents of any child under this title in determining whether to provide any other funds from Federal, State, or local resources, or in determining the amount of such assistance, to such State or to a school attended by such child.

(e) No Discretion.—Nothing in this title shall be construed to authorize the Secretary to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any educational institution or school participating in a program under this title.

SEC. 10. EVALUATION.

The Comptroller General of the United States shall conduct an evaluation of the program authorized by this title. Such evaluation shall, at a minimum—

(1) assess the implementation of educational choice programs assisted under this title and their effect on participants, schools, and communities in the school districts served, including parental involvement in, and satisfaction with, the program and their children's education;

(2) compare the educational achievement of participating eligible children with the educational achievement of similar non-participating children before, during, and after the program; and

(3) compare—

(A) the educational achievement of eligible children who use scholarships to attend schools other than the schools the children would attend in the absence of the program; with

(B) the educational achievement of children who attend the schools the children would attend in the absence of the program.

SEC. 11. ENFORCEMENT.

(a) Regulations.—The Secretary shall promulgate regulations to enforce the provisions of this title.

(b) Private Cause.—No provision or requirement of this title shall be enforced through a private cause of action.

SEC. 12. DEFINITIONS.

In this title:

(1) Charter School.—The term "charter school" has the meaning given the term in section 10310 of the Elementary and Secondary Education Act of 1965 (as redesignated in section 3(g) of Public Law 105–278; 112 Stat. 2687).

(2) Elementary School; Local Educational Agency; Parent; Secondary School; State Educational Agency.—The terms "elementary school", "local educational agency", "parent", "secondary school", and "State educational agency" have the meanings given the terms in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(3) Poverty Line.—The term "poverty line" means the poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved.

(4) Secretary.—The term "Secretary" means the Secretary of Education.

(5) State.—The term "State" means each of the 50 States.

Subtitle B—Revenue Provisions

SEC. 21. PHASEOUT OF OIL AND GAS EXPENSING OF DRILLING AND DEVELOPMENT COSTS.

Section 263(c) of the Internal Revenue Code of 1986 is amended by adding at the end the following new sentence: "This subsection shall not apply to the applicable percentage of costs incurred in taxable years beginning after December 31, 1999. For purposes of the preceding sentence, the applicable percentage for any taxable year shall be determined in accordance with the following table:

"In the case of any taxable year beginning in—	The applicable percentage is—
2000	20
2001	40
2002	60
2003	80
After 2003	100."

SEC. 22. SUNSET OF ALCOHOL FUELS INCENTIVES.

(a) In General.—The following provisions of the Internal Revenue Code of 1986 are each repealed:

(1) Section 40 (relating to alcohol used as fuel).

(2) Section 4041(b)(2) (relating to qualified methanol and ethanol).

(3) Section 4041(k) (relating to fuels containing alcohol).

(4) Section 4081(c) (relating to taxable fuels mixed with alcohol).

(5) Section 4091(c) (relating to reduced rate of tax for aviation fuel in alcohol mixture, etc.).

(6) Section 6427(f) (relating to gasoline, diesel fuel, kerosene, and aviation fuel used to produce certain alcohol fuels).

(7) The headings 9901.00.50 and 9901.00.52 of the Harmonized Tariff Schedule of the United States (19 U.S.C. 3007).

(b) Effective Date.—The repeals made by subsection (a) shall take effect on October 1, 1999.

SEC. 23. REPEAL OF ENHANCED OIL RECOVERY CREDIT.

Section 43 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"(f) Termination.—In the case of taxable years beginning after December 31, 1999, the enhanced oil recovery credit is zero.".

SEC. 24. REPEAL OF UNLIMITED PASSIVE LOSS DEDUCTIONS FOR OIL AND GAS PROPERTIES.

Section 469(c)(3) of the Internal Revenue Code of 1986 (relating to working interests in oil and gas property) is amended by adding at the end the following:

"(C) Termination.—This paragraph shall not apply with respect to any taxable year beginning after December 31, 1999."

SEC. 25 . SUGAR PROGRAM.

(a) Elimination of Authority To Use Sugar as Collateral for Loans.—Section 156 of the Agricultural Market Transition Act (7 U.S.C. 7272) is amended—

(1) in subsection (d)—

(A) by striking "(d)" and all that follows through "A loan under" and inserting "(d) Term of Loans.—A loan under";

(B) by striking paragraph (2); and

(C) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively, and indenting appropriately;

(2) by striking subsection (g); and

(3) by redesignating subsections (h) and (i) as subsections (g) and (h), respectively.

(b) Elimination of Sugar Price Support and Production Adjustment Programs.—

(1) In general.—Notwithstanding any other provision of law—

(A) a processor of any of the 2003 or subsequent crops of sugarcane or sugar beets shall not be eligible for a loan under any provision of law with respect to the crop; and

(B) the Secretary of Agriculture may not make price support available, whether in the form of a loan, payment, purchase, or other operation, for any of the 2003 and subsequent crops of sugar beets and sugarcane by using the funds of the Commodity Credit Corporation or other funds available to the Secretary.

(2) Termination of marketing quotas and allotments.—

(A) In general.—Part VII of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa et seq.) is repealed.

(B) Conforming amendment.—Section 344(f)(2) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1344(f)(2)) is amended by striking "sugar cane for sugar, sugar beets for sugar,".

(3) General powers.—

(A) Designated nonbasic agricultural commodities.—Section 201(a) of the Agricultural Act of 1949 (7 U.S.C. 1446(a)) is amended by striking "milk, sugar beets, and sugarcane" and inserting "and milk".

(B) Powers of commodity credit corporation.—Section 5(a) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c(a)) is amended by inserting after "agricultural commodities" the following: "(other than sugar)".

(C) Section 32 activities.—Section 32 of the Act of August 24, 1935 (49 Stat. 774, chapter 641; 7 U.S.C. 612c), is amended in the second sentence of the first paragraph—

(i) in paragraph (1), by inserting "(other than sugar)" after "commodities"; and

(ii) in paragraph (3), by inserting "(other than sugar)" after "commodity".

(4) Transition provisions.—This subsection and the amendments made by this subsection shall not affect the liability of any person under any provision of law as in effect before the application of this subsection and the amendments made by this subsection.

(5) Crops.—This subsection and the amendments made by this subsection shall apply beginning with the 2003 crop of sugar beets and sugarcane.

ABRAHAM (AND OTHERS) AMENDMENT NO. 1398

Mr. ABRAHAM (for himself, Mr. Domenici, Mr. Ashcroft, Mr. Crapo, Mr. Enzi, Mr. Santorum, Mr. Grams, Mr. Allard, Mr. Frist, and Mr. Coverdell) proposed an amendment to the bill, S. 1429, supra; as follows:

At the end of the bill, add the following:

TITLE —SOCIAL SECURITY SURPLUS PRESERVATION AND DEBT REDUCTION ACT

SEC. 01. SHORT TITLE.

This title may be cited as the "Social Security Surplus Preservation and Debt Reduction Act".

SEC. 02. FINDINGS.

Congress finds that—

(1) the $69,246,000,000 unified budget surplus achieved in fiscal year 1998 was entirely due to surpluses generated by the social security trust funds and the cumulative unified budget surpluses projected for subsequent fiscal years are primarily due to surpluses generated by the social security trust funds;

(2) Congress and the President should balance the budget excluding the surpluses generated by the social security trust funds;

(3) according to the Congressional Budget Office, balancing the budget excluding the surpluses generated by the social security trust funds will reduce the debt held by the public by a total of $1,859,500,000,000 by the end of fiscal year 2009; and

(4) social security surpluses should be used for social security reform or to reduce the debt held by the public and should not be spent on other programs.

SEC. 03. PROTECTION OF THE SOCIAL SECURITY TRUST FUNDS.

(a) Protection by Congress.—

(1) Reaffirmation of support.—Congress reaffirms its support for the provisions of section 13301 of the Budget Enforcement Act of 1990 that provides that the receipts and disbursements of the social security trust funds shall not be counted for the purposes of the budget submitted by the President, the congressional budget, or the Balanced Budget and Emergency Deficit Control Act of 1985.

(2) Protection of social security benefits.—If there are sufficient balances in the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, the Secretary of Treasury shall give priority to the payment of social security benefits required to be paid by law.

(b) Points of Order.—Section 301 of the Congressional Budget Act of 1974 is amended by adding at the end the following:

"(j) Social Security Point of Order.—It shall not be in order in the Senate to consider a concurrent resolution on the budget, an amendment thereto, or a conference report thereon that violates section 13301 of the Budget Enforcement Act of 1990.

"(k) Debt Held by the Public Point of Order.—It shall not be in order in the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would—

"(1) increase the limit on the debt held by the public in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985; or

"(2) provide additional borrowing authority that would result in the limit on the debt held by the public in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 being exceeded.

"(l) Social Security Surplus Protection Point of Order.—

"(1) In general.—It shall not be in order in the Senate to consider a concurrent resolution on the budget, an amendment thereto, or a conference report thereon that sets forth a deficit in any fiscal year.

"(2) Exception.—Paragraph (1) shall not apply if—

"(A) the limit on the debt held by the public in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is suspended; or

"(B) the deficit for a fiscal year results solely from the enactment of—

"(i) social security reform legislation, as defined in section 253A(e)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985; or

"(ii) provisions of legislation that are designated as an emergency requirement pursuant to section 251(b)(2)(A) or 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985.".

(c) Supermajority Waiver and Appeal.—Subsections (c)(1) and (d)(2) of section 904 of the Congressional Budget Act of 1974 are amended by striking "305(b)(2)," and inserting "301(k), 301(l), 305(b)(2),".

SEC. 04. DEDICATION OF SOCIAL SECURITY SURPLUSES TO REDUCTION IN THE DEBT HELD BY THE PUBLIC.

(a) Amendments to the Congressional Budget Act of 1974.—The Congressional Budget Act of 1974 is amended—

(1) in section 3, by adding at the end the following:

"(11)(A) The term 'debt held by the public' means the outstanding face amount of all debt obligations issued by the United States Government that are held by outside investors, including individuals, corporations, State or local governments, foreign governments, and the Federal Reserve System.

"(B) For the purpose of this paragraph, the term 'face amount', for any month, of any debt obligation issued on a discount basis that is not redeemable before maturity at the option of the holder of the obligation is an amount equal to the sum of—

"(i) the original issue price of the obligation; plus

"(ii) the portion of the discount on the obligation attributable to periods before the beginning of such month.

"(12) The term 'social security surplus' means the amount for a fiscal year that receipts exceed outlays of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.";

(2) in section 301(a) by—

(A) redesignating paragraphs (6) and (7) as paragraphs (7) and (8), respectfully; and

(B) inserting after paragraph (5) the following:

"(6) the debt held by the public; and"; and

(3) in section 310(a) by—

(A) striking "or" at the end of paragraph (3);

(B) by redesignating paragraph (4) as paragraph (5); and

(C) inserting the following new paragraph;

"(4) specify the amounts by which the statutory limit on the debt held by the public is to be changed and direct the committee having jurisdiction to recommend such change; or".

(b) Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985.—The Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in section 250, by striking subsection (b) and inserting the following:

"(b) General Statement of Purpose.—This part provides for the enforcement of—

"(1) a balanced budget excluding the receipts and disbursements of the social security trust funds; and

"(2) a limit on the debt held by the public to ensure that social security surpluses are used for social security reform or to reduce debt held by the public and are not spent on other programs.";

(2) in section 250(c)(1), by inserting "'debt held by the public', 'social security surplus'" after "outlays',"; and

(3) by inserting after section 253 the following:

“SEC. 253A. DEBT HELD BY THE PUBLIC LIMIT.

“(a) Limit.—The debt held by the public shall not exceed—

“(1) for the period beginning May 1, 2000 through April 30, 2001, $3,618,000,000,000;

“(2) for the period beginning May 1, 2001 through April 30, 2002, $3,488,000,000,000;

“(3) for the period beginning May 1, 2002 through April 30, 2004, $3,349,000,000,000;

“(4) for the period beginning May 1, 2004 through April 30, 2006, $3,045,000,000,000;

“(5) for the period beginning May 1, 2006 through April 30, 2008, $2,698,000,000,000; and,

“(6) for the period beginning May 1, 2008 through April 30, 2010, $2,301,000,000.

“(b) Adjustments for Actual Social Security Surplus Levels.—

“(1) Estimated levels.—The estimated level of social security surpluses for the purposes of this section is—

“(A) for fiscal year 1999, $125,000,000,000;

“(B) for fiscal year 2000, $147,000,000,000;

“(C) for fiscal year 2001, $155,000,000,000;

“(D) for fiscal year 2002, $163,000,000,000;

“(E) for fiscal year 2003, $172,000,000,000;

“(F) for fiscal year 2004, $181,000,000,000;

“(G) for fiscal year 2005, $195,000,000,000;

“(H) for fiscal year 2006, $205,000,000,000;

“(I) for fiscal year 2007, $217,000,000,000;

“(J) for fiscal year 2008, $228,000,000,000; and

“(K) for fiscal year 2009, $235,000,000,000.

“(2) Adjustment to the limit for actual social security surpluses.—After October 1 and no later than December 31 of each year, the Secretary shall make the following calculations and adjustments:

“(A) Calculation.—After the Secretary determines the actual level for the social security surplus for the current year, the Secretary shall take the estimated level of the social security surplus for that year specified in paragraph (1) and subtract that actual level.

“(B) Adjustment.—

“(i) 2000 through 2004.—With respect to the periods described in subsections (a)(1), (a)(2), and (a)(3), the Secretary shall add the amount calculated under subparagraph (A) to—

“(I) the limit set forth in subsection (a) for the period of years that begins on May 1st of the following calendar year; and

“(II) each subsequent limit.

“(ii) 2004 through 2010.—With respect to the periods described in subsections (a)(4), (a)(5), and (a)(6), the Secretary shall add the amount calculated under subparagraph (A) to—

“(I) the limit set forth in subsection (a) for the period of years that includes May 1st of the following calendar year; and

“(II) each subsequent limit.

“(c) Adjustment to the Limit for Emergencies.—

“(1) Estimate of legislation.—

“(A) Calculation.—If legislation is enacted into law that contains a provision that is designated as an emergency requirement pursuant to section 251(b)(2)(A) or 252(e), OMB shall estimate the amount the debt held by the public will change as a result of the provision's effect on the level of total outlays and receipts excluding the impact on outlays and receipts of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

“(B) Baseline levels.—OMB shall calculate the changes in subparagraph (A) relative to baseline levels for each fiscal year through fiscal year 2010 using current estimates.

“(C) Estimate.—OMB shall include the estimate required by this paragraph in the report required under section 251(a)(7) or section 252(d), as the case may be.

“(2) Adjustment.—After January 1 and no later than May 1 of each calendar year beginning with calendar year 2000—

“(A) with respect to the periods described in subsections (a)(1), (a)(2), and (a)(3), the Secretary shall add the amounts calculated under paragraph (1)(A) for the current year included in the report referenced in paragraph (1)(C) to—

“(i) the limit set forth in subsection (a) for the period of years that begins on May 1 of that calendar year; and

“(ii) each subsequent limit; and

“(B) with respect to the periods described in subsections (a)(4), (a)(5), and (a)(6), the Secretary shall add the amounts calculated under paragraph (1)(A) for the current year included in the report referenced in paragraph (1)(C) to—

“(i) the limit set forth in subsection (a) for the period of years that includes May 1 of that calendar year; and

“(ii) each subsequent limit.

“(3) Exception.—The Secretary shall not make the adjustments pursuant to this section if the adjustments for the current year are less than the on-budget surplus for the year before the current year.

“(d) Adjustment to the Limit for Low Economic Growth and War.—

“(1) Suspension of statutory limit on debt held by the public.—

“(A) Low economic growth.—If the most recent of the Department of Commerce's advance, preliminary, or final reports of actual real economic growth indicate that the rate of real economic growth (as measured by real GDP) for each of the most recently reported quarter and the immediately preceding quarter is less than 1 percent, the limit on the debt held by the public established in this section is suspended.

“(B) War.—If a declaration of war is in effect, the limit on the debt held by the public established in this section is suspended.

“(2) Restoration of statutory limit on debt held by the public.—

“(A) Restoration of limit.—The statutory limit on debt held by the public shall be restored on May 1 following the quarter in which the level of real Gross Domestic Product in the final report from the Department of Commerce is equal to or is higher than the level of real Gross Domestic Product in the quarter preceding the first two quarters that caused the suspension of the pursuant to paragraph (1).

“(B) Adjustment.—

“(i) Calculation.—The Secretary shall take level of the debt held by the public on October 1 of the year preceding the date referenced in subparagraph (A) and subtract the limit in subsection (a) for the period of years that includes the date referenced in subparagraph (A).

“(ii) Adjustment.—The Secretary shall add the amount calculated under clause (i) to—

“(I) the limit in subsection (a) for the period of fiscal years that includes the date referenced in subparagraph (A); and

“(II) each subsequent limit.

“(e) Adjustment to the Limit for Social Security Reform Provisions that Affect On-Budget Levels.—

“(1) Estimate of legislation.—

“(A) Calculation.—If social security reform legislation is enacted, OMB shall estimate the amount the debt held by the public will change as a result of the legislation's effect on the level of total outlays and receipts excluding the impact on outlays and receipts of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

“(B) Baseline levels.—OMB shall calculate the changes in subparagraph (A) relative to baseline levels for each fiscal year through fiscal year 2010 using current estimates.

“(C) Estimate.—OMB shall include the estimate required by this paragraph in the report required under section 252(d) for social security reform legislation.

“(2) Adjustment to limit on the debt held by the public.—If social security reform legislation is enacted, the Secretary shall adjust the limit on the debt held by the public for each period of fiscal years by the amounts determined under paragraph (1)(A) for the relevant fiscal years included in the report referenced in paragraph (1)(C).

“(f) Definitions.—In this section:

“(1) Secretary.—The term ‘Secretary’ means the Secretary of the Treasury.

“(2) Social security reform legislation.—The term ‘social security reform legislation’ means legislation that—

“(A) implements structural social security reform and significantly extends the solvency of the Social Security Trust Fund; and

“(B) includes a provision stating the following: ‘For purposes of the Social Security Surplus Preservation and Debt Reduction Act of 1999, this Act constitutes social security reform legislation’.

This paragraph shall apply only to the first bill or joint resolution enacted into law as described in this paragraph.”.

SEC. 05. PRESIDENT'S BUDGET.

Section 1105(f) of title 31, United States Code, is amended by striking “in a manner consistent” and inserting “in compliance”.

SEC. 06. SENSE OF THE SENATE ON MEDICARE RESERVE FUND.

(a) Findings.—The Senate finds that—

(1) the Congressional budget plan has $505,000,000,000 over ten years in unallocated budget surpluses that could be used for long-term medicare reform, other priorities, or debt reduction;

(2) the Congressional budget resolution for fiscal year 2000 already has set aside $90,000,000,000 over ten years through a reserve fund for long-term medicare reform including prescription drug coverage;

(3) the President estimates that his medicare proposal will cost $46,000,000,000 over 10 years; and

(4) thus the Congressional budget resolution provides more than adequate resources for medicare reform, including prescription drugs.

(b) Sense of the Senate.—It is the sense of the Senate that the Congressional budget resolution for fiscal year 2000 provides a sound framework for allocating resources to medicare to modernize medicare benefits, improve the solvency of the program, and improve coverage of prescription drugs.

SEC. 07. SUNSET.

This title and the amendments made by this title shall expire on April 30, 2010.

ABRAHAM (AND WYDEN) AMENDMENT NO. 1399

(Ordered to lie on the table.)

Mr. ABRAHAM (for himself and Mr. Wyden) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert:

SEC. . EXPANSION OF DEDUCTION FOR COMPUTER DONATIONS TO SCHOOLS.

(a) Extension of Age of Eligible Computers.—Section 170(e)(6)(B)(ii) (defining qualified elementary or secondary educational contribution) is amended—

(1) by striking "2 years" and inserting "3 years", and

(2) by inserting "for the taxpayer's own use" after "constructed by the taxpayer".

(b) REACQUIRED COMPUTERS ELIGIBLE FOR DONATION.—

(1) IN GENERAL.—Section 170(e)(6)(B)(iii) (defining qualified elementary or secondary educational contribution) is amended by inserting ", the person from whom the donor reacquires the property," after "the donor".

(2) CONFORMING AMENDMENT.—Section 170(e)(6)(B)(ii) is amended by inserting "or reaquired" after "acquired".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable years ending after the date of the enactment of this Act.

SEC. . CREDIT FOR COMPUTER DONATIONS TO SCHOOLS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by this Act, is amended by adding at the end the following:

"SEC. 45E. CREDIT FOR COMPUTER DONATIONS TO SCHOOLS.

"(a) GENERAL RULE.—For purposes of section 38, the school computer donation credit determined under this section is an amount equal to 30 percent of the qualified elementary or secondary educational contributions made by the taxpayer during the taxable year.

"(b) QUALIFIED ELEMENTARY OR SECONDARY EDUCATIONAL CONTRIBUTION.—For purposes of this section, the term 'qualified elementary or secondary educational contribution' has the meaning given such term by section 170(e)(6)(B), except that such term shall include the contribution of a computer (as defined in section 168(i)(2)(B)(ii)) only if computer software (as defined in section 197(e)(3)(B)) that serves as a computer operating system has been lawfully installed in such computer.

"(c) INCREASED PERCENTAGE FOR CONTRIBUTIONS TO SCHOOLS IN EMPOWERMENT ZONES, ENTERPRISE COMMUNITIES, AND INDIAN RESERVATIONS.—In the case of a qualified elementary or secondary educational contribution to an educational organization or entity located in an empowerment zone or enterprise community designated under section 1391 or an Indian reservation (as defined in section 168(j)(6)), subsection (a) shall be applied by substituting '50 percent' for '30 percent'.

"(d) CERTAIN RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of paragraphs (1) and (2) of section 41(f), and section 170(e)(6)(A), shall apply.

"(e) TERMINATION.—This section shall not apply to taxable years beginning on or after the date which is 3 years after the date of the enactment of the Taxpayer Refund Act of 1999."

(b) CURRENT YEAR BUSINESS CREDIT CALCULATION.—Section 38(b) (relating to current year business credit), as amended by this Act, is amended by striking "plus" at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting ", plus", and by adding at the end the following:

"(14) the school computer donation credit determined under section 45E(a)."

(c) DISALLOWANCE OF DEDUCTION BY AMOUNT OF CREDIT.—Section 280C (relating to certain expenses for which credits are allowable) is amended by adding at the end the following:

"(d) CREDIT FOR SCHOOL COMPUTER DONATIONS.—No deduction shall be allowed for that portion of the qualified elementary or secondary educational contributions (as defined in section 45E(b)) made during the taxable year that is equal to the amount of credit determined for the taxable year under section 45E(a). In the case of a corporation which is a member of a controlled group of corporations (within the meaning of section 52(a)) or a trade or business which is treated as being under common control with other trades or businesses (within the meaning of section 52(b)), this subsection shall be applied under rules prescribed by the Secretary similar to the rules applicable under subsections (a) and (b) of section 52."

(d) LIMITATION ON CARRYBACK.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

"(9) NO CARRYBACK OF SCHOOL COMPUTER DONATION CREDIT BEFORE EFFECTIVE DATE.—No amount of unused business credit available under section 45E may be carried back to a taxable year beginning on or before the date of the enactment of this paragraph."

(e) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 45D the following:

"Sec. 45E. Credit for computer donations to schools."

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to contributions made in taxable years beginning after the date of the enactment of this Act.

(2) CERTAIN CONTRIBUTIONS.—The amendments made by this section shall apply to contributions made to an organization or entity not described in section 45E(c) of the Internal Revenue Code of 1986, as added by subsection (a), in taxable years beginning after the date that is one year after the date of the enactment of this Act.

KERRY AMENDMENT NO. 1400

(Ordered to be lie on the table.)

Mr. KERRY submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the end of title XI, add the following:

SEC. . LOANS USED TO ACQUIRE PRINCIPAL RESIDENCES FOR FIRST-TIME HOMEBUYERS.

(a) LOANS USED TO ACQUIRE PRINCIPAL RESIDENCES FOR FIRST-TIME HOMEBUYERS.—

(1) INDIVIDUAL RETIREMENT PLANS.—Section 408(e) (relating to tax treatment of accounts and annuities) is amended by adding at the end thereof the following new paragraph:

"(7) LOANS USED TO PURCHASE A HOME FOR FIRST-TIME HOMEBUYERS.—

"(A) IN GENERAL.—Paragraph (3) shall not apply to any qualified home purchase loan made by an individual retirement plan.

"(B) QUALIFIED HOME PURCHASE LOAN.—For purposes of this paragraph, the term 'qualified home purchase loan' means a loan—

"(i) made by the trustee of an individual retirement plan at the direction of the individual on whose behalf such plan is established,

"(ii) the proceeds of which are used for the acquisition of a dwelling unit which within a reasonable period of time (determined at the time the loan is made) is to be used as the principal residence for a first-time homebuyer,

"(iii) which by its terms requires interest on the loan to be paid not less frequently than monthly,

"(iv) which by its terms requires repayment in full not later than the earlier of—

"(I) the date which is 15 years after the date of acquisition of the dwelling unit, or

"(II) the date of the sale or other transfer of the dwelling unit,

"(v) which by its terms treats—

"(I) any amount required to be paid under clause (iii) during any taxable year which is not paid at the time required to be paid, and

"(II) any amount remaining unpaid as of the beginning of the taxable year beginning after the period described in clause (iv),

as distributed during such taxable year to the individual on whose behalf such plan is established and subject to section 72(t)(1), and

"(vi) which bears interest from the date of the loan at a rate not less than 2 percentage points below, and not more than 2 percentage points above, the rate for comparable United States Treasury obligations on such date.

Nothing in this paragraph shall be construed to require such a loan to be secured by the dwelling unit.

"(C) LIMITATION ON AMOUNT OF LOANS.—The amount of borrowings to which paragraph (3) does not apply by reason of this paragraph shall not exceed $10,000.

"(D) DENIAL OF INTEREST DEDUCTION.—No deduction shall be allowed under this chapter for interest on any qualified home purchase loan.

"(E) DEFINITIONS.—For purposes of this paragraph—

"(i) FIRST-TIME HOMEBUYER.—The term 'first-time homebuyer' has the meaning given such term by section 4975(h)(3)(B).

"(ii) ACQUISITION.—The term 'acquisition' has the meaning given such term by section 4975(h)(3)(D)(i).

"(iii) PRINCIPAL RESIDENCE.—The term 'principal residence' has the same meaning as when used in section 121.

"(iv) DATE OF ACQUISITION.—The term 'date of acquisition' means the date—

"(I) on which a binding contract to acquire the principal residence to which subparagraph (B) applies is entered into, or

"(II) on which construction, reconstruction, or improvement of such a principal residence is commenced.".

(2) PROHIBITED TRANSACTION.—Section 4975(d) (relating to exemptions from tax on prohibited transactions) is amended by striking "or" at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting "; or", and by inserting after paragraph (15) the following new paragraph:

"(16) any loan that is a qualified home purchase loan (as defined in section 408(e)(7)(B)).".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to loans made in years after 2001.

(b) OFFSET.—Notwithstanding section 701(c) of this Act, the effective date of the amendments made by section 701 shall be adjusted by the Secretary of the Treasury as necessary to offset the decrease in revenues to the Treasury resulting from the amendments made by subsection (a).

ROBB (AND OTHERS) AMENDMENT NO. 1401

Mr. ROBB (for himself, Mr. GRAHAM, Mr. ROCKEFELLER, Ms. MIKULSKI, Mrs. MURRAY, and Mr. BRYAN) proposed an amendment to the bill, S. 1429, supra; as follows:

At the end add the following:

TITLE XVI—DELAY IN EFFECTIVE DATE

Notwithstanding any other provision of, or amendment made by, this Act, no such provision or amendment shall take effect until legislation has been enacted that extends the solvency of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund under section 201 of the Social Security Act through 2075 and the Federal Hospital Insurance Trust Fund under part A of title XVIII of such Act through 2027.

KERRY AMENDMENT NO. 1402

(Ordered to be lie on the table.)

Mr. KERRY submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. 1122. DISCLOSURE OF TAX INFORMATION TO FACILITATE COMBINED EMPLOYMENT TAX REPORTING.

Section 6103(d)(5) of the Internal Revenue Code of 1986 is amended to read as follows:

"(5) DISCLOSURE FOR COMBINED EMPLOYMENT TAX REPORTING.—The Secretary may disclose taxpayer identity information and signatures to any agency, body, or commission of any State for the purpose of carrying out with such agency, body, or commission a combined Federal and State employment tax reporting program approved by the Secretary. Subsections (a)(2) and (p)(4) and sections 7213 and 7213A shall not apply with respect to disclosures or inspections made pursuant to this paragraph."

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. GRAMS. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Wednesday, July 28, 1999, to conduct a hearing on the monetary policy report to Congress pursuant to the Full Employment and Balanced Growth Act of 1978.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. GRAMS. Mr. President, I ask unanimous consent that the Senate Committee on Commerce, Science, and Transportation be authorized to meet on Wednesday, July 28, 1999, at 2:15 p.m. on fraud against seniors.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. GRAMS. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Wednesday, July 28, for purposes of conducting a Full Committee business meeting which is scheduled to begin at 9:30 a.m. The purpose of this business meeting is to consider pending calendar business.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. GRAMS. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, July 28, 1999 at 11:00 a.m. to hold a business meeting.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. GRAMS. Mr. President, I ask unanimous consent that the Committee on Health, Education, Labor, and Pensions be authorized to meet in executive session during the session of the Senate on Wednesday, July 28, 1999, at 9:30 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON INDIAN AFFAIRS

Mr. GRAMS. Mr. President, I ask unanimous consent that the Senate Committee on Indian Affairs be authorized to meet during the session of the Senate on Wednesday, July 28, 1999 at 9:30 a.m. to conduct a hearing on S. 979, Tribal Self-Governance Amendments of 1999. The hearing will be held in room 485, Russell Senate Office Building.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. GRAMS. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet for a hearing re Combating Methamphetamine Proliferation in America, during the session of the Senate on Wednesday, July 28, 1999, at 10 a.m., in SD–628.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON RULES AND ADMINISTRATION

Mr. GRAMS. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be authorized to meet during the session of the Senate on Wednesday, July 28, 1999 at 9:30 a.m. to receive testimony on the operations of the Smithsonian Institution.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. GRAMS. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, July 28, 1999 at 2 p.m. to hold a closed hearing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON WATER AND POWER

Mr. GRAMS. Mr. President, I ask unanimous consent that the Subcommittee on Water and Power of the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Wednesday, July 28, for purposes of conducting a Water and Power Subcommittee hearing which is scheduled to begin at 2:30 p.m. The purpose of this hearing is to receive testimony on S. 624, a bill to authorize construction of the Fort Peck Reservation Rural Water System in the State of Montana, and for other purposes; S. 986, a bill to direct the Secretary of the Interior to convey the Griffith Project to the Southern Nevada Water Authority; S. 1211, a bill to amend the Colorado River Basin Salinity Control Act to authorize additional measures to carry out the control of salinity upstream of Imperial Dam in a cost-effective manner; S. 1275, a bill to authorize the Secretary of the Interior to produce and sell products and to sell publications relating to the Hoover Dam, and to deposit revenues generated from the sales to the Colorado River Dam fund; and S. 1236, a bill to extend the deadline under the Federal Power Act for commencement of the construction of the Arrowrock Dam Hydroelectric Project in the State of Idaho; and S. 1377, a bill to amend the Central Utah Project Completion Act regarding the use of funds for water development for the Bonneville Unit, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INTERNATIONAL ECONOMIC POLICY, EXPORT AND TRADE PROMOTION

Mr. GRAMS. Mr. President, I ask unanimous consent that the Subcommittee on International Economic Policy, Export and Trade Promotion be authorized to meet during the session of the Senate on Wednesday, July 28, 1999 at 2 p.m. to hold a hearing.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

RETIREMENT OF COLONEL STEPHEN McCARTNEY, LIEUTENANT COLONEL JACK McMAHON, AND FIRST SERGEANT THOMAS SCALAVINO

● Mr. CHAFEE. Mr. President, on July 31, friends and colleagues will gather at the U.S. Naval War College to honor Colonel Stephen McCartney, Lieutenant Colonel Jack McMahon, and First Sergeant Thomas Scalavino who are retiring from Marine Corps Reserves. Accordingly, I want to pay tribute to these three distinguished gentlemen from Rhode Island as they embark on the next phase of their private lives.

As many know, I had the privilege of commanding a marine rifle company in Korea in the fall of 1951 and winter of 1952. During that time, I came away with tremendous respect for each officer and enlisted man. They were courageous and displayed extraordinary endurance. I have never forgotten the confidence they had in themselves, and their willingness to go into harm's way. If there was dangerous work to be done, they were willing to do it. Colonel McCartney, Lieutenant Colonel McMahon, and First Sergeant Scalavino have displayed that same commitment and valor to our country.

After graduating from the Marine Corps Platoon Leader's Course in 1968, Stephen McCartney was commissioned a Second Lieutenant in the Marine Corps in 1969 and assigned as an infantry officer. In this capacity, he served with the 1st Marine Division in the Republic of Vietnam and participated in three major combat operations against Viet Cong and North Vietnamese army units until 1971. In 1973, Colonel McCartney left active duty but remained involved in the Marine Corps Reserve, serving with the 25th Marines. However, his tour did no end there.

During Operations Desert Shield and Desert Storm, then Lieutenant Colonel McCartney and his battalion were activated and assigned to the 1st Marine Division. There he participated in direct combat operations against Iraqi forces in Saudi Arabia and Kuwait. In 1992, McCartney was promoted to his present rank. In his nearly thirty years of active and reserve service, Colonel McCartney has served in a variety of other important Marine Corps billets with consistent and meritorious service. Indeed, Colonel McCartney's services have ranged from infantry officer to the Providence Police Department where he retired with the rank of Major, to his most recent appointment as Chief of Police for the Warwick Police Department.

Lieutenant Colonel Jack McMahon is retiring from the Marine Corps Reserve after serving our country for over twenty years. During these years, Lieutenant Colonel McMahon's reserve and active duty experience included service as a judge advocate, as well as a commanding officer of Rhode Island's Marine Corps Reserve transportation unit in Fields Point and at the u.S. Naval War College.

Throughout his career, Lieutenant Colonel McMahon has been the recipient of numerous commentary letters and awards, including the "Junior Officer of the Year" award in 1979. He has been recommended for the Navy Achievement, two Navy Commendations, a Meritorious Service Medal, and the Navy-Marine Corps Medal. Finally, Lieutenant Colonel McMahon has served as a prosecutor in the Rhode Island Attorney General's office for the past nineteen years.

A native of Sicily, First Sergeant Thomas Scalavino came to the United States in 1960 and enlisted in the Marine Corps in 1965. Without much time to spare, First Sergeant Scalavino participated in eighteen operations in the Republic of Vietnam from 1966 to 1967 as a rifleman in such military actions as Operations Big Horn and Operation Coyote.

In 1971, First Sergeant Scalavino was honorably discharged, but could not stay away for long. He reenlisted in 1981 at Transport Company in Providence, Rhode Island at the rank of Corporal. His responsibilities included: Administrative Chief, Platoon Sergeant, Platoon Commander, and Company First Sergeant. Later, First Sergeant Scalavino was sent to Southwest Asia where he participated in Operation Desert Shield, Operation Desert Storm, and Operation Cease Fire. First Sergeant Scalavino also has received the "Navy Achievement Medal" for his efforts as Motor Transport Officer in Ocean Venture 93.

Mr. President, I join with all Rhode Islanders in extending to Colonel McCartney, Lieutenant Colonel McMahon, and First Sergeant Scalavino our best wishes. Their contributions certainly will be remembered for generations to come.•

140TH ANNIVERSARY OF THE GALENA POST OFFICE

• Mr. DURBIN. Mr. President, I rise today to recognize a historic institution in the State of Illinois and the nation. On July 30, 1999, the Galena Post Office will celebrate its 140th anniversary making it the longest continuously owned and operated post office in America.

When the post office was founded, Galena was a thriving mining and port community in northwestern Illinois. The streets were bustling with miners, traders, dock workers, and trappers. Though a great deal has changed since then, many of the original buildings remain standing in Galena's historic downtown district. Among these structures is the post office.

The idea of the Galena Post Office was initiated by Congressman Elitu B. Washburne, a pre-Civil War era politician from Illinois. The funds for the facility were authorized and appropriated by Congress on August 18, 1856. Construction of the building began in 1857, when the first limestone shipments for the edifice arrived via tow-boat. Upon the completion of the building's structure on August 3, 1859, the Weekly Northwestern Gazette predicted, "it will last 1,000 years with only two forces capable of destroying it, one being an earthquake and the other a mob." This newspaper was prophetic. The Galena Post Office has outlived every other United States post office. It continues to thrive today with a delivery area of more than 2800.

One hundred and forty years later, the Galena Post Office stands proudly in the center of town in the same condition as it was in 1859. Its 5947 square foot interior was the grand vision of architect Arni B. Young. The two-story building is highlighted by an impressive limestone exterior. Mr. Young's plans included a civic meeting place with a grand cast-iron stairwell, mahogany interior, and arched windows to complement the lobby area.

The Galena Post Office served as not only a post office and a social center but also as a vital part of the community. The Smithsonian National Postal Museum has bestowed Galena's post office with yet another honor, The Great American Post Office Award. This month the museum will host an exhibit commemorating Galena's Post Office for its outstanding architectural features, historical significance to the community, and outstanding record of service.

Mr. President, on Friday I will have the honor to share in the celebration of the 140th anniversary of the Galena Post Office. It is truly a remarkable accomplishment.•

TRIBUTE TO THE HONORABLE ALAN KARCHER

• Mr. LAUTENBERG. Mr. President, I rise today to celebrate a man who was a good friend and an extraordinary political mentor. I will miss the opportunity to consult with him on matters important to governing. His contribution to me was a valuable one and it is deep in my thought and functioning as a U.S. Senator. He was a superb role model for public service and I followed his judgement often. I am honored to offer this tribute to former New Jersey Assembly Speaker Alan Karcher, his indomitable spirit, his unshakeable conviction, his widespread talents, his love for politics in the widest sense, and his devotion to the people of New Jersey.

Alan's death on July 27 at too young an age, was not totally unexpected—he had been battling cancer for several years—but the reality of it shocks all of us who knew him. And there are a lot of us who fought in the trenches of New Jersey politics alongside him, as well as those who fought in opposition. Alan used his considerable wit, intellect and spirit to master New Jersey politics, and all of us respected him as the consummate politician. Alan was political in the most classical sense of that word, with all of its ties to the Greek concepts of the body politic, the people and citizenship, and he was political in the most modern sense of the word—sagacious, prudent, shrewd, and artful.

Alan saw elected office as public service and an honored and honorable family tradition. Both his father, Joseph Karcher, and a great-uncle, John Quaid, also served in the New Jersey Assembly. When Alan followed them in 1974, he honed the practice of legislating to a fine art, serving as both Assembly Majority Leader and as Speaker during his sixteen-year career. He was a master of strategy in the service of the principal of the common good. He was articulate, passionate, and so often right, that more times than not he was able to convince both natural allies and skeptics alike.

Alan was a fiercely proud Democrat who believed wholeheartedly that "government" and "the people" were virtually synonymous concepts. He knew how to keep his "eye on the prize," and he understood that "the prize" was responsive, responsible government. Alan did nothing by halves and when he believed in something it was with total engagement. His interests and his talents spanned an extraordinary range. This most political of men was also a sensitive and accomplished musician, a cellist and an opera-lover who could sing Italian arias perhaps not as well as Pavarotti, but certainly as energetically. He was also, of course, a compelling lawyer nationally known for his insight into Constitutional issues and a respected author who examined controversial matters with perception and conviction.

He has left a splendid legacy for us and for those he loved most, his wife Peggy, children Timothy, Elizabeth and Ellen, and his five grandchildren, who have his mark and his stature as enduring memories. We will miss him, but not his spirit, for that will continue to guide us. We will miss him, but not his idealism, for that will continue to inspire us. We will miss him, but not his passion, for that will continue to make us strive.●

MUHAMMAD ALI BOXING REFORM ACT

On July 27, 1999, the Senate passed S. 305. The text follows:

S. 305

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Muhammad Ali Boxing Reform Act".

SEC. 2. FINDINGS.

The Congress makes the following findings:

(1) Professional boxing differs from other major, interstate professional sports industries in the United States in that it operates without any private sector association, league, or centralized industry organization to establish uniform and appropriate business practices and ethical standards. This has led to repeated occurrences of disreputable and coercive business practices in the boxing industry, to the detriment of professional boxers nationwide.

(2) Professional boxers are vulnerable to exploitative business practices engaged in by certain promoters and sanctioning bodies which dominate the sport. Boxers do not have an established representative group to advocate for their interests and rights in the industry.

(3) State officials are the proper regulators of professional boxing events, and must protect the welfare of professional boxers and serve the public interest by closely supervising boxing activity in their jurisdiction. State boxing commissions do not currently receive adequate information to determine whether boxers competing in their jurisdiction are being subjected to contract terms and business practices which may be violative of State regulations, or are onerous and confiscatory.

(4) Promoters who engage in illegal, coercive, or unethical business practices can take advantage of the lack of equitable business standards in the sport by holding boxing events in states with weaker regulatory oversight.

(5) The sanctioning organizations which have proliferated in the boxing industry have not established credible and objective criteria to rate professional boxers, and operate with virtually no industry or public oversight. Their ratings are susceptible to manipulation, have deprived boxers of fair opportunities for advancement, and have undermined public confidence in the integrity of the sport.

(6) Open competition in the professional boxing industry has been significantly interfered with by restrictive and anti-competitive business practices of certain promoters and sanctioning bodies, to the detriment of the athletes and the ticket-buying public. Common practices of promoters and sanctioning organizations represent restraints of interstate trade in the United States.

(7) It is necessary and appropriate to establish national contracting reforms to protect professional boxers and prevent exploitative business practices, and to require enhanced financial disclosures to State athletic commissions to improve the public oversight of the sport.

(8) Whereas the Congress seeks to improve the integrity and ensure fair practices of the professional boxing industry on a nationwide basis, it deems it appropriate to name this reform in honor of Muhammad Ali, whose career achievements and personal contributions to the sport, and positive impact on our society, are unsurpassed in the history of boxing.

SEC. 3. PURPOSES.

The purposes of this Act are—

(1) to protect the rights and welfare of professional boxers by preventing certain exploitative, oppressive, and unethical business practices they may be subject to on an interstate basis;

(2) to assist State boxing commissions in their efforts to provide more effective public oversight of the sport; and

(3) to promoting honorable competition in professional boxing and enhance the overall integrity of the industry.

SEC 4. PROTECTING BOXERS FROM EXPLOITATION.

(a) IN GENERAL.—The Professional Boxing Safety Act of 1996 (15 U.S.C. 6301 et seq.) is amended by—

(1) redesignating section 15 as 16; and

(2) inserting after section 14 the following:

"SEC. 15. PROTECTION FROM EXPLOITATION.

"(a) CONTRACT REQUIREMENTS.—

"(1) IN GENERAL.—Any contract between a boxer and a promoter or manager shall—

"(A) include mutual obligations between the parties;

"(B) specify a minimum number of professional boxing matches per year for the boxer; and

"(C) set forth a specific period of time during which the contract will be in effect, including any provision for extension of that period due to the boxer's temporary inability to compete because of an injury or other cause.

"(2) 1-YEAR LIMIT ON COERCIVE PROMOTIONAL RIGHTS.—

"(A) The period of time for which promotional rights to promote a boxer may be granted under a contract between the boxer and a promoter, or between promoters with respect to a boxer, may not be greater than 12 months in length if the boxer is required to grant such rights, or a boxer's promoter is required to grant such rights with respect to a boxer, as a condition precedent to the boxer's participation in a professional boxing match against another boxer who is under contract to the promoter.

"(B) A promoter exercising promotional rights with respect to such boxer during the 12-month period beginning on the day after the last day of the promotional right period described in subparagraph (A) may not secure exclusive promotional rights from the boxer's opponents as a condition of participating in a professional boxing match against the boxer during that period, and any contract to the contrary—

"(i) shall be considered to be in restraint of trade and contrary to public policy; and

"(ii) unenforceable.

"(C) Nothing in this paragraph shall be construed as pre-empting any State law concerning interference with contracts.

"(3) PROMOTIONAL RIGHTS UNDER MANDATORY BOUT CONTRACTS.—Neither a promoter nor a sanctioning organization may require a boxer, in a contract arising from a professional boxing match that is a mandatory bout under the rules of the sanctioning organization, to grant promotional rights to any promoter for a future professional boxing match.

"(b) EMPLOYMENT AS CONDITION OF PROMOTING, ETC.—No person who is a licensee, manager, matchmaker, or promoter may require a boxer to employ, retain, or provide compensation to any individual or business enterprise (whether operating in corporate form or not) recommended or designated by that person as a condition of—

"(1) such person's working with the boxer as a licensee, manager, matchmaker, or promoter;

"(2) such person's arranging for the boxer to participate in a professional boxing match; or

"(3) such boxer's participation in a professional boxing match.

"(c) ENFORCEMENT.—

"(1) PROMOTION AGREEMENT.—A provision in a contract between a promoter and a boxer, or between promoters with respect to a boxer, that violates subsection (a) is contrary to public policy and unenforceable at law.

"(2) EMPLOYMENT AGREEMENT.—In any action brought against a boxer to recover money (whether as damages or as money owed) for acting as a licensee, manager, matchmaker, or promoter for the boxer, the court, arbitrator, or administrative body before which the action is brought may deny recovery in whole or in part under the contract as contrary to public policy if the employment, retention, or compensation that is the subject of the action was obtained in violation of subsection (b).".

(b) CONFLICTS OF INTEREST.—Section 9 of such Act (15 U.S.C. 6308) is amended by—

(1) striking "No member" and inserting "(a) REGULATORY PERSONNEL.—No member"; and

(2) adding at the end thereof the following:

"(b) FIREWALL BETWEEN PROMOTERS AND MANAGERS.—

"(1) IN GENERAL.—It is unlawful for—

"(A) a boxer's promoter (or a promoter who is required to be licensed under State law) to have a direct or indirect financial interest in that boxer's licensed manager or management company; or

“(B) a licensed manager or management company (or a manager or management company that, under State law, is required to be licensed)—

“(i) to have a direct or indirect financial interest in the promotion of a boxer; or

“(ii) to be employed by or receive compensation or other benefits from a promoter, except for amounts received as consideration under the manager's contract with the boxer.

“(2) EXCEPTION FOR SELF-PROMOTION AND MANAGEMENT.—Paragraph (1) does not prohibit a boxer from acting as his own promoter or manager.”.

(c) EFFECTIVE DATE.—The amendments made by subsection (a) apply to contracts executed after the date of enactment of this Act.

SEC. 5. SANCTIONING ORGANIZATION INTEGRITY REFORMS.

(a) IN GENERAL.—The Professional Boxing Safety Act of 1996 (15 U.S.C. 6301 et seq.), as amended by section 4 of this Act, is amended by—

(1) redesignating section 16, as redesignated by section 4 of this Act, as section 17; and

(2) inserting after section 15 the following:

“SEC. 16. SANCTIONING ORGANIZATIONS.

“(a) OBJECTIVE CRITERIA.—A sanctioning organization shall establish objective and consistent written criteria for the ratings of professional boxers.

“(b) APPEALS PROCESS.—A sanctioning organization shall establish and publish an appeals procedure that affords a boxer rated by that organization a reasonable opportunity, without the payment of any fee, to submit information to contest its rating of the boxer. Under the procedure, the sanctioning organization shall, within 14 days after receiving a request from a boxer questioning that organization's rating of the boxer—

“(1) provide to the boxer a written explanation of the organization's criteria, its rating of the boxer, and the rationale or basis for its rating (including any response to any specific questions submitted by the boxer); and

“(2) submit a copy of its explanation to the President of the Association of Boxing Commissions of the United States and to the boxing commission of the boxer's domiciliary State.

“(c) NOTIFICATION OF CHANGE IN RATING.—If a sanctioning organization changes its rating of a boxer who is included, before the change, in the top 10 boxers rated by that organization, or who, as a result of the change is included in the top 10 boxers rated by that organization, then, after changing the boxer's rating, the organization shall—

“(1) within 5 business days mail notice of the change and a written explanation of the reasons for its change in that boxer's rating to the boxer at the boxer's last known address;

“(2) immediately post a copy of the notice and the explanation on its Internet website or homepage, if any, for a period of not less than 30 days; and

“(3) mail a copy of the notice and the explanation to the President of the Association of Boxing Commissions if the organization does not have an address for the boxer or does not have an Internet website or homepage.

“(d) PUBLIC DISCLOSURE.—

“(1) FTC FILING.—Not later than January 31 of each year, a sanctioning organization shall submit to the Federal Trade Commission—

“(A) a complete description of the organization's ratings criteria, policies, and general sanctioning fee schedule;

“(B) the bylaws of the organization;

“(C) the appeals procedure of the organization; and

“(D) a list and business address of the organization's officials who vote on the ratings of boxers.

“(2) FORMAT; UPDATES.—A sanctioning organization shall—

“(A) provide the information required under paragraph (1) in writing, and; for any document greater than 2 pages in length, also in electronic form; and

“(B) promptly notify the Federal Trade Commission of any material change in the information submitted.

“(3) FTC TO MAKE INFORMATION AVAILABLE TO PUBLIC.—The Federal Trade Commission shall make information received under this subsection available to the public. The Commission may assess sanctioning organizations a fee to offset the costs it incurs in processing the information and making it available to the public.

“(4) INTERNET POSTING.—In addition to submitting the information required by paragraph (1) to the Federal Trade Commission, a sanctioning organization shall provide the information to the public by maintaining a website on the Internet that—

“(A) is readily accessible by the general public using generally available search engines and does not require a password or payment of a fee for full access to all the information;

“(B) contains all the information required to be submitted to the Federal Trade Commission by paragraph (1) in an easy to search and use format; and

“(C) is updated whenever there is a material change in the information.”.

(b) CONFLICT OF INTEREST.—Section 9 of such Act (15 U.S.C. 6308), as amended by section 4 of this Act, is amended by adding at the end thereof the following:

“(c) SANCTIONING ORGANIZATIONS.—

“(1) PROHIBITION ON RECEIPTS.—Except as provided in paragraph (2), no officer or employee of a sanctioning organization may receive any compensation, gift, or benefit directly or indirectly from a promoter, boxer, or manager.

“(2) EXCEPTIONS.—Paragraph (1) does not apply to—

“(A) the receipt of payment by a promoter, boxer, or manager of a sanctioning organization's published fee for sanctioning a professional boxing match or reasonable expenses in connection therewith if the payment is reported to the responsible boxing commission under section 17; or

“(B) the receipt of a gift or benefit of de minimis value.”.

(c) SANCTIONING ORGANIZATION DEFINED.—Section 2 of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6301) is amended by adding at the end thereof the following:

“(11) SANCTIONING ORGANIZATION.—The term ‘sanctioning organization’ means an organization that ranks boxers or sanctions professional boxing matches in the United States—

“(A) between boxers who are residents of different States; or

“(B) that are advertised, otherwise promoted, or broadcast (including closed circuit television) in interstate commerce.”.

SEC. 6. PUBLIC INTEREST DISCLOSURES TO STATE BOXING COMMISSIONS.

The Professional Boxing Safety Act of 1996 (15 U.S.C. 6301 et seq.), as amended by section 5 of this Act, is amended by—

(1) redesignating section 17, as redesignated by section 5 of this Act, as section 18; and

(2) inserting after section 16 the following:

“SEC. 17. REQUIRED DISCLOSURES TO STATE BOXING COMMISSIONS.

“(a) SANCTIONING ORGANIZATIONS.—Before sanctioning or authorizing a professional boxing match in a State, a sanctioning organization shall provide to the boxing commission of, or responsible for regulating matches in, that State a written statement of—

“(1) all charges, fees, and costs the organization will assess any boxer participating in that match;

“(2) all payments, benefits, complimentary benefits, and fees the organization will receive for its affiliation with the event, from the promoter, host of the event, and all other sources; and

“(3) such additional information as the commission may require.

A sanctioning organization that receives compensation from any source to refrain from exercising its authority or jurisdiction over, or withholding its sanction of, a professional boxing match in any State shall provide the information required by paragraphs (2) and (3) to the boxing commission of that State.

“(b) PROMOTERS.—Before a professional boxing match organized, promoted, or produced by a promoter is held in a State, the promoter shall provide to the boxing commission of, or responsible for regulating matches in, that State—

“(1) a copy of any agreement in writing to which the promoter is a party with any boxer participating in the match;

“(2) a statement in writing made under penalty of perjury that there are no other agreements, written or oral, between the promoter and the boxer with respect to that match; and

“(3) a statement in writing of—

“(A) all fees, charges, and expenses that will be assessed by or through the promoter on the boxer pertaining to the event, including any portion of the boxer's purse that the promoter will receive, and training expenses;

“(B) all payments, gift, or benefits the promoter is providing to any sanctioning organization affiliated with the event; and

“(C) any reduction in the amount or percentage of a boxer's purse after—

“(i) a previous agreement concerning the amount or percentage of that purse has been reached between the promoter and the boxer; or

“(ii) a purse bid held for the event.

“(c) JUDGES.—Before participating in a professional boxing match as a judge in any State, an individual shall provide to the boxing commission of, or responsible for regulating matches in, that State a statement in writing of all payments, including reimbursement for expenses, and any other benefits that individual will receive from any source for judging that match.

“(d) INFORMATION TO BE AVAILABLE TO STATE ATTORNEY GENERAL.—A promoter shall make information received under this section available to the chief law enforcement officer of the State in which the match is to be held upon request.

“(e) EXCEPTION.—The requirements of this section do not apply in connection with a professional boxing match scheduled to last less than 10 rounds.

"(f) CONFIDENTIALITY OF AGREEMENTS.—Neither a boxing commission nor an Attorney General may disclose to the public any matter furnished by a promoter under subsection (b)(1) or subsection (d) except to the extent required in public legal, administrative, or judicial proceedings brought against that promoter under State law.".

SEC. 7. ENFORCEMENT.

Section 10 of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6309) is amended by—

(1) inserting a comma and "other than section 9(b), 15, 16, 17," after "this Act" in subsection (b)(1);

(2) redesignating paragraphs (2) and (3) of subsection (b) as paragraphs (3) and (4), respectively, and inserting after paragraph (1) the following:

"(2) VIOLATION OF ANTI-EXPLOITATION, SANCTIONING ORGANIZATION, OR DISCLOSURE PROVISIONS.—Any person who knowingly violates any provision of section 9(b), 9(c), 15, 16, 17, or 18 of this Act shall, upon conviction, be imprisoned for not more than 1 year or fined not more than—

"(A) $100,000; and

"(B) if a violation occurs in connection with a professional boxing match the gross revenues for which exceed $2,000,000, an additional amount which bears the same ratio to $100,000 as the amount of the gross revenues in excess of $2,000,000 bears to $2,000,000,

or both.";

(3) striking in "section 9" in paragraph (3), as redesignated, and inserting "section 9(a)"; and

(4) adding at the end thereof the following:

"(c) ACTIONS BY STATES.—Whenever the chief law enforcement officer of any State has reason to believe that a person or organization is engaging in practices which violate any requirement of this Act, the State, as parens patriae, may bring a civil action on behalf of its residents in an appropriate district court of the United States—

"(1) to enjoin the holding of any professional boxing match that involves such practices;

"(2) to enforce compliance with this Act;

"(3) to obtain the fines provided under subsection (b) or appropriate restitution; or

"(4) to obtain such other relief as the court may deem appropriate.

"(d) PRIVATE RIGHT OF ACTION.—Any boxer who suffers economic injury as a result of a violation of any provision of this Act may bring an action in the appropriate Federal or State court and recover the damages suffered, court costs, and reasonable attorneys fees and expenses.

"(e) ENFORCEMENT AGAINST FEDERAL TRADE COMMISSION, STATE ATTORNEYS GENERAL, ETC.—Nothing in this Act authorizes the enforcement of—

"(1) any provision of this Act against the Federal Trade Commission, the United States Attorney General, the chief legal officer of any State for acting or failing to act in an official capacity;

"(2) subsection (d) of this section against a State or political subdivision of a State, or any agency or instrumentality thereof; or

"(3) section 15 against a boxer acting in his capacity as a boxer.".

SEC. 8. PROFESSIONAL BOXING SAFETY ACT AMENDMENTS.

(a) DEFINITIONS.—Section 2 of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6301), as amended by section 5(c) of this Act, is amended by adding at the end thereof the following:

"(12) SUSPENSION.—The term 'suspension' includes within its meaning the revocation of a boxing license.".

(b) RENEWAL PERIOD FOR IDENTIFICATION CARDS.—Section 6(b)(2) of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6305(b)(2)) is amended by striking "2 years." and inserting "4 years.".

(c) STATE BOXING COMMISSION PROCEDURES.—Section 7(a)(2) of such Act (15 U.S.C. 6306(a)(2)) is amended by—

(1) striking "or" in subparagraph (C);

(2) striking "documents." at the end of subparagraph (D) and inserting "documents; or"; and

(3) adding at the end thereof the following:

"(E) unsportsmanlike conduct or other inappropriate behavior inconsistent with generally accepted methods of competition in a professional boxing match.".

(d) STANDARDIZED PHYSICAL EXAMINATIONS.—Section 5(1) of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6304(1)) is amended by inserting after "examination" the following: ", based on guidelines endorsed by the American Medical Association, including a circulo-respiratory check and a neurological examination,".

(e) CAT SCANS.—Section 6(b)(2) of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6305(b)(2)) is amended by inserting before the period the following: "and, with respect to such renewal, present proof from a physician that such boxer has taken a computerized axial tomography (CAT) scan within the 30-day period preceding that date on which the renewal application is submitted and that no brain damage from boxing has been detected.

SEC. 9. REQUIREMENTS FOR CONTRACTS BETWEEN BOXERS AND BROADCASTING COMPANIES.

(a) IN GENERAL.—The Professional Boxing Safety Act of 1996 (15 U.S.C. 6301 et seq.), as amended by section 6, is amended—

(1) by redesignating section 18, as redesignated by section 6 of this Act, as section 19; and

(2) by inserting after section 17 the following:

"SEC. 18. CONTRACTS BETWEEN BOXERS AND BROADCASTING COMPANIES.

"(a) CONTRACT REQUIREMENTS.—Any contract between a boxer and a broadcaster for the broadcast of a boxing match in which that boxer is competing shall—

"(1) include mutual obligations between the parties; and

"(2) specify either—

"(A) the number of bouts to be broadcast; or

"(B) the duration of the contract.

"(b) PROHIBITIONS.—A broadcaster may not—

"(1) require a boxer to employ a relative or associate of the broadcaster in any capacity as a condition of entering into a contract with the broadcaster;

"(2) have a direct or indirect financial interest in the boxer's manager or management company; or

"(3) make a payment, or provide other consideration (other than of a de minimus amount or value) to a sanctioning organization or any officer or employee of such an organization in connection with any boxer with whom the broadcaster has a contract, or against whom a boxer with whom a broadcaster has a contract is competing.

"(c) NOTIFICATION OF REDUCTION IN AGREED AMOUNT.—If a broadcaster has a contract with a boxer to broadcast a match in which that boxer is competing, and the broadcaster reduces the amount it agreed to pay the boxer under that contract (whether unilaterally or by mutual agreement), the broadcaster shall notify, in writing within 48 hours after the reduction, the supervising State commission for that match of the reduction.

"(d) ENFORCEMENT.—

"(1) CONTRACT.—A provision in a contract between a broadcaster and a boxer that violates subsection (a) is contrary to public policy and unenforceable at law.

"(2) PROHIBITIONS; NOTIFICATION.—For enforcement of subsections (b) and (c), see section 10.".

(b) BROADCASTER DEFINED.—Section 2 of the Professional Boxing Safety Act of 1996 (15 U.S.C. 6301), as amended by section 8 of this Act, is amended by adding at the end thereof the following:

"(13) BROADCASTER.—The term 'broadcaster' means any person who is a licensee as that term is defined in section 3(24) of the Communications Act of 1934 (47 U.S.C. 153(24)).".

PAYING A GRATUITY TO MARY LYDA NANCE

Mr. ROTH. Mr. President, I ask unanimous consent that the Senate now proceed to the immediate consideration of S. Res. 168 submitted earlier by Senators HELMS and BIDEN.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 168) paying a gratuity to Mary Lyda Nance.

There being no objection, the Senate proceeded to consider the resolution.

Mr. ROTH. Mr. President, I ask unanimous consent that the resolution be agreed to and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 168) was agreed to, as follows:

S. RES. 168

Resolved, That the Secretary of the Senate is authorized and directed to pay, from the contingent fund of the Senate, to Mary Lyda Nance, widow of Admiral James W. Nance, an employee of the Senate at the time of his death, the sum of $200,000, that sum to be considered inclusive of funeral expenses and all other allowances.

WATER RESOURCES DEVELOPMENT ACT OF 1999

Mr. ROTH. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 507.

The Presiding Officer laid before the Senate S. 507, an Act to provide for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes, as follows:

Resolved, That the bill from the Senate (S. 507) entitled "An Act to provide for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes", do pass with the following amendments:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—*This Act may be cited as the "Water Resources Development Act of 1999".*

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.
Sec. 2. Secretary defined.

TITLE I—WATER RESOURCES PROJECTS

Sec. 101. Project authorizations.
Sec. 102. Small flood control projects.
Sec. 103. Small bank stabilization projects.
Sec. 104. Small navigation projects.
Sec. 105. Small projects for improvement of the environment.
Sec. 106. Small aquatic ecosystem restoration projects.

TITLE II—GENERAL PROVISIONS

Sec. 201. Small flood control authority.
Sec. 202. Use of non-Federal funds for compiling and disseminating information on floods and flood damages.
Sec. 203. Contributions by States and political subdivisions.
Sec. 204. Sediment decontamination technology.
Sec. 205. Control of aquatic plants.
Sec. 206. Use of continuing contracts required for construction of certain projects.
Sec. 207. Support of Army civil works program.
Sec. 208. Water resources development studies for the Pacific region.
Sec. 209. Everglades and south Florida ecosystem restoration.
Sec. 210. Beneficial uses of dredged material.
Sec. 211. Harbor cost sharing.
Sec. 212. Aquatic ecosystem restoration.
Sec. 213. Watershed management, restoration, and development.
Sec. 214. Flood mitigation and riverine restoration pilot program.
Sec. 215. Shoreline management program.
Sec. 216. Assistance for remediation, restoration, and reuse.
Sec. 217. Shore damage mitigation.
Sec. 218. Shore protection.
Sec. 219. Flood prevention coordination.
Sec. 220. Annual passes for recreation.
Sec. 221. Cooperative agreements for environmental and recreational measures.
Sec. 222. Nonstructural flood control projects.
Sec. 223. Lakes program.
Sec. 224. Construction of flood control projects by non-Federal interests.
Sec. 225. Enhancement of fish and wildlife resources.
Sec. 226. Sense of Congress; requirement regarding notice.
Sec. 227. Periodic beach nourishment.
Sec. 228. Environmental dredging.
Sec. 229. Wetlands mitigation.

TITLE III—PROJECT-RELATED PROVISIONS

Sec. 301. Missouri River Levee System.
Sec. 302. Ouzinkie Harbor, Alaska.
Sec. 303. Greers Ferry Lake, Arkansas.
Sec. 304. Ten- and Fifteen-Mile Bayous, Arkansas.
Sec. 305. Loggy Bayou, Red River below Denison Dam, Arkansas, Louisiana, Oklahoma, and Texas.
Sec. 306. Sacramento River, Glenn-Colusa, California.
Sec. 307. San Lorenzo River, California.
Sec. 308. Terminus Dam, Kaweah River, California.
Sec. 309. Delaware River mainstem and channel deepening, Delaware, New Jersey, and Pennsylvania.
Sec. 310. Potomac River, Washington, District of Columbia.
Sec. 311. Brevard County, Florida.
Sec. 312. Broward County and Hillsboro Inlet, Florida.
Sec. 313. Fort Pierce, Florida.
Sec. 314. Nassau County, Florida.
Sec. 315. Miami Harbor Channel, Florida.
Sec. 316. Lake Michigan, Illinois.
Sec. 317. Springfield, Illinois.
Sec. 318. Little Calumet River, Indiana.
Sec. 319. Ogden Dunes, Indiana.
Sec. 320. Saint Joseph River, South Bend, Indiana.
Sec. 321. White River, Indiana.
Sec. 322. Lake Pontchartrain, Louisiana.
Sec. 323. Larose to Golden Meadow, Louisiana.
Sec. 324. Louisiana State Penitentiary Levee, Louisiana.
Sec. 325. Twelve-mile Bayou, Caddo Parish, Louisiana.
Sec. 326. West Bank of the Mississippi River (East of Harvey Canal), Louisiana.
Sec. 327. Tolchester Channel, Baltimore Harbor and channels, Chesapeake Bay, Kent County, Maryland.
Sec. 328. Sault Sainte Marie, Chippewa County, Michigan.
Sec. 329. Jackson County, Mississippi.
Sec. 330. Tunica Lake, Mississippi.
Sec. 331. Bois Brule Drainage and Levee District, Missouri.
Sec. 332. Meramec River Basin, Valley Park Levee, Missouri.
Sec. 333. Missouri River mitigation project, Missouri, Kansas, Iowa, and Nebraska.
Sec. 334. Wood River, Grand Island, Nebraska.
Sec. 335. Absecon Island, New Jersey.
Sec. 336. New York Harbor and Adjacent Channels, Port Jersey, New Jersey
Sec. 337. Passaic River, New Jersey.
Sec. 338. Sandy Hook to Barnegat Inlet, New Jersey.
Sec. 339. Arthur Kill, New York and New Jersey.
Sec. 340. New York City watershed.
Sec. 341. New York State Canal System.
Sec. 342. Fire Island Inlet to Montauk Point, New york.
Sec. 343. Broken Bow Lake, Red River Basin, Oklahoma.
Sec. 344. Willamette River temperature control, Mckenzie Subbasin, Oregon.
Sec. 345. Aylesworth Creek Reservoir, Pennsylvania.
Sec. 346. Curwensville Lake, Pennsylvania.
Sec. 347. Delaware River, Pennsylvania and Delaware.
Sec. 348. Mussers Dam, Pennsylvania.
Sec. 349. Nine-Mile Run, Allegheny County, Pennsylvania.
Sec. 350. Raystown Lake, Pennsylvania.
Sec. 351. South Central Pennsylvania.
Sec. 352. Cooper River, Charleston Harbor, South Carolina.
Sec. 353. Bowie County Levee, Texas.
Sec. 354. Clear Creek, Texas.
Sec. 355. Cypress Creek, Texas.
Sec. 356. Dallas Floodway Extension, Dallas, Texas.
Sec. 357. Upper Jordan River, Utah.
Sec. 358. Elizabeth River, Chesapeake, Virginia.
Sec. 359. Bluestone Lake, Ohio River Basin, West Virginia.
Sec. 360. Greenbrier Basin, West Virginia.
Sec. 361. Moorefield, West Virginia.
Sec. 362. West Virginia and Pennsylvania Flood Control.
Sec. 363. Project reauthorizations.
Sec. 364. Project deauthorizations.
Sec. 365. American and Sacramento Rivers, California.
Sec. 366. Martin, Kentucky.
Sec. 367. Southern West Virginia pilot program.
Sec. 368. Black Warrior and Tombigbee Rivers, Jackson, Alabama.
Sec. 369. Tropicana Wash and Flamingo Wash, Nevada.
Sec. 370. Comite River, Louisiana.
Sec. 371. St. Mary's River, Michigan.
Sec. 372. City of Charlxvoix: reimbursement, Michigan.

TITLE IV—STUDIES

Sec. 401. Upper Mississippi and Illinois Rivers levees and streambanks protection.
Sec. 402. Upper Mississippi River comprehensive plan.
Sec. 403. El Dorado, Union County, Arkansas.
Sec. 404. Sweetwater Reservoir, San Diego County, California.
Sec. 405. Whitewater River Basin, California.
Sec. 406. Little Econlackhatchee River Basin, Florida.
Sec. 407. Port Everglades Inlet, Florida.
Sec. 408. Upper Des Plaines River and tributaries, Illinois and Wisconsin.
Sec. 409. Cameron Parish west of Calcasieu River, Louisiana.
Sec. 410. Grand Isle and vicinity, Louisiana.
Sec. 411. Lake Pontchartrain seawall, Louisiana.
Sec. 412. Westport, Massachusetts.
Sec. 413. Southwest Valley, Albuquerque, New Mexico.
Sec. 414. Cayuga Creek, New York.
Sec. 415. Arcola Creek Watershed, Madison, Ohio.
Sec. 416. Western Lake Erie Basin, Ohio, Indiana, and Michigan.
Sec. 417. Schuylkill River, Norristown, Pennsylvania.
Sec. 418. Lakes Marion and Moultrie, South Carolina.
Sec. 419. Day County, South Dakota.
Sec. 420. Corpus Christi, Texas.
Sec. 421. Mitchell's Cut Channel (Caney Fork Cut), Texas.
Sec. 422. Mouth of Colorado River, Texas.
Sec. 423. Kanawha River, Fayette County, West Virginia.
Sec. 424. West Virginia ports.
Sec. 425. Great Lakes region comprehensive study.
Sec. 426. Nutrient loading resulting from dredged material disposal.
Sec. 427. Santee Delta focus area, South Carolina.
Sec. 428. Del Norte County, California.
Sec. 429. St. Clair River and Lake St. Clair, Michigan.
Sec. 430. Cumberland County, Tennessee.

TITLE V—MISCELLANEOUS PROVISIONS

Sec. 501. Corps assumption of NRCS projects.
Sec. 502. Construction assistance.
Sec. 503. Contaminated sediment dredging technology.
Sec. 504. Dam safety.
Sec. 505. Great Lakes remedial action plans.
Sec. 506. Sea Lamprey control measures in the Great Lakes.
Sec. 507. Maintenance of navigation channels.
Sec. 508. Measurement of Lake Michigan diversions.
Sec. 509. Upper Mississippi River environmental management program.
Sec. 510. Atlantic Coast of New York monitoring.
Sec. 511. Water control management.
Sec. 512. Beneficial use of dredged material.
Sec. 513. Design and construction assistance.
Sec. 514. Lower Missouri River aquatic restoration projects.
Sec. 515. Aquatic resources restoration in the Northwest.
Sec. 516. Innovative technologies for watershed restoration.
Sec. 517. Environmental restoration.
Sec. 518. Expedited consideration of certain projects.
Sec. 519. Dog River, Alabama.

Sec. 520. Elba, Alabama.
Sec. 521. Geneva, Alabama.
Sec. 522. Navajo Reservation, Arizona, New Mexico, and Utah.
Sec. 523. Augusta and Devalls Bluff, Arkansas.
Sec. 524. Beaver Lake, Arkansas.
Sec. 525. Beaver Lake trout production facility, Arkansas.
Sec. 526. Chino Dairy Preserve, California.
Sec. 527. Novato, California.
Sec. 528. Orange and San Diego Counties, California.
Sec. 529. Salton Sea, California.
Sec. 530. Santa Cruz Harbor, California.
Sec. 531. Point Beach, Milford, Connecticut.
Sec. 532. Lower St. Johns River Basin, Florida.
Sec. 533. Shoreline protection and environmental restoration, Lake Allatoona, Georgia.
Sec. 534. Mayo's Bar Lock and Dam, Coosa River, Rome, Georgia.
Sec. 535. Comprehensive flood impact response modeling system, Coralville Reservoir and Iowa River Watershed, Iowa.
Sec. 536. Additional construction assistance in Illinois.
Sec. 537. Kanopolis Lake, Kansas.
Sec. 538. Southern and Eastern Kentucky.
Sec. 539. Southeast Louisiana.
Sec. 540. Snug Harbor, Maryland.
Sec. 541. Welch Point, Elk River, Cecil County, and Chesapeake City, Maryland.
Sec. 542. West View Shores, Cecil County, Maryland.
Sec. 543. Restoration projects for Maryland, Pennsylvania, and West Virginia.
Sec. 544. Cape Cod Canal Railroad Bridge, Buzzards Bay, Massachusetts.
Sec. 545. St. Louis, Missouri.
Sec. 546. Beaver Branch of Big Timber Creek, New Jersey.
Sec. 547. Lake Ontario and St. Lawrence River water levels, New York.
Sec. 548. New York-New Jersey Harbor, New York and New Jersey.
Sec. 549. Sea Gate Reach, Coney Island, New York, New York.
Sec. 550. Woodlawn, New York.
Sec. 551. Floodplain mapping, New York.
Sec. 552. White Oak River, North Carolina.
Sec. 553. Toussaint River, Carroll Township, Ottawa County, Ohio.
Sec. 554. Sardis Reservoir, Oklahoma.
Sec. 555. Waurika Lake, Oklahoma, water conveyance facilities.
Sec. 556. Skinner Butte Park, Eugene, Oregon.
Sec. 557. Willamette River basin, Oregon.
Sec. 558. Bradford and Sullivan Counties, Pennsylvania.
Sec. 559. Erie Harbor, Pennsylvania.
Sec. 560. Point Marion Lock And Dam, Pennsylvania.
Sec. 561. Seven Points' Harbor, Pennsylvania.
Sec. 562. Southeastern Pennsylvania.
Sec. 563. Upper Susquehanna-Lackawanna watershed restoration initiative.
Sec. 564. Aguadilla Harbor, Puerto Rico.
Sec. 565. Oahe Dam to Lake Sharpe, South Dakota, study.
Sec. 566. Integrated water management planning, Texas.
Sec. 567. Bolivar Peninsula, Jefferson, Chambers, and Galveston Counties, Texas.
Sec. 568. Galveston Beach, Galveston County, Texas.
Sec. 569. Packery Channel, Corpus Christi, Texas.
Sec. 570. Northern West Virginia.
Sec. 571. Urbanized peak flood management research.
Sec. 572. Mississippi River Commission.
Sec. 573. Coastal aquatic habitat management.
Sec. 574. West Baton Rouge Parish, Louisiana.
Sec. 575. Abandoned and inactive noncoal mine restoration.
Sec. 576. Beneficial use of waste tire rubber.
Sec. 577. Site designation.
Sec. 578. Land conveyances.
Sec. 579. Namings.
Sec. 580. Folsom Dam and Reservoir additional storage and additional flood control studies.
Sec. 581. Wallops Island, Virginia.
Sec. 582. Detroit River, Detroit, Michigan.
Sec. 583. Northeastern Minnesota.
Sec. 584. Alaska.
Sec. 585. Central West Virginia.
Sec. 586. Sacramento Metropolitan area watershed restoration, California.
Sec. 587. Onondaga Lake.
Sec. 588. East Lynn Lake, West Virginia.
Sec. 589. Eel River, California.
Sec. 590. North Little Rock, Arkansas.
Sec. 591. Upper Mississippi River, Mississippi Place, St. Paul, Minnesota.

SEC. 2. SECRETARY DEFINED.

In this Act, the term "Secretary" means the Secretary of the Army.

TITLE I—WATER RESOURCES PROJECTS

SEC. 101. PROJECT AUTHORIZATIONS.

(a) PROJECTS WITH CHIEF'S REPORTS.—The following projects for water resources development and conservation and other purposes are authorized to be carried out by the Secretary substantially in accordance with the plans, and subject to the conditions, described in the respective reports designated in this subsection:

(1) SAND POINT HARBOR, ALASKA.—The project for navigation, Sand Point Harbor, Alaska: Report of the Chief of Engineers dated October 13, 1998, at a total cost of $11,760,000, with an estimated Federal cost of $6,964,000 and an estimated non-Federal cost of $4,796,000.

(2) RIO SALADO, SALT RIVER, PHOENIX AND TEMPE, ARIZONA.—The project for flood control and environmental restoration, Rio Salado, Salt River, Phoenix and Tempe, Arizona: Report of the Chief of Engineers dated August 20, 1998, at a total cost of $88,048,000, with an estimated Federal cost of $56,355,000 and an estimated non-Federal cost of $31,693,000.

(3) TUCSON DRAINAGE AREA, ARIZONA.—The project for flood control, Tucson drainage area, Arizona: Report of the Chief of Engineers, dated May 20, 1998, at a total cost of $29,900,000, with an estimated Federal cost of $16,768,000 and an estimated non-Federal cost of $13,132,000.

(4) AMERICAN RIVER WATERSHED, CALIFORNIA.—

(A) IN GENERAL.—The Folsom Dam Modification portion of the Folsom Modification Plan described in the United States Army Corps of Engineers Supplemental Information Report for the American River Watershed Project, California, dated March 1996, as modified by the report entitled "Folsom Dam Modification Report, New Outlets Plan," dated March 1998, prepared by the Sacramento Area Flood Control Agency, at an estimated cost of $150,000,000, with an estimated Federal cost of $97,500,000 and an estimated non-Federal cost of $52,500,000. The Secretary shall coordinate with the Secretary of the Interior with respect to the design and construction of modifications at Folsom Dam authorized by this paragraph.

(B) REOPERATION MEASURES.—Upon completion of the improvements to Folsom Dam authorized by subparagraph (A), the variable space allocated to flood control within the Reservoir shall be reduced from the current operating range of 400,000-670,000 acre-feet to 400,000-600,000 acre-feet.

(C) MAKEUP OF WATER SHORTAGES CAUSED BY FLOOD CONTROL OPERATION.—The Secretary of the Interior shall enter into, or modify, such agreements with the Sacramento Area Flood Control Agency regarding the operation of Folsom Dam and reservoir as may be necessary in order that, notwithstanding any prior agreement or provision of law, 100 percent of the water needed to make up for any water shortage caused by variable flood control operation during any year at Folsom Dam and resulting in a significant impact on recreation at Folsom Reservoir shall be replaced, to the extent the water is available for purchase, by the Secretary of the Interior.

(D) SIGNIFICANT IMPACT ON RECREATION.—For the purposes of this paragraph, a significant impact on recreation is defined as any impact that results in a lake elevation at Folsom Reservoir below 435 feet above sea level starting on May 15 and ending on September 15 of any given year.

(5) OAKLAND HARBOR, CALIFORNIA.—The project for navigation, Oakland Harbor, California: Report of the Chief of Engineers dated April 21, 1999, at a total cost of $252,290,000, with an estimated Federal cost of $128,081,000 and an estimated non-Federal cost of $124,209,000.

(6) SOUTH SACRAMENTO COUNTY STREAMS, CALIFORNIA.—The project for flood control, environmental restoration and recreation, South Sacramento County streams, California: Report of the Chief of Engineers dated October 6, 1998, at a total cost of $65,500,000, with an estimated Federal cost of $41,200,000 and an estimated non-Federal cost of $24,300,000.

(7) UPPER GUADALUPE RIVER, CALIFORNIA.—The project for flood control and recreation, Upper Guadalupe River, California: Locally Preferred Plan (known as the "Bypass Channel Plan"), Report of the Chief of Engineers dated August 19, 1998, at a total cost of $140,328,000, with an estimated Federal cost of $70,164,000 and an estimated non-Federal cost of $70,164,000.

(8) YUBA RIVER BASIN, CALIFORNIA.—The project for flood control, Yuba River Basin, California: Report of the Chief of Engineers dated November 25, 1998, at a total cost of $26,600,000, with an estimated Federal cost of $17,350,000 and an estimated non-Federal cost of $9,250,000.

(9) DELAWARE BAY COASTLINE, DELAWARE AND NEW JERSEY-BROADKILL BEACH, DELAWARE.—The project for hurricane and storm damage reduction, Delaware Bay coastline, Delaware and New Jersey-Broadkill Beach, Delaware: Report of the Chief of Engineers dated August 17, 1998, at a total cost of $9,049,000, with an estimated Federal cost of $5,674,000 and an estimated non-Federal cost of $3,375,000, and at an estimated average annual cost of $538,200 for periodic nourishment over the 50-year life of the project, with an estimated annual Federal cost of $349,800 and an estimated annual non-Federal cost of $188,400.

(10) DELAWARE BAY COASTLINE, DELAWARE AND NEW JERSEY-PORT MAHON, DELAWARE.—The project for ecosystem restoration, Delaware Bay coastline, Delaware and New Jersey-Port Mahon, Delaware: Report of the Chief of Engineers dated September 28, 1998, at a total cost of $7,644,000, with an estimated Federal cost of $4,969,000 and an estimated non-Federal cost of $2,675,000, and at an estimated average annual cost of $234,000 for periodic nourishment over the 50-year life of the project, with an estimated annual Federal cost of $152,000 and an estimated annual non-Federal cost of $82,000.

(11) DELAWARE BAY COASTLINE, DELAWARE AND NEW JERSEY-ROOSEVELT INLET-LEWES BEACH, DELAWARE.—The project for navigation mitigation and hurricane and storm damage reduction, Delaware Bay coastline, Delaware and New Jersey-Roosevelt Inlet-Lewes Beach, Delaware: Report of the Chief of Engineers dated February 3, 1999, at a total cost of $3,393,000, with an estimated Federal cost of $2,620,000 and

an estimated non-Federal cost of $773,000, and at an estimated average annual cost of $196,000 for periodic nourishment over the 50-year life of the project, with an estimated annual Federal cost of $152,000 and an estimated annual non-Federal cost of $44,000.

(12) DELAWARE BAY COASTLINE, DELAWARE AND NEW JERSEY-VILLAS AND VICINITY, NEW JERSEY.—The project for shore protection and ecosystem restoration, Delaware Bay coastline, Delaware and New Jersey-Villas and vicinity, New Jersey: Report of the Chief of Engineers dated April 21, 1999, at a total cost of $7,520,000, with an estimated Federal cost of $4,888,000 and an estimated non-Federal cost of $2,632,000.

(13) DELAWARE COAST FROM CAPE HENELOPEN TO FENWICK ISLAND, BETHANY BEACH/SOUTH BETHANY BEACH, DELAWARE.—The project for hurricane and storm damage reduction, Delaware Coast from Cape Henelopen to Fenwick Island, Bethany Beach/South Bethany Beach, Delaware: Report of the Chief of Engineers dated April 21, 1999, at a total cost of $22,205,000, with an estimated Federal cost of $14,433,000 and an estimated non-Federal cost of $7,772,000, and at an estimated average annual cost of $1,584,000 for periodic nourishment over the 50-year life of the project, with an estimated annual Federal cost of $1,030,000 and an estimated annual non-Federal cost of $554,000.

(14) JACKSONVILLE HARBOR, FLORIDA.—

(A) IN GENERAL.—The project for navigation, Jacksonville Harbor, Florida: Report of the Chief of Engineers April 21, 1999, at a total cost of $26,116,000, with an estimated Federal cost of $9,129,000 and an estimated non-Federal cost of $16,987,000.

(B) SPECIAL RULE.—Notwithstanding subparagraph (A), the Secretary may construct the project to a depth of 40 feet if the non-Federal interest agrees to pay any additional costs above those for the recommended plan.

(15) TAMPA HARBOR-BIG BEND CHANNEL, FLORIDA.—The project for navigation, Tampa Harbor-Big Bend Channel, Florida: Report of the Chief of Engineers dated October 13, 1998, at a total cost of $9,356,000, with an estimated Federal cost of $6,235,000 and an estimated non-Federal cost of $3,121,000.

(16) BRUNSWICK HARBOR, GEORGIA.—The project for navigation, Brunswick Harbor, Georgia: Report of the Chief of Engineers dated October 6, 1998, at a total cost of $50,717,000, with an estimate Federal cost of $32,966,000 and an estimated non-Federal cost of $17,751,000.

(17) BEARGRASS CREEK, KENTUCKY.—The project for flood control, Beargrass Creek, Kentucky: Report of the Chief of Engineers, dated May 12, 1998, at a total cost of $11,171,300, with an estimated Federal cost of $7,261,500 and an estimated non-Federal cost of $3,909,800.

(18) AMITE RIVER AND TRIBUTARIES, LOUISIANA.—The project for flood control, Amite River and tributaries, Louisiana: Report of the Chief of Engineers dated December 23, 1996, at a total cost of $112,900,000, with an estimated Federal cost of $84,675,000 and an estimated non-Federal cost of $28,225,000. Cost sharing for the project shall be determined in accordance with section 103(a) of the Water Resources Development Act of 1986 (33 U.S.C. 2213), as in effect on October 11, 1996.

(19) BALTIMORE HARBOR ANCHORAGES AND CHANNELS, MARYLAND AND VIRGINIA.—The project for navigation, Baltimore harbor anchorages and channels, Maryland and Virginia: Report of the Chief of Engineers, dated June 8, 1998, at a total cost of $28,430,000, with an estimated Federal cost of $19,000,000 and an estimated non-Federal cost of $9,430,000.

(20) RED RIVER LAKE AT CROOKSTON, MINNESOTA.—The project for flood control, Red River Lake at Crookston, Minnesota: Report of the Chief of Engineers, dated April 20, 1998, at a total cost of $8,950,000, with an estimated Federal cost of $5,720,000 and an estimated non-Federal cost of $3,230,000.

(21) TURKEY CREEK BASIN, KANSAS CITY, MISSOURI, AND KANSAS CITY, KANSAS.—The project for flood damage reduction, Turkey Creek Basin, Kansas City, Missouri, and Kansas City, Kansas: Report of the Chief of Engineers dated April 21, 1999, at a total cost of $42,875,000, with an estimated Federal cost of $25,596,000 and an estimated non-Federal cost of $17,279,000.

(22) LOWER CAPE MAY MEADOWS, CAPE MAY POINT, NEW JERSEY.—The project for navigation mitigation, ecosystem restoration, and hurricane and storm damage reduction, Lower Cape May Meadows, Cape May Point, New Jersey: Report of the Chief of Engineers dated April 5, 1999, at a total cost of $15,952,000, with an estimated Federal cost of $12,118,000 and an estimated non-Federal cost of $3,834,000, and at an estimated average annual cost of $1,114,000 for periodic nourishment over the 50-year life of the project, with an estimated annual Federal cost of $897,000 and an estimated annual non-Federal cost of $217,000.

(23) NEW JERSEY SHORE PROTECTION: TOWNSENDS INLET TO CAPE MAY INLET, NEW JERSEY.—The project for hurricane and storm damage reduction and ecosystem restoration, New Jersey Shore Protection: Townsends Inlet to Cape May Inlet, New Jersey: Report of the Chief of Engineers dated September 28, 1998, at a total cost of $56,503,000, with an estimated Federal cost of $36,727,000 and an estimated non-Federal cost of $19,776,000, and at an estimated average annual cost of $2,000,000 for periodic nourishment over the 50-year life of the project, with an estimated annual Federal cost of $1,300,000 and an estimated annual non-Federal cost of $700,000.

(24) GUANAJIBO RIVER, PUERTO RICO.—The project for flood control, Guanajibo River, Puerto Rico: Report of the Chief of Engineers, dated February 27, 1996, at a total cost of $27,031,000, with an estimated Federal cost of $20,273,250 and an estimated non-Federal cost of $6,757,750. Cost sharing for the project shall be determined in accordance with section 103(a) of the Water Resources Development Act 1986 (33 U.S.C. 2213) as in effect on October 11, 1986.

(25) RIO GRANDE DE MANATI, BARCELONETA, PUERTO RICO.—The project for flood control, Rio Grande De Manati, Barceloneta, Puerto Rico: Report of the Chief of Engineers, dated January 22, 1999, at a total cost of $13,491,000, with an estimated Federal cost of $8,785,000 and an estimated non-Federal cost of $4,706,000.

(26) RIO NIGUA AT SALINAS, PUERTO RICO.—The project for flood control, Rio Nigua at Salinas, Puerto Rico: Report of the Chief of Engineers, dated April 15, 1997, at a total cost of $13,702,000, with an estimated Federal cost of $7,645,000 and an estimated non-Federal cost of $6,057,000.

(27) SALT CREEK, GRAHAM, TEXAS.—The project for flood control, environmental restoration and recreation, Salt Creek, Graham, Texas: Report of the Chief of Engineers dated October 6, 1998, at a total cost of $10,080,000, with an estimated Federal cost of $6,560,000 and an estimated non-Federal cost of $3,520,000.

(b) PROJECTS SUBJECT TO REPORT.—The following projects for water resources development and conservation and other purposes are authorized to be carried out by the Secretary substantially in accordance with the plans, and subject to the conditions, recommended in a final report of the Corps of Engineers, if the report is completed not later than September 30, 1999.

(1) NOME, ALASKA.—The project for navigation, Nome, Alaska, at a total cost of $24,608,000, with an estimated Federal cost of $19,660,000 and an estimated non-Federal cost of $4,948,000.

(2) SEWARD HARBOR, ALASKA.—The project for navigation, Seward Harbor, Alaska, at a total cost of $12,240,000, with an estimated Federal cost of $4,364,000 and an estimated non-Federal cost of $7,876,000.

(3) HAMILTON AIRFIELD, CALIFORNIA.—The project for wetlands restoration, Hamilton Airfield, California, at a total cost of $55,200,000, with an estimated Federal cost of $41,400,000 and an estimated non-Federal cost of $13,800,000.

(4) DELAWARE BAY COASTLINE, DELAWARE AND NEW JERSEY: OAKWOOD BEACH, NEW JERSEY.—The project for shore protection, Delaware Bay Coastline, Delaware and New Jersey: Oakwood Beach, New Jersey, at a total cost of $3,360,000, with an estimated Federal cost of $2,184,000 and an estimated non-Federal cost of $1,176,000.

(5) DELAWARE BAY COASTLINE, DELAWARE AND NEW JERSEY: REEDS BEACH AND PIERCES POINT, NEW JERSEY.—The project for shore protection and ecosystem restoration, Delaware Bay Coastline, Delaware and New Jersey: Reeds Beach and Pierces Point, New Jersey, at a total cost of $4,057,000, with an estimated Federal cost of $2,637,000 and an estimated non-Federal cost of $1,420,000.

(6) LITTLE TALBOT ISLAND, DUVAL COUNTY, FLORIDA.—The project for hurricane and storm damage prevention, Little Talbot Island, Duval County, Florida, at a total cost of $5,915,000, with an estimated Federal cost of $3,839,000 and an estimated non-Federal cost of $2,076,000.

(7) PONCE DE LEON INLET, FLORIDA.—The project for navigation and related purposes, Ponce de Leon Inlet, Volusia County, Florida, at a total cost of $5,454,000, with an estimated Federal cost of $2,988,000 and an estimated non-Federal cost of $2,466,000.

(8) SAVANNAH HARBOR EXPANSION, GEORGIA.—

(A) IN GENERAL.—Subject to subparagraph (B), the project for navigation, Savannah Harbor expansion, Georgia, including implementation of the mitigation plan, with such modifications as the Secretary deems appropriate, at a total cost of $230,174,000 (of which amount a portion is authorized for implementation of the mitigation plan), with an estimated Federal cost of $145,160,000 and an estimated non-Federal cost of $85,014,000.

(B) CONDITIONS.—The project authorized by subparagraph (A) may be carried out only after—

(i) the Secretary, in consultation with affected Federal, State of Georgia, State of South Carolina, regional, and local entities, has reviewed and approved an environmental impact statement for the project that includes—

(I) an analysis of the impacts of project depth alternatives ranging from 42 feet through 48 feet; and

(II) a selected plan for navigation and an associated mitigation plan as required by section 906(a) of the Water Resources Development Act of 1986 (33 U.S.C. 2283); and

(ii) the Secretary of the Interior, the Secretary of Commerce, the Administrator of the Environmental Protection Agency, and the Secretary have approved the selected plan and have determined that the mitigation plan adequately addresses the potential environmental impacts of the project.

(C) MITIGATION REQUIREMENTS.—The mitigation plan shall be implemented in advance of or concurrently with construction of the project.

(9) DES PLAINES RIVER, ILLINOIS.—The project for flood control, Des Plaines River, Illinois, at a total cost of $44,300,000 with an estimated Federal cost of $28,800,000 and an estimated non-Federal cost of $15,500,000.

(10) NEW JERSEY SHORE PROTECTION, BRIGANTINE INLET TO GREAT EGG HARBOR, BRIGANTINE ISLAND, NEW JERSEY.—The project for hurricane and storm damage reduction, New Jersey shore protection, Brigantine Inlet to Great Egg Harbor, Brigantine Island, New Jersey, at a total

cost of $4,970,000, with an estimated Federal cost of $3,230,000 and an estimated non-Federal cost of $1,740,000, and at an estimated average annual cost of $465,000 for periodic nourishment over the 50-year life of the project, with an estimated annual Federal cost of $302,000 and an estimated annual non-Federal cost of $163,000.

(11) COLUMBIA RIVER CHANNEL, OREGON AND WASHINGTON.—The project for navigation, Columbia River Channel, Oregon and Washington, at a total cost of $183,623,000 with an estimated Federal cost $106,132,000 and an estimated non-Federal cost of $77,491,000.

(12) JOHNSON CREEK, ARLINGTON, TEXAS.—The locally preferred project for flood control, Johnson Creek, Arlington, Texas, at a total cost of $20,300,000, with an estimated Federal cost of $12,000,000 and an estimated non-Federal cost of $8,300,000.

(13) HOWARD HANSON DAM, WASHINGTON.—The project for water supply and ecosystem restoration, Howard Hanson Dam, Washington, at a total cost of $75,600,000, with an estimated Federal cost of $36,900,000 and an estimated non-Federal cost of $38,700,000.

SEC. 102. SMALL FLOOD CONTROL PROJECTS.

(a) IN GENERAL.—The Secretary shall conduct a study for each of the following projects and, after completion of such study, shall carry out the project under section 205 of the Flood Control Act of 1948 (33 U.S.C. 701s):

(1) LANCASTER, CALIFORNIA.—Project for flood control, Lancaster, California, westside stormwater retention facility.

(2) GATEWAY TRIANGLE AREA, FLORIDA.—Project for flood control, Gateway Triangle area, Collier County, Florida.

(3) PLANT CITY, FLORIDA.—Project for flood control, Plant City, Florida.

(4) STONE ISLAND, LAKE MONROE, FLORIDA.—Project for flood control, Stone Island, Lake Monroe, Florida.

(5) OHIO RIVER, ILLINOIS.—Project for flood control, Ohio River, Illinois.

(6) REPAUPO CREEK, NEW JERSEY.—Project for flood control, Repaupo Creek, New Jersey.

(7) OWASCO LAKE SEAWALL, NEW YORK.—Project for flood control, Owasco Lake seawall, New York.

(8) PORT CLINTON, OHIO.—Project for flood control, Port Clinton, Ohio.

(9) NORTH CANADIAN RIVER, OKLAHOMA.—Project for flood control, North Canadian River, Oklahoma.

(10) ABINGTON TOWNSHIP, PENNSYLVANIA.—Project for flood control, Baeder and Wanamaker Roads, Abington Township, Pennsylvania.

(11) PORT INDIAN, WEST NORRITON TOWNSHIP, MONTGOMERY COUNTY, PENNSYLVANIA.—Project for flood control, Port Indian, West Norriton Township, Montgomery County, Pennsylvania.

(12) PORT PROVIDENCE, UPPER PROVIDENCE TOWNSHIP, PENNSYLVANIA.—Project for flood control, Port Providence, Upper Providence Township, Pennsylvania.

(13) SPRINGFIELD TOWNSHIP, MONTGOMERY COUNTY, PENNSYLVANIA.—Project for flood control, Springfield Township, Montgomery County, Pennsylvania.

(14) FIRST CREEK, KNOXVILLE, TENNESSEE.—Project for flood control, First Creek, Knoxville, Tennessee.

(15) METRO CENTER LEVEE, CUMBERLAND RIVER, NASHVILLE, TENNESSEE.—Project for flood control, Metro Center Levee, Cumberland River, Nashville, Tennessee.

(b) FESTUS AND CRYSTAL CITY, MISSOURI.—

(1) MAXIMUM FEDERAL EXPENDITURE.—The maximum amount of Federal funds that may be expended for the project for flood control, Festus and Crystal City, Missouri, shall be $10,000,000.

(2) REVISION OF PROJECT COOPERATION AGREEMENT.—The Secretary shall revise the project cooperation agreement for the project referred to in paragraph (1) to take into account the change in the Federal participation in such project pursuant to paragraph (1).

(3) COST SHARING.—Nothing in this section shall be construed to affect any cost-sharing requirement applicable to the project referred to in paragraph (1) under the Water Resources Development Act of 1986.

SEC. 103. SMALL BANK STABILIZATION PROJECTS.

The Secretary shall conduct a study for each of the following projects and, after completion of such study, shall carry out the project under section 14 of the Flood Control Act of 1946 (33 U.S.C. 701r):

(1) SAINT JOSEPH RIVER, INDIANA.—Project for streambank erosion control, Saint Joseph River, Indiana.

(2) SAGINAW RIVER, BAY CITY, MICHIGAN.—Project for streambank erosion control, Saginaw River, Bay City, Michigan.

(3) BIG TIMBER CREEK, NEW JERSEY.—Project for streambank erosion control, Big Timber Creek, New Jersey.

(4) LAKE SHORE ROAD, ATHOL SPRINGS, NEW YORK.—Project for streambank erosion control, Lake Shore Road, Athol Springs, New York.

(5) MARIST COLLEGE, POUGHKEEPSIE, NEW YORK.—Project for streambank erosion control, Marist College, Poughkeepsie, New York.

(6) MONROE COUNTY, OHIO.—Project for streambank erosion control, Monroe County, Ohio.

(7) GREEN VALLEY, WEST VIRGINIA.—Project for streambank erosion control, Green Valley, West Virginia.

SEC. 104. SMALL NAVIGATION PROJECTS.

The Secretary shall conduct a study for each of the following projects and, after completion of such study, shall carry out the project under section 107 of the River and Harbor Act of 1960 (33 U.S.C. 577):

(1) GRAND MARAIS, ARKANSAS.—Project for navigation, Grand Marais, Arkansas.

(2) FIELDS LANDING CHANNEL, HUMBOLDT HARBOR, CALIFORNIA.—Project for navigation, Fields Landing Channel, Humboldt Harbor, California.

(3) SAN MATEO (PILLAR POINT HARBOR), CALIFORNIA.—Project for navigation San Mateo (Pillar Point Harbor), California.

(4) AGANA MARINA, GUAM.—Project for navigation, Agana Marina, Guam.

(5) AGAT MARINA, GUAM.—Project for navigation, Agat Marina, Guam.

(6) APRA HARBOR FUEL PIERS, GUAM.—Project for navigation, Apra Harbor Fuel Piers, Guam.

(7) APRA HARBOR PIER F–6, GUAM.—Project for navigation, Apra Harbor Pier F–6, Guam.

(8) APRA HARBOR SEAWALL, GUAM.—Project for navigation including a seawall, Apra Harbor, Guam.

(9) GUAM HARBOR, GUAM.—Project for navigation, Guam Harbor, Guam.

(10) ILLINOIS RIVER NEAR CHAUTAUQUA PARK, ILLINOIS.—Project for navigation, Illinois River near Chautauqua Park, Illinois.

(11) WHITING SHORELINE WATERFRONT, WHITING, INDIANA.—Project for navigation, Whiting Shoreline Waterfront, Whiting, Indiana.

(12) NARAGUAGUS RIVER, MACHIAS, MAINE.—Project for navigation, Naraguagus River, Machias, Maine.

(13) UNION RIVER, ELLSWORTH, MAINE.—Project for navigation, Union River, Ellsworth, Maine.

(14) DETROIT WATERFRONT, MICHIGAN.—Project for navigation, Detroit River, Michigan, including dredging and removal of a reef.

(15) FORTESCUE INLET, DELAWARE BAY, NEW JERSEY.—Project for navigation for Fortescue Inlet, Delaware Bay, New Jersey.

(16) BUFFALO AND LASALLE PARK, NEW YORK.—Project for navigation, Buffalo and LaSalle Park, New York.

(17) STURGEON POINT, NEW YORK.—Project for navigation, Sturgeon Point, New York.

(18) FAIRPORT HARBOR, OHIO.—Project for navigation, Fairport Harbor, Ohio, including a recreation channel.

SEC. 105. SMALL PROJECTS FOR IMPROVEMENT OF THE ENVIRONMENT.

(a) IN GENERAL.—The Secretary shall conduct a study for each of the following projects and, after completion of such study, shall carry out the project under section 1135 of the Water Resources Development Act of 1986 (33 U.S.C. 2309a):

(1) ILLINOIS RIVER IN THE VICINITY OF HAVANA, ILLINOIS.—Project for the improvement of the environment, Illinois River in the vicinity of Havana, Illinois.

(2) KNITTING MILL CREEK, VIRGINIA.—Project for the improvement of the environment, Knitting Mill Creek, Virginia.

(b) PINE FLAT DAM, KINGS RIVER, CALIFORNIA.—The Secretary shall carry out under section 1135(a) of the Water Resources Development Act of 1986 (33 U.S.C. 2309a(a)) a project to construct a turbine bypass at Pine Flat Dam, Kings River, California, in accordance with the Project Modification Report and Environmental Assessment dated September 1996.

SEC. 106. SMALL AQUATIC ECOSYSTEM RESTORATION PROJECTS.

The Secretary shall conduct a study for each of the following projects and, after completion of such study, shall carry out the project under section 206 of the Water Resources Development Act of 1996 (33 U.S.C. 2330):

(1) CONTRA COSTA COUNTY, BAY DELTA, CALIFORNIA.—Project for aquatic ecosystem restoration, Contra Costa County, Bay Delta, California.

(2) INDIAN RIVER, FLORIDA.—Project for aquatic ecosystem restoration and lagoon restoration, Indian River, Florida.

(3) LITTLE WEKIVA RIVER, FLORIDA.—Project for aquatic ecosystem restoration and erosion control, Little Wekiva River, Florida.

(4) COOK COUNTY, ILLINOIS.—Project for aquatic ecosystem restoration and lagoon restoration and protection, Cook County, Illinois.

(5) GRAND BATTURE ISLAND, MISSISSIPPI.—Project for aquatic ecosystem restoration, Grand Batture Island, Mississippi.

(6) HANCOCK, HARRISON, AND JACKSON COUNTIES, MISSISSIPPI.—Project for aquatic ecosystem restoration and reef restoration along the Gulf Coast, Hancock, Harrison, and Jackson Counties, Mississippi.

(7) MISSISSIPPI RIVER AND RIVER DES PERES, ST. LOUIS, MISSOURI.—Project for aquatic ecosystem restoration and recreation, Mississippi River and River Des Peres, St. Louis, Missouri.

(8) HUDSON RIVER, NEW YORK.—Project for aquatic ecosystem restoration, Hudson River, New York.

(9) ONEIDA LAKE, NEW YORK.—Project for aquatic ecosystem restoration, Oneida Lake, Oneida County, New York.

(10) OTSEGO LAKE, NEW YORK.—Project for aquatic ecosystem restoration, Otsego Lake, Otsego County, New York.

(11) NORTH FORK OF YELLOW CREEK, OHIO.—Project for aquatic ecosystem restoration, North Fork of Yellow Creek, Ohio.

(12) WHEELING CREEK WATERSHED, OHIO.—Project for aquatic ecosystem restoration, Wheeling Creek watershed, Ohio.

(13) SPRINGFIELD MILLRACE, OREGON.—Project for aquatic ecosystem restoration, Springfield Millrace, Oregon.

(14) UPPER AMAZON CREEK, OREGON.—Project for aquatic ecosystem restoration, Upper Amazon Creek, Oregon.

(15) LAKE ONTELAUNEE RESERVOIR, BERKS COUNTY, PENNSYLVANIA.—Project for aquatic ecosystem restoration and distilling pond facilities, Lake Ontelaunee Reservoir, Berks County, Pennsylvania.

(16) Blackstone River Basin, Rhode Island and Massachusetts.—Project for aquatic ecosystem restoration and fish passage facilities, Blackstone River Basin, Rhode Island and Massachusetts.

TITLE II—GENERAL PROVISIONS

SEC. 201. SMALL FLOOD CONTROL AUTHORITY.

Section 205 of the Flood Control Act of 1948 (33 U.S.C. 701s) is amended—

(1) by striking "construction of small projects" and inserting "implementation of small structural and nonstructural projects"; and

(2) by striking "$5,000,000" and inserting "$7,000,000".

SEC. 202. USE OF NON-FEDERAL FUNDS FOR COMPILING AND DISSEMINATING INFORMATION ON FLOODS AND FLOOD DAMAGES.

The last sentence of section 206(b) of the Flood Control Act of 1960 (33 U.S.C. 709a(b)) is amended by inserting before the period the following: "; except that this limitation on fees shall not apply to funds voluntarily contributed by such entities for the purpose of expanding the scope of the services requested by such entities".

SEC. 203. CONTRIBUTIONS BY STATES AND POLITICAL SUBDIVISIONS.

Section 5 of the Flood Control Act of June 22, 1936 (33 U.S.C. 701h), is amended by inserting "or environmental restoration" after "flood control".

SEC. 204. SEDIMENT DECONTAMINATION TECHNOLOGY.

Section 405 of the Water Resources Development Act of 1992 (33 U.S.C. 2239 note; 106 Stat. 4863) is amended—

(1) by adding at the end of subsection (a) the following:

"(4) Practical end-use products.—Technologies selected for demonstration at the pilot scale shall be intended to result in practical end-use products.

"(5) Assistance by the Secretary.—The Secretary shall assist the project to ensure expeditious completion by providing sufficient quantities of contaminated dredged material to conduct the full-scale demonstrations to stated capacity.";

(2) in subsection (c) by striking the first sentence and inserting the following: "There is authorized to be appropriated to carry out this section $22,000,000 to complete technology testing, technology commercialization, and the development of full scale processing facilities within the New York/New Jersey Harbor."; and

(3) by adding at the end the following:

"(e) Support.—In carrying out the program under this section, the Secretary is encouraged to utilize contracts, cooperative agreements, and grants with colleges and universities and other non-Federal entities.".

SEC. 205. CONTROL OF AQUATIC PLANTS.

Section 104 of the River and Harbor Act of 1958 (33 U.S.C. 610) is amended—

(1) in subsection (a) by inserting "arundo," after "milfoil,";

(2) in subsection (b) by striking "$12,000,000" and inserting "$15,000,000."; and

(3) by adding at the end the following:

"(c) Support.—In carrying out this program, the Secretary is encouraged to utilize contracts, cooperative agreements, and grants with colleges and universities and other non-Federal entities.".

SEC. 206. USE OF CONTINUING CONTRACTS REQUIRED FOR CONSTRUCTION OF CERTAIN PROJECTS.

(a) In General.—Notwithstanding any other provision of law, the Secretary shall not implement a fully allocated funding policy with respect to a water resources project if initiation of construction has occurred but sufficient funds are not available to complete the project. The Secretary shall enter into continuing contracts for such project.

(b) Initiation of Construction Clarified.—For the purposes of this section, initiation of construction for a project occurs on the date of the enactment of an Act that appropriates funds for the project from one of the following appropriation accounts:

(1) Construction, General.

(2) Operation and Maintenance, General.

(3) Flood Control, Mississippi River and Tributaries.

SEC. 207. SUPPORT OF ARMY CIVIL WORKS PROGRAM.

The requirements of section 2361 of title 10, United States Code, shall not apply to any contract, cooperative research and development agreement, cooperative agreement, or grant entered into under section 229 of the Water Resources Development Act of 1996 (110 Stat. 3703) between the Secretary and Marshall University or entered into under section 350 of this Act between the Secretary and Juniata College.

SEC. 208. WATER RESOURCES DEVELOPMENT STUDIES FOR THE PACIFIC REGION.

Section 444 of the Water Resources Development Act of 1996 (110 Stat. 3747) is amended by striking "interest of navigation" and inserting "interests of water resources development, including navigation, flood damage reduction, and environmental restoration".

SEC. 209. EVERGLADES AND SOUTH FLORIDA ECOSYSTEM RESTORATION.

(a) Program Extension.—Section 528(b)(3) of the Water Resources Development Act of 1996 (110 Stat. 3769) is amended—

(1) in subparagraph (B) by striking "1999" and inserting "2000"; and

(2) in subparagraph (C)(i) by striking "1999" and inserting "2003".

(b) Credit.—Section 528(b)(3) of such Act is amended by adding at the end the following:

"(D) Credit of past and future activities.—The Secretary may provide a credit to the non-Federal interests toward the non-Federal share of a project implemented under subparagraph (A). The credit shall be for reasonable costs of work performed by the non-Federal interests if the Secretary determines that the work substantially expedited completion of the project and is compatible with and an integral part of the project, and the credit is provided pursuant to a specific project cooperation agreement.".

(c) Caloosahatchee River Basin, Florida.—Section 528(e)(4) of such Act is amended by inserting before the period at the end of the first sentence the following: "if the Secretary determines that such land acquisition is compatible with and an integral component of the Everglades and South Florida ecosystem restoration, including potential land acquisition in the Caloosahatchee River basin or other areas".

SEC. 210. BENEFICIAL USES OF DREDGED MATERIAL.

Section 204 of the Water Resources Development Act of 1992 (106 Stat. 4826–4827) is amended—

(1) in subsection (c) by striking "cooperative agreement in accordance with the requirements of section 221 of the Flood Control Act of 1970" and inserting "binding agreement with the Secretary"; and

(2) by adding at the end the following:

"(g) Non-Federal Interests.—Notwithstanding section 221(b) of the Flood Control Act of 1968 (42 U.S.C. 1962d–5b(b)), the Secretary, after coordination with the appropriate State and local government officials having jurisdiction over an area in which a project under this section will be carried out, may allow a nonprofit entity to serve as the non-Federal interest for the project.".

SEC. 211. HARBOR COST SHARING.

(a) In General.—Sections 101 and 214 of the Water Resources Development Act of 1986 (33 U.S.C. 2211 and 2241; Public Law 99–662) are amended by striking "45 feet" each place it appears and inserting "53 feet".

(b) Applicability.—The amendments made by subsection (a) shall only apply to a project, or separable element thereof, on which a contract for physical construction has not been awarded before the date of the enactment of this Act.

SEC. 212. AQUATIC ECOSYSTEM RESTORATION.

Section 206 of the Water Resources Development Act of 1996 (110 Stat. 3679–3680) is amended—

(1) by adding at the end of subsection (b) the following: "Before October 1, 2003, the Federal share may be provided in the form of grants or reimbursements of project costs."; and

(2) by adding at the end of subsection (c) the following: "Notwithstanding section 221(b) of the Flood Control Act of 1970 (42 U.S.C. 1962d–5b(b)), the Secretary, after coordination with the appropriate State and local government officials having jurisdiction over an area in which a project under this section will be carried out, may allow a nonprofit entity to serve as the non-Federal interest for the project.".

SEC. 213. WATERSHED MANAGEMENT, RESTORATION, AND DEVELOPMENT.

(a) Nonprofit Entity as Non-Federal Interest.—Section 503(a) of the Water Resources Development Act of 1996 (110 Stat. 3756) is amended by adding at the end the following: "Notwithstanding section 221(b) of the Flood Control Act of 1970 (42 U.S.C. 1962d–5b(b)), the Secretary, after coordination with the appropriate State and local government officials having jurisdiction over an area in which a project under this section will be carried out, may allow a nonprofit entity to serve as the non-Federal interest for the project.".

(b) Project Locations.—Section 503(d) of such Act is amended—

(1) in paragraph (7) by inserting before the period at the end ", including Clear Lake"; and

(2) by adding at the end the following:

"(14) Fresno Slough watershed, California.

"(15) Hayward Marsh, Southern San Francisco Bay watershed, California.

"(16) Kaweah River watershed, California.

"(17) Malibu Creek watershed, California.

"(18) Illinois River watershed, Illinois.

"(19) Catawba River watershed, North Carolina.

"(20) Cabin Creek basin, West Virginia.

"(21) Lower St. Johns River basin, Florida.".

SEC. 214. FLOOD MITIGATION AND RIVERINE RESTORATION PILOT PROGRAM.

(a) In General.—The Secretary may undertake a program for the purpose of conducting projects that reduce flood hazards and restore the natural functions and values of rivers throughout the United States.

(b) Studies and Projects.—

(1) Authority.—In carrying out the program, the Secretary may conduct studies to identify appropriate flood damage reduction, conservation, and restoration measures and may design and implement projects described in subsection (a).

(2) Consultation and coordination.—The studies and projects carried out under this section shall be conducted, to the maximum extent practicable, in consultation and coordination with the Federal Emergency Management Agency and other appropriate Federal agencies, and in consultation and coordination with appropriate State, tribal, and local agencies.

(3) Nonstructural approaches.—The studies and projects shall emphasize, to the maximum extent practicable and appropriate, nonstructural approaches to preventing or reducing flood damages.

(4) USE OF STATE, TRIBAL, AND LOCAL STUDIES AND PROJECTS.—The studies and projects shall include consideration of and coordination with any State, tribal, and local flood damage reduction or riverine and wetland restoration studies and projects that conserve, restore, and manage hydrologic and hydraulic regimes and restore the natural functions and values of floodplains.

(c) COST-SHARING REQUIREMENTS.—

(1) STUDIES.—Studies conducted under this section shall be subject to cost sharing in accordance with section 105 of the Water Resources Development Act of 1986 (33 U.S.C. 2215).

(2) ENVIRONMENTAL RESTORATION AND NONSTRUCTURAL FLOOD CONTROL PROJECTS.—The non-Federal interests shall pay 35 percent of the cost of any environmental restoration or nonstructural flood control project carried out under this section. The non-Federal interests shall provide all land, easements, rights-of-way, dredged material disposal areas, and relocations necessary for such projects. The value of such land, easements, rights-of-way, dredged material disposal areas, and relocations shall be credited toward the payment required under this paragraph.

(3) STRUCTURAL FLOOD CONTROL PROJECTS.—Any structural flood control measures carried out under this section shall be subject to cost sharing in accordance with section 103(a) of the Water Resources Development Act of 1986 (33 U.S.C. 2213(a)).

(4) OPERATION AND MAINTENANCE.—The non-Federal interests shall be responsible for all costs associated with operating, maintaining, replacing, repairing, and rehabilitating all projects carried out under this section.

(d) PROJECT JUSTIFICATION.—

(1) IN GENERAL.—Notwithstanding any other provision of law or requirement for economic justification established pursuant to section 209 of the Flood Control Act of 1970 (42 U.S.C. 1962–2), the Secretary may implement a project under this section if the Secretary determines that the project—

(A) will significantly reduce potential flood damages;

(B) will improve the quality of the environment; and

(C) is justified considering all costs and beneficial outputs of the project.

(2) ESTABLISHMENT OF SELECTION AND RATING CRITERIA AND POLICIES.—Not later than 180 days after the date of the enactment of this section, the Secretary, in cooperation with State, tribal, and local agencies, shall develop, and transmit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works of the Senate, criteria for selecting and rating projects to be carried out under this section and shall establish policies and procedures for carrying out the studies and projects undertaken under this section. Such criteria shall include, as a priority, the extent to which the appropriate State government supports the project.

(e) PRIORITY AREAS.—In carrying out this section, the Secretary shall examine the potential for flood damage reductions at appropriate locations, including the following:

(1) Upper Delaware River, New York.

(2) Willamette River floodplain, Oregon.

(3) Pima County, Arizona, at Paseo De Las Iglesias and Rillito River.

(4) Los Angeles and San Gabriel Rivers, California.

(5) Murrieta Creek, California.

(6) Napa County, California, at Yountville, St. Helena, Calistoga, and American Canyon.

(7) Santa Clara basin, California, at Upper Guadalupe River and tributaries, San Francisquito Creek, and Upper Penitencia Creek.

(8) Pine Mount Creek, New Jersey.

(9) Chagrin River, Ohio.

(10) Blair County, Pennsylvania, at Altoona and Frankstown Township.

(11) Lincoln Creek, Wisconsin.

(f) PROGRAM REVIEW.—

(1) IN GENERAL.—The program established under this section shall be subject to an independent review to evaluate the efficacy of the program in achieving the dual goals of flood hazard mitigation and riverine restoration.

(2) REPORT.—Not later than April 15, 2003, the Secretary shall transmit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works of the Senate a report on the findings of the review conducted under this subsection with any recommendations concerning continuation of the program.

(g) COST LIMITATIONS.—

(1) MAXIMUM FEDERAL COST PER PROJECT.—No more than $30,000,000 may be expended by the United States on any single project under this section.

(2) COMMITTEE RESOLUTION PROCEDURE.—

(A) LIMITATION ON APPROPRIATIONS.—No appropriation shall be made to construct any project under this section the total Federal cost of construction of which exceeds $15,000,000 if the project has not been approved by resolutions adopted by the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works of the Senate.

(B) REPORT.—For the purpose of securing consideration of approval under this paragraph, the Secretary shall transmit a report on the proposed project, including all relevant data and information on all costs.

(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section—

(1) $25,000,000 for fiscal year 2000;

(2) $25,000,000 for fiscal year 2001 if $12,500,000 or more is appropriated to carry out subsection (e) for fiscal year 2000;

(3) $25,000,000 for fiscal year 2002 if $12,500,000 or more is appropriated to carry out subsection (e) for fiscal year 2001; and

(4) $25,000,000 for fiscal year 2003 if $12,500,000 or more is appropriated to carry out subsection (e) for fiscal year 2002.

SEC. 215. SHORELINE MANAGEMENT PROGRAM.

(a) REVIEW.—The Secretary shall review the implementation of the Corps of Engineers' shoreline management program, with particular attention to inconsistencies in implementation among the divisions and districts of the Corps of Engineers and complaints by or potential inequities regarding property owners in the Savannah District including an accounting of the number and disposition of complaints over the last 5 years in the District.

(b) REPORT.—As expeditiously as practicable after the date of the enactment of this Act, the Secretary shall transmit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works of the Senate a report describing the results of the review conducted under subsection (a).

SEC. 216. ASSISTANCE FOR REMEDIATION, RESTORATION, AND REUSE.

(a) IN GENERAL.—The Secretary may provide to State and local governments assessment, planning, and design assistance for remediation, environmental restoration, or reuse of areas located within the boundaries of such State or local governments where such remediation, environmental restoration, or reuse will contribute to the conservation of water and related resources of drainage basins and watersheds within the United States.

(b) BENEFICIAL USE OF DREDGED MATERIAL.—In providing assistance under subsection (a), the Secretary shall encourage the beneficial use of dredged material, consistent with the findings of the Secretary under section 204 of the Water Resources Development Act of 1992 (33 U.S.C. 2326).

(c) NON-FEDERAL SHARE.—The non-Federal share of the cost of assistance provided under subsection (a) shall be 50 percent.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $3,000,000 for each of fiscal years 2000 through 2004.

SEC. 217. SHORE DAMAGE MITIGATION.

(a) IN GENERAL.—Section 111 of the River and Harbor Act of 1968 (33 U.S.C. 426i; 100 Stat. 4199) is amended by inserting after "navigation works" the following: "and shore damages attributable to the Atlantic Intracoastal Waterway and the Gulf Intracoastal Waterway".

(b) PALM BEACH COUNTY, FLORIDA.—The project for navigation, Palm Beach County, Florida, authorized by section 2 of the River and Harbor Act of March 2, 1945 (59 Stat. 11), is modified to authorize the Secretary to undertake beach nourishment as a dredged material disposal option under the project.

(c) GALVESTON COUNTY, TEXAS.—The Secretary may place dredged material from the Gulf Intracoastal Waterway on the beaches along Rollover Pass, Galveston County, Texas, to stabilize beach erosion.

SEC. 218. SHORE PROTECTION.

(a) NON-FEDERAL SHARE OF PERIODIC NOURISHMENT.—Section 103(d) of the Water Resources Development Act of 1986 (100 Stat. 4085–5086) is amended—

(1) by inserting "(1) CONSTRUCTION.—" before "Costs of constructing";

(2) by inserting at the end the following:

"(2) PERIODIC NOURISHMENT.—

"(A) IN GENERAL.—Subject to subparagraph (B), the non-Federal share of costs of periodic nourishment measures for shore protection or beach erosion control that are carried out—

"(i) after January 1, 2001, shall be 40 percent;

"(ii) after January 1, 2002, shall be 45 percent; and

"(iii) after January 1, 2003, shall be 50 percent;

"(B) BENEFITS TO PRIVATELY OWNED SHORES.—All costs assigned to benefits of periodic nourishment measures to privately owned shores (where use of such shores is limited to private interests) or to prevention of losses of private lands shall be borne by the non-Federal interest and all costs assigned to the protection of federally owned shores for such measures shall be borne by the United States."; and

(C) by indenting paragraph (1) (as designated by subparagraph (A) of this paragraph) and aligning such paragraph with paragraph (2) (as added by subparagraph (B) of this paragraph).

(b) UTILIZATION OF SAND FROM OUTER CONTINENTAL SHELF.—Section 8(k)(2)(B) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(k)(2)(B)) is amended by striking "an agency of the Federal Government" and inserting "a Federal, State, or local government agency".

(c) REPORT ON NATION'S SHORELINES.—

(1) IN GENERAL.—Not later than 3 years after the date of the enactment of this Act, the Secretary shall report to Congress on the state of the Nation's shorelines.

(2) CONTENTS.—The report shall include—

(A) a description of the extent of, and economic and environmental effects caused by, erosion and accretion along the Nation's shores and the causes thereof;

(B) a description of resources committed by local, State, and Federal governments to restore and renourish shorelines;

(C) a description of the systematic movement of sand along the Nation's shores; and

(D) recommendations regarding (i) appropriate levels of Federal and non-Federal participation in shoreline protection, and (ii) utilization of a systems approach to sand management.

(3) UTILIZATION OF SPECIFIC LOCATION DATA.—In developing the report, the Secretary shall utilize data from specific locations on the Atlantic, Pacific, Great Lakes, and Gulf of Mexico coasts.

(d) NATIONAL COASTAL DATA BANK.—

(1) ESTABLISHMENT OF DATA BANK.—Not later than 2 years after the date of the enactment of this Act, the Secretary shall establish a national coastal data bank containing data on the geophysical and climatological characteristics of the Nation's shorelines.

(2) CONTENT.—To the extent practical, the national coastal data bank shall include data regarding current and predicted shoreline positions, information on federally-authorized shore protection projects, and data on the movement of sand along the Nation's shores, including impediments to such movement caused by natural and manmade features.

(3) ACCESS.—The national coastal data bank shall be made readily accessible to the public.

SEC. 219. FLOOD PREVENTION COORDINATION.

Section 206 of the Flood Control Act of 1960 (33 U.S.C. 709a) is amended—

(1) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and

(2) by inserting after subsection (a) the following:

"(b) FLOOD PREVENTION COORDINATION.—The Secretary shall coordinate with the Director of the Federal Emergency Management Agency and the heads of other Federal agencies to ensure that flood control projects and plans are complementary and integrated to the extent practicable and appropriate.".

SEC. 220. ANNUAL PASSES FOR RECREATION.

Section 208(c)(4) of the Water Resources Development Act of 1996 (16 U.S.C. 460d note; 110 Stat. 3680) is amended by striking "1999, or the date of transmittal of the report under paragraph (3)" and inserting "2003".

SEC. 221. COOPERATIVE AGREEMENTS FOR ENVIRONMENTAL AND RECREATIONAL MEASURES.

(a) IN GENERAL.—The Secretary is authorized to enter into cooperative agreements with non-Federal public bodies and non-profit entities for the purpose of facilitating collaborative efforts involving environmental protection and restoration, natural resources conservation, and recreation in connection with the development, operation, and management of water resources projects under the jurisdiction of the Department of the Army.

(b) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Secretary shall transmit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works of the Senate a report that includes—

(1) a listing and general description of the cooperative agreements entered into by the Secretary with non-Federal public bodies and entities under subsection (a);

(2) a determination of whether such agreements are facilitating collaborative efforts; and

(3) a recommendation on whether such agreements should be further encouraged.

SEC. 222. NONSTRUCTURAL FLOOD CONTROL PROJECTS.

(a) ANALYSIS OF BENEFITS.—Section 308 of the Water Resources Development Act of 1990 (33 U.S.C. 2318; 104 Stat. 4638) is amended—

(1) in the heading to subsection (a) by inserting "ELEMENTS EXCLUDED FROM" before "BENEFIT-COST";

(2) by redesignating subsections (b) through (e) as subsections (c) through (f), respectively; and

(3) by inserting after subsection (a) the following:

"(b) FLOOD DAMAGE REDUCTION BENEFITS.—In calculating the benefits of a proposed project for nonstructural flood damage reduction, the Secretary shall calculate benefits of nonstructural projects using methods similar to structural projects, including similar treatment in calculating the benefits from losses avoided from both structural and nonstructural alternatives. In carrying out this subsection, the Secretary should avoid double counting of benefits.".

(b) REEVALUATION OF FLOOD CONTROL PROJECTS.—At the request of a non-Federal interest for a flood control project, the Secretary shall conduct a reevaluation of a previously authorized project to consider nonstructural alternatives in light of the amendments made by subsection (a).

(c) COST SHARING.—Section 103(b) of the Water Resources Development Act of 1986 (33 U.S.C. 2213(b)) is amended by adding at the end the following: "At any time during construction of the project, where the Secretary determines that the costs of lands, easements, rights-of-way, dredged material disposal areas, and relocations in combination with other costs contributed by the non-Federal interests will exceed 35 percent, any additional costs for the project, but not to exceed 65 percent of the total costs of the project, shall be a Federal responsibility and shall be contributed during construction as part of the Federal share.".

SEC. 223. LAKES PROGRAM.

Section 602(a) of the Water Resources Development Act of 1986 (110 Stat. 3758) is amended—

(1) by striking "and" at the end of paragraph (15);

(2) by striking the period at the end of paragraph (16) and inserting a semicolon; and

(3) by adding at the end the following:

"(17) Clear Lake, Lake County, California, removal of silt and aquatic growth and measures to address excessive sedimentation and high nutrient concentration;

"(18) Osgood Pond, Milford, Hillsborough County, New Hampshire, removal of silt and aquatic growth and measures to address excessive sedimentation; and

"(19) Flints Pond, Hollis, Hillsborough County, New Hampshire, removal of silt and aquatic growth and measures to address excessive sedimentation.".

SEC. 224. CONSTRUCTION OF FLOOD CONTROL PROJECTS BY NON-FEDERAL INTERESTS.

(a) CONSTRUCTION BY NON-FEDERAL INTERESTS.—Section 211(d)(1) of the Water Resources Development Act of 1996 (33 U.S.C. 701b–13(d)(1)) is amended—

(1) by striking "(b) or";

(2) by striking "Any non-Federal" and inserting the following:

"(A) STUDIES AND DESIGN ACTIVITIES UNDER SUBSECTION (b).—A non-Federal interest may only carry out construction for which studies and design documents are prepared under subsection (b) if the Secretary approves such construction. The Secretary shall approve such construction unless the Secretary determines, in writing, that the design documents do not meet standard practices for design methodologies or that the project is not economically justified or environmentally acceptable or does not meet the requirements for obtaining the appropriate permits required under the Secretary's authority. The Secretary shall not unreasonably withhold approval. Nothing in this subparagraph may be construed to affect any regulatory authority of the Secretary.

"(B) STUDIES AND DESIGN ACTIVITIES UNDER SUBSECTION (c).—Any non-Federal"; and

(3) by aligning the remainder of subparagraph (B) (as designated by paragraph (2) of this subsection) with subparagraph (A) (as inserted by paragraph (2) of this subsection).

(b) CONFORMING AMENDMENT.—Section 211(d)(2) of such Act is amended by inserting "(other than paragraph (1)(A))" after "this subsection".

(c) REIMBURSEMENT.—

(1) IN GENERAL.—Section 211(e)(1) of such Act is amended—

(A) in the matter preceding subparagraph (1) by inserting after "constructed pursuant to this section" the following: "and provide credit for the non-Federal share of the project";

(B) by striking "and" at the end of subparagraph (A);

(C) by striking the period at the end of subparagraph (B) and inserting "; and"; and

(D) by adding at the end the following:

"(C) if the construction work is reasonably equivalent to Federal construction work.".

(2) SPECIAL RULES.—Section 211(e)(2)(A) of such Act is amended—

(A) by striking "subject to amounts being made available in advance in appropriations Acts" and inserting "subject to appropriations"; and

(B) by inserting after "the cost of such work" the following: ", or provide credit (depending on the request of the non-Federal interest) for the non-Federal share of such work,".

(3) SCHEDULE AND MANNER OF REIMBURSEMENTS.—Section 211(e) of such Act (33 U.S.C. 701b–13(e)) is amended by adding at the end the following:

"(6) SCHEDULE AND MANNER OF REIMBURSEMENT.—

"(A) BUDGETING.—The Secretary shall budget and request appropriations for reimbursements under this section on a schedule that is consistent with a Federal construction schedule.

"(B) COMMENCEMENT OF REIMBURSEMENTS.—Reimbursements under this section may commence upon approval of a project by the Secretary.

"(C) CREDIT.—At the request of a non-Federal interest, the Secretary may reimburse the non-Federal interest by providing credit toward future non-Federal costs of the project.

"(D) SCHEDULING.—Nothing in this paragraph shall affect the President's discretion to schedule new construction starts.".

SEC. 225. ENHANCEMENT OF FISH AND WILDLIFE RESOURCES.

Section 906(e) of the Water Resources Development Act of 1986 (33 U.S.C. 2283(e)) is amended by inserting after the second sentence the following: "Not more than 80 percent of the non-Federal share of such first costs may be satisfied through in-kind contributions, including facilities, supplies, and services that are necessary to carry out the enhancement project.".

SEC. 226. SENSE OF CONGRESS; REQUIREMENT REGARDING NOTICE.

(a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—It is the sense of Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available under this Act should be American made.

(b) NOTICE TO RECIPIENTS OF ASSISTANCE.—In providing financial assistance under this Act, the Secretary, to the greatest extent practicable, shall provide to each recipient of the assistance a notice describing the statement made in subsection (a).

SEC. 227. PERIODIC BEACH NOURISHMENT.

(a) IN GENERAL.—Section 506(a) of the Water Resources Development Act of 1996 (110 Stat. 3757) is amended by adding at the end the following:

"(5) LEE COUNTY, FLORIDA.—Project for shoreline protection, Lee County, Captiva Island segment, Florida.".

(b) PROJECTS.—Section 506(b)(3) of such Act (110 Stat. 3758) is amended by striking subparagraph (A) and redesignating subparagraphs (B) *through (D) as subparagraphs (A) through (C), respectively.*

SEC. 228. ENVIRONMENTAL DREDGING.

Section 312 of the Water Resources Development Act of 1990 (104 Stat. 4639–4640) is amended—

(1) in subsection (b)(1) by striking "50" and inserting "35"; and

(2) in subsection (d) by striking "non-Federal responsibility" and inserting "shared as a cost of construction".

SEC. 229. WETLANDS MITIGATION.

In carrying out a water resources project that involves wetlands mitigation and that has an impact that occurs within the service area of a mitigation bank, the Secretary, to the maximum extent practicable and where appropriate, shall give preference to the use of the mitigation bank if the bank contains sufficient available credits to offset the impact and the bank is approved in accordance with the Federal Guidance for the Establishment, Use and Operation of Mitigation Banks (60 Fed. Reg. 58605 (November 28, 1995)) or other applicable Federal law (including regulations).

TITLE III—PROJECT-RELATED PROVISIONS

SEC. 301. MISSOURI RIVER LEVEE SYSTEM.

The project for flood control, Missouri River Levee System, authorized by section 10 of the Act entitled "An Act authorizing the construction of certain public works on rivers and harbors for flood control, and other purposes", approved December 22, 1944 (58 Stat. 897), is modified to provide that project costs totaling $2,616,000 expended on Units L–15, L–246, and L–385 out of the Construction, General account of the Corps of Engineers before the date of the enactment of the Water Resources Development Act of 1986 (33 U.S.C. 2201 note) shall not be treated as part of total project costs.

SEC. 302. OUZINKIE HARBOR, ALASKA.

(a) MAXIMUM FEDERAL EXPENDITURE.—The maximum amount of Federal funds that may be expended for the project for navigation, Ouzinkie Harbor, Alaska, shall be $8,500,000.

(b) REVISION OF PROJECT COOPERATION AGREEMENT.—The Secretary shall revise the project cooperation agreement for the project referred to in subsection (a) to take into account the change in the Federal participation in such project pursuant to subsection (a).

(c) COST SHARING.—Nothing in this section shall be construed to affect any cost-sharing requirement applicable to the project referred to in subsection (a) under the Water Resources Development Act of 1986.

SEC. 303. GREERS FERRY LAKE, ARKANSAS.

The project for flood control, Greers Ferry Lake, Arkansas, authorized by the Act entitled "An Act authorizing the construction of certain public works on rivers and harbors for flood control, and other purposes", approved June 28, 1938 (52 Stat. 1218), is modified to authorize the Secretary to construct water intake facilities for the benefit of Lonoke and White Counties, Arkansas.

SEC. 304. TEN- AND FIFTEEN-MILE BAYOUS, ARKANSAS.

The project for flood control, St. Francis River Basin, Missouri and Arkansas, authorized by section 204 of the Flood Control Act of 1950 (64 Stat. 172), is modified to expand the project boundaries to include Ten- and Fifteen-Mile Bayous near West Memphis, Arkansas. Notwithstanding section 103(f) of the Water Resources Development Act of 1986 (100 Stat. 4086), the flood control work at Ten- and Fifteen-Mile Bayous shall not be considered separable elements of the St. Francis River Basin project.

SEC. 305. LOGGY BAYOU, RED RIVER BELOW DENISON DAM, ARKANSAS, LOUISIANA, OKLAHOMA, AND TEXAS.

The project for flood control on the Red River Below Denison Dam, Arkansas, Louisiana, Oklahoma, and Texas, authorized by section 10 of the Flood Control Act of 1946 (60 Stat. 647), is modified to direct the Secretary to conduct a study to determine the feasibility of expanding the project to include mile 0.0 to mile 7.8 of Loggy Bayou between the Red River and Flat River. If the Secretary determines as a result of the study that the project should be expanded, the Secretary may assume responsibility for operation and maintenance of the expanded project.

SEC. 306. SACRAMENTO RIVER, GLENN-COLUSA, CALIFORNIA.

(a) IN GENERAL.—The project for flood control, Sacramento River, California, authorized by section 2 of the Act entitled "An Act to provide for the control of the floods of the Mississippi River and of the Sacramento River, California, and for other purposes", approved March 1, 1917 (39 Stat. 949), and modified by section 102 of the Energy and Water Development Appropriations Act, 1990 (103 Stat. 649), section 301(b)(3) of the Water Resources Development Act of 1996 (110 Stat. 3110), and title I of the Energy and Water Development Appropriations Act, 1999 (112 Stat. 1841), is further modified to authorize the Secretary—

(1) to carry out the portion of the project at Glenn-Colusa, California, at a total cost of $26,000,000, with an estimated Federal cost of $20,000,000 and an estimated non-Federal cost of $6,000,000; and

(2) to carry out bank stabilization work in the vicinity of the riverbed gradient facility, particularly in the vicinity of River Mile 208.

(b) CREDIT.—The Secretary shall provide the non-Federal interests for the project referred to in subsection (a) a credit of up to $4,000,000 toward the non-Federal share of the project costs for the direct and indirect costs incurred by the non-Federal sponsor in carrying out activities associated with environmental compliance for the project. Such credit may be in the form of reimbursements for costs which were incurred by the non-Federal interests prior to an agreement with the Corps of Engineers, to include the value of lands, easements, rights-of-way, relocations, or dredged material disposal areas.

SEC. 307. SAN LORENZO RIVER, CALIFORNIA.

The project for flood control and habitat restoration, San Lorenzo River, California, authorized by section 101(a)(5) of the Water Resources Development Act of 1996 (110 Stat. 3663), is modified to authorize the Secretary to expand the boundaries of the project to include bank stabilization for a 1,000-foot portion of the San Lorenzo River.

SEC. 308. TERMINUS DAM, KAWEAH RIVER, CALIFORNIA.

(a) TRANSFER OF TITLE TO ADDITIONAL LAND.—If the non-Federal interests for the project for flood control and water supply, Terminus Dam, Kaweah River, California, authorized by section 101(b)(5) of the Water Resources Development Act of 1996 (110 Stat. 3667), transfers to the Secretary without consideration title to perimeter lands acquired for the project by the non-Federal interests, the Secretary may accept the transfer of such title.

(b) LANDS, EASEMENT, AND RIGHTS-OF-WAY.—Nothing in this section shall be construed to change, modify, or otherwise affect the responsibility of the non-Federal interests to provide lands, easements, rights-of-way, relocations, and dredged material disposal areas necessary for the Terminus Dam project and to perform operation and maintenance for the project.

(c) OPERATION AND MAINTENANCE.—Upon request by the non-Federal interests, the Secretary shall carry out operation, maintenance, repair, replacement, and rehabilitation of the project if the non-Federal interests enter into a binding agreement with the Secretary to reimburse the Secretary for 100 percent of the costs of such operation, maintenance, repair, replacement, and rehabilitation.

(d) HOLD HARMLESS.—The non-Federal interests shall hold the United States harmless for ownership, operation, and maintenance of lands and facilities of the Terminus Dam project title to which is transferred to the Secretary under this section.

SEC. 309. DELAWARE RIVER MAINSTEM AND CHANNEL DEEPENING, DELAWARE, NEW JERSEY, AND PENNSYLVANIA.

The project for navigation, Delaware River Mainstem and Channel Deepening, Delaware, New Jersey and Pennsylvania, authorized by section 101(6) of the Water Resources Development Act of 1992 (106 Stat. 4802), is modified as follows:

(1) The Secretary is authorized to provide non-Federal interests credit toward cash contributions required for construction and subsequent to construction for engineering and design and construction management work that is performed by non-Federal interests and that the Secretary determines is necessary to implement the project. Any such credits extended shall reduce the Philadelphia District's private sector performance goals for engineering work by a like amount.

(2) The Secretary is authorized to provide to non-Federal interests credit toward cash contributions required during construction and subsequent to construction for the costs of construction carried out by the non-Federal interest on behalf of the Secretary and that the Secretary determines is necessary to implement the project.

(3) The Secretary is authorized to enter into an agreement with a non-Federal interest for the payment of disposal or tipping fees for dredged material from a Federal project other than for the construction or operation and maintenance of the new deepening project as described in the Limited Reevaluation Report of May 1997, where the non-Federal interest has supplied the corresponding disposal capacity.

(4) The Secretary is authorized to enter into an agreement with a non-Federal interest that will provide that the non-Federal interest may carry out or cause to have carried out, on behalf of the Secretary, a disposal area management program for dredged material disposal areas necessary to construct, operate, and maintain the project and to authorize the Secretary to reimburse the non-Federal interest for the costs of the disposal area management program activities carried out by the non-Federal interest.

SEC. 310. POTOMAC RIVER, WASHINGTON, DISTRICT OF COLUMBIA.

The project for flood control, Potomac River, Washington, District of Columbia, authorized by section 5 of the Flood Control Act of June 22, 1936 (69 Stat. 1574), and modified by section 301(a)(4) of the Water Resources Development Act of 1996 (110 Stat. 3707), is further modified to authorize the Secretary to construct the project at a Federal cost of $6,129,000.

SEC. 311. BREVARD COUNTY, FLORIDA.

(a) STUDY.—The Secretary, in cooperation with the non-Federal interest, shall conduct a study of any damage to the project for shoreline protection, Brevard County, Florida, authorized by section 101(b)(7) of the Water Resources Development Act of 1996 (110 Stat. 3667), to determine whether the damage is the result of a Federal navigation project.

(b) CONDITIONS.—In conducting the study, the Secretary shall utilize the services of an independent coastal expert who shall consider all relevant studies completed by the Corps of Engineers and the project's local sponsor. The study

shall be completed within 120 days of the date of the enactment of this Act.

(c) Mitigation of Damages.—After completion of the study, the Secretary shall mitigate any damage to the shoreline protection project that is the result of a Federal navigation project. The costs of the mitigation shall be allocated to the Federal navigation project as operation and maintenance.

SEC. 312. BROWARD COUNTY AND HILLSBORO INLET, FLORIDA.

The project for shoreline protection, Broward County and Hillsboro Inlet, Florida, authorized by section 301 of the River and Harbor Act of 1965 (79 Stat. 1090), is modified to authorize the Secretary to reimburse the non-Federal interest for the Federal share of the cost of preconstruction planning and design for the project upon execution of a contract to construct the project if the Secretary determines such work is compatible with and integral to the project.

SEC. 313. FORT PIERCE, FLORIDA.

(a) In General.—The project for shore protection and harbor mitigation, Fort Pierce, Florida, authorized by section 301 of the River and Harbor Act of 1965 (79 Stat. 1092) and section 506(a)(2) of the Water Resources Development Act of 1996 (110 Stat. 3757), is modified to incorporate an additional 1 mile into the project in accordance with a final approved General Reevaluation Report, at a total cost for initial nourishment for the entire project of $9,128,000, with an estimated Federal cost of $7,073,500 and an estimated non-Federal cost of $2,054,500.

(b) Period Nourishment.—Periodic nourishment is authorized for the project in accordance with section 506(a)(2) of Water Resources Development Act of 1996 (110 Stat. 3757).

(c) Revision of the Project Cooperation Agreement.—The Secretary shall revise the project cooperation agreement for the project referred to in subsection (a) to take into account the change in Federal participation in the project pursuant to subsection (a).

SEC. 314. NASSAU COUNTY, FLORIDA.

The project for beach erosion control, Nassau County (Amelia Island), Florida, authorized by section 3(a)(3) of the Water Resources Development Act of 1988 (102 Stat. 4013), is modified to authorize the Secretary to construct the project at a total cost of $17,000,000, with an estimated Federal cost of $13,300,000 and an estimated non-Federal cost of $3,700,000.

SEC. 315. MIAMI HARBOR CHANNEL, FLORIDA.

The project for navigation, Miami Harbor Channel, Florida, authorized by section 101(a)(9) of the Water Resources Development Act of 1990 (104 Stat. 4606), is modified to include construction of artificial reefs and related environmental mitigation required by Federal, State, and local environmental permitting agencies for the project.

SEC. 316. LAKE MICHIGAN, ILLINOIS.

The project for storm damage reduction and shoreline erosion protection, Lake Michigan, Illinois, from Wilmette, Illinois, to the Illinois-Indiana State line, authorized by section 101(a)(12) of the Water Resources Development Act of 1996 (110 Stat. 3664), is modified to authorize the Secretary to provide a credit against the non-Federal share of the cost of the project for costs incurred by the non-Federal interest—

(1) in constructing Reach 2D and Segment 8 of Reach 4 of the project; and

(2) in reconstructing Solidarity Drive in Chicago, Illinois, prior to entry into a project cooperation agreement with the Secretary.

SEC. 317. SPRINGFIELD, ILLINOIS.

Section 417 of the Water Resources Development Act of 1996 (110 Stat. 3743) is amended—

(1) by inserting "(a) In General.—" before "The Secretary"; and

(2) by adding at the end the following:

"(b) Cost Sharing.—The non-Federal share of assistance provided under this section before, on, or after the date of the enactment of this subsection shall be 50 percent.".

SEC. 318. LITTLE CALUMET RIVER, INDIANA.

The project for flood control, Little Calumet River, Indiana, authorized by section 401(a) of the Water Resources Development Act of 1986 (100 Stat. 4115), is modified to authorize the Secretary to construct the project substantially in accordance with the report of the Corps of Engineers, at a total cost of $167,000,000, with an estimated Federal cost of $122,000,000 and an estimated non-Federal cost of $45,000,000.

SEC. 319. OGDEN DUNES, INDIANA.

(a) Study.—The Secretary shall conduct a study of beach erosion in and around the town of Ogden Dunes, Indiana, to determine whether the damage is the result of a Federal navigation project.

(b) Mitigation of Damages.—After completion of the study, the Secretary shall mitigate any damage to the beach and shoreline that is the result of a Federal navigation project. The cost of the mitigation shall be allocated to the Federal navigation project as operation and maintenance.

SEC. 320. SAINT JOSEPH RIVER, SOUTH BEND, INDIANA.

(a) Maximum Total Expenditure.—The maximum total expenditure for the project for streambank erosion, recreation, and pedestrian access features, Saint Joseph River, South Bend, Indiana, shall be $7,800,000.

(b) Revision of Project Cooperation Agreement.—The Secretary shall revise the project cooperation agreement for the project referred to in subsection (a) to take into account the change in the Federal participation in such project pursuant to subsection (a).

(c) Cost Sharing.—Nothing in this section shall be construed to affect any cost-sharing requirement applicable to the project referred to in subsection (a) under title I of the Water Resources Development Act of 1986 (33 U.S.C. 2211 et seq.).

SEC. 321. WHITE RIVER, INDIANA.

The project for flood control, Indianapolis on West Fork of the White River, Indiana, authorized by section 5 of the Act entitled "An Act authorizing the construction of certain public works on rivers and harbors for flood control, and other purposes", approved June 22, 1936 (49 Stat. 1586), and modified by section 323 of the Water Resources Development Act of 1996 (110 Stat. 3716), is further modified to authorize the Secretary to undertake riverfront alterations as described in the Central Indianapolis Waterfront Concept Master Plan, dated February 1994, at a total cost of $110,975,000, with an estimated Federal cost of $52,475,000 and an estimated non-Federal cost of $58,500,000.

SEC. 322. LAKE PONTCHARTRAIN, LOUISIANA.

The project for hurricane-flood protection, Lake Pontchartrain, Louisiana, authorized by section 204 of the Flood Control Act of 1965 (79 Stat. 1077), is modified—

(1) to direct the Secretary to conduct a study to determine the feasibility of constructing a pump adjacent to each of the 4 proposed drainage structures for the Saint Charles Parish feature of the project; and

(2) to authorize the Secretary to construct such pumps upon completion of the study.

SEC. 323. LAROSE TO GOLDEN MEADOW, LOUISIANA.

The project for hurricane protection Larose to Golden Meadow, Louisiana, authorized by section 204 of the Flood Control Act of 1965 (79 Stat. 1077), is modified to direct the Secretary to convert the Golden Meadow floodgate into a navigation lock if the Secretary determines that the conversion is feasible.

SEC. 324. LOUISIANA STATE PENITENTIARY LEVEE, LOUISIANA.

The Louisiana State Penitentiary Levee project, Louisiana, authorized by section 401(a) of the Water Resources Development Act of 1986 (100 Stat. 4117), is modified to direct the Secretary to provide credit to the non-Federal interest toward the non-Federal share of the cost of the project. The credit shall be for cost of work performed by the non-Federal interest prior to the execution of a project cooperation agreement as determined by the Secretary to be compatible with and an integral part of the project.

SEC. 325. TWELVE-MILE BAYOU, CADDO PARISH, LOUISIANA.

The Secretary shall be responsible for maintenance of the levee along Twelve-Mile Bayou from its junction with the existing Red River Below Denison Dam Levee approximately 26 miles upstream to its terminus at high ground in the vicinity of Black Bayou, Caddo Parish, Louisiana, if the Secretary determines that such maintenance is economically justified and environmentally acceptable and that the levee was constructed in accordance with appropriate design and engineering standards.

SEC. 326. WEST BANK OF THE MISSISSIPPI RIVER (EAST OF HARVEY CANAL), LOUISIANA.

(a) In General.—The project for flood control and storm damage reduction, West Bank of the Mississippi River (East of Harvey Canal), Louisiana, authorized by section 401(b) of the Water Resources Development Act of 1986 (100 Stat. 4128) and section 101(a)(17) of the Water Resources Development Act of 1996 (110 Stat. 3665), is modified—

(1) to provide that any liability under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.) from the construction of the project is a Federal responsibility; and

(2) to authorize the Secretary to carry out operation and maintenance of that portion of the project included in the report of the Chief of Engineers, dated May 1, 1995, referred to as "Algiers Channel", if the non-Federal sponsor reimburses the Secretary for the amount of such operation and maintenance included in the report of the Chief of Engineers.

(b) Combination of Projects.—The Secretary shall carry out work authorized as part of the Westwego to Harvey Canal project, the East of Harvey Canal project, and the Lake Cataouatche modifications as a single project, to be known as the West Bank and vicinity, New Orleans, Louisiana, hurricane protection project, with a combined total cost of $280,300,000.

SEC. 327. TOLCHESTER CHANNEL, BALTIMORE HARBOR AND CHANNELS, CHESAPEAKE BAY, KENT COUNTY, MARYLAND.

The project for navigation, Tolchester Channel, Baltimore Harbor and Channels, Chesapeake Bay, Kent County, Maryland, authorized by section 101 of the River and Harbor Act of 1958 (72 Stat. 297), is modified to authorize the Secretary to straighten the navigation channel in accordance with the District Engineer's Navigation Assessment Report and Environmental Assessment, dated April 30, 1997. This modification shall be carried out in order to improve navigation safety.

SEC. 328. SAULT SAINTE MARIE, CHIPPEWA COUNTY, MICHIGAN.

The project for navigation Sault Sainte Marie, Chippewa County, Michigan, authorized by section 1149 of the Water Resources Development Act of 1986 (100 Stat. 4254–4255) and modified by section 330 of the Water Resources Development Act of 1996 (110 Stat. 3717–3718), is further modified to provide that the amount to be paid by non-Federal interests pursuant to section 101(a) *of the Water Resources Development Act of 1986 (33 U.S.C. 2211(a)) and subsection (a) of such section 330 shall not include any interest payments.*

SEC. 329. JACKSON COUNTY, MISSISSIPPI.

The project for environmental infrastructure, Jackson County, Mississippi, authorized by section 219(c)(5) of the Water Resources Development Act of 1992 (106 Stat. 4835) and modified by section 504 of the Water Resources Development Act of 1996 (110 Stat. 3757), is further modified to direct the Secretary to provide a credit, not to exceed $5,000,000, against the non-Federal share of the cost of the project for the costs incurred by the Jackson County Board of Supervisors since February 8, 1994, in constructing the project if the Secretary determines that such costs are for work that the Secretary determines is compatible with and integral to the project.

SEC. 330. TUNICA LAKE, MISSISSIPPI.

The project for flood control, Mississippi River Channel Improvement Project, Tunica Lake, Mississippi, authorized by the Act entitled: "An Act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928 (45 Stat. 534–538), is modified to include construction of a weir at the Tunica Cutoff, Mississippi.

SEC. 331. BOIS BRULE DRAINAGE AND LEVEE DISTRICT, MISSOURI.

(a) MAXIMUM FEDERAL EXPENDITURE.—The maximum amount of Federal funds that may be allocated for the project for flood control, Bois Brule Drainage and Levee District, Missouri, authorized pursuant to section 205 of the Flood Control Act of 1948 (33 U.S.C. 701s), shall be $15,000,000.

(b) REVISION OF THE PROJECT COOPERATION AGREEMENT.—The Secretary shall revise the project cooperation agreement for the project referred to in subsection (a) to take into account the change in Federal participation in the project pursuant to subsection (a).

(c) COST SHARING.—Nothing in this section shall be construed to affect any cost-sharing requirement applicable to the project referred to in subsection (a) under title I of the Water Resources Development Act of 1986 (33 U.S.C. 2211 et seq.).

SEC. 332. MERAMEC RIVER BASIN, VALLEY PARK LEVEE, MISSOURI.

The project for flood control, Meramec River Basin, Valley Park Levee, Missouri, authorized by section 2(h) of an Act entitled "An Act to deauthorize several projects within the jurisdiction of the Army Corps of Engineers" (95 Stat. 1682–1683) and modified by section 1128 of the Water Resources Development Act of 1986, (100 Stat. 4246), is further modified to authorize the Secretary to construct the project at a maximum Federal expenditure of $35,000,000.

SEC. 333. MISSOURI RIVER MITIGATION PROJECT, MISSOURI, KANSAS, IOWA, AND NEBRASKA.

(a) IN GENERAL.—The project for mitigation of fish and wildlife losses, Missouri River Bank Stabilization and Navigation Project, Missouri, Kansas, Iowa, and Nebraska, authorized by section 601 of the Water Resources Development Act of 1986 (100 Stat. 4143), is modified to increase by 118,650 acres the lands and interests in lands to be acquired for the project.

(b) STUDY.—

(1) IN GENERAL.—The Secretary, in conjunction with the States of Nebraska, Iowa, Kansas, and Missouri, shall conduct a study to determine the cost of restoring, under the authority of the Missouri River fish and wildlife mitigation project, a total of 118,650 acres of lost Missouri River habitat.

(2) REPORT.—The Secretary shall report to Congress on the results of the study not later than 6 months after the date of the enactment of this Act.

SEC. 334. WOOD RIVER, GRAND ISLAND, NEBRASKA.

The project for flood control, Wood River, Grand Island, Nebraska, authorized by section 101(a)(19) of the Water Resources Development Act of 1996 (110 Stat. 3665), is modified to authorize the Secretary to construct the project substantially in accordance with the report of the Corps of Engineers dated June 29, 1998, at a total cost of $17,039,000, with an estimated Federal cost of $9,730,000 and an estimated non-Federal cost of $7,309,000.

SEC. 335. ABSECON ISLAND, NEW JERSEY.

The project for storm damage reduction and shoreline protection, Brigantine Inlet to Great Egg Harbor Inlet, Absecon Island, New Jersey, authorized by section 101(b)(13) of the Water Resources Development Act of 1996 (110 Stat. 3668), is modified to provide that, if, after October 12, 1996, the non-Federal interests carry out any work associated with the project that is later recommended by the Chief of Engineers and approved by the Secretary, the Secretary may credit the non-Federal interests toward the non-Federal share of the cost of the project an amount equal to the Federal share of the cost of such work, without interest.

SEC. 336. NEW YORK HARBOR AND ADJACENT CHANNELS, PORT JERSEY, NEW JERSEY

The project for navigation, New York Harbor and Adjacent Channels, New York and New Jersey, authorized by section 202(b) of the Water Resources Development Act of 1986 (100 Stat. 4098), is modified to authorize the Secretary to construct that portion of the project that is located between Military Ocean Terminal Bayonne and Global Terminal in Bayonne, New Jersey, substantially in accordance with the report of the Corps of Engineers, at a total cost of $103,267,000, with an estimated Federal cost of $76,909,000 and an estimated non-Federal cost of $26,358,000.

SEC. 337. PASSAIC RIVER, NEW JERSEY.

Section 101(a)(18)(B) of the Water Resources Development Act of 1990 (104 Stat. 4608–4609) is amended by inserting ", including an esplanade for safe pedestrian access with an overall width of 600 feet" after "public access to Route 21".

SEC. 338. SANDY HOOK TO BARNEGAT INLET, NEW JERSEY.

The project for shoreline protection, Sandy Hook to Barnegat Inlet, New Jersey, authorized by section 101 of the River and Harbor Act of 1958 (72 Stat. 299), is modified—

(1) to include the demolition of Long Branch pier and extension of Ocean Grove pier; and

(2) to authorize the Secretary to reimburse the non-Federal sponsor for the Federal share of costs associated with the demolition of Long Branch pier and the construction of the Ocean Grove pier.

SEC. 339. ARTHUR KILL, NEW YORK AND NEW JERSEY.

The project for navigation, Arthur Kill, New York and New Jersey, authorized by section 202(b) of the Water Resources Development Act of 1986 (100 Stat. 4098) and modified by section 301(b)(11) of the Water Resources Development Act of 1996 (110 Stat. 3711), is further modified to authorize the Secretary to construct the portion of the project at Howland Hook Marine Terminal substantially in accordance with the report of the Corps of Engineers, dated September 30, 1998, at a total cost of $315,700,000, with an estimated Federal cost of $183,200,000 and an estimated non-Federal cost of $132,500,000.

SEC. 340. NEW YORK CITY WATERSHED.

Section 552(i) of the Water Resources Development Act of 1996 (110 Stat. 3781) is amended by striking "$22,500,000" and inserting "$42,500,000".

SEC. 341. NEW YORK STATE CANAL SYSTEM.

Section 553(e) of the Water Resources Development Act of 1996 (110 Stat. 3781) is amended by striking "$8,000,000" and inserting "$18,000,000".

SEC. 342. FIRE ISLAND INLET TO MONTAUK POINT, NEW YORK.

The project for combined beach erosion control and hurricane protection, Fire Island Inlet to Montauk Point, Long Island, New York, authorized by the River and Harbor Act of 1960 (74 Stat. 483) and modified by the River and Harbor Act of 1962, the Water Resources Development Act of 1974, and the Water Resources Development Act of 1986, is further modified to direct the Secretary, in coordination with the heads of other Federal departments and agencies, to complete all procedures and reviews expeditiously and to adopt and transmit to Congress not later than June 30, 1999, a mutually acceptable shore erosion plan for the Fire Island Inlet to Moriches Inlet reach of the project.

SEC. 343. BROKEN BOW LAKE, RED RIVER BASIN, OKLAHOMA.

The project for flood control and water supply, Broken Bow Lake, Red River Basin, Oklahoma, authorized by section 203 of the Flood Control Act of 1958 (72 Stat. 309) and modified by section 203 of the Flood Control Act of 1962 (76 Stat. 1187), section 102(v) of the Water Resources Development Act of 1992 (106 Stat. 4808), and section 338 of the Water Resources Development Act of 1996 (110 Stat. 3720), is further modified to require the Secretary to make seasonal adjustments to the top of the conservation pool at the project as follows (if the Secretary determines that the adjustments will be undertaken at no cost to the United States and will adequately protect impacted water and related resources):

(1) Maintain an elevation of 599.5 from November 1 through March 31.

(2) Increase elevation gradually from 599.5 to 602.5 during April and May.

(3) Maintain an elevation of 602.5 from June 1 to September 30.

(4) Decrease elevation gradually from 602.5 to 599.5 during October.

SEC. 344. WILLAMETTE RIVER TEMPERATURE CONTROL, MCKENZIE SUBBASIN, OREGON.

(a) IN GENERAL.—The project for environmental restoration, Willamette River Temperature Control, McKenzie Subbasin, Oregon, authorized by section 101(a)(25) of the Water Resources Development Act of 1996 (110 Stat. 3665), is modified to authorize the Secretary to construct the project substantially in accordance with the Feature Memorandum dated July 31, 1998, at a total cost of $64,741,000.

(b) REPORT.—Not later than 90 days after the date of the enactment of this Act, the Secretary shall report to Congress on the reasons for the cost growth of the Willamette River project and outline the steps the Corps of Engineers is taking to control project costs, including the application of value engineering and other appropriate measures. In the report, the Secretary shall also include a cost estimate for, and recommendations on the advisability of, adding fish screens to the project.

SEC. 345. AYLESWORTH CREEK RESERVOIR, PENNSYLVANIA.

The project for flood control, Aylesworth Creek Reservoir, Pennsylvania, authorized by section 203 of the Flood Control Act of 1962 (76 Stat. 1182), is modified to authorize the Secretary to transfer, in each of fiscal years 1999 and 2000, $50,000 to the Aylesworth Creek Reservoir Park Authority for recreational facilities.

SEC. 346. CURWENSVILLE LAKE, PENNSYLVANIA.

Section 562 of the Water Resources Development Act of 1996 (110 Stat. 3784) is amended by adding at the end the following: "The Secretary *shall provide design and construction assistance for recreational facilities at Curwensville Lake and, when appropriate, may require the non-Federal interest to provide not more than 25 percent of the cost of designing and constructing such facilities. The Secretary may transfer, in each of fiscal years 1999 through 2003, $100,000 to the Clearfield County Municipal Services and Recreation Authority for recreational facilities.".*

SEC. 347. DELAWARE RIVER, PENNSYLVANIA AND DELAWARE.

The project for navigation, Delaware River, Philadelphia to Wilmington, Pennsylvania and Delaware, authorized by section 3(a)(12) of the Water Resources Development Act of 1988 (102 Stat. 4014), is modified to authorize the Secretary to extend the channel of the Delaware River at Camden, New Jersey, to within 150 feet of the existing bulkhead and to relocate the 40-foot deep Federal navigation channel, eastward within Philadelphia Harbor, from the Ben Franklin Bridge to the Walt Whitman Bridge, into deep water.

SEC. 348. MUSSERS DAM, PENNSYLVANIA.

Section 209 of the Water Resources Development Act of 1992 (106 Stat. 4830) is amended by striking subsection (e) and redesignating subsection (f) as subsection (e).

SEC. 349. NINE-MILE RUN, ALLEGHENY COUNTY, PENNSYLVANIA.

The Nine-Mile Run project, Allegheny County, Pennsylvania, carried out pursuant to section 206 of the Water Resources Development Act of 1996 (33 U.S.C. 2330; 110 Stat. 3679–3680), is modified to authorize the Secretary to provide a credit toward the non-Federal share of the project for costs incurred by the non-Federal interest in preparing environmental and feasibility documentation for the project before entering into an agreement with the Corps of Engineers with respect to the project if the Secretary determines such costs are for work that is compatible with and integral to the project.

SEC. 350. RAYSTOWN LAKE, PENNSYLVANIA.

(a) Recreation Partnership Initiative.—Section 519(b) of the Water Resources Development Act of 1996 (110 Stat. 3765) is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by inserting after paragraph (2) the following:

"(3) Engineering and design services.—The Secretary may perform, at full Federal expense, engineering and design services for project infrastructure expected to be associated with the development of the site at Raystown Lake, Hesston, Pennsylvania.".

(b) Construction Assistance.—

(1) In general.—Consistent with the master plan described in section 318 of the Water Resources Development Act of 1992 (106 Stat. 4848), the Secretary may provide a grant to Juniata College for the construction of facilities and structures at Raystown Lake, Pennsylvania, to interpret and understand environmental conditions and trends. As a condition of the receipt of such financial assistance, officials at Juniata College shall coordinate with the Baltimore District of the Army Corps of Engineers.

(2) Authorization of appropriations.—There is authorized to be appropriated $5,000,000 for fiscal years beginning after September 30, 1998, to carry out this subsection.

SEC. 351. SOUTH CENTRAL PENNSYLVANIA.

(a) Authorization of Appropriations.—Section 313(g)(1) of the Water Resources Development Act of 1992 (106 Stat. 4846) is amended by striking "$80,000,000" and inserting "$180,000,000".

(b) Corps of Engineers Expenses.—Section 313(g) of such Act (106 Stat. 4846) is amended by adding at the end the following:

"(4) Corps of engineers expenses.—10 percent of the amounts appropriated to carry out this section for each of fiscal years 2000 through 2002 may be used by the Corps of Engineers district offices to administer and implement projects under this section at 100 percent Federal expense.".

SEC. 352. COOPER RIVER, CHARLESTON HARBOR, SOUTH CAROLINA.

The project for rediversion, Cooper River, Charleston Harbor, South Carolina, authorized by section 101 of the River and Harbor Act of 1968 (82 Stat. 731) and modified by title I of the Energy and Water Development Appropriations Act, 1992 (105 Stat. 516), is further modified to authorize the Secretary to pay to the State of South Carolina not more than $3,750,000 if the Secretary and the State enter into a binding agreement for the State to perform all future operation of, including associated studies to assess the efficacy of, the St. Stephen, South Carolina, fish lift. The agreement must specify the terms and conditions under which payment will be made and the rights of, and remedies available to, the Federal Government to recover all or a portion of such payment in the event the State suspends or terminates operation of the fish lift or fails to operate the fish lift in a manner satisfactory to the Secretary. Maintenance of the fish lift shall remain a Federal responsibility.

SEC. 353. BOWIE COUNTY LEVEE, TEXAS.

The project for flood control, Red River Below Denison Dam, Texas and Oklahoma, authorized by section 10 of the Flood Control Act of 1946 (60 Stat. 647), is modified to direct the Secretary to implement the Bowie County Levee feature of the project in accordance with the plan defined as Alternative B in the draft document entitled "Bowie County Local Flood Protection, Red River, Texas Project Design Memorandum No. 1, Bowie County Levee", dated April 1997. In evaluating and implementing this modification, the Secretary shall allow the non-Federal interest to participate in the financing of the project in accordance with section 903(c) of the Water Resources Development Act of 1986 (100 Stat. 4184) to the extent that the Secretary's evaluation indicates that applying such section is necessary to implement the project.

SEC. 354. CLEAR CREEK, TEXAS.

Section 575 of the Water Resources Development Act of 1996 (110 Stat. 3789) is amended—

(1) in subsection (a)—

(A) by inserting "or nonstructural (buyout) actions" after "flood control works constructed"; and

(B) by inserting "or nonstructural (buyout) actions" after "construction of the project"; and

(2) in subsection (b)—

(A) by striking "and" at the end of paragraph (3);

(B) by striking the period at the end of paragraph (3) and inserting "; and"; and

(C) by adding at the end the following:

"(4) the project for flood control, Clear Creek, Texas, authorized by section 203 of the Flood Control Act of 1968 (82 Stat. 742).".

SEC. 355. CYPRESS CREEK, TEXAS.

(a) In General.—The project for flood control, Cypress Creek, Texas, authorized by section 3(a)(13) of the Water Resources Development Act of 1988 (102 Stat. 4014), is modified to authorize the Secretary to carry out a nonstructural flood control project at a total cost of $5,000,000.

(b) Reimbursement for Work.—The Secretary may reimburse the non-Federal interest for the Cypress Creek project for work done by the non-Federal interest on the nonstructural flood control project in an amount equal to the estimate of the Federal share, without interest, of the cost of such work—

(1) if, after authorization and before initiation of construction of such nonstructural project, the Secretary approves the plans for construction of such nonstructural project by the non-Federal interest; and

(2) if the Secretary finds, after a review of studies and design documents prepared to carry out such nonstructural project, that construction of such nonstructural project is economically justified and environmentally acceptable.

SEC. 356. DALLAS FLOODWAY EXTENSION, DALLAS, TEXAS.

The project for flood control, Dallas Floodway Extension, Dallas, Texas, authorized by section 301 of the River and Harbor Act of 1965 (79 Stat. 1091) and modified by section 351 of the Water Resources Development Act of 1996 (110 Stat. 3724), is further modified to add environmental restoration and recreation as project purposes.

SEC. 357. UPPER JORDAN RIVER, UTAH.

The project for flood control, Upper Jordan River, Utah, authorized by section 101(a)(23) of the Water Resources Development Act of 1990 (104 Stat. 4610) and modified by section 301(a)(14) of the Water Resources Development Act of 1996 (110 Stat. 3709), is further modified to direct the Secretary to carry out the locally preferred project, entitled "Upper Jordan River Flood Control Project, Salt Lake County, Utah—Supplemental Information" and identified in the document of Salt Lake County, Utah, dated July 30, 1998, at a total cost of $12,870,000, with an estimated Federal cost of $8,580,000 and an estimated non-Federal cost of $4,290,000.

SEC. 358. ELIZABETH RIVER, CHESAPEAKE, VIRGINIA.

Notwithstanding any other provision of law, after September 30, 1999, the City of Chesapeake, Virginia, shall not be obligated to make the annual cash contribution required under paragraph 1(9) of the Local Cooperation Agreement dated December 12, 1978, between the Government and the city for the project for navigation, southern branch of Elizabeth River, Chesapeake, Virginia.

SEC. 359. BLUESTONE LAKE, OHIO RIVER BASIN, WEST VIRGINIA.

Section 102(ff) of the Water Resources Development Act of 1992 (106 Stat. 4810) is amended by striking "take such measures as are technologically feasible" and inserting "implement Plan C/G, as defined in the Evaluation Report of the District Engineer, dated December 1996,".

SEC. 360. GREENBRIER BASIN, WEST VIRGINIA.

Section 579(c) of the Water Resources Development Act of 1996 (110 Stat. 3790) is amended by striking "$12,000,000" and inserting "$73,000,000".

SEC. 361. MOOREFIELD, WEST VIRGINIA.

Effective October 1, 1999, the project for flood control, Moorefield, West Virginia, authorized by section 101(a)(25) of the Water Resources Development Act of 1990 (104 Stat. 4610-4611), is modified to provide that the non-Federal interest shall not be required to pay the unpaid balance, including interest, of the non-Federal share of the cost of the project.

SEC. 362. WEST VIRGINIA AND PENNSYLVANIA FLOOD CONTROL.

Section 581(a) of the Water Resources Development Act of 1996 (110 Stat. 3790) is amended to read as follows:

"(a) In General.—The Secretary may design and construct—

"(1) flood control measures in the Cheat and Tygart River basins, West Virginia, at a level of protection that is sufficient to prevent any future losses to these communities from flooding such as occurred in January 1996 but no less than a 100-year level of protection; and

"(2) structural and nonstructural flood control, streambank protection, stormwater management, and channel clearing and modification measures in the Lower Allegheny, Lower Monongahela, West Branch Susquehanna, and

Juniata River basins, Pennsylvania, at a level of protection that is sufficient to prevent any future losses to communities in these basins from flooding such as occurred in January 1996, but no less than a 100-year level of flood protection with respect to those measures that incorporate levees or floodwalls.".

SEC. 363. PROJECT REAUTHORIZATIONS.

(a) LEE CREEK, ARKANSAS AND OKLAHOMA.—The project for flood protection on Lee Creek, Arkansas and Oklahoma, authorized by section 204 of the Flood Control Act of 1965 (79 Stat. 1078) and deauthorized pursuant to section 1001(b)(1) of the Water Resources Development Act of 1986 (33 U.S.C. 579a(b)(1)), is authorized to be carried out by the Secretary.

(b) INDIAN RIVER COUNTY, FLORIDA.—The project for shore protection, Indian River County, Florida, authorized by section 501 of the Water Resources and Development Act of 1986 (100 Stat. 4134) and deauthorized pursuant to section 1001(b)(1) of the Water Resources Development Act of 1986 (33 U.S.C. 579a(b)(1)), is authorized to be carried out by the Secretary.

(c) LIDO KEY, FLORIDA.—The project for shore protection, Lido Key, Florida, authorized by section 101 of the River and Harbor Act of 1970 (84 Stat. 1819) and deauthorized pursuant to section 1001(b)(2) of the Water Resources Development Act of 1986 (33 U.S.C 579a(b)(2)), is authorized to be carried out by the Secretary.

(d) ST. AUGUSTINE, ST. JOHNS COUNTY, FLORIDA.—

(1) IN GENERAL.—The project for shore protection and storm damage reduction, St. Augustine, St. Johns County, Florida, authorized by section 501 of the Water Resources Development Act of 1986 and deauthorized pursuant to section 1001(a) of such Act (33 U.S.C. 579a(a)), is authorized to include navigation mitigation as a project purpose and to be carried out by the Secretary substantially in accordance with the General Reevaluation Report dated November 18, 1998, at a total cost of $16,086,000, with an estimated Federal cost of $12,949,000 and an estimated non-Federal cost of $3,137,000.

(2) PERIODIC NOURISHMENT.—The Secretary is authorized to carry out periodic nourishment for the project for a 50-year period at an estimated average annual cost of $1,251,000, with an estimated annual Federal cost of $1,007,000 and an estimated annual non-Federal cost of $244,000.

(e) CASS RIVER, MICHIGAN (VASSAR).—The project for flood protection, Cass River, Michigan (Vassar), authorized by section 203 of the Flood Control Act of 1958 (72 Stat. 311) and deauthorized pursuant to section 1001(b)(2) of the Water Resources Development Act of 1986 (33 U.S.C. 579a(b)(2)), is authorized to be carried out by the Secretary.

(f) SAGINAW RIVER, MICHIGAN (SHIAWASSEE FLATS).—The project for flood control, Saginaw River, Michigan (Shiawassee Flats), authorized by section 203 of the Flood Control Act of 1958 (72 Stat. 311) and deauthorized pursuant to section 1001(b)(2) of the Water Resources Development Act of 1986 (33 U.S.C. 579a(b)(2)), is authorized to be carried out by the Secretary.

(g) PARK RIVER, GRAFTON, NORTH DAKOTA.—The project for flood control, Park River, Grafton, North Dakota, authorized by section 401(a) of the Water Resources Development Act of 1986 (100 Stat. 4121) and deauthorized pursuant to section 1001(a) of such Act (33 U.S.C. 579a(a)), is authorized to be carried out by the Secretary.

(h) MEMPHIS HARBOR, MEMPHIS, TENNESSEE.—The project for navigation, Memphis Harbor, Memphis, Tennessee, authorized by section 601(a) of the Water Resources Development Act of 1986 (100 Stat. 4145) and deauthorized pursuant to 1001(a) of such Act (33 U.S.C 579a(a)), is authorized to be carried out by the Secretary.

SEC. 364. PROJECT DEAUTHORIZATIONS.

(a) IN GENERAL.—The following projects or portions of projects are not authorized after the date of the enactment of this Act:

(1) BRIDGEPORT HARBOR, CONNECTICUT.—That portion of the project for navigation, Bridgeport Harbor, Connecticut, authorized by section 101 of the River and Harbor Act of 1958 (72 Stat. 297), consisting of a 2.4-acre anchorage area, 9 feet deep, and an adjacent 0.6-acre anchorage, 6 feet deep, located on the west side of Johnsons River.

(2) CLINTON HARBOR, CONNECTICUT.—That portion of the project for navigation, Clinton Harbor, Connecticut, authorized by the Rivers and Harbors Act of 1945, House Document 240, 76th Congress, 1st Session, lying upstream of a line designated by the 2 points N158,592.12, E660,193.92 and N158,444.58, E660,220.95.

(3) BASS HARBOR, MAINE.—The following portions of the project for navigation, Bass Harbor, Maine, authorized on May 7, 1962, under section 107 of the River and Harbor Act of 1960 (33 U.S.C. 577):

(A) Beginning at a bend in the project, N149040.00, E538505.00, thence running easterly about 50.00 feet along the northern limit of the project to a point N149061.55, E538550.11, thence running southerly about 642.08 feet to a point, N14877.64, E538817.18, thence running southwesterly about 156.27 feet to a point on the westerly limit of the project, N148348.50, E538737.02, thence running northerly about 149.00 feet along the westerly limit of the project to a bend in the project, N148489.22, E538768.09, thence running northwesterly about 610.39 feet along the westerly limit of the project to the point of origin.

(B) Beginning at a point on the westerly limit of the project, N148118.55, E538689.05, thence running southeasterly about 91.92 feet to a point, N148041.43, E538739.07, thence running southerly about 65.00 feet to a point, N147977.86, E538725.51, thence running southwesterly about 91.92 feet to a point on the westerly limit of the project, N147927.84, E538648.39, thence running northerly about 195.00 feet along the westerly limit of the project to the point of origin.

(4) BOOTHBAY HARBOR, MAINE.—The project for navigation, Boothbay Harbor, Maine, authorized by the River and Harbor Act of 1912 (37 Stat. 201).

(5) BUCKSPORT HARBOR, MAINE.—That portion of the project for navigation, Bucksport Harbor, Maine, authorized by the River and Harbor Act of 1902, consisting of a 16-foot deep channel beginning at a point N268.748.16, E423.390.76, thence running north 47 degrees 02 minutes 23 seconds east 51.76 feet to a point N268.783.44, E423.428.64, thence running north 67 degrees 54 minutes 32 seconds west 1513.94 feet to a point N269.352.81, E422.025.84, thence running south 47 degrees 02 minutes 23 seconds west 126.15 feet to a point N269.266.84, E421.933.52, thence running south 70 degrees 24 minutes 28 seconds east 1546.79 feet to the point of origin.

(6) CARVERS HARBOR, VINALHAVEN, MAINE.—That portion of the project for navigation, Carvers Harbor, Vinalhaven, Maine, authorized by the Act of June 3, 1896 (commonly known as the "River and Harbor Appropriations Act of 1896") (29 Stat. 202, chapter 314), consisting of the 16-foot anchorage beginning at a point with coordinates N137,502.04, E895,156.83, thence running south 6 degrees 34 minutes 57.6 seconds west 277.660 feet to a point N137,226.21, E895,125.00, thence running north 53 degrees, 5 minutes 42.4 seconds west 127.746 feet to a point N137,302.92, E895022.85, thence running north 33 degrees 56 minutes 9.8 seconds east 239.999 feet to the point of origin.

(7) EAST BOOTHBAY HARBOR, MAINE.—The project for navigation, East Boothbay Harbor, Maine, authorized by the first section of the Act entitled, "An Act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes", approved June 25, 1910 (36 Stat. 631).

(8) SEARSPORT HARBOR, SEARSPORT, MAINE.—That portion of the project for navigation, Searsport Harbor, Searsport, Maine, authorized by section 101 of the River and Harbor Act of 1962 (76 Stat. 1173), consisting of the 35-foot turning basin beginning at a point with coordinates N225,008.38, E395,464.26, thence running north 43 degrees 49 minutes 53.4 seconds east 362.001 feet to a point N225,269.52, E395,714.96, thence running south 71 degrees 27 minutes 33.0 seconds east 1,309.201 feet to a point N224,853.22, E396,956.21, thence running north 84 degrees 3 minutes 45.7 seconds west 1,499.997 feet to the point of origin.

(9) WELLS HARBOR, MAINE.—The following portions of the project for navigation, Wells Harbor, Maine, authorized by section 101 of the River and Harbor Act of 1960 (74 Stat. 480):

(A) The portion of the 6-foot channel the boundaries of which begin at a point with coordinates N177,992.00, E394,831.00, thence running south 83 degrees 58 minutes 14.8 seconds west 10.38 feet to a point N177,990.91, E394,820.68, thence running south 11 degrees 46 minutes 47.7 seconds west 991.76 feet to a point N177,020.04, E394,618.21, thence running south 78 degrees 13 minutes 45.7 seconds east 10.00 feet to a point N177,018.00, E394,628.00, thence running north 11 degrees 46 minutes 22.8 seconds east 994.93 feet to the point of origin.

(B) The portion of the 6-foot anchorage the boundaries of which begin at a point with coordinates N177,778.07, E394,336.96, thence running south 51 degrees 58 minutes 32.7 seconds west 15.49 feet to a point N177,768.53, E394,324.76, thence running south 11 degrees 46 minutes 26.5 seconds west 672.87 feet to a point N177,109.82, E394,187.46, thence running south 78 degrees 13 minutes 45.7 seconds east 10.00 feet to a point N177,107.78, E394,197.25, thence running north 11 degrees 46 minutes 25.4 seconds east 684.70 feet to the point of origin.

(C) The portion of the 10-foot settling basin the boundaries of which begin at a point with coordinates N177,107.78, E394,197.25, thence running north 78 degrees 13 minutes 45.7 seconds west 10.00 feet to a point N177,109.82, E394,187.46, thence running south 11 degrees 46 minutes 15.7 seconds west 300.00 feet to a point N176,816.13, E394,126.26, thence running south 78 degrees 12 minutes 21.4 seconds east 9.98 feet to a point N176,814.09, E394,136.03, thence running north 11 degrees 46 minutes 29.1 seconds east 300.00 feet to the point of origin.

(D) The portion of the 10-foot settling basin the boundaries of which begin at a point with coordinates N177,018.00, E394,628.00, thence running north 78 degrees 13 minutes 45.7 seconds west 10.00 feet to a point N177,020.04, E394,618.21, thence running south 11 degrees 46 minutes 44.0 seconds west 300.00 feet to a point N176,726.36, E394,556.97, thence running south 78 degrees 12 minutes 30.3 seconds east 10.03 feet to a point N176,724.31, E394,566.79, thence running north 11 degrees 46 minutes 22.4 seconds east 300.00 feet to the point of origin.

(10) FALMOUTH HARBOR, MASSACHUSETTS.—That portion of the project for navigation, Falmouth Harbor, Massachusetts, authorized by section 101 of the River and Harbor Act of 1948 lying southeasterly of a line commencing at a point N199,286.41, E844,394.91, thence running north 66 degrees 52 minutes 3.31 seconds east 472.95 feet to a point N199,472.21, E844,829.83, thence running north 43 degrees 9 minutes 28.3 seconds east 262.64 feet to a point N199,633.80, E845,009.48, thence running north 21 degrees 40 minutes 11.26 seconds east 808.38 feet to a point N200,415.05, E845,307.98, thence running north

32 degrees 25 minutes 29.01 seconds east 160.76 feet to a point N200,550.75, E845,394.18, thence running north 24 degrees 56 minutes 42.29 seconds east 1,410.29 feet to a point N201,829.48, E845,988.97.

(11) GREEN HARBOR, MASSACHUSETTS.—That portion of the project for navigation, Green Harbor, Massachusetts, undertaken pursuant to section 107 of the River and Harbor Act of 1960 (33 U.S.C. 577), consisting of the 6-foot deep channel beginning at a point along the west limit of the existing project, North 395990.43, East 831079.16, thence running northwesterly about 752.85 feet to a point, North 396722.80, East 830904.76, thence running northwesterly about 222.79 feet to a point along the west limit of the existing project, North 396844.34, East 830718.04, thence running southwesterly about 33.72 feet along the west limit of the existing project to a point, North 396810.80, East 830714.57, thence running southeasterly about 195.42 feet along the west limit of the existing project to a point, North 396704.19, East 830878.35, thence running about 544.66 feet along the west limit of the existing project to a point, North 396174.35, East 831004.52, thence running southeasterly about 198.49 feet along the west limit of the existing project to the point of beginning.

(12) NEW BEDFORD AND FAIRHAVEN HARBOR, MASSACHUSETTS.—The following portions of the project for navigation, New Bedford and Fairhaven Harbor, Massachusetts:

(A) A portion of the 25-foot spur channel leading to the west of Fish Island, authorized by the River and Harbor Act of 3 March 1909, beginning at a point with coordinates N232,173.77, E758,791.32, thence running south 27 degrees 36 minutes 52.8 seconds west 38.2 feet to a point N232,139.91, E758,773.61, thence running south 87 degrees 35 minutes 31.6 seconds west 196.84 feet to a point N232,131.64, E758,576.94, thence running north 47 degrees 47 minutes 48.4 seconds west 502.72 feet to a point N232,469.35, E758,204.54, thence running north 10 degrees 10 minutes 20.3 seconds west 438.88 feet to a point N232,901.33, E758,127.03, thence running north 79 degrees 49 minutes 43.1 seconds east 121.69 feet to a point N232,922.82, E758,246.81, thence running south 04 degrees 29 minutes 17.6 seconds east 52.52 feet to a point N232,870.46, E758,250.92, thence running south 23 degrees 56 minutes 11.2 seconds east 49.15 feet to a point N323,825.54, E758,270.86, thence running south 79 degrees 49 minutes 27.0 seconds west 88.19 feet to a point N232,809.96, E758,184.06, thence running south 10 degrees 10 minutes 25.7 seconds east 314.83 feet to a point N232,500.08, E758,239.67, thence running south 56 degrees 33 minutes 56.1 seconds east 583.07 feet to a point N232,178.82, E758,726.25, thence running south 85 degrees 33 minutes 16.0 seconds east to the point of origin.

(B) A portion of the 30-foot west maneuvering basin, authorized by the River and Harbor Act, of 3 July 1930, beginning at a point with coordinates N232,139.91, E758,773.61, thence running north 81 degrees 49 minutes 30.1 seconds east 160.76 feet to a point N232,162.77, E758.932.74, thence running north 85 degrees 33 minutes 16.0 seconds west 141.85 feet to a point N232,173.77, E758,791.32, thence running south 27 degrees 36 minutes 52.8 seconds west to the point of origin.

(b) ANCHORAGE AREA, CLINTON HARBOR, CONNECTICUT.—That portion of the Clinton Harbor, Connecticut, navigation project referred to in subsection (a)(2) beginning at a point beginning: N158,444.58, E660,220.95, thence running north 79 degrees 37 minutes 14 seconds east 833.31 feet to a point N158,594.72, E661,040.67, thence running south 80 degrees 51 minutes 53 seconds east 181.21 feet to a point N158,565.95, E661,219.58, thence running north 57 degrees 38 minutes 04 seconds west 126.02 feet to a point N158,633.41, E660,113.14, thence running south 79 degrees 37 minutes 14 seconds west 911.61 feet to a point N158,469.17, E660,216.44, thence running south 10 degrees 22 minutes 46 seconds east 25 feet returning to a point N158,444.58, E660,220.95 is redesignated as an anchorage area.

(c) WELLS HARBOR, MAINE.—

(1) PROJECT MODIFICATION.—The Wells Harbor, Maine, navigation project referred to in subsection (a)(9) is modified to authorize the Secretary to realign the channel and anchorage areas based on a harbor design capacity of 150 craft.

(2) REDESIGNATIONS.—

(A) 6-FOOT ANCHORAGE.—The following portions of the Wells Harbor, Maine, navigation project referred to in subsection (a)(9) shall be redesignated as part of the 6-foot anchorage:

(i) The portion of the 6-foot channel the boundaries of which begin at a point with coordinates N177,990.91, E394,820.68, thence running south 83 degrees 58 minutes 40.8 seconds west 94.65 feet to a point N177,980.98, E394,726.55, thence running south 11 degrees 46 minutes 22.4 seconds west 962.83 feet to a point N177,038.40, E394,530.10, thence running south 78 degrees 13 minutes 45.7 seconds east 90.00 feet to a point N177,020.04, E394,618.21, thence running north 11 degrees 46 minutes 47.7 seconds east 991.76 feet to the point of origin.

(ii) The portion of the 10-foot inner harbor settling basin the boundaries of which begin at a point with coordinates N177,020.04, E394,618.21, thence running north 78 degrees 13 minutes 30.5 seconds west 160.00 feet to a point N177,052.69, E394,461.58, thence running south 11 degrees 46 minutes 45.4 seconds west 299.99 feet to a point N176,759.02, E394,400.34, thence running south 78 degrees 13 minutes 17.9 seconds east 160 feet to a point N176,726.36, E394,556.97, thence running north 11 degrees 46 minutes 44.0 seconds east 300.00 feet to the point of origin.

(B) 6-FOOT CHANNEL.—The following portion of the Wells Harbor, Maine, navigation project referred to in subsection (a)(9) shall be redesignated as part of the 6-foot channel: the portion of the 6-foot anchorage the boundaries of which begin at a point with coordinates N178,102.26, E394,751.83, thence running south 51 degrees 59 minutes 42.1 seconds west 526.51 feet to a point N177,778.07, E394,336.96, thence running south 11 degrees 46 minutes 26.6 seconds west 511.83 feet to a point N177,277.01, E394,232.52, thence running south 78 degrees 13 minutes 17.9 seconds east 80.00 feet to a point N177,260.68, E394,310.84, thence running north 11 degrees 46 minutes 24.8 seconds east 482.54 feet to a point N177,733.07, E394,409.30, thence running north 51 degrees 59 minutes 41.0 seconds east 402.63 feet to a point N177,980.98, E394,726.55, thence running north 11 degrees 46 minutes 27.6 seconds east 123.89 feet to the point of origin.

(3) REALIGNMENT.—The 6-foot anchorage area described in paragraph (2)(B) shall be realigned to include the area located south of the inner harbor settling basin in existence on the date of the enactment of this Act beginning at a point with coordinates N176,726.36, E394,556.97, thence running north 78 degrees 13 minutes 17.9 seconds west 160.00 feet to a point N176,759.02, E394,400.34, thence running south 11 degrees 47 minutes 03.8 seconds west 45 feet to a point N176,714.97, E394,391.15, thence running south 78 degrees 13 minutes 17.9 seconds 160.00 feet to a point N176,682.31, E394,547.78, thence running north 11 degrees 47 minutes 03.8 seconds east 45 feet to the point of origin.

(4) RELOCATION.—The Secretary may relocate the settling basin feature of the Wells Harbor, Maine, navigation project referred to in subsection (a)(9) to the outer harbor between the jetties.

(5) ADDITIONAL ACTIONS.—In carrying out the operation and the maintenance of the Wells Harbor, Maine, navigation project referred to in subsection (a)(9), the Secretary shall undertake each of the actions of the Corps of Engineers specified in section IV(B) of the memorandum of agreement relating to the project dated January 20, 1998, including those actions specified in such section IV(B) that the parties agreed to ask the Corps of Engineers to undertake.

(d) ANCHORAGE AREA, GREEN HARBOR, MASSACHUSETTS.—The portion of the Green Harbor, Massachusetts, navigation project referred to in subsection (a)(11) consisting of a 6-foot deep channel that lies northerly of a line whose coordinates are North 394825.00, East 831660.00 and North 394779.28, East 831570.64 is redesignated as an anchorage area.

SEC. 365. AMERICAN AND SACRAMENTO RIVERS, CALIFORNIA.

(a) IN GENERAL.—The project for flood damage reduction, American and Sacramento Rivers, California, authorized by section 101(a)(1) of the Water Resources Development Act of 1996 (110 Stat. 3662–3663), is modified to direct the Secretary to include the following improvements as part of the overall project:

(1) Raising the left bank of the non-Federal levee upstream of the Mayhew Drain for a distance of 4,500 feet by an average of 2.5 feet.

(2) Raising the right bank of the American River levee from 1,500 feet upstream to 4,000 feet downstream of the Howe Avenue bridge by an average of 1 feet.

(3) Modifying the south levee of the Natomas Cross Canal for a distance of 5 miles to ensure that the south levee is consistent with the level of protection provided by the authorized levee along the east bank of the Sacramento River.

(4) Modifying the north levee of the Natomas Cross Canal for a distance of 5 miles to ensure that the height of the levee is equivalent to the height of the south levee as authorized by paragraph (3).

(5) Installing gates to the existing Mayhew Drain culvert and pumps to prevent backup of floodwater on the Folsom Boulevard side of the gates.

(6) Installation of a slurry wall in the north levee of the American River from the east levee of the Natomas east Main Drain upstream for a distance of approximately 1.2 miles.

(7) Installation of a slurry wall in the north levee of the American River from 300 feet west of Jacob Lane north for a distance of approximately 1 mile to the end of the existing levee.

(b) COST LIMITATIONS.—Section 101(a)(1)(A) of the Water Resources Development Act of 1996 (110 Stat. 3662) is amended by striking "at a total cost of" and all that follows through "$14,225,000," and inserting the following: "at a total cost of $91,900,000, with an estimated Federal cost of $68,925,000 and an estimated non-Federal cost of $22,975,000,".

(c) COST SHARING.—For purposes of section 103 of the Water Resources Development Act of 1986 (33 U.S.C. 2213), the modifications authorized by this section shall be subject to the same cost sharing in effect for the project for flood damage reduction, American and Sacramento Rivers, California, authorized by section 101(a)(1) of the Water Resources Development Act of 1996 (110 Stat. 3662).

SEC. 366. MARTIN, KENTUCKY.

The project for flood control, Martin, Kentucky, authorized by section 202(a) of the Energy and Water Development Appropriations Act, 1981 (94 Stat. 1339) is modified to authorize the Secretary to take all necessary measures to prevent future losses that would occur from a flood equal in magnitude to a 100-year frequency event.

SEC. 367. SOUTHERN WEST VIRGINIA PILOT PROGRAM.

Section 340(g) of the Water Resources Development Act of 1992 (106 Stat. 4856) is amended to read as follows:

"(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out the pilot program under this section $40,000,000 for fiscal years beginning after September 30, 1992. Such sums shall remain available until expended.".

SEC. 368. BLACK WARRIOR AND TOMBIGBEE RIVERS, JACKSON, ALABAMA.

The project for navigation, Black Warrior and Tombigbee Rivers, vicinity of Jackson, Alabama, as authorized by section 106 of the Energy and Water Development Appropriations Act, 1987 (100 Stat. 3341–199), is modified to authorize the Secretary to acquire lands for mitigation of the habitat losses attributable to the project, including the navigation channel, dredged material disposal areas, and other areas directly impacted by construction of the project. Notwithstanding section 906 of the Water Resources Development Act of 1986 (33 U.S.C. 2283), the Secretary may construct the project prior to acquisition of the mitigation lands if the Secretary takes such actions as may be necessary to ensure that any required mitigation lands will be acquired not later than 2 years after initiation of construction of the new channel and such acquisition will fully mitigate any adverse environmental impacts resulting from the project.

SEC. 369. TROPICANA WASH AND FLAMINGO WASH, NEVADA.

Any Federal costs associated with the Tropicana and Flamingo Washes, Nevada, authorized by section 101(13) of the Water Resources Development Act of 1992 (106 Stat. 4803), incurred by the non-Federal interest to accelerate or modify construction of the project, in cooperation with the Corps of Engineers, shall be considered to be eligible for reimbursement by the Secretary.

SEC. 370. COMITE RIVER, LOUISIANA.

The Comite River Diversion Project for flood control, authorized as part of the project for flood control, Amite River and Tributaries, Louisiana, by section 101(11) of the Water Resources Development Act of 1992 (106 Stat. 4802–4803) and modified by section 301(b)(5) of the Water Resources Development Act of 1996 (110 Stat. 3709–3710), is further modified to authorize the Secretary to include the costs of highway relocations to be cost shared as a project construction feature if the Secretary determines that such treatment of costs is necessary to facilitate construction of the project.

SEC. 371. ST. MARY'S RIVER, MICHIGAN.

The project for navigation, St. Mary's River, Michigan, is modified to direct the Secretary to provide an additional foot of overdraft between Point Louise Turn and the Locks and Sault Saint Marie, Michigan, consistent with the channels upstream of Point Louise Turn. The modification shall be carried out as operation and maintenance to improve navigation safety.

SEC. 372. CITY OF CHARLXVOIX: REIMBURSEMENT, MICHIGAN.

The Secretary, shall review and, if consistent with authorized project Purposes, reimburse the City of Charlevoix, Michigan, for the Federal share of costs associated with construction of the new revetment to the Federal navigation project at Charlevoix Harbor, Michigan.

TITLE IV—STUDIES

SEC. 401. UPPER MISSISSIPPI AND ILLINOIS RIVERS LEVEES AND STREAMBANKS PROTECTION.

The Secretary shall conduct a study of erosion damage to levees and infrastructure on the upper Mississippi and Illinois Rivers and the impact of increased barge and pleasure craft traffic on deterioration of levees and other flood control structures on such rivers.

SEC. 402. UPPER MISSISSIPPI RIVER COMPREHENSIVE PLAN.

(a) DEVELOPMENT.—The Secretary shall develop a plan to address water and related land resources problems and opportunities in the Upper Mississippi and Illinois River Basins, extending from Cairo, Illinois, to the headwaters of the Mississippi River, in the interest of systemic flood damage reduction by means of a mixture of structural and nonstructural flood control and floodplain management strategies, continued maintenance of the navigation project, management of bank caving and erosion, watershed nutrient and sediment management, habitat management, recreation needs, and other related purposes.

(b) CONTENTS.—The plan shall contain recommendations on future management plans and actions to be carried out by the responsible Federal and non-Federal entities and shall specifically address recommendations to authorize construction of a systemic flood control project in accordance with a plan for the Upper Mississippi River. The plan shall include recommendations for Federal action where appropriate and recommendations for follow-on studies for problem areas for which data or current technology does not allow immediate solutions.

(c) CONSULTATION AND USE OF EXISTING DATA.—The Secretary shall consult with appropriate State and Federal agencies and shall make maximum use of existing data and ongoing programs and efforts of States and Federal agencies in developing the plan.

(d) COST SHARING.—Development of the plan under this section shall be at Federal expense. Feasibility studies resulting from development of such plan shall be subject to cost sharing under section 105 of the Water Resources Development Act of 1986 (33 U.S.C. 2215).

(e) REPORT.—The Secretary shall submit a report that includes the comprehensive plan to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works of the Senate not later than 3 years after the date of the enactment of this Act.

SEC. 403. EL DORADO, UNION COUNTY, ARKANSAS.

The Secretary shall conduct a study to determine the feasibility of improvements to regional water supplies for El Dorado, Union County, Arkansas.

SEC. 404. SWEETWATER RESERVOIR, SAN DIEGO COUNTY, CALIFORNIA.

The Secretary shall conduct a study of the potential water quality problems and pollution abatement measures in the watershed in and around Sweetwater Reservoir, San Diego County, California.

SEC. 405. WHITEWATER RIVER BASIN, CALIFORNIA.

The Secretary shall undertake and complete a feasibility study for flood damage reduction in the Whitewater River basin, California, and, based upon the results of such study, give priority consideration to including the recommended project, including the Salton Sea wetlands restoration project, in the flood mitigation and riverine restoration pilot program authorized in section 214 of this Act.

SEC. 406. LITTLE ECONLACKHATCHEE RIVER BASIN, FLORIDA.

The Secretary shall conduct a study of pollution abatement measures in the Little Econlackhatchee River basin, Florida.

SEC. 407. PORT EVERGLADES INLET, FLORIDA.

The Secretary shall conduct a study to determine the feasibility of carrying out a sand bypass project at Port Everglades Inlet, Florida.

SEC. 408. UPPER DES PLAINES RIVER AND TRIBUTARIES, ILLINOIS AND WISCONSIN.

(a) IN GENERAL.—The Secretary is directed to conduct a study of the upper Des Plaines River and tributaries, Illinois and Wisconsin, upstream of the confluence with Salt Creek at Riverside, Illinois, to determine the feasibility of improvements in the interests of flood damage reduction, environmental restoration and protection, water quality, recreation, and related purposes.

(b) SPECIAL RULE.—In conducting the study, the Secretary may not exclude from consideration and evaluation flood damage reduction measures based on restrictive policies regarding the frequency of flooding, drainage area, and amount of runoff.

(c) CONSULTATION AND USE OF EXISTING DATA.—The Secretary shall consult with appropriate State and Federal agencies and shall make maximum use of existing data and ongoing programs and efforts of States and Federal agencies in conducting the study.

SEC. 409. CAMERON PARISH WEST OF CALCASIEU RIVER, LOUISIANA.

The Secretary shall conduct a study to determine the feasibility of carrying out a project for storm damage reduction and environmental restoration, Cameron Parish west of Calcasieu River, Louisiana.

SEC. 410. GRAND ISLE AND VICINITY, LOUISIANA.

In carrying out a study of the storm damage reduction benefits to Grand Isle and vicinity, Louisiana, the Secretary shall include benefits that a storm damage reduction project for Grand Isle and vicinity, Louisiana, may have on the mainland coast of Louisiana as project benefits attributable to the Grand Isle project.

SEC. 411. LAKE PONTCHARTRAIN SEAWALL, LOUISIANA.

(a) IN GENERAL.—The Secretary shall complete a post-authorization change report on the project for hurricane-flood protection, Lake Pontchartrain, Louisiana, and vicinity, authorized by section 204 of the Flood Control Act of 1965 (79 Stat. 1077), to incorporate and accomplish structural modifications to the seawall fronting protection along the south shore of Lake Pontchartrain from the New Basin Canal on the west to the Inner harbor Navigation Canal on the east.

(b) REPORT.—The Secretary shall ensure expeditious completion of the post-authorization change report required by subsection (a) not later than 180 days after the date of the enactment of this section.

SEC. 412. WESTPORT, MASSACHUSETTS.

The Secretary shall conduct a study to determine the feasibility of carrying out a navigation project for the town of Westport, Massachusetts, and the possible beneficial uses of dredged material for shoreline protection and storm damage reduction in the area. In determining the benefits of the project, the Secretary shall include the benefits derived from using dredged material for shoreline protection and storm damage reduction.

SEC. 413. SOUTHWEST VALLEY, ALBUQUERQUE, NEW MEXICO.

The Secretary shall undertake and complete a feasibility study for flood damage reduction in the Southwest Valley, Albuquerque, New Mexico, and, based upon the results of such study, give priority consideration to including the recommended project in the flood mitigation and riverine restoration pilot program authorized in section 214 of this Act.

SEC. 414. CAYUGA CREEK, NEW YORK.

The Secretary shall conduct a study to determine the feasibility of carrying out a project for flood control for Cayuga Creek, New York.

SEC. 415. ARCOLA CREEK WATERSHED, MADISON, OHIO.

The Secretary shall conduct a study to determine the feasibility of a project to provide environmental restoration and protection for the Arcola Creek watershed, Madison, Ohio.

SEC. 416. WESTERN LAKE ERIE BASIN, OHIO, INDIANA, AND MICHIGAN.

(a) IN GENERAL.—The Secretary shall conduct a study to develop measures to improve flood

control, navigation, water quality, recreation, and fish and wildlife habitat in a comprehensive manner in the western Lake Erie basin, Ohio, Indiana, and Michigan, including watersheds of the Maumee, Ottawa, and Portage Rivers.

(b) COOPERATION.—In carrying out the study, the Secretary shall cooperate with interested Federal, State, and local agencies and nongovernmental organizations and consider all relevant programs of such agencies.

(c) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall submit to Congress a report on the results of the study, including findings and recommendations.

SEC. 417. SCHUYLKILL RIVER, NORRISTOWN, PENNSYLVANIA.

The Secretary shall conduct a study to determine the feasibility of carrying out a project for flood control for Schuylkill River, Norristown, Pennsylvania, including improvement to existing stormwater drainage systems.

SEC. 418. LAKES MARION AND MOULTRIE, SOUTH CAROLINA.

The Secretary shall conduct a study to determine the feasibility of carrying out a project for Lakes Marion and Moultrie to provide water supply, treatment, and distribution to Calhoun, Clarendon, Colleton, Dorchester, Orangeburg, and Sumter Counties, South Carolina.

SEC. 419. DAY COUNTY, SOUTH DAKOTA.

The Secretary shall conduct an investigation of flooding and other water resources problems between the James River and Big Sioux watersheds in South Dakota and an assessment of flood damage reduction needs of the area.

SEC. 420. CORPUS CHRISTI, TEXAS.

The Secretary shall include, as part of the study authorized in a resolution of the Committee on Public Works and Transportation of the House of Representatives, dated August 1, 1990, a review of two 175-foot-wide barge shelves on either side of the navigation channel at the Port of Corpus Christi, Texas.

SEC. 421. MITCHELL'S CUT CHANNEL (CANEY FORK CUT), TEXAS.

The Secretary shall conduct a study to determine the feasibility of carrying out a project for navigation, Mitchell's Cut Channel (Caney Fork Cut), Texas.

SEC. 422. MOUTH OF COLORADO RIVER, TEXAS.

The Secretary shall conduct a study to determine the feasibility of carrying out a project for navigation at the mouth of the Colorado River, Texas, to provide a minimum draft navigation channel extending from the Colorado River through Parkers Cut (also known as "Tiger Island Cut"), or an acceptable alternative, to Matagorda Bay.

SEC. 423. KANAWHA RIVER, FAYETTE COUNTY, WEST VIRGINIA.

The Secretary shall conduct a study to determine the feasibility of developing a public port along the Kanawha River in Fayette County, West Virginia, at a site known as "Longacre".

SEC. 424. WEST VIRGINIA PORTS.

The Secretary shall conduct a study to determine the feasibility of expanding public port development in West Virginia along the Ohio River and navigable portion of the Kanawha River from its mouth to river mile 91.0

SEC. 425. GREAT LAKES REGION COMPREHENSIVE STUDY.

(a) STUDY.—The Secretary shall conduct a comprehensive study of the Great Lakes region to ensure the future use, management, and protection of water and related resources of the Great Lakes basin.

(b) REPORT.—Not later than 4 years after the date of the enactment of this Act, the Secretary shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works of the Senate a report that includes the strategic plan for Corps of Engineers programs in the Great Lakes basin and details of proposed Corps of Engineers environmental, navigation, and flood damage reduction projects in the region.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,000,000 for fiscal years 2000 through 2003.

SEC. 426. NUTRIENT LOADING RESULTING FROM DREDGED MATERIAL DISPOSAL.

(a) STUDY.—The Secretary shall conduct a study of nutrient loading that occurs as a result of discharges of dredged material into open-water sites in the Chesapeake Bay.

(b) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Secretary shall transmit to Congress a report on the results of the study.

SEC. 427. SANTEE DELTA FOCUS AREA, SOUTH CAROLINA.

The Secretary shall conduct a study of the Santee Delta focus area, South Carolina, to determine the feasibility of carrying out a project for enhancing wetlands values and public recreational opportunities in the area.

SEC. 428. DEL NORTE COUNTY, CALIFORNIA.

The Secretary shall undertake and complete a feasibility study for designating a permanent disposal site for dredged materials from Federal navigation projects in Del Norte County, California.

SEC. 429. ST. CLAIR RIVER AND LAKE ST. CLAIR, MICHIGAN.

(a) PLAN.—The Secretary, in coordination with State and local governments and appropriate Federal and provincial authorities of Canada, shall develop a comprehensive management plan for St. Clair River and Lake St. Clair. Such plan shall include the following elements:

(1) The causes and sources of environmental degradation.

(2) Continuous monitoring of organic, biological, metallic, and chemical contamination levels.

(3) Timely dissemination of information of such contamination levels to public authorities, other interested parties, and the public.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall transmit to Congress a report that includes the plan developed under subsection (a), together with recommendations of potential restoration measures.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $400,000.

SEC. 430. CUMBERLAND COUNTY, TENNESSEE.

The Secretary shall conduct a study to determine the feasibility of improvements to regional water supplies for Cumberland County, Tennessee.

TITLE V—MISCELLANEOUS PROVISIONS

SEC. 501. CORPS ASSUMPTION OF NRCS PROJECTS.

(a) LLAGAS CREEK, CALIFORNIA.—The Secretary is authorized to complete the remaining reaches of the Natural Resources Conservation Service's flood control project at Llagas Creek, California, undertaken pursuant to section 5 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1005), substantially in accordance with the Natural Resources Conservation Service watershed plan for Llagas Creek, Department of Agriculture, and in accordance with the requirements of local cooperation as specified in section 4 of such Act, at a total cost of $45,000,000, with an estimated Federal cost of $21,800,000 and an estimated non-Federal cost of $23,200,000.

(b) THORNTON RESERVOIR, COOK COUNTY, ILLINOIS.—

(1) IN GENERAL.—The Thornton Reservoir project, an element of the project for flood control, Chicagoland Underflow Plan, Illinois, authorized by section 3(a)(5) of the Water Resources Development Act of 1988 (102 Stat. 4013), is modified to authorize the Secretary to include additional permanent flood control storage attributable to the Natural Resources Conservation Service Thornton Reservoir (Structure 84), Little Calumet River Watershed, Illinois, approved under the Watershed Protection and Flood Prevention Act (16 U.S.C. 1001 et seq.).

(2) COST SHARING.—Costs for the Thornton Reservoir project shall be shared in accordance with section 103 of the Water Resources Development Act of 1986 (33 U.S.C. 2213).

(3) TRANSITIONAL STORAGE.—The Secretary of Agriculture may cooperate with non-Federal interests to provide, on a transitional basis, flood control storage for the Natural Resources Conservation Service Thornton Reservoir (Structure 84) in the west lobe of the Thornton quarry in advance of Corps' construction.

(4) CREDITING.—The Secretary may credit against the non-Federal share of the Thornton Reservoir project all design, lands, easements, rights-of-way (as of the date of authorization), and construction costs incurred by the non-Federal interests before the signing of the project cooperation agreement.

(5) REEVALUATION REPORT.—The Secretary shall determine the credits authorized by paragraph (4) that are integral to the Thornton Reservoir project and the current total project costs based on a limited reevaluation report.

SEC. 502. CONSTRUCTION ASSISTANCE.

Section 219(e) of the Water Resources Development Act of 1992 (106 Stat. 4836–4837) is amended by striking paragraphs (5) and (6) and inserting the following:

"(5) $25,000,000 for the project described in subsection (c)(2);

"(6) $20,000,000 for the project described in subsection (c)(9);

"(7) $30,000,000 for the project described in subsection (c)(16);

"(8) $30,000,000 for the project described in subsection (c)(17);

"(9) $20,000,000 for the project described in subsection (c)(19);

"(10) $15,000,000 for the project described in subsection (c)(20);

"(11) $11,000,000 for the project described in subsection (c)(21);

"(12) $2,000,000 for the project described in subsection (c)(22);

"(13) $3,000,000 for the project described in subsection (c)(23);

"(14) $1,500,000 for the project described in subsection (c)(24);

"(15) $2,000,000 for the project described in subsection (c)(25);

"(16) $8,000,000 for the project described in subsection (c)(26);

"(17) $8,000,000 for the project described in subsection (c)(27), of which $3,000,000 shall be available only for providing assistance for the Montoursville Regional Sewer Authority, Lycoming County;

"(18) $10,000,000 for the project described in subsection (c)(28); and

"(19) $1,000,000 for the project described in subsection (c)(29).".

SEC. 503. CONTAMINATED SEDIMENT DREDGING TECHNOLOGY.

(a) CONTAMINATED SEDIMENT DREDGING PROJECT.—

(1) REVIEW.—The Secretary shall conduct a review of innovative dredging technologies designed to minimize or eliminate contamination of a water column upon removal of contaminated sediments. The Secretary shall complete such review by June 1, 2001.

(2) TESTING.—After completion of the review under paragraph (1), the Secretary shall select the technology of those reviewed that the Secretary determines will increase the effectiveness

of removing contaminated sediments and significantly reduce contamination of the water column. Not later than December 31, 2001, the Secretary shall enter into an agreement with a public or private entity to test such technology in the vicinity of Peoria Lakes, Illinois.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $2,000,000.

SEC. 504. DAM SAFETY.

(a) ASSISTANCE.—The Secretary is authorized to provide assistance to enhance dam safety at the following locations:

(1) Healdsburg Veteran's Memorial Dam, California.

(2) Felix Dam, Pennsylvania.

(3) Kehly Run Dam, Pennsylvania.

(4) Owl Creek Reservoir, Pennsylvania.

(5) Sweet Arrow Lake Dam, Pennsylvania.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $6,000,000 to carry out this section.

SEC. 505. GREAT LAKES REMEDIAL ACTION PLANS.

Section 401(a)(2) of the Water Resources Development Act of 1990 (110 Stat. 3763) is amended by adding at the end the following: "Nonprofit public or private entities may contribute all or a portion of the non-Federal share.".

SEC. 506. SEA LAMPREY CONTROL MEASURES IN THE GREAT LAKES.

(a) IN GENERAL.—In conjunction with the Great Lakes Fishery Commission, the Secretary is authorized to undertake a program for the control of sea lampreys in and around waters of the Great Lakes. The program undertaken pursuant to this section may include projects which consist of either structural or nonstructural measures or a combination thereof.

(b) COST SHARING.—Projects carried out under this section on lands owned by the United States shall be carried out at full Federal expense. The non-Federal share of the cost of any such project undertaken on lands not in Federal ownership shall be 35 percent.

(c) NON-FEDERAL INTERESTS.—Notwithstanding section 221(b) of the Flood Control Act of 1970 (42 U.S.C. 1962d–5b(b)), the Secretary, after coordination with the appropriate State and local government officials having jurisdiction over an area in which a project under this section will be carried out, may allow a nonprofit entity to serve as the non-Federal interest for the project.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $2,000,000 for each of fiscal years 2000 through 2005.

SEC. 507. MAINTENANCE OF NAVIGATION CHANNELS.

Section 509(a) of the Water Resources Development Act of 1996 (110 Stat. 3759) is amended by adding at the end the following:

"(12) Acadiana Navigation Channel, Louisiana.

"(13) Contraband Bayou, Louisiana, as part of the Calcasieu River and Pass Ship Channel.

"(14) Lake Wallula Navigation Channel, Washington.

"(15) Wadley Pass (also known as McGriff Pass), Suwanee River, Florida.".

SEC. 508. MEASUREMENT OF LAKE MICHIGAN DIVERSIONS.

Section 1142(b) of the Water Resources Development Act of 1986 (42 U.S.C. 1962d–20 note; 100 Stat. 4253) is amended by striking "$250,000" and inserting "$1,250,000".

SEC. 509. UPPER MISSISSIPPI RIVER ENVIRONMENTAL MANAGEMENT PROGRAM.

(a) AUTHORIZED ACTIVITIES.—Section 1103(e)(1) of the Water Resources Development Act of 1986 (33 U.S.C. 652(e)(1)) is amended—

(1) by inserting "and" at the end of subparagraph (A);

(2) in subparagraph (B) by striking "long-term resource monitoring program; and" and inserting "long-term resource monitoring, computerized data inventory and analysis, and applied research program."; and

(3) by striking subparagraph (C) and inserting the following:

"In carrying out subparagraph (A), the Secretary shall establish an independent technical advisory committee to review projects, monitoring plans, and habitat and natural resource needs assessments.".

(b) REPORTS.—Section 1103(e)(2) of such Act (33 U.S.C. 652(e)(2)) is amended to read as follows:

"(2) REPORTS.—Not later than December 31, 2004, and not later than December 31st of every sixth year thereafter, the Secretary, in consultation with the Secretary of the Interior and the States of Illinois, Iowa, Minnesota, Missouri, and Wisconsin, shall transmit to Congress a report that—

"(A) contains an evaluation of the programs described in paragraph (1);

"(B) describes the accomplishments of each of such programs;

"(C) provides updates of a systemic habitat needs assessment; and

"(D) identifies any needed adjustments in the authorization.".

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 1103(e) of such Act (33 U.S.C. 652(e)) is amended—

(1) in paragraph (3) by striking "not to exceed" and all that follows before the period at the end and inserting "$22,750,000 for fiscal year 1999 and each fiscal year thereafter";

(2) in paragraph (4) by striking "not to exceed" and all that follows before the period at the end and inserting "$10,420,000 for fiscal year 1999 and each fiscal year thereafter"; and

(3) by striking paragraph (5) and inserting the following:

"(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out paragraph (1)(A) $350,000 for each of fiscal years 1999 through 2009.".

(d) TRANSFER OF AMOUNTS.—Section 1103(e)(6) of such Act is amended to read as follows:

"(6) TRANSFER OF AMOUNTS.—For fiscal year 1999, and each fiscal year thereafter, the Secretary, in consultation with the Secretary of the Interior and the States of Illinois, Iowa, Minnesota, Missouri, and Wisconsin, may transfer not to exceed 20 percent of the amounts appropriated to carry out subparagraph (A) or (B) of paragraph (1) to the amounts appropriated to carry out the other of such subparagraphs.".

(e) HABITAT NEEDS ASSESSMENT.—Section 1103(h)(2) of such Act (33 U.S.C. 652(h)(2)) is amended by adding at the end the following: "The Secretary shall complete the on-going habitat needs assessment conducted under this paragraph not later than September 30, 2000, and shall include in each report required by subsection (e)(2) the most recent habitat needs assessment conducted under this paragraph.".

(f) CONFORMING AMENDMENTS.—Section 1103 of such Act (33 U.S.C. 652) is amended—

(1) in subsection (e)(7) by striking "paragraphs (1)(B) and (1)(C)" and inserting "paragraph (1)(B)"; and

(2) in subsection (f)(2)—

(A) by striking "(2)(A)" and inserting "(2)"; and

(B) by striking subparagraph (B).

SEC. 510. ATLANTIC COAST OF NEW YORK MONITORING.

Section 404(c) of the Water Resources Development Act of 1992 (106 Stat. 4863) is amended by striking "1993, 1994, 1995, 1996, and 1997" and inserting "1993 through 2003".

SEC. 511. WATER CONTROL MANAGEMENT.

(a) IN GENERAL.—In evaluating potential improvements for water control management activities and consolidation of water control management centers, the Secretary may consider a regionalized water control management plan but may not implement such a plan until the date on which a report is transmitted under subsection (b).

(b) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall transmit to the Committee on Transportation and Infrastructure and the Committee on Appropriations of the House of Representatives and the Committee on Environment and Public Works and the Committee on Appropriations of the Senate a report containing the following:

(1) A description of the primary objectives of streamlining water control management activities.

(2) A description of the benefits provided by streamlining water control management activities through consolidation of centers for such activities.

(3) A determination of whether or not benefits to users of regional water control management centers will be retained in each district office of the Corps of Engineers that does not have a regional center.

(4) A determination of whether or not users of such regional centers will receive a higher level of benefits from streamlining water management control management activities.

(5) A list of the Members of Congress who represent a district that currently includes a water control management center that is to be eliminated under a proposed regionalized plan.

SEC. 512. BENEFICIAL USE OF DREDGED MATERIAL.

The Secretary is authorized to carry out the following projects under section 204 of the Water Resources Development Act of 1992 (33 U.S.C. 2326):

(1) BODEGA BAY, CALIFORNIA.—A project to make beneficial use of dredged materials from a Federal navigation project in Bodega Bay, California.

(2) SABINE REFUGE, LOUISIANA.—A project to make beneficial use of dredged materials from Federal navigation projects in the vicinity of Sabine Refuge, Louisiana.

(3) HANCOCK, HARRISON, AND JACKSON COUNTIES, MISSISSIPPI.—A project to make beneficial use of dredged material from a Federal navigation project in Hancock, Harrison, and Jackson Counties, Mississippi.

(4) ROSE CITY MARSH, ORANGE COUNTY, TEXAS.—A project to make beneficial use of dredged material from a Federal navigation project in Rose City Marsh, Orange County, Texas.

(5) BESSIE HEIGHTS MARSH, ORANGE COUNTY, TEXAS.—A project to make beneficial use of dredged material from a Federal navigation project in Bessie Heights Marsh, Orange County, Texas.

SEC. 513. DESIGN AND CONSTRUCTION ASSISTANCE.

Section 507(2) of the Water Resources Development Act of 1996 (110 Stat. 3758) is amended to read as follows:

"(2) Expansion and improvement of Long Pine Run Dam and associated water infrastructure in accordance with the requirements of subsections (b) through (e) of section 313 of the Water Resources Development Act of 1992 (106 Stat. 4845) at a total cost of $20,000,000.".

SEC. 514. LOWER MISSOURI RIVER AQUATIC RESTORATION PROJECTS.

(a) IN GENERAL.—Not later than 1 year after funds are made available for such purposes, the Secretary shall complete a comprehensive report—

(1) identifying a general implementation strategy and overall plan for environmental restoration and protection along the Lower Missouri River between Gavins Point Dam and the confluence of the Missouri and Mississippi Rivers; and

(2) recommending individual environmental restoration projects that can be considered by the Secretary for implementation under section 206 of the Water Resources Development Act of 1996 (33 U.S.C. 2330; 110 Stat. 3679–3680).

(b) SCOPE OF PROJECTS.—Any environmental restoration projects recommended under subsection (a) shall provide for such activities and measures as the Secretary determines to be necessary to protect and restore fish and wildlife habitat without adversely affecting private property rights or water related needs of the region surrounding the Missouri River, including flood control, navigation, and enhancement of water supply, and shall include some or all of the following components:

(1) Modification and improvement of navigation training structures to protect and restore fish and wildlife habitat.

(2) Modification and creation of side channels to protect and restore fish and wildlife habitat.

(3) Restoration and creation of fish and wildlife habitat.

(4) Physical and biological monitoring for evaluating the success of the projects.

(c) COORDINATION.—To the maximum extent practicable, the Secretary shall integrate projects carried out in accordance with this section with other Federal, tribal, and State restoration activities.

(d) COST SHARING.—The report under subsection (a) shall be undertaken at full Federal expense.

SEC. 515. AQUATIC RESOURCES RESTORATION IN THE NORTHWEST.

(a) IN GENERAL.—In cooperation with other Federal agencies, the Secretary is authorized to develop and implement projects for fish screens, fish passage devices, and other similar measures agreed to by non-Federal interests and relevant Federal agencies to mitigate adverse impacts associated with irrigation system water diversions by local governmental entities in the States of Oregon, Washington, Montana, and Idaho.

(b) PROCEDURE AND PARTICIPATION.—

(1) CONSULTATION REQUIREMENT; USE OF EXISTING DATA.—In providing assistance under subsection (a), the Secretary shall consult with other Federal, State, and local agencies and make maximum use of data and studies in existence on the date of the enactment of this Act.

(2) PARTICIPATION BY NON-FEDERAL INTERESTS.—Participation by non-Federal interests in projects under this section shall be voluntary. The Secretary shall not take any action under this section that will result in a non-Federal interest being held financially responsible for an action under a project unless the non-Federal interest has voluntarily agreed to participate in the project.

(c) COST SHARING.—Projects carried out under this section on lands owned by the United States shall be carried out at full Federal expense. The non-Federal share of the cost of any such project undertaken on lands not in Federal ownership shall be 35 percent.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for fiscal years beginning after September 30, 1999.

SEC. 516. INNOVATIVE TECHNOLOGIES FOR WATERSHED RESTORATION.

The Secretary shall use, and encourage the use of, innovative treatment technologies, including membrane technologies, for watershed and environmental restoration and protection projects involving water quality.

SEC. 517. ENVIRONMENTAL RESTORATION.

(a) ATLANTA, GEORGIA.—Section 219(c)(2) of the Water Resources Development Act of 1992 (106 Stat. 4835) is amended by inserting before the period "and watershed restoration and development in the regional Atlanta watershed, including Big Creek and Rock Creek".

(b) PATERSON AND PASSAIC VALLEY, NEW JERSEY.—Section 219(c)(9) of such Act (106 Stat. 4836) is amended to read as follows:

"(9) PATERSON, PASSAIC COUNTY, AND PASSAIC VALLEY, NEW JERSEY.—Drainage facilities to alleviate flooding problems on Getty Avenue in the vicinity of St. Joseph's Hospital for the City of Paterson, New Jersey, and Passaic County, New Jersey, and innovative facilities to manage and treat additional flows in the Passaic Valley, Passaic River basin, New Jersey.".

(c) NASHUA, NEW HAMPSHIRE.—Section 219(c) of such Act is amended by adding at the end the following:

"(19) NASHUA, NEW HAMPSHIRE.—A sewer and drainage system separation and rehabiliation program for Nashua, New Hampshire.".

(d) FALL RIVER AND NEW BEDFORD, MASSACHUSETTS.—Section 219(c) of such Act is further amended by adding at the end the following:

"(20) FALL RIVER AND NEW BEDFORD, MASSACHUSETTS.—Elimination or control of combined sewer overflows in the cities of Fall River and New Bedford, Massachusetts.".

(e) ADDITIONAL PROJECT DESCRIPTIONS.—Section 219(c) of such Act is further amended by adding at the end the following:

"(21) FINDLAY TOWNSHIP, PENNSYLVANIA.—Water and sewer lines in Findlay Township, Allegheny County, Pennsylvania.

"(22) DILLSBURG BOROUGH AUTHORITY, PENNSYLVANIA.—Water and sewer systems in Franklin Township, York County, Pennsylvania.

"(23) HAMPTON TOWNSHIP, PENNSYLVANIA.—Water, sewer, and stormsewer improvements in Hampton Township, Cumberland County, Pennsylvania.

"(24) TOWAMENCIN TOWNSHIP, PENNSYLVANIA.—Sanitary sewer and water lines in Towamencin Township, Montgomery County, Pennsylvania.

"(25) DAUPHIN COUNTY, PENNSYLVANIA.—Combined sewer and water system rehabilitation for the City of Harrisburg, Dauphin County, Pennsylvania.

"(26) LEE, NORTON, WISE, AND SCOTT COUNTIES, VIRGINIA.—Water supply and wastewater treatment in Lee, Norton, Wise, and Scott Counties, Virginia.

"(27) NORTHEAST PENNSYLVANIA.—Water-related infrastructure in Lackawanna, Lycoming, Susquehanna, Wyoming, Pike, and Monroe Counties, Pennsylvania, including assistance for the Montoursville Regional Sewer Authority, Lycoming County.

"(28) CALUMET REGION, INDIANA.—Water-related infrastructure in Lake and Porter Counties, Indiana.

"(29) CLINTON COUNTY, PENNSYLVANIA.—Water-related infrastructure in Clinton County, Pennsylvania.".

SEC. 518. EXPEDITED CONSIDERATION OF CERTAIN PROJECTS.

The Secretary shall expedite completion of the reports for the following projects and proceed directly to project planning, engineering, and design:

(1) Arroyo Pasajero, San Joaquin River basin, California, project for flood control.

(2) Success Dam, Tule River, California, project for flood control and water supply.

(3) Alafia Channel, Tampa Harbor, Florida, project for navigation.

(4) Columbia Slough, Portland, Oregon, project for ecosystem restoration.

(5) Ohio River Greenway, Indiana, project for environmental restoration and recreation.

SEC. 519. DOG RIVER, ALABAMA.

(a) IN GENERAL.—The Secretary is authorized to establish, in cooperation with non-Federal interests, a pilot project to restore natural water depths in the Dog River, Alabama, between its mouth and the Interstate Route 10 crossing, and in the downstream portion of its principal tributaries.

(b) FORM OF ASSISTANCE.—Assistance provided under subsection (a) shall be in the form of design and construction of water-related resource protection and development projects affecting the Dog River, including environmental restoration and recreational navigation.

(c) NON-FEDERAL SHARE.—The non-Federal share of the cost of the project carried out with assistance under this section shall be 90 percent.

(d) LANDS, EASEMENTS, AND RIGHTS-OF-WAY.—The non-Federal sponsor provide all lands, easements, rights of way, relocations, and dredged material disposal areas including retaining dikes required for the project.

(e) OPERATION MAINTENANCE.—The non-Federal share of the cost of operation, maintenance, repair, replacement, or rehabilitation of the project carried out with assistance under this section shall be 100 percent.

(f) CREDIT TOWARD NON-FEDERAL SHARE.—The value of the lands, easements, rights of way, relocations, and dredged material disposal areas, including retaining dikes, provided by the non-Federal sponsor shall be credited toward the non-Federal share.

SEC. 520. ELBA, ALABAMA.

The Secretary is authorized to repair and rehabilitate a levee in the City of Elba, Alabama at a total cost of $12,900,000.

SEC. 521. GENEVA, ALABAMA.

The Secretary is authorized to repair and rehabilitate a levee in the City of Geneva, Alabama at a total cost of $16,600,000.

SEC. 522. NAVAJO RESERVATION, ARIZONA, NEW MEXICO, AND UTAH.

(a) IN GENERAL.—In cooperation with other appropriate Federal and local agencies, the Secretary shall undertake a survey of, and provide technical, planning, and design assistance for, watershed management, restoration, and development on the Navajo Indian Reservation, Arizona, New Mexico, and Utah.

(b) COST SHARING.—The Federal share of the cost of activities carried out under this section shall be 75 percent. Funds made available under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) may be used by the Navajo Nation in meeting the non-Federal share of the cost of such activities.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $12,000,000 for fiscal years beginning after September 30, 1999.

SEC. 523. AUGUSTA AND DEVALLS BLUFF, ARKANSAS.

(a) IN GENERAL.—The Secretary is authorized to perform operations, maintenance, and rehabilitation on 37 miles of levees in and around Augusta and Devalls Bluff, Arkansas.

(b) REIMBURSEMENT.—After performing the operations, maintenance, and rehabilitation under subsection (a), the Secretary may seek reimbursement from the Secretary of the Interior of an amount equal to the costs allocated to benefits to a Federal wildlife refuge of such operations, maintenance, and rehabilitation.

SEC. 524. BEAVER LAKE, ARKANSAS.

(a) WATER SUPPLY STORAGE REALLOCATION.—The Secretary shall reallocate approximately 31,000 additional acre-feet at Beaver Lake, Arkansas, to water supply storage at no additional cost to the Beaver Water District or the Carroll-Boone Water District above the amount that has already been contracted for. At no time may the bottom of the conservation pool be at an elevation that is less than 1,076 feet NGVD.

(b) CONTRACT PRICING.—The contract price for additional storage for the Carroll-Boone Water District beyond that which is provided for in subsection (a) shall be based on the original construction cost of Beaver Lake and adjusted to the 1998 price level net of inflation between the date of initiation of construction and the date of the enactment of this Act.

SEC. 525. BEAVER LAKE TROUT PRODUCTION FACILITY, ARKANSAS.

(a) EXPEDITED CONSTRUCTION.—The Secretary shall construct, under the authority of section 105 of the Water Resources Development Act of 1976 (90 Stat. 2921) and section 1135 of the Water Resources Development Act of 1986 (100 Stat. 4251–4252), the Beaver Lake trout hatchery as expeditiously as possible, but in no event later than September 30, 2002.

(b) MITIGATION PLAN.—Not later than 2 years after the date of the enactment of this Act, the Secretary, in conjunction with the State of Arkansas, shall prepare a plan for the mitigation of effects of the Beaver Dam project on Beaver Lake. Such plan shall provide for construction of the Beaver Lake trout production facility and related facilities.

SEC. 526. CHINO DAIRY PRESERVE, CALIFORNIA.

(a) TECHNICAL ASSISTANCE.—The Secretary, in coordination with the heads of other Federal agencies, shall provide technical assistance to State and local agencies in the study, design, and implementation of measures for flood damage reduction and environmental restoration and protection in the Santa Ana River watershed, California, with particular emphasis on structural and nonstructural measures in the vicinity of the Chino Dairy Preserve.

(b) COMPREHENSIVE STUDY.—The Secretary shall conduct a feasibility study to determine the most cost-effective plan for flood damage reduction and environmental restoration and protection in the vicinity of the Chino Dairy Preserve, Santa Ana River watershed, Orange County and San Bernardino County, California.

SEC. 527. NOVATO, CALIFORNIA.

The Secretary shall carry out a project for flood control under section 205 of the Flood Control Act of 1948 (33 U.S.C. 701s) at Rush Creek, Novato, California.

SEC. 528. ORANGE AND SAN DIEGO COUNTIES, CALIFORNIA.

The Secretary, in cooperation with local governments, may prepare special area management plans in Orange and San Diego Counties, California, to demonstrate the effectiveness of using such plans to provide information regarding aquatic resources. The Secretary may use such plans in making regulatory decisions and issue permits consistent with such plans.

SEC. 529. SALTON SEA, CALIFORNIA.

(a) TECHNICAL ASSISTANCE.—The Secretary, in coordination with other Federal agencies, shall provide technical assistance to Federal, State, and local agencies in the study, design, and implementation of measures for the environmental restoration and protection of the Salton Sea, California.

(b) STUDY.—The Secretary, in coordination with other Federal, State, and local agencies, shall conduct a study to determine the most effective plan for the Corps of Engineers to assist in the environmental restoration and protection of the Salton Sea, California.

SEC. 530. SANTA CRUZ HARBOR, CALIFORNIA.

The Secretary is authorized to modify the cooperative agreement with the Santa Cruz Port District, California, to reflect unanticipated additional dredging effort and to extend such agreement for 10 years.

SEC. 531. POINT BEACH, MILFORD, CONNECTICUT.

(a) MAXIMUM FEDERAL EXPENDITURE.—The maximum amount of Federal funds that may be expended for the project for hurricane and storm damage reduction, Point Beach, Milford, Connecticut, shall be $3,000,000.

(b) REVISION OF PROJECT COOPERATION AGREEMENT.—The Secretary shall revise the project cooperation agreement for the project referred to in subsection (a) to take into account the change in the Federal participation in such project.

(c) COST SHARING.—Nothing in this section shall be construed to affect any cost-sharing requirement applicable to the project referred to in subsection (a) under section 101 of the Water Resources Development Act of 1986 (31 U.S.C. 2211).

SEC. 532. LOWER ST. JOHNS RIVER BASIN, FLORIDA.

(a) COMPUTER MODEL.—

(1) IN GENERAL.—The Secretary may apply the computer model developed under the St. Johns River basin feasibility study to assist non-Federal interests in developing strategies for improving water quality in the Lower St. Johns River basin, Florida.

(2) COST SHARING.—The non-Federal share of the cost of assistance provided under this subsection shall be 50 percent.

(b) TOPOGRAPHIC SURVEY.—The Secretary is authorized to provide 1-foot contour topographic survey maps of the Lower St. Johns River basin, Florida, to non-Federal interests for analyzing environmental data and establishing benchmarks for subbasins.

SEC. 533. SHORELINE PROTECTION AND ENVIRONMENTAL RESTORATION, LAKE ALLATOONA, GEORGIA.

(a) IN GENERAL.—The Secretary, in cooperation with the Administrator of the Environmental Protection Agency, is authorized to carry out the following water-related environmental restoration and resource protection activities to restore Lake Allatoona and the Etowah River in Georgia:

(1) LAKE ALLATOONA/ETOWAH RIVER SHORELINE RESTORATION DESIGN.—Develop pre-construction design measures to alleviate shoreline erosion and sedimentation problems.

(2) LITTLE RIVER ENVIRONMENTAL RESTORATION.—Conduct a feasibility study to evaluate environmental problems and recommend environmental infrastructure restoration measures for the Little River within Lake Allatoona, Georgia.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for fiscal years beginning after September 30, 1999—

(1) $850,000 to carry out subsection (a)(1); and

(2) $250,000 to carry out subsection (a)(2).

SEC. 534. MAYO'S BAR LOCK AND DAM, COOSA RIVER, ROME, GEORGIA.

The Secretary is authorized to provide technical assistance, including planning, engineering, and design assistance, for the reconstruction of the Mayo's Bar Lock and Dam, Coosa River, Rome, Georgia. The non-Federal share of assistance under this section shall be 50 percent.

SEC. 535. COMPREHENSIVE FLOOD IMPACT RESPONSE MODELING SYSTEM, CORALVILLE RESERVOIR AND IOWA RIVER WATERSHED, IOWA.

(a) IN GENERAL.—The Secretary, in cooperation with the University of Iowa, shall conduct a study and develop a Comprehensive Flood Impact Response Modeling System for Coralville Reservoir and the Iowa River watershed, Iowa.

(b) CONTENTS OF STUDY.—The study shall include—

(1) an evaluation of the combined hydrologic, geomorphic, environmental, economic, social, and recreational impacts of operating strategies within the Iowa River watershed;

(2) development of an integrated, dynamic flood impact model; and

(3) development of a rapid response system to be used during flood and other emergency situations.

(c) REPORT TO CONGRESS.—Not later than 5 years after the date of the enactment of this Act, the Secretary shall transmit to Congress a report containing the results of the study and modeling system together with such recommendations as the Secretary determines to be appropriate.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $900,000 for each of fiscal years 2000 through 2004.

SEC. 536. ADDITIONAL CONSTRUCTION ASSISTANCE IN ILLINOIS.

The Secretary may carry out the project for Georgetown, Illinois, and the project for Olney, Illinois, referred to in House Report Number 104–741, accompanying Public Law 104–182.

SEC. 537. KANOPOLIS LAKE, KANSAS.

(a) WATER STORAGE.—The Secretary shall offer to the State of Kansas the right to purchase water storage in Kanopolis Lake, Kansas, at a price calculated in accordance with and in a manner consistent with the terms of the memorandum of understanding entitled "Memorandum of Understanding Between the State of Kansas and the U.S. Department of the Army Concerning the Purchase of Municipal and Industrial Water Supply Storage", dated December 11, 1985.

(b) EFFECTIVE DATE.—For the purposes of this section, the effective date of that memorandum of understanding shall be deemed to be the date of the enactment of this Act.

SEC. 538. SOUTHERN AND EASTERN KENTUCKY.

Section 531(h) of the Water Resources Development Act of 1996 (110 Stat. 3774) is amended by striking "$10,000,000" and inserting "$25,000,000".

SEC. 539. SOUTHEAST LOUISIANA.

Section 533(c) of the Water Resources Development Act of 1996 (110 Stat. 3775) is amended by striking "$100,000,000" and inserting "$200,000,000".

SEC. 540. SNUG HARBOR, MARYLAND.

(a) IN GENERAL.—The Secretary, in coordination with the Director of the Federal Emergency Management Agency, is authorized—

(1) to provide technical assistance to the residents of Snug Harbor, in the vicinity of Berlin, Maryland, for purposes of flood damage reduction;

(2) to conduct a study of a project for nonstructural measures for flood damage reduction in the vicinity of Snug Harbor, Maryland, taking into account the relationship of both the Ocean City Inlet and Assateague Island to the flooding; and

(3) after completion of the study, to carry out the project under the authority of section 205 of the Flood Control Act of 1948 (33 U.S.C. 701s).

(b) FEMA ASSISTANCE.—The Director, in coordination with the Secretary and under the authorities of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 note), may provide technical assistance and nonstructural measures for flood damage mitigation in the vicinity of Snug Harbor, Maryland.

(c) FEDERAL SHARE.—The Federal share of the cost of assistance under this section shall not exceed $3,000,000. The non-Federal share of such cost shall be determined in accordance with the Water Resources Development Act of 1986 or the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as appropriate.

SEC. 541. WELCH POINT, ELK RIVER, CECIL COUNTY, AND CHESAPEAKE CITY, MARYLAND.

(a) SPILLAGE OF DREDGED MATERIALS.—The Secretary shall carry out a study to determine if the spillage of dredged materials that were removed as part of the project for navigation, Inland Waterway from Delaware River to Chesapeake Bay, Delaware and Maryland, authorized by the first section of the Act of August 30, 1935 (49 Stat. 1030), is a significant impediment to vessels transiting the Elk River near Welch Point, Maryland. If the Secretary determines that the spillage is an impediment to navigation, the Secretary may conduct such dredging as may be required to permit navigation on the river.

(b) Damage to Water Supply.—The Secretary shall carry out a study to determine if additional compensation is required to fully compensate the City of Chesapeake, Maryland, for damage to the city's water supply resulting from dredging of the Chesapeake and Delaware Canal project. If the Secretary determines that such additional compensation is required, the Secretary may provide the compensation to the City of Chesapeake.

SEC. 542. WEST VIEW SHORES, CECIL COUNTY, MARYLAND.

Not later than 1 year after the date of the enactment of this Act, the Secretary shall carry out an investigation of the contamination of the well system in West View Shores, Cecil County, Maryland. If the Secretary determines that the disposal site from any Federal navigation project has contributed to the contamination of the wells, the Secretary may provide alternative water supplies, including replacement of wells, at full Federal expense.

SEC. 543. RESTORATION PROJECTS FOR MARYLAND, PENNSYLVANIA, AND WEST VIRGINIA.

Section 539 of the Water Resources Development Act of 1996 (110 Stat. 3776–3777) is amended—

(1) in subsection (a)(1) by striking "technical";

(2) in subsection (a)(1) by inserting "(or in the case of projects located on lands owned by the United States, to Federal interests)" after "interests";

(3) in subsection (a)(3) by inserting "or in conjunction" after "consultation"; and

(4) by inserting at the end of subsection (d) the following: "Funds authorized to be appropriated to carry out section 340 of the Water Resources Development Act of 1992 (106 Stat. 4856) are authorized for projects undertaken under subsection (a)(1)(B).".

SEC. 544. CAPE COD CANAL RAILROAD BRIDGE, BUZZARDS BAY, MASSACHUSETTS.

(a) Alternative Transportation.—The Secretary is authorized to provide up to $300,000 for alternative transportation that may arise as a result of the operation, maintenance, repair, and rehabilitation of the Cape Cod Canal Railroad Bridge.

(b) Operation and Maintenance Contract Renegotiation.—Not later than 60 days after the date of the enactment of this Act, the Secretary shall enter into negotiation with the owner of the railroad right-of-way for the Cape Cod Canal Railroad Bridge for the purpose of establishing the rights and responsibities for the operation and maintenance of the Bridge. The Secretary is authorized to include in any new contract the termination of the prior contract numbered ER–W175–ENG–1.

SEC. 545. ST. LOUIS, MISSOURI.

(a) Demonstration Project.—The Secretary, in consultation with local officials, shall conduct a demonstration project to improve water quality in the vicinity of St. Louis, Missouri.

(b) Authorization of Appropriations.—There is authorized to be appropriated $1,700,000 to carry out this section.

SEC. 546. BEAVER BRANCH OF BIG TIMBER CREEK, NEW JERSEY.

Upon request of the State of New Jersey or a political subdivision thereof, the Secretary may compile and disseminate information on floods and flood damages, including identification of areas subject to inundation by floods, and provide technical assistance regarding floodplain management for Beaver Branch of Big Timber Creek, New Jersey.

SEC. 547. LAKE ONTARIO AND ST. LAWRENCE RIVER WATER LEVELS, NEW YORK.

Upon request, the Secretary shall provide technical assistance to the International Joint Commission and the St. Lawrence River Board of Control in undertaking studies on the effects of fluctuating water levels on the natural environment, recreational boating, property flooding, and erosion along the shorelines of Lake Ontario and the St. Lawrence River in New York. The Commission and Board are encouraged to conduct such studies in a comprehensive and thorough manner before implementing any change to water regulation Plan 1958–D.

SEC. 548. NEW YORK-NEW JERSEY HARBOR, NEW YORK AND NEW JERSEY.

The Secretary may enter into cooperative agreements with non-Federal interests to investigate, develop, and support measures for sediment management and reduction of contaminant sources which affect navigation in the Port of New York-New Jersey and the environmental conditions of the New York-New Jersey Harbor estuary. Such investigation shall include an analysis of the economic and environmental benefits and costs of potential sediment management and contaminant reduction measures.

SEC. 549. SEA GATE REACH, CONEY ISLAND, NEW YORK, NEW YORK.

The Secretary is authorized to construct a project for shoreline protection which includes a beachfill with revetment and T-groin for the Sea Gate Reach on Coney Island, New York, as identified in the March 1998 report prepared for the Corps of Engineers, New York District, entitled "Field Data Gathering, Project Performance Analysis and Design Alternative Solutions to Improve Sandfill Retention", at a total cost of $9,000,000, with an estimated Federal cost of $5,850,000 and an estimated non-Federal cost of $3,150,000.

SEC. 550. WOODLAWN, NEW YORK.

(a) In General.—The Secretary shall provide planning, design, and other technical assistance to non-Federal interests for identifying and mitigating sources of contamination at Woodlawn Beach in Woodlawn, New York.

(b) Cost Sharing.—The non-Federal share of the cost of assistance provided under this section shall be 50 percent.

SEC. 551. FLOODPLAIN MAPPING, NEW YORK.

(a) In General.—The Secretary shall provide assistance for a project to develop maps identifying 100- and 500-year flood inundation areas in the State of New York.

(b) Requirements.—Maps developed under the project shall include hydrologic and hydraulic information and shall accurately show the flood inundation of each property by flood risk in the floodplain. The maps shall be produced in a high resolution format and shall be made available to all flood prone areas in the State of New York in an electronic format.

(c) Participation of FEMA.—The Secretary and the non-Federal sponsor of the project shall work with the Director of the Federal Emergency Management Agency to ensure the validity of the maps developed under the project for flood insurance purposes.

(d) Forms of Assistance.—In carrying out the project, the Secretary may enter into contracts or cooperative agreements with the non-Federal sponsor or provide reimbursements of project costs.

(e) Federal Share.—The Federal share of the cost of the project shall be 75 percent.

(f) Authorization of Appropriations.—There is authorized to be appropriated to carry out this section $12,000,000 for fiscal years beginning after September 30, 1998.

SEC. 552. WHITE OAK RIVER, NORTH CAROLINA.

The Secretary shall conduct a study to determine if water quality deterioration and sedimentation of the White Oak River, North Carolina, are the result of the Atlantic Intracoastal Waterway navigation project. If the Secretary determines that the water quality deterioration and sedimentation are the result of the project, the Secretary shall take appropriate measures to mitigate the deterioration and sedimentation.

SEC. 553. TOUSSAINT RIVER, CARROLL TOWNSHIP, OTTAWA COUNTY, OHIO.

The Secretary is authorized to provide technical assistance for the removal of military ordnance from the Toussaint River, Carroll Township, Ottawa County, Ohio.

SEC. 554. SARDIS RESERVOIR, OKLAHOMA.

(a) In General.—The Secretary shall accept from the State of Oklahoma or an agent of the State an amount, as determined under subsection (b), as prepayment of 100 percent of the water supply cost obligation of the State under Contract No. DACW56–74–JC–0314 for water supply storage at Sardis Reservoir, Oklahoma.

(b) Determination of Amount.—The amount to be paid by the State of Oklahoma under subsection (a) shall be subject to adjustment in accordance with accepted discount purchase methods for Federal Government properties as determined by an independent accounting firm designated by the Director of the Office of Management and Budget. The cost of such determination shall be paid for by the State of Oklahoma or an agent of the State.

(c) Effect.—Nothing in this section affects any of the rights or obligations of the parties to the contract referred to in subsection (a).

SEC. 555. WAURIKA LAKE, OKLAHOMA, WATER CONVEYANCE FACILITIES.

For the project for construction of the water conveyances authorized by the first section of Public Law 88–253 (77 Stat. 841), the requirement for the Waurika Project Master Conservancy District to repay the $2,900,000 in costs (including interest) resulting from the October 1991 settlement of the claim before the United States Claims Court, and the payment of $1,190,451 of the final cost representing the difference between the 1978 estimate of cost and the actual cost determined after completion of such project in 1991, are waived.

SEC. 556. SKINNER BUTTE PARK, EUGENE, OREGON.

(a) Study.—The Secretary shall conduct a study of the south bank of the Willamette River, in the area of Skinner Butte Park from Ferry Street Bridge to the Valley River footbridge, to determine the feasibility of carrying out a project to stabilize the river bank, and to restore and enhance riverine habitat, using a combination of structural and bioengineering techniques.

(b) Construction.—If, upon completion of the study, the Secretary determines that the project is feasible, the Secretary shall participate with non-Federal interests in the construction of the project.

(c) Cost Share.—The non-Federal share of the cost of the project shall be 35 percent.

(d) Lands, Easements, and Rights-of-Way.—The non-Federal interest shall provide lands, easements, rights-of-way, relocations, and dredged material disposal areas necessary for construction of the project. The value of such items shall be credited toward the non-Federal share of the cost of the project.

(e) Authorization of Appropriations.—There is authorized to be appropriated to carry out this section $1,000,000 for fiscal years beginning after September 30, 1999.

SEC. 557. WILLAMETTE RIVER BASIN, OREGON.

The Secretary, Director of the Federal Emergency Management Agency, Administrator of the Environmental Protection Agency, and heads of other appropriate Federal agencies shall, using existing authorities, assist the State of Oregon in developing and implementing a comprehensive basin-wide strategy in the Willamette River basin of Oregon for coordinated and integrated management of land and water resources to improve water quality, reduce flood hazards, ensure sustainable economic activity, *and restore habitat for native fish and wildlife. The heads of such Federal agencies may provide technical assistance, staff and financial support for development of the basin-wide management strategy. The heads of Federal agencies shall seek to exercise flexibility in administrative actions and allocation of funding to reduce barriers to efficient and effective implementing of the strategy.*

SEC. 558. BRADFORD AND SULLIVAN COUNTIES, PENNSYLVANIA.

The Secretary is authorized to provide assistance for water-related environmental infrastructure and resource protection and development projects in Bradford and Sullivan Counties, Pennsylvania, using the funds and authorities provided in title I of the Energy and Water Development Appropriations Act, 1999 (Public Law 105–245) under the heading "Construction, General" (112 Stat. 1840) for similar projects in Lackawanna, Lycoming, Susquehanna, Wyoming, Pike, and Monroe Counties, Pennsylvania.

SEC. 559. ERIE HARBOR, PENNSYLVANIA.

The Secretary may reimburse the appropriate non-Federal interest not more than $78,366 for architect and engineering costs incurred in connection with the Erie Harbor basin navigation project, Pennsylvania.

SEC. 560. POINT MARION LOCK AND DAM, PENNSYLVANIA.

The project for navigation, Point Marion Lock and Dam, Borough of Point Marion, Pennsylvania, as authorized by section 301(a) of the Water Resources Development Act of 1986 (100 Stat. 4110), is modified to direct the Secretary, in the operation and maintenance of the project, to mitigate damages to the shoreline, at a total cost of $2,000,000. The cost of the mitigation shall be allocated as an operation and maintenance cost of a Federal navigation project.

SEC. 561. SEVEN POINTS' HARBOR, PENNSYLVANIA.

(a) In General.—The Secretary is authorized, at full Federal expense, to construct a breakwater-dock combination at the entrance to Seven Points' Harbor, Pennsylvania.

(b) Operation and Maintenance Costs.—All operation and maintenance costs associated with the facility constructed under this section shall be the responsibility of the lessee of the marina complex at Seven Points' Harbor.

(c) Authorization of Appropriations.—There is authorized to be appropriated $850,000 to carry out this section.

SEC. 562. SOUTHEASTERN PENNSYLVANIA.

Section 566(b) of the Water Resources Development Act of 1996 (110 Stat. 3786) is amended by inserting "environmental restoration," after "water supply and related facilities,".

SEC. 563. UPPER SUSQUEHANNA-LACKAWANNA WATERSHED RESTORATION INITIATIVE.

(a) In General.—The Secretary, in cooperation with appropriate Federal, State, and local agencies and nongovernmental institutions, is authorized to prepare a watershed plan for the Upper Susquehanna-Lackawanna Watershed (USGS Cataloguing Unit 02050107). The plan shall utilize geographic information system and shall include a comprehensive environmental assessment of the watershed's ecosystem, a comprehensive flood plain management plan, a flood plain protection plan, water resource and environmental restoration projects, water quality improvement, and other appropriate infrastructure and measures.

(b) Non-Federal Share.—The non-Federal share of the cost of preparation of the plan under this section shall be 50 percent. Services and materials instead of cash may be credited toward the non-Federal share of the cost of the plan.

(c) Authorization of Appropriations.—There is authorized to be appropriated to carry out this section $5,000,000 for fiscal years beginning after September 30, 1999.

SEC. 564. AGUADILLA HARBOR, PUERTO RICO.

The Secretary shall conduct a study to determine if erosion and additional storm damage risks that exist in the vicinity of Aguadilla Harbor, Puerto Rico, are the result of a Federal navigation project. If the Secretary determines that such erosion and additional storm damage risks are the result of the project, the Secretary shall take appropriate measures to mitigate the erosion and storm damage.

SEC. 565. OAHE DAM TO LAKE SHARPE, SOUTH DAKOTA, STUDY.

Section 441 of the Water Resources Development Act of 1996 (110 Stat. 3747) is amended—

(1) by inserting "(a) Investigation.—" before "The Secretary"; and

(2) by adding at the end the following:

"(b) Report.—Not later than September 30, 1999, the Secretary shall transmit to Congress a report on the results of the investigation under this section. The report shall include the examination of financing options for regular maintenance and preservation of the lake. The report shall be prepared in coordination and cooperation with the Natural Resources Conservation Service, other Federal agencies, and State and local officials.".

SEC. 566. INTEGRATED WATER MANAGEMENT PLANNING, TEXAS.

(a) In General.—The Secretary, in cooperation with other Federal agencies and the State of Texas, shall provide technical, planning, and design assistance to non-Federal interests in developing integrated water management plans and projects that will serve the cities, counties, water agencies, and participating planning regions under the jurisdiction of the State of Texas.

(b) Purposes of Assistance.—Assistance provided under subsection (a) shall be in support of non-Federal planning and projects for the following purposes:

(1) Plan and develop integrated, near- and long-term water management plans that address the planning region's water supply, water conservation, and water quality needs.

(2) Study and develop strategies and plans that restore, preserve, and protect the State's and planning region's natural ecosystems.

(3) Facilitate public communication and participation.

(4) Integrate such activities with other ongoing Federal and State projects and activities associated with the State of Texas water plan and the State of Texas legislation.

(c) Cost Sharing.—The non-Federal share of the cost of assistance provided under subsection (a) shall be 50 percent, of which up to ½ of the non-Federal share may be provided as in kind services.

(d) Authorization of Appropriations.—There is authorized to be appropriated to carry out this section, $10,000,000 for the fiscal years beginning after September 30, 1999.

SEC. 567. BOLIVAR PENINSULA, JEFFERSON, CHAMBERS, AND GALVESTON COUNTIES, TEXAS.

(a) Shore Protection Project.—The Secretary is authorized to design and construct a shore protection project between the south jetty of the Sabine Pass Channel and the north jetty of the Galveston Harbor Entrance Channel in Jefferson, Chambers, and Galveston Counties, Texas, including beneficial use of dredged material from Federal navigation projects.

(b) Applicability of Benefit-Cost Ratio Waiver Authority.—In evaluating and implementing the project, the Secretary shall allow the non-Federal interest to participate in the financing of the project in accordance with section 903(c) of the Water Resources Development Act of 1986 (100 Stat. 4184), notwithstanding any limitation on the purpose of projects to which such section applies, to the extent that the Secretary's evaluation indicates that applying such section is necessary to implement the project.

SEC. 568. GALVESTON BEACH, GALVESTON COUNTY, TEXAS.

The Secretary is authorized to design and construct a shore protection project between the Galveston South Jetty and San Luis Pass, Galveston County, Texas, using innovative nourishment techniques, including beneficial use of dredged material from Federal navigation projects.

SEC. 569. PACKERY CHANNEL, CORPUS CHRISTI, TEXAS.

(a) In General.—The Secretary shall construct a navigation and storm protection project at Packery Channel, Mustang Island, Texas, consisting of construction of a channel and a channel jetty and placement of sand along the length of the seawall.

(b) Ecological and Recreational Benefits.—In evaluating the project, the Secretary shall include the ecological and recreational benefits of reopening the Packery Channel.

(c) Applicability of Benefit-Cost Ratio Waiver Authority.—In evaluating and implementing the project, the Secretary shall allow the non-Federal interest to participate in the financing of the project in accordance with section 903(c) of the Water Resources Development Act of 1986 (100 Stat. 4184), notwithstanding any limitation on the purpose of projects to which such section applies, to the extent that the Secretary's evaluation indicates that applying such section is necessary to implement the project.

SEC. 570. NORTHERN WEST VIRGINIA.

The projects described in the following reports are authorized to be carried out by the Secretary substantially in accordance with the plans, and subject to the conditions, recommended in such reports:

(1) Parkersburg, West Virginia.—Report of the Corps of Engineers entitled "Parkersburg/Vienna Riverfront Park Feasibility Study", dated June 1998, at a total cost of $8,400,000, with an estimated Federal cost of $4,200,000, and an estimated non-Federal cost of $4,200,000.

(2) Weirton, West Virginia.—Report of the Corps of Engineers entitled "Feasibility Master Plan for Weirton Port and Industrial Center, West Virginia Public Port Authority", dated December 1997, at a total cost of $18,000,000, with an estimated Federal cost of $9,000,000, and an estimated non-Federal cost of $9,000,000.

(3) Erickson/Wood County, West Virginia.—Report of the Corps of Engineers entitled "Feasibility Master Plan for Erickson/Wood County Port District, West Virginia Public Port Authority", dated July 7, 1997, at a total cost of $28,000,000, with an estimated Federal cost of $14,000,000, and an estimated non-Federal cost of $14,000,000.

(4) Monongahela River, West Virginia.—Monongahela River, West Virginia, Comprehensive Study Reconnaissance Report, dated September 1995, consisting of the following elements:

(A) Morgantown Riverfront Park, Morgantown, West Virginia, at a total cost of $1,600,000, with an estimated Federal cost of $800,000 and an estimated non-Federal cost of $800,000.

(B) Caperton Rail to Trail, Monongahela County, West Virginia, at a total cost of $4,425,000, with an estimated Federal cost of $2,212,500 and an estimated non-Federal cost of $2,212,500.

(C) Palatine Park, Fairmont, West Virginia, at a total cost of $1,750,000, with an estimated Federal cost of $875,000 and an estimated non-Federal cost of $875,000.

SEC. 571. URBANIZED PEAK FLOOD MANAGEMENT RESEARCH.

(a) In General.—The Secretary shall develop and implement a research program to evaluate

opportunities to manage peak flood flows in urbanized watersheds located in the State of New Jersey.

(b) SCOPE OF RESEARCH.—The research program authorized by subsection (a) shall be accomplished through the New York District. The research shall specifically include the following:

(1) Identification of key factors in urbanized watersheds that are under development and impact peak flows in the watersheds and downsteam of the watersheds.

(2) Development of peak flow management models for 4 to 6 watersheds in urbanized areas located with widely differing geology, areas, shapes, and soil types that can be used to determine optimal flow reduction factors for individual watersheds.

(3) Utilization of such management models to determine relationships between flow and reduction factors and change in imperviousness, soil types, shape of the drainage basin, and other pertinent parameters from existing to ultimate conditions in watersheds under consideration for development.

(4) Development and validation of an inexpensive accurate model to establish flood reduction factors based on runoff curve numbers, change in imperviousness, the shape of the basin, and other pertinent factors.

(c) REPORT TO CONGRESS.—The Secretary shall evaluate policy changes in the planning process for flood control projects based on the results of the research authorized by this section and transmit to Congress a report not later than 3 years after the date of the enactment of this Act.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carryout this section $3,000,000 for fiscal years beginning after September 30, 1999.

(e) FLOW REDUCTION FACTORS DEFINED.—In this section, the term "flow reduction factors" means the ratio of estimated allowable peak flows of stormwater after projected development when compared to pre-existing conditions.

SEC. 572. MISSISSIPPI RIVER COMMISSION.

Section 8 of the Flood Control Act of May 15, 1928 (Public Law 391, 70th Congress), is amended by striking "$7,500" and inserting "$21,500".

SEC. 573. COASTAL AQUATIC HABITAT MANAGEMENT.

(a) IN GENERAL.—The Secretary may cooperate with the Secretaries of Agriculture and the Interior, the Administrators of the Environmental Protection Agency and the National Oceanic and Atmospheric Administration, other appropriate Federal, State, and local agencies, and affected private entities, in the development of a management strategy to address problems associated with toxic microorganisms and the resulting degradation of ecosystems in the tidal and nontidal wetlands and waters of the United States for the States along the Atlantic Ocean. As part of such management strategy, the Secretary may provide planning, design, and other, technical assistance to each participating State in the development and implementation of nonregulatory measures to mitigate environmental problems and restore aquatic resources.

(b) COST SHARING.—The Federal share of the cost of measures undertaken under this section shall not exceed 65 percent.

(c) OPERATION AND MAINTENANCE.—The non-Federal share of operation and maintenance costs for projects constructed with assistance provided under this section shall be 100 percent.

(d) AUTHORIZATION OF APPROPRIATION.—There is authorized to be appropriated to carry out this section $7,000,000 for fiscal years beginning after September 30, 1999.

SEC. 574. WEST BATON ROUGE PARISH, LOUISIANA.

The Secretary shall expedite completion of the report for the West Baton Rouge Parish, Louisiana, project for waterfront and riverine preservation, restoration, and enhancement modifications along the Mississippi River.

SEC. 575. ABANDONED AND INACTIVE NONCOAL MINE RESTORATION.

(a) IN GENERAL.—The Secretary is authorized to provide technical, planning, and design assistance to Federal and non-Federal interests for carrying out projects to address water quality problems caused by drainage and related activities from abandoned and inactive noncoal mines.

(b) SPECIFIC MEASURES.—Assistance provided under subsection (a) may be in support of projects for the following purposes:

(1) Management of drainage from abandoned and inactive noncoal mines.

(2) Restoration and protection of streams, rivers, wetlands, other waterbodies, and riparian areas degraded by drainage from abandoned and inactive noncoal mines.

(3) Demonstration of management practices and innovative and alternative treatment technologies to minimize or eliminate adverse environmental effects associated with drainage from abandoned and inactive noncoal mines.

(c) NON-FEDERAL SHARE.—The non-Federal share of the cost of assistance under subsection (a) shall be 50 percent; except that the Federal share with respect to projects located on lands owned by the United States shall be 100 percent.

(d) EFFECT ON AUTHORITY OF THE SECRETARY OF THE INTERIOR.—Nothing in this section shall be construed as affecting the authority of the Secretary of the Interior under title IV of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1231 et seq.).

(e) TECHNOLOGY DATABASE FOR RECLAMATION OF ABANDONED MINES.—The Secretary is authorized to provide assistance to non-Federal and non-profit entities to develop, manage, and maintain a database of conventional and innovative, cost-effective technologies for reclamation of abandoned and inactive noncoal mine sites. Such assistance shall be provided through the rehabilitation of abandoned mine sites program, managed by the Sacramento District Office of the Corps of Engineers.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000.

SEC. 576. BENEFICIAL USE OF WASTE TIRE RUBBER.

(a) IN GENERAL.—The Secretary is authorized to conduct pilot projects to encourage the beneficial use of waste tire rubber, including crumb rubber, recycled from tires. Such beneficial use may include marine pilings, underwater framing, floating docks with built-in flotation, utility poles, and other uses associated with transportation and infrastructure projects receiving Federal funds. The Secretary shall, when appropriate, encourage the use of waste tire rubber, including crumb rubber, in such federally funded projects.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for fiscal years beginning after September 30, 1998.

SEC. 577. SITE DESIGNATION.

Section 102(c)(4) of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1412(c)(4)) is amended by striking "January 1, 2000" and inserting "January 1, 2005".

SEC. 578. LAND CONVEYANCES.

(a) EXCHANGE OF LAND IN PIKE COUNTY, MISSOURI.—

(1) EXCHANGE OF LAND.—Subject to paragraphs (3) and (4), at such time as Holnam Inc. conveys all right, title, and interest in and to the land described in paragraph (2)(A) to the United States, the Secretary shall convey all right, title, and interest in the land described in paragraph (2)(B) to Holnam Inc.

(2) DESCRIPTION OF LANDS.—The lands referred to in paragraph (1) are the following:

(A) NON-FEDERAL LAND.—152.45 acres with existing flowage easements situated in Pike County, Missouri, described a portion of Government Tract Number FM-9 and all of Government Tract Numbers FM-11, FM-10, FM-12, FM-13, and FM-16, owned and administered by the Holnam Inc.

(B) FEDERAL LAND.—152.61 acres situated in Pike County, Missouri, known as Government Tract Numbers FM-17 and a portion of FM-18, administered by the Corps of Engineers.

(3) CONDITIONS OF EXCHANGE.—The exchange of land authorized by paragraph (1) shall be subject to the following conditions:

(A) DEEDS.—

(i) FEDERAL LAND.—The instrument of conveyance used to convey the land described in paragraph (2)(B) to Holnam Inc. shall contain such reservations, terms, and conditions as the Secretary considers necessary to allow the United States to operate and maintain the Mississippi River 9-Foot Navigation Project.

(ii) NON-FEDERAL LAND.—The conveyance of the land described in paragraph (2)(A) to the Secretary shall be by a warranty deed acceptable to the Secretary.

(B) REMOVAL OF IMPROVEMENTS.—Holnam Inc. may remove any improvements on the land described in paragraph (2)(A). The Secretary may require Holnam Inc. to remove any improvements on the land described in paragraph (2)(A). In either case, Holnam Inc. shall hold the United States harmless from liability, and the United States shall not incur cost associated with the removal or relocation of any such improvements.

(C) TIME LIMIT FOR EXCHANGE.—The land exchange authorized by paragraph (1) shall be completed not later than 2 years after the date of the enactment of this Act.

(D) LEGAL DESCRIPTION.—The Secretary shall provide the legal description of the land described in paragraph (2). The legal description shall be used in the instruments of conveyance of the land.

(E) ADMINISTRATIVE COSTS.—The Secretary shall require Holnam Inc. to pay reasonable administrative costs associated with the exchange.

(4) VALUE OF PROPERTIES.—If the appraised fair market value, as determined by the Secretary, of the land conveyed to Holnam Inc. by the Secretary under paragraph (1) exceeds the appraised fair market value, as determined by the Secretary, of the land conveyed to the United States by Holnam Inc. under paragraph (1), Holnam Inc. shall make a payment equal to the excess in cash or a cash equivalent to the United States.

(b) CANDY LAKE PROJECT, OSAGE COUNTY, OKLAHOMA.—

(1) DEFINITIONS.—In this subsection, the following definitions apply:

(A) FAIR MARKET VALUE.—The term "fair market value" means the amount for which a willing buyer would purchase and a willing seller would sell a parcel of land, as determined by a qualified, independent land appraiser.

(B) PREVIOUS OWNER OF LAND.—The term "previous owner of land" means a person (including a corporation) that conveyed, or a descendant of a deceased individual who conveyed, land to the Corps of Engineers for use in the Candy Lake project in Osage County, Oklahoma.

(2) LAND CONVEYANCES.—

(A) IN GENERAL.—The Secretary shall convey, in accordance with this subsection, all right, title, and interest of the United States in and to the land acquired by the United States for the Candy Lake project in Osage County, Oklahoma.

(B) PREVIOUS OWNERS OF LAND.—

(i) IN GENERAL.—The Secretary shall give a previous owner of land the first option to purchase the land described in subparagraph (A).

(ii) APPLICATION.—

(I) IN GENERAL.—A previous owner of land that desires to purchase the land described in subparagraph (A) that was owned by the previous owner of land, or by the individual from whom the previous owner of land is descended, shall file an application to purchase the land with the Secretary not later than 180 days after the official date of notice to the previous owner of land under paragraph (3).

(II) FIRST TO FILE HAS FIRST OPTION.—If more than 1 application is filed to purchase a parcel of land described in subparagraph (A), the first option to purchase the parcel of land shall be determined in the order in which applications for the parcel of land were filed.

(iii) IDENTIFICATION OF PREVIOUS OWNERS OF LAND.—As soon as practicable after the date of the enactment of this Act, the Secretary shall, to the extent practicable, identify each previous owner of land.

(iv) CONSIDERATION.—Consideration for land conveyed under this paragraph shall be the fair market value of the land.

(C) DISPOSAL.—Any land described in subparagraph (A) for which an application to purchase the land has not been filed under subparagraph (B)(ii) within the applicable time period shall be disposed of in accordance with law.

(D) EXTINGUISHMENT OF EASEMENTS.—All flowage easements acquired by the United States for use in the Candy Lake project in Osage County, Oklahoma, are extinguished.

(3) NOTICE.—

(A) IN GENERAL.—The Secretary shall notify—

(i) each person identified as a previous owner of land under paragraph (2)(B)(iii), not later than 90 days after identification, by United States mail; and

(ii) the general public, not later than 90 days after the date of the enactment of this Act, by publication in the Federal Register.

(B) CONTENTS OF NOTICE.—Notice under this paragraph shall include—

(i) a copy of this subsection;

(ii) information sufficient to separately identify each parcel of land subject to this subsection; and

(iii) specification of the fair market value of each parcel of land subject to this subsection.

(C) OFFICIAL DATE OF NOTICE.—The official date of notice under this paragraph shall be the later of—

(i) the date on which actual notice is mailed; or

(ii) the date of publication of the notice in the Federal Register.

(c) LAKE HUGO, OKLAHOMA, AREA LAND CONVEYANCE.—

(1) IN GENERAL.—As soon as practicable after the date of the enactment of this Act, the Secretary shall convey at fair market value to Choctaw County Industrial Authority, Oklahoma, the property described in paragraph (2).

(2) DESCRIPTION.—The property to be conveyed under paragraph (1) is--

(A) that portion of land at Lake Hugo, Oklahoma, above elevation 445.2 located in the N½ of the NW¼ of Section 24, R 18 E, T 6 S, and the S½ of the SW¼ of Section 13, R 18 E, T 6 S bounded to the south by a line 50 north on the centerline of Road B of Sawyer Bluff Public Use Area and to the north by the ½ quarter section line forming the south boundary of Wilson Point Public Use Area; and

(B) a parcel of property at Lake Hugo, Oklahoma, commencing at the NE corner of the SE¼ SW¼ of Section 13, R 18 E, T 6 S, 100 feet north, then east approximately ½ mile to the county line road between Section 13, R 18 E, T 6 S, and Section 18, R 19 E, T 6 S.

(3) TERMS AND CONDITIONS.—The conveyances under this subsection shall be subject to such terms and conditions, including payment of reasonable administrative costs and compliance with applicable Federal floodplain management and flood insurance programs, as the Secretary considers necessary and appropriate to protect the interests of the United States.

(d) CONVEYANCE OF PROPERTY IN MARSHALL COUNTY, OKLAHOMA.—

(1) IN GENERAL.—The Secretary shall convey to the State of Oklahoma all right, title, and interest of the United States to real property located in Marshall County, Oklahoma, and included in the Lake Texoma (Denison Dam), Oklahoma and Texas, project consisting of approximately 1,580 acres and leased to the State of Oklahoma for public park and recreation purposes.

(2) CONSIDERATION.—Consideration for the conveyance under paragraph (1) shall be the fair market value of the real property, as determined by the Secretary. All costs associated with the conveyance under paragraph (1) shall be paid by the State of Oklahoma.

(3) DESCRIPTION.—The exact acreage and legal description of the real property to be conveyed under paragraph (1) shall be determined by a survey satisfactory to the Secretary. The cost of the survey shall be paid by the State of Oklahoma.

(4) ENVIRONMENTAL COMPLIANCE.—Before making the conveyance under paragraph (1), the Secretary shall—

(A) conduct an environmental baseline survey to determine if there are levels of contamination for which the United States would be responsible under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.); and

(B) ensure that the conveyance complies with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(5) OTHER TERMS AND CONDITIONS.—The conveyance under paragraph (1) shall be subject to such other terms and conditions as the Secretary considers necessary and appropriate to protect the interests of the United States, including reservation by the United States of a flowage easement over all portions of the real property to be conveyed that are at or below elevation 645.0 NGVD.

(e) SUMMERFIELD CEMETERY ASSOCIATION, OKLAHOMA, LAND CONVEYANCE.—

(1) IN GENERAL.—As soon as practicable after the date of the enactment of this Act, the Secretary shall transfer to the Summerfield Cemetery Association, Oklahoma, all right, title, and interest of the United State in and to the land described in paragraph (3) for use as a cemetery.

(2) REVERSION.—If the land to be transferred under this subsection ever cease to be used as a not-for-profit cemetery or for other public purposes the land shall revert to the United States.

(3) DESCRIPTION.—The land to be conveyed under this subsection is the approximately 10 acres of land located in Leflore County, Oklahoma, and described as follows:

INDIAN BASIN MERIDIAN

Section 23, Township 5 North, Range 23 East

SW SE SW NW
NW NE NW SW
N½ SW SW NW.

(4) CONSIDERATION.—The conveyance under this subsection shall be without consideration. All costs associated with the conveyance shall be paid by the Summerfield Cemetery Association, Oklahoma.

(5) OTHER TERMS AND CONDITIONS.—The conveyance under this subsection shall be subject to such other terms and conditions as the Secretary considers necessary and appropriate to protect the interests of the United States.

(f) DEXTER, OREGON.—

(1) IN GENERAL.—The Secretary shall convey to the Dexter Sanitary District all right, title, and interest of the United States in and to a parcel of land consisting of approximately 5 acres located at Dexter Lake, Oregon, under lease to the Dexter Sanitary District.

(2) CONSIDERATION.—Land to be conveyed under this section shall be conveyed without consideration. If the land is no longer held in public ownership or no longer used for wastewater treatment purposes, title to the land shall revert to the Secretary.

(3) TERMS AND CONDITIONS.—The conveyance by the United States shall be subject to such terms and conditions as the Secretary considers appropriate to protect the interests of the United States.

(4) DESCRIPTION.—The exact acreage and description of the land to be conveyed under paragraph (1) shall be determined by such surveys as the Secretary considers necessary. The cost of the surveys shall be borne by the Dexter Sanitary District.

(g) RICHARD B. RUSSELL DAM AND LAKE, SOUTH CAROLINA.—

(1) IN GENERAL.—Upon execution of an agreement under paragraph (4) and subject to the requirements of this subsection, the Secretary shall convey, without consideration, to the State of South Carolina all right, title, and interest of the United States to the lands described in paragraph (2) that are managed, as of the date of the enactment of this Act, by the South Carolina Department of Natural Resources for fish and wildlife mitigation purposes in connection with the Richard B. Russell Dam and Lake, South Carolina, project.

(2) DESCRIPTION.—

(A) IN GENERAL.—Subject to subparagraph (B), the lands to be conveyed under paragraph (1) are described in Exhibits A, F, and H of Army Lease Number DACW21–1–93–0910 and associated Supplemental Agreements or are designated in red in Exhibit A of Army License Number DACW21–3–85–1904; except that all designated lands in the license that are below elevation 346 feet mean sea level or that are less than 300 feet measured horizontally from the top of the power pool are excluded from the conveyance. Management of the excluded lands shall continue in accordance with the terms of Army License Number DACW21–3–85–1904 until the Secretary and the State enter into an agreement under paragraph (4).

(B) SURVEY.—The exact acreage and legal description of the lands to be conveyed under paragraph (1) shall be determined by a survey satisfactory to the Secretary, with the cost of the survey to be paid by the State. The State shall be responsible for all other costs, including real estate transaction and environmental compliance costs, associated with the conveyance.

(3) TERMS AND CONDITIONS.—

(A) MANAGEMENT OF LANDS.—All lands that are conveyed under paragraph (1) shall be retained in public ownership and shall be managed in perpetuity for fish and wildlife mitigation purposes in accordance with a plan approved by the Secretary. If the lands are not managed for such purposes in accordance with the plan, title to the lands shall revert to the United States. If the lands revert to the United States under this subparagraph, the Secretary shall manage the lands for such purposes.

(B) TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance as the Secretary considers appropriate to protect the interests of the United States.

(4) PAYMENTS.—

(A) AGREEMENTS.—The Secretary is authorized to pay to the State of South Carolina not more than $4,850,000 if the Secretary and the State enter into a binding agreement for the

State to manage for fish and wildlife mitigation purposes, in perpetuity, the lands conveyed under this subsection and the lands not covered by the conveyance that are designated in red in Exhibit A of Army License Number DACW21–3–85–1904.

(B) TERMS AND CONDITIONS.—The agreement shall specify the terms and conditions under which the payment will be made and the rights of, and remedies available to, the Federal Government to recover all or a portion of the payment in the event the State fails to manage the lands in a manner satisfactory to the Secretary.

(h) CHARLESTON, SOUTH CAROLINA.—The Secretary is authorized to convey the property of the Corps of Engineers known as the "Equipment and Storage Yard", located on Meeting Street in Charleston, South Carolina, in as-is condition for fair-market value with all proceeds from the conveyance to be applied by the Corps of Engineers, Charleston District, to offset a portion of the costs of moving or leasing (or both) an office facility in the City of Charleston.

(i) CLARKSTON, WASHINGTON.—

(1) IN GENERAL.—The Secretary shall convey to the Port of Clarkston, Washington, all right, title, and interest of the United States in and to a portion of the land described in Army Lease Number DACW68–1–97–22, consisting of approximately 31 acres, the exact boundaries of which shall be determined by the Secretary and the Port of Clarkston.

(2) ADDITIONAL LAND.—The Secretary may convey to the Port of Clarkston, Washington, at fair market value as determined by the Secretary, such additional land located in the vicinity of Clarkston, Washington, as the Secretary determines to be excess to the needs of the Columbia River Project and appropriate for conveyance.

(3) TERMS AND CONDITIONS.—The conveyances made under paragraphs (1) and (2) shall be subject to such terms and conditions as the Secretary determines to be necessary to protect the interests of the United States, including a requirement that the Port of Clarkston pay all administrative costs associated with the conveyances (including the cost of land surveys and appraisals and costs associated with compliance with applicable environmental laws, including regulations).

(4) USE OF LAND.—The Port of Clarkston shall be required to pay the fair market value, as determined by the Secretary, of any land conveyed pursuant to paragraph (1) that is not retained in public ownership or is used for other than public park or recreation purposes, except that the Secretary shall have a right of reverter to reclaim possession and title to any such land.

(j) LAND CONVEYANCE TO MATEWAN, WEST VIRGINIA.—

(1) IN GENERAL.—The United States shall convey by quit claim deed to the Town of Matewan, West Virginia, all right, title, and interest of the United States in and to four parcels of land deemed excess by the Secretary of the Army, acting through the Chief of the U.S. Army Corps of Engineers, to the structural project for flood control constructed by the Corps of Engineers along the Tug Fork River pursuant to section 202 of Public Law 96–367.

(2) PROPERTY DESCRIPTION.—The parcels of land referred to in paragraph (1) are as follows:

(A) A certain parcel of land in the State of West Virginia, Mingo County, Town of Matewan, and being more particularly bounded and described as follows:

Beginning at a point on the southerly right-of-way line of a 40-foot-wide street right-of-way (known as McCoy Alley), having an approximate coordinate value of N228,695, E1,662,397, in the line common to the land designated as U.S.A. Tract No. 834, and the land designated as U.S.A. Tract No. 837, said point being South 51°52′ East 81.8 feet from an iron pin and cap marked M–12 on the boundary of the Matewan Area Structural Project, on the north right-of-way line of said street, at a corner common to designated U.S.A. Tracts Nos. 834 and 836; thence, leaving the right-of-way of said street, with the line common to the land of said Tract No. 834, and the land of said Tract No. 837.

South 14°37′ West 46 feet to the corner common to the land of said Tract No. 834, and the land of said Tract No. 837; thence, leaving the land of said Tract No. 837, severing the lands of said Project.

South 14°37′ West 46 feet.

South 68°07′ East 239 feet.

North 26°05′ East 95 feet to a point on the southerly right-of-way line of said street; thence, with the right-of-way of said street, continuing to sever the lands of said Project.

South 63°55′ East 206 feet; thence, leaving the right-of-way of said street, continuing to sever the lands of said Project.

South 26°16′ West 63 feet; thence, with a curve to the left having a radius of 70 feet, a delta of 33°58′, an arc length of 41 feet, the chord bearing.

South 09°17′ West 41 feet; thence, leaving said curve, continuing to sever the lands of said Project.

South 07°42′ East 31 feet to a point on the right-of-way line of the floodwall; thence, with the right-of-way of said floodwall, continuing to sever the lands of said Project.

South 77°04′ West 71 feet.

North 77°10′ West 46 feet.

North 67°07′ West 254 feet.

North 67°54′ West 507 feet.

North 57°49′ West 66 feet to the intersection of the right-of-way line of said floodwall with the southerly right-of-way line of said street; thence, leaving the right-of-way of said floodwall and with the southerly right-of-way of said street, continuing to sever the lands of said Project.

North 83°01′ East 171 feet.

North 89°42′ East 74 feet.

South 83°39′ East 168 feet.

South 83°38′ East 41 feet.

South 77°26′ East 28 feet to the point of beginning, containing 2.59 acres, more or less. The bearings and coordinate used herein are referenced to the West Virginia State Plane Coordinate System, South Zone.

(B) A certain parcel of land in the State of West Virginia, Mingo County, Town of Matewan, and being more particularly bounded and described as follows:

Beginning at an iron pin and cap designated Corner No. M2–2 on the southerly right-of-way line of the Norfolk and Western Railroad, having an approximate coordinate value of N228,755 E1,661,242, and being at the intersection of the right-of-way line of the floodwall with the boundary of the Matewan Area Structural Project; thence, leaving the right-of-way of said floodwall and with said Project boundary, and the southerly right-of-way of said Railroad.

North 59°45′ East 34 feet.

North 69°50′ East 44 feet.

North 58°11′ East 79 feet.

North 66°13′ East 102 feet.

North 69°43′ East 98 feet.

North 77°39′ East 18 feet.

North 72°39′ East 13 feet to a point at the intersection of said Project boundary, and the southerly right-of-way of said Railroad, with the westerly right-of-way line of State Route 49/10; thence, leaving said Project boundary, and the southerly right-of-way of said Railroad, and with the westerly right-of-way of said road.

South 03°21′ East 100 feet to a point at the intersection of the westerly right-of-way of said road with the right-of-way of said floodwall; thence, leaving the right-of-way of said road, and with the right-of-way line of said floodwall.

South 79°30′ West 69 feet.

South 78°28′ West 222 feet.

South 80°11′ West 65 feet.

North 38°40′ West 14 feet to the point of beginning, containing 0.53 acre, more or less. The bearings and coordinate used herein are referenced to the West Virginia State Plane Coordinate System, South Zone.

(C) A certain parcel of land in the State of West Virginia, Mingo County, Town of Matewan, and being more particularly bounded and described as follows:

Beginning at a point on the southerly right-of-way line of the Norfolk and Western Railroad, having an approximate coordinate value of N228,936 E1,661,672, and being at the intersection of the easterly right-of-way line of State Route 49/10 with the boundary of the Matewan Area Structural Project; thence, leaving the right-of-way of said road, and with said Project boundary, and the southerly right-of-way of said Railroad.

North 77°49′ East 89 feet to an iron pin and cap designated as U.S.A. Corner No. M–4.

North 79°30′ East 74 feet to an iron pin and cap designated as U.S.A. Corner No. M–5–1; thence, leaving the southerly right-of-way of said Railroad, and continuing with the boundary of said Project.

South 06°33′ East 102 to an iron pipe and cap designated U.S.A. Corner No. M–6–1 on the northerly right-of-way line of State Route 49/28; thence, leaving the boundary of said Project, and with the right-of-way of said road, severing the lands of said Project.

North 80°59′ West 171 feet to a point at the intersection of the Northerly right-of-way line of said State Route 49/28 with the easterly right-of-way line of said State Route 49/10; thence, leaving the right-of-way of said State Route 49/28 and with the right-of-way of said State Route 49/10.

North 03°21′ West 42 feet to the point of beginning, containing 0.27 acre, more or less. The bearings and coordinate used herein are referenced to the West Virginia State Plane Coordinate System, South Zone.

(D) A certain parcel of land in the State of West Virginia, Mingo County, Town of Matewan, and being more particularly bounded and described as follows:

Beginning at a point at the intersection of the easterly right-of-way line of State Route 49/10 with the right-of-way line of the floodwall, having an approximate coordinate value of N228,826 E1,661,679; thence, leaving the right-of-way of said floodwall, and with the right-of-way of said State Route 49/10.

North 03°21′ West 23 feet to a point at the intersection of the easterly right-of-way line of said State Route 49/10 with the southerly right-of-way line of State Route 49/28; thence, leaving the right-of-way of said State Route 49/10 and with the right-of-way of said State Route 49/28.

South 80°59′ East 168 feet.

North 82°28′ East 45 feet to an iron pin and cap designated as U.S.A. Corner No. M–8–1 on the boundary of the Western Area Structural Project; thence, leaving the right-of-way of said State Route 49/28, and with said Project boundary.

South 08°28′ East 88 feet to an iron pin and cap designated as U.S.A. Corner No. M–9–1 point on the northerly right-of-way line of a street (known as McCoy Alley); thence, leaving said Project boundary and with the northerly right-of-way of said street.

South 83°01′ West 38 feet to a point on the right-of-way line of said floodwall; thence, leaving the right-of-way of said street, and with the right-of-way of said floodwall.

North 57°49′ West 180 feet.

South 79°30′ West 34 feet to a point of beginning, containing 0.24 acre, more or less. The *bearings and coordinate used herein are referenced to the West Virginia State Plane Coordinate System, South Zone.*

(k) MERRISACH LAKE, ARKANSAS COUNTY, ARKANSAS.—

(1) LAND CONVEYANCE.—Notwithstanding any other provision of law, the Secretary shall convey to eligible private property owners at fair market value, as determined by the Secretary, all right, title, and interest of the United States in and to certain lands acquired for Navigation Pool No. 2, McClellan-Kerr Arkansas River Navigation System, Merrisach Lake Project, Arkansas County, Arkansas.

(2) PROPERTY DESCRIPTION.—The lands to be conveyed under paragraph (1) include those lands lying between elevation 163, National Geodetic Vertical Datum of 1929, and the Federal Government boundary line for Tract Numbers 102, 129, 132–1, 132–2, 132–3, 134, 135, 136–1, 136–2, 138, 139, 140, 141, 142, 143, 144, and 145, located in sections 18, 19, 29, 30, 31, and 32, Township 7 South, Range 2 West, and the SE¼ of Section 36, Township 7 South, Range 3 West, Fifth Principal Meridian, with the exception of any land designated for public park purposes.

(3) TERMS AND CONDITIONS.—Any lands conveyed under paragraph (1) shall be subject to—

(A) a perpetual flowage easement prohibiting human habitation and restricting construction activities;

(B) the reservation of timber rights by the United States; and

(C) such additional terms and conditions as the Secretary considers appropriate to protect the interests of the United States.

(4) ELIGIBLE PROPERTY OWNER DEFINED.—In this subsection, the term "eligible private property owner" means the owner of record of land contiguous to lands owned by the United States in connection with the project referred to in paragraph (1).

SEC. 579. NAMINGS.

(a) FRANCIS BLAND FLOODWAY DITCH, ARKANSAS.—

(1) DESIGNATION.—8-Mile Creek in Paragould, Arkansas, shall be known and designated as the "Francis Bland Floodway Ditch".

(2) LEGAL REFERENCE.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the creek referred to in paragraph (1) shall be deemed to be a reference to the "Francis Bland Floodway Ditch".

(b) LAWRENCE BLACKWELL MEMORIAL BRIDGE, ARKANSAS.—

(1) DESIGNATION.—The bridge over lock and dam numbered 4 on the Arkansas River, Arkansas, constructed as part of the project for navigation on the Arkansas River and tributaries, shall be known and designated as the "Lawrence Blackwell Memorial Bridge".

(2) LEGAL REFERENCE.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the bridge referred to in paragraph (1) shall be deemed to be a reference to the "Lawrence Blackwell Memorial Bridge".

SEC. 580. FOLSOM DAM AND RESERVOIR ADDITIONAL STORAGE AND ADDITIONAL FLOOD CONTROL STUDIES.

(a) FOLSOM FLOOD CONTROL STUDIES.—

(1) IN GENERAL.—The Secretary, in consultation with the State of California and local water resources agencies, shall undertake a study of increasing surcharge flood control storage at the Folsom Dam and Reservoir.

(2) LIMITATIONS.—The study of the Folsom Dam and Reservoir undertaken under paragraph (1) shall assume that there is to be no increase in conservation storage at the Folsom Reservoir.

(3) REPORT.—Not later than March 1, 2000, the Secretary shall transmit to Congress a report on the results of the study under this subsection.

(b) AMERICAN AND SACRAMENTO RIVERS FLOOD CONTROL STUDY.—

(1) IN GENERAL.—The Secretary shall undertake a study of all levees on the American River and on the Sacramento River downstream and immediately upstream of the confluence of such Rivers to access opportunities to increase potential flood protection through levee modifications.

(2) DEADLINE FOR COMPLETION.—Not later than March 1, 2000, the Secretary shall transmit to Congress a report on the results of the study undertaken under this subsection.

SEC. 581. WALLOPS ISLAND, VIRGINIA.

(a) EMERGENCY ACTION.—The Secretary shall take emergency action to protect Wallops Island, Virginia, from damaging coastal storms, by improving and extending the existing seawall, replenishing and renourishing the beach, and constructing protective dunes.

(b) REIMBURSEMENT.—The Secretary may seek reimbursement from other Federal agencies whose resources are protected by the emergency action taken under subsection (a).

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $8,000,000.

SEC. 582. DETROIT RIVER, DETROIT, MICHIGAN.

(a) IN GENERAL.—The Secretary is authorized to repair and rehabilitate the seawalls on the Detroit River in Detroit, Michigan.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for fiscal years beginning after September 30, 1999, $1,000,000 to carry out this section.

SEC. 583. NORTHEASTERN MINNESOTA.

(a) ESTABLISHMENT OF PROGRAM.—The Secretary may establish a pilot program for providing environmental assistance to non-Federal interests in northeastern Minnesota.

(b) FORM OF ASSISTANCE.—Assistance under this section may be in the form of design and construction assistance for water-related environmental infrastructure and resource protection and development projects in northeastern Minnesota, including projects for wastewater treatment and related facilities, water supply and related facilities, environmental restoration, and surface water resource protection and development.

(c) PUBLIC OWNERSHIP REQUIREMENT.—The Secretary may provide assistance for a project under this section only if the project is publicly owned.

(d) LOCAL COOPERATION AGREEMENT.—

(1) IN GENERAL.—Before providing assistance under this section, the Secretary shall enter into a local cooperation agreement with a non-Federal interest to provide for design and construction of the project to be carried out with the assistance.

(2) REQUIREMENTS.—Each local cooperation agreement entered into under this subsection shall provide for the following:

(A) PLAN.—Development by the Secretary, in consultation with appropriate Federal and State officials, of a facilities or resource protection and development plan, including appropriate engineering plans and specifications.

(B) LEGAL AND INSTITUTIONAL STRUCTURES.—Establishment of such legal and institutional structures as are necessary to ensure the effective long-term operation of the project by the non-Federal interest.

(3) COST SHARING.—

(A) IN GENERAL.—The Federal share of project costs under each local cooperation agreement entered into under this subsection shall be 75 percent. The Federal share may be in the form of grants or reimbursements of project costs.

(B) CREDIT FOR DESIGN WORK.—The non-Federal interest shall receive credit for the reasonable costs of design work completed by the non-Federal interest prior to entering into a local cooperation agreement with the Secretary for a project. The credit for the design work shall not exceed 6 percent of the total construction costs of the project.

(C) CREDIT FOR INTEREST.—In the event of a delay in the funding of the non-Federal share of a project that is the subject of an agreement under this section, the non-Federal interest shall receive credit for reasonable interest incurred in providing the non-Federal share of a project's cost.

(D) LAND, EASEMENTS, AND RIGHTS-OF-WAY CREDIT.—The non-Federal interest shall receive credit for land, easements, rights-of-way, and relocations toward its share of project costs (including all reasonable costs associated with obtaining permits necessary for the construction, operation, and maintenance of the project on publicly owned or controlled land), but not to exceed 25 percent of total project costs.

(E) OPERATION AND MAINTENANCE.—The non-Federal share of operation and maintenance costs for projects constructed with assistance provided under this section shall be 100 percent.

(e) APPLICABILITY OF OTHER FEDERAL AND STATE LAWS.—Nothing in this section shall be construed as waiving, limiting, or otherwise affecting the applicability of any provision of Federal or State law that would otherwise apply to a project to be carried out with assistance provided under this section.

(f) REPORT.—Not later than December 31, 2001, the Secretary shall transmit to Congress a report on the results of the pilot program carried out under this section, together with recommendations concerning whether or not such program should be implemented on a national basis.

(g) NORTHEASTERN MINNESOTA DEFINED.—In this section, the term "northeastern Minnesota" means the counties of Cook, Lake, St. Louis, Koochiching, Itasca, Cass, Crow Wing, Aitkin, Carlton, Pine, Kanabec, Mille Lacs, Morrison, Benton, Sherburne, Isanti, and Chisago, Minnesota.

(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $40,000,000 for fiscal years beginning after September 30, 1999. Such sums shall remain available until expended.

SEC. 584. ALASKA.

(a) ESTABLISHMENT OF PROGRAM.—The Secretary may establish a pilot program for providing environmental assistance to non-Federal interests in Alaska.

(b) FORM OF ASSISTANCE.—Assistance under this section may be in the form of design and construction assistance for water-related environmental infrastructure and resource protection and development projects in Alaska, including projects for wastewater treatment and related facilities, water supply and related facilities, and surface water resource protection and development.

(c) OWNERSHIP REQUIREMENTS.—The Secretary may provide assistance for a project under this section only if the project is publicly owned or is owned by a native corporation as defined by section 1602 of title 43, United States Code.

(d) LOCAL COOPERATION AGREEMENTS.—

(1) IN GENERAL.—Before providing assistance under this section, the Secretary shall enter into a local cooperation agreement with a non-Federal interest to provide for design and construction of the project to be carried out with the assistance.

(2) REQUIREMENTS.—Each local cooperation agreement entered into under this subsection shall provide for the following:

(A) PLAN.—Development by the Secretary, in consultation with appropriate Federal and State officials, of a facilities or resource protection and development plan, including appropriate engineering plans and specifications.

(B) LEGAL AND INSTITUTIONAL STRUCTURES.—Establishment of such legal and institutional structures as are necessary to ensure the effective long-term operation of the project by the non-Federal interest.

(3) COST SHARING.—

(A) IN GENERAL.—The Federal share of the project costs under each local cooperation agreement entered into under this subsection shall be 75 percent. The Federal share may be in the form of grants or reimbursements of project costs.

(B) CREDIT FOR DESIGN WORK.—The non-Federal interest shall receive credit for the reasonable costs of design work completed by the non-Federal interest prior to entering into a local cooperation agreement with the Secretary for a project. The credit for the design work shall not exceed 6 percent of the total construction costs of the project.

(C) CREDIT FOR INTEREST.—In the event of a delay in the funding of the non-Federal share of a project that is the subject of an agreement under this section, the non-Federal interest shall receive credit for reasonable interest incurred in providing the non-Federal share of a project's cost.

(D) LAND, EASEMENTS, AND RIGHTS-OF-WAY CREDIT.—The non-Federal interest shall receive credit for land, easements, rights-of-way, and relocations toward its share of project costs (including all reasonable costs associated with obtaining permits necessary for the construction, operation, and maintenance of the project on publicly owned or controlled land), but not to exceed 25 percent of total project costs.

(E) OPERATION AND MAINTENANCE.—The non-Federal share of operation and maintenance costs for projects constructed with assistance provided under this section shall be 100 percent.

(e) APPLICABILITY OF OTHER FEDERAL AND STATE LAWS.—Nothing in this section shall be construed as waiving, limiting, or otherwise affecting the applicability of any provision of Federal or State law that would otherwise apply to a project to be carried out with assistance provided under this section.

(f) REPORT.—Not later than December 31, 2001, the Secretary shall transmit to Congress a report on the results of the pilot program carried out under this section, together with recommendations concerning whether or not such program should be implemented on a national basis.

(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $25,000,000 for fiscal years beginning after September 30, 1999. Such sums shall remain available until expended.

SEC. 585. CENTRAL WEST VIRGINIA.

(a) ESTABLISHMENT OF PROGRAM.—The Secretary may establish a pilot program for providing environmental assistance to non-Federal interests in central West Virginia.

(b) FORM OF ASSISTANCE.—Assistance under this section may be in the form of design and construction assistance for water-related environmental infrastructure and resource protection and development projects in central West Virginia, including projects for wastewater treatment and related facilities, water supply and related facilities, and surface water resource protection and development.

(c) PUBLIC OWNERSHIP REQUIREMENT.—The Secretary may provide assistance for a project under this section only if the project is publicly owned.

(d) LOCAL COOPERATION AGREEMENTS.—

(1) IN GENERAL.—Before providing assistance under this section, the Secretary shall enter into a local cooperation agreement with a non-Federal interest to provide for design and construction of the project to be carried out with the assistance.

(2) REQUIREMENTS.—Each local cooperation agreement entered into under this subsection shall provide for the following:

(A) PLAN.—Development by the Secretary, in consultation with appropriate Federal and State officials, of a facilities or resource protection and development plan, including appropriate engineering plans and specifications.

(B) LEGAL AND INSTITUTIONAL STRUCTURES.—Establishment of such legal and institutional structures as are necessary to ensure the effective long-term operation of the project by the non-Federal interest.

(3) COST SHARING.—

(A) IN GENERAL.—The Federal share of the project costs under each local cooperation agreement entered into under this subsection shall be 75 percent. The Federal share may be in the form of grants or reimbursements of project costs.

(B) CREDIT FOR DESIGN WORK.—The non-Federal interest shall receive credit for the reasonable costs of design work completed by the non-Federal interest prior to entering into a local cooperation agreement with the Secretary for a project. The credit for the design work shall not exceed 6 percent of the total construction costs of the project.

(C) CREDIT FOR INTEREST.—In the event of a delay in the funding of the non-Federal share of a project that is the subject of an agreement under this section, the non-Federal interest shall receive credit for reasonable interest incurred in providing the non-Federal share of a project's cost.

(D) LAND, EASEMENTS, AND RIGHTS-OF-WAY CREDIT.—The non-Federal interest shall receive credit for land, easements, rights-of-way, and relocations toward its share of project costs (including all reasonable costs associated with obtaining permits necessary for the construction, operation, and maintenance of the project on publicly owned or controlled land), but not to exceed 25 percent of total project costs.

(E) OPERATION AND MAINTENANCE.—The non-Federal share of operation and maintenance costs for projects constructed with assistance provided under this section shall be 100 percent.

(e) APPLICABILITY OF OTHER FEDERAL AND STATE LAWS.—Nothing in this section shall be construed as waiving, limiting, or otherwise affecting the applicability of any provision of Federal or State law that would otherwise apply to a project to be carried out with assistance provided under this section.

(f) REPORT.—Not later than December 31, 2001, the Secretary shall transmit to Congress a report on the results of the pilot program carried out under this section, together with recommendations concerning whether or not such program should be implemented on a national basis.

(g) CENTRAL WEST VIRGINIA DEFINED.—In this section, the term "central West Virginia" means the counties of Mason, Jackson, Putnam, Kanawha, Roane, Wirt, Calhoun, Clay, Nicholas, Braxton, Gilmer, Lewis, Upshur, Randolph, Pendleton, Hardy, Hampshire, Morgan, Berkeley, and Jefferson, West Virginia.

(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for fiscal years beginning after September 30, 1999. Such sums shall remain available until expended.

SEC. 586. SACRAMENTO METROPOLITAN AREA WATERSHED RESTORATION, CALIFORNIA.

(a) IN GENERAL.—The Secretary is authorized to undertake environmental restoration activities included in the Sacramento Metropolitan Water Authority's "Watershed Management Plan". These activities shall be limited to cleanup of contaminated groundwater resulting directly from the acts of any Federal agency or Department of the Federal Government at or in the vicinity of McClellan Air Force Base, California; Mather Air Force Base, California; Sacramento Army Depot, California; or any location within the watershed where the Federal Government would be a responsible party under any Federal environmental law.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for fiscal years beginning after September 30, 1999.

SEC. 587. ONONDAGA LAKE.

(a) IN GENERAL.—The Secretary is authorized to plan, design, and construct projects for the environmental restoration, conservation, and management of Onondaga Lake, New York, and to provide, in coordination with the Administrator of the Environmental Protection Agency, financial assistance to the State of New York and political subdivisions thereof for the development and implementation of projects to restore, conserve, and manage Onondaga Lake.

(b) PARTNERSHIP.—In carrying out this section, the Secretary shall establish a partnership with appropriate Federal agencies (including the Environmental Protection Agency) and the State of New York and political subdivisions thereof for the purpose of project development and implementation. Such partnership shall be dissolved not later than 15 years after the date of the enactment of this Act.

(c) COST SHARING.—The non-Federal share of the cost of a project constructed under subsection (a) shall be not less than 30 percent of the total cost of the project and may be provided through in-kind services.

(d) EFFECT ON LIABILITY.—Financial assistance provided under this section shall not relieve from liability any person who would otherwise be liable under Federal or State law for damages, response costs, natural resource damages, restitution, equitable relief, or any other relief.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $10,000,000 to carry out the purposes of this section.

(f) REPEAL.—Section 401 of the Great Lakes Critical Programs Act of 1990 (104 Stat. 3010) and section 411 of the Water Resources Development Act of 1990 (104 Stat. 4648) are repealed as of the date of the enactment of this Act.

SEC. 588. EAST LYNN LAKE, WEST VIRGINIA.

The Secretary shall defer any decision relating to the leasing of mineral resources underlying East Lynn Lake, West Virginia, project lands to the Federal entity vested with such leasing authority.

SEC. 589. EEL RIVER, CALIFORNIA.

The Secretary shall conduct a study to determine if flooding in the City of Ferndale, California, is the result of a Federal flood control project on the Eel River. If the Secretary determines that the flooding is the result of the project, the Secretary shall take appropriate measures (including dredging of the Salt River and construction of sediment ponds at the confluence of Francis, Reas, and Williams Creeks) to mitigate the flooding.

SEC. 590. NORTH LITTLE ROCK, ARKANSAS.

(a) IN GENERAL.—The Secretary shall review a report prepared by the non-Federal interest concerning flood protection for the Dark Hollow area of North Little Rock, Arkansas. If the Secretary determines that the report meets the evaluation and design standards of the Corps of Engineers and that the project is economically justified, technically sound, and environmentally acceptable, the Secretary shall carry out the project.

(b) TREATMENT OF DESIGN AND PLAN PREPARATION COSTS.—The costs of design and preparation of plans and specifications shall be included as project costs and paid during construction.

SEC. 591. UPPER MISSISSIPPI RIVER, MISSISSIPPI PLACE, ST. PAUL, MINNESOTA.

(a) IN GENERAL.—The Secretary may enter into a cooperative agreement to participate in a project for the planning, design, and construction of infrastructure and other improvements at Mississippi Place, St. Paul, Minnesota.

(b) COST SHARING.—

(1) IN GENERAL.—The Federal share of the cost of the project shall be 50 percent. The Federal share may be provided in the form of grants or reimbursements of project costs.

(2) CREDIT FOR NON-FEDERAL WORK.—The non-Federal interest shall receive credit toward the non-Federal share of the cost of the project for reasonable costs incurred by the non-Federal interests as a result of participation in the planning, design, and construction of the project.

(3) LAND, EASEMENTS, AND RIGHTS-OF-WAY CREDIT.—The non-Federal interest shall receive credit toward the non-Federal share of the cost of the project for land, easements, rights-of-way, and relocations provided by the non-Federal interest with respect to the project.

(4) OPERATION AND MAINTENANCE.—The non-Federal share of operation and maintenance costs for the project shall be 100 percent.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $3,000,000 to carry out this section.

Amend the title so as to read "An Act to provide for the conservation and development of water and related resources, to authorize the United States Army Corps of Engineers to construct various projects for improvements to rivers and harbors of the United States, and for other purposes.".

Mr. ROTH. Mr. President, I ask unanimous consent that the Senate insist on its amendment, agree to the request of the House for a conference, and the Chair be authorized to appoint conferees on the part of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Presiding Officer (Mr. ENZI) appointed Mr. CHAFEE, Mr. WARNER, Mr. SMITH of New Hampshire, Mr. VOINOVICH, Mr. BAUCUS, Mr. MOYNIHAN, and Mrs. BOXER conferees on the part of the Senate.

ORDERS FOR THURSDAY, JULY 29, 1999

Mr. ROTH. Mr. President, I can unanimous consent that when the Senate completes its business today, it adjourn until the hour of 9:30 a.m. on Thursday, July 29. I further ask consent that on Thursday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed to have expired, and the time for the two leaders be reserved for their use later in the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROTH. For the information of all Senators, the Senate will reconvene tomorrow morning at 9:30. By previous order, the Senate will immediately begin a stacked series of votes on the Abraham Social Security lockbox amendment, the Baucus motion to recommit, and the Graham amendment regarding effective dates of the provisions in the Taxpayer Refund Act of 1999. Following the votes, Senator GRAMM of Texas will be recognized to offer an amendment regarding across-the-board tax cuts, estate taxes, and capital gains taxes. By previous consent, there will be 10 hours of debate time remaining on the bill tomorrow. Therefore, it is hoped that the Senate can continue to make significant progress on the bill and that the Senate action can be completed no later than Friday.

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS ACT, 2000

The PRESIDING OFFICER. Under the order of the Senate of June 14, 1999, having received H.R. 2605, the Senate will proceed to the bill, all after the enacting clause is stricken, and the text of S. 1186 is inserted. H.R. 2605, as amended, is read a third time and passed. The Senate insists on its amendment, requests a conference with the House, and the Chair appoints. Mr. DOMENICI, Mr. COCHRAN, Mr. GORTON, Mr. MCCONNELL, Mr. BENNETT, Mr. BURNS, Mr. CRAIG, Mr. STEVENS, Mr. REID, Mr. BYRD, Mr. HOLLINGS, Mrs. MURRAY, Mr. KOHL, Mr. DORGAN, and Mr. INOUYE conferees on the part of the Senate.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. ROTH. If there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 10:43 p.m., adjourned until Thursday, July 29, 1999, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate July 28, 1999:

EXPORT-IMPORT BANK OF THE UNITED STATES

DORIAN VANESSA WEAVER, OF ARKANSAS, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES FOR A TERM EXPIRING JANUARY 20, 2003, VICE MARIA LUISA MABILAGAN HALEY, RESIGNED.

EXECUTIVE OFFICE OF THE PRESIDENT

MARTIN NEIL BAILY, OF MARYLAND, TO BE A MEMBER OF THE COUNCIL OF ECONOMIC ADVISERS, VICE JANET L. YELLEN.

SOCIAL SECURITY ADMINISTRATION

JAMES G. HUSE, JR., OF MARYLAND, TO BE INSPECTOR GENERAL, SOCIAL SECURITY ADMINISTRATION, VICE DAVID C. WILLIAMS, RESIGNED.

EXTENSIONS OF REMARKS

THE FINANCIAL FREEDOM ACT OF 1999

SPEECH OF

HON. DENNIS MOORE

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 22, 1999

Mr. MOORE. Mr. Speaker, I rise today to express my opposition to this tax cut package and to explain my votes on this legislation.

H.R. 2488 is fiscally irresponsible and dangerous to the country's economic growth and future. The package sponsored by Representative BILL ARCHER would commit this Congress to cutting taxes by $792 billion over the next 10 years, dedicating the majority of an expected $1 trillion Federal budget surplus—that may or may not materialize—toward massive tax cuts. Projections by the Treasury Department suggest that the cost of the bill would explode to $3 trillion in the second 10 years. This is the same decade in which our obligation to the retiring baby boom generation comes due, the Social Security Trust Fund will begin to be drained, and the Medicare Trust Fund will be exhausted.

Mr. Speaker, I serve on the House Banking and Financial Services Committee. On July 22, the same day that this Congress acted to pass a $792 billion tax cut, Federal Reserve Chairman Alan Greenspan testified before our Committee. Chairman Greenspan not only argued that the projected surpluses on which this tax cut relies are based on spurious assumptions, but also that his preference would be to allow these surpluses, should they materialize, to buy down our $5.6 trillion debt. I listened to Chairman Greenspan and I voted against the majority tax cut bill. I voted for the motion to recommit, a proposal that would instruct the Ways and Means Committee to heed the advice of Chairman Greenspan and redraft their bill to distribute 50 percent of the surpluses to buying down our debt, 25 percent to tax cuts and 25 percent to ensure the long-term solvency of Social Security and Medicare. Unfortunately, this motion failed by nine votes.

For the first time in a generation, we have an opportunity to do the right thing, the financially responsible thing for our children, our grandchildren and our Nation—we have the opportunity to put our financial house in order by paying down our burdensome national debt. In 1998, we paid $243 billion in interest on the national debt. Paying down the debt would reduce these annual interest payments to fund future tax cuts or other needs. Paying down this debt would reduce our overall interest rates, as much as 2 or 3 percent. The benefit of such a decrease in interest rates should be readily apparent to any person in this country who borrows money from a bank or carries a credit balance.

By way of illustration, if one finances a mortgage of $115,000 for 30 years at 8 percent, the payment is $844 each month. But decrease the interest rate by only 2 percent, and the mortgage payment is $689 per month for monthly savings of $155 or an annual savings of $1,860. I call this the ultimate tax cut. By way of contrast, H.R. 2488 would only place $289 back in the average taxpayer's pocket. This, while bankrupting America's future.

I believe we should not let this opportunity pass. I believe we should be fiscally responsible and do the right thing now for our Nation and for our Nation's future. I believe that the only vote that represents this sort of resolve and discipline was "aye" on the motion to recommit.

Mr. Speaker, I also voted in favor of the minority substitute that provides substantial tax relief to working Americans who need it most. While I would have included provisions that differ somewhat from this version had I drafted this bill myself, the minority substitute contains the following provisions that are beneficial to Kansans:

Estate Tax Relief: $26 billion in estate tax relief over 10 years to accelerate the $1 million exclusion from 2006 to 2000.

Marriage Penalty Reduction: $74 billion in tax relief over 10 years to reduce the "marriage penalty." The bill adjusts the standard tax deduction for a joint income tax return filed by a married couple so that it is twice the standard deduction allowed to single taxpayers—$8,600 as opposed to the current $7,200.

Permanent Extension of the Research and Development Tax Credit: $27.2 billion over 10 years to permanently extend the tax credit for businesses that engage in resource-intensive research, thereby encouraging economic expansion. A 1998 study estimated that a permanent R&D tax credit would result in an additional $41 billion in private sector research and development investment between 1998 and 2010.

Child Credit Increase: $17 billion in tax relief over 10 years to increase the family child tax credit by $250 for each child under five.

Limitations on Non-Refundable Credits: $36 billion in tax relief over 10 years to repeal the current limitation on the use of non-refundable credits to reduce an individual's tax liability. Non-refundable tax credits include the child credit, various education credits and the dependent care credit.

School Construction and Modernization: $8.6 billion over 10 years for interest-free funds to State and local governments for public school construction and modernization projects.

Life-Long Learning Support: $7 billion over 10 years to make permanent the exclusion from income amounts received from employer-provided educational assistance for both higher education and post-graduate expenses.

Long-Term Health Care Credit: $15 billion over 10 years to extend a non-refundable income tax credit of $1,000 for each individual with long-term needs taken care of in a household.

Mr. Speaker, this plan also restricts the majority of these tax cuts from taking effect until Medicare and Social Security have achieved solvency. This plan, along with my support of the motion to recommit, is the responsible approach to providing tax relief. I hope that this Congress can work together in the weeks and months ahead to provide reasonable and responsible tax relief to working families and family businesses while also paying down the debt and strengthening Medicare and Social Security.

THANK YOU, CHIEF GARY A. MUELLER

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. BARCIA. Mr. Speaker, if any of us ever face an emergency like a fire or accident, we are both most fortunate and comforted by the fact that caring professionals will respond to our needs. For nearly thirty-six years, the people of Bay City have received such service from Fire Chief Gary Mueller, who has recently retired from the Bay City Fire Department.

Gary Mueller has lived in Bay City all his life. Since his time at Zion Lutheran Grade School with the important guidance he received from his parents Otto and Marie Mueller, through his days at Handy High School, Bay City Junior College, and Delta College, Gary Mueller made friends in the community who later became the people he swore to help protect as a member of the Bay City Fire Department.

From that first day, September 12, 1963, he was an exemplary member of the Department. He was promoted to Relief Engineer on March 6, 1976, and then to Engineer on June 22, 1983. He was promoted to Lieutenant on the "C" shift on August 18, 1988. He became a Captain on April 4, 1990, and then Assistant Chief on August 4, 1992.

The work of a firefighter is one filled with danger, and our appreciation of the work done by Chief Mueller must also extend to his wife Nancy Crampton Mueller, and his children Mandi, Michel, Steven and Scott, and his stepsons Marc and Scott Uhlmann. They had the worry while the public had the benefit. Now that they can rest assured that Gary Mueller will be out of harm's way, may they all know that their peace of mind is as well-deserved as Chief Mueller's retirement, and the Chief's chance to enjoy his granddaughter, Kayla.

Mr. Speaker, we certainly appreciate the work of Gary Mueller who sacrificed and risked so much over the years. I ask you and all of our colleagues to join me in thanking him

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

for his years of service, and in our best wishes for whatever life holds in store for him and his wonderful family.

JUDICIAL CORRUPTION IN ARGENTINA

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. TOWNS. Mr. Speaker, I would like to submit the following remarks to the attention of my colleagues. These remarks were delivered on July 22nd, at a congressional human rights caucus members' briefing on corrupt practices in Argentina's judicial system. While Argentina has made some strides toward democratization, the information shared with members at this briefing suggests that much work still remains to be done with their judicial system.

STATEMENT OF MS. VIRGINIA GOLAN, DIRECTOR OF HUMAN AFFAIRS, BUENOS AIRES YOGA SCHOOL FOUNDATION (BAYS)

Honorable Members of Congress, staff members, concerned activists, friends, ladies and gentlemen, thank you with all my heart for the opportunity to share with you our story. It is a sad one . . . but with your help, I hope that there may still be a happy ending for us and for democracy in Argentina.

My name is Virginia Golan. I am 28 years old. I am from Argentina. I am a member of a small institute and school of philosophy, the Buenos Aires Yoga School (BAYS). I should be in Buenos Aires today studying, but I can't because of government oppression. I should be with my friends, but I'm not because they are in hiding. Today, I spend as much time as I am able in the United States because I am afraid to go home. In fact, I haven't spent very much time at home since I was badly beaten four years ago by agents of the Argentine judiciary. The first time, late one evening when leaving a meeting of my school, I was attacked. They threw me against a wall, told me not to look back, and threatened to kill me if I did not stop my lobbying efforts in the BAYS case. The next time, in broad daylight, after I left the Argentine Legislature, a strange car pulled next to me. They beat me while shouting, "Stop causing trouble for the judges, you whore, or we'll kill you." The attackers concentrated on hitting my face, leaving me with black eyes and grotesque bruising of my face. Fearing for my safety, soon after I left my home and my friends to bring our story to America. And this is our story.

Six years ago, a member of BAYS, Maria Valeria Llamas, was subjected to rape, sexual abuse and psychological torture by her stepfather, Sommariva, he countersued by accusing our school of being a cult that brainwashed and corrupted his 24 year-old stepdaughter.

The judicial nightmare that ensued has consumed the last six years of my life and the lives of the 300 families of BAYS. It is about abuse of power. It is about greed and corruption. It is about fear, and violence and hate. It is about all those things that the Argentine government would rather were never mentioned. It is about a small struggle for freedom that has come to symbolize the greater struggle for democracy and justice throughout my country. And today, in these chambers, it is becoming a story of hope.

Since that fateful day, the many tentacles of the Argentine Judiciary have harassed the members of our school, especially the women. Our homes have been illegally searched, our property illegally confiscated, our phones illegally tapped, careers ruined and our reputations stained. Even our youngest members have been subjected to the terror that is Argentine justice. Such as minor, Celeste Fain (whose brave mother is here today) a young Jewish girl, who was physically violated and raped by a member of the Argentine judiciary, the first criminal trial judge handling our criminal prosecution, Judge Mariano Berges. Other BAYS members have been detained, separated from their families and forced to submit to psychiatric and psychological tests. While in judicial detention, Dr. Maria Eugenia Rossi and Carmen Graciela Alarcon, two of our more prominent members, were vaginally and anally violated, and subjected to inhumane conditions while in the court's jail for up to 16 days.

Most recently, the Argentine judiciary appointed a third criminal trial judge to investigate the BAYS case, a procedural duplication that is highly unusual even under Argentina's bizarre judicial system, as admitted by Argentine Supreme Court Justices Moline O'Connor and Adolfo Roberto Vazquez. The third criminal trial judge, Corvalan de la Colina, has escalated the terror, authorizing new criminal cases to be filed, based on the same meritless facts. Such is the situation with my 27 year-old friend, Carla Paparella. Her parents have mistreated her all her life. As any sane person would do, she left that life of abuse as soon as she was of age. Now her parents continue harassing her by accusing BAYS of forcing her into involtunary servitude. Carla went to see Judge Corvalan to show what a farce this is, but he would not meet her. She filed a document, which I submit as evidence for the record, stating that she is of sound mind and that her parents are lying. She is here with us today. To make matters worse, Maria Valeria Llamas' mother launched a new case based on the same unproven accusations that Maria's stepfather Sommariva initiated 6 years earlier.

The Argentine judiciary is now using a new, dangerous strategy to attack BAYS by declaring that some women are mentally incompetent, thereby allowing their parents to sue BAYS on their behalf and against their will. Criminal Trial Judge Corvalan has violated Argentine law by declaring, without legal authority nor professional psychological assessments, that BAYS members Maria Valeria Llamas and Maria Veronica Cane are mentally incapable. The court has stripped these two young women of their civil rights, while terrorizing them with the ever present concern that they can be picked up anytime to be locked away in primitive mental institutions specializing in electroshock therapy. They live in constant fear, and the message to the rest of us at BAYS is that we can be next.

The truth is that the official psychological examination and test done on Carla Papparella, Maria Veronica Cane and Maria Valeria Llamas, as well as many others in BAYS who were tested, document they are all sound, stable, normal people. I submit for the record the forensic reports on these BAYS members. I further submit an affidavit by Dr. David Preven, a foremost expert on cults whose practice is in New York. Dr. Preven extensively investigated into the allegation that BAYS is a cult. Dr. Preven's findings directly refute this lie. The Argentine judiciary, however, does not want to deal with reality.

In March 1995, the Argentine Court of Appeals instructed the Lower Court criminal trial judge to close the BAYS investigation in 45 days and resolve the case. Incredibly, the judicial decree was ignored and the investigation continues today, a blatant violation of the Argentine Penal Code. The flaunting of Appellate Court decisions by Argentina's criminal trial judges dangerously undermines the foundation of rule of law in Argentina. It is the respect for and enforcement of rule of law that distinguished true democracies from those that pretend to be.

All these years, one thread of evidence of corruption, involuntary servitude or brainwashing has been produced in a court of law. But the Argentine judiciary refuses to close the case and all BAYS members are stigmatized by a cloud of suspicion. We are treated as corrupters and corrupt people. We are condemned as mentally incompetent or called prostitutes. We have no possibility of clearing our reputation. We are stripped of our livelihoods, our sense of personal safety and well being, and our very dignity as individuals.

Now, some will tell you that this is simply the way of Argentina, which is cursed with an inefficient and belabored judicial system. I do not believe this. Evidence how swiftly our judiciary issues orders of detention, puts people in jail, authorizes searches and taps telephones. Witness how quickly they strip us of our rights and destroy lives. These are not the actions of a moribund institution. On the contrary, the Argentine judiciary can be a brutally efficient and destructive body. It needs direction and reform. It is crying out for help. We are asking for your help in steering our institutions of justice down a better brighter path.

Some will tell you that this is not America's concern. I am here to say that it does concern you. Not only are several members American, but as long as the people of America sell weapons to my government, sign contracts and extend debt service and support American business to make profits there, and encourage U.S. citizens to travel and spend money there—you are investing in Argentina's rule of law. The same rule of law that can put me in jail on a whim, can steal and turn on you. The same judge who has stripped me of my rights for a dollar, will rob you blind through a miscarriage of justice. The same soldier who beats me today, may kill me tomorrow with an American gun. Today, more than ever, I beg that you understand this should be of concern to you and all Americans. Although we were over 1,000 strong in membership, today, after 6 years of constant judicial persecution and violation of our human rights, only 300 remain. The Directors and students of BAYS have seen their honor and their dignity publicly soiled through denigrating accusations of crimes. After 6 years, we know the baseless charges will never be proven in a court of law, as they are blatant lies.

Ladies and gentlemen, every evening when we return to our homes, we are afraid to find them ransacked. We are scared to find our names and reputations further denigrated with scurrilous attacks in the yellow press. We are falling deeper and deeper into the despair of an unending hell. We are sick. We are tired. And I'm sorry to say that we are losing. We fear, that this is a never-ending prosecution, haunting us day after day, year after year—it seems forever. The specter of jail and mental institutions threatens our lives daily, while we continue postponing our dreams. I am very afraid because I do not know how much longer we will have the strength to continue this fight against oppression—a fight for our very survival, a fight for freedom for the Argentine people. I wonder, how long can we and must we endure? We beg of your great Nation, America, that you help us make our dreams of a democratic Argentina come true some day. I cannot thank you more deeply from my heart for your help.

INTRODUCTION OF H. CON. RES. 163 CALLING FOR THE FULL INVESTIGATION OF THE BOMBING OF THE JEWISH CULTURAL CENTER IN BUENOS AIRES, ARGENTINA

HON. ANTHONY D. WEINER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. WEINER. Mr. Speaker, today is the Tisha B'Av, 5759 by the Hebrew calendar, the most important day of mourning in the Jewish year. It is the anniversary of the most tragic events in Jewish history, for it was on the this day, in 3338 that the first temple in Jerusalem was destroyed by the Babylonians, and in 3828 that the second temple was destroyed by the Romans.

Although this day is primarily meant to commemorate the destruction of the Temple, it is appropriate to consider on this day the many other tragedies of the Jewish people, many of which occurred on this day, the expulsion of the Jews from Spain, Betar, the last fortress to hold out against the Romans during the Bar Kochba revolt, fell, and so many others.

But the tragedies of Jewish history are not all so ancient. This past Sunday marked the 5th anniversary of the bombing of the Jewish Cultural Center in Buenos Aires, Argentina. On July 18, 1994, the Jewish Cultural Center in Buenos Aires, Argentina was destroyed by a terrorist bomb. Eighty-six people were killed. Over 300 people were wounded. The Argentina Mutual Aid Association's archive of community records, which dated back to 1894, was destroyed.

While this bomb destroyed the building, and the records, and the lives of so many—Jews and non-Jews alike—it has not dampened the spirit of the Jewish population of Argentina, which at 250,000 is second only to the United states in this hemisphere.

What is dispiriting is that today, five years after that tragic bombing, we still have not brought the terrorists to justice. Though we have recently seen the arrest of more suspects, there is still no resolution, no closure for the families that still grieve for their loved ones.

That is why I am choosing today, Tisha B'Av, the ninth of Av, to introduce a concurrent resolution calling upon the Argentine Government to fully support and devote all resources necessary to the efforts of Judge Juan Jose Galeano and to fully investigate, apprehend, and prosecute those responsible for the bombing; requesting that the Argentine security forces and the judiciary of Argentina not impede this independent investigation; and requesting that Argentine President Carlos Menem appoint an independent committee to investigate and report on the integrity and competence of Argentina's system of justice.

I invite my colleagues to cosponsor this resolution.

PERSONAL EXPLANATION

HON. ROBERT L. EHRLICH, JR.

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. EHRLICH. Mr. Speaker, yesterday, July 26, 1999, I missed several votes because my wife Kendel and our new baby boy were released from the hospital. Specifically, I missed the following two rollcall votes: 335 (Hoeffel amendment to H.R. 1074); and 336 (passage on H.R. 1974). If I had been present I would have voted "no" on rollcall No. 335 and "aye" on rollcall No. 336.

Likewise, I would have voted "aye" on Mr. MCINTOSH's en bloc amendments to H.R. 1074; S. 604; H.R. 2565; H. Res. 172; H.R. 457; S. 1260; S. 1259; and S. 1258, all of which were agreed to by voice vote.

FLAG CITY USA

HON. GREG WALDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. WALDEN of Oregon. Mr. Speaker, in the vast Second Congressional District of Oregon lies a city named Redmond, also known as "Flag City USA." Redmond is called "Flag City USA," because currently it proudly displays 687 flags that have been flown over our Nation's Capitol. I would like to commend the citizens of Redmond for this great project that shows a strong sense of community spirit and patriotism.

The first display of flags was on July 4, 1991, the day that our nation officially welcomed home all veterans from Desert Storm and prior wars. The initial display was the concept of Mr. Mac McShannon. With the help of City Councilman Randy Povey, it became a reality. The flags displayed included 180 flags that had once draped the caskets of fallen veterans, which were made available by American Legion Post 44.

When Mr. McShannon and Mr. Povey learned that the flags from the previous year would not be available to display in the future, The Downtown Redmond Flag Committee was born. A representative of almost every civil organization of Redmond met with the American Legion, and a mission statement was developed and it reads as follows:

> It is the feeling of this committee that flags should be flown on our city streets during appropriate holidays and other special occasions. Therefore, the acquisition, display, and perpetual care of the flags are now points we must address. Since this should be a community endeavor, we would like all area organizations, clubs, businesses and interested individuals to join us in a plan to perpetuate Americanism, the display of our flag and the Redmond Community Spirit.

True to their mission, community spirit is exactly what the city has shown. Since the first formal meeting on September 20, 1991, until today, the Flag Committee has obtained 687 flags, all of which have been flown over our Nation's Capitol and their final goal is 1,000 flags. Many local businesses have donated supplies, while local community organizations like Rotary, Kiwanis, Moose, Elks, Smokey-RVFD, Boy Scouts, Veterans of Foreign Wars, American Legion, Chamber of Commerce and the City Council have kept the program going with their support.

On Saturday, July 31, the City of Redmond will receive their 700th flag, a tremendous milestone on their way to the final goal of 1,000. I am happy that I will be a part of Redmond's celebration in achieving this milestone.

Patriotism has rarely been more apparent than when you drive down the main streets of Redmond on one of the special occasions when the 700 flags are flown. Each time I see this display, a strong sense of pride in my country and those who have served to protect our freedom is renewed. I know of no other city in the United States that comes close to matching Redmond's efforts to honor our flag and American pride. I am proud to say that I represent "Flag City USA" in the United States Congress.

PRIVATE ACTIVITY BONDS

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. LAFALCE. Mr. Speaker, today, I am announcing my intention to co-sponsor H.R. 864, the "State and Local Investment Opportunity Act of 1999." This legislation would accelerate the increase in the private activity bond cap so that it would take effect at the beginning of next year, and index that cap in subsequent years for inflation.

I take this step in recognition of the value of expanding low interest rate financing for projects which include affordable housing, single family mortgages, student loans, environmental cleanup, and manufacturing job creation, and in recognition that politically, at least for the present, this may be the only way to accomplish these desired results.

However, I also feel compelled to express my reservations about expanding this and other tax-oriented mechanisms without a more extensive Congressional review of the merits of using the tax code for these purposes. Specifically, the issues of efficiency and accountability need to be addressed much more fully.

Every dollar of foregone tax revenue impacts the federal surplus or deficit in the exact same way as does an increased dollar of spending. Yet, the combination of tight discretionary spending caps and the popularity of tax cuts seems to have convinced lawmakers that the easiest route to increase resources for important priorities is through a tax credit or tax expenditure.

The serious drawback to this approach is that it is a very inefficient and costly way to achieve the desired purpose. For every dollar of foregone federal revenue, only a portion of that amount goes for the benefit of the project. A significant portion goes to the benefit of the taxpayer or entity through which the tax benefit is funneled. For example, a 1988 GAO report concluded that for every dollar of revenue foregone by the federal government through the issuance of mortgage revenue bonds, only between 12 and 45 cents of such subsidy are received by the homeowner.

A more direct, and clearly more efficient, less costly approach, would be to provide the benefit directly in the form of spending. Of course, this approach can easily be demagogued as "tax and spend liberalism." Yet, direct program spending and tax expenditures are essentially indistinguishable—except that the tax expenditure is almost always less efficient, and therefore much more costly.

A second issue is that of accountability. The principle that the governmental unit that spends tax dollars should be the same entity that taxes its citizens to raise such dollars is a good one.

However, there are a growing number of federal tax expenditures and programs that transfer complete authority to states and localities to spend the funds as they see fit, subject only to broad general parameters. This is, in effect, "free money" to the states and localities. This is not to conclude that they make bad spending and allocation decisions, but just that such decisions are not grounded in the principle of accountability—i.e., of having the tax raisers answer directly to the taxpayers.

As Congress gets wrapped up in the day to day battles over how much to tax and how much to spend, it would do well to take a longer term, more comprehensive review of the best way to use federal resources to achieve the important policy objectives that we all share.

IN RECOGNITION OF TEXAS EASTMAN'S 50TH ANNIVERSARY

HON. RALPH M. HALL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. HALL of Texas. Mr. Speaker, I rise today to pay tribute to "50 Years of Great Chemistry" by the Texas Eastman Division of Eastman Chemical Co., which has accomplished and contributed so much as a company and to the people of East Texas.

Eastman Chemical is a leading international chemical company that produces a wide range of chemicals, fibers, and plastics. In 1949, Longview, Texas, was selected as the location for the Texas Eastman Division. In 1950, plant construction began, and by 1952 products were being shipped out. From its modest beginning in 1950, the Eastman Division has grown into one of the largest petrochemical plants in Texas. The original plant in Longview, Texas, occupies a 6,000-acre site close to the East Texas Oil Field, which has provided the company with its principal raw materials—propane, ethane, and natural gas. The company also owns and operates a 300-acre underground storage facility in Tyler, Texas, where more than 250 million gallons of propane, ethane and chemical intermediates are stored. Texas Eastman uses approximately 55,000 barrels per day of its raw materials. In order to produce such a large quantity of raw material, Eastman owns and operates 11 pipelines that extend as far as 200 miles to the Texas Gulf Coast. Texas Eastman's products are high-volume, continuous processes which operate twenty-four hours a day, seven days a week. On average, the company ships more than 9 million pounds per day of chemical and plastic products to its consumers worldwide.

Texas Eastman is one of the largest employers in East Texas with approximately 2,700 employees and annual payroll and benefits totaling 175 million dollars. Eastman also employs some 16,000 men and women in 30 countries around the world. Committed to working toward an improved quality of life for our families, neighbors, and communities, Texas Eastman and its employees participate extensively in civic and professional organizations throughout East Texas. Additionally, the company floods the East Texas economy with hundreds of millions of dollars each year through materials, services, freight and local state taxes. Since 1981, Texas Eastman has spent hundreds of millions of dollars on environmental, operating, developmental, and capital projects, on its way to becoming the 9th largest chemical producer in the United States.

Eastman Chemical Company's commitment has not gone unrecognized. In 1993, Eastman won the Malcolm Baldridge National Quality Award, the first chemical company to win this prestigious national award. Texas Eastman also received the first Texas Quality Award presented to companies that are role models for quality excellence in the State of Texas. Additionally, Texas Eastman has received numerous awards for its efforts to protect the environment, such as the Environmental Protection Agency Administrator's Award for "outstanding achievements in pollution prevention." For its significant improvement in the state's environment, Eastman also received the "Excellence in Environmental Awareness" award from the League of Women Voters of Texas in 1995. From the "Best in Texas" award, the Clean Industries 2000 Award, the list of honors and accolades bestowed upon Texas Eastman are numerous and distinguished.

"It is the policy of Eastman Chemical Company to carry out its business activities in a manner consistent with sound environmental management practices and in compliance with applicable environmental laws and regulations." These very words are the proud motto by which all Eastman employees stand true. The men and women of Texas Eastman proudly assume this responsibility as caring citizens, who continue to devote their time, talents, and energy as volunteers and civic leaders for the betterment of their communities.

Mr. Speaker, the Texas Eastman Division of the Eastman Chemical Co., is a tremendous asset to East Texas. As we adjourn today, let us honor and recognize the 50th anniversary of this committed and prosperous company.

RELIGION IN PUBLIC HIGH SCHOOLS AND SAFE SCHOOLS

HON. BERNARD SANDERS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. SANDERS. Mr. Speaker, I would like to have printed in the RECORD statements by high school students from my home State of Vermont, who were speaking at my recent town meeting on issues facing young people today. I am asking that you please insert these statements in the CONGRESSIONAL RECORD as I believe that the views of these young persons will benefit my colleagues.

RELIGION IN PUBLIC HIGH SCHOOLS

(On behalf of Nathan Loizeaux, Larry Grace and Melissa Tobin)

Nathan Loizeaux: In opening, we would just like to thank Congressman Bernie Sanders and everybody else who is involved in this to give us a chance to voice our opinion. Thank you.

We would like to address the subject of religion in the public high school. We believe that our laws need to be reformed or we need new ones, because the existing laws seem to be inadequate at this time. They seem to be very broad, and most high schools that we have attended seem to ignore most of these laws, based on the fact that we are teenagers.

I would just like to say, in the court case Rosenberg v. Reactor and Visitors of the University of Virginia, the 115th Circuit Court, 25,010, 1995, the court concluded that free speech itself was threatened if religious speech was singled out for different treatment.

We have found that, in the current high school, public high schools, that religious groups are treated in a different way, and by Vermont and federal government laws, they are required to give us equal rights.

Larry Grace: At our school, the subject of religion is needed to be addressed, because it is a major issue that concerns us teenagers who have religious beliefs. Since time in our school has past, we have noticed that the public school system is not upholding the state and federal government laws for equal rights for religious groups inside the public school system. The laws are ignored, and the school system gets away with it, because we, as students, don't have the funds to fight back. And there should be new laws or for the current laws to be better enforced, to be instituted. The federal government and state laws require for the public school system to give religious groups inside schools equal rights. We feel they should be the same as nonreligious groups inside the school, allowing them to express their thoughts and beliefs in forms of materials and displays. The public school system is not adhering to these laws of equal rights in a way that we feel the religious groups within the public school are being discriminated against because of what they are.

Melissa Tobin: If schools allow noncurricular student-led groups to use their facilities for meetings and displays, why couldn't they allow student-led prayer groups to use the facilities in the same way? If a religious group were to put up a display, it may be thought of as forcing a certain religion on fellow students. If another group were to put up a display on sexual preferences, no one would feel that it was forcing their beliefs or preferences. Is the Constitution being violated if schools allow religious symbols and forums within the school building?

SAFE SCHOOLS

(On behalf of Erin Gover and Beth Ziner)

Erin Gover: This morning I've chosen to talk about a pressing issue, which is educational safety. Lately there have been many occurrences throughout the country that have involved school shootings, most recently the Colorado incident. This topic hits a little too close to home, and if I were to sit here and talk about the many, many aspects of it, it would take valuable time that could be spent solving those problems, so I have chosen to focus on three main things, which are the weapons, the influences of this violence, and the effects of this violence.

First let's start off with the weaponry. Right now, there are a 192 million handguns in private possession. Think about that for a minute: 192 million. Now, they are not all legal, they don't all have permits. Most come from newspaper ads from, let's say, the Burlington Free Press. And it is not okay. In 1996, there were 9,390 murders involving handguns; in New Zealand, there were 2. What is the real difference between the United States and New Zealand? Sure, there's the distance factor. But are we really that different? They're the same people. And out of those 192 million handguns, there are 280 million people in the United States. That is over half, and that is including children. Where are these guns?

And the influences of this violence. The media is not the cause. We want to blame someone, and when I say "we," I mean the human race in general. We want a quick solution, but there really aren't any. We have been doing this for centuries. For example, Hitler and the Jews. He blamed the Jews because he could; that's all. And we are blaming the media for these shootings because we can and it's a quick solution. We need to open our eyes and we can see the warning signs. It goes back to the individual. The problem starts there.

And the effects of the violence. It is at Colchester High School, and it is not just Littleton, Colorado. It makes people wonder: Could it happen here? Because we have had—as Beth is going to speak about—gun threats and bomb threats, and what's next?

Solutions to these problems need to be done and need to be done now. There need to be stricter laws, harsher penalties. I don't care if the kid is 7 years old; he still brought a gun to school, and he needs to be made an example of so it doesn't happen again. There needs to be a town meeting or a public forum telling the community members about these warning signs. If parents are going to deny they are there, the need to know.

One source that I have heard of that had an idea is for students to pick a mentor that they felt comfortable talking to, even if things are good, or bad, even. But the point is, it's their choice, and there's comfort, and it solves the communication problem. Things need to be done so that Colchester, Vermont, doesn't become Littleton, Colorado.

Thank you.

Beth Ziner: The problem of gun and bomb threats needs to be recognized and dealt with in a better manner. For the threats appearing at Colchester High School, the school took the following actions. For the bomb threats, school was canceled, lockers were searched, metal detectors were placed in the doors, armed police were stationed in the halls. When the gun threat happened, heightened security became an issue at the school. Everything was the same, except that the police were unarmed. An article from the Times Magazine states that in 1996, handguns were used to murder two people in New Zealand, 15 in Japan, 30 in Great Britain, 106 in Canada, 213 in Germany, and 9,390 in the United States. We have a problem, and it needs to be recognized.

The last issue I would like to present is the option of bringing together the state of Vermont. I feel we have had so much negativity in the past few months, something needs to be done. Perhaps a "Celebrate Life Week" in the state of Vermont, where there are parades, sales in stores, happenings in theaters, fireworks, and awards given out to people who have done something good in the community.

Thank you.

HONORING JUDGE FRANK M. JOHNSON, JR.

HON. EARL F. HILLIARD

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. HILLIARD. Mr. Speaker, we are a country of strong men united by great philosophies, yet we are divided by realities that built this country by stripping a people of their land in order to call it our own, and by enslaving another people to a lifelong labor of blood and sweat to build our homes.

Mr. Speaker, I rise today, on the brink of a new millennium, not to point out the immaculate flaws of our cherished American dream. Rather, I rise to salute, Judge Frank M. Johnson, Jr., a man who Time Magazine in 1967 deemed "one of the most important men in America" and whose life exemplifies the biblical statement "to whom much is given . . . much is required."

Judge Johnson is a man who dedicated more than four decades of his life to ensuring that no man be limited by separate facilities that inherently violate his right to life, liberty, and the pursuit of happiness. He is an American icon, a legendary Federal jurist from Alabama whose historic civil rights decisions forever shattered segregation in a "Jim Crow" South.

His monumental ruling striking down the Montgomery bus-segregation law as unconstitutional created a broad mandate for racial justice that eternally eliminated segregation in pubic schools and colleges, bathrooms, restaurants and other public facilities in Alabama and across the South.

Judge Johnson was an innovator and a crusader for all mankind who will be remembered eternally for giving true meaning to the word justice.

Today, I rise to honor Judge Johnson for helping to bring equality to the American Dream. I honor him for bringing justice to an inhumane system of law. I honor him like Martin Luther King, Jr., for allowing justice and righteousness to roll down like a mighty stream.

TROUP HIGH SCHOOL CHARACTER EDUCATION PROGRAM

HON. BOB BARR

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. BARR of Georgia. Mr. Speaker, all across America, there is a growing level of concern about a perceived culture of violence and apathy among many of our young people. In response, parents, teachers, students, and political leaders have been searching for ways to counteract these trends. I am pleased to report to the House of Representatives that one high school principal in my Congressional District is truly helping to provide a solution to this problem. That principal is Bill Parsons, and the school where he serves is Troup High School in LaGrange, Georgia.

Several years ago, Bill Parsons was working at West Point Elementary School in Troup County. At the time, he came to the realization disrespectful behavior is due, at least in part, to a lack of understanding among students about what it means to develop good character, and how having moral and courteous habits can help students lead better lives. For this reason, he instituted a character education program that resulted in a significant and immediate drop in disciplinary referrals.

Word about Principal Bill Parsons' work quickly spread, and his efforts became the model for similar character education programs across the southeast. In addition to speaking about his program across the country, Bill Parsons is now working to implement a similar program that brings parents, teachers, students, businesses, and community leaders together to hammer home the message: character really does count.

I salute Bill Parsons for his crusade to make building good character a part of every child's education. I urge my colleagues in the Congress to look to his example, and do everything we can to support efforts such as his.

RECOGNIZING THE HMONG YOUTH FOUNDATION

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to recognize the Hmong Youth Foundation's Fourth Annual Summer Festival. This Festival is a successful answer in an effort to provide Hmong Youth, many of whom are challenged with language barriers, with opportunities to engage in fun, and educational activities.

The Foundation was organized to give Hmong Youth a place where students can congregate as colleagues holding common fears, hopes and goals. The primary objective is to give students opportunities to excel in academic pursuits and to award scholarships. Before awarding scholarships, a strong after school infrastructure must be developed to provide a learning center and good environment. Many of the students come from economically disadvantaged families due to the fact that a majority of Hmong adults are unable to speak English. The result is that many Hmong adults are unable to hold higher paying jobs.

Hmong youth are constantly challenged due to the difficulties of social assimilation, lost opportunities and juvenile crime temptations. The Hmong Youth Foundation seeks to give every child the opportunity to succeed and overcome negative obstacles. The Foundation pursues every avenue available through collaboration with other Hmong and Southeast refugee self-help organizations, as well as non-Asian agencies. The response has been very positive, as the Foundation does not duplicate any existing service provider's intent.

Hmong students in Fresno County have excelled in academic excellence and thus, have received many accolades. Among them are annual Hmong valedictorians in the Fresno and Clovis Unified School Districts. The Hmong Youth Foundation's intent is to help as many students as possible so that even greater success will follow.

Mr. Speaker, I rise to recognize the Hmong Youth Foundation for its service to the community. I urge my colleagues to join me in wishing the foundation many more years of continued success.

IN RECOGNITION OF THE EXPANSION OF CALPINE

HON. DOUG OSE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. OSE. Mr. Speaker, I rise today to join with the people of California's 3rd Congressional district to support the expansion of the Calpine Sutter Power Plant, a long-standing business in Sutter County.

Sutter County, situated just north of Sacramento between the Sacramento and Feather Rivers, has access to three state universities, a major metropolitan airport, the State Capitol, and recreational areas of the Sierra Mountain Range. However, with double-digit unemployment, a local economy almost solely dependent on agriculture, the lack of adequate power, and the annual danger of flooding in the upper Sacramento Valley, Sutter County also faces many challenges.

Today, Sutter County is celebrating the groundbreaking of Calpine's new plant site, which will increase its property tax base by at least $300 million. The new plant will provide clean, low-cost power for economic development, employ up to 250 construction workers for twenty months, create at least twenty new family-wage, full-time jobs, and provide significant revenues to local businesses.

Additionally, Calpine has proposed a 10-year, $2.5 million private funding program for improving levees and storm drainage facilities in Sutter County. The funds will be distributed directly to the Sutter County Water Agency and the County Flood Control and Water Conservation District, which will have final authority over how the funds are spent.

I commend Calpine and people of Sutter County for their commitment and investment in their community through new jobs, increased tax revenue, clean, reliable, low-cost electricity, and willingness to work together toward local flood control solutions. This another example of businesses and communities working together to define a vision and successfully achieve common goals.

SERBS DESERVE PROTECTION IN KOSOVO

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. SMITH of New Jersey. Mr. Speaker, I am outraged by the killing of 14 Serbs last Friday near the town of Gracko in Kosovo. The culprits of this crime are, in my view, prime candidates for the next indictments for crimes against humanity by the International Tribunal which is located in The Hague. I certainly hope that the efforts of KFOR, the Organization for Security and Cooperation in Europe (OSCE), and Tribunal investigators will help identify and immediately apprehend those responsible for this crime.

The killings, however, are no isolated incident. Since NATO air strikes ended, the Serb forces have retreated, and the Kosovar refugees have begun to return to their homes, those Serb civilians who chose to remain in the region have repeatedly been subjected to violent retribution. Certainly a Kosovo which is ethnically cleansed of Serbs—and, according to reports, cleansed of Roma as well—is not the kind of Kosovo for which the international community undertook such a risky and costly intervention. Kosovo must pursue the path of rule by law not by lawlessness, and respect for and protection of basic human freedoms—including life itself.

A related disturbing trend is the attempt by leaders of the Kosovo Liberation Army—the KLA—to fill the political vacuum created now that Serbian authorities have departed Kosovo. The KLA has yet to prove its democratic credentials; in many instances, its tactics have sent the opposite message. Mr. Speaker, before the KLA is granted any role in Kosovo's interim administration, it must prove itself. Helping to find those responsible for this latest atrocity would be a good place to start. Nationalist Kosovar Albanians can not hide behind the past victimization of their people by Milosevic and his forces, those responsible for these actions taken against Serbs and their property in Kosovo must be held accountable. Neither can they relegate responsibility for stopping these incidents to the international community alone.

The international community must make clear to all Kosovar Albanian leaders that their actions now will go a long way in determining what kind of support they will find for their own aspirations down the road. The benefits of enhanced political status for Kosovo cannot be enjoyed without also undertaking the responsibilities of democratic governance.

HONORING THE 75TH ANNIVERSARY OF THE UPPER MISSISSIPPI NATIONAL WILDLIFE AND FISH REFUGE

HON. RON KIND

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. KIND. Mr. Speaker, today I rise to pay tribute to the Upper Mississippi River National Wildlife and Fish Refuge on the occasion of its 75th Anniversary.

The Upper Mississippi River National Wildlife and Fish Refuge is very important to the heritage and environmental conservation efforts of the Midwest. The refuge's mission is to provide public benefits associated with fish, wildlife, and wild areas by reserving the Upper Mississippi flood plain ecosystem for the enjoyment and use of this and future generations. For the past 75 years the Upper Mississippi River National Wildlife and Fish Refuge has provided essential habitat for a wide variety of plants, fish, migratory birds, and other animals.

As a boy growing up on the north side of LaCrosse near the Mississippi River, I developed a special connection to the river. My fond memories of past camping trips on the river's sand bars and fishing with my friends have helped me to see first hand the importance of responsible stewardship. These boyhood impressions of the river have inspired me to work to protect the Great Mississippi from environmental damage.

As one of the four co-chairmen of the Upper Mississippi River Congressional Task Force (UMRTF), I have had an opportunity to effectively address stewardship issues pertinent to the Upper Mississippi River and adjacent lands. With the help of the UMRTF, attention has successfully been focused on the importance of refugees in the Upper Mississippi River Basin and their need for funding.

In recent years, the refuges have been asked to do more and more with less and less funding. Although the refuges have received added responsibilities, funding for maintenance, habitat restoration and outreach have all faced budget shortfalls. The Upper Mississippi Refuge currently lacks a full-time refuge manager. Although the master plan for the refuge calls for 60 staff members, only 28 staff are currently employed. With the aid of the Task Force, I am working to address this problem.

As a direct result of UMRTF efforts, the U.S. Fish and Wildlife Service will increase refuge maintenance funding for the Upper Mississippi River National Wildlife and Fish Refuge, and the Mark Twain National Wildlife Refuge by $1 million in fiscal year 1999. In the future, the Task Force will continue to focus attention on these refuges and the key roles they fill in providing essential habitat for a wide variety of plants, fish migratory birds and other animals.

The Mississippi River is truly an environmental treasure. The Upper Mississippi refuge system plays a crucial role in protecting this national treasure so that current and future generations can enjoy the same environmental, recreational and economic benefits that we have enjoyed in the past.

A TRIBUTE TO THE NATIONAL ASSOCIATION OF PEOPLE WITH AIDS (NAPWA)

HON. KAREN McCARTHY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Ms. McCARTHY of Missouri. Mr. Speaker, I rise today to recognize the National Association of People with Aids (NAPWA)—the leading advocate on behalf of all people living with HIV and AIDS in order to end the pandemic and human suffering caused by HIV/AIDS.

NAPWA was founded in 1983 in Denver, Colorado, at the Second National AIDS Forum. This organization has been at the forefront of the AIDS epidemic to address the issues of equality and equal access to treatment and prevention methods regardless of race, gender, class, or sexual orientation. On Saturday, July 31, 1999, NAPWA will hold their Annual Retreat in Kansas City, Missouri, including a public forum on "AIDS Now and in the New Millennium," where a panel of leading experts, including Sandy Thurman, Director of the Office of National AIDS Policy, will discuss the latest developments in the effort to end the AIDS crisis. This forum will provide an opportunity for city, county, state, and national leaders, AIDS Service organizations, HIV infected individuals, health departments, faith communities, and medical professionals to talk about issues surrounding the AIDS epidemic and the funding that is needed to maintain quality health care services and innovative prevention strategies.

At this forum, NAPWA will welcome Roger A. Gooden—an AIDS survivor and tireless advocate for people with AIDS—as the newly elected Chairman of the Board of Directors. Mr. Gooden has a rich history of fighting for AIDS/HIV treatment and prevention, as well as for the rights of people with AIDS. He currently serves on the State of Missouri's Governor's Council on AIDS and the Board of Directors of the National Council on Alcoholism and Drug Dependence of Greater Kansas City. Recently, Mr. Gooden was honored by the Missouri Department of Health Division of Environmental Health and Communicable Disease Prevention, Bureau of HIV/AIDS Care and Prevention Services, in recognition of his dedication and service to the State of Missouri in advocating for people living with HIV/AIDS and the prevention of the spread of HIV. Mr. Gooden was also honored by Kansas City Mayor Emanual Cleaver and the City Council with a resolution and proclamation recognizing his election as Chairman of the Board of NAPWA and for his dedicated service and efforts in the fight against AIDS.

NAPWA is an active and effective organization, providing many services to legislators and people with AIDS/HIV. For instance, NAPWA provides Community Education, Technical Assistance, and Regional Training Workshops around the country for people with HIV, to give them the skills they need to participate in HIV prevention community planning with Ryan White CARE Act Planning Bodies. NAPWA also coordinates a diverse national network of committed public speakers through the Leadership Development Initiative. This initiative, coupled with the Youth Initiative involves outreach services where peers talk to peers about AIDS and HIV, encouraging each other to modify risk behaviors and change attitudes toward people with AIDS/HIV.

NAPWA also participates in a wide array of prevention, health promotion, and educational efforts for those infected with and at risk for HIV. NAPWA publishes several fact sheets, alerts, and reports, as well as supporting an Information and Referral Service, to provide the nation with up-to-date and accurate information about the AIDS pandemic. NAPWA also sponsors National HIV Testing Day in June of each year, to encourage early and frequent testing for HIV/AIDS, especially for those who are at higher risk.

Mr. Speaker, NAPWA's highest priority is the development of effective new treatments and a cure for HIV disease. Please join me in commending NAPWA for its tireless efforts on behalf of people with AIDS.

ELECTRONIC DISCLOSURES DELIVERY ACT OF 1999

HON. MARGE ROUKEMA

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mrs. ROUKEMA. Mr. Speaker, millions of consumers today routinely conduct business over the Internet, buying and selling a myriad of products and services from companies large and small, near and far. Many of these consumers already conduct much of their banking business over the web, checking balances, transferring funds and paying bills without leaving their homes. This explosion of online banking offers great benefits on both sides of the transactions: even the tiniest small-town bank can have access to a national marketplace, while consumers can comparison shop for the best interest rates or services. Nonetheless, the delivery of many financial services over the Internet, such as loans and mortgages, are limited by antiquated laws requiring paper documents or face-to-face transactions.

That is why I am joining today with Congressmen RICK LAZIO and JAY INSLEE to introduce the Electronic Disclosures Delivery Act of 1999. This legislation is necessary if we are to take full advantage of the current technology—and if we are to keep technology from leaping far ahead of the ability of our nation's laws to regulate it.

The Electronic Disclosures Delivery Act addresses the electronic delivery of disclosures, notices and other information over the Internet. It allows these actions to be provided electronically, but does not lessen the rights or responsibilities of any party or affect the content of any disclosure, including both the timing, format and information to be provided.

This legislation is a first step toward making on-line financial transactions practical. It would put Congress on record as committed to playing a leadership role in promoting electronic commerce while preserving and, indeed, enhancing consumer protections. Mr. LAZIO and I plan to hold hearings in our respective subcommittees to ensure that all interested parties' views are heard.

On-line disclosures will provide consumers with a number of benefits:

Convenience and time-saving—Consumers can conduct transactions virtually anywhere and at any time, 7-days-a-week, 24-hours-a-day.

User friendly information—Legalistic jargon in on-line disclosure forms can be linked to plain-English definitions, making them much more readable and understandable. Consumers can electronically search documents rather than reading through reams of paper.

Enhanced services for under-served communities—Rural and urban communities will have enhanced access to financial services, even where brick and mortar branches are not available. In areas where residents cannot afford computers, libraries and schools provide on-line access.

Reduced cost—Electronic delivery of disclosures will cost less than providing the same information on paper or paying employees to handle face-to-face disclosures. Competition should encourage business to pass on those savings to consumers.

Congressional guidance on electronic disclosures is needed immediately, given that most of the consumer protection laws now on the books were enacted before the Internet became popular. Congress should provide uniform standards so that disclosures will be delivered to consumers under the same set of rules by all financial service providers.

Some regulators, notably the Federal Reserve, have begun to address these issues. But others have not, as in the case of the Department of Housing and Urban Development with respect to the Real Estate Settlement Procedures Act. Congressional action would provide uniformity and clarity among the agencies and provide guidance from the only body with the authority to amend the laws in question.

In sponsoring this legislation, we want to make clear that we do not intend to discourage the Federal Reserve from moving ahead. Instead, we want to encourage other agencies to follow the Fed's example. If anything, we hope the pace of regulatory activity in this area will be stimulated by congressional interest and action.

Congress and the regulators must play a leadership role in updating many of the consumer protection laws to reflect new technologies and establish a coherent legislative framework for the delivery of financial services through electronic commerce. With the introduction of this legislation, we can begin the debate that set us on the path to enacting responsible legislation that will enhance consumer access to financial services while maintaining appropriate consumer protections.

SUMMARY OF THE ELECTRONIC DISCLOSURES DELIVERY ACT OF 1999

The "Electronic Disclosures Delivery Act of 1999" (the Act) amends the Truth in Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act, the Truth in Savings Act and the Consumer Leasing Act to provide for the electronic delivery of disclosures, notices, and any other information that is required to be given to consumers under these acts. The legislation provides that acknowledgments given in connection with disclosures or notices may also be provided electronically.

Creditors may rely upon the use of electronic communications or acknowledgments to satisfy requirements for delivery of disclosures, notices and other information through electronic communications provided that the consumer:

Expressly consents to online disclosures and/or acknowledgments and does so electronically; receives a description of the type of information to be provided electronically; receives an explanation of how to access and retain the online disclosures, including consideration of the consumer's ability to print or download such disclosures; and receives a notice of the period of time that the information will be available to the consumer in electronic form.

The legislation provides the appropriate regulator with the authority to prescribe regulations from time to time to clarify the procedures applicable to the delivery of electronic communications. The legislation further provides the appropriate regulator with the authority to prescribe, without affecting or impairing the legal effectiveness of the delivery of any electronic communication provided for in the Act, procedures which provide consumers with the option to request paper copies of any such communications if it finds that such procedures are necessary and appropriate to supplement electronic communications. The legislation would be effective upon date of enactment.

The legislation addresses only electronic delivery of information to consumers. It does not affect the substantive rights and responsibilities of any party or the content of any disclosure, including both the timing and format of disclosures and the information to be provided.

RECOGNIZING THE PLIGHT OF HOME HEALTH CARE AGENCIES

HON. J.C. WATTS, JR.

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. WATTS of Oklahoma. Mr. Speaker, there is a growing concern over the devastating situation that is plaguing Home Health Care Agencies in this country.

Today I am introducing the Medicare Home Health Services Equity Act of 1999 to provide greater equity to Medicare-certified home health agencies, and to ensure access to medicare beneficiaries to medically necessary home health services furnished in an efficient manner under the Medicare Program.

Quality, efficient home health care agencies are suffering under the punitive Interim Payment System and are going out of business. The per beneficiary limits imposed on home health agencies do not, for a great number of agencies, accurately reflect the costs necessarily incurred in the efficient delivery of needed home health services to beneficiaries.

The amount of reductions in reimbursement for home health services furnished under the Medicare program significantly exceeds the amount of reduction in reimbursement for any other service furnished under the Medicare program. This comes at a time when the need for home health services by the Nation's elderly citizens is growing.

Although this is a nation-wide problem, the impact on my home state of Oklahoma has been disproportionately high. In Oklahoma alone, 198 of the 381 licensed home health care agencies have been forced to close their doors, of which 146 were Medicare certified.

Surviving home health agencies which have managed to stay in business have curtailed their medical services due to financial constraints. As a result of this terrible tragedy, the sickest, most frail Medicare beneficiaries are being deprived access to medically necessary home health services. Thousands of elderly and disabled Americans are not receiving the type of quality care at home that they so much need and deserve.

In our efforts to end fraud and abuse, we must make certain that the benefits and much needed services of home health agencies are not lost. Home health care is the least expensive, most cost efficient provider of medical services for Medicare beneficiaries and must be preserved.

For that reason, I am introducing the Medicare Home Health Services Equity Act of 1999. It is critically important that we address this crisis promptly and pass this vital legislation.

ASSESSING HMO CURBS

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. BEREUTER. Mr. Speaker, this Member highly commends to his colleagues the following portions of an editorial "Assessing HMO Curbs," which appeared in the July 21, 1999, edition of the Omaha World-Herald.

[From the Omaha World-Herald, July 21, 1999]

ASSESSING HMO CURBS

A lot of hot air accompanies the debate over whether Congress ought to provide a "bill of rights" for people who obtain their health care from health maintenance organizations.

But one thing is reasonably clear. The debate so far has been less about health care than it has been about campaigning for election in 2000.

Democrats want to go into the election season with an excuse to portray Republican candidates as indifferent to the suffering of sick and injured people. The theme is part of a blue-print for restoring Democratic Party control of Congress.

Michael M. Weinstein, in The New York Times, took a calm look at the situation for his readers Sunday. "The debate consisted largely of name-calling," he said, with Vice President Al Gore and House Democratic Leader Richard Gephardt calling the GOP plan a charade and a fraud, respectively, and GOP Sen. Phil Gramm of Texas accusing the Democrats of wanting to destroy HMOs by mandating expensive coverage that would drive costs into the stratosphere.

"But the partisanship obscures an important truth," Weinstein wrote. "The substantive differences are narrower than they seem. Removed from the context of election-year politics, combatants on both sides concede they could find ways to give Americans protection from health-care plans that wrongly skimp on coverage."

Republicans, said Weinstein, know that their bill would never get past President Clinton. They like the bill because it will help them wring campaign contributions out of HMOs and insurance companies.

Democrats, the Times writer said, privately concede that their bill overreaches. But it will make them even more popular with their generous long-time allies, the members of the Trial Attorneys Association. The Democratic bill would repeal a ban on lawsuits against HMOs, furthering the attorneys' goal of expanding the field for punitive damages.

Weinstein identifies four issues that he says should be relatively easy to compromise: A method by which patients and their physicians can appeal to medical authorities the denial of reimbursement by an HMO; a defintion of medical necessity; a modified right to sue for denial of service; and the question of whether the legislation would cover 160 million patients in state-regulated health plans as well as the 50 million in employer-sponsored plans not covered by state regulations.

Political partisanship is not an evil thing. Americans have been well-served by the clash of ideas between two political parties with different philosophical approaches to government. It is part of the system of checks and balances.

However, there are some things that should be obvious to members of both parties.

Patients and their physicians tend to overuse health care, driving up the cost. Sometimes they have no other choice. The Wall Street Journal reported yesterday that visits to emergency rooms, one of the most expensive forms of treatment, are up in some places where HMO treatment is not available at nights and on weekends. Some HMOs want the right to decline reimbursement for emergency room treatment. Is that reasonable? In a case of medical necessity, of course it is not.

HMOs, in attempting to drive the cost back down, have sometimes gone too far in denying care. Although determining the extent of the problem is difficult, it has caused physicians to recoil in horror at the damage done to patients who were sent home from a hospital prematurely or in other ways denied treatment.

Mandated coverage, such as a patient bill of rights, drives up costs, which are typically passed on to the buyers of the health-care coverage—the same businesses and patient groups that turned to HMOs to keep costs down. Policy-makers must not avoid the question of what would happen if costs were raised so high that more people, because of unaffordability, became uninsured. What would be the logic behind that?

The question is how to preserve the benefits of cost-cutting while minimizing its potential to hurt people. Reasonable people, including a handful of moderate Republicans, seem to be saying that a rational way exists to make the system more humane without sacrificing cost-control.

INTRODUCTION OF PATIENT ABUSE PREVENTION ACT OF 1999

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. STARK. Mr. Speaker, I am pleased to introduce the "Patient Abuse Prevention Act of 1999", which is being simultaneously introduced in the Senate by Senator HERBERT

KOHL (D-Wis.). This bill is designed to ensure that all prospective employees in long-term care facilities undergo criminal background checks. The bill is similar to a proposal in the Administration's budget, also establishing a national registry of individuals with histories of patient abuse by utilizing data from existing state registries. The goal of the new national registry is to prevent workers with a history of abuse from being hired to provide care for the frail elderly.

Previous legislation enacted in 1998 permits—but does not require—nursing homes, skilled nursing facilities and home health agencies to conduct criminal background checks on applicants. This bill takes the next logical step by requiring that all long-term care facilities screen all applicants for employment. The bill is enthusiastically supported by the Secretary of Health and Human Services and the National Citizens' Coalition for Nursing Home Reform. Secretary Shalala believes that this is "the toughest set of requirements ever proposed for long-term care workers." Both letters of endorsement are attached at the conclusion of this statement.

In order to overcome industry resistance to this needed change, this bill allows long-term care facilities to include such costs on their reports submitted to the federal government for reimbursement purposes.

It is clear from several General Accounting Office analyses and hundreds of media reports that in order to improve the quality of care provided in long-term care facilities and decrease fraud and abuse, the federal government must take a more active role in making certain that those who are hired to care for seniors are fully qualified to do so. Thus, in addition to the background check requirements, the bill imposes significant civil monetary penalties upon providers who hire workers who do not pass background checks.

We have all heard the horror stories about convicted violent offenders obtaining jobs in long-term care facilities. Such occurrences are intolerable. This bill is an important step in guaranteeing the safety of our seniors who receive long-term care. I look forward to working with my colleagues in the House and Senate to pass this important quality improvement for Medicare and Medicaid patients.

THE SECRETARY OF HEALTH AND
HUMAN SERVICES,
Washington, DC, July 21, 1999.

Hon. HERBERT H. KOHL,
U.S. Senate,
Washington, DC.

DEAR SENATOR KOHL: I want to commend you and Senator Reid for your leadership on the vitally important matter of assuring that our most vulnerable frail and sick elderly and disabled Medicare and Medicaid beneficiaries are protected from people with violent criminal backgrounds or a history of abuse. We in HHS appreciate working with you and your staffs to help ensure that seniors and persons with disabilities receive the safe, high quality care they deserve.

Your "Patient Abuse Prevention Act" will require nursing homes and other long term care providers to initiate background checks of prospective workers. We have a few issues with the bill that we would like to continue to work with you to address. We recognize, however, that this set of requirements is the toughest ever proposed for long term care workers. It builds on earlier proposals by the current bill's sponsors and is similar in a number of respects to proposals made by the President last year. For the many competent, caring, professionals and facilities who provide safe, quality long term care, it sends a message that we respect and value their high standards and want to find new workers who will live up to them as well. However, for criminals and those with a history of abusing or neglecting those dependent on their care, and for those who may have allowed such individuals access to vulnerable beneficiaries, it says in a clear and unmistakable way that you will not find a job in long term care paid for by Medicare or Medicaid because we will not tolerate it.

As President Clinton said when he called for such an approach, "When families have to worry as much about a loved one in a nursing home as one living alone, then we are failing our parents and we must do more." This bill does do more. We applaud your efforts and look forward to continuing to work with you on this bill to improve the safety of sick and frail elderly and disabled people.

Sincerely,

DONNA E. SHALALA.

NATIONAL CITIZENS' COALITION FOR
NURSING HOME REFORM,
Washington, DC, July 27, 1999.

Hon. FORTNEY STARK,
U.S. House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE STARK: The National Citizens' Coalition for Nursing Home Reform (NCCNHR) commends you and your staff for your initiative in seeking to improve care and conditions in long-term care facilities. NCCNHR is a non-profit consumer organization whose mission is to improve the quality of care and life for long term care residents. Our organization represents residents and their advocates. We work closely with the nation's long-term care ombudsmen and house the National Long Term Care Omnibus Resource Center.

We strongly support your proposed legislation cited as the Patient Abuse Prevention Act, which would require criminal background checks for nursing home workers. This legislation would provide residents protection from individuals with a history of committing crimes against residents. It would also create a much needed National Registry for long-term care employees with a history of abuse, to be used by nursing homes hiring employees for their facilities.

In particular, NCCNHR applauds your revisions to last year's bill, the "Long-Term Care Patient Protection Act of 1998" to include (1) a requirement that criminal background checks of employees will be conducted in all facilities (including specifically, nursing homes, home health, and hospices); (2) that applicants may not be charged for costs of the checks; (3) that applicants who challenge the accuracy of the background check will also be able to appeal the decision and (4) that there is no longer a prohibition on Medicare and Medicaid reimbursement for the costs of conducting background checks.

We strongly urge, however, that the legislation also expand its language to provide criminal background checks on all long-term care workers and not just employees who have direct access to residents. Considering the vulnerability of long-term care residents, criminal background checks should be conducted on all workers, including contract workers, in all health care settings, including home care, and assisted living.

Again, NCCNHR congratulates you, Representative Stark, on your persistence and foresight. If you need further information, contact me or Ana Rivas-Beck, J.D., Law and Policy Specialist.

Sincerely,

SARAH GREENE BURGER,
Executive Director.

RELIEF FROM INTEREST AND PENALTIES ON FERC REFUNDS

HON. DENNIS MOORE

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. MOORE. Mr. Speaker, on July 29, the House Commerce Subcommittee on Energy and Power has scheduled a hearing on H.R. 1117, legislation introduced by my colleague from Kansas, JERRY MORAN, and cosponsored by the entire Kansas House delegation.

This legislation would provide relief from unfair interest and penalties on refunds retroactively ordered by the Federal Energy Regulatory Commission. For two decades, FERC allowed gas producers to obtain reimbursement for payment of the Kansas ad valorem tax on natural gas. In a series of orders, FERC repeatedly reaffirmed the rights of gas producers to collect the ad valorem tax, rebuking various challenges to this practice. In 1993, however, FERC reversed 19 years of precedent and ruled that the ad valorem tax had not been eligible for reimbursement. FERC has since ordered all producers operating during a 5-year period in the 1980's to refund both principal and interest associated with reimbursement of the ad valorem tax.

With this legislation hopefully headed toward consideration by the full House of Representatives. I am taking this opportunity to place in the RECORD a letter recently sent by Kansas Senate Democratic Leader Anthony Hensley to House Commerce Committee Ranking Democrat JOHN DINGELL, concerning the legislative history of ad valorem and severance taxes in Kansas. This background will be very helpful to our colleagues as they review this issue in the weeks ahead.

STATE OF KANSAS,
OFFICE OF DEMOCRATIC LEADER,
Topeka, KS, June 18, 1999.

Re: Kansas Ad Valorem Tax refund detrimental reliance on federal law.

Hon. JOHN D. DINGELL,
House of Representatives, Committee on Commerce, Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN DINGELL: On June 8, 1999, the House Energy and Power Subcommittee held a hearing on the Kansas Ad Valorem Tax refund issue. This issue is extremely important to the State of Kansas and one of our most important industries, the production of oil and gas. As a 23-year veteran of the Kansas Legislature and as the Minority Leader of the Kansas Senate, I am writing to request your support of Congressman Jerry Moran's legislation to alleviate what I believe is a serious miscarriage of justice.

I was a member of the Kansas Legislature in 1983 when Governor John Carlin promoted and obtained passage of a severance tax on oil and gas. Prior to 1983, Kansas did not have a severance tax, only an ad valorem tax. At that time, the ad valorem tax took approximately 3.1% of the value of production and was revenue used by counties and local school districts. Oklahoma and Texas, on the other hand, had severance taxes in place for many years equal to 7.085% to 7.5% of the value of gas production. Wyoming had in place a 4% severance tax on oil and gas "in addition to" a 6.5% property tax on oil and gas for a total tax burden of 10.5%. Likewise, Colorado had a severance tax on gas ranging from 2%–5% "in addition to" a 5.4% property tax, for a total tax burden of 7.4% to 10.4%.

As you know, federal law allowed purchasers to add all of these taxes on to the Federal Power Commission's (FPC) maximum lawful price when purchasing gas. In Wyoming and Colorado, both a severance tax and a property tax were permitted to be added to the maximum lawful price. Texas had both a severance tax and a property tax, however, because of the way its property tax was structured, it was allowed to add on only the 7.5% severance tax to the FPC maximum lawful price. The Kansas Attorney General requested clarification from the FPC to determine whether Kansas' ad valorem tax could lawfully be added to the FPC maximum lawful price. In 1974, Opinion 699–D clarified this issue and did allow the Kansas ad valorem tax as a lawful addition to the price.

In 1981, the State of Kansas needed additional funding for education, roads and infrastructure, and Governor Carlin began studying the potential for a severance tax. One of our state's most valuable natural resources was being depleted and consumed out of state, pipelines were strewn across Kansas, drilling equipment was taking its toll on Kansas roads and infrastructure, and little benefit was being derived by Kansas government. The price of gas at the wellhead, sold in interstate commerce, was being controlled by the federal government at prices far below fair market value, resulting in the transfer of enormous wealth from Kansas to out of state consumers. Texas, Oklahoma, Colorado, Wyoming and other states were collecting taxes on oil and gas at over twice the Kansas tax rate.

Governor Carlin proposed a severance tax which, when added to the existing ad valorem tax, would be comparable to the taxes on oil and gas production collected in other producing states. The legislature studied various severance tax proposals for three years. Oil and gas severance and property tax in neighboring states were studied carefully. A comparative chart used by the Senate Tax Committee is passing the severance tax is enclosed with the attached Memo of Severance and Property Taxes prepared by the Kansas Legislative Research Department during the 1981 severance tax debate.

One of the issues raised during legislative debate was whether both a severance tax and an ad valorem tax on gas could be added to the maximum lawful price of gas as established by the Federal Energy Regulatory Commission (FERC). We were advised that this was allowed in Wyoming, Colorado and other producing states, and that FPC Opinions 699–D allowed the pass through of the Kansas ad valorem tax. This Opinion had been specifically requested by the Kansas Attorney General and the Kansas Legislature relied on Opinion 699–D without further question.

Finally, in 1983, the Kansas Legislature passed a severance tax "in addition to" the existing ad valorem tax. A credit against the severance tax for ad valorem taxes paid was added to the bill resulting in a 7% severance tax on gas and a 4.33% tax on oil. Clearly, tax policy for our state was based on the Legislature's reliance on FPC Opinion 699–D. Were it not for our reliance on Opinion 699–D, the severance tax would not have passed without amending our state's ad valorem tax to conform to federal requirements for pass through of both the severance and ad valorem taxes as was done in Wyoming and Colorado.

When Kansas passed the severance tax in 1983, Northern Natural Gas Company asked the FERC to reconsider its Opinion 699–D to prohibit Kansas producers from passing through both a severance tax and a property tax. They were denied twice by the FERC. In 1988, Colorado Interstate Gas Company appealed the FERC decision to the Washington, D.C., Circuit Court of Appeals. I am sure you are familiar with the whole scenario that has followed. Nineteen years after Opinion 699–D was issued, the FERC, with incentive from the Washington, D.C., Court in the Colorado Interstate Case, reversed itself. Later the court would require retroactive refunds to 1983 based on notice of hearings published in the federal register. Now, because the Kansas Legislature relied on Opinion 699–D to pass a severance tax without adjusting the methodology by which the Kansas ad valorem wax was calculated, many Kansas independent oil and gas producers are devastated.

What could the Kansas Legislature have done further to determine the reliability of Opinion 699–D? Should we have asked for a second ruling on the same issue? Would that have allowed Kansas to rely on the Opinion? Would three, four or five opinions have allowed Kansas to rely on the ruling? Was there someone the State could have sued to get final determination that we could rely on before we passed the severance tax? How can a state ever rely on a federal regulatory ruling if a court can in the future retroactively change the law and require innocent victims who complied with the law to refund large sums of money with interest?

Certainly Kansas producers have done their part to provide consumers with an abundant supply of clean, cheap fuel. But why are consumers up in arms? In 1998, the price of natural gas paid to producers at the wellhead in Kansas averaged less than $1.96 per mcf. The price of natural has at the residential burner tip, however, averaged $6.82 in the U.S.A., with prices ranging from less than $5 to over $12 per mcf from time to time. Since FERC Order 636 passed, the price of natural gas paid to producers at the wellhead has gone down while the price of natural gas paid by residential consumers has gone up. The middlemen's share of the residential consumer's dollar has increased from 59% to 73% while the producer's share has decreased from 41% to 27%. Both producers and consumers are losers in this environment while the giant interstate pipelines and local distribution companies have seen profits rise dramatically.

Now, I understand, the primary beneficiaries of deregulation—the interstate pipelines and local distribution companies—are before the Energy and Power Subcommittee in the name of consumer protection. How much of the refund will ultimately reach the consumer is undetermined at this time, but I am advised that any residential consumer likely will receive no more than $15 over a period of time. However, the total of these de minimis refunds, and what is not passed through to the consumer, equals the estimated drilling and exploration budget for all of Kansas for the next three and one-half years.

As Democrats, we need to stand up for what is right and fair in America. Consumer protection is an enormously powerful political force but honest, hardworking producers deserve no less. Kansas producers were perhaps the only innocent parties in this entire scenario, caught between consuming states whose people believe they have a right to cheap fuel, and the governments of producing states who believe they have a right to tax oil and gas producers into oblivion.

This is not a consumer protection issue. I do not believe that consumers in Kansas, Missouri, Colorado, Michigan or any other state will benefit in any way from this restorative reversal of law by the Federal Energy Regulatory Commission. A minuscule refund to a long lost consumer cannot offset the losses which will result from the destruction of honest, hardworking, productive citizens. Exploration in Kansas is almost totally dependent on small independent operators who provide an invaluable resource to consumers across this country. The destruction of this vital Kansas industry is not in anyone's best interest. I strongly urge you to support Congressman Moran's legislation to eliminate this serious injustice.

Sincerely,

ANTHONY HENSLEY,
Kansas Senate Minority Leader.

On Or After January 1, 1973, And New Dedications Of Natural Gas To Interstate Commerce On Or After January 1, 1973, Opinion No. 699–D

DECLARATORY ORDER ON PETITION FOR CLARIFICATION (ISSUED OCTOBER 9, 1974)

Before Commissioners: John N. Nassikas, Chairman; Albert B. Brooke, Jr., Rush Moody, Jr., William L. Springer, and Don S. Smith.

The State Corporation Commission of the State of Kansas (Kansas) on August 29, 1974, filed a request for clarification of Opinion No. 699 concerning the right of producers making jurisdictional sales in Kansas covered by that opinion to adjust upward the national rate prescribed therein by the amount of the Kansas ad valorem tax.

Opinion No. 699 provides in Ordering Paragraph A(3) (mimeo p. 141) that the national rate established there "shall be adjusted upward for all State or Federal production, severance, or similar taxes * * *". The question presented is whether the Kansas ad valorem tax is a similar tax within the meaning of the above provision. A number of other states also have an ad valorem tax, and our determination here will not be limited to the Kansas ad valorem tax, but will apply to ad valorem taxes in general.

As Kansas points out, the bulk of the Kansas ad valorem tax is based upon production factors, and, as such, is in fact, a severance or production tax merely bearing the title "ad valorem tax". The ad valorem tax in some other states is also similar to a production or severance tax inasmuch as it is based on the amount of production and the revenues therefrom. Consequently, we conclude that it is proper under Opinion No. 699 for producers to adjust the national rate upward for a state ad valorem tax where such tax is based on production factors.

SEVERANCE AND PROPERTY TAXES ON OIL AND GAS

Background

This memorandum presents an overview of the severance taxes and property taxes levied on oil and gas properties in the major producing states and the states surrounding Kansas. A summary of the severance tax rates and property taxes in such states is contained in Table 1.

Severance Taxes. A severance tax is a tax imposed on the production, or the "severing," of a mineral from the earth. The production of the mineral may be measured either by the value or the volume of the mineral produced. Among states basing a severance tax on the value of production, some tax the gross value of production, while others tax a net value figure, allowing deductions for expenses such as transportation costs, federal or state royalties, losses from evaporation or uneconomic production, and disposal of useless byproducts such as salt water. The rate of severance taxes based on value may be a fixed percentage of value or may be graduated to apply lower rates to low-income or low-production wells.

The rationale usually presented for imposing a severance tax is that the state should be compensated for the irretrievable loss of a nonrenewable resource and for the cost to the state's residents resulting from the development of that resource. States which have imposed severance taxes have used those tax receipts for various purposes, including school finance, property tax relief, highway finance, creation of trust funds, and distribution to local governmental units.

A severance tax may be either "in lieu of" or "in addition to" property taxes on oil or gas properties. An "in lieu of" severance tax exempts oil and gas properties from the general property tax.

Property Taxes. Taxes on real and personal property have traditionally been a major source of funding for the activities carried on by state and local governments. Applying a property tax to oil and gas properties typically involves determining the value of minerals in the ground and the value of the production equipment. States imposing property taxes have usually chosen one of three methods to value the minerals: value of production; formula valuation; or token assessment.

Annual production assessment applies the property tax levy to the value of production, which might be either gross or net value.

Formula valuation attempts to value reserves by estimating the average life of a well, rate of discount, and the estimated value of future production.

Token assessment would apply the property tax to a minimal amount of value, either per acre of lease or per well.

National Summary

Severance taxes on oil and gas have been enacted in 27 states, including states such as Kansas which have enacted relatively minor severance taxes based on the volume of production for regulatory, rather than revenue, purposes. Seventeen of those 27 states have enacted "significant" severance taxes—a tax at the rate of 2 percent or more of value. Six of the 17 states with significant severance taxes impose their tax in lieu of the property tax.

Kansas

Oil and gas leaseholds, including royalty interests and equipment used in production, are assessed as tangible personal property in Kansas. Guides for assessing oil and gas properties have been prescribed by the Director of Property Valuation, Department of Revenue, for use by county appraisers. After appraised values are determined, the properties are assessed at 30 percent of such values and are subject to the total general property tax rate according to the situs of the property.

According to Table 3, prepared by the Department of Revenue, Division of Property Valuation, oil and gas properties paid almost $95 million in property taxes in 1980, up from $60.5 million in 1979.

According to the Kansas Geological Survey, oil and gas production in Kansas for the last two years was as follows:

	Unit	1979		1980	
		Quantity	Value $(1,000)	Quantity	Value $(1,000)
Oil	1,000 barrels	56,995	$1,245,015	60,140	$2,049,581
Gas	million cubic feet (m.m.c.f.)	804,535	548,693	772,998	643,134
Natural Gas Liquids	1,000 barrels	33,888	292,791	34,000	352,512
			$2,086,499		$3,045,227

Thus, using the above oil and gas property tax figures, property taxes statewide averaged 3.1 percent of value and 2.9 percent of value in 1980 and 1979, respectively. Of course, the ratio of property taxes to value varies from lease to lease and county to county.

The biggest factor in the increase in property taxes between 1979 and 1980 was the increase in the price of oil. The calculation of the value of the gross reserves of oil is the most important step in valuing the oil lease. This value is calculated by multiplying the total annualized production for the previous year times a net price figure times a present worth factor. In the 1979 Oil and Gas Appraisal Guide, the highest price of stripper oil was $16.10; in 1980, this same oil sold for approximately $38, and the net price figure used in the 1980 Guide was $31.56. These price figures reflect actual selling prices of oil and the world-wide increases in prices. The 1981 net price figures are not yet available.

Equipment values shown in the 1980 Guide were also higher than those in the 1979 Guide. This increase was due to the fact that the equipment values had not been updated for several years and reflected the increase in the value of equipment that has accompanied the increase in the price of oil. The number of years of income considered was raised from five to eight years; this also raised the valuation of the property.

Several changes reflected in the 1980 Guide would have had the effect of lowering values. These changes were raising the discount factor and changing the low production credit. The discount factor reflects the present value of money to be received at a specified time in the future. The low production credit is a reduction for wells with very low production levels.

Changes in the 1981 Guide include accounting for differences in production quality and expenses between eastern and western Kansas wells. One such difference is that the 1981 Guide will consider a 5 year income for the shallow eastern Kansas wells, while an 8 year income will be used for the deeper western Kansas wells.

In addition to the property tax, oil and gas producers, like other businesses, also pay sales and income taxes. Oil and gas producers also pay taxes or fees for antipollution and conservation activities of the state. The oil and gas production tax, for pollution control, is levied at the rate of $.001 per barrel for each barrel of oil and $.00005 for each one thousand cubic feet of gas produced. The conservation assessment is $.003 per barrel of oil and $.0008 for each one thousand cubic feet of gas.

The Federal Energy Regulatory Commission has ruled that the Kansas property tax is essentially based on production and has allowed this tax to be "passed-on" to consumers. More than one production tax on natural gas (the only type of energy production whose price is still controlled) may be passed on. Both the property tax and the two regulatory taxes in Kansas are currently being passed on. Other states and the F.E.R.C. have also reported that natural gas producers are able to pass-on more than one production tax, as long as intrastate and interstate sales of natural gas are taxed equally.

A severance tax, if enacted in Kansas, would have an impact on oil and gas property tax appraisals by lowering net prices figures used in the Guide. The Guide uses the price actually paid to the producer on January 1 of the assessment year less state and federal wellhead taxes levied on value or volumes produced, and less applicable transportation charges. Thus, the federal Crude Oil Windfall Profit Tax (WPT) was deducted from the sales price of oil. (Appended to this memorandum is a summary of the Windfall Profit Tax.) An 8 percent severance tax could lower the net price figure per barrel for oil from $31.70 to $29.16, as follows:

Current sales price—1 barrel of oil	$38.00
Base price for WPT	−17.00
Windfall profit for WPT	21.00
WPT rate for independents on stripper oil	×30%
WPT liability	6.30
Current sales price—1 barrel of oil	$38.00
WPT liability	−6.30
Net price with WPT	$31.70
Windfall profit for WPT	$21.00
WPT severance tax adjustment (8%)	−1.68
Net windfall profit	19.32
WPT rate for independents on stripper oil	×30%
WPT liability	5.80
Current sales price—1 barrel of oil	$38.00
Severance tax	×8%
Severance tax liability	$3.04
WPT liability	$5.80
Severance tax liability	+3.04
WPT and severance tax liability	$8.84
Current sales price—1 barrel of oil	$38.00

WPT and severance tax liability	−8.84
Net price with WPT and 8% severance tax	$29.16

The Legislative Research Department is not yet able to estimate the effect of a severance tax on property tax appraisals. A reduction in the net price figures does not necessarily mean that assessed valuations of oil and gas properties will fall—but it does at least mean that such valuations would not be as high as they otherwise might be if no severance tax were enacted. Decontrol of all oil prices, and rising prices for oil and gas are some factors that could lead to increases on oil and gas valuations, even if a severance tax were enacted.

At least two opinions of former Kansas Attorneys General have stated that either an "in addition to" or "in lieu of" severance tax could be constitutionally enacted in Kansas. Article 11, Section 1, of the Kansas Constitution specifically authorizes the legislature to classify "mineral products" for purposes of taxation. In an opinion dated September 13, 1954, the Attorney General concluded: ". . . it is our opinion that a gross production or severance tax would probably be constitutional if levied to the exclusion of property taxes or if levied in addition to property taxes on mineral products. We do not believe that a provision exempting the equipment and other property used in production would be constitutional."

The above opinion was confirmed in another opinion, dated June 5, 1969: "We have studied the (1954) opinion and agree with his conclusion stated therein. We are unable to find any recent case which would alter that conclusion. However, we would again emphasize that a severance tax act could not exempt the equipment and other property used in the production of oil and gas from ad valorem taxes."

A 1 percent severance tax on oil gas production was enacted on the last day of the 1957 Session. This tax was an "in addition to" severance tax. During the first six months after enactment, over $2 million was collected. This tax was held to be invalid by the Kansas Supreme Court, however, in the case State, ex. rel. v. Kirchner, 182 Kan. 437 (1958). The Court held that the bill enacting the tax was unconstitutional because the subject of the act was not clearly expressed in its title.

OIL AND GAS SEVERANCE AND PROPERTY TAXES IN MAJOR PRODUCING AND NEIGHBORING STATES

State	Severance taxes (not including regulatory taxes)				1980 property tax as estimated percentage of value of production
	Oil severance tax rate	Severance tax in lieu of property tax	Exemptions or lower rates	Other minerals taxed	
Alaska	12.25%	No	No	Gas-10%	NA.
California		No	No		3.8% (includes equipment).
Colorado	2%-5%	No	Yes [1]	Gas-2%-5%; Coal-60 cents per ton, indexed to price; oil shale-4%; metallic minerals.	5.4% (percentage does not include tax on equipment).
Kansas					3.1% (includes equipment).
Louisiana	12.5%	Yes	Yes [2]	Gas-7 cents per m.c.f.; coal-10 cents per ton; gravel; marble; ores; salt; sand; shells; stone; sulphur; timber.	
Mississippi	6.0%	Yes	No	Gas-6%; salt	
Nebraska	2%	No	No	Gas-2%	NA.
New Mexico	3.75% plus privilege tax of 2.55%.	No	Yes [3]	Gas-11.1 cents per m.c.f. (includes surtax tied to C.P.I.) plus privilege tax of 2.55% of value; Coal-$.57 per ton plus surtax tied to C.P.I.; Uranium; other minerals.	1.6% (includes equipment).
North Dakota	5% plus 6.5% oil extraction tax	Yes	Yes [4]	Gas-5%; coal-85 cents per ton; indexed for inflation	
Oklahoma	7.085%	Yes	No [5]	Gas-7.085%; asphalt; lead; zinc; jack; gold; silver; or other ores	
South Dakota	4.5%	No [6]	No	Gas-4.5%; coal-4.5%	NA.
Texas	4.6%	No	No	Gas-7.5%; sulphur; cement	2.0% (percentage does not include tax on equipment).
Wyoming	4.0%	No	Yes [7]	Gas-4%; Coal-10.5%; Uranium; Trona; Oil shale-2%	6.5% (percentage does not include tax on equipment)

[1] Tax on oil and gas is based on "gross income," defined as market value at wellhead or the value of the severer's income as computed for Colorado and federal income tax depletion purposes, whichever is higher.

Gross income and rate of tax:
Under $25,000: 2%;
$25,000 and under $100,000: 3%;
$100,000 and under $300,000: 4%;
$300,000 and over: 5%.

Stripper oil wells (less than 10 barrels per day) are exempt. A credit is allowed for 87.5 percent of all property taxes paid during the tax year, excluding property taxes upon equipment and facilities.

[2] Oil: Wells incapable of producing more than 25 barrels of oil per day which also produce at least 50 percent salt water per day, 6¼ percent; wells incapable of producing more than 10 barrels of oil per day, 3⅛ percent; natural gas liquids, 10 percent; gas at 15.025 pounds per square inch pressure, 7 cents per m.c.f.; gas from oil well at 50 pounds per square inch pressure; 3 cents; gas from well incapable of producing average of 250,000 cubic feet per day, 13 cents. Working interest owners in an oil or gas well that discover a new field are exempt from 50 percent of all severance taxes for the first 24-months, up to a certain amount.

[3] A severance tax credit is allowed if a contract entered into by producer prior to 1-1-77 or a federal regulation does not allow the producer to obtain reimbursement from the purchaser for all or part of the increased severance tax (rates were revised July 1, 1980). When computing the value of oil for the severance tax or the value of oil and gas for the privilege tax, a deduction is allowed for royalties paid to the United States, the state of New Mexico or any Indian or Indian tribe, as well as for the reasonable expense of trucking any product to market.

[4] Oil: stripper oil and a limited amount of royalty interest oil is exempt from the oil extraction tax.

[5] Former lower rates on low-producing oil or gas wells were repealed in 1980.

[6] Mineral reserves are not subject to property tax. No personal property is taxed in South Dakota, so only oil and gas equipment forming a part of realty is subject to the property tax.

[7] Oil: stripper oil taxed at 2 percent rate.

Source: State Tax Guide, Commerce Clearing House, and conversations with state officials.

TABLE 2.—SUMMARY OF PROPERTY TAXES IN STATES LISTED IN TABLE 1

California. Valuing oil and gas properties in California has been reported to be the "biggest problem under Proposition 13." State uses a formula valuation procedure, using 1975 values, plus 2 percent increase per year. Property tax treatment of oil and gas is currently under legislative study.

Colorado. Oil and gas assessed at 87.5 percent of the value of production; stripper at 75 percent of value. Mill levy is then applied to assessed value, averaging 62 mills in the highest producing counties. Equipment is assessed at 30 percent of 1973 market value, with the use of a state appraisal guide.

Kansas. Uses formula valuation for appraisal, assessed at 30 percent, then mill levy applied to assessed value.

Nebraska. Uses same basic appraisal technique at Kansas.

New Mexico. Has an ad valorem production and an ad valorem equipment tax.

South Dakota. Oil and gas reserves are not taxed. No personal property is taxed. Therefore, the property tax on oil and gas applies only to equipment forming a part of the realty.

Texas. Property currently appraised by each taxing unit. In 1982 appraisal will be done by one countrywide appraisal using a standard appraisal guide. Reserves valued on formula valuation method. Equipment valued separately as personal property.

Wyoming. Property tax on reserves is calculated by applying mill levy to full market value of production. Equipment above ground is valued at 25 percent of its 1967 replacement cost; in 1982 the base year for equipment values may be 1981 replacement cost.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Thursday, July 29, 1999 may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

JULY 30

10 a.m.
Foreign Relations
International Operations Subcommittee
To hold hearings on United States policy toward victims of torture.
SD-419

11:30 a.m.

Banking, Housing, and Urban Affairs

To hold hearings on the nomination of Harry J. Bowie, of Mississippi, to be a Member of the Board of Directors of the National Consumer Cooperative Bank; the nomination of Armando Falcon, Jr., of Texas, to be Director of the Office of Federal Housing Enterprise Oversight, Department of Housing and Urban Development; the nomination of Robert Z. Lawrence, of Massachusetts, to be a Member of the Council of Economic Advisers; the nomination of Martin Baily, of Maryland, to be Chairman of the Council Economic Advisors; and the nomination of Dorian Vanessa Weaver, of Arkansas, to be a member of the Board of Directors of the Export-Import Bank.

SD–538

AUGUST 3

9:30 a.m.

Energy and Natural Resources

To hold hearings on S. 1052, to implement further the Act (Public Law 94–241) approving the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America.

SD–366

Armed Services

To hold hearings on the nomination of Charles A. Blanchard, of Arizona, to be General Counsel of the Department of the Army; and the nomination of Carol DiBattiste, of Florida, to be Under Secretary of the Air Force.

SR–222

10 a.m.

Indian Affairs

To hold hearings on proposed legislation to provide equitable compensation to the Cheyenne River Sioux Tribe.

SR–485

Environment and Public Works

Business meeting to resume markup of S. 1090, to reauthorize and amend the Comprehensive Environmental Response, Liability, and Compensation Act of 1980.

SD–406

Governmental Affairs

Business meeting to consider pending calendar business.

SD–342

2:30 p.m.

Indian Affairs

To hold hearings on S. 692, to prohibit Internet gambling.

SR–485

AUGUST 4

8:30 a.m.

Judiciary

To hold hearings on the nomination of David W. Ogden, of Virginia, to be an Assistant Attorney General; and the nomination of Robert Raben, of Florida, to be an Assistant Attorney General.

SD–628

9:30 a.m.

Indian Affairs

To hold hearings on S. 299, to elevate the position of Director of the Indian Health Service within the Department of Health and Human Services to Assistant Secretary for Indian Health; and S. 406, to amend the Indian Health Care Improvement Act to make permanent the demonstration program that allows for direct billing of medicare, medicaid, and other third party payors, and to expand the eligibility under such program to other tribes and tribal organizations; followed by a business meeting to consider pending calendar business.

SR–485

10 a.m.

Judiciary

To hold hearings on S. 1172, to provide a patent term restoration review procedure for certain drug products, focusing on proposed remedies for relief, relating to pipeline drugs.

SD–628

10:30 a.m.

Foreign Relations

To hold hearings on S. 693, to assist in the enhancement of the security of Taiwan.

SD–419

Governmental Affairs

Oversight of Government Management, Restructuring and the District of Columbia Subcommittee

To hold hearings on overlap and duplication in the Federal Food Safety System.

SD–342

2 p.m.

Judiciary

Immigration Subcommittee

To hold hearings on annual refugee consultation.

SD–628

2:15 p.m.

Energy and Natural Resources

National Parks, Historic Preservation, and Recreation Subcommittee

To hold oversight hearings to review the performance management process under the requirements of the Government Performance and Results Act, by the National Park Service.

SD–366

Commerce, Science, and Transportation

To hold hearings to examine fraud against seniors.

SR–253

AUGUST 5

9:30 a.m.

Banking, Housing, and Urban Affairs

Housing and Transportation Subcommittee

To hold oversight hearings on activities of the Office of Multifamily Housing Assistance Restructuring of the Department of Housing and Urban Development.

SD–538

10 a.m.

Judiciary

Business meeting to consider pending calendar business.

SD–628

SEPTEMBER 28

9:30 a.m.

Veterans' Affairs

To hold joint hearings with the House Committee on Veterans' Affairs to review the legislative recommendations of the American Legion.

345 Cannon Building

SENATE—*Thursday, July 29, 1999*

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

The PRESIDENT pro tempore. Today's prayer will be offered by our guest Chaplain, Rabbi Solomon Schiff, director of chaplaincy, Greater Miami Jewish Federation, Miami, FL.

We are pleased to have you with us.

PRAYER

The guest Chaplain, Rabbi Solomon Schiff, offered the following prayer:

Heavenly Creator, we invoke Thy blessings upon those gathered here, loyal servants in the vineyard of human compassion. Bless, we pray, the Members of this body who have accepted the high privilege and sacred responsibility of serving in the sanctified Halls of the U.S. Senate. Unto their hands was entrusted the mantle of leadership on behalf of the American people. May they discharge their responsibilities with courage and commitment. Grant that their deliberations will be free from rancor and bitterness, but that they will be ruled instead by wisdom, purpose, and dedication.

O, divine Healer, bind our Nation together. Sustain the dreams of those who founded our great Republic, that through our sharing with one another the ideals which gave it birth—the ideals of liberty, justice, equality, and freedom—we will preserve and strengthen these ideals for all future time. In this way we will help bring about a society based on moral and ethical values and ensure that the new millennium will mark not only a change in calendar but a change in character as well.

We will then lead the family of nations to an unending era of tranquility, justice, and universal peace. Amen.

PLEDGE OF ALLEGIANCE

The Honorable CONRAD BURNS, a Senator from the State of Montana, led the Pledge of Allegiance, as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

GUEST CHAPLAIN RABBI SOLOMON SCHIFF

The PRESIDING OFFICER (Mr. CRAPO). The Senator from Florida.

Mr. GRAHAM. Mr. President, I rise to thank our distinguished guest Chaplain, Rabbi Solomon Schiff, a personal friend, who has been a great contributor to the religious and civic life of our community and Nation and who has brought us an inspirational message to commence a long day of Senate deliberation.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDING OFFICER. The acting majority leader is recognized.

SCHEDULE

Mr. ROBERTS. Mr. President, today, by a previous order, the Senate will begin a series of stacked votes on the Abraham Social Security lockbox amendment, the Baucus motion to recommit, and the Robb amendment regarding effective dates of the provisions in the Taxpayer Refund Act of 1999.

Following the votes, Senator GRAMM of Texas will be recognized to offer a substitute amendment containing across-the-board tax cuts, estate tax relief, and reductions in capital gains taxation. By previous consent, there then will be 10 hours of debate time remaining on the bill today. Therefore, it is the intention of the majority leader and other rational Senators to continue to make significant progress on the bill and complete action on this legislation no later than tomorrow.

I thank my colleagues for their attention.

TAXPAYER REFUND ACT OF 1999—Resumed

The PRESIDING OFFICER. The clerk will report the bill.

The legislative assistant read as follows:

> A bill (S. 1429) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

Pending:

> Abraham amendment No. 1398, to preserve and protect the surpluses of the social security trust funds by reaffirming the exclusion of receipts and disbursement from the budget, by setting a limit on the debt held by the public, and by amending the Congressional Budget Act of 1974 to provide a process to reduce the limit on the debt held by the public.
>
> Baucus motion to recommit the bill to the Committee on Finance, with instructions to report back with an amendment to reduce the tax breaks in the bill by an amount sufficient to allow one hundred percent of the Social Security surplus in each year to be locked away for Social Security, and one-third of the non-Social Security surplus in each year to be locked away for Medicare; and an amendment to protect the Social Security and Medicare surplus reserves.
>
> Robb amendment No. 1401, to delay the effective dates of the provisions of, and amendments made by, the Act until the long-term solvency of Social Security and Medicare programs is ensured.

MOTION TO WAIVE THE BUDGET ACT AMENDMENT NO. 1398

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, the pending amendment is not germane. I raise a point of order that the Abraham amendment violates section 305(b)(2) of the Congressional Budget Act of 1974.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, pursuant to section 904(c) of the Congressional Budget Act of 1974, I move to waive the Budget Act for consideration of the ABRAHAM amendment.

Mr. GRAMM. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. There is 2 minutes of debate.

Who yields time?

Mr. REID. Mr. President, in a letter dated April 21, 1999, on a similar provision, then-Secretary of the Treasury Robert Rubin wrote to Senator MOYNIHAN that this "provision could preclude the United States from meeting its financial obligations to repay maturing debt and to make benefit payments—including Social Security checks—also worsen a future economic downturn."

The lockbox in this proposal is potentially destabilizing in a manner reminiscent of the constitutional amendment to require a balanced budget.

I remind those who propose rigid 10-year schedules for reducing the publicly held debt that economics does not follow the agricultural cycle. There will be periods when surpluses, both on and off budget, will fall far short of projections. We should not impose a debt reduction schedule, enforced by a declining debt cycle ceiling, even if it can be overridden with 60 votes. To do so will risk default every time the debt ceiling is lowered.

Mr. ABRAHAM. Mr. President, first of all, we have endeavored to and have modified our amendment to try to address some of these concerns. I think we have done so. I believe we have given sufficient flexibility so that there will not be the concerns that were raised in that letter.

This lockbox does not need a lot of debate. Americans have been hearing us talk about it now for almost 3 months. We will continue to try to get a straight up-down vote on this. I would note that once again this morning another procedural roadblock has

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

been put in place to prevent us from getting a straight up-or-down vote. I regret that. I was prepared to come today and offer both sides the opportunity to have straightforward votes. If one side or the other in their various lockbox proposals got 50-plus votes, they would win and we could give the American people what I believe they want, and that is protection for their Social Security dollars sent to Washington. But again, once more, what we have had is a procedural impediment placed in the way of getting final action on this legislation.

Mr. President, I urge my colleagues who have previously supported this lockbox to do so. It is a tougher lockbox that protects Social Security. If we want to do it, I say vote "yes." Vote to waive the Budget Act.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the motion to waive the Budget Act. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The yeas and nays resulted—yeas 54, nays 46, as follows:

[Rollcall Vote No. 227 Leg.]

YEAS—54

Abraham
Allard
Ashcroft
Bennett
Bond
Brownback
Bunning
Burns
Campbell
Chafee
Cochran
Collins
Coverdell
Craig
Crapo
DeWine
Domenici
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Jeffords
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Voinovich
Warner

NAYS—46

Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Breaux
Bryan
Byrd
Cleland
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Graham
Harkin
Hollings
Inouye
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Roth
Sarbanes
Schumer
Torricelli
Wellstone
Wyden

The PRESIDING OFFICER (Mr. FRIST). On this vote the yeas are 54, and the nays are 46. Three-fifths of the Senators present and voting, not having voted in the affirmative, the motion to waive the Budget Act is rejected. The point of order is sustained, and the amendment falls.

Mr. ROTH. Mr. President, I ask unanimous consent that the remaining votes in this series be limited to 10 minutes in length, and I ask that all the Members of the Senate stay on the floor. We have a full and busy day.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I move to reconsider the vote.

Mr. REID. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PRIVILEGE OF THE FLOOR

Mr. LEAHY. Mr. President, I ask unanimous consent that Peter McDougall of my staff be given floor privileges throughout the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

MOTION TO RECOMMIT

The PRESIDING OFFICER. The question is on the Baucus motion.

Mr. BAUCUS. Mr. President, I understand each side has 1 minute of explanation.

The PRESIDING OFFICER. The Senator is correct.

Mr. BAUCUS. Mr. President, this is a very simple matter before the Senate. It is a choice: Do we want to protect Medicare or not. It is that simple. That is the choice that we are presented with today.

The amendment I am offering is the House lockbox which passed the House by an overwhelming margin—it only had three or four votes against it—along with the Medicare lockbox. The Medicare lockbox we provide sets aside one-third of the on-budget surplus for Medicare. It can be used in whatever way we want to use it for Medicare, including to provide an affordable prescription drug benefit or for shoring up Medicare solvency.

That is the choice before the Senate. Do we preserve Medicare or not. Our choice here today, however, is nothing compared to another choice. That is the choice that about 16 million seniors must make every day: Do I choose to buy my medicine, choose to pay the rent, or choose to buy food?

We are saying set aside and preserve for Medicare one-third of the on-budget surplus so that the choices facing seniors are not quite as abhorrent.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, this is another opportunity on the part of the other side to propose to the American people that they want anything but tax relief. This is a motion to recommit. It would do nothing to protect Medicare. It is the President's proposal, which is a phony transfer of IOUs to the Medicare trust fund. It does nothing to help senior citizens. It is just an effort to lock up $300 billion so you can't give the American people a tax cut, plain and simple. They don't want to confront the issue of a lockbox for Social Security so they muddle it up and instead of trying to solve something, they would like to create an issue instead of a solution.

Frankly, there are hardly any experts in America who look at this lockbox concept for Medicare and say it helps the seniors or it helps Medicare. If this is the plan the President is alluding to across this land, then he has none.

I believe, since the other side did not let us have a vote, we ought to do ours procedurally also, and I am compelled to do that.

Therefore: The language in this amendment is not germane to the bill before us, so I raise a point of order under section 305(b)(2) of the Congressional Budget Act.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, pursuant to section 904 of the Budget Act, I move to waive the applicable sections of that act for the consideration of the pending amendment.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Budget Act in relation to the Baucus motion to recommit S. 1429. The yeas and nays have been ordered. The clerk will call the roll.

The legislative assistant called the roll.

The yeas and nays resulted—yeas 42, nays 58, as follows:

[Rollcall Vote No. 228 Leg.]

YEAS—42

Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Bryan
Byrd
Cleland
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Graham
Harkin
Inouye
Johnson
Kennedy
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Schumer
Torricelli
Wellstone
Wyden

NAYS—58

Abraham
Allard
Ashcroft
Bennett
Bond
Breaux
Brownback
Bunning
Burns
Campbell
Chafee
Cochran
Collins
Coverdell
Craig
Crapo
DeWine
Domenici
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hollings
Hutchinson
Hutchison
Inhofe
Jeffords
Kerrey
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Voinovich
Warner

The PRESIDING OFFICER. On this vote, the yeas are 42, the nays are 58. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained, and the motion falls.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROTH. Mr. President, I ask unanimous consent that all amendments and motions to recommit to S. 1429 must be filed by 2 p.m. today at the desk and with the bill managers.

Mr. STEVENS. Reserving the right to object, what time was that?

Mr. ROTH. Two p.m.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

AMENDMENT NO. 1401

Mr. ROTH. Mr. President, I think we are ready for the vote on the next amendment.

The PRESIDING OFFICER. There are 2 minutes equally divided. Who yields time?

Mr. ROBB addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ROBB. Mr. President, this amendment simply delays the effective date of the tax cut that is proposed. There are many who believe that a tax cut of this magnitude at this time would be ludicrous. But that is not the issue. The issue is whether or not we ought to go ahead with a tax cut notwithstanding the fact that we have not protected Social Security and Medicare.

Most of the people who have spoken so far have talked about their concern for doing just that. The lockbox provisions were proposing to do just that.

If you want to save Social Security and Medicare, this is an incentive. It will delay the implementation of the act, but it will not negate the effectiveness of the act.

I ask that our colleagues vote to support this particular amendment, save the one-half of 1 percent of the total which would be expended this year, and not lock in cuts that would cost $792 billion, which would be almost impossible to reverse should that prove to be the case.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. THOMPSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. Mr. President, no one in this chamber thinks other than that we want a real, sound, solid, and solvent Social Security system and Medicare system. Most of us, however, realize we will only have that if we have fundamental reforms in those systems, such as that proposed by the Medicare commission at which the President scoffed.

This amendment will serve to actually make Social Security and Medicare less sound. It will actually delay the process of real reform. The solvency dates that are used in this legislation are taken from the President's proposal and will invariably result in pouring more and more general revenues into these entitlement programs, delaying the day when we have to face up to the fact that we have to have fundamental reform.

Our bill sets aside 75 percent of the surplus for Medicare, Social Security, debt retirement, and other spending priorities. With regard to the 25 percent remaining, there is no reason to delay tax cuts.

If we saved every penny of the surplus, put it into Medicare and Social Security, it would not do one thing toward solving the fundamental problem.

This language is not germane to the bill now before us; therefore, I raise a point of order, under section 305(b)(2) of the Congressional Budget Act of 1974.

Mr. ROBB. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive the applicable sections of that act for the consideration of the pending amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Congressional Budget Act in relation to the Robb amendment No. 1401. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The yeas and nays resulted—yeas 46, nays 54, as follows:

[Rollcall Vote No. 229 Leg.]

YEAS—46

Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Bryan
Byrd
Cleland
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Graham
Harkin
Hollings
Inouye
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Schumer
Snowe
Torricelli
Voinovich
Wellstone
Wyden

NAYS—54

Abraham
Allard
Ashcroft
Bennett
Bond
Breaux
Brownback
Bunning
Burns
Campbell
Chafee
Cochran
Collins
Coverdell
Craig
Crapo
DeWine
Domenici
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Jeffords
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Specter
Stevens
Thomas
Thompson
Thurmond
Warner

The PRESIDING OFFICER. On this vote the yeas are 46, the nays are 54. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The point of order is sustained, and the amendment falls.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1405

(Purpose: To return to the taxpayers a portion of the budget surplus that they created with their tax payments)

The PRESIDING OFFICER. Under the previous order, the Senator from Texas is recognized to offer an amendment.

Mr. GRAMM. Mr. President, I send an amendment to the desk in the nature of a substitute for myself, for Senator LOTT, Senator NICKLES, Senator MACK, Senator COVERDELL, Senator CRAIG, Senator MCCONNELL, Senator INHOFE, Senator HUTCHISON, Senator BUNNING, Senator KYL, Senator BOB SMITH of New Hampshire, Senator ALLARD, and Senator HAGEL, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

> The Senator from Texas [Mr. GRAMM], for himself, Mr. LOTT, Mr. NICKLES, Mr. MACK, Mr. COVERDELL, Mr. CRAIG, Mr. MCCONNELL, Mr. INHOFE, Mrs. HUTCHISON, Mr. BUNNING, Mr. KYL, Mr. SMITH of New Hampshire, Mr. ALLARD, and Mr. HAGEL, proposes an amendment numbered 1405.

Mr. GRAMM. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. GRAMM. Mr. President, I have the highest admiration for the chairman of the Finance Committee. I am supportive of the tax cut he has crafted in committee. I intend to vote for it on final passage if this amendment fails.

But I believe we need a clearer vision. I believe we need to define very precisely what we would like to use this tax cut to do, rather than running around trying to stick a nickel in everybody's pocket with a targeted program.

I would prefer to have a tax cut that has clear themes and this is a very simple substitute because it consists of simply five things. So this is a tax cut that you can explain to every American, and it contains basic principles that I believe every American can understand and support.

The first principle is we ought to have an across-the-board tax cut of 10 percent. Now, I know our Democrat colleagues are going to jump up and down and say, first of all, that 32 percent of American families pay no income taxes, and so if you have an across-the-board tax cut, they will not get a tax cut. And that is right. Tax cuts are for taxpayers. If you don't pay taxes and we have a tax cut, you don't get a tax cut. Most Americans don't get food stamps; most Americans don't get TANF; most Americans don't get Medicaid because they don't qualify for those programs. If you don't pay taxes, you don't qualify for a tax cut.

Our Democrat colleagues are obviously going to jump up and down and say that Senator ROCKEFELLER, who pays 10 times as much taxes as I do, with a 10-percent across-the-board tax cut, will get 10 times as big a tax cut. That is right, but he pays 10 times as much taxes. If you ask people in your church to take up money to build a new parsonage and it turned out you had taken up too much money, and you decided to give it back, isn't the logical way to give it back to simply take how much an individual gave and take the amount that you didn't need and give it back to them proportionately?

So the point is, the first principle we believe in is there ought to be an across-the-board tax cut, so every American who pays income taxes will get a tax cut. Now, our Democratic colleagues have said they believe if you are rich, which means you are in the upper half of the income distribution—and they design that as roughly making somewhere around $50,000—you don't deserve a tax cut. In their proposal, you basically don't get one. I want to remind my colleagues that by excluding people who pay 99 percent of the income taxes in America, they are excluding from a tax cut 62 percent of all homeowners, 66 percent of all Americans between the ages of 45 and 64, 67 percent of all families who have children in their homes, 67 percent of all full-time workers, 68 percent of all Americans who have some college education, 69 percent of all married couples, and 80 percent of all two-wage earner families in America.

Our Democrat colleagues love investment, but they hate investors. They love the benefits of capitalism, but they hate capitalists. An across-the-board tax cut gives everybody a tax cut, and if people pay a lot of taxes, they get a bigger tax cut—not proportionately, but they get the same tax cut. If that offends you, if you believe that somehow people who make over $50,000 a year are the enemies of the people and they ought to continue to be punished, you would want to be against this provision.

The next thing this provision does is it eliminates the marriage penalty. Most Americans are not aware of that because our Tax Code is so perverted, if two young people, both of whom work, fall in love and get married, they, on average, pay the Federal Government $1,400 a year in taxes for the right to be married. My wife is worth $1,400, but the point is, she ought to get the money, not the Government. We eliminate the marriage penalty.

Secondly, we have income splitting. Now, I know some of our Democrat colleagues are going to get up and say, well, look, if the husband earns all the money and the wife stays at home and raises the children, they ought not to get the correction for the marriage penalty. Well, we do income splitting. We have decided we don't want to inject the Tax Code in the decision about whether people work outside the home or not. My mama worked every day that I was a child, and she did it because she had to do it. My wife has worked every day that our children have been alive because she wanted to do it. I am not trying to distort the decision one way or another, or make a judgment. All I am saying is that people who stay at home and raise their children contribute to America. They make a big contribution. By allowing a couple, where only one of them works outside the home, to split their income and attribute half to each one of them—that is what the partnership of marriage is about—we are able to give them a substantial reduction in the penalty they pay for being married.

The next provision is, we repeal the death tax, which is a certain kind of death penalty. I like the death penalty where we put murderers to death. I don't like the death penalty when working people die and we end up forcing their children to sell their business or their farm. All over America, people work a lifetime to build up a business or a farm, and then when they die, their children have to sell that business or sell that farm to give Government 55 cents out of every dollar they earned in a death tax. This provision repeals the death tax.

Now, I know that our Democrat colleagues are going to get up and say, well, these are rich people. But I want to give you an example. When I first met a printer from Mexia named Dicky Flatt, I met him about 25 years ago. He was in business with his daddy, who worked on these old calculator machines that businesses use. His mama kept all the books, his wife basically was working in their stationery shop, and Dicky Flatt did the printing business. They had an old building in Mexia, and it was cracking right down the middle. They kept putting sand in the bottom and kept tar-papering over the top. They had one bathroom, and it didn't have a door on it; it had a curtain on it. So when you went in to use the bathroom, you pulled the curtain.

Now, they worked hard in that business. So now Dicky Flatt has torn down that building. He has built a Morton building, a metal building, and he has a good size print shop and stationery shop. He sent his two sons to Texas A&M. They have come back and have gone into business with him. He works every day. He gets in at 6 and leaves about 8. He is there on Saturday until 6 o'clock. Whether you see him at the PTA, Boy Scouts, or the Presbyterian Church, try as he may, he never gets that blue ink off the ends of his fingers.

Now, Dicky Flatt may be rich, for all I know. He doesn't live like a rich guy. When his brother died of cancer, he took over his school supply business with his wife. My basic point is that Dicky Flatt and Linda, his wife, have worked 6 days a week their whole lives. They built up this business. Every penny they put into it has been in after-tax dollars. How can it be right to force their two boys, who now work in that business, to sell that business when Dicky and his wife Linda die in order to give the Government 55 percent of it, in order to take the money from Dicky Flatt and give it to people who have been sitting on their fannies in Mexia, not working on Saturday, and in some cases, not working at all? I am sure we are going to hear that this is for rich people. I want to put a human face on it.

When we revolted against King George, he wasn't doing things such as the death tax. This is an outrage. This is an assault on every value this country stands for, and I want to repeal it and repeal it outright.

I want to index the capital gains tax.

That is the fourth provision of this bill.

I want to say that from this day forward, if you buy a house as an investment and the price doubles and you sell the house for twice as much as you paid for it, you haven't made any money, you simply kept up with inflation. But under current tax law, you have to pay the Federal Government a capital gains tax on the doubling of your house's price even though that new price will buy only the amount of goods you could have bought with the money for which you bought the house. So the next thing we do is index the capital gains tax for inflation.

Finally, we eliminate not the last outrage in the Tax Code but it is a big outrage. If General Motors buys you health insurance, it is tax deductible for them, but if you buy it for yourself, it is not tax deductible. We eliminate that by saying that no matter who buys health insurance in America, the employer or the employee, a retiree or a worker, a homemaker or someone who is employed in the economy, that health insurance is tax deductible.

It is a simple tax cut that you can put on one piece of paper. If you pay taxes, you are going to get a 10-percent reduction in income taxes out of this bill. It is easy to figure. If you pay $1,000 in income taxes, you are going to get $100. If you pay $10,000, you are going to get $1,000. If that breaks your heart, so be it. I think most people will like it.

Second, we eliminate the marriage penalty and we allow income splitting. If you have one parent who stays at home, you are able to divide the income in half and have each of them claim half that income that belongs to them. This is endorsed by every family group in America because it is the right thing to do.

We repeal the death tax outright over a 10-year period—no ifs, ands, or buts. If you live 10 more years, under this bill, and you build something with after-tax dollars, it belongs to your family forever.

That is simple arithmetic. I think we can all understand it.

We index the capital gains tax so that you never pay capital gains tax again on inflation. This is a big issue for every homeowner and for every investor in America.

Finally, we provide full deductibility of health insurance. This is an equity issue. It is something that ought to be done.

This is a tax cut you can understand. It represents what I believe is the vision of the party of which I am proud to be a member. I hope my colleagues will vote for this substitute. I believe it represents a dramatic improvement and simplification in the Tax Code.

I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. ALLARD). Who yields time?

The Senator from Montana.

Mr. BAUCUS. Mr. President, I yield 1 minute to the Senator from California and then 10 minutes to the Senator from Wisconsin, off the bill.

The PRESIDING OFFICER. The Senator from Delaware controls the time in opposition.

Mr. BAUCUS. The Senator from Delaware delegated that to the Senator from Montana.

The PRESIDING OFFICER. The Chair thanks the Senator for that clarification.

The Senator from California is recognized.

Mrs. BOXER. Thank you, Mr. President. I thank Senator BAUCUS.

My colleague from Texas says the Democrats hate investors and the Democrats hate capitalism. As a former stockbroker, I deeply resent his remarks. Maybe when the Senator from Texas was a Democrat he hated capitalism and he hated investors, but the Democrats around here don't. One of the reasons we are not supporting his amendment is that we think it is bad for capitalism and we think it is bad for investors.

I have to say that this amendment, which reflects what the House did, is a risky and radical amendment. It hurts the middle class. He says he loves the middle class. He talks about his momma and Dicky Flatt. And I love to hear him do it. But the bottom line is, the result of his amendment will hurt the very people he says he wants to help because it is such an unfair tax cut that would go to the very wealthiest and hurt the middle class and the working poor.

I say to my friends who may be listening to this debate, the Senator from Texas is a great debater but he was wrong when he said the Clinton plan would lead to economic disaster and he is wrong today. I hope we will vote down his amendment.

I yield my time.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, I thank the Senator from Montana.

Mr. President, I rise to offer some comments on the reconciliation tax measure we are considering.

First, let me note that we have come a long way in the last seven years.

When I first came to the Senate, we were facing an actual budget deficit of $340 million.

That was the real figure—the figure that did not use the Social Security Trust Fund balances to mask the deficit.

Thanks in large part to the President's deficit reduction package in 1993, and to a lesser extent the bipartisan budget cuts of 1997, we are approaching a truly balanced budget.

I emphasize "approaching," Mr. President, for we are not there yet.

The budget projections of the Office of Management and Budget, and of the Congressional Budget Office, are just that—projections.

We do not currently have a budget surplus, not without including the Social Security Trust Fund balances.

Mr. President, I do not mean to minimize the wonderful budget turnabout that has been achieved.

But we should not be building massive new commitments on a shaky foundation of questionable budget assumptions.

And that is just what we have.

The assumptions underlying the tax measure we will debate depend on Congress making cuts of $775 billion in real spending over the next ten years compared to current levels.

Let me note that this level of cuts does not include any additional cuts that might have to be made in order to offset the cost of unanticipated emergencies.

Let me repeat that, Mr. President.

The $775 billion in real spending cuts over the next ten years does not include the spending we do to help the victims of hurricanes, earthquakes, tornadoes, floods, or any kind of international emergency.

But, for the moment, let us suppose that there will be no hurricanes, or earthquakes, or tornadoes, or floods in the next ten years.

Let us suppose that there will be no international emergencies that require our assistance.

Will Congress find the political will to cut spending by three-quarters of a trillion dollars over the next ten years?

Mr. President, Congress has yet to demonstrate it can stay even within the current spending caps, let alone find an additional three-quarters of a trillion dollars in cuts.

Last fall, Congress passed an omnibus appropriations bill that busted the current spending caps by more than $20 billion.

This past winter, even before we passed a budget resolution, the Senate passed another budget buster, S. 4, the military pay and retirement measure, which over the next ten years would add another $62 billion in spending.

And just a few weeks ago, Congress busted the spending caps yet again with $15 billion in additional spending.

Mr. President, this is not a record of fiscal discipline.

Nor is it the kind of record that should give anyone confidence that the budget assumptions underlying this tax bill are sound ones.

Mr. President, the assumptions underlying this tax bill are grounded not in fiscal reality but in political expediency.

But, let us assume that somehow, Congress was able to enact the three-quarters of a trillion dollars in spending cuts.

And let us further assume, as we did earlier, that there will be no hurricanes, or floods, or earthquakes, or drought, or any other kind of natural disaster for the next ten years.

And that there will be no more Bosnias or Kosovos or Iraqs—no international emergencies of any kind for the next ten years.

Even under all of these assumptions, would this tax proposal be a sound one?

The answer is no, because even if each and every one of those rosy scenarios comes true, this bill would use over $75 billion in Social Security balances to pay for the tax breaks.

Mr. President, I strongly oppose using Social Security to fund tax cuts; that is why I voted against the 1997 tax cut package.

We simply should not be using Social Security balances—balances needed to pay future benefits—to fund other government programs, or to pay for tax cuts.

Of course, some may argue that even more spending cuts will be found in order to avoid the use of Social Security balances—on the top of the three-quarters of a trillion dollars in cuts assumed in this measure.

Mr. President, granting even this still rosier scenario, would this tax measure be fiscally responsible?

I regret that it would not, because not only does this tax bill risk our current budget, it puts future generations at risk as well.

Mr. President, while the revenue impact of any tax cut measure can be expected to grow over time, the policies outlined in this measure explode.

Consider that while in the next ten years, the cost of this proposal is an already whopping $800 billion—if those tax policies are continued, the cost in the second ten years will be a nearly unbelievable $2 trillion.

If you add the additional interest payments that will arise from debt service, the total cost of the tax policies in this bill rise to over $3 trillion.

For those who may have forgotten, let me remind my colleagues that it is in that second ten years when the baby boomer generation begins to retire and put increased pressure on Social Security, Medicare, and the long-term care services provided under Medicaid.

If ever there were a time to be prudent, now is the time.

As improved as the short-term budget picture is, the longer-term budget picture is little changed.

We still face serious problems in Medicare, and as I noted, the baby boomer generation will put enormous pressure on that program, as well as on the long-term care services, many of which are provided through Medicaid.

There is also a consensus that we should address the long-term fiscal health of Social Security, and the sooner the better.

And finally, Mr. President, we still face a mountain of debt that was run up during the 1980s and early 1990s because of the deficits that were run up during that time.

In each of these areas, there is a stark choice: we can act now to address each of these areas; or, we can ignore them, watch the problems get much worse, and leave the work and cost of reform to our children and grandchildren.

Mr. President, for me, that's an easy choice.

I do not want my children footing the bill for the failure of past generations to act responsible.

I want to support a tax cut, but not one that jeopardizes the work we have done to straighten out the current budget and squanders the opportunity to reduce our debt and put Social Security, Medicare, and our long-term care system on sound footing.

Mr. President, let me take a moment to look at the make-up of the tax measure itself.

One might expect that a tax cut of $800 billion would provide the sort of broad-based tax benefits that would be politically attractive.

But given the amount of revenue dedicated to this tax cut, the benefits to the average taxpayer are surprisingly small, and the overall package is heavily skewed to some of the wealthiest individuals and corporations in the world.

As was noted by the tax watchdog group Citizens for Tax Justice, the tax bill gives three-quarters of its benefits to the best-off fifth of all taxpayers.

By contrast, only 11 percent of the tax bill's benefits go to the bottom 60 percent of all taxpayers.

While the average tax reduction for the wealthiest 1 percent of taxpayers—those with incomes over $300,000—is over $23,000 a year under this bill, those with more average income do not do quite as well.

The average tax cut for those who are among the middle fifth of taxpayers will be $279, or about $5 per week.

For those in the bottom three-fifths of all taxpayers, the average tax cut is even smaller—about $140 per year, or less than $3 per week.

Mr. President, under this $800 billion tax bill, the majority of taxpayers will have an average tax cut of $3 per week.

Maybe the proponents of this bill are hoping most of America will use this windfall to buy one of those overpriced cups of coffee.

Well, Mr. President, thanks to this tax bill, once a week, three-fifths of America will now be able to go to one of those fancy coffee shops and get a frothy decaf cappuccino latte with skim milk.

This tax bill is a bad tax policy any way you brew it.

Mr. President, I recognize that some may genuinely believe we should dedicate about $800 billion to tax cuts over the next ten years.

The tragedy is that even in that context, the $800 billion was spent unwisely, because in addition to Social Security, Medicare, long-term care, and reducing our national debt, one of our highest priorities should be significant reform of our tax code.

It was just a few months ago that we heard how critical fundamental tax reform was to our future.

Flat tax, consumption tax, a national value-added tax—there were a number of significant proposals that sought to address the inefficiency of our current Tax Code.

Simplification was the order of the day, and let me add, Mr. President, that while I did not support many of those proposals, I think many of the proponents of reform got it exactly right.

Our Tax Code should be simplified.

We should reduce the number of special interest tax breaks and use that savings to lower the tax rates for everyone.

I participated in just that kind of exercise at the State level as chair of the Taxation Committee in the Wisconsin State Senate.

As we all know, there will be winners and losers in a reform of our tax code, and I can tell you from direct experience that the best time to enact tax reforms is when you have additional resources to help increase the number of winners and decrease the number of losers.

Mr. President, this tax bill and the House version both squandered that opportunity as well.

We might have had a significant start on real tax reform.

Instead, we got a grab bag of goodies for special interests added to a tax code already thick with complexity.

A recent article in the Washington Post listed a number of the special interest tax breaks in this bill and the House version.

They include tax breaks for: multinational corporations, utility companies, railroad, oil and gas operators, timber companies, the steel industry, seaplane owners in Alaska, sawmills in Maine, barge lines in Mississippi, Eskimo whaling captains, and Carolina woodlot owners.

This bill is a dream come true for business lobbyists.

The Post reported one lobbyist as saying, "If you're a business lobbyist and couldn't get into this legislation, you better turn in your six-shooter."

Mr. President, in the name of complete disclosure, let me note that I understand the Democratic alternative, which I may support, suffers from the same problem, though to a much lesser extent.

And it will come as no surprise to my colleagues that I firmly believe this kind of pandering to special interests is a direct result of our campaign finance system.

There's ample evidence to that effect right here in this bill.

The campaign finance system gives wealthy interest an open invitation to influence legislation in this body, and in this bill it's clear that special interests accepted that invitation in droves, Mr. President.

For the benefit of my colleagues and the public, I'd like to share just a few examples of what these interests gave in PAC and soft money, and what they got in either this bill, the House tax measure, or both.

I do this from time to time; it is known as "The Calling of the Bankroll."

According to the Washington Post, an umbrella organization called the Coalition of Service Industries, a coalition of banks and securities firms, won a provision to extend for five years a temporary tax deferral on income those industries earn abroad. The value of this tax deferral: $5 billion over ten years.

So we know what Congress has given the Coalition of Service Industries, but what has the Coalition of Service Industries given to candidates and the political parties? During the 1997–1998 election cycle, coalition members gave the following:

Ernst & Young—more than half a million dollars in soft money, and nearly $900,000 in PAC money.

CIGNA Corporation—more than $335,000 in soft money, and more than $210,000 in PAC money.

American Express—more than $275,000 in soft money and nearly $175,000 in PAC money.

Deloitte and Touche—more than $225,000 in soft money and more than $710,000 in PAC money.

Of course, as I said Mr. President, this is just a sampling of what Coalition of Service Industries members have given. I'd be up here a lot longer if I had a document all the millions of dollars these groups have given.

But it doesn't stop there. These two tax bills mean Christmas in July for special interests, Mr. President, with gifts for jut about every industry in Santa's bag.

The post reports the utility industry got a provision affecting utility mergers in the House measure, which, if it survives, is worth more than $1 billion to the utility industry. The provision would excuse the payment of taxes on the fund that utilities set up to cover the costs of shutting down nuclear power plants.

Utilities companies that operate nuclear power plans would be particularly grateful to see this provision passed, Mr. President.

Their depth of their gratitude would be matched only by the size of their campaign contributions during the last election cycle, including:

Entergy Corporation, which gave $228,000 in soft money and nearly $250,000 in PAC money;

Commonwealth Edison, which gave $110,000 in soft money and more than $106,000 in PAC money;

And Florida Power and Light, which gave nearly $300,000 in soft money and more than $182,000 in PAC money.

As it does so many other issues, our campaign finance system is preventing real reform to our tax code, and those who doubt that only need to look at this bill.

Mr. President, the best thing we can say about this tax bill is that it will not be enacted into law.

The President will almost surely veto it, and he will be right in doing so.

This bill is fiscally irresponsible.

It depends on budget suppositions that are at best fanciful.

It uses Social Security balances to pay for tax cuts.

It proposes a tax policy that no only jeopardizes our current budget but our future fiscal health.

It sticks our children and grandchildren with the cost of paying-off the debt run up over the past two decades, and leaves them the task of extending the solvency of Social Security, strengthening Medicare, and reforming our long-term care system.

And it hands our special interest tax breaks galore while providing little tax relief to the vast majority of taxpayers.

Mr. President, I will vote against this bill, and urge my colleagues to do so as well.

Mr. President, I yield the floor.

Mr. BAUCUS. Mr. President, I yield 5 minutes to my good friend from Delaware, Senator ROTH.

Mr. ROTH. Mr. President, Senator GRAMM has provided Members with a straightforward alternative to the bipartisan Finance Committee bill. I compliment him on the clarity of his approach, much of which I favor. Although provisions of Senator GRAMM's substitute have appeal for me, frankly, I could not have used it as a basis for the Finance Committee. His proposal contains elements that would not garner a majority of committee members.

In addition, Senator GRAMM's substitute, though popular with many in the Senate Republican caucus, would not pick up support on the other side of the aisle. For that reason, his proposal would not be a blueprint for tax cuts, in the form of a signable bill, that we can deliver to the American people now.

Finally, although Senator GRAMM's amendment is simpler, it leaves out many bipartisan tax measures that address important tax issues. For instance, education savings incentives are deleted. This means parents who want to save for a child's college education would be left out of the picture. We're talking about millions of parents and students in every state.

Yet another example is the student loan interest deduction. Under the Finance Committee bill, at least three million graduates, bearing the burden of college debt, would be allowed to deduct student loan interest on their tax returns.

In my legislation I try to focus on matters of need to the American family. I provide incentives to promote savings, pensions, IRAs. Many in retirement depend not only on Social Security, which we will address, but also on personal savings and pensions. My bill addresses that. There is nothing to correct the problems of AMT, the alternative minimum tax. Unfortunately, thousands upon thousands of American families will be hit by AMT and not enjoy the full benefit of many programs such as the child tax credit.

Finally, nothing is done with respect to charitable giving. We have proposals that will promote and create incentives.

For these and other reasons, I must oppose Senator GRAMM's well-intentioned amendment.

I reserve the remainder of my time.

Mr. BAUCUS. Mr. President, I yield myself such time as I might consume.

The Finance Committee has already rejected this provision. The Finance Committee deliberated this amendment in committee, and, by a large margin turned it down because it is excessive. It is irresponsible, in my judgment. It is not the right thing to do. It says we are going to take the entire on-budget surplus. And because of the tax cut plus the lost interest on the debt, there is nothing left for Medicare, discretionary spending or any other programs which will be cut anyway by a very large margin.

It is excessive, too, compared to the bill passed by the committee because it is so backloaded. It is so top heavy. By that, I mean the bulk of the cost of the provisions are at the very end—6, 7, or 8 years from now. No one can predict the future of this country and what position we will be in 6 to 8 years from now.

I was speaking to the CEO of a major American company a few days ago, a man we all know, a company we all know very well. He told me they can't begin to plan for the future. They do have 5-year plans but they know the 5-year plans are not going to be accurate. So they have to just do the best they can on virtually a quarterly basis. They have to go ahead in the areas they think are the areas of the future, but it is almost impossible to plan in this modern era.

So I say, if we today were to lock in provisions in the law which will hemorrhage this country's budget surplus based upon ephemeral, distant projections which are never accurate, that is not responsible. That is not the right thing to do. And that is what this amendment does. That is why basically, fundamentally, without going into all the details of it, why this does not make sense. It has often been stated during this debate that the time when the baby boomers begin to retire is when these things really start to kick in and the costs explode.

I think prudence is the watchword here today. History sometimes is a guide. Look at the 1980s. What happened in the 1980s? There was a huge tax cut. Congress succumbed to the siren song of supply side economics. What was supply side economics supposed to do? It was supposed to make deep tax cuts, spend more on defense, and guess what, folks, that is going to cause the budget to be balanced. That was what supply side economics was supposed to do—advocated, by the proponents of this amendment. It was going to balance the budget.

The theory is the trickle down theory: Cut the taxes of the most wealthy, they invest a lot more, it trickles down and the economy starts humming and it balances the budget. That was the Laffer curve. Guess what, it did not work. We kind of knew it was not going to work, but it was such a temptation, such a siren song to vote these huge tax cuts, hoping, hoping, hoping that what the proponents said would come true. Guess what, it did not. It did not come true at all.

The tax cut was passed in 1981. Then what happened in 1982? This Congress, a Republican Congress, and President Reagan, had to change course. They had to raise taxes. The Republican Congress and Republican President raised taxes in 1982. Then guess what. This tax increase was not enough because the deficits were just so large. The Republican Congress and Republican President had to raise taxes again in 1984. They had to raise taxes more because the deficit was so large. The national debt in 1980 was roughly about

$1 trillion; 8 years later it was roughly $3 trillion, maybe close to $4 trillion. It tripled and quadrupled during that time of the huge tax cuts. Then we had to add more taxes back again in 1982 and 1984.

So, in many ways this is history repeating itself. Democrats in the Senate support a tax cut. We support using a third of the on-budget surplus to pay for a tax cut. But we are just saying don't use all of the on-budget surplus for tax cuts with virtually all going to the most wealthy Americans.

Do you know what else is going on here? I do believe the proponents of this bill are so—not distrustful, but so opposed to Government that they want these huge tax cuts partly to force down deeper cuts, way below the baseline in spending. I think they want to cut veterans' benefits 30 percent; they want to cut health education 20, 30 percent; want to cut these programs. I think there are really many on that side who want to make these cuts. They want to. As strange as that might sound, they want to. That is another reason for this huge tax cut because it will force cuts in spending later on.

We have already cut spending. Discretionary spending has been cut so much by this body over the last 10 years it is unbelievable. And the size of government has gone down, with many fewer federal employees than there were years ago.

To sum it all up, we have seen this provision in the Finance Committee. The Finance Committee soundly rejected this amendment. I urge the Senate to also soundly reject this amendment. It is not good policy.

I reserve the remainder of our time.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I yield 10 minutes to the distinguished Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. Mr. President, I think Senator GRAMM is bringing a very important principle to the table, one that we need to address: If we are going to have a tax cut, what kind of tax cut should we have? What is best for the economy, and what is fair?

There was a consensus in this country, 10, 15 years ago, that we needed to have a tax policy based upon a broader base and lower rates. That is essentially the tax bill that came out in 1986. We came down to two tax rates. We had a 15-percent and a 28-percent tax rate. There was a broader base, where more people were paying taxes, but lower rates.

In the 1990s, we have gotten away from that. We have gotten away from that principle and gone, instead, toward what has been referred to as targeted tax cuts. That its basically the Government—we, the President—that decide, on an individual basis, who deserves the tax break or tax cut in any particular year. Usually it is based upon how much clout they have, or some notions of fairness of a particular congressional makeup at some particular time. So now we have wound up with higher rates and a narrower base. We now have five income tax rates instead of the two we had back in 1986 in addition to phaseouts. The Tax Code, not only do we have additional rates, it has become more progressive, even in addition to those rates.

I do not think a lot of people are aware of this. I think most Americans think initially, basically, they can look at tax rates and see what their tax burden is. But then you look at all the phaseouts that we have. Congress has decided in its wisdom that people of a certain income level do not deserve some of the deductions, exemptions, and benefits that others deserve. So we have a personal exemption phaseout.

We have an itemized deduction phaseout at basically the $124,000 level for individuals. I am talking about individuals and not couples, in terms of the dollar amounts I am using. The personal exemption phaseout; itemized deduction phaseout, limitation of only being able to deduct that amount over 2 percent of itemized deductions; a 7.5 percent floor on medical deductions; a 10 percent adjusted gross income floor on casualty deductions; a $500 child credit that phases out at an income level of $75,000; a dependent child credit that begins to be phased out at an income level of $10,000—if you make that much it begins to be phased out; a deductible IRA, $30,000; an education IRA, $95,000; the HOPE credit, college credit, begins to be phased out at $40,000 for an individual. So we want to help you go to college, we want to help your kids go to college—as long as you do not have a job, basically is what that amounts to.

We have a life-time learning credit of $40,000; student loan interest deductions, at $40,000 it begins to be phased out; education savings bond interest—if you make $52,000 you begin to lose that; elderly/disabled credit, $7,500; adoption credit/exclusion, $75,000; DC first time homebuyer—if you make $75,000, you begin to have that phased out as a taxpaying individual; rental real estate losses; rehabilitation tax credit—on and on and on.

In addition to continuing to raise the tax rate—the highest one in 1986 was 28 percent and now it is up to 39.6 percent plus the maximum—plus the limited itemized deductions and phaseout of personal exemptions, you wind up with an effective rate of over 40 percent. When you remove the cap on Medicare tax, plus these phaseouts, you are looking at, in some cases, close to an effective 45-percent tax rate, something like that.

My only point is that, as we decide how to go forward, we need to understand that we have a progressive system as far as our income Tax Code is concerned, and that is the way it ought to be. A lot of people believe it is that way. But every time we have a tax cut, we cannot say let's give everybody the same dollar amount back in taxes regardless of how much they paid in because we have a very progressive system.

We have progressive tax rates up to 39.6 percent, with phaseouts so that if you are making any money, if people are working hard and making a pretty good living, they begin to lose the deductions and credits. That makes it even more progressive.

We come along and say we are going to give a tax cut now, and we say if the other guy is paying twice as much in taxes as I am, give him a tax cut. He lost all these exemptions because he is making good money. He is paying twice as much in taxes. But we come along with a tax cut and we say they are going to both get the same amount back? I do not think that makes much sense.

Let's say the economy was good and we were able to have successive tax cuts over a period of time and we gave the same dollar amount back to everybody regardless of how much they were paying in taxes. We would have a narrower and narrower base all the time and fewer and fewer people paying any taxes at all. We would continually be taking people off the tax rolls. We already have 43 million people who do not pay taxes.

As progressive as our Tax Code is, as does the Senator from Texas, I make no apologies for the proposition that when it comes time for a tax cut, let's base the tax cut on how much people are paying in.

We have to ask ourselves a fundamental question: Are we interested in punishing folks who make a good living or are we interested in collecting money for the Federal Government to pay legitimate Government expenses? History shows every time we have had a reduction in tax rates, we have more money. Every time the Government reduces rates in any appreciable amount, the Government winds up getting more money.

In the 1920s, it was true. In the 1960s, under President Kennedy, who said a rising tide lifts all boats, it was true. In the much maligned 1980s, which laid the groundwork for the greatest economic prosperity this world has ever known, it was true.

Increased revenues in the twenties was 61 percent over a 7-year period. In the sixties, a revenue increase after inflation was about 33 percent. In the eighties, after cutting the tax rates, revenues increased 28 percent because it reduced the incentive to hide income, to shelter income, and to underreport income.

Similarly, the share of the tax burden paid by the rich rose dramatically as the rates fell. By cutting rates, we get more money out of the rich.

Do we want to be concerned about how much somebody is making and try to hold that down or do we want the money for the Federal Government? I thought the idea was to have a fair Tax Code but to raise the money for the legitimate expenses of the Federal Government.

In the 1920s, they called rich $50,000. I guess things have not changed that much. But in 1921, the rich paid 44 percent of the income tax. In 1928, after the rate cut, they paid 78 percent of all taxes. The gap was not quite as pronounced later on, but in 1963 under President Kennedy, at the time of the cut, the rich were paying 11.6 percent of all the taxes being paid. In 1966, they were paying 15.1 percent. In the 1980s, we were talking about the top 10 percent——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. THOMPSON. I ask for another 3 minutes.

Mr. GRAMM. I yield the Senator another 3 minutes.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. In the 1980s—1981—the rich were paying 48 percent of the taxes. In 1988, they wound up paying 57 percent of the taxes. We do not get a lot of credit taking up for the rich, but our responsibility as public servants is to look out for the country and have policies that are going to get the most money and not try to be too concerned about who is going to get this share of the economic pie: I am going to get yours; you are not going to get mine. Our concern should be with making that economic pie better.

As far as an across-the-board cut is concerned, every serious observer nowadays thinks it is sound economic policy. Lawrence Lindsey, former Federal Reserve Board member, George Shultz, former Secretary of State, and even the oft quoted Chairman Greenspan—there may be some discussion as to when he thinks a tax cut should come about, but he says when it comes about, it ought to be an across-the-board rate reduction. This is sound economic policy.

I know the prospects for this particular amendment, but all of this business about soak the rich and unfairness, we need to keep a little balance and keep things in mind. If we want more money, if we want to be fair—first of all, we have to recognize we have a very progressive system in this country, so when it comes time for a tax cut, let's pay some attention to the idea of across the board and not have politicians deciding the detailed targeted tax cuts for their favorite people, but make it across the board. It is more fair, and it will get more money for the Federal Treasury. I yield the floor.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I yield myself such time as I may take off the bill.

Mr. President, a number of my colleagues have attacked the Reagan tax cut. With that I strongly disagree.

I have no argument with those who want to bring up history in their attempt to argue against the need for this tax relief package. But I do have an argument when they attempt to change facts and debunk what was—and continues to be—a tremendous economic legacy.

First, let me make it clear that cutting taxes to keep the economy strong did not begin with President Reagan—nor is the idea isolated to one political party or the other.

In the 1960s, President Kennedy ushered America into economic expansion with his own historic tax cuts.

In fact, in recalling our history it might help us to remember President Kennedy's statement to the Economic club of New York in December 1962. On that occasion, he said:

> Our true choice is not between tax reduction, on the one hand, and the avoidance of large federal deficits on the other. It is increasingly clear that...an economy hampered by restrictive tax rates will never product enough revenues to balance our budget just as it will never produce enough jobs or enough profits.

Second, the facts concerning President Reagan's economic record are very clear: everyone benefited from the broad based 25 percent across-the-board tax cuts signed into law by President Reagan. The facts show that all income groups saw their incomes rise during the period of 1980 to 1989. The facts show that during that period, the mean average of real income rose by 15.2 percent, compared to a 0.8 percent decline from 1970 to 1980.

And what of record-setting deficits? Did cutting taxes 25 percent across the board deplete the Treasury revenues? Absolutely not. Again, the records, the facts show that Federal revenues actually exploded. As Americans grew in wealth, Treasury revenues grew. Between 1981 and 1987, they grew 42 percent.

The deficits remind my debunking colleagues—were not created by cutting taxes and stimulating economic growth; they were the product of a Congress that refused to hold the line on spending. While revenues increased 42 percent, following those tax cuts, spending increased by 50 percent.

And, my colleagues, that is unlikely to happen after this tax relief package becomes law, as Congress is largely controlled by the same individuals who—2 years ago—passed the first balanced budget in a generation.

Mr. President, I yield the floor.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. I yield the distinguished Senator from North Dakota 10 minutes off the bill.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, what a remarkable debate. At a time when so many Americans think so much in politics is fuzzy and they can't see much of a difference between the two parties, this is a bright-line test. There is a radical difference in terms of what we stand for and what we fight for and what we have passion to change. I want to describe a little of that difference.

But first I want to go back to what some would call "the good old days." Let's go back to the year just before we passed, by one vote, the bill that increased some taxes for a few people in this country, cut some taxes for others, cut some spending, and put this country back on track with an economic plan that resulted in where we are today.

In 1993 I voted for that package. We did not get one vote from the other side of the aisle—not one. It passed by one vote in the House, one vote in the Senate. We did not get one vote to help us from the other side of the aisle.

In fact, some on the other side of the aisle stood up and said: If you pass this, this country is going into a depression. If you pass this, it will ruin the American economy. It will throw people out of work. It will injure this country. Well, we passed it anyway.

Do you remember those days? The Federal deficit then was $290 billion and growing. We had nearly 10 million Americans out of work, looking for a job. The Dow Jones Industrial Average just barely reached 3,000. Inflation was double what it was last year. There were 97,000 business failures.

Then we passed a piece of legislation that put this country back on track—over the objections, I might add, of the folks who bring——

Mr. REID. Will the Senator yield?

Mr. DORGAN. I am happy to yield.

Mr. REID. The Senator from North Dakota—this is a question—indicated that the Democrats did not receive a single Republican vote in the 1993 budget; is that true?

Mr. DORGAN. That is correct.

Mr. REID. Does the Senator also remember some of the statements of doom made?

Mr. DORGAN. I do, indeed.

Mr. REID. Do you remember this one made by the author of this amendment:

> I want to predict here tonight that if we adopt this bill the American economy is going to get weaker and not stronger, the deficit four years from today will be higher than it is today and not lower . . . when all is said and done, people will pay more taxes, the economy will create fewer jobs, Government will spend more money, and the American people will be worse off.

Do you remember that statement?

Mr. DORGAN. Of course I remember that. There were predictions of doom, saying, if you pass this, you are going to throw this country into a tailspin.

This is a country that had a $290 billion deficit, an anemic economy, with 10 million people out of work. This is a country that desperately needed a change in direction. We made it without the help of one vote from the other side.

Frankly, I thought a couple of the folks you referenced were going to do a half-gainer off the Capitol Dome, they were so upset about us changing the fiscal policy of this country. But we did it.

Guess what happened. Guess what happened. This country's economy has seen robust economic growth. Seven years later, we do not have a budget deficit. No, we do not have a $290 billion, and growing, budget deficit. We have a budget that is nearly in balance. Economists are predicting surpluses for the next 10 years—I might point out, the same economists who predicted in the early 1990s we would have a full decade of sluggish, anemic growth in this country.

I mentioned yesterday these are the same economists who can't remember their home phone number or address telling us what will happen 3, 5, and 10 years from now. We ought to be careful about these predictions. We do not have a budget surplus yet. The 10 years of estimated $3 trillion surpluses do not exist, and we have folks on the floor who are breathless to try to deal with them through tax cuts.

Mr. REID. Will the Senator yield for another question?

Mr. DORGAN. I am happy to.

Mr. REID. I ask my friend from South Carolina, who is managing this bill, that whatever time I use asking these questions be yielded off the bill so the Senator does not lose his time.

Mr. HOLLINGS. Yes.

Mr. REID. I say to my friend, the statement I read to the Senator just a short time ago was given August 5 by the author of this amendment that we are now debating. A day later, on August 6, do you remember this statement? I quote:

> I believe that this program is going to make the economy weaker. I believe that hundreds of thousands of people are going to lose their jobs as a result of this program. I believe that Bill Clinton is one of those people.

The fact is, does the Senator from North Dakota realize that there have been 18 million jobs created in those 7 years? Hundreds of thousands losing their jobs?

You do remember this statement, don't you?

Mr. DORGAN. Oh, I do. In fact, the same people who made those predictions that were so wrong are now telling us they have new predictions and we should believe the new predictions.

Mr. REID. I say to my friend, do you also understand that since this statement was made we have had the lowest inflation, the lowest unemployment, in some 40 years? Does the Senator acknowledge the fact that the deficits, when these predictions were made, which were about $300 billion a year, are now down to nothing? Does the Senator realize that?

Mr. DORGAN. The economy has performed in a way no one expected. But we knew that the direction this country was headed in was wrong—$290 billion in a year in deficits, and heading up; more inflation, more people out of work. And we proposed to change the fiscal program for this country.

It took some guts to vote for it because it was not very popular. But I said to the folks I represent: Don't blame me for voting for that. Give me credit for it because I stand behind this program. We did what was necessary to put an end to these Federal budget deficits and to put this country's economy back on track—over the objections of a lot of folks in this Chamber who today are telling us they have a new vision, a new idea.

We have heard their ideas. An old fellow in my hometown—a small town—once told me: Never buy something from somebody who is out of breath.

There has been an almost breathless quality to the efforts by the majority party, for 6 months, to get to the floor as quickly as they could with their tax cuts.

If this is a battle of the pie charts, I say you win, we just give up. Here is a pie chart. Let me just show you. Let us just right at the start of this discussion say: You win; this is your pie; if it is a battle of the pie charts, you get the pie award. Republican tax breaks: $23,344 for the top 1 percent of the income earners. So you win the pie award.

Of course, these folks down here, they pay taxes, too. They all go to work. They pay payroll taxes. Eighty percent of the people in this country pay more in payroll taxes than income taxes.

But you breathlessly run to the floor of the Senate with a bill that says let's cut income taxes, because that allows you to give a huge portion of this pie to the largest income earners in this country. In the meantime, there are folks working today for the minimum wage, $5, $6, $7 an hour, who pay a payroll tax, a big tax, pay more in payroll taxes than they do in income taxes. Are they going to get a tax cut? No; they don't count because they "don't pay taxes." They are not taxpayers according to this strategy and this kind of philosophy. That is what is wrong with it.

Let me just run through a couple charts.

One of my colleagues showed this earlier this morning. I want to show it again.

The bottom 60 percent of the income earners, under this plan, will get $141 in tax breaks a year; the top 1 percent, $23,344 a year. And people say: How dare you tell us this benefits the rich. How dare we? It happens to be the fact.

As I said, so much of politics is fuzzy. But you do not need strong glasses to see this chart. There is nothing fuzzy about this. If you decide you do not want to do this, then do not do it. It is easy to amend your bill. If it is not your intention to give the bulk of the tax cut to the wealthiest Americans, then do not do it. But do not complain to us that we are calling attention to it when you do it. If you do not stand behind it, then change it.

My problem is this: I don't understand what conservatism means anymore. I thought being conservative would be to try to put this country at a lower risk with respect to future opportunities and its future economy. Conservatism apparently means put the country at higher risk. If you see a glimmer of a prospect of an estimate by an economist that there might be a surplus, rush to the floor of the Senate and propose a three-quarters-of-a-trillion-dollar tax cut. Is that conservative?

It was a perfect symmetrical proposition that, on the floor of the Senate yesterday, the first vote was to waive points of order that would exist against their bill, waive points of order for a conference report that has not yet been written, for a conference that has not been held. That was, in my judgment, in perfect symmetry to the proposition they bring to the floor to provide tax cuts, paid for with surpluses that don't yet exist. What perfect symmetry. But how perfectly awful as public policy to do that and put the country at this risk.

We have some choices. The choice is that we have good economic times in the future. Let us all hope and pray we do because that is good for this country. More people are working. Fewer people are on welfare. The country is growing, less inflation. It is a wonderful opportunity we have in this country. But the same people who opposed the fiscal policy that got us here have decided they want to create a new fiscal policy and a new strategy that puts all of that at risk. They know we are heading towards a serious problem.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DORGAN. I ask for an additional 5 minutes.

Mr. HOLLINGS. An additional 5 minutes.

Mr. DORGAN. We are heading toward a demographic time bomb in both Social Security and Medicare. The question is, If these surpluses exist, what shall we do with them; reduce the Federal debt? That has gone from $1 trillion to $5.7 trillion in two decades. Reduce the Federal debt? The answer of the Republicans is no. How about extend the solvency of Social Security because we know we face this problem. Older people living longer; fewer people working to support them. Extend the solvency of Social Security? No. How about extending the solvency of Medicare? No.

The only answer coming from that side of the aisle is take three-quarters of a trillion dollars, package it up, put a huge bow around it, and then bring it to the floor of the Senate, and then complain about a pie chart that shows they have cut out the biggest piece for the wealthiest Americans.

Mr. DURBIN. Will the Senator yield for a question?

Mr. DORGAN. I will.

Mr. DURBIN. I suggested that the amendment being offered by the Senator from Texas, which as I understand it, is the House version of the tax cut, is even worse than the Senate version when it comes to helping working families, and frankly, I think, gives the word "conservative" a bad name. I ask the Senator if he would consider the following:

In this Nation where we revere free speech, we basically let people say what they want to say. Some people have gone so far as to suggest that tomorrow will be the end of the world. Well, when tomorrow comes and goes and the world doesn't end, most of those people shrink away.

The people who are offering this amendment, in 1993, said the Clinton plan for deficit reduction was the end of the economic world for America. We would see deficits as far as the eye could see. We would have unemployment, high inflation, the economy was in terrible shape. As a result, not a single Republican would vote for the Clinton plan.

I ask the Senator, did the world end, as Senator GRAMM and others suggested, with this Clinton plan? The same group is suggesting to us today that Alan Greenspan is wrong, Bill Clinton is wrong again, and that we have to pass this tax break for wealthy people which will endanger our economy.

Mr. DORGAN. Well, the Senator knows the economy not only did not collapse and crash and go into a depression as a result of our new fiscal policy; the economy blossomed and grew and everything changed. The deficits were gone. The deficits were at $290 billion and growing. We changed the fiscal policy.

A number of our friends stood up and said: You do this and you are going to collapse this country's economy. In fact, the fellow who has offered this amendment is an economist, taught economics. I taught economics in college. I have been able to overcome that and lead a reasonably productive life, but economists can argue forever about all these things.

The question is whether we are going to put the country at risk by moving away from a fiscal policy that we know works and taking three-quarters of a trillion dollars from surpluses that do not yet exist and giving big tax breaks.

This amendment is the House tax bill. I want to read for the author something he probably heard me read yesterday.

Mr. GRAMM. Will the Senator yield to correct a factual error? First of all, there is nothing wrong with the House tax bill.

Mr. DORGAN. I will yield.

Mr. GRAMM. This amendment is substantially more focused than the House tax bill.

The PRESIDING OFFICER. Does the Senator yield?

Mr. DORGAN. I did yield, and he made his point. Reclaiming my time, my understanding was it was described as the House tax bill. If you have made a couple of grammatical changes to that, so be it. Let me make the case, with regard to the House tax bill and, similarly, the Senate bill, Kevin Phillips, a Republican columnist, said the following:

> We can fairly well call the House legislation the most outrageous tax package in the last 50 years. It is worse than the 1981 excesses. You have to go back to 1948.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HOLLINGS. Two additional minutes.

Mr. DORGAN. The point I am making is this: This is not a Democrat talking. This is a Republican saying this. We all know what is in this legislation. This legislation is a piece of legislation that does what is always done by the same suspects that bring this to the floor. They are always shading, not just shading, they are galloping towards the highest end of the income ladder to provide very significant cuts. The folks on the lowest rung of the ladder, they pay payroll taxes and they are told they don't count. So the lowest 20 percent are going to get a $22 tax break; the top 1 percent, $23,300.

So the question is, when you stand up and say that is unfair, what is unfair? That we are telling people what is in your bill? Is that unfair? Do you want to change the bill? Do you deny this? Do you want to change the bill? Offer an amendment, I will support the amendment to change the bill, but don't say it is unfair when we tell people what the tax cut is going to be—$22 for the lowest 20 percent of the American people, and the $23,300 for the top 1 percent—because you have decided that people who pay payroll taxes don't count as taxpayers and you don't intend to give them any help. It is the folks at the upper end of the income ladder who are going to get huge tax breaks from the income tax system.

Mr. DURBIN. If the Senator will yield for a question, perhaps Bill Gates and Donald Trump do need a tax break. Maybe the Senator from Texas believes that is a good reason to pass the bill.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. DURBIN. I ask that the Senator be given 3 additional minutes.

Mr. HOLLINGS. Three additional minutes.

Mr. DURBIN. I ask the Senator from North Dakota: Is it true or not true that in the last 2 weeks Alan Greenspan, Chairman of the Federal Reserve Board, has testified before Congress several different times warning us that this kind of tax proposal that is coming from the Republican side could jeopardize the economic expansion? Is it not true that it is within the power of the Federal Reserve Board, by their monetary policy, to raise interest rates if they see indications of inflation, and by raising these interests rates, put an additional economic burden on families who are paying for their mortgages, family farmers who are trying to stay in business, and small businesses alike? Is it not true that if we see inflation come on the scene and interest rates go up, that a $22 tax break for working families will disappear in a heartbeat?

Mr. DORGAN. Well, that is the case.

I submit this: In a quiet moment, in a secluded corner, in a private conversation, most Members of the Senate who are supporting this three-quarters-of-a-trillion-dollar tax cut would admit that a better approach for this country and its future and certainly its children would be to use anticipated surpluses, first, to begin to pay down the Federal debt. If during tough times you run up the debt from $1 trillion to $5.7 trillion and then in good times you say, but we can't pay down the debt, there is something fundamentally flawed about that strategy.

I think if you take all the politics and fuzz out of this and get in a quiet corner, those who are really conservative and have conservative values about these issues as embodied in the fiscal plan we passed in 1993, I think they would admit that we ought to take some of this surplus and reduce Federal indebtedness. I think they would also admit there is not an intention to kick 100,000 kids off of Head Start or to decimate the education program. Yet that is where we are headed, on auto pilot, because this surplus is garnered by those who want to package it up in a tax cut that predominantly benefits the upper-income folks.

We ought to do the right thing. The right thing, it seems to me, for our children's sake, is to tell them we are going to begin using some of this to reduce Federal indebtedness, and for our children's sake, that we are going to use some of this to extend the solvency of Medicare and Social Security, two programs that have made this country a much better place in which to live for millions and millions of Americans. We ought to do that. All of us know we ought to do it. Regrettably, we are on the floor in a perverted process. Reconciliation was never intended for this process—never.

Yet, we are here because it muzzles us up with a 20-hour debate and does not allow a full debate about fiscal policy and tax cuts. And I say to those on the other side, you will get your bill and have your votes and you will pass a bill. But, in my judgment, you will put this country at risk because you are spending, through tax cuts, surpluses that do not yet exist, just as yesterday you wanted to waive points of order on a conference report that had not yet been drafted.

I yield the floor.

The PRESIDING OFFICER. The time yielded to the Senator has expired.

Mr. GRAMM. Mr. President, I want to take a little time off the bill to answer all this stuff, but first I want to give Senator GRAMS an opportunity to speak for 5 minutes.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Does the Senator from Delaware yield time off the bill?

Mr. ROTH. The Senator from Texas——

Mr. GRAMM. I am yielding time off the amendment. I will ask for time off the bill to answer the points that have been raised.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. GRAMS. Mr. President, I ask if I may be recognized for up to 10 minutes.

The PRESIDING OFFICER. Is there objection?

Does the Senator yield 10 minutes?

Mr. GRAMM. Five minutes is all the time I have. I am sorry.

Mr. GRAMS. Mr. President, I rise to support the tax relief plan offered by Senator PHIL GRAMM. But I also want to talk a little bit about what we heard from our Democratic friends and colleagues on the other side.

Make no mistake about it, the surplus dollars out there are going to be spent. The question is, Who is going to spend it? Are we going to allow it to be returned to the hard-working families and Americans and allow them to spend it, or are we going to let Washington spend it? To some, it seems that if the taxpayers spend it, it will jeopardize the economy, but if we trust the President and trust Washington, the money will be spent correctly.

Also, I heard them talk about 1993 and what a great turnaround in fiscal policy for this country it was, and that it was due to their efforts that turned this economy around. The CBO finds the increased revenues were propelled by personal income tax increases, and it cites four reasons for this unexpected revenue: First, the rapid growth of taxable income, which raised the tax base for personal income receipts; second, adjusted gross income, which has grown even more rapidly than taxable personal income, mainly through the realization of capital gains—the capital gains tax increased by 150 percent between 1993 and 1997, which is a third of the growth of the tax liability relative to the GDP—third, raising taxes paid on pensions and IRA retirement income; fourth, and most important, is the increase in the effective tax rate. That is people making a little more money, inflation pushing them into the higher brackets, and now not paying 15 percent but 28, 31 percent or higher.

By the way, this is also what CBO said. It points out that the revenue windfall did not result from legislative policy changes, which my Democratic friends have claimed. In other words, the CBO says the legislative initiatives taken by the President and the Democrats did not generate this surplus; what generated this surplus was the investment in the economy by businesses, through the Reagan era of tax relief bills, and also by the high productivity, work, and effort of the American people. It wasn't by what Washington did; it was in spite of what Washington did that led to this.

So, clearly, all four reasons that we have a surplus are the result of the productivity of working men and women and businesses in this country.

Before I run out of time, I want to show you this chart. This depicts what is going to happen to the surplus. This is excess money that taxpayers have sent to Washington. Here is what I have often said. Here we have the man saying, "I found someone's wallet, and I want to do the right thing, so I plan to spend the money carefully."

That is what our Democratic colleagues and the President want to do. When they find the money on the street, instead of giving it back to the people it belongs to, they are going to spend it carefully for you.

Again, this debate is not over anything except who is going to spend the money. As the Senator from North Dakota said, it is a clear, bright line. The line is: Do we want Washington to spend your surplus tax money, or do we want to return it to you and allow you to spend it on your priorities?

Thank you, Mr. President. I yield the floor.

Mr. GRAMM. Mr. President, I ask our distinguished chairman to yield me 5 minutes off the bill.

Mr. ROTH. I yield 5 minutes off the bill to the Senator from Texas.

Mr. GRAMM. Mr. President, in Ronald Reagan's own words, I want to take our Democrat colleagues down memory lane. They have such fond memories of what President Clinton has done, and I would like to tell the rest of the story. It is true that Bill Clinton was elected President. It is true that he came to Washington and proposed the largest tax increase in American history. It is true that not one Republican voted for that tax increase. It is true that it passed by one vote. It is true that the largest tax increase in American history now bears heavily on working Americans.

Everything else they said is not true. Let me try to explain why. They quote people saying harsh things about the Clinton program. Let me tell you the rest of the program. The rest of the program was a massive stimulus program where the Clinton administration proposed spending $17 billion, in 1993 alone, on everything from ice skating rink warming huts in Connecticut to alpine slides in Puerto Rico. I had harsh things to say about it, and I am proud of that. I am very proud that Republicans, who were in the minority, killed that bill with a filibuster.

Bill Clinton didn't just propose the largest tax increase in American history, he proposed having Government take over and run the health care system, collectivizing American medicine, forcing everybody into a Government-run health care collective, which was a giant HMO run by the Government. It would have meant Government taking over one-eighth of the American economy. I said it would be a disaster. I am proud that I helped lead the effort to kill it, and I am proud that it is dead where it belongs. That is the Clinton program. The point is, we were able to defeat every part of it, except the tax increase.

Now, when the Republican majority showed up in Washington, DC, in January of 1995, they received this budget from President Clinton. On page 2 of this budget, President Clinton outlines what his budget was. It had a deficit for fiscal year 1995 of $192 billion, and then the next year $196 billion, $213 billion, $196 billion, $197 billion, and $194 billion. That was the Clinton budget.

But we elected a Republican majority in Congress. What happened? With that Republican majority in Congress, we were not able to pass every bit of our Contract With America, but we reformed welfare, we cut spending, we stopped the runaway spending freight train of Bill Clinton. And under a Republican majority, while Clinton's deficits looked like this, the real deficit started to fall and turn into a surplus which is indicated on the chart.

The question is, Who led, who followed, and who got out of the way? I believe that the Republican Congress led, the Democrats in Congress followed, and Bill Clinton got out of the way.

So if we are going to tell the history of what happened in the Clinton era, let's not just remember his tax increase, let's remember his stimulus package, which we killed. The Democrat majority could not get 60 votes, and it died. Clinton was heartbroken, but it died. And we defeated the Clinton health care bill. It would have taken over one-eighth of the American economy, and Americans were so shocked at the Clinton program that they elected the first Republican majority since the 1950s.

When we took over, things changed. With the same old Bill Clinton who was here in 1995, when the deficit was $200 billion, what changed was the Republican majority.

I just say to the American people, give us a Republican President, and we will again control spending, and we will let working people have more of what they earn.

Mr. President, I yield Senator HAGEL 5 minutes off the amendment.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. HAGEL. Mr. President, thank you.

I first want to add my thanks to the chairman of the Finance Committee, Senator ROTH, for the leadership he has brought to the floor on such an important issue on a very substantive vehicle that we are using now to really make some decisions on behalf of the American public.

I have heard this morning that this is an issue about priorities. Surely it is. This is about priorities. This will further be about priorities as we debate this issue throughout the day, and actually throughout this year and into next year, because the priorities are about whose money it is. It is not my money. It is not Senator GRAMM's money. It is not President Clinton's money. It is the taxpayers' money. We tend to allow that to slip aside here when we are engaged in this theoretical debate.

Second, we all have to appreciate that we live in the mythical kingdom around here. The political kingdom says that all the clouds and all the goodness will reside here in the knowledge and the fountain of wisdom coming forth from Washington. We are seeing a great dynamic of that given when we are trying to take the people's money and then tell them how we will spend it and give it back to them because we are benevolent Senators; we are benevolent representatives of the people; we can figure it out better.

If there is a sense of arrogance in this, I think you are right if you sense that, that the Congress is going to decide who gets what; we are going to make that decision. So we are going to target all of these pieces of the pie because we can decide better for the American people how they should spend their money, if we decide to give them back some of their money.

I have also heard some interesting conversations this morning about projections. As a matter of fact, I used to have a real job, and in that real job I was a businessman. I had to deal with projections because I had to put together budgets. Those budgets had to direct research and development. Those budgets had to direct investment, capital, and what we were doing for the long term. Yes, they are imperfect. Ten-year budgets are slippery, and they are dangerous. But the fact is, we must base a budget upon something. That budget must be based upon a relevant series of assumptions. So that is a given, and we have to deal with that.

After we get through that, then we have to make some tough decisions. That is what we are going through today. I believe this bill that we have brought to the floor this morning does that. I think it does it first in a very responsible way. It does it in a way that allows 75 cents of every surplus dollar to go back into debt reduction projects—Social Security, Medicare, important Government programs such as defense. The first real obligation of responsibility of the Federal Government is national security—veterans programs, education, medical research, and health care. That money is there.

We are talking about a $3 trillion budget surplus—both on the budget and off the budget, meaning in Social Security and out of Social Security—$3 trillion over the next 10 years. I don't know if that is going to materialize, but one of the things we know is that we have to make some tough decisions based upon what we know and what we project. This bill does it very responsibly. It does it in a way that addresses those needs of our Republic and what we have committed to the American public.

My goodness, to say that giving 25 percent of that back to the American public in a tax cut is somehow irresponsible is well beyond my calculations.

Senator MACK was on the floor yesterday. I want to repeat a couple of points he made. One, he said, for example, how can a $4 billion net tax cut for fiscal year 2000 overstimulate demands in a trillion-dollar economy? Of course, as of now, this bill phases in those tax cuts over a series of 10 years.

Senator MACK said yesterday, and as my colleague again reminded us, he asked rhetorically, "Would a $39 billion tax cut in the year 2002 overheat the economy when this is only .004 percent of the total projected GDP?"

I think you get the message.

We are engaged once again in this mythical kingdom of fantasy. The fact is, this money is the taxpayers' money. The fact is, this is a responsible direction of those resources that surely, if they are allowed to stay here in Washington, will be spent.

The President has given us ample opportunity to look over that very generous menu he has presented to us with all of his new spending.

Mr. President, I strongly support this amendment.

I yield my time.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MOYNIHAN. Mr. President, I think our distinguished friend and colleague, Senator HOLLINGS, is next.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. I thank the Senator.

Mr. President, on behalf of myself and the distinguished Senator from Connecticut, Senator LIEBERMAN, I send a motion to the desk in accordance with the rule, by 2 o'clock, that they be filed and we intend to make later today.

The PRESIDING OFFICER. The Senator is recognized.

Mr. HOLLINGS. I thank the distinguished Chair.

Let me just say quickly to clear the record that the Senator from Texas was talking about what the Republicans have done for the economy.

I can tell you what they have done for the economy. They came in 1995, and for 1996 they worked, of course, on the budget. They immediately increased spending for the next year of $148 billion. They increased spending, and the budget went up another $50 billion. This year, of course, it is another $50 billion, and they have added. The track record will show that they have added $661 billion to the national debt.

But what did President Clinton do in 1993? And we did not have the largest tax increase. That was under Senator Dole. I will show the articles analyzing both.

But I readily acknowledge that I voted and supported and worked like a tiger to get the Deficit Reduction Act of 1993 passed, which prevailed by one vote. Yes, we did cut spending, we did downsize over 300,000 Federal jobs. But more than anything else, yes, we raised taxes.

The Senator from Texas, when we raised the taxes on Social Security, was adamantly opposed to that, and he said—I will use his expression—you increase taxes on Social Security and they will hunt you Democrats down in the streets and shoot you like dogs.

The Senator from South Carolina never forgot that expression. That is how tough we had it. They were going to hunt us down.

Of course, the chairman of the Finance Committee at that time, Senator Packwood, said, "I will give you my home if this thing works." The chairman of the House Budget Committee, Mr. KASICH, said, "I will change parties and become a Democrat if this thing works." And it is working.

That is a tremendous frustration I have because it is working. We have the lowest unemployment, the lowest inflation, and the economy is moving along. Mr. Greenspan, not just on yesterday but earlier in the year, in February, said stay the course.

My usually responsible Republican friends—I come from a Republican State, unfortunately—have given us what was called outrageous on Monday by the best of the best conservatives, Kevin Phillips—I ask unanimous consent that this be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMENTARY BY KEVIN PHILLIPS ON NATIONAL PUBLIC RADIO'S MORNING EDITION, MONDAY, JULY 26, 1999

Bob Edwards: The Republican party last week had its tax reduction proposal passed by the House of Representatives. Commentator Kevin Phillips says it's the most unsound fiscal legislation of the last half century:

Kevin Phillips: Tax bills often deal with Pie in the Sky. The mind boggling ten-year cuts passed late last week by the House of Representatives however deserve a new term: Pie in the Stratosphere. That's because the cuts are predicated on federal budget surpluses so far out, six, eight or ten years, that it would take an astrologer, not an economist to predict federal revenues. The most publicized provision, phased in ten-percent across the board reductions in federal income tax rates, looks excessive. But these at least stand to be delayed by a legislative trigger, if surpluses and debt-reduction don't occur as assumed. Not so for the truly venal, smaller provisions. Ones too complicated to be explained in 40 seconds on the TV news shows. Democrats are certainly correct about the imbalance of benefits by income group. Treasury figures show that the top 1% of families, just 1%, would get 33% of the dollar cuts, the bottom 60% of families get a mere 7%. Conservatives reply that the tax cuts are simply going to the people who pay the taxes and have the incomes. That's partly true. The top 1% of families have about 13% of the nation's income but that's under an official definition that excludes capital gains. If you include capital gains in household income, the top 1% may indeed have some 20% to 30% of the national total these days. Which gets us to the real guts of this bill: Two low profile, but high favoritism provisions. First, reduction of the top federal capital gains tax rate from 20% to 15% and, second, the phasing out of the federal gift and inheritance taxes. Both changes would concentrate a huge portion of their benefits in the top 1%.

The top 1% of American taxpayers reported about 60% of the taxable capital gains dollar values several years back. To reduce their capital gains rate from today's 20% to 15% is unnecessary in terms of investment stimulus. All of the bull markets of the last 50 years have occurred when the top cap gains rate is in the 20 to 28% range. The bills special interest provisions phasing out the Federal estate and gift taxes over the next decade could be even more costly. Demographers say life expectancies ending in the years 2000 to 2010 will send a tidal wave of estates through the inheritance processes. The top 1% of families have the great dollar bulk of what are now taxable estates and if these are not substantially taxed, wealth and position in America will be more and more inherited, not earned.

We can fairly call the House legislation the most outrageous tax package in the last 50 years. It's worse than the 1981 excesses, you have to go back to 1948, when the Republican 80th Congress sent a kindred bill to President Harry Truman. Truman vetoed it, calling the Republicans bloodsuckers, with offices in Wall Street. Not only did he win reelection, but the Democrats recaptured Congress. We'll see if Bill Clinton and Albert Gore have anything resembling Truman's guts.

Mr. HOLLINGS. Mr. President, one sentence of his commentary: ''We can fairly call the House legislation the most outrageous tax package in the last 50 years.''

That is why I come to the floor to speak. I agree with Mr. Phillips. This tax bill turns everything on its backside when we have a good going economy, and the Republicans come in with, of all things, a tax cut. How come? I will tell Members exactly. I can't find out what was first, the chicken or the egg, but OMB got into this blooming 2000 election, and CBO has a Republican—not any Alice Rivlin or Bob Reischauer, but they have a Republican fix—Mr. Crippen over at CBO. I have been working on this budget since we passed it back in 1973.

Both CBO and OMB started finding money. How we could as a party put in tax cuts and have the real issue for the election 2000.

This is very interesting. You don't find the word ''unified, unified, unified.'' That is all I have heard for the last 20 years—unified. It is not a unified budget. It is an outright budget surplus. That is what the CBO called it. It is not a budget surplus at all. The fact is, and I will quote the figures, the debt goes up each year for the next 5 years.

I ask unanimous consent to have printed in the RECORD from the CBO report on page 19.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TABLE 10.—CBO BASELINE PROJECTIONS OF INTEREST COSTS AND FEDERAL DEBT (BY FISCAL YEAR)

	Actual 1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
NET INTEREST OUTLAYS (BILLIONS OF DOLLARS)												
Interest on Public Debt (Gross interest)[1]	364	356	358	358	350	345	342	338	333	328	323	316
Interest Received by Trust Funds:												
Social Security	−47	−53	−59	−67	−74	−82	−91	−100	−110	−121	−132	−144
Other trust funds[2]	−67	−68	−70	−73	−74	−76	−79	−81	−84	−87	−89	−92
Subtotal	−114	−120	−129	−140	−148	−159	−170	−182	−194	−208	−222	−236
Other interest[3]	−7	−7	−6	−7	−7	−7	−8	−8	−8	−8	−8	−9
Total	243	229	222	212	194	179	164	148	131	112	92	81
FEDERAL DEBT AT THE END OF THE YEAR (BILLIONS OF DOLLARS)												
Gross Federal Debt	5,479	5,582	5,664	5,721	5,737	5,760	5,770	5,770	5,732	5,675	5,600	5,500
Debt Held by Government Accounts:												
Social Security	730	856	1,003	1,157	1,321	1,493	1,675	1,869	2,075	2,292	2,520	2,755
Other accounts[2]	1,029	1,107	1,188	1,267	1,350	1,431	1,510	1,589	1,666	1,743	1,813	1,880
Subtotal	1,759	1,963	2,190	2,425	2,670	2,925	3,185	3,458	3,741	4,035	4,333	4,635
Debt Held by the Public	3,720	3,618	3,473	3,297	3,066	2,835	2,584	2,312	1,992	1,640	1,267	865
Debt Subject to Limit[4]	5,439	5,543	5,626	5,684	5,700	5,724	5,734	5,736	5,699	5,643	5,568	5,469
FEDERAL DEBT AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT												
Debt Held by the Public	44.3	40.9	37.5	34.2	30.5	27.1	23.7	20.3	16.8	13.2	9.8	6.4

[1] Excludes interest costs of debt issued by agencies other than the Treasury (primarily the Tennessee Valley Authority).

[2] Mainly Civil Service Retirement, Military Retirement, Medicare, unemployment insurance, and the Airport and Airway Trust Fund.

[3] Mainly interest on loans to the public.

[4] Differs from the gross federal debt primarily because most debt issued by agencies other than the Treasury is excluded from the debt limit. The current debt limit is $5,950 billion.

Source: Congressional Budget Office.

Note: Projections of interest and debt assume that discretionary spending will equal the statutory caps on such spending through 2002 and will grow at the rate of inflation thereafter.

Mr. HOLLINGS. Gross Federal debt, on page 19: In the year 1999, $5.582 trillion; it goes to $5.664 trillion; 2001, $5.721 trillion; 2002, $5.737 trillion; 2003, $5.760 trillion; 2004, $5.770 trillion.

Up, up, and away. Deficits, not surpluses; deficits—the Congressional Budget Office says—as far as the eye can see.

The Republicans were going to take the $1.9 trillion of Social Security. We have to not get into Social Security. We have to find $1 trillion for the tax cut about which we have been talking. So they said we have another $1 trillion. How do we do it? They said—at least the Republicans, and I will limit my comment to that because that is what they have in this particular amendment—they said: Let's not just have current policy. Let's stick to the spending caps that we put in.

They violate the spending caps. They violated it again last year, $21 billion, and we already are up to $17 billion and it is going to be at least $35 billion or $40 billion or more at the end of this year—already in violation of the caps. When the majority says they keep the caps on with no emergency spending and the economy stays at a growth of around 2 to 2.5 percent. The chairman of the Budget Committee on Sunday said CBO estimated two recessions—That is not right and I would like to correct that. CBO in this book does not project any recession during the next 10 years, rather 2.5-percent growth.

If you can get all of that growth you can get and have unemployment staying the same way, inflation staying way down, interest rates down, you obey the caps and you have no emergencies whatever. And then you find some money.

However, I point out that they knew where most of the money, 80 percent, was coming from—the other trust funds.

I ask unanimous consent to have printed in the RECORD that page in the report, Trust Funds Looted to Balance the Budget.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TRUST FUNDS LOOTED TO BALANCE BUDGET

[By fiscal year, in billions]

	1999	2000	2004
Social Security	857	994	1,624
Medicare:			
HI	129	140	184
SMI	39	44	64
Military Retirement	141	148	181
Civilian Retirement	490	520	634
Unemployment	79	88	113
Highway	25	26	32
Airport	11	14	25
Railroad Retirement	23	24	28

TRUST FUNDS LOOTED TO BALANCE BUDGET—Continued

[By fiscal year, in billions]

	1999	2000	2004
Other	57	59	69
Total	1,851	2,057	2,954

Mr. HOLLINGS. So we have the other trust funds to the tune of a 10-year period of $800 billion. We have $1 trillion to spend and that is the gamesmanship. There actually is no surplus. They are increasing deficits. If you don't believe CBO, believe at least the President.

I ask unanimous consent to have printed page 43 of the OMB report.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TABLE 22.—FEDERAL DEBT WITH SOCIAL SECURITY AND MEDICARE REFORM

[In billions of dollars]

	Estimates										Projections				
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt held by the public:															
Debt held by the public, beginning of period	3,653	3,531	3,404	3,255	3,101	2,933	2,744	2,525	2,262	1,964	1,625	1,249	944	637	335
Debt reduction from:															
Off-budget surplus:															
Surplus pending Social Security and medicare reform	−137	−144	−154	−165	−175	−193	−202	−215	−225	−233	−243	−246	−248	−246	−241
Social Security solvency transfers	0	0	0	0	0	0	0	0	0	0	0	−107	−125	−145	−166
Returns on investment of transfers[1]	0	0	0	0	0	0	0	0	0	0	0	−3	−14	−27	−43
Medicare solvency transfers	−5	−0	−12	−5	−7	−10	−29	−59	−83	−113	−142	−67	−68	−65	−58
Less purchase of equities by Social Security trust fund[1]	0	0	0	0	0	0	0	0	0	0	0	110	139	172	209
Other financing requirements[2]	21	17	17	16	15	13	12	11	9	8	8	8	8	9	9
Total changes	−122	−127	−150	−154	−167	−189	−219	−263	−298	−339	−376	−305	−307	−302	−291
Debt held by the public, end of period	3,531	3,404	3,255	3,101	2,933	2,744	2,525	2,262	1,964	1,625	1,249	944	637	335	44
Less market value of equities	0	0	0	0	0	0	0	0	0	0	0	−110	−248	−420	−629
Debt held by the public, less equity holdings, end of period	3,531	3,404	3,255	3,101	2,933	2,744	2,525	2,262	1,964	1,625	1,249	834	388	−85	−585
Debt held by Government accounts:															
Debt held by Government accounts, beginning of period	1,962	2,172	2,377	2,612	2,848	3,096	3,363	3,667	4,012	4,394	4,823	5,299	5,822	6,374	6,949
Increase prior to Social Security reform	205	204	222	230	240	254	271	280	289	299	310	315	318	317	314
Social Security and Medicare solvency transfers	5	0	12	5	7	10	29	59	83	113	142	173	193	210	224
Earnings on solvency transfers invested in Treasury securities	0	0	1	1	2	2	3	6	11	17	25	35	42	48	55
Less purchase of equities by Social Security trust fund[1]	0	0	0	0	0	0	0	0	0	0	0	−110	−139	−172	−209
Total changes	210	204	235	236	249	266	304	345	382	429	476	523	552	575	593
Debt held by Government accounts, end of period	2,172	2,377	2,612	2,848	3,096	3,363	3,667	4,012	4,394	4,823	5,299	5,822	6,374	6,949	7,543
Plus market value of equities	0	0	0	0	0	0	0	0	0	0	0	110	248	420	629
Debt and equities held by Government accounts, end of period	2,172	2,377	2,612	2,848	3,096	3,363	3,667	4,012	4,394	4,823	5,299	5,932	6,623	7,369	8,172

[1] Includes accrued capital gains.

[2] Primarily credit programs.

Note: Projections for 2010 through 2014 are an OMB extension of detailed agency budget estimates through 2009.

The page shows increasing deficits going up. The national debt goes up from $5.6 trillion to about $7.6 trillion; $7.587 trillion over 15 years.

What do we have? We have an increase in the debt of Social Security of which the distinguished chairman has the jurisdiction. They owe it $857 billion. In 10 years, they will owe Social Security $2.7 trillion and they are talking about saving Social Security—lockbox. This is a shameful sideshow out here. There is no dignity left in this Senate. No responsibility.

If they can put up a chart, run away, whine, and say the people back home know how to spend—if we have all the money, why can't the people get it back? They didn't give it back to the Social Security people when he was going to shoot me in the streets. They didn't give it back to where they came from, the wage earners, the payroll tax.

Oh, no, as the Senator from North Dakota said, the rich get it all. Come on. It seems as if there would be a conscience in this crowd. I don't think this will sell with the American people when they hear the truth. That is what I am trying to give them here today—the truth.

The distinguished Senator from Texas comes up. I knew it because I have been working at his side in previous years. He comes up and the first thing he said is the real problem is how to give it, and the best was "across the board." I knew he was going to get to Dicky Flatt. He immediately changed subjects and the debate became the Gramm amendment, which is supposed to go between workers, wage earners, and deadbeats. If he can put that one over, then he has won the day with the hard-working people and Dicky Flatt.

Come on, give us a break. We have been through that. There is no education in the second kick of a mule.

We have a good economy. Alan Greenspan, the best of the best, who has helped us maintain that, says stay the course. The Hollings-Lieberman motion is not to take sides in this intramural between tax cuts and spending. But just saying: Finance Committee, come back with a bill that says any surplus you find, apply it to reducing the national debt. Let's all go home. I think we will win the approval of the American people.

Now, not coming in with all of the lockboxes, that immediately puts back the money into IOUs. They issue these Treasury bills, which are nothing more than an IOU under section 201 of Social Security, and then they spend the money on other things. There is not any true lockbox.

We had an amendment and I showed that to the majority leader. I circulated it to all the Senators. That is why if they allow us to put our amendments up, including my amendment to cap the debt, we will get the truth. All I want to do is say cap the debt as of September 30, 1999. If you have nothing but surpluses, then run around asking how to spend it or how to give a tax cut or whatever.

I will agree that you are right if there is a surplus. But the debt won't go down at the end of the fiscal year. They didn't want that vote. That is why we are in a filibuster about the lockbox. Somehow, somewhere, we have to get the truth out and cut out this whining about the people back home know how to spend their money. The point is, you cannot cut taxes without increasing spending. That is the great fiscal cancer we have developed in the 1980s with the Reagan tax cuts. The national debt was less than $1 trillion, less than $1 trillion at that particular time. Now we have a $5.6 trillion debt. With all of that "growth, growth, growth—we are going to have growth everywhere," what has grown is the national debt with an interest cost of $1 billion a day.

I served on Peter Grace's commission against waste, fraud and abuse. The only thing Congress created was the biggest waste of all, spending $358 billion in interest costs. If we had that $358 billion, we could do all these things—Social Security, Medicare, research, tax cuts and everything else. We are going to spend it on account of a political sideshow and use our credibility to get by. The reason we credibility get by, and I will finish in a moment. We had a wonderful debate in the 1930s. I will listen to that any time.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MOYNIHAN. Mr. President, off the bill we yield the Senator 2 minutes.

The PRESIDING OFFICER. The Senator is recognized for an additional 2 minutes.

Mr. HOLLINGS. We had a wonderful debate in the 1930s between Walter Lippmann and John Dewey. It was Mr. Lippmann's contention that the way to maintain and strengthen a democracy was get the best of minds in the various disciplines—foreign policy, economic policy, housing, whatever—get them around the table, determine the public's needs, the Nation's needs, determine a policy to answer those needs, and give it to the politicians in Congress and let them enact it.

John Dewey, the educator, said no. He said give the American people the truth. Let the free press give the American people the truth, and the truth will be reflected through the Congressmen and the Senators in the Congress and we will have a strong democracy. And that is what we did for 200-and-some years. As Jefferson said, "When the press is free and every man can read, all is safe."

What has happened? We are not safe any longer because the press has gotten into entertainment and they have joined the conspiracy and they call spending increases spending cuts and they call deficits surpluses. That is our dilemma. That is our dilemma. The only thing that is going to save us is that free press getting back to their professional code of conduct, and cut out the entertainment, and get back to telling the American people the truth. Then we would not have to argue about tax cuts. It has to be an embarrassment to come out here with a tax cut. It would be an embarrassment to come out here and just spend billions and billions of dollars that we do not have. This year we are spending $103 billion more than we are taking in. We are in a deficit position.

I thank the Chairman and I yield the floor.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. I yield 5 minutes to the distinguished Senator from Texas.

The PRESIDING OFFICER. The distinguished Senator from Texas is recognized for 5 minutes.

Mrs. HUTCHISON. Mr. President, I want to address some of the issues I just heard from the Senator from South Carolina. The first is quoting of Alan Greenspan, the Chairman of the Federal Reserve Board. I believe Dr. Greenspan's comments have been taken far out of context. Because if you look at what he said, plainly it is if the choice is more spending or tax cuts, I will take tax cuts.

It is true he said he would be very cautious.

Mr. HOLLINGS. Will the distinguished Senator yield?

Mrs. HUTCHISON. I will yield on your time.

Mr. HOLLINGS. The Senator was correct in what I was saying. I said nothing about tax cuts—I favored those over spending. I said in my motion there is a surplus that we apply to reducing the national debt, and I quoted Mr. Greenspan as of February, when he said, "Stay the course." I didn't say Greenspan said I prefer tax cuts over spending. I did not use that quote.

Mrs. HUTCHISON. Dr. Greenspan said: If it is a choice of tax cuts versus spending, he takes tax cuts. Paying down the debt is exactly what the Republican plan does. So I think it is very important we keep Dr. Greenspan's comments in context.

If you look at the President's plan, he takes $1 trillion and spends it. The Republican plan takes the same $1 trillion and gives $792 billion back to the people who earned the money, and we have a cushion for spending on issues such as Medicare and education in the rest of the $1.3 trillion in surplus that comes from income tax withholding.

The Republican plan takes all of the payroll taxes that we heard the Senator from North Dakota talk about and puts that into Social Security reform and stability. So when we are talking about a lockbox, we are saying all the payroll taxes for Social Security that people pay in will be set aside for Social Security. That is $2 trillion. That is exactly what the President's plan sets aside for Social Security.

It also has the effect of paying down debt by about 50 percent, according to the estimates. So you pay down debt and you stabilize Social Security with $2 trillion that is set aside from the payroll taxes that people pay in.

But for the other $1 trillion we are looking at that comes from income tax withholding, we have very different plans. The President would spend it. The Republicans would let the people who earned it keep it, and we would hold the rest in abeyance for spending on Medicare, education, national defense.

Why do we want the people who earn this money, who work so hard for it, to be able to keep it? Because we believe the people who earn it need the relief for their own purposes—for them to decide how they want to spend their money. The typical American family is paying more in income taxes in peacetime than ever in our history—38 percent in income taxes. A 10-percent across-the-board tax cut is fair to everyone. Because when people paid their taxes last year—they know what they paid, and they can take 10 percent off that. That is the most fair of all tax cuts, to let people keep more of what they earn. In fact, our tax relief package is less than the tax increases that President Clinton put in place in 1993. At that time, President Clinton said he was going to tax the rich and he put in that category people on Social Security who earned $34,000 a year. That is what he declared as rich. I think these people deserve a break, and that is what we are trying to give them.

We are giving marriage tax penalty relief. This morning at my constituent coffee, I met a schoolteacher and a football coach. I am going to estimate they earn about $35,000 and about $40,000 apiece. They get hit right square between the eyes with the marriage penalty because when you put their incomes together, they go into a new bracket. They are earning, then, $65,000 to $70,000 for a family of four.

That is wrong. We should not tell people because they get married that they owe more in taxes, just because they got married.

The PRESIDING OFFICER. The Senator's time has expired.

Mrs. HUTCHISON. Mr. President, did Senator HOLLINGS' question come off his time or mine?

The PRESIDING OFFICER. It came off of his time.

Mrs. HUTCHISON. Mr. President, it is time we provide marriage tax penalty relief, tax relief across the board, death tax relief so people will not have to visit the undertaker and the tax collector on the same day and give up the family farms that have had to be sold because of death taxes. That is wrong. This amendment will correct that situation. It is time we give relief to the hard-working people of our country.

I yield the floor.

The PRESIDING OFFICER. The time of the Senator has expired.

The distinguished Senator from Minnesota is recognized.

Mr. WELLSTONE. Mr. President, I understand I have 10 minutes. I will try to cut that in half in the interest of moving this along.

I cannot believe the amendment that is before this body. I am speaking about the Gramm amendment. The Center on Budget and Policy Priorities does very good work, as does Citizens for Tax Justice. Let's take the 10-percent tax rate cut across the board: this is what they say. 60 percent of the benefits of this tax cut will go to 10 percent of the taxpayers with the highest income. The bottom 60 percent of all taxpayers will share just over 9 percent of the total benefits under this plan. The average tax cut under the Gramm amendment, for the lowest income, 60 percent of all taxpayers, those with incomes below $38,000, will be about $99.

By contrast, those in the top 10 percent will enjoy an average tax cut of about $4,000. Tax cuts for the 1 percent highest income, those making more than $300,000 a year, will average $20,000 a year. I am not even talking about estate and capital gains tax cuts, which make the Gramm amendment even more regressive.

To pick up on the comments of my colleague from South Carolina, the original House Ways and Means Committee proposal in the second 10 years would explode the debt, costing $2.8 trillion. This may be only $2 trillion. But even here, $2 trillion is a lot of money. From 2010 to 2019, this tax cut package in the Gramm amendment will probably cost about $2 trillion. That is what it will cost us.

Mr. President, Kevin Phillips, in some commentary the other day on "Morning Edition," talked about the House proposal. I think what he said applies to this Gramm amendment:

> The mind-boggling 10-year cuts passed late last week by the House of Representa-tives . . . deserve a new term: [Not pie in the sky but] pie in the stratosphere.

That is what this Gramm amendment is: pie in the stratosphere.

Sometimes my colleagues on the other side of the aisle—and I say this with a twinkle in my eye, it is never hatred; we always enjoy our work—they will accuse some of us of class warfare. I say to my colleague from Texas, this is class warfare. This is class warfare: 60 percent of the benefits go to the top 10 percent of all taxpayers. The bottom 60 percent gets 9 percent. The average tax cut for most of the people in my State of Minnesota is about $99. But if you make over $300,000 a year, there will be an average tax cut of $20,000 a year. I say to my colleague from Texas, this is class warfare. That is what his amendment is.

In some ways, I am glad to fight this war because the vast majority of people in this country, when they realize who gets the benefits and who does not, when they realize what this amendment does in the second 10 years, here is what they are going to say. They are going to say: We heard enough about how this surplus belongs to us. We are responsible adults. We are responsible parents and grandparents, and we believe that whatever the performance of our economy—and I hope it will be good; we do not know, this is all assumed—and whatever we have by way of surplus, here is what we believe: We believe that it does not belong to us; it belongs to our children and our grandchildren.

That means we pay off some of the debt we put on their shoulders, and that means we also make sure that Medicare and Social Security are there for them. It also means our children and our grandchildren, regardless of whether they are rich or poor, have opportunities; that there is equal opportunity for every child. That is what the American people believe. That is what Minnesotans believe.

I love this Gramm amendment. I love it because I think it presents in the clearest possible way to people in Minnesota and people in the country what we are about, whose side we are on. It is a class warfare amendment, and it should be trounced in a vote. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. MOYNIHAN. I yield the Senator from Michigan 10 minutes.

The PRESIDING OFFICER. The distinguished Senator from Michigan is recognized for 10 minutes.

Mr. LEVIN. I thank the Chair. Mr. President, I thank my good friend from New York.

The tax program which is in the amendment before the Senate, like the plan that it would amend, is unfair to middle-income Americans. It is economically unwise, and it is based on unrealistic assumptions. The unfairness in the underlying bill it would amend is perhaps best shown in the fact that about two-thirds of its tax benefits go to the upper one-fifth of our people. The amendment makes that worse. It makes an unfairness doubly unfair because it will give almost 80 percent of the tax benefits to the upper one-fifth of the income bracket.

In addition to being unfair, it is also economically unwise because it jeopardizes Medicare, it fails to strengthen Social Security, and it risks higher interest rates. Yesterday, Alan Greenspan, testifying before the Banking Committee said:

> We probably would be better off holding off on a tax cut.

Why? Because of the uncertainty of budget surplus projections and also because we should normally reserve tax cuts for periods of economic slowdown.

The implication, in his words, has also been pretty clear over these last few months, which is that a large tax cut would cause the Fed to increase interest rates. For the average middle-income taxpayers, a rise in interest rates means larger mortgage payments, larger loan and credit card payments, larger payments on that automobile, and that would far outweigh the small share of the benefits from the tax cut which that average taxpayer might receive.

The tax program that is being offered to us is also based on unrealistic projections. Projections are always risky. We have seen many Federal budget estimates, and we know that as quickly as the surpluses appear, they can disappear. The estimates of both the Congressional Budget Office and the Office of Management and Budget have frequently been far off the mark in recent years, and that is not their fault. We have some bright economists in the CBO and the OMB. They have a difficult task. Forecasting the performance of the economy, particularly over the course of several years, is more art than science, and there is a lot of guesswork in it.

For instance, the CBO estimated that the unified budget surplus for fiscal year 2000 will be $79 billion. But 4 months later, in a January 1999 CBO document, the surplus for fiscal year 2000 was estimated at $130 billion. In 4 months, it jumped from a $79 billion estimate to a $130 billion estimate. The July estimate for fiscal year 2000 now projects a $161 billion surplus. So there has been a change of over 100 percent in the projection of the surplus in less than a year. If most Americans were confronted with such uncertainty over their own budget situation, they would follow a cautious course, and we should, too.

The projections in both the underlying proposal and the pending amendment to it are extremely risky because they are based on assumptions about domestic spending levels that are highly unrealistic. The on-budget surplus, which the Republicans now say will pay for the tax cut, is reliant largely on massive cuts in discretionary spending, $595 billion over 10 years. That is a 23-percent cut in real terms from the 1999 level adjusted for inflation. Can we really believe we will be cutting discretionary programs by 23 percent in real terms?

Is that what we are doing now?

If a realistic defense spending level is adopted—even the President's proposal; if we assume just that—the domestic spending cut will grow to $775 billion over 10 years, which is a 38-percent cut in real terms.

We have seen proof in the last few weeks that these levels are unrealistic. The so-called spending caps are already being exceeded by attaching emergency spending labels to new funding. We have already heard from the chairman of the Appropriations Committee that these limits, or caps, are going to be lifted in any event. The House tends to use emergency spending to get around the caps. Apparently, we are going to be more forthright and just lift the caps.

So most people in Congress already believe—whether they acknowledge this publicly or not—that the caps are simply not going to hold. So we already have strong evidence that the basis of the surplus projection is not realistic or credible.

The proposal before us is going to take the economy backwards, just as we are climbing out of a deficit ditch.

In 1992, the deficit in the Federal budget was $290 billion. We made remarkable progress which has brought us now to the threshold of surpluses. It came in large part because of a deficit-reduction package which President Clinton presented in 1993 and which we passed by a margin of one vote. We should not now, by passing a tax bill such as the one before us, head down the road toward new future deficits.

The alternative that Democrats offered yesterday was far better, by all three tests—the test of fairness, the test of prudence, the test of credibility. But by those same three tests, we should hold off on any tax cut. We should hold off on any tax cut, period.

First, we should see if the surplus is real before we adopt tax cuts. Second, if the surpluses are real, we should pay down the national debt faster. And third, we should save tax cuts for a time of economic slow down.

The argument is made that this is the taxpayers' money. It is. But the economy is the American taxpayers', too. The economy belongs to the American taxpayer. Social Security belongs to the American people, just as this money belongs to the American people. The surplus belongs to the American people. So does the Medicare program belong to the American people. Our education program, helping people through college, belongs to the American people, just as the surplus does.

These are taxpayers' dollars. There can be no dispute about that. But the veterans' program is the American people's program. When we cut veterans' health care, we are cutting into something that the American people want. It is their program, just as the surplus, just as the taxes, are the American people's.

The American people are speaking loudly, at least to me, at least in my office, when I go back home to Michigan every weekend and talk to the American people. What they are telling me is: Pay down the debt, protect Social Security, protect Medicare. Do what you need to do to invest in education. Don't cut veterans' programs. But we don't need this tax cut that is being proposed at this time, not just because it is unfair to middle income Americans—which it is, since most of the benefits go to the upper fffth—but we don't need the tax cut because we want debt reduction, real debt reduction.

That is what they are telling us. That is what the American people, who produced this surplus, who send us the tax money, are telling us. They are telling us that loudly, not just in public opinion polls—in the mail that we open up, in the phone calls we get, and in the personal pleas we get when we go home.

That is exactly what we should do: To hold off on any tax cut and reduce the debt with the money that otherwise would go to that tax cut, again, not just because it is unfair—which it is—but because it is unwise and imprudent.

Mr. President, I yield the floor.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER (Mr. BUNNING). The Senator from Texas.

Mr. GRAMM. Mr. President, it is my understanding that the Democrat side of the aisle has completed their run of speakers. They have a little time left. I have a little bit more. But it would be my intention, if it suits everybody else, to go ahead and try to answer all of these points that have been made, and try to deviate from my background as a schoolteacher and not take all day, and then go ahead and yield back my time if they would yield back theirs, and then we will set my vote aside and let Senator KENNEDY offer his amendment, if that will suit everybody on time.

The only thing I want to be sure of is—since I want to be sure I get to answer every point that has been made—I would like to be the last speaker on my substitute. So if that works with everybody, I am happy about it; if not, we can do it another way.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. The Senator's proposal is entirely agreeable. I cannot, however, let pass the notion that Texas may be the only State in the Union where a former professor of economics refers to himself as a sometimes schoolteacher. But that is the way it is. We look forward to hearing all he has to say.

Mr. REID. Will the Senator yield for a question?

Mr. MOYNIHAN. Sure.

Mr. REID. So we have someone here to speak when the Senator finishes, could the Senator give us an estimate of when he might complete his statement on this amendment?

Mr. GRAMM. Mr. President, how much time do I have?

The PRESIDING OFFICER. Eighteen and a half minutes.

Mr. GRAMM. I will be through before that. Senator KENNEDY may want to start making his way over here.

Mr. President, we are about to wrap up the debate on this amendment. I think sometimes it is easy to get carried away and get in the business of trying to look at people's motives. I would like, in my concluding comments, to try to set this whole thing in perspective.

I wonder sometimes if our Democrat colleagues do not just rediscover every once in a while how progressive—and that is the term that was made up by the people who wanted the Tax Code to be highly skewed, where higher income people paid the great preponderance of taxes in America.

We are today talking about cutting income taxes. Our dear colleague from Minnesota points out that if you make less than $30,000, you are going to get less than $100 of income tax cuts in this bill. But what our colleague fails to recognize is that 50 percent of Americans pay only 4.3 percent of the income taxes; 32 percent of American families pay no income taxes whatsoever.

So I know it makes for a good sound bite to say 32 percent of Americans will get no income tax cut if you cut taxes across the board by 10 percent, but they do not get a tax cut because they do not pay income taxes.

Tax cuts are for taxpayers. The people who will get a tax cut under this bill get no food stamps. Is that an outrage? People who will get a tax cut under this bill do not qualify for Medicaid. Is that an outrage that they do not qualify for Medicaid? People who will get a tax cut under this bill do not qualify for Aid to Families with Dependent Children. Is anyone outraged about that? I am not, because AFDC, food stamps, Medicaid are not for everybody; they are for poor people. Tax cuts are for taxpayers.

So when our colleagues stand up and say the top one-quarter of the taxpayers in America will get 60 percent of the tax cut under this bill, don't forget that the top 25 percent of income earners in America today pay 81.3 percent of all the taxes.

Why would anybody be shocked that a group of people who pay 81.3 percent of the taxes might get 60 percent of the tax cut? In fact, what our dear colleague from Michigan was pointing out is that the Roth bill is, from the point of view of the existing Tax Code, putting a heavier burden on higher income people. My amendment does not do that. Now, some of our colleagues, a few minutes ago, suggested that I was offering the House bill. The House tax cut bill is 457 pages long. The tax cut I am offering is 46 pages long. This is a very simple tax cut. At the end of my comments, I will go over what it does and does not do.

It is true that the top 1 percent will get more tax cut than the bottom 50 percent. The top 1 percent of income earners in America earn 16 cents of every dollar earned, but they pay 32.3 percent of the taxes. The bottom 50 percent pay only 4.3 percent of the taxes. So if you are giving a tax cut, people who pay taxes get it. If you are giving welfare or Medicaid, people who are poor get it. I don't know why that comes as a shock to our Democrat colleagues.

Our dear friend from South Carolina said the rich get it all. Well, the plain truth is that the average family in America making $50,000 a year, they are rich, according to the Senator from South Carolina. But the average family making $50,000 a year will get $624 in a tax cut by the 10-percent across-the-board tax.

How is it that only rich people are getting the tax cut? Well, you have to remember that when the Democrats, in 1993, raised taxes, they defined "rich" as anybody making over $25,000 a year when they taxed people earning $25,000 a year on their Social Security benefits. I hope people are not confused when they hear the Senator from South Carolina say under the Gramm amendment rich people get it all. I hope they understand that rich people are people over $25,000 a year. When Senator HOLLINGS was saying, yes, he voted to raise taxes on Social Security, that was on rich people who made over $25,000 a year. Don't forget the code when we are talking about these things.

There are a lot of people on the Democrat side of the aisle who say hold off on the tax cut. Well, I don't find that unappealing. Just to level with people, if we could stop the spending spree that is underway and hold off on the tax cut and have an election—I believe we are going to have a Republican President; I think I know who it is; I believe we are going to have a Republican majority in both Houses of Congress—I think we could do a better job 2 years from now. So when Senator LEVIN says hold off on the tax cut, why do I not end up supporting his position?

Well, the problem is, this is the Congressional Budget Office analysis of President Clinton's budget. He is proposing to spend $1.033 trillion, not only every penny of the surplus, but he is having to plunder Social Security for 3 out of the 10 years. So while our colleagues are saying don't cut taxes, what they are not telling is that the President has proposed spending every penny of the non-Social Security surplus, plus part of the Social Security surplus.

We are already $21 billion over the budget this year. I would be willing to wait when we had a President who I think would support a better tax package, but under President Clinton's budget, we will have spent every penny of the surplus before we can elect a new President. So that is why we have to act now.

The second thing is about how large this tax cut is, how outrageous, how obscene. If you want to spend all the money, any tax cut is obscene. If you don't want a tax cut, all tax cuts are for rich people, all tax increases are on rich people. So most people, at least in that language, don't have a stake in it.

But the problem is, all tax increases are on working people and our tax cut is for working people. The question is, Is it too big?

When Bill Clinton became President, Government was taking in taxes, 17.8 cents out of every dollar earned by every American. Because of the massive tax increase in 1993 and because people, as incomes have gone up, have moved into higher brackets, Government is now taking a peacetime record 20.6 percent of the economy in Federal taxes.

Now, if we took all $1 trillion of the non-Social Security surplus and gave it back to the American worker in tax cuts—and I remind Senators, we are giving less than $800 billion because we are keeping $200 billion for Medicare and for emergencies—if we gave it all back, the tax burden, at 18.8 percent of every dollar earned, would still be substantially higher than it was the day Bill Clinton became President. So even if you adopt our tax cut and even if the President signed it, when he left office and when this tax cut was fully implemented, he could say: Taxes were substantially higher when I left than when I came—even though supposedly we are talking about a huge tax cut.

Now, finally, if you take the arithmetic and you say: How big is this tax cut relative to the level of taxes we are collecting, over a 10-year period, the tax cut is a whopping 3.5 percent. Over a 10-year period, if we adopt our tax cut, we are reducing revenues by 3.5 percent.

How can the President say this tax cut endangers the American economy? In fact, the day before yesterday he was saying it endangers women's health care; if we let working people keep more of the money they earn, it is going to hurt women's health.

I don't know, if this debate goes on another day or two, he may say that infantile paralysis will be back, that polio will suddenly descend on America. If you let people keep more of what they earn, it could happen. The bubonic plague could come back. The point is, we are talking about 3.5-percent tax cuts over 10 years.

Why are we doing this? We are doing it because we are going to collect $3 trillion in taxes over the next 10 years above the level we are going to spend. We are taking $2 trillion and putting it away so when we get a President that has the courage to fix Social Security—we do not have such a President today, I am sad to say, but when we get one, we will have the money and we will be ready to do it.

Then out of the trillion that is left, we are saying, let us give eight-tenths of it back in tax cuts and let us keep two-tenths of it for Medicare and for any emergencies we might have.

Our colleagues say, if you give these tax cuts, the money is gone forever. That is interesting because we raise taxes round here all the time. But yet when they spend this money on $1.033 trillion of new programs, it is as if we can snap our fingers and have it back.

The truth is, you can always get money back that you give to the American public in tax cuts. If we start 81 new programs, which is what President Clinton wants to do, we will never be able to get that money back. We will never be able to end those programs. That is what the debate is about.

I see that one of my colleagues who had asked to speak before, came and waited for others to speak, has come back. How much time do I have at this point?

The PRESIDING OFFICER. The Senator has 6 minutes.

Mr. GRAMM. I yield that Senator 5 minutes of my time, and then I will sum up with the last minute.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I have heard the name of the Federal Reserve Board Chairman, Alan Greenspan, invoked in this debate as if the Chairman would oppose the tax-relief bill. That is not my understanding of where Mr. Greenspan stands on the issue. I want to include for the RECORD at the end of my remarks a copy of a Wall Street Journal editorial on the subject that ran on July 27, 1999.

When Chairman Greenspan testified before the Banking Committee last week, he said that he would delay tax cutting and apply the surplus to debt repayment—but here is the part of the quote that many in the media have failed to report. He said he would defer tax cuts:

> . . . *unless*, as I've indicated many times, it appears that the surplus is going to become a lightening rod for major increases in outlays (emphasis added). That's the worst of all possible worlds, from a fiscal policy point of view, and that, under all conditions, should be avoided.

Mr. Greenspan went on to say, "I have great sympathy for those who wish to cut taxes now to pre-empt that process, and indeed if it turns out that they are right, then I would say moving on the tax front makes a good deal of sense to me."

Mr. President, Chairman Greenspan's view is important because opponents of this tax relief bill claim that the Federal Reserve will respond to its enactment by raising interest rates to the cool economy. But Mr. Greenspan's remarks make it clear that the real threat to continue prosperity is bigger government, not tax relief. And if the tax overpayment is not returned to taxpayers, I think it is clear that it will be spent long before it can be applied to debt reduction.

Just consider that President Clinton is proposing new spending amounting to $826 billion—more than the 10-year cost of the tax-relief bill that is before us. Remember, too, that our tax bill accounts for only about 25 percent of the available surplus. In other words, we are only proposing to refund about 25 cents of every surplus dollar to the people who sent it to us—hardly a risky or irresponsible thing. Seventy five cents of every surplus dollar would be dedicated to preserving Social Security and Medicare, and funding other domestic priorities.

Remember, to the extent that there is a surplus, we will have taken care of our core obligations already—things like education and health care, running our national parks, and providing for the national defense. It may be true that refunding the overpayment will mean we cannot fund some low priority programs, but that is the point: taxpayers ought to be able to decide how to spend their own hard-earned money before Washington wastes it.

Critics of the tax-relief bill also claim that it cannot be justified because projected surpluses may never materialize, that Congress and the President will be unable to live within the spending limits we agreed to on a bipartisan basis only two years ago. In other words, they contend that spending the surplus is a preordained outcome. To me, that is not a reason to defer tax relief. It is the very reason we need to pass tax relief—before Washington can find new ways to spend the tax overpayment.

Mr. President, I think it is important to clarify that we are talking about what to do with the non-Social Security surplus. Our plan saves all of the Social Security surplus for Social Security. President Clinton says that it is his goal as well, but his budget would actually spend $158 billion of the Social Security surplus on other programs. If our colleagues on the other side of the aisle would end their filibuster against the Social Security lockbox bill, we could pass it and make sure the Social Security surplus is not spent.

Let me turn for a few moments to the specific provisions of the tax-relief bill that is before us today. I want to begin by commending the chairman of the Finance Committee for producing a bill that fully meets the instructions of the budget resolution we passed earlier this year and provides a full $792 billion in tax relief over the next decade.

But I must say that I would have written the bill very differently. It seems to me that there are too many provisions that are targeted too narrowly. For example, the bill includes a tax break for the renovation of historic homes. That is great if you intend to engage in such renovation. But if you do not have the means to own a historic home, or do not want one, you get no relief.

People with a foreign address would have their frequent flyer miles exempted from the 7.5 percent air passenger ticket tax.

Generation of electricity from chicken litter would earn a tax break.

And if you are fortunate enough to get certain scholarships, your award would be excluded from tax.

These four provisions alone—and each may have merit in its own right—have a combined revenue impact of about $4 billion over 10 years—money that I would prefer to put toward broad-based, growth-oriented tax relief that help all taxpayers.

While there are many worthwhile provisions in the Finance Committee bill, a better approach is embodied in an amendment that will be offered by Senator PHIL GRAMM of Texas. Whereas the committee bill attempts to spread relief among some 130 parts of the Tax Code, the Gramm amendment would focus on just five areas, using the surplus to finally correct some of the most unfair and egregious provisions of the law.

The Gramm amendment would, for example, expand on the provisions of the underlying bill to completely eliminate the marriage-tax penalty. What rationale can there possibly be for imposing such a penalty? All of us say we are concerned that families do not have enough to make ends meet—that they do not have enough to pay for child care, college, or to buy their own homes. Yet we tolerate a system that overtaxes families. According to Tax Foundation estimates, the average American family pays almost 40 percent of its income in taxes to federal, state, and local governments. To put it another way, in families where both parents work, one of the parents is nearly working full time just to pay the family's tax bill. It is no wonder, then, that parents do not have enough to make ends meet when government is taking that much. It is just not right.

The marriage penalty alone is estimated to cost the average couple an extra $1,400 a year. About 21 million American couples are affected, and the cost is particularly high for the working poor. Two-earner families making less than $20,000 often must devote a full eight percent of their income to pay the marriage penalty. The highest percentage of couples hit by the marriage penalty earns between $20,000 and $30,000 per year.

Think what these families could do with an extra $1,400 in their pockets. They could pay for three to four months of day care if they choose to send a child outside the home—or make it easier for one parent to stay at home to take care of the children, if that is what they decide is best for them. They could make four to five payments on their car or minivan. They could pay their utility bill for nine months.

The Finance Committee bill goes a long way toward resolving the marriage-penalty problem, and I thank the chairman of the Finance Committee for that; but since we have the resources to solve it fully once and for all, we should.

The death tax is just as wrong, and we ought to do something about it, too. The Gramm amendment includes the provisions of the Kyl-Kerrey bill, as modified by the House, that would eliminate the death tax outright.

Although most Americans will probably never pay a death tax, most people still sense that there is something terribly wrong with a system that allows Washington to seize more than half of whatever is left after someone dies—a system that prevents hard-working Americans from passing the bulk of their next eggs to their children or grandchildren, or even their local charities. Liberal Professor of Law at the University of Southern California, Edward J. McCaffrey, put it this way: "Polls and practices show that we like sin taxes, such as on alcohol and cigarettes." "The estate tax," he went on to say, "is an anti-sin, or a virtue, tax. It is a tax on work and savings without consumption, on thrift, on long term savings. There is no reason even a liberal populace need support it."

Economists Henry Aaron and Alicia Munnell reached similar conclusions, writing in a 1992 study that death taxes "have failed to achieve their intended purposes. They raise little revenue. They impose large excess burdens. They are unfair."

In fact, 77 percent of the people responding to survey by the Polling Company last year indicated that they favor repeal of the death tax. When Californians had the chance to weigh in with a ballot proposition, they voted two-to-one to repeal their state's death tax. The legislatures of five other states have enacted legislation since 1997 that will either eliminate or significantly reduce the burden of their states' death taxes.

Talk to the men and women who run small businesses around the country and you will find that death taxes are a major concern to them. The 1995 White House Conference on Small Business identified the death tax as one of small business's top concerns, and delegates to the conference voted overwhelmingly to endorse its repeal. Remember, this is a tax that is imposed on a family business when it is least able to afford the payment—upon the death of the person with the greatest practical and institutional knowledge of that business's operations.

Although the death tax raises only about one percent of the federal government's annual revenue, it exerts a disproportionately large and negative impact on the economy. In fact, Alicia Munnell, a former member of President Clinton's Council of Economic Advisors, estimates that the costs of complying with death-tax laws are roughly the same magnitude as the revenue raised. In 1998, for example that amounted to about $23 billion. In other words, for every dollar of tax revenue raised by the death tax, another dollar is squandered in the economy simply to comply with or avoid the tax.

Over time, the adverse consequences are compounded. A report issued by the Joint Economic Committee last December concluded that the existence of the death tax this century has reduced the stock of capital in the economy by nearly half a trillion dollars.

By repealing the death tax and putting those resources to better use, the Joint Committee estimates that as many as 240,000 jobs could be created over seven years and Americans would have an additional $24.4 billion in disposable personal income.

Unlike the Finance Committee bill, which leaves the death tax in place indefinitely, the Gramm amendment would repeal the tax—pull it out by its roots. The House has already passed similar provisions, and the Senate should, as well. Death-tax repeal is a must.

Mr. President, there are three other components of the Gramm amendment that I will touch on only briefly. First, it would reduce marginal income-tax rates by 10 percent across the board. In other words, all taxpayers would see their tax bills reduced, proportionate to how much they pay. This is probably the fairest way of returning the tax overpayment.

Second, the amendment would index capital gains for inflation, recognizing that the Treasury should not reap the benefit of inflationary policies.

Third, it would provide a full deduction for health insurance for the self employed.

Mr. President, the Gramm amendment would provide broad-based relief, and would do so in a way that is not only fair, but which would keep the economy growing and providing a better standard of living for all Americans.

I will vote for the Gramm amendment. If it is defeated, I will vote for the underlying bill in order to get it to conference where the bill could be improved. I will, however, reserve judgment about whether to support the conference report until I can see if it comes close to the Gramm amendment or the House bill.

Before concluding, I ask unanimous consent that the Wall Street Journal editorial from July 27, 1999, which I mentioned at the beginning of my remarks, be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

REVIEW & OUTLOOK—TRUTH AND TAXES

Ronald Reagan once famously noted that "facts are stubborn things," but that was before the Clinton Presidency. One consequence of Clintonism is that facts have been irrelevant to political debate, as for example in the current fight over tax cuts.

Under the new Clinton rules, by now imbedded in media coverage, it doesn't matter whether something is true; what counts is whether it works politically. Thus last week Federal Reserve Chairman Alan Greenspan suddenly found himself hailed as a hero of the Democratic Party, allegedly for trashing the House Republican tax-cut bill. Or so the news reports said. We read his remarks, however, and the truth is more interesting.

Mr. Greenspan: "My first priority, if I were given such a priority, is to let the surpluses run."

Rep. John LaFalce (D., N.Y.): "Thank you, Mr. Chairman."

Mr. Greenspan: "As I've said before, my second priority is if you find that as a consequence of those surpluses they tend to be spent, then I would be more in the camp of cutting taxes, because the least desirable is using those surpluses for expanding outlays."

For some reason the press corps never mentioned this spending caveat, as large as it is. We don't know how they missed it, because a short time later the Fed chief said he'd delay tax cutting "unless, as I've indicated many times, it appears that the surplus is going to become a lightening rod for major increases in outlays. That's the worst of all possible worlds, for a fiscal policy point of view, and that, under all conditions, should be avoided.

"I have great sympathy for those who wish to cut taxes now to pre-empt that process, and indeed, if it turns out that they are right, then I would say moving on the tax front makes a good deal of sense to me."

Now, also keep in mind that Mr. Greenspan is a central banker. He runs monetary policy, which means he needs the political running room to raise interest rates from time to time. Like all central bankers, he gets irrationally exuberant about deficits, which he fears could return and complicate this task. Ergo, he'd prefer surpluses to pile up from here to eternity.

Yet, if the surpluses are going to be spent, he'd still rather cut taxes first. And indeed, last week Mr. Greenspan repeated his belief that the revenue-maximizing tax rate for capital gains is "zero" and that he prefers a cut in marginal tax rates.

As it happens, last week the Beltway's media sleuths also ignored some startling facts from the Congressional Budget Office. CBO—historically no friend of tax-cutting—compared Congress's budget proposals with Mr. Clinton's. And it found that, despite its $800 billion tax cut over 10 years, Congress's budget actually reduces the federal debt more than does Mr. Clinton's

How can this be? because Mr. Clinton proposes to spend that money instead of use it to retire debt, just as Mr. Greenspan fears. Here's the CBO math on the Clinton proposals:

$111 billion for Medicare, including $168 billion for the new prescription drug bribe less other savings;

$245 billion for USA Accounts, another political handout;

$328 billion for additional discretionary spending—$127 billion for defense and $201 billion in nondefense programs"; and

$142 billion for higher debt service costs because of the higher spending.

The GOP tax cut is about $792 billion, while Mr. Clinton's new spending would amount to $826 billion. In short, Mr. Clinton isn't against the GOP tax cut because he wants to save it for posterity. He's against it because he wants to spend that money instead. Which by Mr. Greenspan's own testimony last week means the Fed chief would endorse cutting taxes first.

And, by the way, don't believe Mr. Clinton when he claims, as he did in his Saturday radio address, that "the GOP tax cut is so large it would require dramatic cuts in vial areas, such as education, the environment, biomedical research, defense and crime fighting." As CBO also shows, since 1990 domestic spending (not including entitlements) has increased by 5% a year; that's roughly double the rate of inflation.

Mr. Clinton has taken to lying with such fluency that his whoppers are barely even noticed. We're not optimistic that anyone else will keep him honest. But we thought our readers would like to know.

Mr. KYL. To reiterate, the bill includes a tax break for the renovation of historic homes. That is great, if you intend to engage in such a renovation and you have a historic home. But if you don't have that kind of a home, it is not going to do you much good. People with foreign addresses would have their frequent flier miles exempted from the 7.5-percent passenger ticket tax.

Generation of electricity from chicken litter would earn a tax break. If you are fortunate to get certain scholarship, you could be excluded from a tax. These four provisions alone, which may well have merit, have a combined revenue impact of about $4 billion over 10 years—money I would prefer to put toward the kind of relief Senator Gramm has been proposing. That is why I support his amendment.

Let's take one of the provisions of his amendment, whereas, the committee bill attempts to spread relief. Out of about 130 different parts of the Tax Code, the Gramm amendment focuses on just 5 particular areas, using the surplus to finally correct some of the most unfair and egregious provisions of the law. For example, it eliminates the marriage tax penalty.

The Finance Committee proposal goes a long way toward working on that marriage penalty, but it does not eliminate it. The Gramm proposal would do that. It is not fair that we overtax families just because they are married. The impact is estimated to cost the average couple an extra $1,400 a year. About 21 million American couples are affected. It is no wonder both spouses in the family are having to work. One, in effect, is working for the family, and the other is working to pay off the taxes. They are upset with this marriage tax penalty. I support that provision.

While we deal with the death tax in the Finance Committee proposal, we don't eliminate it. It ought to be eliminated. The Gramm proposal eliminates it along the lines of the Kyl-Kerrey bill. I appreciate Senator Gramm including our provision in his amendment. The death tax is the most unfair tax of all. Death should not be a taxable event. If you want to tax people because they make some economic decision to spend money, to take money out of an account, to sell an asset, then tax that economic decision. They understand going in what the consequences are going to be. But nobody chooses to die. Why their heirs should have to pay a tax because of a death is beyond most of us. It brings in about 1 percent in revenue. It is not worth it. An awful lot of small businesses and farms, which have all of the assets tied up in equipment and the capital of the business itself, end up having to sell their assets in order to pay the taxes. The idea that it was to prevent the accumulation of wealth no longer works. In today's world, when you have to sell the business, you usually sell to some big conglomerate that then takes it over.

So the death tax is unfair. Our proposal, which in effect converts it to a capital gains tax on the sale of the assets if and when they are ever sold, is a much fairer proposal. It still permits the Government to recover some of the money, but it is not based upon the death of the individual, it is based upon the sale of the asset when the people want to sell it.

There are three other components I will touch on briefly. First, it reduces the marginal income tax by 10 percent across the board. In other words, all taxpayers would see their taxes reduced, proportionate to how much they pay, as the Senator pointed out. It is probably the fairest way of returning the tax overpayment. The amendment would index capital gains for inflation, recognizing that the Treasury should not reap the benefit of inflationary policy. Finally, it would provide a full deduction for health insurance for the self-employed, something I think everybody would like to see done.

We can afford to do those things, and we ought to do those things in this amendment. I will vote for the GRAMM amendment. If it is defeated, I will vote for the underlying bill in order to get it to conference where it can be improved. I will reserve judgment on whether to support the conference report until I see whether it comes closer to the approach Senator GRAMM has taken.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, I have worked up an example that I think tells the story here at the end of the debate. The question is, If we have a simple tax cut that cuts taxes across the board by 10 percent, eliminates the marriage penalty, repeals the death tax, indexes capital gains taxes, and gives a full deduction for health insurance, what will it mean to your family?

Obviously, it is easy to take how much taxes you pay and then take the 10 percent. Here is an example. Take this couple Senator HUTCHISON talked about, where you have a teacher and a football coach and they are married. Together, they make $70,000 a year. Now, I know there are some people on the other side of the aisle who are going to say they are rich. They have two children, and they might have one of them in college. If they have both of them in college, they are among the most financially stressed people in America.

But what would happen under this bill is that the 10 percent tax cut would mean that this family—a coach and a teacher, making $70,000 a year—would get an $800 tax cut; actually, it would be an $809 tax cut because of the 10 percent across-the-board cut; they would get a $1,400 tax cut from the marriage penalty elimination, meaning, in total, they would get $2,200 in tax cuts. That is roughly, I think, what working middle America is about.

Mr. President, I yield all my time back.

Mr. MOYNIHAN. Mr. President, this side of the aisle yields all our time back.

Mr. GRAMM. Mr. President, I ask unanimous consent that the Gramm amendment, No. 1405, be temporarily set aside in order for Senator KENNEDY to offer a motion relative to prescription drugs. I further ask consent that following the debate time on that motion, the Senate then proceed to a vote on or in relation to the Gramm amendment, No. 1405, to be followed by a vote on or in relation to the Kennedy motion. I ask unanimous consent that no other amendments be in order to the amendment prior to the vote. I further ask consent that there be 2 minutes equally divided prior to each vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, the Senator from New York, on behalf of the Finance Committee, is honored to yield to our distinguished friend and long-time colleague, Senator KENNEDY of Massachusetts. We welcome him back to the debate.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I understand we now have a 1-hour time limitation, am I correct, and the time is divided?

The PRESIDING OFFICER. Thirty minutes on each side.

Mr. KENNEDY. I yield myself 10 minutes, Mr. President.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 10 minutes.

MOTION TO RECOMMIT

(Purpose: To modernize and improve the Medicare program by providing a long-overdue prescription drug benefit, by reducing or deferring certain new tax breaks)

Mr. KENNEDY. Mr. President, I send a motion to the desk.

The PRESIDING OFFICER. The clerk will report the motion.

The assistant legislative clerk read as follows:

> The Senator from Massachusetts, Mr. KENNEDY, moves to recommit the bill to the Committee on Finance, with instructions to report back within 3 days, with an amendment to reserve amounts sufficient to provide a prescription drug benefit to all Medicare recipients, in the context of modernizing and strengthening Medicare, by reducing or deferring certain new tax breaks in the bill, especially those which disproportionately benefit the wealthy.

Mr. KENNEDY. Mr. President, as was indicated in the motion, senior citizens deserve coverage of prescription drugs under Medicare, and it is time for Congress to see that they get it. This amendment presents a clear choice between prescription drug coverage for the elderly and unnecessary new tax breaks for the wealthy.

This debate is about priorities. New tax breaks are a priority for the Republicans. Prescription drugs for senior citizens are not. If senior citizens were the priority, we would be debating a Medicare prescription drug bill today—not a tax cut bill. If senior citizens were the priority, we would be debating a tax bill after we had taken care of Medicare and Social Security—not before.

These Republican tax bills have $230 billion in new tax breaks for people with incomes over $300,000 a year. They reinstate the three-martini lunch deduction.

There are sweetheart deals for the insurance industry, the timber industry, the oil industry, and large multinational corporations. But there is not one dime for Medicare prescription drugs for senior citizens.

Medicare is a clear contract between workers and their government. It says, "Work hard, pay into the system when you are young, and you will have health security in your retirement years." But that commitment is being broken today and every day, because Medicare does not cover prescription drugs.

When Medicare was enacted in 1965, coverage of prescription drugs in private insurance policies was not the norm—and Medicare followed the standard practice in the private market. Today, ninety-nine percent of employment-based health insurance policies provide prescription drug coverage—but Medicare is caught in a 34 year old time warp—and too many seniors are suffering as a result.

Too many seniors today must choose between food on the table and the medicine they need to stay healthy or to treat their illnesses.

Too many seniors take half the pills their doctor prescribes, or don't even fill needed prescriptions—because they cannot afford the high cost of prescription drugs. Too many seniors are paying twice as much as they should for the drugs they need, because they are forced to pay full price, while almost everyone with a private insurance policy benefits from negotiated discounts. Too many seniors are ending up hospitalized—at immense costs to Medicare—because they aren't receiving the drugs they need at all, or cannot afford to take them correctly. Pharmaceutical products are increasingly the source of miracle cures for a host of dread diseases, but senior citizens will be left out and left behind if we do not act.

The 21st century may well be the century of life sciences. With the support of the American people, Congress is on its way to our goal of doubling the budget of the National Institutes of Health. This investment is seed money for the additional basic research that will enable private and public sector scientists to develop new therapies that will improve and extend the lives of people in the United States and around the globe.

In 1998 alone, private industry spent more than $21 billion in research on new medicines and to bring them to the public.

These miracle drugs save lives—and they save dollars too, by preventing unnecessary hospitalization and expensive surgery. All patients deserve affordable access to these medications. Yet, Medicare, which is the nation's largest insurer, does not cover out-patient prescription drugs, and senior citizens and persons with disabilities pay a heavy price for this glaring omission.

Prescription drug bills eat up a large and disproportionate share of the typical elderly household's income. Senior citizen spend three times more of their income on health care than persons under 65, and they account for one-third of all prescription drug expenditures. yet they make up only 12 percent of the population.

The greatest gap in Medicare—and the greatest anachronism—is its failure to cover prescription drugs. Ninety-nine percent of all employment-based plans—ninety-nine percent—cover prescription drugs today. But Medicare is still mired in the mid-1960s—when the private plans on which Medicare was modeled did not provide this coverage.

Because of this gap and other gaps in Medicare, and the growing cost of the Part B premium, Medicare now pays only 50% of the out-of-pocket medical costs of the elderly. On average, senior citizens now spend almost as much of their income on health care as they did before Medicare was enacted. And Medicare was enacted because there was a crisis in health care for the elderly in the 1960s. How can we fail to act today, to deal with the health care crisis for the elderly in the 1990s?

Prescription drugs are the single largest out-of-pocket cost to the elderly for health care. The average senior citizen fills an average of eighteen prescriptions a year, and takes four to six prescriptions daily. Many elderly Americans face monthly drug bills of $100, $200 or even more.

America's senior citizens and disabled citizens deserve to benefit from new discoveries in the same way that other families do. Yet, without negotiating power, they receive the brunt of cost-shifting—often with devastating results. In the words of a recent report by Standard & Poor "Drugmakers have historically raised prices to private customers to compensate for the discounts they grant to managed care consumers." The private customers referred to in this report are largely the nation's mothers, fathers, aunts, uncles, grandmothers, and grandfathers.

Despite—and to a large extent because of—Medicare's lack of coverage for prescription drugs, the misuse of such drugs results in preventable illnesses that cost Medicare $20 billion or more a year, while imposing vast misery on senior citizens. It is in their best interest, and in the best interest of Medicare, to design a system that encourages the proper use, and minimizes the improper use of prescription drugs. Substantial savings can be found if physicians and pharmacists are educated on senior citizen-prescription drug interactions and on ways to identify, prevent, and correct prescription drug-related problems.

Beneficiaries, too, must follow instructions that are dispensed with the medication itself. Too often, we hear stories of senior citizens who skimp on medicine. They take half doses or otherwise try to stretch their prescription, to make it last longer. That is not right, and it doesn't have to happen. If senior citizens are confident that the drugs they need will be covered, proper usage will improve, and so will the quality of life for senior citizens.

During the course of this debate, we will hear many arguments from the opponents of this amendment. Their arguments are as predictable as they are wrong.

First, we will hear that the sponsors of this excessive tax cut are all for a Medicare prescription drug benefit, too. They claim that even after their tax cut, they still have $253 billion of surplus left. But we all know that those estimates are as phony as a three dollar bill—and about as valuable.

The only way that any money is left after the Republican tax cut is because their budget pretends to cut national defense by $198 billion below the President's request—a request that Republicans say is inadequate. Their budget also pretends that there will never be another emergency appropriation—even though emergencies will cost us $90 billion over the next 10 years if present trends continue. Their budget pretends to cut domestic programs from Head Start to education to highway construction to law enforcement by half a trillion dollars over the next ten years, cuts that no one believes will ever happen.

Republicans hope they can continue to play "let's pretend" until this reckless and irresponsible tax cut passes the Senate. But by then it will be too late—too late for today's senior citizens, who need prescription drug coverage—too late for tomorrow's senior citizens, who need a solvent Medicare—too late to protect Social Security—too late to meet pressing needs to educate the nation's children, support biomedical research, fight crime, protect the environment, and meet all the other pressing needs that are priorities for the American people.

This is an issue of priorities. Republicans may say that there is enough money left over to protect seniors. Let them put their votes where their mouth is. All this motion does is say set aside enough money out of the tax cut to provide a prescription drug benefit before we vote to pass a tax bill. This should be a simple vote for any Senator who cares about senior citizens. Tax cuts are a priority for the Republicans. Prescriptions drugs for senior citizens are not. If senior citizens were the priority, we would be debating a prescription drug coverage bill today—not a tax cut bill. If senior citizens were the priority, we would be debating a tax bill after we had taken care of Medicare and Social Security—not before. If senior citizens were the priority, it would be tax breaks that would get the left-overs, not the elderly.

Republicans also say that prescription drug coverage should not be provided to all senior citizens—only to the poor or those who have no current coverage. But we heard those same arguments when Medicare was originally enacted. The American people didn't buy these arguments then—and they won't buy them now.

Let's look at the numbers. Fourteen million elderly and disabled Medicare beneficiaries—one-third of the total—do not have a dime of prescription drug coverage today. Not a dime.

One-quarter of Medicare beneficiaries have coverage through an employer—but retiree health benefits are on the chopping block as companies seek to cut costs by trimming health care spending. In fact, the proportion of firms offering coverage has dropped one-quarter in just the last four years. No senior citizen—and certainly no 50-year-old looking forward to retirement—can count on prescription drug coverage being there for them when serious illness strikes.

Seven million Americans get prescription drug coverage through a Medicare HMO. But that coverage is offered voluntarily—and it is often being cut back or eliminated altogether. Three-quarters of Medicare HMOs will impose caps on their benefits of less than $1,000 next year. Almost one-third will impose caps of less than $500. The majority of seniors have annual drug expenses well in excess of $500. More than $325,000 beneficiaries will be dropped from their HMOs next year. There is not a single senior citizens who joined an HMO because of the promise of affordable prescription drug benefits who can count on that promise being kept.

Four and a half million senior citizens get prescription drug coverage through a Medigap plan. But that coverage is extraordinarily expensive and inadequate. According to Consumer Reports, a seventy-four year old senior citizen enrolled in the least generous Medigap plan offering drug coverage would pay an average of close to $2,000 a year more in premiums—on top of $1,4000 for the non-drug part of the coverage—a total of more than $3,000 a year. And that is an average. Some beneficiaries must pay more than $9,000 a year for drug coverage through Medigap. Whatever the starting premium, it goes higher and higher as senior citizens age and their need for medical care grows. Anyone who misses the chance to enroll in a plan offering drug coverage at age 65 never gets another chance if they have any health problems.

The only senior citizens who have stable, secure, affordable Medicare drug coverage today are the very poor on Medicaid. The idea that only the impoverished should qualify for needed hospital and doctor care was popular with Republicans more than 30 years ago when they fought against the enactment of Medicare. The American people rejected that cruel doctrine—and Medicare for all was enacted. Today, it is time for the Senate to reject the equally indefensible proposition that poverty is the price that senior citizens should have to pay to get the prescription drugs they need.

A couple of Marshfield, Massachusetts vividly demonstrates why we need to act now. Their plight is representative of millions of other senior citizens across the country. They live on a fixed income of $30,000 a year from Social Security and a retirement pension. They are not poor. Their income is not below 135% of poverty. In fact, it is not even below 200% of poverty—but it is not enough for them to afford the prescription drugs they need. Both have substantial medical needs, and both belong to the Medicare HMO—but 19% of the couple's income is still spent on prescription drugs.

By April, the couple had already exhausted their HMO's $150 quarterly cap for prescription drug coverage. The $956 cost of the wife's medications for May and June will come completely out of their pockets. She has been rationing her medication—not taking it as prescribed, in an attempt to stretch out the medicine to save money. She was a stroke victim five years ago. Yet, she has to cut back considerably on her most expensive prescriptions. She is having a difficult time with the left side of her body, and cannot move her left arm.

She says, "My muscles are really tight, and it is a result of not taking my Methocarbamol, because I am trying to stretch my prescription dollars. We don't go out, we can't afford gas, and we have had to cut down on groceries."

Every senior citizen in America could find themselves forced to choose between a decent retirement and the medications they need to survive. No person and no family should have to make that unfair choice. This is what our amendment is all about.

Senior citizens need and deserve prescription drug coverage under Medicare. Any senior citizen will tell you that—and so will their children and grandchildren.

I would like to just reiterate an earlier point. The debate this week is really about priorities, and there are many of us who believe that, prior to moving toward any of these kinds of tax breaks, we ought to secure Social Security, we ought to ensure the security of the Medicare system, and include in the Medicare system a prescription drug benefit program.

I have listened over the course of the past 2 days, as well as earlier in the year, to those who say we can afford the kind of tax breaks that are being recommended. They say that we will have sufficient resources at the end of it in order to provide for a prescription drug benefit. I don't believe that to be the case.

Even if it were the case, I am not going to take our limited time to debate how much may be left over after we deal with the Republican tax breaks. I don't think there will be much, if anything.

But what we are saying today is rather than wait to see if there is anything left, let's go ahead today. We are saying that any proposal that is going to come out of this Senate dealing with tax breaks is also going to include an important prescription drug benefit for the senior citizens of this country. That is what we are saying.

We say send this legislation back to the Finance Committee, and then we ask the Finance Committee to report back within a period of 3 days.

There are a number of acceptable proposals. The proposal by the President of the United States is one that I favor. Senator ROCKEFELLER and I also have a proposal that I favor. But this motion simply requires the Finance Committee to come back with funds sufficient to provide prescription drug coverage to all Medicare beneficiaries. It doesn't specify one proposal over another. That is, in effect, what this amendment is really all about.

We believe that coverage of prescription drugs is necessary in order to effectively upgrade Medicare to deal with modern realities. There are other considerations in the Medicare program that the President and others have outlined which deserve consideration. But today we should say that before we pass significant tax breaks, we are going to make a commitment that a prescription drug benefit program be put into place.

It is a matter of enormous importance. It makes an incredible difference in the quality of life of the senior citizens of this country.

Prescription drug benefits in the current system are completely inadequate. Those who rise to oppose it will say: Let us just have a partial program because there are only about one-third that have no coverage. We went through those numbers earlier. Only the poorest seniors have affordable, reliable and adequate coverage.

Those with retiree coverage cannot be certain it will continue. Those in HMOs are being told that their coverage will be limited to $500 or $1,000 a year. Others are being dropped because their plan is leaving the program. Seniors who can get into medigap are shelling out thousands of dollars a year for coverage that is inadequate.

Coverage of prescription drugs is an issue of life and death for our senior citizens. Some would like to limit our assistance to only some of the elderly. Are we going to say now on this important issue that we should turn Medicare into a poverty program, a Medicaid program? Clearly, we should not.

There are those who say, well, Mr. President, we only have a small group that aren't covered. Let's target it at that. But every kind of indicator shows that coverage is declining every year for those who are fortunate enough to have some coverage now.

Our program is very clear and simple. Again, it says that this will be a priority.

We said: Send this legislation back to the Committee. Have it come back to the floor with funds reserved to have a prescription drug program that is going to be worthy of its name. It says that before we see the major kinds of tax breaks and tax cuts in this bill, we should meet the needs of our senior citizens.

Every Member of this body can give chapter and verse about what is happening in their communities, and about how important this is. I am sure that others in this body have had the opportunity, as I have, of visiting a nursing home or a senior citizen gathering and asking them: How many of you are paying out of your pocket for prescription drugs $25 or $50 or $75 a month? You see all the hands go up. You ask them: How many are paying $75 a month? You will find about half to three-quarters of them. How many are paying $50? Half or three-quarters of them. How many are paying $100 or more? You will still see many of those hands in the air.

We are finding that many of the senior citizens are skimping on their prescription drugs—they take half of it or skip days—despite all of the negative health implications that has.

It is interesting that for the five most common preventable conditions or diseases in the elderly, just five preventable diseases for which prescription drugs are available, the Medicare system pays $30 billion a year in hospitalizations. Many of those hospitalizations could have been avoided if those senior citizens had been able to afford the prescription drugs recommended by their doctors.

That is what we are talking about. We are going to pay for it either on the front end or the back end.

This motion makes sense because it is the right thing to do from a health point of view. It is the right thing to do from a bottom line point of view. It is necessary if we are going to meet our continuing responsibilities to our senior citizens.

I would like to mention on the floor of the Senate a petition I just received from Silver Spring, MD. It is from the Homecrest House Resident Council in Silver Spring, MD. They wrote,

> We are enclosing our petition signed by most of our 300 residents. We are sure that we voice a concern of our friends around the Nation, seniors and disabled. We do without other necessities in order to buy needed medications.

Here are the names from just one senior citizen center. Three hundred senior citizens and disabled persons. They understand the importance of this particular program.

Again, this debate is about priorities. Are we going to have tax breaks for the wealthy and for special interests or are we going to have the protection of our seniors?

Final point: I was listening with great interest to the debate on the other side about whether we are going to accept the House proposal. The fact is, that House proposal has a lot of tax goodies. There is the restoration of the three-martini lunch.

Many Members thought we freed ourselves from the tax break for the three-martini lunch back in 1993. It is back in the House bill.

This bill has all sorts of other tax goodies for special interests, tax goodies for various industries, including the insurance industry, the timber interests, the oil and gas industry, for foreign tax credits, and others that I think are questionable.

Out of all those issue that are out there, I say prescription drugs for the elderly people are more important than putting into place the tax privileges in this bill.

This motion will put the Senate on record in favor of closing the largest gap in Medicare. A vote to reject it is a vote to put a higher priority on new tax breaks for the wealthy than on quality medical care for senior citizens. I know where the American people stand. It is time for the Senate to decide where it stands.

I hope this motion will be accepted.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I yield myself 3 minutes. I want to comment on the history that our distinguished friend, the senior Senator from Massachusetts, makes about the origins of the Medicare program.

He was the Senator at the time. I was a member of the administration at the time and was involved. A basic decision was made, and thank goodness it was, that Medicare, medical assistance to the aging, would not be a poverty program. It would not be dependent upon income. The idea was that programs for the poor inevitably become poor programs. I think this has been the case over the years.

The second point I make deals with 1965 and the years that led up to it. The pharmaceutical revolution in ways began with the discovery of penicillin in London in the 1920s, and medications of the kind we know today have become a whole new phenomenon in medical care. There was a time when hospitals were about all you could do for ill people. Now so much more can be done, principally through pharmaceuticals.

Indeed, if you had to make some bizarre choice between providing hospital care and providing the full range of pharmaceuticals, one could very well choose the latter.

The Senator spoke of five lifesaving medications which are unavailable to people who instead go to hospitals where they can receive consolation, but no true treatment.

This is a very wise and necessary motion. This Senator, for sure, will support it.

I yield the floor.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I yield such time as I may consume.

Mr. President, no one in the Senate is more concerned about Medicare and the program's beneficiaries than members of the Finance Committee. This year alone, our committee has held a dozen hearings looking into the needs and future of this important program. We are firm in our commitment to strengthen and preserve Medicare for the Americans who are now a part of the program, and for those who will depend on it in the years ahead.

One of our areas of focus concerns prescription drug benefits, and we appreciate the seriousness with which the senior Senator from Massachusetts takes this issue. However, now is not the time and place to address this issue.

The carefully crafted bipartisan Taxpayer Refund Act of 1999 leaves over $500 billion of the surplus for Congress to carefully weigh and meet the needs and long-term viability of Medicare. In September, we will turn our attention to addressing this most important concern.

But we should not be pressured into simply accepting something that requires our most careful and studied attention.

Testifying before the Finance Committee only last week, Comptroller General David M. Walker made it clear that Congress must take great care as we address Medicare reform. He reminded us that Congress has learned some sobering lessons about moving forward, pressed by political expediency to alter such an important program, without benefiting from careful study and deliberation.

"Effectiveness," Comptroller Walker reminded our committee, "involves collecting the data necessary to assess impact—separting the transitory from the permanent, and the trivial from the important."

"Steadfastness is needed," Mr. Walker said, "when particular interests pit the primacy of needs against the more global interest of making Medicare affordable, sustainable, and effective for current and future generations of Americans.

This makes it all the more important that any new benefit expansion be carefully designed to balance needs and affordability both now and over the longer term."

Mr. President, Congress cannot haphazardly paste one politically motivated change after another on the Medicare program and call it reform. We must be careful. We must be deliberate. To know how important this is, we simply need to harken back to 1988, when Congress—again out of politics, and in a rush—pasted together the Medicare Catastrophic Coverage Act.

Within six months of enacting that legislation, Congress and the people realized the debacle, and we were forced to repeal it within the year.

So we've been down this road before, Mr. President. A rush to legislation that not only failed to serve those whom we intended to help, but that actually set back progress more than a decade.

There is no question that Medicare reform is necessary. And there is agreement on both sides of the aisle that prescription drugs for the elderly must be a critical component of the reform. But now is not the time to address this issue. I can assure you that the committee will continue to proceed with Medicare reform as a top priority. We look forward to working with Senator KENNEDY and others who are concerned about this issue. Likewise, we will continue to give the President's recent proposal careful consideration.

By proceeding methodically, but cautiously, Mr. President, Congress will construct a reform package that is complete—one that meets the pressing needs in the lives of the seniors who depend on the Medicare program. The amendment Senator KENNEDY offers—as well as the President's prescription drug benefit, as it now stands—provides only limited coverage to Medicare beneficiaries.

By waiting . . . by proceeding constructively . . . and by working in a bipartisan effort to reform Medicare, Congress will—in the end—provide a more complete and lasting reform—reform that will prepare the Medicare program for the new millennium.

This effort does not have to wait long. The Finance Committee intends to continue our work on Medicare reform following the August recess.

I fully intend to include a prescription drug option as part of the plan we will offer. At that time, the Senate will be able to more fully and carefully examine reform legislation. This will be in the long-term interests of everyone.

I compliment Senator KENNEDY on his continuing commitment in addressing social needs, but now is not the time to move on it.

I ask my colleagues to vote against the Kennedy amendment.

I yield the floor.

Mr. KENNEDY. I yield to the Senator from Minnesota, 5 minutes.

PRIVILEGE OF THE FLOOR

Mr. WELLSTONE. Mr. President, I ask unanimous consent the privilege of the floor be granted to David Doleski, a fellow in my office.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. Mr. President, let me say to my colleague from Delaware, he said about four or five times, "in the long term." That is not good enough. The long term is not good enough. When I am in Minnesota, and I travel the State, no matter where I go, in town meetings, there is a huge turnout of older citizens, of senior citizens. In my State of Minnesota there are probably about 800,000 Medicare recipients, and only 35 percent have any kind of coverage at all for prescription drugs —35 percent. Two-thirds of elderly Minnesotans have no coverage; two-thirds in Minnesota have no coverage at all. It is not uncommon to meet someone who is spending $300 a month on a $1,000 monthly income. Mr. President, $300 a month on a $1,000 monthly income.

It is also not uncommon to meet with people who will tell you—actually not in a public meeting. People are a little embarrassed to do it. But if you get to meet with people individually—they cut their pills in half. The problem is it doesn't give them half the benefit. Actually, it can be quite dangerous. Or if they don't cut their pills in half, there are people who just do not take them so they can put food on the table, or if they go out and buy what they need, then they do not put food on the table. I hear my colleagues on the other side saying "in the long run." In the long run? What are we waiting for? What are we waiting for?

You are talking about tax cuts. I was on the floor earlier when we were discussing the Gramm amendment, which I assume will be voted down. But take that one amendment: 60 percent of the benefit goes to the top 10 percent. The average tax cut for the lowest income earners, the lowest 60 percent, earning below $38,000, would be $99. But if you have an income of over $300,000, it is a $20,000 tax cut. You are talking about $700 billion, $800 billion of tax cuts in the Republican proposal, crowding out any kind of investment like this; for example, affordable prescription drug costs for the elderly.

We have another amendment, the Gramm amendment, which is class warfare. That is what it is. The people in Minnesota are scratching their heads saying: We would love to get some relief, us hard-pressed working people, but that is not what the Republican plan is.

Now we have the Kennedy amendment on the floor, which I fully support, that speaks directly to the concerns and circumstances of older Americans. In my State of Minnesota, this is critically important. Only one-third of senior citizens have any prescription drug coverage at all. This is a burdensome cost. This is a health care issue. This is a public health issue.

What made Medicare important—it was a huge step forward in 1965—is that it was a universal coverage program. When we extend prescription drug benefits to Medicare, we make it a universal care program. For my father and my mother, neither of whom are alive today, both of whom had Parkinson's disease, without Medicare they would have gone under. They never made any money. The kind of drugs they needed, and seniors need, for Parkinson's disease—I can talk about other diseases—they cannot afford them.

I hear my good friend from Delaware say "in the long run." The long run is too long. We are confronted with the urgency of now. This is a clear choice. You are either for the tax cuts, three-martini lunches, egregious breaks for large corporations, the vast amount of the money going to the highest income citizens, exploding the debt over the next 10 years and then the next 10 years it gets worse; or why don't we be fiscally responsible? Why don't we pay the debt down, make sure we support Social Security and Medicare, investment in our children, and when we support Medicare, the best thing we could do would be to make sure there is prescription drug coverage for elderly Americans.

I hope there will be 99 or 100 votes for this amendment. There should be.

I yield the floor.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. I yield 10 minutes to Senator FRIST.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. FRIST. Mr. President, I rise to speak against the amendment offered by my colleague, the Senator from Massachusetts. The Senator from Massachusetts has introduced an amendment which suggests we set aside this bill, recommitting it to the committee of jurisdiction, so they will incorporate funding for a new prescription drug benefit in the existing Medicare program.

I have several points to make. First of all, I think most important is that the Senate, this very body, has already set aside funds for Medicare modernization. This has now become a familiar chart on the floor of the Senate, but I think it is very important. It goes right to the heart of why this amendment should and hopefully will be defeated today. This is the plan. The U.S. Congress' use of the surplus, the almost $3.3 trillion surplus: Debt reduction, $1.9 trillion; tax cuts, $792 billion. We talked about that. But what is most important for this particular amendment is the $505 billion that is set aside over the next 10 years to specifically address issues such as Medicare modernization, including things such as the prescription drugs, which I, as a physician, believe is very important that we address as we modernize, strengthen, and bring Medicare up to date.

Let me repeat: The Senate, this very body, has already set aside funds for Medicare modernization, including prescription drug coverage.

First, what have we done? How can I say that with such determination? The congressional budget plan has $505 billion over 10 years. Very specifically, we say it again and again and again; it is for domestic priorities. That money is set aside, aside from the tax cuts, the tax relief, and the debt reduction.

No. 2, the Senate has already specifically, in a reserve fund, set aside $90 billion, in a reserve fund, for long-term Medicare reform. Again, I refer people to April 15, the day we passed in this very body the concurrent resolution for the year 2000, in section 203, reserve fund for Medicare. We lay it out. The charts are in the back, in terms of coming up with the $92.4 billion over 10 years.

No. 1, $505 billion is set aside for such things as Medicare modernization; No. 2, we specifically set aside $90 billion for Medicare modernization in a reserve fund, which I quoted from.

No. 3, in the President's very plan, which he introduced a couple of weeks ago, the net cost of the coverage, he said, for prescription drug coverage, was $46 billion for 10 years. That $46 billion is much less than the $90 billion we have already put in our reserve fund and is only a tenth of the $505 billion we set aside, but we do it right. We have a real plan. We do not do it piecemeal. We modernize, update, bring to life a system that was very good for 1965, 1970, 1980, 1990, but it is not good for the year 2000, 20005, 2010, specifically when the demographic shift hits, when we have a doubling of the number of seniors when we go forward. That is the framework we set forward, and it is what we need to address.

Our job, our challenge now that we have the money set aside —we do not need to recommit it, send it back for more dollars and cents—is to fix the system inside this framework, and we do it in three ways. We need to modernize Medicare benefits, bring it up to date. The 1965 car is not up to today's standards and we can modernize it. We demonstrated, through a bipartisan plan, the Medicare Commission—I will come back to what we actually said. We need to modernize. No. 2, we need to strengthen our Medicare commitment, our commitment to the seniors, the generation of today, the future generation—we need to make sure we can fulfill that commitment. And No. 3, the issue of prescription drugs.

Shortly after I came to the Senate, about 5 years ago, I had a patient who was a transplant patient, somebody whom I transplanted. When I was running for reelection, he was 64 years of age. When I transplanted him, he was about 62. When I was elected in 1965, he had Medicare. He had to give up his private plan. His private plan did cover prescription drugs. When he got to be 65, because we do not have a modern Medicare program there today, he had to give that up.

What we need is a system that doesn't only focus on prescription drugs but modernizes the overall program to match individual patients in a system which values choice, values freedom with those specific needs. That is what we set out to do in the Bipartisan Commission.

We need to strengthen our Medicare program so it will be there. We all know most young people today do not believe Medicare will be there for them. We need to make sure that it is.

Prescription drugs for our seniors and individuals with disabilities—again, somebody with diabetes is going to be on prescription drugs later. Someone with chronic heart disease or debilitating arthritis needs prescription drugs. It shows the inadequacy of our Medicare system today in the fact we do reimburse for hospital beds, we reimburse a little bit for preventive care, but not enough, and not anything at all for those people who need prescription drugs.

I say this because I am the strongest advocate, or as strong as others, that we must make prescription drugs a part of our proposal. The Bipartisan Medicare Commission—bipartisan, Democrat, Republican, 17 members—got together and came up with something that has comprehensive Medicare modernization and reform, of which prescription drugs is an integral part, to upgrade that machine which is going to be serving all of us someday.

How did we do it?

No. 1, we provide full Federal funding for immediate prescription drug coverage for low-income seniors; that is, up to 135 percent of poverty.

No. 2, we require in the National Bipartisan Commission—I should say, our recommendation was approved by a majority of the members, not a supermajority, but a majority of members did vote for that—it required all plans participating with the Medicare program to make an enhanced benefit package available which includes prescription drug coverage and protects seniors against unlimited out-of-pocket spending.

No. 3, in that National Bipartisan Commission, we require the medigap programs—all plans—to include prescription drugs, to make those drugs available in a policy. There are other prescription drug proposals out there that need to be discussed and should be discussed.

President Clinton put a proposal on the table. That program, I believe, is inadequate for a whole host of reasons which I hope we have the opportunity to discuss as we go forward.

It is a little disingenuous to say—and I think in some ways this amendment at least implies that—that hard-working families do not deserve tax relief today, which we have shown we can give with the priorities that have been laid out, until we set aside funds for Medicare modernization by just adding prescription drug benefits, because we have set that money aside; this body has done that.

The challenge before us, and the work before us, is to modernize Medicare, to strengthen Medicare so that it will be there for the next generation, with a focus on the patient, to make it less rigid, more comprehensive, have more preventive care, have it be less costly to the seniors. We should be able to do that. There are solid proposals before us to do that.

Let me briefly talk about what this Medicare Commission came up with. Again, remember that the majority of members supported this proposal. We did not have a supermajority.

The four appointees by the President of the United States voted against this proposal, but a majority of members, 10 of the 17, did vote in favor of it. What it basically does is set up a Medicare board to oversee a group of plans which could be, in many ways, individually tailored to the needs of a heart transplant patient or chronic care patient, but all having the same core benefits that we have today.

The prescription drug coverage we proposed and that a majority of members of the Bipartisan Commission agreed to is as follows:

Basically, prescription drugs today are provided for about 28 million people. Sixty-five percent of people in Medicare today have some prescription drug coverage. How do they get it? Employer-sponsored plans, with Medicaid and Medicare—we call for both; it is called dual eligible—and medigap insurance.

The proposal we came up with, and hopefully we are ultimately going to pass once we meet that challenge, is prescription drugs provided through employer-sponsored plans today, dual eligible today, and medigap today. This group provides about 65 percent of all Medicare recipients, individuals with disabilities, and senior citizens with some coverage. It can be strengthened with some coverage.

We basically say let's supplement that, let's direct our attention at the 35 percent of people who do not, and we do that through focusing on low income, up to 135 percent, No. 1, and, No. 2, saying anybody who is going to come to the table and participates in a plan—Mr. President, I ask for 2 more minutes to complete my remarks.

Mr. ROTH. I yield 2 more minutes.

Mr. FRIST. Thus, our proposal, which we have discussed, to fix the system will supplement by offering people up to 135 percent complete and full coverage, a high option plan for anybody who actually comes to the table.

I present all this today to make the point that, No. 1, the money, the budgetary framework, has been set, has been passed by the Senate. We set aside the $505 billion specifically in the resolution; the $90 billion—the President's own plan costs only $46 billion, and we have already addressed the problem of the money. The job of the Senate and the Congress is to fix the system for the American people. A bipartisan proposal that is on the table is the premium support plan.

Let's look at other plans. Let's not drop that issue. That is unnecessary. Supporting the Kennedy amendment does not do that today. We need to support freedom for seniors, give that freedom of choice, that freedom to match specific needs with a plan. We need to address Medicare. We have a plan to do that. We have already set aside the resources to do that.

The political tactics we are witnessing do nothing to modernize Medicare, do nothing to focus on that individual patient and the quality of care they receive.

I close by saying that before 2 o'clock or in the next 2 to 3 minutes, I will be submitting an amendment which addresses the Medicare issue.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. KENNEDY. I yield 6 minutes to the Senator from West Virginia.

The PRESIDING OFFICER (Mr. VOINOVICH). The Senator from West Virginia is recognized.

Mr. ROCKEFELLER. Mr. President, I have several points to make. The other side has talked constantly about we are going to fix the system. We cannot do prescription drugs until we fix the system. It is a question totally of priorities. I will put a little dose of reality into this.

No matter what my colleagues on either side of the aisle might think, we are not going to reform Medicare this year on a systemic basis. If it happens the way the majority party wants, it is going to be vetoed by the President. It is not going to happen.

The question before the Senate on this amendment is, Do we want to take the tens of millions of Americans who have no prescription drugs and give them the benefit of prescription drugs now through voting for the Kennedy amendment, of which I am proud to be a cosponsor, or do we want to say, oh, let's wait and fix the system, and then when we fix the system, which may be 3, 4, 5, 6 years from now, we will do prescription drugs because that is sort of neat and orderly?

The world does not work like that. The real world of the Congress and the White House does not work like that. We are either going to do tax cuts as they want to do it over there, or we are going to do prescription drugs and maybe some modest tax cuts as we want to do it over here. That is the choice that needs to be made.

The distinguished chairman of the Finance Committee, Senator ROTH, talked about catastrophic health care. He said beware of that experience. My reaction is the opposite. Remember that experience as the reason not to back off from making a hard choice. That was one of the best bills on health care this Congress ever passed. The Senate did not back off on catastrophic health insurance. Three times they tried to repeal it in the Senate, and 3 times we had 73 votes to defeat repeal because catastrophic health insurance was a good thing for seniors. We did not get the message out to seniors. That was our fault. But do not say beware of catastrophic health insurance. The House backed off. We did not. It was good legislation.

We are here to do the right thing. The right thing is to pick between the priorities. Do we want to wait 4, 5, 6, 8 years to fix Medicare until we get a bipartisan consensus? People talk about a bipartisan consensus for Medicare reform. It is not here. They talk about the Breaux-Thomas commission, the Medicare Commission. Everybody talks about the bipartisan thing. It was not bipartisan.

There were two Democrats who voted for it, yes, but it was not bipartisan. There is not a bipartisan consensus on the floor of the Senate today of what to do about Medicare, and there will not be one until we have some more iterations which I cannot yet explain because I am unable to.

Are we going to stand quietly by while the average senior in West Virginia has a gross income, from all sources, of $10,600 a year, and from which you then are to subtract $2,000, virtually all on prescription drugs or on medical out-of-pocket expenses, leaving that senior with $8,600 a year to live all of life? Are we going to let that person hang until the Senate, in its ultimate wisdom, comes to a sense of what is Medicare reform, and are we going to agree on it?

My priority is to do prescription drugs now. Pass the Kennedy amendment. Do it now. They talk about having a $90 billion reserve. The Senator from Tennessee said we have fixed the problem. I am very sorry to say that that reserve talks about "may be spent for," so it might be prescription drugs, it might be disasters, it might be a whole series of things, but there is no Medicare prescription drug benefit that is in their plan.

In fact, if I could put it more boldly, under the Republican tax plan, there is no money for Medicare reform. There is no money for prescription drugs. It does not exist. I will hear arguments, and numbers will be thrown back and forth, but that is the fact. It does not exist. That is the reason for the Kennedy amendment—to make us pick a priority: Tax cuts, for the most part for people who do not need them or, in a very small measure, in a very small amount of money, prescription drugs for people who desperately need them, who do not in the form of a cliche but in the form of real life, have to pick each week whether they are going to eat, have heat in their homes, or have prescription drugs.

I say to the Presiding Officer, I say to my colleagues, try to live on $8,600 a year, as our seniors do in West Virginia. You could not do it. Prescription drugs are the reason the money gets so scarce for them. We can solve that problem by passing the Kennedy amendment. I think we have an absolute moral obligation to do so.

To wait for Medicare reform to be fully formed is a hoax upon those people. They do not know that we do not have a consensus on how to reform Medicare. They do know that they are hurting. They do know that they do not have prescription drugs. And they do know that some of them take up to 12 drugs a day, and they cost, and it is coming out of their pockets.

Medicare has no prescription drug benefits. These seniors are not on Medicaid; they are on Medicare. So they have nothing. So the money has to come out of their pocket. That is wrong in America.

So the question is the priority. Are we for giving those people prescription drugs—a modest amount of money—or are we for simply going ahead with the $792 billion tax cut and then saying, well, we will just wait until Medicare is reformed someday, and then perhaps we will consider prescription drugs? I think the choice is clear.

I thank the Presiding Officer.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I yield 2 minutes to the distinguished Senator from Louisiana.

Mr. BREAUX. I thank the chairman of the Finance Committee.

I will be very brief and comment on the amendment of my good friend, the senior Senator from Massachusetts.

I do not think there is any disagreement that we ought to have prescription drugs in the Medicare program. But it is interesting that the recommittal motion tells the Finance Committee to report it back in 3 days. I guess we could go over the weekend and, on Friday, Saturday, and Sunday write a prescription drug program and modernize Medicare and reform Medicare, but I doubt whether that is humanly possible, unless the senior Senator from New York wants to spend the weekend doing all of this and finishing it up by Monday morning.

There is no question that there is a need for prescription drugs in the Medicare program. But I say to my colleagues, that is not the way to fix Medicare. We have a program that is becoming insolvent. It is going broke in the year 2015. Just adding more benefits to the program, without reforming the structure of the program, is like having dessert before you eat your spinach. It is easy to add more benefits to a program. But bear in mind, we have a program that is structurally going insolvent. We spend more money today than we take in. Just adding more benefits, without taking the time to fundamentally reform the program, is not the answer.

The distinguished chairman of the Finance Committee said he planned to actually begin a markup in September on a comprehensive Medicare reform bill which will include prescription drugs, doing it in a timely fashion. I suggest that after that is reported out, that is the time to look at how much money we need, and then pare down the tax cut, combine the two, and have something that can be signed into law.

I think, obviously, we cannot do it in the next 3 days. I think the chairman has outlined a program that makes more sense and that I think is really doable.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I yield 8 minutes to Senator DOMENICI.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. Chairman, fellow Senators, I did not know that Senator BREAUX was going to come to the floor. I am delighted that he has. I want to state how consistent he has been over the months by just putting a quote from the distinguished Senator from Louisiana, a Democrat, here for everybody to see:

> Medicare must not be used as a wedge issue any longer. The question before this Congress is not whether to cut taxes or whether to save Medicare. That's not the choice we're facing. I support a tax cut, targeted, and I'm dedicated to saving Medicare. It's not an either/or position.

That is from a distinguished Senator who is on the committee that will do both—will reform Medicare and will write the tax laws. I give him a great deal of credit because he is a man of his word when it comes to these issues.

Frankly, it is not correct that it is either Medicare, prescription drugs, reform, or tax cuts. The truth of the matter is, Senator BILL FRIST has just showed you.

I hear Senator after Senator get up on that side and say there is no money for Medicare in this budget, there is no room after the tax cut.

Let me repeat, I went back and asked the Congressional Budget Office to do an analysis and assume that we froze discretionary spending. We put in the tax cut, we put in the $1.9 trillion for Social Security, and we asked them: How much money can be added to discretionary spending and Medicare reform and still live within the estimated surplus? And they told us—$505 billion.

I say to the seniors in this country, I believe you have witnessed here on the floor, through the good work of Chairman BILL ROTH and the Finance Committee—I say to the seniors across America, I have seen them produce a tax bill that I believe you will love because you care about your sons and daughters; you care about the married members of your family. This bill before us stops penalizing marriage for 22 million American families. I ask the seniors, isn't that a good piece of work? It makes child care more available for your grandchildren. Isn't that a good piece of work? It makes child care more accessible. And guess what. The President plans to veto these—all in the name of "we can't afford tax cuts."

To be honest with you, the truth of the matter is, when you finish with that Congressional Budget Office analysis, you are spending 23.4 percent of the surplus for tax cuts, you are putting the entire Social Security surplus aside, and you still have $505 billion to be used over the next decade for high-priority items. So for those who have come to the floor and said there is no money, there is $505 billion over the next decade. Do you want to use $100 billion of it for Medicare? Some say that is too much. The President thought $46 billion was enough. That is very interesting. We still have people talking about how much money we are going to need to reform Medicare. I don't know how much. I trust the Finance Committee, under the leadership of BILL ROTH, to produce a bipartisan bill. The President had proposed $46 billion as the entire amount necessary. Remember, the chart my friend BILL FRIST put up said there is $505 billion over the next decade.

Mr. BAUCUS. Will the Senator yield?

Mr. DOMENICI. I will yield in a little bit. You want to ask about the authenticity of my charts. I already explained it and you weren't here.

Mr. BAUCUS. I want to hear it.

Mr. DOMENICI. I heard your attack on it last night, but I was home so I couldn't come down here.

Mr. BAUCUS. Well, you stayed away.

Mr. DOMENICI. Let me finish.

The President asked for $46 billion for the entire reform package on Medicare. What are we talking about? Holding up a tax bill that takes care of the married sons and daughters of our senior citizens across America. They have children and need all these things that the Tax Code provides? They say, we just want to do anything but give them help, so we will even hold up their bill, claiming we are really holding it up for you seniors because we want to take care of Medicare.

Frankly, I have nothing but compliments for the distinguished Senator from Massachusetts, Mr. KENNEDY, because he is one who is concerned about this. But I am equally comfortable in saying I am. I think Senator BILL ROTH of Delaware is concerned about it. I think Senator BREAUX is concerned about it. Frankly, I believe we are going to have plenty of money left over to fix that Medicare problem from that $505 billion.

Now, if the Senator wants me to explain this budget, I will explain it right now.

Mr. BAUCUS. I have a question.

Mr. DOMENICI. That is a CBO number.

Mr. BAUCUS. The number on your chart that says CBO/Senate Budget Committee, that is really a Senate Budget Committee number. That is not a CBO number.

Mr. DOMENICI. Mr. President, the truth of the matter is, we can ask the Congressional Budget Office any questions we would like. We asked them how much is the surplus, if you freeze discretionary programs at this year's level for 10 years. They said these are the numbers.

Mr. BAUCUS. That is correct. That is CBO.

Mr. DOMENICI. That is CBO numbers.

Mr. BAUCUS. If I might ask another question. Basically, the CBO baseline we are all working under, House and Senate, is the baseline which assumes that after the caps expire by 2002, spending under the discretionary caps will proceed at inflation.

Mr. DOMENICI. That is not true.

Mr. BAUCUS. It is true. That is the assumption.

Mr. DOMENICI. That is not true, Senator. I did the budget resolution.

Mr. BAUCUS. What you have done is, you have gone back to CBO and said, OK, let's assume that there is no inflationary increase.

Mr. DOMENICI. That is right.

Mr. BAUCUS. Which is not CBO's assumption. But what you have done is, in order to show there may be, under your figures, there may be a $500-, $400 billion in spending, the yellow mark, you went back to CBO and said, I need to show a number, that yellow bunch there. What you did was, you said, CBO——

Mr. DOMENICI. Is this off my time?

Mr. BAUCUS. Just a second. You said, OK, CBO, give me a baseline that I want you to produce. What I want you to produce is a baseline that shows no inflation after the year 2000 on spending caps up to the rest of the 10-year period.

If you do that, of course, you get that chart. But that is not the CBO numbers under which the Senate Finance Committee operated. That is not the numbers under which the House operated. That is not the numbers under which the rest of us operated. So that is why I am saying we are not operating off the same numbers. You produced your own numbers by telling CBO to produce them the way you wanted them produced.

Mr. DOMENICI. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. A minute of the time yielded.

Mr. DOMENICI. I ask Senator ROTH, may I have 1 additional minute?

Mr. ROTH. One minute.

Mr. DOMENICI. Let me assure fellow Senators and explain what this is. This is a true assessment of the surplus in total dollars, if you assume that for the next 10 years discretionary spending is frozen. I did that so we could find out how much new money is there, available to spend, because the discretionary programs are not entitled to an inflationary add-on. They are entitled to what we add on. If you want to know where their numbers came from, they came from the budget resolution we produced, which had $181 billion in discretionary spending. That was something we came up with. I asked them to take that out. And when they took it out, they said: Now you have this much to spend. You have $505 billion.

If you would like to certify that and ask the Congressional Budget Office, is this correct, they will tell you absolutely, because we got it from them.

Mr. President, I am not going to answer questions now because I want to finish my argument.

The PRESIDING OFFICER. There is a half minute left under the control of the Senator from Delaware. The Senator from New York has 5 minutes 51 seconds.

Who yields time?

Mr. DOMENICI. He just yielded me a half minute.

The PRESIDING OFFICER. A half minute has been yielded by the Senator from Delaware.

Mr. DOMENICI. Whatever baseline anybody wants to use, there is roughly $405 billion above a freeze available to be spent on discretionary spending and on Medicare reform. That is all we try to show in this chart. Before you start the chart, you can spend however much you want, but I decided to spend none so we could put in perspective how much there is that we can spend out of this surplus, and these are authentic numbers. They are correct, if you start with that assumption.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. How much time do I have?

The PRESIDING OFFICER. Five minutes 51 seconds.

Mr. KENNEDY. I yield a minute to the Senator from Montana.

Mr. BAUCUS. Mr. President, the point I am making is, those numbers are accurate, if you believe the assumptions behind the chart. The assumptions behind the chart are no increases, not even inflationary adjustment, for discretionary spending over the next 10 years. I think that is an unrealistic assumption. And it is, in effect, a reduction of some $500 billion over 10 years. If you add in the $127 billion for defense, that means, in effect, about a $775 billion reduction in domestic spending. So again, he is right, if you make those assumptions. I say those assumptions are unrealistic.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, to come back to a very basic and fundamental concept, we believe it is as important to give assurances to our senior citizens that there will be a prescription drug benefit for them as it is to have significant tax breaks. That is what this is about.

Those that oppose us say they have a different conclusion, a different priority. They think tax breaks are preferable. Then they make other assumptions in terms of what is going to be available at some future time.

I am not going to spend the last few minutes on this dispute, because this has been debated over the past few days, but the Wall Street Journal, the CBO, and OMB have basically indicated that if we go through with the kind of tax cut that is being proposed and advanced by our Republican friends, there just won't be resources left to deal with the elderly, the children and other priorities.

I say, why ask the senior citizens to wait? Why should they always be the ones who have to wait? Why shouldn't we say that the Senate will put aside the amount necessary to afford a good benefit program on prescription drugs as part of this legislation?

We want to give them the assurance that they are going to be protected. Why leave it iffy to the seniors? Why are they always the ones left behind? That is the question. This is an issue of priority.

We say, if you are going to go down this road with regard to tax breaks that benefit the wealthy, let's make sure we are going to allocate some funds for a prescription drug benefit for the senior citizens and disabled persons who are on Medicare.

My friend and colleague from Louisiana said we can't do that over this period of time. Well, they are going to have a conference on the two tax bills over the weekend. If they can have a conference on these two bills over the weekend, they ought to be able to get together and allocate sufficient funds for a prescription drug benefit in about half an hour. In the Finance Committee, we know they can do that within an hour. They can do it forthwith—introduce and report back with funds reserved for a benefit program. But we wanted to leave this up to the Finance Committee. This should not be a procedural issue, and it is not. Those of us who are supporting it are telling every senior citizen that we believe they are a priority, that their interests are important, and that their health care needs will be met. This isn't only an issue for the health care of the senior citizens; this matters to their children and grandchildren. They have an interest in the health care of their parents and grandparents.

We ought to be able to have a Finance Committee that can report back allocations of resources and say a sufficient amount will be reserved for prescription drugs. We will go ahead with the rest, but this is reserved for prescription drugs for all of those in Medicare. Let the Finance Committee work that process out, either as part of the Medicare proposal or as a separate proposal.

This is what this is about—priorities. It is about priorities. Those of us who are supporting it are giving the priorities to our senior citizens.

Finally, how much time do I have remaining?

The PRESIDING OFFICER. One minute 50 seconds.

Mr. KENNEDY. Mr. President, I ask unanimous consent a group of letters from various groups that support this motion be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE NATIONAL COUNCIL
ON THE AGING,
Washington, DC, July 28, 1999.

Senator EDWARD KENNEDY,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR KENNEDY: On behalf of the National Council on the Aging—the nation's first organization formed to represent older Americans and those who serve them—we write to oppose the irresponsible tax cut proposal reported out of the Senate Finance Committee and to support your amendment to dedicate a portion of the tax cuts to a new prescription drug benefit available to all Medicare beneficiaries.

We are deeply disappointed in the Finance Committee's irresponsible decision to squander virtually the entire non-Social Security surplus on a massive tax cut. If this proposal were to become law, it would be impossible to protect and strengthen Medicare for the future. Without surplus or other new revenues, the Medicare program cannot remain strong while adding a meaningful new prescription drug benefit.

The Finance Committee tax cut proposal ignores the impending retirement of a vast number of baby boomers. With the Medicare population doubling by 2035 and a tax cut that would balloon to almost $3 trillion in the second 10 years, there would be no way to protect America's seniors, ensure future solvency and provide adequate drug coverage. The numbers simply do not add up.

We are also extremely concerned that such a tax cut would lead to drastic cuts in domestic programs that vulnerable seniors depend on. The cuts would undermine such Older Americans Act programs as meals on wheels, protections against abuse and neglect, and home care services. The proposal clearly assumes that programs like these would be cut significantly.

The Senate Finance Committee tax cut proposals would rob Medicare of the funds needed for modernization and future solvency and drastically cut programs frail seniors need to remain independent. This massive tax cut is bad medicine for older Americans.

We deeply appreciate your efforts to attempt to protect and strengthen the Medicare program and its beneficiaries and to add a meaningful new prescription drug benefit.

Sincerely,

JAMES FIRMAN,
President and CEO.

NATIONAL HISPANIC COUNCIL ON AGING,
Washington, DC., July 28, 1999.

Hon. EDWARD M. KENNEDY,
Russell Office Building,
Washington, DC.

DEAR SENATOR KENNEDY: The National Hispanic Council on Aging (NHCoA), its chapters and affiliates, enthusiastically support your amendment to the Budget Reconciliation Bill S1429 that allows for medical prescription drugs for those in need. Elderly, of every economic means, will greatly benefit from this amendment.

It is our hope that the proposed cuts in taxes bill is not approved. Rather, that these monies are used in a more productive way benefiting those in need in general and elderly in particular.

Sincerely,

MARTA SOTOMAYOR, Ph.D.,
President.

AMERICAN NURSES ASSOCIATION,
Washington, DC, July 28, 1999.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: The American Nurses Association, the only full-service professional organization representing the nation's registered nurses through its 53 constituent associations, strongly supports your amendment to S. 1429, the Budget Reconciliation bill now being considered by the Senate, that would direct the development and implementation of a prescription drug benefit for Medicare.

ANA believes that enhancing the benefits package available under Medicare, including a prescription drug benefit, would enable beneficiaries to receive earlier, better, and more comprehensive care. The use of part of the projected budget surplus to pay for this benefit is an appropriate use of those funds and is crucial to improving health and outcomes for Medicare beneficiaries.

We appreciate your leadership on this issue and look forward to continuing our work together to include this amendment in the Budget Reconciliation bill.

Sincerely,

MARJORIE VANDERBILT,
Director of Government Affairs.

NATIONAL COUNCIL OF SENIOR CITIZENS,
Silver Spring, MD, July 28, 1999.

Senator EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: The National Council of Senior Citizens (NCSC) is following closely the debate on S. 1429, the Finance Committee tax bill. It is important that any tax bill this session allows for the use of some of the expected on-budget surplus to bolster the Medicare program and create a universal Medicare pharmaceutical benefit.

NCSC, therefore, strongly supports your motion to recommit S. 1429 back to the Finance Committee and to enact a pharmaceutical benefit for all Medicare beneficiaries. NCSC believes that the Congress must use this historic fiscal opportunity assure Medicare's solvency and to meet the pharmaceutical needs of forty million Medicare beneficiaries.

We urge all members of the Senate to support your motion to recommit.

Sincerely,

STEVE PROTULIS,
Executive Director.

NATIONAL COMMITTEE TO PRESERVE
SOCIAL SECURITY AND MEDICARE,
Washington, DC, July 28, 1999.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: On behalf of about five million members and supporters of the National Committee to Preserve Social Security and Medicare, I am pleased to endorse your amendment to the Taxpayer Refund Act of 1999, S. 1429. I understand that your amendment would earmark a portion of projected budget surpluses to establish a universal prescription drug benefit under Medicare.

Medicare beneficiaries spend nearly three times as much on out of pocket costs as the under 65 population, significantly because of the absence of prescription drugs in the basic benefits package. Three-fourths of Medicare beneficiaries have some chronic health problems, which require ongoing treatment with prescription drugs. Many seniors do not fill prescriptions or skip required doses because of cost considerations.

It is imperative that we do not squander the opportunity presented by projected surpluses. Our first priority must be to extend Social Security solvency, improve and strengthen Medicare, and pay down the federal debt. Your amendment would modernize Medicare benefits in a way that meets one of the most pressing needs for current and future seniors. We support your amendment and applaud your consistent leadership on this issue.

Sincerely,

MARTHA A. MCSTEEN,
President.

EPILEPSY FOUNDATION,
Landover, MD, July 28, 1999.

Hon. EDWARD M. KENNEDY,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR KENNEDY: On behalf of the Epilepsy Foundation, the national voluntary organization that works for people affected by seizures through research, education, advocacy and service, this is to support your efforts to provide funding for a Medicare drug benefit program. As the Senate considers S. 1429, The Budget Reconciliation Bill, it is particularly important to assure that Medicare beneficiaries with epilepsy, for whom out-of-pocket expenses for seizure medications can be significant, have access to prescription medications at an affordable price. We also commend your support for other programs important to individuals with epilepsy who may face limited financial resources, such as Medicaid and Social Security.

As baby boomers age, there will be increasing numbers of age-related seizure disorders. It is estimated that 61,000 new cases of epilepsy occur each year among elderly Americans. By the year 2020, it is projected that one out of every two people developing epilepsy will be over the age of 65.

In addition, many low-income, young, disabled individuals with epilepsy are Medicare beneficiaries. For these individuals, access to prescription drug coverage at an affordable price is difficult.

I look forward to working with you to ensure that Medicare beneficiaries with epilepsy can continue to afford to follow their prescribed drug therapy.

Sincerely,

ERIC R. HARGIS,
President and Chief Executive Officer.

CONSUMERS UNION,
Washington, DC, July 28, 1999.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: Consumers Union supports your prescription drug amendment which is consistent with our goal of extending affordable prescription drug coverage to all Medicare beneficiaries.

The need is great. The average Medicare beneficiary uses 18 prescriptions each year, and average prescription drug spending is projected to be $1,100 in the year 2000. More than half will spend over $500. Seniors and other Medicare beneficiaries suffer financial hardship because of their out-of-pocket prescription drug costs.

Private prescription drug coverage is inadequate, over-priced, and not even available to many beneficiaries who can be denied coverage. Only 24 percent of Medicare beneficiaries have retiree drug coverage, and this number is expected to decrease. Medicare HMO coverage for prescriptions is not available in all geographic areas, and has proven unreliable with many HMO's pulling out of the market. Some medigap policies offer prescription drug coverage, but coverage is very limited and the extra premium charged for a policy with prescription drug coverage is likely to actually exceed the maximum benefit. Our analysis of medigap policies on the market during 1998 (for 75-year-olds) found that the average premium for medigap plan I, which provides at most a $1,250 prescription drug benefit, was about $1,850 higher than the average premium for medigap Plan C (which has nearly identical benefits other than the prescription drug benefit). This coverage represents extremely poor value for consumers.

The potential for prescription drugs to benefit those covered by Medicare has increased substantially since Medicare was enacted. Our nation's thriving economy and our government's dramatically improved budget status make this the right time to take this urgently needed step.

Sincerely,

GAIL SHEARER,
Director, Health Policy Analysis,
Washington Office.

THE GERONTOLOGICAL
SOCIETY OF AMERICA,
Washington, DC, July 28, 1999.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: This letter is written in support of your amendment S. 1429 to the Budget Reconciliation Bill. The Gerontological Society of America, an organization of 6,000 professionals in the field of aging, is vitally concerned that the tax cuts as proposed in the current Budget Reconciliation Bill will seriously jeopardize support for prescription drug coverage under Medicare.

The cost of prescription drugs has increased at an average of 6 percent annually and is the leading factor in today's rising health care costs. This has particular impact on elderly as they are more likely to be using, and even dependent on, multiple prescription drugs.

I hope you are successful in convincing your colleagues to support this important amendment.

Sincerely,

CAROL A. SCHUTZ,
Executive Director.

CONSORTIUM FOR CITIZENS
WITH DISABILITIES,
Washington, DC, July 28, 1999.

Re Kennedy amendment on prescription drugs.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY: We are writing as Co-Chairs of the Health Task Force of the Consortium for Citizens with Disabilities to support your amendment to include and protect sufficient funds within the pending Budger Reconciliation Bill (and within the budget surplus) to allow for the design of a new prescription drug benefit for Medicare beneficiaries

CCD is a Washington-based coalition of nearly 100 national organizations representing the more than 54 million people living with disabilities in the United States.

The five million Medicare beneficiaries with disabilities are dependent on prescription drugs to maintain sufficient function, control disease progression, and prevent secondary medical conditions. It is imperative that Congress both acknowledge the benefit need and implement appropriate budgetary policies to begin to lessen the cost burden on the nation's most vulnerable populations.

Sincerely,

SHELLEY MCLANE,
National Association of Protection and Advocacy Systems.
JEFF CROWLEY,
National Association of People with AIDS.
BOB GRISS,
Center on Disability and Health.
KATHY MCGINLEY,
The Arc of the United States.

NATIONAL ASSOCIATION OF
AREA AGENCIES ON AGING,
Washington, DC, July 28, 1999.

Hon. TED KENNEDY,
U.S. Senate,
Washington, DC.

DEAR SENATOR KENNEDY, The National Association of Area Agencies on Aging (N4A) supports your amendment to the tax legislation currently on the Senate floor which recognizes the need for a universal prescription drug benefit for Medicare recipients.

The largest out-of-pocket expenditure for Medicare beneficiaries is for drug coverage. Many beneficiaries are required to pay for their own prescriptions at a time when the cost of medication is rising sharply. Medicare needs to be modernized to recognize the remarkable advances in preventing and treating illnesses through drugs since the program's inception in 1965 and N4A applauds your efforts in this direction.

N4A is the umbrella organization for the 655 area agencies on aging (AAAs) and 230 Title VI Native American aging programs in the U.S. Through its presence in Washington, D.C., N4A advocates on behalf of the local aging agencies to ensure that needed resources and support services are available to older Americans. We look forward to continuing to work with you on all endeavors that promote the dignity and independence of older Americans.

Sincerely,

JANICE JACKSON,
Executive Director.

AMERICAN THORACIC SOCIETY,
AMERICAN LUNG ASSOCIATION,
Washington, DC, July 28, 1999.

Hon. EDWARD M. KENNEDY,
U.S. Senate, Washington, DC.

DEAR SENATOR KENNEDY; We have learned that during consideration of the Senate tax bill, you intend to offer a motion to recommit the bill to the Senate Finance Committee with instructions for the committee to develop financing for the establishment of a Medicare pharmaceutical benefit. The American Lung Association and its medical section, the American Thoracic Society, strongly support your efforts to move the issue of a Medicare pharmaceutical benefit to forefront of Congressional activity.

America's seniors need prescription drug coverage under the medicare program. Far too often, Medicare beneficiaries are forced to choose between purchasing the drugs they need or paying for food and housing. This intolerable dilemma is not just a problem for a few low-income seniors. It is a chronic problem being faced by middle class senior citizens.

While there are a number of difficult issues that must be resolved before Congress can move forward with the creation of a much needed Medicare pharmaceutical benefit, no issue is more difficult than determining how to pay for the new benefit.

Congress now faces a wonderful opportunity. The expected budget surpluses has created a rare opportunity for Congress to address one of the most glaring inadequacies in the Medicare program, the lack of a drug benefit. Before Congress can responsibly consider any tax cut, Congress must first ensure that federal resources exist to provide prescription drugs to our nation's senior citizens. Recommitting the Senate tax bill to the Senate Finance Committee is an appropriate first step in this process.

Again, thank you for your leadership on this process.

Again, thank you for your leadership on this issue.

Sincerely,

FRAN DUMELLE,
Deputy Managing Director.

NATIONAL OSTEOPOROSIS FOUNDATION,
Washington, DC, July 28, 1999.

Hon. EDWARD KENNEDY,
U.S. Senate, Washington, DC.

DEAR SENATOR KENNEDY: This is in support of your prescription drug amendment to the tax bill.

The National Osteoporosis Foundation (NOF), the only non-profit, voluntary health organization solely dedicated to eradicating osteoporosis, represents 250,000 members. To NOF it is far more important that seniors receive the protection they need under Medicare than it is for Americans to receive a tax cut. First we need to protect our senior citizens and people with low incomes before we provide tax breaks for people of means.

Sincerely,

BENTE E. COONEY, MSW
Director of Public Policy.

Mr. KENNEDY. Mr. President, virtually every major organization that represents senior citizens or persons with disabilities is in urgent support of this particular motion.

They know what is happening. There isn't a Member who hasn't gone home and met with seniors in the state that doesn't know what is happening. It is not good enough to say we care about it and we will handle it some time in the future. You have a chance to handle it now, in the next 15 minutes.

We have a chance to put the Senate of the United States on record and say: OK, we will work the details out now, but we are going to allocate the resources for it. We don't have to do as my friend and colleague from Tennessee says—that we can wait until after 10 years and see where we are; or as our friend from Louisiana said, we can deal with this some time in the future.

The seniors deserve better. They need an answer and they need it now. They need a message from the Senate that says we hear you, we know what is of concern to those who have made this the great country that it is. They deserve this kind of a protection.

There is an enormous need and incredible consequences. It is a matter of life and death for many senior citizens. Let us say that it is at least—at least—as important to guarantee that there will be funding for prescription drugs as it is for a tax benefit. Many of us believe it is more important, but with this motion to recommit the bill we are saying it is at least as important as the tax cut bill itself. I hope this motion will be accepted.

Mr. ROTH. Mr. President, has all time on both sides expired?

The PRESIDING OFFICER. Yes.

Mr. ROTH. Mr. President, I make a point of order against the amendment under section 305 of the Budget Act on the grounds that it is not germane.

Mr. KENNEDY. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive the applicable section of that act for consideration of the pending motion.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 1405

The PRESIDING OFFICER. Under the previous order, the Senate will return to the consideration of the amendment of Senator GRAMM of Texas. There will be 2 minutes of debate, to be equally divided.

Mr. ROTH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS CONSENT AGREEMENT

Mr. ROTH. Mr. President, I ask unanimous consent that, notwithstanding the filing requirement, it be in order for the manager to offer an amendment that has been cleared by both managers.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, it is not a matter of one side of the aisle or the other on Senator GRAMM's amendment. Now for the first time, we find ourselves in complete agreement with the chairman of the Finance Committee, that the amendment is a disaster. We don't have to characterize the existing proposal, but it is not everything we would hope for. That is something even the chairman would dread, and he is right to do so. I think we are right in a situation such as this to overcome partisanship. It would be wicked, indeed, to join the Senator from Texas, and then where would we be? But we won't. I hope on our side we will support the chairman of the Finance Committee and show him that we share his view of the unacceptable extravagance of the proposal, the amendment of the Senator from Texas, which will soon be voted on.

Mr. ROTH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SARBANES. Mr. President, will the Senator yield for a question?

Mr. MOYNIHAN. Yes.

Mr. SARBANES. I ask the ranking member on the Finance Committee this question with respect to the

GRAMM amendment. In the course of the debate, was there any discussion on what this amendment would cost—not in the first 10 years but in the next 10 years?

Mr. MOYNIHAN. I think there was not. Were there such a debate and discussion, it would have been chilling.

Mr. SARBANES. This is the great exploding tax cut. I was looking at the very document the Senator from Texas himself distributed. It is clear that the marginal income tax rate cuts don't go fully into effect until the year 2008. By his own figures, it would cost $73 billion in the first 5 years, and $451 billion over 10 years; and it is not getting into full effect until right near the end of the 10-year period. So if you extrapolate out, you are going to have an incredible increase in its cost.

The same thing is true with virtually every provision that is in this amendment, with one exception. All of the others get phased in. They don't take full effect until close to the end of the 10-year period. Then you are given these cost figures which, of course, are over the range of the period. So, obviously, in the next 10-year period, these tax cuts are going to explode out of sight and put the Nation right back into the deficit box. Is that not a reasonable analysis, I ask the ranking member?

Mr. MOYNIHAN. The measure before us, which is moderate by the standards of the proposal of the Senator from Texas, would cost in the outyears, in the second decade, $3 trillion.

Mr. SARBANES. Not that of the Senator from Texas, but the other one.

Mr. MOYNIHAN. Start with the $3 trillion and think what that would add.

Mr. SARBANES. That is right; exactly. It would literally explode out of sight.

Mr. MOYNIHAN. Three trillion dollars is the Department of Treasury figure.

Mr. SARBANES. I thank the Senator.

Mrs. BOXER. Mr. President, will my colleague yield for a question? Will the Senator from New York yield for a question that has to do with a parliamentary procedure?

I wonder if he could enlighten the Senator. Perhaps Senator ROTH could. I thought we were under a unanimous consent to go to a vote. Has that been laid aside?

Mr. MOYNIHAN. We are delinquent and derelict and behind the times.

Mrs. BOXER. Is there any way to get us back on schedule and no longer delinquent and behind the times?

Mr. MOYNIHAN. The Senator from California has made her point.

Mr. ROTH. Mr. President, I make a point of order that a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, I yield the remainder of time on behalf of Senator GRAMM.

Mr. MOYNIHAN. Mr. President, I make a point of order against the amendment that we are about to vote on under section 305 of the Budget Act on the grounds that it is not germane.

Mrs. HUTCHISON. Mr. President, I move to waive the Budget Act for consideration of the Gramm amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Congressional Budget Act in relation to the Gramm amendment No. 1405. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The yeas and nays resulted—yeas 46, nays 54, as follows:

[Rollcall Vote No. 230 Leg.]

YEAS—46

Abraham
Allard
Ashcroft
Bennett
Brownback
Bunning
Burns
Campbell
Cochran
Coverdell
Craig
Crapo
DeWine
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Stevens
Thomas
Thompson
Thurmond
Warner

NAYS—54

Akaka
Baucus
Bayh
Biden
Bingaman
Bond
Boxer
Breaux
Bryan
Byrd
Chafee
Cleland
Collins
Conrad
Daschle
Dodd
Domenici
Dorgan
Durbin
Edwards
Feingold
Feinstein
Graham
Harkin
Hollings
Inouye
Jeffords
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Roth
Sarbanes
Schumer
Snowe
Specter
Torricelli
Voinovich
Wellstone
Wyden

The PRESIDING OFFICER. On this vote the yeas are 46, the nays are 54. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The point of order is sustained and the amendment falls.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. NICKLES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. Mr. President, I do ask we might have order.

The PRESIDING OFFICER. The Senate will please be in order. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I believe another vote is scheduled.

MOTION TO RECOMMIT

The PRESIDING OFFICER. The Senate will be in order. There are 2 minutes evenly divided for the motion submitted by the Senator from Massachusetts. Who yields time?

The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, can we have order? I will just take one moment.

Mr. President, when the Medicare program was agreed to in 1965, it was intended to provide health security for the seniors in this country. Now it still is a vital force, but there is a major element that is missing, and that is the prescription drug coverage.

There are no senior citizens, unless they are on Medicaid, who have a prescription drug benefit that is reliable, dependable, and affordable. This particular motion says we believe, those who support it, that as a part of this tax cut there ought to be set aside funding for a prescription drug benefit. We do not believe a tax cut has a higher priority than providing a prescription drug benefit for our seniors. But what we do say is the Finance Committee should set aside sufficient funds, and that the program can be developed later in this term. The motion ensures that funds will be earmarked to provide our senior citizens with a reliable, dependable, affordable prescription drug benefit.

Make such a fund part of this whole program. Do not take a chance there will be some funds down the line. Do not ask our seniors to wait any further. They have waited long enough. They need this; they depend on it. Prescription drugs are a lifeline for our senior citizens.

I hope this motion will be passed as part of a tax program, and that there will be a designated fund available for a prescription drug program for all Medicare beneficiaries.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. I yield the time to the distinguished Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. FRIST. Mr. President, I rise in opposition to the motion of the Senator from Massachusetts for several reasons. First and foremost, this very body has already set aside funds specifically for Medicare modernization and specifically for inclusion of prescription drug coverage. The congressional budget plan has given us the figure of $505 billion. In our resolution passed just 2 months ago, we have $90 billion set aside specifically. The President's own proposal, his own proposal for Medicare prescription drug coverage, is $46 billion, much less than the

$90 billion we have already directed to this cause.

We need to focus on fundamental modernization, repair of the Medicare system to include prescription drug coverage. That is something that is before us, not this issue of money just for prescription drug coverage. I urge its defeat.

The PRESIDING OFFICER (Mr. FITZGERALD). The question is on agreeing to the motion to waive the Budget Act with respect to the Kennedy motion to recommit S. 1429.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative assistant called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The yeas and nays resulted—yeas 45, nays 55, as follows:

[Rollcall Vote No. 231 Leg.]

YEAS—45

Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Bryan
Byrd
Cleland
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Graham
Harkin
Hollings
Inouye
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Schumer
Specter
Torricelli
Wellstone
Wyden

NAYS—55

Abraham
Allard
Ashcroft
Bennett
Bond
Breaux
Brownback
Bunning
Burns
Campbell
Chafee
Cochran
Collins
Coverdell
Craig
Crapo
DeWine
Domenici
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Jeffords
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Stevens
Thomas
Thompson
Thurmond
Voinovich
Warner

The PRESIDING OFFICER. On this vote the yeas are 45, the nays are 55. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the motion falls.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I yield time to the distinguished Senator from Rhode Island.

Mr. STEVENS. Parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

AMENDMENT NO. 1442

(Purpose: To make an amendment in the nature of a substitute)

Mr. CHAFEE. Mr. President, the time in favor of this amendment will be controlled by Senator BREAUX for both Democrats and Republicans.

I commend Chairman ROTH for his hard work in crafting the Taxpayer Refund Act. I was pleased to support that and defend it in the Finance Committee. It is a carefully balanced, equitable bill that will provide targeted tax relief to all Americans. It has several features that I would like to point out.

First, it gives a generous tax deduction to millions of Americans whose employers do not provide health insurance. In other words, those who buy insurance through a company, but the company itself does not pay for the insurance, this helps make that deductible.

Second it corrects a flaw in the alternative minimum tax which, if left uncorrected, will result in the application of the alternative minimum tax to millions of American families who currently don't pay it.

Third, the bill contains some very important environmental and urban renewal initiatives. Despite all the meritorious provisions in the bill of Senator ROTH, I believe $800 billion in tax cuts is too big. What if the budget surpluses needed to pay for these reductions don't materialize? Does any one of us believe that Congress can or should hold discretionary spending to nearly $600 billion below current levels over the next decade?

What about the fact that we are now in the middle of, or perhaps at the end of, who knows, the longest burst of economic prosperity in our peacetime history? Is that going to continue unabated? Nobody can tell. Nobody has a crystal ball that will give an accurate answer.

So I am simply not comfortable with rebating more than half of the projected non-Social Security surplus in tax cuts. That is why, along with fellow members of the Finance Committee, Senators BREAUX, JEFFORDS and KERREY, as well as a number of other moderate Senators from both sides of the aisle, I have joined in sponsoring a $500 billion bipartisan alternative tax cut amendment.

This bipartisan alternative is a good, solid package. It would provide broad-based tax relief for middle income tax payers and families. It would increase the standard deduction to $4,350 for joint filers, $2,150 for heads of households, and $1,300 for single filers.

These increases in the standard deduction would have the effect of simplifying tax preparation for some 9 million households. Our bipartisan alternative contains the historic homeowner credit that I mentioned earlier. That is an outstanding provision and certainly will be of assistance in curbing urban sprawl.

If we are serious about passing a tax cut this year, I believe our bipartisan alternative is the right way to go. It would provide carefully targeted, well-deserved tax relief to the American people but for $300 billion less than either the House or Senate bills. There is no doubt in my mind that President Clinton will veto an $800 billion tax cut package, particularly one that resembles the House-passed bill. What is more, his veto will be sustained. All of that puts us right back at square one. All of this maneuvering could be avoided by the acceptance now of this sensible bipartisan alternative that is being proposed. I hope my colleagues will support that bipartisan alternative.

I thank the Chair, and I thank Senator BREAUX and yield the remainder of my time to Senator BREAUX.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I yield myself 5 minutes.

Senator BREAUX and Senator CHAFEE have thoughtfully crafted an amendment that offers a $500 billion tax cut. As with the alternative introduced yesterday by my friend, the distinguished ranking member of the Finance Committee, Senator MOYNIHAN, Senator BREAUX's amendment demonstrates that there is agreement on both sides of the aisle concerning the need to give individuals and families a well-deserved tax refund from the $3.3 trillion surplus.

I appreciate the fact that Senator BREAUX, with his amendment, offers a deeper cut than the alternative introduced yesterday, but I am concerned that it still does not go far enough. It does not go far enough in providing the much needed relief Americans require to meet the necessary and important priorities in their lives. It does not go far enough to offer broad-based tax relief that will be necessary to gain the bipartisan support needed to pass this bill in the Senate.

For example, Mr. President, the Breaux amendment does not lower the 15-percent tax bracket. Instead, it simply expands it by only $2,500 for individuals and $5,000 for joint returns. And this benefit is only available for people who do not itemize. This means that if you take a deduction for home mortgage interest you will not receive a tax rate cut, under this bill. Additionally, because the 15-percent bracket is not reduced, the tax relief is not felt by middle-income taxpayers in that bracket, nor is there a reduction for those paying taxes in the higher brackets.

The Taxpayer Refund Act of 1999 cuts the 15 percent rate to 14 percent and broadens the 14-percent bracket by twice as much as what the Breaux amendment would do at the higher 15-percent rate.

The Breaux amendment also falls short when it comes to providing family tax relief. For example, the Taxpayer Refund Act offers $222 billion for family tax relief. The Breaux bill only provides $43 billion. When it comes to providing families with the relief they both need and deserve, the amendment offered by Senator BREAUX is only 20 percent of the relief offered in our more complete package.

As with relief to families, this amendment also comes up short in providing health care relief. Where the Taxpayer Refund Act offers $52 billion in health-related cuts, this amendment offers only $32 billion, or roughly $20 billion less. The Shortfall can be seen in specific areas such as long-term care, where this amendment would not allow an employer to provide such long-term care coverage as part of its employee benefits package.

Another important difference between the Taxpayer Refund Act and this amendment is the area of estate tax relief. We have heard eloquent and persuasive arguments these past two days concerning how important it is that Congress provide American families with relief from death taxes. And our legislation offers almost $63 billion in relief. This will help countless families save the businesses, farms, and ranches that have been built by parents and grandparents.

It is good for these families, and for America, as it protects their work and sacrifice. Unfortunately, this amendment only contains a third of the relief that these families would receive from our legislation.

Mr. President, I compliment Senator BREAUX for the work he has done on this amendment. It certainly offers more than the alternative that the Senate voted against yesterday. Like yesterday's alternative, it shows that there is bipartisan support for relief, but it does not go far enough. It does not go far enough in the area of family tax relief.

It does not go far enough in the area of savings and investment. It does not provide enough health care tax relief, nor does it provide enough relief against death taxes.

As I said when I spoke against the Democratic alternative yesterday, the Taxpayer Refund Act of 1999 is built on the proposition that the income Americans earn belongs to them; that when government sets a budget and receives revenues in taxes to meet the budget obligations, government—by the will of the people—receives what it needs to pay the bills; and that when the people have given government more than what the budget calls for, well, then that money should be returned to the people.

It's that simple, Mr. President. And with that understanding, Congress passed a budget resolution authorizing the Finance Committee to cut taxes by $792 billion over 10 years. The Finance Committee, with bipartisan support, met that responsibility and, as a result, has offered the Taxpayer Refund Act of 1999. What we have offered is a broad-based tax relief plan that will benefit all Americans—one that is fair, constructive, and empowering.

Our plan will help restore equity to the tax code and provide American families with the relief and resources they need to meet pressing concerns. It will help individuals and families save for self-reliance in retirement. It will help parents prepare for educational costs. It will give the self-employed and under-insured the boost they need to pay for health insurance. It will begin to restore fairness to the tax code by eliminating the marriage tax penalty.

These are all important goals. And, as with the Democratic alternative, this amendment also falls far short of accomplishing all that we do with our broad-based plan. This amendment will leave many taxpayers without the relief they deserve. For that reason, I encourage my colleagues to vote against it.

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. How much time remains?

The PRESIDING OFFICER. The time does not begin to run on the amendment until the amendment is actually called up.

Mr. BREAUX. Mr. President, I ask for the reporting of the amendment.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

> The Senator from Louisiana [Mr. BREAUX], for himself, Mr. CHAFEE, Mr. KERREY, Mr. JEFFORDS, Mr. TORRICELLI, Mr. SPECTER, Mr. BAYH, Ms. SNOWE, Mrs. LINCOLN, and Ms. COLLINS, proposes an amendment numbered 1442.

Mr. BREAUX. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

The PRESIDING OFFICER. There is 1 hour for the sponsor and 1 hour for the opponents.

Mr. BREAUX. Mr. President, I yield myself 5 minutes.

Mr. President, I suggest it is time for a reality check by Members of both parties as to where we are and what we are attempting to do.

We in the United States in this period of time are in a very unique, and I would also say very unusual, position in the sense that other countries around the world would love to have the problem that is facing all of us in the Senate this afternoon: We are faced with a country that has a $1 trillion surplus.

That is a problem that most countries would love to have. It is a problem because we are now faced with the question of what we are going to do with a $1 trillion surplus. Some have said all of it should be used in the form of a tax cut and given back to the American people. We can argue about how they do that. But, for the moment, let's just say they have decided all of it should go for a tax cut. Some on my side of the aisle say, no, we can't do that. It should be a very small tax cut, and the rest should be reserved for other functions of Government.

I point out to my colleagues what I think the rest of the American people already fully realize. They know if the proposal on that side of the aisle—an $800 billion tax cut—should pass and get sent to the President, it is clearly going to be vetoed, and nothing will result from this other than a debate. We will end up with nothing more than a political argument to make against each other. If we pass the Republican bill, and it ultimately goes to the President, there will be a big ceremony in the White House where he will veto that piece of legislation. He will then have a powerful political argument to say the Republican Party has wasted the trillion dollar surplus. There are some on the Republican side of the aisle who will say that is a great argument. The White House and administration will blame the Republicans for wasting the trillion dollars and giving an unnecessary and unrealistic tax cut that is targeted to the wealthiest people in this country. That is a great argument for us.

While the political parties may have a short-term political gain, I suggest that the real losers, if this is what is going to happen, are the American people because they end up with nothing —no tax cut, no decision on how to spend the surplus, with no money being allocated to real Medicare reform, and no pressure to continue to work on a Medicare reform program.

I suggest there is a different way we can look at this problem instead of a political opportunity. We can look at it as a policy opportunity to do something realistic, and that is what the amendment before this body does.

It is a $500 billion tax cut that is targeted to people who really need help in this country. There are some arguments that say the polls tell us the people don't want any tax relief. If you explain it properly when you go back, people do need help. People in the middle-income brackets would like to have a greater standard deduction than they have now. People on the edge of being kicked up into the 28-percent bracket would like to stay in the 15-percent bracket and work harder and earn more for their family. People would like to see more tax assistance for education and help for the 43 million Americans who work every day and can't afford to buy health insurance because they work for a company that doesn't provide them health insurance. We have carefully tailored the $500 billion to help those people.

Our legislation helps people buy health insurance. It helps people avoid the ridiculous marriage penalty by eliminating it and increasing the standard deduction. That is a tax policy that should have an opportunity to become law, because while we spend $500 billion over the next 10 years to help people who need help the most, we also reserve $500 billion for other priorities of Government, to do something on Medicare, which needs to be reformed. The chairman says we will do something in September, and that is a very courageous position to take. But there will be money to pay for what is needed for Medicare. There will be a $500 billion pot of money to go to cover the very necessary discretionary spending needs in this country.

So we are offering something, according to a reality check, that has the potential to become law as opposed to being merely a political statement on both sides of the aisle. Unfortunately, people in both parties have taken the position: It is my way or no way.

We were sent here not to do political statements and take political positions only, but to work together to resolve differences and come to an agreement on public policy. I happen to think public policy is good politics. But good politics is not necessarily good policy. We have a choice today, in the next couple of hours, to determine whether we are going to be interested in good politics in the short term, or whether we are going to try to work together to reach an agreement that can become law and become policy for the American people.

There are very few things in life that are either all one way or the other way. Anybody who has been around for a short period of time knows that. Certainly, when we are discussing what to do with $1 trillion, there are a lot of good ideas. But we have to conclude that neither side is completely right. There has to be a blend of different ideas and philosophies in order to come together in a democracy and reach something that can become law and, ultimately, good public policy. Then the argument will be over success, as opposed to an argument over failure. The track we are on now leads us to go back and tell our people it was their fault that nothing was done. That is arguing over failure as opposed to arguing about success and who was able to bring that to the American people.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I yield 10 minutes to the distinguished Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. I thank the Senator from Delaware.

Mr. President, I was listening to my colleague, Senator BREAUX from Louisiana, and I want to respond to what he said because he said it—like he says everything—very well, regarding the whole question of reality tests and good politics versus good policy.

I speak against this amendment, not for the sake of good politics but for the sake of good policy. I speak against this amendment understanding that reality test, as I think about the lives of people in our country. I want to say one more time on the floor of the Senate—and I have said it a couple of times—that I do not understand this kind of bidding war on tax cuts. I understand very targeted tax cuts, to those citizens who need it the most. I understand very targeted tax cuts that speak to the concerns and circumstances of hard-pressed working families. But I think the vast majority of people in the United States of America—and I think this is the meaning of the poll about tax cuts—are saying this: You all are sort of—I don't know what the word is—trying to pander to us and you have this argument that you have made for years—I am not saying all colleagues for this amendment have made this argument for years, but it goes something such as this: This money belongs to the people, and we are going to give it back to you, whatever there is in surpluses, which, of course, is all based upon assumptions we make. And, hopefully, these assumptions will be borne out about economic performance.

I really think the vast majority of people in Minnesota and the vast majority of people in the country are saying this belongs not to us but to our children and grandchildren, and whatever you have by way of surpluses—now we are focusing on the non-Social Security surplus—put it into reducing the debt to get the debt off the backs of our children. Make sure there will be Social Security and Medicare for our children and our grandchildren as it has been there for us; and, finally, make sure that our children and grandchildren are going to have the same opportunities we have.

We can't do that. I came to the floor the other day and said about my own party's proposal at $300 billion—$200 billion less than $500 billion—that we can't do all of that and have these tax cuts to the tune of $500 billion at the same time. It doesn't add up.

To use the old Yiddish proverb, "You can't dance at two weddings at the same time."

If you look at the non-Social Security surplus, three-quarters of it is based upon cuts or the caps in domestic spending.

We say we are concerned about veterans' health care, we want to have community policing, we want to have environmental cleanup, we certainly want to make sure we deal with what is becoming a crisis of affordable housing, and then all of us are forever and ever and ever talking about children and education. We talk about all those people who do not have any health insurance. We talk about prescription drug benefits for the elderly. How are we going to do all of that at the same time that we are going to have $500 billion of tax cuts? We are not.

With the Democratic proposal the other day on the floor with $300 billion of tax cuts, we were still several hundred billion dollars under where the caps take us. In other words, we were several hundred billion dollars—I think close to $300 billion—short of making up the cuts in discretionary spending. With the $500 billion it is worse.

I want to know where the give is going to be.

In all due respect, as I look at the pattern of our powerlessness in America today, it is a very distorted pattern of power. I know the Pentagon will get its resources. I know we will make sure that we invest in transportation.

I can just imagine with the squeeze on—that is exactly what you are going to have, deep cuts in discretionary spending for a decade, and then God knows where this takes us in the next decade—what is going to be cut.

We are going to go from 1 percent Head Start funding—pre-3-year-olds, Early Head Start funding—to less than 1 percent. We are going to go from 40 percent, or a little over 40-percent funding for Head Start, ages 2 to 5, to less than 40 percent. We are going to go from barely covering 20 percent of affordable child care needs for low-income families—much less moderate income and much less working families—to less than 20 percent.

That is the problem with this amendment.

My colleague from Louisiana said it is a compromise. It is a reality test. It is a compromise between the political center of gravity of where Republicans are and where Democrats are, but it is not based upon where I think the political center of gravity is in the country. I know that sounds presumptuous. Maybe it even sounds arrogant. I swear that I don't mean it to be. But I really believe the vast majority of people in our country are for tax cuts that are very targeted, that speak to the concerns and circumstances of really hard-pressed families, and they want to see the rest of us deal with Medicare. They want to make sure we have Social Security, and people want to see some investment in our children. They want to see opportunities for children in this country. We can't do it with this.

We have several hundred billion dollars more—well over $300 billion more—of cuts in discretionary spending if we go for their $500 billion package. Where are we going to cut? You mean to tell me that now we are putting a straitjacket on ourselves and boxing ourselves in such a way that we are not even going to be able to make any of these kinds of investments in health, skills, intellect, and character of our children? We are not going to be able to it.

I don't see this as being any kind of reality test amendment. I think this is not at all based upon where most people in the country are. I don't think it is based upon what we have to do as a nation.

I think in the next century we have to grow together. I think in the next century, by the year 2030 or 2040 or 2050, we have to make sure the next century belongs to our children and our grandchildren. We have to make sure they get the best education. We have to make sure they have the best skill development. We have to make sure they are healthy. We have to make sure they are productive. We have to make sure there is less violence in their lives; that they grow up to be independent, resourceful, self-reliant, morally responsible and democratic citizens. That is what we ought to be doing with whatever kind of surplus we have.

We certainly shouldn't be supporting a proposal with $500 billion of tax cuts that will crowd out all of that investment, especially when it comes to the most vulnerable citizens in our country.

I hope this amendment will be voted down.

I yield the floor.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I yield 6 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, first I would like to thank my colleague, Senator ROTH, for his management of this bill and for bringing this bill to the floor of the Senate. I am going to talk preliminarily about the bill.

First, let me say to our colleagues who are offering the $500 billion substitute that I compliment them for the fact that they are trying to work to reduce taxes. I think that is important. There are several provisions they have in their bill that I compliment them for.

Most of all, I want to talk about the bill that is before us, the bill as reported out of the Finance Committee by a vote of 13–7. That was a bipartisan vote. I think that is important.

Again, I think that happened in large part because of the Senator from Delaware and because of the content of the bill. I think that maybe we spent too much time talking about numbers. Maybe that is partly my fault. I like talking about numbers. We have a $3 trillion surplus. We are going to give a tax cut of $782 billion. That is about 25 cents on the dollar.

We are going to take two-thirds of the surplus and use that for debt retirement. That is good.

Some people say: Wait a minute. You are not reducing the debt enough. We reduced the debt more than Clinton's proposal. Maybe that is good. I think that is probably good.

Concerning the tax cut and total of the estimated surplus: Some people may say: Maybe the estimates aren't right. Maybe they are too optimistic. And even though we are only taking one-fourth of the surplus and allowing people to keep it, they don't want to give it back to the taxpayers. They'd rather spend it.

Well, that is not what a tax cut is. A tax cut let's people keep more of their money. They do not have to get it back from Washington, DC. Is it their money, or is it Washington's money? It is their money. Is it not a gift from us. We are taking it from them right now. In some cases we are taking too much. In some cases the taxes we are taking from people are unfair.

I am going to talk about that because the bill we have before us alleviates some of those problems. It doesn't solve all the problems, but it alleviates some of the problems. Is it the best bill imaginable and perfect? No. But it does go a giant step toward eliminating inequities and injustices in the tax bill. I say "injustices." There are some cases in the 1999 Tax Code where the taxes are unfair.

It is absolutely unfair for a married couple to have to pay more taxes than if they were living together and unmarried. It is unfair to have a tax penalty for being married—absolutely unfair. That is in the Tax Code today.

The bill of the Senator from Delaware eliminates that. We want to get rid of it.

Unfortunately, that doesn't happen under the Democrats' proposal. Let me talk about that for a second.

Somebody says: Well, you eliminate the marriage penalty. What does the House do? The House basically doubles the exemption for single people and for couples. That is one way of taking care of the exemption. But it doesn't eliminate the fact that a lot of people have combined incomes that push them into higher income brackets.

For example, an individual with a taxable income of $25,000 is taxed at 15 percent. Anything above that, they are taxed at 28 percent. That is kind of simple.

Let's say you have two teachers who are married, and they have a taxable income of $25,000. If they file as individuals, they are both taxed at 15 percent. If they are married, their combined income pushes them into a 28-percent tax bracket. They are penalized.

It just so happens, as it works out, that in this case they are penalized $1,400.

Where did I get that?

They have a combined income of $50,000. A 28-percent tax bracket actually kicks in at $42,000. They have $8,000 that is taxed at a 14-percent rate. It is higher than what somebody is paying at the 14-percent rate. Senator ROTH's bill moves the bottom rate from 15 to 14.

The difference between 28 and 14 is 14 percent. Fourteen percent times the number of thousands, if it is $10,000, that is $1,400.

This hypothetical couple pays an additional $1,400 more per year for being married. We shouldn't penalize them for that.

In the bill each couple has the option of being taxed individually. If one member of the couple is taxed at 28 percent, fine. It doesn't mean the next spouse has to be taxed at that rate as well. Maybe the income of that spouse, male or female, might be significantly lower. It would be taxed at a lower rate. Why tax them at the highest rate? We shouldn't do that. We eliminate that in this bill. That is not insignificant.

The example I gave was a $1,400 differential. CBO says the average marriage penalty is $1,400. We should be able to eliminate that, and we do eliminate it in this bill. Who benefits? Nineteen million married returns would have that inequity eliminated. That is in this bill.

Let me talk about the 14-percent bracket expansion. I wasn't particularly fond of this idea. I thought, why move the 15-percent rate to 14 percent? What does that mean? Somebody asked me the other day on a radio show: What does that mean to me as a taxpayer? It means we have a benefit for all taxpayers. Any taxpayer will benefit. How much do you benefit? Individuals, up to $250; and a couple, $430.

Therefore, a couple who makes up to, I think, $48,000 receives a $430 benefit. Somebody said the tax benefit in the bill is only 50 cents a day. Their numbers are not adding up. The benefit of that is $430 a couple.

I will touch on the bracket expansion. I want to compliment our colleagues on the pending amendment. They expand the 15-percent bracket up. We have that in this bill, too, under the pending bill authored by Chairman ROTH. We expand the 15-percent bracket. That means a lot of people who are paying 28 percent will pay 15 percent. We increase that by $5,000 per couple or $2,500 for an individual. That means a couple will save $700. If they have a combined income of $42,000, we save them $700 by reducing the rate from 15 to 14. For a couple earning $40,000 or more will save $1,130 under the bill. That is almost $100 a month.

I use the test sometimes of my son and his wife. He sells cars, and she is a schoolteacher. They have one child. How will this benefit them? From those two provisions alone, they will save almost $100 a month in taxes, and they are a middle-income, tax-paying family. I think that is a good provision. When combined with marriage penalty relief, the average married couple will realize significant savings through this bill.

For instance, those items together come to $1,100 just in the rate reduction and the expansion of the 15-percent rate. Then there is $1,400 savings in eliminating the marriage penalty. Now we are talking about $2,500 per year for a married couple making $40,000, $50,000, or $60,000 a year. That is not insignificant. That is $200 a month.

We are helping a lot of people. The number of people who would benefit from expanding the 15-percent rate upwards, so they don't have to pay 28 percent, is a reduction of 13 or 14 percent —13 percent by the substitute offered and 14 percent by Chairman ROTH's proposal. Chairman ROTH's proposal says to individuals in that category, we are going to cut their rate in half for that additional $5,000. That is a significant savings. Add that all together, and we are talking about $2,500 for a couple who make $40, $50, or $60,000. That is not insignificant.

Mr. President, 98 million people will benefit from the reduction in the 15 to 14 percent income bracket, 80 million who have incomes less than $75,000. In other words, it is a tax cut for taxpayers, not necessarily targeted the way as some others might like, but it is a tax cut that is weighted on the lower end of the tax schedule.

Moving the 14-percent bracket up, 36 million middle-class people will benefit from that provision; 19 million married returns will benefit from elimination of the marriage penalties.

Then there is something else that hardly anybody is talking about. We have a provision that eliminates the penalty called alternative minimum tax that disallows a lot of the tax credits we have already passed. In 1997 we passed a tax credit, $500 per child. It was $400 last year, $500 this year. That is law. I know a lot of the people arguing against the Republican tax bill didn't like it when we passed that in 1997. I had an appearance last night with Gene Sperling, and he said the President supported the $500 tax credit for a child.

Maybe a little history would be in order. The President campaigned for it in 1992, and he forgot about it in 1993 when he raised taxes on all Americans. Not only did he forget about it, but he did a tax increase rather than a tax cut. It wasn't until 1995 that the $500 tax credit passed again. That was when Republicans took control. We passed the bill, and the President vetoed it. We passed it again in 1997, and he signed it. Now they are trying to take credit for it. They didn't want a tax cut in 1995, they didn't want a tax cut in 1997, but we gave it to him and he signed it. Now that is law.

Because of AMT, a lot of people are not able to take full advantage of that tax credit or child care tax credit—13 million families, and I tell my colleagues that number is growing every year. Senator ROTH's amendment has significant relief. My colleagues will be interested to know that is $96 billion. Over one-tenth, about 12 percent, of the entire tax bill is targeted toward AMT relief on American families. I have not heard anybody talk about it. If anybody thinks that provision is wrong, offer an amendment to strike it out.

If anybody thinks the marriage penalty provision, which is $112 billion—again, probably about 15 percent of this entire package—is too generous, if Members don't think we should have marriage penalty relief, offer an amendment and take it out. If Members don't think we should cut the rate from 15 percent to 14 percent—which is $298 billion, which is the biggest provision in this entire bill, which is three-eighths of the entire bill—if Members don't think it should be in there, take it out. I would oppose any such amendments, because these provisions are at the heart of this legislation and are what make this bill a tax cut for taxpayers on the lowest end of the ladder.

A lot of people say the Republican package is a tax cut for the rich. It is not. Those people have not read the bill. This bill reduces taxes for all taxpayers, including people at the lowest end of the economic ladder.

The provisions I discussed are $506 billion out of $792 billion. That is over five-eighths of the bill I have already described. I haven't heard anybody single out any of those sections and say: that is a bad provision, we shouldn't have that provision.

Let me discuss a couple of other areas in this bill and why we should pass the bill. Let me talk about estate taxes. A lot of people are not aware of how the amendment of the Senator from Delaware works. It replaces the unified credit with an exemption. Most people say: What in the world are you talking about? Unified credit, under the existing system, says we will credit you so much in taxes, and you don't have to pay; but above that, you start paying taxes at whatever rate it is. It means if you have a taxable estate, once you start paying taxes, you start paying taxes at a 39-percent rate. If you have a taxable estate of $1 million, 39 percent goes to the Government.

What we do by replacing the unified credit with an exemption is, once you run out of the exemption, you start paying taxes at the lowest rate, which is 18 percent. That is a big difference. That is a big difference for estates that are barely taxable. So, if you are over the exemption amount—the exemption amount today is $650,000—and you don't have to have a lot of property or a lot of wealth to have an estate of $650,000, if you get above that, your tax would be 18 percent instead of 39 percent. That is a big difference, and I compliment the chairman for doing it.

Frankly, I would like to eliminate the estate taxes and have the taxable event not be death but when the property is sold. Senator KYL and others have been advancing that. I think that is an excellent idea. You should not be taxing somebody because somebody dies. You should tax them when that property is sold. If the people who receive the property, the beneficiaries, the family, if they want to keep the business and keep the business operating and running, great. If they want to sell the business, tax it as a capital gain and tax it at the old valuation, at whatever escalation has been in the market value. That is the capital gain. That is what the taxable event should be, when the property is sold—not because somebody dies.

Again, the chairman's provision, exchanging the unified credit for an exemption, is a giant step towards, basically, bringing about some relief in estate taxes which I think is critically important. If you believe, as do I, in family-owned businesses, if you believe the Government is not entitled to take over half of people's property just because they pass away then you should support this bill. Somebody said earlier this provision in the bill only benefits the wealthy. I disagree strongly with that statement.

My father, unfortunately, passed away when I was pretty young and we had a family-owned business, Nickles Machine Corporation, in Ponca City, OK. We had a significant dispute with the IRS for 7 years about the valuation of this company. The IRS said: We think it is worth a whole lot more and we want you to pay a lot of taxes. My mother did not pass away; my brothers and sisters did not pass away—just my father. And he was second generation in this business. Yet the Government said: We want a chunk of it.

The estate tax rate today says any estate over $3 million, they want 55 percent. Why in the world would the Federal Government be entitled to take over half of what somebody worked his or her entire life for because somebody passed away?

One of the changes we made in 1981, it has been seldom noticed, but one of the great changes we made, we eliminated the inheritance tax between spouses so surviving spouses do not have to pay a dime of inheritance tax. That is a positive change. I was here and had a little something to do with it, and I am very pleased we made that change.

But it isn't enough. Now, even though we have made that change, when the surviving spouse passes away and you have a taxable estate of $3 million—maybe it is a manufacturing company, maybe it is a farm or ranch, maybe it is a restaurant, and it happens to be worth $3 million—the Federal Government comes in and says: We want half. I absolutely think that is wrong. That is one of the many reasons why I think we need a tax cut today. That is one of the reasons why I think we need a greater tax cut than the alternative proposed by our colleagues that would provide $500 million. I note the estate tax relief they have in their provision——

The PRESIDING OFFICER. The 15 minutes of the Senator has expired.

Mr. NICKLES. I ask an additional 10 minutes on the amendment.

The PRESIDING OFFICER. The Senator may proceed.

Mr. NICKLES. Looking at the provision offered by our colleagues, in the substitute they have $19 billion of estate tax relief and the estate tax relief offered by the underlying proposal is $63 billion. So it does a lot more in estate tax relief in the chairman's bill than what is offered in the substitute.

I happen to believe in estate tax reform very strongly, and not because it benefits the wealthy. I happen to believe it is a matter of fundamental fairness and freedom. People should be able to work their entire life and be able to pass their property on to their kids without Uncle Sam coming in and saying that we want half or even over half. The chairman's amendment helps make that change.

Also in the underlying bill, we increase retirement savings. Everybody in this room knows we do not save near enough. What we do under the underlying bill is we increase IRAs over a 3-year period from $2,000 to $5,000. We do that in both the IRAs that are tax exempt going in and the ROTH IRAs, into which you may put after-tax dollars. That means we are allowing people to put in more money to save for their own retirement.

The $2,000 limit goes back for years and has not been indexed for inflation. Frankly, we in Congress should encourage savings. We want people to be less dependent on Government, more dependent on themselves, to be able to save for their retirement. Increasing this amount from $2,000 to $5,000 is a giant step in the right direction. Again, I compliment the chairman. This provision is in his bill. It is not in most of the other bills. I do not believe it is in the substitute as well.

Finally, I want to touch on one other thing, and that is the self-employed health care deductibility. The chairman's bill says, for self-employed persons, we are going to allow 100-percent deductibility. We had this debate actually when we were debating the Patients' Bill of Rights. It was included in the measure we passed on the floor of the Senate. I argued then if we want to increase health care access, we should at least make the Tax Code equitable, and it is not equitable. Major corporations today get to deduct 100 percent of their health care costs; self-employed deduct 45 percent. What is right about that? What is right about a code that says: Self-employed person, you deduct 45 percent but GM or any corporation in America, you deduct 100 percent? I am offended by that section in the Tax Code and I support this bill for making that much needed change. I used to be self-employed. I used to run a corporation. A corporation deducts 100 percent, but if you are self employed tough luck, you only get to deduct 45 percent.

Then the chairman's package also has a major expansion for people who do not get anything from their employer. If they pay over half their health care cost, they get to have an above-the-line deduction for their health care expense. Again, why in the world, if we are going to use the Tax Code to encourage health care, why do we not let it apply to everybody in America? We do not do that today. If you do not work for a generous employer who subsidizes your health care, you are out of luck. If you are not self-employed, you are out of luck. You have to pay for your health care with after-tax dollars. You do not get any deduction.

The chairman's bill changes that inequity and says, yes, you eventually get a 100-percent deduction. It phases that in, but eventually that person gets a 100-percent deduction for their health care cost as well, and they do not have to itemize to get it. All taxpayers would get it. Again, this is a giant step in the right direction in bringing tax equity in health care costs.

When we allow people to buy homes and we say you can deduct your interest, we do not say you have to work for a generous employer to be able to deduct the interest. Everybody gets it. We are free to use the Tax Code to encourage health care. It should apply to everybody, and again, the chairman's package makes a giant step in that direction.

The chairman's package does many other things. It allows an extension of time for people to be able to deduct their student loans; it allows a continued deduction for companies that have educational plans and benefits; it has a plan to help in education; it has a plan to help in health care; it has a plan to help increase savings and retirement and 401(k)s; it has a plan to allow people to keep more of their own money; it eliminates the marriage penalty.

I tell my colleagues that those are things we need which will help American families. That is not just a tax cut for the wealthy. That is not something my colleagues can demagog. They may want to, but if they want to demagog, where do they want to cut? Do they want to eliminate the permanent R&D tax credit? Do they want to eliminate the self-employed deductibility? Do they want to eliminate the marriage penalty? Do they want to eliminate the reduction in rate from 15 to 14? Do they want to eliminate the expansion of the 15-percent tax bracket? I don't think so.

I think the chairman has put together a good package and that package, yes, costs $792 billion. I say costs. It is going to allow people to keep $792 billion of their own money. They are going to be sending in over $3 trillion more than the Federal Government needs in the next 10 years. We are saying we are going to let them keep some of that themselves. The chairman has crafted this in a way that is going to help a lot of middle-income working Americans who are interested in health care, who are interested in education, who want to not be penalized because they happen to be married.

So I compliment him for his package. I urge my colleagues, with all great respect for the amendment that is pending, I urge them to vote no on that amendment because we can do more, and we should do more. The American taxpayers deserve more, deserve better. I hope our colleagues vote no on the pending amendment and vote yes on final passage, hopefully tonight.

I will mention, as far as procedurally, I hope we can finish this bill tonight. It is possible. It will not be easy, and our colleagues will have to work together to make that happen, but I hope it will be possible for us to have final passage on the underlying amendment later tonight.

I yield the floor. I thank my colleague from Delaware.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Mr. President, I yield 10 minutes to the distinguished cosponsor of the amendment, the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. TORRICELLI. Mr. President, thank you very much.

The Senate has had before it three very distinct blueprints for the American future, not a tax plan for the remainder of this year or next year but blueprints that will dictate many priorities and decisions for more than a decade. They are very distinctly different.

The Senate has before it a Republican tax reduction plan that will never become law because the President will never sign it. The Senate is considering a Democratic tax reduction plan that will never become law because this Congress will never pass it. And there is a bipartisan tax reduction plan of $500 billion now before the Senate.

It is termed a "bipartisan tax reduction plan," but it should be better known as the "October plan," because we may spend July and August debating our partisan proposals.

Members of the Senate may not endorse this proposal today, but I suggest that by the time we reach October, it is a plan such as this that will bring us together.

This plan, crafted by Senators BREAUX, KERREY, CHAFEE, SPECTER, COLLINS, SNOWE, BAYH, myself, and a group of others, is based on a belief that the Nation should have returned to it as much of its tax dollars as possible, while still being prudent to allow the development of a surplus, protecting Social Security and other national priorities. Reducing taxes is a national priority, but so is hiring 100,000 teachers, rebuilding American schools, providing for a pharmaceutical benefit in Medicare, improving the national infrastructure, and reducing the national debt.

Like any compromise, this plan is designed to accommodate many of these objectives, and I think we have succeeded. But it is also based on the belief that the American people, after 8 years of economic expansion that was built on hard work, high taxes, and sacrifices, deserve a dividend.

This $500 billion tax reduction plan is a fair and reasonable dividend. This surplus developed for a reason. In 1993, appropriately in response to burgeoning deficits, this Congress increased taxes by a quarter of a trillion dollars. In the years that followed, American businesses produced and American workers produced at unprecedented levels. They have provided an economic expansion and also a Government surplus, and they deserve now to have some of it returned. That is the foundation of this plan. But we accomplish nothing by returning these tax revenues if we only prestage a burgeoning deficit in the future or we deny other needs in the country as well.

Tax reduction is an economic imperative, in my judgment, but so is education and so is improvement of the national health care system, and so is expansion of the national infrastructure. There is before this Senate but one balanced plan that can achieve these tax reduction goals while meeting these balanced national objectives, and it is this plan, the "October plan."

This plan is also based on a recognition that even in good economic times, it is important to recognize that these are not perfect economic times. The United States today faces twin economic problems:

First, record levels of consumer debt. The current economic expansion is threatened by mounting middle-class consumer debt more than any other single indicator. Middle-income families with young children are shouldering more debt in home mortgages, credit card bills, and educational expenses than at any time in our national history.

This plan is designed to respond to that need by moving 4 million Americans, people who earn $50,000, $60,000, $70,000 in family income, with young children, and moving them from the 28-percent bracket to the 15-percent bracket where they belong.

This Government has no right to go to a family that earns $60,000 and $70,000 and struggles every month to educate its children, provide housing, clothing, and food, and take 28 percent of that income for the Federal Government. I do not believe it was ever our intention.

Prosperity and inflation moved people into these tax brackets. For a long time, some of us lived with the illusion that people who lived at these modest incomes somehow had expendable income, as if they were living lives of luxury. There is no luxury in American life today on an income of $30,000 to $70,000 with children. This bill recognizes that fact.

We also recognize that many senior citizens and many young families supplement their incomes by modest savings—people who earn a few thousand dollars in capital gains, put a little bit of money in the bank, or they invest in the stock market for a little security to participate in American growth. The Federal Government should not be charging capital gains taxes on people who earn $2,000 and $3,000 a year. We should be doing everything we can to encourage these people to save for an emergency, prepare for the future, and this bill deals with that reality, in response to the fact that the other crisis in American economic life today, beyond high consumer debt, is a virtual collapse in national savings. This year, the United States has a national savings rate of minus 1.2 percent, the lowest rate since the second year of the Great Depression. We are the only developed nation in the world with a negative savings rate.

This legislation responds to that reality. We eliminate the capital gains taxes on the first few thousand dollars of savings, which, in part, takes 4 million taxpayers off the tax rolls entirely—young families and probably largely senior citizens who want a little security in life. They should pay nothing, and that is what this bill provides.

Those are the twin objectives we have: Reduce consumer debt by lowering taxes on the middle class by moving people from the 28-percent bracket to the 15-percent bracket; and, second, by encouraging savings, both as Senator ROTH has done by an expansion of the IRA, and in our case from $2,000 to $3,000.

This Government should be doing everything possible to encourage Americans to save money, if not for our larger economic purposes, then simply because 50 percent of Americans have no pensions; 60 percent of Americans retire only on Social Security. My colleagues and I know why there is such enormous pressure on this Congress to increase Social Security and other Government benefits: Because people are not saving money, and they do not save money because this Government has made it economically irrational to do so, and the Tax Code is the answer to changing that reality.

Our bill, I think, is easily defined and explained. It is simply $500 billion over the course of this next decade. It removes 3 million people entirely from the tax rolls by increasing the standard deduction and eliminating taxes on modest savings. Three million people, largely senior citizens, will pay nothing.

Second, as I suggested, we move 4 million people from the 28-percent tax bracket to the 15-percent tax bracket, meaning that a family of four earning $71,000 will now have their taxes arguably reduced in half and have money available for their own family needs. For a single person earning $37,000, this translates into a $600 tax cut. A family earning $71,000, as I suggested, receives a $1,300 tax cut.

We also do more. We eliminate the marriage penalty entirely in the standard deduction. We increase and expand the child care tax credit to remove American women from this dilemma where they have to choose between going to work to pay the mortgage and knowing their children are safe by allowing affordable child care.

The PRESIDING OFFICER. The time yielded to the Senator from New Jersey has expired.

Mr. TORRICELLI. I close by urging my colleagues to join with me in this bipartisan plan for reasonable and affordable tax relief. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BREAUX addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. I yield 10 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 10 minutes.

Mr. SPECTER. I thank my colleague from Louisiana.

Mr. President, I join in cosponsoring this centrist approach. In my view, the tax proposal to cut $792 billion over 10 years is too much. It may be that the United States would be best served by not having any tax cut at all, but it appears we are headed for some tax cut. And a group of centrists, so-called moderates, have joined together on the proposal which is now on the floor for a tax cut of some $500 billion.

This same group, in substantial measure, was assembled 2 weeks ago on the so-called Patients' Bill of Rights, where the centrists had an alternative proposal to the more extreme proposals on the right and on the left.

We have rounded up the so-called "usual suspects," but we have a few more; and I think there is some chance that this bill, this proposal, this amendment will be adopted, if not today, then perhaps ultimately.

At the outset, I acknowledge the proposition which has been advanced by the Chairman of the Federal Reserve, Alan Greenspan: that the Government of the United States would be best served if there were to be no tax cut at all.

The projections of the surpluses are highly speculative. If you change the interest rate a bit, or if you change the unemployment rate a bit, those surpluses would change very dramatically.

There is a strong argument for the proposition that we would be best advised to pay down the national debt. The national debt now stands in excess of $5.5 trillion. When the Presiding Officer and I came to the Senate, after the 1980 election, the national debt was slightly under $1 trillion. Notwithstanding the so-called "Reaganomics" of the administration of President

Reagan, by the time he had left office, the national debt was in the range of $3 trillion, and it has gone up.

To reduce the national debt would reduce the carrying costs on the interest, and there is a great deal to be said for that. But my sense is the temper of the times is that we are going to be looking at a tax cut to some extent. If we ameliorate, or reduce the tax cut from the proposed $792 billion to $500 billion, then we have more assurances that we can take care of other needs of America.

There is a consensus that the Social Security fund ought to remain inviolate, ought to be preserved at all costs. I believe that it is true that the Social Security fund will be secure under any of the pending proposals. But you can't be entirely certain of that because that significant measure depends on the economic forecasts, the unemployment rate, and the interest rate.

Beyond Social Security, there is a commitment to preserve Medicare. A lesser tax cut would provide a better guarantee that funds will be available for Medicare.

Then we have the issue of prescription drugs where, again, there is a growing sense that this is an issue which has to be taken into account. Again, a lesser tax cut gives more flexibility for prescription drugs.

So when we look at the imponderables and the problems, there is much to recommend a lesser tax cut, so that a figure in the $500 billion range appears preeminently reasonable.

Earlier today, about an hour ago, the Senator from Minnesota, Mr. WELLSTONE, said he did not think the majority of the country favored any tax cut. Well, it is hard to assess where the majority of the country is. What is going to happen in the course of the next 6 weeks, probably, presumably, likely, is that a tax cut will come out of the Republican Congress. The plan is, if this tax cut is adopted, the Senate and House will go to conference, and there will be a resolution of the issue by the end of next week, before we start the August recess.

Then there will be an opportunity for Americans to digest the positions taken by the Republican Congress, contrasted with the position taken by the President's Administration and what the Democrats have in mind.

I believe if the Senate were to enact this amendment on the $500 billion tax cut, we would be in the position to have some realistic negotiations. It is perfectly obvious, at this stage of the proceeding, that the aura of politics is very heavy in this Chamber, very heavy in the House Chamber, very heavy over all of America—less heavy, frankly, outside the beltway.

During the August recess, as I undertake my open-house town meetings, I am anxious to get guidance as to what the Congress ought to do from the prevailing wisdom of Pennsylvanians and the wisdom of men and women outside of the beltway.

But I think a tax bill coming out of the Senate at $500 billion would set the stage for some serious discussions with the White House, and an important aspect of those discussions will be what is going to happen to the appropriations bills.

We are now operating under the 1997 Balanced Budget Act. Speaking for my subcommittee, which has jurisdiction over three major Departments—the Department of Education, the Department of Health and Human Services, and the Department of Labor—the allocation of $80 billion is totally insufficient when we look at what we had appropriated last year, what the inflation rate has been—however small, it is a factor. Looking at the financing of the National Institutes of Health, which have made such dramatic achievements; the financing for Head Start, Healthy Start, and worker safety; that is a matter which has to be reconciled, has to be negotiated with the White House during September, before we go into October where we have the highly publicized possibility of the so-called train wreck.

But those are factors which have to be taken into account. There again, an approach of $500 billion leaves greater flexibility to accommodate other pressing needs of the Government.

Later during the consideration of this tax bill, I will have an opportunity to speak about an amendment which I have pending, which is the flat tax. That is a proposal to simplify taxes in America so they could be filed on a single postcard.

I regret that this measure has not received greater attention, notwithstanding the fact that it was introduced in the House of Representatives by Majority Leader ARMEY in the fall of 1994, and I introduced it—the first bill in the Senate—in March of 1995, which really provides some very substantial relief on simplicity and breaks for the American people. That is not to be, but I will have an opportunity a little later to explain, in some detail, the flat tax proposal.

Mr. President, inquiry as to how much time I have remaining of the 10 minutes allotted.

The PRESIDING OFFICER. One minute.

Mr. SPECTER. I thank the Chair.

In conclusion—the two most popular words of any speech—I believe that America ought to be governed from the center; America needs to be governed from the center; and America wants to be governed from the center.

Where we have the competing proposals—the one which was defeated yesterday, the Democratic proposal at $295 billion; the competing proposal of $792 billion—the $500 billion figure will provide more flexibility for other needs of America, will move to the center, will give better assurances that adequate funding will be available to protect Social Security, to provide Medicare reform, to provide important programs such as prescription drugs, to provide for the kinds of funding necessary for the National Institutes of Health, the other important items yet to be resolved under an arrangement with the White House on the pending appropriations bills.

I join my colleagues in urging adoption of the Chafee-Breaux proposal.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I yield 10 minutes to the Senator from Alaska.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. MURKOWSKI. I thank the Chair, and I shall not take the full 10 minutes.

Mr. BAUCUS. Mr. President, might I get some understanding of the order. I wonder if there is some way we could go back and forth.

Mr. MURKOWSKI. I was under the impression we were talking on different sides of the amendment.

Mr. BAUCUS. If we understand that the next speaker will be the Senator from New Jersey, that would be helpful.

Mr. ROTH. That is correct.

Mr. BAUCUS. I thank the Chair.

Mr. MURKOWSKI. Mr. President, the issue before us today is whether we should replace the Finance Committee's tax relief bill with a smaller $500 billion tax relief bill. I commend the authors of the amendment for their effort to provide tax relief to the American people, but I believe very strongly that the Finance Committee bill is a better, balanced approach.

Let's examine it for a moment. For example, middle-class families would receive far less relief under the $500 billion amendment because the 15-percent bracket is not reduced. Moreover, the marriage penalty relief in this amendment will not affect the 30 percent of married couples who itemize deductions.

The biggest flaw in the authors' approach is their belief that this $500 billion tax cut would be approved by our President. He has stated already he would not sign a tax bill, a $500 billion tax bill that cuts taxes by more than $300 billion. And the Director of the OMB has indicated that a $500 billion tax cut would be vetoed. So we have a veto threat.

We also have a responsibility to the American taxpayer. As a member of the Finance Committee, I rise in strong support of the Taxpayer Refund Act as proposed by Finance Chairman ROTH. I commend his chairmanship, the professional staff, and the Joint Tax Committee staff who have worked so hard in putting this together. It has been very difficult, but it is fair, it is balanced, and it is growing in support, as Americans and Members of this body recognize its contribution from the standpoint of fairness and equity. Everybody shares. Everybody benefits. It is a great opportunity for the American people to share in this prosperity associated with the surplus.

The Roth bill gives the overtaxed American family a refund of the taxes they are now overpaying to the Federal Government which has resulted in the surplus. The Congressional Budget Office projects that the total budget surplus over the next 10 years will be $2.9 trillion. Nearly $1 trillion—that is, about $996 billion—of that surplus comes from overpayments of income and estate taxes. The American people should share. They know to whom this refund belongs. It is an obligation of this body to give some of it back.

What Senator ROTH and my colleagues on the Finance Committee have done in this bill is to take about $791 billion of those tax overpayments and return that money to the American people, the hard-working American taxpayers. All of the $1.9 trillion Social Security surplus will be used solely for preserving Social Security. As a result of this bill, we will have more than $200 billion available for saving Medicare and paying down part of the debt.

We have heard from the President that he will veto this bill because the tax refund is too large, and the liberal Washington press mindlessly parrot the President's statement and argue that we should not provide such a large refund.

First of all, the President wasn't very supportive of any kind of a refund. He is coming around now. Think of the media, the media that parrot an argument that has no foundation, that somehow it is wrong for the American people to have a tax refund. Think about that for a moment. What is wrong with the American people sharing in this surplus? After all, it belongs to them. What do you do if you get a tax refund? What do you do if your taxes are reduced? Well, you have a couple of alternatives. You can save it, or you can go out and buy something, spend something. That is going to increase somebody's inventory. Go out and buy a new bicycle; somebody has to put in more bicycles.

The point is that it addresses an alternative for the American people. We should save more. We are going to have an opportunity to save more.

The Democrats automatically jump to a conclusion: Interest rates are going to go up. There is no proof of that. There is no indication of that. That is scare tactics, Mr. President. What is wrong with the American people having more dollars in their jeans to spend or save if they wish?

Mr. KERRY. Will the Senator yield for a question?

Mr. MURKOWSKI. I will yield at the end of my statement. I will be happy to at that time.

We only have to go back to December of 1980, under the Carter administration. Some people have forgotten. Do you remember what the inflation rate was? The inflation rate was better than 11 percent. Interest on the prime rate in this country was 20.5 percent. Imagine that. What was that due to? Partially the oil shock. So here we have an opportunity where we can have a significant refund, and the beneficiary is the American people.

The fact is that what the President wants us to do is not to provide a tax refund to the American people. Instead, he wants to take that surplus to finance $1 trillion in new spending. Despite his claim that he wants to cut taxes by $300 billion, CBO has scored the President's budget as actually raising taxes by $100 billion over the next 10 years. In other words, at a time when we are running a real surplus in the hundreds of billions of dollars, this President comes along and wants to impose even more higher taxes on the American people so he can finance a big and growing Government.

The bill before us should not be vetoed because it provides a tax refund to every single American who pays taxes. The lion's share of the tax cut, more than $410 billion, results from cutting the 15-percent rate to the 14-percent rate and the almost total elimination of the marriage penalty. Is that what President Clinton objects to—reducing the tax rate paid by the lowest income taxpayer? Or does the President object to elimination of the marriage penalty? That must be the case, because if our President had his way and we cut taxes by $300 billion, we could not eliminate the marriage penalty, we could not cut the rate paid by the lowest income earners.

When the baby boomers are set to retire in 11 years, this bill expands retirement incentives, allows increased competition by people over 50 years of age.

I commend the chairman, Mr. ROTH, for upping the limit on contributions to IRAs to $5,000. It has been over 20 years since we raised the $2,000 IRA limit. Upping the limit to $5,000 is long overdue, and it is incentive for the American people to save for retirement.

In recent months we have seen that America's savings rate is actually a negative number. These incentives could well serve to increase our savings rate. Is that what President Clinton objects to—retirement savings incentives? Or does the President object to the health care provisions in this bill, health care changes that bring a much-needed level of equity to the Tax Code?

Allowing the self-employed to deduct 100 percent of the cost of health insurance finally brings small businesses to parity with large corporations. What is wrong with that? For the first time in our history, under the bill, employees who pay for more than half of their own health insurance will be able to take an above-the-line deduction for those costs. It sounds fair to me. I thought the President was so concerned about the uninsured. Why would he, if he was that concerned, veto a tax bill that finally provides health equity to employees and small business owners? I ask that question of the President.

Much overlooked in this bill are the more than $12 billion in educational changes that will make it easier for graduates to pay for their student loans. In addition, more than $1 billion of this bill will help communities construct new schools. Does the President object to that?

The PRESIDING OFFICER. The time of the Senator from Alaska has expired.

Who yields time?

Mr. MURKOWSKI. I urge support of the Finance Committee chairman's bill.

Mr. BREAUX. Mr. President, I yield 5 minutes to the distinguished Senator from Vermont.

Mr. JEFFORDS. Mr. President, I thank the Senator for yielding the 5 minutes. We have worked closely together on this bill. I am here to recommend passage of it.

First of all, I commend my chairman, Senator ROTH. I support many of the provisions in his bill. Many of the provisions in his bill are in this bill. I express my sincere hopes that the bill's good provisions will stand. I agree with much of what Senator SPECTER said about some of the ramifications if we continue on our present course. This is basically "Roth lite" as far as the bill goes.

It is very much modeled after it. It just cuts it back somewhat so we can get sort of in the middle.

This $500 billion centrist alternative represents an attempt by some of us to find a middle ground. The Senate finance Committee has approved tax cuts of roughly $800 billion. The President has said he will veto a bill of that size. The Senate Democrats have proposed tax cuts of $300 billion, and the President has signaled his willingness to sign a bill with that level of tax cuts.

The bad news in all this is that the parties are at an impasse. One side is dug in at $800 billion; the other will not budge from $300 billion. The good news is that both sides agree that we can afford and achieve some level of tax cut. I certainly do. And since both sides agree that a tax cut is appropriate, sooner or later we will have one.

What those of us sponsoring his centrist amendment are saying is: "Let's compromise. Let us take a step toward the middle. Let us settle on a figure we can agree on. And let us get this tax cut done—sooner, rather than later. If neither side can give ground, if we lock ourselves into hard and fast positions, this whole process will come grinding to a halt. How the process will ultimately play out is anybody's guess. It could mean we have another government shut-down. Or it could mean we end up with an omnibus bill like we had last year.

It does not have to be that way. This should not turn into a game of "chicken" between political parties. But both sides will have to give a little.

In the end, I think we will ultimately end up with a tax bill that is somewhere between $300 billion and $800 billion—in other words, around $500 billion. I do not see why we can not settle on an acceptable mid-point now.

You can get a lot of tax relief with $500 billion. The centrist package will provide for broad-based tax relief for most taxpayers. Taxpayers who do not itemize deductions will see a big increase in the standard deduction. This increase is not just tax relief. It is also tax simplification. With a larger standard deduction millions of taxpayers will no longer have to itemize their deductions. Taxpayers who itemize will also get a break, as the 15-percent bracket will be expanded.

Up to $5,000 that was formerly taxed at 28 percent will now be taxed at 15 percent. This 13 percent reduction in tax will mean savings up to $650 for married couples.

Our centrist package also addresses the marriage penalty. It eliminates the marriage penalty in the standard deduction, and eliminates part of the marriage penalty in the earned income credit. Our Tax Code should not punish marriage—especially among the working poor. Right now two low-income people who marry often find themselves with a smaller earned income credit than they would have had as single taxpayers. That shouldn't be.

This alternative also encourages savings and investment. The first $1,500 of capital gains would be tax tree. Again, this is not just tax savings; it's also tax simplification. During the tax filing season, the complex schedule D was one of the things Vermont taxpayers complained about most often. Under our proposal, millions of people with capital gains from mutual funds could avoid filing out schedule D.

Our alternative includes targeted provisions that serve important national interests like retirement savings, education, and protection of the environment. When people move between jobs it will be easier for them to take their pension benefits with them. More people will be able to claim the deduction for student loan interest. Long-term care insurance would be deductible. The research and experimentation credit would be permanent and the low-income housing tax credit would be extended. These are but a few of many tax issues addressed in our alternative package.

In the Finance Committee, I voted to move the bill out of committee and keep the process going. I applaud Chairman ROTH for the reasoned approach he has taken in this bill.

With a projected surplus approaching a trillion dollars, I think we can afford some tax relief. I must confess, however, I'm a little uneasy with the level of tax cuts in the Finance Committee bill. An $800 billion tax cut leaves little margin for error if the surplus projections are not correct. An if these projections understate the surplus, we can always come back and enact further tax cuts.

I'm also concerned that an $800 billion tax cut doesn't leave us a cushion sufficient to fund a Medicare prescription drug benefit, to pay down our national debt or to address other areas of concern, like education. I think we should go slower, be a little more cautious. Some would call this the conservative approach.

Still, I want tax cuts. Our $500 billion alternative allows for meaningful tax relief, while also leaving a significant chunk of the surplus intact for other national priorities.

Mr. President, the American people are tired of gridlock. They're frustrated that compromise is becoming a lost art. We don't need to wait for a veto before getting down to serious negotiations. We can get this bill done today.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I yield to the Senator from New Jersey for 5 minutes.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. LAUTENBERG. Mr. President, I thank the chairman of the Finance Committee. I appreciate this opportunity to state my opposition to the Chafee-Breaux amendment, which would provide a $500 billion tax cut.

The proposal is being put forward by some of the moderate Members of this body, and I have tremendous respect for Senators CHAFEE, BREAUX, and the other cosponsors. Its sponsors may be moderate, but this amendment is not. If you really look at the numbers, I would say it is fiscally irresponsible.

It is always tempting to believe the best solution to a conflict is to split the difference. But that is not true when one side is taking an extreme position. That is what is happening.

In this case, splitting the difference would be terrible policy. It would force either unreasonable cuts in education, defense, and other priorities or, more likely, it would eventually force excessive cuts in Medicare and Social Security.

Supporters of large tax cuts have been coming to the floor arguing that we have a $3 trillion surplus to divide up. But that is wrong. I have even heard the arguments being made about how well regarded the original Finance Committee bill of $792 billion was, and claiming that it is the only fair thing to do—to give it back to the people who paid the bills in the first place. The fact of the matter is, we are all on a mortgage; all of our citizens share a mortgage, all of us in this room and outside in the countryside. It is our national debt.

I don't know any family that, given a chance to get a couple of bucks in their pockets—less than $150 in the tax cut for modest-income earners of $38,000—would not rather have their mortgage paid off for them. That is the condition we ought to be in—paying off our mortgage and paying off our national debt, not giving it back in forms that produce most of the benefits for people in the highest share of the income strata. We were talking about people who are wealthy, who make $800,000 a year—by any judgment, they are pretty well off in this country—getting $23,000 a year worth of tax cuts in the original bill. Now we are in the compromise stage, and we are down at a level that still, frankly, doesn't make economic sense.

It is expected that we are talking about a surplus. Well, first, I want to point out it is a projected surplus. There is a big difference. Hardly anybody who has looked at CBO's projections truly believes that they are without question. To be fair to CBO, even they have acknowledged their estimates are uncertain.

They depend not only on guesses about our economy, but they depend on assumptions that the Congress will make drastic cuts in a broad range of popular programs from veterans' health care, to education, to law enforcement. If Congress merely maintains defense spending at the levels requested by President Clinton, all of these other programs would have to be cut about 40 percent.

Alan Greenspan, Chairman of the Federal Reserve, who is really the most esteemed spokesman on the economic condition in our country, has said: Hey, be careful. The Fed Chairman told the Banking Committee in an article from the Washington Post this very day:

> It would be unwise to cut taxes now altogether on the basis of surplus forecasts that could be far off the mark. If Congress goes ahead with a major tax cut, I think it also has to be prepared to cut spending significantly in the event that the forecasts on which they are based are wrong.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUTENBERG. I thought I had 10 minutes.

Mr. ROTH. I yield 2 minutes from the bill.

Mr. LAUTENBERG. Mr. President, it is less time than I thought I would have to speak on this subject. I have waited patiently. I guess I will try to wrap it up now.

The projected surplus is truly a mirage. If Congress were to maintain basic Government functions at this year's level, it would be a $1 trillion non-Social Security surplus, yes, but it would be more like one-tenth of that, or $100 billion, by the time we finish with this tax cut.

We are slashing prospectively important domestic programs such as VA and other programs, trying to find trick ways to satisfy our obligation to the Veterans' Administration and to the Census, which is clearly identified in our Constitution as an obligation, now calling it "emergency" spending.

What we are observing, I think, is some sleight-of-hand work. I hate to use that term, but that is what I see, "cooking the books," making sure we take whatever forecasts suit the situation the best.

There is no way to do what we want to do, what we are obliged to do, if we are going to give away $500 billion in tax cuts. There are better ways to deal with our financial or fiscal condition. Alan Greenspan confirms that.

I hope this Senate will respond to the American people's desire. Get rid of the mortgage, pay down the debt, and then talk about tax cuts that are targeted specifically to modest-income people.

Mr. BREAUX. I yield 5 minutes to the distinguished Senator from Maine, Ms. COLLINS.

Ms. COLLINS. I thank my colleague from Louisiana.

Mr. President, I rise today in strong support and as a proud cosponsor of the Chafee-Breaux bipartisan compromise plan. I commend the Senator from Louisiana and the Senator from Rhode Island for their leadership in bringing Members together to craft this important proposal. This amendment represents a fair, prudent, and responsible compromise between and among the competing proposals we have been debating. It is a sensible bipartisan plan.

In crafting this proposal, our bipartisan coalition has been guided by several principles. The first is perhaps best summed up by the expression, "Don't count your chickens until they are hatched." We know, based on CBO estimates for the next 10 years, that we may have a projected surplus of $3 trillion. However, $1.9 trillion of that surplus is due to a surplus in the Social Security trust fund. I don't think we should spend a penny of the Social Security trust fund surplus for either tax cuts or for spending increases on non-Social Security-related programs. That should be reserved for paying Social Security benefits and for Social Security reform.

That leaves roughly $1 trillion to decide how we are going to allocate. Our bipartisan coalition believes adopting a more prudent tax relief goal of approximately $500 billion over the next 10 years will provide millions of families in Maine and across the country with much-needed tax relief, while at the same time guarding against the possibility that the current surplus projections may not be fully realized in the years to come. Our proposal allows for additional amounts of the public debt to be paid down, as well as reserving extra funds that could be used to preserve and protect Medicare, to strengthen education, and for other priority programs.

Our second principle is to target the tax relief we are providing. In this time of economic good fortune, we should focus our tax relief on hard-working lower-income and middle-income families. Our proposal would do just that. It allows for additional public debt to be paid off while removing 3 million low-income taxpayers from the tax rolls altogether. In addition, it slices the marginal tax rate nearly in half for another 4 million Americans.

The third principle we have adhered to is quite simply pragmatism. In order to craft, to pass, and actually enact into law a tax relief bill, we must offer a plan that enjoys bipartisan support. Our proposal meets this test and in the process offers a blueprint for reasonable tax relief that should and could become law. Indeed, I predict that ultimately what will be signed into law will be very close to the proposal the bipartisan coalition has put forth today.

In addition to this broad-based tax relief, our proposal includes a number of compelling tax relief measures. For example, the amendment provides substantial relief for the unfair marriage tax penalty that causes many married couples to pay more taxes together than they would if they had remained separate. It also contains important health care-related tax proposals that I, along with many other Senators, have advocated for some time. That includes a 100-percent deduction for self-employed individuals purchasing their own health insurance, as well as the deduction for the purchase of long-term care insurance.

In addition, our amendment contains valuable estate tax relief provisions to help our family businesses and our family farms stay in the family. It includes provisions that I sponsored to help families save for college education of their children as well as to encourage the environmental benefits that come from biomass plants.

An astute, perhaps even a casual, observer might well notice that our bipartisan coalition's plan bears a striking resemblance to the plan put forth by the Finance Committee. It is, however, a slimmed down version of the Finance Committee bill in that it trims about $300 billion from the Finance Committee legislation.

I urge the adoption of the Chafee-Breaux amendment. It seems a good middle ground that best provides tax relief in a prudent way for American families.

Mr. ROTH. I yield 6 minutes to the distinguished Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 6 minutes.

Mr. FITZGERALD. Mr. President, I thank Senator ROTH for this time.

I am pleased to rise in support of the tax relief act that has been proposed by Senator ROTH and the Senate Finance Committee.

During this debate which has been going on some 15 hours and several days before that, we heard many opponents of tax relief argue that we ought to focus on paying down that external national debt, which now stands at about $3.6 trillion. Many on the other side have said our focus on paying down that national debt should encourage Members to support the President's plan, which actually has very limited tax relief in it. By the CBO's own estimates, it actually has a $95 billion tax increase, and people believe that somehow going with no tax cut in the President's plan will pay down more of the national debt. But, in fact, if you look at the real numbers and look where the national debt will be 10 years out, in the year 2009, you see that Senator ROTH's plan and the Finance Committee plan pays down more of the national debt, the external national debt, than the President's plan which has a net tax increase of $95 billion.

In fact, under the Senate plan that is now before us, the national debt will be paid down, the external national debt, will be paid down from $3.6 trillion to $1.5 trillion by the year 2009 versus only $1.8 trillion under the President's plan. In other words, even with the tax cuts, we pay more of the external national debt, and we are in a better position, therefore, in the future to take care of our ongoing obligations for Social Security and Medicare.

But I want to encourage my colleagues to step back from this whole debate. We have heard all sorts of arguments about how much the surplus is projected to be—$3 trillion—and their plan will save that amount and this plan will cut taxes by this amount. But let us step back from that issue and just look at where overall levels of taxation are right now in our Nation's history.

Going back to 1941—this is from the Congressional Research Service—if you look at the levels of taxes in this country, Federal taxes as a percentage of our gross domestic product, you will see that our taxes right now are almost at an all-time high. Right now, Federal taxes as a percentage of our gross domestic product are 20.6 percent of our economy.

When President Clinton first took office, taxes were 17.8 percent. If we were to give the entire $3 trillion surplus back in the form of tax cuts, the tax burden would still be 18.8 percent of the gross domestic product. You have to look back to 1944 and 1945, when we were in the midst of World War II, to find such high levels of taxation on the American people.

These are the seven heaviest tax burdens in U.S. history. Right now, in the year 1999, our tax burden is up here. To get equivalent high tax burdens, you have to look to the administration of Franklin Delano Roosevelt in 1944, or Harry Truman in 1945 when we were attempting to throw Hitler out of Europe, and when we were spending 38 percent of our money on our Nation's defense. Today, we are only spending about 23 percent. By historic standards, our taxes are enormously high. In fact, they are unprecedented in our peacetime history, and we ought, therefore, to be thinking about tax relief.

Another thing I would like to point out to you is that right now the average family in America is paying nearly 40 percent of its family income in combined Federal, State, and local taxes. That 40-percent burden means that in families in this country where you have two parents who are working, one of them is working for the government. I don't happen to think that is right. We need to do what we can to alleviate that tax burden on our American families.

We talk all the time in Washington about government programs that can help our families, help our children, improve their education, but all too often we ignore the fact that the greatest single reform we could have for our kids or for their futures would not be another government program but, in fact, more parental involvement in their lives.

But when you have a confiscatory level of taxation that is taking nearly 40 percent of the average family income where parents are working two, and sometimes two and a half or even three jobs just to pay the cut extracted by Uncle Sam——

The PRESIDING OFFICER. The time yielded to the Senator has expired.

Mr. FITZGERALD. Could I request 2 minutes taken from the bill?

The PRESIDING OFFICER. There are 2 additional minutes yielded by the manager.

Mr. FITZGERALD. In short, families right now in America are spending more on taxes than they are on food, housing, and clothing combined. The actual tax levels have increased by 35 percent. The combined Federal, State, and local tax burden has increased by 35 percent on American families since the late 1950s. That tax burden is too high. We need to alleviate it.

I compliment Chairman ROTH for what he has done to structure a bill that would eliminate that odious marriage tax penalty on 22 million American married couples who are penalized for being married. It would also give serious major tax relief to people in the lowest tax bracket—that 15-percent tax bracket which would be lowered to 14 percent. That bracket would also be expanded in size so that more Americans could pay taxes at that lower level.

I appreciate the time. I yield the floor.

Mr. KERRY. Will the Senator yield for a question on the remaining time?

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. KERRY. I thought he had additional time.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Mr. President, I yield 5 minutes to the distinguished Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. BAYH. Mr. President, thank you.

I am pleased to be on the floor of the Senate as a part of a bipartisan group once again—this time to advocate a tax cut for the American people that is fiscally responsible, that honors our values, and that can actually be done.

I am disappointed we will not have an opportunity to vote on this proposal today because I believe it is in the best interests of the American people. Ultimately, I believe that if we are going to ever span the partisan chasm that stretches before us, it will be on the ground that I and others are staking out here today.

This proposal is fiscally responsible. It allows for paying down 94 percent of the publicly held Federal debt—94 percent of the publicly held Federal debt. That is fiscally responsible. It, as the other proposals would do, extends the life of Social Security to the year 2053—54 more years—by adding $1.8 trillion to Social Security. That, too, is fiscally responsible. It extends the life of Medicare to the year 2020, adding $210 billion—allowing for that to extend the life of Medicare.

As my colleague from Louisiana, Senator BREAUX, pointed out, on some occasions none of the proposals that are before us permanently solve every issue of Medicare. All of them simply postpone the day of reckoning. Our proposal would do that and give us time for systemic reform. But, in the meantime, adding $210 billion to extend the life of Medicare is the fiscally responsible thing to do.

Finally, it allows for $500 billion of tax reductions for the men and women of our country, completely removing from the tax rolls 3 million hard-working Americans and moving 4 million people from the 28-percent tax bracket to the 15-percent tax bracket.

I have listened to the eloquence of my colleagues, many of whom have mentioned the important needs of our Government—and our Government does have important needs—many of whom have mentioned the funding priorities for Government spending programs which are important.

I remind all of us about the needs of the American people, of families, working men and women. What about their needs too? Many working families across my State, even in this time of plenty with a strong economy, are having trouble paying the mortgage, putting something away for retirement, affording a college education for their children. These families—at a time when we are adding $1.8 trillion to Social Security, $210 billion for Medicare, and the other for discretionary spending—can very much use the $1,000 for an average family across my State to help meet their pressing needs. It is the right and appropriate thing to do.

This proposal honors our values—our most basic values—and eliminates entirely the marriage penalty. No longer will people be penalized by the Federal Tax Code simply because they choose to get married. We should encourage marriage. We should not discourage marriage.

This proposal makes child care, care for a sick parent, and health insurance for those who are without it more affordable. These are the right things to do.

I think it is important to recognize that we can cherish our values and promote them by reducing taxes just as easily and sometimes better than through increased public spending.

This proposal has room for a $45 billion drug benefit under Medicare, the same amount of public spending required of the President's proposal, and still we would have $180 billion for additional discretionary spending over the next 10 years.

There has been a lot of talk and a good deal of disagreement about the appropriate level for discretionary spending increases. I must say, with all due respect, I cannot agree with my colleagues in the majority because I find the assumptions and accounting upon which their proposal is based are suspect at best. They ask us to believe they can hold to spending caps over the next 10 years that they have already admitted they cannot abide by in this very year. That simply is not possible. Yesterday I listened to one of my colleagues on the Senate Banking Committee have an amazing colloquy with the Chairman of the Federal Reserve Board in which he essentially said, Mr. Chairman, the reason I am supporting tax reductions is that I cannot keep from spending irresponsibly. He looked at the Chairman of the Federal Reserve and almost asked him: Mr. Chairman, stop me before I spend again.

Colleagues, we have been elected to this body to make tough choices and set priorities. I believe we can and should. The prescription of the majority is one for increased debt and deficit. This is a path I choose not to travel. At the same time, I cannot find myself in agreement with those who show charts and list figures basically arguing for an inflationary increase for Federal spending as far as the eye can see, basically putting Federal spending on autopilot. I do not know of any working family in my State who has been guaranteed inflationary increases in their family income for 10 years. Why should we treat the Federal Government any better than ordinary citizens? Of course we should not.

I asked the Chairman of the Federal Reserve yesterday about productivity increases. We are seeing amazing productivity increases in the private economy. Shouldn't the Government be asked to become more efficient and productive as well, thereby decreasing the need for annual increases in spending? Of course we need to set priorities and make difficult decisions, allowing us to live within our means, just as families across my State and country are asked to live within their means.

This is a momentous debate. The consequences of our decisions will last for many years to come. I believe we have set the right balance of priorities, fiscal responsibility, honoring our values, doing right by future generations in a bipartisan way. I appeal to the President and my colleagues for support for this measure.

I yield the floor.

Mr. ROTH. Mr. President, I yield 5 minutes to Senator LIEBERMAN.

Mr. LIEBERMAN. Mr. President, I rise to oppose the amendment before the Senate introduced by my friends from Rhode Island and Louisiana. But in doing so, I rise to oppose all of the amendments that have been offered to cut taxes.

It is particularly difficult for me to rise and speak against this amendment offered by this centrist group. It contains some of my dearest friends and closest collaborators in the Senate. I have parted company with them only after much consternation and consideration. I do so because, if they will allow me to say so, I think the centrist course we would best follow in this case is to stay right in the middle of the road that has brought the American economy to the extraordinary point of growth and strength it occupies today, and that is the road of fiscal responsibility. It took a lot of hard work to get us to this plentiful place that we are enjoying today, with high growth, low unemployment, a surprisingly high stock market, and surprisingly low inflation.

I think the Federal Government helped to begin it all by creating the climate for sustained economic growth by exercising some real fiscal discipline. Then most of the prosperity has come, as it always does in America, from the private sector, from millions of businesses and individuals, innovating, cooperating, and profiting. Now, as a result, for the first time in a generation it looks as if the Federal Government may actually go into surplus—if we let it.

Oscar Wilde once wrote, "I can resist everything except temptation." I fear the same may well be said of this Congress as it giddily proceeds to spend a surplus that no one knows is really there, that would take our Nation back into deficit and endanger the critical economic gains we have made over the past several years.

So I ask, why not stay the course that has raised the standard of living of millions of American families? Why not wait for at least another year to see if the surplus projections are real, if the economy will continue to grow, if Congress is prepared to exercise the required spending discipline? That is the question Senator LEVIN and I will ask later on a motion to strike the entire tax cut before us, which would mean we would wait a year. It is the question that Senator HOLLINGS will ask in an amendment we will offer later which would recommit this tax cut to committee.

I must say, as all of us here, I suppose my reflex is to propose tax cuts, not to oppose them. I was very active in support of the tax cuts we passed—just 2 years ago. I think sometimes we forget that in this debate. Just 2 years ago, I cosponsored the cut in the capital gains tax and supported so many of the incentives that the chairman of the Finance Committee offered to increase savings in our country. I would welcome the opportunity to vote for a balanced, thoughtfully crafted tax reduction package such as the one the Senators from Rhode Island and Louisiana have offered today if I were convinced we could afford it, if I were convinced the money was there to support the tax cut, or, in the alternative, if I thought, as Chairman Greenspan has suggested, that the economy needed it, needed to be stimulated.

But the more I have looked at these protections of a $1 trillion surplus over the next decade, the more it looks to me like a Potemkin surplus—not a real one, a facade with nothing behind it because it is based on projections of 2.4-percent growth over the next 10 years, which may happen but would extend what is already the longest peacetime expansion of our economy in history. It is possible, but I would not bank on it, or at least I would not spend in tax cuts the profits of such unprecedented projected growth until I knew they were in the bank.

Of course, both baselines, OMB's and CBO's, assume cuts in spending that are massive and unsustainable. These are cuts that few in either House would ever support and, in fact, are not supporting right now, as Congress simply exceeds the budget almost every day, exceeds the caps through transparent accounting gimmicks, calling excess spending emergency spending and double counting when necessary.

In other words, we do not have to wonder whether Congress over the next decade will be able to hold the spending line on which the surplus, which would fund these tax cuts, is contingent because Congress is already proving today that it cannot so control itself. The result is that by passing a major tax cut, paid for by a surplus that probably will not be there, we would likely incur sizable deficits for years to come.

The PRESIDING OFFICER. The 5 minutes of the Senator have expired.

Mr. LIEBERMAN. I ask the Senator from Delaware if I might have 2 more minutes off the bill.

Mr. ROTH. I yield 2 more minutes to the Senator.

Mr. LIEBERMAN. I thank the Senator.

On top of that, of course, we would leave little or no money available for building the solvency of Medicare and Social Security, for supporting our national security—defense—and we would thus raise the specter of a major tax increase down the line to compensate for our profligacy right now.

It seems quite clear from what Alan Greenspan is saying, if we cut taxes now, the Fed will increase interest rates soon thereafter, which would put a drag on the economy, slow down business investment, and probably lower the stock market, and it would hit average working Americans literally where they live, driving up the cost of their mortgages, car payments, credit card bills, and student loans to the point where it would dwarf any tax benefit most Americans would receive from this bill.

In other words, we would be robbing Paul to pay—Paul, while simultaneously robbing our economy of the dynamism we have labored so hard to create. And to what purpose? None that I have heard, except to return to the American people a surplus that is not going to be there.

What we need now, I argue, is a little more of the fiscal discipline and responsibility that helped bring this economy to the point of great growth it is at now.

I thank the Senator from Delaware, and I yield the floor.

The PRESIDING OFFICER. The Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. I yield 5 minutes to the distinguished Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine.

Ms. SNOWE. I thank the Senator. Mr. President, I congratulate Senators BREAUX, CHAFEE, JEFFORDS, and KERREY for reigniting the centrists on an issue that certainly is important to the American people.

It is interesting that we are here today confronted with a major issue, and it is not surprising that various Members of this Senate, the House, and the President have different positions on an issue of such significance. What we have tried to do with the package that has been offered by Senator BREAUX and Senator CHAFEE is to bridge the gap between what the President has offered, what the House has offered, and the package that has been offered by Senator ROTH and the Senate Finance Committee. We are trying to bring the differences together to preserve the viability of a tax cut for the American people.

Lyndon Johnson once said: The good news is, I see the light at the end of the tunnel. The bad news is, it is the light of an oncoming train.

That is the prospect we are facing in Congress with the tax cut proposal because all the positions are different and everyone is taking a very polarized position on this very important issue.

I hope our package will be one that can bridge the differences from all sides. That is why we have tried to stake out this position so that we can have a bipartisan proposal that will avoid that train wreck.

Over the last few days, we have heard comments from the administration and from Members of this body saying there is no room for compromise; there is zero room for a consensus. I think that kind of intransigence is unacceptable because ultimately it will result in no tax cut at all, and that is not in the best interest of the American people. We should not reject out of hand the possibility of developing a consensus on this issue, and that is what this proposal is all about.

This proposal is certainly similar to ones that have been offered on the floor by the Senate Finance Committee and by Senator MOYNIHAN. So it is not a question of substance because if you look at the various components of the tax cut package, they certainly exist in all of them.

It is a matter of size, and that is why we decided that instead of the $792 billion package offered by the Senate Finance Committee or the President's package of $300 billion, we would come in the middle with $500 billion. That represents a consensus upon which I think we can all agree. That represents less than 40 percent of the $1.1 trillion projected on-budget surplus over the next 10 years, less than 40 percent.

It comes in the middle between the President's package and the Finance Committee's package. I think that it is eminently sensible, it is prudent, and we have to err on the side of economic caution when it comes to how much we are going to spend of the projected surpluses over the next 10 years because those surpluses are just that, they are projections. Some have referred to them as the hypothetical jackpot.

We have to be particularly cautious about how much we intend to spend over the next 10 years from projected surpluses. We want to save the additional $300 billion so we can look at Medicare, so we can look at prescription drug plans, so we can look at Social Security, and all the other issues contained within discretionary spending that we think happen to be a priority, or we can create a surplus reserve.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Ms. SNOWE. I hope, Mr. President, that Members of this body will give very careful consideration to the compromise proposal we are offering because it keeps open the door of the tax cut for the American people.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Mr. President, I inquire as to whether the distinguished chairman has additional time. We can rotate.

Mr. ROTH. I yield back the remainder of my time.

Mr. BREAUX. I yield 5 minutes to my distinguished colleague, Senator LANDRIEU.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. I thank the Chair. Mr. President, I rise to support my senior colleague from Louisiana and thank him and Senator CHAFEE for bringing us together and for bringing this measure before the Senate and before the American people, a measure that, in my mind, is a very good starting point for where we need to be and on what we need to be focused.

It does a couple of things of which I am very proud and a couple of things for which I believe I ran for the Senate to try to do. One, it is very fiscally responsible. It pays down a significant portion of the publicly held debt and gives tremendous benefits to the market and to our economy because of that savings approach.

It also sets aside a prudent amount of money, and under the leadership of my senior Senator, it enables us to not only throw more money at Medicare, which we need to do for prescription drugs, but it provides a floor or a framework for us to really put in some systemic reforms if we could come to an agreement to strengthen a program that is depended on by almost everyone in our Nation.

It also gives us a starting point and a proposal to reduce taxes, not for the very rich, not for those who have already benefited from this booming economy, but it gives us an opportunity, through strategic tax cuts, to make it possible for more people to enjoy this new historic economic boom that we are experiencing.

It does this in very strategic ways, and I will hit on a few in a moment. Before I begin that point, I want to say that I have the greatest respect for the Senators from Connecticut and particularly my good friend, Senator JOE LIEBERMAN, who just spoke. There is hardly a time I ever disagree with him on an issue of this magnitude, but I have also looked at the projections underlying the bipartisan plan of Senator BREAUX and Senator CHAFEE.

I have learned through that review that over the last 50 years, the average rate of growth has been 3.3 percent. This plan is based on a very conservative projection, I believe, of a 2.4-percent growth. I do not concede the point that these projections are off. I will concede that on the other side, in terms of the spending projections, we are tight. But we have never, as Senator BAYH pointed out, spent the inflationary standard.

There is room to pay down our debt, provide for reform of Medicare, provide a new and very much needed prescription drug benefit, leave room for some reasonable, responsible new spending for programs, and give some strategic relief to hard-working American families, families that are struggling every day to put their children through school, families who are struggling to keep an elderly person at home with the added expense so they do not have to live alone or live in a nursing home that perhaps is not appropriate for them.

There are many important parts of this bipartisan plan that help average, hard-working families begin to be a part of this new economy.

One of the things I want to mention that is actually interesting but not a part of this plan, and I hope as it is massaged and improved and perfected over the next weeks there can be some strategic tax relief to encourage low-income families to begin saving, just as we have the Roth IRA plan and the traditional IRA plan. Those have really helped a lot of middle-income Americans.

But today there are many Americans who live in Louisiana who do not make enough money to set aside $2,000 a year. So there is a possibility, through this tax proposal, that we could structure some tax relief to enable these lower-income, hard-working Americans, to begin savings accounts that can promote their wealth, promote their economic fortune, and help them to participate in the new economy.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Ms. LANDRIEU. If I could have 30 seconds to wrap up.

So besides the program I have just described, there is family tax relief, savings and investments, education—tax relief for small businesses; their No. 1 request to us is for some tax relief so they can continue to afford insurance for themselves and small businesses throughout this country. There are many others—tax credits for the renovation of historic homes, and some other things that create jobs, stir investment, and give people the tools they need to participate in this new economy.

I thank my senior Senator. I am proud to be a part of this bipartisan effort. I ask unanimous consent to be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BREAUX. Mr. President, as a great political philosopher once said: You have to know when to hold them and know when to fold them; you have to know when to walk away and you have to know when to run.

I do not think this is the time to run or to walk away, but neither do I think that either of the two parties at this time is supportive of the concept that has been offered by our centrist coalition.

However, while I think that time does not arrive yet today, I think some time before the year's end both sides will come to reach an agreement that what we have offered on the floor is the right approach and one which will allow us to get something done with regard to this type of a tax cut and reservation of funds to do what we need to do as a government.

I hereby ask that my amendment at the desk be withdrawn.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 1442) was withdrawn.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. May I stress the admiration of this Senator, and I think many, for the case that the Senator from Louisiana and the Senator from Rhode Island have made and their colleagues in the centrist coalition.

I note the trenchant counsel of that philosopher from Bourbon Street: When to hold them, when to fold them. I say, it is very clear that their time will come again, sooner perhaps than we know.

With that, I yield 10 minutes to the Senator from Massachusetts.

Mr. CHAFEE addressed the Chair.

Mr. MOYNIHAN. Forgive me, sir. I withhold that. I think the Senator from Rhode Island wishes to speak.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Just briefly, I congratulate my colleague, Senator BREAUX, from Louisiana, for his presentation and organization of this whole effort that we have had. I believe there is going to come a time—not tomorrow, not the day after but before long—in which this proposal, which he and I and so many others have worked on, is going to be accepted by this body. I certainly hope so.

I thank Senator MOYNIHAN for the kind comments he made about the efforts we have made.

I thank the Chair.

Mr. MOYNIHAN. Again, I emphasize that this was a bipartisan effort, with Senator CHAFEE on the Republican side. And I say to him, semper fi.

On that note, I yield to Senator JOHN KERRY.

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. I thank the distinguished ranking member.

Mr. President, I appreciate the hard work and the thinking that went into the so-called centrist approach. I would like to associate myself with that thinking and with the reasonableness that I think guides most of their actions.

But may I say, respectfully, that something is in the air in Washington that I think is clouding people's thinking a little bit, about where we are on this whole tax bill.

I am all for giving a tax cut when you have the money to give as a tax cut. But everybody here understands some plain truths. Notwithstanding those plain truths, the Senate has in front of it a $792 billion tax cut.

A moment ago we were talking about a $500 billion tax cut. The fact is that most of the analysis that is reasonable, dispassionate—and certainly not pie-in-the-sky sort of dreaming about the future—suggests we have nothing near a $1 trillion, let alone $3 trillion, surplus.

Everyone here has accepted the fact that $2 trillion is going to go to pay down the debt and protect Social Security, and, indeed, a little bit for Medicare, hopefully. But that set aside, whatever prospect there is for a surplus is outside of that $2 trillion. The problem is that the hard reality already tells us an entirely different story from that which Senators are acting on in voting on the size of the tax cut on which we are voting.

We are already breaking the caps. There are appropriations bills that everybody knows are being marked up in a fictitious manner with an understanding that come September or October there is going to be an agreement to change the caps because you cannot meet the appropriations bills without changing the caps.

We are already $30 billion-some over the caps. We are doing it with the fiction of emergency spending. We are calling the census an emergency spending.

Everybody knows these games are being played right now. Nevertheless, the Senate is poised to act on this fictitious surplus.

I do not know one Senator who has gone back to their constituents and said: We're going to cut veterans' benefits. We're going to cut highways. We're going to cut border guards. We're going to cut drug fighting. We're going to cut the Coast Guard. Nobody is saying we are going to cut these things. But the absolute inescapable reality of this budget is that unless you increase the spending of discretionary by something reflecting inflation, you are going to cut.

I heard the Senator from Indiana say: What is it that says we're going to go out into the future increasing these budget accounts by inflation? The fact is, we have done it every year. We do it. That is what happens. It gets more expensive.

The Government isn't somehow exempt from the inflation figures and factors to which the rest of the economy is subject. Prices go up. Costs of contracts for the Government go up. Fuel costs go up. Insurance—whatever it is. The fact is, we already know what is happening to medical costs in the country. Yet everyone knows we are not sufficiently laying out the amount of money that it is going to cost the Government to do its business. Notwithstanding that, we are poised to carve out, to fix in concrete a measure of give-back that predicates that if you go down that road and you freeze Government at the level that the figures are based on, you are going to have a 38-percent cut, or so, in all of the discretionary budget.

Tell me the year in which we have not increased defense spending. Tell me the year, particularly, that the majority party has not set out, as a goal, to increase defense spending. But they did not even figure that into the level of spending that we have here.

This is the reality. If you keep the current accounts at their current level, plus inflation—and no one here has said to America they are going to reduce those accounts all across the board by X percentage—you are going to spend an additional $595 billion. So you have to subtract that $595 billion from the so-called $1 trillion that has been set aside from the $3 trillion because we are protecting Social Security with $2 trillion.

That leaves about $400 billion. But every year we have had an average of $80 billion of emergencies. Are people suggesting there are going to be no emergencies next year, even though every year we have had a budget there has been an emergency expenditure? Just taking the average of $80 billion, you will have an absolute, predictable additional $31 billion in Social Security Administration costs. Those aren't counted into the Republican bill. You will have absolutely $178 billion of additional interest rates because of the money you are not paying down on the debt. You will have to pay that interest. That is not calculated. That is an additional $178 billion. That leaves us conceivably with this little red block, not a trillion dollars, but this little red block, which might amount to $112 billion or so, depending on what we do for prescription drugs, for Medicare, and a lot of other issues facing America.

The real choice in front of the Senate is considerably different than the fiction we are being fed. I heard the distinguished ranking member yesterday talk about the reality that we lived through in the 1980s, the creation of fiscal crisis as a means of achieving ideological and political goals. I respectfully suggest that what we are looking at is a form of Stockman 2. That is what is going on. This is Stockman 2. We are going to come in with a tax cut that has no money, that isn't predictable, and we are going to create a new crisis in our Government, where we are going to face a whole set of choices that a lot of people here will love because we know they hate those particular expenditures. But they are expenditures that time and again, year in and year out, our fellow citizens have said they want us to make. And time and again, the Congress, when it has had that great clash with the President, has capitulated and made them.

So this is a remarkable new kind of thinking, where if one big mistake is a mistake, we are going to come in and say we will make it a lesser mistake, but it is still somehow better thinking. So instead of $791 billion, some people would argue we ought to do 500 or 300. The fact is, all of those figures are out of sync with the reality of what we have in front of us.

We don't even show a real budget surplus until the year 2006. In the year 2006, assuming that you have spending plus some little measure of inflation, the way we have traditionally, you have only $29 billion of surplus by the year 2006. That is the hard reality.

I hear my colleagues come to the floor and say: We have the highest measure of taxation against our gross domestic product that we have ever had. What they don't tell you is the reason it is so high is because so many people are cashing in on their capital gains. We lowered the capital gains tax. They don't tell you the capital gains tax isn't even counted in the measure of the gross domestic product. So you have a completely artificial set of numbers, when they come in and tell you the tax rate is up.

That is the way it is supposed to work. That is why we have a progressive tax structure. When the economy does brilliantly, you are supposed to get a little more money into the Government so that you have the ability to do the things that are important for the long-term of our country.

Recently, I had the pleasure of meeting with a number of high-tech presidents. And to a person, these people, who are fueling the engine of our productivity growth in America and creating the high value-added jobs, will tell you they need an America that has a citizenry that is educated and capable, that depends on investment. You don't measure the debt of this country by the figures that show up on debt. You measure the debt of this country by the people who can't access those high value-added jobs, who don't have child care and the ability to live with clean water and clean air and so forth.

Mr. President, I think we are measuring things backwards, wrong. I think we are on a very dangerous track which will have long-term implications for the full measure of the citizens of our country. I express that concern as we come, sometime, to a vote on this issue.

Mr. MOYNIHAN. Mr. President, Senator BINGAMAN has an amendment he will offer.

AMENDMENT NO. 1462

(Purpose: To express the sense of the Senate regarding investment in education)

Mr. BINGAMAN. I appreciate the courtesy.

Mr. President, there is an amendment that I believe has been filed. I send it to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative assistant read as follows.

The Senator from New Mexico [Mr. BINGAMAN] proposes an amendment numbered 1462.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. . SENSE OF THE SENATE REGARDING INVESTMENT IN EDUCATION.

(a) FINDINGS.—The Senate finds the following:

(1) The Republican tax plan requires cuts in discretionary spending of $775,000,000,000 over the next 10 years.

(2) If defense programs are funded at the level requested by the President, funding for domestic programs, including those providing funds for public schools, will have to be cut by at least 38 percent by 2009.

(3) Such cuts in funding for public schools would deny—

(A) access to critical early education services to 430,000 of the 835,000 young children who would otherwise be served by Head Start in fiscal year 2009;

(B) services to 5,900,000 children under the program for disadvantaged children under title I of the Elementary and Secondary Education Act of 1965, almost ½ of those who would otherwise be served;

(C) access to Reading Excellence programs to 480,000 children, making those children less likely to reach the goal of being able to read by the end of the third grade; and

(D) the opportunity to learn in smaller classes in the earlier grades to 1,000,000 children.

(4) If discretionary cuts are applied across the board, funding under the Individuals With Disabilities Education Act (IDEA) would be cut by $3,400,000,000 by the year 2009, resulting in a reduction in the Federal share of funding, rather than the increase in funding requested by school boards and administrators across the Nation.

(5) If the Federal share under IDEA is increased from its current level of 10 percent, then other education programs would experience even deeper reductions, denying more children access to services.

(6) The Pell grant, which benefits nearly 4,000,000 students, would have the maximum grant level reduced to $2175, from the current level of $3850.

(7) Such a level in Pell grants would be the lowest level since 1987, and would deny low and middle income students critical financial aid, increasing the cost of attending college.

(8) Nearly 500,000 students would be denied the opportunity to work their way through college with the help of the work-study program.

(9) Nearly 500,000 disadvantaged students would be denied extra help in preparing for college through the TRIO and Gear-up programs.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that $132 million should be shifted from tax breaks that disproportionately benefit upper income taxpayers to sustain our investment in public education and prepare children for the 21st Century, including our investment in programs such as IDEA special education, Pell grant, and Head Start, and to fully fund the class size initiative.

Mr. BINGAMAN. Mr. President, this amendment has a very simple purpose. The purpose is to protect the current investment that we are making in education.

The amendment seeks to decrease the tax breaks that disproportionately benefit upper-income taxpayers in order to sustain the current level of funding for education with an increase, a small increase for inflation. If the Republican tax bill we are considering is accepted as written, Congress must cut discretionary spending by more than $775 billion over the next 10 years. When we say discretionary spending, of course, we are talking about domestic discretionary spending, which includes education, but we are also talking about national defense, what we spend on our military.

If we say the portion of discretionary spending that is spent on our military is likely to be funded at the level requested by the Joint Chiefs of Staff, which is very likely—in fact, we usually do better than the Joint Chiefs' request—then domestic programs have to be cut 38 percent. By those "domestic programs," in this amendment I am talking about education. If these cuts are spread across the board, it would result in very substantial reductions in current educational programs.

Let me show to my colleagues a chart that tries to make the point. I think it makes it pretty well.

It shows with this red line, starting in the year 2000 and going to the year 2009, we are spending nearly $34 billion on education in the Federal budget. That includes what we spend on education through the Education Department but also Head Start. We have included Head Start because we consider that a program that assists greatly in preparing students for school. So we are spending a little below $34 billion this year.

If you take the Republican plan, as I understand it, and take the logical assumption that we are going to have the kind of cut in domestic programs we have to have in order to get enough room for this size tax cut, then you see that go from $34 billion down to a little over $19 billion by the year 2009.

An education freeze, of course, would keep it right at 34 billion, but that would not make any provision for inflation. What we are doing in this amendment is saying that the Senate should go on record as requesting that the tax cut be reduced by $132 billion so that we have room not only to maintain Federal funding for education where it is today but also to allow it to increase as inflation increases.

The Senator from Massachusetts made a very good point a few minutes ago: The cost of buying services, of paying utility bills, of doing everything goes up for the government as it does for everyone else. It certainly goes up for the schools.

Now, we have not built into this amendment, I should point out, any provision for the fact that we are going to have tens and hundreds of thousands of new children coming into our school system in the next 10 years, and we are not proposing increases in education funding to account for that. We should be, quite frankly, but we are not. We are also not proposing increases for any new education programs. I have been hearing Mr. Greenspan's testimony, as I am sure all of my colleagues have, and he says: Start no new spending and cut no taxes. That is his basic position, to let the surpluses run and let's get our fiscal house in order.

I don't agree with that position. I believe there are some areas in our Federal budget where we should increase spending. Education is the first priority, as I see it. But if we were to take the Republican plan as it is proposed, it would mean that 430,000 of the 835,000 children who would otherwise be served by the Head Start program would lose services by the time we get to the year 2009. It would mean that more than 5.9 million of the 14.6 million children who live in high-poverty communities would lose essential education services under title I. The title I program is the largest education program we fund here in Washington. It would mean that 480,000 of the 1 million students who currently are served by the Reading Excellence Program would lose the opportunity to learn and to have that additional help by the time they complete the third grade. It also means that the chance of increasing the Federal share of the cost of the Individuals With Disabilities Education Act, IDEA—the line item that we try to fund each year—the stated goal of many in this body has been that we should at least go to 40 percent of what it costs to implement IDEA. But that would be clearly impossible under what I understand the Republican tax bill is to provide. Instead, we would be forced to cut special education by $3.4 billion by the time we get to the 10th year of the Tax Code.

Pell grants, which currently benefit nearly 4 million students—if we assume we are going to continue to provide a grant to 4 million students, then you have to slash that from $3,850 per year, which is today's level, down to $2,175 by the year 2009. Nearly 500,000 disadvantaged students who need extra guidance and support through the TRIO Program and the GEAR UP Program would also lose that extra help.

In my home State, these statistics could be brought down to a very concrete level. One example would be Head Start. We have about 8,000 young people in our Head Start Program in my State today, which is about half of what we should have; that is, half of those who are eligible. We would have about 3,000 fewer if this tax bill were agreed to.

I hope very much that we can get a strong vote of support. I believe the American people do not want to see a tax cut adopted at the expense of continued support for education as we go into this new century. Everyone realizes that our future depends upon how well we can prepare young people for the opportunities they will have in their lives. It is not responsible for us to be proposing tax cuts that are going to prevent us from at least maintaining the level of effort we have today in education. That is the difference. That is what we are trying to fix in this amendment. I hope very much that we will have a strong vote in favor of it.

Before I yield the floor to my colleagues to speak in favor, I hope, of this amendment, let me also say a couple of words about another motion I am going to propose and which will be voted on when we get into the long list of motions. It is a motion to do something which is very modest, as this amendment is very modest. This only involves $132 billion. We have been talking about trillions for the last 2 days. This other motion would be to have the bill go back to the Finance Committee with instructions to report back with an amendment providing that an additional $100 billion be applied to debt reduction. That is a small thing to ask. I think of it more as a tithe than anything else.

If we are talking about nearly $800 billion in tax reduction over the 10 years, we ought to say let's go back and at least take $100 billion of that, which is surplus that we can anticipate, and commit that to debt reduction. That will be another item that I believe is very meritorious. I think all Senators should support it. I think it is the responsible thing to do. I do it because, in my State, whereas there is disagreement about new spending programs and whether we should fund those, and where there is disagreement about a lot of other items we are debating, there is a strong consensus that we need to make a downpayment on debt reduction as part of this reconciliation bill. This reconciliation bill is a blueprint for where we intend to go in the next 10 years.

I hope the blueprint we finally adopt shows that we intend to maintain funding for education, at least at current levels. I will be arguing each year I serve in the Senate that we should be increasing funding for education, not cutting. We should at least maintain the current level. I also hope we will adopt a roadmap for the next 10 years that contemplates substantial debt reduction. And I will propose this other motion, which we will vote on later in the debate, on that subject.

I see I have some colleagues who wish to speak. I know the Senator from Maryland does. Let me yield her 10 minutes to speak on this, or the bill, whichever she prefers.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Ms. MIKULSKI. I thank the Chair, and I thank the Senator from New Mexico.

Mr. REID. Will the Senator yield for a unanimous consent request?

Ms. MIKULSKI. Yes.

Mr. REID. Mr. President, it has been cleared, as I understand it, on the Republican side and over here that all votes will occur when all time has been used on whatever amendments have been offered up to that time.

Mr. ROTH. Mr. President, it was brought up to me, but we haven't had a chance to get it cleared.

Mr. REID. Mr President, perhaps we will offer the request in a few minutes.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. Mr. President, later today Senator JOHN KERRY, Senator ROCKEFELLER and I will make a motion which protects our senior citizens in the wake of the Balanced Budget Act of 1997. I would like to talk about this but I also rise to support the amendment offered by the Senator from New Mexico, Senator BINGAMAN. As usual, his amendment is well thought out. It brings intellectual rigor, sound public policy, and responsible fiscal policy to this debate, and really meets a compelling human need.

How I wish the rest of this debate reflected the Bingaman amendment, because I believe we have embarked upon a debate on these tax cuts which are, indeed, reckless. I believe the other party is practicing very reckless economics. First of all, we don't really have a surplus; we have a promissory note of a surplus. No. 2, we are looking at an area where we are not sure what the projections will be, and we need to be prudent. Therefore, we should use the taxpayers' dollars to meet compelling human needs, national security, and stay the course in terms of our research and development.

While we are in the midst of debating bloated tax cuts, we have marines who are on food stamps. I don't see how we can meet our national security commitment, do a tax cut, and have marines on food stamps. The marines say "semper fi"—"always faithful." They are faithful to the United States and we have to be always faithful to the Marine Corps and to the military. Right over there in Quantico, they are getting food stamps and they run consignment shops. That is not right.

The Senator from New Mexico offers this excellent amendment that says: Stay the course on education.

When I travel in my own State, people don't come up to me and say: I have a marriage penalty. They say: I am married, I have children, and I want them to have the same kind of good education I did. Barb, make sure we have sound public schools, well-trained teachers, and structured afterschool activities. That is what the Bingaman amendment does—it lets reserve funds stay the course for our children.

While we are looking at Senator BINGAMAN's amendment, there is another compelling human need that needs to be addressed. We have to reserve certain funds to correct the draconian effects of the Balanced Budget Act of 1997 on Medicare. The motion that I am cosponsoring will provide $20 billion to fix many of the problems in Medicare reimbursement. My colleagues might recall that in 1997 we passed a Balanced Budget Act. We were going to save money on Medicare. But we went too far in our cuts. HCFA went too far in its regulations. Guess where we find ourselves? In my own home State, 34 home health care agencies have closed. I have 10 public home health agencies, primarily in rural counties, some who travel on snowmobiles to treat home-bound patients, and eight have closed because of the budget cuts. There is a terrible problem, and we need to go back and correct the draconian cuts of the Balanced Budget Act of 1997.

We also have a situation where we have skilled nursing facilities that are teeter-tottering on closing. Some might say: Oh, that is a profit-making industry. Stella Morris isn't profit making. Hebrew Home isn't profit making. But I will tell you they will now have to find funds through private, philanthropic dollars even though the Government should be providing funds.

We have people in my own home State who are being turned away from nursing homes because they are so sick, they have such complicated illnesses, that the nursing home can't take them because of the skimpy, spartan reimbursement policies that are the result of the Balanced Budget Act of 1997.

Some of those spartan reimbursements went to Medicare HMOs. I always thought that Medicare HMOs for seniors were a risky proposition because our old-timers are sick. They need complicated prescription drugs. I thought that these HMOs that were essentially making a profit may have some problems. However, these HMOs also provide seniors with extra health benefits that they cannot get in regular Medicare, oftentimes for no extra money.

Now, I will tell you that the nonprofit HMO in my own State—Blue Cross Blue Shield—is pulling out of 17 rural counties in my State, as of 3 weeks ago in 17 counties, and 18,000 people will lose their Medicare + Choice HMO. Why? Because Blue Cross Blue Shield is losing $5 million, and they can't afford to provide services.

Dear colleagues, I ask you to reexamine the premise under which we are operating.

No. 1, the surplus is not yet available. It is a promissory note. Let us move with prudence. Let us meet compelling human needs. Let us meet our national security responsibility and stay the course in research and development.

Let's support the Bingaman amendment on education. Let's deal with the issues that came from the Balanced Budget Act of 1997. Let's make sure our marines aren't on food stamps.

Let's make sure that those on food stamps and their children have access to public education so that in the next generation they won't have to be on food stamps.

Then we truly have been responsible. We are then getting our country ready for the millennium.

I would like to say one final word in closing. I thank the Senator from New Mexico for his strong advocacy for veterans, and particularly for veterans with disabilities. The Senator knows that we have an 18-month backlog. He has spoken to me about this.

In his State, they have billboards complaining about the VA backlog.

I bring to the Senator's attention that in VA-HUD appropriations, we have under this budget allocation a 10-percent cut. We will not be able to deal with that backlog.

In fact, while we are opening tax loopholes, we might even be closing veteran hospitals.

I yield the floor.

I thank the Senator.

Mr. BINGAMAN. Mr. President, I thank the Senator from Maryland for her very insightful words and her kind comments about me but also for her leadership on these key issues.

PRIVILEGE OF THE FLOOR

I ask unanimous consent that Kathryn Olsen Senator and Gabe Mandujano of my staff be granted floor privileges during the pendency of this bill.

The PRESIDING OFFICER (Mr. BENNETT). Without objection, it is so ordered.

Mr. BINGAMAN. Mr. President, I yield 10 minutes to the Senator from Rhode Island, Senator REED.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. REED. Thank you, Mr. President. I thank the Senator from New Mexico for yielding the time but also for his farsightedness. He recognizes, as the American people recognize, that the key to our future is investing in education. His amendment would precisely do that. It would sustain our education investment at least at the rate of inflation.

We are here debating what to do with a surplus. This debate is a direct result of some very difficult choices we made starting in 1993 and continuing for the last several years. We now have before us a supposed $3 trillion surplus. But we all recognize and agree that $2 trillion of that is the Social Security account. We are in various ways recognizing that we don't want to disturb those accounts. So we are really talking about roughly $1 trillion, or $965 billion.

As the Senator from Massachusetts so eloquently pointed out and so accurately pointed out, within that surplus we have already made significant commitments.

One of the problems with the proposals that have been made by the Republicans—the almost $800 billion tax cut, or the $500 billion tax cut—is that the assumptions they are using have to be seriously questioned. They are theoretical assumptions, first, that we will enjoy the same kind of economic growth over the next 10 years that we have enjoyed recently.

As Chairman Greenspan pointed out in his appearance both before the Senate Banking Committee and the comparable committee in the other body, the business cycle has not been repealed. We will run into, particularly over a 10-year time span, situations in which projections do not provide the resources that we think of today.

But the second assumption and the one that is of critical importance to Senator BINGAMAN's amendment is the unrealistic assumption that we will continue these caps on discretionary spending as we have proposed in the 1997 balanced budget amendment.

These discretionary caps are already constraining what we do. In fact, we have already violated these caps. As the Senator from Massachusetts suggested, we will probably in October somehow formally or informally avoid these caps.

But the premise of this supposed trillion-dollar surplus is that we will live within these caps. You can see from Senator BINGAMAN's presentation that if we do not do our investment, education will collapse. We will find ourselves underinvesting in education as we have in so many other programs.

The reality is, as was suggested before, that if we, in fact, simply fund the President's proposal by the year 2009, we will be spending 38 percent in domestic discretionary spending. There is no way that we can do that. Frankly, the political reality is that there is no way we will do that.

We have to recognize that we will be investing in these programs. We have to recognize, as Senator BINGAMAN has said, that one of our first priorities is to continue to invest in education.

Looking at these Republican proposals, I am reminded of what happened in the early 1980s. George Bush, when he was campaigning against President Reagan, described his economics as "voodoo economics." It turned out to be that way. The supply side theories of cutting taxes will stimulate the economy, pay for themselves, and lead to surpluses proved dangerously in error during the 1980s.

Perhaps what we are talking about today when we look at these Republican proposals is "de ja voodoo economics." The theory is that we will return to the same kind of deficits, the same kind of economic instability that plagued us through the late 1980s and into the early 1990s until we did take some difficult votes in 1993.

What Senator BINGAMAN is saying is let's recognize the reality. Let's recognize that we have to fund educational programs at least at the level of inflation. If we do that, we will have to invest at least about $132 billion.

That is what we should be doing. If we don't do that, we are going to lose out tremendously in the title I programs—a Federal program that provides assistance and support for low-income students. Frankly, we understand the crisis in urban and rural education that this money is so effective in dealing with. Without it, urban systems and rural systems would be situated even worse. Without it, we would be fostering and contributing to two separate and terribly unequal societies. We have to keep our commitment to these young people.

We would also lose opportunities to reform education, for professional development programs, for opportunities to have smaller class sizes, for opportunities to go ahead and fix crumbling school buildings throughout the country. We would do something that all Members say we would never want to do, and that is renege once again on our commitment to special education.

I don't know how many times I have been on the floor listening particularly to my colleagues on the other side who have been talking about how we have to put more money into IDEA, the Individuals with Disability Education Act, how we have imposed programs on localities promising robust spending, and we have never delivered. If we have not delivered on IDEA yet, if these tax proposals pass, we will never have a chance to deliver on our contribution to local school systems.

When we move to the area of higher education and Pell grants, work-study programs, the new LEAP program, which is an outgrowth of the State Student Center Grant Program, all of these provide opportunities for Americans to educate themselves beyond high school. We all recognize that might be the most critical issue we face as a nation—educating our citizens to enable them to assume challenging roles in the next century.

Yet we dramatically cut these programs, denying opportunities to thousands and thousands of Americans. We say to them again: This is not the land of opportunity; this is the land of advantage and affluence. Anyone lucky enough to pay for college with their own resources can go but don't look to the Government to provide the kind of help provided in the last several years.

All of these cuts lead Members to ask a very simple question for the working families of Rhode Island, for the working families of New Mexico, for the working families across this country, when they lose the Pell grants or see the urban school systems getting less and less support and local property taxes going up: are they better off with whatever tax cut they receive than these proposed programs? I think not.

One other aspect of the Republican proposal is a terribly distorted benefit that goes to the very wealthy at the expense of middle- and low-income America. Our constituents know education is the most important aspect facing our society. They want Congress to continue to support families. They want precisely what the Bingaman education amendment does. I believe if we listen to those people who sent us here, they will say vote for this amendment. They will say reject this deja voodoo economics that is underlying the proposals by the majority party. In fact, I hope we respond to that clarion call from our constituents.

I commend and thank the Senator from New Mexico for his efforts and for his time.

I yield the floor.

Mr. WELLSTONE. Mr. President, I want to speak briefly about my support for Senator BINGAMAN's amendment, which urges restoration of a portion of the Republican cuts in several key education programs. There is nothing more important to me than doing the absolute best I can—and encouraging my colleagues on both sides of the aisle to do the same—to push, push as hard as we possibly can to re-order our spending priorities so that they better reflect the real concerns and circumstances of the lives of those whom we represent who are trying to raise and educate their kids, or send them to college.

Our goal should to be approve a tax plan that will send a clear, unmistakable message that this Congress cares about education, that this Congress wants to ensure sure that children come to school prepared to learn and are given every possible opportunity to grow, to succeed, to excel. It is time to end photo op politics. It is easy for all of us to get our pictures taken with young children at schools, but the question is, have we done enough? The answer: we have not. I believe my colleagues' proposal, modest as it is, moves us in the right direction. I know there are technical reasons why we couldn't actually directly transfer funding for this year in the amendment—an approach which I wanted to take—but at least this amendment sends the right signal regarding a reordering of our priorities.

I consider this a matter of national security issue, a national priority. Making sure that the young are ready to learn is good for our democracy, or economy, and our national defense. it is our responsibility to make sure that teachers are qualified and equipped with the right tools, and that the opportunities for learning will be there in the afternoons long after the last class has been dismissed. I cannot say forcefully enough: this must be accomplished not at the expense or detriment of our children but to their collective advantage.

I'm behind the proposal to shift these excessive tax breaks to a plan that would fully fund the initiative to hire 100,000 qualified teachers to reduce class sizes. It's no mystery that smaller class sizes translate into greater opportunities for children to get more individualized attention.

We've heard that the size of the Republican tax bill is such that it will require significant cuts in crucial education programs. We've heard that if defense is funded at the level requested by the president, we should anticipate at 38 percent ($180 billion) cut in domestic discretionary spending. That is the worst possible news for the millions of people who rely on vital initiatives like Title I, Head Start, and the Reading Excellence program. Absolutely ludicrous.

For instance, under this proposal: Nearly 6 million disadvantaged children would lose Title I services that help them meet basic academic needs; 270,000 summer jobs and training opportunities would be eliminated for low-income young people; 375,000 children would be denied Head Start services that help them come to school ready-to-learn; and 549,000 children would be cut from the Reading Excellence program, denying them the extra help they need to read well by the 4th grade.

Mr. President, allow me to share some examples from my own experience. Minnesota, like most states, receives only a portion of the Title I money it desperately needs as it is. Our current allocation is about $88 million. If fully funded, we would receive approximately a quarter-billion dollars and over a hundred million additional dollars for concentration grants, according to the Minnesota Department of Children, Families and Learning. Well, I suppose that's a start. A cut of even half a percent on a program like Title I would be disastrous. But I can see it coming.

One-fourth of Minnesota's Title I dollars goes to only two cities, either to Minneapolis or St. Paul, because both cities have high concentrations of poverty. How can we expect to eliminate the learning gaps among our children when so many others are left without opportunities or options?

Right now elementary and secondary education receive on average about eight percent of its funding from the federal government. It is imperative that we take bold steps to pass a tax measure that will, at the absolute least, serve to move us closer to providing the resources so badly needed in so many areas of education. But it seems clear we will not do that here.

Another area that I believe is a vital component of our national infrastructure is our schools. That is why I am an original cosponsor of Senator Robb's school modernization effort that we will hear more about later. I think it too is a step in the right direction and I honestly believe it's another sure way to say to our kids, "You matter. Your schools matter. Your future matters." In Minnesota alone, there is a one-point-five billion dollar unmet need for school construction. Our average school is over 50 years old. Eighty-five percent of Minnesota schools report a need to upgrade or rebuild their building just to achieve "good" overall condition. Sixty-six percent report at least one unsatisfactory environmental factor like air quality, ventilation, acoustics, heating, or lighting.

My staff and I have visited nearly a hundred schools over the past eight months and we've heard stories of pathetic conditions throughout the state. I know many of you have heard these stories in your own states. In my state, for example, Two Harbors High School, which is on the north shore of Lake Superior is representative. Two Harbors is a thriving community, but each day its students must enter a facility that can't meet some of their most basic educational needs. Three separate studies were conducted to assess Two Harbors' facilities. The studies identified twenty-seven critical needs that are characteristic of so many of our schools. The original facility is sixty years old. The facility does not comply with the Americans with Disabilities Act. There are no teacher offices. The school does not permit the separation of middle level and senor high school level students. The list is extensive. I know we've heard it all before—the crumbling schools, the lousy physical environments, and the resulting distractions that once again detract from our children's ability to learn. The question is "When are we going to wake up and actually do something about it?"

Mr. President, I could go on but the time for talk is long past. The time for pondering our next move is over. The time to move and to move deftly is at hand. My colleagues' proposal urges a major transfer of funding that goes straight to the heart of where our priorities ought to be. It calls for a real investment in real people, people who truly deserve it. Smaller class sizes. Access to quality education at an early age. A fairer share for individuals with disabilities. Help for low and middle income students who deserve every opportunity to attend college.

These are some of the most fundamental elements in a strong education system that values all its children, leaving none of them behind. What is the Republican alternative? Denying our children access to the very things that would prepare them for healthy, happy, productive lives in the 21st century. I urge my colleagues to support this amendment.

Mr. KENNEDY. Mr. President, we should be doing all we can to help improve public schools to ensure a brighter future for children and the nation. We should help communities improve teacher training and teacher recruitment; reduce class sizes, especially in the early grades; expand after-school programs; build new schools, and modernize crumbling and overcrowded schools; provide up-to-date-technologies in every classroom; and make college more accessible and affordable to all families across the country.

But, the Republicans insist on an excessive tax cut at the expense of education and children. We should be making a strong investment in education—not undermining education.

The Republican budget denies 5.9 million children in high-poverty communities the extra support they need to meet basic academic standards through the Title I program, including 81,547 children in Massachusetts. It denies 480,000 children the assistance they need to learn to read well by the 4th grade through the Reading Excellence Act. It denies more than a million children the opportunity to learn in smaller classes where they will get the individual attention they need to succeed in school. It denies 430,000 children the Head Start services that help them come to school ready to learn. It denies 215,000 students the after-school and summer school programs they need to stay off the streets and out of trouble. It denies 500,000 disadvantaged students the extra guidance and support they need to prepare for college through the TRIO and GEAR-UP programs. It cuts IDEA by $3.4 billion, resulting in a reduction in the federal share of the funding, rather than the increase requested by school boards and administrators across the country.

The Republican assault on education doesn't stop with young children—it affects college students, too. It makes college less affordable for nearly 4 million low- and middle-income students—by slashing the maximum Pell grant to $2,175, the lowest level since 1987. It denies 500,000 students the opportunity to work their way through college.

Education for the nation's children must be a higher priority than tax breaks for the rich. The American people tell us that improving public schools is one of their top priorities. They support reducing class sizes. They support after-school programs to help children learn, and to reduce juvenile crime. They agree that every classroom should have a well-qualified teacher. They believe technology should be part of the classroom. They believe that all children should have the opportunity to meet high standards of achievement. They want us to make college more accessible and affordable.

Instead of offering new tax breaks for the wealthy, Congress should be addressing the priority education needs of children and families across the country—and help all children get a good education.

Overcrowded classrooms undermine discipline and decrease student morale. Students in small classes in the early grades make more rapid progress than students in larger classes. The benefits are greatest for low-achieving, minority, and low-income children. Smaller classes also enable teachers to identify and work effectively with students who have learning disabilities, and reduce the need for special education in later grades.

The nation's students deserve modern schools with world-class teachers. But too many students in too many schools in too many communities across the country fail to achieve that standard. The latest international survey of math and science achievement confirms the urgent need to raise standards of performance for schools, teachers, and students alike. It is shameful that America's twelfth graders ranked among the lowest of the 22 nations participating in the international survey of math and science.

The teacher shortage has forced many school districts to hire uncertified teachers, or ask certified teachers to teach outside their area of expertise. Each year, more than 50,000 under-prepared teachers enter the classroom. One in four new teachers does not meet state certification requirements. Twelve percent of new teachers have had no teacher training at all. Students in inner-city schools have only a 50% chance of being taught by a qualified science or math teacher. In Massachusetts, 30% of teachers in high-poverty schools do not even have a minor degree in their field.

Another high priority is to meet the need for more after-school activities. Each day, 5 million children, many as young as 8 or 9 years old, are left home alone after school. Juvenile delinquency peaks in the hours between 3 p.m. and 8 p.m. Children left unsupervised are more likely to be involved in anti-social activities and destructive patterns of behavior.

We need to do more—not less—to meet workers' needs for additional job training opportunities, and to meet families' needs for affordable college education. The nation's workers require strong skills to compete in the new global economy. According to the Bureau of Labor Statistics, 42 percent of all jobs created between 1996–2006 will require education beyond high school.

Education is the key to future earning power. A college graduate earns almost twice as much as a high school graduate earns, and close to three times what a high school dropout earns.

Those who complete a post-secondary vocational degree or certificate are more likely to be employed than those who do not pursue post-secondary education. But the average student debt is skyrocketing. In 1995–96, the average debt for undergraduates who borrowed was almost $10,000, an increase of 24 percent just since 1992–93. For graduates of four-year schools, the average debt was $12,000. In the 1990s, students have borrowed more in student loans than in the three preceding decades combined.

The time is now to do all we can to improve education across the country.

The time is now to meet our commitment to help communities reduce class size, so that students get the individual attention they need.

The time is now to expand after-school opportunities, so that constructive alternatives are available to students.

The time is now to provide greater resources to modernize and expand schools to meet the urgent need for up-to-date facilities.

The time is now to expand support for IDEA, so that more children with disabilities receive a high-quality education.

The time is now to provide better training for current and new teachers, so that they are well-prepared to teach to high standards.

The time is now to increase funding for critical programs to raise academic standards for all children.

The time is now to make college and job training more accessible and affordable for all students.

I urge my colleagues to support Senator BINGAMAN's Sense of the Senate commitment to support increased funding for education. Now is the time to do what it takes to give every child a good education.

Mr. ROTH. I yield to the Senator from Arkansas.

Mr. HUTCHINSON. Mr. President, I rise in strong opposition to the Bingaman amendment. As I read the amendment, it suggests we shift $132 billion from tax breaks that disproportionately benefit upper-income taxpayers to sustain our investment in public education and prepare children for the 21st century, including our investment programs such as IDEA, special education, Pell grant, Head Start, and to fully fund the class size initiative.

I will comment on every aspect of that particular statement. This amendment presents a false choice. It suggests to my colleagues and to the American people Members either have to be for tax relief for the American people or to be for public education, but Members can't be for both. If Members really support public education, then they will want to shift $132 billion out of the suggested tax relief and put it into various aspects of public education. That is a false choice.

It proves one thing conclusively, the concern many Members have had as we hear the arguments on the other side as they repeatedly say: We shouldn't give tax relief to the American people because we need to pay down the national debt.

We have suggested it won't ever go to pay down the national debt but any left will immediately be used for more spending. Before the ink is even dry from the passage of this tax relief bill, the proposals are coming forth in a torrent as to how we should spend the $792 billion proposed tax relief package for the American people.

If we do not pass the $792 billion tax relief, that money will not go to paying down the national debt. It will, as already suggested in the speeches on the other side in the last few minutes, immediately go into more spending.

IDEA funding is an important issue for school districts across the Nation. It is important in Arkansas but not an issue to be addressed by reducing the amount of hard-earned dollars that are returned to American taxpayers.

In addition, the Class Size Reduction Program is only in its first year. It has not even been authorized. It was first included in last year's omnibus appropriations bill and is being considered during this year's reauthorization of the Elementary and Secondary Education Act. That is where it should be considered. We should not be setting aside funds for a program that has never been authorized and has, quite frankly, done very little right now in reducing class size across the country.

The Class Size Reduction Program already forces too many regulations on to school districts. Many States have already implemented class size reduction programs at a level of 19 or 20 students per year. The Federal class size program mandates a ratio of 18 students for every teacher. This forces States to slightly alter their State plan to receive any Federal funding. Many school districts in my home State have chosen not to participate in the Class Size Reduction Program because of the excessive regulations that govern the use of funds. Any school district that does not receive enough funds to hire a new teacher must form a consortium in order to do so.

Given the fact in my home State of Arkansas there are 311 school districts, 167 school districts, 54 percent will be forced to form a consortium even to hire a single teacher because their allocations are less than $20,000. Some school districts, such as Randolph County, report they cannot form a consortium and they share a teacher within the consortium because of geographic reasons.

Class size reduction has not proven to be effective unless class size is significantly reduced to 12 or 13 students, which is not even envisioned in the President's Class Size Reduction Program.

Class size has been reduced significantly over the past 30 years, from 27.4 students per classroom in 1955 to 17 students per classroom in 1997, but the interesting thing is, as we have seen this dramatic decrease in average class size across the country, we have not seen a corresponding increase in academic achievement and standardized tests across the country.

The State of Arkansas will receive about 1.15 new teachers per school district, or half a teacher per elementary school. This program has not been authorized, and to suggest we will take well-deserved tax relief from the American people and put it into a program not yet authorized I think fails to make a lot of sense.

Once again this year we are authorizing the Elementary and Secondary Education Act. We have spent months conducting hearings to learn about Federal elementary and secondary education policy. We will continue to work on ESEA throughout the year. I believe that is the appropriate place for class size reduction and many of these other education issues to be addressed properly.

Before we set aside Federal funds that should be rightly returned to the taxpayers, we should consider whether we even want this program authorized and appropriated in this year's legislation. This is the wrong way to do it.

As I think about the need for IDEA, I support increased funding for IDEA. We have done a terrible job in appropriately funding IDEA. But if we think about what is being suggested, taking it from tax relief for the American people, it is the wrong way to go. In the $3 trillion surplus, $13 to $14 billion can be found to fully fund IDEA without taking it away from tax relief for the American people. IDEA is currently funded at $4.3 billion, which is about 10 percent of the cost of educating special education students. Therefore, about $17 billion would be needed to meet the federally-authorized commitment of 40 percent. This works out to an appropriation of an additional $13 billion to fully fund IDEA. I suggest to my colleagues, that $13 billion can certainly be found in the projected $3 trillion surplus for this obligation over the next 10 years.

This is a wrongheaded amendment, and it is the wrong place to do this. But it certainly proves that this $792 billion will not go to debt reduction. It will go to extensive additional spending programs.

I could not vote for this proposed amendment of the distinguished Senator from New Mexico, apart from the $132 billion that it suggests we take away from tax relief, because it improperly characterizes the Republican tax relief package by saying it disproportionately benefits upper-income taxpayers. I suggest this is one of the great myths being perpetrated about Senator ROTH's tax relief package that has been produced by the Finance Committee.

This proposal will reduce the lowest personal income tax rate, the lowest rate, from 15 percent to 14 percent, beginning in 2001 and then would gradually expand the bracket so more people would pay that lowest rate. It would benefit 70 million Americans; 55 percent of Americans would benefit from that provision alone. That is not a tax break for the wealthy, and I wish my honest and true colleagues on the other side would quit characterizing it as such. This amendment should not be voted for because it says it "disproportionately benefits the wealthy," and it does not.

In the State of Arkansas there will be 683,000 people, 61 percent of the taxpayers in Arkansas, who will receive tax relief from this single provision, apart from the marriage penalty, apart from the estate tax relief. The single provision of lowering that rate from 15 percent to 14 percent and expanding the bracket will benefit 61 percent of the poorest people in Arkansas.

So, in all honesty, let's tell the American people the truth. This is not a tax break for the wealthy. It is a tax break for hard-working Americans who are paying far more than they should be in taxes.

Under the Clinton administration, taxes have risen to the highest level in peacetime, a level of 21 percent of GDP—21 percent. In my home State of Arkansas, that amount translates into $7,352 in taxes per capita in 1998. I plead with my colleagues, let us not agree to this amendment. Let us not begin to dilute that which is already far too little relief for hard-working Americans who have a difficult enough time making ends meet each month.

Oh, we can talk about wonderful Federal programs to benefit people, and they do. But if we start down that road, there is no stopping point. Let's take more of the $800 billion tax cut and let's spend it on this program and this program and this program because, after all, don't we know best here in Washington? And we do not.

At the root and at the core of the debate going on in the Senate is more than just a debate over a tax package. It is more than a debate over how much relief we can provide the American people. It is a debate over philosophy. It is a debate whether your faith is in Government and your faith is in Washington and your faith is in more taxes and central control, or whether your faith is in the people of this country. We will do well to put our faith in the people and return that which belongs to them in passing the Roth tax cut bill.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HUTCHINSON. I thank the chairman for yielding me time.

Mr. BINGAMAN. Mr. President, I yield 10 minutes to the distinguished Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Mr. President, I rise also in support of the amendment of the Senator from New Mexico. It is a smart amendment. It invests in the future of our country by making certain that, at a time when our schools all across the Nation do not have the resources necessary to prepare students for the future, we will do so as a matter of priority.

I must say I was struck by the Senator from Arkansas a moment ago. He said this benefits not the wealthy but, rather, it benefits 61 percent of the people in his State. He was only pointing to one component of the program; that is, the lowering of the tax bracket from I think 15 percent to 14 percent. That is about a $150 billion part of the $791 billion.

But when you add in the other parts of the $791 billion, here is exactly what happens. In the whole tax package the Republicans are giving, the lowest 20 percent of income earners in America will get $22, the second 20 percent will get $120, the middle 20 percent will get $276, and the top 1 percent gets $22,964. The next 4 percent gets $3,400, and the next 15 percent gets $1,500. You have to be in the upper-income brackets to get the larger amount.

The Republicans will always come to the floor and say, Gee, Democrat Senator, did you just wake up to the fact that that is how it works? If you earn more money, you get more money? If you are a bigger taxpayer, you get more money back?

I understand that. I understand basic mathematics. But basic fairness, basic decency, dictates if you are really trying to help the lower-income person, you set the figures of the tax break so the person with the smaller income gets the bigger amount.

Why is it that the lowest 20 percent doesn't get $100 and the top 1 percent gets maybe $1,000 back? It is because that is the way they rigged the bill. That is the difference in approach and philosophy. It is a difference that fundamentally divides us.

Let me speak for a moment, if I may, to an issue in one of the amendments that will be coming up very shortly, but we will not have time to do full measure on it, and that is the question of where we are with respect to Medicare. There is an amendment Senators ROCKEFELLER, MIKULSKI, I, and others have introduced to ask the Finance Committee to go back and set aside $20 billion, about 3 percent of the total size of the tax cut, in order to guarantee that we will undo the damage the Balanced Budget Act is currently doing to America's health care system. Today, despite the fact that we have a remarkable economy, there are 43 million individuals in our Nation who do not have health insurance—1 out of every 6 Americans. Experts anticipate that is going to increase by 1.5 million per year.

For the uninsured, academic health centers, the teaching hospitals of our country, have created an enormous safety net. Teaching hospitals have stood by to ensure there is care available to everyone in our country when it is absolutely needed. Today, at a time when teaching hospitals are more important than ever before, the combination of cost containment measures imposed by managed care and the effects of the Balanced Budget Act in reducing Medicare payments has literally made the future of our Nation's academic medical centers unclear.

I would like my colleagues to think about the impact of what is happening today because of the reduction of Medicare reimbursements. At the Medical College of Georgia in Augusta, the training facility for the State university system's medical school, officials are now raising room fees by an average of 28 percent and they are increasing the cost of lab tests and other services by 10 percent.

In Tennessee, Vanderbilt University recently decided it can no longer accept Medicare patients from outside the State.

In March, Massachusetts General Hospital eliminated 130 positions and raised prices.

In New York City, which has the Nation's largest concentration of teaching hospitals, city hospitals have cut their staffs by 10 percent since 1993.

In California, Medicare cuts are largely to blame for the loss of over

1,250 jobs at the USFF, Stanford Health Care Network.

In May, the University of Pennsylvania health system announced it was going to lay off 450 people, 9 percent of its total health care workforce. Detroit's hospitals have eliminated 4,500 jobs since January, but as my colleagues will tell you, the problems associated with the Balanced Budget Act are not unique to hospitals. In Massachusetts, as of mid-June, 20 home health care agencies have closed since late 1997.

The administration may be busy sort of brushing off some of this as the simple corrections of market inefficiencies, but I could not disagree more, and I think many of my colleagues would disagree with that.

I do not direct my colleagues' attention to statistics to debate the bottom line for health care providers. This has never been a debate about the interest of hospitals or nursing homes. It is a debate about the fact that if we do not act, we will further reduce the access to quality care so critical for our Nation's elderly, our Nation's poor, and our Nation's rural communities. It means something to real people. In Massachusetts alone, in South Shore, in the last 2 years the South Shore Hospital has had to lay off close to 50 of their visiting nurses. They have had to close their satellite offices, and their budget is more than 40 percent less than they require just to meet the needs of elderly and disabled patients. Who suffers as a result of that?

Let me share with you a real elderly couple, a man and a woman with heart disease, lung disease, asthma, and hypertension. The wife of this gentleman has heart disease. They are 89 and 90 years old, and one of their greatest hopes has been to live together in the home they saved for years to buy, living as independently as they can in old age. They have been able to do it with the help of a visiting nurse from the South Shore Hospital. But now that is gone. Now, because the services are being cut because the Medicare reimbursements are so low, the impact is that those people can no longer continue to do it.

I recently received a letter from another constituent named Harlan Smith. He says the following:

> Dear Senator KERRY: My 80-year-old father was discharged from my hospital to his home Friday afternoon, and we are meeting with home health care nurses and physical therapists today to plan a strategy for my 80-year-old mother and us to manage him at home. This is ironic since the cuts from the Balanced Budget Act have caused my hospital to cut services to the point where my mother and family now have to hire the required help privately.

They cannot afford it.

These days, that story is repeated in countless communities across the country. When the Balanced Budget Act of 1997 passed, the Congressional Budget Office projected the 335 provisions of the law were going to cut Medicare payments by $103 billion over 5 years. But today, CBO estimates that Medicare spending is going to drop $205 billion—a 100-percent increase above what the expectations were supposed to be.

The projected net on-budget surplus for fiscal years 1998 through 2002 is $100 billion. You are seeing the surplus we will have in the country is basically going to come out of the hides of elderly infirm patients, people who cannot afford it, hospitals that are being forced to close, and medical care that is being reduced.

When the Balanced Budget Act passed, total Medicare spending inflation was expected to drop from almost 10 percent in 1997 to approximately 5 percent in the outyears. But in April, the Treasury Department reported that total Medicare spending in the first half of the year had fallen by over 2 percent.

In 1999 alone, the BBA was projected to cut Medicare spending by less than $16 billion. Instead, we anticipate Medicare spending is going to fall by $38 billion in 1999—$22 billion more than was expected. Medicare hospital spending is plummeting, and the quality of care is plummeting with it.

When the Balanced Budget Act passed, CBO had projected a 2.5-percent increase in part A spending, hospital insurance, for 1999. But actually, spending fell almost 5 percent during the first half of the year, and the impact on hospitals is clear.

Total hospital Medicare margins are expected to decline from 4.3 percent in 1997 to only 0.1 percent this year. We have a fundamental crisis. I say to my colleagues on the other side of the aisle, as we are busy giving back this tax money, we need to consider the impact on our hospitals, on health care, on home health care, and rural communities. I beg my colleagues to try to find the money that is going to save us from the loss of the crown jewels of the American health care system—our teaching hospitals.

Mr. ROTH. Mr. President, I yield 15 minutes off the bill to the distinguished Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania.

FLAT TAX

Mr. SPECTER. I thank the Chairman.

Mr. President, I have sought recognition to talk about my flat tax amendment which will be voted on by the Senate either this evening or tomorrow.

The most dramatic way to show what the flat tax is, is to hold up a postcard which is an income tax return on the flat tax. This postcard will take 15 minutes to fill out. Here is an enlargement of the flat tax which lists the identity of the taxpayer, the total compensation, personal allowance, number of dependents, two deductions allowed, mortgage interest up to $100,000, charitable contributions up to $2,500, and then a flat 20-percent tax. It will take 15 minutes on tax simplification to fill out this return.

Contrast that, if you will, with the fact that we have a Tax Code with 7.5 million words; a Pledge of Allegiance which has 31 words; the Gettysburg Address which has 267 words; the Declaration of Independence, about 1,300 words; the Bible with 1,773,000 words; and the U.S. Tax Code with 7.5 million words with the pending legislation, which I have in my hand, which is another thick book of 443 pages to be added.

In offering an amendment on the flat tax, I have no illusion about its passing because the train is in operation to have a tax cut. The flat tax would be a total substitute on a comprehensive tax bill which would do great things for America.

First of all, the flat tax would eliminate double taxation so there would be no tax on estates. They have already been taxed; all the money is going into the estate. There would be no tax on dividends; that has all been taxed before it gets into earned surplus. There would be no tax on capital gains; that has already been taxed.

This is a win-win situation for America because it lowers the tax burden on the taxpayers in the lower brackets. For example in the 1998 tax year, the standard deduction is $4,250 for a single taxpayer, $6,250 for a head of household and $7,100 for a married couple filing jointly, while the personal exemption for individuals and dependents is $2,700. Thus, under the current tax code, a family of four which does not itemize deductions would pay taxes on all income over $17,900—that is personal exemptions of $10,800 and a standard deduction of $7,100. By contrast, under my flat tax bill, that same family would receive a personal exemption of $27,500, and would pay tax on only income over that amount.

A family of four with $35,000 in income would owe $2,569 in taxes under current law, but would only owe $1,500 under this flat tax—that is a savings of $1,065. A family of four with $50,000 would have a saving of $752.

Why is this possible? It is possible because the tax loopholes enable write-offs to save some $393 billion a year. What is eliminated under the flat tax are the loopholes, the deductions in this complicated code which can be deciphered, interpreted, and found really only by the $500-an-hour lawyers. That money is lost to the taxpayers. $120 billion would be saved by the elimination of fraud because of the simplicity of the Tax Code, the taxpayer being able to find out exactly what they owe.

This bill is modeled after legislation organized and written by two very distinguished professors of law from Stanford University, Professor Hall and Professor Rabushka. Their model was first introduced in the Congress in the fall of 1994 by Majority Leader Richard Armey. I introduced the flat tax bill—the first one in the Senate—on March 2, 1995, Senate bill 488. I reintroduced the bill in the 105th Congress, and re-reintroduced the bill in this Congress on April 15, 1999—income tax day—in a bill denominated S. 822.

So the bill has been well thought out, has been well documented, as being revenue neutral by Professors Hall and Rabushka at 19 percent.

My bill has added two deductions—one for interest on home mortgages for borrowing up to $100,000 for middle-income Americans and a deduction for charitable contributions for up to $2,500. These two deductions have been obtained because of the practical impossibility of having a Tax Code which eliminates those two deductions which is really the mainstay of America. But aside from those two modest deductions, it is a flat tax.

One percent has been added on my bill to the Hall-Rabushka formula to accommodate $35 billion in losses due to the home interest deduction and $13 billion in tax losses due to the deduction on interest on charitable contributions. So we have a system which is tax neutral.

Another major advantage of the flat tax is that it would vastly increase productivity because people would no longer be looking to what they could save on tax loopholes. Instead, Americans would be devising their affairs on what would be most productive, because it would not do one any good to construct a tax loophole, diverting a lot of energy to try to save taxes, but, instead, the energies of productive Americans would be devoted to what is productive and what can be accomplished.

This model, under Hall-Rabushka, projects that these savings —which would be tremendously increased—would far outweigh for the individual taxpayer any of the benefits that they would receive at the present time.

Professors Hall and Rabushka project there would be an increase in the gross national product of some $2 trillion within 7 years, which would be an enormous boon to America.

As I say, this tax bill is well on the road. The train has left the station; and it is not to be derailed by any substitute measure. But I do ask my colleagues to seriously consider the flat tax and, if nothing more, to cast a protest vote against the existing Tax Code which has 75 million pages, and the current bill which would add 443 pages to that mountainous monstrosity.

The flat tax is enormously popular with the American people. The polls show that 61 percent of Americans favor a flat tax.

I can personally attest to the fact that in my open house town meetings, the reference to the flat tax and the display of this postcard tax return is the only applause item in my speech. You might attribute that to the dull balance of the speech, but the flat tax is an applause producer.

When people think about the time they spend on their tax returns, and the regulatory system, and the complexity of the tax returns, the fact that Americans spend 5.4 billion hours filling out tax returns, this is an enormously attractive matter.

I do not believe that the Senate has voted on a flat tax proposal yet. We Senators always hear that this group or that group is going to be watching a specific vote, and it is going to be a recorded vote on the scorecard. I suggest that a vote on the flat tax is going to be a vote on the big scorecard for America.

People do know what the flat tax is. They do have an idea about it. It is overwhelmingly popular. 61 percent of the public favors it; leaving only 39 percent, most of whom probably do not know about it. Anybody who knows about the flat tax, that they could get their tax return done on a postcard in 15 minutes, would be very proud to have his or her Senator vote in favor of this flat tax.

In essence, the flat tax would vastly simplify the code. It would eliminate most of the 117,000 IRS Internal Revenue Service employees, would save most of the $7 billion now spent on the Internal Revenue Service, and would be a very strong signal to the Finance Committee in the Senate to take up the flat tax seriously. That has not been done.

It would be a strong signal to the Ways and Means Committee of the House of Representatives to take a good look at the flat tax.

Because Americans will see that they could fill out their tax return on a postcard, save the laborious hours and the complications and all those letters from the IRA saying, you owe $19.14 cents—which taxpayers like myself would rather pay but you can't do that; you have to go back through all of your records—the release in productivity, the elimination of the capital gains tax, the estate tax, the tax on dividends, all of which has been paid.

Mr. President, I have sought recognition to offer my flat tax legislation as an amendment to S. 1429, the Tax Reconciliation bill. I had reintroduced this legislation on April 15th, 1999 to provide for a flat 20 percent tax on individuals and businesses. In the 104th Congress, I was the first Senator to introduce flat tax legislation and the first Member of Congress to set forth a deficit-neutral plan for dramatically reforming our nation's tax code and replacing it with a flatter, fairer plan designed to stimulate economic growth. My flat tax legislation was also the first plan to retain limited deductions for home mortgage interest and charitable contributions.

As I traveled around the country and held town hall meetings across Pennsylvania and other states, the public support for fundamental tax reform was overwhelming. I would point out in those speeches that I never leave home without two key documents: (1) my copy of the Constitution; and (2) a copy of my 10-line flat tax postcard. I soon realized that I needed more than just one copy of my flat tax postcard—many people wanted their own postcard so that they could see what life in a flat tax world would be like, where tax returns only take 15 minutes to fill out and individual taxpayers are no longer burdened with double taxation on their dividends, interest, capital gains and estates.

Support for the flat tax is growing as more and more Americans embrace the simplicity, fairness and growth potential of flat tax reform. An April 17, 1995, edition of Newsweek cited a poll showing that 61 percent of Americans favor a flat tax over the current tax code. Significantly, a majority of the respondents who favor the flat tax preferred my flat tax plan with limited deductions for home mortgage interest and charitable contributions. Well before he entered the 1996 Republican presidential primary, publisher Steve Forbes opined in a March 27, 1995, Forbes editorial about the tremendous appeal and potency of my flat tax plan.

Congress was not immune to public demand for reform. Jack Kemp was appointed to head up the National Commission on Economic Growth and Tax Reform and the Commission soon came out with its report recognizing the value of a fairer, flatter tax code. Mr. Forbes soon introduced a flat tax plan of his own, and my fellow candidates in the 1996 Republican presidential primary began to embrace similar versions of either a flat tax or a consumption-based tax system.

Unfortunately, the politics of that Presidential campaign denied the flat tax a fair hearing and momentum stalled. On October 27, 1995, I introduced a Sense of the Senate Resolution calling on my colleagues to expedite Congressional adoption of a flat tax. The Resolution, which was introduced as an amendment to pending legislation, was not adopted.

I reintroduced this legislation in the 105th Congress with slight modifications to reflect inflation-adjusted increases in the personal allowances and dependent allowances. While my flat tax proposal was favorably received at town hall meetings in Pennsylvania, Congress failed to move forward on any tax reform during the 105th Congress. I tried repeatedly to raise the issue with leadership and the Finance Committee to no avail. I think the American people want this debate to move forward and I think the issue of tax reform is ripe for consideration.

In this period of opportunity as we commence the 106th Session of Congress, I am optimistic that public support for tax reform will enable us to move forward and adopt this critically important and necessary legislation.

My flat tax legislation will fundamentally revise the present tax code, with its myriad rates, deductions, and instructions. This legislation would institute a simple, flat 20% tax rate for all individuals and businesses. It will allow all taxpayers to file their April 15 tax returns on a simple 10-line postcard. This proposal is based on three key principles which are critical to an effective and equitable taxation system: simplicity, fairness and economic growth.

Over the years and prior to my legislative efforts on behalf of flat tax reform, I have devoted considerable time and attention to analyzing our nation's tax code and the policies which underlie it. I began the study of the complexities of the tax code 40 years ago as a law student at Yale University. I included some tax law as part of my practice in my early years as an attorney in Philadelphia. In the spring of 1962, I published a law review article in the Villanova Law Review, "Pension and Profit Sharing Plans: Coverage and Operation for Closely Held Corporations and Professional Associations," 7 Villanova L. Rev. 335, which in part focused on the inequity in making tax-exempt retirement benefits available to some kinds of businesses but not others. It was apparent then, as it is now, that the very complexities of the Internal Revenue Code could be used to give unfair advantage to some.

Before I introduced my flat tax bill early in the 104th Congress, I had discussions with Congressman RICHARD ARMEY, the House Majority Leader, about his flat tax proposal. In fact, I testified with House Majority Leader RICHARD ARMEY before the Senate Finance and House Ways & Means Committees, as well as the Joint Economic Committee and the House Small Business Committee on the tremendous benefits of flat tax reform. Since then, and both before and after introducing my original flat tax bill, my staff and I have studied the flat tax at some length, and have engaged in a host of discussions with economists and tax experts, including the staff of the Joint Committee on Taxation, to evaluate the economic impact and viability of a flat tax. Based on those discussions, and on the revenue estimates supplied to us, I have concluded that a simple flat tax at a rate of 20 percent on all business and personal income can be enacted without reducing federal revenues.

A flat tax will help reduce the size of government and allow ordinary citizens to have more influence over how their money is spent because they will spend it—not the government. By creating strong incentives for savings and investment, the flat tax will have the beneficial result of making available larger pools of capital for expansion of the private sector of the economy—rather than more tax money for big government. This will mean more jobs and, just as important, more higher-paying jobs.

As a matter of federal tax policy, there has been considerable controversy over whether tax breaks should be used to stimulate particular kinds of economic activity, or whether tax policy should be neutral, leaving people to do what they consider best from a purely economic point of view. Our current tax code attempts to use tax policy to direct economic activity. Yet actions under that code have demonstrated that so-called tax breaks are inevitably used as the basis for tax shelters which have no real relation to solid economic purposes, or to the activities which the tax laws were meant to promote. Even when the government responds to particular tax shelters with new and often complex revisions of the regulations, clever tax experts are able to stay one or two steps ahead of the IRS bureaucrats by changing the structure of their business transactions and then claiming some legal distinctions between the taxpayer's new approach and the revised IRS regulations and precedents.

Under the massive complexity of the current IRS Code, the battle between $500-an-hour tax lawyers and IRS bureaucrats to open and close loopholes is a battle the government can never win. Under the flat tax bill I offer today, there are no loopholes, and tax avoidance through clever manipulations will become a thing of the past.

The basic model for this legislation comes from a plan created by Professors Robert Hall and Alvin Rabushka of the Hoover Institute at Stanford University. Their plan envisioned a flat tax with no deductions whatever. After considerable reflection, I decided to include in the legislation limited deductions for home mortgage interest for up to $100,000 in borrowing and charitable contributions up to $2,500. While these modifications undercut the pure principle of the flat tax by continuing the use of tax policy to promote home buying and charitable contributions, I believe that those two deductions are so deeply ingrained in the financial planning of American families that they should be retained as a matter of fairness and public policy—and also political practicality. With those two deductions maintained, passage of a modified flat tax will be difficult, but without them, probably impossible.

In my judgment, an indispensable prerequisite to enactment of a modified flat tax is revenue neutrality. Professor Hall advised that the revenue neutrality of the Hall-Rabushka proposal, which uses a 19% rate, is based on a well documented model founded on reliable governmental statistics. My legislation raises that rate from 19% to 20% to accommodate retaining limited home mortgage interest and charitable deductions. A preliminary estimate in the 104th Congress by the Committee on Joint Taxation places the annual cost of the home interest deduction at $35 billion, and the cost of the charitable deduction at $13 billion. While the revenue calculation is complicated because the Hall-Rabushka proposal encompasses significant revisions to business taxes as well as personal income taxes, there is a sound basis for concluding that the 1 percent increase in rate would pay for the two deductions. Revenue estimates for tax code revisions are difficult to obtain and are, at best, judgment calls based on projections from fact situations with a myriad of assumed variables. It is possible that some modification may be needed at a later date to guarantee revenue neutrality.

This legislation offered today is quite similar to the bill introduced in the House by Congressman ARMEY and in the Senate late in 1995 by Senator RICHARD SHELBY, which were both in turn modeled after the Hall-Rabushka proposal. The flat tax offers great potential for enormous economic growth, in keeping with principles articulated so well by Jack Kemp. This proposal taxes business revenues fully at their source, so that there is no personal taxation on interest, dividends, capital gains, gifts or estates. Restructured in this way, the tax code can become a powerful incentive for savings and investment—which translates into economic growth and expansion, more and better jobs, and raising the standard of living for all Americans.

In the 104th Congress, we took some important steps toward reducing the size and cost of government, and this work is ongoing and vitally important. But the work of downsizing government is only one side of the coin; what we must do at the same time, and with as much energy and care, is to grow the private sector. As we reform the welfare programs and government bureaucracies of past administrations, we must replace those programs with a prosperity that extends to all segments of American society through private investment and job creation—which can have the additional benefit of producing even lower taxes for Americans as economic expansion adds to federal revenues. Just as Americans need a tax code that is fair and simple, they also are entitled to tax laws designed to foster rather than retard economic growth. The bill I offer today embodies those principles.

My plan, like the Armey-Shelby proposal, is based on the Hall-Rabushka analysis. But my flat tax differs from the Armey-Shelby plan in four key respects: First, my bill contains a 20 percent flat tax rate. Second, this bill would retain modified deductions for mortgage interest and charitable contributions (which will require a 1 percent higher tax rate than otherwise). Third, my bill would maintain the automatic withholding of taxes from an individual's paycheck. Lastly, my bill is designed to be revenue neutral, and thus will not undermine our vital efforts to balance the nation's budget.

The key advantages of this flat tax plan are three-fold: First, it will dramatically simplify the payment of taxes. Second, it will remove much of the IRS regulatory morass now imposed on individual and corporate taxpayers, and allow those taxpayers to devote more of their energies to productive pursuits. Third, since it is a plan which rewards savings and investment, the flat tax will spur economic growth in all sectors of the economy as more money flows into investments and savings accounts, and as interest rates drop.

Under this tax plan, individuals would be taxed at a flat rate of 20 percent on all income they earn from wages, pensions and salaries. Individuals would not be taxed on any capital gains, interest on savings, or dividends—since those items will have already been taxed as part of the flat tax on business revenue. The flat tax will also eliminate all but two of the deductions and exemptions currently contained within the tax code. Instead, taxpayers will be entitled to "personal allowances" for themselves and their children. The personal allowances are: $10,000 for a single taxpayer; $15,000 for a single head of household; $17,500 for a married couple filing jointly; and $5,000 per child or dependent. These personal allowances would be adjusted annually for inflation after 1999.

In order to ensure that this flat tax does not unfairly impact low income families, the personal allowances contained in my proposal are much higher than the standard deduction and personal exemptions allowed under the current tax code. For example in the 1998 tax year, the standard deduction is $4,250 for a single taxpayer, $6,250 for a head of household and $7,100 for a married couple filing jointly, while the personal exemption for individuals and dependents is $2,700. Thus, under the current tax code, a family of four which does not itemize deductions would pay tax on all income over $17,900 (personal exemptions of $10,800 and a standard deduction of $7,100). By contrast, under my flat tax bill, that same family would receive a personal exemption of $27,500, and would pay tax only on income over that amount.

My legislation retains the provisions for the deductibility of charitable contributions up to a limit of $2,500 and home mortgage interest on up to $100,000 of borrowing. Retention of these key deductions will, I believe, enhance the political salability of this legislation and allow the debate on the flat tax to move forward. If a decision is made to eliminate these deductions, the revenue saved could be used to reduce the overall flat tax rate below 20 percent.

With respect to businesses, the flat tax would also be a flat rate of 20 percent. My legislation would eliminate the intricate scheme of complicated depreciation schedules, deductions, credits, and other complexities that go into business taxation in favor of a much-simplified system that taxes all business revenue less only wages, direct expenses and purchases—a system with much less potential for fraud, "creative accounting" and tax avoidance.

Businesses would be allowed to expense 100 percent of the cost of capital formation, including purchases of capital equipment, structures and land, and to do so in the year in which the investments are made. The business tax would apply to all money not reinvested in the company in the form of employment or capital formation—thus fully taxing revenue at the business level and making it inappropriate to re-tax the same monies when passed on to investors as dividends or capital gains.

Let me now turn to a more specific discussion of the advantages of the flat tax legislation I am reintroducing today.

The first major advantage to this flat tax is simplicity. According to the Tax Foundation, Americans spend approximately 5.3 billion hours each year filling out tax forms. Much of this time is spent burrowing through IRS laws and regulations which fill 17,000 pages and have grown from 744,000 words in 1955 to 5.6 million words in 1995.

Whenever the government gets involved in any aspect of our lives, it can convert the most simple goal or task into a tangled array of complexity, frustration and inefficiency. By way of example, most Americans have become familiar with the absurdities of the government's military procurement programs. If these programs have taught us anything, it is how a simple purchase order for a hammer or a toilet seat can mushroom into thousands of words of regulations and restrictions when the government gets involved. The Internal Revenue Service is certainly no exception. Indeed, it has become a distressingly common experience for taxpayers to receive computerized print-outs claiming that additional taxes are due, which require repeated exchanges of correspondence or personal visits before it is determined, as it so often is, that the taxpayer was right in the first place.

The plan offered today would eliminate these kinds of frustrations for millions of taxpayers. This flat tax would enable us to scrap the great majority of the IRS rules, regulations and instructions and delete most of the five million words in the Internal Revenue Code. Instead of tens of millions of hours of non-productive time spent in compliance with, or avoidance of, the tax code, taxpayers would spend only the small amount of time necessary to fill out a postcard-sized form. Both business and individual taxpayers would thus find valuable hours freed up to engage in productive business activity, or for more time with their families, instead of poring over tax tables, schedules and regulations.

The flat tax I have proposed can be calculated just by filling out a small postcard which would require a taxpayer only to answer a few easy questions. Filing a tax return would become a manageable chore, not a seemingly endless nightmare, for most taxpayers.

Along with the advantage of simplicity, enactment of this flat tax bill will help to remove the burden of costly and unnecessary government regulation, bureaucracy and red tape from our everyday lives. The heavy hand of government bureaucracy is particularly onerous in the case of the Internal Revenue Service, which has been able to extend its influence into so many aspects of our lives.

In 1995, the IRS employed 117,000 people, spread out over countless offices across the United States. Its budget was in excess of $7 billion, with over $4 billion spent merely on enforcement. By simplifying the tax code and eliminating most of the IRS' vast array of rules and regulations, the flat tax would enable us to cut a significant portion of the IRS budget, including the bulk of the funding now needed for enforcement and administration.

In addition, a flat tax would allow taxpayers to redirect their time, energies and money away from the yearly morass of tax compliance. According to the Tax Foundation, in 1996, the private sector spent over $150 billion complying with federal tax laws. According to a Tax Foundation study, adoption of flat tax reform would cut pre-filing compliance costs by over 90 percent.

Monies spent by businesses and investors in creating tax shelters and finding loopholes could be instead directed to productive and job-creating economic activity. With the adoption of a flat tax, the opportunities for fraud and cheating would also be vastly reduced, allowing the government to collect, according to some estimates, over $120 billion annually.

The third major advantage to a flat tax is that it will be a tremendous spur to economic growth. Harvard economist Dale Jorgenson estimates adoption of a flat tax like the one offered today would increase future national wealth by over $2 trillion, in present value terms, over a seven year period. This translates into over $7,500 in increased wealth for every man, woman and child in America. This growth also means that there will be more jobs—it is estimated that the $2 trillion increase in wealth would lead to the creation of 6 million new jobs.

The economic principles are fairly straightforward. Our current tax system is inefficient; it is biased toward too little savings and too much consumption. The flat tax creates substantial incentives for savings and investment by eliminating taxation on interest, dividends and capital gains—and tax policies which promote capital formation and investment are the best vehicle for creation of new and high paying jobs, and for a greater prosperity for all Americans.

It is well recognized that to promote future economic growth, we need not only to eliminate the federal government's reliance on deficits and borrowed money, but to restore and expand the base of private savings and investment that has been the real engine driving American prosperity throughout our history. These concepts are related—the federal budget deficit soaks up much of what we have saved, leaving less for businesses to borrow for investments.

It is the sum total of savings by all aspects of the U.S. economy that represents the pool of all capital available for investment—in training, education, research, machinery, physical plant, etc.—and that constitutes the real seed of future prosperity. The statistics here are daunting. In the 1960s, the net U.S. national savings rate was 8.2 percent, but it has fallen to a dismal 1.5 percent. Americans save at only one-tenth the rate of the Japanese, and only one-fifth the rate of the Germans. This is unacceptable and we must do something to reverse the trend.

An analysis of the components of U.S. savings patterns shows that although the federal budget deficit is the largest cause of "dissavings," both personal and business savings rates have declined significantly over the past three decades. Thus, to recreate the pool of capital stock that is critical to future U.S. growth and prosperity, we have to do more than just get rid of the deficit. We have to very materially raise our levels of private savings and investment. And we have to do so in a way that will not cause additional deficits.

The less money people save, the less money is available for business investment and growth. The current tax system discourages savings and investment, because it taxes the interest we earn from our savings accounts, the dividends we make from investing in the stock market, and the capital gains we make from successful investments in our homes and the financial markets. Indeed, under the current law these rewards for saving and investment are not only taxed, they are overtaxed—since gains due solely to inflation, which represent no real increase in value, are taxed as if they were profits to the taxpayer.

With the limited exceptions of retirement plans and tax free municipal bonds, our current tax code does virtually nothing to encourage personal savings and investment, or to reward it over consumption. This bill will change this system, and address this problem. The proposed legislation reverses the current skewed incentives by promoting savings and investment by individuals and by businesses. Individuals would be able to invest and save their money tax-free and reap the benefits of the accumulated value of those investments without paying a capital gains tax upon the sale of these investments. Businesses would also invest more as the flat tax allowed them to expense fully all sums invested in new equipment and technology in the year the expense was incurred, rather than dragging out the tax benefits for these investments through complicated depreciation schedules. With greater investment and a larger pool of savings available, interest rates and the costs of investment would also drop, spurring even greater economic growth.

Critics of the flat tax have argued that we cannot afford the revenue losses associated with the tremendous savings and investment incentives the bill affords to businesses and individuals. Those critics are wrong. Not only is this bill carefully crafted to be revenue neutral, but historically we have seen that when taxes are cut, revenues actually increase, as more taxpayers work harder for a larger share of their take-home pay, and investors are more willing to take risks in pursuit of rewards that will not get eaten up in taxes.

As one example, under President Kennedy when individual tax rates were lowered, investment incentives including the investment tax credit were created and then expanded and depreciation rates were accelerated. Yet, between 1962 and 1967, gross annual federal tax receipts grew from $99.7 billion to $148 billion—an increase of nearly 50 percent. More recently after President Reagan's tax cuts in the early 1980's, government tax revenues rose from just under $600 billion in 1981 to nearly $1 trillion in 1989. In fact, the Reagan tax cut program helped to bring about one of the longest peacetime expansion of the U.S. economy in history. There is every reason to believe that the flat tax proposed here can do the same—and by maintaining revenue neutrality in this flat tax proposal, as we have, we can avoid any increases in annual deficits and the national debt.

In addition to increasing federal revenues by fostering economic growth, the flat tax can also add to federal revenues without increasing taxes by closing tax loopholes. The Congressional Research Service estimates that for fiscal year 1995, individuals sheltered more than $393 billion in tax revenue in legal loopholes, and corporations sheltered an additional $60 billion. There may well be additional monies hidden in quasi-legal or even illegal "tax shelters." Under a flat tax system, all tax shelters will disappear and all income will be subject to taxation.

The growth case for a flat tax is compelling. It is even more compelling in the case of a tax revision that is simple and demonstrably fair.

By substantially increasing the personal allowances for taxpayers and their dependents, this flat tax proposal ensures that poorer taxpayers will pay no tax and that taxes will not be regressive for lower and middle income taxpayers. At the same time, by closing the hundreds of tax loopholes which are currently used by wealthier taxpayers to shelter their income and avoid taxes, this flat tax bill will also ensure that all Americans pay their fair share.

The flat tax legislation that I am offering will retain the element of progressivity that Americans view as essential to fairness in an income tax system. Because of the lower end income exclusions, and the capped deductions for home mortgage interest and charitable contributions, the effective tax rates under my bill will range from 0% for families with incomes under about $30,000 to roughly 20% for the highest income groups.

My proposed legislation demonstrably retains the fairness that must be an essential component of the American tax system.

The proposal that I make today is dramatic, but so are its advantages: a taxation system that is simple, fair and designed to maximize prosperity for all Americans. A summary of the key advantages are:

Simplicity: A 10-line postcard filing would replace the myriad forms and attachments currently required, thus saving Americans up to 5.3 billion hours they currently spend every year in tax compliance.

Cuts government: The flat tax would eliminate the lion's share of IRS rules, regulations and requirements, which have grown from 744,000 words in 1955 to 5.6 million words and 12,000 pages currently. It would also allow us to slash the mammoth IRS bureaucracy of 117,000 employees.

Promotes economic growth: Economists estimate a growth of over $2 trillion in national wealth over seven years, representing an increase of approximately $7,500 in personal wealth for every man, woman and child in America. This growth would also lead to the creation of 6 million new jobs.

Increases efficiency: Investment decisions would be made on the basis of productivity rather than simply for tax avoidance, thus leading to even greater economic expansion.

Reduces interest rates: Economic forecasts indicate that interest rates would fall substantially, by as much as two points, as the flat tax removes many of the current disincentives to savings.

Lowers compliance costs: Americans would be able to save up to $224 billion they currently spend every year in tax compliance.

Decreases fraud: as tax loopholes are eliminated and the tax code is simplified, there will be far less opportunity for tax avoidance and fraud, which now amounts to over $120 billion in uncollected revenue annually.

Reduces IRS costs: Simplification of the tax code will allow us to save significantly on the $7 billion annual budget currently allocated to the Internal Revenue Service.

Professors Hall and Rabushka have projected that within seven years of enactment, this type of a flat tax would produce a 6 percent increase in output from increased total work in the U.S. economy and increased capital formation. The economic growth would mean a $7,500 increase in the personal income of all Americans.

No one likes to pay taxes. But Americans will be much more willing to pay their taxes under a system that they believe is fair, a system that they can understand, and a system that they recognize promotes rather than prevents growth and prosperity. The legislation I introduce today will afford Americans such a tax system.

Mr. President, I ask unanimous consent that the charts and exhibits be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

1999 INDIVIDUAL TAX RETURN

FORM 1—INDIVIDUAL WAGE TAX—1999

Your first name and initial (if joint return, also give spouse's name and initial):

Your social security number:

Home address (number and street including apartment number or rural route):

Spouse's social security number:

City, town, or post office, state, and ZIP code:

1. Wages, salary, pension and retirement benefits 1
2. Personal allowance (enter only one):
   —$17,500 for married filing jointly
   —$10,000 for single
   —$15,000 for single head of household 2
3. Number of dependents, not including spouse, multiplied by $5,000 3
4. Mortgage interest on debt up to $100,000 for owner-occupied home ... 4
5. Cash or equivalent charitable contributions (up to $2,500) 5
6. Total allowances and dedications (lines 2, 3, 4 and 5) 6
7. Taxable compensation (line 1 less line 6, if positive; otherwise zero) ... 7
8. Tax (20% of line 7) 8
9. Tax withheld by employer 9
10. Tax or refund due (difference between lines 8 and 9) 10

ANNUAL TAXES UNDER 20% FLAT TAX FOR MARRIED COUPLE WITH TWO CHILDREN FILING JOINTLY

Income	Income mortgage[1]	Deductible mtg interest	Charitable contributions[1]	Personal allowance (w/children)	Taxable income	Marginal tax rate (percent)	Taxes owed
<27,500						0	None
30,000	60,000	5,400	600	27,500	0	0	None
40,000	80,000	7,200	800	27,500	4,500	2.3	900
50,000	100,000	9,000	1,000	27,500	12,500	5.0	2,500
60,000	120,000	9,000	1,200	27,500	22,300	7.4	4,460
70,000	140,000	9,000	1,400	27,500	31,200	9.2	6,420
80,000	160,000	9,000	1,600	27,500	41,900	10.5	8,380
90,000	180,000	9,000	1,800	27,500	51,700	11.5	10,340
100,000	200,000	9,000	2,000	27,500	61,500	12.3	12,300
125,000	250,000	9,000	2,500	27,500	86,000	13.8	17,200
150,000	300,000	9,000	2,500	27,500	111,000	14.8	22,200
200,000	400,000	9,000	2,500	27,500	161,000	16.1	32,200
250,000	500,000	9,000	2,500	27,500	211,000	16.8	42,200
500,000	1,000,000	9,000	2,500	27,500	461,000	18.4	92,200
1,000,000	2,000,000	9,000	2,500	27,500	961,000	19.2	192,200

[1] Assumes home mortgage of twice annual income at a rate of 9% and charitable contributions up to 2% of annual income.

ADVANTAGES OF THE 20 PERCENT FLAT TAX

(By Senator Arlen Specter)

Simplicity: A 10-line postcard filing would replace the myriad forms and attachments currently required, thus saving Americans up to 5.3 billion hours they currently spend every year in tax compliance.

Cuts government: The flat tax would eliminate the lion's share of IRS rules, regulations and requirements, which have grown from 744,000 words in 1955 to 5.6 million words and 12,000 pages currently. It would also allow us to slash the mammoth IRS bureaucracy of 117,000 employees.

Promotes economic growth: Economists estimate a growth of over $2 trillion in national wealth over seven years, representing an increase of approximately $7,500 in personal wealth for every man, woman and child in America. This growth would also lead to the creation of 6 million new jobs.

Increases efficiency: Investment decisions would be made on the basis of productivity rather than simply for tax avoidance, thus leading to even greater economic expansion.

Reduces interest rates: Economic forecasts indicate that interest rates would fall substantially, by as much as two points, as the flat tax removes many of the current disincentives to savings.

Lowers compliance costs: Americans would be able to save up to $593 billion they currently spend every year in tax compliance.

Decreases fraud: As tax loopholes are eliminated and the tax code is simplified, there will be far less opportunity for tax avoidance and fraud, which now amounts to over $120 billion in uncollected revenue annually.

Reduces IRS costs: Simplification of the tax code will allow us to save significantly on the $7 billion annual budget currently allocated to the Internal Revenue Service.

INVESTMENT TAX CREDIT FOR THE BIOTECH INDUSTRY

Mr. SPECTER. In the balance of my allotted time, I will speak briefly about another amendment which will be voted on, probably tomorrow. That is an investment tax credit for the biotechnology equipment industry.

In my capacity as chairman of the Senate Subcommittee on Health and Human Services, my distinguished ranking member, Senator HARKIN, and I have the job of allocating funds for the National Institutes of Health. They are the crown jewel of the Federal Government—perhaps the only jewel of the Federal Government.

We are facing an extraordinarily difficult time in allocating funding because of the allocation for the subcommittee which is far under what is necessary to provide the $2 billion which we allocated in increase last year.

In consulting with the biotechnology industry, the one item which could bridge the gap would be a 10 percent investment tax credit which would stimulate Biotech and would do a tremendous amount for the health of Americans.

In the course of the past few months, stem cells have been discovered by Biotech which is a veritable fountain of youth, holding a promise for a cure for cancer, Alzheimer's, Parkinson's, and other maladies.

So I urge my colleagues to take a close look at the investment tax credit for the Biotech industry when it comes up.

I thank the Chair and thank the chairman for yielding me this time from the bill and yield the floor.

Mr. REID. Mr. President, if the manager of the bill will yield for a brief statement, as soon as the leaders arrive, I wonder if the next speaker would mind being interrupted. We have a unanimous consent request we would like to enter and not delay the leader any more than necessary. The leader should be coming here soon.

Mr. ROTH. That is satisfactory. I yield 12 minutes to Senator INHOFE.

Mr. INHOFE. I thank the Senator.

Mr. President, I, like many of my colleagues, have been listening intently to all of the debate. I certainly understand that the Senator from New Mexico is very sincere when he talks about many of these programs that need funding.

I do think that something has been completely lost in the debate that has been taking place on the floor. It is this assumption that if we are going to pass a tax reduction, it is going to automatically reduce revenues. I think this is one of the fallacies that defies all history, and it is one that needs to be talked about at this time.

I can remember when President Clinton was first elected in 1992. One of the first appointments he made was his chief financial adviser, Laura Tyson, who was quoted to have said—I believe this is an exact quote; certainly the intent is the same—that there is no relationship between the level of taxation the Nation pays and the amount of economic performance. I think this is ludicrous. I think it defies all logic. If you carried that to its logical conclusion, you would say let's raise all marginal rates to 100 percent, and everyone is going to work as hard as they would have otherwise. Certainly this is not what history has shown us.

One of the interesting things that is so overlooked by many liberals and others nowadays is that you can increase revenues by decreasing taxes. You have to realize that for every 1-percent increase in economic activity, that generates new revenues of $24 billion.

This was really discovered by accident back in the 1920s. Back in the 1920s, under two administrations, Warren Harding and Calvin Coolidge, there was a guy named Andrew Mellon, who was the Secretary of the Treasury under both administrations. It wasn't his understanding at that time that he would be able to increase revenues by reducing taxes, but this was right after World War I. In World War I, we had tax rates that were just unconscionably high—73 percent. So they said, all right, the war is over now. Let's reduce our tax rates, and they reduced them in three steps during a 9-year period from 73 percent to 25 percent.

This chart shows the income tax rate at the time right after the war and how they reduced it from 73 percent down to 25 percent. Look what happens as the income started rising. It came up from about $700,000 to over a billion dollars. It was almost doubled during that period of time. I think this speaks for itself. It shocked a lot of people. This wasn't some smart economist saying this is the way to increase revenue. They weren't even trying to increase revenue. But that is what happened.

Then again in the 1960s, of course, this was not a Republican administration. This was the administration of President Kennedy, and he made the statement, drawing upon the experience of the 1920s, that we have to have more revenues to take care of the obligations that we have incurred in Government. He said we need more revenues, and the best way to increase revenues is to reduce taxes.

I say to the Senator from New York, this was not a Republican saying this. This is someone whom he knew very well, President Kennedy, back in the 1960s.

So he came along with his tax rate. At that time the highest rate had been up at 91 percent, as you see on the chart represented by the green line. He reduced them over that period of time down to 70 percent.

Now, if you make that kind of a reduction in the tax rate and you see what has happened during that period of time, during the 1960s, it did exactly what the President said it was going to do in anticipating what was going to happen to the revenues. President Kennedy knew that, and I think many of the people at that time felt this was something that twice in history had been proven to be the case.

Then, of course, along came the 1980s. I can remember in the 1980s because I was around at that time. I remember when Ronald Reagan—keep in mind this was at a time when we had deficits, not surpluses as we have today. He was advocating a sweeping tax relief reduction of about $1.6 trillion. I happen to have known personally, as many of my colleagues did at that time, Speaker Tip O'Neill. Speaker O'Neill at that time was not considered to be one of the stalwarts of the conservative movement, but Tip O'Neill said: No, I think that is too much. I think to be fiscally responsible, we should reduce taxes only by $1.3 trillion.

Now, keep in mind, this is Tip O'Neill, a Democrat, advocating the reduction of taxes by $1.3 trillion. Now we are talking about merely reducing them by some $790 billion.

Mr. President, to repeat, we learned lessons quite by accident during the Harding and Coolidge administrations back in the twenties. The lessons were that you can actually increase revenues by decreasing taxes. We learned in the 1960s when President Kennedy did the same thing; we dramatically increased revenues by decreasing taxes. This is the most revealing one because there has never been a 10-year period in the history of this country where we have had more tax reductions in marginal rates than we did in the 1980s.

On this chart, the green line is the income tax revenues, starting in 1980, going up here and showing that they increase by two-thirds at a time when the reductions in the rates were actually cut by two-thirds.

I think it needs to be pointed out that there is not a direct relationship between the level of taxation and the amount of revenue. In fact, the relationship is just the opposite. I think those who are saying we don't want to reduce taxes are really saying we don't want to reduce revenues. I can understand that. Some people believe Government should have more spending power and more control of our everyday lives. That is what defines a liberal versus a conservative. I think we are trying to do something to really have dramatic cuts to enhance the economy. Perhaps one of the benefits of that would be, as history has shown, to increase revenues.

There is one thing you can do if you want to cut down the size of Government, and that is to cut some of these programs. It has been my experience—having worked at the local level, State level, and now in both Houses of Congress—that once a problem exists out there, you form a Government agency to deal with the problem. The problem goes away, but the agency goes on. In a great speech made in 1965 which was called "A Rendezvous With Destiny," Ronald Reagan said:

> There is nothing closer to immortality on the face of this earth than a Government agency once formed.

I believe we need to look at this and realize what has been happening, where we are going from here, and what effect the tax cuts we are advocating are going to actually have on the economy.

Another way of looking at it is, in 1993, Bill Clinton actually passed, with the support of Congress, the largest single tax increase in contemporary history—in the whole history of this country. He raised taxes in that one increase by $241 billion over a 5-year period. In 1995, 2 years later, President Clinton said:

> People in this room are still mad at me about the budget because you think I raised taxes too much. It might surprise you to know that I think they raised them too much, too.

I think anybody at that time who was opposed to that largest tax increase in the history of this Nation should realize that a way to rectify that is to reverse and repeal some of the taxes that were increased at that time. We have looked at different taxes that should be reduced. I agree with the Senator from Texas that we should reduce the marriage penalty. It doesn't make any sense in our society to reward people who live together out of wedlock. It doesn't make any sense at all, and it creates some of the other problems that we are so concerned about.

I am very concerned about the marginal rate tax, and I think we can probably have the effect of increasing revenues by reducing marginal rates.

Thirdly—and this will be in one of the amendments that we vote on, I guess, tomorrow; I hoped it would be tonight, but it will be tomorrow—is the death tax. I suggest to you that I had occasion to be out in western Oklahoma talking about the farm crisis and about all the things that are happening, I know, in other States and in Oklahoma. I am sure they have the same problems out in New Mexico. When you talk about repealing the estate tax or the death tax, all of a sudden they quit worrying about crop insurance and these programs because that is the thing they believe is most critical to the small businessman and woman and farmer in America. If there is one thing we can do, in all fairness, it would be to vote favorably on that when the appropriate time comes.

I yield the floor.

Mr. LOTT. Mr. President, we have a unanimous consent agreement that I think will be constructive in getting our work completed. It has been discussed thoroughly with the Democratic leadership, and I know it is going to take some more time tonight and also an effort tomorrow, but I think that all things considered, it is the best way to proceed.

I ask unanimous consent that the vote with respect to the pending amendment No. 1462 occur tomorrow morning beginning at 9 a.m, with 15 minutes for concluding remarks to be equally divided beginning at 8:30 a.m. on Friday.

I further ask unanimous consent that the vote with respect to the Hutchison amendment on the marriage penalty occur immediately following the above-described vote and there also be 15 minutes for concluding remarks to be equally divided beginning at 8:45.

I also ask consent that following the conclusion of debate this evening, no further debate time be in order other than the concluding time as outlined above.

I further ask unanimous consent that following the two described votes above, the Senate begin the voting sequence with debate on any amendment or motion properly filed in the consent agreement of July 29 limited to 2 minutes equally divided.

The PRESIDING OFFICER. Is there objection?

Mr. ROTH. Mr. President, I object.

Mr. LOTT. Mr. President, may I inquire, what is the problem?

So we can clarify this, I think just a temporary misunderstanding, I suggest the absence of a quorum.

Mr. DOMENICI. Could I ask a question before you do that?

Mr. LOTT. I ask to withhold the suggestion of a quorum call.

Mr. DOMENICI. Might I ask a parliamentary inquiry? How much time remains on the 20 hours allowed by law?

The PRESIDING OFFICER. Two hours 42 minutes.

Mr. DOMENICI. I thank the Chair.

Mr. LOTT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SESSIONS). Without objection, it is so ordered.

Mr. LOTT. Mr. President, I renew my unanimous consent request as earlier stated.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. LOTT. Mr. President, in light of this agreement, there will be no further votes this evening. The first two votes of tomorrow will begin at 9 a.m. A number of votes will occur following those two votes. I hope Senators will work with the managers and work with the whips on both sides of the aisle. Senator NICKLES is here and prepared to work with Senators to discuss the seriousness of their amendments. The "Tasmanian junior" here, HARRY REID, is going to be working on the Democratic side. Talk with the whips. It is not a very seemly way to do business to have repeated votes in the so-called vote-arama. A reasonable number is understandable and can be explained sufficiently. Senators will be asked not to leave the Chamber in the morning because once we start on the series of votes, votes will occur every 10 to 15 minutes, so we can get at least four done in an hour.

Mr. REID. Will the Senator yield?

Mr. LOTT. Yes.

Mr. REID. I say to the leader and Members of the Senate, the staff will be working all night trying to clear all of these amendments. In addition, there is no rule that says if you call up your amendment, you have to have a recorded vote. We can have voice votes on some amendments. Also, on something such as this, people have to determine whether they want to offer the amendment that has been filed. Just because it was filed doesn't mean you have to offer it.

Mr. LOTT. You do have options: they can be accepted or taken by voice vote or some insist on a recorded vote.

As I see things, tomorrow we can finish up at 2 or 3 o'clock, or we can be here at 5 o'clock tomorrow afternoon. I hope Senators will weigh carefully the need for their particular amendment. As far as amendments that have not been thoroughly debated in committee, it is awfully hard to change the Tax Code in that way. We will try to accommodate Senators as best we can.

Mr. BINGAMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. BINGAMAN. Mr. President, I yield 8 minutes to the Senator from New York.

Mr. SCHUMER. Mr. President, I thank the Senator from New Mexico. I rise in support of his amendment. First, I thank him for his leadership on educational issues before introducing this amendment. I would like to speak for a couple of minutes and talk about another educational amendment that will be before us tonight or tomorrow.

First, on the amendment of the Senator from New Mexico, I have generally considered myself a balanced budget type of person and Democrat. I backed up the President a few years ago when we had a split in our party in the House as to whether to enact a balanced budget, and I am glad I did. I am glad I did. That means that one has to be careful about spending.

But if there is one place as we move into the 21st century that we should be spending more—not just throwing money at the problem, being careful, setting standards, but spending more money—it is the area of education.

As we move into an ideas economy, an ideas-based economy, the most important resource our country has is the minds of our young people. It is more important than the wealth of the mine, or the fertility of the fields, or even the output of the factory, because more and more and more wealth is created, jobs are created, and happiness is created by how well educated we are by the ideas that our people have.

To enact the budget plan posed by the other side, as the chart of the Senator from New Mexico shows, and cut education funding or to even simply freeze education funding, in my judgment, would be a mistake. This resolution, which urges this Senate and this Congress and this country to spend somewhat more on education, again wisely—I would not spend much more on education without imposing standards on teachers and standards on promotion, which makes a great deal of sense—I support wholeheartedly.

There is another amendment in the area of education which I am introducing along with Senator SNOWE of Maine, Senator BAYH of Indiana, Senator SMITH of Oregon, Senator WYDEN of Oregon, and Senator KOHL of Wisconsin. It is a bipartisan amendment. We hope this amendment doesn't became a football in the various views of reconciliation that we have. But it is an amendment that is very simple. It is an amendment to make up to $12,000 of college tuition tax deductible and to provide tax credit to help those saddled with student loans.

We have introduced this amendment for two real purposes. The first purpose relates to individual families.

We are talking about tax cuts. But when I talk to my constituents in New York, and when I hear about constituents from around the country, what is the average person worried about? It is not the exact amount of taxes that they pay as much as it is the big financial nugget they have to deal with—buying a home in early family life, paying for the kids' college in middle life, and paying for health care in later life.

Tonight, as we all go to sleep, there will be millions of Americans worrying about how they are going to pay for their kids' college education. Tuition has gone up far more than the rate of inflation. In fact, if you look at the prices of everything since 1980, tuition has gone up more than anything else—even more than health care. I believe the number is 250 percent between 1980 and 1995 for middle-income families—families that do not really need much other help, families that might make $50,000, or $60,000, or $70,000 a year. It seems almost unfair, after they struggle to pay that tuition bill, for Uncle Sam to take his cut. This bill says that won't happen. This bill says that for anyone at the 28-percent bracket or lower. So the numbers will go up fairly high—$90,000—for a single head of household, and $105,000 for a two-family head of household. You can deduct your tuition.

We rarely give relief to those in the middle class. Too often many people in the middle class—the majority of Americans—think most of what we do helps the very poor or the very rich. But this proposal is aimed right at what bothers them, and with good reason. It is going to be tremendously helpful to millions and millions of Americans who right now think they are not getting much out of the tax proposal on either side of the aisle.

There is a second reason to do this; that is, for the good of the country. As we move into an ideas economy—as I mentioned in my remarks about the amendment of the Senator from New Mexico—education is the key. The better educated we are, the better we do as a country. In fact, I worry when you look at some of the rankings in terms of education when compared to other Western countries.

But every time a well-prepared, intelligent student isn't able to go to the college of his or her choice because of that tuition bill, not only does that individual lose, not only does their family lose but America loses. Every time we don't use and fulfill the potential of a young mind, not only does that person lose, not only does his or her family lose but America loses.

It seems to me, as we move into the 21st century in an ideas-based economy, it is almost imperative that we have as many students in as good a college as they can academically achieve. Right now that is not happening. But in this tax bill, if we were to make tuition deductible up to $12,000, it would have a tremendous impetus.

A couple of other points on the proposal, a bipartisan proposal, made by myself and Senators BAYH, KOHL, and WYDEN on this side of the aisle, and Senators SNOWE and SMITH on the other side of the aisle:

No. 1, it is completely offset. So we are not increasing the tax bill. We mainly do this by delaying certain things in the existing bill for a year.

No. 2, it does not cut off until, as I said, you move from the 28-percent bracket and above that. So 90, 95 percent, a huge percentage of America's families, would benefit—all but the extremely well-to-do.

No. 3, tuition is deductible up to $12,000 a year. That is full tuition for over 80 percent of all Americans. Even for those who are going to a more expensive school, it is a real help in terms of getting them there.

I urge my colleagues to please look at this amendment. It is bipartisan. It is not intended to be an amendment that scores political points. It is an amendment intended to better this country and help middle-class families struggling to send their children to college.

I urge its adoption by Members on both sides of the aisle.

I thank the Chair.

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Thank you, Mr. President. I thank the chairman.

I say to Senator BINGAMAN that I would not rise in opposition to his amendment if it was not, as I view it, an implication that what I propose is going to hurt education.

Since that is the case, I must tell the Senator that I think he is wrong. So I will proceed, as I must, to tell him what we did with education and what we can do with education based upon the money that is left over after the tax cut is effective.

I do not know where the chart comes from that the Senator has up there. But I would assume it comes from somebody who assumes there is no money left over after the tax cut and, therefore, everything will be reduced, and over the next 10 years there will be no inflation added to any function. If that is the case, it is wrong.

But if Senators want to look at the budget resolution we prepared, we expect they will stand up and say no, there is not enough money in this budget for education.

What we did in that budget resolution, which is not binding—just like his resolution here is not binding; it does nothing for education—it is a wish list and cuts taxes. It reduces the tax cuts substantially. It would be nice if the Senator would tell us which $120 billion and some he would take out of the tax cut.

But having said that, let me first start by saying if you want to look at a budget resolution that passed the Senate which had $181 billion in money over a baseline that was frozen for the next decade on the discretionary side, and ask what did it provide for education—an assumption just like the assumptions of the Senator from New Mexico—I would like to tell you what it does.

In 1999, that function on education had $47 billion in it. By the year 2009, it has $60 billion in it. It specifically provided that education initiatives receive an added amount of $37 billion over 5 years, $101 billion over 10 years.

The Senator from New Mexico, my colleague and my friend, could ask, how are you sure that will happen? I am not. Neither am I certain that the Senator's sense-of-the-Senate resolution is anything but a wish list. How do we know it would happen? If we reduce taxes by the amount suggested, there is absolutely nothing to indicate there would be more added to education in the appropriations process. It is what the Senator thinks they should add; therefore, it is called a sense of the Senate.

Over the decade under the budget resolution adopted, and I am not certain it will be implemented because it is not binding, we actually vote every year on the appropriated accounts. So all Members know, the education function in that budget resolution has $570 billion, an average of $57 billion a year, while we are spending $47 billion this year.

I don't know where the other graphs came from that are talking about what we are doing to education. Those numbers are from the budget resolution.

Nobody knows at what level education will be funded on the discretionary side of the budget of the United States of America budget. They will not know any more if Senator BINGAMAN's sense of the Senate passes. They will say we should not cut taxes by $120 billion, because if we don't, we might put it in education.

Having said that, I merely want to look at the budget of the United States and the surplus that is created and then start with a freeze on everything, including education. And it may be the Senator is starting with a freeze and assuming it continues. How much is the surplus? It is $3.371 trillion. What do you do with it? We put $1.9 trillion in the trust fund for Social Security because it is there. We then say: Let's cut taxes in a gradual way over a decade at $792 billion. Then we ask how much is left over to spend on discretionary programs and Medicare. It turns out to be $505 billion.

I could not believe under any circumstance that the Congress of the United States, be it Republican, Democrat, or whatever, would take that $505 billion and spend it on education. I cannot believe that. There may be a difference of opinion as to where it is to be spent, but there is a whopping lot of money for high-priority items.

I don't know where the Senator got his numbers. If the numbers were legitimate, I would be supporting him. I believe we ought to establish a priority for education. If I thought we would not have enough money for the education function to be appropriated by the appropriators, I might even be saying don't cut taxes that much, but I don't think that is the case. I don't think we need to do that. There will be money around for education. It will grow dramatically because it is a high-priority item, and there is $505 billion over a freeze to be allocated for discretionary programs, and somewhere around 70, 80, or 90 for a Medicare prescription drug reform fix.

I regret doing this, but I do not think I want New Mexicans to think what I propose will destroy education in the manner that this sense of the Senate implies. If it did not imply that, I would be for it and I would not be speaking.

Mr. BINGAMAN. Mr. President, I yield myself 4 minutes off of the amendment.

I want to respond to my colleague from New Mexico and indicate I do not in any way question his motives, and I certainly do not question his understanding of the budget. He is an expert in that. He has demonstrated that repeatedly since I have been in the Senate.

I do think there is a genuine misunderstanding or disagreement about what we are talking about in the size of this surplus. I hear my colleague say we have, over the next 10 years, $33.371 billion in surplus that we have to spend or we have to use for tax reductions. That is substantially more than the CBO indicated we had. They said we had $2.896 billion. There is a substantial difference there. Taking the figure I was given, $2.896 billion, I understand we are using by far the largest part of that for this proposed tax cut.

My colleague says that is not the case, that there is still $505 billion remaining for Medicare and discretionary programs. I am just not clear in my mind where that money comes from. The figures I have for the total of the surplus do not allow for that money to be available for discretionary programs and Medicare. The figures I have received lead me to conclude that there will be major cuts in discretionary programs if we are going to adopt a tax cut of this size. If there are cuts in discretionary programs, some of those, of course, will be defense.

I believe, based on the time I have spent in the Senate, we will not cut defense. I do not support the cuts in defense, and I do not believe my colleagues do either. I think we will fund defense and we will fund increases in defense in the next 10 years in many respects. That means the discretionary domestic spending such as education has to be cut even more. That is the concern that caused me to bring this amendment to the floor.

The point was made that I have just put together a sense of the Senate which is a wish list. That is in many ways true. I have said the Senate should go on record as not wanting to cut the current level of funding for education in this bill, and to the extent we need to reduce the tax cut in order to ensure we do not cut current levels of funding for education, then reduce the tax cut to that extent.

As I understand the figures, that means a $132 billion reduction in the tax cut. That is what I have urged Senators to support.

Mr. BINGAMAN. I yield 5 minutes to the Senator from Virginia.

Mr. ROBB. Mr. President, first of all let me thank my distinguished colleague from New Mexico for his continued leadership on virtually every aspect of education and our public responsibility in that particular area. I am pleased to join him on this amendment, and would say that I agree completely with my colleague from New Mexico about the need to make critical investments in our future. Not only does this tax bill fail to ensure the solvency of Social Security and Medicare, it provides an inadequate level of investment in education.

My own State of Virginia has long been proud of its history and support of education. You may recall it was a Virginian who is widely acknowledged as "the father of free public schools in America." Thomas Jefferson's vision to provide a free public education to all citizens was designed to preserve a fledgling democracy. But at the dawn of a new millennium, a strong and vibrant system of public education has many other benefits as well.

Education breeds opportunity. And it is opportunity that knows no class, no gender, no race, no income level, no street address. Because when we invest in education, we invest in our people, we invest in the economic strength of our communities, and we invest in the international competitiveness of our Nation.

That is why I have always believed that all three levels of Government—local, state, and federal—should work together in the area of education. That is why I believe that the Federal Government can be a constructive partner in education. And that's why I believe this tax bill falls short of our responsibility to our nation's children and to our nation's future competitiveness. The stakes for our country, and all who live here, couldn't be greater.

Despite these stakes, the tax bill we debate today still falls short in its investment in education. In addition to the concerns expressed by my friend from New Mexico, I am particularly concerned about the inadequate level of school construction assistance provided in this bill.

Mr. President, we know that 14 million children attend schools in need of extensive repair or, in some cases, complete replacement. We know that 7 million attend schools with safety code violations. And we know there are thousands and thousands of trailers in use because of school overcrowding—over 3,000 in Virginia alone. Loudon County, Virginia, Mr. President will need to build 22 new schools to accommodate its enormous growth in student population. My home county of Fairfax, VA has capital needs of $1.2 billion over the next ten years.

But it isn't just a Virginia phenomenon; it's a national crisis.

And we have known about this crisis since 1995, when the GAO informed us that our national school repair needs total some $112 billion. We have known that we need to build and repair over 6,000 schools across the Nation. And yet we are considering a bill today which builds and renovates only 200 schools.

Mr. President, later in our debate, I will offer a motion to recommit the tax bill to the Finance Committee to force us to take another look at our priorities. I have recently introduced legislation which combines various bipartisan school construction proposals, and which I hope brings us one step closer to the compromise I know we can reach on this issue. I look forward to that debate, but for now I will simply say that Senator BINGAMAN is right: we need to pay more than lip service to our most critical societal investment—education. I thank the chair and I yield back any time remaining to the Senator from New Mexico.

Mr. BINGAMAN. Mr. President, how much time remains?

The PRESIDING OFFICER. There remains 5 minutes.

Mr. BINGAMAN. I yield the remainder of our time to the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I thank my colleague from the class of 1982. You are looking at the entire class here, Senator BINGAMAN and me. The Senator and I are the remainder of the class of 1982. We thought we were a small class then, but we have gotten smaller and we have hung on tenaciously.

One of the things we agree on is the need to provide the kinds of services to our country that we are pledged to, not only morally but by law, by laws established over a period of many years, including such services as our commitments to the veterans who fought to keep this country free, for the schoolchildren who need to get a start in life and get on with their own opportunities.

What we see today in the discussion we have just had, frankly, comes as a surprise to me, a surprise because I serve on the Budget Committee as the senior Democrat. I looked at the figures. We worked together to try to establish a plausible base, a parameter within which to work. But what I have heard is we just discovered gold. We found $500 billion just laying around. No one else knew it, but it was found.

Since arithmetic is a relatively pure science and everything has to add up, one scratches one's head and says: How did we find roughly $500 billion more? The distinguished chairman, a very wise Member of the Senate, an outstanding expert on the budget, found $500 billion that could be used to support the tax cut that is proposed at some $790 billion. Then there are interest costs on that.

What I come up with, what the numbers say, is that we wind up with a budget surplus of $32 billion—$32 billion. That is at the end of 10 years—$32 billion. The elderly, the baby boomers who are going to be retiring at that time, ought to rest easy because they have $32 billion that is going to go into helping Social Security stay a little more solvent—$32 billion that can be used for other purposes.

Mr. SARBANES. Will the Senator yield for a question?

Mr. LAUTENBERG. I will be happy to yield for a question.

Mr. SARBANES. I would like to ask the Senator about his chart about the GOP baseline, if I might.

Mr. LAUTENBERG. Please.

Mr. SARBANES. As I understand it, what the Republicans are now proposing represents a cut of over $1 trillion below—below what? Current spending levels?

Mr. LAUTENBERG. The baseline that was originally proposed by CBO was to have the caps in place until the year 2002, 3 years hence. Then it was assumed by the presentations that we have seen and that are here on the chart, that now the baseline will decline by virtue of no inflation allowable for those years after it—none, zero.

Mr. SARBANES. None whatever?

Mr. LAUTENBERG. That is right. If you do that, you take over $400 billion out of reality, out of the need to provide programs—$419 billion below CBO's capped baseline.

If you want to play with a figment of imagination, you can imagine maybe it will be less than that. Maybe we will be able to cut out the programs for veterans and the other programs that are necessary, just cut them and play pretend.

Mr. SARBANES. As I understand it, it would take a cut of about 40 to 50 percent in the program levels in order to reach that figure on the GOP baseline.

Mr. LAUTENBERG. The Senator is absolutely right. It would take a cut of 50 percent. So that is how we get there. It is a poor way to do business.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

Mr. THOMPSON. With the committee chairman's approval, I yield myself 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMPSON. Mr. President, on the amendment there are certain basic things we can all agree with about education. I think most of us realize the economic prosperity we have today has to do with our productivity. Our productivity, in turn, has to do in large part with the technological advances we have had, and that, in turn, is based upon a well-qualified workforce. The needs for that kind of workforce, that kind of background and training in the future, are going to be even greater because we are exploding with information in an information age for sure.

There is no question about that. Our economic stability and security in the long term in large part is going to depend on the education system we have. That, of course, does not necessarily equate to Federal spending on education. Unfortunately, for some years now we have seen that we have almost an inverse relationship between the amount of Federal money spent on education and the quality of education we seem to be getting. Nonetheless, we all agree there is a part of this effort that should fall on our shoulders. This amendment suggests our budget does not address this education problem sufficiently.

I think it has been a good discussion. I think it is one we ought to have. Every time I begin thinking we can have good discussion about this, I pick up something, such as the Daily Report for Executives of July 29 that is entitled, "GOP Tax Plan Would Hurt Schools, President And Administration Aides Say."

> Clinton told representatives of Boys and Girls Nation at the White House that the Republican tax plan would eliminate funds to help 480,000 children learn to read.

On and on for other things. I know when I came to Washington, one of the main things I wanted to do was keep children from reading. We spend a lot of time, we stay up late at night, figuring out how we can keep kids from learning to read. The President is just verifying this with these young people.

I hope the President, as badly as he is misleading them, has more credibility with the young people of this Nation than I think he has.

Now we hear about cuts. We have been hearing about cuts of 30 percent, cuts of 40 percent, and now cuts of 50 percent. People must wonder what is going on. Senator DOMENICI says that is not accurate. He points out that although we have a baseline freeze after the spending caps are lifted, there is an additional $505 billion in our budget proposal that can be used for whatever discretionary spending this President and this Congress decide they want to spend it on.

How do we come up with these cuts? It is a Washington, DC, cut. A Washington, DC, cut is when you project out what you want spending to be, and then any spending that is less than that constitutes a cut. It is not a real cut. It is an increase, but it is less than what the projection would be.

If you are going by that kind of rationale, then the President is proposing cuts up to 26 percent, if you figure in his Social Security plan, because he does not really keep up with the projections that are being argued.

Go back to 1991 and project increases from 1991 up to today. Look and see what that is. It has been about 4.2 percent during that period of time. What the other side is doing is projecting that out ad infinitum. If we cut back any of those programs, even though the dollar is an increase, it is less than what they projected it ought to be, so that constitutes a cut.

The fact is, if we did what our colleagues on the other side suggest, we would lock in basically the projected increases we would have—inflation plus—we would lock those in, basically making them, I suppose, mandatory programs instead of discretionary programs. We would not do what Congress is supposed to do, and that is sit down and decide what our priorities are, what programs should be cut, and what programs should not be cut.

Obviously, many of us think some programs should be increased. We are hearing a lot now about our hospital programs, our children's hospitals, veterans, certainly military in some respects. Certainly, there are going to have to be some increases as we go along, but I think the primary point I want to make is that there are also going to have to be some decreases. There are going to have to be some cuts.

Those are the kinds of things we are going to have to decide. We cannot decide here in advance, because some projection is not reached, that we are going to cut a particular program to keep kids from reading—pick your own favorite program, the worst thing you can come up with, and say that particular program is going to be cut. That is not true. That is not accurate. That does not represent what the situation is.

Again, we have to decide what is going to be cut. We have to decide what is going to be increased, taking a baseline, taking a freeze, not including inflation, and adding $505 billion to it over 10 years.

Why do I say that some things ought to be cut? One of the things—I guess the primary thing—we are supposed to be doing in the Governmental Affairs Committee is seeing how our Government is operating. We spend an awful lot of time in oversight in that committee which I chair. We see agencies, Departments of Government, year after year come before us and they have been delineated by the GAO as prime objects of waste, fraud, and abuse. They are on the list year after year, but we keep funding these programs. We keep increasing the funding for these programs, whether they are working or not. There are billions of dollars of scarce resources diverted from their intended purposes many times in waste, fraud, and abuse.

The President in his budget does not find one agency, that I can determine, that he believes could be operated more efficiently or in which money could be spent better. All of these programs deserve an increase by definition. They are Federal Government programs. They deserve an increase. If you want to reduce funding for a Department or an agency, then you can pick the program on the other side they say you are cutting.

The honest truth is that no one knows really how much the Federal Government loses annually cumulatively to waste, fraud, abuse, and error. One reason is that most agencies do not keep track of such losses. We try to keep track for them, as best we can.

Here are a few things we have learned: The Health Care Financing Administration made erroneous Medicare payments that siphoned off between 7 and 14 percent of the overall Medicare budget, $12 billion to $24 billion, depending on which year you are talking about. In 1997, it was $24 billion. In 1998, they improved; it was only $12 billion.

The Supplemental Security Income Program—cumulative overpayments of $3.3 billion, including newly detected overpayments of $1.2 billion just last year.

The Department of Housing and Urban Development made overpayments in its rent subsidy program of almost $1 billion.

The Department of Agriculture made overpayments in its Food Stamp Program that amounted to about $1 billion, or 5 percent of the total program.

I have others here. The Federal tax debt. We have Federal tax debt and nontax debt delinquencies, money owed to the Government, not collected, of $150 billion. I have other items. I mentioned the Medicare payments.

The Department of Energy: Through 1980 to 1996, the Department of Energy terminated before completion 31 major systems acquisition projects after expenditures of over $10 billion. They spent $10 billion and then terminated the projects; $10 billion was essentially wasted.

Defense contract overpayments: No one knows how much the Government overpays each year in contracts for goods and services. However, during the recent 5-year period, defense contractors returned $4.6 billion in overpayments to the Department of Defense.

Earned income tax credit, $4.4 billion.

I mentioned SSI.

Student loan defaults, $3.3 billion.

Food stamp overpayments, rent subsidy.

A total of $196 billion.

I yield myself another 5 minutes.

Mr. President, $196 billion, and that is just on the waste, fraud, and abuse side. This is what is going on with regard to our Government now and these agencies across our Government.

Look at the cross-cutting and the duplication, the hundreds of programs that are all designed to do the same thing. The left hand of Government does not know what the right hand is doing. No one is taking action to sort through this morass to find out which programs are working and are not. They keep being refunded every year at the full amount or an increased amount.

According to the GAO, in program area after program area, unfocused and uncoordinated cross-cutting programs waste scarce funds, confuse and frustrate taxpayers and other program customers, and limit overall program effectiveness.

Last year Congress tried to address the number of education programs. We are all for education. We are all for spending education money wisely. We have $505 billion of discretionary spending set aside, some of which we can spend on education. But we found out there were 39 Federal agencies running more than 760 education programs at a cost of $100 billion a year. Is that effective use of taxpayers' money?

One example is homelessness where 50 Federal programs, run by eight agencies, seek to provide services to homeless people. We have eight agencies—the Departments of Agriculture, Health and Human Services, Housing, Urban Development, Education, Labor, Veterans Affairs—and two independent agencies—FEMA and the Social Security Administration—all running these programs, overlapping, duplicating with $1.2 billion in obligated funds addressing the homeless. GAO found these programs provide many of the same services, such as housing, health care, job training, and transportation, and more than 20 programs operated by four different agencies, offsetting housing, such as emergency shelters, transitional housing, and other housing assistance.

In another report, the GAO identified 26 Federal grants at a cost of approximately $28 million that exist to help evaluate the effectiveness of various school-based violence programs. I know that is something that the Presiding Officer and I have talked about many times, as to how we get our arms around this. But $28 million to evaluate these violence programs in schools, to see which of them are doing any good? At least three Federal Departments—Education, Health and Human Services, and Justice —support school-based violence prevention research and programs.

However, GAO found that these individual Departments have not mounted a comprehensive strategy for addressing school violence. They are just all kind of out there doing their own thing—getting some money, coming to Congress, saying: My goodness, you can't cut back on this. You have to give us some money. We fund these various programs that are all out there doing their own things—uncoordinated—obviously, wasting a good deal of money.

It is not that you do not want the effort made; it is that you want to have the effort made with a little common sense and not take people's hard-earned money and throw it down a rat hole.

We have a fragmented Federal approach to ensure the safety and quality of the Nation's food. As many as 12 different agencies administer over 35 inefficient programs, putting the American public at greater danger of foodborne illnesses. But there have been virtually no decreases for nonmilitary discretionary programs in the President's budget.

This is supposed to be part of our job. That is why we passed the Performance and Results Act. These agencies are now supposed to come to us in Congress and tell us of the effectiveness of their programs. I assume that because we want that information, we want to do something with it, and what we want to do with that information is not use it to continue to fund these Departments that are wasting money and permitting fraud to be perpetrated upon us to the tune of billions and billions of dollars.

Some of these programs are mandatory spending programs. Some of them are discretionary spending programs. But it is all money that would have been in those Departments had it not been siphoned off, had it not been stolen, had it not been wasted. It would have been reflected in the budgetary requests when they came before us. The requests would be less, and we would be giving them less money if they were operating halfway the way they are supposed to.

My point is, again, this idea that our friends on the other side of the aisle have, that they want to have this projected rate of increase that we can't deviate from at all, is a notion that would go against every basic precept of efficiency and the proper functioning of Government.

I yield myself another 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMPSON. We need to, as we go along, take that $505 billion that our budget sets aside for these programs and have every one of them come up here and justify themselves. Some of them need increases. Some of them need cuts. In my opinion, some of them need total elimination, and I make no apologies for that.

But the idea that we are cutting this, and we are cutting that, and we are going to keep people from reading, the President of the United States telling these young boys and girls that we are going to cut 480,000 children from learning to read, that is kind of a new low. We do not know really what to do any more with this stuff. The first thing you do is get kind of angry, and then you are just kind of sad, shaking your head, that that sort of stuff is coming out of the White House.

So let's get back to the facts. Let's get back to reality. We can have a good debate as to how much money we ought to spend on these programs. That is what we ought to do. But let's not try to convince the American people that we have made a determination that somewhere in our budget we are cutting kids off from learning to read or that we are doing any of these other things—any of these other scare tactics that are always used by people who think that the American people are not quite as smart as they really are.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Several Senators addressed the Chair.

Mr. ROTH. I yield 10 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. I thank the Chair and thank the chairman for yielding me time.

I rise to talk about two amendments—not the Bingaman amendment—two amendments that I have added to the list of 100-some amendments. I hope that we can accept one of them. We are working very hard to get that done. I have agreed to enter into a colloquy with the chairman on another one. I would hope that we will work in conference.

THE AMERICAN COMMUNITY RENEWAL ACT

The amendment that I have agreed to enter into a colloquy with the Senator from Delaware on is the American Community Renewal Act. The American Community Renewal Act is part of the House bill. It was one of the centerpieces of the House bill and one that I very strongly support as chairman of the Renewal Alliance, which is a group of Senators and Congressmen who have been advocating nongovernmental solutions to the problems that face our inner cities and impoverished rural areas.

It is important for us, when we pass a tax bill that provides tax relief to taxpayers, as we should, that we look to those who do not pay taxes and see what we can do to help lift them into the sometimes beleaguered status of taxpayers.

It is important for us to be able to reach down into those communities that are struggling. I have many of them in my State. We work very hard in communities, from Philadelphia to smaller towns like Chester and McKeesport, and work with community groups, nonprofits that are out there trying to make a difference, working with the local officials in trying to provide economic opportunity, as well as cultural renewal for the communities that are in blight.

The American Community Renewal Act, I believe, is the right message for those communities, is the right direction, and that is through empowerment and through working with the local faith-based and local community development organizations, helping them pull themselves out of the difficult situations they find themselves in.

The American Community Renewal Act has two parts. No. 1, it provides for a charitable tax credit. This is a State-based tax credit. It allows for Federal block grant funds to be used by States to provide a tax credit to individual taxpayers who give money to nonprofits that spend over 75 percent of their money helping low-income individuals. So this is a way for the Government, instead of spending more money on Federal or State programs, to take the money that the Federal Government gives to run Federal programs and say: Let's give it directly, unaltered, untainted, directly to those organizations—many of them faith-based—that really are out there on the front line, compassionate organizations that are out there across the table from people who are in need, people who have problems.

They are not behind a bulletproof glass at a welfare office passing out checks if you have the right number on your card. These are people who are in the trenches who are making a difference, who are transforming lives every single day, and doing it not because they get paid to do it or because there is a Federal law they have to do it; they do it because they love their neighbor.

Those organizations have been lifted up recently by the Vice President, by Governor George Bush, and many others running for President. They are lifted up because they found that—you know what?—faith works. There is a very utilitarian reason to do this—it works best; it is cheapest—but that is not the best reason. The best reason to do this is because it transforms lives. It does not just give people a better job or get them off drugs. It transforms their spirit, which is the best thing needed in America's poorest communities.

What we do with the charitable tax credit is, I believe, the most transformational thing we can do in this tax bill.

The second part of the American Community Renewal Act targets not the soul but the economy. How do we create jobs so when we transform people they can get into productive work, not taking a bus out to the suburbs to work in a mall, but transform their own communities with home ownership and economic opportunity and entrepreneurial investment.

We provide for 100 renewal communities, targeted with progrowth incentives, tax benefits, regulatory relief, savings accounts, brownfield cleanups, a comprehensive approach to inner cities. And at least 20 percent of these communities have to be in rural areas. This is in the House bill. This is where the House stepped up and said, yes, we are for tax relief. We have overpaid, but we will not leave any American behind. We are going to reach down and make sure every American has the opportunity to be a taxpayer, to contribute to the economic future of this country.

A renewal community must do some things. It is not just a handout to the community. They have to commit to reduce local tax rates and reduce fees within the zones. So yes, we are going to provide some incentives, but they have to do the same. They have to partner with us. The States have to eliminate State and local sales taxes, waive local and State occupational licensing regulations and other barriers to entry for entrepreneurs in these poor communities where it is so hard.

It is a lot harder to put up a store front in an area where crime is high, where the services are not as good, than it to set up one in the suburbs. It is a lot more expensive. It is harder to get employees, harder to maintain security, harder to get people to come into your establishment. So they need some help. This is the kind of help we want to partner with. We will provide some incentives, the locals, the State. It is a partnership. Let's really work together to make this happen.

I fervently hope when we bring this bill out of conference that the American Community Renewal Act will be a part of that so we show, as I believe this bill does, show that we care about all Americans in providing relief, yes, tax relief, but relief from the difficult times that many Americans are going through in our inner cities and poor rural areas.

The second bill I am going to be talking about, which we have introduced and I hope we can get adopted, is a very simple provision.

Before I start, in this bill—I congratulate the chairman—is a raising of the low-income housing tax credit allocation. The current cap, $1.25 per capita per State, was established in 1986 and has never been raised. Due to inflation, credits under the current allocation have lost about 50 percent of their value. The chairman's bill raises the allocation to $1.75 per capita over a 5-year period. The low-income housing tax credit is the largest and, I think, most efficient housing program because it marries public and private resources of production in rehab of affordable housing, rental housing that we have in America. It is a tremendous success.

My amendment to the chairman's bill is based on legislation which raises the cap and indexes it for inflation. This legislation already has 70 cosponsors in the Senate. The only piece left out of the chaiman's bill is an indexing of that per capita allocation from the year 2006 on. That costs a whopping $43 million, not a big ticket item. And frankly, we pay for it. In fact, as the chairman will be delighted, we more than pay for it in the amendment that we have. So there is extra money around for other things that may be done. We think this is a high priority.

We think, again, we have to provide affordable housing. This is a program that works. This is a program that has bipartisan support and something that can say to people, as we have in this bill already, say to people who may not be big taxpayers and get big tax relief that we are going to provide some relief in the form of better affordable housing, more affordable housing for those who may not be taxpayers now but hopefully, through the efforts here in reducing taxes, getting this economy—not getting it but continuing this economy to grow in the future, we will participate in that.

This is one of those step-ups, by providing quality, affordable private housing, rental housing, which has, again, been an incredibly successful program.

I hope, again, that we can include the amendment on the low-income housing tax credit in this bill and go to conference with that here in the Senate bill. Secondly, I implore the chairman that when we get to conference to include the American Community Renewal Act to make sure that every American has the opportunity to rise.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, I yield 10 minutes off the bill to the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. I thank my friend and colleague from Montana.

Mr. President, tomorrow I will be offering an amendment on behalf of myself and Senator FEINGOLD. This amendment is very simple. It directs the Finance Committee to change the bill so that it does not raid Social Security surpluses in any year to pay for tax breaks.

The motion stands for a very simple proposition. Social Security surpluses should be used for Social Security, not for broad-scale tax breaks that primarily benefit special interests and wealthy individuals, not for tax breaks that disproportionately benefit the wealthy, not for anything that would make it more difficult for baby boomers and other Americans to enjoy a secure retirement.

This ought not to be a controversial proposition. After all, both parties have been arguing along the same lines for most of this year. Democrats created a lockbox to prevent Social Security surpluses from being used for other purposes and to protect Medicare, and the Republicans vowed to support that concept. But actually, the lockbox proposal that was introduced by the Republicans has a huge loophole and does nothing for Medicare.

Medicare is perhaps the most important program that exists in this country. Medicare is for the elderly. Medicare is the one program that people have to have standing by in case an illness strikes, which is an occurrence that is not infrequent when one reaches 65 or retirement age. Medicare can prevent a catastrophic illness, but also can prevent a catastrophic financial problem. So we support extending Medicare for as long as we possibly can, and the projection now is that though Medicare would be insolvent in 2015, we see an opportunity to extend it to 2027.

There did seem to be broad agreement from both parties that Social Security surpluses should not be touched for any other purpose, that they should be used only to reduce publicly held debt. I was surprised, to put it mildly, to discover that the Republican tax bill before us actually spends Social Security surpluses. Deny it they might—and one need not be a mathematician; the arithmetic is pretty simple to see—but, in fact, the bill before us spends Social Security surpluses in each of the second 5 years after the bill's enactment. It starts in 2005.

This chart explains the problems. Consider, for example, what happens beginning in 2005 under this legislation. The non-Social Security surplus that year will be $88.6 billion. But this bill, the way it is laid out, would cost $89.9 billion. In other words, this bill would use $1.3 billion in Social Security surpluses that very year, 2005, not a long way away. But the damage doesn't stop there.

This legislation would increase debt, and that would lead to higher interest costs. In 2005 alone, these additional interest costs would eat up another $10.9 billion of Social Security surpluses. So the raid on Social Security that year would equal $12.3 billion. This is after the promise that Social Security is sacred: Touch not a hair on that Social Security reserve that we are saving for the elderly, which we promised them would be theirs. When we finally have a chance to guarantee its solvency, that promise, frankly, was an empty promise.

Look at the numbers. If you consider both the direct revenue losses and the additional interest costs, this bill would raid Social Security surpluses in each of the second 5 years after enactment. We are talking about 10 years from now. The raid in 2006 would take $5.7 billion. That would increase to $10.2 billion in 2007, to $24 billion in 2008, and $23.4 billion in the year 2009.

This is inconsistent with the Republicans' own lockbox. It would violate a principle that is meant to protect all Americans who are depending on Social Security for their retirement. These are people who spend their lives working hard, playing by the rules, contributing their FICA taxes to the Social Security trust fund. In fact, millions of seniors depend on Social Security just to make ends meet, no luxury included there. Many of these people have high medical expenses. It is a natural phenomenon. Thank goodness we are living longer, but in that living illnesses do occur. Some have trouble getting around; they are physically impaired. Many are really struggling. It is Social Security that keeps them out of poverty. For these people, saving Social Security is not just an abstract principle, a slogan; it is critical to their very existence.

That is important to remember. It is important to remember that the number of Social Security beneficiaries will grow by 37 percent between now and 2015. By 2014, Social Security taxes will no longer be sufficient to cover monthly expenses. So we need to prepare. At a minimum, that means not using Social Security surpluses for anything else.

I know how my friends on the Republican side will react to this. When confronted with these numbers, they will have to admit that this bill spends Social Security surpluses. But that is not really a problem, they will say, because years and years down the road Congress will somehow or other cut programs such as education and the environment to make up the difference.

That is an empty promise, an empty lockbox, it is completely unenforceable, and it has zero credibility. Consider how deep these cuts would have to be. Let's assume the Republican Congress funds defense programs only at the levels proposed by President Clinton. After 10 years, domestic needs—everything from education, to environmental protection, to the FBI—would have to be cut by roughly 40 percent. Is that credible? A 40-percent cut in student aid? A 40-percent cut in health research? A 40-percent cut in veterans' programs? That always gets to me because the promises made when they are recruiting, when people sign up, are that we will make sure you have medical care through the rest of your life—except they cut the funding.

There may be a few Republicans who would support cuts such as that. But there is no way cuts that size would ever win a majority. It would be foolish to assume otherwise.

My motion is simple. It tells the Finance Committee to go back and fix this bill so that it doesn't use Social Security surpluses in any year, bring it back to the Senate within 3 days, and then let's consider it. I don't think it is asking much. It is not going to hurt anybody if the Senate waits another 3 days before resuming work on this bill. But lots of people will be hurt if the Senate abandons its principles and uses Social Security surpluses for tax breaks that disproportionately benefit the wealthy and special interests. That would be a serious mistake.

I urge my colleagues to support this motion when it is in front of you. Let's fix this bill and protect Social Security surpluses. Let's keep the promise we made to the baby boomers, those who will be retiring, that Social Security will be extended as far as we are physically able to do so.

I yield the floor.

Mr. ROTH. Mr. President, I yield the remaining 6 minutes we have on the amendment to the Senator from New Mexico.

Mr. DOMENICI. Mr. President, there won't be time tomorrow to say what I am saying tonight. That is why I came down. I congratulate the Senator from Delaware, Senator ROTH, and the Finance Committee for a fine job.

First of all, I am kind of infuriated, but I will keep my emotions down. The President of the United States has gone beyond what anybody would believe when today, in front of a bunch of young people, he as much as said the Republican plan will make sure you don't even learn how to read. That is disgraceful because the truth of the matter is, if the Congress wants to spend more money on education after this tax cut, there is plenty of money to do it. If the President is persuasive enough next year, he can get more money for education because there is more money to spend.

The second thing is not at that level for me, but Senator LAUTENBERG is just flat wrong. Do you know who was spending the Social Security surplus? The President was. In fact, he even sent to us his first proposal and said, only save 62 percent of it, spend the rest of it. He said, we will save it over 15 years, so don't worry year by year about putting it in the trust fund. We challenged him on that. He came back in his midsession review and said: Republicans, you are right: Let's put 100 percent in. So we put 100 percent in the lockbox, into security. So I don't understand what Senator LAUTENBERG is talking about.

Having said that, let me talk about this bill because it is a very masterful bill, considering where we are. First, there is no question that marriage, saving for retirement, and dying should not be taxable events as we enter the new century. If there is anything we have learned, it is that we need to enhance and praise marriage, not punish it. We need to encourage saving for retirement, and we should not tax the event of dying. Isn't it wonderful that we have fixed all of those to a great extent in this bill? What is the matter with that?

Mr. President, that is what you are going to be vetoing when you veto this bill.

Alternative minimum tax. That is, the alternative minimum tax should not turn the child care credit, education credit, HOPE education tax credit, and foster care credits into phantom tax relief, not worth the paper they were written on because an old alternative minimum tax, adopted during the oil boom, would make these credits unusable, so when you hear these funny words, "Let's fix the alternative minimum tax," it is hundreds and hundreds of thousands of middle-income Americans who thought we gave them an education credit, who thought we gave them a child care credit, only to find that now the alternative minimum tax takes it away. That has been fixed.

Taxes are too high if measured by what is needed to fund the Government. They are too high if measured historically. The average family is paying twice what they paid in 1985. The tax burden is 54 percent heavier when measured from President Bill Clinton's first day in office to the end of 1999. He may take a lot of credit for other things, but that is a fact. Despite these record increases, the administration's 2000 budget proposes another $170 billion in new taxes. Unbelievable.

Broad-based tax relief. The Senate bill starts off with broad-based relief, lowering the bottom brackets for everyone in our families across America, and then in the bill, after lowering the rate to 14, they raise the brackets by $10,000. That means that millions more Americans will be paying the lowest possible rate.

This bill provides significant family relief, although not as much as my good friend from Texas would like on the marriage penalty.

I ask our seniors across America, as the President tries to frighten them into thinking we are harming them on Medicare and Social Security when that is not the truth, wouldn't you like it if your sons and daughters who are paying a marriage penalty because they are married are treated like other citizens instead of punished? I believe senior citizens would be very grateful for that for their children—the millions across America.

Child care: I think the seniors who they are trying to frighten to death because they want an issue and not a solution would be thrilled to know that Chairman BILL ROTH and his Finance Committee made it easier for their grandchildren to be taken care of under child care and the enormous costs that it imposes on a family. We have made it more accessible, and we have made more advantageous tax laws.

Their Tax Code is notorious for giving a tax break on the one hand and then taking it away on the other. That is the alternative minimum tax, and it works in that fashion. This bill that has been put before the Senate protects the child credit, and it protects education credits.

Mr. President, and fellow Senators, there is much more that can be said about it. I suggest that this bill will do more for millions of Americans.

Taxes are too high if measured by what is needed to fund government.

Taxes are too high if measured by historical benchmarks. The average family is paying twice what they paid in 1985.

The tax burden is 54 percent heavier when measured from President Clinton's first day in office to the end of 1999. Despite these record increases, the Administration's 2000 budget proposes another $170 billion in new taxes.

The Senate bill starts out with broad-based tax relief. Lowering the bottom bracket gives a tax cut to every taxpaying family. The bill lowers the rate to 14 percent. I would have liked to see it go even lower.

The bill also widens the lowest bracket so that more people can earn more money without being forced into the 28 percent bracket. This change will return 4 million Americans to the lowest bracket. It will return 151,000 New Mexicans to the lowest bracket and at the same time another 83,000 New Mexicans will see their taxes cut.

This bill also provides significant family tax relief.

Saying "I do" at the altar has meant paying on average $1,400 more on April 15. Marriage shouldn't be a taxable event. This bill corrects this inequity for 19 million American families.

As more and more women have entered the work force, one of the fastest growing family expenses is child care. In New Mexico, the annual cost can run from $3,133 to $5,200 per child. This bill increases the child care credit from 30 to 50 percent for families earning less than $30,000, and expands the eligibility for the credit to all families. With the credit increase and the eligibility expansion, as many as 68,000 New Mexico families will be eligible for either a bigger credit or first-time eligibility.

The tax code is notorious for giving a tax break with one hand and taking it way in the other. The Alternative Minimum Tax, AMT, works in this fashion. This bill protects the child care credit, education credits, day care and other norefundable tax credits from being rendered unusable by the AMT. When the AMT was created in 1986, 140,000 people had to pay it. But by 2008:

There will be 40.6 million Families eligible for dependent child credits but 24.8 million of those families would receive zero or less than the full credit as a result of the AMT.

There will be 49 million familes with nonrefundable credits—all credits except EITC—and 33.9 million of them will receive zero or less than the full credits as a result of the AMT.

There will be 16 million families eligible for HOPE and lifetime learning credits, but 11.3 million would receive zero or less than the full credits as a result of the AMT.

The bill recognizes that all family expenditures are not equal. This tax bill recognizes that education is important and provides $12 billion over ten years in tax relief. The bill includes education savings accounts to help 14.3 million families. Seventy percent of these education tax benefits goes to families with incomes less than $75,000. It makes employer provided education assistance permanent. In this ever changing technology-driven world, it is essential that workers pursue life long learning and complete graduate degrees. The bill also makes it easier and cheaper for school construction. There are more than 1,700 schools in New Mexico that I hope will be helped by this initiative.

In New Mexico there are 331,815 public school students. It would be wonderful if New Mexican—parents and grandparents started as soon as this bill is signed into law to open an account for each of these 331,815 children. There would be no better investment in America's future and these education accounts should help families meet that goal.

When it comes to health care, the Tax Code doesn't discriminate based upon who you are, but rather upon who you work for. Families shouldn't receive disparate tax treatment determined by who you work for. It isn't fair that one worker has health care purchased with pre-tax dollars; while the sole proprietor or the employee of a small business has to pay for health care with after-tax dollars.

This bill provides 100 percent deductibility for health insurance for the self-employed. It also provides an above-the-line deduction that will phase in from 25 percent to 100 percent for every taxpaying American family. There are 43.3 million uninsured people in America, plus 10.2 million who have access to health insurance but decline to participate because of the high cost. This is a big problem in New Mexico. There are 340,000 uninsured New Mexicans where someone in the family works.

The bill provides generational equity by providing a child care and a long term care credit. One in four families care for an elderly relative. This bill provides a tax credit and an extra exemption for the in home care giver.

Expensing is the most efficient way of reducing the cost of capital for new investment. The bill provides $5,000 worth of new efficiency for every small business by increasing the amount that can be written off in the year the investment is made. A tax policy that allows capital investments to be deductible in the year they are made maximizes productivity, economic growth and job creation. When a company doesn't have to calculate depreciation it saves 43 hours a year in tax preparation. If we adopted a system of expensing we could save 106 million hours a year in tax and recordkeeping. We would also lower the cost of capital by about one-third.

This bill takes significant steps to reduce the estate and gift tax . The bill would lower the top rate to 50 percent, double the gift tax exclusion and get rid of the generation skipping transfer tax which can impose taxes as high as 80 percent when a gift is left to a grandchild.

Milton Friedman said and I agree, "The estate tax sends a bad message to savers, to wit: that it is o.k. to spend your money on wine, women and song, but don't try to save it for your kids. The moral absurdity of the tax is surpassed only by its economic irrationality."

The death tax is also one of the most unpopular taxes. While most Americans will never pay it, 70 percent believe it is one of the most unfair taxes.

Its damage to the economy is worse than its unpopular reputation. The Tax Foundation found that today's estate tax rates (ranging from 18 to 55 percent) have the same disincentive effect on entrepreneurs as doubling the current income tax rates. NFIB called it the "greatest burden on our nation's most successful small businesses."

This bill makes a major stride. It makes the R&E credit permanent.

With a $3.2 trillion surplus, the only responsible, legitimate course of action is a tax cut.

Foolish are they who argue against tax cuts. They say to working families, "I know what to do with your money better than you do. Give it to me so I can spend it for you."

The tax burden is high. People work until May 11, of each year to pay their taxes. It is the highest tax burden since WWII. People pay more in taxes than they spend on food, shelter and education.

The Senate tax plan is an excellent plan that moves us toward lower, flatter, simplier taxes. It moves our tax system toward taxing income that is consumed and not income that is earned, saved and invested.

It's the same old debate: one party wants to give the money to programs; we want to give the money to people.

A government big enough to give you everything is a government that takes everything away with a big tax bite. I can't imagine anything more frightening to the average taxpayer than the sight of grand government schemer rushing towards a trillion dollar pile of extra tax payer dollars.

Republicans say it is the best of times for a tax cut; the Democrats say it is the worst. Everyone quotes Chairman Greenspan. When Greenspan is deciphered the oracle is that a tax cut is better than spending all the money.

If the surplus were a dollar 2 quarters would go for Social Security reform; one quarter for high priority spending —education, research, and defense.

With the first three quarters we can save social security, reform medicare, provide adequate funding for domestic and defense spending and pay down the national the debt.

The remaining quarter is for tax cuts.

The Taxpayer Refund Act before the Senate is the best of plans. It lowers rates. It encourages savings. It eliminates the worst of a bad tax code by eliminating the marriage penalty; killing the death tax and ending the Alternative Minimum tax to rescue the full benefit of the child care, foster care, education, and other needed tax credits for families who otherwise unavoidably would end up in the AMT.

If not tax cuts now, then when? The Democrats say—not ever.

I say, If not tax cuts now, then what? The President's plan answers: Spend it all. Grow government!

The Senate plan is synchronized to our business cycle and the condition of the economy. Congress' budget allocates 75 percent of the projected surpluses over the next 10 years for paying down the debt. This ensures our long-term fiscal virility.

Even with our tax cut, our surpluses will climb steadily as a share of GDP and our national debt will be paid off—falling dramatically from 40 percent of GDP this year to only 12 percent by 2009. our plan lowers the level of debt more than the President's plan, keeps government from growing out of control and gives the American people some of their hard earned money back in the form or a well-thought out tax cut.

The PRESIDING OFFICER. All time has expired.

Mr. DOMENICI. I yield the floor.

Mr. ROTH. Mr. President, I ask that we temporarily set aside the amendment before us.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, we are now opening up to the next amendment.

The PRESIDING OFFICER. The Senator from Texas.

AMENDMENT NO. 1472

(Purpose: To provide for the relief of the marriage tax penalty beginning in the year 2001 and for other purposes)

Mrs. HUTCHISON. Mr. President, I call up amendment No. 1472.

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

The Senator from Texas (Mrs. HUTCHISON), for herself, Mr. ASHCROFT, and Mr. BROWNBACK, proposes an amendment numbered 1472.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(1) On page 15, line 14, insert the following to paragraph (c):

(A) Twice the dollar amount in effect under subparagraph (C) in the case of—

(I) a joint return for married individuals not filing a combined return under 6013A, or

(ii) a surviving spouse (as defined in section 2(a)),

On page 15, line 14, insert the following new paragraph (d) and reorder the remaining paragraphs accordingly:

(d) PHASE-IN.—In the case of taxable years before January 1, 2004—

(A) paragraph (2)(A) shall be applied by substituting for "twice"—

(I) "1.778 times" in the case of taxable years beginning during 2001 and 2002

(ii) "1.889 times" in the case of the taxable year 2003.

(2) Alternative Minimum Tax: Modifications to Section 206:

On page 32, line 3—

Strike "1998" and insert "2000."

On page 32, line 14—

Strike "2004" and insert "2006."

(3) AGI Limitations on Contributions to the Roth IRA: Modification to Sections 302:

On page 38, line 18, strike "2000" and insert "2002"

(4) Gift Tax Exclusion: Modification to Section 721:

On page 236, line 11, strike all of Section 721 and insert the following new section:

"SECTION 721. INCREASE IN ANNUAL GIFT EXCLUSION.

(a) IN GENERAL.—Section 2503 (b) (relating to exclusions from gifts) is amended—

(1) by striking "$10,000" and inserting "$20,000."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to gifts made after December 31, 2004."

(5) *Charitable Contributions for Individuals Who Do Not Itemize: Modifications to Section 808*

On page 262, strike lines 15 through 17 and insert the following new paragraph:

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001 and ending before January 1, 2004.

(6) International Tax Provisions: Modifications to Sections 901 and 902:

On page 275, line 12, strike "2003" and insert "2004".

On page 278, line 13, strike "2002" and insert "2004".

Mrs. HUTCHISON. Mr. President, this amendment is cosponsored by Senator ASHCROFT of Missouri and Senator BROWNBACK of Kansas.

This is an amendment that, very simply, moves the marriage penalty provisions from taking effect in 2005 to giving an early effect starting in 2001. By beginning to phase in the doubling of the standard deduction, we give married couples relief from the marriage tax penalty that I have to say I think is the most unfair part of the Tax Code in the Internal Revenue Code that we have in our country.

It isn't that anybody ever meant to have a marriage tax penalty. Congress didn't enact one. But it was a consequence that was unintended and unexpected when there were changes in the brackets in the Tax Code. We are going to correct it with this amendment. We are going to do it earlier than is in the bill.

I think Senator ROTH and Senator MOYNIHAN did a terrific job. They had a very difficult time, particularly because they were quite responsible in saying we were not going to have tax cuts except as we have a surplus that comes from income tax deductions.

The first decision the Finance Committee made was to say: We are setting aside Social Security. We are not going to touch it.

If we were to spend the Social Security surplus, we could have a lot more tax cuts a lot faster. But they were right. They said: No, we are not going to do that. Social Security was off the table.

We have smaller tax cuts in the early years because we are dealing with income tax deductions that should go back to the people who earned it. They sent too much to Washington and we want to return it to them.

The question is, What is the most important of the tax cuts and the least we can give? Senator ASHCROFT, Senator BROWNBACK, and I believe the marriage tax penalty is the highest priority for relief.

We are offering this amendment by delaying a few of the other tax cuts until later. We don't change any of the tax cuts in this bill. We do not eliminate any of them. I support all of them. But we say the highest priority is the marriage tax penalty relief and everything else can be delayed a little bit to give hard-working American families that relief.

We are talking about a schoolteacher who makes $33,000 a year and a football coach who makes $41,000 a year. They are paying taxes, when they are single, in the 15-percent tax bracket. They get married. Guess what. They go into the 28-percent tax bracket at a time when they need their money the most.

We have almost doubled their tax bracket just because they have gotten married. Not only that, we don't even give them double the standard deduction. Instead of $4,300, and $4,300 when they were both single, they now together get $7,200. All we are going to do is phase in $8,600 in the standard deduction right up front. We are going to delay a few other things to let that happen.

In 2005, the real marriage tax penalty kicks in because that is the first time we have the money to let people file as singles when they are married. That is the best marriage tax penalty reduction of all because it eliminates it. That is simply what the amendment does.

I commend Senator ROTH for all of the effort he took to be responsible with this tax cut bill. This tax cut bill has across-the-board rate reductions that help every taxpayer in America, expands the tax brackets for middle-income taxpayers, and a number of positive pension provisions that are particularly helpful for women.

I spoke to Senator ROTH about the inequity for women in the workplace, because women have children and they have to lay off a few months. Some choose to lay off for six years until their children go to school. Some choose to lay off 18 years.

Women live longer. They are in and out of the workplace more—that is a fact—and they get penalized not only in their working years, but they get penalized in their retirement years. That is not fair.

This bill attempts to give them catchup provisions for their pensions. It is a great part of this bill. I support it totally.

We also have increases in charitable giving. This is a provision of mine that was put in this bill by Senator ROTH. It allows a person to roll over IRA contributions to charities without tax consequences. If a person has saved and done the right thing and sees that they are not going to need their IRA money, they can give it to charity without tax consequences. That is in this bill.

We are helping farmers with risk accounts in this bill, so that farmers will be able to plan and put aside money tax free until they need it in bad times. Heaven knows, the farmers of this country have seen bad times. We have $12 billion in education tax relief.

Mr. President, this is a good bill. It is a balanced bill. It has marriage tax penalty relief, but it is in 2005. That is my only real concern about the fairness of this bill.

Senator ASHCROFT, Senator BROWNBACK, and I want to phase in some of the other tax cuts a little bit further down the road and say to the 40 million American married couples who are being penalized because they are married, we believe it is the highest priority to give relief. That is what we are saying in our amendment.

How much time remains?

The PRESIDING OFFICER (Mr. ENZI). Thirty-four and a half minutes.

Mrs. HUTCHISON. Senator BROWNBACK has been a leader in this effort. We have been fighting for this for a long time. I am very pleased he is with us on this amendment. We made some tough choices, but we think it is the right priority to send.

I yield 12 minutes to Senator BROWNBACK.

Mr. BROWNBACK. I thank the Senator from Texas. She has been the leader on this issue. I am delighted to be working with her on such an important issue. I also thank the chairman of the committee for recognizing the importance of eliminating the marriage penalty. We moved this up; this is the highest priority.

I want to tell Members why I think it is the highest priority in the words of people who have been interviewed and who have paid the marriage penalties. In the Wichita Eagle on Sunday, Kyle and Lynn Schudy stated they rediscovered the cost of true love this April, April 15. Their total cost of true love came to $1,823. That is how much the extra income tax was for this Prairie Village couple in their early thirties. That is what they paid last year because they are married and filed jointly instead of single and living together. They found that was the cost of true love.

I don't know that we can make a much better case for eliminating the marriage penalty than the voices across America who have stated what they are paying in this marriage penalty.

Listen to this from Tennessee:

> My wife and I got married on January 1, 1997. We were going to have a Christmas wedding last year but after talking to my accountant, who saw that instead of both of us getting money back on our taxes we would have to pay in. So we postponed it. Now after getting married we have to have more taken out of our checks just to break even and not get a refund. We got penalized for getting married and that is not right.

I don't know that it can be any clearer than what some of these families have said.

From Maryland, Mark Patterson:

> My wife and I decided to have a family and get married. All we were concerned about was the love we had for each other.

That sounds like a pretty good start.

> After 8 years of marriage and two children we found all we worry about now is how to come up with enough money to put a roof over our head, eat and have good day care for our children. I am sick about the huge chunks of money taken out of every pay check by Uncle Sam just because we are married.

Mr. SESSIONS. Will the Senator yield for a question?

Mr. BROWNBACK. If he will state his marriage penalty, I yield.

Mr. SESSIONS. I received a communication from an individual who was divorced in January and found out, had they divorced in December, they would have saved almost $2,000 in taxes.

My question to the Senator: Does that mean the Federal Government is subsidizing divorce?

Mr. BROWNBACK. Some would draw that conclusion.

Clearly, we are taxing marriage. We are taxing the fundamental institution around which we build values. That is not right, as the people in the letters from across America state.

Here is another letter from Ohio:

> No person who legitimately supports family values could be against this bill of eliminating the marriage penalty. The marriage penalty is but another example of how in the past 40 years the Federal Government has enacted policies that have broken down the fundamental institutions that were the strength of this country from the start.

A woman writes:

> My boy friend, Darryl and I have been living together for quite some time. We would very much like to get married. We both work at Ford Electronics in Crothersville, IN, and make less than $10 an hour, but work over time when available and Darryl does farming on the side. I cannot tell you how disgusted we both are over this tax issue. If we get married not only would I forfeit my $900 refund check, we would be writing a check for $2,800.
>
> This was figured by an accountant at H&R Block at New Castle. There is nothing right about this after we continually hear the government preach to us about family values. Nothing new about the hypocrites in Washington. Why not do away with the current tax system?

These are voices from across America.

This is from Houston, TX:

> If we are really interested in putting children first, why would this country penalize the very situation [marriage] where kids do best? When parents are truly committed to each other through their marriage vows, their children's outcomes are enhanced.

Yet we tax it and penalize it to the average of $1,400 per married couple of the 21 million American married couples who pay this tax.

I am sure this evolved and nobody maliciously said we will tax married couples. The fact remains, we tax marriage, and it must stop. We have the chance now to actually do that.

Another point I want to make about this: The institution of marriage in America is in serious trouble.

I ask unanimous consent to have printed in the RECORD the Washington Post article of July 2 of this year titled "For Better or Worse, Marriage Hits a Low."

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, July 2, 1999]

FOR BETTER OR WORSE, MARRIAGE HITS A LOW

(By Michael A. Fletcher)

Americans are less likely to marry than ever before, according to a new study, and fewer people who do marry report being "very happy" in their marriages.

The report, released yesterday by Rutgers University's National Marriage Project and touted as a benchmark compilation of statistics and surveys, found that the nation's marriage rate has dipped by 43 percent in the past four decades—from 87.5 marriages per 1,000 unmarried women in 1960 to 49.7 marriages in 1996—leaving it at its lowest point in recorded history.

The percentage of married people who reported being "very happy" in their marriages fell from 53.5 in 1973–76 to 37.8 in 1996.

The historically low marriage rate, coupled with a soaring divorce rate, has dramatically altered attitudes toward one of society's most fundamental institutions. Although Americans still cherish the ideal of marriage, increasing numbers of young adults, particularly young women, are pessimistic about finding a lasting marriage partner and are far more accepting than in the past of alternatives to marriage, including single parenthood and living together with a partner outside of marriage, according to the report.

"Young people today want successful marriages, but they are increasingly anxious and pessimistic about their chances for achieving that goal," said Barbara Dafoe Whitehead, co-director of the National Marriage Project.

Funded by Rutgers in conjunction with several private foundations, the project is a research institute that tracks social indicators related to marriage—an area of study its directors contend is frequently overlooked.

"Nobody is focusing on marriage," said David Popenoe, the project's other co-director. "It is not in the national debate."

Rather than directly examining Americans' attitudes toward marriage, researchers have tended to focus on the flip side of the coin, tracking social trends such as the increases in divorce, out-of-wedlock births and single-parent households over the past two decades. In the immediate post-World War II generation, 80 percent of children grew up in a family with two biological parents. That number has dipped to 60 percent.

Before declining slightly in recent years, the divorce rate had soared more than 30 percent since 1970. Today, nearly half of U.S. marriages are projected to end in divorce or permanent separation.

These changes have ignited a national grass-roots movement to discourage divorce and promote marriage. Many states are reexamining their no-fault divorce laws, and at least two states, Louisiana and Arizona, have instituted "covenant marriages," which require marriage counseling if a relationship falters and narrowly restrict grounds for divorce. "Marriage education," a term that entered the national lexicon less than a decade ago, has become a growing concern.

Last year in Florida, legislators passed a law requiring marriage education skills to be taught in high schools. In addition, adults preparing for marriage in Florida receive a substantial discount on their marriage licenses if they choose to take a marriage education course.

"People are so distressed about the state of marriage in America," said Diane Sollee, founder of the Coalition for Marriage, Family and Couples Education. Her District-based group is hosting a conference in Arlington this week that is being attended by 1,000 people seeking marriage education training.

"We think about marriage counseling in terms of therapy," she added, "But we realize that we can teach skills to people to make their marriages strong. What distinguishes marriages that go the distance from those that end in divorce isn't whether couples disagree, but certain behaviors between them."

The National Marriage Project report blames the declining marriage rate on people postponing marriage until later in life and on more couples deciding to live together outside of marriage. According to the report, nearly half of people ages 25 to 40 have at some point set up a joint household with a member of the opposite sex outside of marriage.

As a result, the report's authors argued, marriage is no longer the presumed route from adolescence to adulthood and has lost much of its significance as a rite of passage. Moreover, marriage is far less likely to be associated with first sexual experiences, particularly for women, the report said. Whereas 90 percent of women born between 1933 and 1942 were either virgins when they married or had premarital sex only with their eventual husbands, now more than half of girls

> have sexual intercourse by age 17, and on average they are sexually active for about eight years before getting married.
>
> These changes in marriage patterns have contributed to new attitudes toward the institution. Although the percentage of teenagers who said that having a good marriage and family life was "extremely important" to them has increased modestly in the past two decades, the percentage who said they expected to stay married to the same person for life has decreased slightly. More dramatically, the percentage of teenage girls who said having a child out of wedlock is a "worthwhile lifestyle" increased from 33 percent to 53 percent in the past two decades.
>
> Whereas the report's findings led its authors to conclude that "the institution of marriage is in serious trouble," other researchers who track marriage trends said there also was reason for optimism. For one, they note that demographers predict that 85 percent of young people will marry at some point in their lives, a substantial figure, even though it is smaller than the 94 percent that pertained in 1960.
>
> "There is some evidence that marriage is in trouble," said Kristin Moore, senior scholar for Child Trends, a nonprofit research organization that tracks trends in family and child well-being. "But there is also much evidence that marriage remains highly valued."

Mr. BROWNBACK. It says:

> Americans are less likely to marry than ever before, according to a new study, and fewer people who do marry report being "very happy" in their marriages.
>
> This report, released yesterday by Rutger University's National Marriage Project and touted as a benchmark compilation of statistics and surveys, found that the nation's marriage rate has dipped by 43 percent in the past four decades. . . .

We have a chart of the result from the Rutger study. In 1960, per 1,000 women age 15 and over, between 85 and 90 percent per year were getting married, and now it is below 50 percent, a 43-percent fall-off in people getting married.

The writers of the study stated this about the institution of marriage, the foundational unit upon which we build family values and pass them on to the next generation:

> Key social indicators suggest a substantial weakening of the institution of marriage.

This is serious. I daresay that probably in this next Presidential campaign, "family values" may be the two words said most often as we worry, fret, and are concerned about what is happening to our children and our society and in this culture.

Can anybody in this room, in this august body, therefore say it is OK to tax the fundamental institution that helps most in building family values, that we tax the U.S. institution of marriage, that we make 21 million American couples annually pay on average to the tune of $1,400 just for the privilege of being married when we are so worried about the values in the country? How can we vote against this?

I am delighted the chairman has put this in the bill. I am happy we are trying, and I hope we will be successful, in moving this up earlier, so once and for all we can stop taxing the institution of marriage. We have to stop doing that.

When marriage as an institution breaks down, children suffer. The past few decades have seen a huge increase in out-of-wedlock births and divorce, a combination which has substantially undermined the well-being of children in virtually all areas, all places of life.

Some people can struggle heroically and help build up the families, and certainly nobody is here to castigate others. We are saying this is a tax that is wrong. It is wrong for virtually every reason. It taxes a fundamental family-value-building institution. It penalizes people whom we should be rewarding. Study after study has shown children do best when they grow up in a stable home, raised by two parents who are committed to each other.

Newlyweds face enough challenges without paying punitive damages in the form of the marriage tax. The last thing the Federal Government should do is penalize the institution that is the foundational unit of passing on to the next generation morals and family values, and yet we do it. We have done it for a number of years.

We must give the people back a tax cut. I will support the overall effort to give back in tax cuts the nearly $800 billion. I think we should do that. But clearly our top priority in this effort must be eliminating this bad—this worst tax that we have, worst for its effect on the institution of marriage. We must give the American people the growth rebate they deserve and return this overpayment. The first tax we must cut is this marriage penalty tax. It is going to be expensive. It is important. It is expensive to couples who pay this tax all the time, on average $1,400 per year per couple.

With that, I have a number of other things to share, but I think it is simply time we do away with this tax. I am delighted to join the Senator from Texas and the Senator from Missouri in their efforts, in our efforts to do this. I applaud the chairman for building this into the tax cut. I am hopeful we can do this earlier. I would like us to even do income splitting. We are not going to be able to do it today. With that, I yield back to the Senator from Texas.

Mrs. HUTCHISON. Mr. President, I say to the Senator from Kansas that we can do income splitting down the road as well because, in fact, it is very important that we give every married couple the best shake we can give them; that treats them totally fair. Whether they are a two-income-earner couple or a one-income-earner couple, we want them to have the same treatment that they would have under any other circumstance.

So I do support income splitting. I think after we get the money accumulated in the surplus we will be able to give them much more relief, real relief, in fact elimination of the penalty. That is the goal of all of us.

I yield 12 minutes also to Senator ASHCROFT. Senator ASHCROFT has been fighting along with Senator BROWNBACK and myself, side by side, on this issue. Ever since he came to the Senate it has been one of his highest priorities. I am so appreciative that he has been the stalwart soldier on the marriage tax penalty that he has because I think we are going to win this victory in the end.

I yield 12 minutes to Senator ASHCROFT.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Mr. President, I thank the Senator from Texas for her leadership in this respect. She has understood the challenge, the special challenge that comes to families as a result of this pernicious discrimination in our Tax Code. She has fought long and hard for its removal. I am honored to be a participant as a cosponsor of this amendment with her and Senator BROWNBACK.

I also thank the chairman of the Finance Committee, Senator ROTH, who understood the fundamental value that is expressed in neutralizing the tax policy toward families. I say "neutralizing." I really mean that, in the sense that we have been at war with families in our Tax Code. Mr. President, 21 million American couples, 42 million Americans, are spending an average of $1,400 per year more, each couple, because of the marriage penalty. It makes it tough for that couple to make choices that they ought to be able to make to benefit their families. So I thank the chairman of the Finance Committee, Senator ROTH, for placing this in the bill, for seeing to it that this category of remediation, this effort to repair an injury to the very fabric of America's culture, is included in this tax measure.

We would not be here this evening with the capacity to say we want to accelerate that remedy, that we want to provide this antidote to a malady which has been afflicting the American culture, we could not move it up in the bill had it not been there in the first place. I commend him.

I would like to just take us, for a minute, back to some very substantial fundamentals about America. I think the first of those fundamentals is that this is a culture where the most important things are not in Government. The most important things are not in the institutions of Government, not in the corporate responsibility of Government. The most important things are with individuals. This is a society that honors great freedom and expects great responsibility.

America has prospered. America is distinguished from, different from, differentiated from, we are different from other countries, other cultures. We have gone farther, we have soared father, for that reason. We expect individuals to do things for themselves; not to be reliant, always, on Government, but, where possible, to build the sense of independence, responsibility, judgment, self-reliance that makes Americans unique in the community we call the world.

When you believe the future of America is dependent upon that spirit, you have to ask yourself what are we going to fund in America? Are we going to fund the bureaucracy and the institution or are we going to fund the family and individuals? Are we going to give families the opportunity to take care of themselves or are we going to give all the resources to the sort of second best alternative?

I do not think there is a Member of this Chamber who would say it is ever better to have a vast Government program than it is to have a good family. I just do not think we have anyone who believes that because we know the family is the best Department of Education, it is the best Department of Health, it is the best teacher of responsibility and character, which is as important as anything else. It is where it really must happen.

Yet our Tax Code has been sweeping the resources away from this essential institution of the culture, the family, into the coffers of the Government, and plan B, the second priority, the sort of safety net, has gotten all the resources. We have left in an anemic place the family, which ought to be doing the front-line defense. It would be similar to giving all the guns and weapons to the rear guard and not having the guys on the front line with any bullets. It is time to load the resources into the families, at least to give them a fair shake. It is just a fundamental part of America. We believe families are important. If we really get our job done in the families of America, Government will not really have much responsibility and much problem.

If we destroy the families of America, there is no amount of Government that will solve our problems.

So here we have a choice. Are we going to endow families with the resources they create, they earn? Are we going to let them keep some of those resources or, when they form these durable, lasting, persistent bonds and a relationship that teaches people how to rely on each other, to live with each other, how to be individually responsible and self-reliant, are we going to take that institution and continue to punish it? Or are we going to wake up and say: Hello, it is time for us to say about families we are going to let the families have some of the resources which they earn and they should keep.

I do not think it is a hard question. It is pretty simple. The proverbial rocket scientist is not needed here. It is an anomaly of our tax law. It is unfair to say the Congress at some point went forward to try to hurt families. But in this topsy-turvy tax environment that has grown by just a snippet here and a little piece there and a few hundred thousand words there—this Tax Code was, what, 750,000 words in 1955 and it is 5 million words now. You would have a hard time reading it if you started at birth and read as fast as Evelyn Woods to get through the thing before the end of your life.

So we have a situation where this code has grown up and it discriminates against families. It hurts families, and we have a great opportunity now, thanks to the chairman of the committee who placed this concept of remediating this pathology right here in this bill.

I predict Members on both sides of the aisle are going to say: We want to vote in favor of marriages; it is time to correct this inadvertent, but very damaging, prejudice against marriage in the Tax Code.

That is where we ought to be. No one in this Chamber believes that Government is more important than families. No one believes that our front line, in terms of developing this culture, is so unimportant that we ought to load all the resources to the guys at the back of the operation. We ought to put some of our ammunition in the hands of the front line.

Let's let families, let's let parents, who make these kinds of lasting commitments to each other and to their children, build an America tomorrow which has all the promise of the America you and I inherited.

I will add that it is not a great tradition in America to discriminate against marriage. This has happened in the Tax Code as our tax bite on the American family has accelerated with the growth of social programs. It was not until the sixties that we had anything of a marriage penalty, and it began to get worse and worse until now, as I have indicated, $29 billion a year is what Government takes from families as it robs 21 million families of about $1,400 per couple, and it sweeps that money away from the families into the Government, into the bureaucracy, into the plan B, the second best, yes, important safety net. Yes, we need it, but let's not deprive the first line of this culture's conditions for greatness—the families—let's not deprive them of the resources they ought to have.

I thank Senator ROTH, chairman of the Finance Committee, for placing this concept in the bill. I thank Senator HUTCHISON from Texas for having been alert to this since before I came to the Senate. She was working hard in this respect. I am always delighted to be a part of any measure with Senator BROWNBACK whose sensitivity to the values and the need for character in this culture is unsurpassed.

I do not think Government should be dictating our culture and pounding in values, but, on the other hand, our Government should not be at war with our values, and it is time for us to call a peace conference around the kitchen table of America and say to husbands and wives: You have a very important job to do, and we want you to have the resources to do that job. We must eliminate the marriage penalty, and this bill, with the Hutchison-Brownback-Ashcroft amendment, can get that down.

I reserve the remainder of the time and yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I am happy to yield 5 minutes to the Senator from Montana.

Mr. BAUCUS. Mr. President, I congratulate the Senator from Texas for her amendment. It is a good amendment. It does deal with an inequity in the code clearly, simply. I congratulate her, too, because she is taking the course that we in the Democratic alternative took in trying to address this problem when we proposed to raise the standard deduction as well to address essentially the marriage tax penalty.

It is interesting; there is a marriage tax penalty today, but there is also a marriage tax bonus. Basically, the rule of thumb is 70–30. That is, if there is more than a 70–30 percent differential between the income of each spouse, then there is a marriage bonus; that is, you get a tax bonus for marriages as opposed to a penalty.

The penalty situation arises roughly when the 70–30 starts to narrow down, is less of a differential, and when both spouses are earning a similar income. That is what we are addressing here, the penalty side, because more couples have both spouses working. It is interesting to note, there is a bonus for getting married today if the differential is roughly between 70–30.

The amendment the Senator from Texas is offering goes part way to eliminate the marriage tax penalty. Our Democratic alternative actually went a lot further. She raises the standard deduction by about $1,400, and the Democratic alternative raised the standard deduction for married couples by about $4,300.

In addition, in our proposal we began to eliminate the marriage tax penalty for itemizers; that is, for couples who itemize. The amendment before us deals only with couples who use the standard deduction. There are some couples who still itemize in the Tax Code, and it is our hope that we could address, eliminate, as you would, the marriage tax penalty not only for couples who use the standard deduction but also for couples who itemize.

Also, we in the Democratic alternative raised the standard deduction not only for married couples but also for singles. We thought the standard deduction should go up quite a bit higher than it now is for singles.

The long and short of it is, this amendment goes part way in raising the standard deduction. We proposed to go a lot further in raising the standard deduction, but the net effect is to help begin to eliminate the marriage tax penalty by raising the standard deduction for married couples. It is our hope that maybe a little bit later the Senator from Texas would, since she sees the wisdom in our proposal, go a little further and agree to other provisions that we in the Democratic alternative have suggested.

I do not think this really is a matter that requires a lot of debate. I believe most Senators agree this is a good amendment. It begins to eliminate the penalty married couples pay. It is our suggestion we also address the marriage tax penalty for couples who itemize because that would begin to complete the elimination of the marriage tax penalty. Again, I hope that occurs at some reasonable future date.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

The Senator from Delaware.

Mr. ROTH. Mr. President, I yield myself such time as I may use.

First of all, I congratulate the distinguished Senator from Texas for her leadership in this most important matter. I know that as I return to my State of Delaware and talk to people there, it is a matter of real unhappiness and dissatisfaction that there is this marriage penalty. Obviously, for that reason, it is very desirable that we correct it as quickly as possible.

Mrs. HUTCHISON. Will the Senator yield?

Mr. ROTH. I will be happy to yield.

Mrs. HUTCHISON. I appreciate the fact that the committee made a priority of the marriage tax penalty. The real marriage tax relief is in the bill in the year 2005 in the responsible timeframe. That was actually the first year you could do it because you cannot phase that in. I appreciate the effort that was made.

My amendment just doubles the standard deduction earlier. The Senator from Delaware has been working with me on the floor, as has Senator BAUCUS. I very much appreciate their helping me work through this so that we are going to have the early relief on the standard deduction now in the year 2001, starting the phase-in to 2005 when we are going to give the real relief, which the chairman had in the bill originally. I give him the credit for that, and I appreciate his remarks very much.

Mr. ROTH. I appreciate the remarks of the Senator from Texas.

One of the frustrating things of putting a bill together, although I have to admit it is a very interesting challenge that I much enjoy, is the fact that there are so many things I believe should be done for the American family. It is frustrating that there are limitations as to what we can do. I agree with the distinguished Senator that nothing is more important than eliminating this marriage penalty. Obviously, the sooner we can do it, the better off we are. I thank her for her leadership.

For the information of all Senators, I do want to make clear that my concern with the pending amendment had been that it would put us out of compliance with our reconciliation instructions. I was also concerned that the earlier version of the amendment would have relied heavily on delaying the AMT relief. And this delay would hit middle-income Americans very hard.

But now we understand, of course, that the Senator from Texas will offer a modification to the filed amendment which will alleviate this offset problem. For that I am very grateful. With these changes, I just say, I look forward to working with the Senator from Texas on having this amendment enacted.

Mr. President, I yield the floor.

Would the Senator like some more time?

Mrs. HUTCHISON. Mr. President, I would just like to reserve the remainder of my time for the modification when it is ready, which I understand will be in the next 15 to 30 minutes.

So I yield now and will reclaim that time when we have the corrected amendment.

Mr. ROTH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, I yield 5 minutes to the Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I think there is another dimension to this tax bill which I think is important for us to address. It is not only tax reduction in the amount of the reduction and not only the composition of the reduction, it is also whether we are making this Tax Code even more complex.

If there is anything we hear from our people at home, it is that this Tax Code is much too complex; it is just a mess. I see the Presiding Officer, who has deep experience in this, is nodding his head in agreement. We all know that he is right.

Regrettably, when Congress passes tax legislation, we tend not to pay much attention to whether this adds further complexity to the code. We rarely pay any attention to that.

Frankly, I take some pride in that I pushed for the provision of the law last year that directs the IRS, in conjunction with the Joint Tax Committee, to come up with a complexity analysis of new provisions that the Congress enacts. We did not get this analysis until after the Finance Committee reported out its bill, but we did get it, finally.

I have with me a letter from Charles Rossotti, the Commissioner of the IRS, to Ms. Lindy Paull, who is the Chief of Staff of the Joint Committee on Taxation, which is a brief analysis of the additional complexity that the bill before us would cost.

Just by way of example, we are here today trying to correct a problem by providing relief for the marriage tax penalty. This marriage tax penalty is where a couple pays a higher net tax when both couples earn about the same amount of money. The underlying bill before us today attempts to address that problem, but in a way which is very complex.

The amendment offered by the Senator from Texas is a much more crude way to deal with alleviating the marriage tax penalty by raising the standard deduction by a significant amount, an approach that we took in our Democratic alternative bill, too, where we would raise the standard deduction even more. But to give you an example of the additional complexity that this bill would cause in trying to resolve the marriage tax penalty, let me just state the following items which I hope we will get worked out as this bill progresses.

Essentially, taxpayers would have to fill out two forms or the 1040 would have to have more columns and many more items, because essentially couples would have to fill out their 1040 in many ways twice—one as if married, and then separate, as if joint filers, attempting to determine which is less in that tax, and so forth.

Then there is the question of allocation of personal exemptions: When you file separately, who gets the personal exemptions, the additional personal exemption for children, and so forth, and who doesn't.

Then there is the question of large medical payments, the medical deduction, which, as the Presiding Officer knows better than anybody else in the Chamber, is about 700 percent of adjusted gross income. And then the question is, How is that allocated—one spouse or do both spouses get it or whatnot?

There is a lot of additional complexity that couples would face under the underlying bill. All of this is not glamorous stuff. It doesn't get headlines. It is not in the evening news. It is my hope that as we undertake the work in this body, as well as in the other body, to reduce taxes, and we try to do it in a fair way, we also do it in a way that is less complex, not more complex.

As this bill stands tonight, with respect to the marriage tax penalty relief, it is going to be much more complex for taxpayers, for individual taxpayers, whether they file separately, particularly for married taxpayers trying to determine how to deal with the solution we have so far drafted with respect to the marriage tax penalty.

I ask unanimous consent to have printed in the RECORD a letter and a short document from Commissioner Rossotti to the Joint Tax Committee which begins to outline some of the additional complexities this bill will cause.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE TREASURY,
INTERNAL REVENUE SERVICE,
Washington, DC, July 22, 1999.

MS. LINDY L. PAULL,
Chief of Staff, Joint Committee on Taxation,
Washington, DC.

DEAR MS. PAULL: Attached are the Internal Revenue Service's (IRS) comments on the eight provisions from the Senate Committee on Finance markup of the "Taxpayer Refund Act of 1999" that you identified for complexity analysis in your letter of July 20, 1999. The comments are based on the Joint Committee on Taxation staff description (JCX-46-99) of the provisions and, in the case of marriage penalty relief, the statutory language for a similar item provided in H.R. 2656, introduced by Mr. Weller in the 105th Congress.

Due to the short turnaround time, our comments are provisional and subject to change upon a more complete and in-depth analysis of the provisions.

Sincerely,

CHARLES O. ROSSOTTI.

Attachment

IRS COMMENTS ON EIGHT TAX PROVISIONS OF THE TAX REFUND ACT OF 1999 IDENTIFIED FOR COMPLEXITY ANALYSIS

REDUCE 15 PERCENT INCOME TAX RATE TO 14 PERCENT BEGINNING IN 2001

The tax rate change mandated by this provision would be incorporated in the tax tables and tax rate schedules during IRS' annual update of these items. The provision would require changes to the tax rates shown in the 2001 instructions for Forms 1040, 1040A, 1040EZ, 1040NR, 1040NR-EZ, and 1041, and on Forms 1040-ES, W-4V, and 8814 for 2001. No new forms would be required. Programming changes would be required to reflect the 14 percent rate.

INCREASE WIDTH OF 14 PERCENT BRACKET BY $2,000 BEGINNING IN 2005

The increase in the width of the 14 percent bracket would be incorporated in the tax tables and tax rate scheduling during IRS' annual update of these items. The provision would require changes to the rates shown in the 2005 instructions for Forms 1040, 1040A, 1040EZ, 1040NR, 1040NR-EZ, and 1041, and on the Forms 1040-ES for 2005. No new forms would be required. Programming changes would be required to reflect the expanded 14 percent bracket.

MARRIAGE PENALTY RELIEF FOR JOINT FILERS BEGINNING IN 2005

FORMS

The following form changes would be necessary to implement this provision. The changes noted for Form 1040EZ could affect the scannability of the form.

1. A new line and check box would be added to the 2005 Forms 1040, 1040A, and 1040EZ for married taxpayers to indicate they are filing single returns on a combined form.

2. Three new schedules would be developed (for 1040 filers, 1040 filers, and 1040EZ filers) with columns for each spouse to separately report the information required to determine his or her total income, adjusted gross income (AGI), taxable income, and tax before nonrefundable credits. This information is shown on the following lines of the 1999 forms: Form 1040, lines 7 through 40; Form 1040A, lines 7 through 25; and Form 1040EZ, lines 1 through 6, and line 10. The new schedules would also show the couple's combined AGI and combined tax before nonrefundable credits. The combined tax would also be entered on the appropriate line of the couple's 1040 return and the rest of that return would be completed as if a joint return has been filed.

Based on the 1999 forms, the new schedule for Form 1040 filers would have a total of 82 entry spaces. The schedule for Form 1040A filers would have a total of 46 entry spaces, and the one for 1040EZ filers would have a total of 16 entry spaces. The new schedules would contain calculations involving multiplication. The instructions for the new schedules would be between 2 and 5 pages.

If credits are to be determined as if the spouses had filed a joint return (as indicated in JCX-46-99), a third computation of AGI and tax before nonrefundable credits would be necessary. The AGI and tax would be computed as if a joint return had been filed. The reason for this additional computation is because some credits are affected by AGI and may also be limited by the regular tax liability. These items would not necessarily be the same as the two spouse's combined AGIs and tax. To eliminate this third computation, the provision relating to credits should be changed to specify that the couples' combined AGI and tax are to be used in figuring the amount of any credit.

3. A new four-line, two-column worksheet would be developed for each spouse to compute his or her applicable percentage for purposes of determining the deductions, such as the deduction for exemptions, that are required to be allocated based on each spouse's share of the combined AGIs. This worksheet would be included in the instructions for the new schedules.

4. The 2005 TeleFile Record would be revised to permit its use by married taxpayers choosing the combined filing status. Based on the 1999 TeleFile Tax Record, this would require the addition of 10 entry spaces.

5. The provision would require many electing taxpayers to complete two separate Schedules A, B, D, and E, or Forms 4797 (and possibly other schedules/forms) to determine the amounts to enter on the new schedule. In general, two separate schedules/forms will be required where both spouses have items that affect the schedule/forms.

IRS understands that rules clarifying the application of the election for AMT purposes will be forthcoming. The above does not reflect the additional form changes that would be needed to integrate the election with the alternative minimum tax.

PROCESSING, PROGRAMMING, COMPLIANCE

The marriage penalty election would impact most aspects of IRS operations.

The form changes needed to implement the provision would increase the time it takes the IRS to process a 1040 on which the election is made and issue a refund, as well as increase the cost of processing the return. Devoting additional time and resources to the processing of electing returns could delay the processing of other returns and the issuance of other refunds.

The complexity of this provision would likely cause an increase in the number of taxpayers who use a paid preparer and discourage the use by taxpayers of e-file programs such as Telefile and On-Line Filing. The error rate among those who do prepare their own returns would also increase. During processing, these returns would have to be sent to Error Resolution for correction. This could result in additional taxpayer contacts, delays in the issuing of refunds, and additional costs to the IRS. The provision would also increase the number of amended returns which would have to be examined and processed.

The IRS would have to make substantial changes to its IRM procedures for processing marriage penalty election returns and train the service center in those procedures.

The added complexity would also increase the number of taxpayers who would seek assistance either over the toll-free lines or at the walk-in sites. The number of taxpayers seeking assistance about the marriage penalty election could reduce the opportunity for other taxpayers to get assistance. The IRS would have to make substantial changes to the customer service IRM and would have to train the Customer Service Representatives to enable them to assist taxpayers in these complex provisions.

The rules for allocating income and deductions between spouses, which are in part based on state property law, would cause confusion and errors by taxpayers. In many instances, mis-allocations could only be detected on examination. The IRS would have to develop new examination procedures and train its examiners in the law and the new procedures. The marriage penalty election could also affect the resolution of examination cases involving the innocent spouse provisions.

This provision would require major systemic programming changes to IRS' computation process. This provision would affect many of our tax systems including Integrated Submission and Remittance Processing (ISRP), Error Resolution System (ERS), Generalized Unpostable Framework (GUF), Generalized Mainline Framework (GMF), Federal Tax Deposits (FTDs), SCRIPS, MasterFile, Electronic Filing, and TeleFile. It is estimated that at least 50 staff years and approximately $5,000,000 in contractor costs would be needed to make the necessary programming changes.

ALTERNATIVE MINIMUM TAX

Since the provision regarding personal credits and the AMT is the same as that applicable to 1998 tax years, and reflected in the 1988 tax forms, no form or programming changes would be needed to implement the provision provided it is enacted in the near future. If enactment is delayed, the IRS will have to begin taking steps to re-institute the pre-1998 rules for 1999 tax years. It is critical that this provision be enacted as soon as possible to avoid costly and unnecessary programming changes and to minimize the impact on timely distribution of the 1999 tax packages. In addition, a return to pre-1998 law would significantly increase the complexity of these credits.

The provision relating to the deduction for personal exemptions would eliminate the nine line AMT worksheet in the Form 1040A instructions for 2005. This provision would not affect the number of lines on the 2005 Form 6251 or the AMT worksheet in the 2005 Form 1040 instructions.

INDIVIDUAL RETIREMENT ARRANGEMENTS

This provision would require a change to the dollar limit specified in the Form 1040, Form 1040A, Form 8606, and Form 5329 instructions for 2001 through 2005 and possibly in future years. The change would also be reflected in the Form 1040–ES for all applicable years. No new forms or additional lines would be required. Programming changes would be needed to reflect the increased contribution limits.

IRS would need to provide guidance to financial institutions that sponsor IRAs on how to take into account the higher contribution limits (currently all sponsors utilize IRS approved documents). In addition, the following model IRA and Roth IRA documents that are issued by the Assistant Commissioner (EPEO) would need to be modified to take into account the increased contribution limits:

Form 5305, Individual Retirement Trust Account.

Form 5305–A, Individual Retirement Custodial Account.

Form 5305–R, Roth Individual Retirement Account.

Form 5305–RA, Roth Individual Retirement Custodial Account.

Form 5305–RB, Roth Individual Retirement Annuity Endorsement.

INCREASE DEDUCTION FOR SELF-EMPLOYED TO 100 PERCENT

This provision would eliminate one line from the self-employed health insurance deduction worksheet contained in the 2000 instructions for Forms 1040 and 1040NR. This worksheet is currently four lines. The Form 1040–ES for 2000 would also reflect the provision. No new forms would be required.

REPEAL FUTA SURTAX AFTER DECEMBER 31, 2004

The provision would require a change to the FUTA tax rate on Forms 940, 940–EZ, 940–PR and Schedule H of Form 1040 for 2005. The rate would be reduced from 6.2 percent to 6.0 percent. No new forms would be required. Programming changes would be necessary to reflect the reduced FUTA rate.

ALLOW NON-ITEMIZERS TO DEDUCT UP TO $50 ($100 FOR JOINT RETURNS) OF CHARITABLE CONTRIBUTIONS FOR 2000 AND 2001

Assuming the deduction is allowed in determining adjusted gross income (unlike the 1982–86 deduction for non-itemizers), the following changes would be necessary to implement this provision:

1. One line would be added to the adjustments section of Forms 1040, 1040A, 1040NR, and 1040NR–EZ for 2000 and 2001.

2. Two new lines would be added to Form 1040EZ for 2000 and 2001 (one for the deduction and one to subtract the deduction from total income to arrive at adjusted gross income). This change could affect the scanability of the form.

Ensuring compliance with the above-the-line charitable deduction would be difficult. The only means of verifying amounts deducted would be through examination, which is not practical because of the small amounts involved.

No new forms would be required.

Mr. President, I yield 10 minutes to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 10 minutes.

Mr. HARKIN. I thank the Senator from Montana for yielding.

Mr. President, I will talk about the bill itself, but I also want to talk about an amendment that I intend to offer tomorrow, sponsored by myself, Senator LEAHY, Senator REID of Nevada, Senator KENNEDY, and Senator WELLSTONE. It has to do with pensions.

Current law prevents companies from reducing pension benefits which a worker has already earned. However, there is a new phenomenon going on. Companies are now changing to so-called cash balance plans which can save the companies millions of dollars in pension costs each year by allowing them to take a substantial cut out of their employees' pensions.

Employees generally receive three kinds of benefits from working. They get direct wages, health benefits, and pensions. So reducing an employee's pension years after it is earned should be no more legal than denying a worker wages after the work has been performed.

Under traditional defined benefit plans, the worker gets a pension based on the length of employment and the average pay of the last few years of service. The pension is based on a preset formula using those key factors rather than on the amount in an employee's pension account.

Under some cash balance plans, payments to workers do not start until the value of their pension has reduced to the lower level of the cash balance plan. This is a term of art that they call wearaway. In fact, under a number of cash balance plans, some older workers receive no pension benefit contributions for as long as 5 or more years, while younger workers, workmates working right alongside them who started under the cash balance plan, receive regular contributions during those years.

So what does this really mean to real people in the real world? Well, two Chase Manhattan banking employees hired an actuary to calculate their future pensions after Chase Manhattan's predecessor, Chemical Bank, converted to a cash balance plan. The actuary estimated that their future pensions had been cut by 45 percent. John Healy, one of the workers, said, "I would have had to work about 10 more years before I broke even."

In another case, Ispat Inland, Inc., a Chicago steel company, converted to a cash balance plan on January 1. Paul Schroeder, a 44-year-old engineer who has worked for Ispat for 19 years, calculated it would take him as long as 13 years of additional work to acquire additional pension benefits. So this practice stands to hurt millions of older workers.

Frankly, I consider it age discrimination. After all, a new employee, usually younger, effectively receives greater pay for the same work in the form of money put into the pension plan. In other words, you have two people working side by side. As I said, they get their wages. They also get their pensions. But if one is not getting any pensions, he is basically getting less pay.

The amendment we are offering tomorrow would prevent the wearaway. It would require a company to add to the pension benefits of older workers in the same way that they add to the benefits of younger workers.

I will make it clear that my amendment does not stop companies from modifying their plans. It does not stop them from converting to cash balance plans, and it doesn't stop them from improving the portability. It simply prevents employers from cutting the benefits of older workers by thousands of dollars a year, compared to what happens to a younger worker.

My amendment just says that a company cannot discriminate against long-time workers by not putting money into their pension account just because they earn pension benefits under a prior plan. Workers would get whatever they are entitled to receive under the terms of their old pension plan as well as all they are entitled to under the new plan for the period that their pension fell under that plan. The total benefit would be the sum of the two.

In closing, my amendment is supported by the National Council of Senior Citizens, the National Committee to Preserve Social Security, the AARP, the AFL–CIO, the Pension Rights Center, Business and Professional Women USA, the Older Women's League, and the Women's Pension Project.

Older workers across America have been paying into pension plans throughout their working years anticipating the secure retirement which is their due. Now, as more Americans than ever before in history approach retirement, we are seeing a disturbing trend by employers to cut their pension benefits.

I urge the Senate to support our amendment.

Let me shift for just a second, in whatever time I have remaining, to say that I am going to vote against this tax bill for three reasons: It is fiscally irresponsible, it widens the gap between the rich and the poor, and it really robs our children.

My friends on the Republican side make it sound so simple. They say: Look, we have this enormous surplus. It means people are paying too much in taxes. Let's give it all back in a tax cut.

Well, if only it were that easy. First of all, we don't have those surpluses yet. They are anticipated, but they are not here. Again, I remember back in 1981 when we were told by some that we could cut taxes and increase military spending and we wouldn't have a deficit. Well, the deficit almost quadrupled during the 1980s. The public debt more than quadrupled. We simply put the American people on a credit card.

Finally, in 1993, Congress got serious. We took the lead in stopping the hemorrhaging. So now we have turned it around. We have gone from an annual deficit of $290 billion to a surplus of about $120 billion, created 18.9 million new jobs. Unemployment is at 29-year lows. The rate of inflation is the lowest it has been since the Kennedy administration. Our GNP is growing at a great rate. We are beginning to pay down the $5.6 trillion debt saddled on our kids.

My friends on the Republican side rejected that deficit reduction bill in 1993. Not one single Republican voted for it.

I remember when Senator GRAMM of Texas said:

> . . . if we adopt this bill, the American economy is going to get weaker, not stronger. The deficit, 4 years from today, will be higher than it is today and not lower. . .. When all is said and done, people will pay more taxes, the economy will create fewer jobs, Government will spend more money, and the American people will be worse off.

That was in 1993. Obviously, my friend from Texas could not have been more wrong in his assessment.

But now we have this big tax cut before us based on paper projections. But we also find the gap between the rich and poor is growing even wider. At a time when we need to ensure the future for our children, we are going to take it away from them.

This is the way I look at it. We built up this huge debt in the 1980s. Who made out from that? Look at all the statistics. Upper-income people made a lot of money in the 1980s and secured more wealth. More assets went to fewer and fewer people in this country and, thus, the gap between the rich and poor widened. We have slain the dragon of deficits and we are now going to have some surpluses. It seems to me it is our responsibility to take that money and lift the heavy debt burden off of our kids and grandkids—$5.5 trillion of debt. We owe it to our children and grandchildren.

I keep hearing a lot of my friends on the Republican side say: Well, this isn't our money; it is your money; we should give it back to you, the people today that are paying taxes; give it back. Of course, most of it goes back to the upper 5 percent of income earners in America. But I look upon it in a different way. The huge debt we ran up in the 1980s is going to be a burden on our kids and grandkids. The very wealthy people who made out in the 1980s are now going to get a big tax cut. It seems to me that what we need to do is take that money and say, no, you know who this money belongs to? It belongs to our kids and grandkids. We better be paying off our debts so they are not saddled with it when they grow up.

Let's secure Social Security. We keep hearing the hue and cry all the time that young people don't think Social Security is going to be there for them. Well, this is our chance to make sure they know it is going to be there for them, and also that we secure Medicare. We then can take and reduce the debt on our kids, invest in education, so that our kids will have a growing economy and be more productive in the future. That is what we ought to be doing with this—not giving it back to people who already have too much.

I must tell you, I have a lot of friends and I know a lot of people who have a lot of money. We all have rich friends, people who have made a lot of money. I have yet to have any one of them ever tell me that they desperately need a tax break. Mostly, what they tell me is: Pay down the debt, invest in education, save Social Security for our kids.

That is what we ought to be doing. The top 1 percent of the taxpayers are the ones that make out the most in the tax cut by the Republicans.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HARKIN. I ask unanimous consent for 2 more minutes.

Mr. BAUCUS. I yield 2 more minutes to the Senator.

Mr. HARKIN. Since 1980, the average after-tax income of the top 1 percent of American families has increased by 72 percent. The income of the poorest fifth of American families has declined by 16 percent. If the Republican tax bill becomes law, corporate limousines will line up in front of the Capitol with their trunks open. The top 1 percent will haul the money away in the trunks of their limousines.

I have always said there is nothing wrong with making money in America. There is nothing wrong with being rich. There is nothing wrong with having a nicer house, a bigger car, and all the better amenities of life. That is a big part of the American dream. But I believe when you make it to the top, and others make it to the top, and I make it to the top, it is the responsibility of Government to make sure we leave the ladder down there for others to climb, too. The Republican tax bill, basically, says to the wealthy in this country: You have it made. Don't worry about anybody else. You made it to the top. Now you can pull up the ladder behind you and we are going to help you. The Government will help you pull the ladder up behind you.

President Clinton has talked often about the bridge to the 21st century, and we have a good construct of it: Unemployment is low, GNP is going up, debt is going down. But if only a few people cross that bridge, it will become a dividing line. That is why we don't need this tax bill. We need to bring people together, not divide us even more, as this tax bill would do.

The PRESIDING OFFICER. The time of the Senator has expired.

Who yields time?

Mr. ROTH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I yield 10 minutes to the Senator from Iowa.

The PRESIDING OFFICER. Only 7 minutes 20 seconds remain.

Mr. BAUCUS. I yield 7 minutes 20 seconds to the Senator from Iowa.

Mr. HARKIN. I will not talk that long. I thank the manager.

Mr. President, I will talk about another motion I will have to recommit the bill with instructions tomorrow when it comes up. This has to do with funding for the National Institutes of Health.

Just 2½ years ago, the Senate went on record, 98–0, committing to double the budget of the National Institutes of Health over 5 years. But this tax bill shortchanges America's health and reneges on the Senate's promise, by forcing cuts of up to 38 percent in discretionary health programs.

Earlier this evening, my friend and colleague from Pennsylvania, Senator SPECTER, talked about NIH being the "crown jewel" of our Government. Indeed, I agree with him. It is. But we said we were going to double the budget. Yet now, because of this tax bill, we are going to be faced with huge cuts. We can't even get our appropriations bill on the floor because we are $8 billion to $10 billion below what we had last year, and yet we are going to give a big tax break to the wealthiest in our society.

We have to invest in this medical research—Alzheimer's and arthritis to cancer, diabetes, and spinal cord injury. We are on the verge of breakthroughs in all of these areas. Now is not the time to back off; now is the time to invest in biomedical research.

If we were able to just simply delay the onset of Alzheimer's in individuals by 5 years, the savings would be $50 billion a year. We would have no problems in Medicare if we just delayed the onset of Alzheimer's by 5 years.

My amendment is going to be very simple. It makes good on the promise the Senator made, 89–0, to double the NIH budget over 5 years. The amendment returns the tax bill to the Committee on Finance, with instructions that the committee report back to the full Senate within 3 days with an amendment to provide an additional $13 billion for the NIH over 5 years. Funding for this would be provided by reducing or delaying specific tax cuts in the bill, so long as those tax cuts that benefit moderate- or middle-income taxpayers are not reduced.

Again, I commend this amendment. It is sponsored, again, by myself, Senator KENNEDY, Senator MIKULSKI, and Senator MURRAY to again make good on our promise to make sure we put the necessary funding in biomedical research at the NIH.

I yield to the manager, if the manager would like to have the time back. I will be glad to yield back whatever time I have remaining.

Mr. BAUCUS. Mr. President, how much time remains on our side?

The PRESIDING OFFICER. Four minutes.

Mr. BAUCUS. Thank you, Mr. President.

I would like to emphasize a point that I made earlier about complexity. The tax bill passed by the other body reduces capital gains. Without getting into whether they should or should not be reduced, the effective date is July 1, 1999, which adds tremendous additional complexities to the code—to accountants, who have to add in more lines, and for programmers in their computers to adjust to the IRS.

The preliminary analysis is that there are many more pages for the capital gains increase schedule than currently is required. It is immense. Add to that Y2K. This provision goes into law on July 1. I am just addressing the complexity. I am not talking about the merits.

Then the IRS—who knows? It may well have to go back and retest their Y2K program to see if it works again with these additional items that are plugged in.

I very much hope the conferees on their tax bill, in working with the President when this bill is finally put together, pay much more attention to the complexity than they have in the past. Just bear down on that because if we hear anything from the taxpayers, it is the additional complexity of the code. We have an obligation not to add additional complexity.

In my experience in all of the debate on all of the tax bills, we have to cut a little bit here and raise some more revenue. We are going to add a little bit over here, with not one second of attention to whether or not this adds additional complexity to the taxpayers.

We have had IRS hearings on the problems the IRS has caused the taxpayers. There is some truth to that. The IRS has been a little bit too draconian in some ways in some of the proceedings that it has brought against taxpayers. They have been a bit rough.

But mark my words. Most of the complexity is caused by Congress. Most of it is caused by Congress. We are a little two-faced around here. We like to say: Oh boy, we are helping taxpayers reducing taxes—and at the same time we are increasing complexity. We don't talk about that. But we have an obligation to address both tax reduction as well as complexity.

I very much hope we live up to our responsibility and address that because it is a huge problem. No wonder Americans want a flat tax. It is the complexity.

On the other hand, I might ask myself and each of you, how do you address the marriage tax penalty with a national tax? Americans want both simplicity and equity. We all want both simplicity and equity. Of course, those are enemies of each other. The more something is simple, the more someone else claims it is inequitable and applies to them. The more we try to deal with them to make it more equitable, the less simple the code becomes. But nevertheless we have an obligation. I very much hope we address it and solve it.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FRIST. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FRIST. I ask unanimous consent to speak for 10 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I will not object. But there comes a point when we have to wrap things up tonight. In the earlier conversation with the Senator it was a different amount of time we agreed to.

Mr. FRIST. Mr. President, I thought we were waiting for legislative language. I will be happy to speak for however many minutes I can. I was under the understanding it would be about 10 minutes before we had legislative language to close, but I will be happy to be more brief.

Mr. BAUCUS. I will not object.

Mr. FRIST. Mr. President, I will speak for 5 minutes by unanimous consent?

The PRESIDING OFFICER. Without objection, it is so ordered.

THE MEDICARE PROGRAM

Mr. FRIST. Mr. President, we have not discussed an amendment which we will be voting on tomorrow. It has not been discussed yet at all. It has to do with the very important issue that we voted on today, in terms of another amendment. That is what we are going to do in this body to address a fundamental problem. It has to do with Medicare, the fact that we have a Medicare system which is not going to be solvent long-term. It is a very costly system where, if you are a senior, and you have health care expenses, only about 48 percent of those are paid by the Medicare Program. It is a very costly system for seniors and individuals with disabilities. It is a very rigid system. It is a system that is not comprehensive. Much preventive care is not covered, prescription drugs are not covered at all—outpatient prescription drugs. It needs to be modernized. We talked a bit about that today.

The real question is why we cannot take a new benefit and just add it to the overall Medicare system. The gist of the amendment tomorrow is that, yes, we need prescription drug coverage, but we must incorporate that new benefit, which needs to be there, in an overall modernization plan for Medicare.

The question is, why? Let me focus on this one chart. On the right half of this chart, the red bar takes an average over the last 5 or 6 years, an average annual increase in all health care. The red bar is in drug expenditures. They have gone up 11 percent every year. The green bar is the annual growth in all health care expenditures in our health care system.

The real point of this graph is that every year overall drug expenditures, in the aggregate, go up about twice as fast as other health care costs. Thus if we are going to add a new benefit onto overall health care costs, something that is growing at 5 percent, we need to be very sure we do not run into the same problem we have in certain fields such as home health care. Home health care was a benefit in Medicare that was growing 17 percent a year. It could not be tolerated in the overall Medicare system because of cost.

Then we, with the heavy hand of Government, came in and slashed home health care 2 years ago. In many ways that was devastating to patients, to the quality of health care, to people who were depending on venipuncture to have blood drawn on a regular basis. Therefore, I think it is very important we recognize, because drugs are a different entity, if we are going to add that benefit, we need to do it in the realm of overall reform of Medicare and modernization.

This shows prescription drug expenditures in the aggregate since 1965 have increased—not quite exponentially, but you can see in 1993, 1995, 1996, from about $55 billion up to about $80 billion. So before we take this entity and put it in Medicare, because Medicare is already going bankrupt, we need to look at the overall picture. It includes hospitals, includes doctors, prescription drugs, chronic care and acute care.

There is a proposal that has been put forth by the National Bipartisan Medicare Commission appointed by the President of the United States, appointed by our leadership in the Senate and in the House. We came up with the proposal that is essentially this: The premium support model, the Breaux-Thomas bill. This proposal did look at overall Medicare, hospitals, physician reimbursement, and prescription drugs, and came up with this model. The details of the model do not matter, but I do want to stress that 10 of the 17 Members, in a bipartisan way, did put this forward as a proposal—again, to show Medicare can be modernized.

The point with prescription drugs in Medicare—remember, as an outpatient, prescription drugs are not covered in

Medicare at all. You have to go outside the system. But of the about 36 million people enrolled in Medicare, two-thirds do have some coverage, one-third do not have coverage. Therefore, in that Bipartisan Commission, which we put forward and worked out over the course of the year, we said let's first focus right now as we modernize and strengthen Medicare, improve its solvency, make it less costly, less rigid, let's at least address this 35 percent as a first step. The 65 percent who are covered are covered in lots of different ways.

Since my time is up, I will yield the floor and simply close with this point. We will be offering an amendment tomorrow which says: Yes, prescription drugs, but let's do it in the context of overall Medicare reform.

I yield the floor.

Mr. BAUCUS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1472, AS MODIFIED

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that amendment No. 1472 be modified with the changes that are now at the desk.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment is so modified.

The amendment (No. 1472), as modified, is as follows:

On page 10, line 6, strike "2004" and insert "2005".

On page 10, strike the matter between lines 19 and 20, and insert:

"Calendar year:	**Applicable dollar amount:**
2006 or 2007	$4,000
2008 and thereafter	$5,000.

On page 11, strike the matter before line 1, and insert:

"Calendar year:	**Applicable dollar amount:**
2006 or 2007	$2,000
2008 and thereafter	$2,500.

On page 11, line 3, strike "2007" and insert "2008".

On page 11, line 11, strike "2006" and insert "2007".

On page 32, between lines 14 and 15, insert:

SEC. . ELIMINATION OF MARRIAGE PENALTY IN STANDARD DEDUCTION.

(a) IN GENERAL.—Paragraph (2) of section 63(c) (relating to standard deduction) is amended—

(1) by striking "$5,000" in subparagraph (A) and inserting "twice the dollar amount in effect under subparagraph (C) for the taxable year",

(2) by adding "or" at the end of subparagraph (B),

(3) by striking "in the case of" and all that follows in subparagraph (C) and inserting "in any other case.", and

(4) by striking subparagraph (D).

(b) PHASE-IN.—Subsection (c) of section 63 is amended by adding at the end the following new paragraph:

"(7) PHASE-IN OF INCREASE IN BASIC STANDARD DEDUCTION.—In the case of taxable years beginning before January 1, 2008—

"(A) paragraph (2)(A) shall be applied by substituting for 'twice'—

"(i) '1.702 times' in the case of taxable years beginning during 2001,

"(ii) '1.75 times' in the case of taxable years beginning during 2002,

"(iii) '1.796 times' in the case of taxable years beginning during 2003,

"(iv) '1.837 times' in the case of taxable years beginning during 2004,

"(v) '1.88 times' in the case of taxable years beginning during 2005,

"(vi) '1.917 times' in the case of taxable years beginning during 2006, and

"(vii) '1.959 times' in the case of taxable years beginning during 2007, and

"(B) the basic standard deduction for a married individual filing a separate return shall be one-half of the amount applicable under paragraph (2)(A).

If any amount determined under subparagraph (A) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.".

(c) TECHNICAL AMENDMENTS.—

(1) Subparagraph (B) of section 1(f)(6) is amended by striking "(other than with" and all that follows through "shall be applied" and inserting "(other than with respect to sections 63(c)(4) and 151(d)(4)(A)) shall be applied".

(2) Paragraph (4) of section 63(c) is amended by adding at the end the following flush sentence:

"The preceding sentence shall not apply to the amount referred to in paragraph (2)(A).".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

On page 38, line 18, strike "2000" and insert "2002".

On page 236, strike line 12 through the matter following line 21, and insert:

(a) IN GENERAL.—Section 2503(b) (relating to exclusions from gifts) is amended—

(1) by striking the following:

"(b) EXCLUSIONS FROM GIFTS.—

"(1) IN GENERAL.—In the case of gifts",

(2) by inserting the following:

"(b) EXCLUSIONS FROM GIFTS.—In the case of gifts",

(3) by striking paragraph (2), and

(4) by striking "$10,000" and inserting "$20,000".

On page 237, line 3, strike "2000" and insert "2004".

On page 270, line 18, strike "2003" and insert "2004".

On page 273, line 21, strike "2003" and insert "2004".

On page 275, line 12, strike "2003" and insert "2004".

On page 277, line 13, strike "2003" and insert "2005".

On page 278, line 13, strike "2002" and insert "2004".

Mrs. HUTCHISON. I thank the Chair.

Mr. President, I will not delay because I believe we are about to wrap up, and I will have 15 minutes equally divided tomorrow. This is a significant victory. I appreciate so much Chairman ROTH and Senator BAUCUS, who is here on behalf of Senator MOYNIHAN, working with me on this amendment.

The bottom line is, by delaying a few other very important tax cuts, we have been able to put at the top of our priority list $6 billion more in marriage tax penalty relief for the 43 million people in this country who are suffering just because they are married. That is not right. We have been needing to correct this for years. You should not have to choose between love or money in America, and yet 22 million American couples are doing just that.

This amendment will take part of the marriage tax relief and put it up, starting in 2001, so there will be immediate relief phased in to give couples that opportunity to save more of the money they earn to spend as they choose because, in fact, if they were not married, they would be paying that much less in taxes. But they are married. We want to encourage them to do that, if that is what they want to do, and we certainly should not be penalizing them.

Tomorrow I will talk about what is in the amendment, what it does, but tonight I want to say thank you to Senator ROTH and to Senator BAUCUS for working with us. This is a significant improvement in the bill because it will give married couples throughout our country the relief they deserve.

I thank the Chair. I yield the floor.

Mr. BAUCUS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, I ask unanimous consent that prior to the vote on or in relation to amendment No. 1472 it be in order for Senator HUTCHISON to further modify her amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NOS. 1388, 1411, 1412, 1446 AND 1455, EN BLOC

Mr. ROTH. Mr. President, I have a series of five amendments which have been cleared on both sides. I ask unanimous consent that these amendments be agreed to, en bloc, the motion to reconsider be laid upon the table, and that any statements relating to these amendments be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments (Nos. 1388, 1411, 1412, 1446 and 1455) were agreed to, en bloc, as follows:

AMENDMENT NO. 1388

(Purpose: Making technical corrections to the Saver Act)

At the end of title XIV, insert:

SEC. . TECHNICAL CORRECTIONS TO SAVER ACT.

Section 517 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1147) is amended—

(1) in subsection (a), by striking "2001 and 2005 on or after September 1 of each year involved" and inserting "2001, 2005, and 2009 in the month of September of each year involved";

(2) in subsection (b), by adding at the end the following new sentence: "To effectuate the purposes of this paragraph, the Secretary may enter into a cooperative agreement, pursuant to the Federal Grant and Cooperative Agreement Act of 1977 (31 U.S.C. 6301 et seq.), with the American Savings Education Council.";

(3) in subsection (e)(2)—

(A) by striking "Committee on Labor and Human Resources" in subparagraph (B) and inserting "Committee on Health, Education, Labor, and Pensions";

(B) by striking subparagraph (D) and inserting the following:

"(D) the Chairman and Ranking Member of the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations of the House of Representatives and the Chairman and Ranking Member of the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations of the Senate;";

(C) by redesignating subparagraph (G) as subparagraph (J); and

(D) by inserting after subparagraph (F) the following new subparagraphs:

"(G) the Chairman and Ranking Member of the Committee on Finance of the Senate;

"(H) the Chairman and Ranking Member of the Committee on Ways and Means of the House of Representatives;

"(I) the Chairman and Ranking Member of the Subcommittee on Employer-Employee Relations of the Committee on Education and the Workforce of the House of Representatives; and";

(4) in subsection (e)(3)(A)—

(A) by striking "There shall be no more than 200 additional participants." and inserting "The participants in the National Summit shall also include additional participants appointed under this subparagraph.";

(B) by striking "one-half shall be appointed by the President," in clause (i) and inserting "not more than 100 participants shall be appointed under this clause by the President,", and by striking "and" at the end of clause (i);

(C) by striking "one-half shall be appointed by the elected leaders of Congress" in clause (ii) and inserting "not more than 100 participants shall be appointed under this clause by the elected leaders of Congress", and by striking the period at the end of clause (ii) and inserting "; and"; and

(D) by adding at the end the following new clause:

"(iii) The President, in consultation with the elected leaders of Congress referred to in subsection (a), may appoint under this clause additional participants to the National Summit. The number of such additional participants appointed under this clause may not exceed the lesser of 3 percent of the total number of all additional participants appointed under this paragraph, or 10. Such additional participants shall be appointed from persons nominated by the organization referred to in subsection (b)(2) which is made up of private sector businesses and associations partnered with Government entities to promote long term financial security in retirement through savings and with which the Secretary is required thereunder to consult and cooperate and shall not be Federal, State, or local government employees.";

(5) in subsection (e)(3)(B), by striking "January 31, 1998" in subparagraph (B) and inserting "May 1, 2001, May 1, 2005, and May 1, 2009, for each of the subsequent summits, respectively";

(6) in subsection (f)(1)(C), by inserting ", no later than 90 days prior to the date of the commencement of the National Summit," after "comment" in paragraph (1)(C);

(7) in subsection (g), by inserting ", in consultation with the congressional leaders specified in subsection (e)(2)," after "report";

(8) in subsection (i)—

(A) by striking "beginning on or after October 1, 1997" in paragraph (1) and inserting "2001, 2005, and 2009"; and

(B) by adding at the end the following new paragraph:

"(3) Reception and representation authority.—The Secretary is hereby granted reception and representation authority limited specifically to the events at the National Summit. The Secretary shall use any private contributions received in connection with the National Summit prior to using funds appropriated for purposes of the National Summit pursuant to this paragraph."; and

(9) in subsection (k)—

(A) by striking "shall enter into a contract on a sole-source basis" and inserting "may enter into a contract on a sole-source basis"; and

(B) by striking "fiscal year 1998" and inserting "fiscal years 2001, 2005, and 2009".

AMENDMENT NO. 1411

(Purpose: To provide that no Federal income tax shall be imposed on amounts received, and lands recovered, by Holocaust victims or their heirs)

At the end of title XI, insert the following:

SEC. ____. NO FEDERAL INCOME TAX ON AMOUNTS AND LANDS RECEIVED BY HOLOCAUST VICTIMS OR THEIR HEIRS.

(a) In General.—For purposes of the Internal Revenue Code of 1986, gross income shall not include—

(1) any amount received by an individual (or any heir of the individual)—

(A) from the Swiss Humanitarian Fund established by the Government of Switzerland or from any similar fund established by any foreign country, or

(B) as a result of the settlement of the action entitled "In re Holocaust Victims' Asset Litigation", (E.D. NY), C.A. No. 96–4849, or as a result of any similar action; and

(2) the value of any land (including structures thereon) recovered by an individual (or any heir of the individual) from a government of a foreign country as a result of a settlement of a claim arising out of the confiscation of such land in connection with the Holocaust.

(b) Effective Date.—This section shall apply to any amount received before, on, or after the date of the enactment of this Act.

AMENDMENT NO. 1412

(Purpose: To add a short title)

On page 193, after line 23, add:

(h) Short Title.—This section may be cited as the "Collegiate Learning and Student Savings (CLASS) Act".

AMENDMENT NO. 1466, AS MODIFIED

(Purpose: To eliminate the 2-percent floor on miscellaneous itemized deductions for qualified professional development expenses and incidental expenses of elementary and secondary school teachers, and for other purposes)

On page 371, between lines 16 and 17, insert the following:

SEC. ____. 2-PERCENT FLOOR ON MISCELLANEOUS ITEMIZED DEDUCTIONS NOT TO APPLY TO QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES AND QUALIFIED INCIDENTAL EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) Qualified Professional Development Expenses Deduction.—

(1) In general.—Section 67(b) (defining miscellaneous itemized deductions) is amended by striking "and" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ", and", and by adding at the end the following new paragraph:

"(13) any deduction allowable for the qualified professional development expenses of an eligible teacher."

(2) Definitions.—Section 67 (relating to 2-percent floor on miscellaneous itemized deductions) is amended by adding at the end the following new subsection:

"(g) Qualified Professional Development Expenses of Eligible Teachers.—For purposes of subsection (b)(13)—

"(1) Qualified professional development expenses.—

"(A) In general.—The term 'qualified professional development expenses' means expenses—

"(i) for tuition, fees, books, supplies, equipment, and transportation required for the enrollment or attendance of an individual in a qualified course of instruction, and

"(ii) with respect to which a deduction is allowable under section 162 (determined without regard to this section).

"(B) Qualified course of instruction.—The term 'qualified course of instruction' means a course of instruction which—

"(i) is—

"(I) at an institution of higher education (as defined in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this subsection), or

"(II) a professional conference, and

"(ii) is part of a program of professional development which is approved and certified by the appropriate local educational agency as furthering the individual's teaching skills.

"(C) Local educational agency.—The term 'local educational agency' has the meaning given such term by section 14101 of the Elementary and Secondary Education Act of 1965, as so in effect.

"(2) Eligible teacher.—

"(A) In general.—The term 'eligible teacher' means an individual who is a kindergarten through grade 12 classroom teacher, instructor, counselor, aide, or principal in an elementary or secondary school.

"(B) Elementary or secondary school.—The terms 'elementary school' and 'secondary school' have the meanings given such terms by section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), as so in effect."

(3) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000, and ending before December 31, 2004.

(b) Qualified Incidental Expenses.—

(1) In general.—Section 67(g)(1)(A), as added by subsection (a)(2), is amended by striking "and" at the end of clause (i), by redesignating clause (ii) as clause (iii), and by inserting after clause (i) the following new clause:

"(ii) for qualified incidental expenses, and".

(2) Definition.—Section 67(g), as added by subsection (a)(2), is amended by adding at the end the following new paragraph:

"(3) QUALIFIED INCIDENTAL EXPENSES.—

"(A) IN GENERAL.—The term 'qualified incidental expenses' means expenses paid or incurred by an eligible teacher in an amount not to exceed $125 for any taxable year for books, supplies, and equipment related to instruction, teaching, or other educational job-related activities of such eligible teacher.

"(B) SPECIAL RULE FOR HOMESCHOOLING.—Such term shall include expenses described in subparagraph (A) in connection with education provided by homeschooling if the requirements of any applicable State or local law are met with respect to such education."

(3) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000, and ending before December 31, 2004.

AMENDMENT NO. 1455

(Purpose: To amend the Internal Revenue Code of 1986 to expand the deduction for computer donations to schools and to allow a tax credit for donated computers, and for other purposes)

On page 371, between lines 16 and 17, insert:

SEC. . EXPANSION OF DEDUCTION FOR COMPUTER DONATIONS TO SCHOOLS.

(a) EXTENSION OF AGE OF ELIGIBLE COMPUTERS.—Section 170(e)(6)(B)(ii) (defining qualified elementary or secondary educational contribution) is amended—

(1) by striking "2 years" and inserting "3 years", and

(2) by inserting "for the taxpayer's own use" after "constructed by the taxpayer".

(b) REACQUIRED COMPUTERS ELIGIBLE FOR DONATION.—

(1) IN GENERAL.—Section 170(e)(6)(B)(iii) (defining qualified elementary or secondary educational contribution) is amended by inserting ", the person from whom the donor reacquires the property," after "the donor".

(2) CONFORMING AMENDMENT.—Section 170(e)(6)(B)(ii) is amended by inserting "or reaquired" after "acquired".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable years ending after the date of the enactment of this Act.

SEC. . CREDIT FOR COMPUTER DONATIONS TO SCHOOLS AND SENIOR CENTERS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by this Act, is amended by adding at the end the following:

"SEC. 45E. CREDIT FOR COMPUTER DONATIONS TO SCHOOLS AND SENIOR CENTERS.

"(a) GENERAL RULE.—For purposes of section 38, the computer donation credit determined under this section is an amount equal to 30 percent of the qualified computer contributions made by the taxpayer during the taxable year.

"(b) QUALIFIED COMPUTER CONTRIBUTION.—For purposes of this section, the term 'qualified computer contribution' has the meaning given the term 'qualified elementary or secondary educational contribution' by section 170(e)(6)(B), except that—

"(1) such term shall include the contribution of a computer (as defined in section 168(i)(2)(B)(ii)) only if computer software (as defined in section 197(e)(3)(B)) that serves as a computer operating system has been lawfully installed in such computer, and

"(2) for purposes of clauses (i) and (iv) of section 170(e)(6)(B), such term shall include the contribution of computer technology or equipment to multipurpose senior centers (as defined in section 102(35) of the Older Americans Act of 1965 (42 U.S.C. 3002(35)) to be used by individuals who have attained 60 years of age to improve job skills in computers.

"(c) INCREASED PERCENTAGE FOR CONTRIBUTIONS TO ENTITIES IN EMPOWERMENT ZONES, ENTERPRISE COMMUNITIES, AND INDIAN RESERVATIONS.—In the case of a qualified computer contribution to an entity located in an empowerment zone or enterprise community designated under section 1391 or an Indian reservation (as defined in section 168(j)(6)), subsection (a) shall be applied by substituting '50 percent' for '30 percent'.

"(d) CERTAIN RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of paragraphs (1) and (2) of section 41(f) and of section 170(e)(6)(A) shall apply.

"(e) TERMINATION.—This section shall not apply to taxable years beginning on or after the date which is 3 years after the date of the enactment of the New Millennium Classrooms Act."

(b) CURRENT YEAR BUSINESS CREDIT CALCULATION.—Section 38(b) (relating to current year business credit), as amended by this Act, is amended by striking "plus" at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting ", plus", and by adding at the end the following:

"(14) the computer donation credit determined under section 45E(a)."

(c) DISALLOWANCE OF DEDUCTION BY AMOUNT OF CREDIT.—Section 280C (relating to certain expenses for which credits are allowable) is amended by adding at the end the following:

"(d) CREDIT FOR COMPUTER DONATIONS.—No deduction shall be allowed for that portion of the qualified computer contributions (as defined in section 45E(b)) made during the taxable year that is equal to the amount of credit determined for the taxable year under section 45E(a). In the case of a corporation which is a member of a controlled group of corporations (within the meaning of section 52(a)) or a trade or business which is treated as being under common control with other trades or businesses (within the meaning of section 52(b)), this subsection shall be applied under rules prescribed by the Secretary similar to the rules applicable under subsections (a) and (b) of section 52."

(d) LIMITATION ON CARRYBACK.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

"(9) NO CARRYBACK OF COMPUTER DONATION CREDIT BEFORE EFFECTIVE DATE.—No amount of unused business credit available under section 45E may be carried back to a taxable year beginning on or before the date of the enactment of this paragraph."

(e) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 45D the following:

"Sec. 45E. Credit for computer donations to schools and senior centers."

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to contributions made in taxable years beginning after the date of the enactment of this Act.

(2) CERTAIN CONTRIBUTIONS.—The amendments made by this section shall apply to contributions made to an organization or entity not described in section 45E(c) of the Internal Revenue Code of 1986, as added by subsection (a), in taxable years beginning after the date that is one year after the date of the enactment of this Act.

Mr. COVERDELL. Mr. President, I would like to discuss an amendment that Senators TORRICELLI, MCCAIN, CRAIG, and I would like to offer—expansion of education savings accounts. Under our provision, parents, relatives, friends—anyone—would be allowed to contribute up to $2,000 per year, after tax, into an account where the proceeds could be withdrawn tax-free to pay for a child's K–12 education expenses.

Right now, the law allows parents to contribute up to $500 per year for a child's college education. We increase that amount to $2,000 per year and allow for tax-free withdrawals for K–12 educational expenses, as well.

Last Congress, this legislation passed the Senate with bipartisan majorities on two separate occasions. The bill passed with a vote of 56 to 43; while the conference report passed with a vote of 59 to 36.

On each occasion, the chairman of the Finance Committee supported the measure, and was in large part responsible for its successful passage.

Unfortunately, despite the bipartisan support for the bill, the opponents of this legislation ultimately prevailed and it was vetoed by President Clinton.

Because the House-passed tax-relief measure contains this provision, I would like to withdraw our amendment and ask the chairman of the Finance Committee, Senator ROTH, to support the House position on this issue during the upcoming House-Senate conference negotiations.

Mr. ROTH. Thank you, Senator COVERDELL. As you are aware, I have been a supporter of this legislation in the past, and I will continue to support this legislation in the future.

This bipartisan proposal is an outstanding example of our ability to use the tax code, to help millions of middle class American families across the country. By using the tax code to encourage families to save for their children's education needs and expenses, we all benefit. The expansion of the education IRA will result in greater opportunities for every American child and their families. With education savings accounts, 14 million families—over 20 million kids—will take advantage of the expanded education IRAs, generating billions of dollars in education savings that might otherwise not exist. It is an outstanding way to provide families new and innovative options in education.

Because this legislation has the support of a bipartisan majority of the Senate and is contained in the House-passed bill, I believe it should be given every consideration by the conferees during the negotiations of the conference report.

Mr. SARBANES. Mr. President, I rise in opposition to the Budget Reconciliation bill that is before us today. This bill would spend nearly all of the on-budget surplus projected by the Congressional Budget Office over the next ten years and would use none of this projected surplus to protect the Social Security system, shore up Medicare, or give senior citizens the prescription drug benefits they so desperately need. Instead of taking this opportunity to invest in the future of America at the threshold of the 21st century, Republicans want to enact deep and unreasonable tax cuts that largely benefit the wealthy.

One major problem with basing a decade's worth of budgetary decisions on a projected surplus is that we have no way of knowing what will happen in the next ten years to affect these projections. Consider that just three years ago, when we enacted the Balanced Budget Act of 1997, there were forecasts of large deficits stretching into the future. This year, both the Congressional Budget Office and the Office of Management and Budget are projecting large surpluses over the same period. This turnabout should illustrate clearly that there is a large element of uncertainty in any economic projection, and that large scale shifts in tax policy that would tie our hands in the event of an economic downturn are, at the very least, unwise.

Furthermore, the surplus estimates are based on the assumption that the Federal government will adhere to the spending caps enacted in the Balanced Budget Act of 1997. The Leadership in both Houses has admitted that this is not a realistic assumption: a number of appropriations bills will not be able to pass unless their funding is restored to pre-cap levels. Already this year, appropriators are eyeing the projected budget surpluses to help fund large appropriations bills. And, as difficult as these spending caps have been for appropriators this year, the spending caps in future years call for even more drastic cuts.

We are in the midst of the longest peacetime economic expansion in history. This remarkable turnaround has come about in large part because of deficit reduction efforts which began with legislation proposed by the Administration and enacted by the Congress in 1993 - without a single Republican vote. Thanks to these efforts, we have been able to achieve record low levels of unemployment while at the same time maintaining dramatically low levels of inflation. Tax cuts of the magnitude put forward by the Majority would be unwise and potentially destabilizing in an economy that has strong growth, low unemployment and dramatically low levels of inflation.

The real question before us today is whether we are going to take advantage of this opportunity to exercise responsible fiscal policy. If we begin to stimulate the economy with a tax cut at the very time that unemployment is at unprecedented low levels, we run the risk of reigniting inflation. If we start over-stimulating the economy, the Federal Reserve will surely raise interest rates to keep inflation in check and we will be right back in the box we faced prior to this recovery.

It is my strongly held view that any surplus realized over the next ten years should be seen as an opportunity to pay down the Nation's debt, invest in our Nation's future, and shore up vital programs. The Republican tax plan would squander this unprecedented opportunity to ensure that the Federal government will meet its obligations after the baby boomers retire and beyond.

The Republican plan does nothing to preserve the integrity of the Social Security trust fund. The Social Security program is one of this Nation's greatest achievements. For more than 60 years, we have ensured that our senior citizens have a means of support in retirement after a lifetime of hard work. We must honor this commitment and ensure that seniors who count on Social Security receive their benefits.

The Republican tax plan would set aside no new resources for the Medicare program—the plan does nothing to extend the solvency of the Medicare trust fund or provide prescription drug benefits. The President's proposal to enact a modest prescription drug benefit for Medicare would cost $46 billion over the next ten years—less than 6 percent of the total cost of the Republican tax proposal.

Beyond Social Security and Medicare, this projected budget surplus could allow us to invest in the country's infrastructure. We should invest in schools to provide our children with the best possible education; we should improve our Nation's highways and infrastructure; we should invest in America's workers to train them for the 21st century; we should continue to put more police officers on the streets and give them the resources they need to bring crime rates down; and we should protect our environment and natural resources.

While I am not opposed to passing legislation that uses a portion of the projected surplus to cut taxes, such cuts must be responsible, and we should ensure that America's hard-working families who are struggling to take part in the Nation's prosperity benefit first.

Mr. President, we are embarking on an extremely important decision in terms of the future course of the Nation. If we make it responsibly, we can continue on the path of prosperity. We can continue to invest in the future strength of our country through education, research and development, and infrastructure. We can shore up Social Security, address the problems in the Medicare program, and bring down the Federal debt. We can also implement targeted tax cuts that help strengthen our families.

All of these things are possible, but we cannot, for the sake of our future economic prosperity, go to extremes. The Republican proposal is an extreme proposal. Subjected to analysis, it does not stand up. I strongly oppose this proposal and I urge my colleagues to reject it.

Mr. KENNEDY. Mr. President, I am in strong support of Senator ROBB's amendment to recommit the tax bill to instruct the Finance Committee to make a $5.7 billion investment in rebuilding and modernizing the nation's schools. I commend Senator ROBB for his leadership on this issue and I urge my colleagues to support this sensible legislation that is necessary to help the nation meet the critical need to modernize and rebuild crumbling and overcrowded schools.

Schools, communities, and governments at every level have to do more to improve student achievement. Schools need smaller classes, particularly in the early grades. They need stronger parent involvement. They need well-trained teachers in the classroom who keep up with current developments in their field and the best teaching practices. They need after-school instruction for students who need extra help, and after-school programs to engage students in construction activities. They need safe, modern facilities with up-to-date technology.

But, this investment can't succeed when roofs are crumbling and children are in overcrowded classrooms. Sending children to dilapidated, overcrowded facilities sends a message to these children. It tells them they don't matter. No CEO would tolerate a leaky ceiling in the board room, and no teacher should have to tolerate it in the classroom. We need to do all we can to ensure that children are learning in safe, modern school buildings.

Renovation, rehabilitation, and modernization will allow schools to correct problems that prevent them from offering an environment conducive to learning. Researchers have documented a clear link between school building conditions and student learning. A study by Virginia Polytechnic Institute and State University in 1996 compared test scores of students in substandard and above-standard buildings, and found that students in better buildings with access to modern technology do better in their academic work then those without these problems.

Nearly one third of all public schools are more than 50 years old. 14 million children in a third of the nation's schools are learning in substandard buildings, and half of the schools have at least one unsatisfactory environmental condition. The problems with ailing school buildings aren't the problems of the inner city alone. They exist in almost every community, whether urban, rural, or suburban.

In addition to modernizing and renovating dilapidated schools, communities need to build new schools in order to keep pace with rising enrollments and to reduce class sizes. Elementary and secondary school enrollment has reached an all-time high again this year of 53 million students, and will continue to grow.

The Department of Education estimates that 2,400 new public schools will be needed by 2003, to accommodate rising enrollments. The General Accounting Office estimates that it will cost communities $112 billion to repair and modernize the nation's schools. Congress should lend a helping hand and do all we can to help schools and communities across the country meet this challenge.

In Massachusetts, 41 percent of schools report that at least one building needs extensive repairs or should be replaced. 80 percent of schools report at least one unsatisfactory environmental factor. 48 percent have inadequate heating, ventilation, or air conditioning. And 36 percent report inadequate plumbing systems.

This past year, I visited Everett Elementary School in Dorchester, Massachusetts. The school is experiencing serious overcrowding. The average class size is 28 students. The principal of the school gave up her office and moved into a closet in the hall in order to accommodate the rising enrollment. When the school needs the multi-purpose auditorium/library, the rolling bookcases are moved to the basement, and the library has to close for the rest of the day.

In Fitchburg, Massachusetts, enrollments are rising by 200 students a year. Educators there would like to reduce class size, extend special education and bilingual education programs, and hire new teachers, but the school system does not have the facilities or resources to accomplish these important goals. Instead, Fitchburg has been forced to construct four portable facilities—and a fifth is under construction—to deal with overcrowding.

Forrest Grove Middle School in Worcester, Massachusetts, is at full capacity with 750 students. As enrollments rise, they expect an additional 150 students, forcing them to rent rooms at a local church to alleviate overcrowding. The schools in Olathe, Kansas are growing at a rate of 500–1,000 students a year, which is equivalent to about one new school per year.

Two cafeterias at Bladensburg High School in Prince Georges County, Virginia were recently closed because they were infested with mice and roaches. A teacher commented, "It's disgusting. It causes chaos when the mice run around the room." At an elementary school in Montgomery, Alabama, a ceiling which had been damaged by leaking water collapsed only 40 minutes after the children had left for the day.

In Ramona, California, where overcrowding is a serious problem, one elementary school is composed entirely of portable buildings. It has neither a cafeteria nor an auditorium, and a single relocatable room is used as a library, computer lab, music room, and art room.

In Silver Spring, Maryland, a second-grade reading class has to squeeze through a narrow corridor with a sink on one side into a space about 14 feet wide by 15 feet long.

Schools are trying to meet their needs, but they can't do it alone. The federal government should join with state and local governments and community organizations to ensure that all children have the opportunity to get a good education in a safe and up-to-date school building.

Children need and deserve a good education in order to succeed in life. But they cannot obtain that education if school roofs are falling down around them, sewage is backing up through faulty plumbing, asbestos is flaking off the walls and ceilings, schools lack computers and modern technology, and classrooms are overcrowded. We need to invest more to help states and communities rebuild crumbling schools, modernize old buildings, and expand facilities to accommodate reduced class sizes.

Senator ROBB's bill offers school districts the necessary flexibility and assistance to get the job done. Under this proposal, states will be able to put together a school financing package which best meets their needs. It offers states and school districts five choices from a menu of school construction financing components. It gives states and communities the authority to offer zero-interest school modernization bonds. It also offers other tax incentives to enhance the ability of communities to rebuild their schools, including private activity bonds, advance refunding, elimination of arbitrage rebates for small issuers, and Federal Home Loan Bank guarantees on school construction bonds.

I urge my colleagues to support Senator ROBB's amendment. The time is now to do all we can to help rebuild and modernize public schools, so that all children can succeed in safe, technologically-equipped schools.

Mr. ROCKEFELLER. Mr. President, I rise today to discuss the Balanced Budget Act of 1997 and its impact on providers and beneficiaries' access to health care services. Congress has a responsibility to address problems with the BBA for providers, especially those in rural areas. I believe it is important that we keep one thought in mind during the course of this debate—we debated all these changes to help our seniors. They are, and should remain, at the forefront of these discussions.

The BBA made the most significant modifications to Medicare in the history of the program. It signified a change in policy designed to pay more reasonable prices and increase overall efficiency. There is no doubt that these were needed reforms enacted to protect and preserve the program for future generations. However, in light of the magnitude of the changes, we need to make some adjustments to compensate for unforeseen consequences.

It is clear that in rural areas like West Virginia, the impact of the BBA on beneficiaries and providers is much more dramatic than in many other parts of the country. Medicare payments make up a larger proportion of rural hospitals' revenues and rural hospitals have lower hospital margins in general. Thus, West Virginia hospitals, like many other rural hospitals, have little to fall back on when federal Medicare payments are cut.

Since rural hospitals are often local safety net providers with low, and sometimes negative, margins, payment reductions may mean financial jeopardy for rural hospitals and consequently, reduced access to care for rural beneficiaries.

It is not yet clear whether Medicare payment rates will take into account the severity or complexity of patients' illnesses. Under the current law, caring for the chronically ill or those with complex medical conditions can push these health care facilities closer to the brink of bankruptcy. Rural facilities are especially concerned because they do not treat a large enough volume of patents to counterbalance the costs of a few very sick ones.

We cannot afford to lose providers without endangering the well-being of our citizens. Therefore, it is imperative that we take action to make sure that the problems we're facing today do not become a crisis that we'll have to face in the near future.

I would like to note that this body has voted on one facet of this issue earlier this year. The Senate budget resolution included an amendment, which was passed by voice-vote, that directed attention to the impact of the BBA on hospital care. Specifically, the amendment expressed the sense of the Senate that we should consider the extent to which the BBA has had adverse effects on access to hospital care and provided additional budget authority to address the unintended consequences.

Today, I am offering an amendment with my colleagues from Massachusetts and Maryland, Senators KERRY and MIKULSKI, that takes the next step in providing for the additional needs of our health care delivery system, especially in rural areas. The "Medicare Quality Assurance and Continued Access" amendment would amend a small portion of the tax cut for a comprehensive package of assistance to Medicare providers.

Mr. President, I am not advocating that we undo the BBA. However, we must address the inequities that resulted from its enactment, particularly when it comes to making certain our seniors get the care they need.

We have commitment to those who came before us and sacrificed so much to make this nation what it is today. Today, we have the opportunity to honor that commitment, and I urge my colleagues to do so by supporting changes to the Balanced Budget Act.

Mrs. FEINSTEIN. Mr. President, I rise to address the amendment on low-income housing tax credit to be offered by my colleague from Pennsylvania, of which I am a cosponsor.

This issue—affordable housing—is of great importance in my state of California, as it is for much of the nation. Low income families in San Francisco, San Diego, and cities across the country are finding it harder and harder to find affordable housing for rent.

The low-income housing tax credit is a great help. Since 1987, state agencies have allocated over $3 billion in housing credits to help finance nearly one million apartments for low income families.

The current housing credit cap—$1.25 for each resident of a state—has not been adjusted since the program's inception. Annual cap growth is limited to the increase in state population, which has been less than five percent nationwide over the past decade. During the same time period, inflation has eroded the housing credit's purchasing power by nearly 50 percent, as measured by the Consumer Price Index.

The budget reconciliation bill increase the credit cap to $1.75 over five years. This is an important step, but it's not enough. Senator SANTORUM and I have proposed this amendment to index the low-income housing tax credit cap for inflation.

The estimated cost to index the cap for inflation is $43 million over ten years. It is my understanding the cost has been fully offset. It is important to see that the housing tax credit will not depreciate over time.

By not indexing the credit for inflation over the past 13 years, it has eroded by between 40 and 45 percent. Costs to build and rehabilitate affordable housing developments have continued to climb, requiring more credit per project in order to achieve economic feasibility. As a result, less and less affordable housing is made available under the credit.

Assuming an inflation factor of just three percent, California would have an additional $1.23 million in the first year of indexing. This would produce approximately 150 more affordable apartments in California annually.

Nationwide, demand for housing credits outstrips supply by more than three to one. In California, it's four to one. According to the Center on Budget and Policy Priorities, 90 percent of renters in Los Angeles pay more than 30 percent of their monthly income on rent. Seventy-three percent spend more than 50 percent of their income on rent.

In the city of San Diego, the affordable housing situation is not much better. There, 106,000 families spend more than 30 percent of their income on rent, and 57,000 families spend more than 50 percent on rental housing.

In the San Francisco Bay Area, the situation is even worse. The average family pays roughly 58 percent of its monthly income on rent. We need to aggressively work to fix this shortage. We need to ensure the tax credit will remain a workable incentive for home builders nationwide. I urge my colleagues to join me in support of this amendment.

Mr. BURNS. Mr. President, I will offer an amendment that will help to keep our Nation's air clean and healthy. This amendment will provide a tax credit for our Nation's energy producers to produce an environmentally-friendly and energy-efficient alternative fuel using otherwise unusable waste products and natural resources.

This proposal would provide for a biomass coal tax credit and offer an incentive for the Nation's energy producers to construct facilities that would process low-grade, high-moisture, coal. We have large supplies of this type of coal in our nation.

This proposal provides half of the credit that is being allowed to produce electricity using biomass and wind power. This is a production tax credit you can only claim the credit if you produce the qualified product.

However, it has been determined that in order for companies to use this credit, they need to have an idea that the credit is going to be available for an extended number of years. Otherwise the costs of building the facilities to provide this environmentally-friendly and energy-efficient fuels would be cost prohibitive.

The marketplace demands a premium, low pollutant coal, to meet the nations needs and in response to the Clean Air Act and the Kyoto Protocol. We cannot jeopardize America's competitiveness by complying with Kyoto's costs on our consumers and markets.

Providing this tax credit marks the beginning of a new industry. Based on current market pressures resulting from deregulation and environmental regulations, numerous companies are interested in constructing these facilities. This is a tax credit that will help to clean our Nation's air and keep our skies blue.

I yield the floor.

Mr. KENNEDY. Mr. President, members on both sides of the aisle have spent a great deal of time over the past two years talking about child care. We've introduced dozens of bills. We've held extensive hearings. We know the difficulties facing countless families across the nation in obtaining affordable, quality care for their children.

We've emphasized the scientific research that confirms again and again that quality early childhood support is necessary for proper brain development of infants and toddlers. We've called for significant additional investments in the nation's children when they are very young, so that all children can benefit from healthy growth and development. The alternative is unacceptable because it means far higher costs in the long run, and because it denies many thousands of children the opportunity to enter school ready to learn.

For all the talk, there has been far too little action. We have severely underfunded the Child Care and Development Block Grants to the states. Only one in ten children who qualify for federal assistance actually receives it. When states run out of funds, they place many of the remaining children on waiting lists. Today, over two hundred thousands children who need a safe and stimulating environment while their parents work are on waiting lists instead. At a hearing held this week, Senators from both parties called this a national disgrace, and I could not agree more.

Many of those who have taken jobs under welfare reform are parents who can only find minimum wage employment. At today's low minimum wage, full time work pays only $10,712 in wages a year. Yet child care for one child costs thousands of dollars a year. Without adequate child care assistance, it is irresponsible to demand that parents leave their infants and toddlers without adequate care. Yet that is the consequence of our refusal to fully fund the Child Care and Development Block Grant.

With the amendment of Senator DODD and Senator JEFFORDS, we can begin to deal more effectively with this serious problem. The amendment represents concrete progress in fulfilling the nation's commitment to children. It would give states the additional resources they need to support quality child care in their communities. In this time of enormous prosperity, it is not only the right thing to do—it is a wise investment for this nation's future.

Mrs. MURRAY. Mr. President, I join with the Senator from Florida in urging my colleagues to do the right thing. Our priorities are out of order. We must remember that we have all committed to saving Social Security and Medicare. These should be our priorities. We should be debating reforms that save these essential income security programs instead of deciding how to squander a protected surplus that may never materialize.

This tax bill is a serious threat to women. By ignoring the looming crisis facing both Social Security and Medicare, we are jeopardizing the financial security of older women. If we fail to reform both Social Security and Medicare, we will force more older women into poverty. The progressive structure of both programs guarantees that for millions of older women, their golden years are not spent living far below the poverty level.

The bottom line is that Social Security and Medicare are women's issues. They are the most important domestic programs for women. By failing to allocate part of the projected surplus to saving these programs and instead acting for short term gratification, we place the issues important to women and families behind the special interests of DC lobbyists.

Why am I here today fighting for an amendment that simply says we will not squander the projected surplus until we have reformed Social Security and Medicare for the long term? Because I am here fighting for families and fighting for some economic peace of mind for older women. Without Social Security benefits, the elderly poverty rate among women would be 52.2 percent and among widows would be 60.6 percent. Instead 12 percent of all Social Security recipients live in poverty. While I still cannot accept even 12 percent, I do not want to be part of pushing more than 50 percent of older women into poverty.

Women are far more dependent on Social Security for their retirement income than are men. Three-quarters of unmarried and widowed elderly women rely on Social Security for more than half of their income. Fifty-eight percent of all Social Security recipients are women. Tell me women do not have a vital stake in this debate.

I am not saying we cannot have tax relief targeted to working families. We could have tax relief targeted to help more Americans save for retirement. However, we cannot jeopardize or gamble with the future economic security of millions of women. We have to tackle Social Security and Medicare reform first.

I know such reform will require heavy lifting. It will require us to invest potential surplus funds in the well-being of older Americans. I am committed to this reform. I am willing to sit down and tackle these tough assignments. What I am not willing to do is to watch my colleagues ignore the economic importance of both Social Security and Medicare for women.

A tax cut is not what most women are looking for. They want pay equity, economic opportunity, and retirement security. Women currently start out several economic steps behind men. We know that women today earn 74 cents for every dollar men earn. We know that women, on average, take a total of 11.5 years out of the work force to care for their families. We know that women often outlive their retirement savings. And, we know that more women live with chronic and disabling illnesses. This in part explains why women are more than twice as likely as men to live in poverty at age 65.

This amendment does not kill a tax cut. It will force us to make the tough decisions and to tackle the difficult job of reforming Social Security and Medicare. But, more important, it will provide greater economic security to women than any instant gratification tax cut ever would. Please do not force elderly women to pay the price for our misguided priorities.

Mr. BUNNING. Mr. President, I rise in support of the Taxpayer Refund Act and urge my colleagues to vote for it.

I actually prefer the tax bill that was considered and approved in the House of Representatives and I support the conservative substitute tax bill that was offered earlier today.

I prefer these alternatives because they cut taxes across the Board which I think is appropriate. They reduce the marriage penalty more adequately which I think is essential.

They make further reductions in the capital gains tax which I think is good for the economy. They totally phase out the death tax instead of just reducing it which I think is just a matter of fairness.

However, even though I think that the Taxpayer Refund Act could be improved—and I hope that it is improved during conference—it is vitally important that we keep the process moving and send a tax cut bill to conference.

During this debate, we've seen a great many charts and graphs outlining all the figures and projections under the Sun. It's almost like watching a Ross Perot commercial.

But when we get to the bottom line in this debate, we aren't talking about figures and projections at all. We are talking about two different philosophies of government.

We are talking about two different philosophies of who the money really belongs to.

Does the money that is generated by the income tax and the payroll tax belong to the people—or does it belong to the Federal Government. That's the argument today.

And the differences here are very clear cut and distinct.

The President and his supporters believe that the money paid into the Federal treasury belongs to the Government.

We are told that over the next 10 years we will have $1.1 trillion more than we need in general revenues to fund the Federal Government. A trillion dollars is a lot of money.

But the President and his supporters say that all that money belongs to the Government and that we should hold onto it just in case Congress or the President can find new ways to spend it.

I can guarantee that if we let the Government hold onto that money—somebody will find a way to spend it.

On the other side of the coin, Republicans say that if taxes are bringing in more money than we need to run the Government, we should give it back to the people so they can determine how to spend it.

That's what this debate is all about. Whose money is it?

The President and the Democrat leadership say that tax cuts are irresponsible and risky—that they would jeopardize Social Security, Medicare and essential government services.

But our budget and our tax bill and our Social Security lockbox proposal which the Democrats here in the Senate keep rejecting all guarantee that the Government cannot touch the Social Security surpluses over the next 10 years.

The Republican proposals all clearly protect Social Security—we lock up that money so it can't be spent—so that it reduces the public debt.

But the Democrats in this body keep voting against the lock box which would guarantee that Social Security surpluses cannot be spend. So, it is not the Republican tax bill that threatens Social Security. It is Democrat reluctance to make a binding commitment not to spend Social Security surpluses.

Yes, something needs to be done to strengthen and protect Medicae—but it is not the Republican tax bill which threatens this important program.

Medicare needs systemic reform—we all know that—and it was the President—not the Republicans or the Republican tax bill—who killed the bipartisan commission recommendations which were designed to give us a starting point for real Medicare reform.

So, no, this debate is not about Social Security—it is not about Medicare. It is about who the money belongs to.

I believe that it belongs to the working Americans who pay the freight. When the projections tell us that we are going to take in over a trillion dollars more than we need, it means that the taxpayers are paying too much and we should give it back.

It's that simple.

That's what this debate is all about.

We have an opportunity today to return some tax money to the taxpayers of this Nation. It is a matter of fairness—it is a matter of honesty—and it is a simple matter of respect.

We can protect Social Security and Medicare and we can reduce the public debt and, yes, we can cut taxes at the same time.

And we should cut taxes—because, Mr. President, I'm one of those who believe that the money belongs to the people—not the Government.

Mr. BINGAMAN. Mr. President, I'm not going to take a lot of the Senate's time, but I want to speak briefly about an amendment I have filed to this tax bill. My amendment, number 1391, promotes the use of small, efficient distributed electronic power generation systems in residential, industrial and commercial applications.

I believe distruted generating technologies are the future of our electric power industry. Already, the first microturbines and fuel cells are being installed in homes and businesses. Renewable technologies, like wind and solar, are bringing power to isolated areas that are not connected to the electrical power grid. These remote applications are very common in my state of New Mexico.

Mr. President, my amendment has two parts. The first part provides a much needed tax clarification concerning small, distributed electric power technologies, such as high-efficiency microturbines and fuel cells. The current tax law discourages the use of these technologies in commerical buildings by requiring a straight-lined depreciation over a 39-year lifetime. However, the same technology, if used in different application, has a shorter depreciation schedule. My amendment would make clear that these advanced electric power systems would have a 15-year depreciation schedule when used for power generation.

The second part of my amendment provides an 8-percent investment tax credit for systems that produce both heat energy and electrical power. The tax credit would apply only to systems that meet a strict 60-percent overall energy efficient requirement. This provision will help increase the Nation's energy efficiency by encouraging investment in these highly efficient systems.

Last month the Energy and Natural Resources Committee held a hearing on distributed power generation. The hearing made clear that technologies such as microturbines, fuel cells, and the various renewable resources can provide many practical benefits, including reduced dependence on high-tension power transmission lines, higher energy efficiency, lower costs, increased reliability, and reduced emissions. Moreover, by combining the production of heat and electric power in one package, overall efficiencies of up to 90 percent can be achieved.

Though I believe my amendment is important and would provide significant economic, reliability, and environmental benefits, I am not going to call it up for one very simple reason: This tax bill isn't going anywhere. The Senate will soon pass this bill, but the President is not going to sign it. In a few weeks, when the Senate comes back with a more sensible package of tax legislation, I hope my amendment will be incorporated in a bill that we can pass and send to the President for his signature.

The incentives for distributed generating technologies in my amendment will go a long way to realizing the best future for electric power generation and efficient use of energy. I hope we can pass them in the next tax bill.

Mr. MACK. Mr. President, I would like to talk a few minutes about one particular provision in the tax bill we are debating, the extension of the Research & Development tax credit. Last week the Finance Committee took an historic step, and reported a bill which would have made the R&D tax credit a permanent feature of our tax code. Yesterday, unfortunately, every single member of the minority voted to sunset the provisions of the tax bill, so instead of a permanent R&D tax credit, we have a ten-year extension.

Though the actions of our colleagues across the aisle prevented us from having a permanent R&D tax credit, I am pleased that the on-again, off-again nature of the credit will not undermine America's innovators for the next decade. I have long supported federal policies to increase the nation's R&D investment because of the central importance of scientific research to the health and well-being of our people, its positive contribution to our economic growth and our higher standard of living, and the improvements which add to our quality of life.

Both business and government play important and complementary roles in making sure that America continues to lead the world in research and innovation. The federal role in R&D is focused on investment in long-term basic research. I will continue to do my best to increase federal R&D spending on basic research, particularly on biomedical research which leads to huge benefits to all Americans.

Today, private industry plays the largest role in the nation's research effort, funding 65% of all R&D. Industry's role makes it clear . . . that if overall R&D is to increase, we must pursue policies which create a good business climate for firms to pursue long-term increases in their R&D budgets. We want America's leading-edge companies to hire new scientists, invest in new technologies and new research facilities—and the R&D tax credit provides that crucial incentive.

To see the benefits of R&D, look no further than America's economic performance today. We are in the eighth consecutive year of non-inflationary growth, and technology industries deserve a large share of the credit. In fact, high-tech industries have accounted for about one-third of real GDP growth in recent years.

Advancements from R&D lead to a huge number of improvements to our quality of life. The most dramatic impact of R&D on our quality of life is evident in biomedical research and health care. Here are some examples of the payoff to medical R&D:

It used to be that patients with kidney failure had to undergo frequent transfusions, which are expensive, carry substantial risks, and leave many patients anemic. Many kidney patients had to cut back on work or quit their jobs, or go on public assistance. Through extensive R&D, one of America's top biotech companies created a new drug that allows the body to create red blood cells again and enables people to restore their energy. In the past decade, this drug has helped millions to remain productive. It has reduced transfusions in the United States by nearly one-fifth, and fewer people have contracted blood-born disease.

Another example of the real-life benefits from R&D is the new class of drugs, developed in the late 1980s, which are giving millions of people who suffer from depression a new lease on life. Because of these new depression drugs, the cost of treating depression in the United States has plummeted—expensive psychiatric care and in-patient stays, which many could not afford, are now disappearing in favor of these new treatments.

There are two telecommunications companies which invested in R&D to create new technologies to bring state-of-the-art medicine to previously underserved and remote locations. These new technologies allow transfer of high-resolution photographs, radiological images, sounds, and medical records from leading medical centers to physicians and patients in remote locations.

These are just a few of hundreds of great success stories coming out of America's medical research labs—successes coming from companies responding to the R&D tax credit incentive. These examples make clear that R&D is not simply a dollars and cents issue. Federal R&D policy makes improvements to the quality of life across-the-board for all Americans.

The R&D tax credit has proven its effectiveness. Numerous studies during the past decade have found that each dollar of tax credits generates between $1 and $2 of additional R&D. Therefore, taxpayers are getting a solid return on their investment in terms of greater economic growth, a higher standard of living, and in numerous cases—a longer and healthier life span.

As chairman of the Joint Economic Committee, last month, along with Senator BENNETT, I hosted a high-tech summit which brought together business leaders from all across the high technology industries. One issue everyone seemed to agree on was that a permanent R&D tax credit would advance the development of new technologies, leading to breakthroughs which benefit the environment, increase transportation safety, treat serious illnesses and save lives. And on top of all this, a Coopers & Lybrand study found that a permanent extension to the credit would raise American incomes due to higher productivity growth and contribute substantially to our economic growth.

The R&D tax credit has proven its worth many times over. Mr. President, though I am pleased we have extended R&D for 10 years, it is my hope that the R&D tax credit will one day be a permanent fixture in our Tax Code so it can spur innovation and economic growth throughout the next millennium.

Mrs. FEINSTEIN. Mr. President, although I have a great deal of respect for the chairman of the Senate Finance Committee, close examination of the Taxpayer Refund Act of 1999 has led me to conclude that the $792 billion Republican tax bill passed out of the Finance Committee is too much too soon and could well have serious adverse effects on federal priorities and the national economy.

The Republican tax plan would devote virtually the entire projected non-Social Security surplus over the next ten years—some $932 billion out of $964 billion, according to the CBO—to tax cuts. That would leave just $32 billion for everything else—Medicare needs, defense, health care, education, combating crime, everything else that the government does. Clearly, that is not sustainable.

In fact, the Republican plan may well lead to substantial deficits unless the Congress and the President are willing to not only keep the present caps, but to tighten them even further.

By devoting 97 percent of a surplus that has not yet been generated to tax cuts and to the additional interest costs of not reducing the debt—$932 billion—the Republican plan creates a great risk that we will return to the era of deficits and rising debt.

When I first came to the Senate in 1993, the Federal budget deficit was $290 billion, and expected to continue for the foreseeable future.

Through the imposition of tough fiscal discipline—and by making tough budgetary choices—we have now managed to bring the federal budget back in balance. We should not now precipitously put these gains at risk.

If we abandon the fiscal discipline and responsibility that have allowed us to get to where we are today—our economy growing and our budget in balance—we will once again find ourselves running up annual deficits in the tens of billions of dollars.

The bottom line is that the Republican plan is too much, too soon, too fast. It:

Spends money which Congress does not yet have. This surplus has not yet materialized and will not until next year—assuming projections are correct, which they may not be. What happens if there is a military need? What happens if there are large national disasters? What happens if the economy slows down? Answer: All surplus projections are in the wastebasket.

In fact, the projected surpluses which have set off the tax-relief movement may never materialize. It will only come about if the economy continues to grow and if Congress cuts spending even more deeply.

The Republican plan does nothing to protect Medicare. No budget resources are set aside for Medicare solvency. And by giving nearly all the surplus outside of Social Security's need to tax cuts, the Republican plan does nothing to extend the solvency of Medicare trust fund, which will be bankrupt by 2015.

Nor does it provide coverage for prescription drug benefits to be added. As a matter of fact, they are made impossible.

The Republican plan endangers virtually all domestic program priorities, forcing cuts of close to 40 percent in domestic spending over the next decade. The Republican plan would commit the nation to major cuts in military readiness, education, healthcare, and crime-fighting, just to name a few areas.

In fact, under this plan, to avoid deficits, domestic spending will have to be cut an additional 23 percent by 2009. But if defense programs are to be funded at the level recommended by the Joint Chiefs—as I believe they should be—then domestic spending will have to be cut by 38 percent. Cuts of this magnitude would:

Reduce Head Start services over one-third, from the 835,000 children who would otherwise be served to 460,000.

It would slash Title I, Education for the Disadvantaged, programs, denying 4 million children in high poverty communities throughout this nation (from the 14.6 million projected) access to key educational services necessary to improve their future prospects.

It would cut the National Institutes of Health budget by $8.6 billion from the current baseline, which would endanger NIH's ability to fund new research grants. It would gut the cancer program and certainly prevent the doubling of funding for cancer research as this body has supported by a vote of 98–0 in 1997 in a Sense of the Senate.

It would cut Superfund cleanup funds by $870 million, eliminating all new federally-led clean-ups due to begin in 2009, and making it difficult, if not impossible, to meet the EPA's 900-site cleanup goal in 2002.

There are 96 Superfund sites in California on the National Priority Clean-up List, including Iron Mountain near Redding and the San Gabriel Valley site in Los Angeles county. Construction is underway at just 38 percent of these sites. The Republican tax plan may put continued work on these sites in jeopardy.

The Republican plan cuts to the Immigration and Naturalization Service could result in a reduction of over 6,000 Border Patrol Agents (from the number projected); cuts to the FBI could result in a reduction of over 6,000 FBI agents (from the number projected).

Does not eliminate publicly held debt. Today, public debt stands at $3.6 trillion. We have an opportunity to eliminate this public debt entirely by 2015—critical if we wish to keep interest rates low—if we stick with a fiscally responsible approach.

I represent the most populous state in the union. Most important issues before the Senate produce letters and e-mail in excess of 10,000 a week, and often 20,000 or 30,000. Yet, I have received remarkably few letters urging tax cuts. And those letters that I have received—109 last week—have been equally split. In fact, only one person has written to me saying that it is vital for their survival that the massive Republican tax package be passed.

I would like to read from some of the letters that I have received, to give my colleagues a sense of what the people of California are thinking about this issue.

A letter I received from a woman in Berkeley sums up much of this debate quite well, and is reflective of much of the mail I have received. And it is further testament to the fact that the American people are often more wise then many of their elected leaders. This letter reads:

> I am very concerned about proposed tax cuts and urge you to be cautious!
>
> First, we really do not know if the proposed surplus will be there in the next 15 years.
>
> Second, we have enormous debt, and, in my mind, the major portion of the surplus should be used to pay down our debt. This would be a boom to baby boomers, etc since their "invested" surplus Social Security taxes are already spent. Talk about "family value"—pay your debt first.
>
> Third, Social Security, Medicare, and child services all need financial attention.
>
> Please do not vote for a large tax cut. It is not the right thing for our national financial future.

For those of my colleagues who may be quick to dismiss a letter coming from Berkeley, I also received a note from a couple in Sonoma which read: "We are two registered Republicans who would prefer no tax cut. Pay off the national debt and lower interest rates thereby. Also secure Social Security and improve healthcare for everyone."

A man in San Diego wrote:

> I want the national debt payed down. I want Social Security and Medicare shored up. I don't want more government spending. If we can do that and get a tax cut fine. If we can't fine. I don't want to depend on your economist's estimates of overages, since we know their abilities are mediocre at best!

And from an e-mail from Aptos:

> I am opposed to the recent large tax break legislation in the House. We need instead to be paying down the debt and saving tax cuts for when they are truly needed. The more we pay off our national debt, the more of our hard earned tax dollars will actually go to programs, not debt repayment, and the more we will be able to afford true tax cuts in the future. Lets not spend our future away.

In fact, I believe that if our colleagues on the other side of the aisle were willing to put partisan posturing behind them, a responsible tax cut would be possible within the context of the budget plan proposed by the President.

I support the Administration in setting aside 62 percent of the surplus for Social Security, some $3.5 trillion over 15 years. It extends the program's solvency to 2053, and eliminates publically held debt by 2015. This means that the "baby boomer" generation's Social Security is protected.

I support extending the solvency of Medicare from 2015 to 2027 by dedicating 13.5 percent of the surplus, some $794 billion over 15 years to Medicare. This is vital if there is to be a solvent system. It is mandatory if addressing a change in benefits is contemplated.

Finally, I strongly support itemizing 2.5 percent of the surplus, or $156 billion over 15 years for education, and 6 percent of the surplus or $366 billion over ten years for various discretionary programs such as defense, veterans affairs, research, agriculture, and environmental protection.

That would leave $271 billion over the next ten years which could be utilized as a tax cut.

Indeed, that is why I worked with my colleague from Iowa, Senator GRASSLEY, to put together and introduce earlier this year a moderate bill that provides needed tax relief for working families while fitting within the budget framework set out by the President to protect Social Security and Medicare.

The Grassley-Feinstein plan would cost $271 billion over ten years. It provides a $61.4 billion cut in the marriage penalty; a 100 percent deduction for health insurance expenses and a tax credit for long-term care ($117 billion over ten years); an increase in the low-income housing credit ($6.6 billion over ten years); tax credits for child care and education, including help for stay at home parents, with the HOPE college credit, and with student loan interest payments ($32.3 billion over ten years); and it helps our economy continue to grow by making permanent the R&D tax credit ($27.4 billion over ten years).

In fact, it is much like the Democratic plan. It is a common sense, bipartisan approach.

Of all the tax cuts that have been proposed, I believe the one that would be of the most help to the American people would be marriage penalty relief.

It makes sense for social reasons: It reinforces the important institutions of family and marriage.

And it makes sense for economic reasons: It eliminates what many of us see as a vast inconsistency in our tax law, that two people could find that they pay more in taxes if they are married then if they stay single. It makes no sense.

Another approach to this tax relief question would be to simply eliminate the marriage penalty outright, starting in 2002, and allow married couples to file either individually or jointly at their option. This would cost some $234 billion for the eight years.

A tax relief plan which starts with a $234 billion cut in the marriage penalty would also allow us to include other important provisions. I would support including an immediate increase in the low-income housing tax credit, indexing that credit to inflation, which would cost $6 billion over ten years. The low-income housing tax credit is critical for financing housing for low income families. I would also support the permanent extension of the R&D tax credit,which costs some $27.4 billion over ten years, and provides an important incentive for U.S. companies to continue to develop the cutting-edge technologies of the 21st century.

So, the complete elimination of the marriage tax, the low-income housing credit, and the R&D credit would total some $269 billion over the next years, well within the $271 billion cap.

Unfortunately, the Republican plan passed by the Finance Committee is neither common sense nor bipartisan.

It is a tax plan which will endanger the federal budget, places Medicare at risk, force deep and unnecessary cuts in important domestic priorities, and may undermine the long-term health of the U.S. economy. It is unwise, and I urge my colleagues to think long and hard before plunging headlong and heedless down this path of fiscal irresponsibility.

Congress has an unprecedented opportunity to put our fiscal house in order. We can protect Social Security and Medicare, meet other domestic and international priorities, and eliminate the federal debt. And we can provide the American people with significant and much needed tax relief. This is not some pie in the sky scenario, but a realistic appraisal of what we can do if we are willing to move beyond partisan posturing and politics as usual, and do what is right for the American people.

* * *

BUSINESS AS USUAL IN THE RUSSIAN FEDERATION

Mr. CAMPBELL. Mr. President, I take this opportunity today in my capacity as Co-Chairman of the Commission on Security and Cooperation in Europe, known as the Helsinki Commission, to draw the attention of my Senate colleagues to the growing problem of official and unofficial corruption abroad and the direct impact on U.S. business.

Last week I chaired a Commission hearing that focused on the issues of bribery and corruption in the OSCE region, an area stretching from Vancouver to Vladivostok. The Commission heard that, in economic terms, rampant corruption and organized crime in this vast region has cost U.S. businesses billions of dollars in lost contracts with direct implications for our economy here at home.

Ironically, Mr. President, in some of the biggest recipients of U.S. foreign assistance—countries like Russia and Ukraine—the climate is either not conducive or outright hostile to American business. This week a delegation of Russian officials led by Prime Minister Sergei Stepashin are meeting with the Vice President and other administration officials to seek support of the transfer of billions of dollars in loans and other assistance, money which ultimately comes from the pockets of U.S. taxpayers.

I recently returned from the annual session of the OSCE Parliamentary Assembly in St. Petersburg, Russia, where I had an opportunity to sit down with U.S. business representatives to learn from their first-hand experiences and gain a deeper insight into the obstacles they face. During the 105th Congress, I introduced legislation—the International Anti-Corruption Act—to link U.S. foreign aid to how conducive recipient countries are to business investment. I intend to reintroduce that legislation shortly, taking into account testimony presented during last week's Commission hearing.

The time has come to stop doing business as usual with the Russians and others who gladly line up to receive our assistance then turn around and fleece U.S. businesses seeking to assist with the establishment of legitimate operations in these countries. An article in the Washington Post this week illustrates the type of rampant and blatant corruption faced by many in the U.S. business community, including companies based in my home state of Colorado.

Mr. President, I ask unanimous consent that the full text of this article be printed in the RECORD.

There being on objection, the material was ordered to be printed in the RECORD, as follows:

INVESTORS FEAR "SCARY GUY" IN RUSSIA TALKS

(By Steven Mufson)

Russian Prime Minister Sergei Stepashin arrived in Seattle on Sunday to court American investment in his country's ailing economy, but his entourage included a regional governor who has been accused of using strong-arm tactics to wrest assets from foreign investors.

The controversial member of Stepashin's delegation is Yevgeny Nazdratenko, governor of Primonsky province in Russia's Far East, who is embroiled in several disputes with foreign business leaders.

"Basically the governor is a pretty scary guy," said Andrew Fox, who sits on the boards of more than 20 companies in the region and is the honorary British consul in Valdivostok. Fox said that Nazdratenko summoned him on June 3 and threatened to send him "on an excursion to visit a very small room" where Fox would be kept until he agreed to give the governor control of a crucial stake in a shipping company and leave the company's existing management intact. Fox left that week and is now in Scotland.

David Gens, finance director of Seattle-based Far East Maritime Agency, said the Russian partner of one of the company's affiliates was ordered to contribute 10 percent of revenue for the rest of the year to Nazdratenko's reelection campaign.

In yet another dispute, an American investor has alleged that Nazdratenko packed the board of a company, diluted the ownership interest of foreign investors and diverted funds to coffers for his December reelection campaign.

Senior administration officials said Nazdratenko would not be included in meetings with President Clinton, Vice President Gore or other top U.S. officials today in Washington. But several business leaders said the mere presence of the Vladivostok politician, who accompanied Stepashin in Seattle for a tour of a Boeing plant and a dinner hosted by Washington Gov. Gary Locke (D), was sending a bad signal to investors.

Russia has defaulted on its debts, it has a lot of economic problems, it should be extra careful to woo foreign investors, said a Moscow-based spokesman for a group of foreign investors in a dispute with Nazdratenko over a Vladivostok-based fishing company. "To bring the poster boy of corruption along to the United States is just staggering."

Nazdratenko has repeatedly and forcefully denied allegations in the Russian media of tolerating corruption and organized crime. As the governor of an immense territory with valuable forests and rich fishing grounds north of Japan, Nazdratenko is a political powerhouse and runs his region with little supervision from authorities in faraway Moscow.

In Seattle, Stepashin told business leaders: "There are good prospects for investment in Russia, so please don't lose any time."

But Fox, who has lived in Vladivostok for seven years and represents foreigners with more than $100 million invested in the area, says he would like to ask Stepashin: "Which bits of Russia are you talking about?"

"Everyone knows it is a risky thing to invest in Russia," Fox added. "But it's so outrageous what's being done" in Vladivostok. "It's total lawlessness. Is that where Russia is heading?" Fox asked. "If so, then there is no sense in spending money there, and Russia is going to go backwards."

Acknowledging the complaints of many foreign investors, Stepashin told members of a U.S.-Russia business council in Washington last night that "all investments have to be protected not only in word, but in deed." He said, "We understand that investors have every reason to be weary," but added that "we are dead set on changing our attitude."

Many of those who have suffered from the fickle nature of Russia's economic system are in Seattle, the first stop in Stepashin's U.S. visit.

Gens estimates that one Vladivostok fishing trawler company, Zao Super, owes tens of millions of dollars to Seattle-area suppliers of nets, fuel, spare parts and maintenance services. Yet the Russian Committee of Fisheries on July 2 transferred most of Zao Super's main assets—the fishing boats—to another company whose major shareholder and chairman is a close associate of Nazdratenko.

Zao Super, which allegedly was told to divert money to Nazdratenko's campaign, has $350 million in debts being renegotiated by the Paris Club, a creditors' group comprised of the governments of leading industrialized nations.

Despite these and other economic problems, Stepashin is widely expected to receive support in Washington for Russia's quest for $4.5 billion in loans from the International Monetary Fund and up to $2 billion from the World Bank. He will meet with officials of those institutions on Wednesday. The IMF funding is important to negotiations on rescheduling Russia's crushing debts. Russia, which has $17 billion in debt payments due this year, already has defaulted on many obligations.

The IMF has been reluctant to support Russia since a combination of capital flight, poor tax collection, weak budget controls, corruption and lumbering state enterprises led to a collapse of the Russian currency, the ruble, in August 1998.

But senior U.S. and IMF officials have been equally reluctant to isolate Russia by cutting off economic assistance.

"We are going ahead with a package which I hope is credible, which I hope will be implemented fully," Alassane Quattara, deputy managing director of the IMF, told Reuters. "The first intentions and the first measures taken by the new government are quite positive. . . . The board knows the parameters, the difficulties and the risks."

Mr. CAMPBELL. Mr. President, instead of jumping on the bandwagon to pump billions of additional tax dollars into a black hole in Russia, the administration should be pressing the Russian leadership, including Prime Minister Stepashin, to root out the kinds of bribery and corruption described in this article that have an overall chilling effect on much needed foreign investment. Left unchecked, such corruption will continue to undermine Russia's fledgling democracy and the rule of law and further impede moves toward a genuine free market economy.

VA HEALTH CARE SHORTFALLS

Mr. SPECTER. I address the Chair on a subject that is critical to the veterans of the armed forces of our nation, and to the Committee on Veterans' Affairs, which I am privileged to chair: the budget for the health care system of the Department of Veterans Affairs.

Mr. President, I come to the floor of the United States Senate today to draw attention to a sure crisis in VA health care. Congress and the Administration must ask ourselves: what is the crisis, and what may be the acceptable remedy? It seems that the Department of Veterans Affairs must choose among difficult options of providing care for fewer veterans—that is, "disenroll" veterans already expecting care from a VA provider or plan; increase waiting times; cut VA staff; lower quality of care; close and consolidate numerous facilities, or Congress must increase VA's budget. For my money, Mr. President, the choice is clear and simple: we must act to increase VA's appropriation, and we must do so now.

Yesterday after years of denial, the Director of the Office of Management and Budget, Mr. Jacob Lew made an amazing discovery—that there are problems in the VA health care system due to funding shortfalls. I ask unanimous consent that the text of OMB Director Jacob Lew's letter of July 26, 1999 be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, July 26, 1999.

Hon. ARLEN SPECTER,
Chairman, Committee on Veterans' Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Later this week we plan to send a fully offset budget amendment to add $1 billion to support the Department of Veterans Affairs (VA) medical care system. Since the publication of our budget, we have become increasingly concerned about reports of increased waiting times and other operational problems in the system.

Much has changed since January. As the VA has moved from a largely inpatient system to an outpatient one, we have found that the analysis and execution of these profound shifts are more complex than initially believed. For example, in FY 1999 alone, we expect to open 70 new community-based outpatient clinics from resources previously used for inpatient services. The movement of these resources has proven more difficult this year than in the first years of the transformation of VA. As VA has improved access to care through community clinics and continuity through universal primary care provider teams, additional veterans have sought care in VA. While the net cost of these new users is not fully understood yet, they have stressed parts of the system where management and operational flexibility is minimal. For example, waiting times in primary care have increased in several geographic areas.

The nationwide enrollment of veterans for medical care services was required for the first time in 1999. It was decided in this first year to open enrollment to all veterans, including higher-income non-service disabled veterans who were traditionally treated on a space-available basis only. As of April 30, we have provided treatment to almost 2.7 million veterans, 0.4 million of whom are new users of the system.

The resources needed for this mixture of complex dynamics are greater than expected when the President's FY 2000 budget was prepared. We will be requesting $800 million in additional funds to ensure quality and reduce waiting times that have grown significantly over the last few months. To ensure proper funding for spinal cord injury and homelessness, the Department will forward to the Congress a detailed description of how it will allocate a portion of these additional funds to these two areas.

Waiting times are also aggravated by an infrastructure not conducive to rapid change. VA is saddled with an infrastructure that no longer meets geographical and treatment needs. Recently, GAO reported that VA is spending $1 million per day on unneeded, outmoded facilities. We will be requesting $100 million for construction activities that will begin to ease the immediate problem and to plan for the long-range solution. We hope to work with the Congress over the next few months to address this critical issue on a broad and sweeping basis.

The additional resources we are requesting are also necessary to meet the critical challenge of providing long-term care. The overwhelming response to the introduction in Congress of the so called "Millennium Bill" combined with the President's commitment to long-term care for all Americans has convinced us that we must increase available funds immediately to meet these needs of our veterans. As our veterans population ages, the need for long-term care is increasing. We are committed to providing a range of home- and community-based care for those high-priority veterans who do not have access to such services. While we have concerns with the mandatory approach of the Millennium Bill, we do agree with the intent of the Bill. Consequently, we will be including in our request $100 million for long-term non-institutional community-based care, targeted to VA's top priority category of veterans with disabilities of 50% or greater.

At the same time that we add resources to the system, we need to ensure that we are on target to provide care of the highest quality, and that we are not overburdening the system. We will therefore be discontinuing the enrollment of category 7 veterans until such time as we feel confident that we can accommodate these veterans in the system without adverse consequences for service-disabled and lower-income veterans. All veterans currently enrolled in the system will continue to receive care. We believe that this action is necessary to ensure that quality is maintained, that wait times are reduced, and that we adhere to congressional guidance. The House Committee on Veterans Affairs issued report language along with the VA enrollment law stating that "VA may not enroll or otherwise attempt to treat so many patients as to result either in diminishing the quality of care to an unacceptable level or unreasonably delaying the timeliness of VA's care delivery."

We are convinced that through these aggressive steps VA will be able to provide better care, and more timely care to the veterans that are in most need. We look forward to working with you, the other members of your respective committees, and the Congress as a whole to make these proposals a reality.

Sincerely,

JACOB J. LEW,
Director.

Mr. SPECTER. OMB postures—implausibly—that much has changed since January 1999, but veterans organizations in their Independent Budget have been warning Congress and the Administration for the past three years running that VA health care is in dire straits. On April 30 of this year, 50 of my colleagues joined Senator ROCKEFELLER and me in signing a letter to the Chairman and Ranking Member of the Appropriations Committee, requesting that VA health care be supplemented with $1.7 billion for Fiscal Year 2000. My discussions with VA officials lead me to believe that, while such a supplement will not eliminate VA's problems, these funds will go a long way to easing its crisis and will back-fill gaps that we have permitted to occur based solely on resource shortages. In his July 26 letter, Director Lew refers to the need for $100 million in new health-related construction; as Chairman of the authorizing committee for VA major construction, I cannot reply, not having seen a proposal for sites or specific justifications. He also admits that so-called "category 7" veterans cannot continue to be enrolled in VA care for fear that quality of care for higher priority poor and service-disabled veterans will suffer. While I concur with Director Lew's premise that we do no harm to those already enrolled in VA health care, I must reserve judgment until I see the basis for this conclusion about the middle class veteran. The Administration is proposing $1 billion is emergency funding, but I believe, as I have since last year, that this level still would be insufficient overall.

Mr. President, as to more recent developments even than OMB's late-coming realization of need, I appreciate the work of the House Appropriations Sub-Committee last evening to add $1 billion in additional spending to the VA health care appropriation for the new year. Like my counterparts in the House, I want to help the system help veterans, as we all do. I want to do so with great care, as we all do. However, as I said earlier about the Administration's $1 billion, I say that the House's $1 billion is only enough to push the problem down the road a little further. We need to solve the problem, not push it down the road. We can do that with a substantial increase of $1.7 billion in the Medical Care appropriation for Fiscal Year 2000—a supplement that would take VA health care funding to the unprecedented level of $19 billion—and let us join together to see what kind of sustained funding level VA truly needs to carry out its important and vital mission for America's veterans. I proposed then, and remind the Senate now, that $1.7 billion is needed to keep VA's head above water.

America's veterans put a human face on freedom. Veterans agreed to put their lives on the line, or certainly they were prepared to do so, to defend the very freedoms all of us enjoy. Most of them sought nothing in return. They served honorably, then returned to civilian life. However, some of these veterans whom we turned to for assistance in our time of need have now turned to the nation in their time of need. I am referring specifically to those who were disabled during their service to the nation and those who for one reason or another have been left behind in this competitive economy and cannot sustain themselves. For these people in particular we established the Department of Veterans Affairs and its many programs for veterans and their families.

We have given VA a mission, one most astutely described by President Abraham Lincoln during his second inaugural address when the President said, the Nation's mission was ". . . to care for him who shall have borne the battle and for his widow and his orphan." Lincoln's eloquent words describe VA's success for most of its existence. It is a system whose sole purpose is to recognize that veterans make a special contribution to society, and therefore deserve special status and attention by a grateful nation. It saddens me to report to the Senate that this Administration is failing our veterans. But I do not intend to sit idly by and allow veterans' needs to go unnoticed and unmet.

In Fiscal Year 1999, Congress appropriated $17.3 billion to fund the health care activities of the Department of Veterans Affairs. I know that many of my colleagues have heard while traveling throughout your respective states that this amount was barely enough to allow VA to provide decent care for veterans. Earlier this year, the President sent Congress a budget that requested precisely the same amount for next year. Mr. President, that request is completely unacceptable to me, and I know it is for all my colleagues here.

The VA, under the leadership of the most recent Under Secretary for Health, Dr. Kenneth Kizer, made remarkable changes in the way health care is provided to eligible and enrolled veterans. The VA launched a veritable revolution in its delivery system by changing the basic structure of care delivery from one that treated patients in a so-called "sickness model," a mostly reactive stance that was premised on a veteran seeking care for a specific ailment, to one of a functioning health care system that offers a basic benefits package of services to enrolled veterans, including preventive medical treatment, primary care, alternatives to institutionalization, pharmaceuticals and limited long term care programs, all premised on maintaining a veteran's health. Further, according to testimony given before the Committee on Veterans' Affairs, VA has opened hundreds of local community-based outpatient clinics, reduced the number of days patients must spend in hospitals and, according to testimony by the Secretary of Veterans Affairs, still treats any veteran who arrives at VA's doorstep. Unfortunately, both the Secretary and the President of the United States have failed to recognize that this system, like any health care system, needs sufficient funding to function properly. It is impossible to increase the quality of care provided, increase the number of places at which care can be obtained and increase the number of people who can receive care without providing any additional resources. This is impossible on its face, Mr. President—impossible.

The budget the President sent to Congress would not even permit the VA to maintain the current services it provides to veterans today. In fact, in order to maintain today's level of service, the budget admits that VA must "streamline" itself to the tune of $1.14

billion in FY 2000. But we already know that VA cannot maintain the status quo. There are so many challenges facing the system and the veterans it treats that we as a Congress, and the President as Chief Executive, must address. For example, the package of benefits available to our veterans today does not include basic emergency care services. Today, if a veteran must visit a private hospital emergency room for treatment, in most cases payment is out-of-pocket, or through a third party insurance claim, Medicare or Medicaid, that may cover this care. The only exception to this policy is for service connected conditions in limited emergency situations, for which VA will reimburse expenses. A bill recently reported out of my Committee would correct this injustice and mandate that any veteran enrolled in VA care be provided basic, covered emergency services if they are needed. The Congressional Budget Office estimates that this provision will cost $80 million in the first year and approximately $400 million over five years.

Emergency care is just the tip of the VA's health care "iceberg." For example, another very important issue is one that dramatically affects Vietnam veterans. According to a recent VA survey, nearly 18% of veterans in VA care could be afflicted with the disease hepatitis C. Hepatitis C is a serious disease that has been associated with battlefield injuries, blood transfusions and intravenous drug use. Hepatitis C causes liver damage and, as one can imagine, ultimately hepatitis C can be fatal. Fortunately, there are a number of new drug therapies available that will help control or arrest the progress of hepatitis C. However, treatment is expensive. VA estimates that they need approximately $135 million in FY 2000 to screen, test and car for veterans suffering from hepatitis C, and much more in the future. This special funding for hepatitis C would be in addition to the amount needed to maintain the *status quo* in VA health care that the President has otherwise proposed.

Frankly, Mr. President and colleagues, the most difficult challenge facing the Department into the foreseeable future is its ability to care for our aging veteran population. Many World War II and Korean War veterans are nearing the end of life. But hundreds of thousands of them need long term care services, and the numbers grow dramatically while the overall veteran population declines. VA maintains over 120 nursing homes now, and has thousands of contracts with private nursing facilities and other long term care providers. If the VA is going to do more than simply maintain these programs—which I argue may be exceedingly difficult to do, given other challenges—rather than expand them to fit the changing demographic face of VA's patient population, additional resources will be needed. There is no question about this fact, Mr. President, and no real choice but to do it, in my view.

Until yesterday, in response to all of these challenges, the Administration proposed to make one major move to address the crisis situation: cut health care off. As incredible as it may seem, VA is proposing employee "buyout" authority for the Veterans Health Administration. Based on my analysis of this request and its implications, I concluded that buyout legislation was really a sell out, offering a golden handshake to those whom really needed to stay. It is the wrong move, and I am most pleased to say so.

VA proposes to buy out—that means reduce—its current workforce by about 15,000 staff over a five-year period, by use of a voluntary separation incentive payment of up to $25,000 to each such employee who leaves by retiring. I think most of you would agree that health care is an enterprise that needs, above all else, trained staff. So, as I mentioned earlier, VA says it strives to increase quality, access and the number of patients enrolled, but would do so without additional financial resources and with a greatly reduced work force. I cannot foresee how these kinds of results are at all possible. How could it be so? A retirement bonus is a fine gesture, but how does it help veterans?

The VA buyout proposal was accompanied by a weak "strategic plan." VA cannot say with any degree of confidence how it could continue to provide care to all of the veterans the Secretary has admitted to the system with his "open door" policies, if the staff were so severely reduced. In fact, it appeared to me that what VA intended to do in its "real" strategic plan—a plan that is yet to be revealed to us—was *simply to increase waiting time* which already is at unacceptably high levels in many places across the country. As but one small example, Mr. President, let me review for you the most recent facts on VA waiting times from VA medical centers in the Commonwealth of Pennsylvania. These statistics deal only with primary care appointments, not specialty care: 34 days of waiting in Altoona; 31–60 days in Lebanon; up to 54 days in Pittsburgh; up to 64 days at the Sayre clinic; and up to 94 days of waiting in Wilkes-Barre. Looking at a medical specialty that is crucial for aging veterans, let me report to my colleagues waiting times for VA urology clinics in Pennsylvania: 85 days in Altoona; 90 days in Philadelphia; up to 95 days in Pittsburgh.

I know that the distinguished Ranking Member of my Committee, Senator ROCKEFELLER, has been very concerned about waiting times at VA hospitals in West Virginia; Senator CAMPBELL is alarmed about the situation at the Medical Center in Fort Lyon, Colorado and has said so; and Senator MURRAY has relayed her concerns about the status of VA facilities in the state of Washington. But these problems are everywhere, Mr. President. These kinds of delays in care are not acceptable for our veterans. In fact, I would argue that a waiting time of 60 days for an outpatient primary care appointment or an enrolled veteran constitutes nothing; such a patient is not really receiving care from VA.

I ask my colleagues: is this a situation that you are comfortable in defending? I am not, and I am not willing to remain silent while veterans receive nothing from a grateful nation. VA needs these funds, and this need is clear. Let the United States Senate not shrink from its duty. Let us do the right thing for America's veterans by providing an emergency supplement of $1.7 billion in funding in Fiscal Year 2000 to help VA help our veterans.

RABBI SOLOMON SCHIFF

Mr. GRAHAM. Mr. President, it is a tremendous honor to welcome a distinguished religious leader and member of the South Florida community to the United States Senate: Rabbi Solomon Schiff of the Greater Miami Jewish Federation's Community Chaplaincy Service.

This morning, my colleagues and I were privileged to have Rabbi Schiff participate in a long-standing tradition by leading the Senate in prayer. His eloquence reminds us that while our legislative efforts to make the United States a better place to live, work, and raise our families is important, it pales in contrast with our responsibilities to the Almighty. On behalf of every member of the United States Senate, I want to thank Rabbi Schiff for his words of inspiration.

It is no accident that Solomon Schiff was asked to lead us in our daily devotions. His long record of service to individuals in Florida, America, and around the world has distinguished him as not only a prominent spiritual leader but also a leader in his community.

Since his graduation from Brooklyn College, the University of Miami, and the Hebrew Theological Seminary in Illinois, Rabbi Schiff has served as Chairman of the Board of License of the Central Agency for Jewish Education, President of both the South Florida and Florida Chaplains Association, Chairman of the Metropolitan Dade Community Relations Board, Chairman of the Chaplaincy Service Advisory Council for the Florida Department of Corrections, and Secretary, Vice President, and President of the Rabbinical Association of Greater Miami.

Rabbi Schiff's current leadership positions confirm his dedication to service. In addition to his duties as Director of the Greater Miami Jewish Federation's Community Chaplaincy Service, he serves as Chairman of the National Council of Executives of Boards of Rabbis, Chairman of the Community Hospice Council in South Florida, and as a member of the Executive Committee of the National Rabbinic Cabinet of United Jewish Appeal.

Mr. President, Rabbi Solomon Schiff is a shining example of the moral and community leadership that our communities need as we enter a new century. I will conclude today by asking that a November 27, 1998, article from the Sun-Sentinel of South Florida be included with my remarks. It discusses Awakening 2000, an interfaith initiative that encourages Floridians to engage the power of prayer and spiritual healing in their daily lives and interactions with others.

Rabbi Schiff, a leader in this faith-based effort, was quoted as saying that "a total commitment by responsible people to try and bring society to a level of decency is the only way . . . that our society will survive with a positive future." Mr. President, it gives me great reassurance that Solomon Schiff's wise counsel will help guide us into that future.

Mr. President, I ask unanimous consent the article I referred to be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Sun-Sentinel—Ft. Lauderdale, November 27, 1998]

AWAKENING 2000 SEEKS STATE'S SPIRITUAL RENEWAL

(By Jackie Hallifax)

Gov. Lawton Chiles and Gov.-elect Jeb Bush may differ on politics, but the two have agreed to pray, forgive, smile and sacrifice to get ready for the next millennium.

It's all part of an interfaith initiative called Awakening 2000, a project organized by Jim Towey, a former top state official who picked Thanksgiving week to announce his campaign for a spiritual renewal in Florida.

"We feel we can build a better Florida one heart and soul at a time by focusing on our spiritual resources, our spiritual treasures," Towey said on Wednesday. "And by remembering God."

In getting ready for the future, Towey pointed to the past. When Abraham Lincoln issued his Thanksgiving proclamation 135 years ago, he said Americans had "forgotten God."

"What he said in 1863 is absolutely true today," Towey said.

Awakening 2000 will try to change that by getting Floridians to sign pledge cards reminding them to pray each day, reach out to people in need and perform several other spiritual exercises.

The project also will sponsor a "Summit of Faith" next fall and serve as an advocate for Florida's needy and neglected, especially those who are dying.

After leaving state government, Towey formed a nonprofit commission on Aging with Dignity that launched the popular "Five Wishes" living will last year. Awakening 2000 is sponsored by the same commission.

Several state leaders have agreed to participate in the project, starting with Chiles, a Democrat and Presbyterian who will be governor until Bush, a Republican and Catholic, takes over on Jan. 5.

Towey, a Democrat like Chiles and a Catholic like Bush, experienced a spiritual renewal in 1985 when he met Mother Teresa. He said he was inspired to launch an interfaith project by the late nun, a devout Catholic who respected and cared for Hindus, Muslims and Jews.

Rabbi Solomon Schiff, director of chaplaincy at the Greater Miami Jewish Federation, said he had signed onto the project because the moral fiber of American society has been devastated.

"A total commitment by responsible people to try to . . . bring it to a level of decency is the only way really that our society will survive with a positive future," Schiff said.

The list of people who have committed to take part in Awakening 2000 includes Chief Justice Major Harding, legislative leaders, Cabinet leaders, a federal judge and Christian and Jewish leaders.

Chiles and Bush plan to sign the commitment cards in early December.

But Towey said "the fundamental driving force" of the campaign is the focus on the needy.

"At Thanksgiving we remember the poor," he said. "But they need more than just a hot meal on a Thursday."

THE TAXPAYER REFUND ACT OF 1999

Mr. HATCH. Mr. President, we stand here today to celebrate good news. This country is now facing the longest peacetime expansion in its history; the economy is growing; and the federal government is predicted to be running a surplus of $2.9 trillion over the next 10 years.

The news is not all good. We are facing some pressing problems as well. The world is seeing a shift in demographics. The impending retirement of the baby boom generation affects the workplace, retirement policy, and entitlement spending. Most notably, both the Social Security system and Medicare are in financial trouble and need substantive reform. Public debt and the interest payments that go with it are continuing to grow. These issues cannot be ignored because of a strong economy and good times.

The bill before us today represents a balanced package that takes into account the problems as well as sharing in the good times. The bill will provide fiscally responsible tax relief over the next ten years while reducing the public debt $200 billion more than the President's budget and still save the $1.9 trillion Social Security surplus.

We all agree that the Social Security surplus should be reserved for the Social Security system. That is not the debate. The big debate here today is how do we best handle the non-Social Security surplus in the federal budget.

Many of my colleagues have argued that this bill is too large—that $792 billion is too much. They argue that we should save this money for Medicare and other spending. I strongly disagree. It is important that we not forget those who are responsible for the surplus—hard-working, over-paying taxpayers. After all, what is a surplus—it is excess revenues over the amount needed to fund government operations.

Taxes in this country are at their highest levels since World War II. American families have seen the percentage of their personal income that goes to pay taxes grow from 23 percent in 1990 to 26%. The average taxpayer from Utah, or any other state in America, will pay nearly $7,000 more in taxes over the next 10 years than the federal government needs, excluding the Social Security program. This is where the surplus is coming from—individual taxpayers who are turning over their hard-earned wages to pay taxes. It is only fair that we return this surplus to the rightful owners. After all, we would expect the electric or power company to rebate an overpayment, we should be able to expect the same from the federal government.

The $2.9 trillion surplus is large enough to balance our priorities. The Taxpayer Refund Act shows that we can provide meaningful tax cuts, provide for Medicare reform, and reserve the Social Security surplus.

The Taxpayer Refund Act of 1999 provides a tax refund for everyone who pays taxes by cutting the 15% tax rate and putting more middle class taxpayers into lowest income bracket. 98 million taxpayers, 80 million with annual income under $75,000 would get a tax cut.

In addition, 19 million two-earner families filing married returns will see their marriage penalty eliminated. It is sending the wrong signal to American taxpayers when a couple with two incomes in Utah faces a higher tax bill when they marry than they do as singles.

The bill also addresses the need for enhanced retirement security through enhanced employer plans and expanded IRAs. The demographics of the American workforce are changing and our pension laws must adapt to meet these new realities. By improving retirement systems to increase access, simplify the rules, increase portability and provide small business incentives, we help employers design and offer pension plans to meet the needs of today's employees.

Another important enhancement to our retirement security is making tax-preferred savings more widely available through expanded IRAs. This is particularly true for those without employer-provided pension and middle income taxpayers. In 1994, the median income of families owning an IRA was $48,600—hardly wealthy by any measure. This bill would make it easier for people to increase their savings for retirement.

This tax bill helps our families struggling to finance a quality education for themselves and their children through tax-free treatment for participants in college savings or prepaid tuition plans and recipients of employer-provided educational assistance. The bill would also expand the student loan interest deduction. This is real relief that will help make education more affordable.

There are important provisions relating to school construction in this bill. The need for more resources and innovative ideas to address the issue of school construction and rehabilitation is reaching crisis proportions. My home state of Utah is expected to build 10–15 new schools a year. In the Jordan school district alone, 6 schools are currently under construction. In addition, Utah will spend $350 million a year in new repairs. This bill would reduce the burden on small school bond issuers in complying with cumbersome arbitrage rebate rules and will allow school districts to engage in public-private partnerships. The reduction in the cost and time of school construction projects will result in more schools being built.

We have all heard about the challenge that providing adequate health care that is facing the American families. The Taxpayer Refund Act provides meaningful help for those who are struggling with the costs of insurance through tax benefits for the self-employed, employees not covered by employer plans, and consumers of long-term care insurance. There is also an additional personal exemption for caregivers.

The bill also contains provisions that would help keep the economy growth strong. There is a package of international tax relief that provides simplification and helps American companies which have operations overseas remain competitive and continue to grow.

The expiring tax credits are extended for five years and the research and experimentation tax credit is made permanent. This tax credit enhances and encourages the development of new technologies and products. This is the only way the U.S. can maintain its leadership in the high-tech world of today into the next millennium. This is very important to future economic growth. It has been said that innovation is the leading factor driving increased productivity and job creation. Innovation predominantly derives from the private sector research and development which are encouraged by the tax credit.

This bill is not perfect, however, and there are some things that I would like to change. For instance, the bill does provide some relief from the estate tax by cuts in the top estate tax rate and an exemption that rises to $1.5 million per estate. This will provide tax relief for estates of all sizes. However, I strongly believe that we should go even further and repeal this tax altogether.

The "death tax" is unfair and inefficient. For every dollar that we collect, roughly 65 cents is spent complying and collecting this tax. This is the wrong way to use up our resources. I know that many of my colleagues on the other side of the aisle have labeled this a tax on the wealthy. They are wrong. The wealthy hire lawyers and advisers to create trusts and do estate planning to minimize the amount of tax they will pay. It is the small business owners and family farmers that are hit the hardest by this tax. We must find a way to remove this crushing burden from their backs.

Another important area that is not addressed in this bill is the capital gains tax rate. This too has often been labeled as a tax cut for the rich. This is not true. Million of Americans are becoming investors. They purchase stock and mutual funds directly or they invest directly through stock options, employee stock ownership plans or 401(k)s. Roughly half of American households now have some sort of stock ownership, and the number grows every year.

A recent DRI study has shown that the 1997 capital gains tax rate cuts contributed to the strong economic growth we have experienced in the last couple of years. Cutting the capital gains tax rate from 28 percent to 20 percent reduced the cost of capital, increased business investment and contributed to the increase in stock prices. We need to continue along the same path and continue to reduce the capital gains rates.

It is easy to get lost in the debate over numbers and how we should spend the surplus. But we must remember who sent us the revenue that created the surplus. We are talking about families struggling to make ends meet, provide an education for their children, or save for their retirement. They are the family running the corner grocery store or landscaping business. They are bus drivers, day care providers, carpenters and students. They work 3 hours a day on average just to pay their taxes.

The Taxpayer Relief Act of 1999 is a balanced tax cut package that provides relief for middle class taxpayers. It gives American families a well-deserved tax break, simplifies the tax code, and provides pro-growth incentives to help keep the economy strong and growing. This $792 billion bill is the biggest tax cut since the Ronald Reagan presidency. Yet, it still represents a rebate of only one quarter of the surplus dollars that the federal government has collected. We owe the American taxpayers that much.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Wednesday, July 28, 1999, the Federal debt stood at $5,640,294,174,290.65 (Five trillion, six hundred forty billion, two hundred ninety-four million, one hundred seventy-four thousand, two hundred ninety dollars and sixty-five cents).

One year ago, July 28, 1998, the Federal debt stood at $5,541,906,000,000 (Five trillion, five hundred forty-one billion, nine hundred six million).

Five years ago, July 28, 1994, the Federal debt stood at $4,638,859,000,000 (Four trillion, six hundred thirty-eight billion, eight hundred fifty-nine million).

Ten years ago, July 28, 1989, the Federal debt stood at $2,802,619,000,000 (Two trillion, eight hundred two billion, six hundred nineteen million) which reflects a debt increase of almost $3 trillion—$2,837,675,174,290.65 (Two trillion, eight hundred thirty-seven billion, six hundred seventy-five million, one hundred seventy-four thousand, two hundred ninety dollars and sixty-five cents) during the past 10 years.

MESSAGES FROM THE HOUSE

At 12:57 p.m., a message from the House of Representatives, delivered by Mr. Hanrahan, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2465) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes.

ENROLLED BILL SIGNED

At 3:56 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 66. To preserve the cultural resources of the Route 66 corridor and to authorize the Secretary of the Interior to provide assistance.

The enrolled bill was signed subsequently by the president pro tempore (Mr. THURMOND).

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-4419. A communication from the Executive Director, Medicare Payment Advisory Commission, transmitting, pursuant to law, a report relative to Medicare payment policies; to the Committee on Finance.

EC-4420. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to law, the report of the texts and background statements of international agreements, other than treaties; to the Committee on Foreign Relations.

EC–4421. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the report of a certification of a proposed Manufacturing License Agreement with Turkey; to the Committee on Foreign Relations.

EC–4422. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the certification of a proposed license for the export of defense articles or services under a contract in the amount of $50,000,000 or more to Singapore; to the Committee on Foreign Relations.

EC–4423. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, the certification of a proposed license for the export of defense articles or services under a contract in the amount of $50,000,000 or more to Greece; to the Committee on Foreign Relations.

EC–4424. A communication from the Procurement Executive, Department of State, transmitting, pursuant to law, the report of a rule entitled "Department of State Acquisition Regulation" (RIN1400–AA71), received July 27, 1999; to the Committee on Foreign Relations.

EC–4425. A communication from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting, pursuant to law, the report of a rule entitled "VA Acquisition Regulation: Bonds and Insurance", received July 27, 1999; to the Committee on Veteran's Affairs.

EC–4426. A communication from the Assistant General Counsel for Regulations, Office of the Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development, transmitting, pursuant to law, the report of a rule entitled "Community Development Block Grant (CDBG) Program; Clarification of the Nature of Required CDBG Expenditure Documentation" (FR–4449) (RIN2506–AC10). received July 26, 1999; to the Committee on Banking, Housing, and Urban Affairs.

EC–4427. A communication from the Assistant General Counsel for Regulations, Office of the Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development, transmitting, pursuant to law, the report of a rule entitled "Technical Amendment to the Section 8 Management Assessment Program (SEMAP)" (FR–4498–I–01) (RIN2577–AC10), received July 26, 1999; to the Committee on Banking, Housing, and Urban Affairs.

EC–4428. A communication from the President and Chairman, Export-Import Bank of the United States, transmitting, pursuant to law, a report relative to a transaction involving U.S. exports to South Africa; to the Committee on Banking, Housing, and Urban Affairs.

EC–4429. A communication from the Chief Counsel, Office of Foreign Assets Control, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled. "Sudanese Sanctions Regulations; Libyan Sanctions Regulations; Iranian Transactions Regulations; Licensing of Commercial Sales of Agriculture Commodities and Products, Medicine, and Medical Equipment" (31 CFR Parts 538, 550 and 560), received July 27, 1999; to the Committee on Banking, Housing, and Urban Affairs.

EC–4430. A communication from the Director, Office of White House Liaison, Department of Commerce, transmitting, pursuant to law, a report relative to the resignation of the Assistant Secretary and Commissioner, Patent and Trademark Office, the designation of an Acting Assistant Secretary and Commissioner; and the nomination of an Assistant Secretary and Commissioner; to the Committee on the Judiciary.

EC–4431. A communication from the Director, Office of White House Liaison, Department of Commerce, transmitting, pursuant to law, a report relative to the resignation of the Assistant Commissioner for Trademarks, Patent and Trademark Office, and the designation of an Acting Assistant Commissioner; to the Committee on the Judiciary.

EC–4432. A communication from the Director, Office of White House Liaison, Department of Commerce, transmitting, pursuant to law, a report relative to the resignation of the Assistant Commissioner for Patents, Patent and Trademark Office, and the designation of an Acting Assistant Commissioner; to the Committee on the Judiciary.

EC–4433. A communication from the Senior Investment Specialist, Treasury Division, Army and Air Force Exchange Service, transmitting, pursuant to law, three reports relative to the Army and Air Force Exchange Service Retirement and 401(k) Plans for calendar year 1998; to the Committee on Governmental Affairs.

EC–4434. A communication from the Director, Employee Benefits/Payroll/HRIS, AgriBank, FCB, transmitting, pursuant to law, a report relative to the retirement plan for employees of the Seventh Farm Credit District; to the Committee on Governmental Affairs.

EC–4435. A communication from the Director, Bureau of the Census, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Amendment to Foreign Trade Statistics Regulations: Provisions for Filing Shipper's Export Data Electronically Using the Automated Export System (AES)" (RIN0607–AA19), received July 23, 1999; to the Committee on Governmental Affairs.

EC–4436. A communication from the Chairman, Federal Election Commission, transmitting, pursuant to law, the report of a rule entitled "Definition of a 'Member' of a Membership Association", received July 27, 1999; to the Committee on Rules and Administration.

EC–4437. A communication from the Chairman and Chief Executive Officer, Farm Credit Administration, transmitting, pursuant to law, the report of a rule entitled "Releasing Information" (RIN3052–AB84), received July 27, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4438. A communication from the Congressional Review Coordinator, Regulatory Analysis and Development, Policy and Program Development, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Ports Designated for Exportation of Horses; New Jersey and New York" (Docket No. 98–078–2), received July 27, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4439. A communication from the Congressional Review Coordinator, Regulatory Analysis and Development, Policy and Program Development, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Noxious Weeds; Permits and Interstate Movement "(Docket No. 98–094–1), received July 27, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4440. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Diuron; Pesticide Tolerances for Emergency Exemptions" (FRL # 6087–2), received July 27, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4441. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Imidacloprid; Pesticide Tolerances" (FRL # 6090–2), received July 27, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4442. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Propiconazole; Extension of Tolerances for Emergency Exemptions" (FRL # 6093–3), received July 27, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4443. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Propiconazole; Re-establishment of Tolerances for Emergency Exemptions" (FRL # 6094–2), received July 27, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4444. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Pyriproxyfen; Extension of Tolerance for Emergency Exemptions" (FRL # 6092–9), received July 27, 1999; to the Committee on Agriculture, Nutrition, and Forestry.

EC–4445. A communication from the Administrator, Environmental Protection Agency, transmitting, pursuant to law, a report entitled "Status of the Small Business Stationary Source Technical and Environmental Compliance Programs (SBTCPs)" for calendar year 1997; to the Committee on Environment and Public Works.

EC–4446. A communication from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting, pursuant to law, the report of a rule entitled "Licensee Qualification for Performing Safety Analyses" (NRC Generic Letter 83–11, Supplement 1), received July 27, 1999; to the Committee on Environment and Public Works.

EC–4447. A communication from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting, pursuant to law, the report of a rule entitled "NUREG 1556, V01. 11, Consolidated Guidance About Materials Licenses, Program-Specific Guidance About Licenses of Broad Scope", received July 27, 1999; to the Committee on Environment and Public Works.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–277. A resolution adopted by the New Jersey Federation of Women's Clubs, in convention, relative to harvesting of horseshoe crabs; to the Committee on Environment and Public Works.

POM-278. A resolution adopted by the New Jersey Federation of Women's Clubs, in convention, relative to the trafficking of women and girls; to the Committee on Foreign Relations.

POM-279. A resolution adopted by the Council of the City of Cincinnati, Ohio relative to the proposed "Empowerment Zone and Enterprise Communities Enhancement Act of 1999"; to the Committee on Finance.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources:

Special Report entitled "History, Jurisdiction, and a Summary of Activities of the Committee on Energy and Natural Resources during the 105th Congress" (Rept. No. 106-127).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 501. A bill to address resource management issues in Glacier Bay National Park, Alaska (Rept. No. 106-128).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 953: A bill to direct the Secretary of Agriculture to convey certain land in the State of South Dakota to the Terry Peak Ski Area (Rept. No. 106-129).

By Mr. HATCH, from the Committee on the Judiciary, without amendment and with a preamble:

S. Res. 95: A resolution designating August 16, 1999, as "National Airborne Day".

By Mr. HATCH, from the Committee on the Judiciary, with an amendment in the nature of a substitute:

S. 1255: A bill to protect consumers and promote electronic commerce by amending certain trademark infringement, dilution, and counterfeiting laws, and for other purposes.

EXECUTIVE REPORTS OF A COMMITTEE

The following executive reports of a committee were submitted:

By Mr. HATCH, for the Committee on the Judiciary:

Richard A. Paez, of California, to be United States Circuit Judge for the Ninth Circuit.

Raymond C. Fisher, of California, to be United States Circuit Judge for the Ninth Circuit.

Maryanne Trump Barry, of New Jersey, to be United States Circuit Judge for the Third Circuit.

David N. Hurd, of New York, to be United States District Judge for the Northern District of New York.

Naomi Reice Buchwald, of New York, to be United States District Judge for the Southern District of New York.

M. James Lorenz, of California, to be United States District Judge for the Southern District of California.

Victor Marrero, of New York, to be United States District Judge for the Southern District of New York.

Brian Theadore Stewart, of Utah, to be United States District Judge for the District of Utah.

Alejandro N. Mayorkas, of California, to be United States Attorney for the Central District of California.

(The above nominations were reported with the recommendation that they be confirmed.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. GRAHAM:

S. 1456. A bill for the relief of Rocco A. Trecosta of Fort Lauderdale, Florida; to the Committee on the Judiciary.

By Mr. WYDEN (for himself and Mr. CRAIG):

S. 1457. A bill to amend the Energy Policy Act of 1992 to assess opportunities to increase carbon storage on national forests derived from the public domain and to facilitate voluntary and accurate reporting of forest projects that reduce atmospheric carbon dioxide concentrations, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. REID:

S. 1458. A bill to provide for a reduction in the rate of adolescent pregnancy through the evaluation of public and private prevention programs, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. MACK (for himself, Mrs. FEINSTEIN, Mr. HELMS, and Mr. ROBB):

S. 1459. A bill to amend title XVIII of the Social Security Act to protect the right of a medicare beneficiary enrolled in a Medicare+Choice plan to receive services at a skilled nursing facility selected by that individual; to the Committee on Finance.

By Mr. ABRAHAM (for himself and Mr. LEVIN):

S. 1460. A bill to amend the Consolidated Farm and Rural Development Act to allow business and industry guaranteed loans to be made for farmer-owned projects that add value to or process agricultural products; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. HATCH (for himself, Mr. LEAHY, Mr. ABRAHAM, Mr. TORRICELLI, Mr. DEWINE, Mr. KOHL, and Mr. SCHUMER):

S. 1461. A bill to amend the Trademark Act of 1946 (15 U.S.C. 1051 et seq.) to protect consumers and promote electronic commerce by prohibiting the bad-faith registration, trafficking or use of Internet domain names that are identical to, confusingly similar to, or dilutive of distinctive trademarks or service marks; to the Committee on the Judiciary.

By Mr. JEFFORDS:

S. 1462. A bill to amend the Federal Food, Drug, and Cosmetic Act to permit importation in personal baggage and through mail order of certain covered products for personal use from Canada, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. DEWINE (for himself, Ms. SNOWE, Mr. TORRICELLI, Ms. COLLINS, Mr. DURBIN, Mrs. FEINSTEIN, Ms. MIKULSKI, Mr. SCHUMER, Mr. BINGAMAN, Mr. CHAFEE, and Mr. KENNEDY):

S. 1463. A bill to establish a program to provide assistance for programs of credit and other financial services for microenterprises in developing countries, and for other purposes; to the Committee on Foreign Relations.

By Mr. HAGEL (for himself, Mrs. LINCOLN, Mr. ROBERTS, Ms. LANDRIEU, Mr. HUTCHINSON, Mr. COCHRAN, Mr. GRAMS, Mr. ABRAHAM, Mr. SMITH of Oregon, Mr. HOLLINGS, Mr. CRAIG, Mr. GORTON, Mr. GRASSLEY, Mr. CRAPO, Mr. BURNS, Mr. FRIST, Mr. BREAUX, Mr. ASHCROFT, Mr. COVERDELL, Mr. HELMS, and Mr. LOTT):

S. 1464. A bill to amend the Federal Food, Drug, and Cosmetic Act to establish certain requirements regarding the Food Quality Protection Act of 1996, and for other purposes. ; to the Committee on Agriculture, Nutrition, and Forestry.

By Mrs. LINCOLN:

S. 1465. A bill to provide for safe schools, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. THOMPSON (for himself and Mr. ASHCROFT):

S. 1466. A bill to amend chapter 8 of title 5, United States Code, to provide for congressional review of rules establishing or increasing taxes; to the Committee on Governmental Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. WYDEN (for himself and Mr. CRAIG):

S. 1457. A bill to amend the Energy Policy Act of 1992 to assess opportunities to increase carbon storage on national forests derived from the public domain and to facilitate voluntary and accurate reporting of forest projects that reduce atmospheric carbon dioxide concentrations, and for other purposes; to the Committee on Energy and Natural Resources.

THE FOREST RESOURCES FOR THE ENVIRONMENT AND THE ECONOMY ACT

Mr. WYDEN. Mr. President, today Senator CRAIG and I are introducing a bill that will help protect the global climate system by improving local natural resource management and strengthening the economy in rural communities. The Forest Resources for the Environment and the Economy Act of 1999 will expand the nation's forested lands and provide effective tools for including forests in our national efforts to fight global warming. The bill focuses on forests because they are the lungs of our planet. Investing in healthy forests is an investment in the health of our environment today and the well-being of our planet for decades to come.

In the Pacific Northwest, forests are more than critical environmental resources—they are also a cornerstone of our economy. In debates about forest policies, there are those who have advocated an exclusively environmental pathway, and others who have stressed an exclusively economic pathway. This bill is part of what I believe is a third pathway through the woods—a path to both stronger rural economies and healthier forests. It will reduce the buildup of greenhouse gases in the atmosphere and help protect our global climate for ourselves, our children and our grandchildren. It will provide improved wildlife and fish habitats and protect our waterways. It will enhance our national forests by reducing water pollution within their watersheds. It will provide jobs in the forestry sector in areas that have been hard hit by declining timber harvests. And it will grow additional timber resources on underproductive private lands.

The legislation does all of this through an entirely voluntary, incentive-based approach. The bill makes new resources available to private landowners through state-operated revolving loan programs that provide assistance for tree planting and other forest management actions. By quantifying forests' contribution to climate protection, the bill puts the free market to work at turning the initial Federal investment into a long-term source of non-federal funding for forestry projects. And the bill takes an important first step toward reducing greenhouse gases on Federal lands by directing the Forest Service to report to Congress on options to increase carbon storage in our national forests.

I am deeply concerned about the risks that we are taking with our unprecedented experiment with the global climate system. Global climate change may jeopardize critical forest and other natural resources that are closely tied with Oregon's economy and our citizens' quality of life. Water managers in the Northwest may be faced with daunting challenges if the predicted climate changes, such as drier, hotter summers, complicate protection and management of water supplies. Over the last Century, the average temperature in Corvallis, Oregon has increased 2.5 degrees Fahrenheit, and average temperatures across Oregon could increase by 5 degrees or more over the next century, putting the elderly in Oregon especially at risk from more intense heat waves. And sea level rise resulting from global warming could eliminate the salt marshes along Tillamook and Coos Bay regions. Given these potential hazards of global warming, the challenge is to find strategies to protect our quality of life that won't cause an economic meltdown.

One of the key strategies for meeting this challenge is something this planet has been doing for more than 300 million years—growing abundant and healthy forests. Forests are a critical part of our global climate system. The total amount of greenhouse gases in our atmosphere depends in part on the efficiency of forests and other natural "sinks" that absorb carbon dioxide—the most significant greenhouse gas—from the atmosphere. In fact, the world's forests contain 200 times as much carbon as is emitted to the atmosphere each year from burning fossil fuels. The implications are as simple as they are scientifically sound—if we grow more trees, bigger trees, and healthier trees, we will remove more greenhouse gases from the atmosphere and help protect the global climate. According to the Pacific Forest Trust, our forest lands in the United States are only storing one-quarter of the carbon they can ultimately store. Just tapping a portion of this potential by expanding and increasing the productivity of the nation's 737 million acres of forests is an important part of a win-win strategy to slow global warming.

And here's the good news—an ounce of investment in our forests is worth not only a pound of global warming cure, but also two pounds of jobs and three pounds of protection for our waterways and wildlife. The bill that I am introducing today will not only protect our global environment, but also will provide immediate dividends in terms of watershed and habitat protection. It will provide jobs today for tree planting and forest management, and jobs tomorrow in carbon accounting and monitoring to ensure that greenhouse gas reductions are real and verifiable.

I recognize that global warming is a large problem that cannot be solved by forestry actions alone. We need a portfolio of approaches, and I continue to strongly support research, development and deployment of energy efficient and renewable technologies that reduce greenhouse gas emissions. But increasing our nation's forest lands is a key part of the solution and something we can do immediately. Forests may not be a silver bullet that will solve the entire global warming problem, but they are a silver lining to the problem that can provide jobs around the country while taking a big step to reverse the buildup of greenhouse gas in the atmosphere.

It is sometimes hard to believe that seven years ago Senators from both parties proclaimed their universal support for taking action to protect the climate system and reducing the build-up of greenhouse gases in the atmosphere. When the 1992 United Nations Framework Convention on Climate Change was ratified by the Senate, Senators from both parties came to the floor to applaud this commitment to begin reducing greenhouse gas emissions. We cannot afford to let the current debates about international treaties paralyze this Congress into inaction when there are opportunities here at home to protect our environment in ways that also provide jobs and economic growth.

Forests are one of those opportunities. This bill will take the money that polluters pay when they are caught violating the Clean Air Act and Clean Water Act and use it to expand our forests, protect streams and rivers and help remove greenhouse gases from the air. In fiscal year 1998, $45 million of these environmental penalties were assessed against polluters. There are currently no guarantees that these penalties, which revert to the General Fund, are used to improve our environment. This bill would make this money available as loans to small and medium landowners to cover the upfront costs of tree planting and other projects that grow healthy, productive forests and provide better wildlife habitats.

This bill is supported by the National Association of State Foresters and the Society of American Foresters. It responds to recent recommendations of the National Academy of Sciences by providing assistance to overcome the capital constraints that prevent non-industrial, private forest land owners from growing healthy forests. Almost 10 million landowners in the United States own 42 percent of non-industrial, private forest land in parcels of less than 100 acres. Access to these low-interest loans can empower these landowners to improve their lands while providing global environmental protection.

Under the bill, State Foresters will be able to give loans for forest projects that remove greenhouse gases from the atmosphere while improving habitats and protecting waterways. For example, loans will be available for planting trees as buffer zones along salmon streams and rivers in areas that are currently being used by livestock or for crop production. Loans will be available to turn thin and poorly stocked forest lands into healthier and more productive lands that remove greater amounts of greenhouse gases from the atmosphere and provide additional timber resources on private lands. And loans will be available to grow trees for use in bioenergy facilities that can provide energy without increasing the greenhouse gases in our atmosphere.

These loans must be repaid with interest—money that will be reinvested in additional loans to double and triple the impact of every federal dollar over time. Loans may not be provided for reforestation activities already required under any state or local laws. And the bill ensures that people aren't paid to cut their existing trees in order to receive funding for replanting afterwards.

A critical element of the bill is that it harnesses the power of the free market to allow responsible businesses to invest in the nation's forests. Across the nation, companies are voluntarily seeking ways to reduce greenhouse gases. Some companies are going as far as sending money oversees to protect forests in other countries. Forests in Brazil are important, but forests in Bend, Oregon, can do just as good a job at fighting off global warming. In fact, our Northwest forests are some of the best carbon "sinks" in the world. This bill provides a way for companies to invest in American forests and know with accuracy the amount of greenhouse gases that are removed from the atmosphere due to their investments. Once businesses recognize that the nation's forests are an opportunity for environmental investment, their entrepreneurial ingenuity will generate new opportunities for consumers and other businesses to tap into this win-win opportunity.

We know that this approach works because of the leadership of my home State of Oregon. The loan program is modeled after the innovative Forest Resource Trust, which was established in Oregon in 1993, and is just one of the many ways Oregon continues to lead the nation in state actions to reduce greenhouse gas emissions. I am pleased to say that PacifiCorp announced last month that it is contributing $1.5 million to the Forest Resource Trust to support tree planting and reduce greenhouse gases in the atmosphere. This leadership by PacifiCorp will create forestry jobs in Oregon, protect salmon and fish habitat, create new wildlife habitats, and remove greenhouse gases from the atmosphere. I am introducing this bill to make sure that we take advantage of these opportunities across the country and encourage more businesses to invest in the nation's forests.

In addition to establishing the state revolving loan programs, the bill makes important changes to the Energy Policy Act of 1992 to strengthen the voluntary accounting and verification of greenhouse gas reductions from forestry activities. The bill directs the Secretary of Agriculture to develop new guidelines on accurate and cost-effective methods to account for and report real and credible greenhouse gas reductions. These guidelines will be developed with the input of a new advisory board representing industry, foresters, states, and environmental groups.

This bill is about taking advantage of a clear win-win opportunity. It's a win for the global environment. It's a win for sustainable forestry. It's a win for local water protection. And it's a win for rural communities.

For these reasons, the bill is already supported by timber companies and environmental organizations alike. I have already received supportive letters from: American Forest and Paper Association, American Forests, Environmental Defense Fund, Governor John A. Kitzhaber of Oregon, National Association of State Foresters, PacifiCorp, Society of American Foresters, The Nature Conservancy, and The Pacific Forest Trust.

I look forward to working with my colleagues to make sure that we pursue this common-sense good step toward protecting the environment and supporting our forest workers.

I ask unanimous consent that the Section-by-Section Analysis of the Forest Resources for the Environment and the Economy Act be printed in the Record.

There being no objection, the item was ordered to be printed in the Record as follows:

The Forest Resources For The Environment And The Economy Act—Section-by-Section Analysis

SUMMARY

The purpose of the bill is to promote sustainable forestry in the United States by increasing forest carbon sequestration, improving forest health, enhancing wildlife and fish habitats, improving water quality, providing employment and income to rural communities, providing new sources of forest products and increasing use of renewable biomass energy that improves the energy security of the United States. The bill achieves these purposes through four major actions:

(1) State Revolving Loan Programs. The bill provides assistance to nonindustrial private forest landowners and Indian tribes to grow new forests and increase the productivity of existing forests in order to increase carbon sequestration, protect watersheds and fish habitats and improve wildlife diversity. Assistance to landowners will be provided through State-based loan programs. The Federal share of funding for these State loan programs will come from penalties that are being assessed against violators of the Clean Air Act and the Clean Water Act (civil penalties assessed in FY 1998 totaled $45 million).

(2) Guidelines for Accurate Carbon Accounting for Forests. The bill directs the Secretary of Agriculture to establish scientifically-based guidelines for accurate reporting, monitoring and verification of carbon storage from forest management actions. The bill establishes a multi-stakeholder Carbon and Forestry Advisory Council to assist USDA in developing the guidelines.

(3) Report on Options to Increase Carbon Storage on Federal Lands. The bill directs the Secretary of Agriculture to report to Congress on forestry options to increase carbon storage in National Forests.

(4) National Forest Watershed Restoration Cooperative Agreements. The bill allows the Secretary of Agriculture to enter into cooperative agreements with willing State and local governments, Indian tribes, private and nonprofit entities, and landowners for protection, restoration and enhancement of fish and wildlife habitat and other resources on public land, Indian land or private land in a national forest watershed.

SECTION 1. SHORT TITLE

The title of the bill is the "Forest Resources for the Environment and the Economy Act".

SECTION 2. FINDINGS AND PURPOSES

This section states the purpose of the bill, which is to promote sustainable forestry in the United States by increasing forest carbon sequestration, improving forest health, enhancing wildlife and fish habitats, improving water quality, providing employment and income to rural communities, providing new sources of forest products and increasing use of renewable biomass energy that improves the energy security of the United States.

This section also states the findings of the bill, including:

The Federal Government should increase the forest carbon storage on public land while pursuing existing statutory objectives, but insufficient information exists on the opportunities to increase carbon storage on public land through improvements in forest land management;

Important environmental benefits to national forests can be achieved through cooperative forest projects that enhance fish and wildlife habitats, water and other resources on public or private land located in national forest watersheds;

Forest projects also provide economic benefits, including employment and income that contribute to the sustainability of rural communities and future supplies of forest products;

Monitoring and verification of forest carbon storage provides an important opportunity to create employment in rural communities and substantiate improvements in natural habitats or watersheds due to forestry activities; and

Sustainable production of biomass energy feedstocks provides a renewable source of energy that can reduce carbon dioxide emissions and improve the energy security of the United States by diversifying energy fuels.

SECTION 3. DEFINITIONS

This section defines terms used in the bill, including the following:

"Forestry carbon activity" is defined as a forest management action that increases long-term carbon storage and has a positive impact on watersheds, fish habitats and wildlife diversity.

"Forest carbon reservoir" is defined as trees, roots, soils or other biomass associated with forest ecosystems or products from the biomass that store carbon.

"Forest carbon storage" is defined as the quantity of carbon sequestered from the atmosphere and stored in forest carbon reservoirs, including forest products.

"Forest land" is defined as land that is, or has been, at least 10 percent stocked by forest trees of any size, including land that had such forest cover and that will be naturally or artificially regenerated, and including a transition zone between a forested and nonforested area that is capable of sustaining forest cover.

"Forest management action" is defined as the practical application of forestry principles to the regeneration, management, utilization and conservation of forests to meet specific goals and objectives, while maintaining the productivity of the forests. "Forest management action" includes management of forests for aesthetics, fish, recreation, urban values, water, wilderness, wildlife, wood products and other forest values.

"National forest watershed" is defined as a watershed that contains national forest land, that consequently has unique interest to Federal land managers, and in which all landowners, including the Federal Government, share interest and influence in the management and health of the watershed.

"Reforestation" is defined as the reestablishment of forest cover naturally or artificially, including planned replanting, reseeding and managed natural regeneration.

SECTION 4. CARBON MANAGEMENT ON FEDERAL LAND; CARBON MONITORING AND VERIFICATION GUIDELINES.

This section directs the Secretary of Agriculture to report to Congress on carbon management on Federal land, and directs the Secretary of Agriculture to develop guidelines for the voluntary reporting, monitoring and verification of carbon storage resulting from forest management actions. This section is accomplished through amendment of Title XVI ("Global Climate Change") of the Energy Policy Act of 1992.

(a) Definitions. This subsection amends the Energy Policy Act to add the definitions for "forest carbon storage," "carbon storage program," "forest carbon reservoir," "forest management action" and "sequestration" that were specified in Section 3.

(b) Carbon Management on Federal Land. This subsection directs the Secretary of Agriculture to report to Congress within one year on the quantity of carbon contained in the forest carbon reservoir on Western national forests (i.e., "national forests derived from the public domain"). The report will include an assessment of forest management actions that can increase carbon storage on these national forest lands while providing positive impacts on watersheds and fish and wildlife habitats. Finally, the report will include an assessment of the role of forests in the carbon cycle and the contributions of forestry to the global carbon budget. This subsection is accomplished by amendment to section 1604 of the Energy Policy Act ("Assessment of Alternative Policy Mechanisms for Addressing Greenhouse Gas Emissions").

(c) Monitoring and Verification of Carbon Storage. This subsection amends section 1605(b) of the Energy Policy Act ("Voluntary Reporting") by directing the Secretary of Agriculture to review the existing Federal guidelines on reporting, monitoring, and verification of carbon storage from forest management actions. Within 18 months of enactment and following an opportunity for public comment on the existing guidelines, the Secretary of Agriculture will make recommendations to the Secretary of Energy for amendment of the guidelines.

Carbon and Forestry Advisory Council: This subsection also directs the Secretary of Agriculture to establish an 18-member, multi-stakeholder Carbon and Forestry Advisory Council for the purpose of advising the Department of Agriculture on: the development of the guidelines for accurate voluntary reporting of greenhouse gas sequestration from forest management actions; evaluating the potential implementation of the guidelines; estimating the effect of proposed implementation on atmospheric carbon mitigation; reviewing and updating the guidelines; reporting to Congress on the results of the carbon storage program established in Section 5 of this bill; and assessing the vulnerability of forests to climate change. The Advisory Council includes experts on carbon sequestration representing Federal agencies, the forestry industries, forestry workers and professionals, States, environmental organizations and landowners, as well as independent scientists. Terms of the Advisory Council are staggered to ensure continuity from year to year.

Criteria: The guidelines developed by the Secretary of Agriculture must be based on: (1) measuring increases in carbon storage in excess of that which would have occurred in the absence of the forest management actions; and (2) comprehensive carbon accounting that reflects net increases in the carbon reservoir and takes into account any carbon emissions resulting from disturbance of carbon reservoirs existing at the start of forest management actions. The guidelines must include options for estimating possible leakage of carbon emissions to other lands, and for quantifying the expected carbon storage over various time periods, taking into account the likely duration of carbon stored in the carbon reservoir.

Recommended practices: The guidelines must also include recommended practices for monitoring, measurement and verification of carbon storage from forest management actions that, to the maximum extent practicable: are based on statistically sound sampling strategies, are cost-effective and allow pooled assessments across lands with multiple owners.

Guidance to States: The guidelines will include guidance to States for reporting, monitoring and verifying carbon storage achieved under the carbon storage program established in Section 5 of the bill.

Biomass energy projects: The guidelines will include guidance on calculating net greenhouse gas reductions from biomass energy projects, including net changes in carbon storage resulting from changes in land use, and the effect that using biomass to generate electricity (including cofiring of biomass with fossil fuels) has on the displacement of greenhouse gas emissions from fossil fuels.

Adoption of recommendations by DOE: The subsection directs the Secretary of Energy, acting through the Administrator of the Energy Information Administration, to revise the existing voluntary reporting guidelines to include the recommendations provided by the Secretary of Agriculture.

Periodic review of guidelines: At least every 24 months, the Secretary of Agriculture must convene the Advisory Council, review the guidelines and revise the guidelines as necessary, including to ensure consistency with any future Federal laws that provide recognition, credit or reward for reductions of atmospheric greenhouse gas concentrations resulting from forest management actions.

Monitoring of State revolving loan programs: States participating in the revolving loan program established in Section 5 of the bill must report annually to the Secretary of Agriculture on the results of the program. If a company or non-governmental organization provides funding to the State for specific projects, then the State shall report the carbon achieved by those projects. The Secretary of Agriculture shall review each of these reports, certify reports that are in compliance with the guidelines established by USDA and submit the certified report to the EIA Administrator for inclusion in the 1605(b) voluntary reporting data base.

SECTION 5. CARBON STORAGE AND WATERSHED RESTORATION PROGRAM

This section directs the Secretary of Agriculture to establish a program to provide assistance through State revolving loan funds to Indian tribes and owners of nonindustrial private forest land to undertake forestry carbon activities. This section also allows the Secretary of Agriculture to enter into cooperative agreements to protect and enhance fish and wildlife habitat and other resources.

(a) National Forest Watershed Restoration Cooperative Agreements. This subsection allows the Secretary of Agriculture to enter into cooperative agreements with willing State and local governments, Indian tribes, private and nonprofit entities and landowners for protection, restoration and enhancement of fish and wildlife habitat and other resources on public land, Indian land or private land in a national forest watershed. Projects under such a cooperative agreement are eligible for loans discussed in the next subsection. This subsection extends appropriations authorities that were first provided under Section 334 of the Interior and Related Appropriation Act for FY 1998 ("the WYDEN Amendment").

(b) State Revolving Loan Funds. This subsection establishes a program to provide assistance through State revolving loan funds to Indian tribes and owners of not more than 5,000 acres of nonindustrial private forest land. The assistance is in the form of loans to support forestry carbon activities that increase long-term carbon storage or provide new sources of biomass feedstocks for renewable energy generation, and that have a positive impact on watersheds, fish habitats and wildlife diversity. The program will be administered by the Secretary of Agriculture.

Guidance: USDA, in collaboration with States, will provide guidance on eligible forestry carbon activities based on the criteria of the bill, recognizing that States should have maximum flexibility to achieve the purposes of the bill in ways most appropriate for each State.

Prohibitions: Loans will not be issued for activities required under other applicable Federal, State or local laws, nor for costs incurred before entering into a loan agreement with the State.

Limitation on land considered for funding: States shall not enter into new loan agreements under the bill to fund reforestation of land that has been harvested after enactment if the landowner receives revenues from the harvest sufficient to reforest the land.

Native species: Funding of reforestation activities shall be provided only for a species that is native to a region, with preference given to species that formerly occupied the land.

Sustainable forest management plan: States must give priority to projects on land under a sustainable forestry management program or forest stewardship plan, if the projects are consistent with the program or plan.

Loan amount: Loans can cover up to 100 percent of total project costs, not to exceed $100,000 during any 2-year period.

Repayment: Loans must be repaid to the State with interest at a rate of at least 5 percent per annum. Loans are to be repaid when the land is harvested, or in accordance with any other repayment schedule determined by the State (for example, a portion of proceeds from each timber sale to be paid over more than one rotation).

Risk: Landowners do not have to repay loans for timber that is lost to natural catastrophes or that cannot be harvested because of government-imposed restrictions on timber harvesting.

Lien: The loan terms will include a lien on all timber, forest products and biomass grown on land covered by the loan, with an assurance that the terms of the lien shall transfer with the land on sale, lease or transfer of the land.

Buyout option: The loan terms will specify financial terms allowing the owner to pay off the loan with interest prior to harvesting the timber specified in the loan.

Greenhouse gas reductions: A loan agreement must include recognition that, until the loan is paid off or otherwise terminated, all reductions in atmospheric greenhouse gases achieved by projects funded by the loan are attributable to the State that provides funding for the loan, or to any company or NGO that provides funding for the loan via the State program.

Permanent conservation easements: Loan recipients can cancel the loan by donating to the State or another appropriate entity a permanent conservation easement that permanently protects the land and resources at a level above what is required under applicable Federal, State and local law and furthers the purposes of the bill, including managing the land in a manner that maximizes the forest carbon reservoir of the land.

Reinvestment of funds: All repayments collected by a State must be reinvested in the program and used by the State to make additional loans.

Records: The State Forester shall maintain all loan records and make them available to the public.

Matching funds: A State must match Federal funding by at least 25% beginning in the second year of participating in the program.

Funding Distribution: Not later than 180 days after enactment, the Secretary will report to Congress on a formula under which Federal funds will be distributed among eligible States. The formula will be based on maximizing the potential for meeting the objectives of the bill, and give appropriate consideration to:

The acreage of unstocked or underproducing private forest land in each State within national forest watersheds; the potential productivity of such land; the potential long-term carbon storage of such land; the potential to achieve other environmental benefits, such as restoration of native forest communities in riparian areas; the number of owners eligible for loans in each State; and the need for reforestation, timber stand improvement, or other forestry investments consistent with the objectives of the bill.

The formula will give priority to States that have experienced or are expected to experience significant declines in employment levels in the forestry industries due to declining timber harvests on Federal land.

Private funding: A revolving loan fund may accept and distribute as loans any funds provided by nongovernmental organizations, businesses or persons in support of the purposes of this Act.

Bonneville Power Administration (BPA): States served by BPA (Washington, Oregon, Idaho and Montana) may apply for funding from BPA for purposes of funding loans that meet both the objectives of this Act and the fish and wildlife objectives of BPA under current law. Any such application will be subject to the same rules and procedures as any other application.

Authorization of Appropriations: For the state revolving loan program, this subsection authorizes funding from FY 2001 to FY 2010 at amounts equal to civil penalties collected under the Clean Water Act and the Clean Air Act, which currently revert to the Treasury as General Revenues. In fiscal year 1998, $45 million in penalties were assessed. Because penalty assessments can not be accurately predicted in advance, authorization in any given year would be based on the penalties assessed two years preceding.

By Mr. REID:

S. 1458. A bill to provide for a reduction in the rate of adolescent pregnancy through the evaluation of public and private prevention programs, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

TEEN PREGNANCY REDUCTION BILL

Mr. REID. Mr. President, despite the recent declines in teen birth rates in general, the overall teen birth rate for 1996 is still higher than it was in the early to mid-1980s, when the rate was at its lowest point. In fact, United States has the highest rates of teen pregnancy and births in the western industrialized world. More than 4 out of 10 young women in the U.S. become pregnant at least once before they reach the age of 20—nearly one million a year.

Unfortunately, my home state of Nevada has the highest teen pregnancy rate in the country—140 pregnancies per 1,000 girls aged 15–19 in 1996.

Teen pregnancy affects us all. Teen mothers are less likely to complete high school, and more likely to end up on welfare (nearly 80 percent of unmarried teen mothers end up on welfare). Teen pregnancy costs the United States at least $7 billion annually. The children of teenage mothers have lower birth weights, are more likely to perform poorly in school, and are at greater risk of abuse and neglect. The sons of teen mothers are 13 percent more likely to end up in prison while teen daughters are 22 percent more likely to become teen mothers themselves.

Teen pregnancy has become a significant problem in America's fastest growing ethnic group—the Hispanic community. Latinos currently constitute approximately 11 percent of the total U.S. population. By 2010, Latinos will be the largest minority group, and by 2050 approximately one-quarter of the U.S. population will be Latino.

Latinas have the highest teen birth rate among the major racial/ethnic groups in the United States. In 1997, the birth rate for Latina 15- to 19-year-olds was 97.4 per 1,000, nearly double the national rate of 52.3 per 1,000. Approximately one-quarter of the births in 1997 to teens aged 15 to 19 were to Latinas. Further, the teen birth and pregnancy rates for Latinas have not decreased as much in recent years as have the overall U.S. teen birth and pregnancy rates.

To combat the plague of teen pregnancy in this country, I am introducing the "Teenage Pregnancy Reduction Act of 1999." In so doing, I join Congresswoman LOWEY, who has introduced the House companion bill.

The Teenage Pregnancy Reduction Act of 1999 will provide in-depth evaluation of promising teenage pregnancy prevention programs. Experts on teen pregnancy have informed us that such an evaluation is very needed. This three year evaluation will be funded at $3.5 million per year. The bill requires that a report of the evaluation's results be made to Congress, and the results be disseminated to the administrators of prevention programs, medical associations, public health services, school administrators and others. In addition, the bill provides for the establishment of a National Clearinghouse on Teenage Pregnancy Prevention Programs. Lastly, the bill provides $10 million for a one-time incentive grant to programs that complete the evaluation and are found to be effective.

Social problems like teen pregnancy are not happening in a vacuum, independent from other social problems. Nevada has the highest teen pregnancy rate, and it also has the highest high school dropout rate. Obviously, these two issues are related. Only one-third of teen mothers receive a high school diploma.

Senator BINGAMAN and I have offered a dropout bill similar to the teen pregnancy bill I introduce today. Both bills look to what states and communities are doing now and focus on those programs that are working. We can then help states and communities replicate these successful programs. But we are not going to totally solve problems like teen pregnancy through programs and legislation—we need to talk to our children. Studies show that teenagers who have strong emotional attachments to their parents are much less likely to become sexually active at an early age. We cannot legislate parents talking to their children, but we can provide the information and programs that will help parents work with their teens.

I would like to acknowledge the National Campaign to Prevent Teen Pregnancy, whose mission is to reduce the teen pregnancy rate by one-third between 1996 and 2005. I think that we can accomplish this goal, and I will do all that I can to help.

By Mr. MACK (for himself, Mrs. FEINSTEIN, Mr. HELMS, and Mr. ROBB):

S. 1459. A bill to amend title XVIII of the Social Security Act to protect the right of a Medicare beneficiary enrolled in a Medicare+Choice plan to receive services at a skilled nursing facility selected by that individual; to the Committee on Finance.

MEDICARE RETURN TO HOME ACT OF 1999

Mr. MACK. Mr. President, today I am pleased to join my colleagues, Mrs. FEINSTEIN, Mr. HELMS and Mr. ROBB, in sponsoring the Medicare Return to Home Act of 1999.

This legislation will ensure that senior citizens enrolled in Medicare+Choice health plans who normally reside in continuing care retirement communities or nursing homes have the opportunity to return to the same facility after a period of hospitalization. Many of the retirement communities contain fully licensed facilities established to provide skilled nursing services to their residents when required them. Often, people choose a continuing care retirement community because of the different levels of care that will be available to them as they age in that community. These living arrangements allow couples and individuals to maintain their independence by having the ability to move in and out of various levels of care according to their needs over time. People who are fully independent when they move into a residential community often require assisted living, skilled nursing care or some other assistance over the course of their lifetime in residence.

An increasing number of seniors have chosen Medicare+Choice plans as the way that they wish to receive health care services under Medicare. These plans reduce the potential for substantial out-of-pocket costs for the very sick which might be the experience with the traditional original Medicare plan.

One unfortunate consequence of the Medicare+Choice option involves the inability of seniors to return to their chosen community or nursing home where they resided following a period of hospitalization. Some Medicare+Choice plans will only permit patients to be discharged from the hospital to a facility with which the Medicare+Choice plan has a contract. Then, patients cannot return to the residential community that they selected, which may have been chosen because it included a skilled nursing facility. Nor can they return to the nursing home in which they had previously resided. This can be traumatic for frail elderly patients and may contribute to their disorientation and impede their recovery. It places them in an unfamiliar setting away from home, possibly separating them from a spouse and friends. Staff at their chosen retirement community or nursing home may also be familiar with their individual needs and habits which could only assist in their return to wellness. It makes little sense for them to be sent elsewhere upon discharge from a hospital.

Passage of this legislation ensures the ability of Medicare+Choice beneficiaries to return to the residential home facility of their choice or nursing home in which they previously resided following hospitalization under the following conditions:

1. The enrollee chooses to return to the residential community facility where they had been living.

2. The facility is licensed and qualified under state and federal law to provide the required services.

3. The residential community or nursing home agrees to accept the managed care plan's payment which must be similar to the payment made to contracted facilities.

This legislation provides for continuity in the lives of the elderly following a period of hospitalization. It does not increase costs to Medicare+Choice plans or to beneficiaries.

It allows people to return to their loved ones in the facility where they have chosen to live.

Mr. President, I ask unanimous consent that a copy of the legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1459

SECTION 1. SHORT TITLE.

This Act may be cited as the "Medicare Return To Home Act of 1999".

SEC. 2. ENSURING CHOICE FOR SKILLED NURSING FACILITY SERVICES UNDER THE MEDICARE+CHOICE PROGRAM.

(a) IN GENERAL.—Section 1852 of the Social Security Act (42 U.S.C. 1395w–22) is amended by adding at the end the following:

"(l) ENSURING CHOICE OF SKILLED NURSING FACILITY SERVICES.—

"(1) COVERAGE OF SERVICES PROVIDED AT A SNF LOCATED IN ENROLLEE'S CONTINUING CARE RETIREMENT COMMUNITY OR AT A SNF IN WHICH ENROLLEE PREVIOUSLY RESIDED.—Subject to paragraph (2), a Medicare+Choice organization may not deny coverage for any service provided to an enrollee of a Medicare+Choice plan (offered by such organization) by—

"(A) a skilled nursing facility located within the continuing care retirement community in which the enrollee resided prior to being admitted to a hospital; or

"(B) a skilled nursing facility in which the enrollee resided immediately prior to being admitted to a hospital.

The requirement described in the preceding sentence shall apply whether or not the Medicare+Choice organization has a contract with such skilled nursing facility to provide such services.

"(2) REQUIRED FACTORS.—Paragraph (1) shall not apply unless the following factors exist:

"(A) The Medicare+Choice organization would be required to provide reimbursement for the service under the Medicare+Choice plan in which the individual is enrolled if the skilled nursing facility was under contract with the Medicare+Choice organization.

"(B) The individual—

"(i) had a contractual or other right to return, after hospitalization, to the continuing care retirement community described in paragraph (1)(A) or the skilled nursing facility described in paragraph (1)(B); and

"(ii) elects to receive services from the skilled nursing facility after the hospitalization, whether or not, in the case of a skilled nursing facility described in paragraph (1)(A), the individual resided in such facility before entering the hospital.

"(C) The skilled nursing facility has the capacity to provide the services the individual requires.

"(D) The skilled nursing facility agrees to accept substantially similar payment under the same terms and conditions that apply to similarly situated skilled nursing facilities that are under contract with the Medicare+Choice organization.

"(3) COVERAGE OF SNF SERVICES TO PREVENT HOSPITALIZATION.—A Medicare+Choice organization may not deny payment for services provided to an enrollee of a Medicare+Choice plan (offered by such organization) by a skilled nursing facility in which the enrollee resides, without a preceding hospital stay, regardless of whether the Medicare+Choice organization has a contract with such facility to provide such services, if—

"(A) the Medicare+Choice organization has determined that the service is necessary to prevent the hospitalization of the enrollee; and

"(B) the factors specified in subparagraphs (A), (C), and (D) of paragraph (2) exist.

"(4) COVERAGE OF SERVICES PROVIDED IN SNF WHERE SPOUSE RESIDES.—A Medicare+Choice organization may not deny payment for services provided to an enrollee of a Medicare+Choice plan (offered by such organization) by a skilled nursing facility in which the enrollee resides, regardless of whether the Medicare+Choice organization has a contract with such facility to provide such services, if the spouse of the enrollee is a resident of such facility and the factors specified in subparagraphs (A), (C), and (D) of paragraph (2) exist.

"(5) SKILLED NURSING FACILITY MUST MEET MEDICARE PARTICIPATION REQUIREMENTS.—This subsection shall not apply unless the skilled nursing facility involved meets all applicable participation requirements under this title.

"(6) PROHIBITIONS.—A Medicare+Choice organization offering a Medicare+Choice plan may not—

"(A) deny to an individual eligibility, or continued eligibility, to enroll or to renew coverage under such plan, solely for the purpose of avoiding the requirements of this subsection;

"(B) provide monetary payments or rebates to enrollees to encourage such enrollees to accept less than the minimum protections available under this subsection;

"(C) penalize or otherwise reduce or limit the reimbursement of a health care provider or organization because such provider or organization provided services to the individual in accordance with this subsection; or

"(D) provide incentives (monetary or otherwise) to a health care provider or organization to induce such provider or organization to provide care to a participant or beneficiary in a manner inconsistent with this subsection.

"(7) COST-SHARING.—Nothing in this subsection shall be construed as preventing a Medicare+Choice organization' offering a Medicare+Choice plan from imposing deductibles, coinsurance, or other cost-sharing for services covered under this subsection if such deductibles, coinsurance, or other cost-sharing would have applied if the skilled nursing facility in which the enrollee received such services was under contract with the Medicare+Choice organization.

"(8) NONPREEMPTION OF STATE LAW.—The provisions of this subsection shall not be construed to preempt any provision of State law that affords greater protections to beneficiaries with regard to coverage of items and services provided by a skilled nursing facility than is afforded by such provisions of this subsection.

"(9) DEFINITIONS.—In this subsection:

"(A) CONTINUING CARE RETIREMENT COMMUNITY.—The term 'continuing care retirement community' means an organization that provides or arranges for the provision of housing and health-related services to an older person under an agreement.

"(B) SKILLED NURSING FACILITY.—The term 'skilled nursing facility' has the meaning given such term in section 1819(a).".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to contracts entered into or renewed on or after the date of enactment of this Act.

By Mr. HATCH (for himself, Mr. LEAHY, Mr. ABRAHAM, Mr. TORRICELLI, Mr. DEWINE, Mr. KOHL, and Mr. SCHUMER):

S. 1461. A bill to amend the Trademark Act of 1946 (15 U.S.C. 1051 et seq.) to protect consumers and promote electronic commerce by prohibiting the bad-faith registration, trafficking or use of Internet domain names that are identical to, confusingly similar to, or dilutive of distinctive trademarks or service marks; to the Committee on the Judiciary.

DOMAIN NAME PIRACY PREVENTION ACT OF 1999

Mr. HATCH. Mr. President, I am pleased to rise today, along with my colleague, the Ranking Member on the Judiciary Committee, Senator LEAHY, to introduce legislation that will address a growing problem for consumers and American businesses online. At issue is the deliberate, bad-faith, and abusive registration of Internet domain names in violation of the rights of trademark owners. for the Net-savy, this burgeoning form of cyber-abuse is known as "cybersquatting." for the average consumer, it is basically fraud, deception, and the bad-faith trading on the goodwill of others. Whatever you call it, it is an issue that has a great impact on American consumers and the brand names they rely on as indications of source, quality, and authenticity.

As anyone who has walked down the aisle in the grocery store knows, trademarks serve as the primary indicators of source, quality, and authenticity in the minds of consumers. How else do you explain the price disparity between various brands of toothpaste, laundry detergent, or even canned beans. These brand names are valuable in that they convey to the consumer reliable information regarding the source and quality of goods and services, thereby facilitating commerce and spurring confidence in the marketplace. Unauthorized uses of others' marks undercuts the market by eroding consumer confidence and the communicative value of the brand names we all rely on. For that very reason, Congress has enacted a number of statutes addressing the problems of trademark infringement, false advertising and unfair competition, trademark dilution, and trademark counterfeiting. Doing so has helped protect American businesses and, more importantly perhaps, American consumers.

As we are seeing with increased frequency, the problems of brand-name abuse and consumer confusion are particularly acute in the online environment. The fact is that a consumer in a "brick and mortar" world has the luxury of a variety of additional indicators of source and quality aside from a brand name. For example, when one walks in to the local consumer electronics retailer, he is fairly certain with whom he is dealing, and he can often tell by looking at the products and even the storefront itself whether or not he is dealing with a reputable establishment. These protections are largely absent in the electronic world, where anyone with Internet access and minimal computer knowledge can set up a storefront online.

In many cases what consumers see when they log on to a site is their only indication of source and authenticity, and legitimate and illegitimate sites may be indistinguishable in cyberspace. In fact, a well-known trademark in a domain name may be the primary source indicator for the online consumer. So it a bad actor is using that name, rather than the trademark owner, an online consumer is at serious risk of being defrauded, or at the very least confused. The result, as with other forms of trademark violations, is the erosion of consumer confidence in brand name identifiers and in electronic commerce generally.

Last week the Judiciary Committee heard testimony of a number of examples of consumer confusion on the Internet stemming from abusive domain name registrations. For example, Anne Chasser, President of the International Trademark Association, testified that a cybersquatter had registered the domain names "attphonecard.com" and "attcallingcard.com" and used those names to establish sites purporting to sell calling cards and soliciting personally identifying information, including credit card numbers. Chris Young, President of Cyveillance, Inc.—a company founded specifically to assist trademark owners police their marks online—testified that a cybersquatter had registered the name "dellspares.com" and was purporting to sell Dell products online, when in fact Dell does not authorize online resellers to market its products. We heard similar testimony of an offshore cybersquatter selling web-hosting services under the name "bellatlantics.com". And Greg Phillips, a Salt Lake City trademark practitioner that represents Porsche in protecting their famous trademark against what is now more than 300 instances of cybersquatting, testified of several examples where bad actors have registered Porsche marks to sell counterfeit goods and non-genuine Porsche parts.

Consider also the child who in a "hunt-and-peck" manner mistakenly typed in the domain for "dosney.com", looking for the rich and family-friendly content of Disney's home page, only to wind up staring at a page of hardcore pornography because someone snatched up the "dosney" domain in anticipation that just such a mistake would be made. In a similar case, a 12-year-old California boy was denied privileges at his school when he entered "zelda.com" in a web browser at his school library, looking for a site he expected to be affiliated with the computer game of the same name, but ended up at a pornography site.

In addition to these types of direct harm to consumers, cybersquatting harms American businesses and the goodwill value associated with their names. In part this is a result of the fact that in each case of consumer confusion there is a case of brand-name misappropriation and an erosion of goodwill. But, even absent consumer confusion, there are many many cases of cybersquatters who appropriate brand names with the sole intent of extorting money from the lawful mark owner, of precluding evenhanded competition, or even very simply of harming the goodwill of the mark.

For example, a couple of years ago a small Canadian company with a single shareholder and a couple of dozen domain names demanded that Umbro International, Inc., which markets and distributes soccer equipment, pay $50,000 to its sole shareholder, $50,000 to a charity, and provide a lifetime supply of soccer equipment in order for it to relinquish the "umbro.com" name. Warner Bros. was reportedly asked to pay $350,000 for the rights to the names "warner-records.com", "warner-bros-records.com", "warner-pictures.com", "warner-bros-pictures", and "warnerpictures.com". And Intel Corporation was forced to deal with a cybersquatter who registered the "pentium3.com" domain and used it to post pornographic images of celebrities.

It is time for Congress to take a closer look at these abuses and to respond with appropriate legislation. In the 104th Congress, Senator LEAHY and I sponsored the "Federal Trademark Dilution Act," which has proved useful in assisting the owners of famous trademarks to police online uses of their marks that dilute their distinctive quality. Unfortunately, the economics of litigation have resulted in a situation where it is often more cost-effective to simply "pay off" a cybersquatter rather than pursue costly litigation with little hope of anything more than an injunction against the offender. And cybersquatters are becoming more sophisticated and more creative in evading what good case law has developed under the dilution statute.

The bill I am introducing today with the Senator from Vermont is designed to address these problems head on by clarifying the rights of trademark owners online with respect to cybersquatting, by providing clear deterrence to prevent such bad faith and abusive conduct, and by providing adequate remedies for trademark owners in those cases where it does occur. While the bill shares the goals of, and has some similarity to, legislation introduced earlier by Senator ABRAHAM, it differs in a number of substantial respects.

First, like Senator ABRAHAM's legislation, our bill allows trademark owners to recover statutory damages in cybersquatting cases, both to deter wrongful conduct and to provide adequate remedies for trademark owners who seek to enforce their rights in court. Our bill goes beyond simply stating the remedy, however, and sets forth a substantive cause of action, based in trademark law, to define the wrongful conduct sought to be deterred and to fill in the gaps and uncertainties of current trademark law with respect to cybersquatting.

Under our bill, the abusive conduct that is made actionable is appropriately limited to bad faith registrations of others' marks by persons who seek to profit unfairly from the goodwill associated therewith. In addition, the bill balances the property interests of trademark owners with the interests of Internet users who would make fair use of others' marks or otherwise engage in protected speech online. Our bill also limits the definition of domain name identifier to exclude such things as screen names, file names, and other identifiers not assigned by a domain name registrar or registry. It also omits criminal penalties found in Senator ABRAHAM's earlier legislation.

Second, our bill provides for in rem jurisdiction, which allows a mark owner to seek the forfeiture, cancellation, or transfer of an infringing domain name by filing an in rem action against the name itself, where the mark owner has satisfied the court that it has exercised due diligence in trying to locate the owner of the domain name but is unable to do so. A significant problem faced by trademark owners in the fight against cybersquatting is the fact that many cybersquatters register domain names under aliases or otherwise provide false information in their registration applications in order to avoid identification and service of process by the mark owner. Our bill will alleviate this difficulty, while protecting the notions of fair play and substantial justice, by enabling a mark owner to seek an injunction against the infringing property in those cases where, after due diligence, a mark owner is unable to proceed against the domain name registrant because the registrant has provided false contact information and is otherwise not to be found.

Additionally, some have suggested that dissidents and others who are online incognito for legitimate reasons might give false information to protect themselves and have suggested the need to preserve a degree of anonymity on the Internet particularly for this reason. Allowing a trademark owner to proceed against the domain names themselves, provided they are, in fact, infringing or diluting under the Trademark Act, decreases the need for trademark owners to join the hunt to chase down and root out these dissidents or others seeking anonymity on the Net. The approach in our bill is a good compromise, which provides meaningful protection to trademark owners while balancing the interests of privacy and anonymity on the Internet.

Third, like the Abraham bill, our bill encourages domain name registrars and registries to work with trademark owners to prevent cybersquatting by providing a limited exemption from liability for domain name registrars and registries that suspend, cancel, or transfer domain names pursuant to a court order or in the implementation of a reasonable policy prohibiting the registration of infringing domain names. Our bill goes further, however, in order to protect the rights of domain name registrants against overreaching trademark owners. Under our bill, a trademark owner who knowingly and materially misrepresents to the domain name registrar or registry that a domain name is infringing is liable to the domain name registrant for damages resulting from the suspension, cancellation, or transfer of the domain name. Our bill also promotes the continued ease and efficiency users of the current registration system enjoy by codifying current case law limiting the secondary liability of domain name registrars and registries for the act of registration of a domain name.

Finally, our bill includes an explicit savings clause making clear that the bill does not affect traditional trademark defenses, such as fair use, or a person's first amendment rights, and it ensures that any new remedies created by the bill will apply prospectively only.

Mr. President, this bill is an important piece of legislation that will promote the growth of online commerce by protecting consumers and providing clarity in the law for trademark owners in cyberspace. It is a balanced bill that protects the rights of Internet users and the interests of all Americans in free speech and protected uses of trademarked names for such things as parody, comment, criticism, comparative advertising, news reporting, etc. It reflects many hours of discussions with senators and affected parties on all sides. I want to thank Senator LEAHY for his cooperation in crafting this particular measure, and also Senator ABRAHAM for his cooperation in this effort. I expect that the substance of this bill will be offered as a Committee substitute to Senator ABRAHAM's legislation when the Judiciary Committee turns to that bill tomorrow, and I look forward to broad bipartisan support at that time. I similarly look forward to working with my other colleagues here in the Senate to report this bill favorably to the House, and I urge their support in this regard.

I ask unanimous consent that the text of the bill and a section-by-section analysis of the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1461

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the "Domain Name Piracy Prevention Act of 1999".

(b) REFERENCES TO THE TRADEMARK ACT OF 1946.—Any reference in this Act to the Trademark Act of 1946 shall be a reference to the Act entitled "An Act to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946 (15 U.S.C. 1051 et seq.).

SEC. 2. FINDINGS.

Congress finds the following:

(1) The registration, trafficking in, or use of a domain name that is identical to, confusingly similar to, or dilutive of a trademark or service mark of another that is distinctive at the time of registration of the domain name, without regard to the goods or services of the parties, with the bad-faith intent to profit from the goodwill of another's mark (commonly referred to as "cyberpiracy" and "cybersquatting")—

(A) results in consumer fraud and public confusion as to the true source or sponsorship of goods and services;

(B) impairs electronic commerce, which is important to interstate commerce and the United States economy;

(C) deprives legitimate trademark owners of substantial revenues and consumer goodwill; and

(D) places unreasonable, intolerable, and overwhelming burdens on trademark owners in protecting their valuable trademarks.

(2) Amendments to the Trademark Act of 1946 would clarify the rights of a trademark owner to provide for adequate remedies and to deter cyberpiracy and cybersquatting.

SEC. 3. CYBERPIRACY PREVENTION.

(a) IN GENERAL.—Section 43 of the Trademark Act of 1946 (15 U.S.C. 1125) is amended by inserting at the end the following:

"(d)(1)(A) Any person who, with bad-faith intent to profit from the goodwill of a trademark or service mark of another, registers, traffics in, or uses a domain name that is identical to, confusingly similar to, or dilutive of such trademark or service mark, without regard to the goods or services of the parties, shall be liable in a civil action by the owner of the mark, if the mark is distinctive at the time of the registration of the domain name.

"(B) In determining whether there is a bad-faith intent described under subparagraph (A), a court may consider factors such as, but not limited to—

"(i) the trademark or other intellectual property rights of the person, if any, in the domain name;

"(ii) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;

"(iii) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

"(iv) the person's legitimate noncommercial or fair use of the mark in a site accessible under the domain name;

"(v) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

"(vi) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for substantial consideration without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services;

"(vii) the person's intentional provision of material and misleading false contact information when applying for the registration of the domain name; and

"(viii) the person's registration or acquisition of multiple domain names which are identical to, confusingly similar to, or dilutive of trademarks or service marks of others that are distinctive at the time of registration of such domain names, without regard to the goods or services of such persons.

"(C) In any civil action involving the registration, trafficking, or use of a domain name under this paragraph, a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.

"(2)(A) The owner of a mark may file an in rem civil action against a domain name if—

"(i) the domain name violates any right of the registrant of a mark registered in the Patent and Trademark Office, or section 43 (a) or (c); and

"(ii) the court finds that the owner has demonstrated due diligence and was not able to find a person who would have been a defendant in a civil action under paragraph (1).

"(B) The remedies of an in rem action under this paragraph shall be limited to a court order for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.".

(b) ADDITIONAL CIVIL ACTION AND REMEDY.—The civil action established under section 43(d)(1) of the Trademark Act of 1946 (as added by this section) and any remedy available under such action shall be in addition to any other civil action or remedy otherwise applicable.

SEC. 4. DAMAGES AND REMEDIES.

(a) REMEDIES IN CASES OF DOMAIN NAME PIRACY.—

(1) INJUNCTIONS.—Section 34(a) of the Trademark Act of 1946 (15 U.S.C. 1116(a)) is amended in the first sentence by striking "section 43(a)" and inserting "section 43 (a), (c), or (d)".

(2) DAMAGES.—Section 35(a) of the Trademark Act of 1946 (15 U.S.C. 1117(a)) is amended in the first sentence by inserting ", (c), or (d)" after "section 43 (a)".

(b) STATUTORY DAMAGES.—Section 35 of the Trademark Act of 1946 (15 U.S.C. 1117) is amended by adding at the end the following:

"(d) In a case involving a violation of section 43(d)(1), the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits, an award of statutory damages in the amount of not less than $1,000 and not more than $100,000 per domain name, as the court considers just. The court shall remit statutory damages in any case in which an infringer believed and had reasonable grounds to believe that use of the domain name by the infringer was a fair or otherwise lawful use.".

SEC. 5. LIMITATION ON LIABILITY.

Section 32(2) of the Trademark Act of 1946 (15 U.S.C. 1114) is amended—

(1) in the matter preceding subparagraph (A) by striking "under section 43(a)" and inserting "under section 43 (a) or (d)"; and

(2) by redesignating subparagraph (D) as subparagraph (E) and inserting after subparagraph (C) the following:

"(D)(i) A domain name registrar, a domain name registry, or other domain name registration authority that takes any action described under clause (ii) affecting a domain name shall not be liable for monetary relief to any person for such action, regardless of whether the domain name is finally determined to infringe or dilute the mark.

"(ii) An action referred to under clause (i) is any action of refusing to register, removing from registration, transferring, temporarily disabling, or permanently canceling a domain name—

"(I) in compliance with a court order under section 43(d); or

"(II) in the implementation of a reasonable policy by such registrar, registry, or authority prohibiting the registration of a domain name that is identical to, confusingly similar to, or dilutive of another's mark registered on the Principal Register of the United States Patent and Trademark Office.

"(iii) A domain name registrar, a domain name registry, or other domain name registration authority shall not be liable for damages under this section for the registration or maintenance of a domain name for another absent a showing of bad faith intent to profit from such registration or maintenance of the domain name.

"(iv) If a registrar, registry, or other registration authority takes an action described under clause (ii) based on a knowing and material misrepresentation by any person that a domain name is identical to, confusingly similar to, or dilutive of a mark registered on the Principal Register of the United States Patent and Trademark Office, such person shall be liable for any damages, including costs and attorney's fees, incurred by the domain name registrant as a result of such action. The court may also grant injunctive relief to the domain name registrant, including the reactivation of the domain name or the transfer of the domain name to the domain name registrant.".

SEC. 6. DEFINITIONS.

Section 45 of the Trademark Act of 1946 (15 U.S.C. 1127) is amended by inserting after the undesignated paragraph defining the term "counterfeit" the following:

"The term 'Internet' has the meaning given that term in section 230(f)(1) of the Communications Act of 1934 (47 U.S.C. 230(f)(1)).

"The term 'domain name' means any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet.".

SEC. 7. SAVINGS CLAUSE.

Nothing in this Act shall affect any defense available to a defendant under the Trademark Act of 1946 (including any defense under section 43(c)(4) of such Act or relating to fair use) or a person's right of free speech or expression under the first amendment of the United States Constitution.

SEC. 8. SEVERABILITY.

If any provision of this Act, an amendment made by this Act, or the application of such provision or amendment to any person or circumstances is held to be unconstitutional, the remainder of this Act, the amendments made by this Act, and the application of the provisions of such to any person or circumstance shall not be affected thereby.

SEC. 9. EFFECTIVE DATE.

This Act shall apply to all domain names registered before, on, or after the date of enactment of this Act, except that statutory damages under section 35(d) of the Trademark Act of 1946 (15 U.S.C. 1117), as added by section 4 of this Act, shall not be available with respect to the registration, trafficking, or use of a domain name that occurs before the date of enactment of this Act.

SECTION BY SECTION ANALYSIS—S. 1461, THE "DOMAIN NAME PIRACY PREVENTION ACT OF 1999."

SECTION 1. SHORT TITLE; REFERENCES

This section provides that the Act may be cited as the "Domain Name Piracy Prevention Act of 1999" and that any references within the bill to the Trademark Act of 1946 shall be a reference to the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946 (15 U.S.C. 1051 et seq.), also commonly referred to as the Lanham Act.

SECTION 2. FINDINGS

This section sets forth Congress' findings that cybersquatting and cyberpiracy—defined as the registration, trafficking in, or use of a domain name that is identical to, confusingly similar to, or dilutive of a distinctive trademark or service mark of another with the bad faith intent to profit from the goodwill of that mark—harms the public by causing consumer fraud and public confusion as to the true source or sponsorship of goods and services, by impairing electronic commerce, by depriving trademark owners of substantial revenues and consumer goodwill, and by placing unreasonable, intolerable, and overwhelming burdens on trademark owners in protecting their own marks. Amendments to the Trademark Act would clarify the rights of trademark owners to provide for adequate remedies for the abusive and bad faith registration of their marks as Internet domain names and to deter cyberpiracy and cybersquatting.

SECTION 3. CYBERPIRACY PREVENTION

Subsection (a). In General. This subsection amends section the Trademark Act to provide an explicit trademark remedy for cybersquatting under a new section 43(d). Under paragraph (1)(A) of the new section 43(d), actionable conduct would include the registration, trafficking in, or use of a domain name that is identical to, confusingly similar to, or dilutive of the trademark or service mark of another, provided that the mark was distinctive (i.e., enjoyed trademark status) at the time the domain name was registered. The bill is carefully and narrowly tailored, however, to extend only to cases where the plaintiff can demonstrate that the defendant registered, trafficked in, or used the offending domain name with bad-faith intent to profit from the goodwill of a mark belonging to someone else. Thus, the bill does not extend to innocent domain name registrations by those who are unaware of another's use of the name, or even to someone who is aware of the trademark status of the name but registers a domain name containing the mark for any reason other than with bad faith intent to profit from the goodwill associated with that mark.

Paragraph (1)(B) of the new section 43(d) sets forth a number of nonexclusive, nonexhaustive factors to assist a court in determining whether the required bad-faith element exists in any given case. These factors are designed to balance the property interests of trademark owners with the legitimate interests of Internet users and others who seek to make lawful uses of others' marks, including for purposes such as comparative advertising, comment, criticism, parody, news reporting, fair use, etc. The bill suggests a total of eight factors a court may wish to consider. The first four suggest circumstances that may tend to indicate an absence of bad-faith intent to profit from the goodwill of a mark, and the last four suggest circumstances that may tend to indicate that such bad-faith intent exists.

First, under paragraph (1)(B)(i), a court may consider whether the domain name registrant has trademark or any other intellectual property rights in the name. This factor recognizes, as does trademark law in general, that there may be concurring uses of the same name that are noninfringing, such as the use of the "Delta" mark for both air travel and sink faucets. Similarly, the registration of the domain name "deltaforce.com" by a movie studio would not tend to indicate a bad faith intent on the part of the registrant to trade on Delta Airlines or Delta Faucets' trademarks.

Second, under paragraph (1)(B)(ii), a court may consider the extent to which the domain name is the same as the registrant's own legal name or a nickname by which that person is commonly identified. This factor recognizes, again as does the concept of fair use in trademark law, that a person should be able to be identified by their own name, whether in their business or on a web site. Similarly, a person may bear a legitimate nickname that is identical or similar to a well-known trademark, such as in the well-publicized case of the parents who registered the domain name "pokey.org" for their young daughter who goes by that name, and these individuals should not be deterred by this bill from using their name online. This factor is not intended to suggest that domain name registrants may evade the application of this act by merely adopting Exxon, Ford, or other well-known marks as their nicknames. It merely provides a court with the appropriate discretion to determine whether or not the fact that a person bears a nickname similar to a mark at issue is an indication of an absence of bad-faith on the part of the registrant.

Third, under paragraph (1)(B)(iii), a court may consider the domain name registrant's prior use, if any, of the domain name in connection with the bona fide offering of goods or services. Again, this factor recognizes that the legitimate use of the domain name in online commerce may be a good indicator of the intent of the person registering that name. Where the person has used the domain name in commerce without creating a likelihood of confusion as to the source or origin of the goods or services and has not otherwise attempted to use the name in order to profit from the goodwill of the trademark owner's name, a court may look to this as an indication of the absence of bad faith on the part of the registrant.

Fourth, under paragraph (1)(B)(iv), a court may consider the person's legitimate noncommercial or fair use of the mark in a web site that is accessible under the domain name at issue. This factor is intended to balance the interests of trademark owners with the interests of those who would make lawful noncommercial or fair uses of others' marks online, such as in comparative advertising, comment, criticism, parody, news reporting, etc. The fact that a person may use a mark in a site in such a lawful manner may be an appropriate indication that the person's registration or use of the domain name lacked the required element of bad-faith. This factor is not intended to create a loophole that otherwise might swallow the bill by allowing a domain name registrant to evade application of the Act by merely putting up a noninfringing site under an infringing domain name. For example, in the well known case of *Panavision Int'l* v. *Toeppenn*, 141 F.3d 1316 (9th Cir. 1998), a well known cybersquatter had registered a host of domain names mirroring famous trademarks, including names for Panavision, Delta Airlines, Neiman Marcus, Eddie Bauer, Lufthansa, and more than 100 other marks, and had attempted to sell them to the mark owners for amounts in the range of $10,000 to $15,000 each. His use of the "panavision.com" and "panaflex.com" domain names was seemingly more innocuous, however, as they served as addresses for sites that merely displayed pictures of Pana Illinois and the word "Hello" respectively. This bill would not allow a person to evade the holding of that case—which found that Mr. Toeppen had made a commercial use of the Panavision marks and that such uses were, in fact, diluting under the Federal Trademark Dilution Act—merely by posting noninfringing uses of the trademark on a site accessible under the offending domain name, as Mr. Toeppen did. Rather, the bill gives courts the flexibility to weigh appropriate factors in determining whether the name was registered or used in bad faith, and it recognizes that one such factor may be the use the domain name registrant makes of the mark.

Fifth, under paragraph (1)(B)(v), a court may consider whether, in registering or using the domain name, the registrant intended to divert consumers away from the trademark owner's website to a website that could harm the goodwill of the mark, either for purposes of commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site. This factor recognizes that one of the main reasons cybersquatters use other people's trademarks is to divert Internet users to their own sites by creating confusion as to the source, sponsorship, affiliation, or endorsement of the site. This is done for a number of reasons, including to pass off inferior goods under the name of a well-known mark holder, to defraud consumers into providing personally identifiable information, such as credit card numbers, to attract eyeballs to sites that price online advertising according to the number of "hits" the site receives, or even just to harm the value of the mark. Under this provision, a court may give appropriate weight to evidence that a domain name registrant intended to confuse or deceive the public in this manner when making a determination of bad-faith intent.

Sixth, under paragraph (1)(B)(vi), a court may consider a domain name registrant's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for substantial consideration, where the registrant has not used, and did not have any intent to use, the domain name in the bona fide offering of any goods or services. This factor is consistent with the court cases, like the *Panavision* case mentioned above, where courts have found a defendant's offer to sell the domain name to the legitimate mark owner as being indicative of the defendant's intent to trade on the value of a trademark owner's marks by engaging in the business of registering those marks and selling them to the rightful trademark owners. It does not suggest that a court should consider the mere offer to sell a domain name to a mark owner or the failure to use a name in the bona fide offering of goods or services is sufficient to indicate bad faith. Indeed, there are cases in which a person registers a name in anticipation of a business venture that simply never pans out. And someone who has a legitimate registration of a domain name that mirrors someone else's domain name, such as a trademark owner that is a lawful concurrent user of that name with another trademark owner, may, in fact, wish to sell that name to the other trademark owner. This bill does not imply that these facts are an indication of bad-faith. It merely provides a court with the necessary discretion to recognize the evidence of bad-faith when it is present. In practice, the offer to sell domain names for exorbitant amounts to the rightful mark owner has been one of the most common threads in abusive domain name registrations.

Seventh, under paragraph (1)(B)(vii), a court may consider the registrant's intentional provision of material and misleading false contact information in an application for the domain name registration. Falsification of contact information with the intent to evade identification and service of process by trademark owners is also a common thread in cases of cybersquatting. This factor recognizes that fact, while still recognizing that there may be circumstances in which the provision of false information may be due to other factors, such as mistake or, as some have suggested in the case of political dissidents, for purposes of anonymity. This bill balances those factors by limiting consideration to the person's contact information, and even then requiring that the provision of false information be material and misleading. As with the other factors, this factor is nonexclusive and a court is called upon to make a determination based on the facts presented whether or not the provision of false information does, in fact, indicate bad-faith.

Eighth, under paragraph (1)(B)(viii), a court may consider the domain name registrant's acquisition of multiple domain names that are identical to, confusingly similar to, or dilutive of others' marks. This factor recognizes the increasingly common cybersquatting practice known as "warehousing", in which a cybersquatter registers multiple domain names—sometimes hundreds, even thousands—that mirror the trademarks of others. By sitting on these marks and not making the first move to offer to sell them to the mark owner, these cybersquatters have been largely successful in evading the case law developed under the Federal Trademark Dilution Act. This bill does not suggest that the mere registration of multiple domain names is an indication of bad faith, but allows a court to weigh the fact that a person has registered multiple domain names that infringe or dilute the trademarks of others as part of its consideration of whether the requisite bad-faith intent exists.

Paragraph (1)(C) makes clear that in any civil brought under the new section 43(d), a court may order the forfeiture, cancellation, or transfer of a domain name to the owner of the mark.

Paragraph (2)(A) provides for in rem jurisdiction, which allows a mark owner to seek the forfeiture, cancellation, or transfer of an infringing domain name by filing an in rem action against the name itself, where the mark owner has satisfied the court that it has exercised due diligence in trying to locate the owner of the domain name but is unable to do so. As indicated above, a significant problem faced by trademark owners in the fight against cybersquatting is the fact that many cybersquatters register domain names under aliases or otherwise provide false information in their registration applications in order to avoid identification and service of process by the mark owner. This bill will alleviate this difficulty, while protecting the notions of fair play and substantial justice, by enabling a mark owner to seek an injunction against the infringing property in those cases where, after due diligence, a mark owner is unable to proceed against the domain name registrant because the registrant has provided false contact information and is otherwise not to be found, provided the mark owner can show that the domain name itself violates substantive trademark law. Paragraph (2)(B) limits the relief available in such an in rem action to an injunction ordering the forfeiture, cancellation, or transfer of the domain name.

Subsection (b). Additional Civil Action and Remedy. This subsection makes clear that the creation of a new section 43(d) in the Trademark Act does not in any way limit the application of current provisions of trademark, unfair competition and false advertising, or dilution law, or other remedies under counterfeiting or other statutes, to cybersquatting cases.

SECTION 4. DAMAGES AND REMEDIES

This section applies traditional trademark remedies, including injunctive relief, recovery of defendant's profits, actual damages, and costs, to cybersquatting cases under the new section 43(d) of the Trademark Act. The bill also amends section 35 of the Trademark Act to provide for statutory damages in cybersquatting cases, in an amount of not less than $1,000 and not more than $100,000 per domain name, as the court considers just. The bill requires the court to remit statutory damages in any case where the infringer believed and had reasonable grounds to believe that the use of the domain name was a fair or otherwise lawful use.

SECTION 5. LIMITATION ON LIABILITY

This section amends section 32(2) of the Trademark Act to extend the Trademark Act's existing limitations on liability to the cybersquatting context. This section also creates a new subparagraph (D) in section 32(2) to encourage domain name registrars and registries to work with trademark owners to prevent cybersquatting through a limited exemption from liability for domain name registrars and registries that suspend, cancel, or transfer domain names pursuant to a court order or in the implementation of a reasonable policy prohibiting cybersquatting. This section also protects the rights of domain name registrants against overreaching trademark owners. Under a new section subparagraph (D)(iv) in section 32(2), a trademark owner who knowingly and materially misrepresents to the domain name registrar or registry that a domain name is infringing shall be liable to the domain name registrant for damages resulting from the suspension, cancellation, or transfer of the domain name. In addition, the court may grant injunctive relief to the domain name registrant by ordering the reactivation of the domain name or the transfer of the domain name back to the domain name registrant. Finally, in creating a new subparagraph (D)(iii) of section 32(2), this section codifies current case law limiting the secondary liability of domain name registrars and registries for the act of registration of a domain name, absent bad-faith on the part of the registrar and registry.

SECTION 6. DEFINITIONS

This section amends the Trademark Act's definitions section (section 45) to add definitions for key terms used in this Act. First, the term "Internet" is defined consistent with the meaning given that term in the Communications Act (47 U.S.C. 230(f)(1)). Second, this section creates a narrow definition of "cybersquatting" to target the specific bad faith conduct sought to be addressed while excluding such things as screen names, file names, and other identifiers not assigned by a domain name registrar or registry.

SECTION 7. SAVINGS CLAUSE

This section provides an explicit savings clause making clear that the bill does not affect traditional trademark defenses, such as fair use, or a person's first amendment rights.

SECTION 8. SEVERABILITY

This section provides a severability clause making clear Congress' intent that if any provision of this Act, an amendment made by the Act, or the application of such provision or amendment to any person or circumstances is held to be unconstitutional, the remainder of the Act, the amendments made by the Act, and the application of the provisions of such to any person or circumstance shall not be affected by such determination.

SECTION 9. EFFECTIVE DATE

This section provides that new statutory damages provided for under this bill shall not apply to any registration, trafficking, or use of a domain name that took place prior to the enactment of this Act.

Mr. LEAHY. Mr. President, I am pleased to join Senator HATCH, and others, today in introducing the "Domain Name Piracy Prevention Act of 1999." We have worked hard to craft this legislation in a balanced fashion to protect trademark owners and consumers doing business online, and Internet users who want to participate in what the Supreme Court has described "'a unique and wholly new medium of worldwide human communication.'" *Reno* v. *ACLU*, 521 U.S. 844 (1997).

Trademarks are important tools of commerce. The exclusive right to the use of a unique mark helps companies compete in the marketplace by distinguishing their goods and services from those of their competitors, and helps consumers identify the source of a product by linking it with a particular company. The use of trademarks by companies, and reliance on trademarks by consumers, will only become more important as the global marketplace becomes larger and more accessible with electronic commerce. The reason is simple: when a trademark name is used as a company's address in cyberspace, customers know where to go online to conduct business with that company.

The growth of electronic commerce is having a positive effect on the economies of small rural states like mine. A Vermont Internet Commerce report I commissioned earlier this year found that Vermont gained more than 1,000 new jobs as a result of Internet commerce, with the potential that Vermont could add more than 24,000 jobs over the next two years. For a small state like ours, this is very good news.

Along with the good news, this report identified a number of obstacles that stand in the way of Vermont reaching the full potential promised by Internet commerce. One obstacle is that "merchants are anxious about not being able to control where their names and brands are being displayed." Another is the need to bolster consumers' confidence in online shopping.

Cybersquatters hurt electronic commerce. Both merchant and consumer confidence in conducting business online are undermined by so-called "cybersquatters" or "cyberpirates," who abuse the rights of trademark holders by purposely and maliciously registering as a domain, name the trademarked name of another company to divert and confuse customers or to deny the company the ability to establish an easy-to-find online location. A recent report by the World Intellectual Property Organization (WIPO) on the Internet domain name process has characterized cybersquatting as "predatory and parasitical practices by a minority of domain registrants acting in bad faith" to register famous or well-known marks of others—which can lead to consumer confusion or downright fraud.

Enforcing trademarks in cyberspace will promote global electronic commerce. Enforcing trademark law in cyberspace can help bring consumer confidence to this new frontier. That is why I have long been concerned with protecting registered trademarks online. Indeed, when the Congress passed the Federal Trademark Dilution Act of 1995, I noted that:

> [A]lthough no one else has yet considered this application, it is my hope that this antidilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others. (Congressional Record, Dec. 29, 1995, page S19312)

In addition, last year I authored an amendment that was enacted as part of the Next Generation Internet Research Act authorizing the National Research Council of the National Academy of Sciences to study the effects on trademark holders of adding new top-level domain names and requesting recommendations on expensive and expeditious procedures for resolving trademark disputes over the assignment of domain names. Both the Internet Corporation for Assigned Names and Numbers (I–CANN) and WIPO are also making recommendations on these procedures. Adoption of a uniform trademark domain name dispute resolution policy will be of enormous benefit to American trademark owners.

The "Domain Name Piracy Prevention Act of 1999," which we introduce today, is not intended in any way to frustrate these global efforts already underway to develop inexpensive and expeditious procedures for resolving domain name disputes that avoid costly and time-consuming litigation in the court systems either here or abroad. In fact, the bill expressly provides liability limitations for domain name registrars, registries or other domain name registration authorities when they take actions pursuant to a reasonable policy prohibiting the registration of domain names that are identical, confusingly similar to or dilutive of another's trademark. The I-CANN and WIPO consideration of these issues will inform the development by domain name registrars and registries of such reasonable policies.

The Federal Trademark Dilution Act of 1995 has been used as I predicted to help stop misleading uses of trademarks as domain names. One court has described this exercise by saying that "attempting to apply established trademark law in the fast-developing world of the Internet is somewhat like trying to board a moving bus . . ." *Bensusan Restaurant Corp.* v. *King*, 126 F.3d 25 (2d Cir. 1997). Nevertheless, the courts appear to be handling "cybersquatting" cases well. As University of Miami Law Professor Michael Froomkin noted in testimony submitted at the Judiciary Committee's hearing on this issue on July 22, 1999, "[i]n every case involving a person who registered large numbers of domains for resale, the cybersquatter has lost."

For example, courts have had little trouble dealing with a notorious "cybersquatter," Dennis Toeppen from Illinois, who registered more than 100 trademarks—including "yankeestadium.com," "deltaairlines.com," and "neiman-marcus.com"—as domain names for the purpose of eventually selling the names back to the companies owning the trademarks. The various courts reviewing his activities have unanimously determined that he violated the Federal Trademark Dilution Act.

Similarly, Wayne State University Law Professor Jessica Litman noted in testimony submitted at the Judiciary Committees hearing that those businesses which "have registered domain names that are confusingly similar to trademarks or personal names in order to use them for pornographic web sites . . . have without exception lost suits brought against them."

Enforcing or even modifying our trademark laws will be only part of the solution to cybersquatting. Up to now, people have been able to register any number of domain names in the popular ".com" domain with no money down and no money due for 60 days. Network Solutions Inc. (NSI), the dominant Internet registrar, announced just last week that it was changing this policy, and requiring payment of the registration fee up front. In doing so, the NSI admitted that it was making this change to curb cybersquatting.

In light of the developing case law, the ongoing efforts within WIPO and ICANN to build a consensus global mechanism for resolving online trademark disputes, and the implementation of domain name registration practices designed to discourage cybersquatting, the legislation we introduce today is intended to build is intended to build upon this progress and provide constructive guidance to trademark holders, domain name registrars and registries and Internet users registering domain names alike.

Other Anti-cybersquatting Legislation Is Flawed. This is not the first bill to be introduced this session to address the problem of cybersquatting, and I appreciate the efforts of Senators ABRAHAM, TORICELLI, HATCH, and MCCAIN, to focus our attention on this important matter. They introduced S. 1255, the "Anticybersquatting Consumer Protection Act," which proposed making it illegal to register or use any "Internet domain name or identifier of an online location" that could be confused with the trademark of another person or cause dilution of a "famous trademark." Violations were punishable by both civil and criminal penalties.

I voiced concerns at a hearing before the Judiciary Committee last week that S. 1255 would have a number of unintended consequences that could hurt rather than promote electronic commerce, including the following specific problems:

The definition in S. 1255 is overbroad. S. 1255 covers the use or registration of any "identifier," which could cover not just second level domain names, but also e-mail addresses, screen names used in chat rooms, and even files accessible and readable on the Internet. As one witness pointed out, "the definitions will make every fan a criminal." How? A file document about Batman, for example, that uses the trademark "Batman" in its name, which also identifies its online location, could land the writer in court under that bill. Cybersquatting is not about file names.

S. 1255 threatens hypertext linking. The Web operates on hypertext linking, to facilitate jumping from one site to another. S. 1255 could disrupt this practice by imposing liability on operators of sites with links to other sites with trademark names in the address. One could imagine a trademark owner not wanting to be associated with or linked with certain sites, and threatening suit under this proposal unless the link were eliminated or payments were made for allowing the linking.

S. 1255 would criminalize dissent and protest sites. A number of Web sites collect complaints about trademarked products or services, and sue the trademarked names to identify themselves. For example, there are protest sites named "boycotts-cbs.com" and "www.PepsiBloodbath.com." While the speech contained on those sites is clearly constitutionally protected, S. 1255 would criminalizes the use of the trademarked name to reach the site and make them difficult to search for and find online.

S. 1255 would stifle legitimate warehousing of domain names. The bill would change current law and make liable persons who merely register domain names similar to other trademarked names, whether or not they actually set up a site and use the name. The courts have recognized that companies may have legitimate reason for registering domain names without using them and have declined to find trademark violations for mere registration of a trademarked name. For example, a company planning to acquire another company might register a domain name containing the target company's name in anticipation of the deal. S. 1255 would make that company liable for trademark infringement.

For these and other reasons, Professor Litman concluded that this "bill would in many ways be bad for electronic commerce, by making it hazardous to do business on the Internet without first retaining trademark counsel." Faced with the risk of criminal penalties, she stated that "many start-up businesses may choose to abandon their goodwill and move to another Internet location, or even to fold, rather than risk liability."

The Hatch-Leahy Domain Name Piracy Prevention Act is a better solution. The legislation we introduce today addresses the cybersquatting problem without jeopardizing other important online rights and interests. This bill would amend section 43 of the Trademark Act (15 U.S.C. §11125) by adding a new section to make liable for actual or statutory damages any person, who with bad-faith intent to profit from the goodwill of another's trademark, registers or uses a domain name that is identical to, confusingly similar to or dilutive of such trademark, without regard to the goods or services of the parties. the fact that the domain name registrant did not compete with the trademark owner would not be a bar to recovery. Significant sections of this bill include:

Definition. Domain names are narrowly defined to mean alphanumeric designations registered with or assigned by domain name registrars or registries, or other domain name registration authority as part of an electronic authority as part of an electronic address on the Internet. Since registrars only second level domain names this definition effectively excludes file names, screen names, and e-mail addresses and, under current registration practice, applies only to second level domain names.

Scienter requirement. Good faith, innocent or negligent uses of domain names that are identical or similar to, or dilutive of, another's mark are not covered by the bill's prohibition. Thus, registering a domain name while unaware that the name is another's trademark would not be actionable. Nor would the use of a domain name that contains a trademark for purposes of protest, complaint, parody or commentary satisfy the requisite scienter requirement. Bad-faith intent to profit is required for a violation to occur.

This requirement of bad-faith intent to profit is critical since, as Professor

Litman pointed out in her testimony, our trademark laws permit multiple businesses to register the same trademark for different classes of products. Thus, she explains:

> [a]lthough courts have been quick to impose liability for bad faith registration, they have been far more cautious in disputes involving a domain name registrant who has a legitimate claim to use a domain name and registered it in good faith. In a number of cases, courts have refused to impose liability where there is no significant likelihood that anyone will be misled, even if there is a significant possibility of trademark dilution.

The legislation outlines the following non-exclusive list of eight factors for courts to consider in determining whether such bad-faith intent to profit is proven: (i) the trademark rights of the domain name registrant in the domain name; (ii) whether the domain name is the legal or nickname of the registrant; (iii) the prior use by the registrant of the domain name in connection with the bona fide offering of any goods or services; (iv) the registrant's legitimate noncommercial or fair use of the mark at the site under the domain name; (v) the registrant's intent to divert consumers from the mark's owner's online location in a manner that could harm the mark's goodwill, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation or endorsement of the site; (vi) the registrant's offer to sell the domain name for substantial consideration without having or having an intent to use the domain name in the bona fide offering of goods or services; (vii) the registrant's international provision of material false and misleading contact information when applying for the registration of the domain name; and (viii) the registrant's registration of multiple domain names that are identical or similar to or dilutive of another's trademark.

Damages. In civil actions against cybersquatters, the plaintiff is authorized to recover actual damages and profits, or may elect before final judgment to award of statutory damages of not less than $1,000 and not more than $100,000 per domain name, as the court considers just. The court is directed to remit statutory damages in any case where the infringer reasonably believed that use of the domain name was a fair or otherwise lawful use.

In Rem actions. The bill would also permit an in rem civil action filed by a trademark owner in circumstances where the domain name violates the owner's rights in the trademark and the court finds that the owner demonstrated due diligence and was not able to find the domain name holder to bring an in persona civil action. The remedies of an in rem action are limited to a court order for forfeiture or cancellation of the domain name or the transfer of the domain name to the trademark owner.

Liability limitations. The bill would limit the liability for monetary damages of domain name registrars, registries or other domain name registration authorities for any action they take to refuse to register, remove from registration, transfer, temporarily disable or permanently cancel a domain name pursuant to a court order or in the implementation of reasonable policies prohibiting the registration of domain names that are identical or similar to, or dilutive of, anothers trademark.

Prevention of reverse domain name hijacking. Reverse domain name hijacking is an effort by a trademark owner to take a domain name from a legitimate good faith domain name registrant. There have been some well-publicized cases of trademark owners demanding the take down of certain web sites set up by parents who have registered their children's names in the .org domain, such as two year old Veronica Sams's "Little Veronica" website and 12 year old Chris "Pokey" Van Allen's web page.

In order to protect the rights of domain name registrants in their domain names the bill provides that registrants may recover damages, including costs and attorney's fees, incurred as a result of a knowing and material misrepresentation by a person that a domain name is identical or similar to, or dilutive of, a trademark. In addition, the domain name or the transfer or return of a domain name to the domain name registrant.

Cybersquatting is an important issue both for trademark holders and for the future of electronic commerce on the Internet. Any legislative solution to cybersquatting must tread carefully to ensure that any remedies do not impede or stifle the free flow of information on the Internet. In many ways, the United States has been the incubator of the World Wide Web, and the world closely watches whenever we venture into laws, customs or standards that affect the Internet. We must only do so with great care and caution. Fair use principles are just as critical in cyberspace as in any other intellectual property arena.

I am pleased that Chairman HATCH and I, along with Senators ABRAHAM, TORRICELLI, and KOHL have worked together to find a legislative solution that respects these considerations. We also stand ready to make additional refinements to this legislation that prove necessary as this bill moves through the legislative process.

By Mr. JEFFORDS:

S. 1462. A bill to amend the Federal Food, Drug, and Cosmetic Act to permit importation in personal baggage and through mail order of certain covered products for personal use from Canada, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

PERSONAL USE PRESCRIPTION DRUG IMPORTATION ACT OF 1999

Mr. JEFFORDS. Mr. President, today I am introducing legislation that takes another positive step toward the goal of providing access to affordable prescription drugs for patients in my state of Vermont, and many other patients across the United States.

The high cost of prescription drugs is an issue that faces many Americans every single day, as they try to decide how to make ends meet, and whether they can afford to fill the prescription given to them by their doctor. Unfortunately, it is not uncommon to hear of patients who cut pills in half, or skip dosages in order to make prescriptions last longer. This is a serious health problem, and I am committed to legislative solutions that we can enact that provides immediate assistance to those who need it. I will soon introduce legislation that will provide prescription drug insurance for low-income Medicare beneficiaries. And today I am introducing legislation that will allow Americans of all ages who do not have sufficient coverage for prescription drugs, to purchase the medicines they need at prices they can afford.

Mr. President, it is well documented that the average price of prescription medicines is much lower in Canada than in the United States, with the price of some drugs in Vermont being twice that of the same drug available only a few miles away in a Canadian pharmacy. This is true even though many of the drugs sold in Canada are actually manufactured, packed, and distributed by American companies that sell the same products in both markets, but at drastically different prices. That is why many residents of my home state travel the short distance across the border into Canada to buy their prescription medicines at the lower price. Unfortunately, in most cases this is a violation of Federal law. This does not seem fair to many Vermonters, and it does not seem fair to me.

The legislation I am introducing today will change that, so that Americans who want to buy prescription medicines in Canada can legally do so. This legislation will require the Food and Drug Administration (FDA) to promulgate new regulations permitting patients to import prescription medications purchased in Canada. Currently, it is illegal for Americans to go to Canada and purchase drugs to be brought back to the United States. But FDA and U.S. Customs employ a "discretionary enforcement policy", allowing some Americans to enter the U.S. with drugs that they bought in Canada.

My legislation does a number of things. First, it requires the Secretary of Health and Human Services to promulgate regulations that will allow individuals to import prescription FDA-approved medicines from Canada in personal baggage, so long as the appropriate use is identified and the product does not represent a significant health risk. Under this bill, patients could also be asked to identify the licensed U.S. health professional responsible for treatment, and to affirm that the product is for personal use, and provide other necessary information so that the FDA can continue to ensure the safety of the U.S. drug supply. All information collected under this provision will be subject to the Privacy Act of 1974.

Under this proposal, the Secretary of Health and Human Services will also be required to promulgate regulations regarding importation of prescription drugs from Canada by mail order. The Secretary will establish criteria which will ensure the safety of patients in the United States that wish to purchase drugs by mail order from Canada.

Finally, this legislation will require the Secretary of HHS to study the safety and purity of the prescription drug products that are imported under this Act.

Mr. President, it has often been said that we have the international gold standard when it comes to drug safety. Well, we have the platinum standard when it comes to prices. I want to emphasize, again, my commitment to helping Vermonters and all Americans have access to the prescription drugs that they need at prices that they can afford. As Chairman of the Health, Education, Labor and Pensions Committee, the safety of American patients is always one of my top priorities, and I am committed to achieving the goal of affordable prescription drugs without putting patients' lives at risk. This is a responsible proposal to help Vermonters and all Americans with the high prices of drugs, and I hope my colleagues will support it.

By Mr. DEWINE (for himself, Ms. SNOWE, Mr. TORRICELLI, Ms. COLLINS, Mr. DURBIN, Mrs. FEINSTEIN, Ms. MIKULSKI, Mr. SCHUMER, Mr. BINGAMAN, Mr. CHAFEE, and Mr. KENNEDY):

S. 1463. A bill to establish a program to provide assistance for programs of credit and other financial services for microenterprises in developing countries, and for other purposes; to the Committee on Foreign Relations.

MICRO-ENTERPRISE FOR SELF RELIANCE ACT OF 1999

Mr. DEWINE. Mr. President, I rise today to introduce legislation that would ensure the future success of international micro-enterprise grant and loan programs. Many members of Congress have seen the success of micro-enterprise programs around the world. These programs reach the poorest of the poor with small loans to help them work their way out of poverty. These have proven to be very worthwhile and successful programs administered worldwide by the U.S. Agency for International Development (USAID).

Unlike other assistance programs, we do not give funds away. Instead, we lend these funds to people once considered credit risks. The record of these programs boasts a client repayment rate of between 95% to 98%. Micro-enterprise programs are proof that with access to credit, the poor can and do better their lives while repaying their loans.

To ensure the future of these programs and provide continued hope to others seeking to build out of poverty, I introduce today the Micro-Enterprise for Self Reliance Act of 1999. I am pleased to be introducing the legislation along with Senators SNOWE, TORRICELLI, COLLINS, DURBIN, FEINSTEIN, MIKULSKI, SCHUMER, BINGAMAN, CHAFEE and KENNEDY. This bill would strengthen the foundations of these programs to ensure their survival and provide the mechanisms necessary for their continued success as financial institutions. First, it would provide grant assistance to micro-enterprise programs to increase availability of credit and other services. We also target half of all micro-enterprise resources to support programs that serve the poorest of the poor with loans of $300 or less. This is a key provision of the bill and would give strong direction to USAID to work with sections of society that respond best to micro-lending programs.

Second, this bill would authorize credits to micro-lending programs. These credits generally are used to expand already successful programs. Further, we seek to guarantee these programs' survival by establishing a facility to help rescue micro-lending institutions that are imperiled by war, currency movements or natural disasters. The facility would provide for loans to successful institutions to help them get back on their feet.

Finally, we are interested in encouraging the future development and stability of these programs. Our bill calls for a report by USAID that would recommend other steps that could be taken to further the development of micro-lending institutions such as networks, regulations, a federal charter, financial instruments and coordination with multilateral institutions.

We believe that this investment in micro-enterprise programs now will reduce the need for foreign assistance in the future. Congress now has the chance to ensure the future of these very successful programs, and help provide a sense of hope and a future of possibilities for the poor in developing countries. I thank my fellow cosponsors for their support for this legislation and look forward to working with them to gain congressional approval.

Mr. President, I ask unanimous consent that the text of the Micro-Enterprise for Self-Reliance Act be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1463

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Microenterprise for Self-Reliance Act of 1999".

SEC. 2. FINDINGS AND DECLARATIONS OF POLICY.

The Congress makes the following findings and declarations:

(1) According to the World Bank, more than 1,200,000,000 people in the developing world, or one-fifth of the world's population, subsist on less than $1 a day.

(2) Over 32,000 of their children die each day from largely preventable malnutrition and disease.

(3)(A) Women in poverty generally have larger work loads and less access to educational and economic opportunities than their male counterparts.

(B) Directly aiding the poorest of the poor, especially women, in the developing world has a positive effect not only on family incomes, but also on child nutrition, health and education, as women in particular reinvest income in their families.

(4)(A) The poor in the developing world, particularly women, generally lack stable employment and social safety nets.

(B) Many turn to self-employment to generate a substantial portion of their livelihood. In Africa, over 80 percent of employment is generated in the informal sector of the self-employed poor.

(C) These poor entrepreneurs are often trapped in poverty because they cannot obtain credit at reasonable rates to build their asset base or expand their otherwise viable self-employment activities.

(D) Many of the poor are forced to pay interest rates as high as 10 percent per day to money lenders.

(5)(A) The poor are able to expand their incomes and their businesses dramatically when they can access loans at reasonable interest rates.

(B) Through the development of self-sustaining microfinance programs, poor people themselves can lead the fight against hunger and poverty.

(6)(A) On February 2–4, 1997, a global Microcredit Summit was held in Washington, District of Columbia, to launch a plan to expand access to credit for self-employment and other financial and business services to 100,000,000 of the world's poorest families, especially the women of those families, by 2005. While this scale of outreach may not be achievable in this short-time frame, the realization of this goal could dramatically alter the face of global poverty.

(B) With an average family size of five, achieving this goal will mean that the benefits of microfinance will thereby reach nearly half of the world's more than 1,000,000,000 absolute poor people.

(7)(A) Nongovernmental organizations, such as those that comprise the Microenterprise Coalition (such as the Grameen Bank (Bangladesh,) K-REP (Kenya), and networks such as Accion International, the Foundation for International Community Assistance (FINCA), and the credit union movement) are successful in lending directly to the very poor.

(B) Microfinance institutions such as BRAC (Bangladesh), BancoSol (Bolivia), SEWA Bank (India), and ACEP (Senegal) are regulated financial institutions that can raise funds directly from the local and international capital markets.

(8)(A) Microenterprise institutions not only reduce poverty, but also reduce the dependency on foreign assistance.

(B) Interest income on the credit portfolio is used to pay recurring institutional costs, assuring the long-term sustainability of development assistance.

(9) Microfinance institutions leverage foreign assistance resources because loans are recycled, generating new benefits to program participants.

(10)(A) The development of sustainable microfinance institutions that provide credit and training, and mobilize domestic savings, are critical components to a global strategy of poverty reduction and broad-based economic development.

(B) In the efforts of the United States to lead the development of a new global financial architecture, microenterprise should play a vital role. The recent shocks to international financial markets demonstrate how the financial sector can shape the destiny of nations. Microfinance can serve as a powerful tool for building a more inclusive financial sector which serves the broad majority of the world's population including the very poor and women and thus generate more social stability and prosperity.

(C) Over the last two decades, the United States has been a global leader in promoting the global microenterprise sector, primarily through its development assistance programs at the United States Agency for International Development. Additionally, the United States Department of the Treasury and the Department of State have used their authority to promote microenterprise in the development programs of international financial institutions and the United Nations.

(11)(A) In 1994, the United States Agency for International Development launched the "Microenterprise Initiative" in partnership with the Congress.

(B) The initiative committed to expanding funding for the microenterprise programs of the Agency, and set a goal that, by the end of fiscal year 1996, half of all microenterprise resources would support programs and institutions that provide credit to the poorest, with loans under $300.

(C) In order to achieve the goal of the microcredit summit, increased investment in microcredit institutions serving the poorest will be critical.

(12) Providing the United States share of the global investment needed to achieve the goal of the microcredit summit will require only a small increase in United States funding for international microcredit programs, with an increased focus on institutions serving the poorest.

(13)(A) In order to reach tens of millions of the poorest with microcredit, it is crucial to expand and replicate successful microcredit institutions.

(B) These institutions need assistance in developing their institutional capacity to expand their services and tap commercial sources of capital.

(14) Nongovernmental organizations have demonstrated competence in developing networks of local microfinance institutions and other assistance delivery mechanisms so that they reach large numbers of the very poor, and achieve financial sustainability.

(15) Recognizing that the United States Agency for International Development has developed very effective partnerships with nongovernmental organizations, and that the Agency will have fewer missions to carry out its work, the Agency should place priority on investing in those nongovernmental network institutions that meet performance criteria through the central funding mechanisms of the Agency.

(16) By expanding and replicating successful microcredit institutions, it should be possible to create a global infrastructure to provide financial services to the world's poorest families.

(17)(A) The United States can provide leadership to other bilateral and multilateral development agencies as such agencies expand their support to the microenterprise sector.

(B) The United States should seek to improve coordination among G–7 countries in the support of the microenterprise sector in order to leverage the investment of the United States with that of other donor nations.

(18) Through increased support for microenterprise, especially credit for the poorest, the United States can continue to play a leadership role in the global effort to expand financial services and opportunity to 100,000,000 of the poorest families on the planet.

SEC. 3. PURPOSES.

The purposes of this Act are—

(1) to make microenterprise development an important element of United States foreign economic policy and assistance;

(2) to provide for the continuation and expansion of the commitment of the United States Agency for International Development to the development of microenterprise institutions as outlined in its 1994 Microenterprise Initiative;

(3) to support and develop the capacity of United States and indigenous nongovernmental organization intermediaries to provide credit, savings, training and technical services to microentrepreneurs;

(4) to increase the amount of assistance devoted to credit activities designed to reach the poorest sector in developing countries, and to improve the access of the poorest, particularly women, to microenterprise credit in developing countries; and

(5) to encourage the United States Agency for International Development to coordinate microfinance policy, in consultation with the Department of the Treasury and the Department of State, and to provide global leadership in promoting microenterprise for the poorest among bilateral and multilateral donors.

SEC. 4. MICROENTERPRISE DEVELOPMENT GRANT ASSISTANCE.

Chapter 1 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amended—

(1) by redesignating the second section 129 (as added by section 4 of the Torture Victims Relief Act of 1998 (Public Law 105–320)) as section 130; and

(2) by adding at the end the following new section:

"SEC. 131. MICROENTERPRISE DEVELOPMENT GRANT ASSISTANCE.

"(a) FINDINGS AND POLICY.—The Congress finds and declares that—

"(1) the development of microenterprise is a vital factor in the stable growth of developing countries and in the development of free, open, and equitable international economic systems;

"(2) it is therefore in the best interest of the United States to assist the development of microenterprises in developing countries; and

"(3) the support of microenterprise can be served by programs providing credit, savings, training, and technical assistance.

"(b) AUTHORIZATION.—(1) In carrying out this part, the President is authorized to provide grant assistance for programs to increase the availability of credit and other services to microenterprises lacking full access to capital and training through—

"(A) grants to microfinance institutions for the purpose of expanding the availability of credit, savings, and other financial services to microentrepreneurs;

"(B) training, technical assistance, and other support for microenterprises to enable them to make better use of credit, to better manage their enterprises, and to increase their income and build their assets;

"(C) capacity building for microfinance institutions in order to enable them to better meet the credit and training needs of microentrepreneurs; and

"(D) policy and regulatory programs at the country level that improve the environment for microfinance institutions that serve the poor and very poor.

"(2) Assistance authorized under paragraph (1) shall be provided through organizations that have a capacity to develop and implement microenterprise programs, including particularly—

"(A) United States and indigenous private and voluntary organizations;

"(B) United States and indigenous credit unions and cooperative organizations;

"(C) other indigenous governmental and nongovernmental organizations; or

"(D) business development services, including indigenous craft programs.

"(3) In carrying out sustainable poverty-focused programs under paragraph (1), 50 percent of all microenterprise resources shall be used for direct support of programs under this subsection through practitioner institutions that provide credit and other financial services to the poorest with loans of $300 or less in 1995 United States dollars and can cover their costs of credit programs with revenue from lending activities or that demonstrate the capacity to do so in a reasonable time period.

"(4) The President should continue support for central mechanisms and missions that—

"(A) provide technical support for field missions;

"(B) strengthen the institutional development of the intermediary organizations described in paragraph (2);

"(C) share information relating to the provision of assistance authorized under paragraph (1) between such field missions and intermediary organizations; and

"(D) support the development of nonprofit global microfinance networks, including credit union systems, that—

"(i) are able to deliver very small loans through a vast grassroots infrastructure based on market principles; and

"(ii) act as wholesale intermediaries providing a range of services to microfinance retail institutions, including financing, technical assistance, capacity building and safety and soundness accreditation.

"(5) Assistance provided under this subsection may only be used to support microenterprise programs and may not be used to support programs not directly related to the purposes described in paragraph (1).

"(c) MONITORING SYSTEM.—In order to maximize the sustainable development impact of the assistance authorized under subsection (a)(1), the Administrator of the United States Agency for International Development shall establish a monitoring system that—

“(1) establishes performance goals for such assistance and expresses such goals in an objective and quantifiable form, to the extent feasible;

“(2) establishes performance indicators to be used in measuring or assessing the achievement of the goals and objectives of such assistance;

“(3) provides a basis for recommendations for adjustments to such assistance to enhance the sustainable development impact of such assistance, particularly the impact of such assistance on the very poor, particularly poor women; and

“(4) provides a basis for recommendations for adjustments to measures for reaching the poorest of the poor, including proposed legislation containing amendments to improve paragraph (3).

“(d) Authorization of Appropriations.—

“(1) In general.—(A) There are authorized to be appropriated $152,000,000 for fiscal year 2000 and $167,000,000 for fiscal year 2001 to carry out this section.

“(B) Amounts appropriated pursuant to the authorization of appropriations under subparagraph (A) are authorized to remain available until expended.

“(2) Rule of construction.—Amounts authorized to be appropriated under paragraph (1) are in addition to amounts otherwise available to carry out this section.”.

SEC. 5. MICRO- AND SMALL ENTERPRISE DEVELOPMENT CREDITS.

Section 108 of the Foreign Assistance Act of 1961 (22 U.S.C. 2151f) is amended to read as follows:

“SEC. 108. MICRO- AND SMALL ENTERPRISE DEVELOPMENT CREDITS.

“(a) Findings and Policy.—The Congress finds and declares that—

“(1) the development of micro- and small enterprises are a vital factor in the stable growth of developing countries and in the development and stability of a free, open, and equitable international economic system; and

“(2) it is, therefore, in the best interests of the United States to assist the development of the enterprises of the poor in developing countries and to engage the United States private sector in that process.

“(b) Program.—To carry out the policy set forth in subsection (a), the President is authorized to provide assistance to increase the availability of credit to micro- and small enterprises lacking full access to credit, including through—

“(1) loans and guarantees to credit institutions for the purpose of expanding the availability of credit to micro- and small enterprises;

“(2) training programs for lenders in order to enable them to better meet the credit needs of microentrepreneurs; and

“(3) training programs for microentrepreneurs in order to enable them to make better use of credit and to better manage their enterprises.

“(c) Eligibility Criteria.—The Administrator of the United States Agency for International Development shall establish criteria for determining which entities described in subsection (b) are eligible to carry out activities, with respect to micro- and small enterprises, assisted under this section. Such criteria may include the following:

“(1) The extent to which the recipients of credit from the entity do not have access to the local formal financial sector.

“(2) The extent to which the recipients of credit from the entity are among the poorest people in the country.

“(3) The extent to which the entity is oriented toward working directly with poor women.

“(4) The extent to which the entity recovers its cost of lending to the poor.

“(5) The extent to which the entity implements a plan to become financially sustainable.

“(d) Additional Requirement.—Assistance provided under this section may only be used to support micro- and small enterprise programs and may not be used to support programs not directly related to the purposes described in subsection (b).

“(e) Authorization of Appropriations.—

“(1) In general.—(A) There are authorized to be appropriated $1,500,000 for each of the fiscal years 2000 and 2001 to carry out this section.

“(B) Amounts authorized to be appropriated under subparagraph (A) shall be made available for the subsidy cost, as defined in section 502(5) of the Federal Credit Reform Act of 1990, for activities under this section.

“(2) Administrative expenses.—There are authorized to be appropriated $500,000 for each of the fiscal years 2000 and 2001 for the cost of administrative expenses in carrying out this section.

“(3) Rule of construction.—Amounts authorized to be appropriated under this subsection are in addition to amounts otherwise available to carry out this section.”.

SEC. 6. MICROFINANCE LOAN FACILITY.

Chapter 1 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.), as amended by this Act, is further amended by adding the following new section:

“SEC. 132. UNITED STATES MICROFINANCE LOAN FACILITY.

“(a) Establishment.—The Administrator of the United States Agency for International Development is authorized to establish a United States Microfinance Loan Facility (hereinafter in this section referred to as the ‘Facility’) to pool and manage the risk from natural disasters, war or civil conflict, national financial crisis, or short-term financial movements that threaten the long-term development of United States-supported microfinance institutions.

“(b) Supervisory Board of the Facility.—(1) The Facility shall be supervised by a board composed of the following representatives appointed by the President not later than 180 days after the date of the enactment of Microenterprise for Self-Reliance Act of 1999:

“(A) 1 representative from the Department of the Treasury.

“(B) 1 representative from the Department of State.

“(C) 1 representative from the United States Agency for International Development.

“(D)(i) 2 United States citizens from United States nongovernmental organizations that operate United States-sponsored microfinance activities.

“(ii) Individuals described in clause (i) shall be appointed for a term of 2 years.

“(2) The Administrator of the United States Agency for International Development or his designee shall serve as Chairman and an additional voting member of the board.

“(c) Disbursements.—(1) The board shall make disbursements from the Facility to United States-sponsored microfinance institutions to prevent the bankruptcy of such institutions caused by (A) natural disasters, (B) national wars or civil conflict, or (C) national financial crisis or other short term financial movements that threaten the long-term development of United States-supported microfinance institutions. Such disbursements shall be made as concessional loans that are repaid maintaining the real value of the loan to microfinance institutions that demonstrate the capacity to resume self-sustained operations within a reasonable time period. The Facility shall provide for loan losses with each loan disbursed.

“(2) During each of the fiscal years 2001 and 2002, funds may not be made available from the Facility until 15 days after notification of the availability has been provided to the congressional committees specified in section 634A of this Act in accordance with the procedures applicable to reprogramming notifications under that section.

“(d) Report.—Not later than 60 days after the date on which the last representative to the board is appointed pursuant to subsection (b), the chairman of the board shall prepare and submit to the appropriate congressional committees a report on the policies, rules, and regulations of the Facility.

“(e) Funding.—

“(1) Availability of funds to cover subsidy costs.—Of the funds made available to carry out this part for fiscal years 2000 and 2001, up to $5,000,000 may be made available to cover the subsidy cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990) to carry out this section for each such fiscal year. In addition, of such amount for each fiscal year, up to $ may be made available for administrative expenses in carrying out this section.

“(2) Applicable authorities.—The provisions of section 107A(d) of the Foreign Assistance Act of 1961 (as contained in section 306 of H.R. 1486, as reported to the House of Representatives on May 9, 1997) shall be applicable to assistance provided under this section, except that paragraphs (5) through (8) thereof shall not apply.

“(3) Relation to other amounts available.—Amounts made available under paragraph (1) are in addition to amounts available to carry out this section under any other provision of law.

“(f) Definitions.—In this section:

“(1) Appropriate congressional committees.—The term ‘appropriate congressional committees’ means the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate.

“(2) United States-supported microfinance institution.—The term ‘United States-supported microfinance institution’ means a financial intermediary that has received funds made available under this Act for fiscal year 1980 or any subsequent fiscal year.”.

SEC. 7. REPORT RELATING TO FUTURE DEVELOPMENT OF MICROFINANCE INSTITUTIONS.

(a) Report.—Not later than 180 days after the date of the enactment of this Act, the President, in consultation with the Administrator of the United States Agency for International Development, the Secretary of State, and the Secretary of the Treasury, shall prepare and transmit to the appropriate congressional committees a report on the most cost-effective methods for increasing the access of poor people to credit, other financial services, and related training.

(b) Contents.—The report described in subsection (a)—

(1) should include how the President, in consultation with the Administrator of the United States Agency for International Development, the Secretary of State, and the

Secretary of the Treasury, will jointly develop a comprehensive strategy for advancing the global microenterprise sector in a way that maintains market principles while assuring that the very poor, particularly women, obtain access to financial services; and

(2) shall provide guidelines and recommendations for—

(A) instruments to assist microenterprise networks to develop multi-country and regional microlending programs;

(B) technical assistance to foreign governments, foreign central banks and regulatory entities to improve the policy environment for microfinance institutions, and to strengthen the capacity of supervisory bodies to supervise microcredit institutions;

(C) the potential for federal chartering of United States-based international microfinance network institutions, including proposed legislation;

(D) instruments to increase investor confidence in microcredit institutions which would strengthen the long-term financial position of the microcredit institutions and attract capital from private sector entities and individuals, such as a rating system for microcredit institutions and local credit bureaus;

(E) an agenda for integrating microfinance into United States foreign policy initiatives seeking to develop and strengthen the global finance sector; and

(F) innovative instruments to attract funds from the capital markets, such as instruments for leveraging funds from the local commercial banking sector, and the securitization of microloan portfolios.

(c) APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.—In this section, the term "appropriate congressional committees" means the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate.

SEC. 8. UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT AS GLOBAL LEADER AND COORDINATOR OF BILATERAL AND MULTILATERAL MICROENTERPRISE ASSISTANCE ACTIVITIES.

(a) FINDINGS AND POLICY.—The Congress finds and declares that—

(1) the United States can provide leadership to other bilateral and multilateral development agencies as such agencies expand their support to the microenterprise sector; and

(2) the United States should seek to improve coordination among G–7 countries in the support of the microenterprise sector in order to leverage the investment of the United States with that of other donor nations.

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that—

(1) the Administrator of the United States Agency for International Development and the Secretary of State should seek to support and strengthen the effectiveness of microfinance activities in United Nations agencies, such as the International Fund for Agricultural Development (IFAD) and the United Nations Development Program (UNDP), which have provided key leadership in developing the microenterprise sector; and

(2) the Secretary of the Treasury should instruct each United States Executive Director of the Multilateral Development Banks (MDBs) to advocate the development of a coherent and coordinated strategy to support the microenterprise sector and an increase of multilateral resource flows for the purposes of building microenterprise retail and wholesale intermediaries.

By Mr. HAGEL (for himself, Mrs. LINCOLN, Mr. ROBERTS, Ms. LANDRIEU, Mr. HUTCHINSON, Mr. COCHRAN, Mr. GRAMS, Mr. ABRAHAM, Mr. SMITH of Oregon, Mr. HOLLINGS, Mr. CRAIG, Mr. GORTON, Mr. GRASSLEY, Mr. CRAPO, Mr. BURNS, Mr. FRIST, Mr. BREAUX, Mr. ASHCROFT, Mr. COVERDELL, Mr. HELMS, and Mr. LOTT):

S. 1464. A bill to amend the Federal Food, Drug, and Cosmetic Act to establish certain requirements regarding the Food Quality Protection Act of 1996, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

REGULATORY OPENNESS AND FAIRNESS ACT OF 1999

Mr. HAGEL. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1464

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Regulatory Openness and Fairness Act of 1999".

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Findings.

TITLE I—ISSUANCE AND CONTINUATION OF TOLERANCES

Sec. 101. Transition analysis and description of basis for decisions relating to tolerance reviews.
Sec. 102. Interim procedures for reviews of tolerances.
Sec. 103. Implementation rules and guidance.
Sec. 104. Data in support of tolerances and registrations.
Sec. 105. Tolerances for emergency uses.

TITLE II—STUDIES AND REPORTS

Sec. 201. Definitions.
Sec. 202. Priorities and resources.
Sec. 203. International trade effects.
Sec. 204. Advisory committee.

SEC. 2. FINDINGS.

Congress finds the following:

(1) The Food Quality Protection Act of 1996 (Public Law 104–170; 110 Stat. 1489), enacted on August 3, 1996, made many major modifications to section 408 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a) that require the Administrator of the Environmental Protection Agency to consider new kinds of information and use additional criteria in regulating pesticide chemical residues and in reviewing tolerances for pesticide chemical residues that had previously been found to be adequate to protect the public health.

(2)(A) Amendments made by the Food Quality Protection Act of 1996 prescribe the use of a number of new risk assessment criteria that require the development of major modifications to regulatory policies and procedures used by the Administrator to regulate pesticide chemical residues.

(B) Since the enactment of the Food Quality Protection Act of 1996, it has become clear that several of the new concepts embodied in that Act involve a high degree of complexity.

(C) Practical implementation of the concepts demands new scientific tools in addition to the tools that were available when the Food Quality Protection Act of 1996 was enacted.

(3)(A) To reach sound, suitably protective decisions on tolerance reviews under the new criteria, the Administrator also will need a great deal of new data, not only on the newly considered nondietary routes of exposure, but also, in some cases, on dietary exposure and toxicity, so that the Administrator can determine whether pesticide chemicals residues that were found safe under the former criteria satisfy the new criteria as well.

(B) Some data collection efforts are underway to obtain new data for tolerance reviews, but will not yield results for 1 or more years.

(C) In some areas, the need for new data depends on decisions not yet made by the Administrator about what kinds of tests should be conducted and which compounds should be tested, for tolerance reviews.

(4)(A) The Administrator has instituted public proceedings, relating to the regulations and tolerance reviews, on such topics as what new interpretations and policies are needed, what new kinds of data are needed, how the new data would be used, and how the needed regulatory transition can be achieved.

(B) These proceedings are not yet finished, and on some issues public notice and comment proceedings have been scheduled but have not yet begun.

(5)(A) The Food Quality Protection Act of 1996 amended the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.) by adding several provisions that provide flexibility to the Administrator in making the transition to the new approach to regulating pesticide chemical residues.

(B) The Federal Food, Drug, and Cosmetic Act allows a continuing process of refinement and improvement in tolerance decisionmaking, as additional information is collected and as new policies and methods are developed and adopted for the practical implementation of the new requirements in that Act.

(C) The Federal Food, Drug, and Cosmetic Act provides that the data requirements for tolerances must be set out clearly in regulations and guidelines, so that the regulated community will know what types of information the Administrator requires and what testing procedures should be used to develop the information.

(D) Amendments made by the Food Quality Protection Act of 1996 relating to risk assessments affecting tolerances allow only the use of reliable information regarding nondietary exposure routes, which were not previously considered in risk assessments affecting tolerances.

(E) Congress did not anticipate that a tolerance would be revoked because of reliance by the Administrator on estimates or assumptions stemming from absence of that information, without first providing notice of what information is needed and a reasonable opportunity to collect the information.

(F) When a tolerance is under review and the Administrator determines that additional information is needed to support the continuation of the tolerance, the Federal Food, Drug, and Cosmetic Act authorizes the Administrator to postpone the effective date of any tolerance rule resulting from the review, and this authority can be utilized as appropriate in cases in which additional information is pertinent to a tolerance review.

(G) The Federal Food, Drug, and Cosmetic Act permits the Administrator to conduct a tolerance review in stages, as allowed by the available, reliable information.

(6)(A) Although the authorities described in subparagraphs (F) and (G) of paragraph (5) already are provided by law, it appears that further congressional guidance is needed to ensure that decisions of the Administrator relating to tolerance reviews are reasonable, well supported, and balanced, and to avoid disruptions in agriculture, other sectors of the economy, and international trade.

(B) During the transition to revised standards, procedures, and requirements for the regulation of pesticide chemical residues, the Administrator must ensure that decisions are balanced, reasonable, and understandable, and are based on and supported by sound information, in order to avoid unnecessary disruptions in agriculture, the economy, and international trade, and to maintain the public trust in the food supply.

(7) Unless the Administrator implements section 408 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a) carefully and wisely, decisions made under that section could cause great harm to—

(A) the safe and affordable food supply of the United States;

(B) the agricultural system of the United States (including food, fiber, nursery, and forestry production, food storage, and transportation);

(C) related industries; and

(D) other private and public sector activities, such as—

(i) public health protection against bacteria and other microorganisms;

(ii) control of insects and diseases; and

(iii) residential and business pest control.

TITLE I—ISSUANCE AND CONTINUATION OF TOLERANCES

SEC. 101. TRANSITION ANALYSIS AND DESCRIPTION OF BASIS FOR DECISIONS RELATING TO TOLERANCE REVIEWS.

Section 408 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a) is amended by adding at the end the following:

"(t) TRANSITION ANALYSIS AND DESCRIPTIONS OF BASIS FOR DECISIONS RELATING TO TOLERANCE REVIEWS.—

"(1) APPLICATION OF REQUIREMENTS TO CERTAIN DOCUMENTS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), this subsection applies to any proposed or final rule, order, notice, report, guidance document, or risk assessment (referred to in this subsection as a 'document') that is—

"(i) based on, or results from, any review (including a reassessment) by the Administrator of a tolerance or of the uses of a pesticide chemical for which a tolerance is in effect; and

"(ii) issued or disclosed as described in paragraph (2).

"(B) EXCEPTION.—This subsection does not apply to any document in which the Administrator determines or recommends that no revocation or denial of a tolerance, or other adverse action regarding a tolerance, is required.

"(2) PERIOD OF APPLICABILITY.—This subsection applies to a document that the Administrator issues or otherwise discloses to any member of the public during the period beginning on January 1, 1999, and ending on the date of completion of the process of reviewing tolerances under subsection (q).

"(3) TRANSITION ANALYSIS REPORT.—

"(A) TRANSITION ANALYSIS.—Before issuing any document to which this subsection applies, the Administrator shall conduct a transition analysis of the findings and regulatory steps recommended by or set forth in the document.

"(B) REPORT.—The Administrator shall prepare a report, to be issued with the document, that—

"(i) describes the results of the analysis;

"(ii) describes the extent to which the conclusions in the document are tentative, preliminary, or subject to possible modification because of policy reevaluation, correction of data deficiencies, or use of new data to replace assumptions; and

"(iii) contains the information described in subparagraphs (C) and (D).

"(C) CONTENTS OF REPORT RELATING TO BASIS FOR FINDINGS AND REGULATORY STEPS.—A transition analysis report prepared under this paragraph shall describe the extent to which any finding or regulatory step recommended by or set forth in the analyzed document is based in whole or in part on—

"(i) any assumption, if the Administrator is in possession of data that would make use of the assumption unnecessary;

"(ii) any information about possible exposure from drinking water, or another nonoccupational, nondietary exposure route, that is derived from use of—

"(I) a worst-case assumption;

"(II) a computation or modeling result that is—

"(aa) based on a high-end or upper-bound input; or

"(bb) designed to be a worst-case, high-end, or upper-bound estimate; or

"(III) information that otherwise is not reasonably representative of risks to consumers or to major identifiable subgroups of consumers, on a national or regional basis;

"(iii) any assumption about exposure from drinking water, or another nonoccupational, nondietary exposure route, if data that would make use of the assumption unnecessary, and would likely demonstrate a lower level of exposure than that used in the assumption—

"(I) are being developed and will be submitted to the Administrator within a reasonable period—

"(aa) in accordance with a request by the Administrator under subsection (f) or any of the authorities referred to in that subsection; or

"(bb) at the initiative of an interested person; or

"(II) could be obtained by the Administrator by an action taken in accordance with subsection (f);

"(iv) any assumption regarding the method for determining the aggregate exposure to a pesticide chemical or the cumulative effect of exposure to 2 or more pesticide chemicals having a common mechanism of toxicity, if the use of the assumption is based in whole or in part on the absence of data that could be obtained by the Administrator by an action taken in accordance with subsection (f), unless the data that would eliminate the need for use of the assumption have been identified and made known by the Administrator to interested persons and sufficient time has been provided to allow the data to be developed, submitted, and subsequently evaluated by the Administrator;

"(v) any calculation developed by use of the margin of safety described in subsection (b)(2)(C), if the use of the margin of safety is based in whole or in part on the absence of data that could be obtained by the Administrator by an action taken in accordance with subsection (f), unless the data that would eliminate the need for use of the margin of safety have been identified and made known by the Administrator to interested persons and sufficient time has been provided to allow the data to be developed, submitted, and subsequently evaluated by the Administrator; or

"(vi) any information about an alleged adverse effect relating to a pesticide chemical, if the information is anecdotal, unverified, or scientifically implausible, or comes from any study whose design and conduct has not been found by the Administrator to be scientifically sound with regard to design, conduct, reporting, and data availability.

"(D) ADDITIONAL CONTENTS OF REPORT.—A transition analysis report prepared under this paragraph shall contain information—

"(i) summarizing and responding briefly to comments received by the Administrator from any other person regarding the applicability of any provision of subparagraph (C) to the document analyzed under this subsection;

"(ii) describing briefly the availability and suitability of pesticidal and nonpesticidal alternatives to the pesticide chemical uses being reviewed, including a description of—

"(I) the extent to which (as determined by the Administrator, in consultation with the Secretary of Agriculture) an alternative to the use for which the tolerance under review has been approved that is effective and economical; and

"(II) whether revocation or modification of the tolerance will result in—

"(aa) a significant regional shift of production of food within the United States;

"(bb) an increase in imports of corresponding commodities;

"(cc) an increase in pest control costs;

"(dd) an increase in pest crop damage and yield loss, including quality degradation, due to the lack of an effective alternative; or

"(ee) a disruption of domestic production of an adequate, wholesome, and economical food supply;

"(iii) identifying the data that, if available, would make unnecessary any reliance on any information, assumption, or calculation that is described in clause (ii), (iii), (iv), or (v) of subparagraph (C) and identified in the report;

"(iv) describing the extent to which any finding or regulatory step recommended by or set forth in the document is based in whole or in part on any assumption about toxicity, dietary exposure, or risk from dietary exposure, if data that would make use of the assumption unnecessary—

"(I) are being developed and will be submitted to the Administrator within a reasonable period—

"(aa) in accordance with a request by the Administrator under subsection (f) or any of the authorities referred to in that subsection; or

"(bb) at the initiative of an interested person; or

"(II) could be obtained by the Administrator by an action taken in accordance with subsection (f); and

"(v) describing the extent to which any finding or regulatory step recommended by or set forth in the document is based in whole or in part on—

"(I) any use of data on the presence or absence of nonadverse effects, rather than data on the presence or absence of adverse effects, as the basis for calculation of allowable exposure levels; or

"(II) any policy that the Administrator may revise after completion of any reevaluation of that policy that is being conducted or is scheduled to be conducted.

"(4) DEFINITION.—In this subsection and subsection (u), the term 'tolerance' has the meaning given the term in section 201 of the Regulatory Openness and Fairness Act of 1999.".

SEC. 102. INTERIM PROCEDURES FOR REVIEWS OF TOLERANCES.

Section 408 of the Federal Food, Drug, and Cosmetic Act, as amended by section 101, is further amended by adding at the end the following:

"(u) INTERIM PROCEDURES FOR REVIEWS OF TOLERANCES.—

"(1) APPLICATION OF REQUIREMENTS TO CERTAIN ACTIONS.—This subsection applies to—

"(A) any review (including a reassessment) by the Administrator of a tolerance, whether initiated by the Administrator or by petition by another person; and

"(B) any review (including a reassessment) by the Administrator of any registration of a pesticide chemical under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.) that is associated with or results from such a tolerance review;

that the Administrator issues during the period described in paragraph (2).

"(2) PERIOD OF APPLICABILITY.—The period referred to in paragraph (1) is the period beginning on January 1, 1999, and ending on the date of completion of the process of reviewing tolerances under subsection (q).

"(3) LIMITATION.—Notwithstanding any other provision of law—

"(A) in any tolerance review (including a reassessment) to which this subsection applies, the Administrator may not base the revocation or denial of, or other adverse action regarding, a tolerance on any information, calculation, or assumption described in subsection (t)(3)(C); and

"(B) in any review (including a reassessment) to which this subsection applies of the registration of a pesticide chemical under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.), the Administrator may not base any adverse action regarding a registration on any such information, calculation, or assumption.".

SEC. 103. IMPLEMENTATION RULES AND GUIDANCE.

Section 408(e) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a(e)) is amended by adding at the end the following:

"(3) IMPLEMENTATION RULES AND GUIDANCE.—

"(A) IN GENERAL.—In establishing general procedures and requirements to implement this section in accordance with paragraph (1)(C), the Administrator shall issue rules and guidance, including guidance regarding the provisions of this Act regarding aggregate exposure to pesticide chemicals and cumulative effects of exposure to 2 or more pesticide chemicals having a common mechanism of toxicity. The Administrator shall include in such rules and guidance general procedures and requirements to implement the provisions of this Act that were added by amendments made by the Regulatory Openness and Fairness Act of 1999.

"(B) ISSUANCE.—The Administrator shall issue—

"(i) proposed rules and guidance described in subparagraph (A) not later than 180 days after the date of enactment of the Regulatory Openness and Fairness Act of 1999;

"(ii) final rules and guidance described in subparagraph (A) not later than 1 year after the date of enactment of the Regulatory Openness and Fairness Act of 1999; and

"(iii) such revisions to the rules and guidance as the Administrator determines to be necessary and appropriate.".

SEC. 104. DATA IN SUPPORT OF TOLERANCES AND REGISTRATIONS.

(a) FEDERAL FOOD, DRUG, AND COSMETIC ACT.—Section 408(f) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a(f)) is amended by adding at the end the following:

"(3) ISSUANCE OF GUIDELINES.—

"(A) IN GENERAL.—The Administrator shall issue guidelines specifying the kinds of information that will be required to support the issuance or continuation of a tolerance for a pesticide chemical residue or the exemption from the requirement of such a tolerance, established under this section. The Administrator shall revise the guidelines from time to time. The guidelines shall specify the conditions under which data requirements will apply to particular types of pesticide chemical residues.

"(B) PROCEDURES.—In issuing the guidelines described in subparagraph (A), the Administrator shall provide notice and an opportunity for comment, except for those guidelines that already have been issued after notice and an opportunity for comment under section 3(c)(2)(A) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136a(c)(2)(A)).".

(b) FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT.—The first sentence of section 3(c)(2)(A) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136a(c)(2)(A)) is amended by striking the period and inserting ", after providing notice and an opportunity for comment on the guidelines or revisions by interested parties.".

SEC. 105. EXPEDITED ACTION.

(a) EXPEDITED ACTION TO PROVIDE EFFECTIVE, ECONOMIC ALTERNATIVES.—Section 3(c)(3) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136a(c)(3)) is amended by adding at the end the following:

"(E) EXPEDITED ACTION TO PROVIDE EFFECTIVE, ECONOMIC ALTERNATIVES.—The Administrator shall expedite the review of any complete application for registration or amended registration of a pesticide under this section, for an experimental use permit under section 5, or for an emergency exemption under section 18, if the application seeks approval for the registration or use of a pesticide—

"(i) that, in the opinion of the Administrator, is likely to provide an effective and economic alternative to the use of a pesticide that has been or is likely to be removed from the market as a result of a review conducted under section 408 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a); and

"(ii) for which—

"(I) there is no registered effective and economical alternative (as of the date of submission of the application); or

"(II) the number of the alternatives is insufficient to avoid problems such as pest resistance.".

(b) COORDINATION.—Section 408(d)(4)(B) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a(d)(4)(B)) is amended—

(1) by striking "tolerance or exemption for" and inserting "tolerance or exemption—

"(i) for";

(2) by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following:

"(ii) that is needed in connection with an application under section 3(c)(3)(E) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136a(c)(3)(E)) for approval of an effective and economic alternative.".

(c) TOLERANCES FOR EMERGENCY USES.—Section 408(l)(6) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a(l)(6)) is amended—

(1) by inserting before the first sentence the following:

"(A) IN GENERAL.—";

(2) by inserting before the third sentence the following:

"(B) PROCEDURE.—";

(3) by inserting before the fifth sentence the following:

"(C) SAFETY STANDARD.—";

(4) in the fifth sentence, by striking the period and inserting ", except as described in subparagraph (D)."; and

(5) by adding at the end the following:

"(D) EMERGENCY EXEMPTIONS.—The Administrator may establish a tolerance for a pesticide chemical residue associated with an emergency exemption without regard to other tolerances for a pesticide chemical residue and before reviewing those other tolerances, if the Administrator determines that any incremental exposure that may result from the tolerance associated with the emergency exemption will not pose any significant risk to food consumers.".

TITLE II—STUDIES AND REPORTS

SEC. 201. DEFINITIONS.

In this title:

(1) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Environmental Protection Agency.

(2) PESTICIDE CHEMICAL; PESTICIDE CHEMICAL RESIDUE.—The terms "pesticide chemical" and "pesticide chemical residue" have the meanings given the terms in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).

(3) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

(4) TOLERANCE.—The term "tolerance" means a tolerance for a pesticide chemical residue or an exemption from the requirement of such a tolerance, established under section 408 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a).

SEC. 202. PRIORITIES AND RESOURCES.

(a) ENVIRONMENTAL PROTECTION AGENCY PROPOSAL.—The Administrator shall prepare a proposal for revising the priorities of and resources available to the Administrator that will allow the Administrator—

(1) to process promptly all—

(A) applications for registration of pesticide chemicals under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.);

(B) petitions for tolerances (including exemptions) under section 408 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a);

(C) requests for experimental use permits, for approval of new inert ingredients, and for emergency exemptions, relating to pesticide chemicals under an Act described in subparagraph (A) or (B); and

(D) requests for decisions on the merits of the applications, petitions, and requests described in subparagraphs (A) through (C); and

(2) to perform tolerance reviews (including reassessments) and other duties relating to pesticide chemicals, as required by the Federal Food, Drug, and Cosmetic Act or the Federal Insecticide, Fungicide, and Rodenticide Act.

(b) DEPARTMENT OF AGRICULTURE PROPOSAL.—The Secretary shall prepare a proposal for revising the priorities of and resources available to the Secretary that will allow the Secretary—

(1) to obtain and provide to the Administrator adequate and timely information on food consumption, pesticide chemical residues in or on food and drinking water, and pesticide chemical use;

(2) to review actions proposed by the Administrator under section 408 of the Federal Food, Drug, and Cosmetic Act and the Federal Insecticide, Fungicide, and Rodenticide Act; and

(3) to perform other duties related to the regulation of pesticide chemicals (including pesticide chemical residues).

(c) REPORT.—The Administrator and the Secretary shall prepare and submit to Congress a report containing the proposals described in subsections (a) and (b) not later than 180 days after the date of enactment of this Act.

SEC. 203. INTERNATIONAL TRADE EFFECTS.

(a) ASSESSMENT.—

(1) ASSESSMENT PROGRAM.—The Secretary shall establish and administer a program to continuously assess the strength of major United States agricultural commodities and products in the international marketplace. The commodities and products assessed shall include fruits and vegetables, corn, wheat, cotton, rice, soybeans, and nursery and forest products.

(2) FACTORS.—In carrying out paragraph (1), the Secretary shall examine factors pertinent to assessing the sustainability and competitive strength of each commodity and product in the international marketplace and the relationship of the factors to regulatory actions taken under the Federal Food, Drug, and Cosmetic Act and the Federal Insecticide, Fungicide, and Rodenticide Act. The factors examined for each commodity and product shall include commodity changes, regional changes, prices, quality, input costs and availability, and the ratio of imports to exports.

(b) REPORT.—The Secretary shall prepare periodic reports describing the results obtained from the assessment program conducted under subsection (a). The Secretary shall submit the reports to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate. The Secretary shall submit the reports not later than October 1, 2000, and October 1 of every second year thereafter through 2010.

SEC. 204. ADVISORY COMMITTEE.

(a) ESTABLISHMENT.—There is established an advisory committee to be known as the Pesticide Advisory Committee (referred to in this section as the "Advisory Committee").

(b) MEMBERSHIP.—

(1) COMPOSITION.—The Advisory Committee shall be composed of 20 members, appointed by the Administrator and the Secretary. The members of the Advisory Committee shall represent a wide variety of interests and viewpoints and shall be appointed from among individuals who are representatives of organizations who are interested in the regulation of pesticide chemicals, including representatives of—

(A) organizations that represent—

(i) food consumers;

(ii) persons with a special interest in environmental protection;

(iii) farmworkers;

(iv) agricultural producers (including persons engaged in crop production, livestock and poultry production, or nursery and forestry production);

(v) nonagricultural pesticide chemical users;

(vi) food manufacturers and processors;

(vii) food distributors and marketers; and

(viii) manufacturers of agricultural and nonagricultural pesticide chemicals; and

(B) Federal and State agencies.

(2) PUBLICATION.—The Administrator shall publish in the Federal Register the name, address, and professional affiliation of each member of the Advisory Committee.

(3) TERMS OF APPOINTMENT.—Each member of the Advisory Committee shall serve for a term of years determined by the Administrator and the Secretary, except that—

(A) the terms of service of the members initially appointed shall be (as specified by the Administrator and the Secretary) for such fewer number of years as will provide for the expiration of terms on a staggered basis;

(B) a member appointed to fill a vacancy occurring prior to the expiration of the term for which a predecessor was appointed, shall be appointed for the remainder of the term; and

(C) the Secretary and the Administrator may extend the term of a member of the Advisory Committee until a new member is appointed to fill the vacancy.

(4) VACANCIES.—Any vacancy occurring in the membership of the Advisory Committee shall be filled in the same manner as the original appointment. The vacancy shall not affect the power of the remaining members to execute the duties of the Advisory Committee.

(c) DUTIES.—The Advisory Committee shall—

(1) provide advice to the Administrator and the Secretary on matters related to implementation of section 408 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a) and the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.), including proposed and final rules, policies, procedures, and testing guidelines used to regulate tolerances and pesticide chemical registrations;

(2) foster communication between the Administrator, the Secretary, and the various organizations who represent persons having particular interest in the regulation of pesticide chemicals under the Federal Food, Drug, and Cosmetic Act and the Federal Insecticide, Fungicide, and Rodenticide Act; and

(3) carry out the functions performed by the Tolerance Reassessment Advisory Committee.

(d) MEETINGS.—

(1) FREQUENCY.—The Advisory Committee shall meet at least 2 times per year, at times determined jointly by the Administrator and the Secretary. Not later than 14 days before the date of each meeting, the Administrator shall publish a notice regarding the meeting in the Federal Register.

(2) OPEN MEETINGS.—The Advisory Committee shall conduct its principal business—

(A) in meetings that are—

(i) open to the public; and

(ii) in facilities that can accommodate the reasonably foreseeable number of persons attending; or

(B) by teleconference, with open access.

(3) FACILITIES.—The Secretary shall be responsible for providing or making arrangements for the meeting facilities or teleconferences.

(e) COMMUNICATIONS.—The Administrator or the Secretary shall ensure that written communications between the Administrator or Secretary, respectively, and the Advisory Committee, are recorded and made available to any person upon request.

(f) CHAIRPERSON.—The Advisory Committee shall select a Chairperson from among its members.

(g) POWERS OF THE ADVISORY COMMITTEE.—

(1) HEARINGS.—The Advisory Committee may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Advisory Committee considers advisable to carry out this section.

(2) INFORMATION FROM FEDERAL AGENCIES.—Except as otherwise provided in Federal law, the Advisory Committee may secure directly from any Federal department or agency such information as the Advisory Committee considers necessary to carry out this section. Upon request of the Chairperson of the Advisory Committee, the head of the department or agency shall furnish the information to the Advisory Committee.

(3) POSTAL SERVICES.—The Advisory Committee may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(4) GIFTS.—The Advisory Committee may accept, use, and dispose of gifts or donations of services or property.

(h) ADVISORY COMMITTEE PERSONNEL MATTERS.—

(1) TRAVEL EXPENSES.—

(A) IN GENERAL.—The members of the Advisory Committee shall not receive compensation for the performance of services for the Advisory Committee, but shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Advisory Committee.

(B) FUNDS.—Funds used to provide travel expenses under subparagraph (A) shall be paid by the Administrator from appropriations available for those purposes.

(2) DETAIL OF GOVERNMENT EMPLOYEES.—Any employee of the Department of Agriculture (and no other Federal employee) may be detailed to the Advisory Committee without reimbursement, and the detail shall be without interruption or loss of civil service status or privilege.

(i) PERMANENT COMMITTEE.—Section 14 of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Advisory Committee.

By Mr. THOMPSON (for himself and Mr. ASHCROFT):

S. 1466. A bill to amend chapter 8 of title 5, United States Code, to provide for congressional review of rules establishing or increasing taxes; to the Committee on Governmental Affairs.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

TAXPAYER'S DEFENSE ACT OF 1999

Mr. THOMPSON. Mr. President, today I rise to introduce the Taxpayer's Defense Act of 1999. I am pleased to be working with my good friend from Missouri, JOHN ASHCROFT, who has been a leader on this issue in the Senate. I also want to thank Chairman GEORGE GEKAS for all of his hard work and leadership in the House. Our objective is clear and simple: no federal agency should set or raise a tax without the approval of Congress.

America was founded on the principle that there should be no taxation without representation. In *The Second Treatise of Government*, John Locke said, "[I]f any one shall claim a power to lay and levy taxes on the people * * * without * * * consent of the people, he thereby * * * subverts the end of government." Consent, according to Locke, could only be given by a majority of the people, "either by themselves or their representatives chosen by them." The Boston Tea Party celebrated Americans' opposition to taxation without representation. And the Declaration of Independence listed, among the despotic acts of King George, his "imposing Taxes on us without our Consent." First among the powers that the Constitution gave to the Congress, our new government's representative branch, was the power to levy taxes.

The logic of allowing only Congress to establish federal taxes is clear: Congress considers and weighs the economic and social issues that rise to national importance. While any agency or government office may view its own priorities as paramount, only Congress can decide which goals of the people merit spending hard-earned taxpayer dollars. Only Congress can determine how many taxpayer dollars should be spent. Congress' decisions are made through an open political process that the public can see and participate in. And if the public is unhappy with a tax, they can hold Congress and the President responsible on election day.

The accountability of lawmakers is a core feature of our representative democracy. But over time, Congress has delegated more and more of its legislative authority to unaccountable federal agencies. The Taxpayer's Defense Act would help restore constitutional balance and authority by requiring congressional approval for a rule that sets or raises a tax before the rule could take effect. Unelected agency officials could not directly establish or raise a tax, but would still have a chance to advance their proposals through an open political process in Congress.

Few would publicly dispute the American principle of no taxation without representation. But increasingly, in ways often subtle or hidden, federal agencies are taking on—or receiving from Congress—the power to tax. Federal agency taxes pass the costs of government programs on to American consumers in the form of higher prices. These secret taxes often are regressive—hitting many who struggle to get by. They also put a drag on the economy. These taxes take money from everyone, and they are imposed without accountability.

One big example of agency taxation is the Federal Communications Commission's Universal Service Tax. "Universal service" is the idea that everyone should have access to affordable telecommunications services. It originated at the beginning of the century when the nation was still being strung with telephone wires. The Telecommunications Act of 1996 included provisions that allowed the FCC to extend universal service, ensuring that telecommunications are available to all areas of the country and to institutions that benefit the community, such as schools, libraries, and rural health care facilities.

Most importantly, the Act gave the FCC the power to decide the level of "contributions"—taxes—that telecommunications providers would have to pay to support universal service. The FCC must determines how much can be collected in taxes to subsidize a variety of "universal service" spending programs. It charges telecommunications providers, who pass the costs on to consumers in the form of higher telephone bills. The FCC recently nearly doubled the tax to $2.5 billion per year, and Administration's budget have projected a rise to $10 billion per year. This agency tax is already out of control.

The FCC's provisions for universal service have many flaws. These include the three "administrative corporations" set by the FCC. The General Accounting Office determined that the establishment of these corporations was illegal, and the FCC has collapsed them into one, no less questionable corporation. The head of one of these corporations was originally paid $200,000 per year—as much as the President of the United States.

It seems that the more you look, the more you find that a number of federal agencies have been given, or discovered on their own, the power of tax. Congress has given taxing authority to the Nuclear Regulatory Commission and the U.S. Department of Agriculture. Because these taxes are within statutory parameters, we have less concern with them than others, but they are still taxes. And an important principle is at stake: no taxation within representation. The Constitution gives the taxing power only to Congress. In practice, we often see a direct correlation between an agency taxing and the agency overspending taxpayer dollars. Congress must retain the power and accountability of the purse.

More egregious examples are those where agencies have spontaneously discovered the power to tax. There's the FCC's telecommunications tax, and two new taxes, past and proposed, on Internet domain name registration. The first, sponsored by the National Science Foundation, collected more than $60 million before a federal judge put a stop to it. The second, under the aegis of the Commerce Department, proposes to charge $1 per Internet domain name per year. What Commerce Department official stands to be voted out of office if he or she sponsors an increase in this tax?

The burden of this activity falls, of course, on the American taxpayer, whose money is being taken, laundered through the Washington bureaucracy, and returned (in dramatically reduced amounts) for purposes set by unelected agency staffers. This is why we must require the FCC, and all agencies, to get the approval of Congress before setting future tax rates.

Some of my colleagues may question why Congress should shoulder the responsibility for taxes. Let me just note that in a recent fee-dispute case, the FCC argued, amazingly, that it had the unreviewable power to raise taxes. As the Court of Appeals put it:

> [A]ccording to counsel, the Commission could impose a tax on an unregulated railroad or a tax on an individual for eating ice cream . . . . This is a preposterous position, one that we will not countenance. As this court [has] said . . . "it goes without saying that the bald assertion of power by [an] agency cannot legitimize it. Unable to link its assertion of authority to any statutory provision, the [FCC's] position in this case amounts to be bare suggestion that it possesses plenary authority to act within a given area simply because Congress has endowed it with some authority to act in that area. We categorically reject that suggestion."—*Comsat Corporation* v. *FCC*, 114 F. 3d 223, 227 (D.C. Cir. 1997) (citations omitted).

Should tax dollars be used for federal programs? In what amounts? Or should Americans spend what they earn on their own, locally determined priorities? Requiring Congress to review agency taxes would answer this question.

This legislation would create a new subchapter within the Congressional Review Act for mandatory review of certain rules. The portion of any agency rule that establishes or raises a tax would have to be submitted to Congress and receive the approval of Congress and the President before the agency could put it into effect. The Act would allow the agencies to formulate tax proposals for Congress to consider under existing rulemaking procedures. It is a version of a bill introduced last Congress by Chairman GEKAS in the House and JOHN ASHCROFT in the Senate.

Once submitted to Congress, a bill noting the taxing portion of a regulation would be introduced (by request) in each House of Congress by the Majority Leader. The bill would then be subject to expedited procedures, allowing a prompt decision on whether or not the agency may put the rule into effect. The rule could take effect once a bill approving it was passed by both Houses of Congress and signed by the President. If the rule were approved, the agency would retain power to reverse the regulation, lower the amount of the tax, or take any otherwise legal actions with respect to the rule.

Mr. President, the rallying cry of "no taxation without representation" has been heard in America before, and now we are hearing it again. Congress must not allow unelected bureaucrats determine the amount of taxes hardworking Americans must pay. While preserving needed flexibility, the Taxpayer's Defense Act will allow elected officials alone to decide whether to raise taxes, and where to direct precious tax dollars.

I ask unanimous consent that a copy of the Taxpayer's Defense Act be printed in the RECORD.

S. 1466

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Taxpayer's Defense Act".

SEC. 2. MANDATORY CONGRESSIONAL REVIEW.

Chapter 8 of title 5, United States Code, is amended by inserting after section 808 the following:

"SUBCHAPTER II—MANDATORY REVIEW OF CERTAIN RULES

"§815. Rules subject to mandatory congressional review

"(a) In this section, the term 'tax' means a non-penal, mandatory payment of money or its equivalent to the extent such payment does not compensate the Federal Government or other payee for a specific benefit conferred directly on the payer.

"(b) A rule that establishes or increases a tax, however denominated, shall not take effect before the date of the enactment of a bill described in section 816 and is not subject to review under subchapter I. This section does not apply to a rule promulgated under the Internal Revenue Code of 1986.

"§816. Agency submission

"Whenever an agency promulgates a rule subject to section 815, the agency shall submit to each House of Congress a report containing the text of only the part of the rule that causes the rule to be subject to section 815 and an explanation of that part. An agency shall submit such a report separately for each such rule the agency promulgates. The explanation shall consist of the concise general statement of the rule's basis and purpose required under section 553 and such explanatory documents as are mandated by other statutory requirements.

"§817. Approval bill

"(a)(1) Not later than 3 legislative days after the date on which an agency submits a report under section 816, the Majority Leader of each House of Congress shall introduce (by request) a bill the matter after the enacting clause of which is as follows: "The following agency rule may take effect:". The text submitted under section 816 shall be set forth after the colon. If such a bill is not introduced in a House of Congress as provided in the first sentence of this subsection, any Member of that House may introduce such a bill not later than 7 legislative days after the period for introduction by the Majority Leader.

"(2) A bill introduced under paragraph (1) shall be referred to the Committees in each House of Congress with jurisdiction over the subject matter of the rule involved.

"(b)(1)(A) Any committee of the House of Representatives to which a bill is referred shall report the bill without amendment, and with or without recommendation, not later than the 30th calendar day of session after the date of its introduction. If any committee fails to report the bill within that period, it is in order to move that the House discharge the committee from further consideration of the bill. A motion to discharge may be made only by a Member favoring the bill (but only at a time designated by the Speaker on the legislative day after the calendar day on which the Member offering the motion announces to the House that Member's intention to do so and the form of the motion). The motion is highly privileged. Debate thereon shall be limited to not more than 1 hour, the time to be divided in the House equally between the proponent and an opponent. The previous question shall be considered as ordered on the motion to its adoption without intervening motion. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order.

"(B) After a bill is reported or a committee has been discharged from further consideration, it is in order to move that the House resolve into the Committee of the Whole House on the State of the Union for consideration of the bill. If reported and the report has been available for at least 1 calendar day, all points of order against the bill and against consideration of the bill are waived. If discharged, all points of order against the bill and against consideration of the bill are waived. The motion is highly privileged. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. During consideration of the bill in the Committee of the Whole, the first reading of the bill shall be dispensed with. General debate shall proceed, shall be confined to the bill, and shall not exceed 1 hour equally divided and controlled by a proponent and an opponent of the bill. After general debate, the bill shall be considered as read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill, the Committee shall rise and report the bill to the House without intervening motion. The previous question shall be considered as ordered on the bill to final passage without intervening motion. A motion to reconsider the vote on passage of the bill shall not be in order.

"(C) Appeals from decisions of the Chair regarding application of the rules of the House of Representatives to the procedure relating to a bill shall be decided without debate.

"(2)(A) Any bill introduced in the Senate shall be referred to the appropriate committee or committees. A committee to which a bill has been referred shall report the bill without amendment not later than the 30th day of session following the date of introduction of that bill. If any committee fails to report the bill within that period, that committee shall be automatically discharged from further consideration of the bill and the bill shall be placed on the calendar.

"(B) When the Senate receives from the House of Representatives a bill, such bill shall not be referred to committee and shall be placed on the calendar.

"(C) A motion to proceed to consideration of a bill under this subsection shall not be debatable. It shall not be in order to move to reconsider the vote by which the motion to proceed was adopted or rejected, although subsequent motions to proceed may be made under this paragraph.

"(D)(i) After no more than 10 hours of consideration of a bill, the Senate shall proceed, without intervening action or debate (except as permitted under subparagraph (F)), to vote on the final disposition thereof to the exclusion of all motions, except a motion to reconsider or to table.

"(ii) A single motion to extend the time for consideration under clause (i) for no more than an additional 5 hours is in order before the expiration of such time and shall be decided without debate.

"(iii) The time for debate on the disapproval bill shall be equally divided between the Majority Leader and the Minority Leader or their designees.

"(E) A motion to recommit a bill shall not be in order.

"(F) If the Senate has read for the third time a bill that originated in the Senate, then it shall be in order at any time thereafter to move to proceed to the consideration of a bill for the same special message received from the House of Representatives and placed on the calendar under subparagraph (B), strike all after the enacting clause, substitute the text of the Senate bill, agree to the Senate amendment, and vote on final disposition of the House bill, all without any intervening action or debate.

"(G) Consideration in the Senate of all motions, amendments, or appeals necessary to dispose of a message from the House of Representatives on a bill shall be limited to not more than 4 hours. Debate on each motion or amendment shall be limited to 30 minutes. Debate on any appeal or point of order that is submitted in connection with the disposition of the House message shall be limited to 20 minutes. Any time for debate shall be equally divided and controlled by the proponent and the majority manager, unless the majority manager is a proponent of the motion, amendment, appeal, or point of order, in which case the minority manager shall be in control of the time in opposition.".

SEC. 3. TECHNICAL AMENDMENTS.

(a) SUBCHAPTER HEADING.—Chapter 8 of title 5, United States Code, is amended by inserting before section 801 the following:

"SUBCHAPTER I—DISCRETIONARY CONGRESSIONAL REVIEW".

(b) TABLE OF SECTIONS.—The table of sections for chapter 8 of title 5, United States Code, is amended by inserting before the reference to section 801 the following:

"SUBCHAPTER I—DISCRETIONARY CONGRESSIONAL REVIEW";

and by inserting after the reference to section 808 the following:

"SUBCHAPTER II—MANDATORY REVIEW OF CERTAIN RULES

"815. Rules subject to mandatory congressional review.
"816. Agency submission.
"817. Approval bill.".

(c) REFERENCE.—Section 804 of title 5, United States Code, is amended by striking "this chapter" and inserting "this subchapter".

ADDITIONAL COSPONSORS

S. 311

At the request of Mr. MCCAIN, the name of the Senator from South Dakota (Mr. DASCHLE) was added as a cosponsor of S. 311, a bill to authorize the Disabled Veterans' LIFE Memorial Foundation to establish a memorial in the District of Columbia or its environs, and for other purposes.

S. 429

At the request of Mr. DURBIN, the name of the Senator from Indiana (Mr. BAYH) was added as a cosponsor of S. 429, a bill to designate the legal public holiday of "Washington's Birthday" as "Presidents' Day" in honor of George Washington, Abraham Lincoln, and Franklin Roosevelt and in recognition of the importance of the institution of the Presidency and the contributions that Presidents have made to the development of our Nation and the principles of freedom and democracy.

S. 469

At the request of Mr. BREAUX, the name of the Senator from Nevada (Mr. REID) was added as a cosponsor of S. 469, a bill to encourage the timely development of a more cost effective United States commercial space transportation industry, and for other purposes.

S. 635

At the request of Mr. MACK, the name of the Senator from Illinois (Mr. FITZGERALD) was added as a cosponsor of S. 635, a bill to amend the Internal Revenue Code of 1986 to more accurately codify the depreciable life of printed wiring board and printed wiring assembly equipment.

S. 727

At the request of Mr. CAMPBELL, the name of the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 727, a bill to exempt qualified current and former law enforcement officers from State laws prohibiting the carrying of concealed firearms and to allow States to enter into compacts to recognize other States' concealed weapons permits.

S. 751

At the request of Mr. LEAHY, the name of the Senator from Iowa (Mr. HARKIN) was added as a cosponsor of S. 751, a bill to combat nursing home fraud and abuse, increase protections for victims of telemarketing fraud, enhance safeguards for pension plans and health care benefit programs, and enhance penalties for crimes against seniors, and for other purposes.

S. 770

At the request of Mr. CONRAD, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 770, a bill to provide reimbursement under the medicare program for telehealth services, and for other purposes.

S. 784

At the request of Mr. ROCKEFELLER, the name of the Senator from Connecticut (Mr. LIEBERMAN) was added as a cosponsor of S. 784, a bill to establish a demonstration project to study and provide coverage of routine patient care costs for medicare beneficiaries with cancer who are enrolled in an approved clinical trial program.

S. 894

At the request of Mr. CLELAND, the name of the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 894, a bill to amend title 5, United States Code, to provide for the establishment of a program under which long-term care insurance is made available to Federal employees and annuitants, and for other purposes.

S. 1016

At the request of Mr. DEWINE, the name of the Senator from South Dakota (Mr. DASCHLE) was added as a cosponsor of S. 1016, a bill to provide collective bargaining for rights for public safety officers employed by States or their political subdivisions.

S. 1017

At the request of Mr. MACK, the name of the Senator from Kansas (Mr. ROBERTS) was added as a cosponsor of S. 1017, a bill to amend the Internal Revenue Code of 1986 to increase the State ceiling on the low-income housing credit.

S. 1041

At the request of Mr. FRIST, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 1041, a bill to amend title 38, United States Code, to permit certain members of the Armed Forces not currently participating in the Montgomery GI Bill educational assistance program to participate in that program, and for other purposes.

S. 1172

At the request of Mr. TORRICELLI, the names of the Senator from Alabama (Mr. SHELBY), and the Senator from South Carolina (Mr. HOLLINGS) were added as cosponsors of S. 1172, a bill to provide a patent term restoration review procedure for certain drug products.

S. 1187

At the request of Mr. DORGAN, the names of the Senator from Idaho (Mr. CRAPO), and the Senator from Indiana (Mr. LUGAR) were added as cosponsors of S. 1187, a bill to require the Secretary of the Treasury to mint coins in commemoration of the bicentennial of the Lewis and Clark Expedition, and for other purposes.

S. 1197

At the request of Mr. ROTH, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 1197, a bill to prohibit the importation of products made with dog or cat fur, to prohibit the sale, manufacture, offer for sale, transportation, and distribution of products made with dog or cat fur in the United States, and for other purposes.

S. 1211

At the request of Mr. BENNETT, the name of the Senator from Arizona (Mr. KYL) was added as a cosponsor of S. 1211, a bill to amend the Colorado River Basin Salinity Control Act to authorize additional measures to carry out the control of salinity upstream of Imperial Dam in a cost-effective manner.

S. 1334

At the request of Mr. AKAKA, the name of the Senator from Connecticut (Mr. LIEBERMAN) was added as a cosponsor of S. 1334, a bill to amend chapter 63 of title 5, United States Code, to increase the amount of leave time available to a Federal employee in any year in connection with serving as an organ donor, and for other purposes.

S. 1414

At the request of Mr. MACK, the names of the Senator from North Carolina (Mr. HELMS), the Senator from Tennessee (Mr. FRIST), and the Senator from California (Mrs. FEINSTEIN) were added as cosponsors of S. 1414, a bill to amend title XVIII of the Social Security Act to restore access to home health services covered under the medicare program, and to protect the medicare program from financial loss while preserving the due process rights of home health agencies.

S. 1428

At the request of Mr. KOHL, his name was added as a cosponsor of S. 1428, a bill to amend the Controlled Substances Act and the Controlled Substances Import and Export Act relating to the manufacture, traffick, import, and export of amphetamine and methamphetamine, and for other purposes.

S. 1438

At the request of Mr. CAMPBELL, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 1438, a bill to establish the National Law Enforcement Museum on Federal land in the District of Columbia.

S. 1443

At the request of Mr. HARKIN, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 1443, a bill to amend section 10102 of the Elementary and Secondary Education Act of 1965 regarding elementary school and secondary school counseling.

SENATE CONCURRENT RESOLUTION 9

At the request of Ms. SNOWE, the names of the Senator from New Jersey (Mr. LAUTENBERG) and the Senator from Wisconsin (Mr. FEINGOLD) were added as cosponsors of Senate Concurrent Resolution 9, a concurrent resolution calling for a United States effort to end restrictions on the freedoms and human rights of the enclaved people in the occupied area of Cyprus.

SENATE CONCURRENT RESOLUTION 28

At the request of Mr. JEFFORDS, the names of the Senator from Georgia (Mr. CLELAND) and the Senator from North Dakota (Mr. CONRAD) were added as cosponsors of Senate Concurrent Resolution 28, a concurrent resolution urging the Congress and the President to increase funding for the Pell Grant Program and existing Campus-Based Aid Programs.

SENATE RESOLUTION 95

At the request of Mr. THURMOND, the name of the Senator from Wisconsin (Mr. FEINGOLD) was added as a cosponsor of Senate Resolution 95, a resolution designating August 16, 1999, as "National Airborne Day".

SENATE RESOLUTION 99

At the request of Mr. REID, the names of the Senator from Georgia (Mr. COVERDELL), and the Senator from New Jersey (Mr. LAUTENBERG) were added as cosponsors of Senate Resolution 99, a resolution designating November 20, 1999, as "National Survivors for Prevention of Suicide Day."

AMENDMENT NO. 1398

At the request of Mr. HAGEL his name was added as a cosponsor of amendment No. 1398 proposed to S. 1429, an original bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

At the request of Mr. ABRAHAM the names of the Senator from Washington (Mr. GORTON), the Senator from Maine (Ms. COLLINS), and the Senator from Ohio (Mr. VOINOVICH) were added as cosponsors of amendment No. 1398 proposed to S. 1429, supra.

AMENDMENTS SUBMITTED

TAXPAYERS REFUND ACT OF 1999

STEVENS AMENDMENT NO. 1403

(Ordered to lie on the table)

Mr. STEVENS submitted an amendment intended to be proposed by him to the bill (S. 1429) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000; as follows:

At page 180, line 18 before the period insert the following new phrase: "and passengers permitted to utilize otherwise empty seats on aircraft".

At page 180, between lines 21 and 22 insert the following new subsection:

"(b) Subsection (j) of section 132 of the Internal Revenue Code of 1986 (relating to certain fringe benefits) is amended by adding at the end thereof the following new paragraph:

"(9) SPECIAL RULE FOR CERTAIN NONCOMMERCIAL AIR TRANSPORTATION.—Notwithstanding any other provision of this section, the term "no-additional-cost service" includes the value of transportation provided to any person on a noncommercially operated aircraft if—

"(A) such transportation is provided on a flight made in the ordinary course of the trade or business of the taxpayer owning or leasing such aircraft for use in such trade or business,

(B) the flight on which the transportation is provided would have been made whether or not such person was transported on the flight, and

"(C) no substantial additional cost is incurred in providing such transportation to such person.

For purposes of this paragraph, an aircraft is noncommercially operated if transportation thereon is not provided or made available to the general public by purchase of a ticket or other fare."

At page 180 line 22 strike "(b)" and insert in lieu thereof "(c)".

LANDRIEU AMENDMENT NO. 1404

(Ordered to lie on the table)

Ms. LANDRIEU submitted an amendment to be proposed by her to the bill, S. 1429, supra, as follows:

At the end of title II, insert the following:

SEC. ___. EXPANSION DEPENDENT TO INCLUDE SPECIAL NEEDS ADOPTED CHILDREN.

(a) IN GENERAL.—Section 152 (relating to definition of dependent) is amended by adding at the end the following new subsection:

"(f) SPECIAL RULE FOR SUPPORT RECEIVED FOR SPECIAL NEEDS ADOPTED CHILD.—For purposes of subsection (a), in the case of a legally adopted son or daughter of a taxpayer, who is a child with special needs (as defined in section 23(d)(3)), support of the child received from funds under a Federal, State, or local program for special needs expenses shall be treated as received from the taxpayer."

(b) CONFORMING AMENDMENT.—Section 152(a) is amended by striking "subsection (c) or (e)" and inserting "subsection (c), (e), or (f)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

GRAMM (AND OTHERS) AMENDMENT NO. 1405

Mr. GRAMM (for himself, Mr. LOTT, Mr. NICKLES, Mr. MACK, Mr. COVERDELL, Mr. CRAIG, Mr. MCCONNELL, Mr. INHOFE, Mrs. HUTCHISON, Mr. BUNNING, Mr. KYL, Mr. SMITH of New Hampshire, Mr. ALLARD, and Mr. HAGEL) proposed an amendment to the bill, S. 1429, supra; as follows:

Strike all after the enacting clause and insert:

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the "Taxpayer Refund Act of 1999".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) SECTION 15 NOT TO APPLY.—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(d) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—ACROSS-THE-BOARD TAX CUTS

Sec. 101. 10-percent reduction in individual income tax rates.

TITLE II—MARRIAGE TAX PENALTY ELIMINATION

Sec. 201. Marriage tax penalty elimination.
Sec. 202. Reduction in marriage tax penalty during transition.
Sec. 203. Marriage tax penalty relief for earned income credit.

TITLE III—DEATH TAX REPEAL

Subtitle A—Repeal of Estate, Gift, and Generation-Skipping Taxes; Repeal of Step Up in Basis At Death

Sec. 301. Repeal of estate, gift, and generation-skipping taxes.
Sec. 302. Termination of step up in basis at death.
Sec. 303. Carryover basis at death.

Subtitle B—Reductions of Estate and Gift Tax Rates Prior to Repeal

Sec. 311. Additional reductions of estate and gift tax rates.

Subtitle C—Unified Credit Replaced With Unified Exemption Amount

Sec. 321. Unified credit against estate and gift taxes replaced with unified exemption amount.

TITLE IV—CAPITAL FORMATION

Sec. 401. Indexing of capital assets for purposes of determining gain or loss.

TITLE V—FULL DEDUCTION FOR HEALTH INSURANCE

Sec. 501. Deduction for 100 percent of health insurance costs of self-employed individuals.
Sec. 502. Deduction for health insurance costs of individuals not participating in employer-subsidized health plans.

TITLE I—ACROSS-THE-BOARD TAX CUTS

SEC. 101. 10-PERCENT REDUCTION IN INDIVIDUAL INCOME TAX RATES.

(a) REGULAR INCOME TAX RATES.—

(1) IN GENERAL.—Subsection (f) of section 1 is amended by adding at the end the following new paragraph:

"(8) RATE REDUCTIONS.—In prescribing the tables under paragraph (1) which apply with respect to taxable years beginning in a calendar year after 2000, each rate in such tables (without regard to this paragraph) shall be reduced by the number of percentage points (rounded to the next lowest tenth) equal to the applicable percentage (determined in accordance with the following table) of such rate:

"For taxable years beginning in calendar year—	**The applicable percentage is—**
2001	—
2002 through 2004	2.5
2005 through 2006	5.0
2007	—
2008 and thereafter	10.0."

(2) TECHNICAL AMENDMENTS.—

(A) Subparagraph (B) of section 1(f)(2) is amended by inserting "except as provided in paragraph (8)," before "by not changing".

(B) Subparagraph (C) of section 1(f)(2) is amended by inserting "and the reductions under paragraph (8) in the rates of tax" before the period.

(C) The heading for subsection (f) of section 1 is amended by inserting "RATE REDUCTIONS;" before "ADJUSTMENTS".

(D) Section 1(g)(7)(B)(ii)(II) is amended by striking "15 percent" and inserting "the percentage applicable to the lowest income bracket in subsection (c)".

(E) Subparagraphs (A)(ii)(I) and (B)(i) of section 1(h)(1) are each amended by striking "28 percent" and inserting "25.2 percent".

(F) Section 531 is amended by striking "39.6 percent of the accumulated taxable income" and inserting "the product of the accumulated taxable income and the percentage applicable to the highest income bracket in section 1(c)".

(G) Section 541 is amended by striking "39.6 percent of the undistributed personal holding company income" and inserting "the product of the undistributed personal holding company income and the percentage applicable to the highest income bracket in section 1(c)".

(H) Section 3402(p)(1)(B) is amended by striking "specified is 7, 15, 28, or 31 percent" and all that follows and inserting "specified is—

"(i) 7 percent,

"(ii) a percentage applicable to 1 of the 3 lowest income brackets in section 1(c), or

"(iii) such other percentage as is permitted under regulations prescribed by the Secretary."

(I) Section 3402(p)(2) is amended by striking "15 percent of such payment" and inserting "the product of such payment and the percentage applicable to the lowest income bracket in section 1(c)".

(J) Section 3402(q)(1) is amended by striking "28 percent of such payment" and inserting "the product of such payment and the percentage applicable to the next to the lowest income bracket in section 1(c)".

(K) Section 3402(r)(3) is amended by striking "31 percent" and inserting "the rate applicable to the third income bracket in such section".

(L) Section 3406(a)(1) is amended by striking "31 percent of such payment" and inserting "the product of such payment and the percentage applicable to the third income bracket in section 1(c)".

(b) MINIMUM TAX RATES.—Subparagraph (A) of section 55(b)(1) is amended by adding at the end the following new clause:

"(iv) RATE REDUCTION.—In the case of taxable years beginning after 2000, each rate in clause (i) (without regard to this clause) shall be reduced by the number of percentage points (rounded to the next lowest tenth) equal to the applicable percentage (determined in accordance with section 1(f)(8)) of such rate."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

TITLE II—MARRIAGE TAX PENALTY ELIMINATION

SEC. 201. MARRIAGE TAX PENALTY ELIMINATION.

(a) IN GENERAL.—Subpart B of part II of subchapter A of chapter 61 (relating to income tax returns) is amended by inserting after section 6013 the following new section:

"SEC. 6013A. COMBINED RETURN WITH SEPARATE RATES.

"(a) GENERAL RULE.—A husband and wife may make a combined return of income taxes under subtitle A under which—

"(1) a separate taxable income is determined for each spouse by applying the rules provided in this section, and

"(2) the tax imposed by section 1 is the aggregate amount resulting from applying the separate rates set forth in section 1(c) to each such taxable income.

"(b) DETERMINATION OF TAXABLE INCOME.—

"(1) IN GENERAL.—For purposes of subsection (a)(1), the taxable income for each spouse shall be one-half of the taxable income computed as if the spouses were filing a joint return.

"(2) NONITEMIZERS.—For purposes of paragraph (1), if an election is made not to itemize deductions for any taxable year, the basic standard deduction shall be equal to the amount which is twice the basic standard deduction under section 63(c)(2)(C) for the taxable year.

"(c) TREATMENT OF CREDITS.—Credits shall be determined (and applied against the joint liability of the couple for tax) as if the spouses had filed a joint return.

"(d) TREATMENT AS JOINT RETURN.—Except as otherwise provided in this section or in the regulations prescribed hereunder, for purposes of this title (other than sections 1 and 63(c)) a combined return under this section shall be treated as a joint return.

"(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this section."

(b) UNMARRIED RATE MADE APPLICABLE.—So much of subsection (c) of section 1 as precedes the table is amended to read as follows:

"(c) SEPARATE OR UNMARRIED RETURN RATE.—There is hereby imposed on the taxable income of every individual (other than a married individual (as defined in section 7703) filing a joint return or a separate return, a surviving spouse as defined in section 2(a), or a head of household as defined in section 2(b)) a tax determined in accordance with the following table:".

(c) CLERICAL AMENDMENT.—The table of sections for subpart B of part II of subchapter A of chapter 61 is amended by inserting after the item relating to section 6013 the following:

"Sec. 6013A. Combined return with separate rates."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 202. REDUCTION IN MARRIAGE TAX PENALTY DURING TRANSITION.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 is amended by inserting after section 25A the following new section:

"SEC. 25B. CREDIT TO REDUCE MARRIAGE PENALTY.

"(a) ALLOWANCE OF CREDIT.—In the case of a joint return for the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the marriage penalty reduction credit.

"(b) CREDIT DISALLOWED FOR INDIVIDUALS CLAIMING SECTION 911, ETC.—No credit shall be allowed under this section for any taxable year if either spouse claims the benefits of section 911, 931, or 933 for such taxable year.

"(c) MARRIAGE PENALTY REDUCTION CREDIT.—For purposes of this section—

"(1) IN GENERAL.—The marriage penalty reduction credit is an amount equal to the product of—

"(A) the excess (if any) of—

"(i) the amount of tax determined for such taxable year before the application of this section, over

"(ii) the amount of tax which would be determined for the taxable year if section 6013A (as added by section 201 of the Taxpayer Refund Act of 1999) were in effect, and

"(B) the applicable percentage for such taxable year.

"(2) APPLICABLE PERCENTAGE.—For purposes of this subsection, the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in:	**The applicable percentage is:**
2000, 2001, and 2002	25
2003, 2004, and 2005	50
2006 and thereafter	75.

"(3) SUNSET UPON IMPLEMENTATION OF COMBINED RETURN.—The credit allowed under this section shall not apply to any taxable year for which section 6013A (as added by section 201 of the Taxpayer Refund Act of 1999) is in effect.

"(d) AMOUNT OF CREDIT TO BE DETERMINED BY USING TABLES.—

"(1) IN GENERAL.—The amount of the credit allowed by this section shall be determined by using tables prescribed by the Secretary.

"(2) REQUIREMENTS FOR TABLES.—The tables prescribed under paragraph (1) shall reflect the provisions of subsection (c)."

(b) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25A the following new item:

"Sec. 25B. Credit to reduce marriage tax penalty."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 203. MARRIAGE TAX PENALTY RELIEF FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Paragraph (2) of section 32(b) (relating to percentages and amounts) is amended—

(1) by striking "AMOUNTS.—The earned" and inserting "AMOUNTS.—

"(A) IN GENERAL.—Subject to subparagraph (B), the earned", and

(2) by adding at the end the following new subparagraph:

"(B) JOINT RETURNS.—In the case of a joint return for taxable years beginning after December 31, 2004, the phaseout amount determined under subparagraph (A) shall be increased by $2,000."

(b) INFLATION ADJUSTMENT.—Paragraph (1)(B) of section 32(j) (relating to inflation adjustments) is amended to read as follows:

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined—

"(i) in the case of amounts in subsections (b)(1)(A) and (i)(1), by substituting 'calendar year 1995' for 'calendar year 1992' in subparagraph (B) thereof, and

"(ii) in the case of the $2,000 amount in subsection (b)(1)(B), by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) of such section 1."

(c) ROUNDING.—Section 32(j)(2)(A) (relating to rounding) is amended by striking "subsection (b)(2)" and inserting "subsection (b)(2)(A) (after being increased under subparagraph (B) thereof)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

TITLE III—DEATH TAX REPEAL

Subtitle A—Repeal of Estate, Gift, and Generation-Skipping Taxes; Repeal of Step Up in Basis At Death

SEC. 301. REPEAL OF ESTATE, GIFT, AND GENERATION-SKIPPING TAXES.

(a) IN GENERAL.—Subtitle B is hereby repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply to the estates of decedents dying, and gifts and generation-skipping transfers made, after December 31, 2008.

SEC. 302. TERMINATION OF STEP UP IN BASIS AT DEATH.

(a) TERMINATION OF APPLICATION OF SECTION 1014.—Section 1014 (relating to basis of property acquired from a decedent) is amended by adding at the end the following:

"(f) TERMINATION.—In the case of a decedent dying after December 31, 2008, this section shall not apply to property for which basis is provided by section 1022."

(b) CONFORMING AMENDMENT.—Subsection (a) of section 1016 (relating to adjustments to basis) is amended by striking "and" at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting "; and", and by adding at the end the following:

"(28) to the extent provided in section 1022 (relating to basis for certain property acquired from a decedent dying after December 31, 2008)."

SEC. 303. CARRYOVER BASIS AT DEATH.

(a) GENERAL RULE.—Part II of subchapter O of chapter 1 (relating to basis rules of general application), as amended by title IV, is amended by redesignating section 1023 as section 1024 and inserting after section 1022 the following:

"SEC. 1023. CARRYOVER BASIS FOR CERTAIN PROPERTY ACQUIRED FROM A DECEDENT DYING AFTER DECEMBER 31, 2008.

"(a) CARRYOVER BASIS.—Except as otherwise provided in this section, the basis of carryover basis property in the hands of a person acquiring such property from a decedent shall be determined under section 1015.

"(b) CARRYOVER BASIS PROPERTY DEFINED.—

"(1) IN GENERAL.—For purposes of this section, the term 'carryover basis property' means any property—

"(A) which is acquired from or passed from a decedent who died after December 31, 2008, and

"(B) which is not excluded pursuant to paragraph (2).

The property taken into account under subparagraph (A) shall be determined under section 1014(b) without regard to subparagraph (A) of the last sentence of paragraph (9) thereof.

"(2) CERTAIN PROPERTY NOT CARRYOVER BASIS PROPERTY.—The term 'carryover basis property' does not include—

"(A) any item of gross income in respect of a decedent described in section 691,

"(B) property which was acquired from the decedent by the surviving spouse of the decedent, the value of which would have been deductible from the value of the taxable estate of the decedent under section 2056, as in effect on the day before the date of enactment of this section, and

"(C) any includible property of the decedent if the aggregate adjusted fair market value of such property does not exceed $2,000,000.

For purposes of this paragraph and paragraph (3), the term 'adjusted fair market value' means, with respect to any property, fair market value reduced by any indebtedness secured by such property.

"(3) PHASEIN OF CARRYOVER BASIS IF INCLUDIBLE PROPERTY EXCEEDS $1,300,000.—

"(A) IN GENERAL.—If the adjusted fair market value of the includible property of the decedent exceeds $1,300,000, but does not exceed $2,000,000, the amount of the increase in the basis of such property which would (but for this paragraph) result under section 1014 shall be reduced by the amount which bears the same ratio to such increase as such excess bears to $700,000.

"(B) ALLOCATION OF REDUCTION.—The reduction under subparagraph (A) shall be allocated among only the includible property having net appreciation and shall be allocated in proportion to the respective amounts of such net appreciation. For purposes of the preceding sentence, the term 'net appreciation' means the excess of the adjusted fair market value over the decedent's adjusted basis immediately before such decedent's death.

"(4) INCLUDIBLE PROPERTY.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'includible property' means property which would be included in the gross estate of the decedent under any of the following provisions as in effect on the day before the date of the enactment of this section:

"(i) Section 2033.

"(ii) Section 2038.

"(iii) Section 2040.

"(iv) Section 2041.

"(v) Section 2042(a)(1).

"(B) EXCLUSION OF PROPERTY ACQUIRED BY SPOUSE.—Such term shall not include property described in paragraph (2)(B).

"(c) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section."

(b) MISCELLANEOUS AMENDMENTS RELATED TO CARRYOVER BASIS.—

(1) CAPITAL GAIN TREATMENT FOR INHERITED ART WORK OR SIMILAR PROPERTY.—

(A) IN GENERAL.—Subparagraph (C) of section 1221(3) (defining capital asset) is amended by inserting "(other than by reason of section 1023)" after "is determined".

(B) COORDINATION WITH SECTION 170.—Paragraph (1) of section 170(e) (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following: "For purposes of this paragraph, the determination of whether property is a capital asset shall be made without regard to the exception contained in section 1221(3)(C) for basis determined under section 1023."

(2) DEFINITION OF EXECUTOR.—Section 7701(a) (relating to definitions) is amended by adding at the end the following:

"(47) EXECUTOR.—The term 'executor' means the executor or administrator of the decedent, or, if there is no executor or administrator appointed, qualified, and acting within the United States, then any person in actual or constructive possession of any property of the decedent."

(3) CLERICAL AMENDMENT.—The table of sections for part II of subchapter O of chapter 1 is amended by adding after the item relating to section 1022 the following new item:

"Sec. 1023. Carryover basis for certain property acquired from a decedent dying after December 31, 2008."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2008.

Subtitle B—Reductions of Estate and Gift Tax Rates Prior to Repeal

SEC. 311. ADDITIONAL REDUCTIONS OF ESTATE AND GIFT TAX RATES.

(a) MAXIMUM RATE OF TAX REDUCED TO 50 PERCENT.—The table contained in section 2001(c)(1) is amended by striking the 2 highest brackets and inserting the following:

Over $2,500,000	$1,025,800, plus 50% of the excess over $2,500,000."

(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by striking paragraph (2).

(c) ADDITIONAL REDUCTIONS OF RATES OF TAX.—Subsection (c) of section 2001, as amended by subsection (b), is amended by adding at the end the following new paragraph:

"(2) PHASEDOWN OF TAX.—In the case of estates of decedents dying, and gifts made, during any calendar year after 2001 and before 2009—

"(A) IN GENERAL.—Except as provided in subparagraph (C), the tentative tax under this subsection shall be determined by using a table prescribed by the Secretary (in lieu of using the table contained in paragraph (1)) which is the same as such table; except that—

"(i) each of the rates of tax shall be reduced by the number of percentage points determined under subparagraph (B), and

"(ii) the amounts setting forth the tax shall be adjusted to the extent necessary to reflect the adjustments under clause (i).

"(B) PERCENTAGE POINTS OF REDUCTION.—

"For calendar year:	**The number of percentage points is:**
2002	1
2003	2
2004	3
2005	5
2006	7
2007	9
2008	11.

"(C) COORDINATION WITH INCOME TAX RATES.—The reductions under subparagraph (A)—

"(i) shall not reduce any rate under paragraph (1) below the lowest rate in section 1(c), and

"(ii) shall not reduce the highest rate under paragraph (1) below the highest rate in section 1(c).

"(D) COORDINATION WITH CREDIT FOR STATE DEATH TAXES.—Rules similar to the rules of subparagraph (A) shall apply to the table contained in section 2011(b) except that the Secretary shall prescribe percentage point reductions which maintain the proportionate relationship (as in effect before any reduction under this paragraph) between the credit under section 2011 and the tax rates under subsection (c)."

(d) EFFECTIVE DATES.—

(1) SUBSECTIONS (a) AND (b).—The amendments made by subsections (a) and (b) shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

(2) SUBSECTION (c).—The amendment made by subsection (c) shall apply to estates of decedents dying, and gifts made, after December 31, 2001.

Subtitle C—Unified Credit Replaced With Unified Exemption Amount

SEC. 321. UNIFIED CREDIT AGAINST ESTATE AND GIFT TAXES REPLACED WITH UNIFIED EXEMPTION AMOUNT.

(a) IN GENERAL.—

(1) ESTATE TAX.—Part IV of subchapter A of chapter 11 is amended by inserting after section 2051 the following new section:

"SEC. 2052. EXEMPTION.

"(a) IN GENERAL.—For purposes of the tax imposed by section 2001, the value of the taxable estate shall be determined by deducting from the value of the gross estate an amount equal to the excess (if any) of—

"(1) the exemption amount for the calendar year in which the decedent died, over

"(2) the sum of—

"(A) the aggregate amount allowed as an exemption under section 2521 with respect to gifts made by the decedent after December 31, 2000, and

"(B) the aggregate amount of gifts made by the decedent for which credit was allowed by section 2505 (as in effect on the day before the date of the enactment of this section).

Gifts which are includible in the gross estate of the decedent shall not be taken into account in determining the amounts under paragraph (2).

"(b) EXEMPTION AMOUNT.—For purposes of subsection (a), the term 'exemption amount' means the amount determined in accordance with the following table:

"In the case of calendar year:	**The exemption amount is:**
2001	$675,000
2002 and 2003	$700,000
2004	$850,000
2005	$950,000
2006 or thereafter	$1,000,000."

(2) GIFT TAX.—Subchapter C of chapter 12 (relating to deductions) is amended by inserting before section 2522 the following new section:

"SEC. 2521. EXEMPTION.

"(a) IN GENERAL.—In computing taxable gifts for any calendar year, there shall be allowed as a deduction in the case of a citizen or resident of the United States an amount equal to the excess of—

"(1) the exemption amount determined under section 2052 for such calendar year, over

"(2) the sum of—

"(A) the aggregate amount allowed as an exemption under this section for all preceding calendar years after 2000, and

"(B) the aggregate amount of gifts for which credit was allowed by section 2505 (as in effect on the day before the date of the enactment of this section)."

(b) Repeal of Unified Credits.—

(1) Section 2010 (relating to unified credit against estate tax) is hereby repealed.

(2) Section 2505 (relating to unified credit against gift tax) is hereby repealed.

(c) Conforming Amendments.—

(1)(A) Subparagraph (B) of section 2001(b)(1) is amended by inserting before the comma "reduced by the amount of described in section 2052(a)(2)".

(B) Subsection (b) of section 2001 is amended by adding at the end the following new sentence: "For purposes of paragraph (2), the amount of the tax payable under chapter 12 shall be determined without regard to the credit provided by section 2505 (as in effect on the day before the date of the enactment of section 2052)."

(2) Subsection (f) of section 2011 is amended by striking ", reduced by the amount of the unified credit provided by section 2010".

(3) Subsection (a) of section 2012 is amended by striking "and the unified credit provided by section 2010".

(4) Subsection (b) of section 2013 is amended by inserting before the period at the end of the first sentence "and increased by the exemption allowed under section 2052 or 2106(a)(4) (or the corresponding provisions of prior law) in determining the taxable estate of the transferor for purposes of the estate tax".

(5) Subparagraph (A) of section 2013(c)(1) is amended by striking "2010,".

(6) Paragraph (2) of section 2014(b) is amended by striking "2010,".

(7) Clause (ii) of section 2056A(b)(12)(C) is amended to read as follows:

"(ii) to treat any reduction in the tax imposed by paragraph (1)(A) by reason of the credit allowable under section 2010 (as in effect on the day before the date of the enactment of section 2052) or the exemption allowable under section 2052 with respect to the decedent as such a credit or exemption (as the case may be) allowable to such surviving spouse for purposes of determining the amount of the exemption allowable under section 2521 with respect to taxable gifts made by the surviving spouse during the year in which the spouse becomes a citizen or any subsequent year,".

(8) Section 2102 is amended by striking subsection (c).

(9) Subsection (a) of section 2106 is amended by adding at the end the following new paragraph:

"(4) Exemption.—

"(A) In general.—An exemption of $60,000.

"(B) Residents of possessions of the United States.—In the case of a decedent who is considered to be a nonresident not a citizen of the United States under section 2209, the exemption under this paragraph shall be the greater of—

"(i) $60,000, or

"(ii) that proportion of $175,000 which the value of that part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated.

"(C) Special rules.—

"(i) Coordination with treaties.—To the extent required under any treaty obligation of the United States, the exemption allowed under this paragraph shall be equal to the amount which bears the same ratio to the exemption amount under section 2052 (for the calendar year in which the decedent died) as the value of the part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated. For purposes of the preceding sentence, property shall not be treated as situated in the United States if such property is exempt from the tax imposed by this subchapter under any treaty obligation of the United States.

"(ii) Coordination with gift tax exemption and unified credit.—If an exemption has been allowed under section 2521 (or a credit has been allowed under section 2505 as in effect on the day before the date of the enactment of section 2052) with respect to any gift made by the decedent, each dollar amount contained in subparagraph (A) or (B) or the exemption amount applicable under clause (i) of this subparagraph (whichever applies) shall be reduced by the exemption so allowed under 2521 (or, in the case of such a credit, by the amount of the gift for which the credit was so allowed)."

(10) Subsection (c) of section 2107 is amended—

(A) by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively, and

(B) by striking the second sentence of paragraph (2) (as so redesignated).

(11) Section 2206 is amended by striking "the taxable estate" in the first sentence and inserting "the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate".

(12) Section 2207 is amended by striking "the taxable estate" in the first sentence and inserting "the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate".

(13) Subparagraph (B) of section 2207B(a)(1) is amended to read as follows:

"(B) the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate."

(14) Subsection (a) of section 2503 is amended by striking "section 2522" and inserting "section 2521".

(15) Paragraph (1) of section 6018(a) is amended by striking "$600,000" and inserting "the exemption amount under section 2052 for the calendar year which includes the date of death".

(16) Subparagraph (A) of section 6601(j)(2) is amended to read as follows:

"(A) the amount of the tax which would be imposed by chapter 11 on an amount of taxable estate equal to the excess of $1,000,000 over the exemption amount allowable under section 2052, or".

(17) The table of sections for part II of subchapter A of chapter 11 is amended by striking the item relating to section 2010.

(18) The table of sections for subchapter A of chapter 12 is amended by striking the item relating to section 2505.

(d) Effective Date.—The amendments made by this section—

(1) insofar as they relate to the tax imposed by chapter 11 of the Internal Revenue Code of 1986, shall apply to estates of decedents dying after December 31, 2000, and

(2) insofar as they relate to the tax imposed by chapter 12 of such Code, shall apply to gifts made after December 31, 2000.

TITLE IV—CAPITAL FORMATION

SEC. 401. INDEXING OF CAPITAL ASSETS FOR PURPOSES OF DETERMINING GAIN OR LOSS.

(a) In General.—Part II of subchapter O of chapter 1 (relating to basis rules of general application) is amended by inserting after section 1021 the following new section:

"SEC. 1022. INDEXING OF CAPITAL ASSETS FOR PURPOSES OF DETERMINING GAIN OR LOSS.

"(a) General Rule.—

"(1) Indexed basis substituted for adjusted basis.—Except as provided in paragraph (2), if an indexed asset which has been held for more than 1 year is sold or otherwise disposed of, then, for purposes of this title, the indexed basis of the asset shall be substituted for its adjusted basis.

"(2) Exception for depreciation, etc.—The deduction for depreciation, depletion, and amortization shall be determined without regard to the application of paragraph (1) to the taxpayer or any other person.

"(b) Indexed Asset.—

"(1) In general.—For purposes of this section, the term 'indexed asset' means—

"(A) stock in a corporation, and

"(B) tangible property (or any interest therein), which is a capital asset or property used in the trade or business (as defined in section 1231(b)).

"(2) Certain property excluded.—For purposes of this section, the term 'indexed asset' does not include—

"(A) Creditor's interest.—Any interest in property which is in the nature of a creditor's interest.

"(B) Options.—Any option or other right to acquire an interest in property.

"(C) Net lease property.—In the case of a lessor, net lease property (within the meaning of subsection (h)(1)).

"(D) Certain preferred stock.—Stock which is preferred as to dividends and does not participate in corporate growth to any significant extent.

"(E) Stock in certain corporations.—Stock in—

"(i) an S corporation (within the meaning of section 1361),

"(ii) a personal holding company (as defined in section 542), and

"(iii) a foreign corporation.

"(3) Exception for stock in foreign corporation which is regularly traded on national or regional exchange.—Clause (iii) of paragraph (2)(E) shall not apply to stock in a foreign corporation the stock of which is listed on the New York Stock Exchange, the American Stock Exchange, or any domestic regional exchange for which quotations are published on a regular basis other than—

"(A) stock of a foreign investment company (within the meaning of section 1246(b)), and

"(B) stock in a foreign corporation held by a United States person who meets the requirements of section 1248(a)(2).

"(c) Indexed Basis.—For purposes of this section—

"(1) General rule.—The indexed basis for any asset is—

"(A) the adjusted basis of the asset, increased by

"(B) the applicable inflation adjustment.

"(2) Applicable inflation adjustment.—The applicable inflation adjustment for any asset is an amount equal to—

"(A) the adjusted basis of the asset, multiplied by

"(B) the percentage (if any) by which—

"(i) the chain-type price index for GDP for the last calendar quarter ending before the asset is disposed of, exceeds

"(ii) the chain-type price index for GDP for the last calendar quarter ending before the asset was acquired by the taxpayer.

The percentage under subparagraph (B) shall be rounded to the nearest 1/10 of 1 percentage point.

"(3) Chain-type price index for GDP.—The chain-type price index for GDP for any calendar quarter is such index for such quarter (as shown in the last revision thereof released by the Secretary of Commerce before the close of the following calendar quarter).

"(d) Special Rules.—For purposes of this section—

"(1) Treatment as separate asset.—In the case of any asset, the following shall be treated as a separate asset:

"(A) a substantial improvement to property,

"(B) in the case of stock of a corporation, a substantial contribution to capital, and

"(C) any other portion of an asset to the extent that separate treatment of such portion is appropriate to carry out the purposes of this section.

"(2) Assets which are not indexed assets throughout holding period.—

"(A) In general.—The applicable inflation ratio shall be appropriately reduced for calendar months at any time during which the asset was not an indexed asset.

"(B) Certain short sales.—For purposes of applying subparagraph (A), an asset shall be treated as not an indexed asset for any short sale period during which the taxpayer or the taxpayer's spouse sells short property substantially identical to the asset. For purposes of the preceding sentence, the short sale period begins on the day after the substantially identical property is sold and ends on the closing date for the sale.

"(3) Treatment of certain distributions.—A distribution with respect to stock in a corporation which is not a dividend shall be treated as a disposition.

"(4) Section cannot increase ordinary loss.—To the extent that (but for this paragraph) this section would create or increase a net ordinary loss to which section 1231(a)(2) applies or an ordinary loss to which any other provision of this title applies, such provision shall not apply. The taxpayer shall be treated as having a long-term capital loss in an amount equal to the amount of the ordinary loss to which the preceding sentence applies.

"(5) Acquisition date where there has been prior application of subsection (a)(1) with respect to the taxpayer.—If there has been a prior application of subsection (a)(1) to an asset while such asset was held by the taxpayer, the date of acquisition of such asset by the taxpayer shall be treated as not earlier than the date of the most recent such prior application.

"(6) Collapsible corporations.—The application of section 341(a) (relating to collapsible corporations) shall be determined without regard to this section.

"(e) Certain Conduit Entities.—

"(1) Regulated investment companies; real estate investment trusts; common trust funds.—

"(A) In general.—Stock in a qualified investment entity shall be an indexed asset for any calendar month in the same ratio as the fair market value of the assets held by such entity at the close of such month which are indexed assets bears to the fair market value of all assets of such entity at the close of such month.

"(B) Ratio of 90 percent or more.—If the ratio for any calendar month determined under subparagraph (A) would (but for this subparagraph) be 90 percent or more, such ratio for such month shall be 100 percent.

"(C) Ratio of 10 percent or less.—If the ratio for any calendar month determined under subparagraph (A) would (but for this subparagraph) be 10 percent or less, such ratio for such month shall be zero.

"(D) Valuation of assets in case of real estate investment trusts.—Nothing in this paragraph shall require a real estate investment trust to value its assets more frequently than once each 36 months (except where such trust ceases to exist). The ratio under subparagraph (A) for any calendar month for which there is no valuation shall be the trustee's good faith judgment as to such valuation.

"(E) Qualified investment entity.—For purposes of this paragraph, the term 'qualified investment entity' means—

"(i) a regulated investment company (within the meaning of section 851),

"(ii) a real estate investment trust (within the meaning of section 856), and

"(iii) a common trust fund (within the meaning of section 584).

"(2) Partnerships.—In the case of a partnership, the adjustment made under subsection (a) at the partnership level shall be passed through to the partners.

"(3) Subchapter S corporations.—In the case of an electing small business corporation, the adjustment under subsection (a) at the corporate level shall be passed through to the shareholders.

"(f) Dispositions Between Related Persons.—

"(1) In general.—This section shall not apply to any sale or other disposition of property between related persons except to the extent that the basis of such property in the hands of the transferee is a substituted basis.

"(2) Related persons defined.—For purposes of this section, the term 'related persons' means—

"(A) persons bearing a relationship set forth in section 267(b), and

"(B) persons treated as single employer under subsection (b) or (c) of section 414.

"(g) Transfers To Increase Indexing Adjustment or Depreciation Allowance.—If any person transfers cash, debt, or any other property to another person and the principal purpose of such transfer is—

"(1) to secure or increase an adjustment under subsection (a), or

"(2) to increase (by reason of an adjustment under subsection (a)) a deduction for depreciation, depletion, or amortization,

the Secretary may disallow part or all of such adjustment or increase.

"(h) Definitions.—For purposes of this section—

"(1) Net lease property defined.—The term 'net lease property' means leased real property where—

"(A) the term of the lease (taking into account options to renew) was 50 percent or more of the useful life of the property, and

"(B) for the period of the lease, the sum of the deductions with respect to such property which are allowable to the lessor solely by reason of section 162 (other than rents and reimbursed amounts with respect to such property) is 15 percent or less of the rental income produced by such property.

"(2) Stock includes interest in common trust fund.—The term 'stock in a corporation' includes any interest in a common trust fund (as defined in section 584(a)).

"(i) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section."

(b) Clerical Amendment.—The table of sections for part II of subchapter O of such chapter 1 is amended by inserting after the item relating to section 1021 the following new item:

"Sec. 1022. Indexing of capital assets for purposes of determining gain or loss."

(c) Adjustment To Apply for Purposes of Determining Earnings and Profits.—Subsection (f) of section 312 (relating to effect on earnings and profits of gain or loss and of receipt of tax-free distributions) is amended by adding at the end thereof the following new paragraph:

"(3) Effect on earnings and profits of indexed basis.—

"For substitution of indexed basis for adjusted basis in the case of the disposition of capital assets after December 31, 1999, see section 1022(a)(1)."

(d) Effective Dates.—

(1) In general.—The amendments made by this section shall apply to the disposition of any property the holding period of which begins after December 31, 1999.

(2) Certain transactions between related persons.—The amendments made by this section shall not apply to the disposition of any property acquired after December 31, 1999, from a related person (as defined in section 1022(f)(2) of the Internal Revenue Code of 1986, as added by this section) if—

(A) such property was so acquired for a price less than the property's fair market value, and

(B) the amendments made by this section did not apply to such property in the hands of such related person.

TITLE V—FULL DEDUCTION FOR HEALTH INSURANCE

SEC. 501. DEDUCTION FOR 100 PERCENT OF HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) In General.—Paragraph (1) of section 162(l) is amended to read as follows:

"(1) Allowance of deduction.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to 100 percent of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, his spouse, and dependents."

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 502. DEDUCTION FOR HEALTH INSURANCE COSTS OF INDIVIDUALS NOT PARTICIPATING IN EMPLOYER-SUBSIDIZED HEALTH PLANS.

(a) In General.—Part VII of subchapter B of chapter 1 is amended by redesignating section 222 as section 223 and by inserting after section 221 the following new section:

"SEC. 222. HEALTH INSURANCE COSTS.

"(a) In General.—In the case of an individual, there shall be allowed as a deduction an amount equal to the applicable percentage of the amount paid during the taxable year for insurance (including amounts paid as premiums under part B of title XVIII of the Social Security Act) which constitutes medical care (as defined in section 213(d)(1)(A) and (B)) for the taxpayer and the taxpayer's spouse and dependents.

"(b) Applicable Percentage.—For purposes of subsection (a), the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in calendar year—	**The applicable percentage is—**
2001, 2002, 2003	25
2004 and 2005	50
2006 and thereafter	100.

"(c) Limitation Based on Other Coverage.—

"(1) Coverage under certain subsidized employer plans.—

"(A) In general.—Subsection (a) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any health plan maintained by any employer of the taxpayer or of the spouse of the taxpayer [illegible] 50 percent or more of the cost of coverage under such plan (determined under section 4980B and without regard to payments made with respect to any coverage described in subsection (e)) is paid or incurred by the employer.

"(B) EMPLOYER CONTRIBUTIONS TO CAFETERIA PLANS, FLEXIBLE SPENDING ARRANGEMENTS, AND MEDICAL SAVINGS ACCOUNTS.—Employer contributions to a cafeteria plan, a flexible spending or similar arrangement, or a medical savings account which are excluded from gross income under section 106 shall be treated for purposes of subparagraph (A) as paid by the employer.

"(C) AGGREGATION OF PLANS OF EMPLOYER.—A health plan which is not otherwise described in subparagraph (A) shall be treated as described in such subparagraph if such plan would be so described if all health plans of persons treated as a single employer under subsections (b), (c), (m), or (o) of section 414 were treated as one health plan.

"(2) COVERAGE UNDER CERTAIN FEDERAL PROGRAMS.—

"(A) IN GENERAL.—Subsection (a) shall not apply to any amount paid for any coverage for an individual for any calendar month if, as of the first day of such month, the individual is covered under any medical care program described in—

"(i) title XVIII, XIX, or XXI of the Social Security Act,

"(ii) chapter 55 of title 10, United States Code,

"(iii) chapter 17 of title 38, United States Code,

"(iv) chapter 89 of title 5, United States Code, or

"(v) the Indian Health Care Improvement Act.

"(B) EXCEPTION FOR CONTINUATION COVERAGE OF FEHBP.—Subparagraph (A)(iv) shall not apply to coverage which is comparable to continuation coverage under section 4980B.

"(d) DEDUCTION NOT AVAILABLE FOR PAYMENT OF ANCILLARY COVERAGE PREMIUMS.—Any amount paid as a premium for insurance which provides for—

"(1) coverage for accidents, disability, dental care, vision care, or a specified illness, or

"(2) making payments of a fixed amount per day (or other period) by reason of being hospitalized.

shall not be taken into account under subsection (a).

"(e) SPECIAL RULES.—

"(1) COORDINATION WITH DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.—The amount taken into account by the taxpayer in computing the deduction under section 162(l) shall not be taken into account under this section.

"(2) COORDINATION WITH MEDICAL EXPENSE DEDUCTION.—The amount taken into account by the taxpayer in computing the deduction under this section shall not be taken into account under section 213.

"(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out this section, including regulations requiring employers to report to their employees and the Secretary such information as the Secretary determines to be appropriate."

(b) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62 is amended by inserting after paragraph (17) the following new item:

"(18) HEALTH INSURANCE COSTS.—The deduction allowed by section 222."

(c) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 is amended by striking the last item and inserting the following new items:

"Sec. 222. Health insurance costs.
"Sec. 223. Cross reference."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

NICKLES AMENDMENTS NOS. 1406–1407

(Ordered to lie on the table.)

Mr. NICKLES submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1406

At the end of title VI, insert:

SEC. . DEFINITION OF FACILITIES FOR AGENT-DRIVERS AND COMMISSION-DRIVERS.

(a) INTERNAL REVENUE CODE.—The flush language at the end of section 3121(d)(3) is amended by inserting "(including distribution routes or territories)" after "facilities" the first place it appears.

(b) SOCIAL SECURITY ACT.—The flush language at the end of section 210(j)(3) of the Social Security Act is amended by inserting "(including distribution routes or territories) after "facilities" the first place it appears.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to services performed after December 31, 1999.

AMENDMENT NO. 1407

On page 432, line 12, after the end period, insert the following: "For purposes of the preceding sentence, an entity shall be treated as such a controlled entity on July 14, 1999, if it becomes such an entity after such date in a transaction—

"(A) made pursuant to a written agreement which was binding on such date and at all times thereafter, or

"(B) described on or before such date in a filing with the Securities and Exchange Commission required solely by reason of the transaction."

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

BURNS (AND CRAIG) AMENDMENT NO. 1408

(Ordered to lie on the table.)

Mr. BURNS (for himself and Mr. CRAIG) submitted an amendment intended to be proposed by them to the bill (H.R. 2466) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 2000, and for other purposes; as follows:

Insert in general provisions the following:

None of the funds made available by this Act may be used for the physical relocation of grizzly bears into the Selway-Bitterroot Wilderness of Idaho and Montana.

TAXPAYER REFUND ACT OF 1999

SHELBY AMENDMENTS NOS. 1409–1410

(Ordered to lie on the table.)

Mr. SHELBY submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1409

On page 245, between lines 3 and 4, insert the following:

Subtitle E—Miscellaneous Provisions

SECTION 741. EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX ON CERTAIN TIMBER STANDS.

(a) IN GENERAL.—Subchapter B of chapter 62 (relating to extensions of time for payment) is amended by adding at the end the following:

"SEC. 6168. EXTENSION OF TIME FOR PAYMENT OF ESTATE TAX ON CERTAIN TIMBER STANDS.

"(a) IN GENERAL.—In the case of an interest in a qualified timber property which is included in determining the gross estate of a decedent who was (at the date of his death) a citizen or resident of the United States, the executor may elect to pay part or all of the tax imposed by section 2001 on or before the date which is the earliest of—

"(1) the date the property is no longer qualified timber property,

"(2) the date the individual who inherited the interest in the qualified timber property either transfers the interest or dies, or

"(3) the date which is 25 years after the date of death of the decedent.

"(b) LIMITATION.—The maximum amount of tax which may be paid under this subsection shall be an amount which bears the same ratio to the tax imposed by section 2001 (reduced by the credits against such tax) as—

"(1) the fair market value of the interest in the qualified timber property, bears to

"(2) the adjusted gross estate of the decedent.

"(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) QUALIFIED TIMBER PROPERTY.—The term 'qualified timber property' means trees and any real property on which such trees are growing which is—

"(A) located in the United States, and

"(B) used in timber operations (as defined in section 2032A(e)(13)(C)).

"(2) ADJUSTED GROSS ESTATE.—The term, 'adjusted gross estate' means the value of the gross estate reduced by the sum of the amounts allowable as a deduction under section 2053 or 2054. Such sum shall be determined on the basis of the facts and circumstances in existence on the date (including extensions) for filing the return of tax imposed by section 2001 (or, if earlier, the date on which such return is filed).

"(3) CERTAIN TRANSFERS AT DEATH OF HEIR DISREGARDED.—Subsection (a)(2) shall not apply to any transfer by reason of death so long as such transfer is to a member of the family (within the meaning of section 267(c)(4)) of the transferor in such transfer.

"(d) ELECTION.—Any election under subsection (a) shall be made not later than the time prescribed by section 6075(a) for filing the return of tax imposed by section 2001 (including extensions thereof), and shall be made in such manner as the Secretary shall by regulations prescribe. If an election under subsection (a) is made, the provisions of this subtitle shall apply as though the Secretary were extending the time for payment of the tax.

"(e) TIME FOR PAYMENT OF INTEREST.—If the time for payment of any amount of tax has been extended under this section, interest payable under section 6601 on any unpaid portion of such amount shall be paid at the time of the payment of the tax.

"(f) SPECIAL RULE FOR CERTAIN DIRECT SKIPS.—To the extent that an interest in a qualified timber property is the subject of a direct skip (within the meaning of section 2612(c)) occurring at the same time as and as a result of the decedent's death, then for purposes of this section any tax imposed by section 2601 on the transfer of such interest shall be treated as if it were additional tax imposed by section 2001.

"(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to the application of this section.

"(h) CROSS REFERENCES.—

"(1) SECURITY.—For authority of the Secretary to require security in the case of an extension under this section, see section 6165.

"(2) LIEN.—For special lien (in lieu of bond) in the case of an extension under this section, see section 6324A.

"(3) PERIOD OF LIMITATION.—For extension of the period of limitation in the case of an extension under this section, see section 6503(d).

"(4) INTEREST.—For provisions relating to interest on tax payable under this section, see subsection (j) of section 6601.".

(b) CONFORMING AMENDMENTS.—

(1) Section 163(k) is amended by striking "6166" in the heading and the text and inserting "6166 or 6168".

(2) Section 2053(c)(1)(D) is amended—

(A) by striking "6166" and inserting "6166 or 6168", and

(B) by striking "6166" in the heading and inserting "6166 OR 6168".

(3) The following provisions are amended by striking "or 6166" each place it appears and inserting "6166, or 6168":

(A) Section 2056A(b)(10)(A).

(B) Section 2204(a).

(C) Section 2204(b).

(D) Section 6503(d).

(4) Section 2011(c)(2) is amended by striking "or 6166" and inserting ", 6166, or 6168":

(5) The following provisions are amended by inserting "or 6168" after "6166" each place it appears:

(A) Section 2204(c).

(B) Section 6601(j) (except the second sentence of paragraph (1)).

(C) Section 7481(d).

(6) Section 6161(a)(2) is amended—

(A) in subparagraph (A), by striking "or" at the end,

(B) in subparagraph (B), by adding "or" at the end,

(C) in the matter following subparagraph (B)—

(i) by striking "subparagraph (B)" and inserting "subparagraph (B) or (C)", and

(ii) by inserting "or payment" after "installment", and

(D) by inserting after subparagraph (B) the following:

"(C) any part of the payment determined under section 6168,".

(7) Section 6324A is amended—

(A) by adding at the end the following:

"(f) APPLICATION OF SECTION TO DEFERRED TAX UNDER SECTION 6168.—Rules similar to the rules of this section shall apply to the amount of tax and interest deferred under section 6168 (determined as of the date prescribed by section 6151(a) for payment of the tax imposed by chapter 11).", and

(B) in the title, by striking "ESTATE TAX DEFERRED UNDER SECTION 6166" and inserting "DEFERRED ESTATE TAX".

(8) The table of sections for subchapter B of chapter 62 is amended by adding at the end the following:

"Sec. 6168. Extension of time for payment of estate tax on certain timber stands.".

(9) The item relating to section 6324A in the table of sections for subchapter C of chapter 64 is amended by striking "estate tax deferred under section 6166" and inserting "deferred estate tax".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after the date of enactment of this Act.

AMENDMENT NO. 1410

On page 371, between lines 16 and 17, insert the following:

SEC. 1122. CONGRESSIONAL REVIEW OF INTERNAL REVENUE SERVICE RULES THAT INCREASE REVENUE.

Section 804(2) of title 5, United States Code, is amended to read as follows:

"(2) The term 'major rule'—

"(A) means any rule that—

"(i) the Administrator of the Office of Information and Regulatory Affairs of the Office of Management and Budget finds has resulted in or is likely to result in—

"(I) an annual effect on the economy of $100,000,000 or more;

"(II) a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or

"(III) significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets; or

"(ii)(I) is promulgated by the Internal Revenue Service; and

"(II) the Administrator of the Office of Information and Regulatory Affairs of the Office of Management and Budget finds that the implementation and enforcement of the rule has resulted in or is likely to result in any net increase in Federal revenues over current practices in tax collection or revenues anticipated from the rule on the date of the enactment of the statute under which the rule is promulgated; and

"(B) does not include any rule promulgated under the Telecommunications Act of 1996 and the amendments made by that Act.".

ABRAHAM (AND OTHERS) AMENDMENT NO. 1411

Mr. ROTH (for Mr. ABRAHAM (for himself, Mr. FITZGERALD, Mr. MOYNIHAN, and Mr. SCHUMER)) proposed an amendment to the bill, S. 1429, supra; as follows:

At the end of title XI, insert the following:

SEC. . NO FEDERAL INCOME TAX ON AMOUNTS AND LANDS RECEIVED BY HOLOCAUST VICTIMS OR THEIR HEIRS.

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, gross income shall not include—

(1) any amount received by an individual (or any heir of the individual)—

(A) from the Swiss Humanitarian Fund established by the Government of Switzerland or from any similar fund established by any foreign country, or

(B) as a result of the settlement of the action entitled "In re Holocaust Victims' Asset Litigation", (E.D. NY), C.A. No. 96-4849, or as a result of any similar action; and

(2) the value of any land (including structures thereon) recovered by an individual (or any heir of the individual) from a government of a foreign country as a result of a settlement of a claim arising out of the confiscation of such land in connection with the Holocaust.

(b) EFFECTIVE DATE.—This section shall apply to any amount received before, on, or after the date of the enactment of this Act.

SESSIONS AMENDMENT NO. 1412

Mr. ROTH (for Mr. SESSIONS) proposed an amendment to the bill, S. 1429, supra; as follows:

On page 193, after line 23, add:

(h) SHORT TITLE.—This section may be cited as the "Collegiate Learning and Student Savings (CLASS) Act".

LANDRIEU AMENDMENT NO. 1413

(Ordered to lie on the table.)

Ms. LANDRIEU submitted an amendment intended to be proposed by her to the bill, S. 1429, supra; as follows:

At the end of title II, insert the following:

SEC. . EXPANSION OF ADOPTION CREDIT.

(a) IN GENERAL.—Section 23(a) (relating to allowance of credit) is amended to read as follows:

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter—

"(A) in the case of an eligible adoption, $5,000, or

"(B) in the case of an eligible special needs adoption, $10,000.

"(2) YEAR CREDIT ALLOWED.—The credit allowed under paragraph (1) shall be allowed for the taxable year in which the adoption becomes final."

(b) INCOME LIMITATION.—Section 23(b) is amended to read as follows:

"(b) INCOME LIMITATION.—

"(1) IN GENERAL.—The amount allowable as a credit under subsection (a) for any taxable year (determined without regard to subsection (c)) shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so allowable (determined without regard to this paragraph) as—

"(A) the amount (if any) by which the taxpayer's adjusted gross income exceeds $90,000, bears to

"(B) $45,000.

"(2) DETERMINATION OF ADJUSTED GROSS INCOME.—For purposes of paragraph (1), adjusted gross income shall be determined without regard to sections 911, 931, and 933."

(c) DEFINITION OF ELIGIBLE ADOPTION; ELIGIBLE SPECIAL NEEDS ADOPTION.—Section 23(d) is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4) and amending paragraph (1) to read as follows:

"(1) ELIGIBLE ADOPTION.—The term 'eligible adoption' means the final adoption of an individual during the taxable year who is an eligible child and is not a child with special needs.

"(2) ELIGIBLE SPECIAL NEEDS ADOPTION.—The term 'eligible special needs adoption' means the final adoption of an individual during the taxable year who is an eligible child and who is a child with special needs."

(d) DEFINITION OF CHILD WITH SPECIAL NEEDS.—Section 23(d)(4) (defining child with special needs), as redesignated by subsection (c), is amended to read as follows:

"(4) CHILD WITH SPECIAL NEEDS.—The term 'child with special needs means any child if a State has determined that the child's ethnic background, age, membership in a minority or sibling groups, medical condition or physical impairment, or emotional handicap makes some form of adoption assistance necessary."

(e) Conforming Amendments.—

(1) Subclauses (A) and (B) of section 23(d)(3), as redesignated by subsection (c), are amended to read as follows:

"(A) who has not attained age 18, or

"(B) who is physically or mentally incapable of caring for himself."

(2) Section 23 is amended by striking subsections (e) and (g) and redesignating subsections (f) and (h) as subsections (e) and (f), respectively.

(3) Section 23(f), as redesignated by paragraph (2), is amended to read as follows:

"(f) Regulations.—The Secretary shall prescribe such regulations as may be appropriate to carry out this section."

(4) Section 137(d) is amended by inserting "(as in effect on the date before the date of the enactment of the Taxpayer Refund Act of 1999)" after "23(d)".

(5) Section 137(e) is amended by inserting "(as in effect on the date before the date of the enactment of the Taxpayer Refund Act of 1999)" after "23".

(f) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

KENNEDY AMENDMENT NO. 1414

(Ordered to lie on the table.)

Mr. KENNEDY submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

In lieu of the matter proposed to be inserted, insert the following:

SEC. . FAIR MINIMUM WAGE.

(a) Short Title.—This section may be cited as the "Fair Minimum Wage Act of 1999".

(b) Minimum Wage Increase.—

(1) Wage.—Paragraph (1) of section 6(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

"(1) except as otherwise provided in this section, not less than—

"(A) $5.65 an hour during the year beginning on September 1, 1999; and

"(B) $6.15 an hour beginning on September 1, 2000;".

(2) Effective date.—The amendment made by paragraph (1) takes effect on September 1, 1999.

(c) Applicability of Minimum Wage to the Commonwealth of the Northern Mariana Islands.—The provisions of section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

SCHUMER AMENDMENT NO. 1415

(Ordered to lie on the table.)

Mr. SCHUMER submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 303, strike lines 17 through 19, and insert the following:

(d) Effective Date.—The amendments made by this section shall apply to expenses paid or incurred in taxable years beginning after December 31, 2000.

SEC. 1012. FIRST-TIME HOMEBUYER CREDIT FOR EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.

(a) In General.—Subchapter U of chapter 1 (relating to designation and treatment of empowerment zones, enterprise communities, and rural development investment areas) is amended by redesignating part V as part VI, by redesignating section 1397F as section 1397G, and by inserting after part IV the following new part:

"PART V—FIRST-TIME HOMEBUYER CREDIT

"Sec. 1397F. First-time homebuyer credit.

"SEC. 1397F. FIRST-TIME HOMEBUYER CREDIT.

"(a) Allowance of Credit.—In the case of an individual who is a first-time homebuyer of a principal residence in an empowerment zone or an enterprise community during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to so much of the purchase price of the residence as does not exceed $2,000.

"(b) Limitation Based on Modified Adjusted Gross Income.—

"(1) In general.—The amount allowable as a credit under subsection (a) (determined without regard to this subsection) for the taxable year shall be reduced (but not below zero) by the amount which bears the same ratio to the credit so allowable as—

"(A) the excess (if any) of—

"(i) the taxpayer's modified adjusted gross income for such taxable year, over

"(ii) $70,000 ($110,000 in the case of a joint return), bears to

"(B) $20,000.

"(2) Modified adjusted gross income.—For purposes of paragraph (1), the term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

"(c) First-Time Homebuyer.—For purposes of this section—

"(1) In general.—The term 'first-time homebuyer' means any individual if such individual (and if married, such individual's spouse) had no present ownership interest in a principal residence in either an empowerment zone or an enterprise community during the 1-year period ending on the date of the purchase of the principal residence to which this section applies.

"(2) One-time only.—If an individual is treated as a first-time homebuyer with respect to any principal residence, such individual may not be treated as a first-time homebuyer with respect to any other principal residence.

"(3) Principal residence.—The term 'principal residence' has the same meaning as when used in section 121.

"(d) Carryover of Credit.—If the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under subpart A of part IV of subchapter A (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

"(e) Special Rules.—For purposes of this section, rules similar to the rules of subsections (e), (f), (g), and (h) of section 1400C shall apply.

"(f) Application of Section.—This section shall apply to property purchased after December 31, 1999, and before January 1, 2005."

(b) Conforming Amendments.—

(1) Subsection (a) of section 1016 is amended by striking "and" at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting ", and", and by adding at the end thereof the following new paragraph:

"(28) in the case of a residence with respect to which a credit was allowed under section 1397F, to the extent provided under such section 1397F."

(2) The table of parts for subchapter U of chapter 1 is amended by striking the last item and inserting the following new items:

"Part V. First-time homebuyer credit.

"Part VI. Regulations."

(3) The table of sections for part VI, as so redesignated, is amended to read as follows:

"Sec. 1397G. Regulations."

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SCHUMER (AND OTHERS) AMENDMENT NO. 1416

(Ordered to lie on the table.)

Mr. SCHUMER (for himself, Ms. Snowe, Mr. Bayh, Mr. Smith of Oregon, Mr. Wyden, and Mr. Kohl) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 32, strike lines 1 through 14, and insert:

(3) Effective date.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1999.

(b) Personal Exemptions Allowed in Computing Minimum Tax.—

(1) In general.—Subparagraph (E) of section 56(b)(1) is amended by striking ", the deduction for personal exemptions under section 151,".

(2) Conforming amendment.—The heading to section 56(b)(1)(E) is amended by striking "AND DEDUCTION FOR PERSONAL EXEMPTIONS".

(3) Effective date.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2005.

SEC. . DEDUCTION FOR HIGHER EDUCATION EXPENSES.

(a) Deduction Allowed.—Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to additional itemized deductions for individuals) is amended by redesignating section 222 as section 223 and by inserting after section 221 the following:

"SEC. 222. HIGHER EDUCATION EXPENSES.

"(a) Allowance of Deduction.—

"(1) In general.—In the case of an individual, there shall be allowed as a deduction an amount equal to the applicable dollar amount of the qualified higher education expenses paid by the taxpayer during the taxable year.

"(2) Applicable dollar amount.—

"(i) Amount.—The applicable dollar amount for any taxable year year shall be determined as follows:

"Taxable year:	Applicable dollar amount:
2003	$4,000
2004	$8,000
2005 and thereafter	$12,000.

"(b) Limitation Based on Modified Adjusted Gross Income.—

"(1) In general.—The amount which would (but for this subsection) be taken into account under subsection (a) shall be reduced (but not below zero) by the amount determined under paragraph (2).

"(2) Amount of reduction.—The amount determined under this paragraph equals the amount which bears the same ratio to the amount which would be so taken into account as—

"(A) the excess of—

"(i) the taxpayer's modified adjusted gross income for such taxable year, over "(ii) $62,450 ($104,050 in the case of a joint return, $89,150 in the case of a return filed by a head of household, and $52,025 in the case of a return by a married individual filing separately), bears to

"(B) $15,000.

"(3) Modified adjusted gross income.—For purposes of this subsection, the term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year determined—

"(A) without regard to this section and sections 911, 931, and 933, and

"(B) after the application of sections 86, 135, 219, 220, and 469.

For purposes of the sections referred to in subparagraph (B), adjusted gross income shall be determined without regard to the deduction allowed under this section.

"(c) Qualified Higher Education Expenses.—For purposes of this section—

"(1) Qualified higher education expenses.—

"(A) In general.—The term 'qualified higher education expenses' means tuition and fees charged by an educational institution and required for the enrollment or attendance of—

"(i) the taxpayer,

"(ii) the taxpayer's spouse,

"(iii) any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151, or

"(iv) any grandchild of the taxpayer,

as an eligible student at an institution of higher education.

"(B) Eligible courses.—Amounts paid for qualified higher education expenses of any individual shall be taken into account under subsection (a) only to the extent such expenses—

"(i) are attributable to courses of instruction for which credit is allowed toward a baccalaureate degree by an institution of higher education or toward a certificate of required course work at a vocational school, and

"(ii) are not attributable to any graduate program of such individual.

"(C) Exception for nonacademic fees.—Such term does not include any student activity fees, athletic fees, insurance expenses, or other expenses unrelated to a student's academic course of instruction.

"(D) Eligible student.—For purposes of subparagraph (A), the term 'eligible student' means a student who—

"(i) meets the requirements of section 484(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1091(a)(1)), as in effect on the date of the enactment of this section, and

"(ii) is carrying at least one-half the normal full-time work load for the course of study the student is pursuing, as determined by the institution of higher education.

"(E) Identification requirement.—No deduction shall be allowed under subsection (a) to a taxpayer with respect to an eligible student unless the taxpayer includes the name, age, and taxpayer identification number of such eligible student on the return of tax for the taxable year.

"(2) Institution of higher education.—The term 'institution of higher education' means an institution which—

"(A) is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this section, and

"(B) is eligible to participate in programs under title IV of such Act.

"(d) Special Rules.—

"(1) No double benefit.—

"(A) In general.—No deduction shall be allowed under subsection (a) for any expense for which a deduction is allowable to the taxpayer under any other provision of this chapter unless the taxpayer irrevocably waives his right to the deduction of such expense under such other provision.

"(B) Denial of deduction if credit elected.—No deduction shall be allowed under subsection (a) for a taxable year with respect to the qualified higher education expenses of an individual if the taxpayer elects to have section 25A apply with respect to such individual for such year.

"(C) Dependents.—No deduction shall be allowed under subsection (a) to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

"(D) Coordination with exclusions.—A deduction shall be allowed under subsection (a) for qualified higher education expenses only to the extent the amount of such expenses exceeds the amount excludable under section 135 or 530(d)(2) for the taxable year.

"(2) Limitation on taxable year of deduction.—

"(A) In general.—A deduction shall be allowed under subsection (a) for qualified higher education expenses for any taxable year only to the extent such expenses are in connection with enrollment at an institution of higher education during the taxable year.

"(B) Certain prepayments allowed.—Subparagraph (A) shall not apply to qualified higher education expenses paid during a taxable year if such expenses are in connection with an academic term beginning during such taxable year or during the first 3 months of the next taxable year.

"(3) Adjustment for certain scholarships and veterans benefits.—The amount of qualified higher education expenses otherwise taken into account under subsection (a) with respect to the education of an individual shall be reduced (before the application of subsection (b)) by the sum of the amounts received with respect to such individual for the taxable year as—

"(A) a qualified scholarship which under section 117 is not includable in gross income,

"(B) an educational assistance allowance under chapter 30, 31, 32, 34, or 35 of title 38, United States Code, or

"(C) a payment (other than a gift, bequest, devise, or inheritance within the meaning of section 102(a)) for educational expenses, or attributable to enrollment at an eligible educational institution, which is exempt from income taxation by any law of the United States.

"(4) No deduction for married individuals filing separate returns.—If the taxpayer is a married individual (within the meaning of section 7703), this section shall apply only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year.

"(5) Nonresident aliens.—If the taxpayer is a nonresident alien individual for any portion of the taxable year, this section shall apply only if such individual is treated as a resident alien of the United States for purposes of this chapter by reason of an election under subsection (g) or (h) of section 6013.

"(6) Regulations.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations requiring recordkeeping and information reporting."

(b) Deduction Allowed in Computing Adjusted Gross Income.—Section 62(a) of such Code is amended by inserting after paragraph (17) the following:

"(18) Higher education expenses.—The deduction allowed by section 222."

(c) Conforming Amendment.—The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 222 and inserting the following:

"Sec. 222. Higher education expenses.

"Sec. 223. Cross reference."

(d) Effective Date.—The amendments made by this section shall apply to payments made in taxable years beginning after December 31, 2002.

SEC. ____. CREDIT FOR INTEREST ON HIGHER EDUCATION LOANS.

(a) In General.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 25A the following new section:

"SEC. 25B. INTEREST ON HIGHER EDUCATION LOANS.

"(a) Allowance of Credit.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the interest paid by the taxpayer during the taxable year on any qualified education loan.

"(b) Maximum Credit.—

"(1) In general.—Except as provided in paragraph (2), the credit allowed by subsection (a) for the taxable year shall not exceed $1,500.

"(2) Limitation based on modified adjusted gross income.—

"(A) In general.—If the modified adjusted gross income of the taxpayer for the taxable year exceeds $50,000 ($80,000 in the case of a joint return), the amount which would (but for this paragraph) be allowable as a credit under this section shall be reduced (but not below zero) by the amount which bears the same ratio to the amount which would be so allowable as such excess bears to $20,000.

"(B) Modified adjusted gross income.—The term 'modified adjusted gross income' means adjusted gross income determined without regard to sections 911, 931, and 933.

"(C) Inflation adjustment.—In the case of any taxable year beginning after 2005, the $50,000 and $80,000 amounts referred to in subparagraph (A) shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section (1)(f)(3) for the calendar year in which the taxable year begins, by substituting '2004' for '1992'.

"(D) Rounding.—If any amount as adjusted under subparagraph (C) is not a multiple of $50, such amount shall be rounded to the nearest multiple of $50.

"(c) Dependents Not Eligible for Credit.—No credit shall be allowed by this section to an individual for the taxable year if a deduction under section 151 with respect to such individual is allowed to another taxpayer for the taxable year beginning in the calendar year in which such individual's taxable year begins.

"(d) Limit on Period Credit Allowed.—A credit shall be allowed under this section only with respect to interest paid on any qualified education loan during the first 60 months (whether or not consecutive) in which interest payments are required. For purposes of this paragraph, any loan and all refinancings of such loan shall be treated as 1 loan.

"(e) Definitions.—For purposes of this section—

"(1) Qualified education loan.—The term 'qualified education loan' means any indebtedness incurred to pay qualified higher education expenses—

"(A) which are incurred on behalf of the taxpayer, the taxpayer's spouse, or any dependent of the taxpayer as of the time the indebtedness was incurred,

"(B) which are paid or incurred within a reasonable period of time before or after the indebtedness is incurred, and

"(C) which are attributable to education furnished during a period during which the recipient was at least a half-time student.

Such term includes indebtedness used to refinance indebtedness which qualifies as a qualified education loan. The term 'qualified education loan' shall not include any indebtedness owed to a person who is related (within the meaning of section 267(b) or 707(b)(1)) to the taxpayer.

"(2) QUALIFIED HIGHER EDUCATION EXPENSES.—The term 'qualified higher education expenses' means the cost of attendance (as defined in section 472 of the Higher Education Act of 1965, 20 U.S.C. 108711, as in effect on the day before the date of the enactment of this Act) of the taxpayer, the taxpayer's spouse, or a dependent of the taxpayer at an eligible educational institution, reduced by the sum of—

"(A) the amount excluded from gross income under section 135 by reason of such expenses, and

"(B) the amount of the reduction described in section 135(d)(1).

For purposes of the preceding sentence, the term 'eligible educational institution' has the same meaning given such term by section 135(c)(3), except that such term shall also include an institution conducting an internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility which offers postgraduate training.

"(3) HALF-TIME STUDENT.—The term 'half-time student' means any individual who would be a student as defined in section 151(c)(4) if 'half-time' were substituted for 'full-time' each place it appears in such section.

"(4) DEPENDENT.—The term 'dependent' has the meaning given such term by section 152.

"(f) SPECIAL RULES.—

"(1) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under this section for any amount for which a deduction is allowable under any other provision of this chapter.

"(2) MARRIED COUPLES MUST FILE JOINT RETURN.—If the taxpayer is married at the close of the taxable year, the credit shall be allowed under subsection (a) only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year.

"(3) MARITAL STATUS.—Marital status shall be determined in accordance with section 7703."

(b) REPORTING REQUIREMENT.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 (relating to information concerning transactions with other persons) is amended by inserting after section 6050S the following new section:

"SEC. 6050T. RETURNS RELATING TO EDUCATION LOAN INTEREST RECEIVED IN TRADE OR BUSINESS FROM INDIVIDUALS.

"(a) EDUCATION LOAN INTEREST OF $600 OR MORE.—Any person—

"(1) who is engaged in a trade or business, and

"(2) who, in the course of such trade or business, receives from any individual interest aggregating $600 or more for any calendar year on 1 or more qualified education loans, shall make the return described in subsection (b) with respect to each individual from whom such interest was received at such time as the Secretary may by regulations prescribe.

"(b) FORM AND MANNER OF RETURNS.—A return is described in this subsection if such return—

"(1) is in such form as the Secretary may prescribe, and

"(2) contains—

"(A) the name, address, and TIN of the individual from whom the interest described in subsection (a)(2) was received,

"(B) the amount of such interest received for the calendar year, and

"(C) such other information as the Secretary may prescribe.

"(c) APPLICATION TO GOVERNMENTAL UNITS.—For purposes of subsection (a)—

"(1) TREATED AS PERSONS.—The term 'person' includes any governmental unit (and any agency or instrumentality thereof).

"(2) SPECIAL RULES.—In the case of a governmental unit or any agency or instrumentality thereof—

"(A) subsection (a) shall be applied without regard to the trade or business requirement contained therein, and

"(B) any return required under subsection (a) shall be made by the officer or employee appropriately designated for the purpose of making such return.

"(d) STATEMENTS TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return a written statement showing—

"(1) the name and address of the person required to make such return, and

"(2) the aggregate amount of interest described in subsection (a)(2) received by the person required to make such return from the individual to whom the statement is required to be furnished.

The written statement required under the preceding sentence shall be furnished on or before January 31 of the year following the calendar year for which the return under subsection (a) was required to be made.

"(e) QUALIFIED EDUCATION LOAN DEFINED.—For purposes of this section, except as provided in regulations prescribed by the Secretary, the term 'qualified education loan' has the meaning given such term by section 25B(e)(1).

"(f) RETURNS WHICH WOULD BE REQUIRED TO BE MADE BY 2 OR MORE PERSONS.—Except to the extent provided in regulations prescribed by the Secretary, in the case of interest received by any person on behalf of another person, only the person first receiving such interest shall be required to make the return under subsection (a)."

(2) ASSESSABLE PENALTIES.—Section 6724(d) (relating to definitions) is amended—

(A) in paragraph (1)(B), by redesignating clauses (xi) through (xvii) as clauses (xii) through (xviii), respectively, and by inserting after clause (ix) the following new clause:

"(xi) section 6050T (relating to returns relating to education loan interest received in trade or business from individuals),", and

(B) in paragraph (2), by striking "or" at the end of the next to last subparagraph, by striking the period at the end of the last subparagraph and inserting ", or", and by adding at the end the following new subparagraph:

"(BB) section 6050S(d) (relating to returns relating to education loan interest received in trade or business from individuals)."

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25A the following new item:

"Sec. 25B. Interest on higher education loans."

(2) The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6050S the following new section:

"Sec. 6050T. Returns relating to education loan interest received in trade or business from individuals."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to any qualified education loan (as defined in section 25B(e)(1) of the Internal Revenue Code of 1986, as added by this section) incurred on, before, or after the date of the enactment of this Act, but only with respect to any loan interest payment due after December 31, 2004.

FEINGOLD AMENDMENT NO. 1417

(Ordered to lie on the table.)

Mr. FEINGOLD submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. . REPEAL OF PERCENTAGE DEPLETION ALLOWANCE FOR CERTAIN HARDROCK MINES.

(a) IN GENERAL.—Section 613(a) (relating to percentage depletion) is amended by inserting "(other than hardrock mines located on lands subject to the general mining laws or on land patented under the general mining laws)" after "In the case of the mines".

(b) GENERAL MINING LAWS DEFINED.—Section 613 is amended by adding at the end the following:

"(f) GENERAL MINING LAWS.—For purposes of subsection (a), the term 'general mining laws' means those Acts which generally comprise chapters 2, 12A, and 16, and sections 161 and 162 of title 30 of the United States Code."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

LEAHY AMENDMENT NO. 1418

(Ordered to lie on the table.)

Mr. LEAHY submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place, insert the following:

Subsection (g)(3) of section 3121 of the Internal Revenue Code of 1986 is amended by inserting at the end thereof: "or in connection with the harvesting of maple syrup."

BOXER AMENDMENT NO. 1419

(Ordered to lie on the table.)

Mrs. BOXER submitted an amendment intended to be proposed by her to the bill, S. 1429, supra; as follows:

On page 202, beginning with line 12, strike through page 207, line 22, and insert the following:

SEC. . FIRST $2,000 OF HEALTH INSURANCE PREMIUMS FULLY DEDUCTIBLE.

(a) IN GENERAL.—Section 213 (relating to medical, dental, etc., expenses) is amended by adding at the end the following:

"(f) DEDUCTION FOR FIRST $2,000 OF HEALTH INSURANCE PREMIUMS.—There shall also be allowed as a deduction under subsection (a) an amount equal to so much of the expenses paid during the taxable year for insurance which constitutes medical care under subsection (d)(1)(D) (other than for a qualified long-term care insurance contract) for such taxpayer, spouse, and dependents as does not exceed $2,000. Such expenses shall not be taken into account in determining the amount of any other deduction allowable under subsection (a)."

(b) Deduction Allowed Whether or Not Taxpayer Itemizes Deduction.—Section 62(a) (defining adjusted gross income) is amended by inserting after paragraph (17) the following new paragraph:

"(18) Health insurance premiums.—The deduction allowed by section 213(a)(2)."

(c) Conforming Amendments.—

(1) Section 162(l)(1) (relating to special rules for health insurance costs of self-employed individuals), as amended by section 601, is amended to read as follows:

"(1) Allowance of deduction.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to the sum of—

"(A) so much of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, his spouse, and dependents as does not exceed $2,000, plus

"(B) subject to paragraph (2), the amount so paid in excess of $2,000.

Subparagraph (A) shall not apply to amounts paid for coverage under a qualified long-term care insurance contract."

(2) Section 162(l)(2) is amended—

(A) by striking "paragraph (1)" each place it appears and inserting "paragraph (1)(B)", and

(B) by striking "Paragraph (1)" and inserting "Paragraph (1)(B)".

(d) Revenue Offset.—Sections 301, 302, 304, 312, 901 through 908, and 1103 of this Act are null and void and the Internal Revenue Code of 1986 shall be applied and administered as if such sections had not been enacted.

(e) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

DURBIN AMENDMENTS NOS. 1420–1423

(Ordered to lie on the table.)

Mr. DURBIN submitted four amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

Amendment No. 1420

On page 371, between lines 16 and 17, insert the following:

SEC. . EXCLUSION FROM GROSS INCOME FOR AMOUNTS RECEIVED ON ACCOUNT OF CERTAIN UNLAWFUL DISCRIMINATION.

(a) In General.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 139 as section 140) and by inserting after section 138 the following new section:

"SEC. 139. AMOUNTS RECEIVED ON ACCOUNT OF CERTAIN UNLAWFUL DISCRIMINATION.

"(a) In General.—

"(1) Exclusion.—Gross income does not include amounts received by a claimant (whether by suit or agreement and whether as lump sums or periodic payments) on account of a claim of unlawful discrimination.

"(2) Amounts Covered.—For purposes of paragraph (1), the term 'amounts' does not include—

"(A) backpay or frontpay, as defined in section 1302(b), or

"(B) punitive damages.

"(b) Unlawful Discrimination Defined.—For purposes of this section, the term 'unlawful discrimination' means an act that is unlawful under any of the following:

"(1) Section 302 of the Civil Rights Act of 1991 (2 U.S.C. 1202).

"(2) Section 201, 202, 203, 204, 205, 206, or 207 of the Congressional Accountability Act of 1995 (2 U.S.C. 1311, 1312, 1313, 1314, 1315, 1316, or 1317)

"(3) The Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.).

"(4) Section 4 or 15 of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623 or 633a).

"(5) Section 501 or 504 of the Rehabilitation Act of 1973 (29 U.S.C. 791 or 794).

"(6) Section 510 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1140).

"(7) Title IX of the Education Amendments of 1972 (29 U.S.C. 1681 et seq.).

"(8) The Employee Polygraph Protection Act of 1988 (29 U.S.C. 201 et seq.).

"(9) The Worker Adjustment and Retraining Notification Act (29 U.S.C. 2102 et seq.).

"(10) Section 105 of the Family and Medical Leave Act of 1993 (29 U.S.C. 2615).

"(11) Chapter 43 of title 38, United States Code (relating to employment and reemployment rights of members of the uniformed services).

"(12) Section 1977, 1979, or 1980 of the Revised Statutes (42 U.S.C. 1981, 1983, or 1985).

"(13) Section 703, 704, or 717 of the Civil Rights Act of 1964 (42 U.S.C. 2000e–2, 2000e–3, or 2000e–16).

"(14) Section 804 or 805 of the Fair Housing Act (42 U.S.C. 3604 or 3605).

"(15) Section 102, 202, 302, or 503 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12112, 12132, 12182, or 12203).

"(16) Section 40302 of the Violence Against Women Act of 1994 (42 U.S.C. 13981).

"(17) Any provision of Federal law (popularly known as whistleblower protection provisions) prohibiting the discharge of an employee, the discrimination against an employee, or any other form of retaliation or reprisal against an employee for asserting rights or taking other actions permitted under Federal law.

"(18) Any provision of State or local law, or common law claims permitted under Federal, State, or local law, providing for the enforcement of civil rights, regulating any aspect of the employment relationship, or prohibiting the discharge of an employee, the discrimination against an employee, or any other form of retaliation or reprisal against an employee for asserting rights or taking other actions permitted by law.".

(b) Limitation on Tax Based on Income Averaging for Backpay and Frontpay Received on Account of Certain Unlawful Employment Discrimination.—Part I of subchapter Q of chapter 1 (relating to income averaging) is amended by adding at the end the following new section:

"SEC. 1302. INCOME FROM BACKPAY AND FRONTPAY RECEIVED ON ACCOUNT OF CERTAIN UNLAWFUL EMPLOYMENT DISCRIMINATION.

"(a) General Rule.—If employment discrimination backpay or frontpay is received by a taxpayer during a taxable year, the tax imposed by this chapter for such taxable year shall not exceed the sum of—

"(1) the tax which would be so imposed if—

"(A) no amount of such backpay or frontpay were included in gross income for such year, and

"(B) no deduction were allowed for such year for expenses (otherwise allowable as a deduction to the taxpayer for such year) in connection with making or prosecuting any claim of unlawful employment discrimination by or on behalf of the taxpayer, plus

"(2) the product of—

"(A) the number of years in the backpay period and frontpay period, and

"(B) the amount of tax that would be imposed on the average annual net backpay and frontpay amount, determined as if such average amount were the only income of the taxpayer for the taxable year and the taxpayer had no deductions for such year.

"(b) Definitions.—For purposes of this section—

"(1) Employment discrimination backpay or frontpay.—The term 'employment discrimination backpay or frontpay' means backpay or frontpay receivable (whether as lump sums or periodic payments) on account of a claim of unlawful employment discrimination.

"(2) Unlawful employment discrimination.—The term 'unlawful employment discrimination' has the meaning provided the term 'unlawful discrimination' in section 139(b).

"(3) Backpay and frontpay.—The terms 'backpay' and 'frontpay' mean amounts includible in gross income in the taxable year—

"(A) as compensation which is attributable—

"(i) in the case of backpay, to services performed, or that would have been performed but for a claimed violation of law, as an employee, former employee, or prospective employee before such taxable year for the taxpayer's employer, former employer, or prospective employer; and

"(ii) in the case of frontpay, to employment that would have been performed but for a claimed violation of law, in a taxable year or taxable years following the taxable year; and

"(B) which are—

"(i) ordered, recommended, or approved by any governmental entity to satisfy a claim for a violation of law, or

"(ii) received from the settlement of such a claim.

"(4) Backpay period.—The term 'backpay period' means the period during which services are performed (or would have been performed) to which backpay is attributable. If such period is not equal to a whole number of taxable years, such period shall be increased to the next highest number of whole taxable years.

"(5) Frontpay period.—The term 'frontpay period' means the period of foregone employment to which frontpay is attributable. If such period is not equal to a whole number of taxable years, such period shall be increased to the next highest number of whole taxable years.

"(6) Average annual net backpay and frontpay amount.—The term 'average annual net backpay and frontpay amount' means the amount equal to—

"(A) the excess of—

"(i) employment discrimination backpay and frontpay, over

"(ii) the amount of deductions that would have been allowable but for subsection (a)(1)(B), divided by

"(B) the number of years in the backpay period and frontpay period.".

(c) Income Averaging for Backpay and Frontpay Received on Account of Certain Unlawful Employment Discrimination not to Increase Alternative Minimum Tax Liability.—Section 55(c) (defining regular tax) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following:

"(2) COORDINATION WITH INCOME AVERAGING FOR AMOUNTS RECEIVED ON ACCOUNT OF EMPLOYMENT DISCRIMINATION.—Solely for purposes of this section, section 1302 (relating to averaging of income from backpay or frontpay received on account of certain unlawful employment discrimination) shall not apply in computing the regular tax.".

(d) CLERICAL AMENDMENTS.—

(1) The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 138 the following new item:

"Sec. 139. Amounts received on account of certain unlawful discrimination."

(2) The table of sections for part I of subchapter Q of chapter 1 is amended by inserting after section 1301 the following new item:

"Sec. 1302. Income from backpay or frontpay received on account of certain unlawful employment discrimination."

(e) EFFECTIVE DATES.—

(1) The amendment made by subsection (a) shall apply to damages received in taxable years beginning after December 31, 2000.

(2) The amendments made by subsection (b) shall apply to amounts received in taxable years beginning after December 31, 2000.

(3) The amendment made by subsection (c) shall apply to taxable years beginning after December 31, 2000.

(d) REVENUE OFFSET.—Section 302(a) of this Act is null and void and the Internal Revenue Code of 1986 shall be applied and administered as if such section had not been enacted.

AMENDMENT NO. 1421

On page 184, between lines 6 and 7, insert the following:

(c) INCREASE IN MAXIMUM DEDUCTION.—

(1) IN GENERAL.—The table contained in section 221(b)(1) (relating to maximum deduction) is amended by striking "$2,500" and inserting "$5,000".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to taxable years beginning after December 31, 2000.

(3) REVENUE OFFSET.—Section 302(a) of this Act is null and void and the Internal Revenue Code of 1986 shall be applied and administered as if such section had not been enacted.

AMENDMENT NO. 1422

On page 255, strike lines 3 through 25 and insert:

"(i) which is made on or after the date that the individual for whose benefit the account is maintained has attained age 59½, and

"(ii) which is a charitable contribution (as defined in section 170(c)) made directly from the account to—

"(I) an organization described in section 170(c), or

"(II) a trust, fund, or annuity described in subparagraph (B).

"(D) DENIAL OF DEDUCTION.—The amount allowable as a deduction to the taxpayer for the taxable year under section 170 for qualified charitable distributions shall be reduced (but not below zero) by the sum of the amounts of the qualified charitable distributions during such year which (but for this paragraph) would have been includible in the gross income of the taxpayer for such year."

(b) REVENUE OFFSET.—

(1) IN GENERAL.—Section 408A(c)(3), as amended by section 302, is amended to read as follows:

"(3) LIMITS BASED ON MODIFIED ADJUSTED GROSS INCOME.—

"(A) DOLLAR LIMIT.—The amount determined under paragraph (2) for any taxable year shall not exceed an amount equal to the amount determined under paragraph (2)(A) for such taxable year, reduced (but not below zero) by the amount which bears the same ratio to such amount as—

"(i) the excess of—

"(I) the taxpayer's adjusted gross income for such taxable year, over

"(II) the applicable dollar amount, bears to

"(ii) $15,000 ($10,000 in the case of a joint return or a married individual filing a separate return).

The rules of subparagraphs (B) and (C) of section 219(g)(2) shall apply to any reduction under this subparagraph.

"(B) ROLLOVER FROM IRA.—A taxpayer shall not be allowed to make a qualified rollover contribution to a Roth IRA from an individual retirement plan other than a Roth IRA during any taxable year if, for the taxable year of the distribution to which such contribution relates—

"(i) the taxpayer's adjusted gross income exceeds $1,000,000, or

"(ii) the taxpayer is a married individual filing a separate return.

"(C) DEFINITIONS.—For purposes of this paragraph—

"(i) adjusted gross income shall be determined in the same manner as under section 219(g)(3), except that any amount included in gross income under subsection (d)(3) shall not be taken into account, and

"(ii) the applicable dollar amount is—

"(I) in the case of a taxpayer filing a joint return, $150,000,

"(II) in the case of any other taxpayer (other than a married individual filing a separate return), $95,000, and

"(III) in the case of a married individual filing a separate return, zero.

"(D) MARITAL STATUS.—Section 219(g)(4) shall apply for purposes of this paragraph."

(2) REQUIRED DISTRIBUTION.—Section 408A(c)(3)(C)(i), as amended by paragraph (1), is amended by inserting "and any amount included in gross income by reason of a required distribution under a provision described in paragraph (5) shall not be taken into account for purposes of subparagraph (B)(i)," after "account,".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(2) REQUIRED DISTRIBUTIONS.—The amendment made by subsection (b)(2) shall apply to taxable years beginning after December 31, 2004.

AMENDMENT NO. 1423

At the end of title VI, insert:

SEC. . INCREASE IN ESTATE TAX DEDUCTION FOR FAMILY-OWNED BUSINESS INTEREST.

(a) IN GENERAL.—Section 2057(a)(2) (relating to maximum deduction) is amended by striking "$675,000" and inserting "$1,975,000".

(b) CONFORMING AMENDMENTS.—Section 2057(a)(3)(B) (relating to coordination with unified credit) is amended by striking "$675,000" each place it appears in the text and heading and inserting "$1,975,000".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2000.

SEC. . CREDIT FOR EMPLOYEE HEALTH INSURANCE EXPENSES.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business-related credits) is amended by adding at the end the following:

"SEC. 45D. EMPLOYEE HEALTH INSURANCE EXPENSES.

"(a) GENERAL RULE.—For purposes of section 38, in the case of a small employer, the employee health insurance expenses credit determined under this section is an amount equal to the applicable percentage of the amount paid by the taxpayer during the taxable year for qualified employee health insurance expenses.

"(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a), the applicable percentage is equal to—

"(1) 60 percent in the case of self-only coverage, and

"(2) 70 percent in the case of family coverage (as defined in section 220(c)(5)).

"(c) PER EMPLOYEE DOLLAR LIMITATION.—The amount of qualified employee health insurance expenses taken into account under subsection (a) with respect to any qualified employee for any taxable year shall not exceed—

"(1) $1,000 in the case of self-only coverage, and

"(2) $1,715 in the case of family coverage (as so defined).

"(d) DEFINITIONS.—For purposes of this section—

"(1) SMALL EMPLOYER.—

"(A) IN GENERAL.—The term 'small employer' means, with respect to any calendar year, any employer if such employer employed an average of 9 or fewer employees on business days during either of the 2 preceding calendar years. For purposes of the preceding sentence, a preceding calendar year may be taken into account only if the employer was in existence throughout such year.

"(B) EMPLOYERS NOT IN EXISTENCE IN PRECEDING YEAR.—In the case of an employer which was not in existence throughout the 1st preceding calendar year, the determination under subparagraph (A) shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

"(2) QUALIFIED EMPLOYEE HEALTH INSURANCE EXPENSES.—

"(A) IN GENERAL.—The term 'qualified employee health insurance expenses' means any amount paid by an employer for health insurance coverage to the extent such amount is attributable to coverage provided to any employee while such employee is a qualified employee.

"(B) EXCEPTION FOR AMOUNTS PAID UNDER SALARY REDUCTION ARRANGEMENTS.—No amount paid or incurred for health insurance coverage pursuant to a salary reduction arrangement shall be taken into account under subparagraph (A).

"(C) HEALTH INSURANCE COVERAGE.—The term 'health insurance coverage' has the meaning given such term by section 9832(b)(1).

"(3) QUALIFIED EMPLOYEE.—

"(A) IN GENERAL.—The term 'qualified employee' means, with respect to any period, an employee of an employer if the total amount of wages paid or incurred by such employer to such employee at an annual rate during the taxable year exceeds $5,000 but does not exceed $16,000.

"(B) TREATMENT OF CERTAIN EMPLOYEES.—For purposes of subparagraph (A), the term 'employee'—

"(i) shall not include an employee within the meaning of section 401(c)(1), but

"(ii) shall include a leased employee within the meaning of section 414(n).

"(C) WAGES.—The term 'wages' has the meaning given such term by section 3121(a) (determined without regard to any dollar limitation contained in such section).

"(D) INFLATION ADJUSTMENT.—

"(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2001, the $16,000 amount contained in subparagraph (A) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2000' for 'calendar year 1992' in subparagraph (B) thereof.

"(ii) ROUNDING.—If any increase determined under clause (i) is not a multiple of $100, such amount shall be rounded to the nearest multiple of $100.

"(e) CERTAIN RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of section 52 shall apply.

"(f) DENIAL OF DOUBLE BENEFIT.—No deduction or credit under any other provision of this chapter shall be allowed with respect to qualified employee health insurance expenses taken into account under subsection (a)."

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (relating to current year business credit) is amended by striking "plus" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ", plus", and by adding at the end the following:

"(13) the employee health insurance expenses credit determined under section 45D."

(c) NO CARRYBACKS.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

"(9) NO CARRYBACK OF SECTION 45D CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the employee health insurance expenses credit determined under section 45D may be carried back to a taxable year ending before January 1, 2001."

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following:

"Sec. 45D. Employee health insurance expenses."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2000.

SEC. ____. MODIFICATION OF INDIVIDUAL RETIREMENT CONTRIBUTION LIMITS.

(a) DEDUCTION LIMIT.—Section 219(b)(5), as added by section 301(a)(2), is amended to read as follows:

"(5) DEDUCTIBLE AMOUNT.—For purposes of paragraph (1)(A)—

"(A) IN GENERAL.—The deductible amount shall be determined in accordance with the following table:

"For taxable years beginning in:	The deductible amount is:
2001, 2002, and 2003	$3,000
2004, 2005, and 2006	$4,000
2007 and thereafter	$5,000.

"(B) COST-OF-LIVING ADJUSTMENT.—

"(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2009, the $5,000 amount under subparagraph (A) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2008' for 'calendar year 1992' in subparagraph (B) thereof."

(b) INCOME LIMITS.—The amendments made by section 302 are null and void and the Internal Revenue Code of 1986 shall be applied as if they had not been enacted.

(c) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2000.

KERREY (AND OTHERS) AMENDMENT NO. 1424

(Ordered to lie on the table.)

Mr. KERREY (for himself, Mr. GREGG, Mr. BREAUX, Mr. GRASSLEY, Mr. ROBB, Mr. THOMPSON, and Mr. THOMAS) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

At the end, add the following:

DIVISION B—BIPARTISAN SOCIAL SECURITY REFORM

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This division may be cited as the "Bipartisan Social Security Reform Act of 1999".

(b) TABLE OF CONTENTS.—The table of contents of this division is as follows:

Sec. 1. Short title; table of contents.

TITLE I—INDIVIDUAL SAVINGS ACCOUNTS

Sec. 101. Individual savings accounts.
Sec. 102. Social security KidSave Accounts.
Sec. 103. Adjustments to primary insurance amounts under part A of title II of the Social Security Act.

TITLE II—SOCIAL SECURITY SYSTEM ADJUSTMENTS

Sec. 201. Adjustments to bend points in determining primary insurance amounts.
Sec. 202. Adjustment of widows' and widowers' insurance benefits.
Sec. 203. Elimination of earnings test for individuals who have attained early retirement age.
Sec. 204. Gradual increase in number of benefit computation years; use of all years in computation.
Sec. 205. Maintenance of benefit and contribution base.
Sec. 206. Reduction in the amount of certain transfers to Medicare Trust Fund.
Sec. 207. Actuarial adjustment for retirement.
Sec. 208. Improvements in process for cost-of-living adjustments.
Sec. 209. Modification of increase in normal retirement age.
Sec. 210. Modification of PIA factors to reflect changes in life expectancy.
Sec. 211. Mechanism for remedying unforeseen deterioration in social security solvency.

TITLE I—INDIVIDUAL SAVINGS ACCOUNTS

SEC. 101. INDIVIDUAL SAVINGS ACCOUNTS.

(a) ESTABLISHMENT AND MAINTENANCE OF INDIVIDUAL SAVINGS ACCOUNTS.—Title II of the Social Security Act (42 U.S.C. 401 et seq.) is amended—

(1) by inserting before section 201 the following:

"PART A—INSURANCE BENEFITS";

and

(2) by adding at the end the following:

"PART B—INDIVIDUAL SAVINGS ACCOUNTS

"INDIVIDUAL SAVINGS ACCOUNTS

"SEC. 251. (a) ESTABLISHMENT.—

"(1) IN GENERAL.—

"(A) ESTABLISHMENT IN ABSENCE OF KIDSAVE ACCOUNT.—Except as provided in subparagraph (B), the Commissioner of Social Security, within 30 days of the receipt of the first contribution received pursuant to subsection (b) with respect to an eligible individual, shall establish in the name of such individual an individual savings account. The individual savings account shall be identified to the account holder by means of the account holder's Social Security account number.

"(B) USE OF KIDSAVE ACCOUNT.—If a KidSave Account has been established in the name of an eligible individual under section 262(a) before the date of the first contribution received by the Commissioner pursuant to subsection (b) with respect to such individual, the Commissioner shall redesignate the KidSave Account as an individual savings account for such individual.

"(2) DEFINITION OF ELIGIBLE INDIVIDUAL.—In this part, the term 'eligible individual' means any individual born after December 31, 1937.

"(b) CONTRIBUTIONS.—

"(1) AMOUNTS TRANSFERRED FROM THE TRUST FUND.—The Secretary of the Treasury shall transfer from the Federal Old-Age and Survivors Insurance Trust Fund, for crediting by the Commissioner of Social Security to an individual savings account of an eligible individual, an amount equal to the sum of any amount received by such Secretary on behalf of such individual under section 3101(a)(2) or 1401(a)(2) of the Internal Revenue Code of 1986.

"(2) OTHER CONTRIBUTIONS.—For provisions relating to additional contributions credited to individual savings accounts, see sections 531(c)(2) and 6402(l) of the Internal Revenue Code of 1986.

"(c) DESIGNATION OF INVESTMENT TYPE OF INDIVIDUAL SAVINGS ACCOUNT.—

"(1) DESIGNATION.—Each eligible individual who is employed or self-employed shall designate the investment type of individual savings account to which the contributions described in subsection (b) on behalf of such individual are to be credited.

"(2) FORM OF DESIGNATION.—The designation described in paragraph (1) shall be made in such manner and at such intervals as the Commissioner of Social Security may prescribe in order to ensure ease of administration and reductions in burdens on employers.

"(3) SPECIAL RULE FOR 2000.—Not later than January 1, 2000, any eligible individual that is employed or self-employed as of such date shall execute the designation required under paragraph (1).

"(4) DESIGNATION IN ABSENCE OF DESIGNATION BY ELIGIBLE INDIVIDUAL.—In any case in which no designation of the individual savings account is made, the Commissioner of Social Security shall make the designation of the individual savings account in accordance with regulations that take into account the competing objectives of maximizing returns on investments and minimizing the risk involved with such investments.

"(d) TREATMENT OF INCOMPETENT INDIVIDUALS.—Any designation under subsection (c)(1) to be made by an individual mentally incompetent or under other legal disability may be made by the person who is constituted guardian or other fiduciary by the law of the State of residence of the individual or is otherwise legally vested with the care of the individual or his estate. Payment under this part due an individual mentally incompetent or under other legal disability may be made to the person who is constituted guardian or other fiduciary by the law of the State of residence of the claimant or is otherwise legally vested with the care of the claimant or his estate. In any case in which a guardian or other fiduciary of the individual under legal disability has not been appointed under the law of the State of residence of the individual, if any other person, in the judgment of the Commissioner, is responsible for the care of such individual, any designation under subsection (c)(1) which may otherwise be made by such individual may be made by such person, any payment under this part which is otherwise payable to such individual may be made to such person, and the payment of an annuity payment under this part to such person bars recovery by any other person.

"DEFINITION OF INDIVIDUAL SAVINGS ACCOUNT; TREATMENT OF ACCOUNTS

"Sec. 252. (a) Individual Savings Account.—In this part, the term 'individual savings account' means any individual savings account in the Individual Savings Fund (established under section 254) which is administered by the Individual Savings Fund Board.

"(b) Treatment of Account.—Except as otherwise provided in this part and in section 531 of the Internal Revenue Code of 1986, any individual savings account described in subsection (a) shall be treated in the same manner as an individual account in the Thrift Savings Fund under subchapter III of chapter 84 of title 5, United States Code.

"INDIVIDUAL SAVINGS ACCOUNT DISTRIBUTIONS

"Sec. 253. (a) Date of Initial Distribution.—Except as provided in subsection (c), distributions may only be made from an individual savings account of an eligible individual on and after the earliest of—

"(1) the date the eligible individual attains normal retirement age, as determined under section 216 (or early retirement age (as so determined) if elected by such individual), or

"(2) the date on which funds in the eligible individual's individual savings account are sufficient to provide a monthly payment over the life expectancy of the eligible individual (determined under reasonable actuarial assumptions) which, when added to the eligible individual's monthly benefit under part A (if any), is at least equal to an amount equal to 1/12 of the poverty line (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2) and determined on such date for a family of the size involved) and adjusted annually thereafter by the adjustment determined under section 215(i).

"(b) Forms of Distribution.—

"(1) Required monthly payments.—Except as provided in paragraph (2), beginning with the date determined under subsection (a), the balance in an individual savings account available to provide monthly payments not in excess of the amount described in subsection (a)(2) shall be paid, as elected by the account holder (in such form and manner as shall be prescribed in regulations of the Individual Savings Fund Board), by means of the purchase of annuities or equal monthly payments over the life expectancy of the eligible individual (determined under reasonable actuarial assumptions) in accordance with requirements (which shall be provided in regulations of the Board) similar to the requirements applicable to payments of benefits under subchapter III of chapter 84 of title 5, United States Code, and providing for indexing for inflation.

"(2) Payment of excess funds.—To the extent funds remain in an eligible individual's individual savings account after the application of paragraph (1), such funds shall be payable to the eligible individual in such manner and in such amounts as determined by the eligible individual, subject to the provisions of subchapter III of chapter 84 of title 5, United States Code.

"(c) Distribution in the Event of Death Before the Date of Initial Distribution.—If the eligible individual dies before the date determined under subsection (a), the balance in such individual's individual savings account shall be distributed in a lump sum, under rules established by the Individual Savings Fund Board, to the individual's heirs.

"INDIVIDUAL SAVINGS FUND

"Sec. 254. (a) Establishment.—There is established and maintained in the Treasury of the United States an Individual Savings Fund in the same manner as the Thrift Savings Fund under sections 8437, 8438, and 8439 (but not section 8440) of title 5, United States Code.

"(b) Individual Savings Fund Board.—

"(1) In general.—There is established and operated in the Social Security Administration an Individual Savings Fund Board in the same manner as the Federal Retirement Thrift Investment Board under subchapter VII of chapter 84 of title 5, United States Code.

"(2) Specific investment and reporting duties.—

"(A) In general.—The Individual Savings Fund Board shall manage and report on the activities of the Individual Savings Fund and the individual savings accounts of such Fund in the same manner as the Federal Retirement Thrift Investment Board manages and reports on the Thrift Savings Fund and the individual accounts of such Fund under subchapter VII of chapter 84 of title 5, United States Code.

"(B) Study and report on increased investment options.—

"(i) Study.—The Individual Savings Fund Board shall conduct a study regarding ways to increase an eligible individual's investment options with respect to such individual's individual savings account and with respect to rollovers or distributions from such account.

"(ii) Report.—Not later than 2 years after the date of enactment of the Bipartisan Social Security Reform Act of 1999, the Individual Savings Fund Board shall submit a report to the President and Congress that contains a detailed statement of the results of the study conducted pursuant to clause (i), together with the Board's recommendations for such legislative actions as the Board considers appropriate.

"BUDGETARY TREATMENT OF INDIVIDUAL SAVINGS FUND AND ACCOUNTS

"Sec. 255. The receipts and disbursements of the Individual Savings Fund and any accounts within such fund shall not be included in the totals of the budget of the United States Government as submitted by the President or of the congressional budget and shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government.".

(b) Modification of FICA Rates.—

(1) Employees.—Section 3101(a) of the Internal Revenue Code of 1986 (relating to tax on employees) is amended to read as follows:

"(a) Old-Age, Survivors, and Disability Insurance.—

"(1) In general.—

"(A) Individuals covered under part A of title II of the Social Security Act.—In addition to other taxes, there is hereby imposed on the income of every individual who is not a part B eligible individual a tax equal to 6.2 percent of the wages (as defined in section 3121(a)) received by him with respect to employment (as defined in section 3121(b)).

"(B) Individuals covered under part B of title II of the Social Security Act.—In addition to other taxes, there is hereby imposed on the income of every part B eligible individual a tax equal to 4.2 percent of the wages (as defined in section 3121(a)) received by such individual with respect to employment (as defined in section 3121(b)).

"(2) Contribution of OASDI tax reduction to individual savings accounts.—

"(A) In general.—In addition to other taxes, there is hereby imposed on the income of every part B eligible individual an individual savings account contribution equal to the sum of—

"(i) 2 percent of the wages (as so defined) received by such individual with respect to employment (as so defined), plus

"(ii) so much of such wages (not to exceed $2,000) as designated by the individual in the same manner as described in section 251(c) of the Social Security Act.

"(B) Inflation adjustment.—

"(i) In general.—In the case of any calendar year beginning after 2000, the dollar amount in subparagraph (A)(ii) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting 'calendar year 1999' for 'calendar year 1992' in subparagraph (B) thereof.

"(ii) Rounding.—If any dollar amount after being increased under clause (i) is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10.".

(2) Self-employed.—Section 1401(a) of the Internal Revenue Code of 1986 (relating to tax on self-employment income) is amended to read as follows:

"(a) Old-Age, Survivors, and Disability Insurance.—

"(1) In general.—

"(A) Individuals covered under part A of the Social Security Act.—In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual who is not a part B eligible individual for the calendar year ending with or during such taxable year, a tax equal to 12.40 percent of the amount of the self-employment income for such taxable year.

"(B) Individuals covered under part B of title II of the Social Security Act.—In addition to other taxes, there is hereby imposed for each taxable year, on the self-employment income of every part B eligible individual, a tax equal to 10.4 percent of the amount of the self-employment income for such taxable year.

"(2) Contribution of OASDI tax reduction to individual savings accounts.—

"(A) In general.—In addition to other taxes, there is hereby imposed for each taxable year, on the self-employment income of every individual, an individual savings account contribution equal to the sum of—

"(i) 2 percent of the amount of the self-employment income for each individual for such taxable year, and

"(ii) so much of such self-employment income (not to exceed $2,000) as designated by the individual in the same manner as described in section 251(c) of the Social Security Act.

"(B) Inflation adjustment.—

"(i) In general.—In the case of any taxable year beginning after 2000, the dollar amount in subparagraph (A)(ii) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1999' for 'calendar year 1992' in subparagraph (B) thereof.

"(ii) Rounding.—If any dollar amount after being increased under clause (i) is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10.".

(3) Part B eligible individual.—

(A) Taxes on employees.—Section 3121 of such Code (relating to definitions) is amended by inserting after subsection (s) the following:

"(t) Part B Eligible Individual.—For purposes of this chapter, the term 'part B eligible individual' means, for any calendar year, an individual who is an eligible individual (as defined in section 251(a)(2) of the Social Security Act) for such calendar year.".

(B) Self-employment tax.—Section 1402 of such Code (relating to definitions) is amended by adding at the end the following:

"(k) Part B Eligible Individual.—The term 'part B eligible individual' means, for any calendar year, an individual who is an eligible individual (as defined in section 251(a)(2) of the Social Security Act) for such calendar year.".

(4) Effective dates.—

(A) Employees.—The amendments made by paragraphs (1) and (3)(A) apply to remuneration paid after December 31, 1999.

(B) Self-employed individuals.—The amendments made by paragraphs (2) and (3)(B) apply to taxable years beginning after December 31, 1999.

(c) Matching Contributions.—

(1) In general.—Part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to credits against tax) is amended by adding at the end the following:

"Subpart H—Individual Savings Account Credits

"Sec. 54. Individual savings account credit.".

"SEC. 54. INDIVIDUAL SAVINGS ACCOUNT CREDIT.

"(a) Allowance of Credit.—Each part B eligible individual is entitled to a credit for the taxable year in an amount equal to the sum of—

"(1) $100, plus

"(2) 100 percent of the designated wages of such individual for the taxable year, plus

"(3) 100 percent of the designated self-employment income of such individual for the taxable year.

"(b) Limitations.—

"(1) Amount.—The amount determined under subsection (a) with respect to such individual for any taxable year may not exceed the excess (if any) of—

"(A) an amount equal to 1 percent of the contribution and benefit base for such taxable year (as determined under section 230 of the Social Security Act), over

"(B) the sum of the amounts received by the Secretary on behalf of such individual under sections 3101(a)(2)(A)(i) and 1401(a)(2)(A)(i) for such taxable year.

"(2) Failure to make voluntary contributions.—In the case of a part B eligible individual with respect to whom the amount of wages designated under section 3101(a)(2)(A)(ii) plus the amount self-employment income designated under section 1401(a)(2)(A)(ii) for the taxable year is less that $1, the credit to which such individual is entitled under this section shall be equal to zero.

"(c) Definitions.—For purposes of this section—

"(1) Part b eligible individual.—The term 'part B eligible individual' means, for any calendar year, an individual who—

"(A) is an eligible individual (as defined in section 251(a)(2) of the Social Security Act) for such calendar year, and

"(B) is not an individual with respect to whom another taxpayer is entitled to a deduction under section 151(c).

"(2) Designated wages.—The term 'designated wages' means with respect to any taxable year the amount designated under section 3101(a)(2)(A)(ii).

"(3) Designated self-employment income.—The term 'designated self-employment income' means with respect to any taxable year the amount designated under section 1401(a)(2)(A)(ii) for such taxable year.

"(d) Credit Used Only for Individual Savings Account.—For purposes of this title, the credit allowed under this section with respect to any part B eligible individual—

"(1) shall not be treated as a credit allowed under this part, but

"(2) shall be treated as an overpayment of tax under section 6401(b)(3) which may, in accordance with section 6402(l), only be transferred to an individual savings account established under part B of title II of the Social Security Act with respect to such individual.".

(2) Contribution of credited amounts to individual savings account.—

(A) Credited amounts treated as overpayment of tax.—Subsection (b) of section 6401 of such Code (relating to excessive credits) is amended by adding at the end the following:

"(3) Special rule for credit under section 54.—Subject to the provisions of section 6402(l), the amount of any credit allowed under section 54 for any taxable year shall be considered an overpayment.".

(B) Transfer of credit amount to individual savings account.—Section 6402 of such Code (relating to authority to make credits or refunds) is amended by adding at the end the following:

"(l) Overpayments Attributable to Individual Savings Account Credit.—In the case of any overpayment described in section 6401(b)(3) with respect to any individual, the Secretary shall transfer for crediting by the Commissioner of Social Security to the individual savings account of such individual, an amount equal to the amount of such overpayment.".

(4) Conforming amendments.—

(A) Section 1324(b)(2) of title 31, United States Code, is amended by inserting before the period at the end ", or enacted by the Bipartisan Social Security Reform Act of 1999".

(B) The table of subparts for part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"Subpart H. Individual Savings Account Credits.".

(5) Effective date.—The amendments made by this subsection shall apply to refunds payable after December 31, 1999.

(d) Tax Treatment of Individual Savings Accounts.—

(1) In general.—Subchapter F of chapter 1 of the Internal Revenue Code of 1986 (relating to exempt organizations) is amended by adding at the end the following:

"PART IX—INDIVIDUAL SAVINGS FUND AND ACCOUNTS

"Sec. 531. Individual Savings Fund and Accounts.

"SEC. 531. INDIVIDUAL SAVINGS FUND AND ACCOUNTS.

"(a) General Rule.—The Individual Savings Fund and individual savings accounts shall be exempt from taxation under this subtitle.

"(b) Individual Savings Fund and Accounts Defined.—For purposes of this section, the terms 'Individual Savings Fund' and 'individual savings account' means the fund and account established under sections 254 and 251, respectively, of part B of title II of the Social Security Act.

"(c) Contributions.—

"(1) In general.—No deduction shall be allowed for contributions credited to an individual savings account under section 251 of the Social Security Act or section 6402(l).

"(2) Rollover of inheritance.—Any portion of a distribution to an heir from an individual savings account made by reason of the death of the beneficiary of such account may be rolled over to the individual savings account of the heir after such death.

"(d) Distributions.—

"(1) In general.—Any distribution from an individual savings account under section 253 of the Social Security Act shall be included in gross income under section 72.

"(2) Period in which distributions must be made from account of decedent.—In the case of amounts remaining in an individual savings account from which distributions began before the death of the beneficiary, rules similar to the rules of section 401(a)(9)(B) shall apply to distributions of such remaining amounts.

"(3) Rollovers.—Paragraph (1) shall not apply to amounts rolled over under subsection (c)(2) in a direct transfer by the Commissioner of Social Security, under regulations which the Commissioner shall prescribe.".

(2) Clerical amendment.—The table of parts for subchapter F of chapter 1 of such Code is amended by adding after the item relating to part VIII the following:

"Part IX. Individual savings fund and accounts.".

(3) Effective date.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1999.

SEC. 102. SOCIAL SECURITY KIDSAVE ACCOUNTS.

Title II of the Social Security Act (42 U.S.C. 401 et seq.), as amended by section 101(a), is amended by adding at the end the following:

"Part C—KidSave Accounts

"kidsave accounts

"Sec. 261. (a) Establishment.—The Commissioner of Social Security shall establish in the name of each individual born on or after January 1, 1995, a KidSave Account upon the later of—

"(1) the date of enactment of this part, or

"(2) the date of the issuance of a Social Security account number under section 205(c)(2) to such individual.

The KidSave Account shall be identified to the account holder by means of the account holder's Social Security account number.

"(b) Contributions.—

"(1) In general.—There are authorized to be appropriated and are appropriated such sums as are necessary in order for the Secretary of the Treasury to transfer from the general fund of the Treasury for crediting by the Commissioner to each account holder's KidSave Account under subsection (a), an amount equal to the sum of—

"(A) in the case of any individual born on or after January 1, 2000, $1,000, on the date of the establishment of such individual's KidSave Account, and

"(B) in the case of any individual born on or after January 1, 1995, $500, on the 1st, 2nd, 3rd, 4th, and 5th birthdays of such individual occurring on or after January 1, 2000.

"(2) Adjustment for inflation.—For any calendar year after 2009, each of the dollar amounts under paragraph (1) shall be increased by the cost-of-living adjustment determined under section 215(i) for the calendar year.

"(c) Designations Regarding KidSave Accounts.—

"(1) Initial designations of investment vehicle.—A person described in subsection (d) shall, on behalf of the individual described in subsection (a), designate the investment vehicle for the KidSave Account to which contributions on behalf of such individual are to be deposited. Such designation shall be made on the application for such individual's Social Security account number.

"(2) Changes in investment vehicles.—The Commissioner shall by regulation provide the time and manner by which an individual or a person described in subsection (d) on behalf of such individual may change 1 or more investment vehicles for a KidSave Account.

"(d) Treatment of Minors and Incompetent Individuals.—Any designation under subsection (c) to be made by a minor, or an individual mentally incompetent or under other legal disability, may be made by the person who is constituted guardian or other fiduciary by the law of the State of residence of the individual or is otherwise legally vested with the care of the individual or his estate. Payment under this part due a minor, or an individual mentally incompetent or under other legal disability, may be made to the person who is constituted guardian or other fiduciary by the law of the State of residence of the claimant or is otherwise legally vested with the care of the claimant or his estate. In any case in which a guardian or other fiduciary of the individual under legal disability has not been appointed under the law of the State of residence of the individual, if any other person, in the judgment of the Commissioner, is responsible for the care of such individual, any designation under subsection (c) which may otherwise be made by such individual may be made by such person, any payment under this part which is otherwise payable to such individual may be made to such person, and the payment of an annuity payment under this part to such person bars recovery by any other person.

"DEFINITIONS AND SPECIAL RULES

"Sec. 262. (a) KidSave Accounts.—In this part, the term 'KidSave Account' means any KidSave Account in the Individual Savings Fund (established under section 254) which is administered by the Individual Savings Fund Board.

"(b) Treatment of Accounts.—

"(1) In general.—Except as provided in paragraph (2), any KidSave Account described in subsection (a) shall be treated in the same manner as an individual savings account under part B.

"(2) Distributions.—Notwithstanding any other provision of law, distributions may only be made from a KidSave Account of an individual on or after the earlier of—

"(A) the date on which the individual begins receiving benefits under this title, or

"(B) the date of the individual's death.".

SEC. 103. ADJUSTMENTS TO PRIMARY INSURANCE AMOUNTS UNDER PART A OF TITLE II OF THE SOCIAL SECURITY ACT.

(a) In General.—Section 215 of the Social Security Act (42 U.S.C. 415) is amended by adding at the end the following:

"Adjustment of Primary Insurance Amount in Relation to Deposits Made to Individual Savings Accounts and KidSave Accounts

"(j)(1) Except as provided in paragraph (2), an individual's primary insurance amount as determined in accordance with this section (before adjustments made under subsection (i)) shall be equal to the excess (if any) of—

"(A) the amount which would be so determined without the application of this subsection, over

"(B) the monthly amount of an immediate life annuity, determined on the basis of the sum of—

"(A) the total of all amounts which have been credited pursuant to section 251(b) (indexed in the same manner as is applicable with respect to average indexed monthly earnings under subsection (b)) to the individual savings account held by such individual, plus

"(B) 50 percent of the accumulated value of the KidSave Account (established on behalf of such individual under section 261(a)) determined on the date such KidSave Account is redesignated as an individual savings account held by such individual under section 251(a)(1)(B), plus

"(C) accrued interest on such amounts compounded annually—

"(i) assuming an interest rate equal to the projected interest rate of the Federal Old-Age and Survivors Trust Fund, and

"(ii) using the mortality table used under 412(*l*)(7)(C)(ii) of the Internal Revenue Code of 1986.

"(2) In the case of an individual who becomes entitled to disability insurance benefits under section 223, such individual's primary insurance amount shall be determined without regard to paragraph (1).

"(3) For purposes of this subsection, the term 'immediate life annuity' means an annuity—

"(A) the annuity starting date (as defined in section 72(c)(4) of the Internal Revenue Code of 1986) of which commences with the first month following the date of the determination, and

"(B) which provides for a series of substantially equal monthly payments over the life expectancy of the individual.".

(b) Conforming Amendment to Railroad Retirement Act of 1974.—Section 1 of the Railroad Retirement Act of 1974 (45 U.S.C. 231) is amended by adding at the end the following:

"(s) In applying applicable provisions of the Social Security Act for purposes of determining the amount of the annuity to which an individual is entitled under this Act, section 215(j) of the Social Security Act and part B of title II of such Act shall be disregarded."

(c) Effective Date.—The amendments made by this section shall apply with respect to computations and recomputations of primary insurance amounts occurring after December 31, 1999.

TITLE II—SOCIAL SECURITY SYSTEM ADJUSTMENTS

SEC. 201. ADJUSTMENTS TO BEND POINTS IN DETERMINING PRIMARY INSURANCE AMOUNTS.

(a) Additional Bend Point.—Section 215(a)(1)(A) of the Social Security Act (42 U.S.C. 415(a)(1)(A)) is amended—

(1) in clause (ii), by striking "and" at the end;

(2) in clause (iii)—

(A) by striking "15 percent" and inserting "32 percent";

(B) by striking "clause (ii)," and inserting the following: "clause (ii) but do not exceed the amount established for purposes of this clause by subparagraph (B), and"; and

(3) by inserting after clause (iii) the following:

"(iv) 15 percent of the individual's average indexed monthly earnings to the extent that such earnings exceed the amount established for purposes of clause (iii),".

(b) Initial Level of Additional Bend Point.—Section 215(a)(1)(B)(i) of such Act (42 U.S.C. 415(a)(1)(B)(i)) is amended—

(1) by striking "clause (i) and (ii)" and inserting "clauses (i) and (iii)"; and

(2) by adding at the end the following: "For individuals who initially become eligible for old-age or disability insurance benefits, or who die (before becoming eligible for such benefit), in the calendar year 2000, the amount established for purposes of clause (ii) of subparagraph (A) shall be equal to 197.5 percent of the amount established for purposes of clause (i).".

(c) Adjustments to PIA Formula Factors.—Section 215(a)(1)(B) of such Act (42 U.S.C. 415(a)(1)(B)) is amended further—

(1) by redesignating clause (iii) as clause (iv);

(2) by inserting after clause (ii) the following:

"(iii) For individuals who initially become eligible for old-age or disability insurance benefits, or who die (before becoming eligible for such benefits), in any calendar year after 2005, effective for such calendar year—

"(I) the percentage in effect under clause (ii) of subparagraph (A) shall be equal to the percentage in effect under such clause for calendar year 2005 increased the applicable number of times by 3.8 percentage points,

"(II) the percentage in effect under clause (iii) of subparagraph (A) shall be equal to the percentage in effect under such clause for calendar year 2005 decreased the applicable number of times by 1.2 percentage points, and

"(III) the percentage in effect under clause (iv) of subparagraph (A) shall be equal to the percentage in effect under such clause for calendar year 2005 decreased the applicable number of times by 0.5 percentage points.

For purposes of the preceding sentence, the term 'applicable number of times' means a number equal to the lesser of 10 or the number of years beginning with 2006 and ending with the year of initial eligibility or death."; and

(3) in clause (iv) (as redesignated), by striking "amount" and inserting "dollar amount".

(d) Effective Date.—The amendments made by this section shall apply with respect to primary insurance amounts of individuals attaining early retirement age (as defined in section 216(l) of the Social Security Act), or dying, after December 31, 1999.

SEC. 202. ADJUSTMENT OF WIDOWS' AND WIDOWERS' INSURANCE BENEFITS.

(a) Widow's Benefit.—Section 202(e)(2)(A) of the Social Security Act (42 U.S.C.

402(e)(2)(A)) is amended by striking "equal to" and all that follows and inserting "equal to the greater of—

"(i) the primary insurance amount (as determined for purposes of this subsection after application of subparagraphs (B) and (C)) of such deceased individual, or

"(ii) the applicable percentage of the joint benefit which would have been received by the widow or surviving divorced wife and the deceased individual for such month if such individual had not died.

For purposes of clause (ii), the applicable percentage is equal to 50 percent in 2000, increased (but not above 75 percent) by 1 percentage point in every second year thereafter.".

(b) Widower's Benefit.—Section 202(f)(3)(A) of the Social Security Act (42 U.S.C. 402(b)(3)(A)) is amended by striking "equal to" and all that follows and inserting "equal to the greater of—

"(i) the primary insurance amount (as determined for purposes of this subsection after application of subparagraphs (B) and (C)) of such deceased individual, or

"(ii) the applicable percentage of the joint benefit which would have been received by the widow or surviving divorced husband and the deceased individual for such month if such individual had not died.

For purposes of clause (ii), the applicable percentage is equal to 50 percent in 2000, increased (but not above 75 percent) by 1 percentage point in every second year thereafter.".

SEC. 203. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED EARLY RETIREMENT AGE.

(a) In General.—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c)(1), by striking "the age of seventy" and inserting "early retirement age (as defined in section 216(l))";

(2) in paragraphs (1)(A) and (2) of subsection (d), by striking "the age of seventy" each place it appears and inserting "early retirement age (as defined in section 216(l))";

(3) in subsection (f)(1)(B), by striking "was age seventy or over" and inserting "was at or above early retirement age (as defined in section 216(l))";

(4) in subsection (f)(3)—

(A) by striking "33⅓ percent" and all that follows through "any other individual," and inserting "50 percent of such individual's earnings for such year in excess of the product of the exempt amount as determined under paragraph (8),"; and

(B) by striking "age 70" and inserting "early retirement age (as defined in section 216(l))";

(5) in subsection (h)(1)(A), by striking "age 70" each place it appears and inserting "early retirement age (as defined in section 216(l))"; and

(6) in subsection (j)—

(A) in the heading, by striking "Age Seventy" and inserting "Early Retirement Age"; and

(B) by striking "seventy years of age" and inserting "having attained early retirement age (as defined in section 216(l))".

(b) Conforming Amendments Eliminating the Special Exempt Amount for Individuals Who Have Attained Age 62.—

(1) Uniform exempt amount.—Section 203(f)(8)(A) of the Social Security Act (42 U.S.C. 403(f)(8)(A)) is amended by striking "the new exempt amounts (separately stated for individuals described in subparagraph (D) and for other individuals) which are to be applicable" and inserting "a new exempt amount which shall be applicable".

(2) Conforming amendments.—Section 203(f)(8)(B) of the Social Security Act (42 U.S.C. 403(f)(8)(B)) is amended—

(A) in the matter preceding clause (i), by striking "Except" and all that follows through "whichever" and inserting "The exempt amount which is applicable for each month of a particular taxable year shall be whichever";

(B) in clauses (i) and (ii), by striking "corresponding" each place it appears; and

(C) in the last sentence, by striking "an exempt amount" and inserting "the exempt amount".

(3) Repeal of basis for computation of special exempt amount.—Section 203(f)(8)(D) of the Social Security Act (42 U.S.C. 403(f)(8)(D)) is repealed.

(c) Additional Conforming Amendments.—

(1) Elimination of redundant references to retirement age.—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(A) in subsection (c), in the last sentence, by striking "nor shall any deduction" and all that follows and inserting "nor shall any deduction be made under this subsection from any widow's or widower's insurance benefit if the widow, surviving divorced wife, widower, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60."; and

(B) in subsection (f)(1), by striking clause (D) and inserting the following: "(D) for which such individual is entitled to widow's or widower's insurance benefits if such individual became so entitled prior to attaining age 60,".

(2) Conforming amendment to provisions for determining amount of increase on account of delayed retirement.—Section 202(w)(2)(B)(ii) of the Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is amended—

(A) by striking "either"; and

(B) by striking "or suffered deductions under section 203(b) or 203(c) in amounts equal to the amount of such benefit".

(3) Provisions relating to earnings taken into account in determining substantial gainful activity of blind individuals.—The second sentence of section 223(d)(4) of such Act (42 U.S.C. 423(d)(4)) is amended by striking "if section 102 of the Senior Citizens' Right to Work Act of 1996 had not been enacted" and inserting the following: "if the amendments to section 203 made by section 102 of the Senior Citizens' Right to Work Act of 1996 and by the Bipartisan Social Security Reform Act of 1999 had not been enacted".

(d) Study of the Effect of Taking Earnings Into Account in Determining Substantial Gainful Activity of Disabled Individuals.—

(1) In general.—Not later than February 15, 2001, the Commissioner of Social Security shall conduct a study on the effect that taking earnings into account in determining substantial gainful activity of individuals receiving disability insurance benefits has on the incentive for such individuals to work and submit to Congress a report on the study.

(2) Contents of study.—The study conducted under paragraph (1) shall include the evaluation of—

(A) the effect of the current limit on earnings on the incentive for individuals receiving disability insurance benefits to work;

(B) the effect of increasing the earnings limit or changing the manner in which disability insurance benefits are reduced or terminated as a result of substantial gainful activity (including reducing the benefits gradually when the earnings limit is exceeded) on—

(i) the incentive to work; and

(ii) the financial status of the Federal Disability Insurance Trust Fund;

(C) the effect of extending eligibility for the Medicare program to individuals during the period in which disability insurance benefits of the individual are gradually reduced as a result of substantial gainful activity and extending such eligibility for a fixed period of time after the benefits are terminated on—

(i) the incentive to work; and

(ii) the financial status of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund; and

(D) the relationship between the effect of substantial gainful activity limits on blind individuals receiving disability insurance benefits and other individuals receiving disability insurance benefits.

(3) Consultation.—The analysis under paragraph (2)(C) shall be done in consultation with the Administrator of the Health Care Financing Administration.

(e) Effective Date.—The amendments and repeals made by subsections (a), (b), and (c) shall apply with respect to taxable years ending after December 31, 2002.

SEC. 204. GRADUAL INCREASE IN NUMBER OF BENEFIT COMPUTATION YEARS; USE OF ALL YEARS IN COMPUTATION.

(a) In General.—Section 215(b)(2)(A) of the Social Security Act (42 U.S.C. 415(b)(2)(A)) is amended—

(1) in clause (i), by striking "5 years" and inserting "the applicable number of years for purposes of this clause"; and

(2) by striking "Clause (ii)," in the matter following clause (ii) and inserting the following:

"For purposes of clause (i), the applicable number of years is the number of years specified in connection with the year in which such individual reaches early retirement age (as defined in section 216(l)(2)), or, if earlier, the calendar year in which such individual dies, as set forth in the following table:

"If such calendar year is:	**The applicable number of years is:**
2002	4.
2003	4.
2004	3.
2005	3.
2006	2.
2007	2.
2008	1.
2009	1.
After 2009	0.

Notwithstanding the preceding sentence, the applicable number of years is 5, in the case of any individual who is entitled to old-age insurance benefits, and has a spouse who is also so entitled (or who died without having become so entitled) who has greater total wages and self-employment income credited to benefit computation years than the individual. Clause (ii),".

(b) Use of All Years in Computation.—

(1) In general.—Section 215(b)(2)(B) of the Social Security Act (42 U.S.C. 415(b)(2)(B)) is amended by striking clauses (i) and (ii) and inserting the following:

"(i)(I) for calendar years after 2001 and before 2010, the term 'benefit computation years' means those computation base years equal in number to the number determined under subparagraph (A) plus the applicable number of years determined under subclause (III), for which the total of such individual's wages and self-employment income, after adjustment under paragraph (3), is the largest;

"(II) for calendar years after 2009, the term 'benefit computation years' means all of the computation base years; and

"(III) for purposes of subclause (I), the applicable number of years is the number of years specified in connection with the year in which such individual reaches early retirement age (as defined in section 216(l)(2)), or, if earlier, the calendar year in which such individual dies, as set forth in the following table:

"If such calendar year is:	**The applicable number of years is:**
Before 2002	0.
2002	1.
2003	1.
2004	2.
2005	2.
2006	3.
2007	3.
2008	4.
2009	4.

"(ii) the term 'computation base years' means the calendar years after 1950, except that such term excludes any calendar year entirely included in a period of disability; and".

(2) CONFORMING AMENDMENT.—Section 215(b)(1)(B) of the Social Security Act (42 U.S.C. 415(b)(1)(B)) is amended by striking "in those years" and inserting "in an individual's computation base years determined under paragraph (2)(A)".

(c) EFFECTIVE DATE.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply with respect to individuals attaining early retirement age (as defined in section 216(l)(2) of the Social Security Act) after December 31, 2001.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall apply to benefit computation years beginning after December 31, 1999.

SEC. 205. MAINTENANCE OF BENEFIT AND CONTRIBUTION BASE.

(a) IN GENERAL.—Section 230 of the Social Security Act (42 U.S.C. 430) is amended to read as follows:

"MAINTENANCE OF THE CONTRIBUTION AND BENEFIT BASE

"SEC. 230. (a) The Commissioner of Social Security shall determine and publish in the Federal Register on or before November 1 of each calendar year the contribution and benefit base determined under subsection (b) which shall be effective with respect to remuneration paid after such calendar year and taxable years beginning after such year.

"(b) For purposes of this section, for purposes of determining wages and self-employment income under sections 209, 211, 213, and 215 of this Act and sections 54, 1402, 3121, 3122, 3125, 6413, and 6654 of the Internal Revenue Code of 1986, and for purposes of section 4022(b)(3)(B) of Public Law 93-406, the contribution and benefit base with respect to remuneration paid in (and taxable years beginning in) any calendar year is an amount equal to 86 percent of the total wages for the preceding calendar year (within the meaning of section 209).".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to remuneration paid in (and taxable years beginning in) any calendar year after 1999.

SEC. 206. REDUCTION IN THE AMOUNT OF CERTAIN TRANSFERS TO MEDICARE TRUST FUND.

Subparagraph (A) of section 121(e)(1) of the Social Security Amendments of 1983 (42 U.S.C. 401 note), as amended by section 13215(c)(1) of the Omnibus Budget Reconciliation Act of 1993, is amended—

(1) in clause (ii), by striking "the amounts" and inserting "the applicable percentage of the amounts"; and

(2) by adding at the end the following: "For purposes of clause (ii), the applicable percentage for a year is equal to 100 percent, reduced (but not below zero) by 10 percentage points for each year after 2004.".

SEC. 207. ACTUARIAL ADJUSTMENT FOR RETIREMENT.

(a) EARLY RETIREMENT.—

(1) IN GENERAL.—Section 202(q) of the Social Security Act (42 U.S.C. 402(q)) is amended—

(A) in paragraph (1)(A), by striking "5/9" and inserting "the applicable fraction (determined under paragraph (12))"; and

(B) by adding at the end the following:

"(12) For purposes of paragraph (1)(A), the 'applicable fraction' for an individual who attains the age of 62 in—

"(A) any year before 2001, is 5/9;

"(B) 2001, is 7/12;

"(C) 2002, is 11/18;

"(D) 2003, is 23/36;

"(E) 2004, is 2/3; and

"(F) 2005 or any succeeding year, is 25/36.".

(2) MONTHS BEYOND FIRST 36 MONTHS.—Section 202(q) of such Act (42 U.S.C. 402(q)(9)) (as amended by paragraph (1)) is amended—

(A) in paragraph (9)(A), by striking "five-twelfths" and inserting "the applicable fraction (determined under paragraph (13))"; and

(B) by adding at the end the following:

"(13) For purposes of paragraph (9)(A), the 'applicable fraction' for an individual who attains the age of 62 in—

"(A) any year before 2001, is 5/12;

"(B) 2001, is 16/36;

"(C) 2002, is 16/36;

"(D) 2003, is 17/36;

"(E) 2004, is 17/36; and

"(F) 2005 or any succeeding year, is 1/2.".

(3) EFFECTIVE DATE.—The amendments made by paragraphs (1) and (2) shall apply to individuals who attain the age of 62 in years after 1999.

(b) DELAYED RETIREMENT.—Section 202(w)(6) of the Social Security Act (42 U.S.C. 402(w)(6)) is amended—

(1) in subparagraph (C), by striking "and" at the end;

(2) in subparagraph (D), by striking "2004." and inserting "2004 and before 2007;"; and

(3) by adding at the end the following:

"(E) 17/24 of 1 percent in the case of an individual who attains the age of 62 in a calendar year after 2006 and before 2009;

"(F) 3/4 of 1 percent in the case of an individual who attains the age of 62 in a calendar year after 2008 and before 2011;

"(G) 19/24 of 1 percent in the case of an individual who attains the age of 62 in a calendar year after 2010 and before 2013; and

"(H) 5/6 of 1 percent in the case of an individual who attains the age of 62 in a calendar year after 2012.".

SEC. 208. IMPROVEMENTS IN PROCESS FOR COST-OF-LIVING ADJUSTMENTS.

(a) ANNUAL DECLARATIONS OF PERSISTING UPPER LEVEL SUBSTITUTION BIAS, QUALITY-CHANGE BIAS, AND NEW-PRODUCT BIAS.—Not later than December 1, 1999, and annually thereafter, the Commissioner of the Bureau of Labor Statistics shall publish in the Federal Register an estimate of the upper level substitution bias, quality-change bias, and new-product bias retained in the Consumer Price Index, expressed in terms of a percentage point effect on the annual rate of change in the Consumer Price Index determined through the use of a superlative index that accounts for changes that consumers make in the quantities of goods and services consumed.

(b) MODIFICATION OF COST-OF-LIVING ADJUSTMENT.—Notwithstanding any other provision of law, for each calendar year after 1999 any cost-of-living adjustment described in subsection (f) shall be further adjusted by the greater of—

(1) 0.5 percentage point, or

(2) the correction for the upper level substitution bias, quality-change bias, and new-product bias (as last published by the Commissioner of the Bureau of Labor Statistics pursuant to subsection (a)).

(c) FUNDING FOR CPI IMPROVEMENTS.—

(1) IN GENERAL.—There is hereby appropriated to the Bureau of Labor Statistics in the Department of Labor, for each of fiscal years 2000, 2001, and 2002, $60,000,000 for use by the Bureau for the following purposes:

(A) Research, evaluation, and implementation of a superlative index to estimate upper level substitution bias, quality-change bias, and new-product bias in the Consumer Price Index.

(B) Expansion of the Consumer Expenditure Survey and the Point of Purchase Survey.

(2) REPORTS.—The Commissioner of the Bureau of Labor Statistics shall submit reports regarding the use of appropriations made under paragraph (1) to the Committee on Appropriations of the House of Representative and the Committee on Appropriations of the Senate upon the request of each Committee.

(d) INFORMATION SHARING.—The Commissioner of the Bureau of Labor Statistics may secure directly from the Secretary of Commerce information necessary for purposes of calculating the Consumer Price Index. Upon request of the Commissioner of the Bureau of Labor Statistics, the Secretary of Commerce shall furnish that information to the Commissioner.

(e) ADMINISTRATIVE ADVISORY COMMITTEE.—The Bureau of Labor Statistics shall, in consultation with the National Bureau of Economic Research, the American Economic Association, and the National Academy of Statisticians, establish an administrative advisory committee. The advisory committee shall periodically advise the Bureau of Labor Statistics regarding revisions of the Consumer Price Index and conduct research and experimentation with alternative data collection and estimating approaches.

(f) COST-OF-LIVING ADJUSTMENT DESCRIBED.—A cost-of-living adjustment described in this subsection is any cost-of-living adjustment for a calendar year after 1999 determined by reference to a percentage change in a consumer price index or any component thereof (as published by the Bureau of Labor Statistics of the Department of Labor and determined without regard to this section) and used in any of the following:

(1) The Internal Revenue Code of 1986.

(2) The provisions of this Act (other than programs under title XVI and any adjustment in the case of an individual who attains early retirement age before January 1, 2000).

(3) Any other Federal program.

(g) RECAPTURE OF CPI REFORM REVENUES DEPOSITED INTO THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND.—Section 201 of the Social Security Act (42 U.S.C. 401) is amended by adding at the end the following:

"(n) On July 1 of each calendar year specified in the following table, the Secretary of the Treasury shall transfer, from the general fund of the Treasury to the Federal Old-Age and Survivors Insurance Trust Fund, an amount equal to the applicable percentage for such year, specified in such table, of the total wages paid in and self-employment income credited to such year.

“For a calendar year—	The applicable percentage for the year is—
After 1999 and before 2020	0.6 percent.
After 2019 and before 2040	0.8 percent.
After 2039 and before 2060	1.0 percent.
After 2059	1.2 percent.”.

SEC. 209. MODIFICATION OF INCREASE IN NORMAL RETIREMENT AGE.

(a) IN GENERAL.—Section 216(l)(1) of the Social Security Act (42 U.S.C. 416(l)(1)) is amended—

(1) in subparagraph (B)—

(A) by striking “2005” and inserting “2011”; and

(B) by adding “and” at the end; and

(2) by striking subparagraphs (C), (D), and (E) and inserting the following:

“(C) With respect to an individual who attains early retirement age after December 31, 2010, 67 years of age.”.

(b) CONFORMING AMENDMENT.—Paragraph (3) of section 216(l) of the Social Security Act (42 U.S.C. 416(l)) is amended to read as follows:

“(3) The age increase factor for any individual who attains early retirement age in the period consisting of the calendar years 2000 through 2010, the age increase factor shall be equal to two-twelfths of the number of months in the period beginning with January 2000 and ending with December of the year in which the individual attains early retirement age.”.

SEC. 210. MODIFICATION OF PIA FACTORS TO REFLECT CHANGES IN LIFE EXPECTANCY.

(a) MODIFICATION OF PIA FACTORS.—Section 215(a)(1) of the Social Security Act (42 U.S.C. 415(a)(1)(B)) is amended by redesignating subparagraph (D) as subparagraph (F) and by inserting after subparagraph (C) the following:

“(D)(i) For individuals who initially become eligible for old-age insurance benefits in any calendar year after 2011, each of the percentages under clauses (i), (ii), (iii), and (iv) of subparagraph (A) shall be multiplied the applicable number of times by the applicable factor.

“(ii) For purposes of clause (i)—

“(I) the term ‘applicable number of times’ means a number equal to the lesser of 54 or the number of years beginning with 2012 and ending with the year of initial eligibility; and

“(II) the term ‘applicable factor’ means .988 with respect to the first 6 applicable number of times and .997 with respect to the applicable number of times in excess of 6.

“(E) For any individual who initially becomes eligible for disability insurance benefits in any calendar year after 2011, the primary insurance amount for such individual shall be equal to the greater of—

“(i) such amount as determined under this paragraph, or

“(ii) such amount as determined under this paragraph without regard to subparagraph (D) thereof.”.

(b) STUDY OF THE EFFECT OF INCREASES IN LIFE EXPECTANCY.—

(1) STUDY PLAN.—Not later than February 15, 2001, the Commissioner of Social Security shall submit to Congress a detailed study plan for evaluating the effects of increases in life expectancy on the expected level of retirement income from social security, pensions, and other sources. The study plan shall include a description of the methodology, data, and funding that will be required in order to provide to Congress not later than February 15, 2006—

(A) an evaluation of trends in mortality and their relationship to trends in health status, among individuals approaching eligibility for social security retirement benefits;

(B) an evaluation of trends in labor force participation among individuals approaching eligibility for social security retirement benefits and among individuals receiving retirement benefits, and of the factors that influence the choice between retirement and participation in the labor force;

(C) an evaluation of changes, if any, in the social security disability program that would reduce the impact of changes in the retirement income of workers in poor health or physically demanding occupations;

(D) an evaluation of the methodology used to develop projections for trends in mortality, health status, and labor force participation among individuals approaching eligibility for social security retirement benefits and among individuals receiving retirement benefits; and

(E) an evaluation of such other matters as the Commissioner deems appropriate for evaluating the effects of increases in life expectancy.

(2) REPORT ON RESULTS OF STUDY.—Not later than February 15, 2006, the Commissioner of Social Security shall provide to Congress an evaluation of the implications of the trends studied under paragraph (1), along with recommendations, if any, of the extent to which the conclusions of such evaluations indicate that projected increases in life expectancy require modification in the social security disability program and other income support programs.

SEC. 211. MECHANISM FOR REMEDYING UNFORESEEN DETERIORATION IN SOCIAL SECURITY SOLVENCY.

(a) IN GENERAL.—Section 709 of the Social Security Act (42 U.S.C. 910) is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by striking “SEC. 709. (a) If the Board of Trustees” and all that follows through “any such Trust Fund” and inserting the following:

“SEC. 709. (a)(1)(A) If the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund determines at any time, using intermediate actuarial assumptions, that the balance ratio of either such Trust Fund for any calendar year during the succeeding period of 75 calendar years will be zero, the Board shall promptly submit to each House of the Congress and to the President a report setting forth its recommendations for statutory adjustments affecting the receipts and disbursements of such Trust Fund necessary to maintain the balance ratio of such Trust Fund at not less than 20 percent, with due regard to the economic conditions which created such inadequacy in the balance ratio and the amount of time necessary to alleviate such inadequacy in a prudent manner. The report shall set forth specifically the extent to which benefits would have to be reduced, taxes under section 1401, 3101, or 3111 of the Internal Revenue Code of 1986 would have to be increased, or a combination thereof, in order to obtain the objectives referred to in the preceding sentence.

“(B) In addition to any reports under subparagraph (A), the Board shall, not later than May 30, 2001, prepare and submit to Congress and the President recommendations for statutory adjustments to the disability insurance program under title II of this Act to modify the changes in disability benefits under the Bipartisan Social Security Reform Act of 1999 without reducing the balance ratio of the Federal Disability Insurance Trust Fund. The Board shall develop such recommendations in consultation with the National Council on Disability, taking into consideration the adequacy of benefits under the program, the relationship of such program with old age benefits under such title, and changes in the process for determining initial eligibility and reviewing continued eligibility for benefits under such program.

“(2)(A) The President shall, no later than 30 days after the submission of the report to the President, transmit to the Board and to the Congress a report containing the President's approval or disapproval of the Board's recommendations.

“(B) If the President approves all the recommendations of the Board, the President shall transmit a copy of such recommendations to the Congress as the President's recommendations, together with a certification of the President's adoption of such recommendations.

“(C) If the President disapproves the recommendations of the Board, in whole or in part, the President shall transmit to the Board and the Congress the reasons for that disapproval. The Board shall then transmit to the Congress and the President, no later than 60 days after the date of the submission of the original report to the President, a revised list of recommendations.

“(D) If the President approves all of the revised recommendations of the Board transmitted to the President under subparagraph (C), the President shall transmit a copy of such revised recommendations to the Congress as the President's recommendations, together with a certification of the President's adoption of such recommendations.

“(E) If the President disapproves the revised recommendations of the Board, in whole or in part, the President shall transmit to the Board and the Congress the reasons for that disapproval, together with such revisions to such recommendations as the President determines are necessary to bring such recommendations within the President's approval. The President shall transmit a copy of such recommendations, as so revised, to the Board and the Congress as the President's recommendations, together with a certification of the President's adoption of such recommendations.

“(3)(A) This paragraph is enacted by Congress—

“(i) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a joint resolution described in subparagraph (B), and it supersedes other rules only to the extent that it is inconsistent with such rules; and

“(ii) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

“(B) For purposes of this paragraph, the term ‘joint resolution’ means only a joint resolution which is introduced within the 10-day period beginning on the date on which the President transmits the President's recommendations, together with the President's certification, to the Congress under subparagraph (B), (D), or (E) of paragraph (2), and—

"(i) which does not have a preamble;

"(ii) the matter after the resolving clause of which is as follows: 'That the Congress approves the recommendations of the President as transmitted on pursuant to section 709(a) of the Social Security Act, as follows: ', the first blank space being filled in with the appropriate date and the second blank space being filled in with the statutory adjustments contained in the recommendations; and

"(iii) the title of which is as follows: 'Joint resolution approving the recommendations of the President regarding social security.'.

"(C) A joint resolution described in subparagraph (B) that is introduced in the House of Representatives shall be referred to the Committee on Ways and Means of the House of Representatives. A joint resolution described in subparagraph (B) introduced in the Senate shall be referred to the Committee on Finance of the Senate.

"(D) If the committee to which a joint resolution described in subparagraph (B) is referred has not reported such joint resolution (or an identical joint resolution) by the end of the 20-day period beginning on the date on which the President transmits the recommendation to the Congress under paragraph (2), such committee shall be, at the end of such period, discharged from further consideration of such joint resolution, and such joint resolution shall be placed on the appropriate calendar of the House involved.

"(E)(i) On or after the third day after the date on which the committee to which such a joint resolution is referred has reported, or has been discharged (under subparagraph (D)) from further consideration of, such a joint resolution, it is in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the joint resolution. A Member may make the motion only on the day after the calendar day on which the Member announces to the House concerned the Member's intention to make the motion, except that, in the case of the House of Representatives, the motion may be made without such prior announcement if the motion is made by direction of the committee to which the joint resolution was referred. All points of order against the joint resolution (and against consideration of the joint resolution) are waived. The motion is highly privileged in the House of Representatives and is privileged in the Senate and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the joint resolution is agreed to, the respective House shall immediately proceed to consideration of the joint resolution without intervening motion, order, or other business, and the joint resolution shall remain the unfinished business of the respective House until disposed of.

"(ii) Debate on the joint resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than 2 hours, which shall be divided equally between those favoring and those opposing the joint resolution. An amendment to the joint resolution is not in order. A motion further to limit debate is in order and not debatable. A motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the joint resolution is not in order. A motion to reconsider the vote by which the joint resolution is agreed to or disagreed to is not in order.

"(iii) Immediately following the conclusion of the debate on a joint resolution described in subparagraph (B) and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, the vote on final passage of the joint resolution shall occur.

"(iv) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a joint resolution described in subparagraph (B) shall be decided without debate.

"(F)(i) If, before the passage by one House of a joint resolution of that House described in subparagraph (B), that House receives from the other House a joint resolution described in subparagraph (B), then the following procedures shall apply:

"(I) The joint resolution of the other House shall not be referred to a committee and may not be considered in the House receiving it except in the case of final passage as provided in subclause (II).

"(II) With respect to a joint resolution described in subparagraph (B) of the House receiving the joint resolution, the procedure in that House shall be the same as if no joint resolution had been received from the other House, but the vote on final passage shall be on the joint resolution of the other House.

"(ii) Upon disposition of the joint resolution received from the other House, it shall no longer be in order to consider the joint resolution that originated in the receiving House.

"(b) If the Board of Trustees of the Federal Hospital Insurance Trust Fund or the Federal Supplementary Medical Insurance Trust Fund determines as any time that the balance ratio of either such Trust Fund".

(b) Conforming Amendments.—

(1) Section 709(b) of the Social Security Act (as amended by subsection (a) of this section) is amended by striking "any such" and inserting "either such".

(2) Section 709(c) of such Act (as redesignated by subsection (a) of this section) is amended by inserting "or (b)" after "subsection (a)".

BOND AMENDMENT NO. 1425

(Ordered to lie on the table.)

Mr. BOND submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 214, strike lines 22 through 24 and insert the following:

(b) Clarification of Limitations on Other Coverage.—The first sentence of section 162(l)(2)(B) of the Internal Revenue Code of 1986 is amended to read as follows: "Paragraph (1) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any subsidized health plan maintained by any employer (other than an employer described in section 401(c)(4)) of the taxpayer or the spouse of the taxpayer."

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

COVERDELL (AND OTHERS) AMENDMENT NO. 1426

(Ordered to lie on the table.)

Mr. COVERDELL (for himself, Mr. Torricelli, Mr. Domenici, and Mr. Bayh) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 32, between lines 14 and 15, insert the following:

SEC. . LONG-TERM CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

(a) General Rule.—Part I of subchapter P of chapter 1 (relating to treatment of capital gains) is amended by redesignating section 1202 as section 1203 and by inserting after section 1201 the following new section:

"SEC. 1202. CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

"(a) In General.—In the case of an individual, there shall be allowed as a deduction for the taxable year an amount equal to the lesser of—

"(1) the net capital gain of the taxpayer for the taxable year, or

"(2) $2,500.

"(b) Sales Between Related Parties.—Gains from sales and exchanges to any related person (within the meaning of section 267(b) or 707(b)(1)) shall not be taken into account in determining net capital gain.

"(c) Special Rule for Section 1250 Property.—Solely for purposes of this section, in applying section 1250 to any disposition of section 1250 property, all depreciation adjustments in respect of the property shall be treated as additional depreciation.

"(d) Section Not To Apply to Certain Taxpayers.—No deduction shall be allowed under this section to—

"(1) an individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins,

"(2) a married individual (within the meaning of section 7703) filing a separate return for the taxable year, or

"(3) an estate or trust.

"(e) Special Rule for Pass-Thru Entities.—

"(1) In general.—In applying this section with respect to any pass-thru entity, the determination of when the sale or exchange occurs shall be made at the entity level.

"(2) Pass-thru entity defined.—For purposes of paragraph (1), the term 'pass-thru entity' means—

"(A) a regulated investment company,

"(B) a real estate investment trust,

"(C) an S corporation,

"(D) a partnership,

"(E) an estate or trust, and

"(F) a common trust fund."

(b) Coordination With Maximum Capital Gains Rate.—Paragraph (3) of section 1(h) (relating to maximum capital gains rate) is amended to read as follows:

"(3) Coordination with other provisions.—For purposes of this subsection, the amount of the net capital gain shall be reduced (but not below zero) by the sum of—

"(A) the amount of the net capital gain taken into account under section 1202(a) for the taxable year, plus

"(B) the amount which the taxpayer elects to take into account as investment income for the taxable year under section 163(d)(4)(B)(iii)."

(c) Deduction Allowable in Computing Adjusted Gross Income.—Subsection (a) of section 62 (defining adjusted gross income), as amended by section 501, is amended by inserting after paragraph (18) the following new paragraph:

"(19) Long-term capital gains.—The deduction allowed by section 1202."

(d) Treatment of Collectibles.—

(1) In general.—Section 1222 (relating to other terms relating to capital gains and

losses) is amended by inserting after paragraph (11) the following new paragraph:

"(12) SPECIAL RULE FOR COLLECTIBLES.—

"(A) IN GENERAL.—Any gain or loss from the sale or exchange of a collectible shall be treated as a short-term capital gain or loss (as the case may be), without regard to the period such asset was held. The preceding sentence shall apply only to the extent the gain or loss is taken into account in computing taxable income.

"(B) TREATMENT OF CERTAIN SALES OF INTEREST IN PARTNERSHIP, ETC.—For purposes of subparagraph (A), any gain from the sale or exchange of an interest in a partnership, S corporation, or trust which is attributable to unrealized appreciation in the value of collectibles held by such entity shall be treated as gain from the sale or exchange of a collectible. Rules similar to the rules of section 751(f) shall apply for purposes of the preceding sentence.

"(C) COLLECTIBLE.—For purposes of this paragraph, the term 'collectible' means any capital asset which is a collectible (as defined in section 408(m) without regard to paragraph (3) thereof)."

(2) CHARITABLE DEDUCTION NOT AFFECTED.—

(A) Paragraph (1) of section 170(e) is amended by adding at the end the following new sentence: "For purposes of this paragraph, section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)."

(B) Clause (iv) of section 170(b)(1)(C) is amended by inserting before the period at the end the following: "and section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)".

(e) CONFORMING AMENDMENTS.—

(1) Section 57(a)(7) is amended by striking "1202" and inserting "1203".

(2) Clause (iii) of section 163(d)(4)(B) is amended to read as follows:

"(iii) the sum of—

"(I) the portion of the net capital gain referred to in clause (ii)(II) (or, if lesser, the net capital gain referred to in clause (ii)(I)) taken into account under section 1202, reduced by the amount of the deduction allowed with respect to such gain under section 1202, plus

"(II) so much of the gain described in subclause (I) which is not taken into account under section 1202 and which the taxpayer elects to take into account under this clause."

(3) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

"(B) the deduction under section 1202 and the exclusion under section 1203 shall not be allowed."

(4) Section 642(c)(4) is amended by striking "1202" and inserting "1203".

(5) Section 643(a)(3) is amended by striking "1202" and inserting "1203".

(6) Paragraph (4) of section 691(c) is amended inserting "1203," after "1202,".

(7) The second sentence of section 871(a)(2) is amended by inserting "or 1203" after "section 1202".

(8) The last sentence of section 1044(d) is amended by striking "1202" and inserting "1203".

(9) Paragraph (1) of section 1402(i) is amended by inserting ", and the deduction provided by section 1202 and the exclusion provided by section 1203 shall not apply" before the period at the end.

(10) Section 121 is amended by adding at the end the following new subsection:

"(h) CROSS REFERENCE.—

"For treatment of eligible gain not excluded under subsection (a), see section 1202."

(11) Section 1203, as redesignated by subsection (a), is amended by adding at the end the following new subsection:

"(l) CROSS REFERENCE.—

"For treatment of eligible gain not excluded under subsection (a), see section 1202."

(12) The table of sections for part I of subchapter P of chapter 1 is amended by striking the item relating to section 1202 and by inserting after the item relating to section 1201 the following new items:

"Sec. 1202. Capital gains deduction.

"Sec. 1203. 50-percent exclusion for gain from certain small business stock."

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2004.

(2) COLLECTIBLES.—The amendments made by subsection (d) shall apply to sales and exchanges after December 31, 2004.

On page 32, line 3, insert "and ending before January 1, 2009" before the period.

On page 32, line 14, insert "and ending before January 1, 2009" before the period.

GREGG AMENDMENTS NOS. 1427–1428

(Ordered to lie on the table.)

Mr. GREGG submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1427

On page 21, before line 1, insert:

(c) MINIMUM DEPENDENT CARE CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.—Section 21(e) (relating to special rules) is amended by adding at the end the following:

"(11) MINIMUM CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.—

"(A) IN GENERAL.—Notwithstanding subsection (d), in the case of any taxpayer with 1 or more qualifying individuals described in subsection (b)(1)(A) under the age of 1, such taxpayer shall be deemed to have employment-related expenses for the taxable year with respect to each such qualifying individual in an amount equal to the sum of—

"(i) $200 for each month in such taxable year during which such qualifying individual is under the age of 1, and

"(ii) the amount of employment-related expenses otherwise incurred for such qualifying individual for the taxable year (determined under this section without regard to this paragraph).

"(B) ELECTION TO NOT APPLY THIS PARAGRAPH.—This paragraph shall not apply with respect to any qualifying individual for any taxable year if the taxpayer elects to not have this paragraph apply to such qualifying individual for such taxable year.".

On page 21, line 1, strike "(c)" and insert "(d)".

On page 195, strike lines 4 through 23.

AMENDMENT NO. 1428

At the appropriate place in the bill, insert the following:

SEC. . TWO-YEAR EXTENSION OF PERIOD OF TAX MORATORIUM UNDER INTERNET TAX FREEDOM ACT.

Section 1101(a) of the Internet Tax Freedom Act (title XI of division C of Public Law 105–277; 112 Stat. 2681–719; 47 U.S.C. 151 note) is amended by striking "3 years after the date of the enactment of this Act" and inserting "5 years after October 21, 1998".

WELLSTONE AMENDMENTS NOS. 1429–1430

(Ordered to lie on the table.)

Mr. WELLSTONE submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1429

Beginning on page 15, strike line 22 and all that follows through page 17, line 9, and insert the following:

SEC. 202. MARRIAGE PENALTY RELIEF FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Paragraph (2) of section 32(b) (relating to percentages and amounts) is amended—

(1) by striking "AMOUNTS.—The earned" and inserting "AMOUNTS.—

"(A) IN GENERAL.—Subject to subparagraph (B), the earned", and

(2) by adding at the end the following new subparagraph:

"(B) JOINT RETURNS.—

"(i) INCREASE IN PHASEOUT AMOUNT.—In the case of a joint return, the phaseout amount determined under subparagraph (A) shall be increased by the applicable dollar amount.

"(ii) APPLICABLE DOLLAR AMOUNT.—

"(I) IN GENERAL.—For purposes of clause (i), the applicable dollar amount shall be determined in accordance with the following table:

"Taxable year beginning in calendar year:	Applicable dollar amount:
2001 or 2002	$1,000
2003 or 2004	$2,000
2005 or 2006	$3,000
2007 and thereafter	$4,350.

"(II) COST-OF-LIVING ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2007, the applicable dollar amount under subclause (I) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, except that subparagraph (B) thereof shall be applied by substituting 'calendar year 2006' for 'calendar year 1992'. If any amount as adjusted under this clause is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50."

(b) CONFORMING AMENDMENT.—Paragraph (1) of section 32(j) (relating to inflation adjustments) is amended by striking "(b)(2)" and inserting "(b)(2)(A) (before being increased under subparagraph (B) thereof)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

Strike section 901.

AMENDMENT NO. 1430

At the end, add the following:

SEC. . APPLICATION OF ACT.

Notwithstanding any other amendment made by, or provision of, this Act, the amendments made by, and provisions of, this Act shall not apply with respect to any taxpayer who is an individual, unless such taxpayer has an adjusted gross income not in excess of $1,000,000 with respect to the taxable year to which the amendment or provision applies.

LIEBERMAN (AND LEVIN) AMENDMENT NO. 1431

(Ordered to lie on the table.)

Mr. LIEBERMAN (for himself, and Mr. LEVIN) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

Strike all after the first word.

KERRY AMENDMENT NO. 1432

(Ordered to lie on the table.)

Mr. KERRY submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. . INCREASED LIFETIME LEARNING CREDIT FOR TECHNOLOGY TRAINING FOR ELEMENTARY AND SECONDARY TEACHERS.

(a) IN GENERAL.—Subsection (c) of section 25A (relating to lifetime learning credit) is amended by adding at the end the following new paragraph:

"(3) SPECIAL RULE FOR TECHNOLOGY TRAINING FOR ELEMENTARY AND SECONDARY TEACHERS.—If any portion of the qualified tuition and related expenses to which this subsection applies—

"(A) is paid or incurred by an individual who is a teacher in the classroom in an elementary or secondary school, and

"(B) is incurred before January 1, 2005—

"(i) for the enrollment or attendance of such individual in a course of instruction on basic or advanced computer functions or computer software (including educational software offered by a single institution) approved for such individual by such local educational agency, and

"(ii) for purposes of integrating materials covered by such course into the courses taught in the elementary or secondary classroom,

paragraph (1) shall be applied with respect to such portion by substituting '50 percent' for '20 percent'.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to expenses paid after December 31, 1999, for education furnished in academic periods beginning after such date.

On page 37, strike lines 3 through 12, and insert the following:

(a) INCREASE IN AGI LIMIT ON CONTRIBUTIONS.—Section 408A(c)(3)(A) (relating to dollar limit) is amended to read as follows:

"(A) DOLLAR LIMIT.—The amount determined under paragraph (2) for any taxable year shall be zero for any taxable year to which the contribution relates if the taxpayer's adjusted gross income exceeds $200,000 for such year."

(b) INCREASE IN AGI LIMIT FOR ROLLOVER CONTRIBUTIONS.—Section 408A(c)(3)(B) (relating to rollover from IRA) is amended to read as follows:

"(B) ROLLOVER FROM IRA.—A taxpayer

On page 37, strike lines 20 through 22 and insert the following:

(1) Subparagraph (C) of section 408A(c)(3) as in effect before and after the amendments made by the Internal

On page 38, line 1, strike "(B)" and insert "(C)".

On page 38, line 10, strike "(B)" and insert "(C)".

DOMENICI AMENDMENTS NOS. 1433–1436

(Ordered to lie on the table.)

Mr. DOMENICI submitted four amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1433

On page 371, between lines 16 and 17, insert the following:

SEC. . IMPROVED ALTERNATIVE INCREMENTAL CREDIT.

(a) IN GENERAL.—Section 41 (relating to credit for increasing research activities), as amended by section 1201, is amended by adding at the end the following:

"(h) ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.—

"(1) IN GENERAL.—At the election of the taxpayer, the credit under subsection (a)(1) shall be determined under this section by taking into account the modifications provided by this subsection.

"(2) DETERMINATION OF BASE AMOUNT.—

"(A) IN GENERAL.—In computing the base amount under subsection (c)—

"(i) notwithstanding subsection (c)(3), the fixed-base percentage shall be equal to 80 percent of the percentage which the aggregate qualified research expenses of the taxpayer for the base period is of the aggregate gross receipts of the taxpayer for the base period, and

"(ii) the minimum base amount under subsection (c)(2) shall not apply.

"(B) START-UP AND SMALL TAXPAYERS.—In computing the base amount under subsection (c), the gross receipts of a taxpayer for any taxable year in the base period shall be treated as at least equal to $1,000,000.

"(C) BASE PERIOD.—For purposes of this subsection, the base period is the 8-taxable year period preceding the taxable year (or, if shorter, the period the taxpayer (and any predecessor) has been in existence).

"(3) ELECTION.—An election under this subsection shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary."

(b) CONFORMING AMENDMENT.—Section 41(c) is amended by striking paragraph (4) and by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. . MODIFICATIONS TO CREDIT FOR BASIC RESEARCH.

(a) ELIMINATION OF INCREMENTAL REQUIREMENT.—

(1) IN GENERAL.—Paragraph (1) of section 41(e) (relating to credit allowable with respect to certain payments to qualified organizations for basic research) is amended to read as follows:

"(1) IN GENERAL.—The amount of basic research payments taken into account under subsection (a)(2) shall be determined in accordance with this subsection."

(2) CONFORMING AMENDMENTS.—

(A) Section 41(a)(2) is amended by striking "determined under subsection (e)(1)(A)" and inserting "for the taxable year".

(B) Section 41(e) is amended by striking paragraphs (3), (4), and (5) and by redesignating paragraphs (6) and (7) as paragraphs (3) and (4), respectively.

(C) Section 41(e)(4), as redesignated by subparagraph (B), is amended by striking subparagraph (B) and by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively.

(D) Clause (i) of section 170(e)(4)(B) is amended by striking "section 41(e)(6)" and inserting "section 41(e)(3)".

(b) BASIC RESEARCH.—

(1) SPECIFIC COMMERCIAL OBJECTIVE.—Section 41(e)(4) (relating to definitions and special rules), as redesignated by subsection (a)(2)(B), is amended by adding at the end the following:

"(E) SPECIFIC COMMERCIAL OBJECTIVE.—For purposes of subparagraph (A), research shall not be treated as having a specific commercial objective if the results of such research are to be published in a timely manner as to be available to the general public prior to their use for a commercial purpose.".

(2) EXCLUSIONS FROM BASIC RESEARCH.—Clause (ii) of section 41(e)(4)(A) (relating to definitions and special rules), as redesignated by subsection (a), is amended to read as follows:

"(ii) basic research in the arts and humanities."

(c) EXPANSION OF CREDIT TO RESEARCH DONE AT FEDERAL LABORATORIES.—Section 41(e)(3), as redesignated by subsection (a), is amended by adding at the end the following new subparagraph:

"(E) FEDERAL LABORATORIES.—Any organization which is a Federal laboratory (as defined in section 4(6) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703(6))."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. . CREDIT FOR EXPENSES ATTRIBUTABLE TO CERTAIN COLLABORATIVE RESEARCH CONSORTIA.

(a) CREDIT FOR EXPENSES ATTRIBUTABLE TO CERTAIN COLLABORATIVE RESEARCH CONSORTIA.—Subsection (a) of section 41 (relating to credit for increasing research activities) is amended by striking "and" at the end of paragraph (1), striking the period at the end of paragraph (2) and inserting ", and ", and by adding at the end the following:

"(3) 20 percent of the amounts paid or incurred by the taxpayer in carrying on any trade or business of the taxpayer during the taxable year (including as contributions) to a qualified research consortium."

(b) QUALIFIED RESEARCH CONSORTIUM DEFINED.—Subsection (f) of section 41 is amended by adding at the end the following:

"(6) QUALIFIED RESEARCH CONSORTIUM.—The term 'qualified research consortium' means any organization—

"(A) which is—

"(i) described in section 501(c)(3) and is exempt from tax under section 501(a) and is organized and operated primarily to conduct scientific or engineering research, or

"(ii) organized and operated primarily to conduct scientific or engineering research in the public interest (within the meaning of section 501(c)(3)),

"(B) which is not a private foundation,

"(C) to which at least 5 unrelated persons paid or incurred during the calendar year in which the taxable year of the organization begins amounts (including as contributions) to such organization for scientific or engineering research, and

"(D) to which no single person paid or incurred (including as contributions) during such calendar year an amount equal to more than 50 percent of the total amounts received by such organization during such calendar year for scientific or engineering research.

All persons treated as a single employer under subsection (a) or (b) of section 52 shall be treated as related persons for purposes of subparagraph (C) and as a single person for purposes of subparagraph (D)."

(c) CONFORMING AMENDMENT.—Paragraph (3) of section 41(b) is amended by striking subparagraph (C).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. . IMPROVEMENT TO CREDIT FOR SMALL BUSINESSES AND RESEARCH PARTNERSHIPS.

(a) ASSISTANCE TO SMALL AND START-UP BUSINESSES.—The Secretary of the Treasury or the Secretary's delegate shall take such actions as are appropriate to—

(1) provide assistance to small and start-up businesses in complying with the requirements of section 41 of the Internal Revenue Code of 1986, and

(2) reduce the costs of such compliance.

(b) REPEAL OF LIMITATION ON CONTRACT RESEARCH EXPENSES PAID TO SMALL BUSINESSES, UNIVERSITIES, AND FEDERAL LABORATORIES.—Section 41(b)(3) is further amended by adding at the end the following:

"(C) AMOUNTS PAID TO ELIGIBLE SMALL BUSINESSES, UNIVERSITIES, AND FEDERAL LABORATORIES.—

"(i) IN GENERAL.—In the case of amounts paid by the taxpayer to an eligible small business, an institution of higher education (as defined in section 3304(f)), or an organization which is a Federal laboratory (as defined in subsection (e)(3)(E)), subparagraph (A) shall be applied by substituting '100 percent' for '65 percent'.

"(ii) ELIGIBLE SMALL BUSINESS.—For purposes of this subparagraph, the term 'eligible small business' means a small business with respect to which the taxpayer does not own (within the meaning of section 318) 50 percent or more of—

"(I) in the case of a corporation, the outstanding stock of the corporation (either by vote or value), and

"(II) in the case of a small business which is not a corporation, the capital and profits interests of the small business.

"(iii) SMALL BUSINESS.—For purposes of this subparagraph—

"(I) IN GENERAL.—The term 'small business' means, with respect to any calendar year, any person if the annual average number of employees employed by such person during either of the 2 preceding calendar years was 500 or fewer. For purposes of the preceding sentence, a preceding calendar year may be taken into account only if the person was in existence throughout the year.

"(II) STARTUPS, CONTROLLED GROUPS, AND PREDECESSORS.—Rules similar to the rules of subparagraphs (B) and (D) of section 220(c)(4) shall apply for purposes of this clause."

(c) CREDIT FOR PATENT FILING FEES.—Section 41(a) is further amended by striking "and" at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting ", and", and by adding at the end the following:

"(4) 20 percent of the patent filing fees paid or incurred by a small business (as defined in subsection (b)(3)(C)(iii)) to the United States or to any foreign government in carrying on any trade or business."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

On page 372, strike lines 7 through 19.

Beginning on page 236, strike line 11 and all that follows through page 237, line 3, and insert the following:

SEC. 721. INCREASE IN ANNUAL GIFT EXCLUSION.

(a) IN GENERAL.—Section 2503(b) (relating to exclusions from gifts) is amended—

(1) by striking "$10,000" in paragraph (1) and inserting "applicable dollar amount", and

(2) by striking paragraph (2) and inserting the following new paragraph:

"(2) APPLICABLE DOLLAR AMOUNT.—For purposes of paragraph (1), the applicable dollar amount shall be determined in accordance with the following table:

"For gifts made—	The applicable dollar amount is—
After 2000 but before 2002	$12,000
After 2001 but before 2003	$13,500
After 2002 but before 2004	$15,000
After 2003	$16,500

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to gifts made after December 31, 2000.

AMENDMENT NO. 1434

On page 371, between lines 16 and 17, insert the following:

SEC. . IMPROVED ALTERNATIVE INCREMENTAL CREDIT.

(a) IN GENERAL.—Section 41 (relating to credit for increasing research activities), as amended by section 1201, is amended by adding at the end the following:

"(h) ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.—

"(1) IN GENERAL.—At the election of the taxpayer, the credit under subsection (a)(1) shall be determined under this section by taking into account the modifications provided by this subsection.

"(2) DETERMINATION OF BASE AMOUNT.—

"(A) IN GENERAL.—In computing the base amount under subsection (c)—

"(i) notwithstanding subsection (c)(3), the fixed-base percentage shall be equal to 80 percent of the percentage which the aggregate qualified research expenses of the taxpayer for the base period is of the aggregate gross receipts of the taxpayer for the base period, and

"(ii) the minimum base amount under subsection (c)(2) shall not apply.

"(B) START-UP AND SMALL TAXPAYERS.—In computing the base amount under subsection (c), the gross receipts of a taxpayer for any taxable year in the base period shall be treated as at least equal to $1,000,000.

"(C) BASE PERIOD.—For purposes of this subsection, the base period is the 8-taxable year period preceding the taxable year (or, if shorter, the period the taxpayer (and any predecessor) has been in existence).

"(3) ELECTION.—An election under this subsection shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary."

(b) CONFORMING AMENDMENT.—Section 41(c) is amended by striking paragraph (4) and by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. . MODIFICATIONS TO CREDIT FOR BASIC RESEARCH.

(a) ELIMINATION OF INCREMENTAL REQUIREMENT.—

(1) IN GENERAL.—Paragraph (1) of section 41(e) (relating to credit allowable with respect to certain payments to qualified organizations for basic research) is amended to read as follows:

"(1) IN GENERAL.—The amount of basic research payments taken into account under subsection (a)(2) shall be determined in accordance with this subsection."

(2) CONFORMING AMENDMENTS.—

(A) Section 41(a)(2) is amended by striking "determined under subsection (e)(1)(A)" and inserting "for the taxable year".

(B) Section 41(e) is amended by striking paragraphs (3), (4), and (5) and by redesignating paragraphs (6) and (7) as paragraphs (3) and (4), respectively.

(C) Section 41(e)(4), as redesignated by subparagraph (B), is amended by striking subparagraph (B) and by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively.

(D) Clause (i) of section 170(e)(4)(B) is amended by striking "section 41(e)(6)" and inserting "section 41(e)(3)".

(b) BASIC RESEARCH.—

(1) SPECIFIC COMMERCIAL OBJECTIVE.—Section 41(e)(4) (relating to definitions and special rules), as redesignated by subsection (a)(2)(B), is amended by adding at the end the following:

"(E) SPECIFIC COMMERCIAL OBJECTIVE.—For purposes of subparagraph (A), research shall not be treated as having a specific commercial objective if the results of such research are to be published in a timely manner as to be available to the general public prior to their use for a commercial purpose.".

(2) EXCLUSIONS FROM BASIC RESEARCH.—Clause (ii) of section 41(e)(4)(A) (relating to definitions and special rules), as redesignated by subsection (a), is amended to read as follows:

"(ii) basic research in the arts and humanities."

(c) EXPANSION OF CREDIT TO RESEARCH DONE AT FEDERAL LABORATORIES.—Section 41(e)(3), as redesignated by subsection (a), is amended by adding at the end the following new subparagraph:

"(E) FEDERAL LABORATORIES.—Any organization which is a Federal laboratory (as defined in section 4(6) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703(6))."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. . CREDIT FOR EXPENSES ATTRIBUTABLE TO CERTAIN COLLABORATIVE RESEARCH CONSORTIA.

(a) CREDIT FOR EXPENSES ATTRIBUTABLE TO CERTAIN COLLABORATIVE RESEARCH CONSORTIA.—Subsection (a) of section 41 (relating to credit for increasing research activities) is amended by striking "and" at the end of paragraph (1), striking the period at the end of paragraph (2) and inserting ", and ", and by adding at the end the following:

"(3) 20 percent of the amounts paid or incurred by the taxpayer in carrying on any trade or business of the taxpayer during the taxable year (including as contributions) to a qualified research consortium."

(b) QUALIFIED RESEARCH CONSORTIUM DEFINED.—Subsection (f) of section 41 is amended by adding at the end the following:

"(6) QUALIFIED RESEARCH CONSORTIUM.—The term 'qualified research consortium' means any organization—

"(A) which is—

"(i) described in section 501(c)(3) and is exempt from tax under section 501(a) and is organized and operated primarily to conduct scientific or engineering research, or

"(ii) organized and operated primarily to conduct scientific or engineering research in the public interest (within the meaning of section 501(c)(3)),

"(B) which is not a private foundation,

"(C) to which at least 5 unrelated persons paid or incurred during the calendar year in which the taxable year of the organization begins amounts (including as contributions) to such organization for scientific or engineering research, and

"(D) to which no single person paid or incurred (including as contributions) during such calendar year an amount equal to more than 50 percent of the total amounts received by such organization during such calendar year for scientific or engineering research.

All persons treated as a single employer under subsection (a) or (b) of section 52 shall be treated as related persons for purposes of subparagraph (C) and as a single person for purposes of subparagraph (D)."

(c) CONFORMING AMENDMENT.—Paragraph (3) of section 41(b) is amended by striking subparagraph (C).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. . IMPROVEMENT TO CREDIT FOR SMALL BUSINESSES AND RESEARCH PARTNERSHIPS.

(a) ASSISTANCE TO SMALL AND START-UP BUSINESSES.—The Secretary of the Treasury or the Secretary's delegate shall take such actions as are appropriate to—

(1) provide assistance to small and start-up businesses in complying with the requirements of section 41 of the Internal Revenue Code of 1986, and

(2) reduce the costs of such compliance.

(b) REPEAL OF LIMITATION ON CONTRACT RESEARCH EXPENSES PAID TO SMALL BUSINESSES, UNIVERSITIES, AND FEDERAL LABORATORIES.—Section 41(b)(3) is further amended by adding at the end the following:

"(C) AMOUNTS PAID TO ELIGIBLE SMALL BUSINESSES, UNIVERSITIES, AND FEDERAL LABORATORIES.—

"(i) IN GENERAL.—In the case of amounts paid by the taxpayer to an eligible small business, an institution of higher education (as defined in section 3304(f)), or an organization which is a Federal laboratory (as defined in subsection (e)(3)(E)), subparagraph (A) shall be applied by substituting '100 percent' for '65 percent'.

"(ii) ELIGIBLE SMALL BUSINESS.—For purposes of this subparagraph, the term 'eligible small business' means a small business with respect to which the taxpayer does not own (within the meaning of section 318) 50 percent or more of—

"(I) in the case of a corporation, the outstanding stock of the corporation (either by vote or value), and

"(II) in the case of a small business which is not a corporation, the capital and profits interests of the small business.

"(iii) SMALL BUSINESS.—For purposes of this subparagraph—

"(I) IN GENERAL.—The term 'small business' means, with respect to any calendar year, any person if the annual average number of employees employed by such person during either of the 2 preceding calendar years was 500 or fewer. For purposes of the preceding sentence, a preceding calendar year may be taken into account only if the person was in existence throughout the year.

"(II) STARTUPS, CONTROLLED GROUPS, AND PREDECESSORS.—Rules similar to the rules of subparagraphs (B) and (D) of section 220(c)(4) shall apply for purposes of this clause."

(c) CREDIT FOR PATENT FILING FEES.—Section 41(a) is further amended by striking "and" at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting ", and", and by adding at the end the following:

"(4) 20 percent of the patent filing fees paid or incurred by a small business (as defined in subsection (b)(3)(C)(iii)) to the United States or to any foreign government in carrying on any trade or business."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

On page 372, strike lines 7 through 19.

On page 195, strike lines 4 through 9, and insert the following:

SEC. 404. TEMPORARY EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) IN GENERAL.—Section 127(d) (relating to termination) is amended by striking "May 31, 2000" and inserting "December 31, 2004".

AMENDMENT NO. 1435

Strike all after the enacting clause and insert in lieu the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Share the Surplus Tax Reduction and Simplification Act".

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—TAX RELIEF

Sec. 11. Broad based tax relief for all taxpaying families.
Sec. 12. Marriage penalty mitigation and tax burden reduction.

TITLE II—SAVING AND INVESTMENT PROVISIONS

Sec. 21. Dividend and interest tax relief.
Sec. 22. Long-term capital gains deduction for individuals.
Sec. 23. Increase in contribution limits for traditional IRAs.

TITLE III—BUSINESS INVESTMENT PROVISIONS

Sec. 31. Repeal of alternative minimum tax on corporations.
Sec. 32. Increase in limit for expensing certain business assets.

TITLE IV—ESTATE AND GIFT TAX RELIEF

Sec. 41. Phaseout of estate and gift taxes.

TITLE V—RESEARCH CREDIT EXTENSION AND MODIFICATION

Sec. 51. Purpose.
Sec. 52. Permanent extension of research credit.
Sec. 53. Improved alternative incremental credit.
Sec. 54. Modifications to credit for basic research.
Sec. 55. Credit for expenses attributable to certain collaborative research consortia.
Sec. 56. Improvement to credit for small businesses and research partnerships.

TITLE VI—ENERGY INDEPENDENCE

Sec. 61. Purposes.
Sec. 62. Tax credit for marginal domestic oil and natural gas well production.
Sec. 63. 10-year carryback for unused minimum tax credit.
Sec. 64. 10-year net operating loss carryback for losses attributable to oil servicing companies and mineral interests of oil and gas producers.
Sec. 65. Waiver of limitations.
Sec. 66. Election to expense geological and geophysical expenditures and delay rental payments.

TITLE VII—REVENUE PROVISION

Sec. 71. 4-year averaging for conversion of traditional IRA to Roth IRA.

TITLE I—TAX RELIEF

SEC. 11. BROAD BASED TAX RELIEF FOR ALL TAXPAYING FAMILIES.

(a) PURPOSE.—The purpose of this section is to cut taxes for 120,000,000 taxpaying families by lowering the 15 percent tax rate.

(b) IN GENERAL.—Section 1 of the Internal Revenue Code of 1986 (relating to tax imposed) is amended—

(1) by striking "15%" each place it appears in the tables in subsections (a) through (e) and inserting "The applicable rate", and

(2) by adding at the end the following:

"(i) APPLICABLE RATE.—For purposes of this section, the applicable rate for any taxable year shall be determined in accordance with the following table:

"In the case of any taxable year beginning in—	**The applicable rate is:**
2002	14.9 percent
2003	14.8 percent
2004	14.7 percent
2005	14.1 percent
2006 and thereafter	13.5 percent

(b) CONFORMING AMENDMENTS.—

(1) Section 1(f)(2) of the Internal Revenue Code of 1986 is amended—

(A) by inserting "except as provided in subsection (i)," before "by not changing" in subparagraph (B), and

(B) by inserting "and the adjustment in rates under subsection (i)" after "rate brackets" in subparagraph (C).

(2) Section 1(g)(7)(B)(ii)(II) of such Code is amended by striking "15 percent" and inserting "the applicable rate".

(3) Section 3402(p)(2) of such Code is amended by striking "15 percent" and inserting "the applicable rate in effect under section 1(i) for the taxable year".

(c) NEW TABLES.—Not later than 15 days after the date of enactment of this Act, the Secretary of the Treasury—

(1) shall prescribe tables for taxable years beginning in 2002 which shall reflect the amendments made by this section and which shall apply in lieu of the tables prescribed under sections 1(f)(1) and 3(a) of the Internal Revenue Code of 1986 for such taxable years, and

(2) shall modify the withholding tables and procedures for such taxable years under section 3402(a)(1) of such Code to take effect as if the reduction in the rate of tax under section 1 of such Code (as amended by this section) was attributable to such a reduction effective on such date of enactment.

(d) SECTION 15 NOT TO APPLY.—No amendment made by this section shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 12. MARRIAGE PENALTY MITIGATION AND TAX BURDEN REDUCTION.

(a) PURPOSE.—The purposes of this section are to return 7,000,000 taxpaying families to the 15 percent tax bracket and to cut taxes for 35,000,000 taxpaying families who will benefit from a tax cut of up to $1,300 per family by eliminating or mitigating the marriage penalty for many middle class taxpaying families.

(b) IN GENERAL.—Section 1(f) of the Internal Revenue Code of 1986 (relating to adjustments in tax tables so that inflation will not result in tax increases) is amended—

(1) in paragraph (2)—

(A) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D),

(B) by inserting after subparagraph (A) the following:

"(B) in the case of the tables contained in subsections (a), (b), (c), and (d), by increasing the maximum taxable income level for the lowest rate bracket and the minimum taxable income level for the 28 percent rate bracket otherwise determined under subparagraph (A) for taxable years beginning in any calendar year after 2001, by the applicable dollar amount for such calendar year,", and

(C) by striking "subparagraph (A)" in subparagraph (C) (as so redesignated) and inserting "subparagraphs (A) and (B)", and

(2) by adding at the end the following:

"(8) APPLICABLE DOLLAR AMOUNT.—For purposes of paragraph (2)(B), the applicable dollar amount for any calendar year shall be determined as follows:

"(A) JOINT RETURNS AND SURVIVING SPOUSES.—In the case of the table contained in subsection (a)—

"Calendar year:	**Applicable Dollar Amount:**
2002	$2,000
2003	$4,000
2004	$6,000
2005	$8,000
2006 and thereafter	$10,000.

"(B) OTHER TABLES.—In the case of the table contained in subsection (b), (c), or (d)—

"Calendar year:	**Applicable Dollar Amount:**
2002	$1,000
2003	$2,000
2004	$3,000
2005	$4,000
2006 and thereafter	$5,000.".

SEC. 13. REPEAL OF ALTERNATIVE MINIMUM TAX ON INDIVIDUALS.

(a) PURPOSES.—The purposes of this section are—

(1) to simplify the tax code so that millions of Americans will no longer be required to calculate their income taxes under 2 systems; and

(2) to recognize that tax credits should not be denied to individuals who are eligible for such credit.

(b) IN GENERAL.—Subsection (a) of section 55 of the Internal Revenue Code of 1986 is amended by adding at the end the following new flush sentence:

"For purposes of this title, the tentative minimum tax on any taxpayer other than a corporation for any taxable year beginning after December 31, 2009, shall be zero."

(c) REDUCTION OF TAX ON INDIVIDUALS PRIOR TO REPEAL.—Section 55 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(f) PHASEOUT OF TAX ON INDIVIDUALS.—

"(1) IN GENERAL.—The tax imposed by this section on a taxpayer other than a corporation for any taxable year beginning after December 31, 2004, and before January 1, 2010, shall be the applicable percentage of the tax which would be imposed but for this subsection.

"(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in calendar year—	**The applicable percentage is—**
2005	80
2006	70
2007	60
2008 or 2009	50."

(d) NONREFUNDABLE PERSONAL CREDITS FULLY ALLOWED AGAINST REGULAR TAX LIABILITY.—

(1) IN GENERAL.—Subsection (a) of section 26 of the Internal Revenue Code of 1986 (relating to limitation based on amount of tax) is amended to read as follows:

"(a) LIMITATION BASED ON AMOUNT OF TAX.—The aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the taxpayer's regular tax liability for the taxable year."

(2) CHILD CREDIT.—Subsection (d) of section 24 of such Code is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(e) LIMITATION ON USE OF CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY.—Subsection (c) of section 53 of the Internal Revenue Code of 1986 is amended to read as follows:

"(c) LIMITATION.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the credit allowable under subsection (a) for any taxable year shall not exceed the excess (if any) of—

"(A) the regular tax liability of the taxpayer for such taxable year reduced by the sum of the credits allowable under subparts A, B, D, E, and F of this part, over

"(B) the tentative minimum tax for the taxable year.

"(2) TAXABLE YEARS BEGINNING AFTER 2009.—In the case of any taxable year beginning after 2009, the credit allowable under subsection (a) to a taxpayer other than a corporation for any taxable year shall not exceed 90 percent of the excess (if any) of—

"(A) regular tax liability of the taxpayer for such taxable year, over

"(B) the sum of the credits allowable under subparts A, B, D, E, and F of this part."

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

TITLE II—SAVING AND INVESTMENT PROVISIONS

SEC. 21. DIVIDEND AND INTEREST TAX RELIEF.

(a) PURPOSES.—The purposes of this section are—

(1) to provide an incremental step toward taxing income that is consumed rather than income that is earned and saved;

(2) to simplify the tax code by eliminating 67,000,000 hours spent on tax preparation;

(3) to eliminate all income tax on savings for more than 30,000,000 middle class families;

(4) to reduce income taxes on savings for 37,000,000 individuals; and

(5) to allow a $10,000 nest egg to grow tax-free and let individuals experience the miracle of compound interest.

(b) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to amounts specifically excluded from gross income) is amended by inserting after section 115 the following new section:

"SEC. 116. PARTIAL EXCLUSION OF DIVIDENDS AND INTEREST RECEIVED BY INDIVIDUALS.

"(a) EXCLUSION FROM GROSS INCOME.—Gross income does not include the sum of the amounts received during the taxable year by an individual as—

"(1) dividends from domestic corporations, or

"(2) interest.

"(b) LIMITATIONS.—

"(1) MAXIMUM AMOUNT.—The aggregate amount excluded under subsection (a) for any taxable year shall not exceed $250 ($500 in the case of a joint return).

"(2) CERTAIN DIVIDENDS EXCLUDED.—Subsection (a)(1) shall not apply to any dividend from a corporation which, for the taxable year of the corporation in which the distribution is made, or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 (relating to certain charitable, etc., organization) or section 521 (relating to farmers' cooperative associations).

"(c) INTEREST.—For purposes of this section, the term 'interest' means—

"(1) interest on deposits with a bank (as defined in section 581),

"(2) amounts (whether or not designated as interest) paid in respect of deposits, investment certificates, or withdrawable or repurchasable shares, by—

"(A) a mutual savings bank, cooperative bank, domestic building and loan association, industrial loan association or bank, or credit union, or

"(B) any other savings or thrift institution which is chartered and supervised under Federal or State law,

the deposits or accounts in which are insured under Federal or State law or which are protected and guaranteed under State law,

"(3) interest on—

"(A) evidences of indebtedness (including bonds, debentures, notes, and certificates) issued by a domestic corporation in registered form, and

"(B) to the extent provided in regulations prescribed by the Secretary, other evidences of indebtedness issued by a domestic corporation of a type offered by corporations to the public,

"(4) interest on obligations of the United States, a State, or a political subdivision of a State (not excluded from gross income of the taxpayer under any other provision of law), and

"(5) interest attributable to participation shares in a trust established and maintained by a corporation established pursuant to Federal law.

"(d) SPECIAL RULES.—For purposes of this section—

"(1) DISTRIBUTIONS FROM REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—Subsection (a) shall apply with respect to distributions by—

"(A) regulated investment companies to the extent provided in section 854(c), and

"(B) real estate investment trusts to the extent provided in section 857(c).

"(2) DISTRIBUTIONS BY A TRUST.—For purposes of subsection (a), the amount of dividends and interest properly allocable to a beneficiary under section 652 or 662 shall be deemed to have been received by the beneficiary ratably on the same date that the dividends and interest were received by the estate or trust.

"(3) CERTAIN NONRESIDENT ALIENS INELIGIBLE FOR EXCLUSION.—In the case of a nonresident alien individual, subsection (a) shall apply only—

"(A) in determining the tax imposed for the taxable year pursuant to section 871(b)(1) and only in respect of dividends and interest which are effectively connected with the conduct of a trade or business within the United States, or

"(B) in determining the tax imposed for the taxable year pursuant to section 877(b).".

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 115 the following:

"Sec. 116. Partial exclusion of dividends and interest received by individuals.".

(2) Paragraph (2) of section 265(a) of such Code is amended by inserting before the period at the end the following: ", or to purchase or carry obligations or shares, or to make deposits, to the extent the interest thereon is excludable from gross income under section 116".

(3) Subsection (c) of section 584 of such Code is amended by adding at the end the following new flush sentence:

"The proportionate share of each participant in the amount of dividends or interest received by the common trust fund and to which section 116 applies shall be considered for purposes of such section as having been received by such participant.".

(4) Subsection (a) of section 643 of such Code is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following:

"(7) Dividends or interest.—There shall be included the amount of any dividends or interest excluded from gross income pursuant to section 116.".

(5) Section 854 of such Code is amended by adding at the end the following:

"(c) Treatment Under Section 116.—

"(1) In general.—For purposes of section 116, in the case of any dividend (other than a dividend described in subsection (a)) received from a regulated investment company which meets the requirements of section 852 for the taxable year in which it paid the dividend—

"(A) the entire amount of such dividend shall be treated as a dividend if the sum of the aggregate dividends and the aggregate interest received by such company during the taxable year equals or exceeds 75 percent of its gross income, or

"(B) if subparagraph (A) does not apply, there shall be taken into account under section 116 only the portion of such dividend which bears the same ratio to the amount of such dividend as the sum of the aggregate dividends received and aggregate interest received bears to gross income.

For purposes of the preceding sentence, gross income and aggregate interest received shall each be reduced by so much of the deduction allowable by section 163 for the taxable year as does not exceed aggregate interest received for the taxable year.

"(2) Notice to shareholders.—The amount of any distribution by a regulated investment company which may be taken into account as a dividend for purposes of the exclusion under section 116 shall not exceed the amount so designated by the company in a written notice to its shareholders mailed not later than 60 days after the close of its taxable year.

"(3) Definitions.—For purposes of this subsection—

"(A) Gross income.—The term 'gross income' does not include gain from the sale or other disposition of stock or securities.

"(B) Aggregate dividends.—The term 'aggregate dividends' includes only dividends received from domestic corporations other than dividends described in section 116(b)(2). In determining the amount of any dividend for purposes of this subparagraph, the rules provided in section 116(d)(1) (relating to certain distributions) shall apply.

"(C) Interest.—The term 'interest' has the meaning given such term by section 116(c).".

(6) Subsection (c) of section 857 of such Code is amended to read as follows:

"(c) Limitations Applicable to Dividends Received From Real Estate Investment Trusts.—

"(1) In general.—For purposes of section 116 (relating to an exclusion for dividends and interest received by individuals) and section 243 (relating to deductions for dividends received by corporations), a dividend received from a real estate investment trust which meets the requirements of this part shall not be considered as a dividend.

"(2) Treatment as interest.—For purposes of section 116, in the case of a dividend (other than a capital gain dividend, as defined in subsection (b)(3)(C)) received from a real estate investment trust which meets the requirements of this part for the taxable year in which it paid the dividend—

"(A) such dividend shall be treated as interest if the aggregate interest received by the real estate investment trust for the taxable year equals or exceeds 75 percent of its gross income, or

"(B) if subparagraph (A) does not apply, the portion of such dividend which bears the same ratio to the amount of such dividend as the aggregate interest received bears to gross income shall be treated as interest.

"(3) Adjustments to gross income and aggregate interest received.—For purposes of paragraph (2)—

"(A) gross income does not include the net capital gain,

"(B) gross income and aggregate interest received shall each be reduced by so much of the deduction allowable by section 163 for the taxable year (other than for interest on mortgages on real property owned by the real estate investment trust) as does not exceed aggregate interest received by the taxable year, and

"(C) gross income shall be reduced by the sum of the taxes imposed by paragraphs (4), (5), and (6) of section 857(b).

"(4) Interest.—The term 'interest' has the meaning given such term by section 116(c).

"(5) Notice to shareholders.—The amount of any distribution by a real estate investment trust which may be taken into account as interest for purposes of the exclusion under section 116 shall not exceed the amount so designated by the trust in a written notice to its shareholders mailed not later than 60 days after the close of its taxable year.".

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 22. LONG-TERM CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

(a) Purposes.—The purposes of this section are—

(1) to provide an incremental step toward shifting the Internal Revenue Code away from taxing savings and investment,

(2) to lower the cost of capital so that prosperity, better paying jobs, and innovation will continue in the United States,

(3) to eliminate capital gain taxes for 10,000,000 families, 75 percent of whom have annual incomes of $75,000 or less, and

(4) to simplify the tax code and thereby eliminate 70,000,000 hours of tax preparation.

(b) General Rule.—Part I of subchapter P of chapter 1 of the Internal Revenue Code of 1986 (relating to treatment of capital gains) is amended by redesignating section 1202 as section 1203 and by inserting after section 1201 the following:

"SEC. 1202. CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

"(a) In General.—In the case of an individual, there shall be allowed as a deduction for the taxable year an amount equal to the lesser of—

"(1) the net capital gain of the taxpayer for the taxable year, or

"(2) $5,000.

"(b) Sales Between Related Parties.—Gains from sales and exchanges to any related person (within the meaning of section 267(b) or 707(b)(1)) shall not be taken into account in determining net capital gain.

"(c) Special Rule for Section 1250 Property.—Solely for purposes of this section, in applying section 1250 to any disposition of section 1250 property, all depreciation adjustments in respect of the property shall be treated as additional depreciation.

"(d) Section Not To Apply to Certain Taxpayers.—No deduction shall be allowed under this section to—

"(1) an individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins,

"(2) a married individual (within the meaning of section 7703) filing a separate return for the taxable year, or

"(3) an estate or trust.

"(e) Special Rule for Pass-Thru Entities.—

"(1) In general.—In applying this section with respect to any pass-thru entity, the determination of when the sale or exchange occurs shall be made at the entity level.

"(2) Pass-thru entity defined.—For purposes of paragraph (1), the term 'pass-thru entity' means—

"(A) a regulated investment company,

"(B) a real estate investment trust,

"(C) an S corporation,

"(D) a partnership,

"(E) an estate or trust, and

"(F) a common trust fund.".

(c) Coordination With Maximum Capital Gains Rate.—Paragraph (3) of section 1(h) of the Internal Revenue Code of 1986 (relating to maximum capital gains rate) is amended to read as follows:

"(3) Coordination with other provisions.—For purposes of this subsection, the amount of the net capital gain shall be reduced (but not below zero) by the sum of—

"(A) the amount of the net capital gain taken into account under section 1202(a) for the taxable year, plus

"(B) the amount which the taxpayer elects to take into account as investment income for the taxable year under section 163(d)(4)(B)(iii).".

(d) Deduction Allowable in Computing Adjusted Gross Income.—Subsection (a) of section 62 of the Internal Revenue Code of 1986 (defining adjusted gross income) is amended by inserting after paragraph (17) the following:

"(18) Long-term capital gains.—The deduction allowed by section 1202.".

(e) Treatment of Collectibles.—

(1) In general.—Section 1222 of the Internal Revenue Code of 1986 (relating to other terms relating to capital gains and losses) is amended by inserting after paragraph (11) the following:

"(12) Special rule for collectibles.—

"(A) In general.—Any gain or loss from the sale or exchange of a collectible shall be treated as a short-term capital gain or loss (as the case may be), without regard to the period such asset was held. The preceding sentence shall apply only to the extent the gain or loss is taken into account in computing taxable income.

"(B) Treatment of certain sales of interest in partnership, etc.—For purposes of subparagraph (A), any gain from the sale or exchange of an interest in a partnership, S corporation, or trust which is attributable to unrealized appreciation in the value of collectibles held by such entity shall be treated as gain from the sale or exchange of a collectible. Rules similar to the rules of section 751(f) shall apply for purposes of the preceding sentence.

"(C) Collectible.—For purposes of this paragraph, the term 'collectible' means any capital asset which is a collectible (as defined in section 408(m) without regard to paragraph (3) thereof).".

(2) CHARITABLE DEDUCTION NOT AFFECTED.—

(A) Paragraph (1) of section 170(e) of such Code is amended by adding at the end the following: "For purposes of this paragraph, section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles).".

(B) Clause (iv) of section 170(b)(1)(C) of such Code is amended by inserting before the period at the end the following: "and section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)".

(f) CONFORMING AMENDMENTS.—

(1) Section 57(a)(7) of the Internal Revenue Code of 1986 is amended by striking "1202" and inserting "1203".

(2) Clause (iii) of section 163(d)(4)(B) of such Code is amended to read as follows:

"(iii) the sum of—

"(I) the portion of the net capital gain referred to in clause (ii)(II) (or, if lesser, the net capital gain referred to in clause (ii)(I)) taken into account under section 1202, reduced by the amount of the deduction allowed with respect to such gain under section 1202, plus

"(II) so much of the gain described in subclause (I) which is not taken into account under section 1202 and which the taxpayer elects to take into account under this clause.".

(3) Subparagraph (B) of section 172(d)(2) of such Code is amended to read as follows:

"(B) the deduction under section 1202 and the exclusion under section 1203 shall not be allowed.".

(4) Section 642(c)(4) of such Code is amended by striking "1202" and inserting "1203".

(5) Section 643(a)(3) of such Code is amended by striking "1202" and inserting "1203".

(6) Paragraph (4) of section 691(c) of such Code is amended inserting "1203," after "1202,".

(7) The second sentence of section 871(a)(2) of such Code is amended by inserting "or 1203" after "section 1202".

(8) The last sentence of section 1044(d) of such Code is amended by striking "1202" and inserting "1203".

(9) Paragraph (1) of section 1402(i) of such Code is amended by inserting ", and the deduction provided by section 1202 and the exclusion provided by section 1203 shall not apply" before the period at the end.

(10) Section 121 of such Code is amended by adding at the end the following:

"(h) CROSS REFERENCE.—

"For treatment of eligible gain not excluded under subsection (a), see section 1202.".

(11) Section 1203 of such Code, as redesignated by subsection (a), is amended by adding at the end the following:

"(l) CROSS REFERENCE.—

"For treatment of eligible gain not excluded under subsection (a), see section 1202.".

(12) The table of sections for part I of subchapter P of chapter 1 of such Code is amended by striking the item relating to section 1202 and by inserting after the item relating to section 1201 the following:

"Sec. 1202. Capital gains deduction.

"Sec. 1203. 50-percent exclusion for gain from certain small business stock.".

(g) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(2) COLLECTIBLES.—The amendments made by subsection (d) shall apply to sales and exchanges after December 31, 2000.

SEC. 23. INCREASE IN CONTRIBUTION LIMITS FOR TRADITIONAL IRAS.

(a) PURPOSES.—The purposes of this section are—

(1) to increase the savings rate for all Americans by reforming the tax system to favorably treat income that is invested for retirement, and

(2) to provide targeted incentives to middle class families to increase their retirement savings in a traditional IRA by $1,000 per working member of the family per taxable year.

(b) INCREASE IN CONTRIBUTION LIMIT.—Paragraph (1)(A) of section 219(b) of the Internal Revenue Code of 1986 (relating to maximum amount of deduction) is amended by striking "$2,000" and inserting "$3,000".

(c) INFLATION ADJUSTMENT.—Section 219 of the Internal Revenue Code of 1986 (relating to deduction for retirement savings) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following:

"(h) COST-OF-LIVING ADJUSTMENT.—

"(1) DEDUCTIBLE AMOUNTS.—In the case of any taxable year beginning in a calendar year after 2009, the $3,000 amount under subsection (b)(1)(A) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2008' for 'calendar year 1992' in subparagraph (B) thereof.

"(2) ROUNDING RULES.—If any amount after adjustment under paragraph (1) is not a multiple of $100, such amount shall be rounded to the next lower multiple of $100.".

(d) CONFORMING AMENDMENTS.—

(1) Section 408(a)(1) of the Internal Revenue Code of 1986 is amended by striking "in excess of $2,000 on behalf of any individual" and inserting "on behalf of any individual in excess of the amount in effect for such taxable year under section 219(b)(1)(A)".

(2) Section 408(b)(2)(B) of such Code is amended by striking "$2,000" and inserting "the dollar amount in effect under section 219(b)(1)(A)".

(3) Section 408(b) of such Code is amended by striking "$2,000" in the matter following paragraph (4) and inserting "the dollar amount in effect under section 219(b)(1)(A)".

(4) Section 408(j) of such Code is amended by striking "$2,000".

(5) Section 408(p)(8) of such Code is amended by striking "$2,000" and inserting "the dollar amount in effect under section 219(b)(1)(A)".

(6) Section 408A(c)(2)(A) of such Code is amended to read as follows:

"(A) $2,000, over".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

TITLE III—BUSINESS INVESTMENT PROVISIONS

SEC. 31. REPEAL OF ALTERNATIVE MINIMUM TAX ON CORPORATIONS.

(a) PURPOSE.—The purpose of this section is to eliminate one of the most misguided, anti-growth, anti-investment tax schemes ever devised.

(b) IN GENERAL.—The last sentence of section 55(a) of the Internal Revenue Code of 1986, as amended by section 13, is amended by striking "on any taxpayer other than a corporation".

(c) REPEAL OF 90 PERCENT LIMITATION ON FOREIGN TAX CREDIT.—

(1) IN GENERAL.—Section 59(a) of the Internal Revenue Code of 1986 (relating to alternative minimum tax foreign tax credit) is amended by striking paragraph (2) and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(2) CONFORMING AMENDMENT.—Section 53(d)(1)(B)(i)(II) of such Code is amended by striking "and if section 59(a)(2) did not apply".

(d) LIMITATION ON USE OF CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY.—

(1) IN GENERAL.—Subsection (c) of section 53 of the Internal Revenue Code of 1986, as amended by section 13, is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

"(2) CORPORATIONS FOR TAXABLE YEARS BEGINNING AFTER 2004.—In the case of corporation for any taxable year beginning after 2004 and before 2010, the limitation under paragraph (1) shall be increased by the applicable percentage (determined in accordance with the following table) of the tentative minimum tax for the taxable year.

"For taxable years beginning in calendar year—	**"The applicable percentage is—**
2005	20
2006	30
2007	40
2008 or 2009	50.

In no event shall the limitation determined under this paragraph be greater than the sum of the tax imposed by section 55 and the regular tax reduced by the sum of the credits allowed under subparts A, B, D, E, and F of this part."

(2) CONFORMING AMENDMENTS.—

(A) Section 55(e) of such Code is amended by striking paragraph (5).

(B) Paragraph (3) of section 53(c) of such Code, as redesignated by paragraph (1), is amended by striking "to a taxpayer other than a corporation".

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by this section shall apply to taxable years beginning after December 31, 2004.

(2) REPEAL OF 90 PERCENT LIMITATION ON FOREIGN TAX CREDIT.—The amendments made by subsection (c) shall apply to taxable years beginning after December 31, 2003.

(3) SUBSECTION (d)(2)(A).—The amendment made by subsection (d)(2)(A) shall apply to taxable years beginning after December 31, 2009.

SEC. 32. INCREASE IN LIMIT FOR ELECTION TO EXPENSE CERTAIN BUSINESS ASSETS.

(a) IN GENERAL.—Section 179(b)(1) of the Internal Revenue Code of 1986 (relating to dollar limitation) is amended by striking the last item in the table and inserting the following new items:

"2003 or 2004	25,000
"2005 or thereafter	100,000."

(b) INDEX.—Section 179(b) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

"(5) INFLATION ADJUSTMENT.—In the case of a taxable year beginning after 2005, the $25,000 amount under paragraph (1) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) thereof.''

(c) INCREASE IN LIMITATION ON COST OF PROPERTY PLACED IN SERVICE.—Section 179(b)(2) of the Internal Revenue Code of 1986 (relating to reduction in limitation) is amended by striking ''$200,000'' and inserting ''$4,000,000''.

TITLE IV—ESTATE AND GIFT TAX RELIEF

SEC. 41. PHASEOUT OF ESTATE AND GIFT TAXES.

(a) PURPOSE.—The purpose of this section is to begin phasing out the confiscatory gift and estate tax by reducing the rate of tax.

(b) REPEAL OF ESTATE AND GIFT TAXES.—Subtitle B of the Internal Revenue Code of 1986 (relating to estate and gift taxes) is repealed effective with respect to estates of decedents dying, and gifts made, after December 31, 2009.

(c) PHASEOUT OF TAX.—Subsection (c) of section 2001 of the Internal Revenue Code of 1986 (relating to imposition and rate of tax) is amended by adding at the end the following:

''(3) PHASEOUT OF TAX.—In the case of estates of decedents dying, and gifts made, during any calendar year after 1999 and before 2010—

''(A) IN GENERAL.—The tentative tax under this subsection shall be determined by using a table prescribed by the Secretary (in lieu of using the table contained in paragraph (1)) which is the same as such table; except that—

''(i) each of the rates of tax shall be reduced (but not below zero) by the number of percentage points determined under subparagraph (B), and

''(ii) the amounts setting forth the tax shall be adjusted to the extent necessary to reflect the adjustments under clause (i).

''(B) PERCENTAGE POINTS OF REDUCTION.—

“For calendar year:	The number of percentage points is:
2001	1
2002	2
2003	3
2004	4
2005	5
2006	7
2007	9
2008	11
2009	15.

''(C) COORDINATION WITH PARAGRAPH (2).—Paragraph (2) shall be applied by reducing the 55 percent percentage contained therein by the number of percentage points determined for such calendar year under subparagraph (B).

''(D) COORDINATION WITH CREDIT FOR STATE DEATH TAXES.—Rules similar to the rules of subparagraph (A) shall apply to the table contained in section 2011(b) except that the number of percentage points referred to in subparagraph (A)(i) shall be determined under the following table:

“For calendar year:	The number of percentage points is:
2001	1
2002	2
2003	3
2004	4
2005	5
2006	7
2007	9
2008	11
2009	15.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

TITLE V—RESEARCH CREDIT EXTENSION AND MODIFICATION

SEC. 51. PURPOSE.

The purpose of this title is to make the research credit permanent and make certain modifications to the credit.

SEC. 52. PERMANENT EXTENSION OF RESEARCH CREDIT.

(a) IN GENERAL.—Section 41 of the Internal Revenue Code of 1986 (relating to credit for increasing research activities) is amended by striking subsection (h).

(b) CONFORMING AMENDMENT.—Section 45C(b)(1) of the Internal Revenue Code of 1986 is amended by striking subparagraph (D).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after December 31, 2000.

SEC. 53. IMPROVED ALTERNATIVE INCREMENTAL CREDIT.

(a) IN GENERAL.—Section 41 of the Internal Revenue Code of 1986 (relating to credit for increasing research activities), as amended by section 52, is amended by adding at the end the following:

''(h) ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.—

''(1) IN GENERAL.—At the election of the taxpayer, the credit under subsection (a)(1) shall be determined under this section by taking into account the modifications provided by this subsection.

''(2) DETERMINATION OF BASE AMOUNT.—

''(A) IN GENERAL.—In computing the base amount under subsection (c)—

''(i) notwithstanding subsection (c)(3), the fixed-base percentage shall be equal to 80 percent of the percentage which the aggregate qualified research expenses of the taxpayer for the base period is of the aggregate gross receipts of the taxpayer for the base period, and

''(ii) the minimum base amount under subsection (c)(2) shall not apply.

''(B) START-UP AND SMALL TAXPAYERS.—In computing the base amount under subsection (c), the gross receipts of a taxpayer for any taxable year in the base period shall be treated as at least equal to $1,000,000.

''(C) BASE PERIOD.—For purposes of this subsection, the base period is the 8-taxable year period preceding the taxable year (or, if shorter, the period the taxpayer (and any predecessor) has been in existence).

''(3) ELECTION.—An election under this subsection shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary.''.

(b) CONFORMING AMENDMENT.—Section 41(c) of the Internal Revenue Code of 1986 is amended by striking paragraph (4) and by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 54. MODIFICATIONS TO CREDIT FOR BASIC RESEARCH.

(a) ELIMINATION OF INCREMENTAL REQUIREMENT.—

(1) IN GENERAL.—Paragraph (1) of section 41(e) of the Internal Revenue Code of 1986 (relating to credit allowable with respect to certain payments to qualified organizations for basic research) is amended to read as follows:

''(1) IN GENERAL.—The amount of basic research payments taken into account under subsection (a)(2) shall be determined in accordance with this subsection.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 41(a)(2) of the Internal Revenue Code of 1986 is amended by striking ''determined under subsection (e)(1)(A)'' and inserting ''for the taxable year''.

(B) Section 41(e) of such Code is amended by striking paragraphs (3), (4), and (5) and by redesignating paragraphs (6) and (7) as paragraphs (3) and (4), respectively.

(C) Section 41(e)(4) of such Code, as redesignated by subparagraph (B), is amended by striking subparagraph (B) and by redesignating subparagraphs (C), (D), and (E) as subparagraphs (B), (C), and (D), respectively.

(D) Clause (i) of section 170(e)(4)(B) of such Code is amended by striking ''section 41(e)(6)'' and inserting ''section 41(e)(3)''.

(b) BASIC RESEARCH.—

(1) SPECIFIC COMMERCIAL OBJECTIVE.—Section 41(e)(4) of the Internal Revenue Code of 1986 (relating to definitions and special rules), as redesignated by subsection (a)(2)(B), is amended by adding at the end the following:

''(E) SPECIFIC COMMERCIAL OBJECTIVE.—For purposes of subparagraph (A), research shall not be treated as having a specific commercial objective if the results of such research are to be published in a timely manner as to be available to the general public prior to their use for a commercial purpose.''.

(2) EXCLUSIONS FROM BASIC RESEARCH.—Clause (ii) of section 41(e)(4)(A) of such Code (relating to definitions and special rules), as redesignated by subsection (a), is amended to read as follows:

''(ii) basic research in the arts and humanities.''.

(c) EXPANSION OF CREDIT TO RESEARCH DONE AT FEDERAL LABORATORIES.—Section 41(e)(3) of the Internal Revenue Code of 1986, as redesignated by subsection (a), is amended by adding at the end the following new subparagraph:

''(E) FEDERAL LABORATORIES.—Any organization which is a Federal laboratory (as defined in section 4(6) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3703(6)).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 55. CREDIT FOR EXPENSES ATTRIBUTABLE TO CERTAIN COLLABORATIVE RESEARCH CONSORTIA.

(a) CREDIT FOR EXPENSES ATTRIBUTABLE TO CERTAIN COLLABORATIVE RESEARCH CONSORTIA.—Subsection (a) of section 41 of the Internal Revenue Code of 1986 (relating to credit for increasing research activities) is amended by striking ''and'' at the end of paragraph (1), striking the period at the end of paragraph (2) and inserting '', and '', and by adding at the end the following:

''(3) 20 percent of the amounts paid or incurred by the taxpayer in carrying on any trade or business of the taxpayer during the taxable year (including as contributions) to a qualified research consortium.''.

(b) QUALIFIED RESEARCH CONSORTIUM DEFINED.—Subsection (f) of section 41 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''(6) QUALIFIED RESEARCH CONSORTIUM.—The term 'qualified research consortium' means any organization—

''(A) which is—

''(i) described in section 501(c)(3) and is exempt from tax under section 501(a) and is organized and operated primarily to conduct scientific or engineering research, or

''(ii) organized and operated primarily to conduct scientific or engineering research in the public interest (within the meaning of section 501(c)(3)),

''(B) which is not a private foundation,

''(C) to which at least 5 unrelated persons paid or incurred during the calendar year in which the taxable year of the organization begins amounts (including as contributions) to such organization for scientific or engineering research, and

"(D) to which no single person paid or incurred (including as contributions) during such calendar year an amount equal to more than 50 percent of the total amounts received by such organization during such calendar year for scientific or engineering research.

All persons treated as a single employer under subsection (a) or (b) of section 52 shall be treated as related persons for purposes of subparagraph (C) and as a single person for purposes of subparagraph (D).".

(c) Conforming Amendment.—Paragraph (3) of section 41(b) of the Internal Revenue Code of 1986 is amended by striking subparagraph (C).

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 56. IMPROVEMENT TO CREDIT FOR SMALL BUSINESSES AND RESEARCH PARTNERSHIPS.

(a) Assistance to Small and Start-Up Businesses.—The Secretary of the Treasury or the Secretary's delegate shall take such actions as are appropriate to—

(1) provide assistance to small and start-up businesses in complying with the requirements of section 41 of the Internal Revenue Code of 1986, and

(2) reduce the costs of such compliance.

(b) Repeal of Limitation on Contract Research Expenses Paid to Small Businesses, Universities, and Federal Laboratories.—Section 41(b)(3) of the Internal Revenue Code of 1986, as amended by section 55(c), is amended by adding at the end the following:

"(C) Amounts paid to eligible small businesses, universities, and federal laboratories.—

"(i) In general.—In the case of amounts paid by the taxpayer to an eligible small business, an institution of higher education (as defined in section 3304(f)), or an organization which is a Federal laboratory (as defined in subsection (e)(3)(E)), subparagraph (A) shall be applied by substituting '100 percent' for '65 percent'.

"(ii) Eligible small business.—For purposes of this subparagraph, the term 'eligible small business' means a small business with respect to which the taxpayer does not own (within the meaning of section 318) 50 percent or more of—

"(I) in the case of a corporation, the outstanding stock of the corporation (either by vote or value), and

"(II) in the case of a small business which is not a corporation, the capital and profits interests of the small business.

"(iii) Small business.—For purposes of this subparagraph—

"(I) In general.—The term 'small business' means, with respect to any calendar year, any person if the annual average number of employees employed by such person during either of the 2 preceding calendar years was 500 or fewer. For purposes of the preceding sentence, a preceding calendar year may be taken into account only if the person was in existence throughout the year.

"(II) Startups, controlled groups, and predecessors.—Rules similar to the rules of subparagraphs (B) and (D) of section 220(c)(4) shall apply for purposes of this clause.".

(c) Credit for Patent Filing Fees.—Section 41(a) of the Internal Revenue Code of 1986, as amended by section 55(a), is amended by striking "and" at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting ", and", and by adding at the end the following:

"(4) 20 percent of the patent filing fees paid or incurred by a small business (as defined in subsection (b)(3)(C)(iii)) to the United States or to any foreign government in carrying on any trade or business.".

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

TITLE VI—ENERGY INDEPENDENCE

SEC. 61. PURPOSES.

The purposes of this title are—

(1) to prevent the abandonment of marginal oil and gas wells owned and operated by independent oil and gas producers, which are responsible for half of the United States' domestic production, and

(2) to transform earned tax credits and other benefits into working capital for the cash-strapped domestic oil and gas producers and service companies.

SEC. 62. TAX CREDIT FOR MARGINAL DOMESTIC OIL AND NATURAL GAS WELL PRODUCTION.

(a) Credit for Producing Oil and Gas From Marginal Wells.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business credits) is amended by adding at the end the following:

"SEC. 45D. CREDIT FOR PRODUCING OIL AND GAS FROM MARGINAL WELLS.

"(a) General Rule.—For purposes of section 38, the marginal well production credit for any taxable year is an amount equal to the product of—

"(1) the credit amount, and

"(2) the qualified crude oil production and the qualified natural gas production which is attributable to the taxpayer.

"(b) Credit Amount.—For purposes of this section—

"(1) In general.—The credit amount is—

"(A) $3 per barrel of qualified crude oil production, and

"(B) 50 cents per 1,000 cubic feet of qualified natural gas production.

"(2) Reduction as oil and gas prices increase.—

"(A) In general.—The $3 and 50 cents amounts under paragraph (1) shall each be reduced (but not below zero) by an amount which bears the same ratio to such amount (determined without regard to this paragraph) as—

"(i) the excess (if any) of the applicable reference price over $14 ($1.56 for qualified natural gas production), bears to

"(ii) $3 ($0.33 for qualified natural gas production).

The applicable reference price for a taxable year is the reference price for the calendar year preceding the calendar year in which the taxable year begins.

"(B) Inflation adjustment.—In the case of any taxable year beginning in a calendar year after 2000, each of the dollar amounts contained in subparagraph (A) shall be increased to an amount equal to such dollar amount multiplied by the inflation adjustment factor for such calendar year (determined under section 43(b)(3)(B) by substituting '1999' for '1990').

"(C) Reference price.—For purposes of this paragraph, the term 'reference price' means, with respect to any calendar year—

"(i) in the case of qualified crude oil production, the reference price determined under section 29(d)(2)(C), and

"(ii) in the case of qualified natural gas production, the Secretary's estimate of the annual average wellhead price per 1,000 cubic feet for all domestic natural gas.

"(c) Qualified Crude Oil and Natural Gas Production.—For purposes of this section—

"(1) In general.—The terms 'qualified crude oil production' and 'qualified natural gas production' mean domestic crude oil or natural gas which is produced from a marginal well.

"(2) Limitation on amount of production which may qualify.—

"(A) In general.—Crude oil or natural gas produced during any taxable year from any well shall not be treated as qualified crude oil production or qualified natural gas production to the extent production from the well during the taxable year exceeds 1,095 barrels or barrel equivalents.

"(B) Proportionate reductions.—

"(i) Short taxable years.—In the case of a short taxable year, the limitations under this paragraph shall be proportionately reduced to reflect the ratio which the number of days in such taxable year bears to 365.

"(ii) Wells not in production entire year.—In the case of a well which is not capable of production during each day of a taxable year, the limitations under this paragraph applicable to the well shall be proportionately reduced to reflect the ratio which the number of days of production bears to the total number of days in the taxable year.

"(3) Definitions.—

"(A) Marginal well.—The term 'marginal well' means a domestic well—

"(i) the production from which during the taxable year is treated as marginal production under section 613A(c)(6), or

"(ii) which, during the taxable year—

"(I) has average daily production of not more than 25 barrel equivalents, and

"(II) produces water at a rate not less than 95 percent of total well effluent.

"(B) Crude oil, etc.—The terms 'crude oil', 'natural gas', 'domestic', and 'barrel' have the meanings given such terms by section 613A(e).

"(C) Barrel equivalent.—The term 'barrel equivalent' means, with respect to natural gas, a conversion ratio of 6,000 cubic feet of natural gas to 1 barrel of crude oil.

"(d) Other Rules.—

"(1) Production attributable to the taxpayer.—In the case of a marginal well in which there is more than one owner of operating interests in the well and the crude oil or natural gas production exceeds the limitation under subsection (c)(2), qualifying crude oil production or qualifying natural gas production attributable to the taxpayer shall be determined on the basis of the ratio which taxpayer's revenue interest in the production bears to the aggregate of the revenue interests of all operating interest owners in the production.

"(2) Operating interest required.—Any credit under this section may be claimed only on production which is attributable to the holder of an operating interest.

"(3) Production from nonconventional sources excluded.—In the case of production from a marginal well which is eligible for the credit allowed under section 29 for the taxable year, no credit shall be allowable under this section unless the taxpayer elects not to claim the credit under section 29 with respect to the well.".

(b) Credit Treated as Business Credit.—Section 38(b) of the Internal Revenue Code of 1986 is amended by striking "plus" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ", plus", and by adding at the end the following:

"(13) the marginal oil and gas well production credit determined under section 45D(a).".

(c) Credit Allowed Against Regular and Minimum Tax.—

(1) In general.—Subsection (c) of section 38 of the Internal Revenue Code of 1986 (relating to limitation based on amount of tax) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following:

"(3) Special rules for marginal oil and gas well production credit.—

"(A) In general.—In the case of the marginal oil and gas well production credit—

"(i) this section and section 39 shall be applied separately with respect to the credit, and

"(ii) in applying paragraph (1) to the credit—

"(I) subparagraphs (A) and (B) thereof shall not apply, and

"(II) the limitation under paragraph (1) (as modified by subclause (I)) shall be reduced by the credit allowed under subsection (a) for the taxable year (other than the marginal oil and gas well production credit).

"(B) Marginal oil and gas well production credit.—For purposes of this subsection, the term 'marginal oil and gas well production credit' means the credit allowable under subsection (a) by reason of section 45D(a).".

(2) Conforming amendment.—Subclause (II) of section 38(c)(2)(A)(ii) of such Code is amended by inserting "or the marginal oil and gas well production credit" after "employment credit".

(d) Carryback.—Subsection (a) of section 39 of the Internal Revenue Code of 1986 (relating to carryback and carryforward of unused credits generally) is amended by adding at the end the following:

"(3) 10-year carryback for marginal oil and gas well production credit.—In the case of the marginal oil and gas well production credit—

"(A) this section shall be applied separately from the business credit (other than the marginal oil and gas well production credit),

"(B) paragraph (1) shall be applied by substituting '10 taxable years' for '1 taxable years' in subparagraph (A) thereof, and

"(C) paragraph (2) shall be applied—

"(i) by substituting '31 taxable years' for '21 taxable years' in subparagraph (A) thereof, and

"(ii) by substituting '30 taxable years' for '20 taxable years' in subparagraph (B) thereof.".

(e) Coordination With Section 29.—Section 29(a) of the Internal Revenue Code of 1986 is amended by striking "There" and inserting "At the election of the taxpayer, there".

(f) Clerical Amendment.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"45D. Credit for producing oil and gas from marginal wells.".

(g) Effective Date.—The amendments made by this section shall apply to production after December 31, 2000.

SEC. 63. 10-YEAR CARRYBACK FOR UNUSED MINIMUM TAX CREDIT.

(a) In General.—Section 53(c) of the Internal Revenue Code of 1986 (relating to limitation) is amended by adding at the end the following:

"(2) Special rule for taxpayers with unused energy minimum tax credits.—

"(A) In general.—If, during the 10-taxable year period ending with the current taxable year, a taxpayer has an unused energy minimum tax credit for any taxable year in such period (determined without regard to the application of this paragraph to the current taxable year)—

"(i) paragraph (1) shall not apply to each of the taxable years in such period for which the taxpayer has an unused energy minimum tax credit (as so determined), and

"(ii) the credit allowable under subsection (a) for each of such taxable years shall be equal to the excess (if any) of—

"(I) the sum of the regular tax liability and the net minimum tax for such taxable year, over

"(II) the sum of the credits allowable under subparts A, B, D, E, and F of this part.

"(B) Energy minimum tax credit.—For purposes of this paragraph, the term 'energy minimum tax credit' means the minimum tax credit which would be computed with respect to any taxable year if the adjusted net minimum tax were computed by only taking into account items attributable to—

"(i) the taxpayer's mineral interests in oil and gas property, and

"(ii) the taxpayer's active conduct of a trade or business of providing tools, products, personnel, and technical solutions on a contractual basis to persons engaged in oil and gas exploration and production.".

(b) Conforming Amendments.—Section 53(c) of the Internal Revenue Code of 1986 (as in effect before the amendment made by subsection (a)) is amended—

(1) by striking "The" and inserting:

"(1) In general.—Except as provided in paragraph (2), the ", and

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B).

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000, and to any taxable year beginning on or before such date to the extent necessary to apply section 53(c)(2) of the Internal Revenue Code of 1986 (as added by subsection (a)).

SEC. 64. 10-YEAR NET OPERATING LOSS CARRYBACK FOR LOSSES ATTRIBUTABLE TO OIL SERVICING COMPANIES AND MINERAL INTERESTS OF OIL AND GAS PRODUCERS.

(a) In General.—Paragraph (1) of section 172(b) of the Internal Revenue Code of 1986 (relating to years to which loss may be carried) is amended by adding at the end the following:

"(H) Losses on operating mineral interests of oil and gas producers and oilfield servicing companies.—In the case of a taxpayer which has an eligible oil and gas loss (as defined in subsection (j)) for a taxable year, such eligible oil and gas loss shall be a net operating loss carryback to each of the 10 taxable years preceding the taxable year of such loss.".

(b) Eligible Oil and Gas Loss.—Section 172 of the Internal Revenue Code of 1986 is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following:

"(j) Eligible Oil and Gas Loss.—For purposes of this section—

"(1) In general.—The term 'eligible oil and gas loss' means the lesser of—

"(A) the amount which would be the net operating loss for the taxable year if only income and deductions attributable to—

"(i) mineral interests in oil and gas wells, and

"(ii) the active conduct of a trade or business of providing tools, products, personnel, and technical solutions on a contractual basis to persons engaged in oil and gas exploration and production,

are taken into account, and

"(B) the amount of the net operating loss for such taxable year.

"(2) Coordination with subsection (b)(2).—For purposes of applying subsection (b)(2), an eligible oil and gas loss for any taxable year shall be treated in a manner similar to the manner in which a specified liability loss is treated.

"(3) Election.—Any taxpayer entitled to a 10-year carryback under subsection (b)(1)(H) from any loss year may elect to have the carryback period with respect to such loss year determined without regard to subsection (b)(1)(H). Such election shall be made in such manner as may be prescribed by the Secretary and shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the net operating loss. Such election, once made for any taxable year, shall be irrevocable for such taxable year.".

(c) Effective Date.—The amendments made by this section shall apply to net operating losses for taxable years beginning after December 31, 1999, and to any taxable year beginning on or before such date to the extent necessary to apply section 172(b)(1)(H) of the Internal Revenue Code of 1986 (as added by subsection (a)).

SEC. 65. WAIVER OF LIMITATIONS.

If refund or credit of any overpayment of tax resulting from the application of the amendments made by sections 63 and 64 is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.

SEC. 66. ELECTION TO EXPENSE GEOLOGICAL AND GEOPHYSICAL EXPENDITURES AND DELAY RENTAL PAYMENTS.

(a) Purpose.—The purpose of this section is to recognize that geological and geophysical expenditures and delay rentals are ordinary and necessary business expenses that should be deducted in the year the expense is incurred.

(b) Election To Expense Geological and Geophysical Expenditures.—

(1) In general.—Section 263 of the Internal Revenue Code of 1986 (relating to capital expenditures) is amended by adding at the end the following:

"(j) Geological and Geophysical Expenditures for Domestic Oil and Gas Wells.—Notwithstanding subsection (a), a taxpayer may elect to treat geological and geophysical expenses incurred in connection with the exploration for, or development of, oil or gas within the United States (as defined in section 638) as expenses which are not chargeable to capital account. Any expenses so treated shall be allowed as a deduction in the taxable year in which paid or incurred.".

(2) Conforming amendment.—Section 263A(c)(3) of such Code is amended by inserting "263(j)," after "263(i),".

(3) Effective date.—

(A) In general.—The amendments made by this subsection shall apply to expenses paid or incurred after December 31, 2000.

(B) Transition rule.—In the case of any expenses described in section 263(j) of the Internal Revenue Code of 1986, as added by this subsection, which were paid or incurred on or before December 31, 2000, the taxpayer may elect, at such time and in such manner as the Secretary of the Treasury may prescribe, to amortize the unamortized portion of such expenses over the 36-month period beginning with the month of January, 2001. For purposes of this subparagraph, the unamortized portion of any expense is the amount remaining unamortized as of the first day of the 36-month period.

(c) ELECTION TO EXPENSE DELAY RENTAL PAYMENTS.—

(1) IN GENERAL.—Section 263 of the Internal Revenue Code of 1986 (relating to capital expenditures), as amended by subsection (b)(1), is amended by adding at the end the following:

"(k) DELAY RENTAL PAYMENTS FOR DOMESTIC OIL AND GAS WELLS.—

"(1) IN GENERAL.—Notwithstanding subsection (a), a taxpayer may elect to treat delay rental payments incurred in connection with the development of oil or gas within the United States (as defined in section 638) as payments which are not chargeable to capital account. Any payments so treated shall be allowed as a deduction in the taxable year in which paid or incurred.

"(2) DELAY RENTAL PAYMENTS.—For purposes of paragraph (1), the term 'delay rental payment' means an amount paid for the privilege of deferring development of an oil or gas well.".

(2) CONFORMING AMENDMENT.—Section 263A(c)(3) of the Internal Revenue Code of 1986, as amended by subsection (b)(2), is amended by inserting "263(k)," after "263(j),".

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendments made by this subsection shall apply to payments made or incurred after December 31, 2000.

(B) TRANSITION RULE.—In the case of any payments described in section 263(k) of the Internal Revenue Code of 1986, as added by this subsection, which were made or incurred on or before December 31, 2000, the taxpayer may elect, at such time and in such manner as the Secretary of the Treasury may prescribe, to amortize the unamortized portion of such payments over the 36-month period beginning with the month of January, 2001. For purposes of this subparagraph, the unamortized portion of any payment is the amount remaining unamortized as of the first day of the 36-month period.

TITLE VII—REVENUE PROVISION

SEC. 71. 4-YEAR AVERAGING FOR CONVERSION OF TRADITIONAL IRA TO ROTH IRA.

(a) IN GENERAL.—Section 408A(d)(3)(A)(iii) of the Internal Revenue Code of 1986 is amended by striking "January 1, 1999," and inserting "January 1, 2004,".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to distributions made after December 31, 2000.

AMENDMENT NO. 1436

Beginning on page 334, strike line 3 and all that follows through page 335, line 16 and insert the following:

SEC. 1101. MODIFICATIONS TO SPECIAL RULES FOR NUCLEAR DECOMMISSIONING COSTS.

(a) REPEAL OF LIMITATION ON DEPOSITS INTO FUND BASED ON COST OF SERVICE.—Subsection (b) of section 468A is amended to read as follows:

"(b) LIMITATION ON AMOUNTS PAID INTO FUND.—The amount which a taxpayer may pay into the Fund for any taxable year shall not exceed the ruling amount applicable to such taxable year."

(b) CLARIFICATION OF TREATMENT OF FUND TRANSFERS.—Subsection (e) of section 468A is amended by adding at the end the following new paragraph:

"(8) TREATMENT OF FUND TRANSFERS.—If, in connection with the transfer of the taxpayer's interest in a nuclear powerplant, the taxpayer transfers the Fund with respect to such powerplant to the transferee of such interest and the transferee elects to continue the application of this section to such Fund—

"(A) the transfer of such Fund shall not cause such Fund to be disqualified from the application of this section, and

"(B) no amount shall be treated as distributed from such Fund, or be includible in gross income, by reason of such transfer."

(c) TRANSFERS OF BALANCES IN NONQUALIFIED FUNDS.—Section 468A is amended by redesignating subsections (f) and (g) as subsections (g) and (h), respectively, and by inserting after subsection (e) the following new subsection:

"(f) TRANSFERS OF BALANCES IN NONQUALIFIED FUNDS INTO QUALIFIED FUNDS.—

"(1) IN GENERAL.—Notwithstanding subsection (b), any taxpayer maintaining a Fund to which this section applies with respect to a nuclear powerplant may transfer into such Fund amounts held in any nonqualified fund of such taxpayer with respect to such powerplant.

"(2) MAXIMUM AMOUNT PERMITTED TO BE TRANSFERRED.—The amount permitted to be transferred under paragraph (1) shall not exceed the balance in the nonqualified fund as of December 31, 1998.

"(3) DEDUCTION FOR AMOUNTS TRANSFERRED.—

"(A) IN GENERAL.—The deduction allowed by subsection (a) for any transfer permitted by this subsection shall be allowed ratably over the remaining estimated useful life (within the meaning of subsection (d)(2)(A)) of the nuclear powerplant, beginning with the later of the taxable year during which the transfer is made or the taxpayer's first taxable year beginning after December 31, 2001.

"(B) DENIAL OF DEDUCTION FOR PREVIOUSLY DEDUCTED AMOUNTS.—No deduction shall be allowed for any transfer under this subsection of an amount for which a deduction was allowed when such amount was paid into the nonqualified fund. For purposes of the preceding sentence, a ratable portion of each transfer shall be treated as being from previously deducted amounts to the extent thereof.

"(C) TRANSFERS OF QUALIFIED FUNDS.—If—

"(i) any transfer permitted by this subsection is made to any Fund to which this section applies, and

"(ii) such Fund is transferred thereafter,

any deduction under this subsection for taxable years ending after the date that such Fund is transferred shall be allowed to the transferee and not to the transferor. The preceding sentence shall not apply if the transferor is an organization exempt from tax imposed by this chapter.

"(4) NEW RULING AMOUNT REQUIRED.—Paragraph (1) shall not apply to any transfer unless the taxpayer requests from the Secretary a new schedule of ruling amounts in connection with such transfer.

"(5) NONQUALIFIED FUND.—For purposes of this subsection, the term 'nonqualified fund' means, with respect to any nuclear powerplant, any fund in which amounts are irrevocably set aside pursuant to the requirements of any State or Federal agency exclusively for the purpose of funding the decommissioning of such powerplant.

"(6) NO BASIS IN QUALIFIED FUNDS.—Notwithstanding any other provision of law, the basis of any Fund to which this section applies shall not be increased by reason of any transfer permitted by this subsection."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

Strike section 1101.

COVERDELL (AND OTHERS) AMENDMENT NO. 1437

(Ordered to lie on the table.)

Mr. COVERDELL (for himself, Mr. TORRICELLI, Mr. CRAIG, and Mr. MCCAIN) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 195, strike lines 4 through 23, and insert:

SEC. 404. MODIFICATIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

(a) MAXIMUM ANNUAL CONTRIBUTIONS.—

(1) IN GENERAL.—Section 530(b)(1)(A)(iii) (defining education individual retirement account) is amended by striking "$500" and inserting "the contribution limit for such taxable year".

(2) CONTRIBUTION LIMIT.—Section 530(b) (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

"(4) CONTRIBUTION LIMIT.—The term 'contribution limit' means $500 ($2,000 in the case of any taxable year beginning after December 31, 2004)."

(3) CONFORMING AMENDMENT.—Section 4973(e)(1)(A) is amended by striking "$500" and inserting "the contribution limit (as defined in section 530(b)(4)) for such taxable year".

(b) TAX-FREE EXPENDITURES FOR ELEMENTARY AND SECONDARY SCHOOL EXPENSES.—

(1) IN GENERAL.—Section 530(b)(2) (defining qualified higher education expenses) is amended to read as follows:

"(2) QUALIFIED EDUCATION EXPENSES.—

"(A) IN GENERAL.—The term 'qualified education expenses' means—

"(i) qualified higher education expenses (as defined in section 529(e)(3)), and

"(ii) qualified elementary and secondary education expenses (as defined in paragraph (5)).

Such expenses shall be reduced as provided in section 25A(g)(2).

"(B) QUALIFIED TUITION PROGRAMS.—Such term shall include any contribution to a qualified tuition program (as defined in section 529(b)) on behalf of the designated beneficiary (as defined in section 529(e)(1)); but there shall be no increase in the investment in the contract for purposes of applying section 72 by reason of any portion of such contribution which is not includible in gross income by reason of subsection (d)(2)."

(2) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—Section 530(b) (relating to definitions and special rules), as amended by subsection (a)(2), is amended by adding at the end the following new paragraph:

"(5) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—

"(A) IN GENERAL.—The term 'qualified elementary and secondary education expenses' means—

"(i) expenses for tuition, fees, academic tutoring, special needs services, books, supplies, computer equipment (including related software and services), and other equipment which are incurred in connection with the enrollment or attendance of the designated beneficiary of the trust as an elementary or secondary school student at a public, private, or religious school, and

"(ii) expenses for room and board, uniforms, transportation, and supplementary items and services (including extended day programs) which are required or provided by a public, private, or religious school in connection with such enrollment or attendance.

"(B) SPECIAL RULE FOR HOMESCHOOLING.—Such term shall include expenses described in subparagraph (A)(i) in connection with education provided by homeschooling if the requirements of any applicable State or local law are met with respect to such education.

"(C) SCHOOL.—The term 'school' means any school which provides elementary education or secondary education (kindergarten through grade 12), as determined under State law."

(3) SPECIAL RULES FOR APPLYING EXCLUSION TO ELEMENTARY AND SECONDARY EXPENSES.—Section 530(d)(2) (relating to distributions for qualified higher education expenses) is amended by adding at the end the following new subparagraph:

"(E) SPECIAL RULES FOR ELEMENTARY AND SECONDARY EXPENSES.—

"(i) IN GENERAL.—The aggregate amount of qualified elementary and secondary education expenses taken into account for purposes of this paragraph with respect to any education individual retirement account for all taxable years shall not exceed the sum of the aggregate contributions to such account for taxable years beginning after December 31, 2004, and earnings on such contributions.

"(ii) SPECIAL OPERATING RULES.—For purposes of clause (i)—

"(I) the trustee of an education individual retirement account shall keep separate accounts with respect to contributions and earnings described in clause (i), and

"(II) if there are distributions in excess of qualified elementary and secondary education expenses for any taxable year, such excess distributions shall be allocated first to contributions and earnings not described in clause (i)."

(4) CONFORMING AMENDMENTS.—Section 530 is amended—

(A) by striking "higher" each place it appears in subsections (b)(1) and (d)(2), and

(B) by striking "HIGHER" in the heading for subsection (d)(2).

(c) WAIVER OF AGE LIMITATIONS FOR CHILDREN WITH SPECIAL NEEDS.—Section 530(b)(1) (defining education individual retirement account) is amended by adding at the end the following flush sentence:

"The age limitations in the preceding sentence and paragraphs (5) and (6) of subsection (d) shall not apply to any designated beneficiary with special needs (as determined under regulations prescribed by the Secretary)."

(d) ENTITIES PERMITTED TO CONTRIBUTE TO ACCOUNTS.—Section 530(c)(1) (relating to reduction in permitted contributions based on adjusted gross income) is amended by striking "The maximum amount which a contributor" and inserting "In the case of a contributor who is an individual, the maximum amount the contributor".

(e) TIME WHEN CONTRIBUTIONS DEEMED MADE.—

(1) IN GENERAL.—Section 530(b) (relating to definitions and special rules), as amended by subsection (b)(2), is amended by adding at the end the following new paragraph:

"(6) TIME WHEN CONTRIBUTIONS DEEMED MADE.—An individual shall be deemed to have made a contribution to an education individual retirement account on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof)."

(2) EXTENSION OF TIME TO RETURN EXCESS CONTRIBUTIONS.—Subparagraph (C) of section 530(d)(4) (relating to additional tax for distributions not used for educational expenses) is amended—

(A) by striking clause (i) and inserting the following new clause:

"(i) such distribution is made before the 1st day of the 6th month of the taxable year following the taxable year, and", and

(B) by striking "DUE DATE OF RETURN" in the heading and inserting "JUNE".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 404A. EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) IN GENERAL.—Section 127(d) (relating to termination of exclusion for educational assistance programs) is amended by striking "May 31, 2000" and inserting "December 31, 2006".

(b) REPEAL OF LIMITATION ON GRADUATE EDUCATION.—

(1) IN GENERAL.—The last sentence of section 127(c)(1) is amended by striking ", and such term also does not include any payment for, or the provision of any benefits with respect to, any graduate level course of a kind normally taken by an individual pursuing a program leading to a law, business, medical, or other advanced academic or professional degree".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to expenses relating to courses beginning after December 31, 1999.

DASCHLE AMENDMENT NO. 1438

(Ordered to lie on the table.)

Mr. DASCHLE submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place add the following:

SECTION 1. CERTAIN CASH RENTALS OF FARMLAND NOT TO CAUSE RECAPTURE OF SPECIAL ESTATE TAX VALUATION.

(a) IN GENERAL.—Subsection (c) of section 2032A of the Internal Revenue Code of 1986 (relating to tax treatment of dispositions and failures to use for qualified use) is amended by adding at the end the following new paragraph:

"(8) CERTAIN CASH RENTAL NOT TO CAUSE RECAPTURE.—For purposes of this subsection, a qualified heir shall not be treated as failing to use property in a qualified use solely because such heir rents such property on a net cash basis to a member of the decedent's family, but only if, during the period of the lease, such member of the decedent's family uses such property in a qualified use."

(b) CONFORMING AMENDMENT.—Section 2032A(b)(5)(A) is amended by striking the last sentence.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to rentals occurring after December 31, 1976.

CONRAD (AND OTHERS) AMENDMENT NO. 1439

(Ordered to lie on the table.)

Mr. CONRAD (for himself, Mr. REID, and Mr. ROBB) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. ___. CREDIT FOR INFORMATION TECHNOLOGY TRAINING PROGRAM EXPENSES.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business-related credits) is amended by adding at the end the following:

"SEC. 45D. INFORMATION TECHNOLOGY TRAINING PROGRAM EXPENSES.

"(a) GENERAL RULE.—For purposes of section 38, in the case of an employer, the information technology training program credit determined under this section is an amount equal to 20 percent of information technology training program expenses paid or incurred by the taxpayer during the taxable year.

"(b) ADDITIONAL CREDIT PERCENTAGE FOR CERTAIN PROGRAMS.—The percentage under subsection (a) shall be increased by 5 percentage points for information technology training program expenses paid or incurred—

"(1) by the taxpayer with respect to a program operated in—

"(A) an empowerment zone or enterprise community designated under part I of subchapter U,

"(B) a school district in which at least 50 percent of the students attending schools in such district are eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act,

"(C) an area designated as a disaster area by the Secretary of Agriculture or by the President under the Disaster Relief and Emergency Assistance Act in the taxable year or the 4 preceding taxable years,

"(D) a rural enterprise community designated under section 766 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999,

"(E) an area designated by the Secretary of Agriculture as a Rural Economic Area Partnership Zone, or

"(F) an area designated by the Secretary of Agriculture as a Champion Community, or

"(2) by a small employer.

"(c) LIMITATION.—The amount of information technology training program expenses with respect to an individual which may be taken into account under subsection (a) for the taxable year shall not exceed $6,000.

"(d) INFORMATION TECHNOLOGY TRAINING PROGRAM EXPENSES.—For purposes of this section—

"(1) IN GENERAL.—The term 'information technology training program expenses' means expenses paid or incurred by reason of the participation of the employer in any information technology training program.

"(2) INFORMATION TECHNOLOGY TRAINING PROGRAM.—The term 'information technology training program' means a program—

"(A) for the training of—

"(i) computer programmers, systems analysts, and computer scientists or engineers (as such occupations are defined by the Bureau of Labor Statistics), and

"(ii) such other occupations as determined by the Secretary, after consultation with a working group broadly solicited by the Secretary and open to all interested information technology entities and trade and professional associations,

"(B) involving a partnership of—

"(i) employers, and

"(ii) State training programs, school districts, university systems, tribal colleges, or certified commercial information technology training providers, and

"(C) at least 50 percent of the costs of which is paid or incurred by the employers.

"(3) CERTIFIED COMMERCIAL INFORMATION TECHNOLOGY TRAINING PROVIDER.—The term 'certified commercial information technology training providers' means a private sector provider of educational products and services utilized for training in information technology which is certified with respect to—

"(A) the curriculum that is used for the training, or

"(B) the technical knowledge of the instructors of such provider,

by 1 or more software publishers or hardware manufacturers the products of which are a subject of the training.

"(e) SMALL EMPLOYER.—For purposes of this section, the term 'small employer' means, with respect to any calendar year, any employer if such employer employed 200 or fewer employees on each business day in each of 20 or more calendar weeks in such year or the preceding calendar year.

"(f) DENIAL OF DOUBLE BENEFIT.—No deduction or credit under any other provision of this chapter shall be allowed with respect to information technology training program expenses (determined without regard to the limitation under subsection (c)).

"(g) CERTAIN RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of section 45A(e)(2) and subsections (c), (d), and (e) of section 52 shall apply."

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (relating to current year business credit) is amended by striking "plus" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ", plus", and by adding at the end the following:

"(13) the information technology training program credit determined under section 45D."

(c) NO CARRYBACKS.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

"(9) NO CARRYBACK OF SECTION 45D CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the information technology training program credit determined under section 45D may be carried back to a taxable year ending before the date of the enactment of section 45D."

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following:

"Sec. 45D. Information technology training program expenses."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after the date of enactment of this Act in taxable years ending after such date.

On page 99, strike lines 11 through 14, and insert the following:

"(B) APPLICABLE PERCENTAGE.—

"(i) IN GENERAL.—Subject to clause (ii), for purposes of this paragraph, the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in:	**The applicable percentage is:**
2001	10 percent
2002	20 percent
2003	30 percent
2004	40 percent
2005 and thereafter	50 percent

On page 99, before line 15, insert the following:

"(ii) ADJUSTMENT.—The Secretary shall adjust any applicable percentage under clause (i) in order to reduce the reduction in revenues deposited in the Treasury as the result of the enactment of this subsection by $386,000,000.

CONRAD AMENDMENT NO. 1440

(Ordered to lie on the table.)

Mr. CONRAD submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 423, strike lines 1 through 3, and insert:

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to assumptions of liability after July 14, 1999.

(2) TRANSITION RULE.—In the case of any assumption of liability made pursuant to an agreement which was binding on July 14, 1999, and at all times thereafter, the amendments made by this section shall apply to such assumption of liability after September 30, 1999.

DORGAN AMENDMENT NO. 1441

(Ordered to lie on the table.)

Mr. DORGAN submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place, insert the following:

SEC. . SENSE OF CONGRESS REGARDING THE NEED FOR ADDITIONAL FEDERAL FUNDING AND TAX INCENTIVES FOR EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES AUTHORIZED AND DESIGNATED PURSUANT TO 1997 AND 1998 LAWS.

(a) FINDINGS.—The Senate finds that—

(1) providing Federal tax incentives and other incentives to distressed communities across the Nation to help them rebuild and grow was one of the important goals of the Taxpayer Relief Act of 1997 and the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999;

(2) to help reach that goal, the Taxpayer Relief Act of 1997 authorized 20 additional empowerment zones, 15 urban and 5 rural, followed by 20 new rural enterprise communities authorized in 1998;

(3) the 1997 law authorizing this second round of empowerment zones (EZs) was also significant and important because it broadened empowerment zone eligibility, for the first time, to Indian tribes and rural regions suffering from massive out-migration;

(4) many of our urban and rural communities are not sharing in the benefits of the prolonged economic expansion now enjoyed by many other parts of our country;

(5) a total of more than 250 economically distressed urban and rural communities competed for the 20 new empowerment zones and 20 new rural enterprise communities, and those areas designated as zones and communities should be provided with the Federal incentives and encouragement they need to attract new businesses, and the jobs they provide, in order to stimulate economic growth and improvement;

(6) unfortunately, those areas that are designated EZs or ECs under the 1997 and 1998 laws or rural economic area partnerships (REAPs) by the Department of Agriculture, are not given the full advantage of Social Services Block Grant funds, tax credits, and some other Federal incentives that Congress provided to the first round of empowerment zones and enterprise communities authorized pursuant to 1993 budget legislation;

(7) Congress should act swiftly to provide such designated areas an equal share of tax incentives, grant benefits, and other Federal support at aggregate levels of at least that provided by Congress to distressed urban and rural empowerment zones and enterprise communities pursuant to the 1993 omnibus budget reconciliation bill; and

(8) a fully funded second round of EZs and ECs is estimated to create and retain about 90,000 jobs and stimulate $10,000,000,000 in private and public investments over the next decade.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) if Congress and the President agree to a substantial tax relief measure, it should ensure that such measure includes full funding for the second round of empowerment zones and enterprise communities authorized in 1997 and 1998 as well as those areas currently designated rural economic area partnerships (REAPs) by the Department of Agriculture; and

(2) all such designated distressed areas, rural and urban, should equally share at least the same aggregate level of funding, tax incentives, and other Federal support that Congress provided to urban and rural empowerment zones and enterprise communities authorized by the 1993 omnibus budget reconciliation bill.

BREAUX (AND OTHERS) AMENDMENTS NO. 1442

Mr. BREAUX (for himself, Mr. CHAFEE, Mr. KERREY, Mr. JEFFORDS, Mr. TORRICELLI, Mr. SPECTER, Mr. BAYH, Ms. SNOWE, and Ms. COLLINS) proposed an amendment to the bill, S. 1429, supra; as follows:

Strike all after the enacting clause, and insert the following:

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the "Taxpayer Refund Act of 1999".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) SECTION 15 NOT TO APPLY.—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(d) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—BROAD-BASED TAX RELIEF

Sec. 101. Increase in standard deduction.
Sec. 102. Increase in maximum taxable income for 15 percent rate bracket.

TITLE II—FAMILY TAX RELIEF

Sec. 201. Modification of alternative minimum tax for individuals.
Sec. 202. Marriage penalty relief for earned income credit.
Sec. 203. Modification of dependent care credit.
Sec. 204. Exclusion for foster care payments to apply to payments by qualified placement agencies.

TITLE III—SAVINGS AND INVESTMENT PROVISIONS

Subtitle A—Long-Term Capital Gains

Sec. 301. Long-term capital gains deduction for individuals.

Subtitle B—Individual Retirement Arrangements

Sec. 311. Modification of deduction limits for IRA contributions.

Subtitle C—Expanding Coverage

Sec. 321. Option to treat elective deferrals as after-tax contributions.
Sec. 322. Increase in elective contribution limits.
Sec. 323. Plan loans for subchapter S owners, partners, and sole proprietors.
Sec. 324. Elective deferrals not taken into account for purposes of deduction limits.
Sec. 325. Reduced PBGC premium for new plans of small employers.
Sec. 326. Reduction of additional PBGC premium for new plans.
Sec. 327. Elimination of user fee for requests to IRS regarding new pension plans.
Sec. 328. Safe annuities and trusts.
Sec. 329. Modification of top-heavy rules.

Subtitle D—Enhancing Fairness for Women

Sec. 331. Catchup contributions for individuals age 50 or over.
Sec. 332. Equitable treatment for contributions of employees to defined contribution plans.
Sec. 333. Clarification of tax treatment of division of section 457 plan benefits upon divorce.
Sec. 334. Modification of safe harbor relief for hardship withdrawals from cash or deferred arrangements.
Sec. 335. Faster vesting of certain employer matching contributions.

Subtitle E—Increasing Portability for Participants

Sec. 341. Rollovers allowed among various types of plans.
Sec. 342. Rollovers of IRAs into workplace retirement plans.
Sec. 343. Rollovers of after-tax contributions.
Sec. 344. Hardship exception to 60-day rule.
Sec. 345. Treatment of forms of distribution.
Sec. 346. Rationalization of restrictions on distributions.
Sec. 347. Purchase of service credit in governmental defined benefit plans.
Sec. 348. Employers may disregard rollovers for purposes of cash-out amounts.
Sec. 349. Inclusion requirements for section 457 plans.

Subtitle F—Strengthening Pension Security and Enforcement

Sec. 351. Repeal of 150 percent of current liability funding limit.
Sec. 352. Extension of missing participants program to multiemployer plans.
Sec. 353. Excise tax relief for sound pension funding.
Sec. 354. Failure to provide notice by defined benefit plans significantly reducing future benefit accruals.
Sec. 355. Protection of investment of employee contributions to 401(k) plans.
Sec. 356. Treatment of multiemployer plans under section 415.

Subtitle G—Encouraging Retirement Education

Sec. 361. Periodic pension benefits Statements.
Sec. 362. Clarification of treatment of employer-provided retirement advice.

Subtitle H—Reducing Regulatory Burdens

Sec. 371. Flexibility in nondiscrimination and coverage rules.
Sec. 372. Modification of timing of plan valuations.
Sec. 373. Substantial owner benefits in terminated plans.
Sec. 374. ESOP dividends may be reinvested without loss of dividend deduction.
Sec. 375. Notice and consent period regarding distributions.
Sec. 376. Repeal of transition rule relating to certain highly compensated employees.
Sec. 377. Employees of tax-exempt entities.
Sec. 378. Extension to international organizations of moratorium on application of certain nondiscrimination rules applicable to State and local plans.
Sec. 379. Annual report dissemination.
Sec. 380. Modification of exclusion for employer provided transit passes.

Subtitle I—Plan Amendments

Sec. 381. Provisions relating to plan amendments.

TITLE IV—EDUCATION TAX RELIEF

Sec. 401. Permanent extension of exclusion for employer-provided educational assistance.
Sec. 402. Elimination of 60-month limit and increase in income limitation on student loan interest deduction.
Sec. 403. Modifications to qualified tuition programs.
Sec. 404. Additional increase in arbitrage rebate exception for governmental bonds used to finance educational facilities.
Sec. 405. Exclusion of certain amounts received under the National Health Service Corps Scholarship Program and the F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program.

TITLE V—HEALTH CARE RELIEF

Sec. 501. Deduction for health and long-term care insurance costs of individuals not participating in employer-subsidized health plans.
Sec. 502. Long-term care insurance permitted to be offered under cafeteria plans and flexible spending arrangements.
Sec. 503. Long-term care tax credit.
Sec. 504. Inclusion of certain vaccines against streptococcus pneumoniae to list of taxable vaccines; reduction in per dose tax rate.

TITLE VI—ESTATE TAX RELIEF

Sec. 601. Increase in unified estate and gift tax credit.

TITLE VII—SMALL BUSINESS AND AGRICULTURAL RELIEF

Sec. 701. Deduction for 100 percent of health insurance costs of self-employed individuals.
Sec. 702. Repeal of Federal unemployment surtax.
Sec. 703. Income averaging for farmers not to increase alternative minimum tax liability.
Sec. 704. Farm and ranch risk management accounts.
Sec. 705. Increase in estate tax deduction for family-owned business interest.
Sec. 706. Increase in expense treatment for small businesses.
Sec. 707. Recovery period for depreciation of certain leasehold improvements.

TITLE VIII—PROVISIONS RELATING TO HOUSING, REAL ESTATE, ENVIRONMENT, AND TRANSPORTATION

Subtitle A—Housing and Real Estate

Sec. 801. Modification of State ceiling on low-income housing credit.
Sec. 802. Increase in volume cap on private activity bonds.

Subtitle B—Environmental Provisions

Sec. 811. Tax credit for renovating historic homes.
Sec. 812. Extension and modification of credit for producing electricity from certain renewable resources.
Sec. 813. Extension of expensing of environmental remediation costs.
Sec. 814. Temporary suspension of maximum amount of amortizable reforestation expenditures.

Subtitle C—Transportation Provisions

Sec. 821. Repeal of certain motor fuel excise taxes on fuel used by railroads and on inland waterway transportation.

TITLE IX—CHARITABLE GIVING INCENTIVES

Sec. 901. Tax-free distributions from individual retirement accounts for charitable purposes.
Sec. 902. Increase in limit on charitable contributions as percentage of AGI.

TITLE X—EXTENSION OF EXPIRED AND EXPIRING PROVISIONS; INTERNATIONAL TAX RELIEF

Sec. 1001. Permanent extension and modification of research credit.
Sec. 1002. Work opportunity credit and welfare-to-work credit.
Sec. 1003. Subpart F exemption for active financing income.
Sec. 1004. Taxable income limit on percentage depletion for marginal production.
Sec. 1005. Repeal of foreign tax credit limitation under alternative minimum tax.

TITLE XI—REVENUE OFFSETS

Subtitle A—General Provisions

Sec. 1101. Modification of foreign tax credit carryback and carryover periods.
Sec. 1102. Returns relating to cancellations of indebtedness by organizations lending money.
Sec. 1103. Increase in elective withholding rate for nonperiodic distributions from deferred compensation plans.
Sec. 1104. Extension of Internal Revenue Service user fees.
Sec. 1105. Transfer of excess defined benefit plan assets for retiree health benefits.
Sec. 1106. Tax treatment of income and loss on derivatives.

Subtitle B—Loophole Closers

Sec. 1111. Limitation on use of non-accrual experience method of accounting.
Sec. 1112. Limitations on welfare benefit funds of 10 or more employer plans.

Sec. 1113. Modification of installment method and repeal of installment method for accrual method taxpayers.
Sec. 1114. Treatment of gain from constructive ownership transactions.
Sec. 1115. Charitable split-dollar life insurance, annuity, and endowment contracts.
Sec. 1116. Restriction on use of real estate investment trusts to avoid estimated tax payment requirements.
Sec. 1117. Prohibited allocations of S corporation stock held by an ESOP.
Sec. 1118. Modification of anti-abuse rules related to assumption of liability.
Sec. 1119. Allocation of basis on transfers of intangibles in certain nonrecognition transactions.
Sec. 1120. Controlled entities ineligible for REIT status.
Sec. 1121. Distributions to a corporate partner of stock in another corporation.

TITLE XII—COMPLIANCE WITH CONGRESSIONAL BUDGET ACT

Sec. 1201. Sunset of provisions of Act.

TITLE I—BROAD-BASED TAX RELIEF

SEC. 101. INCREASE IN STANDARD DEDUCTION.

Subsection (c) of section 63 (relating to standard deduction) is amended by adding at the end the following new paragraph:

"(7) Increase in amount.—

"(A) In general.—In the case of taxable years beginning in any calendar year beginning after 2000, the dollar amounts determined under paragraph (2) (after any increase under paragraph (4)) shall be increased by the applicable dollar amount for such calendar year.

"(B) Applicable dollar amount.—

"(i) Amount.—The applicable dollar amount for any calendar year shall be determined as follows:

"(I) Joint returns and surviving spouses.—In the case of the $5,000 amount under paragraph (2)(A)—

"Calendar year:	**Applicable dollar amount:**
2001 or 2002	$1,000
2003 or 2004	$2,000
2005 or 2006	$3,000
2007 and thereafter	$4,350.

"(II) Head of household.—In the case of the $4,400 amount under paragraph (2)(B)—

"Calendar year:	**Applicable dollar amount:**
2001 or 2002	$500
2003 or 2004	$1,000
2005 or 2006	$1,500
2007 and thereafter	$2,150.

"(III) Individual.—In the case of the $3,000 amount under paragraph (2)(C)—

"Calendar year:	**Applicable dollar amount:**
2001 or 2002	$300
2003 or 2004	$600
2005 or 2006	$900
2007 and thereafter	$1,300.

"(IV) Married filing separately.—In the case of the $2,500 amount under paragraph (2)(D)—

"Calendar year:	**Applicable dollar amount:**
2001 or 2002	$500
2003 or 2004	$1,000
2005 or 2006	$1,500
2007 and thereafter	$2,175.

"(ii) Cost-of-living adjustment.—In the case of any taxable year beginning in a calendar year after 2007, the applicable dollar amount under clause (i) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, except that subparagraph (B) thereof shall be applied by substituting 'calendar year 2006' for 'calendar year 1992'. If any amount as adjusted under this subparagraph is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50."

SEC. 102. INCREASE IN MAXIMUM TAXABLE INCOME FOR 15 PERCENT RATE BRACKET.

(a) In General.—Section 1(f) (relating to adjustments in tax tables so that inflation will not result in tax increases) is amended—

(1) in paragraph (2)—

(A) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D),

(B) by inserting after subparagraph (A) the following:

"(B) in the case of the tables contained in subsections (a), (b), (c), and (d), by increasing the maximum taxable income level for the 15 percent rate bracket and the minimum taxable income level for the 28 percent rate bracket otherwise determined under subparagraph (A) for taxable years beginning in any calendar year after 2004 by the applicable dollar amount for such calendar year,", and

(C) by striking "subparagraph (A)" in subparagraph (C) (as so redesignated) and inserting "subparagraphs (A) and (B)", and

(2) by adding at the end the following:

"(9) Applicable dollar amount.—For purposes of paragraph (2)(B)—

"(A) In general.—The applicable dollar amount for any calendar year shall be determined as follows:

"(i) Joint returns and surviving spouses.—In the case of the table contained in subsection (a)—

"Calendar year:	**Applicable dollar amount:**
2001	$500
2002	$1,000
2003 and thereafter	$5,000.

"(ii) Other tables.—In the case of the table contained in subsection (b), (c), or (d)—

"Calendar year:	**Applicable dollar amount:**
2001	$250
2002	$500
2003 and thereafter	$2,500.

"(B) Cost-of-living adjustment.—In the case of any taxable year beginning in any calendar year after 2003, the applicable dollar amount shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of living adjustment determined under paragraph (3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2002' for 'calendar year 1992' in subparagraph (B) thereof."

(b) Rounding.—Section 1(f)(6)(A) is amended by inserting "(after being increased under paragraph (2)(B))" after "paragraph (2)(A)".

TITLE II—FAMILY TAX RELIEF

SEC. 201. MODIFICATION OF ALTERNATIVE MINIMUM TAX FOR INDIVIDUALS.

(a) Nonrefundable Personal Credits Fully Allowed Against Regular Tax Liability.—Subsection (a) of section 26 (relating to limitation based on amount of tax) is amended to read as follows:

"(a) Limitation Based on Amount of Tax.—The aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the taxpayer's regular tax liability for the taxable year."

(b) Child credit.—Subsection (d) of section 24 is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(c) Effective date.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1998.

SEC. 202. MARRIAGE PENALTY RELIEF FOR EARNED INCOME CREDIT.

(a) In General.—Paragraph (2) of section 32(b) (relating to percentages and amounts) is amended—

(1) by striking "Amounts.—The earned" and inserting "Amounts.—

"(A) In general.—Subject to subparagraph (B), the earned", and

(2) by adding at the end the following new subparagraph:

"(B) Joint returns.—In the case of a joint return, the phaseout amount determined under subparagraph (A) shall be increased by $2,000."

(b) Inflation adjustment.—Paragraph (1)(B) of section 32(j) (relating to inflation adjustments) is amended to read as follows:

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined—

"(i) in the case of amounts in subsections (b)(1)(A) and (i)(1), by substituting 'calendar year 1995' for 'calendar year 1992' in subparagraph (B) thereof, and

"(ii) in the case of the $2,000 amount in subsection (b)(1)(B), by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) of such section 1."

(c) Rounding.—Section 32(j)(2)(A) (relating to rounding) is amended by striking "subsection (b)(2)" and inserting "subsection (b)(2)(A) (after being increased under subparagraph (B) thereof)".

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 203. MODIFICATION OF DEPENDENT CARE CREDIT.

(a) Increase in Percentage of Employment-Related Expenses Taken Into Account.—Subsection (a)(2) of section 21 (relating to expenses for household and dependent care services necessary for gainful employment) is amended—

(1) by striking "30 percent" and inserting "50 percent",

(2) by striking "$2,000" and inserting "$1,000", and

(3) by striking "$10,000" and inserting "$30,000".

(b) Indexing of Limit on Employment-Related Expenses.—Section 21(c) (relating to dollar limit on amount creditable) is amended to read as follows:

"(c) Dollar Limit on Amount Creditable.—

"(1) In general.—The amount of the employment-related expenses incurred during any taxable year which may be taken into account under subsection (a) shall not exceed—

"(A) an amount equal to 50 percent of the amount determined under subparagraph (B) if there is 1 qualifying individual with respect to the taxpayer for such taxable year, or

"(B) $4,800 if there are 2 or more qualifying individuals with respect to the taxpayer for such taxable year.

The amount determined under subparagraph (A) or (B) (whichever is applicable) shall be reduced by the aggregate amount excludable from gross income under section 129 for the taxable year.

"(2) Cost-of-living adjustment.—

"(A) In general.—In the case of a taxable year beginning after 2000, the $4,800 amount under paragraph (1)(B) shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1999' for 'calendar year 1992' in subparagraph (B) thereof.

"(B) Rounding rules.—If any amount after adjustment under subparagraph (A) is not a multiple of $50, such amount shall be rounded to the next lower multiple of $50."

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 204. EXCLUSION FOR FOSTER CARE PAYMENTS TO APPLY TO PAYMENTS BY QUALIFIED PLACEMENT AGENCIES.

(a) In General.—The matter preceding subparagraph (B) of section 131(b)(1) (defining qualified foster care payment) is amended to read as follows:

"(1) In general.—The term 'qualified foster care payment' means any payment made pursuant to a foster care program of a State or political subdivision thereof—

"(A) which is paid by—

"(i) the State or political subdivision thereof, or

"(ii) a qualified foster care placement agency of such State or political subdivision, and".

(b) Qualified Foster Individuals To Include Individuals Placed by Qualified Placement Agencies.—Subparagraph (B) of section 131(b)(2) (defining qualified foster individual) is amended to read as follows:

"(B) a qualified foster care placement agency."

(c) Qualified Foster Care Placement Agency Defined.—Subsection (b) of section 131 is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) Qualified foster care placement agency.—The term 'qualified foster care placement agency' means any placement agency which is licensed or certified by—

"(A) a State or political subdivision thereof, or

"(B) an entity designated by a State or political subdivision thereof,

to make foster care payments under the foster care program of such State or political subdivision to providers of foster care."

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

TITLE III—SAVINGS AND INVESTMENT PROVISIONS

Subtitle A—Long-Term Capital Gains

SEC. 301. LONG-TERM CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

(a) General Rule.—Part I of subchapter P of chapter 1 (relating to treatment of capital gains) is amended by redesignating section 1202 as section 1203 and by inserting after section 1201 the following new section:

"SEC. 1202. CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

"(a) In General.—In the case of an individual, there shall be allowed as a deduction for the taxable year an amount equal to the lesser of—

"(1) the net capital gain of the taxpayer for the taxable year, or

"(2) the applicable dollar amount.

"(b) Applicable Dollar Amount.—The applicable dollar amount for any calendar year shall be determined as follows:

"(1) Joint returns.—In the case of a taxpayer described in section 1(a)—

"Calendar year:	**Applicable dollar amount:**
2000 and 2001	$1,000
2002 and thereafter	$1,500.

"(2) Other taxpayers.—In the case of a taxpayer not described in paragraph (1)—

"Calendar year:	**Applicable dollar amount:**
2000 and 2001	$500
2002 and thereafter	$1,000.

"(c) Sales Between Related Parties.—Gains from sales and exchanges to any related person (within the meaning of section 267(b) or 707(b)(1)) shall not be taken into account in determining net capital gain.

"(d) Special Rule for Section 1250 Property.—Solely for purposes of this section, in applying section 1250 to any disposition of section 1250 property, all depreciation adjustments in respect of the property shall be treated as additional depreciation.

"(e) Section Not To Apply to Certain Taxpayers.—No deduction shall be allowed under this section to—

"(1) an individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins,

"(2) a married individual (within the meaning of section 7703) filing a separate return for the taxable year, or

"(3) an estate or trust.

"(f) Special Rule for Pass-Thru Entities.—

"(1) In general.—In applying this section with respect to any pass-thru entity, the determination of when the sale or exchange occurs shall be made at the entity level.

"(2) Pass-thru entity defined.—For purposes of paragraph (1), the term 'pass-thru entity' means—

"(A) a regulated investment company,

"(B) a real estate investment trust,

"(C) an S corporation,

"(D) a partnership,

"(E) an estate or trust, and

"(F) a common trust fund."

(b) Coordination With Maximum Capital Gains Rate.—Paragraph (3) of section 1(h) (relating to maximum capital gains rate) is amended to read as follows:

"(3) Coordination with other provisions.—For purposes of this subsection, the amount of the net capital gain shall be reduced (but not below zero) by the sum of—

"(A) the amount of the net capital gain taken into account under section 1202(a) for the taxable year, plus

"(B) the amount which the taxpayer elects to take into account as investment income for the taxable year under section 163(d)(4)(B)(iii)."

(c) Deduction Allowable in Computing Adjusted Gross Income.—Subsection (a) of section 62 (defining adjusted gross income) is amended by inserting after paragraph (17) the following new paragraph:

"(18) Long-term capital gains.—The deduction allowed by section 1202."

(d) Treatment of Collectibles.—

(1) In general.—Section 1222 (relating to other terms relating to capital gains and losses) is amended by inserting after paragraph (11) the following new paragraph:

"(12) Special rule for collectibles.—

"(A) In general.—Any gain or loss from the sale or exchange of a collectible shall be treated as a short-term capital gain or loss (as the case may be), without regard to the period such asset was held. The preceding sentence shall apply only to the extent the gain or loss is taken into account in computing taxable income.

"(B) Treatment of certain sales of interest in partnership, etc.—For purposes of subparagraph (A), any gain from the sale or exchange of an interest in a partnership, S corporation, or trust which is attributable to unrealized appreciation in the value of collectibles held by such entity shall be treated as gain from the sale or exchange of a collectible. Rules similar to the rules of section 751(f) shall apply for purposes of the preceding sentence.

"(C) Collectible.—For purposes of this paragraph, the term 'collectible' means any capital asset which is a collectible (as defined in section 408(m) without regard to paragraph (3) thereof)."

(2) Charitable deduction not affected.—

(A) Paragraph (1) of section 170(e) is amended by adding at the end the following new sentence: "For purposes of this paragraph, section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)."

(B) Clause (iv) of section 170(b)(1)(C) is amended by inserting before the period at the end the following: "and section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)".

(e) Conforming Amendments.—

(1) Section 57(a)(7) is amended by striking "1202" and inserting "1203".

(2) Clause (iii) of section 163(d)(4)(B) is amended to read as follows:

"(iii) the sum of—

"(I) the portion of the net capital gain referred to in clause (ii)(II) (or, if lesser, the net capital gain referred to in clause (ii)(I)) taken into account under section 1202, reduced by the amount of the deduction allowed with respect to such gain under section 1202, plus

"(II) so much of the gain described in subclause (I) which is not taken into account under section 1202 and which the taxpayer elects to take into account under this clause."

(3) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

"(B) the deduction under section 1202 and the exclusion under section 1203 shall not be allowed."

(4) Section 642(c)(4) is amended by striking "1202" and inserting "1203".

(5) Section 643(a)(3) is amended by striking "1202" and inserting "1203".

(6) Paragraph (4) of section 691(c) is amended inserting "1203," after "1202,".

(7) The second sentence of section 871(a)(2) is amended by inserting "or 1203" after "section 1202".

(8) The last sentence of section 1044(d) is amended by striking "1202" and inserting "1203".

(9) Paragraph (1) of section 1402(i) is amended by inserting ", and the deduction provided by section 1202 and the exclusion provided by section 1203 shall not apply" before the period at the end.

(10) Section 121 is amended by adding at the end the following new subsection:

"(h) Cross Reference.—

"For treatment of eligible gain not excluded under subsection (a), see section 1202."

(11) Section 1203, as redesignated by subsection (a), is amended by adding at the end the following new subsection:

"(l) Cross Reference.—

"For treatment of eligible gain not excluded under subsection (a), see section 1202."

(12) The table of sections for part I of subchapter P of chapter 1 is amended by striking the item relating to section 1202 and by inserting after the item relating to section 1201 the following new items:

"Sec. 1202. Capital gains deduction.
"Sec. 1203. 50-percent exclusion for gain from certain small business stock."

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1999.

(2) COLLECTIBLES.—The amendments made by subsection (d) shall apply to sales and exchanges after December 31, 1999.

Subtitle B—Individual Retirement Arrangements

SEC. 311. MODIFICATION OF DEDUCTION LIMITS FOR IRA CONTRIBUTIONS.

(a) INCREASE IN CONTRIBUTION LIMIT.—

(1) IN GENERAL.—Paragraph (1)(A) of section 219(b) (relating to maximum amount of deduction) is amended by striking "$2,000" and inserting "the deductible amount".

(2) DEDUCTIBLE AMOUNT.—Section 219(b) is amended by adding at the end the following new paragraph:

"(5) DEDUCTIBLE AMOUNT.—For purposes of paragraph (1)(A)—

"(A) IN GENERAL.—The deductible amount shall be determined in accordance with the following table:

"For taxable years beginning in:	The deductible amount is:
2001	$1,500
2002	$2,000
2003 and thereafter	$3,500.

"(B) COST-OF-LIVING ADJUSTMENT.—

"(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2003, the $3,500 amount under subparagraph (A) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2002' for 'calendar year 1992' in subparagraph (B) thereof.

"(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $100, such amount shall be rounded to the next lower multiple of $100."

Subtitle C—Expanding Coverage

SEC. 321. OPTION TO TREAT ELECTIVE DEFERRALS AS AFTER-TAX CONTRIBUTIONS.

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 (relating to deferred compensation, etc.) is amended by inserting after section 402 the following new section:

"SEC. 402A. OPTIONAL TREATMENT OF ELECTIVE DEFERRALS AS PLUS CONTRIBUTIONS.

"(a) GENERAL RULE.—If an applicable retirement plan includes a qualified plus contribution program—

"(1) any designated plus contribution made by an employee pursuant to the program shall be treated as an elective deferral for purposes of this chapter, except that such contribution shall not be excludable from gross income, and

"(2) such plan (and any arrangement which is part of such plan) shall not be treated as failing to meet any requirement of this chapter solely by reason of including such program.

"(b) QUALIFIED PLUS CONTRIBUTION PROGRAM.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified plus contribution program' means a program under which an employee may elect to make designated plus contributions in lieu of all or a portion of elective deferrals the employee is otherwise eligible to make under the applicable retirement plan.

"(2) SEPARATE ACCOUNTING REQUIRED.—A program shall not be treated as a qualified plus contribution program unless the applicable retirement plan—

"(A) establishes separate accounts ('designated plus accounts') for the designated plus contributions of each employee and any earnings properly allocable to the contributions, and

"(B) maintains separate recordkeeping with respect to each account.

"(c) DEFINITIONS AND RULES RELATING TO DESIGNATED PLUS CONTRIBUTIONS.—For purposes of this section—

"(1) DESIGNATED PLUS CONTRIBUTION.—The term 'designated plus contribution' means any elective deferral which—

"(A) is excludable from gross income of an employee without regard to this section, and

"(B) the employee designates (at such time and in such manner as the Secretary may prescribe) as not being so excludable.

"(2) DESIGNATION LIMITS.—The amount of elective deferrals which an employee may designate under paragraph (1) shall not exceed the excess (if any) of—

"(A) the maximum amount of elective deferrals excludable from gross income of the employee for the taxable year (without regard to this section), over

"(B) the aggregate amount of elective deferrals of the employee for the taxable year which the employee does not designate under paragraph (1).

"(3) ROLLOVER CONTRIBUTIONS.—

"(A) IN GENERAL.—A rollover contribution of any payment or distribution from a designated plus account which is otherwise allowable under this chapter may be made only if the contribution is to—

"(i) another designated plus account of the individual from whose account the payment or distribution was made, or

"(ii) a Roth IRA of such individual.

"(B) COORDINATION WITH LIMIT.—Any rollover contribution to a designated plus account under subparagraph (A) shall not be taken into account for purposes of paragraph (1).

"(d) DISTRIBUTION RULES.—For purposes of this title—

"(1) EXCLUSION.—Any qualified distribution from a designated plus account shall not be includible in gross income.

"(2) QUALIFIED DISTRIBUTION.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'qualified distribution' has the meaning given such term by section 408A(d)(2)(A) (without regard to clause (iv) thereof).

"(B) DISTRIBUTIONS WITHIN NONEXCLUSION PERIOD.—A payment or distribution from a designated plus account shall not be treated as a qualified distribution if such payment or distribution is made within the 5-taxable-year period beginning with the earlier of—

"(i) the 1st taxable year for which the individual made a designated plus contribution to any designated plus account established for such individual under the same applicable retirement plan, or

"(ii) if a rollover contribution was made to such designated plus account from a designated plus account previously established for such individual under another applicable retirement plan, the 1st taxable year for which the individual made a designated plus contribution to such previously established account.

"(C) DISTRIBUTIONS OF EXCESS DEFERRALS AND EARNINGS.—The term 'qualified distribution' shall not include any distribution of any excess deferral under section 402(g)(2) and any income on the excess deferral.

"(3) AGGREGATION RULES.—Section 72 shall be applied separately with respect to distributions and payments from a designated plus account and other distributions and payments from the plan.

"(e) OTHER DEFINITIONS.—For purposes of this section—

"(1) APPLICABLE RETIREMENT PLAN.—The term 'applicable retirement plan' means—

"(A) an employees' trust described in section 401(a) which is exempt from tax under section 501(a), and

"(B) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b).

"(2) ELECTIVE DEFERRAL.—The term 'elective deferral' means any elective deferral described in subparagraph (A) or (C) of section 402(g)(3)."

(b) EXCESS DEFERRALS.—Section 402(g) (relating to limitation on exclusion for elective deferrals) is amended—

(1) by adding at the end of paragraph (1) the following new sentence: "The preceding sentence shall not apply to so much of such excess as does not exceed the designated plus contributions of the individual for the taxable year.", and

(2) by inserting "(or would be included but for the last sentence thereof)" after "paragraph (1)" in paragraph (2)(A).

(c) ROLLOVERS.—Subparagraph (B) of section 402(c)(8) is amended by adding at the end the following:

"If any portion of an eligible rollover distribution is attributable to payments or distributions from a designated plus account (as defined in section 402A), an eligible retirement plan with respect to such portion shall include only another designated plus account and a Roth IRA."

(d) REPORTING REQUIREMENTS.—

(1) W-2 INFORMATION.—Section 6051(a)(8) is amended by inserting ", including the amount of designated plus contributions (as defined in section 402A)" before the comma at the end.

(2) INFORMATION.—Section 6047 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) DESIGNATED PLUS CONTRIBUTIONS.—The Secretary shall require the plan administrator of each applicable retirement plan (as defined in section 402A) to make such returns and reports regarding designated plus contributions (as so defined) to the Secretary, participants and beneficiaries of the plan, and such other persons as the Secretary may prescribe."

(e) CONFORMING AMENDMENTS.—

(1) Section 408A(e) is amended by adding after the first sentence the following new sentence: "Such term includes a rollover contribution described in section 402A(c)(3)(A)."

(2) The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by inserting after the item relating to section 402 the following new item:

"Sec. 402A. Optional treatment of elective deferrals as plus contributions."

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 322. INCREASE IN ELECTIVE CONTRIBUTION LIMITS.

(a) ELECTIVE DEFERRALS.—

(1) IN GENERAL.—Paragraph (1) of section 402(g) (relating to limitation on exclusion for elective deferrals) is amended to read as follows:

"(1) IN GENERAL.—

"(A) LIMITATION.—Notwithstanding subsections (e)(3) and (h)(1)(B), the elective deferrals of any individual for any taxable year shall be included in such individual's gross income to the extent the amount of such deferrals for the taxable year exceeds the applicable dollar amount.

"(B) APPLICABLE DOLLAR AMOUNT.—For purposes of subparagraph (A), the applicable dollar amount shall be the amount determined in accordance with the following table:

"For taxable years beginning in calendar year:	**The applicable dollar amount is:**
2001	$11,000
2002	$12,000
2003	$13,000
2004	$14,000
2005 or thereafter	$15,000

(2) COST-OF-LIVING ADJUSTMENT.—Paragraph (5) of section 402(g) is amended to read as follows:

"(5) COST-OF-LIVING ADJUSTMENT.—In the case of taxable years beginning after December 31, 2005, the Secretary shall adjust the $15,000 amount under paragraph (1)(B) at the same time and in the same manner as under section 415(d); except that the base period shall be the calendar quarter beginning July 1, 2004, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500."

(3) CONFORMING AMENDMENTS.—

(A) Section 402(g) (relating to limitation on exclusion for elective deferrals), as amended by paragraphs (1) and (2), is further amended by striking paragraph (4) and redesignating paragraphs (5), (6), (7), (8), and (9) as paragraphs (4), (5), (6), (7), and (8), respectively.

(B) Paragraph (2) of section 457(c) is amended by striking "402(g)(8)(A)(iii)" and inserting "402(g)(7)(A)(iii)".

(C) Clause (iii) of section 501(c)(18)(D) is amended by striking "(other than paragraph (4) thereof)".

(b) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Section 457 (relating to deferred compensation plans of State and local governments and tax-exempt organizations) is amended—

(A) by striking "$7,500" each place it appears in subsections (b)(2)(A) and (c)(1) and inserting "the applicable dollar amount", and

(B) by striking "$15,000" in subsection (b)(3)(A) and inserting "twice the dollar amount in effect under subsection (b)(2)(A)".

(2) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—Paragraph (15) of section 457(e) is amended to read as follows:

"(15) APPLICABLE DOLLAR AMOUNT.—

"(A) IN GENERAL.—The applicable dollar amount shall be the amount determined in accordance with the following table:

"For taxable years beginning in calendar year:	**The applicable dollar amount is:**
2001	$9,000
2002	$10,000
2003	$11,000
2004 or thereafter	$12,000.

"(B) COST-OF-LIVING ADJUSTMENTS.—In the case of taxable years beginning after December 31, 2004, the Secretary shall adjust the $12,000 amount specified in the table in subparagraph (A) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning July 1, 2003, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500."

(c) SIMPLE RETIREMENT ACCOUNTS.—

(1) LIMITATION.—Clause (ii) of section 408(p)(2)(A) (relating to general rule for qualified salary reduction arrangement) is amended by striking "$6,000" and inserting "the applicable dollar amount".

(2) APPLICABLE DOLLAR AMOUNT.—Subparagraph (E) of 408(p)(2) is amended to read as follows:

"(E) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—

"(i) IN GENERAL.—For purposes of subparagraph (A)(ii), the applicable dollar amount shall be the amount determined in accordance with the following table:

"For taxable years beginning in calendar year:	**The applicable dollar amount is:**
2001	$7,000
2002	$8,000
2003	$9,000
2004 or thereafter	$10,000.

"(ii) COST-OF-LIVING ADJUSTMENT.—In the case of a year beginning after December 31, 2004, the Secretary shall adjust the $10,000 amount under clause (i) at the same time and in the same manner as under section 415(d), except that the base period taken into account shall be the calendar quarter beginning July 1, 2003, and any increase under this subparagraph which is not a multiple of $500 shall be rounded to the next lower multiple of $500."

(3) CONFORMING AMENDMENTS.—

(A) Subclause (I) of section 401(k)(11)(B)(i) is amended by striking "$6,000" and inserting "the amount in effect under section 408(p)(2)(A)(ii)".

(B) Section 401(k)(11) is amended by striking subparagraph (E).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 323. PLAN LOANS FOR SUBCHAPTER S OWNERS, PARTNERS, AND SOLE PROPRIETORS.

(a) AMENDMENT TO 1986 CODE.—Subparagraph (B) of section 4975(f)(6) (relating to exemptions not to apply to certain transactions) is amended by adding at the end the following new clause:

"(iii) LOAN EXCEPTION.—For purposes of subparagraph (A)(i), the term 'owner-employee' shall only include a person described in subclause (II) or (III) of clause (i)."

(b) AMENDMENT TO ERISA.—Section 408(d)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(d)(2)) is amended by adding at the end the following new subparagraph:

"(C) For purposes of paragraph (1)(A), the term 'owner-employee' shall only include a person described in clause (ii) or (iii) of subparagraph (A)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to loans made after December 31, 2000.

SEC. 324. ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF DEDUCTION LIMITS.

(a) IN GENERAL.—Section 404 (relating to deduction for contributions of an employer to an employees' trust or annuity plan and compensation under a deferred payment plan) is amended by adding at the end the following new subsection:

"(n) ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF DEDUCTION LIMITS.—Elective deferrals (as defined in section 402(g)(3)) shall not be subject to any limitation contained in paragraph (3), (7), or (9) of subsection (a), and such elective deferrals shall not be taken into account in applying any such limitation to any other contributions."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 2000.

SEC. 325. REDUCED PBGC PREMIUM FOR NEW PLANS OF SMALL EMPLOYERS.

(a) IN GENERAL.—Subparagraph (A) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(A)) is amended—

(1) in clause (i), by inserting "other than a new single-employer plan (as defined in subparagraph (F)) maintained by a small employer (as so defined)," after "single-employer plan,",

(2) in clause (iii), by striking the period at the end and inserting ", and", and

(3) by adding at the end the following new clause:

"(iv) in the case of a new single-employer plan (as defined in subparagraph (F)) maintained by a small employer (as so defined) for the plan year, $5 for each individual who is a participant in such plan during the plan year."

(b) DEFINITION OF NEW SINGLE-EMPLOYER PLAN.—Section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)) is amended by adding at the end the following new subparagraph:

"(F)(i) For purposes of this paragraph, a single-employer plan maintained by a contributing sponsor shall be treated as a new single-employer plan for each of its first 5 plan years if, during the 36-month period ending on the date of the adoption of such plan, the sponsor or any member of such sponsor's controlled group (or any predecessor of either) had not established or maintained a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new single-employer plan.

"(ii)(I) For purposes of this paragraph, the term 'small employer' means an employer which on the first day of any plan year has, in aggregation with all members of the controlled group of such employer, 100 or fewer employees.

"(II) In the case of a plan maintained by 2 or more contributing sponsors that are not part of the same controlled group, the employees of all contributing sponsors and controlled groups of such sponsors shall be aggregated for purposes of determining whether any contributing sponsor is a small employer."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plans established after December 31, 2000.

SEC. 326. REDUCTION OF ADDITIONAL PBGC PREMIUM FOR NEW PLANS.

(a) IN GENERAL.—Subparagraph (E) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by adding at the end the following new clause:

"(v) In the case of a new defined benefit plan, the amount determined under clause (ii) for any plan year shall be an amount equal to the product of the amount determined under clause (ii) and the applicable percentage. For purposes of this clause, the term 'applicable percentage' means—

"(I) 0 percent, for the first plan year.

"(II) 20 percent, for the second plan year.

"(III) 40 percent, for the third plan year.

"(IV) 60 percent, for the fourth plan year.

"(V) 80 percent, for the fifth plan year.

For purposes of this clause, a defined benefit plan (as defined in section 3(35)) maintained by a contributing sponsor shall be treated as a new defined benefit plan for its first 5 plan years if, during the 36-month period ending on the date of the adoption of the plan, the sponsor and each member of any controlled group including the sponsor (or any predecessor of either) did not establish or maintain a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new plan."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plans established after December 31, 2000.

SEC. 327. ELIMINATION OF USER FEE FOR REQUESTS TO IRS REGARDING NEW PENSION PLANS.

(a) ELIMINATION OF CERTAIN USER FEES.—The Secretary of the Treasury or the Secretary's delegate shall not require payment of user fees under the program established under section 7527 of the Internal Revenue Code of 1986 for requests to the Internal Revenue Service for ruling letters, opinion letters, and determination letters or similar requests with respect to the qualified status of a new pension benefit plan or any trust which is part of the plan.

(b) NEW PENSION BENEFIT PLAN.—For purposes of this section—

(1) IN GENERAL.—The term "new pension benefit plan" means a pension, profit-sharing, stock bonus, annuity, or employee stock ownership plan which is maintained by one or more eligible employers if such employer (or any predecessor employer) has not made a prior request described in subsection (a) for such plan (or any predecessor plan).

(2) ELIGIBLE EMPLOYER.—The term "eligible employer" means an employer (or any predecessor employer) which has not established or maintained a qualified employer plan with respect to which contributions were made, or benefits were accrued for service, in the 3 most recent taxable years ending prior to the first taxable year in which the request is made.

(c) EFFECTIVE DATE.—The provisions of this section shall apply with respect to requests made after December 31, 2000.

SEC. 328. SAFE ANNUITIES AND TRUSTS.

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 (relating to deferred compensation, etc.) is amended by inserting after section 408A the following new section:

"SEC. 408B. SAFE ANNUITIES AND TRUSTS.

"(a) EMPLOYER ELIGIBILITY.—

"(1) IN GENERAL.—An employer may establish and maintain a SAFE annuity or a SAFE trust for any year only if—

"(A) the employer is an eligible employer (as defined in section 408(p)(2)(C)), and

"(B) the employer does not maintain (and no predecessor of the employer maintains) a qualified plan (other than a permissible plan) with respect to which contributions were made, or benefits were accrued, for service in any year in the period beginning with the year such annuity or trust became effective and ending with the year for which the determination is being made.

"(2) DEFINITIONS.—For purposes of paragraph (1)—

"(A) QUALIFIED PLAN.—The term 'qualified plan' has the meaning given such term by section 408(p)(2)(D)(ii).

"(B) PERMISSIBLE PLAN.—The term 'permissible plan' means—

"(i) a SIMPLE plan described in section 408(p),

"(ii) a SIMPLE 401(k) plan described in section 401(k)(11),

"(iii) an eligible deferred compensation plan described in section 457(b),

"(iv) a collectively bargained plan but only if the employees eligible to participate in such plan are not also entitled to a benefit described in subsection (b)(5) or (c)(5), or

"(v) a plan under which there may be made only—

"(I) elective deferrals described in section 402(g)(3), and

"(II) employer matching contributions not in excess of the amounts described in subclauses (I) and (II) of section 401(k)(12)(B)(i).

"(b) SAFE ANNUITY.—

"(1) IN GENERAL.—For purposes of this title, the term 'SAFE annuity' means an individual retirement annuity (as defined in section 408(b) without regard to paragraph (2) thereof and without regard to the limitation on aggregate annual premiums contained in the flush language of section 408(b)) if—

"(A) such annuity meets the requirements of paragraphs (2) through (7), and

"(B) the only contributions to such annuity (other than rollover contributions) are employer contributions.

Nothing in this section shall be construed as preventing an employer from using a group annuity contract which is divisible into individual retirement annuities for purposes of providing SAFE annuities.

"(2) PARTICIPATION REQUIREMENTS.—

"(A) IN GENERAL.—The requirements of this paragraph are met for any year only if all employees of the employer who—

"(i) received at least $5,000 in compensation from the employer during any 2 consecutive preceding years, and

"(ii) received at least $5,000 in compensation during the year,

are entitled to the benefit described in paragraph (5) for such year.

"(B) EXCLUDABLE EMPLOYEES.—An employer may elect to exclude from the requirements under subparagraph (A) employees described in section 410(b)(3).

"(3) VESTING.—The requirements of this paragraph are met if the employee's rights to any benefits under the annuity are nonforfeitable.

"(4) BENEFIT FORM.—

"(A) IN GENERAL.—The requirements of this paragraph are met if the only form of benefit is—

"(i) a benefit payable annually in the form of a single life annuity with monthly payments (with no ancillary benefits) beginning at age 65, or

"(ii) at the election of the participant, any other form of benefit which is the actuarial equivalent (based on the assumptions specified in the SAFE annuity) of the benefit described in clause (i).

The requirements of section 401(a)(11) shall apply to the benefits described in this subparagraph.

"(B) DIRECT TRANSFERS AND ROLLOVERS.—A plan shall not fail to meet the requirements of this paragraph by reason of permitting, at the election of the employee, a trustee-to-trustee transfer or a rollover contribution.

"(5) AMOUNT OF ANNUAL ACCRUED BENEFIT.—

"(A) IN GENERAL.—The requirements of this paragraph are met for any year if the accrued benefit of each participant derived from employer contributions for such year, when expressed as a benefit described in paragraph (4)(A), is not less than the applicable percentage of the participant's compensation for such year.

"(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'applicable percentage' means 3 percent.

"(ii) ELECTION OF LOWER PERCENTAGE.—An employer may elect to apply an applicable percentage of 1 percent, 2 percent or zero percent for any plan year for all employees eligible to participate in the plan for such year if the employer notifies the employees of such percentage within a reasonable period before the beginning of such year.

"(C) COMPENSATION LIMIT.—The compensation taken into account under this paragraph for any year shall not exceed the limitation in effect for such year under section 401(a)(17).

"(D) CREDIT FOR SERVICE BEFORE PLAN ADOPTED.—

"(i) IN GENERAL.—An employer may elect to take into account a specified number of years of service (not greater than 10) performed before the adoption of the plan (each hereinafter referred to as a 'prior service year') as service under the plan if the same specified number of years is available to all employees eligible to participate in the plan for the first plan year.'

"(ii) ACCRUAL OF PRIOR SERVICE BENEFIT.—Such an election shall be effective for a prior service year only if the requirements of this paragraph are met for an eligible plan year (with respect to employees entitled to credit for such prior service year) by doubling the applicable percentage (if any) for such plan year. For purposes of the preceding sentence, an eligible plan year is a plan year in the period of consecutive plan years (but not more than the number specified under clause (i)) beginning with the first plan year that the plan is in effect.

"(iii) ELECTION MAY NOT APPLY TO CERTAIN PRIOR SERVICE YEARS.—This subparagraph shall not apply with respect to any prior service year of an employee if—

"(I) for any part of such prior service year such employee was an active participant (within the meaning of section 219(g)(5)) under any defined benefit plan of the employer (or any predecessor thereof), or

"(II) such employee received during such prior service year less than $5,000 in compensation from the employer.

"(6) FUNDING.—

"(A) IN GENERAL.—The requirements of this paragraph are met only if the employer is required to contribute to the annuity for each plan year the amount necessary to purchase a SAFE annuity in the amount of the benefit accrued for such year for each participant entitled to such benefit.

"(B) TIME WHEN CONTRIBUTIONS DEEMED MADE.—For purposes of this paragraph, an employer shall be deemed to have made a contribution on the last day of the preceding taxable year if the payment is on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (including extensions thereof).

"(C) PENALTY FOR FAILURE TO MAKE REQUIRED CONTRIBUTION.—The taxes imposed by section 4971 shall apply to a failure to make the contribution required by this paragraph in the same manner as if the amount of the failure were an accumulated funding deficiency to which such section applies.

"(7) LIMITATION ON DISTRIBUTIONS.—The requirements of this paragraph are met only if payments under the contract may be made only after the employee attains age 65 or when the employee separates from service, dies, or becomes disabled (within the meaning of section 72(m)(7)).

"(c) SAFE TRUST.—

"(1) IN GENERAL.—For purposes of this title, the term 'SAFE trust' means a trust forming part of a defined benefit plan if—

"(A) such trust meets the requirements of section 401(a) as modified by subsection (d),

"(B) a participant's benefits under the plan are based solely on the balance of a separate account in such plan of such participant,

"(C) such plan meets the requirements of paragraphs (2) through (8), and

"(D) the only contributions to such trust (other than rollover contributions) are employer contributions.

"(2) PARTICIPATION REQUIREMENTS.—A plan meets the requirements of this paragraph for any year only if the requirements of subsection (b)(2) are met for such year.

"(3) VESTING.—A plan meets the requirements of this paragraph for any year only if the requirements of subsection (b)(3) are met for such year.

"(4) BENEFIT FORM.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a plan meets the requirements of this paragraph only if the trustee distributes a SAFE annuity that satisfies subsection (b)(4) where the annual benefit described in subsection (b)(4)(A) is not less than the accrued benefit determined under paragraph (5).

"(B) DIRECT TRANSFERS TO INDIVIDUAL RETIREMENT PLAN OR SAFE ANNUITY.—A plan shall not fail to meet the requirements of this paragraph by reason of permitting, as an optional form of benefit, the distribution of the entire balance to the credit of the employee. If the employee is under age 65, such distribution must be in the form of a direct trustee-to-trustee transfer to a SAFE annuity, another SAFE trust, or a SAFE rollover plan (or, in the case of a distribution that does not exceed the dollar limit in effect under section 411(a)(11)(A), any other individual retirement plan).

"(C) SAFE ROLLOVER PLAN.—For purposes of this section, the term 'SAFE rollover plan' means an individual retirement plan for the benefit of the employee to which a rollover was made from a SAFE annuity, SAFE trust, or another SAFE rollover plan.

"(5) AMOUNT OF ANNUAL ACCRUED BENEFIT.—A plan meets the requirements of this paragraph for any year only if the requirements of subsection (b)(5) are met for such year.

"(6) FUNDING.—

"(A) IN GENERAL.—A plan meets the requirements of this paragraph for any year only if—

"(i) the requirements of subsection (b)(6) are met for such year,

"(ii) in the case of a plan which has an unfunded annuity amount with respect to the account of any participant, the plan requires that the employer make an additional contribution to such plan (at the time the annuity contract to which such amount relates is purchased) equal to the unfunded annuity amount, and

"(iii) in the case of a plan which has an unfunded prior year liability as of the close of such plan year, the plan requires that the employer make an additional contribution to such plan for such year equal to the amount of such unfunded prior year liability no later than 8½ months following the end of the plan year.

"(B) UNFUNDED ANNUITY AMOUNT.—For purposes of this paragraph, the term 'unfunded annuity amount' means, with respect to the account of any participant for whom an annuity is being purchased, the excess (if any) of—

"(i) the amount necessary to purchase an annuity contract which meets the requirements of subsection (b)(4) in the amount of the participant's accrued benefit determined under paragraph (5), over

"(ii) the balance in such account at the time such contract is purchased.

"(C) UNFUNDED PRIOR YEAR LIABILITY.—For purposes of this paragraph, the term 'unfunded prior year liability' means, with respect to any plan year, the excess (if any) of—

"(i) the aggregate of the present value of the accrued liabilities under the plan as of the close of the prior plan year, over

"(ii) the value of the plan's assets determined under section 412(c)(2) as of the close of the plan year (determined without regard to any contributions for such plan year).

Such present value shall be determined using the assumptions specified in subparagraph (D).

"(D) ACTUARIAL ASSUMPTIONS.—In determining the amount required to be contributed under subparagraph (A)—

"(i) the assumed interest rate shall be not less than 3 percent, and not greater than 5 percent, per year,

"(ii) the assumed mortality shall be determined under the applicable mortality table (as defined in section 417(e)(3), as modified by the Secretary so that it does not include any assumption for preretirement mortality), and

"(iii) the assumed retirement age shall be 65.

"(E) CHANGES IN MORTALITY TABLE.—If, for purposes of this subsection, the applicable mortality table under section 417(e)(3) for any plan year is not the same as such table for the prior plan year, the Secretary shall prescribe regulations for such purposes which phase in the effect of the changes over a reasonable period of plan years determined by the Secretary.

"(F) PENALTY FOR FAILURE TO MAKE REQUIRED CONTRIBUTION.—The taxes imposed by section 4971 shall apply to a failure to make the contribution required by this paragraph in the same manner as if the amount of the failure were an accumulated funding deficiency to which such section applies.

"(7) SEPARATE ACCOUNTS FOR PARTICIPANTS.—A plan meets the requirements of this paragraph for any year only if the plan provides—

"(A) for an individual account for each participant, and

"(B) for benefits based solely on—

"(i) the amount contributed to the participant's account,

"(ii) any income, expenses, gains and losses, and any forfeitures of accounts of other participants which may be allocated to such participant's account, and

"(iii) the amount of any unfunded annuity amount with respect to the participant.

"(8) TRUST MAY NOT HOLD SECURITIES WHICH ARE NOT READILY TRADABLE.—A plan meets the requirements of this paragraph only if the plan prohibits the trust from holding directly or indirectly securities which are not readily tradable on an established securities market or otherwise. Nothing in this paragraph shall prohibit the trust from holding insurance company products regulated by State law.

"(d) SPECIAL RULES FOR SAFE ANNUITIES AND TRUSTS.—

"(1) CERTAIN REQUIREMENTS TREATED AS MET.—For purposes of section 401(a), a SAFE annuity and a SAFE trust shall be treated as meeting the requirements of the following provisions:

"(A) Section 401(a)(4) (relating to nondiscrimination rules).

"(B) Section 401(a)(26) (relating to minimum participation).

"(C) Section 410 (relating to minimum participation and coverage requirements).

"(D) Section 411(b) (relating to accrued benefit requirements).

"(E) Section 412 (relating to minimum funding standards).

"(F) Section 415 (relating to limitations on benefits and contributions under qualified plans).

"(G) Section 416 (relating to special rules for top-heavy plans).

"(2) CONTRIBUTIONS NOT TAKEN INTO ACCOUNT IN APPLYING LIMITS TO OTHER PLANS.—

"(A) DEDUCTION LIMITS.—Contributions to a SAFE annuity or a SAFE trust shall not be taken into account in applying sections 404 to other plans maintained by the employer.

"(B) BENEFIT LIMITS.—A SAFE annuity or a SAFE trust shall be treated as a defined benefit plan for purposes of section 415.

"(3) USE OF DESIGNATED FINANCIAL INSTITUTIONS.—A rule similar to the rule of section 408(p)(7) (without regard to the last sentence thereof) shall apply for purposes of this section.

"(4) DEFINITIONS.—The definitions in section 408(p)(6) shall apply for purposes of this section."

(b) DEDUCTION LIMITS NOT TO APPLY TO EMPLOYER CONTRIBUTIONS.—

(1) IN GENERAL.—Section 404 (relating to deductions for contributions of an employer to pension, etc., plans), as amended by section 314, is amended by adding at the end the following new subsection:

"(o) SPECIAL RULES FOR SAFE ANNUITIES.—

"(1) IN GENERAL.—Employer contributions to a SAFE annuity shall be treated as if they are made to a plan subject to the requirements of this section.

"(2) DEDUCTIBLE LIMIT.—For purposes of subsection (a)(1)(A)(i), the amount necessary to satisfy the minimum funding requirement of section 408B(b)(6) or (c)(6) shall be treated as the amount necessary to satisfy the minimum funding requirement of section 412."

(2) COORDINATION WITH DEDUCTION UNDER SECTION 219.—

(A) Section 219(b) (relating to maximum amount of deduction), as amended by section 301, is amended by adding at the end the following new paragraph:

"(6) SPECIAL RULE FOR SAFE ANNUITIES.—This section shall not apply with respect to any amount contributed to a SAFE annuity established under section 408B(b)."

(B) Section 219(g)(5)(A) (defining active participant) is amended by striking "or" at the end of clause (v) and by adding at the end the following new clause:

"(vii) any SAFE annuity (within the meaning of section 408B), or".

(c) CONTRIBUTIONS AND DISTRIBUTIONS.—

(1) Section 402 (relating to taxability of beneficiary of employees' trust) is amended by adding at the end the following new subsection:

"(l) TREATMENT OF SAFE ANNUITIES.—Rules similar to the rules of paragraphs (1) and (3) of subsection (h) shall apply to contributions and distributions with respect to a SAFE annuities under section 408B."

(2) Section 408(d)(3) is amended by adding at the end the following new subparagraph:

"(H) SAFE annuities.—This paragraph shall not apply to any amount paid or distributed out of a SAFE annuity (as defined in section 408B) unless it is paid in a trustee-to-trustee transfer into another SAFE annuity."

(d) Increased Penalty on Early Withdrawals.—Section 72(t) (relating to additional tax on early distributions) is amended by adding at the end the following new paragraph:

"(7) Special rules for safe annuities and trusts.—In the case of any amount received from a SAFE annuity or a SAFE trust (within the meaning of section 408B), paragraph (1) shall be applied by substituting '20 percent' for '10 percent'."

(e) Simplified Employer Reports.—

(1) SAFE annuities.—Section 408(l) (relating to simplified employer reports) is amended by adding at the end the following new paragraph:

"(3) SAFE annuities.—

"(A) Simplified report.—The employer maintaining any SAFE annuity (within the meaning of section 408B) shall file a simplified annual return with the Secretary containing only the information described in subparagraph (B).

"(B) Contents.—The return required by subparagraph (A) shall set forth—

"(i) the name and address of the employer,

"(ii) the date the plan was adopted,

"(iii) the number of employees of the employer,

"(iv) the number of such employees who are eligible to participate in the plan,

"(v) the total amount contributed by the employer to each such annuity for such year and the minimum amount required under section 408B to be so contributed,

"(vi) the percentage elected under section 408B(b)(5)(B), and

"(vii) the number of employees with respect to whom contributions are required to be made for such year under section 408B(b)(5)(D).

"(C) Reporting by issuer of safe annuity.—

"(i) In general.—The issuer of each SAFE annuity shall provide to the owner of the annuity for each year a statement setting forth as of the close of such year—

"(I) the benefits guaranteed at age 65 under the annuity, and

"(II) the cash surrender value of the annuity.

"(ii) Summary description.—The issuer of any SAFE annuity shall provide to the employer maintaining the annuity for each year a description containing the following information:

"(I) The name and address of the employer and the issuer.

"(II) The requirements for eligibility for participation.

"(III) The benefits provided with respect to the annuity.

"(IV) The procedures for, and effects of, withdrawals (including rollovers) from the annuity.

"(D) Time and manner of reporting.—Any return, report, or statement required under this paragraph shall be made in such form and at such time as the Secretary shall prescribe."

(2) SAFE trusts.—Section 6059 (relating to actuarial reports) is amended by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by inserting after subsection (b) the following new subsection:

"(c) SAFE Trusts.—In the case of a SAFE trust (within the meaning of section 408B), the Secretary shall require a simplified actuarial report which contains information similar to the information required in section 408(l)(3)(B)."

(f) Conforming Amendments.—

(1) Section 280G(b)(6) is amended by striking "or" at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting ", or" and by adding after subparagraph (D) the following new subparagraph:

"(E) a SAFE annuity described in section 408B."

(2) Clause (ii) of section 408(p)(2)(D) is amended by inserting before the period "(other than clause (vii) of such subparagraph (A))".

(3) Subsections (b), (c), (m)(4)(B), and (n)(3)(B) of section 414 are each amended by inserting "408B," after "408(p),".

(4) Section 4972(d)(1)(A) is amended by striking "and" at the end of clause (iii), by striking the period at the end of clause (iv) and inserting ", and", and by adding after clause (iv) the following new clause:

"(v) any SAFE annuity (within the meaning of section 408B)."

(5) The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by inserting after the item relating to section 408A the following new item:

"Sec. 408B. SAFE annuities and trusts."

(g) Modifications of ERISA.—

(1) Exemption from insurance coverage.—Subsection (b) of section 4021 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1321) is amended by striking "or" at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting "; or", and by adding at the end the following new paragraph:

"(14) which is established and maintained as part of a SAFE trust (as defined in section 408B of the Internal Revenue Code of 1986)."

(2) Reporting requirements.—Section 101 of such Act (29 U.S.C. 1021) is amended by redesignating the second subsection (h) as subsection (j) and by inserting after the first subsection (h) the following new subsection:

"(i) SAFE Annuities.—

"(1) No employer reports.—Except as provided in this subsection, no report shall be required under this section by an employer maintaining a SAFE annuity under section 408B(b) of the Internal Revenue Code of 1986.

"(2) Summary description.—The issuer of any SAFE annuity shall provide to the employer maintaining the annuity for each year a description containing the following information:

"(A) The name and address of the employer and the issuer.

"(B) The requirements for eligibility for participation.

"(C) The benefits provided with respect to the annuity.

"(D) The procedures for, and effects of, withdrawals (including rollovers) from the annuity.

"(3) Employee notification.—The employer shall provide each employee eligible to participate in the SAFE annuity with the description described in paragraph (2) at the same time as the notification required under section 408B(b)(5)(B) of the Internal Revenue Code of 1986."

(3) Waiver of funding standards.—Section 301(a) of such Act (29 U.S.C. 1081) is amended by striking "or" at the end of paragraph (9), by striking the period at the end of paragraph (10) and inserting "; or", and by adding at the end the following new paragraph:

"(11) any plan providing for the purchase of any SAFE annuity or any SAFE trust (as such terms are defined in section 408B of such Code)."

(h) Effective Date.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 329. MODIFICATION OF TOP-HEAVY RULES.

(a) Matching Contributions Taken Into Account for Minimum Contribution Requirements.—Section 416(c)(2)(A) (relating to defined contribution plans) is amended by adding at the end the following: "Employer matching contributions (as defined in section 401(m)(4)(A)) shall be taken into account for purposes of this subparagraph.".

(b) Elimination of Family Attribution.—Section 416(i)(1)(B) (defining 5-percent owner) is amended by adding at the end the following new clause:

"(iv) Family attribution disregarded.—Solely for purposes of applying this paragraph (and not for purposes of any provision of this title which incorporates by reference the definition of a key employee or 5-percent owner under this paragraph), section 318 shall be applied without regard to subsection (a)(1) thereof in determining whether any person is a 5-percent owner."

(c) Definition of Top-Heavy Plans.—Paragraph (4) of section 416(g) (relating to other special rules for top-heavy plans) is amended by adding at the end the following new subparagraph:

"(H) Cash or deferred arrangements using alternative methods of meeting nondiscrimination requirements.—The term 'top-heavy plan' shall not include a plan which consists solely of—

"(i) a cash or deferred arrangement which meets the requirements of section 401(k)(12), and

"(ii) matching contributions with respect to which the requirements of section 401(m)(11) are met.

If, but for this subparagraph, a plan would be treated as a top-heavy plan because it is a member of an aggregation group which is a top-heavy group, contributions under the plan may be taken into account in determining whether any other plan in the group meets the requirements of subsection (c)(2)."

(d) Effective Date.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

Subtitle D—Enhancing Fairness for Women

SEC. 331. CATCHUP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.

(a) Elective Deferrals.—Section 414 (relating to definitions and special rules) is amended by adding at the end the following new subsection:

"(v) Catchup Contributions for Individuals Age 50 or Over.—

"(1) In general.—An applicable employer plan shall not be treated as failing to meet any requirement of this title solely because the plan permits an eligible participant to make additional elective deferrals in any plan year.

"(2) Limitation on amount of additional deferrals.—

"(A) In general.—A plan shall not permit additional elective deferrals under paragraph (1) for any year in an amount greater than the lesser of—

"(i) the applicable percentage of the applicable dollar amount for such elective deferrals for such year, or "(ii) the excess (if any) of—

"(I) the participant's compensation for the year, over

"(II) any other elective deferrals of the participant for such year which are made without regard to this subsection.

"(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in:	The applicable percentage is:
2001	10 percent
2002	20 percent
2003	30 percent
2004	40 percent
2005 and thereafter	250 percent.

"(3) TREATMENT OF CONTRIBUTIONS.—In the case of any contribution to a plan under paragraph (1)—

"(A) such contribution shall not, with respect to the year in which the contribution is made—

"(i) be subject to any otherwise applicable limitation contained in section 402(g), 402(h), 403(b), 404(a), 404(h), 408, 415, or 457, or

"(ii) be taken into account in applying such limitations to other contributions or benefits under such plan or any other such plan, and

"(B) such plan shall not be treated as failing to meet the requirements of section 401(a)(4), 401(a)(26), 401(k)(3), 401(k)(11), 401(k)(12), 401(m), 403(b)(12), 408(k), 408(p), 408B, 410(b), or 416 by reason of the making of (or the right to make) such contribution.

"(4) ELIGIBLE PARTICIPANT.—For purposes of this subsection, the term 'eligible participant' means, with respect to any plan year, a participant in a plan—

"(A) who has attained the age of 50 before the close of the plan year, and

"(B) with respect to whom no other elective deferrals may (without regard to this subsection) be made to the plan for the plan year by reason of the application of any limitation or other restriction described in paragraph (3) or contained in the terms of the plan.

"(5) OTHER DEFINITIONS AND RULES.—For purposes of this subsection—

"(A) APPLICABLE DOLLAR AMOUNT.—The term 'applicable dollar amount' means, with respect to any year, the amount in effect under section 402(g)(1)(B), 408(p)(2)(E)(i), or 457(e)(15)(A), whichever is applicable to an applicable employer plan, for such year.

"(B) APPLICABLE EMPLOYER PLAN.—The term 'applicable employer plan' means—

"(i) an employees' trust described in section 401(a) which is exempt from tax under section 501(a),

"(ii) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b),

"(iii) an eligible deferred compensation plan under section 457 of an eligible employer as defined in section 457(e)(1)(A), and

"(iv) an arrangement meeting the requirements of section 408 (k) or (p).

"(C) ELECTIVE DEFERRAL.—The term 'elective deferral' has the meaning given such term by subsection (u)(2)(C).

"(D) EXCEPTION FOR SECTION 457 PLANS.—This subsection shall not apply to an applicable employer plan described in paragraph (5)(B)(iii) for any year to which section 457(b)(3) applies."

(b) INDIVIDUAL RETIREMENT PLANS.—Section 219(b), as amended by sections 301 and 318, is amended by adding at the end the following new paragraph:

"(7) CATCHUP CONTRIBUTIONS.—

"(A) IN GENERAL.—In the case of an individual who has attained the age of 50 before the close of the taxable year, the dollar amount in effect under paragraph (1)(A) for such taxable year shall be equal to the applicable percentage of such amount determined without regard to this paragraph.

"(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in:	The applicable percentage is:
2001	110 percent
2002	120 percent
2003	130 percent
2004	140 percent
2005 and thereafter	150 percent."

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions in taxable years beginning after December 31, 2000.

SEC. 332. EQUITABLE TREATMENT FOR CONTRIBUTIONS OF EMPLOYEES TO DEFINED CONTRIBUTION PLANS.

(a) EQUITABLE TREATMENT.—

(1) IN GENERAL.—Subparagraph (B) of section 415(c)(1) (relating to limitation for defined contribution plans) is amended by striking "25 percent" and inserting "100 percent".

(2) APPLICATION TO SECTION 403(b).—Section 403(b) is amended—

(A) by striking "the exclusion allowance for such taxable year" in paragraph (1) and inserting "the applicable limit under section 415",

(B) by striking paragraph (2), and

(C) by inserting "or any amount received by a former employee after the 5th taxable year following the taxable year in which such employee was terminated" before the period at the end of the second sentence of paragraph (3).

(3) CONFORMING AMENDMENTS.—

(A) Subsection (f) of section 72 is amended by striking "section 403(b)(2)(D)(iii))" and inserting "section 403(b)(2)(D)(iii), as in effect before the enactment of the Taxpayer Refund Act of 1999)".

(B) Section 404(a)(10)(B) is amended by striking ", the exclusion allowance under section 403(b)(2),".

(C) Section 415(a)(2) is amended by striking ", and the amount of the contribution for such portion shall reduce the exclusion allowance as provided in section 403(b)(2)".

(D) Section 415(c)(3) is amended by adding at the end the following new subparagraph:

"(E) ANNUITY CONTRACTS.—In the case of an annuity contract described in section 403(b), the term 'participant's compensation' means the participant's includible compensation determined under section 403(b)(3)."

(E) Section 415(c) is amended by striking paragraph (4).

(F) Section 415(c)(7) is amended to read as follows:

"(7) CERTAIN CONTRIBUTIONS BY CHURCH PLANS NOT TREATED AS EXCEEDING LIMIT.—

"(A) IN GENERAL.—Notwithstanding any other provision of this subsection, at the election of a participant who is an employee of a church or a convention or association of churches, including an organization described in section 414(e)(3)(B)(ii), contributions and other additions for an annuity contract or retirement income account described in section 403(b) with respect to such participant, when expressed as an annual addition to such participant's account, shall be treated as not exceeding the limitation of paragraph (1) if such annual addition is not in excess of $10,000.

"(B) $40,000 AGGREGATE LIMITATION.—The total amount of additions with respect to any participant which may be taken into account for purposes of this subparagraph for all years may not exceed $40,000.

"(C) ANNUAL ADDITION.—For purposes of this paragraph, the term 'annual addition' has the meaning given such term by paragraph (2)."

(G) Subparagraph (B) of section 402(g)(7) (as redesignated by section 312(a)) is amended by inserting before the period at the end the following: "(as in effect before the enactment of the Taxpayer Refund Act of 1999)".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to years beginning after December 31, 2000.

(b) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—

(1) IN GENERAL.—Subsection (k) of section 415 is amended by adding at the end the following new paragraph:

"(4) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—For purposes of this section, any annuity contract described in section 403(b) for the benefit of a participant shall be treated as a defined contribution plan maintained by each employer with respect to which the participant has the control required under subsection (b) or (c) of section 414 (as modified by subsection (h)). For purposes of this section, any contribution by an employer to a simplified employee pension plan for an individual for a taxable year shall be treated as an employer contribution to a defined contribution plan for such individual for such year."

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to limitation years beginning after December 31, 2000.

(c) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Subparagraph (B) of section 457(b)(2) (relating to salary limitation on eligible deferred compensation plans) is amended by striking "33⅓ percent" and inserting "100 percent".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning after December 31, 2000.

SEC. 333. CLARIFICATION OF TAX TREATMENT OF DIVISION OF SECTION 457 PLAN BENEFITS UPON DIVORCE.

(a) IN GENERAL.—Section 414(p)(11) (relating to application of rules to governmental and church plans) is amended—

(1) by inserting "or an eligible deferred compensation plan (within the meaning of section 457(b))" after "subsection (e))", and

(2) in the heading, by striking "GOVERNMENTAL AND CHURCH PLANS" and inserting "CERTAIN OTHER PLANS".

(b) WAIVER OF CERTAIN DISTRIBUTION REQUIREMENTS.—Paragraph (10) of section 414(p) is amended by striking "and section 409(d)" and inserting "section 409(d), and section 457(d)".

(c) TAX TREATMENT OF PAYMENTS FROM A SECTION 457 PLAN.—Subsection (p) of section 414 is amended by redesignating paragraph (12) as paragraph (13) and inserting after paragraph (11) the following new paragraph:

"(12) TAX TREATMENT OF PAYMENTS FROM A SECTION 457 PLAN.—If a distribution or payment from an eligible deferred compensation plan described in section 457(b) is made pursuant to a qualified domestic relations order, rules similar to the rules of section 402(e)(1)(A) shall apply to such distribution or payment."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers, distributions, and payments made after December 31, 2000.

SEC. 334. MODIFICATION OF SAFE HARBOR RELIEF FOR HARDSHIP WITHDRAWALS FROM CASH OR DEFERRED ARRANGEMENTS.

(a) In General.—The Secretary of the Treasury shall revise the regulations relating to hardship distributions under section 401(k)(2)(B)(i)(IV) of the Internal Revenue Code of 1986 to provide that the period an employee is prohibited from making elective and employee contributions in order for a distribution to be deemed necessary to satisfy financial need shall be equal to 6 months.

(b) Effective Date.—The revised regulations under subsection (a) shall apply to years beginning after December 31, 2000.

SEC. 335. FASTER VESTING OF CERTAIN EMPLOYER MATCHING CONTRIBUTIONS.

(a) Amendments to 1986 Code.—Section 411(a) (relating to minimum vesting standards) is amended—

(1) in paragraph (2), by striking "A plan" and inserting "Except as provided in paragraph (12), a plan", and

(2) by adding at the end the following:

"(12) Faster vesting for matching contributions.—In the case of matching contributions (as defined in section 401(m)(4)(A)), paragraph (2) shall be applied—

"(A) by substituting '3 years' for '5 years' in subparagraph (A), and

"(B) by substituting the following table for the table contained in subparagraph (B):

"Years of service:	The nonforfeitable percentage is:
2	20
3	40
4	60
5	80
6	100."

(b) Amendments to ERISA.—Section 203(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(a)) is amended—

(1) in paragraph (2), by striking "A plan" and inserting "Except as provided in paragraph (4), a plan", and

(2) by adding at the end the following:

"(4) Faster vesting for matching contributions.—In the case of matching contributions (as defined in section 401(m)(4)(A) of the Internal Revenue Code of 1986), paragraph (2) shall be applied—

"(A) by substituting '3 years' for '5 years' in subparagraph (A), and

"(B) by substituting the following table for the table contained in subparagraph (B):

"Years of service:	The nonforfeitable percentage is:
2	20
3	40
4	60
5	80
6	100."

(c) Effective Dates.—

(1) In general.—Except as provided in paragraph (2), the amendments made by this section shall apply to contributions for plan years beginning after December 31, 2000.

(2) Collective bargaining agreements.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified by the date of enactment of this Act, the amendments made by this section shall not apply to contributions on behalf of employees covered by any such agreement for plan years beginning before the earlier of—

(A) the later of—

(i) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof on or after such date of enactment), or

(ii) January 1, 2001, or

(B) January 1, 2005.

(3) Service required.—With respect to any plan, the amendments made by this section shall not apply to any employee before the date that such employee has 1 hour of service under such plan in any plan year to which the amendments made by this section apply.

Subtitle E—Increasing Portability for Participants

SEC. 341. ROLLOVERS ALLOWED AMONG VARIOUS TYPES OF PLANS.

(a) Rollovers From and to Section 457 Plans.—

(1) Rollovers from section 457 plans.—

(A) In general.—Section 457(e) (relating to other definitions and special rules) is amended by adding at the end the following:

"(16) Rollover amounts.—

"(A) General rule.—In the case of an eligible deferred compensation plan established and maintained by an employer described in subsection (e)(1)(A), if—

"(i) any portion of the balance to the credit of an employee in such plan is paid to such employee in an eligible rollover distribution (within the meaning of section 402(c)(4) without regard to subparagraph (C) thereof),

"(ii) the employee transfers any portion of the property such employee receives in such distribution to an eligible retirement plan described in section 402(c)(8)(B), and

"(iii) in the case of a distribution of property other than money, the amount so transferred consists of the property distributed,

then such distribution (to the extent so transferred) shall not be includible in gross income for the taxable year in which paid.

"(B) Certain rules made applicable.—The rules of paragraphs (2) through (7) (other than paragraph (4)(C)) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A).

"(C) Reporting.—Rollovers under this paragraph shall be reported to the Secretary in the same manner as rollovers from qualified retirement plans (as defined in section 4974(c))."

(B) Deferral limit determined without regard to rollover amounts.—Section 457(b)(2) (defining eligible deferred compensation plan) is amended by inserting "(other than rollover amounts)" after "taxable year".

(C) Direct rollover.—Paragraph (1) of section 457(d) is amended by striking "and" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", and", and by inserting after subparagraph (B) the following:

"(C) in the case of a plan maintained by an employer described in subsection (e)(1)(A), the plan meets requirements similar to the requirements of section 401(a)(31).

Any amount transferred in a direct trustee-to-trustee transfer in accordance with section 401(a)(31) shall not be includible in gross income for the taxable year of transfer."

(D) Withholding.—

(i) Paragraph (12) of section 3401(a) is amended by adding at the end the following:

"(E) under or to an eligible deferred compensation plan which, at the time of such payment, is a plan described in section 457(b) maintained by an employer described in section 457(e)(1)(A); or".

(ii) Paragraph (3) of section 3405(c) is amended to read as follows:

"(3) Eligible rollover distribution.—For purposes of this subsection, the term 'eligible rollover distribution' has the meaning given such term by section 402(f)(2)(A)."

(iii) Liability for withholding.—Subparagraph (B) of section 3405(d)(2) is amended by striking "or" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ", or", and by adding at the end the following:

"(iv) section 457(b)."

(2) Rollovers to section 457 plans.—

(A) In general.—Section 402(c)(8)(B) (defining eligible retirement plan) is amended by striking "and" at the end of clause (iii), by striking the period at the end of clause (iv) and inserting ", and", and by inserting after clause (iv) the following new clause:

"(v) an eligible deferred compensation plan described in section 457(b) of an employer described in section 457(e)(1)(A)."

(B) Separate accounting.—Section 402(c) is amended by adding at the end the following new paragraph:

"(11) Separate accounting.—Unless a plan described in clause (v) of paragraph (8)(B) agrees to separately account for amounts rolled into such plan from eligible retirement plans not described in such clause, the plan described in such clause may not accept transfers or rollovers from such retirement plans."

(C) 10 percent additional tax.—Subsection (t) of section 72 (relating to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end the following new paragraph:

"(9) Special rule for rollovers to section 457 plans.—For purposes of this subsection, a distribution from an eligible deferred compensation plan (as defined in section 457(b)) of an employer described in section 457(e)(1)(A) shall be treated as a distribution from a qualified retirement plan described in 4974(c)(1) to the extent that such distribution is attributable to an amount transferred to an eligible deferred compensation plan from a qualified retirement plan (as defined in section 4974(c))."

(b) Allowance of Rollovers From and to 403(b) Plans.—

(1) Rollovers from section 403(b) plans.—Section 403(b)(8)(A)(ii) (relating to rollover amounts) is amended by striking "such distribution" and all that follows and inserting "such distribution to an eligible retirement plan described in section 402(c)(8)(B), and".

(2) Rollovers to section 403(b) plans.—Section 402(c)(8)(B) (defining eligible retirement plan), as amended by subsection (a), is amended by striking "and" at the end of clause (iv), by striking the period at the end of clause (v) and inserting ", and", and by inserting after clause (v) the following new clause:

"(vi) an annuity contract described in section 403(b)."

(c) Expanded Explanation to Recipients of Rollover Distributions.—Paragraph (1) of section 402(f) (relating to written explanation to recipients of distributions eligible for rollover treatment) is amended by striking "and" at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting ", and", and by adding at the end the following new subparagraph:

"(E) of the provisions under which distributions from the eligible retirement plan receiving the distribution may be subject to restrictions and tax consequences which are different from those applicable to distributions from the plan making such distribution."

(d) Spousal Rollovers.—Section 402(c)(9) (relating to rollover where spouse receives distribution after death of employee) is amended by striking "; except that" and all that follows up to the end period.

(e) Conforming Amendments.—

(1) Section 72(o)(4) is amended by striking "and 408(d)(3)" and inserting "403(b)(8), 408(d)(3), and 457(e)(16)".

(2) Section 219(d)(2) is amended by striking "or 408(d)(3)" and inserting "408(d)(3), or 457(e)(16)".

(3) Section 401(a)(31)(B) is amended by striking "and 403(a)(4)" and inserting ", 403(a)(4), 403(b)(8), and 457(e)(16)".

(4) Subparagraph (A) of section 402(f)(2) is amended by striking "or paragraph (4) of section 403(a)" and inserting ", paragraph (4) of section 403(a), subparagraph (A) of section 403(b)(8), or subparagraph (A) of section 457(e)(16)".

(5) Paragraph (1) of section 402(f) is amended by striking "from an eligible retirement plan".

(6) Subparagraphs (A) and (B) of section 402(f)(1) are amended by striking "another eligible retirement plan" and inserting "an eligible retirement plan".

(7) Subparagraph (B) of section 403(b)(8) is amended to read as follows:

"(B) Certain rules made applicable.—The rules of paragraphs (2) through (7) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A), except that section 402(f) shall be applied to the payor in lieu of the plan administrator."

(8) Section 408(a)(1) is amended by striking "or 403(b)(8)" and inserting ", 403(b)(8), or 457(e)(16)".

(9) Subparagraphs (A) and (B) of section 415(b)(2) are each amended by striking "and 408(d)(3)" and inserting "403(b)(8), 408(d)(3), and 457(e)(16)".

(10) Section 415(c)(2) is amended by striking "and 408(d)(3)" and inserting "408(d)(3), and 457(e)(16)".

(11) Section 4973(b)(1)(A) is amended by striking "or 408(d)(3)" and inserting "408(d)(3), or 457(e)(16)".

(f) Effective Date; Special Rule.—

(1) Effective date.—The amendments made by this section shall apply to distributions after December 31, 2000.

(2) Special rule.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan (as defined in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986) on behalf of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of any amendment made by this section.

SEC. 342. ROLLOVERS OF IRAS INTO WORKPLACE RETIREMENT PLANS.

(a) In General.—Subparagraph (A) of section 408(d)(3) (relating to rollover amounts) is amended by adding "or" at the end of clause (i), by striking clauses (ii) and (iii), and by adding at the end the following:

"(ii) the entire amount received (including money and any other property) is paid into an eligible retirement plan for the benefit of such individual not later than the 60th day after the date on which the payment or distribution is received, except that the maximum amount which may be paid into such plan may not exceed the portion of the amount received which is includible in gross income (determined without regard to this paragraph).

For purposes of clause (ii), the term 'eligible retirement plan' means an eligible retirement plan described in clause (iii), (iv), (v), or (vi) of section 402(c)(8)(B)."

(b) Conforming Amendments.—

(1) Paragraph (1) of section 403(b) is amended by striking "section 408(d)(3)(A)(iii)" and inserting "section 408(d)(3)(A)(ii)".

(2) Clause (i) of section 408(d)(3)(D) is amended by striking "(i), (ii), or (iii)" and inserting "(i) or (ii)".

(3) Subparagraph (G) of section 408(d)(3) is amended to read as follows:

"(G) Simple retirement accounts.—In the case of any payment or distribution out of a simple retirement account (as defined in subsection (p)) to which section 72(t)(6) applies, this paragraph shall not apply unless such payment or distribution is paid into another simple retirement account."

(c) Effective Date; Special Rule.—

(1) Effective date.—The amendments made by this section shall apply to distributions after December 31, 2000.

(2) Special rule.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan (as defined in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986) on behalf of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of the amendments made by this section.

SEC. 343. ROLLOVERS OF AFTER-TAX CONTRIBUTIONS.

(a) Rollovers From Exempt Trusts.—Paragraph (2) of section 402(c) (relating to maximum amount which may be rolled over) is amended by adding at the end the following: "The preceding sentence shall not apply to such distribution to the extent—

"(A) such portion is transferred in a direct trustee-to-trustee transfer to a qualified trust which is part of a plan which is a defined contribution plan and which agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

"(B) such portion is transferred to an eligible retirement plan described in clause (i) or (ii) of paragraph (8)(B)."

(b) Optional Direct Transfer of Eligible Rollover Distributions.—Subparagraph (B) of section 401(a)(31) (relating to limitation) is amended by adding at the end the following: "The preceding sentence shall not apply to such distribution if the plan to which such distribution is transferred—

"(i) agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

"(ii) is an eligible retirement plan described in clause (i) or (ii) of section 402(c)(8)(B)."

(c) Rules for Applying Section 72 to IRAs.—Paragraph (3) of section 408(d) (relating to special rules for applying section 72) is amended by inserting at the end the following:

"(H) Application of section 72.—

"(i) In general.—If—

"(I) a distribution is made from an individual retirement plan, and

"(II) a rollover contribution is made to an eligible retirement plan described in section 402(c)(8)(B)(ii), (iv), (v), or (vi) with respect to all or part of such distribution.

then, notwithstanding paragraph (2), the rules of clause (ii) shall apply for purposes of applying section 72.

"(ii) Applicable rules.—In the case of a distribution described in clause (i)—

"(I) section 72 shall be applied separately to such distribution.

(II) notwithstanding the pro rata allocation of income on, and investment in the contract, to distributions under section 72, the portion of such distribution rolled over to an eligible retirement plan described in clause (i) shall be treated as from income on the contract (to the extent of the aggregate income on the contract from all individual retirement plans of the distributee), and

"(III) appropriate adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years."

(d) Effective Date.—The amendments made by this section shall apply to distributions made after December 31, 2000.

SEC. 344. HARDSHIP EXCEPTION TO 60-DAY RULE.

(a) Exempt Trusts.—Paragraph (3) of section 402(c) (relating to transfer must be made within 60 days of receipt) is amended to read as follows:

"(3) Transfer must be made within 60 days of receipt.—

"(A) In general.—Except as provided in subparagraph (B), paragraph (1) shall not apply to any transfer of a distribution made after the 60th day following the day on which the distributee received the property distributed.

"(B) Hardship exception.—The Secretary may waive the 60-day requirement under subparagraph (A) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement."

(b) IRAs.—Paragraph (3) of section 408(d) (relating to rollover contributions), as amended by section 333, is amended by adding after subparagraph (H) the following new subparagraph:

"(I) Waiver of 60-day requirement.—The Secretary may waive the 60-day requirement under subparagraphs (A) and (D) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement."

(c) Effective Date.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 345. TREATMENT OF FORMS OF DISTRIBUTION.

(a) Plan Transfers.—

(1) Amendment to Internal Revenue Code of 1986.—Paragraph (6) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended by adding at the end the following:

"(D) Plan transfers.—

"(i) A defined contribution plan (in this subparagraph referred to as the 'transferee plan') shall not be treated as failing to meet the requirements of this subsection merely because the transferee plan does not provide some or all of the forms of distribution previously available under another defined contribution plan (in this subparagraph referred to as the 'transferor plan') to the extent that—

"(I) the forms of distribution previously available under the transferor plan applied to the account of a participant or beneficiary under the transferor plan that was transferred from the transferor plan to the transferee plan pursuant to a direct transfer rather than pursuant to a distribution from the transferor plan, "(II) the terms of both the transferor plan and the transferee plan authorize the transfer described in subclause (I),

"(III) the transfer described in subclause (I) was made pursuant to a voluntary election by the participant or beneficiary whose account was transferred to the transferee plan,

"(IV) the election described in subclause (III) was made after the participant or beneficiary received a notice describing the consequences of making the election,

"(V) if the transferor plan provides for an annuity as the normal form of distribution under the plan in accordance with section 417, the transfer is made with the consent of the participant's spouse (if any), and such consent meets requirements similar to the requirements imposed by section 417(a)(2), and

"(VI) the transferee plan allows the participant or beneficiary described in subclause (III) to receive any distribution to which the participant or beneficiary is entitled under the transferee plan in the form of a single sum distribution.

"(ii) Clause (i) shall apply to plan mergers and other transactions having the effect of a direct transfer, including consolidations of benefits attributable to different employers within a multiple employer plan.

"(E) ELIMINATION OF FORM OF DISTRIBUTION.—Except to the extent provided in regulations, a defined contribution plan shall not be treated as failing to meet the requirements of this section merely because of the elimination of a form of distribution previously available thereunder. This subparagraph shall not apply to the elimination of a form of distribution with respect to any participant unless—

"(i) a single sum payment is available to such participant at the same time or times as the form of distribution being eliminated, and

"(ii) such single sum payment is based on the same or greater portion of the participant's account as the form of distribution being eliminated."

(2) AMENDMENT TO ERISA.—Section 204(g) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)) is amended by adding at the end the following:

"(4)(A) A defined contribution plan (in this subparagraph referred to as the 'transferee plan') shall not be treated as failing to meet the requirements of this subsection merely because the transferee plan does not provide some or all of the forms of distribution previously available under another defined contribution plan (in this paragraph referred to as the 'transferor plan') to the extent that—

"(i) the forms of distribution previously available under the transferor plan applied to the account of a participant or beneficiary under the transferor plan that was transferred from the transferor plan to the transferee plan pursuant to a direct transfer rather than pursuant to a distribution from the transferor plan;

"(ii) the terms of both the transferor plan and the transferee plan authorize the transfer described in clause (i);

"(iii) the transfer described in clause (i) was made pursuant to a voluntary election by the participant or beneficiary whose account was transferred to the transferee plan;

"(iv) the election described in clause (iii) was made after the participant or beneficiary received a notice describing the consequences of making the election;

"(v) if the transferor plan provides for an annuity as the normal form of distribution under the plan in accordance with section 417, the transfer is made with the consent of the participant's spouse (if any), and such consent meets requirements similar to the requirements imposed by section 417(a)(2); and

"(vi) the transferee plan allows the participant or beneficiary described in subclause (III) to receive any distribution to which the participant or beneficiary is entitled under the transferee plan in the form of a single sum distribution.

"(B) Subparagraph (A) shall apply to plan mergers and other transactions having the effect of a direct transfer, including consolidations of benefits attributable to different employers within a multiple employer plan.

"(5) ELIMINATION OF FORM OF DISTRIBUTION.—Except to the extent provided in regulations, a defined contribution plan shall not be treated as failing to meet the requirements of this section merely because of the elimination of a form of distribution previously available thereunder. This paragraph shall not apply to the elimination of a form of distribution with respect to any participant unless—

"(A) a single sum payment is available to such participant at the same time or times as the form of distribution being eliminated; and

"(B) such single sum payment is based on the same or greater portion of the participant's account as the form of distribution being eliminated."

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to years beginning after December 31, 2000.

(b) REGULATIONS.—

(1) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—The last sentence of paragraph (6)(B) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended to read as follows: "The Secretary may by regulations provide that this subparagraph shall not apply to any plan amendment that does not adversely affect the rights of participants in a material manner."

(2) AMENDMENT TO ERISA.—The last sentence of section 204(g)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)(2)) is amended to read as follows: "The Secretary of the Treasury may by regulations provide that this paragraph shall not apply to any plan amendment that does not adversely affect the rights of participants in a material manner."

(3) SECRETARY DIRECTED.—Not later than December 31, 2001, the Secretary of the Treasury is directed to issue final regulations under section 411(d)(6) of the Internal Revenue Code of 1986 and section 204(g)(2) of the Employee Retirement Income Security Act of 1974. Such regulations shall apply to plan years beginning after December 31, 2001, or such earlier date as is specified by the Secretary of the Treasury.

SEC. 346. RATIONALIZATION OF RESTRICTIONS ON DISTRIBUTIONS.

(a) MODIFICATION OF SAME DESK EXCEPTION.—

(1) SECTION 401(k).—

(A) Section 401(k)(2)(B)(i)(I) (relating to qualified cash or deferred arrangements) is amended by striking "separation from service" and inserting "severance from employment".

(B) Subparagraph (A) of section 401(k)(10) (relating to distributions upon termination of plan or disposition of assets or subsidiary) is amended to read as follows:

"(A) IN GENERAL.—An event described in this subparagraph is the termination of the plan without establishment or maintenance of another defined contribution plan (other than an employee stock ownership plan as defined in section 4975(e)(7))."

(C) Section 401(k)(10) is amended—

(i) in subparagraph (B)—

(I) by striking "An event" in clause (i) and inserting "A termination", and

(II) by striking "the event" in clause (i) and inserting "the termination",

(ii) by striking subparagraph (C), and

(iii) by striking "OR DISPOSITION OF ASSETS OR SUBSIDIARY" in the heading.

(2) SECTION 403(b).—

(A) Paragraphs (7)(A)(ii) and (11)(A) of section 403(b) are each amended by striking "separates from service" and inserting "has a severance from employment".

(B) The heading for paragraph (11) of section 403(b) is amended by striking "SEPARATION FROM SERVICE" and inserting "SEVERANCE FROM EMPLOYMENT".

(3) SECTION 457.—Clause (ii) of section 457(d)(1)(A) is amended by striking "is separated from service" and inserting "has a severance from employment".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 347. PURCHASE OF SERVICE CREDIT IN GOVERNMENTAL DEFINED BENEFIT PLANS.

(a) 403(b) PLANS.—Subsection (b) of section 403 is amended by adding at the end the following new paragraph:

"(13) TRUSTEE-TO-TRUSTEE TRANSFERS TO PURCHASE PERMISSIVE SERVICE CREDIT.—No amount shall be includible in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)) if such transfer is—

"(A) for the purchase of permissive service credit (as defined in section 415(n)(3)(A)) under such plan, or

"(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof."

(b) 457 PLANS.—

(1) Subsection (e) of section 457 is amended by adding after paragraph (17) the following new paragraph:

"(18) TRUSTEE-TO-TRUSTEE TRANSFERS TO PURCHASE PERMISSIVE SERVICE CREDIT.—No amount shall be includible in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)) if such transfer is—

"(A) for the purchase of permissive service credit (as defined in section 415(n)(3)(A)) under such plan, or

"(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof."

(2) Section 457(b)(2) is amended by striking "(other than rollover amounts)" and inserting "(other than rollover amounts and amounts received in a transfer referred to in subsection (e)(16))".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to trustee-to-trustee transfers after December 31, 2000.

SEC. 348. EMPLOYERS MAY DISREGARD ROLLOVERS FOR PURPOSES OF CASH-OUT AMOUNTS.

(a) QUALIFIED PLANS.—

(1) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Section 411(a)(11) (relating to restrictions on certain mandatory distributions) is amended by adding at the end the following:

"(D) SPECIAL RULE FOR ROLLOVER CONTRIBUTIONS.—A plan shall not fail to meet the requirements of this paragraph if, under the terms of the plan, the present value of the nonforfeitable accrued benefit is determined without regard to that portion of such benefit, which is attributable to rollover contributions (and earnings allocable thereto). For purposes of this subparagraph, the term 'rollover contributions' means any rollover contribution under sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16)."

(2) Amendment to ERISA.—Section 203(e) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(c)) is amended by adding at the end the following:

"(4) A plan shall not fail to meet the requirements of this subsection if, under the terms of the plan, the present value of the nonforfeitable accrued benefit is determined without regard to that portion of such benefit which is attributable to rollover contributions (and earnings allocable thereto). For purposes of this subparagraph, the term 'rollover contributions' means any rollover contribution under sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16) of the Internal Revenue Code of 1986."

(b) Eligible Deferred Compensation Plans.—Clause (i) of section 457(e)(9)(A) is amended by striking "such amount" and inserting "the portion of such amount which is not attributable to rollover contributions (as defined in section 411(a)(11)(D))".

(c) Effective Date.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 349. INCLUSION REQUIREMENTS FOR SECTION 457 PLANS.

(a) Year of Inclusion.—Subsection (a) of section 457 (relating to year of inclusion in gross income) is amended to read as follows:

"(a) Year of Inclusion in Gross Income.—

"(1) In general.—Any amount of compensation deferred under an eligible deferred compensation plan, and any income attributable to the amounts so deferred, shall be includible in gross income only for the taxable year in which such compensation or other income—

"(A) is paid to the participant or other beneficiary, in the case of a plan of an eligible employer described in subsection (e)(1)(A), and

"(B) is paid or otherwise made available to the participant or other beneficiary, in the case of a plan of an eligible employer described in subsection (e)(1)(B).

"(2) Special rule for rollover amounts.—To the extent provided in section 72(t)(9), section 72(t) shall apply to any amount includible in gross income under this subsection."

(b) Conforming Amendment.—So much of paragraph (9) of section 457(e) as precedes subparagraph (A) is amended to read as follows:

"(9) Benefits of tax exempt organization plans not treated as made available by reason of certain elections, etc.—In the case of an eligible deferred compensation plan of an employer described in paragraph (1)(B)—".

(c) Effective Date.—The amendments made by this section shall apply to distributions after December 31, 2000.

Subtitle F—Strengthening Pension Security and Enforcement

SEC. 351. REPEAL OF 150 PERCENT OF CURRENT LIABILITY FUNDING LIMIT.

(a) Amendment to Internal Revenue Code of 1986.—Section 412(c)(7) (relating to full-funding limitation) is amended—

(1) by striking "the applicable percentage" in subparagraph (A)(i)(I) and inserting "in the case of plan years beginning before January 1, 2004, the applicable percentage", and

(2) by amending subparagraph (F) to read as follows:

"(F) Applicable percentage.—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

"In the case of any plan year beginning in—	**The applicable percentage is—**
2001	160
2002	165
2003	170."

(b) Amendment to ERISA.—Section 302(c)(7) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(c)(7)) is amended—

(1) by striking "the applicable percentage" in subparagraph (A)(i)(I) and inserting "in the case of plan years beginning before January 1, 2004, the applicable percentage", and

(2) by amending subparagraph (F) to read as follows:

"(F) Applicable percentage.—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

"In the case of any plan year beginning in—	**The applicable percentage is—**
2001	160
2002	165
2003	170."

(c) Effective Date.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 352. EXTENSION OF MISSING PARTICIPANTS PROGRAM TO MULTIEMPLOYER PLANS.

(a) In General.—Section 4050 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1350) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following:

"(c) Multiemployer Plans.—The corporation shall prescribe rules similar to the rules in subsection (a) for multiemployer plans covered by this title that terminate under section 4041A.".

(b) Conforming Amendment.—Section 206(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056(f)) is amended by striking "the plan shall provide that,".

(c) Effective Date.—The amendments made by this section shall apply to distributions made after final regulations implementing subsection (c) of section 4050 of the Employee Retirement Income Security Act of 1974 (as added by subsection (a)) are prescribed.

SEC. 353. EXCISE TAX RELIEF FOR SOUND PENSION FUNDING.

(a) In General.—Subsection (c) of section 4972 (relating to nondeductible contributions) is amended by adding at the end the following new paragraph:

"(7) Defined benefit plan exception.—In determining the amount of nondeductible contributions for any taxable year, an employer may elect for such year not to take into account any contributions to a defined benefit plan except to the extent that such contributions exceed the full-funding limitation (as defined in section 412(c)(7), determined without regard to subparagraph (A)(i)(I) thereof). For purposes of this paragraph, the deductible limits under section 404(a)(7) shall first be applied to amounts contributed to defined contribution plans and then to amounts described in this paragraph. If an employer makes an election under this paragraph for a taxable year, paragraph (6) shall not apply to such employer for such taxable year."

(b) Effective Date.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 354. FAILURE TO PROVIDE NOTICE BY DEFINED BENEFIT PLANS SIGNIFICANTLY REDUCING FUTURE BENEFIT ACCRUALS.

(a) Excise Tax.—

(1) In general.—Chapter 43 of subtitle D (relating to qualified pension, etc., plans) is amended by adding at the end the following new section:

"SEC. 4980F. FAILURE OF DEFINED BENEFIT PLANS REDUCING BENEFIT ACCRUALS TO SATISFY NOTICE REQUIREMENTS.

"(a) Imposition of Tax.—There is hereby imposed a tax on the failure of an applicable pension plan to meet the requirements of subsection (e) with respect to any applicable individual.

"(b) Amount of Tax.—

"(1) In general.—The amount of the tax imposed by subsection (a) on any failure with respect to any applicable individual shall be $100 for each day in the noncompliance period with respect to such failure.

"(2) Noncompliance period.—For purposes of this section, the term 'noncompliance period' means, with respect to any failure, the period beginning on the date the failure first occurs and ending on the date the failure is corrected.

"(3) Minimum tax for noncompliance period where failure discovered after notice of examination.—Notwithstanding paragraphs (1) and (2) of subsection (c)—

"(A) In general.—In the case of 1 or more failures with respect to an applicable individual—

"(i) which are not corrected before the date a notice of examination of income tax liability is sent to the employer, and

"(ii) which occurred or continued during the period under examination,

the amount of tax imposed by subsection (a) by reason of such failures with respect to such beneficiary shall not be less than the lesser of $2,500 or the amount of tax which would be imposed by subsection (a) without regard to such paragraphs.

"(B) Higher minimum tax where violations are more than de minimis.—To the extent violations by the employer (or the plan in the case of a multiemployer plan) for any year are more than de minimis, subparagraph (A) shall be applied by substituting '$15,000' for '$2,500' with respect to the employer (or such plan).

"(c) Limitations on Amount of Tax.—

"(1) Tax not to apply where failure not discovered exercising reasonable diligence.—No tax shall be imposed by subsection (a) on any failure during any period for which it is established to the satisfaction of the Secretary that none of the persons referred to in subsection (d) knew, or exercising reasonable diligence would have known, that the failure existed.

"(2) Tax not to apply to failures corrected within 30 days.—No tax shall be imposed by subsection (a) on any failure if—

"(A) such failure was due to reasonable cause and not to willful neglect, and

"(B) such failure is corrected during the 30-day period beginning on the first date any of the persons referred to in subsection (d) knew, or exercising reasonable diligence would have known, that such failure existed.

"(3) Overall limitation for unintentional failures.—

"(A) In general.—In the case of failures that are due to reasonable cause and not to willful neglect, the tax imposed by subsection (a) for failures during the taxable year of the employer (or, in the case of a multiemployer plan, the taxable year of the trust forming part of the plan) shall not exceed $500,000. For purposes of the preceding sentence, all multiemployer plans of which the same trust forms a part shall be treated as 1 plan.

"(B) TAXABLE YEARS IN THE CASE OF CERTAIN CONTROLLED GROUPS.—For purposes of this paragraph, if all persons who are treated as a single employer for purposes of this section do not have the same taxable year, the taxable years taken into account shall be determined under principles similar to the principles of section 1561.

"(4) WAIVER BY SECRETARY.—In the case of a failure which is due to reasonable cause and not to willful neglect, the Secretary may waive part or all of the tax imposed by subsection (a) to the extent that the payment of such tax would be excessive relative to the failure involved.

"(d) LIABILITY FOR TAX.—The following shall be liable for the tax imposed by subsection (a):

"(1) In the case of a plan other than a multiemployer plan, the employer.

"(2) In the case of a multiemployer plan, the plan.

"(e) NOTICE REQUIREMENTS FOR PLANS SIGNIFICANTLY REDUCING BENEFIT ACCRUALS.—

"(1) IN GENERAL.—If a defined benefit plan adopts an amendment which has the effect of significantly reducing the rate of future benefit accrual of 1 or more participants (including any elimination or reduction of an early retirement benefit or retirement-type subsidy), the plan administrator shall, not later than the 30th day before the effective date of the amendment, provide written notice to each applicable individual (and to each employee organization representing applicable individuals) which—

"(A) sets forth the plan amendment and its effective date, and

"(B) includes sufficient information (as determined in accordance with regulations prescribed by the Secretary) to allow such participants and beneficiaries to understand how the amendment generally affects different classes of employees.

"(2) ADDITIONAL NOTICE REQUIRED IN CERTAIN CASES.—

"(A) IN GENERAL.—If a plan amendment to which paragraph (1) applies—

"(i) either—

"(I) provides for a significant change in the manner in which the accrued benefit of an applicable individual is determined under the plan, or

"(II) requires an applicable individual to choose between 2 or more benefit formulas, and

"(ii) may reasonably be expected to affect such applicable individual,

the plan shall, not later than the date which is 6 months after the effective date of the amendment, provide written notice to such applicable individual which includes the information described in subparagraph (B).

"(B) ADDITIONAL INFORMATION.—The notice under subparagraph (A) shall include the following information:

"(i) The accrued benefit (and if the amendment adds the option of an immediate lump sum distribution, the present value of the accrued benefit) as of the effective date, determined under the terms of the plan in effect immediately before the effective date.

"(ii) The accrued benefit as of the effective date, determined under the terms of the plan in effect on the effective date and without regard to any minimum accrued benefit required by reason of section 411(d)(6).

"(iii) Sufficient information (as determined in accordance with regulations prescribed by the Secretary) for an applicable individual to compute their projected accrued benefit under the terms of the plan in effect on the effective date or to acquire information necessary to compute such projected accrued benefit.

"(C) OPTION TO PROVIDE PROJECTED ACCRUED BENEFIT.—A plan may, in lieu of the information described in subparagraph (B)(iii), include a determination of an applicable individual's projected accrued benefit under the terms of the plan in effect on the effective date. Such determination shall include a disclosure of the assumptions used by the plan in determining such benefit and such assumptions must be reasonable in the aggregate.

"(D) RULES FOR COMPUTING BENEFITS.—For purposes of this paragraph, an applicable individual's accrued benefit and projected accrued benefit shall be computed—

"(i) as if the accrued benefit were in the form of a single life annuity commencing at normal retirement age (and by taking into account any early retirement subsidy), and

"(ii) by using the applicable mortality table and the applicable interest rate under section 417(e)(3)(A).

"(3) SECRETARY MAY CHANGE NOTICE AND TIME FOR NOTICE.—If a plan amendment to which paragraph (1) applies requires an applicable individual to choose between 2 or more benefit formulas, the Secretary may, after consultation with the Secretary of Labor—

"(A) require additional information to be provided in either of the notices described in paragraph (1) or (2), and

"(B) require either of such notices to be provided at a time other than the time required under either such paragraph.

"(4) NOTICE BEFORE ADOPTION OF AMENDMENT.—A plan shall not be treated as failing to meet the requirements of paragraph (1) or (2) merely because notice is provided before the adoption of the plan amendment if no material modification of the amendment occurs before the amendment is adopted.

"(5) NOTICE TO DESIGNEE.—Any notice under paragraph (1) or (2) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

"(f) APPLICABLE INDIVIDUAL.—For purposes of this section—

"(1) IN GENERAL.—The term 'applicable individual' means, with respect to any plan amendment—

"(A) any participant in the plan, and

"(B) any beneficiary who is an alternate payee (within the meaning of section 414(p)(8)) under an applicable qualified domestic relations order (within the meaning of section 414(p)(1)(A)).

"(2) EXCEPTION FOR PARTICIPANTS WITH LESS THAN 1 YEAR OF PARTICIPATION.—Such term shall not include a participant who has less than 1 year of participation (within the meaning of section 411(b)(4)) under the plan as of the effective date of the plan amendment.

"(3) PARTICIPANTS GETTING HIGHER OF BENEFITS.—Such term shall not include a participant or beneficiary who, under the terms of the plan as of the effective date of the plan amendment, is entitled to the greater of the accrued benefit under such terms or the accrued benefit under the terms of the plan in effect immediately before the effective date.

"(g) APPLICABLE PENSION PLAN.—For purposes of this section, the term 'applicable pension plan' means—

"(1) a defined benefit plan, or

"(2) an individual account plan which is subject to the funding standards of section 412."

(2) CONFORMING AMENDMENT.—The table of sections for chapter 43 of subtitle D is amended by adding at the end the following new item:

"Sec. 4980F. Failure of defined benefit plans reducing benefit accruals to satisfy notice requirements."

(b) AMENDMENT TO ERISA.—Section 204(h) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(h)) is amended to read as follows:

"(h)(1) An applicable pension plan may not adopt an amendment which has the effect of significantly reducing the rate of future benefit accrual of 1 or more participants (including any elimination or reduction of an early retirement benefit or retirement-type subsidy) unless the plan administrator provides, not later than the 30th day before the effective date of the amendment, written notice to each applicable individual (and to each employee organization representing applicable individuals) which—

"(A) sets forth the plan amendment and its effective date, and

"(B) includes sufficient information (as determined in accordance with regulations prescribed by the Secretary of the Treasury) to allow applicable individuals to understand how the amendment generally affects different classes of employees.

"(2)(A) If a plan amendment to which paragraph (1) applies—

"(i) either—

"(I) provides for a significant change in the manner in which the accrued benefit is determined under the plan, or

"(II) requires an applicable individual to choose between 2 or more benefit formulas, and

"(ii) may reasonably be expected to affect such applicable individual,

the plan shall, not later than the date which is 6 months after the effective date of the amendment, provide written notice to such applicable individual which includes the information described in subparagraph (B).

"(B) The notice under subparagraph (A) shall include the following information:

"(i) The accrued benefit (and if the amendment adds the option of an immediate lump sum distribution, the present value of the accrued benefit) as of the effective date, determined under the terms of the plan in effect immediately before the effective date.

"(ii) The accrued benefit as of the effective date, determined under the terms of the plan in effect on the effective date and without regard to any minimum accrued benefit required by reason of section 204(g).

"(iii) Sufficient information (as determined in accordance with regulations prescribed by the Secretary of the Treasury) for an applicable individual to compute their projected accrued benefit under the terms of the plan in effect on the effective date or to acquire information necessary to compute such projected accrued benefit.

"(C) A plan may, in lieu of the information described in subparagraph (B)(iii), include a determination of an applicable individual's projected accrued benefit under the terms of the plan in effect on the effective date. Such determination shall include a disclosure of the assumptions used by the plan in determining such benefit and such assumptions must be reasonable in the aggregate.

"(D) For purposes of this paragraph, an applicable individual's accrued benefit and projected accrued benefit shall be computed—

"(i) as if the accrued benefit were in the form of a single life annuity commencing at normal retirement age (and by taking into account any early retirement subsidy), and

"(ii) by using the applicable mortality table and the applicable interest rate under section 205(g)(3)(A).

"(3) If a plan amendment to which paragraph (1) applies requires an applicable individual to choose between 2 or more benefit formulas, the Secretary of the Treasury may, after consultation with the Secretary—

"(A) require additional information to be provided in either of the notices described in paragraph (1) or (2), and

"(B) require either of such notices to be provided at a time other than the time required under either such paragraph.

"(4) A plan shall not be treated as failing to meet the requirements of paragraph (1) or (2) merely because notice is provided before the adoption of the plan amendment if no material modification of the amendment occurs before the amendment is adopted.

"(5) Any notice under paragraph (1) or (2) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

"(6)(A) For purposes of this subsection, the term 'applicable individual' means, with respect to any plan amendment—

"(i) any participant in the plan, and

"(ii) any beneficiary who is an alternate payee (within the meaning of section 206(d)(3)(K)) under an applicable qualified domestic relations order (within the meaning of section 206(d)(3)(B)).

"(B) Such term shall not include a participant who has less than 1 year of participation (within the meaning of section 204(b)(4)) under the plan as of the effective date of the plan amendment.

"(C) Such term shall not include a participant or beneficiary who, under the terms of the plan as of the effective date of the plan amendment, is entitled to the greater of the accrued benefit under such terms or the accrued benefit under the terms of the plan in effect immediately before the effective date.

"(7) For purposes of this subsection, the term 'applicable pension plan' means—

"(A) a defined benefit plan, or

"(B) an individual account plan which is subject to the funding standards of section 302."

(c) Effective Dates.—

(1) In general.—The amendments made by this section shall apply to plan amendments taking effect on or after the date of the enactment of this Act.

(2) Special rule for collectively bargained plans.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified by the date of the enactment of this Act, the amendments made by this section shall not apply to plan amendments taking effect before the earlier of—

(A) the later of—

(i) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof on or after such date of enactment), or

(ii) January 1, 2000, or

(B) January 1, 2002.

(3) Special rule.—The period for providing any notice required by the amendments made by this section shall not end before the date which is 3 months after the date of the enactment of this Act.

SEC. 355. PROTECTION OF INVESTMENT OF EMPLOYEE CONTRIBUTIONS TO 401(K) PLANS.

(a) In General.—Section 1524(b) of the Taxpayer Relief Act of 1997 is amended to read as follows:

"(b) Effective Date.—

"(1) In general.—Except as provided in paragraph (2), the amendments made by this section shall apply to elective deferrals for plan years beginning after December 31, 1998.

"(2) Nonapplication to previously acquired property.—The amendments made by this section shall not apply to any elective deferral used to acquire an interest in the income or gain from employer securities or employer real property acquired—

"(A) before January 1, 1999, or

"(B) after such date pursuant to a written contract which was binding on such date and at all times thereafter on such plan."

(b) Effective Date.—The amendment made by this section shall apply as if included in the provision of the Taxpayer Relief Act of 1997 to which it relates.

SEC. 356. TREATMENT OF MULTIEMPLOYER PLANS UNDER SECTION 415.

(a) Compensation Limit.—Paragraph (11) of section 415(b) (relating to limitation for defined benefit plans) is amended to read as follows:

"(11) Special limitation rule for governmental and multiemployer plans.—In the case of a governmental plan (as defined in section 414(d)) or a multiemployer plan (as defined in section 414(f)), subparagraph (B) of paragraph (1) shall not apply."

(b) Combining and Aggregation of Plans.—

(1) Combining of plans.—Subsection (f) of section 415 (relating to combining of plans) is amended by adding at the end the following:

"(3) Exception for multiemployer plans.—Notwithstanding paragraph (1) and subsection (g), a multiemployer plan (as defined in section 414(f)) shall not be combined or aggregated with any other plan maintained by an employer for purposes of applying the limitations established in this section. The preceding sentence shall not apply for purposes of applying subsection (b)(1)(A) to a plan which is not a multiemployer plan."

(2) Conforming amendment for aggregation of plans.—Subsection (g) of section 415 (relating to aggregation of plans) is amended by striking "The Secretary" and inserting "Except as provided in subsection (f)(3), the Secretary".

(c) Application of Special Early Retirement Rules.—Section 415(b)(2)(F) (relating to plans maintained by governments and tax-exempt organizations) is amended—

(1) by inserting "a multiemployer plan (within the meaning of section 414(f))," after "section 414(d)),", and

(2) by striking the heading and inserting:

"(F) Special early retirement rules for certain plans.—".

(d) Effective Date.—The amendments made by this section shall apply to years beginning after December 31, 1999.

Subtitle G—Encouraging Retirement Education

SEC. 361. PERIODIC PENSION BENEFITS STATEMENTS.

(a) In General.—Section 105(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025 (a)) is amended to read as follows:

"(a)(1) Except as provided in paragraph (2)—

"(A) the administrator of an individual account plan shall furnish a pension benefit statement—

"(i) to a plan participant at least once annually, and

"(ii) to a plan beneficiary upon written request, and

"(B) the administrator of a defined benefit plan shall furnish a pension benefit statement—

"(i) at least once every 3 years to each participant with a nonforfeitable accrued benefit who is employed by the employer maintaining the plan at the time the statement is furnished to participants, and

"(ii) to a participant or beneficiary of the plan upon written request.

"(2) Notwithstanding paragraph (1), the administrator of a plan to which more than 1 unaffiliated employer is required to contribute shall only be required to furnish a pension benefit statement under paragraph (1) upon the written request of a participant or beneficiary of the plan.

"(3) A pension benefit statement under paragraph (1)—

"(A) shall indicate, on the basis of the latest available information—

"(i) the total benefits accrued, and

"(ii) the nonforfeitable pension benefits, if any, which have accrued, or the earliest date on which benefits will become nonforfeitable,

"(B) shall be written in a manner calculated to be understood by the average plan participant, and

"(C) may be provided in written, electronic, telephonic, or other appropriate form.

"(4) In the case of a defined benefit plan, the requirements of paragraph (1)(B)(i) shall be treated as met with respect to a participant if the administrator provides the participant at least once each year with notice of the availability of the pension benefit statement and the ways in which the participant may obtain such statement. Such notice shall be provided in written, electronic, telephonic, or other appropriate form, and may be included with other communications to the participant if done in a manner reasonably designed to attract the attention of the participant."

(b) Conforming Amendments.—

(1) Section 105 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025) is amended by striking subsection (d).

(2) Section 105(b) of such Act (29 U.S.C. 1025(b)) is amended to read as follows:

"(b) In no case shall a participant or beneficiary of a plan be entitled to more than one statement described in subsection (a)(1)(A) or (a)(1)(B)(ii), whichever is applicable, in any 12-month period."

(c) Effective Date.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 362. CLARIFICATION OF TREATMENT OF EMPLOYER-PROVIDED RETIREMENT ADVICE.

(a) In General.—Subsection (a) of section 132 (relating to exclusion from gross income) is amended by striking "or" at the end of paragraph (5), by striking the period at the end of paragraph (6) and inserting ", or", and by adding at the end the following new paragraph:

"(7) qualified retirement planning services."

(b) Qualified Retirement Planning Services Defined.—Section 132 is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following:

"(m) Qualified Retirement Planning Services.—

"(1) In general.—For purposes of this section, the term 'qualified retirement planning services' means any retirement planning service provided to an employee and his spouse by an employer maintaining a qualified employer plan.

"(2) NONDISCRIMINATION RULE.—Subsection (a)(7) shall apply in the case of highly compensated employees only if such services are available on substantially the same terms to each member of the group of employees normally provided education and information regarding the employer's qualified employer plan.

"(3) QUALIFIED EMPLOYER PLAN.—For purposes of this subsection, the term 'qualified employer plan' means a plan, contract, pension, or account described in section 219(g)(5)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

Subtitle H—Reducing Regulatory Burdens

SEC. 371. FLEXIBILITY IN NONDISCRIMINATION AND COVERAGE RULES.

(a) NONDISCRIMINATION.—

(1) IN GENERAL.—The Secretary of the Treasury shall, by regulation, provide that a plan shall be deemed to satisfy the requirements of section 401(a)(4) of the Internal Revenue Code of 1986 if such plan satisfies the facts and circumstances test under section 401(a)(4) of such Code, as in effect before January 1, 1994, but only if—

(A) the plan satisfies conditions prescribed by the Secretary to appropriately limit the availability of such test, and

(B) the plan is submitted to the Secretary for a determination of whether it satisfies such test.

Subparagraph (B) shall only apply to the extent provided by the Secretary.

(2) EFFECTIVE DATES.—

(A) REGULATIONS.—The regulation required by subsection (a) shall apply to years beginning after December 31, 2000.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under paragraph (1)(A) shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

(b) COVERAGE TEST.—

(1) IN GENERAL.—Section 410(b)(1) (relating to minimum coverage requirements) is amended by adding at the end the following:

"(D) In the case that the plan fails to meet the requirements of subparagraphs (A), (B) and (C), the plan—

"(i) satisfies subparagraph (B), as in effect immediately before the enactment of the Tax Reform Act of 1986,

"(ii) is submitted to the Secretary for a determination of whether it satisfies the requirement described in clause (i), and

"(iii) satisfies conditions prescribed by the Secretary by regulation that appropriately limit the availability of this subparagraph.

Clause (ii) shall apply only to the extent provided by the Secretary.".

(2) EFFECTIVE DATES.—

(A) IN GENERAL.—The amendment made by subsection (a) shall apply to years beginning after December 31, 2000.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under regulations prescribed by the Secretary under section 410(b)(1)(D) of the Internal Revenue Code of 1986 shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

SEC. 372. MODIFICATION OF TIMING OF PLAN VALUATIONS.

(a) IN GENERAL.—Section 412(c)(9) (relating to annual valuation) is amended—

(1) by striking "For purposes" and inserting the following:

"(A) IN GENERAL.—For purposes", and

(2) by adding at the end the following:

"(B) ELECTION TO USE PRIOR YEAR VALUATION.—

"(i) IN GENERAL.—Except as provided in clause (ii), if, for any plan year—

"(I) an election is in effect under this subparagraph with respect to a plan, and

"(II) the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)), determined as of the valuation date for the preceding plan year,

then this section shall be applied using the information available as of such valuation date.

"(ii) EXCEPTIONS.—

"(I) ACTUAL VALUATION EVERY 3 YEARS.—Clause (i) shall not apply for more than 2 consecutive plan years and valuation shall be under subparagraph (A) with respect to any plan year to which clause (i) does not apply by reason of this subclause.

"(II) REGULATIONS.—Clause (i) shall not apply to the extent that more frequent valuations are required under the regulations under subparagraph (A).

"(iii) ADJUSTMENTS.—Information under clause (i) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

"(iv) ELECTION.—An election under this subparagraph, once made, shall be irrevocable without the consent of the Secretary."

(b) AMENDMENTS TO ERISA.—Paragraph (9) of section 302(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(c)) is amended—

(1) by inserting "(A)" after "(9)", and

(2) by adding at the end the following:

"(B)(i) Except as provided in clause (ii), if, for any plan year—

"(I) an election is in effect under this subparagraph with respect to a plan, and

"(II) the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)), determined as of the valuation date for the preceding plan year,

then this section shall be applied using the information available as of such valuation date.

"(ii)(I) Clause (i) shall not apply for more than 2 consecutive plan years and valuation shall be under subparagraph (A) with respect to any plan year to which clause (i) does not apply by reason of this subclause.

"(II) Clause (i) shall not apply to the extent that more frequent valuations are required under the regulations under subparagraph (A).

"(iii) Information under clause (i) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

"(iv) An election under this subparagraph, once made, shall be irrevocable without the consent of the Secretary of the Treasury."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 373. SUBSTANTIAL OWNER BENEFITS IN TERMINATED PLANS.

(a) MODIFICATION OF PHASE-IN OF GUARANTEE.—Section 4022(b)(5) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322(b)(5)) is amended to read as follows:

"(5)(A) For purposes of this paragraph, the term 'majority owner' means an individual who, at any time during the 60-month period ending on the date the determination is being made—

"(i) owns the entire interest in an unincorporated trade or business,

"(ii) in the case of a partnership, is a partner who owns, directly or indirectly, 50 percent or more of either the capital interest or the profits interest in such partnership, or

"(iii) in the case of a corporation, owns, directly or indirectly, 50 percent or more in value of either the voting stock of that corporation or all the stock of that corporation.

For purposes of clause (iii), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 shall apply (determined without regard to section 1563(e)(3)(C)).

"(B) In the case of a participant who is a majority owner, the amount of benefits guaranteed under this section shall equal the product of—

"(i) a fraction (not to exceed 1) the numerator of which is the number of years from the later of the effective date or the adoption date of the plan to the termination date, and the denominator of which is 10, and

"(ii) the amount of benefits that would be guaranteed under this section if the participant were not a majority owner."

(b) MODIFICATION OF ALLOCATION OF ASSETS.—

(1) Section 4044(a)(4)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1344(a)(4)(B)) is amended by striking "section 4022(b)(5)" and inserting "section 4022(b)(5)(B)".

(2) Section 4044(b) of such Act (29 U.S.C. 1344(b)) is amended—

(A) by striking "(5)" in paragraph (2) and inserting "(4), (5),", and

(B) by redesignating paragraphs (3) through (6) as paragraphs (4) through (7), respectively, and by inserting after paragraph (2) the following:

"(3) If assets available for allocation under paragraph (4) of subsection (a) are insufficient to satisfy in full the benefits of all individuals who are described in that paragraph, the assets shall be allocated first to benefits described in subparagraph (A) of that paragraph. Any remaining assets shall then be allocated to benefits described in subparagraph (B) of that paragraph. If assets allocated to such subparagraph (B) are insufficient to satisfy in full the benefits described in that subparagraph, the assets shall be allocated pro rata among individuals on the basis of the present value (as of the termination date) of their respective benefits described in that subparagraph."

(c) CONFORMING AMENDMENTS.—

(1) Section 4021 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1321) is amended—

(A) in subsection (b)(9), by striking "as defined in section 4022(b)(6)", and

(B) by adding at the end the following:

"(d) For purposes of subsection (b)(9), the term 'substantial owner' means an individual who, at any time during the 60-month period ending on the date the determination is being made—

"(1) owns the entire interest in an unincorporated trade or business,

"(2) in the case of a partnership, is a partner who owns, directly or indirectly, more than 10 percent of either the capital interest or the profits interest in such partnership, or

"(3) in the case of a corporation, owns, directly or indirectly, more than 10 percent in value of either the voting stock of that corporation or all the stock of that corporation.

For purposes of paragraph (3), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 shall apply (determined without regard to section 1563(e)(3)(C))."

(2) Section 4043(c)(7) of such Act (29 U.S.C. 1343(c)(7)) is amended by striking "section 4022(b)(6)" and inserting "section 4021(d)".

(d) Effective Dates.—

(1) In general.—Except as provided in paragraph (2), the amendments made by this section shall apply to plan terminations—

(A) under section 4041(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341(c)) with respect to which notices of intent to terminate are provided under section 4041(a)(2) of such Act (29 U.S.C. 1341(a)(2)) after December 31, 2000, and

(B) under section 4042 of such Act (29 U.S.C. 1342) with respect to which proceedings are instituted by the corporation after such date.

(2) Conforming amendments.—The amendments made by subsection (c) shall take effect on the date of enactment of this Act.

SEC. 374. ESOP DIVIDENDS MAY BE REINVESTED WITHOUT LOSS OF DIVIDEND DEDUCTION.

(a) In General.—Section 404(k)(2)(A) (defining applicable dividends) is amended by striking "or" at the end of clause (ii), by redesignating clause (iii) as clause (iv), and by inserting after clause (ii) the following new clause:

"(iii) is, at the election of such participants or their beneficiaries—

"(I) payable as provided in clause (i) or (ii), or

"(II) paid to the plan and reinvested in qualifying employer securities, or".

(b) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 375. NOTICE AND CONSENT PERIOD REGARDING DISTRIBUTIONS.

(a) Expansion of Period.—

(1) In general.—

(A) Amendment of internal revenue code of 1986.—Subparagraph (A) of section 417(a)(6) is amended by striking "90-day" and inserting "1-year".

(B) Amendment to erisa.—Subparagraph (A) of section 205(c)(7) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1055(c)(7)) is amended by striking "90-day" and inserting "1-year".

(2) Modification of regulations.—The Secretary of the Treasury shall modify the regulations under sections 402(f), 411(a)(11), and 417 of the Internal Revenue Code of 1986 to substitute "1-year" for "90 days" each place it appears in Treasury Regulations sections 1.402(f)–1, 1.411(a)–11(c), and 1.417(e)–1(b).

(3) Effective date.—The amendments made by paragraph (1) and the modifications required by paragraph (2) shall apply to years beginning after December 31, 2000.

(b) Consent Regulation Inapplicable to Certain Distributions.—

(1) In general.—The Secretary of the Treasury shall modify the regulations under section 411(a)(11) of the Internal Revenue Code of 1986 to provide that the description of a participant's right, if any, to defer receipt of a distribution shall also describe the consequences of failing to defer such receipt.

(2) Effective date.—The modifications required by paragraph (1) shall apply to years beginning after December 31, 2000.

SEC. 376. REPEAL OF TRANSITION RULE RELATING TO CERTAIN HIGHLY COMPENSATED EMPLOYEES.

(a) In General.—Paragraph (4) of section 1114(c) of the Tax Reform Act of 1986 is hereby repealed.

(b) Effective Date.—The repeal made by subsection (a) shall apply to plan years beginning after December 31, 1999.

SEC. 377. EMPLOYEES OF TAX-EXEMPT ENTITIES.

(a) In General.—The Secretary of the Treasury shall modify Treasury Regulations section 1.410(b)–6(g) to provide that employees of an organization described in section 403(b)(1)(A)(i) of the Internal Revenue Code of 1986 who are eligible to make contributions under section 403(b) of such Code pursuant to a salary reduction agreement may be treated as excludable with respect to a plan under section 401 (k) or (m) of such Code that is provided under the same general arrangement as a plan under such section 401(k), if—

(1) no employee of an organization described in section 403(b)(1)(A)(i) of such Code is eligible to participate in such section 401(k) plan or section 401(m) plan, and

(2) 95 percent of the employees who are not employees of an organization described in section 403(b)(1)(A)(i) of such Code are eligible to participate in such plan under such section 401 (k) or (m).

(b) Effective Date.—The modification required by subsection (a) shall apply as of the same date set forth in section 1426(b) of the Small Business Job Protection Act of 1996.

SEC. 378. EXTENSION TO INTERNATIONAL ORGANIZATIONS OF MORATORIUM ON APPLICATION OF CERTAIN NONDISCRIMINATION RULES APPLICABLE TO STATE AND LOCAL PLANS.

(a) In General.—Subparagraph (G) of section 401(a)(5), subparagraph (H) of section 401(a)(26), subparagraph (G) of section 401(k)(3), and paragraph (2) of section 1505(d) of the Taxpayer Relief Act of 1997 are each amended by inserting "or by an international organization which is described in section 414(d)" after "or instrumentality thereof)".

(b) Conforming Amendments.—

(1) The headings for subparagraph (G) of section 401(a)(5) and subparagraph (H) of section 401(a)(26) are each amended by inserting "AND INTERNATIONAL ORGANIZATION" after "GOVERNMENTAL".

(2) Subparagraph (G) of section 401(k)(3) is amended by inserting "STATE AND LOCAL GOVERNMENTAL AND INTERNATIONAL ORGANIZATION PLANS.—" after "(G)".

(c) Effective Date.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 379. ANNUAL REPORT DISSEMINATION.

(a) In General.—Section 104(b)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1024(b)(3)) is amended by striking "shall furnish" and inserting "shall make available for examination (and, upon request, shall furnish)".

(b) Effective Date.—The amendment made by this section shall apply to reports for years beginning after December 31, 1998.

SEC. 380. MODIFICATION OF EXCLUSION FOR EMPLOYER PROVIDED TRANSIT PASSES.

(a) In General.—Section 132(f)(3) (relating to cash reimbursements) is amended by striking the last sentence.

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

Subtitle I—Plan Amendments

SEC. 381. PROVISIONS RELATING TO PLAN AMENDMENTS.

(a) In General.—If this section applies to any plan or contract amendment—

(1) such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A), and

(2) such plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 by reason of such amendment.

(b) Amendments to Which Section Applies.—

(1) In general.—This section shall apply to any amendment to any plan or annuity contract which is made—

(A) pursuant to any amendment made by this title, or pursuant to any regulation issued under this title, and

(B) on or before the last day of the first plan year beginning on or after January 1, 2003.

In the case of a government plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this paragraph shall be applied by substituting "2005" for "2003".

(2) Conditions.—This section shall not apply to any amendment unless—

(A) during the period—

(i) beginning on the date the legislative or regulatory amendment described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not required by such legislative or regulatory amendment, the effective date specified by the plan), and

(ii) ending on the date described in paragraph (1)(B) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect, and

(B) such plan or contract amendment applies retroactively for such period.

TITLE IV—EDUCATION TAX RELIEF

SEC. 401. PERMANENT EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) In General.—Section 127 (relating to exclusion for educational assistance programs) is amended by striking subsection (d).

(b) Repeal of Limitation on Graduate Education.—

(1) In general.—The last sentence of section 127(c)(1) is amended by striking ", and such term also does not include any payment for, or the provision of any benefits with respect to, any graduate level course of a kind normally taken by an individual pursuing a program leading to a law, business, medical, or other advanced academic or professional degree".

(2) Effective date.—The amendment made by paragraph (1) shall apply with respect to expenses relating to courses beginning after December 31, 1999.

SEC. 402. ELIMINATION OF 60-MONTH LIMIT AND INCREASE IN INCOME LIMITATION ON STUDENT LOAN INTEREST DEDUCTION.

(a) Elimination of 60-Month Limit.—

(1) In general.—Section 221 (relating to interest on education loans) is amended by striking subsection (d) and by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

(2) Conforming amendment.—Section 6050S(e) is amended by striking "section 221(e)(1)" and inserting "section 221(d)(1)".

(3) Effective date.—The amendments made by this subsection shall apply with respect to any loan interest paid after December 31, 1999, in taxable years ending after such date.

(b) Increase in Income Limitation.—

(1) In general.—Section 221(b)(2)(B) (relating to amount of reduction) is amended by striking clauses (i) and (ii) and inserting the following:

"(i) the excess of—

"(I) the taxpayer's modified adjusted gross income for such taxable year, over

"(II) $50,000 (twice such dollar amount in the case of a joint return), bears to

"(ii) $15,000."

(2) Conforming amendment.—Section 221(g)(1) is amended by striking "$40,000 and $60,000 amounts" and inserting "$50,000 amount".

(3) Effective date.—The amendments made by this subsection shall apply to taxable years ending after December 31, 1999.

SEC. 403. MODIFICATIONS TO QUALIFIED TUITION PROGRAMS.

(a) Eligible Educational Institutions Permitted To Maintain Qualified Tuition Programs.—

(1) In general.—Section 529(b)(1) (defining qualified State tuition program) is amended by inserting "or by 1 or more eligible educational institutions" after "maintained by a State or agency or instrumentality thereof".

(2) Private qualified tuition programs limited to benefit plans.—Clause (ii) of section 529(b)(1)(A) is amended by inserting "in the case of a program established and maintained by a State or agency or instrumentality thereof," before "may make".

(3) Conforming amendments.—

(A) Sections 72(e)(9), 135(c)(2)(C), 135(d)(1)(D), 529, 530(b)(2)(B), 4973(e), and 6693(a)(2)(C) are each amended by striking "qualified State tuition" each place it appears and inserting "qualified tuition".

(B) The headings for sections 72(e)(9) and 135(c)(2)(C) are each amended by striking "QUALIFIED STATE TUITION" and inserting "QUALIFIED TUITION".

(C) The headings for sections 529(b) and 530(b)(2)(B) are each amended by striking "Qualified state tuition" and inserting "Qualified tuition".

(D) The heading for section 529 is amended by striking "**STATE**".

(E) The item relating to section 529 in the table of sections for part VIII of subchapter F of chapter 1 is amended by striking "State".

(b) Exclusion From Gross Income of Education Distributions From Qualified Tuition Programs.—

(1) In general.—Section 529(c)(3)(B) (relating to distributions) is amended to read as follows:

"(B) Distributions for qualified higher education expenses.—For purposes of this paragraph—

"(i) In-kind distributions.—No amount shall be includible in gross income under subparagraph (A) by reason of a distribution which consists of providing a benefit to the distributee which, if paid for by the distributee, would constitute payment of a qualified higher education expense.

"(ii) Cash distributions.—In the case of distributions not described in clause (i), if—

"(I) such distributions do not exceed the qualified higher education expenses (reduced by expenses described in clause (i)), no amount shall be includible in gross income,' and

"(II) in any other case, the amount otherwise includible in gross income shall be reduced by an amount which bears the same ratio to such amount as such expenses bear to such distributions.

"(iii) Exception for institutional programs.—In the case of any taxable year beginning before January 1, 2004, clauses (i) and (ii) shall not apply with respect to any distribution during such taxable year under a qualified tuition program established and maintained by 1 or more eligible educational institutions.

"(iv) Treatment as distributions.—Any benefit furnished to a designated beneficiary under a qualified tuition program shall be treated as a distribution to the beneficiary for purposes of this paragraph.

"(v) Coordination with hope and lifetime learning credits.—The total amount of qualified higher education expenses with respect to an individual for the taxable year shall be reduced—

"(I) as provided in section 25A(g)(2), and

"(II) by the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A.

"(vi) Coordination with education individual retirement accounts.—If, with respect to an individual for any taxable year—

"(I) the aggregate distributions to which clauses (i) and (ii) and section 530(d)(2)(A) apply, exceed

"(II) the total amount of qualified higher education expenses otherwise taken into account under clauses (i) and (ii) (after the application of clause (v)) for such year,

the taxpayer shall allocate such expenses among such distributions for purposes of determining the amount of the exclusion under clauses (i) and (ii) and section 530(d)(2)(A)."

(2) Conforming amendments.—

(A) Section 135(d)(2)(B) is amended by striking "the exclusion under section 530(d)(2)" and inserting "the exclusions under sections 529(c)(3)(B)(i) and 530(d)(2)".

(B) Section 221(e)(2)(A) is amended by inserting "529," after "135,".

(c) Coordination With Hope and Lifetime Learning Credits and Qualified Tuition Programs.—

(1) In general.—Section 530(d)(2)(C) is amended to read as follows:

"(C) Coordination with hope and lifetime learning credits and qualified tuition programs.—For purposes of subparagraph (A)—

"(i) Credit coordination.—The total amount of qualified higher education expenses with respect to an individual for the taxable year shall be reduced—

"(I) as provided in section 25A(g)(2), and

"(II) by the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A.

"(ii) Coordination with qualified tuition programs.—If, with respect to an individual for any taxable year—

"(I) the aggregate distributions during such year to which subparagraph (A) and section 529(c)(3)(B) apply, exceed

"(II) the total amount of qualified higher education expenses otherwise taken into account under subparagraph (A) (after the application of clause (i)) for such year,

the taxpayer shall allocate such expenses among such distributions for purposes of determining the amount of the exclusion under subparagraph (A) and section 529(c)(3)(B)."

(2) Conforming amendments.—

(A) Subsection (e) of section 25A is amended to read as follows:

"(e) Election To Have Section Apply.—No credit shall be allowed under subsection (a) for a taxable year with respect to the qualified tuition and related expenses of an individual unless the taxpayer elects to have this section apply with respect to such individual for such year."

(B) Section 135(d)(2)(A) is amended by striking "allowable" and inserting "allowed".

(C) Section 530(d)(2)(D) is amended—

(i) by striking "or credit", and

(ii) by striking "CREDIT OR" in the heading.

(d) Rollover to Different Program for Benefit of Same Designated Beneficiary.—Section 529(c)(3)(C) (relating to change in beneficiaries) is amended—

(1) by striking "transferred to the credit" in clause (i) and inserting "transferred—

"(I) to another qualified tuition program for the benefit of the designated beneficiary, or

"(II) to the credit",

(2) by adding at the end the following new clause:

"(iii) Limitation on certain rollovers.—Clause (i)(I) shall not apply to any amount transferred with respect to a designated beneficiary if, at any time during the 1-year period ending on the day of such transfer, any other amount was transferred with respect to such beneficiary which was not includible in gross income by reason of clause (i)(I).", and

(3) by inserting "OR PROGRAMS" after "BENEFICIARIES" in the heading.

(e) Member of Family Includes First Cousin.—Section 529(e)(2) (defining member of family) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and by inserting "; and", and by adding at the end the following new subparagraph:

"(D) any first cousin of such beneficiary."

(f) Definition of Qualified Higher Education Expenses.—

(1) In general.—Subparagraph (A) of section 529(e)(3) (relating to definition of qualified higher education expenses) is amended to read as follows:

"(A) In general.—The term 'qualified higher education expenses' means—

"(i) tuition and fees required for the enrollment or attendance of a designated beneficiary at an eligible educational institution for courses of instruction of such beneficiary at such institution, and

"(ii) expenses for books, supplies, and equipment which are incurred in connection with such enrollment or attendance, but not to exceed the allowance for books and supplies included in the cost of attendance (as defined in section 472 of the Higher Education Act of 1965 (20 U.S.C. 108711), as in effect on the date of enactment of the Taxpayer Refund Act of 1999) as determined by the eligible educational institution."

(2) Exception for education involving sports, etc..—Paragraph (3) of section 529(e) (relating to qualified higher education expenses) is amended by adding at the end the following new subparagraph:

"(C) Exception for education involving sports, etc..—The term 'qualified higher education expenses' shall not include expenses with respect to any course or other education involving sports, games, or hobbies unless such course or other education is part of the beneficiary's degree program or is taken to acquire or improve job skills of the beneficiary."

(g) Effective Dates.—

(1) In general.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

(2) Qualified higher education expenses.—The amendments made by subsection (f) shall apply to amounts paid for courses beginning after December 31, 1999.

SEC. 404. ADDITIONAL INCREASE IN ARBITRAGE REBATE EXCEPTION FOR GOVERNMENTAL BONDS USED TO FINANCE EDUCATIONAL FACILITIES.

(a) In General.—Section 148(f)(4)(D)(vii) (relating to increase in exception for bonds financing public school capital expenditures) is amended by striking "$5,000,000" the second place it appears and inserting "$10,000,000".

(b) Effective Date.—The amendment made by subsection (a) shall apply to obligations issued in calendar years beginning after December 31, 1999.

SEC. 405. EXCLUSION OF CERTAIN AMOUNTS RECEIVED UNDER THE NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM AND THE F. EDWARD HEBERT ARMED FORCES HEALTH PROFESSIONS SCHOLARSHIP AND FINANCIAL ASSISTANCE PROGRAM.

(a) In General.—Section 117(c) (relating to the exclusion from gross income amounts received as a qualified scholarship) is amended—

(1) by striking "Subsections (a)" and inserting the following:

"(1) In general.—Except as provided in paragraph (2), subsections (a)", and

(2) by adding at the end the following new paragraph:

"(2) Exceptions.—Paragraph (1) shall not apply to any amount received by an individual under—

"(A) the National Health Service Corps Scholarship program under section 338A(g)(1)(A) of the Public Health Service Act, or

"(B) the Armed Forces Health Professions Scholarship and Financial Assistance program under subchapter I of chapter 105 of title 10, United States Code."

(b) Effective Date.—The amendments made by subsection (a) shall apply to amounts received in taxable years beginning after December 31, 1993.

TITLE V—HEALTH CARE RELIEF

SEC. 501. DEDUCTION FOR HEALTH AND LONG-TERM CARE INSURANCE COSTS OF INDIVIDUALS NOT PARTICIPATING IN EMPLOYER-SUBSIDIZED HEALTH PLANS.

(a) In General.—Part VII of subchapter B of chapter 1 is amended by redesignating section 222 as section 223 and by inserting after section 221 the following new section:

"SEC. 222. HEALTH AND LONG-TERM CARE INSURANCE COSTS.

"(a) In General.—In the case of an individual, there shall be allowed as a deduction an amount equal to the applicable percentage of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer and the taxpayer's spouse and dependents.

"(b) Applicable Percentage.—For purposes of subsection (a)—

"(1) Health insurance.—In the case of insurance not described in paragraph (2), the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in calendar year—	The applicable percentage is—
2001, 2002, 2003	12.5
2004 and 2005	25
2006 and thereafter	50.

"(2) Long-term care insurance.—In the case of qualified long-term care insurance, the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in calendar year—	The applicable percentage is—
2001, 2002, 2003	25
2004 and 2005	50
2006 and thereafter	100.

"(c) Limitation Based on Other Coverage.—

"(1) Coverage under certain subsidized employer plans.—

"(A) In general.—Subsection (a) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any health plan maintained by any employer of the taxpayer or of the spouse of the taxpayer if 50 percent or more of the cost of coverage under such plan (determined under section 4980B and without regard to payments made with respect to any coverage described in subsection (e)) is paid or incurred by the employer.

"(B) Employer contributions to cafeteria plans, flexible spending arrangements, and medical savings accounts.—Employer contributions to a cafeteria plan, a flexible spending or similar arrangement, or a medical savings account which are excluded from gross income under section 106 shall be treated for purposes of subparagraph (A) as paid by the employer.

"(C) Aggregation of plans of employer.—A health plan which is not otherwise described in subparagraph (A) shall be treated as described in such subparagraph if such plan would be so described if all health plans of persons treated as a single employer under subsections (b), (c), (m), or (o) of section 414 were treated as one health plan.

"(D) Separate application to health insurance and long-term care insurance.—Subparagraphs (A) and (C) shall be applied separately with respect to—

"(i) plans which include primarily coverage for qualified long-term care services or are qualified long-term cane insurance contracts, and

"(ii) plans which do not include such coverage and are not such contracts.

"(2) Coverage under certain federal programs.—

"(A) In general.—Subsection (a) shall not apply to any amount paid for any coverage for an individual for any calendar month if, as of the first day of such month, the individual is covered under any medical care program described in—

"(i) title XVIII, XIX, or XXI of the Social Security Act,

"(ii) chapter 55 of title 10, United States Code,

"(iii) chapter 17 of title 38, United States Code,

"(iv) chapter 89 of title 5, United States Code, or

"(v) the Indian Health Care Improvement Act.

"(B) Exceptions.—

"(i) Qualified long-term care.—Subparagraph (A) shall not apply to amounts paid for coverage under a qualified long-term care insurance contract.

"(ii) Continuation coverage of FEHBP.—Subparagraph (A)(iv) shall not apply to coverage which is comparable to continuation coverage under section 4980B.

"(d) Long-Term Care Deduction Limited to Qualified Long-Term Care Insurance Contracts.—In the case of a qualified long-term care insurance contract, only eligible long-term care premiums (as defined in section 213(d)(10)) may be taken into account under subsection (a).

"(e) Deduction Not Available for Payment of Ancillary Coverage Premiums.—Any amount paid as a premium for insurance which provides for—

"(1) coverage for accidents, disability, dental care, vision care, or a specified illness, or

"(2) making payments of a fixed amount per day (or other period) by reason of being hospitalized.

shall not be taken into account under subsection (a).

"(f) Special Rules.—

"(1) Coordination with deduction for health insurance costs of self-employed individuals.—The amount taken into account by the taxpayer in computing the deduction under section 162(l) shall not be taken into account under this section.

"(2) Coordination with medical expense deduction.—The amount taken into account by the taxpayer in computing the deduction under this section shall not be taken into account under section 213.

"(g) Regulations.—The Secretary shall prescribe such regulations as may be appropriate to carry out this section, including regulations requiring employers to report to their employees and the Secretary such information as the Secretary determines to be appropriate."

(b) Deduction Allowed Whether or Not Taxpayer Itemizes Other Deductions.—Subsection (a) of section 62, as amended by section 301, is amended by inserting after paragraph (18) the following new item:

"(19) Health and long-term care insurance costs.—The deduction allowed by section 222."

(c) Clerical Amendment.—The table of sections for part VII of subchapter B of chapter 1 is amended by striking the last item and inserting the following new items:

"Sec. 222. Health and long-term care insurance costs.

"Sec. 223. Cross reference."

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 502. LONG-TERM CARE INSURANCE PERMITTED TO BE OFFERED UNDER CAFETERIA PLANS AND FLEXIBLE SPENDING ARRANGEMENTS.

(a) Cafeteria Plans.—

(1) In general.—Subsection (f) of section 125 (defining qualified benefits) is amended by inserting before the period at the end "; except that such term shall include the payment of premiums for any qualified long-term care insurance contract (as defined in section 7702B) to the extent the amount of such payment does not exceed the eligible long-term care premiums (as defined in section 213(d)(10)) for such contract."

(b) Flexible Spending Arrangements.—Section 106 (relating to contributions by employer to accident and health plans) is amended by striking subsection (c).

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 503. LONG-TERM CARE TAX CREDIT.

(a) Allowance of Credit.—

(1) In general.—Section 24(a) (relating to allowance of child tax credit) is amended to read as follows:

"(a) Allowance of Credit.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(1) $500 multiplied by the number of qualifying children of the taxpayer, plus

"(2) $500 ($250 for taxable years ending before 2007) multiplied by the number of applicable individuals with respect to whom the taxpayer is an eligible caregiver for the taxable year."

(2) Additional credit for taxpayer with 3 or more separate credit amounts.—So much of section 24(d) as precedes paragraph (1)(A) thereof is amended to read as follows:

"(d) Additional Credit for Taxpayers With 3 or More Separate Credit Amounts.—

"(1) In general.—If the sum of the number of qualifying children of the taxpayer and the number of applicable individuals with respect to which the taxpayer is an eligible caregiver is 3 or more for any taxable year, the aggregate credits allowed under subpart C shall be increased by the lesser of—".

(3) CONFORMING AMENDMENTS.—

(A) The heading for section 32(n) is amended by striking "CHILD" and inserting "FAMILY CARE".

(B) The heading for section 24 is amended to read as follows:

"SEC. 24. FAMILY CARE CREDIT."

(C) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 24 and inserting the following new item:

"Sec. 24. Family care credit.".

(b) DEFINITIONS.—Section 24(c) (defining qualifying child) is amended to read as follows:

"(c) DEFINITIONS.—For purposes of this section—

"(1) QUALIFYING CHILD.—

"(A) IN GENERAL.—The term 'qualifying child' means any individual if—

"(i) the taxpayer is allowed a deduction under section 151 with respect to such individual for the taxable year,

"(ii) such individual has not attained the age of 17 as of the close of the calendar year in which the taxable year of the taxpayer begins, and

"(iii) such individual bears a relationship to the taxpayer described in section 32(c)(3)(B).

"(B) EXCEPTION FOR CERTAIN NONCITIZENS.—The term 'qualifying child' shall not include any individual who would not be a dependent if the first sentence of section 152(b)(3) were applied without regard to all that follows 'resident of the United States'.

"(2) APPLICABLE INDIVIDUAL.—

"(A) IN GENERAL.—The term 'applicable individual' means, with respect to any taxable year, any individual who has been certified, before the due date for filing the return of tax for the taxable year (without extensions), by a physician (as defined in section 1861(r)(1) of the Social Security Act) as being an individual with long-term care needs described in subparagraph (B) for a period—

"(i) which is at least 180 consecutive days, and

"(ii) a portion of which occurs within the taxable year.

Such term shall not include any individual otherwise meeting the requirements of the preceding sentence unless within the 39-½ month period ending on such due date (or such other period as the Secretary prescribes) a physician (as so defined) has certified that such individual meets such requirements.

"(B) INDIVIDUALS WITH LONG-TERM CARE NEEDS.—An individual is described in this subparagraph if the individual meets any of the following requirements:

"(i) The individual is at least 6 years of age and—

"(I) is unable to perform (without substantial assistance from another individual) at least 3 activities of daily living (as defined in section 7702B(c)(2)(B)) due to a loss of functional capacity, or

"(II) requires substantial supervision to protect such individual from threats to health and safety due to severe cognitive impairment and is unable to perform at least 1 activity of daily living (as so defined) or to the extent provided in regulations prescribed by the Secretary (in consultation with the Secretary of Health and Human Services), is unable to engage in age appropriate activities.

"(ii) The individual is at least 2 but not 6 years of age and is unable due to a loss of functional capacity to perform (without substantial assistance from another individual) at least 2 of the following activities: eating, transferring, or mobility.

"(iii) The individual is under 2 years of age and requires specific durable medical equipment by reason of a severe health condition or requires a skilled practitioner trained to address the individual's condition to be available if the individual's parents or guardians are absent.

"(3) ELIGIBLE CAREGIVER.—

"(A) IN GENERAL.—A taxpayer shall be treated as an eligible caregiver for any taxable year with respect to the following individuals:

"(i) The taxpayer.

"(ii) The taxpayer's spouse.

"(iii) An individual with respect to whom the taxpayer is allowed a deduction under section 151 for the taxable year.

"(iv) An individual who would be described in clause (iii) for the taxable year if section 151(c)(1)(A) were applied by substituting for the exemption amount an amount equal to the sum of the exemption amount, the standard deduction under section 63(c)(2)(C), and any additional standard deduction under section 63(c)(3) which would be applicable to the individual if clause (iii) applied.

"(v) An individual who would be described in clause (iii) for the taxable year if—

"(I) the requirements of clause (iv) are met with respect to the individual, and

"(II) the requirements of subparagraph (B) are met with respect to the individual in lieu of the support test of section 152(a).

"(B) RESIDENCY TEST.—The requirements of this subparagraph are met if an individual has as his principal place of abode the home of the taxpayer and—

"(i) in the case of an individual who is an ancestor or descendant of the taxpayer or the taxpayer's spouse, is a member of the taxpayer's household for over half the taxable year, or

"(ii) in the case of any other individual, is a member of the taxpayer's household for the entire taxable year.

"(C) SPECIAL RULES WHERE MORE THAN 1 ELIGIBLE CAREGIVER.—

"(i) IN GENERAL.—If more than 1 individual is an eligible caregiver with respect to the same applicable individual for taxable years ending with or within the same calendar year, a taxpayer shall be treated as the eligible caregiver if each such individual (other than the taxpayer) files a written declaration (in such form and manner as the Secretary may prescribe) that such individual will not claim such applicable individual for the credit under this section.

"(ii) NO AGREEMENT.—If each individual required under clause (i) to file a written declaration under clause (i) does not do so, the individual with the highest modified adjusted gross income (as defined in section 32(c)(5)) shall be treated as the eligible caregiver.

"(iii) MARRIED INDIVIDUALS FILING SEPARATELY.—In the case of married individuals filing separately, the determination under this subparagraph as to whether the husband or wife is the eligible caregiver shall be made under the rules of clause (ii) (whether or not one of them has filed a written declaration under clause (i))."

(c) IDENTIFICATION REQUIREMENTS.—

(1) IN GENERAL.—Section 24(e) is amended by adding at the end the following new sentence: "No credit shall be allowed under this section to a taxpayer with respect to any applicable individual unless the taxpayer includes the name and taxpayer identification number of such individual, and the identification number of the physician certifying such individual, on the return of tax for the taxable year."

(2) ASSESSMENT.—Section 6213(g)(2)(I) is amended—

(A) by inserting "or physician identification" after "correct TIN", and

(B) by striking "child" and inserting "family care".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

SEC. 504. INCLUSION OF CERTAIN VACCINES AGAINST STREPTOCOCCUS PNEUMONIAE TO LIST OF TAXABLE VACCINES; REDUCTION IN PER DOSE TAX RATE.

(a) INCLUSION OF VACCINES.—

(1) IN GENERAL.—Section 4132(a)(1) (defining taxable vaccine) is amended by adding at the end the following new subparagraph:

"(L) Any conjugate vaccine against streptococcus pneumoniae."

(2) EFFECTIVE DATE.—

(A) SALES.—The amendment made by this subsection shall apply to vaccine sales beginning on the day after the date on which the Centers for Disease Control makes a final recommendation for routine administration to children of any conjugate vaccine against streptococcus pneumoniae, but shall not take effect if subsection (c) does not take effect.

(B) DELIVERIES.—For purposes of subparagraph (A), in the case of sales on or before the date described in such subparagraph for which delivery is made after such date, the delivery date shall be considered the sale date.

(b) REDUCTION IN PER DOSE TAX RATE.—

(1) IN GENERAL.—Section 4131(b)(1) (relating to amount of tax) is amended by striking "75 cents" and inserting "25 cents".

(2) EFFECTIVE DATE.—

(A) SALES.—The amendment made by this subsection shall apply to vaccine sales after December 31, 2004, but shall not take effect if subsection (c) does not take effect.

(B) DELIVERIES.—For purposes of subparagraph (A), in the case of sales on or before the date described in such subparagraph for which delivery is made after such date, the delivery date shall be considered the sale date.

(3) LIMITATION ON CERTAIN CREDITS OR REFUNDS.—For purposes of applying section 4132(b) of the Internal Revenue Code of 1986 with respect to any claim for credit or refund filed after August 31, 2004, the amount of tax taken into account shall not exceed the tax computed under the rate in effect on January 1, 2005.

(c) VACCINE TAX AND TRUST FUND AMENDMENTS.—

(1) Sections 1503 and 1504 of the Vaccine Injury Compensation Program Modification Act (and the amendments made by such sections) are hereby repealed.

(2) Subparagraph (A) of section 9510(c)(1) is amended by striking "August 5, 1997" and inserting "October 21, 1998".

(3) The amendments made by this subsection shall take effect as if included in the provisions of the Tax and Trade Relief Extension Act of 1998 to which they relate.

(d) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General of the United States shall prepare and submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the operation the Vaccine Injury Compensation Trust Fund and on the adequacy of such Fund to meet future claims made under the Vaccine Injury Compensation Program.

TITLE VI—ESTATE TAX RELIEF

SEC. 601. INCREASE IN UNIFIED ESTATE AND GIFT TAX CREDIT.

(a) In General.—The table in section 2010(c) (relating to applicable credit amount) is amended to read as follows:

“In the case of estates of decedents dying, and gifts made, during:	**The applicable exclusion amount is:**
2000 and 2001	$675,000
2002	$700,000
2003	$740,000
2004	$1,000,000
2005	$1,075,000
2006	$1,150,000
2007	$1,225,000
2008 and thereafter ...	$1,300,000.”

(b) Effective Date.—The amendment made by this section shall apply to the estates of decedents dying, and gifts made, after December 31, 1999.

TITLE VII—SMALL BUSINESS AND AGRICULTURAL RELIEF

SEC. 701. DEDUCTION FOR 100 PERCENT OF HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) In General.—Paragraph (1) of section 162(l) is amended to read as follows:

“(1) Allowance of deduction.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to 100 percent of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer and the taxpayer's spouse and dependents.”

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 702. REPEAL OF FEDERAL UNEMPLOYMENT SURTAX.

Section 3301 (relating to rate of Federal unemployment tax) is amended—

(1) by striking “2007” and inserting “2004”, and

(2) by striking “2008” and inserting “2005”.

SEC. 703. INCOME AVERAGING FOR FARMERS NOT TO INCREASE ALTERNATIVE MINIMUM TAX LIABILITY.

(a) In General.—Section 55(c) (defining regular tax) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following:

“(2) Coordination with income averaging for farmers.—Solely for purposes of this section, section 1301 (relating to averaging of farm income) shall not apply in computing the regular tax.”

(b) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 704. FARM AND RANCH RISK MANAGEMENT ACCOUNTS.

(a) In General.—Subpart C of part II of subchapter E of chapter 1 (relating to taxable year for which deductions taken) is amended by inserting after section 468B the following:

“SEC. 468C. FARM AND RANCH RISK MANAGEMENT ACCOUNTS.

“(a) Deduction Allowed.—In the case of an individual engaged in an eligible farming business, there shall be allowed as a deduction for any taxable year the amount paid in cash by the taxpayer during the taxable year to a Farm and Ranch Risk Management Account (hereinafter referred to as the ‘FARRM Account’).

“(b) Limitation.—The amount which a taxpayer may pay into the FARRM Account for any taxable year shall not exceed 20 percent of so much of the taxable income of the taxpayer (determined without regard to this section) which is attributable (determined in the manner applicable under section 1301) to any eligible farming business.

“(c) Eligible Farming Business.—For purposes of this section, the term ‘eligible farming business’ means any farming business (as defined in section 263A(e)(4)) which is not a passive activity (within the meaning of section 469(c)) of the taxpayer.

“(d) FARRM Account.—For purposes of this section—

“(1) In general.—The term ‘FARRM Account’ means a trust created or organized in the United States for the exclusive benefit of the taxpayer, but only if the written governing instrument creating the trust meets the following requirements:

“(A) No contribution will be accepted for any taxable year in excess of the amount allowed as a deduction under subsection (a) for such year.

“(B) The trustee is a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section.

“(C) The assets of the trust consist entirely of cash or of obligations which have adequate stated interest (as defined in section 1274(c)(2)) and which pay such interest not less often than annually.

“(D) All income of the trust is distributed currently to the grantor.

“(E) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

“(2) Account taxed as grantor trust.—The grantor of a FARRM Account shall be treated for purposes of this title as the owner of such Account and shall be subject to tax thereon in accordance with subpart E of part I of subchapter J of this chapter (relating to grantors and others treated as substantial owners).

“(e) Inclusion of Amounts Distributed.—

“(1) In general.—Except as provided in paragraph (2), there shall be includible in the gross income of the taxpayer for any taxable year—

“(A) any amount distributed from a FARRM Account of the taxpayer during such taxable year, and

“(B) any deemed distribution under—

“(i) subsection (f)(1) (relating to deposits not distributed within 5 years),

“(ii) subsection (f)(2) (relating to cessation in eligible farming business), and

“(iii) subparagraph (A) or (B) of subsection (f)(3) (relating to prohibited transactions and pledging account as security).

“(2) Exceptions.—Paragraph (1)(A) shall not apply to—

“(A) any distribution to the extent attributable to income of the Account, and

“(B) the distribution of any contribution paid during a taxable year to a FARRM Account to the extent that such contribution exceeds the limitation applicable under subsection (b) if requirements similar to the requirements of section 408(d)(4) are met.

For purposes of subparagraph (A), distributions shall be treated as first attributable to income and then to other amounts.

“(f) Special Rules.—

“(1) Tax on deposits in account which are not distributed within 5 years.—

“(A) In general.—If, at the close of any taxable year, there is a nonqualified balance in any FARRM Account—

“(i) there shall be deemed distributed from such Account during such taxable year an amount equal to such balance, and

“(ii) the taxpayer's tax imposed by this chapter for such taxable year shall be increased by 10 percent of such deemed distribution.

The preceding sentence shall not apply if an amount equal to such nonqualified balance is distributed from such Account to the taxpayer before the due date (including extensions) for filing the return of tax imposed by this chapter for such year (or, if earlier, the date the taxpayer files such return for such year).

“(B) Nonqualified balance.—For purposes of subparagraph (A), the term ‘nonqualified balance’ means any balance in the Account on the last day of the taxable year which is attributable to amounts deposited in such Account before the 4th preceding taxable year.

“(C) Ordering rule.—For purposes of this paragraph, distributions from a FARRM Account (other than distributions of current income) shall be treated as made from deposits in the order in which such deposits were made, beginning with the earliest deposits.

“(2) Cessation in eligible farming business.—At the close of the first disqualification period after a period for which the taxpayer was engaged in an eligible farming business, there shall be deemed distributed from the FARRM Account of the taxpayer an amount equal to the balance in such Account (if any) at the close of such disqualification period. For purposes of the preceding sentence, the term ‘disqualification period’ means any period of 2 consecutive taxable years for which the taxpayer is not engaged in an eligible farming business.

“(3) Certain rules to apply.—Rules similar to the following rules shall apply for purposes of this section:

“(A) Section 220(f)(8) (relating to treatment on death).

“(B) Section 408(e)(2) (relating to loss of exemption of account where individual engages in prohibited transaction).

“(C) Section 408(e)(4) (relating to effect of pledging account as security).

“(D) Section 408(g) (relating to community property laws).

“(E) Section 408(h) (relating to custodial accounts).

“(4) Time when payments deemed made.—For purposes of this section, a taxpayer shall be deemed to have made a payment to a FARRM Account on the last day of a taxable year if such payment is made on account of such taxable year and is made on or before the due date (without regard to extensions) for filing the return of tax for such taxable year.

“(5) Individual.—For purposes of this section, the term ‘individual’ shall not include an estate or trust.

“(6) Deduction not allowed for self-employment tax.—The deduction allowable by reason of subsection (a) shall not be taken into account in determining an individual's net earnings from self-employment (within the meaning of section 1402(a)) for purposes of chapter 2.

“(g) Reports.—The trustee of a FARRM Account shall make such reports regarding such Account to the Secretary and to the person for whose benefit the Account is maintained with respect to contributions, distributions, and such other matters as the Secretary may require under regulations. The reports required by this subsection shall be filed at such time and in such manner and furnished to such persons at such time and in such manner as may be required by such regulations.”

(b) Tax on Excess Contributions.—

(1) Subsection (a) of section 4973 (relating to tax on excess contributions to certain tax-favored accounts and annuities), as amended by section 303(b)(1), is amended by striking “or” at the end of paragraph (4), by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following:

“(4) a FARRM Account (within the meaning of section 468C(d)), or”.

(2) Section 4973, as amended by section 303(b)(2), is amended by adding at the end the following:

“(h) Excess Contributions to FARRM Accounts.—For purposes of this section, in the case of a FARRM Account (within the meaning of section 468C(d)), the term ‘excess contributions’ means the amount by which the amount contributed for the taxable year to the Account exceeds the amount which may be contributed to the Account under section 468C(b) for such taxable year. For purposes of this subsection, any contribution which is distributed out of the FARRM Account in a distribution to which section 468C(e)(2)(B) applies shall be treated as an amount not contributed.”

(3) The section heading for section 4973 is amended to read as follows:

“SEC. 4973. EXCESS CONTRIBUTIONS TO CERTAIN ACCOUNTS, ANNUITIES, ETC.”

(4) The table of sections for chapter 43 is amended by striking the item relating to section 4973 and inserting the following:

“Sec. 4973. Excess contributions to certain accounts, annuities, etc.”

(c) Tax on Prohibited Transactions.—

(1) Subsection (c) of section 4975 (relating to tax on prohibited transactions) is amended by adding at the end the following:

“(6) Special rule for farrm accounts.—A person for whose benefit a FARRM Account (within the meaning of section 468C(d)) is established shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be a FARRM Account by reason of the application of section 468C(f)(3)(A) to such account.”

(2) Paragraph (1) of section 4975(e) is amended by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively, and by inserting after subparagraph (D) the following:

“(E) a FARRM Account described in section 468C(d),”.

(d) Failure To Provide Reports on FARRM Accounts.—Paragraph (2) of section 6693(a) (relating to failure to provide reports on certain tax-favored accounts or annuities), as amended by section 303(d), is amended by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively, and by inserting after subparagraph (B) the following:

“(C) section 468C(g) (relating to FARRM Accounts),”.

(e) Clerical Amendment.—The table of sections for subpart C of part II of subchapter E of chapter 1 is amended by inserting after the item relating to section 468B the following:

“Sec. 468C. Farm and Ranch Risk Management Accounts.”

(f) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 705. INCREASE IN ESTATE TAX DEDUCTION FOR FAMILY-OWNED BUSINESS INTEREST.

(a) In General.—Section 2057(a)(2) (relating to maximum deduction) is amended by striking “$675,000” and inserting “$1,125,000”.

(b) Conforming Amendments.—Section 2057(a)(3)(B) (relating to coordination with unified credit) is amended by striking “$675,000” each place it appears in the text and heading and inserting “$1,125,000”.

(c) Effective Date.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2002.

SEC. 706. INCREASE IN EXPENSE TREATMENT FOR SMALL BUSINESSES.

(a) In General.—Paragraph (1) of section 179(b) (relating to dollar limitation) is amended to read as follows:

“(1) Dollar limitation.—The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed $30,000.”

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 707. RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN LEASEHOLD IMPROVEMENTS.

(a) 15-Year Recovery Period.—Subparagraph (E) of section 168(e)(3) (relating to 15-year property) is amended by striking “and” at the end of clause (ii), by striking the period at the end of clause (iii) and inserting “, and”, and by adding at the end the following new clause:

“(iv) any qualified leasehold improvement property.”

(b) Qualified Leasehold Improvement Property.—Subsection (e) of section 168 is amended by adding at the end the following new paragraph:

“(6) Qualified leasehold improvement property.—

“(A) In general.—The term ‘qualified leasehold improvement property’ means any improvement to an interior portion of a building which is nonresidential real property if—

“(i) such improvement is made under or pursuant to a lease (as defined in subsection (h)(7))—

“(I) by the lessee (or any sublessee) of such portion, or

“(II) by the lessor of such portion,

“(ii) the original use of such improvement begins with the lessee and after December 31, 2002,

“(iii) such portion is to be occupied exclusively by the lessee (or any sublessee) of such portion, and

“(iv) such improvement is placed in service more than 3 years after the date the building was first placed in service.

“(B) Certain improvements not included.—Such term shall not include any improvement for which the expenditure is attributable to—

“(i) the enlargement of the building,

“(ii) any elevator or escalator,

“(iii) any structural component benefiting a common area, and

“(iv) the internal structural framework of the building.

“(C) Definitions and special rules.—For purposes of this paragraph—

“(i) Commitment to lease treated as lease.—A commitment to enter into a lease shall be treated as a lease, and the parties to such commitment shall be treated as lessor and lessee, respectively, if the lease is in effect at the time the property is placed in service.

“(ii) Related persons.—A lease between related persons shall not be considered a lease. For purposes of the preceding sentence, the term ‘related persons’ means—

“(I) members of an affiliated group (as defined in section 1504), and

“(II) persons having a relationship described in subsection (b) of section 267(b) or 707(b)(1); except that, for purposes of this clause, the phrase ‘80 percent or more’ shall be substituted for the phrase ‘more than 50 percent’ each place it appears in such subsections.”

(c) Requirement To Use Straight Line Method.—Paragraph (3) of section 168(b) is amended by adding at the end the following new subparagraph:

“(G) Qualified leasehold improvement property described in subsection (e)(6).”

(d) Effective Date.—The amendments made by this section shall apply to qualified leasehold improvement property placed in service after December 31, 2002.

TITLE VIII—PROVISIONS RELATING TO HOUSING, REAL ESTATE, ENVIRONMENT, AND TRANSPORTATION

Subtitle A—Housing and Real Estate

SEC. 801. MODIFICATION OF STATE CEILING ON LOW-INCOME HOUSING CREDIT.

(a) In General.—Clauses (i) and (ii) of section 42(h)(3)(C) (relating to State housing credit ceiling) are amended to read as follows:

“(i) the unused State housing credit ceiling (if any) of such State for the preceding calendar year,

“(ii) the greater of—

“(I) the applicable amount under subparagraph (H) multiplied by the State population, or

“(II) $2,000,000,”.

(b) Applicable Amount.—Paragraph (3) of section 42(h) (relating to housing credit dollar amount for agencies) is amended by adding at the end the following new subparagraph:

“(H) Applicable amount of state ceiling.—For purposes of subparagraph (C)(ii), the applicable amount shall be determined under the following table:

“For calendar year—	**The applicable amount is—**
2001	$1.35
2002	1.45
2003	1.55
2004	1.65
2005 and thereafter	1.75.”

(c) Conforming Amendments.—

(1) Section 42(h)(3)(C), as amended by subsection (a), is amended—

(A) by striking “clause (ii)” in the matter following clause (iv) and inserting “clause (i)”, and

(B) by striking “clauses (i)” in the matter following clause (iv) and inserting “clauses (ii)”.

(2) Section 42(h)(3)(D)(ii) is amended—

(A) by striking “subparagraph (C)(ii)” and inserting “subparagraph (C)(i)”, and

(B) by striking “clauses (i)” in subclause (II) and inserting “clauses (ii)”.

(d) Effective Date.—The amendments made by this section shall apply to calendar years after 2000.

SEC. 802. INCREASE IN VOLUME CAP ON PRIVATE ACTIVITY BONDS.

(a) In General.—The table contained in section 146(d)(2) (relating to per capita limit; aggregate limit) is amended by striking “2002”, “2003”, “2004”, “2005”, “2006”, and “2007” and inserting “2000”, “2001”, “2002”, “2003”, “2004”, and “2005”, respectively.

(b) Effective Date.—The amendments made by this section shall apply to calendar years after 2000.

Subtitle B—Environmental Provisions

SEC. 811. TAX CREDIT FOR RENOVATING HISTORIC HOMES.

(a) In General.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 25A the following new section:

“SEC. 25B. HISTORIC HOMEOWNERSHIP REHABILITATION CREDIT.

“(a) General Rule.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 20 percent of the qualified rehabilitation expenditures made by the taxpayer with respect to a qualified historic home.

“(b) Dollar Limitation.—The credit allowed by subsection (a) with respect to any residence of a taxpayer shall not exceed $20,000 ($10,000 in the case of a married individual filing a separate return).

“(c) Qualified Rehabilitation Expenditure.—For purposes of this section—

“(1) In general.—The term ‘qualified rehabilitation expenditure’ means any amount properly chargeable to capital account—

“(A) in connection with the certified rehabilitation of a qualified historic home, and

“(B) for property for which depreciation would be allowable under section 168 if the qualified historic home were used in a trade or business.

“(2) Certain expenditures not included.—

“(A) Exterior.—Such term shall not include any expenditure in connection with the rehabilitation of a building unless at least 5 percent of the total expenditures made in the rehabilitation process are allocable to the rehabilitation of the exterior of such building.

“(B) Other rules to apply.—Rules similar to the rules of clauses (ii) and (iii) of section 47(c)(2)(B) shall apply.

“(3) Mixed use or multifamily building.—If only a portion of a building is used as the principal residence of the taxpayer, only qualified rehabilitation expenditures which are properly allocable to such portion shall be taken into account under this section.

“(d) Certified Rehabilitation.—For purposes of this section:

“(1) In general.—Except as otherwise provided in this subsection, the term ‘certified rehabilitation’ has the meaning given such term by section 47(c)(2)(C).

“(2) Factors to be considered in the case of targeted area residences, etc.—

“(A) In general.—For purposes of applying section 47(c)(2)(C) under this section with respect to the rehabilitation of a building to which this paragraph applies, consideration shall be given to—

“(i) the feasibility of preserving existing architectural and design elements of the interior of such building,

“(ii) the risk of further deterioration or demolition of such building in the event that certification is denied because of the failure to preserve such interior elements, and

“(iii) the effects of such deterioration or demolition on neighboring historic properties.

“(B) Buildings to which this paragraph applies.—This paragraph shall apply with respect to any building—

“(i) any part of which is a targeted area residence within the meaning of section 143(j)(1), or

“(ii) which is located within an enterprise community or empowerment zone as designated under section 1391,

but shall not apply with respect to any building which is listed in the National Register.

“(3) Approved state program.—The term ‘certified rehabilitation’ includes a certification made by—

“(A) a State Historic Preservation Officer who administers a State Historic Preservation Program approved by the Secretary of the Interior pursuant to section 101(b)(1) of the National Historic Preservation Act, as in effect on July 21, 1999, or

“(B) a local government, certified pursuant to section 101(c)(1) of the National Historic Preservation Act, as in effect on July 21, 1999, and authorized by a State Historic Preservation Officer, or the Secretary of the Interior where there is no approved State program),

subject to such terms and conditions as may be specified by the Secretary of the Interior for the rehabilitation of buildings within the jurisdiction of such officer (or local government) for purposes of this section.

“(e) Definitions and Special Rules.—For purposes of this section—

“(1) Qualified historic home.—The term ‘qualified historic home’ means a certified historic structure—

“(A) which has been substantially rehabilitated, and

“(B) which (or any portion of which)—

“(i) is owned by the taxpayer, and

“(ii) is used (or will, within a reasonable period, be used) by such taxpayer as his principal residence.

“(2) Substantially rehabilitated.—The term ‘substantially rehabilitated’ has the meaning given such term by section 47(c)(1)(C); except that, in the case of any building described in subsection (d)(2), clause (i)(I) thereof shall not apply.

“(3) Principal residence.—The term ‘principal residence’ has the same meaning as when used in section 121.

“(4) Certified historic structure.—

“(A) In general.—The term ‘certified historic structure’ means any building (and its structural components) which—

“(i) is listed in the National Register, or

“(ii) is located in a registered historic district (as defined in section 47(c)(3)(B)) within which only qualified census tracts (or portions thereof) are located, and is certified by the Secretary of the Interior to the Secretary as being of historic significance to the district.

“(B) Certain structures included.—Such term includes any building (and its structural components) which is designated as being of historic significance under a statute of a State or local government, if such statute is certified by the Secretary of the Interior to the Secretary as containing criteria which will substantially achieve the purpose of preserving and rehabilitating buildings of historic significance.

“(C) Qualified census tracts.—For purposes of subparagraph (A)(ii)—

“(i) In general.—The term ‘qualified census tract’ means a census tract in which the median family income is less than twice the statewide median family income.

“(ii) Data used.—The determination under clause (i) shall be made on the basis of the most recent decennial census for which data are available.

“(5) Rehabilitation not complete before certification.—A rehabilitation shall not be treated as complete before the date of the certification referred to in subsection (d).

“(6) Lessees.—A taxpayer who leases his principal residence shall, for purposes of this section, be treated as the owner thereof if the remaining term of the lease (as of the date determined under regulations prescribed by the Secretary) is not less than such minimum period as the regulations require.

“(7) Tenant-stockholder in cooperative housing corporation.—If the taxpayer holds stock as a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in such section), such stockholder shall be treated as owning the house or apartment which the taxpayer is entitled to occupy as such stockholder.

“(8) Allocation of expenditures relating to exterior of building containing cooperative or condominium units.—The percentage of the total expenditures made in the rehabilitation of a building containing cooperative or condominium residential units allocated to the rehabilitation of the exterior of the building shall be attributed proportionately to each cooperative or condominium residential unit in such building for which a credit under this section is claimed.

“(f) When Expenditures Taken Into Account.—In the case of a building other than a building to which subsection (g) applies, qualified rehabilitation expenditures shall be treated for purposes of this section as made on the date the rehabilitation is completed.

“(g) Allowance of Credit for Purchase of Rehabilitated Historic Home.—

“(1) In general.—In the case of a qualified purchased historic home, the taxpayer shall be treated as having made (on the date of purchase) the qualified rehabilitation expenditures made by the seller of such home. For purposes of the preceding sentence, expenditures made by the seller shall be deemed to be qualified rehabilitation expenditures if such expenditures, if made by the purchaser, would be qualified rehabilitation expenditures.

“(2) Qualified purchased historic home.—For purposes of this subsection, the term ‘qualified purchased historic home’ means any substantially rehabilitated certified historic structure purchased by the taxpayer if—

“(A) the taxpayer is the first purchaser of such structure after the date rehabilitation is completed, and the purchase occurs within 5 years after such date,

“(B) the structure (or a portion thereof) will, within a reasonable period, be the principal residence of the taxpayer,

“(C) no credit was allowed to the seller under this section or section 47 with respect to such rehabilitation, and

“(D) the taxpayer is furnished with such information as the Secretary determines is necessary to determine the credit under this subsection.

“(h) Historic Rehabilitation Mortgage Credit Certificate.—

“(1) In general.—The taxpayer may elect, in lieu of the credit otherwise allowable under this section, to receive a historic rehabilitation mortgage credit certificate. An election under this paragraph shall be made—

“(A) in the case of a building to which subsection (g) applies, at the time of purchase, or

“(B) in any other case, at the time rehabilitation is completed.

“(2) Historic rehabilitation mortgage credit certificate.—For purposes of this subsection, the term ‘historic rehabilitation mortgage credit certificate’ means a certificate—

“(A) issued to the taxpayer, in accordance with procedures prescribed by the Secretary, with respect to a certified rehabilitation, "(B) the face amount of which shall be equal to the credit which would (but for this subsection) be allowable under subsection (a) to the taxpayer with respect to such rehabilitation,

"(C) which may only be transferred by the taxpayer to a lending institution (including a non-depository institution) in connection with a loan—

"(i) that is secured by the building with respect to which the credit relates, and

"(ii) the proceeds of which may not be used for any purpose other than the acquisition or rehabilitation of such building, and

"(D) in exchange for which such lending institution provides the taxpayer—

"(i) a reduction in the rate of interest on the loan which results in interest payment reductions which are substantially equivalent on a present value basis to the face amount of such certificate, or

"(ii) if the taxpayer so elects with respect to a specified amount of the face amount of such a certificate relating to a building—

"(I) which is a targeted area residence within the meaning of section 143(j)(1), or

"(II) which is located in an enterprise community or empowerment zone as designated under section 1391,

a payment which is substantially equivalent to such specified amount to be used to reduce the taxpayer's cost of purchasing the building (and only the remainder of such face amount shall be taken into account under clause (i)).

"(3) Method of discounting.—The present value under paragraph (2)(D)(i) shall be determined—

"(A) for a period equal to the term of the loan referred to in subparagraph (D)(i),

"(B) by using the convention that any payment on such loan in any taxable year within such period is deemed to have been made on the last day of such taxable year,

"(C) by using a discount rate equal to 65 percent of the average of the annual Federal mid-term rate and the annual Federal long-term rate applicable under section 1274(d)(1) to the month in which the taxpayer makes an election under paragraph (1) and compounded annually, and

"(D) by assuming that the credit allowable under this section for any year is received on the last day of such year.

"(4) Use of certificate by lender.—The amount of the credit specified in the certificate shall be allowed to the lender only to offset the regular tax (as defined in section 55(c)) of such lender. The lender may carry forward all unused amounts under this subsection until exhausted.

"(5) Historic rehabilitation mortgage credit certificate not treated as taxable income.—Notwithstanding any other provision of law, no benefit accruing to the taxpayer through the use of an historic rehabilitation mortgage credit certificate shall be treated as taxable income for purposes of this title.

"(i) Recapture.—

"(1) In general.—If, before the end of the 5-year period beginning on the date on which the rehabilitation of the building is completed (or, if subsection (g) applies, the date of purchase of such building by the taxpayer, or, if subsection (h) applies, the date of the loan)—

"(A) the taxpayer disposes of such taxpayer's interest in such building, or

"(B) such building ceases to be used as the principal residence of the taxpayer,

the taxpayer's tax imposed by this chapter for the taxable year in which such disposition or cessation occurs shall be increased by the recapture percentage of the credit allowed under this section for all prior taxable years with respect to such rehabilitation.

"(2) Recapture percentage.—For purposes of paragraph (1), the recapture percentage shall be determined in accordance with the following table:

"If the disposition or cessation occurs within—	The recapture percentage is—
(i) One full year after the taxpayer becomes entitled to the credit.	100
(ii) One full year after the close of the period described in clause (i).	80
(iii) One full year after the close of the period described in clause (ii).	60
(iv) One full year after the close of the period described in clause (iii).	40
(v) One full year after the close of the period described in clause (iv).	20."

"(j) Basis Adjustments.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property (including any purchase under subsection (g) and any transfer under subsection (h)), the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

"(k) Denial of Double Benefit.—No credit shall be allowed under this section for any amount for which credit is allowed under section 47.

"(l) Regulations.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including regulations where less than all of a building is used as a principal residence and where more than 1 taxpayer use the same dwelling unit as their principal residence."

(b) Conforming Amendment.—Subsection (a) of section 1016 is amended by striking "and" at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting ", and", and by adding at the end the following new item:

"(28) to the extent provided in section 25B(j)."

(c) Clerical Amendment.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25A the following new item:

"Sec. 25B. Historic homeownership rehabilitation credit."

(d) Effective Date.—The amendments made by this section shall apply to expenses paid or incurred in taxable years beginning after December 31, 1999.

SEC. 812. EXTENSION AND MODIFICATION OF CREDIT FOR PRODUCING ELECTRICITY FROM CERTAIN RENEWABLE RESOURCES.

(a) Extension and Modification of Placed-in-Service Rules.—Paragraph (3) of section 45(c) is amended to read as follows:

"(3) Qualified facility.—

"(A) Wind facility.—In the case of a facility using wind to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after December 31, 1993, and before July 1, 2004.

"(B) Closed-loop biomass facility.—In the case of a facility using closed-loop biomass to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after December 31, 1992, and before July 1, 2004.

"(C) Biomass facility.—In the case of a facility using biomass (other than closed-loop biomass) to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service before January 1, 2003.

"(D) Landfill gas or poultry waste facility.—

"(i) In general.—In the case of a facility using landfill gas or poultry waste to produce electricity, the term 'qualified facility' means any facility of the taxpayer which is originally placed in service after December 31, 1999, and before July 1, 2004.

"(ii) Landfill gas.—In the case of a facility using landfill gas, such term shall include equipment and housing (not including wells and related systems required to collect and transmit gas to the production facility) required to generate electricity which are owned by the taxpayer and so placed in service.

"(E) Special rule.—In the case of a qualified facility described in subparagraph (C), the 10-year period referred to in subsection (a) shall be treated as beginning no earlier than January 1, 2000."

(b) Expansion of Qualified Energy Resources.—

(1) In general.—Section 45(c)(1) (defining qualified energy resources) is amended by striking "and" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting a comma, and by adding at the end the following new subparagraphs:

"(C) biomass (other than closed-loop biomass),

"(B) landfill gas, and

"(C) poultry waste."

(2) Definitions.—Section 45(c) is amended by redesignating paragraph (3) as paragraph (6) and inserting after paragraph (2) the following new paragraphs:

"(3) Biomass.—The term 'biomass' means any solid, nonhazardous, cellulosic waste material which is segregated from other waste materials and which is derived from—

"(A) any of the following forest-related resources: mill residues, precommercial thinnings, slash, and brush, but not including old-growth timber,

"(B) urban sources, including waste pallets, crates, and dunnage, manufacturing and construction wood wastes, and landscape or right-of-way tree trimmings, but not including unsegregated municipal solid waste (garbage) or paper that is commonly recycled, or

"(C) agriculture sources, including orchard tree crops, vineyard, grain, legumes, sugar, and other crop by-products or residues.

"(4) Landfill gas.—The term 'landfill gas' means gas from the decomposition of any household solid waste, commercial solid waste, and industrial solid waste disposed of in a municipal solid waste landfill unit (as such terms are defined in regulations promulgated under subtitle D of the Solid Waste Disposal Act (42 U.S.C. 6941 et seq.)).

"(5) Poultry waste.—The term 'poultry waste' means poultry manure and litter, including wood shavings, straw, rice hulls, and other bedding material for the disposition of manure."

(c) Special Rules.—Section 45(d) (relating to definitions and special rules) is amended by adding at the end the following new paragraphs:

"(6) Credit eligibility in the case of government-owned facilities using poultry waste.—In the case of a facility using poultry waste to produce electricity and owned by a governmental unit, the person eligible for the credit under subsection (a) is the lessor or the operator of such facility.

"(7) Proportional credit for facility using coal to co-fire with certain biomass.—In the case of a qualified facility as defined in subsection (c)(3)(C) using coal to co-fire with biomass (other than closed-loop biomass), the amount of the credit determined under subsection (a) for the taxable year shall be reduced by the percentage coal comprises (on a Btu basis) of the average fuel input of the facility for the taxable year."

(d) Effective Date.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 813. EXTENSION OF EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) Extension of Termination Date.—Subsection (h) of section 198 is amended by striking "December 31, 2000" and inserting "June 30, 2004".

(b) Expansion of Qualified Contaminated Site.—Section 198(c) is amended to read as follows:

"(c) Qualified Contaminated Site.—For purposes of this section—

"(1) In general.—The term 'qualified contaminated site' means any area—

"(A) which is held by the taxpayer for use in a trade or business or for the production of income, or which is property described in section 1221(1) in the hands of the taxpayer, and

"(B) at or on which there has been a release (or threat of release) or disposal of any hazardous substance.

"(2) National priorities listed sites not included.—Such term shall not include any site which is on, or proposed for, the national priorities list under section 105(a)(8)(B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (as in effect on the date of the enactment of this section).

"(3) Taxpayer must receive statement from state environmental agency.—An area shall be treated as a qualified contaminated site with respect to expenditures paid or incurred during any taxable year only if the taxpayer receives a statement from the appropriate agency of the State in which such area is located that such area meets the requirement of paragraph (1)(B).

"(4) Appropriate state agency.—For purposes of paragraph (2), the chief executive officer of each State may, in consultation with the Administrator of the Environmental Protection Agency, designate the appropriate State environmental agency within 60 days of the date of the enactment of this section. If the chief executive officer of a State has not designated an appropriate State environmental agency within such 60-day period, the appropriate environmental agency for such State shall be designated by the Administrator of the Environmental Protection Agency."

(c) Effective Date.—The amendments made by this section shall apply to expenditures paid or incurred after December 31, 1999.

SEC. 814. TEMPORARY SUSPENSION OF MAXIMUM AMOUNT OF AMORTIZABLE REFORESTATION EXPENDITURES.

(a) Increase in Dollar Limitation.—Paragraph (1) of section 194(b) (relating to amortization of reforestation expenditures) is amended by striking "$10,000 ($5,000" and inserting "$25,000 ($12,500".

(b) Temporary Suspension of Increased Dollar Limitation.—Subsection (b) of section 194(b) (relating to amortization of reforestation expenditures) is amended by adding at the end the following new paragraph:

"(5) Suspension of dollar limitation.—Paragraph (1) shall not apply to taxable years beginning after December 31, 1999, and before January 1, 2004.

(c) Conforming Amendment.—Paragraph (1) of section 48(b) is amended by striking "section 194(b)(1)" and inserting "section 194(b)(1) and without regard to section 194(b)(5)".

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

Subtitle C—Transportation Provisions

SEC. 821. REPEAL OF CERTAIN MOTOR FUEL EXCISE TAXES ON FUEL USED BY RAILROADS AND ON INLAND WATERWAY TRANSPORTATION.

(a) Repeal of 4.3-Cent Motor Fuel Excise Taxes on Railroads and Inland Waterway Transportation Which Remain in General Fund.—

(1) Taxes on trains.—

(A) In general.—Subparagraph (A) of section 4041(a)(1) is amended by striking "or a diesel-powered train" each place it appears and by striking "or train".

(B) Conforming amendments.—

(i) Subparagraph (C) of section 4041(a)(1) is amended by striking clause (ii) and by redesignating clause (iii) as clause (ii).

(ii) Subparagraph (C) of section 4041(b)(1) is amended by striking all that follows "section 6421(e)(2)" and inserting a period.

(iii) Paragraph (3) of section 4083(a) is amended by striking "or a diesel-powered train".

(iv) Section 6427(l) is amended by striking paragraph (3) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(2) Fuel used on inland waterways.—

(A) In general.—Paragraph (1) of section 4042(b) is amended by adding "and" at the end of subparagraph (A), by striking ", and" at the end of subparagraph (B) and inserting a period, and by striking subparagraph (C).

(B) Conforming amendment.—Paragraph (2) of section 4042(b) is amended by striking subparagraph (C).

(b) Effective Date.—The amendments made by this subsection shall take effect on October 1, 2000.

TITLE IX—CHARITABLE GIVING INCENTIVES

SEC. 901. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS FOR CHARITABLE PURPOSES.

(a) In General.—Subsection (d) of section 408 (relating to individual retirement accounts) is amended by adding at the end the following new paragraph:

"(8) Distributions for charitable purposes.—

"(A) In general.—In the case of a qualified charitable distribution from an individual retirement account to an organization described in section 170(c), no amount shall be includible in the gross income of the distributee.

"(B) Special rules relating to charitable remainder trusts, pooled income funds, and charitable gift annuities.—

"(i) In general.—In the case of a qualified charitable distribution from an individual retirement account—

"(I) to a charitable remainder annuity trust or a charitable remainder unitrust (as such terms are defined in section 664(d)),

"(II) to a pooled income fund (as defined in section 642(c)(5)), or

"(III) for the issuance of a charitable gift annuity (as defined in section 501(m)(5)),

no amount shall be includible in gross income of the distributee. The preceding sentence shall apply only if no person holds any interest in the amounts in the trust, fund, or annuity attributable to such distribution other than one or more of the following: the individual for whose benefit such account is maintained, the spouse of such individual, or any organization described in section 170(c).

"(ii) Determination of inclusion of amounts distributed.—In determining the amount includible in the gross income of the distributee of a distribution from a trust described in clause (i)(I) or an annuity (as described in clause (i)(III)), the portion of any qualified charitable distribution to such trust or for such annuity which would (but for this subparagraph) have been includible in gross income—

"(I) in the case of any such trust, shall be treated as income described in section 664(b)(1), or

"(II) in the case of any such annuity, shall not be treated as an investment in the contract.

"(iii) No inclusion for distribution to pooled income fund.—No amount shall be includible in the gross income of a pooled income fund (as so defined) by reason of a qualified charitable distribution to such fund.

"(C) Qualified charitable distribution.—For purposes of this paragraph, the term 'qualified charitable distribution' means any distribution from an individual retirement account—

"(i) which is made on or after the date that the individual for whose benefit the account is maintained has attained age 70½, and

"(ii) which is a charitable contribution (as defined in section 170(c)) made directly from the account to—

"(I) an organization described in section 170(c), or

"(II) a trust, fund, or annuity described in subparagraph (B).

"(D) Denial of deduction.—The amount allowable as a deduction to the taxpayer for the taxable year under section 170 for qualified charitable distributions shall be reduced (but not below zero) by the sum of the amounts of the qualified charitable distributions during such year which (but for this paragraph) would have been includible in the gross income of the taxpayer for such year."

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2000.

SEC. 902. INCREASE IN LIMIT ON CHARITABLE CONTRIBUTIONS AS PERCENTAGE OF AGI.

(a) In General.—

(1) Individual limit.—Section 170(b)(1) (relating to percentage limitations) is amended—

(A) by striking "50 percent" in subparagraph (A) and inserting "the applicable percentage", and

(B) by striking "30 percent" each place it appears in subparagraph (C) and inserting "the applicable percentage".

(2) Corporate limit.—Section 170(b)(2) is amended by striking "10 percent" and inserting "the applicable percentage".

(b) Applicable Percentage.—Section 170(b) is amended by adding at the end the following new paragraph:

"(3) Applicable percentage.—For purposes of this subsection, the applicable percentage shall be determined under the following tables:

"(A) In the case of paragraph (1)(A):

"For taxable year—	**The applicable percentage is—**
2002	52
2003	54
2004	56
2005	58

"For taxable year—	The applicable percentage is—
2006	60
2007 and thereafter	70.

"(B) In the case of paragraph (1)(C):

"For taxable year—	The applicable percentage is—
2002	32
2003	34
2004	36
2005	38
2006	40
2007 and thereafter	50.

"(C) In the case of paragraph (2):

"For taxable year—	The applicable percentage is—
2002	12
2003	14
2004	16
2005	18
2006 and thereafter	20."

(c) Conforming Amendment.—Section 170(d)(1)(A) is amended by striking "50 percent" each place it appears and inserting "the applicable percentage in effect under subsection (b)(1)(A)".

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

TITLE X—EXTENSION OF EXPIRED AND EXPIRING PROVISIONS; INTERNATIONAL TAX RELIEF

SEC. 1001. PERMANENT EXTENSION AND MODIFICATION OF RESEARCH CREDIT.

(a) Permanent Extension.—

(1) In general.—Section 41 (relating to credit for increasing research activities) is amended by striking subsection (h).

(2) Conforming amendment.—Paragraph (1) of section 45C(b) is amended by striking subparagraph (D).

(3) Effective date.—The amendments made by this subsection shall apply to amounts paid or incurred after June 30, 1999.

(b) Increase in Percentages Under Alternative Incremental Credit.—

(1) In general.—Subparagraph (A) of section 41(c)(4) is amended—

(A) by striking "1.65 percent" and inserting "2.65 percent",

(B) by striking "2.2 percent" and inserting "3.2 percent", and

(C) by striking "2.75 percent" and inserting "3.75 percent".

(2) Effective date.—The amendments made by this subsection shall apply to taxable years beginning after June 30, 1999.

SEC. 1002. WORK OPPORTUNITY CREDIT AND WELFARE-TO-WORK CREDIT.

(a) Temporary Extension.—Sections 51(c)(4)(B) and 51A(f) (relating to termination) are each amended by striking "June 30, 1999" and inserting "June 30, 2004".

(b) Clarification of First Year of Employment.—Paragraph (2) of section 51(i) is amended by striking "during which he was not a member of a targeted group".

(c) Effective Date.—The amendments made by this section shall apply to individuals who begin work for the employer after June 30, 1999.

SEC. 1003. SUBPART F EXEMPTION FOR ACTIVE FINANCING INCOME.

(a) In General.—Sections 953(e)(10) and 954(h)(9) are each amended—

(1) by striking "the first taxable year" and inserting "taxable years", and

(2) by striking "January 1, 2000" and inserting "January 1, 2005".

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1004. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR MARGINAL PRODUCTION.

(a) In General.—Subparagraph (H) of section 613A(c)(6) is amended by striking "January 1, 2000" and inserting "January 1, 2005".

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1005. REPEAL OF FOREIGN TAX CREDIT LIMITATION UNDER ALTERNATIVE MINIMUM TAX.

(a) In General.—Section 59(a) (relating to alternative minimum tax foreign tax credit) is amended by striking paragraph (2) and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(b) Conforming Amendment.—Section 53(d)(1)(B)(i)(II) is amended by striking "and if section 59(a)(2) did not apply".

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

TITLE XI—REVENUE OFFSETS

Subtitle A—General Provisions

SEC. 1101. MODIFICATION TO FOREIGN TAX CREDIT CARRYBACK AND CARRYOVER PERIODS.

(a) In General.—Section 904(c) (relating to limitation on credit) is amended—

(1) by striking "in the second preceding taxable year,", and

(2) by striking "or fifth" and inserting "fifth, sixth, or seventh".

(b) Effective Date.—The amendment made by subsection (a) shall apply to credits arising in taxable years beginning after December 31, 1999.

SEC. 1102. RETURNS RELATING TO CANCELLATIONS OF INDEBTEDNESS BY ORGANIZATIONS LENDING MONEY.

(a) In General.—Paragraph (2) of section 6050P(c) (relating to definitions and special rules) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", and", and by inserting after subparagraph (C) the following new subparagraph:

"(D) any organization a significant trade or business of which is the lending of money."

(b) Effective Date.—The amendment made by subsection (a) shall apply to discharges of indebtedness after December 31, 1999.

SEC. 1103. INCREASE IN ELECTIVE WITHHOLDING RATE FOR NONPERIODIC DISTRIBUTIONS FROM DEFERRED COMPENSATION PLANS.

(a) In General.—Section 3405(b)(1) (relating to withholding) is amended by striking "10 percent" and inserting "15 percent".

(b) Effective Date.—The amendment made by subsection (a) shall apply to distributions after December 31, 2000.

SEC. 1104. EXTENSION OF INTERNAL REVENUE SERVICE USER FEES.

(a) In General.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end the following new section:

"SEC. 7527. INTERNAL REVENUE SERVICE USER FEES.

"(a) General Rule.—The Secretary shall establish a program requiring the payment of user fees for—

"(1) requests to the Internal Revenue Service for ruling letters, opinion letters, and determination letters, and

"(2) other similar requests.

"(b) Program Criteria.—

"(1) In general.—The fees charged under the program required by subsection (a)—

"(A) shall vary according to categories (or subcategories) established by the Secretary,

"(B) shall be determined after taking into account the average time for (and difficulty of) complying with requests in each category (and subcategory), and

"(C) shall be payable in advance.

"(2) Exemptions, etc.—The Secretary shall provide for such exemptions (and reduced fees) under such program as the Secretary determines to be appropriate.

"(3) Average fee requirement.—The average fee charged under the program required by subsection (a) shall not be less than the amount determined under the following table:

"Category	Average Fee
Employee plan ruling and opinion	$250
Exempt organization ruling	$350
Employee plan determination	$300
Exempt organization determination.	$275
Chief counsel ruling	$200.

"(c) Termination.—No fee shall be imposed under this section with respect to requests made after September 30, 2009."

(b) Conforming Amendments.—

(1) The table of sections for chapter 77 is amended by adding at the end the following new item:

"Sec. 7527. Internal Revenue Service user fees."

(2) Section 10511 of the Revenue Act of 1987 is repealed.

(c) Effective Date.—The amendments made by this section shall apply to requests made after the date of the enactment of this Act.

SEC. 1105. TRANSFER OF EXCESS DEFINED BENEFIT PLAN ASSETS FOR RETIREE HEALTH BENEFITS.

(a) Extension.—

(1) In General.—Paragraph (5) of section 420(b) (relating to expiration) is amended by striking "in any taxable year beginning after December 31, 2000" and inserting "made after September 30, 2009".

(2) Conforming amendments.—

(A) Section 101(e)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(e)(3)) is amended by striking "1995" and inserting "2001".

(B) Section 403(c)(1) of such Act (29 U.S.C. 1103(c)(1)) is amended by striking "1995" and inserting "2001".

(C) Paragraph (13) of section 408(b) of such Act (29 U.S.C. 1108(b)(13)) is amended—

(i) by striking "in a taxable year beginning before January 1, 2001" and inserting "made before October 1, 2009", and

(ii) by striking "1995" and inserting "2001".

(b) Application of Minimum Cost Requirements.—

(1) In general.—Paragraph (3) of section 420(c) is amended to read as follows:

"(3) Minimum cost requirements.—

"(A) In general.—The requirements of this paragraph are met if each group health plan or arrangement under which applicable health benefits are provided provides that the applicable employer cost for each taxable year during the cost maintenance period shall not be less than the higher of the applicable employer costs for each of the 2 taxable years immediately preceding the taxable year of the qualified transfer.

"(B) Applicable employer cost.—For purposes of this paragraph, the term 'applicable employer cost' means, with respect to any taxable year, the amount determined by dividing—

"(i) the qualified current retiree health liabilities of the employer for such taxable year determined—

"(I) without regard to any reduction under subsection (e)(1)(B), and

"(II) in the case of a taxable year in which there was no qualified transfer, in the same manner as if there had been such a transfer at the end of the taxable year, by

"(ii) the number of individuals to whom coverage for applicable health benefits was provided during such taxable year.

"(C) ELECTION TO COMPUTE COST SEPARATELY.—An employer may elect to have this paragraph applied separately with respect to individuals eligible for benefits under title XVIII of the Social Security Act at any time during the taxable year and with respect to individuals not so eligible.

"(D) COST MAINTENANCE PERIOD.—For purposes of this paragraph, the term 'cost maintenance period' means the period of 5 taxable years beginning with the taxable year in which the qualified transfer occurs. If a taxable year is in 2 or more overlapping cost maintenance periods, this paragraph shall be applied by taking into account the highest applicable employer cost required to be provided under subparagraph (A) for such taxable year."

(2) CONFORMING AMENDMENTS.—

(A) Clause (iii) of section 420(b)(1)(C) is amended by striking "benefits" and inserting "cost".

(B) Subparagraph (D) of section 420(e)(1) is amended by striking "and shall not be subject to the minimum benefit requirements of subsection (c)(3)" and inserting "or in calculating applicable employer cost under subsection (c)(3)(B)".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to qualified transfers occurring after the date of the enactment of this Act.

(2) TRANSITION RULE.—If the cost maintenance period for any qualified transfer after the date of the enactment of this Act includes any portion of a benefit maintenance period for any qualified transfer on or before such date, the amendments made by subsection (b) shall not apply to such portion of the cost maintenance period (and such portion shall be treated as a benefit maintenance period).

SEC. 1106. TAX TREATMENT OF INCOME AND LOSS ON DERIVATIVES.

(a) IN GENERAL.—Section 1221 (defining capital assets) is amended—

(1) by striking "For purposes" and inserting the following:

"(a) IN GENERAL.—For purposes",

(2) by striking the period at the end of paragraph (5) and inserting a semicolon, and

(3) by adding at the end the following:

"(6) any commodities derivative financial instrument held by a commodities derivatives dealer, unless—

"(A) it is established to the satisfaction of the Secretary that such instrument has no connection to the activities of such dealer as a dealer, and

"(B) such instrument is clearly identified in such dealer's records as being described in subparagraph (A) before the close of the day on which it was acquired, originated, or entered into (or such other time as the Secretary may by regulations prescribe);

"(7) any hedging transaction which is clearly identified as such before the close of the day on which it was acquired, originated, or entered into (or such other time as the Secretary may by regulations prescribe); or

"(8) supplies of a type regularly used or consumed by the taxpayer in the ordinary course of a trade or business of the taxpayer.

"(b) DEFINITIONS AND SPECIAL RULES.—

"(1) COMMODITIES DERIVATIVE FINANCIAL INSTRUMENTS.—For purposes of subsection (a)(6)—

"(A) COMMODITIES DERIVATIVES DEALER.—The term 'commodities derivatives dealer' means a person which regularly offers to enter into, assume, offset, assign, or terminate positions in commodities derivative financial instruments with customers in the ordinary course of a trade or business.

"(B) COMMODITIES DERIVATIVE FINANCIAL INSTRUMENT.—

"(i) IN GENERAL.—The term 'commodities derivative financial instrument' means any contract or financial instrument with respect to commodities (other than a share of stock in a corporation, a beneficial interest in a partnership or trust, a note, bond, debenture, or other evidence of indebtedness, or a section 1256 contract (as defined in section 1256(b)), the value or settlement price of which is calculated by or determined by reference to a specified index.

"(ii) SPECIFIED INDEX.—The term 'specified index' means any one or more or any combination of—

"(I) a fixed rate, price, or amount, or

"(II) a variable rate, price, or amount,

which is based on any current, objectively determinable financial or economic information with respect to commodities which is not within the control of any of the parties to the contract or instrument and is not unique to any of the parties' circumstances.

"(2) HEDGING TRANSACTION.—

"(A) IN GENERAL.—For purposes of this section, the term 'hedging transaction' means any transaction entered into by the taxpayer in the normal course of the taxpayer's trade or business primarily—

"(i) to manage risk of price changes or currency fluctuations with respect to ordinary property which is held or to be held by the taxpayer,

"(ii) to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, by the taxpayer, or

"(iii) to manage such other risks as the Secretary may prescribe in regulations.

"(B) TREATMENT OF NONIDENTIFICATION OR IMPROPER IDENTIFICATION OF HEDGING TRANSACTIONS.—Notwithstanding subsection (a)(7), the Secretary shall prescribe regulations to properly characterize any income, gain, expense, or loss arising from a transaction—

"(i) which is a hedging transaction but which was not identified as such in accordance with subsection (a)(7), or

"(ii) which was so identified but is not a hedging transaction.

"(3) REGULATIONS.—The Secretary shall prescribe such regulations as are appropriate to carry out the purposes of paragraph (6) and (7) of subsection (a) in the case of transactions involving related parties."

(b) MANAGEMENT OF RISK.—

(1) Section 475(c)(3) is amended by striking "reduces" and inserting "manages".

(2) Section 871(h)(4)(C)(iv) is amended by striking "to reduce" and inserting "to manage".

(3) Clauses (i) and (ii) of section 988(d)(2)(A) are each amended by striking "to reduce" and inserting "to manage".

(4) Paragraph (2) of section 1256(e) is amended to read as follows:

"(2) DEFINITION OF HEDGING TRANSACTION.—For purposes of this subsection, the term 'hedging transaction' means any hedging transaction (as defined in section 1221(b)(2)(A)) if, before the close of the day on which such transaction was entered into (or such earlier time as the Secretary may prescribe by regulations), the taxpayer clearly identifies such transaction as being a hedging transaction."

(c) CONFORMING AMENDMENTS.—

(1) Each of the following sections are amended by striking "section 1221" and inserting "section 1221(a)":

(A) Section 170(e)(3)(A).
(B) Section 170(e)(4)(B).
(C) Section 367(a)(3)(B)(i).
(D) Section 818(c)(3).
(E) Section 865(i)(1).
(F) Section 1092(a)(3)(B)(ii)(II).
(G) Subparagraphs (C) and (D) of section 1231(b)(1).
(H) Section 1234(a)(3)(A).

(2) Each of the following sections are amended by striking "section 1221(1)" and inserting "section 1221(a)(1)":

(A) Section 198(c)(1)(A)(i).
(B) Section 263A(b)(2)(A).
(C) Clauses (i) and (iii) of section 267(f)(3)(B).
(D) Section 341(d)(3).
(E) Section 543(a)(1)(D)(i).
(F) Section 751(d)(1).
(G) Section 775(c).
(H) Section 856(c)(2)(D).
(I) Section 856(c)(3)(C).
(J) Section 856(e)(1).
(K) Section 856(j)(2)(B).
(L) Section 857(b)(4)(B)(i).
(M) Section 857(b)(6)(B)(iii).
(N) Section 864(c)(4)(B)(iii).
(O) Section 864(d)(3)(A).
(P) Section 864(d)(6)(A).
(Q) Section 954(c)(1)(B)(iii).
(R) Section 995(b)(1)(C).
(S) Section 1017(b)(3)(E)(i).
(T) Section 1362(d)(3)(C)(ii).
(U) Section 4662(c)(2)(C).
(V) Section 7704(c)(3).
(W) Section 7704(d)(1)(D).
(X) Section 7704(d)(1)(G).
(Y) Section 7704(d)(5).

(3) Section 818(b)(2) is amended by striking "section 1221(2)" and inserting "section 1221(a)(2)".

(4) Section 1397B(e)(2) is amended by striking "section 1221(4)" and inserting "section 1221(a)(4)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to any instrument held, acquired, or entered into, any transaction entered into, and supplies held or acquired on or after the date of enactment of this Act.

Subtitle B—Loophole Closers

SEC. 1111. LIMITATION ON USE OF NON-ACCRUAL EXPERIENCE METHOD OF ACCOUNTING.

(a) IN GENERAL.—Section 448(d)(5) (relating to special rule for services) is amended—

(1) by inserting "in fields described in paragraph (2)(A)" after "services by such person", and

(2) by inserting "CERTAIN PERSONAL" before "SERVICES" in the heading.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by the amendments made by this section to change its method of accounting for its first taxable year ending after the date of the enactment of this Act—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account over a period (not greater than 4 taxable years) beginning with such first taxable year.

SEC. 1112. LIMITATIONS ON WELFARE BENEFIT FUNDS OF 10 OR MORE EMPLOYER PLANS.

(a) BENEFITS TO WHICH EXCEPTION APPLIES.—Section 419A(f)(6)(A) (relating to exception for 10 or more employer plans) is amended to read as follows:

“(A) IN GENERAL.—This subpart shall not apply to a welfare benefit fund which is part of a 10 or more employer plan if the only benefits provided through the fund are 1 or more of the following:

“(i) Medical benefits.

“(ii) Disability benefits.

“(iii) Group term life insurance benefits which do not provide directly or indirectly for any cash surrender value or other money that can be paid, assigned, borrowed, or pledged for collateral for a loan.

The preceding sentence shall not apply to any plan which maintains experience-rating arrangements with respect to individual employers.”

(b) LIMITATION ON USE OF AMOUNTS FOR OTHER PURPOSES.—Section 4976(b) (defining disqualified benefit) is amended by adding at the end the following new paragraph:

“(5) SPECIAL RULE FOR 10 OR MORE EMPLOYER PLANS EXEMPTED FROM PREFUNDING LIMITS.—For purposes of paragraph (1)(C), if—

“(A) subpart D of part I of subchapter D of chapter 1 does not apply by reason of section 419A(f)(6) to contributions to provide 1 or more welfare benefits through a welfare benefit fund under a 10 or more employer plan, and

“(B) any portion of the welfare benefit fund attributable to such contributions is used for a purpose other than that for which the contributions were made,

then such portion shall be treated as reverting to the benefit of the employers maintaining the fund.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions paid or accrued after June 9, 1999, in taxable years ending after such date.

SEC. 1113. MODIFICATION OF INSTALLMENT METHOD AND REPEAL OF INSTALLMENT METHOD FOR ACCRUAL METHOD TAXPAYERS.

(a) REPEAL OF INSTALLMENT METHOD FOR ACCRUAL BASIS TAXPAYERS.—

(1) IN GENERAL.—Subsection (a) of section 453 (relating to installment method) is amended to read as follows:

“(a) USE OF INSTALLMENT METHOD.—

“(1) IN GENERAL.—Except as otherwise provided in this section, income from an installment sale shall be taken into account for purposes of this title under the installment method.

“(2) ACCRUAL METHOD TAXPAYER.—The installment method shall not apply to income from an installment sale if such income would be reported under an accrual method of accounting without regard to this section. The preceding sentence shall not apply to a disposition described in subparagraph (A) or (B) of subsection (l)(2).”

(2) CONFORMING AMENDMENTS.—Sections 453(d)(1), 453(i)(1), and 453(k) are each amended by striking “(a)” each place it appears and inserting “(a)(1)”.

(b) MODIFICATION OF PLEDGE RULES.—Paragraph (4) of section 453A(d) (relating to pledges, etc., of installment obligations) is amended by adding at the end the following: “A payment shall be treated as directly secured by an interest in an installment obligation to the extent an arrangement allows the taxpayer to satisfy all or a portion of the indebtedness with the installment obligation.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or other dispositions occurring on or after the date of the enactment of this Act.

SEC. 1114. TREATMENT OF GAIN FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS.

(a) IN GENERAL.—Part IV of subchapter P of chapter 1 (relating to special rules for determining capital gains and losses) is amended by inserting after section 1259 the following new section:

“SEC. 1260. GAINS FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS.

“(a) IN GENERAL.—If the taxpayer has gain from a constructive ownership transaction with respect to any financial asset and such gain would (without regard to this section) be treated as a long-term capital gain—

“(1) such gain shall be treated as ordinary income to the extent that such gain exceeds the net underlying long-term capital gain, and

“(2) to the extent such gain is treated as a long-term capital gain after the application of paragraph (1), the determination of the capital gain rate (or rates) applicable to such gain under section 1(h) shall be determined on the basis of the respective rate (or rates) that would have been applicable to the net underlying long-term capital gain.

“(b) INTEREST CHARGE ON DEFERRAL OF GAIN RECOGNITION.—

“(1) IN GENERAL.—If any gain is treated as ordinary income for any taxable year by reason of subsection (a)(1), the tax imposed by this chapter for such taxable year shall be increased by the amount of interest determined under paragraph (2) with respect to each prior taxable year during any portion of which the constructive ownership transaction was open. Any amount payable under this paragraph shall be taken into account in computing the amount of any deduction allowable to the taxpayer for interest paid or accrued during such taxable year.

“(2) AMOUNT OF INTEREST.—The amount of interest determined under this paragraph with respect to a prior taxable year is the amount of interest which would have been imposed under section 6601 on the underpayment of tax for such year which would have resulted if the gain (which is treated as ordinary income by reason of subsection (a)(1)) had been included in gross income in the taxable years in which it accrued (determined by treating the income as accruing at a constant rate equal to the applicable Federal rate as in effect on the day the transaction closed). The period during which such interest shall accrue shall end on the due date (without extensions) for the return of tax imposed by this chapter for the taxable year in which such transaction closed.

“(3) APPLICABLE FEDERAL RATE.—For purposes of paragraph (2), the applicable Federal rate is the applicable Federal rate determined under 1274(d) (compounded semiannually) which would apply to a debt instrument with a term equal to the period the transaction was open.

“(4) NO CREDITS AGAINST INCREASE IN TAX.—Any increase in tax under paragraph (1) shall not be treated as tax imposed by this chapter for purposes of determining—

“(A) the amount of any credit allowable under this chapter, or

“(B) the amount of the tax imposed by section 55.

“(c) FINANCIAL ASSET.—For purposes of this section—

“(1) IN GENERAL.—The term ‘financial asset’ means—

“(A) any equity interest in any pass-thru entity, and

“(B) to the extent provided in regulations—

“(i) any debt instrument, and

“(ii) any stock in a corporation which is not a pass-thru entity.

“(2) PASS-THRU ENTITY.—For purposes of paragraph (1), the term ‘pass-thru entity’ means—

“(A) a regulated investment company,

“(B) a real estate investment trust,

“(C) an S corporation,

“(D) a partnership,

“(E) a trust,

“(F) a common trust fund,

“(G) a passive foreign investment company (as defined in section 1297 without regard to subsection (e) thereof),

“(H) a foreign personal holding company,

“(I) a foreign investment company (as defined in section 1246(b)), and

“(J) a REMIC.

“(d) CONSTRUCTIVE OWNERSHIP TRANSACTION.—For purposes of this section—

“(1) IN GENERAL.—The taxpayer shall be treated as having entered into a constructive ownership transaction with respect to any financial asset if the taxpayer—

“(A) holds a long position under a notional principal contract with respect to the financial asset,

“(B) enters into a forward or futures contract to acquire the financial asset,

“(C) is the holder of a call option, and is the grantor of a put option, with respect to the financial asset and such options have substantially equal strike prices and substantially contemporaneous maturity dates, or

“(D) to the extent provided in regulations prescribed by the Secretary, enters into 1 or more other transactions (or acquires 1 or more positions) that have substantially the same effect as a transaction described in any of the preceding subparagraphs.

“(2) EXCEPTION FOR POSITIONS WHICH ARE MARKED TO MARKET.—This section shall not apply to any constructive ownership transaction if all of the positions which are part of such transaction are marked to market under any provision of this title or the regulations thereunder.

“(3) LONG POSITION UNDER NOTIONAL PRINCIPAL CONTRACT.—A person shall be treated as holding a long position under a notional principal contract with respect to any financial asset if such person—

“(A) has the right to be paid (or receive credit for) all or substantially all of the investment yield (including appreciation) on such financial asset for a specified period, and

“(B) is obligated to reimburse (or provide credit for) all or substantially all of any decline in the value of such financial asset.

“(4) FORWARD CONTRACT.—The term ‘forward contract’ means any contract to acquire in the future (or provide or receive credit for the future value of) any financial asset.

“(e) NET UNDERLYING LONG-TERM CAPITAL GAIN.—For purposes of this section, in the case of any constructive ownership transaction with respect to any financial asset, the term ‘net underlying long-term capital gain’ means the aggregate net capital gain that the taxpayer would have had if—

"(1) the financial asset had been acquired for fair market value on the date such transaction was opened and sold for fair market value on the date such transaction was closed, and

"(2) only gains and losses that would have resulted from the deemed ownership under paragraph (1) were taken into account.

The amount of the net underlying long-term capital gain with respect to any financial asset shall be treated as zero unless the amount thereof is established by clear and convincing evidence.

"(f) Special Rule Where Taxpayer Takes Delivery.—Except as provided in regulations prescribed by the Secretary, if a constructive ownership transaction is closed by reason of taking delivery, this section shall be applied as if the taxpayer had sold all the contracts, options, or other positions which are part of such transaction for fair market value on the closing date. The amount of gain recognized under the preceding sentence shall not exceed the amount of gain treated as ordinary income under subsection (a). Proper adjustments shall be made in the amount of any gain or loss subsequently realized for gain recognized and treated as ordinary income under this subsection.

"(g) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations—

"(1) to permit taxpayers to mark to market constructive ownership transactions in lieu of applying this section, and

"(2) to exclude certain forward contracts which do not convey substantially all of the economic return with respect to a financial asset."

(b) Clerical Amendment.—The table of sections for part IV of subchapter P of chapter 1 is amended by adding at the end the following new item:

"Sec. 1260. Gains from constructive ownership transactions."

(c) Effective Date.—The amendments made by this section shall apply to transactions entered into after July 11, 1999.

SEC. 1115. CHARITABLE SPLIT-DOLLAR LIFE INSURANCE, ANNUITY, AND ENDOWMENT CONTRACTS.

(a) In General.—Subsection (f) of section 170 (relating to disallowance of deduction in certain cases and special rules), as amended by section 807, is amended by adding at the end the following new paragraph:

"(11) Split-dollar life insurance, annuity, and endowment contracts.—

"(A) In general.—Nothing in this section or in section 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 shall be construed to allow a deduction, and no deduction shall be allowed, for any transfer to or for the use of an organization described in subsection (c) if in connection with such transfer—

"(i) the organization directly or indirectly pays, or has previously paid, any premium on any personal benefit contract with respect to the transferor, or

"(ii) there is an understanding or expectation that any person will directly or indirectly pay any premium on any personal benefit contract with respect to the transferor.

"(B) Personal benefit contract.—For purposes of subparagraph (A), the term 'personal benefit contract' means, with respect to the transferor, any life insurance, annuity, or endowment contract if any direct or indirect beneficiary under such contract is the transferor, any member of the transferor's family, or any other person (other than an organization described in subsection (c)) designated by the transferor.

"(C) Application to charitable remainder trusts.—In the case of a transfer to a trust referred to in subparagraph (E), references in subparagraphs (A) and (F) to an organization described in subsection (c) shall be treated as a reference to such trust.

"(D) Exception for certain annuity contracts.—If, in connection with a transfer to or for the use of an organization described in subsection (c), such organization incurs an obligation to pay a charitable gift annuity (as defined in section 501(m)) and such organization purchases any annuity contract to fund such obligation, persons receiving payments under the charitable gift annuity shall not be treated for purposes of subparagraph (B) as indirect beneficiaries under such contract if—

"(i) such organization possesses all of the incidents of ownership under such contract,

"(ii) such organization is entitled to all the payments under such contract, and

"(iii) the timing and amount of payments under such contract are substantially the same as the timing and amount of payments to each such person under such obligation (as such obligation is in effect at the time of such transfer).

"(E) Exception for certain contracts held by charitable remainder trusts.—A person shall not be treated for purposes of subparagraph (B) as an indirect beneficiary under any life insurance, annuity, or endowment contract held by a charitable remainder annuity trust or a charitable remainder unitrust (as defined in section 664(d)) solely by reason of being entitled to any payment referred to in paragraph (1)(A) or (2)(A) of section 664(d) if—

"(i) such trust possesses all of the incidents of ownership under such contract, and

"(ii) such trust is entitled to all the payments under such contract.

"(F) Excise tax on premiums paid.—

"(i) In general.—There is hereby imposed on any organization described in subsection (c) an excise tax equal to the premiums paid by such organization on any life insurance, annuity, or endowment contract if the payment of premiums on such contract is in connection with a transfer for which a deduction is not allowable under subparagraph (A), determined without regard to when such transfer is made.

"(ii) Payments by other persons.—For purposes of clause (i), payments made by any other person pursuant to an understanding or expectation referred to in subparagraph (A) shall be treated as made by the organization.

"(iii) Reporting.—Any organization on which tax is imposed by clause (i) with respect to any premium shall file an annual return which includes—

"(I) the amount of such premium paid during the year and the name and TIN of each beneficiary under the contract to which the premium relates, and

"(II) such other information as the Secretary may require.

The penalties applicable to returns required under section 6033 shall apply to returns required under this clause. Returns required under this clause shall be furnished at such time and in such manner as the Secretary shall by forms or regulations require.

"(iv) Certain rules to apply.—The tax imposed by this subparagraph shall be treated as imposed by chapter 42 for purposes of this title other than subchapter B of chapter 42.

"(G) Special rule where state requires specification of charitable gift annuitant in contract.—In the case of an obligation to pay a charitable gift annuity referred to in subparagraph (D) which is entered into under the laws of a State which requires, in order for the charitable gift annuity to be exempt from insurance regulation by such State, that each beneficiary under the charitable gift annuity be named as a beneficiary under an annuity contract issued by an insurance company authorized to transact business in such State, the requirements of clauses (i) and (ii) of subparagraph (D) shall be treated as met if—

"(i) such State law requirement was in effect on February 8, 1999,

"(ii) each such beneficiary under the charitable gift annuity is a bona fide resident of such State at the time the obligation to pay a charitable gift annuity is entered into, and

"(iii) the only persons entitled to payments under such contract are persons entitled to payments as beneficiaries under such obligation on the date such obligation is entered into.

"(H) Member of family.—For purposes of this paragraph, an individual's family consists of the individual's grandparents, the grandparents of such individual's spouse, the lineal descendants of such grandparents, and any spouse of such a lineal descendant.

"(I) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph, including regulations to prevent the avoidance of such purposes."

(b) Effective Date.—

(1) In general.—Except as otherwise provided in this section, the amendment made by this section shall apply to transfers made after February 8, 1999.

(2) Excise tax.—Except as provided in paragraph (3) of this subsection, section 170(f)(11)(F) of the Internal Revenue Code of 1986 (as added by this section) shall apply to premiums paid after the date of the enactment of this Act.

(3) Reporting.—Clause (iii) of such section 170(f)(11)(F) shall apply to premiums paid after February 8, 1999 (determined as if the tax imposed by such section applies to premiums paid after such date).

SEC. 1116. RESTRICTION ON USE OF REAL ESTATE INVESTMENT TRUSTS TO AVOID ESTIMATED TAX PAYMENT REQUIREMENTS.

(a) In General.—Subsection (e) of section 6655 (relating to estimated tax by corporations) is amended by adding at the end the following new paragraph:

"(5) Treatment of certain REIT dividends.—

"(A) In general.—Any dividend received from a closely held real estate investment trust by any person which owns (after application of subsections (d)(5) and (l)(3)(B) of section 856) 10 percent or more (by vote or value) of the stock or beneficial interests in the trust shall be taken into account in computing annualized income installments under paragraph (2) in a manner similar to the manner under which partnership income inclusions are taken into account.

"(B) Closely held REIT.—For purposes of subparagraph (A), the term 'closely held real estate investment trust' means a real estate investment trust with respect to which 5 or fewer persons own (after application of subsections (d)(5) and (l)(3)(B) of section 856) 50 percent or more (by vote or value) of the stock or beneficial interests in the trust."

(b) Effective Date.—The amendment made by subsection (a) shall apply to estimated tax payments due on or after September 15, 1999.

SEC. 1117. PROHIBITED ALLOCATIONS OF S CORPORATION STOCK HELD BY AN ESOP.

(a) IN GENERAL.—Section 409 (relating to qualifications for tax credit employee stock ownership plans) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

"(p) PROHIBITED ALLOCATION OF SECURITIES IN AN S CORPORATION.—

"(1) IN GENERAL.—An employee stock ownership plan holding employer securities consisting of stock in an S corporation shall provide that no portion of the assets of the plan attributable to (or allocable in lieu of) such employer securities may, during a nonallocation year, accrue (or be allocated directly or indirectly under any plan of the employer meeting the requirements of section 401(a)) for the benefit of any disqualified individual.

"(2) FAILURE TO MEET REQUIREMENTS.—If a plan fails to meet the requirements of paragraph (1)—

"(A) the plan shall be treated as having distributed to any disqualified individual the amount allocated to the account of such individual in violation of paragraph (1) at the time of such allocation,

"(B) the provisions of section 4979A shall apply, and

"(C) the statutory period for the assessment of any tax imposed by section 4979A shall not expire before the date which is 3 years from the later of—

"(i) the allocation of employer securities resulting in the failure under paragraph (1) giving rise to such tax, or

"(ii) the date on which the Secretary is notified of such failure.

"(3) NONALLOCATION YEAR.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'nonallocation year' means any plan year of an employee stock ownership plan if, at any time during such plan year—

"(i) such plan holds employer securities consisting of stock in an S corporation, and

"(ii) disqualified individuals own at least 50 percent of the number of outstanding shares of stock in such S corporation.

"(B) ATTRIBUTION RULES.—For purposes of subparagraph (A)—

"(i) IN GENERAL.—The rules of section 318(a) shall apply for purposes of determining ownership, except that—

"(I) in applying paragraph (1) thereof, the members of an individual's family shall include members of the family described in paragraph (4)(D), and

"(II) paragraph (4) thereof shall not apply.

"(ii) DEEMED-OWNED SHARES.—Notwithstanding the employee trust exception in section 318(a)(2)(B)(i), disqualified individuals shall be treated as owning deemed-owned shares.

"(4) DISQUALIFIED INDIVIDUAL.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'disqualified individual' means any individual who is a participant or beneficiary under the employee stock ownership plan if—

"(i) the aggregate number of deemed-owned shares of such individual and the members of the individual's family is at least 20 percent of the number of outstanding shares of stock in the S corporation constituting employer securities of such plan, or

"(ii) if such individual is not described in clause (i), the number of deemed-owned shares of such individual is at least 10 percent of the number of outstanding shares of stock in such corporation.

"(B) TREATMENT OF FAMILY MEMBERS.—In the case of a disqualified individual described in subparagraph (A)(i), any member of the individual's family with deemed-owned shares shall be treated as a disqualified individual if not otherwise a disqualified individual under subparagraph (A).

"(C) DEEMED-OWNED SHARES.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'deemed-owned shares' means, with respect to any participant or beneficiary under the employee stock ownership plan—

"(I) the stock in the S corporation constituting employer securities of such plan which is allocated to such participant or beneficiary under the plan, and

"(II) such participant's or beneficiary's share of the stock in such corporation which is held by such trust but which is not allocated under the plan to employees.

"(ii) INDIVIDUAL'S SHARE OF UNALLOCATED STOCK.—For purposes of clause (i)(II), an individual's share of unallocated S corporation stock held by the trust is the amount of the unallocated stock which would be allocated to such individual if the unallocated stock were allocated to individuals in the same proportions as the most recent stock allocation under the plan.

"(D) MEMBER OF FAMILY.—For purposes of this paragraph, the term 'member of the family' means, with respect to any individual—

"(i) the spouse of the individual,

"(ii) an ancestor or lineal descendant of the individual or the individual's spouse,

"(iii) a brother or sister of the individual or the individual's spouse and any lineal descendant of the brother or sister, and

"(iv) the spouse of any person described in clause (ii) or (iii).

"(5) DEFINITIONS.—For purposes of this subsection—

"(A) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' has the meaning given such term by section 4975(e)(7).

"(B) EMPLOYER SECURITIES.—The term 'employer security' has the meaning given such term by section 409(l).

"(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations providing for the treatment of any stock option, restricted stock, stock appreciation right, phantom stock unit, performance unit, or similar instrument granted by an S corporation as stock or not stock."

(b) EXCISE TAX.—

(1) IN GENERAL.—Section 4979A(b) (defining prohibited allocation) is amended by striking "and" at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting ", and", and by adding at the end the following new paragraph:

"(3) any allocation of employer securities which violates the provisions of section 409(p)."

(2) LIABILITY.—Section 4979A(c) (defining liability for tax) is amended by adding at the end the following new sentence: "In the case of a prohibited allocation described in subsection (b)(3), such tax shall be paid by the S corporation the stock in which was allocated in violation of section 409(p)."

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

(2) EXCEPTION FOR CERTAIN PLANS.—In the case of any—

(A) employee stock ownership plan established after July 14, 1999, or

(B) employee stock ownership plan established on or before such date if employer securities held by the plan consist of stock in a corporation with respect to which an election under section 1362(a) of the Internal Revenue Code of 1986 is not in effect on such date,

the amendments made by this section shall apply to plan years ending after July 14, 1999.

SEC. 1118. MODIFICATION OF ANTI-ABUSE RULES RELATED TO ASSUMPTION OF LIABILITY.

(a) IN GENERAL.—Section 357(b)(1) (relating to tax avoidance purpose) is amended—

(1) by striking "the principal purpose" and inserting "a principal purpose", and

(2) by striking "on the exchange" in subparagraph (A).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to assumptions of liability after July 14, 1999.

SEC. 1119. ALLOCATION OF BASIS ON TRANSFERS OF INTANGIBLES IN CERTAIN NONRECOGNITION TRANSACTIONS.

(a) TRANSFERS TO CORPORATIONS.—Section 351 (relating to transfer to corporation controlled by transferor) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) TREATMENT OF TRANSFERS OF INTANGIBLE PROPERTY.—

"(1) TRANSFERS OF LESS THAN ALL SUBSTANTIAL RIGHTS.—

"(A) IN GENERAL.—A transfer of an interest in intangible property (as defined in section 936(h)(3)(B)) shall be treated under this section as a transfer of property even if the transfer is of less than all of the substantial rights of the transferor in the property.

"(B) ALLOCATION OF BASIS.—In the case of a transfer of less than all of the substantial rights of the transferor in the intangible property, the transferor's basis immediately before the transfer shall be allocated among the rights retained by the transferor and the rights transferred on the basis of their respective fair market values.

"(2) NONRECOGNITION NOT TO APPLY TO INTANGIBLE PROPERTY DEVELOPED FOR TRANSFEREE.—This section shall not apply to a transfer of intangible property developed by the transferor or any related person if such development was pursuant to an arrangement with the transferee."

(b) TRANSFERS TO PARTNERSHIPS.—Subsection (d) of section 721 is amended to read as follows:

"(d) TRANSFERS OF INTANGIBLE PROPERTY.—

"(1) IN GENERAL.—Rules similar to the rules of section 351(h) shall apply for purposes of this section.

"(2) TRANSFERS TO FOREIGN PARTNERSHIPS.—For regulatory authority to treat intangibles transferred to a partnership as sold, see section 367(d)(3)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers on or after the date of the enactment of this Act.

SEC. 1120. CONTROLLED ENTITIES INELIGIBLE FOR REIT STATUS.

(a) IN GENERAL.—Subsection (a) of section 856 (relating to definition of real estate investment trust) is amended by striking "and" at the end of paragraph (6), by redesignating paragraph (7) as paragraph (8), and by inserting after paragraph (6) the following new paragraph:

"(7) which is not a controlled entity (as defined in subsection (l)); and".

(b) CONTROLLED ENTITY.—Section 856 is amended by adding at the end the following new subsection:

"(l) Controlled Entity.—

"(1) In general.—For purposes of subsection (a)(7), an entity is a controlled entity if, at any time during the taxable year, one person (other than a qualified entity)—

"(A) in the case of a corporation, owns stock—

"(i) possessing at least 50 percent of the total voting power of the stock of such corporation, or

"(ii) having a value equal to at least 50 percent of the total value of the stock of such corporation, or

"(B) in the case of a trust, owns beneficial interests in the trust which would meet the requirements of subparagraph (A) if such interests were stock.

"(2) Qualified entity.—For purposes of paragraph (1), the term 'qualified entity' means—

"(A) any real estate investment trust, and

"(B) any partnership in which one real estate investment trust owns at least 50 percent of the capital and profits interests in the partnership.

"(3) Attribution rules.—For purposes of this paragraphs (1) and (2)—

"(A) In general.—Rules similar to the rules of subsections (d)(5) and (h)(3) shall apply.

"(B) Stapled entities.—A group of entities which are stapled entities (as defined in section 269B(c)(2)) shall be treated as 1 person.

"(4) Exception for certain new REITs.—

"(A) In general.—The term 'controlled entity' shall not include an incubator REIT.

"(B) Incubator REIT.—A corporation shall be treated as an incubator REIT for any taxable year during the eligibility period if it meets all the following requirements for such year:

"(i) The corporation elects to be treated as an incubator REIT.

"(ii) The corporation has only voting common stock outstanding.

"(iii) Not more than 50 percent of the corporation's real estate assets consist of mortgages.

"(iv) From not later than the beginning of the last half of the second taxable year, at least 10 percent of the corporation's capital is provided by lenders or equity investors who are unrelated to the corporation's largest shareholder.

"(v) The corporation annually increases the value of its real estate assets by at least 10 percent.

"(vi) The directors of the corporation adopt a resolution setting forth an intent to engage in a going public transaction.

No election may be made with respect to any REIT if an election under this subsection was in effect for any predecessor of such REIT.

"(C) Eligibility period.—

"(i) In general.—The eligibility period (for which an incubator REIT election can be made) begins with the REIT's second taxable year and ends at the close of the REIT's third taxable year, except that the REIT may, subject to clauses (ii), (iii), and (iv), elect to extend such period for an additional 2 taxable years.

"(ii) Going public transaction.—A REIT may not elect to extend the eligibility period under clause (i) unless it enters into an agreement with the Secretary that if it does not engage in a going public transaction by the end of the extended eligibility period, it shall pay Federal income taxes for the 2 years of the extended eligibility period as if it had not made an incubator REIT election and had ceased to qualify as a REIT for those 2 taxable years.

"(iii) Returns, interest, and notice.—

"(I) Returns.—In the event the corporation ceases to be treated as a REIT by operation of clause (ii), the corporation shall file any appropriate amended returns reflecting the change in status within 3 months of the close of the extended eligibility period.

"(II) Interest.—Interest shall be payable on any tax imposed by reason of clause (ii) for any taxable year but, unless there was a finding under subparagraph (D), no substantial underpayment penalties shall be imposed.

"(III) Notice.—The corporation shall, at the same time it files its returns under subclause (I), notify its shareholders and any other persons whose tax position is, or may reasonably be expected to be, affected by the change in status so they also may file any appropriate amended returns to conform their tax treatment consistent with the corporation's loss of REIT status.

"(IV) Regulations.—The Secretary shall provide appropriate regulations setting forth transferee liability and other provisions to ensure collection of tax and the proper administration of this provision.

"(iv) Clauses (ii) and (iii) shall not apply if the corporation allows its incubator REIT status to lapse at the end of the initial 2-year eligibility period without engaging in a going public transaction if the corporation is not a controlled entity as of the beginning of its fourth taxable year. In such a case, the corporation's directors may still be liable for the penalties described in subparagraph (D) during the eligibility period.

"(D) Special penalties.—If the Secretary determines that an incubator REIT election was filed for a principal purpose other than as part of a reasonable plan to undertake a going public transaction, an excise tax of $20,000 shall be imposed on each of the corporation's directors for each taxable year for which an election was in effect.

"(E) Going public transaction.—For purposes of this paragraph, a going public transaction means—

"(i) a public offering of shares of the stock of the incubator REIT;

"(ii) a transaction, or series of transactions, that results in the stock of the incubator REIT being regularly traded on an established securities market and that results in at least 50 percent of such stock being held by shareholders who are unrelated to persons who held such stock before it began to be so regularly traded; or

"(iii) any transaction resulting in ownership of the REIT by 200 or more persons (excluding the largest single shareholder) who in the aggregate own at least 50 percent of the stock of the REIT.

For the purposes of this subparagraph, the rules of paragraph (3) shall apply in determining the ownership of stock.

"(F) Definitions.—The term 'established securities market' shall have the meaning set forth in the regulations under section 897."

(c) Conforming Amendment.—Paragraph (2) of section 856(h) is amended by striking "and (6)" each place it appears and inserting ", (6), and (7)".

(d) Effective Date.—

(1) In general.—The amendments made by this section shall apply to taxable years ending after July 14, 1999.

(2) Exception for existing controlled entities.—The amendments made by this section shall not apply to any entity which is a controlled entity (as defined in section 856(l) of the Internal Revenue Code of 1986, as added by this section) as of July 14, 1999, which is a real estate investment trust for the taxable year which includes such date, and which has significant business assets or activities as of such date.

SEC. 1121. DISTRIBUTIONS TO A CORPORATE PARTNER OF STOCK IN ANOTHER CORPORATION.

(a) In General.—Section 732 (relating to basis of distributed property other than money) is amended by adding at the end the following new subsection:

"(f) Corresponding Adjustment to Basis of Assets of a Distributed Corporation Controlled by a Corporate Partner.—

"(1) In general.—If—

"(A) a corporation (hereafter in this subsection referred to as the 'corporate partner') receives a distribution from a partnership of stock in another corporation (hereafter in this subsection referred to as the 'distributed corporation'),

"(B) the corporate partner has control of the distributed corporation immediately after the distribution or at any time thereafter, and

"(C) the partnership's adjusted basis in such stock immediately before the distribution exceeded the corporate partner's adjusted basis in such stock immediately after the distribution,

then an amount equal to such excess shall be applied to reduce (in accordance with subsection (c)) the basis of property held by the distributed corporation at such time (or, if the corporate partner does not control the distributed corporation at such time, at the time the corporate partner first has such control).

"(2) Exception for certain distributions before control acquired.—Paragraph (1) shall not apply to any distribution of stock in the distributed corporation if—

"(A) the corporate partner does not have control of such corporation immediately after such distribution, and

"(B) the corporate partner establishes to the satisfaction of the Secretary that such distribution was not part of a plan or arrangement to acquire control of the distributed corporation.

"(3) Limitations on basis reduction.—

"(A) In general.—The amount of the reduction under paragraph (1) shall not exceed the amount by which the sum of the aggregate adjusted bases of the property and the amount of money of the distributed corporation exceeds the corporate partner's adjusted basis in the stock of the distributed corporation.

"(B) Reduction not to exceed adjusted basis of property.—No reduction under paragraph (1) in the basis of any property shall exceed the adjusted basis of such property (determined without regard to such reduction).

"(4) Gain recognition where reduction limited.—If the amount of any reduction under paragraph (1) (determined after the application of paragraph (3)(A)) exceeds the aggregate adjusted bases of the property of the distributed corporation—

"(A) such excess shall be recognized by the corporate partner as long-term capital gain, and

"(B) the corporate partner's adjusted basis in the stock of the distributed corporation shall be increased by such excess.

"(5) Control.—For purposes of this subsection, the term 'control' means ownership of stock meeting the requirements of section 1504(a)(2).

"(6) Indirect distributions.—For purposes of paragraph (1), if a corporation acquires (other than in a distribution from a partnership) stock the basis of which is determined in whole or in part by reference to subsection (a)(2) or (b), the corporation shall be treated as receiving a distribution of such stock from a partnership.

"(7) SPECIAL RULE FOR STOCK IN CONTROLLED CORPORATION.—If the property held by a distributed corporation is stock in a corporation which the distributed corporation controls, this subsection shall be applied to reduce the basis of the property of such controlled corporation. This subsection shall be reapplied to any property of any controlled corporation which is stock in a corporation which it controls.

"(8) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations to avoid double counting and to prevent the abuse of such purposes."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made after July 14, 1999.

TITLE XII—COMPLIANCE WITH CONGRESSIONAL BUDGET ACT

SEC. 1201. SUNSET OF PROVISIONS OF ACT.

All provisions of, and amendments made by, this Act which are in effect on September 30, 2009, shall cease to apply as of the close of September 30, 2009.

FRIST AMENDMENT NO. 1443

(Ordered to lie on the table.)

Mr. FRIST submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 32, between lines 14 and 15, insert the following:

SEC. 207. MODIFICATION OF TAX RATES FOR TRUSTS FOR INDIVIDUALS WHO ARE DISABLED.

(a) IN GENERAL.—Section 1(e) (relating to tax imposed on estates and trusts) is amended to read as follows:

"(e) ESTATES AND TRUSTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), there is hereby imposed on the taxable income of—

"(A) every estate, and

"(B) every trust,

taxable under this subsection a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $1,500	15% of taxable income.
Over $1,500 but not over $3,500.	$225, plus 28% of the excess over $1,500.
Over $3,500 but not over $5,500.	$785, plus 31% of the excess over $3,500.
Over $5,500 but not over $7,500.	$1,405, plus 36% of the excess over $5,500.
Over $7,500	$2,125, plus 39.6% of the excess over $7,500.

"(2) SPECIAL RULE FOR TRUSTS FOR DISABLED INDIVIDUALS.—

"(A) IN GENERAL.—There is hereby imposed on the taxable income of an eligible trust taxable under this subsection a tax determined in the same manner as under subsection (c).

"(B) ELIGIBLE TRUST.—For purposes of subparagraph (A), a trust shall be treated as an eligible trust for any taxable year if, at all times during such year during which the trust is in existence, the exclusive purpose of the trust is to provide reasonable amounts for the support and maintenance of 1 or more beneficiaries each of whom is permanently and totally disabled (within the meaning of section 22(e)(3)). A trust shall not fail to meet the requirements of this subparagraph merely because the corpus of the trust may revert to the grantor or a member of the grantor's family upon the death of the beneficiary."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

On page 270, line 18, strike "2003" and insert "2004".

On page 273, line 21, strike "2003" and insert "2004".

On page 275, line 12, strike "2003" and insert "2004".

SESSIONS (AND OTHERS) AMENDMENT NO. 1444

(Ordered to lie on the table.)

Mr. SESSIONS (for himself, Mr. COVERDELL, and Mr. CRAIG) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. ___. CAPITAL GAIN TREATMENT UNDER SECTION 631(b) TO APPLY TO OUTRIGHT SALES BY LAND OWNER.

(a) IN GENERAL.—Subsection (b) of section 631 (relating to disposal of timber with a retained economic interest) is amended—

(1) by inserting "AND OUTRIGHT SALES OF TIMBER" after "ECONOMIC INTEREST" in the subsection heading, and

(2) by adding before the last sentence the following new sentence: "The requirement in the first sentence of this subsection to retain an economic interest in timber shall not apply to an outright sale of such timber by the owner thereof if such owner owned the land (at the time of such sale) from which the timber is cut."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to sales after the date of the enactment of this Act.

COVERDELL (AND COLLINS) AMENDMENT NO. 1445

(Ordered to lie on the table.)

Mr. COVERDELL (for himself and Ms. COLLINS) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, and insert:

SEC. ___. 2-PERCENT FLOOR ON MISCELLANEOUS ITEMIZED DEDUCTIONS NOT TO APPLY TO QUALIFIED INCIDENTAL EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) IN GENERAL.—Section 67(b) (defining miscellaneous itemized deductions) is amended by striking "and" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ", and", and by adding at the end the following new paragraph:

"(13) any deduction allowable for the qualified incidental expenses of an eligible teacher."

(b) DEFINITIONS.—Section 67 (relating to 2-percent floor on miscellaneous itemized deductions) is amended by adding at the end the following new subsection:

"(g) QUALIFIED INCIDENTAL EXPENSES OF ELIGIBLE TEACHERS.—For purposes of subsection (b)(13)—

"(1) QUALIFIED INCIDENTAL EXPENSES.—

"(A) IN GENERAL.—The term 'qualified incidental expenses' means expenses paid or incurred by an eligible teacher in an amount not to exceed $250 for any taxable year—

"(i) for books, supplies, and equipment related to instruction, teaching, or other educational job-related activities of such eligible teacher, and

"(ii) with respect to which a deduction is allowable under section 162 (determined without regard to this section).

"(B) SPECIAL RULE FOR HOMESCHOOLING.—Such term shall include expenses described in subparagraph (A)(i) in connection with education provided by homeschooling if the requirements of any applicable State or local law are met with respect to such education.

"(2) ELIGIBLE TEACHER.—

"(A) IN GENERAL.—The term 'eligible teacher' means an individual who is a kindergarten through grade 12 classroom teacher, instructor, counselor, aide, or principal in an elementary or secondary school.

"(B) ELEMENTARY OR SECONDARY SCHOOL.—The terms 'elementary school' and 'secondary school' have the meanings given such terms by section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), as so in effect."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. ___. EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

Section 127(d) (relating to termination of exclusion for educational assistance programs), as amended by this Act, is amended by striking "December 31, and inserting "December 31, 2005".

COLLINS (AND COVERDELL) AMENDMENTS NO. 1446–1447

(Ordered to lie on the table.)

Ms. COLLINS (for herself and Mr. COVERDELL) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1446

On page 371, between lines 16 and 17, insert the following:

SEC. ___. 2-PERCENT FLOOR ON MISCELLANEOUS ITEMIZED DEDUCTIONS NOT TO APPLY TO QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES AND QUALIFIED INCIDENTAL EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES DEDUCTION.—

(1) IN GENERAL.—Section 67(b) (defining miscellaneous itemized deductions) is amended by striking "and" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ", and", and by adding at the end the following new paragraph:

"(13) any deduction allowable for the qualified professional development expenses of an eligible teacher."

(2) DEFINITIONS.—Section 67 (relating to 2-percent floor on miscellaneous itemized deductions) is amended by adding at the end the following new subsection:

"(g) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES OF ELIGIBLE TEACHERS.—For purposes of subsection (b)(13)—

"(1) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES.—

"(A) IN GENERAL.—The term 'qualified professional development expenses' means expenses—

"(i) for tuition, fees, books, supplies, equipment, and transportation required for the enrollment or attendance of an individual in a qualified course of instruction, and

"(ii) with respect to which a deduction is allowable under section 162 (determined without regard to this section).

"(B) Qualified course of instruction.—The term 'qualified course of instruction' means a course of instruction which—

"(i) is—

"(I) at an institution of higher education (as defined in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this subsection), or

"(II) a professional conference, and

"(ii) is part of a program of professional development which is approved and certified by the appropriate local educational agency as furthering the individual's teaching skills.

"(C) Local educational agency.—The term 'local educational agency' has the meaning given such term by section 14101 of the Elementary and Secondary Education Act of 1965, as so in effect.

"(2) Eligible teacher.—

"(A) In general.—The term 'eligible teacher' means an individual who is a kindergarten through grade 12 classroom teacher, instructor, counselor, aide, or principal in an elementary or secondary school.

"(B) Elementary or secondary school.—The terms 'elementary school' and 'secondary school' have the meanings given such terms by section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), as so in effect."

(3) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000, and ending before December 31, 2004.

(b) Qualified Incidental Expenses.—

(1) In general.—Section 67(g)(1)(A), as added by subsection (a)(2), is amended by striking "and" at the end of clause (i), by redesignating clause (ii) as clause (iii), and by inserting after clause (i) the following new clause:

"(ii) for qualified incidental expenses, and".

(2) Definition.—Section 67(g), as added by subsection (a)(2), is amended by adding at the end the following new paragraph:

"(3) Qualified incidental expenses.—

"(A) In general.—The term 'qualified incidental expenses' means expenses paid or incurred by an eligible teacher in an amount not to exceed $125 for any taxable year for books, supplies, and equipment related to instruction, teaching, or other educational job-related activities of such eligible teacher.

"(B) Special rule for homeschooling.—Such term shall include expenses described in subparagraph (A) in connection with education provided by homeschooling if the requirements of any applicable State or local law are met with respect to such education."

(3) Effective date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000, and ending before December 31, 2004.

AMENDMENT NO. 1447

On page 371, between lines 16 and 17, insert the following:

SEC. . 2-PERCENT FLOOR ON MISCELLANEOUS ITEMIZED DEDUCTIONS NOT TO APPLY TO QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES AND QUALIFIED INCIDENTAL EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) Qualified Professional Development Expenses Deduction.—

(1) In general.—Section 67(b) (defining miscellaneous itemized deductions) is amended by striking "and" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ", and", and by adding at the end the following new paragraph:

"(13) any deduction allowable for the qualified professional development expenses of an eligible teacher."

(2) Definitions.—Section 67 (relating to 2-percent floor on miscellaneous itemized deductions) is amended by adding at the end the following new subsection:

"(g) Qualified Professional Development Expenses of Eligible Teachers.—For purposes of subsection (b)(13)—

"(1) Qualified professional development expenses.—

"(A) In general.—The term 'qualified professional development expenses' means expenses—

"(i) for tuition, fees, books, supplies, equipment, and transportation required for the enrollment or attendance of an individual in a qualified course of instruction, and

"(ii) with respect to which a deduction is allowable under section 162 (determined without regard to this section).

"(B) Qualified course of instruction.—The term 'qualified course of instruction' means a course of instruction which—

"(i) is—

"(I) at an institution of higher education (as defined in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this subsection), or

"(II) a professional conference, and

"(ii) is part of a program of professional development which is approved and certified by the appropriate local educational agency as furthering the individual's teaching skills.

"(C) Local educational agency.—The term 'local educational agency' has the meaning given such term by section 14101 of the Elementary and Secondary Education Act of 1965, as so in effect.

"(2) Eligible teacher.—

"(A) In general.—The term 'eligible teacher' means an individual who is a kindergarten through grade 12 classroom teacher, instructor, counselor, aide, or principal in an elementary or secondary school.

"(B) Elementary or secondary school.—The terms 'elementary school' and 'secondary school' have the meanings given such terms by section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), as so in effect."

(3) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(b) Qualified Incidental Expenses.—

(1) In general.—Section 67(g)(1)(A), as added by subsection (a)(2), is amended by striking "and" at the end of clause (i), by redesignating clause (ii) as clause (iii), and by inserting after clause (i) the following new clause:

"(ii) for qualified incidental expenses, and".

(2) Definition.—Section 67(g), as added by subsection (a)(2), is amended by adding at the end the following new paragraph:

"(3) Qualified incidental expenses.—

"(A) In general.—The term 'qualified incidental expenses' means expenses paid or incurred by an eligible teacher in an amount not to exceed $250 for any taxable year for books, supplies, and equipment related to instruction, teaching, or other educational job-related activities of such eligible teacher.

"(B) Special rule for homeschooling.—Such term shall include expenses described in subparagraph (A) in connection with education provided by homeschooling if the requirements of any applicable State or local law are met with respect to such education."

(3) Effective date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004, and ending before December 31, 2007.

On page 37, strike lines 3 through 12 and insert the following:

(a) Phaseout of AGI Limit on Contributions.—

(1) In general.—Section 408A(c)(3)(A) (relating to dollar limit) is amended to read as follows:

"(A) Dollar limit.—The amount determined under paragraph (2) for any taxable year with respect to a taxpayer shall be zero for any taxable year to which the contribution relates if the taxpayer's adjusted gross income exceeds $500,000."

(2) Repeal.—Section 408A(c)(3) (relating to limits based on modified adjusted gross income) is amended by striking subparagraph (A) and by redesignating subparagraphs (B), (C), and (D) as subparagraphs (A), (B), and (C), respectively.

(b) Increase in AGI Limit for Rollover Contributions.—Section 408A(c)(3)(B) (relating to rollover from IRA) is amended to read as follows:

"(B) Rollover from IRA.—A taxpayer

On page 38, after line 24, add the following:

(4) Repeal of contribution limit.—The amendment made by subsection (a)(2) shall apply to taxable years beginning after December 31, 2003.

COLLINS AMENDMENTS NOS. 1448–1449

(Ordered to lie on the table.)

Ms. COLLINS submitted an amendment intended to be proposed by her to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1448

On page 371, between lines 16 and 17, insert:

SEC. . ELECTRIC UTILITY DIVESTITURES.

Section 1033 (relating to involuntary conversions) is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following:

"(k) State-Required Electric Utility Divestitures to Carry Out Competitive Restructuring Policies.—

"(1) General rule for involuntary conversion treatment.—For purposes of this subtitle, if a taxpayer elects the application of this subsection to all or part of a qualified sale, such sale or part thereof shall be treated as an involuntary conversion to which this section applies.

"(2) Qualified sale.—For purposes of paragraph (1), the term 'qualified sale' means a sale by an electric utility of non-nuclear electric generation property, or a sale of stock in a corporation owning non-nuclear electric generation property, if the following occurs:

"(A) State divestiture requirement.—The State, by legislative enactment, specifically requires such sale, of all non-nuclear generating capacity in such utility's service area not later than March 1, 2000, and prohibits such utility (or related party) from acquiring non-nuclear generating capacity within such service area at anytime after March 1, 2000, in order to effectuate the competitive restructuring of the electric industry in such State.

"(B) Consumer benefit.—The State provides that the benefit from a deferral of tax under this subsection shall inure solely to utility customers.

"(C) Covered sales.—Such sale is consummated after April 1, 1999, and before March 2, 2000.

"(3) Similar or related property.—For purposes of subsection (a), property is similar or related in service or use to electric generation property so converted if it is—

"(A) electric generation property not required by a State to be divested, or electric transmission or distribution property,

"(B) other electric industry property,

"(C) natural gas utility property, or

"(D) steam industry property.

"(4) One item of property.—Any sale of electric generation property under paragraph (2) shall be treated as a sale of a single item of property, and any property described in paragraph (3) shall be treated as property similar or related in use to such single item of property.

"(5) Ten-year replacement period.—In the case of an involuntary conversion described in paragraph (1), subsection (a)(2)(B)(i) shall be applied by substituting '10 years' for '2 years.'

"(6) Gain recognized in year conversion is realized.—In the case of an involuntary conversion under paragraph (1)—

"(A) the gain shall be recognized in the year the conversion is realized, except to the extent that the property is replaced under subsection (a),

"(B) during the replacement period under paragraph (5), the taxpayer may use a one-year life for all assets described in paragraph (3) that are placed in service subject to the limitation in subparagraph (C), and

"(C) the total amount of similar or related property additions subject to such one-year life shall not exceed the total gain recognized under subparagraph (A).

"(7) Normalization rules.—With respect to public utility property described in 168(i)(10), the Secretary shall prescribe the requirements of a normalization method of accounting for this subsection."

Beginning on page 285, strike line 21 and all that follows through page 286, line 6.

Amendment No. 1449

On page 378, between lines 14 and 15, insert:

SEC. 1205A. TECHNICAL AMENDMENT.

(a) In General.—Section 45(c)(3)(C), as amended by section 1205(a) of this Act, is amended by inserting "or leased" after "owned".

(b) Revenue Offset.—The Secretary of the Treasury shall adjust the effective dates of the phase-in of the applicable dollar amounts in section 2503(b)(2), as amended by section 721(a)(2) of this Act, as necessary to offset the decrease in revenues to the Treasury resulting from the amendment made by subsection (a).

SANTORUM AMENDMENTS NOS. 1450–1451

(Ordered to lie on the table.)

Mr. SANTORUM submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

Amendment No. 1450

On page 140, between lines 15 and 16, insert the following:

SEC. TRANSFER OF EXCESS PENSION ASSETS TO STOCK BONUS PLANS.

(a) In General.—Subpart E of part I of subchapter D of chapter 1 (relating to treatment of transfers to retiree health accounts) is amended by adding at the end the following new section:

"SEC. 420A. TRANSFER OF EXCESS PENSION ASSETS TO STOCK BONUS PLAN.

"(a) General Rule.—If there is a qualified stock bonus transfer of any excess pension assets of a defined benefit plan (other than a multiemployer plan)—

"(1) a trust which is part of such plan shall not be treated as failing to meet the requirements of section 401(a) solely by reason of such transfer (or any action authorized under this section),

"(2) no amount shall be includible in the gross income of the employer maintaining the plan solely by reason of such transfer,

"(3) no deduction shall be allowed to the employer by reason of such transfer, and

"(4) such transfer shall not be treated—

"(A) as an employer reversion for purposes of section 4980, or

"(B) as a prohibited transaction for purposes of section 4975.

"(b) Qualified Stock Bonus Transfer.—For purposes of this section—

"(1) In general.—The term 'qualified stock bonus transfer' means a transfer after the date of the enactment of this section and before January 1, 2001—

"(A) of excess pension assets of a defined benefit plan maintained by an employer to a stock bonus plan maintained by such employer,

"(B) which does not contravene any other provision of law, and

"(C) with respect to which the requirements of subsections (c) and (d) are met.

"(2) Only 1 transfer.—No more than 1 transfer with respect to any plan may be treated as a qualified stock bonus transfer for purposes of this section.

"(c) Requirements Relating to Stock Bonus Plan.—For purposes of subsection (b)(1)(C), the requirements of this subsection are met if the stock bonus plan to which the excess pension assets are transferred—

"(1) covers at least 95 percent of the active participants in the defined benefit plan immediately before the date of the transfer,

"(2) uses the entire amount transferred (and any income allocable to such amount) to purchase employer securities (as defined in section 409(l)) of the employer maintaining the stock bonus plan, and

"(3) allocates such securities in a uniform manner to the accounts of participants in the stock bonus plan who were active participants in the defined benefit plan immediately before the date of the transfer, but only if such allocation is made—

"(A) no less rapidly than ratably over the 7-plan year period beginning with the plan year in which the transfer was made, and

"(B) on the basis of the ratio which the nonforfeitable accrued benefit of each such participant bears to the sum of such benefits for all such participants.

"(d) Requirements for Defined Benefit Plan.—For purposes of subsection (b)(1)(C), the requirements of this subsection are met if the defined benefit plan from which the excess pension assets are transferred—

"(1) provides that the accrued pension benefits of any participant or beneficiary under the plan become nonforfeitable in the same manner which would be required if the plan had terminated immediately before the qualified stock bonus transfer, and

"(2) provides that it may not be terminated before the close of the 5th plan year following the plan year in which the transfer occurred.

"(e) Definitions and Special Rules.—For purposes of this section—

"(1) Excess pension assets.—The term 'excess pension assets' has the meaning given such term by section 420(e)(2).

"(2) Coordination with section 412.—A rule similar to the rule of section 420(e)(4) shall apply."

(b) Conforming Amendments.—

(1) The heading for subpart E of part I of subchapter D of chapter 1 is amended by striking **"to Retiree Health Accounts"** and inserting **"of Excess Pension Assets"**.

(2) The table of sections for subpart E of part I of subchapter D is amended by adding at the end the following new item:

"Sec. 420A. Transfer of excess pension assets to stock bonus plan."

(c) Effective Date.—The amendments made by this section shall apply to transfers after the date of the enactment of this Act.

Amendment No. 1451

At the end, add the following:

DIVISION B—EMPLOYEE WELFARE BENEFIT EQUITY

SECTION 1. SHORT TITLE; TABLE OF CONTENTS; AMENDMENT TO 1986 CODE.

(a) Short Title.—This division may be cited as the "Employee Welfare Benefit Equity Act of 1999".

(b) Table of Contents.—

Sec. 1. Short title; table of contents; amendment to 1986 Code.

TITLE I—CERTAIN WELFARE BENEFIT PLANS

Sec. 101. Modification Of Definition Of Ten-Or-More Employer Plan

Sec. 102. Clarification Of Deduction Limits For Certain Collectively Bargained Plans

Sec. 103. Clarifications of Standards for Section 501(c)(9) approval

Sec. 104. Effective Date.

TITLE II—ENFORCEMENT PROVISIONS

Sec. 201. Clarification Of Section 4976

Sec. 202. Effective Date.

(c) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amendment to or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

TITLE I—CERTAIN WELFARE BENEFITS PLANS

SEC. 101. MODIFICATION OF DEFINITION OF TEN-OR-MORE EMPLOYER PLAN

(a) ADDITIONAL REQUIREMENTS.—Paragraph (6)(B) of section 419A(f) (relating to the exception for 10 or more employer plans) is hereby amended by substituting "employers, and" for "employers." at the end of clause (ii), and adding the following clauses:

"(iii) which complies with the requirements of section 505(b)(1) with respect to all benefits provided by the plan, and

(iv) which has obtained a favorable determination from the Internal Revenue Service that such plan (or a predecessor plan) is an organization described in section 501(c)(9), and

(v) which does not permit any severance pay benefit.

(b) CLARIFICATION OF EXPERIENCE RATING.—Paragraph (6)(A) of section 419A (relating to the exception for 10 or more employer plans) is hereby amended by striking the second sentence thereof, and inserting the following:

"The preceding sentence shall not apply to any plan which is an experience-rated plan. A guaranteed benefit plan shall not be considered an experience-rated plan.

(i) For purposes of this subparagraph, the term "experience-rated plan" is a plan which determines contributions by individual employers on the basis of experience-rating.

(ii) For purposes of this subparagraph, the term "experience-rating" means calculating contributions on the basis of actual gain or loss experience.

(iii) the term "guaranteed benefit plan" means a plan whose benefits are funded with insurance contracts or are otherwise determinable and payable to a participant without reference to, or limitation by, the amount of contributions to the plan attributable to any contributing employer; provided, however, that a plan shall not fail to be a guaranteed benefit plan if benefits may be limited or denied in the event a contributing employer fails to pay premiums or assessments demanded by the plan as a condition of continued participation."

SEC. 102. CLARIFICATION OF DEDUCTION LIMITS FOR CERTAIN COLLECTIVELY BARGAINED PLANS

(a) ADDITIONAL REQUIREMENTS.—Paragraphs (5)(B) of section 419A(f) (relating to the deductions limits for certain collectively bargained plans) is hereby amended by adding thereto the following clauses:

"(iii) Paragraph (5)(B) shall not apply to any plan maintained pursuant to an agreement between employee representatives and I or more employers unless and until the taxpayer applies for and the Secretary issues a determination that such agreement is a bona fide collective bargaining agreement and that the welfare benefits provided thereunder were the subject of good faith bargaining between employee representatives and such employer or employers. The Secretary is authorized to promulgate regulations designed to carry out the intention of this provision.

SEC. 103. CLARIFICATION OF STANDARDS FOR SECTION 501(c)(9) APPROVAL.

(a) Section 505 is amended by adding thereto the following subsection.

"(d) CLARIFICATION OF STANDARDS FOR EXEMPTION.—

(1) MEMBERSHIP.—An organization shall not fail to be treated as an organization described in paragraph (9) of section 501(c) if its membership includes employees or other allowable participants who—

(a) reside or work in different geographic locales, or

(b) do not work in the same industrial or employment classification.

(2) FUNDING.—Life insurance and other benefits provided by an organization described paragraph (9) of section 501(c) or other welfare benefit fund shall not be deemed discriminatory merely because they are funded with different types of products contracts, investments, or other funding methods of varying costs; provided, that such benefits otherwise comply with subsection (b).

SEC. 104. EFFECTIVE DATE.

(a) The amendments to be made by this Act are effective with respect to contributions to a welfare benefit fund made after June 9, 1999.

TITLE II—ENFORCEMENT PROVISIONS

SEC. 201. CLARIFICATION OF SECTION 4976

(a) ANTI-ABUSE PROVISIONS.—Section 4976 (relating to excise taxes with respect to funded welfare benefit plans) is amended to read as follows:

"(a) General rule—If—

(1) an employer maintains a welfare benefit fund, and

(2) there is a disqualified benefit provided or funded during any taxable year, or

(3) there is a premature termination of such plan,

there is hereby imposed on such employer a tax equal to (i) 100 percent of such disqualified benefit, or (ii) 100 percent of the amount deemed to fund the disqualified benefit, or (iii) 100 percent of all amounts contributed to such plan prior to the date of premature termination.

(b) Disqualified benefit—For purposes of subsection (a)—

(1) In general—The term "disqualified benefit" means—

(A) any post-retirement medical benefit or life insurance benefit provided with respect to a key employee if a separate account is required to be established for such employee under section 419A(d) and such payment is not from such account,

(B) any post-retirement medical benefit or life insurance benefit provided or funded with respect to an individual in whose favor discrimination is prohibited unless the plan meets the requirements of section 505(b) with respect to such benefit (whether or not such requirements apply to such plan), and

(C) any portion of a welfare benefit fund reverting to the benefit of the employer.

(2) Exception for collective bargaining plans—Paragraph (1)(b) shall not apply to any plan maintained pursuant to an agreement between employee representatives and 1 or more employers if the Secretary finds that such agreement is a collective bargaining agreement and that the benefits referred to in paragraph (1)(B) were the subject of good faith bargaining between such employee representatives and such employer or employers.

(3) Exception for nondeductible contributions—Paragraph (1)(C) shall not apply to any amount attributable to a contribution to the fund which is not allowable as a deduction under section 419 for the taxable year or any prior taxable year (and such contribution shall not be included in any carryover under section 419(d)).

(4) Exception for certain amounts charged against existing reserve—Subparagraphs (A) and (B) of paragraph (1) shall not apply to post-retirement benefits charged against an existing reserve for post-retirement medical or life insurance benefits (as defined in section 512(a)(3)(E)) or charged against the income on such reserve.

(c) Premature termination—For purposes of subsectioin (a)—

(1) In general—The term "premature termination" means a termination event which occurs on or before 6 years after adoption, creation, or the first contribution to a welfare benefit fund which benefits any highly compensated employee.

(2) Exception for insolvency, etc.—Paragraph (1) shall not apply to any termination event which occurs by reason of the insolvency of the employer or for such other reasons as the Secretary may by regulation determine are not likely to result in abuse.

(d) Termination event—For purposes of this section—

(1) In general—The term "termination event" means—

(A) the termination of a welfare benefit fund,

(B) the withdrawal of an employer from a welfare benefit fund to which more than one employer contributes, or

(C) any other action which is designed to cause, directly or indirectly, a distribution of any asset from a welfare benefit fund to a highly compensated employee.

(2) Exception for bona fide benefits—Paragraph (1) shall not apply to any bona fide benefit paid from a welfare benefit fund which is available to all employees on a nondiscriminatory basis and payable pursuant to the terms of a written plan.

(3) No severance benefit.—Paragraph (2) shall not apply to a severance benefit.

(d) Definitions—For purposes of this section—

(1) In general—Except as otherwise provided, for purposes of this section, the terms used in this section shall have the same respective meanings as when used in subpart D of part I of subchapter D of chapter 1.

(2) Post-retirement benefit. The term "post-retirement benefit" means any benefit or distribution which is reasonably determined to be paid, provided, or made available to a participant on or after normal retirement age.

(3) Normal retirement age. The term "normal retirement age" shall have the same meaning as defined in section 3(24) of the Employee Retirement Income Security Act of 1974, but in no event shall such date be later than the latest normal retirement age defined in any qualified retirement plan which benefits such individual.

(4) Presumption in the case of permanent life insurance. In the event a welfare benefit fund provides a life insurance benefit, it shall be presumed that any amount contributed to the fund in excess of the cumulative projected cost of group term insurance for any period prior to normal retirement age is funding a post-retirement benefit.

SEC. 202. EFFECTIVE DATE.

(a) CLARIFICATION—The amendments to Section 4976 made by this Act are clarifications of the statute and shall be applied and enforced as if originally enacted as part of section 511(c) of the Deficit Reduction Act of 1984.

TITLE III—REVENUE OFFSET

Section 1312 of Division A of this Act is null and void and the Internal Revenue Code of 1986 shall be applied and administered as if such section had not been enacted.

DODD (AND JEFFORDS) AMENDMENT NO. 1452

(Ordered to lie on the table.)

Mr. DODD (for himself and Mr. JEFFORDS) submitted an amendment intended to be proposed by them to the bill. S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. . INCREASE IN MANDATORY SPENDING FOR CHILD CARE AND DEVELOPMENT BLOCK GRANT.

Section 418(a)(3) of the Social Security Act (42 U.S.C. 618(a)(3)) is amended—

(1) in subparagraph (E), by striking "and" at the end;

(2) in subparagraph (F), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(E) $3,918,000,000 for fiscal year 2002;
"(F) $3,979,000,000 for fiscal year 2003;
"(G) $4,010,000,000 for fiscal year 2004;
"(H) $3,860,000,000 for fiscal year 2005;
"(I) $3,954,000,000 for fiscal year 2006;
"(J) $4,004,000,000 for fiscal year 2007;
"(K) $4,073,000,000 for fiscal year 2008; and
"(L) $4,075,000,000 for fiscal year 2009.".

On page 226, strike lines 8 through 17, and insert the following:

(a) MAXIMUM RATE OF TAX REDUCED TO 53 PERCENT.—The table contained in section 2001(c)(1) is amended by striking the 2 highest brackets and inserting the following:

Over $2,500,000 .... $1,025,800, plus 53% of the excess over $2,500,000."

(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by striking paragraph (2).

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall apply to estates of decedents dying, and gifts made, after December 31, 2003.

BURNS AMENDMENT NO. 1453

(Ordered to lie on the table.)

Mr. BURNS submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

Beginning on page 374, line 1, strike all through page 378, line 14, and insert:

SEC. 1205. MODIFICATIONS TO BUSINESS CREDIT FOR ELECTRICITY AND FUELS PRODUCED FROM CERTAIN RENEWABLE SOURCES.

(a) IN GENERAL.—Section 45 (relating to credit for electricity produced from certain renewable resources) is amended by adding at the end the following new subsection—

"(e) PRODUCTION OF CLEAN ENERGY FUEL.—

"(1) IN GENERAL.— In the case of the production of clean energy fuel, the credit determined under subsection (a) for any taxable year is an amount equal to the product of—

"(A) one half of the amount described in subsection (a)(1) (taking into account any adjustments under subsection (b)), multiplied by

"(B) the kilowatt hour equivalent of clean energy fuel—

"(i) produced by the taxpayer,

"(ii) at a qualified facility during the 5-year period beginning on the date the facility was originally placed in service, and

"(iii) sold by the taxpayer to an unrelated person during the taxable year.

"(2) OTHER DEFINITIONS.—For purposes of this subsection—

"(A) CLEAN ENERGY FUEL.—The term 'clean energy fuel' means liquid, gaseous, or solid synthetic fuel produced from coal, when the production of such fuel uses technology resulting in a qualified emissions reduction.

"(B) KILOWATT HOUR EQUIVALENT.—The term 'kilowatt hour equivalent' means the amount of kilowatt hours of electricity equal to the quotient of the Btu content of a domestic clean energy fuel divided by 10,000 Btus.

"(C) QUALIFIED EMISSIONS REDUCTION.—The term 'qualified emissions reduction' includes—

"(i) a reduction of at least 25 percent of sulfur dioxide, nitrogen oxide, and volatile organic compound emission rates (measured in pounds per ton of metallurgical coke produced) from the following 1997 industry average baseline rates for coke oven batteries: 4.6 pounds for sulfur dioxide, 2.98 pounds for nitrogen oxide, and 3.89 pounds for volatile organic compounds, or

"(ii) a reduction of at least 25 percent of the total fuel emissions, including sulfur and nitrogen oxide, released when burning a clean energy fuel (excluding any dilution caused by materials combined or added during the production process), as compared to the emissions released when burning the feedstock coal or comparable conventional fuel predominantly available in the marketplace as of January 1, 1999.

The taxpayer shall maintain records sufficient to substantiate whether its technology results in a qualified emission reduction.

"(D) QUALIFIED FACILITY.—The term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after December 31, 2001, and before July 1, 2005.

(b) CONFORMING AMENDMENTS.—

(1) Section 45(d) of the Internal Revenue Code of 1986 is amended—

(A) by inserting "or kilowatt hour equivalent" after "electricity" in paragraph (1),

(B) by inserting "or kilowatt hour equivalent of clean energy fuel produced" after "qualified energy resource" in subparagraph (C) of paragraph (2), and

(C) by inserting "or kilowatt hour equivalent" after "electricity" in both places it appears in paragraph (4).

(2) Subsection (d)(3) of section 39 of such Code is amended to read as follows:

"(3) NO CARRYBACK OF RENEWABLE ELECTRICITY PRODUCTION CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the credit determined under section 45 (relating to electricity produced from certain renewable resources) may be carried back to any taxable year ending before—

"(A) except as provided in subparagraph (B) or (C), January 1, 1993,

"(B) January 1, 1994, to the extent such credit is attributable to wind as a qualified energy resource, or

"(C) January 1, 2001, to the extent such credit is attributable to the production of clean energy fuel."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

HARKIN (AND OTHERS) AMENDMENT NO. 1454

(Ordered to lie on the table.)

Mr. HARKIN (for himself, Mr. LEAHY, and Mr. REID) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

Amend page 159, line 9, by adding at the end the following new sections:

SECTION . SHORT TITLE.

This Act may be cited as the "Older Workers Pension Protection Act of 1999".

SEC. . PREVENTION OF WEARING AWAY OF EMPLOYEE'S ACCRUED BENEFIT.

(a) AMENDMENT TO INTERNAL REVENUE CODE.—Section 411(d)(6) of the Internal Revenue Code of 1986 (relating to accrued benefit may not be decreased by amendment) is amended by adding at the end the following new subparagraph:

"(D) TREATMENT OF PLAN AMENDMENTS WEARING AWAY ACCRUED BENEFIT.—

"(i) IN GENERAL.—For purposes of subparagraph (A), a plan amendment adopted by a large defined benefit plan shall be treated as reducing accrued benefits of a participant if, under the terms of the plan after the adoption of the amendment, the accrued benefit of the participant may at any time be less than the sum of—

"(I) the participant's accrued benefit for years of service before the effective date of the amendment, determined under the terms of the plan as in effect immediately before the effective date, plus

"(II) the participant's accrued benefit determined under the formula applicable to benefit accruals under the current plan as applied to years of service after such effective date.

"(ii) LARGE DEFINED BENEFIT PLAN.—For purposes of this subparagraph, the term 'large defined benefit plan' means any defined benefit plan which had 100 or more participants who had accrued a benefit under the plan (whether or not vested) as of the last day of the plan year preceding the plan year in which the plan amendment becomes effective.

"(iii) PROTECTED ACCRUED BENEFIT.—For purposes of this subparagraph, an accrued benefit shall include any early retirement benefit or retirement-type subsidy (within the meaning of subparagraph (B)(i)), but only with respect to a participant who satisfies (either before or after the effective date of the amendment) the conditions for the benefit or subsidy under the terms of the plan as in effect immediately before such date."

(b) AMENDMENT OF ERISA.—Section 204(g) of the Employee Retirement Income Security Act of 1974 is amended by adding at the end the following new paragraph:

"(4)(A) For purposes of paragraph (1), a plan amendment adopted by a large defined benefit plan shall be treated as reducing accrued benefits of a participant if, under the terms of the plan after the adoption of the amendment, the accrued benefit of the participant may at any time be less than the sum of—

"(i) the participant's accrued benefit for years of service before the effective date of the amendment, determined under the terms of the plan as in effect immediately before the effective date, plus

"(ii) the participant's accrued benefit determined under the formula applicable to benefit accruals under the current plan as applied to years of service after such effective date.

"(B) For purposes of this paragraph, the term 'large defined benefit plan' means any defined benefit plan which had 100 or more participants who had accrued a benefit under the plan (whether or not vested) as of the last day of the plan year preceding the plan year in which the plan amendment becomes effective.

"(C) For purposes of this paragraph, an accrued benefit shall include any early retirement benefit or retirement-type subsidy (within the meaning of paragraph (2)(A)), but only with respect to a participant who satisfies (either before or after the effective date of the amendment) the conditions for the benefit or subsidy under the terms of the plan as in effect immediately before such date."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan amendments adopted after June 29, 1999.

ABRAHAM (AND WYDEN) AMENDMENT NO. 1455

Mr. ABRAHAM (for himself and Mr. WYDEN) proposed an amendment to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert:

SEC. . EXPANSION OF DEDUCTION FOR COMPUTER DONATIONS TO SCHOOLS.

(a) EXTENSION OF AGE OF ELIGIBLE COMPUTERS.—Section 170(e)(6)(B)(ii) (defining qualified elementary or secondary educational contribution) is amended—

(1) by striking "2 years" and inserting "3 years", and

(2) by inserting "for the taxpayer's own use" after "constructed by the taxpayer".

(b) REACQUIRED COMPUTERS ELIGIBLE FOR DONATION.—

(1) IN GENERAL.—Section 170(e)(6)(B)(iii) (defining qualified elementary or secondary educational contribution) is amended by inserting ", the person from whom the donor reacquires the property," after "the donor".

(2) CONFORMING AMENDMENT.—Section 170(e)(6)(B)(ii) is amended by inserting "or reacquired" after "acquired".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable years ending after the date of the enactment of this Act.

SEC. . CREDIT FOR COMPUTER DONATIONS TO SCHOOLS AND SENIOR CENTERS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by this Act, is amended by adding at the end the following:

"SEC. 45E. CREDIT FOR COMPUTER DONATIONS TO SCHOOLS AND SENIOR CENTERS.

"(a) GENERAL RULE.—For purposes of section 38, the computer donation credit determined under this section is an amount equal to 30 percent of the qualified computer contributions made by the taxpayer during the taxable year.

"(b) QUALIFIED COMPUTER CONTRIBUTION.—For purposes of this section, the term 'qualified computer contribution' has the meaning given the term 'qualified elementary or secondary educational contribution' by section 170(e)(6)(B), except that—

"(1) such term shall include the contribution of a computer (as defined in section 168(i)(2)(B)(ii)) only if computer software (as defined in section 197(e)(3)(B)) that serves as a computer operating system has been lawfully installed in such computer, and

"(2) for purposes of clauses (i) and (iv) of section 170(e)(6)(B), such term shall include the contribution of computer technology or equipment to multipurpose senior centers (as defined in section 102(35) of the Older Americans Act of 1965 (42 U.S.C. 3002(35)) to be used by individuals who have attained 60 years of age to improve job skills in computers.

"(c) INCREASED PERCENTAGE FOR CONTRIBUTIONS TO ENTITIES IN EMPOWERMENT ZONES, ENTERPRISE COMMUNITIES, AND INDIAN RESERVATIONS.—In the case of a qualified computer contribution to an entity located in an empowerment zone or enterprise community designated under section 1391 or an Indian reservation (as defined in section 168(j)(6)), subsection (a) shall be applied by substituting '50 percent' for '30 percent'.

"(d) CERTAIN RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of paragraphs (1) and (2) of section 41(f) and of section 170(e)(6)(A) shall apply.

"(e) TERMINATION.—This section shall not apply to taxable years beginning on or after the date which is 3 years after the date of the enactment of the New Millennium Classrooms Act."

(b) CURRENT YEAR BUSINESS CREDIT CALCULATION.—Section 38(b) (relating to current year business credit), as amended by this Act, is amended by striking "plus" at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting ", plus", and by adding at the end the following:

"(14) the computer donation credit determined under section 45E(a)."

(c) DISALLOWANCE OF DEDUCTION BY AMOUNT OF CREDIT.—Section 280C (relating to certain expenses for which credits are allowable) is amended by adding at the end the following:

"(d) CREDIT FOR COMPUTER DONATIONS.—No deduction shall be allowed for that portion of the qualified computer contributions (as defined in section 45E(b)) made during the taxable year that is equal to the amount of credit determined for the taxable year under section 45E(a). In the case of a corporation which is a member of a controlled group of corporations (within the meaning of section 52(a)) or a trade or business which is treated as being under common control with other trades or businesses (within the meaning of section 52(b)), this subsection shall be applied under rules prescribed by the Secretary similar to the rules applicable under subsections (a) and (b) of section 52."

(d) LIMITATION ON CARRYBACK.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

"(9) NO CARRYBACK OF COMPUTER DONATION CREDIT BEFORE EFFECTIVE DATE.—No amount of unused business credit available under section 45E may be carried back to a taxable year beginning on or before the date of the enactment of this paragraph."

(e) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 45D the following:

"Sec. 45E. Credit for computer donations to schools and senior centers."

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to contributions made in taxable years beginning after the date of the enactment of this Act.

(2) CERTAIN CONTRIBUTIONS.—The amendments made by this section shall apply to contributions made to an organization or entity not described in section 45E(c) of the Internal Revenue Code of 1986, as added by subsection (a), in taxable years beginning after the date that is one year after the date of the enactment of this Act.

ASHCROFT AMENDMENT NO. 1456

(Ordered in lie on the table.)

Mr. ASHCROFT submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

Beginning on page 375, line 1, strike all through line 2, page 378, line 6, and insert the following:

"(D) LANDFILL GAS FACILITY.—

"(i) IN GENERAL.—In the case of a facility using landfill gas to produce electricity, the term 'qualified facility' mans any facility of the taxpayer which is originally placed in service after December 31, 1999, and before July 1, 2004.

"(ii) LANDFILL GAS.—In the case of a facility using landfill gas, such term shall include equipment and housing (not including wells and related systems required to collect and transmit gas to the production facility) required to generate electricity which are owned by the taxpayer and so placed in service.

"(E) SPECIAL RULE.—In the case of a qualified facility described in subparagraph (C), the 10-year period referred to in subsection (a) shall be treated as beginning no earlier than January 1, 2000."

(b) EXPANSION OF QUALIFIED ENERGY RESOURCES.—

(1) IN GENERAL.—Section 45(c)(1) (defining qualified energy resources) is amended by striking 'and' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting a comma, and by adding at the end the following new subparagraphs:

"(C) biomass (other than closed-loop biomass), and

"(B) landfill gas.

"(2) DEFINITIONS.—Section 45(c) is amended by redesignating paragraph (3) as paragraph (6) and inserting after paragraph (2) the following new paragraphs:

"(3) BIOMASS.—The term 'biomass' means any solid, nonhazardous, cellulosic waste material which is segregated from other waste materials and which is derived from—

"(A) any of the following forest-related resources: mill residues, precommercial thinnings, slash, and brush, but not including old-growth timber,

"(B) urban sources, including waste pallets, crates, and dunnage, manufacturing and construction wood wastes, and landscape or right-of-way tree trimmings, but not including unsegregated municipal solid waste (garbage) or paper that is commonly recycled, or

"(C) agriculture sources, including orchard tree crops, vineyard, grain, legumes, sugar, and other crop by-products or residues.

"(4) LANDFILL GAS.—The term 'landfill gas' means gas from the decomposition of any household solid waste, commercial solid waste, and industrial solid waste disposed of in a municipal solid waste landfill unit (as such terms are defined in regulations promulgated under subtitle D of the Solid Waste Disposal Act (42 U.S.C. 6941 et seq.)).

"(c) SPECIAL RULES.—Section 45(d) (relating to definitions and special rules) is amended by adding at the end of the following new paragraph:

"(6) PROPORTIONAL CREDIT FOR FACILITY USING COAL TO CO-FIRE WITH CERTAIN BIOMASS.—In the case of a qualified facility as defined in subsection (c)(3)(C) using coal to co-fire with biomass (other than closed-loop biomass), the amount of the credit determined under subsection (a) for the taxable year shall be reduced by the percentage coal comprises (on a Btu basis) of the average fuel input of the facility for the taxable year."

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

ASHCROFT AMENDMENT NO. 1457

Ordered to lie on the table.)

Mr. ASHCROFT submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place, insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Social Security and Medicare Safe Deposit Box Act of 1999".

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds that—

(1) the Congress and the President joined together to enact the Balanced Budget Act of 1997 to end decades of deficit spending;

(2) strong economic growth and fiscal discipline have resulted in strong revenue growth into the Treasury;

(3) the combination of these factors is expected to enable the Government to balance its budget without the Social Security surpluses;

(4) the Congress has chosen to allocate in this Act all Social Security surpluses toward saving Social Security and Medicare;

(5) amounts so allocated are even greater than those reserved for Social Security and Medicare in the President's budget, will not require an increase in the statutory debt limit, and will reduce debt held by the public until Social Security and Medicare reform is enacted; and

(6) this strict enforcement is needed to lock away the amounts necessary for legislation to save Social Security and Medicare.

(b) PURPOSE—It is the purpose of this Act to prohibit the use of Social Security surpluses for any purpose other than reforming Social Security and Medicare.

SEC. 3. PROTECTION OF SOCIAL SECURITY SURPLUSES.

(a) POINTS OF ORDER TO PROTECT SOCIAL SECURITY SURPLUSES.—Section 312 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

"(g) POINTS OF ORDER TO PROTECT SOCIAL SECURITY SURPLUSES.—

"(1) CONCURRENT RESOLUTIONS ON THE BUDGET.—It shall not be in order in the House of Representatives or the Senate to consider any concurrent resolution on the budget, or conference report thereon or amendment thereto, that would set forth an on-budget deficit for any fiscal year.

"(2) SUBSEQUENT LEGISLATION.—It shall not be order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report if—

"(A) the enactment of that bill or resolution as reported;

"(B) the adoption and enactment of that amendment; or

"(C) the enactment of that bill or resolution in the form recommended in that conference report,

would cause or increase an on-budget deficit for any fiscal year.

"(3) EXCEPTION.—The point of order set forth in paragraph (2) shall not apply to Social Security reform legislation or Medicare reform legislation as defined by section 5(c) of the Social Security and Medicare Safe Deposit Box Act of 1999.

"(4) DEFINITION.—For purposes of this section, the term 'on-budget deficit', when applied to a fiscal year, means the deficit in the budget as set forth in the most recently agreed to concurrent resolution on the budget pursuant to section 301(a)(3) for that fiscal year.".

(b) CONTENT OF CONCURRENT RESOLUTION ON THE BUDGET.—Section 301(a) of the Congressional Budget Act of 1974 is amended by redesignating paragraphs (6) and (7) as paragraphs (7) and (8), respectively, and by inserting after paragraph (5) the following new paragraph:

"(6) the receipts, outlays, and surplus or deficit in the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, combined, established by title II of the Social Security Act,".

(c) SUPER MAJORITY REQUIREMENT.—(1) Section 904(c)(1) of the Congressional Budget Act of 1974 is amended by inserting "312(g)," and "310(d)(2),".

(2) Section 904(d)(2) of the Congressional Budget Act of 1974 is amended by inserting "312(g)," after "310(d)(2),".

SEC. 4. REMOVING SOCIAL SECURITY FROM BUDGET PRONOUNCEMENTS.

(a) IN GENERAL.—Any official statement issued by the Office of Management and Budget, the Congressional Budget Office, or any other agency or instrumentality of the Federal Government of surplus or deficit totals of the budget of the United States Government as submitted by the President or of the surplus or deficit totals of the congressional budget, and any description of, or reference to, such totals in any official publication or material issued by either of such Offices or any other such agency or instrumentality, shall exclude the outlays and receipts of the old-age, survivors, and disability insurance program under title II of the Social Security Act (including the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund) and the related provisions of the Internal Revenue Code of 1986.

(b) SEPARATE SOCIAL SECURITY BUDGET DOCUMENTS.—The excluded outlays and receipts of the old-age, survivors, and disability insurance program under title II of the Social Security Act shall be submitted in separate Social Security budget documents.

SEC. 5. EFFECTIVE DATE.

(a) IN GENERAL.—This Act shall take effect upon the date of its enactment and the amendments made by this Act shall apply only to fiscal year 2000 and subsequent fiscal years.

(b) EXPIRATION.—Sections 301(a)(6) and 312(g) shall expire upon the enactment of Social Security reform legislation and Medicare reform legislation.

(c) DEFINITIONS.—

(1) SOCIAL SECURITY REFORM LEGISLATION.—The term "Social Security reform legislation" means a bill or a joint resolution that is enacted into law and includes a provision stating the following: "For purposes of the Social Security and Medicare Safe Deposit Box Act of 1999, this Act constitutes Social Security reform legislation.".

(2) The term "Medicare reform legislation" means a bill or a joint resolution that is enacted into law and includes a provision stating the following: "For purposes of the Social Security and Medicare Safe Deposit Box Act of 1999, this Act constitutes Medicare reform legislation.".

COVERDELL (AND TORRICELLI) AMENDMENT NO. 1458

(Ordered to lie on the table.)

Mr. COVERDELL (for himself and Mr. TORRICELLI) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

At the end of title XI, insert the following:

SEC. . SENSE OF THE SENATE REGARDING SAVINGS INCENTIVES.

It is the sense of the Senate that before December 31, 1999, Congress should pass legislation that creates savings incentives by providing a partial Federal income tax exclusion for income derived from interest and dividends of no less than $400 for married taxpayers and $200 for single taxpayers.

FITZGERALD AMENDMENT NO. 1459

(Ordered to lie on the table.)

Mr. FITZGERALD submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place, insert the following:

Section 162(o) of the Internal Revenue Code of 1986 is revised to read as follows:

(o) TREATMENT OF CERTAIN REIMBURSED EXPENSES OF DELIVERY EMPLOYEES.—

(1) GENERAL RULE.—In the case of any qualified employee who receives qualified reimbursement for the expenses incurred by such employee for the use of a vehicle in performing such services—

(A) The amount allowable as a deduction under this chapter for the use of a vehicle in performing such services shall be equal to the amount of such qualified reimbursements; and

(B) Such qualified reimbursements shall be treated as paid under a reimbursement or other expense allowance for purposes of Section 62(a)(2)(A) (and Section 62(c) shall not apply to such qualified reimbursements).

(2) DEFINITIONS.—For purposes of this subsection—

(A) QUALIFIED EMPLOYEE.—The term "qualified employee" means—

(i) RURAL MAIL CARRIER.—Any employee of the United States Postal Service who performs services involving the collection and delivery of mail on a rural route; and

(ii) PRIVATE COURIER.—Any individual who—

(a) is employed by a person that is engaged in the trade or business of transporting property belonging to third parties and that is neither the seller, lessor, or licensor, not the buyer, lessee, or licensee of the property;

(b) operates a qualified vehicle to transport property to perform the duties of his employment; and

(c) does not transport passengers.

(B) QUALIFIED REIMBURSEMENTS.—The term "qualified reimbursements" means—

(i) RURAL MAIL CARRIER.—In the case of a rural mail carrier, the amounts paid by the United States Postal Service to an employee as an equipment maintenance allowance under the 1991 Collective Bargaining Agreement between the United States Postal Service and the National Rural Letter Carrier Association and amounts paid as an equipment maintenance allowance by such Postal Service under later collective bargaining agreements that supersede the 1991 agreement, provided such amounts do not exceed the amounts that would have been paid under the 1991 agreement, adjusted for changes in the Consumer Price Index (as defined in Section 1(f)(5)) since 1991; and

(ii) PRIVATE COURIERS.—In the case of a private courier, 54 percent of the amounts paid by the employer as a part of a commission payment arrangement, as reimbursement for business expenses incurred in operating a qualified vehicle.

(C) QUALIFIED VEHICLE.—The term "Qualified vehicle" means any automobile, light truck, or van whose gross vehicle weight rating does not exceed 23,500 pounds.

(D) COMMISSION PAYMENT ARRANGEMENT.—The term "commission payment arrangement" means the compensation agreement under which a private courier is paid an amount for each delivery equal to a specified percentage of the amount paid by the customer with respect to that delivery, and is not separately reimbursed for any expenses described in subparagraph (2)(B).

STEVENS AMENDMENTS NOS. 1460–1461

(Ordered to lie on the table.)

Mr. STEVENS submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1460

On page 216, line 6 after "FARM" insert ", FISHING,".

On page 216, line 15, after "eligible farming business" insert "or commercial fishing".

On page 216, line 18, strike "Farm and Ranch Risk Management Account" and insert in lieu thereof "Farm, Fishing, and Ranch Risk Management Account".

On page 216, line 19 strike "FARRM" and insert in lieu thereof "FFARRM".

On page 216, line 20, strike "(b)" and insert in lieu thereof "(b)(1)".

On page 217, line 2, insert "or commercial fishing" before the period.

On line 217, between lines 2 and 3 insert the following new paragraph:

"(2) Distributions from a FFARRM Account may not be used to purchase, lease, or finance any new fishing vessel, add capacity to any fishery, or otherwise contribute to the overcapitalization of any fishery. The Secretary of Commerce shall implement regulations to enforce this paragraph.".

On page 217, line 3, strike "(c)" and insert in lieu thereof "(c)(1)".

On page 217, between lines 7 and 8 insert the following new paragraph:

"(2) COMMERCIAL FISHING.—For purposes of this section, the term 'commercial fishing' is defined under Section (3) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802).''.

On page 221, line 5, strike ''FARMING''.

On page 221, line 8, insert ''or commercial fishing'' before the comma.

On page 221, line 15, insert ''or commercial fishing'' before the period.

On page 225, strike line 21, and insert in lieu thereof:

''468B the following:

''Sec. 468C. Farm, Fishing and Ranch Risk Management Accounts.''.

AMENDMENT NO. 1461

At the appropriate place, insert the following new section.

SEC. . EXTENSION OF ACCELERATED COST RECOVERY TREATMENT FOR QUALIFIED PROPERTY ON INDIAN RESERVATIONS.

(a) Section 168(j) of the Internal Revenue Code of 1986 (relating to property on Indian reservations) is amended by striking ''December 31, 2003'' at the end of paragraph (1) and inserting ''December 31, 2009''.

BINGAMAN AMENDMENT NO. 1462

(Ordered to lie on the table.)

Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. . SENSE OF THE SENATE REGARDING INVESTMENT IN EDUCATION.

(a) FINDINGS.—The Senate finds the following:

(1) The Republican tax plan requires cuts in discretionary spending of $775,000,000,000 over the next 10 years.

(2) If defense programs are funded at the level requested by the President, funding for domestic programs, including those providing funds for public schools, will have to be cut by at least 38 percent by 2009.

(3) Such cuts in funding for public schools would deny—

(A) access to critical early education services to 430,000 of the 835,000 young children who would otherwise be served by Head Start in fiscal year 2009;

(B) services to 5,900,000 children under the program for disadvantaged children under title I of the Elementary and Secondary Education Act of 1965, almost ½ of those who would otherwise be served;

(C) access to Reading Excellence programs to 480,000 children, making those children less likely to reach the goal of being able to read by the end of the third grade; and

(D) the opportunity to learn in smaller classes in the earlier grades to 1,000,000 children.

(4) If discretionary cuts are applied across the board, funding under the Individuals With Disabilities Education Act (IDEA) would be cut by $3,400,000,000 by the year 2009, resulting in a reduction in the Federal share of funding, rather than the increase in funding requested by school boards and administrators across the Nation.

(5) If the Federal share under IDEA is increased from its current level of 10 percent, then other education programs would experience even deeper reductions, denying more children access to services.

(6) The Pell grant, which benefits nearly 4,000,000 students, would have the maximum grant level reduced to $2175, from the current level of $3850.

(7) Such a level in Pell grants would be the lowest level since 1987, and would deny low and middle income students critical financial aid, increasing the cost of attending college.

(8) Nearly 500,000 students would be denied the opportunity to work their way through college with the help of the work-study program.

(9) Nearly 500,000 disadvantaged students would be denied extra help in preparing for college through the TRIO and Gear-up programs.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that $132 million should be shifted from tax breaks that disproportionately benefit upper income taxpayers to sustain our investment in public education and prepare children for the 21st Century, including our investment in programs such as IDEA special education, Pell grant, and Head Start, and to fully fund the class size initiative.

STEVENS AMENDMENT NO. 1463

(Ordered to lie on the table.)

Mr. STEVENS submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 375, redesignate existing subparagraph (E) as subparagraph (F) and insert the following new subparagraph:

''(E) FISHING OPERATION.—In the case of a fishing operation using fish oil to generate heat, the term 'qualified facility' means any facility of the taxpayer placed in service before July 1, 2004.

On page 376, line 9 strike ''and''.

On page 376, line 10 insert at the end ''; and''

''(D) fish oil.''.

On page 377, line 17 after the period insert the following new paragraph:

''(6) FISH OIL.—The term 'fish oil' means fish oil used as an energy source by a taxpayer in connection with the fishing operation of the taxpayer.''.

On page 378, between lines 11 and 12 insert the following new subsections:

''(d) DETERMINATION OF CREDIT FOR FISH OIL.—Section 45(a) of the Internal Revenue Code of 1986 is amended to read as follows:

''(a) GENERAL RULE.—For the purposes of section 38, the renewable energy production credit for any taxable year is an amount equal to the sum of—

''(1) the product of—

''(A) 1.5 cents, multiplied by

''(B) the kilowatt hours of electricity—

''(i) produced by the taxpayer—

''(I) from qualified energy resources, and

''(II) at a qualified facility during the 10 year period beginning on the date the facility was originally placed in service, and

''(ii) sold by the taxpayer to an unrelated person during the taxable year, and

''(2) the product of—

''(A) .0004967 cents, multiplied by

''(B) the Btus of heat generated and used by the taxpayer—

''(i) from qualified energy resources described in subsection (c)(1)(E), and

''(ii) at a qualified facility (including a fishing boat used in the fishing operation of the taxpayer).

''(e) CONFORMING AMENDMENTS.—

(1) Section 38(b)(8) and section 39(d)(3) of the Internal Revenue Code of 1986 are each amended by striking ''electricity'' each place it appears and inserting ''energy''.

(2) The table of contents for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by striking the item relating to section 45 and inserting the following:

''Sec. 45. energy produced for certain renewable resources.''

(3) The heading of section 45 of such Code is amended by striking ''**ELECTRICITY**'' and inserting ''**ENERGY**''.''.

On page 378, line 12 strike ''(d) and insert in lieu thereof ''(f)''.

HATCH (AND OTHERS) AMENDMENT NO. 1464

(Ordered to lie on the table.)

Mr. HATCH (for himself, Mr. MACK, and Mr. COVERDELL) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

At the appropriate place, insert:

SECTION 1. DETERMINING RENTS FROM REAL PROPERTY.

(a) Section 1022(b) is amended by adding after paragraph (2):

(3) DETERMINING RENTS FROM REAL PROPERTY.—

(A)(i) Paragraph (1) of section 856(d) is amended by striking ''adjusted bases'' in each place that it occurs and inserting ''fair market values'' in each such place.

(ii) The amendment made by this paragraph shall apply to taxable years beginning after December 31, 1999.

(B)(i) Clause (i) of section 856(d)(2)(B) is amended by striking ''number'' and inserting ''value.''

(ii) The amendment made by this paragraph shall apply to amounts received or accrued in taxable years beginning after December 31, 1999, except for amounts paid pursuant to leases in effect on July 12, 1999 or pursuant to a binding contract in effect on such date and at all times thereafter.

(b) Section 1026(b)(1) is amended by adding after subparagraph (B):

(C) LIMITATION ON TRANSITION RULES.—Subparagraph (A) shall cease to apply to securities of a corporation held, acquired, or received, directly or indirectly, by a real estate investment trust as of the first day after July 12, 1999, on which such trust acquires any additional securities of such corporation other than—

(i) pursuant to a binding contract in effect on such date and at all times thereafter, or

(ii) in a reorganization (as so defined) with another corporation the securities of which are described in paragraph (1)(A) of this subsection.

SANTORUM (AND FEINSTEIN) AMENDMENT NO. 1465

(Ordered to lie on the table.)

Mr. SANTORUM (for himself and Mrs. FEINSTEIN) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 286, line 18, strike ''2004'' and insert ''2005''.

On page 288, strike line 5 and insert:

(c) ADJUSTMENT OF STATE CEILING FOR INCREASES IN COST-OF-LIVING.—Paragraph (3) of section 42(h) (relating to housing credit dollar amount for agencies), as amended by subsection (b), is amended by adding at the end the following new subparagraph:

''(I) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of a calendar year after 2005, the $1.75 amount in subparagraph (H) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) thereof.

"(ii) ROUNDING.—Any increase under clause (i) which is not a multiple of 5 cents shall be rounded to the next lowest multiple of 5 cents.".

(d) CONFORMING AMENDMENTS.—

On page 288, line 19, strike "(d)" and insert "(e)".

On page 347, line 13, strike "2003" and insert "2004".

HOLLINGS AMENDMENT NO. 1466

(Ordered to lie on the table.)

Mr. HOLLINGS submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

Strike all after line 5 on page 1.

FRIST AMENDMENT NO. 1467

(Ordered to lie on the table.)

Mr. FRIST submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the end of the bill, add the following:

SEC. ___. SENSE OF THE SENATE ON MEDICARE RESERVE FUND.

(a) FINDINGS.—The Senate finds that—

(1) the Congressional budget plan has $505,000,000,000 over ten years in unallocated budget surpluses that could be used for long-term medicare reform, other priorities, or debt reduction;

(2) the Congressional budget resolution for fiscal year 2000 already has set aside $90,000,000,000 over ten years through a reserve fund for long-term medicare reform including prescription drug coverage;

(3) the President estimates that his medicare proposal will cost $46,000,000,000 over 10 years; and

(4) thus the Congressional budget resolution provides more than adequate resources for medicare reform, including prescription drugs.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) the unallocated on-budget surpluses over the next 10 years provide adequate resources and that the Congressional budget resolution for fiscal year 2000 provides a sound framework for allocating resources to medicare to modernize medicare benefits, improve the solvency of the program, and improve coverage of prescription drugs; and

(2) Congress should act to accomplish these goals for the medicare program.

SNOWE AMENDMENT NO. 1468

(Ordered to lie on the table.)

Ms. SNOWE submitted an amendment intended to be proposed by her to the bill, S. 1429, supra; as follows:

On page 32, strike lines 12 through 14, and insert:

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2005.

SEC. ___. CREDIT FOR INTEREST ON HIGHER EDUCATION LOANS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 25A the following new section:

"SEC. 25B. INTEREST ON HIGHER EDUCATION LOANS.

"(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the interest paid by the taxpayer during the taxable year on any qualified education loan.

"(b) MAXIMUM CREDIT.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the credit allowed by subsection (a) for the taxable year shall not exceed $1,500.

"(2) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

"(A) IN GENERAL.—If the modified adjusted gross income of the taxpayer for the taxable year exceeds $50,000 ($80,000 in the case of a joint return), the amount which would (but for this paragraph) be allowable as a credit under this section shall be reduced (but not below zero) by the amount which bears the same ratio to the amount which would be so allowable as such excess bears to $20,000.

"(B) MODIFIED ADJUSTED GROSS INCOME.—The term 'modified adjusted gross income' means adjusted gross income determined without regard to sections 911, 931, and 933.

"(C) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2005, the $50,000 and $80,000 amounts referred to in subparagraph (A) shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section (1)(f)(3) for the calendar year in which the taxable year begins, by substituting '2004' for '1992'.

"(D) ROUNDING.—If any amount as adjusted under subparagraph (C) is not a multiple of $50, such amount shall be rounded to the nearest multiple of $50.

"(c) DEPENDENTS NOT ELIGIBLE FOR CREDIT.—No credit shall be allowed by this section to an individual for the taxable year if a deduction under section 151 with respect to such individual is allowed to another taxpayer for the taxable year beginning in the calendar year in which such individual's taxable year begins.

"(d) LIMIT ON PERIOD CREDIT ALLOWED.—A credit shall be allowed under this section only with respect to interest paid on any qualified education loan during the first 60 months (whether or not consecutive) in which interest payments are required. For purposes of this paragraph, any loan and all refinancings of such loan shall be treated as 1 loan.

"(e) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED EDUCATION LOAN.—The term 'qualified education loan' has the meaning given such term by section 221(e)(1).

"(2) DEPENDENT.—The term 'dependent' has the meaning given such term by section 152.

"(f) SPECIAL RULES.—

"(1) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under this section for any amount taken into account for any deduction under any other provision of this chapter.

"(2) MARRIED COUPLES MUST FILE JOINT RETURN.—If the taxpayer is married at the close of the taxable year, the credit shall be allowed under subsection (a) only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year.

"(3) MARITAL STATUS.—Marital status shall be determined in accordance with section 7703."

(b) CONFORMING AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25A the following new item:

"Sec. 25B. Interest on higher education loans."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any qualified education loan (as defined in section 25B(e)(1) of the Internal Revenue Code of 1986, as added by this section) incurred on, before, or after the date of the enactment of this Act, but only with respect to any loan interest payment due after December 31, 2004.

KYL AMENDMENT NO. 1469

(Ordered to lie on the table.)

Mr. KYL submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

Beginning on page 226, line 1, strike through page 237, line 5, and insert:

TITLE VII—ESTATE AND GIFT TAX RELIEF PROVISIONS

Subtitle A—Repeal of Estate, Gift, and Generation-Skipping Taxes; Repeal of Step Up in Basis At Death

SEC. 701. REPEAL OF ESTATE, GIFT, AND GENERATION-SKIPPING TAXES.

(a) IN GENERAL.—Subtitle B is hereby repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply to the estates of decedents dying, and gifts and generation-skipping transfers made, after December 31, 2007.

SEC. 702. TERMINATION OF STEP UP IN BASIS AT DEATH.

(a) TERMINATION OF APPLICATION OF SECTION 1014.—Section 1014 (relating to basis of property acquired from a decedent) is amended by adding at the end the following:

"(f) TERMINATION.—In the case of a decedent dying after December 31, 2007, this section shall not apply to property for which basis is provided by section 1022."

(b) CONFORMING AMENDMENT.—Subsection (a) of section 1016 (relating to adjustments to basis) is amended by striking "and" at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting "; and", and by adding at the end the following:

"(28) to the extent provided in section 1022 (relating to basis for certain property acquired from a decedent dying after December 31, 2007)."

SEC. 703. CARRYOVER BASIS AT DEATH.

(a) GENERAL RULE.—Part II of subchapter O of chapter 1 (relating to basis rules of general application) is amended by inserting after section 1021 the following:

"SEC. 1022. CARRYOVER BASIS FOR CERTAIN PROPERTY ACQUIRED FROM A DECEDENT DYING AFTER DECEMBER 31, 2007.

"(a) CARRYOVER BASIS.—Except as otherwise provided in this section, the basis of carryover basis property in the hands of a person acquiring such property from a decedent shall be determined under section 1015.

"(b) CARRYOVER BASIS PROPERTY DEFINED.—

"(1) IN GENERAL.—For purposes of this section, the term 'carryover basis property' means any property—

"(A) which is acquired from or passed from a decedent who died after December 31, 2007, and

"(B) which is not excluded pursuant to paragraph (2).

The property taken into account under subparagraph (A) shall be determined under section 1014(b) without regard to subparagraph (A) of the last sentence of paragraph (9) thereof.

"(2) CERTAIN PROPERTY NOT CARRYOVER BASIS PROPERTY.—The term 'carryover basis property' does not include—

"(A) any item of gross income in respect of a decedent described in section 691,

"(B) property which was acquired from the decedent by the surviving spouse of the decedent, the value of which would have been deductible from the value of the taxable estate of the decedent under section 2056, as in effect on the day before the date of enactment of the Taxpayer Refund Act of 1999, and

"(C) any includible property of the decedent if the aggregate adjusted fair market value of such property does not exceed $2,000,000.

For purposes of this paragraph and paragraph (3), the term 'adjusted fair market value' means, with respect to any property, fair market value reduced by any indebtedness secured by such property.

"(3) PHASEIN OF CARRYOVER BASIS IF INCLUDIBLE PROPERTY EXCEEDS $1,300,000.—

"(A) IN GENERAL.—If the adjusted fair market value of the includible property of the decedent exceeds $1,300,000, but does not exceed $2,000,000, the amount of the increase in the basis of such property which would (but for this paragraph) result under section 1014 shall be reduced by the amount which bears the same ratio to such increase as such excess bears to $700,000.

"(B) ALLOCATION OF REDUCTION.—The reduction under subparagraph (A) shall be allocated among only the includible property having net appreciation and shall be allocated in proportion to the respective amounts of such net appreciation. For purposes of the preceding sentence, the term 'net appreciation' means the excess of the adjusted fair market value over the decedent's adjusted basis immediately before such decedent's death.

"(4) INCLUDIBLE PROPERTY.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'includible property' means property which would be included in the gross estate of the decedent under any of the following provisions as in effect on the day before the date of the enactment of the Taxpayer Refund Act of 1999:

"(i) Section 2033.

"(ii) Section 2038.

"(iii) Section 2040.

"(iv) Section 2041.

"(v) Section 2042(a)(1).

"(B) EXCLUSION OF PROPERTY ACQUIRED BY SPOUSE.—Such term shall not include property described in paragraph (2)(B).

"(c) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section."

(b) MISCELLANEOUS AMENDMENTS RELATED TO CARRYOVER BASIS.—

(1) CAPITAL GAIN TREATMENT FOR INHERITED ART WORK OR SIMILAR PROPERTY.—

(A) IN GENERAL.—Subparagraph (C) of section 1221(3) (defining capital asset) is amended by inserting "(other than by reason of section 1022)" after "is determined".

(B) COORDINATION WITH SECTION 170.—Paragraph (1) of section 170(e) (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following: "For purposes of this paragraph, the determination of whether property is a capital asset shall be made without regard to the exception contained in section 1221(3)(C) for basis determined under section 1022."

(2) DEFINITION OF EXECUTOR.—Section 7701(a) (relating to definitions) is amended by adding at the end the following:

"(47) EXECUTOR.—The term 'executor' means the executor or administrator of the decedent, or, if there is no executor or administrator appointed, qualified, and acting within the United States, then any person in actual or constructive possession of any property of the decedent."

(3) CLERICAL AMENDMENT.—The table of sections for part II of subchapter O of chapter 1 is amended by adding at the end the following new item:

"Sec. 1022. Carryover basis for certain property acquired from a decedent dying after December 31, 2007."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2007.

Subtitle B—Reductions of Estate, Gift, and Generation-Skipping Transfer Taxes

SEC. 711. REDUCTIONS OF ESTATE, GIFT, AND GENERATION-SKIPPING TRANSFER TAXES.

(a) MAXIMUM RATE OF TAX REDUCED TO 50 PERCENT.—The table contained in section 2001(c)(1) is amended by striking the 2 highest brackets and inserting the following:

Over $2,500,000	$1,025,800, plus 50% of the excess over $2,500,000."

(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by striking paragraph (2).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

SEC. 712. UNIFIED CREDIT AGAINST ESTATE AND GIFT TAXES REPLACED WITH UNIFIED EXEMPTION AMOUNT.

(a) IN GENERAL.—

(1) ESTATE TAX.—Part IV of subchapter A of chapter 11 is amended by inserting after section 2051 the following new section:

"SEC. 2052. EXEMPTION.

"(a) IN GENERAL.—For purposes of the tax imposed by section 2001, the value of the taxable estate shall be determined by deducting from the value of the gross estate an amount equal to the excess (if any) of—

"(1) the exemption amount for the calendar year in which the decedent died, over

"(2) the sum of—

"(A) the aggregate amount allowed as an exemption under section 2521 with respect to gifts made by the decedent after December 31, 2004, and

"(B) the aggregate amount of gifts made by the decedent for which credit was allowed by section 2505 (as in effect on the day before the date of the enactment of the Taxpayer Refund Act of 1999).

Gifts which are includible in the gross estate of the decedent shall not be taken into account in determining the amounts under paragraph (2).

"(b) EXEMPTION AMOUNT.—For purposes of subsection (a), the term 'exemption amount' means the amount determined in accordance with the following table:

"In the case of calendar year:	The exemption amount is:
2004	$850,000
2005	$950,000
2006 or thereafter	$1,000,000."

(2) GIFT TAX.—Subchapter C of chapter 12 (relating to deductions) is amended by inserting before section 2522 the following new section:

"SEC. 2521. EXEMPTION.

"(a) IN GENERAL.—In computing taxable gifts for any calendar year, there shall be allowed as a deduction in the case of a citizen or resident of the United States an amount equal to the excess of—

"(1) the exemption amount determined under section 2052 for such calendar year, over

"(2) the sum of—

"(A) the aggregate amount allowed as an exemption under this section for all preceding calendar years after 2004, and

"(B) the aggregate amount of gifts for which credit was allowed by section 2505 (as in effect on the day before the date of the enactment of the Taxpayer Refund Act of 1999)."

(b) REPEAL OF UNIFIED CREDITS.—

(1) Section 2010 (relating to unified credit against estate tax) is hereby repealed.

(2) Section 2505 (relating to unified credit against gift tax) is hereby repealed.

(c) CONFORMING AMENDMENTS.—

(1)(A) Subparagraph (B) of section 2001(b)(1) is amended by inserting before the comma "reduced by the amount described in section 2052(a)(2)".

(B) Subsection (b) of section 2001 is amended by adding at the end the following new sentence: "For purposes of paragraph (2), the amount of the tax payable under chapter 12 shall be determined without regard to the credit provided by section 2505 (as in effect on the day before the date of the enactment of the Taxpayer Refund Act of 1999)."

(2) Subsection (f) of section 2011 is amended by striking ", reduced by the amount of the unified credit provided by section 2010".

(3) Subsection (a) of section 2012 is amended by striking "and the unified credit provided by section 2010".

(4) Subsection (b) of section 2013 is amended by inserting before the period at the end of the first sentence "and increased by the exemption allowed under section 2052 or 2106(a)(4) (or the corresponding provisions of prior law) in determining the taxable estate of the transferor for purposes of the estate tax".

(5) Subparagraph (A) of section 2013(c)(1) is amended by striking "2010,".

(6) Paragraph (2) of section 2014(b) is amended by striking "2010,".

(7) Clause (ii) of section 2056A(b)(12)(C) is amended to read as follows:

"(ii) to treat any reduction in the tax imposed by paragraph (1)(A) by reason of the credit allowable under section 2010 (as in effect on the day before the date of the enactment of the Taxpayer Refund Act of 1999) or the exemption allowable under section 2052 with respect to the decedent as such a credit or exemption (as the case may be) allowable to such surviving spouse for purposes of determining the amount of the exemption allowable under section 2521 with respect to taxable gifts made by the surviving spouse during the year in which the spouse becomes a citizen or any subsequent year,".

(8) Section 2102 is amended by striking subsection (c).

(9) Subsection (a) of section 2106 is amended by adding at the end the following new paragraph:

"(4) EXEMPTION.—

"(A) IN GENERAL.—An exemption of $60,000.

"(B) RESIDENTS OF POSSESSIONS OF THE UNITED STATES.—In the case of a decedent who is considered to be a nonresident not a citizen of the United States under section 2209, the exemption under this paragraph shall be the greater of—

"(i) $60,000, or

"(ii) that proportion of $175,000 which the value of that part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated.

"(C) SPECIAL RULES.—

"(i) COORDINATION WITH TREATIES.—To the extent required under any treaty obligation of the United States, the exemption allowed under this paragraph shall be equal to the amount which bears the same ratio to the exemption amount under section 2052 (for the calendar year in which the decedent died) as the value of the part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated. For purposes of the preceding sentence, property shall not be treated as situated in the United States if such property is exempt from the tax imposed by this subchapter under any treaty obligation of the United States.

"(ii) COORDINATION WITH GIFT TAX EXEMPTION AND UNIFIED CREDIT.—If an exemption has been allowed under section 2521 (or a credit has been allowed under section 2505 as in effect on the day before the date of the enactment of the Taxpayer Refund Act of 1999) with respect to any gift made by the decedent, each dollar amount contained in subparagraph (A) or (B) or the exemption amount applicable under clause (i) of this subparagraph (whichever applies) shall be reduced by the exemption so allowed under 2521 (or, in the case of such a credit, by the amount of the gift for which the credit was so allowed)."

(10) Subsection (c) of section 2107 is amended—

(A) by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively, and

(B) by striking the second sentence of paragraph (2) (as so redesignated).

(11) Section 2206 is amended by striking "the taxable estate" in the first sentence and inserting "the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate".

(12) Section 2207 is amended by striking "the taxable estate" in the first sentence and inserting "the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate".

(13) Subparagraph (B) of section 2207B(a)(1) is amended to read as follows:

"(B) the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate."

(14) Subsection (a) of section 2503 is amended by striking "section 2522" and inserting "section 2521".

(15) Paragraph (1) of section 6018(a) is amended by striking "the applicable exclusion amount" and inserting "the exemption amount under section 2052 for the calendar year which includes the date of death".

(16) Subparagraph (A) of section 6601(j)(2) is amended to read as follows:

"(A)(i) the amount of the tax which would be imposed by chapter 11 on an amount of taxable estate equal to the sum of $1,000,000 and the exemption amount allowable under section 2052, reduced by

"(ii) the amount of tax which would be so imposed if the taxable estate equaled such exemption amount, or".

(17) The table of sections for part II of subchapter A of chapter 11 is amended by striking the item relating to section 2010.

(18) The table of sections for subchapter A of chapter 12 is amended by striking the item relating to section 2505.

(d) EFFECTIVE DATE.—The amendments made by this section—

(1) insofar as they relate to the tax imposed by chapter 11 of the Internal Revenue Code of 1986, shall apply to estates of decedents dying after December 31, 2004, and

(2) insofar as they relate to the tax imposed by chapter 12 of such Code, shall apply to gifts made after December 31, 2004.

Subtitle C—Simplification of Generation-Skipping Transfer Tax

ABRAHAM AMENDMENTS NOS. 1470–1471

(Ordered to lie on the table.)

Mr. ABRAHAM submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1470

At the appropriate place, insert the following:

"SECTION . SENSE OF THE SENATE ON CAPITAL GAINS TAX CUTS.

It is the Sense of the Senate that the Senate Conferees to any Conference Committee considering H.R. 2488, shall recede to the House position providing for Capital Gains tax cuts, specifically the capital gains tax cuts provided for in Section 202 of H.R. 2488.

AMENDMENT NO. 1471

Replace the current language with the following provisions:

(1) Raise the 15% income tax rate upper income limit by $10,000 for joint filers, $5,000 for non-joint filers, phased-in as quickly as possible within the limits of the reconciliation instructions, but so as to allow for the inclusion the other proposed provisions;

(2) Allow married couples filing jointly to file single returns on a combined form where income follows ownership, as well as adjusting upwards by at least $2,000 the income bracket for EITC for married couples filing jointly;

(3) Phase-out the estate and gift taxes with a full repeal no later than December 31, 2009;

(4) Exclude the first $500 of interest and dividend income from income taxes, phased-in as quickly as possible within the limits of the reconciliation instructions, but so as to allow for the inclusion the other proposed provisions;

(5) Cut capital gains tax rates from 20% and 10% to 15% and 7.5%, respectively;

(6) Raise the contribution limitation on all Individual Retirement Accounts to $5,000 per year;

(7) Raise the contribution limits for Education Savings Accounts to $2,000 per year;

(8) Increase student loan interest deductibility income limits by at least $10,000, adjust the income limits for married couples filing jointly to twice that of a single taxpayer, use a phase-out range of at least $15,000 for both, and repeal the 60-month rule;

(9) Exclude from taxation distributions for educational expenses from state-sponsored Prepaid Educational Savings Plans, allow tax-deferral on income from private Prepaid Educational Savings plans, phase-in an exclusion of distributions from all plans for educational expenses, and allow tax-free education withdrawals from Prepaid Savings Plans and Education IRAs;

(10) Provide a phased-in, above-the-line, deduction for health insurance expenses for which the taxpayer pays at least 50% of the premium;

(11) Provide an Additional Dependency Deduction to Caretakers to Elderly Family Members;

(12) Provide a phased-in, above-the-line, deduction for long-term care insurance expenses for which the taxpayer pays at least 50% of the premium;

(13) Make the Medical Savings Account program permanent, repeal the $750,000 income cap, allow any employer to provide these accounts, lower the minimum deductible to at least $1,000, $2,000 for family coverage, allow MSA contributions equal to 100% of the deductible, allow both employer and employee contributions, and allow MSAs to be part of cafeteria health plans;

(14) Accelerate the 100% deductibility of health insurance expenses for the self-employed;

(15) Increase small business equipment expensing limitations to $30,000 per year;

(16) Provide a permanent extension of the Research and Development Tax Credit;

(17) Allow farmers and ranchers to contribute up to at least 20% of their annual income to tax-deferred risk management accounts, taxed as regular if withdrawn within no more than five years, and subject to at least a 10% penalty after that, and provide that self-employment taxes are paid upon receipt of the income;

(18) Not exceed the revenue reduction reconciliation instructions contained in H. Con. Res. 68;

(19) Sunset all provisions on some day in 2009.

HUTCHISON (AND OTHERS) AMENDMENT NO. 1472

Mrs. HUTCHISON (for herself, Mr. ASHCROFT, and Mr. BROWNBACK) proposed an amendment to the bill, S. 1429, supra; as follows:

(1) On page 15, line 14, insert the following to paragraph (c):

(A) Twice the dollar amount in effect under subparagraph (C) in the case of—

(i) a joint return for married individuals not filing a combined return under 6013A, or

(ii) a surviving spouse (as defined in section 2(a)),

On page 15, line 14, insert the following new paragraph (d) and reorder the remaining paragraphs accordingly:

(d) PHASE-IN.—In the case of taxable years before January 1, 2004—

(A) paragraph (2)(A) shall be applied by substituting for "twice"—

(i) "1.778 times" in the case of taxable years beginning during 2001 and 2002.

(ii) "1.889 times" in the case of the taxable year 2003.

(2) Alternative Minimum Tax: Modifications to Section 206:

On page 32, line 3—

Strike "1998" and insert "2000".

On page 32, line 14—

Strike "2004" and insert "2006."

(3) AGI Limitations on Contributions to the Roth IRA: Modification to Sections 302:

On page 38, line 18, strike "2000" and insert "2002.

(4) Gift Tax Exclusion: Modification to Section 721:

On page 236, line 11, strike all of Section 721 and insert the following new section;

SEC. 721. INCREASE IN ANNUAL GIFT EXCLUSION.

(a) IN GENERAL.—Section 2503(b) (relating to exclusions from gifts) is amended—

(1) by striking "$10,000" and inserting "$20,000."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to gifts made after December 31, 2004."

(5) Charitable Contributions for Individuals Who Do Not Itemize; Modifications to Section 808:

On page 262, strike lines 15 through 17 and insert the following new paragraph:

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001 and ending before January 1, 2004.

(6) International Tax Provisions: Modifications to Sections 901 and 902:

On page 275, line 12, strike "2003" and insert "2004".

On page 278, line 13, strike "2002" and insert "2004".

TORRICELLI AMENDMENTS NOS. 1473–1474

(Ordered to lie on the table.)

Mr. TORRICELLI submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

Amendment No. 1473

At the end of subtitle B of title III, insert:

SEC. NO EXCISE TAX ON SIMPLE PENSION CONTRIBUTIONS ON BEHALF OF DOMESTIC WORKERS.

(a) In General.—Section 4972(c) (defining nondeductible contributions) is amended by adding at the end the following new paragraph:

"(7) Simple contributions on behalf of domestic workers.—The term 'nondeductible contribution' shall not include a contribution to any simplified employee pension or any simple retirement account with respect to which a deduction is not allowable under section 404 solely because such contribution constitutes remuneration paid for domestic services (within the meaning of section 3510) in a private home of the employer for which a deduction is not allowable under section 162."

(b) Effective Date.—The amendment made by subsection (a) shall apply to contributions in taxable years beginning after December 31, 1999.

Amendment No. 1474

On page 371, between lines 16 and 17, insert the following:

SEC. . EXCLUSION FROM INCOME OF SEVERANCE PAYMENT AMOUNTS.

(a) In General.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 139 as section 140 and by inserting after section 138 the following new section:

"SEC. 139. SEVERANCE PAYMENTS.

"(a) In General.—In the case of an individual, gross income shall not include any qualified severance payment.

"(b) Limitation.—The amount to which the exclusion under subsection (a) applies shall not exceed $2,000 with respect to any separation from employment.

"(c) Qualified Severance Payment.—For purposes of this section—

"(1) In general.—The term 'qualified severance payment' means any payment received by an individual if—

"(A) such payment was paid by such individual's employer on account of such individual's separation from employment,

"(B) such separation was in connection with a reduction in the work force of the employer, and

"(C) such individual does not attain employment within 6 months of the date of such separation in which the amount of compensation is equal to or greater than 95 percent of the amount of compensation for the employment that is related to such payment.

"(2) Limitation.—Such term shall not include any payment received by an individual if the aggregate payments received with respect to the separation from employment exceed $75,000."

(b) Clerical Amendment.—The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 139 and inserting the following new items:

"Sec. 139. Severance payments.

"Sec. 140. Cross references to other Acts."

(c) Effective Date.—The amendments made by subsections (a) and (b) shall apply to taxable years beginning after December 31, 1999.

Beginning on page 98, strike all through page 103, line 3, and insert:

SEC. 321. CATCHUP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.

(a) Elective Deferrals.—Section 414 (relating to definitions and special rules) is amended by adding at the end the following new subsection:

"(v) Catchup Contributions for Individuals Age 50 or Over.—

"(1) In general.—An applicable employer plan shall not be treated as failing to meet any requirement of this title solely because the plan permits an eligible participant to make additional elective deferrals in any plan year.

"(2) Limitation on amount of additional deferrals.—

"(A) In general.—A plan shall not permit additional elective deferrals under paragraph (1) for any year in an amount greater than the lesser of—

"(i) the applicable percentage of the applicable dollar amount for such elective deferrals for such year, or

"(ii) the excess (if any) of—

"(I) the participant's compensation for the year, over

"(II) any other elective deferrals of the participant for such year which are made without regard to this subsection.

"(B) Applicable percentage.—For purposes of this paragraph, the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in:	**The applicable percentage is:**
2002	10 percent
2003	20 percent
2004	30 percent
2005	40 percent
2006 and thereafter	50 percent.

"(3) Treatment of contributions.—In the case of any contribution to a plan under paragraph (1)—

"(A) such contribution shall not, with respect to the year in which the contribution is made—

"(i) be subject to any otherwise applicable limitation contained in section 402(g), 402(h), 403(b), 404(a), 404(h), 408, 415, or 457, or

"(ii) be taken into account in applying such limitations to other contributions or benefits under such plan or any other such plan, and

"(B) such plan shall not be treated as failing to meet the requirements of section 401(a)(4), 401(a)(26), 401(k)(3), 401(k)(11), 401(k)(12), 401(m), 403(b)(12), 408(k), 408(p), 408B, 410(b), or 416 by reason of the making of (or the right to make) such contribution.

"(4) Eligible participant.—For purposes of this subsection, the term 'eligible participant' means, with respect to any plan year, a participant in a plan—

"(A) who has attained the age of 50 before the close of the plan year, and

"(B) with respect to whom no other elective deferrals may (without regard to this subsection) be made to the plan for the plan year by reason of the application of any limitation or other restriction described in paragraph (3) or contained in the terms of the plan.

"(5) Other definitions and rules.—For purposes of this subsection—

"(A) Applicable dollar amount.—The term 'applicable dollar amount' means, with respect to any year, the amount in effect under section 402(g)(1)(B), 408(p)(2)(E)(i), or 457(e)(15)(A), whichever is applicable to an applicable employer plan, for such year.

"(B) Applicable employer plan.—The term 'applicable employer plan' means—

"(i) an employees' trust described in section 401(a) which is exempt from tax under section 501(a),

"(ii) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b),

"(iii) an eligible deferred compensation plan under section 457 of an eligible employer as defined in section 457(e)(1)(A), and

"(iv) an arrangement meeting the requirements of section 408 (k) or (p).

"(C) Elective deferral.—The term 'elective deferral' has the meaning given such term by subsection (u)(2)(C).

"(D) Exception for section 457 plans.—This subsection shall not apply to an applicable employer plan described in paragraph (5)(B)(iii) for any year to which section 457(b)(3) applies."

(b) Individual Retirement Plans.—Section 219(b), as amended by sections 301 and 318, is amended by adding at the end the following new paragraph:

"(7) Catchup contributions.—

"(A) In general.—In the case of an individual who has attained the age of 50 before the close of the taxable year, the dollar amount in effect under paragraph (1)(A) for such taxable year shall be equal to the applicable percentage of such amount determined without regard to this paragraph.

"(B) Applicable percentage.—For purposes of this paragraph, the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in:	**The applicable percentage is:**
2002	110 percent
2003	120 percent
2004	130 percent
2005	140 percent
2006 and thereafter	150 percent."

(c) Effective Date.—The amendment made by this section shall apply to contributions in taxable years beginning after December 31, 2001.

On page 195, strike lines 4 through 9, and insert:

SEC. 404. EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) In General.—Section 127(d) (relating to termination of exclusion for educational assistance programs), as amended by this Act, is amended by striking "May 31, 2000" and inserting "December 31, 2008".

TORRICELLI (AND OTHERS) AMENDMENT NO. 1475

(Ordered to lie on the table.)

Mr. TORRICELLI (for himself, Mr. Lieberman, Mr. Lautenberg, and Mr. Dodd) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. ___. PROHIBITION ON IMPOSITION OF DISCRIMINATORY COMMUTER TAXES BY POLITICAL SUBDIVISIONS OF STATES.

(a) IN GENERAL.—Chapter 4 of title 4, United States Code, is amended by adding at the end the following:

"§116. Prohibition on imposition of discriminatory commuter taxes by political subdivisions of States

"Except to the extent otherwise provided in any voluntary compact between or among States, a political subdivision of a State may not impose a tax on income earned within such political subdivision by nonresidents of the political subdivision unless the effective rate of such tax imposed on such nonresidents who are residents of such State is not less than such rate imposed on such nonresidents who are not residents of such State.".

(b) CONFORMING AMENDMENT.—The table of sections for chapter 4 of title 4, United States Code, is amended by adding at the end the following:

"116. Prohibition on imposition of discriminatory commuter taxes by political subdivisions of States.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of enactment of this Act.

SANTORUM (AND OTHERS) AMENDMENTS NOS. 1476–1478

(Ordered to lie on the table.)

Mr. SANTORUM (for himself, Mr. ABRAHAM, and Mr. DEWINE) submitted three amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1476

On page 371, between lines 16 and 17, insert the following:

TITLE —DESIGNATION OF AND TAX INCENTIVES FOR RENEWAL COMMUNITIES, PROVIDING ASSISTANCE TO STATES IN PROVIDING CHARITY TAX CREDITS, AND REVENUE OFFSET

Subtitle A—Designation of and Tax Incentives for Renewal Communities

SEC. 01. DESIGNATION OF AND TAX INCENTIVES FOR RENEWAL COMMUNITIES.

(a) IN GENERAL.—Chapter 1 is amended by adding at the end the following new subchapter:

"Subchapter X—Renewal Communities

"Part I. Designation.
"Part II. Renewal community capital gain; renewal community business.
"Part III. Family development accounts.
"Part IV. Additional incentives.

"PART I—DESIGNATION

"Sec. 1400E. Designation of renewal communities.

"SEC. 1400E. DESIGNATION OF RENEWAL COMMUNITIES.

"(a) DESIGNATION.—

"(1) DEFINITIONS.—For purposes of this title, the term 'renewal community' means any area—

"(A) which is nominated by one or more local governments and the State or States in which it is located for designation as a renewal community (hereinafter in this section referred to as a 'nominated area'); and

"(B) which the Secretary of Housing and Urban Development designates as a renewal community, after consultation with—

"(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury; the Director of the Office of Management and Budget; and the Administrator of the Small Business Administration; and

"(ii) in the case of an area on an Indian reservation, the Secretary of the Interior.

"(2) NUMBER OF DESIGNATIONS.—

"(A) IN GENERAL.—The Secretary of Housing and Urban Development may designate not more than 100 nominated areas as renewal communities.

"(B) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under paragraph (1), at least 20 percent must be areas—

"(i) which are within a local government jurisdiction or jurisdictions with a population of less than 50,000,

"(ii) which are outside of a metropolitan statistical area (within the meaning of section 143(k)(2)(B)), or

"(iii) which are determined by the Secretary of Housing and Urban Development, after consultation with the Secretary of Commerce, to be rural areas.

"(3) AREAS DESIGNATED BASED ON DEGREE OF POVERTY, ETC.—

"(A) IN GENERAL.—Except as otherwise provided in this section, the nominated areas designated as renewal communities under this subsection shall be those nominated areas with the highest average ranking with respect to the criteria described in subparagraphs (B), (C), and (D) of subsection (c)(3). For purposes of the preceding sentence, an area shall be ranked within each such criterion on the basis of the amount by which the area exceeds such criterion, with the area which exceeds such criterion by the greatest amount given the highest ranking.

"(B) EXCEPTION WHERE INADEQUATE COURSE OF ACTION, ETC.—An area shall not be designated under subparagraph (A) if the Secretary of Housing and Urban Development determines that the course of action described in subsection (d)(2) with respect to such area is inadequate.

"(C) PRIORITY FOR EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES WITH RESPECT TO FIRST HALF OF DESIGNATIONS.—With respect to the first 50 percent of the designations made under this section—

"(i) half shall be chosen from nominated areas which are empowerment zones or enterprise communities (and are otherwise eligible for designation under this section); and

"(ii) 20 percent shall be areas described in paragraph (2)(B).

"(4) LIMITATION ON DESIGNATIONS.—

"(A) PUBLICATION OF REGULATIONS.—The Secretary of Housing and Urban Development shall prescribe by regulation no later than 4 months after the date of the enactment of this section, after consultation with the officials described in paragraph (1)(B)—

"(i) the procedures for nominating an area under paragraph (1)(A);

"(ii) the parameters relating to the size and population characteristics of a renewal community; and

"(iii) the manner in which nominated areas will be evaluated based on the criteria specified in subsection (d).

"(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development may designate nominated areas as renewal communities only during the 24-month period beginning on the first day of the first month following the month in which the regulations described in subparagraph (A) are prescribed.

"(C) PROCEDURAL RULES.—The Secretary of Housing and Urban Development shall not make any designation of a nominated area as a renewal community under paragraph (2) unless—

"(i) the local governments and the States in which the nominated area is located have the authority—

"(I) to nominate such area for designation as a renewal community;

"(II) to make the State and local commitments described in subsection (d); and

"(III) to provide assurances satisfactory to the Secretary of Housing and Urban Development that such commitments will be fulfilled,

"(ii) a nomination regarding such area is submitted in such a manner and in such form, and contains such information, as the Secretary of Housing and Urban Development shall by regulation prescribe; and

"(iii) the Secretary of Housing and Urban Development determines that any information furnished is reasonably accurate.

"(5) NOMINATION PROCESS FOR INDIAN RESERVATIONS.—For purposes of this subchapter, in the case of a nominated area on an Indian reservation, the reservation governing body (as determined by the Secretary of the Interior) shall be treated as being both the State and local governments with respect to such area.

"(b) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

"(1) IN GENERAL.—Any designation of an area as a renewal community shall remain in effect during the period beginning on the date of the designation and ending on the earliest of—

"(A) December 31, 2007,

"(B) the termination date designated by the State and local governments in their nomination, or

"(C) the date the Secretary of Housing and Urban Development revokes such designation.

"(2) REVOCATION OF DESIGNATION.—The Secretary of Housing and Urban Development may revoke the designation under this section of an area if such Secretary determines that the local government or the State in which the area is located—

"(A) has modified the boundaries of the area, or

"(B) is not complying substantially with, or fails to make progress in achieving, the State or local commitments, respectively, described in subsection (d).

"(c) AREA AND ELIGIBILITY REQUIREMENTS.—

"(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate a nominated area as a renewal community under subsection (a) only if the area meets the requirements of paragraphs (2) and (3) of this subsection.

"(2) AREA REQUIREMENTS.—A nominated area meets the requirements of this paragraph if—

"(A) the area is within the jurisdiction of one or more local governments;

"(B) the boundary of the area is continuous; and

"(C) the area—

"(i) has a population, of at least—

"(I) 4,000 if any portion of such area (other than a rural area described in subsection (a)(2)(B)(i)) is located within a metropolitan statistical area (within the meaning of section 143(k)(2)(B)) which has a population of 50,000 or greater; or

"(II) 1,000 in any other case; or

"(ii) is entirely within an Indian reservation (as determined by the Secretary of the Interior).

"(3) ELIGIBILITY REQUIREMENTS.—A nominated area meets the requirements of this paragraph if the State and the local governments in which it is located certify (and the

Secretary of Housing and Urban Development, after such review of supporting data as he deems appropriate, accepts such certification) that—

“(A) the area is one of pervasive poverty, unemployment, and general distress;

“(B) the unemployment rate in the area, as determined by the most recent available data, was at least 1½ times the national unemployment rate for the period to which such data relate;

“(C) the poverty rate for each population census tract within the nominated area is at least 20 percent; and

“(D) in the case of an urban area, at least 70 percent of the households living in the area have incomes below 80 percent of the median income of households within the jurisdiction of the local government (determined in the same manner as under section 119(b)(2) of the Housing and Community Development Act of 1974).

“(4) CONSIDERATION OF HIGH INCIDENCE OF CRIME.—The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, the extent to which such areas have a high incidence of crime.

“(5) CONSIDERATION OF COMMUNITIES IDENTIFIED IN GAO STUDY.—The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, if the area has census tracts identified in the May 12, 1998, report of the Government Accounting Office regarding the identification of economically distressed areas.

“(d) REQUIRED STATE AND LOCAL COMMITMENTS.—

“(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate any nominated area as a renewal community under subsection (a) only if—

“(A) the local government and the State in which the area is located agree in writing that, during any period during which the area is a renewal community, such governments will follow a specified course of action which meets the requirements of paragraph (2) and is designed to reduce the various burdens borne by employers or employees in such area; and

“(B) the economic growth promotion requirements of paragraph (3) are met.

“(2) COURSE OF ACTION.—

“(A) IN GENERAL.—A course of action meets the requirements of this paragraph if such course of action is a written document, signed by a State (or local government) and neighborhood organizations, which evidences a partnership between such State or government and community-based organizations and which commits each signatory to specific and measurable goals, actions, and timetables. Such course of action shall include at least five of the following:

“(i) A reduction of tax rates or fees applying within the renewal community.

“(ii) An increase in the level of efficiency of local services within the renewal community.

“(iii) Crime reduction strategies, such as crime prevention (including the provision of such services by nongovernmental entities).

“(iv) Actions to reduce, remove, simplify, or streamline governmental requirements applying within the renewal community.

“(v) Involvement in the program by private entities, organizations, neighborhood organizations, and community groups, particularly those in the renewal community, including a commitment from such private entities to provide jobs and job training for, and technical, financial, or other assistance to, employers, employees, and residents from the renewal community.

“(vi) State or local income tax benefits for fees paid for services performed by a nongovernmental entity which were formerly performed by a governmental entity.

“(vii) The gift (or sale at below fair market value) of surplus real property (such as land, homes, and commercial or industrial structures) in the renewal community to neighborhood organizations, community development corporations, or private companies.

“(B) RECOGNITION OF PAST EFFORTS.—For purposes of this section, in evaluating the course of action agreed to by any State or local government, the Secretary of Housing and Urban Development shall take into account the past efforts of such State or local government in reducing the various burdens borne by employers and employees in the area involved.

“(3) ECONOMIC GROWTH PROMOTION REQUIREMENTS.—The economic growth promotion requirements of this paragraph are met with respect to a nominated area if the local government and the State in which such area is located certify in writing that such government and State, respectively, have repealed or otherwise will not enforce within the area, if such area is designated as a renewal community—

“(A) licensing requirements for occupations that do not ordinarily require a professional degree;

“(B) zoning restrictions on home-based businesses which do not create a public nuisance;

“(C) permit requirements for street vendors who do not create a public nuisance;

“(D) zoning or other restrictions that impede the formation of schools or child care centers; and

“(E) franchises or other restrictions on competition for businesses providing public services, including but not limited to taxicabs, jitneys, cable television, or trash hauling,

except to the extent that such regulation of businesses and occupations is necessary for and well-tailored to the protection of health and safety.

“(e) COORDINATION WITH TREATMENT OF EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.—For purposes of this title, if there are in effect with respect to the same area both—

“(1) a designation as a renewal community; and

“(2) a designation as an empowerment zone or enterprise community,

both of such designations shall be given full effect with respect to such area.

“(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this subchapter—

“(1) GOVERNMENTS.—If more than one government seeks to nominate an area as a renewal community, any reference to, or requirement of, this section shall apply to all such governments.

“(2) STATE.—The term ‘State’ includes Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Northern Mariana Islands, and any other possession of the United States.

“(3) LOCAL GOVERNMENT.—The term ‘local government’ means—

“(A) any county, city, town, township, parish, village, or other general purpose political subdivision of a State;

“(B) any combination of political subdivisions described in subparagraph (A) recognized by the Secretary of Housing and Urban Development; and

“(C) the District of Columbia.

“(4) APPLICATION OF RULES RELATING TO CENSUS TRACTS AND CENSUS DATA.—The rules of sections 1392(b)(4) and 1393(a)(9) shall apply.

“PART II—RENEWAL COMMUNITY CAPITAL GAIN; RENEWAL COMMUNITY BUSINESS

“Sec. 1400F. Renewal community capital gain.

“Sec. 1400G. Renewal community business defined.

“SEC. 1400F. RENEWAL COMMUNITY CAPITAL GAIN.

“(a) GENERAL RULE.—Gross income does not include any qualified capital gain recognized on the sale or exchange of a qualified community asset held for more than 5 years.

“(b) QUALIFIED COMMUNITY ASSET.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualified community asset’ means—

“(A) any qualified community stock;

“(B) any qualified community partnership interest; and

“(C) any qualified community business property.

“(2) QUALIFIED COMMUNITY STOCK.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), the term ‘qualified community stock’ means any stock in a domestic corporation if—

“(i) such stock is acquired by the taxpayer after December 31, 2000, and before January 1, 2008, at its original issue (directly or through an underwriter) from the corporation solely in exchange for cash;

“(ii) as of the time such stock was issued, such corporation was a renewal community business (or, in the case of a new corporation, such corporation was being organized for purposes of being a renewal community business); and

“(iii) during substantially all of the taxpayer's holding period for such stock, such corporation qualified as a renewal community business.

“(B) REDEMPTIONS.—A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this paragraph.

“(3) QUALIFIED COMMUNITY PARTNERSHIP INTEREST.—The term ‘qualified community partnership interest’ means any interest in a partnership if—

“(A) such interest is acquired by the taxpayer after December 31, 2000, and before January 1, 2008;

“(B) as of the time such interest was acquired, such partnership was a renewal community business (or, in the case of a new partnership, such partnership was being organized for purposes of being a renewal community business); and

“(C) during substantially all of the taxpayer's holding period for such interest, such partnership qualified as a renewal community business.

A rule similar to the rule of paragraph (2)(B) shall apply for purposes of this paragraph.

“(4) QUALIFIED COMMUNITY BUSINESS PROPERTY.—

“(A) IN GENERAL.—The term ‘qualified community business property’ means tangible property if—

“(i) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2000, and before January 1, 2008;

“(ii) the original use of such property in the renewal community commences with the taxpayer; and "(iii) during substantially all of the taxpayer's holding period for such property, substantially all of the use of such property was in a renewal community business of the taxpayer.

"(B) SPECIAL RULE FOR SUBSTANTIAL IMPROVEMENTS.—The requirements of clauses (i) and (ii) of subparagraph (A) shall be treated as satisfied with respect to—

"(i) property which is substantially improved (within the meaning of section 1400B(b)(4)(B)(ii)) by the taxpayer before January 1, 2008; and

"(ii) any land on which such property is located.

"(c) CERTAIN RULES TO APPLY.—Rules similar to the rules of paragraphs (5), (6), and (7) of subsection (b), and subsections (e), (f), and (g), of section 1400B shall apply for purposes of this section.

"SEC. 1400G. RENEWAL COMMUNITY BUSINESS DEFINED.

"For purposes of this part, the term 'renewal community business' means any entity or proprietorship which would be a qualified business entity or qualified proprietorship under section 1397B if—

"(1) references to renewal communities were substituted for references to empowerment zones in such section; and

"(2) '80 percent' were substituted for '50 percent' in subsections (b)(2) and (c)(1) of such section.

"PART III—FAMILY DEVELOPMENT ACCOUNTS

"Sec. 1400H. Family development accounts for renewal community EITC recipients.

"Sec. 1400I. Demonstration program to provide matching contributions to family development accounts in certain renewal communities.

"Sec. 1400J. Designation of earned income tax credit payments for deposit to family development account.

"SEC. 1400H. FAMILY DEVELOPMENT ACCOUNTS FOR RENEWAL COMMUNITY EITC RECIPIENTS.

"(a) ALLOWANCE OF DEDUCTION.—

"(1) IN GENERAL.—There shall be allowed as a deduction—

"(A) in the case of a qualified individual, the amount paid in cash for the taxable year by such individual to any family development account for such individual's benefit; and

"(B) in the case of any person other than a qualified individual, the amount paid in cash for the taxable year by such person to any family development account for the benefit of a qualified individual but only if the amount so paid is designated for purposes of this section by such individual.

No deduction shall be allowed under this paragraph for any amount deposited in a family development account under section 1400I (relating to demonstration program to provide matching amounts in renewal communities).

"(2) LIMITATION.—

"(A) IN GENERAL.—The amount allowable as a deduction to any individual for any taxable year by reason of paragraph (1)(A) shall not exceed the lesser of—

"(i) $2,000, or

"(ii) an amount equal to the compensation includible in the individual's gross income for such taxable year.

"(B) PERSONS DONATING TO FAMILY DEVELOPMENT ACCOUNTS OF OTHERS.—The amount which may be designated under paragraph (1)(B) by any qualified individual for any taxable year of such individual shall not exceed $1,000.

"(3) SPECIAL RULES FOR CERTAIN MARRIED INDIVIDUALS.—Rules similar to rules of section 219(c) shall apply to the limitation in paragraph (2)(A).

"(4) COORDINATION WITH IRA'S.—No deduction shall be allowed under this section to any person by reason of a payment to an account for the benefit of a qualified individual if any amount is paid into an individual retirement account (including a Roth IRA) for the benefit of such individual.

"(5) ROLLOVERS.—No deduction shall be allowed under this section with respect to any rollover contribution.

"(b) TAX TREATMENT OF DISTRIBUTIONS.—

"(1) INCLUSION OF AMOUNTS IN GROSS INCOME.—Except as otherwise provided in this subsection, any amount paid or distributed out of a family development account shall be included in gross income by the payee or distributee, as the case may be.

"(2) EXCLUSION OF QUALIFIED FAMILY DEVELOPMENT DISTRIBUTIONS.—Paragraph (1) shall not apply to any qualified family development distribution.

"(c) QUALIFIED FAMILY DEVELOPMENT DISTRIBUTION.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified family development distribution' means any amount paid or distributed out of a family development account which would otherwise be includible in gross income, to the extent that such payment or distribution is used exclusively to pay qualified family development expenses for the holder of the account or the spouse or dependent (as defined in section 152) of such holder.

"(2) QUALIFIED FAMILY DEVELOPMENT EXPENSES.—The term 'qualified family development expenses' means any of the following:

"(A) Qualified higher education expenses.

"(B) Qualified first-time homebuyer costs.

"(C) Qualified business capitalization costs.

"(D) Qualified medical expenses.

"(E) Qualified rollovers.

"(3) QUALIFIED HIGHER EDUCATION EXPENSES.—

"(A) IN GENERAL.—The term 'qualified higher education expenses' has the meaning given such term by section 72(t)(7), determined by treating postsecondary vocational educational schools as eligible educational institutions.

"(B) POSTSECONDARY VOCATIONAL EDUCATION SCHOOL.—The term 'postsecondary vocational educational school' means an area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this section.

"(C) COORDINATION WITH OTHER BENEFITS.—The amount of qualified higher education expenses for any taxable year shall be reduced as provided in section 25A(g)(2).

"(4) QUALIFIED FIRST-TIME HOMEBUYER COSTS.—The term 'qualified first-time homebuyer costs' means qualified acquisition costs (as defined in section 72(t)(8) without regard to subparagraph (B) thereof) with respect to a principal residence (within the meaning of section 121) for a qualified first-time homebuyer (as defined in such section).

"(5) QUALIFIED BUSINESS CAPITALIZATION COSTS.—

"(A) IN GENERAL.—The term 'qualified business capitalization costs' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

"(B) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

"(C) QUALIFIED BUSINESS.—The term 'qualified business' means any business that does not contravene any law.

"(D) QUALIFIED PLAN.—The term 'qualified plan' means a business plan which meets such requirements as the Secretary may specify.

"(6) QUALIFIED MEDICAL EXPENSES.—The term 'qualified medical expenses' means any amount paid during the taxable year, not compensated for by insurance or otherwise, for medical care (as defined in section 213(d)) of the taxpayer, his spouse, or his dependent (as defined in section 152).

"(7) QUALIFIED ROLLOVERS.—The term 'qualified rollover' means any amount paid from a family development account of a taxpayer into another such account established for the benefit of—

"(A) such taxpayer, or

"(B) any qualified individual who is—

"(i) the spouse of such taxpayer, or

"(ii) any dependent (as defined in section 152) of the taxpayer.

Rules similar to the rules of section 408(d)(3) shall apply for purposes of this paragraph.

"(d) TAX TREATMENT OF ACCOUNTS.—

"(1) IN GENERAL.—Any family development account is exempt from taxation under this subtitle unless such account has ceased to be a family development account by reason of paragraph (2). Notwithstanding the preceding sentence, any such account is subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc., organizations). Notwithstanding any other provision of this title (including chapters 11 and 12), the basis of any person in such an account is zero.

"(2) LOSS OF EXEMPTION IN CASE OF PROHIBITED TRANSACTIONS.—For purposes of this section, rules similar to the rules of section 408(e) shall apply.

"(3) OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (4), (5), and (6) of section 408(d) shall apply for purposes of this section.

"(e) FAMILY DEVELOPMENT ACCOUNT.—For purposes of this title, the term 'family development account' means a trust created or organized in the United States for the exclusive benefit of a qualified individual or his beneficiaries, but only if the written governing instrument creating the trust meets the following requirements:

"(1) Except in the case of a qualified rollover (as defined in subsection (c)(7))—

"(A) no contribution will be accepted unless it is in cash; and

"(B) contributions will not be accepted for the taxable year in excess of $3,000 (determined without regard to any contribution made under section 1400I (relating to demonstration program to provide matching amounts in renewal communities)).

"(2) The requirements of paragraphs (2) through (6) of section 408(a) are met.

"(f) QUALIFIED INDIVIDUAL.—For purposes of this section, the term 'qualified individual' means, for any taxable year, an individual—

"(1) who is a bona fide resident of a renewal community throughout the taxable year; and

"(2) to whom a credit was allowed under section 32 for the preceding taxable year.

"(g) OTHER DEFINITIONS AND SPECIAL RULES.—

“(1) Compensation.—The term ‘compensation’ has the meaning given such term by section 219(f)(1).

“(2) Married individuals.—The maximum deduction under subsection (a) shall be computed separately for each individual, and this section shall be applied without regard to any community property laws.

“(3) Time when contributions deemed made.—For purposes of this section, a taxpayer shall be deemed to have made a contribution to a family development account on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).

“(4) Employer payments; custodial accounts.—Rules similar to the rules of sections 219(f)(5) and 408(h) shall apply for purposes of this section.

“(5) Reports.—The trustee of a family development account shall make such reports regarding such account to the Secretary and to the individual for whom the account is maintained with respect to contributions (and the years to which they relate), distributions, and such other matters as the Secretary may require under regulations. The reports required by this paragraph—

“(A) shall be filed at such time and in such manner as the Secretary prescribes in such regulations; and

“(B) shall be furnished to individuals—

“(i) not later than January 31 of the calendar year following the calendar year to which such reports relate; and

“(ii) in such manner as the Secretary prescribes in such regulations.

“(6) Investment in collectibles treated as distributions.—Rules similar to the rules of section 408(m) shall apply for purposes of this section.

“(h) Penalty for Distributions Not Used for Qualified Family Development Expenses.—

“(1) In general.—If any amount is distributed from a family development account and is not used exclusively to pay qualified family development expenses for the holder of the account or the spouse or dependent (as defined in section 152) of such holder, the tax imposed by this chapter for the taxable year of such distribution shall be increased by the sum of—

“(A) 100 percent of the portion of such amount which is includible in gross income and is attributable to amounts contributed under section 1400I (relating to demonstration program to provide matching amounts in renewal communities); and

“(B) 10 percent of the portion of such amount which is includible in gross income and is not described in subparagraph (A).

For purposes of this subsection, distributions which are includible in gross income shall be treated as attributable to amounts contributed under section 1400I to the extent thereof. For purposes of the preceding sentence, all family development accounts of an individual shall be treated as one account.

“(2) Exception for certain distributions.—Paragraph (1) shall not apply to distributions which are—

“(A) made on or after the date on which the account holder attains age 59½,

“(B) made to a beneficiary (or the estate of the account holder) on or after the death of the account holder, or

“(C) attributable to the account holder's being disabled within the meaning of section 72(m)(7).

“(i) Termination.—No deduction shall be allowed under this section for any amount paid to a family development account for any taxable year beginning after December 31, 2007.

“SEC. 1400I. DEMONSTRATION PROGRAM TO PROVIDE MATCHING CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS IN CERTAIN RENEWAL COMMUNITIES.

“(a) Designation.—

“(1) Definitions.—For purposes of this section, the term ‘FDA matching demonstration area’ means any renewal community—

“(A) which is nominated under this section by each of the local governments and States which nominated such community for designation as a renewal community under section 1400E(a)(1)(A); and

“(B) which the Secretary of Housing and Urban Development designates as an FDA matching demonstration area after consultation with—

“(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury, the Director of the Office of Management and Budget, and the Administrator of the Small Business Administration; and

“(ii) in the case of a community on an Indian reservation, the Secretary of the Interior.

“(2) Number of designations.—

“(A) In general.—The Secretary of Housing and Urban Development may designate not more than 5 communities as FDA matching demonstration areas.

“(B) Minimum designation in rural areas.—Of the areas designated under subparagraph (A), at least 2 must be areas described in section 1400E(a)(2)(B).

“(3) Limitations on designations.—

“(A) Publication of regulations.—The Secretary of Housing and Urban Development shall prescribe by regulation no later than 4 months after the date of the enactment of this section, after consultation with the officials described in paragraph (1)(B)—

“(i) the procedures for nominating a renewal community under paragraph (1)(A) (including procedures for coordinating such nomination with the nomination of an area for designation as a renewal community under section 1400E); and

“(ii) the manner in which nominated renewal communities will be evaluated for purposes of this section.

“(B) Time limitations.—The Secretary of Housing and Urban Development may designate renewal communities as FDA matching demonstration areas only during the 24-month period beginning on the first day of the first month following the month in which the regulations described in subparagraph (A) are prescribed.

“(4) Designation based on degree of poverty, etc.—The rules of section 1400E(a)(3) shall apply for purposes of designations of FDA matching demonstration areas under this section.

“(b) Period for Which Designation Is in Effect.—Any designation of a renewal community as an FDA matching demonstration area shall remain in effect during the period beginning on the date of such designation and ending on the date on which such area ceases to be a renewal community.

“(c) Matching Contributions to Family Development Accounts.—

“(1) In general.—Not less than once each taxable year, the Secretary shall deposit (to the extent provided in appropriation Acts) into a family development account of each qualified individual (as defined in section 1400H(f))—

“(A) who is a resident throughout the taxable year of an FDA matching demonstration area; and

“(B) who requests (in such form and manner as the Secretary prescribes) such deposit for the taxable year,

an amount equal to the sum of the amounts deposited into all of the family development accounts of such individual during such taxable year (determined without regard to any amount contributed under this section).

“(2) Limitations.—

“(A) Annual limit.—The Secretary shall not deposit more than $1000 under paragraph (1) with respect to any individual for any taxable year.

“(B) Aggregate limit.—The Secretary shall not deposit more than $2000 under paragraph (1) with respect to any individual for all taxable years.

“(3) Exclusion from income.—Except as provided in section 1400H, gross income shall not include any amount deposited into a family development account under paragraph (1).

“(d) Notice of Program.—The Secretary shall provide appropriate notice to residents of FDA matching demonstration areas of the availability of the benefits under this section.

“(e) Termination.—No amount may be deposited under this section for any taxable year beginning after December 31, 2007.

“SEC. 1400J. DESIGNATION OF EARNED INCOME TAX CREDIT PAYMENTS FOR DEPOSIT TO FAMILY DEVELOPMENT ACCOUNT.

“(a) In General.—With respect to the return of any qualified individual (as defined in section 1400H(f)) for the taxable year of the tax imposed by this chapter, such individual may designate that a specified portion (not less than $1) of any overpayment of tax for such taxable year which is attributable to the earned income tax credit shall be deposited by the Secretary into a family development account of such individual. The Secretary shall so deposit such portion designated under this subsection.

“(b) Manner and Time of Designation.—A designation under subsection (a) may be made with respect to any taxable year—

“(1) at the time of filing the return of the tax imposed by this chapter for such taxable year, or

“(2) at any other time (after the time of filing the return of the tax imposed by this chapter for such taxable year) specified in regulations prescribed by the Secretary.

Such designation shall be made in such manner as the Secretary prescribes by regulations.

“(c) Portion Attributable to Earned Income Tax Credit.—For purposes of subsection (a), an overpayment for any taxable year shall be treated as attributable to the earned income tax credit to the extent that such overpayment does not exceed the credit allowed to the taxpayer under section 32 for such taxable year.

“(d) Overpayments Treated as Refunded.—For purposes of this title, any portion of an overpayment of tax designated under subsection (a) shall be treated as being refunded to the taxpayer as of the last date prescribed for filing the return of tax imposed by this chapter (determined without regard to extensions) or, if later, the date the return is filed.

“(e) Termination.—This section shall not apply to any taxable year beginning after December 31, 2007.

“PART IV—ADDITIONAL INCENTIVES

“Sec. 1400K. Commercial revitalization credit.
“Sec. 1400L. Increase in expensing under section 179.

"SEC. 1400K. COMMERCIAL REVITALIZATION CREDIT.

"(a) General Rule.—For purposes of section 46, except as provided in subsection (e), the commercial revitalization credit for any taxable year is an amount equal to the applicable percentage of the qualified revitalization expenditures with respect to any qualified revitalization building.

"(b) Applicable Percentage.—For purposes of this section—

"(1) In general.—The term 'applicable percentage' means—

"(A) 20 percent for the taxable year in which a qualified revitalization building is placed in service, or

"(B) at the election of the taxpayer, 5 percent for each taxable year in the credit period.

The election under subparagraph (B), once made, shall be irrevocable.

"(2) Credit period.—

"(A) In general.—The term 'credit period' means, with respect to any building, the period of 10 taxable years beginning with the taxable year in which the building is placed in service.

"(B) Applicable rules.—Rules similar to the rules under paragraphs (2) and (4) of section 42(f) shall apply.

"(c) Qualified Revitalization Buildings and Expenditures.—For purposes of this section—

"(1) Qualified revitalization building.—The term 'qualified revitalization building' means any building (and its structural components) if—

"(A) such building is located in a renewal community and is placed in service after December 31, 2000;

"(B) a commercial revitalization credit amount is allocated to the building under subsection (e); and

"(C) depreciation (or amortization in lieu of depreciation) is allowable with respect to the building. .

"(2) Qualified revitalization expenditure.—

"(A) In general.—The term 'qualified revitalization expenditure' means any amount properly chargeable to capital account—

"(i) for property for which depreciation is allowable under section 168 and which is—

"(I) nonresidential real property; or

"(II) an addition or improvement to property described in subclause (I); and

"(ii) in connection with the construction of any qualified revitalization building which was not previously placed in service or in connection with the substantial rehabilitation (within the meaning of section 47(c)(1)(C)) of a building which was placed in service before the beginning of such rehabilitation.

"(B) Dollar limitation.—The aggregate amount which may be treated as qualified revitalization expenditures with respect to any qualified revitalization building for any taxable year shall not exceed the excess of—

"(i) $10,000,000, reduced by

"(ii) any such expenditures with respect to the building taken into account by the taxpayer or any predecessor in determining the amount of the credit under this section for all preceding taxable years.

"(C) Certain expenditures not included.—The term 'qualified revitalization expenditure' does not include—

"(i) Straight line depreciation must be used.—Any expenditure (other than with respect to land acquisitions) with respect to which the taxpayer does not use the straight line method over a recovery period determined under subsection (c) or (g) of section 168. The preceding sentence shall not apply to any expenditure to the extent the alternative depreciation system of section 168(g) applies to such expenditure by reason of subparagraph (B) or (C) of section 168(g)(1).

"(ii) Acquisition costs.—The costs of acquiring any building or interest therein and any land in connection with such building to the extent that such costs exceed 30 percent of the qualified revitalization expenditures determined without regard to this clause.

"(iii) Other credits.—Any expenditure which the taxpayer may take into account in computing any other credit allowable under this title unless the taxpayer elects to take the expenditure into account only for purposes of this section.

"(d) When Expenditures Taken Into Account.—

"(1) In general.—Qualified revitalization expenditures with respect to any qualified revitalization building shall be taken into account for the taxable year in which the qualified revitalization building is placed in service. For purposes of the preceding sentence, a substantial rehabilitation of a building shall be treated as a separate building.

"(2) Progress expenditure payments.—Rules similar to the rules of subsections (b)(2) and (d) of section 47 shall apply for purposes of this section.

"(e) Limitation on Aggregate Credits Allowable With Respect to Buildings Located in a State.—

"(1) In general.—The amount of the credit determined under this section for any taxable year with respect to any building shall not exceed the commercial revitalization credit amount (in the case of an amount determined under subsection (b)(1)(B), the present value of such amount as determined under the rules of section 42(b)(2)(C)) allocated to such building under this subsection by the commercial revitalization credit agency. Such allocation shall be made at the same time and in the same manner as under paragraphs (1) and (7) of section 42(h).

"(2) Commercial revitalization credit amount for agencies.—

"(A) In general.—The aggregate commercial revitalization credit amount which a commercial revitalization credit agency may allocate for any calendar year is the amount of the State commercial revitalization credit ceiling determined under this paragraph for such calendar year for such agency.

"(B) State commercial revitalization credit ceiling.—The State commercial revitalization credit ceiling applicable to any State—

"(i) for each calendar year after 2000 and before 2008 is $2,000,000 for each renewal community in the State; and

"(ii) zero for each calendar year thereafter.

"(C) Commercial revitalization credit agency.—For purposes of this section, the term 'commercial revitalization credit agency' means any agency authorized by a State to carry out this section.

"(f) Responsibilities of Commercial Revitalization Credit Agencies.—

"(1) Plans for allocation.—Notwithstanding any other provision of this section, the commercial revitalization credit amount with respect to any building shall be zero unless—

"(A) such amount was allocated pursuant to a qualified allocation plan of the commercial revitalization credit agency which is approved (in accordance with rules similar to the rules of section 147(f)(2) (other than subparagraph (B)(ii) thereof)) by the governmental unit of which such agency is a part; and

"(B) such agency notifies the chief executive officer (or its equivalent) of the local jurisdiction within which the building is located of such allocation and provides such individual a reasonable opportunity to comment on the allocation.

"(2) Qualified allocation plan.—For purposes of this subsection, the term 'qualified allocation plan' means any plan—

"(A) which sets forth selection criteria to be used to determine priorities of the commercial revitalization credit agency which are appropriate to local conditions;

"(B) which considers—

"(i) the degree to which a project contributes to the implementation of a strategic plan that is devised for a renewal community through a citizen participation process;

"(ii) the amount of any increase in permanent, full-time employment by reason of any project; and

"(iii) the active involvement of residents and nonprofit groups within the renewal community; and

"(C) which provides a procedure that the agency (or its agent) will follow in monitoring compliance with this section.

"(g) Termination.—This section shall not apply to any building placed in service after December 31, 2007.

"SEC. 1400L. INCREASE IN EXPENSING UNDER SECTION 179.

"(a) General Rule.—In the case of a renewal community business (as defined in section 1400G), for purposes of section 179—

"(1) the limitation under section 179(b)(1) shall be increased by the lesser of—

"(A) $35,000; or

"(B) the cost of section 179 property which is qualified renewal property placed in service during the taxable year; and

"(2) the amount taken into account under section 179(b)(2) with respect to any section 179 property which is qualified renewal property shall be 50 percent of the cost thereof.

"(b) Recapture.—Rules similar to the rules under section 179(d)(10) shall apply with respect to any qualified renewal property which ceases to be used in a renewal community by a renewal community business.

"(c) Qualified Renewal Property.—For purposes of this section—

"(1) In general.—The term 'qualified renewal property' means any property to which section 168 applies (or would apply but for section 179) if—

"(A) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2000, and before January 1, 2008; and

"(B) such property would be qualified zone property (as defined in section 1397C) if references to renewal communities were substituted for references to empowerment zones in section 1397C.

"(2) Certain rules to apply.—The rules of subsections (a)(2) and (b) of section 1397C shall apply for purposes of this section.".

SEC. 02. EXTENSION OF EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS TO RENEWAL COMMUNITIES.

(a) Extension.—Paragraph (2) of section 198(c) (defining targeted area) is amended by redesignating subparagraph (C) as subparagraph (D) and by inserting after subparagraph (B) the following new subparagraph:

"(C) Renewal communities included.—Except as provided in subparagraph (B), such term shall include a renewal community (as defined in section 1400E).".

(b) Extension of Termination Date for Renewal Communities.—Subsection (h) of section 198 is amended by inserting before the period "(December 31, 2007, in the case of a renewal community, as defined in section 1400E).".

SEC. 03. EXTENSION OF WORK OPPORTUNITY TAX CREDIT FOR RENEWAL COMMUNITIES

(a) EXTENSION.—Subsection (c) of section 51 (relating to termination) is amended by adding at the end the following new paragraph:

"(5) EXTENSION OF CREDIT FOR RENEWAL COMMUNITIES.—

"(A) IN GENERAL.—In the case of an individual who begins work for the employer after the date contained in paragraph (4)(B), for purposes of section 38—

"(i) in lieu of applying subsection (a), the amount of the work opportunity credit determined under this section for the taxable year shall be equal to—

"(I) 15 percent of the qualified first-year wages for such year; and

"(II) 30 percent of the qualified second-year wages for such year;

"(ii) subsection (b)(3) shall be applied by substituting '$10,000' for '$6,000';

"(iii) paragraph (4)(B) shall be applied by substituting for the date contained therein the last day for which the designation under section 1400E of the renewal community referred to in subparagraph (B)(i) is in effect; and

"(iv) rules similar to the rules of section 51A(b)(5)(C) shall apply.

"(B) QUALIFIED FIRST- AND SECOND-YEAR WAGES.—For purposes of subparagraph (A)—

"(i) IN GENERAL.—The term 'qualified wages' means, with respect to each 1-year period referred to in clause (ii) or (iii), as the case may be, the wages paid or incurred by the employer during the taxable year to any individual but only if—

"(I) the employer is engaged in a trade or business in a renewal community throughout such 1-year period;

"(II) the principal place of abode of such individual is in such renewal community throughout such 1-year period; and

"(III) substantially all of the services which such individual performs for the employer during such 1-year period are performed in such renewal community.

"(ii) QUALIFIED FIRST-YEAR WAGES.—The term 'qualified first-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning with the day the individual begins work for the employer.

"(iii) QUALIFIED SECOND-YEAR WAGES.—The term 'qualified second-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning on the day after the last day of the 1-year period with respect to such individual determined under clause (ii).".

(b) CONGRUENT TREATMENT OF RENEWAL COMMUNITIES AND ENTERPRISE ZONES FOR PURPOSES OF YOUTH RESIDENCE REQUIREMENTS.—

(1) HIGH-RISK YOUTH.—Subparagraphs (A)(ii) and (B) of section 51(d)(5) are each amended by striking "empowerment zone or enterprise community" and inserting "empowerment zone, enterprise community, or renewal community".

(2) QUALIFIED SUMMER YOUTH EMPLOYEE.—Clause (iv) of section 51(d)(7)(A) is amended by striking "empowerment zone or enterprise community" and inserting "empowerment zone, enterprise community, or renewal community".

(3) HEADINGS.—Paragraphs (5)(B) and (7)(C) of section 51(d) are each amended by inserting "OR COMMUNITY" in the heading after "ZONE".

SEC. 04. CONFORMING AND CLERICAL AMENDMENTS.

(a) DEDUCTION FOR CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS ALLOWABLE WHETHER OR NOT TAXPAYER ITEMIZES.—Subsection (a) of section 62 (relating to adjusted gross income defined) is amended by inserting after paragraph (17) the following new paragraph:

"(18) FAMILY DEVELOPMENT ACCOUNTS.—The deduction allowed by section 1400H(a)(1)(A).".

(b) TAX ON EXCESS CONTRIBUTIONS.—

(1) TAX IMPOSED.—Subsection (a) of section 4973 is amended by striking "or" at the end of paragraph (3), adding "or" at the end of paragraph (4), and inserting after paragraph (4) the following new paragraph:

"(5) a family development account (within the meaning of section 1400H(e)),".

(2) EXCESS CONTRIBUTIONS.—Section 4973 is amended by adding at the end the following new subsection:

"(g) FAMILY DEVELOPMENT ACCOUNTS.—For purposes of this section, in the case of a family development account, the term 'excess contributions' means the sum of—

"(1) the excess (if any) of—

"(A) the amount contributed for the taxable year to the account (other than a qualified rollover, as defined in section 1400H(c)(7), or a contribution under section 1400I), over

"(B) the amount allowable as a deduction under section 1400H for such contributions; and

"(2) the amount determined under this subsection for the preceding taxable year reduced by the sum of—

"(A) the distributions out of the account for the taxable year which were included in the gross income of the payee under section 1400H(b)(1);

"(B) the distributions out of the account for the taxable year to which rules similar to the rules of section 408(d)(5) apply by reason of section 1400H(d)(3); and

"(C) the excess (if any) of the maximum amount allowable as a deduction under section 1400H for the taxable year over the amount contributed to the account for the taxable year (other than a contribution under section 1400I).

For purposes of this subsection, any contribution which is distributed from the family development account in a distribution to which rules similar to the rules of section 408(d)(4) apply by reason of section 1400H(d)(3) shall be treated as an amount not contributed.".

(c) TAX ON PROHIBITED TRANSACTIONS.—Section 4975 is amended—

(1) by adding at the end of subsection (c) the following new paragraph:

"(6) SPECIAL RULE FOR FAMILY DEVELOPMENT ACCOUNTS.—An individual for whose benefit a family development account is established and any contributor to such account shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be a family development account by reason of the application of section 1400H(d)(2) to such account."; and

(2) in subsection (e)(1), by striking "or" at the end of subparagraph (E), by redesignating subparagraph (F) as subparagraph (G), and by inserting after subparagraph (E) the following new subparagraph:

"(F) a family development account described in section 1400H(e), or".

(d) INFORMATION RELATING TO CERTAIN TRUSTS AND ANNUITY PLANS.—Subsection (c) of section 6047 is amended—

(1) by inserting "or section 1400H" after "section 219"; and

(2) by inserting ", of any family development account described in section 1400H(e),", after "section 408(a)".

(e) INSPECTION OF APPLICATIONS FOR TAX EXEMPTION.—Clause (i) of section 6104(a)(1)(B) is amended by inserting "a family development account described in section 1400H(e)," after "section 408(a),".

(f) FAILURE TO PROVIDE REPORTS ON FAMILY DEVELOPMENT ACCOUNTS.—Paragraph (2) of section 6693(a) is amended by striking "and" at the end of subparagraph (C), by striking the period and inserting ", and" at the end of subparagraph (D), and by adding at the end the following new subparagraph:

"(E) section 1400H(g)(6) (relating to family development accounts).".

(g) CONFORMING AMENDMENTS REGARDING COMMERCIAL REVITALIZATION CREDIT.—

(1) Section 46 (relating to investment credit) is amended by striking "and" at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting ", and", and by adding at the end the following new paragraph:

"(4) the commercial revitalization credit provided under section 1400K.".

(2) Section 39(d) is amended by adding at the end the following new paragraph:

"(9) NO CARRYBACK OF SECTION 1400K CREDIT BEFORE DATE OF ENACTMENT.—No portion of the unused business credit for any taxable year which is attributable to any commercial revitalization credit determined under section 1400K may be carried back to a taxable year ending before the date of the enactment of section 1400K.".

(3) Subparagraph (B) of section 48(a)(2) is amended by inserting "or commercial revitalization" after "rehabilitation" each place it appears in the text and heading.

(4) Subparagraph (C) of section 49(a)(1) is amended by striking "and" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ", and", and by adding at the end the following new clause:

"(iv) the portion of the basis of any qualified revitalization building attributable to qualified revitalization expenditures.".

(5) Paragraph (2) of section 50(a) is amended by inserting "or 1400K(d)(2)" after "section 47(d)" each place it appears.

(6) Subparagraph (A) of section 50(a)(2) is amended by inserting "or qualified revitalization building (respectively)" after "qualified rehabilitated building".

(7) Subparagraph (B) of section 50(a)(2) is amended by adding at the end the following new sentence: "A similar rule shall apply for purposes of section 1400K.".

(8) Paragraph (2) of section 50(b) is amended by striking "and" at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting "; and", and by adding at the end the following new subparagraph:

"(E) a qualified revitalization building (as defined in section 1400K) to the extent of the portion of the basis which is attributable to qualified revitalization expenditures (as defined in section 1400K).".

(9) The last sentence of section 50(b)(3) is amended to read as follows: "If any qualified rehabilitated building or qualified revitalization building is used by the tax-exempt organization pursuant to a lease, this paragraph shall not apply for purposes of determining the amount of the rehabilitation credit or the commercial revitalization credit.".

(10) Subparagraph (C) of section 50(b)(4) is amended—

(A) by inserting "or commercial revitalization" after "rehabilitated" in the text and heading; and

(B) by inserting "or commercial revitalization" after "rehabilitation".

(11) Subparagraph (C) of section 469(i)(3) is amended—

(A) by inserting "or section 1400K" after "section 42"; and

(B) by striking "CREDIT" in the heading and inserting "AND COMMERCIAL REVITALIZATION CREDITS".

(h) CLERICAL AMENDMENTS.—The table of subchapters for chapter 1 is amended by adding at the end the following new item:

"Subchapter X. Renewal Communities.".

SEC. __05. EVALUATION AND REPORTING REQUIREMENTS.

Not later than the close of the fourth calendar year after the year in which the Secretary of Housing and Urban Development first designates an area as a renewal community under section 1400E of the Internal Revenue Code of 1986, and at the close of each fourth calendar year thereafter, such Secretary shall prepare and submit to the Congress a report on the effects of such designations in stimulating the creation of new jobs, particularly for disadvantaged workers and long-term unemployed individuals, and promoting the revitalization of economically distressed areas.

SEC. __06. EXCLUSION OF EFFECTS OF THIS ACT FROM PAYGO SCORECARD.

Upon the enactment of this Act, the Director of the Office of Management and Budget shall not make any estimates of changes in receipts under section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 resulting from the enactment of this Act.

SEC. __07. REVENUE OFFSET.

(a) IN GENERAL.—Notwithstanding any provision of, or amendment made by sections 1102 through 1114 and section 1116 of this Act, such sections shall only take effect for taxable years beginning after December 31, 2006.

(b) ADDITIONAL OFFSET.—The Secretary of the Treasury shall adjust the effective dates of the phase-in of the applicable dollar amounts in section 2503(b)(2), as amended by section 721(a)(2) of this Act, as necessary to offset the decrease in revenues to the Treasury resulting from the enactment of this title, taking into account the revenue effect of subsection (a).

(c) PHASE-IN OF DESIGNATIONS OF RENEWAL COMMUNITIES.—For purposes of section 1400E(a)(2)(A) of the Internal Revenue Code of 1986 (as added by this title) the Secretary of Housing and Urban Development shall take into account the availability of revenues in the Treasury resulting from the application of subsection (a) in making any designation of a renewal community under such section.

Subtitle B—Assistance to States in Providing Charity Tax Credits

SEC. __11. AUTHORITY TO USE CERTAIN FEDERAL GRANT FUNDS FOR STATE CHARITY TAX CREDIT.

(a) IN GENERAL.—Notwithstanding any other provision of law, if there is in effect under State law a charity tax credit, then the State may use for any purpose not more than 50 percent of each total amount paid to the State during the fiscal year under each of the provisions of law specified in subsection (d).

(b) LIMITATION.—The aggregate amount a State may use under subsection (a) during a fiscal year shall not exceed an amount equal to 100 percent of the revenue loss of the State during the fiscal year that is attributable to the charity tax credit, as determined by the Secretary of the Treasury without regard to any such revenue loss occurring before January 1, 2000.

(c) CERTAIN CREDIT AMOUNTS TREATED AS STATE PAYMENT FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES.—For purposes of title IV of the Social Security Act, an amount equal to the excess (if any) of—

(1) the amount of the revenue loss of a State (not to exceed 100 percent) during a fiscal year that is attributable to the charity tax credit, as determined under subsection (b); over

(2) the aggregate amount used by the State under subsection (a) during the fiscal year,

shall be treated as an amount used during the fiscal year by the State to carry out a State program funded under part A of such title.

(d) PROVISIONS OF LAW.—The provisions of law specified in this subsection are the following:

(1) Paragraphs (1) through (4) of section 403(a) of the Social Security Act (42 U.S.C. 603(a)).

(2) The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858–9858q) and section 418 of the Social Security Act (42 U.S.C. 618).

(3) Sections 2002 and 2007 of the Social Security Act (42 U.S.C. 1397a and 1397f).

(4) The Community Services Block Grant Act (42 U.S.C. 9901–9912).

(5) The Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.).

(6) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(7) Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

SEC. __12. DEFINITIONS.

(a) CHARITY TAX CREDIT.—For purposes of this subtitle, the term "charity tax credit" means a nonrefundable credit against State income tax (or, in the case of a State which does not impose an income tax, a comparable benefit)—

(1) which is allowable only to an individual for a cash contribution to a qualified charity; and

(2) of which the maximum amount allowable to an individual for any taxable year does not exceed $50 ($100 in the case of a joint or combined return of individuals who are married to each other) in the first year the credit is available and such amount is increased by not more than $50 ($100 in the case of a joint or combined return of individuals who are married to each other) for each subsequent year (but not to exceed $250 ($500, if applicable)).

(b) QUALIFIED CHARITY.—For purposes of this subtitle—

(1) IN GENERAL.—The term "qualified charity" means any organization—

(A) which is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code;

(B) which is certified by the appropriate State authority as meeting the requirements of paragraphs (3) and (4); and

(C) which annually reports the information required to be furnished under paragraph (5) and if such organization is otherwise required to file a return under section 6033 of such Code, which elects to treat the information required to be furnished under paragraph (5) as the information specified in section 6033(b) of such Code.

(2) CERTAIN CONTRIBUTIONS TO COLLECTION ORGANIZATIONS TREATED AS CONTRIBUTIONS TO QUALIFIED CHARITY.—

(A) IN GENERAL.—A contribution to a collection organization shall be treated as a contribution to a qualified charity if the donor designates in writing that the contribution is for the qualified charity.

(B) COLLECTION ORGANIZATION.—The term "collection organization" means an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code—

(i) which solicits and collects gifts and grants which, by agreement, are distributed to qualified charities described in paragraph (1);

(ii) which distributes to qualified charities described in paragraph (1) at least 90 percent of the gifts and grants received that are designated for such qualified charities; and

(iii) which meets the requirements of paragraph (6).

(3) CHARITY MUST PRIMARILY ASSIST POOR INDIVIDUALS.—

(A) IN GENERAL.—An organization meets the requirements of this paragraph only if the appropriate State authority reasonably expects that the predominant activity of such organization will be the provision of direct services within the United States to individuals and families whose annual incomes generally do not exceed 185 percent of the official poverty line (as defined by the Office of Management and Budget) in order to prevent or alleviate poverty among such individuals and families.

(B) NO RECORDKEEPING IN CERTAIN CASES.—An organization shall not be required to establish or maintain records with respect to the incomes of individuals and families for purposes of subparagraph (A) if such individuals or families are members of groups which are generally recognized as including substantially only individuals and families described in subparagraph (A).

(C) FOOD AID AND HOMELESS SHELTERS.—Except as otherwise provided by the appropriate State authority, for purposes of subparagraph (A), services to individuals in the form of—

(i) donations of food or meals; or

(ii) temporary shelter to homeless individuals,

shall be treated as provided to individuals described in subparagraph (A) if the location and operation of such services are such that the service provider may reasonably conclude that the beneficiaries of such services are predominantly individuals described in subparagraph (A).

(4) MINIMUM EXPENSE REQUIREMENT.—

(A) IN GENERAL.—An organization meets the requirements of this paragraph only if the appropriate State authority reasonably expects that the annual poverty program expense of such organization will not be less than 75 percent of the annual aggregate expenses of such organization.

(B) POVERTY PROGRAM EXPENSE.—For purposes of subparagraph (A)—

(i) IN GENERAL.—The term "poverty program expense" means any expense paid or incurred in providing program services described in paragraph (3).

(ii) EXCEPTIONS.—Such term shall not include—

(I) any management or general expense;

(II) any expense for the purpose of influencing legislation (as defined in section 4911(d) of the Internal Revenue Code of 1986);

(III) any expense for the purpose of fundraising;

(IV) any expense for a legal service provided on behalf of any individual described in paragraph (3); and

(V) any expense which consists of a payment to an affiliate of the organization.

(5) Reporting requirement.—The information required to be furnished under this paragraph is—

(A) each category of services (including food, shelter, education, substance abuse, job training, or otherwise) which constitutes the predominant activities of the organization; and

(B) the percentages determined by dividing the categories of the organization's expenses for the year by the total expenses of the organization for the year, including—

(i) program services;

(ii) management expenses;

(iii) general expenses;

(iv) fundraising expenses; and

(v) payments to affiliates.

(6) Additional requirements for solicitation organizations.—The requirements of this paragraph are met if the organization—

(A) maintains separate accounting for revenues and expenses; and

(B) makes available to the public administrative and fundraising costs and information regarding any organization receiving funds from the organization and the amount of such funds.

(7) Recommendations.—It is recommended, but not required, that—

(A) the definition of "qualified charity" be further limited under State law to an organization—

(i) which has been operating for at least 1 year or is controlled by, or operated under the auspices of, an organization which has been operating for at least 1 year; and

(ii) with expenses for the purpose of influencing legislation, litigation on behalf of any individual described in paragraph (3), voter registration, political organizing, public policy advocacy, or public policy research in an amount not in excess of 5 percent of the total expenses of the organization;

(B) except as provided in subsection (a)(2), the amount of the charity tax credit be equal to at least 50 percent and not more than 90 percent of the amount of the individual's cash contribution to a qualified charity; and

(C) contributions made not later than the time prescribed by law for filing the return of the State income tax for a taxable year (not including extensions thereof) be treated as made (at the taxpayer's election) on the last day of such year.

(8) Special rule for states requiring tax uniformity.—In the case of a State—

(A) which has a constitutional requirement of tax uniformity; and

(B) which, as of December 31, 1997, imposed a tax on personal income with—

(i) a single flat rate applicable to all earned and unearned income (except insofar as any amount is not taxed pursuant to tax forgiveness provisions); and

(ii) no generally available exemptions or deductions to individuals,

the requirement of subsection (a)(2) shall be treated as met if the amount of the credit is limited to a uniform percentage (but not greater than 25 percent) of State personal income tax liability (determined without regard to credits).

(9) Coordination with federal charitable contribution deduction.—The amount of the deduction allowed under the Internal Revenue Code of 1986 for contributions which are taken into account in determining any charity tax credit shall be reduced by the amount of such credit which is allowed.

(c) State.—For purposes of this subtitle, the term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, any other territory or possession of the United States.

SEC. 13. STUDY AND REPORT.

(a) Study.—The Comptroller General of the United States shall conduct a study of the effects of the charity tax credit under this subtitle, including—

(1) the types of organizations which receive contributions during the first year to which the credit applies; and

(2) the types of services provided to the poor by such organizations.

(b) Report.—The Comptroller General shall report to Congress the results of such study, including—

(1) the geographical distribution of funding from charity tax credit contributions, and an analysis of the information provided on the annual returns required under section 6033 of the Internal Revenue Code of 1986 with respect to qualified charities to determine if the broad categories of services provided to the poor (including food, shelter, education, substance abuse, job training, or otherwise) match the services that would otherwise be provided by Federal welfare program funds without the enactment of the reductions in the programs permitted by this legislation; and

(2) any recommendations for legislative changes.

SEC. 14. EFFECTIVE DATE.

This subtitle shall take effect on January 1, 2000.

Subtitle C—Revenue Offset

SEC. 21. REDUCTION OF EARNED INCOME CREDIT FOR INDIVIDUALS WITHOUT CHILDREN.

(a) In General.—The table in subparagraph (A) of section 32(b)(1) (relating to percentages) is amended by striking the item relating to no qualifying children and inserting the following:

"No qualifying children .... 3.825 7.65."

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

AMENDMENT NO. 1477

On page 371, between lines 16 and 17, insert the following:

TITLE —ASSISTANCE TO STATES IN PROVIDING CHARITY TAX CREDITS AND REVENUE OFFSET

Subtitle A—Assistance to States in Providing Charity Tax Credits

SEC. 01. AUTHORITY TO USE CERTAIN FEDERAL GRANT FUNDS FOR STATE CHARITY TAX CREDIT.

(a) In General.—Notwithstanding any other provision of law, if there is in effect under State law a charity tax credit, then the State may use for any purpose not more than 50 percent of each total amount paid to the State during the fiscal year under each of the provisions of law specified in subsection (d).

(b) Limitation.—The aggregate amount a State may use under subsection (a) during a fiscal year shall not exceed an amount equal to 100 percent of the revenue loss of the State during the fiscal year that is attributable to the charity tax credit, as determined by the Secretary of the Treasury without regard to any such revenue loss occurring before January 1, 2000.

(c) Certain Credit Amounts Treated as State Payment for Temporary Assistance for Needy Families.—For purposes of title IV of the Social Security Act, an amount equal to the excess (if any) of—

(1) the amount of the revenue loss of a State (not to exceed 100 percent) during a fiscal year that is attributable to the charity tax credit, as determined under subsection (b); over

(2) the aggregate amount used by the State under subsection (a) during the fiscal year,

shall be treated as an amount used during the fiscal year by the State to carry out a State program funded under part A of such title.

(d) Provisions of Law.—The provisions of law specified in this subsection are the following:

(1) Paragraphs (1) through (4) of section 403(a) of the Social Security Act (42 U.S.C. 603(a)).

(2) The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858-9858q) and section 418 of the Social Security Act (42 U.S.C. 618).

(3) Sections 2002 and 2007 of the Social Security Act (42 U.S.C. 1397a and 1397f).

(4) The Community Services Block Grant Act (42 U.S.C. 9901–9912).

(5) The Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.).

(6) The Job Training Partnership Act (29 U.S.C. 1501 et seq.).

(7) Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

SEC. 02. DEFINITIONS.

(a) Charity Tax Credit.—For purposes of this subtitle, the term "charity tax credit" means a nonrefundable credit against State income tax (or, in the case of a State which does not impose an income tax, a comparable benefit)—

(1) which is allowable only to an individual for a cash contribution to a qualified charity; and

(2) of which the maximum amount allowable to an individual for any taxable year does not exceed $50 ($100 in the case of a joint or combined return of individuals who are married to each other) in the first year the credit is available and such amount is increased by not more than $50 ($100 in the case of a joint or combined return of individuals who are married to each other) for each subsequent year (but not to exceed $250 ($500, if applicable)).

(b) Qualified Charity.—For purposes of this subtitle—

(1) In general.—The term "qualified charity" means any organization—

(A) which is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code;

(B) which is certified by the appropriate State authority as meeting the requirements of paragraphs (3) and (4); and

(C) which annually reports the information required to be furnished under paragraph (5) and if such organization is otherwise required to file a return under section 6033 of such Code, which elects to treat the information required to be furnished under paragraph (5) as the information specified in section 6033(b) of such Code.

(2) Certain contributions to collection organizations treated as contributions to qualified charity.—

(A) In general.—A contribution to a collection organization shall be treated as a contribution to a qualified charity if the donor designates in writing that the contribution is for the qualified charity.

(B) COLLECTION ORGANIZATION.—The term "collection organization" means an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code—

(i) which solicits and collects gifts and grants which, by agreement, are distributed to qualified charities described in paragraph (1);

(ii) which distributes to qualified charities described in paragraph (1) at least 90 percent of the gifts and grants received that are designated for such qualified charities; and

(iii) which meets the requirements of paragraph (6).

(3) CHARITY MUST PRIMARILY ASSIST POOR INDIVIDUALS.—

(A) IN GENERAL.—An organization meets the requirements of this paragraph only if the appropriate State authority reasonably expects that the predominant activity of such organization will be the provision of direct services within the United States to individuals and families whose annual incomes generally do not exceed 185 percent of the official poverty line (as defined by the Office of Management and Budget) in order to prevent or alleviate poverty among such individuals and families.

(B) NO RECORDKEEPING IN CERTAIN CASES.—An organization shall not be required to establish or maintain records with respect to the incomes of individuals and families for purposes of subparagraph (A) if such individuals or families are members of groups which are generally recognized as including substantially only individuals and families described in subparagraph (A).

(C) FOOD AID AND HOMELESS SHELTERS.—Except as otherwise provided by the appropriate State authority, for purposes of subparagraph (A), services to individuals in the form of—

(i) donations of food or meals; or

(ii) temporary shelter to homeless individuals,

shall be treated as provided to individuals described in subparagraph (A) if the location and operation of such services are such that the service provider may reasonably conclude that the beneficiaries of such services are predominantly individuals described in subparagraph (A).

(4) MINIMUM EXPENSE REQUIREMENT.—

(A) IN GENERAL.—An organization meets the requirements of this paragraph only if the appropriate State authority reasonably expects that the annual poverty program expense of such organization will not be less than 75 percent of the annual aggregate expenses of such organization.

(B) POVERTY PROGRAM EXPENSE.—For purposes of subparagraph (A)—

(i) IN GENERAL.—The term "poverty program expense" means any expense paid or incurred in providing program services described in paragraph (3).

(ii) EXCEPTIONS.—Such term shall not include—

(I) any management or general expense;

(II) any expense for the purpose of influencing legislation (as defined in section 4911(d) of the Internal Revenue Code of 1986);

(III) any expense for the purpose of fundraising;

(IV) any expense for a legal service provided on behalf of any individual described in paragraph (3); and

(V) any expense which consists of a payment to an affiliate of the organization.

(5) REPORTING REQUIREMENT.—The information required to be furnished under this paragraph is—

(A) each category of services (including food, shelter, education, substance abuse, job training, or otherwise) which constitutes the predominant activities of the organization; and

(B) the percentages determined by dividing the categories of the organization's expenses for the year by the total expenses of the organization for the year, including—

(i) program services;

(ii) management expenses;

(iii) general expenses;

(iv) fundraising expenses; and

(v) payments to affiliates.

(6) ADDITIONAL REQUIREMENTS FOR SOLICITATION ORGANIZATIONS.—The requirements of this paragraph are met if the organization—

(A) maintains separate accounting for revenues and expenses; and

(B) makes available to the public administrative and fundraising costs and information regarding any organization receiving funds from the organization and the amount of such funds.

(7) RECOMMENDATIONS.—It is recommended, but not required, that—

(A) the definition of "qualified charity" be further limited under State law to an organization—

(i) which has been operating for at least 1 year or is controlled by, or operated under the auspices of, an organization which has been operating for at least 1 year; and

(ii) with expenses for the purpose of influencing legislation, litigation on behalf of any individual described in paragraph (3), voter registration, political organizing, public policy advocacy, or public policy research in an amount not in excess of 5 percent of the total expenses of the organization;

(B) except as provided in subsection (a)(2), the amount of the charity tax credit be equal to at least 50 percent and not more than 90 percent of the amount of the individual's cash contribution to a qualified charity; and

(C) contributions made not later than the time prescribed by law for filing the return of the State income tax for a taxable year (not including extensions thereof) be treated as made (at the taxpayer's election) on the last day of such year.

(8) SPECIAL RULE FOR STATES REQUIRING TAX UNIFORMITY.—In the case of a State—

(A) which has a constitutional requirement of tax uniformity; and

(B) which, as of December 31, 1997, imposed a tax on personal income with—

(i) a single flat rate applicable to all earned and unearned income (except insofar as any amount is not taxed pursuant to tax forgiveness provisions); and

(ii) no generally available exemptions or deductions to individuals,

the requirement of subsection (a)(2) shall be treated as met if the amount of the credit is limited to a uniform percentage (but not greater than 25 percent) of State personal income tax liability (determined without regard to credits).

(9) COORDINATION WITH FEDERAL CHARITABLE CONTRIBUTION DEDUCTION.—The amount of the deduction allowed under the Internal Revenue Code of 1986 for contributions which are taken into account in determining any charity tax credit shall be reduced by the amount of such credit which is allowed.

(c) STATE.—For purposes of this subtitle, the term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, any other territory or possession of the United States.

SEC. 03. STUDY AND REPORT.

(a) STUDY.—The Comptroller General of the United States shall conduct a study of the effects of the charity tax credit under this subtitle, including—

(1) the types of organizations which receive contributions during the first year to which the credit applies; and

(2) the types of services provided to the poor by such organizations.

(b) REPORT.—The Comptroller General shall report to Congress the results of such study, including—

(1) the geographical distribution of funding from charity tax credit contributions, and an analysis of the information provided on the annual returns required under section 6033 of the Internal Revenue Code of 1986 with respect to qualified charities to determine if the broad categories of services provided to the poor (including food, shelter, education, substance abuse, job training, or otherwise) match the services that would otherwise be provided by Federal welfare program funds without the enactment of the reductions in the programs permitted by this legislation; and

(2) any recommendations for legislative changes.

SEC. 04. EFFECTIVE DATE.

This subtitle shall take effect on January 1, 2000.

Subtitle B—Revenue Offset

SEC. 11. REDUCTION OF EARNED INCOME CREDIT FOR INDIVIDUALS WITHOUT CHILDREN.

(a) IN GENERAL.—The table in subparagraph (A) of section 32(b)(1) (relating to percentages) is amended by striking the item relating to no qualifying children and inserting the following:

"No qualifying children.	3.825	7.65."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

AMENDMENT NO. 1478

On page 371, between lines 16 and 17, insert the following:

TITLE —DESIGNATION OF AND TAX INCENTIVES FOR RENEWAL COMMUNITIES

SEC. 01. DESIGNATION OF AND TAX INCENTIVES FOR RENEWAL COMMUNITIES.

(a) IN GENERAL.—Chapter 1 is amended by adding at the end the following new subchapter:

"Subchapter X—Renewal Communities

"Part I. Designation.
"Part II. Renewal community capital gain; renewal community business.
"Part III. Family development accounts.
"Part IV. Additional incentives.

"PART I—DESIGNATION

"Sec. 1400E. Designation of renewal communities.

"SEC. 1400E. DESIGNATION OF RENEWAL COMMUNITIES.

"(a) DESIGNATION.—

"(1) DEFINITIONS.—For purposes of this title, the term 'renewal community' means any area—

"(A) which is nominated by one or more local governments and the State or States in which it is located for designation as a renewal community (hereinafter in this section referred to as a 'nominated area'); and

"(B) which the Secretary of Housing and Urban Development designates as a renewal community, after consultation with—

"(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury; the Director of the Office of Management and Budget; and the Administrator of the Small Business Administration; and

"(ii) in the case of an area on an Indian reservation, the Secretary of the Interior.

"(2) NUMBER OF DESIGNATIONS.—

"(A) IN GENERAL.—The Secretary of Housing and Urban Development may designate not more than 100 nominated areas as renewal communities.

"(B) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under paragraph (1), at least 20 percent must be areas—

"(i) which are within a local government jurisdiction or jurisdictions with a population of less than 50,000,

"(ii) which are outside of a metropolitan statistical area (within the meaning of section 143(k)(2)(B)), or

"(iii) which are determined by the Secretary of Housing and Urban Development, after consultation with the Secretary of Commerce, to be rural areas.

"(3) AREAS DESIGNATED BASED ON DEGREE OF POVERTY, ETC.—

"(A) IN GENERAL.—Except as otherwise provided in this section, the nominated areas designated as renewal communities under this subsection shall be those nominated areas with the highest average ranking with respect to the criteria described in subparagraphs (B), (C), and (D) of subsection (c)(3). For purposes of the preceding sentence, an area shall be ranked within each such criterion on the basis of the amount by which the area exceeds such criterion, with the area which exceeds such criterion by the greatest amount given the highest ranking.

"(B) EXCEPTION WHERE INADEQUATE COURSE OF ACTION, ETC.—An area shall not be designated under subparagraph (A) if the Secretary of Housing and Urban Development determines that the course of action described in subsection (d)(2) with respect to such area is inadequate.

"(C) PRIORITY FOR EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES WITH RESPECT TO FIRST HALF OF DESIGNATIONS.—With respect to the first 50 percent of the designations made under this section—

"(i) half shall be chosen from nominated areas which are empowerment zones or enterprise communities (and are otherwise eligible for designation under this section); and

"(ii) 20 percent shall be areas described in paragraph (2)(B).

"(4) LIMITATION ON DESIGNATIONS.—

"(A) PUBLICATION OF REGULATIONS.—The Secretary of Housing and Urban Development shall prescribe by regulation no later than 4 months after the date of the enactment of this section, after consultation with the officials described in paragraph (1)(B)—

"(i) the procedures for nominating an area under paragraph (1)(A);

"(ii) the parameters relating to the size and population characteristics of a renewal community; and

"(iii) the manner in which nominated areas will be evaluated based on the criteria specified in subsection (d).

"(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development may designate nominated areas as renewal communities only during the 24-month period beginning on the first day of the first month following the month in which the regulations described in subparagraph (A) are prescribed.

"(C) PROCEDURAL RULES.—The Secretary of Housing and Urban Development shall not make any designation of a nominated area as a renewal community under paragraph (2) unless—

"(i) the local governments and the States in which the nominated area is located have the authority—

"(I) to nominate such area for designation as a renewal community;

"(II) to make the State and local commitments described in subsection (d); and

"(III) to provide assurances satisfactory to the Secretary of Housing and Urban Development that such commitments will be fulfilled,

"(ii) a nomination regarding such area is submitted in such a manner and in such form, and contains such information, as the Secretary of Housing and Urban Development shall by regulation prescribe; and

"(iii) the Secretary of Housing and Urban Development determines that any information furnished is reasonably accurate.

"(5) NOMINATION PROCESS FOR INDIAN RESERVATIONS.—For purposes of this subchapter, in the case of a nominated area on an Indian reservation, the reservation governing body (as determined by the Secretary of the Interior) shall be treated as being both the State and local governments with respect to such area.

"(b) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

"(1) IN GENERAL.—Any designation of an area as a renewal community shall remain in effect during the period beginning on the date of the designation and ending on the earliest of—

"(A) December 31, 2007,

"(B) the termination date designated by the State and local governments in their nomination, or

"(C) the date the Secretary of Housing and Urban Development revokes such designation.

"(2) REVOCATION OF DESIGNATION.—The Secretary of Housing and Urban Development may revoke the designation under this section of an area if such Secretary determines that the local government or the State in which the area is located—

"(A) has modified the boundaries of the area, or

"(B) is not complying substantially with, or fails to make progress in achieving, the State or local commitments, respectively, described in subsection (d).

"(c) AREA AND ELIGIBILITY REQUIREMENTS.—

"(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate a nominated area as a renewal community under subsection (a) only if the area meets the requirements of paragraphs (2) and (3) of this subsection.

"(2) AREA REQUIREMENTS.—A nominated area meets the requirements of this paragraph if—

"(A) the area is within the jurisdiction of one or more local governments;

"(B) the boundary of the area is continuous; and

"(C) the area—

"(i) has a population, of at least—

"(I) 4,000 if any portion of such area (other than a rural area described in subsection (a)(2)(B)(i)) is located within a metropolitan statistical area (within the meaning of section 143(k)(2)(B)) which has a population of 50,000 or greater; or

"(II) 1,000 in any other case; or

"(ii) is entirely within an Indian reservation (as determined by the Secretary of the Interior).

"(3) ELIGIBILITY REQUIREMENTS.—A nominated area meets the requirements of this paragraph if the State and the local governments in which it is located certify (and the Secretary of Housing and Urban Development, after such review of supporting data as he deems appropriate, accepts such certification) that—

"(A) the area is one of pervasive poverty, unemployment, and general distress;

"(B) the unemployment rate in the area, as determined by the most recent available data, was at least 1½ times the national unemployment rate for the period to which such data relate;

"(C) the poverty rate for each population census tract within the nominated area is at least 20 percent; and

"(D) in the case of an urban area, at least 70 percent of the households living in the area have incomes below 80 percent of the median income of households within the jurisdiction of the local government (determined in the same manner as under section 119(b)(2) of the Housing and Community Development Act of 1974).

"(4) CONSIDERATION OF HIGH INCIDENCE OF CRIME.—The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, the extent to which such areas have a high incidence of crime.

"(5) CONSIDERATION OF COMMUNITIES IDENTIFIED IN GAO STUDY.—The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, if the area has census tracts identified in the May 12, 1998, report of the Government Accounting Office regarding the identification of economically distressed areas.

"(d) REQUIRED STATE AND LOCAL COMMITMENTS.—

"(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate any nominated area as a renewal community under subsection (a) only if—

"(A) the local government and the State in which the area is located agree in writing that, during any period during which the area is a renewal community, such governments will follow a specified course of action which meets the requirements of paragraph (2) and is designed to reduce the various burdens borne by employers or employees in such area; and

"(B) the economic growth promotion requirements of paragraph (3) are met.

"(2) COURSE OF ACTION.—

"(A) IN GENERAL.—A course of action meets the requirements of this paragraph if such course of action is a written document, signed by a State (or local government) and neighborhood organizations, which evidences a partnership between such State or government and community-based organizations and which commits each signatory to specific and measurable goals, actions, and timetables. Such course of action shall include at least five of the following:

"(i) A reduction of tax rates or fees applying within the renewal community.

"(ii) An increase in the level of efficiency of local services within the renewal community.

"(iii) Crime reduction strategies, such as crime prevention (including the provision of such services by nongovernmental entities).

"(iv) Actions to reduce, remove, simplify, or streamline governmental requirements applying within the renewal community.

"(v) Involvement in the program by private entities, organizations, neighborhood organizations, and community groups, particularly those in the renewal community, including a commitment from such private entities to provide jobs and job training for, and technical, financial, or other assistance to, employers, employees, and residents from the renewal community.

"(vi) State or local income tax benefits for fees paid for services performed by a nongovernmental entity which were formerly performed by a governmental entity.

"(vii) The gift (or sale at below fair market value) of surplus real property (such as land, homes, and commercial or industrial structures) in the renewal community to neighborhood organizations, community development corporations, or private companies.

"(B) RECOGNITION OF PAST EFFORTS.—For purposes of this section, in evaluating the course of action agreed to by any State or local government, the Secretary of Housing and Urban Development shall take into account the past efforts of such State or local government in reducing the various burdens borne by employers and employees in the area involved.

"(3) ECONOMIC GROWTH PROMOTION REQUIREMENTS.—The economic growth promotion requirements of this paragraph are met with respect to a nominated area if the local government and the State in which such area is located certify in writing that such government and State, respectively, have repealed or otherwise will not enforce within the area, if such area is designated as a renewal community—

"(A) licensing requirements for occupations that do not ordinarily require a professional degree;

"(B) zoning restrictions on home-based businesses which do not create a public nuisance;

"(C) permit requirements for street vendors who do not create a public nuisance;

"(D) zoning or other restrictions that impede the formation of schools or child care centers; and

"(E) franchises or other restrictions on competition for businesses providing public services, including but not limited to taxicabs, jitneys, cable television, or trash hauling,

except to the extent that such regulation of businesses and occupations is necessary for and well-tailored to the protection of health and safety.

"(e) COORDINATION WITH TREATMENT OF EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.—For purposes of this title, if there are in effect with respect to the same area both—

"(1) a designation as a renewal community; and

"(2) a designation as an empowerment zone or enterprise community,

both of such designations shall be given full effect with respect to such area.

"(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this subchapter—

"(1) GOVERNMENTS.—If more than one government seeks to nominate an area as a renewal community, any reference to, or requirement of, this section shall apply to all such governments.

"(2) STATE.—The term 'State' includes Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Northern Mariana Islands, and any other possession of the United States.

"(3) LOCAL GOVERNMENT.—The term 'local government' means—

"(A) any county, city, town, township, parish, village, or other general purpose political subdivision of a State;

"(B) any combination of political subdivisions described in subparagraph (A) recognized by the Secretary of Housing and Urban Development; and

"(C) the District of Columbia.

"(4) APPLICATION OF RULES RELATING TO CENSUS TRACTS AND CENSUS DATA.—The rules of sections 1392(b)(4) and 1393(a)(9) shall apply.

"PART II—RENEWAL COMMUNITY CAPITAL GAIN; RENEWAL COMMUNITY BUSINESS

"Sec. 1400F. Renewal community capital gain.

"Sec. 1400G. Renewal community business defined.

"SEC. 1400F. RENEWAL COMMUNITY CAPITAL GAIN.

"(a) GENERAL RULE.—Gross income does not include any qualified capital gain recognized on the sale or exchange of a qualified community asset held for more than 5 years.

"(b) QUALIFIED COMMUNITY ASSET.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified community asset' means—

"(A) any qualified community stock;

"(B) any qualified community partnership interest; and

"(C) any qualified community business property.

"(2) QUALIFIED COMMUNITY STOCK.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'qualified community stock' means any stock in a domestic corporation if—

"(i) such stock is acquired by the taxpayer after December 31, 2000, and before January 1, 2008, at its original issue (directly or through an underwriter) from the corporation solely in exchange for cash;

"(ii) as of the time such stock was issued, such corporation was a renewal community business (or, in the case of a new corporation, such corporation was being organized for purposes of being a renewal community business); and

"(iii) during substantially all of the taxpayer's holding period for such stock, such corporation qualified as a renewal community business.

"(B) REDEMPTIONS.—A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this paragraph.

"(3) QUALIFIED COMMUNITY PARTNERSHIP INTEREST.—The term 'qualified community partnership interest' means any interest in a partnership if—

"(A) such interest is acquired by the taxpayer after December 31, 2000, and before January 1, 2008;

"(B) as of the time such interest was acquired, such partnership was a renewal community business (or, in the case of a new partnership, such partnership was being organized for purposes of being a renewal community business); and

"(C) during substantially all of the taxpayer's holding period for such interest, such partnership qualified as a renewal community business.

A rule similar to the rule of paragraph (2)(B) shall apply for purposes of this paragraph.

"(4) QUALIFIED COMMUNITY BUSINESS PROPERTY.—

"(A) IN GENERAL.—The term 'qualified community business property' means tangible property if—

"(i) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2000, and before January 1, 2008;

"(ii) the original use of such property in the renewal community commences with the taxpayer; and

"(iii) during substantially all of the taxpayer's holding period for such property, substantially all of the use of such property was in a renewal community business of the taxpayer.

"(B) SPECIAL RULE FOR SUBSTANTIAL IMPROVEMENTS.—The requirements of clauses (i) and (ii) of subparagraph (A) shall be treated as satisfied with respect to—

"(i) property which is substantially improved (within the meaning of section 1400B(b)(4)(B)(ii)) by the taxpayer before January 1, 2008; and

"(ii) any land on which such property is located.

"(c) CERTAIN RULES TO APPLY.—Rules similar to the rules of paragraphs (5), (6), and (7) of subsection (b), and subsections (e), (f), and (g), of section 1400B shall apply for purposes of this section.

"SEC. 1400G. RENEWAL COMMUNITY BUSINESS DEFINED.

"For purposes of this part, the term 'renewal community business' means any entity or proprietorship which would be a qualified business entity or qualified proprietorship under section 1397B if—

"(1) references to renewal communities were substituted for references to empowerment zones in such section; and

"(2) '80 percent' were substituted for '50 percent' in subsections (b)(2) and (c)(1) of such section.

"PART III—FAMILY DEVELOPMENT ACCOUNTS

"Sec. 1400H. Family development accounts for renewal community EITC recipients.

"Sec. 1400I. Demonstration program to provide matching contributions to family development accounts in certain renewal communities.

"Sec. 1400J. Designation of earned income tax credit payments for deposit to family development account.

"SEC. 1400H. FAMILY DEVELOPMENT ACCOUNTS FOR RENEWAL COMMUNITY EITC RECIPIENTS.

"(a) ALLOWANCE OF DEDUCTION.—

"(1) IN GENERAL.—There shall be allowed as a deduction—

"(A) in the case of a qualified individual, the amount paid in cash for the taxable year by such individual to any family development account for such individual's benefit; and

"(B) in the case of any person other than a qualified individual, the amount paid in cash for the taxable year by such person to any family development account for the benefit of a qualified individual but only if the amount so paid is designated for purposes of this section by such individual.

No deduction shall be allowed under this paragraph for any amount deposited in a family development account under section 1400I (relating to demonstration program to provide matching amounts in renewal communities).

"(2) LIMITATION.—

"(A) IN GENERAL.—The amount allowable as a deduction to any individual for any taxable year by reason of paragraph (1)(A) shall not exceed the lesser of—

"(i) $2,000, or

"(ii) an amount equal to the compensation includible in the individual's gross income for such taxable year.

"(B) PERSONS DONATING TO FAMILY DEVELOPMENT ACCOUNTS OF OTHERS.—The amount which may be designated under paragraph (1)(B) by any qualified individual for any taxable year of such individual shall not exceed $1,000.

"(3) SPECIAL RULES FOR CERTAIN MARRIED INDIVIDUALS.—Rules similar to rules of section 219(c) shall apply to the limitation in paragraph (2)(A).

"(4) COORDINATION WITH IRA'S.—No deduction shall be allowed under this section to any person by reason of a payment to an account for the benefit of a qualified individual if any amount is paid into an individual retirement account (including a Roth IRA) for the benefit of such individual.

"(5) ROLLOVERS.—No deduction shall be allowed under this section with respect to any rollover contribution.

"(b) TAX TREATMENT OF DISTRIBUTIONS.—

"(1) INCLUSION OF AMOUNTS IN GROSS INCOME.—Except as otherwise provided in this subsection, any amount paid or distributed out of a family development account shall be included in gross income by the payee or distributee, as the case may be.

"(2) EXCLUSION OF QUALIFIED FAMILY DEVELOPMENT DISTRIBUTIONS.—Paragraph (1) shall not apply to any qualified family development distribution.

"(c) QUALIFIED FAMILY DEVELOPMENT DISTRIBUTION.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified family development distribution' means any amount paid or distributed out of a family development account which would otherwise be includible in gross income, to the extent that such payment or distribution is used exclusively to pay qualified family development expenses for the holder of the account or the spouse or dependent (as defined in section 152) of such holder.

"(2) QUALIFIED FAMILY DEVELOPMENT EXPENSES.—The term 'qualified family development expenses' means any of the following:

"(A) Qualified higher education expenses.

"(B) Qualified first-time homebuyer costs.

"(C) Qualified business capitalization costs.

"(D) Qualified medical expenses.

"(E) Qualified rollovers.

"(3) QUALIFIED HIGHER EDUCATION EXPENSES.—

"(A) IN GENERAL.—The term 'qualified higher education expenses' has the meaning given such term by section 72(t)(7), determined by treating postsecondary vocational educational schools as eligible educational institutions.

"(B) POSTSECONDARY VOCATIONAL EDUCATION SCHOOL.—The term 'postsecondary vocational educational school' means an area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this section.

"(C) COORDINATION WITH OTHER BENEFITS.—The amount of qualified higher education expenses for any taxable year shall be reduced as provided in section 25A(g)(2).

"(4) QUALIFIED FIRST-TIME HOMEBUYER COSTS.—The term 'qualified first-time homebuyer costs' means qualified acquisition costs (as defined in section 72(t)(8) without regard to subparagraph (B) thereof) with respect to a principal residence (within the meaning of section 121) for a qualified first-time homebuyer (as defined in such section).

"(5) QUALIFIED BUSINESS CAPITALIZATION COSTS.—

"(A) IN GENERAL.—The term 'qualified business capitalization costs' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

"(B) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

"(C) QUALIFIED BUSINESS.—The term 'qualified business' means any business that does not contravene any law.

"(D) QUALIFIED PLAN.—The term 'qualified plan' means a business plan which meets such requirements as the Secretary may specify.

"(6) QUALIFIED MEDICAL EXPENSES.—The term 'qualified medical expenses' means any amount paid during the taxable year, not compensated for by insurance or otherwise, for medical care (as defined in section 213(d)) of the taxpayer, his spouse, or his dependent (as defined in section 152).

"(7) QUALIFIED ROLLOVERS.—The term 'qualified rollover' means any amount paid from a family development account of a taxpayer into another such account established for the benefit of—

"(A) such taxpayer, or

"(B) any qualified individual who is—

"(i) the spouse of such taxpayer, or

"(ii) any dependent (as defined in section 152) of the taxpayer.

Rules similar to the rules of section 408(d)(3) shall apply for purposes of this paragraph.

"(d) TAX TREATMENT OF ACCOUNTS.—

"(1) IN GENERAL.—Any family development account is exempt from taxation under this subtitle unless such account has ceased to be a family development account by reason of paragraph (2). Notwithstanding the preceding sentence, any such account is subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc., organizations). Notwithstanding any other provision of this title (including chapters 11 and 12), the basis of any person in such an account is zero.

"(2) LOSS OF EXEMPTION IN CASE OF PROHIBITED TRANSACTIONS.—For purposes of this section, rules similar to the rules of section 408(e) shall apply.

"(3) OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (4), (5), and (6) of section 408(d) shall apply for purposes of this section.

"(e) FAMILY DEVELOPMENT ACCOUNT.—For purposes of this title, the term 'family development account' means a trust created or organized in the United States for the exclusive benefit of a qualified individual or his beneficiaries, but only if the written governing instrument creating the trust meets the following requirements:

"(1) Except in the case of a qualified rollover (as defined in subsection (c)(7))—

"(A) no contribution will be accepted unless it is in cash; and

"(B) contributions will not be accepted for the taxable year in excess of $3,000 (determined without regard to any contribution made under section 1400I (relating to demonstration program to provide matching amounts in renewal communities)).

"(2) The requirements of paragraphs (2) through (6) of section 408(a) are met.

"(f) QUALIFIED INDIVIDUAL.—For purposes of this section, the term 'qualified individual' means, for any taxable year, an individual—

"(1) who is a bona fide resident of a renewal community throughout the taxable year; and

"(2) to whom a credit was allowed under section 32 for the preceding taxable year.

"(g) OTHER DEFINITIONS AND SPECIAL RULES.—

"(1) COMPENSATION.—The term 'compensation' has the meaning given such term by section 219(f)(1).

"(2) MARRIED INDIVIDUALS.—The maximum deduction under subsection (a) shall be computed separately for each individual, and this section shall be applied without regard to any community property laws.

"(3) TIME WHEN CONTRIBUTIONS DEEMED MADE.—For purposes of this section, a taxpayer shall be deemed to have made a contribution to a family development account on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).

"(4) EMPLOYER PAYMENTS; CUSTODIAL ACCOUNTS.—Rules similar to the rules of sections 219(f)(5) and 408(h) shall apply for purposes of this section.

"(5) REPORTS.—The trustee of a family development account shall make such reports regarding such account to the Secretary and to the individual for whom the account is maintained with respect to contributions (and the years to which they relate), distributions, and such other matters as the Secretary may require under regulations. The reports required by this paragraph—

"(A) shall be filed at such time and in such manner as the Secretary prescribes in such regulations; and

"(B) shall be furnished to individuals—

"(i) not later than January 31 of the calendar year following the calendar year to which such reports relate; and

"(ii) in such manner as the Secretary prescribes in such regulations.

"(6) INVESTMENT IN COLLECTIBLES TREATED AS DISTRIBUTIONS.—Rules similar to the rules of section 408(m) shall apply for purposes of this section.

"(h) PENALTY FOR DISTRIBUTIONS NOT USED FOR QUALIFIED FAMILY DEVELOPMENT EXPENSES.—

"(1) IN GENERAL.—If any amount is distributed from a family development account and is not used exclusively to pay qualified family development expenses for the holder of the account or the spouse or dependent (as defined in section 152) of such holder, the tax imposed by this chapter for the taxable year of such distribution shall be increased by the sum of—

"(A) 100 percent of the portion of such amount which is includible in gross income and is attributable to amounts contributed under section 1400I (relating to demonstration program to provide matching amounts in renewal communities); and

"(B) 10 percent of the portion of such amount which is includible in gross income and is not described in subparagraph (A).

For purposes of this subsection, distributions which are includible in gross income shall be treated as attributable to amounts contributed under section 1400I to the extent thereof. For purposes of the preceding sentence, all family development accounts of an individual shall be treated as one account.

"(2) EXCEPTION FOR CERTAIN DISTRIBUTIONS.—Paragraph (1) shall not apply to distributions which are—

"(A) made on or after the date on which the account holder attains age 59½,

"(B) made to a beneficiary (or the estate of the account holder) on or after the death of the account holder, or

"(C) attributable to the account holder's being disabled within the meaning of section 72(m)(7).

"(i) TERMINATION.—No deduction shall be allowed under this section for any amount paid to a family development account for any taxable year beginning after December 31, 2007.

"SEC. 1400I. DEMONSTRATION PROGRAM TO PROVIDE MATCHING CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS IN CERTAIN RENEWAL COMMUNITIES.

"(a) DESIGNATION.—

"(1) DEFINITIONS.—For purposes of this section, the term 'FDA matching demonstration area' means any renewal community—

"(A) which is nominated under this section by each of the local governments and States which nominated such community for designation as a renewal community under section 1400E(a)(1)(A); and

"(B) which the Secretary of Housing and Urban Development designates as an FDA matching demonstration area after consultation with—

"(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury, the Director of the Office of Management and Budget, and the Administrator of the Small Business Administration; and

"(ii) in the case of a community on an Indian reservation, the Secretary of the Interior.

"(2) NUMBER OF DESIGNATIONS.—

"(A) IN GENERAL.—The Secretary of Housing and Urban Development may designate not more than 5 communities as FDA matching demonstration areas.

"(B) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under subparagraph (A), at least 2 must be areas described in section 1400E(a)(2)(B).

"(3) LIMITATIONS ON DESIGNATIONS.—

"(A) PUBLICATION OF REGULATIONS.—The Secretary of Housing and Urban Development shall prescribe by regulation no later than 4 months after the date of the enactment of this section, after consultation with the officials described in paragraph (1)(B)—

"(i) the procedures for nominating a renewal community under paragraph (1)(A) (including procedures for coordinating such nomination with the nomination of an area for designation as a renewal community under section 1400E); and

"(ii) the manner in which nominated renewal communities will be evaluated for purposes of this section.

"(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development may designate renewal communities as FDA matching demonstration areas only during the 24-month period beginning on the first day of the first month following the month in which the regulations described in subparagraph (A) are prescribed.

"(4) DESIGNATION BASED ON DEGREE OF POVERTY, ETC.—The rules of section 1400E(a)(3) shall apply for purposes of designations of FDA matching demonstration areas under this section.

"(b) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—Any designation of a renewal community as an FDA matching demonstration area shall remain in effect during the period beginning on the date of such designation and ending on the date on which such area ceases to be a renewal community.

"(c) MATCHING CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS.—

"(1) IN GENERAL.—Not less than once each taxable year, the Secretary shall deposit (to the extent provided in appropriation Acts) into a family development account of each qualified individual (as defined in section 1400H(f))—

"(A) who is a resident throughout the taxable year of an FDA matching demonstration area; and

"(B) who requests (in such form and manner as the Secretary prescribes) such deposit for the taxable year,

an amount equal to the sum of the amounts deposited into all of the family development accounts of such individual during such taxable year (determined without regard to any amount contributed under this section).

"(2) LIMITATIONS.—

"(A) ANNUAL LIMIT.—The Secretary shall not deposit more than $1000 under paragraph (1) with respect to any individual for any taxable year.

"(B) AGGREGATE LIMIT.—The Secretary shall not deposit more than $2000 under paragraph (1) with respect to any individual for all taxable years.

"(3) EXCLUSION FROM INCOME.—Except as provided in section 1400H, gross income shall not include any amount deposited into a family development account under paragraph (1).

"(d) NOTICE OF PROGRAM.—The Secretary shall provide appropriate notice to residents of FDA matching demonstration areas of the availability of the benefits under this section.

"(e) TERMINATION.—No amount may be deposited under this section for any taxable year beginning after December 31, 2007.

"SEC. 1400J. DESIGNATION OF EARNED INCOME TAX CREDIT PAYMENTS FOR DEPOSIT TO FAMILY DEVELOPMENT ACCOUNT.

"(a) IN GENERAL.—With respect to the return of any qualified individual (as defined in section 1400H(f)) for the taxable year of the tax imposed by this chapter, such individual may designate that a specified portion (not less than $1) of any overpayment of tax for such taxable year which is attributable to the earned income tax credit shall be deposited by the Secretary into a family development account of such individual. The Secretary shall so deposit such portion designated under this subsection.

"(b) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year—

"(1) at the time of filing the return of the tax imposed by this chapter for such taxable year, or

"(2) at any other time (after the time of filing the return of the tax imposed by this chapter for such taxable year) specified in regulations prescribed by the Secretary.

Such designation shall be made in such manner as the Secretary prescribes by regulations.

"(c) PORTION ATTRIBUTABLE TO EARNED INCOME TAX CREDIT.—For purposes of subsection (a), an overpayment for any taxable year shall be treated as attributable to the earned income tax credit to the extent that such overpayment does not exceed the credit allowed to the taxpayer under section 32 for such taxable year.

"(d) OVERPAYMENTS TREATED AS REFUNDED.—For purposes of this title, any portion of an overpayment of tax designated under subsection (a) shall be treated as being refunded to the taxpayer as of the last date prescribed for filing the return of tax imposed by this chapter (determined without regard to extensions) or, if later, the date the return is filed.

"(e) TERMINATION.—This section shall not apply to any taxable year beginning after December 31, 2007.

"PART IV—ADDITIONAL INCENTIVES

"Sec. 1400K. Commercial revitalization credit.
"Sec. 1400L. Increase in expensing under section 179.

"SEC. 1400K. COMMERCIAL REVITALIZATION CREDIT.

"(a) GENERAL RULE.—For purposes of section 46, except as provided in subsection (e), the commercial revitalization credit for any taxable year is an amount equal to the applicable percentage of the qualified revitalization expenditures with respect to any qualified revitalization building.

"(b) APPLICABLE PERCENTAGE.—For purposes of this section—

"(1) IN GENERAL.—The term 'applicable percentage' means—

"(A) 20 percent for the taxable year in which a qualified revitalization building is placed in service, or

"(B) at the election of the taxpayer, 5 percent for each taxable year in the credit period.

The election under subparagraph (B), once made, shall be irrevocable.

"(2) CREDIT PERIOD.—

"(A) IN GENERAL.—The term 'credit period' means, with respect to any building, the period of 10 taxable years beginning with the taxable year in which the building is placed in service.

"(B) APPLICABLE RULES.—Rules similar to the rules under paragraphs (2) and (4) of section 42(f) shall apply.

"(c) QUALIFIED REVITALIZATION BUILDINGS AND EXPENDITURES.—For purposes of this section—

"(1) QUALIFIED REVITALIZATION BUILDING.—The term 'qualified revitalization building' means any building (and its structural components) if—

"(A) such building is located in a renewal community and is placed in service after December 31, 2000;

"(B) a commercial revitalization credit amount is allocated to the building under subsection (e); and

"(C) depreciation (or amortization in lieu of depreciation) is allowable with respect to the building.

"(2) QUALIFIED REVITALIZATION EXPENDITURE.—

"(A) IN GENERAL.—The term 'qualified revitalization expenditure' means any amount properly chargeable to capital account—

"(i) for property for which depreciation is allowable under section 168 and which is—

"(I) nonresidential real property; or

"(II) an addition or improvement to property described in subclause (I); and

"(ii) in connection with the construction of any qualified revitalization building which was not previously placed in service or in connection with the substantial rehabilitation (within the meaning of section 47(c)(1)(C)) of a building which was placed in service before the beginning of such rehabilitation.

"(B) DOLLAR LIMITATION.—The aggregate amount which may be treated as qualified revitalization expenditures with respect to any qualified revitalization building for any taxable year shall not exceed the excess of—

"(i) $10,000,000, reduced by

"(ii) any such expenditures with respect to the building taken into account by the taxpayer or any predecessor in determining the amount of the credit under this section for all preceding taxable years.

"(C) CERTAIN EXPENDITURES NOT INCLUDED.—The term 'qualified revitalization expenditure' does not include—

"(i) STRAIGHT LINE DEPRECIATION MUST BE USED.—Any expenditure (other than with respect to land acquisitions) with respect to which the taxpayer does not use the straight line method over a recovery period determined under subsection (c) or (g) of section

168. The preceding sentence shall not apply to any expenditure to the extent the alternative depreciation system of section 168(g) applies to such expenditure by reason of subparagraph (B) or (C) of section 168(g)(1).

"(ii) ACQUISITION COSTS.—The costs of acquiring any building or interest therein and any land in connection with such building to the extent that such costs exceed 30 percent of the qualified revitalization expenditures determined without regard to this clause.

"(iii) OTHER CREDITS.—Any expenditure which the taxpayer may take into account in computing any other credit allowable under this title unless the taxpayer elects to take the expenditure into account only for purposes of this section.

"(d) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—

"(1) IN GENERAL.—Qualified revitalization expenditures with respect to any qualified revitalization building shall be taken into account for the taxable year in which the qualified revitalization building is placed in service. For purposes of the preceding sentence, a substantial rehabilitation of a building shall be treated as a separate building.

"(2) PROGRESS EXPENDITURE PAYMENTS.—Rules similar to the rules of subsections (b)(2) and (d) of section 47 shall apply for purposes of this section.

"(e) LIMITATION ON AGGREGATE CREDITS ALLOWABLE WITH RESPECT TO BUILDINGS LOCATED IN A STATE.—

"(1) IN GENERAL.—The amount of the credit determined under this section for any taxable year with respect to any building shall not exceed the commercial revitalization credit amount (in the case of an amount determined under subsection (b)(1)(B), the present value of such amount as determined under the rules of section 42(b)(2)(C)) allocated to such building under this subsection by the commercial revitalization credit agency. Such allocation shall be made at the same time and in the same manner as under paragraphs (1) and (7) of section 42(h).

"(2) COMMERCIAL REVITALIZATION CREDIT AMOUNT FOR AGENCIES.—

"(A) IN GENERAL.—The aggregate commercial revitalization credit amount which a commercial revitalization credit agency may allocate for any calendar year is the amount of the State commercial revitalization credit ceiling determined under this paragraph for such calendar year for such agency.

"(B) STATE COMMERCIAL REVITALIZATION CREDIT CEILING.—The State commercial revitalization credit ceiling applicable to any State—

"(i) for each calendar year after 2000 and before 2008 is $2,000,000 for each renewal community in the State; and

"(ii) zero for each calendar year thereafter.

"(C) COMMERCIAL REVITALIZATION CREDIT AGENCY.—For purposes of this section, the term 'commercial revitalization credit agency' means any agency authorized by a State to carry out this section.

"(f) RESPONSIBILITIES OF COMMERCIAL REVITALIZATION CREDIT AGENCIES.—

"(1) PLANS FOR ALLOCATION.—Notwithstanding any other provision of this section, the commercial revitalization credit amount with respect to any building shall be zero unless—

"(A) such amount was allocated pursuant to a qualified allocation plan of the commercial revitalization credit agency which is approved (in accordance with rules similar to the rules of section 147(f)(2) (other than subparagraph (B)(ii) thereof)) by the governmental unit of which such agency is a part; and

"(B) such agency notifies the chief executive officer (or its equivalent) of the local jurisdiction within which the building is located of such allocation and provides such individual a reasonable opportunity to comment on the allocation.

"(2) QUALIFIED ALLOCATION PLAN.—For purposes of this subsection, the term 'qualified allocation plan' means any plan—

"(A) which sets forth selection criteria to be used to determine priorities of the commercial revitalization credit agency which are appropriate to local conditions;

"(B) which considers—

"(i) the degree to which a project contributes to the implementation of a strategic plan that is devised for a renewal community through a citizen participation process;

"(ii) the amount of any increase in permanent, full-time employment by reason of any project; and

"(iii) the active involvement of residents and nonprofit groups within the renewal community; and

"(C) which provides a procedure that the agency (or its agent) will follow in monitoring compliance with this section.

"(g) TERMINATION.—This section shall not apply to any building placed in service after December 31, 2007.

"SEC. 1400L. INCREASE IN EXPENSING UNDER SECTION 179.

"(a) GENERAL RULE.—In the case of a renewal community business (as defined in section 1400G), for purposes of section 179—

"(1) the limitation under section 179(b)(1) shall be increased by the lesser of—

"(A) $35,000; or

"(B) the cost of section 179 property which is qualified renewal property placed in service during the taxable year; and

"(2) the amount taken into account under section 179(b)(2) with respect to any section 179 property which is qualified renewal property shall be 50 percent of the cost thereof.

"(b) RECAPTURE.—Rules similar to the rules under section 179(d)(10) shall apply with respect to any qualified renewal property which ceases to be used in a renewal community by a renewal community business.

"(c) QUALIFIED RENEWAL PROPERTY.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified renewal property' means any property to which section 168 applies (or would apply but for section 179) if—

"(A) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2000, and before January 1, 2008; and

"(B) such property would be qualified zone property (as defined in section 1397C) if references to renewal communities were substituted for references to empowerment zones in section 1397C.

"(2) CERTAIN RULES TO APPLY.—The rules of subsections (a)(2) and (b) of section 1397C shall apply for purposes of this section.".

SEC. 02. EXTENSION OF EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS TO RENEWAL COMMUNITIES.

(a) EXTENSION.—Paragraph (2) of section 198(c) (defining targeted area) is amended by redesignating subparagraph (C) as subparagraph (D) and by inserting after subparagraph (B) the following new subparagraph:

"(C) RENEWAL COMMUNITIES INCLUDED.—Except as provided in subparagraph (B), such term shall include a renewal community (as defined in section 1400E).".

(b) EXTENSION OF TERMINATION DATE FOR RENEWAL COMMUNITIES.—Subsection (h) of section 198 is amended by inserting before the period "(December 31, 2007, in the case of a renewal community, as defined in section 1400E).".

SEC. 03. EXTENSION OF WORK OPPORTUNITY TAX CREDIT FOR RENEWAL COMMUNITIES

(a) EXTENSION.—Subsection (c) of section 51 (relating to termination) is amended by adding at the end the following new paragraph:

"(5) EXTENSION OF CREDIT FOR RENEWAL COMMUNITIES.—

"(A) IN GENERAL.—In the case of an individual who begins work for the employer after the date contained in paragraph (4)(B), for purposes of section 38—

"(i) in lieu of applying subsection (a), the amount of the work opportunity credit determined under this section for the taxable year shall be equal to—

"(I) 15 percent of the qualified first-year wages for such year; and

"(II) 30 percent of the qualified second-year wages for such year;

"(ii) subsection (b)(3) shall be applied by substituting '$10,000' for '$6,000';

"(iii) paragraph (4)(B) shall be applied by substituting for the date contained therein the last day for which the designation under section 1400E of the renewal community referred to in subparagraph (B)(i) is in effect; and

"(iv) rules similar to the rules of section 51A(b)(5)(C) shall apply.

"(B) QUALIFIED FIRST- AND SECOND-YEAR WAGES.—For purposes of subparagraph (A)—

"(i) IN GENERAL.—The term 'qualified wages' means, with respect to each 1-year period referred to in clause (ii) or (iii), as the case may be, the wages paid or incurred by the employer during the taxable year to any individual but only if—

"(I) the employer is engaged in a trade or business in a renewal community throughout such 1-year period;

"(II) the principal place of abode of such individual is in such renewal community throughout such 1-year period; and

"(III) substantially all of the services which such individual performs for the employer during such 1-year period are performed in such renewal community.

"(ii) QUALIFIED FIRST-YEAR WAGES.—The term 'qualified first-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning with the day the individual begins work for the employer.

"(iii) QUALIFIED SECOND-YEAR WAGES.—The term 'qualified second-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning on the day after the last day of the 1-year period with respect to such individual determined under clause (ii).".

(b) CONGRUENT TREATMENT OF RENEWAL COMMUNITIES AND ENTERPRISE ZONES FOR PURPOSES OF YOUTH RESIDENCE REQUIREMENTS.—

(1) HIGH-RISK YOUTH.—Subparagraphs (A)(ii) and (B) of section 51(d)(5) are each amended by striking "empowerment zone or enterprise community" and inserting "empowerment zone, enterprise community, or renewal community".

(2) QUALIFIED SUMMER YOUTH EMPLOYEE.—Clause (iv) of section 51(d)(7)(A) is amended by striking "empowerment zone or enterprise community" and inserting "empowerment zone, enterprise community, or renewal community".

(3) HEADINGS.—Paragraphs (5)(B) and (7)(C) of section 51(d) are each amended by inserting "OR COMMUNITY" in the heading after "ZONE".

SEC. 04. CONFORMING AND CLERICAL AMENDMENTS.

(a) Deduction for Contributions to Family Development Accounts Allowable Whether or Not Taxpayer Itemizes.—Subsection (a) of section 62 (relating to adjusted gross income defined) is amended by inserting after paragraph (17) the following new paragraph:

"(18) Family development accounts.—The deduction allowed by section 1400H(a)(1)(A).".

(b) Tax on Excess Contributions.—

(1) Tax imposed.—Subsection (a) of section 4973 is amended by striking "or" at the end of paragraph (3), adding "or" at the end of paragraph (4), and inserting after paragraph (4) the following new paragraph:

"(5) a family development account (within the meaning of section 1400H(e)),".

(2) Excess contributions.—Section 4973 is amended by adding at the end the following new subsection:

"(g) Family Development Accounts.—For purposes of this section, in the case of a family development account, the term 'excess contributions' means the sum of—

"(1) the excess (if any) of—

"(A) the amount contributed for the taxable year to the account (other than a qualified rollover, as defined in section 1400H(c)(7), or a contribution under section 1400I), over

"(B) the amount allowable as a deduction under section 1400H for such contributions; and

"(2) the amount determined under this subsection for the preceding taxable year reduced by the sum of—

"(A) the distributions out of the account for the taxable year which were included in the gross income of the payee under section 1400H(b)(1);

"(B) the distributions out of the account for the taxable year to which rules similar to the rules of section 408(d)(5) apply by reason of section 1400H(d)(3); and

"(C) the excess (if any) of the maximum amount allowable as a deduction under section 1400H for the taxable year over the amount contributed to the account for the taxable year (other than a contribution under section 1400I).

For purposes of this subsection, any contribution which is distributed from the family development account in a distribution to which rules similar to the rules of section 408(d)(4) apply by reason of section 1400H(d)(3) shall be treated as an amount not contributed.".

(c) Tax on Prohibited Transactions.—Section 4975 is amended—

(1) by adding at the end of subsection (c) the following new paragraph:

"(6) Special rule for family development accounts.—An individual for whose benefit a family development account is established and any contributor to such account shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be a family development account by reason of the application of section 1400H(d)(2) to such account."; and

(2) in subsection (e)(1), by striking "or" at the end of subparagraph (E), by redesignating subparagraph (F) as subparagraph (G), and by inserting after subparagraph (E) the following new subparagraph:

"(F) a family development account described in section 1400H(e), or".

(d) Information Relating to Certain Trusts and Annuity Plans.—Subsection (c) of section 6047 is amended—

(1) by inserting "or section 1400H" after "section 219"; and

(2) by inserting ", of any family development account described in section 1400H(e),", after "section 408(a)".

(e) Inspection of Applications for Tax Exemption.—Clause (i) of section 6104(a)(1)(B) is amended by inserting "a family development account described in section 1400H(e)," after "section 408(a),".

(f) Failure To Provide Reports on Family Development Accounts.—Paragraph (2) of section 6693(a) is amended by striking "and" at the end of subparagraph (C), by striking the period and inserting ", and" at the end of subparagraph (D), and by adding at the end the following new subparagraph:

"(E) section 1400H(g)(6) (relating to family development accounts).".

(g) Conforming Amendments Regarding Commercial Revitalization Credit.—

(1) Section 46 (relating to investment credit) is amended by striking "and" at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting ", and", and by adding at the end the following new paragraph:

"(4) the commercial revitalization credit provided under section 1400K.".

(2) Section 39(d) is amended by adding at the end the following new paragraph:

"(9) No carryback of section 1400K credit before date of enactment.—No portion of the unused business credit for any taxable year which is attributable to any commercial revitalization credit determined under section 1400K may be carried back to a taxable year ending before the date of the enactment of section 1400K.".

(3) Subparagraph (B) of section 48(a)(2) is amended by inserting "or commercial revitalization" after "rehabilitation" each place it appears in the text and heading.

(4) Subparagraph (C) of section 49(a)(1) is amended by striking "and" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ", and", and by adding at the end the following new clause:

"(iv) the portion of the basis of any qualified revitalization building attributable to qualified revitalization expenditures.".

(5) Paragraph (2) of section 50(a) is amended by inserting "or 1400K(d)(2)" after "section 47(d)" each place it appears.

(6) Subparagraph (A) of section 50(a)(2) is amended by inserting "or qualified revitalization building (respectively)" after "qualified rehabilitated building".

(7) Subparagraph (B) of section 50(a)(2) is amended by adding at the end the following new sentence: "A similar rule shall apply for purposes of section 1400K.".

(8) Paragraph (2) of section 50(b) is amended by striking "and" at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting "; and", and by adding at the end the following new subparagraph:

"(E) a qualified revitalization building (as defined in section 1400K) to the extent of the portion of the basis which is attributable to qualified revitalization expenditures (as defined in section 1400K).".

(9) The last sentence of section 50(b)(3) is amended to read as follows: "If any qualified rehabilitated building or qualified revitalization building is used by the tax-exempt organization pursuant to a lease, this paragraph shall not apply for purposes of determining the amount of the rehabilitation credit or the commercial revitalization credit.".

(10) Subparagraph (C) of section 50(b)(4) is amended—

(A) by inserting "or commercial revitalization" after "rehabilitated" in the text and heading; and

(B) by inserting "or commercial revitalization" after "rehabilitation".

(11) Subparagraph (C) of section 469(i)(3) is amended—

(A) by inserting "or section 1400K" after "section 42"; and

(B) by striking "CREDIT" in the heading and inserting "AND COMMERCIAL REVITALIZATION CREDITS".

(h) Clerical Amendments.—The table of subchapters for chapter 1 is amended by adding at the end the following new item:

"Subchapter X. Renewal Communities.".

SEC. 05. EVALUATION AND REPORTING REQUIREMENTS.

Not later than the close of the fourth calendar year after the year in which the Secretary of Housing and Urban Development first designates an area as a renewal community under section 1400E of the Internal Revenue Code of 1986, and at the close of each fourth calendar year thereafter, such Secretary shall prepare and submit to the Congress a report on the effects of such designations in stimulating the creation of new jobs, particularly for disadvantaged workers and long-term unemployed individuals, and promoting the revitalization of economically distressed areas.

SEC. 06. EXCLUSION OF EFFECTS OF THIS ACT FROM PAYGO SCORECARD.

Upon the enactment of this Act, the Director of the Office of Management and Budget shall not make any estimates of changes in receipts under section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 resulting from the enactment of this Act.

SEC. 07. REVENUE OFFSET.

(a) In General.—Notwithstanding any provision of, or amendment made by sections 1102 through 1114 and section 1116 of this Act, such sections shall only take effect for taxable years beginning after December 31, 2006.

(b) Additional Offset.—The Secretary of the Treasury shall adjust the effective dates of the phase-in of the applicable dollar amounts in section 2503(b)(2), as amended by section 721(a)(2) of this Act, as necessary to offset the decrease in revenues to the Treasury resulting from the enactment of this title, taking into account the revenue effect of subsection (a).

(c) Phase-In of Designations of Renewal Communities.—For purposes of section 1400E(a)(2)(A) of the Internal Revenue Code of 1986 (as added by this title) the Secretary of Housing and Urban Development shall take into account the availability of revenues in the Treasury resulting from the application of subsection (a) in making any designation of a renewal community under such section.

JOHNSON AMENDMENT NO. 1479

(Ordered to lie on the table.)

Mr. JOHNSON submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place, add the following:

SECTION 1. CERTAIN NATIVE AMERICAN HOUSING ASSISTANCE DISREGARDED IN DETERMINING WHETHER BUILDING IS FEDERALLY SUBSIDIZED FOR PURPOSES OF THE LOW-INCOME HOUSING CREDIT.

(a) In General.—Subparagraph (E) of section 42(i)(2) of the Internal Revenue Code of

1986 (relating to determination of whether building is federally subsidized) is amended—

(1) in clause (i), by inserting "or the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 et seq.) (as in effect on October 1, 1997)" after "this subparagraph)", and

(2) in the subparagraph heading, by inserting "OR NATIVE AMERICAN HOUSING ASSISTANCE" after "HOME ASSISTANCE".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to periods after the date of the enactment of this Act.

SHELBY AMENDMENTS NOS. 1480-148111

(Ordered to lie on the table.)

Mr. SHELBY submitted two amendments intended to be proposed by him to the bill, S. 1429, supra; as follows:

AMENDMENT NO. 1480

Section 1503(c) of the Internal Revenue Code of 1986 is amended to add the following immediately after the first sentence thereof:

If—

(1) the business activities of a common parent of an affiliated group does not include any significant activities other than those generally recognized in the business community as related to the operations of a holding company, and

(2) such affiliated group includes members not taxed under section 801 and members taxed under section 801 and no members to which sections 831 through 835 applies, and

(3) if the consolidated taxable income of the common parent results in a net operating loss for the taxable year

the limitation contained in the preceding sentence of this subsection shall not apply to the portion of the consolidated net operating loss that equals the common parent's loss for the taxable year multiplied by the ratio of the taxable income of the members of the group taxed under section 801 to the taxable income of the affiliated group (such taxable income of such member and such group shall be determined for this purpose without deductions, and with such other adjustments as provided under regulation prescribed by the Secretary). For purposes of applying such limitation, the taxable income of the members of the group taxed under section 801 shall be reduced by the portion of such common parent's loss to which the limitation does not apply.

AMENDMENT NO. 1481

The provision amends section (b) of section 1321 of S. 1429 to read as follows:

"(b) EFFECTIVE DATES.—

"(1) IN GENERAL.—The amendment made by this section shall apply to distributions made after July 14, 1999.

"(2) TRANSITION RULE.—The amendment made by this section shall not apply to any distribution after July 14, 1999, if such distribution is—

"(A) made pursuant to a written binding contract in effect on such date and at all times thereafter.

"(B) made pursuant to a loan commitment made on or before such date, provided that the distribution occurs not more than two weeks after the date of enactment of this Act, or

"(C) described in a public announcement on or before such date, provided that the distribution occurs not more than two weeks after the date of enactment of this Act."

CRAIG AMENDMENT NO. 1482

(Ordered to lie on the table).

Mr. CRAIG submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. ____. CLARIFICATION OF NONRECOGNITION OF GAIN FOR CERTAIN SALES OF STOCK TO ELIGIBLE FARM COOPERATIVES.

Section 1042(g) (relative to application of section to sales of stock in agricultural refiners and processors to eligible farm cooperatives) is amended by adding at the end the following new paragraph:

"(5) TREATMENT OF PREDECESSOR.—Any reference in this subsection to stock in a qualified refiner or processor shall be treated as including a reference to any controlling interest in any predecessor or successor (including a controlled partnership) of such refiner or processor."

LOTT AMENDMENT NO. 1483

(Ordered to lie on the table.)

Mr. LOTT submitted an amendment intended to be propsoed by him to the bill, S. 1429, supra, as follows:

In lieu of the matter proposed to be inserted, insert the following:

SEC. ____. SENSE OF THE SENATE.

It is the sense of the Senate that—

(1) in 1975, the Federal Government promised to pay 40 percent of the costs associated with part B of the Individuals with Disabilities Education Act (20 U.S.C. 1411 et seq.), which guarantees each special education child the right to a free and appropriate public education;

(2) the Administration's fiscal year 2000 budget request provides a .07 percent increase in funding for part B of the Individuals with Disabilities Education Act, which is less than an adjustment for inflation, and the Administration's budget request represents a decrease in real funding for educating children with disabilities;

(3) in the 3 years preceding 1999, Congress has increased funding for part B of the Individuals with Disabilities Education Act by nearly 80 percent, however, the increase is still far short of the nearly $15,000,000,000 needed to live up to the originally promised funding level for such part;

(4) fulfilling the Federal obligation to fund part B of Individuals with Disabilities Education Act at the originally promised level will allow State and local governments, some of whom spend up to 19 percent of their local dollars on special education costs, to have more flexibility to spend their local resources to meet the unique educational needs of all of their students;

(5) the recent United States Supreme Court decision *Cedar Rapids Community School District v. Garret F.*, 119 S. Ct. 992; (1999) will increase the amount of funding that school districts will need to dedicate to educating, and providing related services to, their special needs children; and

(6) because the need for the Federal Government to fulfill such obligation is so great, part B of the Individuals with Disabilities Education Act should be fully funded at the originally promised level of 40 percent before federal funds are appropriated for any new federal education programs.

BAYH AMENDMENT NO. 1484

(Ordered to lie on the table.)

Mr. BAYH submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place, add the following:

SECTION 1. CERTAIN EDUCATIONAL BENEFITS PROVIDED BY AN EMPLOYER TO CHILDREN OF EMPLOYEES EXCLUDABLE FROM GROSS INCOME AS A SCHOLARSHIP.

(a) IN GENERAL.—Section 117 of the Internal Revenue Code of 1986 (relating to qualified scholarships) is amended by adding at the end the following:

"(e) EMPLOYER-PROVIDED EDUCATIONAL BENEFITS PROVIDED TO CHILDREN OF EMPLOYEES.—

"(1) IN GENERAL.—In determining whether any amount is a qualified scholarship for purposes of subsection (a), the fact that such amount is provided in connection with an employment relationship shall be disregarded if—

"(A) such amount is provided by the employer to a child (as defined in section 151(c)(3)) of an employee of such employer,

"(B) such amount is provided pursuant to a plan which meets the nondiscrimination requirements of subsection (d)(3), and

"(C) amounts provided under such plan are in addition to any other compensation payable to employees and such plan does not provide employees with a choice between such amounts and any other benefit.

For purposes of subparagraph (C), the business practices of the employer (as well as such plan) shall be taken into account.

"(2) DOLLAR LIMITATIONS.—

"(A) PER CHILD.—The amount excluded from the gross income of the employee by reason of paragraph (1) for a taxable year with respect to amounts provided to each child of such employee shall not exceed $2,000.

"(B) AGGREGATE LIMIT.—The amount excluded from the gross income of the employee by reason of paragraph (1) for a taxable year (after the application of subparagraph (A)) shall not exceed the excess of the dollar amount contained in section 127(a)(2) over the amount excluded from the employee's gross income under section 127 for such year.

"(3) PRINCIPAL SHAREHOLDERS AND OWNERS.—Paragraph (1) shall not apply to any amount provided to any child of any individual if such individual (or such individual's spouse) owns (on any day of the year) more than 5 percent of the stock or of the capital or profits interest in the employer.

"(4) DEGREE REQUIREMENT NOT TO APPLY.—In the case of an amount which is treated as a qualified scholarship by reason of this subsection, subsection (a) shall be applied without regard to the requirement that the recipient be a candidate for a degree.

"(5) CERTAIN OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (4), (5), and (7) of section 127(c) shall apply for purposes of this subsection."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of enactment of this Act.

MURRAY AMENDMENT NO. 1485

(Ordered to lie on the table.)

Mr. MURRAY submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 371, between lines 16 and 17, insert the following:

SEC. ____. TREATMENT OF BONDS ISSUED TO ACQUIRE RENEWABLE RESOURCES ON LAND SUBJECT TO CONSERVATION EASEMENT.

(a) IN GENERAL.—Section 145 (defining qualified 501(c)(3) bond) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) BONDS ISSUED TO ACQUIRE RENEWABLE RESOURCES ON LAND SUBJECT TO CONSERVATION EASEMENT.—

"(1) IN GENERAL.—If—

"(A) the proceeds of any bond are used to acquire land (or a long-term lease thereof) together with any renewable resource associated with the land (including standing timber, agricultural crops, or water rights) from an unaffiliated person,

"(B) the land is subject to a conservation restriction—

"(i) which is granted in perpetuity to an unaffiliated person that is—

"(I) a 501(c)(3) organization, or

"(II) a Federal, State, or local government conservation organization,

"(ii) which meets the requirements of clauses (ii) and (iii)(II) of section 170(h)(4)(A),

"(iii) which exceeds the requirements of relevant environmental and land use statutes and regulations, and

"(iv) which obligates the owner of the land to pay the costs incurred by the holder of the conservation restriction in monitoring compliance with such restriction,

"(C) a management plan which meets the requirements of the statutes and regulations referred to in subparagraph (B)(iii) is developed for the conservation of the renewable resources, and

"(D) such bond would be a qualified 501(c)(3) bond (after the application of paragraph (2)) but for the failure to use revenues derived by the 501(c)(3) organization from the sale, lease, or other use of such resource as otherwise required by this part,

such bond shall not fail to be a qualified 501(c)(3) bond by reason of the failure to so use such revenues if the revenues which are not used as otherwise required by this part are used in a manner consistent with the stated charitable purposes of the 501(c)(3) organization.

"(2) TREATMENT OF TIMBER, ETC.—

"(A) IN GENERAL.—For purposes of subsection (a), the cost of any renewable resource acquired with proceeds of any bond described in paragraph (1) shall be treated as a cost of acquiring the land associated with the renewable resource and such land shall not be treated as used for a private business use because of the sale or leasing of the renewable resource to, or other use of the renewable resource by, an unaffiliated person to the extent that such sale, leasing, or other use does not constitute an unrelated trade or business, determined by applying section 513(a).

"(B) APPLICATION OF BOND MATURITY LIMITATION.—For purposes of section 147(b), the cost of any land or renewable resource acquired with proceeds of any bond described in paragraph (1) shall have an economic life commensurate with the economic and ecological feasibility of the financing of such land or renewable resource.

"(C) UNAFFILIATED PERSON.—For purposes of this subsection, the term 'unaffiliated person' means any person who controls not more than 20 percent of the governing body of another person."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to obligations issued after the date of the enactment of this Act.

SEC. . AIRLINE MILEAGE AWARDS TO CERTAIN FOREIGN PERSONS.

(a) IN GENERAL.—The last sentence of section 4261(e)(3)(C) (relating to regulations) is amended by inserting 'and mileage awards which are issued to individuals whose mailing addresses on record with the person providing the right to air transportation are outside the United States' before the period at the end thereof.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid after December 31, 2004.

SEC. . MODIFICATION OF ALTERNATIVE MINIMUM TAX FOR INDIVIDUALS.

(a) NONREFUNDABLE PERSONAL CREDITS FULLY ALLOWED AGAINST REGULAR TAX LIABILITY.—

(1) IN GENERAL.—Subsection (a) of section 26 (relating to limitation based on amount of tax) is amended to read as follows:

"(a) LIMITATION BASED ON AMOUNT OF TAX.—The aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the taxpayer's regular tax liability for the taxable year."

(2) CHILD CREDIT.—Subsection (d) of section 24 is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1998.

(b) PERSONAL EXEMPTIONS ALLOWED IN COMPUTING MINIMUM TAX.—

(1) IN GENERAL.—Subparagraph (E) of section 56(b)(1) is amended by striking ', the deduction for personal exemptions under section 151.'.

(A) The deduction for personal exemption for purposes of this title shall be reduced by $10.00.

(2) CONFORMING AMENDMENT.—The heading to section 56(b)(1)(E) is amended by striking 'AND DEDUCTION FOR PERSONAL EXEMPTIONS'.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2004.

BREAUX (AND LOTT) AMENDMENT NO. 1486

(Ordered to lie on the table.)

Mr. BREAUX (for himself and Mr. LOTT) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

At the appropriate place, insert:

TITLE .—U.S.-FLAG MERCHANT MARINE REVITALIZATION

SEC. 1. SHORT TITLE.

This Act may be cited as the "United States-Flag Merchant Revitalization Act of 1999".

SEC. 2. AMENDMENTS OF MERCHANT MARINE ACT, 1936.

(a) CHANGES IN VESSELS TO WHICH CAPITAL CONSTRUCTION FUNDS APPLY.—

(1) The second sentence of subsection (a) of section 607 of the Merchant Marine Act, 1936 is amended by striking "for operation in the United States foreign, Great Lakes, or noncontiguous domestic trade or in the fisheries of the United States" and inserting "for operation in the fisheries of the United States, or in the United States foreign, Great Lakes, noncontiguous domestic trade, or other oceangoing domestic trade between two coastal points in the United States or in support of operations conducted on the Outer Continental Shelf."

(2) Paragraph (1) of section 607(k) of such Act (defining eligible vessel) is amended to read as follows:

"(1) The term 'eligible vessel' means any vessel—

(A) documented under the laws of the United States, and

(B) operated in the foreign or domestic commerce of the United States or in the fisheries of the United States.".

(3) Paragraph (2)(C) of section 607(k) of such Act is amended to read as follows:

"(C) which the person maintaining the fund agrees with the Secretary of Commerce will be operated in the fisheries of the United States, or in the United States foreign, Great Lakes, noncontiguous domestic trade, or other oceangoing domestic trade between two coastal points in the United States or in support of operations conducted on the Outer Continental Shelf.".

(4) Section 607(k) of such Act is amended by striking paragraph (8) and redesignating paragraph (9) as paragraph (8).

(5) The last sentence of paragraph (1) of section 607(f) of such Act is amended by striking 'and containers' each place it appears.

(6) Paragraph (7) of section 607(k) of such Act is amended by inserting 'containers or trailers intended for use as part of the complement of one or more eligible vessels and' before 'cargo handling'.

(7) Subsection (k) of section 607 of such Act (as amended by paragraph (4)) is amended by adding at the end the following new paragraph:

"(9) The terms 'foreign commerce' and 'foreign trade' have the meanings given such terms in section 905, except that these terms shall include commerce or trade between foreign ports.".

(b) TREATMENT OF CERTAIN LEASE PAYMENTS.—

(1) Paragraph (1) of section 607(f) of such Act is amended by striking 'or' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ', or' and by inserting after subparagraph (C) the following new subparagraph:

"(D) the payment of amounts which reduce the principal amount (as determined under regulations promulgated by the Secretary) of a qualified lease of a qualified vessel or container which is part of the complement or an eligible vessel.".

(2) Paragraph (4) of section 607(g) of such Act is amended by inserting 'or to reduce the principal amount of any qualified lease' after indebtedness'.

(3) Subsection (k) of section 607 of such Act is amended by adding after paragraph (10) the following new paragraph:

"(11) The term 'qualified lease' means any lease with a term of at least 5 years.".

(c) AUTHORITY TO MAKE DEPOSITS UNDER THE TARIFF ACT OF 1930.—

(1) Paragraph (1) of section 607(b) of such Act is amended by striking 'and' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting ', and', and by adding at the end the following new subparagraph:

"(E) the amount elected for deposit under subsection (i) of section 466 of the Tariff Act of 1930 (19 U.S.C. 1466).".

(2) Subparagraph (A) of section 607(e)(2) of such Act is amended to read as follows:

(d) AUTHORITY TO MAKE DEPOSITS FOR PRIOR YEARS BASED ON AUDIT ADJUSTMENTS.—Subsection (b) of section 607 of such Act is amended by adding at the end thereof the following new paragraph:

"(4) To the extent permitted by joint regulations, deposits may be made in excess of the limitation described in paragraph (1) (and any limitation specified in the agreement) for the taxable year if, by reason of a change in taxable income for a prior taxable year that has become final pursuant to a closing agreement or other similar agreement entered into during the taxable year, the amount of the deposit could have been made for such prior taxable year.".

(e) TREATMENT OF CAPITAL GAINS AND LOSSES.—

(1) Paragraph (3) of section 607(e) of such Act as amended to read as follows:

"(3) The capital gain account shall consist of—

'(A) amounts representing long-term capital gains (as defined in section 1222 of such Code) on assets held in the fund, reduced by

'(B) amounts representing long-term capital losses (as defined in such section) on assets held in the fund.".

(2) Subparagraph (B) of section 607(e)(4) of such Act is amended to read as follows:

"(B)(i) amounts representing short-term capital losses (as defined in such section) on assets held in the fund,".

(3) Subparagraph (B) of section (607)(h)(3) of such Act is amended by striking 'gain' and all that follows and inserting 'long-term capital gain (as defined in section 1222 of such Code), and'.

(4) The last sentence of subparagraph (A) of section 607(h)(6) of such Act is amended by striking '20 percent (34 percent in the case of a corporation)' and inserting 'the rate applicable to net capital gain under section 1(h)(1)(C) or 1201(a) of such Code, as the case may be'.

(f) COMPUTATION OF INTEREST WITH RESPECT TO NONQUALIFIED WITHDRAWAL.—

(1) Subparagraph (C) of section 607(h)(3) of such Act is amended—

(A) by striking clause (i) and inserting the following new clause:

'(i) no addition to the tax shall be payable under section 6651 of such Code, and', and

(B) by striking 'paid at the applicable rate (as defined in paragraph (4))' in clause (ii) and inserting 'paid in accordance with section 6601 of such Code'.

(2) Subsection (h) of section 607 of such Act is amended by striking paragraph (4) and by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(3) Subparagraph (A) of section 607(h)(5) of such Act, as redesignated by paragraph (2), is amended by striking 'paragraph (5)' and inserting 'paragraph (4)'.

(g) OTHER CHANGES.—

(1) Section 607 of such Act is amended by striking 'the Internal Revenue Code of 1954' each place it appears and inserting 'the Internal Revenue Code of 1986'.

(2) Subsection (c) of section 607 of such Act is amended by striking 'interest-bearing securities approved by the Secretary' and inserting 'interest-bearing securities and other income-producing assets (including accounts receivable) approved by the Secretary'.

SEC. 3. AMENDMENTS OF INTERNAL REVENUE CODE OF 1986.

(a) TREATMENT OF CERTAIN LEASE PAYMENTS.—

(1) Paragraph (1) of section 7518(e) of the Internal Revenue Code of 1986 is amended by striking 'or' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ', or', and by inserting after subparagraph (C) the following new subparagraph:

'(D) the payments of amounts which reduce the principal amount (as determined under regulations) of a qualified lease of a qualified vessel or container which is part of the complement of an eligible vessel.'.

(2) Paragraph (4) of section 7518(f) of such Code is amended by inserting 'or to reduce the principal amount of any qualified lease' after 'indebtedness'.

(b) AUTHORITY TO MAKE DEPOSITS UNDER THE TARIFF ACT OF 1930.—

(1) Paragraph (1) of section 7518(a) of such Code is amended by striking 'and' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting ', and', and by adding at the end the following new subparagraph:

'(E) the amount elected for deposit under subsection (i) of section 466 of the Tariff Act of 1930 (19 U.S.C. 1466).'.

(2) Subparagraph (A) of section 7518(d)(2) of such Code is amended to read as follows:

'(A) amounts referred to in subsections (a)(1)(B) and (E).'.

(c) AUTHORITY TO MAKE DEPOSITS FOR PRIOR YEARS BASED ON AUDIT ADJUSTMENTS.—Subsection (a) of section 7518 of such Code is amended by adding at the end thereof the following new paragraph:

'(4) To the extent permitted by joint regulations, deposits may be made in excess of the limitation described in paragraph (1) (and any limitation specified in the agreement) for the taxable year if, by reason of a change in taxable income for a prior taxable year that has become final pursuant to a closing agreement or other similar agreement entered into during the taxable year, the amount of the deposit could have been made for such prior taxable year.'.

(d) TREATMENT OF CAPITAL GAINS AND LOSSES.—

(1) Paragraph (3) of section 7518(d) of such Code is amended to read as follows:

'(3) CAPITAL GAIN ACCOUNT.—The capital gain account shall consist of—

'(A) amounts representing long-term capital gains (as defined in section 1222) on assets held in the fund, reduced by

'(B) amounts representing long-term capital losses (as defined in such section) on assets held in the fund'.

(2) Subparagraph (B) of section 7518(d)(4) of such Code is amended to read as follows:

'(B)(i) amounts representing short-term capital gains (as defined in section 1222) on assets held in the fund, reduced by

'(ii) amounts representing short-term capital losses (as defined in such section) on assets held in the fund,'.

(3) Subparagraph (B) of section 7518(g)(3) of such Code is amended by striking 'gain' and all that follows and inserting 'long-term capital gain (as defined in section 1222), and'.

(4) The last sentence of subparagraph (A) of section 7518(g)(6) of such Code is amended by striking '20 percent (34 percent in the case of a corporation)' and inserting 'the rate applicable to net capital gain under such section 1(h)(1)(C) or 1201(a), as the case may be'.

(e) COMPUTATION OF INTEREST WITH RESPECT TO NONQUALIFIED WITHDRAWALS.—

(1) Subparagraph (C) of section 7518(g)(3) of such Code is amended—

(A) by striking clause (i) and inserting the following new clause:

'(i) no addition to the tax shall be payable under section 6651, and', and

(B) by striking 'paid at the applicable rate (as defined in paragraph (4))' in clause (ii) and inserting 'paid in accordance with section 6601'.

(2) Subsection (g) of section 7518 of such Code is amended by striking paragraph (4) and by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(3) Subparagraph (a) of section 7518(g)(5) of such Code, as redesignated by paragraph (2), is amended by striking 'paragraph (5)' and inserting 'paragraph (4)'.

(f) OTHER CHANGES.—

(1) Paragraph (2) of section 7518(b) of such Code is amended by striking 'interest-bearing securities approved by the Secretary' and inserting 'interest-bearing securities and other income-producing assets (including accounts receivable) approved by the Secretary'.

(2) Paragraph (1) of section 7518(e) of such Code is amended by striking 'and containers' each place it appears.

(3) Subsection (i) of section 7518 of such Code is amended by striking 'this section' and inserting 'the United States-Flag Merchant Revitalization Act of 1999'.

(4) Subparagraph (B) of section 543(a)(1) of such Code is amended to read as follows:

"(B) interest on amounts set aside in a capital construction fund under section 607 of the Merchant Marine Act, 1936 (46 App. U.S.C. 1177), or in a construction reserve fund under section 511 of such Act (46 App. U.S.C. 1161),".

(5) Subsection (c) of section 56 of such Code is amended by striking paragraph (2) and by redesignating paragraph (5) as paragraph (2).

SEC. 4. AMENDMENT TO THE TARIFF ACT OF 1930.

Section 466 of the Tariff Act of 1930 (19 U.S.C. 1466) is amended by adding at the end the following new subsection.

"(i) ELECTION TO DEPOSIT DUTY INTO A CAPITAL CONSTRUCTION FUND IN LIEU OF PAYMENT TO THE SECRETARY OF THE TREASURY.—At the election of the owner or master of any vessel referred to in subsection (a) of this section which is an eligible vessel (as defined in section 607(k) of the Merchant Marine Act, 1936), the portion of any duty imposed by subsection (a) which is deposited in a fund established under section 607 of such Act shall be treated as paid to the Secretary of the Treasury in satisfaction of the liability for such duty.".

SEC. 5. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this section, the amendments made by this Act shall apply to taxable years beginning after December 31, 2001, and shall terminate on December 31, 2005.

(b) CHANGES IN COMPUTATION OF INTEREST.—The amendments made by sections 2(f) and 3(e) shall apply to withdrawals made after December 31, 2001, including for purposes of computing interest on such a withdrawal for periods on or before such date.

(c) QUALIFIED LEASES.—The amendments made by sections 2(b) and 3(a) shall apply to leases in effect on, or entered after, December 31, 2001.

(d) AMENDMENT TO THE TARIFF ACT OF 1930.—The amendment made by section 4 shall apply with respect to entries not yet liquidated by December 31, 2001, and to entries made on or after such date.

SEC. 6. PENALTIES FOR FAILURE TO DISCLOSE POSITION THAT CERTAIN INTERNATIONAL SHIPPING INCOME IS NOT INCLUDIBLE IN GROSS INCOME.

(a) IN GENERAL.—Section 883 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(d) PENALTIES FOR FAILURE TO DISCLOSE POSITION THAT CERTAIN INTERNATIONAL SHIPPING INCOME IS NOT INCLUDIBLE IN GROSS INCOME.—

"(1) IN GENERAL.—A taxpayer who, with respect to any tax imposed by this title, takes the position that any of its gross income derived from the international operation of a ship or ships is not includible in gross income by reason of subsection (a)(1) or section 872(b)(1) (or by reason of any applicable treaty) shall be entitled to such treatment only if such position is disclosed (in such manner as the Secretary may prescribe) on the return for such tax (or any statement attached to such return).

"(2) ADDITIONAL PENALTIES FOR FAILING TO DISCLOSE POSITION.—If a taxpayer fails to meet the requirement of paragraph (1) with respect to any taxable year—

"(A) the amount of the income from the international operation of a ship or ships—

"(i) which is from sources without the United States, and

"(ii) which is attributable to a fixed place of business in the United States, shall be treated for purposes of this title as effectively connected with the conduct of a trade or business within the United States, and

"(B) no deductions or credits shall be allowed which are attributable to income from the international operation of a ship or ships.

"(3) REASONABLE CAUSE EXCEPTION.—This subsection shall not apply to a failure to disclose a position if it is shown that such failure is due to reasonable cause and not due to willful neglect."

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 872(b) of such Code is amended by striking "Gross income" and inserting "Except as provided in section 883(d), gross income".

(2) Paragraph (1) of section 883(a) of such Code is amended by striking "Gross income" and inserting "Except as provided in subsection (d), gross income".

(c) COORDINATION WITH TREATIES.—The amendments made by this section shall not apply in any case where their application would be contrary to any treaty obligation of the United States.

(d) INFORMATION TO BE PROVIDED BY CUSTOMS SERVICE.—The United States Customs Service shall provide the Secretary of the Treasury or his delegate with such information as may be specified by such Secretary in order to enable such Secretary to determine whether ships which are not registered in the United States are engaged in transportation to or from the United States.

SEC. 7. MODIFICATION OF LIMITATIONS ON DEDUCTIONS FOR ATTENDANCE AT CONVENTIONS, ETC. ON CRUISE SHIPS.

(a) ONLY HOME PORT OF CRUISE SHIP MUST BE IN UNITED STATES OR POSSESSIONS.—Subparagraph (B) of section 274(h)(2) of the Internal Revenue Code of 1986 (relating to conventions on cruise ships) is amended to read as follows:

"(B) the home port of such cruise ship is located in the United States or a possession of the United States."

McCAIN AMENDMENT NO. 1487

(Ordered to lie on the table.)

Mr. McCAIN submitted an amendment intended to be proposed by him to the bill, S. 1429, supre; as follows:

Strike all after the first word and insert:

. 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Middle Class Tax Relief Act of 1999".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—MIDDLE CLASS TAX RELIEF

Sec. 11. Increase in maximum taxable income for 15 percent rate bracket.
Sec. 12. Elimination of marriage penalty in standard deduction.
Sec. 13. Exemption of certain interest and dividend income from tax.
Sec. 14. Phase-out of estate and gift taxes through increase in unified estate and gift tax credit.
Sec. 15. Elimination of earnings test for individuals who have attained retirement age.

TITLE II—OFFSETS

Subtitle A—Tax Loophole Closures

Sec. 31. Inclusion in gross income of contributions in aid of construction.
Sec. 32. Elimination of nonexclusion of discharge of farm debt income.
Sec. 33. Elimination of U.S. possessions tax credit.
Sec. 34. Elimination of tax incentives relating to merchant marine capital construction funds.
Sec. 35. Source rules for inventory property.
Sec. 36. Phaseout of oil, gas, and minerals expensing of drilling exploration and development costs.
Sec. 37. Sunset of alcohol fuels incentives.
Sec. 38. Repeal of enhanced oil recovery credit.
Sec. 39. Repeal of unlimited passive loss deductions for oil and gas properties.
Sec. 40. Uniform depreciation treatment of rental property.
Sec. 41. Elimination expensing of certain timber production costs.
Sec. 42. Excise tax on excludable non-retirement fringe benefits..
Sec. 43. Transfer pricing.
Sec. 44. Disallowance of deduction for advertising and promotion expenditures.
Sec. 45. Elimination of private-purpose tax-exempt bonds.

Subtitle B—Spending Cuts

CHAPTER 1—GENERAL PROVISIONS

Sec. 61. Elimination of free use of government owned takeoff and landing slots.
Sec. 62. Elimination of foreign market development program.
Sec. 63. Elimination of highway demonstration projects.
Sec. 64. Elimination of Federal subsidies for AMTRAK.
Sec. 65. Elimination of funding to complete Appalachian Development Highway System.
Sec. 66. Elimination of advanced technology program.
Sec. 67. Elimination of NASA's earth science program.
Sec. 68. Elimination of market access program.
Sec. 69. Elimination of below-cost sales of timber from national forest system lands.
Sec. 70. Prohibition on certain research functions of Department of Energy.
Sec. 71. Offset fee for the Federal capital costs savings provided to the FNMA and FHLMC.
Sec. 72. Enhanced competition with the private sector regarding military family housing.

CHAPTER 2—ABOLISHMENT OF DEPARTMENT OF COMMERCE

Sec. 81. Short title.

Subchapter A—Abolishment of Department of Commerce

Sec. 101. Definitions.
Sec. 102. Abolishment of Department of Commerce.
Sec. 103. Resolution and termination of Department functions.
Sec. 104. Responsibilities of the Director of the Office of Management and Budget.
Sec. 105. Personnel.
Sec. 106. Plans and reports.
Sec. 107. General Accounting Office audit and access to records.
Sec. 108. Conforming amendments.
Sec. 109. Privatization framework.
Sec. 110. Priority placement programs for Federal employees affected by a reduction in force attributable to this chapter.
Sec. 111. Funding reductions for transferred functions.

Subchapter B—Disposition of Programs, Functions, and Agencies of Department of Commerce

Sec. 201. Economic development.
Sec. 202. Technology Administration.
Sec. 203. Reorganization of the Bureau of the Census and the Bureau of Economic Analysis.
Sec. 204. Terminated functions of National Telecommunications and Information Administration.
Sec. 205. Terminations and transfers.
Sec. 206. National Oceanic and Atmospheric Administration.
Sec. 207. Miscellaneous terminations; moratorium on program activities.
Sec. 208. Effective date.

Subchapter C—Establishment of United States Trade Administration

PART I—GENERAL PROVISIONS

Sec. 301. Definitions.

PART II—UNITED STATES TRADE ADMINISTRATION

Subpart A—Establishment

Sec. 311. Establishment of the United States Trade Administration.
Sec. 312. Functions of the Trade Representative.

Subpart B—Officers

Sec. 321. Deputy United States Trade Representatives.
Sec. 322. Assistant Administrators.
Sec. 323. General Counsel.
Sec. 324. Inspector General.
Sec. 325. Chief Financial Officer.

Subpart C—Transfers to the Trade Administration

Sec. 331. Office of the United States Trade Representative.
Sec. 332. Transfers from the Department of Commerce.
Sec. 333. Trade and Development Agency.
Sec. 334. Export-Import Bank.
Sec. 335. Overseas Private Investment Corporation.
Sec. 336. Consolidation of export promotion and financing activities.
Sec. 337. Functions related to textile agreements.

Subpart D—Administrative Provisions

Sec. 341. Personnel provisions.
Sec. 342. Delegation and assignment.
Sec. 343. Succession.
Sec. 344. Reorganization.
Sec. 345. Rules.
Sec. 346. Funds transfer.
Sec. 347. Contracts, grants, and cooperative agreements.
Sec. 348. Use of facilities.
Sec. 349. Gifts and bequests.
Sec. 350. Working capital fund.
Sec. 351. Service charges.
Sec. 352. Seal of office.

Subpart E—Related Agencies

Sec. 361. Interagency trade organization.
Sec. 362. National Security Council.
Sec. 363. International Monetary Fund.

Subpart F—Conforming Amendments

Sec. 371. Amendments to general provisions.
Sec. 372. Repeals.
Sec. 373. Conforming amendments relating to Executive Schedule positions.

Subpart G—Miscellaneous

Sec. 381. Effective date.
Sec. 382. Interim appointments.
Sec. 383. Funding reductions resulting from reorganization.

Subchapter D—Establishment of the Office of Patents, Trademarks, and Standards

PART I—ESTABLISHMENT

Sec. 401. Definitions.
Sec. 402. Establishment of the Office of Patents, Trademarks, and Standards.
Sec. 403. Functions.
Sec. 404. Transfers to the Office.
Sec. 405. Additional officers.

PART II—ADMINISTRATIVE PROVISIONS

Sec. 411. Rules.
Sec. 412. Delegation.
Sec. 413. Personnel and services.
Sec. 414. Contracts.
Sec. 415. Copyrights and patents.
Sec. 416. Gifts and bequests.
Sec. 417. Transfers of funds from other Federal agencies.
Sec. 418. Seal of Office.
Sec. 419. Status of Office under certain laws.

PART III—CONFORMING AMENDMENTS

Sec. 421. Patent and Trademark Office.
Sec. 422. National Institute of Standards and Technology.
Sec. 423. Federal laboratories under the Stevenson-Wydler Technology Innovation Act of 1980.

Subchapter E—Statistical Consolidation

PART I—GENERAL PROVISIONS

Sec. 501. Findings.
Sec. 502. Sense of Congress.
Sec. 503. Definitions.

PART II—ESTABLISHMENT OF THE FEDERAL STATISTICAL SERVICE

Sec. 511. Establishment.
Sec. 512. Principal officers.
Sec. 513. Federal Council on Statistical Policy.

PART III—TRANSFERS OF FUNCTIONS AND OFFICES

Sec. 521. Transfer of the Bureau of Labor Statistics.
Sec. 522. Transfer date.

PART IV—ADMINISTRATIVE PROVISIONS

Sec. 531. Officers and employees.
Sec. 532. Experts and consultants.
Sec. 533. Acceptance of voluntary services.
Sec. 534. General authority.
Sec. 535. Delegation.
Sec. 536. Reorganization.
Sec. 537. Contracts.
Sec. 538. Regulations.
Sec. 539. Seal.
Sec. 540. Annual report.

PART V—MISCELLANEOUS

Sec. 541. Incidental transfers.
Sec. 542. References.
Sec. 543. Proposed changes in law.
Sec. 544. Transition.
Sec. 545. Interim appointments.
Sec. 546. Conforming amendments.

Subchapter F—Miscellaneous Provisions

Sec. 601. References.
Sec. 602. Exercise of authorities.
Sec. 603. Savings provisions.
Sec. 604. Transfer of assets.
Sec. 605. Delegation and assignment.
Sec. 606. Authority of Director of the Office of Management and Budget with respect to functions transferred.
Sec. 607. Certain vesting of functions considered transfers.
Sec. 608. Availability of existing funds.
Sec. 609. Definitions.
Sec. 610. Conforming amendments.

TITLE VII—COMPLIANCE WITH CONGRESSIONAL BUDGET ACT

Sec. 701. Sunset of provisions of Act.

TITLE I—MIDDLE CLASS TAX RELIEF

SEC. 11. INCREASE IN MAXIMUM TAXABLE INCOME FOR 15 PERCENT RATE BRACKET.

Section 1(f) of the Internal Revenue Code of 1986 (relating to adjustments in tax tables so that inflation will not result in tax increases) is amended—

(1) in paragraph (2)—

(A) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D),

(B) by inserting after subparagraph (A) the following:

"(B) in the case of the tables contained in subsections (a), (b), (c), and (d), by increasing the maximum taxable income level for the 15 percent rate bracket and the minimum taxable income level for the 28 percent rate bracket otherwise determined under subparagraph (A) for taxable years beginning in any calendar year after 1999, by the applicable dollar amount for such calendar year,", and

(C) by striking "subparagraph (A)" in subparagraph (C) (as so redesignated) and inserting "subparagraphs (A) and (B)", and

(2) by adding at the end the following:

"(8) APPLICABLE DOLLAR AMOUNT.—For purposes of paragraph (2)(B), the applicable dollar amount for any calendar year shall be determined as follows:

"(A) JOINT RETURNS AND SURVIVING SPOUSES.—In the case of the table contained in subsection (a)—

"Calendar year:	**Applicable Dollar Amount:**
2000	$1,000
2001	$2,000
2002	$3,000
2003	$4,000
2004 and thereafter	$5,000.

"(B) OTHER TABLES.—In the case of the table contained in subsection (b), (c), or (d)—

"Calendar year:	**Applicable Dollar Amount:**
2000	$500
2001	$1,000
2002	$1,500
2003	$2,000
2004 and thereafter	$2,500."

SEC. 12. ELIMINATION OF MARRIAGE PENALTY IN STANDARD DEDUCTION.

(a) IN GENERAL.—Section 63(c) of the Internal Revenue Code of 1986 (relating to standard deduction) is amended by adding at the end the following:

"(7) ELIMINATION OF MARRIAGE PENALTY FOR JOINT FILERS.—

"(A) IN GENERAL.—In the case of a joint return or a surviving spouse (as defined in section 2(a)), the basic standard deduction under paragraph (2)(A) shall be increased by an amount equal to the applicable percentage of the excess of—

"(i) 200 percent of the basic standard deduction in effect for the taxable year under paragraph (2)(C), over

"(ii) the basic standard deduction in effect for the taxable year under paragraph (2)(A) (without regard to this paragraph).

"(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined as follows:

"For taxable years beginning in calendar year:	**The applicable percentage is:**
1999	20
2000	40
2001	60
2002	80
2003 and thereafter	100."

(b) CONFORMING AMENDMENT.—Section 63(c)(2)(A) of the Internal Revenue Code of 1986 is amended by inserting "except as provided in paragraph (7)," before "$5,000".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 13. EXEMPTION OF CERTAIN INTEREST AND DIVIDEND INCOME FROM TAX.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to amounts specifically excluded from gross income) is amended by inserting after section 115 the following:

"SEC. 116. PARTIAL EXCLUSION OF DIVIDENDS AND INTEREST RECEIVED BY INDIVIDUALS.

"(a) EXCLUSION FROM GROSS INCOME.—Gross income does not include the sum of the amounts received during the taxable year by an individual as—

"(1) dividends from domestic corporations, or

"(2) interest.

"(b) LIMITATIONS.—

"(1) MAXIMUM AMOUNT.—The aggregate amount excluded under subsection (a) for any taxable year shall not exceed $200 ($400 in the case of a joint return).

"(2) CERTAIN DIVIDENDS EXCLUDED.—Subsection (a)(1) shall not apply to any dividend from a corporation which, for the taxable year of the corporation in which the distribution is made, or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 (relating to certain charitable, etc., organization) or section 521 (relating to farmers' cooperative associations).

"(c) INTEREST.—For purposes of this section, the term 'interest' means—

"(1) interest on deposits with a bank (as defined in section 581),

"(2) amounts (whether or not designated as interest) paid in respect of deposits, investment certificates, or withdrawable or repurchasable shares, by—

"(A) a mutual savings bank, cooperative bank, domestic building and loan association, industrial loan association or bank, or credit union, or

"(B) any other savings or thrift institution which is chartered and supervised under Federal or State law,

the deposits or accounts in which are insured under Federal or State law or which are protected and guaranteed under State law,

"(3) interest on—

"(A) evidences of indebtedness (including bonds, debentures, notes, and certificates) issued by a domestic corporation in registered form, and

"(B) to the extent provided in regulations prescribed by the Secretary, other evidences of indebtedness issued by a domestic corporation of a type offered by corporations to the public,

"(4) interest on obligations of the United States, a State, or a political subdivision of a State (not excluded from gross income of the taxpayer under any other provision of law), and

"(5) interest attributable to participation shares in a trust established and maintained by a corporation established pursuant to Federal law.

"(d) SPECIAL RULES.—For purposes of this section—

"(1) DISTRIBUTIONS FROM REGULATED INVESTMENT COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—Subsection (a) shall apply with respect to distributions by—

"(A) regulated investment companies to the extent provided in section 854(c), and

"(B) real estate investment trusts to the extent provided in section 857(c).

"(2) Distributions by a trust.—For purposes of subsection (a), the amount of dividends and interest properly allocable to a beneficiary under section 652 or 662 shall be deemed to have been received by the beneficiary ratably on the same date that the dividends and interest were received by the estate or trust.

"(3) Certain nonresident aliens ineligible for exclusion.—In the case of a nonresident alien individual, subsection (a) shall apply only—

"(A) in determining the tax imposed for the taxable year pursuant to section 871(b)(1) and only in respect of dividends and interest which are effectively connected with the conduct of a trade or business within the United States, or

"(B) in determining the tax imposed for the taxable year pursuant to section 877(b)."

(b) Conforming Amendments.—

(1) The table of sections for part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 115 the following:

"Sec. 116. Partial exclusion of dividends and interest received by individuals."

(2) Paragraph (2) of section 265(a) of such Code is amended by inserting before the period at the end the following: ", or to purchase or carry obligations or shares, or to make deposits, to the extent the interest thereon is excludable from gross income under section 116".

(3) Subsection (c) of section 584 of such Code is amended by adding at the end the following new flush sentence:

"The proportionate share of each participant in the amount of dividends or interest received by the common trust fund and to which section 116 applies shall be considered for purposes of such section as having been received by such participant."

(4) Subsection (a) of section 643 of such Code is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following:

"(7) Dividends or interest.—There shall be included the amount of any dividends or interest excluded from gross income pursuant to section 116."

(5) Section 854 of such Code is amended by adding at the end the following:

"(c) Treatment Under Section 116.—

"(1) In general.—For purposes of section 116, in the case of any dividend (other than a dividend described in subsection (a)) received from a regulated investment company which meets the requirements of section 852 for the taxable year in which it paid the dividend—

"(A) the entire amount of such dividend shall be treated as a dividend if the sum of the aggregate dividends and the aggregate interest received by such company during the taxable year equals or exceeds 75 percent of its gross income, or

"(B) if subparagraph (A) does not apply, there shall be taken into account under section 116 only the portion of such dividend which bears the same ratio to the amount of such dividend as the sum of the aggregate dividends received and aggregate interest received bears to gross income.

For purposes of the preceding sentence, gross income and aggregate interest received shall each be reduced by so much of the deduction allowable by section 163 for the taxable year as does not exceed aggregate interest received for the taxable year.

"(2) Notice to shareholders.—The amount of any distribution by a regulated investment company which may be taken into account as a dividend for purposes of the exclusion under section 116 shall not exceed the amount so designated by the company in a written notice to its shareholders mailed not later than 60 days after the close of its taxable year.

"(3) Definitions.—For purposes of this subsection—

"(A) The term 'gross income' does not include gain from the sale or other disposition of stock or securities.

"(B) The term 'aggregate dividends' includes only dividends received from domestic corporations other than dividends described in section 116(b)(2). In determining the amount of any dividend for purposes of this subparagraph, the rules provided in section 116(d)(1) (relating to certain distributions) shall apply.

"(C) The term 'interest' has the meaning given such term by section 116(c)."

(6) Subsection (c) of section 857 of such Code is amended to read as follows:

"(c) Limitations Applicable to Dividends Received From Real Estate Investment Trusts.—

"(1) In general.—For purposes of section 116 (relating to an exclusion for dividends and interest received by individuals) and section 243 (relating to deductions for dividends received by corporations), a dividend received from a real estate investment trust which meets the requirements of this part shall not be considered as a dividend.

"(2) Treatment as interest.—For purposes of section 116, in the case of a dividend (other than a capital gain dividend, as defined in subsection (b)(3)(C)) received from a real estate investment trust which meets the requirements of this part for the taxable year in which it paid the dividend—

"(A) such dividend shall be treated as interest if the aggregate interest received by the real estate investment trust for the taxable year equals or exceeds 75 percent of its gross income, or

"(B) if subparagraph (A) does not apply, the portion of such dividend which bears the same ratio to the amount of such dividend as the aggregate interest received bears to gross income shall be treated as interest.

"(3) Adjustments to gross income and aggregate interest received.—For purposes of paragraph (2)—

"(A) gross income does not include the net capital gain,

"(B) gross income and aggregate interest received shall each be reduced by so much of the deduction allowable by section 163 for the taxable year (other than for interest on mortgages on real property owned by the real estate investment trust) as does not exceed aggregate interest received by the taxable year, and

"(C) gross income shall be reduced by the sum of the taxes imposed by paragraphs (4), (5), and (6) of section 857(b).

"(4) Interest.—The term 'interest' has the meaning given such term by section 116(c).

"(5) Notice to shareholders.—The amount of any distribution by a real estate investment trust which may be taken into account as interest for purposes of the exclusion under section 116 shall not exceed the amount so designated by the trust in a written notice to its shareholders mailed not later than 60 days after the close of its taxable year."

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 14. PHASE-OUT OF ESTATE AND GIFT TAXES THROUGH INCREASE IN UNIFIED ESTATE AND GIFT TAX CREDIT.

(a) Phase-Out.—

(1) In general.—The table in section 2010(c) of the Internal Revenue Code of 1986 (relating to applicable credit amount) is amended to read as follows:

"In the case of estates of decedents dying, and gifts made, during:	**The applicable exclusion amount is:**
2000	$1,000,000
2001	$1,500,000
2002	$2,000,000
2003	$2,500,000
2004	$5,000,000."

(2) Effective date.—The amendment made by this subsection shall apply to the estates of decedents dying, and gifts made, after December 31, 1999.

(b) Repeal of Federal Transfer Taxes.—

(1) In general.—Subtitle B of the Internal Revenue Code of 1986 is repealed.

(2) Effective Date.—The repeal made by this subsection shall apply to the estates of decedents dying, and gifts and generation-skipping transfers made, after December 31, 2004.

(c) Technical and Conforming Changes.—The Secretary of the Treasury or the Secretary's delegate shall not later than 90 days after the effective date of subsection (b), submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a draft of any technical and conforming changes in the Internal Revenue Code of 1986 which are necessary to reflect throughout such Code the changes in the substantive provisions of law made by this Act.

SEC. 15. ELIMINATION OF EARNINGS TEST FOR INDIVIDUALS WHO HAVE ATTAINED RETIREMENT AGE.

(a) In General.—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(1) in subsection (c)(1), by striking "the age of seventy" and inserting "retirement age (as defined in section 216(l))";

(2) in paragraphs (1)(A) and (2) of subsection (d), by striking "the age of seventy" each place it appears and inserting "retirement age (as defined in section 216(l))";

(3) in subsection (f)(1)(B), by striking "was age seventy or over" and inserting "was at or above retirement age (as defined in section 216(l))";

(4) in subsection (f)(3)—

(A) by striking "33⅓ percent" and all that follows through "any other individual," and inserting "50 percent of such individual's earnings for such year in excess of the product of the exempt amount as determined under paragraph (8),"; and

(B) by striking "age 70" and inserting "retirement age (as defined in section 216(l))";

(5) in subsection (h)(1)(A), by striking "age 70" each place it appears and inserting "retirement age (as defined in section 216(l))"; and

(6) in subsection (j)—

(A) in the heading, by striking "Age Seventy" and inserting "Retirement Age"; and

(B) by striking "seventy years of age" and inserting "having attained retirement age (as defined in section 216(l))".

(b) Conforming Amendments Eliminating the Special Exempt Amount for Individuals Who Have Attained Retirement Age.—

(1) Uniform exempt amount.—Section 203(f)(8)(A) of the Social Security Act (42 U.S.C. 403(f)(8)(A)) is amended by striking "the new exempt amounts (separately stated

for individuals described in subparagraph (D) and for other individuals) which are to be applicable" and inserting "a new exempt amount which shall be applicable".

(2) Conforming amendments.—Section 203(f)(8)(B) of the Social Security Act (42 U.S.C. 403(f)(8)(B)) is amended—

(A) in the matter preceding clause (i), by striking "Except" and all that follows through "whichever" and inserting "The exempt amount which is applicable for each month of a particular taxable year shall be whichever";

(B) in clauses (i) and (ii), by striking "corresponding" each place it appears; and

(C) in the last sentence, by striking "an exempt amount" and inserting "the exempt amount".

(3) Repeal of basis for computation of special exempt amount.—Section 203(f)(8)(D) of the Social Security Act (42 U.S.C. (f)(8)(D)) is repealed.

(c) Additional Conforming Amendments.—

(1) Elimination of redundant references to retirement age.—Section 203 of the Social Security Act (42 U.S.C. 403) is amended—

(A) in subsection (c), in the last sentence, by striking "nor shall any deduction" and all that follows and inserting "nor shall any deduction be made under this subsection from any widow's or widower's insurance benefit if the widow, surviving divorced wife, widower, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60."; and

(B) in subsection (f)(1), by striking clause (D) and inserting the following: "(D) for which such individual is entitled to widow's or widower's insurance benefits if such individual became so entitled prior to attaining age 60,".

(2) Conforming amendment to provisions for determining amount of increase on account of delayed retirement.—Section 202(w)(2)(B)(ii) of the Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is amended—

(A) by striking "either"; and

(B) by striking "or suffered deductions under section 203(b) or 203(c) in amounts equal to the amount of such benefit".

(3) Provisions relating to earnings taken into account in determining substantial gainful activity of blind individuals.—The second sentence of section 223(d)(4) of such Act (42 U.S.C. 423(d)(4)) is amended by striking "if section 102 of the Senior Citizens' Right to Work Act of 1996 had not been enacted" and inserting the following: "if the amendments to section 203 made by section 102 of the Senior Citizens' Right to Work Act of 1996 and by section 106 of the Middle Class Tax Relief Act of 1999 had not been enacted".

(d) Effective Date.—The amendments and repeals made by this section shall apply with respect to taxable years ending after December 31, 1998.

TITLE II—OFFSETS

Subtitle A—Tax Loophole Closures

SEC. 31. INCLUSION IN GROSS INCOME OF CONTRIBUTIONS IN AID OF CONSTRUCTION.

(a) In General.—Section 118 of the Internal Revenue Code of 1986 (relating to contributions to the capital of a corporation) is amended by striking subsections (c) and (d) and by redesignating subsection (e) as subsection (c).

(b) Conforming Amendment.—Section 118(b) of the Internal Revenue Code of 1986 is amended by striking "except as provided in subsection (c),".

(c) Effective Date.—The amendments made by this section shall apply to amounts received after December 31, 1999, in taxable years ending after such date.

SEC. 32. ELIMINATION OF NONEXCLUSION OF DISCHARGE OF FARM DEBT INCOME.

(a) In General.—Section 108(a)(1) of the Internal Revenue Code of 1986 (relating to exclusion from gross income) is amended by adding "or" at the end of subparagraph (B), by striking subparagraph (C), and by redesignating subparagraph (D) as subparagraph (C).

(b) Conforming Amendments.—

(1) Section 108(a)(2) of the Internal Revenue Code of 1986 is amended by striking "Subparagraphs (B), (C), and (D)" and inserting "Subparagraphs (B) and (C)".

(2) Section 108(a)(2)(B) of such Code is amended to read as follows:

"(B) Insolvency exclusion takes precedence over qualified real property business exclusion.—Subparagraph (C) of paragraph (1) shall not apply to a discharge to the extent the taxpayer is insolvent."

(3) Section 108(b)(1) of such Code is amended by striking "(A), (B), or (C)" and inserting "(A) or (B)".

(4) Paragraphs (1)(A), (2)(A), and (2)(B) of section 108(c) of such Code are each amended by striking "(D)" and inserting "(C)".

(5) Section 108(c)(3) of such Code is amended by striking the second sentence.

(6) Section 108(d)(7)(B), of such Code is amended by striking "subsection (a)(1)(D)" and inserting "subsection (a)(1)(C)".

(7) Section 108 of such Code is amended by striking subsection (g).

(8) Section 1017(b) of such Code is amended by striking paragraph (4).

(c) Effective Date.—The amendments made by this section shall apply to discharges after December 31, 1999.

SEC. 33. ELIMINATION OF U.S. POSSESSIONS TAX CREDIT.

(a) Section 936.—

(1) Section 936(j)(2)(A) of the Internal Revenue Code of 1986 is amended by striking "2002" and inserting "2000".

(2) Section 936(j)(3)(A)(i) of such Code is amended by striking "2006" and inserting "2000".

(3) Section 936(j)(8)(A) of such Code is amended by striking "2006" and inserting "2000".

(b) Section 30A.—

(1) Section 30A(g) of such Code is amended by striking "2006" and inserting "2000".

(2) Section 30A(a)(1) of such Code is amended by striking the last sentence.

SEC. 34. ELIMINATION OF TAX INCENTIVES RELATING TO MERCHANT MARINE CAPITAL CONSTRUCTION FUNDS.

Section 7518 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"(j) Termination.—This section shall not apply to taxable years beginning after December 31, 1999."

SEC. 35. SOURCE RULES FOR INVENTORY PROPERTY.

(a) In General.—Section 863(b) of the Internal Revenue Code of 1986 (relating to income partly from within and partly from without United States) is amended by adding at the end the following new paragraph:

"(2) Certain sales for use in United States.—If—

"(A) a United States resident sells (directly or indirectly) inventory property to another United States resident for use, consumption, or disposition in the United States, and

"(B) such sale is not attributable to an office or other fixed place of business maintained by the seller outside the United States,

any income of such United States resident (or any related person) from such sale shall be sourced in the United States."

(b) Conforming Amendments.—Section 863(b) of the Internal Revenue Code of 1986 is amended—

(1) by striking "In the case of" and inserting:

"(1) In general.—In the case of", and

(2) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively.

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 36. PHASEOUT OF OIL, GAS, AND MINERALS EXPENSING OF DRILLING EXPLORATION AND DEVELOPMENT COSTS.

(a) Oil and Gas and Mining Development Costs.—Sections 263(c) and 616(a) of the Internal Revenue Code of 1986 are each amended by adding at the end the following new sentence: "This subsection shall not apply to the applicable percentage of costs incurred in taxable years beginning after December 31, 1999. For purposes of the preceding sentence, the applicable percentage for any taxable year shall be determined in accordance with the following table:

"In the case of any taxable year beginning in—	The applicable percentage is—
2000	20
2001	40
2002	60
2003	80
After 2003	100."

(b) Mining Exploration Costs.—Section 617(a)(1) of the Internal Revenue Code of 1986 is amended by adding at the end the following new sentence: "This paragraph shall not apply to the applicable percentage of costs incurred in taxable years beginning after December 31, 1999. For purposes of the preceding sentence, the applicable percentage for any taxable year shall be determined in accordance with the following table:

"In the case of any taxable year beginning in—	The applicable percentage is—
2000	20
2001	40
2002	60
2003	80
After 2003	100."

SEC. 37. SUNSET OF ALCOHOL FUELS INCENTIVES.

(a) In General.—The following provisions of the Internal Revenue Code of 1986 are each repealed:

(1) Section 40 (relating to alcohol used as fuel).

(2) Section 4041(b)(2) (relating to qualified methanol and ethanol).

(3) Section 4041(k) (relating to fuels containing alcohol).

(4) Section 4081(c) (relating to taxable fuels mixed with alcohol).

(5) Section 4091(c) (relating to reduced rate of tax for aviation fuel in alcohol mixture, etc.).

(6) Section 6427(f) (relating to gasoline, diesel fuel, kerosene, and aviation fuel used to produce certain alcohol fuels).

(7) The headings 9901.00.50 and 9901.00.52 of the Harmonized Tariff Schedule of the United States (19 U.S.C. 3007).

(b) Effective Date.—The repeals made by subsection (a) shall take effect on October 1, 1999.

SEC. 38. REPEAL OF ENHANCED OIL RECOVERY CREDIT.

Section 43 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"(f) TERMINATION.—In the case of taxable years beginning after December 31, 1999, the enhanced oil recovery credit is zero.".

SEC. 39. REPEAL OF UNLIMITED PASSIVE LOSS DEDUCTIONS FOR OIL AND GAS PROPERTIES.

Section 469(c)(3) of the Internal Revenue Code of 1986 (relating to working interests in oil and gas property) is amended by adding at the end the following:

"(C) TERMINATION.—This paragraph shall not apply with respect to any taxable year beginning after December 31, 1999."

SEC. 40. UNIFORM DEPRECIATION TREATMENT OF RENTAL PROPERTY.

(a) IN GENERAL.—The table in section 168(c) is amended by striking "27.5 years" and inserting "39 years".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 1999.

SEC. 41. ELIMINATION EXPENSING OF CERTAIN TIMBER PRODUCTION COSTS.

(a) IN GENERAL.—Section 263A(c) of the Internal Revenue Code of 1986 (relating to general exceptions) is amended by striking paragraph (5) and by redesignating paragraph (6) as paragraph (5).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 42. EXCISE TAX ON EXCLUDABLE NON-RETIREMENT FRINGE BENEFITS.

(a) IN GENERAL.—Subtitle D of the Internal Revenue Code of 1986 (relating to miscellaneous excise taxes) is amended by adding at the end the following:

"CHAPTER 48—EXCLUDABLE NON-RETIREMENT FRINGE BENEFITS

"Sec. 5000A. Tax on excludable non-retirement fringe benefits.

"SEC. 5000A. TAX ON EXCLUDABLE NON-RETIREMENT FRINGE BENEFITS.

"(a) IMPOSITION OF TAX.—There is hereby imposed on any person who provides excludable non-retirement fringe benefits to such person's employees, retired employees, or former employees a tax equal to percent of the amount of benefits.

"(b) EXCLUDABLE NON-RETIREMENT FRINGE BENEFITS.—For purposes of this section, the term 'excludable non-retirement fringe benefits' means any benefit (other than a pension benefit) otherwise excludable from gross income of any employee under any provision of this title."

(b) CONFORMING AMENDMENT.—The table of chapters for subtitle D of the Internal Revenue Code of 1986 is amended by adding at the end the following:

"CHAPTER 48. Excludable non-retirement fringe benefits."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits paid or incurred after December 31, 1999, in taxable years ending after such date.

SEC. 43. TRANSFER PRICING.

(a) AUTHORITY OF SECRETARY WHEN LEGAL LIMITS ON TRANSFER BY TAXPAYER.—Section 482 (relating to allocation of income and deductions among taxpayers) is amended by adding at the end the following: "The authority of the Secretary under this section shall not be limited by any restriction (by any law or agreement) on the ability of such interests, organizations, trades, or businesses to transfer or receive money or other property."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 44. DISALLOWANCE OF DEDUCTION FOR ADVERTISING AND PROMOTION EXPENDITURES.

(a) IN GENERAL.—Part IX of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items not deductible) is amended by adding at the end the following:

"SEC. 280I. ADVERTISING AND PROMOTION EXPENDITURES.

No deduction otherwise allowable under this chapter shall be allowed for any amount paid or incurred to advertise or promote (by means of television, radio, other electronic media, newspaper or other periodical, billboard, or any other means)."

(b) CONFORMING AMENDMENT.—The table of sections for part IX of subchapter B of chapter 1 of such Code is amended by adding at the end the following:

"Sec. 280I. Advertising and promotion expenditures."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 1999.

SEC. 45. ELIMINATION OF PRIVATE-PURPOSE TAX-EXEMPT BONDS.

Section 141(e) of the Internal Revenue Code of 1986 (defining qualified bond) is amended by striking "and" at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting ", and", and by adding at the end the following:

"(4) ISSUANCE DATE.—Such bond is issued before January 1, 2000."

Subtitle B—Spending Cuts

CHAPTER 1—GENERAL PROVISIONS

SEC. 61. ELIMINATION OF FREE USE OF GOVERNMENT OWNED TAKEOFF AND LANDING SLOTS.

(a) DEFINITIONS.—In this section:

(1) AIR CARRIER.—The term "air carrier" has the meaning given that term in section 40102(a)(2) of title 49, United States Code.

(2) HIGH DENSITY AIRPORT.—The term "high density airport" has the meaning given that term in section 41714(h)(2) of title 49, United States Code.

(3) SECRETARY.—The term "Secretary" means the Secretary of Transportation.

(4) SLOT.—The term "slot" has the meaning given that term in section 41714(h)(4) of title 49, United States Code.

(5) SLOT EXEMPTION.—The term "slot exemption" means an exemption to the requirements of subparts K and S of part 93 of title 14, United States Code, that permits an air carrier to conduct a takeoff or landing from an airport without holding a slot.

(b) FEES.—The Secretary shall establish a fee schedule and assess fees for each slot held by, or slot exemption granted to, an air carrier at a high density airport. The amount of each such fee shall be the fair market value of the slot or slot exemption involved.

SEC. 62. ELIMINATION OF FOREIGN MARKET DEVELOPMENT PROGRAM.

Title VII of the Agricultural Trade Act of 1978 (7 U.S.C. 5721 et seq.) is repealed.

SEC. 63. ELIMINATION OF HIGHWAY DEMONSTRATION PROJECTS.

(a) HIGH PRIORITY PROJECTS PROGRAM.—Section 117 of title 23, United States Code, is repealed.

(b) PROJECTS.—Subtitle F of title I of the Transportation Equity Act for the 21st Century (112 Stat. 255) is repealed.

(c) FUNDING.—Section 1101(a) of the Transportation Equity Act for the 21st Century (112 Stat. 111) is amended by striking paragraph (13).

(d) CONFORMING AMENDMENTS.—

(1) The analysis for chapter 1 of title 23, United States Code, is amended by striking the item relating to section 117 of title 23, United States Code.

(2) Section 105 of title 23, United States Code, is amended—

(A) in the first sentence of subsection (a), by striking "high priority projects,"; and

(B) in subsection (c)(1), by striking "high priority projects," each place it appears.

(3) Section 145(b) of title 23, United States Code, is amended—

(A) by striking "section 1602 of the Transportation Equity Act for the 21st Century,";

(B) by striking "seq.)," and inserting "seq.)";

(C) by striking "section 1101(a)(13) of the Transportation Equity Act for the 21st Century, 117 of title 23, United States Code,"; and

(D) by striking "1991," and inserting "1991".

(4) Section 1102(c)(4) of the Transportation Equity Act for the 21st Century (112 Stat. 116) is amended by striking "section 117 of title 23, United States Code (relating to high priority projects program),".

(5) Section 1212 of the Transportation Equity Act for the 21st Century is amended by striking subsections (g) and (h) (112 Stat. 196, 840).

(6) Section 1217(j) of the Transportation Equity Act for the 21st Century (112 Stat. 216, 841) is amended by striking the second sentence.

(7) Section 5118 of the Transportation Equity Act for the 21st Century (112 Stat. 452) is amended—

(A) by striking subsection (b); and

(B) by redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

SEC. 64. ELIMINATION OF FEDERAL SUBSIDIES FOR AMTRAK.

(a) IN GENERAL.—Notwithstanding any other provision of law, including section 24104 of title 49, United States Code, beginning with fiscal year 2000, the Secretary of Transportation may not use any funds for the benefit of Amtrak for—

(1) capital expenditures, operating expenses, or payments (including direct grants); or

(2) loan guarantees.

(b) CONFORMING AMENDMENTS.—

(1) Section 24104(a) of title 49, United States Code, is amended—

(A) in paragraph (1), by adding "and" at the end;

(B) in paragraph (2), by striking the semicolon and adding a period;

(C) by striking paragraphs (3) through (5); and

(D) in the matter following paragraph (2), by striking the last sentence.

(2) Section 24909(a) of title 49, United States Code, is amended—

(A) in paragraph (1), by striking "Not more" and inserting "Except as provided in paragraph (3), not more";

(B) in paragraph (2), by striking "Not more" and inserting "Except as provided in paragraph (3), not more"; and

(C) by adding at the end the following:

"(3) Beginning with fiscal year 2000, no funds shall be appropriated to Amtrak under this section.

(3) Section 26104 of title 49, United States Code, is amended by adding at the end the following:

"(f) PROHIBITION.—Beginning with fiscal year 2000, the Secretary may not use any amounts made available under this section to provide assistance to Amtrak.".

SEC. 65. ELIMINATION OF FUNDING TO COMPLETE APPALACHIAN DEVELOPMENT HIGHWAY SYSTEM.

(a) Program.—Section 1117 of the Transportation Equity Act for the 21st Century (112 Stat. 160) is amended—

(1) by striking subsections (a) and (b); and

(2) by redesignating subsections (c) and (d) as subsections (a) and (b), respectively.

(b) Funding.—Section 1101(a) of the Transportation Equity Act for the 21st Century (112 Stat. 111) is amended by striking paragraph (6).

(c) Conforming Amendments.—

(1) Section 104(a)(1) of title 23, United States Code, is amended—

(A) by inserting "or" after "section 105,";

(B) by striking "or the Appalachian development highway system program under section 201 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App.),";

(C) by striking "necessary" and all that follows through "(A) to" and inserting "necessary to"; and

(D) by striking "chapter 2" and all that follows and inserting "chapter 2.".

(2) Section 105 of title 23, United States Code, is amended—

(A) in the first sentence of subsection (a), by striking "Appalachian development highway system,"; and

(B) in subsection (c)(1), by striking "Appalachian development highway system," each place it appears.

(3) Section 1102(c) of the Transportation Equity Act for the 21st Century (112 Stat. 116) is amended—

(A) in paragraph (4), by striking "section 201 of the Appalachian Regional Development Act of 1965,"; and

(B) in paragraph (6), by striking ", and the Appalachian development highway system program".

SEC. 66. ELIMINATION OF ADVANCED TECHNOLOGY PROGRAM.

(a) In General.—

(1) Repeal.—Section 28 of the National Institute of Standards and Technology Act (15 U.S.C. 278n) is repealed, effective October 1, 1999.

(2) Moratorium.—Beginning on the date of enactment of this section, neither the Secretary of Commerce or the Director of the National Institute of Standards and Technology may enter into any contract or agreement under section 28(b) of the National Institute of Standards and Technology Act (15 U.S.C. 278n) or otherwise initiate any activity or joint venture under the Advanced Technology Program.

(b) Contracts and Cooperative Agreements.—Beginning on October 1, 1999, any contract or cooperative agreement entered into under section 28(b) of the National Institute of Standards and Technology Act (15 U.S 278n(b)) shall be null and void. To the extent necessary to carry out this subsection, the Secretary of Commerce, from funds otherwise available to carry out the Advanced Technology Program, shall provide compensation to a party to such a contract or agreement.

SEC. 67. ELIMINATION OF NASA'S EARTH SCIENCE PROGRAM.

The Earth Science Program of the National Aeronautics and Space Administration is terminated, effective October 1, 1999. The Administrator of the National Areonautics and Space Administration shall take such action as may be necessary to carry out this section.

SEC. 68. ELIMINATION OF MARKET ACCESS PROGRAM.

(a) In General.—Section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) is repealed.

(b) Conforming Amendments.—

(1) Section 211 of the Agricultural Trade Act of 1978 (7 U.S.C. 5641) is amended by striking subsection (c).

(2) Section 402(a)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5662(a)(1)) is amended by striking "203,".

(3) Section 1302 of the Omnibus Budget Reconciliation Act of 1993 (7 U.S.C. 5623 note; Public Law 103–66) is repealed.

SEC. 69. ELIMINATION OF BELOW-COST SALES OF TIMBER FROM NATIONAL FOREST SYSTEM LANDS.

The National Forest Management Act of 1976 is amended by inserting after section 14 (16 U.S.C. 472a) the following:

"SEC. 14A. ELIMINATION OF BELOW-COST TIMBER SALES FROM NATIONAL FOREST SYSTEM LANDS.

"(a) Definition of Below-Cost Timber Sale.—In this section, the term 'below-cost timber sale' means a sale of timber in which the costs to be incurred by the Federal Government exceed the cash returns to the United States Treasury.

"(b) Requirement That Sale Revenues Exceed Costs.—Effective beginning October 1, 2003, in appraising timber and setting a minimum bid for trees, portions of trees, or forest products located on National Forest System land that are proposed for sale under section 14 or any other provision of law, the Secretary of Agriculture shall ensure that the estimated cash returns to the United States Treasury from each sale equal or exceed the estimated costs to be incurred by the Federal Government in the preparation of the sale or as a result of the sale.

"(c) Costs To Be Considered.—For purposes of estimating under this section the costs to be incurred by the Federal Government from each timber sale, the Secretary shall assign to the sale the following costs:

"(1) The actual appropriated expenses for sale preparation and harvest administration incurred or to be incurred by the Federal Government from the sale and the payments to counties to be made as a result of the sale.

"(2) A portion of the annual timber resource planning costs, silvicultural examination costs, other resource support costs, road design and construction costs, road maintenance costs, transportation planning costs, appropriated reforestation costs, timber stand improvement costs, forest genetics research costs, general administrative costs (including administrative costs of the national and regional offices of the Forest Service), and facilities construction costs of the Federal Government directly or indirectly related to the timber harvest program conducted on National Forest System land.

"(d) Method of Allocating Costs.—The Secretary shall allocate the costs referred to in subsection (c)(2) to each unit of the National Forest System, and each proposed timber sale in the unit, on the basis of harvest volume.

"(e) Transitional Requirements.—To ensure the elimination of all below-cost timber sales by the date specified in subsection (b), the Secretary shall progressively reduce the number and size of below-cost timber sales on National Forest System land as follows:

"(1) In fiscal year 2000, the quantity of timber sold in below-cost timber sales on National Forest System land shall not exceed 75 percent of the quantity of timber sold in such sales in the preceding fiscal year.

"(2) In fiscal year 2001, the quantity of timber sold in below-cost timber sales on National Forest System land shall not exceed 65 percent of the quantity of timber sold in such sales in fiscal year 2000.

"(3) In fiscal year 2002, the quantity of timber sold in below-cost timber sales on National Forest System land shall not exceed 50 percent of the quantity of timber sold in such sales in fiscal year 2001.".

SEC. 70. PROHIBITION ON CERTAIN RESEARCH FUNCTIONS OF DEPARTMENT OF ENERGY.

Section 209 of the Department of Energy Organization Act (42 U.S.C. 7139) is amended by adding at the end the following:

"(c) Prohibition on Certain Research Functions.—Notwithstanding any other provision of law, the Secretary and each other officer, employee, and office and agency of the Department shall not carry out or support any—

"(1) general science research; or

"(2) applied research and development activity.".

SEC. 71. OFFSET FEE FOR THE FEDERAL CAPITAL COSTS SAVINGS PROVIDED TO THE FNMA AND FHLMC.

(a) In General.—Notwithstanding any other provision of law and on January 1 of each year, the Secretary of the Treasury shall assess and collect from the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation (each referred to in this section as an "enterprise") an annual fee to be deposited in the General Fund of the Treasury that represents the savings in capital costs derived by each enterprise from Federal affiliation in the preceding year calculated as provided in subsection (b).

(b) Fee calculation.—The Secretary of the Treasury shall calculate a fee equal to an amount equal to 20 basis points on the average debt outstanding of the enterprise at the end of the preceding year.

(c) Effective Date.—This section shall take effect on January 1, 2000 with respect to calendar year 1999.

SEC. 72. ENHANCED COMPETITION WITH THE PRIVATE SECTOR REGARDING MILITARY FAMILY HOUSING.

(a) Payment of BAH to Members With Dependents Assigned to Quarters.—Notwithstanding section 403 of title 37, United States Code, or any other provision of law, each member of the Armed Forces with dependents who is entitled to a basic allowance for housing under that section shall be paid the basic allowance for housing to which such member is entitled, without regard to whether such member is assigned to quarters of the United States or a housing facility under the jurisdiction of a military department.

(b) Payment for Quarters by Members With Dependents Assigned to Quarters.—(1) Except as provided in paragraph (2), a member of the Armed Forces described in subsection (a) who is assigned to quarters of the United States or a housing facility under the jurisdiction of a military department shall pay to the Secretary concerned an amount of rent for such quarters or facility determined by such Secretary under subsection (c).

(2) Paragraph (1) shall not apply in the case of any member referred to in that paragraph who resides in quarters or a housing facility for reasons of military necessity (as determined by the Secretary concerned).

(c) Determination of Rental Amounts.—(1) During the period beginning on January 1, 2001, and ending on December 31, 2002, the rental amount for quarters of the United States, or a housing facility under the jurisdiction of a military department, in existence on the date of the enactment of this Act shall be the amount (as determined by the Secretary concerned) necessary to ensure that such quarters or facility is fully occupied without any waiting list for occupancy of such quarters or facility.

(2) After December 31, 2002, the rental amount of any quarters or housing facility shall be the amount (as determined by the Secretary concerned) equal to the amount necessary—

(A) to cover the costs of operation and maintenance of such quarters or facility; and

(B) to provide for the amortization of any capital costs associated with the construction of such quarters or facility.

(3) The Secretary concerned may establish rental amounts for quarters or facilities of a historic or unique character that differ from the rental amounts that would otherwise be established for such quarters or facilities under this subsection if the Secretary concerned that such differing amounts are required for purposes of preserving or maintaining the character of such quarters or facilities.

(d) Use of Rental Amounts Paid.—Amounts paid for quarters or facilities under subsection (c) shall be the only amounts available to the Secretary concerned—

(1) in the case of quarters or facilities covered by paragraph (1) of subsection (c), for purposes of defraying the costs of such Secretary in operating and maintaining the quarters or facilities; or

(2) in the case of quarters or facilities covered by paragraph (2) of subsection (c), for purposes of—

(A) covering the costs of operation and maintenance of the quarters or facilities; and

(B) providing for the amortization of any capital costs associated with the construction of the quarters or facilities.

CHAPTER 2—ABOLISHMENT OF DEPARTMENT OF COMMERCE

SEC. 81. SHORT TITLE.

This chapter may be cited as the "Department of Commerce Dismantling Act".

Subchapter A—Abolishment of Department of Commerce

SEC. 101. DEFINITIONS.

For purposes of this chapter, the following definitions apply:

(1) Department.—The term "Department" means the Department of Commerce.

(2) Director.—The term "Director" means the Director of the Office of Management and Budget.

(3) Office.—The term "Office" means the Office of Management and Budget.

SEC. 102. ABOLISHMENT OF DEPARTMENT OF COMMERCE.

(a) Abolishment of Department.—Effective on the applicable date specified in subsection (c), the Department of Commerce is abolished.

(b) Transfer of Department Functions to Office of Management and Budget.—Except as otherwise provided in this chapter, all functions that on the day before the applicable date specified in subsection (c) are authorized to be performed by the Secretary of Commerce, any other officer or employee of the Department acting in that capacity, or any agency or office of the Department, are transferred to the Director effective on that date.

(c) Abolishment Date.—The date of abolishment of the Department is the earlier of—

(1) the last day of the 6-month period beginning on the date of enactment of this chapter; or

(2) September 30, 1999.

SEC. 103. RESOLUTION AND TERMINATION OF DEPARTMENT FUNCTIONS.

(a) Resolution of Functions.—During the period beginning on the date of enactment of this chapter and ending on the date specified in subsection (c)—

(1) the disposition and resolution of functions of the Department shall be completed in accordance with this chapter; and

(2) the Director shall resolve all functions that are transferred to the Director under section 102(b) and are not otherwise continued under this chapter.

(b) Termination of Functions.—All functions that are transferred to the Director under section 102(b) that are not otherwise continued by this chapter shall terminate on the date specified in subsection (c).

(c) Functions Termination Date.—The date of termination of functions referred to in subsections (a) and (b) is the last day of the 3-year period beginning on the date of enactment of this chapter.

SEC. 104. RESPONSIBILITIES OF THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET.

(a) In General.—The Director shall be responsible for the implementation of this title, including—

(1) the administration, during the period specified in section 103(c), of all functions transferred to the Director under section 102(b);

(2) the administration, during the period specified in section 103(a), of any outstanding obligations of the Federal Government under any programs terminated by this chapter; and

(3) taking any other action that may be necessary to complete any outstanding affairs of the Department before the end of the period specified in section 103(a).

(b) Delegation of Functions.—

(1) In general.—Except as provided in paragraph (2), the Director may, to the extent that the Director determines that such delegation is appropriate to carry out this title, delegate to any officer of the Office or to any other Federal department or agency head the performance of the functions of the Director under this title.

(2) Exception.—The Director may not delegate the planning and reporting responsibilities under section 106.

(c) Transfer of Assets and Personnel.—In connection with any delegation of functions under subsection (b), the Director may transfer, within the Office or to the department or agency concerned, such assets, funds, personnel, records, and other property relating to the delegated function as the Director determines to be appropriate.

(d) Authorities of the Director.—For purposes of performing the functions of the Director under this title, the Director may—

(1) enter into contracts;

(2) employ experts and consultants in accordance with section 3109 of title 5, United States Code, at rates for individuals not to exceed the per diem rate equivalent to the rate for level IV of the Executive Schedule; and

(3) utilize, on a reimbursable basis, the services, facilities, and personnel of other Federal agencies.

SEC. 105. PERSONNEL.

Effective on the date specified in section 102(c), there is transferred to the Office any individual who—

(1) on the day before that date, was an officer or employee of the Department; and

(2) in the capacity as an officer or employee of the Department, performed functions that are transferred to the Director under section 102(b).

SEC. 106. PLANS AND REPORTS.

(a) Initial Implementation Plan.—

(1) In general.—Not later than 90 days after the date of enactment of this chapter, the Director shall submit a report to Congress and the President that specifies actions that have been taken and actions that have not been taken but are necessary—

(A) to resolve the programs and functions terminated in this chapter on the date of enactment of this chapter; and

(B) to implement the additional transfers and other program dispositions provided for in this chapter.

(2) Contents.—The report in paragraph (1) shall include—

(A) recommendations for any legislation necessary for the implementation of the abolishments, transfers, terminations, and other dispositions of programs and functions under this chapter; and

(B) a description of actions planned and taken to comply with limitations imposed by this chapter on spending for continued functions.

(b) Annual Status Reports.—At the end of the first full fiscal year following the date of enactment of this chapter and at the end of each of the 2 following fiscal years, the Director shall submit a report, through the President, to Congress that—

(1) specifies the status and progress of actions taken to implement this chapter and to wind up the affairs of the Department of Commerce by the functions termination date specified in section 103(c);

(2) includes any recommendations for legislation that the Director considers appropriate; and

(3) describes actions taken to comply with limitations imposed by this chapter on spending for continued functions.

(c) GAO Reports.—Not later than 60 days after the issuance of a report under subsection (a) or (b), the Comptroller General of the United States shall submit to Congress a report that—

(1) evaluates the report; and

(2) includes any recommendations the Comptroller General considers appropriate.

SEC. 107. GENERAL ACCOUNTING OFFICE -AUDIT AND ACCESS TO RECORDS.

(a) Audit of Persons Performing Functions Pursuant to This Chapter.—All agencies, corporations, organizations, and other persons of any description that, under the authority of the United States, perform any function or activity covered under this chapter shall be subject to an audit by the Comptroller General of the United States with respect to that function or activity.

(b) Audit of Persons Providing Certain Goods or Services.—All persons and organizations that, by contract, grant, or otherwise, provide goods or services to, or receive financial assistance from, any agency or other person performing functions or activities covered under this chapter shall be subject to an audit by the Comptroller General of the United States with respect to the provision of such goods or services or the receipt of such financial assistance.

(c) Provisions Applicable to Audits Under This Section.—

(1) Nature and scope of audit.—The Comptroller General of the United States shall determine the nature, scope, terms, and conditions of audits conducted under this section.

(2) Coordination with other provisions of law.—The authority of the Comptroller General of the United States under this section shall be in addition to any audit authority available to the Comptroller General under any other provision of law (including any other provision of this chapter).

(3) Rights of access, examination, and copying.—The Comptroller General of the

United States, and any duly authorized representative of the Comptroller General, shall have access to, and the right to examine and copy, all records and other recorded information in any form, and to examine any property within the possession or control of any agency or person that—

(A) is subject to audit under this section; and

(B) the Comptroller General considers relevant to an audit conducted under this section.

(4) Enforcement of Right of Access.—The right of access of the Comptroller General of the United States to information under this section shall be enforceable under section 716 of title 31, United States Code.

(5) Maintenance of Confidential Records.—Section 716(e) of title 31, United States Code, shall apply to information obtained by the Comptroller General under this section.

SEC. 108. CONFORMING AMENDMENTS.

(a) Presidential Succession.—Section 19(d)(1) of title 3, United States Code, is amended by striking "Secretary of Commerce,".

(b) Executive Departments.—Section 101 of title 5, United States Code, is amended by striking the following item:

"The Department of Commerce.".

(c) Secretary's Compensation.—Section 5312 of title 5, United States Code, is amended by striking the following item:

"Secretary of Commerce.".

(d) Compensation for Positions at Level III.—Section 5314 of title 5, United States Code, is amended—

(1) by striking the following item:

"Under Secretary of Commerce, Under Secretary of Commerce for Economic Affairs, Under Secretary of Commerce for Export Administration and Under Secretary of Commerce for Travel and Tourism.";

(2) by striking the following item:

"Under Secretary of Commerce for Oceans and Atmosphere, the incumbent of which also serves as Administrator of the National Oceanic and Atmospheric Administration."; and

(3) by striking the following item:

"Under Secretary of Commerce for Technology.".

(e) Compensation for Positions at Level IV.—Section 5315 of title 5, United States Code, is amended—

(1) by striking the following item:

"Assistant Secretaries of Commerce (11).";

(2) by striking the following item:

"General Counsel of the Department of Commerce.";

(3) by striking the following item:

"Assistant Secretary of Commerce for Oceans and Atmosphere, the incumbent of which also serves as Deputy Administrator of the National Oceanic and Atmospheric Administration.";

(4) by striking the following item:

"Director, National Institute of Standards and Technology, Department of Commerce.";

(5) by striking the following item:

"Inspector General, Department of Commerce.";

(6) by striking the following item:

"Chief Financial Officer, Department of Commerce.";

(7) by striking the item relating to the Director of the Bureau of the Census and inserting "Director of the Census, Federal Statistical Service"; and

(8) by striking the following item:

"Chief Information Officer, Department of Commerce.".

(f) Compensation for Positions at Level V.—Section 5316 of title 5, United States Code, is amended—

(1) by striking the following item:

"Director, United States Travel Service, Department of Commerce."; and

(2) by striking the following item:

"National Export Expansion Coordinator, Department of Commerce.".

(g) Inspector General Act of 1978.—The Inspector General Act of 1978 (5 U.S.C. App.) is amended—

(1) in section 9(a)(1)—

(A) by striking subparagraph (B); and

(B) by redesignating subparagraphs (C) through (W) as subparagraphs (B) through (V), respectively;

(2) in section 11(1), by striking "Commerce,"; and

(3) in section 11(2), by striking "Commerce,".

(h) Effective Date.—The amendments made by this section shall be effective on the applicable date specified in section 102(c).

SEC. 109. PRIVATIZATION FRAMEWORK.

(a) In General.—

(1) Privatization.—Not later than 18 months after a function designated for privatization under title II is transferred to the Office, the Director shall privatize that function. The Director shall pursue such forms of privatization arrangements as the Director considers appropriate to best serve the interests of the United States.

(2) Report.—If, by the date specified in paragraph (1), the Director is unable to privatize a function, the Director shall submit a report that states that inability to Congress, together with recommendations concerning the appropriate disposition of the function involved and the assets of the function.

(b) Role of the Federal Government.—No privatization arrangement made under subsection (a) shall include any role for, or accountability to, the Federal Government unless the role or accountability is necessary to ensure the continued accomplishment of a specific Federal objective. The Federal role should be the minimum role necessary to accomplish Federal objectives.

(c) Assets.—In privatizing a function, the Director shall take any action necessary—

(1) to preserve the value of the assets of a function during the period during which the Office holds such assets; and

(2) to continue the performance of the function to the extent necessary—

(A) to preserve the value of the assets; or

(B) to accomplish core Federal objectives (as that term is defined by the Director).

SEC. 110. PRIORITY PLACEMENT PROGRAMS FOR FEDERAL EMPLOYEES AFFECTED BY A REDUCTION IN FORCE ATTRIBUTABLE TO THIS CHAPTER.

(a) In General.—Subchapter I of chapter 33 of title 5, United States Code, is amended by inserting after section 3329 the following:

"§ 3329a. Priority placement programs for employees affected by a reduction in force attributable to the Department of Commerce Dismantling Act

"(a)(1) For the purpose of this section, the term 'affected agency'—

"(A) except as provided in subparagraph (B), means an Executive agency to which personnel are transferred in connection with a transfer of function under the Department of Commerce Dismantling Act, and

"(B) with respect to employees of the Department of Commerce in general administration, the Inspector General's office, or the General Counsel's office, or who provided overhead support to other components of the Department on a reimbursable basis, means all agencies to which functions of those employees are transferred under the Department of Commerce Dismantling Act.

"(2) This section applies with respect to any reduction in force that—

"(A) occurs within 12 months after the date of enactment of this section; and

"(B) is due to—

"(i) the termination of any function of the Department of Commerce; or

"(ii) the agency's having excess personnel as a result of a transfer of function described in paragraph (1), as determined by—

"(I) the Director of the Office of Management and Budget, in the case of a function transferred to the Office of Management and Budget; or

"(II) the head of the agency, in the case of any function transferred to an agency other than the Office of Management and Budget.

"(b) As soon as practicable after the date of enactment of this section, each affected agency shall establish an agencywide priority placement program to facilitate employment placement for employees who, due to a reduction in force described in subsection (a)(2)—

"(1) are scheduled to be separated from service; or

"(2) are separated from service.

"(c)(1) Each agencywide priority placement program shall include provisions under which a vacant position shall not be filled by the appointment or transfer of any individual from outside of that agency if—

"(A) an individual described in paragraph (2) who is qualified for the position is available for the position at the time of the occurrence of the vacancy; and

"(B) the position—

"(i) is at the same grade (or pay level) or not more than 1 grade (or pay level) below that of the position last held by such individual before placement in the new position; and

"(ii) is within the same commuting area as the individual's last-held position (as referred to in clause (i)) or residence.

"(2) For purposes of an agencywide priority placement program, an individual shall be considered to be described in this paragraph if the most recent performance evaluation of the individual was at least fully successful (or the equivalent), and such individual is either—

"(A) an employee of the agency who is scheduled to be separated, as described in subsection (b)(1); or

"(B) an individual who became a former employee of the agency as a result of a separation, as described in subsection (b)(2).

"(d)(1) Nothing in this section shall affect any priority placement program of the Department of Defense that is in operation as of the date of enactment of this section.

"(2) Nothing in this section shall impair any placement program within an agency subject to a reduction in force resulting from a cause other than the Department of Commerce Dismantling Act.

"(e) An individual shall cease to be eligible to participate in a program under this section on the earlier of—

"(1) the conclusion of the 12-month period beginning on the date on which the individual first became eligible to participate under subsection (c)(2); or

"(2) the date on which the individual declines a bona fide offer (or if the individual does not act on the offer, the last date on which the individual could accept the offer) from the affected agency of a position described in subsection (c)(1)(B).".

(b) Conforming Amendment.—The chapter analysis for chapter 33 of title 5, United States Code, is amended by inserting after the item relating to section 3329 the following:

"3329a. Priority placement programs for employees affected by a reduction in force attributable to the Department of Commerce Dismantling Act.".

SEC. 111. FUNDING REDUCTIONS FOR TRANSFERRED FUNCTIONS.

(a) Funding Reductions.—Except as provided in subsection (b), the total amount obligated or expended by the United States in performing functions transferred under this chapter to the Director or to the Office from the Department, or any of its officers or components, shall not exceed—

(1) for the first fiscal year that begins after the date specified in section 102(c), 75 percent of the total amount appropriated to the Department for the performance of those functions for fiscal year 1998; and

(2) for the second fiscal year that begins after the date specified in section 102(c) and for each fiscal year thereafter, 65 percent of the total amount appropriated to the Department for the performance of those functions for fiscal year 1998.

(b) Exception.—Subsection (a) shall not apply to obligations or expenditures incurred as a direct consequence of the termination, transfer, or other disposition of functions described in subsection (a) pursuant to this chapter.

(c) Rule of Construction.—This section shall supersede any other provision of law that does not explicitly—

(1) refer to this section; and

(2) create an exemption from this section.

(d) Responsibilities of the Director.—The Director shall—

(1) ensure compliance with the requirements of this section; and

(2) include in each report under subsections (a) and (b) of section 106 a description of actions taken to comply with the requirements referred to in paragraph (1).

Subchapter B—Disposition of Programs, Functions, and Agencies of Department of Commerce

SEC. 201. ECONOMIC DEVELOPMENT.

(a) Terminated Functions.—The Public Works and Economic Development Act of 1965 (42 U.S.C. 3121 et seq.) is repealed.

(b) Transfer of Financial Obligations Owed to the Department.—There are transferred to the Secretary of the Treasury the loans, notes, bonds, debentures, securities, and other financial obligations owned by the Department of Commerce under the Public Works and Economic Development Act of 1965, together with all assets or other rights (including security interests) incident thereto, and all liabilities related thereto. There are assigned to the Secretary of the Treasury the functions, powers, and abilities vested in or delegated to the Secretary of Commerce or the Department of Commerce to manage, service, collect, sell, dispose of, or otherwise realize proceeds on obligations owed to the Department of Commerce under authority of such chapter with respect to any loans, obligations, or guarantees made or issued by the Department of Commerce pursuant to such chapter.

(c) Audit.—Not later than 18 months after the date of enactment of this chapter, the Comptroller General shall—

(1) conduct an audit of all grants made or issued by the Department of Commerce under the Public Works and Economic Development Act of 1965 in fiscal year 1998 and all loans, obligations, and guarantees; and

(2) transmit to Congress a report on the results of the audit referred to in paragraph (1).

SEC. 202. TECHNOLOGY ADMINISTRATION.

(a) Technology Administration.—

(1) General rule.—Except as otherwise provided in this section, the Technology Administration of the Department of Commerce is terminated.

(2) Office of technology policy.—The Office of Technology Policy of the Department of Commerce is terminated.

(b) National Institute of Standards and Technology.—

(1) Redesignation.—The National Institute of Standards and Technology of the Department of Commerce is hereby redesignated as the National Bureau of Standards, and all references to the National Institute of Standards and Technology in Federal law or regulations are deemed to be references to the National Bureau of Standards.

(2) General rule.—The National Bureau of Standards (in this subsection referred to as the "Bureau") is transferred from the Department of Commerce to the National Oceanic and Atmospheric Administration, established in section 206.

(3) Functions of director.—Except as otherwise provided in this section or section 207, upon the transfer under paragraph (2), the Director of the Bureau shall perform all functions relating to the Bureau that, immediately before the effective date specified in section 208(a), were functions of the Secretary of Commerce or the Under Secretary of Commerce for Technology.

(c) National Technical Information Service.—

(1) Privatization.—All functions of the National Technical Information Service of the Department of Commerce are transferred to the Director of the Office of Management and Budget for privatization in accordance with section 109 by the date specified in subsection (a) of that section.

(2) Transfer to national oceanic and atmospheric administration.—If, by the date specified in section 109(a), an appropriate arrangement for the privatization of functions of the National Technical Information Service under paragraph (1) has not been made, the National Technical Information Service shall be transferred to the National Oceanic and Atmospheric Administration established in section 206.

(3) Government corporation.—If, by the date specified in section 109(a), an appropriate arrangement for the privatization of functions of the National Technical Information Service under paragraph (1) has not been made, the Director of the Office of Management and Budget shall, not later than 180 days after the date specified in section 109(a), submit to Congress recommended legislation to establish the National Technical Information Service as a wholly owned Government corporation. The recommended legislation shall provide for the corporation to perform substantially the same functions that, as of the date of enactment of this chapter, are performed by the National Technical Information Service.

(4) Funding.—No funds are authorized to be appropriated for the National Technical Information Service or any successor corporation established pursuant to recommended legislation under paragraph (3).

(d) Amendments.—

(1) National institute of standards and technology act.—The National Institute of Standards and Technology Act (15 U.S.C. 271 et seq.) is amended—

(A) in section 2(b), by striking paragraph (1) and redesignating paragraphs (2) through (11) as paragraphs (1) through (10), respectively;

(B) in section 2(d), by striking ", including the programs established under sections 25, 26, and 28 of this chapter";

(C) in section 10—

(i) in the section heading, by striking "Advanced" and inserting "Standards and"; and

(ii) in subsection (a), by striking "Advanced" and inserting "Standards and"; and

(D) by striking sections 24, 25, 26, and 28.

(2) Stevenson-wydler technology innovation act of 1980.—The Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3701 et seq.) is amended—

(A) in section 3, by striking paragraph (2) and redesignating paragraphs (3) through (5) as paragraphs (2) through (4), respectively;

(B) in section 4, by striking paragraphs (1), (4), and (13) and redesignating paragraphs (2), (3), (5), (6), (7), (8), (9), (10), (11), and (12) as paragraphs (1) through (10), respectively;

(C) by striking sections 5 through 10;

(D) in section 11—

(i) in subsection (c)(3), by striking ", the Federal Laboratory Consortium for Technology Transfer,";

(ii) in subsection (d)—

(I) in paragraph (2), by striking "and the Federal Laboratory Consortium for Technology Transfer"; and

(II) in paragraph (3), by striking ", and refer such requests" and all that follows through "available to the Service"; and

(iii) by striking subsection (e); and

(E) in section 17—

(i) in subsection (c)—

(I) in paragraph (1), by striking "Subject to paragraph (2), separate" and inserting "Separate"; and

(II) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2);

(ii) in subsection (f), by striking "funds to carry out" and inserting "funds only to pay the salary of the Director of the Office of Quality Programs, who shall be responsible for carrying out"; and

(iii) by adding at the end the following new subsection:

"(h) Voluntary and Uncompensated Services.—The Director of the Office of Quality Programs may accept voluntary and uncompensated services notwithstanding the provisions of section 1342 of title 31, United States Code.".

(3) Miscellaneous amendments.—Section 3 of Public Law 94-168 (15 U.S.C. 205b) is amended—

(A) by striking paragraph (2);

(B) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively; and

(C) in paragraph (3), as redesignated by subparagraph (B) of this paragraph, by striking "in nonbusiness activities".

SEC. 203. REORGANIZATION OF THE BUREAU OF THE CENSUS AND THE BUREAU OF ECONOMIC ANALYSIS.

(a) Transfer of Functions.—All functions of the Secretary of Commerce relating to the Bureau of the Census and the Bureau of Economic Analysis of the Department of Commerce are transferred to the Federal Statistical Service established under title V.

(b) Transfer of Bureaus.—The Bureau of the Census and Bureau of Economic Analysis of the Department of Commerce are transferred to the Federal Statistical Service established under title V.

(c) References to Secretary.—Section 1(2) of the title 13, United States Code, is amended by striking "Secretary of Commerce" and inserting "Administrator of the Federal Statistical Service".

(d) References to Department.—Section 2 of title 13, United States Code, is amended by striking "Department of Commerce" and inserting "Federal Statistical Service".

(e) General References to Secretary and Department.—Title 13, United States Code, is further amended—

(1) by striking "Secretary of Commerce" each place it appears and inserting "Administrator of the Federal Statistical Service"; and

(2) by striking "Department of Commerce" each place it appears and inserting "Federal Statistical Service".

SEC. 204. TERMINATED FUNCTIONS OF NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION.

(a) Repeals.—The following provisions of law are repealed:

(1) Subpart A of part IV of title III of the Communications Act of 1934 (47 U.S.C. 390 et seq.), relating to assistance for public telecommunications facilities.

(2) Subpart B of part IV of title III of the Communications Act of 1934 (47 U.S.C. 394), relating to the Endowment for Children's Educational Television.

(3) Subpart C of part IV of title III of the Communications Act of 1934 (47 U.S.C. 395), relating to Telecommunications Demonstration grants.

(b) Disposal of National Telecommunications and Information Administration Laboratories.—

(1) Privatization.—All laboratories of the National Telecommunications and Information Administration are transferred to the Director of the Office of Management and Budget for privatization in accordance with section 109 by the date specified in subsection (a) of that section.

(2) Transfer to National Oceanic and Atmospheric Administration.—If an appropriate arrangement for the privatization of functions of the laboratories of the National Telecommunications and Information Administration under paragraph (1) has not been made by the date specified in section 109(a), the laboratories of the National Telecommunications and Information Administration shall be transferred as of the end of such period to the National Oceanic and Atmospheric Administration established in section 206.

(3) Transfer of functions.—The functions of the National Telecommunications and Information Administration concerning research and analysis of the electromagnetic spectrum described in section 5112(b) of the Omnibus Trade and Competitiveness Act of 1988 (15 U.S.C. 1532) are transferred to the Director of the National Bureau of Standards.

(c) Transfer of National Telecommunications and Information Administration Functions.—

(1) Transfer to Federal Communications Commission.—Except as provided in subsection (b)(2), the functions of the National Telecommunications and Information Administration, and of the Secretary of Commerce and the Assistant Secretary for Communications and Information of the Department of Commerce with respect to the National Telecommunications and Information Administration, are transferred to the Federal Communications Commission. The functions transferred by this paragraph shall be placed in an organizational component that is independent from all Federal Communications Commission functions directly related to the negotiation of trade agreements. Such functions shall be supervised by an individual whose principal professional expertise is in the area of telecommunications. The position to which such individual is appointed shall be graded at a level sufficiently high to attract a highly qualified individual, while ensuring autonomy in the conduct of such functions from all activities and influences associated with trade negotiations.

(2) References.—References in any provision of law (including the National Telecommunications and Information Administration Organization Act) to the Secretary of Commerce or the Assistant Secretary for Communications and Information of the Department of Commerce—

(A) with respect to a function vested pursuant to this section in the Federal Communications Commission shall be deemed to refer to the United States Trade Representative; and

(B) with respect to a function vested pursuant to this section in the Director of the National Bureau of Standards shall be deemed to refer to the Director of the National Bureau of Standards.

(3) Termination of NTIA.—Effective on the applicable date specified in section 102(c), the National Telecommunications and Information Administration is abolished.

SEC. 205. TERMINATIONS AND TRANSFERS.

(a) Termination of Miscellaneous Research Programs and Accounts.—

(1) In general.—No funds may be appropriated for any fiscal year for the following programs and accounts of the National Oceanic and Atmospheric Administration:

(A) The National Undersea Research Program.

(B) The Fleet Modernization Program.

(C) The Charleston, South Carolina, Special Management Plan.

(D) Chesapeake Bay Observation Buoys (as of September 30, 1999).

(E) Federal/State Weather Modification Grants.

(F) The Southeast Storm Research Account.

(G) The Southeast United States Caribbean Fisheries Oceanographic Coordinated Investigations Program.

(H) National Institute for Environmental Renewal.

(I) The Lake Champlain Study.

(J) The Maine Marine Research Center.

(K) The South Carolina Cooperative Geodetic Survey Account.

(L) Pacific Island Technical Assistance.

(M) Sea Grant Oyster Disease Account.

(N) Sea Grant Zebra Mussel Account.

(O) National Weather Service non-Federal, non-wildfire Weather Service.

(P) National Weather Service Regional Climate Centers.

(Q) National Weather Service Samoa Weather Forecast Office Repair and Upgrade Account.

(R) Dissemination of Weather Charts (Marine Facsimile Service).

(S) The Climate and Global Change Account.

(T) The Global Learning and Observations to Benefit the Environment Program.

(U) Mussel watch.

(2) Repeals.—The following provisions of law are repealed:

(A) The Ocean Thermal Conversion Act of 1980 (42 U.S.C. 9101 et seq.).

(B) Title IV of the Marine Protection, Research, and Sanctuaries Act of 1972 (16 U.S.C. 1447 et seq.).

(C) Title V of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 2801 et seq.).

(D) The Great Lakes Fish and Wildlife Tissue Bank Act (16 U.S.C. 943 et seq.).

(E) Section 208(c) of the National Sea Grant College Program Act (33 U.S.C. 1127(c)).

(F) Section 305 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1454) is repealed effective October 1, 2000.

(G) The NOAA Fleet Modernization Act (33 U.S.C. 891 et seq.).

(H) Public Law 85-342 (72 Stat. 35; 16 U.S.C. 778 et seq.), relating to fish research and experimentation.

(I) The first section of the Act of August 8, 1956 (70 Stat. 1126, chapter 1039; 16 U.S.C. 760d), relating to grants for commercial fishing education.

(J) Public Law 86-359 (16 U.S.C. 760e et seq.), relating to the study of migratory marine gamefish.

(b) Aeronautical Mapping and Charting.—

(1) In general.—The aeronautical mapping and charting functions of the National Oceanic and Atmospheric Administration are transferred to the Defense Mapping Agency.

(2) Termination of certain functions.—The Defense Mapping Agency shall terminate any functions transferred under paragraph (1) that are performed by the private sector.

(3) Functions requested by Federal Aviation Administration.—

(A) In general.—Notwithstanding paragraph (2), the Director of the Defense Mapping Agency (referred to in this paragraph as the "Director") shall carry out such aeronautical charting functions as may be requested by the Administrator of the Federal Aviation Administration.

(B) Aeronautical mapping.—In carrying out aeronautical mapping functions requested by the Administrator under subparagraph (A), the Director shall in such manner and including such information as the Administrator determines is necessary for, or will promote, the safe and efficient movement of aircraft in air commerce—

(i) publish and distribute to the public and to the Administrator any aeronautical charts requested by the Administrator; and

(ii) provide to the Administrator such other air traffic control products and services as may be requested by the Administrator.

(4) Continuing applicability.—

(A) In general.—Except as provided in subparagraph (B), the requirements of section 1307 of title 44, United States Code, shall continue to apply with respect to all aeronautical products created or published by the Director in carrying out the functions transferred to the Director under this paragraph.

(B) Exceptions.—The prices for products referred to in subparagraph (A) shall be established jointly by the Director and the Secretary of Transportation on an annual basis.

(c) Transfer of Mapping, Charting, and Geodesy Functions to the Army Corps of Engineers.—

(1) In general.—Except as provided in subsection (b), there are transferred to the Army Corps of Engineers the functions relating to mapping, charting, and geodesy authorized under the Act of August 7, 1947 (61 Stat. 787, chapter 504; 33 U.S.C. 883a).

(2) Termination of certain functions.—The Secretary of the Army, acting through the Chief of Engineers of Army Corps of Engineers, shall terminate any functions transferred under paragraph (1) that are performed by the private sector.

(d) National Environmental Satellite, Data, and Information.—There are transferred to the National Oceanic and Atmospheric Administration established in section 206 all functions and assets of the National Oceanic and Atmospheric Administration that on the date immediately before the effective date of this section are authorized to be performed by the National Environmental Satellite, Data, and Information System.

(e) Oceanic and Atmospheric Administration.—There are transferred to the National Oceanic and Atmospheric Administration established in section 206 all functions and assets of the National Oceanic and Atmospheric Administration (including global programs) that on the date immediately before the effective date of this section were authorized to be performed by the Office of Oceanic and Atmospheric Research.

(f) National Weather Service.—

(1) In general.—There are transferred to the National Oceanic and Atmospheric Administration established in section 206 all functions and assets of the National Oceanic and Atmospheric Administration that on the date immediately before the effective date of this section are authorized to be performed by the National Weather Service.

(2) Duties.—Except as provided in paragraph (3), to protect life and property and enhance the national economy, the Administrator of Oceans and Atmosphere, through the National Weather Service, shall be responsible for the following:

(A) Forecasts. (The Administrator shall serve as the sole and official sources of weather and flood warnings for the Federal Government.)

(B) The issuance of storm warnings.

(C) The collection, exchange, and distribution of meteorological, hydrological, climatic, and oceanographic data and information.

(D) The preparation of hydro-meteorological guidance and core forecast information.

(3) Limitations on competition.—The National Weather Service may not compete, or assist other entities in competing, with the private sector to provide a service in any case in which that service is provided by a private sector commercial enterprise or a private sector commercial enterprise is able to provide that service, unless—

(A) the Administrator of Oceans and Atmosphere finds that private sector commercial enterprises are unwilling or unable to provide the service; and

(B) the Administrator of Oceans and Atmosphere finds that the service provides vital weather warnings and forecasts for the protection of lives and property of the general public.

(4) Organic act amendments.—The chapter entitled "An Act to increase the efficiency and reduce the expenses of the Signal Corps of the Army, and to transfer the Weather Bureau to the Department of Agriculture", approved October 1, 1890 (26 Stat. 653, chapter 1266) is amended—

(A) by striking section 3 (15 U.S.C. 313); and

(B) in section 9 (15 U.S.C. 317), by striking "Department of" and all that follows thereafter and inserting "National Oceanic and Atmospheric Administration.".

(5) Repeal.—Sections 706 and 707 of the Weather Service Modernization Act (15 U.S.C. 313 note) are repealed.

(6) Conforming amendments.—The Weather Service Modernization Act (15 U.S.C. 313 note) is amended—

(A) in section 702, by striking paragraph (3) and redesignating paragraphs (4) through (10) as paragraphs (3) through (9), respectively; and

(B) in section 703—

(i) by striking "(a) National Implementation Plan.—";

(ii) by striking paragraph (3) and redesignating paragraphs (4) through (6) as paragraphs (3) through (5), respectively; and

(iii) by striking subsections (b) and (c).

(g) Termination of the National Oceanic and Atmospheric Administration Corps of Commissioned Officers.—

(1) Number of officers.—Notwithstanding section 8 of the Act of June 3, 1948 (62 Stat. 298, chapter 390; 33 U.S.C. 853g), no funding may be provided for a commissioned officer of the National Oceanic and Atmospheric Administration Corps after fiscal year 1999 and no individual may serve as such a commissioned officer after fiscal year 1999.

(2) Separation pay.—

(A) In general.—Commissioned officers may be separated from the active list of the National Oceanic and Atmospheric Administration. Any officer so separated because of paragraph (1) shall, subject to subparagraph (B) and the availability of appropriations, be eligible for separation pay under section 9 of the chapter of June 3, 1948 (62 Stat. 299, chapter 390; 33 U.S.C. 853h) to the same extent as if such officer had been separated under section 8 of such chapter (62 Stat. 298, chapter 390; 33 U.S.C. 853g).

(B) Transferees.—Any officer who, under paragraph (4), transfers to another of the uniformed services or becomes employed in a civil service position shall not be eligible for separation pay under this paragraph.

(C) Repayment.—

(i) In general.—Any officer who receives separation pay under this paragraph shall be required to repay the amount received if, within 1 year after the date of the separation on which the payment is based, such officer is reemployed in a civil service position in the National Oceanic and Atmospheric Administration, the duties of which position would formerly have been performed by a commissioned officer, as determined by the Administrator of Oceans and Atmosphere.

(ii) Lump sum.—A repayment under this subparagraph shall be made in a lump sum or in such installments as the Administrator may specify.

(D) Repayments.—

(i) In general.—In the case of any officer who makes a repayment under subparagraph (C)—

(I) the National Oceanic and Atmospheric Administration shall pay into the Civil Service Retirement and Disability Fund, on such officer's behalf, any deposit required under section 8422(e)(1) of title 5, United States Code, with respect to any prior service performed by that individual as such an officer; and

(II) if the amount paid under subclause (I) is less than the amount of the repayment under subparagraph (C), the National Oceanic and Atmospheric Administration shall pay into the Government Securities Investment Fund (established under section 8438(b)(1)(A) of title 5, United States Code), on such individual's behalf, an amount equal to the difference.

(ii) Applicability.—The provisions of paragraph (5)(C)(iv) shall apply with respect to any contribution to the Thrift Savings Plan made under clause (ii).

(3) Priority placement program.—A priority placement program similar to the programs described in section 3329a of title 5, United States Code (as added by section 110 of this chapter) shall be established by the National Oceanic and Atmospheric Administration to assist commissioned officers who are separated from the active list of the National Oceanic and Atmospheric Administration because of paragraph (1).

(4) Transfer.—

(A) Transfers to armed forces.—Subject to the approval of the Secretary of Defense and under terms and conditions specified by the Secretary, commissioned officers subject to paragraph (1) may transfer to the Armed Forces under section 716 of title 10, United States Code.

(B) Transfers to united states coast guard.—Subject to the approval of the Secretary of Transportation and under terms and conditions specified by the Secretary, commissioned officers subject to paragraph (1) may transfer to the United States Coast Guard under section 716 of title 10, United States Code.

(C) Transfers to national oceanic and atmospheric administration.—Subject to the approval of the Administrator of Oceans and Atmosphere and under terms and conditions specified by that Administrator, commissioned officers subject to paragraph (1) may be employed by the National Oceanic and Atmospheric Administration as members of the civil service.

(5) Retirement provisions.—

(A) In general.—For commissioned officers who transfer under paragraph (4)(A) to the Armed Forces, the National Oceanic and Atmospheric Administration shall pay into the Department of Defense Military Retirement Fund an amount, to be calculated by the Secretary of Defense in consultation with the Secretary of the Treasury, equal to the actuarial present value of any retired or retainer pay they will draw upon retirement, including full credit for service in the National Oceanic and Atmospheric Administration (referred to in this title as the "NOAA Corps"). Any payment under this subparagraph shall, for purposes of paragraph (2) of section 206(g), be considered to be an expenditure described in such paragraph.

(B) Other transfers.—For commissioned officers who transfer under paragraph (4)(B) to the United States Coast Guard, full credit for service in the NOAA Corps shall be given for purposes of any annuity or other similar benefit under the retirement system for members of the United States Coast Guard, entitlement to which is based on the separation of such officer.

(C) Payment to certain commissioned officers who transfer to civil service positions.—(i) For a commissioned officer who becomes employed in a civil service position pursuant to paragraph (4)(C) and thereupon becomes subject to the Federal Employees' Retirement System, the National Oceanic and Atmospheric Administration shall pay, on such officer's behalf—

(I) into the Civil Service Retirement and Disability Fund, the amounts required under clause (ii); and

(II) into the Government Securities Investment Fund, the amount required under clause (iii).

(ii)(I) The amount required under this subclause is the amount of any deposit required under section 8422(e)(1) of title 5, United States Code, with respect to any prior service performed by the individual as a commissioned officer of the National Oceanic and Atmospheric Administration.

(II) To determine the amount required under this subclause, first determine, for each year of service with respect to which the deposit under subclause (I) relates, the product of the normal-cost percentage for such year (as determined under the last sentence of this subclause) multiplied by basic pay received by the individual for any such service performed in such year. Second, take the sum of the amounts determined for the respective years under the first sentence. Finally, subtract from such sum the amount of the deposit under subclause (I). For purposes of the first sentence, the normal-cost percentage for any year shall be as determined for such year under the provisions of section 8423(a)(1) of title 5, United States Code, except that, in the case of any year before the first year for which any normal-cost percentage was determined under such provisions, the normal-cost percentage for such first year shall be used.

(iii) The amount required under this clause is the amount by which the separation pay to which the officer would have been entitled under the second sentence of paragraph (2)(A) (assuming the conditions for receiving such separation pay have been met) exceeds the amount of the deposit under clause (ii)(I), if at all.

(iv)(I) Any contribution made under this subparagraph to the Thrift Savings Plan shall not be subject to any otherwise applicable limitation on contributions contained in the Internal Revenue Code of 1986, and shall not be taken into account in applying any such limitation to other contributions or benefits under the Thrift Savings Plan, with respect to the year in which the contribution is made.

(II) A plan referred to in subclause (I) shall not be treated as failing to meet any nondiscrimination requirement by reason of the making of such contribution.

(6) REPEALS.—

(A) IN GENERAL.—The following provisions of law are repealed:

(i) The Coast and Geodetic Survey Commissioned Officers' Act of 1948 (33 U.S.C. 853a–853o, 853p–853u).

(ii) Section 5 of the Act of February 16, 1929 (45 Stat. 1187, chapter 221; 33 U.S.C. 852a).

(iii) The Act of January 19, 1942 (56 Stat. 6, chapter 6).

(iv) Section 9(c) of Public Law 87–649 (76 Stat. 495).

(v) Section 16 of the Act of May 22, 1917 (40 Stat. 87, chapter 20; 33 U.S.C. 854).

(vi) The Act of December 3, 1942 (56 Stat. 1038, chapter 670).

(vii) Sections 1 through 5 of Public Law 91–621 (33 U.S.C. 857–1 through 857–5).

(viii) Section 3 of the Act of August 10, 1956 (70A Stat. 619, chapter 1041; 33 U.S.C. 857a).

(ix) Section 11 of the Act of May 18, 1920 (41 Stat. 603, chapter 190; 33 U.S.C. 864).

(x) The Act of July 22, 1947 (61 Stat. 400, chapter 286; 33 U.S.C. 873 and 874).

(xi) The Act of August 3, 1956 (70 Stat. 988, chapter 932; 33 U.S.C. 875 and 876).

(B) RULE OF CONSTRUCTION.—No repeal under this subparagraph shall affect any annuity or other similar benefit payable, under any provision of law so repealed, based on the separation of any individual from the NOAA Corps on or before September 30, 2000. Any authority exercised by the Secretary of Commerce or the designee of the Secretary with respect to any such benefits shall be exercised by the Administrator of Oceans and Atmosphere, and any authorization of appropriations relating to those benefits, which is in effect as of September 30, 2000, shall be considered to have remained in effect.

(C) EFFECTIVE DATE OF REPEALS.—The effective date of the repeals under subparagraph (A) shall be October 1, 2000.

(D) APPLICABILITY OF RETIREMENT LAWS.—

(i) IN GENERAL.—All laws relating to the retirement of commissioned officers of the Navy shall apply to commissioned officers of the former Commissioned Officers Corps of the National Oceanic and Atmospheric Administration and its predecessors.

(ii) ACTIVE MILITARY SERVICE.—Active service of officers of the former Commissioned Officers Corps of the National Oceanic and Atmospheric Administration and its predecessors who have retired from the Commissioned Officers Corps shall be deemed to be active military service in the United States Navy for purposes of all rights, privileges, immunities, and benefits provided to retired commissioned officers of the Navy by the laws and regulations of the United States and any agency thereof. In the Administration of those laws (including regulations) with respect to retired officers of the former Commissioned Officers Corps of the National Oceanic and Atmospheric Administration and its predecessors, the authority of the Secretary of the Navy shall be exercised by the Administrator of Oceans and Atmosphere.

(iii) ITS PREDECESSORS DEFINED.—For purposes of this subparagraph, the term "its predecessors" means the former Commissioned Officers Corps of the Environmental Science Services Administration and the former Commissioned Officers Corps of the Coast and Geodetic Survey.

(7) CREDITABILITY OF NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION SERVICE FOR PURPOSES RELATING TO REDUCTIONS IN FORCE.—A commissioned officer who is separated from the active list of the National Oceanic and Atmospheric Administration or its successor by reason of paragraph (1) shall, for purposes of any subsequent reduction in force, receive credit for any period of service performed as such an officer before separation from such list to the same extent and in the same manner as if the period had been a period of active service in the Armed Forces.

(8) ABOLITION.—Effective September 30, 2000, the Office of the National Oceanic and Atmospheric Administration Corps of Operations or its successor and the Commissioned Personnel Center are abolished.

(h) NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION FLEET.—

(1) SERVICE CONTRACTS.—Notwithstanding any other provision of law, the Administrator of Oceans and Atmosphere shall enter into contracts, including multiyear contracts, subject to paragraph (3), for the use of vessels to conduct oceanographic research and fisheries research, monitoring, enforcement, and management, and to acquire other data necessary to carry out the missions of the National Oceanic and Atmospheric Administration. The Administrator of Oceans and Atmosphere shall enter into these contracts unless—

(A) the cost of the contract is more than the cost (including the cost of vessel operation, maintenance, and all personnel) to the National Oceanic and Atmospheric Administration of obtaining those services on vessels of the National Oceanic and Atmospheric Administration;

(B) the contract is for a period greater than 7 years; or

(C) the data is acquired through a vessel agreement pursuant to paragraph (4).

(2) VESSELS.—The Administrator of Oceans and Atmosphere may not enter into any contract for the construction, lease-purchase, upgrade, or service life extension of any vessel.

(3) MULTIYEAR CONTRACTS.—

(A) IN GENERAL.—Subject to subparagraphs (B) and (C), and notwithstanding section 1341 of title 31, United States Code, and section 11 of title 41, United States Code, the Administrator of Oceans and Atmosphere may acquire data under multiyear contracts.

(B) REQUIRED FINDINGS.—The Administrator of Oceans and Atmosphere may not enter into a contract pursuant to this paragraph unless the Administrator finds, with respect to that contract, that there is a reasonable expectation that throughout the contemplated contract period the Administrator will request from Congress funding for the contract at the level required to avoid the termination of that contract.

(C) REQUIRED PROVISIONS.—The Administrator of Oceans and Atmosphere may not enter into a contract under this paragraph unless the contract includes—

(i) a provision under which the obligation of the United States to make payments under the contract for any fiscal year is subject to the availability of appropriations provided in advance for those payments;

(ii) a provision that specifies the term of effectiveness of the contract; and

(iii) appropriate provisions under which, in case of any termination of the contract before the end of the term specified pursuant to clause (ii), the United States shall only be liable for the lesser of—

(I) an amount specified in the contract for such a termination; or

(II) amounts that were appropriated before the date of the termination for the performance of the contract or for procurement of the type of acquisition covered by the contract and are unobligated on the date of the termination.

(4) VESSEL AGREEMENTS.—The Administrator of Oceans and Atmosphere—

(A) shall, if appropriate, use excess capacity of University National Oceanographic Laboratory System vessels; and

(B) may enter into memoranda of agreement with the operators of the vessels referred to in subparagraph (A) to carry out the requirement under that subparagraph.

(5) TRANSFER OF EXCESS VESSELS.—The Administrator of Oceans and Atmosphere shall transfer any vessel that weighs more than 1,500 gross tons that are excess to the needs of the National Oceanic and Atmospheric Administration to the National Defense Reserve Fleet. Notwithstanding any other provision of law, these vessels may be scrapped in accordance with section 510(i) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1160(i)).

(i) NATIONAL MARINE FISHERIES SERVICE.—There are transferred to the National Oceanic and Atmospheric Administration all functions that on the day before the effective date of this section are authorized by law to be performed by the National Marine Fisheries Service.

(j) NATIONAL OCEAN SERVICE.—Except as otherwise provided in this chapter, there are transferred to the National Oceanic and Atmospheric Administration established under section 206 all functions and assets of the National Oceanic and Atmospheric Administration that on the date immediately before the effective date of this section are authorized to be performed by the National Ocean Service (including the Coastal Ocean Program).

(k) TRANSFER OF COASTAL NONPOINT POLLUTION CONTROL FUNCTIONS.—There are transferred to the Administrator of the Environmental Protection Agency the functions under section 6217 of the Omnibus Budget Reconciliation Act of 1990 (16 U.S.C. 1455b) that on the day before the effective date of this section are vested in the Secretary of Commerce.

SEC. 206. NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION.

(a) ESTABLISHMENT.—

(1) In general.—There is established as an independent agency in the executive branch the National Oceanic and Atmospheric Administration (in this section referred to as "NOAA"). NOAA, and all functions and offices transferred to NOAA under this chapter, shall be administered under the supervision and direction of an Administrator of Oceans and Atmosphere.

(2) Administrator of oceans and atmosphere.—The Administrator of Oceans and Atmosphere shall—

(A) be appointed by the President, by and with the advice and consent of the Senate; and

(B) receive basic pay at the rate payable for level II of the Executive Schedule under section 5313 of title 5, United States Code.

(3) Functions.—The Administrator of Oceans and Atmosphere shall perform the functions performed by the Administrator of the National Oceanic and Atmospheric Administration, except as otherwise provided in this chapter.

(b) Principal Officer.—There shall be in NOAA, on the transfer of functions and offices under this chapter, a Director of the National Bureau of Standards, who—

(1) shall be appointed by the President, by and with the advice and consent of the Senate; and

(2) shall receive basic pay at the rate payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(c) Additional Officers.—

(1) In general.—There shall be in NOAA—

(A) a Chief Financial Officer, to be appointed by the President, by and with the advice and consent of the Senate;

(B) a Chief of External Affairs, to be appointed by the President, by and with the advice and consent of the Senate;

(C) a General Counsel, to be appointed by the President, by and with the advice and consent of the Senate; and

(D) an Inspector General, to be appointed in accordance with the Inspector General Act of 1978 (5 U.S.C. App.).

(2) Compensation.—Each Officer appointed under this subsection shall receive basic pay at the rate payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(d) Transfer of Functions and Offices.—Except as otherwise provided in this chapter, there are transferred to NOAA—

(1) the functions and offices of the National Oceanic and Atmospheric Administration, as provided in section 205;

(2) the National Bureau of Standards, along with its functions and offices, as provided in section 202; and

(3) the Office of Space Commerce, along with its functions and offices.

(e) Elimination of Positions.—The Administrator of Oceans and Atmosphere may eliminate positions that are no longer necessary because of the termination of functions under this section and sections 202 and 205.

(f) Agency Terminations.—

(1) Terminations.—

(A) In general.—On the date specified in section 208(a), the following shall terminate:

(i) The Office of the Deputy Administrator and Assistant Secretary of the National Oceanic and Atmospheric Administration.

(ii) The Office of the Deputy Under Secretary of the National Oceanic and Atmospheric Administration.

(iii) The Office of the Chief Scientist of the National Oceanic and Atmospheric Administration.

(iv) The position of Deputy Assistant Secretary for Oceans and Atmosphere.

(v) The position of Deputy Assistant Secretary for International Affairs.

(vi) Any office of the National Oceanic and Atmospheric Administration or the National Bureau of Standards whose primary purpose is to perform high performance computing communications, legislative, personnel, public relations, budget, constituent, intergovernmental, international, policy and strategic planning, sustainable development, administrative, financial, educational, legal and coordination functions.

(vii) The position of Associate Director of the National Institute of Standards and Technology.

(B) Requirement.—The functions referred to in subparagraph (A)(vi) shall be performed only by officers described in subsection (c).

(2) Termination of executive schedule positions.—Each position that, before the effective date of this section, was expressly authorized by law, or the incumbent of which is authorized to receive compensation at the rate prescribed for levels I through V of the Executive Schedule under sections 5312 through 5315 of title 5, United States Code, in an office terminated pursuant to this section and sections 202 and 205 shall also terminate.

(g) Funding Reductions Resulting From Reorganization.—

(1) Funding reductions.—Notwithstanding the transfer of functions under this title, the total amount appropriated by the United States for the performance of all functions vested in the National Oceanic and Atmospheric Administration pursuant to this title shall not exceed—

(A) for the first fiscal year that begins after the date specified in section 102(c), 75 percent of the total amount appropriated for fiscal year 1998 for the performance of all functions vested in the National Oceanic and Atmospheric Administration, the National Institute of Standards and Technology, and the Office of Space Commerce, except for those functions transferred under section 205 to agencies or departments other than the National Oceanic and Atmospheric Administration; and

(B) for the second fiscal year that begins after the abolishment date specified in section 102(c) and for each fiscal year thereafter, 65 percent of the total amount appropriated for fiscal year 1998 for the performance of all functions vested in the National Oceanic and Atmospheric Administration, the National Institute of Standards and Technology, and the Office of Space Commerce, except for those functions transferred under section 205 to agencies or departments other than the National Oceanic and Atmospheric Administration.

(2) Exception.—Paragraph (1) shall not apply to obligations or expenditures incurred as a direct consequence of the termination, transfer, or other disposition of functions described in paragraph (1) pursuant to this title.

(3) Rule of construction.—This section shall supersede any other provision of law that does not explicitly—

(A) refer to this section; and

(B) create an exemption from this section.

(4) Responsibility of national oceanic and atmospheric administration.—The National Oceanic and Atmospheric Administration, in consultation with the Director of the Office of Management and Budget, shall make such modifications in programs as are necessary to carry out the reductions in appropriations set forth in subparagraphs (A) and (B) of paragraph (1).

(5) Responsibilities of the director of the office of management and budget.—The Director of the Office of Management and Budget shall include in each report under subsections (a) and (b) of section 106 a description of actions taken to comply with the requirements of this subsection.

SEC. 207. MISCELLANEOUS TERMINATIONS; MORATORIUM ON PROGRAM ACTIVITIES.

(a) Terminations.—The following agencies and programs of the Department of Commerce are terminated:

(1) The Minority Business Development Administration.

(2) The programs and activities of the National Telecommunications and Information Administration referred to in section 204(a).

(3) The Advanced Technology Program under section 28 of the National Institute of Standards and Technology Act (15 U.S.C. 278n), as in effect on the day before the effective date of section 202(d).

(4) The Manufacturing Extension Programs under sections 25 and 26 of the National Institute of Standards and Technology Act (15 U.S.C. 278k and 278l), as in effect on the day before the effective date of section 202(d).

(5) The National Institute of Standards and Technology METRIC Program.

(b) Moratorium on Program Activities.—The authority to make grants, enter into contracts, provide assistance, incur obligations, or provide commitments (including any enlargement of existing obligations or commitments, except if required by law) with respect to the agencies and programs described in subsection (a) is terminated effective on the date of enactment of this chapter.

SEC. 208. EFFECTIVE DATE.

(a) In General.—Except as provided in subsection (b), this title shall take effect on the date specified in section 102(c).

(b) Provisions Effective on Date of Enactment.—The following provisions of this title shall take effect on the date of enactment of this Act:

(1) Section 201.

(2) Section 205(g), except as otherwise provided in that section.

(3) Section 207(b).

(4) This section.

Subchapter C—Establishment of United States Trade Administration

PART I—GENERAL PROVISIONS

SEC. 301. DEFINITIONS.

In this title:

(1) Federal agency.—The term "Federal agency" has the meaning given to the term "agency" in section 551(1) of title 5, United States Code.

(2) Trade administration.—The term "Trade Administration" means the United States Trade Administration established by section 311 of this chapter.

(3) Trade representative.—The term "Trade Representative" means the United States Trade Representative provided for under section 311 of this chapter.

PART II—UNITED STATES TRADE ADMINISTRATION

Subpart A—Establishment

SEC. 311. ESTABLISHMENT OF THE UNITED STATES TRADE ADMINISTRATION.

(a) In General.—The Trade Administration is established in the executive branch of Government as an independent establishment as defined in section 104 of title 5, United States Code. The Trade Representative shall be the head of the Trade Administration and shall be appointed by the President, by and with the advice and consent of the Senate.

(b) AMBASSADOR STATUS.—The Trade Representative shall have the rank of Ambassador Extraordinary and Plenipotentiary and shall represent the United States in all trade negotiations conducted by the Trade Administration.

(c) CONTINUED SERVICE OF CURRENT TRADE REPRESENTATIVE.—The individual serving as Trade Representative on the date immediately preceding the effective date of this title may continue to serve as Trade Representative under this section until such time as the Trade Representative is appointed pursuant to subsection (a).

(d) SUCCESSOR TO THE DEPARTMENT OF COMMERCE.—The Trade Administration shall be the successor to the Department of Commerce for purposes of protocol.

SEC. 312. FUNCTIONS OF THE TRADE REPRESENTATIVE.

(a) IN GENERAL.—In addition to the functions transferred to the Trade Representative by this title, such other functions as the President may assign or delegate to the Trade Representative, and such other functions as the Trade Representative may, after the effective date of this title, be required to carry out by law, the Trade Representative shall—

(1) serve as the principal advisor to the President on international trade policy and advise the President on the impact of other policies of the United States Government on international trade;

(2) exercise primary responsibility, with the advice of the interagency organization established under section 242 of the Trade Expansion Act of 1962 (19 U.S.C. 1872), for developing and implementing international trade policy, including commodity matters and, to the extent related to international trade policy, direct investment matters and, in exercising such responsibility, advance and implement, as the primary mandate of the Trade Administration, the goals of the United States to—

(A) maintain United States leadership in international trade liberalization and expansion efforts;

(B) reinvigorate the ability of the United States economy to compete in international markets and to respond flexibly to changes in international competition; and

(C) expand United States participation in international trade through aggressive promotion and marketing of goods and services that are products of the United States;

(3) exercise lead responsibility for the conduct of international trade negotiations, including negotiations relating to commodity matters and, to the extent that such negotiations are related to international trade, direct investment negotiations;

(4) exercise lead responsibility for the establishment of a national export strategy, including policies designed to implement such strategy;

(5) with the advice of the interagency organization established under section 242 of the Trade Expansion Act of 1962, issue policy guidance to other Federal agencies on international trade, commodity, and direct investment functions to the extent necessary to assure the coordination of international trade policy;

(6) seek and promote new opportunities for United States products and services to compete in the world marketplace;

(7) assist small businesses in developing export markets;

(8) enforce the laws of the United States relating to trade;

(9) analyze economic trends and developments;

(10) report directly to Congress—

(A) on the administration of, and matters pertaining to, the trade agreements program under the Omnibus Trade and Competitiveness Act of 1988, the Trade Act of 1974, the Trade Expansion Act of 1962, section 350 of the Tariff Act of 1930, and any other law relating to trade agreements; and

(B) with respect to other issues pertaining to international trade;

(11) keep each official adviser to the United States delegations to international conferences, meetings, and negotiation sessions relating to trade agreements who is appointed from the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives under section 161 of the Trade Act of 1974 (19 U.S.C. 2211) currently informed on United States negotiating objectives with respect to—

(A) trade agreements;

(B) the status of negotiations in progress with respect to such agreements; and

(C) the nature of any changes in domestic law or the administration thereof that the Trade Representative may recommend to Congress to carry out any trade agreement;

(12) consult and cooperate with State and local governments and other interested parties on international trade matters of interest to such governments and parties, and to the extent related to international trade matters, on investment matters, and, when appropriate, hold informal public hearings;

(13) serve as the principal advisor to the President on Government policies designed to contribute to enhancing the ability of United States industry and services to compete in international markets;

(14) develop recommendations for national strategies and specific policies intended to enhance the productivity and international competitiveness of United States industries;

(15) serve as the principal advisor to the President in identifying and assessing the consequences of any Government policies that adversely affect, or have the potential to adversely affect, the international competitiveness of United States industries and services;

(16) promote cooperation between business, labor, and Government to improve industrial performance and the ability of United States industries to compete in international markets and to facilitate consultation and communication between the Government and the private sector about domestic industrial performance and prospects and the performance and prospects of foreign competitors; and

(17) monitor and enforce foreign government compliance with international trade agreements to protect United States interests.

(b) INTERAGENCY ORGANIZATION.—The Trade Representative shall be the chairperson of the interagency organization established under section 242 of the Trade Expansion Act of 1962.

(c) NATIONAL SECURITY COUNCIL.—The Trade Representative shall be a member of the National Security Council.

(d) ADVISORY COUNCIL.—The Trade Representative shall be Deputy Chairman of the National Advisory Council on International Monetary and Financial Policies established under Executive Order No. 11269, issued February 14, 1966.

(e) AGRICULTURE.—

(1) CONSULTATIONS.—The Trade Representative shall consult with the Secretary of Agriculture or the designee of the Secretary of Agriculture on all matters that potentially involve international trade in agricultural products.

(2) UNITED STATES DELEGATION.—If an international meeting for negotiation or consultation includes discussion of international trade in agricultural products, the Trade Representative or the designee of the Trade Representative shall be Chairman of the United States delegation to such meeting and the Secretary of Agriculture or the designee of such Secretary shall be Vice Chairman. The provisions of this paragraph shall not limit the authority of the Trade Representative under subsection (h) to assign to the Secretary of Agriculture responsibility for the conduct of, or participation in, any trade negotiation or meeting.

(f) TRADE PROMOTION.—The Trade Representative shall be the chairperson of the Trade Promotion Coordinating Committee established under section 2312 of the Export Enhancement Act of 1988 (15 U.S.C. 4727).

(g) NATIONAL ECONOMIC COUNCIL.—The Trade Representative shall be a member of the National Economic Council established under Executive Order No. 12835, issued January 25, 1993.

(h) INTERNATIONAL TRADE NEGOTIATIONS.—Except where expressly prohibited by law, the Trade Representative, at the request or with the concurrence of the head of any other Federal agency, may assign the responsibility for conducting or participating in any specific international trade negotiation or meeting to the head of such agency whenever the Trade Representative determines that the subject matter of such international trade negotiation is related to the functions carried out by such agency.

Subpart B—Officers

SEC. 321. DEPUTY UNITED STATES TRADE REPRESENTATIVES.

(a) ESTABLISHMENT.—There shall be in the Trade Administration 3 Deputy United States Trade Representatives, who shall be appointed by the President, by and with the advice and consent of the Senate. The Deputy United States Trade Representatives shall exercise all functions under the direction of the Trade Representative, and shall include—

(1) the Deputy United States Trade Representative for Negotiations (referred to in this title as the "Deputy Trade Representative for Negotiations");

(2) the Deputy United States Trade Representative to the World Trade Organization (referred to in this title as the "Deputy Trade Representative to the WTO"); and

(3) the Deputy United States Trade Representative for Administration (referred to in this title as the "Deputy Trade Representative for Administration").

(b) FUNCTIONS OF DEPUTY TRADE REPRESENTATIVES.—

(1) DEPUTY TRADE REPRESENTATIVE FOR NEGOTIATIONS.—The Deputy Trade Representative for Negotiations shall exercise all functions transferred under section 331 relating to trade negotiations and such other functions as the Trade Representative may direct and shall have the rank and status of Ambassador.

(2) DEPUTY TRADE REPRESENTATIVE TO THE WTO.—The Deputy Trade Representative to the WTO shall exercise all functions relating to representation to the World Trade Organization and shall have the rank and status of Ambassador.

(3) DEPUTY TRADE REPRESENTATIVE FOR ADMINISTRATION.—

(A) ABSENCE, DISABILITY, OR VACANCY OF TRADE REPRESENTATIVE.—The Deputy Trade Representative for Administration shall act for and exercise the functions of the Trade Representative during the absence or disability of the Trade Representative or in the event the office of the Trade Representative becomes vacant. The Deputy Administrator shall act for and exercise the functions of the Trade Representative until the absence or disability of the Trade Representative no longer exists or a successor to the Trade Representative has been appointed by the President and confirmed by the Senate.

(B) FUNCTIONS.—The Deputy Trade Representative for Administration shall exercise all functions, under the direction of the Trade Representative, transferred to or established in the Trade Administration, except those functions exercised by the Deputy United States Trade Representatives described in paragraphs (1) and (2), the Assistant Administrator for Export Promotion, the Inspector General of the Trade Administration, and the General Counsel of the Trade Administration.

SEC. 322. ASSISTANT ADMINISTRATORS.

(a) ESTABLISHMENT.—There shall be in the Trade Administration 4 Assistant Administrators, who shall be appointed by the President, by and with the advice and consent of the Senate. The Assistant Administrators shall exercise all functions under the direction of the Deputy Trade Representative for Administration and include—

(1) the Assistant Administrator for Export Administration;

(2) the Assistant Administrator for Import Administration;

(3) the Assistant Administrator for Trade and Policy Analysis; and

(4) the Assistant Administrator for Export Promotion.

(b) FUNCTIONS OF ASSISTANT ADMINISTRATORS.—

(1) EXPORT ADMINISTRATION.—The Assistant Administrator for Export Administration shall exercise all functions transferred under section 332(1)(C).

(2) IMPORT ADMINISTRATION.—The Assistant Administrator for Import Administration shall exercise all functions transferred under section 332(1)(D).

(3) TRADE AND POLICY ANALYSIS.—The Assistant Administrator for Trade and Policy Analysis shall exercise all functions transferred under section 332(1)(B) and all functions transferred under section 332(2).

(4) EXPORT PROMOTION.—The Assistant Administrator for Export Promotion shall exercise all functions transferred under sections 332(1)(A)(ii) and 333, and shall have the rank and status of Ambassador.

SEC. 323. GENERAL COUNSEL.

There shall be in the Trade Administration a General Counsel, who shall be appointed by the President, by and with the advice and consent of the Senate. The General Counsel shall provide legal assistance to the Trade Representative concerning the activities, programs, and policies of the Trade Administration.

SEC. 324. INSPECTOR GENERAL.

There shall be in the Trade Administration an Inspector General who shall be appointed in accordance with the Inspector General Act of 1978, as amended by section 371(a) of this chapter.

SEC. 325. CHIEF FINANCIAL OFFICER.

There shall be in the Trade Administration a Chief Financial Officer who shall be appointed in accordance with section 901 of title 31, United States Code, as amended by section 371(e) of this chapter. The Chief Financial Officer shall perform all functions prescribed by the Deputy Trade Representative for Administration, under the direction of the Deputy Trade Representative.

Subpart C—Transfers to the Trade Administration

SEC. 331. OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

(a) ABOLISHMENT OF OFFICE OF THE USTR.—Effective on the applicable date specified in section 102(c), the Office of the United States Trade Representative established by section 141 of the Trade Act of 1974 (19 U.S.C. 141) as in effect on the day before the applicable date specified in section 102(c) is abolished.

(b) TRANSFER OF FUNCTIONS.—Except as otherwise provided in this chapter, all functions that on the day before the applicable date specified in section 102(c) are authorized to be performed by the United States Trade Representative, any other officer or employee of the Office of the United States Trade Representative acting in that capacity, or any agency or office of the Office of the United States Trade Representative, are transferred to the Trade Administration established under this title effective on that date.

(c) DETERMINATION OF CERTAIN FUNCTIONS.—If necessary, the Office of Management and Budget shall make any determination of the functions that are transferred under this title.

SEC. 332. TRANSFERS FROM THE DEPARTMENT OF COMMERCE.

There are transferred to the Trade Administration the following functions:

(1) All functions of, and all functions performed under the direction of, the following officers and employees of the Department of Commerce:

(A)(i) The Under Secretary of Commerce for International Trade.

(ii) The Director General of the United States and Foreign Commercial Service, relating to all functions exercised by the Service.

(B) The Assistant Secretary of Commerce for International Economic Policy and the Assistant Secretary of Commerce for Trade Development.

(C) The Under Secretary of Commerce for Export Administration.

(D) The Assistant Secretary of Commerce for Import Administration.

(2) All functions of the Secretary of Commerce relating to the National Trade Data Bank.

(3) All functions of the Secretary of Commerce under the Tariff Act of 1930, the Uruguay Round Agreements Act, the Trade Act of 1974, and other Acts relating to international trade for which responsibility is not otherwise assigned under this title.

SEC. 333. TRADE AND DEVELOPMENT AGENCY.

There are transferred to the Assistant Administrator for Export Promotion all functions of the Trade and Development Agency and all functions of the Director of the Trade and Development Agency.

SEC. 334. EXPORT-IMPORT BANK.

(a) IN GENERAL.—

(1) TRANSFER OF FUNCTIONS.—There are transferred to the Trade Representative all functions of the Secretary of Commerce relating to the Export-Import Bank of the United States.

(2) CONFORMING AMENDMENT.—Section 3(c)(1) of the Export-Import Bank Act of 1945 (12 U.S.C. 635a(c)(1)) is amended to read as follows:

"(c)(1) There shall be a Board of Directors of the Bank consisting of the United States Trade Representative (who shall serve as Chairman), the President of the Export-Import Bank of the United States (who shall serve as Vice Chairman), the first Vice President, and 2 additional persons appointed by the President of the United States, by and with the advice and consent of the Senate.".

(b) EX OFFICIO MEMBER OF EXPORT-IMPORT BANK BOARD OF DIRECTORS.—The Assistant Administrator for Export Promotion shall serve as an ex officio nonvoting member of the Board of Directors of the Export-Import Bank.

(c) AMENDMENTS TO RELATED BANKING AND TRADE ACTS.—Section 2301(h) of the Omnibus Trade and Competitiveness Act of 1988 (15 U.S.C. 4721(h)) is amended to read as follows:

"(h) ASSISTANCE TO EXPORT-IMPORT BANK.—The Commercial Service shall provide such services as the Assistant Administrator for Export Promotion of the United States Trade Administration determines necessary to assist the Export-Import Bank of the United States to carry out the lending, loan guarantee, insurance, and other activities of the Bank.".

SEC. 335. OVERSEAS PRIVATE INVESTMENT CORPORATION.

(a) BOARD OF DIRECTORS.—The second and third sentences of section 233(b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2193(b)) are amended to read as follows: "The United States Trade Representative shall be the Chairman of the Board. The Administrator of the Agency for International Development (who shall serve as Vice Chairman) shall serve on the Board.".

(b) EX OFFICIO MEMBER OF OVERSEAS PRIVATE INVESTMENT CORPORATION BOARD OF DIRECTORS.—The Assistant Administrator for Export Promotion of the United States Trade Administration shall serve as an ex officio nonvoting member of the Board of Directors of the Overseas Private Investment Corporation.

SEC. 336. CONSOLIDATION OF EXPORT PROMOTION AND FINANCING ACTIVITIES.

(a) SUBMISSION OF PLAN.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this chapter, the President shall transmit to Congress a comprehensive plan—

(A) to consolidate Federal nonagricultural export promotion activities and export financing activities; and

(B) to transfer those functions to the Trade Administration.

(2) CONTENTS OF PLAN.—The plan under paragraph (1) shall provide for—

(A) the elimination of overlap and duplication among all Federal nonagricultural export promotion activities and export financing activities;

(B) a unified budget for all Federal nonagricultural export promotion activities which eliminates funding for overlapping and duplicative activities identified under subparagraph (A); and

(C) a long-term agenda for developing better cooperation between local, State, and Federal programs and activities designed to stimulate or assist United States businesses in exporting nonagricultural goods or services that are products of the United States, including sharing of facilities, costs, and export market research data.

(b) PLAN ELEMENTS.—The plan under subsection (a) shall—

(1) place all Federal nonagricultural export promotion activities and export financing activities within the Trade Administration;

(2) achieve an overall 25 percent reduction in the amount of funding for all Federal nonagricultural export promotion activities by not later than 2 years after the date of enactment of this chapter;

(3) identify any function of the Department of Commerce or of any other Federal department not transferred to the Trade Administration by this title, which should be transferred to the Trade Administration in order to ensure United States competitiveness in international trade; and

(4) assess the feasibility and potential savings resulting from—

(A) the consolidation of the Export-Import Bank of the United States and the Overseas Private Investment Corporation;

(B) the consolidation of the Boards of Directors of the Export-Import Bank and the Overseas Private Investment Corporation; and

(C) the consolidation of the Trade and Development Agency with the consolidations described in subparagraphs (A) and (B).

(c) DEFINITION.—As used in this section, the term "Federal nonagricultural export promotion activities" means all programs or activities of any department or agency of the Federal Government (including trade missions, and departments and agencies with representatives on the Trade Promotion Coordinating Committee established under section 2312 of the Export Enhancement Act of 1988 (15 U.S.C. 4727)), that are designed to stimulate or assist United States businesses in exporting nonagricultural goods or services that are products of the United States.

SEC. 337. FUNCTIONS RELATED TO TEXTILE AGREEMENTS.

(a) FUNCTIONS OF CITA.—

(1) IN GENERAL.—Subject to paragraph (2), those functions delegated to the Committee for the Implementation of Textile Agreements established under Executive Order No. 11651 (7 U.S.C. 1854 note) (in this subsection referred to as "CITA") are transferred to the Trade Administration.

(2) OTHER FUNCTIONS.—Those functions delegated to CITA that relate to the assessment of the impact of textile imports on domestic industry are transferred to the International Trade Commission. The International Trade Commission shall make a determination and advise the President of the determination not later than 60 days after receiving a request for an investigation.

(b) ABOLITION OF CITA.—CITA is abolished.

Subpart D—Administrative Provisions

SEC. 341. PERSONNEL PROVISIONS.

(a) APPOINTMENTS.—The Trade Representative may appoint and fix the compensation of such officers and employees, including investigators, attorneys, and administrative law judges, as may be necessary to carry out the functions of the Trade Representative and the Trade Administration. Except as otherwise provided by law, such officers and employees shall be appointed in accordance with the civil service laws and their compensation fixed in accordance with title 5, United States Code.

(b) POSITIONS ABOVE GS–15.—

(1) IN GENERAL.—At the request of the Trade Representative, the Director of the Office of Personnel Management shall, under section 5108 of title 5, United States Code, provide for the establishment in a grade level above GS–15 of the General Schedule, and in the Senior Executive Service, of a number of positions in the Trade Administration equal to the number of positions in that grade level which—

(A) were used primarily for the performance of functions and offices transferred by this title; and

(B) were assigned and filled on the day before the effective date of this title.

(2) APPOINTMENTS.—Appointments to positions provided for under this subsection may be made without regard to the provisions of section 3324 of title 5, United States Code, if the individual appointed to such position is an individual who is transferred in connection with the transfer of functions and offices pursuant to this title and, on the day before the effective date of this title, holds a position and has duties comparable to those of the position to which appointed pursuant to this subsection.

(3) TERMINATION OF AUTHORITY.—The authority under this subsection with respect to any position established at a grade level above GS–15 shall terminate when the person first appointed to fill such position ceases to hold such position.

(4) EXCEPTION TO EXECUTIVE POSITION LIMITATION.—For purposes of section 414(a)(3)(A) of the Civil Service Reform Act of 1978, an individual appointed under this subsection shall be deemed to occupy the same position as the individual occupied on the day before the effective date of this title.

(c) EXPERTS AND CONSULTANTS.—The Trade Representative may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, and compensate such experts and consultants for each day (including traveltime) at rates not in excess of the maximum rate of pay for a position above GS–15 of the General Schedule under section 5332 of such title. The Trade Representative may pay experts and consultants who are serving away from their homes or regular place of business travel expenses and per diem in lieu of subsistence at rates authorized by sections 5702 and 5703 of such title for persons in Government service employed intermittently.

(d) VOLUNTARY SERVICES.—

(1) IN GENERAL.—

(A) VOLUNTARY SERVICES UNDER TITLE 31.—The Trade Representative is authorized to accept voluntary and uncompensated services without regard to the provisions of section 1342 of title 31, United States Code, if such services will not be used to displace Federal employees employed on a full-time, part-time, or seasonal basis.

(B) VOLUNTARY SERVICES UNDER TITLE 5.—The Trade Representative is authorized to accept volunteer service in accordance with the provisions of section 3111 of title 5, United States Code.

(2) PAYMENT OF EXPENSES.—The Trade Representative is authorized to provide for incidental expenses, including transportation, lodging, and subsistence for individuals who provide voluntary services under subparagraph (A) or (B) of paragraph (1).

(3) LIMITATION.—An individual who provides voluntary services under paragraph (1)(A) shall not be considered a Federal employee for any purpose other than for purposes of chapter 81 of title 5, United States Code, relating to compensation for work injuries, and chapter 171 of title 28, United States Code, relating to tort claims.

SEC. 342. DELEGATION AND ASSIGNMENT.

Except as otherwise expressly prohibited by law or otherwise provided by this title, the Trade Representative may delegate any of the functions transferred to the Trade Representative by this title and any function transferred or granted to the Trade Representative after the effective date of this title to such officers and employees of the Trade Administration as the Trade Representative may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions by the Trade Representative under this section or under any other provision of this title shall relieve the Trade Representative of responsibility for the administration of such functions.

SEC. 343. SUCCESSION.

(a) ORDER OF SUCCESSION.—Subject to the authority of the President, and except as provided in section 321(b), the Trade Representative shall prescribe the order by which officers of the Trade Administration who are appointed by the President, by and with the advice and consent of the Senate, shall act for, and perform the functions of, the Trade Representative or any other officer of the Trade Administration appointed by the President, by and with the advice and consent of the Senate, during the absence or disability of the Trade Representative or such other officer, or in the event of a vacancy in the office of the Trade Representative or such other officer.

(b) CONTINUATION.—Notwithstanding any other provision of law, and unless the President directs otherwise, an individual acting for the Trade Representative or another officer of the Trade Administration pursuant to subsection (a) shall continue to serve in that capacity until the absence or disability of the Trade Representative or such other officer no longer exists or a successor to the Trade Representative or such other officer has been appointed by the President and confirmed by the Senate.

SEC. 344. REORGANIZATION.

(a) IN GENERAL.—Subject to subsection (b), the Trade Representative is authorized to allocate or reallocate functions among the officers of the Trade Administration, and to establish, consolidate, alter, or discontinue such organizational entities in the Trade Administration as may be necessary or appropriate.

(b) EXCEPTION.—The Trade Representative may not exercise the authority under subsection (a) to establish, consolidate, alter, or discontinue any organizational entity in the Trade Administration or allocate or reallocate any function of an officer or employee of the Trade Administration that is inconsistent with any specific provision of this title.

SEC. 345. RULES.

The Trade Representative is authorized to prescribe, in accordance with the provisions of chapters 5 and 6 of title 5, United States Code, such rules and regulations as the Trade Representative determines necessary or appropriate to administer and manage the functions of the Trade Representative or the Trade Administration.

SEC. 346. FUNDS TRANSFER.

The Trade Representative may, when authorized in an appropriation Act in any fiscal year, transfer funds from one appropriation to another within the Trade Administration, except that—

(1) no appropriation for any fiscal year shall be either increased or decreased by more than 10 percent; and

(2) no such transfer shall result in increasing any such appropriation above the amount authorized to be appropriated for that purpose.

SEC. 347. CONTRACTS, GRANTS, AND COOPERATIVE AGREEMENTS.

(a) IN GENERAL.—Subject to the provisions of the Federal Property and Administrative Services Act of 1949, the Trade Representative may make, enter into, and perform such contracts, leases, cooperative agreements, grants, or other similar transactions with public agencies, private organizations, and persons, and make payments (in lump sum or installments, and by way of advance or reimbursement, and, in the case of any grant, with necessary adjustments on account of overpayments and underpayments) as the Trade Representative considers necessary or appropriate to carry out the functions of the Trade Representative or the Trade Administration.

(b) Exception.—Notwithstanding any other provision of this title, the authority to enter into contracts or to make payments under this chapter shall be effective only to such extent, or in such amounts, as are provided in advance in appropriation Acts. This subsection does not apply with respect to the authority granted under section 349.

SEC. 348. USE OF FACILITIES.

(a) Use by Trade Representative.—In carrying out any function of the Trade Representative or the Trade Administration, the Trade Representative, with or without reimbursement, may use the research, services, equipment, and facilities of—

(1) an individual;

(2) any public or private nonprofit agency or organization, including any agency or instrumentality of the United States or of any State, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States;

(3) any political subdivision of any State, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States; or

(4) any foreign government.

(b) Use of Trade Representative Facilities.—The Trade Representative, under terms, at rates, and for periods that the Trade Representative considers to be in the public interest, may permit the use by public and private agencies, corporations, associations or other organizations, or individuals, of any real property, or any facility, structure or other improvement thereon, under the custody of the Trade Representative. The Trade Representative may require permittees under this section to maintain or recondition, at their own expense, the real property, facilities, structures, and improvements used by such permittees.

SEC. 349. GIFTS AND BEQUESTS.

(a) In General.—The Trade Representative is authorized to accept, hold, administer, and utilize gifts and bequests of property, both real and personal, for the purpose of aiding or facilitating the work of the Trade Administration. Gifts and bequests of money and the proceeds from sales of other property received as gifts or bequests shall be deposited in the United States Treasury in a separate fund and shall be disbursed on order of the Trade Representative. Property accepted pursuant to this subsection, and the proceeds thereof, shall be used as nearly as possible in accordance with the terms of the gift or bequest.

(b) Tax Treatment.—For the purpose of Federal income, estate, and gift taxes, and State taxes, property accepted under subsection (a) shall be considered a gift or bequest to or for the use of the United States.

(c) Investment.—

(1) In general.—Upon the request of the Trade Representative, the Secretary of the Treasury may invest and reinvest in securities of the United States or in securities guaranteed as to principal and interest by the United States any moneys contained in the fund provided for in subsection (a).

(2) Treatment of income.—Income accruing from the securities referred to in paragraph (1), and from any other property held by the Trade Representative pursuant to subsection (a), shall—

(A) be deposited to the credit of the fund; and

(B) be disbursed upon order of the Trade Representative.

SEC. 350. WORKING CAPITAL FUND.

(a) Establishment.—The Trade Representative is authorized to establish for the Trade Administration a working capital fund, to be available without fiscal year limitation, for expenses necessary for the maintenance and operation of such common administrative services as the Trade Representative shall find to be desirable in the interest of economy and efficiency, including—

(1) a central supply service for stationery and other supplies and equipment for which adequate stocks may be maintained to meet in whole or in part the requirements of the Trade Administration and its components;

(2) central messenger, mail, and telephone service and other communications services;

(3) office space and central services for document reproduction and for graphics and visual aids;

(4) a central library service; and

(5) such other services as may be approved by the Director of the Office of Management and Budget.

(b) Operation of Fund.—

(1) In general.—The capital of the fund shall consist of any appropriations made for the purpose of providing working capital and the fair and reasonable value of such stocks of supplies, equipment, and other assets and inventories on order as the Trade Representative may transfer to the fund, less the related liabilities and unpaid obligations.

(2) Advance reimbursements.—The fund shall be reimbursed in advance from available funds of agencies and offices in the Trade Administration, or from other sources, for supplies and services at rates which will approximate the expense of operation, including the accrual of annual leave and the depreciation of equipment.

(3) Other credits.—In addition to the credits made under paragraph (1), the fund shall be credited with receipts from sale or exchange of property and receipts in payment for loss or damage to property owned by the fund.

(4) Surplus.—There shall be covered into the United States Treasury as miscellaneous receipts any surplus of the fund (all assets, liabilities, and prior losses considered) above the amounts transferred or appropriated to establish and maintain the fund.

(5) Transfers to fund.—There shall be transferred to the fund the stocks of supplies, equipment, other assets, liabilities, and unpaid obligations relating to those services which the Trade Representative determines will be performed.

SEC. 351. SERVICE CHARGES.

(a) Authority.—Notwithstanding any other provision of law, the Trade Representative may establish reasonable fees and commissions with respect to applications, documents, awards, loans, grants, research data, services, and assistance administered by the Trade Administration. The Trade Representative may change and abolish such fees and commissions. Before establishing, changing, or abolishing any schedule of fees or commissions under this section, the Trade Representative may submit such schedule to Congress.

(b) Deposits.—The Trade Representative is authorized to require a deposit before the Trade Representative provides any item, information, service, or assistance for which a fee or commission is required under this section.

(c) Deposit of Moneys.—Moneys received under this section shall be deposited in the Treasury in a special account for use by the Trade Representative and are authorized to be appropriated and made available until expended.

(d) Factors in Establishing Fees and Commissions.—In establishing reasonable fees or commissions under this section, the Trade Representative may take into account—

(1) the actual costs which will be incurred in providing the items, information, services, or assistance concerned;

(2) the efficiency of the Government in providing such items, information, services, or assistance;

(3) the portion of the cost that will be incurred in providing such items, information, services, or assistance which may be attributed to benefits for the general public rather than exclusively for the person to whom the items, information, services, or assistance is provided;

(4) any public service which occurs through the provision of such items, information, services, or assistance; and

(5) such other factors as the Trade Representative considers appropriate.

(e) Refunds of Excess Payments.—In any case in which the Trade Representative determines that any person has made a payment which is not required under this section or has made a payment which is in excess of the amount required under this section, the Trade Representative, upon application or otherwise, may cause a refund to be made from applicable funds.

SEC. 352. SEAL OF OFFICE.

The Trade Representative shall cause a seal of office to be made for the Trade Administration of such design as the Trade Representative shall approve. Judicial notice shall be taken of such seal.

Subpart E—Related Agencies

SEC. 361. INTERAGENCY TRADE ORGANIZATION.

Section 242(a)(3) of the Trade Expansion Act of 1962 (19 U.S.C. 1872(a)(3)) is amended to read as follows:

"(3)(A) The interagency organization established under subsection (a) shall be composed of—

"(i) the United States Trade Representative, who shall be the chairperson,

"(ii) the Secretary of Agriculture,

"(iii) the Secretary of the Treasury,

"(iv) the Secretary of Labor,

"(v) the Secretary of State, and

"(vi) the representatives of such other departments and agencies as the United States Trade Representative shall designate.

"(B) The United States Trade Representative may invite representatives from other agencies, as appropriate, to attend particular meetings if subject matters of specific functional interest to such agencies are under consideration. It shall meet at such times and with respect to such matters as the President or the chairperson shall direct.".

SEC. 362. NATIONAL SECURITY COUNCIL.

The fourth paragraph of section 101(a) of the National Security Act of 1947 (50 U.S.C. 402(a)) is amended—

(1) by redesignating paragraphs (5), (6), and (7) as paragraphs (6), (7), and (8), respectively; and

(2) by inserting after paragraph (4) the following new paragraph:

"(5) the United States Trade Representative;".

SEC. 363. INTERNATIONAL MONETARY FUND.

Section 3 of the Bretton Woods Agreement Act (22 U.S.C. 286a) is amended by adding at the end the following new subsection:

"(e) The United States executive director of the Fund shall consult with the United

States Trade Representative with respect to matters under consideration by the Fund which relate to trade.".

Subpart F—Conforming Amendments

SEC. 371. AMENDMENTS TO GENERAL PROVISIONS.

(a) INSPECTOR GENERAL.—The Inspector General Act of 1978 (5 U.S.C. App. 1 et seq.) is amended—

(1) in section 9(a)(1) by adding after subparagraph (W) the following:

"(X) of the United States Trade Representative, all functions of the Inspector General of the Department of Commerce and the Office of the Inspector General of the Department of Commerce relating to the functions transferred to the United States Trade Representative by section 332 of the Department of Commerce Dismantling Act; and"; and

(2) in section 11—

(A) in paragraph (1) by inserting "the United States Trade Representative;" after "the Attorney General;"; and

(B) in paragraph (2) by inserting "the United States Trade Administration," after "Treasury;".

(b) AMENDMENT TO THE TRADE ACT OF 1974.—

(1) TRADE NEGOTIATIONS.—Chapter 4 of title I of the Trade Act of 1974 (19 U.S.C. 2171) is amended to read as follows:

"CHAPTER 4—ADMINISTRATION OF TRADE AGREEMENTS, REPRESENTATION IN TRADE NEGOTIATIONS, AND OTHER TRADE MATTERS

"SEC. 141. FUNCTIONS OF THE UNITED STATES TRADE REPRESENTATIVE.

"The United States Trade Representative, established under section 311 of the Department of Commerce Dismantling Act, shall—

"(1) be the chief representative of the United States for each trade negotiation under this title or chapter 1 of title III of this Act, or subtitle A of title I of the Omnibus Trade and Competitiveness Act of 1988, or any other provision of law relating to international trade negotiations;

"(2) be responsible for the administration of trade agreement programs under this Act, the Omnibus Trade and Competitiveness Act of 1988, the Trade Expansion Act of 1962, section 350 of the Tariff Act of 1930, and any other provision of law relating to trade agreement programs;

"(3) advise the President and Congress with respect to nontariff barriers to international trade, international commodity agreements, and other matters which are related to trade agreement programs; and

"(4) be responsible for making reports to the President and Congress with respect to the matters set forth in paragraphs (1) and (2).".

(2) TABLE OF CONTENTS.—Title I of the table of contents of the Trade Act of 1974 is amended by striking the items relating to chapter 4 and section 141 and inserting:

"CHAPTER 4—ADMINISTRATION OF TRADE AGREEMENTS, REPRESENTATION IN TRADE NEGOTIATIONS, AND OTHER TRADE MATTERS

"Sec. 141. Functions of the United States Trade Representative.".

(d) FOREIGN SERVICE PERSONNEL.—Section 202(a) of the Foreign Service Act of 1980 (22 U.S.C. 3922(a)) is amended by striking paragraph (3) and inserting:

"(3) The United States Trade Representative may utilize the Foreign Service personnel system in accordance with this Act—

"(A) with respect to the personnel performing functions—

"(i) which were transferred to the Department of Commerce from the Department of State by Reorganization Plan No. 3 of 1979; and

"(ii) which were subsequently transferred to the United States Trade Representative by section 332 of the Department of Commerce Dismantling Act; and

"(B) with respect to other personnel of the United States Trade Administration to the extent the President determines to be necessary in order to enable the United States Trade Administration to carry out functions which require service abroad.".

(e) CHIEF FINANCIAL OFFICERS.—Section 901(b)(1)(B) of title 31, United States Code, is amended to read as follows:

"(B) The Trade Administration.".

SEC. 372. REPEALS.

(a) DEPARTMENT OF COMMERCE.—The first section of the Act entitled "An Act to establish the Department of Commerce and Labor", approved February 14, 1903 (15 U.S.C. 1501), is repealed.

(b) UNDER SECRETARY; ASSISTANT SECRETARIES; OTHER POSITIONS.—

(1) Subsection (a) of the first section of the Act entitled "An Act to authorize an Under Secretary of Commerce for Economic Affairs", approved June 16, 1982 (96 Stat. 115; 15 U.S.C. 1503a), is repealed.

(2) The Act entitled "An Act to provide for the appointment of one additional Assistant Secretary of Commerce, and for other purposes", approved July 15, 1947 (15 U.S.C. 1505), is repealed.

(3) The first sentence of section 304 of the Department of Commerce Appropriation Act, 1955 (15 U.S.C. 1506), is repealed.

(4) The chapter entitled "An Act to authorize an additional Assistant Secretary of Commerce", approved February 16, 1962 (15 U.S.C. 1507), is repealed.

(5) Subsection (a) of section 9 of the Maritime Appropriation Authorization Act for Fiscal Year 1978 (15 U.S.C. 1507b), is repealed.

(6)(A) The first section of the chapter of March 18, 1904 (33 Stat. 135, chapter 716; 15 U.S.C. 1508), is repealed.

(B) Section 2 of the chapter of July 17, 1952 (66 Stat. 758, chapter 932; 15 U.S.C. 1508), is repealed.

(c) BUREAUS IN DEPARTMENT.—

(1) Sections 4 and 12 of the chapter entitled "An Act to Establish the Department of Commerce and Labor", approved February 14, 1903 (15 U.S.C. 1511), are repealed.

(2) The first section of the chapter of January 5, 1923 (42 Stat. 1109, chapter 23; 15 U.S.C. 1511), is repealed.

(3) The first section of the chapter of May 27, 1936 (49 Stat. 1380, chapter 463; 15 U.S.C. 1511), is repealed.

(d) ANNUAL REPORTS.—Section 8 of the Act entitled "An Act to establish the Department of Commerce and Labor", approved February 14, 1903 (15 U.S.C. 1519), is repealed.

(e) WORKING CAPITAL FUND.—Title III of the Act entitled "An Act making appropriations for the Departments of State, Justice, and Commerce for the fiscal year ending June 30, 1945, and for other purposes", approved June 28, 1944 (15 U.S.C. 1521), is amended by striking the paragraph relating to the working capital fund of the Department of Commerce.

(f) GIFTS, BEQUESTS, INVESTMENTS.—Sections 1, 2, and 3 of Public Law 88–611 (15 U.S.C. 1522, 1523, and 1524) are repealed.

SEC. 373. CONFORMING AMENDMENTS RELATING TO EXECUTIVE SCHEDULE POSITIONS.

(a) POSITIONS AT LEVEL II.—Section 5313 of title 5, United States Code, is amended by adding at the end the following:

"Deputy United States Trade Representatives (3).".

(b) POSITIONS AT LEVEL III.—Section 5314 of title 5, United States Code, is amended by striking the item relating to Deputy United States Trade Representatives and inserting the following:

"Assistant Administrators, United States Trade Administration (4).".

(c) POSITIONS AT LEVEL IV.—Section 5315 of title 5, United States Code, is amended by adding at the end the following:

"General Counsel, United States Trade Administration.

"Inspector General, United States Trade Administration.

"Chief Financial Officer, United States Trade Administration.".

Subpart G—Miscellaneous

SEC. 381. EFFECTIVE DATE.

(a) IN GENERAL.—This title shall take effect on the effective date specified in section 102(c), except that—

(1) section 336 shall take effect on the date of enactment of this chapter; and

(2) at any time after the date of enactment of this chapter the officers provided for in chapter 2 may be nominated and appointed, as provided in such chapter.

(b) INTERIM COMPENSATION AND EXPENSES.—Funds available to the Department of Commerce or the Office of the United States Trade Representative (or any official or component thereof), with respect to the functions transferred by this title, may be used, with approval of the Director of the Office of Management and Budget, to pay the compensation and expenses of an officer appointed under subsection (a) who will carry out such functions until funds for that purpose are otherwise available.

SEC. 382. INTERIM APPOINTMENTS.

(a) IN GENERAL.—If one or more officers required by this title to be appointed by and with the advice and consent of the Senate have not entered upon office on the effective date of this title and notwithstanding any other provision of law, the President may designate any officer who was appointed by and with the advice and consent of the Senate, and who was such an officer on the day before the effective date of this title, to act in the office until it is filled as provided by this title.

(b) COMPENSATION.—Any officer acting in an office pursuant to subsection (a) shall receive compensation at the rate prescribed by this title for such office.

SEC. 383. FUNDING REDUCTIONS RESULTING FROM REORGANIZATION.

(a) FUNDING REDUCTIONS.—Notwithstanding the transfer of functions under this title, and except as provided in subsection (b), the total amount appropriated by the United States in performing all functions vested in the Trade Representative and the Trade Administration pursuant to this title shall not exceed—

(1) for the first fiscal year that begins after the date specified in section 102(c), 75 percent of the total amount appropriated in fiscal year 1999 for the performance of all those functions; and

(2) for the second fiscal year that begins after the date specified in section 102(c) and for each fiscal year thereafter, 65 percent of the total amount appropriated in fiscal year 1999 for the performance of all those functions.

(b) EXCEPTION.—Subsection (a) shall not apply to obligations or expenditures incurred as a direct consequence of the termination, transfer, or other disposition of functions described in subsection (a) pursuant to this chapter.

(c) RULE OF CONSTRUCTION.—This section shall supersede any other provision of law that does not—

(1) explicitly refer to this section, and

(2) create an exemption from this section.

(d) RESPONSIBILITY OF TRADE REPRESENTATIVE.—The Trade Representative, in consultation with the Director of the Office of Management and Budget, shall make such modifications in programs as are necessary to carry out the reductions in appropriations set forth in paragraphs (1) and (2) of subsection (a).

(e) RESPONSIBILITIES OF THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET.—The Director of the Office of Management and Budget shall include in each report under subsections (a) and (b) of section 106 a description of the actions taken to comply with the requirements of this section.

Subchapter D—Establishment of the Office of Patents, Trademarks, and Standards

PART I—ESTABLISHMENT

SEC. 401. DEFINITIONS.

For purposes of this title—

(1) the term "Director" means the Director of the Office of Patents, Trademarks, and Standards; and

(2) the term "Office" means the Office of Patents, Trademarks, and Standards.

SEC. 402. ESTABLISHMENT OF THE OFFICE OF PATENTS, TRADEMARKS, AND STANDARDS.

There is established the Office of Patents, Trademarks, and Standards which shall be an independent establishment in the executive branch of Government as defined under section 104 of title 5, United States Code. There shall be a Director of the Office of Patents, Trademarks, and Standards who shall administer the Office and shall be appointed by the President, by and with the advice and consent of the Senate.

SEC. 403. FUNCTIONS.

The Director shall perform all functions transferred under section 404 and such other functions as the President may assign or delegate.

SEC. 404. TRANSFERS TO THE OFFICE.

(a) TRANFER OF FUNCTIONS.—There are transferred to the Director all functions of, and all functions performed under the direction of, the following officers and employees of the Department of Commerce:

(1) The Director of the National Institute of Standards and Technology.

(2) The Assistant Secretary and Commissioner of Patents and Trademarks.

(3) The Under Secretary for Technology relating to functions performed by the Office of Technology Policy relating to the Baldridge Quality Award.

(4) The Secretary of Commerce and Assistant Secretary for Communications and Information with respect to only those functions of the National Telecommunications and Information Administration relating to telecommunication standards and laboratories.

(b) TRANFER OF OFFICES.—

(1) The Patent and Trademark Office of the Department of Commerce is transferred to the Office. The Patent and Trademark Office of the Office of Patents, Trademarks, and Standards shall be administered through the Commissioner of the Patent and Trademark Office.

(2) The National Institute of Standards and Technology of the Department of Commerce is transferred to the Office. The National Institute of Standards and Technology shall be administered through the Director of the National Institute of Standards and Technology.

SEC. 405. ADDITIONAL OFFICERS.

(a) GENERAL COUNSEL.—There shall be in the Office a General Counsel, who shall be appointed by the President, by and with the advice and consent of the Senate. The General Counsel shall provide legal assistance to the Director concerning the activities, programs, and policies of the Office.

(b) INSPECTOR GENERAL.—

(1) There shall be in the Office an Inspector General who shall be appointed in accordance with the Inspector General Act of 1978, as amended by this subsection.

(2) Section 11 of the Inspector General Act of 1978 (as amended by this Act) is further amended—

(A) in paragraph (1) by inserting "the Director of the Office of Patents, Trademarks, and Standards" after "the Chief Executive Officer of the Corporation for National and Community Service;"; and

(B) in paragraph (2) by inserting "the Office of Patents, Trademarks, and Standards," after "the Corporation for National and Community Service,".

(c) CHIEF FINANCIAL OFFICER.—

(1) There shall be in the Office a Chief Financial Officer who shall be appointed in accordance with section 901 of title 31, United States Code, as amended by this subsection.

(2) Section 901(b) of title 31, United States Code, (as amended by this Act) is further amended in paragraph (2) by adding at the end thereof the following: "(I) The Office of Patents, Trademarks, and Standards.".

PART II—ADMINISTRATIVE PROVISIONS

SEC. 411. RULES.

In the performance of the functions of the Director and the Office, the Director is authorized to make, promulgate, issue, rescind, and amend rules and regulations. The promulgation of such rules and regulations—

(1) Shall be governed by the provisions of chapter 5 of title 5, United States Code; and

(2) shall be after notice and opportunity for full participation by relevant Federal agencies, State agencies, local governments, regional organizations, authorities, councils, and other interested public and private parties.

SEC. 412. DELEGATION.

Except as otherwise provided in this Act, the Director may delegate any function to such officers and employees of the Office as the Director may designate, and may authorize such successive redelegations of such functions in the Office as may be necessary or appropriate. No delegation of functions by the Director under this section or under any other provision of this Act shall relieve the Director of responsibility for the administration of such functions.

SEC. 413. PERSONNEL AND SERVICES.

(a) APPOINTMENTS.—In the performance of the functions of the Director and in addition to the officers provided for under subtitle A, the Director is authorized to appoint, transfer, and fix the compensation of such officers and employees, including attorneys, as may be necessary to carry out the functions of the Director and the Office. Except as otherwise provided by law, such officers and employees shall be appointed in accordance with the civil service laws and compensated in accordance with title 5, United States Code.

(b) EXPERTS AND CONSULTANTS.—The Director is authorized to obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code.

(c) TRANSPORTATION EXPENSES.—The Director is authorized to pay transportation expenses, and per diem in lieu of subsistence expenses, in accordance with chapter 57 of title 5, United States Code.

(d) DETAIL OF EMPLOYEES AND OFFICERS.—The Director is authorized to utilize, on a reimbursable basis, the services of personnel of any Federal agency.

(e) VOLUNTARY SERVICES.—

(1)(A) The Director is authorized to accept voluntary and uncompensated services without regard to the provisions of section 1342 of title 31, United States Code, if such services will not be used to displace Federal employees employed on a full-time, part-time, or seasonal basis.

(B) The Director is authorized to accept volunteer service in accordance with the provisions of section 3111 of title 5, United States Code.

(2) The Director is authorized to provide for incidental expenses, including but not limited to transportation, lodging, and subsistence for such volunteers.

(3) An individual who provides voluntary services under paragraph (1)(A) of this subsection shall not be considered a Federal employee for any purpose other than for purposes of chapter 81 of title 5, United States Code, relating to compensation for work injuries, and chapter 171 of title 28, United States Code, relating to tort claims.

SEC. 414. CONTRACTS.

The Director is authorized, without regard to the provisions of section 3324 of title 31, United States Code, to enter into and perform such contracts, leases, cooperative agreements, or other transactions as may be necessary to carry out the functions of the Director and the Office. The Director may enter into such contracts, leases, agreements, and transactions with any Federal agency or any instrumentality of the United States, or with any State, territory, or possession, or with any political subdivision thereof, or with any person, firm, association, corporation, or educational institution, on such terms and conditions as the Director may consider appropriate. The authority of the Director to enter into contracts and leases under this section shall be to such extent or in such amounts as are provided in appropriation Acts.

SEC. 415. COPYRIGHTS AND PATENTS.

The Director is authorized to acquire any of the following described rights if the property acquired thereby is for use in, or is useful to, the performance of functions of the Director or the Office:

(1) Copyrights, patents, and applications for patents, designs, processes, specifications, and data.

(2) Licenses under copyrights, patents, and applications for patents.

(3) Releases, before an action is brought, for past infringement of patents of copyrights.

SEC. 416. GIFTS AND BEQUESTS.

The Director is authorized to accept, hold, administer and utilize gifts, donations, or bequests of property, real or personal, tangible or intangible, and contributions of money for purposes of aiding or facilitating the work of the Director or the Office. For the purposes of Federal income, estate, and gift taxes, and State taxes, property accepted under this subsection shall be considered a gift or bequest to the United States.

SEC. 417. TRANSFERS OF FUNDS FROM OTHER FEDERAL AGENCIES.

The Director is authorized to accept transfers from other Federal agencies of funds which are available to carry out functions transferred by this Act to the Director or functions assigned by law to the Director after the date of enactment of this Act.

SEC. 418. SEAL OF OFFICE.

The Director shall cause a seal of office to be made for the Office of such design as the Director shall approve. Judicial notice shall be taken of such seal.

SEC. 419. STATUS OF OFFICE UNDER CERTAIN LAWS.

For purposes of section 552b of title 5, United States Code, the Office is an agency.

PART III—CONFORMING AMENDMENTS

SEC. 421. PATENT AND TRADEMARK OFFICE.

(a) ESTABLISHMENT.—Section 1 of title 35, United State Code, is amended by striking out "Department of Commerce" and inserting in lieu thereof "Office of Patents, Trademarks, and Standards".

(b) REFERENCE TO ASSISTANT SECRETARY OF COMMERCE.—Section 3 of title 35, United States Code, is amended by striking out subsection (d).

(c) GENERAL REFERENCES TO SECRETARY AND DEPARTMENT.—

(1) Except as provided under paragraph (2), the provisions of title 35, United States Code, are further amended—

(A) by striking out "Secretary of Commerce" each place such term appears and insert in lieu thereof "Commissioner of Patents and Trademarks"; and

(B) by striking out "Department of Commerce" each place such term appears and inserting in lieu thereof "Office of Patents, Trademarks and Standards".

(2)(A) Section 3(a) of title 35, United States Code, is amended in the fourth sentence by striking out "The Secretary of Commerce, upon the nomination of the Commissioner" and inserting in lieu thereof "The Commissioner".

(B) Section 6(a) of title 35, United States Code, is amended—

(i) in the first sentence by striking out ", under the direction of the Secretary of Commerce,"; and

(ii) in the second sentence by striking out ", subject to the approval of the Secretary of Commerce,".

(C) Section 31 of title 35, United States Code, is amended by striking out ", subject to the approval of the Secretary of Commerce,".

Subchapter E—Statistical Consolidation

PART I—GENERAL PROVISIONS

SEC. 501. FINDINGS.

Congress, recognizing the importance of statistical information in the development of national priorities and policies and in the administration of public programs, finds that—

(1) improved coordination and planning among the statistical programs of the Federal Government is necessary—

(A) to strengthen and improve the quality and utility of Federal statistics; and

(B) to reduce duplication and waste in information collected for statistical purposes;

(2) while the demand for statistical information has grown substantially over the 30-year period preceding the date of enactment of this Act, the lack of coordinated planning within the decentralized Federal statistical system has limited the usefulness of statistics in defining problems and determining national policies to deal with complex social and economic issues;

(3) the establishment of a unified statistical policy for the Federal Government to ensure that—

(A) data available from Federal statistical programs are responsive to the information needs of the President and Congress in developing national policies; and

(B) necessary statistical information is collected with the least reporting burden imposed on individuals, businesses, and public entities;

(4) a central statistical policy and coordination office is necessary—

(A) to develop and implement a Federal statistical policy;

(B) to establish priorities for Federal statistical programs;

(C) to oversee and evaluate the statistical programs of the Government; and

(D) to ensure that data collected for statistical purposes by the Government are collected and reported in accordance with established standards; and

(5) it is conducive and integral to a sound Federal policy that the heads of major statistical agencies within a Federal department or agency have direct access to the head of such department or agency.

SEC. 502. SENSE OF CONGRESS.

(a) CHIEF STATISTICIAN.—It is the sense of Congress that—

(1) a more centralized statistical system is integral to efficiency;

(2) with increased efficiency comes better integration of research, methodology, survey design, and taking advantage of economies of scale;

(3) the Chief Statistician should have the authority, personnel, and other resources necessary to carry out the duties of that office effectively, including duties relating to statistical forms clearance;

(4) statistical forms clearance at the Office of Management and Budget should be better distinguished from regulatory forms clearance; and

(5) recognizing that the Chief Statistician has numerous responsibilities with respect to statistical policy and coordination, the Chief Statistician should have a direct reporting relationship with the Director of the Office of Management and Budget.

(b) CONFIDENTIALITY.—It is the sense of Congress that—

(1) entities of the Federal Government (including the Federal Council on Statistical Policy and the Interagency Council on Statistical Policy) and private entities should examine the efficacy of replacing the individual confidentiality provisions of statistical agencies with a single, uniform standard that guarantees confidentiality across the affected agencies; and

(2) those entities should also examine the sharing of confidential data for statistical purposes within the Federal Statistical Service and special arrangements to permit the sharing of confidential data for statistical purposes with State agencies cooperating with Federal agencies in statistical programs.

(c) DECENNIAL CENSUSES.—It is the sense of Congress that the budget and functions of the Bureau of the Census relating to any decennial census of population should be segregated from the other budget and functions of the Bureau of the Census.

SEC. 503. DEFINITIONS.

In this title:

(1) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Federal Statistical Service.

(2) CENSUS OF POPULATION.—The term "census of population" has the meaning given such term by section 141(g) of title 13, United States Code.

(3) CHIEF STATISTICIAN.—The term "Chief Statistician" means the Chief Statistician of the Office of Management and Budget.

(4) COUNCIL.—The term "Council" means the Federal Council on Statistical Policy under section 513.

(5) DEPUTY ADMINISTRATOR.—The term "Deputy Administrator" means the Deputy Administrator of the Federal Statistical Service.

(6) FEDERAL AGENCY.—The term "Federal agency" has the meaning provided the term "agency" in section 551(1) of title 5, United States Code.

(7) FUNCTION.—The term "function" includes any duty, obligation, power, authority, responsibility, right, privilege, activity, or program.

(8) OFFICE.—The term "office" includes any office, bureau, institute, council, unit, or organizational entity, or any component thereof.

(9) SERVICE.—The term "Service" means the Federal Statistical Service.

PART II—ESTABLISHMENT OF THE FEDERAL STATISTICAL SERVICE

SEC. 511. ESTABLISHMENT.

The Federal Statistical Service is established as an independent establishment, as that term is defined in section 104 of title 5, United States Code, in the executive branch of the Federal Government.

SEC. 512. PRINCIPAL OFFICERS.

(a) ADMINISTRATOR.—

(1) IN GENERAL.—There shall be at the head of the Service an Administrator of the Federal Statistical Service, who shall be appointed, from among individuals nominated for that purpose by the Federal Council on Statistical Policy who are experienced in the collection and utilization of statistical data or survey research, by the President, by and with the advice and consent of the Senate.

(2) ADMINISTRATION.—The Service, including all functions and offices transferred to the Service under this title, shall be administered, in accordance with the provisions of this title, under the supervision and direction of the Administrator.

(3) COMPENSATION OF ADMINISTRATOR.—The Administrator shall receive basic pay at the rate payable for level II of the Executive Schedule under section 5313 of title 5, United States Code.

(b) DEPUTY ADMINISTRATOR.—

(1) IN GENERAL.—There shall be in the Service a Deputy Administrator of the Federal Statistical Service who shall be appointed, from among individuals nominated for that purpose by the Federal Council on Statistical Policy who are experienced in the collection and utilization of statistical data or survey research, by the President, by and with the advice and consent of the Senate.

(2) DUTIES OF DEPUTY ADMINISTRATOR.—During the absence or disability of the Administrator, or in the event of a vacancy in the office of the Administrator, the Deputy Administrator shall act as Administrator. The Deputy Administrator shall perform such other duties and exercise such powers as the Administrator may from time to time prescribe.

(3) COMPENSATION OF DEPUTY ADMINISTRATOR.—The Deputy Administrator shall receive basic pay at the rate payable for level III of the Executive Schedule under section 5314 of title 5, United States Code.

(c) BUREAU DIRECTORS.—

(1) IN GENERAL.—There shall be in the Service—

(A) a Director of the Census who shall, on the transfer of functions and offices under section 203, serve as the head of the Bureau of the Census; and

(B) a Director of the Bureau of Economic Analysis who shall, on the transfer of functions and offices under section 203, serve as the head of the Bureau of Economic Analysis; and

(C) a Director of the Bureau of Labor Statistics who shall, on the transfer of functions and offices under subtitle C, serve as the head of the Bureau of Labor Statistics.

(2) APPOINTMENT.—Each of the Directors referred to in paragraph (1) shall be appointed by the President, by and with the advice and consent of the Senate.

(4) COMPENSATION OF DIRECTOR OF BUREAU OF ECONOMIC ANALYSIS.—

(A) IN GENERAL.—The position of Director of the Bureau of Economic Analysis shall be a Senior Executive Service position.

(B) SENIOR EXECUTIVE SERVICE DEFINED.—For purposes of this paragraph, the term "Senior Executive Service position" shall have the same meaning as in section 3132(a) of title 5, United States Code.

(5) TERMS.—The term of office for each Director referred to in paragraph (1) shall be as specified in the predecessor under the applicable provision of law in effect on the day before the date of enactment of this Act, except that, notwithstanding section 21 of title 13, United States Code, the term of the Director of the Census shall be 4 years.

(d) GENERAL COUNSEL.—There shall be in the Service a General Counsel who shall administer the Office of General Counsel of the Federal Statistical Service. The General Counsel shall be appointed by the President, by and with the advice and consent of the Senate.

(e) INSPECTOR GENERAL.—There shall be in the Service an Inspector General appointed in accordance with the Inspector General Act of 1978 (5 U.S.C. App.).

SEC. 513. FEDERAL COUNCIL ON STATISTICAL POLICY.

(a) ESTABLISHMENT.—A Federal Council on Statistical Policy shall advise the Service.

(b) COMPOSITION.—The Council shall be composed of 9 members as follows:

(1) The Administrator of the Federal Statistical Service.

(2) The Director of the Census.

(3) The Director of the Bureau of Labor Statistics.

(4) The Director of the Bureau of Economic Analysis.

(5) The Chief Statistician of the Office of Management and Budget.

(6) Two members appointed by the Majority Leader of the Senate from among individuals who—

(A) are not officers or employees of the Government; and

(B) are especially qualified to serve on the Council by virtue of experience relating to 1 or more of the bureaus referred to in title III.

(7) Two members appointed by the Speaker of the House of Representatives from among individuals who—

(A) are not officers or employees of the Government; and

(B) are especially qualified to serve on the Council by virtue of experience relating to 1 or more of the bureaus referred to in section 203 or subtitle C.

(c) TERMS.—

(1) IN GENERAL.—Each member under subsection (b)(6) shall be appointed for a term of 5 years, except that, of the members first appointed—

(A) 1 shall be appointed for a term of 5 years; and

(B) 1 shall be appointed for a term of 3 years.

(2) STAGGERED TERMS.—Each member under subsection (b)(7) shall be appointed for a term of 5 years, except that, of the members first appointed—

(A) 1 shall be appointed for a term of 5 years; and

(B) 1 shall be appointed for a term of 2 years.

(d) FUNCTIONS.—

(1) IN GENERAL.—The Council shall—

(A) make any nominations required under section 512(a)(1);

(B) serve as an advisory body to the Chief Statistician on confidentiality issues, such as those relating to—

(i) the collection or sharing of data for statistical purposes among Federal agencies; and

(ii) the sharing of data, for statistical purposes, by States and political subdivisions with the Federal Government; and

(C) establish a statistical policy as described in section 501(3).

(2) STUDY AND REPORT AS PROCEDURES.—

(A) STUDY.—The Council shall study procedures for the release of major economic and social indicators by the Federal Government.

(B) REPORT.—Not later than 18 months after the date of enactment of this Act, the Council shall submit to Congress a report on the findings of the study under subparagraph (A).

(3) STUDY OF FUNCTIONS.—

(A) STUDY.—The Council shall study—

(i) whether or not the functions of the Bureau of the Census relating to decennial censuses of population could be delineated from the other functions of the Bureau; and

(ii) if the functions referred to in clause (i) could be delineated from other functions of the Bureau, recommendations on how such a delineation of functions might be achieved.

(B) REPORT.—Not later than 12 months after the date of enactment of this Act, the Council shall submit to Congress a report on the findings of the study conducted under subparagraph (A).

(4) STUDY AND REPORT ON FIELD OFFICES.—

(A) STUDY.—The Council shall study—

(i) making as appropriate, the field offices of the Bureau of the Census part of the field offices of the Bureau of Labor Statistics; and

(ii) any savings anticipated as a result of the implementation of clause (i).

(B) REPORT.—Not later than 12 months after the date of enactment of this Act, the Council shall submit to Congress a report on the findings of the study conducted under subparagraph (A).

(e) COMPENSATION.—Members of the Council under subsection (b)(6) shall be entitled to receive the daily equivalent of the rate of basic pay for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which they are engaged in the actual performance of duties vested in the Council.

(f) CHAIRPERSON.—The Chairperson of the Council shall be elected by and from the members for a term of 1 year.

PART III—TRANSFERS OF FUNCTIONS AND OFFICES

SEC. 521. TRANSFER OF THE BUREAU OF LABOR STATISTICS.

There is transferred to the Service the Bureau of Labor Statistics of the Department of Labor, along with all of its functions and offices.

SEC. 522. TRANSFER DATE.

The transfers of functions and offices under this title shall be effective on the date specified in section 102(c).

PART IV—ADMINISTRATIVE PROVISIONS

SEC. 531. OFFICERS AND EMPLOYEES.

The Administrator may appoint and fix the compensation of such officers and employees as may be necessary to carry out the functions of the Administrator and the Service. Except as otherwise provided by law, such officers and employees shall be appointed in accordance with the civil service laws and their compensation shall be fixed in accordance with title 5, United States Code.

SEC. 532. EXPERTS AND CONSULTANTS.

The Administrator, as may be provided in appropriation Acts, obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code, and may compensate such experts and consultants at rates not to exceed the daily rate prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

SEC. 533. ACCEPTANCE OF VOLUNTARY SERVICES.

(a) IN GENERAL.—Notwithstanding section 1342 of title 31, United States Code, the Administrator may accept, subject to regulations issued by the Office of Personnel Management, voluntary services if such services—

(1) are to be uncompensated; and

(2) are not used to displace any employee.

(b) TREATMENT.—Any individual who provides voluntary services under this section shall not be considered a Federal employee for any purpose other than for purposes of chapter 81 of title 5, United States Code (relating to compensation for injury) and sections 2671 through 2680 of title 28, United States Code (relating to tort claims).

SEC. 534. GENERAL AUTHORITY.

In carrying out any function transferred by this Act, the Administrator, or any officer or employee of the Service, may exercise any authority available by law with respect to such function to the official or agency from which such function is transferred, and the actions of the Administrator in exercising such authority shall have the same force and effect as when exercised by such official or agency.

SEC. 535. DELEGATION.

Except as otherwise provided in this title, the Administrator may delegate any function to such officers and employees of the Service as the Administrator may designate, and may authorize such successive redelegations of such functions within the Service as may be necessary or appropriate. No delegation of functions by the Administrator under this section or under any other provision of this title shall relieve the Administrator of responsibility for the Administration of such functions.

SEC. 536. REORGANIZATION.

The Administrator may allocate or reallocate functions among the officers of the Service, and to establish, consolidate, alter, or abolish such offices or positions within the Service as may be necessary or appropriate.

SEC. 537. CONTRACTS.

(a) IN GENERAL.—Subject to the Federal Property and Administrative Services Act of 1949 and other applicable Federal law, the Administrator may make, enter into, and perform such contracts, grants, leases, cooperative agreements, and other similar transactions with Federal or other public agencies (including State and local governments) and private organizations and persons, and to make such payments, by way of advance or reimbursement, as the Administrator may determine necessary or appropriate to carry out functions of the Administrator or the Service.

(b) APPROPRIATION AUTHORITY REQUIRED.—No authority to enter into contracts or to make payments under this title shall be effective except to such extent or in such amounts as are provided in advance under appropriation Acts.

SEC. 538. REGULATIONS.

The Administrator may prescribe such rules and regulations as the Administrator considers necessary or appropriate to administer and manage the functions of the Administrator or the Service, in accordance with chapter 5 of title 5, United States Code.

SEC. 539. SEAL.

The Administrator shall cause a seal of office to be made for the Service of such design as the Administrator shall approve. Judicial notice shall be taken of such seal.

SEC. 540. ANNUAL REPORT.

The Administrator, in consultation with the Council, shall, as soon as practicable after the close of each fiscal year, make a single, comprehensive report to the President for transmission to Congress on the activities of the Service during such fiscal year.

PART V—MISCELLANEOUS

SEC. 541. INCIDENTAL TRANSFERS.

The Director of the Office of Management and Budget, in consultation with the Administrator, shall make such determinations as may be necessary with regard to the functions, offices, or portions thereof transferred by this title, and make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, offices, or portions thereof, as may be necessary to carry out this title. The Director shall provide for the termination of the affairs of all entities terminated by this title and, in consultation with the Administrator, for such further measures and dispositions as may be necessary to effectuate the purposes of this title.

SEC. 542. REFERENCES.

With respect to any function transferred by this title and exercised on or after the date of such transfer, any reference in any other Federal law to any department, commission, or agency or any officer or office the functions of which so transferred shall be deemed to refer to the Administrator, other official, or component of the Service to which this title transfers such functions.

SEC. 543. PROPOSED CHANGES IN LAW.

Not later than 90 days after the date of enactment of this Act, the President shall submit to Congress a description of any changes in Federal law necessary to reflect any transfers or other measures under this title.

SEC. 544. TRANSITION.

(a) USE OF FUNDS.—Funds available to any department or agency (or any official or component thereof), the functions or offices of which are transferred to the Administrator or the Service by this title, may, with the approval of the Director of the Office of Management and Budget, be used to pay the compensation and expenses of any officer appointed pursuant to this title and other transitional and planning expenses associated with the establishment of the Service or transfer of functions or offices thereto until such time as funds for such purposes are otherwise available.

(b) USE OF PERSONNEL.—With the consent of the appropriate department or agency head concerned, the Administrator may utilize the services of such officers, employees, and other personnel of the departments and agencies from which functions or offices have been transferred to the Administrator or the Service, for such period of time as may reasonably be needed to facilitate the orderly implementation of this title.

SEC. 545. INTERIM APPOINTMENTS.

(a) AUTHORITY TO APPOINT.—Notwithstanding any other provision of law, in the event that 1 or more officers required by this title to be appointed by and with the advice and consent of the Senate shall not have entered upon office on the date of the transfer of functions and offices under section 203 or subtitle C, the President may designate an officer in the executive branch to act in such office for 120 days or until the office is filled as provided in this title, whichever occurs first.

(b) COMPENSATION.—Any officer acting in an office in the Department pursuant to the provisions of subsection (a) shall receive compensation at the rate prescribed for such office under this title.

SEC. 546. CONFORMING AMENDMENTS.

(a) DIRECTOR, BUREAU OF LABOR STATISTICS.—Section 5315 of title 5, United States Code, as amended by this Act, is further amended by adding at the end the following new item:

"Director, Bureau of Labor Statistics.".

(b) GENERAL COUNSEL; INSPECTOR GENERAL.—Section 5315 of title 5, United States Code, as amended by subsection (a), is further amended by adding at the end the following new items:

"General Counsel, Bureau of Labor Statistics.

"Inspector General, Bureau of Labor Statistics.".

(c) BUREAU DIRECTORS.—Section 5315 of title 5, United States Code, as amended by subsection (b), is further amended—

(1) by striking "The Commissioner of Labor Statistics, Department of Labor"; and

(2) by inserting after the item relating to the Director of the Census, the following new items:

"Director of the Bureau of Labor Statistics, Federal Statistical Service.

"Director of the Bureau of Economic Analysis, Federal Statistical Service.".

(d) DEPUTY ADMINISTRATOR.—Section 5314 of title 5, United States Code, is amended by adding at the end the following new item:

"Deputy Administrator, Federal Statistical Service.".

(e) ADMINISTRATOR.—Section 5313 of title 5, United States Code, is amended by adding at the end the following new item:

"Administrator, Federal Statistical Service.".

Subchapter F—Miscellaneous Provisions

SEC. 601. REFERENCES.

Any reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or pertaining to a department or office from which a function is transferred by this Act—

(1) to the head of such department or office is deemed to refer to the head of the department or office to which such function is transferred; or

(2) to such department or office is deemed to refer to the department or office to which such function is transferred.

SEC. 602. EXERCISE OF AUTHORITIES.

Except as otherwise provided by law, a Federal official to whom a function is transferred by this Act may, for purposes of performing the function, exercise all authorities under any other provision of law that were available with respect to the performance of that function to the official responsible for the performance of the function immediately before the effective date of the transfer of the function under this Act.

SEC. 603. SAVINGS PROVISIONS.

(a) LEGAL DOCUMENTS.—All orders, determinations, rules, regulations, permits, grants, loans, contracts, agreements, certificates, licenses, and privileges—

(1) that have been issued, made, granted, or allowed to become effective by the President, the Secretary of Commerce, the United States Trade Representative, any officer or employee of any office transferred by this Act, or any other Government official, or by a court of competent jurisdiction, in the performance of any function that is transferred by this Act; and

(2) that are in effect on the effective date of such transfer (or become effective after such date pursuant to their terms as in effect on such effective date),

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, any other authorized official, a court of competent jurisdiction, or operation of law.

(b) PROCEEDINGS.—This Act shall not affect any proceedings or any application for any benefits, service, license, permit, certificate, or financial assistance pending on the date of enactment of this Act before an office transferred by this Act, but such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this Act had not been enacted, and orders issued in any such proceeding shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be considered to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this Act had not been enacted.

(c) SUITS.—This Act shall not affect suits commenced before the date of enactment of this Act, and in all such suits, proceeding shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this Act had not been enacted.

(d) NONABATEMENT OF ACTIONS.—No suit, action, or other proceeding commenced by or against the Department of Commerce or the Secretary of Commerce, or by or against any individual in the official capacity of such individual as an officer or employee of an office transferred by this Act, shall abate by reason of the enactment of this Act.

(e) CONTINUANCE OF SUITS.—If any Government officer in the official capacity of such officer is party to a suit with respect to a function of the officer, and under this Act such function is transferred to any other officer or office, then such suit shall be continued with the other officer or the head of such other office, as applicable, substituted or added as a party.

(f) ADMINISTRATIVE PROCEDURE AND JUDICIAL REVIEW.—Except as otherwise provided by this Act, any statutory requirements relating to notice, hearings, action upon the record, or administrative or judicial review that apply to any function transferred by this Act shall apply to the exercise of such function by the head of the Federal agency, and other officers of the agency, to which such function is transferred by this Act.

SEC. 604. TRANSFER OF ASSETS.

Except as otherwise provided in this Act, so much of the personnel, property, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available in connection with a function transferred to an official or agency by this Act shall be available to the official or the head of that agency, respectively; at such time or times as the Director of the Office of Management and Budget directs for use in connection with the functions transferred.

SEC. 605. DELEGATION AND ASSIGNMENT.

Except as otherwise expressly prohibited by law or otherwise provided in this Act, an official to whom functions are transferred under this Act (including the head of any office to which functions are transferred under this Act) may delegate any of the functions so transferred to such officers and employees of the office of the official as the official may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions under this section or under any other provision of this Act shall relieve the official to whom a function is transferred under this Act of responsibility for the administration of the function.

SEC. 606. AUTHORITY OF DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET WITH RESPECT TO FUNCTIONS TRANSFERRED.

(a) Determinations.—If necessary, the Director shall make any determination of the functions that are transferred under this Act.

(b) Incidental Transfers.—The Director, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this Act, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of this Act. The Director shall provide for the termination of the affairs of all entities terminated by this Act and for such further measures and dispositions as may be necessary to effectuate the purposes of this Act.

SEC. 607. CERTAIN VESTING OF FUNCTIONS CONSIDERED TRANSFERS.

For purposes of this Act, the vesting of a function in a department or office pursuant to reestablishment of an office shall be considered to be the transfer of the function.

SEC. 608. AVAILABILITY OF EXISTING FUNDS.

Existing appropriations and funds available for the performance of functions, programs, and activities terminated pursuant to this Act shall remain available, for the duration of their period of availability, for necessary expenses in connection with the termination and resolution of such functions, programs, and activities.

SEC. 609. DEFINITIONS.

For purposes of this Act—

(1) the term "function" includes any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and

(2) the term 'office' includes any office, administration, agency, bureau, institute, council, unit, organizational entity, or component thereof.

SEC. 610. CONFORMING AMENDMENTS.

Section 11 of the Inspector General Act of 1978 (5 U.S.C. App.) is amended—

(1) in paragraph (1), by striking "or the Commissioner of the Social Security Administration;" and inserting "the Commissioner of the Social Security Administration; the Administrator of the National Oceanic and Atmospheric Administration; or the Administrator of the Federal Statistical Service;"; and

(2) in paragraph (2), by striking "or the Social Security Administration" and inserting "the National Oceanic and Atmospheric Administration, the Federal Statistical Service, or the Social Security Administration".

TITLE VII—COMPLIANCE WITH CONGRESSIONAL BUDGET ACT

SEC. 701. SUNSET OF PROVISIONS OF ACT.

All provisions of, and amendments made by, this Act which are in effect on September 30, 2009, shall cease to apply as of the close of September 30, 2009.

STEVENS AMENDMENT NO. 1488

(Ordered to lie on the table.)

Mr. STEVENS submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

On page 215, line 18 after "FARMERS" insert "AND FISHERMEN".

On page 215, line 26 insert "AND FISHERMEN." before the period.

On page 216, line 1 after "farm" insert "and fishing".

On page 216, insert the following new paragraph before subsection (b) and redesignate subsection (b) as subsection (c):

"(b) Allowing Income Averaging for Fishermen.—

(1) Section 1301(a) of the Internal Revenue Code of 1986 is amended by striking "farming business" and inserting "farming business or fishing business,".

(2) Section 1301(b)(1)(A)(i) is amended by striking "and" and inserting "or", and by striking subsection (b)(1)(A)(ii) and replacing it with "(b)(1)(A)(ii) a fishing business; and" and by redesignating subsection (b)(1)(A)((ii) as subsection (b)(1)(A)(iii).

(3) Section 1301(b) is amended by inserting the following paragraph after subsection (b)(3):

"(4) Fishing business.—The term fishing business means the conduct of commercial fishing as defined in Section 3 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802).".

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

ENZI AMENDMENT NO. 1489

(Ordered to lie on the table.)

Mr. ENZI submitted an amendment intended to be proposed by him to the bill, H.R. 2466, supra; as follows:

On page 76, line 23, after the word "years," insert the following: "$6 million shall be available for the Advanced Development Project Powder River Coal Initiative to be located in Gillette, Wyoming, and".

MACK (AND GRAHAM) AMENDMENT NO. 1490

(Ordered to lie on the table.)

Mr. MACK (for himself and Mr. Graham) submitted an amendment intended to be proposed by him to the bill, H.R. 2466, supra; as follows:

On page 13, line 8, strike "55,244,000" and insert "$54,744,000".

On page 17, line 19, strike "$221,093,000" and insert "$221,593,000".

TAXPAYER REFUND ACT OF 1999

DORGAN AMENDMENT NO. 1491

(Ordered to lie on the table.)

Mr. DORGAN submitted an amendment intended to be proposed by him to the bill, S. 1429, supra; as follows:

At the appropriate place, insert the following:

SEC. SENSE OF CONGRESS REGARDING THE NEED TO ENCOURAGE IMPROVEMENTS IN MAIN STREET BUSINESSES BY EXPANDING EXISTING SMALL BUSINESS TAX EXPENSING RULES TO INCLUDE INVESTMENTS IN BUILDINGS AND OTHER DEPRECIABLE REAL PROPERTY.

(a) Findings.—Congress finds that—

(1) under current tax law, small businesses can immediately deduct, that is, "expense", up to $19,000 in purchases of equipment and similar assets;

(2) there is bipartisan support for increasing the amount of this expensing provision because it helps many small businesses make the investments in equipment and machinery they need by allowing them to immediately write off the costs of such investments and bolstering their cash flow;

(3) this expensing provision, however, is not as helpful as it could be for some small businesses because it does not cover their investments in improving the storefront or the buildings in which they conduct their business;

(4) in many small towns, the local drug store, shoe store, or grocery store doesn't have much need for new equipment, but it does need to improve the storefront or the interior;

(5) although such investments are good for Main Streets across this Nation, our current tax law creates a disincentive to make them by requiring a small business owner to depreciate the costs of the building improvements over 39 years for tax purposes;

(6) legislation to expand the current expensing provision to cover investments in depreciable real property was recently introduced in the Senate with broad bipartisan cosponsorship, including the leaders of the Republican and Democratic parties;

(7) this proposal is also strongly supported by small business-oriented trade groups, including the National Federation of Independent Business, the Small Business Legislative Council, and the National Association of Realtors;

(8) the Department of the Treasury is currently conducting a comprehensive study of all depreciation provisions in our tax laws; and

(9) Congress should consider expanding the existing expensing provision to cover investments in storefront improvements and other depreciable real property in any reform legislation that results from this study or, if possible, in any earlier legislation.

(b) Sense of Congress.—It is the sense of Congress that—

(1) many small businesses trying to improve their storefronts on Main Street or investing to upgrade their property would benefit if Congress expanded the existing expensing provision to cover investments in depreciable real property; and

(2) Congress should consider including this proposal in any future tax legislation.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

MOYNIHAN AMENDMENT NO. 1492

(Ordered to lie on the table.)

Mr. MOYNIHAN submitted an amendment intended to be proposed by him to the bill, H.R. 2466, supra; as follows:

On page 94, line 7, strike "$86,000,000" and insert "$93,000,000".

On page 95, line 5, strike "$97,550,000" and insert "$104,550,000".

On page 96, line 5, strike "$23,905,000" and insert "$26,905,000".

On page 132, between lines 20 and 21, insert the following:

SEC. . OFFSETTING REDUCTION OF AMOUNTS MADE AVAILABLE FOR ACCOUNTS FOR WHICH THIS ACT MAKES AMOUNTS AVAILABLE IN EXCESS OF THE AMOUNT MADE AVAILABLE FOR FISCAL YEAR 1999.

The amount made available for each account (including each subaccount for which a dollar amount is specified, but excluding the subaccount for statutory or contractual aid of the account for national recreation and preservation, relating to the National Park Service) for which this Act makes available an amount in excess of the amount made available for that account by the Department of the Interior and Related Agencies Appropriations Act, 1999, shall be reduced in an amount equal to $17,000,000 multiplied by a fraction, the numerator of which is the amount of the excess made available by this Act for that account and the denominator of which is the aggregate amount of the excess made available by this Act for all such accounts.

BENNETT (AND OTHERS) AMENDMENT NO. 1493

(Ordered to lie on the table.)

Mr. BENNETT (for himself, Mr. JEFFORDS, Mr. MOYNIHAN, Mr. REED, and Mr. KENNEDY) submitted an amendment intended to be proposed by them to the bill, H.R. 2466, supra; as follows:

On page 94, line 7, strike "$86,000,000" and insert "$90,000,000".

On page 95, line 5, strike "$97,550,000" and insert "$101,550,000".

JEFFORDS AMENDMENT NO. 1494

(Ordered to lie on the table.)

Mr. JEFFORDS submitted an amendment intended to be proposed by them to the bill, H.R. 2466, supra; as follows:

On page 78, line 16, strike "$682,817,000" and insert "$689,817,000".

On page 78, line 19, strike "account:" and insert "and of which $7,000,000 shall be derived by transfer from unobligated balances in the Fossil Energy Research and Development account".

On page 78, line 24, strike "$133,000,000" and insert "$138,600,000".

On page 79, line 1, strike "$33,000,000" and insert "$34,400,000".

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the public that the hearing scheduled before the Energy and Natural Resources Committee to receive testimony regarding S. 1052, To implement further the Act (Public Law 94–241) approving the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, and for other purposes," has been postponed and will be rescheduled at a later date.

For further information, please call James Beirne, Deputy Chief Counsel (202) 224–2564 or Betty Nevitt, Staff Assistant at (202) 224–0765.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. GRAMS. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry, be allowed to meet during the session of the Senate on Thursday, July 29, 1999. The purpose of this meeting will be to discuss the markup of the original bill regarding the Livestock Mandatory Report Act of 1999.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. GRAMS. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Thursday, July 29, 1999, at 2 p.m., to hold a closed hearing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

SPECIAL COMMITTEE ON THE YEAR 2000 TECHNOLOGY PROBLEM

Mr. GRAMS. Mr. President, I ask unanimous consent that the Special Committee on the Year 2000 Technology Problem be permitted to meet on July 29, 1999, at 9:30 a.m., for the purpose of conducting a hearing.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON CLEAN AIR, WETLANDS, PRIVATE PROPERTY AND NUCLEAR SAFETY

Mr. GRAMS. Mr. President, I ask unanimous consent that the Subcommittee on Clean Air, Wetlands, Private Property, and Nuclear Safety be granted permission to conduct a hearing on the Environmental Protection Agency's proposed sulfur standard for gasoline as contained in the proposed Tier Two standards for automobiles Thursday, July 29, 9:30 a.m., hearing room (SD–406).

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON EMPLOYMENT, SAFETY, AND TRAINING

Mr. GRAMS. Mr. President, I ask unanimous consent that the Committee on Health, Education, Labor, and Pensions, Subcommittee on Employment, Safety, and Training be authorized to meet for a hearing on "The FAIR Act: Balancing the Scale of Justice for Small Business" during the session on Thursday, July 29, 1999, at 9:30 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON EUROPEAN AFFAIRS

Mr. GRAMS. Mr. President, I ask unanimous consent that the Subcommittee on European Affairs be authorized to meet during the session of the Senate on Thursday, July 29, 1999, at 3 p.m., to hold a hearing.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION AND RECREATION

Mr. GRAMS. Mr. President, I ask unanimous consent that the Subcommittee on National Parks, Historic Preservation and Recreation of the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Thursday, July 29, for purposes of conducting a subcommittee hearing which is scheduled to begin at 2:15 p.m. The purpose of this hearing is to receive testimony on S. 710, a bill to authorize a feasibility study on the preservation of certain Civil War battlefields along the Vicksburg Campaign Trail; S. 905, a bill to establish the Lackawana Valley American Heritage Area; S. 1093, a bill to establish the Galisteo Basin Archeological Protection Sites and to provide for the protection of archeological sites in the Galisteo Basin of New Mexico, and for other purposes; S. 1117, a bill to establish the Corinth Unit of the Shiloh National Military Park, in the vicinity of the city of Corinth, Mississippi, and in the State of Tennessee, and for other purposes; S. 1234, a bill to expand the boundaries of Gettysburg National Military Park to include the Wills House, and for other purposes; and S. 1349, a bill to direct the Secretary of the Interior to conduct special resource studies to determine the national significance of specific sites as well as the suitability and feasibility of their inclusion as units of the National Park System.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON OCEANS AND FISHERIES

Mr. GRAMS. Mr. President, I ask unanimous consent that the Oceans and Fisheries Subcommittee of the Senate Committee on Commerce, Science, and Transportation be authorized to meet on Thursday, July 29, 1999, at 9:30 a.m., on Magnuson Act reauthorization.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, RESTRUCTURING AND THE DISTRICT OF COLUMBIA

Mr. GRAMS. Mr. President, I ask unanimous consent that the Governmental Affairs Committee Subcommittee on Oversight of Government

Management, Restructuring and the District of Columbia be permitted to meet on Thursday, July 29, 1999, at 9:30 a.m., for a hearing on Total Quality Management: State Success Stories as a Model for the Federal Government.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON SECURITIES

Mr. GRAMS. Mr. President, I ask unanimous consent that the Subcommittee on Securities of the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Thursday, July 29, 1999, to conduct a hearing on "Accounting for Loan Loss Reserves."

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE LAWSUITS AGAINST THE FIREARM INDUSTRY

• Mr. LEVIN. Mr. President, there is no way to measure the costs of gun crime in our society. There are estimates that put the price at $75 billion for one year of pain, suffering, and loss of quality of life caused by gun violence, but there is no real way to determine the incalculable human cost of gun-related crime. There is, however, a method to measure other financial costs associated with firearm crime. For instance, the estimated cost of health care for firearms related injuries in the United States was $4 billion in 1995. The average per-person cost of a firearm fatality is $373,000 per death, higher than any injury-related death. And, on average, it costs more than $14,000 to treat each child wounded by a firearm.

Cities spend millions each year on these costs and others associated with gun related emergencies. The expenses incurred by cities include medical treatment for victims, additional police protection, and counseling services for survivors of murder victims. These additional costs are the basis of the class-action lawsuits against the firearm manufacturers, distributors and dealers. Nearly two dozen local governments, including Wayne County and Detroit, have filed suit against the manufacturers and distributors of firearms to recoup the costs of firearm related crime. And following their lead, the NAACP filed a lawsuit that does not seek monetary damages, but instead, seeks to put an end to the emotional costs of gun violence incurred by the African-American community.

The recent wave of class-action lawsuits against the firearms industry are based on the industry's failure to monitor the transmission of their product to the underground markets. These class-action lawsuits seek to alter the marketing, distribution and sales of firearms. More specifically, they are an attempt to remedy the industry's failure to prevent unauthorized users from obtaining access to firearms, change the distribution system that permits firearms to be easily trafficked from the legal marketplace to the illegal marketplace, and eliminate deceptive advertising regarding the risks posed by having firearms in the home. Stated simply, these lawsuits are about distributing firearms responsibly.

The NAACP lawsuit is slightly different because it does not seek to recover monetary damages, but the effect of the lawsuit would be the same. It seeks to change the sale, marketing, and distribution of the gun industry, whose alleged negligence permits the free flow of weapons in to the hands of juveniles and criminals. It asks for a court order to limit the number of firearms a single buyer can purchase each month and would require gun manufacturers to train retailers about "straw" purchases, and supervise the sales practices of firearms distributors and retailers. It would also require that dealers operate from a fixed retail location, and ensure that handguns are manufactured with safety devices.

If the gun industry is found liable, it will draw a direct line of responsibility from the gun manufacturers to the unscrupulous distributors and dealers who provide firearms to felons. The gun industry would no longer be able to oversupply certain markets, thereby allowing guns to flow into the hands of juveniles and criminals. Manufacturers would no longer be able to turn a blind eye to the carnage produced by their products. If the gun industry is found liable, it may put an end to a majority of the gun violence caused by the unlawful, unregulated, underground firearm market.•

RECOGNIZING LANCE ARMSTRONG

• Mrs. HUTCHISON. Mr. President, today I recognize the remarkable achievements of Lance Armstrong, winner of the prestigious Tour de France bicycle race. On Sunday, July 25, less than 3 years after being diagnosed with testicular cancer, he sprinted to an inspirational victory in Paris. Lance Armstrong is a Texan who is an example of strength and courage to all cancer patients and athletes. He is only the second American in history to win the Tour de France, one of the world's most grueling athletic contests, and he is the first cancer survivor to achieve the feat.

Lance Armstrong was born in Dallas, Texas, and grew up in nearby Plano. He first competed in athletics as a swimmer and took up the triathlon, which includes swimming, running, and cycling, at age 14. At 17, after his potential was recognized by the U.S. national cycling team coach, he switched to cycling full-time. Lance Armstrong trained and competed at the highest level in the world, and began focusing on distance bicycle racing in his early twenties. Then, in the fall of 1996, when he was just twenty-five years old, Armstrong was diagnosed with advanced testicular cancer, which had already spread to his abdomen, lungs and brain. He was given a fifty percent chance of survival and underwent two operations and twelve weeks of chemotherapy. Throughout his fight with the disease, Lance Armstrong never gave up. After each one-week cycle of chemotherapy, he would ride 30 to 50 miles per day on his bicycle. By the summer of 1997, Armstrong had conquered cancer and began to pursue bicycle racing with new determination.

Lance Armstrong dominated this year's Tour de France and after three weeks, 2,290 miles, and two mountain ranges, he won cycling's most prestigious and rugged race by more than 7½ minutes. Lance Armstrong dedicated his victory to other cancer survivors, whom he hoped would be inspired by his success. He was motivated by his determination to encourage other cancer patients and said upon winning, "I hope this sends out a fantastic message to all survivors: We can return to what we were before—and even better."

Lance Armstrong is one of the success stories in our ongoing fight against cancer. After overcoming the disease he dedicated himself, not only to cycling, but also to fighting cancer by founding the Lance Armstrong Foundation, whose mission is "Fighting Urological Cancer through Education, Awareness, and Research."

Unfortunately, Lance Armstrong is not alone in his battle with cancer. Rates of testicular cancer have increased sharply over the past thirty years, especially among young men. The American Cancer Society estimates that about 7,600 new cases of testicular cancer are diagnosed each year in the U.S. But due to advances in early detection and treatment, many of them the result of research funded by the National Institutes of Health, U.S. statistics show a 70% decline in death rates from testicular cancer since 1973. As our commitment to cancer research continues to grow hand-in-hand with advances in the fight against cancer, and as more and more courageous Americans like Lance Armstrong show cancer can be beat, I am increasingly confident that we will beat this dreaded disease.

I am proud that Lance Armstrong is an American and a Texan. His athletic victory and personal triumph make him a role model, not just to cancer survivors, but to all Americans. His remarkable achievements and inspirational influence on others can be simply summarized in the words written on a banner which was flown along the course of the Tour de France on Sunday: "Victory is sweet. Living is triumph. Where there's a will, there's a way. Thank you for showing us a winning one."●

TRIBUTE TO "THE FOUR SEAS" OF CENTERVILLE

● Mr. KENNEDY. Mr. President, it is a privilege to take this opportunity to recognize an outstanding business in Centerville, Massachusetts, "The Four Seas" ice cream parlor. Our family has known for decades that the Four Seas has always produced excellent ice cream.

I am delighted to bring my colleagues' attention today to a New York Times article last Sunday on "The Four Seas" and owner Richard Warren's extraordinary relationship with his employees and the entire community. The article recognizes "The Four Seas" as a business which makes some of the best ice cream on Cape Cod, and which also treats its employees with the respect and generosity that make it a model for other employers.

It is gratifying to see the Four Seas receive this recognition that it eminently deserves. It is an honor to pay tribute to this extraordinary institution that is so beloved at Cape Cod. I ask that the New York Times article may be printed in the RECORD.

[From the New York Times, July 25, 1999]

PRIZED ICE CREAM JOBS CREATE EXTENDED FAMILY

(By Sara Rimer)

CENTERVILLE, MA.—Cory Sinclair, 17, was scooping ice cream at the Four Seas as fast as he could and talking about the future.

"I want to be President," he said. "I'm serious."

Kelly O'Neil, 18, had more prosaic concerns. "I'm sorry, we don't have jimmies," she informed a customer. (As any Four Seas regular knows, jimmies don't belong on good ice cream.)

Mixing up a batch of coconut, Bryan Schlegel, 22, was feeling restless and wistful.

"It's time to move on," he said. "I've been here six summers."

The Four Seas, a white cottage with blue shutters and a white formica counter with 12 blue stools, has been an institution on South Main Street of this Cape Cod village for 65 summers.

The owner, Richard Warren, 64, who has been on the job for 45 years, makes what is indisputably delicious ice cream. He uses fresh peaches, strawberries, blueberries and ginger, expensive chocolate and loads of buttercream, and he tastes every batch himself. He does not add candy or try bizarre flavors.

But what also distinguishes the Four Seas is the help.

Summer after summer, the young men and women behind the counter seem as unchanging as the décor, the ice cream and the oldies on the radio. They are clean-cut and sport no visible tattoos or strange piercing. They are alert and polite, even when the customers are rude.

They are the class presidents, newspaper editors and honor roll regulars from Barnstable High School who have been handpicked by Mr. Warren, a retired math teacher and guidance counselor there.

They start serving up cones at 16, and they stay through college, ending their careers—and career is the word they use—as ice cream makers and managers, like Mr. Schlegel.

"It's the best job you can get on the Cape," said Tava Ohlsen, 18, who graduated at the top of her class in June, plans to go to medical school and moved up this summer from ice cream scooper to sandwich maker. "People say, 'Oh, you work at the Four Seas. You're a good student; you're good with people.'"

From the week before Memorial Day until the week after Labor Day, the staff races from the counter to the ice cream and back to keep up with the crowds. There are higher paying summer jobs—the Four Seas is minimum wage, with tips bringing it to about $10 an hour—but Mr. Warren never has any trouble finding help.

He solicits recommendations from the faculty at Barnstable High, and summons those with the highest ratings for interviews.

"It's known that you can't apply," Mr. Sinclair said.

To be called by Mr. Warren is to become a member of his extended family.

"He's like a second dad," said Jahni Clarke, 19. "I tell him about everything, from school to money to my love life."

At the end of every summer Mr. Warren throws a staff party, with dinner and a live band. He organizes an all-expenses-paid ski weekend in New Hampshire every winter. He writes his employees' college recommendations, and when they get to college, he visits them.

He brings ice cream to their weddings (romance, predictably, blooms behind the counter, and there have been seven Four Seas marriages so far.

He has periodic reunions; at the last one, in 1988, only 4 Four Seas alums, out of more than 200, were not able to make it.

Mr. Warren is married, with four grown children. Each season he gives out scholarships totaling several thousand dollars in memory of his son Randy, who was killed in 1983 when he was hit by a car while crossing the street in Fort Lauderdale, Fla. He was 21.

"I was never close to my dad," said Mr. Warren, who was talking recently between greeting customers and making ice cream. "He was 46 when I was born. I longed for a relationship with my children. Randy and I were so close. We won the state father-son golf tournament. We'd ski all day, play tennis till we dropped. He wanted to run this place someday.

Randy lives on, in a way, Mr. Warren said, in the young people who work beside him each summer. "Bryan is like a son," he said as he and Mr. Schlegel poured frozen pudding ice cream into cartons. "We just played in the father-son golf tournament."

Mr. Schlegel graduated this spring from the University of Massachusetts at Amherst. He was recently called for an interview in the customer service department of a Boston investment banking firm. By fall, he said, he hopes to have a permanent job.

Meanwhile, Mr. Clarke, who is a junior at the University of Massachusetts, just moved up to manager. "I'm the first black manager," said Mr. Clarke, who was freshman class president, and editor of the newspaper at Barnstable High, which is mostly white.

Things do change at the Four Seas. As hard-working as his 25 employees are, Mr. Warren said that most do not want to put in the hours that previous generations did.

"They don't need the money as much," he said, adding that whereas workers from summers past arrived on foot or by bicycle, or were dropped off by their parents, almost all of the employees now drive their own cars.

But the biggest change, the one everyone is talking about, is that Mr. Warren's son Doug, 36, is back from Las Vegas, where he had been running a restaurant and selling computer software. The plan is for him to take over the ice cream parlor. The elder Mr. Warren is talking about retiring in a couple of years.

His staff is skeptical. "The chief will never retire," Ms. O'Neil said.●

TRIBUTE TO THE HENIKA PUBLIC LIBRARY

● Mr. ABRAHAM. Mr. President, I rise today to commemorate the Henika Public Library on its historic one hundredth anniversary.

Recently named a district library, Henika library has served Allegan county since 1899 when Ms. Julia Robinson Henika bequeathed two thousand dollars to the Wayland Ladies Library Association for construction of a library building. At that time there were only 500 volumes of literature, none of which could be checked out. Since then, the library has grown to over 35,000 volumes.

In 1916, Fannie Hoyt was hired as the first librarian and, for the first time, books could be checked out of the library. Between 1916 and 1986 only four librarians have managed the Henika Public Library. This stability helps explain the unique environment that has allowed this library to prosper for one hundred years.

In the mid 1990's the library underwent a series of renovations. The final result of this remodeling is an historic building, complete with Victorian charm, that can accommodate the most recent information technology. After serving Allegan county for almost the entire 20th century, Henika Public Library is now ready to take on the 21st century.

This library is truly one of the great educational tools in our country with a value matched by few others. We owe a great deal of thanks to the women of the Ladies Library Club as well as to all of the people who have worked at this great institution for the last one hundred years. I know I speak for all of Michigan when I commend those who have supported this fine institution for its 100 years of service.●

CARLY FIORINA

● Mrs. BOXER. Mr. President, I rise to salute Carleton (Carly) Fiorina of California, who was recently named president and chief executive officer of Hewlett-Packard Company. I wish to congratulate Ms. Fiorina and express my best wishes for success in her new position.

Founded by technology pioneers William Hewlett and David Packard, Hewlett-Packard (HP) is the world's second-largest computer company. Based in Palo Alto, California, HP employs more than 120,000 people worldwide and had a total revenue of $47.1 billion in its fiscal year 1998, including $39.5 in computer-related revenue. The company is a leader in the industry and a cornerstone of California's economy.

In succeeding Lewis Platt, Ms. Fiorina has some big shoes to fill. In Lew Platt's seven years as CEO, HP raised its revenues 187 percent and its earnings 436 percent.

But Carly Fiorina is prepared to build on HP's success and guide the company into new territory. She comes to HP with nearly 20 years of experience in technology and telecommunications at AT&T and Lucent Technologies. As president of Lucent's Global Service Provider Business, she led the division to dramatic increases in its growth rate, revenues, and market share. She has a well-earned reputation for developing clear corporate strategies, building strong leadership teams, and accelerating growth in large technology businesses.

Carly Fiorina's move to the top of Hewlett-Packard has implications beyond the company, the industry, and our state. That is because she is the first woman to be named CEO of a Fortune 50 company or a company listed in the Dow-Jones Industrial Average. So this important accomplishment for her as an individual is also an important milestone for American women. It is only fitting that a pioneering company in such a forward-looking industry would break this critical barrier.

HP chose Ms. Fiorina to lead the company because of her merits, not her gender. That is clear. However, her selection is important for every American woman. In July 1999, the same month that the U.S. women's soccer team inspired millions of American girls, Carly Fiorina inspired American women to raise the bar and reach for the top.•

TRIBUTE TO THE SANDERS-CUNNINGHAM FAMILY

• Mr. DURBIN. Mr. President, I rise today to salute the Sanders/Cunningham family as they celebrate their fifth annual reunion. This extended family of more than 100 members has traced its roots back to a Georgia plantation in 1750, and before that to Ghana and Sierra Leone.

As descendants of Wiley and Annie Cunningham Sanders of Aberdeen, Mississippi, they will gather together this weekend, July 30th through August 1st, in Springfield, Illinois, to celebrate their history, their common bonds, and their future.

The Sanders/Cunningham family considers their reunion to be an Empowerment Summit, an opportunity to dispel false stereotypes, reject negative images, and celebrate who they are. They have noted Dr. Martin Luther King Jr.'s statement that "when the history books are written they will tell of a Great People, a Proud People, a Black People." They know they are part of that people and that their heritage is a cause for joy. With an extended family that includes doctors and lawyers, business owners and farmers, educators and blue collar workers, they come together to celebrate their unity.

This 6th generation family is diverse, unique, and special. The Sanders/Cunningham family's unity and strength is an example of what an American family should represent. Additionally, this family is full of rich history. The family matriarch is 94 years young, Edna Sanders Brandon. She is a mother of five, a grandmother of 12, a great-grandmother of 16, an aunt, and a great aunt to many. Edna has witnessed events spanning the invention of the automobile to man's walking on the moon, to the birth of the Internet.

All of us can benefit from an appreciation of our roots and our place in history. Knowing where we came from can be a helpful step in knowing where we are going. I applaud the Sanders/Cunningham family for their sense of heritage, their oneness, and their sense of empowerment. I wish them all the best as they gather in Springfield to celebrate who they are, where they have come from, and what they have become, and as they look forward to what they are yet to be.

In closing, I would like to pay special recognition to Steven E. Richie, a 4th generation member of this family who has spent countless hours researching and preparing for this grand family event.•

TRIBUTE TO MR. FRANCIS WILSON

• Mr. ABRAHAM. Mr. President, I rise today to pay tribute to Mr. Francis M. Wilson and his wonderful and admirable life.

Mr. Wilson served as a tech-sergeant during World War II in Germany when he was only 18 years old. He was a teacher in the Detroit Public School District, a devoted family man, and an active citizen. The challenges he successfully faced in these capacities have distinguished him within his family, his town, his state, and his country.

As a very young boy, he sold "Liberty" magazines to supplement his family's income during the Great Depression. Growing up during a time of financial strife led him to find solace in nature. Mr. Wilson was exposed to nature during his experience in the military and developed a love and knowledge of it. As a young adult he was able to identify a variety of birds, insects, trees, and flowers. He then went on to form and preside over a group of citizens that forced new construction to adhere to guidelines designed to protect nearby lakes.

Once he reached adulthood, Mr. Wilson found his real love, Dolores. Together they found great joy in their children and grandchildren. Mr. Wilson wanted to ensure that they received all the advantages that he did not have. He inspired his children to put themselves through college. He provided them with the opportunity to grow up in a safe environment, allowing them to mature at a more deliberate pace than the one that was forced upon him. His wife, Dolores, expresses the best tribute to Mr. Wilson when she writes "this brave, honest, dedicated, ordinary man was to his family and America 'the staff of life' that fuels generations to come."

Mr. Wilson expressed his passion for education through his involvement with children as a teacher of thirty years in the Detroit Public Schools. He gave and received respect from all he knew. He not only led by lecture but, more importantly and effectively, by example. He never left any doubt as to where he stood in a debate and firmly believed in right and wrong. Mr. Wilson offered little patience for individuals passing on responsibility as an excuse for negligent or bad behavior. Personifying Winston Churchill's statement, We make a living by what we get, but we make a life by what we give," Mr. Francis M. Wilson left this world an honorable, loyal, selfless servant to his country and a loved and missed father, grandfather and husband.•

ANNIVERSARY OF THE PURPLE HEART MEDAL

• Mr. WELLSTONE. Mr. President, I rise in recognition of the anniversary of the Purple Heart Medal.

This medal has been given to U.S. soldiers for wounds received in military action ever since George Washington invented the award during the Revolutionary War. Recipients of this award have demonstrated courage and love of country. Many of its recipients have made the ultimate sacrifice in defense of freedom. We must never forget the sacrifices made by Americans who have fought for our democracy and prosperity.

In celebration of this anniversary and to stand as a permanent token of America's gratitude for the sacrifices made by recipients of this distinguished medal, a memorial will be dedicated at Fort Snelling National Cemetery in the great State of Minnesota on August 7, 1999. I wish to publicly thank those who made the memorial a reality, and I especially wish to publicly thank those veterans who have earned the Purple Heart Medal by giving selflessly for democracy and our country.•

SAN FRANCISCO STATE UNIVERSITY AT 100

• Mrs. BOXER. Mr. President. I rise today to offer my congratulations to San Francisco State University as its friends, faculty, staff and students celebrate its Centennial Year.

On March 22, 1899, the California Legislature established the San Francisco State Normal School to provide training for the region's teachers for an initial student body of 31. Today San Francisco State University has evolved into a major metropolitan university serving some 27,000 students and offering more than 200 undergraduate and graduate degrees. From nationally recognized biology, creative writing and journalism programs to the Nation's largest multimedia studies program, San Francisco State University is a vibrant academic force for its students and a valuable resource for the entire Bay Area.

For 100 years, San Francisco State University has been a leader in providing quality, accessible higher education for California residents. I am confident that the University's second century will be distinguished by creating an even stronger educational experience for students through promoting excellence in teaching and learning, embracing diversity and fostering community partnerships that will enrich the cultural and economic life of the Bay Area.

I commend and congratulate San Francisco State University for all of its successes over the last 100 years.•

CONGRATULATING THE BLACK BEARS OF THE UNIVERSITY OF MAINE

Mr. ROTH. Mr. President, I ask unanimous consent that the Judiciary Committee be discharged from further consideration of S. Res. 164, and that the Senate then proceed to its consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 164) congratulating the Black Bears of the University of Maine for winning the 1999 NCAA hockey championship.

There being no objection, the Senate proceeded to consider the resolution.

Mr. ROTH. I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the resolution be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 164) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 164

Whereas the Black Bears of the University of Maine defeated the Wildcats of the University of New Hampshire by a score of 3 to 2 in overtime in Anaheim, California, on April 3, 1999, to win the 1999 NCAA hockey championship.

Whereas the Maine Black Bears finished their season with an impressive record of 31-6-4, losing only 1 game at home;

Whereas the Maine Black bears have brought the NCAA hockey championship home to Maine for the 2d time this decade;

Whereas the Maine Black Bears coaching staff and players displayed outstanding dedication, team work, and sportsmanship throughout he season to achieve collegiate hockey's highest honor; and

Whereas the Maine Black Bears have brought pride and honor to the State of Maine: Now, therefore, be it

Resolved, That the Senate congratulates the Black Bears of the University of Maine for winning the 1999 NCAA hockey championship.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the president of the University of Maine.

FEDERAL MARITIME COMMISSION AUTHORIZATION ACT OF 1999

Mr. ROTH. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 127, S. 920.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:.

A bill (S. 920) to authorize appropriations for the Federal Maritime Commission for fiscal years 2000 and 2001.

There being no objection, the Senate proceeded to consider the bill, which has been reported from the Committee on the Energy and Natural Resources, with an amendment; as follows:

(The part of the bill intended to be inserted is printed in italic.)

S. 920

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Maritime Commission Authorization Act of 1999".

SEC. 2. AUTHORIZATION OF APPROPRIATIONS FOR FEDERAL MARITIME COMMISSION.

There are authorized to be appropriated to the Federal Maritime Commission—

(1) for fiscal year 2000, $15,685,000; and

(2) for fiscal year 2001, $16,312,000.

SEC. 3. CHAIRMAN DESIGNATED WITH SENATE CONFIRMATION.

Section 102(b) of the Reorganization Plan No. 7 of 1961 (5 U.S.C. 903 nt) is amended by striking "President" and inserting "President, by and with the advice and consent of the Senate,".

Mr. ROTH. I ask unanimous consent that the committee amendment be agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendment was agreed to.

Mr. ROTH. I ask unanimous consent that the bill, as amended, be read a third time, and that H.R. 819 be discharged from the Commerce Committee. I further ask consent that the Senate proceed to its consideration, all after the enacting clause be stricken, and the text of S. 920, as amended, be inserted in lieu thereof. I further ask that the bill then be read a third time, and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD. Finally, I ask consent that S. 920 be placed back on the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 819), as amended, was read the third time and passed.

ORDERS FOR FRIDAY, JULY 30, 1999

Mr. ROTH. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 8:30 a.m. on Friday, July 30. I further ask unanimous consent that when the Senate reconvenes on Friday, immediately following the prayer, the routine requests through the morning hour be granted and the Senate then resume consideration of S. 1249, the reconciliation bill, as previously ordered.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROTH. For the information of all Senators, when the Senate reconvenes on Friday, there will be 30 minutes for closing remarks with respect to the Bingaman amendment and the Hutchison amendment. Two back-to-back votes will then occur at 9 a.m. Following those two votes, any additional amendments will be limited to 2 minutes of debate. Therefore, numerous votes will occur in a stacked sequence. Consequently, Senators are asked not to leave the Chamber in order to conclude the voting process as early as possible.

ADJOURNMENT UNTIL 8:30 A.M. TOMORROW

Mr. ROTH. If there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 10:21 p.m., adjourned until Friday, July 30, 1999, at 8:30 a.m.

HOUSE OF REPRESENTATIVES—*Thursday, July 29, 1999*

The House met at 10 a.m.

The Reverend Dr. Paul A. Wee, Church of the Reformation, ELCA, Washington, D.C., offered the following prayer:

This is the day that the Lord has made. Let us rejoice and be glad in it.

Let us pray.

O God, we give You thanks for this night past and for this new day. Fill it, we pray, with the presence of Your spirit that all we do and say may be pleasing in Your sight.

Inspire within us compassion for all those in want this day in this city, this Nation, and this world. Keep before our eyes a burning vision of the Shalom that binds in one the human family throughout this world. We especially ask Your blessing upon the States from which we come and upon the District of Columbia in which we gather.

May the hospitality shown to each of us here be reflected in the way in which we welcome the stranger in our midst. Give us above all this day a passion for justice and a spirit of joy in Your service.

Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from Nebraska (Mr. BEREUTER) come forward and lead the House in the Pledge of Allegiance.

Mr. BEREUTER led the Pledge of Allegiance as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 1501. An act to amend the Omnibus Crime Control and Safe Streets Act of 1968 to provide grants to ensure increased accountability for juvenile offenders; to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to provide quality prevention programs and accountability programs relating to juvenile delinquency; and for other purposes.

H.R. 2561. An act making appropriations for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes.

H.R. 2605. An act making appropriations for energy and water development for the fiscal year ending September 30, 2000, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 1501) "An Act to amend the Omnibus Crime Control and Safe Streets Act of 1968 to provide grants to ensure increased accountability for juvenile offenders; to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to provide quality prevention programs and accountability programs relating to juvenile delinquency; and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HATCH, Mr. THURMOND, Mr. SESSIONS, Mr. LEAHY, and Mr. KENNEDY, to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2561) "An Act making appropriations for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STEVENS, Mr. COCHRAN, Mr. SPECTER, Mr. DOMENICI, Mr. BOND, Mr. MCCONNELL, Mr. SHELBY, Mr. GREGG, Mrs. HUTCHISON, Mr. INOUYE, Mr. HOLLINGS, Mr. BYRD, Mr. LEAHY, Mr. LAUTENBERG, Mr. HARKIN, Mr. DORGAN, and Mr. DURBIN, to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2605) "An Act making appropriations for energy and water development for the fiscal year ending September 30, 2000, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. DOMENICI, Mr. COCHRAN, Mr. GORTON, Mr. MCCONNELL, Mr. BENNETT, Mr. BURNS, Mr. CRAIG, Mr. STEVENS, Mr. REID, Mr. BYRD, Mr. HOLLINGS, Mrs. MURRAY, Mr. KOHL, Mr. DORGAN, and Mr. INOUYE, to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 305. An act to reform unfair and anticompetitive practices in the professional boxing industry.

S. 918. An act to authorize the Small Business Administration to provide financial and business development assistance to military reservists' small businesses, and for other purposes.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 507) "An Act to provide for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes," agrees to a conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CHAFEE, Mr. WARNER, Mr. SMITH of New Hampshire, Mr. VOINOVICH, Mr. BAUCUS, Mr. MOYNIHAN, and Mrs. BOXER, to be the conferees on the part of the Senate.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

HOUSE OF REPRESENTATIVES,
OFFICE OF THE CLERK,
Washington, DC, July 28, 1999.

Hon. J. DENNIS HASTERT,
Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted to Clause 2(h) of Rule II of the Rules of the U.S. House of Representatives, the Clerk received the following message from the Secretary of the Senate on July 28, 1999 at 10:10 a.m., that the Senate passed without amendment H.R. 66.

With best wishes, I am

Sincerely,

JEFF TRANDAHL,
Clerk.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair will entertain 15 one-minutes on each side.

RESPONSIBLE GAMING EDUCATION WEEK

(Mr. Gibbons asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, as Members of Congress, we should always be encouraged when the private sector tackles one of the social problems facing our Nation without government help.

Such is the case with our Nation's gaming industry. However, it should also be important to recall that a vast

☐This symbol represents the time of day during the House proceedings, e.g., ☐1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

majority of Americans who choose to gamble do so responsibly.

In an effort to emphasize the casino gaming entertainment industry's commitment to responsible gaming, August 2 to August 6 has been designated as "responsible gaming education week."

This campaign follows last year's inaugural implementation of this successful program. The idea is designed to raise the awareness of persons with disordered gaming habits and to further educate casino employees and customers about the importance of responsible gaming.

During this week, all casino employees will be asked to actively promote and institute responsible gaming practices within their companies. As a part of this effort, over 250,000 educational brochures on the characteristics of disordered gambling and the importance of responsible gaming will be provided to casino employees across America.

Mr. Speaker, obviously the gaming industry is taking positive steps to improve the gaming entertainment opportunities by helping those with addictive problems.

EYES WIDE SHUT

(Mr. CUMMINGS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CUMMINGS. Mr. Speaker, when I think of the manner in which the GOP tax cut legislation was drafted, the title of the movie "Eyes Wide Shut" comes to mind.

Still, this is no sultry suspense film. In this horror, we will only find a terrible plot that sacrifices Medicare and Social Security and steals $112 billion away from school construction.

The stars of this movie, the House Republicans, act with a level of irresponsibility that automatically comes from doing anything with your eyes shut. With such blocked vision, it is hard to believe that they have a clear view of the problems or their solutions.

Beyond all the hype, the GOP tax cut is hardly a masterpiece. It is poorly directed, horribly produced, and the Republican actors demonstrate a sophomoric concern for people of our country.

I can only hope that their vision will go from wide shut to wide open and that we will ultimately be able to fulfill our duty of fiscal responsibility and public service to the American people.

LOOK OUT AMERICA, BIG BROTHER MAY BE WATCHING AGAIN

(Mr. CHABOT asked and was given permission to address the House for 1 minute.)

Mr. CHABOT. Mr. Speaker, hold on to our floppy disks. The Clinton administration, everybody's favorite Big Brother, may soon be following our computers' every move.

According to the New York Times, administration officials are contemplating the creation of an extensive computer monitoring system overseen by the FBI and the GSA-that will have the capability of collecting data from computer networks all across this country.

This news should send a chill up the spine of anybody who has followed this administration's actions on privacy issues. Remember, these are the folks who want each and every American to have a special identification number so that their medical records could be tracked by the Federal Government.

These are the folks who wanted to collect a host of personal information about the millions of Americans who receive in-home care from Medicare. These are the folks who wanted to give the FBI the authority to wire tap one out of every 100 phones in this country.

So when they start talking about computer security, be wary. Let us keep their hands off our e-mail.

REPUBLICAN TAX BILL

(Mr. MENENDEZ asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MENENDEZ. Mr. Speaker, Republicans keep saying that the money in the budget surplus belongs to the American people, falsely implying that we Democrats disagree with that.

For the record, we do not disagree. The surplus belongs to the American people. They are the ones who have paid for it. They are the ones who worked for it. That is why we are listening to the American people, who are telling us that their values is to use the surplus to pay down the national debt and to save Social Security and Medicare.

Republicans, on the other hand, are listening to all the special interests and high-priced Washington lobbyists, who are telling them to waste the surplus on a trillion dollar tax giveaway.

So, Mr. Speaker, actions speak louder than words. It is we Democrats who are listening to the voices and values of America's working families. Because we know this Government does belong to them and they are demanding that we exercise some real fiscal discipline, pay down the national debt, and extend the life of Social Security and Medicare. Democrats are committed to doing that.

If the Republicans really believed the surplus belongs to the American people, they would listen to the voices of those people.

POLITICAL PRISONERS AND PRISONERS OF CONSCIENCE IN CUBA

(Ms. ROS-LEHTINEN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. ROS-LEHTINEN. Mr. Speaker, while many may turn a blind eye to the reality that plagues the Cuban people, Amnesty International does not. It monitors and advocates on behalf of political prisoners and prisoners of conscience in the island of Cuba.

A recent case is that of political activist and human rights dissidenter Nestor Rodriguez Lobaina, who was arbitrarily arrested again on July 11 of this year solely for exercising his right to freedom of expression.

His whereabouts now? Unknown.

The prisoner of conscience Marta Beatriz Roque, who was sentenced by Castro's kangaroo courts earlier this year after languishing for close to 2 years in a squalid jail cell for exercising her human rights and civil liberties, was severely punished by the regime on July 16 for refusing to eat and staying mute in a silent protest for the unjust incarceration that she is subjected to.

These examples of the Cuban dictatorship's cruelties are grave and numerous. Other countries may wish to ignore them. However, the U.S. Congress cannot and indeed we must not.

HINCKLEY SHOULD GO TO JAIL AND WE SHOULD THROW AWAY THE KEYS

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, John Hinckley shot President Reagan, James Brady, and two security guards with intent to kill. Hinckley also planned to kill President Carter.

Deemed insane, Hinckley was put in the hospital. And now that hospital says Hinckley has regained his health, he is no longer insane, and he should be entitled to and they are granting him "supervised leave." And the Government will not appeal it.

Unbelievable.

What is next, Mr. Speaker? White House tours? Disney World?

Beam me up. Hinckley should go to jail. We should throw away the keys. An America that tolerates assassins like Hinckley is an America that will have more assassins like John Hinckley.

WHATEVER FLOATS YOUR BOAT

(Mr. SCHAFFER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHAFFER. Mr. Speaker, last week Presidential contender and self-proclaimed environmental guru, Vice President AL GORE, treated himself to what amounted to a $7.1 million taxpayer-funded and environmentally reckless canoe trip down the Connecticut River in New Hampshire.

While on a campaign swing through the first-in-the-Nation primary State, the VP decided to demonstrate his environmental prowess for the cameras by floating four miles downstream and then climbing ashore with a $100,000 Federal grant check for the local water commission.

□ 1015

Unfortunately, GORE and his handlers determined too late the low water level on the river might not fully float GORE's boat, thereby presenting a potentially embarrassing political moment to the campaign flotilla. Rather than forgo the photo opportunity, the local water commission, yes, the same group that received the check, was persuaded to release 4 billion gallons of captured water down the river for the 35 minutes GORE was afloat. Water usage cost to release the 4 billion gallons: $7.1 million.

This was not the first time. They did the same thing in Colorado in 1996 at the Chatfield Reservoir. In either case while farmers pay a premium for reliable water supplies, the Vice President spends their money like water.

Mr. Speaker, as they say over in the White House, "Whatever makes your boat float."

REJECT THE MASSIVELY IRRESPONSIBLE REPUBLICAN TAX BILL

(Mr. ETHERIDGE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ETHERIDGE. Mr. Speaker, I rise to call on this Congress to reverse course and pass fiscally responsible legislation to provide targeted tax relief for America's families.

Mr. Speaker, the people of North Carolina sent me to this House to work to put our Nation's fiscal house in order, honor our values and invest in our future. Last Congress, I proudly voted to balance the Federal budget for the first time in a generation and I continue to support fiscally responsible tax relief for middle-class families.

But the tax bill the Republican leadership rammed through this House last week is a massively irresponsible gamble with our Nation's future and our economic prosperity. The Republican bill would cripple our ability to save Social Security and Medicare for our Nation's seniors and would prevent us from making needed investments in better education for our children.

Mr. Speaker, the first bill I introduced as a Member of this House cut the inheritance tax for small businesses and small families. This year I have written and introduced, cosponsored by 90 Members, a bill to provide Federal tax credits for local school construction. I strongly support paying down the national debt and providing responsible tax relief for our families. The Republican bill would hurt the middle class and return us to the days of out-of-control deficits and skyrocketing inflation.

INTRODUCTION OF KOSOVO BURDENSHARING RESOLUTION

Mr. BEREUTER. Mr. Speaker, this Member is today introducing a House Resolution titled the Kosovo Burdensharing Resolution. Since the United States bore the disproportionately large share of the cost of the air war against Yugoslavia, my resolution expresses the sense of the House that the United States should pay no more than 18 percent of the aggregate total costs associated with the military air operations, reconstruction in Kosovo, and in Yugoslavia when Milosevic no longer controls the governments of Serbia or Yugoslavia or the Socialist Party, except there is no limitation against Montenegro. This limitation on burdensharing is consistent with the earlier statements by the President, but we need to remind him and reinforce his bargaining power on burdensharing when he negotiates with the European and other allied countries.

This resolution is particularly timely as President Clinton leaves today for the Balkans Reconstruction Conference on Friday in Sarajevo. The resolution also recognizes that Macedonia and Albania bore a significant economic and refugee burden and that these roles should make them priority recipients of aid.

Members should contact my office today if they wish to be an original cosponsor.

MANAGED CARE REFORM

(Mr. GREEN of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GREEN of Texas. Mr. Speaker, we have a saying in Texas, "If it's not broke, don't fix it." Well, our health care delivery system by HMOs is broken.

According to the day if you read almost any newspaper, the Kaiser Family Foundation found that 87 percent of doctors said their patients had experienced denial of coverage over the last 2 years; 79 percent had trouble getting approval for a certain drug they wanted to prescribe; 69 percent had trouble getting a diagnostic test approved; 52 percent had trouble getting patients referred to a specialist.

And now to bring you up to date, the Republican leadership announced their intention once again to bypass the committee process and take a managed care bill directly here to the floor. Once again they are starting down a road that ignores the American people. They are letting the HMOs write their own legislation. Once again they are writing a major piece of legislation in the Speaker's office without bipartisan support.

Another Texas saying we have, and I think it applies, is that they are letting the fox guard the chicken house. What we need is real HMO reform, not a fake or a fig leaf.

ADMINISTRATION FALLS SHORT ON VA FUNDING

(Mr. STEARNS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STEARNS. Mr. Speaker, the Clinton administration proposed a dismal VA medical care budget earlier this year. It is shortchanging our veterans.

We have heard from VA officials that an additional $1.1 billion is needed just to maintain current service levels.

Deep concerns regarding the administration's proposal for veterans' medical care led our Committee on Veterans' Affairs to call for an additional $1.7 billion in funding for the upcoming fiscal year. The new funding being suggested by the Vice President over the weekend will not cover the needs of our veterans.

He proposed an additional $900 million for medical care. But based upon the administration's own figures, the cost for pay increases and inflation alone will cost $900 million.

The administration's budget fails to cover the costs of treating hepatitis C, a "silent epidemic" afflicting many veterans, and fails to cover the cost of emergency care.

Mr. Speaker, we need to provide for our veterans. It is a moral obligation.

SAVE SOCIAL SECURITY FIRST

(Ms. SANCHEZ asked and was given permission to address the House for 1 minute.)

Ms. SANCHEZ. Mr. Speaker, here we go again. Social Security is the primary retirement system for the majority of retired Americans. It provides benefits to 33 million Americans of all ages and it keeps 12 million of them out of poverty.

The GOP Social Security approach is really an unreliable response that supports wealthy special interests. Why does the GOP want to undercut a sound economy with a tax scheme designed to benefit the few?

We must protect Social Security. This means less debt, lower interest costs, rising living standards, more money made available for seniors' priorities, and more security for Social Security.

The Republican tax cuts mean higher deficits, higher interest rates and lower economic growth. Their tax scheme would make it impossible to continue to pay down and eventually eliminate the debt we have by 2015 as proposed by our President.

My colleagues across the aisle would have us believe that their efforts are to support Social Security, but this is not so. Their tax cut does not cut it.

REPUBLICANS PUT PRIORITY ON SAVING SOCIAL SECURITY AND MEDICARE

(Mr. ROGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROGAN. Mr. Speaker, I would begin by reminding my friend from California that the Democrats controlled this Chamber for 40 years, and in that 40-year period, they put not one penny into the Social Security trust fund. They used the Social Security trust fund for government spending programs.

Now, for the first time in 40 years, Republicans are in control of the Chamber. We campaigned on a tax cut for working families after we protected Social Security, after we protected Medicare. Because of Republican spending priorities, we now have for the first time since Neil Armstrong walked on the Moon a surplus economy. That did not come from liberal profligate spending. That came from Republican proposals that put a priority on Social Security, put a priority on Medicare, put a priority on jobs and put a priority on protecting the paychecks of working families in this country.

That is what Americans voted for in 1994, in 1996 and 1998. As we approach the year 2000, Mr. Speaker, we are going to give them that opportunity again.

CHINA

(Mr. BROWN of Ohio asked and was given permission to address the House for 1 minute.)

Mr. BROWN of Ohio. Mr. Speaker, 2 days ago, the Communist Chinese government once again had its way with this Congress when this body voted trading privileges for perhaps the most repressive, corrupt regime in the world. American CEOs and Washington attorneys again had their way with Congress even though we have a trade deficit with China of $65 billion and growing annually.

Beijing and its Communist Party leaders again had their way with this Congress this week even though this Communist Chinese government supports forced abortions, persecution of Christians and Muslims, sale of nuclear technology to Pakistan, child labor and slave labor.

But there was good news, Mr. Speaker, in the vote this week. The vote was closer than it had been in many, many years. Members of this body are beginning to understand and beginning to show that they care about human rights, care about nuclear proliferation, and care about democracy in China.

All of us need to demand that China enter the family of nations before they enter the World Trade Organization.

WICHITA NAMED ALL-AMERICAN CITY

(Mr. TIAHRT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TIAHRT. Mr. Speaker, some people think all the wise and good people are inside the Washington Beltway, but, of course, that is not right as each and every day ordinary people in communities all across this great Nation join together to do extraordinary things.

The City of Wichita, Kansas, led by its outstanding mayor and my friend, Bob Knight, was recently named an All-American City by the National Civic League. This is a great honor and one worthy of mention here on the floor of the People's House.

The three programs the city of Wichita submitted in its winning All-American City application are Wichita's Promise: The Alliance for Youth; Wichita Independent Neighborhoods; and the Cessna 21st Street Learning and Work Campus.

These programs are volunteer driven and do the hard work and sometimes thankless work of making our Nation better by making our communities better, one at a time. I want to publicly thank everyone associated with each of these organizations because, thanks to you, Wichita is an All-American City and America is a better place to live.

SALUTE TO LANCE ARMSTRONG, WINNER OF TOUR DE FRANCE

(Mr. HOYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HOYER. Mr. Speaker, we have again seen the face of courage. It is Lance Armstrong's.

Lying in his hospital bed just 3 years ago, Mr. Armstrong was fired by his French bicycle racing team. He suffered from testicular cancer and was given less than a 40 percent chance of survival.

He underwent two operations and 12 weeks of chemotherapy, but he refused to succumb and now has prevailed by winning the Tour de France last Sunday.

Lance Armstrong was not alone on this long journey back. The one team willing to take a chance on Mr. Armstrong was sponsored by the United States Postal Service. The Postal Service deserves great credit.

This wonderful story reminds me of a poem by another American trailblazer, Amelia Earhart. She wrote:

> Courage is the price that life extracts for granting peace.
> The soul that knows it not knows no release from little things;
> knows not the livid loneliness of fear,
> nor mountain heights where bitter joy can hear
> the sounds of wings.

Lance Armstrong knows both and inspires us all.

AGRICULTURE CRISIS

(Mr. EWING asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EWING. Mr. Speaker, there is an ag crisis. The cause is excessive world production and lost markets that we counted on. The result has been reduced exports and disastrously low commodity prices.

Can the great economic engine of America continue to move on and up with the enormous agricultural engine pulling the other way? I doubt it.

On this issue, Congress has acted and must act again. We have done things to open new markets: The NTR vote this week, anti-embargo legislation which we passed in this House, unilateral sanction reform, tax reform, capital gains, estate tax, which are good for our farmers.

But when we come back from the recess, we are going to have to take up, if we have not already passed, the crop insurance reform bill, and we are going to have to deal with emergency lost market payments and adequate financing for our American farmers. Let us not forget this enormous part of our agricultural economy.

REPUBLICAN TAX BILL OUT OF STEP WITH AMERICAN PEOPLE

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, we have a projected Federal surplus, the first in three decades. We must be responsible. We must use that surplus so that it reflects our values as a people and as a Nation. Sadly, the Republican leadership would rather give whopping tax breaks to the wealthiest Americans.

Instead of reasonable tax relief targeted to working, middle-class families, the House Republican leadership passed a scheme that gives 65 percent of the benefit to the top 10 percent of Americans. Their plan does nothing to extend Social Security by a single day. It dedicates not one penny to strengthening Medicare. It forces deep cuts in education, crime fighting and national defense. These tax breaks for the wealthy are evidence that Republican values are out of step with the American people. I hope we will heed the advice of the Federal Reserve Chairman Alan Greenspan who warned that, and I quote, the time is not right for whopping tax breaks. I call upon cooler heads to prevail so that we can use this surplus to strengthen Medicare and Social Security to keep faith with our parents and with our children, give tax relief to middle-class families and reduce the Federal debt.

□ 1030

REPUBLICAN PLAN PUTS FIRST THINGS FIRST

(Mr. HILL of Montana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HILL of Montana. Mr. Speaker, are tax cuts good for America? Should we have a fairer, simpler Tax Code? Should the excess taxes projected to be paid by the American people over the next 10 years be used as the President and the Democrats propose for massive new spending or should some of it be returned to the taxpayers?

The President says we should do first things first. Last fall, he said we should set aside 100 percent of Social Security for Social Security. But then he proposed a budget that said, no, let us just set 62 percent aside for Social Security and use the other 38 percent for new spending.

By putting spending over saving the President has put first things last. The Republican plan does put first things first. It starts by saying, let us hold the line on spending. Then it says 100 percent of Social Security for Social Security. Then it says, pay down the debt $2 trillion and set aside 2 hundred billion for Medicare reform and a pharmacy benefit and then reform taxes with simpler, lower, fairer taxes for virtually every American.

This Republican plan is a good plan, it is the right plan for America.

VOTE AGAINST ATTACHMENTS TO D.C. APPROPRIATION

(Ms. NORTON asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. NORTON. Mr. Speaker, my colleagues are about to have an out of body legislative experience. When the D.C. appropriation comes to the floor shortly, they will be asked to appropriate somebody else's money. Worse, a local budget that has no business here will become an excuse for attachments that are anathema to the people I represent.

In our Federalist system no action is regarded as more oppressive than national usurpation of local law. The Republic will not fall if my colleagues vote against these attachments. It will be weakened if they do what they would not stand for in their own districts and vote to tell local residents how they may spend their own local funds.

Please vote against the attachments to the D.C. appropriation.

WE NEED TAX REFORM NOW

(Mr. GREEN of Wisconsin asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GREEN of Wisconsin. Mr. Speaker, last week I was proud to support the largest tax cut in a decade. It is one of the things that I was sent here to Congress to do. But as my colleagues know, Mr. Speaker, paging through this bill, all 500 pages of it, I was reminded again of how tax relief is not enough. Congress must do more. Congress must deliver tax reform and do it now.

Earlier this year I caught another glimpse of that need when a constituent of mine sent me some letters, a case that he is working on with the IRS. In his letters, he has letters from the IRS promising to get back to him on April 19, May 19, June 18, July 16, and most recently, August 16.

It is time to stop this bureaucratic run-around. It is time that we scrapped the IRS code and replaced it with a simpler, fairer code and a tax code that works for taxpayers, not the other way around.

REPUBLICAN TAX PLAN, A BLUEPRINT FOR FISCAL IRRESPONSIBILITY

(Mr. ALLEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALLEN. Mr. Speaker, I take the contrary view. The Republican tax bill is the new definition of fiscal irresponsibility.

We have a historic opportunity to pay down the national debt. But the Republican plan not only ignores debt retirement, it requires $155 billion in additional spending on interest on the national debt.

The party that says it loathes government spending proposes $155 billion in extra spending, not on education, not on veterans health care, not on the environment, but on the Federal equivalent of a credit card service charge. Moreover, the Republicans refuse to extend the solvency of Social Security and Medicare and instead give a huge tax break for the wealthy and special interests. They rejected the democratic plan that makes Social Security and Medicare the first priority.

Mr. Speaker, our Nation's current and future retirees deserve more than that.

Finally, the Republican tax bill gives 65 percent of the tax breaks to the wealthiest 10 percent. The richest 10 percent do not have trouble paying for their children's education, their parents' long-term care, or their own health care premiums. Only the Democratic plan offers targeted class relief for the middle class.

A DIFFERENCE IN PHILOSOPHY

(Mr. RYAN of Wisconsin asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RYAN of Wisconsin. Mr. Speaker, I would like to bring some truth back into this whole debate about our government surpluses. Here is what the Republican Congress has proposed: $2 trillion toward reducing the national debt, far more than the President and the Democratic party has proposed; stopping the raid on the Social Security Trust Fund; putting $200 billion into shoring up Medicare; and if after those goals are achieved, our constituents continue to pay their taxes, give hard-working American working families tax relief.

The Democrats' and the President's plan? Raid Social Security by the tune of $341 billion, increase the national debt, do not put as much down to the national debt as we do, and keep all of the extra money in Washington. If Americans overpay their taxes, the President, and the Democrats want to spend the money.

The difference is not tax cuts or debt reduction; the difference is tax cuts or new spending on new Washington programs.

The President put it best when he said in Buffalo, New York to a packed crowded of 35,000 people:

"We could give you your money back, but we wouldn't be sure that you would spend it right."

Mr. Speaker, that is the difference. It is a difference in philosophy. We think people should get more of their own money after we start paying down debt, after we stop the raid on Social Security.

KEEPING PACE WITH MEDICAL TECHNOLOGY

(Mr. LAMPSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LAMPSON. Mr. Speaker, I rise this morning to tell all of my colleagues about a brave 6½ year-old girl named Keeley Woodruff from Beaumont, Texas. Yesterday, Keeley braved Vagus Nerve Stimulator implant surgery to stop the more than 50 epileptic seizures that she has suffered daily since she was 1½ years old. Well, this stimulator has proved to be a safe and effective therapy for patients with severe epilepsy, but it has not been approved by the State of Texas for patients under 12 years old.

The bottom line is that costs associated with this life-changing procedure often are not covered.

Mr. Speaker, thanks to the fast action and cooperation among a University of Texas medical branch physician; the manufacturer, Cyberonics; and Medicaid this procedure was allowed for Keeley. And thankfully her parents, Rob and Christi, informed me that she has only suffered two seizures since the surgery.

While Keeley's story has a happy ending, there are many other children who face the same situation, and very soon I will be in contact with Texas and Medicaid officials to see what can be done to approve this device for all children under 12 years old.

Mr. Speaker, we as Members of Congress must do all we can to make sure that medical policy keeps pace with medical technology.

REPUBLICAN TAX RELIEF

(Mr. ROYCE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROYCE. Mr. Speaker, the Republican Congress has reduced the debt by 51 billion this last year, by 102 billion as the sum that we will reduce the debt by this year. Over the next 10 years under the budget plan that we have put forward, we will reduce it by another $2 trillion.

Now the question that we are actually debating is whether we should use $1 out of every 4 of the surplus, of the budget surplus, in order to also give some tax relief, because as my colleagues know, what the Republicans want to do is to eliminate the marriage penalty and give a 10 percent reduction on tax rates as well as phase down the death tax and reduce the capital gains tax. The question is whether we will use this $1 out of every 4 in the extra surplus to give this tax relief or whether the President and the administration is going to get its way and spend the additional dollars. They are not going to use it to pay down the debt; they want more social spending.

Mr. Speaker, to that end, let me just remind my colleagues we have a trigger that if the surplus starts to decline, we do not phase in our tax reductions.

So I wanted to make that point clear.

RESPONSIBLE TAX CUTS

(Mr. TURNER asked and was given permission to address the House for 1 minute.)

Mr. TURNER. Mr. Speaker, the Republican tax cutting message is: "You can't trust the Congress," which the last time I checked, they were in the majority and controlled. Today they propose an irresponsible tax cut scheme that dedicates all of the on-budget surplus to a massive tax cut rather than doing the responsible thing and reducing the national debt, saving Social Security and Medicare.

Where have all the fiscal conservatives gone in the Republican party? I am shocked to hear some members of the Republican delegation here today say that they reduce the national debt more than Democrats. We just voted last week on a bill on the floor of this House where the Democrats said we are going to devote all of the Social Security surplus to Social Security and we are going to devote half of the on-budget surplus to debt reduction, 25 percent to reasonable tax cuts aimed at middle-income Americans and the other 25 percent for further tax reduction and to save Medicare and Social Security.

That is the responsible thing to do.

The Republican tax proposal simply gives only modest tax breaks to middle-income taxpayers. We propose a responsible tax cut that will benefit all Americans.

SUPPORT THE PRESCRIPTION DRUG FAIRNESS FOR SENIORS ACT

(Mr. SHOWS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHOWS. Mr. Speaker, I stand before the American people today to talk about the high costs of prescription drugs. I have had the opportunity to visit with many of my constituents to address this burdensome problem. Studies prove that senior citizens in Mississippi pay outrageous amounts of money for much needed prescription drugs. For an example, a Mrs. Bruce lives in Federation Towers in Clinton, Mississippi. She enjoyed all the freedoms that should come along with being a senior citizen until the cost of her prescription medicine forced her to move out of her house, into her home with her daughter. She pays $200 a month for prescription medicine on a fixed income.

Mrs. Bruce told me that without her daughter she could not stay healthy. She wonders what happens to the other seniors in this country who do not have the family support that she does.

Mr. Speaker, I cannot think of any other issue that deserves being addressed more than the cost of medicine for our seniors. That is why I cosponsored the Prescription Drug Fairness Act for seniors. It is time to do right by our seniors and make them favorite customers, just like the large HMOs in the Federal Government.

Mr. Speaker, folks like Mrs. Bruce need us.

A REPUBLICAN SHOPPING SPREE FOR THE RICH

(Mr. LEWIS of Georgia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEWIS of Georgia. Mr. Speaker, the Republicans are trying to ram through an $800 billion tax bill. The Republican tax bill does nothing to save Social Security, nothing to preserve or protect Medicare and nothing to reduce our national debt. The Republican tax bill provides huge tax breaks for America's wealthiest people while providing pocket change for American working families. Tens of thousands for the rich, pennies for working men and women. This is the Republican way. That is not fair, that is not right, that is not just.

Mr. Speaker, we have a chance to finally put our economic house in order, to pay down our national collected credit card. Just when we are in a position to do what is right, the Republican want to go on a shopping spree. The American people and this Congress should do what is right. We should reject the Republican tax bill.

□ 1045

SUPPORT THE REPUBLICAN TAX PACKAGE

(Mr. WELDON of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WELDON of Florida. Mr. Speaker, I rise in support of the Republican tax package. For all too many years, hard-working Americans have seen more and more of their money going to Washington, D.C., going to wasteful spending, going to programs that take the tax dollars that those hard-working Americans worked very hard to obtain, and squandering them on programs that do not achieve their directed purpose, but in many ways, make matters worse.

Now, we all support making sure that priority programs that help the poor, help the needy, help our senior citizens get the funding that they need. That is why this tax cut package protects all of the money in Social Security, sets aside the Social Security surplus for the first time. After more than 30 years of liberal Democrats spending the Social Security Trust Fund dollars, we, the Republicans, are setting that money aside. Then, in the end, we still have some money that we can return back to hard-working families in America.

Mr. Speaker, it is the right thing to do. If we leave the money in this town, it will get spent. We have to get the money out of this town in order to get it back in people's pockets.

COMMUNICATION FROM THE HONORABLE PETER T. KING, MEMBER OF CONGRESS

The Speaker pro tempore (Mr. Nussle) laid before the House the following communication from the Honorable Peter T. King, Member of Congress:

House of Representatives,
Washington, DC, July 27, 1999.

Hon. Dennis Hastert,
Speaker, House of Representatives,
Washington, DC.

Dear Mr. Speaker: This is to formally notify you pursuant to Rule VIII of the Rules of the House and I received a subpoena for documents and testimony issued by the superior Court of the District of Columbia.

After consultation with the Office of General Counsel, I will make the determinations required by Rule VIII.

Peter T. King.

WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 2465, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 2000

Mrs. MYRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 262 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 262

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 2465) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read.

The SPEAKER pro tempore. The gentlewoman from North Carolina (Mrs. Myrick) is recognized for 1 hour.

Mrs. MYRICK. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentleman from Ohio (Mr. Hall), my good friend, pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, on Tuesday, the Committee on Rules met and granted a rule for the conference report for H.R. 2465, the Fiscal Year 2000 Military Construction Appropriations Act. The rule waives all points of order against the conference report and against its consideration. The rule also provides that the conference report shall be considered as read.

Mr. Speaker, the United States military is clearly the best in the world. The young men and women in the Navy, Army, Air Force, and Marines are thoroughly dedicated and patriotic professionals, the best our Nation has to offer. So how do we reward them? We pay them with wages that are so low that many military families are forced to eat with food stamps, and we lodge them in substandard, World War II housing. These, among other reasons, are why we are losing good men and women who stop serving their country because the hardships on their families are too great.

This is inexcusable, and Congress has been working hard to do something about it. This year we passed a 4.8 percent military pay raise, and with this bill, we will improve military housing.

H.R. 2465 provides $747 million for new housing construction, and $2.8 billion for the operation and improvement of existing housing. The bill also provides $964 million for barracks and medical facilities for troops and their families. Finally, because of an increase in two-income and single-parent families, the bill provides $21 million for child development centers.

Mr. Speaker, H. Res. 262 is a normal conference report rule for a good, noncontroversial bill. I urge my colleagues to support this rule and to support the conference report.

Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume. I want to thank the gentlewoman from North Carolina (Mrs. Myrick) for yielding me the time.

This rule waives all points of order for consideration against the conference report on H.R. 2465, which is the Military Construction Appropriations bill for fiscal year 2000. The bill basically funds construction projects on military bases, including barracks, housing for military families, laboratories, hospitals, training facilities, and other buildings that support our Armed Forces. The bill also funds activities necessary to carry out the last two rounds of base closings and realignments.

This conference report represents the most basic kind of compromise between the House and the Senate versions of the bill. The House bill funded $8.5 billion in military construction, the Senate amount was $8.3 billion, and the conferees split the difference, arriving at a total of around $8.4 billion.

I am pleased that the bill contains $43.6 million for Wright-Patterson Air Force Base near Dayton, Ohio, which is partially in my district and partially in the 7th Congressional District of the gentleman from Ohio (Mr. Hobson). Since the days of Orville Wright, the Dayton area has been our Nation's center of military aviation science. Two of the Wright-Patterson projects funded in the bill are laboratories that will maintain the base's world-class research facilities.

Once again, I commend the chairman of the Subcommittee on Military Construction, the gentleman from Ohio (Mr. Hobson), who has done a great job; and the gentleman from Massachusetts (Mr. Olver), the ranking minority member, for his work on this bill. This is the first of the 13 appropriations bills to go through the House-Senate conference and reach this stage. It is a testament to their skill that they have moved so quickly to complete House action on this bill.

Mr. Speaker, I urge adoption of the rule and of the bill.

Mr. Speaker, I yield back the balance of my time.

Mrs. MYRICK. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HOBSON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the conference report to accompany H.R. 2465, and that I may include tabular and extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

CONFERENCE REPORT ON H.R. 2465, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 2000

Mr. HOBSON. Mr. Speaker, pursuant to House Resolution 262, I call up the conference report on the bill (H.R. 2465), making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 262, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of Tuesday, July 7, 1999 at page H6475.)

The SPEAKER pro tempore. The gentleman from Ohio (Mr. Hobson) and the gentleman from Massachusetts (Mr. Olver) each will control 30 minutes.

The Chair recognizes the gentleman from Ohio (Mr. Hobson).

Mr. HOBSON. Mr. Speaker, I yield myself such time as I may consume.

The conference report we present to the House today for military construction, family housing and base closure recommends a total appropriation of $8.4 billion. This represents a $76 million decrease from last year. It is also $76 million below the House-passed level.

Overall, the agreement recommends $3.6 billion for items related to family housing, $4.1 billion for military construction, and $670 million for the implementation of base realignments and closures. As always, I want to express my appreciation to all of the members of the subcommittee and especially my ranking member the gentleman from Massachusetts (Mr. OLVER), for his cooperation in crafting this agreement.

This bill represents an investment program that has significant payback in economic terms and better living and working conditions for our military personnel and their families.

Mr. Speaker, at this time I will place in the RECORD documentation regarding this bill.

MILITARY CONSTRUCTION APPROPRIATIONS BILL (H.R. 2465)
(Amounts in thousands)

	FY 1999 Enacted	FY 2000 Request	House	Senate	Conference	Conference vs. enacted
Military construction, Army	865,726	656,003	1,223,405	1,087,422	1,042,033	+176,307
Emergency appropriations (P.L. 105-277)	118,000					-118,000
Advance appropriations, FY 2001		659,536				
Total	983,726	1,315,539	1,223,405	1,087,422	1,042,033	+58,307
Military construction, Navy	602,593	319,784	968,862	864,883	901,531	+298,938
Emergency appropriations (P.L. 105-277)	5,860					-5,860
Advance appropriations, FY 2001		502,812				
Total	608,453	822,596	968,862	864,883	901,531	+293,078
Military construction, Air Force	612,809	179,479	752,367	783,710	777,238	+164,429
Emergency appropriations (P.L. 105-277)	29,200					-29,200
Advance appropriations, FY 2001		379,867				
Total	642,009	559,346	752,367	783,710	777,238	+135,229
Military construction, Defense-wide	551,114	193,005	755,718	770,690	593,615	+42,501
Advance appropriations, FY 2001		337,900				
Total	551,114	530,905	755,718	770,690	593,615	+42,501
Total, Active components	2,785,302	3,228,388	3,700,352	3,506,705	3,314,417	+529,115
Department of Defense Military Unaccompanied Housing Improvement Fund: Rescission (FY 1997, P.L. 104-196)	-5,000					+5,000
Military construction, Army National Guard	148,803	16,045	135,129	226,734	227,456	+78,653
Emergency appropriations (P.L. 105-277)	2,500					-2,500
Advance appropriations, FY 2001		41,357				
Total	151,303	57,402	135,129	226,734	227,456	+76,153
Military construction, Air National Guard	169,801	21,319	180,870	238,545	263,724	+93,923
Emergency appropriations (P.L. 105-277)	15,900					-15,900
Advance appropriations, FY 2001		51,981				
Total	185,701	73,300	180,870	238,545	263,724	+78,023
Military construction, Army Reserve	102,119	23,120	92,515	105,817	111,340	+9,221
Advance appropriations, FY 2001		54,506				
Total	102,119	77,626	92,515	105,817	111,340	+9,221
Military construction, Naval Reserve	31,621	4,933	21,574	31,475	28,457	-3,164
Advance appropriations, FY 2001		10,020				
Total	31,621	14,953	21,574	31,475	28,457	-3,164
Military construction, Air Force Reserve	34,371	12,155	66,549	35,864	64,404	+30,033
Advance appropriations, FY 2001		15,165				
Total	34,371	27,320	66,549	35,864	64,404	+30,033
Total, Reserve components	505,115	250,601	496,637	638,435	695,381	+190,266
Military contruction transfer fund (emergency appropriations) (P.L. 106-31)	475,000					-475,000
Total, Military construction	3,760,417	3,478,989	4,196,989	4,145,140	4,009,798	+249,381
Appropriations	(3,118,957)	(1,425,845)	(4,196,989)	(4,145,140)	(4,009,798)	(+890,841)
Rescissions	(-5,000)					(+5,000)
Emergency appropriations	(646,460)					(-646,460)
Advance appropriations		(2,053,144)				
NATO Security Investment Program	155,000	191,000	81,000	100,000	81,000	-74,000
Revised economic assumptions	-1,000					+1,000
Total, NATO	154,000	191,000	81,000	100,000	81,000	-73,000
Family housing, Army:						
New construction	107,100	4,400	48,500	24,000	41,000	-66,100
Construction improvements	48,479	5,303	36,400	32,600	35,400	-13,079
Planning and design	6,350	4,300	4,300	4,300	4,300	-2,050
General reduction	-2,639					+2,639
Advance appropriations, FY 2001		43,991				
Subtotal, construction	159,290	57,994	89,200	60,900	80,700	-78,590
Operation and maintenance	1,087,697	1,098,080	1,089,812	1,098,080	1,086,312	-1,385
Emergency appropriations (P.L. 105-277)	5,200					-5,200
Total, Family housing, Army	1,252,187	1,156,074	1,179,012	1,158,980	1,167,012	-85,175

MILITARY CONSTRUCTION APPROPRIATIONS BILL (H.R. 2465) — continued
(Amounts in thousands)

	FY 1999 Enacted	FY 2000 Request	House	Senate	Conference	Conference vs. enacted
Family housing, Navy and Marine Corps:						
New construction	58,504	15,182	116,174	115,589	134,674	+76,170
Construction improvements	227,791	31,708	178,670	165,050	189,682	-38,109
Planning and design	15,618	17,715	17,715	17,715	17,715	+2,097
General reduction and revised economic assumptions	-7,323	....	....	....	-1,000	+6,323
Advance appropriations, FY 2001	....	171,167	....	....	....	....
Subtotal, construction	294,590	235,772	312,559	298,354	341,071	+46,481
Operation and maintenance	910,293	895,070	895,070	895,070	891,470	-18,823
Emergency appropriations (P.L. 105-277)	10,599	....	....	....	....	-10,599
Total, Family housing, Navy	1,215,482	1,130,842	1,207,629	1,193,424	1,232,541	+17,059
Family housing, Air Force:						
New construction	175,099	50,418	203,411	187,611	203,411	+28,312
Construction improvements	104,108	34,280	124,482	129,952	129,952	+25,844
Planning and design	11,342	17,093	17,093	17,471	17,093	+5,751
General reduction and revised economic assumptions	-10,584	....	....	....	-1,000	+9,584
Advance appropriations, FY 2001	....	215,222	....	....	....	....
Subtotal, construction	279,965	317,013	344,986	335,034	349,456	+69,491
Operation and maintenance	780,204	821,892	821,892	821,892	818,392	+38,188
Emergency appropriations (P.L. 105-277)	22,233	....	....	....	....	-22,233
Total, Family housing, Air Force	1,082,402	1,138,905	1,166,886	1,156,926	1,167,848	+85,446
Family housing, Defense-wide:						
Construction improvements	345	50	50	50	50	-295
Operation and maintenance	36,899	41,440	41,440	41,440	41,440	+4,541
Total, Family housing, Defense-wide	37,244	41,490	41,490	41,490	41,490	+4,246
Family housing revitalization	....	....	....	25,000	....	....
Department of Defense Family Housing Improvement Fund	2,000	78,756	2,000	25,000	2,000	....
Total, Family housing	3,589,315	3,546,047	3,599,019	3,600,820	3,610,891	+21,576
New construction	(340,703)	(70,000)	(371,085)	(327,200)	(379,085)	(+38,382)
Construction improvements	(380,723)	(71,341)	(338,612)	(327,852)	(355,084)	(-25,639)
Planning and design	(33,310)	(39,108)	(39,108)	(39,486)	(39,108)	(+5,798)
General reduction	(-20,546)	....	....	....	(-2,000)	(+18,546)
Operation and maintenance	(2,815,093)	(2,856,462)	(2,848,214)	(2,856,462)	(2,837,614)	(+22,521)
Family Housing Improvement Fund	(2,000)	(78,756)	(2,000)	(25,000)	(2,000)	....
Emergency appropriations	(38,032)	....	....	....	....	(-38,032)
Advance appropriations	....	(430,389)	....	....	....	....
Base realignment and closure accounts:						
Part III	427,164	....	....	....	....	-427,164
Part IV	1,197,338	705,911	705,911	705,911	672,311	-525,027
Advance appropriations, FY 2001	....	577,306	....	....	....	....
Total, Base realignment and closure accounts	1,624,502	1,283,217	705,911	705,911	672,311	-952,191
General Provisions						
Family housing, Navy and Marine Corps (FY99 Sec. 125)	8,000	....	....	....	....	-8,000
Contingency reduction (sec. 125)	....	....	-131,177	-278,051	....	....
Grand total:						
New budget (obligational) authority	9,134,234	8,499,273	8,449,742	8,273,820	8,374,000	-760,234
Appropriations	(8,454,742)	(5,438,443)	(8,449,742)	(8,273,820)	(8,374,000)	(-80,742)
Rescissions	(-5,000)	....	....	....	....	(+5,000)
Emergency appropriations	(684,492)	....	....	....	....	(-684,492)
Advance appropriations	....	(3,060,830)	....	....	....	....

I urge my colleagues to support this conference report.

Mr. Speaker, I reserve the balance of my time.

Mr. OLVER. Mr. Speaker, I yield myself such time as I may consume.

As I think all of the Members understand, the military construction appropriations bill serving as a guardian of the quality of life of men and women who serve in America's military. Both the Chairman and I would have preferred to do more. We have a serious backlog with respect to the quality of life facilities barracks, housing, and other things that come under our jurisdiction. Yet, we find ourselves ultimately in this bill, $76 million, as the Chairman has already said, below last year's funding level. That funding level has allowed us to address only the most pressing workplace and housing needs that we can see. Yet, that has been done, I think, in a very effective manner, given the constraints.

Mr. Speaker, I want to thank the gentleman from Ohio (Mr. HOBSON), the chairman of the subcommittee, for his fair-minded and outstanding leadership in putting this bill together at all stages along the way. All of the members of the subcommittee, along with the gentleman from Florida (Mr. YOUNG), the chairman of the full committee, and the gentleman from Wisconsin (Mr. OBEY), the ranking member of the full committee, as well as all of the members of the subcommittee, have taken an active role from day 1 in the construction of this legislation as it made its way to where we are today.

Of course, we all realize that the staff puts in enormously long hours and hard work, and I especially want to thank the clerk of the subcommittee, Liz Dawson and her staff, Brian Potts and Cindi Britten for their work, as well as thanking Tom Forhan, the staff member for the minority.

This is a solid bipartisan agreement that deserves the support of all Members of the House.

Mr. Speaker, I reserve the balance of my time.

Mr. HOBSON. Mr. Speaker, I yield such time as he may consume to the gentleman from Nebraska (Mr. BEREUTER).

Mr. BEREUTER. Mr. Speaker, I rise in strong support of the conference report.

Mr. Speaker, this Member rises to thank the distinguished gentleman from Ohio (Mr. HOBSON), Chairman of the Military Construction Appropriations Subcommittee, the distinguished gentleman from Massachusetts (Mr. OLVER), Ranking Member of the Subcommittee, and the other members of the conference committee for including funding for a new Army Reserve Center in Lincoln, Nebraska in the Military Construction conference report.

The Army Reserve in Lincoln, Nebraska, currently leases a building assigned to the Agriculture Campus of the University of Nebraska in Lincoln. The University's plans for expanding its classroom space are being hindered by the Army Reserve's occupancy. Of late, the desire of the University to reclaim the facility has become more pressing. The Nebraska Army Reserve needs to construct a new building to serve as its Center.

The Nebraska Army Reserve has identified an alternative to the current situation, but it lacks the funding needed to get it out of the starting blocks. Therefore, $1.3 million is needed to proceed with land acquisition and to develop preliminary design specifications. This Member is pleased that the Nebraska Army Reserve's request for "seed money" in the amount of $1.3 million to fund the planning and acquisition of land for this relocated Center is included in the conference agreement.

Our colleges and universities have enough challenges. Forcing them to delay, or work around, improvements to and expansion of their programs should not be unnecessarily adding to those challenges. We ask our military personnel to make enough sacrifices. Depriving them of modern, badly needed facilities should not be one of them.

Mr. Speaker, in closing, this Member thanks the Subcommittee for these much needed funds and urges his colleagues to support the conference report.

Mr. WELLER. Mr. Speaker, I rise today to lend my strong support for passage of H.R. 2465, the Fiscal Year 2000 Military Construction Appropriations Act Conference Report.

This $8.4 billion measure recognizes the needs of our military infrastructure, continues our efforts at base closure and realignment, and most importantly puts military families first. One of the much needed items in this bill to improve the quality of life for our people in uniform is the $10.952 million appropriation for the construction of the Marseilles National Guard Training Facility in my Congressional District.

The Marseilles complex has been requested by the Illinois Department of Military Affairs and the Pentagon since 1994. Not until this year did the President recognize the need for this facility and I am pleased that President Clinton included funding for this project in his FY 2000 budget. This facility would be the first permanent training complex for the National Guard in the State of Illinois, serving all of the 10,245 members of the Guard in Illinois. Currently, members of the Illinois National Guard are forced to travel to bases in Wisconsin and Kentucky some as far as 350 miles away to conduct routine maneuvers. As you can imagine, this places a severe stress on the scope and timing of military operations, and even greater stress on the members of the Guard and their families.

Marseilles site is easily accessible from Interstate 80 and it is in close proximity to Interstates 39 & 55, Chicago, Joliet, and Springfield. The Marseilles site is currently used by the Guard for small training exercises that are conducted out of tents and military vehicles with restrooms facilities consisting of portable toilets that are of an unacceptable condition for these troops. The proposed complex in Marseilles would reduce travel time to and from training for most Illinois Guard members and would include barracks and dining facilities that would help to boost morale and retention within the ranks. The immediate construction of the Marseilles complex would provide the multiple benefits of substantially helping local business, spurring development in the undeveloped area south of the Illinois River, while providing a convenient training site that will help to ensure troop readiness and an acceptable quality of life.

Mr. Speaker, I extend my deep appreciation to Chairman HOBSON of the Military Construction Subcommittee, and on behalf of the residents and small business owners of Marseilles and the over 10,000 members of the Illinois National Guard I say thank you for helping to get this important project underway.

Mr. OLVER. Mr. Speaker, I yield back the balance of my time.

Mr. HOBSON. Mr. Speaker, I have no further requests for time, I yield back the balance of my time, and I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to clause 10 of rule XX, the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 412, nays 8, not voting 13, as follows:

[Roll No. 343]

YEAS—412

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Herger
Hill (IN)

Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Nethercutt
Ney
Northup
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Payne
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—8

Barrett (WI)
Hefley
Kleczka
Norwood
Paul
Sensenbrenner
Stark
Thompson (CA)

NOT VOTING—13

Becerra
Cubin
Dickey
Jones (OH)
Lipinski
McDermott
Neal
Peterson (PA)
Sabo
Sherwood
Skelton
Weiner
Wicker

□ 1119

Messrs. SENSENBRENNER, KLECZKA and BARRETT of Wisconsin changed their vote from "yea" to "nay."

Ms. LOFGREN and Ms. McKINNEY changed their vote from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. BECERRA. Mr. Speaker, today, I was unavoidably detained during a rollcall vote: No. 343, on agreeing to the conference report for H.R. 2465, the Military Construction Appropriations Act, FY 2000. Had I been present for the vote, I would have voted "aye."

GENERAL LEAVE

Mr. ISTOOK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill (H.R. 2587), making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes, and that I may include tabular and extraneous material.

The SPEAKER pro tempore (Mr. NUSSLE). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore. Pursuant to House Resolution 260 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2587.

□ 1121

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2587) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes, with Mr. BEREUTER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole House rose on Tuesday, July 27, 1999, all time for general debate had expired.

Pursuant to the rule, the bill shall be considered for amendment under the 5-minute rule.

The amendments printed in House Report 106–263 may be offered only by a Member designated in the report and only at the appropriate point in the reading of the bill, shall be considered read, debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment.

During consideration of the bill for amendment, the Chair may accord priority in recognition to a Member offering an amendment that he has printed in the designated place in the CONGRESSIONAL RECORD. Those amendments will be considered read.

The Chairman of the Committee of the Whole may postpone a request for a recorded vote on any amendment and may reduce to a minimum of 5 minutes the time for voting on any postponed question that immediately follows another vote, provided that the time for voting on the first question shall be a minimum of 15 minutes.

The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the District of Columbia for the fiscal year ending September 30, 2000, and for other purposes, namely:

TITLE I—FISCAL YEAR 2000 APPROPRIATIONS

FEDERAL FUNDS

FEDERAL PAYMENT FOR RESIDENT TUITION SUPPORT

For a Federal payment to the District of Columbia for a program to be administered by the Mayor for District of Columbia resident tuition support, subject to the enactment of authorizing legislation for such program by Congress, $17,000,000, to remain available until expended: *Provided*, That such funds shall be used on behalf of eligible District of Columbia residents to pay an amount based upon the difference between in-State and out-of-State tuition at public institutions of higher education, usable at both public and private institutions of higher education anywhere within the United States: *Provided further*, That the awarding of such funds shall be prioritized on the basis of a resident's academic merit and such other factors as may be authorized.

FEDERAL PAYMENT FOR INCENTIVES FOR ADOPTION OF CHILDREN

For a Federal payment to the District of Columbia to create incentives to promote the adoption of children in the District of Columbia foster care system, $8,500,000: *Provided*, That such funds shall remain available until September 30, 2001 and shall be used in accordance with a program established by the Mayor and the Council of the District of Columbia and approved by the Committees on Appropriations of the House of Representatives and the Senate.

Mr. BILBRAY. Mr. Chairman, I ask unanimous consent to consider my amendment out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

AMENDMENT NO. 3 OFFERED BY MR. BILBRAY

Mr. BILBRAY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 3 printed in House Report 106-263 offered by Mr. BILBRAY:

Page 65, insert after line 24 the following:

BANNING POSSESSION OF TOBACCO PRODUCTS BY MINORS

SEC. 167. (a) IN GENERAL.—It shall be unlawful for any individual under 18 years of age to possess any cigarette or other tobacco product in the District of Columbia.

(b) EXCEPTIONS.—

(1) POSSESSION IN COURSE OF EMPLOYMENT.—Subsection (a) shall not apply with respect to an individual making a delivery of cigarettes or tobacco products in pursuance of employment.

(2) PARTICIPATION IN LAW ENFORCEMENT OPERATION.—Subsection (a) shall not apply with respect to an individual possessing products in the course of a valid, supervised law enforcement operation.

(c) PENALTIES.—Any individual who violates subsection (a) shall be subject to the following penalties:

(1) For any violation, the individual may be required to perform community service or attend a tobacco cessation program.

(2) Upon the first violation, the individual shall be subject to a civil penalty not to exceed $50.

(3) Upon the second and each subsequent violation, the individual shall be subject to a civil penalty not to exceed $100.

(4) Upon the third and each subsequent violation, the individual may have his or her driving privileges in the District of Columbia suspended for a period of 90 consecutive days.

(d) EFFECTIVE DATE.—This section shall apply during fiscal year 2000 and each succeeding fiscal year.

The CHAIRMAN. Pursuant to House Resolution 260, the gentleman from California (Mr. BILBRAY) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from California (Mr. BILBRAY).

Mr. BILBRAY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this year, I reintroduced an amendment to the D.C. bill to specifically address the issue that Washington, D.C. has been and continues to be a sanctuary for underaged consumption and possession of tobacco.

While Washington, D.C. has endeavored to reform and transform itself as quickly as possible on many fronts, it has not addressed the issue that it continues to be the only jurisdiction within hundreds of miles of the Capitol still allowing underaged individuals to consume and possess tobacco products.

I was intending, Mr. Chairman, to ask for a vote on this amendment. The amendment passed overwhelmingly last year and I think sent a clear message not only to Washington, D.C. that this is wrong and inappropriate but to every jurisdiction in the United States and especially to the children of this city and to the children of America, that minor's possession and use of tobacco is not acceptable to this Congress.

Mr. Chairman, I intend to withdraw this motion, and I intend to withdraw it because I have received, on July 27, a letter from Mayor Williams specifically committing to introducing legislation that seeks to prohibit teen tobacco use.

I talked last night with the mayor, Mr. Chairman, and he personally committed to me that he will aggressively pursue this issue. He has stated that he thinks it is an outrage that Congress and Washington has not addressed this issue in the past and overlooked this issue, something that all of us could have done a long time ago.

The mayor agrees with me that, if we are going to stand up and point fingers at businesses and individuals who continue to encourage individuals to smoke, then we have an obligation to point a finger at ourselves and say even those of us in Congress and those of us in Washington have not done our fair share of addressing this hideous problem.

So, Mr. Chairman, I would ask that we give the new mayor of Washington, D.C. a chance to initiate this legislation locally and that we hold this amendment in abeyance for this year and give them the chance to do the right thing that should have been done a long time ago.

I make a personal commitment that I will work with the mayor and the city council, but I also make the personal commitment that if Washington, D.C.'s local government agencies will not do right by the children of this city and by the children that come and visit the city, then I, along with the majority of this body, will take action to alleviate the problem.

I think Mayor Williams has made a sincere request. As an ex-mayor myself, I cannot deny him this chance to make his contribution to eliminating smoking within Washington, D.C. and hopefully setting an example for those other States and other jurisdictions who have not done the same in their area.

Mr. Chairman, I reserve the balance of my time.

Ms. NORTON. Mr. Chairman, I rise to claim the time in opposition to the amendment.

The CHAIRMAN. Without objection, the Chair recognizes the gentlewoman from the District of Columbia (Ms. NORTON) for 10 minutes.

There was no objection.

Ms. NORTON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I simply rise to thank the gentleman from California (Mr. BILBRAY) for working with me and working with Mayor Williams until we reached a satisfactory accommodation on this matter. I want to assure him that he should not have any doubt that we will, quote, do right by our own children.

All that was necessary was the opportunity for the mayor, who has, after all, had many things on his plate inheriting the kind of government he did, to get to the notion that is close to him as well, to aggressively seek legislation that would deal comprehensively with smoking and tobacco use by children.

I do want to thank the gentleman from California (Mr. BILBRAY), though, for the way in which he pursued this and to indicate to other Members that he went at this matter in a way that was satisfactory to him and to us in the way I most prefer, by simply working with me until we got it right. I appreciate the way in which he worked with me and with the city.

I want to assure other Members that I always stand ready to work, to reach a similar accommodation when they have problems that they want solved in the city.

□ 1130

Mr. MORAN of Virginia. Mr. Chairman, will the gentlewoman yield?

Ms. NORTON. I yield to the gentleman from Virginia.

Mr. MORAN of Virginia. Mr. Chairman, I thank the gentlewoman from the District of Columbia (Ms. NORTON), for yielding to me.

Mr. Chairman, I would like to begin as I did in the Appropriations Committee by thanking Chairman ISTOOK for the way he has chaired the D.C. Subcommittee and prepared today's legislation.

He has made a sincere effort to familiarize himself with the affairs of the District of Columbia by walking the city's streets, meeting with Mayor Williams and the City Council on several occasions, and touring the District's schools, its low income housing, the courts and the administrative offices.

I know he shares my observation that many of the challenges and issues confronting the District are identical to those confronting most older urban communities.

At the same time, there are a number of circumstances that make the District unique: it's a creation by Congress under Article I of the U.S. Constitution and the seat of the federal government, it has a large amount of federal property within its boundaries, and its local laws and budget may be subject to congressional review and approval.

The fact that we are considering the District of Columbia Appropriations Act for fiscal Year 2000 reflects the District's unique status.

In reviewing this legislation, let me begin by highlighting some of its positive aspects: it fully funds the consensus budget both the spending priorities and the tax cuts; it provides the federal funding level requested by the administration; in fact, it brings additional federal money to the District's aid, providing $8.5 million for adoption incentives for foster children; $20 million for severance pay for the Mayor's management initiative; more than $13 million for expanded drug treatment programs; $17 million to fund the in-state tuition benefits initiative and close to $20 million to help the Office of Offender Supervision tackle the very serious crime problems caused by repeat offenders; and it helps address a number of city concerns from the operation of the District's courts to the hospitals.

On the whole, this legislation is an improvement over the bill that came before us last year.

With all that said, I must still object to a number of provisions that are in this legislation.

These provisions, known collectively as "riders," prohibit or tie the hands of District officials and its citizens to carry out and implement their own prerogatives.

Perhaps when there was a large direct federal payment to the District's general funds, some could justify prohibiting the District's needle exchange program, its domestic partners' law, or even the counting of ballots on its medical marijuana initiative.

The last direct payment in the fiscal 1999 appropriations act, combined with federal grant assistance, comprised more than 43 percent of the District's budget.

Federal funds could co-mingle with local funds making it difficult to distinguish what was funded locally or with federal taxpayer dollars.

The 1997 Revitalization Act changed all that and eliminated the concern that federal funds could co-mingle with local initiatives deemed inappropriate by a majority in Congress.

For all intents and purposes, the 1997 Act discontinued the direct federal payment to the District's general fund.[1]

Any funds Congress may now appropriate to the general fund are for a specific spending purpose and can only be spent for that purpose.

In return for the elimination of the direct federal payment, the federal government assumed direct financial responsibility for obligations and responsibilities traditionally assumed by state governments.

Instead, the District will receive direct federal grants identical to those received by most local jurisdictions or federal payments to defray the cost of responsibilities assumed by most states and now assumed by the federal government in the case of the District.

In this light, adding language prohibiting the District from implementing local initiatives, where no federal funds are involved, is a blatant abuse of congressional power.

Using this bill to prohibit the District from using its resources to fund a needle exchange program, a program proven effective at reducing the spread of AIDS, is no different than Congress passing a law prohibiting needle exchange programs specifically in Oklahoma City, Oklahoma, but permitting other locally funded needle exchange programs elsewhere to continue.

Prohibiting the District of Columbia from expending its use of local funds to provide abortion services for its low-income residents, when other jurisdictions are free to use local funds for similar programs is just plain wrong.

Banning the use of local funds to prohibit the District from seeking redress in federal court on its voting rights claim, is like telling the City of Boerne it could not challenge the "Religious Freedom Restoration Act" that it successfully argued before the Supreme Court.

Barring the District from implementing its local domestic partnership law is like Congress passing a law to overturn Wichita, Kansas and Jasper, Alabama's health benefit plan for their public employees, teachers and police officers.

And, preventing the District's election officials from counting the ballot on a local referendum is just plain anti-democratic.

You may object to the use of marijuana for medicinal purposes, but to deny the election result from being tallied is like telling the citizens of Farmington, Missouri or Manchester, New Hampshire they cannot approve their referendums to finance building new schools.

Have we become so arrogant in power and fearful of local initiatives that we have to block election results?

I know some will argue that these riders are merely an extension of current law—they are.

But, the context and circumstances with which Congress might have justified past intervention is now gone with the elimination of the direct federal payment.

Federal taxpayer funds are no longer involved.

We should, therefore, no longer concern ourselves with the actions of one local jurisdiction unless what we choose to do with it is applied equally to all jurisdictions.

If a majority in Congress can accept the Labor-HHS restriction on abortion as a compromise, then this Congress should accept similar language restricting just the use of federal funds on these social riders.

I was pleased to see that a majority of the full committee shared this perspective and approved two amendments that will permit the District to use non-federal funds to count the ballots on its referendum on the medicinal use of marijuana and revive its needle exchange program.

I should also note that the White House opposes these social riders as well.

The White House: strongly opposes the prohibition on the use of both federal and local funds to provide abortion services; objects to a provision prohibiting the use of federal or local funds to implement or enforce the District's Health Care Benefits Expansion Act (Domestic Partners Act); strongly objects to the limit on attorneys' fees in special education cases; and strongly opposes and may veto any bill that includes a prohibition on the use of local funds for needle exchange programs.

I encourage the House to respect the District's right to pursue its own prerogatives with its own funds regardless of how members might feel about the merits of the specific local initiative.

We should refrain from imposing any additional restrictions on the District's use of its own funds and support possible floor amendments that seek to remove those restrictions that still remain.

Now, Mr. Chairman, the gentlewoman from the District of Columbia is absolutely right, and I just want to reiterate her comments.

The amendment of the gentleman from California (Mr. BILBRAY) was intended to do the right thing for the children of the District of Columbia. Tobacco usage is wrong, it is harmful, and we want to work with him to reduce the amount of tobacco smoking on the part of youth, particularly given the fact that almost 3,000 children start smoking, teenagers, every day, and about a thousand of them are going to die as a result.

So we had no objection to the good intentions on the part of the gentleman from California (Mr. BILBRAY). The only problem is the appropriateness of that kind of legislation that normally is considered by the Committee on the Judiciary and in other manners other than the Committee on Appropriations. But, again, we thank him for his amendment. We particularly thank him for withdrawing it at this time, and we certainly want to work with him in other constructive approaches to reduce the amount of tobacco usage in the District.

Ms. NORTON. Mr. Chairman, I yield back the balance of my time.

Mr. BILBRAY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I will have inserted into the RECORD at the appropriate place the letters from Mayor Williams, the American Heart Association, and the Campaign for Tobacco-Free Kids, and while introducing these letters, I am hoping that the Mayor is trying to introduce these issues and that he does not run into the opposition from organizations that claim they want to do everything possible to initiate this common sense approach, but mention that one little thing of saying that we will hold everyone responsible, and that individuals, even young people, have to be told quite clearly that they are going to be held responsible for staying away from tobacco products as much as possible.

Mr. Chairman, I am speaking from a position as coming from a local government agency; but I think anyone in this House would realize no State, no jurisdiction is more anti-smoking than the State of California. Some of us call it zealous. Even restaurants and bars do not allow smoking in California. What we found in California was that when a city in my district started enforcing a law against minor possession of tobacco, they found out there was no such law even in California.

So those of us in local government and State government looked around and said, while we have been so busy pointing fingers at others, we have not been asking ourselves what can we do in our jurisdictions. So that is why I am asking that we ask the Federal district to do this, the city council to do this.

Mr. Chairman, I think that this will give us the chance to be able to set an example; and, hopefully today, while we are discussing this, there are mayors, council members and legislators out there who will ask, is it illegal in our jurisdiction; have we done as much to send a clear message to children as Washington, D.C. is committed to doing today?

---

[1] Jim, the table on page 22 of the committee report states that $26,950,000 in federal funds go to the District's general funds. While true from an accounting perspective, all $26,950,000 is restricted on how it can be spent: $17 million for in-state tuition, $8.5 million for incentives for adoption, $1.2 million for the Citizens Complaint Review Board, and $250,000 for Human Services.

Mr. Chairman, I hope all of us will look at ourselves and ask what have we done to keep our children away from tobacco; and I think this amendment, when it is passed by the city of D.C., will send that message.

Mr. Chairman, the letters referred to above follow herewith:

JULY 27, 1999.

Hon. BRIAN BILBRAY,
U.S. House of Representatives,
Washington, DC.

DEAR CONGRESSMAN BILBRAY: Thank you for your July 8th letter regarding your continued efforts to fight the damaging effects of teen smoking and your continuing contact with my staff. While I appreciate and respect your concerns on this issue, and indeed share your goal of greatly reducing the consumption of tobacco by minors, I believe an amendment to the FY 2000 District of Columbia Appropriations would not be the appropriate vehicle. I am asking that you withdraw the proposed amendment and allow elected District officials to pursue the issues.

As our offices have discussed we share a common goal of reducing teen tobacco consumption. In fact, I have often stated that the care and safety of the District's children is my top priority. To this end, I have spoken with Councilmember Sandy Allen, the Chair of the Human Services Committee, and she has agreed to hold a public hearing on the issue of teen smoking as soon as the Council convenes after its recess. In addition, I will introduce legislation that seeks prohibitions on teen tobacco consumption when the City Council returns.

I look forward to your continued support and good wishes. I appreciate your willingness to work with local officials on this issue.

Sincerely,

ANTHONY A. WILLIAMS,
Mayor.

AMERICAN HEART ASSOCIATION, OFFICE OF COMMUNICATIONS AND ADVOCACY,
Washington, DC.

Hon. BRIAN BILBRAY,
Washington, DC.

DEAR REPRESENTATIVE BILBRAY: I am writing to express the concerns of the American Heart Association regarding your possible amendment to the District of Columbia Appropriations bill (H.R. 2587), that would penalize D.C. children who are caught with cigarettes or other tobacco products.

We firmly believe that children who become addicted to tobacco are victims of an industry whose own stated goal is to find "replacement smokers" for the hundreds of thousands of people who die each year from using their products. By targeting children with billions in marketing and advertising dollars, the tobacco industry has been very successful in maintaining a customer base, in spite of the 430,000 American deaths from tobacco use each year. Adults in the tobacco industry and retail establishments that facilitate underage marketing of tobacco products—not children—are the ones who need to be penalized. Unfortunately, the United States Congress has a very clear record of letting tobacco companies off the hook.

Because the repercussions of tobacco use are not always immediately apparent to young people, we recognize your motive to provide immediate consequences to children who are caught with tobacco. We are not opposed to finding ways to educate children on the dangers and consequences of tobacco use and we would willingly work with you in the future to accomplish this. However, unless this amendment is part of a comprehensive approach to limit access to tobacco—and punish adults who ignore access restrictions—then we believe it will merely punish the victims of tobacco promotion.

Although I am respectfully asking members to vote against your amendment, I hope there will still be opportunities for us to work together in the future to eliminate underage tobacco use.

Sincerely,

M. CASS WHEELER,
Chief Executive Officer.

CAMPAIGN FOR TOBACCO-FREE KIDS,
Washington, DC, July 27, 1999.

U.S. HOUSE OF REPRESENTATIVES,
Washington, DC.

DEAR REPRESENTATIVE: The Campaign for Tobacco-Free Kids opposes the amendment that may be offered later today by Representative Bilbray to the District of Columbia appropriations bill. This amendment would penalize youth for possession of tobacco products without creating a thoughtful, comprehensive plan to reduce tobacco use among children and without first ensuring that adults who illegally sell tobacco to kids are held responsible.

There is no silver bullet to reducing tobacco use among kids, but this amendment, in the absence of other effective policies, will do little to end tobacco's grip on the children of D.C. There is little evidence to indicate that in the absence of a concerted, comprehensive program, penalizing kids will work to reduce tobacco use rates. A comprehensive effective program should include not only vigorous enforcement of laws against selling tobacco to kids but also public education efforts, community and school based programs, and help for smokers who want to quit.

The narrow focus of this amendment will further divert resources away from effective enforcement of the current laws that prohibit retailers from selling to kids. Although the District of Columbia penalizes retailers for selling to kids, this law is not being enforced adequately. According to Department of Health and Human Services, compliance checks showed that 42.3 percent of retailers in D.C. sell tobacco products to minors.

Additionally, this amendment does not address the fact that the tobacco industry spends $5 billion a year marketing its products. Kids in D.C. continually see tobacco ads on storefronts and in magazines. The tobacco industry's marketing tactics work: 85 percent of kids who smoke use the three most heavily advertised brands (Marlboro, Camel and Newport). In addition, the success of the tobacco industry targeted marketing efforts is evidenced by the fact that 75 percent of young African Americans smoke Newport, a brand heavily marketed to this group.

Any discussion of holding children responsible for their addiction to tobacco should only come after or as part of a comprehensive approach, which insures that adults are being held responsible for marketing and selling to children. Therefore, we ask that you oppose this amendment. Thank you.

Sincerely,

MATTHEW L. MYERS,
Executive Vice President.

CAMPAIGN FOR TOBACCO-FREE KIDS,
Washington, DC, August 6, 1998.

U.S. HOUSE OF REPRESENTATIVES,
Washington, DC.

DEAR MEMBER OF CONGRESS: The Campaign for Tobacco-Free Kids opposes the amendment that may be offered later today by Representative Bilbray to the District of Columbia appropriations bill (H.R. 4380). This amendment would penalize youth for possession of tobacco products without creating a thoughtful, comprehensive plan to reduce tobacco use among children and without first ensuring that adults who illegally sell tobacco to kids are held responsible.

There is no silver bullet to reducing tobacco use among kids, but this amendment, in the absence of other effective policies, will do little to end tobacco's grip on the children of D.C. There is little evidence to indicate that in the absence of a concerted, comprehensive program, penalizing kids will work to reduce tobacco use rates. Rather, experience from other cities indicates that only a comprehensive program which vigorously enforces laws against selling tobacco to kids through compliance checks of retailers, and which included restrictions on tobacco ads aimed at kids, will be effective.

The narrow focus of this bill will further divert resources away from effective enforcement of the current laws that prohibit retailers from selling to kids. Although the District of Columbia penalizes retailers for selling to kids, this law is not being enforced adequately. According to Department of Health and Human Services, compliance checks showed that 42.3 percent of retailers in D.C. sell tobacco products to minors.

Additionally, this amendment does not address the fact that the tobacco industry spends $5 billion a year marketing its products. Kids in D.C. continually see tobacco ads on billboards, bus shelters, and storefronts. The tobacco industry's marketing tactics work: 85 percent of kids who smoke use the three most heavily advertised brands (Marlboro, Camel and Newport).

Any discussion of holding children responsible for their addiction to tobacco should only come after or as part of a comprehensive approach, which insures that adults are being held responsible for marketing and selling to children. Therefore, we ask that you oppose this amendment. Thank you.

Sincerely,

MATTHEW L. MYERS,
Executive Vice President.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, March 22, 1999.

Hon. ANTHONY WILLIAMS,
Mayor, District of Columbia,
Washington, DC.

DEAR MAYOR WILLIAMS: I would like to take this opportunity to congratulate you on your recent election victory. As a part-time resident of the District and as someone who spent twenty years in local government, including two years as a councilman and six years as a mayor, I wish you the best of luck in your first term as Mayor of the District of Columbia.

As you may already be aware, during the House of Representatives Fiscal Year (FY) 1999 appropriation process I introduced an amendment to the D.C. Appropriation Act

(H.R. 4380) that prohibited individuals under the age of 18 years old from possessing and consuming tobacco products in the District of Columbia. This amendment received strong bipartisan support and passed through the House by a 238–138 vote on August 6, 1999, but unfortunately it was not included in the final conference report.

At the time I introduced this amendment only 21 states in the nation had minor possession laws outlawing tobacco, and my amendment would have added the District of Columbia to this growing list of states. My amendment was very straight forward and easy to understand. It contained a provision to exempt from this prohibition a minor individual "making a delivery of cigarettes or tobacco products in his or her employment" while on the job.

My amendment also contained a penalty section, which was modeled after the state of Virginia's penalty section for minors found in violation of tobacco possession. For the first violation, the minor would, at the discretion of the judge, be subject to a civil penalty not to exceed $50. For the second violation, the minor would be subject to a civil penalty not to exceed $100. For a third or subsequent violation, the minor would have his or her driver's license suspended for a period of 90 consecutive days. The 90 day suspension is consistent with penalties for minor possession of alcohol in the District of Columbia. Any minor found to be in possession of tobacco may also be required to perform community service or attend a tobacco cessation program. Each of these penalties are at the judge's discretion.

I understand that the District of Columbia already has tough laws on the books to address the issue of sales of tobacco to minors. My amendment focused specifically on the possession of tobacco products by minors in order to put minor possession of tobacco with minor possession of alcohol. All three cities in my district have passed anti-possession laws, so I am not asking the District to do anything my own communities have not already done.

I was an original cosponsor of the strongest anti-tobacco bill in the 105th Congress, the Bipartisan NO Tobacco for Kids Act (H.R. 3868). The intentions of my amendment was to encourage youth to take responsibility for their actions. If individuals under the age of 18 know they will face a penalty for possession of tobacco, they might be deterred from ever starting to smoke in the first place.

As we move forward in the 106th Congress I would like to know whether you plan to address this issue at the local level. I think it is important that all levels of government work together to help stop children from smoking. I also believe we should send the right message to our children, and the first step in this process would be for the District of Columbia to join Virginia, Maryland, and the twenty other states who have passed youth possession and consumption laws. I would appreciate knowing of your intentions, and to work with you and Members on both sides of the aisle in 1999 to make sure this important piece of legislation becomes law.

Again, congratulations on your new position as Mayor and I look forward to working with you in the future.

Sincerely,

Brian P. Bilbray,
Member of Congress.

Anthony A. Williams,
Mayor, District of Columbia,
May 21, 1999.

Hon. Brian Bilbray,
U.S. House of Representatives,
Washington, DC.

Dear Congressman Bilbray: Thank you for your letter sharing your concern about teenage smoking in the District and your congratulations on my November election to the Office of Mayor.

In response to your inquiry, the District of Columbia is addressing the issue of teen smoking through a variety of methods. DC Public Schools has two programs—The Great American Smoke-out and "2 Smart 2 Smoke"—to raise children's awareness of the dangers of smoking. Additionally, the Department of Health supports the efforts of local and community-based initiatives like "Ad-Up, Word-Up and Speak-Out," which encourages school age children to perform their own research on the effects of advertising directed at children.

Finally, the school system recently elevated possession of tobacco to a "level one" infraction—which means violators could incur the most severe disciplinary measures, including possible suspension. To assess our progress, the District is tracking youth smoking related data through grants provided by the Center for Disease Control.

I want to assure you that I share your concerns about teenage smokers. Sandra Allen, Chairperson of the City Council's Committee on Human Services, and I are working diligently to strengthen enforcement which should, in combination with the other initiatives, result in a real reduction of teenage smoking. We believe that the cumulative effect of these initiatives will have a marked improvement on the incidence of teen smoking.

Again thank you for bringing this issue to the forefront of my attention. I agree that discouraging our youth from engaging in this terrible habit of smoking is very important in the fight to curtail tobacco's tragic and inevitable long-term effects.

Sincerely,

Anthony A. Williams,
Mayor.

Congress of the United States,
House of Representatives,
Washington, DC, July 8, 1999.

Hon. Anthony Williams,
Mayor, District of Columbia,
Washington, DC.

Dear Mayor Williams: I would like to thank you for your response to my letter regarding my youth consumption amendment and the tobacco strategies in the District of Columbia. I appreciate the information you provided regarding the programs the D.C. public schools are implementing to combat youth smoking.

As I mentioned in my first letter, in the 105th Congress I introduced an amendment to H.R. 4380, FY 1999 District of Columbia appropriations bill that sought to prohibit individuals under the age of 18 years from possessing and consuming tobacco products in the District of Columbia. This amendment received strong bipartisan support and passed through the House by a 238–138 vote on August 6, 1998.

I intend to reintroduce this amendment to the FY 2000 D.C. Appropriations Bill later in the year when Congress takes up this legislation. I believe at the same time we are educating youths on the dangers of tobacco and curtailing advertisements by the tobacco industry, we need to strive for new and innovative ways to reduce tobacco use along with sending a clear message to our youth that we will not tolerate the consumption of tobacco. This is what a youth consumption law in the District will accomplish.

My amendment contains a penalty section, which is modeled after the state of Virginia's penalty section for minors found in violation of tobacco possession. For the first violation, the minor would, at the discretion of the judge, be subject to a civil penalty not to exceed $50. For the second violation, the minor would be subject to a civil penalty not to exceed $100. For a third or subsequent violation, the minor would have his or her driver's license suspended for a period of 90 consecutive days. The 90 day suspension is consistent with penalties for minor possession of alcohol in the District of Columbia. Any minor found to be in possession of tobacco may also be required to perform community service or attend a tobacco cessation program. Each of these penalties are at the judge's discretion (I have attached a draft of my amendment for your convenience).

My amendment focuses specifically on the possession of tobacco products by minors in order to put minor possession of tobacco with minor possession of alcohol. If we are really serious about reducing youth consumption of tobacco we need to put it on the same level as alcohol and treat it equally.

Again, thank you for responding to my original letter and I look forward to working with you on this important issue. Please feel free to contact me if you have any additional questions.

Sincerely,

Brian P. Bilbray,
Member of Congress.

Mr. BILBRAY. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. The amendment is withdrawn.

Mr. TIAHRT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise today to enter into a colloquy with the distinguished chairman of the Subcommittee on the District of Columbia of the Committee on Appropriations, the gentleman from Oklahoma (Mr. Istook).

Mr. Chairman, I want to thank the gentleman from Oklahoma for his support in providing $250,000 in the bill to continue the mentoring program for at-risk children and the resource hotline for low-income individuals in the District.

Last year, Congress appropriated $250,000 to the International Youth Service and Development and Corporation to provide these worthwhile and much-needed services to the District. During the past year, I had the privilege to visit the southeast White House in Anacostia, where some of these services are provided to low-income citizens and at-risk children. I am pleased to report to the Congress that this minor allocation of $250,000 is making a real difference in the lives of many families who were struggling to survive and protect their children who are at risk in their community.

Is it the chairman's intention that this appropriation of $250,000 be used by the city to continue the good work which is currently being accomplished by the International Youth Service Development Corporation?

Mr. ISTOOK. Mr. Chairman, will the gentleman yield?

Mr. TIAHRT. I yield to the gentleman from Oklahoma.

Mr. ISTOOK. Mr. Chairman, I want to first thank the gentleman from Kansas (Mr. TIAHRT) for his hard work in this area. I know personally how active and vocal he has been as an advocate for the families and their children in the District that are most at risk.

The gentleman is correct that we have worked with the District and provided funding for them, which they are using to carry on this program that the gentleman has been discussing, and we are happy to be able to do that so that this work might continue and that the District might be able to work with him to do so.

Mr. TIAHRT. Mr. Chairman, I thank the gentleman for his comments.

Mr. ISTOOK. Mr. Chairman, I ask unanimous consent that the bill through page 25, line 12 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The text of the bill from page 3, line 7, through page 25, line 12 is as follows:

FEDERAL PAYMENT TO THE CITIZEN COMPLAINT REVIEW BOARD

For a Federal payment to the District of Columbia for administrative expenses of the Citizen Complaint Review Board, $1,200,000, to remain available until September 30, 2001.

FEDERAL PAYMENT TO THE DEPARTMENT OF HUMAN SERVICES

For a Federal payment to the Department of Human Services for a mentoring program and for hotline services, $250,000.

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA CORRECTIONS TRUSTEE OPERATIONS

For salaries and expenses of the District of Columbia Corrections Trustee, $183,000,000 for the administration and operation of correctional facilities and for the administrative operating costs of the Office of the Corrections Trustee, as authorized by section 11202 of the National Capital Revitalization and Self-Government Improvement Act of 1997 (Public Law 105–33, approved August 5, 1997; 111 Stat. 712): *Provided*, That notwithstanding any other provision of law, funds appropriated in this Act for the District of Columbia Corrections Trustee shall be apportioned quarterly by the Office of Management and Budget and obligated and expended in the same manner as funds appropriated for salaries and expenses of other Federal agencies.

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA COURTS

For salaries and expenses for the District of Columbia Courts, $100,714,000 to be allocated as follows: for the District of Columbia Court of Appeals, $7,209,000; for the District of Columbia Superior Court, $75,245,000; for the District of Columbia Court System, $9,260,000 and $9,000,000, to remain available until September 30, 2001, for capital improvements for District of Columbia courthouse facilities: *Provided*, That of the amounts available for operations of the District of Columbia Courts, not to exceed $2,500,000 shall be for the design of an Integrated Justice Information System and that such funds shall be used in accordance with a plan and design developed by the courts and approved by the Committees on Appropriations of the House of Representatives and the Senate: *Provided further*, That notwithstanding any other provision of law, all amounts under this heading shall be apportioned quarterly by the Office of Management and Budget and obligated and expended in the same manner as funds appropriated for salaries and expenses of other Federal agencies, with payroll and financial services to be provided on a contractual basis with the General Services Administration, said services to include the preparation of monthly financial reports, copies of which shall be submitted directly by GSA to the President and to the Committees on Appropriations of the Senate and House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform of the House of Representatives.

DEFENDER SERVICES IN DISTRICT OF COLUMBIA COURTS

For payments authorized under section 11–2604 and section 11–2605, D.C. Code (relating to representation provided under the District of Columbia Criminal Justice Act), payments for counsel appointed in proceedings in the Family Division of the Superior Court of the District of Columbia under chapter 23 of title 16, D.C. Code, and payments for counsel authorized under section 21–2060, D.C. Code (relating to representation provided under the District of Columbia Guardianship, Protective Proceedings, and Durable Power of Attorney Act of 1986), $33,336,000, to remain available until expended: *Provided*, That such funds shall be administered by the Joint Committee on Judicial Administration in the District of Columbia: *Provided further*, That notwithstanding any other provision of law, this appropriation shall be apportioned quarterly by the Office of Management and Budget and obligated and expended in the same manner as funds appropriated for expenses of other Federal agencies.

FEDERAL PAYMENT TO THE COURT SERVICES AND OFFENDER SUPERVISION AGENCY FOR THE DISTRICT OF COLUMBIA

For salaries and expenses of the Court Services and Offender Supervision Agency for the District of Columbia, as authorized by the National Capital Revitalization and Self-Government Improvement Act of 1997, as amended (Public Law 105–33, approved August 5, 1997; 111 Stat. 712), $105,500,000, of which $69,400,000 shall be for necessary expenses of Parole Revocation, Adult Probation and Offender Supervision, to include expenses relating to supervision of adults subject to protection orders or provision of services for or related to such persons; $17,400,000 shall be available to the Public Defender Service; and $18,700,000 shall be available to the Pretrial Services Agency: *Provided*, That notwithstanding any other provision of law, all amounts under this heading shall be apportioned quarterly by the Office of Management and Budget and obligated and expended in the same manner as funds appropriated for salaries and expenses of other Federal agencies: *Provided further*, That of the amounts made available under this heading, $32,192,000 shall be used in support of universal drug screening and testing for those individuals on pretrial, probation, or parole supervision with continued testing, intermediate sanctions, and other treatment for those identified in need, of which not to exceed $13,245,000 shall be available until September 30, 2001, for treatment services.

CHILDREN'S NATIONAL MEDICAL CENTER

For a Federal contribution to the Children's National Medical Center in the District of Columbia, $3,500,000 for construction, renovation, and information technology infrastructure costs associated with establishing community pediatric health clinics for high risk children in medically underserved areas of the District of Columbia.

DISTRICT OF COLUMBIA FUNDS

OPERATING EXPENSES

DIVISION OF EXPENSES

The following amounts are appropriated for the District of Columbia for the current fiscal year out of the general fund of the District of Columbia, except as otherwise specifically provided.

GOVERNMENTAL DIRECTION AND SUPPORT

Governmental direction and support, $162,356,000 (including $137,134,000 from local funds, $11,670,000 from Federal funds, and $13,552,000 from other funds): *Provided*, That not to exceed $2,500 for the Mayor, $2,500 for the Chairman of the Council of the District of Columbia, and $2,500 for the City Administrator shall be available from this appropriation for official purposes: *Provided further*, That any program fees collected from the issuance of debt shall be available for the payment of expenses of the debt management program of the District of Columbia: *Provided further*, That no revenues from Federal sources shall be used to support the operations or activities of the Statehood Commission and Statehood Compact Commission: *Provided further*, That the District of Columbia shall identify the sources of funding for Admission to Statehood from its own locally-generated revenues: *Provided further*, That all employees permanently assigned to work in the Office of the Mayor shall be paid from funds allocated to the Office of the Mayor.

ECONOMIC DEVELOPMENT AND REGULATION

Economic development and regulation, $190,335,000 (including $52,911,000 from local funds, $84,751,000 from Federal funds, and $52,673,000 from other funds), of which $15,000,000 collected by the District of Columbia in the form of BID tax revenue shall be paid to the respective BIDs pursuant to the Business Improvement Districts Act of 1996 (D.C. Law 11–134; D.C. Code, sec. 1–2271 et seq.), and the Business Improvement Districts Temporary Amendment Act of 1997 (D.C. Law 12–23): *Provided*, That such funds are available for acquiring services provided by the General Services Administration: *Provided further*, That Business Improvement Districts shall be exempt from taxes levied by the District of Columbia.

PUBLIC SAFETY AND JUSTICE

Public safety and justice, including purchase or lease of 135 passenger-carrying vehicles for replacement only, including 130 for police-type use and five for fire-type use, without regard to the general purchase price limitation for the current fiscal year, $785,670,000 (including $565,411,000 from local funds, $29,012,000 from Federal funds, and $191,247,000 from other funds): *Provided*, That the Metropolitan Police Department is authorized to replace not to exceed 25 passenger-carrying vehicles and the Department of Fire and Emergency Medical Services of the District of Columbia is authorized to replace not to exceed five passenger-carrying vehicles annually whenever the cost of repair to any damaged vehicle exceeds three-fourths of the cost of the replacement: *Provided further*, That not to exceed $500,000 shall be available from this appropriation for the Chief of Police for the prevention and detection of crime: *Provided further*, That the Metropolitan Police Department shall provide quarterly reports to the Committees on Appropriations of the House and Senate on efforts to increase efficiency and improve the professionalism in the department: *Provided further*, That notwithstanding any other provision of law, or Mayor's Order 86–45, issued March 18, 1986, the Metropolitan Police Department's delegated small purchase authority shall be $500,000: *Provided further*, That the District of Columbia government may not require the Metropolitan Police Department to submit to any other procurement review process, or to obtain the approval of or be restricted in any manner by any official or employee of the District of Columbia government, for purchases that do not exceed $500,000: *Provided further*, That the Mayor shall reimburse the District of Columbia National Guard for expenses incurred in connection with services that are performed in emergencies by the National Guard in a militia status and are requested by the Mayor, in amounts that shall be jointly determined and certified as due and payable for these services by the Mayor and the Commanding General of the District of Columbia National Guard: *Provided further*, That such sums as may be necessary for reimbursement to the District of Columbia National Guard under the preceding proviso shall be available from this appropriation, and the availability of the sums shall be deemed as constituting payment in advance for emergency services involved: *Provided further*, That the Metropolitan Police Department is authorized to maintain 3,800 sworn officers, with leave for a 50 officer attrition: *Provided further*, That no more than 15 members of the Metropolitan Police Department shall be detailed or assigned to the Executive Protection Unit, until the Chief of Police submits a recommendation to the Council for its review: *Provided further*, That $100,000 shall be available for inmates released on medical and geriatric parole: *Provided further*, That commencing on December 31, 1999, the Metropolitan Police Department shall provide to the Committees on Appropriations of the Senate and House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform of the House of Representatives, quarterly reports on the status of crime reduction in each of the 83 police service areas established throughout the District of Columbia.

Public Education System

Public education system, including the development of national defense education programs, $867,411,000 (including $721,847,000 from local funds, $120,951,000 from Federal funds, and $24,613,000 from other funds), to be allocated as follows: $713,197,000 (including $600,936,000 from local funds, $106,213,000 from Federal funds, and $6,048,000 from other funds), for the public schools of the District of Columbia; $17,000,000 from local funds being the Federal payment appropriated earlier in this Act for resident tuition support at public and private institutions of higher learning for eligible District residents; $10,700,000 from local funds for the District of Columbia Teachers' Retirement Fund; and not less than $27,885,000 from local funds for public charter schools: *Provided*, That if the entirety of this allocation has not been provided as payments to any public charter schools currently in operation through the per pupil funding formula, the funds shall be available for new public charter schools on a per pupil basis: *Provided further*, That $480,000 of this amount shall be available to the District of Columbia Public Charter School Board for administrative costs; $72,347,000 (including $40,491,000 from local funds, $13,536,000 from Federal funds, and $18,320,000 from other funds) for the University of the District of Columbia; $24,171,000 (including $23,128,000 from local funds, $798,000 from Federal funds and $245,000 other funds) for the Public Library; $2,111,000 (including $1,707,000 from local funds and $404,000 from Federal funds) for the Commission on the Arts and Humanities: *Provided further*, That the public schools of the District of Columbia are authorized to accept not to exceed 31 motor vehicles for exclusive use in the driver education program: *Provided further*, That not to exceed $2,500 for the Superintendent of Schools, $2,500 for the President of the University of the District of Columbia, and $2,000 for the Public Librarian shall be available from this appropriation for official purposes: *Provided further*, That none of the funds contained in this Act may be made available to pay the salaries of any District of Columbia Public School teacher, principal, administrator, official, or employee who knowingly provides false enrollment or attendance information under article II, section 5 of the Act entitled "An Act to provide for compulsory school attendance, for the taking of a school census in the District of Columbia, and for other purposes", approved February 4, 1925 (D.C. Code, sec. 31–401 et seq.): *Provided further*, That this appropriation shall not be available to subsidize the education of any nonresident of the District of Columbia at any District of Columbia public elementary and secondary school during fiscal year 2000 unless the nonresident pays tuition to the District of Columbia at a rate that covers 100 percent of the costs incurred by the District of Columbia which are attributable to the education of the nonresident (as established by the Superintendent of the District of Columbia Public Schools): *Provided further*, That this appropriation shall not be available to subsidize the education of nonresidents of the District of Columbia at the University of the District of Columbia, unless the Board of Trustees of the University of the District of Columbia adopts, for the fiscal year ending September 30, 2000, a tuition rate schedule that will establish the tuition rate for nonresident students at a level no lower than the nonresident tuition rate charged at comparable public institutions of higher education in the metropolitan area.

Human Support Services

Human support services, $1,526,361,000 (including $635,373,000 from local funds, $875,814,000 from Federal funds, and $15,174,000 from other funds): *Provided*, That $25,150,000 of this appropriation, to remain available until expended, shall be available solely for District of Columbia employees' disability compensation: *Provided further*, That a peer review committee shall be established to review medical payments and the type of service received by a disability compensation claimant: *Provided further*, That the District of Columbia shall not provide free government services such as water, sewer, solid waste disposal or collection, utilities, maintenance, repairs, or similar services to any legally constituted private nonprofit organization, as defined in section 411(5) of the Stewart B. McKinney Homeless Assistance Act (101 Stat. 485; Public Law 100–77; 42 U.S.C. 11371), providing emergency shelter services in the District, if the District would not be qualified to receive reimbursement pursuant to such Act (101 Stat. 485; Public Law 100–77; 42 U.S.C. 11301 et seq.).

Public Works

Public works, including rental of one passenger-carrying vehicle for use by the Mayor and three passenger-carrying vehicles for use by the Council of the District of Columbia and leasing of passenger-carrying vehicles, $271,395,000 (including $258,341,000 from local funds, $3,099,000 from Federal funds, and $9,955,000 from other funds): *Provided*, That this appropriation shall not be available for collecting ashes or miscellaneous refuse from hotels and places of business: *Provided further*, That $2,620,000 shall be available for program enhancements ($1,370,000 for selected increases in District bus service; $800,000 for new feeder bus service; $200,000 for new small bus operations; and $250,000 for the planning and development of the proposed New York Avenue Metrorail station).

Receivership Programs

For all agencies of the District of Columbia government under court ordered receivership, $345,577,000 (including $221,106,000 from local funds, $106,111,000 from Federal funds, and $18,360,000 from other funds).

Workforce Investments

For workforce investments, $8,500,000 from local funds, to be transferred by the Mayor of the District of Columbia within the various appropriation headings in this Act for which employees are properly payable.

Reserve

For a reserve to be established by the Chief Financial Officer of the District of Columbia and the District of Columbia Financial Responsibility and Management Assistance Authority, $150,000,000 from local funds: *Provided*, That the reserve shall only be expended according to criteria established by the Chief Financial Officer and approved by the District of Columbia Financial Responsibility and Management Assistance Authority, and the House and Senate Committees on Appropriations.

District of Columbia Financial Responsibility and Management Assistance Authority

For the District of Columbia Financial Responsibility and Management Assistance Authority, established by section 101(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, approved April 17, 1995 (109 Stat. 97; Public Law 104–8), $3,140,000: *Provided*, That none of the funds contained in this Act may be used to pay any compensation of the Executive Director or General Counsel of the Authority at a rate in excess of the maximum rate of compensation which may be paid to such individual during fiscal year 2000 under section 102 of such Act, as determined by the Comptroller General (as described in GAO letter report B–279095.2).

Repayment of Loans and Interest

For payment of principal, interest and certain fees directly resulting from borrowing by the District of Columbia to fund District of Columbia capital projects as authorized by sections 462, 475, and 490 of the District of Columbia Home Rule Act, approved December 24, 1973, as amended, and that funds shall be allocated for expenses associated with the Wilson Building, $328,417,000 from local funds: *Provided*, That for equipment leases, the Mayor may finance $27,527,000 of equipment cost, plus cost of issuance not to exceed two percent of the par amount being financed on a lease purchase basis with a maturity not to exceed five years: *Provided further*, That $5,300,000 is allocated to the Metropolitan Police Department, $3,200,000 for the Fire and Emergency Medical Services Department, $350,000 for the Department of Corrections, $15,949,000 for the Department of Public Works and $2,728,000 for the Public Benefit Corporation.

Repayment of General Fund Recovery Debt

For the purpose of eliminating the $331,589,000 general fund accumulated deficit as of September 30, 1990, $38,286,000 from local funds, as authorized by section 461(a) of the District of Columbia Home Rule Act, approved December 24, 1973, as amended (105 Stat. 540; Public Law 102–106; D.C. Code, sec. 47–321(a)(1)).

Payment of Interest on Short-Term Borrowing

For payment of interest on short-term borrowing, $9,000,000 from local funds.

Certificates of Participation

For lease payments in accordance with the Certificates of Participation involving the land site underlying the building located at One Judiciary Square, $7,950,000 from local funds.

Optical and Dental Payments

For optical and dental payments, $1,295,000 from local funds.

Productivity Bank

The Chief Financial Officer of the District of Columbia, under the direction of the Mayor and the District of Columbia Financial Responsibility and Management Assistance Authority, shall finance projects totaling $20,000,000 in local funds that result in cost savings or additional revenues, by an amount equal to such financing: *Provided*, That the Mayor shall provide quarterly reports to the Committees on Appropriations of the House of Representatives and the Senate by the 15th calendar day after the end of each quarter beginning December 31, 1999, on the status of the projects financed under this heading.

Productivity Bank Savings

The Chief Financial Officer of the District of Columbia, under the direction of the Mayor and the District of Columbia Financial Responsibility and Management Assistance Authority, shall make reductions totaling $20,000,000 in local funds. The reductions are to be allocated to projects funded through the Productivity Bank that produce cost savings or additional revenues in an amount equal to the Productivity Bank financing: *Provided*, That the Mayor shall provide quarterly reports to the Committees on Appropriations of the House of Representatives and the Senate by the 15th calendar day after the end of each quarter beginning December 31, 1999, on the status of the cost savings or additional revenues funded under this heading.

Procurement and Management Savings

The Chief Financial Officer of the District of Columbia, under the direction of the Mayor and the District of Columbia Financial Responsibility and Management Assistance Authority, shall make reductions of $14,457,000 for general supply schedule savings and $7,000,000 for management reform savings, in local funds to one or more of the appropriation headings in this Act: *Provided*, That the Mayor shall provide quarterly reports to the Committees on Appropriations of the House of Representatives and the Senate by the 15th calendar day after the end of each quarter beginning December 31, 1999, on the status of the general supply schedule savings and management reform savings projected under this heading.

ENTERPRISE AND OTHER FUNDS

Water and Sewer Authority and the Washington Aqueduct

For operation of the Water and Sewer Authority and the Washington Aqueduct, $279,608,000 from other funds (including $236,075,000 for the Water and Sewer Authority and $43,533,000 for the Washington Aqueduct) of which $35,222,000 shall be apportioned and payable to the District's debt service fund for repayment of loans and interest incurred for capital improvement projects.

For construction projects, $197,169,000, as authorized by An Act authorizing the laying of watermains and service sewers in the District of Columbia, the levying of assessments therefor, and for other purposes, approved April 22, 1904 (33 Stat. 244; Public Law 58–140; D.C. Code, sec. 43–1512 et seq.): *Provided*, That the requirements and restrictions that are applicable to general fund capital improvements projects and set forth in this Act under the Capital Outlay appropriation title shall apply to projects approved under this appropriation title.

Lottery and Charitable Games Enterprise Fund

For the Lottery and Charitable Games Enterprise Fund, established by the District of Columbia Appropriation Act for the fiscal year ending September 30, 1982, approved December 4, 1981 (95 Stat. 1174, 1175; Public Law 97–91), as amended, for the purpose of implementing the Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for Charitable Purposes in the District of Columbia, effective March 10, 1981 (D.C. Law 3–172; D.C. Code, secs. 2–2501 et seq. and 22–1516 et seq.), $234,400,000: *Provided*, That the District of Columbia shall identify the source of funding for this appropriation title from the District's own locally generated revenues: *Provided further*, That no revenues from Federal sources shall be used to support the operations or activities of the Lottery and Charitable Games Control Board.

Sports and Entertainment Commission

For the Sports and Entertainment Commission, $10,846,000 from other funds for expenses incurred by the Armory Board in the exercise of its powers granted by the Act entitled "An Act To Establish A District of Columbia Armory Board, and for other purposes", approved June 4, 1948 (62 Stat. 339; D.C. Code, sec. 2–301 et seq.) and the District of Columbia Stadium Act of 1957, approved September 7, 1957 (71 Stat. 619; Public Law 85–300; D.C. Code, sec. 2–321 et seq.): *Provided*, That the Mayor shall submit a budget for the Armory Board for the forthcoming fiscal year as required by section 442(b) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 824; Public Law 93–198; D.C. Code, sec. 47–301(b)).

D.C. Health and Hospitals Public Benefit Corporation

For the District of Columbia Health and Hospitals Public Benefit Corporation, established by D.C. Law 11–212, D.C. Code, sec. 32–262.2, effective April 9, 1997, $133,443,000 of which $44,435,000 shall be derived by transfer from the general fund and $89,008,000 from other funds.

D.C. Retirement Board

For the D.C. Retirement Board, established by section 121 of the District of Columbia Retirement Reform Act of 1979, approved November 17, 1979 (93 Stat. 866; D.C. Code, sec. 1–711), $9,892,000 from the earnings of the applicable retirement funds to pay legal, management, investment, and other fees and administrative expenses of the District of Columbia Retirement Board: *Provided*, That the District of Columbia Retirement Board shall provide to the Congress and to the Council of the District of Columbia a quarterly report of the allocations of charges by fund and of expenditures of all funds: *Provided further*, That the District of Columbia Retirement Board shall provide the Mayor, for transmittal to the Council of the District of Columbia, an itemized accounting of the planned use of appropriated funds in time for each annual budget submission and the actual use of such funds in time for each annual audited financial report: *Provided further*, That section 121(c)(1) of the District of Columbia Retirement Reform Act (D.C. Code, sec. 1–711(c)(1)) is amended by striking "the total amount to which a member may be entitled" and all that follows and inserting the following: "the total amount to which a member may be entitled under this subsection during a year (beginning with 1998) may not exceed $5,000, except that in the case of the Chairman of the Board and the Chairman of the Investment Committee of the Board, such amount may not exceed $10,000 (beginning with 2000).".

Correctional Industries Fund

For the Correctional Industries Fund, established by the District of Columbia Correctional Industries Establishment Act, approved October 3, 1964 (78 Stat. 1000; Public Law 88–622), $1,810,000 from other funds.

Washington Convention Center Enterprise Fund

For the Washington Convention Center Enterprise Fund, $50,226,000 from other funds.

Capital Outlay

(including rescissions)

For construction projects, $1,260,524,000 of which $929,450,000 is from local funds, $54,050,000 is from the highway trust fund, and $277,024,000 is from Federal funds, and a rescission of $41,886,500 from local funds approriated under this heading in prior fiscal years, for a net amount of $1,218,637,500 to remain available until expended: *Provided*, That funds for use of each capital project implementing agency shall be managed and controlled in accordance with all procedures and limitations established under the Financial Management System: *Provided further*, That all funds provided by this appropriation title shall be available only for the specific projects and purposes intended: *Provided further*, That notwithstanding the foregoing, all authorizations for capital outlay projects, except those projects covered by the first sentence of section 23(a) of the Federal-Aid Highway Act of 1968, approved August 23, 1968 (82 Stat. 827; Public Law 90–495; D.C. Code, sec. 7–134, note), for which funds are provided by this appropriation title, shall expire on September 30, 2001, except authorizations for projects as to which funds have been obligated in whole or in part prior to September 30, 2001: *Provided further*, That upon expiration of any such project authorization the funds provided herein for the project shall lapse.

The CHAIRMAN. Are there amendments to that portion of the bill?

If not, the Clerk will read.

The Clerk read as follows:

GENERAL PROVISIONS

SEC. 101. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

SEC. 102. Except as otherwise provided in this Act, all vouchers covering expenditures of appropriations contained in this Act shall be audited before payment by the designated certifying official, and the vouchers as approved shall be paid by checks issued by the designated disbursing official.

SEC. 103. Whenever in this Act, an amount is specified within an appropriation for particular purposes or objects of expenditure, such amount, unless otherwise specified, shall be considered as the maximum amount that may be expended for said purpose or object rather than an amount set apart exclusively therefor.

SEC. 104. Appropriations in this Act shall be available, when authorized by the Mayor, for allowances for privately owned automobiles and motorcycles used for the performance of official duties at rates established by the Mayor: *Provided*, That such rates shall not exceed the maximum prevailing rates for such vehicles as prescribed in the Federal Property Management Regulations 101–7 (Federal Travel Regulations).

SEC. 105. Appropriations in this Act shall be available for expenses of travel and for the payment of dues of organizations concerned with the work of the District of Columbia government, when authorized by the Mayor: *Provided*, That in the case of the Council of the District of Columbia, funds may be expended with the authorization of the chair of the Council.

SEC. 106. There are appropriated from the applicable funds of the District of Columbia such sums as may be necessary for making refunds and for the payment of judgments that have been entered against the District of Columbia government: *Provided*, That nothing contained in this section shall be construed as modifying or affecting the provisions of section 11(c)(3) of title XII of the District of Columbia Income and Franchise Tax Act of 1947, approved March 31, 1956 (70 Stat. 78; Public Law 84–460; D.C. Code, sec. 47–1812.11(c)(3)).

SEC. 107. Appropriations in this Act shall be available for the payment of public assistance without reference to the requirement of section 544 of the District of Columbia Public Assistance Act of 1982, effective April 6, 1982 (D.C. Law 4–101; D.C. Code, sec. 3–205.44), and for the payment of the non-Federal share of funds necessary to qualify for grants under subtitle A of title II of the Violent Crime Control and Law Enforcement Act of 1994.

SEC. 108. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 109. No funds appropriated in this Act for the District of Columbia government for the operation of educational institutions, the compensation of personnel, or for other educational purposes may be used to permit, encourage, facilitate, or further partisan political activities. Nothing herein is intended to prohibit the availability of school buildings for the use of any community or partisan political group during non-school hours.

SEC. 110. None of the funds appropriated in this Act shall be made available to pay the salary of any employee of the District of Columbia government whose name, title, grade, salary, past work experience, and salary history are not available for inspection by the House and Senate Committees on Appropriations, the Subcommittee on the District of Columbia of the House Committee on Government Reform, the Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia of the Senate Committee on Governmental Affairs, and the Council of the District of Columbia, or their duly authorized representative.

SEC. 111. There are appropriated from the applicable funds of the District of Columbia such sums as may be necessary for making payments authorized by the District of Columbia Revenue Recovery Act of 1977, effective September 23, 1977 (D.C. Law 2–20; D.C. Code, sec. 47–421 et seq.).

SEC. 112. No part of this appropriation shall be used for publicity or propaganda purposes or implementation of any policy including boycott designed to support or defeat legislation pending before Congress or any State legislature.

SEC. 113. At the start of the fiscal year, the Mayor shall develop an annual plan, by quarter and by project, for capital outlay borrowings: *Provided*, That within a reasonable time after the close of each quarter, the Mayor shall report to the Council of the District of Columbia and the Congress the actual borrowings and spending progress compared with projections.

SEC. 114. The Mayor shall not borrow any funds for capital projects unless the Mayor has obtained prior approval from the Council of the District of Columbia, by resolution, identifying the projects and amounts to be financed with such borrowings.

SEC. 115. The Mayor shall not expend any moneys borrowed for capital projects for the operating expenses of the District of Columbia government.

SEC. 116. None of the funds provided under this Act to the agencies funded by this Act, both Federal and District government agencies, that remain available for obligation or expenditure in fiscal year 2000, or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the agencies funded by this Act, shall be available for obligation or expenditure for an agency through a reprogramming of funds which: (1) creates new programs; (2) eliminates a program, project, or responsibility center; (3) establishes or changes allocations specifically denied, limited or increased by Congress in the Act; (4) increases funds or personnel by any means for any program, project, or responsibility center for which funds have been denied or restricted; (5) reestablishes through reprogramming any program or project previously deferred through reprogramming; (6) augments existing programs, projects, or responsibility centers through a reprogramming of funds in excess of $1,000,000 or 10 percent, whichever is less; or (7) increases by 20 percent or more personnel assigned to a specific program, project, or responsibility center; unless the Appropriations Committees of both the Senate and House of Representatives are notified in writing 30 days in advance of any reprogramming as set forth in this section.

SEC. 117. None of the Federal funds provided in this Act shall be obligated or expended to provide a personal cook, chauffeur, or other personal servants to any officer or employee of the District of Columbia.

SEC. 118. None of the Federal funds provided in this Act shall be obligated or expended to procure passenger automobiles as defined in the Automobile Fuel Efficiency Act of 1980, approved October 10, 1980 (94 Stat. 1824; Public Law 96–425; 15 U.S.C. 2001(2)), with an Environmental Protection Agency estimated miles per gallon average of less than 22 miles per gallon: *Provided*, That this section shall not apply to security, emergency rescue, or armored vehicles.

COMPENSATION FOR CERTAIN OFFICIALS

SEC. 119. (a) CITY ADMINISTRATOR.—The last sentence of section 422(7) of the District of Columbia Home Rule Act (D.C. Code, sec. 1–242(7)) is amended by striking ", not to exceed" and all that follows and inserting a period.

(b) BOARD OF DIRECTORS OF REDEVELOPMENT LAND AGENCY.—Section 1108(c)(2)(F) of the District of Columbia Government Comprehensive Merit Personnel Act of 1978 (D.C. Code, sec. 1–612.8(c)(2)(F)) is amended to read as follows:

"(F) Redevelopment Land Agency board members shall be paid per diem compensation at a rate established by the Mayor, except that such rate may not exceed the daily equivalent of the annual rate of basic pay for level 15 of the District Schedule for each day (including travel time) during which they are engaged in the actual performance of their duties.".

SEC. 120. Notwithstanding any other provisions of law, the provisions of the District of Columbia Government Comprehensive Merit Personnel Act of 1978, effective March 3, 1979 (D.C. Law 2–139; D.C. Code, sec. 1–601.1 et seq.), enacted pursuant to section 422(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 790; Public Law 93–198; D.C. Code, sec. 1–242(3)), shall apply with respect to the compensation of District of Columbia employees: *Provided*, That for pay purposes, employees of the District of Columbia government shall not be subject to the provisions of title 5, United States Code.

SEC. 121. No later than 30 days after the end of the first quarter of the fiscal year ending September 30, 2000, the Mayor of the District of Columbia shall submit to the Council of the District of Columbia the new fiscal year 2000 revenue estimates as of the end of the first quarter of fiscal year 2000. These estimates shall be used in the budget request for the fiscal year ending September 30, 2001. The officially revised estimates at midyear shall be used for the midyear report.

SEC. 122. No sole source contract with the District of Columbia government or any agency thereof may be renewed or extended without opening that contract to the competitive bidding process as set forth in section 303 of the District of Columbia Procurement Practices Act of 1985, effective February 21, 1986 (D.C. Law 6–85; D.C. Code, sec. 1–1183.3), except that the District of Columbia government or any agency thereof may renew or extend sole source contracts for which competition is not feasible or practical: *Provided*, That the determination as to whether to invoke the competitive bidding process has been made in accordance with duly promulgated rules and procedures and said determination has been reviewed and approved by the District of Columbia Financial Responsibility and Management Assistance Authority.

SEC. 123. For purposes of the Balanced Budget and Emergency Deficit Control Act of 1985, approved December 12, 1985, (99 Stat. 1037; Public Law 99–177), as amended, the term "program, project, and activity" shall be synonymous with and refer specifically to each account appropriating Federal funds in this Act, and any sequestration order shall be applied to each of the accounts rather than to the aggregate total of those accounts: *Provided*, That sequestration orders shall not be applied to any account that is specifically exempted from sequestration by the Balanced Budget and Emergency Deficit Control Act of 1985.

SEC. 124. In the event a sequestration order is issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, approved December 12, 1985 (99 Stat. 1037: Public Law 99–177), as amended, after the amounts appropriated to the District of Columbia for the fiscal year involved have been paid to the District of Columbia, the Mayor of the District of Columbia shall pay to the Secretary of the Treasury, within 15 days after receipt of a request therefor from the Secretary of the Treasury, such amounts as are sequestered by the order: *Provided*, That the sequestration percentage specified in the order shall be applied proportionately to each of the Federal appropriation accounts in this Act that are not specifically exempted from sequestration by such Act.

SEC. 125. (a) An entity of the District of Columbia government may accept and use a gift or donation during fiscal year 2000 if—

(1) the Mayor approves the acceptance and use of the gift or donation: *Provided*, That the Council of the District of Columbia may accept and use gifts without prior approval by the Mayor; and

(2) the entity uses the gift or donation to carry out its authorized functions or duties.

(b) Each entity of the District of Columbia government shall keep accurate and detailed records of the acceptance and use of any gift or donation under subsection (a) of this section, and shall make such records available for audit and public inspection.

(c) For the purposes of this section, the term "entity of the District of Columbia government" includes an independent agency of the District of Columbia.

(d) This section shall not apply to the District of Columbia Board of Education, which may, pursuant to the laws and regulations of the District of Columbia, accept and use gifts to the public schools without prior approval by the Mayor.

SEC. 126. None of the Federal funds provided in this Act may be used by the District of Columbia to provide for salaries, expenses, or other costs associated with the offices of United States Senator or United States Representative under section 4(d) of the District of Columbia Statehood Constitutional Convention Initiatives of 1979, effective March 10, 1981 (D.C. Law 3–171; D.C. Code, sec. 1–113(d)).

SEC. 127. (a) The University of the District of Columbia shall submit to the Mayor, the District of Columbia Financial Responsibility and Management Assistance Authority (hereafter in this section referred to as "Authority"), and the Council of the District of Columbia (hereafter in this section referred to as "Council") no later than 15 calendar days after the end of each quarter a report that sets forth—

(1) current quarter expenditures and obligations, year-to-date expenditures and obligations, and total fiscal year expenditure projections versus budget broken out on the basis of control center, responsibility center, and object class, and for all funds, non-appropriated funds, and capital financing;

(2) a list of each account for which spending is frozen and the amount of funds frozen, broken out by control center, responsibility center, detailed object, and for all funding sources;

(3) a list of all active contracts in excess of $10,000 annually, which contains the name of each contractor; the budget to which the contract is charged, broken out on the basis of control center and responsibility center, and contract identifying codes used by the University of the District of Columbia; payments made in the last quarter and year-to-date, the total amount of the contract and total payments made for the contract and any modifications, extensions, renewals; and specific modifications made to each contract in the last month;

(4) all reprogramming requests and reports that have been made by the University of the District of Columbia within the last quarter in compliance with applicable law; and

(5) changes made in the last quarter to the organizational structure of the University of the District of Columbia, displaying previous and current control centers and responsibility centers, the names of the organizational entities that have been changed, the name of the staff member supervising each entity affected, and the reasons for the structural change.

(b) The Mayor, the Authority, and the Council shall provide the Congress by February 1, 2001, a summary, analysis, and recommendations on the information provided in the quarterly reports.

SEC. 128. None of the funds contained in this Act may be made available to pay the fees of an attorney who represents a party who prevails in an action, including an administrative proceeding, brought against the District of Columbia Public Schools under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) if—

(1) the hourly rate of compensation of the attorney exceeds the hourly rate of compensation under section 11–2604(a), District of Columbia Code; or

(2) the maximum amount of compensation of the attorney exceeds the maximum amount of compensation under section 11–2604(b)(1), District of Columbia Code, except that compensation and reimbursement in excess of such maximum may be approved for extended or complex representation in accordance with section 11–2604(c), District of Columbia Code.

ABORTION FUNDS RESTRICTION

SEC. 129. None of the funds appropriated under this Act shall be expended for any abortion except where the life of the mother would be endangered if the fetus were carried to term or where the pregnancy is the result of an act of rape or incest.

DOMESTIC PARTNERS FUNDS RESTRICTION

SEC. 130. None of the funds made available in this Act may be used to implement or enforce the Health Care Benefits Expansion Act of 1992 (D.C. Law 9–114; D.C. Code, sec. 36–1401 et seq.) or to otherwise implement or enforce any system of registration of unmarried, cohabiting couples (whether homosexual, heterosexual, or lesbian), including but not limited to registration for the purpose of extending employment, health, or governmental benefits to such couples on the same basis that such benefits are extended to legally married couples.

SEC. 131. The Superintendent of the District of Columbia Public Schools shall submit to the Congress, the Mayor, the District of Columbia Financial Responsibility and Management Assistance Authority, and the Council of the District of Columbia no later than 15 calendar days after the end of each quarter a report that sets forth—

(1) current quarter expenditures and obligations, year-to-date expenditures and obligations, and total fiscal year expenditure projections versus budget, broken out on the basis of control center, responsibility center, agency reporting code, and object class, and for all funds, including capital financing;

(2) a list of each account for which spending is frozen and the amount of funds frozen, broken out by control center, responsibility center, detailed object, and agency reporting code, and for all funding sources;

(3) a list of all active contracts in excess of $10,000 annually, which contains the name of each contractor; the budget to which the contract is charged, broken out on the basis of control center, responsibility center, and agency reporting code; and contract identifying codes used by the District of Columbia Public Schools; payments made in the last quarter and year-to-date, the total amount of the contract and total payments made for the contract and any modifications, extensions, renewals; and specific modifications made to each contract in the last month;

(4) all reprogramming requests and reports that are required to be, and have been, submitted to the Board of Education; and

(5) changes made in the last quarter to the organizational structure of the D.C. Public Schools, displaying previous and current control centers and responsibility centers, the names of the organizational entities that have been changed, the name of the staff member supervising each entity affected, and the reasons for the structural change.

SEC. 132. (a) IN GENERAL.—The Superintendent of the District of Columbia Public Schools and the University of the District of Columbia shall annually compile an accurate and verifiable report on the positions and employees in the public school system and the university, respectively. The annual report shall set forth—

(1) the number of validated schedule A positions in the District of Columbia public schools and the University of the District of Columbia for fiscal year 1999, fiscal year 2000, and thereafter on full-time equivalent basis, including a compilation of all positions by control center, responsibility center, funding source, position type, position title, pay plan, grade, and annual salary; and

(2) a compilation of all employees in the District of Columbia public schools and the University of the District of Columbia as of the preceding December 31, verified as to its accuracy in accordance with the functions that each employee actually performs, by control center, responsibility center, agency reporting code, program (including funding source), activity, location for accounting purposes, job title, grade and classification, annual salary, and position control number.

(b) SUBMISSION.—The annual report required by subsection (a) of this section shall be submitted to the Congress, the Mayor, the District of Columbia Council, the Consensus Commission, and the Authority, not later than February 15 of each year.

SEC. 133. (a) No later than October 1, 1999, or within 30 calendar days after the date of the enactment of this Act, which ever occurs later, and each succeeding year, the Superintendent of the District of Columbia Public Schools and the University of the District of Columbia shall submit to the appropriate congressional committees, the Mayor, the District of Columbia Council, the Consensus Commission, and the District of Columbia Financial Responsibility and Management Assistance Authority, a revised appropriated funds operating budget for the public school system and the University of the District of

Columbia for such fiscal year that is in the total amount of the approved appropriation and that realigns budgeted data for personal services and other-than-personal services, respectively, with anticipated actual expenditures.

(b) The revised budget required by subsection (a) of this section shall be submitted in the format of the budget that the Superintendent of the District of Columbia Public Schools and the University of the District of Columbia submit to the Mayor of the District of Columbia for inclusion in the Mayor's budget submission to the Council of the District of Columbia pursuant to section 442 of the District of Columbia Home Rule Act, Public Law 93–198, as amended (D.C. Code, sec. 47–301).

SEC. 134. The District of Columbia Financial Responsibility and Management Assistance Authority, acting on behalf of the District of Columbia Public Schools (DCPS) in formulating the DCPS budget, the Board of Trustees of the University of the District of Columbia, the Board of Library Trustees, and the Board of Governors of the University of the District of Columbia School of Law shall vote on and approve their respective annual or revised budgets before submission to the Mayor of the District of Columbia for inclusion in the Mayor's budget submission to the Council of the District of Columbia in accordance with section 442 of the District of Columbia Home Rule Act, Public Law 93–198, as amended (D.C. Code, sec. 47–301), or before submitting their respective budgets directly to the Council.

CEILING ON TOTAL OPERATING EXPENSES

SEC. 135. (a) CEILING ON TOTAL OPERATING EXPENSES.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the total amount appropriated in this Act for operating expenses for the District of Columbia for fiscal year 2000 under the caption "Division of Expenses" shall not exceed the lesser of—

(A) the sum of the total revenues of the District of Columbia for such fiscal year; or

(B) $5,522,779,000 (of which $152,753,000 shall be from intra-District funds and $3,117,254,000 shall be from local funds), which amount may be increased by the following:

(i) proceeds of one-time transactions, which are expended for emergency or unanticipated operating or capital needs approved by the District of Columbia Financial Responsibility and Management Assistance Authority; or

(ii) after notification to the Council, additional expenditures which the Chief Financial Officer of the District of Columbia certifies will produce additional revenues during such fiscal year at least equal to 200 percent of such additional expenditures, and that are approved by the Authority.

(2) ENFORCEMENT.—The Chief Financial Officer of the District of Columbia and the Authority shall take such steps as are necessary to assure that the District of Columbia meets the requirements of this section, including the apportioning by the Chief Financial Officer of the appropriations and funds made available to the District during fiscal year 2000, except that the Chief Financial Officer may not reprogram for operating expenses any funds derived from bonds, notes, or other obligations issued for capital projects.

(b) ACCEPTANCE AND USE OF GRANTS NOT INCLUDED IN CEILING.—

(1) IN GENERAL.—Notwithstanding subsection (a), the Mayor, in consultation with the Chief Financial Officer, during a control year, as defined in section 305(4) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, approved April 17, 1995 (Public Law 104–8; 109 Stat. 152), may accept, obligate, and expend Federal, private, and other grants received by the District government that are not reflected in the amounts appropriated in this Act.

(2) REQUIREMENT OF CHIEF FINANCIAL OFFICER REPORT AND AUTHORITY APPROVAL.—No such Federal, private, or other grant may be accepted, obligated, or expended pursuant to paragraph (1) until—

(A) the Chief Financial Officer of the District of Columbia submits to the Authority a report setting forth detailed information regarding such grant; and

(B) the Authority has reviewed and approved the acceptance, obligation, and expenditure of such grant in accordance with review and approval procedures consistent with the provisions of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.

. (3) PROHIBITION ON SPENDING IN ANTICIPATION OF APPROVAL OR RECEIPT.—No amount may be obligated or expended from the general fund or other funds of the District government in anticipation of the approval or receipt of a grant under paragraph (2)(B) of this subsection or in anticipation of the approval or receipt of a Federal, private, or other grant not subject to such paragraph.

(4) QUARTERLY REPORTS.—The Chief Financial Officer of the District of Columbia shall prepare a quarterly report setting forth detailed information regarding all Federal, private, and other grants subject to this subsection. Each such report shall be submitted to the Council of the District of Columbia, and to the Committees on Appropriations of the House of Representatives and the Senate, not later than 15 days after the end of the quarter covered by the report.

(c) REPORT ON EXPENDITURES BY FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY.—Not later than 20 calendar days after the end of each fiscal quarter starting October 1, 1999, the Authority shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Government Reform of the House, and the Committee on Governmental Affairs of the Senate providing an itemized accounting of all non-appropriated funds obligated or expended by the Authority for the quarter. The report shall include information on the date, amount, purpose, and vendor name, and a description of the services or goods provided with respect to the expenditures of such funds.

(d) APPLICATION OF EXCESS REVENUES.—Local revenues collected in excess of amounts required to support appropriations in this Act for operating expenses for the District of Columbia for fiscal year 2000 under the caption "Division of Expenses" shall be applied first to a reserve account not to exceed $250,000,000 to be used to finance seasonal cash needs (in lieu of short-term borrowings); second to accelerate repayment of cash borrowed from the Water and Sewer Fund; and third to reduce the outstanding long-term bonded indebtedness.

SEC. 136. If a department or agency of the government of the District of Columbia is under the administration of a court-appointed receiver or other court-appointed official during fiscal year 2000 or any succeeding fiscal year, the receiver or official shall prepare and submit to the Mayor, for inclusion in the annual budget of the District of Columbia for the year, annual estimates of the expenditures and appropriations necessary for the maintenance and operation of the department or agency. All such estimates shall be forwarded by the Mayor to the Council, for its action pursuant to sections 446 and 603(c) of the District of Columbia Home Rule Act, without revision but subject to the Mayor's recommendations. Notwithstanding any provision of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 790; Public Law 93–198; D.C. Code, sec. 1–101 et seq.) the Council may comment or make recommendations concerning such annual estimates but shall have no authority under such Act to revise such estimates.

SEC. 137. The District of Columbia Financial Responsibility and Management Assistance Authority and the Superintendent of the District of Columbia Public Schools are hereby directed to report to the Appropriations Committees of the Senate and the House of Representatives, the Committee on Governmental Affairs of the Senate, and the Committee on Government Reform of the House of Representatives not later than April 1, 2000, on all measures necessary and steps to be taken to ensure that the District's Public Schools open on time to begin the 2000–2001 academic year.

SEC. 138. (a) Notwithstanding any other provision of law, rule, or regulation, an employee of the District of Columbia public schools shall be—

(1) classified as an Educational Service employee;

(2) placed under the personnel authority of the Board of Education; and

(3) subject to all Board of Education rules.

(b) School-based personnel shall constitute a separate competitive area from nonschool-based personnel who shall not compete with school-based personnel for retention purposes.

RESTRICTIONS ON USE OF OFFICIAL VEHICLES

SEC. 139. (a) RESTRICTIONS ON USE OF OFFICIAL VEHICLES.—Except as otherwise provided in this section, none of the funds made available by this Act or by any other Act may be used to provide any officer or employee of the District of Columbia with an official vehicle unless the officer or employee uses the vehicle only in the performance of the officer's or employee's official duties. For purposes of this paragraph, the term "official duties" does not include travel between the officer's or employee's residence and workplace (except (1) in the case of an officer or employee of the Metropolitan Police Department who resides in the District of Columbia or is otherwise designated by the Chief of the Department; (2) at the discretion of the Fire Chief, an officer or employee of the D.C. Fire and Emergency Medical Services Department who resides in the District of Columbia and is on call 24 hours a day; (3) the Mayor of the District of Columbia; and (4) the Chairman of the Council of the District of Columbia).

(b) INVENTORY OF VEHICLES.—The Chief Financial Officer of the District of Columbia shall submit, by November 15, 1999, an inventory, as of September 30, 1999, of all vehicles owned, leased or operated by the District of Columbia government. The inventory shall include, but not be limited to, the department to which the vehicle is assigned; the year and make of the vehicle; the acquisition date and cost; the general condition of the vehicle; annual operating and maintenance costs; current mileage; and whether the vehicle is allowed to be taken home by a District officer or employee and if so, the officer or employee's title and resident location.

SEC. 140. (a) SOURCE OF PAYMENT FOR EMPLOYEES DETAILED WITHIN GOVERNMENT.—For purposes of determining the amount of funds expended by any entity within the District of Columbia government during fiscal year 2000 and each succeeding fiscal year, any expenditures of the District government attributable to any officer or employee of the District government who provides services which are within the authority and jurisdiction of the entity (including any portion of the compensation paid to the officer or employee attributable to the time spent in providing such services) shall be treated as expenditures made from the entity's budget, without regard to whether the officer or employee is assigned to the entity or otherwise treated as an officer or employee of the entity.

(b) MODIFICATION OF REDUCTION IN FORCE PROCEDURES.—The District of Columbia Government Comprehensive Merit Personnel Act of 1978 (D.C. Code, sec. 1-601.1 et seq.), as amended, is further amended in section 2408(a) by deleting "1999" and inserting, "2000"; in subsection (b), by deleting "1999" and inserting "2000"; in subsection (i), by deleting "1999" and inserting, "2000"; and in subsection (k), by deleting "1999" and inserting, "2000".

SEC. 141. Notwithstanding any other provision of law, not later than 120 days after the date that a District of Columbia Public Schools [DCPS] student is referred for evaluation or assessment—

(1) the District of Columbia Board of Education (referred to in this section as the "Board"), or its successor and DCPS shall assess or evaluate a student who may have a disability and who may require special education services; and

(2) if a student is classified as having a disability, as defined in section 101(a)(1) of the Individuals with Disabilities Education Act (84 Stat. 175; 20 U.S.C. 1401(a)(1)) or in section 7(8) of the Rehabilitation Act of 1973 (87 Stat. 359; 29 U.S.C. 706(8)), the Board and DCPS shall place that student in an appropriate program of special education services.

SEC. 142. (a) COMPLIANCE WITH BUY AMERICAN ACT.—None of the funds made available in this Act may be expended by an entity unless the entity agrees that in expending the funds the entity will comply with the Buy American Act (41 U.S.C. 10a–10c).

(b) SENSE OF CONGRESS; REQUIREMENT REGARDING NOTICE.—

(1) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—In the case of any equipment or product that may be authorized to be purchased with financial assistance provided using funds made available in this Act, it is the sense of the Congress that entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products to the greatest extent practicable.

(2) NOTICE TO RECIPIENTS OF ASSISTANCE.—In providing financial assistance using funds made available in this Act, the head of each agency of the Federal or District of Columbia government shall provide to each recipient of the assistance a notice describing the statement made in paragraph (1) by the Congress.

(c) PROHIBITION OF CONTRACTS WITH PERSONS FALSELY LABELING PRODUCTS AS MADE IN AMERICA.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a "Made in America" inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, the person shall be ineligible to receive any contract or subcontract made with funds made available in this Act, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

SEC. 143. None of the funds contained in this Act may be used for purposes of the annual independent audit of the District of Columbia government (including the District of Columbia Financial Responsibility and Management Assistance Authority) for fiscal year 2000 unless—

(1) the audit is conducted by the Inspector General of the District of Columbia pursuant to section 208(a)(4) of the District of Columbia Procurement Practices Act of 1985 (D.C. Code, sec. 1-1182.8(a)(4)); and

(2) the audit includes a comparison of audited actual year-end results with the revenues submitted in the budget document for such year and the appropriations enacted into law for such year.

SEC. 144. Nothing in this Act shall be construed to authorize any office, agency or entity to expend funds for programs or functions for which a reorganization plan is required but has not been approved by the District of Columbia Financial Responsibility and Management Assistance Authority. Appropriations made by this Act for such programs or functions are conditioned only on the approval by the Authority of the required reorganization plans.

SEC. 145. Notwithstanding any other provision of law, rule, or regulation, the evaluation process and instruments for evaluating District of Columbia Public School employees shall be a non-negotiable item for collective bargaining purposes.

SEC. 146. None of the funds contained in this Act may be used by the District of Columbia Corporation Counsel or any other officer or entity of the District government to provide assistance for any petition drive or civil action which seeks to require Congress to provide for voting representation in Congress for the District of Columbia.

SEC. 147. None of the funds contained in this Act may be used to transfer or confine inmates classified above the medium security level, as defined by the Federal Bureau of Prisons classification instrument, to the Northeast Ohio Correctional Center located in Youngstown, Ohio.

RESERVE

SEC. 148. Section 202(i) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995 (D.C. Code, sec. 47-392.1(i)), as added by section 155 of the District of Columbia Appropriations Act, 1999 (Public Law 105-277; 112 Stat. 2681-146) is amended to read as follows:

"(j) RESERVE.—

"(1) IN GENERAL.—Beginning with fiscal year 2000, the financial plans and budgets submitted pursuant to this Act shall contain $150,000,000 for a reserve to be established by the Chief Financial Officer of the District of Columbia and the Authority.

"(2) EXPENDITURE.—The reserve shall only be expended according to criteria established by the Chief Financial Officer and approved by the Authority and the Committees on Appropriations of the House of Representatives and Senate.".

SEC. 149. (a) No later than November 1, 1999, or within 30 calendar days after the date of the enactment of this Act, whichever occurs later, the Chief Financial Officer of the District of Columbia shall submit to the appropriate committees of Congress, the Mayor, and the District of Columbia Financial Responsibility and Management Assistance Authority a revised appropriated funds operating budget for all agencies of the District of Columbia government for such fiscal year that is in the total amount of the approved appropriation and that realigns budgeted data for personal services and other-than-personal-services, respectively, with anticipated actual expenditures.

(b) The revised budget required by subsection (a) of this section shall be submitted in the format of the budget that the District of Columbia government submitted pursuant to section 442 of the District of Columbia Home Rule Act, Public Law 93-198, as amended (D.C. Code, sec. 47-301).

STERILE NEEDLES FUNDS RESTRICTION

SEC. 150. None of the Federal funds contained in this Act may be used for any program of distributing sterile needles or syringes for the hypodermic injection of any illegal drug.

SEC. 151. None of the Federal funds contained in this Act may be used to conduct any ballot initiative which seeks to legalize or otherwise reduce penalties associated with the possession, use, or distribution of any schedule I substance under the Controlled Substances Act (21 U.S.C. 802) or any tetrahydrocannabinols derivative.

MONITORING OF REAL PROPERTY LEASES

SEC. 152. (a) RESTRICTIONS.—None of the funds contained in this Act may be used to make rental payments under a lease for the use of real property by the District of Columbia government (including any independent agency of the District) unless—

(1) the lease and an abstract of the lease have been filed with the central office of the Deputy Mayor for Economic Development; and

(2)(A) the District of Columbia government occupies the property during the period of time covered by the rental payment; or

(B) within 60 days of enactment of this Act the Mayor certifies to Congress and the landlord that occupancy is impracticable and submits with the certification a plan to terminate or renegotiate the lease or rental agreement.

(b) UNOCCUPIED PROPERTY.—After 120 days from the date of enactment of this Act, none of the funds contained in this Act may be used to make rental payments for property described in subsection (a)(2)(B) of this section.

(c) SEMI-ANNUAL REPORTS BY MAYOR.—Not later than 20 days after the end of each six-month period that begins on October 1, 1999, the Mayor of the District of Columbia shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate listing the leases for the use of real property by the District of Columbia government that were in effect during the six-month period, and including for each such lease the location of the property, the name of any person with any ownership interest in the property, the rate of payment, the period of time covered by the lease, and the conditions under which the lease may be terminated.

NEW LEASES AND PURCHASES OF REAL PROPERTY

SEC. 153. None of the funds contained in this Act may be used to enter into a lease on or after the date of the enactment of this Act (or to make rental payments under such a lease) for the use of real property by the District of Columbia government (including any independent agency of the District) or to purchase real property for the use of the District of Columbia government (including any independent agency of the District) or to manage real property for the use of the District of Columbia (including any independent agency of the District) unless—

(1) the Mayor certifies to the Committees on Appropriations of the House of Representatives and the Senate that existing real property available to the District (whether leased or owned by the District government) is not suitable for the purposes intended;

(2) notwithstanding any other provisions of law, there is made available for sale or lease all property of the District of Columbia which the Mayor from time to time determines is surplus to the needs of the District of Columbia;

(3) the Mayor implements a program for the periodic survey of all District property to determine if it is surplus to the needs of the District; and

(4) the Mayor within 60 days of the date of enactment of this Act has filed a report with the appropriations and authorizing committees of the House and Senate providing a comprehensive plan for the management of District of Columbia real property assets and is proceeding with the implementation of the plan.

CHARTER SCHOOL CONSTRUCTION AND REPAIR FUNDS

SEC. 154. Section 603(e)(2)(B) of the Student Loan Marketing Association Reorganization Act of 1996 (Public Law 104–208; 110 Stat. 3009–293) is amended by inserting "and public charter" after "public".

DISPOSAL OF EXCESS SCHOOL PROPERTY

SEC. 155. The Mayor, District of Columbia Financial Responsibility and Management Assistance Authority, and the Superintendent of Schools shall implement a process to dispose of excess public school real property within 90 days of the enactment of this Act.

SEC. 156. Section 2003 of the District of Columbia School Reform Act of 1995 (Public Law 104–134; D.C. Code, sec. 31–2851) is amended by striking "during the period" and "and ending 5 years after such date."

CHARTER SCHOOL SIBLING PREFERENCE

SEC. 157. Section 2206(c) of the District of Columbia School Reform Act of 1995 (Public Law 104–134; D.C. Code, sec. 31–2853.16(c)) is amended by adding at the end the following: ", except that a preference in admission may be given to an applicant who is a sibling of a student already attending or selected for admission to the public charter school in which the applicant is seeking enrollment."

BUYOUTS AND OTHER MANAGEMENT REFORMS

(TRANSFER OF FUNDS)

SEC. 158. (a) TRANSFER OF FUNDS.—There is hereby transferred from the District of Columbia Financial Responsibility and Management Assistance Authority (hereafter referred to as the "Authority") to the District of Columbia the sum of $20,000,000 for severance payments to individuals separated from employment during fiscal year 2000 (under such terms and conditions as the Mayor considers appropriate), expanded contracting authority of the Mayor, and the implementation of a system of managed competition among public and private providers of goods and services by and on behalf of the District of Columbia: *Provided*, That such funds shall be used only in accordance with a plan agreed to by the Council and the Mayor and approved by the Committees on Appropriations of the House of Representatives and the Senate.

(b) SOURCE OF FUNDS.—The amount transferred under subsection (a) shall be derived from interest earned on accounts held by the Authority on behalf of the District of Columbia.

FOURTEENTH STREET BRIDGE

SEC. 159. (a) IN GENERAL.—The District of Columbia Financial Responsibility and Management Assistance Authority (hereafter referred to as the "Authority"), working with the Commonwealth of Virginia and the Director of the National Park Service, shall carry out a project to complete all design requirements and all requirements for compliance with the National Environmental Policy Act for the construction of expanded lane capacity for the Fourteenth Street Bridge.

(b) SOURCE OF FUNDS.—In carrying out the project under subsection (a), the Authority shall use funds contained in the escrow account held by the Authority pursuant to section 134 of division A of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (Public Law 105–277; 112 Stat. 2681–552), for infrastructure needs of the District of Columbia, except that the amount used may not exceed $7,500,000.

ANACOSTIA RIVER ENVIRONMENTAL CLEANUP

(TRANSFER OF FUNDS)

SEC. 160. (a) IN GENERAL.—The Mayor of the District of Columbia shall carry out through the Army Corps of Engineers, an Anacostia River environmental cleanup program.

(b) SOURCE OF FUNDS.—There are hereby transferred to the Mayor from the escrow account held by the District of Columbia Financial Responsibility and Management Assistance Authority pursuant to section 134 of division A of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (Public Law 105–277; 112 Stat. 2681–552), for infrastructure needs of the District of Columbia, $5,000,000.

CRIME VICTIMS COMPENSATION FUND

SEC. 161. (a) PROHIBITING PAYMENT OF ADMINISTRATIVE COSTS FROM FUND.—Section 16(e) of the Victims of Violent Crime Compensation Act of 1996 (D.C. Code, sec. 3–435(e)) is amended—

(1) by striking "and administrative costs necessary to carry out this chapter"; and

(2) by striking the period at the end and inserting the following: ", and no monies in the Fund may be used for any other purpose.".

(b) ANNUAL TRANSFER OF UNOBLIGATED BALANCES TO TREASURY.—Section 16 of such Act (D.C. Code, sec. 3–435) is amended—

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following new subsection:

"(f) Any unobligated balance existing in the Fund as of the end of each fiscal year (beginning with fiscal year 2000) shall be transferred to the Treasury of the United States.".

DUTIES OF CHIEF FINANCIAL OFFICERS TO FOLLOW ACT

SEC. 162. (a) CERTIFICATION.—None of the funds contained in this Act may be used after the expiration of the 60-day period that begins on the date of the enactment of this Act to pay the salary of any chief financial officer of any office of the District of Columbia government (including any independent agency of the District) who has not filed a certification with the Mayor and the Chief Financial Officer of the District of Columbia that the officer understands the duties and restrictions applicable to the officer and their agency as a result of this Act (and the amendments made by this Act).

SEC. 163. The proposed budget of the government of the District of Columbia for fiscal year 2001 that is submitted by the District to Congress shall specify potential adjustments that might become necessary in the event that the management savings achieved by the District during the year do not meet the level of management savings projected by the District under the proposed budget.

SEC. 164. In submitting any document showing the budget for an office of the District of Columbia government (including an independent agency of the District) that contains a category of activities labeled as "other", "miscellaneous", or a similar general, nondescriptive term, the document shall include a description of the types of activities covered in the category and a detailed breakdown of the amount allocated for each such activity.

CORPS OF ENGINEERS AUTHORIZATION TO PERFORM REPAIRS AND IMPROVEMENTS ON THE SOUTHWEST WATERFRONT

SEC. 165. In using the funds made available under this Act or any other Act for carrying out improvements to the Southwest Waterfront in the District of Columbia (including upgrading marina dock pilings and paving and restoring walkways in the marina and fish market areas) for the portions of Federal property in the Southwest quadrant of the District of Columbia within Lots 847 and 848, a portion of Lot 846, and the unassessed Federal real property adjacent to Lot 848 in Square 473, any entity of the District of Columbia government (including the District of Columbia Financial Responsibility and Management Assistance Authority or its designee) may place orders for engineering and construction and related services with the Chief of Engineers of the U.S. Army Corps of Engineers. The Chief of Engineers may accept such orders on a reimbursable basis and may provide any part of such services by contract. In providing such services, the Chief of Engineers shall follow the Federal Acquisition Regulations and the implementing Department of Defense regulations. This section shall apply to fiscal year 2000 and each fiscal year thereafter.

SEC. 166. It is the sense of Congress that the District of Columbia should not impose or take into consideration any height, square footage, set-back, or other construction or zoning requirements in authorizing the issuance of industrial revenue bonds for a project of the American National Red Cross at 2025 E Street Northwest, Washington, D.C., in as much as this project is subject to approval of the National Capital Planning Commission and the Commission of Fine Arts pursuant to section 11 of the joint resolution entitled "Joint Resolution to grant authority for the erection of a permanent building for the American National Red Cross, District of Columbia Chapter, Washington, District of Columbia", approved July 1, 1947 (Public Law 100–637; 36 U.S.C. 300108 note).

This title may be cited as the "District of Columbia Appropriations Act, 2000".

TITLE II—TAX REDUCTION

SEC. 201. COMMENDING REDUCTION OF TAXES BY DISTRICT OF COLUMBIA.

Congress commends the District of Columbia for its action to reduce taxes, and ratifies D.C. Act 13–111 (commonly known as the Service Improvement and Fiscal Year 2000 Budget Support Act of 1999).

SEC. 202. RULE OF CONSTRUCTION.

Nothing in this title may be construed to limit the ability of the Council of the District of Columbia to amend or repeal any provision of law described in this title.

Mr. ISTOOK. Mr. Chairman, I ask unanimous consent that the bill through page 66, line 13 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The CHAIRMAN. Are there amendments to this portion of the bill?

AMENDMENT OFFERED BY MR. ISTOOK

Mr. ISTOOK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ISTOOK:

Page 65, insert after line 24 the following:

SEX OFFENDER REGISTRATION

SEC. 167. (a) PERMITTING COURT SERVICES AND OFFENDER SUPERVISION AGENCY TO CARRY OUT SEX OFFENDER REGISTRATION.—Section 11233(c) of the National Capital Revitalization and Self-Government Improvement Act of 1997 (DC Code, sec. 24–1233(c)) is amended by adding at the end the following new paragraph:

“(5) SEX OFFENDER REGISTRATION.—The Agency shall carry out sex offender registration functions in the District of Columbia, and shall have the authority to exercise all powers and functions relating to sex offender registration that are granted to the Agency under any District of Columbia law.”.

(b) AUTHORITY DURING TRANSITION TO FULL OPERATION OF AGENCY.—

(1) AUTHORITY OF PRETRIAL SERVICES, PAROLE, ADULT PROBATION AND OFFENDER SUPERVISION TRUSTEE.—Notwithstanding section 11232(b)(1) of the National Capital Revitalization and Self-Government Improvement Act of 1997 (DC Code, sec. 24–1232(b)(1)), the Pretrial Services, Parole, Adult Probation and Offender Supervision Trustee appointed under section 11232(a) of such Act (hereafter referred to as the “Trustee”) shall, in accordance with section 11232 of such Act, exercise the powers and functions of the Court Services and Offender Supervision Agency for the District of Columbia (hereafter referred to as the “Agency”) relating to sex offender registration (as granted to the Agency under any District of Columbia law) only upon the Trustee's certification that the Trustee is able to assume such powers and functions.

(2) AUTHORITY OF METROPOLITAN POLICE DEPARTMENT.—During the period that begins on the date of the enactment of the Sex Offender Registration Emergency Act of 1999 and ends on the date the Trustee makes the certification described in paragraph (1), the Metropolitan Police Department of the District of Columbia shall have the authority to carry out any powers and functions relating to sex offender registration that are granted to the Agency or to the Trustee under any District of Columbia law.

Mr. ISTOOK (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ISTOOK. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this is an amendment that we have received a request for from the District of Columbia, and in particular Linda Cropp, the council member who serves as the chairman of the city council.

Mr. Chairman, this is to permit the Federally run Office of Offender Supervision, the Court Services and Offender Service Agency, to administer the sex offender registration pursuant to local ordinance recently adopted by the District of Columbia City Council.

The City Council, on July 13, unanimously enacted their Sex Offender Registration Emergency Act of 1999 and the Sex Offender Registration Temporary Act of 1999. This establishes an effective sex offender registration and community notification system within the District.

Because the Federal agency, the Court Services and Offender Supervision Agency, is now involved with the supervision of persons on pretrial release, parole and probation, it is necessary that they be authorized to administer the sex offender registration program. This legislation permits them to do that. That also permits the District to come into compliance with Federal law requiring these registries to qualify for different Federal funding.

The community notification portion, I understand, will be conducted by officials of the District Government, whereas the registration portion will be conducted under this amendment by the Federal agency that is involved with those that are being supervised while they are free on pretrial release, probation, parole, and so forth.

Mr. Chairman, we have worked with the ranking member, and I understand we have the consent of the gentlewoman from the District of Columbia as well, and I believe this amendment should prompt no objection from anyone and urge it be adopted.

Mr. Chairman, I submit for the RECORD a letter and supporting documentation with regard to this particular issue:

COUNCIL OF THE DISTRICT
OF COLUMBIA,
Washington, DC, July 27, 1999.

Re Federal legislation to effectuate D.C. sex offender registry.

Hon. ELEANOR HOLMES NORTON,
Longworth House Office Building,
Washington, DC.

DEAR CONGRESSWOMAN NORTON: We write to request that you attach the enclosed draft legislation to the next available vehicle in Congress which may present itself this week during the budget process.

At the Council's legislative session on July 13, 1999, we voted unanimously to enact the Sex Offender Registration Emergency Act of 1999 and the Sex Offender Registration Temporary Act of 1999. The purpose of this legislation was to establish an effective sex offender registration and community notification system in the District of Columbia and to bring the District into compliance with the Jacob Wetterling Crimes Against Children and Sexually Violent Offender Registration Act (42 U.S.C. 14071), which establishes national criteria for such programs. A copy of the emergency act is enclosed.

The Council vested the Metropolitan Police Department (“MPD”) with community notification duties regarding sex offenders. (See section 12 at pp. 10–11.) The Court Services and Offender Supervision Agency (“Agency”), established pursuant to section 11233 of the National Capital Revitalization and Self-Government Improvement Act of 1997, will be charged with the task of registering sex offenders in the District. (See sections 5, 8, 9 and 10.) The registration functions including obtaining the initial registration information of sex offenders and informing them of registration requirements, periodically verifying address information and other registration information, reporting changes in address, notifying other jurisdictions when sex offenders leave the District, entering information on D.C. offenders in the National Sex Offender Registry and providing information on sex offenders to the MPD. Since the Agency is already responsible for tracking and supervising released sex offenders under the Revitalization Act, it is efficient and cost-effective to have this entity perform registration functions.

The U.S. Attorney's Office has informed us that federal legislation, in the form enclosed, is needed to clarify the ability of the Agency to carry out its registration functions. In view of the sensitive nature of monitoring sex offenders, it is important that each affected governmental entity be clearly empowered to perform its functions and that the transition of registration duties from the MPD to the Agency be as seamless and prompt as possible.

Thank you for your assistance. Should you have any questions, we are available to discuss this matter with you at any time.

Sincerely,

LINDA W. CROPP,
Chairman.
HAROLD BRAZIL,
Chairman, Judiciary Committee.

Enclosures: Draft federal legislation; Sex Offender Registration Emergency Act of 1999.

SEC. . SEX OFFENDER REGISTRATION.

(a) OFFENDER SUPERVISION AGENCY.—Section 11233(c) of the National Capital Revitalization and Self-Government Improvement Act of 1997 is amended by adding at the end the following:

“(5) SEX OFFENDER REGISTRATION.—The Agency shall carry out sex offender registration functions in the District of Columbia, and shall have the authority to exercise all powers and functions authorized for the Agency by any District of Columbia law relating to sex offender registration.”.

(b) OFFENDER SUPERVISION TRUSTEE.—(1) As used in this subsection—

(A) “Act” means the Sex Offender Registration Emergency Act of 1999;

(B) “Agency” means the Court Services and Offender Supervision Agency for the District of Columbia; and

(C) “Trustee” means the Trustee appointed under section 11232(a) of the National Capital Revitalization and Self-Government Improvement Act of 1997.

(2) The Trustee shall have the authority to exercise all powers and functions authorized for the Agency or the Trustee by the Act or by any other District of Columbia law relating to sex offender registration, effective immediately upon the Trustee's certification that the Trustee is able to assume these powers and functions. Pending a certification by the Trustee under this paragraph, the Metropolitan Police Department shall continue to have the authority to carry out

any functions assigned to the Agency or Trustee under the Act or other District of Columbia law relating to sex offender registration.

EXPLANATION

The District of Columbia government has recently approved emergency legislation—the Sex Offender Registration Emergency Act of 1999—which assigns sex offender registration functions (other than community notification functions) to the Court Services and Offender Supervision Agency for the District of Columbia. This section validates this assignment of responsibility, and ensures an uninterrupted transition of sex offender registration functions from the D.C. Metropolitan Police Department to the Offender Supervision Agency. The enactment of this section is necessary to implement an effective sex offender registration program in the District and to enable the District to comply with the federal law standards for such programs.

The Jacob Wetterling Crimes Against Children and Sexually Violent Offender Registration Act (42 U.S.C. 14071) establishes minimum national standards for state sex offender registration and notification programs. *See* 42 U.S.C. 14071 (Wetterling Act); 64 FR 572-87, 3590 (Wetterling Act guidelines). At the present time, all 50 states and the District of Columbia have established sex offender registration programs, and are attempting to bring their programs into compliance with the Wetterling Act standards. States (including D.C.) which fail to comply with the Wetterling Act standards within the applicable statutory time frames are subject to a mandatory 10% reduction of federal Byrne Grant funding—a reduction that would cost D.C. about $200,000 a year at current funding levels.

The sex offender registration provisions initially enacted in the District of Columbia (D.C. Code §§24-1101 through 1117) did not achieve full compliance with the Wetterling Act standards, and have proven to be largely dysfunctional, for a number of reasons: (1) The D.C. registration provisions did not reflect new requirements that Congress added to the Wetterling Act in relatively recent amendments—for example, expanded lifetime registration requirements for the most violent and recidivistic sex offenders, and provisions promoting the registration of sex offenders in states where they work or attend school as well as states of residence. (2) The D.C. registration provisions could not operate as intended because they predated the reforms of the National Capital Revitalization and Self-Government Improvement Act of 1997. For example, the D.C. provisions directed the D.C. Department of Corrections to obtain registration information from incarcerated sex offenders and to advise them of registration obligations at the time of release—but this assignment of responsibility will not work in the future because all incarcerated D.C. felons will be transferred to federal Bureau of Prisons facilities under the Revitalization Act's reforms. (3) Experience has shown other problems with the original D.C. provisions. For example, the original D.C. system relied on a volunteer Advisory Council for risk assessments of sex offenders as the basis for registration and notification requirements. Since the Advisory Council has been totally dysfunctional as a practical matter, there is currently no community notification regarding registered sex offenders in D.C., notwithstanding the Wetterling Act's community notification requirements and the establishment of community notification programs in most states.

The D.C. government has accordingly approved, in the form of emergency legislation, a new act (the "Sex Offender Registration Emergency Act of 1999") which will enable the District to implement an effective sex offender registration and notification program and achieve compliance with the federal Wetterling Act standards for such programs. Under the new D.C. legislation, the Metropolitan Police Department will be responsible for the community notification aspects of the program. Other sex offender registration functions will be the responsibility of the Court Services and Offender Supervision Agency for the District of Columbia (hereafter, the "Agency")—the entity established by the D.C. Revitalization Act to handle adult offender post-conviction supervision in the District. Pursuant to §§11232-33 of the Revitalization Act, the Agency will formally assume its duties as a federal executive agency at the end of a transitional period, and currently operates as an independent Trusteeship.

Since the Agency is responsible in any event for tracking and oversight of released sex offenders in the District as part of its supervision responsibilities, it is sensible and efficient to vest responsibility for sex offender registration functions in the same agency. The contemplated functions of the Agency under the new D.C. legislation include (inter alia) obtaining the initial registration information on sex offenders and informing them of registration requirements, periodically verifying address information and other registration information; adopting procedures for reporting of change of address or other changes in registration information by sex offenders; notifying registration authorities in other jurisdictions when sex offenders leave D.C.; maintaining and operating the sex offender registry for D.C.; entering information on D.C. sex offenders in the National Sex Offender Registry; and providing information on sex offenders to the Metropolitan Police Department and other law enforcement and governmental agencies as appropriate.

Because of the federal character of the Agency, complementary federal legislation is needed for the Agency to actually assume this role. The new D.C. sex offender registration legislation (the Sex Offender Registration Emergency Act of 1999) recognizes this need, providing in §18 that the Metropolitan Police Department shall have the authority to carry out the Agency's functions under the act, "[p]ending the enactment of a federal law that authorizes the Agency to carry out sex offender registration functions in the District of Columbia."

The proposal in this section provides the necessary federal legislation. Subsection (a) in the section amends the specification of permanent functions of the Agency in §11233(c) of the Revitalization Act to include carrying out sex offender registration functions in D.C., and provides for the Agency's exercise of all powers and functions authorized for the Agency by the D.C. sex offender registration laws.

Subsection (b) in the section addresses more immediate transitional issues. The Agency in its current form is the office of the Trustee established by section 11232 of the Revitalization Act. Subsection (b) provides, in part, that the Trustee shall have the authority to exercise all powers and functions authorized for the Agency or the Trustee by the D.C. emergency legislation or any other D.C. law relating to sex offender registration. as indicated above, this includes (under the emergency legislation) such measures as adopting and implementing requirements and procedures for obtaining, periodically verifying, and keeping current sex offender registration information; maintaining the sex offender registry for the District of Columbia; participating in the National Sex Offender Registry on behalf of the District; and providing information on sex offenders to the Metropolitan Police Department and other law enforcement and governmental agencies. The subsection refers to other D.C. laws relating to sex offender registration, as well as to the current emergency legislation, because the emergency legislation lapses after 90 days, and will be succeeded by temporary and permanent D.C. sex offender registration acts of similar character that the Trustee will need to implement.

Since any gap between the end of the Metropolitan Police Department's exercise of these functions and the start of the Trustee's exercise of these functions could bring about an abrupt cessation of all sex offender registration in the District, it is important to ensure a seamless transition that will result in no interruption of sex offender registration. Subsection (b) accordingly provides that the transition of functions will occur when the Trustee certifies that the Trustee is able to assume the pertinent powers and functions. This will enable the Trustee to make necessary institutional arrangements prior to the transition, such as training of personnel in sex offender registration requirements and procedures. Upon the Trustee's certification, the Trustee will be authorized to immediately exercise these powers and functions. Pending the Trustee's certification, the Metropolitan Police Department will retain the authority to carry out all functions relating to sex offender registration.

Mr. MORAN of Virginia. Mr. Chairman, I rise in support of the amendment, and would simply say that we are happy that it is in the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The amendment was agreed to.

AMENDMENT NO. 1 OFFERED BY MR. TIAHRT

Mr. TIAHRT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 printed in House Report 106-263 offered by Mr. TIAHRT:

On page 56 strike lines 18 through 22 and insert in lieu, thereof the following:

STERILE NEEDLES FUNDS RESTRICTION

SEC. 150. None of the funds contained in this Act may be used for any program of distributing sterile needles or syringes for the hypodermic injection of any illegal drug, or for any payment to any individual or entity who carries out any such program.

The CHAIRMAN. Pursuant to House Resolution 260, the gentleman from Kansas (Mr. TIAHRT), and a Member opposed each will control 15 minutes.

The Chair recognizes the gentleman Kansas (Mr. TIAHRT).

Mr. TIAHRT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, my amendment, if passed, will retain current law, which says simply that we will not use public funds or tax dollars to provide needles for injection drug abusers to inject illegal drugs into their veins. In other words, our taxes will not be spent to enable injection drug abusers to continue a destructive behavior.

Mr. Chairman, that was the will of the House last year, it was passed by the Senate, and it was signed by the President. The President's appointed drug czar, General Barry McCaffrey, supports this language, which publicly opposes publicly funded needle exchange programs. Let me give the highlights of his letter to me, which is shown on this chart here.

He says basically that the public health risks outweigh the benefits; that in needle exchange programs treatment should be our priority; that this sends the wrong message; and that this places disadvantaged neighborhoods at a greater risk.

These are very good reasons why public funds should not be used to enable people to continue their destructive behavior. As General McCaffrey also says in his letter, science is uncertain. The supporters of needle exchange programs cite successful studies. I have read many of these studies and they are very inconclusive. For example, the study that supports the Baltimore needle exchange program simply measures the amount of returned needles that are positive with HIV. It does not account for those needles which are not returned, it does not account for those needles which are shared by drug abusers, but it does say that the needle exchange program is a success.

The needle exchange program is not a success, Mr. Chairman. As the Associated Press reported on July 5, this year, the Johns Hopkins University School of Public Health found in their study that in Baltimore, after 5 years of a needle exchange program, that 9 out of 10 needle-using addicts are infected with Hepatitis C, a blood-borne virus transmitted by needles. Nine out of 10 are infected with the deadly virus. If this is a success, then how do we define failure?

There have been more complete long-term studies in Montreal and Vancouver. These studies of needle exchange programs, which have been going on for more than a decade, reveal that the death rate among illegal drug users has skyrocketed; that injection drug abusers are twice as likely to become HIV positive if they are involved in a needle exchange program than if they were not involved in the program. They also say the crime rate around the needle exchange program increases.

There has been a lot of confusing information around. For example, there is a letter by Surgeon General C. Everett Koop saying he supports the needle program. He does say it is not a panacea for all settings, but there was a conversation between the gentleman from Oklahoma (Mr. COBURN), who is also a physician; and I would like the gentleman from Oklahoma to discuss with my colleagues his conversation with C. Everett Koop of just yesterday.

[From the Policy Review, July-August, 1998]

KILLING THEM SOFTLY

(By Joe Loconte)

The Clinton administration says giving clean needles to drug users will slow the spread of AIDS and save lives. But former addicts—and the specialists who treat them—say their greatest threats come from the soul-destroying culture of addiction.

In a midrise office building on Manhattan's West 37th Street, about two blocks south of the Port Authority bus terminal, sits the Positive Health Project, one of 11 needle-exchange outlets in New York City. This particular neighborhood, dotted by X-rated video stores, peep shows, and a grimy hot dog stand, could probably tolerate some positive health. But it's not clear that's what the program's patrons are getting.

The clients are intravenous (IV) drug users. They swap their used needles for clean ones and, it is hoped, avoid the AIDS virus, at least until their next visit. There's no charge, no hassles, no meddlesome questions. That's just the way Walter, a veteran heroin user, likes it.

"Just put me on an island and don't mess with me," he says, lighting up a cigarette.

A tall, thinnish man, Walter seems weary for his 40-some years. Like many of the estimated 250,000 IV drug users in this city, he has spent years shooting up and has bounced in and out of detoxification programs. "Don't get the idea in your mind you're going to control it," he says. "I thought I could control it. But dope's a different thing. You just want it." Can he imagine his life without drugs? "I'm past that," he says, his face tightening. "The only good thing I do is getting high.

HEROIN FIRST, THEN BREATHING

Supporters of needle-exchange programs (NEPs), from AIDS activists to Secretary of Health and Human Services Donna Shalala, seem to have reached the same verdict on Walter's life. They take his drug addiction as a given, but want to keep him free of HIV by making sure he isn't borrowing dirty syringes. Says Shalala, "This is another life-saving intervention." That message is gaining currency, thanks in part to at least 112 programs in 29 states, distributing millions of syringes each year.

Critics say free needles just make it easier for addicts to go about their business: abusing drugs. Ronn Constable, a Brooklynite who used heroin and cocaine for nearly 20 years, says he would have welcomed the needle-exchange program—for saving him money. "An addict doesn't want to spend a dollar on anything else but his drugs," he says.

Do needle exchanges, then, save lives or fuel addiction?

The issue flared up earlier this year when Shalala indicated the Clinton Administration would lift the ban on federal funding. Barry McCaffrey, the national drug policy chief, denounced the move, saying it would sanction drug use. Fearing a political debacle, the White House upheld the federal ban but continues to trumpet the effectiveness of NEPs. Meanwhile, Representative Gerald Solomon and Senator Paul Coverdell are pushing legislation in Congress to extend the prohibition indefinitely.

There is more than politics at work here. The debate reveals a deepening philosophical rift between the medical and moral approaches to coping with social ills.

Joined by much of the scientific community, the Clinton administration has tacitly embraced a profoundly misguided notion: that we must not confront drug abusers on moral or religious grounds. Instead, we should use medical interventions to minimize the harm their behavior invites. Directors of needle-exchange outlets pride themselves on running "nonjudgmental" programs. While insisting they do not encourage illegal drug use, suppliers distribute "safe crack kits" explaining the best ways to inject crack cocaine. Willie Easterlins, an outreach worker at a needle-stocked van in Brooklyn, sums up the philosophy this way: "I have to give you a needle. I can't judge," he says. "That's the first thing they teach us."

This approach, however well intentioned, ignores the soul-controlling darkness of addiction and the moral freefall that sustains it. "When addicts talk about enslavement, they're not exaggerating," says Terry Horton, the medical director of Phoenix House, one of the nation's largest residential treatment centers. "It is their first and foremost priority. Heroin first, then breathing, then food."

It is true that needle-sharing among IV drug users is a major source of HIV transmission, and that the incidence of HIV is rising most rapidly among this group—a population of more than a million people. Last year, about 30 percent of all new HIV infections were linked to IV drug use. The Clinton administration is correct to call this a major public-health risk.

Nevertheless, NEP advocates seem steeped in denial about the behavioral roots of the crisis, conduct left unchallenged by easy access to clean syringes. Most IV drug users, in fact, die not from HIV-tainted needles but from other health problems, overdoses, or homicide. By evading issues of personal responsibility, the White House and its NEP allies are neglecting the most effective help for drug abusers; enrollment in tough-minded treatment programs enforced by drug courts. Moreover, in the name of "saving lives," they seem prepared to surrender countless addicts to life on the margins—an existence of scheming, scamming, disease, and premature death.

CURIOUS SCIENCE

Over the last decade, NEPs have secured funding from local departments of public health to establish outlets in 71 cities. But that may be as far as their political argument will take them: Federal law prohibits federal money from flowing to the programs until it can be proved they prevent AIDS without encouraging drug use.

It's no surprise, then, that advocates are trying to enlist science as an ally. They claim that numerous studies of NEPs prove they are effective. Says Sandra Thurman, the director of the Office of National AIDS Policy, "There is very little doubt that these programs reduce HIV transmission." In arguing for federal funding, a White House panel on AIDS recently cited "clear scientific evidence of the efficacy of such programs."

The studies, though suggestive, prove no such thing. Activists tout the results of a New Haven study, published in the American Journal of Medicine, saying the program reduces HIV among participants by a third. Not exactly. Researchers tested needles from anonymous users—not the addicts themselves—to see if they contained HIV. They never measured "seroconversion rates," the portion of participants who became HIV positive during the study. Even Peter Lurie, a University of Michigan researcher and avid NEP advocate, admits that "the validity of testing of syringes is limited." A likely explanation for the decreased presence of HIV in syringes, according to scientists, is sampling error.

Another significant report was published in 1993 by the University of California and funded by the U.S. Centers for Disease Control. A panel reviewed 21 studies on the impact of NEPs on HIV infection rates. But the best the authors could say for the programs was that none showed a higher prevalence of HIV among program clients.

Even those results don't mean much. Panel members rated the scientific quality of the studies on a five-point scale: one meant "not valid," three "acceptable," and five "excellent." Only two of the studies earned ratings of three or higher. Of those, neither showed a reduction in HIV levels. No wonder the authors concluded that the data simply do not, and for methodological reasons probably cannot, provide clear evidence that needle exchanges decrease HIV infection rates.

THE MISSING LINK

The most extensive review of needle-exchange studies was commissioned in 1993 by the U.S. Department of Health and Human Services (HHS), which directed the National Academy of Sciences (NAS) to oversee the project. Their report, "Preventing HIV Transmission: The Role of Sterile Needles and Bleach," was issued in 1995 and set off a political firestorm.

"Well-implemented needle-exchange programs can be effective in preventing the spread of HIV and do not increase the use of illegal drugs," a 15-member panel concluded. It recommended lifting the ban on federal funding for NEPs, along with laws against possession of injection paraphernalia. The NAS report has emerged as the bible for true believers of needle exchange.

It is not likely to stand the test of time. A truly scientific trial testing the ability of NEPs to reduce needle-sharing and HIV transmission would set up two similar, randomly selected populations of drug users. One group would be given access to free needles, the other would not. Researchers would follow them for at least a year, taking periodic blood tests.

None of the studies reviewed by NAS researchers, however, were designed in this way. Their methodological problems are legion: Sample sizes are often too small to be statistically meaningful. Participants are self-selected, so that the more health-conscious could be skewing the results. As many as 60 percent of study participants drop out. And researchers rely on self-reporting, a notoriously untrustworthy tool.

"Nobody has done the basic science yet," says David Murray, the research director of the Statistical Assessment Service, a watchdog group in Washington, D.C. "If this were the FDA applying the standard for a new drug, they would [block] it right there."

The NAS panel admitted its conclusions were not based on reviews of well-designed trials. Such studies, the authors agreed, simply do not exist. Not to worry, they said: "The limitations of individual studies do not necessarily preclude us from being able to reach scientifically valid conclusions." When all of the studies are considered together, they argued, the results are compelling.

"That's like tossing a bunch of broken Christmas ornaments in a box and claiming you have something nice and new and usable," Murray says. "What you have is a lot of broken ornaments." Two of the three physicians on the NAS panel, Lawrence Brown and Herbert Kleber, agree. They deny their report established anything like a scientific link between lower HIV rates and needle exchanges. "The existing data is flawed," says Kleber, executive vice president for medical research at Columbia University. "NEPs may, in theory, be effective, but the data doesn't prove that they are."

Some needle-exchange advocates acknowledge the dearth of hard science. Don Des Jarlais, a researcher at New York's Beth Israel Medical Center, writes in a 1996 report that "there has been no direct evidence that participation is associated with a lower risk" of HIV infection. Lurie, writing in the American Journal of Epidemiology, says that "no one study, on its own, should be used to declare the programs effective." Nevertheless, supporters insist, the "pattern of evidence" is sufficient to march ahead with the programs.

MIXED RESULTS

That argument might make sense if all the best studies created a happy, coherent picture. They don't. In fact, more-recent and better-controlled studies cast serious doubt on the ability of NEPs to reduce HIV infection.

In 1996, Vancouver researchers followed 1,006 intravenous cocaine and heroin users who visited needles exchanges, conducting periodic blood tests and interviews. The results, published in the British research journal AIDS, were not encouraging: About 40 percent of the test group reported borrowing a used needle in the preceding six months. Worse, after only eight months, 18.6 percent of those initially HIV negative became infected with the virus.

Dr. Steffanie Strathdee, of the British Columbia Centre for Excellence in HIV/AIDS, was the report's lead researcher. She found it "particularly disturbing" that needle-sharing among program participants, despite access to clean syringes, is common. Though an NEP advocate, Strathdee concedes that the high HIV rates are "alarming." Shepherd Smith, founder of Americans for a Sound AIDS/HIV Policy, says that compared to similar drug-using populations in the United States, the Vancouver results are "disastrous."

Though it boasts the largest needle-exchange program in North America, Vancouver is straining under an AIDS epidemic. When its NEP began in 1988, HIV prevalence among IV drug users was less than 2 percent. Today it's about 23 percent, despite a citywide program that dispenses 2.5 million needles a year.

A 1997 Montreal study is even more troubling. It showed that addicts who used needle exchanges were more than twice as likely to become infected with HIV as those who didn't. Published in the American Journal of Epidemiology, the report found that 33 percent of NEP users and 13 percent of nonusers became infected during the study period. Moreover, about three out of four program clients continued to share needles, roughly the same rate as nonparticipants.

The results are hard to dismiss. The report, though it did not rely on truly random selection, is the most sophisticated attempt so far to overcome the weaknesses of previous NEP studies. Researchers worked with a statistically significant sample (about 1,500), established test groups with better controls and lower dropout rates, and took greater care to account for "confounding variables." They followed each participant for an average of 21 months, taking blood samples every six months.

Blood samples don't lie. Attending an NEP was "a strong predictor" of the risk of contracting HIV, according to Julie Bruneau of the University of Montreal, the lead researcher. Bruneau's team then issued a warning: "We believe caution is warranted before accepting NEPs as uniformly beneficial in any setting."

The findings have sent supporters into a frenzy, with many fretting about their impact on public funding. "While it was important that the study be published," Peter Lurie complained to one magazine, "whether that information outweighs the political costs is another matter." In a bizarre New York Times op-ed, Bruneau recently disavowed some of her own conclusions. She said the results could be explained by higher-risk behavior engaged in by program users, a claim anticipated and rejected by her own report.

And that objection lands NEP supporters on the horns of a dilemma: Any control weaknesses in the Canadian reports are also present in the pro-exchange studies. "You can't have it both ways," Kleber says. "You can't explain away Montreal and Vancouver without applying the same scientific measures to the studies you feel are on your side."

Defending an expansion of the programs, AIDS policy czar Thurman says, "We need to let science drive the issue of needle exchange." The best that can be said for the evidence so far is that it doesn't tell us much. Without better-controlled studies, science cannot be hauled out as a witness for either side of the debate.

DEATH-DEFYING LOGIC

Critics of needle exchanges are forced to admit there's a certain logic to the concept, at least in theory: Give enough clean needles to an IV drug user and he won't bum contaminated "spikes" when he wants a fix.

But ex-addicts themselves, and the medical specialists who treat them, say it isn't that simple. "People think that everybody in shooting galleries worries about AIDS or syphilis or crack-addicted babies. That's the least of people's worries," says Jean Scott, the director of adult programs at Phoenix House in Manhattan. "While they're using, all they can think about is continuing to use and where they're going to get their next high."

Indeed, the NEP crowd mistakenly assumes that most addicts worry about getting AIDS. Most probably don't: The psychology and physiology of addiction usually do not allow them the luxury. "Once they start pumping their system with drugs, judgment disappears. Memory disappears. Nutrition disappears. The ability to evaluate their life needs disappears," says Eric Voth, the chairman of the International Drug Strategy Institute and one of the nation's leading addiction specialists. "What makes anybody think they'll make clean needles a priority?"

Ronn Constable, now a program director at Teen Challenge International in New York, says his addiction consumed him 24 hours a day, seven days a week. Addicts call it "chasing the bag": shooting up, feeling the high, and planning the next hit before withdrawal. "For severe addicts, that's all they do," Constable says. "Their whole life is just scheming to get their next dollar to get their next bundle of dope."

Ernesto Margaro fed his heroin habit for seven years, at times going through 40 bags—or $400—a day. He recalls walking up to a notorious drug den in the Bedford-Stuyvestant section of Brooklyn with a few of his friends. A man stumbled out onto the sidewalk and collapsed. They figured he was dying.

Margaro opened a fire hydrant on him. "When he finally came to, the first thing we asked him was where he got that dope from," he says. "We needed to know, because if it made him feel like that, we were going to take just a little bit less than he did."

This is typical of the hard-core user: The newest, most potent batch of heroin on the streets, the one causing the most deaths, is in greatest demand. "They run around trying to find out who the dead person copped from," says Scott, a drug-treatment specialist with 30 years' experience. "The more deaths you have, the more popular the heroin is. That's the mentality of the addict."

NEEDLE ENTREPRENEURS

Some younger addicts may at first be fearful of the AIDS virus, though that concern probably melts away as they continue to shoot up. But the hard-core abusers live in a state of deep denial. "I had them dying next to me," Constable says. "One of my closest buddies withered away. I never thought about it."

Needle-exchange programs are doing brisk business all over the country: San Diego, Seattle, Denver, Baltimore, Boston, and beyond. San Francisco alone hands out 2.2 million needles a year. If most addicts really aren't worried about HIV, then why do they come?

In most states, it is difficult to buy drug paraphernalia without a prescription. That makes it hard, some claim, to find syringes. But drug users can get them easily enough on the streets. The main reason they go to NEPs, it seems, is that the outlets are a free source of needles, cookers, cotton, and bleach. They're also convenient. They are run from storefronts or out of vans, and they operate several days a week at regular hours.

And they are hassle-free. Users are issued ID cards that entitle them to carry drug paraphernalia wherever they go. Police are asked to keep their distance lest they scare off clients.

Most programs require that users swap their old needles for new equipment, but people aren't denied if they "forget" to bring in the goods. And most are not rigid one-for-one exchanges. Jose Castellar works an NEP van at the corner of South Fifth Street and Marcy Avenue in Brooklyn. On a recent Thursday afternoon, a man walked up and mechanically dropped off 18 syringes in a lunch sack. Castellar recognized him as a regular, and gave him back 28—standard procedure. "It's sort of like an incentive," he explains.

It's the "incentive" part of the program that many critics find so objectionable. An apparently common strategy of NEP clients is to keep a handful of needles for themselves and sell the rest. Says Margaro, "They give you five needles. That's $2 a needle, that's $10. That's your next fix. That's all you're worried about."

It may also explain why many addicts who know they are HIV positive—older users such as Walter—still visit NEPs. Nobody knows how many there are, because no exchanges require blood tests. In New York, health officials say that perhaps half of the older IV addicts on the streets are infected.

Defenders admit the system is probably being abused. "An addict is an addict. He's going to do what he needs to maintain his habit," says Easterlins, who works a van for ADAPT, one of New York City's largest needle-exchange programs. Naomi Fatt, ADAPT's executive director, is a little more coy. "We don't knowingly participate" in the black market for drug paraphernalia, she says. And if NEP clients are simply selling their syringes to other drug users? "We don't personally care how they get their sterile needles. If that's the only way they can save their lives is to get these needles on the streets, is that really so awful?"

NAME YOUR POISON

In the debate over federal funding for NEPs, herein lies their siren song: Clean needles save lives. But there just isn't much evidence, scientific or otherwise, that free drug paraphernalia is protecting users.

The reason is drug addiction. Addicts attending NEPs continue to swap needles and engage in risky sexual behavior. All the studies that claim otherwise are based on self-reporting, an unreliable gauge.

By not talking much about drug abuse, NEP activists effectively sidestep the desperation created by addiction. When drug users run out of money for their habit, for example, they often turn to prostitution—no matter how many clean needles are in the cupboard. And the most common way of contracting HIV is, of course, sexual intercourse. "Sex is a currency in the drug world," says Horton of Phoenix House. "It is a major mode of HIV infection. And you don't address that with needle exchange."

At least a third of the women in treatment at the Brooklyn Teen Challenge had been lured into prostitution. About 15 percent of the female clients in Manhattan's Phoenix House contracted HIV by exchanging sex for drugs. In trying to explain the high HIV rates in Vancouver, researchers admitted "it may be that sexual transmission plays an important role."

Kleber, a psychiatrist and a leading addiction specialist, has been treating drug abusers for 30 years. He says NEPs, even those that offer education and health services, aren't likely to become beacons of behavior modification. "Addiction erodes your ability to change your behavior," he says. "And NEPs have no track record of changing risky sexual behavior."

Or discouraging other reckless choices, for that matter. James Curtis, the director of addiction services at the Harlem Hospital Center, says addicts are not careful about cleanliness and personal hygiene, so they often develop serious infections, such as septicemia, around injection areas. "It is false, misleading, and unethical," he says, "to give addicts the idea that they can be intravenous drug abusers without suffering serious self-injury."

A recent University of Pennsylvania study followed 415 IV drug users in Philadelphia over four years. Twenty-eight died during the study. Only five died from causes associated with HIV. Most died for other reasons: overdoses, homicide, heart disease, kidney failure, liver disease, and suicide. Writing in the New England Journal of Medicine, medical professors George Woody and David Metzger said that compared to the risk of HIV infection, the threat of death to drug abusers from other causes is "more imminent."

That proved tragically correct for John Watters and Brian Weil, two prominent founders of needle exchanges who died of apparent heroin overdoses. Indeed, deaths from drug dependence in cities with active needle programs have been on an upward trajectory for years. In New York City hospitals, the number has jumped from 413 in 1990 to 909 in 1996.

GOOD AND READY?

Keeping drug users free of AIDS is a noble—but narrow—goal. Surely the best hope of keeping them alive is to get them off drugs and into treatment. Research from the National Institute for Drug Abuse (NIDA) shows that untreated opiate addicts die at a rate seven to eight times higher than similar patients in methadone-based treatment programs.

Needle suppliers claim they introduce addicts to rehab services, and Shalala wants local officials to include treatment referral in any new needle-exchange programs. But program staffers are not instructed to confront addicts about their drug habit. The assumption: Unless drug abusers are ready to quit on their own, it won't work.

This explains why NEP advocates smoothly assert they support drug treatment, yet gladly supply users with all the drug-injection equipment they need. "The idea that they will choose on their own when they're ready is nonsense," says Voth, who says he's treated perhaps 5,000 abusers of cocaine, heroin, and crack. "Judgment is one of the things that disappears with addiction. The worst addicts are the ones least likely to stumble into sobriety and treatment."

According to health officials, most addicts do not seek treatment voluntarily, but enter through the criminal-justice system. Even those who volunteer do so because of intense pressure from spouses or employers or raw physical pain from deteriorating health. In other words, they begin to confront some of the unpleasant consequences of their drug habit.

"The only way a drug addict is going to consider stopping is by experiencing pain," says Robert Dupont, a clinical professor of psychiatry at Georgetown University Medical School. "Pain is what helps to break their delusion," says David Batty, the director of Teen Challenge in Brooklyn. "The faster they realize they're on a dead-end street, the faster they see the need to change."

JUSTICE FOR JUNKIES

Better law enforcement, linked to drug courts and alternative sentencing for offenders, could be the best way to help them see the road signs up ahead. "It is common for an addict to say that jail saved his life," says Dr. Janet Lapey, the president of Drug Watch International. "Not until the drugs are out of his system does he usually think clearly enough to see the harm drugs are causing."

The key is to use the threat of jail time to prod offenders into long-term treatment. More judges seem ready to do so, and it's not hard to see why: In 1971, about 15 percent of all crime in New York was connected to drug use, according to law enforcement officials. Today it's about 85 percent.

"There has been an enormous increase in drug-related crime because the only response of society has been a jail cell," says Brooklyn district attorney Charles Hynes. "But it is morally and fiscally irresponsible to warehouse nonviolent drug addicts." Since 1990, Hynes has helped reshape the city's drug-court system to offer nonviolent addicts a choice: two to four years in prison or a shot at rehabilitation and job training.

Many treatment specialists believe drug therapies will fail unless they're backed up with punishment and other pressures. Addicts need "socially imposed consequences" at the earliest possible stage—and the simplest way is through the criminal-justice system, says Dupont, a former director of NIDA. Sally Satel, a psychiatrist specializing in addiction, says "coercion can be the clinician's best friend."

That may not be true of all addicts, but it took stiff medicine to finally get the attention of Canzada Edmonds, a heroin user for

27 years. "I was in love with heroin. I took it into the bathroom, I took it into church," she says. "I was living in a fantasy. I was living in a world all to myself."

And she was living in Washington, D.C., which in the early 1990s had passed tougher sentencing laws for felony drug offenders. After her third felony arrest, a district judge said she faced a possible 30-year term in prison—or a trip to a residential rehab program. Edmonds went to Teen Challenge in New York in January 1995 and has been free of drugs ever since.

REDUCING HARM

Needle-exchange advocates chafe at the thought of coercing drug users into treatment. This signals perhaps their most grievous omission: They refuse to challenge the self-absorption that nourishes drug addiction.

In medical terms, it's called "harm reduction"—accept the irresponsible behavior and try to minimize its effects with health services and education. Some needle exchanges, for example, distribute guides to safer drug use. A pamphlet from an NEP in Bridgeport, Connecticut, explains how to prepare crack cocaine for injection (see box). It then urges users to "take care of your veins. Rotate injection sites. . . ."

"Harm reduction is the policy manifestation of the addict's personal wish," says Satel, "which is to use drugs without consequences." The concept is backed by numerous medical and scientific groups, including the American Medical Association, the American Public Health Association, and the National Academy of Sciences.

In legal terms, harm reduction means the decriminalization of drug use. Legalization advocates, from financier George Soros to the Drug Policy Foundation, are staunch needle-exchange supporters. San Francisco mayor Willie Brown, who presides over perhaps the nation's busiest needle programs, is a leading voice in the harm-reduction chorus. "It is time," he has written, "to stop allowing moral or religious tradition to define our approach to a medical emergency."

It is time, rather, to stop medicalizing what is fundamentally a moral problem. Treatment communities that stress abstinence, responsibility, and moral renewal, backed up by tough law enforcement, are the best hope for addicts to escape drugs and adopt safer, healthier lifestyles.

Despite different approaches, therapeutic communities share at least one goal: drug-free living. Though they commonly regard addiction as a disease, they all insist that addicts take full responsibility for their cure. Program directors aren't afraid of confrontation, they push personal responsibility, and they tackle the underlying causes of drug abuse.

The Clinton administration already knows these approaches are working. NIDA recently completed a study of 10,010 drug abusers who entered nearly 100 different treatment programs in 11 cities. Researchers looked at daily drug use a year before and a year-after treatment. Long-term residential settings—those with stringent anti-drug policies—did best. Heroin use dropped by 71 percent, cocaine use by 68 percent, and illegal activity in general by 62 percent.

NEP supporters are right to point out that these approaches are often expensive and cannot reach most of the nation's estimated 1.2 million IV drug users. Syringe exchanges, they say, are a cost-effective alternative.

NEPs may be cheaper to run, but they are no alternative, they offer no remedy for the ravages of drug addiction. The expense of long-term residential care surely cannot be greater than the social and economic costs of failing to liberate large populations from drug abuse.

Phoenix House, with residential sites in New York, New Jersey, California, and Texas, works with about 3,000 abusers a day. It is becoming a crucial player in New York City's drug courts, targeting roughly 500 adolescents and 1,400 adults. "Coerced treatment works better than noncoerced," says Anne Swern, a deputy district attorney in Brooklyn. "Judicially coerced residential treatment works best of all."

Nonviolent drug felons are diverted into the program as part of a parole agreement or as an alternative to prison. They sign up for a tightly scripted routine of counseling, education, and work, with rewards and sanctions to reinforce good behavior. Though clients are not locked in at night, police send out "warrant teams" to make regular visits.

Prosecutors and judges like the approach because of its relatively high retention rates. Sixty percent graduate from the program, Swern says, compared to the 13 percent national average for all drug programs. Graduates usually undergo 24 months of treatment and must find housing and employment. Says Horton, "The ability of a judge to tell an addict it's Rikers Island or Phoenix House is a very effective tool."

Narcotics Anonymous (NA), like Alcoholics Anonymous (AA), is a community-based association of recovering addicts. Since its formation in the 1950s, NA has stressed the therapeutic value of addicts helping other addicts; its trademark is the weekly group meeting, run out of homes, churches, and community centers.

"You get the benefit of hearing how others stayed clean today, with the things life gave them," says Tim, a 20-year heroin user and NA member since 1995. NA offers no professional therapists, no residential facilities, no clinics. Yet its 12-step philosophy, adapted from AA, is perhaps the most common treatment strategy in therapeutic communities.

The 12-step model includes admitting there is a problem, agreeing to be open about one's life, and making amends where harm has been done. The only requirement for NA membership is a desire to stop using. "Complete and continuous abstinence provides the best foundation for recovery and personal growth," according to NA literature.

As in AA, members must admit they cannot end their addiction on their own. The philosophy's second step is the belief that "a power greater than ourselves can restore us to sanity." NA considers itself nonreligious, but urges members to seek "spiritual awakening"—however they choose to define it—to help them stay clean.

Teen Challenge, founded in 1958 by Pentecostal minister David Wilkerson, is a pioneer in therapeutic communities and has achieved some remarkable results in getting addicts off drugs permanently. One federal study found that 86 percent of the program's graduates were drug free seven years after completing the regimen. On any given day, about 2,500 men and women are in its 125 residential centers nationwide.

The program uses an unapologetically Christian model of education and counseling. Moral and spiritual problems are assumed to lie at the root of drug addiction. Explains a former addict, who was gang-raped when she was 13, "I didn't want to feel what I was feeling about the rape—the anger, the hate—so I began to medicate. It was my way of coping." Though acknowledging that the reasons for drug use are complex, counselors make Christian conversion the linchpin of recovery. Ronn Constable says he tried several rehab programs, but failed to change his basic motivation until he turned to faith in Christ. He has been steadily employed and free of drugs for 11 years.

"Sin is the fuel behind addiction," Constable says, "but the Lord says he will not let me be tempted beyond what I can bear." He is typical of former addicts at Teen Challenge, who say their continued recovery hinges on their trust in God and obedience to the Bible. Warns Edmonds, "If you do not make a decision to turn your will and your life completely over to the power of God, then you're going to go right back." Or as C.S. Lewis wrote in another context, "The hardness of God is kinder than the softness of man, and His compulsion is our liberation."

BRAVE NEW WORLD?

Whether secular or religious, therapeutic communities all emphasize the "community" part of their strategy. One reason is that addicts must make a clean break not only from their drug use, but from the circle of friends who help them sustain it. That means a 24-hour-a-day regimen of counseling, education, and employment, usually for 12 to 24 months, safely removed from the culture of addiction.

This is the antithesis of needle-exchange outlets, which easily become magnets for drug users and dealers. Nancy Sosman, a community activist in Manhattan, calls the Lower East Side Harm Reduction Center and Needle Exchange Program "a social club for junkies." Even supporters such as Bruneau warn that NEPs could instigate "new socialization" and "new sharing networks" among otherwise isolated drug users. Some, under the banner of AIDS education, hail this function of the programs. Allan Clear, the executive director of New York's Harm Reduction Coalition, told one magazine, "There needs to be a self-awareness of what an NEP supplies: a meeting place where networks can form."

Meanwhile, activists decry a lack of drug paraphernalia for eager clients. They call the decision to withhold federal funding "immoral." They want NEPs massively expanded, some demanding no limits on distribution. Says one spokesman, "The one-to-one rule in needle exchange isn't at all connected to reality." New York's ADAPT program gives out at least 350,000 needles a year. "But to meet the demand," says Fatt, "we'd need to give out a million a day.

A million a day? Now that would be a Brave New World: Intravenous drug users with lots of drugs, all the needles they want, and police-free zones in which to network. Are we really to believe this strategy will contain the AIDS virus?

This is not compassion, it is ill-conceived policy. This is not "saving lives," but abandoning them—consigning countless thousands to drug-induced death on the installment plan. For when a culture winks at drug use, it gets a population of Walters: "Don't get the idea in you mind you're going to control it."

Mr. TIAHRT. Mr. Chairman, I yield 3 minutes to the gentleman from Oklahoma (Mr. COBURN).

Mr. COBURN. Mr. Chairman, there is not anybody that I probably respect more than the former Surgeon General, C. Everett Koop. When I saw a copy of the letter that he sent our Speaker yesterday, I knew something was wrong. So I called him and I asked him about his letter.

Mr. Chairman, I asked him the following four questions. I said, "Dr. Koop, have you read these studies?" What was the answer? No. "Dr. Koop, do you think needle exchange programs, as presently designed in the United States, will work?" The answer was no. "Dr. Koop, why did you write the letter?" The answer: "Because in the areas in Europe where I have seen these programs work, where every needle is actually accounted for, there is some hope that they work."

☐ 1145

He then went on to offer the fact that he knew that in communities where there is some drug abuse, and he mentioned specifically Harlem, that a needle exchange program would never work because the culture of the addicts in our society is they will not account for the needle. They have no idea where they left them.

So, as we consider his letter and his conversation with me, it falls prey to the same problems that we have seen on this debate, and that is the people who believe it is good have never read the studies.

The science there undoubtedly shows that we have an increase in Hepatitis B, Hepatitis C, and HIV. With every study that has been done thus far, if we account for those that are in the study at the beginning and at the end and because we want to help people, we are about to do something very, very wrong.

I hope to be able to speak on the subject again.

Mr. Chairman, I include for the Record the following letter from C. Everett Koop:

C. Everett Koop, M.D., Sc.D., Surgeon General (Ret.), U.S. Public Health Service,
Washington, DC, July 26, 1999.

Hon. Dennis Hastert,
Speaker, U.S. House of Representatives,
The Capitol, Washington, DC.

Dear Mr. Speaker: Having worked on the HIV/AIDS epidemic since its emergence in the U.S., I am now writing to express my strong belief that local programs of clean needle exchange can be an effective means of preventing the spread of the disease without increasing the use of illicit drugs. While I do not believe that clean needle programs are a panacea for all settings, it is clear from careful and well-documented public health studies that such programs have worked in many areas and have great potential for making further reductions in the incidence of new infections.

Consequently, it would be counterproductive for the Congress to enact a Federal measure that would limit the ability of local and State public health agencies and voluntary organizations to carry out needle exchange programs. Such action by the Congress would undoubtedly result in HIV infections that could have been prevented and would unnecessarily enlarge and prolong the epidemic. If local authorities or organizations determine that needle exchange programs are appropriate to the epidemic as it affects their communities, the Congress should allow them to use all possible measures and funding sources to stem the spread of this deadly disease.

I urge you to oppose any effort to limit the public health response to the AIDS epidemic.

Sincerely,
C. Everett Koop, M.D., Sc.D.

Mr. TIAHRT. Mr. Chairman, I reserve the balance of my time.

Mr. MORAN of Virginia. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I ask unanimous consent to extend the debate by 10 minutes on each side. I believe that the proponent of the amendment will find that agreeable.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, first of all, some studies have been cited by the gentleman from Kansas (Mr. TIAHRT) and the gentleman from Oklahoma (Mr. COBURN).

We have a response from General McCaffrey. General McCaffrey does make it clear that he supports the language that is in this bill. The language in this bill was put in in full committee by a vote of 32–23, a bipartisan vote, to say no Federal funds can be used for free needle exchange programs.

All we are asking, Mr. Chairman, is that this body agree to that restriction. We ask for two reasons. The principal reason is that that is our only jurisdiction, the use of Federal funds, for which we are responsible.

The second is that we will show very compelling evidence that the District of Columbia knew what it was doing when it started up a program which is one of the most effective in the country.

Now, General McCaffrey supports the language in this bill. But he also makes it clear that he has never supported a prohibition on local jurisdictions' efforts to implement a needle exchange program.

There are 113 local needle exchange programs in this country. They are working with various levels of success, but all of them successful. In fact, in the District of Columbia, two-thirds of the people that had been exposed to HIV through dirty needles are no longer being exposed as a result of the effectiveness of the program in the District of Columbia.

Here we have a few hundred pages. They are not numbered. But these are the summaries of dozens of exhaustive studies by all of the organizations that we would want to look into this issue. They have all concluded that the needle exchange program works. They run the gamut from the National Institutes of Health, the Center for Disease Control, the Department of Health and Human Services, the National Association of Mental Health and Substance Abuse.

This program is endorsed by the American Medical Association, any number of organizations that are prestigious and credible.

Mr. Chairman, when I realized that I was going to have to debate the gentleman from Kansas (Mr. TIAHRT) on this issue and take the position in favor of needle exchange programs, I groaned. I did not want to do this. Because on the face of it, my initial reaction was, my gosh, why would we ever give free needles to drug addicts?

Well, the fact is, Mr. Chairman, that the facts are compelling. The District of Columbia knew exactly what it was doing when it started this program. Let me share with my colleagues some of these facts.

The District of Columbia has an HIV–AIDS epidemic, one of the worst in the country. They have the highest rate of new HIV infections of any jurisdiction in the entire country, the worst.

Intravenous drug use is the second leading cause of HIV transmission/AIDS. That is what we are talking about basically. It accounts for more than a quarter of all the new infections. Deaths attributed to AIDS from HIV transmission in D.C. is more than seven times the national average.

Listen to this please, my colleagues: AIDS is the leading cause of death for all city residents between the ages of 30 and 44, the leading cause of death. African-Americans are the hardest hit by intravenous transmission from dirty needles of the HIV virus. Ninety-six percent of those infected with HIV as a result of intravenous drug use in the District of Columbia are African-Americans.

Women and children are also disproportionately affected. Drug use is the highest mode of transmission of HIV for women in D.C. Women are getting AIDS at the fastest rate. This is the most serious aspect of the AIDS epidemic in D.C., which is the worst in the country. And the principal way they get AIDS is through dirty needles.

Seventy-five percent of the babies born with HIV, and what could be more disturbing to us, what could break our hearts worse than to have a baby born with AIDS, 75 percent of the babies born with HIV are infected as a result of dirty needles.

The District of Columbia, my colleagues, has the worst problem with HIV transmission from dirty needles, the worst in the country. And yet it is the only jurisdiction in the entire country that is prohibited from implementing this program.

113 other jurisdictions throughout the country have this program. All of the experts say it is effective. D.C. has the worst problem but, because of this Congress, they cannot use the one program that has been proven to be effective. That is why we oppose this amendment.

We are not even suggesting that we use Federal funds. All we are asking is we stick with the language that says no Federal funds can be used for a needle exchange program.

But gosh, please let the residents of the District of Columbia and particularly its elected leaders, elected directly by the citizens of the District of Columbia, let them be able to use their local funds and let private donations be used for this program. It is a small program. It is very inexpensive. It is run by the Whitman-Walker Clinic, a very credible organization. They do wonderful work.

The reason why these programs are so effective is because, when people come in to get free needles, they then have to get registered, that way we know who are the drug addicts. They then go into counseling. They then go into treatment. They will be exposed to the whole gamut of programs designed to treat their drug addiction and to make them healthy and to protect their babies.

This is the gateway; this is the way we get access to people who desperately need help. To prevent the District of Columbia from using this gateway to cure people, to get them off their addiction, to save these babies, we need this program.

Again, let me just remind my colleagues, we are not even asking for Federal funds. We are asking them to support language that says no Federal funds can be used for this program.

Mr. Chairman, I reserve the balance of my time.

Mr. TIAHRT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I want to remind the Members that under current law there is a program that does distribute needles here in the District of Columbia. It is called "Prevention Works."

There is nothing in current law that I am trying to preserve that would prevent that from continuing.

Mr. Chairman, I yield 2½ minutes to the gentleman from Virginia (Mr. GOODLATTE).

Mr. GOODLATTE. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I rise today in strong support of the amendment offered by the gentleman from Kansas (Mr. TIAHRT) that will reaffirm the Federal Government's commitment to the war on drugs by prohibiting Federal and District funds from being used to conduct needle exchange programs. These programs are harmful to communities and undermines our Nation's drug control efforts.

Drug abuse continues to ravage our community, our schools, and our children. Heroin use is again on the rise. Thousands of children will inject hardcore drugs, like heroin and cocaine, for the first time this year and many will die.

To deal with this problem, we must have a firm commitment by the Federal Government to end the cycle of addiction and abuse that destroys so many lives.

Providing free hypodermic needles to addicts so they can continue to inject illegal drugs sends a terrible message to our children that Congress has given up on the fight to stop illegal drug use and that the Federal Government implicitly condones this illegal activity.

As lawmakers, we have a responsibility to rise up and fight against the use and spread of drugs everywhere we can. We should start by making it harder, not easier, to practice this deadly habit. We should not tell our children do not do drugs, on the one hand, while giving them free needles to shoot up with in the other.

We need a national drug control policy which emphasizes education, interdiction, prevention, and treatment, not subsidies for addicts.

The results of community-based needle exchange programs have been disastrous. Needle exchange programs result in towns with higher crime, schools that are littered with used drugs, paraphernalia, and neighborhoods that are magnets for drug addicts and the high-risk behavior that accompany them.

The medical evidence behind these dangerous programs is inconclusive at best. Studies have shown that addicts who use needle exchange programs are more likely to contract HIV or other blood-borne viruses.

A recent study published by the American Journal of Epidemiology concluded that there was no indication that needle exchanges protected against blood-borne infections. In fact, the study concluded "there was no indication of a protective effect of syringe exchange against HBV or HCV infection. Indeed, highest incidence of infection occurred among current users of the exchange, even after adjusting for confounding variables."

Here in the District of Columbia, the problem persists. It has been noted that the District of Columbia has the highest incidence of new HIV infection in the country, and yet we have had needle exchange programs here for 7 years.

It is time to halt any government support of this. Support the Tiahrt amendment.

Mr. MORAN of Virginia. Mr. Chairman, I yield 2 minutes to the gentlewoman from the District of Columbia (Ms. NORTON) the only Member of this body who is elected by the citizens of the District of Columbia.

Ms. NORTON. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, this is the most inflammatory and heartless of the harshly anti-Democratic amendments before us today. It says "drop dead" to the people I represent.

I oppose this amendment because it is outrageously discriminatory to pick out one jurisdiction in the United States that may not use its own funds to save the lives of its own people.

We have seen an attempt to take back the words of Dr. C. Everett Koop. Nothing can take back what he said. He expresses his "strong belief that local programs of clean needle exchange can be an effective means of preventing the spread of the disease." And he says that if local authorities and organizations determine it is appropriate, "Congress should allow them to use all possible measures."

My police chief, Charles Ramsey, said that "the program is necessitated by the need to effectively combat the spread of HIV-AIDS." He says, "it is well-managed and has an exemplary return rate."

He says, "I have received no reports which indicate that the program has been abused in any way or has created serious public safety problems in the District."

□ 1200

Mr. Speaker, AIDS is out of control in my district, especially in the African American community. The program is privately run by the Whitman-Walker Clinic. It is nationally recognized.

A vote for the Tiahrt amendment assures a veto of the entire appropriation. I ask Members to defeat this amendment and rescue not only my appropriation but the potential survivors of the AIDS epidemic in the District.

Mr. TIAHRT. Mr. Chairman, I would like to remind the body that the President did sign the current law. That is what we are trying to achieve here.

Mr. Chairman, I yield 2½ minutes to the gentleman from Indiana (Mr. SOUDER).

Mr. SOUDER. Mr. Chairman, I thank the gentleman from Kansas for his lead on this amendment. It is just hard for me to understand what kind of debate we are having here. This would be, I am trying to think of equivalents, of trying to battle cigarettes by giving kids free low-tar cigarettes; or trying to battle breast cancer by giving people things that cause heart disease.

Perhaps a better example would be to say that we are really worried about some kind of material, theoretically, let us say asbestos that is in the cigarette package, so we are going to give kids packages of cigarettes to smoke while we are going to make sure that the packaging does not damage them.

The fact is that heroin is a terrible scourge not only to the individual but to the communities involved. To argue that by facilitating this habit by giving them clean needles to fight another disease is absurd on the face of it. The fact is that studies, quite frankly, have been done more methodologically correct, such as the Montreal and the Vancouver studies, whereas other statistical studies have been assessed by the Statistical Assessment Service as not meeting those standards.

I would point out, for example, Montreal: "We have yet to hear a cogent argument that would allay our concerns that needle exchange programs may facilitate the formation of new sharing groups gathering isolated IDUs, a scenario that is consistent with our findings."

Vancouver now has the highest heroin death rate in North America and is referred to as Canada's "drugs and crime capital," from the Washington Post in the spring of 1997.

UPI had a story last July 29, "Chief: Vancouver Has Lost Drug War." British Columbia's police chief claims the city has lost the war on drugs and now the city is proposing to give heroin addicts free heroin in addition to the free needles.

The ONDCP's visit, some of the observations on facts are, for example, that the Vancouver needle exchange program is one of the largest in the world. It has distributed over 1 million needles annually.

B. HIV rates among participants in the needle exchange program are higher than the HIV rate among drug users who do not participate. So in the same heroin drug users, it is higher if you participate in the clean needles program in the Vancouver, which is a statistically accurate study, not a random sample picked up to justify something.

The death rate due to illegal drugs in Vancouver has skyrocketed since the needle exchange program was introduced. In 1988, 18 deaths were attributed to drugs; in 1993, 200 were attributed to drugs. The very thing that this program is supposed to be helping is accelerating and fixing one disease by enabling and expanding another disease and it is absurd.

Mr. Chairman, I include the ONDCP Vancouver Needle Exchange Trip Report for the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF NATIONAL DRUG CONTROL POLICY,
Washington, DC, April 6, 1998.

INFORMATION—MEMORANDUM FOR THE DIRECTOR THROUGH: THE DEPUTY DIRECTOR; FROM: STRATEGY (D.B. DES ROCHES)

VANCOUVER NEEDLE EXCHANGE TRIP REPORT

1. Purpose: To provide you with field observations on needle exchange and drug abuse in Vancouver, Canada.

2. General; You had directed that Dr. Adger and I visit the Vancouver Needle Exchange in light of the high incidence of HIV among needle exchange participants and the skyrocketing death rate due to drug overdose in Vancouver. Jane Sanville of ODR joined the trip because of her expertise in the field of AIDS. We spoke with law enforcement and public health officials, as well as with the scientists who studied the needle exchange and those who run the needle exchange. (Trip Schedule at TAB 1). Our visit to the U.S. Customs and Border Patrol at Blaine raised separate issues, which will be reported under separate cover.

3. Observations—Facts:

A. The Vancouver Needle Exchange Program (NEP) is one of the largest in the world—it has distributed over 1 million needles annually for the last ten years, and close to 2.5 million needles last year alone.

B. The HIV rates among participants in the NEP is higher than the HIV rate among injecting drug users who do not participate.

C. The death rate due to illegal drugs in Vancouver has skyrocketed since 1988, the year needle exchange was introduced. In 1988, 18 deaths were attributed to drugs; in 1993 200 deaths were attributed to drugs. The Provincial Coroner told us that in March they were averaging more than 10 deaths due to drugs per week, and were on pace for 600 deaths province-wide in 1998—mostly in Vancouver.

D. With the implementation of NAFTA, the Vancouver Port Police was disbanded. Vancouver is the most active Pacific port in North America.

E. The highest rates of property crime in Vancouver are within two blocks of the needle exchange (See maps, TAB 2).

4. Observations—Statements:

A. The single most striking point, which all interviewees stressed, was the lack of adequate drug treatment capacity in British Columbia. The head of the Vancouver-Richmond Health Board stated: "I can have all the needles I want, but they won't give me a single drug treatment bed." Other health care professionals noted the fact that governmental responsibility for drug treatment has been shuffled among various ministries, and has never been a priority.

B. Every interviewee stated that the most abused injection drug in Vancouver is cocaine. This was cited repeatedly as a major reason for the failure of needle exchange to prevent HIV: cocaine abusers typically inject much more frequently than do heroin abusers.

C. Every interviewee cited the geographic features of the Downtown/Eastside (the major drug abuse area and the location of the needle exchange) as an exacerbating factor. Bounded by railyards and docks on two sides, it is an isolated and distinct area that contains most of the serious injection drug abuse and the drug trade, as well as associated prostitution and property crime. The area has a large number of single residence occupancy hotels, which all said contributed to the "massing effect" of addicts.

D. Every interviewee said that the average age of IV drug users has decreased in recent years.

E. Every interviewee save the Coroner pointed to the lack of turnstiles on the skytrain (elevated light rail system) as an aggravating factor, as it increased ingress for the destitute to the Downtown/Eastside area from other parts of the city.

F. The Vancouver Police interviewees stated that they had been called by other interviewees and asked what they were going to say.

G. The Director of the NEP stated that "it is ridiculous to propose that we hand out 10 million needles a year." 10 million is the number he estimated would be required to accommodate the injecting cocaine users in Vancouver with one needle per injection.

.H. Every interviewee stated that the primary reasons for the increase in drug abuse was the available supply of cheap drugs, and that the needle exchange had either no effect or a marginal effect on overall drug abuse.

I. The Vancouver police stated that there are inadequate drug treatment beds in the criminal justice system. Court mandated treatment is not a reality.

J. The Vancouver police stated that there was a 24 hour drug market and similar open drug injection activity in the area immediately adjacent to the needle exchange. During a drive-around with a detective from the Vancouver Drug Squad, we observed multiple instances of drug users injecting and purchasing drugs. A one block long alley typically had three or four people injecting, preparing to inject or moving from injecting drugs. While walking around the area, we frequently encountered discarded syringe wrappers and protective tips.

4. Observations—Reporter Notes:

A. Everyone save the police clearly wanted needle exchange to be a success (the police seemed to feel it was a facilitator for drug use, but officially supported it), and felt that the failure of needle exchange to stop the spread of HIV was due to three factors:

(1) The NEP was set up for heroin users: the prevalence of cocaine injection (which is much more frequent) meant that the NEP would be inadequate.

(2) Vancouver suffers from a "nutbowl effect"—the homeless, migrants, counterculture types and disaffected, at-risk personalities tend to migrate there from around the country. Everyone pointed to social policies in other Canadian provinces, especially Alberta, which encouraged socially marginal people to move to British Colombia (by providing bus tickets).

(3) Vancouver was on the trailing edge of the AIDS epidemic: some stated that the NEP was founded just as AIDS began to surge. It was frequently asserted that "it would have been much worse without NEP." (Note—it might be interesting to evaluate other NEPs in this light—generally, NEPs in America were established on the trailing edge of the epidemic. Any claimed reduction in HIV incidence might be attributable to the normal course of the disease).

B. All the ONDCP participants were amazed at the lack of treatment capacity in Vancouver. When we asked interviewees about this, they too were outspoken about inadequate treatment. Apparently, there is a requirement for addicts to abstain for three months prior to entering one of the few treatment spaces. Catch 22 is not just an American invention.

C. The academics who studied the NEP seemed extremely concerned by the increase in HIV among NEP participants, and devoted much of our time together to explaining how NEP frequent users were a much more marginalized and at-risk segment of society than were infrequent NEP users. When asked if there were any studies comparing NEP users and non-NEP users, the study director responded that they had no way to interview non-NEP users.

D. Property crime of all sorts in Vancouver seems to be highest in the areas around the NEP building. This is sort of a chicken-egg thing: it's hard to gauge cause and effect.

E. Public support for needle exchange seemed to exist, but only so long as the NEP was confined to Downtown-Eastside. Expansion of the NEP (by vans) was opposed at a public meeting on the day of our departure.

F. All interviewees save the police referred to the NEP's efforts to maintain relations with the community, and their efforts to keep discarded needles away from schools, etc. However, in a private interview, an elementary schoolteacher said that children at area schools are not allowed outside at recess for fear of needles. I was unable to verify this statement.

5. Conclusions:

A. There has been a trade-off between needle exchange and drug treatment. This is the single most important lesson learned in Vancouver. The trade-off was not explicit, and was probably not deliberate. It may have resulted from normal bureaucratic politics, or the shuffling of responsibilities among ministries. Nevertheless, it has evolved and is allowed to persist.

(1) Absent any mandate for drug treatment, NEPs will focus on what they can afford and do best—exchange needles.

(2) Once the NEP was instituted, there seemed to be no imperative for the establishment or expansion of drug treatment. All interviewees stated that NEP was not a "silver bullet," but reality suggests that it is treated as such.

B. In the absence of treatment, the potential benefits of needle exchange programs are marginalized for the most at-risk. The single most common explanation given for the prevalence of HIV among NEP participants was that the NEP participants were at a greater risk than non-NEP participants. Harm reduction believes that by giving addicts the means and knowledge to safely use drugs (i.e. needles), most of the negative effects of drug abuse can be alleviated. Yet this approach still requires that the addict responsibly use the needles he is given; the HIV statistics show that he does not. For an at-risk population paternal approaches which—as a last resort—can supplant irresponsible behavior will probably be more effective. With an at-risk population, without access to drug treatment, needle exchange appears to be nothing more than a facilitator for drug abuse.

C. High-purity cocaine and heroin is becoming increasingly prevalent and will pose challenges across the board. Vancouver is literally swamped with drugs. Large seizures appear to have no effect at the street level. This influx of high-purity heroin and cocaine is a major cause of both the high HIV rates in Vancouver as well as the high death rate. We should examine high-purity drugs as a separate threat, and consider a national initiative along the lines of our methamphetamine initiative.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentleman from Maryland (Mr. WYNN) who represents the immediate suburb of Washington D.C., Prince Georges County.

Mr. WYNN. Mr. Chairman, I thank the gentleman for yielding me this time. I rise in strong opposition to this amendment. It is both arrogant and misguided. It is arrogant because it attempts to impose the will of this Congress on citizens of the District of Columbia. The gentleman is from Kansas and I submit that we would never attempt to impose the will of this Congress on the citizens of Kansas and the citizens of Wichita, Kansas. We would let them spend their money the way they want to.

This amendment would say that the citizens of the District of Columbia could not spend local money the way they want to. The District of Columbia has experience with this issue. In fact, through the Whitman-Walker Clinic and using local funds, they implemented a program and the program was successful. It reduced needle sharing by two-thirds.

Mr. Chairman, that is the issue, needle sharing. Where we reduce needle sharing, we reduce the transmission of AIDS.

Now, who says this approach works? Well, the National Institute of Health says this approach works. The Center for Disease Control says this approach works. The American Medical Association says needle sharing works. The National Academy of Sciences says needle sharing works. The body of scientific evidence in America suggests this is a proper approach.

Let us not be arrogant and misguided. Let us oppose this amendment.

Mr. TIAHRT. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia (Mr. BARR).

Mr. BARR of Georgia. Mr. Chairman, I thank the distinguished gentleman from Kansas for yielding me this time and rise in strong support of this amendment.

Let me get this straight, if I just heard the previous speaker criticize the Congress for trying to set some standards against the provision of needles with which the people of the District of Columbia inject deadly substances into their veins based on the argument that the Congress would never tell the people of Kansas what it can or cannot do.

I would remind the gentleman that there are all sorts of, thousands upon thousands upon thousands of Federal regulatory mandates that tell the people of Kansas precisely what they can and cannot do. For heaven's sake, it is this Congress that just a few years ago told the people of Kansas what size toilets they can build and what size toilets they can use and where they can build homes and where they can build roads.

Very frankly, Mr. Chairman, I would much rather see the Congress of this United States step in and save lives by telling people, no, we are not going to furnish you and make it easier for you to inject deadly mind-altering substances into your veins than it would be for the Congress to continue to tell people what they might do productively with their lives.

I would also remind our colleagues of a very basic principle. If you give people the means to do something and encourage them to do it, well, for heaven's sake, no surprise, they will do it.

Now, I know people on the other side, the gentlemen from Maryland, both of them, who will be speaking on this speak very eloquently, very passionately and very sincerely about helping people in their community. But I would simply say that we think on this side that there is a better way of addressing the problem of drug use in our communities, wherever those communities might be, in the Seventh District of Georgia or the Third District of Maryland or wherever, than to give people the means to continue to inject mind-altering, dangerous substances into their veins.

I think this is a very appropriate and limited exercise, the will of the people of this country, that at least in our Nation's capital, subject in large part to the jurisdiction as the Nation's capital to the will of the American people through their representatives in the Congress that we tell the people of D.C., "We do want to help people, but we are not going to do it by furnishing you the means to inject mind-altering substances into your veins."

I rise in support of this amendment.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself such time as I may consume. I trust that the gentleman from Georgia (Mr. BARR) is aware that Georgia has a needle exchange program and we do not tell Georgia that they cannot have a needle exchange program, nor do we tell any of the other 113 cities around the country except for the District of Columbia that they cannot have such a needle exchange program.

Mr. Chairman, I yield 1 minute and 40 seconds to the gentlewoman from Maryland (Mrs. MORELLA).

Mrs. MORELLA. Mr. Chairman, I thank the gentleman from Virginia for yielding me this time, and I rise in opposition to the Tiahrt amendment which would prohibit the use of local funds for the City's needle exchange program which prevents new HIV infections in injection drug users and their partners.

I want to point out, also, this amendment had been rejected by the Committee on Appropriations. Trying to micromanage D.C. would be counterproductive for the Congress and it encroaches on the legitimate roles of the City Council and the Control Board. We in Congress have worked hard to give back local control to our communities, and these provisions would run contrary to that objective.

As has been mentioned, the District of Columbia has one of the highest HIV infection rates in the country. Intravenous drug use is the District's second highest mode of transmission and it accounts for over 37 percent of all new AIDS cases. Incidentally, AIDS is the third leading cause of death of all people in the District of Columbia. And for women, where the rate of infection is growing faster than among men, it is the highest mode of transmission.

Scientific evidence supports the fact that needle exchange programs reduce HIV infection and do not contribute to illegal drug use. And since Johns Hopkins from Maryland had been mentioned earlier, I have an article from the newspaper which says:

> Maryland's only needle exchange program neither promotes crime nor encourages children to take up drugs as critics fear, two Johns Hopkins researchers said.
>
> The Nation's scientific community is united in ruling that giving clean needles to HIV-infected addicts is good public health policy.

AMA, ABA, the pediatrics, the Mayors, Dr. Koop has been mentioned. Let us let public health experts make those decisions and vote against the amendment.

Mr. TIAHRT. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. CUNNINGHAM).

Mr. CUNNINGHAM. Mr. Chairman, the opponents of this issue say that everybody is united in the scientific world. That is just absolutely not true. It may be their opinion but it is not fact.

Secondly, have any of my colleagues ever gone on drug ride-alongs? You go through these houses. You would not walk in there with combat boots. There is trash, there are needles all over the place. In several of these I found mattresses where the prostitutes are asking for sex for drugs, and in one I even found a teddy bear where the prostitute had their child. The child is playing around all of these needles.

The San Diego police then took me into a park and said, "DUKE, look at all the needles in this park." Would you want your child around where they dump these needles? These addicts are not responsible people. They are going to take these extra needles, they are going to put them anywhere they want.

We walked down the street. They are in the gutter. They are in the park. How would you like your child to walk along and stub one of those needles in their boot or in their sandal or in their foot? I think you would panic automatically on these things.

It is not a good thing, needle exchange, and it is actually a negative effect.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself such time as I may consume. I would remind my friend from California that there are 19 such needle exchange programs in California, but also, most importantly, this is a needle exchange program. There are no extra needles as the gentleman referred to. You do not get a clean needle unless you give up a dirty needle. That is what this is all about, trying to get rid of these dirty needles.

Mr. Chairman, I yield 1 minute to the gentleman from Baltimore, MD (Mr. CUMMINGS) that has a particularly effective needle exchange program.

Mr. CUMMINGS. Mr. Chairman, I stand in strong opposition to this amendment.

A lot has been said about the Baltimore program, but the fact still remains that the Baltimore program lowers the rate of crime. In those areas where needle exchange takes place, it has lowered the crime rate. Second, it lowers the rate of the spread of AIDS. It has been very, very clear and it has been studied by Johns Hopkins Hospital and University, the number one university and hospital in the country.

Number three, it has reduced the use of drugs. I live in a drug-infested neighborhood. The argument that was just made does not even make sense. The fact is that in the areas where needle exchange takes place, they have discovered that there are less needles on the streets so that people can stub their toes and whatever.

This is a very, very, very bad amendment. We sat here last year and I talked about people dying. The fact is that many have died because we did not do the right thing last year, and now we have an opportunity to save some more lives. This is our opportunity. And so it is.

I beg the House to vote against this Tiahrt amendment.

Mr. TIAHRT. Mr. Chairman, I would remind the Members that nine out of 10 injection drug users in Baltimore are infected with hepatitis C. It is not a successful program.

Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Mr. WELDON).

Mr. WELDON of Florida. Mr. Chairman, I rise in support of the Tiahrt amendment to the D.C. appropriations bill. This amendment will prohibit Federal and District funds from being spent on any program to distribute hypodermic needles for the purpose of illegal drug injection.

When we had this debate several years ago, I did take the time to read the bulk of the studies on this issue. The studies in my opinion in no way make it clear that these programs work. There are studies that show that these programs are actually bad. Each side can pull out the respective studies and quote from their studies to make these kinds of assertions.

The District of Columbia is not some hamlet in Maryland that we are talking about. We are talking about the capital of the United States of America. I consider this town to be as much the possession of every person in the United States as it is the people who live here year round, and I believe it is very, very appropriate for us to set some standards.

This is a good amendment. The needle exchange programs, I believe, encourage the use and they send a very, very bad signal to our youth. There are studies that show obviously it plays a role in the passage of infectious diseases.

I strongly encourage my colleagues on both sides of the aisle to vote in support of the Tiahrt amendment.

□ 1215

Mr. MORAN of Virginia. Mr. Chairman, I yield 30 seconds to the gentleman from Baltimore, Maryland (Mr. CUMMINGS).

Mr. CUMMINGS. Mr. Chairman, I thank the gentleman for yielding this time to me.

The Johns Hopkins University just concluded a study in which they found that neighborhoods in Baltimore with needle exchange programs had a drop in economically-motivated crimes even though those same categories of crime rose over the same 4-year period. That needle exchange program did not significantly increase the willingness of teens to use drugs and the communities with needle exchange programs did not experience any increase in the number of discarded drug vials and needles found in the streets.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN) who is a physician, a family practitioner, throughout her career.

Mrs. CHRISTENSEN. Mr. Chairman, I rise in opposition to the amendment.

I have heard my colleagues on the other side of the aisle say that needle exchange sends a negative message, but needle exchange sends a good message that we will implement and support policies that save lives.

Our colleagues who support that amendment use the statistics and deliberately twist them to support a position that flies in the face of overwhelming scientific evidence and is contrary to public health policy. The needle exchange programs take place in communities where there is high drug use, so of course the statistics show high drug use. But they have been proven over and over again, that drug use is reduced in those communities where needle exchange programs exist.

Yes, I am a physician. I know from experience what HIV can do to end lives that have otherwise gotten back on track and are productive after leaving drugs behind. What we are doing here does not even give people, good people who have had the illness of drug addiction, a chance.

But do not take my word for it. My colleagues have heard of all of the other organizations that support needle exchange, and take what Dr. Koop says, that it can save lives and reduce drug abuse.

This is a terrible amendment. It jeopardizes the District's effort to address what is a serious epidemic here. Let us not write off lives, let us save them.

Mr. TIAHRT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as the Johns Hopkins School of Public Health reported, 9 out of 10 needle-using addicts have a bloodborne virus. They have had a program there for 5 years, and it has been very unsuccessful.

Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania (Mr. PITTS).

Mr. PITTS. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Kansas (Mr. TIAHRT). If all else fails, look to the evidence in a place where such a policy has already been attempted. Let us look at the Vancouver experiment.

The Vancouver needle exchange program is one of the largest in the world, distributing 2½ million needles in the last year alone. Well, instead of decreasing the rate of HIV and AIDS in Vancouver, the HIV rate among needle exchange participants is even higher than the rate among injecting drug users who do not participate. How can that be called successful? And we want to emulate that here?

The death rate due to illegal drugs in Vancouver has also skyrocketed since the program began, and the highest rates of poverty crime in Vancouver are within two blocks of the needle exchange.

At the very least, the available scientific studies in no way conclude that a program which enables drug users can simultaneously seek to end their destructive habit and help them to stop shooting up. In fact, it looks as though the opposite is true.

In the words of the drug czar, Barry McCaffrey, we owe our children, and that includes the children of D.C., an unambiguous no-use message, end quote. We must offer users a way out, not another crutch. In our Nation's capital, Washington, D.C., let us not send a mixed message to our Nation's youth for illegal drug use.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts (Mr. DELAHUNT).

Mr. DELAHUNT. Mr. Chairman, other speakers have indicated that the underlying bill already bars the use of Federal funds for needle exchange programs in the District of Columbia, but the gentleman is not satisfied with that restriction. He wants to prohibit the people of the District from using their own money for this purpose, money obtained through local taxation that is widely supported by citizens of the District, programs that have proven to be effective, according to the National Institutes for Health, the Centers For Disease Control and practically every respected public health agency in America, programs, by the way, that are saving millions of taxpayers' dollars in health care costs.

The overwhelming evidence is that they prevent HIV infection, that they do not encourage or increase drug abuse, that they actually help reduce drug abuse by encouraging injection drug users to enter treatment.

It is bad enough for legislators to overrule local decision makers in matters of this kind, but it is the worst kind of irresponsibility for us to substitute our own uninformed opinions for the sound judgment of the public health community to say in effect we have already made up our minds, do not confuse us with the facts. Let us save some lives and vote no on the amendment.

Mr. Chairman, I rise in opposition to the amendment by the gentleman from Kansas.

The bill before us already bars the use of Federal funds for needle exchange programs in the District of Columbia. But the gentleman is not satisfied with this restriction. He wants to prohibit the people of the District from using their own money for this purpose—money obtained through local taxation for programs that are widely supported by the local citizenry.

This is unfair to DC residents, who find themselves subject to the whims of representatives whom they did not elect.

But it is also a terrible precedent for the country as a whole. Because despite the squeamishness of some Members of Congress at the mere sight of a needle, the truth is that these programs work. They prevent HIV infection. They do not encourage or increase drug abuse. In fact, there is overwhelming evidence that they actually help reduce drug abuse by encouraging injection drug abusers to enter treatment.

As a former prosecutor and a member of the Judiciary Committee, I take very seriously the epidemic of drug addiction in our society. But we cannot make responsible public policy based on fear and ignorance.

It is bad enough for legislators to overrule local decision makers in matters of this kind. But it is the worst kind of irresponsibility for us to substitute our own uninformed opinions for the sound judgment of the public health community. To say, in effect, "our minds are made up. Don't confuse us with facts."

I have seen what needle exchange programs have accomplished in Massachusetts, Mr. Chairman, and I know that they have saved lives.

If this amendment becomes law, more people in Washington, DC will become infected with the AIDS virus. More people will die of it. And their blood will be on our hands, Mr. Chairman.

I urge my colleagues to vote "no" on the amendment.

Mr. TIAHRT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to remind the gentleman from Massachusetts that there is currently a needle exchange program in the District of Columbia. It is funded by private dollars. Nothing within this amendment stops that.

Mr. Chairman, I yield 2½ minutes to the gentleman from Oklahoma (Mr. ISTOOK), the chairman of the Subcommittee on the District of Columbia of the Committee on Appropriations.

Mr. ISTOOK. Mr. Chairman, what are the goals we have? To save lives, to reduce crime, to reduce illegal drug usage which helps to reduce the great amount of crime that is associated with it.

It is a real problem which this bill does great things to correct, and I want to make sure that Members and the public are aware of what this bill does without resorting to needle exchange with public money. And the question has been properly asked, why should we say not only the Federal funds, but local funds also should not be used for needle exchange program if they are taxpayer dollars?

The amendment of the gentleman from Kansas (Mr. TIAHRT) that we are voting on offers the identical language that was approved last year by the House, approved by the Senate, and signed into law by the President. I want to make sure that people know that we already have in this bill a new initiative, a huge assault against illegal drug usage and the problems it causes in the District.

The District funds drug treatment programs right now that are overcrowded because more than anything else there are so many people who are convicted felons convicted of drug offenses that are in these programs that they crowd out the ability of other people to get in.

This bill creates with Federal dollars a $25 million new program of universal drug testing for the 30,000 people in the District of Columbia that are on probation or parole, most of them for things related to drug offenses. Included within that program is some $16 million for drug treatment. That will free up the money that the District is currently spending for drug treatment on those persons so they can expand the drug treatment even further. This is going to be the largest program in the country to combat illegal drug usage. It is being funded with our Federal tax dollars. It is a war on drugs.

We are funding in the bill with Federal taxpayer dollars the most aggressive war on drugs of any community in the country, and we are doing it because this is our Nation's capital. But we do not want a mixed message. Is it too much to ask when we fund a war on drugs that the message is a war on drugs and not peaceful co-existence? I fear the needle exchange program would use public money to undercut and undermine the effort that we have undertaken in this bill to combat illegal drugs.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentlewoman from California (Ms. WOOLSEY).

Ms. WOOLSEY. Mr. Chairman, some on the Republican side treat D.C. like their own conservative petri dish, and based on the results, they figure out how to impose their ideological agenda elsewhere. It makes no sense. We know that AIDS spreads through the sharing of needles by injection users. We also know that more than half, up to 75 percent, of all children with AIDS contracted HIV from mothers who are intravenous drug users or the sexual partners of intravenous drug users. Scientific evidence has shown that these programs work. Scientific evidence also makes clear that needle exchange programs do not lead to greater drug use.

In fact, do my colleagues not know that an individual that will sign up for a free, clean needle is taking their first positive step in many, many years, and this is often the beginning for their commitment to a healthier drug-free life?

I suggest, I beg my colleagues, do not vote for this amendment.

Mr. TIAHRT. Mr. Chairman, I yield myself such time as I may consume.

Had the gentlewoman read the study, she would have found out that they are not effective, that the studies have large gaps. It is not good science, and the reason that babies have AIDS is because their mothers are injecting themselves with illegal drugs.

Mr. Chairman, I reserve the balance of my time.

Mr. MORAN of Virginia. Mr. Chairman, I yield 20 seconds to the gentlewoman from the District of Columbia (Ms. NORTON).

Ms. NORTON. Mr. Chairman, the Vancouver study has been often cited here. Let me quote the authors of that study:

> As the authors of the Canadian study, we must point out that these officials have misinterpreted our research. The study in the Lancet, the British medical journal, found that 29 cities worldwide where the program was in place, HIV infection dropped by an average of 5.8 percent a year among drug users. In 51 cities that had no needle exchange plans, drug related infection rose by 5.9 percent a year.

Clearly these efforts can work.

Mr. TIAHRT. Mr. Chairman, I yield 1½ minutes to the gentleman from Oklahoma (Mr. COBURN).

Mr. COBURN. Mr. Chairman, as my colleagues know, I continue to be amazed. I do not believe there is anybody on that side of the aisle that has actually read the studies. I have read every study on drug use. I want to give my colleagues some statistics about Vancouver. We do not misinterpret them; we read the conclusions at the end of the studies. I actually have with me the Vancouver study, and I will be happy to quote their summation. But let me list for my colleagues some of the things that have been said about the Vancouver program.

The Vancouver Police Department stated there is a 24-hour drug market now because there is a study at the location of the needle exchange program.

Number two, property crime of all sorts is highest of any other place in Vancouver where the needle exchange program is located.

Number three, the elementary teachers will not let their schoolchildren go outside in this area of Vancouver because there are needles strung out all over. They are fearful that these children will be infected with one of the needles.

Absent any mandate for drug treatment, needle exchange programs will focus on what they can afford and do best, exchange needles. All interviewees associated with Vancouver stated that needle exchange program was not a silver bullet, but in reality that is what we are trying to do.

The fact is there is a 33 percent increase in those using needles in the needle exchange program of Vancouver, increase in HIV infection compared to those drug addicts who are not in a program.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute and 10 seconds to the gentleman from New York (Mr. NADLER).

☐ 1230

Mr. NADLER. Mr. Chairman, the evidence is clear and convincing. Needle exchange programs save lives.

The government's top scientists, the National Academy of Sciences, the National Commission on AIDS, the National Institutes of Health, and the General Accounting Office have all concluded that needle exchange programs are effective in preventing the spread of AIDS and that they do not encourage drug use.

The numbers are shocking. Every day, 33 people become infected with AIDS, a virus as a result of intravenous drug use. The Surgeon General has stated that 40 percent of all new AIDS infections in the U.S. are either directly or indirectly the result of infection by contaminated needles. For women and children, the figure is 75 percent.

Needle exchange programs are one of the very few programs that have demonstrated that they dramatically reduce the number of new AIDS infections and save lives. To ban Federal funds for these programs in the District of Columbia will bring certain death to thousands.

Finally, Mr. Chairman, we should not prevent the District of Columbia from exercising its judgment in spending its money, not Federal money, to join the other 113 local governments in preventing the spread of AIDS through the use of a needle exchange program.

We do not have an equal interest, all of us, in the affairs of the District with the residents. They live here. We have an interest in a decent Capital. Elementary democracy says they should rule most local affairs. This bill tramples on that elementary democratic principle. Do not vote for this amendment.

Mr. Chairman, I rise today in opposition to the Tiahrt amendment which would prohibit federal funds for needle exchange distribution programs in the District of Columbia.

Mr. Chairman, the amendment we are debating today is a death sentence to many in this country. Mr. Chairman, the evidence is clear and convincing. Needle exchange programs save lives!

The federal government's top scientists, as well as the National Academy of Sciences, the National Commission on AIDS, the National Institutes of Health, and the General Accounting Office, have all concluded that needle exchange programs are effective in preventing the spread of AIDS, and that they do not encourage drug use. And yet, with this evidence in hand—with scientific proof in hand that needle exchange saves lives—some in this Congress would rather let people die and suffer than let science and medicine help those in need.

The numbers are shocking. Every day, 33 people become infected with the AIDS virus as a result of intravenous drug use. This includes not only drug users themselves, but also their partners and their children. The Surgeon General has stated that 40 percent of all new AIDS infections in the U.S. are either directly or indirectly the result of infection by contaminated needles; for women and children, that figure is 75 percent.

There is no gray area here. We know that needle exchange saves lives, and that it does not cause an increase in IV drug use. In fact, studies show that IV drug use actually declines as a result of needle exchange, because needle exchange programs encourage drug users to seek treatment.

If we have the ability and resources to help those who want and need assistance and save them from probable death, then why not help them? To remain indifferent to the lives lost is morally bankrupt. The stakes are far too high to let a few extremists stand in the way of a sensible policy that we know will save many lives.

Mr. Chairman, I do not believe that any member of this House could deny that the AIDS epidemic is a national and international problem that must be meaningfully addressed. Needle exchange programs are one of the very few programs that have demonstrated that they dramatically reduce the number of new AIDS infections and save lives. There is no real controversy surrounding this compelling data—all the experts agree it is a *fact* that needle exchange saves lives. To ban federal funds for these programs in the District of Columbia will bring certain death to thousands.

Mr. Chairman, we do not support the use of intravenous drugs. But we also have to face reality. People do use drugs. If we can reduce the incidence of the use of dirty needles, contaminated with blood borne pathogens, then we can reduce the transmissions of AIDS. Scientific study after study has shown that needle exchange does reduce the number of new AIDS infections. I would like to reiterate that six federally funded reports, conducted independently by the National Commission on AIDS in 1991, the General Accounting Office in 1993, the University of California in 1993, the Centers for Disease Control and Prevention in 1993, and the National Academy of Sciences in 1995 confirm this fact.

And, finally, Mr. Chairman, we should not prevent the District of Columbia from exercising *its* judgment, and spending its money—not Federal money—to join the other 113 local governments in preventing the spread of AIDS through use of a needle exchange program. We do not all have an equal interest in the affairs of the District of Columbia. That statement is the nub of the problem. Washington is our capital. We have an interest in its being a decent capital. But the people who live here have a much greater interest in local affairs than my constituents in N.Y. That's elementary democracy. And they should decide local questions.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentleman from Arkansas (Mr. SNYDER).

Mr. SNYDER. Mr. Chairman, what we are talking about here today is one program in the District of Columbia called Prevention Works. Yesterday, I met with their administrative staff and some of their board members, and today I went out and visited with them as their truck and van was on the streets of the District of Columbia, about 6 minutes' drive from here.

What is the program we are talking about? It is a 1985 truck with unreliable air-conditioning staffed by two remarkable people, Alphonso and Vera, showing tough, but compassionate, care for a group of people that nobody in this place wants anything to do with.

As it turns out, my last hour visit this morning is the only time a Member of Congress has visited this truck and van and seen what they do, and that includes the proponents who are talking so knowledgeably about it today. They do, indeed, count their needles, and one can watch them do it if one would take the time to visit.

Second point. The issue is not what we in our own personal conclusions or personal thinking, what conclusions we reach. The issue is, what standards should this body apply to justify prohibiting elected officials in the District of Columbia from not using their own local funds. That is the issue.

We should vote "no" on this amendment and let them decide what is best for their town.

Mr. TIAHRT. Mr. Chairman, I reserve the balance of my time.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentlewoman from Madison, Wisconsin (Ms. BALDWIN).

Ms. BALDWIN. Mr. Chairman, I rise in strong opposition to this amendment to prohibit the District of Columbia from using any funds, Federal or local, for needle exchange programs.

The positive effects of needle exchange are proven. In communities all across the country, needle exchange programs have been established and are contributing to reductions in HIV transmission among drug users. But as important, these programs are beginning to have another positive impact. They are bringing drug users to treatment for their drug abuse.

In my hometown of Madison, Wisconsin, outreach workers go out into the community and out on to the streets and provide drug users with risk-reduction education and referrals to drug counseling, treatment, and other medical services. For many of these illegal drug users, the needle exchange programs represent an opportunity for an interaction with an outreach worker who is tough, yet who cares. Sometimes, not always, but sometimes, this interaction is all that is needed to bring a desperate person to the point of recognizing that they need help.

The CHAIRMAN. The Chair will advise that the gentleman from Virginia (Mr. MORAN) has 3½ minutes remaining; the gentleman from Kansas (Mr. TIAHRT) has 4 minutes remaining.

The gentleman from Virginia (Mr. MORAN), as a member of the committee, has the right to close.

PARLIAMENTARY INQUIRY

Mr. TIAHRT. Mr. Chairman, parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. TIAHRT. Mr. Chairman, I am also a member of the committee. Would I not have the right to close?

The CHAIRMAN. Both Members being members of the committee, the Member who is in opposition has the right to close, so that would be the gentleman from Virginia (Mr. MORAN).

Mr. TIAHRT. I thank Mr. Chairman.

Mr. Chairman, I reserve the balance of my time.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentlewoman from California (Ms. LEE).

Ms. LEE. Mr. Chairman, I want to thank the gentleman from Virginia for yielding me this time.

Washington, D.C. City Council's Consensus Budget, as incorporated in the appropriations budget, is sound. However, it has been incumbered by some very obnoxious amendments. I oppose these amendments to the bill, especially the Tiahrt amendment, which viciously prohibits the District of Columbia from operating a local private needle exchange program.

The residents of Washington, D.C. pay taxes. They have a right to spend the money the way they want to spend their money. We know now that the transmission of HIV from mother to child can be reduced and eliminated. Yes, I said eliminated, as demonstrated by San Francisco's needle exchange program and outreach program to pregnant women. Why would we want to place a death sentence on babies in Washington, D.C. when we know how to ensure their survival? For those who want to see drug addiction reduced, look at the data from needle exchange programs. Such programs lead addicts to the first steps toward recovery.

We are not condoning IV drug use, just the opposite. We are saying that we want babies in Washington, D.C. to be born free of HIV infection, and we want to provide a proven option to eliminate drug addiction.

Vote "no" on this amendment.

Mr. MORAN of Virginia. Mr. Chairman, I yield three-quarters of 1 minute to the gentleman from Brooklyn, New York (Mr. WEINER).

Mr. WEINER. Mr. Chairman, I do not think we will see a single conservative supporting this amendment. After all, I have not been here very long, but I have figured out what conservatives support. They support local initiatives, church-based initiatives, community-based organizations going out and trying to solve a community's problems and Washington staying out of their way. So there is no way anyone that calls themselves a conservative can possibly support the idea of Congress not only opposing the use of Federal funds, but even local funds, to try to solve a health problem that my colleagues on that side of the aisle have done precious little to solve.

What we are doing here is stepping all over a classic, conservative ideal which has let the District of Columbia manage its affairs the way it sees best.

Mr. MORAN of Virginia. Mr. Chairman, may I inquire as to how much time remains.

The CHAIRMAN. The gentleman from Virginia (Mr. MORAN) has 1¾ minutes remaining.

Mr. MORAN of Virginia. Mr. Chairman, I yield three-quarters of 1 minute to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Chairman, our distinguished ranking member has pointed out the sad tale about the cases of AIDS in Washington, D.C. One-half of all AIDS cases in children are a result of injection drug use by a parent.

Mr. Chairman, I ask my colleagues if they would spend 10 cents to spare the suffering of a child with HIV AIDS.

In San Francisco we have reduced to zero, as the gentlewoman from California (Ms. LEE) mentioned, the transmission rate from mother to child because of the needle exchange program and outreach to pregnant moms. In Baltimore, Dr. Beilenson has told us there are 1,000 people, because of the needle exchange program, who are off drugs now. As far as the hepatitis C argument, it does not apply in this case.

Last year, Dr. Varmus, Dr. Fauci, Dr. Satcher were among the scientists who signed a letter saying we have unanimously agreed that there is conclusive scientific evidence that needle exchange programs reduce transmission.

I urge my colleagues to have the courage to save a child's life. Vote "no" on the Tiahrt amendment.

One-half of all AIDS cases in children are the result of injection drug use by a parent.

Would you spend ten cents to spare a child the suffering of AIDS. In San Francisco we have reduced to zero the transmission rate from mother to child because of the needle exchange program and outreach to pregnant moms. That is our experience.

As for the science, last year, leading scientists issued a statement on needle exchange programs. The signers included Dr. Harold Varmus, Nobel Prize winner and director of the National Institutes of Health; Dr. Anthony Fauci, director of the National Institute of Allergy and Infectious Disease; and Dr. David Satcher, our Surgeon General.

They wrote:

> After reviewing all of the research, we have unanimously agreed that there is conclusive scientific evidence that needle exchange programs, as part of a comprehensive HIV prevention strategy, are an effective public health intervention that reduces the transmission of HIV and does not encourage the use of illegal drugs.

The Tiahrt amendment tramples on the ability of D.C. residents to govern themselves. A vote against this amendment is not a vote for needle exchange.

Have the courage to save a child's life—vote "no" on Tiahrt.

Mr. TIAHRT. Mr. Chairman, I yield myself 1½ minutes.

Mr. Chairman, I just want to remind the body that what my amendment does is retain current law. It is law that was supported by the Drug Czar, General Barry McCaffrey; it was passed by this body, the House; it was passed by the Senate; it was signed into law by the President of the United States.

We have heard that we are trying to influence what the taxpayers want here in the District of Columbia. Mr. Chairman, I am a taxpayer in the District of Columbia. All of us here are a taxpayer in the District of Columbia. I care about these people. I care about what is going on.

There is a great deal of desperation for solutions here, and people are reaching far to say these days are successful, but they have not read the studies. It is not a successful program.

The real reason that I am trying to stop this ineffective program, at least from public funds, is because it enables people to carry on a destructive behavior. I have friends who are recovered alcoholics. They said the worst thing that they had during their time of trying to recover was someone to enable them to continue their destructive behavior. That is what we are doing for these people. It is as if we are driving nails in their coffin; we are enabling them.

We are doing a lot to combat illegal drugs in this bill. Mr. Chairman, $25 million is set aside to combat illegal drugs, and yet we are enabling the men and women of this city to take illegal drugs and inject them into their veins. I think it is wrong; I think it is destructive. It does currently go on, it is privately funded, and I think that this does nothing to stop that. If people want to waste their money on an ineffective program, so be it, just not with public funds.

Mr. Chairman, I yield the remaining time to the gentleman from Oklahoma (Mr. COBURN).

Mr. COBURN. Mr. Chairman, how much time remains?

The CHAIRMAN. The gentleman from Kansas (Mr. TIAHRT) has 2½ minutes remaining.

Mr. COBURN. Mr. Chairman, I want to say first of all that I have admiration for those who support this program, because what they are really saying is that they care about those people who are addicted. However, I also would say, we care too.

The debate divides on how best to solve the problem, and the issue is, are we best solving the problem by reducing risk, or do we best solve the problem by avoiding risk?

I want to give my colleagues a corollary. This year, 13 million Americans are going to get infected with an STD; 45 percent of those will never get rid of that infection. Our message to our children has been, you can practice risky behavior as long as you use safe methods to do it. So our message has been, we are going to reduce the risk. And as our message of risk reduction has come about, we have the largest incidence of sexually transmitted disease of any society, and the largest growth of incurable viral diseases. HIV is nothing compared to what is going to happen in this country in terms of chlamydia, human papilloma virus, and the cancer that is going to be associated with it.

So the debate really decides, how do we care the most? The compassion exhibited by wanting to eliminate the transmission is a wonderful, compelling argument. But it is not enough compassion. We have to have enough compassion to eliminate the problem and not enable people to fail, as we are enabling our children to fail, by our message of safe sex with a condom that does not protect 50 percent of the sexually transmitted disease in this country today.

So the heart is right; the message is wrong. If we really want to help these people, then we will redouble our efforts to drug treatment centers, not enable them to continue to fail.

The final thing is, what happens to somebody when they get hepatitis C in this country? And that is the growing epidemic in this country, not HIV. It is hepatitis C. That person does one of two things: they either die or they get a liver transplant.

So if we want to enable this epidemic to continue to flourish, then we need to give all of the drug addicts in this country needles, because they are sharing the needles anyway, and that is what the studies show. We are not lessening their long-term health consequences; we are, in fact, enabling them to fail and die of diseases.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, it is not just we who are opposed to this amendment who are saying that the needle exchange program does not increase the level of drug addiction, nor increase the amount of AIDS. We are listening to the experts. The American Medical Association says this program is effective. The American Academy of Pediatrics, the American Nurses Association, the Association of State and Territorial Health Officials, the National Association of County and City Health Officials, the National Institutes of Health, the Centers for Disease Control. Every single professional organization tells us this program works.

□ 1245

We do not feel particularly comfortable with this program because we do not want to encourage drug addiction, but when we are dealing with one city that has the worst level of drug addiction and AIDS in the country, they should be able to make their own decision on what works. There are 113 cities that have been able to make that decision, major cities. They are using this program.

All we are saying in this amendment is do not use Federal funds. It passed in a bipartisan vote in the committee. We urge this body to support the Committee on Appropriations. Vote down this amendment.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise today to oppose the amendment offered by Representative TIAHRT that prohibits federal and local funds from being spent on needle exchange programs in the District of Columbia. I object to this intrusion into the funding priorities of the District. I also oppose this amendment because needle exchange has been shown to be an effective method of HIV prevention.

Needle exchange is supported by medical and health related organizations. Last year, the National Institute of Health issued a determination that needle exchange programs reduce HIV transmission and such program do not encourage the use of illegal drugs.

Thus, the health impact of this amendment would be devastating in this city. As with most major U.S. cities, D.C. faces an AIDS epidemic that must be fought on all levels. D.C. has the highest rate of new HIV infections in the country. AIDS is the third largest cause of death in this city. We must not handicap this city's ability to stem the tide of AIDS transmission.

I also believe that the residents of this city deserve to use the mechanism of democracy and its elected officials should be able to make decisions that benefit the citizens. The local government in D.C. has chosen to use its own funds to address this need.

Congress has no business in the local affairs of the District government. D.C. has chosen to implement this program to prevent the spread of AIDS. This nationally recognized program has been successful in bringing addicts into treatment. D.C. is the only jurisdiction that has a federal bar on the use of local funds.

The District of Columbia no longer receives the federal payment, thus all of these funds are from local taxpayers. I oppose this intrusion into local affairs and I believe that this amendment will severely hurt the residents of D.C. I urge my colleagues to oppose this amendment.

Ms. MILLENDER-McDONALD. Mr. Chairman, I rise today in strong opposition to the Tiahrt amendment to H.R. 2587. As a Member of this House representing a region of the country with an astronomically high rate of HIV transmission and AIDS, I cannot support this bill. I cannot support legislation that not only prohibits the use of federal funds, but also prohibits the use of local or other funds. What are we saying to the citizens of the District of Columbia when their elected representative does not support this bill?

HIV and AIDS continues to plague this Nation. Yes, we have seen some much-needed improvements in the extension of lives through better treatment and we have seen the number of deaths resulting from AIDS fall for the first time. But we have not and will not see the rate of HIV transmission fall if we continue to let politics rule the legislative process.

The needle exchange programs that have been implemented in inner-cities throughout the country are playing a crucial role in reducing HIV transmission, assisting HIV positive drug users in obtaining necessary medical care and drug treatment, and providing essential information and AIDS. This is critical for the hundreds of thousands of adults who do not know that their partners are using drugs, and for the innocent children who are born with this fatal disease.

Public health officials do not support this amendment and I encourage my colleagues to join me in voting against this amendment, which is full of politics and void of reason.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Kansas (Mr. TIAHRT).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. MORAN of Virginia. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to House Resolution 260, further proceedings on the amendment offered by the gentleman from Kansas (Mr. TIAHRT) will be postponed.

The point of no quorum is considered withdrawn.

AMENDMENT NO. 2 OFFERED BY MS. NORTON

Ms. NORTON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Ms. NORTON:

Page 54, strike lines 19 through 25 (and redesignate the succeeding provisions accordingly).

Ms. NORTON. Mr. Chairman, first I want to thank the gentlewoman from Michigan (Ms. KILPATRICK), the cosponsor of this amendment, for offering it in the Committee on Appropriations.

This amendment simply strikes gratuitous and now moot language carried over from last year in the bill that forbids the District to use its own funds on a lawsuit testing whether American citizens who live in the District are entitled to voting rights in the Congress.

Members are looking at the only Member of this body who represents taxpaying American citizens who are denied full representation in the Congress. The language in this bill adds to the basic denial of D.C. voting rights, the denial of the right to seek redress in the courts.

Does this Congress really want to pile on the sensitive issue of full democratic representation by seeking to keep the District from testing that denial in court? This provision in the bill is unworthy of this House, unless we want to cross over and join the authoritarian regimes of the world.

In the darkest days of southern segregation, no State sought to legislate black people out of court suits. That is exactly what this amendment does to D.C. residents, however. It is a self-serving attempt to maintain the status quo denial of rights, even if it means standing to bar the courthouse door.

It should be enough to defeat this amendment that the denial of court redress is patently unAmerican. It is also futile and moot. The lawsuit for D.C. voting rights recently argued before a three-judge panel in the District court is being carried pro bono by a major law firm.

The District's involvement always was minimal. The city's Corporation Counsel participated in the oral argument with permission of the court to participate pro bono. The corporation counsel has resigned. His only involvement now would be as a private citizen with no D.C. funds.

Please do not allow history to add to the litany of denials of democracy for the people of the District. Wherever they may stand on their constitutional jurisdiction over the District, this is a different case. Members surely do not want to be counted against peaceable redress of constitutional rights through the courts. No Federal funds are involved. Even District expenditures are not now being used to support this suit.

Please remove these proceedings once and for all from our appropriation bill.

Ms. KILPATRICK. Mr. Chairman, I rise in favor of the amendment.

Mr. Chairman, I want to support and am proud to be a cosponsor of this amendment that we offered in the Committee on Appropriations.

I agree with the delegate, the gentlewoman from Washington, D.C. (Ms. NORTON) that it is unconstitutional, it is unfair, and it is undemocratic. This entire D.C. appropriations bill is $463 million. The D.C. residents in 1996 sent over $4 billion to this Federal government. In 1997 the same, over $4 billion to this Federal government. The bill today is only $463 million.

Members have heard debate over the last hour on the needle exchange program. We are not going to get into that, but the citizens do have a right, as every citizen of the country has, to spend its local money on those things that they deem necessary for their people.

This amendment that the gentlewoman from the District of Columbia (Ms. NORTON) and I were offering would say that the residents of the District of Columbia can spend their local dollars to go to court to challenge the notion that they cannot vote in this Congress, that they do not have a voting representative in this Congress.

The District of Columbia has more population than three of America's States. All of those States have representatives in this Congress who vote. They all have two Senators in the U.S. Senate who vote. Why, then, do we deprive over 500,000 people who have chosen Washington, D.C. as their place of residence the right to have a vote in this Congress, the right to have two Senators, as all other States have, and the right to use their own local money for those programs that they deem necessary?

The Congressional Research Service goes just a little bit further. They say that the District of Columbia, which is denied the right to vote, should have a representative in Congress. District residents carry some of the same burdens of citizenship that all American citizens pay and do. They pay taxes, they serve in our wars, they die in our wars.

Still, this Congress will not allow them to use their own local funds to challenge in court, and I might add, as the delegate has mentioned, on a pro bono basis, as some have already said, yes, we support D.C., we want to go to court to fight for the right to vote. Why, then, does this Congress not allow the D.C. residents, with the backing of its mayor and its council and its delegate, permission to use their local funds that they also pay, in addition to their Federal funds, allow them the right to go to court and use those funds to defend their right for a vote in this Congress, for a vote on those referenda that they deem necessary?

Mr. Chairman, this is not right, it is not fair and it is not Democratic. As was mentioned earlier, over 500,000 people call D.C. their home. They pay Federal taxes, over $4 billion to this Federal Government. The bill before us is $463 million. Additionally, they pay local taxes.

What we are saying in our amendment, allow D.C. to use their local money to go to court should they want to, to defend their right to vote. This is a glorious country, the best country in the world. The citizens of D.C., American citizens, over 500,000 of them, deserve the right to use their local funds as they see fit.

Mr. Chairman, I urge Members to adopt this amendment.

Mr. ISTOOK. Mr. Chairman, I rise in opposition to this amendment. I very much appreciate the arguments that we have heard from the gentlewomen regarding their support of this particular amendment.

I feel obligated to point out that what they seek to strike from the bill is language that last year was approved by the House of Representatives, approved by the U.S. Senate, and signed into law by the President of the United States. Specifically, it is language that says that public funds shall not be expended for an initiative or a civil lawsuit to promote a vote in Congress for the District of Columbia.

I well understand the desire of the proponents of this amendment and many other people to have that vote in the Congress, and I am sure that they understand also the special status which the Constitution of the United States gave to the District.

The question is not whether they have the right to pursue their lawsuit. It is being pursued. It is being pursued without taxpayers' money being used to sue the Federal Government over this issue. They wish to be able to do so. They have already filed the action. They have pointed out before that legal representation was provided pro bono, which is to say, as a public service, and without charge, to finance their side of this legal action.

It is not necessary to expend public money either to go back and pay people for work already done as a gift for free, nor is it necessary to expend the public money to enable people to have their day in court. They have their day in court. They are suing the Federal Government, challenging the Constitution of the United States. They have their right to do so. The issue here is whether taxpayers' money should be used to finance the suit.

If Members believe taxpayers' money should be used to finance the suit, then of course they should vote for the amendment that the gentlewoman from the District of Columbia has offered. If Members do not believe taxpayers' money should be used to finance the suit, Members should vote against the amendment, which is a vote in favor of the same position that this Congress passed and the President signed into law last year.

We had a vote in committee. The amendment was defeated in committee. We had a vote in the House of Representatives last year, and this same motion was defeated last year on a rollcall vote of 243 to 181.

It is not a new issue. We have not injected it as a new issue in the bill this year. This is a continuation of the restriction on public money to finance such a lawsuit or an initiative petition.

There is no need to spend taxpayers' money for people to have their day in court. They have their day in court and they are entitled to it.

Mr. FARR of California. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise today as a former local elected official in support of this amendment. I hope at this moment that every mayor and every council person in the United States is watching what is happening on the floor of the U.S. House of Representatives, because they are seeing a debate about the future of America, of where the attitude is in Congress of how we are going to control Federal funds.

The only Federal funds that we can specifically control are those Federal funds that go to support the city of the District of Columbia, a city that has an elected mayor and an elected city council; a city that, like every other city in the United States, sits down in open, public discussion and debates how they can be a better city.

If Members are watching the actions on the floor today, they will see that even though they have gone through that process at the local level, the heavy-handed Congress here on the floor of the House of Representatives is adopting amendments which are mean, which take away the city's ability to provide safety measures for their inhabitants with needle exchanges, to take away adoptions, to take away legal medical marijuana, even though the States that many Members represent have already passed such measures at the State level and local level.

They are taking away the ability of a city to file a lawsuit. These are amendments that are not American amendments, these are amendments that are trying to be heavyhanded. They are not about giving local control, which everybody up here talks about, to get the Federal Government off peoples' backs, allow cities to be what they can be.

These amendments ought to be defeated. This amendment ought to be adopted because it deletes one of those mean provisions. I ask my colleagues to vote against all of the amendments except for those of the gentlewoman by the District of Columbia (Ms. NORTON) who was elected by the citizens of Washington, D.C. to be here on the floor of the House of Representatives.

Mr. DAVIS of Virginia. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of this particular amendment. Let me just tell my colleagues why. We have been piling on the city with some very difficult issues that I feel deeply about; as well, needle exchange programs, which I oppose. I do not believe that we ought to be giving free needles to people who are committing illegal acts.

The couples' adoptions, the limitation on the medicinal use of marijuana, this is something that in other jurisdictions, in Arizona and in Colorado and other States that have had referenda, the citizens have decided they want to do that. In the District of Columbia we did not even let them count the votes.

However people feel about those issues, and I am conflicted on these, along with a lot of my other colleagues, what we are talking about here is the right of the citizens of the District of Columbia to have a vote on the House floor and to pursue a final judicial decree that will set their rights at this point, which have been questioned in the courts.

We ask ourselves, if we cannot use city money, who is going to do this? This is city money, it is not Federal dollars. If this were a prohibition on Federal dollars going to the city, I can understand Congress might have a reason that they would want to support this, but these are city dollars. If Members do not like this, they could run for the City Council in the District and probably take a different point view, but I doubt they would be elected successfully.

What we have to remember is that the relationship between the city of Washington, D.C. and the Federal Government is unique. It is described in the Constitution. It goes back to the late 1700s, when we wanted to have a Federal enclave that would not be at the mercy of any State government. It happened when some militia who had been unpaid from the Revolutionary War fell upon the Pennsylvania militia, who were in sympathy with them, and let them chase the Continental Congress across the river from Philadelphia into New Jersey.

□ 1300

At that point, the continental Congress went ahead and said we have to have our own Federal enclave. We cannot trust any State to look after the Federal side of things and not take sides and disputes between States. As a result of this, the District of Columbia was born.

Now, a lot has changed in 200 years. The city still does not have a vote on this floor, although their residents pay taxes. They can be drafted. They have served in the military. They do the things everybody in all of our States do.

It has been likened that the District of Columbia is like a city, and we are the State. But my colleagues have to remember cities across this country have representatives in State legislatures in the State Capitols and have a vote. The District of Columbia does not.

All this amendment does is it says, because there have been some questions raised about the constitutionality of whether the city should have a vote on the floor, that they could pursue that judicial remedy in the court system with their own money collected by their own citizens through their duly-elected leaders.

With all of the other things piled on, I think the least we can do since we do not give the city a vote on the floor is to allow them to use their own money and pursue their judicial remedies the way any jurisdiction in the country can do.

For heaven's sakes, if we want democracy to work in the District of Columbia, we have to nurture it, we have to allow some decisions made to be final. We have to allow the city to make its own decisions and not have every decision they make be questioned by Congress. When we do that, they are not going to make the tough decisions because they know they are going to get overriden here, and democracy will fail.

For almost 100 years, the city had no elections, and we had, over the last few years, actually some problems, and we set up a control board over that. But now we have a new mayor, a new council. They are working forward. Let us let them make their own decisions. Let us not second them on everything they do.

So I support the amendment of the gentlewoman from the District of Columbia, and I hope my colleagues will join me.

Mr. HOYER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this is unlike any of the other amendments that are pending. This amendment deals with the most fundamental right of every American, each and every American, whether they live in the District of Columbia, Maryland, the State of Georgia. Wherever they may live, this deals with the fundamentals of our democracy.

I see the gentleman from Georgia (Mr. BARR) on the floor who argued passionately to uphold the principles of the Constitution of the United States to the President of the United States. Conservatives correctly focus on the rights of minorities against what could be an oppressive government and rule by majority. Liberals correctly focus on the rights of individuals as they may be adversely affected by an oppressive majority.

Mr. Chairman, our Founding Fathers anticipated that problem because they dealt with an oppressive king against whose judgment there was no appeal. So in that most basic document of, really, world government, the Constitution of the United States, I say world government to the extent that all the world looks at it as a model, we guarantee to citizens the right to redress of their grievances through the courts of this land, not because we agree with what they seek, but because we believe it is fundamental to prevent governmental abuse and the denigration of the rights of each and every American. This deals with our most fundamental rights.

Let me say, the chairman says that this was considered last year, was included in the bill. He said that Tuesday night on the floor. But the gentleman from Oklahoma (Mr. ISTOOK) knows full well that this was in a bill of about $400 billion in appropriation, eight appropriation bills.

The President opposed this provision, but clearly could not veto that bill in the last days of our session, as we were about to leave town in October before the election. So he signed, yes, the bill, but not because he agreed with this provision. Very frankly, no Member has debated this provision.

Secondly, he says there was a vote in committee. I was shocked, saddened, chagrined to find every conservative voting with a provision that says to citizens of America, you cannot go to court and use your corporate funds to do so.

I tell my colleagues, Oklahoma City goes to court using taxpayers' funds to redress grievances against the Federal Government. I tell my colleagues that happens in Tulsa as well. It happens in Baltimore. It happens in San Francisco and L.A. and Chicago. Large and small cities, counties, and States bring suits against the Federal Government for the redress of grievances.

Is that not a fundamental American right? How can we say in this bill, corporately, the District of Columbia, through its government, not with our funds, not with Federal dollars, with their own funds, cannot redress the grievance and say our representative on the floor of the House of Representatives ought to have a vote. That is our constitutional right.

Is it our position that we will say, no, we disagree with that objective; and, therefore, they cannot go to court?

The gentleman from Oklahoma (Mr. ISTOOK) says, oh, well, we are not doing that. Shoot, they can get pro bono expenses. They can get people to donate it, or they can get private donations. They can. The gentleman is correct. So can every other State, county, and municipality in America.

Would any of my colleagues support legislation which says that Tulsa or Oklahoma City or Baltimore or Upper Marlboro could not bring suit for the redress of grievances and saying that something is either against the Constitution or against the Federal statute or against the regulation? I cannot believe my colleagues would do that. This is so fundamental to what we believe about our country.

I want to tell my colleagues, I was chairman of the Helsinki Commission until 1995, and I traveled to Sophia in Bulgaria. Bulgaria would not tell Sophia, the capital of Bulgaria, they cannot bring suit. They would under the Communist government, because one could not bring suit at all. That made us really different.

Bucharest in Romania the same thing, Warsaw in Poland, Prague in Czechoslovakia.

The CHAIRMAN. The time of the gentleman from Maryland (Mr. HOYER) has expired.

(By unanimous consent, Mr. HOYER was allowed to proceed for 2 additional minutes.)

Mr. HOYER. Mr. Chairman, this ought not to be a partisan issue. This is an issue we fought a Cold War over. We did not fight it, luckily, for the most part, with bullets. We fought it with a commitment to our ideals of freedom and individual liberty. Not collective liberty, individual. No citizen, no matter how wrong they might be, is precluded from coming to the courts and saying, everybody may disagree with me, but I think I am right.

Mr. Chairman, I hope that, on this issue, my colleagues summon up the wisdom and the courage to say we ought not to do this because it is inconsistent with what we believe about our country, what has made our country different.

Do not tell the residents of the District of Columbia that they have a grievance, but only if they get the largess of some private donor will they be able to seek constitutional relief. Do not do that to them, not because they are the District of Columbia under the Constitution as a State or a District that we have authority over, but because there are 500,000 Americans, just as I am an American, just as my colleagues are Americans, 260 million of us, not D.C. Americans, Maryland Americans, Oklahoma Americans, but Americans, protected by the best document man ever forged, the Constitution of the United States, that holds these truths to be self-evident, that all men and women are created equal, each one of us, endowed, not by the D.C. subcommittee, not by the House of Representatives, endowed by God with certain inalienable rights. Among these are life, liberty, and the pursuit of happiness. That is what they seek. Do not preclude it.

Admit mistake in this area. Support this amendment.

Mrs. MEEK of Florida. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is a very hurtful experience each year when the D.C. bill comes to the floor and there is something in the bill that, in my opinion, in some way wants to turn back the hands of time and to turn back justice and fairness to the people of this District.

The language in H.R. 2857 should be amended by the courageous gentlewoman from the District of Columbia (Ms. NORTON). She has fought a very hard fight. Each of us should understand this fight, because we seek justice and we seek freedom. It should be amended.

The language in the bill is targeted, and I say targeted because it has some very dangerous inferences. It is gloomy. It is dark. To me, it appears to point at one group of people, and that group of people live in the District of Columbia.

Who are those people? Most of the people in the District of Columbia are black like me. Most of them in there are people who have, for years, their rights have been taken away. I have sat here for 8 years and heard constantly, constantly that we beat away to try to take away their rights.

Now, whose fault is it? It is Congress' fault if we allow any diminution of the rights of the people who live in Washington, D.C. If they lived in Podunk, Idaho, I would be here saying the same thing. Regardless of their color or their creed, I would be here. But I am here to say that this particular bill has dangerous inferences. We do not want that.

First of all, the language in the bill is not only undemocratic, but it is moot, because what the language assumes did not happen. The language says, none of the funds may be used by the D.C. Corporate Counsel, and it goes on and on, to provide for civic action which seeks to require Congress to provide for voting representation in Congress for D.C.

Their amendment repeals language in the bill. The Norton amendment repeals that language, and it should be. Because it will forbid the District from using its own funds.

Mr. Chairman, D.C. did not hire anyone that was not eligible to use this. It was done on a pro bono basis by a downtown law firm. So I think my colleagues are saying that the city's corporate counsel, which was a chief lawyer, did carry some of the argument before the three-judge panel. That may be true. But his involvement in the case was pro bono, no D.C. funding at all. He received permission from the courts to participate in this manner. Even though the language we seek to repeal in the bill this year was also included in the bill last year, I repeat, no city dollars were spent.

The man who argued the case as corporate counsel, Judge John Farren, has gone back to being a judge and would most likely handle the portion of the appeal to the Supreme Court along with the pro bono downtown law firm.

The language in the bill is, therefore, undemocratic. It is moot. It takes away representation. My colleagues would not want it to happen to them. I appeal to my colleageus, think of the facts. The residents of the District of Columbia are living, breathing people who have the same kind of finesse that my colleagues have.

They do not sit here in this Congress. They are not even represented. They do not even have a vote. But they have a very strong Representative who is here to say to us this is wrong. D.C. residents pay taxes just like my colleagues and I do. They are the only American citizens who are denied full representation in Congress. We do not want this.

This Congress has been democratic in its viewpoints on both sides of the ledger, on both sides. I appeal to the Republicans to kill this part of the bill. I appeal to my colleagues to vote for the Norton amendment, because it keeps and gives representation for people who live in the District of Columbia.

Let us not cast a shadow on the democracy which we fought so hard to maintain. Do not let this little paragraph in the bill keep us from being the upright democracy in fighting for justice as we could.

□ 1315

Also, let us allow D.C. a chance to seek redress in the courts, just as our American system indicates.

Mr. Chairman, I want to thank the members of the committee and say to them to please support the Norton amendment.

Mr. OBEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this is an anti-obscenity amendment. What this bill says is that the District of Columbia cannot use its own funds to sue in the courts of this land for the right to be represented. That is what this bill says, as it presently stands. That provision is an obscenity in a democracy, and any Member of this House who votes to sustain it ought to hang their head in shame.

We all represent at least half a million Americans, and for any Member of this place to have the unmitigated gall to come in here and say that the Americans, the Americans who live in the District of Columbia cannot use their own dollars to pursue the ability to be represented is an outrage.

This amendment should not have a single opponent in this House. This House does not stand for public representation, it does not stand for democracy, it stands for taxation without representation, which we fought a revolution to overturn, if it does not support this amendment. That is all we need to know about it, that is all I need to say about it. Shame on anyone who votes against it.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from the District of Columbia (Ms. NORTON).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. ISTOOK. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to House Resolution 260, further proceedings on the amendment offered by the gentlewoman from the District of Columbia (Ms. NORTON) will be postponed.

The point of no quorum is considered withdrawn.

AMENDMENT NO. 2 OFFERED BY MR. LARGENT

Mr. LARGENT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 printed in House Report 106–263 offered by Mr. LARGENT:

Page 65, insert after line 24 the following:

SEC. 167. None of the funds contained in this Act may be used to carry out any joint adoption of a child between individuals who are not related by blood or marriage.

The CHAIRMAN. Pursuant to House Resolution 260, the gentleman from Oklahoma (Mr. LARGENT) and a Member opposed each will control 15 minutes.

The Chair recognizes the gentleman from Oklahoma (Mr. LARGENT).

Mr. LARGENT. Mr. Chairman, I yield myself such time as I may consume, and I wish to begin the debate by reading the actual amendment. It is a short amendment and it is very explicit. It says, "None of the funds contained in this Act may used to carry out any joint adoption of a child between individuals who are not related by blood or marriage." That, Mr. Chairman, very simply, is the amendment.

This amendment is going to create a lot of controversy. I know that. We have been down this road before. We have debated this amendment before, and the House approved this amendment last year. We will have some of the same controversy and some of the misrepresentations of what this amendment actually does, and I would like to address some of these things in my opening statement, Mr. Chairman.

What does it do, exactly? It prevents the District of Columbia from granting joint adoption to individuals that are not related by blood or marriage. Very simply, adoptions should be about the best interest of the child. Adoptions should not be about awarding children in some sort of culture war.

Why are we here? Because a District of Columbia appeals court made a ruling that granted adoption to two men that were unrelated by blood or marriage, the adoption of a young girl. In that decision the judge said, "It is unclear to the court what Congress' intent is regarding joint adoptions to unrelated people." Thus, we are here today, Mr. Chairman, to give the courts our clear intent.

Here is the issue: What is in the best interest of the child? To throw them into an ambiguous, confused amorphous legal situation that does not establish clear lines of authority or responsibility, in my opinion, is not in the best interest of a child, and that is why we are debating this amendment today.

Mr. Chairman, we have kids who have had a rough start at the beginning of their life already. How can it be in their best interest to place them in a confused legal setting, one in which the only legal affiliation between these individuals is the address that they possibly share? For instance, Mr. Jones and Ms. Smith adopt together and are given joint custody. Well, is the child a Smith or is the child a Jones or both? What reason does the child have to feel secure about their future when the couples who adopt them have not even expressed a commitment to one another by having any sort of legally recognized relationship?

What happens if Mr. Jones or Ms. Smith part? How do the courts determine custody in such a case? Nobody knows. There is no legal precedent. What happens if more than two people unrelated seek joint custody? Why not three or four people unrelated by blood or marriage seeking joint custody of a kid? Nobody knows what happens if we go down this road. Is this really in the best interest of the child? Absolutely not.

Finally, and most importantly, Mr. Chairman, I want to say that many will distort this amendment as gay bashing, or others will say this is going to limit the ability of adoptions to go forward. Nothing could be further from the truth. Nothing in this amendment precludes any, any, individual or family related by blood or marriage from seeking adoption. Any individual, regardless of their sexual preference, can still seek legal adoption and then be related through that adoption with the child.

What this amendment will do, Mr. Chairman, is assure that these kids, who desperately need love and, most importantly, security, that they will get it by ensuring that they are placed in legally recognized families.

Mr. Chairman, I reserve the balance of my time.

Mr. MORAN of Virginia. Mr. Chairman, I rise in opposition to the amendment, and to claim the time in opposition.

The CHAIRMAN. The gentleman from Virginia (Mr. MORAN) is recognized for 15 minutes.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the gentleman from Oklahoma (Mr. LARGENT) is quite right that an appeals court decided that two men could adopt a child in the District of Columbia, a little baby girl. I suspect that one of the reasons was that there are over 3,000 foster care children awaiting adoption, more than 3,000, in the District of Columbia. They do not have loving parents.

Another reason why the court saw fit to allow this is that they had ruled on the parenting ability of these two people. And, in fact, every day domestic law judges, with the advice of social workers and other professionals, make determinations on the parental suitability of people wishing to adopt children who have no parents. That is the way it is throughout the country.

This amendment is not law today, but if the gentleman from Oklahoma (Mr. LARGENT) prevails, the District of Columbia will stand alone in not allowing the court system, with the advice of professionals, to make that determination. The District of Columbia will stand alone in having that determination made by politicians in this body who have no knowledge of the suitability of those parents and no direct knowledge of the neediness of those children.

If we adopt this amendment, we are saying we would rather these children be left as orphans, without parents, than allow two people, who the court decides are suitable parents, to adopt those children. That is what this amendment is all about. We are saying we do not want to make that determination, we want professionals to make that determination. We want the domestic law judges, who are today making that determination, to be able to continue to and not be precluded by this Congress.

Mr. Chairman, in surveys that have been conducted, American citizens, by a 4-to-1 margin, say that they would prefer the court system to conduct its business without political interference. So we are not carrying out the public interest, we are not carrying out the interest of our own constituents, we are not even doing what they do in our own jurisdictions today if we pass this amendment.

Mr. Chairman, there are going to be any number of very substantive arguments raised against this amendment. I want to enable my colleagues to make those arguments, but I would very strongly urge defeat of this amendment in deference to the professionals in the court system who are able to make these decisions in every other part of the country.

Mr. Chairman, I reserve the balance of my time.

Mr. LARGENT. Mr. Chairman, I yield myself 15 seconds to remind the body that there has never, in the history of this country, been a legislative body at any level that has approved joint adoption to people that are unrelated by blood or marriage.

Mr. Chairman, I yield 1 minute to the gentleman from Mississippi (Mr. SHOWS).

Mr. SHOWS. Mr. Chairman, I rise in support of the Largent amendment.

Adoption is the utmost expression of family values, for it allows people the opportunity to extend their homes and their hearts to people in need. But adoption should not be a selfish act. Adoption is for the child's benefit. And if we are to make adoption a meaningful life opportunity for children, they must be given the stability any child needs to grow and thrive.

People who are not married but sharing a house always remain as free to adopt as ever. But the legal relationship created by the adoption should be one between the child and the single adoptive parent, rather than between a child and multiple parents who have no legal relationships amongst each other.

If we really love our children, let us be fair to them. Let them grow up in a stable environment. The Largent amendment is about taking family relationships and raising children seriously. It is fair and reasonable.

Mr. MORAN of Virginia. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts (Mr. DELAHUNT), a member of the Committee on the Judiciary.

Mr. DELAHUNT. Mr. Chairman, it is a sad fact that not all parents are fit parents, and I know firsthand that child abuse and neglect occurs in all kinds of families. But let us be clear: usually it is among the so-called traditional two-parent families rather than families of less conventional description. As a district attorney, my office prosecuted these parents and put some of them in jail.

I also know firsthand, as a trustee of an adoption resource center, that difficult-to-adopt children are placed in adoptive homes with good parents and families that come in all shapes and sizes. Some of the most loving, responsible, and nurturing families I know would fail the litmus test of the gentleman from Oklahoma (Mr. LARGENT). And that would truly be a tragedy for the 3,300 children now languishing in the District's foster care system.

Most of these children in need of adoption are neglected or abused by their biological parents. Many of them are children with special needs, children whose chances of adoption and a chance at life are doubtful even without the restriction that the Largent amendment would impose.

So with so many kids out there who need decent homes, this is not the time for Congress to start setting criteria for those who would be permitted to adopt.

□ 1330

The only test we should apply is the one the law already uses to determine whether a child belongs in a particular family and that is in the best interest of the child; and that should be left to the courts and the professionals, as the ranking Member indicated.

This amendment will produce cruel consequences, unintended I am sure, but cruel nonetheless, cruel because it will deny some child a family and opportunities that most of us in this body were fortunate to have and, because by the luck of the draw, we were born to parents who nurtured and loved us.

Defeat this amendment and give some kid a family.

Mr. Chairman, I rise in opposition to the amendment by the gentleman from Oklahoma.

Some who oppose this amendment will emphasize its unwarranted intrusion into family matters best left to the people of the District of the Columbia.

I share that concern, Mr. Chairman. But today I wish to speak as an adoptive parent, who is concerned first and foremost with the well-being of abandoned and neglected children.

Mr. Chairman, it is a sad fact that not all parents are fit parents. Child abuse and neglect occurs in all kinds of families. Among the "birth families" no less than adoptive families. Among so-called "traditional two-parent families" no less than families of less conventional description.

But good parents and families come in all shapes and sizes, too. Some of the most loving, nurturing and supportive families I know would fail Mr. LARGENT's litmus test.

And that would be a tremendous loss for the 3,300 children languishing in the D.C. foster-care system—many of them neglected or abused by their biological parents, many of them children with special needs.

With so many kids out there who need decent homes, this is not the time for Congress to start setting criteria for who will be permitted to adopt. The only test we should apply is the one the law already uses to determine whether a child belongs in a particular family situation or not. That test is whether the placement is in the "best interests" of the child.

That evaluation requires the careful weighing of a multitude of factors by those with the requisite expertise. We should ask whether the parents have the means to feed and clothe the child and see to its education. We should ask whether they maintain a home that will offer the child a harmonious, stable and nurturing environment. We should ask whether they have the skills and the commitment it takes to be a good parent.

When we find a family that offers all this to a child in need, what kind of society would reject that family because the parents are "not related by blood or marriage?" What kind of society would say it is better for the child to be in an institution or on the street?

I believe we should embrace that family, Mr. Chairman, and be thankful that a lost child has been given a second chance in life.

I ask my colleagues to defeat the amendment.

Mr. LARGENT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just remind the body once again that there is nothing in this amendment that precludes any legally recognized family from adopting.

Mr. Chairman, I yield 3 minutes to the gentleman from Florida (Mr. STEARNS).

Mr. STEARNS. Mr. Chairman, I rise in support of the amendment offered by my colleague from Oklahoma (Mr. Largent).

I feel pretty strong about this. I think Members on both sides of the aisle should realize that in my home State of Florida there is a case pending challenging the State of Florida because it has a similar ban as the gentleman from Oklahoma (Mr. LARGENT) has in this amendment on such adoptions.

So in my State it is the law. The Largent amendment is trying to make it a part of the D.C. appropriations.

This particular lawsuit was developed in a full-fledged war over cultural values. And that is what we are talking about, make no mistake about it. On one side, we have the ACLU that has filed a class-action suit last month challenging the State's ban on such adoptions.

Two years ago, a lawsuit by them similar in nature was filed in which the couple won. However, our State's Supreme Court overruled it. So now the ACLU is filing again.

I would like to read from the article in the newspaper about the justification for the Supreme Court when they actually decided to rule in favor of the existing law in the State of Florida and which supports the Largent amendment.

The analysis was done by psychologist Paul Cameron. This is what he said, among other points. He said, "The children raised in homosexual households experience more emotional problems, suffer more from unstable home lives, and struggle more with their own sexual identities later in life."

He goes on to say, "Children need and deserve the best environment possible in which to learn and grow. The traditional mom-and-dad family provides this, while homosexual relationships do not."

Now, this is a clinical psychologist who has said this. And he said that this supports the Supreme Court's decision.

So I think it is clear to my colleagues that what we are talking about, the real question, is, do we want to have this appropriations allow a back-door approach to push for the legalization of same-sex marriages by allowing them to adopt children?

So I support my colleague from Oklahoma in what he is trying to do. It simply prohibits funds from being used to allow joint adoption by persons who are unrelated by either blood or marriage. That is pretty simple. I do not think there is anything in the motion to object to.

To my way of thinking, a family is not made up of unrelated individuals that just happen to be in the household who happen to be living together and then suddenly want to adopt a child. Neither Congress nor the legislature of any of the States have authorized joint adoption by unrelated individuals.

So I think his amendment is very simple. I think it should be supported by my colleagues. I hope it will pass.

Mr. MORAN of Virginia. Mr. Chairman, I yield 2 minutes to the gentlewoman from New Mexico (Mrs. WILSON) who is probably the only genuine expert we have on this issue. She was the State Secretary of Child Welfare for the State of New Mexico and knows this issue in her mind and in her heart.

Mrs. WILSON. Mr. Chairman, 99 times out of 100 my colleague from Oklahoma is right. The best thing for a child is to be in a family where the mother and the father are married to each other.

The kids that I worry about, though, are not the healthy infants. They are the foster kids that nobody else wants. They are mentally ill. They are emotionally disturbed. They are physically disabled. They are medically fragile. They are terminally ill. It is those kids who have very few options.

We have a chronic shortage of foster parents in this country and in this city. It should not be a surprise that kids are often placed in less than "Leave it to Beaver" families. Sometimes they are single. Sometimes they are stable, cohabiting parents. But once done, over time relationships form. And sometimes those kids want desperately to be adopted by the people whom they have come to call mom and dad.

It is irrational. It does not fit all circumstances. The gentleman from Oklahoma is right. It may be irrational. Because it is about love. It is not about law.

This should not be done by prohibiting the expenditure of funds in the District of Columbia budget. If we want to give guidelines to judges, let us do it the right way, in substantive law, and allow for these cases where a child desperately wants to be adopted by the people who he has come to identify as his parents.

At different times in our lives, Mr. Chairman, we see different things in different stories. All of us remember Peter Pan, remember the lost boys who never found their parents.

Mr. LARGENT. Mr. Chairman, may I inquire as to how much time is remaining?

The CHAIRMAN. The gentleman from Oklahoma (Mr. LARGENT) has 7 minutes remaining. The gentleman from Virginia (Mr. MORAN) has 7½ minutes remaining.

Mr. LARGENT. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma (Mr. COBURN).

Mr. COBURN. Mr. Chairman, I would like to recognize that was a very moving statement. Had it been based on the facts that these kids could not be adopted, it would be relevant.

But the fact is that this amendment would not prohibit one of the children that was just described by the gentlewoman from New Mexico (Mrs. WILSON) from being adopted. And to say that is being less than straightforward.

This amendment says that even though two people might be living together who are unmarried, one of them can adopt. So it does not preclude the adoption of any group in any way from anytime adopting. It is just saying, if they are not married under the legal definition of "marriage," only one of them can have that child as their child.

So one of the things we do real often is confuse the issue. What does this amendment really say? It does not say that a gay person cannot adopt a child. It does not say that anybody cannot adopt a child. What it says is, if a child is adopted in a relationship that is not recognized by law, that it can be only adopted by one of those members, not both, so that the child is not confused, so that the courts are not confused about what the legal representation of that adoption is.

So let us be sure we are straight about what this amendment does. It is a great emotional word picture to think that a child who is dying or a child that is disabled cannot be adopted. But, in fact, it is not true under this amendment.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1¼ minutes to the gentleman from New York (Mr. WEINER).

Mr. WEINER. Mr. Chairman, I listened with great interest to the statement of the sponsor of the amendment; and there was great deal of emphasis on how, in the sponsor's opinion, this family structure with two unaffiliated folks would not be in the best interest of the child.

Well, with all due deference, why should we care what we here think is in the best interest of the child? I mean, there are court proceedings that are going to have the opportunity to discern that. There are authorities in all the 50 States, including the District of Columbia, to make that determination. Why is our judgment sitting here so very important?

The notion that somehow they would be better off with one parent, as the previous speaker seemed to imply, or in foster care, which is implicit in this entire debate, is utterly absurd.

The point has also been made that these two people who are seeking the adoption are to the affiliated. They are affiliated. They are affiliated in their love and caring for this child. That affiliation should be the overarching one. That affiliation should be the one that is most important.

Finally, this notion that there is nothing legally binding between these two folks, in fact, in the past in this very House there have been prohibitions put on the District of Columbia from establishing domestic partnership jurisdiction which would clarify this issue once and for all.

In fact, this argument should be about what is best for the child, not what we here think are values and how we here define "family." That is not the issue.

I urge a "no" vote.

Mr. LARGENT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, once again I would just remind the gentleman that just spoke that the reason we are here is the courts have said that the Congress has not declared a clear intent and that is entirely what we are doing here today.

Mr. Chairman, I yield 2 minutes to my friend, the gentleman from South Carolina (Mr. GRAHAM).

Mr. GRAHAM. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, count me into the crowd that says, I do not want to destroy the best interest of the child rule that courts use in determining what is the best place for the child to live.

But here is the point I think we are missing: Parental rights attach in a couple ways. Biological parents have parental rights because they are the biological parents.

Can they be terminated? Yes. A court can terminate the parental rights of a biological parent. But they have to have a court proceeding where they give notice to the parent and somebody comes and makes a case; and the judge, based on the best interest of the child, will make a legal determination that their parental rights are null and void.

This is a dramatic thing in the law. That happens. But it happens very rarely. But there is room in the law to terminate parental rights. The best interest of the child is always a concern by the court. But there is a legal concept in our law that I hope we never destroy, and that is that biological parents cannot lose their children without a very good reason and we are not going to form families outside the law without a very good reason.

A person who adopts a child that is a ward of the State becomes a legal parent by going through a process that is a pretty exhaustive review of that person's qualifications to see if the best interest of the child can be accommodated by placing that child, the ward of the State, into the hands of an individual.

What my colleagues are trying to prevent here, and the gentleman from Oklahoma (Mr. LARGENT) is doing a good thing in my opinion, is not to take a couple, regardless of their gender, living outside of marriage and put them in the same spot or the same status under the law as a couple who are legally recognized as a married couple.

That is a tremendously damaging concept I think to the legal structure around marriage. That does not mean single individuals cannot adopt children.

What the gentleman from Oklahoma (Mr. LARGENT) is saying is that couples that are not connected by the legal binds of marriage that has rules of the game and allow them separate property and assets, that we are not going to extend the adoption rules to these couples. And that makes a lot of sense.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentlewoman from Maryland (Mrs. MORELLA).

Mrs. MORELLA. Mr. Chairman, I rise in strong opposition to the Largent amendment.

This legislation not only segregates nontraditional couples but also harms children who are in desperate need of loving families.

There are approximately 3,100 children in the D.C. foster care system. We all know that children of all ages deserve love and the nurturing of an adoptive couple, "couple" preferably. The best interest of the child and parenting skills must be the sole factor for placement in safe and loving homes and not marital status or sexual orientation.

Congress has traditionally left family decisions, law decisions, to the State and local levels. The odds for placing all 3,100 children currently in the D.C. foster care system in loving homes are slim. It would be a travesty to further jeopardize these odds and force children to languish in institutions, at great cost to taxpayers, when there are loving couples waiting to give them homes.

Mr. Chairman, I urge my colleagues to continue to leave family law decisions where they belong, at the local level. Do not lose sight of the thousands of children in foster care who would be deprived of a loving home. Vote "no" on the Largent amendment.

□ 1345

Mr. MORAN of Virginia. Mr. Chairman, I yield 1¾ minutes to the gentleman from Arizona (Mr. KOLBE).

Mr. KOLBE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Oklahoma.

Last month, over 1,000 children in the District of Columbia's foster care system waited for someone, anyone, to take them home. Over 1,000 children, children looking for a stable, secure home.

The sponsor of the amendment during last year's floor debate indicated that he wanted to provide a sense of stability for children, and I believe that is true, that he wants that, and we all do. I think the sponsor has also spoken about the importance of the need for two-parent families.

So which is it? This amendment would allow single parent adoptions, but it disallows joint adoptions in the District of Columbia by persons who are not related by either blood or marriage.

I do not quite understand. The sponsor of this amendment believes it is okay not to have two single people who want to be parents to adopt a child, but it is okay to have a single parent adopt a child. Is there not a bit of a double standard here?

The gentleman from Oklahoma has spoken about not wanting to put children in an ambiguous situation, but what could be more ambiguous than keeping a child in foster care? What could be more ambiguous than keeping them in limbo, never allowing them to be adopted?

We have these children in the District who are waiting to be adopted. I would love to have 1,000 lawfully-married-in-the-eyes-of-whatever-religion couples in the District of Columbia step up and adopt these children. But that is not going to happen. I would love to have 1,000 single people in the District of Columbia decide to become a parent and step up and adopt these children. But that is not going to happen, either.

This amendment would limit the options for adoption to those two scenarios. There are 1,000 children in the District waiting to be adopted, that are looking for caring, loving families. We should not adopt this amendment, we should reject it and allow them to have the option of being adopted.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1½ minutes to the gentlewoman from the District of Columbia (Ms. NORTON).

Ms. NORTON. Mr. Chairman, I thank the gentleman for yielding me this time. I want to clarify. The courts do not need this amendment. Gay couples adopt in the District of Columbia and that is not a matter where there is now need for clarification from Congress or anybody else. There is no chance that unsuitable parents can adopt in the District because the courts strictly regulate these adoptions.

This is a gay-bashing amendment. Yet everybody knows that gays can only get to adopt, under court proceedings, children that nobody else will adopt, the disabled children, the older children.

There are practical reasons why this is an important amendment. It guarantees that the child would have ongoing financial responsibility from both people; that the child's interest before doctors and hospitals and in day care programs would be protected; that in the event one parent died, the child could directly inherit; and that if a parent became ill or died, workmen's compensation and Social Security benefits could be offered.

Who would want to deny these to a child because of some notion that the parents do not suit the Members here today? They suit this child. These children need loving parents. There are 3,000 of them. They are desperate for homes.

Do not pass this tragic amendment.

Mr. LARGENT. Mr. Chairman, I yield myself such time as I may consume. Again I just want to remind the body that there is nothing in this amendment that precludes anybody, any individual or couple related by marriage or blood from adopting any children, and that in the history of the District of Columbia there has never been one case that has shown that a child has gone unadopted because they could not be given joint adoption to people that were unrelated.

Mr. Chairman, I reserve the balance of my time.

Mr. MORAN of Virginia. Mr. Chairman, I would inquire of the time remaining on both sides.

The CHAIRMAN pro tempore (Mr. HASTINGS of Washington). The gentleman from Virginia (Mr. MORAN) has 2 minutes remaining, and the gentleman from Oklahoma (Mr. LARGENT) has 2½ minutes remaining. The gentleman from Virginia has the right to close.

Mr. MORAN of Virginia. Mr. Chairman, I yield 1 minute to the gentleman from Florida (Mr. FOLEY).

Mr. FOLEY. Mr. Chairman, for those Members who do not pay much attention to the local news, I can tell them that good news is coming out of Washington, D.C. A new mayor, a new government, a balanced budget. In fact, they gave away garbage cans last week to come clean up our city. So things are happening here.

But what I am hearing from my colleagues is, "Let's micromanage D.C., let's micromanage the way rules are promulgated."

I would just ask my colleagues, when we had the debate of .08, Mothers Against Drunk Drivers, we all said, "No, it's a States rights issue. Let them deal with it."

When it came to setting speed limits on interstate highways and on local roads, we said, "It's a State or local issue. Let them deal with it."

But here we are saying, "Well, maybe we'll get involved in a little or a few items that have particular resonance with our constituencies."

Mr. Chairman, there is no perfect world out there. But for my colleagues who are pro-life, more people will be brought into this world when there are less abortions, and with that will come a perplexing situation of how do we care for these kids and how do we find enough homes for them?

Whether it is needle exchange or anything else, let us let local government decide. Let us let them be armed with information, statistics and data to decide what is the best policy for their community.

Leave D.C. alone, avoid these amendments, and let us pass the base bill.

Mr. LARGENT. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I want to close on this debate and just answer a few of the comments that have been made about the amendment once again.

First, I want to say, in response to my colleague from Florida's statement just a moment ago, we are here explicitly because a judge in the District of Columbia, an appeals judge, said, "I need to know what Congress means in this area. I don't know. I don't understand. Their intent is unclear."

Mr. Chairman, that is why we are here today, to state clearly what our intention is on the issue of joint adoption being granted to people that are unrelated. That is exactly what this amendment does and nothing more.

I would also like to remind my friends and colleagues in the House that this amendment would not preclude a single adoption by a single child in the District of Columbia. In fact, it may even promote more adoptions as a result, because now as opposed to adopting as a joint custody by unrelated people, you have two individuals that can adopt individually. You can still do that. That is fine. We are not making any comments about that at all. What we are trying to do is prevent children who are already coming out of a confused background and beginning in their life from being thrown into an ambiguous and amorphous and confused situation by throwing them to a couple that are unrelated, that have no contract between them, and saying, "You both get joint custody." That is wrong and we should not be doing it because it clearly is not in the best interest of the child and it definitely is not in the best interest of preserving of what it means to be married in the first place.

Mr. Chairman, I want to finish this debate by commending, first of all, the chairman of the Subcommittee on the District of Columbia because for the first time, and this is really important, for the first time in the D.C. appropriations bill, he has provided $8.5 million in this bill to promote adoption in the District of Columbia, and he should be commended for that because it is the right thing to do.

The latest information I got shows that there are about 3,500 children in the District of Columbia waiting to be adopted. This $8.5 million will go a long way in helping provide for more children to be adopted as a result of this bill being passed and put in safe environments as a result of the adoption of this amendment.

Mr. Chairman, I urge the adoption of this amendment.

Mr. MORAN of Virginia. Mr. Chairman, we also want the $8.5 million for adoption funds used most effectively.

Mr. Chairman, I yield such time as she may consume to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Chairman, in the interest of safe and secure adoptions for the children of the District of Columbia, I urge a "no" vote on the Largent amendment.

We in Congress do not have any duty more important that protecting the welfare of children. Why, then, would we deny young people in the District of Columbia the right to have two legal guardians instead of one?

There are 3,100 children in the District foster care system, and over 1,000 of them are ready to be adopted. Each of them needs a loving and stable home. This amendment would promote adoptions that are less stable and secure by outlawing joint adoptions by individuals not related by blood or marriage.

The sponsor has made it clear that his amendment does not prohibit adoptions by gays or lesbians. Of course it should not. According to the American psychological association, studies comparing children raised by non-gay and gay parents do not identify developmental differences between these two groups of children.

But since the amendment do not prohibit these adoptions, the logic of the proposals is difficult to grasp. If gay or lesbian couples are going to be adopting children, shouldn't we want those adoptions to be as stable and secure as possible? What purpose do we serve by making these adoptions more precarious?

What is really at play here is a lack of comfort with fully affirming lesbian and gay adoptions and lesbian and gay families. And what is sad is that some members of Congress would ignore the scientific evidence and allow their own lack of comfort to stand in the way of secure family placement of children.

I ask you—in light of the evidence and the overwhelming need, do we have a right to stand in the way of making adoption placements as stable and secure as possible? Are we acting on behalf of children, or our own prejudices?

Both the child Welfare League of America and the Children's Defense Fund oppose this dangerous amendment because they recognize that children in the District deserve the most stable homes we can find for them. I urge my colleagues to vote against the Largent amendment.

Mr. MORAN of Virginia. Mr. Chairman, I yield such time as he may consume to the gentleman from Massachusetts (Mr. OLVER).

Mr. OLVER. Mr. Chairman, I rise in opposition to the amendment.

I rise in opposition to the Largent amendment which prohibits D.C. from using funds for joint adoption by people unrelated by blood or marriage.

I cannot construct or conjure up a legitimate reason for this amendment.

Under the amendment, two sisters, obviously related by blood, would have a right to jointly adopt, but two women unrelated by blood would be precluded from jointly adopting that child regardless of the relative capacity of those two families to provide a stable loving home for the child.

Under the amendment, a married couple has the legal right to jointly adopt. But a common-law couple who have been together for 20 years, have children of their own and, by every proven measure, have love to give another child or even siblings orphaned by tragedy or accident, are prohibited from joint adoption.

It is capricious to argue that two parents provide stability, legal responsibility and continuity to an adopted child, and then deliberately deny the same child the benefit of stability, legal responsibility and continuity by denying joint adoption into the common-law couple's family.

Three thousand children are presently in foster care, waiting and hoping to be adopted and have parents. One thousand of them are deemed "ready for adoption."

The underlying bill provides $8.5 million to promote adoption. We should not at the same time constrain the options for these children to find loving homes by attaching this mean-spirited amendment to the bill.

In my view, this amendment is without legitimate purpose and should be rejected.

Mr. MORAN of Virginia. Mr. Chairman, I yield the balance of my time to the gentlewoman from Wisconsin (Ms. BALDWIN).

The CHAIRMAN pro tempore. The gentlewoman from Wisconsin is recognized for 1 minute.

Ms. BALDWIN. Mr. Chairman, let me be clear: If this amendment becomes law, children who are being raised by unmarried couples will still have two parents. They will still receive love, protection and understanding from both parents. And thankfully this amendment cannot stop that.

But what the Largent amendment will do is end up not harming the parents but the children, by not allowing two legal parents to care for the child. There are so many reasons for a child to have a legal relationship with two parents. Legal rights, obligations and responsibilities flow from the recognition of parenthood. Some of them include the guarantee that both parents continue to have an ongoing financial relationship to the child. It assures legal access to and support from both parents in the event of a separation. It allows both parents to obtain health care and other employment-related benefits for the child which is especially important if one parent stays at home to raise the child. It protects the child in the event that one parent were to die without a will.

These are vital, vital legal responsibilities. This amendment would destabilize and on occasion rip families apart.

Mr. Chairman, I rise today in opposition to the Largent amendment.

Let me be clear: if this amendment becomes law, children who are raised by unmarried couples will still have two parents. They will still receive love, protection and understanding from both parents, and thankfully this amendment cannot stop that.

But what the Largent amendment will do is end up harming not the parents, but the children, by not allowing two legal parents to care for the child. There are so many reasons for a child to have a legal relationship with two parents. Let me list just some of the benefits to children to have two legally recognized parents:

It guarantees that both parents continue to have ongoing financial responsibility for the child;

It assures legal access to and support from both parents in the event of a separation;

It allows' both parents to obtain health and other employment-related benefits for the child, which is especially important if one parent does not work;

It protects the child in the event that one parent were to die without a will (the child would be entitled to inherit under the laws of intestate succession;)

It allows the children to inherit from the parent's relatives, without costly legal battles;

It allows the child to be eligible for benefits such as a worker's compensation or Social Security upon the parents unemployment, disability, or death;

It allows a parent presumptive guardianship of the child if the other parent dies, thus keeping the family unit intact. Otherwise, the child could potentially lose both parents, and may be forced to live in foster care.

One such tragedy occurred here in the District of Columbia and were it not for the courts here, recognizing the best interests of children, the children would have not have only lost one parent to a tragic death * * * they would have lost a second to a travesty of justice.

If Congress truly cares about kids we should be acting in their best interests. That a member of this body would offer an amendment that will result in destabilizing families, on occasion ripping families apart, is wrong.

Mr. NADLER. Mr. Chairman, I rise today to oppose the Largent Amendment to the D.C. Appropriations Bill. This legislation would prevent joint adoptions by individuals who are not related by blood and marriage. In effect, this amendment, under the guise of ensuring the security of children, would prevent otherwise qualified couples from adopting the tens of thousands in need of adoption.

We are all aware that this amendment would prevent gay and lesbian couples from adopting children. I find it hard to believe that there are still Members of this Congress who can believe that sexual orientation has a direct effect on a person's ability to raise a child. The American Psychological Association has conclusively decided that there is no scientific data which indicates that gay and lesbian adults are not fit parents. Research by the APA has also determined that having a homosexual parent has no effect on a child's intelligence, psychological adjustment, social adjustment, popularity with friends, development of sex-role identity and development of sexual orientation. To maintain assumptions otherwise is unfair, and scientifically unfounded.

It is my belief, and I'm sure that with a moment's consideration you will all agree, that the issue of adoption is best decided by parents and trained professionals on a case-by-case basis, based on the best interest of the child. We should not deprive children of families that are capable of raising them. How can you cheat a child out of a happy home and a caring family? How can you deny a person the right to share their love, their home, and the security they can offer a child?

Raising a child is a very personal issue, one that deserves the time and consideration of individual case-by-case evaluations. Anything else is simply discriminatory. I urge my colleagues to oppose the Largest amendment, and let each child and each potential parent have the right to an individual evaluation.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise in opposition to the amendment offered by Representative LARGENT to the District of Columbia Appropriations bill. This amendment would prohibit unmarried couples from jointly adopting children. I believe that local governments should be allowed to make the proper decision concerning adoptions, based on the universally accepted standards that regards the best interest of the child.

Family law is not an area that Congress generally addresses because it is a local concern. State and local jurisdictions are better suited to address issues of domestic relations.

There is no reason to deny potential parents the right to adopt a child based on their marital status. If we do not deny single people the right to adopt, then an unmarried couple should not face such a restriction.

This amendment places the children that are currently waiting to be adopted at risk for remaining in the foster care system. That would not be in the best interest of any child. These children need consistent care and a safe home.

This amendment suggests that an unmarried couple cannot provide a child with a proper environment to develop intellectually and socially. But this amendment only makes that suggestion of the residents of D.C.

Currently, D.C. and 48 other states allow lesbian and gay couples to adopt when it is in the best interest of the child. It is clear that two loving parents, offer a child greater stability than one parent, yet we would make this distinction if the couple is unmarried living in D.C.

I oppose this amendment because I believe that the needs of children to be in a loving environment should not hinge on the marital status of the couple that wants to adopt. We should encourage adoption and we should allow local judges to make the decisions concerning these children. I urge my Colleagues to oppose this anti-family amendment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Oklahoma (Mr. LARGENT).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. MORAN of Virginia. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. Pursuant to House Resolution 260, further proceedings on the amendment offered by the gentleman from Oklahoma (Mr. LARGENT) will be postponed.

The point of no quorum is considered withdrawn.

AMENDMENT NO. 4 OFFERED BY MR. BARR OF GEORGIA

Mr. BARR of Georgia. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 4 printed in House Report 106–263 offered by Mr. BARR of Georgia:

Page 65, insert after line 24 the following new section:

SEC. 167. None of the funds contained in this Act may be used to enact or carry out any law, rule, or regulation to legalize or otherwise reduce penalties associated with the possession, use, or distribution of any schedule I substance under the Controlled Substances Act (21 U.S.C. 802) or any tetrahydrocannabinols derivative.

The CHAIRMAN pro tempore. Pursuant to House Resolution 260, the gentleman from Georgia (Mr. BARR) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from Georgia (Mr. BARR).

Mr. BARR of Georgia. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I know that some folks will not listen to this, but right off the bat, let me implore those who will be considering and voting on this amendment to understand as much what it does not do as what it does.

Mr. Chairman, this amendment has nothing whatsoever to do with the publication of the ballot results of the marijuana initiative held in the District of Columbia last year. The current prohibition on taking steps to count and report the results of that ballot extend only through the end of this fiscal year. The amendment that I propose here has nothing to do with the counting of that ballot.

It has everything to do with continuing to say to the people of this country that insofar as the Federal Government has concern and jurisdiction over drug usage, that no moneys contained in this act shall be used for the purpose of legalizing or reducing the penalties for any schedule I controlled substance including, but not limited to, marijuana.

If, in fact, the residents of D.C. have voted last year to legalize marijuana under the so-called medicinal use purpose, then this amendment today, if it is included in this appropriations bill, will prohibit further steps from being taken to implement that initiative. Without this amendment, if in fact the residents of the District of Columbia have voted in favor of marijuana legalization, without this amendment it will go into effect.

□ 1400

That is what this amendment addresses, that is all that it addresses, is further steps, any further steps towards the legalization of marijuana or other drugs under controlled substances, schedule 1, in the District of Columbia.

Now I also have and I am sure the folks on the other side have a letter from the Office of the Corporation Counsel for the District of Columbia worrying terribly that the Barr amendment today would prohibit the counting of the ballots of last year's drug initiative. Let me assure the Corporation Counsel that this is not the case.

I have also spoken with the subcommittee chair. He understands that this is not the case and has indicated, if it remains a problem for those on the other side who are not going to listen to this debate, then we will include language, seek to include language, in the conference report.

Now that the red herring that the Barr amendment we are discussing today would somehow prohibit the counting and the reporting of the ballots from last year's marijuana initiative, let me reiterate what this amendment does and why it is so essential. It is essential because it will stop further steps from being taken pursuant to last year's initiative or any other from legalizing or reducing the penalties for marijuana or other schedule 1 controlled substances. It will not prevent after the commencement of the next fiscal year on October 1 the counting and reporting of any ballot previously taken.

LEGALIZATION OF MARIJUANA FOR MEDICAL TREATMENT INITIATIVE OF 1998

SUMMARY STATEMENT

This initiative changes the laws of the District of Columbia to: Restore the right of seriously ill individuals to obtain and use marijuana for medical purposes when recommended by a licensed physician to aid in the treatment of HIV/AIDs, glaucoma, muscle spasm cancer, or other serious or chronic illnesses for which marijuana has demonstrated utility; protect seriously ill Washingtonians, their licensed physicians and caregivers from criminal prosecution or sanction; legalize—for medical purposes only—the possession, use, cultivation, and distribution of marijuana in the District of Columbia, and maintain the prohibition and criminal sanctions against the use of marijuana for any nonmedical purpose.

TEST

Be it enacted by the Electors of the District Of Columbia. That this act may be cited as the "Protecting Medical patients and Providers from marijuana Prosecution Initiative of 1998".

Sec. 2. All seriously ill individuals have the right to obtain and use marijuana for medical purposes when a licensed physician has found the use of marijuana to be medically necessary and has recommended the use of marijuana for the treatment (or to mitigate the side effects of other treatments such as chemotherapy, including the use of AZ1, protease inhibitors, etc., radiotherapy. etc.) or diseases and conditions associated with [HIV and AIDS;, glaucoma, muscle spasm, cancer and other serious or chronic illnesses for which the recommending physician reasonably believes that marijuana has demonstrated utility.

Sec. 3. Medical patients who use, and their primary caregivers who obtain for such patients, marijuana for medical purposes upon the recommendation of a licensed physician do not violate the District of Columbia Uniform Controlled Substances Act of 1981, effective August 5, 1981 (D.C. Law 4–29; D.C. Code §33 501 et seq.) (controlled Substances Act"), as amended and in so far as they comply with this act, are not subject to criminal prosecution or sanction.

Sec. 4. (a) Use of marijuana under the authority of this act shall not be a defense to any crime of violence, the crime of operating a motor vehicle while unpaired or intoxicated, or a crime involving danger to another person or to the public, nor shall such use negate the mens rea for any offense.

(b) Whoever distributes marijuana cultivated, distributed or intended to be distributed or used pursuant to this act to any person not entitled to possess or distribute marijuana under this act shall be guilty of crime and subject to the penalty set forth in section 401 (a)(2)(D) of the Controlled Substances Act (D.C. Code §33–541(a)(2)(0)).

Sec. 5. Notwithstanding any other law, no physician shall be punished, or denied any right, privilege or registration for recommending, while acting in the course of his or her professional practice, the use of marijuana for medical purposes. In any proceeding in which rights or defenses created by this act are asserted a physician called as a witness shall be permitted to testify before a judge, in camera, Such testimony, when introduced in a public proceeding, if the physician witness so requests, shall have redacted the name of the physician and the court shall maintain the name and identifying characteristics of the physician under seal.

Sec. 6. (a) Any District law prohibiting the possession of marijuana or cultivation of marijuana shall not apply to a medical patient, or to a medical patient's primary caregivers, when a medical patient or primary caregiver possesses or cultivates marijuana for the medical purposes of the patient upon the written or oral recommendation of a licensed physician. The exemption for cultivation shall apply only to marijuana specifically grown to provide a medical supply for a patient, and not to any marijuana grown for any other purpose. In determining a quantity of marijuana that constitutes a medical supply, this act shall be interpreted to assure that any medical patient protected by the act shall have access to a sufficient quantity of marijuana to assure that they can maintain their medical supply without any interruption in their treatment or depletion of their medical supply of marijuana.

(b) The prohibition in the Controlled Substances Act against the manufacture, distribution, cultivation, or possession with intent to manufacture, distribute, or cultivate, or against possession, of marijuana shall not apply to a nonprofit corporation organized pursuant to this act.

Sec. 7. A medical patient may designate or appoint a licensed health care practitioner, parent, sibling, spouse, child or other close relative, domestic partner, case manager/worker, or best friend to serve as a primary caregiver for the purposes of the act. A designation under this act need not be in writing; however, any written designation or appointment shall be prima facie evidence that a person has been so designated. A patient may designate not more than four persons at any one time to serve as a primary caregiver for the purposes of this act. [:or the purposes of this subsection, the term "best friend means a close Friend, who is feeding, nursing, bathing, or otherwise caring for the medical patient while the medical patient is in a weakened condition.

Sec. 8. Residents of the District of Columbia may organize and operate not-for-profit corporations for the purpose of cultivating, purchasing, and distributing marijuana exclusively for the medical use of medical patients who are authorized by this act to obtain and use marijuana for medical purposes. Such corporations shall comply with the district's nonprofit corporation laws. Fees and licenses shall be collected by the Department of Consumer and regulatory Affairs ("DCRA") in the same manner as other not-for-profit corporations operating in the District of Columbia. The Director of DCRA shall issue such corporations exemptions from the sales tax, use tax, income tax and other taxes of the District of Columbia in the same manner as other nonprofit corporations.

Sec. 9. The exemption from prosecution for distribution of marijuana under this act shall not apply to the distribution of marijuana to any person under 18 years of age unless that person is an emancipated minor, or a parent or legal guardian of the minor has signed a written statement that such parent or legal guardian understands: (i) the medical condition of the minor, (ii) the potential benefits and the potential advese effects of the use of marijuana generally and in the case of the minor, and (iii) consents to the use of marijuana for the treatment of the minor's medical condition. Violation of this section shall be subject to the penalties of the Controlled Substances Act.

Sec. 10. (a) The Director of the Department of Health of the District of Columbia must develop a plan and submit it, within 90 days of the approval of this act to the Council of the District of Columbia to provide for the safe and affordable distribution of marijuana to all patients enrolled in Medicaid or a Ryan White CARE Act funded program who are in medical need, who desire to add marijuana to their health care regimen and whose licensed physician reasonably believes that marijuana would be beneficial to their patient.

(b) Within 30 days of the certification of the passage of this act by the people of the District of Columbia, the Mayor of the District of Columbia shall deliver a copy of this act to the President and the Congress to express the sense of the people of the District of Columbia that the Federal government must develop a system to distribute marijuana to patients who need it for medical purposes.

Sec. 11. If any provision of this measusre or the application thereof to my person or circumstance is held invalid, that invalidity shall not affect other provisions or applications of the measure which can be given effect without the invalid provision or application, and to this end the provisions of this measure are severable.

Sec. 12. This act shall take effect after a 30 day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Self-government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Code §1–233(c)(1)).

Mr. Chairman, I reserve the balance of my time.

Mr. MORAN of Virginia. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Georgia (Mr. BARR) and claim the time.

Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we oppose this amendment. We certainly oppose the use of drugs that would contribute to a drug culture, that would contribute to the debilitation of any individual human being, but that is not the issue we are arguing. The issue we began arguing is whether the District of Columbia can count the ballots in a referenda that inquired as to whether people would support the ability of doctors to prescribe marijuana for their patients who are terminally ill, generally of AIDS, so as to relieve their suffering. Again, my colleagues would think that that should be a professional decision made by professional medical practitioners.

Now up until now, Mr. BARR's intent was to prevent the votes being totaled. That prevented about $1.30 apparently from being spent to itemize the ballots. The gentleman from Georgia (Mr. BARR) now goes beyond that to say that under any circumstances regardless of what the outcome of that referendum might be that the citizens of the District of Columbia cannot have their doctor prescribe for patients who are suffering to be able to use marijuana to relieve their suffering.

Mr. Chairman, there are some ramifications of this amendment that go beyond what some might consider to be a relatively heartless attempt on the part of the proponent of the amendment. For example, prohibiting the reduction of penalties associated with the possession, use or distribution of marijuana or any schedule 1 substance undermines the efforts of law enforcement, the courts, and the correctional system to enter into plea bargains with criminal defendants in their war against illegal drugs. It could eliminate the option of reducing sentences of prisoners as an incentive to encourage good behavior.

The gentleman from Georgia (Mr. BARR) I know was an assistant U.S. Attorney. He understands how important it is to be able to plea bargain, to be able to have flexibility, to look for the broader objective of reducing drug use or even to use individuals who are caught to be able to turn in the people who are truly distributing drugs. There are a lot of ramifications of this amendment, all of them negative. This should be defeated.

Now at this point I am going to reserve the balance of our time, so a number of subsequent speakers can list a number of reasons for our colleagues to vote against this amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. BARR of Georgia. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the sky is not falling, and the sky will not fall if this amendment is adopted; let me assure my colleagues on the other side.

The extent to which the other side and the key proponent who just spoke is opposed to this amendment either blinds his judgment or his ability to fairly read within the four corners of the amendment, or he is simply engaging in an argument that he knows not to be an accurate one, there is nothing in this language that either expressly or by the wildest interpretation of its language would reduce in any way, shape or form the ability of any prosecutor to plea bargain. This amendment is by its four corners and by any reasonable interpretation designed simply to stop efforts to legalize or reduce penalties for the possession or use of controlled substances. It has nothing to do with plea bargaining which does not reduce penalties for, it simply disposes of a particular case.

I look forward to the other statements that the other side will put forward in opposition to simply standing for the proposition that we do not want and this body should not condone efforts to legalize drug usage in the District of Columbia.

Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. SOUDER).

Mr. SOUDER. Mr. Chairman, I thank the gentleman from Georgia (Mr. BARR) for yielding this time to me.

This is not about health care. The word medicinal in front of this is so disgusting. Marinol, a subpart of marijuana, can be used to treat, and it is legal, and if the only way you can do it is through smoke marijuana, one can go to HHS, and there is an appeal process for those rare cases.

This is a national drug battle being funded by a few individuals, and it is a back-door way to legalize marijuana. Every year, we go through a drug certification process for other nations. When I go down to Columbia or to Mexico or to Peru and Bolivia and other countries, they always say, "What's your standard in the United States?" If in our Nation's capital, we are going to relax our drug laws and allow the backdoor legalization of marijuana in our Nation's capital, a violation of federal law, then we should not be here, we should not be doing the drug surveys.

We ought to just acknowledge that we are going to allow the toleration of marijuana because that is, in fact, where we are headed here, that this is like saying that a subcomponent of arsenic can be helpful to somebody, therefore, we are going to encourage the use of arsenic or some other substance that can be fatal, that marijuana is the gateway drug along with tobacco and alcohol to the heroin, to the crack and in and of itself, as we have heard in numerous drug hearings, from abused mothers.

We had an abused mother in Arizona who told how our husband got on marijuana, mixed it with alcohol, was beating her, and she was in constant fear of her life. It is not just harder drugs, it is also the marijuana. We had multiple wrecks in the last year in my district where students who were on marijuana or those older than students were on marijuana who had automobile wrecks that terminated the lives of other people.

We cannot in our Nation's capital where the Constitution specifically says to exercise exclusive legislation in all cases whatsoever over such district especially when it is a national law. This law applies to every State. The States that went through these referendums are, in fact, being prosecuted in courts to resolve this. There is absolutely no reason to implement such a law in District of Columbia. It would be an abomination to our country.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would suggest to the gentleman from Georgia (Mr. BARR) that the source of my comments about limiting the ability of legal professionals to come up with plea bargains and to otherwise pursue justice in the court system came from the United States Justice Department and from the offender supervision division of the District of Columbia. So it was not my personal opinion, it was a professional opinion that this could do harm to their ability to reduce drug addiction and to go after drug criminals.

Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK of Massachusetts. Mr. Chairman, first I want to welcome the gentleman from Georgia's belated conversion to democracy. I gather he is no longer insisting on the amendment he successfully authored last year to prevent the counting of votes, which I must say seems to me the least intellectually valid enactment of the United States Congress in its history. He has backed away from that. But what he now has is a rather poorly drafted amendment that is very different than the one its proponents defend.

In the first place, it does not just say law, it says law, rule, or regulation. If there were to be a policy in the prosecutor's office governing plea bargaining in controlled substances cases and my colleague wanted to amend that rule by which he controlled the practice of plea bargaining, it might be effective, but all the more important is the other language. It does not just say to legalize it, it says otherwise reduce penalties.

So do my colleagues know what would be illegal under this if it applies? Government Pataki of New York, the Governor of New York, has recently proposed, a good Republican, George Pataki, has just proposed to reduce some of the sentencing. They have mandatory minimums, and he said those are not working. If they were governed by this, it could not happen.

Now are we going to tell the District of Columbia that they cannot in their policy experiment with a diversion program for first offenders, with reducing mandatories?

This Congress passed a law in 1994 over the objections of many on that side, but it was passed by the Congress, which did away with mandatory minimums in some cases for some controlled substances. Had we been bound by this law, it could not have happened.

This is an outrage.

The debate about legalization and medical marijuana can move forward. I will note that this horrendous policy of supporting medical marijuana that is being decried over there has been supported by the electorates of many States, and I keep noting the extent to which the Republican party, at least as represented in the House, is falling out of love with the voters of America. Time and time again in public opinion polls or referenda the voters disappoint my friends over there.

Then we heard from one gentleman about, well, we need to do prohibition. His argument was for prohibition of alcohol, not just marijuana, but this goes far beyond legalization. This says they cannot reduce penalties, they cannot reduce mandatory minimums, they cannot experiment with diversion programs. It ought to be rejected.

Mr. BARR of Georgia. Mr. Chairman, I yield myself such time as I may consume.

I would remind my learned colleagues on the other side that the role of the U.S. attorney is governed very distinctly from the D.C. Appropriations Act. I would also remind my colleagues that the Department of Justice is funded in an entirely different appropriations bill. This amendment here has nothing whatsoever to do with the power of U.S. attorneys to continue to prosecute cases. The judges do continue to sentence under federal laws and the ability of Federal prosecutors in the District of Columbia to plea bargain.

Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. CUNNINGHAM).

Mr. CUNNINGHAM. Mr. Chairman, I probably, in committee, surprised some of my liberal friends by supporting the counting of the ballots. To me, it violated the First Amendment rights of individuals who at least expressed their opinion. I also stated that I would do everything in my power to fight against legalization of marijuana.

In California they had an initiative, and they have found such extreme abuse of using marijuana for medicinal purposes and medical because they could always find some doctor from the hippy generation of the 1960s or 1970s that would prescribe just to basically get around the law. They have had tremendous problems in California already with it, and I think it is wrong.

I think the liberalization of family values, the liberalization of our traditions and our laws are part of the problems why we end up with Columbines and those kinds of things. I think to back off on marijuana and other drugs would do the same kind of thing, and I will fight tooth, hook, and nail against the legalization of marijuana, but not the right to express one's opinion on it. I think that part is wrong.

Mr. MORAN of Virginia. Mr. Chairman, I yield 2 minutes to the gentlewoman from the District of Columbia (Ms. NORTON).

Ms. NORTON. Mr. Chairman, I thank the gentleman for yielding this time to me.

Let us face it. What is this amendment doing here?

This amendment is inspired by a medical marijuana initiative many residents may have opposed, but the outcome is unknown because of the amendment offered by the gentleman from Georgia (Mr. BARR) last year. It is outrageous enough to overturn local legislation without the consent of the governed. Mr. BARR just cannot wait. He wants to strike down a local initiative before it is enacted and even without knowing that it will be enacted. Even if a medical marijuana initiative passes, it could not move forward without legislation by the city council.

The poor wording of this amendment will lead to consequences that even the gentleman from Georgia (Mr. BARR) did not intend. The phrase: Otherwise reduce penalties associated with drug use is so overbroad it will produce challenges against what courts and prosecutors do every day. If we cannot otherwise reduce penalties, we may not be able to reduce drug sentences for routine matters like a defendant's cooperation with the prosecution or successful completion of drug rehabilitation.

□ 1415

I would never ask my colleagues to support permissive drug use, and our own constituents know us better than that.

The full Committee on Appropriations eliminated this amendment because it recognized that democracy, not drugs, was the issue. Mr. Chairman, I ask my colleagues to respect that judgment. The gentleman from Georgia and any Member of this body can repair to their remedies after the legislation is enacted. We ask, for goodness sake, that you spare us something unprecedented, even for the District of Columbia, prior restraint on democracy.

The CHAIRMAN pro tempore (Mr. HASTINGS of Washington). The Chair would remind the Members that the gentleman from Virginia (Mr. MORAN) has 2½ minutes remaining and the right to close; and the gentleman from Georgia (Mr. BARR) has 1 minute remaining.

Mr. MORAN of Virginia. Mr. Chairman, I yield 2 minutes to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Chairman, I commend the gentleman for his leadership on this bill, and the gentleman from Oklahoma (Mr. ISTOOK) as well for his leadership in bringing the bill to the floor.

I rise in strong opposition to the Barr amendment for the following reasons. The findings of scientific research, the will of the voters of the District of Columbia, and compassion for people with serious illnesses all argue against this amendment.

In the spring of this year, the Institute of Medicine issued a report that had been commissioned by the Office of National Drug Control Policy. The study found that marijuana is "Potentially effective in treating pain, nausea and anorexia of AIDS-wasting and other symptoms," and it called for more research on the use of marijuana in medical treatment. That is the latest science.

Finally, we must consider the need for people with cancer, AIDS, and other serious illnesses who want access to a drug which can help them deal with the symptoms of their illnesses. Of course, all of us in this body are opposed to illegal drug use, and those of us who are voting "no" on this amendment are strongly opposed to illegal drugs. I hope there is no question about that. We are also against the use of Federal law to make criminals of terminally ill people who are trying to use a proven remedy to seek relief.

The American Academy of Family Physicians, the American Preventative Medical Association, and the American Public Health Association all support access to marijuana for medicinal purposes.

Voters in my home State passed an initiative in November 1996 authorizing seriously ill patients to take marijuana on the recommendation of a licensed physician. Proposition 215 has authorized as many as 11,000 Californians who suffer from AIDS and many other debilitating diseases with safe and legal access to a remedy that makes life a little more bearable.

Thousands of constituents in my district struggling with AIDS and cancer will tell us that choosing the appropriate medical treatment should be a decision for public health officials, physicians and patients, not for the House of Representatives.

Mr. Chairman, I urge my colleagues to oppose the Barr amendment.

Mr. BARR of Georgia. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, if anybody ever wondered what one big loophole looks like, this be it. This is a copy of the Legalization of Marijuana for Medical Treatment Initiative that is the subject matter of this debate. If one reads, and I do not know whether folks on the other side have actually read the D.C. Initiative, but if they do, they will find it is one massive loophole. It is not limited only to certain types of diseases, it applies to virtually anything. It is not limited simply to patients who say that marijuana or doctors who say that marijuana has a proven medical use. It is simply, does marijuana have a demonstrated utility, whatever in the heck that means.

It also allows not only for the patient to have this marijuana, but for any friend of theirs who might have it to give to them.

So it is just replete with loopholes. It does not even require a written prescription. It can simply be an oral recommendation of the doctor.

This is bad legislation. If we do not stop it today, it will go into effect, and we would be telling the people of this country that drug usage is okay in our Nation's Capital. We should not do that. Support the Barr amendment.

Mr. MORAN of Virginia. Mr. Chairman, I yield myself the remainder of the time.

Mr. Chairman, it is difficult to argue to make any drugs legally available. But under some circumstances, we do make drugs legally available. Certainly, morphine is customarily used when people are suffering. I know I, myself, when my mother was dying and experiencing a great deal of pain, I had to inject morphine, simply to reduce the suffering. I never would have done that, but the doctors prescribed it.

Basically, that is what we are suggesting here, that we defer to the judgment of medical professionals. If there is a way to relieve people's suffering, people that are experiencing terminal illness, we should allow this. This is a tough vote, but I do think the right vote is to vote "no." Leave this to the medical community.

Mr. GILMAN. Mr. Chairman, I rise in strong support of the Barr amendment.

Mr. Chairman, I rise today in strong support of the Barr amendment to the FY 2000 District of Columbia appropriations bill. This amendment would prohibit the use of funds in the bill to legalize or reduce penalties for the possession, use, or distribution of any schedule I substance, including marijuana, under the Controlled Substances Act.

In recent years, the issue of promoting so called "medicinal" uses for marijuana has taken hold in several states. In 1996, both California and Arizona voters passed referendums, in defiance of federal law, which permitted the use of marijuana as a medical device, primarily pain relief.

Mr. Chairman, the number of adolescents who have used marijuana has doubled since 1993. It has been well established that marijuana is a gateway drug, whose use often leads to more serious drug consumption, such as heroin and cocaine use. These trends need to be reversed.

The proponents of a policy supporting the medicinal use of marijuana are simply using the issue as cover for the larger issue of drug legalization.

We must not be seen as sending mixed and confusing messages on illicit drug use to our young people. Illicit drugs are simply wrong, our country knows all to well that drugs are destructive, dangerous and deadly, nothing more, nothing less.

In their zeal to decriminalize the use of illicit substances, supporters of legalization fail to mention the consequences which would result from such a move.

Drug use is destructive behavior with consequences affecting far more than the individual in question. To pretend otherwise is to deny reality and embrace a seductive illusion that only leads to despair and hopelessness.

I urge my colleagues to strongly support this amendment.

Mr. NADLER. Mr. Chairman, today we are debating an amendment that has no business in this appropriations bill. the Barr amendment will continue the unprecedented assault on the democratic process. As many of my colleagues know, a provision that was inserted into last year's D.C. appropriations bill included a section that prohibited the District of Columbia from spending any funds to count and certify the results of a voter referendum, Measure 59, held last November. The voters cast their ballots on whether the local law should permit the medical use of marijuana. Those ballots sit uncounted and uncertified because the Barr amendment.

The cost of the District using its own funds to count and certify the results is literally a few dollars, but the Barr amendment has forced the Federal Government to incur substantial litigation costs defending last year's decision against letting the voters be heard on a local issue. This is absurd and this amendment should be rejected on its face. Why are some in this Congress so intent on impeding the democratic process in the District of Columbia?

Mr. Chairman, this amendment would bar the government of the District from using any federal funds to assist any medical marijuana program. That is what this amendment is about. In addition, because the amendment would bar the District from using local funds to "enact or carry out any law, rule or regulation" that reduces penalties for any Schedule I substance or THC derivative, this will threaten existing programs like the availability of Marinol, a THC derivative, which is used to treat patients suffering with HIV/AIDS.

Mr. Chairman, the citizens of the District have spoken and have decided that marijuana should be used for medicinal purposes. This is another attempt by the gentleman from Georgia to interfere with District citizens, who are, after all, only exercising one of the few democratic rights that Congress has allowed them—the right to vote on initiatives and referenda.

Mr. Chairman, medical studies demonstrate that in some cases marijuana has proven effective in treating pain and discomfort for patients, especially those that are undergoing chemotherapy. The medical use of marijuana is a public health issue; it is not part of the war on drugs. Once again, marijuana has been proven to relieve the pain and suffering of seriously ill patients. It is unconscionable to deny an effective medication to those in need.

Mr. Chairman, I would like to point out for the record that former Speaker Gingrich and the distinguished chairman of our own Crime Subcommittee once agreed with medicinal use of marijuana. in 1981, Representative Newt Gingrich and Representative BILL McCOLLUM, cosponsored H.R. 4498, a bill introduced by the late Congressman Stuart McKinney, that would have allowed the medicinal use of marijuana. In 1985, Chairman McCOLLUM again cosponsored H.R. 2282, a bill reintroduced by Congresswoman McKINNEY, which would have allowed the medicinal use of marijuana. I, along with many others, would be very interested to learn why our colleagues changed their minds.

Mr. Chairman, many states have held state referenda on the use of medical marijuana. Two states, California and Arizona, have successfully passed legislation to allow the prescribed use of marijuana for medicinal purposes. The voters of these states have spoken and in our democratic system they must be respected.

Mr. Chairman, although the Congress exercises oversight over the District, we should not micromanage it. We should trust the citizens of the District and their elected officials to manage and implement policies that benefit the District and its residents.

Finally, Mr. Chairman, permitting the medical use of marijuana to alleviate the pain and suffering of people with seriously ill conditions does not send the wrong message to children or anyone else. It simply states that we are compassionate and intelligent enough to respect the rights of patients and the medical community to administer what is medically appropriate care. It is time for this Congress to acknowledge that a ban on the medicinal use of marijuana is scientifically, legally, and morally wrong.

Mr. DELAHUNT. Mr. Chairman, I rise in opposition to the amendment by the gentleman from Georgia.

The amendment seeks to nullify the results of a popular local initiative by congressional fiat. So much for "federalism" and "states' rights." So much for "local self-determination." And so much for common sense. But then, whenever marijuana is involved, some of our colleagues seem to take leave of their senses altogether.

When the citizens of California and Arizona voted in 1996 to allow doctors to prescribe marijuana for medical purposes, this House responded with a resolution declaring that "marijuana is a dangerous and addictive drug and should not be legalized for medicinal use."

Yet we all know that many narcotics—such as morphine and even cocaine—which are highly dangerous when used without proper medical supervision, are nonetheless approved for a range of medical uses.

We do not deny narcotics to cancer patients because it could "send a signal" to others who might wish to use these drugs recreationally. Yet that is what this amendment would say with regard to marijuana. With all due respect, I do not believe that anyone who had watched an AIDS or cancer patient suffer uncontrollable nausea for hours at a time could make such an argument.

Proponents of the amendment are quick to point out that the scientific community is divided over the medical benefits of marijuana. They are less quick to acknowledge that both the benefits and the dangers of a large number of medical substances are subject to scientific dispute.

I submit that it is not the job of the Congress to resolve such disputes. We could argue all day about the science. But that is not our role.

It is not our role to prohibit scientists from continuing to develop sound data regarding the safety and efficacy of marijuana—as they do with any other experimental treatment.

And it is both foolish and inhumane for us to prevent licensed physicians and their patients from studying the growing literature, weighing the benefits and the risks, and deciding whether the use of such drugs is medically appropriate—especially when more conventional therapies have been found ineffective.

If we are determined to override these local decisions, and to replace sound medical judgment with our own, let's at least not be hypocritical. Let's take morphine and cocaine off the market as well. Let's explain to the patients who depend on these drugs to control their pain that they will simply have to suffer so that we can send the "right signal" about drug abuse. I'm sure they'll understand.

The CHAIRMAN pro tempore. All time has expired.

The question is on the amendment offered by the gentleman from Georgia (Mr. BARR).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. STEARNS

Mr. STEARNS. Mr. Chairman. I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STEARNS:

Page 65, insert after line 24 the following new section:

SEC. 167. Nothing in this Act prohibits the Department of Fire and Emergency Services of the District of Columbia from using funds for automated external defibrillators.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore. The Chair will remind all persons in the gallery that they are here as guests of the House and that any manifestation of approval or disapproval of proceedings or other audible conversation is in violation of the Rules of the House.

Mr. ISTOOK. Mr. Chairman, I reserve a point of order.

The CHAIRMAN pro tempore. The gentleman from Oklahoma reserves a point of order.

Mr. STEARNS. Mr. Chairman, my amendment is very straightforward. It states that nothing in this act prohibits the Department of Fire and Emergency Medical Services of the District of Columbia from using funds for automatic external defibrillators.

This amendment, Mr. Chairman, seeks to highlight how invaluable AEDs are to use to save personal lives. This is endorsed by the American Heart Association, the American Red Cross, the American Association of Respiratory Care, the American College of Cardiology, the Citizen CPR Foundation, and the International Association of Firefighters. These are just a few people that support the idea of making AEDs available in Federal buildings.

I want to make it clear to my colleagues that this amendment in no way seeks to dictate to the District of Columbia how they should spend their money.

An AED of course is a device that is a little larger than a laptop computer. It automatically analyzes heart rhythms and delivers an electric current to the heart of a cardiac arrest victim. AED can restart a heart that has stopped beating.

Passage of this amendment simply reaffirms that the District of Columbia should have access to the most up-to-date, state-of-the-art equipment. Like AEDs, they can restore a normal heart rhythm in persons suffering from sudden cardiac arrest.

Mr. Chairman, frankly, it does not require a lot of training. Just turn it on and it tells someone what to do. It allows a great number of people to be able to respond to medical emergencies that require defibrillation. They are essential to strengthening this chain of survival for anybody that has a cardiac arrest.

The four links to this process, of course, are dialing 911 as a first step, early resuscitation, and then defibrillation, and then, of course, early and advanced life support.

While defibrillation is the most effective mechanism to revive a heart that has stopped, it is the least accessed tool we have available. So I think putting AEDs in Federal buildings is much like the argument for putting firefighting equipment in the buildings.

Studies show that 250 lives can be saved each and every day from cardiac arrest by using the AED device. Those are the kinds of statistics that no one can argue with.

No one knows when a sudden cardiac arrest might occur. According to a recent study, the top five sites where cardiac arrests do occur of course are at airports, county jails, shopping malls, sports stadiums, and of course golf courses. I believe we would all do ourselves a favor and great comfort in knowing that in any one of these Federal buildings or, for that matter, any District building, that we have in Washington, DC, that the most up-to-date equipment is available and that folks are now trained to use it to help all Americans.

They are being produced today very inexpensively. They are easy to maintain, and so I think between those two things, the state of the art is bringing costs down for the AEDs and they afford a wider range of emergency capability for trained and equipped personnel.

So I think with all of the tourists we have here in the District of Columbia each day, I think it is important that all of the Federal buildings, as well as the District of Columbia, have these available.

Mr. Chairman, I have talked to the gentlewoman who represents D.C. on this matter, and I urge my colleagues to adopt this amendment.

POINT OF ORDER

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Oklahoma (Mr. ISTOOK) on a point of order.

Mr. ISTOOK. Mr. Chairman, it is my understanding that the gentleman from Florida (Mr. STEARNS) desires to withdraw his amendment by unanimous consent and that his language be included in the report in the bill.

Mr. STEARNS. That is correct, Mr. Chairman. I have worked out the language with the gentlewoman from the District of Columbia (Ms. NORTON), and as I understand, if she would confirm this, that she accepts the report language that I have, and then, by unanimous consent, I will withdrawal my amendment.

Mr. MORAN of Virginia. Mr. Chairman, we have no objection. We would defer to the judgment of the Chairman.

Ms. NORTON. Mr. Chairman, if I could respond, I want to thank the gentleman for working with me on an issue of mutual interest so that we did not have to go into statutory language or a point of order and yet could get the agreement of the District after a call to the police department on a matter that is of considerable importance. I appreciate the gentleman drawing it to my attention, and I appreciate the way in which the gentleman has worked with me collegially to get a satisfactory solution.

Mr. STEARNS. Mr. Chairman, I appreciate the compliment and I am always glad to work with the gentlewoman.

The report language in a sense is that we should conduct a study about the need for placement of the automatic external defibrillators in the Federal buildings and District buildings, so I think it is a first step for this country to recognize that AEDs are an important survival technique, and we are taking that step this afternoon here on the House floor.

I thank the chairman of the D.C. Committee on Appropriations.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

Mr. BENTSEN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, today as we consider the appropriations bill for the District of Columbia, I want to highlight a high-profile case of police incompetence that has grievously affected some of my constituents. Last year, a resident of Baytown, Texas, Ms. Chanda Smith was only 2 months away from graduating from the University of Maryland when the car she was traveling in was broadsided by another vehicle on a District street, ending her life. Deaf since the age of 2 from meningitis, Chanda was looking forward to her graduation which would have occurred in December.

The suspect, who tried to flee the scene, was quickly apprehended by District police. However, in the first of many police department missteps, none of the attending officers called the police department's mobile crime personnel unit who routinely examines skid marks and patterns of debris and take photographs and measurements of fatal accident scenes. These mistakes, while serious, were a harbinger for an even more appalling series of events.

The Smith case was assigned to Detective Milton James, whose handling of several other fatal crash scenes had been under review by the D.C. Police Department. When Detective James began his investigation into the Smith case, he failed to order a blood sample from the suspect and did not get a warrant to search the suspect's vehicle. After he allowed the car to be towed, the police property division inadvertently junked the vehicle which contained direct evidence that the car should not have been on the road that night due to poor brakes and substandard steering. Police investigators later determined that the D.C. Department of Motor Vehicles inspectors passed the vehicle just weeks before.

□ 1430

Following these grossly negligent actions and mismanagement, another investigator was assigned to the case and prosecutors assembled a grand jury in an attempt to obtain further evidence and information.

In the weeks after the accident, Chanda's parents remained in close contact with the lead detective, who assured them that the suspect would be charged with vehicular homicide and that the case would be turned over to a grand jury. Like any parents in this situation, the Smiths assumed that the case would result in a clear-cut conviction. But without the car and the measurements, the accident was impossible to reconstruct.

In its response to the lapses in the Smith case, the District's police actions were completely inadequate. The lead detective, who clearly failed to perform even the most basic functions of an accident investigator, was demoted and reassigned. His supervisors, who had allowed this detective to investigate the crash site, were reprimanded for their poor oversight of the detective.

What came to light after this case is even more shocking, that the lead detective had performed so poorly that 14 of his cases had been reassigned to other detectives because of his ineptitude in investigating accident scenes. The District police had long known this detective was not carrying out the basic functions of an accident investigator, such as interviewing key witnesses, taking blood samples, photographing crime scenes, and preserving evidence.

After learning of the Department's lapses in January 1999, Chanda's parents were contacted by an investigator with the U.S. Attorney's Office, who tried to salvage the case and bring some justice to the Smith family. The Smiths worked with an Assistant U.S. Attorney to reconstruct some of the evidence, including turning over detailed pictures of the car that the insurance company had taken following the accident.

While a grand jury was convened, there have been no indictments and the case has now been closed. The Smith family, who have suffered through a terrible, wrenching tragedy, have been denied justice for their daughters's life. Due to the original handling of this case, these parents are left searching for answers that may never be resolved.

Mr. Chairman, I appreciate the tough job that the men and women of the D.C. Police Department have to do, and I believe that the vast majority do it well. But the incompetence in handling of the Smith case should not be tolerated.

As we consider the funding levels for the District of Columbia for fiscal year 2000, I want to urge all of my colleagues and particularly the members of the committee to consider this case and the implications for our constituents who may be affected by the inaction and incompetence in this instance by the District Police Department.

I also urge Police Chief Charles Ramsey, who has acted with compassion in his response to this matter, to take every action necessary to resolve this case. The job performance of the lead detective and the supervisors in this case were completely unacceptable. Their lack of action has caused enormous grief for a family who may never achieve even a small measure of justice for the loss of their daughter. They clearly deserve better, and so do the residents of the District of Columbia and the citizens of the United States.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. HASTINGS of Washington). A few minutes ago the Chair noted a disturbance in the gallery, in contravention of the law and rules of the House.

The Sergeant at Arms removed those persons responsible for the disturbance and restored order to the gallery.

Mr. ISTOOK. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I appreciate the remarks of the gentleman from Texas (Mr. BENTSEN), and although I have no personal familiarity with the circumstances he relates, I certainly share his concern about the proper enforcement of laws and the proper procedures being followed by the police within the District for the protection of the citizens, whether they reside here, visit here, or work here.

I do want to point out to the gentleman that in the bill we have provided $1.2 million for the expenses of the Citizen Complaint Review Board, which is intended to deal with concerns about police procedure, whether they be activity or inactivity, actions or oversights.

I would certainly encourage the persons involved in the incident that he mentioned to utilize the services of that board, which we have sought to fund, to assist the District in resolving what we know are some long-term accumulated problems regarding the police department that I know Chief Ramsey wants to aggressively correct.

So I appreciate the gentleman's comments, and I certainly hope that the Citizen Complaint Review Board will be of assistance to him.

I also wanted to note, Mr. Chairman, on the Barr amendment, which was adopted by voice vote, there were a couple of concerns raised about whether there might be some unintended consequences. That is a conferencible item with the Senate, and we will certainly look at that to make sure that no unintended consequences occur. I know the gentleman from Georgia (Mr. BARR) feels the same way, and we will be looking at that in conference.

I also wanted to state, Mr. Chairman, we will be having the vote shortly on the Norton amendment, which regards the ability to use public funds on the voting rights litigation that persons in the District have filed against the Federal Government.

I expect, based upon past votes, that the House would reject that amendment and continue the prohibition, but I did want to note for the RECORD that I have initiated the conversation with the gentlewoman from the District of Columbia (Ms. NORTON) and the gentleman from Virginia (Mr. MORAN), the ranking member, about the possibility of addressing this in conference, where, rather than an outright prohibition, we might be able to make sure, of course, that nothing is reimbursed for past work, but that the District might consider having limited availability of local funds only for future litigation expenses in their discretion.

I intend to address that with the conferees, and we will see if that might be the end result. Certainly, of course, the amendment remains before the House to work its will, as it has previously.

Finally, Mr. Chairman, although we have devoted time today to talking about different amendments that are being offered to the bill, I think it is important that we all understand that there are some very important initiatives in this piece of legislation: the drug testing and treatment for the 30,000 offenders who are widescale violating the conditions of their freedom, that we need to get either off the streets or off of drugs, this is a major initiative; the adoption initiative; the approval of the management reforms by the District; the charter school assistance and strengthening within the District; and certainly approving the District's tax cut, which they have taken as a bold step in further improving the economic status of the District and everybody who resides here.

Regardless of the vote on the amendments, I certainly intend to support the work of this House on the final bill. Regardless of how other Members may vote on the different amendments, I do not believe that any of them should be used by anyone as a reason to oppose the final passage of this bill, which I think helps to open a very strong and good chapter in better relations between the Federal Government and D.C., and to making the District a safer, better place with better schools for people who live here and work here and visit here, to be a better Capitol for our Nation.

I commend the work of the persons who have worked together on this bill, both within this House and within the District government.

Mr. Chairman, I urge adoption of the entire bill.

Mr. MORAN of Virginia. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I appreciate the remarks of my friend and colleague, the gentleman from Oklahoma (Mr. ISTOOK). I applaud him for doing a very fine job in chairing this subcommittee and putting together an appropriations bill that is worthy of this House. In the subcommittee and in the full committee, both Democrats and Republicans agreed this is a good bill. This is the bill that we want the President to sign.

It is still a good bill as it stands, unamended. If, however, it is amended on the floor of this House by changing the language that was approved by the full committee that said that no Federal funds can be used for any needle exchange program in the District of Columbia, we will have to oppose this bill. We believe that the D.C. elected council and Mayor can determine how best to combat the drug epidemic in the District which, by many accounts, is the worst in the Nation, if that language in the bill is sustained, we would certainly want to support that.

If this body agrees that there is no need for the language put in by the gentleman from Oklahoma (Mr. LARGENT) that would supersede the judgment of the domestic courts in this city with regard to who is eligible to adopt children, then we have a bill that is going to pass virtually unanimously.

But the problem, Mr. Chairman, is that there are two amendments here that, if they are approved by this House, are so egregious in terms of trampling the rights of the District of Columbia citizens, its elected representatives, and its court system that the White House has said it will veto this bill. Then we are right back at the starting point. All this excellent effort by the gentleman from Oklahoma (Mr. ISTOOK) and his colleagues on the Republican side and all the bipartisan support on the Democratic side will have been for naught.

That reason alone should be sufficient to vote down these amendments and vote up the appropriations bill before us, because these amendments do not belong in an appropriations bill. That is why we had the argument on the rule. We had to have a rule that waived the rules of this House, saying that despite the fact that they would be ruled out of order, we are going to rule them in order, allowing them to be added to the bill.

Had we stuck with an open rule, we would not have had to deal with this. We would have had a pure bill, a pure appropriations bill. We would have bipartisan support for it and it would pass overwhelmingly in this House.

That is why, Mr. Chairman, I would urge my colleagues to reject these two amendments; to support the bill, if they are rejected, and to give the White House a bill that it can sign right away and at least take this issue off the table.

Mr. Chairman, I want to thank the members of the Committee on Appropriations staff, I want to thank my assistant on the D.C. appropriations bill, Tim Aiken, who was ably assisted by Anstice Brand. I want to thank Tom Forhan particularly as the lead minority staff person for D.C. appropriations.

I want to thank the gentlewoman from the District of Columbia (Ms.

NORTON), who has been here throughout the entire bill, who has done an excellent job of representing her constituents. That is really what this is all about. We really would like to defer to her constituents, who have the right to elect their own representatives, and would seem to have the right to spend their own money.

We talk a lot about Federalism, we talk a lot about devolvement to States and localities. This is a good opportunity to show that our money is where our mouth is; that we believe in our rhetoric, we believe in the principle of self-representation, we believe that this Congress should not be overriding the normal rules of the House, imposing restrictions on the use of local and private funds within the District, imposing restrictions upon the prerogatives of the domestic courts in the District of Columbia.

That principle will be sustained if we defeat the two amendments and enable all the Members of this House to support the D.C. appropriations bill, and enable the White House to sign it.

Mr. Chairman, as I say, I urge a no vote on the amendments. If they are defeated, then we could urge a yes vote on the underlying bill.

Mr. ISTOOK. Mr. Chairman, I ask unanimous consent to strike the requisite number of words.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ISTOOK. Mr. Chairman, I appreciate the comments of the ranking member.

One thing I think we need to make sure is mentioned is the D.C. tuition aid grant program, $17 million that we fund in this bill to enable young people in the District to achieve a college education. A vote against the bill, of course, would be a vote against that, as well as the other things, such as the drug treatment programs.

Mr. Chairman, I would submit, frankly, that when we have a bill that is funding $25 million for drug testing and treatment, and a bill that is funding $8.5 million to encourage adoption, it is not unreasonable to expect that we do not want mixed messages by saying, well, let us have a needle exchange program that could interfere with that, or let us not make sure that adopting parents are related by blood or marriage.

I doubt, Mr. Chairman, that the President would be so extreme as to veto this excellent bill because he did not like a couple of those provisions, especially seeing that he signed one into law last year.

□ 1445

Mr. MORAN of Virginia. Mr. Chairman, I ask unanimous consent to strike the requisite number or words.

The CHAIRMAN. Without objection, the gentleman from Virginia is recognized.

There was no objection.

Mr. ISTOOK. Mr. Chairman, will the gentleman yield?

Mr. MORAN of Virginia. I yield to the gentleman from Oklahoma.

Mr. ISTOOK. Mr. Chairman, I thought I had understood it was protocol for the chairman to have the last word. Now, if the gentleman from Virginia insists upon having the last word, certainly I will not interfere with his desire to do so.

Mr. MORAN of Virginia. Mr. Chairman, I suggest to the gentleman from Oklahoma I will speak and then yield to him to have the last word.

Mr. ISTOOK. That is fine.

Mr. MORAN of Virginia. Mr. Chairman, let me just say that, first of all, I neglected particularly to thank Mr. Americo "Migo" Miconi who was just superb on this bill. When I was thanking everybody, it was not sufficient to thank the members of the Committee on Appropriations staff without mentioning him particularly, specifically. He has some excellent people working with him as well, and we appreciate their fine work.

Again, not only did we not mention the $17 million for the in-State tuition program, terrific idea, the $8.5 million for adoptions, the money for charter school, the money for offender supervision, I could go on and on and on, great things, plus supporting the consensus budget.

That is why we particularly hope that these two amendments can be defeated and we can support the underlying bill.

Mr. Chairman, I yield to the gentleman from Oklahoma (Chairman ISTOOK) to conclude.

Mr. ISTOOK. Mr. Chairman, I have no further comments except my word of appreciation for the ranking member, the great people, Mr. Miconi, Mr. Albaugh, Mr. Monteiro, all the people who have worked on this bill.

The CHAIRMAN. Are there further amendments to the bill?

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN. Pursuant to House Resolution 260, proceedings will now resume on those amendments on which further proceedings were postponed in the following order: Amendment No. 1 printed in House Report 106–263 offered by the gentleman from Kansas (Mr. TIAHRT), Amendment No. 2 printed in the CONGRESSIONAL RECORD offered by the gentlewoman from the District of Columbia (Ms. NORTON), amendment No. 2 printed in House Report 106–263 offered by the gentleman from Oklahoma (Mr. LARGENT).

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT NO. 1 OFFERED BY MR. TIAHRT

The CHAIRMAN. The pending business is the demand for a recorded vote on amendment No. 1 printed in House Report 106–263, offered by the gentleman from Kansas (Mr. TIAHRT) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 241, noes 187, not voting 6, as follows:

[Roll No. 344]

AYES—241

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehner
Bono
Boswell
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Chabot
Chambliss
Chenoweth
Clement
Coble
Coburn
Collins
Combest
Cook
Costello
Cox
Cramer
Crane
Cubin
Cunningham
Danner
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Etheridge
Everett
Ewing
Fletcher
Forbes
Fossella
Fowler
Franks (NJ)
Gallegly
Gekas
Gibbons
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (TX)
Green (WI)
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hobson
Hoekstra
Holden
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
John
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kuykendall
LaHood
Largent
Latham
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Luther
Manzullo
Mascara
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
McNulty
Metcalf
Mica
Miller, Gary
Miller, George
Moore
Moran (KS)
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ortiz
Ose
Oxley
Packard
Pascrell
Paul
Pease
Peterson (MN)
Petri
Phelps
Pickering
Pitts
Pombo
Pomeroy
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula
Reynolds
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sandlin
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Sherwood
Shimkus
Shows
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stenholm
Strickland
Stump
Sweeney
Talent
Tancredo
Tanner
Tauzin

Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Traficant
Turner

Upton
Visclosky
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)

Weller
Whitfield
Wicker
Wilson
Wise
Wolf
Young (AK)
Young (FL)

NOES—187

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blagojevich
Blumenauer
Boehlert
Bonilla
Bonior
Borski
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Campbell
Capps
Capuano
Cardin
Carson
Castle
Clay
Clayton
Clyburn
Condit
Conyers
Cooksey
Coyne
Crowley
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Filner
Foley
Ford
Frank (MA)

Frelinghuysen
Frost
Ganske
Gejdenson
Gephardt
Gilchrest
Gonzalez
Gordon
Greenwood
Gutierrez
Hastings (FL)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holt
Hooley
Horn
Houghton
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson, E.B.
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kolbe
Kucinich
LaFalce
Lampson
Lantos
Larson
LaTourette
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Maloney (CT)
Maloney (NY)
Markey
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McKinney
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller (FL)

Minge
Mink
Moakley
Mollohan
Moran (VA)
Morella
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Owens
Pallone
Pastor
Payne
Pelosi
Pickett
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sawyer
Schakowsky
Scott
Serrano
Shays
Sherman
Sisisky
Slaughter
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Stupak
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Udall (CO)
Udall (NM)
Velazquez
Vento
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Woolsey
Wu
Wynn

NOT VOTING—6

Johnson, Sam
Jones (OH)

McDermott
Peterson (PA)

Skelton
Sununu

☐ 1507

Mr. TIERNEY and Mr. STUPAK changed their vote from "aye" to "no."

Messrs. DOOLITTLE, DICKEY, VISCLOSKY, GEORGE MILLER of California, BARTLETT of Maryland, and WISE changed their vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. Pursuant to House Resolution 260, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device will be taken on each additional amendment on which the Chair has postponed further proceedings.

AMENDMENT NO. 2 OFFERED BY MS. NORTON

The CHAIRMAN. The pending business is the demand for a recorded vote on amendment No. 2 printed in the Congressional RECORD offered by the gentlewoman from the District of Columbia (Ms. NORTON) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 214, noes 214, not voting 5, as follows:

[Roll No. 345]

AYES—214

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Campbell
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Conyers
Cooksey
Costello
Coyne
Cramer
Crowley
Cubin
Cummings
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett

Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gilchrest
Gonzalez
Gordon
Green (TX)
Greenwood
Gutierrez
Hall (OH)
Hall (TX)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Horn
Houghton
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E.B.
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson

Lantos
Largent
Larson
LaTourette
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Phelps
Pomeroy
Price (NC)

Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Scarborough
Schakowsky
Scott
Serrano

Sherman
Shows
Sisisky
Slaughter
Snyder
Spratt
Stabenow
Stark
Strickland
Stupak
Sweeney
Tanner
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns

Traficant
Turner
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Wise
Wolf
Woolsey
Wu
Wynn

NOES—214

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Boucher
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Coble
Coburn
Collins
Combest
Condit
Cook
Cox
Crane
Cunningham
Danner
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gillmor

Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Gutknecht
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Latham
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (OK)
Manzullo
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Peterson (MN)
Petri

Pickering
Pickett
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Souder
Spence
Stearns
Stenholm
Stump
Talent
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Young (AK)
Young (FL)

NOT VOTING—5

Jones (OH)
McDermott
Peterson (PA)
Skelton
Sununu

☐ 1518

Messrs. PACKARD, SOUDER, and COBURN changed their vote from "aye" to "no."

Messrs. SWEENEY, GORDON, JOHN, and McINTYRE changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT NO. 2 OFFERED BY MR. LARGENT

The CHAIRMAN. The pending business is the demand for a recorded vote on Amendment No. 2 printed in House Report 106-263 offered by the gentleman from Oklahoma (Mr. LARGENT) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 213, noes 215, not voting 5, as follows:

[Roll No. 346]

AYES—213

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bateman
Bereuter
Berry
Bilirakis
Bishop
Bliley
Blunt
Boehner
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Clement
Coble
Coburn
Collins
Combest
Cook
Costello
Cox
Cramer
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Etheridge
Everett
Fletcher
Fossella
Fowler
Gallegly
Ganske
Gekas
Gibbons
Gillmor
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (WI)
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hoekstra
Holden
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
John
Johnson, Sam
Jones (NC)
Kasich
King (NY)
Kingston
Knollenberg
LaHood
Largent
Latham
Lazio
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Mascara
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller, Gary
Moore
Moran (KS)
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ortiz
Packard
Paul
Pease
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Portman
Quinn
Radanovich
Ramstad
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sandlin
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Spratt
Stearns
Stenholm
Stump
Sweeney
Talent
Tancredo
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thornberry
Thune
Tiahrt
Toomey
Turner
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Wicker
Wolf
Young (AK)
Young (FL)

NOES—215

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Bass
Becerra
Bentsen
Berkley
Berman
Biggert
Bilbray
Blagojevich
Blumenauer
Boehlert
Bonilla
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Camp
Campbell
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clyburn
Condit
Conyers
Cooksey
Coyne
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Evans
Ewing
Farr
Fattah
Filner
Foley
Forbes
Ford
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gejdenson
Gephardt
Gilchrest
Gilman
Gonzalez
Green (TX)
Greenwood
Gutierrez
Hastings (FL)
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Holt
Hooley
Horn
Houghton
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson, E.B.
Kanjorski
Kaptur
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kolbe
Kucinich
Kuykendall
LaFalce
Lampson
Lantos
Larson
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller (FL)
Miller, George
Minge
Mink
Moakley
Mollohan
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ose
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pelosi
Pomeroy
Porter
Price (NC)
Pryce (OH)
Rahall
Rangel
Regula
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sawyer
Schakowsky
Scott
Serrano
Shays
Sherman
Slaughter
Smith (WA)
Snyder
Stabenow
Stark
Strickland
Stupak
Tauscher
Thomas
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Traficant
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Whitfield
Wilson
Wise
Woolsey
Wu
Wynn

NOT VOTING—5

Jones (OH)
McDermott
Peterson (PA)
Skelton
Sununu

☐ 1526

Mr. WISE changed his vote from "aye" to "no."

Mr. SWEENEY changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. HEFLEY) having assumed the chair, Mr. BEREUTER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2587) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes, pursuant to House Resolution 260, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Pursuant to clause 10 of rule XX, the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 333, nays 92, not voting 9, as follows:

[Roll No. 347]

YEAS—333

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Barcia
Barrett (NE)
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Bryant
Burr
Callahan
Calvert
Camp
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chambliss
Chenoweth
Clayton
Clement
Coburn
Collins
Cook
Cooksey
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cunningham
Danner
Davis (FL)
Davis (VA)
Deal

DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dooley
Doolittle
Doyle
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Ewing
Farr
Fattah
Fletcher
Foley
Forbes
Ford
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Gordon
Goss
Granger
Green (WI)
Gutierrez
Gutknecht
Hall (OH)
Hansen
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hill (IN)
Hilleary
Hilliard
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Kanjorski
Kaptur
Kasich
Kelly

Kennedy
Kildee
Kind (WI)
King (NY)
Kingston
Klink
Knollenberg
Kolbe
Kuykendall
LaFalce
Lampson
Lantos
Larson
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lowey
Lucas (KY)
Luther
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McIntosh
McKeon
McNulty
Meehan
Meek (FL)
Menendez
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Myrick
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pease
Pelosi
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Rivers

Rodriguez
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roybal-Allard
Ryan (WI)
Ryun (KS)
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Scarborough
Schakowsky
Scott
Serrano
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stupak
Sununu
Sweeney
Talent
Tanner
Tauscher
Tauzin
Terry
Thomas
Thompson (CA)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—92

Archer
Barr
Barrett (WI)
Bartlett
Blagojevich

Brown (OH)
Burton
Buyer
Campbell
Chabot

Clyburn
Coble
Combest
Condit
Conyers

Costello
Cummings
Davis (IL)
DeFazio
Dicks
Dingell
Dixon
Doggett
Duncan
Everett
Filner
Fossella
Gephardt
Goode
Goodlatte
Goodling
Green (TX)
Hall (TX)
Hayworth
Hefley
Herger
Hill (MT)
Hinchey
Jackson (IL)
Kilpatrick
Kleczka

Kucinich
LaHood
Largent
Lee
Lewis (GA)
Lipinski
Lofgren
Lucas (OK)
Maloney (CT)
McInnis
McIntyre
McKinney
Meeks (NY)
Metcalf
Mica
Millender-McDonald
Moran (KS)
Nadler
Obey
Olver
Pastor
Paul
Payne
Peterson (MN)
Petri

Phelps
Pickering
Pickett
Riley
Roemer
Roukema
Royce
Rush
Salmon
Sanford
Schaffer
Sensenbrenner
Sessions
Sherman
Slaughter
Stearns
Stenholm
Strickland
Stump
Tancredo
Taylor (MS)
Taylor (NC)
Thompson (MS)
Towns
Waters
Watkins

NOT VOTING—9

Ballenger
Clay
Dreier

Graham
Greenwood
Jones (OH)

McDermott
Peterson (PA)
Skelton

□ 1545

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 1545

PROVIDING FOR CONSIDERATION OF H.R. 2606, FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

Mr. DIAZ-BALART. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 263 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 263

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes. The first reading of the bill shall be dispensed with. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations. After general debate the bill shall be considered for amendment under the five-minute rule. Points of order against provisions in the bill for failure to comply with clause 2 of rule XXI are waived. Before consideration of any other amendment it shall be in order to consider the amendments printed in part A of the report of the Committee on Rules accompanying this resolution. Each amendment printed in part A of the report may be considered only in the order printed in the report. The amendment printed in part B of the report may be offered only at the appropriate point in the reading of the bill. Each amendment printed in the report may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment. All points of order against the amendments printed in the report are waived. During consideration of the bill for further amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 8 of rule XVIII. Amendments so printed shall be considered as read. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. HEFLEY). The gentleman from Florida (Mr. DIAZ-BALART) is recognized for 1 hour.

Mr. DIAZ-BALART. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Ohio (Mr. HALL), pending which I yield myself such time as I may consume. During consideration of this resolution all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 263 is an open rule providing for the consideration of H.R. 2606, the foreign operations appropriations bill for fiscal year 2000. The rule provides for 1 hour of general debate, equally divided between the chairman and the ranking minority member of the Committee on Appropriations.

In addition, the rule provides the bill be open to amendment by paragraph. The rule also waives points of order against provisions in the bill for failing to comply with clause 2 of rule XXI. The rule provides that before consideration of any other amendment it shall be in order to consider the amendments printed in part A of the Committee on Rules report only in the order printed in the report.

These amendments relate to limitations on the use of international population funds. Further, the rule provides the amendment printed in part B of the report may be offered only at the appropriate point in the reading of the bill. The amendment concerns child survival funding.

In addition, the rule provides for consideration of the amendments printed in the Committee on Rules report to be offered only by a Member designated in the report. The amendments shall be considered as read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment.

The rule waives points of order against the amendments which were printed in the Committee on Rules report, but also grants the chairman of the Committee of the Whole authority to postpone votes and reduce voting time to 5 minutes provided that the first vote in a series is not less than 15 minutes.

In addition, the rule provides that Members who have pre-printed their amendments in the RECORD prior to their consideration will be given priority in recognition to offer their amendments if otherwise consistent with House rules. And finally the rule provides for one motion to recommit with or without instructions.

Mr. Speaker, this bill provides a fair, a very fair, approach for the consideration of the foreign aid appropriations bill. One controversial area which always lends itself to important debate on the floor involves family planning funds and their potential use for performing or promoting abortions and the so-called Mexico City policy which prohibits U.S. assistance to foreign organizations that perform abortions, violate abortion laws, or engage in lobbying activities to change such laws.

While I personally am a strong advocate for the rights of the unborn, our committee is providing for amendments which cover both the pro-life and the pro-choice sides of the issue. I commend my colleague the gentleman from New Jersey (Mr. SMITH) who is chairman, Subcommittee on International Operations and Human Rights for his tireless work to protect the rights of the unborn. I certainly will support his amendment on this important issue.

To clarify that two amendments referred to in part A of the Committee on Rules report, one to be offered by the gentleman from New Jersey (Mr. SMITH) and the other to be offered by the gentleman from Pennsylvania (Mr. GREENWOOD) let me explain that each of these amendments has been made in order as a freestanding amendment. Although they represent different aspects of the use of population assistance funds they are not necessarily inconsistent. Should they both prevail, any inconsistencies can and will be worked out in conference.

I support the rule. I also support the underlying bill. There are many important programs which are being funded. And because there are no country earmarks, the President and the Secretary of State are afforded maximum flexibility to conduct foreign policy. I am pleased to see that this is the tenth appropriations bill to come before the House. It is within, it is even below, the committee's budget allocation. I thank and commend not only the gentleman from Florida (Mr. YOUNG) but also the gentleman from Alabama (Mr. CALLAHAN) and the gentlewoman from California (Ms. PELOSI) for their hard work on this important bill, and I urge adoption of both the rule and the bill.

Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume.

I want to thank the gentleman from Florida (Mr. DIAZ-BALART) for yielding me the time.

This is an open rule. It will allow consideration of H.R. 2606 which is a bill that makes appropriations for foreign aid and export assistance in fiscal year 2000.

As my colleague has described, this rule provides for 1 hour of general debate to be equally divided and controlled by the chairman, ranking minority member of the Committee on Appropriations, and all Members on both sides of the aisle will have the opportunity to offer germane amendments.

In addition, the rule waives points of order against three amendments to be offered by the gentleman from New Jersey (Mr. SMITH), the gentleman from Pennsylvania (Mr. GREENWOOD), and the gentleman from Pennsylvania (Mr. PITTS). Unfortunately, the rule does not honor the requests made by the Subcommittee on Foreign Operation's ranking minority member, the gentlewoman from California (Ms. PELOSI) who asked for regular order in the amendment process. I am also disappointed that the rule denied Ms. PELOSI the opportunity to offer an amendment. Instead that amendment was made in order only if offered by the gentleman from Pennsylvania (Mr. GREENWOOD).

I want to commend the chairman of the Subcommittee on Foreign Operations, the gentleman from Alabama (Mr. CALLAHAN), and the ranking minority member, the gentlewoman from California (Ms. PELOSI) for their work in bringing this bill to the floor. I commend them both for maintaining the spirit of bipartisanship and compromise, at least during the subcommittee process.

And I appreciate the committee urging AID to provide 1.52 million for microenterprise, 1.52 million for microenterprise which represents about a 10 percent increase over last year's level. The committee expects half of these funds to go to the poorest people. Microenterprise development is a cost-effective way to reduce poverty.

The bill provides $680 million for the child survival and disease programs fund which is more than the administration's request. This includes $110 million for the United Nations children's fund, better known as UNICEF, which is also an increase above the administration's request.

And I am pleased that the bill removes restrictions on humanitarian assistance to Cambodia including assistance for basic education activities. I was in Cambodia in April, and I witnessed the enormous poverty that is the ongoing legacy of the Pol Pot regime, and removing this restriction will help raise the low level of education that is in Cambodia and improve the lives of the people there.

And finally, I thank the committee for including language in its report stating the committee's intention to increase funding for the Peace Corps if funding becomes available. I believe that the gentleman from Alabama (Mr. CALLAHAN) and the gentlewoman from California (Ms. PELOSI) crafted about the best bill that they could given the low allocation for the subcommittee.

However, I must express my deep disappointment that the House chose to provide so little funds for foreign assistance. Since 1985, inflation-adjusted spending on foreign aid has decreased more than 50 percent. Assistance now represents less than 1 percent of the total federal budget. And as the richest Nation on earth, the United States has a moral obligation to help reduce the misery among the poorest people in the world.

However, as a recent editorial in the New York Times pointed out, foreign aid is also in our best interests. The New York Times article said that assistance that helps prevent foreign political conflicts or economic calamities can reduce the need for far more costly future American involvement. The editorial went on to criticize Congressional efforts to cut foreign aid as a shortsighted national shame.

Mr. Speaker, I reserve the balance of my time.

Mr. DIAZ-BALART. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I think we all should be very proud of the work the Committee on Appropriations has done this year, and a great measure, to a great degree the responsibility for the marvelous work that the committee has been doing and is doing lies at the office and in the office of the chairman, and I want to commend the chairman for his leadership.

Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. YOUNG), chairman of the Committee on Appropriations.

Mr. YOUNG of Florida. Mr. Speaker, I thank the gentleman for yielding the time, and I rise to make just this announcement, and I would hope that we can expedite consideration of this rule and get to the bill and get the bill finished tonight.

As my colleagues know, the House is scheduled to leave Washington on next Friday for the August recess so the

Members can return to their districts and spend time with their constituents. But all the Members know that the Speaker has stated that if we have not completed our work on the appropriation bills, as scheduled, that that recess will not go forward until that work has been completed.

Now the reason that we need to expedite this rule and to finish this bill tonight is that on tomorrow it is necessary for the committee to take up the last two bills that it will take up and present to the House before the House recesses for the August recess.

So tomorrow we, the Committee on Appropriations, need all day tomorrow to deal with those last two bills. Because of this we cannot be on the floor with this bill tomorrow, and if the committee cannot report those last two bills tomorrow, there is no way to get them on to the floor next week prior to the recess taking effect.

So it is essential that we expedite and get this business done tonight if we want to go on our August recess as has been scheduled.

So, other than that, Mr. Speaker, I ask support for the rule, that we expedite that support, and I ask that we do the very best we can to expedite this bill so that we can continue the appropriation process, and, Mr. Speaker, the gentleman from Florida (Mr. DIAZ-BALART) mentioned that we passed now 10 appropriation bills. The fact is, counting the supplementals, we have passed 12 of the appropriation bills and two conference reports as well. So the Committee on Appropriations is on schedule.

□ 1600

We can keep on schedule if we expedite tonight.

I thank the gentleman for yielding me the time.

Mr. HALL of Ohio. Mr. Speaker, I yield 5 minutes to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Speaker, I thank the gentleman for yielding me this time. I thank him also for his leadership on many of the issues that are in the foreign operations bill relating to child survival and honoring the gospel of Matthew. I thank the gentleman from Ohio. I thank the gentleman from Florida (Mr. DIAZ-BALART) for his participation in bringing the rule to the floor. I have great admiration for him and for my distinguished chairman of the full committee and I reluctantly rise in opposition to the rule.

In our subcommittee, Mr. Speaker, we had tried very hard to work with our distinguished Chairman, the gentleman from Alabama (Mr. CALLAHAN) to move along the legislation, to honor the schedule that our Chairman just put forth and to not hold up the works. So we agreed to set some difficulties off to a later date. This bill is a work in progress. It is seriously underfunded.

I mention this now because I want to point out that to have the bill come in a bipartisan way to the full committee was a result of bipartisan cooperation; and cooperation, as my colleagues know, Mr. Speaker, is a two-way street. We were disappointed after that in full committee that $200 million in this already underfunded bill was taken out again. But nonetheless, in the interest of staying on schedule and moving the legislation along, I urged my colleagues to support the legislation in the hope that down the road there would be additional funding in the legislation.

This bill is nearly $1.5 billion, $1.3 million less than the administration's request and more than $700 million, less than last year's bill.

So that is why I was really quite disappointed to learn of the rule, when I, as ranking member, who had, with my fellow Democrats on the subcommittee, cooperated in bringing this bill forward and not delaying it with many of the controversies that we have had in the past. When I as ranking member went to the Committee on Rules to request a ranking member's prerogative, as I see it, to have an amendment to this bill, an amendment that would address the concerns that many of us have with the Smith amendment with the Mexico City language, but one that would be a substitute for it. I was very precise in my request, although I was not insistent that the bill be in my name, I was insistent that the amendment be in the form of a substitute. So that when we ask Members to make this very important decision, it would make a difference.

However, this rule, is something for everyone and nothing for anyone in terms of advancing the issue. I almost have to use the word cynical in describing it. I think it makes the House look silly and belittles the importance of the issue.

The rule limits debate on both amendments to 20 minutes each. This is a very important issue, as the gentleman from Florida (Mr. DIAZ-BALART) mentioned. It is an issue of importance and controversy before this body, so we have two amendments, 20 minutes each, 10 minutes on each side to debate it, eliminating the possibility of a full and serious debate on both sides.

It also allows for the consideration of the Pitts amendment. Now, I as ranking member do not get an amendment, but this allows for the Pitts amendment as the only other legislative amendment to be made in order. I am not sure what criteria the Committee on Rules uses to choose this one amendment out of all of the requests that were made for legislative amendments. My guess would be that because it once again adds additional restrictions to programs designed to help poor women and children under the guise of a population-related restriction, that somehow it takes precedence on the Republican side than the other proposed amendments.

The truth is, we should not have any of these legislative amendments in the bill. They should not be made in order. This is a repeat. We have been here before.

I have a great deal of respect for the makers of these motions. I am very pleased with the interest in this foreign operations bill.

But what I am saying to my colleagues is that if we are asked to cooperate every step of the way, in subcommittee and full committee to stay on schedule and cooperate with an underfunded bill for which the White House has issued a veto threat because of the Smith amendment and because of the low funding figure, then one would think at the very least that the ranking member would receive her due, which would be an amendment to this bill, to trump legislative language which does not belong in the appropriations bill in the first place.

So that is why I come here with a degree of sadness and disappointment that once again we have to travel down this road. When this happened before, we held up the House with rollcall votes and this or that. I am not going to do this now, because this is frankly tiresome.

What I am going to do is urge my colleagues to register their disapproval of this by voting "no" on the rule, for my colleagues to do just that; and again, I wish that we could have had some cooperation, but apparently, the cooperation is only supposed to come from our side and not from the Republican side on this.

So with great regret, I urge a "no" vote.

Mr. DIAZ-BALART. Mr. Speaker, I yield myself such time as I may consume to simply say that I am extremely sorry that our distinguished colleague from California (Ms. PELOSI) will not be supporting the rule.

The Committee on Rules made a very strong effort to be fair. We believe that we have been fair, that we are fair in this rule. It is an open rule. The issue of legislation, not appropriations measures, is always a difficult one. We do not like generally in the Committee on Rules to see, and we usually do not make in order, legislative proposals for debate on appropriations bills. Within this bill, within the context of the bill, within the text of the bill that came to us, there are 58 provisions that constitute legislating, many of which, almost 30, are unauthorized.

So I am sure the members of the Committee on Appropriations also recognize the difficulty of this and they have to deal with it also on a daily basis.

What I would like to stress, Mr. Speaker, is that the rule is fair, that it is an open rule, that as the gentleman from Florida (Mr. YOUNG) mentioned, we do need to be expediting this issue, moving it forward, and we believe on the Committee on Rules that we are doing so in a very fair way.

Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Ohio. Mr. Speaker, I yield 4 minutes to the gentleman from New Jersey (Mr. PALLONE).

Mr. PALLONE. Mr. Speaker, I want to thank the gentleman for yielding me this time.

I also want to reiterate my opposition to the rule for the reasons that were articulated both by the gentleman from Ohio (Mr. HALL) and by the gentlewoman from California (Ms. PELOSI). I do want to point to some underlying provisions in the legislation that I support.

I want to cite several key areas where the legislation has continued U.S. support for Armenia's economic development, while helping to jump-start the peace process in Nagorno Karabagh.

In this time of fiscal restraint, I am encouraged that the fiscal year 2000 legislation at least ensures that the same percentage of aid will be made available to the Republic of Armenia as was available in fiscal year 1999. It is important for us to maintain our support for and partnership with Armenia as this country continues to make major strides towards democracy, most recently evidenced by the May 30 parliamentary elections, as well as market reforms and increasing integration with the West. U.S. assistance also serves to offset the difficulties imposed on Armenia's people as a result of blockades maintained by Azerbaijan and Turkey, as well as helping regions of the country to rebuild from the devastating 1988 earthquake.

The legislation also seeks to ensure the delivery of humanitarian assistance to Nagorno Karabagh. In the fiscal year 1998 bill, Congress took the historic step of providing, for the first time, U.S. humanitarian assistance to Nagorno Karabagh. Unfortunately, the administration has not delivered much of this assistance and the legislation today includes language reiterating the obligation of $20 million in U.S. aid to Nagorno Karabagh.

Mr. Speaker, the Foreign Operations Appropriations bill contains language addressing the need for a negotiated settlement to the Nagorno Karabagh conflict. Noting that the important position of special negotiator for Nagorno Karabagh is currently vacant, the committee urged the Secretary of State "to move forthwith to appoint a permanent special negotiator to facilitate direct negotiations and any other contacts that will bring peace to the long suffering people of the south Caucasus."

I would point out, Mr. Speaker, that one of the most positive developments of late has been the increased and direct contacts between the leaders of Armenia and Azerbaijan. The President of the two countries recently met previously in Geneva, and the surprise announcement that came out of the meeting was a tentative agreement to have Nagorno Karabagh to participate directly in the next session of face-to-face talks.

So at this critical juncture we must get a permanent special negotiator in place without delay, and I applaud the members of this subcommittee for including this provision in the bill.

Finally, Mr. Speaker, I want to address one or more amendments that may be offered under this rule by the gentleman from Indiana (Mr. BURTON) seeking, in various ways, to limit development assistance to India. I would urge my colleagues to oppose these ill-advised amendments if they come up.

Following the imposition of Glenn amendment sanctions against India last year, the USAID program has been restructured in conformance with the law to provide only humanitarian assistance to India. If this amendment were adopted, programs to limit the spread of HIV/AIDS would have to be cut as well as basic health services to mothers and children. Thus, without achieving any positive policy goals, the amendment would only serve to punish some of India's most vulnerable people who are currently benefiting from American humanitarian assistance.

Mr. Speaker, this House has consistently rejected similar Burton amendments over the past few years. Indeed, 2 years ago a similar amendment only gained the support of 82 Members of the House, while 342 voted against it; and last year, no amendment was offered. Both Houses of Congress have been moving on a bipartisan basis to lift the Glenn amendment sanctions on India and Pakistan, and an amendment like the one proposed by the gentleman from Indiana would be way out of step with the progress being made towards greater cooperation and confidence-building between the United States and India.

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Speaker, I know my colleagues have heard this before, but I am not going to use the full 2 minutes. Hopefully, that will be true.

Mr. Speaker, I think the statement that was made by the gentleman from New Jersey (Mr. PALLONE) is a very interesting one in that he is talking about the provisions in the bill that relate to Armenia and Azerbaijan and Nagorno Karabagh and how that area of the world has been dealt with in the bill. I think it is indicative of the leadership of the gentleman from Alabama (Mr. CALLAHAN) in resolving some of these controversial issues that come up in this bill.

We have spent hours overnight on this bill in subcommittee, full committee, and on the floor, but in the interests of managing those issues well, we worked together, made our compromises so that the House, the full House, would be spared some of that controversy.

That is why, again, I was so disappointed when the rights of the minority were not respected, and I disagree with my distinguished colleague whom I respect enormously in his characterization of the bill of the rule as a fair one, because I do not think it is. As I say, if we had been coming into this, fighting to the finish, I could understand why the majority would want to suppress the minority, but we have tried to cooperate every step of the way, and indeed I have said I would support the legislation if the Smith amendment does not pass.

In the interests of trying to support the bill with the Greenwood amendment as a substitute for the Smith amendment, that would still enable us to support the bill; but instead, not only did they wrench the right of the minority ranking member to introduce an amendment, but also put it in the form that does not solve any problem except maybe one, to help the majority pass the rule on their side.

So if they are going to have this unfair rule, they are going to have to do it largely with Republican votes. I urge my colleagues to vote "no."

Mr. HALL of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin (Mr. OBEY), the ranking minority member of the Committee on Appropriations.

Mr. OBEY. Mr. Speaker, first of all, let me say that with respect to the bill itself, I think the chairman has tried to do as much as he could under the circumstances he faces.

☐ 1615

I honestly believe that before this bill goes to the President, it is going to need a significant amount of funding for the Wye Middle East peace agreement. I think we need to promote that in every way we can.

I will vote against the rule on this bill because the rule simply does not deal with the Mexico City issue in a fair way.

What the Committee on Rules has done is to allow a nongermane amendment to be offered by the gentleman from New Jersey (Mr. SMITH) on the Republican side of the aisle, and then it allows a second amendment as an alternative to that to be offered. But instead of being offered as a substitute, it allows it to be offered as a simultaneous amendment.

If both amendments were to be adopted, for instance, the adoption of the Greenwood amendment would have no meaning whatsoever, because under the way we read statutes around here, the most limiting language is the only language that governs. So in essence, the Committee on Rules has pretended to give the House a choice between alternatives when in fact it has given no real opportunity for the Greenwood amendment to have any meaning whatsoever.

To me, that is disingenuous, it is unfair, it is biased, and it means that people think they could not win the argument if they had a fair rule. I do not think that is the way the greatest parliamentary body in the world ought to act. Therefore, I would strongly urge a vote against this rule.

Mr. HALL of Ohio. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. DIAZ-BALART. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Committee on Rules has gone the extra mile. We bring forth this measure not only with a fair rule, but an open rule. Any amendment any Member wants to come up with, as long as it is germane, can be presented. So we feel really good about our work. We ask for the support of the House on both sides of the aisle for the rule.

Reiterating that, I support this rule, and urge my colleagues to vote for it.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. HEFLEY). Without objection, the previous question is ordered on the resolution.

There was no objection.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Ms. PELOSI. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 256, nays 172, not voting 6, as follows:

[Roll No. 348]

YEAS—256

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Berman
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Boswell
Brady (TX)
Brown (FL)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Coble
Collins
Combest
Condit
Cook
Cooksey
Cox
Cramer
Crane
Cubin
Cunningham
Danner
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Forbes
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Holden
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
John
Johnson (CT)
Johnson, Sam
Jones (NC)
Kanjorski
Kasich
Kelly
King (NY)
Kingston
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Mascara
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Mollohan
Moore
Moran (KS)
Morella
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ortiz
Ose
Oxley
Packard
Paul
Pease
Peterson (MN)
Petri
Phelps
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Regula
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Wu
Young (AK)
Young (FL)

NAYS—172

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barrett (WI)
Becerra
Bentsen
Berkley
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boucher
Boyd
Brady (PA)
Brown (OH)
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Coburn
Conyers
Costello
Coyne
Crowley
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dingell
Dixon
Doggett
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E.B.
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
LaFalce
Lampson
Lantos
Larson
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Moran (VA)
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Price (NC)
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Sherman
Sisisky
Slaughter
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Stenholm
Strickland
Tanner
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Woolsey
Wynn

NOT VOTING—6

Dicks
Jones (OH)
Martinez
McDermott
Peterson (PA)
Skelton

□ 1638

Mrs. TAUSCHER, Mr. HILL of Indiana, Mr. WAXMAN, and Mr. OWENS changed their vote from "yea" to "nay."

Messrs. DEAL of Georgia, KUCINICH, KLINK, CRAMER and KANJORSKI changed their vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. CALLAHAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, and that I may include tabular and extraneous material.

The SPEAKER pro tempore (Mr. HEFLEY). Is there objection to the request of the gentleman from Alabama?

There was no objection.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore. Pursuant to House Resolution 263 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2606.

□ 1640

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, with Mr. THORNBERRY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Alabama (Mr. CALLAHAN) and the gentlewoman from California (Ms. PELOSI) each will control 30 minutes.

The Chair recognizes the gentleman from Alabama (Mr. CALLAHAN).

Mr. CALLAHAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am pleased to open debate on H.R. 2606, the fiscal year 2000 appropriation bill for foreign operations, export financing, and other related programs.

This bill is within the subcommittee allocation. It contains no emergency provisions, and it includes no earmarks. This bill reflects many priorities requested by Members of both parties, but it gives the President and the Secretary of State maximum flexibility to support American interests abroad.

The bill before the House totals $12.624 billion. Like the past four foreign operations bills that I have managed, it is less than the bill that was enacted into law the previous year. In this instance, if we discount the emergency funding for Kosovo and Hurricane Mitch, as well as the International Monetary Fund, the bill is still some $200 million less than the amount enacted for 1999. If we include all of these items, this bill is $21 billion less than last year, a reduction of more than 60 percent, which Mr. Chairman, I believe is a record.

This bill is almost $2 billion less than the President's request, and I understand that he may be requesting additional funds later this year. The fact is we have to live within our budget caps agreed to by the President and the Congress in 1997. Although foreign aid represents less than one-half of 1 percent of the Federal budget, $12.6 billion is the amount we have been allocated, and this bill reflects the committee's best recommendation on how to distribute that amount.

This bill marks the second year of a 10-year program to phase out economic assistance to Israel and Egypt. The committee has rejected the administration's proposal to speed up the phaseout by 25 percent. At the same time, we are increasing military aid to Israel by a smaller amount. I would note that President Clinton and Prime Minister Barak now concur with the plan undertaken by this committee and the Congress last year.

In the recent supplemental appropriation bill, Congress appropriated $431 million in emergency funds for refugees in the vicinity of Kosovo. Congress also made a generous provision in the supplemental for the reconstruction of the areas of Honduras and Nicaragua affected by Hurricane Mitch.

While this bill provides for ongoing refugee and humanitarian aid programs worldwide, it does not include any funds for the long-term reconstruction of Kosovo and Southeastern Europe. We agree with President Clinton that Europe is responsible for that task.

The gentleman from Florida (Chairman YOUNG) and I have written the President reminding him that the refugee funds were not appropriated by Congress for long-term reconstruction efforts in Kosovo.

Having funded refugees and hurricane reconstruction in the supplemental, this bill has different priorities.

□ 1645

Significant increases above last year's level are limited to child survival and a renewed effort to reduce threats from infectious diseases and international narcotics trafficking.

Further, we are proud to be leaders in the global effort to eradicate polio. Our committee, led by the gentlewoman from California (Ms. PELOSI), has led the way to eliminate the global spread of HIV/AIDS, and this is especially important to the future of Africa.

This year, our committee recommends more attention to the threat posed by drug-resistant tuberculosis, and we recommend greater focus on the needs of orphans and displaced children. Dozens of Members have written to us about both matters. And, finally, the committee rejected the President's proposal to cut the American donation to UNICEF, the International Children's Fund.

The committee report contains a number of recommendations and direction to the agencies that implement the activities funded in this bill.

House Report 106-254 encourages continued economic cooperation with Latin America, a prime market for American exports. I will include in the RECORD a table from pages 15 and 16 of the report indicating the amount of assistance the bill provides for sub-Saharan Africa, an area of interest to many, many Members of Congress. I would also direct attention to the report language directed at the management of AID and at the Inter-American Foundation.

One closing note. This is our 10th regular appropriations bill this year. In order to complete our work on time, we need to finish this bill tonight, however long it takes. I am aware of relatively few amendments to the four spending titles of the bill. Most of the known amendments are limitations that are taken up at the end of the debate. I reserve the right to seek to limit time on such amendments. The managers appreciate Members cooperating in moving this bill to completion today.

Finally, Mr. Chairman, I include for the RECORD a detailed table showing the committee's recommendation.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, 2000 (H.R. 2606)
(Amounts in thousands)

	FY 1999 Enacted	FY 2000 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE I - EXPORT AND INVESTMENT ASSISTANCE					
EXPORT-IMPORT BANK OF THE UNITED STATES					
Subsidy appropriation	765,000	839,000	759,000	-6,000	-80,000
Emergency funding (by transfer)	(10,000)			(-10,000)	
(Direct loan authorization)	(1,333,000)	(1,687,000)	(1,350,000)	(+17,000)	(-337,000)
(Guaranteed loan authorization)	(12,702,000)	(13,825,000)	(10,400,000)	(-2,302,000)	(-3,425,000)
Administrative expenses	50,000	57,000	55,000	+5,000	-2,000
Y2K conversion (emergency funding)	400			-400	
Negative subsidy	-25,000	-15,000	-15,000	+10,000	
Total, Export-Import Bank of the United States	790,400	881,000	799,000	+8,600	-82,000
OVERSEAS PRIVATE INVESTMENT CORPORATION					
Noncredit account:					
Administrative expenses	32,500	35,000	35,000	+2,500	
Y2K conversion (emergency funding)	840			-840	
Insurance fees and other offsetting collections	-260,000	-303,000	-303,000	-43,000	
Direct loans:					
Loan subsidy	4,000	14,000	10,500	+6,500	-3,500
(Loan authorization)	(136,000)	(130,000)	(85,000)	(-51,000)	(-45,000)
Guaranteed loans:					
Loan subsidy	46,000	10,000	10,000	-36,000	
(Loan authorization)	(1,750,000)	(1,000,000)	(850,000)	(-900,000)	(-150,000)
Y2K conversion (emergency funding)	1,260			-1,260	
Total, Overseas Private Investment Corporation	-175,400	-244,000	-247,500	-72,100	-3,500
TRADE AND DEVELOPMENT AGENCY					
Trade and development agency	44,000	48,000	44,000		-4,000
Total, title I, Export and investment assistance	659,000	685,000	595,500	-63,500	-89,500
(Loan authorizations)	(15,921,000)	(16,642,000)	(12,685,000)	(-3,236,000)	(-3,957,000)
TITLE II - BILATERAL ECONOMIC ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
Agency for International Development					
Child survival and disease programs fund	650,000	555,000	680,000	+30,000	+125,000
Emergency funding	50,000			-50,000	
Development assistance	1,225,000	780,440	1,201,000	-24,000	+420,560
Central America and the Caribbean Emergency Disaster Recovery Fund (Emergency Funding)	621,000			-621,000	
Emergency funding (transfer out)	(-17,000)			(+17,000)	
Development Fund for Africa		512,560			-512,560
International disaster assistance	200,000	220,000	200,880	+880	-19,120
Emergency funding	188,000			-188,000	
Micro & Small Enterprise Development program account:					
Subsidy appropriation	1,500	1,500	1,500		
(Direct loan authorization)	(1,000)			(-1,000)	
(Guaranteed loan authorization)	(40,000)	(30,000)	(30,000)	(-10,000)	
Administrative expenses	500	500	500		
Urban and environmental credit program account:					
Subsidy appropriation	1,500	3,000		-1,500	-3,000
(Guaranteed loan authorization)	(14,000)	(26,000)		(-14,000)	(-26,000)
Administrative expenses	5,000	5,000	5,000		
Development credit authority program account:					
(By transfer)		(15,000)			(-15,000)
(Guaranteed loan authorization)		(200,000)			(-200,000)
Subtotal, development assistance	2,942,500	2,078,000	2,088,880	-853,620	+10,880
Payment to the Foreign Service Retirement and Disability Fund	44,552	43,837	43,837	-715	
Operating expenses of the Agency for International Development	479,950	507,739	479,950		-27,789
Emergency funding (by transfer)	(8,000)			(-8,000)	
Y2K conversion (emergency funding)	10,200			-10,200	
Operating expenses of the Agency for International Development Office of Inspector General	30,750	25,261	25,000	-5,750	-261
Emergency funding (by transfer)	(1,500)			(-1,500)	
Total, Agency for International Development	3,507,952	2,654,837	2,637,667	-870,285	-17,170
Other Bilateral Economic Assistance					
Economic support fund	2,362,000	2,539,000	2,227,000	-135,000	-312,000
Emergency funding	211,500			-211,500	
Emergency funding (transfer out)	(-3,770)			(+3,770)	
International Fund for Ireland	19,600		19,600		+19,600
Assistance for Eastern Europe and the Baltic States	430,000	393,000	393,000	-37,000	
Emergency funding	120,000			-120,000	
Assistance for the New Independent States of the former Soviet Union	801,000	1,032,000	725,000	-76,000	-307,000
Emergency funding	46,000			-46,000	
Total, Other Bilateral Economic Assistance	3,990,100	3,964,000	3,364,600	-625,500	-599,400

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, 2000 (H.R. 2606)—Continued
(Amounts in thousands)

	FY 1999 Enacted	FY 2000 Request	Bill	Bill vs. Enacted	Bill vs. Request
INDEPENDENT AGENCIES					
Inter-American Foundation					
Appropriation		22,300			-22,300
(By transfer)	(20,000)		(5,000)	(-15,000)	(+5,000)
Total	(20,000)	(22,300)	(5,000)	(-15,000)	(-17,300)
African Development Foundation					
Appropriation		14,400			-14,400
(By transfer)	(11,000)		(14,400)	(+3,400)	(+14,400)
Y2K conversion (emergency funding)	137			-137	
Total	(11,137)	(14,400)	(14,400)	(+3,263)	
Peace Corps					
Appropriation	240,000	270,000	240,000		-30,000
Emergency funding (by transfer)	(1,769)			(-1,769)	
Department of State					
International narcotics control and law enforcement	261,000	295,000	285,000	+24,000	-10,000
Emergency funding	255,600			-255,600	
Migration and refugee assistance	640,000	660,000	640,000		-20,000
Emergency funding	266,000			-266,000	
United States Emergency Refugee and Migration Assistance Fund	30,000	30,000	30,000		
Emergency funding	165,000			-165,000	
Nonproliferation, anti-terrorism, demining and related programs	198,000	231,000	181,630	-16,370	-49,370
Emergency funding	20,000			-20,000	
National Commission on Terrorism	840			-840	
U.S. Commission on International Religious Freedom	3,000			-3,000	
Total, Department of State	1,839,440	1,216,000	1,136,630	-702,810	-79,370
Department of the Treasury					
Debt restructuring	33,000	120,000	33,000		-87,000
Emergency funding	41,000			-41,000	
International affairs technical assistance	3,000	8,500	1,500	-1,500	-7,000
United States community adjustment and investment program	10,000	17,000		-10,000	-17,000
Subtotal, Department of the Treasury	87,000	145,500	34,500	-52,500	-111,000
Total, title II, Bilateral economic assistance	9,664,629	8,287,037	7,413,397	-2,251,232	-873,640
Appropriations	(7,675,192)	(8,287,037)	(7,413,397)	(-261,795)	(-873,640)
Emergency funding	(1,994,437)			(-1,994,437)	
Rescission	(-5,000)			(+5,000)	
(By transfer)	(10,230)	(15,000)	(19,400)	(+9,170)	(+4,400)
(By transfer) (emergency appropriations)	(11,269)			(-11,269)	
(Loan authorizations)	(55,000)	(256,000)	(30,000)	(-25,000)	(-226,000)
TITLE III - MILITARY ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Military Education and Training	50,000	52,000	50,000		-2,000
Foreign Military Financing Program:					
Grants	3,330,000	3,780,000	3,470,000	+140,000	-310,000
(Limitation on administrative expenses)	(29,910)	(30,000)	(30,495)	(+585)	(+495)
Direct loans:					
Subsidy appropriation	20,000			-20,000	
(Loan authorization)	(167,000)			(-167,000)	
FMF program level	(3,497,000)	(3,780,000)	(3,470,000)	(-27,000)	(-310,000)
Total, Foreign Military Financing	3,350,000	3,780,000	3,470,000	+120,000	-310,000
Emergency funding	50,000			-50,000	
Special Defense Acquisition Fund: Offsetting collections	-19,000	-6,000	-6,000	+13,000	
Peacekeeping operations	76,500	130,000	76,500		-53,500
Total, title III, Military assistance	3,507,500	3,956,000	3,590,500	+83,000	-365,500
(Limitation on administrative expenses)	(29,910)	(30,000)	(30,495)	(+585)	(+495)
(Loan authorization)	(167,000)			(-167,000)	

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS BILL, 2000 (H.R. 2606)—Continued

(Amounts in thousands)

	FY 1999 Enacted	FY 2000 Request	Bill	Bill vs. Enacted	Bill vs. Request
TITLE IV - MULTILATERAL ECONOMIC ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Financial Institutions					
World Bank Group					
Contribution to the International Bank for Reconstruction and Development:					
Global Environment Facility	192,500	143,333	50,000	-142,500	-93,333
Rescission	-25,000			+25,000	
Subtotal, Global Environment Facility	167,500	143,333	50,000	-117,500	-93,333
Contribution to the International Development Association	800,000	803,430	576,600	-223,400	-226,830
Contribution to Multilateral Investment Guarantee Agency		10,000			-10,000
(Limitation on callable capital subscriptions)		(50,000)			(-50,000)
Total, World Bank Group	967,500	956,763	626,600	-340,900	-330,163
Contribution to the Inter-American Development Bank:					
Paid-in capital	25,611	25,611	25,611		
(Limitation on callable capital subscriptions)	(1,503,719)	(1,503,719)	(1,503,719)		
Fund for special operations	21,152			-21,152	
Contribution to the Inter-American Investment Corporation		25,000			-25,000
Contribution to the Enterprise for the Americas Multilateral Investment Fund	50,000	28,500		-50,000	-28,500
Total, contribution to the Inter-American Development Bank	96,763	79,111	25,611	-71,152	-53,500
Contribution to the Asian Development Bank:					
Paid-in capital	13,222	13,728	13,728	+506	
(Limitation on callable capital subscriptions)	(647,858)	(672,745)	(672,745)	(+24,887)	
Contribution to the Asian Development Fund	210,000	177,017	100,000	-110,000	-77,017
Total, contribution to the Asian Development Bank	223,222	190,745	113,728	-109,494	-77,017
Contribution to the African Development Bank:					
Paid-in capital		5,100			-5,100
(Limitation on callable capital subscriptions)		(80,000)			(-80,000)
Contribution to the African Development Fund	128,000	127,000	100,000	-28,000	-27,000
Contribution to the European Bank for Reconstruction and Development:					
Paid-in capital	35,779	35,779	35,779		
(Limitation on callable capital subscriptions)	(123,238)	(123,238)	(123,238)		
Total, International Financial Institutions	1,451,264	1,394,496	901,718	-549,546	-492,780
(Limitation on callable capital subscript)	(2,274,815)	(2,429,702)	(2,299,702)	(+24,887)	(-130,000)
International Organizations and Programs					
Appropriation	187,000	293,000	167,000	-20,000	-126,000
(By transfer)	(2,500)	(2,500)	(2,500)		
Total, title IV, Multilateral economic assistance	1,638,264	1,687,496	1,068,718	-569,546	-618,780
Appropriations	(1,663,264)	(1,687,496)	(1,068,718)	(-594,546)	(-618,780)
Rescission	(-25,000)			(+25,000)	
(By transfer)	(2,500)	(2,500)	(2,500)		
(Limitation on callable capital subscript)	(2,274,815)	(2,429,702)	(2,299,702)	(+24,887)	(-130,000)
TITLE VI					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Monetary Programs					
Loans to International Monetary Fund	3,361,000			-3,361,000	
United States Quota, International Monetary Fund	14,500,000			-14,500,000	
Total, International Monetary Programs	17,861,000			-17,861,000	
Grand total	33,330,393	14,615,535	12,668,115	-20,662,278	-1,947,420
Appropriations	(31,313,456)	(14,615,535)	(12,668,115)	(-18,645,341)	(-1,947,420)
Emergency appropriations	(2,046,937)			(-2,046,937)	
Rescission	(-30,000)			(+30,000)	
(By transfer)	(12,730)	(17,500)	(21,900)	(+9,170)	(+4,400)
(By transfer) (emergency appropriations)	(21,268)			(-21,268)	
(Limitation on administrative expenses)	(29,910)	(30,000)	(30,495)	(+585)	(+495)
(Limitation on callable capital subscript)	(2,274,815)	(2,429,702)	(2,299,702)	(+24,887)	(-130,000)
(Loan authorizations)	(16,143,000)	(16,898,000)	(12,715,000)	(-3,428,000)	(-4,183,000)
CONGRESSIONAL BUDGET RECAP					
Total mandatory and discretionary	31,246,456	14,615,535	12,668,115	-18,578,341	-1,947,420
Mandatory	44,552	43,837	43,837	-715	
Discretionary	31,201,904	14,571,698	12,624,278	-18,577,626	-1,947,420

ASSISTANCE FOR SUB-SAHARAN AFRICA

Development Assistance	$460,000,000
Child Survival and Disease Prevention	275,000,000
African Development Foundation	14,400,000
International Disaster Assistance	90,000,000
Peace Corps	54,500,000
Refugee and Migration programs	135,000,000
Debt forgiveness for Africa [1]	160,000,000
UNICEF [2]	54,000,000
African Development Fund	100,000,000
International Development Association [3]	283,000,000
Total	1,625,900,000

[1] $160,000,000 is the total amount of U.S. debt forgiven. The appropriation contained in this bill to cover the costs of debt forgiveness is $18,000,000.

[2] UNICEF dedicated approximately 49 percent of its resources to sub-Saharan Africa in 1999. UNICEF expects this percentage to continue.

[3] The IDA-12 replenishment targeted 50 percent of all IDA credits to sub-Saharan Africa countries.

Mr. CALLAHAN. Mr. Chairman, I reserve the balance of my time.

Ms. PELOSI. Mr. Chairman, I yield myself such time as I may consume, and I wish to begin my remarks on the fiscal year 2000 foreign operations bill as I always do by complimenting the gentleman from Alabama (Mr. CALLAHAN) for the manner in which he has developed this bill.

Given the constraints of a low 302(b) allocation and the contentious policy issues that normally weigh this bill down, he has done an excellent job of balancing funding and policy considerations. Both the subcommittee and the full committee markups went as smoothly as could be expected for this bill, and that is a testament to his fairness and his bipartisanship.

It is also a tribute to the bipartisanship on the Democratic side of the aisle, I might add, and I commend my fellow Members on the Democratic side. It is a pleasure to work with the gentleman from Alabama (Mr. CALLAHAN) and his Republican colleagues on this bill.

Having said that, I also want to make it clear that the total level of spending in the bill of $12.625 billion is not adequate to meet our national security requirements and will, I believe, seriously impair the President's ability to carry out an effective foreign policy. That is why the administration has put out a veto threat on the bill, that is one of the reasons, the underfunding.

I have indicated my support for the bill on the basis that the chairman has been judicious in his distribution of the resources available to him. It will be necessary at a later time to provide additional resources for this bill to enable the United States to meet new challenges and maintain our leadership around the world. If that does not happen, I would have to urge my colleagues to vote "no" at some later date in order to sustain a presidential veto.

And another issue of contention is the Smith amendment. If the Smith amendment passes, and the Mexico City language is included in this legislation, I would then oppose the bill and urge my colleagues to do so also.

The bill now contains only $100 million of the $1.4 billion requested to support the Wye River Accords. I would expect these funds to be included at a later stage in the process also when needed to implement the accords. There is also a need to address additional resources for other needs, such as support for the peace implementation efforts in and around Kosovo, and for meeting U.S. commitments on debt restructuring to poor countries.

This is a very high priority for many of us in the Congress. The bill is, therefore, in my view, a work in progress. If additional resources are not forthcoming at a later time, I will be urging those who support this bill at this time to oppose it.

The total recommendation of $12.625 billion is almost $2 billion below the President's request and is $715 million below last year's spending level for foreign assistance. The programs in the bill that are most severely underfunded include the Independent States of the Former Soviet Union; the International Development Association, IDA, which does so much to assist the poorest of the poor in Africa and other places in the world; AID's operating expenses; Debt Restructuring; the Global Environmental facility; and the Nonproliferation, Anti-terrorism, and Demining account.

On the positive side, the bill includes $680 million for the Child Survival and Diseases Program fund, known by us affectionately within the committee as the Callahan Account, which will enable the expenditure of $145 million to combat HIV/AIDS, as well as fund increased efforts against tuberculosis and other childhood diseases, such as measles and malaria. Of course, we would like to be doing more, and that is why we want the funding levels up.

In addition, the bill includes $30 million for displaced children, orphans and blind children, which is an increase over last year, and I thank the chairman for that.

The bill also includes funding for vitamin deficiency programs, polio eradication, and basic education. Poll after poll, Mr. Chairman, shows that the American people support well-directed humanitarian aid programs that assist poor children and the poor countries with basic human needs.

While the bill does not contain a separate account for African development assistance, and I wish that it would, it does maintain last year's funding level for Africa. Maintaining last year's level is not a victory, but at least it did not get cut, as other programs have; and I would hope that as we go forward with the bill we will have an increase for Africa. The total, of all accounts, the bill provides $1.6 billion in assistance to Africa.

With respect to the Independent States of the Former Soviet Union, the bill contains $725 million. This is far too low, well below last year's level, and $307 million below the President's request. This means serious cuts in the Expanded Threat Reduction Initiative and cuts to emerging republics, such as Armenia and Georgia, and reductions in programs that support small businesses, exchanges, and regional initiatives, which are also designed to develop a new generation of pro-reform leaders and institutional partnerships.

Mr. Chairman, the cut to AID's operating expenses will scale back necessary security improvements. The cuts in the nonproliferation account will limit new initiatives for anti-terrorism, export controls, and demining.

I mention all these, Mr. Chairman, so that our colleagues will know what the impact is of the underfunding of this bill.

It provides only $50 million of the $143 million for the Global Environmental Facility. In addition, the cuts in the Development Assistance account will mean cuts to bilateral and environmental programs.

The bill includes only $33 million of the $120 million requested for debt restructuring, and prohibits funding for the trust fund for the Highly Indebted Poor Countries, HIPC. This request was made before the recent historic agreement among the G–7 in Cologne, Germany, which has broad support from governments, multilateral institutions, and religious groups. Granting generous debt restructuring to the world's poorest countries, as called for in these new agreements, will be the most significant poverty alleviation action we can take in a generation. The amounts currently in the bill do not even put us on the playing field.

I would hope that we could get it to a level where we could honor the Jubilee 2000 initiative goal of debt forgiveness in the months ahead.

Mr. Chairman, I have been pointing out some of the deficiencies and some of the pluses in the bill. In the interest of time, I will submit the rest of my statement for the RECORD and just close by saying that this House takes pride in providing ample resources to the defense bill to protect our national security. The importance of an engaged foreign policy with the resources to back it up also protects our national security.

In that interest, Mr. Chairman, I did want to just take a moment to acknowledge the tragedy of the plane that went down in Colombia and ask for just a moment of recognition for those brave young men who lost their lives. I respect their dedication to a dangerous task and would ask the House to take a moment to acknowledge their ultimate sacrifice.

Mr. Chairman, President Kennedy said in his inaugural address in 1961, and everybody in America knows this quote, President Kennedy said, "My fellow Americans, ask not what our country can do for you, but what you can do for your country." But everybody does not know that the very next sentence, the very next sentence the President said, and I was there to hear him when I was a college student in Washington, D.C., the very next sentence is, "My fellow citizens of the world, ask not what America will do for you, but what we can do working together for the freedom of man."

Mr. Chairman, that is what we do in this bill and, hopefully, what we do in this Congress is to reach out to help promote the freedom of man throughout the world. This embodies what the bill is about or should be about.

My colleagues, we have an obligation to move forward together to provide for a robust foreign assistance program that enhances our national security. This bill is a start and it should be supported, of course, unless the Smith amendment succeeds. However, we have a long way to go before the end of the year to finish the job.

Mr. Chairman, I reserve the balance of my time.

Mr. CALLAHAN. Mr. Chairman, I yield myself 1 minute to respond to the gentlewoman from California regarding her opening comments, and I would just say to her that I thank her very much for her very gracious comments. If I did not know better, Mr. Chairman, I would swear she was from Alabama, she is so gracious.

The gentlewoman pointed out many of the good aspects of the bill. She noted a couple of things she did not agree with, but primarily they revolve around the fact that we cut President's Clinton's request by $2 billion. I would remind the gentlewoman from California that we have to live within budget constraints, and that President Clinton wants to bust the budget. He can send such a message up here when we finish the appropriations process, but we are trying to save Social Security, we are trying to make sure Medicare is adequately funded, and we are trying to maintain a balanced budget at the same time. And I think to come from the original $10.4 billion to the $12.6 billion, where we are today, is right in the middle of compromise, which is what this body is all about.

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentlewoman from California.

Ms. PELOSI. Mr. Chairman, I appreciate the gentleman yielding to me.

I am not from Alabama, Mr. Chairman, but if I were, I know my colleague's fellow Alabamans would love to hear me say that we are not spending enough money on foreign policy, and we certainly want to prevent another Kosovo and prevent spending billions of dollars, and we want to save lives instead of spending money on defense.

This is about our national security. And, also, we do not need a tax cut.

Mr. CALLAHAN. Mr. Chairman, I yield 3¼ minutes to the gentleman from Illinois (Mr. PORTER), who is a member of the subcommittee.

Mr. PORTER. Mr. Chairman, I want to thank the gentleman from Alabama for yielding me this time and for his excellent work in developing this bill. He and his staff have worked very hard to meet the numerous concerns of many Members, including this Member.

I believe, Mr. Chairman, that this is the first time in my 19-year tenure in Congress where I have not sought to amend the foreign operations bill at any point in the process. Since the gentleman from Alabama took over the helm of the Subcommittee on Foreign Operations, Export Financing and Related Programs, he and his staff have shown great patience in addressing my concerns, and I truly appreciate this.

I am pleased with the language of this bill and report supporting the furtherance of the peace process among Armenia, Nagorno-Karabagh and Azerbaijan. I remain, however, deeply disappointed in the administration's role in furthering this peace process.

I also support the committee's recommendation of $15 million for Cyprus and the condemnation of the remarks made by the leader of the Turkish Cypriots.

I am also very pleased with the committee's continued assistance on limiting Guatemala and Indonesia to expanded IMET as well as the committee's attention and support of environmental and women's issues within the development assistance account.

□ 1700

Finally, and I will expand on each of these areas in the remarks I submit for the RECORD, I strongly support the committee's funding for aid to Israel. We are at a critical and, hopefully, promising point in the Middle East peace process. I am hopeful that we will ultimately be able to fund the Wye agreement and support Prime Minister Barak as he actively works toward implementing this agreement and making new agreements in the peace process.

However, while I support these items and others in the bill, I remain concerned about the overall funding level. The United States continues to enjoy the strongest economy ever, and yet the money we spend on foreign assistance continues to shrink. We are the strongest, most economically productive Nation on Earth; and yet we are shunning leadership in promoting and supporting the values we cherish most: democracy, human rights, and the rule of law and free markets in other parts of the world.

Continuing to reduce our support for foreign assistance activities, in my judgment, not only wastes previous U.S. investment but effectively pulls the rug out from under nongovernmental organizations that have worked for years to build trust and to promote important programs in the developing world that have saved lives and improved countless lives.

If we want to encourage others to respect human rights, protect their environment, and promote democracy, we must be engaged. Among bilateral donor countries, the U.S. provides among the least in foreign assistance in comparison to gross domestic product. This, in my judgment, is deplorable and only shows ignorance towards the increasing impact that the rest of the world has on health and productivity in the United States.

I hope that that trend can be reversed as we plan our leadership role in the world for the next century.

Again, on the whole, I support this bill and the excellent work of my colleague from Alabama (Mr. CALLAHAN). He was presented with a very difficult task and has succeeded in rising to the challenge.

Mr. Chairman, I want to thank the gentleman from Alabama for his excellent work in developing this bill. He and his staff have worked very hard to meet the numerous concerns of many Members, including this Member.

I think that this is the first time, in my nineteen-year tenure in Congress, where I have not sought to amend the Foreign Operations bill at any point in the process. Since the Gentleman from Alabama took over the helm of the Foreign Operations Subcommittee, he and his staff have shown great patience in addressing my concerns and I truly appreciate this.

In particular, I am pleased with language in this Bill and Report supporting the furtherance of the peace process among Armenia, Nagorno-Karabagh and Azerbaijan. Although it appeared that forward movement of process was at a standstill earlier in the year, limited talks have resumed among the parties and I hold out hope for a peace agreement.

I remain extremely disappointed in the Administration's role in furthering this peace process. As indicated in the Committee's Report, I am appalled that the State Department would transfer their Special Negotiator to another desk without announcing a replacement. As Presidents Kocharian and Aliyev hopefully continue discussions, I hope that the U.S. will do everything possible to facilitate a lasting peace.

I also support the Committee's recommendation of fifteen million dollars for Cyprus and condemnation of the remarks made by leader of the Turkish Cypriots. This is another serious conflict that Turkey must recognize and the U.S. should work to facilitate peace on this island.

I am also very pleased with the Committee's continued insistence on limiting Guatemala and Indonesia to expanded-IMET as well as the Committee's attention and support of environmental and women's issues within the development assistance account.

Finally, I strongly support the Committee's funding for aid to Israel. We are at a critical and hopefully promising point in the Middle East peace process. It is imperative that the U.S. continue to support the peace process and remain solid in its support of the parties. I am hopeful that we will ultimately be able to fund the Wye Agreement and support Prime Minister Barak as he actively works towards implementing this agreement.

However, while I support these and other items in this bill, I remain very concerned about the overall funding level. The United States continues to enjoy the strongest economy ever, yet the money we spend on foreign assistance continues to shrink.

Throughout the history of our country, we have waged wars and defended other nations to protect the values we cherish: democracy, human rights, the rule of law and free markets. Now, we have arrived at the point of being the strongest, most economically productive nation on Earth—and we are shunning leadership in promoting and supporting our values in other parts of the world.

Some may argue that the U.S. has already invested enough in the developing world, especially now, after the conflict in Kosovo. That is just the point. We have already invested a great deal which should not be squandered at this critical time.

The extensive network of international and community-based non-governmental organizations that utilize funds from the U.S. Agency for International Development have finally established roots and are making great progress in improving the lives of millions.

Continuing to reduce our support for these activities will not only waste previous U.S. investment but effectively pull the rug out from under organizations that have worked for years to build trust and promote important programs in the developing world. If we want to encourage others to respect human rights, protect their environment and promote democracy, we must be engaged.

Among bilateral donor countries, the U.S. provides among the least in foreign assistance in comparison to GDP. This is deplorable and only show ignorance towards the increasing impact that the rest of the world has on the health and productivity of the United States. I hope that this trend can be reversed as we plan our leadership role in the world for the next century.

Again, on the whole, I support this bill and the excellent work for my colleague from Alabama. He was presented with a very difficult task and has succeeded in rising to the challenge.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 3 minutes to the very distinguished gentlewoman from New York (Mrs. LOWEY), the leader on the Subcommittee on Foreign Operations, Export Financing and Related Programs.

Mrs. LOWEY. Mr. Chairman, I rise in support of H.R. 2606.

I want to commend both our chairman, the gentleman from Alabama (Mr. CALLAHAN), and our ranking member, the gentlewoman from California (Ms. PELOSI), for the hard work they have put into crafting this bill. I believe they have done the best they could with a very bad situation.

Very simply, the allocation handed down to our subcommittee by the leadership was just too low. In fact, when we started this process, our allocation was only $10.3 billion, about $3.4 billion lower than last year's enacted level.

The members of our committee, Republican and Democrat alike, made very clear that a foreign aid bill with that low an allocation was just not sufficient. And today we are working with a number that is a full 20 percent higher than the original allocation. In fact, it is $100 million higher than the foreign aid bill that passed the House last year. But by no means does that make this a great bill. It is still woefully underfunded.

I just want to highlight a few of the bill's biggest problems that I hope we can address in conference. During full committee markup of this bill, the leadership pushed through a $200 million cut in IDA, the arm of the World Bank that provides loans to the poorest of the poor around the world.

IDA, which is now funded at $226 million below the administration's requested level, provides the World Bank's lending on primary health care, basic education, and microcredit, and a number of other critical development programs.

The International Organizations and Programs account, which includes funding for the United Nations Development Program, is $25 million below the administration's request. At this level, UNDP could not hope to be funded at anywhere near the $100 million it received last year.

Underfunding UNDP threatens U.S. leadership in this critical organization and hurts UNDP's efforts to address some of the world's development issues around the world.

This bill does not include the Wye River Agreement aid package. This aid package is a critical component of advancing the Middle East peace process and preventing violence in the region.

We all have such high hopes for Prime Minister Barak's ability to jump-start the peace process that it would be foolish of us to turn our backs on the commitments we made at Wye.

I think it is very clear that the bill does need some serious work. But it is important, my colleagues, to pass it today, send it to conference; and there we can fix what we believe is wrong.

I fully expect that we shall increase the level of funding for the full range of our important foreign assistance programs, and I will fight hard with my colleagues for the Wye aid package and ensure that there are no killer restrictions on our international family planning programs.

If these problems are not fixed before the final version of the bill is sent to the White House, the President will veto it; and we are very concerned that all the good things in this bill will not become a reality.

So, my colleagues, for now the right thing to do is to vote for this bill, move the process along, and let us hope that we can correct these inequities which I have mentioned in the conference and pass a really good bill.

Again, I thank the chairman and the ranking member for their work.

Mr. CALLAHAN. Mr. Chairman, I thank the gracious gentlewoman from New York (Mrs. LOWEY) for her comments.

Mr. Chairman, I yield 5 minutes to the gentleman from Michigan (Mr. KNOLLENBERG) who is an outstanding member of our subcommittee.

Mr. KNOLLENBERG. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I rise in strong support of H.R. 2606, the fiscal year 2000 appropriations bill for foreign operations, export financing, and related agencies.

As a member of this subcommittee, I want to commend my good friend from Alabama (Chairman CALLAHAN) for all of his hard work. Shepherding this kind of a bill, an appropriations bill at that, through this process is not easy. Yet this man has done it, I think, with diligence and impartiality. That speaks highly of the gentleman from Alabama (Chairman CALLAHAN).

I also want to extend congratulatory thanks to the gentlewoman from California (Ms. PELOSI), the ranking member, who, along with the entire subcommittee and the staff, has helped to bring about a bill that has been crafted, I think, to do the best for this country.

As members of this subcommittee, we have all worked in a bipartisan fashion to craft this foreign operations bill that reflects our Nation's international priorities while adhering to the budget constraints that we face today.

In addition to addressing the need in such areas as child survival and international narcotic control, this bill focuses funding on our most important foreign aid priorities and maintains the integrity of our vital national security needs.

This bill again highlights congressional concern over North Korea and the dangerous activities of this rogue nation. Despite the 1994 Agreed Framework and North Korea's commitment to end its nuclear program, Pyongyang remains determined to develop weapons of mass destruction and the delivery systems that threaten ourselves and our allies.

In fact, even the administration acknowledges that next month North Korea is planning to test a missile capable of reaching U.S. territory. If this test proves successful, it will be the first time in our history that a rogue nation will have the capability to deliver a warhead within U.S. borders.

The risk to the United States inherent in this capability is unacceptable, and this bill takes strong action to address it.

The 1994 Agreed Framework with North Korea, I believe, has failed, leaving Americans less secure today than they were 5 years ago. We are now forced to face the dangerous consequences of North Korea's broken commitments. Before another dime of U.S. taxpayer money is spent on this flawed agreement, North Korea must live up to its end of the bargain.

The U.S. must send a strong signal by conditioning any aid to North Korea on real and verifiable proof that it has ended its dangerous ballistic missile and nuclear programs.

The bill also maintains the U.S. commitment to the Middle East peace process, as has been noted, and our long-standing ally, Israel. It provides resources for the resettlement of former Soviet, East European and other refugees in Israel. This refugee resettlement program provides initial food, clothing, and shelter to Jewish migrants fleeing from areas of distress.

I am proud of the role that Congress has taken to provide those in need with the means to begin a new life in Israel.

In addition, while U.S. support for peace in the Middle East is reaffirmed, the bill contains a historic effort to eliminate the region's long-standing reliance on U.S. economic aid.

I would also like to highlight provisions of this bill that deal with the ongoing conflict in the Caucasus. Unfortunately, many Americans do not know the history of this small, troubled region of the former Soviet Union; but this conflict will continue to have a direct impact on the interest of both its neighboring countries and the United States.

I am proud to have worked with the subcommittee to craft a productive, positive approach that will facilitate the peace process in the Caucasus and reinforce the U.S. role as an unbiased mediator in the peace process.

Despite the lack of broad recognition, each of us has a vested interest in the outcome of the Caucasus. U.S. interest can best be served through swift and meaningful resolution to the conflicts plaguing this troubled region. And that is precisely the approach that this bill takes.

By pursuing meaningful, confidence-building measures between Armenia, Azerbaijan, and Nagorno Karabagh and also keeping the administration fully engaged in this part of the world, we may finally see this region free of bloodshed and conflict and rich with prosperity and opportunity.

The subject of foreign aid often sparks heated debate on this floor. While we all have strong opinions about a number of programs, I would ask my colleagues not to let heated discussions about details keep us from the business at hand. We need to unite behind this fair bill that will maintain U.S. leadership and strengthen our influence across the globe.

I ask for Members on both sides of the aisle to support this bill.

Again, I want to thank the chairman, the staff, the ranking member for all of the effort they have made in an extraordinary fashion.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 3 minutes to the very distinguished gentlewoman from Michigan (Ms. KILPATRICK), a member of the subcommittee.

Ms. KILPATRICK. Mr. Chairman, I want to first start off thanking the gentleman from Alabama (Chairman CALLAHAN) and his staff for working with us in a bipartisan way. And a special thanks to my ranking member, the gentlewoman from California (Ms. PELOSI), who has certainly shown her leadership and allowed me to participate in the process adequately.

This bill before us today, this foreign operations bill, I am told sometimes takes a day and a half and hours to complete. As my first year on this subcommittee, I found that working with the chairman and ranking member and working with the two sides to be quite enjoyable as well as educational.

While I support the bill and have in committee, I always said that it was underfunded. And we said that from our side of the aisle. I say to the gentleman from Alabama (Mr. CALLAHAN), although we respect his hard work, we believe it is underfunded.

The gentleman from Illinois (Chairman PORTER) in his earlier remarks stated that this country still provides less foreign aid around the world than any of the other developed GA countries in the world. We can do better.

But I want to commend our chairman and ranking member for increasing our appropriations to Africa for the first time, a continent with over 750 million people who are in dire need.

Some of the poorest of the poorest countries, as said by Mr. Wolfensohn earlier this week as we had breakfast with him, President of the World Bank, debt relief, yes, they need it. But it is not a panacea. What they need is education and health services and other kinds of attention paid to their country so that their people and their children can come up into the 21st century.

It is important that as we move this foreign operations bill forward we let everyone know that, yes, it is a good bill and it was worked on bipartisanly, but it does still need more funding.

We are very concerned about the $200 million that was cut from full appropriations from the IDA account, which again is money that goes to the poorest of the poorest nations so that those children and those nations can be educated, can have the health services that they need.

We are concerned about the Smith amendment that will be coming up this afternoon. It is unfair. We hope that it will not be attached to this wonderful bill that we have worked out to date.

HIV-AIDS, a curse as we move to the 21 century, devastating the African continent today, India tomorrow, the U.S., and countries around this world. Will we do our part as American citizens, the finest country in the world, to provide the assistance, the education, the treatment, the research that we know to get rid of this dreaded disease?

Mr. Chairman, I thank the gentleman from Alabama (Mr. CALLAHAN) for his leadership and the gentlewoman from California (Ms. PELOSI), the ranking member, for her concern and her leadership as we work in a bipartisan way.

This Congress can work on good legislation bipartisanly when we work together and commit to doing that. Thanks to the staffs. Thanks to our ranking member.

Mr. CALLAHAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I thank the gracious gentlewoman from Michigan (Ms. KILPATRICK) for her comments and I tell my colleagues that it has been a pleasure working with a Member of Congress who has grasped this complicated system of legislation that we have here in the United States Congress in a very short period of time, never forsaking her principles, but at the same time understanding and working toward bipartisan agreement on every issue that she can.

Mr. Chairman, I yield 4 minutes to the gentleman from New York (Mr. GILMAN) the chairman of the Subcommittee on Foreign Operations, Export Financing and Related Programs.

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I rise to commend the efforts of the gentleman from Alabama (Mr. CALLAHAN) the distinguished chairman of the Subcommittee on Foreign Operations, Export Financing and Related Programs for especially operations, and his staff and the members of the Subcommittee on Foreign Operations for their efforts in drawing attention to the critical economic situation affecting our friends in the Balkans.

Most of us are proud of the cooperation and joint efforts we have made to provide funding and support for the regional programs that aid those most in need. The economic challenges facing that region have only been exacerbated by recent events in Kosovo.

□ 1715

As the NATO forces continue their efforts to stabilize the peace in Kosovo, it is also imperative to look beyond the end of the conflict. We need to work to find programs that will help restore the economic foundation of these nations and, more importantly, to help restore the economic foundation that will enable the refugees to rebuild their lives.

Permit me to draw my colleagues' attention to a particular effort that has demonstrated great potential to help restore the economic foundation to these front-line Balkan states.

The Rochester Institute of Technology started a program 2 years ago called the American College of Management and Technology. Located in Dubrovnik, Croatia, this college has enjoyed great success in introducing new training and educational opportunities for the residents of the front-line states in tourism and management.

The program has been at capacity since it began. It focuses on a cooperative work experience that places students with world renowned organizations. This cooperative experience objective is to facilitate the infusion into the workforce of people who are educated in American economic values and work ethic, and through them speed the shift to contemporary entrepreneurial practices and, in turn, enhance the economic growth of the region.

Building upon the successes in their program, the ACMT has plans to expand the program to provide support to young refugees from Albania, Kosovo, Montenegro and Macedonia, thereby giving them a brighter future and the ability to help rebuild their homeland states. I would like to commend the college for its efforts in establishing that program. It truly merits Federal support.

Mr. Chairman, I would like to ask the distinguished gentleman from Alabama (Mr. CALLAHAN), chairman of the Subcommittee on Foreign Operations, Export Financing and Related Programs, to comment on this fine program.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. GILMAN. I yield to the gentleman from Alabama.

Mr. CALLAHAN. I thank the gentleman from New York for his kind words. I would encourage USAID to review proposals to fund a Federal partnership with the college that would allow for the expansion of this program to address some of the training needs of the refugees from Kosovo, Montenegro and Macedonia.

Mr. GILMAN. I thank the gentleman for his support of this initiative. I would hope that in conference with the Senate on the fiscal year 2000 bill, we would carefully review their proposal for a $2.5 million program that would help the economic recovery of this region.

Mr. CALLAHAN. Mr. Chairman, I can assure the chairman of the Committee on International Relations that I will do the best I can to bring this proposal to the attention of AID.

Mr. GILMAN. I thank the distinguished gentleman for his assurances and support.

Mr. Chairman, I am also pleased to note in this bill that there is full funding of the administration's request for international narcotics control, and in particular the report language supporting the badly needed supply plane for the dedicated Colombian National Police antidrug unit so that they can maximize the use of the Black Hawk utility helicopters soon to be delivered to them.

I also note that the committee is critical of the intelligence service in Peru in the INL account, but it should be noted that little if any money has gone to that particular entity in their fight against drugs. It would be a mistake to overlook the fact that Peru in the last few years has reduced coca production by nearly 60 percent to end their long-held world leadership in coca production.

With regard to narcotics eradication, I note that the Senate bill has follow-on funding for the mycoherbicide drug eradication initiative that I believe holds a long-term potential to save billions of dollars and thousands of lives. I hope that in conference we will support the $10 million provided by the Senate for that program in fiscal year 2000.

Again, I want to commend the chairman and ranking member of the Subcommittee on Foreign Operations, Export Financing and Related Programs for their outstanding work on this measure.

Ms. PELOSI. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from California (Mr. FARR).

Mr. FARR of California. Mr. Chairman, I thank the gentlewoman for yielding me this time.

I rise in a moment of passion, passion for the greatest aid that this country gives countries in need all over the world, and that is the passion I have for the United States Peace Corps.

Peace Corps volunteers serve at the invitation of host countries. Guess what? Countries want more Peace Corps. About 6,000 volunteers are currently serving in about 80 countries.

Last year, in this country, 150,000 U.S. citizens inquired about whether they could serve in the United States Peace Corps. For my friends on the other side of the aisle who are supply siders, this is very simple. The demand is there and the supply is there. What stands between that demand and that supply is the budget of the United States Congress and how much we will appropriate to the Peace Corps. Guess what? What we have appropriated is not enough.

I thank the chairman of the subcommittee. The gentleman from Alabama is a good listener. He is producing a good bill, it is a work in progress, and we are going to make it better. He has done a better job than our colleagues in the other house.

I just got out of a cab in D.C. I came from a Peace Corps good-bye to the director, Mark Gearan. The cab driver said, "I'm in the United States because I had two teachers in Ethiopia, Peace Corps volunteers. The gift I'm going to give back is my son who is an American citizen who is going to serve in the Peace Corps."

On behalf of returning Peace Corps volunteers who are now Members of Congress, the gentleman from Ohio (Mr. HALL), the gentleman from Wisconsin (Mr. PETRI), the gentleman from Connecticut (Mr. SHAYS), the gentleman from New York (Mr. WALSH) and myself, we ask that you try to add more, at least what the Peace Corps asked for and what they need.

Mr. CALLAHAN. Mr. Chairman, I would first like to commend the gentleman for his comments and for his hard work, especially in Central America, and also commend Mark Gearan who is retiring as the head of the Peace Corps. I think Director Gearan has done an outstanding job.

Mr. Chairman, I yield 2 minutes to the gentleman from Montana (Mr. HILL).

Mr. HILL of Montana. Mr. Chairman, I thank the gentleman for yielding me the time. Let me echo my comments on the fine work the gentleman from Alabama has done on this bill.

Mr. Chairman, I rise today to express my support for a counterdrug initiative that would be funded through the State Department Bureau of International Law Enforcement Affairs. This initiative uses naturally occurring mycoherbicides to eradicate illicit drug crops at their source. It was supported in the Senate Foreign Operations bill. I know that the gentleman from Alabama is familiar with this program.

Mr. CALLAHAN. Yes, I am.

Mr. HILL of Montana. Mycoherbicides are safe and they do not kill other crops as do the chemicals that are currently being used in countries in Latin America. I ask that the gentleman from Alabama take into account the positive impact this initiative will have on the environment as well as our war on drugs as he considers this issue in conference.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. HILL of Montana. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Yes, I am aware of the potential of this program to fight narcotics. As the gentleman knows, with my support Congress provided $10 million for this purpose in the emergency supplemental bill earlier this year. I am hopeful that the State Department will soon obligate those funds so that this important research can be undertaken expeditiously.

Mr. HILL of Montana. I thank the gentleman from Alabama.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 2 minutes to the gentleman from Illinois (Mr. JACKSON), a distinguished member of the Subcommittee on Foreign Operations, Export Financing and Related Programs.

Mr. JACKSON of Illinois. Mr. Chairman, I rise today to commend the gentleman from Alabama (Mr. CALLAHAN) and the gentlewoman from California (Ms. PELOSI) and other members of the Subcommittee on Foreign Operations, Export Financing and Related Programs of the Committee on Appropriations for the bipartisan, collegial spirit evident during our hearings and the subcommittee markup. As a new member of the subcommittee, I feel privileged to have worked with such a fine group of members.

We all know this is a very difficult budget year and I am grateful to the gentleman from Alabama for his even-handed approach to drafting the Foreign Operations bill. Although I would have liked to see additional funding to be provided for Africa in the bill, at the very least funding for Africa was maintained at a freeze. Many of my colleagues on both sides of the aisle will agree that for us to maintain our position as a global leader, we must continue to lead the world in assisting those countries that need the most help.

I am concerned, however, about three particular areas of this bill, the Development Fund for Africa in the Development Assistance section of the bill; the Africa Development Bank; and the Africa Development Fund. I am most disappointed that the bill does not fulfill the administration's and my request to reinstate the Development Fund for Africa as a separate line item as it was several years ago. Many nations on the continent of Africa are making unprecedented progress toward democratic rule and open markets and with the Development Fund for Africa included as a separate account, funding would be assured to remain focused on the long-term problems and development priorities of our African partners.

Although there have been numerous concerns in the past about management of the Africa Development Bank, I know that strides have been made. I feel it is unwise to completely zero out funding for the bank at this time when they are working diligently to address the management problems.

I am encouraged that the Africa Development Fund received a level allocation from last year. However, the Africa Development Fund helps the poorest of the poor countries, and I had hoped that the committee would have provided a higher number.

I cannot stress enough how much I have enjoyed working this year on this Subcommittee on Foreign Operations, Export Financing and Related Programs and I look forward to future work with my colleagues as we address the problems and concerns of the developing world.

I want to thank the gentleman from Alabama for his outstanding job and the gentlewoman from California, and I want to encourage all of my colleagues in light of these amendments to follow the gentlewoman from California on these votes.

Mr. CALLAHAN. Mr. Chairman, I yield 4 minutes to the gentleman from North Carolina (Mr. HAYES).

Mr. HAYES. Mr. Chairman, I rise in strong support of the bill. I thank the gentleman from Alabama and the gentlewoman from California for their diligence and their efforts on our behalf.

I have an amendment which would withhold funding for the introduction of our Armed Forces into hostile situations unless the situation represents a clear threat to our strategic national interest. This amendment reflects the foreign policy that successfully guided our Nation through the Cold War. Based on a set of six firm principles, this policy was designed by President Reagan's Secretary of Defense Caspar Weinberger. The rule today does not allow me to offer this amendment, but I will ask that it be printed in the RECORD.

Just 1 month ago, Air Force Chief of Chief General Michael Ryan explained to Congress that while the Air Force could meet our Nation's emergency needs, its short-term operations tempo had to be greatly reduced. This is one of many reports of degradation in our force's readiness that are common because of the widening gap between our Nation's global security obligations and the resources provided to meet these obligations. Every Member in this body knows that under this administration, we are increasingly asking our men and women to do more with less.

Fortunately, this Congress recognized that our forces are stretched to the limit and are on the brink of exhaustion. We recently took the much needed step of increasing our budget to address the services' long list of critical unfunded requirements. We must also review and scale down an American foreign policy which is increasingly expansive.

There is no doubt that the United States is the anchor for the world's democracies. We proudly accept this responsibility and seek to promote the American ideal of freedom in every corner of the world. Unfortunately over the past decade, fulfilling our security obligations has become confused with a policy of policing the world. It is not the responsibility of the United States and her forces, nor should it be, to extinguish every political flare-up around the globe.

This administration continues its attempts to reduce our force structure, it increases our military's operational tempo and involvement around the world. Over the past 8 years, our forces have endured a rate of deployment never before experienced in our Nation's history. Our men and women in uniform have been called to arms for "operational events" no less than 26 times since 1991 as compared to 10 times in the previous 30 years. The number of missions is almost countless. From Somalia to Haiti, Rwanda to Bosnia and most recently Kosovo, this administration has placed American men and women in harm's way without a defined objective. This fly-by-the-seat-of-our-pants form of diplomacy is extremely dangerous, particularly when the lives of Americans are at stake.

Secretary Weinberger wisely taught this Nation that American idealism does not always reflect our national security. While we seek to undermine political oppression and overthrow political tyranny, we cannot, in every instance, commit American force. We simply do not have the resources and, quite frankly, it is not our place. This policy is also counterproductive because it discourages our allies and others from paying their share and playing their part.

Secretary Weinberger provided us a model that would prevent seemingly reckless military deployments. I believe it should be dusted off and used again by this administration and administrations to come. The Weinberger Doctrine calls for the engagement of our forces only: In defense of our own vital interests; with a clear intention of winning; with defined objectives; with continual reassessment of the conditions and our goals; with the overwhelming support of the American people and the Congress; and as a last resort.

To many Americans this may seem elementary. In fact, most Americans believe these six premises compose the guiding principles that underscore our current foreign policy. As all of us know, this is unfortunately not the case.

Mr. Chairman, I will not offer the amendment today, but I am committed to returning the Weinberger Doctrine to American foreign policy, and I intend to offer it in the future. I encourage all of my colleagues to review this doctrine, support it, and would urge the administration to adopt it.

Mr. Chairman, I include the amendment I would have offered, as follows:

AMENDMENT TO H.R. 2606, AS REPORTED

OFFERED BY MR. HAYES OF NORTH CAROLINA

Page 116, after line 5, insert the following:

ADHERENCE TO A CONSISTENT POLICY WITH RESPECT TO THE INTRODUCTION OF UNITED STATES ARMED FORCES INTO HOSTILE SITUATIONS

SEC. . None of the funds appropriated or otherwise made available by this Act may be made available for the introduction of United States Armed Forces into hostilities or into situations where imminent involvement in hostilities is clearly indicated by the circumstances unless such introduction meets the following requirements:

(1) The introduction of Armed Forces adheres to the "Weinberger Doctrine", the philosophy of former Secretary of Defense Caspar Weinberger, which states—

(A) such introduction of Armed Forces should take place only if the vital national interests of the United States are in jeopardy;

(B) the commitment to introduce the Armed Forces should be framed around clearly defined political and military objectives;

(C) prior to such introduction of Armed Forces, there should exist a reasonable assurance that the President will have the support of the people of the United States and their elected representative in Congress for such introduction;

(D) such introduction of Armed Forces should be a last resort;

(E) such introduction of Armed Forces should be done wholeheartedly and in a manner by which the Armed Forces have an overwhelming superiority so that a swift victory is virtually certain; and

(F) the President should continually reassess and, if necessary, readjust the commitment to introduce the Armed Forces if conditions and objectives invariably change after such introduction; and

(2) The President, after the mission of the Armed Forces has been defined and the Armed Forces have been introduced, allows senior general officers of the Armed Forces to carry out the mission in an unhindered manner.

□ 1730

Ms. PELOSI. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania (Mr. HOEFFEL), a new Member to Congress, but a great champion for our country.

Mr. HOEFFEL. Mr. Chairman, I thank the gentlewoman for yielding this time to me and appreciate her kind words.

Mr. Chairman, in this bill we should be supporting international family planning and opposing efforts to gag or block international family planning because those efforts will surely lead to more unintended pregnancies. Accordingly, I rise to oppose the Smith amendment and to support the Greenwood-Lowey amendment.

The amendment to be offered by the gentleman from New Jersey (Mr. SMITH) would gag foreign nongovernmental organizations in the private actions they take as private organizations to spend private money to pursue their goals. The amendment to be offered by the gentleman from New Jersey (Mr. SMITH) is unnecessary, at least as it affects United States money, which is already prohibited from these uses, as Greenwood-Lowey would continue.

It is wrong to stifle public debate in this way. It is micromanagement. The real target is family planning.

The amendment to be offered by the gentleman from New Jersey (Mr. SMITH) would make it harder to conduct family planning, to avoid unintended pregnancies. It is a mistake; it should be opposed. Greenwood-Lowey should be supported.

Ms. PELOSI. Mr. Chairman, I thank the gentleman for his important statement, and I yield 1 minute to the distinguished gentleman from Maine (Mr. BALDACCI).

Mr. BALDACCI. Mr. Chairman, I rise to take this opportunity to express my strong support for the Seeds of Peace International Camp, located in my congressional district and its related programs. This innovative program takes Arab and Israeli teenagers from the Middle East to a small camp in rural Maine to teach them communication teamwork, conflict resolution skills. Since it opened in 1993, more than a thousand young people have graduated, and 400 more will be completing the program this summer. I have been to this camp and met with these children, and I can unequivocally say that this camp deserves this body's full support. The cultural connections and friendships forged in Maine will last a lifetime.

Seeds of Peace is a small but growing force of hope amidst the hatred and despair that has for all too long mired relations between the nations of the Middle East. While the current peace process is critically important to achieving peace in the region, Seeds of Peace will create an environment that will sustain a lasting peace because it will mend differences in fostering understanding where it counts most, between individuals.

I am pleased that, year by year, this innovative and desperately needed program is gaining political and financial support. I strongly support public funding for the International camp and its other programs as they are clearly one of the best uses of our foreign aid dollars. I am pleased with the report language contained in this bill supporting this program.

I thank Chairman CALLAHAN and Ranking Member PELOSI for their support of this program which gives these future leaders the tools they need to forge a lasting peace in the Middle East. Thank you.

Ms. PELOSI. Mr. Chairman, I yield 1 minute to the gentlewoman from Florida (Ms. BROWN) for the purpose of engaging in colloquy with the distinguished chairman, the gentleman from Alabama (Mr. CALLAHAN).

Mr. CALLAHAN. Mr. Chairman, I will yield an additional 1 minute to the gentlewoman from Florida.

The CHAIRMAN. The gentlewoman from Florida is recognized for 2 minutes.

Ms. BROWN of Florida. Mr. Chairman, I rise to engage in a colloquy with the gentleman from Alabama (Mr. CALLAHAN). I want to take a moment to raise the issue of American prisoners being held overseas.

I want to commend the chairman for including language in this report that required the Secretary of State to report on whether American citizens have not been able to receive fair trials in Ecuador as well as the evaluation of whether foreign assistance to Ecuador has an impact on the lawfulness of the Ecuador justice system.

As the gentleman is aware, Mr. Chairman, I have visited Ecuador three times in the past 2 years, and the disregard for fair or even speedy trials have become a crisis in this country. I am very disturbed that many people, especially Americans, are asked to pay bribes to ensure innocent finding. One American in particular, Mr. Jim Williams of Jacksonville Beach, has had very little chance at justice since he was imprisoned almost 3 years ago. His family have struggled to help Mr. Williams get a fair trial, but they have faced a maze of corruption in addition to unreliable policy and a justice system that does not function.

This is a very complicated problem that affects many Americans in Ecuador. However, a big part of the solution involves the United States. I hope this report will help our government understand the limitations of the Ecuador justice system as well as the far-reaching impact of our drug policy on countries like Ecuador. With limited resources and corruption in judiciary, I look forward to learning the results of this study and thank my colleague for its inclusion in this report.

Mr. CALLAHAN. Mr. Chairman, will the gentlewoman yield?

Ms. BROWN of Florida. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, I thank the gentlewoman from Florida for her concern about Mr. Williams' plight in Ecuador, and I certainly share her concerns. We have expressed our discontent with the administration's handling of the Williams case. I have met with the Williams family. We need a quick, fair judicial resolve, to this issue; and I certainly will support the gentlewoman in any endeavor that we can undertake to make certain that this gentleman receives a fair trial in an expeditious manner.

Ms. BROWN of Florida. Mr. Chairman, I thank the gentleman from Alabama.

Ms. PELOSI. Mr. Chairman, will the gentlewoman yield?

Ms. BROWN of Florida. I yield to the gentlewoman from California.

Ms. PELOSI. Mr. Chairman, I want to tell the gentlewoman that the gentleman from Alabama has been attentive to this issue. Indeed, we visited Ecuador and spoke to the authorities there, the U.S. counsel there, about this subject. So when the gentleman says he is looking into it, as my colleagues know, indeed he is.

Mr. CALLAHAN. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. RADANOVICH).

Mr. RADANOVICH. Mr. Chairman, I would like to recognize and address the continued contributions made by the Republic of Croatia. Croatia emerged from years of oppressive Communist control in 1991 and approved a new constitution and elected a parliament. Croatia's modern parliamentary democracy is charged with guaranteeing fundamental human rights, freedom of expression and respect for private property. Croatia has also been a loyal and valuable ally of the United States, as we have recently witnessed during the Kosovo crisis. Having a reliable partner in the strategic and volatile region of southeastern Europe can only help to prevent future crises and aggression.

Croatia deserves commendation for its clear desire to stand with the United States and the West, as evidenced by its support of U.S.-NATO policy in the Balkans including S–4 and Operation Allied Force.

People, few people, realize how helpful Croatia was during NATO's Operation Allied Force. Croatia closed its oil pipelines to Yugoslavia, which was later recognized as a key element in Milosevic's decision to surrender. Croatia opened its airspace and its ports for NATO's unrestricted use. Croatia also emerged as one of the most vocal advocates for stability in southeastern Europe during the negotiations and on the newly launched stability pact for that region.

Croatia meets all the requirements for partnership for peace especially regarding defense related cooperation, perhaps even more so than some of its current members. Croatia should be evaluated for membership in the partnership for peace at the earliest possible opportunity. I believe that the United States should work closely with Croatia to ensure that every opportunity is provided.

Ms. PELOSI. Mr. Chairman, I yield 4 minutes to the very distinguished gentleman from California (Mr. BERMAN), a member of the Committee on International Relations and a champion on human rights throughout the world.

Mr. CALLAHAN. Mr. Chairman, I yield the gentleman from California an additional minute.

The CHAIRMAN. The gentleman from California is recognized for five minutes.

Mr. BERMAN. Mr. Chairman, I thank my friend from California for yielding me this time.

First, I would like to just say that the chairman and the ranking member and the entire Subcommittee on Foreign Operations, Export Financing and Related Programs have done an incredible job of trying to put together an equitable bill under really outrageous conditions where they have been told that they have a funding limit which constitutes a $2 billion reduction over the administration's request; a $700 million reduction over this year's appropriated level; and many, many billions of dollars in reductions over what funding levels were several years ago. So, I have no argument with the bill that they have presented, given the cards that they were dealt.

I am here to urge support for the bill and an aye vote on final passage, but I do have to say that two things could make me change my mind if the bill came back from conference committee: one, with inadequate funding levels, without some relief from the conditions under which the Committee on International Relations were required to put this bill; and, secondly, were the amendment to be offered by the gentleman from New Jersey (Mr. SMITH) to be adopted.

In either one of those cases, I would think that at conference when the bill comes back from conference we should take a second look at this question, and my hope is that the administration, working with the appropriators, will deal with some of the critical shortfalls that do exist in this bill.

And at the same time I have to say the bill fully funds the Camp David countries, Israel and Egypt; it provides a partial funding for Jordan under the Wye request. It is our understanding that the Wye request and the appropriations which I consider critically important will be dealt with at the time of the conference committees, whether they come from the 150 or the 050 account; but somewhere in the context of all of this, before this Congress leaves this year, we think it is very important that that should be funded. The increase in funding for child survival programs even in the context of the severe limitations is badly needed; the same with UNICEF.

So I think there is a lot of important provisions in this bill. There are a lot of deficiencies. The gentlewoman from California has touched on a number of them. I would like to see more money in the refugee and migration assistance account, Peace Corps is underfunded, a number of other provisions; but I will not belabor that at this point.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. BERMAN. I yield to the gentleman from Alabama.

Mr. CALLAHAN. As my colleagues know, I think the gentleman from California is a super individual and I have expressed that to him on many occasions. But let me remind my colleague the only way we can balance the budget, the only way we can save Medicare, the only way we can save Social Security is to cut back on spending, and that also means foreign affairs, foreign aid.

So I appreciate the gentleman's philosophy.

Mr. BERMAN. Reclaiming my time, I say to the gentleman from Alabama I think he is super too, but I have to say if America is going to maintain its leadership in the world, a number of things have to happen. If we are going to continue to try and promote democracy and respect for human rights and development of human potential around the world, we have to put resources into this. I do not believe for a second that funding the foreign assistance at the level the administration has requested will in any way hurt our ability to continue to balance our budget, save Social Security, reform Medicare, and do the other things we need to do. This is small potatoes in the context of the whole budget, and let me just add one thing.

The problem is we get ourselves into a cycle. Originally, the Committee on Foreign Operations was given an incredibly low allocation of $10.4 billion. The chairman with his valiant efforts, I assume, all of a sudden that level was $12.6 billion. That is much better, but our colleagues keep lowering, dashing our expectation so much.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield for a question?

Mr. BERMAN. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, I thank the gentleman. First of all we cannot resolve this issue over whether or not an additional increase in foreign aid would jeopardize Social Security and Medicare. We just want to make certain it does not. But I will be happy to sit down one evening with the gentleman for as much as 3 or 4 hours to discuss this issue as to whether or not foreign aid ought to be increased even at the expense of jeopardizing Social Security and Medicare. I think it would make an interesting conversation, and I would invite the gentleman to sit down with me one evening in the near future for several hours to discuss this issue.

Mr. BERMAN. Reclaiming my time, I appreciate the gentleman's offer. I plan to take him up on it. We can go either way in terms of this conversation.

Ms. PELOSI. Mr. Chairman, I yield 2 minutes to the distinguished gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Chairman, I would like to thank the gentlewoman from California (Ms. PELOSI) for her tremendous efforts on behalf of all the peoples of the world. She really does do a great job serving as ranking member on the Committee on Appropriations, and let me just say I have appreciation for everything that I have heard today about the bipartisan efforts, and I understand the limitations that my colleagues were working within.

□ 1745

However, that does not ease my pain nor satisfies my criticism of what is not happening for Africa.

This bill completely eliminates funding for the highly indebted poor countries, the initiative that provides debt relief to countries that desperately need it. The governments of heavily indebted poor countries have been forced to make drastic cuts in basic services such as health and education in order to make payments on their debts. This administration requested $120 million. This bill allocates $33 million and zero for PIP pick.

As the ranking member of the Subcommittee on Domestic and International Monetary Policy of the House Committee on Banking and Financial

Services, I am working to improve the HIPC initiative. I have introduced H.R. 2232, the Debt Relief and Development in Africa Act of 1999. This bill would relieve the debts of sub-Saharan African countries and target the savings from debt relief to HIV/AIDS treatment and prevention, health care, education and poverty reduction programs. I am also a cosponsor of H.R. 1095, the Debt Relief for Poverty Reduction Act of 1999 which would expand the HIPC initiative.

Also, the Foreign Operations Appropriations bill also cuts funding for the African Development Fund which provides low-interest loans to poor countries in Africa and completely eliminates funding for the African Development Bank, which provides market-rate loans to qualifying African countries.

Furthermore, the bill cuts refugee assistance by $266 million below this year's budget. Well, I guess if we take out the money for Kosovo, we cut it by $20 million below this year's level. There are 6 million refugees and internally displaced people in Africa today. Sadako Ogata, the United Nations High Commissioner for Refugees, is complaining.

So if I was the gentleman from California (Mr. BERMAN), I would be happy because Israel and Egypt got its funding. Africa still lags far behind, and every year I must get up and do this until Africa is treated fairly.

Ms. PELOSI. Mr. Chairman, I thank the gentlewoman for her remarks and for her leadership on the Committee on Banking and Financial Services on all of the issues relating to debt relief and AIDS.

Mr. Chairman, I yield 1 minute to the very distinguished gentleman from Maryland (Mr. CUMMINGS).

Mr. CUMMINGS. Mr. Chairman, I rise to applaud the gentlewoman from California (Ms. PELOSI) for her tireless work against the scourge of HIV/AIDS, a disease which has not only plagued and crippled American society but the global community as well. Nearly 33 million people worldwide are infected with HIV/AIDS. Ninety percent of them live in Africa, Asia, and Latin America. However, 90 percent of the resources spent on prevention and care are devoted to people in industrialized countries. The funding provided in this bill is just a drop in the bucket compared to the funding needed to address this deadly crisis developing in these countries.

I am encouraged that the committee has provided $141 million for international HIV prevention and care, a $20 million increase over last year's funding level. As such, I hope that in the future, we will make an even stronger commitment to this fight.

The CHAIRMAN. The gentleman from Alabama (Mr. CALLAHAN) has 3 minutes remaining; the gentlewoman from California (Ms. PELOSI) has 2½ minutes remaining.

Ms. PELOSI. Mr. Chairman, I yield myself the remaining time to close.

I want to thank all of the Members of the House who have spoken on this bill that we have worked so hard on. I am so pleased with the interest in the bill. Our differences are largely not partisan on this bill, and we have very few differences today, except for the funding level.

I wanted to take just a moment to talk about that because my distinguished chairman keeps bringing up the subject of Medicare and Social Security, and I want to point out to our colleagues that this bill is about, as we have heard, about $12.8 billion, $12.6.5 billion. That is about less than 1 percent of our national budget. And if we take out what we have in there for export finance and trade financing and guarantees, then it is even less than that, because that is not foreign assistance, that is assistance to the U.S. manufacturers.

So we have a very, very tiny percentage of our national budget which we use to prevent war, to prevent the spread of disease, to prevent environmental disasters. To me, it is a small price to pay. Indeed, as our Chairman has said, it is the least we can do. In fact, we should do much more.

We are the lowest of all of the industrialized countries, the lowest in relationship to our GDP in assistance, bilateral assistance to other countries. That is not what the American people want. And there is not going to be any saving of Social Security or risking of Medicare or Social Security because we spend a little bit more money preventing more disease and environmental disasters. Indeed, those are investments which will save money in the end.

Mr. Chairman, we are a great country. The world looks to us for leadership. Certainly, the developing world does. We can prevent many problems that we know are predictable. We are not making them up; we know they are preventable if we invest wisely.

Once again, I want to return to what President Kennedy said: My fellow citizens of the world, ask not what America can do for you, but what we can do working together for the freedom of men. Imagine the possibilities if we could invest in microlending and in debt forgiveness in a manner that is appropriate to our capacity and our leadership role in the world. Imagine if we could cooperate with the countries of Africa as they emerge into democracies.

Mr. Chairman, I think that this is a good investment. I think the American people want us to do it, and I point out it is less than 1 percent of our entire budget, a good investment for peace and security in the world.

I urge my colleagues to vote for the bill if it does not have the Smith amendment in it.

Mr. CALLAHAN. Mr. Chairman, I yield myself the remaining time.

I will close by saying that the basic argument that I have heard tonight is not over the contents of the bill, but for the lack of money that some think ought to be included therein.

I might say that the opponents on that argument make good points, that maybe it is not enough money. But in my opinion, it is enough money, and I do not think it is going to be detrimental to me at all to go back and explain to my constituents that I was the one who proposed a bill to cut foreign aid. I apologize to the President if he wants $2 billion more. He is not going to get it.

So yes, this vote tonight, finally, on the passage of this bill, Mr. Chairman, is a vote to cut foreign aid, if we want to cut it, well then vote "yes."

If one does not want to cut it and one thinks it ought to be more, then vote "no."

But the real question in this bill is whether or not we are going to cut the President's request, whether or not we are going to cut last year's appropriation, whether or not we are going to preserve this money to pay for Social Security needs, for Medicare needs, for other areas such as tax reduction, or even balancing the budget and paying off the debt. That is what the final passage of this bill is all about.

Mr. Chairman, I would recommend to my colleagues that they will have an easy explanation when they go back to their districts and people ask them, when SONNY CALLAHAN brought a bill to the floor of the House to cut foreign aid, how did you vote, I should think all Members of Congress would want to say, I voted for the Callahan bill.

Mr. KNOLLENBERG. Mr. Chairman, earlier this year, the National Conference of Black Mayors, and the U.S. Conference of Mayors held their annual conventions in Denver and New Orleans, respectively. At these conventions, over 100 mayors from around the country signed a petition calling on EPA to provide utility energy providers with maximum flexibility and lead time necessary to avoid higher energy costs to municipalities and local communities, including industrial and residential consumers.

Mr. Chairman, as you are aware, EPA finalized a rulemaking last year which forced states, including Michigan, to submit State Implementation Plans (SIP's) that meet mandated reductions of oxides of nitrogen (NO_X) emissions. One element of the rule would force local utilities to control NO_X emissions at unprecedented levels. The reductions are of a magnitude that will require capital intensive technology with likely significant pass-through costs to energy consumers, including citizens, municipalities, and local communities. As rural and urban communities seek investment to spur economic growth, the shadow of higher energy costs could have significant adverse effects on brownfields redevelopment and rural/urban revitalization generally. Further, these higher costs will erode the benefits of lower energy costs realized from deregulation.

Finally, Mr. Chairman, the EPA compliance deadlines are so stringent that electric utilities could be forced to shut down generating plants to install the necessary control equipment within a very short time. This could result in temporary disruptions of electricity supply.

Mr. Chairman, the U.S. Court of Appeals, just this past month, issued a stay of the EPA NO_X SIP call pending the agency's appeal of the court's decision to strike down EPA's National Ambient Air Quality Standard (NAAQS) for fine particulate matter (PM 2.5). The future of the agency's NO_X SIP call is uncertain. Nonetheless, the mayors' petition represents a common-sense plea to EPA that, should the agency move forward, that it do so in a way that allows for compliance in the most cost-effective manner possible.

I insert the petition in its entirety, along with the names and cities of supporting mayors to be inserted in the RECORD.

PETITION—EPA OZONE TRANSPORT NO_X SIP CALL

As part of its Ozone Transport initiative, the Environmental Protection Agency (EPA) has finalized a rulemaking forcing States to submit Implementation Plans (SIPs) to meet mandated reductions of oxides of nitrogen (NO_X) emissions in the Agency's effort to control inter-state ozone transport impacts. The rule focuses on 22 mid-eastern States, with the likelihood that EPA will expand the application of the rule to several additional States.

Several States have joined in litigation challenging the EPA rule on grounds that it is contrary to congressional intent, an abuse of Agency discretion and disregards traditional Federal/State relationships. EPA has even taken the unprecedented step of threatening to impose its own Federal Implementation Plan (FIP) in the absence of acceptable State action. Several additional States are considering whether to file an amicus brief in support of the Complaint. The U.S. Court of Appeals recently stayed EPA's NO_X SIP Call pending appeal of the Court's decision setting aside EPA's new Ozone and Particulate Matter standard.

One element of the rule would force local utilities to control NO_X emissions at levels unprecedented to date. The reductions are of a magnitude that will require capital intensive technology with likely significant pass-through costs to energy consumers. The unavoidable consequence will be higher energy costs to municipalities and local communities, including industrial and residential consumers alike. As rural and urban communities seek investment to spur economic growth, the shadow of higher energy costs could have significant adverse effects on Brownfields redevelopment and rural/urban revitalization generally.

The EPA compliance deadlines are so stringent that electric utilities could be forced to shut down generating plants to install the necessary control equipment within a very short time. This could result in a temporary disruption of electricity supply.

Significant NO_X emissions reductions will continue to be realized under existing mobile and stationary control programs as the Clean Air Act continues to be implemented thus minimizing the need, if any, for such potentially disruptive requirements as called for in the EPA NO_X rule. This is especially true for local areas in the mid-east that are dealing effectively with ozone compliance challenges. Any new control programs, before being implemented, must be weighed against the potential adverse implications for local rural and urban communities.

Accordingly, by our signatures below, we collectively call on EPA to reconsider the NO_X rule in light of these concerns. In light of the Court's stay of the NO_X SIP Call, at a minimum, we urge EPA to provide maximum flexibility to and address lead-time needs of utility energy providers so as to minimize potential adverse economic consequences to local rural and urban communities. Further, we call on EPA to restore balance and cooperation between states and EPA so that States can comply with the rule while protecting their rights to determine the best methods of doing so.

Finally, we direct that copies of this Petition be provided to the President, the Vice President, Members of Congress, Governors and other local officials as are appropriate.

STATE, CITY, AND MAYOR

Alabama

Moses—Walter S. Hill

Arkansas

North Little Rock—Patrick H. Hayes
Marianna—Robert Taylor
Sunset—James Wilburn

California

Alameda—Ralph J. Appezzato
Fairfield—George Pettygrove
Fresno—Jim Patterson
Inglewood—Rosevelt F. Dorn
Modesto—Richard A. Lang
Turlock—Dr. Curt Andre
Westminster—Frank G. Fry

Florida

Eatonville—Anthony Grant
Gretna—Anthony Baker
North Lauderdale—Jack Brady
South Bay—Clarence Anthony
Tamarac—Joe Schrieber
Titusville—Larry D. Bartley

Georgia

Augusta—Bob Young
Dawson—Robert Albritten
East Point—Patsy Jo Hilliard
Savannah—Floyd Adams, Jr.
Stone Mountian—Chuck Burris

Guam

Santa Nita—Joe C. Wesky
Yigo—Robert S. Lizama

Illinois

Brooklyn—Ruby Cook
Carol Stream—Ross Ferraro
Centreville—Riley L. Owens III
DeKalb—Bessie Chronopoulos
East St. Louis—Gordon Bush
Evanston—Lorraine H. Morton
Glendale Heights—J. Ben Fajardo
Lincolnwood—Madeleine Grant
Robbins—Irene H. Brodie
Rockford—Charles E. Box
Sun River Terrace—Casey Wade, Jr.

Indiana

Carmel—Jim Brainard
Fort Wayne—Paul Helmke

Louisiana

Boyce—Julius Patrick, Jr.
Chataignier—Herman Malveaux
Cullen—Bobby R. Washington
Jeanerette—James Alexander, Sr.
Napoleonville—Darrell Jupiter, Sr.
New Orleans—Marc Morial
St. Gabriel—George L. Grace
White Castle—Maurice Brown

Maine

Lewiston—Kaileigh A. Tara

Maryland

Seat Pleasant—Eugene F. Kennedy

Massachusetts

Leominster—Dean J. Mazzarella
Taunton—Robert G. Nunes

Michigan

Detroit—Dennis Archer
Garden City—James L. Barker
Inkster—Edward Bevins
Muskegon Heights—Robert Warren
Taylor—Gregory E. Pitoniak

Minnesota

Rochester—Charles J. Canfield
Saint Paul—Nori Coleman

Mississippi

Fayette—Roger W. King
Glendora—Johnny Thomas
Laurel—Susan Boone Vincent
Marks—Dwight F. Barfield
Pace—Robert Le Flore
Shelby—Erick Holmes
Tutwiler—Robert Grayson
Winstonville—Milton Tutwiler

Missouri

Kinlock—Bernard L. Turner, Sr.

Nebraska

Omaha—Hal Daub

New Jersey

Chesilhurst—Arland Poindexter
Hope—Timothy C. McDonough
Newark—Sharpe James
Orange—Muis Herchet

New York

Hempstead—James A. Garner
Rochester—William A. Johnson, Jr.
White Plains—Joseph Delfino

North Carolina

Charlotte—Pat McCrory
Durham—Nicholas J. Tennyson
Greenevers—Alfred Dixon

North Dakota

Fargo—Bruce W. Furness

Ohio

Columbus—Greg Lashutka
Lyndhurst—Leonard M. Creary
Middleburg Heights—Gary W. Starr

Oklahoma

Muskogee—Jim Bushnell
Oklahoma City—Kirk D. Humphrey
Tatums—Cecil Jones

Oregon

Tualatin—Lou Ogden

Rhode Island

Providence—V. A. Cianci, Jr.

South Carolina

Andrews—Lovith Anderson, Sr.
Greenwood—Floyd Nicholson

Tennessee

Germantown—Sharon Goldsworthy
Knoxville—Victor Ashe

Texas

Ames—John White
Arlington—Alzie Odom
Beaumont—David Moore
Bedford—Richard D. Hurt
Euless—Mary Lib Salem
Hurst—Bill Souder
Hutchens—Mary Washington
Kendleton—Carolyn Jones
Kyle—James Adkins
North Richland Hills—Charles Scoma
Port Arthur—Oscar G. Ortiz
Waxahachee—James Beatty

Virginia

Portsmouth—Dr. James W. Holley III

Mr. SHAYS. Mr. Chairman, I want to thank Chairman CALLAHAN and Ranking Member PELOSI for their work in crafting this important appropriations bill. Given the limited resources available to them, I think they should be commended for their work in bringing this bill forward.

I will support this bill but grudgingly, because I believe the reductions it makes in foreign aid are too deep. And I believe we should be asking other parts of the federal budget to share the burden we are placing on this bill.

But instead, we are increasing spending in other areas, and asking foreign aid to pick up the slack. We are asking this budget to bend further and further, and I'm here to say: this budget can't bend any further.

Mr. Chairman, as a fiscal conservative and a senior member of the Budget Committee, my number one priority in Congress has been to get our financial house in order. In past years, I have supported reductions in our foreign aid budget because it was consistent with our overall efforts to reduce federal spending and eliminate 30 years of deficit spending. We were trying to rein in spending in every other portion of the budget, and the foreign operations bill took a hit like everything else.

But I rise today to say that we have picked on the foreign aid budget too much and for too long. I believe every area must play a part in our effort to control the growth of federal spending. But even as we increase spending on agriculture, defense, and other appropriations bills, we are once again decreasing funding for foreign aid. And, I, for one, do not understand why that is.

This year's agriculture appropriations bill increased discretionary spending from $13.69 billion to $13.94 billion. This year's defense appropriations bill increased spending from $250.5 billion to $266.1 billion. And this year's transportation appropriations bill increased spending from $47.2 to $50.7 billion. Yet, we are decreasing foreign aid spending from $13.4 billion to $12.6 billion.

As a former Peace Corps volunteer, I can attest to the difference foreign assistance makes in the lives of people around the world, and the important role it plays in enhancing international trade and helping maintain national security.

I know it is easy and most often popular to vote to cut foreign aid. But the simple fact is, this bill's $12.6 billion in foreign assistance represents just 0.7 percent of the federal budget. That is what we are debating here today.

Foreign aid is used to promote health, nutrition, agriculture, education, and other noble goals. Foreign aid is truly one of our nation's greatest international investments. It's not a handout; our aid is intended to help the poorest nations rise up and become self-sufficient, so they will no longer require our assistance.

I support this bill, but hope we end this destructive trend of reducing foreign aid budgets.

Mr. POMEROY. Mr. Chairman, I rise to thank the Chairman, Mr. CALLAHAN, for including in this legislation the report language regarding the Office of Private and Voluntary Cooperation described below.

This legislation provides $48,000,000 for the Office of Private and Voluntary Cooperation including $8,000,000 for cooperatives. This fund enables United States cooperatives and credit unions to share their self-help business approaches with developing and market transition countries. Congressman BEREUTER and I recently sent a letter to the United States Agency for International Development (USAID) supporting this important office and its funding for US cooperatives.

In addition, the Committee notes that in Central America, US cooperatives in countries hard-hit by Hurricanes George and Mitch. The Committee encourages USAID to fully utilize the expertise of U.S. and indigenous cooperatives in this region, especially in the expansion of cash crops such as coffee and sesame.

U.S. cooperatives have been working overseas for more than three decades. They are at work in the villages of Africa, Asia, and Latin America. In Central and Eastern Europe, they are helping to achieve a free market, democratic way of life—one that cooperatives and uniquely to help other achieve.

Cooperatives have the advantage of keeping economic benefits within a community. Profit is not siphoned off by outside interests, because the co-op's members are its owners, and the co-op exists to fill a need in a community that is not being met to other businesses.

Electric and telephone co-ops meet rural consumers' needs for power and telecommunications not satisfied by private businesses. Farm co-ops help in the production and marketing of commodities. Housing co-ops give low-income people the opportunity to own their own homes. Cooperative insurance protects individuals and small businesses from risk. Credit unions serve people of limited income not reached by commercial banks, and extend credit to micro entrepreneurs who otherwise might not be able to secure funding.

Cooperatives promote democracy by allowing members to jointly own their business. They share capital, elect a board of directors, and receive the benefits of ownership through better service and patronage refunds based on use. Co-ops teach people how to resolve problems democratically. Many individuals who received their education in democracy from cooperatives have gone on to become political leaders in their nations. In emerging democracies, co-ops help throw off the shackles of a non-market economy. Their members develop the skills of entrepreneurship and learn market values.

Again, Mr. Chairman, I would like to express my appreciation to Mr. CALLAHAN for including this critical language in the legislation before us.

Mr. PORTMAN. Mr. Chairman, I rise in support of H.R. 2606, the Foreign Operations, Export Financing and Related Programs Appropriations Act for FY 2000. I'd like to thank Chairman CALLAHAN and Ranking Member PELOSI of the Foreign Operations, Export Financing and Related Programs Appropriations Subcommittee for including $13 million in funding for the Tropical Forest Conservation Act of 1998.

The Tropical Forest Conservation Act expands President Bush's Enterprise for the Americas Initiative—EAI—and provides a creative market-oriented approach to protect the world's most threatened tropical forests on a sustained basis. The bill was overwhelmingly approved by the House last March by a vote of 356 to 61, passed the Senate under unanimous consent and was signed into law on July 29, 1998 as P.L. 105–214.

The Tropical Forest Conservation Act is a cost-effective way to respond to the global crisis in tropical forests, and the groups that have the most experience preserving tropical forests—including the Nature Conservancy, World Wildlife Fund, Conservation International and others—agree. The Administration is strongly in support of this effort as well. It is an excellent example of the kind of bipartisan approach we should have on environmental issues.

I commend Chairman CALLAHAN, Ranking Member PELOSI, and the members of the Subcommittee for providing the necessary funds to begin to implement this legislation that preserves and protects important tropical forests worldwide in a fiscally responsible fashion.

Ms. LEE. Mr. Chairman, I rise to speak on the debt restructuring section of the Foreign Operations appropriations bill. This is $87 million less than the President's request, and $41 million less than the FY 1999 level. This bill does not provide the proposed $50 million U.S. contribution to the Highly Indebted Poor Countries Initiative Trust Fund.

There are 41 countries in Africa, Latin America and Asia that are so heavily indebted that they can barely function. The people there suffer from malnutrition, illiteracy, and lack of health care. Many of these debts were incurred in the 70's when we encouraged them to borrow heavily. Recession in the 70's dropped the price of oil, mineral and agricultural products; interest rose. These countries will remain in a vicious, losing cycle of perennial indebtedness just paying off interest unless we essentially allow them to file for bankruptcy and to rebuild their economies. These countries desperately need debt relief.

Jubilee, an impressive coalition of churches from around the world, together with food assistance groups, have worked to call the world's attention to the extreme situation in these heavily indebted poor countries and have asked that the U.S. recognize the crippling effect that paying interest has on these countries.

Additionally, HIV/AIDS stalks Africa. Thirty million people in the world are infected with HIV/AIDS—the vast majority live in these heavily indebted countries. While nearly every region of the world has been affected by the pandemic, Sub-Saharan Africa has been ravaged by the disease, suffering 11.5 million deaths since the epidemic emerged, with a projected 22.5 million more in the next ten years. In some countries, 30% of all working adults now have AIDS or carry the virus.

Debt relief is essential. I ask my colleagues to vote against this appropriations bill.

Mr. WELLER. Mr. Chairman, I rise today to lend my strong support for the FY 2000 Foreign Operations spending package.

Mr. Chairman, everyone in this chamber knows that funding America's overseas commitments is not one of the most popular things we do in this body. With tight federal budgets, people back home often ask whey we spend this money, and many people do not realize that this appropriations package is one of the smallest this Congress will consider out of the 13 bills. That being said, I would like to praise the work of Chairman CALLAHAN and the Foreign Operations Subcommittee for bringing to the floor a commonsense package that stretches the taxpayers money and continues the Republican Congress' commitment to slowing foreign assistance.

One of the areas I am very concerned about in this bill deals with America's strongest and most reliable ally in the Middle East, Israel. H.R. 2606 proposes $960 million in economic aid to our friend in the Middle East. Mr. Chairman this is almost $120 million less than the FY 99 level which leaves me with some concern, but nonetheless, this is important funding to help insure stability in Israel's economy, and this approach by the committee will eventually lead us down the glidepath of a phase-out of economic assistance.

H.R. 2606 also helps to provide for the security of Israel. Mr. Chairman, this bill provides for a $60 million increase over FY 99 for military assistance to a total of $1.92 billion. While I am pleased to hear that the new Israeli leadership is eager to step up efforts in the peace process, it is clear that we cannot have peace in the Middle East without a strong and secure Israel. These funds for Israel are especially important when the United States is still concerned and engaged with threats by Iraq, Libya, Syria, Iran and international terrorists in the region. Chemical and biological weapons have already been used in the region, and several enemies or terrorist groups in the region are waiting for the opportunity to disrupt the peace process or commit outright acts of aggression towards Israel. These funds will reduce that threat for our ally and for American interests in the Middle East and around the world.

Mr. Chairman, this is a responsible bill that meets our overseas commitments and ensures that America's allies are engaged as active partners in U.S. foreign policy. I thank the Chairman for his attention to the needs of our friends in Israel, and I ask that members support this measure.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the bill shall be considered for amendment under the 5-minute rule.

Before consideration of any other amendment, it shall be in order to consider the amendments printed in part A of House Report 106–269. Those amendments may be considered only in the order printed in the report. The amendment printed in part B of the report may be offered only at the appropriate point in the reading of the bill.

Each amendment printed in the report may be offered only by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment.

During consideration of the bill for further amendment, the Chair may accord priority in recognition to a Member offering an amendment that he has printed in the designated place in the CONGRESSIONAL RECORD. Those amendments will be considered read.

The Chairman of the Committee of the Whole may postpone a request for a recorded vote on any amendment and may reduce to a minimum of 5 minutes the time for voting on any postponed question that immediately follows another vote, provided that the time for voting on the first question shall be a minimum of 15 minutes.

It is now in order to consider amendment No. 1 printed in part A of House Report 106–269.

AMENDMENT NO. 1 OFFERED BY MR. SMITH OF NEW JERSEY

Mr. SMITH of New Jersey. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part A amendment No. 1 offered by Mr. SMITH of New Jersey:

At the end of the bill, insert after the last section (preceding the short title) the following:

LIMITATION ON FUNDS FOR FOREIGN ORGANIZATIONS THAT PERFORM OR PROMOTE ABORTION

SEC. . (a) Section 104 of the Foreign Assistance Act of 1961 (22 U.S.C. 2151b) is amended by adding at the end the following:

"(h) RESTRICTION ON ASSISTANCE TO FOREIGN ORGANIZATIONS THAT PERFORM OR ACTIVELY PROMOTE ABORTIONS.—

"(1) PERFORMACNE OF ABORTIONS.—(A) Notwithstanding section 614 of this Act or any other provision of law, no funds appropriated for population planning activities or other population assistance may be made available for any foreign private, nongovernmental, or multilateral organization until the organization certifies that it will not, during the period for which the funds are made available, perform abortions in any foreign country, except where the life of the mother would be endangered if the pregnancy were carried to term or in cases of forcible rape or incest.

"(B) Subparagraph (A) may not be construed to apply to the treatment of injuries or illnesses caused by legal or illegal abortions or to assistance provided directly to the government of a country.

"(2) LOBBYING ACTIVITIES.—(A) Notwithstanding section 614 of this Act or any other provision of law, no funds appropriated for population planning activities or other population assistance may be made available or any foreign private, non-governmental, or multilateral organization until the organization certifies that it will not, during the period for which the funds are made available, violate the laws of any foreign country concerning the circumstances under which abortion is permitted, regulated, or prohibited, or engage in any activity or effort to alter the laws or governmental policies of any foreign country concerning the circumstances under which abortion is permitted, regulated or prohibited.

"(B) Subparagraph (A) shall not apply to activities in opposition to coercive abortion or involuntary sterilization.

"(3) APPLICATION TO FOREIGN ORGANIZATIONS.—The prohibitions of this subsection apply to funds made available to a foreign organization either directly or as a subcontractor or subgrantee, and the certifications required by paragraphs (1) and

(2) apply to activities in which the organization engages either directly or through a subcontractor or subgrantee.".

(b) The President may waive the provisions of section 104(h)(1) of the Foreign Assistance Act of 1961 (relating to population assistance to foreign organizations that perform abortions in foreign countries), as added by subsection (a), for any fiscal year.

The CHAIRMAN. Pursuant to House Resolution 263, the gentleman from New Jersey (Mr. SMITH) and a Member opposed each will control 10 minutes.

Does the gentlewoman from California seek to control the time in opposition?

Ms. PELOSI. Yes, I do, Mr. Chairman, and I ask unanimous consent to yield 5 minutes of that 10 minutes to the gentleman from Pennsylvania (Mr. GREENWOOD).

The CHAIRMAN. Is there objection to the request of the gentlewoman from California?

There was no objection.

The CHAIRMAN. The gentleman from Pennsylvania (Mr. GREENWOOD) will control 5 minutes of the time in opposition.

The gentleman from New Jersey (Mr. SMITH) is recognized for 10 minutes.

Mr. SMITH of New Jersey. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, I offer this on behalf of myself, the gentleman from Michigan (Mr. BARCIA); the gentlewoman from North Carolina (Mrs. MYRICK); the gentlewoman from Florida (Ms. ROS-LEHTINEN); the gentleman from Mississippi (Mr. SHOWS); the gentleman from Minnesota (Mr. OBERSTAR); and the gentleman from Illinois (Mr. HYDE).

Let me begin by telling Members what this is not about. The amendment before us is not about family planning funding. The bill before us provides up to $385 million for international family planning programs. If the amendment passes, this amount will remain exactly the same, $385 million for family planning. The amendment does not cut that amount by one penny.

Second, the vote on this amendment is not about some of the cartoon illustrations that have been conjured up in some of the faxes and fliers being put out by pro-abortion organizations. This amendment already has a track record. It is substantially identical to the antilobbying provision of the Mexico City Policy, which governed all U.S. foreign family planning programs from 1984 until 1993.

During those 9 years, the antilobbying provision was interpreted according to a rule of reason. We gave population assistance to literally hundreds of organizations during those 9 years, and we never cut off funding to a single organization because an officer of the organization gave a speech. Not even once. In fact, during the whole 9 years, only 2 organizations were ever denied Federal funding under the Mexico City Policy, and it was because they themselves refused to agree not to perform or actively promote abortion except to save the mother's life or in cases of rape or incest.

That is what this vote is really all about. The question is simple: Do we want our chosen representatives in foreign countries to do family planning and only family planning, or do we want them working overtime trying to topple pro-life laws in those countries?

Mr. Chairman, in over 100 countries around the world, the lives of unborn children are still protected by law. But in country after country, we find that the biggest U.S. population grantees are also the most prominent advocates—sometimes the only prominent advocates—of legalizing abortion on demand.

Mr. Chairman, the abortion promoters never tire of reminding us that they promote abortion with what they call "their own money," but this argument deliberately misses the point.

First, it ignores the fact that all money is fungible. When we pay an organization millions of dollars, we cannot help but enrich and empower all of that organization's activities, all that they do, even if the organization keeps a set of books that says it uses its money for one thing and our money for something else.

Even more important, this argument totally ignores what it means to be an agent of the United States in a foreign country. When we choose our representatives abroad, we have a right, and I would submit we have a duty, to ensure that certain minimum standards are met.

I would just point out to my colleagues that overwhelming numbers of Americans support the rights of unborn children, and we do not want our agents acting in such a way as to promote something that we find so offensive, the killing of unborn children on demand.

Mr. Chairman, if the United States decided—and I just say this as an example—to give a grant for an antismoking campaign directed at children in a developing country, it might decide not to give the grant to a tobacco company that also planned to run pro-smoking advertisements in that same country, even if the company promised to use its own money for the cigarette ads.

Mr. Chairman, it is exactly the same way with abortion and family planning. If the reason we fund family planning programs in a foreign country is really to provide contraceptives and counseling in order to reduce the number of abortions in the country, then we are well within our rights if we choose not to run the program through an organization that is also working hard to increase the availability of abortion in that same country. Everyone has a right of freedom of speech, but nobody has an absolute and unconditional right to represent the U.S. overseas or to receive multimillion dollar subsidies in exchange for that representation.

Mr. Chairman, I reserve the balance of my time.

□ 1800

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the very distinguished gentlewoman from Connecticut (Ms. DELAURO), the assistant minority leader.

Ms. DELAURO. Mr. Chairman, I thank the gentlewoman for yielding time to me.

I rise in opposition to this amendment. It is a death sentence for thousands of women and children worldwide.

This debate is not about abortion. Under current law, not one penny of U.S. funds can be used for abortion. This debate is about improving the health of women and children and saving lives.

Each year around the world 600,000 women die in childbirth. Access to family planning in the developing world would reduce unintended pregnancies by 20 percent, thus reducing abortions, saving the lives of more than 120,000 women who would die in childbirth every year.

U.S. family planning aid saves the lives of children. It allows families to choose how many children they want and when they will have them. Improved birth spacing can improve the chances of infant and child survival by 20 percent.

If this amendment passes, millions of desperately needed funds now dedicated to family planning would be diverted. More mothers, infants, and children will die. I desperately urge my colleagues to oppose this wrongheaded amendment.

Mr. GREENWOOD. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I rise to oppose the SMITH amendment. As was just said, every day around the world 1,600 women die in post-partum hemorrhaging. They bleed to death. That is 585,000 women every year. It is a holocaust. Many of these women leave behind orphaned children. These women die because they become pregnant when they are too young, too old, too weak, or too soon after their last pregnancies.

Every day thousands more infants and children die because they are born into families who cannot afford to feed them or to provide medical care for them.

For the past 30 years the developed nations of the world have worked together to stem this awful tide of premature deaths. The program was initiated in 1969 by President Nixon.

International family planning has brought reproductive health care to poor, underdeveloped communities across the globe, and where they have, the death toll has plummeted. It is a good, wise, compassionate, and enlightened program.

But the SMITH amendment threatens that program. It threatens those women and those children. It does so because the reality is no matter how hard local agencies try to provide family planning services to women around the world, some women will become pregnant when they cannot bear another child, and they will seek abortions.

The SMITH amendment says to these medical clinics, if you provide that abortion, we will take away your contraceptive funds. That is exactly, precisely, and frankly the opposite of what is needed. Where women seek abortions, we should promote contraception, not take it away. The SMITH amendment ironically will increase, not decrease, abortions, and it will undermine our international effort to stem the tide of infant and child mortality.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. DELAY), the distinguished whip of the majority party.

Mr. DELAY. Mr. Chairman, I rise today in support of the Smith-Barcia amendment. Under no circumstances, under no circumstances should American taxpayers underwrite pro-abortion activities in foreign countries. Today an increasing number of Americans are growing weary of the abortion on demand policy in our land. There is a growing sense that this practice has hardened our hearts and torn the very moral fabric of this great Nation in two.

After almost three decades, American attitudes towards abortion are becoming less permissive. In fact, a recent survey for the Center for Gender Equality showed that 53 percent of American women believe that abortion should be illegal under all circumstances, or allowed only in cases of rape, incest, and the life of the mother. That is up 8 percent from only 2 years ago.

During this time, when American views on abortion are changing so drastically, it should not be the policy of the United States to undermine abortion laws in other countries. Over the last 6 years, the U.S. Government has provided over $3 billion of taxpayer money to population control organizations overseas. Many of these groups are the largest abortion providers and promoters in the world.

This amendment does not cut population control funding to these organizations by one cent, even though many of us would like to do so. This amendment simply prohibits American aid from going to groups that violate existing foreign abortion laws, or lobby to change the laws in approximately 100 countries that currently restrict that practice.

Mr. Chairman, in a Nation founded on freedom, we must continue to trumpet the reality that all of our rights add up to nothing if we do not protect the most important of them all, the right to be born. While we are struggling with this truth at home, we definitely should not be undermining abortion laws abroad.

I just urge my colleagues to support the Smith-Barcia amendment.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the distinguished gentlewoman from California (Ms. WOOLSEY).

Ms. WOOLSEY. Mr. Chairman, I rise in strong opposition to the Smith amendment to the foreign operations bill.

Over the last 40 years, the world's population has doubled, and at the rate we are going it will double again by the year 2050. The number of people on Earth will increase by 78 million a year. It is 156 congressional districts. Think of that.

We must ask ourselves, if we continue to grow at this pace, who will be taking care of these children? What will happen to them? The answer is that they will face water shortages, famines, global warming, infant mortality, and political and economic instability. Supporting family planning services gives the children of the world a chance for the quality of life that we want for our very own children; a quality of life, by the way, that is threatened equally when the population of our globe expands to the extent that it is anticipated.

Mr. Chairman, I urge my colleagues to oppose this amendment.

Mr. GREENWOOD. Mr. Chairman, I yield 30 seconds to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in strong support of the Greenwood compromise and in opposition to the Smith amendment.

Mr. Chairman, the Greenwood compromise represents a new bipartisan consensus on family planning. I will note that the Greenwood amendment has a requirement that the Smith amendment lacks. The Greenwood amendment requires recipients to certify that their programs will reduce the incidence of abortion. We know from our experience in Central Asia that family planning reduces unintended pregnancies and abortion.

We all want fewer abortions and we want family planning. The Greenwood compromise is the way to get there. I urge Members to join with CARE, the American Association of University Women, and the League of Conservation Voters who have endorsed the Greenwood compromise.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 15 seconds to the distinguished gentleman from Alabama (Mr. CALLAHAN).

Mr. CALLAHAN. Mr. Chairman, I thank the gentleman for yielding time to me. I intend to vote for the gentleman's amendment.

I want to point out to my colleagues that on page 8 of this bill, it says that none of the funds made available under this heading may be used to pay for the performance of abortions as a method of family planning, or to motivate or encourage any person in the practice of abortions.

I just wanted to make the bill's position clear on abortion.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the very distinguished gentlewoman from New York (Mrs. LOWEY), a member of the Subcommittee on Foreign Operations, Export Financing, and Related Programs.

Mrs. LOWEY. Mr. Chairman, I rise in opposition to the Smith amendment and in strong support of the Greenwood-Lowey compromise amendment.

The proponents of the Mexico City policy claim it simply cuts abortion funding. What they do not tell us is that abortion funding overseas has been prohibited since 1973, as our chairman has said. This amendment would cut abortion funding from its current level of zero to zero.

What this amendment will really do is destroy our international family planning programs. One of the most important forms of aid that we provide to other countries is family planning assistance. No one can deny that the need for family planning services in developing countries is urgent.

The aid we provide is both valuable and worthwhile. The Smith amendment would defund family planning organizations that perform legal abortions with their own money, and it would also impose a gag rule on nongovernmental organizations and multilateral organizations that provide U.S.-supported family planning aid overseas.

The Greenwood substitute specifically and carefully addresses my colleagues' concerns, so please vote for the Greenwood substitute.

Mr. GREENWOOD. Mr. Chairman, I yield 1 minute to the gentlewoman from Maryland (Mrs. MORELLA).

Mrs. MORELLA. Mr. Chairman, I thank the gentleman for yielding time to me, and for his leadership.

Mr. Chairman, I rise in opposition to the Smith amendment restricting international family planning funding.

The Smith amendment is at odds with our tradition of free speech. It would impose a gag rule with respect to a single issue. It would deny women and family planning organizations the fundamental right to lobby for redress of grievances, and it holds foreign nongovernmental organizations to a standard which we could not and hopefully would not impose on U.S. organizations or on American women.

The Smith amendment would preclude USAID from working with many organizations that provide effective voluntary family planning and women's health services, and often in places where women have few alternatives. The result would be an increase in unintended pregnancies, maternal and infant deaths, and unsafe abortions.

I repeat that family planning reduces abortions. The Greenwood-Pelosi amendment would prevent abortion funding, require adherence to the laws of the country in which the NGOs operate, and deny funding of abortion as a means of family planning. So I would ask this body strongly to vote "no" on Smith, "yes" on Greenwood.

Mr. SMITH of New Jersey. Mr. Chairman, I yield such time as he may consume to the gentleman from Kansas (Mr. RYUN).

Mr. RYUN of Kansas. Mr. Chairman, I would just like to offer my support for the Smith amendment, and ask that my colleagues vote for the Foreign Families Protection Amendment.

Mr. Chairman, until its removal in 1993 by President Clinton, the Mexico City Policy prevented foreign organizations from using American tax dollars to perform or encourage the termination of a child's life through abortion. Since 1993, over three billion American taxpayer dollars have been given to international population control groups. Many of these organizations provide and promote abortions, considering abortions a reasonable and convenient means to achieve their objective.

That is why I support the Foreign Families Protection Amendment to the Foreign Operations Appropriations bill. The amendment renews the Mexico City Policy that was in effect from 1984 to 1992. The Amendment will also prohibit funds from being given to organizations which lobby to change abortion laws in other countries.

In keeping with my responsibility to uphold the Constitution, I cannot agree to lend U.S. financial support to organizations in other countries that seek to deny others their inalienable right to life. I would urge my colleagues to search their consciences and protect the rights of unborn children who have no voice to speak for themselves.

Mr. Chairman, I ask for a "yes" vote on the Foreign Families Protection Amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 1¾ minutes to the gentleman from Pennsylvania (Mr. PITTS).

Mr. PITTS. Mr. Chairman, the Mexico City Smith amendment has changed drastically over the years. All it does now is it prevents subsidizing lobbying activities in foreign countries. It is called the Foreign Families Protection Amendment.

As millions of U.S. taxpayer dollars flow to developing nations for the purpose of population control, it is critical that we refrain from paternalistically injecting our own penchant for abortions into these Nations. With the degree that we in this Nation disagree on the subject of abortion, it is not, at the very least, appropriate that we refrain from providing U.S. taxpayer funds to organizations that lobby for abortions overseas.

Where are the multiculturalists now who suggest that we respect developing cultures when their beliefs do not agree with ours? Apparently, if these beliefs are not pro-abortion, that creed holds no meaning.

Mr. Chairman, United States taxpayers who hold such conflicting views on abortion should absolutely not be forced to subsidize those lobbying activities. Support the Smith amendment.

Ms. PELOSI. Mr. Chairman, I am very, very pleased to yield 2 minutes to the gentlewoman from New York (Mrs. MALONEY), a leader on issues of family planning throughout the world and a champion of poor women and poor families.

Mrs. MALONEY of New York. Mr. Chairman, I thank the gentlewoman from California (Ms. PELOSI) for her leadership and for yielding time to me.

Mr. Chairman, I rise in opposition to the Smith amendment, which if it should pass, would be surely vetoed by the President, as he has vetoed it in the past. It has no chance of becoming law.

If Members support additional restrictions on family planning, they should support the bipartisan Greenwood compromise, because it has the possibility of actually becoming law.

□ 1815

The Smith amendment is unnecessary because U.S. law, the Helms amendment of 1973, already prohibits the use of United States funds to either perform abortion or to lobby for or against abortion rights. The real target is and always has been family planning services and those organizations most qualified to deliver them.

The Smith amendment's ban on speech is nothing more than a gag rule that will punish foreign organizations for engaging in public policy debate, for petitioning their government, for being involved in the democratic process, rights that would be protected under the First Amendment in our country.

The Smith amendment is constitutional solely because it applies only to foreigners outside of the United States.

Instead, I ask my colleagues to join me and many others in a compromise. Instead of telling other countries what they can and cannot do, let us respect other countries' laws. In the Greenwood compromise, these countries would be disqualified, any foreign nongovernmental organization, from being eligible for U.S. population assistance if it provides abortions in violation of that country's laws.

I urge my colleagues to vote against the unnecessary, because it is already law, the anti-family planning, and the undemocratic Smith amendment, and to support the Greenwood compromise.

The CHAIRMAN. All time of the gentlewoman from California (Ms. PELOSI) has expired. The gentleman from Pennsylvania (Mr. GREENWOOD) has 1½ minutes remaining. The gentleman from New Jersey (Mr. SMITH) has 2½ minutes remaining.

PARLIAMENTARY INQUIRY

Mr. GREENWOOD. Parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. GREENWOOD. Mr. Chairman, who is entitled to close this debate?

The CHAIRMAN. Under this circumstance, the gentleman from New Jersey (Mr. SMITH) would be entitled to close the debate.

Mr. GREENWOOD. Mr. Chairman, I yield 1½ minutes to the gentleman from California (Mr. CAMPBELL), who I think of when I think of the conscience of this House.

Mr. CAMPBELL. Mr. Chairman, I thank the gentleman from Pennsylvania for that very generous introduction.

Mr. Chairman, I ask the gentleman from New Jersey (Mr. SMITH) if he would enter into a colloquy.

Mr. Chairman, I yield to the gentleman from New Jersey (Mr. SMITH).

Mr. SMITH of New Jersey. Sure. I would be happy to, Mr. Chairman.

Mr. CAMPBELL. Mr. Chairman, to the gentleman's knowledge, does the United States give money to Israel?

Mr. SMITH of New Jersey. Yes, it does.

Mr. CAMPBELL. Does Israel permit abortion?

Mr. SMITH of New Jersey. Israel does permit abortions.

Mr. CAMPBELL. Mr. Chairman, would not the logic, then, of the amendment of the gentleman from New Jersey, is not about fungible money, mean that we should vote to cut off all aid to Israel?

Does the gentleman not believe, then, that the logic he is putting forward to this House, namely, that all money is fungible; that if we give money for some purposes which are good, but some of the recipients which receive that money use it for other purposes, including abortion; then that premise justifies cutting off all assistance, and that that premise would lead you to cut off all aid to Israel.

I am pleased to yield to the gentleman from New Jersey (Mr. SMITH).

Mr. SMITH of New Jersey. Mr. Chairman, I thank the gentleman from California for yielding to me.

Absolutely not. As a matter of fact, we faced that back in 1984 when the Mexico City policy was first crafted, that there is only one government per country, whereas there are a multitude, a myriad of NGOs to whom we could provide money. And if a certain NGO said it wanted to promote abortion and lobby to bring down the right-to-life laws, we could find another NGO that wanted only to do family planning.

Mr. CAMPBELL. Mr. Chairman, I reclaim my time to suggest that the logic of the gentleman from New Jersey puts him into this corner. I know the gentleman's amendment avoids it, but the logic that he presents to us is, if we give money and it is intended for a good purpose, but, since all money is fungible, if some of it ends up for abortion, then we should not give any money at all.

The fact is, Mr. Chairman, that there is awfully important work done by family planning. The underlying bill, the chairman's mark, does not include this language. We should not support the Smith amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 30 seconds to the distinguished gentleman from Florida (Mr. WELDON).

Mr. WELDON of Florida. Mr. Chairman, I thank the gentleman from New Jersey for yielding me this time, and I rise in support of the Smith amendment, and I ask my colleagues to vote for it and vote in opposition to the Greenwood amendment.

This is much clearer this year, and it is pretty straightforward. If my colleagues think taxpayer dollars should go to fund organizations that are going to try to overturn pro-life laws in foreign countries, then they do not want to vote for the Smith amendment. If my colleagues think that it is an inappropriate use of the taxpayer dollars of working Americans, vote for the Smith amendment; vote against the Greenwood amendment. It is not confusing this year. It is very straightforward.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 2 minutes to the gentlewoman from North Carolina (Mrs. MYRICK) to close.

Mrs. MYRICK. Mr. Chairman, I rise in support of the Smith amendment that would protect foreign countris from U.S. taxpayer dollars being used to undermine their laws on abortion.

Congress has repeatedly banned the use of taxpayer dollars to pay for abortions within our own borders, except when the life of the mother is endangered or in cases of rape or incest. This amendment continues to guarantee that American taxpayer dollars are subject to the same test when the money is used to assist foreign countries.

Money is fungible. Any organization that is involved in international family planning efforts and performs abortions and lobbies to weaken abortion laws should not receive taxpayer dollars.

The international population control groups are active and powerful. Some of the groups are actively trying to lift restrictions on abortions in over 100 countries, including Ireland, Brazil, Mexico, and Sri Lanka. We should not be funding their lobbying efforts. But if we continue to subsidize their other programs, we will be doing exactly that.

This amendment will not decrease the amount of money available for international family planning. It does not limit funding for organizations that perform abortions only in cases where the mother's life is endangered or in cases of forcible rape or incest.

The Smith amendment does not limit the ability of the staff of international population control groups from lobbying on their own time as individual citizens, but they would be limited from doing so as a representative of an organization that receives U.S. funds because these organizations are seen as our representatives.

Mr. Chairman, we need to protect our taxpayers' dollars. I urge a vote for the Smith amendment and against the Greenwood amendment.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise to oppose the amendment offered by Representative SMITH that would prohibit U.S. population assistance funds from being made available to foreign organizations that perform abortions. This amendment also prohibits these funds from being used to change the abortion laws of foreign countries and for any activities that violate the abortion laws of foreign countries. I believe that this amendment is tantamount to a global gag rule on abortion.

This amendment prohibits overseas nongovernment organizations ("NGOs") that receive government funds from providing education or even engaging in discussion about abortion services. The NGOs are also prohibited from lobbying the foreign government or encouraging the citizens to lobby their government with respect to abortion law and policy.

We value freedom in this country, and freedom of speech is one that we hold dear. We also value the freedom to petition our government when we disagree with certain policies. In other countries, we advocate the cause of democracy, and freedom of speech is an important component of a democratic government.

When NGOs travel to other countries with the purpose of advocating certain programs, such as family planning information, we should not support a gag rule that limits the ability of that organization from providing that information.

Family planning and reproductive health information is crucial to women in developing countries. Without this information, many women, are at risk for death due to pregnancy and childbirth. Information about abortion service simply provides these women with the option of exercising a choice for their reproductive health.

This global gag rule also prevents these organizations from providing abortion services when necessary. These organizations often use their own funds and this restriction impinges on the free speech rights of these organizations. It is unconstitutional to treat a U.S. organization in this manner.

I strongly oppose any form of a global gag rule and I urge my colleagues to oppose this amendment. We must support efforts to increase family planning around the globe, and this amendment simply imposes a restriction on the rights of women to choose.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. SMITH).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. SMITH of New Jersey. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 228, noes 200, not voting 6, as follows:

[Roll No. 349]

AYES—228

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bateman
Bereuter
Berry
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Bonior
Bono
Borski
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Chabot
Chambliss
Coble
Coburn
Collins
Combest
Cook
Cooksey
Costello
Cox
Crane
Crowley
Cubin
Cunningham
Danner
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Everett
Ewing
Fletcher
Foley
Forbes
Fossella
Fowler
Gallegly
Ganske
Gekas
Gibbons
Gillmor
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hoekstra
Holden
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Istook
Jenkins
John
Johnson, E.B.
Johnson, Sam
Jones (NC)
Kanjorski
Kaptur
Kasich
Kildee
King (NY)
Kingston
Klink
Knollenberg
Kucinich
LaFalce
LaHood
Largent
Latham
LaTourette
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Mascara
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moakley
Mollohan
Moran (KS)
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Ortiz
Oxley
Packard
Paul
Pease
Peterson (MN)
Petri
Phelps
Pickering
Pitts
Pombo
Portman
Quinn
Radanovich
Regula
Reynolds
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Sherwood
Shimkus
Shows
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stenholm
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Weygand
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NOES—200

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barrett (WI)
Bass
Becerra
Bentsen
Berkley
Berman
Biggert
Bilbray
Bishop
Blagojevich
Blumenauer
Boehlert
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Campbell
Capps
Capuano
Cardin
Carson
Castle
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Coyne
Cramer
Cummings
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Edwards
Ehrlich
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gejdenson
Gephardt
Gilchrest
Gilman
Gonzalez
Gordon
Green (TX)
Greenwood
Gutierrez
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Holt
Hooley
Horn
Houghton
Hoyer
Inslee
Isakson
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Kelly
Kennedy
Kilpatrick
Kind (WI)
Kleczka
Kolbe
Kuykendall
Lampson
Lantos
Larson
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moore
Moran (VA)
Morella
Nadler
Napolitano
Neal
Obey
Olver
Ose
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Porter
Price (NC)
Pryce (OH)
Ramstad
Rangel
Reyes
Rivers
Rodriguez
Rothman
Roukema
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Shays
Sherman
Sisisky
Slaughter
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Strickland
Tanner
Tauscher
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Wise
Woolsey
Wu
Wynn

NOT VOTING—6

Chenoweth
Jones (OH)
McDermott
Peterson (PA)
Rahall
Skelton

□ 1842

Messrs. RODRIGUEZ, STRICKLAND and ENGEL changed their vote from "aye" to "no."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. CALLAHAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I think at this point it is my understanding, and the Chairman of the Committee of the Whole may be able to confirm this, that the procedure is going to be that we are going to now bring up the Greenwood amendment, which has a total of 20 minutes debate, at which time we will then vote on the Greenwood amendment.

After the vote on the Greenwood amendment, we will then roll votes for at least 2 hours in order that Members will have the opportunity to go and have dinner, or to do what other business they need to do, and then return and vote on the rolled votes at approximately 9 or 9:15 p.m.

Is that the Chairman's understanding as well?

The CHAIRMAN. The gentleman is correct.

It is now in order to consider amendment No. 2, printed in Part A of House Report 106-269.

AMENDMENT NO. 2 OFFERED BY MR. GREENWOOD

Mr. GREENWOOD. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part A amendment No. 2 printed in House Report 106-269 offered by Mr. GREENWOOD:

At the end of this bill, insert after the last section (preceding the short title) the following:

RESTRICTION ON POPULATION PLANNING ACTIVITIES OR OTHER POPULATION ASSISTANCE

SEC. ____. (a) None of the funds appropriated or otherwise made available for population planning activities or other population assistance under title II of this Act may be made available to a foreign nongovernmental organization unless the organization certifies that—

(1) it will not use such funds to promote abortion as a method of family planning or to lobby for or against abortion;

(2) it will use such funds that are made available for family planning services to reduce the incidence of abortion as a method of family planning;

(3) it will not violate the laws or policies of the foreign government relating to the circumstances under which abortion is permitted, regulated, or prohibited; and

(4) it will not engage in any activity or effort in violation of applicable laws or policies of the foreign government to alter the laws or policies of such foreign government relating to the circumstances under which abortion is permitted, regulated, or prohibited, except with respect to activities in opposition to coercive abortion or involuntary sterilization.

(b) The limitation on availability of funds to a foreign nongovernmental organization under subsection (a) shall apply—

(1) to funds made available to an organization either directly or indirectly as a subcontractor or subgrantee; and

(2) to activities in which the organization engages either directly or indirectly through a subcontractor or subgrantee.

The CHAIRMAN. Pursuant to House Resolution 263, the gentleman from Pennsylvania (Mr. GREENWOOD) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. GREENWOOD).

□ 1845

The CHAIRMAN. Does the gentleman from New Jersey (Mr. SMITH) seek to control the time in opposition?

Mr. SMITH of New Jersey. Yes, Mr. Chairman, I do.

Mr. GREENWOOD. Mr. Chairman, I ask unanimous consent that I may yield 5 of those 10 minutes to the gentlewoman from California (Ms. PELOSI) for her to control.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GREENWOOD. Mr. Chairman, I yield 1 minute to the gentlewoman from Maryland (Mrs. MORELLA).

Mrs. MORELLA. Mr. Chairman, this amendment, the Greenwood-Pelosi amendment, is one that all of us on both sides of the aisle can easily vote for.

Under current law, let me just reiterate, no U.S. funds are used to perform abortion. I want to repeat that. No U.S. funds can be used to perform abortion under current law or to lobby for or against abortion. We already know that.

I want to point out that the Greenwood-Pelosi amendment reiterates the ban on the use of U.S. funds to lobby on abortion and, in addition, it adds that no U.S. funds may be used to promote abortion as a method of family planning.

The Greenwood-Pelosi amendment makes clear that organizations receiving U.S. funds for family planning services must be committed to using those funds to reduce the incidence of abortion.

We all know that it has been very clear, looking at Russia and other states of the former Soviet Union, that abortion was relied on previously as a primary method of birth control. And now with the advent of contraception, the abortion rate has plummeted 25 percent. The number has dropped by 800,000.

So I ask this body to vote for the Greenwood-Pelosi amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 2 minutes to the gentleman from South Carolina (Mr. DEMINT).

Mr. DEMINT. Mr. Chairman, I rise in opposition to the Greenwood amendment.

Sometimes in Congress it is hard to tell one bill from another. We just passed the Smith-Barcia foreign families protection bill. The Greenwood amendment looks very much like it.

As we wade into this, we need to recognize that this is not just another pro-choice, prolife debate. Because that is really not the issue. And the issue is not cutting funding for family planning abroad, because we certainly support family assistance abroad. The bill we have passed does not cut that.

The main issue here today is will we force American taxpayers to undermine the values of families and other countries and to try to change their laws.

Approximately 100 countries already have laws restricting abortions. These are countries like Ireland, Brazil, and Mexico.

Now, we can debate and argue about whether or not we like the way they restrict abortion. But, hopefully, all of us would agree that we should not ask American taxpayers to fund an organization that is working to change those laws when here at home we have not agreed about that issue.

That is really the crux of the issue. Because while we talk about funding, we need to understand how the Greenwood amendment would fund these activities.

The Greenwood amendment would allow our taxpayer money to go to organizations that lobby to change or undermine laws restricting abortions. The way the amendment is written, it says these funds cannot be used for those purposes. That is kind of like giving soft money to a political party and telling them not to use that to support candidates.

We are supporting the lobbying to undermine organizations abroad if we vote for the Greenwood amendment.

I have got the wording here. And so, if we need to debate it, it is constantly use funds to promote abortion while it would allow organizations to receive this funding who promote abortion and lobby against the laws.

There is a clear distinction here if we read it. And I ask my colleagues on both sides of the prolife, pro-choice issue to vote against the Greenwood amendment and allow the Smith-Barcia foreign families protection amendment to stand.

Ms. PELOSI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to just acknowledge the statement of the gentleman that giving this amendment to the groups is like giving soft money to a candidate.

Does that mean that he then is opposed to soft money in campaigns? I hope it does.

Mr. Chairman, I yield 1 minute to the gentlewoman from New York (Mrs. LOWEY) a distinguished leader and a member of the Subcommittee on Foreign Operations, Export Financing and Related Programs.

Mrs. LOWEY. Mr. Chairman, I thank my friend from California for yielding me the time.

Mr. Chairman, I would like to address my colleague. Because the Greenwood substitute specifically and carefully addresses the concerns of my colleague about abortion without destroying our international family planning programs.

It says explicitly, no U.S. funds may be used to lobby on abortion, for or against, that no U.S. funds may be used to promote abortion as a method of family planning; and it prohibits any recipients of U.S. international family planning assistance from using U.S. or private funds to violate abortion and advocacy laws in the countries in which they operate.

In other words, if abortion is illegal in a country, an organization cannot use its own money to perform abortions. And if a country prohibits advocacy on abortion, an organization cannot use its own money to advocate on the issue. If an organization violates either of these requirements, it loses its U.S. assistance, period.

This substitute is very clear that the U.S. respects the laws of the nations in which we have family planning programs and respects the ability of those nations to enforce their laws.

I urge my colleagues to support the Greenwood substitute.

Mr. GREENWOOD. Mr. Chairman, I yield 1 minute to the gentlewoman from Connecticut (Mrs. JOHNSON).

Mrs. JOHNSON of Connecticut. Mr. Chairman, it is not the same old debate.

First of all, remember, the Smith language has never ever become law. The Greenwood language this time includes a new requirement that the Smith language does not include. The Greenwood language requires that an organization certify that the funds will be used to reduce abortion.

I think every prolife Member of this body ought to be voting for Greenwood. It requires certification that the money will be used to reduce the incidence of abortion.

How can he do that? Well, in Central Asia, where abortion was the only method of family planning under Soviet rule, once women were given access to family planning, abortion rates plummeted, plummeted. So under this bill, if they receive this money, they will have to be willing to certify that they are going to go after those populations that have essentially no choice in family planning but abortion.

Support the Greenwood amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 1½ minutes to my good friend, the gentleman from Michigan (Mr. BARCIA).

Mr. BARCIA. Mr. Chairman, we should not spend American dollars for activities that we cannot similarly spend within our own borders.

We have, as a Nation, established a policy in which we prohibit the use of Federal dollars to pay for abortions because of the value that we place on each human life. We should and must demand that any international organization receiving our dollars follow the same limitations that we impose upon ourselves.

The Smith-Barcia amendment, which this House has already passed, uses precise language to prevent taxpayer funding of organizations that engage in any activity or effort to alter the laws or governmental policies of any foreign country concerning abortion.

This amendment now before us would only serve to dilute and confuse this pro-child, pro-family statement. We should not hide behind any "shades of meaning" interpretations. Instead, we must be explicit about our goals.

The Smith-Barcia amendment retains the amount of funding available for international population assistance but we ensure that the money goes only to those organizations who do not perform abortion.

We know that there are some organizations which claim that they are assisting in only family planning activities, not abortions, even though the end result of what they are promoting is in fact an abortion. Therefore, I urge my colleagues to vote "no" on the Greenwood amendment.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the distinguished gentlewoman from Colorado (Ms. DEGETTE).

Ms. DEGETTE. Mr. Chairman, the Greenwood amendment ensures that organizations receiving U.S. assistance do not use those funds to perform abortions, promote abortions, or to lobby for or against abortions.

I am baffled why my colleagues on the other side of the aisle would oppose this amendment and oppose programs which have increased childhood survival rates, reduced maternal death rates, and improved women's reproductive health in the developing world.

It is estimated there are 75 million unwanted pregnancies worldwide, mostly in developing countries. The reproductive health services we need to preserve will dramatically reduce these unwanted pregnancies by providing family planning services and will, therefore, reduce unwanted abortions.

If my colleagues really support reducing abortions and reducing unwanted pregnancies, vote "yes" on this amendment. If they want to eliminate family planning altogether, say so.

Do not mask it in some other argument. Just tell us that, and then we can debate on those grounds.

□ 1900

Mr. SMITH of New Jersey. Mr. Chairman, I yield myself 30 seconds just to respond briefly.

Mr. Chairman, in the previous amendment we made very clear to all our colleagues—all of the sponsors of the amendment, and there were several—that we were not reducing family planning by one penny. Our amendment says we have got to get out of the promotion of abortion overseas. Regrettably, many of the so-called family planning organizations in some countries are the primary engine trying to topple right-to-life laws. That is cultural imperialism. It certainly puts the unborn and their mothers at risk. And as Planned Parenthood has said, and I can give Members the quote, "When abortion laws are liberalized, the number of abortions skyrocket." That is their word, skyrocket. So if we want more abortions, liberalize the laws.

The CHAIRMAN. The Chair would inform the Committee that the gentleman from Pennsylvania (Mr. GREENWOOD) has 3 minutes remaining, the gentleman from New Jersey (Mr. SMITH) has 5 minutes remaining, and the gentlewoman from California (Ms. PELOSI) has 3 minutes remaining.

PARLIAMENTARY INQUIRY

Mr. GREENWOOD. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GREENWOOD. Mr. Chairman, do I have the right, the entitlement to close this debate?

The CHAIRMAN. The gentleman is correct.

Mr. GREENWOOD. Mr. Chairman, I reserve the balance of my time.

Mr. SMITH of New Jersey. Mr. Chairman, I yield 1 minute to the gentleman from Indiana (Mr. SOUDER).

Mr. SOUDER. Mr. Chairman, my friend from Pennsylvania is one of the great Members here to try to work out different compromises. I commend him for that, and in many pieces of legislation we can. When we get to the issue of abortion, it is very difficult to divide a baby, particularly if you believe, as I do, that it is a human life and it is either going to be alive or dead.

For many of us, this is a very deeply held position. We believe, as my colleagues heard in the earlier debate, that this is directly fungible money, that these organizations have hidden goals to them, and while I respect very much my friend from Pennsylvania's attempt to come up with compromise language, there are just too many loopholes in this language, it is too duplicative in other parts, and I believe that it would not in fact stop international abortion funding. I do not believe in the end that we can split a baby.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the distinguished gentlewoman from California (Ms. MILLENDER-MCDONALD).

Ms. MILLENDER-McDONALD. Mr. Chairman, I rise in strong opposition to the Smith amendment and in support of the Greenwood-Pelosi amendment. The Greenwood-Pelosi amendment ensures that U.S. funds for family planning will continue to be made available to foreign countries and the U.S. will not interfere with the laws of those foreign countries. These provisions embrace our Nation's attempts to create healthy and prosperous communities around the world.

Family planning is a necessity, Mr. Chairman, within our country and around the world. Providing education on methodologies which may harm a woman's pregnancy, ways to avoid needing an abortion, prenatal care, and how to care for babies are all necessary components of family planning.

I thank the gentleman from Pennsylvania, the gentlewoman from California and all of my colleagues who are here today to stand up for responsible foreign policy and making sure that the essentials of family planning are available to the women and families that need it throughout the world. I encourage my colleagues to join me in supporting the Greenwood-Pelosi amendment and defeating the Smith amendment.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 1 minute to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Mr. Chairman, I rise in support of this amendment, because this amendment respects the laws of other countries and it respects the women of other countries.

Now that we have passed the Smith amendment, we have three choices before us: We can either outlaw sex, which is probably not going to be particularly successful, it certainly has not in the countries that we are talking about; or we can turn our back on illegal abortions and we can accept the women of Third World countries being consigned to the poverty, the desperation, the suffering, the exploitation that overpopulation entails; or we can do what the Greenwood amendment does, which is to say there is an alternative to abortion, and, that is, responsible family planning.

That is what our country has done. That is why we are successful. That is why we are a first world country, because we have been able to control overpopulation because we have been able to empower women to control their lives.

Vote for the Greenwood amendment. It is the responsible thing to do. It is the only responsible thing to do.

Ms. PELOSI. Mr. Chairman, I yield myself the balance of my time.

I rise in support of the Greenwood amendment. I do so for the following reasons:

Listening to the debate, I think that it is important to make a couple of points. One of our colleagues said that we should have the same limitations on the organizations overseas that we have in the United States. Indeed, if we tried to put this gag rule on any organizations in the United States, it would be unconstitutional. I think we should treat the international organizations the same way as we treat those in the United States, and, that is, with the freedom of speech.

Secondly, I am very baffled, I will join my colleague from Colorado in using the word "baffled," by the comments of some of our colleagues. If indeed our colleagues agree that abortion should be permitted in case of rape, incest and life of the mother, why then would we say that there should be no conversation about this subject in case of rape, incest and life of the mother for women who need to terminate a pregnancy overseas and organizations who are striving to reduce abortions with family planning?

Mr. Chairman, if we want to reduce abortions, we know the best way is to fund family planning. The gentleman from Pennsylvania offers a fine alternative. I urge my colleagues to support it.

Mr. SMITH of New Jersey. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, the House has just made a very strong statement in favor of women and children around the world by passing the pro-life Foreign Families Protection Act offered by the gentleman from Michigan (Mr. BARCIA), the gentlewoman from North Carolina (Mrs. MYRICK), the gentlewoman from Florida (Ms. ROS-LEHTINEN), the gentleman from Mississippi (Mr. SHOWS), the gentleman from Minnesota (Mr. OBERSTAR), the gentleman from Illinois (Mr. HYDE), and myself. I believe if we stand firm now, we have a chance not only to make a statement but also to make a difference. Even though the Greenwood amendment, the pending amendment, does not alter our amendment one iota—the two would lay side by side, I do urge my colleagues not to dilute the pro-life, pro-family, pro-child message by passing the amendment now pending.

Mr. Chairman, the Greenwood amendment is an empty shell. I say that with all due respect to my friend and colleague from Pennsylvania. It has a tremendous amount of surface appeal, but that is all it has. Its supporters try to portray it somehow as a pro-life amendment.

Look at it. I have had Members come up and say, "What's wrong with this? It looks like a right-to-life amendment." But I would say again with all due respect that they, the Members offering this amendment today, are the leadership of the abortion rights movement here in this Congress. They are certainly entitled to their deeply held opinions, and we can respect those opinions. But I think we should be skeptical about whether their amendment is really a pro-life amendment.

Mr. Chairman, if I ever stand up on this floor and suggest to Members that I am offering a pro-abortion amendment, I hope that my colleagues would be equally skeptical, and I hope that they would look at the fine print. I make the same strong recommendation in this case. When the leadership of the abortion rights movement say they are offering an amendment with all kinds of seemingly pro-life language in the amendment, we need to read the fine print.

The fire print says this, Mr. Chairman: There is nothing whatever in the Greenwood amendment that would alter current policy, which today provides millions of dollars to foreign nongovernmental organizations that are aggressively working to overturn the laws of other countries on abortion.

If we go back and look at history, the reason for the Mexico City policy—and we have only offered half of that policy in the previous vote, the President has a waiver for the performance part but not on the promotion part—was that the current policy was found to be so infirm. It was not doing the job. Foreign nongovernmental organizations were setting up shop in one country's capital after another and then they would network and begin trying to topple the right-to-life law. I believe that is cultural imperialism, especially when we are the major donor in many cases to those various nongovernmental organizations.

Under the Greenwood language, U.S. taxpayers would still subsidize foreign pro-abortion organizations. You just have to flip on and go through the Internet. Bring up the Irish Times. There was a piece just the other day about how the Irish Family Planning Association is going to be spearheading a big effort to undermine the pro-life laws in the Republic of Ireland. That is happening all over the world.

The gentlewoman from Connecticut pointed out earlier that this has never been law, but it was the policy under the Reagan and Bush years. We provided a maximum amount of money for family planning, we were the major donors during those years, but we had a fire wall between family planning (contraception) and abortion, believing that the latter destroys the life of an unborn child.

The language in the amendment of my good friend from Pennsylvania is actually weaker than current law, because he restricts lobbying only when it is a "method of family planning." Planned Parenthood has said in their statements that there is no such thing as a birth control abortion. They would say it is a health abortion. Roe v. Wade says "health," includes emotional and mental health. So we have a situation where virtually any abortion would be permitted and no lobbying would be precluded under my friend's amendment.

Again, I think it tries to look like a pro-life amendment. I looked at it and had to look at it very carefully. I do hope we will vote it down and I hope that in conference the real McCoy, not the counterfeit, will be accepted.

Mr. GREENWOOD. Mr. Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 3 minutes.

Mr. GREENWOOD. Mr. Chairman, my good friend, and he is my good friend the gentleman from New Jersey (Mr. SMITH), said that he hopes that his language remains in the conference committee report. It is a false hope. It is an ardent hope, but it is a false hope. It will not and it has not, year after year, this year being no exception. It received 228 votes, but it will not remain in the conference committee and it will not become law.

So the question before us now is what will remain in the conference committee? If we adopt the Greenwood amendment, we will have some restrictions that we should all support. What are those provisions? The organizations that receive these funds have to certify, as my language does, that they will not use funds to promote abortion as a method of family planning or to lobby for or against abortion. We all support that. Every Member of this House supports that notion. It says that they will use these funds that are made available for family planning services to reduce the incidence of abortion as a method of family planning. We all, 435 of us, stand for that premise. It says that these organizations must certify that they will not engage in an activity or effort in violation of applicable laws or policies of the foreign government, or alter the laws or policies of such where pregnancy was carried to term. In the case of rape or incest, it is with that exception. And it says, the funds appropriated for family population planning activities must only be made to organizations that agree not to violate the laws of any foreign country. So why would all 435 of us not vote for something that all 435 of us believe in?

The gentleman from New Jersey said his legislation makes a statement and it does. He said it will make a difference and it will not. It will not become law. So if you want to make a difference, then you vote for what is left. It is a compromise. It is wise, it is fair, it is something in which we all believe.

And so the only reason, Mr. Chairman, to vote against this amendment is to make the statement that we are so divided by our ideology that we cannot work together and stand together on the basis of our shared intentions. That is what is left to fight about.

The gentleman from New Jersey said this language looks like it is pro-life language. It is pro-life language in the way that most Americans think of. This supports the notion that we care about the 585,000 women, mothers, sisters, daughters who hemorrhage to death because they do not have the availability of family planning. It supports the life of the tens and hundreds of thousands of children who die of starvation and for lack of medical care. That is the pro-life it is for. That is why we should all vote for it.

I urge my colleagues to get together and do the right thing.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise in reluctant support of the Greenwood Amendment that prohibits U.S. funds from being used to promote abortion as a method of family planning. This amendment also prohibits the use of U.S. funds to lobby for or against abortions in countries where abortion is illegal. I support this amendment because it continues to support the notion of international family planning.

This amendment requires that non-governmental organizations respect the laws of foreign countries where abortion is illegal. But unlike the Smith amendment, it does not prohibit these organizations from performing abortion services when necessary.

This amendment does provide restrictions on abortion services in other countries, but the restrictions refer to governmental activities that would undermine the sovereignty of a nation to determine what laws should govern its citizens.

This amendment does not encourage a global gag rule that restricts all discussion of abortion. The funds given to these NGOs must be used to reduce the incidence of abortion as it encourages other methods of family planning.

This amendment does not discourage these organizations from using their own funds to promote education, but simply places a restriction on the use of U.S. funds.

I support this amendment because I understand that many Members are uncomfortable with the U.S. government funding abortions overseas. This amendment offers a compromise that would allow these private NGOs to use their own funds. I urge my colleagues to support this amendment.

Mr. PORTER. Mr. Chairman, I rise in strong support of the Greenwood/Lowey amendment. For 19 years, I have come to the floor in support of international voluntary family planning.

During this time, in spite of Congressional intransigence, international family planning programs have evolved, and in return, countless infants and mothers have been saved and their lives and the lives of their families are healthier and more productive. Family planning is not simply about providing women in the developing world with health options. It is about empowering women to take charge of their lives and in return improve the lives of their families.

I find it ironic that some Members who oppose international family planning seek to increase funding for child survival programs. If babies do not survive birth, they will never benefit from child survival programs. Further, if these children that we seek to help, are not born to healthy mothers and into a healthy family, their chances for survival are greatly reduced.

Family planning services are a standard part of other health services in the developing world because some of the greatest health crises facing these populations unfortunately, originate with the transmission of infectious diseases. HIV/AIDS infection continues to increase.

Earlier this year, AIDS became the number one killer in Africa, only eighteen years after it was first recognized.

In the past six months, HIV/AIDS has reached epidemic proportions in Russia, In Moscow, there has been a twelvefold increase of reported cases in comparison to last year. Maternal deaths attributed to AIDS has left 8.2 million orphans across the world. 8.2 million orphans!

If people are truly interested in helping children in the developing world, they would support international voluntary family planning. Because there is no vaccine for HIV/AIDS, the only way to try to slow the spread of HIV/AIDS is through education and the distribution of contraceptives, and these services are part of family planning programs.

Providing extensive child health programs without providing reproductive health services would be like building a house without the foundation. If children in the developing world never reach the point of being able to benefit from child health programs, these programs are useless.

This amendment is basically a compromise. Send this amendment to conference. Let the conferees decide whether this amendment will lead to adoption of the conference report on this bill. I have confidence they will be where the American people are—overwhelmingly in support of family planning services for all women.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. GREENWOOD).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. GREENWOOD. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 221, noes 208, not voting 4, as follows:

[Roll No. 350]

AYES—221

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barrett (WI)
Bass
Becerra
Bentsen
Bereuter
Berkley
Berman
Biggert
Bilbray
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Campbell
Capps
Capuano
Cardin
Carson
Castle
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Cooksey
Coyne
Cramer
Crowley
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dixon
Doggett
Dooley
Dunn
Edwards
Ehrlich
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Foley
Ford
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gejdenson
Gephardt
Gibbons
Gilchrest
Gilman
Gonzalez
Gordon
Green (TX)
Greenwood
Gutierrez
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Holt
Hooley
Horn
Houghton
Hoyer
Inslee
Isakson
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson, E. B.
Jones (OH)
Kaptur
Kelly
Kennedy
Kilpatrick
Kind (WI)
Kleczka
Kolbe
Kuykendall
Lampson
Lantos
Larson
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern

McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller (FL)
Miller, George
Minge
Mink
Moakley
Moore
Moran (VA)
Morella
Nadler
Napolitano
Neal
Nethercutt
Obey
Olver
Ose
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Porter
Price (NC)
Pryce (OH)
Ramstad
Rangel
Regula
Reyes
Rivers
Rodriguez
Rothman
Roukema
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Shaw
Shays
Sherman
Sisisky
Skeen
Slaughter
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Strickland
Sweeney
Tanner
Tauscher
Thomas
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Toomey
Towns
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Wilson
Wise
Woolsey
Wu
Wynn

NOES—208

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bateman
Berry
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Chabot
Chambliss
Coble
Coburn
Collins
Combest
Cook
Costello
Cox
Crane
Cubin
Cunningham
Danner
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Dingell
Doolittle
Doyle
Dreier
Duncan
Ehlers
Emerson
English
Everett
Ewing
Fletcher
Forbes
Fossella
Gallegly
Ganske
Gekas
Gillmor
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hoekstra
Holden
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Istook
Jenkins
John
Johnson, Sam
Jones (NC)
Kanjorski
Kasich
Kildee
King (NY)
Kingston
Klink
Knollenberg
Kucinich
LaFalce
LaHood
Largent
Latham
LaTourette
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Mascara
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller, Gary
Mollohan
Moran (KS)
Murtha
Myrick
Ney
Northup
Norwood
Nussle
Oberstar
Ortiz
Oxley
Packard
Paul
Pease
Peterson (MN)
Petri
Phelps
Pickering
Pitts
Pombo
Portman
Quinn
Radanovich
Rahall
Reynolds
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Sherwood
Shimkus
Shows
Shuster
Simpson
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stenholm
Stump
Stupak
Sununu
Talent
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thornberry
Thune
Tiahrt
Traficant
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Weygand
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)

NOT VOTING—4

Chenoweth
McDermott
Peterson (PA)
Skelton

□ 1930

Mrs. NORTHUP changed her vote from "aye" to "no."

Ms. DUNN and Messrs. SANDLIN, BISHOP, and NETHERCUTT changed their vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. CALLAHAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. GILLMOR) having assumed the chair, Mr. THORNBERRY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2606), making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, had come to no resolution thereon.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF CONCURRENT RESOLUTION WAIVING SECTION 132 OF THE LEGISLATIVE REORGANIZATION ACT OF 1946

Mr. DREIER, from the Committee on Rules, submitted a privileged report (Rept. No. 106–274) on the resolution (H.Res. 266) providing for consideration of a concurrent resolution waiving the requirement in section 32 of the Legislative Reorganization Act of 1946 that the Congress adjourn sine die not later than July 31, 1999, which was referred to the House Calendar and ordered to be printed.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore (Mr. GILLMOR). Pursuant to House Resolution 263 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2606.

□ 1937

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, with Mr. Thornberry in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose earlier today, Amendment No. 2 printed in part A of House report 106–269 by the gentleman from Pennsylvania (Mr. GREENWOOD) had been disposed of.

The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2000, and for other purposes, namely:

TITLE I—EXPORT AND INVESTMENT ASSISTANCE

EXPORT-IMPORT BANK OF THE UNITED STATES

The Export-Import Bank of the United States is authorized to make such expenditures within the limits of funds and borrowing authority available to such corporation, and in accordance with law, and to make such contracts and commitments without regard to fiscal year limitations, as provided by section 104 of the Government Corporation Control Act, as may be necessary in carrying out the program for the current fiscal year for such corporation: *Provided*, That none of the funds available during the current fiscal year may be used to make expenditures, contracts, or commitments for the export of nuclear equipment, fuel, or technology to any country other than a nuclear-weapon state as defined in Article IX of the Treaty on the Non-Proliferation of Nuclear Weapons eligible to receive economic or military assistance under this Act that has detonated a nuclear explosive after the date of enactment of this Act.

SUBSIDY APPROPRIATION

For the cost of direct loans, loan guarantees, insurance, and tied-aid grants as authorized by section 10 of the Export-Import Bank Act of 1945, as amended, $759,000,000 to remain available until September 30, 2003: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That such sums shall remain available until September 30, 2018 for the disbursement of direct loans, loan guarantees, insurance and tied-aid grants obligated in fiscal years 2000, 2001, 2002, and 2003: *Provided further*, That none of the funds appropriated by this Act or any prior Act appropriating funds for foreign operations, export financing, or related programs for tied-aid credits or grants may be used for any other purpose except through the regular notification procedures of the Committees on Appropriations: *Provided further*, That funds appropriated by this paragraph are made available notwithstanding section 2(b)(2) of the Export Import Bank Act of 1945, in connection with the purchase or lease of any product by any East European country, any Baltic State or any agency or national thereof.

ADMINISTRATIVE EXPENSES

For administrative expenses to carry out the direct and guaranteed loan and insurance programs (to be computed on an accrual basis), including hire of passenger motor vehicles and services as authorized by 5 U.S.C.

3109, and not to exceed $25,000 for official reception and representation expenses for members of the Board of Directors, $55,000,000: *Provided*, That necessary expenses (including special services performed on a contract or fee basis, but not including other personal services) in connection with the collection of moneys owed the Export-Import Bank, repossession or sale of pledged collateral or other assets acquired by the Export-Import Bank in satisfaction of moneys owed the Export-Import Bank, or the investigation or appraisal of any property, or the evaluation of the legal or technical aspects of any transaction for which an application for a loan, guarantee or insurance commitment has been made, shall be considered nonadministrative expenses for the purposes of this heading: *Provided further*, That, notwithstanding subsection (b) of section 117 of the Export Enhancement Act of 1992, subsection (a) thereof shall remain in effect until October 1, 2000.

OVERSEAS PRIVATE INVESTMENT CORPORATION

NONCREDIT ACCOUNT

The Overseas Private Investment Corporation is authorized to make, without regard to fiscal year limitations, as provided by 31 U.S.C. 9104, such expenditures and commitments within the limits of funds available to it and in accordance with law as may be necessary: *Provided*, That the amount available for administrative expenses to carry out the credit and insurance programs (including an amount for official reception and representation expenses which shall not exceed $35,000) shall not exceed $35,000,000: *Provided further*, That project-specific transaction costs, including direct and indirect costs incurred in claims settlements, and other direct costs associated with services provided to specific investors or potential investors pursuant to section 234 of the Foreign Assistance Act of 1961, shall not be considered administrative expenses for the purposes of this heading.

AMENDMENT OFFERED BY MR. SMITH OF NEW JERSEY

Mr. SMITH of New Jersey. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of New Jersey:

Page 3, line 25, after the dollar amount insert "(reduced by $10,000,000)".

Page 4, line 25, after the dollar amount insert "(reduced by $10,000,000)".

Page 23, line 5, after the dollar amount insert "(increased by $20,000,000)".

Mr. SMITH of New Jersey (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SMITH of New Jersey. Mr. Chairman, I am offering this amendment to try to increase the amount of money in the refugee account. As I think my colleagues know, I chair the Subcommittee on International Operations and Human Rights. Just a few days ago we passed legislation that significantly enhanced the money provided for refugee protection, some $750 million. My amendment today, regrettably, does not even come close to realizing that.

I understand that the gentleman from Alabama (Mr. CALLAHAN), my good friend and colleague, has an enormous difficulty with the budget constraints in providing the necessary funds. But this amendment—and I will be withdrawing it, but reluctantly—has the support of all of the major refugee organizations, including the Catholic Conference, the Council on Jewish Federations, Church World Services, U.S. Committee for Refugees, and others. But my hope is, and I would ask the distinguished chairman if he could at least try, when conference does occur, to try to restore this $20 million to the migration and refugee account. I do have every confidence he will make every effort.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of New Jersey. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, we will be happy to look at it in conference to see if we cannot increase the assistance to refugees.

Mr. SMITH of New Jersey. Mr. Chairman, I thank the distinguished chairman.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

PROGRAM ACCOUNT

For the cost of direct and guaranteed loans, $20,500,000, as authorized by section 234 of the Foreign Assistance Act of 1961 to be derived by transfer from the Overseas Private Investment Corporation Noncredit Account: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That such sums shall be available for direct loan obligations and loan guaranty commitments incurred or made during fiscal years 2000 and 2001: *Provided further*, That such sums shall remain available through fiscal year 2008 for the disbursement of direct and guaranteed loans obligated in fiscal year 2000, and through fiscal year 2009 for the disbursement of direct and guaranteed loans obligated in fiscal year 2001: *Provided further*, That in addition, such sums as may be necessary for administrative expenses to carry out the credit program may be derived from amounts available for administrative expenses to carry out the credit and insurance programs in the Overseas Private Investment Corporation Noncredit Account and merged with said account: *Provided further*, That funds made available under this heading or in prior appropriations Acts that are available for the cost of financing under section 234 of the Foreign Assistance Act of 1961, shall be available for purposes of section 234(g) of such Act, to remain available until expended.

FUNDS APPROPRIATED TO THE PRESIDENT

TRADE AND DEVELOPMENT AGENCY

For necessary expenses to carry out the provisions of section 661 of the Foreign Assistance Act of 1961, $44,000,000, to remain available until September 30, 2001: *Provided*, That the Trade and Development Agency may receive reimbursements from corporations and other entities for the costs of grants for feasibility studies and other project planning services, to be deposited as an offsetting collection to this account and to be available for obligation until September 30, 2001, for necessary expenses under this paragraph: *Provided further*, That such reimbursements shall not cover, or be allocated against, direct or indirect administrative costs of the agency.

TITLE II—BILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

For expenses necessary to enable the President to carry out the provisions of the Foreign Assistance Act of 1961, and for other purposes, to remain available until September 30, 2000, unless otherwise specified herein, as follows:

AGENCY FOR INTERNATIONAL DEVELOPMENT

CHILD SURVIVAL AND DISEASE PROGRAMS FUND

For necessary expenses to carry out the provisions of chapters 1 and 10 of part I of the Foreign Assistance Act of 1961, for child survival, basic education, assistance to combat tropical and other diseases, and related activities, in addition to funds otherwise available for such purposes, $680,000,000, to remain available until expended: *Provided*, That this amount shall be made available for such activities as: (1) immunization programs; (2) oral rehydration programs; (3) health and nutrition programs, and related education programs, which address the needs of mothers and children; (4) water and sanitation programs; (5) assistance for displaced and orphaned children; (6) programs for the prevention, treatment, and control of, and research on, tuberculosis, HIV/AIDS, polio, malaria and other diseases; and (7) up to $98,000,000 for basic education programs for children: *Provided further*, That none of the funds appropriated under this heading may be made available for nonproject assistance for health and child survival programs, except that funds may be made available for such assistance for ongoing health programs.

AMENDMENT OFFERED BY MR. BROWN OF OHIO

Mr. BROWN of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Ohio:

Page 7, line 10, after the dollar amount, insert the following: "(increased by $5,000,000)".

Page 27, line 6, after the first dollar amount, insert the following: "(reduced by $5,000,000)".

Mr. BROWN of Ohio. Mr. Chairman, I ask for my colleagues' support for this amendment which I introduced with my distinguished colleague from Maryland (Mrs. MORELLA). I also especially want to thank both the gentleman from Alabama (Mr. CALLAHAN), the chairman of the subcommittee, and the gentlewoman from California (Ms. PELOSI), the ranking member, for their untiring devotion on this issue this evening and consistently over their careers to eradicating infectious diseases and alleviating global poverty.

Mr. Chairman, even though tuberculosis is an easily preventable and curable disease, it is one of the leading infectious killers in the world. The World Health Organization estimates that if left unchecked, TB could kill more than 70 million people around the world in the next 2 decades, while simultaneously infecting nearly 1 billion more.

Mr. Chairman, TB is already the leading killer of HIV positive individuals. It kills more women than any other cause of maternal mortality. TB remains a vicious killer, despite the fact that this disease is both preventable and curable. In fact, TB will kill more people this year than any other year in history.

This amendment is simple and straightforward. It would reduce fiscal year 2000 funding for the International Military Education and Training Program from $50 million to $45 million, and increase fiscal year 2000 Child Survival and Disease funding from $680 to $685 million.

Mr. Chairman, it is our intent that this $5 million will be added to TB prevention and treatment programs, which are woefully underfunded at $30 million, $20 million less than the government plans to spend on training foreign military officials in the United States.

The WHO has warned that poorly managed TB treatment programs, caused by a lack of sufficient funding, are causing drug-resistant strains of tuberculosis to emerge which, in all likelihood, would render TB incurable.

Inadequate funding for TB programs in many countries, because the proper series of boosters are not administered, is creating a super strain of the virus that does not respond to treatment.

□ 1945

Already 50 million people are estimated to be infected with multi-drug-resistant TB. It can be spread just by coughing, and with international travel, none of us is safe from it.

Even in the U.S. and other industrialized nations, this super strain of tuberculosis kills half of the people infected. That is a national security concern. We can predict a coming plague, and are doing, for all intents and purposes, almost nothing to stop it.

Internationally, TB is a huge economic and social drain on economies. It kills 2 to 3 million adults. It plunges families into poverty and orphans millions of children.

Gro Brundtland, the Director General of the WHO, has said, "Our greatest challenges in controlling tuberculosis are political rather than medical."

The World Health Organization has further stated that we are at "a crossroads in TB control." It can be a future of expanded use of effective treatment and the reversal of this epidemic, or it can be a future in which multi-drug-resistent TB increases, millions more die, and millions become ill.

Mr. Chairman, this amendment is an important step in our efforts to once and for all consign tuberculosis to the same trash heap as other eradicated diseases, like smallpox. While this bill contains $30 million to fight TB in the coming year, thanks in large part to the leadership of the gentleman from Alabama (Mr. CALLAHAN) and the gentlewoman from California (Ms. PELOSI), this amount is not enough to control one of our planet's greatest killers.

The Brown-Morella amendment will boost tuberculosis prevention funding and treatment funding by nearly 17 percent, and sends a message to the most desperate people in the world that we hear their plight and we will come to their assistance.

I urge its adoption.

Mrs. MORELLA. Mr. Chairman, I rise in support of the modified Brown-Morella amendment to increase funding for combatting tuberculosis. I want to particularly thank the gentleman from Ohio (Mr. BROWN) for initiating this amendment, and I am very honored to join with him in presenting it.

I also want to comment on the fact that the gentleman from Alabama (Chairman CALLAHAN) and the ranking member, the gentlewoman from California (Ms. PELOSI), have worked very hard in this area, on this particular bill.

I do not know how many of us are aware that even though tuberculosis is an easily preventable and 100 percent curable disease, that it has become the leading infectious killer in the world, accounting for more than 3 million deaths per year. More than one-third of the world's population is infected with TB.

It is the leading killer of women, surpassing all causes of maternal mortality and creating more orphaned children than any other infectious disease. TB is the leading killer of HIV-positive individuals, causing over 30 percent of AIDS deaths. TB already kills more people than AIDS, malaria, and tropical disease combined, and it will kill more people this year than any year in history.

While TB is a particularly serious threat abroad, it is also a major public health concern at home. Perhaps no infectious disease is as extensive and as devastating as TB. Every year, in addition to the deaths from TB of 3 million people, 8 million become sick and at least 30 million become infected globally. TB is the leading infectious killer of youth and adults in the world, and it devastates the incomes and the futures of millions of families at the same time.

As the number of TB cases has increased, a multi-drug-resistant form has emerged that poses a major public health threat in the United States and around the world. In fact, if this development is allowed to go unchecked, it threatens to make TB incurable again.

Here in the United States, 15 million people carry TB bacteria, although these people are not ill. TB is highly contagious, and with the increase in global travel and migration, it is not possible to eliminate TB in the United States if it is allowed to spread unchecked in other parts of the world.

The funding increase which we propose will strengthen our efforts to combat the spread of this deadly disease. I certainly want to thank the chairman, the gentleman from Alabama (Mr. CALLAHAN), and the ranking member, the gentlewoman from California (Ms. PELOSI), for considering this amendment.

Mr. BEREUTER. Mr. Chairman, I rise in opposition to this amendment.

Mr. Chairman, as the vice chairman of the Committee on International Relations, I rise in very strong opposition to the amendment offered by the gentleman from Ohio (Mr. BROWN) and the gentlewoman from Maryland (Mrs. MORELLA). These are people that I truly respect and appreciate, and nothing could detract from the value of what they are trying to do, except from where they are taking the money.

Not one word was said about the reduction of the $10 million, now $5 million, in the IMET fund. I am surprised, actually, at my colleague, the gentleman from Ohio (Mr. BROWN) on the Committee on International Relations, because I know that he understands how important this money is.

I would say that this is the best money that the Defense Department spends when it comes to foreign policy, and it probably ranks up there on the top of what we spend in any department for impacting foreign policy favorable to the United States of America. I really hate to see the money taken from this account.

Mr. Chairman, the bill before us actually freezes the IMET account at last year's level of $50 million, which of course in real dollars represents a cut. The administration had requested a $2 million increase.

Secretary Perry, our former Secretary, felt so strongly about the impact of IMET he came up to the Hill and devoted an entire breakfast speech before Members of the House supporting additional funds for IMET, and certainly Secretary Cohen feels the same way about it. I just think this is a very, very unfortunate place to take the money. As I said, not one word is mentioned where the money is being taken from for a very valuable purpose that our colleagues are suggesting.

IMET encourages mutually beneficial relations and increases the understanding between the United States and foreign countries in furtherance of the goals of peace and security. Furthermore, IMET increases the awareness of nationals of foreign countries through courses that foster greater respect for and understanding of the principles of civilian control of the military, and contributes to improved military justice systems and procedures in accordance with internationally recognized human rights.

Indeed, we are fortunate that so many formerly authoritarian countries are transitioning to democracies. As a result, there is an even greater need for IMET type programs which help support and accelerate positive military forms. Unfortunately, due to our own budgetary constraints, we cannot expand IMET to meet the demand. We certainly should not cut it further. IMET programs are modest.

For example, the United States provided $425,000 in IMET funding to Mongolia last year. Mongolia is an often overlooked success story. Less than a decade ago it was a closed Soviet satellite with its military directly linked to Soviet command structure. Today Mongolia is a successful democracy and partner of the United States.

However, just as the Mongolian political system has undergone radical positive changes in its transformation from a Communist Soviet satellite, so, too, must Mongolia's military. IMET is a very modest but successful program that, for example, aids the Mongolian military in this challenging transition.

The effectiveness of this program would be severely undercut if it were to incur the kinds of cuts, even small by some people's indication, but it is one-tenth of the money that is proposed by the Brown-Morella amendment.

Mr. Chairman, this Member is sympathetic, of course, to the concerns and the places where they would spend the money. However, given the budget allocations for the bill, the Subcommittee on Foreign Operations, Export Financing and Related Programs of the Committee on Appropriations has done a very responsible and commendable job of carefully balancing the allocation of scarce funds.

Given the needs and successes of the IMET program, this Member is opposed to any further cuts like this one, especially this 10 percent cut, and supports the careful balance of the bill. I urge rejection of the Brown-Morella amendment.

Mr. CALLAHAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, we accept the amendment.

Ms. PELOSI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we concur with the acceptance of our distinguished chairman, and commend the gentleman from Ohio (Mr. BROWN) and the gentlewoman from Maryland (Mrs. MORELLA) for their leadership on this amendment.

Mr. OLVER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will not use anywhere close to the 5 minutes, because clearly everybody is ready to move on. But I want to rise in support of the Brown-Morella amendment, and commend the gentleman from Ohio (Mr. BROWN) and the gentlewoman from Maryland (Mrs. MORELLA) for bringing this amendment forward.

We should strengthen efforts to fight worldwide diseases wherever it is possible, and TB is one which we thought had been eradicated. Practically, it had been eradicated within this country until suddenly it came on the rise, in particular in relation to the HIV-AIDS crisis.

Of course, in other parts of the world TB had not been anywhere close to eradicated. Now it is raging, as HIV-AIDS becomes more prominent in other places. Around the world, TB does kill some 3 million people per year, but it is particularly a major factor in AIDS deaths, in its association with AIDS, where the degraded immune systems that are caused by the HIV-AIDS virus end up leaving the individual particularly vulnerable to TB. It is a particular danger to children everywhere.

In the committee report it says, "The committee notes the threat to the United States from this disease due to international travel and immigration." So I concur in moving $10 million to the TB control as representing a right policy for this country and for this Congress. It will help the U.S. to stop TB from killing people around the world.

Mr. FARR of California. Mr. Chairman, I rise with reluctance to speak, not so much against the intent of my good friend Mr. BROWN's amendment, but to make sure my colleagues know that this offset is from another worthy program.

Ths $5 million that Mr. BROWN would designate for tuberculosis activities comes at the expense of a highly successful democracy building program. I am familiar with this program through the Center for Civil-Military Relations, located in my district, that helps new democracies strengthen civilian control of their military forces.

This program, with a proven record of successful democracy building, helps emerging democracies lean from U.S. civilian and military teachers why civilian leadership of their militaries will further their democratic objectives.

The courses the Center for Civil-Military Relations teaches are congressionally mandated: Democratic Civilian Control of Military Forces; Human Rights; and Defense Resources Management.

The investment is modest—only sightly more than $1 million a year.

The impact is far-reaching—18 seminars a year, with approximately 50 students in each week-long seminar, teaching democratic principles to an average of 1,000 students a year—students who are leaders in their country, both military and civilian.

Some of the successful examples, of programs the Center taught in Fiscal Year 1999 include:

South Africa—the military leaders of South Africa asked the Center for assistance in integrating their Department of Defense, not along racial lines, but along civil-military lines.

Russia—the Center assisted the Russians in developing an All-Volunteer Force concept.

Guatemala—after 3 programs involving Center staff, Guatemala has developed Master's-level university courses on democratic civilian control and civil-military relations.

Argentina—this country requested the Center to conduct a seminar on democratic civilian control of military intelligence. This year the Center will continue the dialogue by presenting a seminar on relations between the military and the legislature.

The Center, both formally and informally, has facilitated the entry of the Czech Republic, Poland and Hungary into NATO and continues to facilitate the "intellectual interoperability" of other NATO aspirants.

The vote before us is about tough choices.

The account designated in Mr. BROWN's amendment has already received an increase in this year's budget.

I am asking my colleagues to make a tough choice—preserve one of the most cost-effective foreign assistance programs in the federal budget. Oppose the Brown amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. BROWN).

The amendment was agreed to.

Mr. McCOLLUM. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to bring to the attention of the Committee and particularly to our chairman, the gentleman from Alabama (Mr. CALLAHAN), a matter of importance to many American citizens. That is property claims in Nicaragua.

As I know the gentleman from Alabama (Mr. CALLAHAN) well knows and I know many members of the committee do, Nicaragua has been the focus of much attention recently. Last year it, along with Honduras, was hit with Hurricane Mitch, and the United States responded with humanitarian aid. Before that it was hit with revolution and civil war.

The United States responded positively to its turn towards democracy earlier this decade. As a democratic nation, we ask Nicaragua to heal the wounds of its civil war, revive its economy, and provide justice to those victimized by the repressive policies of the 1980s, including justice for those who had their homes, businesses, and livelihoods taken.

In many areas, Nicaragua has made positive strides. This we applaud. There is one area, however, in which we need to do more, and most importantly, Nicaragua needs to do more.

That is the resolution of the property claims of American citizens. Some of these citizens have endured lengthy legal battles to regain what was taken from them.

Nicaragua needs investment and economic development, but more than natural disasters have hindered Nicaragua's development. Man-made decisions have been that country's greatest impediment to economic growth; namely, the failure of the Nicaraguan government to take the necessary steps to provide economic security and return wrongfully taken properties to their rightful owners.

Each year the President must determine that Nicaragua is making progress in resolving property claims if it is to continue receiving bilateral U.S. aid, and each year since 1994 Nicaragua has been determined to meet the standards of U.S. law.

I raise this because existing U.S. law has not helped the claimants, who cannot occupy their properties, or those American citizens struggling with the obstructionism of the Nicaraguan state entity, which has the specific responsibility to privatize state-owned properties and enterprises. Nor does existing U.S. law help a third class of claimants, those who have struggled through Nicaragua's court system and won judgments against the government for its illegal property takings.

In two cases involving 28 American claimants, the Supreme Court of Nicaragua has ruled against the government and in favor of the Americans. The Nicaraguan government acknowledges that it owes these Americans. But has yet to either compensate them, as ordered by the court, or to negotiate seriously with them on a compensation schedule.

Mr. Chairman, I would request that if the Nicaraguan government does not resolve these cases by the time the chairman's committee considers funding for next year, that we consider conditioning the aid to Nicaragua on progress in resolving these claims.

Joining me in this is the gentleman from Indiana (Mr. BURTON).

Mr. BURTON of Indiana. Mr. Chairman, will the gentleman yield?

Mr. McCOLLUM. I yield to the gentleman from Indiana.

Mr. BURTON of Indiana. Mr. Chairman, I thank the gentleman for yielding to me.

I would just like to say to the chairman that for the past several years there have been commitments by the government of Nicaragua that they would try to make restitution for what the Sandinistas took away from people down there during the Sandinista regime. They have kind of reneged on that. President Aleman and his administration recently has told some of the people who have had their property stolen that the only way they are going to get restitution was to go to court.

I know of one case where they did go to court. It was carried all the way to the Nicaraguan Supreme Court, not once but twice. Even though the Supreme Court agreed there should be a settlement made and gave a monetary settlement figure, the government still would not pay these people who had a legitimate claim, and the Supreme Court agreed with them. They tried to convince some Members of Congress who are interested in this that there was corruption at the Supreme Court in order to try to sidestep their responsibility.

So I join my colleague, the gentleman from Florida, in saying that I hope that he as chairman will send a very strong message to President Aleman and the government of Nicaragua that they should make proper restitution to these people, and adhere to their own Supreme Court's decisions.

Mr. McCOLLUM. If they do not, if I may reclaim my time, I would hope that the chairman would consider next year making some conditions in the next appropriations cycle if they do not pay these claims.

☐ 2000

Mr. CALLAHAN. Mr. Chairman, I share the concerns of the gentleman from Florida (Mr. McCOLLUM), and I certainly want to do that. I imagine next year or the year after next President Aleman will certainly recognize that, if something is not done, that then Senator McCOLLUM will force it upon him. I think he will recognize the political danger he has in denying American investors their due rights.

So we certainly will work with the gentleman from Indiana to continue to insist that the Nicaraguan government acts more promptly to ensure that these American investors are compensated accordingly.

Mr. BURTON of Indiana. Mr. Chairman, will the gentleman from Florida yield?

Mr. McCOLLUM. I yield to the gentleman from Indiana.

Mr. BURTON of Indiana. Mr. Chairman, I would like to say to the gentleman I really appreciate that, and I hope that President Aleman and his finance minister heard what the chairman said tonight; and that is, if they do not start doing what they have said they would do, that the chairman would take this into consideration next year when the appropriations process takes place.

Mr. McCOLLUM. Mr. Chairman, reclaiming my time, I echo that. I want to thank the gentleman from Alabama (Chairman CALLAHAN) for his words to encourage that right action by the government in Nicaragua. It has been long overdue. We really do need something to move here. There is something wrong. It should have happened long before now.

AMENDMENT OFFERED BY MS. JACKSON-LEE OF TEXAS

Ms. JACKSON-LEE of Texas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. JACKSON-LEE of Texas:

Page 7, line 10, after the dollar amount insert "(increased by $10,000,000)".

Page 7, line 25, add at the end before the period the following: ": *Provided further*, That of the funds appropriated under this heading, $25,000,000 shall be made available for assistance for prevention and treatment of HIV/AIDS in sub-Saharan Africa".

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Alabama reserves a point of order.

Ms. JACKSON-LEE of Texas. Mr. Chairman, first of all, I want to acknowledge the chairman and ranking member of the committee for their leadership and for their perseverance on an issue that has been with us for a long time but has risen to the level of immense devastation in sub-Saharan Africa, and as we have learned over the past months and years, moving to India and China as the next locations of this devastation of HIV/AIDS.

I also recognize that we are constrained by the limits of the appropriations process. I think it is disappointing that we are in this very large Nation relegated to allocating 1 percent of our budget to foreign aid, in particular when the American people would be willing to give more.

But I rise to offer this amendment to H.R. 2606, to increase funding by $25 million and direct this funding to address the issue of HIV/AIDS in sub-Saharan Africa. With 33 million infected people in the world, 22.5 million in sub-Saharan Africa, it is clear that we must dedicate money directly to sub-Saharan Africa although we have identified and appropriated monies for global prevention and reduction programs.

Of the 5.8 million adults and children newly infected with HIV during 1998, 4 million live in sub-Saharan Africa. AIDS in sub-Saharan Africa is a growing disaster. UNAIDS has declared HIV/AIDS in Africa an epidemic out of control. Each and every day, Mr. Chairman, more than 16,000 additional people become HIV positive; and most live in sub-Saharan Africa where, in South Africa alone, 1,500 people become HIV positive each day.

Among children under 15, the proportion is 9 out of 10, and the amendment would speak to dealing with children's diseases. To date, 83 percent of all AIDS deaths have been in the region; and at least 95 percent of all AIDS orphans have been in Africa. It is estimated that, by the year 2010, AIDS will orphan more than 40 million children, with 95 percent in sub-Saharan Africa.

I have seen firsthand the impact of the HIV/AIDS pandemic in Africa. My participation as part of the Presidential Mission solidified my position that our foreign policy with Africa must include the realization that Africa is struggling with the AIDS devastation and must provide additional AIDS prevention funding as well as funds to deal with the large numbers of children whose family members have died from this merciless killer. As we move into the 21st Century, we must realize that AIDS will have a tremendous impact on the continent of Africa, as well as the world.

I am gratified this House passed the African Growth and Opportunities Act. In that trade bill, there was acknowledgment of the impact of AIDS on the economy of Africa. The AIDS epidemic quickly transcends simply a health issue. It is quickly becoming a detriment to economic growth.

According to the Economist, a recent study in Namibia estimated that AIDS costs the country almost 8 percent of GNP in 1996. Another analysis predicts that Kenya's GNP will be 14.5 percent smaller in 2005 than it would have been without AIDS and the per capital income will be 10 percent lower. A report released by the World Bank begged the questions, will this pandemic destroy the developing Nation's hard-earned economic gains, or will governments get their act together in time? Clearly time is running out.

As I said as I began my statement in explanation of this amendment I wish to offer, I do appreciate the great strides that the Committee on Appropriations has made, particularly this subcommittee, and the leadership of the committee.

But there are no boundaries to the effects of this epidemic. A South African anti-crime institute has linked the growing number of children orphaned by AIDS to future increases in crime and civil unrest. Without appropriate intervention, many of the 2 million children projected to be orphaned by AIDS in South Africa will raise themselves on the streets, often turning to crime, drugs, commercial sex, and gangs for survival and, sadly, increasing their risk of AIDS.

While in Africa, I visited St. Anthony's compound in Zambia where many affected families were headed by grandparents who were caring for their grandchildren, orphaned by the disease.

The AIDS epidemic has been labeled by some in the medical community as a disease equal to the plagues of earlier times. This is most disconcerting, but it is not hopeless. We have the power to fix this.

Uganda is out front in developing policies to combat the AIDS epidemic. They have enacted various education and AIDS programs. The U.S. invested the $40 million in HIV prevention in Uganda, and HIV rates among pregnant women dropped from 30 percent in 1991 to 15 percent in 1995 to 8 percent in 1998.

I would ask my colleagues, although a point of order has been reserved, to consider the need that we have. If we cannot move forward on this amendment, I would certainly hope that we might have the opportunity to look at this question as we move in the appropriations process in future years, and I will work with my colleagues to solve and to bring to an end this terrible devastation.

The CHAIRMAN. Does the gentleman from Alabama (Mr. CALLAHAN) continue to reserve his point of order?

Mr. CALLAHAN. Yes, Mr. Chairman.

Mr. BEREUTER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition to the amendment but, again, the proposed use of funds by the gentlewoman from Texas (Ms. JACKSON-LEE) is entirely salutary and commendable.

I spoke a few minutes ago against the Brown-Morella amendment because it was taking money out of the IMET program, the same IMET program that provides training to the military officers and men of the reserves that the gentlewoman from Texas mentioned and to South Africa where they are trying to encourage promotion of black officers in the South African military.

I just want my colleagues to know that the IMET fund is a not a slush fund that can be drawn down or slashed from for every good purpose. I will energetically do what I can to keep the conference from reducing the IMET funds because it is so valuable.

I stipulate all my arguments that I gave on the Morella-Brown amendment to also apply as here on the amendment by the distinguished gentlewoman from Texas.

Mr. CALLAHAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am hopeful that the gentlewoman from Texas (Ms. JACKSON-LEE) will withdraw her amendment before I insist on a point of order.

Ms. JACKSON-LEE of Texas. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentlewoman from Texas.

Ms. JACKSON-LEE of Texas. Mr. Chairman, as I noted in my remarks, I am appreciative of the work that has been done by this committee.

I feel compelled and committed to raise this issue as often as we can. I would hope that this amendment could have been made in order.

I will now withdraw the amendment and hope and look forward to working with my colleagues, one, to increase the amount of foreign aid that we give; and then, two, to be able, then, to add more dollars to what I consider one of the major epidemics, pandemics that we have facing us today.

The CHAIRMAN. Without objection, the amendment is withdrawn.

There was no objection.

The Clerk will read.

The Clerk read as follows:

DEVELOPMENT ASSISTANCE

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to carry out the provisions of sections 103 through 106, and chapter 10 of part I of the Foreign Assistance Act of 1961, title V of the International Security and Development Cooperation Act of 1980 (Public Law 96–533) and the provisions of section 401 of the Foreign Assistance Act of 1969, $1,201,000,000, to remain available until September 30, 2001: *Provided*, That of the amount appropriated under this heading, up to $5,000,000 may be made available for and apportioned directly to the Inter-American Foundation: *Provided further*, That of the amount appropriated under this heading, up to $14,400,000 may be made available for the African Development Foundation and shall be apportioned directly to that agency: *Provided further*, That none of the funds made available in this Act nor any unobligated balances from prior appropriations may be made available to any organization or program which, as determined by the President of the United States, supports or participates in the management of a program of coercive abortion or involuntary sterilization: *Provided further*, That none of the funds made available under this heading may be used to pay for the performance of abortion as a method of family planning or to motivate or coerce any person to practice abortions; and that in order to reduce reliance on abortion in developing nations, funds shall be available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services, and that any such voluntary family planning project shall meet the following requirements: (1) service providers or referral agents in the project shall not implement or be subject to quotas, or other numerical targets, of total number of births, number of family planning acceptors, or acceptors of a particular method of family planning (this provision shall not be construed to include the use of quantitative estimates or indicators for budgeting and planning purposes), (2) the project shall not include payment of incentives, bribes, gratuities, or financial reward to (A) an individual in exchange for becoming a family planning acceptor, or (B) program personnel for achieving a numerical target or quota of total number of births, number of family planning acceptors, or acceptors of a particular method of family planning, (3) the project shall not deny any right or benefit, including the right of access to participate in any program of general welfare or the right of access to health care, as a consequence of any individual's decision not to accept family planning services, (4) the project shall provide family planning acceptors comprehensible information on the health benefits and risks of the method chosen, including those conditions that might render the use of the method inadvisable and those adverse side effects known to be consequent to the use of the method, (5) the project shall ensure that experimental contraceptive drugs and devices and medical procedures are provided only in the context of a scientific study in which participants are advised of potential risks and benefits; and, not less than 60 days after the date on which the Administrator of the United States Agency for International Development determines that there has been a violation of the requirements contained in paragraph (1), (2), (3), or (5) of this proviso, or a pattern or practice of violations of the requirements contained in paragraph (4) of this proviso, the Administrator shall submit to the Committee on International Relations and the Committee on Appropriations of the House of Representatives and to the Committee on Foreign Relations and the Committee on Appropriations of the Senate, a report containing a description of such violation and the corrective action taken by the Agency: *Provided further*, That in awarding grants for natural family planning under section 104 of the Foreign Assistance Act of 1961 no applicant shall be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning; and, additionally, all such applicants shall comply with the requirements of the previous proviso: *Provided further*, That for purposes of this or any other Act authorizing or appropriating funds for foreign operations, export financing, and related programs, the term "motivate", as it relates to family planning assistance, shall not be construed to prohibit the provision, consistent with local law, of information or counseling about all pregnancy options: *Provided further*, That nothing in this paragraph shall be construed to alter any existing statutory prohibitions against abortion under section 104 of the Foreign Assistance Act of 1961: *Provided further*, That, notwithstanding section 109 of the Foreign Assistance Act of 1961, of the funds appropriated under this heading in this Act, and of the unobligated balances of funds previously appropriated under this heading, $2,500,000 may be transferred to "International Organizations and Programs" for a contribution to the International Fund for Agricultural Development (IFAD): *Provided further*, That none of the funds appropriated under this heading may be made available for any activity which is in contravention to the Convention on International Trade in Endangered Species of Flora and Fauna (CITES): *Provided further*, That, of the funds made available by this Act for the "Microenterprise Initiative" (including any local currencies made available for the purposes of the Initiative), not less than 50 percent of the funds used for microcredit should be made available for support of programs providing loans of less than $300 to very poor people, particularly women, or for institutional support of organizations primarily engaged in making such loans.

PRIVATE AND VOLUNTARY ORGANIZATIONS

None of the funds appropriated or otherwise made available by this Act for development assistance may be made available to any United States private and voluntary organization, except any cooperative development organization, which obtains less than 20 percent of its total annual funding for international activities from sources other than the United States Government: *Provided*, That the Administrator of the Agency for International Development may, on a case-by-case basis, waive the restriction contained in this paragraph, after taking into account the effectiveness of the overseas development activities of the organization, its level of volunteer support, its financial viability and stability, and the degree of its dependence for its financial support on the agency.

Funds appropriated or otherwise made available under title II of this Act should be made available to private and voluntary organizations at a level which is at least equivalent to the level provided in fiscal year 1995.

INTERNATIONAL DISASTER ASSISTANCE

For necessary expenses for international disaster relief, rehabilitation, and reconstruction assistance pursuant to section 491 of the Foreign Assistance Act of 1961, as amended, $200,880,000, to remain available until expended: *Provided*, That of the funds appropriated under this heading, not more than $35,000,000 shall be made available for activities carried out by the Office of Transition Initiatives, except that this amount may be exceeded subject to the regular notification procedures of the Committees on Appropriations.

MICRO AND SMALL ENTERPRISE DEVELOPMENT PROGRAM ACCOUNT

For the cost of direct loans and loan guarantees, $1,500,000, as authorized by section 108 of the Foreign Assistance Act of 1961, as amended: *Provided*, That such costs shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That guarantees of loans made under this heading in support of microenterprise activities may guarantee up to 70 percent of the principal amount of any such loans notwithstanding section 108 of the Foreign Assistance Act of 1961. In addition, for administrative expenses to carry out programs under this heading, $500,000, all of which may be transferred to and merged with the appropriation for Operating Expenses of the Agency for International Development: *Provided further*, That funds made available under this heading shall remain available until September 30, 2001.

URBAN AND ENVIRONMENTAL CREDIT PROGRAM ACCOUNT

For administrative expenses to carry out guaranteed loan programs, $5,000,000, all of which may be transferred to and merged with the appropriation for Operating Expenses of the Agency for International Development.

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

For payment to the "Foreign Service Retirement and Disability Fund", as authorized by the Foreign Service Act of 1980, $43,837,000.

OPERATING EXPENSES OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT

For necessary expenses to carry out the provisions of section 667, $479,950,000.

OPERATING EXPENSES OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT OFFICE OF INSPECTOR GENERAL

For necessary expenses to carry out the provisions of section 667, $25,000,000, to remain available until September 30, 2001, which sum shall be available for the Office of the Inspector General of the Agency for International Development.

OTHER BILATERAL ECONOMIC ASSISTANCE

ECONOMIC SUPPORT FUND

For necessary expenses to carry out the provisions of chapter 4 of part II, $2,227,000,000, to remain available until September 30, 2001: *Provided*, That of the funds appropriated under this heading, not to exceed $960,000,000 shall be available only for Israel, which sum shall be available on a grant basis as a cash transfer and shall be disbursed within thirty days of enactment of this Act or by October 31, 1999, whichever is later: *Provided further*, That not to exceed $735,000,000 shall be available only for Egypt, which sum shall be provided on a grant basis, and of which sum cash transfer assistance shall be provided with the understanding that Egypt will undertake significant economic reforms which are additional to those which were undertaken in previous fiscal years: *Provided further*, That in exercising the authority to provide cash transfer assistance for Israel, the President shall ensure that the level of such assistance does not cause an adverse impact on the total level of nonmilitary exports from the United States to such country.

AMENDMENT OFFERED BY MR. CAMPBELL

Mr. CAMPBELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CAMPBELL:

Page 15, line 7, after the dollar amount insert "(reduced by $30,000,000)".

Page 15, line 11, after the dollar amount insert "(reduced by $20,000,000)".

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Alabama reserves a point of order.

Mr. CAMPBELL. Mr. Chairman, the amendment is very simple, as it is important. Here it is. We spend too much money in foreign aid on two countries. There is every other country in the world where we spend foreign aid where it can do so much good, and we spend over 20 percent of the entire economic component of foreign aid in Israel and Egypt.

I do not think that is right. I just do not think that is consistent with the compassion of the American people who would rather see the money go a little bit more fairly, a little bit more to the other countries in the world.

So what I propose is a very small cut. $960 million is the economic component of the aid to Israel in this bill, and I suggest that it be dropped by $30 million. $735 million is the amount of money for Egypt, and I suggest that it be dropped by $20 million.

That is a 3 percent cut roughly speaking. Bearing in mind that 20 percent of the entire amount of economic aid goes to these two countries and that it would mean so much to the other countries in the world who are getting such little amount in this bill, and every year gets such little amount of our foreign aid money, I believe it is what the American people would do if they were empowered to do it. If my colleagues' average person they represent was here to tonight, that is what she or he would do I believe.

Let me break it down in per capita. Again, I am just talking about economic aid, not the military side. I understand that is different. I support military aid to Israel.

But if we just break the economic money down, it is $170 per capita for every person in Israel. It is $32 per capita for every person in Egypt. It is $2.05 for every soul in sub-Saharan Africa. That is not right. It is $1.20 for every soul in Latin America. It is 17 cents for every person in India. It is $170 for every person in Israel and $32 for every person in Egypt.

Where do I come up with the number to cut by 30 for Israel and 20 for Egypt? Because the President had recommended those numbers. So it is a small cut. It might not matter very much to those two recipients; but to the other countries, it will make a huge amount of difference.

I want to close just by commenting what I have seen. My wife, Susanne, and I have traveled to sub-Saharan Africa, poorest countries of the world, as often as we can since I have returned to Congress. I have seen a few dollars spent for a water pump in Mali. I have seen a few dollars of our tax money spent for a sewing machine so somebody could get a job, microenterprise in Morocco. I saw some money for saving children who would otherwise be cast aside as albinos in Senegal.

I saw women, Somali women in refugee camps in Kenya packed to the top who wanted to get a little firewood so they would not have to go out at night because they were subject to rape when they went out at night. Now, that is where our money could go.

For the sake of compassion and for the sake of fairness, I ask that we move $30 million from Israel, which received so much of our aid, $20 million from Egypt, which received so much of our aid, and just let it flow to the other countries, particularly in Latin America, sub-Saharan Africa, and India.

Mr. CALLAHAN. Mr. Chairman, I withdraw my reservation, but I rise in opposition to the amendment.

Mr. Chairman, with respect to the amendment offered by the gentleman from California (Mr. CAMPBELL), let me say that he makes some very interesting statistical and comparable monetary indications of how much this might mean to sub-Saharan Africa.

□ 2015

But let me remind the gentleman, and my request to him is to withdraw the amendment, that in offering the amendment he gives no credit to the hard work that this committee has done and that this administration has done recognizing the need to reduce our assistance to Israel.

Two years ago, we worked with then Prime Minister Netanyahu to wean Israel from total economic assistance. President Netanyahu, suffering I think very serious political consequences, agreed with this subcommittee and with me that we should begin the decline of assistance to Israel, and we started that last year by reducing the economic support by $120 million. And in accordance with the agreement, we have further reduced it another $120 million this year, the first time in the history of this Congress that we have ever done so.

Yet here at the late hour of this night, along comes the gentleman from California and says to us, to members of the subcommittee, to Members of the Congress, that he does not think we have done enough. Well, I think we have done enough.

Just last week, the President and the new Prime Minister Barak agreed to the Callahan plan of total elimination of economic support to Israel over a period of the next 8 years. And I think that is a very responsible way in which to handle this decline in economic assistance to Israel. It is the responsible way to do it. It is a recognition of accomplishment that our economic assistance to Israel has worked; that they are now becoming economically independent.

But for the gentleman from California, at this late hour of the night to bring up this kind of amendment, and to use the type of comparisons the gentleman is using, I think is disrespectful to the subcommittee and to the Congress. Because we already have addressed this issue, we have addressed it in a responsible manner, and to put this issue on the table on the eve of the new administration in Israel, when they are trying to work towards some accomplishment over the Wye agreement, I think is the wrong message.

So I would respectfully ask that the gentleman withdraw his amendment, and short of that, I would urge the Members of this body to vote "no."

Mrs. LOWEY. Mr. Chairman, I move to strike the last word.

I would like to first respond to my good friend, the chairman of this committee, the gentleman from Alabama (Mr. CALLAHAN), who indeed expressed so eloquently the hard work of this committee to change the formula and to do it fairly so that we could move forward in reducing economic aid to Israel and increasing the military aid. And I would say that most of my colleagues would agree that the investment in military aid in that region of the world is in our interest.

So I would like to congratulate the chairman again in forging that agreement with the former prime minister of Israel. And in discussing this agreement with the current prime minister of Israel, there has been total support.

I would just like to say to my good friend, the gentleman from California (Mr. CAMPBELL), that I share his concerns; and I would join the gentleman in working to enlighten our colleagues and work with this administration in increasing aid to the other parts of the world that need it so desperately.

In fact, I have said over and over again that it is an embarrassment that we do not pay our U.N. arrears, even though that does not come out of this particular budget. It is an embarrassment that with all the problems in every part of the world that we are behind about a billion dollars in our U.N. dues. So I would join the gentleman.

But I would say to the gentleman, at this time we are on the verge, on the brink, of seeing a real peace. The new prime minister, Prime Minister Barak, has been making every effort to move forward, to meeting with the other parties of the region to try to forge a real peace so that in our lifetime all of our investments and our commitment to that region of the world as a result of Camp David can become a reality. So it seems to me, and I agree with our distinguished chairman, this is not an opportune time to change the formula that has been very carefully crafted; that we should work together so we can see a real peace in the Middle East.

And, again, I would say to the gentleman from California that I would join the gentleman in increasing aid to other parts of the world. We know of the real problem, the people who are in distress. And as the leader of the free world, at a time when our leadership is acknowledged, when there are problems with disease and problems of inadequate education and health care, we could make an additional difference.

So I hope we can work together and increase our assistance to other parts of the world, but not change this formula while we are at a moment of a breakthrough in the peace agreement.

Mr. BENTSEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment of the gentleman from California. This is a bad idea for a number of reasons.

First of all, this is a negotiated amount of funds. This is not a discretionary set of funds. And while the gentleman makes some interesting arguments about comparing what this would mean in per capita terms from one country versus Israel, I do not know that we can measure it quite that statistically.

This, as I said, is a negotiated amount. It goes back to the Camp David Accords. It also goes back to the more recent Wye River Accords. But perhaps most importantly, and I think the gentlewoman from New York was just discussing this, we have a new government in Israel which we have a strategic partnership with that has really only been in place for about 30 days. I think even as small a cut as the gentleman proposes undercuts the U.S. commitment to having the Barak government succeed in its effort in bringing peace to the region.

So I think while the gentleman is well intentioned in his goals, I think it is an amendment that would send the wrong message on the part of the United States and our commitment to Israel and our commitment to peace in the Middle East and in particular our commitment to seeing the Barak government succeed, and for that reason I oppose the amendment.

Mr. Chairman, I rise in support of this legislation, and the bill's provision to provide $3 billion in aid to Israel.

Since its founding in 1948, Israel and the U.S. have shared an important economic and strategic partnership. For more than 50 years, Israel has stood with the U.S. in countering the greatest threats to American interests in the region, including the proliferation of weapons of mass destruction and state-sponsored terrorism by rogue regimes.

Israel has also been a reliable strategic partner, providing the United States with cutting-edge technology and valuable intelligence. Israel was the first country to sign a free trade agreement with the United States, which has resulted in a quadrupling of trade between the two countries. As Israel's economy continues to grow, the United States will continue to benefit from the wide-ranging economic partnership enjoyed by the two countries. The United States-Israel partnership has also been cost-effective, avoiding the expensive deployment of American troops. No United States troops have ever been required to protect Israel, while by comparison America maintains 135,000 troops in Europe and spends roughly $80 billion each year on the defense of Europe.

Thanks to the United States involvement in the Middle East peace process, Israel has been able to make significant advancements toward establishing peaceful relations with her Arab neighbors. With the election of Prime Minister Ehud Barak in May 1999, the search for peace in the Middle East appears to have taken meaningful steps forward. In the days following his election, Mr. Barak displayed his commitment to the peace process through his talks with Egyptian President Mubarak, and the formation of a 'peace administration' of three negotiating teams, one each for Syria, Lebanon, and the Palestinians. In the 3 weeks since he's taken office, Mr. Barak has actively negotiated with Palestinian Authority Chairman Arafat in attempt to secure a permanent peace deal to determine Israel's borders, the future of Jerusalem, the fate of refugees, and the disposition of water resources. He has also begun negotiations with Syria regarding the status of the Golan Heights and the Hezbollah militia in southern Lebanon.

Prime Minister Barak understands that a negotiated peace is the best way to make Israel more stable and prosperous for the people of the Middle East. As the peace process moves forward, the U.S. must continue to support the principles of the Wye River agreement, including the land-for- peace commitments, cessation of terrorist aggression, and respect for existing peace agreements by all parties. While his Mr. Barak's progress has been encouraging, we should hold no illusions. The path ahead will be difficult and hold many hard decisions. As Israel takes these calculated risks for peace, the United States must continue to support Israel's defense. Part of that effort should be the final Congressional approval of an aid package that provides assistance to Israel, the Palestinian people and to Jordan as part of the implementation of the Wye River agreement. Making Israel stronger and making Palestinians and Jordanians more secure and more prosperous are all critical steps to building a just and lasting peace in the Middle East.

U.S. aid to Israel is one of America's most cost-effective foreign policy investments. The economic and military aid that America provides Israel serves the interests of both countries by promoting peace, security, and trade. I urge my colleagues to continue our support for Israel and to further our national interests by voting for this appropriations.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have great respect for my friend from California. We have worked together on many issues, including a number of international relations issues, and he has made an attractive argument. As he has visited sub-Sahara Africa, I have as well, and just got through offering an amendment dealing with HIV/AIDS. But I would simply say to the gentleman that as attractive as support for the microcredit is, and I frankly saw the enormous impact that the microcredit funding has, I am rising in opposition for, I think, two to three reasons.

One, I believe we should make good on our commitment, and I think it is important to note that we have made a commitment to support Israel as it has downsized on its receipt of foreign aid from the United States. I think the Wye River agreement is extremely important and goes to our bond and our standing in the international arena as relates to the Mideast, with Israel being the freestanding or one singular democracy there.

Then, I think that, hopefully, we do not have a situation where we pit one community or one part of the world against another. There is a great need in Africa, and I would like to see us collaborate, as I started out in my remarks, on HIV/AIDS. I would like to see the foreign aid increased. I think it would be a shame that a powerful, wealthy Nation like this, where the American people would be willing to support our international efforts at a higher rate than 1 percent, and maybe that number has been increased but that is what sticks in my mind, even as high as 5 percent, and maybe we can go higher, if we begin to juxtapose one needy area against another needy area for different reasons.

So for that reason, and though I respect the gentleman in his intent and, in fact, look forward to working with the gentleman to find funds to increase those opportunities in sub-Sahara Africa, I would oppose his amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. CAMPBELL).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. CAMPBELL. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 263, further proceeding on the amendment offered by the gentleman from California (Mr. CAMPBELL) will be postponed.

The Clerk will read.

The Clerk read as follows:

INTERNATIONAL FUND FOR IRELAND

For necessary expenses to carry out the provisions of chapter 4 of part II of the Foreign Assistance Act of 1961, $19,600,000, which shall be available for the United States contribution to the International Fund for Ireland and shall be made available in accordance with the provisions of the Anglo-Irish Agreement Support Act of 1986 (Public Law 99-415): *Provided*, That such amount shall be expended at the minimum rate necessary to make timely payment for projects and activities: *Provided further*, That funds made available under this heading shall remain available until September 30, 2001.

ASSISTANCE FOR EASTERN EUROPE AND THE BALTIC STATES

(a) For necessary expenses to carry out the provisions of the Foreign Assistance Act of 1961 and the Support for East European Democracy (SEED) Act of 1989, $393,000,000, to remain available until September 30, 2001, which shall be available, notwithstanding any other provision of law, for economic assistance and for related programs for Eastern Europe and the Baltic States.

(b) Funds appropriated under this heading shall be considered to be economic assistance under the Foreign Assistance Act of 1961 for purposes of making available the administrative authorities contained in that Act for the use of economic assistance.

(c) None of the funds appropriated under this heading may be made available for new housing construction or repair or reconstruction of existing housing in Bosnia and Herzegovina unless directly related to the efforts of United States troops to promote peace in said country.

(d) With regard to funds appropriated under this heading for the economic revitalization program in Bosnia and Herzegovina, and local currencies generated by such funds (including the conversion of funds appropriated under this heading into currency used by Bosnia and Herzegovina as local currency and local currency returned or repaid under such program) the Administrator of the Agency for International Development shall provide written approval for grants and loans prior to the obligation and expenditure of funds for such purposes, and prior to the use of funds that have been returned or repaid to any lending facility or grantee.

(e) The provisions of section 532 of this Act shall apply to funds made available under subsection (d) and to funds appropriated under this heading.

(f) The President is authorized to withhold funds appropriated under this heading made available for economic revitalization programs in Bosnia and Herzegovina, if he determines and certifies to the Committees on Appropriations that the Federation of Bosnia and Herzegovina has not complied with article III of annex 1-A of the General Framework Agreement for Peace in Bosnia and Herzegovina concerning the withdrawal of foreign forces, and that intelligence cooperation on training, investigations, and related activities between Iranian officials and Bosnian officials has not been terminated.

(g) Funds appropriated under this heading or in prior appropriations Acts that are or have been made available for an Enterprise Fund may be deposited by such Fund in interest-bearing accounts prior to the Fund's disbursement of such funds for program purposes. The Fund may retain for such program purposes any interest earned on such deposits without returning such interest to the Treasury of the United States and without further appropriation by the Congress. Funds made available for Enterprise Funds shall be expended at the minimum rate necessary to make timely payment for projects and activities.

ASSISTANCE FOR THE INDEPENDENT STATES OF THE FORMER SOVIET UNION

(a) For necessary expenses to carry out the provisions of chapter 11 of part I of the Foreign Assistance Act of 1961 and the FREEDOM Support Act, for assistance for the Independent States of the former Soviet Union and for related programs, $725,000,000, to remain available until September 30, 2001: *Provided*, That the provisions of such chapter shall apply to funds appropriated by this paragraph: *Provided further*, That such sums as may be necessary may be transferred to the Export-Import Bank of the United States for the cost of any financing under the Export-Import Bank Act of 1945 for activities for the Independent States: *Provided further*, That of the funds made available for the Southern Caucasus region, 17.5 percent should be used for confidence-building measures and other activities in furtherance of the peaceful resolution of the regional conflicts, especially those in the vicinity of Abkhazia and Nagorno-Karabagh.

(b) Funds appropriated under title II of this Act, including funds appropriated under this heading, may be made available for assistance for Mongolia: *Provided*, That funds made available for assistance for Mongolia may be made available in accordance with the purposes and utilizing the authorities provided in chapter 11 of part I of the Foreign Assistance Act of 1961.

(c)(1) Of the funds appropriated under this heading that are allocated for assistance for the Government of the Russian Federation, 50 percent shall be withheld from obligation until the President determines and certifies in writing to the Committees on Appropriations that the Government of the Russian Federation has terminated implementation of arrangements to provide Iran with technical expertise, training, technology, or equipment necessary to develop a nuclear reactor, related nuclear research facilities or programs, or ballistic missile capability.

(2) Paragraph (1) shall not apply to—

(A) assistance to combat infectious diseases and child survival activities; and

(B) activities authorized under title V (Nonproliferation and Disarmament Programs and Activities) of the FREEDOM Support Act.

(d) Not more than 25 percent of the funds appropriated under this heading may be made available for assistance for any country in the region.

(e) Allocations for Georgia and for Armenia shall reflect a percentage of the amount appropriated under this heading that is at least equivalent to the percentage of the total funding available under this heading that was allocated for each nation in fiscal year 1999: *Provided*, That assistance under title V of the FREEDOM Support Act shall not be included in such calculations.

(f) Section 907 of the FREEDOM Support Act shall not apply to—

(1) activities to support democracy or assistance under title V of the FREEDOM Support Act and section 1424 of Public Law 104-201;

(2) any assistance provided by the Trade and Development Agency under section 661 of the Foreign Assistance Act of 1961 (22 U.S.C. 2421);

(3) any activity carried out by a member of the United States and Foreign Commercial Service while acting within his or her official capacity;

(4) any insurance, reinsurance, guarantee, or other assistance provided by the Overseas Private Investment Corporation under title IV of chapter 2 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2191 et seq.);

(5) any financing provided under the Export-Import Bank Act of 1945; or

(6) humanitarian assistance including activities funded under the heading "Child Survival and Disease Programs Fund".

INDEPENDENT AGENCY

PEACE CORPS

For expenses necessary to carry out the provisions of the Peace Corps Act (75 Stat. 612), $240,000,000, including the purchase of not to exceed five passenger motor vehicles for administrative purposes for use outside of the United States: *Provided*, That none of the funds appropriated under this heading shall be used to pay for abortions: *Provided further*, That funds appropriated under this heading shall remain available until September 30, 2001.

DEPARTMENT OF STATE

INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT

For necessary expenses to carry out section 481 of the Foreign Assistance Act of 1961, $285,000,000: *Provided*, That not more than $20,000,000 of the funds made available under this heading shall be available for anti-crime programs and that all such programs shall be subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That during fiscal year 2000, the Department of State may also use the authority of section 608 of the Foreign Assistance Act of 1961, without regard to its restrictions, to receive excess property from an agency of the United States Government for the purpose of providing it to a foreign country under chapter 8 of part I of that Act subject to the regular notification procedures of the Committees on Appropriations.

AMENDMENT NO. 8 OFFERED BY MR. MICA

Mr. MICA. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 8 offered by Mr. MICA:Page 22, line 17, before the period insert the following: ": *Provided further*, That of the amount appropriated under this heading, $37,500,000 shall be made available in assistance for the antinarcotics directorate (DANTI) of the Colombian National Police as follows: (1) $3,500,000 for GAU 19 protection systems for the 6 existing Black Hawk utility helicopters of the Colombian National Police, including 1 such system for each helicopter, mounting, installation, and a maintenance and training package; (2) $3,500,000 for .50 caliber ammunition for such GAU 19 protection systems; (3) $2,500,000 for upgrade of the hangar at the Guaymaral helicopter base; (4) $6,500,000 for construction of a hangar facility at the El Dorado Airport in Bogota, Colombia, to provide a secure area for storage and maintenance work on the fixed wing and rotar wing aircraft of the Colombian National Police; (5) $2,500,000 to purchase 19 additional MK–44 miniguns for the "Huey" II utility helicopters to be provided to the Colombian National Policy; (6) $3,500,000 for 7.62 ammunition for such MK–44 miniguns; (7) $8,000,000 for forward looking infra red (FLIR) systems for 15 of the "Huey" II utility helicopters referred to in paragraph (5); (8) $3,500,000 for field gear for aviation and ground officers of the Colombian National Police, including ballistic protective mats, ballistic protective vests, helmets and field harnesses, canteens, and magazines; (9) $3,000,000 for the establishment and operation of a Colombian National Police customs facility in Cartagena, Colombia, including additional training for Colombian National Police personnel by United States Customs Service personnel; and (10) $1,000,000 for intelligence equipment for the Colombian National Police, including sensors and monitoring and surveillance equipment.

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order on the amendment.

Mr. MICA. Mr. Chairman, I thank the chairman, the gentleman from Alabama (Mr. CALLAHAN), for his great work on this distinguished piece of legislation, which I plan to support with minor modifications that can be made, I hope, through the amendment I offer tonight. The amendment that I have tonight asks for $37.5 million, and those funds would go towards providing anti-narcotics equipment to the Colombian National Police.

I chair the Subcommittee on Criminal Justice, Drug Policy and Human Resources, and I can tell my colleagues that we have no greater threat facing our Nation right now in terms of our anti-narcotics effort and, really, national security than we have facing us with the situation with Colombia.

Some of my colleagues may know that we lost five servicemen, including a servicewoman this week, and in the last few days we have lost three civilians. This situation is getting incredibly worse in Colombia, our neighbor to the south. That is what makes this action tonight so important.

I will ask to withdraw this at some point and ask for consideration in conference, but we cannot make the same mistake that we have been making year after year in not providing equipment. This Congress has provided Black Hawk helicopters to the Colombians, but we are not providing the equipment for them to do the job. This amendment asks for 19 protection systems for Black Hawk helicopters and also for Huey helicopters that they have.

□ 2030

How can they fight a war against insurgence Marxist guerillas or an activity against those trafficking in illegal narcotics without this equipment? We have made the mistake of not providing the equipment.

This is a hearing from July of 1997. The gentleman from Illinois (Mr. HASTERT), who is now Speaker of the House, myself, others on the committee asked for equipment to get to Colombia. And that equipment has not gotten to Colombia.

The results are incredible. 800,000 people have been displaced since 1995. 35,000 Colombians have been killed in less than 10 years. In 1998, more than 300,000 Colombians were displaced internally. That is more than we had that same year in Kosovo.

My colleagues, we are going to have a situation that makes Kosovo look like a kindergarten playground if we do not get the equipment.

Just in the last 2 or 3 weeks, this administration has reversed its course and is now asking for intelligence to be shared. At this moment, I believe our drug czar is down in Colombia; and he has asked in the last 2 weeks for a billion dollars, which may require a supplemental.

So if we are providing the equipment to allow Colombians to stop this drug influx into their nation and trafficking and production in their nation and this insurgency, then I say we should help them with this little bit of assistance that we are asking for in this.

I might say that we had a visit from the national chief of police there who has been leading the drug war, and this is specifically in his request to the Speaker of the House and to our subcommittee. I might also say that these items are also requested by General McCaffrey, who is our Nation's drug czar.

So I plead and I ask the subcommittee, and I know they have done great work in putting together this legislation, to not make the same mistake that has been made year after year in not getting equipment to this country that is facing not only an internal crisis but we are facing a regional and hemispheric crisis with this situation.

Mr. CALLAHAN. Mr. Chairman, with the assurance that the gentleman is going to withdraw the amendment, I am going to withdraw my reservation of objection but, I move to strike the requisite number of words to speak in response to what the gentleman from Florida just said and to express to the gentleman from Florida that I too am concerned about this entire drug situation not only in Colombia but in all of Central and South America.

I am very appreciative of the extra effort that he has put in in bringing to the attention of the Congress and to the American people the tremendous problems we have in Colombia, of the tremendous problems we have in Mexico, and in other areas of Central and South America who are facilitating the exportation of drugs to the United States.

But I might remind my colleague that the bill we are debating tonight provides $285 million for the International Narcotics Control Account. This is an increase of $24 million above the regular 1999 bill and $70 million above the bill that just recently passed the Senate.

As my colleague knows, in the Omnibus Appropriations Bill last year, we put an additional $255 million for counternarcotics. There are no earmarks in this bill anywhere. But there is a sufficient amount of money appropriated to include Colombia and all areas of Central and South America in this counternarcotics program.

Mr. Chairman, I yield to the gentleman from Florida (Mr. McCOLLUM).

Mr. McCOLLUM. Mr. Chairman, I thank the gentleman very much for yielding.

Mr. Chairman, I know what the chairman has done is extremely good in here, and I commend him for what is here. I also know what the gentleman from Florida (Mr. MICA) is attempting to do.

What I hope is, because of the Western Hemisphere Drug Elimination Act we passed last year, and the gentleman worked so much with us, we ought to take a $600 million overall that covered many of the subcommittee appropriations areas to do some of what was going to be $2 billion ultimately over 3 years.

In the legislation of my colleagues and in all of these appropriations bills in the House this year, we are not able under the current rules to meet the goals of that bill in what we are passing.

But much of this equipment, most of it that the gentleman from Florida (Mr. MICA) is asking for, was what was passed in that bill and what we wanted to see happen. And I am hopeful that in conference my colleague will be able to nudge up these numbers some. And perhaps there will even be a supplemental down the road. Because I know my colleague understands from our previous discussions how important this equipment is.

I serve as chairman of the Subcommittee on Crime, as my colleague knows, and on the Permanent Select Committee on Intelligence; and we really do need this equipment.

Mr. CALLAHAN. Mr. Chairman, reclaiming my time, we will try to increase it if we possibly can. Because this is a cancer on our society, and the only way we are going to be able to cure this cancer is to provide ample counternarcotics monies to do so.

Mr. FARR of California. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from California.

Mr. FARR of California. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I just want to raise concern about the amendment. The amendment directs all the money to the Colombian police. The delegation that was here last week did not ask for money for the national police. It was for the armed services, for the armed forces. As my colleague knows, it is a very delicate situation in Colombia.

I think it would be ill-spent money to direct all of this earmarking and for specifics just for one entity in Colombia. I support the concerns of the chairman and recommendations, and I oppose the amendment the way it is drafted.

Mr. MICA. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from Florida.

Mr. MICA. Mr. Chairman, I understand the concern of the gentleman.

But this is the testimony from 2 years ago, the gentleman from Illinois (Mr. HASTERT): "But you are holding up their ammunition."

We provided almost $300 million last year. And we have checked to see if the money is there in resources. Only a few million dollars have gotten to where it should go. The problem we have is in getting money. That is why this is an earmark.

I know the earmark is not acceptable under the regular order here. But I hope you can imagine the frustration we see. We appropriate money. The President is saying this is now the third biggest aid recipient in the world. And it is not getting there.

This request is part of our drug czar's request, and it is the head of the national police's request to do the job in Colombia that needs to be done to bring peace there and stop drug trafficking where we have 60, 70 percent of the heroin and cocaine now coming into the United States.

Mr. CALLAHAN. Mr. Chairman, I yield to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Chairman, I just want to say two things.

First of all, we all agree that the drug problem is a terrible, terrible tragedy for our country. In addition to trying to do drug crop eradication, we must focus on treatment and prevention and to the end that we all share here.

But two points I want to make. One is, I was very concerned about the New York Times article this morning that talked about the war on drugs and the war against the rebels merging, because we have always talked about the war on drugs being a war on drugs in Colombia.

So I hope that, as we proceed, we do with great sensitivity to the human rights of the Colombian people.

The CHAIRMAN. The time of the gentleman from Alabama (Mr. CALLAHAN) has expired.

(By unanimous consent, Mr. CALLAHAN was allowed to proceed for 30 additional seconds.)

Mr. CALLAHAN. Mr. Chairman, I yield to the gentleman from Florida (Mr. MICA).

Mr. MICA. Mr. Chairman, I thank the chairman for being so understanding and also considering this in conference.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

MIGRATION AND REFUGEE ASSISTANCE

For expenses, not otherwise provided for, necessary to enable the Secretary of State to provide, as authorized by law, a contribution to the International Committee of the Red Cross, assistance to refugees, including contributions to the International Organization for Migration and the United Nations High Commissioner for Refugees, and other activities to meet refugee and migration needs; salaries and expenses of personnel and dependents as authorized by the Foreign Service Act of 1980; allowances as authorized by sections 5921 through 5925 of title 5, United States Code; purchase and hire of passenger motor vehicles; and services as authorized by section 3109 of title 5, United States Code, $640,000,000: *Provided*, That not more than $13,800,000 shall be available for administrative expenses.

UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND

For necessary expenses to carry out the provisions of section 2(c) of the Migration and Refugee Assistance Act of 1962, as amended (22 U.S.C. 260(c)), $30,000,000, to remain available until expended: *Provided*, That the funds made available under this heading are appropriated notwithstanding the provisions contained in section 2(c)(2) of the Migration and Refugee Assistance Act of 1962 which would limit the amount of funds which could be appropriated for this purpose.

NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED PROGRAMS

For necessary expenses for nonproliferation, anti-terrorism and related programs and activities, $181,630,000, to carry out the provisions of chapter 8 of part II of the Foreign Assistance Act of 1961 for anti-terrorism assistance, section 504 of the FREEDOM Support Act for the Nonproliferation and Disarmament Fund, section 23 of the Arms Export Control Act or the Foreign Assistance Act of 1961 for demining activities, the clearance of unexploded ordnance, and related activities, notwithstanding any other provision of law, including activities implemented through nongovernmental and international organizations, section 301 of the Foreign Assistance Act of 1961 for a voluntary contribution to the International Atomic Energy Agency (IAEA) and a voluntary contribution to the Korean Peninsula Energy Development Organization (KEDO), and for a United States contribution to the Comprehensive Nuclear Test Ban Treaty Preparatory Commission: *Provided*, That the Secretary of State shall inform the Committees on Appropriations at least twenty days prior to the obligation of funds for the Comprehensive Nuclear Test Ban Treaty Preparatory Commission: *Provided further*, That of this amount not to exceed $15,000,000, to remain available until expended, may be made available for the Nonproliferation and Disarmament Fund, notwithstanding any other provision of law, to promote bilateral and multilateral activities relating to nonproliferation and disarmament: *Provided further*, That such funds may also be used for such countries other than the Independent States of the former Soviet Union and international organizations when it is in the national security interest of the United States to do so: *Provided further*, That such funds shall be subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That funds appropriated under this heading may be made available for the International Atomic Energy Agency only if the Secretary of State determines (and so reports to the Congress) that Israel is not being denied its right to participate in the activities of that Agency.

DEPARTMENT OF THE TREASURY

DEBT RESTRUCTURING

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, of modifying loans and loan guarantees, as the President may determine, for which funds have been appropriated or otherwise made available for programs within the International Affairs Budget Function 150, including the cost of selling, reducing, or canceling amounts owed to the United States as a result of concessional loans made to eligible countries, pursuant to parts IV and V of the Foreign Assistance Act of 1961 (including up to $1,000,000 for necessary expenses for the administration of activities carried out under these parts), and of modifying concessional credit agreements with least developed countries, as authorized under section 411 of the Agricultural Trade Development and Assistance Act of 1954, as amended, and concessional loans, guarantees and credit agreements with any country in Sub-Saharan Africa, as authorized under section 572 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1989 (Public Law 100–461); $33,000,000, to remain available until expended: *Provided*, That any limitation of subsection (e) of section 411 of the Agricultural Trade Development and Assistance Act of 1954 to the extent that limitation applies to sub-Saharan African countries shall not apply to funds appropriated hereunder or previously appropriated under this heading: *Provided further*, That the authority provided by section 572 of Public Law 100–461 may be exercised only with respect to countries that are eligible to borrow from the International Development Association, but not from the International Bank for Reconstruction and Development, commonly referred to as "IDA-only" countries.

INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE

For necessary expenses to carry out the provisions of section 129 of the Foreign Assistance Act of 1961 (relating to international affairs technical assistance activities), $1,500,000, to remain available until expended.

TITLE III—MILITARY ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL MILITARY EDUCATION AND TRAINING

For necessary expenses to carry out the provisions of section 541 of the Foreign Assistance Act of 1961, $50,000,000, of which up to $1,000,000 may remain available until expended: *Provided*, That the civilian personnel for whom military education and training may be provided under this heading may include civilians who are not members of a government whose participation would contribute to improved civil-military relations, civilian control of the military, or respect for human rights: *Provided further*, That funds appropriated under this heading for grant financed military education and training for Indonesia and Guatemala may only be available for expanded international military education and training and funds made available for Guatemala may only be provided through the regular notification procedures of the Committees on Appropriations: *Provided further*, That none of the funds appropriated under this heading may be made available to support grant financed military education and training at the School of the Americas unless the Secretary of Defense certifies that the instruction and training provided by the School of the Americas is fully consistent with training and doctrine, particularly with respect to the observance of human rights, provided by the Department of Defense to United States military students at Department of Defense institutions whose primary purpose is to train United States military personnel: *Provided further*, That the Secretary of Defense shall submit to the Committees on Appropriations, no later than January 15, 2000, a report detailing the training activities of the School of the Americas and a general assessment regarding the performance of its graduates during 1997 and 1998.

FOREIGN MILITARY FINANCING PROGRAM

For expenses necessary for grants to enable the President to carry out the provisions of section 23 of the Arms Export Control Act, $3,470,000,000: *Provided*, That of the funds appropriated under this heading, not to exceed $1,920,000,000 shall be available for grants only for Israel, and not to exceed $1,300,000,000 shall be made available for grants only for Egypt: *Provided further*, That the funds appropriated by this paragraph for Israel shall be disbursed within thirty days of enactment of this Act or by October 31, 1999, whichever is later: *Provided further*, That to the extent that the Government of Israel requests that funds be used for such purposes, grants made available for Israel by this paragraph shall, as agreed by Israel and the United States, be available for advanced weapons systems, of which not less than $505,000,000 should be available for the procurement in Israel of defense articles and defense services, including research and development: *Provided further*, That none of the funds made available under this heading shall be available for any non-NATO country participating in the Partnership for Peace Program except through the regular notification procedures of the Committees on Appropriations: *Provided further*, That funds appropriated by this paragraph shall be nonrepayable notwithstanding any requirement in section 23 of the Arms Export Control Act: *Provided further*, That funds made available under this paragraph shall be obligated upon apportionment in accordance with paragraph (5)(C) of title 31, United States Code, section 1501(a).

None of the funds made available under this heading shall be available to finance the procurement of defense articles, defense services, or design and construction services that are not sold by the United States Government under the Arms Export Control Act unless the foreign country proposing to make such procurements has first signed an agreement with the United States Government specifying the conditions under which such procurements may be financed with such funds: *Provided*, That all country and funding level increases in allocations shall be submitted through the regular notification procedures of section 515 of this Act: *Provided further*, That none of the funds appropriated under this heading shall be available for assistance for Sudan and Liberia: *Provided further*, That funds made available under this heading may be used, notwithstanding any other provision of law, for demining, the clearance of unexploded ordnance, and related activities, and may include activities implemented through nongovernmental and international organizations: *Provided further*, That none of the funds appropriated under this heading shall be available for assistance for Guatemala: *Provided further*, That only those countries for which assistance was justified for the "Foreign Military Sales Financing Program" in the fiscal year 1989 congressional presentation for security assistance programs may utilize funds made available under this heading for procurement of defense articles, defense services or design and construction services that are not sold by the United States Government under the Arms Export Control Act: *Provided further*, That funds appropriated under this heading shall be expended at the minimum rate necessary to make timely payment for defense articles and services: *Provided further*, That not more than $30,495,000 of the funds appropriated under this heading may be obligated for necessary expenses, including the purchase of passenger motor vehicles for replacement only for use outside of the United States, for the general costs of administering military assistance and sales: *Provided further*, That not more than $330,000,000 of funds realized pursuant to section 21(e)(1)(A) of the Arms Export Control Act may be obligated for expenses incurred by the Department of Defense during fiscal year 2000 pursuant to section 43(b) of the Arms Export Control Act, except that this limitation may be exceeded only through the regular notification procedures of the Committees on Appropriations.

PEACEKEEPING OPERATIONS

For necessary expenses to carry out the provisions of section 551 of the Foreign Assistance Act of 1961, $76,500,000: *Provided*, That none of the funds appropriated under this heading shall be obligated or expended except as provided through the regular notification procedures of the Committees on Appropriations.

TITLE IV—MULTILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL FINANCIAL INSTITUTIONS

GLOBAL ENVIRONMENT FACILITY

For the United States contribution for the Global Environment Facility, $50,000,000, to the International Bank for Reconstruction and Development as trustee for the Global Environment Facility, by the Secretary of the Treasury, to remain available until expended.

CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

For payment to the International Development Association (IDA) by the Secretary of the Treasury, $576,600,000, to remain available until expended.

AMENDMENT OFFERED BY MR. GILMAN

Mr. GILMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GILMAN:

In title IV of the bill, in the item relating to "CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION", after the first dollar amount, insert the following: "(reduced by $8,000,000)".

Mr. GILMAN. Mr. Chairman, last month the World Bank approved a $40 million financing package to move over 57,000 Chinese people into Tibet.

As my colleagues know, the Chinese Army invaded Tibet in 1949 and later drove His Holiness, the Dalai Lama, into exile in India. He remains in India today, and his people in Tibet are forced to live under the Chinese Communist dictatorship.

Over the last 30 years, the Chinese Government supported the movement of Chinese people into Tibet, attempting to dilute and eventually wipe out the Tibetan people's culture and their religion.

Now the World Bank is helping to subsidize that effort. In December of 1998, Bank staff published information that they were planning a loan to help relocate 57,000 Chinese farmers into Tibet.

Senior Bank staff of World Bank, including its current president, James Wolfensohn, later claimed that they were surprised when this loan appeared 6 months later for approval by the Bank's board. He claimed the process of reviewing the loan was grueling; but rather than delay the approval of this loan, he approved it with only an internal panel to later review the project. No major human rights organizations or environmental organizations are running that panel.

Both the International Campaign for Tibet and the Friends of the Earth endorse my amendment. They have opposed this loan from the start, and their voices deserve to be heard.

What the Bank has done is not enough. The American taxpayer cannot support the Chinese Government's colonization of Tibet. The World Bank project included hiring a consultant to prepare an Involuntary Resettlement Action Plan for indigenous people.

We must send a message to the Bank that our Nation, the Bank's largest donor, cannot support projects which violate the human rights of the Tibetan people.

This loan, Mr. Chairman, represents the arrogance of the Bank's staff and the clout that China has over that staff. We must send a message that the Bank should reflect the values of the Democratic donors and not Chinese Communist dictators.

The Gilman-Lantos amendment will make a modest cut of $8 million, comprising the U.S. share of the loan, to send to the Bank a message that this kind of project cannot be supported.

The Senate already passed such an amendment, and now it is our turn.

Mr. Chairman, I welcome the support of the gentleman from Texas (Mr. ARMEY) our majority leader; the gentleman from Hawaii (Mr. ABERCROMBIE); the gentleman from California (Mr. LANTOS), a senior member of our committee; the gentleman from Massachusetts (Mr. MCGOVERN); the gentleman from Illinois (Mr. PORTER), a senior member of the Committee on Appropriations; and the gentleman from South Carolina (Mr. SANFORD), another member of the committee.

Their support represents a unique coalition for human rights, for the rule of law, and for the support for Tibet and its people.

Accordingly, I urge adoption of the amendment.

Mr. MCGOVERN. Mr. Chairman, will the gentleman yield?

Mr. GILMAN. I yield to the gentleman from Massachusetts.

Mr. MCGOVERN. Mr. Chairman, I want to rise in support of the Gilman-Lantos amendment to cut $8 million from the International Development Association lending window of the World Bank.

Mr. Chairman, like my colleagues from both sides of the aisle, I was deeply disturbed and angry that the World Bank pursued the China Western Poverty Reduction loan, a loan so flawed in its preparation that it should never have been brought before the Board of Executive Directors.

I oppose and I am angry that the Bank would fund a program with the goal of displacing Tibetan people from their ancestral territory in order to pursue a badly conceived agricultural program that relies on moving more ethnic Chinese into Tibet.

Did the World Bank learn nothing from its terrible history of funding forced resettlement and transmigration in Indonesia?

But the reason I support this amendment goes far beyond this loan for China.

□ 2045

This loan has become emblematic of everything wrong with the World Bank. This loan received the wrong environmental designation from its very conception. It should have received what is known as a Category A designation for its resettlement requirements alone, let alone for its potential impact on fragile ecosystems and on the nomadic peoples who inhabit this part of Tibet. The staff who prepared the loan failed to comply with the bank's own policies on environmental assessment, public information disclosure, participation by affected peoples, indigenous peoples and involuntary resettlement.

We in the United States Congress do not take these policies lightly and we do not think the World Bank should, either. The creation of these policies has served for years to influence support for World Bank funding. I would like to thank the gentlewoman from California (Ms. PELOSI) for all her leadership in this area. The violation of these bank policies, indeed the cynical manner in which they were dismissed or bypassed by bank staff responsible for the preparation of this loan, accounts for someone like myself, a strong supporter of bilateral and multilateral development aid, rising in support of this amendment.

In spite of its policies and its rhetoric in support of poverty alleviation and environmentally sustainable development, the World Bank again and again pursues loans that cause grave harm to the environment, to indigenous peoples, and to genuine sustainable development.

Mr. Chairman, I again urge my colleagues to support the Gilman-Lantos amendment.

Mr. CALLAHAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would rather do anything than to come before this body and speak against the very distinguished gentleman from New York who chairs the Committee on International Relations, who does so much good work worldwide, who has vast knowledge of all of the areas of the world and just passed a few days ago the international relations bill through this body and did such a magnificent job there. But I, too, feel like I have made a contribution towards the same goal that the gentleman from New York wants to reach. To remind him of what we have already done in this bill, we have cut IDA $223 million from last year over the strong objections in the committee and over the ranking member of our subcommittee. We almost had to force the $200 million reduction in IDA. But, nevertheless, we did it.

I feel like I have graduated magna cum laude from college and come home to my parent and he is criticizing me because I did not graduate summa cum laude. I think we have done a good job here, Mr. Chairman, and I think we have addressed every issue that the gentleman from New York has brought to us from his committee as chairman of the Committee on International Relations. I think we have a good bill, and while symbolically I agree with the gentleman, I think we have gone far enough.

I would respectfully ask the distinguished gentleman if he would withdraw this amendment and let us get on to passing this bill tonight in a timely fashion. I am not necessarily disagreeing with his mission, I just think the timing is inappropriate at this time.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from New York.

Mr. GILMAN. I want to again commend the gentleman for his outstanding job on this measure. We recognize that he has made substantial cuts in many important areas trying to keep within our budget. But there are a number of important organizations in our country and a number of people who have stressed their opposition to what the World Bank is seeking to do. We would like to make a very symbolic record in opposition.

Mr. CALLAHAN. Reclaiming my time, it is already there in report language at the gentleman's request. We have inserted the report language there. I know it is symbolic and $8 million in the terms in which we speak, in billions of dollars or even trillions, is not a lot of money. But, nevertheless, I think it is going to take a lot of time to show that symbolism when it is already written in the report.

Ms. PELOSI. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the distinguished gentleman from New York is a great leader on human rights throughout the world and it is always a joy to work with him. He is an inspiration to all of us. I completely agree with the gentleman entirely on his motivation on this legislation. But I have to agree in part with the gentleman from Alabama for the following reason. I have fought him tooth and nail on cutting this $224 million from IDA in the bill. While I share the concerns the gentleman expresses in the amendment, to go on and cut more from IDA I think would diminish any arguments we made about the impact of the $224 million already cut from IDA.

I think what the World Bank did is appalling. As the gentleman knows, under his leadership and working with him, we have called meetings together with the people who work at the World Bank, with many congressional offices participating in these meetings. We jointly, 60 of us, sent a letter at the urging of the gentleman from New York and me to President Wolfensohn about this. This is appalling. The World Bank is ignoring its own standards on resettlement as well as the environment. There are many reasons why they should not have gone down this road. I do not like what they are doing as far as Tibet is concerned. We have fought that in this House year in and year out. And now the World Bank is asking those of us who have not only opposed the Chinese policy of resettlement in the Tibetan areas of Han Chinese, they are asking us to pay for it by our contribution to the World Bank.

The World Bank did a very stupid thing. The World Bank has invited some very, very close scrutiny in terms of resettlement and environment which, as I say, are violated in what they have done. June 30 marked the end of any IDA funding to China. The other poor people in the world will pay the price for what the World Bank refused to listen to us on. The Chinese government has had its way with the World Bank and I think that it is appalling. But as one who has fought the fight with the gentleman against the repression in China year in and year out, I cannot let the Chinese regime take assistance away from people in other parts of the world because of their behavior there, and just because the World Bank has done something I do not like does not mean that we should take away their funding.

So sharing every value that the gentleman presented, agreeing completely that the World Bank is wrong, wrong, wrong on many scores as far as this is concerned, appalled by the ethnic cleansing that this represents on the part of the Chinese government, but nonetheless saying that we cannot take any more money from the fund that goes for the poorest of the poor people.

I find myself in a very difficult place, Mr. Chairman, but because I was going to have to vote "no" on the gentleman's amendment, I wanted to explain to my colleagues why. He is completely right, but I have a counter-equity that outweighs that.

Mr. Chairman, I urge my colleagues, well, I do not urge anybody to do anything. I am just telling them why I will be voting "no," because I have resisted the gentleman's $224 million cut and do not see how then to go on and support an additional cut to IDA. With that and with the deepest respect for the chairman of the Committee on International Relations and begging his forgiveness because he has been the champion on Tibet, the champion on Tibet, I offer that explanation to the body.

Mr. CAMPBELL. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I entirely support the effort of the gentleman from New York here. I know of no stronger champion of human rights in the House. I do not think I am going to be contradicted in that degree at all. But there is one argument that has been made that requires a rebuttal, and, that is, that if we accept the gentleman from New York's amendment, that we will deprive other recipients of the World Bank funds their appropriate investments from the World Bank. That can be fixed. Indeed, I went to the gentleman last night, and, gracious man that he was, he agreed to accept an amendment to his amendment, regrettably it was not in parliamentary order to do so, that the dollar-for-dollar reduction that would be taken away from the World Bank for this purpose would instead be given to the concessional wing of the Africa Development Fund which gives the lowest income, the most neediest countries in Africa loans for development projects when they cannot otherwise receive such development projects.

What I have and will introduce at the right time, which will be very soon, is an amendment at the desk to plus-up that account for the Africa Development Fund by exactly the amount that the gentleman from New York is reducing the IDA account because of the World Bank's mistake. So with that understanding, and obviously there are many other possibilities but this is the one that occurred to me and that I brought to the gentleman that he, I am proud to say, agreed with, but with that understanding I do not think there is any merit to the argument that accepting the gentleman from New York's amendment will disadvantage the really needy countries on Earth. In fact, the World Bank traditionally spends about 50 percent of its money in sub-Saharan Africa. This will kick it over to 100 percent.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. CAMPBELL. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Chairman, I want to commend the gentleman from California for his support of the Campbell-Payne amendment to transfer funds to the African Development Fund. I look forward to supporting him with regard to that amendment.

Mr. CAMPBELL. I reclaim my time. I thank the gentleman. I repeat that I have the highest admiration for him and what he is attempting to do tonight.

I will conclude with just a word on behalf of the authorizers. The authorizers are supposed to know something about the field. I do not claim that I do. I do claim that the gentleman from New York does and that he is entitled to a substantial amount of respect when he speaks in these areas. I urge support for his amendment.

Mr. SMITH of New Jersey. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I just want to associate myself with the remarks of the gentleman from New York, the chairman of our full committee, and just to say a couple of words.

What were they thinking, lending money to a government like China to move people around involuntarily?

I was looking at an internal World Bank document and I cannot believe this. One of the people that they have hired will be working on an involuntary resettlement action plan. Involuntary. Not voluntary, involuntary.

I think the amendment is timely and important. This is not the first time, I say to my colleagues, in recent years that the bank's arrogance has resulted in tragedy for helpless citizens of a brutal regime. An Indonesian human rights advocate at one of my subcommittee hearings during the last days of the Suharto regime said that "the people of Indonesia had nothing to say about creating that large debt but the World Bank is determined to democratize its repayment." The bank was warned that it was subsidizing corruption throughout and yet continued to do so. Here we have a mass transmigration of people against their will—and again, this is involuntary. I hope the gentleman from New York's amendment will prevail.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. GILMAN).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

CONTRIBUTION TO THE INTER-AMERICAN DEVELOPMENT BANK

For payment to the Inter-American Development Bank by the Secretary of the Treasury, for the United States share of the paid-in share portion of the increase in capital stock, $25,610,667, to remain available until expended.

CONTRIBUTION TO THE INTER-AMERICAN DEVELOPMENT BANK

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

The United States Governor of the Inter-American Development Bank may subscribe without fiscal year limitatfon to the callable capital portion of the United States share of such capital stock in an amount not to exceed $1,503,718,910.

CONTRIBUTION TO THE ASIAN DEVELOPMENT BANK

For payment to the Asian Development Bank by the Secretary of the Treasury for the United States share of the paid-in portion of the increase in capital stock, $13,728,263, to remain available until expended.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

The United States Governor of the Asian Development Bank may subscribe without fiscal year limitation to the callable capital portion of the United States share of such capital stock in an amount not to exceed $672,745,205.

CONTRIBUTION TO THE ASIAN DEVELOPMENT FUND

For the United States contribution by the Secretary of the Treasury to the increase in resources of the Asian Development Fund, as authorized by the Asian Development Bank Act, as amended, $100,000,000, to remain available until expended.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND

For the United States contribution by the Secretary of the Treasury to the increase in resources of the African Development Fund, $100,000,000, to remain available until expended.

AMENDMENT OFFERED BY MR. CAMPBELL

Mr. CAMPBELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CAMPBELL:

Page 33, line 16, after the dollar amount insert "(increased by $8,000,000)".

Mr. CAMPBELL. Mr. Chairman, the amendment as offered by myself and also by the gentleman from New Jersey (Mr. PAYNE), it is this amendment to which I referred to earlier. It would allocate the $8 million, which has now been reduced from the IDA account because of the World Bank's lending to the forced repatriation or relocation of Chinese to Tibet, instead to the Africa Development Fund. I note that the amount had been $120 million last year. It is now $100 million, so this will only bring it up to $108 million. I also note it is not for arrears.

☐ 2100

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. CAMPBELL).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

CONTRIBUTION TO THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

For payment to the European Bank for Reconstruction and Development by the Secretary of the Treasury, $35,778,717, for the United States share of the paid-in portion of the increase in capital stock, to remain available until expended.

LIMITATION ON CALLABLE CAPITAL SUBSCRIPTIONS

The United States Governor of the European Bank for Reconstruction and Development may subscribe without fiscal year limitation to the callable capital portion of the United States share of such capital stock in an amount not to exceed $123,237,803.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

For necessary expenses to carry out the provisions of section 301 of the Foreign Assistance Act of 1961, and of section 2 of the United Nations Environment Program Participation Act of 1973, $167,000,000: *Provided*, That none of the funds appropriated under this heading shall be made available for the United Nations Fund for Science and Technology: *Provided further*, That none of the funds made available under this heading, may be provided to the Climate Stabilization Fund until fifteen days after the Department of State provides a report to the Committees on Foreign Relations and Appropriations in the Senate and the Committees on International Relations and Appropriations in the House of Representatives that contains the number of employees of the Fund, their functions and salaries, and descriptions of the Fund's activities, programs, and projects (including associated costs) for the fiscal years 1999 and 2000: *Provided further*, That none of the funds appropriated under this heading may be made available to the Korean Peninsula Energy Development Organization (KEDO) or the International Atomic Energy Agency (IAEA).

TITLE V—GENERAL PROVISIONS

OBLIGATIONS DURING LAST MONTH OF AVAILABILITY

SEC. 501. Except for the appropriations entitled "International Disaster Assistance", and "United States Emergency Refugee and Migration Assistance Fund", not more than 15 percent of any appropriation item made available by this Act shall be obligated during the last month of availability.

PROHIBITION OF BILATERAL FUNDING FOR INTERNATIONAL FINANCIAL INSTITUTIONS

SEC. 502. Notwithstanding section 614 of the Foreign Assistance Act of 1961, none of the funds contained in title II of this Act may be used to carry out the provisions of section 209(d) of the Foreign Assistance Act of 1961: *Provided*, That none of the funds appropriated by title II of this Act may be transferred by the Agency for International Development directly to an international financial institution (as defined in section 533 of this Act) for the purpose of repaying a foreign country's loan obligations to such institution.

LIMITATION ON RESIDENCE EXPENSES

SEC. 503. Of the funds appropriated or made available pursuant to this Act, not to exceed $126,500 shall be for official residence expenses of the Agency for International Development during the current fiscal year: *Provided*, That appropriate steps shall be taken to assure that, to the maximum extent possible, United States-owned foreign currencies are utilized in lieu of dollars.

LIMITATION ON EXPENSES

SEC. 504. Of the funds appropriated or made available pursuant to this Act, not to exceed $5,000 shall be for entertainment expenses of the Agency for International Development during the current fiscal year.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent that the remainder of the bill through page 116, line 8, be considered as read, printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The text of the bill from page 36, line 11 through page 116, line 8, is as follows:

LIMITATION ON REPRESENTATIONAL ALLOWANCES

SEC. 505. Of the funds appropriated or made available pursuant to this Act, not to exceed $95,000 shall be available for representation allowances for the Agency for International Development during the current fiscal year: *Provided*, That appropriate steps shall be taken to assure that, to the maximum extent possible, United States-owned foreign currencies are utilized in lieu of dollars: *Provided further*, That of the funds made available by this Act for general costs of administering military assistance and sales under the heading "Foreign Military Financing Program", not to exceed $2,000 shall be available for entertainment expenses and not to exceed $50,000 shall be available for representation allowances: *Provided further*, That of the funds made available by this Act under the heading "International Military Education and Training", not to exceed $50,000 shall be available for entertainment allowances: *Provided further*, That of the funds made available by this Act for the Inter-American Foundation, not to exceed $2,000 shall be available for entertainment and representation allowances: *Provided further*, That of the funds made available by this Act for the Peace Corps, not to exceed a total of $4,000 shall be available for entertainment expenses: *Provided further*, That of the funds made available by this Act under the heading "Trade and Development Agency", not to exceed $2,000 shall be available for representation and entertainment allowances.

PROHIBITION ON FINANCING NUCLEAR GOODS

SEC. 506. None of the funds appropriated or made available (other than funds for "Nonproliferation, Anti-terrorism, Demining and Related Programs") pursuant to this Act, for carrying out the Foreign Assistance Act of 1961, may be used, except for purposes of nuclear safety, to finance the export of nuclear equipment, fuel, or technology.

PROHIBITION AGAINST DIRECT FUNDING FOR CERTAIN COUNTRIES

SEC. 507. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to finance directly any assistance or reparations to Cuba, Iraq, Libya, North Korea, Iran, Sudan, or Syria: *Provided*, That for purposes of this section, the prohibition on obligations or expenditures shall include direct loans, credits, insurance and guarantees of the Export-Import Bank or its agents.

MILITARY COUPS

SEC. 508. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to finance directly any assistance to any country whose duly elected head of government is deposed by military coup or decree: *Provided*, That assistance may be resumed to such country if the President determines and reports to the Committees on Appropriations that subsequent to the termination of assistance a democratically elected government has taken office.

TRANSFERS BETWEEN ACCOUNTS

SEC. 509. None of the funds made available by this Act may be obligated under an appropriation account to which they were not appropriated, except for transfers specifically provided for in this Act, unless the President, prior to the exercise of any authority contained in the Foreign Assistance Act of 1961 to transfer funds, consults with and provides a written policy justification to the Committees on Appropriations of the House of Representatives and the Senate: *Provided*, That the exercise of such authority shall be subject to the regular notification procedures of the Committees on Appropriations.

DEOBLIGATION/REOBLIGATION AUTHORITY

SEC. 510. (a) Amounts certified pursuant to section 1311 of the Supplemental Appropriations Act, 1955, as having been obligated against appropriations heretofore made under the authority of the Foreign Assistance Act of 1961 for the same general purpose as any of the headings under title II of this Act are, if deobligated, hereby continued available for the same period as the respective appropriations under such headings or until September 30, 2000, whichever is later, and for the same general purpose, and for countries within the same region as originally obligated: *Provided*, That the Appropriations Committees of both Houses of the Congress are notified 15 days in advance of the reobligation of such funds in accordance with regular notification procedures of the Committees on Appropriations.

(b) Obligated balances of funds appropriated to carry out section 23 of the Arms Export Control Act as of the end of the fiscal year immediately preceding the current fiscal year are, if deobligated, hereby continued available during the current fiscal year for the same purpose under any authority applicable to such appropriations under this Act: *Provided*, That the authority of this subsection may not be used in fiscal year 2000.

AVAILABILITY OF FUNDS

SEC. 511. No part of any appropriation contained in this Act shall remain available for obligation after the expiration of the current fiscal year unless expressly so provided in this Act: *Provided*, That funds appropriated for the purposes of chapters 1, 8, and 11 of part I, section 667, and chapter 4 of part II of the Foreign Assistance Act of 1961, as amended, and funds provided under the heading "Assistance for Eastern Europe and the Baltic States", shall remain available until expended if such funds are initially obligated before the expiration of their respective periods of availability contained in this Act: *Provided further*, That, notwithstanding any other provision of this Act, any funds made available for the purposes of chapter 1 of part I and chapter 4 of part II of the Foreign Assistance Act of 1961 which are allocated or obligated for cash disbursements in order to address balance of payments or economic policy reform objectives, shall remain available until expended: *Provided further*, That the report required by section 653(a) of the Foreign Assistance Act of 1961 shall designate for each country, to the extent known at the time of submission of such report, those funds allocated for cash disbursement for balance of payment and economic policy reform purposes.

LIMITATION ON ASSISTANCE TO COUNTRIES IN DEFAULT

SEC. 512. No part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to such country by the United States pursuant to a program for which funds are appropriated under this Act: *Provided*, That this section and section 620(q) of the Foreign Assistance Act of 1961 shall not apply to funds made available in this Act or during the current fiscal year for Nicaragua, Brazil, Liberia, and for any narcotics-related assistance for Colombia, Bolivia, and Peru authorized by the Foreign Assistance Act of 1961 or the Arms Export Control Act.

COMMERCE AND TRADE

SEC. 513. (a) None of the funds appropriated or made available pursuant to this Act for direct assistance and none of the funds otherwise made available pursuant to this Act to the Export-Import Bank and the Overseas Private Investment Corporation shall be obligated or expended to finance any loan, any assistance or any other financial commitments for establishing or expanding production of any commodity for export by any country other than the United States, if the commodity is likely to be in surplus on world markets at the time the resulting productive capacity is expected to become operative and if the assistance will cause substantial injury to United States producers of the same, similar, or competing commodity: *Provided*, That such prohibition shall not apply to the Export-Import Bank if in the judgment of its Board of Directors the benefits to industry and employment in the United States are likely to outweigh the injury to United States producers of the same, similar, or competing commodity, and the Chairman of the Board so notifies the Committees on Appropriations.

(b) None of the funds appropriated by this or any other Act to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 shall be available for any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training in connection with the growth or production in a foreign country of an agricultural commodity for export which would compete with a similar commodity grown or produced in the United States: *Provided*, That this subsection shall not prohibit—

(1) activities designed to increase food security in developing countries where such activities will not have a significant impact in the export of agricultural commodities of the United States; or

(2) research activities intended primarily to benefit American producers.

SURPLUS COMMODITIES

SEC. 514. (a) The Secretary of the Treasury shall instruct the United States Executive Directors of the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the International Monetary Fund, the Asian Development Bank, the Inter-American Investment Corporation, the North American Development Bank, the European Bank for Reconstruction and Development, the African Development Bank, and the African Development Fund to use the voice and vote of the United States to oppose any assistance by these institutions, using funds appropriated or made available pursuant to this Act, for the production or extraction of any commodity or mineral for export, if it is in surplus on world markets and if the assistance will cause substantial injury to United States producers of the same, similar, or competing commodity.

(b) The Secretary of the Treasury should instruct the United States executive directors of international financial institutions listed in subsection (a) of this section to use the voice and vote of the United States to support the purchase of American produced agricultural commodities with funds appropriated or made available pursuant to this Act.

NOTIFICATION REQUIREMENTS

SEC. 515. (a) For the purposes of providing the executive branch with the necessary administrative flexibility, none of the funds made available under this Act for "Child Survival and Disease Programs Fund", "Development Assistance", "International Organizations and Programs", "Trade and Development Agency", "International Narcotics Control and Law Enforcement", "Assistance for Eastern Europe and the Baltic States", "Assistance for the Independent States of the Former Soviet Union", "Economic Support Fund", "Peacekeeping operations", "Operating Expenses of the Agency for International Development", "Operating Expenses of the Agency for International Development Office of Inspector General", "Nonproliferation, Anti-terrorism, Demining and Related Programs", "International Affairs Technical Assistance", "Foreign Military Financing Program", "International Military Education and Training", "Peace Corps", "Migration and Refugee Assistance", shall be available for obligation for activities, programs, projects, type of materiel assistance, countries, or other operations not justified or in excess of the amount justified to the Appropriations Committees for obligation under any of these specific headings unless the Appropriations Committees of both Houses of Congress are previously notified 15 days in advance: *Provided*, That the President shall not enter into any commitment of funds appropriated for the purposes of section 23 of the Arms Export Control Act for the provision of major defense equipment, other than conventional ammunition, or other major defense items defined to be aircraft, ships, missiles, or combat vehicles, not previously justified to Congress or 20 percent in excess of the quantities justified to Congress unless the Committees on Appropriations are notified 15 days in advance of such commitment: *Provided further*, That this section shall not apply to any reprogramming for an activity, program, or project under chapter 1 of part I of the Foreign Assistance Act of 1961 of less than 10 percent of the amount previously justified to the Congress for obligation for such activity, program, or project for the current fiscal year: *Provided further*, That the requirements of this section or any similar provision of this Act or any other Act, including any prior Act requiring notification in accordance with the regular notification procedures of the Committees on Appropriations, may be waived if failure to do so would pose a substantial risk to human health or welfare: *Provided further*, That in case of any such waiver, notification to the Congress, or the appropriate congressional committees, shall be provided as early as practicable, but in no event later than three days after taking the action to which such notification requirement was applicable, in the context of the circumstances necessitating such waiver: *Provided further*, That any notification provided pursuant to such a waiver shall contain an explanation of the emergency circumstances.

(b) Drawdowns made pursuant to section 506(a)(2) of the Foreign Assistance Act of 1961 shall be subject to the regular notification procedures of the Committees on Appropriations.

LIMITATION ON AVAILABILITY OF FUNDS FOR INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 516. Subject to the regular notification procedures of the Committees on Appropriations, funds appropriated under this Act or any previously enacted Act making appropriations for foreign operations, export financing, and related programs, which are returned or not made available for organizations and programs because of the implementation of section 307(a) of the Foreign Assistance Act of 1961, shall remain available for obligation until September 30, 2001.

INDEPENDENT STATES OF THE FORMER SOVIET UNION

SEC. 517. (a) None of the funds appropriated under the heading "Assistance for the Independent States of the Former Soviet Union" shall be made available for assistance for a Government of an Independent State of the former Soviet Union—

(1) unless that Government is making progress in implementing comprehensive economic reforms based on market principles, private ownership, respect for commercial contracts, and equitable treatment of foreign private investment; and

(2) if that Government applies or transfers United States assistance to any entity for the purpose of expropriating or seizing ownership or control of assets, investments, or ventures.

Assistance may be furnished without regard to this subsection if the President determines that to do so is in the national interest.

(b) None of the funds appropriated under the heading "Assistance for the Independent States of the Former Soviet Union" shall be made available for assistance for a Government of an Independent State of the former Soviet Union if that government directs any action in violation of the territorial integrity or national sovereignty of any other Independent State of the former Soviet Union, such as those violations included in the Helsinki Final Act: *Provided*, That such funds may be made available without regard to the restriction in this subsection if the President determines that to do so is in the national security interest of the United States.

(c) None of the funds appropriated under the heading "Assistance for the Independent States of the Former Soviet Union" shall be made available for any state to enhance its military capability: *Provided*, That this restriction does not apply to demilitarization, demining or nonproliferation programs.

(d) Funds appropriated under the heading "Assistance for the Independent States of the Former Soviet Union" shall be subject to the regular notification procedures of the Committees on Appropriations.

(e) Funds made available in this Act for assistance for the Independent States of the former Soviet Union shall be subject to the provisions of section 117 (relating to environment and natural resources) of the Foreign Assistance Act of 1961.

(f) Funds appropriated in this or prior appropriations Acts that are or have been made available for an Enterprise Fund in the Independent States of the Former Soviet Union may be deposited by such Fund in interest-bearing accounts prior to the disbursement of such funds by the Fund for program purposes. The Fund may retain for such program purposes any interest earned on such deposits without returning such interest to the Treasury of the United States and without further appropriation by the Congress. Funds made available for Enterprise Funds shall be expended at the minimum rate necessary to make timely payment for projects and activities.

(g) In issuing new task orders, entering into contracts, or making grants, with funds appropriated in this Act or prior appropriations Acts under the headings "Assistance for the New Independent States of the Former Soviet Union" and "Assistance for the Independent States of the Former Soviet Union", for projects or activities that have as one of their primary purposes the fostering of private sector development, the Coordinator for United States Assistance to the New Independent States and the implementing agency shall encourage the participation of and give significant weight to contractors and grantees who propose investing a significant amount of their own resources (including volunteer services and in-kind contributions) in such projects and activities.

PROHIBITION ON FUNDING FOR ABORTIONS AND INVOLUNTARY STERILIZATION

SEC. 518. None of the funds made available to carry out part I of the Foreign Assistance Act of 1961, as amended, may be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions. None of the funds made available to carry out part I of the Foreign Assistance Act of 1961, as amended, may be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations. None of the funds made available to carry out part I of the Foreign Assistance Act of 1961, as amended, may be used to pay for any biomedical research which relates in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning. None of the funds made available to carry out part I of the Foreign Assistance Act of 1961, as amended, may be obligated or expended for any country or organization if the President certifies that the use of these funds by any such country or organization would violate any of the above provisions related to abortions and involuntary sterilizations: *Provided*, That none of the funds made available under this Act may be used to lobby for or against abortion.

EXPORT FINANCING TRANSFER AUTHORITIES

SEC. 519. Not to exceed 5 percent of any appropriation other than for administrative expenses made available for fiscal year 2000, for programs under title I of this Act may be transferred between such appropriations for use for any of the purposes, programs, and activities for which the funds in such receiving account may be used, but no such appropriation, except as otherwise specifically provided, shall be increased by more than 25 percent by any such transfer: *Provided*, That the exercise of such authority shall be subject to the regular notification procedures of the Committees on Appropriations.

SPECIAL NOTIFICATION REQUIREMENTS

SEC. 520. None of the funds appropriated by this Act shall be obligated or expended for Colombia, Haiti, Liberia, Pakistan, Panama, Serbia, Sudan, or the Democratic Republic of Congo except as provided through the regular notification procedures of the Committees on Appropriations.

DEFINITION OF PROGRAM, PROJECT, AND ACTIVITY

SEC. 521. For the purpose of this Act, "program, project, and activity" shall be defined at the appropriations Act account level and shall include all appropriations and authorizations Acts earmarks, ceilings, and limitations with the exception that for the following accounts: Economic Support Fund and Foreign Military Financing Program, "program, project, and activity" shall also be considered to include country, regional, and central program level funding within each such account; for the development assistance accounts of the Agency for International Development "program, project, and activity" shall also be considered to include central program level funding, either as: (1) justified to the Congress; or (2) allocated by the executive branch in accordance with a report, to be provided to the Committees on Appropriations within 30 days of enactment of this Act, as required by section 653(a) of the Foreign Assistance Act of 1961.

CHILD SURVIVAL AND DISEASE PREVENTION ACTIVITIES

SEC. 522. Up to $10,000,000 of the funds made available by this Act for assistance under the heading "Child Survival and Disease Programs Fund", may be used to reimburse United States Government agencies, agencies of State governments, institutions of higher learning, and private and voluntary organizations for the full cost of individuals (including for the personal services of such individuals) detailed or assigned to, or contracted by, as the case may be, the Agency for International Development for the purpose of carrying out child survival basic education, and infectious disease activities: *Provided*, That funds appropriated by this Act that are made available for child survival activities or disease programs including activities relating to research on, and the prevention, treatment and control of, Acquired Immune Deficiency Syndrome may be made available notwithstanding any provision of law that restricts assistance to foreign countries: *Provided further*, That funds appropriated under title II of this Act may be made available pursuant to section 301 of the Foreign Assistance Act of 1961 if a primary purpose of the assistance is for child survival and related programs: *Provided further*, That funds appropriated by this Act that are made available for family planning activities may be made available notwithstanding section 512 of this Act and section 620(q) of the Foreign Assistance Act of 1961.

PROHIBITION AGAINST INDIRECT FUNDING TO CERTAIN COUNTRIES

SEC. 523. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated to finance indirectly any assistance or reparations to Cuba, Iraq, Libya, Iran, Syria, North Korea, or the People's Republic of China, unless the President of the United States certifies that the withholding of these funds is contrary to the national interest of the United States.

NOTIFICATION ON EXCESS DEFENSE EQUIPMENT

SEC. 524. Prior to providing excess Department of Defense articles in accordance with section 516(a) of the Foreign Assistance Act of 1961, the Department of Defense shall notify the Committees on Appropriations to the same extent and under the same conditions as are other committees pursuant to subsection (c) of that section: *Provided*, That before issuing a letter of offer to sell excess defense articles under the Arms Export Control Act, the Department of Defense shall notify the Committees on Appropriations in accordance with the regular notification procedures of such Committees: *Provided further*, That such Committees shall also be informed of the original acquisition cost of such defense articles.

AUTHORIZATION REQUIREMENT

SEC. 525. Funds appropriated by this Act may be obligated and expended notwithstanding section 10 of Public Law 91–672 and section 15 of the State Department Basic Authorities Act of 1956.

DEMOCRACY IN CHINA

SEC. 526. Notwithstanding any other provision of law that restricts assistance to foreign countries, funds appropriated by this Act for "Economic Support Fund" may be made available to provide general support and grants for nongovernmental organizations located outside the People's Republic of China that have as their primary purpose fostering democracy in that country, and for activities of nongovernmental organizations located outside the People's Republic of China to foster democracy in that country: *Provided*, That none of the funds made available for activities to foster democracy in the People's Republic of China may be made available for assistance to the government of that country: *Provided further*, That funds made available pursuant to the authority of this section shall be subject to the regular notification procedures of the Committees on Appropriations.

PROHIBITION ON BILATERAL ASSISTANCE TO TERRORIST COUNTRIES

SEC. 527. (a) Notwithstanding any other provision of law, funds appropriated for bilateral assistance under any heading of this Act and funds appropriated under any such heading in a provision of law enacted prior to enactment of this Act, shall not be made available to any country which the President determines—

(1) grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or

(2) otherwise supports international terrorism.

(b) The President may waive the application of subsection (a) to a country if the President determines that national security or humanitarian reasons justify such waiver. The President shall publish each waiver in the Federal Register and, at least fifteen days before the waiver takes effect, shall notify the Committees on Appropriations of the waiver (including the justification for the waiver) in accordance with the regular notification procedures of the Committees on Appropriations.

COMMERCIAL LEASING OF DEFENSE ARTICLES

SEC. 528. Notwithstanding any other provision of law, and subject to the regular notification procedures of the Committees on Appropriations, the authority of section 23(a) of the Arms Export Control Act may be used to provide financing to Israel, Egypt and NATO and major non-NATO allies for the procurement by leasing (including leasing with an option to purchase) of defense articles from United States commercial suppliers, not including Major Defense Equipment (other than helicopters and other types of aircraft having possible civilian application), if the President determines that there are compelling foreign policy or national security reasons for those defense articles being provided by commercial lease rather than by government-to-government sale under such Act.

COMPETITIVE INSURANCE

SEC. 529. All Agency for International Development contracts and solicitations, and subcontracts entered into under such contracts, shall include a clause requiring that United States insurance companies have a fair opportunity to bid for insurance when such insurance is necessary or appropriate.

STINGERS IN THE PERSIAN GULF REGION

SEC. 530. Except as provided in section 581 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1990, the United States may not sell or otherwise make available any Stingers to any country bordering the Persian Gulf under the Arms Export Control Act or chapter 2 of part II of the Foreign Assistance Act of 1961.

DEBT-FOR-DEVELOPMENT

SEC. 531. In order to enhance the continued participation of nongovernmental organizations in economic assistance activities under the Foreign Assistance Act of 1961, including endowments, debt-for-development and debt-for-nature exchanges, a nongovernmental organization which is a grantee or contractor of the Agency for International Development may place in interest bearing accounts funds made available under this Act or prior Acts or local currencies which accrue to that organization as a result of economic assistance provided under title II of this Act and any interest earned on such investment shall be used for the purpose for which the assistance was provided to that organization.

SEPARATE ACCOUNTS

SEC. 532. (a) SEPARATE ACCOUNTS FOR LOCAL CURRENCIES.—(1) If assistance is furnished to the government of a foreign country under chapters 1 and 10 of part I or chapter 4 of part II of the Foreign Assistance Act of 1961 under agreements which result in the generation of local currencies of that country, the Administrator of the Agency for International Development shall—

(A) require that local currencies be deposited in a separate account established by that government;

(B) enter into an agreement with that government which sets forth—

(i) the amount of the local currencies to be generated, and

(ii) the terms and conditions under which the currencies so deposited may be utilized, consistent with this section; and

(C) establish by agreement with that government the responsibilities of the Agency for International Development and that government to monitor and account for deposits into and disbursements from the separate account.

(2) USES OF LOCAL CURRENCIES.—As may be agreed upon with the foreign government, local currencies deposited in a separate account pursuant to subsection (a), or an equivalent amount of local currencies, shall be used only—

(A) to carry out chapters 1 or 10 of part I or chapter 4 of part II (as the case may be), for such purposes as—

(i) project and sector assistance activities, or

(ii) debt and deficit financing, or

(B) for the administrative requirements of the United States Government.

(3) PROGRAMMING ACCOUNTABILITY.—The Agency for International Development shall take all necessary steps to ensure that the equivalent of the local currencies disbursed pursuant to subsection (a)(2)(A) from the separate account established pursuant to subsection (a)(1) are used for the purposes agreed upon pursuant to subsection (a)(2).

(4) TERMINATION OF ASSISTANCE PROGRAMS.—Upon termination of assistance to a country under chapters 1 or 10 of part I or chapter 4 of part II (as the case may be), any

unencumbered balances of funds which remain in a separate account established pursuant to subsection (a) shall be disposed of for such purposes as may be agreed to by the government of that country and the United States Government.

(5) REPORTING REQUIREMENT.—The Administrator of the Agency for International Development shall report on an annual basis as part of the justification documents submitted to the Committees on Appropriations on the use of local currencies for the administrative requirements of the United States Government as authorized in subsection (a)(2)(B), and such report shall include the amount of local currency (and United States dollar equivalent) used and/or to be used for such purpose in each applicable country.

(b) SEPARATE ACCOUNTS FOR CASH TRANSFERS.—(1) If assistance is made available to the government of a foreign country, under chapters 1 or 10 of part I or chapter 4 of part II of the Foreign Assistance Act of 1961, as cash transfer assistance or as nonproject sector assistance, that country shall be required to maintain such funds in a separate account and not commingle them with any other funds.

(2) APPLICABILITY OF OTHER PROVISIONS OF LAW.—Such funds may be obligated and expended notwithstanding provisions of law which are inconsistent with the nature of this assistance including provisions which are referenced in the Joint Explanatory Statement of the Committee of Conference accompanying House Joint Resolution 648 (H. Report No. 98–1159).

(3) NOTIFICATION.—At least fifteen days prior to obligating any such cash transfer or nonproject sector assistance, the President shall submit a notification through the regular notification procedures of the Committees on Appropriations, which shall include a detailed description of how the funds proposed to be made available will be used, with a discussion of the United States interests that will be served by the assistance (including, as appropriate, a description of the economic policy reforms that will be promoted by such assistance).

(4) EXEMPTION.—Nonproject sector assistance funds may be exempt from the requirements of subsection (b)(1) only through the notification procedures of the Committees on Appropriations.

COMPENSATION FOR UNITED STATES EXECUTIVE DIRECTORS TO INTERNATIONAL FINANCIAL INSTITUTIONS

SEC. 533. (a) No funds appropriated by this Act may be made as payment to any international financial institution while the United States Executive Director to such institution is compensated by the institution at a rate which, together with whatever compensation such Director receives from the United States, is in excess of the rate provided for an individual occupying a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code, or while any alternate United States Director to such institution is compensated by the institution at a rate in excess of the rate provided for an individual occupying a position at level V of the Executive Schedule under section 5316 of title 5, United States Code.

(b) For purposes of this section, "international financial institutions" are: the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the Asian Development Fund, the African Development Bank, the African Development Fund, the International Monetary Fund, the North American Development Bank, and the European Bank for Reconstruction and Development.

COMPLIANCE WITH UNITED NATIONS SANCTIONS AGAINST IRAQ

SEC. 534. None of the funds appropriated or otherwise made available pursuant to this Act to carry out the Foreign Assistance Act of 1961 (including title IV of chapter 2 of part I, relating to the Overseas Private Investment Corporation) or the Arms Export Control Act may be used to provide assistance to any country that is not in compliance with the United Nations Security Council sanctions against Iraq unless the President determines and so certifies to the Congress that—

(1) such assistance is in the national interest of the United States;

(2) such assistance will directly benefit the needy people in that country; or

(3) the assistance to be provided will be humanitarian assistance for foreign nationals who have fled Iraq and Kuwait.

AUTHORITIES FOR THE PEACE CORPS, THE INTER-AMERICAN FOUNDATION, THE AFRICAN DEVELOPMENT FOUNDATION AND THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

SEC. 535. (a) Unless expressly provided to the contrary, provisions of this or any other Act, including provisions contained in prior Acts authorizing or making appropriations for foreign operations, export financing, and related programs, shall not be construed to prohibit activities authorized by or conducted under the Peace Corps Act, the Inter-American Foundation Act, or the African Development Foundation Act. The appropriate agency shall promptly report to the Committees on Appropriations whenever it is conducting activities or is proposing to conduct activities in a country for which assistance is prohibited.

(b) Unless expressly provided to the contrary, limitations on the availability of funds for "International Organizations and Programs" in this or any other Act, including prior appropriations Acts, shall not be construed to be applicable to the International Fund for Agricultural Development.

IMPACT ON JOBS IN THE UNITED STATES

SEC. 536. None of the funds appropriated by this Act may be obligated or expended to provide—

(a) any financial incentive to a business enterprise currently located in the United States for the purpose of inducing such an enterprise to relocate outside the United States if such incentive or inducement is likely to reduce the number of employees of such business enterprise in the United States because United States production is being replaced by such enterprise outside the United States;

(b) assistance for the purpose of establishing or developing in a foreign country any export processing zone or designated area in which the tax, tariff, labor, environment, and safety laws of that country do not apply, in part or in whole, to activities carried out within that zone or area, unless the President determines and certifies that such assistance is not likely to cause a loss of jobs within the United States; or

(c) assistance for any project or activity that contributes to the violation of internationally recognized workers rights, as defined in section 502(a)(4) of the Trade Act of 1974, of workers in the recipient country, including any designated zone or area in that country: *Provided*, That in recognition that the application of this subsection should be commensurate with the level of development of the recipient country and sector, the provisions of this subsection shall not preclude assistance for the informal sector in such country, micro and small-scale enterprise, and smallholder agriculture.

FUNDING PROHIBITION FOR SERBIA

SEC. 537. None of the funds appropriated by this Act may be made available for assistance for the Republic of Serbia: *Provided*, That this restriction shall not apply to assistance for Kosova or Montenegro, or to assistance to promote democratization.

SPECIAL AUTHORITIES

SEC. 538. (a) Funds appropriated in titles I and II of this Act that are made available for Afghanistan, Lebanon, Montenegro, and for victims of war, displaced children, displaced Burmese, humanitarian assistance for Romania, and humanitarian assistance for the peoples of Kosova, may be made available notwithstanding any other provision of law.

(b) Funds appropriated by this Act to carry out the provisions of sections 103 through 106 of the Foreign Assistance Act of 1961 may be used, notwithstanding any other provision of law, for the purpose of supporting tropical forestry and biodiversity conservation activities and, subject to the regular notification procedures of the Committees on Appropriations, energy programs aimed at reducing greenhouse gas emissions: *Provided*, That such assistance shall be subject to sections 116, 502B, and 620A of the Foreign Assistance Act of 1961.

(c) The Agency for International Development may employ personal services contractors, notwithstanding any other provision of law, for the purpose of administering programs for the West Bank and Gaza.

(d)(1) WAIVER.—The President may waive the provisions of section 1003 of Public Law 100–204 if the President determines and certifies in writing to the Speaker of the House of Representatives and the President pro tempore of the Senate that it is important to the national security interests of the United States.

(2) PERIOD OF APPLICATION OF WAIVER.—Any waiver pursuant to paragraph (1) shall be effective for no more than a period of six months at a time and shall not apply beyond twelve months after enactment of this Act.

POLICY ON TERMINATING THE ARAB LEAGUE BOYCOTT OF ISRAEL

SEC. 539. It is the sense of the Congress that—

(1) the Arab League countries should immediately and publicly renounce the primary boycott of Israel and the secondary and tertiary boycott of American firms that have commercial ties with Israel;

(2) the decision by the Arab League in 1997 to reinstate the boycott against Israel was deeply troubling and disappointing;

(3) the Arab League should immediately rescind its decision on the boycott and its members should develop normal relations with their neighbor Israel; and

(4) the President should—

(A) take more concrete steps to encourage vigorously Arab League countries to renounce publicly the primary boycotts of Israel and the secondary and tertiary boycotts of American firms that have commercial relations with Israel as a confidence-building measure;

(B) take into consideration the participation of any recipient country in the primary boycott of Israel and the secondary and tertiary boycotts of American firms that have commercial relations with Israel when determining whether to sell weapons to said country;

(C) report to Congress on the specific steps being taken by the President to bring about a public renunciation of the Arab primary boycott of Israel and the secondary and tertiary boycotts of American firms that have commercial relations with Israel and to expand the process of normalizing ties between Arab League countries and Israel; and

(D) encourage the allies and trading partners of the United States to enact laws prohibiting businesses from complying with the boycott and penalizing businesses that do comply.

ANTI-NARCOTICS ACTIVITIES

SEC. 540. (a) Of the funds appropriated by this Act for "Economic Support Fund", assistance may be provided to strengthen the administration of justice in countries in Latin America and the Caribbean and in other regions consistent with the provisions of section 534(b) of the Foreign Assistance Act of 1961, except that programs to enhance protection of participants in judicial cases may be conducted notwithstanding section 660 of that Act.

(b) Funds made available pursuant to this section may be made available notwithstanding section 534(c) and the second and third sentences of section 534(e) of the Foreign Assistance Act of 1961.

ELIGIBILITY FOR ASSISTANCE

SEC. 541. (a) ASSISTANCE THROUGH NONGOVERNMENTAL ORGANIZATIONS.—Restrictions contained in this or any other Act with respect to assistance for a country shall not be construed to restrict assistance in support of programs of nongovernmental organizations from funds appropriated by this Act to carry out the provisions of chapters 1, 10, and 11 of part I and chapter 4 of part II of the Foreign Assistance Act of 1961, and from funds appropriated under the heading "Assistance for Eastern Europe and the Baltic States": *Provided*, That the President shall take into consideration, in any case in which a restriction on assistance would be applicable but for this subsection, whether assistance in support of programs of nongovernmental organizations is in the national interest of the United States: *Provided further*, That before using the authority of this subsection to furnish assistance in support of programs of nongovernmental organizations, the President shall notify the Committees on Appropriations under the regular notification procedures of those committees, including a description of the program to be assisted, the assistance to be provided, and the reasons for furnishing such assistance: *Provided further*, That nothing in this subsection shall be construed to alter any existing statutory prohibitions against abortion or involuntary sterilizations contained in this or any other Act.

(b) PUBLIC LAW 480.—During fiscal year 2000, restrictions contained in this or any other Act with respect to assistance for a country shall not be construed to restrict assistance under the Agricultural Trade Development and Assistance Act of 1954: *Provided*, That none of the funds appropriated to carry out title I of such Act and made available pursuant to this subsection may be obligated or expended except as provided through the regular notification procedures of the Committees on Appropriations.

(c) EXCEPTION.—This section shall not apply—

(1) with respect to section 620A of the Foreign Assistance Act or any comparable provision of law prohibiting assistance to countries that support international terrorism; or

(2) with respect to section 116 of the Foreign Assistance Act of 1961 or any comparable provision of law prohibiting assistance to countries that violate internationally recognized human rights.

EARMARKS

SEC. 542. (a) Funds appropriated by this Act which are earmarked may be reprogrammed for other programs within the same account notwithstanding the earmark if compliance with the earmark is made impossible by operation of any provision of this or any other Act or, with respect to a country with which the United States has an agreement providing the United States with base rights or base access in that country, if the President determines that the recipient for which funds are earmarked has significantly reduced its military or economic cooperation with the United States since enactment of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1991; however, before exercising the authority of this subsection with regard to a base rights or base access country which has significantly reduced its military or economic cooperation with the United States, the President shall consult with, and shall provide a written policy justification to the Committees on Appropriations: *Provided*, That any such reprogramming shall be subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That assistance that is reprogrammed pursuant to this subsection shall be made available under the same terms and conditions as originally provided.

(b) In addition to the authority contained in subsection (a), the original period of availability of funds appropriated by this Act and administered by the Agency for International Development that are earmarked for particular programs or activities by this or any other Act shall be extended for an additional fiscal year if the Administrator of such agency determines and reports promptly to the Committees on Appropriations that the termination of assistance to a country or a significant change in circumstances makes it unlikely that such earmarked funds can be obligated during the original period of availability: *Provided*, That such earmarked funds that are continued available for an additional fiscal year shall be obligated only for the purpose of such earmark.

CEILINGS AND EARMARKS

SEC. 543. Ceilings and earmarks contained in this Act shall not be applicable to funds or authorities appropriated or otherwise made available by any subsequent Act unless such Act specifically so directs. Earmarks or minimum funding requirements contained in any other Act shall not be applicable to funds appropriated by this Act.

PROHIBITION ON PUBLICITY OR PROPAGANDA

SEC. 544. No part of any appropriation contained in this Act shall be used for publicity or propaganda purposes within the United States not authorized before the date of enactment of this Act by the Congress.

PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS

SEC. 545. (a) To the maximum extent possible, assistance provided under this Act should make full use of American resources, including commodities, products, and services.

(b) It is the sense of the Congress that, to the greatest extent practicable, all agriculture commodities, equipment and products purchased with funds made available in this Act should be American-made.

(c) In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (b) by the Congress.

PROHIBITION OF PAYMENTS TO UNITED NATIONS MEMBERS

SEC. 546. None of the funds appropriated or made available pursuant to this Act for carrying out the Foreign Assistance Act of 1961, may be used to pay in whole or in part any assessments, arrearages, or dues of any member of the United Nations or costs for attendance of another country's delegation at international conferences.

CONSULTING SERVICES

SEC. 547. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to section 3109 of title 5, United States Code, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order pursuant to existing law.

PRIVATE VOLUNTARY ORGANIZATIONS—DOCUMENTATION

SEC. 548. None of the funds appropriated or made available pursuant to this Act shall be available to a private voluntary organization which fails to provide upon timely request any document, file, or record necessary to the auditing requirements of the Agency for International Development.

PROHIBITION ON ASSISTANCE TO FOREIGN GOVERNMENTS THAT EXPORT LETHAL MILITARY EQUIPMENT TO COUNTRIES SUPPORTING INTERNATIONAL TERRORISM

SEC. 549. (a) None of the funds appropriated or otherwise made available by this Act may be available to any foreign government which provides lethal military equipment to a country the government of which the Secretary of State has determined is a terrorist government for purposes of section 40(d) of the Arms Export Control Act or any other comparable provision of law. The prohibition under this section with respect to a foreign government shall terminate 12 months after that government ceases to provide such military equipment. This section applies with respect to lethal military equipment provided under a contract entered into after October 1, 1997.

(b) Assistance restricted by subsection (a) or any other similar provision of law, may be furnished if the President determines that furnishing such assistance is important to the national interests of the United States.

(c) Whenever the waiver of subsection (b) is exercised, the President shall submit to the appropriate congressional committees a report with respect to the furnishing of such assistance. Any such report shall include a detailed explanation of the assistance estimated to be provided, including the estimated dollar amount of such assistance, and an explanation of how the assistance furthers United States national interests.

WITHHOLDING OF ASSISTANCE FOR PARKING FINES OWED BY FOREIGN COUNTRIES

SEC. 550. (a) IN GENERAL.—Of the funds made available for a foreign country under part I of the Foreign Assistance Act of 1961, an amount equivalent to 110 percent of the total unpaid fully adjudicated parking fines and penalties owed to the District of Columbia by such country as of the date of enactment of this Act shall be withheld from obligation for such country until the Secretary of State certifies and reports in writing to the appropriate congressional committees that such fines and penalties are fully paid to the government of the District of Columbia.

(b) Definition.—For purposes of this section, the term "appropriate congressional committees" means the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Committee on International Relations and the Committee on Appropriations of the House of Representatives.

LIMITATION ON ASSISTANCE FOR THE PLO FOR THE WEST BANK AND GAZA

Sec. 551. None of the funds appropriated by this Act may be obligated for assistance for the Palestine Liberation Organization for the West Bank and Gaza unless the President has exercised the authority under section 604(a) of the Middle East Peace Facilitation Act of 1995 (title VI of Public Law 104–107) or any other legislation to suspend or make inapplicable section 307 of the Foreign Assistance Act of 1961 and that suspension is still in effect: *Provided*, That if the President fails to make the certification under section 604(b)(2) of the Middle East Peace Facilitation Act of 1995 or to suspend the prohibition under other legislation, funds appropriated by this Act may not be obligated for assistance for the Palestine Liberation Organization for the West Bank and Gaza.

WAR CRIMES TRIBUNALS DRAWDOWN

Sec. 552. If the President determines that doing so will contribute to a just resolution of charges regarding genocide or other violations of international humanitarian law, the President may direct a drawdown pursuant to section 552(c) of the Foreign Assistance Act of 1961, as amended, of up to $30,000,000 of commodities and services for the United Nations War Crimes Tribunal established with regard to the former Yugoslavia by the United Nations Security Council or such other tribunals or commissions as the Council may establish to deal with such violations, without regard to the ceiling limitation contained in paragraph (2) thereof: *Provided*, That the determination required under this section shall be in lieu of any determinations otherwise required under section 552(c): *Provided further*, That sixty days after the date of enactment of this Act, and every one hundred eighty days thereafter, the Secretary of State shall submit a report to the Committees on Appropriations describing the steps the United States Government is taking to collect information regarding allegations of genocide or other violations of international law in the former Yugoslavia and to furnish that information to the United Nations War Crimes Tribunal for the former Yugoslavia: *Provided further*, That the drawdown made under this section for any tribunal shall not be construed as an endorsement or precedent for the establishment of any standing or permanent international criminal tribunal or court: *Provided further*, That funds made available for tribunals or commissions shall be made available subject to the regular notification procedures of the Committees on Appropriations.

LANDMINES

Sec. 553. Notwithstanding any other provision of law, demining equipment available to the Agency for International Development and the Department of State and used in support of the clearance of landmines and unexploded ordnance for humanitarian purposes may be disposed of on a grant basis in foreign countries, subject to such terms and conditions as the President may prescribe.

RESTRICTIONS CONCERNING THE PALESTINIAN AUTHORITY

Sec. 554. None of the funds appropriated by this Act may be obligated or expended to create in any part of Jerusalem a new office of any department or agency of the United States Government for the purpose of conducting official United States Government business with the Palestinian Authority over Gaza and Jericho or any successor Palestinian governing entity provided for in the Israel-PLO Declaration of Principles: *Provided*, That this restriction shall not apply to the acquisition of additional space for the existing Consulate General in Jerusalem: *Provided further*, That meetings between officers and employees of the United States and officials of the Palestinian Authority, or any successor Palestinian governing entity provided for in the Israel-PLO Declaration of Principles, for the purpose of conducting official United States Government business with such authority should continue to take place in locations other than Jerusalem. As has been true in the past, officers and employees of the United States Government may continue to meet in Jerusalem on other subjects with Palestinians (including those who now occupy positions in the Palestinian Authority), have social contacts, and have incidental discussions.

PROHIBITION OF PAYMENT OF CERTAIN EXPENSES

Sec. 555. None of the funds appropriated or otherwise made available by this Act under the heading "International Military Education and Training" or "Foreign Military Financing Program" for Informational Program activities may be obligated or expended to pay for—

(1) alcoholic beverages;

(2) food (other than food provided at a military installation) not provided in conjunction with Informational Program trips where students do not stay at a military installation; or

(3) entertainment expenses for activities that are substantially of a recreational character, including entrance fees at sporting events and amusement parks.

EQUITABLE ALLOCATION OF FUNDS

Sec. 556. Not more than 17 percent of the funds appropriated by this Act to carry out the provisions of sections 103 through 106 and chapter 4 of part II of the Foreign Assistance Act of 1961, that are made available for Latin America and the Caribbean region may be made available, through bilateral and Latin America and the Caribbean regional programs, to provide assistance for any country in such region.

SPECIAL DEBT RELIEF FOR THE POOREST

Sec. 557. (a) Authority To Reduce Debt.—The President may reduce amounts owed to the United States (or any agency of the United States) by an eligible country as a result of—

(1) guarantees issued under sections 221 and 222 of the Foreign Assistance Act of 1961;

(2) credits extended or guarantees issued under the Arms Export Control Act; or

(3) any obligation or portion of such obligation for a Latin American country, to pay for purchases of United States agricultural commodities guaranteed by the Commodity Credit Corporation under export credit guarantee programs authorized pursuant to section 5(f) of the Commodity Credit Corporation Charter Act of June 29, 1948, as amended, section 4(b) of the Food for Peace Act of 1966, as amended (Public Law 89–808), or section 202 of the Agricultural Trade Act of 1978, as amended (Public Law 95–501).

(b) Limitations.—

(1) The authority provided by subsection (a) may be exercised only to implement multilateral official debt relief ad referendum agreements, commonly referred to as "Paris Club Agreed Minutes".

(2) The authority provided by subsection (a) may be exercised only in such amounts or to such extent as is provided in advance by appropriations Acts.

(3) The authority provided by subsection (a) may be exercised only with respect to countries with heavy debt burdens that are eligible to borrow from the International Development Association, but not from the International Bank for Reconstruction and Development, commonly referred to as "IDA-only" countries.

(c) Conditions.—The authority provided by subsection (a) may be exercised only with respect to a country whose government—

(1) does not have an excessive level of military expenditures;

(2) has not repeatedly provided support for acts of international terrorism;

(3) is not failing to cooperate on international narcotics control matters;

(4) (including its military or other security forces) does not engage in a consistent pattern of gross violations of internationally recognized human rights; and

(5) is not ineligible for assistance because of the application of section 527 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995.

(d) Availability of Funds.—The authority provided by subsection (a) may be used only with regard to funds appropriated by this Act under the heading "Debt Restructuring".

(e) Certain Prohibitions Inapplicable.—A reduction of debt pursuant to subsection (a) shall not be considered assistance for purposes of any provision of law limiting assistance to a country. The authority provided by subsection (a) may be exercised notwithstanding section 620(r) of the Foreign Assistance Act of 1961.

AUTHORITY TO ENGAGE IN DEBT BUYBACKS OR SALES

Sec. 558. (a) Loans Eligible for Sale, Reduction, or Cancellation.—

(1) Authority to sell, reduce, or cancel certain loans.—Notwithstanding any other provision of law, the President may, in accordance with this section, sell to any eligible purchaser any concessional loan or portion thereof made before January 1, 1995, pursuant to the Foreign Assistance Act of 1961, to the government of any eligible country as defined in section 702(6) of that Act or on receipt of payment from an eligible purchaser, reduce or cancel such loan or portion thereof, only for the purpose of facilitating—

(A) debt-for-equity swaps, debt-for-development swaps, or debt-for-nature swaps; or

(B) a debt buyback by an eligible country of its own qualified debt, only if the eligible country uses an additional amount of the local currency of the eligible country, equal to not less than 40 percent of the price paid for such debt by such eligible country, or the difference between the price paid for such debt and the face value of such debt, to support activities that link conservation and sustainable use of natural resources with local community development, and child survival and other child development, in a manner consistent with sections 707 through 710 of the Foreign Assistance Act of 1961, if the sale, reduction, or cancellation would not contravene any term or condition of any prior agreement relating to such loan.

(2) Terms and conditions.—Notwithstanding any other provision of law, the

President shall, in accordance with this section, establish the terms and conditions under which loans may be sold, reduced, or canceled pursuant to this section.

(3) ADMINISTRATION.—The Facility, as defined in section 702(8) of the Foreign Assistance Act of 1961, shall notify the administrator of the agency primarily responsible for administering part I of the Foreign Assistance Act of 1961 of purchasers that the President has determined to be eligible, and shall direct such agency to carry out the sale, reduction, or cancellation of a loan pursuant to this section. Such agency shall make an adjustment in its accounts to reflect the sale, reduction, or cancellation.

(4) LIMITATION.—The authorities of this subsection shall be available only to the extent that appropriations for the cost of the modification, as defined in section 502 of the Congressional Budget Act of 1974, are made in advance.

(b) DEPOSIT OF PROCEEDS.—The proceeds from the sale, reduction, or cancellation of any loan sold, reduced, or canceled pursuant to this section shall be deposited in the United States Government account or accounts established for the repayment of such loan.

(c) ELIGIBLE PURCHASERS.—A loan may be sold pursuant to subsection (a)(1)(A) only to a purchaser who presents plans satisfactory to the President for using the loan for the purpose of engaging in debt-for-equity swaps, debt-for-development swaps, or debt-for-nature swaps.

(d) DEBTOR CONSULTATIONS.—Before the sale to any eligible purchaser, or any reduction or cancellation pursuant to this section, of any loan made to an eligible country, the President should consult with the country concerning the amount of loans to be sold, reduced, or canceled and their uses for debt-for-equity swaps, debt-for-development swaps, or debt-for-nature swaps.

(e) AVAILABILITY OF FUNDS.—The authority provided by subsection (a) may be used only with regard to funds appropriated by this Act under the heading "Debt Restructuring".

ASSISTANCE FOR HAITI

SEC. 559. (a) POLICY.—In providing assistance to Haiti, the President should place a priority on the following areas:

(1) aggressive action to support the Haitian National Police, including support for efforts by the Inspector General to purge corrupt and politicized elements from the Haitian National Police;

(2) steps to ensure that any elections undertaken in Haiti with United States assistance are full, free, fair, transparent, and democratic;

(3) support for a program designed to develop an indigenous human rights monitoring capacity;

(4) steps to facilitate the continued privatization of state-owned enterprises;

(5) establishment of an economic development fund for Haiti to provide long-term, low interest loans to U.S. investors and businesses that have a demonstrated commitment to, and expertise in, doing business in Haiti, in particular those businesses present in Haiti prior to the 1994 United Nations embargo; and

(6) a substantial agricultural development program.

(b) REPORT.—Beginning six months after the date of enactment of this Act, and six months thereafter until September 30, 2001, the President shall submit a report to the Committee on Appropriations and the Committee on Foreign Relations of the Senate and the Committee on Appropriations and the Committee on International Relations of the House of Representatives with regard to—

(1) the status of each of the governmental institutions envisioned in the 1987 Haitian Constitution, including an assessment of the extent to which officials in such institutions hold their positions on the basis of a regular, constitutional process;

(2) the status of the privatization (or placement under long-term private management or concession) of the major public entities, including a detailed assessment of the extent to which the Government of Haiti has completed all required incorporating documents, the transfer of assets, and the eviction of unauthorized occupants from such facilities;

(3) the status of efforts to re-sign and implement the lapsed bilateral Repatriation Agreement and an assessment of the extent to which the Government of Haiti has been cooperating with the United States in halting illegal emigration from Haiti;

(4) the status of the Government of Haiti's efforts to conduct thorough investigations of extrajudicial and political killings and—

(A) an assessment of the progress that has been made in bringing to justice the persons responsible for these extrajudicial or political killings in Haiti, and

(B) an assessment of the extent to which the Government of Haiti is cooperating with United States authorities and with United States-funded technical advisors to the Haitian National Police in such investigations;

(5) an assessment of actions taken by the Government of Haiti to remove and maintain the separation from the Haitian National Police, national palace and residential guard, ministerial guard, and any other public security entity or unit of Haiti those individuals who are credibly alleged to have engaged in or conspired to conceal gross violations of internationally recognized human rights;

(6) the status of steps being taken to secure the ratification of the maritime counter-narcotics agreements signed October 1997;

(7) an assessment of the extent to which domestic capacity to conduct free, fair, democratic, and administratively sound elections has been developed in Haiti; and

(8) an assessment of the extent to which Haiti's Minister of Justice has demonstrated a commitment to the professionalism of judicial personnel by consistently placing students graduated by the Judicial School in appropriate judicial positions and has made a commitment to share program costs associated with the Judicial School, and is achieving progress in making the judicial branch in Haiti independent from the executive branch.

REQUIREMENT FOR DISCLOSURE OF FOREIGN AID IN REPORT OF SECRETARY OF STATE

SEC. 560. (a) FOREIGN AID REPORTING REQUIREMENT.—In addition to the voting practices of a foreign country, the report required to be submitted to Congress under section 406(a) of the Foreign Relations Authorization Act, fiscal years 1990 and 1991 (22 U.S.C. 2414a), shall include a side-by-side comparison of individual countries' overall support for the United States at the United Nations and the amount of United States assistance provided to such country in fiscal year 1999.

(b) UNITED STATES ASSISTANCE.—For purposes of this section, the term "United States assistance" has the meaning given the term in section 481(e)(4) of the Foreign Assistance Act of 1961 (22 U.S.C. 2291(e)(4)).

RESTRICTIONS ON VOLUNTARY CONTRIBUTIONS TO UNITED NATIONS AGENCIES

SEC. 561. (a) PROHIBITION ON VOLUNTARY CONTRIBUTIONS FOR THE UNITED NATIONS.—None of the funds appropriated by this Act may be made available to pay any voluntary contribution of the United States to the United Nations (including the United Nations Development Program) if the United Nations implements or imposes any taxation on any United States persons.

(b) CERTIFICATION REQUIRED FOR DISBURSEMENT OF FUNDS.—None of the funds appropriated by this Act may be made available to pay any voluntary contribution of the United States to the United Nations (including the United Nations Development Program) unless the President certifies to the Congress 15 days in advance of such payment that the United Nations is not engaged in any effort to implement or impose any taxation on United States persons in order to raise revenue for the United Nations or any of its specialized agencies.

(c) DEFINITIONS.—As used in this section the term "United States person" refers to—

(1) a natural person who is a citizen or national of the United States; or

(2) a corporation, partnership, or other legal entity organized under the United States or any State, territory, possession, or district of the United States.

HAITI

SEC. 562. The Government of Haiti shall be eligible to purchase defense articles and services under the Arms Export Control Act (22 U.S.C. 2751 et seq.), for the civilian-led Haitian National Police and Coast Guard: *Provided*, That the authority provided by this section shall be subject to the regular notification procedures of the Committees on Appropriations.

LIMITATION ON ASSISTANCE TO THE PALESTINIAN AUTHORITY

SEC. 563. (a) PROHIBITION OF FUNDS.—None of the funds appropriated by this Act to carry out the provisions of chapter 4 of part II of the Foreign Assistance Act of 1961 may be obligated or expended with respect to providing funds to the Palestinian Authority.

(b) WAIVER.—The prohibition included in subsection (a) shall not apply if the President certifies in writing to the Speaker of the House of Representatives and the President pro tempore of the Senate that waiving such prohibition is important to the national security interests of the United States.

(c) PERIOD OF APPLICATION OF WAIVER.—Any waiver pursuant to subsection (b) shall be effective for no more than a period of six months at a time and shall not apply beyond twelve months after enactment of this Act.

LIMITATION ON ASSISTANCE TO SECURITY FORCES

SEC. 564. None of the funds made available by this Act may be provided to any unit of the security forces of a foreign country if the Secretary of State has credible evidence that such unit has committed gross violations of human rights, unless the Secretary determines and reports to the Committees on Appropriations that the government of such country is taking effective measures to bring the responsible members of the security forces unit to justice: *Provided*, That nothing in this section shall be construed to withhold funds made available by this Act from any unit of the security forces of a foreign country not credibly alleged to be involved in gross violations of human rights: *Provided further*, That in the event that funds are withheld from any unit pursuant to this section, the Secretary of State shall promptly inform the foreign government of the basis for such action and shall, to the maximum extent practicable, assist the foreign government in taking effective measures to bring the responsible members of the security forces to justice.

LIMITATIONS ON TRANSFER OF MILITARY EQUIPMENT TO EAST TIMOR

SEC. 565. In any agreement for the sale, transfer, or licensing of any lethal equipment or helicopter for Indonesia entered into by the United States pursuant to the authority of this Act or any other Act, the agreement shall state that the United States expects that the items will not be used in East Timor: *Provided*, That nothing in this section shall be construed to limit Indonesia's inherent right to legitimate national self-defense as recognized under the United Nations Charter and international law.

RESTRICTIONS ON ASSISTANCE TO COUNTRIES PROVIDING SANCTUARY TO INDICTED WAR CRIMINALS

SEC. 566. (a) BILATERAL ASSISTANCE.—None of the funds made available by this or any prior Act making appropriations for foreign operations, export financing and related programs, may be provided for any country, entity or canton described in subsection (e).

(b) MULTILATERAL ASSISTANCE.—

(1) PROHIBITION.—The Secretary of the Treasury shall instruct the United States executive directors of the international financial institutions to work in opposition to, and vote against, any extension by such institutions of any financial or technical assistance or grants of any kind to any country or entity described in subsection (e).

(2) NOTIFICATION.—Not less than 15 days before any vote in an international financial institution regarding the extension of financial or technical assistance or grants to any country or entity described in subsection (e), the Secretary of the Treasury, in consultation with the Secretary of State, shall provide to the Committee on Appropriations and the Committee on Foreign Relations of the Senate and the Committee on Appropriations and the Committee on Banking and Financial Services of the House of Representatives a written justification for the proposed assistance, including an explanation of the United States position regarding any such vote, as well as a description of the location of the proposed assistance by municipality, its purpose, and its intended beneficiaries.

(3) DEFINITION.—The term "international financial institution" includes the International Monetary Fund, the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Multilateral Investment Guaranty Agency, and the European Bank for Reconstruction and Development.

(c) EXCEPTIONS.—

(1) IN GENERAL.—Subject to paragraph (2), subsections (a) and (b) shall not apply to the provision of—

(A) humanitarian assistance;

(B) democratization assistance;

(C) assistance for cross border physical infrastructure projects involving activities in both a sanctioned country, entity, or canton and a nonsanctioned contiguous country, entity, or canton, if the project is primarily located in and primarily benefits the nonsanctioned country, entity, or canton and if the portion of the project located in the sanctioned country, entity, or canton is necessary only to complete the project;

(D) small-scale assistance projects or activities requested by United States Armed Forces that promote good relations between such forces and the officials and citizens of the areas in the United States SFOR sector of Bosnia;

(E) implementation of the Brcko Arbitral Decision;

(F) lending by the international financial institutions to a country or entity to support common monetary and fiscal policies at the national level as contemplated by the Dayton Agreement;

(G) direct lending to a non-sanctioned entity, or lending passed on by the national government to a non-sanctioned entity; or

(H) assistance to the International Police Task Force for the training of a civilian police force.

(2) NOTIFICATION.—Every 30 days the Secretary of State, in consultation with the Administrator of the Agency for International Development, shall publish in the Federal Register and/or in a comparable publicly accessible document or internet site, a listing and justification of any assistance that is obligated within that period of time for any country, entity, or canton described in subsection (e), including a description of the purpose of the assistance, project and its location, by municipality.

(d) FURTHER LIMITATIONS.—Notwithstanding subsection (c)—

(1) no assistance may be made available by this Act, or any prior Act making appropriations for foreign operations, export financing and related programs, in any country, entity, or canton described in subsection (e), for a program, project, or activity in which a publicly indicted war criminal is known to have any financial or material interest; and

(2) no assistance (other than emergency foods or medical assistance or demining assistance) may be made available by this Act, or any prior Act making appropriations for foreign operations, export financing and related programs for any program, project, or activity in a community within any country, entity or canton described in subsection (e) if competent authorities within that community are not complying with the provisions of Article IX and Annex 4, Article II, paragraph 8 of the Dayton Agreement relating to war crimes and the Tribunal.

(e) SANCTIONED COUNTRY, ENTITY, OR CANTON.—A sanctioned country, entity, or canton described in this section is one whose competent authorities have failed, as determined by the Secretary of State, to take necessary and significant steps to apprehend and transfer to the Tribunal all persons who have been publicly indicted by the Tribunal.

(f) WAIVER.—

(1) IN GENERAL.—The Secretary of State may waive the application of subsection (a) or subsection (b) with respect to specified bilateral programs or international financial institution projects or programs in a sanctioned country, entity, or canton upon providing a written determination to the Committee on Appropriations and the Committee on Foreign Relations of the Senate and the Committee on Appropriations and the Committee on International Relations of the House of Representatives that such assistance directly supports the implementation of the Dayton Agreement and its Annexes, which include the obligation to apprehend and transfer indicted war criminals to the Tribunal.

(2) REPORT.—Not later than 15 days after the date of any written determination under paragraph (1) the Secretary of State shall submit a report to the Committee on Appropriations and the Committee on Foreign Relations of the Senate and the Committee on Appropriations and the Committee on International Relations of the House of Representatives regarding the status of efforts to secure the voluntary surrender or apprehension and transfer of persons indicted by the Tribunal, in accordance with the Dayton Agreement, and outlining obstacles to achieving this goal; and

(3) ASSISTANCE PROGRAMS AND PROJECTS AFFECTED.—Any waiver made pursuant to this subsection shall be effective only with respect to a specified bilateral program or multilateral assistance project or program identified in the determination of the Secretary of State to Congress.

(g) TERMINATION OF SANCTIONS.—The sanctions imposed pursuant to subsections (a) and (b) with respect to a country or entity shall cease to apply only if the Secretary of State determines and certifies to Congress that the authorities of that country, entity, or canton have apprehended and transferred to the Tribunal all persons who have been publicly indicted by the Tribunal.

(h) DEFINITIONS.—As used in this section—

(1) COUNTRY.—The term "country" means Bosnia-Herzegovina, Croatia, Serbia, and Montenegro.

(2) ENTITY.—The term "entity" refers to the Federation of Bosnia and Herzegovina, Kosova, and the Republika Srpska.

(3) CANTON.—The term "canton" means the administrative units in Bosnia and Herzegovina.

(4) DAYTON AGREEMENT.—The term "Dayton Agreement" means the General Framework Agreement for Peace in Bosnia and Herzegovina, together with annexes relating thereto, done at Dayton, November 10 through 16, 1995.

(5) TRIBUNAL.—The term "Tribunal" means the International Criminal Tribunal for the Former Yugoslavia.

(i) ROLE OF HUMAN RIGHTS ORGANIZATIONS AND GOVERNMENT AGENCIES.—In carrying out this section, the Secretary of State, the Administrator of the Agency for International Development, and the executive directors of the international financial institutions shall consult with representatives of human rights organizations and all government agencies with relevant information to help prevent publicly indicted war criminals from benefitting from any financial or technical assistance or grants provided to any country or entity described in subsection (e).

TO PROHIBIT FOREIGN ASSISTANCE TO THE GOVERNMENT OF THE RUSSIAN FEDERATION SHOULD IT ENACT LAWS WHICH WOULD DISCRIMINATE AGAINST MINORITY RELIGIOUS FAITHS

SEC. 567. None of the funds appropriated under this Act may be made available for the Government of the Russian Federation, after 180 days from the date of enactment of this Act, unless the President determines and certifies in writing to the Committees on Appropriations and the Committee on Foreign Relations of the Senate that the Government of the Russian Federation has implemented no statute, executive order, regulation or similar government action that would discriminate, or would have as its principal effect discrimination, against religious groups or religious communities in the Russian Federation in violation of accepted international agreements on human rights and religious freedoms to which the Russian Federation is a party.

GREENHOUSE GAS EMISSIONS

SEC. 568. (a) Funds made available in this Act to support programs or activities the primary purpose of which is promoting or assisting country participation in the Kyoto

Protocol to the Framework Convention on Climate Change (FCCC) shall only be made available subject to the regular notification procedures of the Committees on Appropriations.

(b) The President shall provide a detailed account of all Federal agency obligations and expenditures for climate change programs and activities, domestic and international obligations for such activities in fiscal year 2000, and any plan for programs thereafter related to the implementation or the furtherance of protocols pursuant to, or related to negotiations to amend the FCCC in conjunction with the President's submission of the Budget of the United States Government for Fiscal Year 2001: *Provided*, That such report shall include an accounting of expenditures by agency with each agency identifying climate change activities and associated costs by line item as presented in the President's Budget Appendix: *Provided further*, That such report shall identify with regard to the Agency for International Development, obligations and expenditures by country or central program and activity.

WITHHOLDING ASSISTANCE TO COUNTRIES VIOLATING UNITED NATIONS SANCTIONS AGAINST LIBYA

SEC. 569. (a) WITHHOLDING OF ASSISTANCE.—Except as provided in subsection (b), whenever the President determines and certifies to Congress that the government of any country is violating any sanction against Libya imposed pursuant to United Nations Security Council Resolution 731, 748, or 883, then not less than 5 percent of the funds allocated for the country under section 653(a) of the Foreign Assistance Act of 1961 out of appropriations in this Act shall be withheld from obligation or expenditure for that country.

(b) EXCEPTION.—The requirement to withhold funds under subsection (a) shall not apply to funds appropriated in this Act for allocation under section 653(a) of the Foreign Assistance Act of 1961 for development assistance or for humanitarian assistance.

(c) WAIVER.—Funds may be provided for a country without regard to subsection (a) if the President determines that to do so is in the national security interest of the United States.

AID TO THE GOVERNMENT OF THE DEMOCRATIC REPUBLIC OF CONGO

SEC. 570. (a) None of the funds appropriated by this Act may be provided for assistance for the central Government of the Democratic Republic of Congo until such time as the President reports in writing to the Congress that the central Government is—

(1) investigating and prosecuting those responsible for human rights violations committed in the Democratic Republic of Congo; and

(2) implementing a credible democratic transition program.

(b) This section shall not apply to assistance to promote democracy and the rule of law as part of a plan to implement a credible democratic transition program.

ASSISTANCE FOR THE MIDDLE EAST

SEC. 571. Of the funds appropriated by this Act under the headings "Economic Support Fund", "Foreign Military Financing Program", "International Military Education and Training", "Peacekeeping Operations", for refugees resettling in Israel under the heading "Migration and Refugee Assistance", and for assistance for Israel to carry out provisions of chapter 8 of part II of the Foreign Assistance Act of 1961 under the heading "Nonproliferation, Anti-Terrorism, Demining and Related Programs", not more than a total of $5,318,150,000 may be made available for Israel, Egypt, Jordan, Lebanon, the West Bank and Gaza, the Israel-Lebanon Monitoring Group, the Multinational Force and Observers, the Middle East Regional Democracy Fund, Middle East Regional Cooperation, and Middle East Multilateral Working Groups: *Provided*, That any funds that were appropriated under such headings in prior fiscal years and that were at the time of enactment of this Act obligated or allocated for other recipients may not during fiscal year 2000 be made available for activities that, if funded under this Act, would be required to count against this ceiling: *Provided further*, That funds may be made available notwithstanding the requirements of this section if the President determines and certifies to the Committees on Appropriations that it is important to the national security interest of the United States to do so and any such additional funds shall only be provided through the regular notification procedures of the Committees on Appropriations: *Provided further*, That notwithstanding the funding ceiling contained in this section, not to exceed a total of $100,000,000 may be made available for Jordan from funds appropriated in this Act under the headings "Economic Support Fund" and "Foreign Military Financing Program", in addition to funds otherwise available for Jordan under those or other headings that are subject to the funding ceiling contained in this section.

ENTERPRISE FUND RESTRICTIONS

SEC. 572. Prior to the distribution of any assets resulting from any liquidation, dissolution, or winding up of an Enterprise Fund, in whole or in part, the President shall submit to the Committees on Appropriations, in accordance with the regular notification procedures of the Committees on Appropriations, a plan for the distribution of the assets of the Enterprise Fund.

CAMBODIA

SEC. 573. (a) The Secretary of the Treasury should instruct the United States executive directors of the international financial institutions to use the voice and vote of the United States to oppose loans to the Government of Cambodia, except loans to support basic human needs.

(b) None of the funds appropriated by this Act may be made available for assistance for the Government of Cambodia: *Provided*, That this restriction shall not apply to humanitarian assistance, including assistance for basic education activities.

AUTHORIZATION FOR POPULATION PLANNING

SEC. 574. Not to exceed $385,000,000 of the funds appropriated in title II of this Act may be available for population planning activities or other population assistance.

FOREIGN MILITARY TRAINING REPORT

SEC. 575. (a) The Secretary of Defense and the Secretary of State shall jointly provide to the Congress by January 31, 2000, a report on all military training provided to foreign military personnel (excluding sales, and excluding training provided to the military personnel of countries belonging to the North Atlantic Treaty Organization) under programs administered by the Department of Defense and the Department of State during fiscal years 1999 and 2000, including those proposed for fiscal year 2000. This report shall include, for each such military training activity, the foreign policy justification and purpose for the training activity, the cost of the training activity, the number of foreign students trained and their units of operation, and the location of the training. In addition, this report shall also include, with respect to United States personnel, the operational benefits to United States forces derived from each such training activity and the United States military units involved in each such training activity. This report may include a classified annex if deemed necessary and appropriate.

(b) For purposes of this section a report to Congress shall be deemed to mean a report to the Appropriations and Foreign Relations Committees of the Senate and the Appropriations and International Relations Committees of the House of Representatives.

KOREAN PENINSULA ENERGY DEVELOPMENT ORGANIZATION

SEC. 576. (a) Of the funds made available under the heading "Nonproliferation, Antiterrorism, Demining and Related Programs", not to exceed $35,000,000 may be made available for the Korean Peninsula Energy Development Organization (hereafter referred to in this section as "KEDO"), notwithstanding any other provision of law, only for the administrative expenses and heavy fuel oil costs associated with the Agreed Framework.

(b) Of the funds made available for KEDO, up to $15,000,000 may be made available prior to June 1, 2000, if, thirty days prior to such obligation of funds, the President certifies and so reports to Congress that—

(1) the parties to the Agreed Framework have taken and continue to take demonstrable steps to implement the Joint Declaration on Denuclearization of the Korean Peninsula in which the Government of North Korea has committed not to test, manufacture, produce, receive, possess, store, deploy, or use nuclear weapons, and not to possess nuclear reprocessing or uranium enrichment facilities;

(2) the parties to the Agreed Framework have taken and continue to take demonstrable steps to pursue the North-South dialogue;

(3) North Korea is complying with all provisions of the Agreed Framework;

(4) North Korea has not diverted assistance provided by the United States for purposes for which it was not intended; and

(5) North Korea is not seeking to develop or acquire the capability to enrich uranium, or any additional capability to reprocess spent nuclear fuel.

(c) Of the funds made available for KEDO, up to $20,000,000 may be made available on or after June 1, 2000, if, thirty days prior to such obligation of funds, the President certifies and so reports to Congress that—

(1) the effort to can and safely store all spent fuel from North Korea's graphite-moderated nuclear reactors has been successfully concluded;

(2) North Korea is complying with its obligations under the agreement regarding access to suspect underground construction;

(3) North Korea has terminated its nuclear weapons program, including all efforts to acquire, develop, test, produce, or deploy such weapons; and

(4) the United States has made and is continuing to make significant progress on eliminating the North Korean ballistic missile threat, including further missile tests and its ballistic missile exports.

(d) The authorities of sections 451 and 614 of the Foreign Assistance Act of 1961, as amended, may not be used to authorize or provide assistance—

(1) to North Korea for purposes related to the Agreed Framework;

(2) to KEDO in excess of the amount made available under subsection (a); or

(3) that cannot be provided due to any funding ceiling, prohibition, restriction, or condition on release of funds that is contained in subsections (a), (b), or (c).

(e) The President may waive the certification requirements of subsections (b) and (c) if the President determines that it is vital to the national security interests of the United States and provides written policy justifications to the appropriate congressional committees prior to his exercise of such waiver. No funds may be obligated for KEDO until 30 days after submission to Congress of such waiver.

(f) The Secretary of State shall submit to the appropriate congressional committees a report (to be submitted with the annual presentation for appropriations) providing a full and detailed accounting of the fiscal year 2001 request for the United States contribution to KEDO, the expected operating budget of the KEDO, to include unpaid debt, proposed annual costs associated with heavy fuel oil purchases, and the amount of funds pledged by other donor nations and organizations to support KEDO activities on a per country basis, and other related activities.

AFRICAN DEVELOPMENT FOUNDATION

SEC. 577. Funds made available to grantees of the African Development Foundation may be invested pending expenditure for project purposes when authorized by the President of the Foundation: *Provided*, That interest earned shall be used only for the purposes for which the grant was made: *Provided further*, That this authority applies to interest earned both prior to and following enactment of this provision: *Provided further*, That notwithstanding section 505(a)(2) of the African Development Foundation Act, in exceptional circumstances the board of directors of the Foundation may waive the $250,000 limitation contained in that section with respect to a project: *Provided further*, That the Foundation shall provide a report to the Committees on Appropriations in advance of exercising such waiver authority.

PROHIBITION ON ASSISTANCE TO THE PALESTINIAN BROADCASTING CORPORATION

SEC. 578. None of the funds appropriated or otherwise made available by this Act may be used to provide equipment, technical support, consulting services, or any other form of assistance to the Palestinian Broadcasting Corporation.

NOTIFICATION ON THE USE OF OPERATING EXPENSES

SEC. 579. None of the funds appropriated under the heading "Operating Expenses of the Agency for International Development" may be made available to finance the construction (including architect and engineering services), purchase, or long-term lease of offices for use by the Agency for International Development, except as provided through the regular notification procedures of the Committees on Appropriations.

IRAQ OPPOSITION

SEC. 580. Notwithstanding any other provision of law, not to exceed $10,000,000 of the funds appropriated by this Act under the heading "Economic Support Fund" may be made available for political, economic, humanitarian, and associated support activities for Iraqi opposition groups designated under the Iraq Liberation Act (Public Law 105–338).

AGENCY FOR INTERNATIONAL DEVELOPMENT BUDGET SUBMISSION

SEC. 581. Beginning with the fiscal year 2001 Budget, the Agency for International Development shall submit to the Committees on Appropriations a detailed budget for each fiscal year. The Agency budget shall contain the estimated levels of obligations for the current fiscal year and actual levels for the two previous years, and the President's request for new budget authority and estimate of carryover obligational authority for the budget year. Budget data shall be disaggregated by program and activity for each bureau, field mission, and central office. Staff levels shall be provided and identified by program. The Agency shall submit to the Committees on Appropriations a proposed budget format no later than October 31, 1999, or 30 days after the enactment of this act, whichever occurs later.

SENSE OF CONGRESS CONCERNING THE MURDER OF FOUR AMERICAN CHURCHWOMEN IN EL SALVADOR

SEC. 582. (a) FINDINGS.—Congress makes the following findings.

(1) The December 2, 1980 brutal assault and murder of four American churchwomen by members of the Salvadoran National Guard was covered up and never fully investigated.

(2) On July 22 and July 23, 1998, Salvadoran authorities granted three of the National Guardsmen convicted of the crimes early release from prison.

(3) The United Nations Truth Commission for El Salvador determined in 1993 that there was sufficient evidence that the Guardsmen were acting on orders from their superiors.

(4) In March 1998, four of the convicted Guardsmen confessed that they acted after receiving orders from their superiors.

(5) Recently declassified documents from the State Department show that United States Government officials were aware of information suggesting the involvement of superior officers in the murders.

(6) United States officials granted permanent residence to a former Salvadoran military official involved in the cover-up of the murders, enabling him to remain in Florida.

(7) Despite the fact that the murders occurred over 17 years ago, the families of the four victims continue to seek the disclosure of information relevant to the murders.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) information relevant to the murders should be made public to the fullest extent possible;

(2) the Secretary of State and the Department of State are to be commended for fully releasing information regarding the murders to the victims' families and to the American public, in prompt response to congressional requests;

(3) the President should order all other Federal agencies and departments that possess relevant information to make every effort to declassify and release to the victims' families relevant information as expeditiously as possible;

(4) in making determinations concerning the declassification and release of relevant information, the Federal agencies and departments should presume in favor of releasing, rather than of withholding, such information; and

(5) the President should direct the Attorney General to review the circumstances under which individuals involved in either the murders or the cover-up of the murders obtained residence in the United States, and the Attorney General should submit a report to the Congress on the results of such review not later than January 1, 2000.

KYOTO PROTOCOL

SEC. 583. None of the funds appropriated by this Act shall be used to propose or issue rules, regulations, decrees, or orders for the purpose of implementation, or in preparation for implementation, of the Kyoto Protocol, which was adopted on December 11, 1997, in Kyoto, Japan, at the Third Conference of the Parties to the United States Framework Convention on Climate Change, which has not been submitted to the Senate for advice and consent to ratification pursuant to article II, section 2, clause 2, of the United States Constitution, and which has not entered into force pursuant to article 25 of the Protocol.

CONTRIBUTIONS TO UNITED NATIONS POPULATION FUND

SEC. 584. (1) LIMITATIONS ON AMOUNT OF CONTRIBUTION.—Of the amounts made available under "International Organizations and Programs", not more than $25,000,000 for fiscal year 2000 shall be available for the United Nations Population Fund (hereinafter in this subsection referred to as the "UNFPA").

(2) PROHIBITION ON USE OF FUNDS IN CHINA.—None of the funds made available under "International Organizations and Programs" may be made available for the UNFPA for a country program in the People's Republic of China.

(3) CONDITIONS ON AVAILABILITY OF FUNDS.—Amounts made available under "International Organizations and Programs" for fiscal year 2000 for the UNFPA may not be made available to UNFPA unless—

(A) the UNFPA maintains amounts made available to the UNFPA under this section in an account separate from other accounts of the UNFPA;

(B) the UNFPA does not commingle amounts made available to the UNFPA under this section with other sums; and

(C) the UNFPA does not fund abortions.

(4) REPORT TO CONGRESS AND WITHHOLDING OF FUNDS.—

(A) Not later than February 15, 2000, the Secretary of State shall submit a report to the appropriate congressional committees indicating the amount of funds that the United Nations Population Fund is budgeting for the year in which the report is submitted for a country program in the People's Republic of China.

(B) If a report under subparagraph (A) indicates that the United Nations Population Fund plans to spend funds for a country program in the People's Republic of China in the year covered by the report, then the amount of such funds that the UNFPA plans to spend in the People's Republic of China shall be deducted from the funds made available to the UNFPA after March 1 for obligation for the remainder of the fiscal year in which the report is submitted.

This Act may be cited as the "Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2000".

AMENDMENT NO. 1 OFFERED BY MR. MOAKLEY

Mr. MOAKLEY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 offered by Mr. MOAKLEY:

At the end of the bill, insert after the last section (preceding the short title) the following:

LIMITATION ON ASSISTANCE FOR SCHOOL OF THE AMERICAS

SEC. . None of the funds appropriated or otherwise made available by this Act may be used for programs at the United States Army School of the Americas located at Fort Benning, Georgia.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent that the amendment be limited to 1 hour of debate divided equally between a proponent and opponent of the amendment.

The CHAIRMAN. Does the gentleman include "and all amendments thereto"?

Mr. CALLAHAN. Yes, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Ms. PELOSI. Reserving the right to object, Mr. Chairman, I just sought recognition to concur with the gentleman's request with the approval of the maker of the amendment, the gentleman from Massachusetts (Mr. MOAKLEY).

Mr. MOAKLEY. I approve.

Ms. PELOSI. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. The gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 30 minutes.

Mr. MOAKLEY. Mr. Chairman, I yield myself such time as I may consume.

I thank the gentleman from Alabama for allowing this time allotment.

Mr. Chairman, I am sure that many people are very surprised to see me fighting to close the School of Americas, but 10 years ago I got to know people from another part of the world, people who have such a love for family, such a passion for life, and despite their many, many hardships, that I still cannot forget them, though my work in that country is through.

On November 16, 1989, at the University of Central America in El Salvador six Jesuit priests, their housekeeper and their 15 year-old daughter were pulled from their beds, forced to lie on the ground, and executed in cold blood. At that time, Mr. Chairman, El Salvador was in the midst of a horrible civil war. The United States had sided with the Salvadoran government, and we had sent the Salvadoran military a total of $6 billion.

Those murders, murders of men of God and innocent women, shocked the entire world, and Congress wanted to know exactly what was going on in El Salvador. Speaker Foley called for a Congressional investigation and asked me to head it up. My top staff personnel, a Congressman, JIM MCGOVERN, and I traveled to El Salvador to investigate these murders. For 2 years we held meetings, conducted interviews, dug around. We learned that the Salvadoran soldiers not only committed the massacre but also were ordered to do so by the people at the highest levels of their military command who then engaged in a massive cover-up reaching the highest levels of Salvadoran government, the very same Salvadoran government, Mr. Chairman, to whom we were sending billions and billions of dollars.

After the Moakley Commission report was made public, we eventually cut off all military aid to El Salvador. Soon afterwards, that civil war ended.

But, Mr. Chairman, today, 10 years later, our work towards human rights in Central America has not ended. In addition to learning who committed the Jesuit murders, we learned that 19 of those 26 implicated in those murders were graduates of the School of Americas. Let me repeat, Mr. Chairman. Nineteen of those 26 implicated in the Jesuit murders were graduates of the School of Americas.

The School of Americas is a United States Army school run in Fort Benning, Georgia, that trains approximately 2,000 Latin American soldiers every year. The classes they teach include combat skills, commando tactics, military intelligence, and torture techniques, and this education comes at a very high price. The School of Americas costs the United States taxpayers $20 million every year, and that is what we are trying to stop here tonight, Mr. Chairman.

My colleagues and I are offering an amendment which will stop any money in the bill from being used to support the School of Americas. We are standing today and saying enough is enough; it is time to close down the school once and for all. Because, Mr. Chairman, its graduates were not only involved in the Jesuit murders, the School of Americas graduates raped and killed four American church women.

They assassinated Archbishop Romero while offering mass. The School of Americas graduates massacred 900 innocent civilians in El Mozote. And School of Americas graduates were implicated in the Trujillo chain-saw massacres, in which at least 107 villagers were tortured and murdered. Manuel Noriega, the infamous Panamanian dictator, is a graduate of the School of Americas as were one-third of General Pinochet's officials. Mr. Chairman, just 2 months ago, General Rito Del Rio was expelled from the Columbian military because his human rights violations were so horrible. He also is a graduate of the School of the Americas.

Mr. Chairman, the list goes on and on and on. Put simply, the School of Americas has trained some of the most brutal assassins, some of the cruelest dictators, some of the worst abusers of human rights that the western hemisphere has seen, and I think it is time for the United States of America to admit its mistakes and remove this horrible blemish from our military establishment because if we do not stand for human rights in Georgia, how can we possibly expect to promote them anywhere else in the world?

This spring, President Clinton was forced to apologize for our involvement in the civil war in Guatemala that left 200,000 civilians dead. How many more times will our President have to apologize to the people of Central America before we close the school?

Some people say the school is changed. They say it trains people in drug interdiction. In fact, 8 percent of the students that even attend the anti-drug courses, a dozen of those who did in the past have been also tied to drug trafficking.

Mr. Chairman, the fact remains every day this school is open, every day it trains people in torture techniques and commando tactics is a day too many.

Human rights are the foundation on which our country was created. We shed blood over those principles. We fought wars and sacrificed lives to protect them. Why would we want to export anything less to the rest of the world?

I urge my colleagues to take a stand for those without a voice, take a stand for human rights, take a stand for human decency, and shut down that School of Americas. Our Founding Fathers would expect nothing else.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Alabama (Mr. CALLAHAN) is recognized for 30 minutes in opposition to the amendment offered by the gentleman from Massachusetts (Mr. MOAKLEY).

Mr. CALLAHAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, for the past 4 years on every occasion that this bill has come to the floor since I have been chairman of the Subcommittee on Foreign Operations, Export Financing and Related Programs we have had this debate, and every year the proponents of the amendment such as the gentleman from Massachusetts (Mr. MOAKLEY), a man that I greatly admire from Massachusetts, brings out the same stale points about the facts and the rationale and the reasons for closing down the School of Americas, and certainly the motives with which he brings this amendment are good motives. None of us support the atrocities that were committed by the members of certain Latin American countries during times of war. Some of those people indeed did go and did attend and did graduate from the School of Americas, but we cannot condemn the School of Americas forever for something that happened 15 or 20 years ago.

This does not mean that if we do not agree with the gentleman from Massachusetts (Mr. MOAKLEY) that his motive is not noble. It simply means that the school has cleaned up its act.

I have sent our staff members of our committee about four times to make absolutely certain that the School of Americas does not teach, does not encourage terrorism or the violation of human rights in any manner, and I have promised to those people who are opposed to the School of Americas: "If you will bring me one iota that indicates that the curriculum at the School of Americas is doing anything to the contrary, that I myself will close them down because I will not include funding in my bill if indeed they are." But, Mr. Chairman, they are not. Those are the real facts.

The only thing that we hear year after year is the atrocities that were committed decades ago by graduates of that school. The unibomber went to Harvard. Do we say we ought to close Harvard down because the unibomber committed all the atrocities? No. We only say this each and every year about the School of Americas.

Mr. Chairman, the chairman of the Joint Chiefs of Staff and the Secretary of Defense has contacted us as late as today, pleading with us, telling us that this is indeed crucial to our own national security because this is the only school where we can bring these new military leaders and military people to the United States and talk to them in Spanish, a language they can comprehend, a language that they will be able to then go back and to express their concerns for human rights.

So this issue is decades old, there is no change in the debate. Each year the Congress has rejected this amendment, to close down the school, and I would urge the Members of Congress to take heed to what the Secretary of Defense tells us, that what every chairman of every area of our military has communicated with us: Please do not take away this instrument of peace that we have in establishing an ability to bring these people to the United States and to teach them about democracy, to teach them about human rights.

This bill only includes $2 million, a very small amount of money for the amount of debate that has taken place on this for the last several years. I would urge my colleagues to listen to the military experts, to the professionals who have to run our military, who will have to send our military to Central America or to South America in the event of any uprising, and we need this cooperative working relationship with these people, and we need, indeed, to instruct them in human rights and as well as the military, and that was that we instruct them.

Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. GILMAN), chairman of the Committee on International Relations.

Mr. GILMAN. Mr. Chairman, I am pleased to join our chairman, the gentleman from Alabama (Mr. CALLAHAN) in rising in opposition to the amendment by the gentleman from Massachusetts (Mr. MOAKLEY). It is in our national interest to see that the militaries of Central and South American countries play a positive role in that region's fragile democratic societies. Our Army School of the Americas serves our national interest and deserves our support, not our scorn.

I do not believe that anyone intends to suggest that our good men and women in the uniform are deliberately training people to commit human rights abuses. Accordingly, I have encouraged dialogue between the school and its critics.

Donnie Marshall, the acting administrator for the DEA, recently noted that, and I quote: The School of the Americas plays an important role in supporting our efforts to stop the flow of illegal drugs into the United States, close quote. General Serrano, the highly respected Director General of the Columbian National Police last year informed our Committee on International Relations, and I quote: The School of the Americas trains our reaction forces in fighting narcotics trafficking with excellent result, and I am a witness to the fact that it is a very valuable instrument for training our men to carry out the antinarcotics fight, close quote.

I have sent my staff delegation to the School of the Americas twice in the past year to fully examine the school's operations; and in response to Congressional oversight, the School of the Americas has made a real effort to strengthen its curriculum. The school's commandant, Colonel Glenn Weidner, reports that, and I quote: Every student in every one of the 55 courses taught by this school receives between 8 and 40 hours of formal human rights instruction depending on course length.

□ 2115

"Classroom instruction is followed up with practical application in field and map-based exercises throughout each course. No other Department of Defense school provides as much human rights training to foreign or U.S. students."

Prudent restrictions have been implemented at the school to make sure the students are screened for actual and alleged human rights violations.

Just as we do not close down our police academies when any one of our cops turns bad, neither should we throw away one of the important constructive tools we have for influencing Latin America's militaries for the good.

Accordingly, let us not throw out the whole barrel of apples because of a few bad apples. I urge my colleagues to oppose the Moakley amendment.

Mr. MOAKLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Florida (Mr. Scarborough), the coauthor of the amendment.

Mr. SCARBOROUGH. Mr. Chairman, I thank the gentleman from Massachusetts for yielding me this time.

Let me say, hearing the words of the gentleman from Alabama and also the gentleman from New York, I certainly respect their beliefs on human rights, their beliefs to fight for human rights. I just know that on this issue, reasonable minds can differ, and they do. I differ with my good friend from Massachusetts on several issues. But human rights, as far as I am concerned, really does not have any ideological barriers. Whether we are talking about Sudan, whether we are talking about China, or whether we are talking about Central America, I think we have to fight for human rights.

Mr. Chairman, I even, I am sure, would disagree violently on what happened in the 1980s. I believe what happened in the 1980s was Ronald Reagan's fight for freedom in Central America. But at the same time, the Cold War is over. Soviet intervention in Central America has ended. In fact, the Soviet Union has ended. Now is the time we can all fight and join together for freedom, to bring freedom to Central America.

While the Cold War may be over, the School of the Americas' abuses are not. The United Nations Commission reports that the School of the Americas grads are continuing to assassinate, continuing to murder. In fact, it continued in 1998. The United States State Department reports that murders and torture by SOA grads continue. In fact, in May of 1998, the Colombian Army formally disbanded the 20 Brigade for its involvement in human rights abuses, including targeted killings of civilians. The commander of the brigade at the time was yet another SOA graduate.

As the New York Times wrote, "An institution so clearly out of tune with American values should be shut down without delay."

As I said before, whether we are talking about human rights abuses in China or in Central America, or in Sudan or Saudi Arabia, America must, once again, become what Ronald Reagan called a city shining brightly on a hill for all the world to see. Shining for freedom and shining for the exportation of American principles, and not what the School of the Americas has stood for, for the past 20 years.

So I thank the gentleman from Massachusetts again for bringing up this amendment, as the gentleman from Rhode Island (Mr. KENNEDY) has done the past several years, and I am pleased once again to support it. I think now is the year we should all band together and defund the School of the Americas.

Mr. CALLAHAN. Mr. Chairman, I yield 6 minutes to the gentleman from Georgia (Mr. BISHOP) who, incidentally, was born in Mobile, Alabama, my hometown. My hometown has a college named after his distinguished father, S.D. Bishop, Bishop State Community College in Mobile.

Mr. BISHOP. Mr. Chairman, the exercise we are engaged in this evening is shameful. It is shameful because the horrendous accusations that have been brought against the Army's School of the Americas and, more specifically, against the civilian and military men and women who have taught there, have been proven to be false. There is no reasonable question about this. None at all.

The accusations about teaching murder and torture and participating in a prolonged conspiracy to commit atrocities and destroy democracy are based on pure propaganda and not on the facts. Anyone who bothers to look at the record can come to no other conclusion.

During this decade, there have been 12 investigations of the school. Mr. Chairman, 12, more than 1 a year. These investigations probed the school's curriculum, the texts it uses; questioned many hundreds of graduates and faculty members, past and present; examined the human rights abuses involving some of the school's graduates; and made a real determination about how many graduates have gone bad and how many have been involved in the emergence of democracy in Latin America.

All came to the same conclusion: these charges are false. In fact, the school is doing just the opposite. It is promoting human rights and democratic principles, helping fight the war against drugs, and effectively serving as an instrument of pro-democratic U.S. foreign policy in our own hemisphere.

One of these investigations, Mr. Chairman, was conducted by the General Accounting Office at the direction of our former colleague from California, Ron Dellums. The GAO dug long and hard and eventually recommended improvements that have, in fact, been implemented. But according to the GAO, there is no question that the charges were unfounded. When Ron Dellums asked the GAO to dig some more, the agency did so and reconfirmed its findings.

Do those who continue to make these charges really think that the GAO is a part of a cover-up?

Overseeing the school is a distinguished Board of Visitors that includes noted human rights figures like Mr. Steve Schneebaum. Do we really think they too are involved in a cover-up?

The fact is that those who persist in accusing the school of promoting criminal and evil conduct are turning their backs on the facts. Unfortunately, the leaders of the School of the Americas Watch do not care about the truth. They decided long ago to place the blame for the horrible atrocities that have taken place in Latin America on the United States, and the School of the Americas has served as a convenient propaganda target and whipping boy.

But it is our job, yours and mine, to act on the truth, not on the misinformation that continues to deluge us.

We have heard statements implying that the overwhelming majority of the school's 60,000 graduates have been guilty of abuses. A few may have been, but what the record actually shows is that the overwhelming majority have not been involved in human rights abuses and have instead supported democracy. The school's proponents never mention the graduates, who played prominent roles in preventing a military takeover during the recent presidential impeachment in Paraguay, or the graduates who helped prevent a coup during a constitutional crisis in Ecuador not long ago, or those who served on the delegations that resolved a border dispute that almost ignited a devastating war between Peru and Equador, or thousands of others who have been on the front lines of democracy in Latin America.

Opponents claim students really do not get human rights training, which is not true. Every student receives extensive human rights instruction. They claim students do not get antidrug training. This is also wrong.

One "Dear Colleague" claimed that the Guatemalan Truth Commission found the school accountable for human rights violations that occurred during a conflict that cost many lives. In fact, the Commission's report made no such claim. This, too, is just wrong.

My plea is simply this: cast your vote on the basis of information that has been documented and substantiated, and not on charges that have been proven false.

Mr. Chairman, the School of the Americas provides the most advanced military human rights training in the world. For a relatively small investment, it makes a real contribution in reducing the flow of illicit drugs into our country. As an instrument of foreign policy, every administration, Republican and Democratic alike, has testified that the school plays a vitally important and effective role.

I ask my colleagues to support the truth. Vote against this amendment by our distinguished colleague from Massachusetts, and continue the modest funding for a program that, in fact, is advancing the cause of human rights and representative democracy in our area of the world. Base your decision not on innuendo, but on fact. I ask my colleagues to kill this amendment and support democracy here in the Western Hemisphere.

Mr. MOAKLEY. Mr. Chairman, I yield myself such time as I may consume.

If the gentleman at the microphone claims that this is a propaganda thing, then it really fooled a lot of people when those 19 soldiers killed those six Jesuits; when the two out of three soldiers were cited for the assassination of El Salvador's Archbishop Oscar Romero; when the 10 of the 12 were cited for the El Mozote, El Salvador massacre of 900 villagers. That was a great propaganda scheme. A lot of people were fooled by it. The El Salvador death squad leader, Roberto D'Aubuisson. These were great propagandas. These are all truth; they are all substantiated from the Truth Mission of the U.N.

Mr. Chairman, I yield 3 minutes to the gentleman from Georgia (Mr. LEWIS).

Mr. LEWIS of Georgia. Mr. Chairman, I want to thank my friend and my colleague, the gentleman from Massachusetts (Mr. MOAKLEY), for his leadership and his vision on this issue. Mr. Chairman, it is very difficult for me to come here tonight and to differ with my friend, my colleague and my brother from Georgia (Mr. BISHOP), but I must.

Mr. Chairman, it is time to close the doors of the United States Army School of the Americas at Fort Benning. The school has not served as a bridge between the United States and our Latin American neighbors. It has been a barrier to bringing peace and democracy to the region. Too many of the school's graduates have committed human rights abuses and unspeakable acts of violence against their own people.

For too long, the United States aided and abetted Latin America dictatorships that repressed human rights and even murdered their own citizens. As a Nation, we made a mistake, and we should admit it. We made a mistake. The President of the United States went to Latin America and said, we made a mistake. I apologize. We made a mistake.

Today, we have an opportunity, we have the capacity, we have the ability to right that wrong. We can be sure, and we must close the School of the Americas.

As we enter the new millennium, we deserve better than the School of the Americas. We deserve an institution that promotes our fundamental belief of democracy, peace, and human rights. The School of the Americas diminishes each and every one of these values. It diminishes us all. We should teach people the value of peace and democracy, not of war and dictatorship. Closing the School of the Americas is the right thing to do. It is good for democracy. It is good for the cause of peace.

Mr. Chairman, it is time to close the School of the Americas. It is the right thing to do. Let us do it.

□ 2130

Mr. CALLAHAN. Mr. Chairman, I yield 3 minutes to the gentleman from Indiana (Mr. SOUDER).

Mr. SOUDER. First, Mr. Chairman, let me say that we hear a lot of passionate speeches, but I think they are almost like on a different subject.

The fact is that we have brought democracy and freedom to most of Latin America when it used to be a sea of totalitarian dictatorships. Some still have further to move, but part of it is because we have tried to reform their military, to understand the principles of George Washington stepping aside; that the militaries are not supposed to usurp and dominate the political powers of their countries.

To some degree, we are refighting the eighties that are over. Furthermore, as I have been at Fort Benning, as well as visiting in Peru and Bolivia and Colombia and Mexico, and with many people who have gone through this program four times in the last 4 years, they have learned that you cannot just go in and shoot down people who disagree, you have to try to reach them. Where did they learn that? From us.

The Clinton administration in the last few years, I will grant, has been more aggressive in teaching human rights, or criticizing their own administration as they have tried to broaden out.

As to this argument about the Jesuits, quite frankly, that was a terrible tragedy. We should never have been any part of anything to do with it. But let us make something clear, the United States government did not do that and did not authorize that. I feel terrible for the people Ted Bundy killed, but I do not blame the University of Washington, where he went.

I do not blame the Unabomber for having attended the University of Michigan. I do not blame the Trinity College, Cambridge University, for Kim Philby, Donald McLean, Burgess and Blunt, all traitors. I do not blame Bronx Community College for the Son of Sam. I do not blame Ohio State University for Jeffrey Dahmer.

Just because they went to universities and might have even learned skills that quite frankly helped them do their terrible crimes, writing, communicating, and so on, does not mean that the purpose of those universities was to teach them the things that they did wrong.

It is insulting to this government, because the whole case that all this spins around is one document that supposedly was used in one classroom that somebody brought in that was in Spanish, and when we found it, we took it out, and do not even know that it was used in the classroom.

The second part of the case are people who committed crimes, and they have attended the school. We have tried to work with the school to do better tracking, to do better screening. That is what we need to be addressing.

Ironically, this is one of the only ways, through the Spanish language, to reach the lower educated and low-income parts of their military in their country. We do training, but we do training in other bases of officers. We do not reach out to the masses who are in fact in debatable practices, sometimes, in non-narcotics areas. But basically, we are teaching them that they have to do it better and follow procedures. We are not teaching them to violate human rights. I find it insulting.

One last comment is that I think that this is arguably the centerpiece of our antidrug war in the world, because we cannot patrol the entire world. What we can do is teach people how to do a better job following the principles of democracy and human rights, the limitations of the military around the world.

While I have skepticism about our government, I think it is demeaning to this President and the Vice President, the people in our Armed Forces, to think that they are actually training people for the deliberate purpose of killing others, outside the normal procedures of war.

Mr. MOAKLEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I wish the gentleman was with me when I saw the brains of Jesuits being scraped off the wall as a result of being killed by some of the graduates of the School of the Americas, if he thinks this is propaganda.

Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts (Mr. McGOVERN), who at the time was my chief investigator in El Salvador when we discovered who the killers were of those Jesuits.

Mr. McGOVERN. Mr. Chairman, I rise in strong support of the Moakley-Scarborough amendment to shut down the School of the Americas. Nearly a decade ago I had the privilege of working for the dean of the Massachusetts delegation, the gentleman from Massachusetts (Mr. MOAKLEY), in investigating the murders of 6 Jesuits priests, their housekeeper, and her teenaged daughter at the University of Central America in El Salvador.

I knew four of these priests. I worked with them on human rights issues during the long war in El Salvador. I knew their work in support of the poor, in education, in support of negotiating an end to the war. I joked with them. Believe it or not, I even sang songs with them. I ate at their table. I saw them receive honors and awards for their work on behalf of peace and human rights.

Like the rest of America, I woke up on November 16, 1989, to photos and news footage of their blood-splattered bullet-ridden bodies lying on the ground outside their home, dead, murdered, forced out of their beds in the middle of the night, forced to the ground with high-powered U.S. rifles put to their heads, their brains blown out across the yard.

Mr. Chairman, these images haunt me. They should haunt all of us. They should certainly haunt the U.S. Army School of the Americas, because when the facts of this came out, 19 of the 26 soldiers who murdered these men and women were graduates of the School of the Americas.

In the past 10 years, not once, not once, Mr. Chairman, have I heard anyone from the School of the Americas, the U.S. Army, or the Pentagon express any regret or concern about any possible role they might have played in relation to these murders, not on the record or off the record, not in private, nothing. All we ever hear from the School of the Americas and the Secretary of the Army and everyone else in the military establishment are rationalizations about a few bad apples. How many bad apples does it take before we shut this school down?

It is not just El Salvador or Guatemala in the past, it is today. It is today in Colombia, it is today in Peru, it is today in Bolivia. Every single time the United Nations or human rights groups analyze which military officers are the major human rights abusers, they find the overwhelming majority have been trained by the U.S. Army School of the Americas.

Let me be clear, these are not reports by the Pentagon or the school, these reports are generally made by human rights advocates, who place themselves in great danger in order to determine who among their militaries are responsible for ordering and carrying out atrocities against the civilian population.

In fact, the School of the Americas has never attempted to track the actions of its graduates. In fact, it has refused to carry out an independent review of its graduates. It simply does not want to know.

I do not know when each of my colleagues last traveled to Central America, but I urge them to go and talk to the people in the churches, to religious workers, to human rights workers, to labor leaders, and to just average folks. Ask them about the School of the Americas. Almost without exception, they will point out that the school is part of the problem with U.S. policy.

Do not ask government officials beholden to U.S. aid, do not ask the Latin American generals, do not ask the Pentagon. Of course they support the school. They have to. It is their job, or their junket. Ask the people of Latin America. Go to the villages that have suffered military oppression.

This school is a blemish on the image of the United States among the people of Latin America. There are better ways to train members of the Latin American military. There are better ways to build relationships. Every year the United States carries out training programs and leadership development throughout Latin America that involve tens of thousands of Latin American military officers and enlisted personnel. We do not need the School of the Americas to do the training. There are other ways, better ways. A couple of small buildings on the huge base of Fort Benning could be put to better use and for other purposes.

Nothing can bring back my friends from the dead, but I have walked on the ground where they died, and I refuse to vote for a single penny more of taxpayer dollars for the school that trained their killers and that continues to train military officers who harm and kill innocent people in Latin America.

This is a vote of values. This is a vote of conscience. This is the time to shut down the School of the Americas. The time is now. I urge my colleagues to vote for the Moakley-Scarborough amendment. It is the right thing to do.

Mr. CALLAHAN. Mr. Chairman, I yield 4 minutes to the gentleman from Nebraska (Mr. BEREUTER).

Mr. BEREUTER. Mr. Chairman, I rise in strong opposition to the amendment offered by the distinguished gentleman from Massachusetts (Mr. MOAKLEY) to close the U.S. Army School of the Americas.

The gentleman from Georgia (Mr. BISHOP) is right, this is pure propaganda. Never has there been such a misguided, concerted propaganda effort against an organ of the United States government.

What bothers me, what saddens me, is the emotion, obviously deep emotion, because of the atrocities that affected the Maryknoll nuns, the Jesuit priests, the Archbishop Romero. This emotion would cause us to do irrational things.

It is time to leave behind this debate. I would say to my colleague, the gentleman from Massachusetts (Mr. MCGOVERN), the gentleman who just spoke, nothing will bring back the gentleman's friends. Those people were killed by men who did not receive their training to kill at the School of the Americas. He is on a mission from the 1980s. That mission today is misguided.

Mr. Chairman, as many of my colleagues are aware, there is this concerted effort to discredit the U.S. Army School of the Americas, the persistent use of outdated arguments of what the members consider to be a misreading of the record of outstanding service of nearly all of the school's graduates.

The School of the Americas, of course, is a key foreign policy tool for the United States in Latin America and the Caribbean. It helps to shape the region's leadership and environment in ways that are favorable to American interests. The school is also an integral part of the U.S. Southern Command's engagement strategy for the region.

At the end of the Cold War the attendant shift in U.S. national security strategy from containment to engagement and enlargement, and the emergence of new challenges to U.S. security interests, clearly has transformed many of America's institutions. Like most military institutions, the U.S. School of the Americas has undergone substantial changes.

I would say to my colleague, the gentleman from Georgia, this organization is not a mistake. It leads for democracy, not against it. It has emerged over the Cold War period with a revitalized and strengthened mission that promotes democracy, civilian control of the military, and respect for human rights. The change in mission has driven a corrresponding shift in the school's curriculum.

Today the School of the Americas emphasizes drug interdiction and eradication, humanitarian assistance and demining operations, civil-military relations, ethical, legal, and operational perspectives pertaining to human rights, democratic issues sustainment, and the conduct of peacekeeping and broader operations. With that as the kind of curriculum, it is no wonder that the officers and men involved in the School of the Americas, members of the United States Army, are insulted when they are charged with leading to the kind of abuses that are suggested as coming from their graduates.

Opponents of the school have indicted it is responsible for or complicit in many of the human rights abuses committed in Latin American countries. The facts are that in the School of the Americas 53-year tenure, during which it has graduated over 60,000 students, a small fraction of 1 percent of those students have ever been linked to human rights violations.

The lessons of the school did not take for these people, but probably nothing would have changed those evil and illegal inclinations.

Do all the graduates of our leading religious universities and colleges lead exemplary lives when they graduate? Of course they do not. The students of the School of the Americas committed violence in spite of, not because of what they learned at the School of the Americas.

Recent retired military officers trained at the school have included ten Latin American heads of State, 37 cabinet members, and over 100 chiefs of the Armed Forces and Chiefs of Staff of the services. General Jaime Guzman, a graduate, the minister of defense of El Salvador, has made heroic strides toward the elimination of human rights abuses by that Nation's military forces, a force that during the 1980s numbered abuses in the range of 2,000 per month.

Ironically, a direct benefit of the scrutiny of the school, including the scrutiny of the gentleman from Massachusetts, and I commend him for it, has resulted in very positive changes.

I oppose the gentleman's amendment. I ask my colleagues to do likewise.

Mr. MOAKLEY. Mr. Chairman, I yield 3 minutes to the gentlewoman from California (Ms. LEE).

Ms. LEE. Mr. Chairman, I rise in strong support of the Moakley amendment to prohibit the continued funding of the United States Army School of the Americas. I thank the gentleman from Massachusetts (Mr. MOAKLEY) for his courageous leadership.

This is not pure propaganda. Those of us who defend human rights in the world know that the School of the Americas' training has been strongly connected to a deplorable amount of atrocities in the world. Sixty percent of the military officers cited for human rights violations in El Salvador by the 1992 report of the United National Truth Commission are School of the Americas graduates. In Columbia, 50 percent of the 247 military officers cited for abuses in a definitive 1998 publication are School of the Americas graduates.

What have these graduates been taught? They have learned the most sophisticated ways to commit torture, excessive abuses, and kidnaps in the middle of the night. Some of these graduates have been connected to the El Mozote massacre of 800 civilians, and the rape, torture, and murder of four American churchwomen.

Furthermore, the School of the Americas has been connected to the murder of six Jesuits priests and two women, and even to the assassinations of Archbishop Oscar Romero, a man who dedicated his life to peace.

How much longer will we continue to fund an institution whose teachings have been connected to so many needless deaths and sources of pain for so many people? Some of the defenders of School of the Americas say that it is a center for counternarcotics training, but do not allow them to cloak this school in a feel-good explanation. Its graduates have been implicated time and time and time again in drug-related crimes in Peru, Columbia, Venezuela, Bolivia, and Guatemala.

Also, we must ask ourselves, what is the moral guiding principle for allowing the School of the Americas to remain open? The same supporters will state that the manuals of torture are a thing of the past and the curriculum has been reformed. However, they have not reformed enough. Only 10 percent of the School of the Americas students take part or attend classes in this new curriculum.

The Universal Declaration of Human Rights proclaims a common standard of achievement for all peoples in all nations to the end that every individual and every organ of society keeping this declaration in mind shall strive by teaching and educating to promote these rights and freedoms.

☐ 2145

The document also vows to, if it is essential, that human rights should be protected by the state of the law. Surely we can discern that forced imprisonment, extortion, rape, torture, and murder are not a protection of human rights, but rather a gross violation. We have a collective promise to protect human rights. To allow continued funding is not meeting that promise. Let us take that first step by voting for the Moakley amendment.

Mr. CALLAHAN. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Chairman, I respect my Democratic colleagues who, for years, have expressed their concerns about the Army School of the Americas. Perhaps, and perhaps surely because of them, we have a better school today, and I respect that.

But I would suggest that many Democrats will join with our Republican colleagues tonight in support of the belief that the School of the Americas furthers, not hurts, democracy and human rights in South America.

Let me mention the statement of one Democrat to that effect. "I am proud of the prominent role that the school now plays through its emphasis on the values of human rights and civilian control of military." "The School of the Americas and the emphasis its curriculum gives human rights are an important part of our efforts to strengthen democratic institutions throughout Latin America."

That was a statement made on March 24 of this year by President Bill Clinton.

What are the facts? Sixty thousand graduates of the school and a small percentage have been guilty of human rights abuses. Should we shut such a school? I would suggest not. Because if we were being fair and applied that same logic to American universities and colleges from Harvard to Stanford to the University of Texas, we would have to close every major university in the United States.

Mr. Chairman, that is the problem we have and I have with our relations with our friends, our Latinos to the south of the United States. The reason they see us as big brother, and a condescending one at that, is because we apply one standard to ourselves and a different, higher standard to them. I do not think it is fair, and neither do they.

The reality is the fact that democracy has grown, not shrunk, in Latin America over the last decade. I believe, President Clinton believes, many other Democrats and the Republicans believe the School of the Americas has played a constructive role in that progress.

I personally have a hard time thinking that courses such as humanitarian mine removal, counterdrug operations, democratic sustainment, and human rights, train the trainer programs have been the cause of human rights abuses in Latin America.

I oppose the Moakley amendment, in all due respect.

Mr. MOAKLEY. Mr. Chairman, I yield 3 minutes to the gentleman from Massachusetts (Mr. MEEHAN).

Mr. MEEHAN. Mr. Chairman, I rise tonight in support of the Moakley amendment to prohibit funding for the School of the Americas.

No one has come to this floor to say that every graduate of the School of the Americas has been a murderer or has committed murders. But no one can deny, if the School of the Americas had a class reunion this weekend, it would be a gathering of some of the most unsavory thugs in the history of the Western Hemisphere.

Mr. Chairman, the Cold War is long over. The primary objective of the United States foreign policies have changed as a result. Our focus in Latin America has shifted from combatting Communist insurgencies to supporting promising developments in democratic and civilian rule, and encouraging respect for human rights.

We must adjust our policies accordingly to reflect this transition.

Although the administrators of the School of the Americas claim that their curriculum has been modified to satisfy our new policy objectives, their arguments fail to convince me.

Administrators are quick to point out that they have added courses solely devoted to teaching human rights. What their promotional literature fails to mention, however, is that in the 3 years since the course has been offered, not a single student has taken it.

The School of the Americas claims it is instrumental in the war against drugs. How instrumental can their graduates be when, in 1997, less than 8 percent of the students took the course on counternarcotics.

Four years ago, I traveled to Fort Benning, Georgia to tour the school myself. I was hoping to disprove the School of the Americas' critics. Unfortunately, I left the school unconvinced. Four years later, significant changes have yet to occur. Four years later, reports on human rights abuses in Latin America continue to implicate School of the Americas' graduates.

In February of this year, the Guatemalan Truth Commission Report concluded that School of the Americas' counterinsurgency training contributed significantly to human rights abuses in that country.

Moreover, a recently released U.S. State Department Report on Human Rights in Columbia links School of the Americas' graduates to abuses that include the July 1997 Mapiripan massacre of 30 peasants, as well as numerous targeted killings of civilians.

Enough is enough. We have heard these same arguments year after year. We have listened to excuses and denials, yet nothing has changed.

The time has come to close this chapter of history and move on. Surely, there are better ways to foster cooperative relationships with our peers in Latin America. The United States has an obligation to prove it stands for human rights and not coercion or repression.

I urge all of my colleagues to vote in support of the Moakley amendment and close the School of the Americas.

Mr. MOAKLEY. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina (Mr. BALLENGER).

Mr. BALLENGER. Mr. Chairman, I thank the gentleman from Massachusetts for yielding me this time.

Mr. Chairman, I would like to say probably for those people that do not know, I probably have been to El Salvador, Nicaragua, and Guatemala more than anybody in this Congress. I would like to say that we just got back a month ago on a trip where we went to Venezuela and El Salvador.

I had a very interested Democrat who, everywhere we went, asked about the School of the Americas, the School of the Americas, the School of Americas, obviously looking for some statement by somebody down there about how bad the School of the Americas was.

The commander of the Army in Venezuela, I thought, gave the best answer. He was an alumnist. He said that the best training that his Army got was in the School of the Americas. He spoke glowingly about it. He also said that there was no way that he could take his troops that basically had no training at all and make good soldiers out of them without some training outside of his own country. He really spoke positively about it.

In El Salvador, the same question was put by the same person to ex-President Alfredo Cristiani. Those of my colleagues that do not remember, he was the President of El Salvador when the war was really going hot, when the priests were killed. He was the person who kept the peace process going.

In his statement to us, having been questioned about the quality or what was the value of the School of the Americas, he said specifically that he doubted that there was any possibility they would ever have had peace. Because before the rebels were willing to settle in El Salvador, the whole commanding force of the Army had to voluntarily quit. Most of those people that voluntarily quit and left their jobs, and I know one of them now who was the commander, complete commander of the Army, is running a filling station in El Salvador, San Salvador.

But without the voluntary effort on their part to leave, without any effort to try to keep their own power and so forth and to back off and allow the peacemaking between the rebels and Alfredo Cristiani government, it is hard to believe it could have been done better.

Mr. MOAKLEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I guess we both went different places. I was in El Salvador at the anniversary mass of the Jesuits. After I got through speaking, people came up to me and said, "How can you in the America who is so noted for human rights abuse keep that School of Americas open with the graduates who killed many of our people down here?" I did not have an answer for them.

Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. CAMPBELL).

Mr. CAMPBELL. Mr. Chairman, I thank the gentleman from Massachusetts for yielding me this time.

Mr. Chairman, there is a simple question I try to ask most times I hear about government spending. Do we need it? My colleagues do not have to prove that the School of the Americas is demonic. My colleagues just have to ask themselves, do we need it?

There are many other uses for our taxpayers' dollars in the foreign assistance area that are profoundly more valuable, more important, more treasured by us, and more beneficial to the recipient than this. To make that case, my colleagues do not have to make the case of any indictment of the kind added to the graduates of the School of the Americas.

Second point, the question has arisen as to whether the School of the Americas has engaged in training people to engage in atrocities themselves. I do not maintain that. I am not offering that as the premise for supporting the amendment. What I am saying is that they have shown a remarkable tin ear.

How many years now have we debated the School of the Americas on the floor of this body and asked for reforms, asked for a mandatory course in human rights? As we just heard from our colleague in the well, they still do not have takers for their voluntary course in human rights.

They have instituted a course. And so I did the research, and I found out that it is listed in the course catalog, the United States Army School of the Americas at Fort Benning, Georgia. This is their human rights course. It is a course listed as OE–1, Human Rights Train the Trainer Qualification Course.

Then when we check the International Military Education and Training, IMET, statistics from the military training report, we find out that nobody took it.

Well, the next counter is, well, there is another course, and they are getting around to it. This course trains the upper level staff, the command in general staff course. So I checked into that. It turns out that, yes, out of 817 students in the School of the Americas last year, 28 were enrolled for that course. That is for the very upper level. In 1999, again 28.

The argument I make is simple. It is not needed. Do not spend it.

Mr. CALLAHAN. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia (Mr. COLLINS).

Mr. COLLINS. Mr. Chairman, I thank the gentleman from Alabama for yielding me this time.

Mr. Chairman, is the school needed? Yes, in answer to the gentleman from California (Mr. CAMPBELL). In answer to his comments about those who did not enroll in the certain human rights classes, I showed him evidence today, he evidently forgot it, that they have and they are.

We have heard the Cold War is over. We have heard that about Europe. But we are spending billions of dollars there today. We have heard about the atrocities in where these people were taught. We from Georgia have been glued to the TV this afternoon about an atrocity we had there today where we have 13 people dead. I wonder where that guy learned to kill. Atrocities happen, especially in a time and era when one is changing from dictatorship to democracy. That is what has happened in Latin America. We have built democracies there, and now we must maintain them.

Mr. Chairman, the U.S. Army School of the Americas is our Nation's foremost training facility for Spanish-speaking militaries and police forces and for U.S. military officers to be stationed in South America, Central America, or the Caribbean.

The school provides training and professional military and police operations, drug interdiction and eradication, peacekeeping, and other areas critical for the post-Cold War challenges in this hemisphere.

Every course at the school has been developed to serve the interests of democracy, and every student who attends the school does receive training in human rights. In fact, the school is widely recognized as having developed the foremost human rights training program available to any military training institution in the world, including those others of U.S. training centers.

Those who suggest that the United States Army School of the Americas has somewhat been responsible for crimes committed by Latin American soldiers, and the School of the Americas is responsible, are just wrong. They have no way to substantiate it.

An honest assessment of Latin American history over the last 50 years demonstrates clearly that the U.S. Army School of the Americas serves the American interest.

□ 2200

Just recently this week, the Secretary of the Army, Louis Caldera, made the case for the school in a Washington Times op-ed piece, and I would like to read the comments from the secretary, and I quote:

"The preponderance of the engagement with Latin American militaries takes place at the U.S. Army School of the Americas located at Fort Benning, Georgia. The courses taught at the School of the Americas are a reflection of our national security policy, but they are also a reflection of our national values. While the majority of the courses involved are of professional military instruction, new courses have been added on civilian-military relations, humanitarian mine removal efforts, peace operations and sustaining democracy. All courses include instruction in human rights and make clear that the proper role of the military in society is subordination to civilian control."

He further states: "Instruction covers the ethical, legal and operational consequences of failing to respect essential standards of individual rights and international law regarding the legitimate use of force.

"Despite such changes, the School of the Americas is once again under attack from critics who claim that it trains Latin American militaries to violate human rights and circumvent the democratic process.

"Instead of focusing on the negative, we should examine the role of the vast majority of graduates who have served their nations proudly and professionally. For example, the key members of the delegation that put together the recent historic peace accord between Ecuador and Peru were School of the Americas graduates from Peru, Ecuador, and the guarantor nations of Chile and United States.

He further states that: "The School of the Americas receives more oversight than any other U.S. military school. It has undergone several, several," as mentioned by my colleague from Georgia, 12 "separate investigations at the request of the Congress and the Department of Defense. Each of the investigations has found the School of the Americas to be in compliance with U.S. law and policy."

Mr. Chairman, while most of the turmoil of the 1980s has subsided in this region, new threats have emerged and must be addressed. With all the progress that has been made in the region over the last 50 years, it would be irresponsible to turn our backs while drug traffickers and terrorists chip away at freedom and democracy in Central and South America. It is irresponsible, irresponsible, to the democracies of Latin American countries and to the policy of this Nation to close the School of the Americas.

Mr. MOAKLEY. Mr. Chairman, once again, can the Chair inform me of how much time I have remaining?

The CHAIRMAN. The gentleman from Massachusetts (Mr. MOAKLEY) has 5 minutes remaining, and the gentleman from Alabama (Mr. CALLAHAN) has 1 minute remaining.

Mr. MOAKLEY. Mr. Chairman, I yield 1 minute to the gentlewoman from Michigan (Ms. RIVERS).

Ms. RIVERS. Mr. Chairman, as a child I learned a simple but accurate rule: You are known by the company you keep. The grizzly record amassed by the graduates of the School of the Americas does not reflect well on the United States of America or on this body, which votes to fund its operations year after year.

We can no longer pretend our hands are clean when we continue to train those whose hands become so bloody. Even 1 day more, Mr. Chairman, is 1 day too many. It is time to close the School of the Americas.

Mr. MOAKLEY. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Chairman, I rise in support of the amendment.

In 1980, four U.S. churchwomen were brutally murdered in El Salvador. Among them was a close friend of mine, Sister Dorothy Kazel from Cleveland, killed by graduates of the School of the Americas.

In 1989, six Jesuit priests were massacred in El Salvador by School of the Americas graduates.

Archbishop Oscar Romero and Bishop Juan Gerardi of Guatemala were assassinated by School of the Americas graduates.

Almost 1,000 citizens of the El Mozote community in El Salvador were massacred by School of the Americas graduates.

In 1997, 30 peasants in the Colombian village of Mapiripan were massacred by School of the Americas graduates.

If this is a school for the Americas, then Al Capone ran a social club for Chicago. It is time to close the school.

In 1992, nine students and a professor were killed in Peru by School of the Americas graduates.

Efrain Barnaca and U.S. citizen Michael DeVine were killed in Guatemala.

Three people were innocent civilians and missionaries working for peace and justice, and they were brutally killed by officers who received their human rights training from the United States Government at the School of the Americas.

Three of the five officers responsible for the "U.S. Churchwomen's" deaths, including my friend, were trained at the SOA.

Nineteen of the 26 officers accused of the massacre of six Jesuit priests were graduates of the SOA.

Two of the three officers responsible for the assassination of Archbishop Romero went to the SOA.

Ten of the twelve involved in the El Mozote massacre of 1,000 people were SOA graduates.

The six Peruvian officers who killed the students and their professor attended the SOA.

The officer in charge at the Mapiripan massacre graduated from the SOA.

And the murderer of Efrain Barnaca and U.S. citizen Michael DeVine is a SOA graduate.

Unfortunately, these are only a few examples of the human rights abuses committed by SOA graduates. In spite of the half-hearted human rights instruction that the SOA claims it includes in every course, the State Department's Country Reports on Human Rights Practices highlight more examples of SOA graduates committing human rights abuses each year.

What Latin American militaries need most is a curriculum solidly based on human rights, civilian control of the military and democratic values. It's not hard to imagine why graduates who spend the majority of their time on military intelligence, psychological operations, battle staff operations, and commando courses and only eight hours of human rights instruction end up committing human rights violations upon returning to their home countries.

As this issue comes to a vote, an InterReligious Task Force delegation of young Ohioans is meeting with victims of violence in El Salvador. They will visit the site of the Jesuit massacre and the El Mozote massacre. They will also visit the site where the four churchwomen were murdered. When they return, we will have yet another first-hand account of the suffering so many SOA graduates have caused.

The young people in this group are acutely aware of the tragedies incited by SOA trainees. As more reports of sketchy curriculums and SOA graduates committing human rights abuses are revealed, this awareness is spreading across the country and the American people are demanding that this school be closed.

It is time to stop funding of this school. If we are truly committed to promoting human rights around the world, we cannot continue funding this school and training future human rights abusers. Let's support justice and peace, not violence and deceit.

I urge my colleagues to vote "yes" on Representative MOAKELY's amendment to cut funding for the SOA.

Mr. MOAKLEY. Mr. Chairman, I yield the balance of my time to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Chairman, I rise in strong support of this amendment.

If we sold jet fighters or arms to a country and they misused or abused their citizens or those around them misused those arms, we would stop the assistance and aid to that country. When we invest in human individuals and military training and we see the misuse and abuse going on with that, we ought to try to restrain it and limit it.

But what are we doing here? We talk about decades-old reports. This is a 1999 report from the Guatemalan Truth Commission reporting on the conduct of School of Americas graduates. This is the 1998 U.S. State Department report, reporting on problems in Colombia. And what is at the base of it? The graduates from the School of the Americas.

What is the answer to this particular problem from the school? It is a plan that lives on paper that does not live in reality. My friend from Nebraska raised the point that there is a human rights course. Nobody takes it. It is not mandated. And only one in 10 students at this school take any type of course that is related to peace or any of the other values that we are trying to profess. So they have a plan that lives on paper here but not in reality. They are papering over a very serious problem.

This culture has not been changed. It is the same culture that has existed before in terms of this institution, one that fights against the empowerment of people, against social justice, against the religious voices that are speaking up in those countries where they do not have that freedom; against the labor unions in those countries, where they are trying to get power for the people; and even against the political system. They even complain that some of the political campaigning is subversive. Well, sometimes we might agree with them, but the fact of the matter is that this is the conduct of what is going on in this school over and over again.

Are we short of higher education institutions in this country that we cannot bring Spanish speaking individuals into this country to receive the type of training they need?

And then to bring up the issue of drugs. Well, if this is the answer to drugs in South America and Central America, I think we better change it because it is not working very well. In fact, they are almost taking over Colombia these days.

So the fact of the matter is we need to face the facts and look at this and what is going on down here. And I know that our military and the people involved here have good intentions, but the road to hell is paved with good intentions and the road to what has happened here is wrong. We ought to reject this particular language in the bill, we ought to save the $2 million, and we ought to try to respect the rights and the decency of the people in South and Central America that see this as oppression, that see this as something where they send their young men into this country for training and we send them back people that are trained to use those tools and those skills in a way to suppress the democracies and the people in Central and South America.

Mr. CALLAHAN. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. GALLEGLY).

Mr. GALLEGLY. Mr. Chairman, as the chairman of the Subcommittee on the Western Hemisphere of the Committee on International Relations, I stand in opposition to the Moakley amendment and in support of the School of the Americas.

Mr. CALLAHAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas (Mr. REYES).

Mr. REYES. Mr. Chairman, I rise in opposition to this amendment.

I believe that as Members of Congress, we should fully explore issues before making a determination as to their merits. As such, before I decided my position on the U.S. Army School of the Americas, I met with opponents of the school and I also visited the facility.

At the school, I met with the Commandant. I met with professors—both U.S. military and those from elsewhere in this hemisphere. I met with students. I visited classes. The Army made all of the school open and available to me. My visit convinced me that the School of the Americas is providing an essential service to this nation, assisting in our attempts to positively influence countries throughout the Americas.

On more than one occasion, I have personally invited many of my colleagues who oppose the school to visit the facility with me, but none have agreed to do so. On May 12, I invited many of my colleagues to join me for breakfast with Army Secretary Louis Caldera and School of the Americas Commandant Colonel Glenn Weidner. They were available to answer any questions Members have concerning the school. Only five Members came.

Caldera and Weidner explained, among other things, that the School of the Americas is a U.S. Army school. It teaches the same doctrine, tactics, techniques, and procedures as are taught at every other Army school. Some of my colleagues complain that students are being taught war fighting skills. They are the same war fighting skills taught at every other Army school.

I want you to remain mindful of all of the organizations within the federal government that believe the School of the Americas is a critical tool for promoting democracy and teaching respect for civilian control of a nation and respect for human rights. The Department of State, the Department of Defense, the Department of the Army, the Drug Enforcement Administration, the Office of National Drug Control Policy, and the Commander in Chief of the U.S. Southern Command have all strongly endorsed the School of the Americas as critical to our foreign policy in Latin America. Officials from each of these organizations have written strong letters of support for the school.

Finally, before you cast a vote today to eliminate a school that has provided a great service to this country for more than 50 years, I would ask that you take the time to visit the school, or at least, take the time to meet with its supporters. If you have not had time to do so, please do not vote to kill the school at this time. Once it is eliminated, we cannot take that back. Instead, please vote against the amendment and take the time to explore this issue more fully over the next year. I urge you to oppose the elimination of School of the Americas.

Mr. CALLAHAN. Mr. Chairman, I yield myself the balance of my time, and I will just close by saying that we have had, once again, this annual debate on the School of the Americas. Nothing new has been said. The situation is the same as it was last year.

The school is doing a great service, I think, to this hemisphere. We are, for the first time in many decades, experiencing peace in our own hemisphere and, in my opinion, a lot of that is because of the efforts of the School of the Americas.

Mr. Chairman, I urge the Members of Congress to vote against the amendment.

Mr. FARR of California. Mr. Chairman, I ask my colleagues to join together to ensure that this year's graduating class at the School of Americas is the School's last. Ever. After years of debate, it is time that we finally end the terrible legacy of the School of the Americas. In an era in which we are striving to strengthen democracy and respect for human rights in Latin America, as well as throughout the globe, we cannot possibly justify or tolerate a school whose students major in "Methods of Torture" or "Murder 101."

The School of the Americas has trained tens of thousands of military personnel from Latin America in combat and military strategy, only to send its graduates back to their home countries to commit horrible atrocities against innocent people. Some of the School's most infamous alumni include Latin American dictators such as Manual Noriega of Panama, Augusto Pinochet of Chile, and Hugo Banzeer of Bolivia. School of the Americas graduates are responsible for the murder of six Jesuit priests in El Salvador in 1989 and the murder of university students in Peru in 1992. Tyrants that we teach our youths to condemn are actually trained on American soil by American personnel. It is our responsibility to halt this hypocrisy.

Military education doesn't have to be this way. Military schools have used exchange programs to allow officers around the world the opportunity to learn about U.S. military doctrine as well as the democratic process. The fact is, the Cold War is over and democracy is spreading throughout Latin America. The School of Americas serves no further purpose.

The evidence is clear, Mr. Chairman. The School of the Americas is an example of military education gone wrong. How long must be deaths of innocent people, including American citizens, continue because of our support for the School of the Americas? The School must be closed for good.

I urge my colleagues to cut funding to the School of the Americans and support the Moakley amendment.

Ms. MCKINNEY. Mr. Chairman, earlier this year President Clinton traveled to Central America. Unfortunately, from Guatemala to El Salvador, he was forced to acknowledge and apologize for U.S. past mistakes in the region. Further, the School of Americas can be traced directly to many of the problems associated with past policy in the region.

So I rise today, to encourage my colleagues to join me in supporting an amendment offered by Representative MOAKLEY to close the United States Army School of the Americas located in Fort Benning, Georgia.

The legacy of the School of the Americas, better known throughout this hemisphere as the School of Assassins, brings shame on the United States military and upon our nation.

As a Georgian, I am embarrassed that the SOA is based in the State that I am so proud to represent.

As a member of the Armed Services Committee, I am extremely frustrated by the dismissive attitude of some of our military establishment to the revelations that our soldiers trained others to murder, torture, and terrorize civilians.

And as a woman of color, I am indignant that the School of Americas has played such a prominent role in the brutal oppression of people of color throughout the America's.

Mr. Chairman, two weeks ago I received a "Dear Colleague" letter that featured a lengthy editorial written by former U.S. Ambassador to Panama Ambler Moss, stating his support for the School of the Americas. The editorial is representative of the misinformation being promulgated about the SOA and I believe that some clarification of his statement is in order.

Mr. Moss writes that Members of Congress who oppose the school claim it is a "school of assassins." In fact, it was Panamanians who dubbed the SOA the School of Assassins, long before SOA graduate and Panamanian dictator Manuel Noreiga became a guest of the State of Florida.

Mr. Moss goes on to state that blaming the school for the atrocities of its graduates is akin to "vilify[ing] Harvard because its alumnus Ted Kaczynsky" is the Unibomber. It is an absurd comparison. I would suggest that if thousands of Harvard graduates went on to careers in murder, rape, and torture, its trustees would be in prison and its doors closed.

In a rather cynical distortion of the truth, the editorial would have us believe that the "new and improved" emphasis of the training at the SOA is now respect for civilian control of the military and respect for human rights. That is false. Of the 33 courses offered at the SOA, only five are related to human rights or democracy and less than ten percent of the students took those last year. None have taken the human rights trainer course.

Finally, Mr. Speaker, the author notes that the "bad name [the SOA] gave the United States continues to undermine our image with many Latin Americans of democratic persuasion." That, at least, he got right.

Other myths abound about the School of the Americas. To name a few, some have made the claim that the SOA is critical to the war on drugs, but the truth is that fewer than 8% of the students took counter-narcotics courses in 1997.

I am particularly concerned by the counter-narcotics myth because I fear the war on drugs, like anti-communism before it, provides too convenient an excuse for turning a blind eye to gross violations of human rights in pursuit of our so-called just cause.

Another pernicious myth about the SOA that is routinely touted as fact is that abuse by its graduates is, like the cold war, a thing of the past. Yet just last year a State Department report shows a SOA graduate commanded Columbia's notorious 20th brigade which had to be disbanded because of its involvement in human rights abuses including political assassination.

The same report shows that another SOA graduate is under investigation for his complicity in the 1997 Majpiripan massacre of 30 peasants.

The Department of Defense is to be commended for acknowledging that training manuals used at the school as recently as 1991 recommended forms of coercion against insurgents that included blackmail, torture and execution. However, the DOD continues to resist efforts by Congress to reform the School of the Americas.

In 1995, the House Appropriations Committee strongly urged the Department to incorporate human rights training into the schools regular training curriculum and "to rigorously screen potential students to make certain they have not taken part in past human rights abuses."

Unsatisfied, in 1996 the Committee included in its report to the FY 1997 Foreign Operations Appropriations bill similar language and required the Secretary of Defense, in consultation with the Secretary of State to prepare a report on the school by January 15, 1997.

Still unsatisfied, in 1997 the House version of the FY 1998 foreign operations appropriations bill sought to cut off International Military Education and Training funds to be school unless the Secretary of Defense: (1) certified that the schools training is consistent with respect to human rights; (2) certified that there was adequate screening of prospective students and (3) provided to Congress a report detailing the training at the school and an assessment of its graduates.

After receiving the report mandated in 1996 in June, more than six months late, the Committee asserted that it was "woefully inadequate" and did not respond to the Committee's specific request.

Mr. Speaker, efforts at Congressional oversight and reform of the School of the Americas have been met with bureaucratic indifference, token reform and a substantial public relations campaign to clean up the schools image.

We can no longer allow the shameful legacy of the School of the Americas to besmirch the honor and reputation of American soldiers, our nation, or the great state of Georgia.

I urge all of my colleagues in the strongest terms, to join me in voting to close the School of Assassins.

Mr. VENTO. Mr. Chairman, on behalf of my constituents who have committed their lives to speaking out against torture and intimidation tactics taught at the U.S. Army School of the Americas (SOA), I rise in strong support of this human rights amendment which will cut funds for the SOA.

Supporters of the U.S. Army School of Americas (SOA) often claim that human rights abuses by SOA graduates are a thing of the past. Unfortunately, time and time again, graduates of the SOA are cited for horrific acts of violence, torture and murder. The recent State Department Country Report on Human Rights Practices for 1998 points out yet another example of SOA graduates committing human rights abuses back home in their own countries, after receiving training at the expense of U.S. Taxpayers. This time it is in Colombia. Where will the next atrocity take place?

Specifically, the report states that Colombian Major Hernan Orozco Castro, a graduate of the SOA, is under investigation by the Bogota government for his involvement in a July 1997 massacre of at least 30 peasants in the village of Mapiripan. The report also describes the Colombian government's May 1998 disbanding of the feared "20th Brigade", led by an SOA graduate, for its involvement in human rights abuses, including the targeted killings of civilians.

Such reports must be reconciled with our conscience and policy to determine if our tax dollars should go to train Latin American military and police forces. U.S. education and training programs, whether military of civilian, have a paramount responsibility to uphold the ideals of social justice and promote basic human rights.

Under intense scrutiny, the Defense Department has claimed that it has cleaned up the SOA. Unfortunately, these reforms are only cosmetic at best. Since 1997, when the SOA first taught its one and only human rights course in Paraguay as a pilot program, not one student has taken the course. Entitled "Human Rights Train-the-Trainer Qualification Course," this human rights course is not a required course—no course is—and it was taught only once in Paraguay, not at Ft. Benning, Georgia. Moreover, the School retains this courses on its list of available courses to this day, even though the class is not taught anymore. If the SOA leadership truly believed in human rights instruction, it would offer a separate, mandatory course taught at the school in Ft. Benning, Georgia.

Try as it may, the SOA cannot re-invent itself. It is time to close the door on this chapter of violence. The SOA is a tragically failed education effort. There are numerous U.S. institutions of higher education that excel at preparing students from abroad to promote the democratic values and safeguards fundamental to a free society. For the sake of the people of Latin America and the United States, we must close the SOA. I urge all my colleagues to vote yes on the Moakley Amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. MOAKLEY).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 263, further proceedings on the amendment offered by the gentleman from Massachusetts (Mr. MOAKLEY) will be postponed.

Mr. MOAKLEY. Mr. Chairman, I withdraw my demand for a recorded vote.

Mr. CALLAHAN. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 263, further proceedings on the amendment offered by the gentleman from Massachusetts (Mr. MOAKLEY) will be postponed.

AMENDMENT NO. 3 OFFERED BY MR. PITTS

Mr. PITTS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Part B amendment No. 3 printed in House Report 106-269 offered by Mr. PITTS:

Page 116, after line 5, insert the following:

LIMITATION ON CHILD SURVIVAL AND DISEASE PROGRAMS FUND

SEC. . None of the funds appropriated or otherwise made available by this Act in title II, under the heading "CHILD SURVIVAL AND DISEASE PROGRAMS FUND" may be used for programs and activities designed to control fertility or to reduce or delay childbirths or pregnancies (except breastfeeding programs).

The CHAIRMAN. Pursuant to House Resolution 263, the gentleman from Pennsylvania (Mr. PITTS) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. PITTS).

Mr. PITTS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise today to urge the House to pass my child survival protection amendment to the foreign ops appropriations bill.

This amendment is simple, it is rational, and it represents taxpayer honesty. It is one that many on both sides of the aisle can vote for. Simply, it puts a firewall around child survival funding, stating that child survival funds should be used for child survival, to save lives of children, and not be used for population control.

This is merely honesty in budgeting, honesty in appropriations. Money appropriated for child survival should be used for child survival. Money appropriated for population control should be used for population control.

Many of my colleagues might not be familiar with the child survival program. Let me take a few minutes to give some background. In developing countries, more than 12 million children under the age of 5 die each year of easily preventable diseases. This is the equivalent of half of the children under 5 in America dying in a single year. It is an enormous number of children. It is tragic.

The child survival funds in the foreign ops bill were created to help these children live long enough to celebrate even their fifth birthday. Children in developing countries die every day of illnesses that would never be fatal to our children here in America, things like dehydration, measles, pneumonia, malaria, respiratory infections. Our children do not die of these things because we have access to medicines, immunizations, and clean water. But poor mothers around the world are often helpless to provide this care for their children, and that is why child survival funding is absolutely essential.

Just take a look at this chart, which details the simple ways that child survival funds can literally save millions of lives of the most helpless people around the world, the children.

First, seven cents. That is all it costs for oral rehydration salts that can save a child from dying of dehydration that has dysentery. Nearly 2 million children die of that a year.

Fifteen dollars provides a child with immunization against six major childhood diseases. Two million more children die of those around the world.

Six cents can provide three vitamin A capsules to save a child from going blind. One hundred million children suffer from this deficiency.

Fifteen dollars, a bed net, protects a child from malaria. More than a million children a year die from malaria.

Twenty-five cents could provide proper antibiotics to treat pneumonia. Two million children die of that.

One dollar and seventy cents improves sanitation to prevent waterborne diseases. Three million children die from that.

I think my colleagues can see what common sense some of these solutions are that have the potential for tremendous impact. What this chart also shows is that the current amount of funds appropriated for these treatments in child survival, $215 million, is grossly inadequate to meet the needs of dying children around the world.

Mr. Chairman, that is why every dollar we are currently designating for child survival must go directly for that, child survival. There are reports that child survival funds have been used to promote population control. Mr. Chairman, this robs children of live saving treatments.

Simply stated, this amendment seeks to prevent that from happening. It ensures that child survival funding is used for child survival. We already have $385 million for population control which can be used for family planning purposes. Child survival funds should and must be used for the purpose for which they are appropriated.

It is a simple amendment, it is taxpayer honesty, but in a very real sense it is a life and death issue for millions of children around the globe. Mr. Chairman, I urge the Members to support the child survival protection amendment.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. Does the gentlewoman from California (Ms. PELOSI) seek to claim the time in opposition?

Ms. PELOSI. I do, Mr. Chairman.

The CHAIRMAN. The gentlewoman from California (Ms. PELOSI) is recognized for 10 minutes.

Ms. PELOSI. Mr. Chairman, I yield 3½ minutes to the gentleman from Michigan (Mr. LEVIN).

□ 2215

Mr. LEVIN. Mr. Chairman, in the late 1970s I was in charge of administering the International Voluntary Population programs of this country. The big battle in those days was whether population programs should be integrated so that programs relating to family planning be integrated with health, with programs relating to the role of women, with programs relating to maternal child health, also programs relating to the role of men in the family.

There were those who wanted to build a brick wall between population programs, family planning programs, and other programs, including health programs.

Those who believed in integration won that battle. Those who thought that the only answer was availability of contraceptives lost that battle.

In the last decade, more and more the world has come to accept the interrelationship between family planning programs and other population programs, including maternal child health programs.

Well, here we are now with an amendment that tries to build a brick wall between population programs and child survival programs.

The truth of the matter is that that wall is as fallacious as the wall some tried to build 20 years ago between population and health programs. We are doing this in reverse. The spacing of children is a program that deeply relates to the health of children, period. The evidence is clear on that. It is a dreadful mistake to now say that child survival should not include anything that relates, for example, to birth spacing.

Let me read from a statement by CARE and Save the Children. And by the way, if any organizations know about child survival, it is CARE and Save the Children. They say, this latest amendment "fails to appreciate both the integrated nature of maternal and child health services and the important role of birth spacing in improving child survival. Imposing this restriction would be impractical from a program implementation standpoint and would undermine rather than enhance access to this small but critical component of child survival programs," signed by the president of CARE and the president of Save the Children.

This is truly a misguided amendment. I do not think anybody is saying that child survival funds are going in large numbers to programs relating, for example, to the spacing of children.

Let us take a second look. This issue is not one related to abortion, for example. Indeed birth spacing cuts down the number of abortions, the evidence is clear. This is a question of whether we look at programs in a comprehensive way or try to chop them in pieces and build walls between them.

Do not do it. It is a mistake. There is no evidence of abuse. I do not know any organization that cares about kids internationally that is supporting this amendment.

Mr. PITTS. Mr. Chairman, I yield myself 30 seconds to respond.

Mr. Chairman, this discussion is not about birth spacing. However, I have made an exception for breast feeding programs in this amendment, an exception that probably was not necessary. But I want to make it clear that since breast feeding programs are designed to improve nutrition and health of children and incidentally have an effect in birth spacing, these programs do not apply as programs designed to control fertility or reduce or delay pregnancies. So children are given proper nutrition and births are spaced as a by-product.

Just to remind my colleague, any other population control effort can be funded out of the $385 million provided.

Mr. Chairman, I yield 1 minute to the gentleman from Kansas (Mr. TIAHRT).

Mr. TIAHRT. Mr. Chairman, I thank the gentleman from Pennsylvania for yielding.

Mr. Chairman, the gentleman from Pennsylvania (Mr. PITTS) has crafted an amendment to protect child survival funding from being detoured to other purposes.

This is not a misguided amendment. This is an amendment that provides integrity to the program's funds. But why do we want to do this? Why do we want to protect this? Every year more than 12 million children in developing countries die from easily preventable diseases.

That is like seeing one out of two children under the age 5 years here in the United States die from malnourishment or from a disease that could be easily prevented.

For seven cents we can provide oral rehydration salts. For $15 we could provide immunization for the six major childhood diseases. For six cents we can provide Vitamin A capsules. For $15 we can do something to help kids get a net to protect them from malaria.

When we have the opportunity to go to these Third World countries and preserve a quality of life for these kids, we should not turn our backs on it. We should not allow this money to be diverted to another purpose.

I have been to Third World countries, and I have seen it be diverted. I think it is important that we vote for the Pitts amendment. I request my colleagues to do that.

Ms. PELOSI. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I rise in opposition to the Pitts amendment.

The Pitts amendment, as has been mentioned, prohibits use of child survival funding for programs designed to control "fertility or reduce or delay childbirth or pregnancy except breast feeding programs."

This amendment is offered under the inaccurate assumption that the child survival fund which is used to counsel women on health choices is an inappropriate use of this funding.

It is time for people to realize the simple fact that we cannot separate the health of the mother from the health and well being of the child.

I have this chart. It is hard to read, but I will try to walk my colleagues through it because it demonstrates very clearly why this is a dangerous amendment.

While we may be talking politics here and theorizing, the reality is in the Third World. It shows on this chart that in Zambia, for example, when children are spaced 2 years apart, the mortality rate is higher than if they are spaced farther apart.

Now, do not think of 2 years in the United States. Think of 2 years in the developing world. Do not think of my children. I had five children in 6 years, I mean almost to the day, in a very comfortable, secure, nourishing atmosphere. But this is the complete opposite of that. So I do know a little bit about of what I speak.

Then if we go to Tanzania, we see on the chart, 4 months the mortality rate is the red line. Four to 5 months, we see the purple line, the mortality rate goes down. We get to 48 months plus and the mortality rate is much lower.

So these funds from the child survival account are very, very important to child survival. That is what we are demonstrating here.

Now, the gentleman says this counseling can be done out of the Population Fund. Exactly. And that is what this amendment is about, reducing the funds available for population funding, family planning. That is what this amendment is about. Yes, it is important.

My colleagues cannot tell me that they do not recognize the importance of counseling on spacing of children and how that decreases the mortality rate. But, yes, that is important. Take it out of the family planning money.

That, my colleagues, is the essence of this amendment, indirect but very, very direct. Indirect in theory but direct in impact assault on the family planning funding.

For that reason, I urge my colleagues to vote against the Pitts amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. PITTS. Mr. Chairman, may I inquire as to how much time remains?

The CHAIRMAN. The gentleman from Pennsylvania (Mr. PITTS) has 4½ minutes remaining. The gentlewoman from California (Ms. PELOSI) has 3½ minutes remaining.

Mr. PITTS. Mr. Chairman, I yield 1½ minutes to the gentleman from Oklahoma (Mr. COBURN).

Mr. COBURN. Mr. Chairman, the sign we just saw was accurate. There is no question about it. But the one thing that the gentlewoman from California fails to ignore, if we are holding a baby in our arms, like I have in Haiti and in Iraq, and the dollars are not there to care for them, it does not matter if they are going to have another baby because the baby that is there is going to die.

That is what this amendment is really about is whether or not we are going to fund the vaccines, the fluids, and the care for the children that are already born.

She is absolutely right. If we can extend the time between pregnancies, we do enhance the likelihood of living beyond 5. But remember, 40 percent of the children in Haiti now die under 5 anyway. Haiti, in our hemisphere, 40 percent are gone. Why? Because we are not supplying the needs of those children with the funds that we have today.

So I have been to Haiti. I have served time. I have experienced what has happened there. I have been to the Kurdish land in northern Iraq. I experienced what happened there. We do not supply the needs for the children that are alive today.

There is nothing wrong with this amendment that cannot help accomplish both what the gentlewoman from California (Ms. PELOSI) would desire and help those children who presently we are not helping.

Ms. PELOSI. Mr. Chairman, I am pleased to yield 2 minutes to the gentlewoman from New York (Mrs. LOWEY).

Mrs. LOWEY. Mr. Chairman, I would like to make this point to my colleagues that our child survival program has for nearly 15 years worked hand in hand with our family planning program, for one very good reason, they both share the goal of advancing the health and well being of children and families.

When Congress created the child survival legislation, it recognized the relationship between educating women on safe motherhood and child survival. So educating women about the importance of good nutrition, getting immunized, spacing their pregnancies has been part of USAID child survival work.

Safe motherhood education makes up approximately 5 percent of child survival counseling funds. These funds are not used for contraceptives. Planning pregnancies is one of the most powerful and effective child survival tools in existence.

Postponing early, high-risk pregnancies, giving women's body a chance to recover from a previous pregnancy, and helping women to avoid unintended pregnancies and unsafe abortion can prevent at least one in four maternal deaths.

We hear again and again that women die from having children too young, having children too closely spaced together, and by having more children than their bodies can bear. Getting that message across to women is an integral part of child survival because healthier mothers will be better able to care for their children. And children born to mothers who wait 2 years before births have a much stronger chance of survival than those born to moms whose births fall less than 2 years apart.

Giving women this information can save children's lives, can save women's lives. We know from our own experience that this is true.

Just last month I joined with the gentlewoman from Missouri (Mrs. EMERSON) and a group of diverse Members, pro-choice, pro-life, Republican, Democrat, urban and rural, on a safe motherhood initiative in our own country.

We confront the same challenges in keeping women healthy that women face around the world, although not to the same degree.

Therefore, I urge my colleagues to oppose this misguided amendment.

We should be doing all we can to encourage and reinforce the messages of safe motherhood and child survival. The Pitts Amendment would split these efforts and undermine our struggles to help both mother and child.

I urge you to oppose this misguided amendment.

Mr. PITTS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the gentlewoman from California (Ms. PELOSI) has $385 million to do that. We are not cutting family planning.

Mr. Chairman, I yield 1 minute to the gentleman from South Carolina (Mr. DEMINT).

Mr. DEMINT. Mr. Chairman, I rise in strong support of the child survival protection amendment.

After hearing the debate tonight, I wonder if maybe we should integrate the whole foreign operations appropriation bill into family planning.

I just have to say to my colleagues, we spend so much time on these appropriations bills identifying needs in foreign countries and we put them in the categories that are important to us as a Nation; and now we are saying this does not matter what category we put it in.

□ 2230

There are 1 million children that we know could be saved each year if the vitamins and nutrition and the medicine and the IVs would only be used for what we appropriate them for.

All we are asking is to do what we say we are going to do, to have some honesty in the appropriations. I urge my colleagues to vote for the gentleman from Pennsylvania's amendment.

The CHAIRMAN. The gentleman from Pennsylvania (Mr. PITTS) has 2 minutes remaining, and the gentlewoman from California (Ms. PELOSI) has 1½ minutes remaining and the right to close.

Mr. PITTS. Mr. Chairman, I yield 30 seconds to the gentleman from North Carolina (Mr. HAYES).

Mr. HAYES. Mr. Chairman, I thank the gentleman from Pennsylvania for offering this very important amendment which does direct the attention at the needs of children, making sure that the born and the unborn children are given the proper attention and the sanctity of life is preserved.

I urge your support for the Pitts amendment. It is the right thing to do.

Mr. Chairman, I support the child survival protection amendment offered by Mr. PITTS. This amendment does not cost the taxpayers any more money. This amendment assures the funding that we are currently sending overseas is used to save children's lives rather than terminate them. Children in third world countries are dying of diseases such as polio and dysentery, diseases our children in the United States will never have to worry about due to the advancesments in the American health care. But in developing countries, where public health standards are far inferior to ours, over 12 million children under the age of 5 die of these easily preventable diseases and malnutrition year. We are currently sending $385 million overseas for population control. We need to ensure these funds are used for the purposes which they were intended, saving children from diseases and malnutrition. Child Survival Funding provides oral rehydration salts, immunization for childhood diseases, and vitamins and nutrition supplements. I ask my colleagues to support the Child Survival amendment, and stand firm for the lives of children around the world.

Mr. PITTS. Mr. Chairman, I yield the balance of my time to the gentleman from New Jersey (Mr. SMITH).

Mr. SMITH of New Jersey. Mr. Chairman, every day 33,000 children die from preventable causes. The gentleman from Alabama (Mr. CALLAHAN) has done hard work on this over the years. I have worked on this. The gentlewoman from New York (Mrs. LOWEY) just mentioned a moment ago, 15 years ago.

A little over 15 years ago, I joined with the gentleman from Ohio (Mr. HALL) and Gus Yatron not only in providing money for child survival, but in saving it. It was going to be zeroed out, and I offered the amendment to put it at $50 million that passed and went on to become law. But that is past.

We now know that there is so little money going to some of the most important aspects of child survival, and we need to make sure that there is a fire wall. Yes, money can be drawn down, the $385 million, and used in a way that works side by side with child survival money, but this very small amount of money—support for immunization, $25 million, that is all that is in this budget. Kids are dying from preventable diseases every day and we put a mere $25 million into that budget. That is outrageous. These kids are dying.

I would hope that we would at least make sure that from this scarce fund, these what we call direct impact programs, get this modest amount of money. Yes, it can work side by side with the family planning money, but let us not use or divert any additional moneys that could be used to immunize a kid from tetanus, from all of these preventable diseases, and also the oral rehydration salts that can save a child from diarrhea which is the leading killer of children around the world.

I think the gentleman from Pennsylvania has a very, very laudable amendment. It says there are different funds. Why should we put at risk this minimal amount of money, this modest amount of money used for these important goals? We have got the other money in the other spigot for family planning. I urge support for the Pitts amendment.

Ms. PELOSI. Mr. Chairman, completely agreeing with the gentleman from New Jersey that much more money needs to be in this bill, I am pleased to yield the balance of my time to the gentlewoman from Connecticut (Mrs. JOHNSON).

Mrs. JOHNSON of Connecticut. Mr. Chairman, I thank the gentlewoman from California for yielding me the time.

This is a sad moment. We are one of the most educated nations in the world. We spent decades teaching American women that spacing your children creates healthier babies and healthier mothers, enables you to nurture your children and support them economically. And now we are going to deny money to other countries where women and families are poorer so that they will be denied the opportunity to learn how to manage their fertility and space their children. It is an outrage, an outrage.

We all know the figures. Children who are born 10 months after the preceding sibling die far more often than children born 2 years apart. Why do we not want women in these other nations to have the knowledge to control their fertility and space their children? It has made stronger, healthier families in America, and it has made better, healthier children with greater opportunity.

I urge opposition to this amendment.

Mr. LEVIN. Mr. Chairman, will the gentlewoman yield?

Mrs. JOHNSON of Connecticut. I yield to the gentleman from Michigan.

Mr. LEVIN. The gentlewoman from Connecticut was so eloquent, I hesitate to say anything. We fought to integrate family planning and health programs with the support of a number of people in this place. Now what you are doing is standing up and saying tear them apart. The gentlewoman is 100 percent right. Let us defeat this amendment.

Mr. BARCIA. Mr. Chairman, I rise today in support of the amendment offered by the gentleman from Pennsylvania, which will ensure the health and security of children around the world. This amendment will make certain that money designated for child survival in foreign countries will be spent on programs that directly contribute to child survival—not population control. In this day of medical technology, millions of children in developing countries die each year from diseases that simple treatments can easily prevent. Our money should be spent on immunizations and medicine that will end these senseless deaths. This amendment protects children and spends our tax dollars responsibly. Mr. Speaker, I urge my colleagues to support the Pitts Amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. PITTS).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PITTS. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 263, further proceedings on the amendment offered by the gentleman from Pennsylvania (Mr. PITTS) will be postponed.

AMENDMENTS OFFERED BY MR. TRAFICANT

Mr. TRAFICANT. Mr. Chairman, I offer two amendments, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. The Clerk will designate and report the amendments.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. TRAFICANT:

At the end of the bill, insert after the last section (preceding the short title) the following new sections:

SEC.   . Of the funds appropriated in title II of this Act under the heading "ASSISTANCE FOR THE INDEPENDENT STATES OF THE FORMER SOVIET UNION", not more than $172,000,000 shall be available for the Government of the Russian Federation.

The Clerk read as follows:

Amendment offered by Mr. TRAFICANT:

SEC.   . None of the funds appropriated in titles I, II, or III of this Act may be made available to the government of any foreign country if the funds are to be used to purchase any equipment or product made in a country other than such foreign country or the United States of America.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio to consideration of the amendments en bloc?

There was no objection.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. TRAFICANT. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, we have worked very closely with the gentleman. We are going to agree with his amendments. But at this point we would like to limit the debate to the fewest number of minutes that we possibly can so we can hopefully finish this bill by 11:59 tonight.

Mr. TRAFICANT. Mr. Chairman, the first amendment sets a cap on aid to Russia for dismantling of their nuclear weapons at $172 million.

The second amendment says very simply, in the aid that we give to these foreign countries, if they cannot make the product or buy it in their own country, they shall buy it in America.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Ohio (Mr. TRAFICANT).

The amendments were agreed to.

AMENDMENT OFFERED BY MR. ROHRABACHER

Mr. ROHRABACHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROHRABACHER:

Page 104, beginning on line 19, strike ": *Provided*," and all that follows through line 21 and insert a period.

Mr. ROHRABACHER. Mr. Chairman, I rise to amend section 573 of H.R. 2606 that would assure that all U.S. funds appropriated by this act for Cambodia, including humanitarian and education programs, are distributed through nongovernmental agencies.

The government of Cambodia, led by former Khmer Rouge field commander Hen Sen, a brigade commander under Pol Pot, who was up to his elbows in blood during the Pol Pot massacres, is notorious for corruption and mismanagement. In fact, the most highly acclaimed internationally funded aid program for land mine clearing, run by the Cambodian government, has just been exposed for rampant graft and corruption. Even after the corruption was exposed, no effort has been made to replace the government officials running that program.

Respected international human rights organizations, including Amnesty International, Human Rights Watch and others have issued a recent report citing continued rampant abuses by the Cambodian government. Unfortunately, the inclusion of Prince Ranariddh and his Funcinpec party in a coalition led by Hun Sen has not reduced this corruption. It is not the job of the United States Government to pay for government-run education systems in Cambodia when they are led by a government that is controlled by a member of Pol Pot's murderous band. However, we can support NGOs who do not take orders from the likes of Hun Sen and the likes of these gangsters.

In the authorization bill for this, we went out of our way to make sure that the money authorized for Cambodia, all of it, would not be put under the control of Hun Sen, this gangster. But for whatever reason it ended up, the language was changed here in the appropriations bill, so we are just asking to strike the language there so that no money is going to be going to that corrupt and vicious tyrant.

My amendment will not reduce the amount of U.S. funding for Cambodia. However, it will assure that U.S. tax dollars intended to assist the needy of Cambodia and to assist in education projects go to fund education projects by NGOs which will assure that the money is spent to assist the Cambodian people and not end up in some Swiss bank account.

This amendment sends a strong message to Hun Sen and Prince Ranariddh and a message that honest, efficient government is required in order to receive American aid. This amendment also sends a strong message to the people of Cambodia that the United States has not abandoned them or their courageous struggle for democracy and clean and honest government.

Mr. Chairman, I have been to Cambodia numerous times. I know the players there. I have met Mr. Hun Sen on many occasions as I have Prince Ranariddh and the other leaders in Cambodia. I am appalled that after the hard work that we did in the authorization committee, to ensure the language so that this field commander for Pol Pot who has murdered his way into power in Cambodia, that we assure that the money that we are going to give to Cambodia would not end up in his hands and now that language has been changed for whatever reason in a way that the money could end up, instead of in the hands of worthy organizations, nongovernmental organizations, charitable organizations committed to the people of Cambodia, instead of going to them, it may end up in the hands of this government that has proven itself corrupt over and over again, not to mention brutal and the rest.

The crimes of Hun Sen are unbelievable and the fact that, yes, he went through a recent election. As the gentleman from Nebraska (Mr. BEREUTER) and others in the Committee on International Relations can testify, it is beyond belief that we have permitted Hun Sen to manipulate the system such that he is still in power after all of these years. But the last thing we want to do, especially as the corruption level in Cambodia is so high, is to provide the money that should be going to the Cambodian people to this corrupt regime. I ask for support for my amendment.

Mr. HALL of Ohio. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I visited Cambodia in April. I spent a lot of time not only in the capital but outside in the rural areas. I found that the legacy of illiteracy and malnutrition that Pol Pot has left the Cambodian people is still there, it is so much there that it is unbelievable, of the statistics, as you see and witness the people in the countryside.

In Cambodia's countryside, four out of five people cannot read or write. Just one in four children is in school. And hunger and malnutrition, caused in part because their uneducated parents cannot escape terrible poverty, is among the highest in the world.

This widespread lack of education ensures that Cambodians will not be able to make much of their lives. They will not be able to feed their families. They will not be able to take advantage of their country's position at the crossroads of a vibrant regional economy.

Cambodia has many problems. But when you see the situation of its people, it is hard to know where to start trying to help.

The scourge of AIDS is spreading like wildfire in Cambodia. Land mines have left Cambodia the place with more people killed and maimed per capita than anywhere else in the world. There are very few roads to get farmers' products to market. And, 20 years after the Khmer Rouge bloody rein ended, there has been no justice for its victims or their children.

□ 2245

The grandchildren of the victims of the Khmer Rouge are the best hope for Cambodia's future, and the best way to help Cambodia is with them, by assisting and educating them, by ensuring that they are protected from disease, by helping to feed the majority who are so malnourished that their bodies are stunted.

This bill does not earmark additional funding for Cambodia, although the drop from $37 million to $12 million in spending over the past 2 years may have warranted that. But this bill will enable our embassy to re-start programs like one undertaken by well-respected American charities. In April 1996, more than a year before the coup, the World Learning, the World Education, Save The Children and the International Rescue Committee began a project to train Cambodian primary school teachers. This is where the money goes. Does not go to the government, does not go through the government. This project received no funds from the Cambodian government, it did not rely on its ministries to implement the work. It benefited the children of Cambodia and the rural areas that are home to 87 percent of the Cambodian people. Unfortunately, this project was suspended.

Mr. Chairman, all that is required of us today is to affirm that humanitarian aid still means educating young children so that they can escape the poverty they were born into, and all that is called for is our acceptance that helping people help themselves is one of the best ways to invest our aid dollars.

That is all I have to say about this, Mr. Chairman. I rise certainly in opposition to this amendment. It is an unfair amendment. I venture to say that the gentleman has not gone into the countryside and seen that four out of five of the children are not educated, the schools have been closed, and one of the best things that we can do is provide humanitarian assistance.

Mr. ROHRABACHER. Mr. Chairman, will the gentleman yield?

Mr. HALL of Ohio. I yield to the gentleman from California.

Mr. ROHRABACHER. Mr. Chairman, the gentleman does not know the extent of my travels in Cambodia, I will just say that, and this gentleman has no problem with money going to those private organizations to accomplish the goals the gentleman was talking about. All we are talking about is language that is changed in this bill that will send that money to the Cambodian government to accomplish those ends, and we have no faith in the Cambodian government.

Mr. HALL of Ohio. Mr. Chairman, I would just say to the gentleman from California (Mr. ROHRABACHER) that the money will go to the private voluntary organizations, the organizations that are already there. It will be monitored by our embassy that is in Cambodia; I trust them. We do basic education in many countries of the world with regimes that we do not necessarily get along with. This is nothing new. The fact is that four out of the five children that the gentleman from California says that he saw in the rural areas, which I find hard to believe that he saw it, schools are closed, the Pol Pot legacy still lives on, and the gentleman wants to keep them this way, and that is what basic education is all about. It is a humanitarian resource that we are very good at, and the gentleman from California is not permitting it with this amendment.

Mr. BEREUTER. Mr. Chairman, I move to strike the last word and rise in support of the amendment offered by the gentleman from California (Mr. ROHRABACHER).

Mr. Chairman, I rise in strong support of the Rohrabacher amendment, and I am pleased to support it.

As my colleagues know, as I was listening to the gentleman from Ohio (Mr. HALL), he spoke movingly about the conditions in Cambodia, and I have no doubt that he and the gentleman from California have both seen the same deplorable conditions that exist there, but there seems to be something missing here. It seems we are talking beyond each other.

There is no intent of the gentleman from California, I am sure, there is no intent of this gentleman to stop any funds from going to assist the people in Cambodia. In fact, I think the three of us might agree we ought to be giving more resources to help the people in Cambodia.

What the gentleman from California is attempting to do is assure that no U.S. taxpayers funds goes to the government of Cambodia, and that is what this Congress did last year in the appropriation measure, because this gentleman offered the amendment. We eliminated the possibility of money going to the Cambodian government. We want it to go through those NGOs where my colleagues saw the good work being done, and there is nothing to keep AID or any other institution of American government from providing authorized funds which are appropriated to nongovernmental organizations for valid purposes in Cambodia. And in fact, the authorizing committee has taken this step as well.

Now I would like to say the gentleman from California (Mr. ROHRABACHER) is exactly right in the way he has characterized the outrageous people that run that government. We ought not be putting one cent of the taxpayers' money into that government. When we do, we send exactly the wrong message, that we tolerate the kind of murderous people that are running that country. That is something I tell my colleagues as the chairman of the Subcommittee on Asia and the Pacific this government ought not do, and that is the direction we have given to the Executive Branch.

Now let me give my colleagues one example of how the government of Cambodia is using some of the funds today. Let us talk about the Cambodian Mine Action Center. About one out of every 250 people in Cambodia have been injured or killed by mines, and it is a serious problem, there is no doubt about that.

Well, according to reports in the Australian, the newspaper, one of the most prestigious newspapers in Australia, according to the South China Morning Post, the most important newspaper in Hong Kong, the nepotism, the corruption that has existed in this mining program where the leaders of that government are directing funds to go to demine the land of their cronies, of their political people from the Pol Pot regime is outrageous. Of the $12 million that are spent so far, at least 1 million, 1.3 million, has been spent corruptly. In fact, the executive director of that agency admitted in a press release that at least a half a million dollars of it had been spent in that fashion.

And we have colleagues in the most prestigious academic institutions in this country with specialists on Cambodia which will verify that a minimum of one-tenth of the money on that government-run program to demine is being misused for the advantage of the cronies of the government.

Now that is the way the Cambodian government uses their money. That is the way they take the international funds. Fortunately, it is not involving U.S. funds because we have acted.

Now both of these newspapers have reported that we have held up $1 million. Our ambassador in Phnom Penh held up $1 million plus to keep it from going to this corrupt entity of the Cambodian government.

Mr. Chairman, my colleague's instincts were right last Congress, they are right in the authorizing committee. We stripped, eliminate, prohibit any funds from going to Cambodian government, and, if my colleagues will, send a lot more to help the people of Cambodia through NGOs.

Mr. Chairman, I yield to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Chairman, I rise in support of the gentleman's comments. They are right on the point, and I also rise in support of the gentleman from California (Mr. ROHRABACHER) in trying to prevent any of the funds in this measure to go to the government of Cambodia, and I think, if the gentleman from Ohio (Mr. HALL) will reread the measure, he will note that the language permits funding in this measure to go to the government of Cambodia. We want it to go to the NGOs, we want to help the people in Cambodia, but we do not want it to get into the wrong hands.

Prime Minister Hun Sen is a dictator who was once an active member of the Khmer Rouge and it is alleged he stole the election in Cambodia. He is also alleged to have been linked to a recent assassination attempt against the democratic opposition leader Sam Rainsy. Eighteen people and an IRI worker were injured and killed in that recent attempt, and last year during the election 124 opposition election workers were murdered.

The CHAIRMAN. The time of the gentleman from Nebraska (Mr. BEREUTER) has expired.

(By unanimous consent, Mr. BEREUTER was allowed to proceed for 1 additional minute.)

Mr. BEREUTER. Mr. Chairman, I yield to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Chairman, Hun Sen's government cannot be trusted, we must not permit our money to be wasted. Current law permits the money to be given to the NGOs in Cambodia. Let us not change the law and allow the money to go into the wrong hands.

Mr. BEREUTER. Mr. Chairman, I thank the distinguished gentleman for his support for the Rohrabacher amendment. I urge my colleagues to support the Rohrabacher amendment to prohibit aid from going to the corrupt murderous government of Cambodia.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. ROHRABACHER).

The amendment was agreed to.

AMENDMENT NO. 6 OFFERED BY MR. ANDREWS

Mr. ANDREWS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Mr. ANDREWS: Page 116, after line 5, insert the following:

PROHIBITION ON FUNDS FOR NEW OPIC PROJECTS

SEC. 585. None of the funds made available by this Act may be used by the Overseas Private Investment Corporation, after the enactment of this Act, for the issuance of any new guarantee, insurance, reinsurance, or financing, or for initiating any other activity which the Corporation is otherwise authorized to undertake.

Mr. ANDREWS. Mr. Chairman, the purpose of this amendment is to put a stop to a program that I believe is corporate welfare, pure and simple. We have heard on this floor tonight some agonizing debates about spending small amounts of money for vaccinations, for child health, for family planning, and those are difficult questions for us to answer.

I would suspend if the Chair wishes me to suspend.

Mr. CALLAHAN. Mr. Chairman, I want to reserve a point of order.

The CHAIRMAN. The gentleman from New Jersey may proceed.

Mr. ANDREWS. Mr. Chairman, who among us has not had to face some agonizing and difficult questions as constituents come to us and talk about their lack of health insurance, or they talk about their lack of employment, or they talk about their lack of housing. I think those same constituents would be astonished, astonished to find that the full faith and credit of the United States Government, their tax money, stands behind private investments in foreign countries by the McDonalds Corporation, by Du Pont, by CitiCorp, by some of the largest and most powerful corporations in America.

The President of the United States, Mr. Chairman, said very articulately a few years ago that it was his goal to end welfare as we know it. Tonight in this amendment we have the chance to begin the process of ending corporate welfare as we know it.

Now there will be those who will object to this amendment and say we just cannot pull the plug on the OPIC program all at once, it would cause chaos, and that is not what this amendment does. This amendment says that no funds under this bill may be used to authorize new expenditures, new loan guarantees, new insurance policies. It says to OPIC that they must stop with the deals they have already done.

And let me make a procedural point. My colleagues very often hear that these appropriations bills are not the proper forum to decide policy questions, and I generally agree with that. Let me point out to my colleagues that OPIC was not reauthorized through the regular process, and I believe it is a prudent thing for us to do to stop the activities of this corporate welfare agency in its tracks and permit an authorizing bill to come to this floor so that those of us who believe that the OPIC program should be organized in a different way or done away with, as I believe, would have the opportunity to fully debate that question.

Mr. Chairman, this is an opportunity for us to say that the programs that have been done thus far should continue as they wind down, but that no new loans, no new guarantees, no new authority should be issued on behalf of the taxpayers of this country to the wealthiest and most powerful corporations in this country to invest overseas. There are far better uses of our tax dollars than for Uncle Sam to become a risky international venture capitalist.

Support of this amendment which I am proud to offer with my Republican colleague, the gentleman from South Carolina (Mr. SANFORD), my independent colleague, the gentleman from Vermont (Mr. SANDERS) and supported by fine Members like the gentleman from California (Mr. ROYCE) would accomplish what I have just suggested.

It would stop the programs of OPIC in their tracks. It would permit us to come forward and debate a reauthorization at the proper time, and it would save the taxpayers money. The Congressional Budget Office has estimated that cessation of OPIC's activities would save the Federal taxpayers $296 million over the course of the first 5 years.

Let us end corporate welfare as we know it. I urge my colleagues to support this amendment and put a stop to this corporate welfare.

□ 2300

Mr. CALLAHAN. Mr. Chairman, I continue to reserve my point of order.

The CHAIRMAN. The Chair would inform the gentleman that the gentleman attempted to reserve a point of order after the gentleman from New Jersey began to debate his amendment, which was not a timely reservation.

Mr. ROYCE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of this amendment. OPIC, as we have heard, offers insurance and credit services to American companies operating overseas, and for me, having our government provide these services is just not defensible. The U.S. has the most efficient financial markets in the world. The simple fact is that American businesses receiving OPIC services could receive these same services from the private financial markets. OPIC provides insurance; so does the American private sector. In fact, 2 years ago, a consortium of private insurers submitted to Congress a proposal to privatize 5 billion of OPIC's insurance options.

The U.S. private sector wants to offer American businesses the very same services that OPIC is providing. In other words, the U.S. private sector wants to put OPIC out of business. So why is Congress standing in the way?

We hear that OPIC offers American companies insurance backed with the full faith and credit of the United States Government. This supposedly tells foreign governments that Uncle Sam is serious about protecting OPIC-backed investments. Is that the signal we want to send, that the protection of some American businesses abroad, those formerly backed by OPIC, matter more than non-OPIC American investments. We should be in the business of protecting all American investments. OPIC backs investment funds; so does the American private sector. OPIC has a south Asia capital fund. Well, so does T. Rowe Price. It has a new Asia fund, and so do many other private companies. Just look at the financial pages of the newspaper. There are hundreds of capital funds devoted to the developing world. Mr. Chairman, 150 billion in private capital flows to emerging markets every year, so why in the world is OPIC playing in the capital fund field?

Mr. Chairman, this debate is really about whether we believe in the market, or whether we believe that American businesses should be guided by the government. OPIC claims that there is no way right now that the private sector on its own can go into many regions that the U.S. wants them to go into, and this means, of course, going where U.S. Government agencies want American companies to go. Are U.S. businesses really there to be directed to where Washington wants them to go? I do not think so.

I would also dispute the notion that the American private sector will not go anywhere in the world where it can do business profitably. A spokesman for a major American bank, in discussing its use of OPIC for the Caribbean and Central America recently stated, quote, the credit and insurance support provided by OPIC will allow us to better serve customers by noticeably increasing our already extensive lending activities in the targeted countries. Note those words. The bank is already in the Caribbean and Central American markets doing excessive lending and doing it without OPIC. OPIC may be a nicety, but it is certainly not a necessity.

Every year, we hear the argument that the U.S. needs OPIC because European countries and Japan provide their businesses with similar services. It is, I would remind my colleagues, U.S. policy to work against such trade-distorting policies.

We have come to understand that the world economy works better, that living standards rise, when governments are not in the business of subsidizing their national businesses. But each year, we continue supporting OPIC, renewing this cycle of inefficiency. American companies have private creditors and insurance providers to rely on. I bet they would serve OPIC clients better.

Let us support this amendment. Show some world leadership, scale back OPIC. The greatest economy in the history of the world I guarantee my colleagues will not miss a beat if we cut out this government program.

Mr. KUCINICH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Andrews-Sanford-Sanders amendment to the Foreign Operations Appropriations bill. OPIC subsidizes U.S. companies that invest in risky foreign markets and businesses by providing them direct and low-cost financing and insurance. While claiming to help America's small businesses invest in foreign markets, OPIC actually provides loans and risk insurance to some of the largest multinational corporations in the world. And while claiming to invest in sustainable development projects, OPIC has been involved in clear-cutting pristine forests in northwestern Russia, and a gold mine, a gold mine in a World Heritage site.

Through OPIC, U.S. taxpayers are exposed to environmentally, financially, and politically risky private sector investments, the implications of which, in many cases, are not even disclosed to the public.

The government should not be in the business of committing billions of taxpayer dollars to underwrite the investments of Fortune 500 companies. This is corporate welfare at its worst.

As has been said earlier, OPIC puts taxpayers at risk. It obligates the taxpayer to underwrite insurance for the possible loss of private investment by the richest companies in America. The Congressional Research Service estimates that the taxpayer is typically liable for 90 percent of the insured investment. Americans have already paid $80 billion to bail out the savings and loan industry; we should not ask them to pay if OPIC's projects go bad.

These multimillion dollar companies are fully capable of assuming the risk of investing in developing countries. They do not need government insurance of their foreign investments, but the substantial profits they gain from these investments, while American taxpayers are held financially responsible for any potential losses, looks pretty good on the bottom line.

OPIC is not necessary for investments in emerging and developing markets. In 1998, private capital flows to emerging markets topped $150 billion. U.S. capital outflows to Brazil in 1998 totaled $3.7 billion, yet OPIC offered $317 million worth of insurance to U.S. companies investing in Brazil over the same period.

It has been pointed out by the gentleman from South Carolina (Mr. SANFORD) and the gentleman from Oklahoma (Mr. COBURN), and I would like to state it again: OPIC does not operate at zero cost to the taxpayers. Although OPIC does not receive a direct appropriation, it pays for many of its operations with the interest earned on its U.S. Treasury bonds, bonds given to OPIC as seed money when it was established. In 1998, the agency reported $139 million in net income; yet, $193 million of its revenues consisted on interest from its U.S. Treasury bonds, another large government IOU.

Mr. Chairman, I urge my colleagues to support the Andrews-Sanford-Sanders amendment and prevent OPIC from initiating any new projects.

Mr. CALLAHAN. Mr. Chairman, I move that the Committee do now rise.

PARLIAMENTARY INQUIRY

Mr. SANDERS. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SANDERS. Mr. Chairman, what is the status of this amendment?

The CHAIRMAN. The amendment offered by the gentleman from New Jersey (Mr. ANDREWS) is currently pending and will be pending again when the Committee resumes its sitting.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. LAHOOD) having assumed the chair, Mr. THORNBERRY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2606), making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, had come to no resolution thereon.

□ 2310

LIMITING AMENDMENTS DURING FURTHER CONSIDERATION OF H.R. 2606, FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000, IN THE COMMITTEE OF THE WHOLE

Mr. CALLAHAN. Mr. Speaker, I ask unanimous consent that during the further consideration of H.R. 2606 in the Committee of the Whole, no amendments shall be in order except the following amendments, which may be offered only by the Member designated and shall be considered as read, shall not be subject to an amendment or to a demand for a division of the question in the House or in the Committee of the Whole, and shall be debatable for 10 minutes, except for the Burton amendment, which shall be debatable for 50 minutes, equally divided and controlled by the proponent and a Member opposed thereto:

1, an amendment offered by the gentleman from Indiana (Mr. BURTON) regarding a reduction in aid to India;

2, an amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE) transferring $4 million from IMET to ERMA and ESF;

3, an amendment offered by the gentleman from Texas (Mr. PAUL) prohibiting funds for family planning and abortion;

4, an amendment offered by the gentleman from Texas (Mr. PAUL) prohibiting funds for Eximbank, OPIC and TDA;

5, an amendment offered by the gentleman from Florida (Mr. STEARNS) requiring a report on actions in Kosovo;

6, an amendment offered by the gentleman from Florida (Mr. HASTINGS) expressing the sense of Congress regarding flower imports from Colombia;

7, an amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE) prohibiting military funds for Eritrea and Ethiopia;

8, an amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE) expressing the sense of Congress regarding peace between Eritrea and Ethiopia;

9, an amendment offered by the gentleman from Ohio (Mr. KUCINICH) regarding OPIC;

10, an amendment offered by the gentleman from Colorado (Mr. TANCREDO) regarding Man in the Biosphere.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Alabama?

Ms. PELOSI. Mr. Speaker, reserving the right to object, under the reservation, may I make inquiry to the distinguished chairman about the nature of this resolution?

The SPEAKER pro tempore. Proceed.

Ms. PELOSI. Mr. Speaker, I would ask the gentleman, is it my understanding that the amendments that we would be taking up after the Andrews amendment are limited to the amendments that are on this piece of paper?

Mr. CALLAHAN. Mr. Speaker, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from Alabama.

Mr. CALLAHAN. That is correct, Mr. Speaker.

Ms. PELOSI. Therefore, say, for example, if the gentleman from Ohio (Mr. KUCINICH) had an amendment and he wanted that to be heard on Monday when we reconvene, he would have to be on this piece of paper, or can we make additional——

Mr. CALLAHAN. On the Kucinich amendment, that is included as item No. 9 in the resolution.

Ms. PELOSI. I thank the gentleman. I just wanted to make sure that the gentleman from Ohio (Mr. KUCINICH) did not have an additional amendment.

I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore. Pursuant to House Resolution 263 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2606.

□ 2313

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole

House on the State of the Union for the further consideration of the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, with Mr. THORNBERRY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose earlier today, amendment No. 6 offered by the gentleman from New Jersey (Mr. ANDREWS) was pending.

Pursuant to the order of the House of today, no further amendments shall be in order except the following amendments, which may be offered only by the Member designated, be considered as read, shall not be subject to amendment, or to a demand for a division of the question in the House or in the Committee of the Whole, and shall be debatable for 10 minutes, except for the Burton amendment, which shall be debatable for 50 minutes, equally divided and controlled by the proponent and a Member opposed thereto:

No. 1, an amendment offered by the gentleman from Indiana (Mr. BURTON) regarding a reduction in aid to India;

No. 2, an amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE) transferring $4 million from IMET to ERMA and ESF;

No. 3, an amendment offered by the gentleman from Texas (Mr. PAUL) prohibiting funds for family planning and abortion;

No. 4, an amendment offered by the gentleman from Texas (Mr. PAUL) prohibiting funds for Eximbank, OPIC, and TDA;

No. 5, an amendment offered by the gentleman from Florida (Mr. STEARNS) requiring a report on actions in Kosovo;

No. 6, an amendment by the gentleman from Florida (Mr. HASTINGS) expressing the sense of Congress regarding flower imports from Colombia;

No. 7, an amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE) prohibiting military funds for Eritrea and Ethiopia;

No. 8, an amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE) expressing the sense of Congress regarding peace between Eritrea and Ethiopia;

No. 9, an amendment offered by the gentleman from Ohio (Mr. KUCINICH) regarding OPIC;

No. 10, an amendment offered by the gentleman from Colorado (Mr. TANCREDO) regarding Man in the Biosphere.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent that debate be limited on the pending amendment to 10 minutes, as all the rest of them.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Is the gentleman from Alabama requesting that all amendments to the pending amendment be included?

Mr. CALLAHAN. Yes, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Mr. SANDERS. Reserving the right to object, Mr. Chairman, I was not quite clear, was the gentleman talking about a total of 10 minutes, 10 minutes on each side? What was the gentleman talking about for the Andrews amendment, how much time?

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. SANDERS. I yield to the gentleman from Alabama.

Mr. CALLAHAN. 10 minutes.

Mr. SANDERS. A total?

Mr. CALLAHAN. 10 additional.

Mr. SANDERS. Five and 5?

Mr. CALLAHAN. Yes.

Mr. SANDERS. Mr. Chairman, I object.

Mr. OBEY. Mr. Chairman, if the gentleman will yield, would the gentleman withdraw his objection?

Mr. SANDERS. I withdraw my objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Mr. OBEY. Reserving the right to object, Mr. Chairman, let me ask the distinguished chairman of the subcommittee, we have been told that what has happened is there have been four or five speakers in a row on this, on one side. So we are getting objections, both from that side of the issue, as evidenced by the gentleman from Vermont (Mr. SANDERS), and we have objections on the other side of the issue.

Could I ask, would Members on both sides be satisfied if it were 20 minutes apiece?

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentlewoman from California.

Ms. PELOSI. No, 10 minutes each.

Mr. OBEY. Ten is fine with me, but I am told that we have objections if it is 10 minutes.

Mr. SANDERS. Mr. Chairman, continuing under the reservation of objection, if the gentlewoman will yield, if I could ask the chairman how many speakers does he have left?

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Alabama.

Mr. CALLAHAN. I do not know. We did not anticipate this amendment would be introduced. We were informed by one of our colleagues, the gentleman from Texas, that he had an agreement with the sponsor of an amendment where it would not be introduced.

Ms. PELOSI. Mr. Chairman, would it be agreeable to all sides if we went 10 minutes on each side, finished it tonight, took the votes, went home and took the rest on Monday?

Mr. CALLAHAN. I want to amend my unanimous-consent request.

Mr. MENENDEZ. Reserving the right to object, Mr. Chairman, under my reservation, unfortunately, I happen to be the ranking member on the authorizing committee on this issue. None of the people who support OPIC have had an opportunity to speak. So depending upon how those 10 minutes are divided, otherwise, I would have to object.

If the 10 minutes are to be divided on behalf of those who have not had any opportunity to speak in favor of OPIC and against the amendment, we may be able to do that, but if the 10 minutes are to be divided between all the parties, I would have to object.

Mr. CALLAHAN. If the gentleman will yield further, Mr. Chairman, I would agree with the gentleman, that the proponents of the amendment have already spoken 20 minutes without any opposition having the opportunity to speak, and it is unfair to those of us who disagree with the gentleman's amendment not to have the same amount of time.

But I do not think the gentleman would agree to give me 30 minutes and take 10 himself. But I also make that request, if the gentleman thinks he would agree.

Mr. SANDERS. Mr. Chairman, I would respectfully object to that.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent to limit debate to 30 minutes to each side of the issue.

Ms. PELOSI. If the gentleman will yield, is that tonight, on Monday?

Mr. SANDERS. Thirty minutes each side tonight?

Mr. CALLAHAN. Fifteen minutes on each side tonight.

The CHAIRMAN. The request of the gentleman from Alabama (Mr. CALLAHAN) is that each side have 15 additional minutes on the pending amendment and all amendments thereto.

Is there objection to the request of the gentleman from Alabama?

Mr. TRAFICANT. Reserving the right to object, Mr. Chairman, would it be out of order to ask unanimous consent, of course we cannot, there is one pending, but for us to go ahead and suspend this, have the 30 minutes debate, have the four votes first, and then conclude with the Andrews amendment?

Mr. CALLAHAN. First, the unanimous consent has to be agreed to by the Chair.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama, 15 minutes on each side?

Mr. MENENDEZ. Reserving the right to object, Mr. Chairman, let me understand the unanimous consent request again. It is to have 15 minutes on each side of the aisle?

Ms. PELOSI. Each side of the issue.

Mr. MENENDEZ. Each side of the issue?

The CHAIRMAN. The gentleman is correct.

Mr. TRAFICANT. Reserving the right to object, Mr. Chairman, and I will object, I ask unanimous consent that we suspend with the Andrews amendment, that we proceed with the votes, and then they have their 30 minutes to conclude the Andrews amendment, and that vote will be taken Monday.

□ 2320

It will give everybody an adequate amount of time. We will have the votes. Members want to leave here. Everybody who wants to speak will have an opportunity to speak, and that will be a pending vote coming Monday. All those other members that are pending can be handled Monday.

The CHAIRMAN. The pending request is the unanimous consent request offered by the gentleman from Alabama (Mr. CALLAHAN), limiting time on the pending Andrews amendment and amendments thereto to 15 minutes for each side.

Is there objection to the request of the gentleman from Alabama?

Mr. TRAFICANT. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. TRAFICANT. I ask unanimous consent, Mr. Chairman, that the pending amendment by the gentleman from New Jersey (Mr. ANDREWS) be suspended and that the Committee proceed with the votes that have been scheduled.

Mr. CALLAHAN. Mr. Chairman, will the gentleman yield?

Mr. TRAFICANT. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, why does the gentleman from Ohio not first establish the amount of time of debate, and we will rise.

The CHAIRMAN. The Chair asks all Members to suspend.

The gentleman from New Jersey (Mr. ANDREWS) would have to, by unanimous consent, withdraw his amendment and get permission in the full House, where a special order has already been entered on permissible amendments, to reoffer his amendment for such a procedure to be permitted in the Committee of the Whole.

The pending amendment is the amendment offered by the gentleman from New Jersey (Mr. ANDREWS).

Ms. PELOSI. Mr. Chairman, in the interest of time, and under the way the 5-minute rule works, that is, people come and it is not divided on each side of the issue, which is the way the 5-minute rule works, the gentleman from Alabama (Mr. CALLAHAN) and I have worked very hard to try to bring something that was honed down, with minimal controversy, to the floor.

Clearly, the House must work its will, and it is doing so, largely with authorizing issues, I might add, I mean debates that have been carried over from the authorizing committee; and that is completely appropriate.

But recognizing all that we have been through today, I ask unanimous consent that each side of the amendment have 10 minutes, and then we take the vote and proceed with the other votes this evening.

The CHAIRMAN. Is there objection to the request of the gentlewoman from California?

Mr. MENENDEZ. Mr. Chairman, I have to object.

The CHAIRMAN. Objection is heard

Mr. TRAFICANT. Mr. Chairman, I ask unanimous consent that the pending Andrews amendment be given an additional 30 minutes to be equally divided and that the debate take place after the House has completed its votes on the pending amendments; and any recorded vote, if called by the gentleman from New Jersey (Mr. ANDREWS), would be then, thus, held Monday as the first order of business.

The CHAIRMAN. The Chair would inform the gentleman from Ohio (Mr. TRAFICANT) that the Committee of the Whole does not have the authority that the gentleman is requesting.

Mr. CALLAHAN. Mr. Chairman, if we are still in the Committee of the Whole, I rise to speak in opposition to the Andrews amendment.

Mr. Chairman, the effect of the Andrews amendment, which we really did not anticipate would be introduced, especially at this late hour of the night, comes at a surprise because we were of the understanding that he was not going to introduce it.

So with the misinformation that I had regarding that what someone thought was a commitment, I speak against the Andrews amendment because, effectively, what he does, he shuts down the Overseas Private Investment Corporation.

The Andrews amendment would devastate the ability of our American companies from doing business in any foreign country. It would give such tremendous advantage to our foreign competitors, because every one of the G–7 Nations have, in effect, in their country an organization similar to this.

The sponsor of the amendment indicated that OPIC costs us money. In reality, Mr. Chairman, let me tell my colleagues that OPIC makes money. They intend to return nearly $200 million to the Treasury to help us continue to decrease our level of deficit spending. We should compliment organizations such as that.

It would hurt U.S. jobs, because when we have the inability to transfer our technology, to transfer our American interest to foreign countries, those jobs are going to go to other countries. So we are going to lose an estimated 70,000 U.S. jobs alone in the next 4 years.

It would hurt our export. It would hurt small businesses who contribute to the multifaceted involvement of our American firms doing business in foreign countries.

It hurts our competitiveness. It hurts everything that we stand for with respect to our ability to recognize that we are in a global economy, that if we are going to expand, if we are going to have exports, our American companies must have the same advantages, a level playing field, as does Japan, as does France, as does Germany, as does the Great Britain, and all of the countries that we are competing with for our businesses overseas.

For an example, if General Electric or Westinghouse, if we built a power plant that is not financed by, but guaranteed by OPIC, they do not put some type of Japanese generator there. They put an American generator there. As a result, jobs are created here in the United States of America.

This is not something that is new. It has come up in the past. I am sure it will come up in the future. But the sponsor of the bill, in my opinion, is making a very serious mistake in his amendment, which effectively shuts OPIC down entirely.

It tells the bank, OPIC bank, that they can continue to collect the monies that they are collecting now, but they cannot have any new deposits, they cannot have any new business at all coming in in the future.

So it is a very, very definite move, I think, in the wrong direction.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. LAHOOD) having assumed the chair, Mr. THORNBERRY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, had come to no resolution thereon.

□ 2330

LIMITING DEBATE ON ANDREWS AMENDMENT DURING FURTHER CONSIDERATION IN THE COMMITTEE OF THE WHOLE OF H.R. 2606, FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

Mr. CALLAHAN. Mr. Speaker, I ask unanimous consent that when we return for debate on this bill, that the amendment offered by the gentleman from New Jersey (Mr. Andrews) have a time limitation of 30 minutes, divided equally, 15 minutes for proponents and 15 minutes for opponents.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Alabama?

Mr. ANDREWS. Reserving the right to object, and I will not object, one of the things I wanted to make clear is that the chairman, I am sure in good faith, made a representation earlier there had been an agreement by me not to offer this amendment. That is not accurate. I did not make any representation to anyone to that effect, and I wanted to clear that up for the record.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

Mr. MENENDEZ. Reserving the right to object, can the distinguished chairman advise me when this debate is going to commence on Monday?

Mr. CALLAHAN. Mr. Speaker, will the gentleman yield?

Mr. MENENDEZ. I yield to the gentleman from Alabama.

Mr. CALLAHAN. I am informed that we will begin debate on this issue at 4 o'clock on Monday.

Mr. MENENDEZ. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. The Chair would inquire if the unanimous consent request assumes that the amendment will be reoffered at a subsequent time when the Committee resumes its sitting on a subsequent day?

Mr. CALLAHAN. I felt, Mr. Speaker, that the pending amendment would be the order of business at that time.

The SPEAKER pro tempore. At a subsequent time, not this evening; is that correct?

Mr. CALLAHAN. At a subsequent time, yes.

Ms. PELOSI. Mr. Speaker, reserving the right to object, and just in protecting the rights of the gentleman from New Jersey (Mr. ANDREWS), when we are talking about a subsequent time, so that he knows, will this debate on his amendment begin, the proceedings, at 4 o'clock on Monday; is that the correct understanding?

Mr. CALLAHAN. Mr. Speaker, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from Alabama.

Mr. CALLAHAN. The purpose of my unanimous consent is to come back into session at 4 o'clock on Monday next, at which time, when the Committee of the Whole is reestablished, we would then be on the Andrews amendment. At that point there would be 30 minutes divided, 15 minutes on each side, when the Committee of the Whole was regrouped.

Ms. PELOSI. Mr. Speaker, I withdraw my reservation of objection.

Mr. ANDREWS. Mr. Speaker, reserving the right to object, may I ask the chairman how the time would be allocated; who would control the time?

Mr. CALLAHAN. Mr. Speaker, will the gentleman yield?

Mr. ANDREWS. I yield to the gentleman from Alabama.

Mr. CALLAHAN. The Chair would have to answer that, but my understanding is that the sponsor of the amendment would have 15 minutes and someone else designated by the Chair would have 15 minutes to oppose the gentleman's amendment. I would assume that would be me.

Mr. ANDREWS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. The amendment is withdrawn without prejudice to it being reoffered whenever the Committee resumes its setting under a 30-minute time limit for debate, equally divided.

Without objection, the unanimous consent request is granted.

There was no objection.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore. Pursuant to House Resolution 263 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2606.

□ 2334

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, with Mr. THORNBERRY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose earlier today, pending was amendment No. 6 offered by the gentleman from New Jersey (Mr. ANDREWS), which has now been withdrawn by order of the House.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN. Pursuant to House Resolution 263, proceedings will now resume on those amendments on which further proceedings were postponed, in the following order:

The amendment offered by the gentleman from California (Mr. CAMPBELL), amendment No. 1 offered by the gentleman from Massachusetts (Mr. MOAKLEY), and Part B amendment No. 3 offered by the gentleman from Pennsylvania (Mr. PITTS).

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT OFFERED BY MR. CAMPBELL

The CHAIRMAN. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from California (Mr. CAMPBELL) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will designate the amendment.

The Clerk designated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 13, noes 414, not voting 6, as follows:

[Roll No. 351]

AYES—13

Boucher
Campbell
Conyers
Hostettler
McKinney
Paul
Payne
Rohrabacher
Sanford
Sensenbrenner
Taylor (MS)
Thompson (MS)
Watt (NC)

NOES—414

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
LaTourette
Lazio

Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Simpson
Sisisky
Skeen
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—6

Barton
Gutierrez
McDermott
Peterson (PA)
Shuster
Skelton

□ 2354

Ms. STABENOW, Mrs. CLAYTON, and Messrs. JACKSON of Illinois, SERRANO, BECERRA, SUNUNU, and RANGEL changed their vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. Pursuant to House Resolution 263, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device will be taken on each amendment on which the Chair has postponed further proceedings.

AMENDMENT NO. 1 OFFERED BY MR. MOAKLEY

The CHAIRMAN. The pending business is the demand for a recorded vote on amendment No. 1 offered by the gentleman from Massachusetts (Mr. MOAKLEY) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 230, noes 197, not voting 6, as follows:

[Roll No. 352]

AYES—230

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Biggert
Blagojevich
Blumenauer
Boehlert
Boehner
Bonior
Bono
Borski
Boucher
Brady (PA)
Brown (FL)
Brown (OH)
Camp
Campbell
Capps
Capuano
Cardin
Carson
Chabot
Clay
Clayton
Clement
Coble
Conyers
Costello
Coyne
Crowley
Cummings
Danner
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dixon
Doggett
Dooley
Doyle
Duncan
Ehlers
Engel
English
Eshoo
Etheridge
Evans
Ewing
Farr
Fattah
Filner
Foley
Forbes
Ford
Frank (MA)
Franks (NJ)
Gejdenson
Gephardt
Gibbons
Gilchrest
Gonzalez
Goode
Gordon
Green (TX)
Greenwood
Gutknecht
Hall (OH)
Hastings (FL)
Hayworth
Hefley
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Hulshof
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaHood
Lampson
Lantos
Largent
Larson
LaTourette
Lazio
Leach
Lee
Levin
Lewis (GA)
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McInnis
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Millender-McDonald
Miller (FL)
Miller, George
Minge
Mink
Moakley
Moore
Moran (KS)
Moran (VA)
Morella
Nadler
Neal
Nussle
Oberstar
Obey
Olver
Owens
Pallone
Pascrell
Pastor
Paul
Payne
Pelosi
Peterson (MN)
Petri
Phelps
Pomeroy
Porter
Price (NC)
Pryce (OH)
Quinn
Ramstad
Rangel
Regula
Rivers
Rodriguez
Roemer
Rothman
Rush
Sabo
Salmon
Sanchez
Sanders
Sanford
Sawyer
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Shays
Sherman
Slaughter
Smith (MI)
Smith (NJ)
Smith (WA)
Stabenow
Stark
Strickland
Stupak
Talent
Tancredo
Tauscher
Taylor (NC)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Traficant
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Walsh
Wamp
Waters
Watt (NC)
Waxman
Weiner
Weller
Wexler
Weygand
Woolsey
Wu
Wynn

NOES—197

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Bass
Bateman
Bereuter
Berry
Bilbray
Bilirakis
Bishop
Bliley
Blunt
Bonilla
Boswell
Boyd
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Canady
Cannon
Castle
Chambliss
Chenoweth
Clyburn
Coburn
Collins
Combest
Condit
Cook
Cooksey
Cox
Cramer
Crane
Cubin
Cunningham
Davis (FL)
Davis (VA)
Deal
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dingell
Doolittle
Dreier
Dunn
Edwards
Ehrlich
Emerson
Everett
Fletcher
Fossella
Fowler
Frelinghuysen
Frost
Gallegly
Ganske
Gekas
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Hall (TX)
Hansen
Hastings (WA)
Hayes
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
John
Johnson, Sam
Jones (NC)
Kasich
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaFalce
Latham
Lewis (CA)
Lewis (KY)
Linder
Lucas (OK)
Martinez
McCollum
McCrery
McHugh
McIntosh
McIntyre
McKeon
Mica
Miller, Gary
Mollohan
Murtha
Myrick
Napolitano
Nethercutt
Ney
Northup
Norwood
Ortiz
Ose
Oxley
Packard
Pease
Pickering
Pickett
Pitts
Pombo
Portman
Radanovich
Rahall
Reyes
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Roybal-Allard
Royce
Ryan (WI)
Ryun (KS)
Sandlin
Saxton
Sessions
Shadegg
Shaw
Sherwood
Shimkus
Shows
Simpson
Sisisky
Skeen
Smith (TX)
Snyder
Souder
Spence
Spratt
Stearns
Stenholm
Stump
Sununu
Sweeney
Tanner
Tauzin
Taylor (MS)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Turner
Visclosky
Vitter
Walden
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Whitfield
Wicker
Wilson
Wise
Wolf
Young (AK)
Young (FL)

NOT VOTING—6

Barton
Gutierrez
McDermott
Peterson (PA)
Shuster
Skelton

□ 0003

Mr. HOYER changed his vote from "aye" to "no."

Mr. HILL of Indiana and Mrs. BONO changed their vote from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT NO. 3 OFFERED BY MR. PITTS

The CHAIRMAN. The pending business is the demand for a recorded vote on Part B Amendment No. 3 offered by the gentleman from Pennsylvania (Mr. PITTS) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 187, noes 237, not voting 9, as follows:

[Roll No. 353]

AYES—187

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Chabot
Chambliss
Chenoweth
Coble
Coburn
Collins
Combest
Cook
Costello
Cox
Crane
Cunningham
Deal
DeLay
DeMint
Dickey
Doolittle
Dreier
Duncan
Ehlers
Emerson
English
Everett
Ewing
Fletcher
Forbes
Fossella
Franks (NJ)
Gekas
Goode
Goodlatte
Goodling
Goss
Graham
Green (WI)
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hoekstra
Holden
Hostettler
Hulshof
Hunter
Hutchinson
Hyde
Istook
Jenkins
John
Johnson, Sam
Jones (NC)
Kasich
Kildee
King (NY)
Kingston
Knollenberg
LaFalce
LaHood
Largent
Latham
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Mascara
McCollum
McCrery
McHugh
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Mollohan
Moran (KS)
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ortiz
Oxley
Packard
Paul
Pease
Peterson (MN)
Petri
Phelps
Pickering
Pitts
Pombo
Portman
Quinn
Radanovich
Rahall
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Sherwood
Shimkus
Shows
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stenholm
Stump
Stupak
Sununu
Talent
Tancredo
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thornberry
Thune
Tiahrt
Toomey
Traficant
Vitter
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)

NOES—237

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barrett (WI)
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Campbell
Capps
Capuano
Cardin
Carson
Castle
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Cooksey
Coyne
Cramer
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dunn
Edwards
Ehrlich
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Foley
Fowler
Frank (MA)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Gordon
Granger
Green (TX)
Greenwood
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Holt
Hooley
Horn
Houghton
Hoyer
Inslee
Isakson
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kelly
Kennedy
Kilpatrick
Kind (WI)
Kleczka
Klink
Kolbe
Kucinich
Kuykendall
Lampson
Lantos
Larson
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McInnis
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Moore
Moran (VA)
Morella
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ose
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Porter
Price (NC)
Pryce (OH)
Ramstad
Rangel
Regula
Reyes
Rivers
Rodriguez
Roemer
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Shaw
Shays
Sherman
Simpson
Sisisky
Skeen
Slaughter
Smith (MI)
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Strickland
Sweeney
Tanner
Tauscher
Thomas
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Walden
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Wilson
Wise
Woolsey
Wu
Wynn

NOT VOTING—9

Barton
Cubin
Ford
Gutierrez
McDermott
Peterson (PA)
Rush
Shuster
Skelton

□ 0011

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. WALSH. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. LAHOOD) having assumed the chair, Mr. THORNBERRY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, had come to no resolution thereon.

AN HONEST DEMOCRAT IN THE SENATE

(Mr. LARGENT asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include therein extraneous material.)

Mr. LARGENT. Mr. Speaker, I would like to read some quotes from one of our senator colleagues in the Senate, a Democrat from the State of Nebraska. He said this:

> I recently voted with Republican colleagues for a sensible and realistic tax cut. We are projected to run a $2.9 trillion surplus over the next 10 years, and I strongly believe that we should return part of that money to hard-working Americans. This tax cut will provide Americans with broad-based tax relief and aim squarely at the middle class. To suggest that we cannot afford to cut income taxes when we are running a $3 trillion surplus is ludicrous.

This coming from a Democrat.

To say that tax cuts stand in the way of needed domestic spending, Medicare, and debt relief is also folly. What is standing in the way of debt reduction and a shrinking discretionary spending budget is a refusal to make structural reforms to our entitlement programs.

Mr. Speaker, this comes from a Democrat colleague in the Senate who happened to be one of the co-chairs of the Social Security Reform Committee, and I think when a Democrat is honest that we should tip our hat to him.

[From The Washington Post, July 27, 1999]

WHY I CROSSED PARTY LINES ON THE TAX CUT

(By Bob Kerrey)

As a member of the Senate Finance Committee, I recently crossed party lines to vote with my Republican colleagues for a sensible and realistic tax cut. We are projected to run a $2.9 trillion surplus over the next 10 years, and I strongly believe that we should return part of that money to hard-working Americans.

This tax cut will provide Americans with broad-based tax relief aimed squarely at the middle class. Not only will it encourage Americans to save more for their retirements, it will also encourage Americans to give more generously to charities.

I am proud to have participated in and voted for three budget acts—in 1990, 1993 and 1997—which have radically altered the fiscal condition of the federal government and the debate about how the public's hard-earned tax dollars should be spent. After the enactment of these three budget acts—particularly the 1993 and 1997 budget acts—and on account of impressive gains in private-sector productivity and growth, we were able to reverse the deficit trend.

Deficits have continued to shrink since 1994—and we were able to celebrate our first unified budget surplus (counting Social Security surpluses) of $70 billion last year. The Congressional Budget Office (CBO) is now protecting surpluses of $2.9 trillion over the next 10 years.

Since 1983 working Americans have been forced to shoulder a disproportionate amount of deficit reduction by paying larger-than-necessary payroll (FICA) taxes. Now they are being asked to shoulder a disproportionate share of debt reduction. I strongly believe that a portion of these surpluses should be returned to the American people.

To put it in another context: If, over the next 10 years, Congress projected a balanced budget and I proposed a $3 trillion tax increase, people would call it ridiculous. To suggest we can't afford to cut income taxes when we are running a $3 trillion surplus is just as ludicrous.

To say that tax cuts stand in the way of needed domestic spending, Medicare and debt relief is also folly. What is standing in the way of debt reduction and a shrinking discretionary spending budget is our refusal to make structural reforms to our entitlement programs.

In 1970 entitlement spending accounted for only 35 percent of federal spending. By 2010, it will account for nearly 70 percent of federal spending. During the same period, discretionary spending will have fallen from 58 percent of spending to 27 percent. Absent structural reforms or massive tax increases, Social Security and Medicare will continue to eat up ever larger percentages of our budget—at the expense of important investments in our children and our future.

In the Finance Committee last week, I offered an amendment with Sens. John Breau (D–La.), Charles Grassley (R–Iowa), Charles Robb (D–Va.) and Fred Thompson (R–Tenn.) to cut the payroll tax, increase retirement savings and restore permanent solvency to the Social Security program.

This amendment would have provided a $928 billion payroll tax cut to the 80 percent of American families who pay more in payroll taxes than in income taxes. This tax cut would be directed into individual savings accounts for retirement security. Not only does this amendment provide all workers with a massive payroll tax cut, it also substantially expands the ownership of assets in this nation.

Ownership of wealth is essential for everyone to have a shot at the American dream. The payroll tax is the principal burden on savings and wealth creation for working families. Furthermore, this payroll tax cut would still have left room for Medicare reform, an income tax cut, debt reduction and other spending priorities.

While I did vote for the Senate finance committee tax bill, I believe that a $500 billion income tax cut is a compromise figure that will leave room to reform and modernize the Social Security and Medicare programs and to invest in important domestic priorities, such as education, defense, veterans and housing.

I agree a compromise is ultimately doable. That's why I intend to join Sens. Breaux, John Chafee (R–R.I.) and Jim Jeffords (R–Vt.) in proposing a $500 billion income tax cut alternative. While it can easily be argued that the GOP version is too high, it's also as clear the Democratic alternative is too low.

OMISSION FROM THE CONGRESSIONAL RECORD OF JULY 27, 1999, PAGE H6536, DURING CONSIDERATION OF H.R. 2605, ENERGY AND WATER APPROPRIATIONS ACT, 2000

The CHAIRMAN. If there is no further debate on the Visclosky motion to strike, it will remain in abeyance pending disposition of the Boehlert perfecting amendment, on which proceedings have been postponed.

The Clerk will read.

The Clerk read as follows:

FORMERLY UTILIZED SITES REMEDIAL ACTION PROGRAM

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary to clean up contamination from sites throughout the United States resulting from work performed as part of the Nation's early atomic energy program, $150,000,000, to remain available until expended: *Provided*, That the United States Army Corps of Engineers under this program shall undertake the following functions and activities to be performed at eligible sites where remediation has not been completed: sampling and assessment of contaminated areas, characterization of site conditions, determination of the nature and extent of contamination, selection of the necessary and appropriate response actions as the lead Federal agency, cleanup and closeout of sites, and any other functions and activities determined by the Chief of Engineers as necessary for carrying out this program, including the acquisition of real estate interests where necessary, which may be transferred upon completion of remediation to the administrative jurisdiction of the Department of Energy: *Provided further*, That response actions by the United States Army Corps of Engineers under this program shall be subject to the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. 9601 et seq.), and the National Oil and Hazardous Substances Pollution Contingency Plan, 40 CFR, Chapter 1, Part 300: *Provided further*, That these provisions do not alter, curtail or limit the authorities, functions or responsibilities of other agencies under CERCLA or, except as stated herein, under the Atomic Energy Act (42 U.S.C. 2011 et seq.): *Provided further*, That any sums recovered under CERCLA or other authority from a liable party, contractor, insurer, surety, or other person for any expenditures by the Army Corps of Engineers or the Department of Energy for response actions under the Formerly Utilized Sites Remedial Action Program shall be credited to this account and will be available until expended for response action costs for any eligible site: *Provided further*, That the Secretary of Energy may exercise the authority of 42 U.S.C. 2208 to make payments in lieu of taxes for Federally-owned property where Formerly Utilized Sites Remedial Action Program activities are conducted, regardless of which Federal agency has administrative jurisdiction over the property and notwithstanding references to "the activities of the Commission" in 42 U.S.C. 2208: *Provided further*, That the unexpended balances of prior appropriations provided for these activities in this Act or any previous Energy and Water Development Appropriations Act may be transferred to and merged with this appropriation account; and thereafter, may be accounted for as one fund for the same time period as originally enacted.

POINT OF ORDER

Mr. BOEHLERT. Mr. Chairman, on behalf of the gentleman from Pennsylvania (Mr. SHUSTER), I raise a point of order against the portion of the Formerly Utilized Sites Remedial Action Program beginning with the last comma on page 7, line 7 through page 9 line 2, on the grounds that it is legislation on an appropriations bill in violation of clause 2 of Rule XXI of the Rules of the House. This program has not been authorized for fiscal year 2000. In fact, it is likely that there has never been an authorization for this program.

The CHAIRMAN. Does the gentleman from California wish to be heard on the point of order?

Mr. PACKARD. Mr. Chairman, I concede the point of order.

The CHAIRMAN. Does the gentleman from Indiana wish to be heard on the point of order.

Mr. VISCLOSKY. Mr. Chairman, we concede the point of order.

The CHAIRMAN. The portion of the paragraph identified by the point of order provides for extended availability of funds without a supporting authorization in law, and includes five legislative provisos.

As such, that portion of the paragraph constitutes legislation in violation of clause 2 of rule XXI.

The point of order is sustained. The specified portion of the paragraph is stricken.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. SKELTON (at the request of Mr. GEPHARDT) for today and July 30 on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HAYWORTH) to revise and extend their remarks and include extraneous material:)

Mr. GOSS, for 5 minutes, July 30.

Mrs. MORELLA, for 5 minutes, today.

Mr. ISAKSON, for 5 minutes, today.

Mr. SCHAFFER, for 5 minutes, today.

Mr. PAUL, for 5 minutes, August 2.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 305. An act to reform unfair and anticompetitive practices in the professional boxing industry; to the Committee on Commerce; in addition to the Committee on Education and the Workforce for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

S. 918. An act to authorize the Small Business Administration to provide financial and business development assistance to military reservists' small businesses, and for other purposes; to the Committee on Small Business.

ENROLLED BILL SIGNED

Mr. THOMAS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 66. An act to preserve the cultural resources of the Route 66 corridor and to authorize the Secretary of the Interior to provide assistance.

BILL PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 66. An act to preserve the cultural resources of the Route 66 corridor and to authorize the Secretary of the Interior to provide assistance.

ADJOURNMENT

Mr. HAYWORTH. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 14 minutes a.m.), the House adjourned until today, Friday, July 30, 1999, at 9 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

3254. A letter from the Acting Executive Director, Commodity Futures Trading Commission, transmitting the Commission's final rule—Chicago Board of Trade Petition for Exemption From the Statutory Dual Trading Prohibition in the Ten-Year U.S. Treasury Note Futures Contract Traded on the Project A Electronic Trading System—received June 28, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3255. A letter from the Acquisition and Technology, Under Secretary of Defense, transmitting the Selected Acquisition Reports (SARS) for the quarter ending June 30, 1999, pursuant to 10 U.S.C. 2432; to the Committee on Armed Services.

3256. A letter from the Secretary, Department of the Navy, transmitting a schedule for implementing best commercial inventory practices for the acquisition and distribution of secondary supply items managed by the department; to the Committee on Armed Services.

3257. A letter from the Comptroller of the Currency, Administrator of National Banks, transmitting the four issues of the Quarterly Journal that comprise the 1998 annual report; to the Committee on Banking and Financial Services.

3258. A letter from the Federal Register Liaison Officer, Regulations and Legislation Division, Office of Thrift Supervision, Department of the Treasury, transmitting the Department's final rule—Branch Closings [Docket No. 99–33] received June 21, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

3259. A letter from the Assistant General Counsel for Regulations, Department of Education, transmitting the Department's final rule—Assistance to States for the Education of Children with Disabilities (RIN: 1820–AB40) received June 21, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

3260. A letter from the Acting Assistant General Counsel for Regulatory Law, Department of Energy, transmitting an Assessment; to the Committee on Commerce.

3261. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Lead; Requirements for Disclosure of Known Lead-Based Paint and/or Lead-Based Paint hazards in Housing. Technical Correction to Reflect OMB Approval of the Information Collection Requirements [OPPTS–62130B; FRL–6053–9] received June 30, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3262. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting Copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on International Relations.

3263. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting a determination and justification regarding the United Nations Assistance Mission to East Timor; to the Committee on International Relations.

3264. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13–94, "Comprehensive Plan Technical Corrections and Response to NCPC Recommendations and Closing of a Public Alley in Square 1189, S.O. 98–150, Act of 1999" received June 29, 1999, pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

3265. A letter from the Assistant Secretary, Policy, Management and Budget and Chief Financial Officer, Department of the Interior, transmitting the Annual Accountability Report for fiscal year 1998; to the Committee on Government Reform.

3266. A letter from the Chairperson, Cost Accounting Standards Board, Executive Office of the President, transmitting the eighth annual report of the Cost Accounting Standards Board; to the Committee on Government Reform.

3267. A letter from the Chairman, Federal Housing Finance Board, transmitting the 1998 management reports of the 12 Federal Home Loan Banks (FHLBanks) and the Financing Corporation (FICO), pursuant to 31 U.S.C. 9106; to the Committee on Government Reform.

3268. A letter from the Chairman, Federal Trade Commission, transmitting the 1998 Annual Report indicating compliance with the Government in the Sunshine Act, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Reform.

3269. A letter from the Office of the District of Columbia Auditor, transmitting a report entitled, "Audit of Advisory Neighborhood Commission 6A for the Period 10/01/93 Through 06/30/98"; to the Committee on Government Reform.

3270. A letter from the Secretary of Labor, transmitting notification that the President has submitted a nomination for the position of Assistant Secretary of Labor for Policy; to the Committee on Government Reform.

3271. A letter from the Assistant Secretary for Legislative Affairs, the Department of State, transmitting Presidential Determination 99–26, stating that the further extension of the waiver authority granted by section 402 of the Trade Act of 1974, as amended, will substantially promote the objectives of section 402 of the Act, and continuation of the waiver applicable to the Republic of Belarus will substantially promote the objectives of section 402 of the Act; (H. Doc. No. 106–105); to the Committee on Ways and Means and ordered to be printed.

3272. A letter from the Secretary of Education, Secretary of Veterans Affairs, transmitting a report on the progress of developing and implementing procedures for cancellations and deferments of federal student loans for eligible disabled veterans; jointly to the Committees on Education and the Workforce and Veterans' Affairs.

3273. A letter from the Administrator, National Highway Traffic Safety Administration, Department of Transportation, transmitting a report entitled, "Status of NHTSA Plan for Side Impact Regulation Harmonization and Upgrade"; jointly to the Committees on Commerce and Transportation and Infrastructure.

3274. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting Certification that shrimp harvested with technology that may adversely affect certain species of sea turtles may not be imported into the United States unless the President makes specific certifications to the Congress annually by May 1, pursuant to Public Law 101–162, section 609(b)(2) (103 Sat. 1038); jointly to the Committees on Resources and Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SMITH of Texas: Committee on the Judiciary. H.R. 456. A bill for the relief of the survivors of the 14 members of the Armed Forces and the one United States civilian Federal employee who were killed on April 14, 1994, when United States fighter aircraft mistakenly shot down 2 United States helicopters over Iraq; with amendments (Rept. 106–270). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 2454. A bill to assure the long-term conservation of mid-continent light geese and the biological diversity of the ecosystem upon which many North American migratory birds depend, by directing the Secretary of the Interior to implement rules to reduce the overabundant population of mid-continent light geese; with an amendment (Rept. 106–271). Referred to the Committee of the Whole House on the State of the Union.

Mr. GOODLING: Committee on Education and the Workforce. H.R. 987. A bill to require the Secretary of Labor to wait for completion of a National Academy of Sciences study before promulgating a standard or guideline on ergonomics (Rept. 106–272). Referred to the Committee of the Whole House on the State of the Union.

Mr. SHUSTER: Committee on Transportation and Infrastructure. H.R. 717. A bill to amend title 49, United States Code, to regulate overflights of national parks, and for other purposes (Rept. 106–273 Pt. 1). Referred to the Committee of the Whole House on the State of the Union.

Mr. DREIER: Committee on Rules. House Resolution 266. Resolution providing for consideration of a concurrent resolution waiving the requirement in section 132 of the Legislative Reorganization Act of 1946 that the Congress adjourn sine die not later than July 31, 1999 (Rept. 106–274). Referred to the House Calendar.

DISCHARGE OF COMMITTEE

Pursuant to clause 5 of rule X, Committee on Resources discharged from further consideration of H.R. 717.

TIME LIMITATION OF REFERRED BILL

Pursuant to clause 5 of rule X, the following action was taken by the Speaker:

H.R. 717. Referral to the Committee on Resources extended for a period ending not later than July 29, 1999.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. TAUZIN:

H.R. 2630. A bill to reauthorize the National Telecommunications and Information Administration, and for other purposes; to the Committee on Commerce.

By Mr. DAVIS of Virginia (for himself, Mr. Hoyer, Mrs. Morella, Mr. Moran of Virginia, Mr. Gilman, Mr. Cummings, Ms. Norton, Mr. Wynn, Mr. English, Mr. Wolf, and Mr. Lantos):

H.R. 2631. A bill to amend chapters 83 and 84 of title 5, United States Code, to modify employee contributions to the Civil Service Retirement System and the Federal Employees Retirement System to the percentages in effect before the statutory temporary increase in calendar year 1999, and for other purposes; to the Committee on Government Reform.

By Mr. RILEY:

H.R. 2632. A bill to designate certain Federal lands in the Talladega National Forest in the State of Alabama as the Dugger Mountain Wilderness; to the Committee on Resources, and in addition to the Committee on Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. HORN (for himself, Mrs. Morella, Mr. Ramstad, Mr. Shows, Mr. Barcia, Mr. Holden, Mrs. Kelly, Mr. Inslee, Mr. Visclosky, Mr. Green of Texas, Mr. Kolbe, Mr. Luther, Mr. English, Mr. Smith of Washington, Mr. Stupak, Ms. Danner, Mr. Ose, Mr. Reyes, Ms. Berkley, and Mr. Gary Miller of California):

H.R. 2633. A bill to amend title 18, United States Code, to prevent the misuse of genuine and counterfeit police badges by those seeking to commit a crime, and for other purposes; to the Committee on the Judiciary.

By Mr. BLILEY (for himself, Mr. Green of Texas, Mr. Oxley, Mr. Boucher, Mr. Cox, Mr. Greenwood, and Mr. Coble):

H.R. 2634. A bill to amend the Controlled Substances Act with respect to registration requirements for practitioners who dispense narcotic drugs in schedule IV or V for maintenance treatment or detoxification treatment; to the Committee on Commerce, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. DEFAZIO (for himself, Mr. Burton of Indiana, Mr. Sanders, Mr. Hinchey, Mr. Hayworth, Mr. Owens, Mr. Campbell, Mr. Rohrabacher, Mr. Andrews, Mr. Dreier, Mr. Wynn, Mr. Paul, Mr. Lipinski, Mrs. Myrick, Mr. Filner, Mr. Stump, Mr. Rahall, Ms. Woolsey, Mr. Ackerman, Mr. Duncan, Mr. Costello, Mr. Oberstar, Mr. Farr of California, and Mr. Taylor of North Carolina):

H.R. 2635. A bill to allow patients access to drugs and medical devices recommended and provided by health care practitioners that are not approved by the Food and Drug Administration, and for other purposes; to the Committee on Commerce.

By Mr. GEKAS (for himself, Mr. Hayworth, Mr. Bachus, Mr. Ballenger, Mr. Barcia, Mr. Burton of Indiana, Mr. Callahan, Mr. Calvert, Mr. Chabot, Mr. Collins, Mr. DeLay, Mr. DeMint, Mr. Dickey, Mr. Ehrlich, Mrs. Emerson, Mr. Everett, Mr. Goodlatte, Mr. Gutknecht, Mr. Herger, Mr. Hostettler, Mr. Isakson, Mr. Largent, Mr. Lewis of California, Mr. Manzullo, Mr. Metcalf, Mr. Mica, Mrs. Northup, Mr. Pitts, Mr. Rogan, Mr. Salmon, Mr. Saxton, Mr. Scarborough, Mr. Schaffer, Mr. Shadegg, Mr. Smith of Texas, Mr. Stump, Mr. Sununu, Mr. Talent, Mr. Terry, Mr. Watts of Oklahoma, Mr. Coble, Mr. LaHood, Mr. Fossella, Mr. Deal of Georgia, Mr. Tancredo, Mr. Hansen, Mr. Armey, Mr. Baker, Mr. Lewis of Kentucky, Mr. Royce, Mr. Souder, Mr. Sweeney, Mr. Reynolds, Mr. McCollum, Mr. Stearns, Mr. Cunningham, Mr. Sam Johnson of Texas, Mr. Doolittle, Mrs. Kelly, Mr. Linder, Mr. Bryant, Mr. Kingston, Mr. Gibbons, Mr. Jones of North Carolina, Mrs. Myrick, Ms. Dunn, Mr. Tiahrt, Mr. Bonilla, Mr. Taylor of North Carolina, Mr. Hilleary, Mrs. Bono, Mr. Gary Miller of California, Mr. English, Mrs. Cubin, Mr. Sessions, Mr. Aderholt, Mr. Watkins, and Mr. Fletcher):

H.R. 2636. A bill to amend title 5, United States Code, to provide for Congressional review of rules establishing or increasing taxes; to the Committee on the Judiciary, and in addition to the Committees on Ways and Means, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. BLUMENAUER (for himself and Mr. DeFazio):

H.R. 2637. A bill to protect consumer and community choice in access to Internet providers, and for other purposes; to the Committee on Commerce.

By Mr. BLUNT (for himself, Ms. Danner, Mr. Skelton, Mrs. Emerson, Mr. Talent, Ms. McCarthy of Missouri, and Mr. Hulshof):

H.R. 2638. A bill to amend the Indian Gaming Regulatory Act to prohibit the Secretary of the Interior from taking land into trust for Indian tribes for gaming purposes under certain conditions, and for other purposes; to the Committee on Resources.

By Mr. BONILLA (for himself, Mr. Boyd, Mr. Wicker, Mr. Sununu, Mr. Hayworth, Mr. Pitts, Mrs. Northup, Mr. Cunningham, Mr. Sessions, Mr. Hobson, Mr. Tiahrt, Mr. Cooksey, Mr. McInnis, Mr. Knollenberg, Mr. Foley, Mr. Norwood, Mrs. Cubin, Mr. Peterson of Pennsylvania, Mr. Hefley, Mr. Calvert, Mr. Hoekstra, Ms. Pryce of Ohio, Mr. Schaffer, Mr. Hastings of Washington, Mr. Linder, Mr. Stenholm, Mr. Blunt, Mr. Boehner, Mr. Goode, Mr. Chambliss, Mr. Skeen, and Mr. Paul):

H.R. 2639. A bill to establish peer review for the review of standards promulgated under the Occupational Safety and Health Act of 1970; to the Committee on Education and the Workforce.

By Mr. CAMP:

H.R. 2640. A bill to amend the Internal Revenue Code of 1986 to provide that long-term vehicle storage by tax-exempt organizations which conduct county and similar fairs shall not be treated as an unrelated trade or business; to the Committee on Ways and Means.

By Mrs. CUBIN (for herself and Mr. Largent):

H.R. 2641. A bill to make technical corrections to title X of the Energy Policy Act of 1992; to the Committee on Commerce.

By Mr. FRANKS of New Jersey:

H.R. 2642. A bill to amend the Immigration and Nationality Act to provide that aliens who commit acts of torture abroad are inadmissible and removable and to establish within the Criminal Division of the Department of Justice an Office of Special Investigations having responsibilities under that Act with respect to all alien participants in acts of genocide and torture abroad; to the Committee on the Judiciary.

By Mr. HASTINGS of Washington:

H.R. 2643. A bill to amend the Native American Graves Protection and Repatriation Act to provide for appropriate study and repatriation of remains for which a cultural affiliation is not readily ascertainable; to the Committee on Resources.

By Mr. HINCHEY (for himself, Mr. Kleczka, and Mr. George Miller of California):

H.R. 2644. A bill to prohibit Federal, State, and local agencies and private entities from transferring, selling, or disclosing personal data with respect to an individual to other agencies or entities without the express consent of the individual except in limited circumstances, and to require such agencies and entities to provide individuals with personal data maintained with respect to such indviduals; to the Committee on Government Reform.

By Mr. KUCINICH (for himself, Mr. Gutierrez, Ms. Schakowsky, and Ms. Baldwin):

H.R. 2645. A bill to provide for the restructuring of the electric power industry; to the Committee on Commerce.

By Mrs. MCCARTHY of New York:

H.R. 2646. A bill to amend the Internal Revenue Code of 1986 to provide common sense tax relief for families; to the Committee on Ways and Means.

By Mr. SHADEGG:

H.R. 2647. A bill to amend the Act entitled "An Act relating to the water rights of the

Ak-Chin Indian Community to clarify certain provisions concerning the leasing of such water rights, and for other purposes; to the Committee on Resources.

By Mr. SHAW:

H.R. 2648. A bill to amend the Tariff Act of 1930 to clarify the rules for treatment of international travel merchandise and bonded warehouses and staging areas; to the Committee on Ways and Means.

By Mr. SHAYS:

H.R. 2649. A bill to reduce Federal spending in several programs; to the Committee on Agriculture, and in addition to the Committees on Transportation and Infrastructure, Resources, Science, Commerce, and International Relations, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. STARK:

H.R. 2650. A bill to amend title XVIII of the Social Security Act to improve and streamline the physician self-referral law; to the Committee on Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. THOMAS (for himself, Mr. Baird, Mr. Crane, Mrs. Johnson of Connecticut, Mr. McCrery, Mr. English, Mr. Camp, and Mr. Ramstad):

H.R. 2651. A bill to amend title XVIII of the Social Security Act with respect to the restrictions on physician self-referral; to the Committee on Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. TIERNEY:

H.R. 2652. A bill to increase monitoring of the use of offsets in international defense trade; to the Committee on International Relations, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. MICA (for himself, Mr. Gilman, Mr. Stupak, Mr. Kucinich, Mr. Knollenberg, and Mr. Smith of New Jersey):

H. Con. Res. 165. Concurrent resolution expressing United States policy toward the Slovak Republic; to the Committee on International Relations.

By Mr. BROWN of Ohio (for himself, Mr. Chabot, Mr. Deutsch, Mr. Andrews, Mr. Tancredo, Mr. Sweeney, and Mr. Cook):

H. Con. Res. 166. Concurrent resolution expressing the sense of the Congress that the United States should adopt a "One China, One Taiwan Policy" which reflects the present day reality that Taiwan and China are two separate nations; to the Committee on International Relations.

By Ms. NORTON (for herself, Mr. Franks of New Jersey, and Mr. Wise):

H. Con. Res. 167. Concurrent resolution authorizing the Architect of the Capitol to permit temporary construction and other work on the Capitol Grounds that may be necessary for construction of a building on Constitution Avenue Northwest, between 2nd Street Northwest and Louisiana Avenue Northwest; to the Committee on Transportation and Infrastructure.

By Mr. LANTOS (for himself, Mr. Gilman, Mr. Gejdenson, Mr. Bereuter, Mr. Ackerman, Mr. Berman, Mr. Crowley, Mr. Delahunt, Mr. Faleomavaega, Mr. Hastings of Florida, Mr. McGovern, Mr. Sawyer, and Mr. Wexler):

H. Res. 265. A resolution expressing the sense of the House of Representatives that the President should actively encourage holders of Jordanian debt to provide debt relief in order to strengthen the economy of Jordan; to the Committee on International Relations.

By Mrs. MORELLA (for herself and Ms. Eddie Bernice Johnson of Texas):

H. Res. 267. A resolution expressing the sense of the House of Representatives with regard to Shuttle Mission STS-93, commanded by Colonel Eileen Collins, the first female space shuttle commander; to the Committee on Science.

PRIVATE BILLS AND RESOLUTIONS

Under clause 3 of rule XII,

Mr. WU introduced a bill (H.R. 2653) to exempt certain entries of titanium disks from anti-dumping duties retroactively applied by the United States Customs Service; which was referred to the Committee on Ways and Means.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 19: Mrs. Biggert and Mrs. Lowey.

H.R. 36: Mr. Wexler and Mr. Markey.

H.R. 44: Mr. Klink and Mr. Bass.

H.R. 65: Mr. Klink.

H.R. 135: Mr. Klink.

H.R. 170: Mr. Gordon, Mr. Davis of Florida, Mr. McNulty, and Mr. Smith of Washington.

H.R. 175: Mr. Moran of Virginia and Mr. Udall of New Mexico.

H.R. 269: Mr. Hinchey.

H.R. 274: Mrs. Jones of Ohio.

H.R. 303: Mr. Neal of Massachusetts, Mr. Meehan, Mr. Klink, and Mr. LaTourette.

H.R. 306: Mr. Brady of Pennsylvania, Ms. McKinney, and Mr. Holt.

H.R. 323: Mrs. Biggert.

H.R. 332: Mr. Miller of Florida.

H.R. 338: Mr. Evans.

H.R. 346: Mr. Simpson.

H.R. 354: Mr. McInnis.

H.R. 360: Ms. Lee.

H.R. 405: Mr. Hulshof, Mr. Skelton, Mr. McNulty, and Mr. Pallone.

H.R. 431: Mr. Miller of Florida.

H.R. 486: Mr. Regula, Mrs. Wilson, and Mr. Sawyer.

H.R. 488: Mr. Rangel and Mr. Rothman.

H.R. 561: Mrs. Roukema.

H.R. 611: Mr. Phelps.

H.R. 623: Mr. Burr of North Carolina.

H.R. 637: Mr. Kildee.

H.R. 664: Mr. Crowley.

H.R. 708: Mr. Klink.

H.R. 721: Mr. Clyburn, Mr. Evans, and Mr. Thune.

H.R. 736: Mr. Miller of Florida.

H.R. 750: Mr. Walden of Oregon and Mr. Lantos.

H.R. 773: Mr. Boehlert.

H.R. 780: Mr. Frost.

H.R. 784: Mr. Klink and Mr. Moakley.

H.R. 798: Mr. Barrett of Wisconsin.

H.R. 804: Ms. Rivers.

H.R. 810: Mr. Costello.

H.R. 815: Mr. Tiahrt.

H.R. 835: Ms. Slaughter.

H.R. 842: Mr. Doolittle.

H.R. 844: Mr. Larson.

H.R. 845: Mr. Snyder.

H.R. 859: Mr. McInnis.

H.R. 860: Mr. Goode.

H.R. 868: Ms. Pryce of Ohio.

H.R. 878: Mr. Miller of Florida.

H.R. 925: Ms. Rivers, Mr. Rothman, Mr. Ackerman, and Mr. Gejdenson.

H.R. 952: Mrs. Johnson of Connecticut and Mr. Shays.

H.R. 984: Mr. Fattah.

H.R. 1003: Mr. Pitts and Mr. Taylor of Mississippi.

H.R. 1041: Mr. Miller of Florida and Mr. McInnis.

H.R. 1055: Mr. Sweeney.

H.R. 1071: Mr. Klink.

H.R. 1079: Ms. Hooley of Oregon, Mr. Rahall, Mr. LaHood, Mr. Peterson of Minnesota, and Mr. Filner.

H.R. 1080: Mr. McGovern.

H.R. 1083: Mr. Allen.

H.R. 1111: Mr. Kind.

H.R. 1140: Mr. Stark, Mr. George Miller of California, and Mr. Farr of California.

H.R. 1168: Mrs. Thurman.

H.R. 1172: Mr. Waxman, Mr. Nussle, Mr. Martinez, Mr. Wolf, Mr. Moore, Mr. Nadler, Mr. Lampson, Mr. Moran of Virginia, Mr. Whitfield, Ms. McKinney, Mr. Barrett of Wisconsin, Mr. McDermott, Mr. LaTourette, Mr. Clement, Ms. McCarthy of Missouri, Mr. Talent, and Mr. Ney.

H.R. 1180: Mr. Wexler, Mr. Meeks of New York, Mr. Clyburn, and Mrs. Tauscher.

H.R. 1190: Mr. Davis of Virginia.

H.R. 1194: Mr. Evans, Mr. Tancredo, and Ms. McKinney.

H.R. 1219: Mr. Klink.

H.R. 1221: Mr. Stupak.

H.R. 1222: Mr. Stupak.

H.R. 1238: Mrs. Lowey and Mr. Markey.

H.R. 1244: Mr. Talent, Mr. Pease, and Mr. Gary Miller of California.

H.R. 1260: Mr. Pickering and Mr. McGovern.

H.R. 1271: Mr. Baird and Mr. George Miller of California.

H.R. 1272: Mr. Hayes.

H.R. 1275: Mrs. Northup, Mr. Calvert, Mr. Evans, Mr. George Miller of California, Mr. Shaw, Mrs. Tauscher, Mr. Neal of Massachusetts, Mr. Deutsch, and Mr. Allen.

H.R. 1278: Mr. Evans and Mr. Hill of Indiana.

H.R. 1283: Mrs. Northup, Mrs. Bono, and Mr. Herger.

H.R. 1286: Mr. Klink.

H.R. 1303: Mr. Davis of Illinois and Mr. Paul.

H.R. 1337: Mr. Boehlert, Ms. McKinney, and Mr. McInnis.

H.R. 1334: Mr. Hulshof, Mr. Lewis of Kentucky, and Mr. Minge.

H.R. 1356: Mr. Faleomavaega.

H.R. 1358: Mr. Maloney of Connecticut.

H.R. 1363: Mr. Petri.

H.R. 1366: Mr. Simpson.

H.R. 1433: Mr. Hastings of Washington.

H.R. 1454: Mr. Wu.

H.R. 1456: Mr. Fattah, Mr. Wise, and Ms. Berkley.

H.R. 1476: Mr. Klink.

H.R. 1497: Mr. Capuano.

H.R. 1505: Mr. Capuano and Mr. Lipinski.

H.R. 1518: Mr. Conyers and Mr. Gonzalez.

H.R. 1525: Mr. Klink.

H.R. 1598: Mr. Ehrlich, Mr. Aderholt, and Mr. Riley.

H.R. 1603: Mr. KLINK.

H.R. 1620: Mr. UPTON.

H.R. 1621: Mr. SENSENBRENNER.

H.R. 1622: Mr. ALLEN and Mr. ROTHMAN.

H.R. 1649: Mr. SHAYS.

H.R. 1660: Mr. GEORGE MILLER of California, Mrs. MEEK of Florida, Mr. SERRANO, Mr. MORAN of Virginia, Mr. VISCLOSKY, Mr. HALL of Ohio, Mr. WISE, Mr. EDWARDS, Mr. HOLDEN, and Mr. STUPAK.

H.R. 1671: Mr. MALONEY of Connecticut.

H.R. 1697: Mr. ROMERO-BARCELO and Mr. PAUL.

H.R. 1706: Mr. HASTINGS of Washington.

H.R. 1707: Mr. BARCIA.

H.R. 1746: Mr. LEWIS of Kentucky.

H.R. 1747: Mr. BATEMAN, Mr. SCARBOROUGH, Mr. DICKEY, Mr. LINDER, Mr. LARGENT, Mr. GREEN of Wisconsin, Mr. DeMINT, Mr. TOOMEY, Mr. SAM JOHNSON of Texas, Mr. DEAL of Georgia, Mr. WELDON of Florida, Mrs. CHENOWETH, and Mr. MILLER of Florida.

H.R. 1760: Mr. DIAZ-BALART, Mrs. BIGGERT, Mr. KING, Mr. BAIRD, Mr. SWEENEY, and Mr. HOLDEN.

H.R. 1764: Mr. KLINK.

H.R. 1777: Mr. OLVER.

H.R. 1788: Mr. LaTOURETTE, Mr. MALONEY of Connecticut, Ms. Woolsey, Mr. BEREUTER, Mr. SWEENEY, and Mr. GILMAN.

H.R. 1791: Mr. METCALF, Mr. KOLBE, and Mr. COOK.

H.R. 1838: Mr. RADANOVICH and Mr. BARR of Georgia.

H.R. 1841: Mrs. NAPOLITANO, Mr. ORTIZ, Mr. MENENDEZ, Mr. BECERRA, Mr. RODRIGUEZ, and Mr. CUMMINGS.

H.R. 1885: Mr. BROWN of Ohio, Mr. HILLIARD, and Mr. SANDLIN.

H.R. 1887: Mr. HYDE, Mr. COOK, Mr. ROTHMAN, and Mr. FRANKS of New Jersey.

H.R. 1890: Mr. DeFAZIO.

H.R. 1899: Mrs. KELLY, Mr. KUCINICH, Mr. HILLIARD, Mr. BILBRAY, Mrs. CHRISTENSEN, and Mr. FILNER.

H.R. 1907: Mr. CASTLE and Mr. MASCARA.

H.R. 1918: Mr. MILLER of Florida.

H.R. 1926: Mr. SOUDER, Mr. MALONEY of Connecticut, Mr. RAHALL, Mr. BROWN of Ohio, Mr. BLILEY, Mr. VENTO, and Mr. DICKEY.

H.R. 1932: Mr. COOKSEY, Mrs. CHRISTENSEN, Mr. HOEFFEL, Mr. GARY MILLER of California, and Mr. HANSEN.

H.R. 1933: Mr. COMBEST.

H.R. 1935: Mr. LoBIONDO and Mr. FRANK of Massachusetts.

H.R. 1958: Mr. KLINK.

H.R. 1967: Ms. McCARTHY of Missouri.

H.R. 1977: Mrs. McCARTHY of New York.

H.R. 1987: Mr. SOUDER, Mr. UPTON, Mr. McKEON, Mr. BARRETT of Nebraska, Ms. PRYCE of Ohio, and Mr. FLETCHER.

H.R. 1993: Mr. KLINK.

H.R. 1997: Mrs. JOHNSON of Connecticut, Mr. WISE, Mr. EVERETT, Mr. ANDREWS, and Mr. TRAFICANT.

H.R. 1998: Mrs. MORELLA.

H.R. 2000: Mr. CRAMER, Mrs. THURMAN, Mr. KING, Mrs. MINK of Hawaii, Mr. LEWIS of Georgia, Mr. MOORE, and Mr. WOLF.

H.R. 2010: Mr. BARRETT of Wisconsin.

H.R. 2028: Mr. BARCIA.

H.R. 2030: Mr. COOK, Mr. HAYWORTH, and Mr. BARTON of Texas.

H.R. 2106: Mr. MANZULLO.

H.R. 2124: Mr. HAYES.

H.R. 2136: Mr. McCRERY.

H.R. 2170: Mr. STRICKLAND, Mr. SPRATT, Mr. DUNCAN, Mr. COSTELLO, Mr. RODRIGUEZ, Mrs. BONO, Mr. SCOTT, Mrs. CHRISTENSEN, Ms. SANCHEZ, Mr. SPENCE, Mr. SHOWS, Mr. NEAL of Massachusetts, and Mr. SABO.

H.R. 2202: Mr. WEYGAND and Mr. BLAGOJEVICH.

H.R. 2221: Mr. SAM JOHNSON of Texas and Mr. COMBEST.

H.R. 2236: Mr. McNULTY.

H.R. 2240: Mr. KIND, Mr. BOUCHER, Mr. MASCARA, Mr. OLVER, Mr. MALONEY of Connecticut, and Mr. LEWIS of Georgia.

H.R. 2241: Mr. HULSHOF, Mr. SHAW, Mr. McNULTY, Mr. HILLIARD, Mrs. EMERSON, Mrs. CHRISTENSEN, and Mr. DICKS.

H.R. 2244: Mr. STUMP.

H.R. 2245: Mr. GOODE, Ms. DANNER, and Mrs. MYRICK.

H.R. 2246: Mr. WHITFIELD.

H.R. 2247: Ms. PRYCE of Ohio.

H.R. 2260: Mr. COOK and Mr. CALLAHAN.

H.R. 2265: Mr. LaFALCE, Mr. CLYBURN, and Mr. HOLDEN.

H.R. 2288: Mr. WEXLER.

H.R. 2300: Mr. LARGENT and Mr. TIAHRT.

H.R. 2303: Mr. WALDEN of Oregon, Mr. GILCHREST, Mr. KUYKENDALL, Mr. COOK, Mr. WISE, Ms. CARSON, Mr. GILMAN, Mr. CONDIT; Mr. LUCAS of Kentucky, Mr. MANZULLO, Mr. RADANOVICH, and Mr. ENGEL.

H.R. 2319: Mrs. FOWLER, Mr. WATTS of Oklahoma, Ms. KAPTUR, and Mr. GIBBONS.

H.R. 2337: Mr. MORAN of Kansas and Mr. BARCIA.

H.R. 2356: Mr. FOLEY, Mr. CANADY of Florida, Mrs. EMERSON, Mr. SHAYS, Mr. HAYWORTH, Mrs. NORTHRUP, Mr. WHITFIELD, Mr. BURR of North Carolina, and Mr. FRANKS of New Jersey.

H.R. 2364: Mr. ISTOOK.

H.R. 2367: Mr. WOLF.

H.R. 2373: Mr. MANZULLO.

H.R. 2384: Mr. REYES.

H.R. 2420: Mr. LEWIS of Kentucky, Mr. DIAZ-BALART, Mr. WEXLER, Mrs. MEEK of Florida, and Mr. GILCHREST.

H.R. 2436: Mr. DICKEY, Mrs. MYRICK, Mr. GUTKNECHT, Mr. LEWIS of Kentucky, and Mr. GOODLATTE.

H.R. 2439: Mr. BALDACCI.

H.R. 2444: Mr. DINGELL.

H.R. 2446: Mrs. McCARTHY of New York, Mr. PAYNE, Mr. VENTO, Mr. WEINER, Mr. ETHERIDGE, Mr. KUCINICH, Mr. FILNER, Mr. BLAGOJEVICH, Mr. MARKEY, and Mr. OWENS.

H.R. 2457: Mr. BRADY of Pennsylvania, Mr. DOYLE, Mr. PORTER, Mr. PALLONE, and Mr. HOLT.

H.R. 2463: Mr. PICKERING, Mr. RAHALL, and Mr. BALDACCI.

H.R. 2491: Mr. RANGEL, Mr. JONES of North Carolina, Ms. ROYBAL-ALLARD, and Mr. GOODE.

H.R. 2493: Mr. BONIOR, Mrs. MORELLA, Mr. GUTIERREZ, Mrs. THURMAN, Mrs. MINK of Hawaii, and Mr. BARRETT of Wisconsin.

H.R. 2498: Mr. SHOWS, Mr. WU, Ms. RIVERS, Mr. HANSEN, Mr. QUINN, Ms. ESHOO, Mr. ENGLISH, and Mr. WELDON of Pennsylvania.

H.R. 2503: Mr. ALLEN, Mr. WEINER, and Mr. LANTOS.

H.R. 2512: Mr. BECERRA.

H.R. 2528: Mr. COX, Mr. HAYWORTH, Mr. HORN, Mr. HUTCHINSON, Mr. SAM JOHNSON of Texas, Mrs. NORTHUP, Mr. NORWOOD, Mr. REYNOLDS, Ms. ROS-LEHTINEN, Mr. SHADEGG, Mr. SHIMKUS, Mr. SKELTON, Mr. SPENCE, and Mr. WICKER.

H.R. 2534: Mr. WELDON of Pennsylvania, Ms. LEE, Mr. HOLT, Mr. WEINER, Mr. SHAYS, Mr. JACKSON of Illinois, Mr. BAIRD, and Mr. MEEHAN.

H.R. 2543: Mr. FILNER, Mr. SAXTON, Mr. TAYLOR of North Carolina, Mr. WHITFIELD, Mr. BARTON of Texas, and Mr. HAYES.

H.R. 2548: Mr. RAHALL.

H.R. 2560: Mrs. MYRICK.

H.R. 2584: Mr. HORN, Mr. BILBRAY, and Ms. ROS-LEHTINEN.

H.R. 2586: Mrs. MEEK of Florida, Mr. FROST, and Mr. GUTIERREZ.

H.R. 2592: Mr. OBERSTAR.

H.R. 2593: Mr. LEWIS of Georgia.

H.R. 2595: Mr. KILDEE and Mrs. THURMAN.

H.R. 2612: Mr. KLINK and Mr. DUNCAN.

H.R. 2618: Mr. EVANS, Mrs. EMERSON, and Mrs. McCARTHY of New York.

H.J. Res. 41: Mrs. CAPPS, Mr. HOLT, Mr. KILDEE, Mr. UDALL of Colorado, and Mr. UDALL of New Mexico.

H.J. Res. 48: Mr. SHAYS and Mr. WEYGAND.

H.J. Res. 55: Mr. MORAN of Kansas.

H. Con. Res. 34: Mr. BAIRD and Mr. COYNE.

H. Con. Res. 78: Mr. ENGEL.

H. Con. Res. 80: Mr. LAMPSON, Mr. TAYLOR of North Carolina, Ms. WOOLSEY, Mr. LaTOURETTE, Mr. PHELPS, Mr. PASTOR, Mr. KLECZKA, Ms. KILPATRICK, Mr. MEEHAN, Mr. OBERSTAR, Mr. BILBRAY, Mr. ABERCROMBIE, Mr. KUCINICH, Mr. MARKEY, Mr. MASCARA, Mr. LEVIN, Mr. ROYCE, Mr. FRANK of Massachusetts, Mr. LaFALCE, Mr. WEYGAND, and Ms. ESHOO.

H. Con. Res. 100: Mr. LAMPSON, Mr. TAYLOR of North Carolina, Ms. WOOLSEY, Mr. KLECZKA, Ms. NORTON, Mr. PHELPS, Mr. PASTOR, Mr. ENGLISH, Mrs. JOHNSON of Connecticut, Mr. OBERSTAR, Mr. OLVER, Mr. ABERCROMBIE, Mr. LaTOURETTE, Mr. MARKEY, Mr. LEVIN, and Mr. MASCARA.

H. Con. Res. 111: Mrs. LOWEY.

H. Con. Res. 134: Mr. MURTHA, Mr. KLINK, Mr. PETERSON of Minnesota, Ms. RIVERS, Mrs. MEEK of Florida, Mr. RAHALL, Mr. COOK, Mr. HASTINGS of Florida, Mr. CUMMINGS, Mr. KINGSTON, and Mr. McHUGH.

H. Con. Res. 139: Mr. WYNN, Mr. CUNNINGHAM, Mr. NEAL of Massachusetts, Ms. LEE, Mr. SKELTON, and Mr. MATSUI.

H. Con. Res. 147: Mr. SWEENEY, Mr. RUSH, and Mr. HINCHEY.

H. Con. Res. 152: Mr. WYNN, Mr. RUSH, Mr. ABERCROMBIE, Mr. BOUCHER, Ms. McCARTHY of Missouri, and Mr. BORSKI.

H. Con. Res. 159: Mr. TAYLOR of North Carolina, Ms. WOOLSEY, Mr. PHELPS, Mr. PASTOR, Mr. BILBRAY, Mr. PAYNE, Mr. ABERCROMBIE, and Ms. RIVERS.

H. Res. 16: Mr. DUNCAN.

H. Res. 205: Mr. WHITFIELD and Mr. GOODLATTE.

H. Res. 251: Mr. HALL of Ohio, Ms. ESHOO, Mr. WYNN, Mr. RUSH, and Mr. WEXLER.

H. Res. 264: Mr. MINGE, Mr. COOKSEY, Mr. CUMMINGS, Mr. McINNIS, and Mr. KASICH.

PETITIONS, ETC.

Under clause 3 of rule XII,

40. The SPEAKER presented a petition of the Common Council of the City of Buffalo, relative to Resolution No. 202 petitioning the Congress to support H.R. 1833 and S. 219 and the addition of 125 US Customs cargo inspectors, 40 US special agents, and 10 US intelligence agents and $26,582,000 for equipment ill tile bill currently being discussed in the conference committee; to the Committee on Ways and Means.

AMENDMENTS

Under clause 8 of rule XVIII, proposed amendments were submitted as follows:

H.R.

OFFERED BY MR. KUCINICH

(Commerce, Justice, State, and Judiciary Appropriations, 2000)

AMENDMENT NO. 1 At the end of the bill, insert after the last section (preceding the short title) the following:

TITLE VIII—ADDITIONAL GENERAL PROVISIONS

SEC. 801. None of the funds made available in this Act may be used for the filing of a complaint, or any motion seeking declaratory or injunctive relief pursuant thereto, in any legal action brought under section 102(b)(2) of the North American Free Trade Agreement Implementation Act (19 U.S.C. 3312(b)(2)) or section 102(b)(2) of the Uruguay Round Agreements Act (19 U.S.C. 3512(b)(2)).

H.R. 2587

Offered by: Mr. Istook

AMENDMENT NO. 4: Page 65, insert after line 24 the following:

SEX OFFENDER REGISTRATION

SEC. 167. (a) PERMITTING COURT SERVICES AND OFFENDER SUPERVISION AGENCY TO CARRY OUT SEX OFFENDER REGISTRATION.—Section 11233(c) of the National Capital Revitalization and Self-Government Improvement Act of 1997 (DC Code, sec. 24-1233(c)) is amended by adding at the end the following new paragraph:

"(5) SEX OFFENDER REGISTRATION.—The Agency shall carry out sex offender registration functions in the District of Columbia, and shall have the authority to exercise all powers and functions relating to sex offender registration that are granted to the Agency under any District of Columbia law.".

(b) AUTHORITY DURING TRANSITION TO FULL OPERATION OF AGENCY.—

(1) AUTHORITY OF PRETRIAL SERVICES, PAROLE, ADULT PROBATION AND OFFENDER SUPERVISION TRUSTEE.—Notwithstanding section 11232(b)(1) of the National Capital Revitalization and Self-Government Improvement Act of 1997 (DC Code, sec. 24-1232(b)(1)), the Pretrial Services, Parole, Adult Probation and Offender Supervision Trustee appointed under section 11232(a) of such Act (hereafter referred to as the "Trustee") shall, in accordance with section 11232 of such Act, exercise the powers and functions of the Court Services and Offender Supervision Agency for the District of Columbia (hereafter referred to as the "Agency") relating to sex offender registration (as granted to the Agency under any District of Columbia law) only upon the Trustee's certification that the Trustee is able to assume such powers and functions.

(2) AUTHORITY OF METROPOLITAN POLICE DEPARTMENT.—During the period that begins on the date of the enactment of the Sex Offender Registration Emergency Act of 1999 and ends on the date the Trustee makes the certification described in paragraph (1), the Metropolitan Police Department of the District of Columbia shall have the authority to carry out any powers and functions relating to sex offender registration that are granted to the Agency or to the Trustee under any District of Columbia law.

H.R. 2606

Offered By: Mr. Andrews

AMENDMENT NO. 12: Page 116, after line 5, insert the following:

PROHIBITION ON FUNDS FOR NEW OPIC PROJECTS

SEC. 585. None of the funds appropriated in this Act may be used by the Overseas Private Investment Corporation except to fulfill obligations, guarantees, and agreements existing before the enactment of this Act.

H.R. 2606

Offered By: Mr. Brown of Ohio

AMENDMENT NO. 13: Page 7, line 10, after the dollar amount, insert the following: "(increased by $5,000,000)".

Page 27, line 6, after the first dollar amount, insert the following: "(reduced by $5,000,000)".

H.R. 2606

Offered By: Mr. Burton of Indiana

AMENDMENT NO. 14: Page 116, after line 5, insert the following:

SEC.   . None of the funds appropriated or otherwise made available in this Act in title II under the heading "DEVELOPMENT ASSISTANCE" may be made available to the Government of India.

H.R. 2606

Offered by: Mr. Burton of Indiana

AMENDMENT NO. 15. Page 116, after line 5, insert the following:

SEC.   . Of the funds appropriated or otherwise made available in this Act in title II under the heading "DEVELOPMENT ASSISTANCE", not more than $33,500,000 may be made available to the Government of India.

H.R. 2606

Offered by: Mr. Burton of Indiana

AMENDMENT NO. 16. Page 116, after line 5, insert the following:

SEC.   . Funds appropriated or otherwise made available in this Act in title II under the heading "DEVELOPMENT ASSISTANCE" for India may only be made available through nongovernmental organizations.

H.R. 2606

Offered by: Mr. Campbell

AMENDMENT NO. 17. Page 15, line 7, after the dollar amount insert "(reduced by $30,000,000)".

Page 15, line 11, after the dollar amount insert "(reduced by $20,000,000)".

H.R. 2606

Offered by: Mr. Campbell

AMENDMENT NO. 18. Page 32, line 5, after the dollar amount insert "(reduced by $8,000,000)".

Page 33, line 16, after the dollar amount insert "(increased by $8,000,000)".

H.R. 2606

Offered by: Mr. Campbell

AMENDMENT NO. 19. Page 33, line 16, after the dollar amount insert "(increased by $8,000,000)".

H.R. 2606

Offered by: Mr. Gilman

AMENDMENT NO. 20. Page 32, line 5, after the dollar amount, insert the following: "(reduced by $8,000,000)".

H.R. 2606

Offered by: Mr. Payne

AMENDMENT NO. 21. Page 116, after line 5, insert the following:

ASSISTANCE FOR SUDAN

SEC. ____ . (a) INTERNATIONAL DISASTER ASSISTANCE.—(1) Notwithstanding any other provision of law, of the funds appropriated by this Act in title II under the heading "INTERNATIONAL DISASTER ASSISTANCE", not more than $4,000,000 should be made available for rehabilitation and economic recovery in opposition-controlled areas of Sudan. Such amounts should be used for civil society, primary education, agriculture, and other locally-determined priorities.

(2) Amounts made available in accordance with this subsection should be provided by the Administrator of the United States Agency for International Development, in consultation with the Secretary of Agriculture.

(b) DEVELOPMENT ASSISTANCE.—Of the funds appropriated by this Act in title II under the heading "DEVELOPMENT ASSISTANCE (INCLUDING TRANSFER OF FUNDS)", the President, acting through the Administrator of the United States Agency for International Development, shall increase substantially the amount of development assistance for capacity building, democracy promotion, civil administration, judiciary, and infrastructure support in opposition controlled areas of Sudan.

(c) HUMANITARIAN ASSISTANCE.—(1) Notwithstanding any other provision of law, the President shall provide humanitarian assistance, including food, directly to National Democratic Alliance (NDA) participants in Sudan and to nongovernmental organizations.

(2) Delivery mechanisms used to provide assistance under this paragraph shall be separate from humanitarian assistance operations to civilian populations either through Operation Lifeline Sudan in opposition-controlled areas of southern Sudan or through non-Operation Lifeline Sudan channels.

(d) REPORT.—Not later than May 1, 2000, the President shall prepare and transmit to the Congress a report on the progress made in carrying out this section.

HOUSE OF REPRESENTATIVES—*Friday, July 30, 1999*

The House met at 9 a.m.

The Chaplain, the Reverend James David Ford, D.D., offered the following prayer:

We recognize, O God, that as we focus on our communities and our world there are voices of anger and acts of violence. Yet, we know too that there are voices of singing and acts of kindness and love. We know there is pain and we know there is joy, there is enmity and there is reconciliation.

Teach us, gracious God, so to number our days that our mouths will speak of wisdom and faith and our deeds will be of justice and righteousness.

Bless all Your people, O God, this day and every day, we pray.

Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from Illinois (Mr. LAHOOD) come forward and lead the House in the Pledge of Allegiance.

Mr. LAHOOD led the Pledge of Allegiance as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

> H.R. 819. an act to authorize appropriations for the Federal Maritime Commission for fiscal years 2000 and 2001.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair will entertain 1-minute requests at the end of today's business.

RECESS

The SPEAKER. Pursuant to clause 12 of rule I, the Chair declares the House in recess for 5 minutes.

Accordingly (at 9 o'clock and 5 minutes a.m.), the House stood in recess for 5 minutes.

□ 0910

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. LAHOOD) at 9 o'clock and 10 minutes a.m.

APPOINTMENT OF CONFEREES ON H.R. 1501, JUVENILE JUSTICE REFORM ACT OF 1999

Mr. HYDE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 1501) to amend the Omnibus Crime Control and Safe Streets Act of 1968 to provide grants to ensure increased accountability for juvenile offenders; to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to provide quality prevention programs and accountability programs relating to juvenile delinquency, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

MOTION TO INSTRUCT OFFERED BY MR. CONYERS

Mr. CONYERS. Mr. Speaker, I offer a motion to instruct conferees.

The Clerk read as follows:

> Mr. Conyers moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendment to the bill, H.R. 1501, be instructed to insist that—
>
> (1) the committee of conference recommend a conference substitute which—
>
> (A) includes a requirement that background checks be conducted on all firearms sales at gun shows so as to effectively preclude criminals and other prohibited purchasers (e.g. murderers, rapists, child molesters, fugitives from justice, illegal aliens, stalkers, and batterers) from obtaining firearms from non-licensed persons and federally licensed firearms dealers at gun shows;
>
> (B) does not include any measure that would weaken the effectiveness of background checks currently conducted on individuals seeking to purchase a firearm from a federally licensed firearms dealer;
>
> (C) does not include any measure that would otherwise weaken or eliminate any other provision of Federal firearms law or regulation; and
>
> (D) includes provisions which would authorize funding for school resource officers and school violence prevention programs, including school counselors;
>
> (2) all meetings of the committee of conference—
>
> (A) be open to the public and to the print and electronic media;
>
> (B) be held in venues selected to maximize the capacity for attendance of the public and the media; and
>
> (C) be held during reasonable hours;
>
> (3) the committee of conference allow sufficient opportunity for all members of the committee of conference to offer and debate amendments at all meetings of the committee of conference; and
>
> (4) the committee of conference recommend a conference substitute before Congress adjourns for the August recess so that Congress can pass reasonable gun safety measures before children return to school.

The SPEAKER pro tempore. The gentleman from Michigan (Mr. CONYERS) will be recognized for 30 minutes, and the gentleman from Illinois (Mr. HYDE) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Michigan (Mr. CONYERS).

Mr. CONYERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from Illinois.

Mr. HYDE. Mr. Speaker, I want to say to the gentleman from Michigan (Mr. CONYERS) that I have no objection to the instructions proposed by the gentleman from Michigan and we will accept them.

I just have one caveat, and that is putting time constraints on this may make it more difficult to resolve. We will do our best. It would be in an ideal world that we could finish this next week.

Mr. CONYERS. Mr. Speaker, reclaiming my time, I say to the chairman, it is not binding, that we are going to do our best to accomplish that.

Mr. Speaker, as disappointed as I have been about the senseless delays that have prevented this Congress from sending to the President's desk reasonable and moderate gun safety measures, I am pleased that we are finally ready to appoint conferees.

□ 0915

On August 16, in just a few weeks, the children who attended Columbine High School in Littleton, Colorado, will be returning to school. It has been over 3 months since the tragedy in Columbine occurred. But because of the delaying tactics by the National Rifle Association and its allies, we have only 1 week to settle the gun safety issues before we adjourn for the summer recess.

We should not delay longer. How can we do nothing when 13 children are killed as a result of gun violence in this Nation every single day?

Nine people were shot to death in Atlanta, Georgia, yesterday, and 12 were wounded. We do not know all the facts, but this was clearly a disturbed man who should not own a gun. We need a comprehensive system of background checks to keep this kind of person from buying a gun. We need to plug the loopholes.

We still have time to make this back-to-school season free from worries about gun violence for our Nation's children and their parents.

Kids should not have unsupervised access to guns. Teachers and parents should know that their children are carrying books, pencils and paper in their backpacks, not guns.

No dangerous criminal should be allowed to buy a gun at a gun show.

That is all that we are asking for.

My motion to instruct conferees is simple:

Number one, it says that a conference report should include measures that prevent criminals from getting guns at gun shows. A murderer, rapist or batterer should not be able to buy a gun at a gun show. It should not matter whether a murderer tries to buy the gun from a licensed or an unlicensed dealer. The murderer should not get the gun. This is common sense.

Number two, it says that a conference report should not weaken current gun laws. After the tragedies in Littleton, Colorado, and Conyers, Georgia, American parents cried out for measures that do more to protect their kids from gun violence. How can we as a Congress do less?

Number three, it says that a conference report should provide more school resource officers and counselors for our schools. We need to prevent gun violence in schools before it happens. We need to give teachers, school administrators, and parents the tools they need to make schools safer.

Number four, it says that we need to have a fair and open conference. This House should be ashamed that so much of the House debate on gun safety took place in the dead of night while American families were sleeping and unaware that new loopholes that would give more criminals access to guns were being written. The NRA and its allies should not be allowed to hide any longer.

Mr. Speaker, the young people are going back to school. It is time for this Congress to get back to work and pass modest and reasonable gun safety legislation. With nearly 5,000 of our children being killed by gun violence this year, we certainly cannot afford to put this legislation on hold any longer.

Mr. Speaker, I reserve the balance of my time.

Mr. HYDE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise to support the motion to instruct conferees. The gentleman from Michigan's motion makes several points that I know we all agree with, and hence we need no instruction to do. But I am concerned that the motion would also, or might also constrain the work of the conferees in such a way that might well be counterproductive.

The first instruction in the motion is that conferees craft the conference report in such a way that no criminal will be able to buy a gun, at a gun show or anywhere else. I know of no dispute on this point.

The second instruction in the motion is that the conferees not weaken any existing gun laws. I can assure you this side intends for that to happen. In fact, a cursory review of H.R. 1501 as passed by the House shows that the intent of this body is to strengthen the laws that punish the illegal possession and use of a gun. We do not need to be instructed to avoid doing the opposite.

The third point raised by the motion, to ensure that the conference report addresses the issue of school resource officers, is one that can be raised at conference certainly, and I am not aware of any controversy on this point that requires a vote of the full House at this time. I am certain we can address it at the conference itself satisfactorily.

Mr. Speaker, if this motion instructed us to do only that which we intend to do anyway, it would be superfluous and not needed. But I am troubled by one aspect of it, and, that is, the time constraints. We all want to move with expedition. There have been inordinate delays in getting this to this point. But we all know the reasons for that. This is a very contentious and volatile issue and there are diverse interests tugging and pulling us in different directions. And so I expect this to be a difficult but certainly not impossible conference. But I am fully hopeful that we can emerge with a conference report that can command the support of the majority of this House and a majority of the other body.

I also note that next week is going to involve a number of important measures that will be brought to the floor of this House and that of the other body, all seeking to be reconciled and resolved before the August recess. The interruptions that votes on these measures would cause to a conference, were one to be held, might be enough to prevent us from finishing within a week. Simply put, next week is not the wisest deadline for the work of this conference to be completed. But we are going to try. We are going to give it our very best effort.

And so I support the motion to instruct conferees, and I ask my colleagues to support it. I give you in return my assurance that I intend to complete the work of the conference as quickly and as effectively as possible, while still doing all the work expected of us, in as thoughtful and thorough a manner as possible.

Mr. Speaker, I yield back the balance of my time.

Mr. CONYERS. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LAHOOD). Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from Michigan (Mr. CONYERS).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. CONYERS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 305, nays 84, not voting 44, as follows:

[Roll No. 354]

YEAS—305

Abercrombie
Ackerman
Allen
Andrews
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barrett (NE)
Barrett (WI)
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bishop
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonior
Bono
Borski
Boswell
Boyd
Brady (PA)
Brown (OH)
Bryant
Buyer
Calvert
Camp
Campbell
Canady
Capps
Capuano
Cardin
Carson
Castle
Chambliss
Clay
Clayton
Clement
Clyburn
Combest
Condit
Conyers
Cook
Cooksey
Costello
Coyne
Cramer
Crowley
Cunningham
Danner
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
DeMint
Diaz-Balart
Dickey
Dingell
Dixon
Doggett
Dooley
Doyle
Dreier
Duncan
Dunn
Edwards
Ehrlich
Eshoo
Etheridge
Evans
Ewing
Farr
Fattah
Filner
Foley
Forbes
Ford
Fossella
Franks (NJ)
Frelinghuysen
Frost
Ganske
Gejdenson
Gephardt
Gilchrest
Gillmor
Gilman
Gonzalez
Goodling
Gordon
Goss
Granger
Green (TX)
Green (WI)
Greenwood
Gutknecht
Hastings (FL)
Hastings (WA)
Hefley
Herger
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Houghton
Hoyer
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Maloney (CT)
Maloney (NY)
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McGovern
McHugh
McInnis
McKeon
McKinney
McNulty
Meehan

Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Moore
Moran (KS)
Moran (VA)
Morella
Myrick
Napolitano
Neal
Nethercutt
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ose
Oxley
Packard
Pallone
Pascrell
Pastor
Payne
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Ramstad
Rangel
Regula
Reyes
Reynolds
Rivers
Rodriguez
Roemer
Rogan
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Schakowsky
Scott
Sensenbrenner
Serrano
Shaw
Shays
Sherman
Sherwood
Shuster
Simpson
Skeen
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Spratt
Stabenow
Stenholm
Strickland
Stupak
Sweeney
Tancredo
Tanner
Tauscher
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thurman
Toomey
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Walden
Walsh
Watt (NC)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Wexler
Weygand
Wilson
Wolf
Woolsey
Wu
Wynn
Young (FL)

NAYS—84

Aderholt
Archer
Armey
Bachus
Barr
Bartlett
Bass
Bilirakis
Bonilla
Boucher
Brady (TX)
Callahan
Cannon
Chabot
Chenoweth
Coble
Coburn
Collins
Deal
DeLay
Doolittle
Emerson
Everett
Fletcher
Gibbons
Goode
Goodlatte
Graham
Hall (TX)
Hansen
Hayes
Hayworth
Hill (MT)
Hilleary
Hostettler
Hulshof
Hunter
Jenkins
Jones (NC)
Kingston
Largent
Lewis (KY)
Lucas (KY)
Lucas (OK)
McIntosh
McIntyre
Mollohan
Murtha
Ney
Paul
Pickering
Pickett
Pitts
Pombo
Rahall
Riley
Rogers
Ryun (KS)
Salmon
Sanford
Scarborough
Schaffer
Sessions
Shadegg
Shimkus
Shows
Sisisky
Souder
Spence
Stump
Sununu
Talent
Taylor (MS)
Taylor (NC)
Thornberry
Thune
Tiahrt
Vitter
Wamp
Watkins
Watts (OK)
Whitfield
Wicker
Wise

NOT VOTING—44

Barton
Blagojevich
Brown (FL)
Burr
Burton
Cox
Crane
Cubin
Cummings
Davis (FL)
Deutsch
Dicks
Ehlers
Engel
English
Fowler
Frank (MA)
Gallegly
Gekas
Gutierrez
Hall (OH)
Hutchinson
Johnson (CT)
Johnson, Sam
Kleczka
Lantos
Luther
Manzullo
Markey
McCrery
McDermott
Nadler
Ortiz
Owens
Peterson (PA)
Skelton
Stark
Stearns
Tauzin
Tierney
Towns
Waters
Weller
Young (AK)

☐ 0954

Messrs. COBURN, COLLINS, STUMP, HAYES, PICKERING, PICKETT, HILLEARY, WHITFIELD, BACHUS, WAMP, CALLAHAN, ROGERS, HALL of Texas, TAYLOR of Mississippi, HULSHOF, McINTYRE, PITTS, SISISKY, WISE, RAHALL, BILIRAKIS, DEAL of Georgia, SPENCE, COBLE, RYUN of Kansas, SUNUNU, ARCHER, ARMEY, MOLLOHAN, TALENT, DeLAY, SOUDER, MURTHA, GRAHAM, and BARTLETT of Maryland changed their vote from "yea" to "nay."

Mr. ROEMER changed his vote from "nay" to "yea."

So the motion to instruct was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. EHLERS. Mr. Speaker, on rollcall No. 354, I was inadvertently detained. Had I been present, I would have voted, "yea."

Mr. WELLER. Mr. Speaker, on rollcall No. 354, I was inadvertently detained. Had I been present, I would have voted "yea."

Mr. DEUTSCH. Mr. Speaker, I was unavoidably absent from the Chamber today during rollcall vote No. 354. Had I been present I would have voted "yea."

The SPEAKER pro tempore (Mr. LAHOOD). Without objection, the Chair appoints the following conferees:

From the Committee on the Judiciary, for consideration of the House bill and the Senate amendment, and modifications committed to conference: Messrs. HYDE, McCOLLUM, GEKAS, COBLE, SMITH of Texas, CANADY of Florida, BARR of Georgia, CONYERS, FRANK of Massachusetts, SCOTT, BERMAN and Ms. LOFGREN.

Provided, that Ms. JACKSON-LEE of Texas is appointed in lieu of Mr. FRANK of Massachusetts for consideration of sections 741, 1501, 1505, 1534–35, and titles V, VI, and IX of the Senate amendment.

Provided, that Mr. MEEHAN is appointed in lieu of Mr. BERMAN for consideration of sections 741, 1501, 1505, 1534–35, and titles V, VI, and IX of the Senate amendment.

From the Committee on Education and the Workforce, for consideration of the House bill, and the Senate amendment (except sections 741, 1501, 1505, 1534–35, and titles V, VI and IX), and modifications committed to conference: Messrs. GOODLING, PETRI, CASTLE, GREENWOOD, DEMINT, CLAY, KILDEE, and Mrs. McCARTHY of New York.

From the Committee on Commerce, for consideration of sections 1365 and 1401–03 of the House bill, and sections 1504, 1515, and 1523 of the Senate amendment, and modifications committed to conference: Mr. BLILEY and Mr. DINGELL.

Provided, that Mr. BILIRAKIS is appointed for consideration of section 1365 of the House bill and section 1523 of the Senate amendment.

Provided, that Mr. TAUZIN is appointed for consideration of sections 1401–03 of the House bill and sections 1504 and 1515 of the Senate amendment.

There was no objection.

APPOINTMENT OF MEMBERS TO BOARD OF TRUSTEES OF HARRY S. TRUMAN SCHOLARSHIP FOUNDATION

The SPEAKER pro tempore. Without objection, and pursuant to section 5(b) of Public Law 93–642 (20 U.S.C. 2004(b)), the Chair announces the Speaker's appointment of the following Members of the House as members of the Board of Trustees of the Harry S. Truman Scholarship Foundation:

Mrs. EMERSON, Missouri and
Mr. SKELTON, Missouri.

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will now entertain 1 minutes until approximately 10:45 this morning.

WELCOME HOME TO THE MEMBERS OF THE RED HORSE SQUADRON

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, on June 8, the Secretary of Defense, Bill Cohen, ordered three U.S. Air Force Red Horse Squadron combat engineer teams from Nellis Air Force Base to Albania.

Their mission was to execute critical road and bridge repairs in this war-torn region as part of NATO's efforts to see a peaceful and safe return to a countless number of refugees.

Tonight will be a special evening at Nellis Air Force Base as many of these dedicated troops will be returning to their families and friends. Mr. Speaker, 61 members of the Red Horse Squadron will arrive on base tonight to a warm Nevada welcome.

This last spring, I had the opportunity to visit the Balkan region with some of my House colleagues and we were able to witness firsthand the enormous damage caused to the Kosovo region.

The task of removing land mines and repairing this region is an enormous challenge for our servicemen and women and continues to be to this date.

So on behalf of all Nevadans, let me say "welcome home" to the members of the Red Horse Squadron. I salute them for their valuable service to this country and to this effort.

As we continue to help these refugees back to their farmlands and homes, let us hope that all of our American troops will remain safe and return home in the very near future.

□ 1000

ATLANTA TRAGEDY GOOD EXAMPLE OF WHY WE NEED GUN CONTROL

(Ms. JACKSON-LEE of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, this morning I wish to rise and offer our sympathy to the people of Atlanta, to those who have lost their loved ones and those who are now recovering in Atlanta's hospitals, to Mayor Campbell and the elected officials to which I know that, being the largest number of mass killings in the history of that city, this and yesterday were tragic days.

That is why I think this recent vote was most important. As we move toward conference to be able to establish this conference's and this Congress' position on protecting our youth and having a reasonable and rational response to gun violence in America, it is important to be able to have effective background checks.

What a tragedy that this individual, this alleged perpetrator had a background of violence; and, yet, he was allowed, until we get further facts, seemingly, to get guns.

This Nation must stand up against the proliferation of guns in this country fairly and responsibly. We must do it together, Republicans and Democrats. Mr. Speaker, I look forward to us saying to the American people enough is enough.

WHY IS TAX RELIEF A THREAT TO DEMOCRATS?

(Mr. SHIMKUS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHIMKUS. Mr. Speaker, why is the idea of giving tax relief to taxpayers so upsetting to many Democrats?

Could it be that Washington would rather have more money to spend, and the politicians on that side would rather spend more money?

Why is it that Democrats refuse to acknowledge that the Republicans, the Republicans, have passed lockbox legislation to protect Social Security and Medicare while Democrats in the other body have blocked Social Security lockbox legislation?

Why do Democrats mischaracterize the effect of the Republican tax relief package on the national debt, ignoring the $2 trillion in debt reduction that we provide for?

Why do Democrats refuse to admit that the Republican proposal allocates $2 for Social Security and Medicare for every $1 in tax relief?

Why is the new Washington spending not a threat to fiscal discipline whereas tax relief is?

Why do Democrats call for higher spending and attack Republicans as extremists for cutting spending while at the same time attacking Republicans for failing to exercise fiscal discipline? Why?

SUPPORT EDUCATION SAVINGS ACCOUNTS

(Mr. PITTS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PITTS. Mr. Speaker, last year, the President vetoed the Education Savings Accounts bill that passed both Houses of Congress.

The American people have clear evidence of what Republicans have been saying for years now. The Republican Party is the party of reform. The other party is the party that will defend the education special interests at any price.

One party introduces real reforms with proven results. The other party talks a great game. But when it comes to reform, well, talk is about as far as it goes. If it is a choice between reform and the status quo, they pick the status quo every time.

Offering parents who desire nothing more than to send their children to a good school or at least to a better school is what this is about. Offering parents tax-free savings accounts that can be used for extra tutoring, special education needs, supplementary education materials, or a school in a better part of town is what this legislation is all about.

I urge both Democrats and Republicans who think that these are worthwhile goals to help parents do what is best for their kids. Support our tax bill which includes education savings accounts.

CHAIRMAN GREENSPAN SAYS "MOVING ON TAX FRONT MAKES A GOOD DEAL OF SENSE"

(Mr. WELDON of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WELDON of Florida. Mr. Speaker, Federal Reserve Chairman Alan Greenspan recently testified in a way that my colleagues will never ever hear quoted by the other side. In fact, none of the mainstream newspapers appear to see fit to publish this portion of his remarks, save, of course, for the Wall Street Journal editorial page.

Chairman Greenspan said that he would delay tax cutting unless, and here is the key part, "unless, as I've indicated many times, it appears that the surplus is going to become a lightning rod for major increases in outlays. That's the worst of all possible worlds, from a fiscal policy point of view, and that, under all conditions, should be avoided."

In other words, Mr. Speaker, Chairman Greenspan is saying get the money out of Washington before the liberals spend it. Give it back to the people.

He goes on from there to say, "moving on the tax front makes a good deal of sense to me." Those are the actual words of Chairman Greenspan, not the spin of the White House or the distortions of those on the other side who are forgetting to include the critical portion of the Federal Reserve Chairman's remarks.

REPUBLICAN TAX RELIEF PACKAGE BENEFITS AMERICANS

(Mr. BARTLETT of Maryland asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTLETT of Maryland. Mr. Speaker, what would the Republican tax relief package mean to Americans? It would mean that, for many Americans who cannot obtain health insurance through their employers, obtaining health insurance would become easier.

It would mean that more seniors would be able to pass on the family farm or the family business to their children. It would mean that people who save for their future and for their children would be able to get a greater return on their savings.

It would mean that ordinary Americans would see their paychecks go up a little bit, giving them more options, more choices about working, working overtime, or meeting the family budget.

It would mean that paying off those credit card debts would be a little easier. It would mean that married couples would not be penalized so heavily for being married.

Lower taxes means that people would have more control over their lives, over their time, and over their futures.

With a $3 trillion surplus over the next several years, is that really such a terrifying concept?

TRIGGER MECHANISM ALLOWS RESPONSIBLE TAX CUTS

(Mr. KUYKENDALL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KUYKENDALL. Mr. Speaker, I rise today to express my strong support for the trigger mechanism that we put in the House tax cut bill. This trigger provides a safeguard from incurring massive deficits to finance the tax cuts. It is a simple provision.

If interest paid on the national debt does not go down, then across-the-board tax cuts are delayed until the next year.

It recognizes that budget projections are just that, projections; and if the projections are overestimated, the tax cut will be deferred, avoiding additional debt.

There is no question that Americans are overtaxed and deserve to keep more of their hard-earned dollars. But tax relief, no matter how desirable, must be provided responsibly. That is what the House's tax cut accomplishes.

It is critical that this trigger mechanism stays in the legislation as it comes out of the conference committee.

Tax cuts must be dependent upon tax reduction. I urge the House conferees to keep this responsible provision. Not only is it fiscally responsible, it is plain common sense.

TRIGGER MECHANISM IN TAX BILL PROVIDES FOR TAX RELIEF AND DEBT REDUCTION

(Mr. SMITH of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of Michigan. Mr. Speaker, on the tax cut and on the debt reduction, we are interested in both. We developed a trigger last week when we passed our tax bill that accomplishes the assurance that we are going to pay down the debt. The Senate is putting in a provision in the tax bill that it sunsets after 10 years.

Additionally, we are working on a new trigger that is based on revenues. It says, in effect, that, if the revenues are not there, we are not going to have these kinds of tax cuts.

So the first portion that comes in from increased revenues would be to expand spending. The next portion would be to pay down the debt. What is left over from that would be additional tax cuts.

Let me just give my colleagues a fact that is interesting in terms of the overzealous taxation. We are talking about doing away with 10 percent of the income tax. If we did away with all of the personal income tax, revenues coming into the Federal Government would still be greater, larger than they were in 1990. That is how fast government is growing. That is how we are sucking the taxes out of Americans' pockets.

Let us leave more of that money in the pocket of the people that earned it.

PEOPLE WHO PAY TAXES ARE WEALTHY, ACCORDING TO THE DEMOCRATS

(Mr. HEFLEY asked and was given permission to address the House for 1 minute.)

Mr. HEFLEY. Mr. Speaker, I have never once heard a Democrat talk about who pays the taxes. I have never heard even a single Democrat cite this remarkable statistic: The top 50 percent of income earners pay 96 percent of the taxes, while the bottom 50 percent pay only 4 percent of the taxes.

Now, let me repeat that, and let me be a little more precise. The top 50 percent of income earners, according to the latest IRS data, pay exactly 95.7 percent of the total Federal income taxes. The bottom 50 percent, those with incomes below $23,160, the bottom 50 percent pay only 4.34 percent of the total Federal income tax in the country. In other words, low income earners pay almost no Federal taxes at all.

That is why any tax cut is immediately labeled tax cut for the wealthy. Even the $500 per child tax credit that passed 2 years ago, which was available to all families except the wealthy, was called tax cuts for the wealthy by the other side.

If one is a taxpayer, Democrats think one is wealthy, and one should not have one's tax reduced under any circumstances.

GODSPEED TO REV. DOUGLAS ZIMMERMAN AND HIS YOUTH MISSION TEAM

(Ms. ROS-LEHTINEN asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. ROS-LEHTINEN. Mr. Speaker, the Reverend Douglas Zimmerman of St. Thomas Episcopal Parish in Miami, Florida has always been known for his unselfish giving and his invaluable service to his parish and community.

Among his many gifts are the precedents he sets and the ways in which he leads children by example into following Biblical teachings.

This Monday, August 2, Reverend Zimmerman will, once again, instruct students to give of themselves as he organizes a group of seven dedicated students and four adults who have volunteered part of their summer vacation to lend a helping hand to underprivileged families in Central America.

During this mission trip, Reverend Zimmerman and his dedicated team of 11 will travel to Honduras, a country which was ravaged by Hurricane Mitch, to establish places of refuge for families which have been left desolate.

They will bring light to a world of darkness by providing children and their families with the basic necessities which we often take for granted. During their 9-day trip, the mission team will have the unique opportunity of building a House of the Lord, a church where individuals, families, and entire communities can gather.

In light of his many contributions, we congratulate Reverend Zimmerman and the St. Thomas Episcopal Parish youth mission team, that they will have a fortunate journey this summer.

TAXES AND REGULATORY COSTS AMOUNT TO ONE-HALF OF AMERICANS' INCOMES

(Mr. DUNCAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DUNCAN. Mr. Speaker, the national media has created some very false impressions about the tax cut legislation passed by the House.

First, the tax cut amounts to less than 30 percent of the projected surpluses over the 10-year period of the bill.

Second, in separate legislation, we have set aside more than 70 percent of the surpluses to help pay down the national debt and in a lockbox to meet future needs of Social Security and Medicare.

Third, we added language that says that tax cuts will not kick in if the surpluses do not come in as projected.

Fourth, this is a tax cut spread over 10 years, with the cuts during the first 5 years amounting to only 1½ percent of Federal revenues over that period.

The tax cuts are very moderate, and the Republicans in the House have set aside more than 70 percent of the future surpluses for debt reduction, Social Security, and Medicare.

Mr. Speaker, the average taxpayer pays almost 40 percent of his or her income in taxes now and another 10 percent in government regulatory costs that are passed on to the consumer in the form of higher prices. One-half of everybody's income is too much. Let us give a little bit of it back.

RAISE MINIMUM WAGE

(Mr. CROWLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CROWLEY. Mr. Speaker, I rise today to highlight an important issue that is currently being neglected by the House, the dire need for a raise in the minimum wage for our Nation's workers.

Both sides of the aisle recognize the advantages of new legislation. For this reason I question our delay in moving forward. Our hesitation is leaving cupboards empty as American families struggle unnecessarily.

Today's minimum wage leaves families at 19 percent below the equivalent 1979 poverty level. There is no excuse for this abhorrent fact to continue into the year 2000.

□ 1015

An increase in the minimum wage gives us the unique opportunity to give gifts of security and comfort to the American people. I believe that by stalling on this pertinent issue, we are directly denying our constituents the chance to live the American Dream.

Opponents of increasing the minimum wage would have us believe an increase in the minimum wage would cause employees to lay off workers; that it would hurt the poorest workers and destroy the economy. But I ask, did any of these things happen when we raised the minimum wage to $5.15 in 1998? As our economy is still strong and unemployment low, clearly none of these negative predictions came to be after the legislation went into effect.

Mr. Speaker, I insist we revisit the issue of raising the minimum wage. The American worker is depending on all of us.

EXTENDING SYMPATHY TO CITIZENS OF ATLANTA

(Mr. ISAKSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ISAKSON. Mr. Speaker, I rise today on behalf of all the Members of this Congress to extend our sympathy to the citizens of Atlanta, to the families of the victims in the tragedy that took place yesterday, and the prayers of this House for those that are in the hospitals recovering.

I also want to extend my gratitude to the hospitals of Grady, of Northside and St. Joseph's, and to law enforcement in Atlanta and the EMTs.

And I close by saying this. In the days ahead, all of us will seek to find some thing to blame in this tragedy. Today, in America, we all share the blame. Violence has become all too repetitive, all too often. It is time for us in this Congress, for those in the media, for everybody in all facets of our society to understand that violence has now permeated mainstream America, and we must begin to act to change the minds and hearts of Americans, or all that we have loved and treasured will begin to be broken down no matter how great and strong our economy.

REPUBLICANS PUT ON THIS EARTH TO CUT TAXES

(Mr. CHABOT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CHABOT. Mr. Speaker, I heard a criticism the other day of the way that Republicans talk about our budget proposal that I think has some merit.

The Republican budget proposal contains three major elements: Saving Social Security and Medicare, paying down the national debt, and tax relief. However, this critic pointed out that Republicans are talking almost exclusively about tax cuts and not emphasizing that we are also saving Social Security and Medicare and paying down the national debt. I think that criticism is valid, but I think I know why that is the case, too.

Republicans are just so excited about the tax cuts that some of them forget to talk about the other vital elements of the budget proposal. Let us face it, Republicans were put on this earth to cut taxes. We are the tax-cutting party, because we believe that people should have more power and control over their own lives and that the government should have less.

Let us be clear once and for all. The Republican budget proposal stands for saving Social Security and Medicare, paying down the national debt and, yes, also cutting the American people's taxes.

RECESS

The SPEAKER pro tempore (Mr. SHIMKUS). Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 10 o'clock and 18 minutes a.m.), the House stood in recess subject to the call of the Chair.

□ 1248

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. PEASE) at 12 o'clock and 48 minutes p.m.

APPOINTMENT AS MEMBERS OF BOARD OF VISITORS TO UNITED STATES AIR FORCE ACADEMY

The SPEAKER pro tempore. Without objection, and pursuant to 10 U.S.C. 9355(a), the Chair announces the Speaker's appointment of the following Members of the House to the Board of Visitors to the United States Air Force Academy:

Mr. THOMPSON, California and
Mr. DICKS, Washington.

APPOINTMENT OF CONFEREES ON S. 900, FINANCIAL SERVICES ACT OF 1999

Mr. LEACH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 900) to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, and other financial service providers, and for other purposes, with House amendments thereto, insist on the House amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

MOTION TO INSTRUCT OFFERED BY MR. LAFALCE

Mr. LAFALCE. Mr. Speaker, I offer a motion to instruct conferees.

The Clerk read as follows:

> Mr. LAFALCE moves to instruct the conferees on the part of the House on the bill S. 900 and the House amendment thereto, to ensure, consistent with the scope of the conference, that:
>
> 1. Consumers have the strongest consumer financial privacy protections possible, including protections against the misuse of confidential information and inappropriate marketing practices, and ensuring that consumers receive notice and the right to say "no" when a financial institution wishes to disclose a consumer's nonpublic personal information for use in telemarketing, direct marketing, or other marketing through electronic mail; and
>
> 2. Consumers enjoy the benefits of comprehensive financial modernization legislation that provides robust competition and equal and non-discriminatory access to financial services and economic opportunities in their communities; and
>
> 3. Consumers have the strongest medical privacy protections possible, and thereby prevent financial institutions from disclosing or making unrelated uses of health and medical and genetic information without the consent of their customers, and therefore agree to recede to the Senate on Subtitle E of Title III of the House amendment.

Mr. LAFALCE (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER pro tempore. The gentleman from New York (Mr. LAFALCE) and the gentleman from Iowa (Mr. LEACH) each will control 30 minutes.

The Chair recognizes the gentleman from New York (Mr. LAFALCE).

Mr. LAFALCE. Mr. Speaker, I ask unanimous consent to yield 15 minutes for the purpose of controlling time to the gentleman from Michigan (Mr. DINGELL), the distinguished ranking member of the Committee on Commerce.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LAFALCE. Mr. Speaker, I yield myself such time as I may consume.

I move that the motion to instruct be adopted by this House, Mr. Speaker. This bill is very important to American consumers for many reasons, particularly two.

It includes the important new financial privacy protections to ensure that financial institutions do not share private financial information with other companies. Consumers are tired of the barrage of phone and mail solicitations to which they are now subject and the careless use of their credit card and other private information which makes these solicitations possible. This bill would protect consumers against such practices and impose significant new obligations on financial institutions to protect consumer privacy.

This bill also contains strong community reinvestment provisions to ensure that consumers and communities receive fair and nondiscriminatory access to financial services in the new marketplace that is evolving.

Our motion, therefore, instructs the House conferees in negotiations with the Senate to insist on the strongest possible provisions on financial privacy, community reinvestment and nondiscrimination and medical privacy.

Mr. Speaker, I urge my colleagues to support the motion.

Mr. Speaker, this bill is very important to American consumers for two reasons. It includes important new financial privacy protections to ensure that financial institutions do not share private financial information with other companies. Consumers are tired of the barrage of phone and mail solicitations to which they are now subject, and the careless use of their credit card and other private information which makes these solicitations possible. This bill would protect consumers against such practices and impose significant new obligations on financial institutions to protect consumer privacy. This bill also contains strong community reinvestment provisions to ensure that consumers and communities receive fair and non-discriminatory access to financial services in the new marketplace that is evolving.

This motion therefore instructs the House conferees, in negotiations with the Senate, to insist on the strongest possible provisions on financial privacy, community reinvestment and non-discrimination, and medical privacy.

H.R. 10 contains strong financial privacy provisions which received virtually unanimous support, passing this House 427–1. Those provisions: Impose an affirmative obligation on all financial institutions to protect confidential information; require full disclosure of privacy policies and consumer rights to opt-out; direct regulators to establish standards for assuring the safety and confidentiality of financial records; prohibit the sharing of account numbers and access codes for marketing, including direct mail and e-mail marketing; permit consumers to block release of their private financial information for use in marketing; limit entities that receive financial information from reusing or reselling it to others; prohibit pretext calling and other deceptive means of obtaining private information; and provide for strong regulatory enforcement of privacy rights.

The Senate financial modernization bill—S. 900—contains only minimal privacy provisions regarding pretext calling. This motion instructs the House conferees to insist on the House provisions and the strongest consumer financial privacy protections possible.

Secondly, H.R. 10 contains strong community reinvestment provisions that ensure that publicly insured financial institutions equally and fairly serve all members of their communities in the new financial system that this bill otherwise creates. H.R. 10 ensures that community reinvestment laws remain relevant and viable in a more integrated financial services system. These provisions have enjoyed bipartisan support throughout this process.

Community reinvestment legislation was passed by Congress over twenty years ago to combat discrimination by publicly insured financial institutions and provide equal access for all Americans who qualify for home and small business loans and to community groups seeking loans to revitalize poor neighborhoods.

H.R. 10 maintains the central importance of these laws in our financial services system. S. 900 contains three provisions which substantially weaken community reinvestment laws and render them virtually irrelevant in the changing financial marketplace. President Clinton has made it abundantly clear that he will veto any bill that contains the Senate provisions. In contrast, the Administration can strongly support the bill passed by the House and the community reinvestment provisions it contains. This motion instructs House conferees to insist on the strongest possible community reinvestment provisions, reflected in the House product.

Finally, H.R. 10 contains a provision authored by Congressman GANSKE on medical privacy which the Administration, privacy groups, medical groups and many commentators argue contain substantial loopholes. In their current form, these provisions in fact represent less protection than what is available under existing law, and preempt strong privacy provisions available in the states. The Administration strongly opposes the Ganske provision. This motion instructs House conferees to insist that any medical privacy provisions give consumers the strongest medical privacy protections possible, prevent financial institutions from disclosing or making unrelated uses of health, medical and genetic information without consumer consent, and therefore recede to the Senate.

I urge my colleagues to support the motion.

Mr. Speaker, I reserve the balance of my time.

Mr. LEACH. Mr. Speaker, I yield myself such time as I may consume.

First, Mr. Speaker, let me say I intend to yield 15 minutes to the gentleman from Iowa (Mr. GANSKE) as a representative of the Committee on Commerce at the appropriate point.

Mr. Speaker, I agree with, in fact, the first two provisions of the motion to instruct and will reluctantly accede to the third, but I am compelled to note that the controversy over the medical privacy provisions that this motion to instruct seeks to strike from the bill presents one of the most ironic circumstances that I have dealt with as a committee chairman.

The same Members who have quite properly insisted on placing privacy protections for consumers of financial services in the bill are now strenuously insisting on deleting from it a provision that would offer consumers powerful new protections in an area where there is perhaps the greatest sensitivity to privacy, that relating to personal health and medical records.

I continue to believe that the medical privacy provision championed by the gentleman from Iowa (Mr. GANSKE) and others has been widely misunderstood both by Members of this body and outside groups that have expressed certain skepticism.

Here let me be clear. The provisions would block the sharing of the individually identifiable customer, health, medical, and genetic information by an insurance company either within an affiliate structure or with outside third parties unless the customer expressly consents to such disclosure with a limited number of exceptions related to medical research or normal and customary underwriting in business functions.

It should be emphasized that the Ganske language does nothing to undermine the more comprehensive medical privacy proposals being developed by other congressional committees or by the Clinton administration. The provision plainly states that it will not take effect or shall be overridden if and when Congress enacts comprehensive medical privacy legislation satisfying the requirements of the Health Insurance Portability and Accountability Act of 1996.

Moreover, as both the gentleman from Iowa (Mr. GANSKE) and I made clear as legislative intent in House debate on the subject, the provision in no way undermines the authority of the Secretary of Health and Human Services to promulgate regulations in this area if the Congress fails to meet its statutory mandate by August 21 of this year.

In short, the provision was carefully designed to supplement rather than supplant or supersede other private and public sector legal and institutional barriers to the sharing of private health and medical information.

As I have repeatedly stated, I was prepared to work at conference to further clarify the bill's text. The future HHS rulemaking would not be preempted. I also agreed to seek to remedy any imperfections in language that might realistically be deemed to compromise patient confidentiality. However, in light of the controversy generated by the provision and because I would like to proceed in as bipartisan a fashion as possible in producing a financial modernization bill that the President can sign into law, I am prepared not to fight instruction that the House recede to the Senate position on this issue. But in so doing I would reiterate my belief that opposition to the Ganske approach is based upon an underlying premise that is frail and upon outside advocacy that may be misdirected.

Accordingly, it is my hope that those Members and outside associations that have so vehemently opposed addressing the issue of health and medical privacy in this bill will re-examine their positions. Little, after all, would seem more self-apparently appropriate than to prohibit sharing of medical records within or outside financial services companies without patient consent.

Future Congressional and administrative actions to fashion law and regulation in this complex area will no doubt be modeled in large part on the provision that this instruction is designed to delete. But here the irony should further be underscored that HHS discretion, which the gentleman from Iowa (Mr. GANSKE) and I are totally willing to protect, in any event only goes to health insurance. So what is happening here is that the motion to instruct is knocking out legislative protections for all medical privacy without the prospect that privacy protections for life and disability insurance can be addressed through administrative action.

After all the contentions on the minority side that privacy protections should be in the bill, the argument now is that they should not be in the bill. I want bipartisanship and administration support for this legislation so I am willing to accede, but let me stress not without a degree of incredulity.

Mr. Speaker, I reserve the balance of my time.

Mr. MARKEY. Mr. Speaker, I yield myself 3 minutes.

The SPEAKER pro tempore. Does the gentleman seek to claim the time allocated to the gentleman from Michigan (Mr. DINGELL)?

Mr. MARKEY. I do, Mr. Speaker.

The SPEAKER pro tempore. Without objection, the gentleman from Massachusetts is recognized.

There was no objection.

Mr. MARKEY. Mr. Speaker, I rise in strong support of the LaFalce motion to instruct the House conferees. With this legislation the Congress will be breaking down the Glass-Steagall walls that long have restricted limited affiliations between banks, securities firms and insurance companies and allow these financial services institutions to merge and to affiliate with one another.

I support this effort. The gentleman from Michigan (Mr. DINGELL) supports this effort. This is not really what we are debating here today. The great truth, however, of finance in the information age is that it is the telecommunication wires that have reshaped the financial services industry. It is the telecommunications revolution which has made possible this global financial revolution. It is this telecommunications revolution which makes it possible for the first time to really bring together all of these various services in a way that can serve individuals and nations much more efficiently than they ever have in the past.

But, as I have said before, there is a Dickensian quality to this wire. It is the best of wires, and it is the worst of wires simultaneously. Yes, it can make the banking and insurance and brokerage industries more efficient, but yes, at the same time it can also compromise the privacy of every single family in the United States.

The LaFalce motion to instruct says that the conferees shall ensure, consistent with the scope of the conference, that consumers have the strongest consumer financial privacy protections possible, including protections against the misuse of confidential information and inappropriate marketing practices. The conferees must also ensure that consumers receive notice and the right to say no when a financial institution wishes to disclose a consumer's nonpublic personal information for use in telemarketing, direct marketing, or other marketing through electronic mail. Now I ask my colleagues what is wrong with that? What is wrong with that?

Second, the motion instructs the House conferees to ensure that consumers have the strongest medical privacy protections possible and thereby prevent financial institutions from disclosing or making unrelated uses of health and medical and genetic information without the consent of their customers and strike the flawed Ganske language that would weaken protections under current State or federal laws or regulations.

☐ 1300

Finally, the motion by the gentleman from New York, the LaFalce motion, instructs the House conferees to ensure that consumers enjoy the benefits of comprehensive financial modernization.

These are critical issues that need to be properly addressed. There are tremendous opportunities for innovation and for entrepreneurship in finances, banking moves online. But we have a difference that is developing between the privacy keepers, on the one hand, and the information reapers on the other.

The CEO of Capital One Financial recently noted, credit cards are not banking, they are information. And the data miners fully intend to exploit their access to and control of consumer personal information for fun and for profit.

We believe that is wrong. We believe that the LaFalce instructions are critical to ensuring that, as we move forward with all of the new efficiencies in the financial services world, that we also ensure that we are protecting individuals against those that might seek to take advantage of it.

Mr. Speaker, I reserve the balance of my time.

Mr. GANSKE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I think there has been a lot of miscommunication, misunderstanding about the medical privacy provisions that we passed here in the House. I will just briefly go over those.

Those medical privacy provisions would not preempt State privacy laws, they would not obstruct future State privacy laws, they would not allow insurance companies to sell medical information to drug companies, they would not block the Secretary of HHS from issuing provisions under HIPAA, which interestingly, as the chairman of the Committee on Banking and Financial Services pointed out, is limited to health insurance, whereas the provisions on medical privacy in the bill that we passed here in the House goes for all insurance. So it is more inclusive than what was in HIPAA. And it would say that, unless a customer specifically agreed, an insurer could not give any medical information to its affiliates, much less any third party; and I think that is important.

I think the bill would be better with that provision in there.

Now, there has been a lot of controversy about some of the exceptions in that provision, and I have shared with all of the colleagues in the House, Republican and Democrats, a "Dear Colleague" that goes into some detail on this, which I will insert into the RECORD at this time.

HOUSE OF REPRESENTATIVES,
Washington, DC, July 12, 1999.

DEAR COLLEAGUE: The medical privacy provision in H.R. 10 restricts disclosures of customer health and medical information by insurers.

Some concerns have been raised about the exceptions to the opt-in policy. I would like to take this opportunity to define some of the terms found in the exceptions and dispel the misinformation that is being circulated regarding these provisions.

Under current law, an insurance company obtains medical record information only with an individual's authorization. The medical privacy provision in H.R. 10 relates to how an insurance company shares the data after it has acquired it. The provision states that insurers can only disclose this information with an individual's consent except for limited, legitimate business purposes. These provisions would apply to all insurers who are currently engaged in the insurance business, and who have millions of contracts in force right now. Without these exceptions, these insurers would no longer be able to serve their customers.

The exceptions include ordinary functions that insurance companies are already doing in their day-to-day business. Such operations include:

Underwriting: Insurers use health information to underwrite. The price someone pays for insurance is based in part on an individual's state of health. Insurers gather medical information about applicants during the application and underwriting process. Underwriting is fundamental to the business of insurance. During the underwriting process, an insurer may use third parties, such as labs and health care providers to gather health information and/or to analyze health information. The insurer may also use third parties to perform all or part of the underwriting process and must disclose information to these third parties, such as doctors or third party administrators, so that they can enter into the contract in the first place.

Reinsuring Policies: Insurance companies sometimes assume a "risk" and then further spread the risk by "reinsuring" a policy. While often a "reinsurance" arrangement is made at the initiation of a contract, there are also times when reinsurance occurs after the policy is issued. The reinsurer needs access to the first insurer's underwriting practices as part of its due diligence. Without this language, the wheels of the reinsurance industry could literally grind to a halt.

Account Administration, Processing Premium Payments, and Processing Insurance Claims: In order to pay a claim for benefits, the insurer has to process the claim. This is a basic business function. These activities are the very reasons an individual signs up for a policy in the first place. Companies may use third party billing agencies and administrators to process this information. A company that doesn't today, may tomorrow; and we need to ensure that they can, so that consumers can be served.

Reporting, Investigating or Preventing Fraud or Material Misrepresentation: There are certainly times when individuals may not want to disclose all of their health information for valid reasons. However, there are those that may try to hide health information relevant to whether a policy would be issued or what would be charged for that policy. For example, nonsmokers usually pay less for insurance than smokers. On the other hand, if you have a chronic illness your premium may be higher. If an individual is engaged in fraud of material misrepresentation, it is highly unlikely that they would give their consent so that the insurer could disclose this information, for example, to its law firm to undertake an investigation of the matter or to the insurance commissioner or other appropriate authorities.

Risk Control: Credit card companies and other financial institutions involved in billing, conduct internal audits to ensure the integrity of the billing system. During this process, the company verifies that merchants, credit card holders and transactions are legitimate. These audits are done on random samples in which transactions dealing with medical services are not segregated or treated differently from other types of transactions. However, if this exception were not included, the company would be prevented from verifying the validity of transactions dealing with medical services. This would open the door for much fraud and abuse or the inability for consumers to write checks or use credit cards to pay for medical co-payments.

Research: Insurers do research for many purposes. For example, life insurers will do research related to health status and mortality to help them more accurately underwrite and classify risk. This provision is needed so that insurers can continue to do research.

Information to the Customer's Physician: This exception is necessary to allow insurers to release information to an individual's physician. For example, during the underwriting process, an insurer may conduct blood tests on an applicant. If the blood tests indicate that there may be something wrong, the insurer needs to be able to share the information with the individual's designated physician or health care provider so that they, together, can determine the best course of treatment.

Enabling the Purchase, Transfer, Merger or Sale of Any Insurance Related Business: No one has a crystal ball. A company does not know in advance when they will engage in these activities. It would be impractical if not impossible to obtain the tens of thousands of authorization forms signed and returned to the company so that a company could purchase, transfer, merge or sell an insurance related business. Without this language, companies will not be able to serve their customers by forging new business frontiers. Since the privacy provision covers all insurance companies, the purchasing company will have to abide by the same restrictions as the original company.

Or as Otherwise Required or Specifically Permitted by Federal or State Law: There are some states that require or specifically permit the disclosure of medical information by insurance companies. For example, a company may have to disclose health information to a state insurance commissioner so that the commissioner can determine if the company is complying with state law banning unfair trade practices. A company may have information that would help the police in an investigation where they suspect an individual has murdered someone in order to collect life insurance benefits. This language is necessary for these and other important public interests.

I hope that this brief explanation of the exceptions to the strong "opt-in" provisions of the medical privacy provisions of H.R. 10 clears up some misperceptions. During floor debate, I said I would work to include explicit language stating that this provision does not prohibit the secretary of HHS from issuing regulations on medical privacy as specified by HIPAA.

Furthermore, I hope consensus can be achieved on a comprehensive medical privacy bill. However, I remain convinced that as new financial services entities that combine banking, securities and insurance are created by H.R. 10, it is important that personal health data can be shared inside, or outside, the company only with the patient's permission. That is what the Ganske Amendment did.

If you need additional information, please contact Heather Eilers at 5-4426.

Sincerely,

GREG GANSKE,
Member of Congress.

Mr. Speaker, I think that this is a very important bill. And I do not think this bill should rise or fall on this issue. Clearly, there are a number of privacy groups that have thought that the provisions were not as complete. On the other hand, many of the insurance companies we have received communications from have said that they are more than what they are comfortable with.

So at this point in time, I would agree with the chairman of the Committee on Banking and Financial Services, and I would accede to his decision in terms of the motion to instruct. I hope that we are able to come up with a comprehensive bill on medical privacy. Our committee will be working on that. I regret that without this provision I think the bill is not as strong as it should be, but I think that we will be working on this in other venues.

Mr. Speaker, I reserve the balance of my time.

Mr. LAFALCE. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Speaker, I thank the gentleman for yielding me this time. I rise in support of the LaFalce motion to instruct.

Mr. Speaker, the fact is that the Senate and House bills, with regard to financial modernization, are significantly different. While they both embrace financial modernization and extend new powers and responsibilities to the insurance securities and banking entities, bringing about really a revolution in terms of the way we engage our financial services, the fact is that it is only the House bill that offers strong, new consumer protections that are vitally necessary in that electronic world, including the privacy provisions that have been written by the Committee on Banking and Financial Services and the Committee on Commerce and strongly supported on a bipartisan basis, at least on the floor.

The fact is that those provisions ought to be retained in terms of this conference. I think that the House can empower the conferees by, in fact, supporting this motion and giving us a strong vote and a reendorsement in defiance to the Senate's position, which has very few protections or hardly addresses this basic issue. They do have pretext-calling and some other matters, but we need the power of the House behind us in conference, and a vote for this motion will do that.

Similarly, the provisions that deal with service to consumers and community reinvestment, the House bill actually expands on those powers and maintains them, while the Senate bill actually draws back and would reduce the effectiveness of financial institutions in terms of serving their community, taking away the responsibilities, and these are basically the consumer games.

On the issue of medical privacy, obviously there is a great deal of concern here. Many are happy with the bird in hand and the language in the bill and think that it can be corrected; others are looking at two birds in the bush and think that they can actually gain more through the administrative procedures and through a separate act in terms of action. I would just point out that most of the issue with medical privacy and the way we approach it has dealt with what doctors and patients do. The fact of the matter is we need to address insurance companies, we need to address life insurance, we need to address disability. The facts I think are somewhat clouded today as to what that affects.

So I think people will keep somewhat of an open mind. I think we are seeking a common cause in terms of the greatest privacy, the greatest medical privacy that can be written. I just think it is important to point out with the whole issue of privacy that we are with financial institutions going to have the strongest statement in terms of law with regards to privacy that exist in any entities, any businesses in this Nation, including commercial and many other businesses, and the Internet itself, incidentally, which has few, if any restrictions on it, and even there, the regulators, which some had sought to empower, are offering voluntary compliance as adequate.

Privacy is increasingly on the minds of consumers as they see the technological advances eroding barriers, linking heretofore random data, shrinking the world, and sharing their personal profiles with others.

In these post-H.R. 10, post-Know Your Customer days, we have become, finally, a very sensitized Congress. With every day it becomes clearer that the American economy is running on data: customer data. We collect, disseminate, study, share and peddle profiles and preferences of people to run companies, enforce laws, and sell products. But what voice and choice does any consumer have over their own personal and public data? What is the right balance of free information flow vs. privacy protection? Should the only choice a consumer has be that she/he not do business with a company or a group of companies because she/he doesn't like their privacy policies?

This House passed strong privacy provisions when it passed H.R. 10 earlier this month. This motion to instruct would serve as a notice to the House Conferees and the Senate's Conferees that we will be looking for the strongest privacy provisions for American consumers. As passed by the House, the bill affords consumers with new important safeguards for their financial privacy, putting banks, credit unions, securities and insurance firms at the forefront of many other U.S. sectors.

H.R. 10 provides strong affirmative provisions of law to respect and provide for a consumer's financial privacy and to have a privacy policy that meets federal standards to protect the security and confidentiality of the customers personal information. H.R. 10 prohibits the sharing of consumer account numbers for the purposes of third party marketing. This protection applies to all consumers and requires no action on their part. Consumers can "opt-out" of sharing of information with third parties in a workable fashion that protects consumers' privacy while allowing the processing of services they request. And importantly, regulatory and enforcement authority is provided to the specific regulators of each type of financial institutions.

H.R. 10 specifically prohibits the repackaging of consumer information. Data can not be resold or shared by third parties or profiled or repackaged to avoid privacy protections. Further, consumers must be notified of the financial institution's privacy policy at the time that they open an account and at least annually thereafter.

These are giant steps forward. These common sense, hopefully workable provisions were added to the substantial protections already included in H.R. 10 that prohibit obtaining customer information through false pretenses. They will also augment what is currently in law for consumers to protect their privacy.

Mr. Speaker, what is clear is that a law that requires consumer action is appropriate but third party and affiliate "opt-out" is hardly the first and last word in consumer rights. We can do more and can do better. The fact is that a number of consumers have such a right today under Fair Credit Reporting Act or institution policies. Even with that authority, only a small fraction of individuals, less than 1 percent, exercise that option. Consumer choice may give us a positive feeling of a remedy but what does it really accomplish—what is the bottom line? Does it provide choice if only a fraction of 1% responds to "opt out"?

The fundamentals of this are that people want to know what information is being collected, how and why. U.S. citizens want to know how the data about them is being protected. Consumers want to know to correct false information. Americans want to know how the laws are enforced. Businesses seeking customers ultimately need to bear this in mind, or they will not be in business. Business wants a fair opportunity to provide options and use information to better serve their customers. Business wants a level playing field across economic sectors. Business wants to develop the means to keep data confidential and accurate. The Conferees must advance the strongest possible privacy provisions within this framework.

Additionally, this motion would instruct the Conferees to seek the best possible conclusion for consumers and communities so that they remain a core constituency that can benefit from passage of financial services modernization. Consumers must enjoy the benefits of comprehensive financial modernization legislation that provides vigorous competition. All consumers regardless of race, class or creed, need and deserve access to financial services and economic opportunities in their communities, wherever they may be in this country: rural or urban, suburban or exurban, East or West, and North and South. All are entitled to investment in their communities and equal opportunity for credit and services. The Conferees for the House will do well for this House and the American people if they endeavor to balance such consumer concerns with those of the giants of industry seeking to blend their products and companies to be competitive for the future.

Thousands upon thousands of successful partnerships have been forged to provide local businesses with access to credit, homeowners with mortgages and community development organizations with the wherewithal to make a difference in their neighborhoods. Laws like the Community Reinvestment Act provide the bedrock, the foundation for such partnerships and we must work to strengthen CRA and other laws that help assure the creditworthy needs of communities are served fairly.

Finally, Mr. Speaker, with regard to medical privacy, we seek to have the highest and best protections for consumers that have relationships with financial institutions that could receive and share confidential health and medical information. While I have differences regarding the language in the motion, we all agree that we must seek the strongest provisions that prevent the unrelated use or disclosure of health, medical and genetic information. Further we should not weaken any federal or state protections in law or regulation.

As most are aware, there is currently a much larger process outside of this bill. Many interested parties are working on either a legislative solution or the possibility of regulations from the Department of Health and Human Services to address comprehensively for all health industry businesses and entities, regardless of corporate structure, that will hopefully provide the framework for what is the definitive and proper practice for sharing medical information. To the degree that that process works to cover the affiliated structures, life insurance and property and casualty insurance entities that would affiliate with banks, we do not want to undermine it. Where it is not sufficient, we hope to complement and strengthen it.

This motion should not be out of line with what we have tried to do—in good faith—in the House-passed version of financial services modernization. The statements of so many members allude to their firm belief that we should not and would not supersede the work of HHS in response to the 1996 Health Insurance Portability and Accountability Act of 1996 (HIPAA), passed by this Congress and signed into law. We must assure that the language neither supplants nor has a negative effect on the law or the regulations. Moreover, we must be absolute in assuring that stronger state laws are not preempted. Finally, we must be diligent in assuring that we are prepared for the possibility that the HHS regulations or potential law passed by Congress regarding the health insurance industry will not entirely apply to other insurance entities. In that event, we must with no uncertainly, obtain the strongest possible medical privacy provision so that all Americans are not vulnerable to the misuse of such information in credit or other decisions made by affiliated companies.

I understand that this is a priority of the President, who spoke to this in his State of the Union address to the Nation. We share the goal that we must make true medical privacy a reality for all Americans as soon as is practically possible. Medical privacy should not be breached by financial modernization. The ultimate legislative and regulatory solutions must properly affect the structures we hope to create under financial services modernization so that we are not left with a void that leaves customers vulnerable to inappropriate medical information sharing.

So I rise in support, and I urge Members to give us this vote of confidence.

Mr. LEACH. Mr. Speaker, I yield 2 minutes to the gentlewoman from New Jersey (Mrs. ROUKEMA).

Mrs. ROUKEMA. Mr. Speaker, I find myself in agreement, mostly in agreement with what has been said on different sides of this subject today, and I certainly agree with my chairman and with what the gentleman from Iowa (Mr. GANSKE) has stated in terms of conceding to this motion to instruct.

However, I think there are two important things that should be included here, and one is that when we are in conference, we not only have to look very carefully at whatever was done with the Ganske amendment, as this motion instructs us to do; but also, we want to be very sure that in doing this, we are not opening up another loophole. I think we all have good intentions here and intellectual competence in this area so that we can constructively and honestly address that.

Mr. Speaker, I also want to state that I have been working for a long time, both in my subcommittee with hearings, as well as outside the subcommittee, with those medical groups that have raised some legitimate concerns on this subject. I am going to continue those hearings on privacy, whether it be financial privacy or medical privacy; but whatever is done here is only a first-step foundation. The issue of privacy, more comprehensive, will have to be addressed by this Congress across the board. I want to be part of that project.

Mr. MARKEY. Mr. Speaker, I ask unanimous consent to transfer control of the remaining time of the Committee on Commerce minority to the gentleman from Michigan (Mr. DINGELL), the ranking member of that full committee.

The SPEAKER pro tempore (Mr. PEASE). Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. DINGELL. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I rise in support of the motion to instruct the conferees on H.R. 10, the Financial Services Act of 1999.

I support the idea that we should have responsible modernization legislation. That legislation must contain strong protection for taxpayers, consumers, investors, that ensures the safety and the soundness of the banking system, as well as the efficiency, competitiveness and integrity of the capital markets of the United States, and also fair and nondiscriminatory access to our economic opportunities by all Americans.

I voted against H.R. 10 on final passage earlier this month because it did not meet these tests, and I intend to work hard in the House-Senate conference to improve this legislation so that all Members can support it in good conscience. We cannot come back to the House with a conference report that does not give consumers adequate control over their private, financial, and medical records.

Mr. Speaker, I would note that the so-called health information protections in H.R. 10 serve only to protect the insurance industry, not consumers. Proponents of the medical privacy provisions of H.R. 10 contend that consent is required before the insurer discloses personally identifiable health information to another party, but they never note that there is a two-page list of exemptions to this rule that basically guts any real right of the consumer to be protected, or his right of consent.

In fact, there is nothing in H.R. 10 that would prevent insurers from selling one's health information for profit. Neither are there any restrictions whatsoever as to what people or companies that receive one's medical records may do with them. They are free to sell one's records to employers, information brokers, banks, pharmaceutical companies, or anybody else they please for good motive or bad. Once one loses one's medical privacy, they cannot get it back.

The medical privacy provisions of H.R. 10 would actually preempt stronger State protections already in effect. It would wipe out over 57 State laws, many of which have stricter safeguards for sensitive medical records such as mental illness or HIV. There is also a question of whether enactment of the medical privacy provisions of H.R. 10 would preclude authority otherwise already available to the Secretary of Health and Human Services, to go forward with the issuance of real consumer privacy protections that apply to health information held by doctors, hospitals, and government agencies.

In addition, the bill contains some rather laughable financial privacy provisions that tell a bank simply to disclose its privacy policy, if it has one. H.R. 10 also gives very weak protection to investors for transfers of sensitive financial information to third parties, leaving the door wide open for sharing one's personal financial information with affiliated telemarketers and others.

By voting to instruct the conferees on this bill, the House will be on record in favor of the strongest possible provisions to protect consumer privacy, both with regard to financial records and health records. A vote in favor will also put the House on record in favor of ensuring that this legislation will allow all consumers to ensure not only the benefits of the legislation and nondiscriminatory access to financial services and their communities. I urge all of my colleagues to support this motion.

Mr. Speaker, I reserve the balance of my time.

Mr. GANSKE. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. THOMAS).

Mr. THOMAS. Mr. Speaker, as chairman of the Subcommittee on Health in 1996 and working on the legislation commonly known as HIPAA, there was a clear understanding that more and more as we computerize records and indeed, even today with paper records, we need a greater degree of security to provide for confidentiality for patients. That is why we purposefully put Congress under the gun. That is, we said in that legislation in 1996 that Congress had 3 years to act. If Congress did not act in 3 years, the Secretary of Health and Human Services would then write the provisions.

One would think that Congress would act on its own. I have to tell everyone within my voice, Congress is an institution that almost always reacts instead of acts. One of the best ways to get Congress to act is to create a time anvil. That is exactly what we have here.

At the end of August, the Secretary begins promulgating confidentiality and privacy regulations, unless Congress acts. It creates a requirement that Congress act.

The gentleman from Maryland (Mr. CARDIN), a member of the Committee on Ways and Means and myself have been working on confidentiality legislation which will be bipartisan and comprehensive.

☐ 1315

What was placed in this financial services package because of the timing of the movement of this product is absolutely appropriate. It says that the paragraph will not take effect, or shall cease to be effective, on and after the date on which legislation is enacted that satisfies the requirements. It says, if Congress does its job, this provision does not do its job.

I want Members to understand what the Democrat motion does. It says, they will recede to the Senate on that provision I just read. What is in the Senate? Nothing. In other words, they are asking us to recede to the Senate on nothing.

Everybody knows the phrase, less is more. This drives it to the position that nothing is maximum. It removes the anvil. It means there is less pressure on us to do our job that we said we were going to do 3 years ago. Where is the pressure to force the appropriate compromise if we have no pressure at all on these Members, without the administration to write the regulations?

We think Congress ought to do its job. It makes no sense whatsoever to recede to the Senate when the Senate has nothing. The only useful language is to say that this is a holder, and it will be here until Congress does its job.

Please, let Congress do its job using the time frame that forces us to agree. Do not vote on this. Do not recede. Do not say there should be nothing, instead of the very excellent amendment that the gentleman from Iowa (Mr. GANSKE) put in that is in this measure.

When we go to conference, keep the anvil. Make us do our job.

Mr. VENTO. Mr. Speaker, I claim the time of the gentleman from New York (Mr. LAFALCE), in his absence.

The SPEAKER pro tempore (Mr. PEASE). Without objection, the gentleman from Minnesota (Mr. VENTO) claims the time of the gentleman from New York (Mr. LAFALCE).

There was no objection.

Mr. VENTO. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Speaker, despite the rosy picture of unprecedented wealth on Wall Street and the strong performing economy for some Americans, many Americans still face social and economic problems. As conferees prepare to negotiate H.R. 10, the Financial Services Act of 1999, there are two ways that the conferees can help to eliminate the unfortunate predicament of America's less fortunate persons.

First, conferees must take an uncompromising position on strong Community Reinvestment Act language. The

Community Reinvestment Act was enacted in 1977 to cure the lingering effects of past discrimination and to revitalize decaying American neighborhoods, to help Americans realize the dream of home ownership.

CRA has led to over $1 trillion in loans to low- and moderate-income communities. However, language in the Senate's financial services modernization bill, S. 900, threatens to undermine the progress of community revitalization. The Senate bill undermines the Community Reinvestment Act by weakening the CRA enforcement provisions in H.R. 10, eliminating the ability of community groups to participate in the CRA review process, and by providing unconscionable small bank exemptions that would cause harm to rural communities.

Conferees must be strong on CRA. Americans deserve nothing less.

Second, we must understand that lifeline banking provides banking services to low-income persons, and I had in the last bank modernization bill an amendment for lifeline banking. This time we were not able to get it in on the House side, but it is extremely important. It is necessary because over 30 million Americans do not have bank accounts with a traditional financial institution. Lifeline banking is good commonsense public policy that will help to bring America's poor into the banking mainstream.

Additionally, the conferees must address the important issue of financial privacy. So I would submit for the conferees that they should include this information.

Mr. DINGELL. Mr. Speaker, I yield 3 minutes to the distinguished gentlewoman from California (Mrs. CAPPS).

Mrs. CAPPS. Mr. Speaker, I thank my colleague for yielding time to me.

Mr. Speaker, I rise in strong support of this motion to instruct the conferees on H.R. 10. In particular, I want to commend the gentleman from New York (Mr. LAFALCE) and the gentleman from Michigan (Mr. DINGELL) for the language contained in this motion regarding the importance of medical privacy.

Let me say first that I strongly believe this Congress should pass financial services modernization this year. Laws governing this industry are outdated and inefficient. They increase consumer costs and they limit consumer choices. They need to be changed. But in so doing, we must ensure that we protect not only the privacy of consumers' sensitive financial information, but also of their medical records, as well.

As a nurse, I know that in order to be effectively treated, patients must share all their health information with their doctors, therapists, and other providers. No diagnosis is complete without it. But if patients do not feel that their information will stay put with their health care provider or insurance company, if they cannot be sure that their most private and sensitive information will be kept confidential, they will not be so forthcoming. That would hurt patient care.

I wish to submit now for the RECORD a list of national organizations opposed to the medical records provisions in H.R. 10.

In contrast to the House version of H.R. 10, we must ensure that the financial modernization legislation that comes out of conference protects patient privacy. With that in mind, I urge a yes vote on this motion to instruct.

The list of organizations opposed to the medical records provisions in H.R. 10 is as follows:

ORGANIZATIONS OPPOSED TO THE MEDICAL RECORDS PROVISIONS IN H.R. 10

PHYSICIAN ORGANIZATIONS

American Medical Association

American Psychiatric Association

American College of Surgeons

American College of Physicians/American Society of Internal Medicine

American Academy of Family Physicians

American Psychological Association

NURSES ORGANIZATIONS

American Nurses Association

American Association of Occupational Health Nurses

PATIENT ORGANIZATIONS

National Breast Cancer Coalition

Consortium for Citizens with Disabilities Privacy Working Group

National Association of People with AIDS

AIDS Action

National Organization for Rare Disorders

National Mental Health Association

Myositis Association

Infectious Disease Society

PRIVACY/CIVIL RIGHTS ORGANIZATIONS

Consumer Coalition for Health Privacy

American Civil Liberties Union

Center for Democracy and Technology

Bazelon Center for Mental Health Law

LABOR ORGANIZATIONS

AFL–CIO

American Federation of State, County and Municipal Employees

Service Employees International Union

SENIOR AND FAMILY ORGANIZATIONS

American Association of Retired Persons

National Senior Citizens Law Center

Planned Parenthood Federation of America, Inc.

National Partnership for Women and Families

American Family Foundation

OTHER ORGANIZATIONS

American Academy of Child and Adolescent Psychiatry

American Association for Psychosocial Rehabilitation

American College of Occupational and Environmental Medicine

American Counseling Association

American Lung Association

American Occupational Therapy Association

American Osteopathic Association

American Psychoanalytic Association

American Society of Cataract and Refractive Surgery

American Society of Clinical Psychopharmacology

American Society for Gastrointestinal Endoscopy

American Society of Plastic and Reconstructive Surgeons

American Thoracic Society

Anxiety Disorders Association of America

Association for the Advancement of Psychology

Association for Ambulatory Behavioral Health

Center for Women Policy Studies

Children & Adults with Attention-Deficit/Hyperactivity Disorder

Corporation for the Advancement of Psychiatry

Federation of Behavioral, Psychological and Cognitive Sciences

International Association of Psychosocial Rehabilitation Services

Legal Action Center

National Association of Alcoholism and Drug Abuse Counselors

National Association of Developmental Disabilities Councils

National Association of Psychiatric Treatment Centers for Children

National Association of Social Workers

National Council for Community Behavioral Healthcare

National Depressive and Manic Depressive Association

National Foundation for Depressive Illness

Renal Physicians Association

Mr. GANSKE. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. DREIER).

Mr. DREIER. Mr. Speaker, I thank my friend for yielding time to me.

Mr. Speaker, I am standing here because I think there has been a gross mischaracterization of the medical privacy provisions in this bill. When we had the debate on H.R. 10, legislation which I am very pleased got 343 votes when it was reported out of this House, criticisms that came from many on the other side, and frankly, from many in the media who took advantage of that mischaracterization, I think, make it necessary that we address it.

H.R. 10 and the provisions that were included here in fact will not, as we pointed out in the debate at that time, preempt State privacy laws. It does not in any way allow insurance companies to sell medical information to drug companies. It does not, as we found already in this debate, block the Secretary of Health and Human Services from issuing privacy regulations as required by current law.

I want to commend my friend, the gentleman from Iowa (Mr. GANSKE), who has spent a long time working on this, and at the same time, my colleague, the gentleman from California (Mr. THOMAS), the chairman of the subcommittee, does make a very valid point in his call to make sure that we continue to have that pressure point recognized there.

I think that the only real, legitimate debate here is whether the medical privacy issue is better addressed in H.R. 10 or in some other fashion. So I think we are going to see what obviously is going to be an interesting challenge here.

I think it is important for us to clarify exactly what the gentleman from Iowa (Mr. GANSKE) was trying to do. Clearly we want to make sure that privacy is recognized and is in no way jeopardized.

The SPEAKER pro tempore. Without objection, the time previously claimed by the gentleman from Minnesota (Mr. VENTO) will be reclaimed by the gentleman from New York (Mr. LAFALCE).

There was no objection.

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. WATT).

Mr. WATT of North Carolina. Mr. Speaker, most of the debate up to this point has been focused on the issue of privacy. That is, in fact, an important issue as we move forward to modernize financial services. We have to assure the protection of the privacy of consumers' financial and medical records.

I want to direct my colleagues' attention to paragraph 2 of the motion to instruct and rise in support of the motion to instruct conferees, because that paragraph gets to the heart of what financial modernization is about.

We are instructing the conferees to ensure that we come back with a bill that ensures consumers enjoy the benefits of comprehensive financial modernization legislation, that provides robust competition, and equal and nondiscriminatory access to financial services and economic opportunities in their communities.

As we move forward in this process, we are modernizing financial services, but we have to keep in mind that this is for the benefit of consumers and communities. Let us support the motion to instruct for that reason.

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentleman from Connecticut (Mr. MALONEY).

Mr. MALONEY of Connecticut. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise to commend the gentleman from New York (Mr. LAFALCE) for his leadership on this issue, and to urge support of his motion to instruct conferees on H.R. 10.

Today's motion to instruct contains three important elements. It would ensure the strongest consumer privacy possible, it would provide equal and nondiscriminatory access to financial services, and it would protect medical privacy.

Unfortunately, the House hastily included medical privacy provisions in H.R. 10 that may actually be harmful to consumers because they do not rise to the level of basic protections afforded under any of the major medical confidentiality bills now being considered by Congress. That unintended result may in fact deter many patients from seeking necessary health care out of fear of disclosure.

The motion instructs the conferences to restore the confidence of the American public in the privacy of their sensitive health care information by removing medical-related provisions currently contained in H.R. 10.

Mr. Speaker, we have an historic opportunity to pass a balanced bill. I urge passage of the motion to instruct.

Mr. MEEKS of New York. Mr. Speaker, today we send our Members of the House to work with the members of the Senate to work out a compromise on the Financial Services Act of 1999. While we know, understand, and recognize that banks and other financial companies must be able to compete in an environment that will allow them to expand their powers and become competitive globally, and that our financial institutions are one of the most critical components to ensuring a healthy U.S. economy, our first and foremost responsibility is to those individuals who send us here to Washington each and every election day.

Therefore, we must ensure that consumers as well as financial institutions benefit from banking reform. It is meant to protect them from the misuse of their confidential personal information, this amendment, for marketing or other purposes, maintaining their medical privacy, and to make certain that our financial institutions that receive the benefit of government support continue to contribute to the economic health of low- and moderate-income communities.

Let me say, we must support CRA. It is an absolute necessity if we are to have a successful bill.

Mr. Speaker, today we send our members of the House to work with the members of the Senate to work out a compromise on the Financial Services Act of 1999. The purpose of this act is to provide banks and other financial companies with an environment that will allow them to expand their powers and become more competitive globally. Our financial institutions are one of the most critical components to ensuring a healthy U.S. economy. They are so critical that this Nation developed an independent body known as the Federal Reserve to regulate these institutions. Thus it is vital that this House and the Senate work diligently, and efficiently to develop a final version of the Financial Services Act that will make certain American institutions have a fair opportunity to be the most competitive in the world. However, each of the conferees must remember that their primary goal as members of this House is to protect the interest of the individual citizens of this nation who send us to Congress and who own this nation.

Therefore, we must insure that consumers as well as financial institutions benefit from banking reform. It is meant to protect them from the misuse of their confidential personal information for marketing or other purposes, maintain their medical privacy, and make certain that our financial institutions that receive the benefit of government support continue to contribute to the economic health of low- and moderate-income communities.

Let me take a moment to emphasize the importance of the Community Reinvestment Act or CRA. There are some in the Senate who believe that CRA is a burden to banks. Let me assure those individuals that they are mistaken. The facts are clear, the overwhelming majority of evidence states that CRA has been a major success. It has been a benefit to low and moderate-income individuals, their communities, and most of all to banks. Since 1977, banks and thrifts have made over $1.057 trillion in loan pledges to low-income areas. CRA investments have been widely credited with dramatically increasing home ownership, restoring distressed communities, helping small businesses and meeting the unique credit needs of rural communities. Financial institutions such as Citigroup, BankAmerica, Southwest Bank of Texas, Iron and Glass Bank, and a host of others have all made it clear that CRA is good policy and good for business.

I urge my colleagues to vote in favor of banking legislation that is good for banks and good for consumers. Vote for the motion to instruct.

Mr. GANSKE. Mr. Speaker, I yield 1 minute to the gentleman from Georgia (Mr. LINDER).

Mr. LINDER. Mr. Speaker, this is getting curiouser and curiouser. In the Committee on Banking and Financial Services, when this bill was going through it was the Democrats, the gentleman from Washington (Mr. INSLEE) who demanded privacy language, very strict privacy language.

It was the gentleman from Minnesota (Mr. VENTO) who, with the gentleman from Iowa (Mr. LEACH) late at night worked out a compromise on the privacy language, the first consumer protection language in the banking bill .

It got to the Committee on Commerce and the gentleman from Massachusetts (Mr. MARKEY) passed on a voice vote strong consumer privacy language, but even he was shocked it passed, and made it a huge point on the floor of the House that his language was not being adhered to. It had to be stronger.

Now they come out today and say, we do not want anything; accede to the Senate's nothingness, no consumer protection at all. Or is it maybe that they would rather have the administration write the language? They are acceding to a bill that is absent the language. They cannot have it both ways.

□ 1330

This banking legislation, as it left this House, had some of the best privacy language of any banking legislation, and now my colleagues want to walk away from it, and they ought to be ashamed.

The SPEAKER pro tempore (Mr. PEASE). The Chair advises Members that the proponent of the motion is entitled to close debate. The Chair anticipates that Members controlling time will close in the reverse order of the manner in which time was allocated; to wit: the gentleman from Iowa (Mr. GANSKE), the gentleman from Michigan (Mr. DINGELL), the gentleman from Iowa (Mr. LEACH), and the gentleman from New York (Mr. LAFALCE).

The gentleman from New York (Mr. LAFALCE), however, still has time remaining.

Mr. LAFALCE. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, I want to point out the tremendous error of the last statement made by the gentleman from Georgia (Mr. LINDER). What we are doing is insisting upon each and every one of the privacy provisions that we were able to produce within this bill with the exception of the medical privacy provisions, because virtually every medical organization in the United States thinks that they will water down privacy protections that presently exist under Federal or State law. The gentleman from Georgia just totally, totally misunderstands that issue.

Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. LEE).

Ms. LEE. Mr. Speaker, I rise to support the LaFalce motion to instruct the conferees on H.R. 10. It is important to support and protect the House version of the Community Reinvestment Act sections of H.R. 10.

Although the House version, for me, is weak on ensuring that these provisions are extended to other financial institutions now with this enormous extension of the powers of banking, at least the House version ensures that the Community Reinvestment Act conditions apply to banking. The Senate version does not.

We must remember the CRA was passed as a creative response to blatant ethnic gender and neighborhood discrimination in the lending of money for housing. A red line would be drawn around a neighborhood that a bank or an insurance company perceived to have a majority of people with risky credit. The bank or the insurance company would then not lend to anyone within those red lines. Unfortunately, this discriminatory behavior exists today.

The Community Reinvestment Act, however, encourages banks that do business in communities to reinvest in those communities. It is a positive way to encourage banks to do the correct thing, to not discriminate.

I urge an "aye" vote on the LaFalce motion to instruct.

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentlewoman from Ohio (Mrs. JONES).

Mrs. JONES of Ohio. Mr. Speaker, I am pleased to join with the ranking member of the Committee on Banking and Financial Services in support of the motion to instruct the conferees.

We need strong consumer protection for the final bill, H.R. 10. We need strong community reinvestment provisions in the final bill, because if the communities are like the City of Cleveland, CRA has had a significant impact in providing affordable housing for those people who have not had the opportunity previously.

We need a bill that fairly and equitably represents, not only the financial institutions, but the consumers involved as well.

Finally, we need the House version of this bill, because it is the best bill for all the citizens of America.

I urge the conferees to pay attention to the House bill in the time that they have to come back to the floor with a bill.

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentlewoman from Illinois (Ms. SCHAKOWSKY).

Ms. SCHAKOWSKY. Mr. Speaker, as a consumer advocate, I have been asking from day one what is in this financial modernization act that I can bring home for ordinary consumers in my district, the soccer moms, schoolteachers, small businesses.

Face it, they are not worrying about the ability of banks, insurance companies, and security companies to merge. But I warn my colleagues, they will be interested if we let those companies poke around in their most private medical and financial records.

Do not underestimate the American appetite for privacy. They will be interested if hopes for their small businesses and mortgages and investments to improve their neighborhoods dry up, which is what the Senate bill will do because it dangerously undermines the Community Reinvestment Act.

This motion to instruct addresses both the issues of privacy and CRA, possibly the only two provisions most of our constituents care about.

Mr. DINGELL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Washington (Mr. INSLEE).

Mr. INSLEE. Mr. Speaker, I stand in strong support of this motion, and I do it because I have been listening to my constituents a lot lately about financial privacy in banking.

What they have been asking me to do is simple. They have been asking me to try to win for them the right to tell their banks not to give their bank account numbers and their identities to telemarketers so that they can be called at night.

They have been asking me simply to win for them the right to tell their banks not to give their credit card numbers to telemarketers so that they can be called at night.

Those constituents deserve that right. What possible reason is there to be not to accept this motion to give consumers the simple right to financial privacy that we supported 427 votes to 1? Well, the reason is that there are certain folks who want to defend their privacy.

I want to tell my colleagues about something I learned in hearings in the last 2 weeks. I asked five lobbyists of the banking industry a simple question. Let us say Emma Smith writes her bank and says, Mr. or Mrs. Banker, do not share my financial information with anyone.

Two days later, Mrs. Smith inherits $10,000. Should the bank be able to call a telemarketer and tell them to call Emma Smith and try to sell her a hot stock in hotstock.com? Should they be able to ignore her request not to violate her privacy? Do my colleagues know what those five lobbyists said for the banking industry? To a person, they said no, that would be wrong.

Those five lobbyists for the banking industry were right. Consumers ought to have the right to protect their privacy. Those five lobbyists were right. Four hundred twenty-seven Members of this House were right when they stood up for consumer privacy. Americans ought to be right, too, in insisting that we pass this motion.

Mr. GANSKE. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I think the debate on the floor on this issue demonstrates what a Gordian knot the whole issue of medical privacy is.

The provisions that were in this bill on health care privacy are good ones. I think that if my colleagues look at the "Dear Colleague" that I have sent out, it explains it. It is not a comprehensive piece of medical privacy, but I thought it would improve the bill. The intentions were good for that.

However, a very large number of privacy groups have argued against this provision. I think it has been mischaracterized. It will be a serious impediment in terms of our getting the overall bill passed.

If, in fact, my colleague from California and others on the other side of the aisle can come up with a bipartisan agreement, then I am sure that it can be reintroduced at some time.

I am for a comprehensive bill. I will vote for the motion to instruct.

Mr. Speaker, I yield back the balance of my time.

Mr. DINGELL. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I would begin by expressing great respect and affection for everybody who has participated in this debate, especially the gentleman from Iowa (Mr. GANSKE) who is an outstanding Member of this body in all particulars.

I do think it is important we understand what is at stake here. I will address only the question of protection of medical privacy.

Here is what the administration says. The administration strongly opposes the medical privacy provisions of the bill. Unfortunately, those provisions would preempt important existing protections and do not reflect extensive legislative work that has already been done on this complex issue.

The administration thus urges striking the medical privacy provisions and will pursue medical privacy in other fora.

Now listen to what some of the unanimous voices of all professional organizations in the field of medicine have had to say. First, the American Medical Association, I quote, "Medical records provision of H.R. 10 undermine patient privacy. The bill would allow the use and disclosure of medical records information without consent of the patient in extraordinarily broad circumstances. Unfortunately, the medical records confidentiality provisions of H.R. 10 will deter many patients from seeking needed health care and deter patients from making full and frank disclosure of critical information needed in their treatment."

The American Nurses Association said this, "The proposed language would facilitate the broad sharing of sensitive health and medical information without the consent of the consumer."

Here is what the American Civil Liberties Union said, "This proposal will preempt existing medical privacy protections and offers essentially no privacy rights to replace the ones which the amendment, if enacted, will usurp. It is deeply flawed."

AFL–CIO: "This provision would facilitate the broad sharing of sensitive medical information in a matter that is harmful to health care consumers."

That tells my colleagues what is said about this. I would urge the adoption of the motion.

Mr. THOMAS. Mr. Speaker, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from California.

Mr. THOMAS. Mr. Speaker, I thank the gentleman for yielding. The consequences that the gentleman described, in fact, may take place if given this language as a sunset does not produce congressional legislation; is that correct?

Mr. DINGELL. Mr. Speaker, no, that is not correct.

Mr. THOMAS. Mr. Speaker, it is not a trigger that says it will sunset?

Mr. DINGELL. Mr. Speaker, what is correct, I would observe to the gentleman from California, is that, if this language is in here, the fears that I have expressed and the fears that are expressed by the professional health care organizations and individuals would occur.

Mr. THOMAS. But if we passed legislation, that language goes away, Mr. Speaker.

Mr. DINGELL. The way to address the matter is to take out unfortunate language and put in good language in a separate medical records privacy bill. At least, if we do not allow this language to remain in the legislation when it finally does go to the President, if that occurs, it would then assure that we would keep in place existing protections of patient privacy which are superior.

Mr. THOMAS. Mr. Speaker, if we pass better legislation, we will improve privacy.

Mr. LEACH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, there are three aspects of this motion to instruct. As chair of the committee, I strongly support the first two. On the third, I remain somewhat bewildered.

What the third instruction suggests is that the committee should advance strong medical privacy provisions. Then it goes on to say that we should delete the title related to medical privacy and recede to the Senate which has no title on medical privacy. It is a conundrum, a logical inconsistency.

I would say to the gentleman in furtherance of certain earlier comments that only about 18 States have prohibitions on the sharing of information. This bill is not designed to supplant, replace, or weaken any State provision or deny future State provisions. It may not be quite as strong as the gentleman would prefer, but it is the first serious prohibition on an insurance company giving medical privacy information without patient consent to an affiliate or third party.

As chairman of the Committee on Banking and Financial Services and as a conferee, I am willing to accede to this motion under the understanding that it is a conflicted motion. There is a call for medical privacy and then a call for a deletion.

So what I think the gentleman and what this instruction is saying is that there should be a medical privacy provision in this bill. That being the case, I cannot object to this particular instruction as a conferee.

So I would urge my colleagues to recognize that the first two provisions are a call to support the House provision. The third provision is a call to maintain medical privacy, although in a way that is perhaps illogically stated.

So my recommendation is to vote "yes" on a deeply flawed, deeply ironic motion to instruct.

□ 1345

Mr. LEACH. Mr. Speaker, I yield back the balance of my time.

Mr. DINGELL. Mr. Speaker, I yield the balance of my time to the gentleman from New York (Mr. LAFALCE).

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. DINGELL).

Mr. DINGELL. Mr. Speaker, I would observe something in response. There is a conflict here on the part of some of my colleagues, including my distinguished friend, the gentleman from Iowa (Mr. LEACH). This medical privacy provision has no more assurance of protection of the ordinary citizen or patient than does a lace doily of stopping a flood. The simple fact of the matter is existing law is better than the provision that we are talking about.

And I would observe something else. Very shortly the provisions of HIPAA will kick in and the secretary will come forward with decent regulations which will protect the people.

I am not going to enact a fraud, sham or delusion of the magnitude that we have before us with regard to medical health care protection and protection of medical information when I know full well that existing law is better and that further improvements will be coming along when the secretary issues her regulation.

Mr. LAFALCE. Mr. Speaker, I yield myself such time as I may consume, and in closing I will be extremely brief.

I am absolutely delighted that the gentleman from Iowa (Mr. GANSKE) and the gentleman from Iowa (Mr. LEACH) are going to be joining in urging approval of this motion to instruct. I know they do it with full enthusiasm with respect to the first two provisions but with some concern with respect to the third.

The gentleman from Iowa (Mr. LEACH) has said the third presents somewhat of a conundrum. Let me articulate again what we are attempting to do. We are attempting to insist upon the strongest possible privacy protections for every American consumer, the strongest possible community reinvestment protections for every American consumer.

With respect to title III, there sometimes can be a difference between the principal purpose and the primary effect of proposed legislation. I do not think there is any difference whatsoever between the principal purpose of the gentleman from Iowa (Mr. LEACH), the gentleman from Iowa (Mr. GANSKE), the gentleman from Michigan (Mr. DINGELL) and myself at all. There is a difference of opinion as to what the primary effect of that language would be.

The conferees will work to make sure that there is a complete marriage between principal purpose and primary effect.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. PEASE). Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from New York (Mr. LAFALCE).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. DINGELL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 241, nays 132, not voting 61, as follows:

[Roll No. 355]

YEAS—241

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Barton
Becerra
Bentsen
Bereuter
Berkley
Berry
Biggert
Bilbray
Bishop
Blagojevich
Blumenauer
Boehlert
Borski
Boswell
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Campbell
Capps
Capuano
Cardin
Castle
Clayton
Clement
Clyburn
Condit
Conyers
Cook
Cooksey
Cramer
Crowley
Cubin
Cummings
Davis (FL)
Davis (IL)
Davis (VA)
DeGette
Delahunt
DeLauro
Deutsch
Dickey
Dingell
Dixon
Doggett
Dooley
Doyle
Duncan
Edwards
Emerson
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Fletcher
Forbes
Ford
Franks (NJ)
Frelinghuysen
Frost
Ganske

Gejdenson
Gephardt
Gibbons
Gilchrest
Gilman
Gonzalez
Gordon
Graham
Green (TX)
Green (WI)
Hall (OH)
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Horn
Houghton
Hoyer
Hulshof
Inslee
Jackson (IL)
Jackson-Lee (TX)
Johnson, E.B.
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kingston
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (KY)
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McGovern
McInnis
McIntyre
McKinney
McNulty

Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Northup
Oberstar
Obey
Olver
Ose
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Petri
Phelps
Porter
Price (NC)
Rahall
Rangel
Regula
Reyes
Rivers
Rodriguez
Rogan
Rothman
Roybal-Allard
Royce
Rush
Ryan (WI)
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Scarborough
Schakowsky
Scott
Serrano
Sherman
Shows
Sisisky
Slaughter
Smith (NJ)
Snyder
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Terry
Thompson (CA)
Thompson (MS)
Thurman

Tierney
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez

Vento
Visclosky
Walsh
Waters
Watt (NC)
Watts (OK)
Waxman
Weiner

Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Wolf
Woolsey
Wynn

NAYS—132

Aderholt
Archer
Armey
Bachus
Barr
Barrett (NE)
Bartlett
Bass
Bateman
Bliley
Blunt
Bonilla
Bono
Brady (TX)
Bryant
Burton
Callahan
Calvert
Canady
Cannon
Chambliss
Chenoweth
Coble
Coburn
Collins
Combest
Crane
Cunningham
DeLay
DeMint
Doolittle
Dreier
Dunn
Ehlers
Ehrlich
English
Everett
Ewing
Foley
Fossella
Gekas
Gillmor
Goodlatte
Goodling

Goss
Granger
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Herger
Hobson
Hostettler
Hunter
Hyde
Isakson
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Kasich
King (NY)
Knollenberg
Kolbe
Kuykendall
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
McCrery
McHugh
McKeon
Metcalf
Miller (FL)
Moran (KS)
Myrick
Nethercutt
Ney
Norwood
Nussle
Packard
Paul
Pease

Pickering
Pitts
Pombo
Portman
Pryce (OH)
Radanovich
Ramstad
Reynolds
Riley
Rogers
Rohrabacher
Ryun (KS)
Sanford
Saxton
Schaffer
Sensenbrenner
Sessions
Shadegg
Shays
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (TX)
Spence
Stump
Sununu
Sweeney
Talent
Tancredo
Taylor (NC)
Thomas
Thornberry
Thune
Toomey
Vitter
Walden
Wamp
Whitfield
Wicker
Wilson
Young (AK)
Young (FL)

NOT VOTING—61

Baker
Ballenger
Berman
Bilirakis
Boehner
Bonior
Boucher
Burr
Buyer
Camp
Carson
Chabot
Clay
Costello
Cox
Coyne
Danner
Deal
DeFazio
Diaz-Balart
Dicks

Fowler
Frank (MA)
Gallegly
Goode
Gutierrez
Hastings (FL)
Hefley
Hoekstra
Hutchinson
Jefferson
John
LaHood
Luther
Manzullo
McDermott
McIntosh
Meehan
Mica
Miller, Gary
Miller, George
Ortiz

Oxley
Peterson (PA)
Pickett
Pomeroy
Quinn
Roemer
Ros-Lehtinen
Roukema
Salmon
Shaw
Skelton
Smith (MI)
Smith (WA)
Souder
Tauzin
Tiahrt
Watkins
Wise
Wu

□ 1412

Mr. RAMSTAD, Mr. WHITFIELD and Mrs. WILSON changed their vote from "yea" to "nay."

Messrs. SHOWS, ROGAN, WELLER, KINGSTON, COOK, McCOLLUM, Mrs. CUBIN, and Mrs. EMERSON changed their vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. ROEMER. Mr. Speaker, due to a family commitment I was unable to cast House roll-call vote 355 on July 30th, 1999, to instruct conferees on the Financial Services Modernization bill, H.R. 10. If I had been present I would have voted "yea."

The SPEAKER pro tempore (Mr. PEASE). Without objection, the Chair appoints the following conferees:

From the Committee on Banking and Financial Services, for consideration of the Senate bill, and the House amendment, and modifications committed to conference:

Mr. LEACH, Mr. MCCOLLUM, Mrs. ROUKEMA, and Messrs. BEREUTER, BAKER, LAZIO, BACHUS, CASTLE, LAFALCE, and VENTO.

As additional conferees from the Committee on Banking and Financial Services, for consideration of titles I, III (except section 304), IV and VII of the Senate bill, and title I of the House amendment, and modifications committed to conference:

Mr. FRANK of Massachusetts, Mr. KANJORSKI, Ms. WATERS, and Mrs. MALONEY of New York.

As additional conferees from the Committee on Banking and Financial Services, for consideration of title V of the Senate bill, and title II of the House amendment, and modifications committed to conference:

Mr. KANJORSKI, Mrs. MALONEY of New York, Mr. WATT of North Carolina, and Mr. MALONEY of Connecticut.

As additional conferees from the Committee on Banking and Financial Services, for consideration of title II of the Senate bill, and title III of the House amendment, and modifications committed to conference:

Mr. KANJORSKI, Mrs. MALONEY of New York, Ms. VELÁZQUEZ, and Ms. HOOLEY of Oregon.

As additional conferees from the Committee on Banking and Financial Services, for consideration of title VI of the Senate bill, and title IV of the House amendment, and modifications committed to conference:

Ms. WATERS, Mrs. MALONEY of New York, Mr. GUTIERREZ, and Mr. BENTSEN.

As additional conferees from the Committee on Banking and Financial Services, for consideration of section 304 of the Senate bill, and title V of the House amendment, and modifications committed to conference:

Mr. FRANK of Massachusetts, Mr. KANJORSKI, Ms. WATERS, and Mr. ACKERMAN.

□ 1415

From the Committee on Commerce, for consideration of the Senate bill, and the House amendment, and modifications committed to conference:

Messrs. BLILEY, OXLEY, TAUZIN, GILLMOR, GREENWOOD, COX, LARGENT, BILBRAY, DINGELL, TOWNS, MARKEY, WAXMAN, Ms. DEGETTE, and Mrs. CAPPS.

Provided, that Mr. RUSH is appointed in lieu of Mrs. CAPPS for consideration of section 316 of the Senate bill.

From the Committee on Agriculture, for consideration of title V of the House amendment, and modifications committed to conference:

Messrs. COMBEST, EWING, and STENHOLM.

From the Committee on the Judiciary, for consideration of sections 104(a), 104(d)(3), and 104(f)(2) of the Senate bill, and sections 104(a)(3), 104(b)(3)(A), 104(b)(4)(B), 136(b), 136(d)–(e), 141–44, 197, 301, and 306 of the House amendment, and modifications committed to conference:

Messrs. HYDE, GEKAS, and CONYERS.

There was no objection.

PERSONAL EXPLANATION

Mr. ORTIZ. Mr. Speaker, on rollcall Nos. 354 and 355, on July 30, 1999, I was unavoidably detained. Had I been present, I would have voted "yea" on rollcall No. 354 and "yea" on rollcall No. 355.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Sherman Williams, one of his secretaries.

LEGISLATIVE PROGRAM

(Mr. FROST asked and was given permission to address the House for 1 minute.)

Mr. FROST. Mr. Speaker, I yield to the gentleman from Texas to inquire about next week's schedule.

Mr. ARMEY. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I am pleased to announce that we have completed legislative business for the week.

The House will next meet on Monday, August 2, at 12:30 p.m. for morning hour and at 2 p.m. for legislative business. We will consider a number of bills under suspension of the rules, a list of which will be distributed to Members' offices this afternoon.

Mr. Speaker, subject to last night's unanimous consent agreement, we will also complete consideration of H.R. 2606, the Foreign Operations Appropriations Act, on Monday. Debate on Foreign Operations amendments will not begin before 4 p.m.

Members should note that there will be recorded votes after 6 p.m. on Monday, August 2.

On Tuesday, August 3, and the balance of next week, the House will take up the following measures:

H.R. 2031, The 21st Amendment Enforcement Act;

H.R. 987, The Workplace Preservation Act;

H.J. Res. 58, Regarding the Jackson-Vanik Waiver for Vietnam;

The VA-HUD Appropriations Act; and

The Commerce, State, and Justice Appropriations Act.

Mr. Speaker, we also expect a number of conference reports to be available next week for consideration in the House.

Mr. Speaker, because this will be our last week of legislative business before the Summer District Work Period, Members should expect late nights throughout the week. That includes, Mr. Speaker, Friday, August 6, which may stretch beyond 2 p.m. and into the evening.

Mr. Speaker, I thank the Members for their attention and I wish all my colleagues safe travel back to their districts.

Mr. FROST. Mr. Speaker, I have several questions for the majority leader at this point. Will we complete action on the Juvenile Justice bill next week?

Mr. ARMEY. I thank the gentleman for his inquiry. We just went to conference, Mr. Speaker, on Juvenile Justice this morning. We are obviously encouraging the conferees, we are anxious to have that, and the floor schedule will accommodate the conference report if they can bring it back. We will encourage them. I am sure the gentleman from Texas and his leadership will do the same on their side of the aisle.

Mr. FROST. I would further ask my friend from Texas, I do not see the Patients' Bill of Rights on the schedule. Is there any possibility that that will come up next week or when can we expect it to be brought to the floor?

Mr. ARMEY. If the gentleman will yield further, Mr. Speaker, we have three committees of jurisdiction that are working on the Patient Protection Act. That work is in progress. It is, of course, very important work. As soon as our committees complete their work and are able to make the bill available to the floor, we will have it on the floor, but I do not anticipate that next week.

Mr. FROST. I would further ask the gentleman from Texas, does he expect the tax conference report to be on the floor next week?

Mr. ARMEY. I thank the gentleman for asking that.

If the gentleman will continue to yield, Mr. Speaker, yes, we do in fact expect that we will go to conference on the tax bill sometime Monday, and we anticipate having that conference report back before we complete business next week.

Mr. FROST. The only other question I would have to the gentleman from Texas is he has indicated that we will be working late, probably each night. Does the gentleman have any idea how late that will be?

Mr. ARMEY. As the gentleman from Texas knows, when we do appropriations bills, we do those under the 5-minute rule. We try to make unanimous consent requests as we did last night to expedite the consideration of a bill in consideration of all the Members with their amendments. We will still work under that 5-minute rule, hope to have those kinds of accommodations between Members, but one must anticipate that late in the evening will mean precisely that in perhaps the most rigorous terms.

Mr. FROST. As the gentleman knows, in some cities where they play baseball at night, there is a rule that no inning can begin after a certain hour. I was just wondering if there is any possibility we could go to that in our night sessions.

Mr. ARMEY. The gentleman makes a fine point. I can only assure him that at or around dinner time, we will provide a seventh inning stretch that will be sufficient to nourish our bodies so we can continue on into the evening.

Mr. FROST. Mr. Speaker, if I could ask the gentleman one final question. Is there any possibility that we will be here next Saturday? The gentleman indicated the real possibility that we will be here after 2 p.m. on Friday. Could it also be that we would be here next Saturday?

Mr. ARMEY. I thank the gentleman for that question. I think that is really a key concern. We are all anxious to get on with our work in our districts for the District Work Period.

I think this is the best, most reliable answer: A prudent, experienced Member understands that the getaway day before a District Work Period of this length is tenuous. We should expect to work late in the evening, but if that prudent Member were to make their plane reservations for Saturday morning, I am confident that they could make those planes. But I do think late in the evening on Friday night could go beyond that point at which people could reasonably expect a Friday night plane. I think it would be just prudent for all of us to plan our travel for Saturday.

Mr. FROST. I would respond to my friend from Texas, that based on my 21 years of experience in the House of Representatives, I never book a flight on the day that we are scheduled to leave. I always book my flight for the following day.

Mr. ARMEY. I thank the gentleman.

Mr. Speaker, if the gentleman would yield for one final point on that point. The point is very important to the Members and if I may make this point. We will monitor the process of the week's schedule as closely as we can as we see the work developing, and we will try to maintain a constant posture where when we know things with greater degrees of certainty about that Friday and those travel arrangements, we will announce that to the House.

Mr. FROST. I thank the gentleman.

WAIVING SECTION 132 OF LEGISLATIVE REORGANIZATION ACT OF 1946

Mr. DREIER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 266 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 266

Resolved, That upon the adoption of this resolution it shall be in order to consider in the House a concurrent resolution waiving the requirements in section 132 of the Legislative Reorganization Act of 1946 that the Congress adjourn sine die not later than July 31, 1999. The concurrent resolution shall be considered as read for amendment and shall not be subject to debate. The previous question shall be considered as ordered on the concurrent resolution to final adoption without intervening motion.

The SPEAKER pro tempore (Mr. PEASE). The gentleman from California (Mr. DREIER) is recognized for 1 hour.

Mr. DREIER. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to my very good friend, the gentleman from Dallas, TX (Mr. FROST), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, this rule simply makes in order a concurrent resolution waiving the requirement in section 132 of the Legislative Reorganization Act of 1946 that Congress adjourn sine die no later than July 31.

As my friend from Dallas knows, this requirement that Congress adjourn by the end of July is a relic of a bygone era, although many of us wish we actually could adjourn by July 31. The last time that the Congress did it was July 31, 1956.

In fact, a decade ago, my friend from Boston, the distinguished ranking minority member of the Committee on Rules, tried desperately to repeal section 132, going so far as to get legislation passed in the House, only to have it not considered by our friends in the other body. I hope we can actually resurrect that effort in a bipartisan way and I hope that we can move ahead with this rule in a very timely manner.

I urge its adoption.

Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I thank the gentleman from California for yielding me the customary half-hour, and I yield myself such time as I may consume.

Mr. Speaker, I support this rule and the resolution allowing the House to continue to work beyond the statutory deadline of July 31.

We have a lot more work to do and the American people want us to get it done.

The American people want us to pass a Patients' Bill of Rights to ensure no one is denied medical services regardless of the bottom line.

The American people want us to pass campaign finance reform to take our political system back from the powerful special interests and give it to the American citizens.

The American people want us to protect Social Security and Medicare before they collapse beginning in the year 2015.

The American people want us to finish the Juvenile Justice bill in order to get the funding in place now to protect our schools before classes start up in the fall.

Although we only have another week before Congress goes into recess, I hope my Republican colleagues will consider taking up these important issues before any others.

I urge my colleagues to support this rule.

Mr. Speaker, I yield back the balance of my time.

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume.

Following last November's election, many people predicted that our colleagues on the other side of the aisle, especially here in the House, would focus their energies on partisan attacks rather than legislative accomplishments.

Rather than engage in partisan battles, we on this side have focused on a straightforward plan of what we call governing conservatism. It is designed to address the critical national issues such as saving Social Security and Medicare, restoring our national defense, improving public education for our children and providing tax relief to the hardworking Americans who have created a $3 trillion surplus.

I am very proud to report that we have in the past 6 months made real progress on each of these important fronts, often with very strong support from our friends on the other side of the aisle.

The House has passed, as we all know, Social Security lockbox to make sure that every dollar in payroll taxes is set aside to save Social Security and Medicare. The President recently came on board with his announcement of support of the concept that we have been pushing for quite a while.

We passed the National Missile Defense Act, an emergency defense spending bill and legislation to address the lax security at our Nation's nuclear labs, all three of them moving forward on national security and military readiness priority agendas. I am happy to say that the President has been largely supportive of all three of those measures.

We have passed the Education Flexibility Act to allow the States to be creative and use Federal education assistance to craft effective local solutions to education needs, and I am very happy that the President signed that into law.

Now we are moving forward to provide meaningful tax relief to American families, that question that was raised by my friend from Dallas just a few minutes ago.

Just like our Social Security lockbox, ballistic missile defense and education flexibility, we are going to continue to do our doggonedest to work with the President to make sure that we can provide legislation that proceeds with our legislative goals and at the same time gains his signature.

Mr. Speaker, while this majority prefers bipartisan accomplishments, we are equally prepared to deal with partisan attack and obstructionism if that does in fact take place.

Unfortunately, the minority leader recently made it completely clear that stopping the Congress from getting things done in order to win back the five seats that people have talked about in next year's election is the number one, top priority for our friends. The thing that is troubling is that the idea of writing off the next 15 months in the name of partisanship is both disappointing and surprising. We are going to stick with the people's business, getting things done for the country.

In just the past few weeks, we are proud of the historic bipartisan Y2K litigation reform that I and a few of my colleagues had introduced back on February 23, have been working on for over a year. We e-mailed that bill down to 1600 Pennsylvania Avenue and the President signed it into law.

As we all know, the House, with a very bipartisan majority, passed the Africa trade bill; and just this week, something I have spent many years working on, year after year, and I hope someday we will be able to end the annual battle on maintaining something that the President wanted and we provided even more Republicans for it this year, and, that is, maintaining normal trade relations with the People's Republic of China.

□ 1430

We are also on track to meet the pledge of the gentleman from Illinois (Mr. HASTERT), very close to it at least, by getting 12 of 13 appropriation bills done before we adjourn next Friday. Most of those appropriation bills have passed that we have gotten through so far with again strong bipartisan majorities.

So, Mr. Speaker, let me just say that this majority is moving the ball forward on key priorities of the American people. We are very proud of the things that we have been able to do by gaining bipartisan support for what have been our legislative initiatives. Again, whenever we possibly can, we are going to continue to seek support from our colleagues on the other side of the aisle. But remember, if they do, in fact, subscribe to what was outlined by the minority leader in that Washington Post article last week; and they want to obstruct our efforts here, we are willing to fight hard to make sure that we get the people's work done, and with that I will, as we continue with what I hope will only be 1 week beyond the stated goal, at least until we adjourn in August, I will urge support of this rule.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. DREIER. Mr. Speaker, pursuant to House Resolution 266, I call up the concurrent resolution (H. Con. Res. 168) waiving the requirement of section 132 of the Legislative Reorganization Act of 1946 that the Congress adjourn sine die not later than July 31, 1999, and ask for its immediate consideration in the House.

The Clerk read the title of the concurrent resolution.

The text of House Concurrent Resolution 168 is as follows:

H. CON. RES. 168

Resolved by the House of Representatives (the Senate concurring), That, notwithstanding the provisions of section 132(a) of the Legislative Reorganization Act of 1946 (2 U.S.C. 198(a)), the House of Representatives and the Senate shall not adjourn for a period in excess of three days, or adjourn sine die, until both Houses of Congress have adopted a concurrent resolution providing either for an adjournment (in excess of three days) to a day certain or for adjournment sine die.

The SPEAKER pro tempore. Pursuant to House Resolution 266, the concurrent resolution is considered as read, is not debatable, and the previous question is ordered to final adoption without intervening motion.

The question is on the concurrent resolution.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

MAKING IN ORDER ON AUGUST 3, 1999, OR ANY DAY THEREAFTER, CONSIDERATION OF H.J. RES. 58, REGARDING JACKSON-VANIK WAIVER FOR VIETNAM

Mr. DREIER. Mr. Speaker, I ask unanimous consent that it be in order at any time on August 3, 1999, or any day thereafter, to consider in the House the joint resolution (H.J. Res. 58) disapproving the extension of the waiver authority contained in section 402(c) of the Trade Act of 1974 with respect to Vietnam; that the joint resolution be considered as read for amendment; that all points of order against the joint resolution and against its consideration be waived; that the joint resolution be debatable for 1 hour, equally divided and controlled by the chairman of the Committee on Ways and Means in opposition to the joint resolution and a Member in support of the joint resolution; that pursuant to sections 152 and 153 of the Trade Act of 1974, the previous question be considered as ordered on the joint resolution to final passage without intervening motion; and that the provisions of section 152 and 153 of the Trade Act of 1974 shall not otherwise apply to any joint resolution disapproving the extension of the waiver authority contained in section 402(c) of the Trade Act of 1974 with respect to Vietnam for the remainder of the first session of the 106th Congress.

It is the intention of this unanimous consent request that the 1 hour of debate be yielded fairly between members of the majority and minority parties on both sides of this issue.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

ADJOURNMENT TO MONDAY, AUGUST 2, 1999

Mr. DREIER. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 12:30 p.m. on Monday next for morning hour debates.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. DREIER. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

HONORING LANCE ARMSTRONG, AMERICA'S PREMIER CYCLIST

Mr. SESSIONS. Mr. Speaker, I ask unanimous consent that the Committee on Government Reform be discharged from further consideration of the resolution (H. Res. 264) expressing the sense of the House of Representatives honoring Lance Armstrong, America's premier cyclist, and his winning performance in the 1999 Tour de France, and ask for its immediate consideration.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. DOGGETT. Reserving the right to object, Mr. Speaker, under my reservation, and I do not intend to object since this is a resolution that I have authored, I do want, in working with the gentleman from Texas (Mr. SESSIONS), to have a brief discussion of this resolution.

Some 21 Members, Democrats and Republicans, some of whom are here on the floor this afternoon have joined in this resolution in a bipartisan acknowledgment of the great success of Lance Armstrong in France this past week. I particularly want to acknowledge and will recognize momentarily the gentlewoman from California (Mrs. CAPPS) and an avid cyclist on her staff, Blake Selzer, who had been particularly interested in this subject.

Mr. Speaker, last Sunday, as Lance Armstrong, my fellow Texan and fellow Austinite, rode to the Arc de Triomphe in Paris, I was overcome not just with the importance of that moment, but with the importance of all that Lance has accomplished in getting to this point. I was also struck with the meaning that this victory would have for thousands of people around the world.

After an early budding career this young Austinite was stricken with life threatening advanced testicular cancer that actually metastasized and affected his lungs and brains. While his own recuperation was still incomplete, he began to worry not only about his own condition with this disease but with the impact that this disease was having on so many other people around the world. The drive and determination that the world got to see this past 23 days of the race in France was very evident to Austinites long before he ever rode up the streets of Paris, France.

But to get to Paris, Lance had to cover some 2300 miles circumnavigating France on a bicycle in some 23 days. That is more than a hundred miles a day in all types of terrain, even in the French Alps and against 200 of the best cyclists in the world. Unfortunately, the French terrain never lets one coast and the saying that it is all downhill from here was something that never seemed to apply.

As he rode into Paris wearing that coveted Yellow Jersey, the cheers from the good French people let the world know that indeed there was a new American in Paris.

This drive to be the best that you can be and to make the things better for others manifested itself in his own physical healing long before this race in the founding of the Lance Armstrong Foundation, a project of which my office provided some assistance. Lance undertook the foundation in December of 1996 just 3 months after his diagnosis.

The foundation has as its mission, and I see a colleague from Ohio who has worked in this area as well, awareness, education, and research on cancer. It sponsors the annual Ride for the Roses where people come from all over the United States to bicycle in our Texas hill country each spring and, in the process, raise money for the foundation. It is a fun event that raises thousands of dollars, and that foundation also sponsors the Lance Armstrong Oncology Conference that gathers physicians from around the world to discuss and learn about advancements and treatments of cancer.

Just last year, the Tour de France had fallen under the specter of performance-enhancing drugs. This once very prestigious bicycle race has lost glamor and credibility; but thanks to Lance, the credibility of the race has been restored. And in Texas we are suggesting to cycling friends in France that they respectfully consider re-naming this the "Tour de Lance."

His recovery and victory in the tour has surprised the world, but it has not surprised us in Austin where we watched Lance as he promised to defeat cancer, where we watched him create this Lance Armstrong Foundation, and where we finally watched him wear this coveted Yellow Jersey.

I stand here today very proud to sponsor this resolution though I have been a recreational bicyclist who has had a little difficulty staying on my own bicycle at times. As an Austinite, as a Texan, as an American, we are very proud of his accomplishments. It was very exciting to see it this past week and to know that he was also not only representing Texas but there as a member of the United States Postal Service team and that this was a team effort of all of the members of the postal service and of the team that they sponsored.

So Lance pulled off the unexpected in Paris, and now we have good bipartisan support for this resolution honoring him.

We are not given many second chances in life, but Lance was given a second chance, and just look what he did with it. As he said himself, if you ever get a second chance in life, you have got to go all the way. The personal path that he has led certainly demonstrates that. We know here in the House that heroes are not just the giant statues against a red sky, they are the people that say: This is my community, my world, and it is my responsibility to make it better, and I know that my colleagues share in expressing our pride and gratitude to this young man from Texas, Lance Armstrong.

Mr. Speaker, further reserving the right to object, I yield to the gentlewoman from California (Mrs. CAPPS) who has been an inspiration on this legislation.

Mrs. CAPPS. Mr. Speaker, I thank our Texas colleagues, and, Mr. Speaker, I rise today to join all our colleagues in the House in honoring Lance Armstrong for his incredible victory in this year's Tour de France. Like millions of other Americans and fans around the globe, I followed Lance's journey to Paris with great enthusiasm. Lance Armstrong is only the second American to win the prestigious Tour de France since its inception in 1903. This is a race covering over 2,000 miles of French countryside over a 3-week period. He is the first American to win the Tour on an American team, the United States Postal Service team, and as we have heard, this win is a tribute to another victory as well for Lance and for us all, a victory over cancer.

Lance did not do this alone. It was the incredible hard work of his teammates that insured Lance would arrive in Paris wearing the Yellow Jersey, and it is going to take the same teamwork to find a cure for the devastating disease we call cancer. We in Congress must do all we can to help in this effort for just as Lance's victory on his bike took teamwork, the fight against cancer will take the same hard effort.

Lance Armstrong's comeback from cancer is from truly a remarkable story. Less than 3 years ago, he was diagnosed with testicular cancer and given less than a 50 percent chance of survival much less ever riding a bicycle again. Yet he came back to make what is one of the most incredible comebacks in the history of sport. The grueling Tour de France is one of the most physically demanding endurance sporting events in the world. Lance's sheer determination and athletic ability was inspiring to watch. He is a role model for cancer patients and survivors around the world.

Lance also matches his athleticism with altruism. Just 2 months after he was diagnosed with cancer, he formed the Lance Armstrong Foundation, a nonprofit organization devoted to fighting cancer through awareness, education, and research. In the truest sense of the word, Lance Armstrong is a hero. And in the words of Lance himself on his accomplishment, this is what he said:

> I hope this sends a fantastic message to all the cancer patients around the world. We can return to what we were before and even better.

Mr. DOGGETT. Mr. Speaker, I thank the gentlewoman, and while reserving my reservation of objection, I yield to the gentleman from Minnesota (Mr. OBERSTAR), the ranking member on the Committee on Transportation and Infrastructure who played such a significant role in the interests of bicycling and cyclists in the new transportation legislation.

Mr. OBERSTAR. Mr. Speaker, I want to compliment the gentleman from Texas (Mr. DOGGETT) and the gentleman from Texas (Mr. SESSIONS) for bringing up this resolution this afternoon, and I thank the gentleman for yielding this time.

The Tour de France, Mr. Speaker, is the oldest, most important and most challenging bicycling race in the world. The 2,300 miles covered by the cyclists in only 3 weeks, from the time trials in the flatlands to the sprints on rolling terrain, the exhausting climbs in the Alps and the Pyrenees encompass the most demanding skills of both individual and team effort. The Tour, in my judgment, is the greatest test of fitness and endurance in all of athletics. This year, for only the second time in its 86-year history, the Tour was won by an American, Lance Armstrong. The only other American winner was three time Yellow Jersey holder, the now legendary Greg Lemond.

Lance Armstrong's victory is especially remarkable for several reasons. At 26 miles per hour, it was the highest average speed in tour history.

□ 1445

It was the first tour won by a predominantly American team. Greg Lemond won with largely European teams. And it was the first time a cancer survivor won the tour.

Two years ago, Lance Armstrong was clinging to a 20 percent hope of survival from a virulent attack of testicular cancer that had spread to his lungs and brain tissue. He conquered surgery, chemotherapy, the blistering heat of central France, the cold and rain of the mountain stages, and attacks from the world's best professional cyclists, to stand atop the winner's podium on the Champs-Elysees in Paris and don the winner's Yellow Jersey, the most coveted prize in all of competitive cycling.

In just 3 weeks, Lance Armstrong restored integrity and excitement to European cycling following last year's doping scandals; and he restored new hope and inspiration to cancer victims everywhere.

As an avid cyclist myself, who takes a year to pedal the 2,300 miles Lance Armstrong did in 3 weeks, I salute Lance Armstrong as a true American hero, a role model for American youth, and a future cycling legend.

Mr. DOGGETT. Mr. Speaker, I yield to the gentlewoman from Ohio (Ms. PRYCE), who has been such a leader in the efforts here to deal with the issue of cancer.

Ms. PRYCE of Ohio. Mr. Speaker, I thank the gentleman for yielding.

I am very pleased to join with my colleague from Texas in support of this resolution and congratulating Lance Armstrong, America's premier cyclist, in his recent victory.

During this year's tour, Lance won the four most important stages of the race, the 3-time trials and the first mountain stage, and he staked his place alongside some of the greatest winners of the past.

Regarded as one of the world's most demanding sporting events, the 23-day long, 2,306 mile race has challenged some of the world's fittest athletes since 1906. However, this year's victory by Lance Armstrong marks one of the greatest comebacks in the history of sports.

It was just a little over 2 years ago when Lance was diagnosed with testicular cancer, a form of cancer which strikes 7,400 men in the United States each year. And while it represents just 1 percent of all male cancers for men in their 20s and 30s, it is the leading form of cancer. Lance was diagnosed with testicular cancer so advanced it had spread to his lungs and his brain. He was given just a 50 percent chance of survival. His doctors' main concerns were no longer his return to racing, but simply to keep him living.

However, Lance Armstrong had a different agenda. After undergoing surgery and during sessions of chemotherapy and tolerating nauseating drugs, Lance Armstrong began to ride and train between treatments. And then finally, there was good news. His blood protein levels had returned to normal and his chest x-ray was clear. Lance Armstrong was cancer-free just 1 year after beginning his treatment.

Lance Armstrong's incredible achievement to battle back from cancer and to claim victory in the world's premier cycling race not only illustrates his strong will and determination, but it also serves to send a strong message to all cancer patients and survivors, both young and old.

As Lance Armstrong simply put it after stepping down off the podium, "We can return to what we were before and be even better."

Mr. Speaker, earlier this week, the gentleman from Ohio (Mr. KASICH), my good friend and colleague, referred to Lance Armstrong as the "real McCoy," a true American hero. This resolution congratulates him on his spectacular performance and recognizes his contributions to inspire those fighting cancer, and it deserves our support.

When Lance was diagnosed with cancer, he had a choice and he chose to fight. However, he is not just fighting for himself, but for all cancer patients worldwide. By establishing the Lance Armstrong Foundation, he is raising awareness, increasing research and providing services for people with cancer. To the cycling community, his victory may seek to inspire our next generation of cyclists, just as American Greg Lemond's second win inspired him. But to cancer patients and survivors around the world, his victory means much more, and his fight and determination send such a strong message to never give up.

Mr. Speaker, I congratulate Lance Armstrong not just for his victory in France, but more importantly, on his victory in life. He is a true American hero, and I urge strong support for this resolution.

Mr. DOGGETT. Mr. Speaker, I yield to the gentleman from Harris County, Texas (Mr. BENTSEN), to end finally on a Lone Star note, quite appropriately.

Mr. BENTSEN. Mr. Speaker, I thank my colleague from Austin for yielding and also my colleague from the Dallas area as well.

Mr. Speaker, I rise to honor our fellow Texan, Lance Armstrong, and his remarkable comeback from testicular cancer to win the 1999 Tour de France.

Lance Armstrong has stopped at many checkpoints along the road to recovery from cancer. One of these checkpoints was at M.D. Anderson Hospital in Houston where he received chemotherapy treatment as part of his miraculous recovery. As Lance has mentioned, his chemotherapy treatment at M.D. Anderson was one of the most difficult parts of his trying ordeal, because it resulted in the loss of hair, strength, weight, and all the other ills that accompany chemotherapy; yet his inner strength and personal will allowed him to defeat his cancer and regain his strength and prove to himself and the world that he could not only compete in the Tour de France, but win it.

Many in the sports world, even in the cycling team, wrote off Lance Armstrong, but Lance Armstrong never gave up hope. He showed great courage and determination, and once the cancer was removed, he slowly and steadily climbed back on his bicycle and started to train. Then he started to race. Then he started to surprise the cycling world by making a stunning comeback.

Mr. Speaker, Lance Armstrong's victory inspires all of those who have had cancer, all of those who are fighting cancer, and all of those who have had loved ones die from cancer. He has proved to the world that there is life after cancer and that cancer no longer carries an automatic death sentence.

Lance Armstrong is now helping others prevent and survive testicular cancer not only through example, but by dedicating himself and his resources to the Lance Armstrong Foundation, which helps fund research to cure cancer.

Mr. Speaker, I congratulate Lance Armstrong both on his victory in Paris and his victory over cancer.

Mr. DOGGETT. Mr. Speaker, further reserving the right to object, I yield to the gentleman from the Dallas area in Texas (Mr. SESSIONS) so that he might offer further explanation of the bill.

Mr. SESSIONS. Mr. Speaker, I thank the gentleman from Austin for his indulgence in acceptance of this resolution on behalf all of the people of the United States.

As a lifelong Texan, I take great pride today to honor a brave young Texan who represents the very best of honor and dignity for Texas and America. Mr. Speaker, we take special pride today in this resolution recognizing the place that Lance Armstrong has earned among the truly inspirational athletes of this century. His tremendous achievement in winning the Tour de France of 1999 would stand as the greatest accomplishment of many athletes' lives.

This race, which occurs over a 2-week period through some of the hilliest terrain in Europe, requires exceptional fitness on the part of each and every competitor. It is a feat of endurance that is rarely matched in any field of athletic competition. Few Americans have ever won this event, and as was noted today, Lance Armstrong was only the second, and none have overcome the obstacles that Lance Armstrong did as he prepared for this monumental achievement.

Just 3 years ago, Lance Armstrong was diagnosed with testicular cancer. This disease is one of the most common forms of cancers among men between the ages of 15 and 35. When he was diagnosed, doctors gave him less than a 50 percent chance of surviving. He faced a future of surgery, followed by radiation and chemotherapy and his training for bicycle racing took a back seat to overcoming the immediate threat to his life.

Lance Armstrong has done far more than just survive. He has successfully completed his own treatment; and then, as he resumed his training for competition, he established the Lance Armstrong foundation to promote, through awareness, education and research, the fight against testicular cancer. In organizing this valuable community service, he has initiated the measures that will help many other young men receive information and to early dying knows that which is effective, early treatment.

Mr. Speaker, this resolution expresses for the entire United States of America our House's acclaim for Lance Armstrong as an athlete and dedicated contributor to his community and as an outstanding American citizen. We applaud his accomplishments and wish him continued success in every aspect of his activity.

Mr. Speaker, I ask that the House agree to the adoption of H. Res. 264.

Mr. DOGGETT. Mr. Speaker, I appreciate the timely consideration of this resolution so that this body could go on record immediately in honoring Lance and all that his effort represents in a strong, bipartisan way. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. PEASE). Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 264

Whereas Lance Armstrong was diagnosed with advanced testicular cancer in 1996 and given a less than 50 percent chance of survival by doctors;

Whereas testicular cancer is the most common form of cancer in men between 15 and 35 years old;

Whereas Lance Armstrong has established the Lance Armstrong Foundation, devoted to fighting cancer through awareness, education, and research;

Whereas Lance Armstrong has made one of the most memorable comebacks in sports history;

Whereas the Tour de France is one of the most physically demanding endurance sporting events in the world; and

Whereas Lance Armstrong has honored the Nation with his courageous performance by winning the Tour de France: Now, therefore, be it

Resolved, That the House of Representatives—

(1) congratulates Lance Armstrong on his spectacular performance, winning the 1999 Tour de France; and

(2) recognizes the contribution Lance Armstrong's perseverance has made to inspire those fighting cancer and survivors of cancer around the world.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REPORT ON NATIONAL EMERGENCY WITH RESPECT TO TERRORISTS WHO THREATEN TO DISRUPT MIDDLE EAST PEACE PROCESS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 106–106)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations and ordered to be printed:

To the Congress of the United States:

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), I transmit herewith a 6-month periodic report on the national emergency with respect to terrorists who threaten to disrupt the Middle East peace process that was declared in Executive Order 12947 of January 23, 1995.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *July 29, 1999.*

TRIBUTE TO CHARLES I. DENECHAUD, JR.

(Mr. OBERSTAR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OBERSTAR. Mr. Speaker, I rise to pay tribute to my late father-in-law, Charles I. Denechaud, Jr., whose life ebbed away last Saturday, July 24. He was taken from his loved ones after nearly 3 years of a silent struggle against a stroke that disabled him and in the end robbed his most precious treasure, the ability to speak to his dear wife.

His remarkable life in the law and his extraordinary service to his fellow New Orleaneans, his family, and the Catholic Church was summed up in a comprehensive account in the New Orleans Times Picayune of Sunday, July 25, which I submit for the RECORD. I also include in the RECORD at this point the eulogy of my wife, Jean K. Oberstar, my own remarks. I want to cite the splendid eulogy offered, though not available in printed version, by Jean's brother-in-law, Tommy Boggs, in warm and touching tribute to a man whose exemplary ife will inspire all of us to so live our lives.

CHARLES I. DENECHAUD, JR.

EULOGY OF HON. JAMES L. OBERSTAR, M.C.

As we left the restaurant a few years ago, I had a clever idea: "Us older guys should walk together," I said, taking his arm, "and you can help steady me, I've got a bad hip."

Charles quickly saw through the ruse: "It's hell to get old, Jim; the first thing to go are the legs. Take care of your legs. Now, let me take your arm, so I don't stumble on something."

He closed with that warm twinkle in this eyes, and the gentle, upbeat, pursed smile which is the image I shall forever harbor and always cherish.

Like my own father, who lived a river's length and a culture away, Charles Denechaud saw everything, overlooked a great deal, and forgave much.

As my father did with in-laws, Charles took me in as one of his own, without reservation, and extended the greatest of all treasures: the inclusiveness of family love.

It was not my privilege to know, at its peak, his dazzling legal mind, but I shared, at its best, his unbounded love, especially for the lady he always endearingly called "my bride."

The Psalmist wrote: "I will treat him as my first-born son. I will love him forever, and be kind to him always; my covenant with him will never end."

Written of David, Psalm 89 appropriately embraces Charles I. Denechaud, Jr.

CHARLES I. DENECHAUD, JR.

EULOGY OF JEAN K. OBERSTAR

Almost three years ago, when my father was in the hospital, his doctor came into his room and asked, "Mr. Denechaud, would you like to pray?" There was silence for a while and then my father said, "My life is a prayer." And indeed it was.

As a child, his likeness was used as a model for one of the cherubs in the Edward Francis Denechaud stained glass window here at Holy Name. Perhaps his life was directed toward goodness from that time forward. After all, how many mortals are used as models for angels?

Although I don't really think Charlie Denechaud needs prayers, I ask you to pray for him anyway. I am quite certain that God will scoop up all the left-overs and give them to souls who do need them.

One of the measures of Charlie Denechaud is that each of his five children is quite sure that he or she was his favorite child. But whoever that person may have been, he or she takes a dim second place in terms of the love and devotion he had for his bride.

Mother, you must be so very proud of him and so very proud to have been his bride. I understand and have great empathy for your sadness. I share it. We all do. But never forget the love and pride you have for him—and he, absolutely, for you.

[From the New Orleans Times-Picayune, July 25, 1999]

CHARLES I. DENECHAUD JR., ARCHDIOCESE ATTORNEY

Charles I. Denechaud Jr., a lawyer who represented the Archdiocese of New Orleans and a number of other Catholic institutions in the city, died Saturday at his home. He was 86.

Mr. Denechaud, retired senior partner of Denechaud & Denechaud, was a lifelong resident of New Orleans.

Mr. Denechaud "was one of the leading citizens we had in this community," said G. Frank Purvis Jr., a friend for more than five decades.

"He was a very fine lawyer and a very dedicated lawyer, both to his profession and to his faith," said Purvis, the former chairman of Pan-American Life Insurance Co. in New Orleans.

The Denechaud family has represented the archdiocese since 1901, beginning with Mr. Denechaud's father, Charles Sr. The firm also has represented Loyola and Xavier universities, the Daughters of Charity, Hotel Dieu hospital and Jesuit High School.

Mr. Denechaud represented WWL television since the station's inception, and played a crucial role in Loyola University's acquisition of the station, his son, Charles III, said.

Mr. Denechaud attended Our Lady of Lourdes school, Jesuit High School and Loyola University and received an honorary L.L.D. degree from Xavier University in 1954.

He was a former member of the President's Council of Loyola University, New Orleans Hospital Council, National Association of College and University Attorneys, United Negro College Fund, American Hospital Association, New Orleans Hospital Council, Louisiana Hospital Association and Catholic Hospital Association.

He was former member of the board of advisors of WWL and First National Bank of Commerce in New Orleans and the board of directors of Chinchuba Deaf Mute Institute, New Orleans Public Library, Metropolitan Area Committee, National American Bank, Sisters of the Immaculate Conception, Eucharistic Missionaries of St. Dominic, and National Diocesan Attorneys Association.

He was former chairman of Hotel Dieu Board of Advisors, St. Vincent Infant Asylum Board of Advisors and Our Lady of Holy Cross College Board of Lay Trustees. He was past president and director of Blue Cross of Louisiana and Society for the Prevention of Cruelty to Children, past president of the Audubon Park Commission and past director of the Marquette Association for Higher Education, St. Mary's Catholic Orphan Boys Asylum, New Orleans Chamber of Commerce and National Conference of Christians and Jews.

Mr. Denechaud was a member of the New Orleans Bar Association and served as its vice president from 1944 to 1945. He was also a member of the Louisiana, American and Federal Communications Bar Associations.

He was a member of Holy Name Society, St. Thomas More Catholic Lawyers Association, Alumni Chapter of Beggars Fraternity, President's Associates of Loyola University, New Orleans Country Club, Startford Club and Pickwick Club. He was named Layman of the Year by the Louisiana Hospital Association in 1969 and Outstanding Alumnus of the Year by Jesuit High School in 1978 and received affiliation to the Company of the

Daughters of Charity of St. Vincent de Paul in 1981.

In 1947, Pope Pius XII named Mr. Denechaud a Knight of St. Gregory, one of the highest honors in the Catholic Church. He became a Knight Commander of the Order of St. Gregory the Great in 1958.

Survivors include his wife, Barbara Byrne; two sons, Charles III and Edward B. Denechaud; three daughters, Barbara Denechaud Boggs of Washington, D.C., Jean Kurth Oberstar of Washington, D.C. and Deborah Denechaud Slimp of Atlanta; two sisters, Kathleen D. Charbonnet and Margaret D. Ramsey; 13 grandchildren; and six great-grandchildren.

A Mass will be said Tuesday at 10:30 a.m. at Holy Name of Jesus Catholic Church, 6363 St. Charles Ave. Visitation will begin at 9 a.m. Burial will be in Metairie Cemetery. Lake Lawn Metairie Funeral Home is in charge of arrangements.

DO NOT CUT NASA'S BUDGET

(Mr. ROGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous material.)

Mr. ROGAN. Mr. Speaker, the House is recommending a $1.4 billion cut out of NASA's budget. This is wrong. With the string of accomplishments and world firsts under its belt, NASA has exceeded its goals of both this decade, 40 years ago to send men to the moon and return them safely to earth.

Under these proposed cuts, one of NASA's primary installations, the Jet Propulsion Laboratory in Pasadena, California will be the hardest hit. Their vital research leading us into the next century would be decimated by this action. The American people need to know that this is wrong, and I intend to join with my colleagues to fight these cuts.

NASA and JPL have proven that, in an era of diminishing Federal budgets, we can achieve results, in NASA Directors Dan Goldin's words, that are "faster, better and cheaper." We must not reward NASA's efficiency by further slashing their budget.

I urge my colleagues and the House leadership to reinstate full funding for NASA, JPL, and America's crucial space science programs. Those who wish to cut funds for NASA and JPL are the heirs of those who scoffed at Columbus because they thought the earth was flat.

Mr. Speaker, I include the following article for the RECORD:

> THURSDAY, JULY 29, 1999.
>
> NASA DESERVES BETTER
>
> America's record budget surplus has left the nation more able than ever to reach for the stars, but to the astonishment of scientists a House appropriations subcommittee on Monday approved a spending bill that increases most federal agency budgets but takes a $1.4-billion bite out of NASA's budget. That's 11%. Worse, the cut tends to target the agency's most cost-efficient and significant projects. Officials at Pasadena's Jet Propulsion Laboratory say the change would sharply set back JPI research.
>
> The decision of the Republican-dominated subcommittee to scrap the Triana satellite was easy enough to understand. In that oddball project, a camera on the satellite would broadcast a live picture of Earth over the Internet, an idea conceived by Vice President Al Gore. Its demise wouldn't slow the forward march of science, but the subcommittee's other cuts would. They include: $100 million for the Space Infrared Telescope, which would enable scientists to detect "brown dwarfs," substellar objects that the existing Hubble and Chandra space telescopes have trouble seeing. Their number and density must be known in order to calculate the mass of the universe and thus its age and ultimate fate. $200 million for the Earth Observation system. This proposal for a network of satellites—conceived in the Reagan administration and officially initiated by President George Bush—would create Earth's first integrated system for understanding how clouds and other fine particles affect global temperatures and climate. The answers could help nations prepare for hurricanes, droughts, global warming and other climate changes.
>
> NASA director Daniel S. Goldin turned NASA into a model for efficient, small government projects. In the 1960s NASA used 4% of the nation's budget to put a man on the moon—an inspiring endeavor that nonetheless yielded only marginal scientific returns. Today the agency's far more economical missions reap huge amounts of worthwhile data while consuming less than 1% of the federal budget.
>
> That's why members of the full House Appropriations Committee should restore NASA's funding when they take up the agency's budget on Friday. Democrats on the committee are expected to support restoration, but Republican members might need persuading. You can encourage them by calling the numbers below.
>
> To take Action: Reps. Jerry Lewis (R-Redlands); Ron Packard (R-Oceanside); and Randy "Duke" Cunningham (R-San Diego).

☐ 1500

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. PEASE). Under the Speaker's announced policy of January 6, 1999, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

ORDER OF BUSINESS

Mr. FOSSELLA. Mr. Speaker, I ask unanimous consent that I may give my special order at this time.

The SPEAKER pro tempore (Mr. PEASE). Is there objection to the request of the gentleman from New York?

There was no objection.

THE DEBATE ON THE BUDGET SURPLUS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. FOSSELLA) is recognized for 5 minutes.

Mr. FOSSELLA. Mr. Speaker, in the last couple of weeks we have seen a vigorous debate here in the House and in the other body. I think it is one that resonates across the country. That is, what to do with the projected $3 trillion budget surplus.

There are those who want to argue that the path to prosperity really begins and ends here in Washington, that bigger government and higher taxes and taking away control from our everyday lives is the way to go.

There are those who feel that the path to prosperity is paved across every street across our great Nation; that rewarding people to go out and work hard, and to allow hard-working Americans to keep more of what they earn, that is the direction we believe is the right way to go; to strengthen personal freedom, to strengthen individual liberty, and to allow economic growth to create more jobs and to put more people to work.

Mr. Speaker, this is a debate that is just beginning, but one I think every hard-working American taxpayer needs to take note of.

As a reference, I cite a statement that was given about 36 years ago from then President John Kennedy. These were his remarks.

> The most direct and significant kind of Federal action in aiding economic growth is to make possible an increase in private consumption and investment demand—to cut the fetters which hold back private spending. In the past, this could be done in part by the increased use of credit and monetary tools, but our balance of payment situation today places limits on our use of those tools for expansion.
>
> It could also be done by increasing Federal expenditures more rapidly than necessary, but such a course would soon demoralize both the government and the economy. If government is to retain the confidence of the people, it must not spend a penny more than can be justified on grounds of national need and spent with maximum efficiency.
>
> The final and best means of strengthening demand among consumers and business is to reduce the burden on private income and the deterrents to private initiative which are imposed by our present tax system. This administration pledged itself last summer to an across-the-board, top-to-bottom cut in personal and corporate income taxes to be enacted and become effective in 1963.

Madam Speaker, President John Kennedy then, like Ronald Reagan several years ago, recognized what it meant to invest and truly believe in the spirit of the American people. This American spirit to produce, to invest, to create, and to give back is what this Nation is truly all about.

Currently we engage, as I say, in this debate, and although it is 36 years later, the core principles still remain the same. On one side are those who do not believe in the American spirit or the American people. According to this view, bigger government, higher taxes, and more government control is the answer and the salvation.

The alternative view, however, places trust and wisdom in the American people. Our views seem to strengthen personal freedom and reward individuals for the efforts they are willing to undertake. We wish to promote economic growth by reducing the tax burden on hardworking Americans and essentially telling the American people, we believe in you, we trust you, and we want you to keep more of your hard-earned money in your pockets, so you are allowed to spend that on your families, on your education, on your vacation, on your car, making that mortgage payment, buying the new washing machine.

Because ultimately it is not about, well, we are going to destroy this program or destroy that program. No, it is about reminding folks what is important: to protect and strengthen social security and Medicare, to strengthen our national defense, and so many other vital programs that are critical to our Nation.

But when we are confronted with a projected $3 trillion budget surplus generated by the American people, who are working hard every single day, I do not believe, nor do I think it is unfair, but in fact I think it is not right unless we give a portion of that money back to the people who earned it.

ORDER OF BUSINESS

Mr. FILNER. Mr. Speaker, I ask unanimous consent to take my 5 minutes at this time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

THE MEANING OF COMPASSIONATE CONSERVATISM: CUTTING FUNDING FOR AMERICA'S VETERANS

The SPEAKER pro tempore (Mrs. BIGGERT). Under a previous order of the House, the gentleman from California (Mr. FILNER) is recognized for 5 minutes.

Mr. FILNER. Madam Speaker, I believe I have discovered the meaning of compassionate conservatism, at least as defined by the congressional Republicans. It is conservative to cut funding for the critical needs of our Nation's veterans, and it is compassionate to use that money for pork projects for congressional people in exchange for their votes.

At least that is the definition implied by the VA-HUD-Independent Agencies appropriations bill which was crafted by the Republican majority in its subcommittee earlier this week.

As the Washington Post reported yesterday, this pending bill is chock full of pork, 215 provisions funding a host of projects and activities that have little or nothing to do with veterans or housing, or the other concerns that this bill is supposed to address.

Madam Speaker, the gentleman just before me spoke of returning the surplus to people. What we are doing here is returning that surplus in pork projects to the majority Congresspeople.

As one who has joined our veterans throughout the Nation in advocating for the past many months for additional funding in the veterans budget, I am frustrated, appalled, shocked, and angry at this turn of events.

Our veterans must wait for months to see a doctor, but we fund the pork project of a machine aimed at growing plants in space. A Virginia doctor in Kentucky was authorized to provide care for only 35 of the 500 veterans suffering from Hepatitis C, a disease that is often fatal, but we fund the pork project of ship bottom painting.

Last year we fought to pass legislation to provide health care for Persian Gulf veterans suffering from undiagnosed illnesses. We now have no funding to absorb these additional veterans in VA medical facilities, but we are funding the pork project of research into windstorms. One-third of our homeless are veterans who served their Nation. We need services to help them get off the streets and back into productive lives. But instead, Madam Speaker, we fund a pork project for studying the impact of temperatures on living organisms.

We are discharging veterans every day who are Alzheimer's patients, but we fund three separate pork projects worth $11.5 million in the district of our Speaker of the House.

Some of these projects may be worthy, especially in the abstract. But then Congress should fund them openly and honestly and above board. Sneaking them into a bill that should include $2 billion more for veterans just to keep the services we are providing today afloat is dishonest, it is an insult to the men and women who served our Nation in battle.

Is that what compassionate conservatism is all about: We cut veterans, but we hand out pork?

Madam Speaker, I urge my colleagues to reject this bill next week, and adequately fund the health needs of our Nation's veterans. I yield back whatever rationality exists in this House.

COMMUNICATION FROM THE CHAIRMAN OF THE COMMITTEE ON THE BUDGET REGARDING REVISIONS TO THE BUDGET AGGREGATES AND RECONCILIATION INSTRUCTIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. KASICH) is recognized for 5 minutes.

Mr. KASICH. Madam Speaker, pursuant to Sec. 211 of H. Con. Res. 68, I hereby submit for printing in the Congressional Record revisions to the budget aggregates and reconciliation instructions. The aggregate level of revenue for fiscal year 2000 is reduced by $14,398,000,000. This will change the recommended level of revenue for fiscal year 2000 to $1,393,684,000,000.

In addition, the revenue reduction reconciled to the Committee on Ways and Means in H. Con. Res. 68 is increased by $14,398,000,000 for fiscal year 2000, the period of fiscal years 2000 through 2004, and the period of fiscal years 2000 through 2009. This will change the amounts reconciled to the Committee on Ways and Means in Sec. 105 of H. Con. Res. 68 to $14,398,000,000 for fiscal year 2000, $156,713,000,000 for the period of fiscal years 2000 through 2004, and $792,266,000,000 for the period of fiscal years 2000 through 2009.

Questions may be directed to Art Sauer or Jim Bates.

COMMUNICATION FROM THE CHAIRMAN OF THE COMMITTEE ON THE BUDGET REGARDING STATUS REPORT ON CURRENT LEVELS OF ON-BUDGET SPENDING AND REVENUES FOR FISCAL YEAR 2000 AND FOR THE 10-YEAR PERIOD OF FISCAL YEAR 2000 THROUGH FISCAL YEAR 2004

Mr. KASICH. Madam Speaker, to facilitate application of sections 302 and 311 of the Congressional Budget Act, I am transmitting a status report on the current levels of on-budget spending and revenues for fiscal year 2000 and for the 10-year period of fiscal year 2000 through fiscal year 2004.

The term "current level" refers to the amounts of spending and revenues estimated for each fiscal year based on laws enacted or awaiting the President's signature as of July 21, 1999.

The first table in the report compares the current level of total budget authority, outlays, and revenues with the aggregate levels set by H. Con. Res. 68. This comparison is needed to implement section 311(a) of the Budget Act, which creates a point of order against measures that would breach the budget resolution's aggregate levels. The table does not show budget authority and outlays for years after fiscal year 2000 because appropriations for those years have not yet been considered.

The second table compares the current levels of budget authority and outlays of each direct spending committee with the "section 302(a)" allocations for discretionary action made under H. Con. Res. 68 and for fiscal year 2000 and fiscal years 2000 through 2004. "Discretionary action" refers to legislation enacted after adoption of the budget resolution. This comparison is needed to implement section 302(f) of the Budget Act, which creates a point of order against measures that would breach the section 302(a) discretionary action allocation of new budget authority or entitlement authority for the committee that reported the measure. It is also needed to implement section 311(b), which exempts committees that comply with their allocations from the point of order under section 311(a).

The third table compares the current levels of discretionary appropriations for fiscal year 2000 with the revised "section 302(b)" sub-allocations of discretionary budget authority and outlays among Appropriations subcommittees. This comparison is also needed to implement section 302(f) of the Budget Act, because the point of order under that section also applies to measures that would breach the applicable section 302(b) sub-allocation.

The fourth table compares discretionary appropriations to the levels provided by section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985. Section 251 requires that if at the end of a session the discretionary spending, in any category, exceeds the limits set forth in section 251(c) as adjusted pursuant to provisions of section 251(b), there shall be a sequestration of funds within that category to bring spending within the established limits. This table is provided for information purposes only. Determination of the need for a sequestration is based on the report of the President required by section 254.

REPORT TO THE SPEAKER FROM THE COMMITTEE ON THE BUDGET

STATUS OF THE FISCAL YEAR 2000 CONGRESSIONAL BUDGET ADOPTED IN H. CON. RES. 68—REFLECTING ACTION COMPLETED AS OF JULY 21, 1999

[On-budget amounts, in millions of dollars]

	Fiscal year—	
	2000	2000–2004
Appropriate level (as amended by P.L. 106–31 and H.R. 2490):		
Budget Authority	1,428,745	NA
Outlays	1,415,484	NA
Revenues[1]	1,393,684	7,399,759
Current level:		
Budget Authority	898,425	NA
Outlays	1,092,887	NA
Revenues	1,408,063	7,556,473
Current level over (+)/under (−) appropriate level:		
Budget Authority	−530,320	NA
Outlays	−322,597	NA
Revenues	14,379	156,714

[1] The revenue numbers reflect adjustments made pursuant to Sec. 211 of H. Con. Res. 68.

NA—Not applicable because annual appropriations Acts for Fiscal Years 2001 through 2004 will not be considered until future sessions of Congress.

BUDGET AUTHORITY

Enactment of any measure providing new budget authority for FY 2000 in excess of $530,320,000 (if not already included in the current level estimate) would cause FY 2000 budget authority to exceed the appropriate level set by H. Con. Res. 68.

OUTLAYS

Enactment of any measure providing new outlays for FY 2000 in excess of $322,597,000 (if not already included in the current level estimate) would cause FY 2000 outlays to exceed the appropriate level set by H. Con. Res. 68.

REVENUES

Enactment of any measure that would result in any revenue loss for FY 2000 in excess of $14,379,000,000 (if not already included in the current level estimate) would cause revenues to fall below the appropriate level set by H. Con. Res. 68.

Enactment of any measure resulting in any revenue loss for FY 2000 through 2004 in excess of $156,714,000,000 (if not already included in the current level) would cause revenues to fall below the appropriate levels set by H. Con. Res. 68.

DIRECT SPENDING LEGISLATION—COMPARISON OF CURRENT LEVEL WITH COMMITTEE ALLOCATIONS PURSUANT TO BUDGET ACT SECTION 302(a) REFLECTING ACTION COMPLETED AS OF JULY 21, 1999

[Fiscal years, in millions of dollars]

	2000		2000–2004	
	BA	Outlays	BA	Outlays
HOUSE COMMITTEE:				
Agriculture:				
Allocation				
Current level				
Difference				
Armed Services:				
Allocation				
Current level				
Difference				
Banking and Financial Services:				
Allocation				
Current level				
Difference				
Education and the Workforce:				
Allocation				
Current level		32		
Difference		32		
Commerce:				
Allocation				
Current level				
Difference				
International Relations:				
Allocation				
Current level				
Difference				
Government Reform and Oversight:				
Allocation				
Current level				
Difference				
House Administration:				
Allocation				
Current level				
Difference				
Resources:				
Allocation				
Current level				
Difference				
Judiciary:				
Allocation				
Current level				
Difference				
Transportaiton and Infrastructure:				
Allocation	2,475		12,115	
Current level				
Difference	(2,475)		(12,115)	
Science:				
Allocation				
Current level				
Difference				
Small Business:				
Allocation				
Current level				
Difference				
Veterans' Affairs:				
Allocation	394	360	6,893	6,689
Current level				
Difference	(394)	(360)	(6,893)	(6,689)
Ways and Means:				
Allocation			500	145
Current level		(2)		(2)
Difference		(2)	(500)	(147)
Select Committee on Intelligence:				
Allocation				
Current level				

DIRECT SPENDING LEGISLATION—COMPARISON OF CURRENT LEVEL WITH COMMITTEE ALLOCATIONS PURSUANT TO BUDGET ACT SECTION 302(a) REFLECTING ACTION COMPLETED AS OF JULY 21, 1999—Continued

[Fiscal years, in millions of dollars]

	2000		2000–2004	
	BA	Outlays	BA	Outlays
Difference				
Total authorized:				
Allocation	2,869	360	19,508	6,834
Current level		30		(2)
Difference	(2,869)	(360)	(19,508)	(6,836)

COMPARISON OF CURRENT LEVEL TO DISCRETIONARY SPENDING LEVELS SET FORTH IN SEC. 251(c) OF THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

[In millions of dollars]

	Defense [1]		Nondefense [1]		General purpose		Violent crime trust fund		Highway category		Mass transit category	
	BA	O	BA	O	BA	O	BA	O	BA	O	BA	O
Statutory Caps [2]	NA	NA	NA	NA	533,796	544,102	4,500	5,554	NA	24,574	NA	4,117
Current Level	1,667	88,714	9,179	164,097	10,847	252,811	0	3,271	0	0	0	0
Difference (Current Level – Caps)	NA	NA	NA	NA	–522,949	–291,291	–4,500	–2,283	NA	–24,574	NA	–4,117

[1] Defense and nondefense categories are advisory rather than statutory.

[2] Consistent with H. Con. Res. 68.

DISCRETIONARY APPROPRIATIONS FOR FISCAL YEAR 2000—COMPARISON OF CURRENT LEVEL WITH SUBALLOCATIONS PURSUANT TO BUDGET ACT SECTION 302(b)

[In millions of dollars]

	Revised 302(b) suballocations				Current level reflecting action completed as of July 21, 1999				Difference			
	Discretionary		Mandatory		Discretionary		Mandatory		Discretionary		Mandatory	
	BA	O	BA	O	BA	O	BA	O	BA	O	BA	O
Agriculture, Rural Development	13,882	14,346	50,295	33,088	44	3,997	0	0	(13,838)	(10,349)	(50,295)	(33,088)
Commerce, Justice, State	30,067	30,515	523	529	168	10,893	0	0	(29,899)	(19,622)	(523)	(529)
National Defense	267,692	259,130	209	209	1,668	78,350	0	0	(266,024)	(180,780)	(209)	(209)
District of Columbia	453	448	0	0	0	4	0	0	(453)	(444)	0	0
Energy and Water Development	20,190	20,140	0	0	0	7,542	0	0	(20,190)	(12,598)	0	0
Foreign Operations	12,625	13,168	44	44	0	8,456	0	0	(12,625)	(4,712)	(44)	(44)
Interior	13,888	14,354	59	83	10	5,129	0	0	(13,878)	(9,225)	(59)	(83)
Labor, HHS & Education	77,074	77,989	233,459	233,644	8,844	57,466	0	0	(68,230)	(20,523)	(233,459)	(233,644)
Legislative Branch	2,438	2,448	94	94	0	348	0	0	(2,438)	(2,100)	(94)	(94)
Military Construction	8,450	8,807	0	0	0	6,316	0	0	(8,450)	(2,491)	0	0
Transportation	12,400	43,445	721	717	0	26,007	0	0	(12,400)	(17,438)	(721)	(717)
Treasury-Postal Service	13,467	13,947	14,385	14,394	71	3,265	0	0	(13,396)	(10,682)	(14,385)	(14,394)
VA-HUD-Independent Agencies	65,300	78,937	21,319	21,136	42	48,309	0	0	(65,258)	(30,628)	(21,319)	(21,136)
Reserve/Offsets	0	0	0	0	0	0	0	0	0	0	0	0
Unassigned [1]	370	673	0	0	0	0	0	0	(370)	(673)	0	0
Grand total	538,296	578,347	321,108	303,938	10,847	256,082	0	0	(527,449)	(322,265)	(321,108)	(303,938)

[1] Unassigned refers to the allocation adjustments provided under Section 314, but not yet allocated under Section 302(b).

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 22, 1999.

Hon. JOHN R. KASICH,
Chairman, Committee on the Budget,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to section 308(b) and in aid of section 311 of the Congressional Budget Act, as amended, this letter and supporting detail provide an up-to-date tabulation of the on-budget current levels of new budget authority, estimated outlays and estimated revenues for fiscal year 2000. These estimates are compared to the appropriate levels for those items contained in House Concurrent Resolution 68, which has been revised to include the amounts provided and designated as emergency requirements in Public Law 106-31, the Emergency Supplemental Appropriations Act for fiscal year 1999, and an allocation for the Earned Income Tax Credit that is under consideration in H.R. 2490, the Treasury, Postal Service, and General Government appropriations bill for fiscal year 2000. Also included, pursuant to Sec. 211 of H. Con. Res. 68, is a reduction to the aggregate level of revenues.

This my first report for fiscal year 2000 and is current through July 21, 1999.

Sincerely,

PAUL VAN DE WATER
(for Dan L. Crippen, Director).

Enclosure.

PARLIAMENTARIAN STATUS REPORT FISCAL YEAR 2000 ON-BUDGET HOUSE CURRENT LEVEL AS OF CLOSE OF BUSINESS, JULY 21, 1999

[In millions of dollars]

	Budget authority	Outlays	Revenues
Enacted in previous sessions:			
Revenues			1,408,082
Permanents and other spending legislation	869,921	833,640	
Appropriation legislation		247,144	
Offsetting receipts	–295,703	–295,703	
Total, previously enacted	574,218	785,081	1,408,082
Enacted this session:			
Education Flexibility Partnership Act of 1999, P.L. 106–25		32	
Emergency Supplemental Appropriations Act, P.L. 106–31	1,955	7,360	
Miscellaneous Trade and Technical Corrections Act, P.L. 106–36		–2	–19
Total, enacted this session	1,955	7,390	–19
Entitlements and mandatories: Budget resolution baseline estimates of appropriated entitlements and other mandatory programs not yet enacted	322,252	300,416	
Totals:			
House current level	898,425	1,092,887	1,408,063
House budget resolution	1,428,745	1,415,484	1,393,684
Amount remaining:			
Under budget resolution	–530,320	–322,597	
Over budget resolution			14,379

PARLIAMENTARIAN STATUS REPORT FISCAL YEAR 2000 ON-BUDGET HOUSE CURRENT LEVEL AS OF CLOSE OF BUSINESS, JULY 21, 1999—Continued

[In millions of dollars]

	Budget authority	Outlays	Revenues
Addendum: Revenues, 2000–2004:			
House current level			7,556,473
House budget resolution			7,399,759
Amount current level over budget resolution			156,714

Note: Estimates include $1881 million in budget authority and $7,258 million in outlays for the funding of emergency requirements.
Source: Congressional Budget Office.

JULY 30, 1999, IS TILLAMOOK DAY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentlewoman from Oregon (Ms. HOOLEY) is recognized for 60 minutes.

Ms. HOOLEY of Oregon. Madam Speaker, imagine a land where cows outnumber the people two to one, where the high school football team is aptly named the Cheesemakers, and where world famous cheddar cheese is produced by a cooperative of dairy farmers, many who have passed that skill on from generation to generation.

Such a place exists in a small Oregon coastal county named Tillamook. This 35,000 acre region is peppered with approximately 150 family farms that supply fresh milk to the Tillamook County Creamery Association, which in turn produces award-winning Tillamook cheese. It also markets butter, sour cream, yogurt, and ice cream. It was founded in 1909. The Tillamook County Creamery accounts for one-third of Oregon's dairy industry.

Swiss settlers looking for an ideal location to raise dairy cattle discovered Tillamook in 1851. The name Tillamook is a native American name meaning land of many rivers, which is especially appropriate since five rivers feed into the Tillamook Bay.

The region's climate is cool and wet, averaging 80 inches of rain annually, but it is this unique environment that allows cows to graze at least 8 months each year on natural grass in open pastures, resulting in exceptionally sweet and rich milk, the cornerstone of Tillamook cheese.

Superior milk, combined with Tillamook's unique cheese culture recipe, traditional cheddaring method, and natural aging process, enables the Tillamook County Creamery to guaranty its benchmark standards for its award-winning premium cheese.

The Tillamook County Creamery association takes pride in producing blue ribbon cheese, and firmly believes that quality cheese begins in a quality location, a place where cows still roam the open fields.

Oregon is proud of the excellence and tradition the Tillamook County Creamery Association has exemplified over the past 90 years. Tillamook has been a leader locally and nationally in enhancing the visibility of Oregon's dairy industry.

The Tillamook County Creamery is one of Oregon's most popular tourist destinations, drawing visitors from around the globe; so exemplary that Oregon's governor, Governor Kitzhaber, has proclaimed today, July 30, 1999, to be Tillamook Day.

I urge all of my colleagues and the Nation to join me in observing Tillamook Day. If you are ever in Oregon, be sure to come and visit the factory and see how Tillamook's famous cheese is made.

I am proud to represent Tillamook County and the Tillamook County Creamery, and I want to congratulate them for 90 years of operation in making America's best cheese.

THE TAX BILL AND OUR TRADE RELATIONSHIP WITH THE PEOPLE'S REPUBLIC OF CHINA

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from California (Mr. SHERMAN) is recognized for 60 minutes as the designee of the minority leader.

THOUGHTS FOR THE PEOPLE OF ATLANTA

Mr. SHERMAN. Madam Speaker, our hearts go out to the people of Atlanta, especially the families of the dead and the wounded. For the next few weeks, our hearts will be troubled by the constant questions: Why? What could have been done? Frankly, I do not have any answers.

For this reason, I will ask Members to indulge me, because I came to the House to speak about other subjects, even though, as much as we would like to concentrate on the fiscal subjects that I would like to address, our hearts will still be with the people of Atlanta.

Madam Speaker, I have come to the House rather hurriedly. I became aware just a few minutes ago that I would be the designee of our side to speak for 1 hour, so I will go through my notes in an effort to comment on the tax bill that recently passed this House, and which I hope will be radically changed by the conference committee before it is resubmitted here.

Then, time permitting, I would like to talk about our trade relationship with the People's Republic of China, because when the House returns after the August break, we may be confronted with a major decision to be made with regard to whether to grant permanent most-favored-nation status or farm trade relations to the People's Republic of China.

Focusing first on the tax bill, I would like to focus on two things: First, the content of the bill. So many speeches have been given on this floor talking about the size of the bill, and I do want to address that.

But there are many more differences between the Democratic position and the Republican position than their bill is three and one-half times the size of ours. Because when we look at the content of the Republican tax bill and to whom it grants relief, then we will see major differences in philosophy.

□ 1515

Madam Speaker, I spent over 20 years as a CPA, as a tax attorney, and as a tax court judge. I know tax fraud when I see it. The statements made in support of the Republican tax bill rise to the level of tax fraud.

We are told that we are giving people their money back. Yet, we take money from working men and women and provide in this Republican tax bill huge tax breaks to the rich and the special interests.

At least a dozen speakers have risen on this floor to claim that the Republican tax bill eliminates the marriage penalty; and, yet, it provides only minor relief. We are told that it provides tax cuts for working families, but it gives only a few crumbs to those in the bottom two-thirds of income in this country. It is a bill that we are told provides for school construction; and, yet, it provides very little. Likewise, with providing incentives for research.

Madam Speaker, Winston Churchill once remarked in talking about the pilots who saved Britain from the Nazi bombers, "never have so many owed so much to so few." If we enact the Republican tax bill, then it will be said of us as a people "never have so many given so much to so few", because we are asked, as a people of over a quarter billion in number, to give huge tax relief to the top 1 percent of our population.

I see that I am joined by the gentleman from Texas (Mr. TURNER) who would also like to talk about the tax bills that have recently passed this House.

Madam Speaker, I yield to the gentleman from Texas (Mr. TURNER).

Mr. TURNER. Madam Speaker, I want to join with the gentleman from California (Mr. SHERMAN) on this hour of debate, this time that is set aside at the end of the day, to talk about the issues facing us.

I would like to spend just a moment addressing the tax cut proposal that was before the House in the last few days.●

The Republican tax message is one cannot trust the Congress to act responsibly with the surplus. They say get the money out of town before it even arrives here yet. It is a little bit ironic to think their theme is one cannot trust the Congress to manage the money wisely when, in fact, the last time I checked, they were in the majority in this House.

Their bill spends a trillion dollars, giving a $794 billion tax cut that is based on a future guesstimate of a trillion dollar on-budget surplus that is so far in the future that, if one looks at the tax cut year by year over the next 10 years, the tax cut planned in that $794 billion for next year is only $5 billion, six-tenths of 1 percent of the total tax cut.

The Federal Government, as my colleagues know, ran annual deficits for 29 years straight and ran up a $5.6 trillion national debt. The annual interest on that debt exceeds the annual spending, if one can believe this, on all of national security.

The interest on the national debt takes 25 percent of all individual income taxes collected by the Federal Government every year.

Do my colleagues not think that we could be disciplined enough just to run one true budget surplus before we spend what we do not even have yet? If a business had borrowed money from a bank to operate for 29 years straight and, for the first time in 29 years, it showed a small profit, would the business declare a dividend to the stockholders; or would it try to pay down that huge debt they had accumulated? I think the answer is obvious.

Last week, the House had a historic opportunity to do what every businessman or woman, every family in America would do when faced with the choice of paying down debt or passing on that debt to our children, our grandchildren.

By a margin of 9 votes, this House defeated a responsible Democratic alternative that was designed to ensure that we had a reasonable tax cut while preserving Social Security and Medicare. We even had on the floor of the House a motion to recommit that provided that 50 percent of the on-budget surplus would go to paying down the debt, 25 percent for tax cuts, and 25 percent for priority spending needs, such as Medicare and Social Security.

Every Democrat on the floor of this House voted for that responsible alternative. Only one Republican joined us. All the remainder voted against that alternative.

I ask, where have all the fiscal conservatives in the Republican Party gone? Fiscal conservatives do not spend money that we do not even have yet. Fiscal conservatives do not ignore the advice of the Federal Reserve Chairman, Alan Greenspan, who has said over and over again before committees in this House that the best use of the surplus is to pay down debt.

Fiscal conservatives do not gamble with our economic security, our health security, or our retirement security. Fiscal conservatives understand that reducing the national debt lowers interest rates. For example, a 2 percentage point reduction in interest rates on the purchase of a $90,000 home means a savings of almost $1,500 a year in mortgage payments for American families. That is $1,200 more than a family with an income of $50,000 a year would get from the Republican tax cut plan. That family, under their plan, only gets $300 a year.

Fiscal conservatives do not gamble with our economic security. They understand that our health security, our retirement security, our economic security is the important thing that must be preserved by the Congress.

Finally, fiscal conservatives do not pass on debts to their children and their grandchildren.

I believe we can have reasonable tax cuts over the next 10 years, given to people who really need the relief: working families and small business. These are the folks who have not yet fully participated in the booming new economy. These are the folks who live in rural America, the folks who live in the inner city.

In today's economy, tax cuts should not be aimed at Wall Street, but they should be aimed at Main Street. But an equally important priority for this Congress is to pay down that $5.6 trillion national debt, to save Social Security, to save Medicare for our children.

Let us adopt a fiscally responsible tax reduction plan that shares the on-budget surplus, 50 percent to debt reduction, 25 percent for tax relief, and 25 percent to save Social Security and Medicare.

Mr. SHERMAN. Madam Speaker, the gentleman from Texas (Mr. TURNER) says it well. Since he has focused on the fiscal irresponsibility of the Republican tax cut, I would like to echo some of the things he had to say.

The most curious thing is that the Republican majority has come before us and agreed on what the best policy would be. They have agreed with Alan Greenspan that the best thing we could do is save the lion's share of the surplus, adopt only small tax cuts, and pay off the national debt. They admit that is the best economic policy. They admit that that is what is best for America. Why will they not do it?

They come before us and say that America, the best Nation in the world, cannot have the best economic policy, that we are congenitally unable to use funds to pay down the debt; that if the money is not used for tax cuts, it will be squandered and wasted.

Well, I think America is the best country, and it deserves a Congress that will adopt the best economic policies. If the Republicans feel that they are congenitally unable to be fiscally responsible, then the least they could do is get out of the way, retire, and endorse the Reform party candidate or the Independent candidate or even the Democratic candidate from their district who will come here and do what both sides of the aisle have agreed is the best policy for this Congress; and that is to use the vast majority of the surplus to pay down the national debt.

The gentleman from Texas illustrates it well when he talks about the importance of fiscal responsibility. He talks about a $90,000 house. Out in extremely expensive Los Angeles and Ventura Counties, we can simply double those figures. Virtually every working family in my district that owns a home would save double or triple if they could reduce their interest rate by 1 or 2 percent as compared to the crumbs of tax relief found at the edges of this Republican tax bill.

Yet, we are told by a Republican majority that they cannot stop themselves, that the Republican majority must be made up of self-admitted spendaholics. Perhaps the undertow of their comment is the Republican majority will not be a majority very soon. One way or another, they are telling us that the Congress of next year and the year after somehow will not be able to pursue a fiscally responsible policy.

I am confident that, with gentlemen like the gentleman from Texas and men and women on this side of the aisle exercising fiscal responsibility, that we will be able to do what is politically difficult but what we have shown ourselves capable of doing in the last 2 years; and that is to confine spending, to avoid tax cuts we cannot afford, and to run a government surplus.

Think back. I know the gentleman from Texas and I came to Congress in the same year, 1997. I served on the Committee on Budget, and we came out with a plan adopted by this House. We said, by 2002, the budget will be balanced. We could hear the laughter, the loud laughter from the press galleries behind me. They were occupied at the time, with people who giggled at the prospect that the 1997 budget agreement would lead to a balanced budget by the year 2002. In fact, it lead to a balanced budget in 1999, in fact, a significant surplus in 1999.

So this Congress has, in the last 2 years, shown it can be fiscally responsible. Now we need a tax plan that is based on the best economic policy, not one that assumes the people of this country cannot have a Congress that is as good as they are. They know that the best use of these funds is to pay down the debt.

Now, among the reasons it is the best use of funds is that it allows us to stop paying interest on the debt. The Republican tax cut of over $800 billion over the first 10 years, $3 trillion in the second 10 years, those figures just reflect the cost of the tax cut. We have to add in the interest on the national debt that we will have to keep paying because, under the Republican plan, we cannot pay down the debt. That interest over the next 10 years will be on the order of another $150 billion.

Imagine what we could do if we could pay off the debt, stop paying interest on the debt, and have interest rates that reflect the fact that Wall Street and Main Street know there is fiscally responsible government here in Washington.

□ 1530

Instead, we are asked to adopt a tax plan which will quickly erode the tenuous faith Americans have that we have our fiscal house, in order in this House.

I should point out both to those on our side of the aisle that have thought of a number of government programs they think should be funded, and to all of the little tax incentives and giveaways built into the Republican plan and those people who voted for it, that fiscal responsibility will do more for the poor than 50 great society programs, and fiscal responsibility will do more for business than 50 special tax breaks. Because if we can take the Federal Government out of the capital markets, then all of the money that is available for investment, instead of being used to buy T-bills and T-bonds to finance Federal spending, can be available for private investment. That means a continuation of the economic expansion. It means people will find that when they go to borrow money for a new car or a new home those funds are available.

I can understand the desire to pass out tax breaks to wealthy interests. I can certainly understand the desire to provide special programs for those in need, but first and foremost we need to pay down the national debt.

At this point, I would yield to the gentleman from Texas (Mr. TURNER).

Mr. TURNER. I thank the gentleman for yielding, and I would like to engage the gentleman in a discussion regarding an issue that is often overlooked in the discussion on what we should do with the projected 10-year estimated, or guesstimated, surplus.

I am told by sources that know a lot more about how the economy works than I do that the current surplus estimate of $2.9 trillion over the next 10 years, $1.9 of which is in Social Security, which I think we have all agreed on both sides of the aisle we should not touch, but that other $1 trillion that we are arguing over as to what is the best use of it, is really a figure that is quite tenuous.

In fact, I am told that if we take four of the assumptions that were used by the Congressional Budget Office to come up with that estimate of $2.9 trillion and we adjust those four assumptions only very slightly, the surplus would change from $2.9 billion over 10 years to a deficit once again.

Those four factors that were mentioned are: if, instead of assuming the employment rate that the CBO assumed, if employment simply ends up being 1 percent less than they estimate, in other words, if the unemployment rate is 1 percent greater than the CBO estimates, it has a significant impact on the surplus.

If spending goes up over the next 10 years, Federal spending, with inflation, rather than being down at the levels that we are struggling to maintain that were set in the balanced budget act of 1997, then part of that surplus will disappear.

Mr. SHERMAN. The gentleman is talking about a budget plan to try to keep all Federal expenditures at the same nominal levels without increasing them for inflation. I think we should note that the Speaker has said again and again that we would pass all the appropriations bills before the August break. But the Republican majority has shown that they cannot meet those limited spending objectives. That is why they are sending us home without passing the appropriations bills and that they have now had to define the census as an unforeseen emergency and fund it outside of the budget caps.

Under those circumstances, does the gentleman think there is a significant risk the expenditures that will be voted over the next 10 years will exceed the no-increase-for-inflation straight line that the Republicans have used in their budget estimates?

Mr. TURNER. Well, it would seem to me very likely that that would be the result. And I, too, share the gentleman's concern with the double set of books that the Republican majority has begun to keep over the last couple of weeks just to try to show that they can stay within the budget caps of the 1997 Balanced Budget Act.

As we all know, if we declare something around here as an emergency, we do not have to count it against the caps. But one thing to keep in mind: every time somebody stands up and says, I want to declare this spending an emergency, they are taking it right out of the Social Security Trust Fund.

And the truth of the matter is, if we have things like the census declared an emergency, I think we are committing fraud with regard to the way we keep the Federal books. I mean the census is required in the United States Constitution. We do it every 10 years. And to stand up and say, well, we have to appropriate the money to do the census and call it emergency spending so it will not be counted against the budget caps is disingenuous, in my opinion.

As I mentioned, if we alter four factors in the Congressional Budget Office assumptions about the $2.9 trillion surplus, it disappears. I mentioned two of them a minute ago.

If unemployment is simply 1 percent higher than they estimated over the next 10 years; if spending goes up with inflation rather than at the artificially low estimates that we have under the current estimate; if the gross domestic product, a fancy word that I am not sure I completely understand, simply grows at seven-tenths of 1 percent less than the Congressional Budget Office estimates; and, finally, if Medicare spending simply goes up at the same average annual rate that it has gone up since 1972; if all four of those things happen to turn out to be true, there is once again a deficit. There is no $2.9 billion surplus; there is a deficit over the next 10 years.

I think it is often overlooked in this debate, as we argue about what to do with the surplus, that the threshold question should be will there really be a surplus. I hope there is, and I hope the economy stays strong; but to gamble our economic security, our health care security, the security of Social Security, all on an estimate that may turn out to be completely wrong is the height of fiscal irresponsibility.

Mr. SHERMAN. I would echo what the gentleman has to say.

If we are in a position where perhaps we will have an extra trillion dollars in general funds, not to mention the necessary buildup in Social Security, as the gentleman pointed out, this $2.9 trillion surplus, $1.9 trillion of the surplus, is just building up funds that we are going to need when people the gentleman's age and my age are going to retire, so that only $1 trillion of the estimated surplus is in the general fund, the one funded by regular taxes for regular expenditures.

If we are in a situation where we do not know whether that surplus is going to come in as projected, then we have two choices: we can adopt a plan where we say we hope it will come in and if it does, we will pay down the debt; or we can say, we hope it will come in, but we are going to spend it before it comes in. But the method that is most likely to lead to higher unemployment, the method that is most likely to lead to a decline in the growth of our gross domestic product is to adopt a fiscally irresponsible plan and then watch the markets respond, watch interest rates creep up, watch investment decline, watch unemployment go up.

So to act as if the surplus is certain is the best way to put it at risk. And that is another reason why the Republican plan is so fiscally irresponsible.

Let me now focus on the content of the tax cut, because even if we did not believe in fiscal responsibility, even if we thought we should have an $800 billion tax cut exploding up to $3 trillion in the second 10 years, is this the right kind of cut to have?

Let us look at the content. First, the Republicans promised to deal with the marriage penalty; and yet, and this is an interesting quote, the Family Research Council expressed its disappointment at the paltry marriage penalty relief found in the Republican tax bill. James Dobson, a man who has not ever offered to give me an award, I doubt he has offered to give the gentleman from Texas an award, went on radio to express his profound disappointment at the paltry marriage penalty relief in the Republican tax bill.

That being the case, we should look at the Democratic bill, the bill that costs less than a third of the Republican bill's cost. But somehow, with less than one-third the tax cut, the Democrats provide more marriage penalty relief than the Republican bill.

Let us look at the issue of school construction. We have seen the need to reduce class size around this country. We need our kids to get the best possible education. Well, if we are going to have smaller class sizes, then we need more classrooms. Both sides of the aisle have recognized that the Federal Government, through the tax code, should try to make it easier for local school districts to finance school construction. But in their bill, that is three times as expensive as the Democratic bill the Republicans provide only one-third of the help to local school districts. Three times as expensive but only one-third the help.

And what kind of help do they provide local school districts? What they do is change the arbitrage rules. Well, what does that mean? It means that this is the only help they provide schools. This is the help. They tell every school district in the country, look, go issue tax-free bonds. Borrow the money at a low interest rate, and then for 4 years take that borrowed money, borrowed at a low interest rate, do not use it to build schools yet, but go play the market. Go invest it the way Orange County did right before Orange County went bankrupt.

The only help they provide local school districts is to give them a free plane ticket to Las Vegas and to invite them to put the school bond money on the crap table. And they say they will allow school districts to do this and that is how we will help school construction.

How do the Democrats help school construction? We simply provide three times more the Federal help, and we do it by saying the Federal Government will pay the interest on the school bonds. No risks, no arbitrage, no invitation to local schools to sell bonds today and to go into the stock market and the bond market and buy derivatives and hope they can make a profit. Just real help by paying the interest on the bonds.

□ 1545

The Democratic bill, about 30 percent the size of the Republican bill, makes the R&D tax credit permanent. But the Republican bill turns its back on high-tech industry and says we will give them the R&D credit for a few more years and then we will turn it off.

The Democratic bill provides for education, saying that employers can provide for education for their employees without the employees being taxed, whether it is graduate school education or whether it is undergraduate education or technical education.

Yet, in a bill that costs more than three times as much, the Republicans cannot find room to allow for employee education.

Well, what do they spend their money on, $800 billion in the first 10 years, $3 trillion in the next 10 years? How is it all spent? Not for married families. Not for school construction. And not for ordinary working families in this country.

Because, in fact, they provide over 50 percent of the tax relief to the top one percent of Americans' income and to giant corporations.

Now, in many of the speeches on this floor, the numbers stated are not quite as sharp as the ones I related. And that is because the other speakers on this floor have tended to ignore the corporate tax provisions.

But if we look at how much goes to the top one percent in income, 45 percent of the benefits plus roughly 10 percent of the benefits going to giant corporations, we will see why there is so little room in the Republican tax bill to help education or to help marriage or to help working families.

Let us talk a little bit about the breaks that they give giant corporations. They provide a special provision dealing with the interest allocation rules for multinational corporations.

Well, what does that all mean? What it means is they provide $24.8 billion in tax relief to those corporations that take their shareholder money and invest it in factories overseas, shut down their domestic production, invest equity capital overseas, and share in a $25 billion tax reduction.

That provision will not create jobs in America. It may create a few extremely poorly paid jobs overseas. But it is not just $25 billion in the first 10 years. It is one of those exploding tax cuts that grows to nearly $50 billion in the second 10 years.

Furthermore, the new Democratic coalition put forward the idea that we eliminate the estate tax for all but the one percent of the richest families in America and that we do it in a way so that the families do not have to prepare long estate planning documents, none of the bypass trusts, none of the trust tax returns, none of the complication of the lives of widows and widowers that has become standard among upper middle-class seniors. Just complete relief on the first $2 million.

But that is not good enough for the Republican majority. They forget the derivation of the word "millionaire," someone who inherits a million dollars.

So they come here and they say, well, if they inherit a million dollars, there should be no tax. I agree. Inherit $2 million there should be no tax. I agree. And then they say if they inherit a billion dollars, if they happen to be the lucky unborn son or daughter of Bill Gates and they inherit $10 billion, they want no tax.

That is why their package is so expensive but they cannot provide relief to married families and they cannot help school construction.

Not only is the size of the Republican tax bill fiscally irresponsible, but the content is the most extremely regressive that I have ever seen.

I notice that one of my other colleagues has come to the floor and requested that I yield to her.

Mr. Speaker, I yield to the gentlewoman from North Carolina (Mrs. CLAYTON).

Mrs. CLAYTON. Mr. Speaker, I thank the gentleman very much for yielding. I appreciate that so much.

I had the pleasure of observing the discussion of the gentleman from California (Mr. SHERMAN) and the same topic he was talking about was very much on my mind and in my heart.

I appreciate the gentleman taking the leadership and getting this time and explaining so vividly not only the unreasonableness but the contradiction of this big, huge tax bill provision that we just passed in the House last week and how that is in contradiction of the principle that both sides say that they want to do.

They say, and we agree, the Democrats and Republicans agree, that we want to protect Social Security, we want to reform Medicare, and we also agree we want to pay down the debt.

Well, we cannot spend the monies twice. The great surplus that we are so blessed to have in this country is not there to be spent time and over and over again. So they either do these things that they say they want to do or they indeed give this big tax bill.

I just want to thank my colleague for explaining this. With his background as a CPA, he can put these details in such a vivid way that people begin to understand the reasonableness.

I, too, want to reduce taxes. I think it needs to be targeted. It needs to be targeted for those families that are having health care problems long-term, those who are having problems in terms of needs of educating their kids and day-care.

Also, I think we do need some relief on inheritance tax. We raised it last time, and we need to raise it again. And raising it to $2 million is reasonable and moving in the right direction.

But the tax cut needs to be targeted and it certainly needs to be affordable and we need to balance that.

So I have come to the floor to participate in this discussion to say that there are priorities for spending and there are priorities for tax reduction that should be consistent with us giving everybody an opportunity in America.

We just should not give a tax break for the one-third or the richest one-fifth or give tax breaks to the one-third all over. We should make sure those are well-crafted, targeted tax relief.

More importantly, we should be able to afford it. Mr. Greenspan said over and over again, yes, he does not object to a tax cut. But it should be not in this environment when it is being proposed in an environment where we do not even have the surplus realized yet. The surplus that they are talking about is based on a projection for it to happen.

Actually, my colleague and I served on the Committee on the Budget and he and I know that the surplus that we are talking about for this year, by and large, is as a result of people paying their payroll taxes, going into the Social Security. So if we give this big tax break, guess what happens? We cannot spend it twice.

When we go on those great emergencies, guess what happens when we take things off of budget? It indeed comes from the surplus.

So I just want to commend the gentleman for bringing a very factual, reasonable discussion. This is not a rhetorical discussion. This is a factual, reasonable discussion how insane this tax cut is, how unreasonable it is, how in contradiction we put these principles, saying on the one side, Americans, we want to protect Social Security, we want to reform Medicare, we want to pay down the debt but, at the same time and in the same breath, we are going to give almost $800 billion.

Yes, we need a tax cut. But we need it to be targeted and we need it to be affordable. We also have spending priorities. Our education of our kids. Our senior citizens are without drug prescription opportunity. There are millions of senior citizens having to debate whether they can afford to pay for their prescription or whether they can pay for the rent or buy food. These are the basic problems they have.

For those of us who now have the opportunity to be looking at the surplus, we ought to be balancing our priorities to make sure that all Americans are prosperous in this economy.

Again, I want to thank my colleague for yielding to me. I appreciate it so very much.

Mr. SHERMAN. Mr. Speaker, reclaiming my time, I thank the gentlewoman from North Carolina (Mrs. CLAYTON) for coming to the floor and for joining with us here.

I share her belief that we need tax cuts. But if we can keep this economic expansion going for another 5 years, first that will do far more for everybody's pocketbook than any tax cut. But second, we will then be able to talk about more tax cuts.

If we screw it up, if we adopt tax cuts that force interest rates up because we are fiscally irresponsible, then, first, people will suffer far more from an economic downturn and, second, we will be back here dealing with deficits.

Mrs. CLAYTON. Mr. Speaker, if the gentleman would yield further, I just want to share with my colleague, I am from rural America; and we in America are very blessed that we are having a sustained economy. But there are many of us in rural America and in the inner cities that are not prospering as much as anybody else.

That is not to say we should not celebrate our prosperity. We do. But I want my colleagues to know, as we celebrate this, all of us are not eating from the same plate and the same meal and all the nutrition. Some of us are having difficulty in finding money for our schools and rural areas. Farmers are suffering.

So my colleague makes the right point. We would take this kind of in the wrong direction if we give too much of a tax break and then require us to raise taxes even greater. That certainly would be a travesty, and we should not do that.

Mr. SHERMAN. Mr. Speaker, it will take a few more years of this economic expansion for it to be felt in those places that it has not yet been felt.

My largest county, I represent a part of Los Angeles County, was lagging behind the rest of California; and only in the last couple of years has the economic expansion really has been felt in Los Angeles county. I hope very much that it is beginning to be felt in your part of North Carolina.

There is nothing more important than keeping this economy growing.

Mr. TURNER. Mr. Speaker, will the gentleman yield?

Mr. SHERMAN. I yield to the gentleman from Texas.

Mr. TURNER. Mr. Speaker, I want to join with the gentlewoman from North Carolina (Mrs. CLAYTON).

I come from east Texas. The area that I represent is still operating off the old economy. The new economy had not made it there yet. And the old economy is not doing so well in rural America and inner city America.

That is why I feel so strongly, as my colleague does, about Congress making the right choices with regard to how we handle our Federal spending, our tax cuts.

As Democrats, we believe in tax cuts and we believe in tax cuts that are aimed at the people that really need them. I think it is important for us in trying to engage in this dialogue with the American people for them to understand that we want to see taxes go down just as much as anyone else in this body. But we want it to happen in a way that is good for the sustained, long-term growth of this country; and paying down the debt is a part of that, and we need to make that a priority.

I want to thank the gentleman from California (Mr. SHERMAN) for leading in this hour. It has been very informative to hear an individual with his background in accounting and finance talk about the details of the tax proposals that have been before this House in the last 10 days. I commend him for his leadership on these issues.

I know the gentlewoman from North Carolina (Mrs. CLAYTON) joins me as we all try to move forward together and try to accomplish things that will bring us a better future for all of our children and our grandchildren.

Mr. SHERMAN. Mr. Speaker, I have a few more examples and facts I want to quickly get into the RECORD. I promised I would wrap up just a few minutes after 4. We could, obviously, continue for another hour.

But let me first just make sure this RECORD reflects the analysis of citizens for tax justice. I mentioned it earlier that 45 percent of the benefits in the Republican package go to the top one percent of American families.

These families, on average, will save $54,000. These families typically have incomes of over three-quarters of a million dollars a year already.

So the decision on who should benefit from this tax bill is as severely mistaken as the analysis that led to the unreasonable and fiscally irresponsible size of the tax bill.

□ 1600

Finally, for those who listened to the debates just before the tax bill was adopted, from time to time a Member of the majority would stand up and say, after a Democrat had spoken, do you realize the family in your State on average will save $3,000 or $3,500 under the tax bill?

It sounded like a big number. Let me make sure that that is corrected. Yes, indeed, the, quote, average person in my State would save $3,500. That is over a 10-year period. So that is $350 a year. But that is the average person. Not the median but the mean.

Let me just explain the difference. If you have got Al Checci, the gentleman, you may remember, who owns about half of Northwest Airlines, spent a lot of money in my State running for governor. If Al saves $10 million on his taxes and then we have got 1,000 families in another part of my district saving $10 on their taxes, well, that all averages up to a much higher number. The average simply looks at the huge amount of the tax break and divides it by the number of families. But the mean is when you look at the typical average family, what do they get. And typically under this tax bill, they get about 30 cents a day.

For God's sake, let us not risk America's current and tenuous prosperity, let us not risk this economic expansion on the joy that a few will get in giving tax breaks to a very few Americans, and certainly let us not risk this economic recovery and economic expansion on 30 cents a day of tax cuts for the average American family.

MEDICARE

The SPEAKER pro tempore (Mrs. BIGGERT). Under the Speaker's announced policy of January 6, 1999, the gentlewoman from Connecticut (Mrs. JOHNSON) is recognized for 60 minutes as the designee of the majority leader.

Mrs. JOHNSON of Connecticut. Madam Speaker, I rise today to address the increasingly acute, immediate problems in our Medicare program, one of the pillars of retirement security for America's seniors. It is significant that I rise at a time when Republicans, Democrats, the Congress and the President recognize that Medicare must include a new prescription drug benefit. While I strongly agree that we need to add prescription drugs to the Medicare system, we must provide coverage prudently and fairly and not by endangering funding for other Medicare services. Medicare simply cannot tolerate the scheduled deep cuts ahead, much less the billions of dollars in cuts proposed by the President in his budget and in the outline of his prescription drug proposal. I fervently believe that we must address the current problems immediately or hundreds of providers nationwide will close their doors, creating a crisis in access to care for our seniors of unprecedented proportions.

My purpose in this speech today is not to address long-term reform of Medicare nor the crying need to provide access to prescription drugs through Medicare, as important as those issues are to strengthening this crucial seniors' security program.

My purpose is more mundane and more urgent. It is critical to assuring seniors' access to quality care now and to assuring the survival of critical community health care institutions like our local hospitals, home health agencies and nursing homes.

In 1997, Congress adopted many reforms to Medicare because it was galloping toward bankruptcy. Already in 1997, it was paying out more for services than it was collecting in payroll taxes and premiums. Medicare spending was exploding, especially in the areas of home health and skilled nursing facility costs. And as it reached the unsustainable level of 11 percent growth per year, the Balanced Budget Act reforms were adopted to cut this growth rate in half, from 11 percent to 5.5 percent, a modest and responsible goal.

Why, then, are home health agencies, nursing homes and hospitals begging us to hear their problems and pleading for relief? Alas, it is simple. The projected savings from the Balanced Budget Act were $106 billion over 5 years. The real savings that will be achieved are about $100 billion above that. While the goal was to slow the rate of growth to 5.5 percent, growth has dropped to 1.5 percent, though the number of seniors and frail elderly continues to grow.

I believe we face a crisis and must act now. While the data from the real world has not reached the shores of Washington, in the real world in my estimation the crisis is immediate and beginning to endanger the quality of care available under Medicare. Seniors' access is at stake and the very institutions we depend on for care are at risk.

There are five causes for the very serious problems we face in Medicare:

First, though a relatively minor factor, important mistakes were made in writing the Balanced Budget Act reforms.

Second, bureaucratic problems have developed and are delaying payments to providers for many, many months.

Third, the reform bill included expanded funding and authority to eliminate fraud and abuse. As a result, the Inspector General has not only identified and eliminated a lot of fraud and abuse but has changed many rules, delaying payments unmercifully and unfairly in my mind. Further, the fear of the Inspector General is causing some providers to cancel negotiated discounts and pushing costs up as reimbursements are going down, all because the Inspector General is ignoring old rules and refusing to clarify new ones.

Fourth, the fact that rates are based on data that is 4 years old is exacerbating our problems dramatically.

And, fifth and possibly the most significant cause of the looming crisis is the unintended and unanticipated consequences of the interaction of the many changes in payment levels and payment systems made by both public and private payers over a short period of time.

In fairness, we have placed enormous burdens on the good people of the Health Care Financing Administration which administers Medicare and their claims processors and on the providers with the level of changes that we have enacted. It would be sheer hubris to believe that so many changes could be implemented without unintended consequences, especially as they are interacting with private sector changes of a pace and a breadth unprecedented. Not surprisingly, there are slowdowns in the payments, real mistakes to be corrected and unanticipated problems to be solved. There is no shame in the problems. The shame would be if we did not address them this Congress.

We must simply have the political courage to examine the concerns of the providers and deal with those that are legitimate, and we must have the courage to fund the changes from the surplus we have set aside for retirement security since many of what we call surplus dollars are dollars we appropriated to spend on care for Medicare patients and that are needed by those very patients.

Some people are discouraging action and criticizing providers for whining. Not so. Go visit hospitals, nursing homes, home health agencies and physicians. Changes made and the additional cuts of $11 billion proposed by the President in his budget will, I think, put providers in severe constraints, put many small providers out of business, and will go directly to affect access and quality of care for our seniors. We cannot expect facilities to simply absorb millions of dollars of loss without compromising their role in our communities. We cannot expect small providers that are not getting paid for many months to be able to meet payroll, provide medications and meet the standard of care we expect.

Over the August District Work Period, I encourage my colleagues to meet with providers in their district and listen to what they are going through, see what precisely they are facing and the impact the current law cuts in the HCFA administration, the administrators of Medicare, their actions are having on service availability and quality. Then make your judgment. I think you will come to the same conclusion that I have. Through many visits to hands-on caregivers, I am convinced that providers cannot survive if we do not act and the administration does not provide relief from policies that are harsh and unfair and begin spending the full appropriation provided for Medicare services.

Congress must listen up and act. The administration, HCFA, the agency that governs the Medicare program, must also listen up and act, for it will take all of us working hard and now to prevent a catastrophic loss of providers, research capability and sophisticated treatment options.

We do not need to fundamentally undo the reforms adopted in 1997. In fact, we cannot undo those reforms because we must succeed in slowing the rate of growth in Medicare. But we must act now to respond to the doubly deep cuts that resulted unintentionally from the law to preserve access to needed health care services and ensure community providers will survive.

I will now look at each sector, nursing homes, hospitals and home health agencies, to suggest administrative fixes in the way the balanced budget is being implemented and legislative changes to the policies enacted, in other words, actions that the executive branch can take immediately and laws, legal changes, that the Congress must adopt.

In the area of payments to skilled nursing facilities, we expected to save $9.5 billion through the Balanced Budget Act, but the savings are now estimated at $16.6 billion, more than half again as much.

There are two administrative policies that together have delayed payments to nursing homes so severely that literally payrolls will not be met if relief does not come soon, spelling closure for good facilities providing compassionate care.

First, HCFA needs to repeal sequential billing for nursing homes. The balanced budget reforms required nursing homes to coordinate and pay for all ancillary services given to Medicare patients in nursing homes, but the law does not require sequential billing. If one ancillary service provider is late in submitting their bill, the nursing home is late in submitting its bill to Medicare. This creates a domino effect of payment delays when we require all of May's bills to be settled before June's bills can be looked at. HCFA, the Medicare administrator, has announced that they are ending sequential billing for home health agencies and they should repeal this destructive and unfair policy for nursing homes. Payments for room, board and regular services need to flow predictably as they have in the past while the problems with the ancillary services billing system are ironed out. This will prevent the serious cash flow problems that threaten small providers, particularly small providers in our rural areas and small cities.

Secondly, the administration must speed up Medicare payment denials. In my region, nursing homes are having difficulty getting payment denials from Medicare. The real world problem for providers is that they cannot bill other payers, such as Medicare or the private sector, until they get a payment denial from Medicare. Yet they are providing care month after month, often borrowing money, accruing interest charges and endangering their solvency and licensure. We also need to ensure that these denials are written in clear language. Even when providers do get letters of denial, the language is so convoluted and legalistic that it is difficult to determine whether a payment has been denied or not.

In addition to these two administrative actions, which I urge the Health Care Financing Administration to take promptly to relieve the terrible strain on nursing homes that threatens the institutional survival of some, there are legislative corrections to the Balanced Budget Act that we must make if quality care is to be maintained.

□ 1615

First, we must fairly address the issue of medically complex patients. There is clear evidence that the payments under the nursing home prospective payment system are not sufficient to pay for the medical needs of the acutely ill patient.

The General Accounting Office testified before the Senate Finance Committee that, and I quote, certain other modifications to the prospective payment system must be, may be appropriate because there is evidence that payments are not being appropriately targeted to patients who require costly care. The potential access problems that may result from underpaying for high-cost cases will likely result in beneficiaries staying in acute care hospitals longer rather than foregoing care, end quote.

Indeed, I have already heard about this problem from the hospitals in my district, yet we cannot expect hospitals to continue to treat patients without compensation simply because there is not a nursing home that can afford to care for them, nor can we expect nursing homes to accept patients for whose care they will not be paid sufficiently.

The Health Care Financing Administration has also testified about its concern that the prospective payment system, and I quote, does not fully reflect the costs of non-therapy ancillaries such as drugs for high acuity patients, unquote. HCFA announced that they were conducting research that will serve as the basis for refinements to the resource utilization groups that we expect to implement next year.

It is good that HCFA has recognized that we do not have the data to account for the cost of medications for acutely ill patients, but gathering the data for next year is not an acceptable solution. We cannot ignore patients and care providers who are facing serious problems now. We must take immediate action to direct increased payments to the sicker patients or to allow nursing homes to bill directly for drugs until we have better data to refine the payment system.

Secondly, we must exclude ambulance, the cost of ambulance rides and prosthetic devices from the current payment system. When Congress passed the prospective payment system, we did not expect to require that nursing homes cover the cost of ambulance transport.

Fortunately, the Health Care Financing Administration has exempted several types of ambulance transportation from the payments, but they are still requiring that nursing homes pay for the cost of ambulance transport when it is necessary as part of a patient's treatment plan. This requirement is terribly burdensome for rural nursing homes that face significant charges for long ambulance trips. A rural nursing home in my district gets $200 a day in Medicare payments. An ambulance ride to the nearest hospital costs $800. How could such a home accept a dialysis patient who needs regular transportation to a dialysis facility for treatment? We do not require the nursing home to pay for the cost of dialysis treatment, but we are requiring to pay for the transportation associated with that treatment.

The same is true for radiation treatments. We should exclude these types of transport charges from the prospective payment system and fold them into the negotiated rulemaking process that is currently under way to set an ambulance fee schedule.

It is also difficult for a nursing home to serve an amputee because of the high cost of prosthetic devices. The cost of these devices can often run from 2 to $7.000. It is impossible for a facility to accommodate this cost in their 2 to $400 a day reimbursement and still provide all the services necessary for a patient to recover from an amputation. The patient cannot get the device while they are in the hospital because their wound must recover, and they cannot wait until they have been discharged from the nursing home because they must begin to use it for therapy. So the nursing home must find a way to pay for it, and that is impossible without losing thousands of dollars on a case. That is unfair to both patient and nursing home.

In sum, if the Health Care Financing Administration moves swiftly to address administrative problems that it has the power to address and Congress acts on legislative issues, we can both meet the savings goal of the Balanced Budget Act for nursing homes and not lose the small homes that are truly at risk of closure though they provide wonderful care for our seniors.

And now to turn to hospital payment problems which are too numerous to detail here. Instead, I will mention only some of the most troublesome.

First, the balanced budget amendment projected savings of 48.9 billion from hospital reimbursements.

Currently the Congressional Budget Office projects savings of 52.6 billion. So the savings are being made in spite of major payment cuts in the law that have not yet gone into effect and now, I believe, are inappropriate. In fact, without relief, current law will dramatically escalate cuts in hospital reimbursements and severely damage our community hospitals as well as the medical centers on which we rely for sophisticated expertise, research into new treatments, training of new physicians and a great deal of uncompensated care for uninsured and low-income patients.

First, we must repeal the transfer policy. Hospitals are currently paid based on the average cost for caring for a patient with a specific disease. Naturally the facility will have some patients whose treatment requires them to stay longer than the average and some that will be able to be discharged earlier than the average. The difference in the cost to the hospital of the longer- and shorter-stay patients works well over all. The incentive is to reduce the length of stay by getting patients to the most appropriate care setting, and this payment structure has indeed reduced the length of hospital stays dramatically.

Starting in the Balanced Budget Amendment, however, through enactment of the transfer policy, we began to send hospitals a completely different message about how they treat patients by reducing payment for patients referred to nursing homes, long-term care hospitals or home health agencies. We know that the bulk of the cost of hospital care is eaten up in the first few days of admission in which a procedure is done and tests are performed. Yet the transfer policy revokes the full prospective payment for the hospital and instead pays them at a lower per diem rate if a patient is transferred to another facility to recover or even to home care.

This policy must be repealed because it works against the positive incentives of the prospective payment system which has successfully over time reduced the length of hospital stays by providing less costly alternatives for recovery. Ironically, if a patient tells the hospital discharge planner that they have a relative who can care for them at home but that care-giver becomes overwhelmed or their circumstances change and they cannot provide home care, the transfer policy penalizes the hospital by reducing its payments simply because the patient now legitimately needs home care services. That is unfair to the patient and to the hospital.

In addition to repealing the transfer policy, which we must do legislatively, the Health Care Financing Administration must not go forward with a 5.7 percent cut in reimbursements for outpatient services, which was clearly not intended by Congress. The Health Care Financing Administration's interpretation of the law would effectively implement a 5.7 percent across-the-board cut in payments to outpatient departments. That would be a heavy cut.

It is clearly inconsistent with Congress' intent and threatens to undercut support for what had been a delicately balanced policy compromise. The House and Senate language in the 1997 bills was identical regarding our outpatient policy clearly precluding this payment reduction, and the conference report reiterated that no change was intended.

Further, the 1997 bill included a 7.2 billion outpatient payment reduction, but no additional payment reductions were discussed nor contemplated by Congress nor were analyzed or scored by the Congressional Budget Office. Congress' intent throughout a very long process was very clear that total payment to hospitals for outpatient services was to be budget neutral to a clearly identified new baseline in the law that did save money.

No additional hospital outpatient payment reduction of the type outlined in the notice of proposed rulemaking was contemplated. The department should carry out Congress' clear intent and withdraw the proposed rule. It would be inappropriate and destructive to impose 850 million per year of additional payment cuts on hospital outpatient departments. Seventy-seven Senators have signed a letter to the Health Care Financing Agency saying just this, and I am seeking your signatures on a similar letter to get this problem addressed now.

Thirdly, the Health Care Financing Administration must recognize the true cost of cancer drugs in the outpatient prospective payment system. The Medicare Payment Advisory Commission has reported to Congress a concern that the method of developing payments under the outpatient PPS system is likely to overpay for some services, and I quote, "and underpay for others," unquote. HCFA has developed payments on aggregate failing to recognize the high costs associated with individual patients. This has a particularly dramatic impact on cancer treatments.

HCFA's current proposed rule fails to recognize the complexities of chemotherapy, individual drug costs, and most importantly, differing medical needs of cancer patients. As a result, the new system will create financial incentives that may lower the quality of care available to cancer patients and restrict their access to care. HCFA needs to follow MEDPAC'S recommendations and adjust the outpatient payment system to reflect the complexity of care within hospital outpatient departments.

Fourthly, HCFA must recognize the higher cost of treating patients in cancer institutes. There are 10 cancer centers throughout the country that are distinguished from other acute-care hospitals because they are devoted exclusively to the treatment of cancer patients. These facilities provide the most up-to-date cancer treatments available, are on the cutting edge of research, develop many of their new treatments for patients, and are now treating 50 percent of their cancer patients in the outpatient setting, reducing the cost of providing care.

We have recognized them as distinct hospitals by making them exempt from the acute-care perspective payment system, and in the Balanced Budget Act we directed HCFA to consider establishing a separate payment methodology for cancer centers. HCFA has failed to do this in their proposed regulation, and their initial analysis of the new payment system is that payments to cancer centers will fall by one-third compared to a 5 percent decline across all hospitals.

MEDPAC has recognized this problem and recommended that HCFA modify its payment rationale to better reflect the needs of cancer center outpatient departments. Such administrative remedies are extremely important to preserving access to high-quality care in outpatient and cancer centers; but as important as they are to stemming overly severe cuts and hospital reimbursements legislative action is also required.

First, we must pass a stop-loss bill to prevent sudden and deep cuts in outpatient payments. According to MEDPAC, Medicare paid hospitals only 90 cents for each dollar of outpatient care provided prior to the 1997 Balanced Budget Act. The balanced budget has further reduced this to 82 cents for every dollar. Once the proposed outpatient PPS system is in place, hospitals will lose an additional 5.7 percent on average if the administration does not act in accordance with Congress' intention.

□ 1630

And some hospitals will be impacted even further.

More than half the Nation's major teaching hospitals would lose more than 10 percent, and nearly half of our rural hospitals would lose more than 10 percent. Catastrophic losses would be experienced in some individual hospitals.

For example, large hospitals in Iowa and New Hampshire, will immediately lose 14 to 15 percent of Medicare outpatient revenue. Other large, urban hospitals in Missouri, Massachusetts, Wisconsin, Florida, and California will lose 20 to 40 percent. Some small rural hospitals in Arkansas, Kansas, Mississippi, Washington, and Texas will lose more than 50 percent of their Medicare revenue.

We must enact legislation to limit the amount of losses that any hospital sustains. As more treatments are moving into the outpatient setting, we simply cannot expect hospitals to absorb losses of 15 percent and more. Legislation to limit losses will ensure that hospitals will still be able to treat patients, and Medicare will secure the savings it needs to remain solvent in the short term.

Secondly, we must legislatively prevent any further cuts in the disproportionate share of hospital payments. Many hospitals' emergency departments are the only option for people without health insurance, because they cannot refuse to see patients. With the increasing number of uninsured Americans, hospitals are bearing an increasing burden. Congress must reassess our cuts in disproportionate share of payments in light of the increasing number of uninsured, by freezing payments at their present levels.

Thirdly, we must increase the hospital update to reflect the costs of preparing for Y2K. MEDPAC has recommended that hospitals receive one-half to a 1 percent increase in their operating payments to account for the need to update information systems and medical devices to become Y2K compliant, year 2000 compliant. Perhaps more than any other industry, hospitals have had to spend significant amounts of money to update their systems because of the wide variety of devices and systems that they deal with.

I have talked with hospitals in my district that have had to replace entire systems and devices ahead of schedule to ensure that they will continue to operate after the clock strikes midnight at the close of this year. The replacements range from simple devices such as IV pumps to costly systems such as a monitoring system in the intensive care unit. It is important to note that the ICU monitoring system was only 8 years old and was not due to be replaced, but the Y2K computer glitch possibility made replacement necessary.

The Y2K problem is not something that hospitals could have planned in their operating and capital budgets a few years ago, but it is something they cannot afford to ignore.

The American Hospital Association survey of their membership shows that member hospitals will spend $8.2 billion to become Y2K compliant. We should follow MEDPAC's recommendation to increase reimbursements to hospitals to reflect these additional costs.

Finally, immediate attention must be paid to the needs of our great teaching hospitals. These institutions have been particularly hard hit because they are affected by essentially all of the Balanced Budget Act changes, while most institutions are only affected by a few provisions. They deal with a large number of uninsured, have more acutely ill patients, because they serve as regional referral centers. They must train the specialists of the future and maintain cutting-edge technology. And they must use National Institutes of Health grants which require a 25 percent match from the institution to do the clinical research that we so deeply depend upon.

Madam Speaker, we must look at the way that all the payment changes adopted are affecting these hospitals and provide relief in this Congress.

Lastly, let us turn to home health agencies. In this sector, we projected that the Balanced Budget Act would save $16 billion. We have now realized savings of $48.8 billion, more than any other area. The Balanced Budget Act imposed significant changes on the home health industry, and we achieved the greatest savings in this area. I believe the high savings reflects the useful work of the Fraud and Abuse Unit, but through talking to my providers, I know a lot of nonpayment lurks behind that $48.8 billion figure, and good agencies are on the brink of closure from both administrative actions by the government and the balanced Budget Act's effects.

First, having saved more than double the intended goal in home health services, we need to eliminate the threat of the 15 percent further additional reduction that will take place on October 1 in the year 2000.

While we put the 15 percent reduction in the system to ensure that there would be sufficient savings, we should remove the 15 percent, because the necessary savings have been achieved, completely eliminating the 15 percent reduction. If we are to assure our sickest seniors that home health services will continue to be available, will be expensive, about $7 billion over 5 years. But we should be able to accomplish this out of the savings that we have already generated, which are now making the surplus larger than expected.

We must also increase slightly the per-patient reimbursement limit, and the administration must stop the waste of revenues, the scandalous squandering of our resources that is taking place as a result of the high review rate in these agencies. It is a technical problem. It is administrative, but it is taking nurses away from care. It is raising administrative costs at an unprecedented rate, and HCFA must address this terrible problem of the high rate of post-payment reviews.

Lastly, we must raise the $1,500 cap on rehabilitative therapy services for both home health care providers and nursing homes. The Balanced Budget Amendment implemented two caps on outpatient rehabilitative therapy services, a $1,500 cap for occupational and physical therapy, and a $1,500 cap for speech therapy. This is an arbitrary dollar limit that does not take into account the severity of a patient's illness. While this cap may be sufficient to provide services to many seniors, there are those who have multiple conditions or who have more than one illness in a career that quickly exceeds the $15,000 allowed and must pay themselves or go to hospital outpatient departments.

The Health Care Financing Administration has identified this problem in testimony before the Senate Finance Committee, and I quote: "We continue to be concerned about these limits, and are troubled by anecdotal reports about the adverse impact of these limits. Limits on these services of $1,500 may not be sufficient to cover necessary care for all beneficiaries."

HCFA has directed the Inspector General to study the cap to assess whether any adjustments to the cap should be made. MEDPAC has also expressed concern in this area. We need to get relief to the patients most in need, and not let them slip through the cracks.

This has been a long and sometimes technical Special Order; however, its message is simple. There are real, serious problems in today's Medicare program that are affecting care for seniors and threatening the future of some of our most beloved community hospitals, nursing homes, doctors' practices, and visiting nurses associations. We need to address these problems now, not next year, through targeted, immediate relief and through strong action.

Congress must act now. The administration must act now. At stake, I believe, is quality care for our seniors and indirectly for all of us who rely on our community hospital and community providers.

Mr. Speaker, I ask my colleagues to please join me in this crusade for action.

HCFA INTERPRETATION OF THE BALANCED BUDGET ACT AND ITS EFFECTS ON THE HEALTH CARE INDUSTRY

The SPEAKER pro tempore (Mrs. BIGGERT). Under a previous order of the House, the gentleman from Kentucky (Mr. FLETCHER) is recognized for 5 minutes.

Mr. FLETCHER. Madam Speaker, I appreciate the opportunity to speak after the gentlewoman from Connecticut (Mrs. JOHNSON), and I certainly concur with the things that she said.

I am getting ready to catch my flight back to Kentucky, actually, just in probably about an hour.

Madam Speaker, I just got a call from one of the nursing home companies back in Kentucky, and I have visited multiple of these nursing home units in Kentucky, as well as our rural hospitals and our teaching hospital at the University of Kentucky.

I think as we look at what interpretation HCFA has taken of the Balanced Budget Act of 1997, I think we have some critical problems that are facing our Nation, especially in the care of our elderly. We see that our rural hospitals are having trouble; several of them are looking at the possibility of closing their doors. We have nursing homes that are going bankrupt; even nursing homes that are run by faith-based organizations, church groups where they really have contributions in addition to what they receive from reimbursements from Medicare and Medicaid.

Yet we found that, with the very draconian interpretation of the Balanced Budget Act of 1997, we have such a reduction that even these operations that have operated very efficiently, not trying to defraud in any way, have been unable to really provide the services or to continue to provide the services that are needed for our senior citizens.

So I think it is incumbent upon us in Congress and to call upon HCFA and the President to make sure that they relook at the Balanced Budget Act of 1997 and HCFA's interpretation of that. I would also like to work with the Congress and make sure that we address this very critical problem, that we address the needs of our senior citizens.

As I talked to this one business owner who was very distraught, they have worked very hard at a family business to provide the kind of care that is needed for our senior citizens; and yet, when I see what a misinterpretation of the balanced budget has done in their capability of providing a business, they provide over 1,900 jobs in a business that has grown over several years to provide excellent health care in the long-term care business.

And I see that what the interpretation has done is caused the possibility of driving that company into bankruptcy, affecting the care of a number of people, especially in my district, in the 6th district of Kentucky, and it has certainly affected their ability to provide the jobs and to provide the care that is needed.

Madam Speaker, I just wanted to take this opportunity to share my concerns that I certainly share with the gentlewoman from Connecticut that have been stated here previously.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. GOODE (at the request of Mr. GEPHARDT) for today and August 2 on account of a death in the family.

Mr. LUTHER (at the request of Mr. GEPHARDT) for today on account of a family commitment.

Mr. ORTIZ (at the request of Mr. GEPHARDT) for today on account of personal reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. FILNER) to revise and extend their remarks and include extraneous material:)

Mr. PALLONE, for 5 minutes, today.

Mr. TANNER, for 5 minutes, today.

Mr. FILNER, for 5 minutes, today.

Ms. HOOLEY of Oregon, for 5 minutes, today.

Mrs. CLAYTON, for 5 minutes, today.

Mr. TURNER, for 5 minutes, today.

(The following Members (at the request of Mr. FOSSELLA) to revise and extend their remarks and include extraneous material:)

Mr. KASICH, for 5 minutes, today.

Mr. FOSSELLA, for 5 minutes, today.

ADJOURNMENT

Mr. FLETCHER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 43 minutes p.m.), under its previous order, the House adjourned until Monday, August 2, 1999, at 12:30 p.m. for morning hour debates.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

3275. A letter from the Administrator, Agricultural Marketing Service, Department of Agriculture, transmitting the Department's final rule—Tart Cherries Grown in the States of Michigan, et al.; Additional Option for Handler Diversion and Receipt of Diversion Credits [Docket No. FV99–930–1 FIR] received June 24, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3276. A letter from the Assistant Secretary, Pension and Welfare Benefits Administration, Department of Labor, transmitting the Department's final rule—Interpretive Bullet 99–1; Payroll Deduction Programs for Individual Retirement Accounts (RIN: 1210–AA70) received June 24, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

3277. A letter from the Acting Director, Professional Responsibility Advisory Office, Department of Justice, transmitting the Department's final rule—Ethical Standards for Attorneys for the Government [AG Order No. 2216–99] received June 24, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

3278. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 777 Series Airplanes [Docket No. 99–NM–113–AD; Amendment 39–11230; AD 99–15–10] (RIN: 2120–AA64) received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3279. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; deHavilland Inc. Models DHC–2 Mk. I, DHC–2 Mk. II, and DHC–2 Mk. III Airplanes [Docket No. 99–CE–05–AD; Amendment 39–11226; AD 99–15–07] (RIN: 2120–AA64) received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3280. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; MD Helicopters, Inc (MDHI) Model 369D and E Helicopters [Docket No. 99–SW–40–AD; Amendment 39–11228; AD 99–13–09] (RIN: 2120–AA64) received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3281. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace; Ottawa, KS [Airspace Docket No. 99–ACE–21] received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3282. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Revision of Class D and Class E Airspace; Cannon AFB, Clovis, NM [Airspace Docket No. 99–ASW–02] received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3283. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments [Docket No. 29642; Amdt. No. 1940] received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3284. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments [Docket No. 29641; Amdt. No. 1939] received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3285. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace; Harlan, IA [Airspace Docket No. 99–ACE–22] received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3286. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Revision of Class E Airspace; Raton, NM [Airspace Docket No. 99–ASW–11] received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3287. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulation; Inner Harbor Navigation Canal, LA (CGD08–99–011) received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3288. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations: Harlem River, NY [CGD01–99–093] received July 22, 1999; to the Committee on Transportation and Infrastructure.

3289. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Anchorage Grounds: Hudson River, Hyde Park, NY [CGD01–97–086] (RIN: 2115–AA98) received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3290. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Revocation of Class D Airspace; Dallas NAS, Dallas, TX [Airspace Docket No. 99–ASW–08] received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3291. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 747–200 and –300 Series Airplanes Equipped with General Electric CF6–80C2 Series Engines [Docket No. 98–NM–

247–AD; Amendment 39–11227; AD 99–15–08] (RIN: 2120–AA64) received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3292. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Bell Helicopter Textron Canada Model 206L, 206L–1, 206L–3, and 206L–4 Helicopters [Docket No. 99–SW–23–AD; Amendment 39–11207; AD 99–13–12] (RIN: 2120–AA64) received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3293. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; British Aerospace HP137 Mk1, Jetstream Series 200, and Jetstream Models 3101 and 3201 Airplanes [Docket No. 98–CE–115–AD; Amendment 39–11231; AD 99–15–11] (RIN: 2120–AA64) received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3294. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—SAFETY ZONE: Gloucester Schooner Fest, Gloucester, MA [CGD01–99–104] (RIN: 2115–AA97) received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3295. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Special Local Regulations for Marine Events; Chesapeake Challenge, Patapsco River, Baltimore, Maryland [CGD 05–99–064] (RIN: 2115–AE46) received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3296. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Special Local Regulations and Safety Zone; Northern California Annual Marine Events [CGD11–99–007] (RIN: 2115–AE46) received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3297. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Drawbridge Operations Regulations; Columbia River, OR [CGD13–99–007] (RIN: 2115–AE47) received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3298. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations; Hackensack River, NJ [CGD01–98–091] (RIN: 2115–AE47) received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3299. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations; Steamboat Slough, WA [CGD13–99–019] received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3300. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations; Mullica River, New Jersey [CGD05–99–034] received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3301. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations; Atlantic Intracoastal Waterway (AIWW), Beaufort, South Carolina [CGD07–99–038] (RIN: 2115–AE47) received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3302. A letter from the Deputy Executive Secretary to the Department, Department of Health and Human Services, transmitting the Department's final rule—Medicare Program; Adjustment in Payment Amounts for New Technology Intraocular Lenses Furnished by Ambulatory Surgical Centers [HCFA–3831–F] (RIN: 0938–AH15) received June 24, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); jointly to the Committees on Commerce and Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BURTON: Committee on Government Reform. H.R. 1442. A bill to amend the Federal Property and Administrative Services Act of 1949 to continue and extend authority for transfers to State and local governments of certain property for law enforcement, public safety, and emergency response purposes; with amendments (Rept. 106–275). Referred to the Committee of the Whole House on the State of the Union.

Mr. COBLE: Committee on the Judiciary. H.R. 2112. A bill to amend title 28, United States Code, to allow a judge to whom a case is transferred to retain jurisdiction over certain multidistrict litigation cases for trial, and to provide for Federal jurisdiction of certain multiparty, multiforum civil actions; with an amendment (Rept. 106–276). Referred to the Committee of the Whole House on the State of the Union.

Mr. BURTON: Committee on Government Reform. H.R. 1219. A bill to amend the Office of Federal Procurement Policy Act and the Miller Act, relating to payment protections for persons providing labor and materials for Federal construction projects; with amendments (Rept. 106–277 Pt. 1). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. COBLE:

H.R. 2654. A bill to amend title 35, United States Code, to provide enhanced protection for inventors and innovators, protect patent terms, reduce patent litigation, and for other purposes; to the Committee on the Judiciary.

By Mr. PAUL (for himself and Mr. METCALF):

H.R. 2655. A bill to restore the separation of powers between the Congress and the President; to the Committee on International Relations, and in addition to the Committees on the Judiciary, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. CONYERS (for himself, Mr. CUMMINGS, Ms. JACKSON-LEE of Texas, Mr. MEEKS of New York, Mr. SCOTT, and Ms. WATERS):

H.R. 2656. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to withhold funds in certain cases, and for other purposes; to the Committee on the Judiciary.

By Mr. CROWLEY (for himself, Mr. FROST, Mr. TOWNS, Mr. MEEKS of New York, Mr. HILLIARD, Ms. LEE, and Mr. ACKERMAN):

H.R. 2657. A bill to amend section 204 of the National Housing Act to make HUD-owned single family properties available at a discount to individuals who teach in inner city schools; to the Committee on Banking and Financial Services.

By Mr. CROWLEY (for himself, Mrs. MALONEY of New York, Mr. MCNULTY, Ms. MCKINNEY, Mr. MCGOVERN, and Ms. LEE):

H.R. 2658. A bill to provide that the Commissioner of Food and Drugs shall by regulation require over the counter drug sunscreen products to include an expiration date and storage recommendations on their label; to the Committee on Commerce.

By Mr. CROWLEY (for himself, Mr. FROST, Mrs. MALONEY of New York, Mr. ACKERMAN, and Mr. PAYNE):

H.R. 2659. A bill to provide grants to eligible urban local educational agencies to enable the agencies to recruit and retain qualified teachers; to the Committee on Education and the Workforce.

By Mr. FILNER (for himself, Mr. GUTIERREZ, Mr. EVANS, and Mr. DOYLE):

H.R. 2660. A bill to amend title 38 of the United States Code to provide pay parity for dentists with physicians employed by the Veterans Health Administration; to the Committee on Veterans' Affairs.

By Mr. KILDEE (for himself, Mr. KENNEDY of Rhode Island, Mr. GEORGE MILLER of California, Mr. UDALL of New Mexico, Mr. HAYWORTH, Mr. POMEROY, and Mr. KOLBE):

H.R. 2661. A bill to amend title 36 of the United States Code to establish the American Indian Education Foundation, and for other purposes; to the Committee on the Judiciary.

By Ms. LOFGREN (for herself, Mrs. THURMAN, Mr. RUSH, Mr. EVANS, Mrs. MORELLA, Mr. KOLBE, Mr. FROST, Mr. PRICE of North Carolina, Mr. PASTOR, Ms. JACKSON-LEE of Texas, Mr. DREIER, Mr. BOEHNER, Mrs. CHRISTENSEN, and Mr. SNYDER):

H.R. 2662. A bill to provide for work authorization for nonimmigrant spouses of intracompany transferees, if the United States has an agreement with the country of which the transferee is a national under which United States nationals will be afforded reciprocal treatment; to the Committee on the Judiciary.

By Mr. MURTHA:

H.R. 2663. A bill to require the Secretary of the Treasury to mint coins in commemoration of the fiftieth anniversary of the Korean War to honor the United States Marine Corps participation; to the Committee on Banking and Financial Services.

By Mr. NETHERCUTT:

H.R. 2664. A bill to provide for equitable compensation of the Spokane Tribe of Indians of the Spokane Reservation in settlement of its claims concerning its contribution to the production of hydropower by the Grand Coulee Dam, and for other purposes; to the Committee on Resources.

By Mr. SAXTON:

H.R. 2665. A bill to provide for a study of Radium 224 in drinking water and to amend the Safe Drinking Water Act to require that a national primary drinking water standard be established for Radium 224, and for other purposes; to the Committee on Commerce.

By Mr. SHOWS (for himself and Mr. LAMPSON):

H.R. 2666. A bill to authorize activities under the Federal railroad safety laws for fiscal years 1999 through 2002, and for other purposes; to the Committee on Transportation and Infrastructure.

By Mr. DREIER:

H. Con. Res. 168. Concurrent resolution waiving the requirement in section 132 of the Legislative Reorganization Act of 1946 that the Congress adjourn sine die not later than July 31, 1999; considered and agreed to.

By Mr. BEREUTER (for himself, Mr. LANTOS, Mr. COX, Mr. EWING, Mr. GREEN of Wisconsin, and Mr. TOOMEY):

H. Res. 268. A resolution calling for equitable sharing of the costs associated with the reconstruction, peacekeeping, and United Nations programs in Kosovo; to the Committee on International Relations.

By Mr. DEMINT (for himself, Mr. CLYBURN, Mr. GRAHAM, Mr. SANFORD, Mr. SPENCE, and Mr. SPRATT):

H. Res. 269. A resolution expressing the sense of the House of Representatives that Joseph Jefferson "Shoeless Joe" Jackson should be appropriately honored for his outstanding baseball accomplishments; to the Committee on Government Reform.

By Mr. STUPAK (for himself, Mr. RAMSTAD, Mr. ABERCROMBIE, Mr. BLUMENAUER, Mr. COSTELLO, Mr. ETHERIDGE, Mr. FROST, Mr. HINCHEY, Mr. HOLDEN, Mr. HOYER, Ms. JACKSON-LEE of Texas, Mr. KING, Mr. KLINK, Mr. MALONEY of Connecticut, Mr. McNULTY, Mr. NETHERCUTT, Ms. NORTON, Mr. OXLEY, Mr. SHOWS, Mr. DEUTSCH, Mr. REYES, Mrs. THURMAN, Mr. TRAFICANT, Mr. VENTO, Mr. WEINER, Mr. WU, Mr. BALDACCI, Mr. BRADY of Pennsylvania, Mr. BROWN of Ohio, Mr. BARRETT of Wisconsin, Mr. UPTON, Mr. KNOLLENBERG, and Mr. TIAHRT):

H. Res. 270. A resolution expressing the sense of the House of Representatives that the President should focus appropriate attention on the issue of neighborhood crime prevention, community policing and reduction of school crime by delivering speeches, convening meetings, and directing his Administration to make reducing crime an important priority; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of rule XII, memorials were presented and referred as follows:

172. The SPEAKER presented a memorial of the Senate of the State of Oregon, relative to Senate Joint Memorial No. 9 memorializing Congress to disregard calls for a constitutional convention on balancing the federal budget because there exists no guarantee that a federal constitutional convention, once convened, could be limited to the subject of a balanced federal budget, and therefore such a convention may intrude into other constitutional revisions; to the Committee on the Judiciary.

173. Also, a memorial of the House of Representatives of the State of Oklahoma, relative to House Concurrent Resolution No. 1022 memorializing Congress and the Department of Justice to closely monitor any large corporation that controls the production, processing and marketing of agriculture's food and fiber; jointly to the Committees on Agriculture and the Judiciary.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 40: Ms. McKINNEY.

H.R. 71: Mr. GOODE, Mr. BARCIA, and Mr. NEY.

H.R. 225: Mr. FORBES and Mr. MASCARA.

H.R. 226: Mrs. THURMAN and Ms. McKINNEY.

H.R. 230: Mr. DIXON.

H.R. 306: Mr. UDALL of Colorado.

H.R. 346: Mr. FLETCHER.

H.R. 357: Mr. FORBES.

H.R. 382: Ms. ROS-LEHTINEN and Ms. WATERS.

H.R. 405: Mr. GEJDENSON and Mr. DELAHUNT.

H.R. 415: Mr. CONDIT, Mr. HOLDEN, and Mr. PHELPS.

H.R. 425: Mr. SANDERS.

H.R. 534: Mr. MASCARA and Mr. BOSWELL.

H.R. 580: Ms. KAPTUR.

H.R. 601: Mr. COOK.

H.R. 637: Mr. MINGE, Mr. HINCHEY, and Mr. CAMP.

H.R. 699: Mr. GEORGE MILLER of California.

H.R. 728: Mr. BOUCHER and Ms. DANNER.

H.R. 802: Mr. GONZALEZ.

H.R. 809: Mr. ENGLISH.

H.R. 864: Ms. PRYCE of Ohio, Mr. LAFALCE, and Mrs. FOWLER.

H.R. 865: Mr. CRAMER.

H.R. 879: Mr. ABERCROMBIE, Mr. ETHERIDGE, Ms. LEE, Mr. UNDERWOOD, and Mr. BARRETT of Wisconsin.

H.R. 957: Mr. TIAHRT.

H.R. 980: Mr. MILLER of Florida and Ms. SANCHEZ.

H.R. 997: Mr. ENGLISH.

H.R. 1001: Mr. LEVIN, Mr. BOYD, Mr. KINGSTON, and Mr. ALLEN.

H.R. 1041: Mr. RAMSTAD and Mr. FLETCHER.

H.R. 1064: Mr. CAPUANO.

H.R. 1091: Mr. GOODE and Mr. CALLAHAN.

H.R. 1095: Mr. DICKS, Mr. MOORE, and Mr. MENENDEZ.

H.R. 1122: Mr. UDALL of Colorado and Mr. HINCHEY.

H.R. 1145: Mr. DAVIS of Illinois.

H.R. 1193: Mr. McDERMOTT and Mr. SMITH of Washington.

H.R. 1237: Ms. HOOLEY of Oregon.

H.R. 1238: Mr. BLAGOJEVICH.

H.R. 1252: Mr. MILLER of Florida.

H.R. 1265: Mr. BOEHLERT.

H.R. 1304: Ms. DANNER, Mr. McINTYRE, Mrs. CLAYTON, Ms. McKINNEY, and Mr. ISTOOK.

H.R. 1310: Mr. TRAFICANT, Mr. BILBRAY, Mr. HYDE, Mr. GORDON, and Mr. RADANOVICH.

H.R. 1311: Mr. DEMINT, Mr. TRAFICANT, Mr. SPRATT, Mr. GREENWOOD, Mr. WHITFIELD, Mr. PHELPS, Mr. BOEHLERT, Mr. MOAKLEY, Mr. KANJORSKI, Mr. McGOVERN, Mr. SHAYS, and Mr. BLUNT.

H.R. 1325: Mr. MARKEY.

H.R. 1328: Mr. PETERSON of Minnesota and Mr. COYNE.

H.R. 1344: Mr. SMITH of Texas and Mr. PETERSON of Minnesota.

H.R. 1358: Mr. SMITH of Washington.

H.R. 1389: Mr. HOLT.

H.R. 1432: Mr. GORDON.

H.R. 1442: Mr. WAMP.

H.R. 1443: Mr. LAMPSON.

H.R. 1505: Mrs. EMERSON and Mr. SANDLIN.

H.R. 1511: Mr. HANSEN and Mr. SNYDER.

H.R. 1515: Mr. OLVER, Mrs. LOWEY, Mr. CAPUANO, Mr. VENTO, Mr. TIERNEY, and Mr. WAXMAN.

H.R. 1531: Mr. MASCARA.

H.R. 1592: Mr. HILLEARY, Mr. OWENS, Mr. RILEY, Mr. MOORE, and Mr. SWEENEY.

H.R. 1598: Mr. THORNBERRY, Mr. BARR of Georgia, and Mr. WELDON of Pennsylvania.

H.R. 1657: Mr. HORN.

H.R. 1671: Mr. CALVERT.

H.R. 1728: Mr. SHOWS, Mr. KIND, and Mr. LATOURETTE.

H.R. 1747: Mrs. MYRICK, Mr. PORTER, and Mr. SCHAFFER.

H.R. 1787: Mr. DEFAZIO.

H.R. 1795: Mr. CLEMENT, Mr. PASTOR, Mr. McDERMOTT, Mr. KLECZKA, Mr. JEFFERSON, Mr. DAVIS of Illinois, Mr. LIPINSKI, and Mr. GILCHREST.

H.R. 1837: Mr. McINTYRE, Mr. BAIRD, Mr. MASCARA, Mr. DICKEY, and Mr. STENHOLM.

H.R. 1863: Mr. HASTINGS of Washington.

H.R. 1899: Mr. LOBIONDO, Mr. BALDACCI, and Mr. CAMPBELL.

H.R. 1907: Mr. SHADEGG and Mr. WOLF.

H.R. 1914: Mrs. THURMAN.

H.R. 1932: Mr. WISE and Mr. RANGEL.

H.R. 1933: Ms. RIVERS and Mr. BARRETT of Nebraska.

H.R. 1967: Mr. KLINK, Mr. HUNTER and Mr. COSTELLO.

H.R. 1990: Mr. KLINK, Mr. DICKEY, Mr. CASTLE, and Mr. WELDON of Pennsylvania.

H.R. 2033: Mrs. MYRICK.

H.R. 2120: Ms. McKINNEY and Mr. CLYBURN.

H.R. 2128: Mr. CALVERT, Mr. SMITH of Michigan, and Mr. SHAYS.

H.R. 2159: Mr. ENGLISH.

H.R. 2171: Mr. MILLER of Florida.

H.R. 2187: Mr. BENTSEN.

H.R. 2265: Mr. SAWYER and Mr. ROMERO-BARCELÓ.

H.R. 2294: Ms. LEE.

H.R. 2303: Mr. McKEON, Mr. MARTINEZ, Ms. PRYCE of Ohio, Mr. BROWN of Ohio, Mr. PETERSON of Pennsylvania, Ms. McCARTHY of Missouri, Mr. WEYGAND, Mr. HANSEN, Mr. STRICKLAND, Mr. SHERWOOD, and Mrs. McCARTHY of New York.

H.R. 2308: Mrs. PRYCE of Ohio.

H.R. 2319: Mrs. MYRICK and Mr. CRAMER.

H.R. 2341: Mr. PALLONE, Mr. DICKS, Mr. PASTOR, Mr. MALONEY of Connecticut, Mr. MENENDEZ, Mr. STENHOLM, and Mrs. MINK of Hawaii.

H.R. 2386: Ms. LEE and Mr. OWENS.

H.R. 2436: Mr. BARR of Georgia.

H.R. 2457: Mr. HOEFFEL.

H.R. 2493: Mrs. MYRICK, Mr. RUSH, and Ms. MILLENDER-McDONALD.

H.R. 2499: Mrs. ROUKEMA.

H.R. 2505: Mr. MARKEY and Mr. OBERSTAR.

H.R. 2511: Mr. HAYES, Mr. BILIRAKIS, Mr. OXLEY, Mr. COBURN, Mr. HAYWORTH, Mr. BURTON of Indiana, Mr. EWING, and Mr. LIPINSKI.

H.R. 2515: Mr. REYES.

H.R. 2550: Mr. HILL of Montana, Mr. BARCIA, Mr. LUCAS of Oklahoma, Mr. METCALF, Mr. SIMPSON, Mr. BONILLA, and Mr. HILLEARY.

H.R. 2553: Ms. McKINNEY, Mr. EVANS, and Mrs. EMERSON.

H.R. 2584: Mr. FOLEY and Mr. GREEN of Texas.

H.R. 2612: Mr. COSTELLO.

H.R. 2614: Mr. LoBiondo, Mr. Baird, and Mr. Udall of New Mexico.

H.R. 2615: Mr. LoBiondo, Mr. Baird, and Mr. Udall of New Mexico.

H. Con. Res. 80: Mr. Smith of New Jersey, Mrs. Meek of Florida, Mr. Sanford, Mr. Dixon, Mr. Lewis of California, Ms. Stabenow, Ms. Berkley, Ms. Pryce of Ohio, Mr. Allen, Mr. Knollenberg, Mrs. Thurman, Mr. Costello, Mr. McKeon, Mr. Bachus, Mr. Holden, and Ms. Rivers.

H. Con. Res. 111: Mr. Tierney, Mr. Meehan, and Ms. Norton.

H. Con. Res. 118: Mr. Underwood.

H. Con. Res. 129: Mr. Kolbe, Mr. Crowley, Mr. Rangel, Mr. Condit, Ms. Ros-Lehtinen, Mr. Petri, and Mr. Martinez.

H. Con. Res. 136: Mr. Skelton, Mr. Peterson of Minnesota, Mr. Pastor, Mr. Reyes, Mrs. Biggert, and Mr. Edwards.

H. Con. Res. 162: Mr. Abercrombie, Mr. Dixon, Mr. Meehan, Mrs. Napolitano, Mr. Porter, and Mr. Tierney.

H. Res. 82: Mrs. Lowey and Mr. Owens.

H. Res. 107: Mr. Weiner.

DISCHARGE PETITIONS

Under clause 2 of rule XV the following discharge petitions were filed:

Petition 4, July 15, 1999, by Ms. DeGette on House Resolution 192 has been signed by the following Members: Rod R. Blagojevich, Elijah E. Cummings, Eliot L. Engel, Gregory W. Meeks, Gary L. Ackerman, Calvin M. Dooley, and John Lewis.

AMENDMENTS

Under clause 8 of rule XVIII, proposed amendments were submitted as follows:

H.R. 2606

Offered By: Mr. Kucinich

Amendment No. 22:

Sec. . None of the funds made available in this Act may be used by the Overseas Private Investment Corporation to provide any administrative support, credit program support, loan, loan guaranty, insurance, or other assistance for any environmentally sensitive Investment Fund project.

H.R. 2606

Offered By: Mr. Paul

Amendment No. 23: Page 116, after line 5, insert the following:

LIMITATION ON FUNDS FOR EXPORT-IMPORT BANK OF THE UNITED STATES, OVERSEAS PRIVATE INVESTMENT CORPORATION, AND THE TRADE AND DEVELOPMENT AGENCY

Sec. . None of the funds made available pursuant to this Act for the Export-Import Bank of the United States, the Overseas Private Investment Corporation, or the Trade and Development Agency, may be used to enter into any new obligation, guarantee, or agreement on or after the date of the enactment of this Act.

SENATE—*Friday, July 30, 1999*

The Senate met at 8:31 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Dear God, You have taught us that yesterday is already a memory and tomorrow is only a vision, but today well-lived makes every yesterday an affirmation of Your grace and every tomorrow an expectation of Your blessing. Make our life an accumulation of grace-filled days. We've learned that we can't do much with our yesterdays, and worry over tomorrow is futile. Living today is so crucial. We want to be faithful and obedient to You today. We know that anything is possible if we take it in day-sized bites. The dynamic person You want us to be, the issues we want to confront, the people we want to bless, the projects we want to start—all can be done by Your grace today.

Bless the Senators. Enable them to enjoy the sheer delight of glorifying You by serving this Nation. May they live Andrew Murray's motto: "To be thankful for what I have received and for what the Lord has prepared is the surest way to receive more." Amen.

PLEDGE OF ALLEGIANCE

The Honorable CONRAD BURNS, a Senator from the State of Montana, led the Pledge of Allegiance, as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. Senator DOMENICI is recognized.

SCHEDULE

Mr. DOMENICI. Mr. President, on behalf of the leader, I have the following statement:

Today, by a previous order, the Senate will begin 30 minutes of debate for closing remarks with respect to the Bingaman amendment regarding education and the Hutchison amendment regarding the marriage tax penalty. Two back-to-back votes will then occur at approximately 9 a.m.

Following those votes, any additional amendments will be limited to 2 minutes of debate. Therefore, numerous votes will occur in a stacked sequence, and Senators are asked to remain in the Chamber in order to conclude the voting process as early as possible during today's session of the Senate.

I thank my colleagues for their attention and their cooperation.

I yield the floor.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mr. SANTORUM). Under the previous order, leadership time is reserved.

TAXPAYER REFUND ACT OF 1999

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 1429, which the clerk will report.

The legislative assistant read as follows:

A bill (S. 1429) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

Pending:

Bingaman amendment No. 1462, to express the sense of the Senate regarding investment in education.

Hutchison modified amendment No. 1472, to provide for the relief of the marriage tax penalty beginning in the year 2001.

Roth (for Grassley) amendment No. 1388, making technical corrections to the Saver Act.

Roth (for Abraham) amendment No. 1411, to provide that no Federal income tax shall be imposed on amounts received, and lands recovered, by Holocaust victims for their heirs.

Roth (for Sessions) amendment No. 1412, to provide for the Collegiate Learning and Students Savings (CLASS) Act title.

Roth (for Collins/Coverdell) modified amendment No. 1446, to eliminate the 2-percent floor on miscellaneous itemized deductions for qualified professional development and incidental expenses of elementary and secondary school teachers.

Roth (for Abraham) amendment No. 1455, to amend the Internal Revenue Code of 1986 to expand the deduction for computer donations to schools and to allow a tax credit for donated computers.

AMENDMENT NO. 1462

The PRESIDING OFFICER. Under the previous order, there will now be 15 minutes equally divided with respect to the Bingaman amendment No. 1462.

Who yields time?

Mr. BINGAMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BINGAMAN. How much time is allotted to me?

The PRESIDING OFFICER. The Senator has 7 minutes 30 seconds.

Mr. BINGAMAN. I yield myself 4 minutes.

The PRESIDING OFFICER. The Senator is recognized for 4 minutes.

Mr. BINGAMAN. Mr. President, the amendment I presented yesterday and that we are going to vote on first this morning is a simple statement that we should reduce the size of the tax cut that is proposed by $132 billion so that we will have funds available to maintain the current level of effort in support of education. It, I grant you, is a sense-of-the-Senate resolution. It does not ensure that the money is spent there, but to my mind it at least reserves those funds so we can maintain the current level of effort in support of education. In other words, I believe we should be on record for funding education at least at current levels before we settle on the size of the tax cut that we can afford.

Some might ask why am I singling out education. Well, S. 1429 is more than just a tax bill; it is a reconciliation bill, which means, at least in rough form, it purports to set national priorities for the next 10 years. I believe that a very top priority should be providing quality education to the young people of this Nation. Our future depends more on that investment than it does on virtually any other investment we might make.

So if education is a priority, what is the relationship of this tax cut bill to education? Now, as I understand the estimates for the next 10 years, the tax cut bill is so large that it will require us to make significant cuts in discretionary spending, including education, in this coming decade, and that is the concern I have and that is what has prompted this amendment.

Yesterday, as I was describing the amendment, I was informed that my concern is unfounded; that in fact even after the tax cut—and I know people do not like to have it referred to as a massive tax cut; I notice that is what the Wall Street Journal called it this morning in their headline—there will be plenty of discretionary funds for education. That was the information I was given.

So let me look at the figures I have and see where I am confused on this and where I have misunderstood the situation.

First of all, we all expect a surplus, and that is why we are having this debate and talking about cutting taxes in the first place. So we all agree to that. We also all agree that the portion of that surplus attributable to Social Security should be left for Social Security. And that is about $1.9 trillion. There is no dispute about that that I am aware of, at least in this debate.

So after we take that out, what is left? At the beginning of the debate,

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

the Congressional Budget Office came out with the figure in the range of $1 trillion, the non-Social Security-related surplus. So that is represented here. This chart shows CBO, Congressional Budget Office. This column represents the non-Social Security surplus as it was understood by me when we started the debate.

Now I am informed that we have a new estimate and that the surplus is not going to be $2.8 trillion over the next 10 years; instead, it is going to be over $3.3 trillion. So there is going to be substantially more money. The question is, Where did we find this additional $400 to $500 billion?

Mr. President, let me yield myself 1 more minute.

The PRESIDING OFFICER. The Senator is recognized.

Mr. BINGAMAN. It was arrived at by assuming that less money is going to be spent on discretionary spending during the 10 years. The Congressional Budget Office assumed that $595 billion would be cut in discretionary spending. The new claim is that there is going to be $1 trillion cut, and that by cutting discretionary spending by $1 trillion instead of by $595 billion, we are going to have extra money that we can turn around and spend on discretionary accounts.

Mr. President, that doesn't add up in my mind. I believe discretionary accounts are important. I believe education has to be at the top of that list. I do not see where we can expect to find the money to maintain current levels of effort on education if we vote for this very large tax cut. That is why the size of the tax cut should be reduced so that education programs will not have to be cut.

How much time remains?

The PRESIDING OFFICER. The Senator has 2 minutes 25 seconds.

Mr. BINGAMAN. I yield the balance of my time to the Senator from Washington.

Mrs. MURRAY. Mr. President, I rise in support of the amendment offered by the Senator from New Mexico, Mr. BINGAMAN. This is a very important amendment that he has offered. Certainly, as we are talking about what the future of our country is going to be, we should be looking at what we are doing to invest in our young children today so they can be economically viable when they graduate from high school and college 15, 20 years from now, making sure that we have the money there for the Head Start Program, Pell grants, early childhood education.

These are important investments in our children, and if we follow through on a massive tax cut at this time, as the Senator from New Mexico has said, in the future we will not have the money to make sure that our kids get the kind of education they need to be viable members of our community. This is a very important amendment.

As we come to the end of this debate about what we are going to do to invest in our future, let's remember that if we put in place a tax cut such as this, we will harm our young children, we will harm Social Security and Medicare and critical programs for women in this country to make sure they don't live in poverty. We will not be able to pay off our debt, a very important issue that is facing us, which we have not left ourselves room for with a massive tax cut of this size.

Most critically, we will not be able to do what we have a responsibility to do, not only as Senators but as parents and as adults in this country, to make sure that those who follow us have the skills they need to make sure this country continues to run well in the future. Investment in Pell grants and in early childhood education, and investment in education, class size reduction, and training of our teachers will make a difference for the future. We have a responsibility to do that.

I thank the Senator from New Mexico for his work on education, and I urge my colleagues to support this amendment.

I thank the Chair.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, as I said yesterday, I don't normally take to the Senate floor and speak in opposition to an amendment of my colleague from New Mexico. But I did yesterday, and I must this morning because if this amendment is reported in New Mexico, and if it says to constituents of our State that the budget resolution we adopted, and what will be left over after the tax cut would decimate education, then it would appear to me that I must answer because that isn't true.

First of all, the Senator from New Mexico, my colleague, is at least not as sensational in his approach as the President was yesterday. The President even knows right down to the nickel what is not going to be spent in education. That is impossible. He says that 544,000 kids aren't going to be able to learn to read. That is ludicrous. If that is the kind of talk he needs to defeat a tax bill, then good luck to him. It is just absolutely untrue.

Let's get the facts as I remember and understand them. We produced a budget resolution. It is nothing new with reference to the taxes; $792 billion spread out over 10 years was the tax cut in that bill. We also allocated the remaining money for the next decade and, incidentally, in doing that, even though there was a reduction in discretionary spending, the highest priority domestic program was education, for all the reasons stated on the floor by Senator MURRAY and Senator BINGAMAN. It is terribly important that we use our education dollars right and better but that there be more of them. We put $37 billion in additional money during the first 5 years of that budget for education.

Now, what happened after that? After that, some 3 months later, the Congressional Budget Office did a midsession review and told us there was more money than that. As a matter of fact, there was $170 billion more in the surplus account. We didn't add some of that to the tax cut. It is sitting there. What I did, so that everyone would understand, I said let's look at this surplus in the chart I used yesterday, and let's assume that we freeze discretionary spending and ask CBO how much money would then be available to put back into discretionary accounts during the decade.

They told us: We don't know whether you will use it in discretionary accounts. We can't say that.

But there is $505 billion that could be added into priority spending. I believe that means all of the discretionary spending can go up significantly and you can establish education as a high-priority item and fund it at levels higher than we have now, which I think Republicans will do if we have reform in the educational allowances of the Federal Government, so that there is accountability and flexibility in the programs that we send there.

I believe what my colleague from New Mexico is expressing on the floor is a sincere desire that we be sure that in the discretionary accounts we fund education adequately. If that is what he was saying, I join with him in saying that is true. But when he says you need to take $122 billion—or whatever the number is—out of the tax cut in order to do that, I disagree. I don't think you have to do that.

Plain and simple, I think there is plenty of discretionary money available. I add, if you use the President's numbers on Medicare—and he said you only needed $46 billion to fix prescription drugs—you have $505 billion, less the $46 billion, and all the rest can go to discretionary spending in the next decade. I am not trying to mislead anybody. In order to understand it, I said start with the premise that we freeze all these accounts and put in what is left. If you look at the budget resolution, we put $181 billion into those accounts, with education being the highest priority. It just happens there is more than that $181 billion because the midsession review added many billions of dollars in accumulated surplus.

I am fully aware that Senator BINGAMAN, my colleague, has regularly and consistently as a member of the Committee on Education, and on the floor, been a promoter and a staunch supporter of education. I agree with him, but I believe he is wrong in thinking that we have to reduce the tax cut in order to be sure we do that. I also remind everybody that there are some very significant education programs in this tax bill. It makes it easier to continue your education because it has allowances, credits, and deductions in the adult education area. It makes it easier to pay off student loans. It makes college more affordable, and it provides tax exempt financing for school construction. All of that is in the Roth bill.

Whatever time I had remaining, I yield back.

I make a point of order that the Bingaman amendment No. 1462 is extraneous to the bill before us. Therefore, I raise a point of order under section 313(b)(1)(A) of the Congressional Budget Act.

Mr. BINGAMAN. Mr. President, pursuant to section 904 of the Congressional Budget Act, I move to waive the applicable sections of that act for the consideration of the pending amendment.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 1472, AS FURTHER MODIFIED

The PRESIDING OFFICER. Under the previous order, there will now be 15 minutes equally divided for concluding remarks with respect to the Hutchison of Texas amendment, No. 1472.

Who yields time?

The Senator from Texas.

Mrs. HUTCHISON. Mr. President, under the previous unanimous consent agreement, I send a modification of the amendment to the desk to amendment No. 1472.

The PRESIDING OFFICER. The amendment is so modified.

The amendment (No. 1472), as further modified, is as follows:

On page 10, line 6, strike "2004" and insert "2005".

On page 10, strike the matter between lines 19 and 20, and insert:

"Calendar year:	**Applicable dollar amount:**
2006 or 2007	$4,000
2008 and thereafter	$5,000.

On page 11, strike the matter before line 1, and insert:

"Calendar year:	**Applicable dollar amount:**
2006 or 2007	$2,000
2008 and thereafter	$2,500.

On page 11, line 3, strike "2007" and insert "2008".

On page 11, line 11, strike "2006" and insert "2007".

On page 32, between lines 14 and 15, insert:

SEC. . ELIMINATION OF MARRIAGE PENALTY IN STANDARD DEDUCTION.

(a) IN GENERAL.—Paragraph (2) of section 63(c) (relating to standard deduction) is amended—

(1) by striking "$5,000" in subparagraph (A) and inserting "twice the dollar amount in effect under subparagraph (C) for the taxable year",

(2) by adding "or" at the end of subparagraph (B),

(3) by striking "in the case of" and all that follows in subparagraph (C) and inserting "in any other case.", and

(4) by striking subparagraph (D).

(b) PHASE-IN.—Subsection (c) of section 63 is amended by adding at the end the following new paragraph:

"(7) PHASE-IN OF INCREASE IN BASIC STANDARD DEDUCTION.—In the case of taxable years beginning before January 1, 2008—

"(A) paragraph (2)(A) shall be applied by substituting for 'twice'—

"(i) '1.671 times' in the case of taxable years beginning during 2001,

"(ii) '1.70 times' in the case of taxable years beginning during 2002,

"(iii) '1.727 times' in the case of taxable years beginning during 2003,

"(iv) '1.837 times' in the case of taxable years beginning during 2004,

"(v) '1.951 times' in the case of taxable years beginning during 2005,

"(vi) '1.953 times' in the case of taxable years beginning during 2006, and

"(vii) '1.973 times' in the case of taxable years beginning during 2007, and

"(B) the basic standard deduction for a married individual filing a separate return shall be one-half of the amount applicable under paragraph (2)(A).

If any amount determined under subparagraph (A) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.".

(c) TECHNICAL AMENDMENTS.—

(1) Subparagraph (B) of section 1(f)(6) is amended by striking "(other than with" and all that follows through "shall be applied" and inserting "(other than with respect to sections 63(c)(4) and 151(d)(4)(A)) shall be applied".

(2) Paragraph (4) of section 63(c) is amended by adding at the end the following flush sentence:

"The preceding sentence shall not apply to the amount referred to in paragraph (2)(A).".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

On page 38, line 18, strike "2000" and insert "2002".

On page 236, strike line 12 through the matter following line 21, and insert:

(a) IN GENERAL.—Section 2503(b) (relating to exclusions from gifts) is amended—

(1) by striking the following:

"(b) EXCLUSIONS FROM GIFTS.—

"(1) IN GENERAL.—In the case of gifts",

(2) by inserting the following:

"(b) EXCLUSIONS FROM GIFTS.—In the case of gifts",

(3) by striking paragraph (2), and

(4) by striking "$10,000" and inserting "$20,000".

On page 237, line 3, strike "2000" and insert "2004".

On page 262, strike lines 15 through 17, and insert:

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004, and before January 1, 2007.

On page 270, line 18, strike "2003" and insert "2004".

On page 273, line 21, strike "2003" and insert "2004".

On page 275, line 12, strike "2003" and insert "2004".

On page 277, line 13, strike "2003" and insert "2005".

On page 278, line 13, strike "2002" and insert "2004".

Mrs. HUTCHISON. Mr. President, I now yield 2 minutes to Senator ASHCROFT of Missouri.

The PRESIDING OFFICER. The Senator from Missouri is recognized for 2 minutes.

Mr. ASHCROFT. Mr. President, first of all, I thank the Senator from Texas for her outstanding work correcting a pernicious discrimination against the most valuable institution in our society, the family. I thank the chairman for his sensitivity to this important issue, for placing in this bill procedures to remedy the marriage penalty.

The marriage penalty simply is an anomaly. It is a strangeness in the tax structure that has evolved, that penalizes people for being married. It puts them into higher tax brackets when they get married than when they were single. When people get married, they start paying a tax penalty. That is something we should stop.

The Senator from Texas and the chairman of this committee have agreed that we should stop it. And we should, as a matter of fact, according to the amendment of the Senator from Texas, of which I am an original cosponsor along with Senator BROWNBACK, accelerate the time at which we begin to stop this very serious fault with the tax system.

America should not penalize the family. It should not make it harder for people to have families. It should not make it financially more difficult for two people to be married and live together than unmarried and live together. That is a simple fact. It is because the family is the best department of social services, the best department of education; it is the best place in which individuals are enriched to learn individual responsibility and the values and character our culture needs to survive.

I am very pleased to be a part of this tax measure which will say about America's families that we cherish them rather than punish them and it is time for all of us to join together and eliminate the marriage tax penalty.

The PRESIDING OFFICER. The time of the Senator has expired.

Who yields time? The Senator from Delaware.

Mr. ROTH. Mr. President, I yield myself 4 minutes.

Mrs. HUTCHISON. Mr. President, parliamentary inquiry. Is the 4 minutes from my 7½ minutes?

Mr. ROTH. I am yielding this from my time.

The PRESIDING OFFICER. Time in opposition to the amendment?

Mr. ROTH. Actually, Mr. President, I want to add my support for the amendment put forward by Senator HUTCHISON. It builds on the basic objectives of the Taxpayer Refund Act of 1999, particularly objectives of helping families bring greater equity to the Tax Code.

One very important provision of the tax relief package we have proposed is the elimination of the marriage tax penalty. There is strong bipartisan agreement that this penalty is not only unfair but that it is counterproductive in a way that discourages couples from marrying.

When I introduced the Taxpayer Refund Act 2 days ago, I introduced Robert and Dianne, a hypothetical couple who had fallen in love and wanted to marry. I explained how, as individuals, they would not be considered wealthy, how Robert worked as a foreman in an auto plant and Dianne worked as a nurse. I then explained how, as a married couple with a combined income, they would be considered well off and how they would end up paying the Government $1,500 more in taxes than they would if they remained single.

The Taxpayer Refund Act of 1999 does away with the marriage tax penalty. It completely eliminates the penalty for Robert and Dianne and for any other couples who choose to marry. What I like about the amendment introduced by our distinguished colleague from Texas, Senator HUTCHISON, is that under her plan the tax relief is expedited. This is done at a price. The change does require the delay of other provisions that provide relief for the taxpayer. I regret that. But we do think it is desirable to provide marriage relief as early as possible.

Therefore, I encourage my colleagues to vote for this amendment.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. If the Senator will yield just a few minutes?

Mr. ROTH. I yield 3 minutes to the Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana is recognized for 3 minutes.

Mr. BAUCUS. Mr. President, I again compliment my good friend, the Senator from Texas, as well as the chairman of the committee. The Senator from Texas offered this amendment last night, and at that time I explained we thought this was a very good amendment because it moves in the direction of the Democratic substitute, raising the standard deduction, in her case for married couples, to eliminate the marriage tax penalty. We would have gone further, but we compliment the Senator in going in this direction.

Last night, too, there was a slight question how this was going to be paid for. We have worked it out overnight. As I understand it—the Senator may correct me if I am wrong—the AMT delayed relief provisions are no longer in place, but rather there will be a delay in the expansion of the 15-percent bracket in order to pay for this.

Mrs. HUTCHISON. The Senator is correct. There are delays. Nothing is eliminated, but there are delays in several provisions because we are trying to say this is our first priority.

Mr. BAUCUS. Mr. President, I think that is a good offset. It adds a little more progressivity, frankly, to the bill, than otherwise would be there.

I compliment the Senator on her amendment.

The PRESIDING OFFICER. Who yields time?

The Senator from Texas.

Mrs. HUTCHISON. I yield the Senator from Kansas, Senator BROWNBACK, 2 minutes.

The PRESIDING OFFICER. The Senator is recognized for 2 minutes.

Mr. BROWNBACK. Mr. President, I thank the Senator from Texas. I am delighted to join her in this amendment that it appears will garner overwhelming support. I hope that sends a strong signal across this country that today is a day to celebrate. We should be celebrating the institution of marriage and support that institution rather than tax it.

For many years now we have taxed it. Clearly, if there is a policy in Government that stands it is if you want less of something, tax it; if you want more of something, subsidize it. We have been taxing marriage, and marriage has fallen off in this country 43 percent over the last 30 years. That is a terrible situation for an institution that is so central.

I note to my colleagues, we all frequently talk about family values. Thomas, from Hilliard, OH, writes in about this point on the marriage penalty and the notion of family values:

> No person who legitimately supports family values could be against this bill. The marriage penalty is but another example of how in the past 40 years the federal government has enacted policies that have broken down the fundamental institutions that were the strength of this country from the start.

I could not have put it better. I am delighted it appears that this amendment is going to be agreed to. I hope we can get it to the President's desk and that the President will be supportive of eliminating the marriage penalty tax. I hope as well we could go further in the future and enact income splitting, that we could provide for a couple to split their income. This would be even more supportive of this fundamental institution in our culture, in our Nation, of marriage. I hope we can take that step on into the future.

I am delighted to have the chairman's support in this. I urge all my colleagues in the name of family values, vote for this amendment.

I yield the remainder of my time to the Senator from Texas.

The PRESIDING OFFICER. Who yields time?

The Senator from Texas.

Mrs. HUTCHISON. Mr. President, how much time remains?

The PRESIDING OFFICER. There are remaining 3 minutes 20 seconds.

Mrs. HUTCHISON. Mr. President, I will finish on my statement.

Something very important is happening. What is important is, we are apparently going to pass overwhelmingly the only amendment that will have passed on this bill. On this very important tax cut measure, we are going to add certainly the first amendment, and maybe the only one, that says the marriage tax penalty is not going to be allowed to stand in the United States of America. That is what we are doing today. The bill provides for marriage tax penalty relief in 2005. I applaud the committee for doing that. But I thought we should address it earlier. That is why Senator ASHCROFT, Senator BROWNBACK, Senator DOMENICI, Senator ROTH, and Senator BAUCUS have come together and said that is right. The people of this country who want to get married should not have to pay $1,000 in taxes just because they got married. We are going to end it today because we are sending a signal that is joined by the House that this is our first priority.

So a high school football coach and a schoolteacher can get married and not move into a bracket that is almost double just because they got married. It hits our middle-income taxpayers the most. They are the ones who are trying to save for a new house or a new car or to do something special for their new baby. We are going to send a signal out of the Senate, along with the House, to the President, saying: Mr. President, we are going to have $1 trillion in income tax surplus. Are you serious in saying you would veto this bill that gives marriage tax penalty relief to our country, that gives pension relief to the women who go in and out of the workforce who are unable to have the same pension capabilities as those who never leave the workforce?

Is the President serious about vetoing a bill that provides for Social Security, that provides for Medicare and education, and, yes, the marriage tax penalty relief?

Mr. President, we are making a statement with this amendment. I am proud the Senate is going to take up and I believe overwhelmingly pass a priority of eliminating the marriage tax penalty in this country once and for all. I urge my colleagues to give a unanimous vote for the married people who have been living with a penalty that is not warranted.

I yield the floor.

Mr. ROTH. Mr. President, we yield back the remainder of the time.

VOTE ON AMENDMENT NO. 1462

The PRESIDING OFFICER. Under the previous order, the question is now on the motion to waive the Budget Act on the Bingaman amendment.

The yeas and nays have been ordered.

The clerk will call the roll.

The legislative assistant called the roll.

The PRESIDING OFFICER (Mr. DEWINE). Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 48, nays 52, as follows:

[Rollcall Vote No. 232 Leg.]

YEAS—48

Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Breaux
Bryan
Byrd
Cleland
Collins
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Graham
Harkin
Hollings
Inouye
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Schumer
Snowe
Specter
Torricelli
Wellstone
Wyden

NAYS—52

Abraham
Allard
Ashcroft
Bennett
Bond
Brownback
Bunning
Burns
Campbell
Chafee
Cochran
Coverdell
Craig
Crapo
DeWine
Domenici
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Jeffords
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Stevens
Thomas
Thompson
Thurmond
Voinovich
Warner

The PRESIDING OFFICER. On this vote the yeas are 48, the nays are 52. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls.

Mr. LOTT. I move to reconsider the vote.

Mr. LEAHY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Mr. President, I would object to any unanimous consent regarding comments on my outfit this morning.

I ask unanimous consent that the remaining votes in the series be limited to 10 minutes in length.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. I urge my colleagues, please stay in the Chamber. We still do have a number of amendments we will need to go through. Senator DASCHLE and I have agreed that we want to limit those to 10 minutes each, with 2 minutes between the 10 minutes for 1 minute of explanation on each side. If we do that, I believe we can still finish this bill at a reasonable hour.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware.

PRIVILEGE OF THE FLOOR

Mr. ROTH. Mr. President, I ask unanimous consent that Brig Pari and Ed McClellan of the Finance Committee staff be granted floor privileges for the duration of the consideration of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

VOTE ON AMENDMENT NO. 1472, AS FURTHER MODIFIED

The PRESIDING OFFICER. The question is now on the amendment of the Senator from Texas. Does the Senator request the yeas and nays?

Mrs. HUTCHISON. Yes.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mrs. HUTCHISON. I ask unanimous consent that Senator DOMENICI be added as an original cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to amendment No. 1472, as further modified. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 98, nays 2, as follows:

[Rollcall Vote No. 233 Leg.]

YEAS—98

Abraham
Akaka
Allard
Ashcroft
Baucus
Bayh
Bennett
Biden
Bingaman
Bond
Boxer
Breaux
Brownback
Bryan
Bunning
Burns
Byrd
Campbell
Chafee
Cleland
Cochran
Collins
Conrad
Coverdell
Craig
Crapo
Daschle
DeWine
Dodd
Domenici
Dorgan
Durbin
Edwards
Enzi
Feingold
Feinstein
Fitzgerald
Frist
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hagel
Harkin
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Inouye
Jeffords
Johnson
Kennedy
Kerrey
Kerry
Kohl
Kyl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moynihan
Murkowski
Murray
Nickles
Reed
Reid
Robb
Roberts
Rockefeller
Roth
Santorum
Sarbanes
Schumer
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Torricelli
Warner
Wellstone
Wyden

NAYS—2

Hollings
Voinovich

The amendment (No. 1472), as further modified, was agreed to.

Mrs. HUTCHISON. Mr. President, I move to reconsider the vote.

Mr. BROWNBACK. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Ms. LANDRIEU addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

PRIVILEGE OF THE FLOOR

Ms. LANDRIEU. Mr. President, I ask unanimous consent that two staffers, Kathleen Strottman and Ben Cannon, have floor privileges.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DURBIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

PRIVILEGE OF THE FLOOR

Mr. DURBIN. Mr. President, I ask unanimous consent that a member of my staff, Chris Stanek, have access to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

MOTION TO RECOMMIT

Mr. KERRY. Mr. President, I have a motion at the desk and ask that it be called up.

The PRESIDING OFFICER. The clerk will read the motion.

The legislative clerk read as follows:

> The Senator from Massachusetts [Mr. KERRY] moves to recommit S. 1429, the Taxpayer Refund Act of 1999, to the Committee on Finance, with instructions to report back to the Senate within 3 days, with an amendment to reserve $20 billion over ten years for relief from the unintended consequences of the Balanced Budget Act on teaching hospitals, skilled nursing facilities, home health care providers, rural and other community hospitals, and other health care providers, by reducing or deferring certain new tax breaks in the bill.

Mr. KERRY. Mr. President, I understand I have 1 minute.

The PRESIDING OFFICER. That is correct.

Mr. KERRY. Mr. President, let me share with my colleagues what this is. Under the Balanced Budget Act, we set out to save some $103 billion in Medicare expenditures with respect to hospitals, home care, et cetera. The problem is the unintended consequences of the way that has happened, coupled with the managed care process, in fact, about $205 billion in Medicare payments has been reduced. The result is that, in hospitals, home care facilities, and nursing homes all across the country, all of our States are significantly affected in the quality of care that is being delivered.

Special care units in hospitals are closing. Home care facilities are refusing patients. There has been a significant reduction in the quality of care across the country. Our teaching hospitals are threatened. What we are saying is that we need to reserve some $20 billion in order to be able to adequately make up for the unintended consequences of the Balanced Budget Act.

Mr. ROTH. Mr. President, although the Kerry amendment is well-intended, it is not germane to this reconciliation bill. The Finance Committee is paying close attention to the concerns of health care providers and beneficiaries. Over ten Medicare hearings have been held this year, three focusing specifically on BBA 1997 policies.

The Finance Committee is also developing a Medicare package that will address the many concerns in the Balanced Budget Act. The tax package in no way interferes with this process.

Finally, I might add that even the President's Medicare proposal sets aside a maximum of only $7.5 billion over 10 years to address BBA fixes, $12.5 billion less than this amendment.

The amendment is not germane to this reconciliation legislation, and I raise a point of order under section 305 (b)(2) of the Budget Act.

Mr. KERRY. Mr. President, pursuant to section 904 of the Budget Act, I move to waive that section in that act for consideration of this motion.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. KENNEDY. The Balanced Budget Act of 1997 helped bring us to this era of budget surpluses and economic prosperity. But too much of the actual savings used to balance the budget have come from Medicare.

At the time the BBA was enacted, those savings were expected to total $116 billion over five years. Now, they are estimated by CBO to be nearly twice as great—nearly $200 billion over five years. Such deep cuts in Medicare are clearly unfair and unacceptable.

Not surprisingly, all of us are now hearing from bedrock health care institutions across the country that are being devastated by these excessive cuts. Teaching hospitals—community hositals—community health centers and many others. We are hearing from those who care for the elderly and disabled when they leave the hospital—nursing homes—home health agencies—rehabilitation facilities. We are hearing from virtually every one who cares for the 40 million senior citizens and disabled citizens on Medicare. They are telling us in no uncertain terms that Congress went too far.

This motion is the first step toward reducing the steepest cuts. It would provide $20 billion over the next ten years to slow or eliminate the harshest impact of the Balanced Budget Act. It would ensure that the nation's hospitals and other health care facilities will be able to care for senior citizens and the disabled in the years ahead.

With the retirement of the baby boom generation, the last thing we should be doing is jeopardizing the viability of the many health care facilities that depend on Medicare for their survival. These institutions are being hard hit in cities and towns across the nation.

Often, the hospitals and other institutions that care for Medicare patients also care for other patients as well. Health care in the entire community is being threatened.

Teaching hospitals are on the receiving end of a triple-whammy. The slash in Medicare reductions is leading to less patient care, less doctor training, and less medical research at the nation's top hospitals. In my own state of Massachusetts, for the first time in history, some of the finest and most renowned teaching hospitals in the country are now operating at a deficit. This situation is unsustainable—and it is happening all over our country. We will all suffer if these great institutions are forced out of business or into the arms of for-profit corporations.

Community hospitals are suffering, too. Throughout my State of Massachusetts, we are seeing red ink and cutbacks in essential services. This, too, is happening all over the country.

In Massachusetts alone, house health agencies are losing $160 million a year. Twenty agencies have closed their doors since the Balanced Budget Act went into effect. Many others are seeing fewer patients, and seeing their remaining patients less often. The homebound elderly are especially vulnerable, and are suffering even more. In just the last two weeks, two Massachusetts nursing homes have declared bankruptcy.

This proposal is an important step to restore the viability of these indispensable institutions in our health care system, and I urge the Senate to approve it. We must undo the damage before it is too late. The last thing we need to see on the doors of the nation's teaching hospitals, community hospitals, home health agencies, and nursing homes, is a sign that says, "Closed because of the ill-considered activities of the United States Congress."

The PRESIDING OFFICER. The question is on agreeing to the motion. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The yeas and nays resulted—yeas 50, nays 50, as follows:

[Rollcall Vote No. 234 Leg.]

YEAS—50

Abraham
Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Breaux
Bryan
Byrd
Chafee
Cleland
Collins
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Frist
Harkin
Hollings
Hutchison
Inouye
Johnson
Kennedy
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Schumer
Snowe
Specter
Torricelli
Wellstone
Wyden

NAYS—50

Allard
Ashcroft
Bennett
Bond
Brownback
Bunning
Burns
Campbell
Cochran
Coverdell
Craig
Crapo
DeWine
Domenici
Enzi
Fitzgerald
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Inhofe
Jeffords
Kerrey
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Stevens
Thomas
Thompson
Thurmond
Voinovich
Warner

The PRESIDING OFFICER. On this vote the yeas are 50, the nays are 50. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the motion falls.

Without objection, the motion to table is agreed to.

The Senator from Tennessee.

CHANGE OF VOTE

Mrs. HUTCHISON. Mr. President, on rollcall vote No. 234, I voted "no." It was my intention to vote "aye." Therefore, I ask unanimous consent that I may be permitted to change my vote. It will in no way change the outcome of the vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The foregoing tally has been changed to reflect the above order.)

AMENDMENT NO. 1467

Mr. FRIST. Mr. President, I call up amendment No. 1467.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Tennessee (Mr. FRIST) proposes an amendment numbered 1467.

Mr. FRIST. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The amendment is printed in a previous edition of the RECORD.)

Mr. FRIST. Mr. President, this amendment is a sense-of-the-Senate amendment that goes right at the heart of what we should be doing about Medicare. It says Congress should be acting to modernize Medicare, to ensure its solvency, and to include prescription drugs.

The congressional budget plan has $505 billion over the next 10 years in unallocated budget surpluses that could be used for long-term Medicare reform. In addition, the congressional budget resolution for the year 2000 has specifically set aside $90 billion for this purpose.

Thus, my sense-of-the-Senate amendment says that the unallocated on-budget surpluses provide adequate resources and that: No. 1, the congressional budget resolution provides a sound framework for the modernization of Medicare; No. 2, improving the solvency of Medicare; and No. 3, improving coverage of prescription drugs.

Congress should act to accomplish these goals for the Medicare program.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, with great respect, I must inform this body that this amendment is pure fiction. It is pure fiction because the House and the Senate this year have been using Congressional Budget Office baseline numbers to predict what the surplus is or is not and what is left for spending. Under that formula, there is virtually no money in this tax bill left for discretionary spending.

A few days ago, a new chart suddenly popped up. The new chart comes up with this money. How does it come up with this money? It basically assumes that the Congress, over the next 10 years, is going to not only cut discretionary spending under the caps as planned but then not raise discretionary spending above inflation over the next 8 years.

I say that is a fiction—it is just not going to happen, so the money is not there—developed by this recent new chart.

If it is an accurate assumption that there is no spending, then it cuts discretionary spending by 50 percent, one or the other. It is a fiction.

The PRESIDING OFFICER. The question is on amendment No. 1467.

Mr. BAUCUS. Mr. President, I raise a point of order that the pending amendment violates 313(b)(1)(A) of the Congressional Budget Act of 1974.

Mr. FRIST. Pursuant to section 904 of the Budget Act, I move to waive the Budget Act for the consideration of my amendment No. 1467, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second. The yeas and nays were ordered.

The clerk will call the roll.

The legislative clerk called the roll.

The yeas and nays resulted—yeas 54, nays 46, as follows:

[Rollcall Vote No. 235 Leg.]

YEAS—54

Abraham
Allard
Ashcroft
Bennett
Bond
Brownback
Bunning
Burns
Campbell
Chafee
Cochran
Collins
Coverdell
Craig
Crapo
DeWine
Domenici
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Jeffords
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Warner

NAYS—46

Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Breaux
Bryan
Byrd
Cleland
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Graham
Harkin
Hollings
Inouye
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Schumer
Torricelli
Voinovich
Wellstone
Wyden

The PRESIDING OFFICER (Mr. GORTON). On this vote the yeas are 54, the nays are 46. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

FRIST MEDICARE AMENDMENT

Mr. BYRD. Mr. President, today I voted against the Medicare Sense of the Senate amendment numbered 1467, offered by Senator FRIST. For the benefit of my constituents in West Virginia, I offer a brief explanation for why I voted the way I did.

I opposed Senator FRIST's amendment because, in my judgment, it is based on a fiction. As we all know, the Congressional Budget Office (CBO) has projected a $996 billion non-Social Security surplus over the next ten years. The Frist amendment said that, even allowing for the $792 billion tax cut, there was still enough money left over to provide for the long-term solvency of the Medicare system. One need not be an economist, or even an expert in budget policy, to understand why that was just plain wrong.

The Republican tax cut plan will cost $971 billion over the next ten years—$792 billion for the actual tax cut, plus $179 billion in additional interest payments on the debt. That leaves $25 billion of the non-Social Security surplus. From that amount, the Republicans have said we can provide for emergency expenditures for natural disasters and international conflicts, which averages $80 billion over ten years; fund current operations of government; and reserve enough money for Medicare. And, as I say, they would do all that without using the Social Security surplus. As anyone can plainly see, that is just not possible. In all good conscience, I could not vote for the Frist amendment.

The PRESIDING OFFICER. The Senator from New Jersey.

MOTION TO RECOMMIT

Mr. LAUTENBERG. Mr. President, I call up a motion we have at the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Jersey [Mr. LAUTENBERG] moves to recommit the bill to the Committee on Finance, with instructions to report back to the Senate within 3 days, with an amendment to correct the fact that the bill uses Social Security surpluses for tax breaks by causing on-budget deficits, taking into account both revenue losses and additional interest costs caused by the higher levels of debt that would result from the bill's enactment.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, the motion is very simple. It directs the Finance Committee to correct the bill so that it does not raid Social Security surpluses in any year to pay for tax cuts. In its current form, this bill would use Social Security surpluses in each of the second 5 years after enactment.

Altogether, $75 billion of Social Security money will be used to pay for the broad-based tax rebates that are largely for special interests and for the very wealthy. That is the intent, and it is inconsistent with the Social Security lockbox that the Republicans claim to support.

If my colleagues are serious about stopping Congress from raiding these surpluses, they will support my motion. The Finance Committee can correct the problem very quickly, and then we can proceed to consider the bill within only a few days.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. LAUTENBERG. I urge my colleagues to support the motion.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I ask unanimous consent that a table prepared by the Congressional Budget Office be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 3.—CBO ESTIMATE OF THE CONGRESSIONAL BUDGET RESOLUTION FOR FISCAL YEAR 2000

[By fiscal year, in billions of dollars]

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000–2009
BASELINE SURPLUS OR DEFICIT (−)												
On-budget	−4	14	38	82	75	85	92	129	146	157	178	996
Off-budget	125	147	155	164	172	181	195	205	217	228	235	1,901
Total	120	161	193	246	247	266	286	334	364	385	413	2,986
EFFECTS OF THE BUDGET RESOLUTION'S POLICIES												
Revenues	0	0	−8	−54	−32	−49	−63	−109	−136	−151	−177	−778

TABLE 3.—CBO ESTIMATE OF THE CONGRESSIONAL BUDGET RESOLUTION FOR FISCAL YEAR 2000—Continued

[By fiscal year, in billions of dollars]

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000-2009
Outlays:												
Discretionry[1]	0	0	0	0	10	6	−6	−24	−42	−55	−70	−180
Mandatory	0	([2])	1	1	1	1	1	([2])	([2])	−1	−1	4
*COM008**COM008*	0	([2])	([2])	2	4	7	10	15	20	26	32	117
Subtotal[3]	0	([2])	1	3	16	14	5	−9	−22	−29	−38	−59
Total[4]	0	([2])	−9	−57	−48	−63	−68	−100	−114	−121	−139	−719
SURPLUS OR DEFICIT (−) UNDER THE BUDGET RESOLUTION'S POLICIES AS ESTIMATED BY CBO												
On-budget	−4	14	29	26	27	21	24	29	32	36	39	277
Off-budget	125	147	155	164	172	181	195	205	217	228	234	1,901
Total	120	161	184	190	199	203	219	234	250	263	275	2,178
Memorandum:												
Debt Held by the Public:												
Baseline	3,168	3,473	3,297	3,066	2,835	2,584	2,312	1,992	1,640	1,267	865	NA
Budget resolution as estimated by CBO	3,618	3,473	3,305	3,132	2,949	2,761	2,557	2,336	2,099	1,847	1,584	NA

[1] The effect of the 1999 supplemental appropriations bill (P.L. 106–31), which was enacted after the resolution was passed, has been added to the resolution totals. Also, the projections include spending from contingent emergencies.

[2] Less than $500 million.

[3] Effect on outlays.

[4] Effect on the surplus.

Note: NA = not applicable.

Source: Congressional Budget Office.

Mr. DOMENICI. Mr. President, this table clearly shows there is no Social Security money in this tax cut.

Secondly, maybe the Senator is confused. CBO says the President still does not lock up all the Social Security money. It is $30 billion short.

Last, I suggest if they are really concerned about the Social Security trust fund size, why are they filibustering against a lockbox that would encapsulate it and make sure it is there?

In summary, the Senator from New Jersey is using the wrong chart. It does not apply to the real situation. We are using no Social Security money in terms of our tax cut.

I move to table the Lautenberg motion to recommit and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the motion to recommit. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 55, nays 45, as follows:

[Rollcall Vote No. 236 Leg.]

YEAS—55

Abraham
Allard
Ashcroft
Bennett
Bond
Brownback
Bunning
Burns
Campbell
Chafee
Cochran
Collins
Coverdell
Craig
Crapo
DeWine
Domenici
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Jeffords
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Voinovich
Warner

NAYS—45

Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Breaux
Bryan
Byrd
Cleland
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Graham
Harkin
Hollings
Inouye
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Schumer
Torricelli
Wellstone
Wyden

The motion was agreed to.

Mr. LAUTENBERG. I move to reconsider the vote.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KYL addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

AMENDMENT NO. 1469, AS MODIFIED

(Purpose: To repeal the Federal estate and gift taxes and the tax on generation-skipping transfers, to repeal a step up basis at death, and for other purposes)

Mr. KYL. I call up amendment No. 1469, and ask unanimous consent that it be modified.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

The Senator from Arizona [Mr. KYL] proposes an amendment numbered 1469, as modified.

Mr. KYL. I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as modified, is as follows:

Beginning on page 226, line 1, strike through page 237, line 5, and insert:

TITLE VII—ESTATE AND GIFT TAX RELIEF PROVISIONS

Subtitle A—Repeal of Estate, Gift, and Generation-Skipping Taxes; Repeal of Step Up in Basis At Death

SEC. 701. REPEAL OF ESTATE, GIFT, AND GENERATION-SKIPPING TAXES.

(a) IN GENERAL.—Subtitle B is hereby repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply to the estates of decedents dying, and gifts and generation-skipping transfers made, after December 31, 2007.

SEC. 702. TERMINATION OF STEP UP IN BASIS AT DEATH.

(a) TERMINATION OF APPLICATION OF SECTION 1014.—Section 1014 (relating to basis of property acquired from a decedent) is amended by adding at the end the following:

"(f) TERMINATION.—In the case of a decedent dying after December 31, 2007, this section shall not apply to property for which basis is provided by section 1022."

(b) CONFORMING AMENDMENT.—Subsection (a) of section 1016 (relating to adjustments to basis) is amended by striking "and" at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting "; and", and by adding at the end the following:

"(28) to the extent provided in section 1022 (relating to basis for certain property acquired from a decedent dying after December 31, 2007)."

SEC. 703. CARRYOVER BASIS AT DEATH.

(a) GENERAL RULE.—Part II of subchapter O of chapter 1 (relating to basis rules of general application) is amended by inserting after section 1021 the following:

"SEC. 1022. CARRYOVER BASIS FOR CERTAIN PROPERTY ACQUIRED FROM A DECEDENT DYING AFTER DECEMBER 31, 2007.

"(a) CARRYOVER BASIS.—Except as otherwise provided in this section, the basis of carryover basis property in the hands of a person acquiring such property from a decedent shall be determined under section 1015.

"(b) CARRYOVER BASIS PROPERTY DEFINED.—

"(1) IN GENERAL.—For purposes of this section, the term 'carryover basis property' means any property—

"(A) which is acquired from or passed from a decedent who died after December 31, 2007, and

"(B) which is not excluded pursuant to paragraph (2).

The property taken into account under subparagraph (A) shall be determined under section 1014(b) without regard to subparagraph (A) of the last sentence of paragraph (9) thereof.

"(2) CERTAIN PROPERTY NOT CARRYOVER BASIS PROPERTY.—The term 'carryover basis property' does not include—

"(A) any item of gross income in respect of a decedent described in section 691,

"(B) property which was acquired from the decedent by the surviving spouse of the decedent, the value of which would have been deductible from the value of the taxable estate of the decedent under section 2056, as in effect on the day before the date of enactment of the Taxpayer Refund Act of 1999, and

"(C) any includible property of the decedent if the aggregate adjusted fair market value of such property does not exceed $2,000,000.

For purposes of this paragraph and paragraph (3), the term 'adjusted fair market value' means, with respect to any property, fair market value reduced by any indebtedness secured by such property.

"(3) PHASEIN OF CARRYOVER BASIS IF INCLUDIBLE PROPERTY EXCEEDS $1,300,000.—

"(A) IN GENERAL.—If the adjusted fair market value of the includible property of the decedent exceeds $1,300,000, but does not exceed $2,000,000, the amount of the increase in the basis of such property which would (but for this paragraph) result under section 1014 shall be reduced by the amount which bears the same ratio to such increase as such excess bears to $700,000.

"(B) ALLOCATION OF REDUCTION.—The reduction under subparagraph (A) shall be allocated among only the includible property having net appreciation and shall be allocated in proportion to the respective amounts of such net appreciation. For purposes of the preceding sentence, the term 'net appreciation' means the excess of the adjusted fair market value over the decedent's adjusted basis immediately before such decedent's death.

"(4) INCLUDIBLE PROPERTY.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'includible property' means property which would be included in the gross estate of the decedent under any of the following provisions as in effect on the day before the date of the enactment of the Taxpayer Refund Act of 1999:

"(i) Section 2033.

"(ii) Section 2038.

"(iii) Section 2040.

"(iv) Section 2041.

"(v) Section 2042(a)(1).

"(B) EXCLUSION OF PROPERTY ACQUIRED BY SPOUSE.—Such term shall not include property described in paragraph (2)(B).

"(c) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section."

(b) MISCELLANEOUS AMENDMENTS RELATED TO CARRYOVER BASIS.—

(1) CAPITAL GAIN TREATMENT FOR INHERITED ART WORK OR SIMILAR PROPERTY.—

(A) IN GENERAL.—Subparagraph (C) of section 1221(3) (defining capital asset) is amended by inserting "(other than by reason of section 1022)" after "is determined".

(B) COORDINATION WITH SECTION 170.—Paragraph (1) of section 170(e) (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following: "For purposes of this paragraph, the determination of whether property is a capital asset shall be made without regard to the exception contained in section 1221(3)(C) for basis determined under section 1022."

(2) DEFINITION OF EXECUTOR.—Section 7701(a) (relating to definitions) is amended by adding at the end the following:

"(47) EXECUTOR.—The term 'executor' means the executor or administrator of the decedent, or, if there is no executor or administrator appointed, qualified, and acting within the United States, then any person in actual or constructive possession of any property of the decedent."

(3) CLERICAL AMENDMENT.—The table of sections for part II of subchapter O of chapter 1 is amended by adding at the end the following new item:

"Sec. 1022. Carryover basis for certain property acquired from a decedent dying after December 31, 2007."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2007.

Subtitle B—Reductions of Estate, Gift, and Generation-Skipping Transfer Taxes

SEC. 711. REDUCTIONS OF ESTATE, GIFT, AND GENERATION-SKIPPING TRANSFER TAXES.

(a) MAXIMUM RATE OF TAX REDUCED TO 50 PERCENT.—The table contained in section 2001(c)(1) is amended by striking the 2 highest brackets and inserting the following:

Over $2,500,000 .... $1,025,800, plus 53% of the excess over $2,500,000."

(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by striking paragraph (2).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2003.

Subtitle C—Simplification of Generation-Skipping Transfer Tax

Mr. KYL. Mr. President, I begin today by thanking Senator ROTH, the chairman of the Senate Finance Committee, for recognizing that there is a place for estate-tax relief in this bill. The measure reported by the Finance Committee includes a variety of changes: a one-time reduction in the top death-tax rate, converting the unified credit to a true exemption, and raising the annual gift exclusion. These are all steps in the right direction. The problem is, at the end of the day, the Roth bill leaves the death tax in place.

By contrast, the bill that the House of Representatives passed last week phases out the death tax over a 10-year period, and then implements a version of the bill I introduced back in May with Senator BOB KERREY and a bipartisan group of 19 other Senators.

The amendment I am offering today is based upon that bipartisan initiative. I would replace the death tax with a tax on the appreciated value of inherited assets to be paid when the assets are sold. In other words, the tax would be imposed when income is actually realized from inherited property. Death would no longer be a taxable event.

This amendment represents an effort to find bipartisan consensus about how to deal with the death tax, and I hope all Senators will consider it with an open mind. It is an approach that Senators MOYNIHAN and KERREY actually suggested to me during a hearing before the Finance Committee two years ago. Bill Beach of the Heritage Foundation discussed its merits at the same hearing. The more I looked into the idea since then, the more sense I thought it made. The essence of it is very simple: It takes death out of the equation. Whether an asset is sold by the decedent during his or her lifetime, or by someone who later inherits the property, the gain is taxed the same. Under this approach, death neither confers a benefit, nor results in a punitive, confiscatory tax. This is an approach that I believe both Republicans and Democrats should be able to accept.

We know that many Americans are troubled by the estate tax's complexity and high rates, and by the mere fact that it is triggered by a person's death rather than the realization of income. For a long time, I have advocated its repeal, because I believe death should not be a taxable event.

Others agree that the tax is problematic, but are concerned the appreciated value of certain assets might escape taxation forever if the death tax is repealed while the step-up in basis allowed by the Internal Revenue Code remains in effect. That is a legitimate concern.

We try to reconcile these positions in this amendment by eliminating both the death tax and the step-up in basis, and attributing a carryover basis to inherited property so that all gains are taxed at the time the property is sold and income is realized.

The concept of a carryover basis is not new. It exists in current law with respect to gifts, property transferred in cases of divorce, and in connection with involuntary conversions of property relating to theft, destruction, seizure, requisition, or condemnation.

In the latter case, when an owner receives compensation for involuntarily converted property, a taxable gain normally results to the extent that the value of the compensation exceeds the basis of the converted property. However, section 1033 of the Internal Revenue Code allows the taxpayer to defer the recognition of the gain until the property is sold. This amendment would treat the transfer of property at death—perhaps the most involuntary conversion of all—the same way, deferring recognition of any gain until the inherited property is sold.

Small estates, which currently pay no estate tax by virtue of the unified credit, and no capital-gains tax by virtue of the step up, would be unaffected by the basis changes being proposed here. The estate tax would be eliminated for them, and they would still get the benefit of the current law's step-up. The basis changes would apply only to estates valued at over $2 million.

There are four problems I see with the underlying bill's death-tax provisions. First, the bill tries to make palatable what is fundamentally indefensible. Taxing death is wrong.

Second, because it leaves the death tax in place, the need for expensive estate-tax planning also remains. Some people will have to divert money they would have spent on new equipment or new hires to insurance policies designed to cover death-tax costs. Still others will spend millions on lawyers, accountants, and other advisors for death-tax planning purposes. But that leaves fewer resources to invest, start up new businesses, hire additional people, or pay better wages.

Third, the higher exemption proposed in the committee bill provides some relief, but I believe it also serves as an artificial cap on small businesses' growth. To avoid the death tax, an entrepreneur merely needs to limit the growth of his or her business so it does not exceed the $1.5 million exemption amount. That means fewer jobs, and less output.

I believe it would be better to eliminate the tax and, if there is a need to impose a tax, impose it when income is actually realized—that is, when the assets are sold. That is what this amendment would do.

I want to stress to colleagues, particularly colleagues on the Democratic side of the aisle, that we do not allow appreciation in inherited assets to go untaxed, as other death-tax repeal proposals would do. We are merely saying that if a tax is imposed, it should be imposed when income is realized. Earnings from an asset should be taxed the same whether the asset is earned or inherited.

The question has been posed at various times during debate on this bill whether the American people want tax relief. Let me answer that question with respect to the issue at hand. Although most Americans will probably never pay a death tax, most people still sense that there is something terribly wrong with a system that allows Washington to seize more than half of whatever is left after someone dies—a system that prevents hard-working Americans from passing the bulk of their nest eggs to their children or grandchildren.

Seventy-seven percent of the people responding to a survey by the Polling Company last year indicated that they favor repeal of the death tax. When Californians had the chance to weigh in with a ballot proposition, they voted two-to-one to repeal their state's death tax. The legislatures of five other states have enacted legislation since 1997 that will either eliminate or significantly reduce the burden of their states' death taxes.

The 1995 White House Conference on Small Business identified the death tax as one of small business's top concerns, and delegates to the conference voted overwhelming to endorse its repeal. Outright repeal received the fourth highest number of votes among all resolutions approved at the conference.

A couple of other points to consider about the death tax. it is one of the most inefficient taxes that the government levies. Alicia Munnell, who was a member of President Clinton's Council of Economic Advisors, estimated that the costs of complying with death-tax laws are of roughly the same magnitude as the revenue raised. In 1998, that was about $23 billion. In other words, for every dollar of tax revenue raised by the death tax, another dollar is squandered in the economy simply to comply with or avoid the tax.

The tax hurts the economy. A report issued by the Joint Economic Committee in December of 1998 concluded that the existence of the death tax this century has reduced the stock of capital in the economy by nearly half a trillion dollars. By repealing it and putting those resources to better use, the Joint Committee estimated that as many as 240,000 jobs could be created over seven years and Americans would have an additional $24.4 billion in disposable personal income. So much for the contention that this is a tax that touches only a few.

It appears that the chairman of the Finance Committee will raise a point of order against this amendment. I think that is regrettable. If there is a way to improve this amendment, I am willing to work with Chairman ROTH on any ideas he might have. But if the point of order is intended to preserve the death tax as a permanent part of the Tax Code, we have a very significant difference of opinion, and I think he should allow the Senate to work its will, rather than use a parliamentary point of order to block it.

This is a good amendment; the policy it proposes is sound, and fair. Its time has come. I urge my colleagues to support the amendment.

As I say, this amendment would repeal the estate tax, the so-called death tax. According to the Joint Tax Committee, under scoring, it cannot occur until the eighth year or until 2007. But at that point it replaces the death tax with a tax on the sale of the assets, usually a capital gains tax, if and when the property is sold. In other words, it is a very fair compromise between those who believe there should be some tax on the sale of assets and those who believe that death itself should not be a taxable event.

I am advised that a point of order will be made that this amendment is not germane. If that is done, I believe that to be very unfortunate. But because Senator KERREY would prefer that we not proceed with a vote on the point of order, I will not contest the ruling of the Chair.

I believe that repeal of the death tax enjoys more than majority support and am confident that in the conference committee, we will be able to accept the House version or something close to it which repeals the death tax along the lines of the Kyl-Kerrey approach.

I urge my colleagues to support repeal of the death tax. If a point of order is made, I will not contest it.

The PRESIDING OFFICER. Who seeks recognition?

Mr. MOYNIHAN. Mr. President, the pending amendment is not germane. I therefore raise a point of order that the amendment violates section 305(b)(2) of the Congressional Budget Act of 1974.

The PRESIDING OFFICER. The point of order is well taken and the amendment falls. Who seeks recognition?

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

MOTION TO RECOMMIT

Mr. HOLLINGS. Mr. President, on behalf of Senator LIEBERMAN, Senator LEVIN, and myself, I move to recommit the bill to the Finance Committee with instructions that the committee report back within 3 days with an amendment that implements the Greenspan recommendations by deferring tax reductions and by taking any projected revenue surplus and actually reducing the national debt.

Now, for days on end we have been talking about what Mr. Greenspan said here, what Mr. Greenspan said here. As our friend, the former Attorney General Mitchell said: Watch what we do, not what we say.

He has been trying to stay the course; namely, just take, in a sense, any surpluses—don't argue about them, but if you can find them, then apply that to reducing the national debt. So often we say that all of us want to go to heaven but we don't want to do what is necessary to get there. All of us say we want to reduce or pay down the national debt, but we don't want to do what is necessary to get there. All you have to do in order to get there or reduce the debt is vote for this motion.

I yield to Senator LIEBERMAN.

Mr. LIEBERMAN. Mr. President, in the interest of legislative efficiency, let alone fiscal responsibility, Senator LEVIN and I are withdrawing our motion to strike the entire tax cut and joining to raise the same issue with Senator HOLLINGS on this amendment which says you can't have a tax cut if the surplus is not there, and there is no evidence the surplus is there.

The PRESIDING OFFICER. The time of the Senator has expired. The Senator from Delaware.

Mr. ROTH. Mr. President, I rise in opposition to this motion. In a very real way, this is the final vote on the legislation before us. Let me point out that both Democrats and Republicans have broadly agreed that there should be a tax cut. That tax cut should be now. The American people are entitled to relief. What we are really doing here is restoring the excess taxes already paid. For that reason, I shall make a motion to table.

Let me reemphasize again, the Democrats have had a proposal of $300 billion in a tax cut. There has been a $500 billion tax cut. We have followed the budget recommendations of $792 billion. To deny the working people of America the tax break they deserve today makes no sense at all.

For that reason, I move to table the motion to recommit, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LEVIN. Mr. President, I join in cosponsoring the Hollings motion to recommit the bill to the Finance Committee with instructions to defer tax reductions in order to reduce the national debt. I cosponsored the Hollings motion in lieu of calling up the Lieberman-Levin amendment because the effect of the Hollings motion, had it been adopted, would have been largely the same as the Lieberman-Levin amendment.

The tax program before the Senate is unfair to middle income Americans, it is economically unwise and it's based on unrealistic assumptions. The unfairness is perhaps best shown by the fact that about two-thirds of its tax benefits go to the upper one-fifth of our people. In addition to being unfair, it is economically unwise in that jeopardizes Medicare, fails to strengthen Social Security, and risks higher interest rates.

This bill takes us back to the bad old days of backloaded tax breaks whose real costs explode several years after enactment. This budgetary time bomb is set to go off at roughly the same time as the Medicare trust fund is expected to be bankrupt and the bill begins to come due for Social Security. In that decade, as the "baby boomers" begin to retire, the Social Security Trust fund will begin to run a deficit, requiring the redemption of Treasury bonds which it holds.

It is also based on unrealistic projections. Projections are always risky. We have seen many federal budget estimates, and we know well that as quickly as these surpluses appear, they can disappear. In 1981, President Ronald Reagan introduced his Economic Recovery Tax Act which included huge tax cuts and predictions that the budget would be balanced by 1984. In 1981, I opposed the Reagan tax cut because I was convinced that it would lead to huge deficits. We have paid dearly for the debt which resulted from that legislation. In 1992, the deficit in the federal budget was $290 billion. The remarkable progress which has brought us now to the threshold of surpluses has come about in large part as a result of the deficit reduction package which President Clinton presented in 1993, and which this Senate passed by a margin of one vote, the Vice-President's. We should not now, by passing a tax bill like the one before us, head back down the road toward new future deficits.

I joined with Senator HOLLINGS in his motion to defer the tax cut, because it seems clear to me that we should first see if the surplus is real before we adopt tax cuts; second, if those surpluses are real, we should pay down the national debt faster; and third, we should save tax cuts for a time of economic slow down.

During the consideration of this legislation and the national debate which has surrounded it, much has been made of the projected reduction of the national debt and concurrent reductions in interest payments. Although the debt held by the public, or the so-called external debt, is projected to be paid down by the surpluses accumulated in the Social Security Trust Funds, interest paid to the Social Security Trust funds in the form of bonds will continue to increase for more than a decade. At that time, in approximately 2014, unless Social Security reform has been accomplished, the Trust Funds will no longer be in surplus, but instead there will be a shortfall in those funds. As the bonds held by the Social Security Trust Funds are redeemed, we will therefore begin paying a portion of the interest owed to the Social Security Trust Funds, and eventually all of the interest owed to the Social Security Trust Funds, in cash. Also, we will then have to redeem the trillions of dollars of bonds representing principal owed to the trust funds.

Mr. President, I ask unanimous consent that a table entitled "Interest Payments and Social Security" based on data which has been provided to me by the Office of Management and Budget (OMB) be printed in the RECORD. (See Exhibit 1.)

The table shows that through 2035, under current projections, that although the cash interest payments to the public on external debt go down over the course of the next 15 years or so to zero, the amount of interest that the Treasury will be required to pay to the Social Security Trust Funds in bonds and eventually in cash rises steadily during that period and beyond. After that, the amount of cash necessary to redeem bonds representing principal held by the Social Security Trusts Funds kicks in and then rises sharply. The projections show that in the year 2025, for example, the Treasury would be required to pay to Social Security $295 billion in interest payments and an additional $35 billion in cash to redeem bonds representing principal held by the Social Security Trust Funds which will then be needed to pay benefits to recipients. Ten years later, in the year 2035, the projections show that, in the absence of Social security reform, the Treasury would be required to pay to Social Security $135 billion in interest payments and an additional $576 in cash for bonds representing principal redeemed. These obligations are one more powerful reason why a huge tax cut, at this time, before the surpluses have even actually materialized is, in my judgement, both unwise and imprudent.

EXHIBIT 1

INTEREST PAYMENTS AND SOCIAL SECURITY

[By fiscal year, in billions of dollars]

	2000	2005	2010	2015	2020	2025	2030	2035
Cash Interest Paid to Trust Fund	0	0	0	0	139.7	295.4	253.3	135.9
Interest Paid on External Debt	218.5	155.2	43.1	0	0	0	0	0
Bond Interest Paid to Trust Fund	58.2	98.5	158.8	225.0	139.2	0	0	0
Trust Fund Principal Redemptions in Cash	0	0	0	0	0	35.3	279.7	576.7

Source: OMB.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the motion to recommit. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 65, nays 35, as follows:

[Rollcall Vote No. 237 Leg.]

YEAS—65

Abraham
Allard
Ashcroft
Bayh
Bennett
Bingaman
Bond
Breaux
Brownback
Bunning
Burns
Campbell
Chafee
Cochran
Collins
Coverdell
Craig
Crapo
DeWine
Domenici
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Jeffords
Kennedy
Kerrey
Kerry
Kohl
Kyl
Landrieu
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Santorum

Schumer
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Torricelli
Warner
Wyden

NAYS—35

Akaka
Baucus
Biden
Boxer
Bryan
Byrd
Cleland
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Graham
Harkin
Hollings
Inouye
Johnson
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Voinovich
Wellstone

The motion was agreed to.

Mr. McCAIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

AMENDMENT NO. 1397

Mr. McCAIN. Mr. President, I call up amendment No. 1397 and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arizona (Mr. McCAIN) proposes an amendment numbered 1397.

Mr. McCAIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The amendment is printed in a previous edition of the RECORD.)

Mr. McCAIN. Mr. President, my amendment would create a national three-year school choice demonstration for children from economically disadvantaged families and the cost of this is fully paid for by eliminating unnecessary corporate subsidies for the ethanol, oil, gas, and sugar industries.

This demonstration would provide educational opportunities for low-income children by providing parents and students the freedom to choose the best school for their unique academic needs, while encouraging schools to be creative and responsive to the needs of all students.

Each eligible child would receive $2,000 each year for attending any school of their choice—including private or religious schools.

In total, the amendment authorizes $5.4 billion for the three-year school choice demonstration program, as well as a GAO evaluation of the program upon its completion. The cost of this important test of school vouchers is fully offset by eliminating more than $5.4 billion in unnecessary and inequitable corporate tax loopholes which benefit the ethanol, sugar, gas and oil industries.

These tuition vouchers would help provide over 1 million low-income children trapped in poor performing schools the same educational choices as children of economic privilege.

Providing educational choice to low-income children is an important step in ensuring all our children, not just wealthy children can make their dreams a reality.

We can not afford to continue subsidizing the ethanol, sugar, oil and gas industries at a time when we are struggling to save Social Security and Medicare, provide much needed and deserved tax relief to American families and strengthening our investment in the health, security and education of our children—our future.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. REED addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. REED. Mr. President, I oppose this amendment on procedural grounds. This is a highly complex subject. It is a subject that I am sure will be debated extensively as we consider the Elementary and Secondary Education Act. But in principle also I think it is inappropriate to divert these resources to private education when we have so many unmet needs in public education.

I believe also that if we adopt the underlying tax bill there will be even less resources to devote to public education and it will exacerbate the demands that we already must meet with respect to public education.

There is a difference between private schools and public schools. Private schools can exclude children. Public schools must educate every child in America.

I believe our obligation and commitment is to public education, and this amendment will defeat that.

I also note that the pending amendment is not germane.

Therefore, I raise a point of order that the amendment violates Section 305(b)(2) of the Congressional Budget Act of 1974.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. McCAIN. Mr. President, pursuant to section 904 of the Congressional Budget Act, I move to waive the point of order against amendment No. 1397, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. HAGEL). The question is on agreeing to the motion to waive the Congressional Budget Act in relation to the McCain amendment No. 1397. The yeas and nays have been ordered. The clerk will call the roll.

The legislative assistant proceed proceeded to call the roll.

The yeas and nays resulted—yeas 13, nays 87, as follows:

[Rollcall Vote No. 238 Leg.]

YEAS—13

Allard
Biden
DeWine
Gregg
Hutchinson
Kyl
Lieberman
McCain
Moynihan
Santorum
Shelby
Specter
Thompson

NAYS—87

Abraham
Akaka
Ashcroft
Baucus
Bayh
Bennett
Bingaman
Bond
Boxer
Breaux
Brownback
Bryan
Bunning
Burns
Byrd
Campbell
Chafee
Cleland
Cochran
Collins
Conrad
Coverdell
Craig
Crapo
Daschle
Dodd
Domenici
Dorgan
Durbin
Edwards
Enzi
Feingold
Feinstein
Fitzgerald
Frist
Gorton
Graham
Gramm
Grams
Grassley
Hagel
Harkin
Hatch
Helms
Hollings
Hutchison
Inhofe
Inouye
Jeffords
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lincoln
Lott
Lugar
Mack
McConnell
Mikulski
Murkowski
Murray
Nickles
Reed
Reid
Robb
Roberts
Rockefeller
Roth
Sarbanes
Schumer
Sessions
Smith (NH)
Smith (OR)
Snowe
Stevens
Thomas
Thurmond
Torricelli
Voinovich
Warner
Wellstone
Wyden

The PRESIDING OFFICER. On this vote the yeas are 13 and the nays are 87. Three-fifths of the Senators present and voting, not having voted in the affirmative, the motion to waive the Budget Act is rejected. The point of order is sustained, and the amendment falls.

The Senator from Nebraska.

CHANGE OF VOTE

Mr. HAGEL. Mr. President, on rollcall No. 238, I voted "aye". It was my intention to vote "no." Therefore, I ask unanimous consent that I be permitted to change my vote since it would in no way change the outcome of the vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The foregoing tally has been changed to reflect the above order.)

AMENDMENT NO. 1383

(Purpose: To increase the Federal minimum wage.)

Mr. KENNEDY. Mr. President, I have an amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Massachusetts [Mr. KENNEDY] proposes an amendment numbered 1383.

Mr. KENNEDY. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The amendment is printed in a previous edition of the RECORD.)

Mr. KENNEDY. Mr. President, Republicans continue to deny us the opportunity to vote on our bill to raise the minimum wage for the lowest paid workers. That is why I have filed the Fair Minimum Wage Act of 1999 as an amendment to the Budget Reconciliation Bill.

Shame on Congress for giving tax breaks to the rich, but denying a pay raise for the working poor. The $792 billion Republican tax package will disproportionately benefit the richest Americans. Almost thirty percent of the tax breaks, once fully implemented, will go to the wealthiest 1 percent of Americans—those who make over $300,000 a year. Seventy-five percent of the tax breaks will benefit the wealthiest 20 percent of Americans—those with an average income of over $139,000.

But these tax breaks do virtually nothing for the lowest paid workers. They give minimum wage earners less than $22 a year in tax relief, compared to an average tax break of $22,964 a year for the wealthiest Americans. The Republicans want to give America's wealthiest 1 percent a tax break that is equal to or higher than what 40 percent of Americans earn in a year.

The vast magnitude of these tax breaks is possible only because they depend on severe budget cuts in Head Start, Summer Jobs for low-income youth, and HUD housing subsidies for low-income tenants. Shame on Congress for ignoring the majority of America's workers to benefit the wealthy few.

Our amendment is a modest proposal to raise the minimum wage from its present level of $5.15 an hour to $5.65 on September 1, 1999 and to $6.15 on September 1, 2000. It will help over 11 million American families.

At $6.15 an hour, working full-time, a minimum wage worker would earn $12,800 a year under this amendment—an increase of over $2,000 a year.

That additional $2,000 will pay for seven months of groceries to feed the average family. It will pay the rent for an average family for five months. It will pay for almost ten months of utilities. It will cover a year and a half of tuition and fees at a two-year college, and provide greater opportunities for those struggling at the minimum wage to obtain the skills needed to obtain better jobs.

The national economy is the strongest in a generation, with the lowest unemployment rate in three decades. Under the leadership of President Clinton, the country as a whole is enjoying a remarkable period of growth and prosperity. Enterprise and entrepreneurship are flourishing—generating unprecedented expansion, with impressive efficiencies and significant job creation. The stock market has soared. Inflation is low, and interest rates are low. We are witnessing the strongest peace-time growth in our history.

The sad reality, however, is that low wage workers are being left behind. And the Republican tax bill only widens the gap between the wealthy and the working poor. The Republican pension provisions, for example, only benefit high income Americans with extra income to contribute to IRAs and 401(k) plans. Raising the contribution limits on these savings vehicles only discourages companies from offering across-the-board retirement plans that benefit all employees. The Republican tax bill also undermines the current tax code rules that require retirement benefits to be distributed fairly among lower and higher paid workers.

Under current law, minimum wage earners can barely make ends meet. Working 40 hours a week, 52 weeks a year, they earn $10,712—almost $3,200 below the poverty line for a family of three. The real value of the minimum wage is now more than $2.00 below what it was in 1968. To have the purchasing power it had in 1968, the minimum wage should today be at least $7.49 an hour, not $5.15. This unconscionable gap shows how far we have fallen short over the past three decades in giving low income workers their fair share of the country's extraordinary prosperity.

To rub salt in the wound, Congress recently signed off on a cost of living pay increase for every member of the Senate and House of Representatives. Republican Senators don't blink about giving themselves an increase—how can they possibly deny a fair increase to minimum wage workers?

It is time to raise the Federal minimum wage. No one who works for a living should have to live in poverty. I urge my colleagues to join me in raising the minimum wage.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, we should not be passing a law on a tax cut bill to say it is against the law anywhere in the country to work for $6.10 an hour, that the Federal Government, in its infinite wisdom, decided if you don't have a job that pays at least $6.15 an hour you should be unemployed. That would be a serious mistake.

This language in this amendment is not germane to the bill now before us. I now raise a point of order under section 305(b)(2) of the Congressional Budget Act.

Mr. KENNEDY. Mr. President, pursuant to section 904 of the Congressional Budget Act, I move to waive all the applicable sections of the Act for consideration of the pending amendment.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Budget Act in relation to the Kennedy amendment, No. 1383. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

The yeas and nays resulted—yeas 46, nays 54, as follows:

[Rollcall Vote No. 239 Leg.]

YEAS—46

Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Breaux
Bryan
Byrd
Cleland
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Fitzgerald
Harkin
Hollings
Inouye
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Schumer
Specter
Torricelli
Wellstone
Wyden

NAYS—54

Abraham
Allard
Ashcroft
Bennett
Bond
Brownback
Bunning
Burns
Campbell
Chafee
Cochran
Collins
Coverdell
Craig
Crapo
DeWine
Domenici
Enzi
Frist
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Jeffords
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Stevens
Thomas
Thompson
Thurmond
Voinovich
Warner

The PRESIDING OFFICER. On this vote, the yeas are 46, the nays are 54. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained, and the amendment falls.

AMENDMENT NO. 1386

(Purpose: To provide a complete substitute)

Mr. SPECTER. Mr. President, I call up amendment No. 1386.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SPECTER] proposes an amendment numbered 1386.

(The amendment is printed in a previous edition of the RECORD.)

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I urge my colleagues to support this flat tax amendment realistically as a protest against the complicated Tax Code which now numbers some 7.5 million words, costs $600 billion in compliance, and takes 5.4 billion hours to comply. This amendment is supported by Senator LOTT, Senator NICKLES, Senator CRAIG, and others.

In a very shorthand statement, this is a tax return under the flat tax. It is a postcard, and it can be filled out in 15 minutes. It eliminates taxes on capital gains, on estates, and on dividends, all of which have been taxed before. It is not regressive. There is no tax for a family of four up to $27,500 in earnings, which is 53 percent of Americans. There is a reduction in tax for $1,000 up to $35,000. It is even at $75,000. An affirmative vote will signal a protest to urge the Finance Committee and Ways and Means to give serious consideration to this important reform.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, we have not seen a copy of this amendment, but I assume it is the standard flat tax that has been discussed for years. If that is the case, then the net effect of it will be, for most income earners, most American taxpayers, in effect, a tax increase. The only taxpayers with a tax reduction under the standard flat tax proposal will be those of adjusted gross incomes of over $200,000, and the tax reduction will be 50 percent. Stated differently, this is a tax on workers but it is not a tax on investment income, it is not a tax on other income, which I think is unfair.

In any event, the amendment is not germane. I raise a point of order that it violates section 305(b)(2) of the Budget Act.

Mr. SPECTER. Mr. President, under the applicable provision, I move to waive the provision as to germaneness, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Budget Act with respect to amendment No. 1386. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The yeas and nays resulted—yeas 35, nays 65, as follows:

[Rollcall Vote No. 240 Leg.]

YEAS—35

Allard
Bennett
Brownback
Burns
Campbell
Cochran
Collins
Coverdell
Craig
Crapo
Frist
Gorton
Gramm
Grassley
Gregg
Hatch
Helms
Hutchison
Inhofe
Kyl
Lott
Mack
McCain
McConnell
Murkowski
Nickles
Reid
Sessions
Shelby
Smith (NH)
Specter
Stevens
Thomas
Thompson
Thurmond

NAYS—65

Abraham
Akaka
Ashcroft
Baucus
Bayh
Biden
Bingaman
Bond
Boxer
Breaux
Bryan
Bunning
Byrd
Chafee
Cleland
Conrad
Daschle
DeWine
Dodd
Domenici
Dorgan
Durbin
Edwards
Enzi
Feingold
Feinstein
Fitzgerald
Graham
Grams
Hagel
Harkin
Hollings
Hutchinson
Inouye
Jeffords
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Lugar
Mikulski
Moynihan
Murray
Reed
Robb
Roberts
Rockefeller
Roth
Santorum
Sarbanes
Schumer
Smith (OR)
Snowe
Torricelli
Voinovich
Warner
Wellstone
Wyden

The PRESIDING OFFICER. On this vote the yeas are 35, the nays are 65. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls.

AMENDMENT NO. 1416

(Purpose: To amend the Internal Revenue Code of 1986 to make higher education more affordable by providing a full tax deduction for higher education expenses and a tax credit for student education loans)

Mr. SCHUMER. Mr. President, I call up my amendment.

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

> The Senator from New York [Mr. SCHUMER], for himself, Ms. SNOWE, Mr. BAYH, and Mr. SMITH of Oregon, proposes an amendment numbered 1416.

Mr. SCHUMER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in a prior edition of the RECORD.)

Mr. SCHUMER. I thank the Chair. I yield 30 seconds of my time to the Senator from Maine when I am completed.

This amendment is simple. It is bipartisan, sponsored by the Senator from Maine, Ms. SNOWE, Mr. SMITH of Oregon, Mr. BAYH of Indiana, and myself. It seeks no political advantage for either side. It helps the middle class in a vitally needed way, by making college tuition, up to $12,000, fully deductible for all those in the 28 percent bracket or lower. That is over 90 percent of all Americans. The average middle class person making $50,000, $60,000, $70,000 a year sweats at night worrying about paying for the cost of college, which is getting higher and higher. I urge support of the amendment.

The PRESIDING OFFICER (Mr. BUNNING). The Senator's 30 seconds have expired.

The Senator from Maine.

Ms. SNOWE. Mr. President, I urge my colleagues to support this amendment. It will dramatically improve access for working American families in this country to pursue higher education. The bottom line is that even as the cost of college has quadrupled over the past 20 years, in fact, growing nearly to twice the rate of inflation, the value of Pell grants has actually decreased. Where it used to cover 39 percent of the cost of public education, today it is 22 percent. In fact, in the last 5 years alone, the total amount of college loans has soared by 82 percent, even after adjusted for inflation. I hope that we will help American families with this amendment.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, Senator SCHUMER's amendment would provide a full tax deduction for higher education and a tax credit for student loans. While I recognize that we need to assist American families with the cost of higher education, I cannot support this amendment. The costs of this amendment are enormous. I understand that it would cost something like $25 billion over 10 years, but the pay-for would delay the AMT relief that is provided in this bill. That delay would impact on working Americans, depriving them of the child credit, personal exemptions, and, ironically, educational benefits such as the HOPE scholarship and lifetime earnings.

Mr. President, I regret that I must make a point of order against the amendment under section 305 of the Budget Act on the grounds it is not germane.

The PRESIDING OFFICER. The Senator from New York.

Mr. SCHUMER. Mr. President, I move to waive the Budget Act, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Congressional Budget Act in relation to the Schumer amendment No. 1416. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative assistant called the roll.

The result was announced—yeas 53, nays 47, as follows:

[Rollcall Vote No. 241 Leg.]

YEAS—53

Abraham
Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Breaux
Bryan
Byrd
Cleland
Collins
Conrad
Daschle
DeWine
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Fitzgerald
Graham
Harkin
Hollings
Inouye
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Santorum
Sarbanes
Schumer
Smith (OR)
Snowe
Specter
Torricelli
Wellstone
Wyden

NAYS—47

Allard
Ashcroft
Bennett
Bond
Brownback
Bunning
Burns
Campbell
Chafee
Cochran
Coverdell
Craig
Crapo
Domenici
Enzi
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Jeffords
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Sessions
Shelby
Smith (NH)
Stevens
Thomas
Thompson
Thurmond
Voinovich
Warner

The PRESIDING OFFICER. On this vote the yeas are 53, the nays are 47. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls.

OBJECTION TO COMMITTEE MEETING

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. REED. Mr. President, I note that the banking committee is meeting at this time, and objection to that meeting has been made for the RECORD.

The PRESIDING OFFICER. It is so noted.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I thank the majority leader, the minority leader, and also Senator ROTH, Senator REID, and Senator MOYNIHAN.

We have made very good progress in reducing the number of amendments. I think we are down to maybe a few amendments. I know that on this side we are only looking at one or two that would require a rollcall vote. We are trying to make it one or two. We have a few more requests. I think we are making good progress. I know Senator REID is making good progress.

That is for the information of our colleagues.

We would also like to keep the rollcall votes to 10 minutes. The last rollcall vote went a little extra. We are going to finish this bill today. It is in everybody's interest to stay on the floor and to have timely rollcall votes.

We expect to accept a couple of amendments right now. That will help expedite the process.

I yield the floor.

AMENDMENT NO. 1452

(Purpose: To increase the mandatory spending in the Child Care and Development Block Grant by $10,000,000,000 over 10 years in order to assist working families with the costs of child care, and for other purposes)

Mr. DODD. Mr. President, I call up amendment 1452 and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

> The Senator from Connecticut [Mr. DODD], for himself and Mr. JEFFORDS, proposes an amendment numbered 1452.

(The text of the amendment is printed in a previous edition of the RECORD.)

Mr. JEFFORDS. Mr. President, the child development block grant has helped thousands of families keep jobs by helping offset the enormous costs of child care, which enable them to go to work. In most cases, subsidies are so low that families are forced to use the cheapest and, in many cases, the poorest quality child care.

There are 66 Senators who voted for the money in the budget for this purpose. The kids at the Burlington YMCA are right: We must act now for quality child care.

Mr. DODD. Mr. President, this is a very good amendment. Only one in 10 eligible children is being served.

I thank my colleagues, Senators JEFFORDS, CHAFEE, SNOWE, COLLINS, ROBERTS, SPECTER, STEVENS, and DOMENICI. This is a large bipartisan group that cares about this very much.

These are needed resources to get to children who are not being well served. The tax credit is not refundable so it does not reach that low-income category. This child care development block grant does assist these families.

For those reasons, we urge adoption of the amendment. I thank the leadership for agreeing this be done on a voice vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1452) was agreed to.

Mr. DODD. Mr. President, I move to reconsider the vote.

Mr. ROBB. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MOTION TO RECOMMIT

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ROBB. Mr. President, despite the opportunities we have had in this bill and in the Finance Committee to address the $112 billion school repair needs in this country, this tax bill is simply inadequate in terms of infrastructure assistance for our Nation's schools.

We know 14 million children attend schools in need of extensive repair or complete replacement. We know we need to build 2,400 new schools by 2003 to accommodate record school enrollments. We know we need to equip our schools with modern technology and the infrastructure necessary to support that technology. We know all these things. Yet we have reported a tax bill that only helps build and renovate 200 schools. We cannot starve our schools of resources and then criticize them when they are overcrowded or dilapidated.

On behalf of Senators LAUTENBERG, CONRAD, HARKIN, and WELLSTONE, I move to recommit the bill to the Committee on Finance, with instructions to report back to the Senate within 3 days with an amendment reducing or deferring by $5.7 billion over the next 10 years certain new tax rates in the bill that benefit those who least need relief.

Mr. NICKLES. I think this procedure would be a serious mistake. We don't want Federal bureaucrats trying to improve school construction programs. I think it would be a serious mistake. We should leave those decisions of which schools to be building and which schools to repair to the State and local governments.

I move to table the motion, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 55, nays 45, as follows:

[Rollcall Vote No. 242 Leg.]

YEAS—55

Abraham
Allard
Ashcroft
Bennett
Bond
Brownback
Bunning
Burns
Campbell
Chafee
Cochran
Collins
Coverdell
Craig
Crapo
DeWine
Domenici
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Jeffords
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Voinovich
Warner

NAYS—45

Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Breaux
Bryan
Byrd
Cleland
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Graham
Harkin
Hollings
Inouye
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Schumer
Torricelli
Wellstone
Wyden

The motion was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. ROBB. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MOTION TO RECOMMIT

Mr. WELLSTONE. I call up my motion to recommit on veterans' health care.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

> The Senator from Minnesota [Mr. WELLSTONE] moves to recommit the bill, S. 1429, to the Committee on Finance with instructions that the Committee on Finance report the bill to the Senate with provisions which—
>
> Establish a reserve account for purposes of providing funds for medical care for veterans;
>
> Provide for the deposit in the reserve account of $3,000,000,000 in each of fiscal years 2000 through 2004;
>
> Make available amounts in the reserve account in those fiscal years for purposes of medical care for veterans, which amounts shall be in addition to any other amounts available for medical care for veterans in those fiscal years; and
>
> Provide that amounts for deposits in the reserve account shall be derived by reductions in the amounts of new tax reductions provided in the bill, wherever possible, for individuals with incomes exceeding $200,000 per year.

Mr. WELLSTONE. Mr. President, I introduce this motion with Senator JOHNSON, Senator DASCHLE, and Senator HARKIN. This motion calls for $3 billion added to veterans' health care. That is consistent with what the Veterans' Affairs Committee has said we need to do. That is consistent with the veterans independent budget. That is consistent with the report we did last week on the gaps in veterans' health care, and every single Senator voted on the budget resolution for a $3 billion increase for veterans' health care. That is the least we should do to make sure there is high-quality health care for veterans in our country.

Mr. JOHNSON. Mr. President, the underlying tax bill calls for domestic spending reductions of anywhere from 24 to 38 percent, closing down VA hospitals from one end of this country to the other. This is the one vote on which my colleagues will have an opportunity to make sure there is enough money in the VA system to keep those hospitals open.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, I agree with my colleagues on the other side. Yet the President's budget devastates veterans' health care. The flat-line budget proposed by this administration will result in some 13,000 Veterans Affairs employees being RIF'd or furloughed. It will close down facilities. It will throw people out of the care of the veterans facilities.

The problem is that this motion does nothing to get money to veterans. This body has already gone on record saying we do not want to stay at the low level submitted by the President. That is why we are going to increase by hundreds of millions of dollars in the appropriations bill the amount we spend for veterans' health care. We are concerned about veterans' health care. That is why we are not going to tolerate the unforgivably small budget that the President has proposed. This is an attempt to provide appropriations when, in fact, it will have no such impact. There is $505 billion set aside in this plan for spending on high-priority matters.

Mr. President, I make a point of order against the amendment under section 305 of the Budget Act on the grounds that it is not germane.

Mr. WELLSTONE. Mr. President, I move to waive the Budget Act, and I ask for the yeas and nays on the motion.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question occurs on agreeing to the motion to waive the Budget Act with respect to the motion to recommit. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The yeas and nays resulted—yeas 58, nays 42, as follows:

[Rollcall Vote No. 243 Leg.]

YEAS—58

Abraham
Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Bryan
Burns
Byrd
Cleland
Collins
Conrad
Daschle
DeWine
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Graham
Harkin
Hollings
Hutchinson
Hutchison
Inouye
Jeffords
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
McCain
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Santorum
Sarbanes
Schumer
Smith (NH)
Snowe
Specter
Thomas
Torricelli
Warner
Wellstone
Wyden

NAYS—42

Allard
Ashcroft
Bennett
Bond
Breaux
Brownback
Bunning
Campbell
Chafee
Cochran
Coverdell
Craig
Crapo
Domenici
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Inhofe
Kyl
Lott
Lugar
Mack
McConnell
Murkowski
Nickles
Roberts
Roth
Sessions
Shelby
Smith (OR)
Stevens
Thompson
Thurmond
Voinovich

The PRESIDING OFFICER (Mr. ROBERTS). On this vote the yeas are 58, the nays are 42. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the motion falls.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. NICKLES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BINGAMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

MOTION TO RECOMMIT

Mr. BINGAMAN. Mr. President, I have a motion at the desk to recommit to the Finance Committee that I call up at this time.

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

> The Senator from New Mexico [Mr. BINGAMAN] moves to recommit the bill to the Committee on Finance with instructions to report back within three days with an amendment providing for an additional $100 billion of debt reduction, and to do so by reducing narrowly-targeted, special-interest tax breaks and tax reductions that disproportionately benefit the wealthy.

Mr. BINGAMAN. Mr. President, we have a historic opportunity before us. For the first time in my nearly two decades in the Senate, we are presented with predictions of a growing surplus. We made the tough choices in 1993 and again in 1997 to bring spending under control, to reduce the deficit, and to restore the federal budget to balance.

We are at a crossroads now and must decide how to respond to this opportunity. Will we invest it wisely and prudently, or will it be squandered? Will we return to the disastrous policies of the 1980's, or can we stay on the path of fiscal discipline? The American public is deeply cynical about government. Now is our chance to prove we can come together in our national interest.

I am deeply concerned about the Republican plan for using this surplus. In my opinion, they are squandering an opportunity we won't have again to extend the solvency of Medicare and Social Security, to invest in key priorities like education, the environment and medical research, and to pay down our national debt. We shouldn't go off on a spending or tax-cutting spree when we have this huge debt to repay.

Unfortunately, the Republicans have chosen to focus single-mindedly on cutting taxes. I believe we should have a tax cut—I would favor tax relief for working families, such as easing the marriage penalty and increasing the per-child credit—but this bill goes much too far. Instead, we need to balance the money among several key priorities.

There is almost no single policy that is more important to the long-term health of our budget, to the sustainability of the surplus, and to our overall economy, than paying off some of our three-and-half trillion dollar national debt. We cannot leave this burden to our grandchildren.

With a single voice, economists have told us of the benefits of and importance of paying down that debt. It will lead to lower interest rates. It will produce higher surpluses, because we will be paying less interest. And it will be of tremendous benefit to the economy, because it will free up private capital for productive investment that makes our economy grown, and raise the standard of living for us all.

Alan Greenspan himself has said repeatedly that the most important thing to do with the surplus is to pay down the debt. He has said it over and over and over again. And he's been saying it for quite some time now. Some of my Republican colleagues have seized on another statement he made—saying that if paying down the debt is not politically feasible, then he prefers tax cuts to spending.

My colleagues, there is no one here but us. We are in charge. We are free to vote for what's right, and to define what's possible or what's not. We can vote to reduce the debt, or to irresponsibly spend this one-in-a-lifetime surplus on an excessively large tax cut that would damage our economy and endanger Medicare and Social Security, education, law enforcement, defense—just about any important national program.

Paying off the debt today will also leave us in a much stronger position to afford the cost of the baby boom's retirement. As other speakers have pointed out, the cost of the Republican tax cuts begin to rise dramatically just at the same time the pressures on the budget begin to grow as the baby boomers start to retire.

But Republicans have rejected our attempts to pay down the debt. They claim they are doing plenty to pay down the debt—and that this is enough.

They may even talk about a Congressional Budget Office report that purports to show how their plan reduces the debt. But that analysis is based on a fiction; the fiction that Republicans will be able to cut spending dramatically—by nearly one-fourth. And if defense is funded at the level the Administration has requested, other important domestic programs would face cuts of nearly 40 percent. This means less medical research, dramatic cuts in the number of children participating in Head Start, substantial reductions in the number of law enforcement personnel, no new environmental cleanups, closures at national parks. The list goes on.

However, as we all know, Democrats and Republicans both, there is really no support for cuts of that magnitude, either in Congress or among the public. A story on the front page of the Washington Post on July 27, 1999 puts the lie to Republican assertions that they will be able to cut spending. They can't even pass this year's appropriations bills without resorting to smoke-and-mirrors gimmickry to hid the cost of their bills.

Without those cuts, they need to raid the Social Security trust fund to pay for their tax cut. And they will increase, rather than reduce, our national debt.

The truth is, they want their excessive, risky tax cut so badly that they are willing to put the health of our economy at risk, to endanger the security of retirees, and to short-change important national priorities like investments in education, medical research, the environment and even national defense.

Republicans want to spend 97 percent of the available non-Social Security surplus on tax cuts—tax cuts whose cost explodes in the future, overheat our economy, and disproportionately favor the rich and special interests.

Democrats have offered reasonable alternatives that balance tax cuts with Medicare solvency, debt reduction and investments in key domestic priorities. But these have all been rejected.

So I am making this last, very modest attempt to avoid wasting surplus—asking that $100 billion of this excessive tax cut be used instead for paying off more of our national debt. This would leave about 86 percent of the surplus for tax cuts—this is less than 97 percent they want to spend, but is still a substantial amount. We could do more to reduce the debt. I would like to do more. But this is a starting point.

My motion would instruct the Finance Committee to report the bill back in 3 days, with an amendment to reduce the tax cut by $100 billion, and use the savings to pay down more of our national debt. It also instructs the Committee to find the savings by reducing narrowly-targeted special interest tax breaks in the bill, and tax relief that disportionately benefits the wealthy.

Last week, just days after Republicans passed their tax bill out of committee, the Washington Post ran a story detailing the special-interest giveaways in the Republican tax bills. These include special breaks for seaplane owners in Alaska, barge lines in Mississippi, and foreign residents who use frequent-flyer miles to purchase airline tickets. Since then, we have also learned just how skewed the bill is toward families with the very highest incomes. The top 1 percent of all taxpayers would receive a whopping 30 percent of the tax cuts. Overall, the top one-fifth of taxpayers would receive 75 percent of the tax relief. It seems to me there is plenty of room in this bill to reduce the tax cut by $100 billion for the sake of reducing our national debt.

The Republicans have rejected our balanced alternative to a huge, imprudent tax cut, and they have rejected our lockbox that would set aside money for Social Security and Medicare—but can't they even reduce their enormous, risky tax cut by $100 billion in order to further reduce our nation's indebtedness? That's only about 10 percent of the available surplus. Only 10 percent for prudence and responsibility, the rest to fulfill their agenda.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. One, I appreciate our colleague's willingness to have a voice vote. I encourage others to have voice votes.

For the information of all Senators, I think we are making good progress. We only have a few amendments left, maybe just three or four that require votes.

I urge our colleagues, on this particular motion—despite my colleague's very good intentions—to vote no by voice vote.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was rejected.

Mr. SANTORUM. Mr. President, I move to reconsider the vote.

Mr. NICKLES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MOTION TO RECOMMIT

Mr. DORGAN. Mr. President, I call up my motion to recommit.

The PRESIDING OFFICER. The clerk will report the motion.

The legislative clerk read as follows:

The Senator from North Dakota [Mr. DORGAN] moves to recommit the bill to the Committee on Finance, with instructions to report back within 3 days, with an amendment to reserve amounts sufficient to establish an improved income safety net for family farmers and ranchers in fiscal years 2000 through 2009, by limiting the bill's new tax breaks for large corporations and those with annual incomes in excess of $300,000.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, this is a motion to recommit. I will not seek a recorded vote on it. My motion to recommit is to recommit the bill to the Finance Committee with instructions to report back with an amendment to reserve sufficient amounts to establish an improved income safety net for family farmers and ranchers in fiscal years 2000 through 2009 by limiting the bill's new tax breaks for large corporations and those with annual incomes in excess of $300,000.

I ask for its immediate consideration.

Mr. ROTH. Mr. President, I suggest we are ready for a voice vote.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was rejected.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. May I just note, sir, for the RECORD, there are several of us, including the junior Senator from Alaska, who regret that the rum cover-over provisions for Puerto Rico and the Virgin Islands are not included in this legislation. We hope to do so at some early future date. I yield the floor.

The PRESIDING OFFICER. The Senator from Michigan.

AMENDMENT NO. 1470, WITHDRAWN

(Purpose: Providing the Sense of the Senate regarding Capital Gains Tax Cuts)

Mr. ABRAHAM. Mr. President, I call up amendment No. 1470.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Michigan [Mr. ABRAHAM] proposes an amendment numbered 1470.

Mr. ABRAHAM. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The amendment is printed in a previous edition of the RECORD.)

Mr. ABRAHAM. Mr. President, this amendment tries to address what I consider to be one of the shortfalls in the Senate Finance Committee's tax bill. This tax bill does not include any provisions to reduce the capital gains tax rate. I believe we need to address the needs of America's growing investor class through mutual funds, pension plans, IRAs and other investment vehicles about 50 percent of Americans have. Half the Nation's population own stocks and other financial assets.

I believe it is time to put to rest once and for all the old class warfare slogan that only the rich pay capital gains taxes. Forty-nine percent of the investor class are women, and 38 percent are nonprofessional, salaried workers. Wall Street and Main Street are no longer separated. I believe it is time we recognize this fact and help new middle-class investors succeed in their drive to invest and save for the future.

I think it is time to cut the tax on mutual funds and pensions for working Americans and, therefore, I have offered this amendment which is a sense of the Senate suggesting we should, in the conference that will follow the passage of this legislation, recede to the House position which reduces capital gains tax rates.

The PRESIDING OFFICER. The distinguished Senator from New York.

Mr. MOYNIHAN. Mr. President, the pending amendment is not germane. Accordingly, I raise a point of order that the amendment violates section 305(b)(2) of the Congressional Budget Act of 1974.

Mr. ABRAHAM. Mr. President, I respond by saying that it is my impression that we will not have a majority for this amendment. We will not overcome the point of order. So at this time, in light of the time constraints we are operating under today, I withdraw the amendment.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

The distinguished Senator from North Dakota.

AMENDMENT NO. 1439

(Purpose: To amend the Internal Revenue Code of 1986 to allow employers a credit against income tax for information technology training expenses paid or incurred by the employer, and for other purposes)

Mr. CONRAD. Mr. President, I call up my amendment No. 1439.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from North Dakota [Mr. CONRAD], for himself, Mr. REID, and Mr. ROBB, proposes an amendment numbered 1439.

Mr. CONRAD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The amendment is printed in a previous edition of the RECORD.)

Mr. CONRAD. Mr. President, this amendment, I believe, addresses a critical national need. The Commerce Department tells us we have a shortage of information technology workers of 34,000 and that that will grow by 130,000 a year every year for the next 10 years. This amendment seeks to deal with that situation by providing for a tax credit of 20 percent, up to a limit of $6,000 per worker per year.

This means that the Federal Government would be in partnership with businesses training high-technology workers. The company would have to put up 80 percent of the cost, the Federal Government, through a tax credit, 20 percent. This is a reasonable response to a critical national need.

This amendment is cosponsored by Senator REID of Nevada, Senator ROBB of Virginia, and Senator ABRAHAM of Michigan. It is endorsed by the Information Technology Association of America, the Software Information Industry Association, the American Society for Training and Development, Cisco Systems, EDS, Intel, Microsoft, Texas Instruments, and many others.

Mr. NICKLES. Mr. President, I urge our colleagues to vote no on this amendment, both on substance and also on a germaneness point, which I will raise in a moment.

The Senator is proposing a $6,000 tax credit if somebody is trained as a high-tech employee. We are going to have the Federal Government saying in this one area we want to pay $6,000 for this person to be trained how to run computers.

I want people to learn how to run computers. Millions of people are doing it today. They don't need the Federal Government to give them $6,000 to do it. What about steelworkers? What about auto workers? What about oil workers? What about factory workers? We don't do it for them. We shouldn't do it for this industry.

Also the Senator pays for it by taking away the tax benefits we have that allow people to enhance their retirement income. I think that is a serious mistake.

I make a point of order against the amendment under section 305 of the Budget Act on the grounds that it is not germane, and I ask for the yeas and nays.

Mr. CONRAD. Mr. President, I move to waive the Congressional Budget Act point of order.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Congressional Budget Act in relation to the Conrad amendment No. 1439. The yeas and nays have been ordered. The clerk will call the roll.

The legislative assistant called the roll.

The result was announced—yeas 46, nays 54, as follows:

[Rollcall Vote No. 244 Leg]

YEAS—46

Abraham
Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Breaux
Bryan
Byrd
Cleland
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Graham
Harkin
Hollings
Inouye
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Schumer
Torricelli
Wellstone
Wyden

NAYS—54

Allard
Ashcroft
Bennett
Bond
Brownback
Bunning
Burns
Campbell
Chafee
Cochran
Collins
Coverdell
Craig
Crapo
DeWine
Domenici
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Jeffords
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Voinovich
Warner

The PRESIDING OFFICER. On this vote the yeas are 46, the nays are 54. Three-fifths of the Senators duly chosen not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. BOND. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The distinguished Senator from Iowa is recognized.

AMENDMENT NO. 1454

(Purpose: To block companies from entering into a situation where they are giving benefits to younger workers and denying those same benefits to older employees. The amendment clearly stops a method by which some employers skirt the intent of current law that prevents them from taking away already accrued pension benefits)

Mr. HARKIN. Mr. President, I call up amendment No. 1454 and ask unanimous consent that Senator KENNEDY and Senator WELLSTONE be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa (Mr. HARKIN), for himself, and Mr. KENNEDY, and Mr. WELLSTONE, proposes an amendment numbered 1454.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The amendment is printed in a previous edition of the RECORD.)

Mr. HARKIN. Mr. President, right now companies are changing pension plans. They are going from defined benefit plans to these cash balance plans. That is OK. This amendment doesn't stop that. But what is happening now is workers who have worked at these companies for sometimes 20 or 25 years have their pensions degraded. There are 5 to 7, and sometimes as many as 10, years when nothing is put into their pension plans. The younger workers are getting money paid into their pensions and the older workers are not.

This amendment says that if they change pension plans they can not discriminate against the older workers, and the companies have to put into the older workers' pension accounts whatever they are putting into the younger workers' pension accounts so that we don't have this kind of wear away for 5 or 7 years when older workers are denied their pension benefits.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. Mr. President, I rise to oppose this amendment.

Employer sponsorship of defined benefit pension plans have been declining over the last few years, mainly due to the increased regulatory burden that Congress and the IRS has placed on employers who offer these plans to employees.

This amendment would also substantially impair the employer's ability to design and change their pension plans to meet the changing needs of the business and of the employees. In addition, it would punish good corporate citizens who maintain pension plans while leaving other companies free to terminate their plans in order to get from under this new law.

We have dealt with the concerns that participants do not know or understand changes to their pension plans with the more expansive disclosure requirements that are contained in this bill.

We should focus on revitalizing the defined pension system, rather than adding new burdens on employers who voluntarily establish these plans. For these reasons, I urge my colleagues to oppose this amendment.

Mr. President, I make a point of order against the amendment under section 305 of the Budget Act on the grounds that it is not germane.

Mr. HARKIN. Mr. President, pursuant to section 904 of the Congressional Budget Act, I move to waive the Congressional Budget Act for the consideration of amendment No. 1454, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Congressional Budget Act in relation to the Harkin amendment No. 1454. The yeas and nays have been ordered. The clerk will call the roll

The legislative clerk called the roll.

The yeas and nays resulted—yeas 48, nays 52, as follows:

[Rollcall Vote No. 245 Leg.]

YEAS—48

Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Breaux
Bryan
Byrd
Cleland
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Graham
Grassley
Harkin
Hollings
Inouye
Jeffords
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Schumer
Specter
Torricelli
Wellstone
Wyden

NAYS—52

Abraham
Allard
Ashcroft
Bennett
Bond
Brownback
Bunning
Burns
Campbell
Chafee
Cochran
Collins
Coverdell
Craig
Crapo
DeWine
Domenici
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Stevens
Thomas
Thompson
Thurmond
Voinovich
Warner

The PRESIDING OFFICER. On this vote the yeas are 48, the nays are 52. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. LEAHY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MOTION TO RECOMMIT

The PRESIDING OFFICER. The distinguished Senator from Massachusetts is recognized. The Senate will be in order.

Mr. KENNEDY. Mr. President, I send a motion to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the motion.

The legislative clerk read as follows:

> The Senator from Massachusetts [Mr. KENNEDY] moves to recommit the bill to the Committee on Finance, with instructions to report back to the Senate within 3 days, with an amendment to reserve $39 billion to provide permanent appropriations to the Pell Grant program in years 2000 through 2009 by reducing or deferring certain new tax breaks in the bill, especially those that disproportionately benefit the wealthy.

Mr. KENNEDY. Mr. President, as I understand, there is a 2-minute time limit, 1 minute to either side; is that correct?

The PRESIDING OFFICER. The Senator's time is limited to 1 minute.

If we could have order in the Senate, please, we could expedite things.

The Senator is recognized for 1 minute.

Mr. KENNEDY. Mr. President, this is to try to provide some help and additional assistance to those individuals who are receiving the Pell grants. Those are virtually the lowest-income students. For the over 4 million students who are receiving Pell grants, their average income is $14,000 a year. They are the students who are encumbered to the greatest degree as a result of borrowing. They start out, if they are lucky enough to get into college, having these overwhelming debts. This would provide some $39 billion which would increase the Pell grants some $400. It would still only make them about 60 percent of what the Pell grants were some 20 years ago.

As we are looking out after providing tax breaks for those in the upper incomes, it does seem to me that to try to give further encouragement to able and gifted students at the lower income level deserves support.

The PRESIDING OFFICER. The distinguished Senator from Texas is recognized.

Mr. GRAMM. We are all aware Congress has provided substantial funds for Pell grants.

The PRESIDING OFFICER. The Senate is not in order.

Mr. GRAMM. Mr. President, you would have had to have just come in on a turnip truck not to realize this Congress is a major funder of Pell grants. We provide substantial funding in Pell grants in guaranteed student loans. What we have before us is not another assistance program, not another program that is trying to single out every interest group in America and give them something, but instead we have a tax bill that is aimed at letting working Americans keep more of what they earn so they can help send their children to college.

I hope we might see an amendment such as this withdrawn and not have to vote on it.

I yield the remainder of my time.

Mr. KENNEDY. Mr. President, as I understand it, the time has been used or yielded back. I look forward to a vote on this motion.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was rejected.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MOTION TO RECOMMIT

Mr. DORGAN. I have a motion at the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Dakota [Mr. DORGAN] moves to recommit the bill to the Committee on Finance, with instructions to report back within 3 days, with an amendment to reserve sufficient amounts of funding to allow our nation to reach our goal of serving one million children through the Head Start program and to ensure that the number of nutritionally at-risk women and children being served by the Special Supplemental Nutrition Program for Women, Infants, and Children will not be reduced in fiscal years 2000 through 2009, by limiting the bill's new tax breaks for those with annual incomes in excess of $300,000 and for large businesses.

The PRESIDING OFFICER. Without objection, the Senator is recognized.

Mr. DORGAN. Mr. President, I would like to take just a few seconds and then yield to Senator WELLSTONE the remainder of the 1 minute.

This is a motion to recommit the bill to the Committee on Finance with instructions to report back with an amendment to reserve sufficient amounts of funding to allow our Nation to reach our goal of serving 1 million children through the Head Start Program and to make sure we are not diminishing or threatening those who are receiving benefits under the WIC Program.

We hope if there is enough opportunity to provide tax cuts for 9 or 10 years, Members of the Senate will agree that Head Start and WIC also ought to receive priority.

I yield to Senator WELLSTONE.

Mr. WELLSTONE. Mr. President, this is all about whether or not we support children in our country. It is a terribly important program. We will vote it up or down on a voice vote. On the ag appropriations bill we will have a recorded vote.

The PRESIDING OFFICER. Does any Senator wish to speak in opposition?

Mr. ROTH. I suggest a voice vote.

The PRESIDING OFFICER. The question is on agreeing to the motion to recommit.

The motion was rejected.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. HATCH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1456

Mr. ASHCROFT. Mr. President, I call up amendment No. 1456 which is at the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Missouri [Mr. ASHCROFT] proposes an amendment numbered 1456.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The amendment is printed in a previous edition of the RECORD.)

The PRESIDING OFFICER. The Senator is recognized for 1 minute.

Mr. ASHCROFT. Mr. President, this amendment simply eliminates from this bill a special tax cut aimed at foreign technologies for converting poultry waste into electricity. I agree with converting poultry waste into something useful, but I disagree with giving a tax break to foreign corporations when there are U.S. companies capable of achieving that end.

Two such companies exist in my home State. Agri-Cycle of Springfield, MO, processes chicken manure into pollution-free fertilizer pellets. The British company that wants to build the facility here and burn the waste claims they need the tax break because without it, they would not be able to expand here because they are used to large subsidies they receive from the British Government.

I ask my colleagues to support this amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Does any Senator wish to speak in opposition to the amendment?

The Senator from Delaware.

Mr. ROTH. Mr. President, I rise in opposition to this amendment. The poultry provision in the Taxpayer Refund Act of 1999 meets three important criteria:

First, it facilitates the development and use of alternative fuel to generate clean electricity—energy that is not only abundant, but environmentally friendly. Certainly, in this summer of rolling brownouts, we cannot overstate how important this is.

Second, the poultry provision in this bill addresses the need to safely and effectively dispose of chicken waste. Poultry production in the United States has tripled since 1975. Along with this growth, comes the waste, and the need to dispose of it.

And third, the poultry provision in the bill demonstrates Congress' willingness to help our poultry farmers, while encouraging technological advances. Providing incentives for facilities that turn chicken waste into clean energy is consistent with our objectives.

For these reasons, I urge my colleagues to vote against this amendment, and to support the production of clean electricity—production that will help America meet its energy needs, while helping our farmers and protecting our environment.

Mr. MOYNIHAN. Mr. President, this measure was thoroughly discussed in the Committee on Finance and is well understood on our side. I support the chairman in the existing provision of the bill.

The PRESIDING OFFICER. The opposition time has expired.

Mr. ROTH. I call for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have already been ordered.

The question is on agreeing to amendment No. 1456. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 23, nays 77, as follows:

[Rollcall Vote No. 246 Leg.]

YEAS—23

Abraham
Allard
Ashcroft
Bond
Brownback
Burns
Craig
Crapo
Durbin
Enzi
Fitzgerald
Gorton
Gregg
Inhofe
Johnson
Kohl
Kyl
McCain
Nickles
Roberts
Smith (NH)
Thomas
Wyden

NAYS—77

Akaka
Baucus
Bayh
Bennett
Biden
Bingaman
Boxer
Breaux
Bryan
Bunning
Byrd
Campbell
Chafee
Cleland
Cochran
Collins
Conrad
Coverdell
Daschle
DeWine
Dodd
Domenici
Dorgan
Edwards
Feingold
Feinstein
Frist
Graham
Gramm
Grams
Grassley
Hagel
Harkin
Hatch
Helms
Hollings
Hutchinson
Hutchison
Inouye
Jeffords
Kennedy
Kerrey
Kerry
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Lott
Lugar
Mack
McConnell
Mikulski
Moynihan
Murkowski
Murray
Reed
Reid
Robb
Rockefeller
Roth
Santorum
Sarbanes
Schumer
Sessions
Shelby
Smith (OR)
Snowe
Specter
Stevens
Thompson
Thurmond
Torricelli
Voinovich
Warner
Wellstone

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. BROWNBACK). The Senator from Wisconsin.

AMENDMENT NO. 1417

(Purpose: To amend the Internal Revenue Code of 1986 to repeal the percentage depletion allowance for certain hardrock mines)

Mr. FEINGOLD. Mr. President, I call up amendment No. 1417.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Wisconsin [Mr. FEINGOLD] proposes an amendment numbered 1417.

Mr. FEINGOLD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The amendment is printed in a previous edition of the RECORD.)

Mr. FEINGOLD. Mr. President, my amendment eliminates the percentage depletion allowance for minerals mined on Federal public lands. It applies only to hard rock minerals and does not touch oil and gas, and it preserves the deduction for private lands.

The President's fiscal year 2000 budget recommends eliminating this tax break. OMB estimates this amendment would raise $478 million over 5 years.

We allow companies to mine on public lands for very low patent fees already. We shouldn't continue to provide them with a double subsidy by preserving this special tax break for hard rock mining companies which ordinary businesses do not get.

I understand this will be the subject of a voice vote.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 1417.

The amendment (No. 1417) was rejected.

Mr. ROTH. Mr. President, I recognize Senator COVERDELL for the next amendment.

AMENDMENT NO. 1426, AS MODIFIED

Mr. COVERDELL. Mr. President, I ask unanimous consent to send a modification of my amendment No. 1426 to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

The Senator from Georgia [Mr. COVERDELL], for himself, Mr. TORRICELLI, Mr. DOMENICI, Mr. BAYH, and Mr. ABRAHAM, proposes an amendment numbered 1426, as modified.

Mr. COVERDELL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as modified, is as follows:

On page 32, strike lines 12 through 14, insert the following:

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2005.

SEC. . LONG-TERM CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

(a) GENERAL RULE.—Part I of subchapter P of chapter 1 (relating to treatment of capital gains) is amended by redesignating section 1202 as section 1203 and by inserting after section 1201 the following new section:

"SEC. 1202. CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

"(a) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction for the taxable year an amount equal to the lesser of—

"(1) the net capital gain of the taxpayer for the taxable year, or

"(2) $1,000.

"(b) SALES BETWEEN RELATED PARTIES.—Gains from sales and exchanges to any related person (within the meaning of section 267(b) or 707(b)(1)) shall not be taken into account in determining net capital gain.

"(c) SPECIAL RULE FOR SECTION 1250 PROPERTY.—Solely for purposes of this section, in applying section 1250 to any disposition of section 1250 property, all depreciation adjustments in respect of the property shall be treated as additional depreciation.

"(d) SECTION NOT TO APPLY TO CERTAIN TAXPAYERS.—No deduction shall be allowed under this section to—

"(1) an individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins,

"(2) a married individual (within the meaning of section 7703) filing a separate return for the taxable year, or

"(3) an estate or trust.

"(e) SPECIAL RULE FOR PASS-THRU ENTITIES.—

"(1) IN GENERAL.—In applying this section with respect to any pass-thru entity, the determination of when the sale or exchange occurs shall be made at the entity level.

"(2) PASS-THRU ENTITY DEFINED.—For purposes of paragraph (1), the term 'pass-thru entity' means—

"(A) a regulated investment company,

"(B) a real estate investment trust,

"(C) an S corporation,

"(D) a partnership,

"(E) an estate or trust, and

"(F) a common trust fund."

(b) COORDINATION WITH MAXIMUM CAPITAL GAINS RATE.—Paragraph (3) of section 1(h) (relating to maximum capital gains rate) is amended to read as follows:

"(3) COORDINATION WITH OTHER PROVISIONS.—For purposes of this subsection, the amount of the net capital gain shall be reduced (but not below zero) by the sum of—

"(A) the amount of the net capital gain taken into account under section 1202(a) for the taxable year, plus

"(B) the amount which the taxpayer elects to take into account as investment income for the taxable year under section 163(d)(4)(B)(iii)."

(c) DEDUCTION ALLOWABLE IN COMPUTING ADJUSTED GROSS INCOME.—Subsection (a) of section 62 (defining adjusted gross income) is amended by inserting after paragraph (17) the following new paragraph:

"(18) LONG-TERM CAPITAL GAINS.—The deduction allowed by section 1202."

(d) TREATMENT OF COLLECTIBLES.—

(1) IN GENERAL.—Section 1222 (relating to other terms relating to capital gains and losses) is amended by inserting after paragraph (11) the following new paragraph:

"(12) SPECIAL RULE FOR COLLECTIBLES.—

"(A) IN GENERAL.—Any gain or loss from the sale or exchange of a collectible shall be treated as a short-term capital gain or loss (as the case may be), without regard to the period such asset was held. The preceding sentence shall apply only to the extent the gain or loss is taken into account in computing taxable income.

"(B) TREATMENT OF CERTAIN SALES OF INTEREST IN PARTNERSHIP, ETC.—For purposes of subparagraph (A), any gain from the sale or exchange of an interest in a partnership, S corporation, or trust which is attributable to unrealized appreciation in the value of collectibles held by such entity shall be treated as gain from the sale or exchange of a collectible. Rules similar to the rules of section 751(f) shall apply for purposes of the preceding sentence.

"(C) COLLECTIBLE.—For purposes of this paragraph, the term 'collectible' means any capital asset which is a collectible (as defined in section 408(m) without regard to paragraph (3) thereof)."

(2) CHARITABLE DEDUCTION NOT AFFECTED.—

(A) Paragraph (1) of section 170(e) is amended by adding at the end the following new sentence: "For purposes of this paragraph, section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)."

(B) Clause (iv) of section 170(b)(1)(C) is amended by inserting before the period at the end the following: "and section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)".

(e) PERSONAL EXEMPTIONS ALLOWED IN COMPUTING MINIMUM TAX.—

(1) IN GENERAL.—Subparagraph (E) of section 6(b)(1) is amended by striking "$50" and inserting "$300".

(2) CONFORMING AMENDMENT.—Subparagraph (E) of section 56(b)(1), as amended by section 206(b)(2), is amended by striking "$50" and inserting "$300".

(f) CONFORMING AMENDMENTS.—

(1) Section 57(a)(7) is amended by striking "1202" and inserting "1203".

(2) Clause (iii) of section 163(d)(4)(B) is amended to read as follows:

"(iii) the sum of—

"(I) the portion of the net capital gain referred to in clause (ii)(II) (or, if lesser, the net capital gain referred to in clause (ii)(I)) taken into account under section 1202, reduced by the amount of the deduction allowed with respect to such gain under section 1202, plus

"(II) so much of the gain described in subclause (I) which is not taken into account under section 1202 and which the taxpayer elects to take into account under this clause."

(3) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

"(B) the deduction under section 1202 and the exclusion under section 1203 shall not be allowed."

(4) Section 642(c)(4) is amended by striking "1202" and inserting "1203".

(5) Section 643(a)(3) is amended by striking "1202" and inserting "1203".

(6) Paragraph (4) of section 691(c) is amended inserting "1203," after "1202,".

(7) The second sentence of section 871(a)(2) is amended by inserting "or 1203" after "section 1202".

(8) The last sentence of section 1044(d) is amended by striking "1202" and inserting "1203".

(9) Paragraph (1) of section 1402(i) is amended by inserting ", and the deduction provided by section 1202 and the exclusion provided by section 1203 shall not apply" before the period at the end.

(10) Section 121 is amended by adding at the end the following new subsection:

"(h) CROSS REFERENCE.—

"For treatment of eligible gain not excluded under subsection (a), see section 1202."

(11) Section 1203, as redesignated by subsection (a), is amended by adding at the end the following new subsection:

"(l) CROSS REFERENCE.—

"For treatment of eligible gain not excluded under subsection (a), see section 1202."

(12) The table of sections for part I of subchapter P of chapter 1 is amended by striking the item relating to section 1202 and by inserting after the item relating to section 1201 the following new items:

"Sec. 1202. Capital gains deduction.
"Sec. 1203. 50-percent exclusion for gain from certain small business stock."

(g) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2005.

(2) COLLECTIBLES.—The amendments made by subsection (d) shall apply to sales and exchanges after December 31, 2005.

Mr. COVERDELL. Mr. President, it is my understanding this will be done by a voice vote. I am going to speak for about 50 seconds and yield to my coauthor, Senator TORRICELLI from New Jersey.

Seventy-five percent of stockholders today have household incomes less than $75,000. The Coverdell-Torricelli amendment targets middle-class investors by exempting their first $1,000 capital gains from taxation, beginning in fiscal year 2006. This is a bipartisan amendment, which is also cosponsored by, as I said, Senators TORRICELLI, DOMENICI, BAYH, and ABRAHAM. It will wipe out the gains tax for millions of middle-class taxpayers and promote tax simplification.

I yield the remainder of my minute to the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. TORRICELLI. Mr. President, Senator BAYH and I have joined with Senator COVERDELL on this amendment. It is simple on its face: to encourage people to engage in modest savings, eliminating $1,000 of capital gains tax for modest savers. Seventy-five percent of the people who will be affected by this earn less than $70,000. It is to encourage the culture of savings so people plan for their own retirements and security in their own families.

The Nation today is in the midst of a savings crisis. I know of no better way to encourage people to participate in the growth of this economy and investment than giving this simple $1,000 exclusion on their capital gains.

I thank the Chair.

The PRESIDING OFFICER. Who yields time in opposition?

Mr. ROTH. Mr. President, I call for a voice vote.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 1426, as modified.

The amendment (No. 1426) was agreed to.

Mr. GRAMM. Mr. President, I move to reconsider the vote.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROTH. I recognize Senator SNOWE for the next amendment.

AMENDMENT NO. 1468

Ms. SNOWE. Mr. President, I call up amendment No. 1468.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Maine [Ms. SNOWE] proposes an amendment numbered 1468.

Ms. SNOWE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The amendment is printed in a previous edition of the RECORD.)

Ms. SNOWE. Mr. President, I ask unanimous consent to add Senator SCHUMER as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. SNOWE. Mr. President, essentially this takes a provision that is included in the amendment that Senator SCHUMER and I had offered that addresses the growing debt burden faced by recent college students.

The bottom line is, we all recognize that the cost of college education has quadrupled over the last 20 years, growing at twice the rate of inflation. In fact, over the past 5 years, the demand for college loans has soared by more than 82 percent. Therefore, recent graduates have been forced to assume a greater burden of debt after they graduate from college.

My amendment would add a tax credit for interest on student loans for the first 5 years upon graduation so that it would ease the amount of debt that individuals have to assume. It would be a $1,500 tax credit. In fact, this has received the support of the American Council on Education.

I will quote from this letter:

> By adding your amendment to the Roth provision, students who are working hard to repay their loans will receive tax relief for the duration of their repayment and benefit from the additional relief of your credit during their first years out of college.

I ask unanimous consent to have printed in the RECORD the letter from which I just quoted.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN COUNCIL ON EDUCATION,
OFFICE OF THE PRESIDENT,
Washington, DC, July 30, 1999.

Hon. OLYMPIA J. SNOWE,
U.S. Senate,
Washington, DC.

DEAR SENATOR SNOWE: The higher education associations listed below write in support of your amendment to create a tax credit for interest payments on student loans. Your amendment, which would provide a $1,500 tax credit on interest payments for the first 60 months of repayment, is a welcome addition to the provisions already contained in Chairman Roth's bill.

We strongly support the provisions that Chairman Roth has included in his bill to expand the existing Student Loan Interest Deduction by eliminating the 60 payment restriction and by modestly increasing the income limits for married couples. We understand that your amendment is fully offset, and will not change any of the underlying education provisions in S. 1429.

By adding your amendment to the Roth provisions, students who are working hard to repay their loans will receive tax relief for the duration of their repayment and benefit from the additional relief of your credit during their first years out of college.

Thank you for your efforts to lessen the burden on student borrowers.

Sincerely,
STANLEY O. IKENBERRY,
President.

On behalf of:
American Association of Community Colleges.
American Association of State Colleges and Universities.
American Council on Education.
Association of American Universities.
Association of Jesuit Colleges and Universities.
Council of Independent Colleges.
National Association of Independent Colleges and Universities.
National Association of State Universities and Land-Grant Colleges.
National Association of Student Financial Aid Administrators.
United States Student Association.
US PIRG.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ROTH. Mr. President, I suggest a voice vote.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 1468.

The amendment (No. 1468) was rejected.

Mr. GRAMM. Mr. President, I move to reconsider the vote.

Mrs. BOXER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROTH. Mr. President, I recognize Senator GREGG for the next amendment.

AMENDMENT NO. 1375, AS MODIFIED

(Purpose: To provide a minimum dependent care credit for stay-at-home parents, and for other purposes)

Mr. GREGG. Mr. President, I send an amendment to the desk and ask for its modification.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from New Hampshire [Mr. GREGG] proposes an amendment numbered 1375, as modified.

Mr. GREGG. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as modified, is as follows:

On page 21, before line 1, insert:

(c) MINIMUM DEPENDENT CARE CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.—Section 21(e) (relating to special rules) is amended by adding at the end the following:

"(11) MINIMUM CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.—

"(A) IN GENERAL.—Notwithstanding subsection (d), in the case of any taxpayer with 1 or more qualifying individuals described in subsection (b)(1)(A) under the age of 1, such taxpayer shall be deemed to have employment-related expenses for the taxable year with respect to each such qualifying individual in an amount equal to the sum of—

"(i) $200 for each month in such taxable year during which such qualifying individual is under the age of 1, and "(ii) the amount of employment-related expenses otherwise incurred for such qualifying individual for the taxable year (determined under this section without regard to this paragraph).

"(B) ELECTION TO NOT APPLY THIS PARAGRAPH.—This paragraph shall not apply with respect to any qualifying individual for any taxable year if the taxpayer elects to not have this paragraph apply to such qualifying individual for such taxable year.".

On page 21, line 1, strike "(c)" and insert "(d)".

Mr. GREGG. Mr. President, this is the stay-at-home-moms amendment. It basically extends the dependent care tax credit to stay-at-home moms. I note that the Senate voted 96–0 in a sense of the Senate for this proposal. It applies to the first year of the child's life and would apply the dependent care tax credit to that first year, so that mothers who stay at home and raise children are treated the same way as mothers who have to go to work and send their children to day care.

I note that it is an amendment that is targeted at middle- and low-income families, with stay-at-home mothers in households with an average $38,000 in income and with two working parents with an average income of about $58,000. It is a proposal the Senate has spoken on relative to the sense of the Senate. Therefore, I hope the Senate supports this proposal.

I ask for a voice vote.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I urge my colleagues to support the Gregg amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1375) was agreed to.

VOTE ON AMENDMENT NO. 1468

Mr. NICKLES. Mr. President, if I might have the attention of the Senate, a moment ago we had a voice vote on the Snowe amendment and there was some question on the outcome. I think the Chair ruled "no" on the Snowe amendment, and I personally think there was a significant question about that. A lot of people voted in favor of the Snowe amendment. So I move to reconsider the vote on the Snowe amendment.

The PRESIDING OFFICER. Is there objection to reconsidering the vote?

Without objection, the vote will be reconsidered.

The question is on agreeing to amendment No. 1468 by the Senator from Maine, Ms. SNOWE.

The amendment (No. 1468) was agreed to.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

MOTION TO WAIVE

Mr. ROTH. Mr. President, section 202 of S. 1429 makes certain that the marriage penalty relief in the bill also applies to married couples receiving earned-income tax credits. Thus, the provision violates the Budget Act because it increases outlays.

In order to protect the provision against a point of order, I move to waive any point of order against section 202 in this legislation, a subsequent conference report, or in an amendment between the Houses if such point of order is made on the grounds that the enhancement of the earned-income tax credit for married couples is an increase in outlays.

I call for a voice vote.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Delaware.

In the opinion of the Chair, three-fifths of the Senators duly sworn having voted in the affirmative, the motion is agreed to.

Mr. ROTH. Mr. President, I ask unanimous consent that notwithstanding the passage of the reconciliation bill, the managers of the bill have the authority, in conjunction with the Secretary of the Senate, to make further changes to the bill.

I further ask consent that the changes just described must be cleared by both managers and the authority extend until 5 p.m. on Friday.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS AGREED TO, EN BLOC

Mr. ROTH. Mr. President, I send a series of amendments to the desk and ask unanimous consent that these amendments be considered agreed to en bloc, the motion to reconsider be laid upon the table, and any statements relating to these amendments appear at this point in the RECORD. I indicate to my colleagues that these amendments have been cleared on both sides of the aisle.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments (Nos. 1377, 1387, 1394, 1402, 1407, 1425, 1441, 1458, 1460, 1464, 1479, 1485, 1488, and 1491), en bloc, were agreed to.

(The amendments are printed in a previous edition of the RECORD.)

The amendments (Nos. 1378, as modified; 1403, as modified; 1404, as modified; 1418, as modified; 1443, as modified; 1465, as modified; 1474, as modified), en bloc, were agreed to, as follows:

AMENDMENT NO. 1378 AS MODIFIED

(Purpose: To amend the Internal Revenue Code of 1986 to expand S corporation eligibility for banks, and for other purposes)

On page 225, after line 24, add the following:

SEC. . EXCLUSION OF INVESTMENT SECURITIES INCOME FROM PASSIVE INCOME TEST FOR BANK S CORPORATIONS.

(a) IN GENERAL.—Section 1362(d)(3)(C) (defining passive investment income) is amended by adding at the end the following:

"(v) EXCEPTION FOR BANKS; ETC.—In the case of a bank (as defined in section 581), a bank holding company (as defined in section 246A(c)(3)(B)(ii)), or a qualified subchapter S subsidiary bank, the term 'passive investment income' shall not include—

"(I) interest income earned by such bank, bank holding company, or qualified subchapter S subsidiary bank, or

"(II) dividends on assets required to be held by such bank, bank holding company, or qualified subchapter S subsidiary bank to conduct a banking business, including stock in the Federal Reserve Bank, the Federal Home Loan Bank, or the Federal Agricultural Mortgage Bank or participation certificates issued by a Federal Intermediate Credit Bank."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. . TREATMENT OF QUALIFYING DIRECTOR SHARES.

(a) IN GENERAL.—Section 1361 is amended by adding at the end the following:

"(f) TREATMENT OF QUALIFYING DIRECTOR SHARES.—

"(1) IN GENERAL.—For purposes of this subchapter—

"(A) qualifying director shares shall not be treated as a second class of stock, and

"(B) no person shall be treated as a shareholder of the corporation by reason of holding qualifying director shares.

"(2) QUALIFYING DIRECTOR SHARES DEFINED.—For purposes of this subsection, the term 'qualifying director shares' means any shares of stock in a bank (as defined in section 581) or in a bank holding company registered as such with the Federal Reserve System—

"(i) which are held by an individual solely by reason of status as a director of such bank or company or its controlled subsidiary; and

"(ii) which are subject to an agreement pursuant to which the holder is required to dispose of the shares of stock upon termination of the holder's status as a director at the same price as the individual acquired such shares of stock.

"(3) DISTRIBUTIONS.—A distribution (not in part or full payment in exchange for stock) made by the corporation with respect to qualifying director shares shall be includible as ordinary income of the holder and deductible to the corporation as an expense in computing taxable income under section 1363(b) in the year such distribution is received."

(b) CONFORMING AMENDMENTS.—

(1) Section 1361(b)(1) is amended by inserting ", except as provided in subsection (f)," before "which does not".

(2) Section 1366(a) is amended by adding at the end the following:

"(3) ALLOCATION WITH RESPECT TO QUALIFYING DIRECTOR SHARES.—The holders of qualifying director shares (as defined in section 1361(f)) shall not, with respect to such shares of stock, be allocated any of the items described in paragraph (1)."

(3) Section 1373(a) is amended by striking "and" at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting ", and", and adding at the end the following:

"(3) no amount of an expense deductible under this subchapter by reason of section 1361(f)(3) shall be apportioned or allocated to such income."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

AMENDMENT NO. 1403, AS MODIFIED

(Purpose: To amend the Internal Revenue Code of 1986 with respect to the treatment of the transportation of person traveling to or from areas not connected to a road system)

At page 180, line 18 before the period insert the following new phrase:

"AND PASSENGERS PERMITTED TO UTILIZE OTHERWISE EMPTY SEATS ON AIRCRAFT".

At page 180, between lines 21 and 22 insert the following new subsections:

"(b) Subsection (h) of section 132 of the Internal Revenue Code of 1986 (relating to certain fringe benefits) is amended by adding at the end thereof the following new paragraph:

"(4) SPECIAL RULE FOR PASSENGERS TRAVELING ON NONCOMMERCIAL AIRCRAFT.—Any use of non-commercial air transportation by an individual shall be treated as use by an employee if no regularly scheduled commercial flight is available that day from the air facility at the individual location.

"(c) Subsection (j) of section 132 of the Internal Revenue Code of 1986 (relating to certain fringe benefits" is amended by adding at the end thereof the following new paragraph:

"(9) SPECIAL RULE FOR CERTAIN NONCOMMERCIAL AIR TRANSPORTATION.—For the purposes of subsection (b) the term "no-additional-cost service" includes the value of transportation provided by an employer to an employee on a noncommercially operated aircraft if—

"(A) such transportation is provided on a flight made in the ordinary course of the trade or business of the employer owning or leasing such aircraft for use in such trade or business,

"(B) the flight on which the transportation is provided by the employer would have been made whether or not such employee was transported on the flight, and

"(C) the employer incurs no substantial additional cost in providing such transportation to such employee.

For purposes of this paragraph, an aircraft is noncommercially operated if transportation provided by the employer is not provided or made available to the general public by purchase of a ticket or other fare.

At page 180 line 22 strike "(b)" and insert in lieu thereof "(d)".

AMENDMENT NO. 1404 AS MODIFIED

(Purpose: To expand the adoption credit to provide assistance to adoptive parents of special needs children, and for other purposes)

At the end of title II, insert the following:

SEC.   . EXPANSION OF ADOPTION CREDIT.

(a) IN GENERAL.—Section 23(a)(1) (relating to allowance of credit) is amended to read as follows:

"(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter—

"(A) in the case of an adoption of a child other than a child with special needs, the amount of the qualified adoption expenses paid or incurred by the taxpayer, and

"(B) in the case of an adoption of a child with special needs, $7,500."

(b) DOLLAR LIMITATION.—Section 23(b)(1) is amended—

(1) by striking "($6,000, in the case of a child with special needs)", and

(2) by striking "subsection (a)" and inserting "subsection (a)(1)".

(c) YEAR CREDIT ALLOWED.—Section 23(a)(2) is amended by adding at the end the following new flush sentence:

"In the case of the adoption of a child with special needs, the credit allowed under paragraph (1) shall be allowed for the taxable year in which the adoption becomes final."

(d) DEFINITION OF ELIGIBLE CHILD.—Section 23(d)(2) is amended to read as follows:

"(2) ELIGIBLE CHILD.—The term 'eligible child' means any individual who—

"(A) has not attained age 18, or

"(B) is physically or mentally incapable of caring for himself."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

AMENDMENT NO. 1418 AS MODIFIED

(Purpose: To amend the Internal Revenue Code of 1986 with respect to the treatment of maple syrup production)

On line 3 of subsection (k) of section 3306 of the Internal Revenue Code of 1986 is amended by inserting after "chapter" the following: "agricultural labor includes labor connected to the harvesting or production of maple sap into maple syrup or sugar, and".

AMENDMENT NO. 1443 AS MODIFIED

(Purpose: To provide that trusts established for the benefit of individuals with disabilities shall be taxed at the same rates as individual taxpayers, and for other purposes)

On page 32, between lines 14 and 15, insert the following:

SEC. 207. MODIFICATION OF TAX RATES FOR TRUSTS FOR INDIVIDUALS WHO ARE DISABLED.

(a) IN GENERAL.—Section 1(e) (relating to tax imposed on estates and trusts) is amended to read as follows:

"(e) ESTATES AND TRUSTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), there is hereby imposed on the taxable income of—

"(A) every estate, and

"(B) every trust,

taxable under this subsection a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $1,500	15% of taxable income.
Over $1,500 but not over $3,500.	$225, plus 28% of the excess over $1,500.
Over $3,500 but not over $5,500.	$785, plus 31% of the excess over $3,500.
Over $5,500 but not over $7,500.	$1,405, plus 36% of the excess over $5,500.
Over $7,500	$2,125, plus 39.6% of the excess over $7,500.

"(2) SPECIAL RULE FOR TRUSTS FOR DISABLED INDIVIDUALS.—

"(A) IN GENERAL.—There is hereby imposed on the taxable income of an eligible trust taxable under this subsection a tax determined in the same manner as under subsection (c).

"(B) ELIGIBLE TRUST.—For purposes of subparagraph (A), a trust shall be treated as an eligible trust for any taxable year if, at all times during such year during which the trust is in existence, the exclusive purpose of the trust is to provide reasonable amounts for the support and maintenance of 1 beneficiary who is permanently and totally disabled (within the meaning of section 22(e)(3)). A trust shall not fail to meet the requirements of this subparagraph merely because the corpus of the trust may revert to the grantor or a member of the grantor's family upon the death of the beneficiary."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

AMENDMENT NO. 1465 AS MODIFIED

(Purpose: To index the State-ceiling on the low-income housing credit, and for other purposes)

On page 288, strike line 5 and insert:

(c) ADJUSTMENT OF STATE CEILING FOR INCREASES IN COST-OF-LIVING.—Paragraph (3) of section 42(h) (relating to housing credit dollar amount for agencies), as amended by subsection (b), is amended by adding at the end the following new subparagraph:

"(I) COST-OF-LIVING ADJUSTMENT.—

"(i) IN GENERAL.—In the case of a calendar year after 2005, the $1.75 amount in subparagraph (H) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) thereof.

"(ii) ROUNDING.—Any increase under clause (i) which is not a multiple of 5 cents shall be rounded to the next lowest multiple of 5 cents.".

(d) CONFORMING AMENDMENTS.—

On page 288, line 19, strike "(d)" and insert "(e)".

AMENDMENT NO. 1474 AS MODIFIED

(Purpose: To exclude certain severance payment amounts from income)

On page 371, between lines 16 and 17, insert the following:

SEC.   . EXCLUSION FROM INCOME OF SEVERANCE PAYMENT AMOUNTS.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 139 as section 140 and by inserting after section 138 the following new section:

"SEC. 139. SEVERANCE PAYMENTS.

"(a) IN GENERAL.—In the case of an individual, gross income shall not include any qualified severance payment.

"(b) LIMITATION.—The amount to which the exclusion under subsection (a) applies shall not exceed $2,000 with respect to any separation from employment.

"(c) QUALIFIED SEVERANCE PAYMENT.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified severance payment' means any payment received by an individual if—

"(A) such payment was paid by such individual's employer on account of such individual's separation from employment,

"(B) such separation was in connection with a reduction in the work force of the employer, and

"(C) such individual does not attain employment within 6 months of the date of such separation in which the amount of compensation is equal to or greater than 95 percent of the amount of compensation for the employment that is related to such payment.

"(2) LIMITATION.—Such term shall not include any payment received by an individual if the aggregate payments received with respect to the separation from employment exceed $75,000."

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 139 and inserting the following new items:

"Sec. 139. Severance payments.

"Sec. 140. Cross references to other Acts."

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply to taxable years beginning after December 31, 2000, and before January 1, 2002.

AMENDMENT NO. 1378, AS MODIFIED

Mr. ALLARD. Mr. President, this amendment would expand the small business provisions of this tax bill. I am pleased that several of the provisions have been accepted. We are making solid progress on this issue.

This is a bipartisan amendment, cosponsored by Senators ROBB of Virginia and HAGEL of Nebraska.

I support tax relief for the American people, and I will support this tax bill. The surplus belongs to the American people, and I think a refund of one-third of the surplus is reasonable.

While I support the bill, I have been working to improve it before final passage.

In particular, we should expand the small business tax section of the code known as Subchapter S. Subchapter S of the Internal Revenue Code was enacted by Congress in 1958 and has been liberalized a number of times over the last two decades, significantly in 1982 and again in 1996.

This reflects a desire on the part of Congress to reduce taxes on small businesses. Subchapter S eliminates the double taxation of small business income.

Under Subchapter S the business is taxed at the shareholder level alone, it is not taxed at the corporate level. Subchapter S is available only to small businesses that have a small number of shareholders.

Congress made small banks eligible for S corporation status in the 1996 "Small Business Job Protection Act."

Since first becoming eligible, nearly 1,000 small banks have converted from regular corporations to small business corporations.

Unfortunately, many more would like to convert, but are prevented from doing so by a number of remaining obstacles in the tax law.

My amendment builds on and clarifies the Subchapter S provisions from 1996. It contains several provisions of particular benefit to community banks that may be contemplating a conversion to Subchapter S.

The amendment is based on S. 875, legislation that I introduced earlier this year with the cosponsorship of Senators GRAMM, BENNETT, SHELBY, ABRAHAM, HAGEL, ENZI, MACK, GRAMS, INHOFE, BROWNBACK, and THOMAS.

I have selected several provisions from the bill for this amendment and the Finance Committee has agreed to accept them. Let me review these provisions:

First, we exclude investment securities income from the passive income test for banks. Banks are unique, they are required to hold passive investments such as federal bonds and municipal bonds in order to comply with safety and soundness regulations.

This provision is only fair. If we require certain investments by regulation, we should not use this requirement to prohibit banks from becoming Subchapter S small businesses.

Second, we permit Subchapter S small business corporations to have bank director stock. Again, regulations require banks to have bank director stock.

We clarify that this does not punish banks. They can still become small business corporations.

In addition, I will be working with Chairman ROTH and his staff on several other provisions to consider for the future. These include one to permit Individual Retirement Accounts to be shareholders in an S corporation. This provision is a recognition of the importance of IRAs.

We have found that many community bank owners have their shares in an IRA. There is nothing wrong with this. We should let them be shareholders.

In addition, we hope in the future to permit S corporations to issue preferred stock. This would give all small businesses that are S corporations access to investment capital.

Let me conclude with a general statement on why we should enact these changes. Last year we enacted broad legislation to support credit unions. I supported this legislation.

We should now give small banks some tax relief. They are in a tough competitive position.

We are about to approve financial modernization in this Congress. I am a member of the Conference on this important legislation. I support the legislation.

But I think it is right to note that this legislation is of greatest appeal to larger financial institutions.

Again, our small community banks need help. They need tax relief to help them compete and survive. This amendment give the small banks tax relief.

This amendment is supported by the Independent Community Bankers of America, the American Bankers Association, the Independent Bankers of Colorado, the Colorado Bankers Association, the Independent Bankers Association of Texas, and others.

I am pleased that the Finance Committee has accepted the passive income and director stock provisions of the amendment.

In addition, Senator ROTH and his staff have agreed to work with us on the remaining provisions of the amendment and S. 875.

AMENDMENT NO. 1403

Mr. STEVENS. Mr. President, my amendment mirrors a bill I introduced on an earlier occasion-S. 1410.

This amendment would equate the tax treatment of persons flying what would otherwise be empty seats on private noncommercial aircraft with the treatment of airline employees flying on space available basis on regularly scheduled flights. Currently, use of these empty seats is deemed taxable personal income to the employee. I refer to it as the empty-seat tax. In contrast, under current law, airline employees, retirees and their parents and children can fly tax-free on scheduled commercial flights for nonbusiness reasons. Military personnel and their families can hop military flights for nonbusiness reasons without the imposition of tax. Current and former employees of airborne freight or cargo haulers, together with their parents and children, can fly tax-free for nonbusiness reasons on seats that would have otherwise been empty.

Employers who own or lease these aircraft are compelled by IRS regulations to consider 13 separate factors or steps in determining the incidence and amount of tax to be imposed on their employees. My proposal seeks to deal with this inequity by treating all passengers the same way, but includes a provision which retains a reasonable standard of proof at audit to prevent abuse.

This amendment would not allow an executive to use a company jet to fly with his family and friends on vacation. My amendment would require proof to be shown that the flight was made in the ordinary course of business, the flight would have been made whether or not the person was transported on the flight, and no substantial additional cost was incurred in providing the transportation for the passenger.

In addition to the facilitation of employee travel, this provision is an especially important issue to large States with smaller populations because air travel comprises such a large part of our transportation systems. Instead of driving a car from city to city, many people from rural areas get on a plane to travel within their States. There are no roads from Barrow to Nome or Anchorage to Cold Bay. Additionally, in the event of illness, many people in rural States must take an empty seat on a company owned airplane and incur a tax penalty because they need medical treatment that can only be found in larger cities. My amendment includes a provision to allow passengers to be treated as employees if they live in remote areas that are not connected to a road system. For cases of medical emergency or other time sensitive situations, a passenger could as if they were an employee of the operator of the non-commercial aircraft without being taxes on the value of the seat.

This is a modest proposal with small revenue impacts. The joint Committee on Taxation estimates the revenue impact for this provision would be approximately five million dollars per year over the next ten year period. While this is a small amount against the backdrop of the overall tax cut measure we are considering, it is a large amount to the people who are forced to pay the tax simply because they do not work for or are not related to an employee of an airline, the military, a cargo freight company, or because they live in remote areas without road access. Flights are often, at best, biweekly to some rural villages in my State and during the long periods when no flights are scheduled, transportation out of these remote areas in emergency situations requires chartering an aircraft.

We should keep in mind that we are currently debating a tax refund bill that seeks to level the playing field for the American taxpayers. The tax refund bill would remove the marriage penalty that discriminate against married couples. It addresses inequities in pension plans that discriminate against certain workers. Yet, the Tax Refund Act does not address the tax discrimination against the users of empty seats who live or do business in rural areas.

It is my hope that we can address this basic issue of tax fairness and complexity by eliminating the empty seat tax.

AMENDMENT NO. 1460

Mr. STEVENS. Mr. President, the proposed Taxpayers Refund Act of 1999 includes a provision to create farm and ranch risk management (FARRM) accounts to help farmers and ranchers through down times. The estimated cost for this provision is $887 million over the next ten years. The FARRM accounts would be used to let farmers and ranchers set aside up to 20 percent of their income on a tax deferred basis. The money could be held for up to five years, then it would have to be withdrawn from the individual's account. Once the money is withdrawn from the account, the farmers and ranchers would pay tax on the amount that was originally deferred. Any interest earned on the money in the account would be taxed in the year that it was earned.

This approach to encouraging farmers and ranchers to set some money aside for downturns in the market makes sense. However, this provision should be expanded to include fishermen—I have an amendment that would do just that. The Joint Committee on Taxation estimates allowing fishermen to set aside 20 percent of their income into these tax deferred accounts would cost only an additional $18 million over 10 years.

Fishermen are the farmers of the sea. They face the same type of economic problems that farmers and ranchers face and they shouldn't be excluded from establishing their own tax deferred accounts. In previous years we have had to bail out fishing areas that have been hit hard by fishery failures. A recent fishery failure in Alaska, and the impact of that failure on families and communities, is still being felt today. We were forced to allocate $50 million to bail out those fishermen and the local communities. This amendment, at a cost of $18 million over ten years, is a far-sighted way to let fishermen play a part in a disaster recovery and preserve the proud self-reliance that marks their industry.

Fishermen should receive the same benefits as farmers and ranchers under the Tax Code. They share seasonal cyclical harvest levels and should not be left behind in the Tax Code. While this amendment is one step toward equal treatment, it is an important part of ensuring the long-term sustainability of our fishing industry. I thank my colleagues who have joined me on this amendment, Senators MURKOWSKI, INOUYE, SHELBY, BREAUX, HOLLINGS, GORTON, and MURRAY.

AMENDMENT NO. 1488

Mr. STEVENS. Mr. President, the proposed Taxpayer Refund Act of 1999 contains a provision to coordinate a farmer's income averaging with the alternative minimum tax (AMT). This would ensure that a farmer's AMT is not increased solely because he or she elects income averaging.

Under section 604 of the Finance Committee's bill, a farmer electing to average his or her farm income would owe AMT only to the extent he or she would have owned alternative minimum tax had averaging not been elected. I have offered an amendment that would extend the income averaging to fishermen and would coordinate the tax treatment with the AMT, just as the bill attempts to do for farmers.

Fishermen should receive the same treatment as farmers. The Joint Committee on Taxation estimates the measure for farmers would cost $22 million over the next ten years. According to the Joint Committee on Taxation, my amendment for fishermen would cost $5 million over the next ten years. This is a small amount to ensure that fishermen receive the same benefits as farmers under our current tax structure.

Fishermen face the same type of economic ups and downs that farmers and ranchers face. Because of this, they shouldn't be excluded from income averaging or coordination with the AMT. I thank my colleagues who have joined me on this amendment, Senators MURKOWSKI, INOUYE, SHELBY, BREAUX, HOLLINGS, GORTON, and MURRAY.

AMENDMENT NO. 1485, AS MODIFIED

Mr. BENNETT. Mr. President, I ask unanimous consent that amendment No. 1485, which was previously adopted, be modified with the changes that are at the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 1485), as modified, is as follows:

On page 286, line 6, strike "1999" and insert "2004".

On page 371, between lines 16 and 17, insert the following:

SEC. . TREATMENT OF BONDS ISSUED TO ACQUIRE RENEWABLE RESOURCES ON LAND SUBJECT TO CONSERVATION EASEMENT.

(a) IN GENERAL.—Section 145 (defining qualified 501(c)(3) bond) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) BONDS ISSUED TO ACQUIRE RENEWABLE RESOURCES ON LAND SUBJECT TO CONSERVATION EASEMENT.—

"(1) IN GENERAL.—If—

"(A) the proceeds of any bond are used to acquire land (or a long-term lease thereof) together with any renewable resource associated with the land (including standing timber, agricultural crops, or water rights) from an unaffiliated person,

"(B) the land is subject to a conservation restriction—

"(i) which is granted in perpetuity to an unaffiliated person that is—

"(I) a 501(c)(3) organization, or

"(II) a Federal, State, or local government conservation organization,

"(ii) which meets the requirements of clauses (ii) and (iii)(II) of section 170(h)(4)(A),

"(iii) which exceeds the requirements of relevant environmental and land use statutes and regulations, and

"(iv) which obligates the owner of the land to pay the costs incurred by the holder of the conservation restriction in monitoring compliance with such restriction,

"(C) a management plan which meets the requirements of the statutes and regulations referred to in subparagraph (B)(iii) is developed for the conservation of the renewable resources, and

"(D) such bond would be a qualified 501(c)(3) bond (after the application of paragraph (2)) but for the failure to use revenues derived by the 501(c)(3) organization from the sale, lease, or other use of such resource as otherwise required by this part,

such bond shall not fail to be a qualified 501(c)(3) bond by reason of the failure to so use such revenues if the revenues which are not used as otherwise required by this part are used in a manner consistent with the stated charitable purposes of the 501(c)(3) organization.

"(2) TREATMENT OF TIMBER, ETC.—

"(A) IN GENERAL.—For purposes of subsection (a), the cost of any renewable resource acquired with proceeds of any bond described in paragraph (1) shall be treated as a cost of acquiring the land associated with the renewable resource and such land shall not be treated as used for a private business use because of the sale or leasing of the renewable resource to, or other use of the renewable resource by, an unaffiliated person to the extent that such sale, leasing, or other use does not constitute an unrelated trade or business, determined by applying section 513(a).

"(B) APPLICATION OF BOND MATURITY LIMITATION.—For purposes of section 147(b), the cost of any land or renewable resource acquired with proceeds of any bond described in paragraph (1) shall have an economic life commensurate with the economic and ecological feasibility of the financing of such land or renewable resource.

"(C) UNAFFILIATED PERSON.—For purposes of this subsection, the term 'unaffiliated person' means any person who controls not more than 20 percent of the governing body of another person."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to obligations issued after the date of the enactment of this Act.

SEC. . MODIFICATION OF ALTERNATIVE MINIMUM TAX FOR INDIVIDUALS.

Section 56(b)(1)(e), as amended by section 206, is amended by striking "$250" and inserting "$300".

TAX RELIEF

Mr. ABRAHAM. Mr. President, my motion to recommit is the substitute tax plan submitted by Majority Leader LOTT in the Finance Committee. I will not request a vote on this motion.

I commend the efforts of Chairman ROTH in putting together the Taxpayer Refund Act. However, it is my belief that Congress right now has a unique opportunity to enact broad-based tax cuts, providing more pro-growth and pro-family relief than is currently provided in the Finance Committee bill.

This substitute combines the elements I believe are essential to preserving economic security for years to come: It preserves Social Security and Medicare; It reduces the near-record tax burden currently placed on the American people; and It empowers America's growing investor class—working, middle class families who strive to save for the future so that they may enjoy secure retirements and so that they can bequeath a legacy to their children.

All this, Mr. President, without greatly increasing the complexity of the tax code.

Over the next 10 years the federal government will accumulate surpluses of about $3 trillion. Now that the age of surpluses has arrived, we must decide what to do with them, how we can best use them to insure economic growth and security into the next millennium.

Thus, of the $3 trillion in coming surpluses, the $1.8 trillion for the Social Security Trust Funds must be protected; it must stay in Social Security. The question is, what should we do with the remaining $1 trillion?

I believe that we should give at least $800 billion back to the American people. Whatever plan we adopt, it seems to me we must ensure that Social Security remains strong so that the senior citizens of today and tomorrow may depend on it for security in their old age. We also must approach our national debt in a responsible way seeing to it that it never again becomes a drain on our economy. And, also for the sake of our economy, we must see to it that investments in plant, equipment and human capital increase over the coming decades. Finally, we must address a worsening problem in American life: the overtaxation of the American people.

The President's plan addresses none of these needs. It does nothing to save Social Security, instead merely commencing a vast shell game with taxpayer money. What is more, the President proposes massive new spending, and even $95 billion in new taxes.

The bottom line is this, Mr. President Clinton wants to spend the surplus. According to the CBO, the President proposes $1 trillion in new spending over the next 10 years. That would mean taking $29 billion out of the Social Security Trust Fund surplus.

Now I know some of my colleagues on the other side of the aisle have been quoting from Federal Reserve Chairman Greenspan's recent Congressional testimony. In that testimony, Chairman Greenspan said "My first priority, if I were given such a priority, is to let the surpluses run."

Some of my colleagues have been claiming that, in these words, Chairman Greenspan has rejected tax relief for the American people. But this is simply not so, Mr. President. Any reasonable examination of the record would show Chairman Greenspan's true views on the matter, namely that he would delay tax cuts "unless, as I've indicated many times, it appears that the surplus is going to become a lightening rod for major increases in outlays. That's the worst of all possible worlds, from a fiscal policy point of view, and that, under all conditions, should be avoided."

Chairman Greenspan was not saying "I oppose tax cuts." Rather, he was saying, quite reasonably in my view, that tax cuts must not come at the expense of fiscal and monetary stability.

I agree with Chairman Greenspan that tax cuts cannot be our first priority. Our first priority must be to protect Social Security and address the national debt. Which is exactly what this substitute does by setting aside more than half our projected surpluses for those purposes.

At the same time, we cannot allow these surpluses to become "lightning rods" for yet more increases in the size and scope of government, and in the tax burden on the American people. And that is precisely what the President's plan would do; it would spend the surplus, including the Social Security surplus, on further government programs, leaving nothing for the American people.

That is simply wrong. And I was pleased to learn that Chairman Greenspan agrees. In his testimony he said "I have great sympathy for those who wish to cut taxes now to pre-empt that [spending] process, and indeed, if it turns out that they are right, then I would say moving on the tax front makes a good deal of sense to me."

It makes a great deal of sense, Mr. President, for us to set aside the bulk of the surplus for Social Security and debt relief, then to return the rest to the American people. It makes a great deal of sense for us, after reserving over $2 trillion for these essential functions to return $800 billion to the American people, as a refund of their tax overpayment.

I believe we are doing the right thing by giving 25 cents back to the American people for every surplus dollar. I believe the plan crafted by those on the other side of the aisle is wrong to give back only 10 cents on each surplus dollar.

Let me briefly outline the provisions of this substitute, crafted as I said by majority Leader LOTT. It includes:

Broad-based rate cuts, expanding the 15% tax bracket upwards by $10,000.

Family tax relief, including an end to the marriage penalty and provisions for child care and foster care.

An end to the estate or death tax.

Incentives for savings and investments, including exclusions for interest and dividend income and a cut in individual capital gains rates to 15% and 7.5%.

Retirement savings incentives through an increase in the IRA contribution limit to $5,000 per year.

Education incentives, including education savings accounts, student loan interest deductions and prepaid tuition plans for public and private schools.

Provisions making health care more affordable, including a new deduction for health insurance expenses, long-term care provisions, Medical Savings Accounts, and an additional caretaker dependency deduction.

Small business tax relief, including immediate 100% deductibility of health insurance for the self-employed and in increase in small business expensing to $30,000.

Risk management accounts for farmers and ranchers.

Permanent extension of the Research and Development tax credit, and

An extension of the work opportunity credit and welfare to work credit.

I would like to focus on the provisions in this substitute that I believe differentiate it from the Finance Committee legislation; provisions that in my view provide even more pro-family and pro-growth tax relief where it is most needed.

First is family tax relief. Families today pay a higher proportion of their incomes in taxes than ever before in our history—31.7 percent. They pay more in income taxes than at any time since World War II. They spend more on taxes than on food, clothing and shelter combined. And this tax burden leaves families with less money to spend on necessities, and less to save for their retirement and for their children's education.

Families deserve tax relief, particularly at a time when they are overpaying to the tune of over a trillion dollars.

This substitute will give families the substantive tax break they need and deserve.

First, it includes broad-based tax relief by increasing the amount of income a family can earn while remaining in the 15% income tax bracket by $10,000. The figure for single taxpayers will increase by $5,000. In this way, Mr. President, we will return 7 million taxpayers to the lower, 15% tax bracket, and 35 million taxpayers will receive a tax cut.

Under this proposal, even a single filer would save $550 on his or her taxes.

In addition, this substitute ends the marriage penalty and provides relief for child and foster care services.

Taken together, these provisions will directly reduce the tax rate imposed on American families and increase incentives for work and economic growth.

Second, this substitute will provide tax relief to literally millions of working Americans struggling to build a nest egg for the future. By cutting taxes on interest, dividends and capital gains.

This latest era of economic growth has been unique, Mr. President, in that it has seen savings rates fall into negative numbers—indicating an increase in consumer borrowing in excess of savings. We cannot sustain economic growth and job creation unless Americans save and invest for the future.

That is why this substitute will address the needs of America's growing "investor class." These working Americans—125 million and counting—are the real owners of the means of production in America.

Surveys conducted by a number of sources agree that, through pension plans, IRAs and other investment vehicles, roughly 50% of Americans—half our nation—owns stocks. They outnumber any of the special interest groups you would care to name. Yet they want no special favors, just the opportunity to save and invest. And, with $4.5 trillion invested in mutual funds alone, America's investor class has become the bedrock of our economy.

It is time to put to rest once and for all the old class warfare slogan that only the rich pay capital gains taxes. Is half of America "rich?" Do half our people earn so much money that they do not deserve a tax relief?

I think not. Indeed, 49% of the investor class if female, 38% are non-professional salaried workers. Wall Street and Main Street are no longer separated by a vast socioeconomic divide. It is high time we recognized this fact, and helped new, middle class investors succeed in their drive to invest for the future.

This substitute would do precisely that, Mr. President. It would make the first $500 of interest and/or dividend income tax-free for families, with the first $250 of this income becoming tax-free for individuals. It also would increase the IRA contribution limit to $5,000 per year, allowing Americans to more effectively save for retirement. Finally, it would cut capital gains tax rates, reducing the current 20 and 10% tax brackets to 15 and 7.5%, respectively.

Of course, not all of nation's economic growth comes from stock investment. Many entrepreneurs in this country invest their blood, tears, toil and sweat into family owned businesses—businesses that keep our main streets vital and our economy growing.

Our nation was built on the strength of family-owned businesses. Whether on the frontier or in more settled urban areas, family businesses have delivered the goods for generations. Yet the federal government sets up almost insurmountable obstacles to family businesses.

The death tax makes it impossible for many entrepreneurs to pass the business on to their children. Too often today, children must sell the family business just to pay taxes. And the result is often a sell-off of assets to large corporations, destroying jobs and investment opportunities.

I realize that some people favor the death tax as a means of punishing people who have amassed great quantities of wealth. But the IRS' own records show that fully 80% of all taxable estates are worth less than $1 million.

$1 million still sounds like a lot of money, Mr. President. But consider this: according to the Associated General Contractors of America, any contractor who purchases the three pieces of equipment essential to this trade, an off-highway dump truck, bulldozer and front-end loader, will have already amassed assets valued at over $1 million.

And relatively new businesses, such as those begun by black Americans until recent years deprived of the chance to compete, are especially vulnerable to the death tax. A Kennesaw State College survey found that close to a third of African American-owned businesses would have to be sold by their inheriting heirs to pay taxes. The death tax destroys family businesses. It destroys wealth, and it destroys jobs. It is time to end it.

But entrepreneurs need more help from us. Current tax laws, by subsidizing employer-purchased health plans, penalize small business owners. They make it more difficult for them to afford their own health insurance and to attract and keep good employees without spending themselves into bankruptcy.

The substitute framed by Leader Lott would address these barriers to family-owned business survival by accelerating the 100% deductibility of self-employed health insurance.

The provisions I have outlined aim to bring substantive tax relief to the mainstream of the American economy. This is crucial to the economic well-being of our nation.

But we must do more. We also must bring greater economic opportunity to disadvantaged urban and rural areas throughout the United States. If we are to remain prosperous over the long term, we must bring more Americans into the vast mainstream of our economy by empowering them to take control of their own economic lives. That is why this substitute extends the critical work opportunity credit and welfare-to-work credits through 2004.

Finally, we must continue to encourage the research and development so crucial to maintaining our competitive edge in global markets, particularly in this era of high-tech development. That is why this substitute provides for the permanent extension of the R&D tax credit.

All told, the provisions making up this substitute will provide $800 billion in tax relief for the American people. This substitute will encourage work, savings and investment, it will help working families, it will help distressed urban and rural areas, and it will provide $2.2 trillion for Social Security, Medicare, and debt reduction.

It is my hope that the conference committee on the tax bill will produce an agreement that mirrors the Leader's substitute tax plan.

I believe we must look to this era of budget surpluses with confidence. Confidence in ourselves and confidence in the American people. This is no time for business as usual. Rather, we are faced with once-in-a-lifetime opportunity to free Americans from the burden of stifling overtaxation, freeing their energies and their intellects even as we provide a solid grounding of Social Security and Medicare for generations to come.

There are voices of doom abroad in the land, Mr President. But these voices are as wrong today as they have always been. They would have us put all of our faith and confidence in an ever-growing federal government, with its ever-growing financial resources diverted by its bureaucratic experts into programs designed to protect us from ourselves.

I say no to these doomsayers. I say "no" to them because I believe it is important for us to say "yes' to the American people. Yes to their dreams of financial security, yes to their desire to pass the family business on to their children, yes to their cries for help relieving the highest tax burden since World War II.

It is time to provide the kind of broad-based tax relief in this substitute so that the American economy and the American spirit may grow and prosper. This act of hope will protect our seniors, pay down our debt and constitute an investment in our future that will pay dividends for decades to come.

Mr. REED. Mr. President, I am proud to join Senator ROCKEFELLER in proposing a prudent, fiscally responsible tax cut alternative.

Like many, we are skeptical with the underlying assumption that there will be nearly a trillion dollar surplus. Indeed, the numbers show that much of the surplus is generated under the assumption that Congress will significantly slash investments in education, veterans, and defense below the level needed to keep pace with inflation. Such cuts in key investments are not what the American people want. Moreover, the current majority has already exceeded last year's spending limit by $35 billion in the first 10 months of this fiscal year.

The real surplus from our current economic growth is closer to $112 billion when one eliminates the unrealistic, rosy scenarios painted by the Republican's $800 billion tax bill.

Mr. President, our great economic growth has presented us with an opportunity to do many things. Sensible, modest, and targeted tax cuts for working families is part of that mix along with domestic investments and Medicare reform.

In that spirit of balancing priorities, I supported the proposal of Sen. MOYNIHAN to provide $290 billion in targeted tax relief, while extending the life of Medicare and preserving funding for our most pressing domestic needs. That proposal was realistic and based on sound footings.

But, we should not enact an $800 billion tax cut based on mere projections; which slashes domestic investments; and which does nothing to preserve Medicare.

Our $112 billion tax cut proposal is tied to a realistic review of the actual unencumbered surplus. This is the judgement of many outside experts including former Congressional Budget Office Director Robert Reischauer. Using this figure we can still provide marriage penalty relief, education tax credits, preserve Medicare, and meet the expectations of America's families. That is why Senators ROCKEFELLER, LEAHY, and I have put forth this proposal.

Mr. President, my hope is that our colleagues on the side of the aisle will take a moment to review the real surplus numbers and join us in our effort.

Mr. EDWARDS. Mr. President, I rise today to oppose S. 1429. Passing this bill is like going on a spending spree just because a sweepstakes company tells you "you might be a winner."

I support tax cuts. The question for me is, when? I am a fiscal conservative and am happy to vote for tax cuts. Any tax cut, however, needs to be done in a fiscally-responsible manner. This is common sense.

But we need to look at the big picture, and we can't engage in wishful thinking. So when we talk about cutting taxes we must do it in the same breath as paying down the national debt and dealing with Social Security and Medicare.

We should cut government spending. Working Americans pay taxes to the federal government, and that money buys a lot of great things. But we have a responsibility and obligation to only spend what is absolutely necessary, and I am afraid that we haven't done a very good job of that. The federal government is too big and spends too much, and we need to do something about it.

We should pay down the public debt. If we reduce our public debt, we reduce the money the federal government owes to foreign investors and other bondholders. If we reduce our public debt—a debt that has accumulated because of out-of-control government spending in years past—it will lower interest rates, increase investment in America's economy, and help ensure our economy's continued growth and success. That has real benefits for average Americans: lower mortgage interest rates and a booming economy.

This isn't inside-the-Beltway stuff. This is important to North Carolinians and all other Americans. And I think all of them can relate to why it is unwise to cut taxes before we are certain there is a surplus and before we are on the road to securing the future of Social Security and Medicare.

Look into your crystal ball. How much will you be earning in the year 2008? Will your 10-year-old be going to Duke or UNC, and what will be the tuition? What are you going to pay for health insurance during the next 10 years? And how much can you put away for retirement?

I think these questions are important to North Carolinians and all other Americans. I have been thinking about how a family might try to answer these questions, and two things come to mind.

First, answers are extremely difficult to find with any degree of certainty. Unforseen expenses can arise. And other factors—career changes, interest rates, or family size—may also affect the answers. It seems to me very likely, given this uncertainty, that a family would be very cautious about their financial planning.

Second, if that family had to make a decision now about which one of those items they would forego if they needed extra money to cover unforseen expenses, which one would it be?

If making these projections for a family is difficult, what can be said about the difficulty of predicting the federal government's budget 10 years?

I'll tell you what I think about it. I think it is extremely difficult. And I am not alone.

I had an exchange the day before yesterday with Federal Reserve Board Chairman Alan Greenspan during a hearing. I talked to him about his earlier comments about the surplus, the proposed tax cuts and about the problems the federal government has showing restraint.

Mr. Greenspan noted that these projections are rarely accurate.

His advice, then, is very simple and practical: wait. "Several years," he said. "In other words, one year, two years." Chairman Greenspan said he favors paying down the public debt—not using any surplus for increasing government spending.

It is hard to wait. This has been a real struggle. I break with the President, with my party and with the Republican party. But I do so because first and foremost we should not imperil our unprecedented economic prosperity by moving too quickly. To put it simply: look before you leap. A huge tax cut today is like entering the biggest watermelon contest the day after an especially good-looking vine sprouts up.

I, myself, just don't have that much confidence that we have a surplus at all or that the economic assumptions underlying the surplus projections are reliable. It feels like smoke and mirrors—hocus pocus. And when people waive around numbers like $1 trillion, it's hard not to get swept away.

But if we step back and take a look at the facts, we get a more frightening picture. If government spending is 1 percent higher than projected and revenues are 1 percent lower than projected, then the so-called $1 trillion surplus would be off by $170 billion annually.

When it comes to government spending, the truth is Congress has not been able to live within its budgets. Federal spending should be cut, but let's not be naive: Congress has bad spending habits.

Current projections are based on assumptions about our spending habits that everyone admits have been impossible to live with. This is a fact. I want to remind everyone that this body passed a $12 billion "emergency" spending package—raiding the Social Security Trust Fund—earlier this year. I voted against that package because nearly half of it was spending that no honest person would consider an "emergency." We've also been pouring money into defense spending—something I support—but it's not within the budget we tried to set for the government. We can't stick to our limits now, and yet we are talking about a tax cut based on the assumption that we are going to spend less. This just doesn't make sense to me.

Having noted that we never stay within the spending caps, let me say that we should not give up on them. They are important. And, despite our history of breaking them, they have acted to keep our spending lower than it would have been otherwise. This is important because we need to make sure that the federal government doesn't just spend money because taxpayers send it to us. We need to constantly look for ways to cut unnecessary spending and pressure the federal government to operate more efficiently.

Even as we propose to dramatically cut taxes based on the fantasy that we will control spending and enjoy unprecedented economic prosperity, we are hiding our head in the sand about a very real and very near fiscal catastrophe. In 2012, we will need to pay more for Medicare than we have. We'll need to dip into a Medicare trust fund. But there is no Medicare trust fund. In 2014, Social Security benefits paid out will exceed receipts, and we will have to start dipping into the trust fund. This tax cut puts the cart before the horse. Cut taxes and then try to figure out how to deal with a looming crisis? No one could call that fiscally responsible.

What if there's a real emergency? This bill leaves me worried. Suppose a Class 5 hurricane were to strike North Carolina sometime in the next few years. If we needed emergency relief, this proposal could leave us high and dry—or taking a dip into Social Security.

North Carolinians might be excused for thinking that the current tax debate sounds like hocus pocus. And they might be excused for wondering whether people are making promises they can't keep. This government has made a great many promises:

Putting more money in your pocket;

Saving Social Security;

Reserving money for Medicare;

Improving Veterans' health care;

Funding for the National Institute of Health;

Putting 100,000 cops on the street;

Aiding America's farmers;

Funding for programs like Head Start;

Maintaining interstate highways; and

Supporting National Missile Defense and other spending to ensure a strong national defense.

I don't think we can keep all of these promises. And I can't bring myself to bait the American public with a tax cut only to be forced to cut their legs off on Social Security, Medicare and debt reduction or raise taxes again.

If not now, when?

I heard this question asked earlier today about tax cuts. My answer is the same as the one Chairman Greenspan gave at the hearing yesterday—he said wait a few years.

After a few years we may know a few things.

First, are we keeping spending reasonably under control?

Second, have we saved Social Security and reformed Medicare?

Third, how's the economy doing?

Fourth, have we paid down some of our national debt?

Our first real test will come this fall—when we will again start the process that will lead to meeting—or breaking—the spending caps. The federal government needs to prove to the American public that it can operate under its own budgetary limits. If we can do this, if we can break the habit of busting the budget caps, we will then be able to tell if we do in fact have a surplus.

I want the American people to know this: I am for cutting taxes paid by working Americans. We've got an amazingly successful economy right now. I want to make sure when I cast my vote that I'm voting for something that will ensure, not destroy, the continued growth of our economy. Right now, the projections are too speculative, the assumptions too unrealistic, and to me, the solution is obvious. We should not spend money until we know we have it—and when we do have it, we need to give it back to working Americans.

Mr. ALLARD. Mr. President, I would like to make some comments regarding repeal of the "temporary" 0.2 percent Federal unemployment tax (FUTA) surtax.

Earlier this year I introduced S. 103 to repeal the surtax.

I commend Chairman ROTH and my colleagues on the Finance Committee for including in their tax bill repeal of the temporary 0.2 percent FUTA surtax.

I would, however, like to accelerate the effective date from 2004 to next year.

I believe that this tax relief provision is very important for both businesses and employees. We should repeal the surtax immediately.

The "temporary" surtax was enacted in 1976 by Congress to repay the general fund of the Treasury for funds borrowed by the unemployment trust fund.

Although the borrowings were repaid in 1987, Congress has continued to extend the surtax in tax bill after tax bill.

Since 1987, Congress has used extension of the surtax to help raise revenue to pay for tax packages.

In fact, the surtax was most recently extended to help pay for the 1997 tax bill.

The tax takes money out of the private economy for no valid reason.

By repealing the surtax, Congress will honor a promise that it made when the surtax was first enacted.

Small businesses were told repeatedly that the tax was temporary and would be repealed when it was no longer needed to finance the unemployment tax system.

Clearly a tax is not temporary when it has already been in place for over twenty years.

Based on the original purpose, the surtax is no longer needed.

The economy is experiencing the highest level of employment in decades, and all state unemployment funds have surpluses.

It is inappropriate for the government to continue to raise excess unemployment taxes and then use the surplus for purposes completely unrelated to unemployment.

Repeal of the temporary unemployment surtax will also be beneficial to small businesses.

The surtax is especially hard on the small businesses because they are often labor intensive.

Any payroll tax is added directly to the employer's payroll costs.

In fact, according to the National Federation of Independent Business, payroll taxes are the fastest growing federal tax burden on small business.

It is also important to note that the payroll taxes must be paid whether the business experiences a profit or a loss.

As a former small businessman myself, I am particularly aware of this fact.

I suspect that my view is similar to the view of many other small business owners.

It is one thing to have a surtax when unemployment is high and the surtax is necessary.

However, it is totally unjustified when unemployment is at the lowest level in three decades.

Repeal of the 0.2 percent surtax will reduce the tax burden on employers and workers by $6 billion over the next five years.

Lower payroll taxes mean higher wages for workers.

Although the employer appears to fully pay the unemployment surtax and other payroll taxes, the economic evidence is strong that the cost is actually passed along to workers in the form of lower wages.

Consistent tax relief will help to ensure that our economy remains the strongest and most vibrant in the world.

Low taxes reduce unemployment and help ensure that future surtaxes are unnecessary.

The time has come to do away with this outdated and unnecessary surtax.

Again, I commend the Finance Committee for their provision to repeal the FUTA surtax, and I urge my colleagues to support efforts to accelerate the effective date so that repeal is immediate.

Mr. REED. Mr. President, we are at a historic juncture. In the 1980's, we faced massive deficits and growing debts. In sum, Congress debated red ink.

On the edge of the millennium, we are debating the question of what to do with about $1 trillion in anticipated budget surpluses.

Why are we here debating a surplus? We are here because of the tough choice we made in the past: a choice to use fiscal discipline. We started down the road of deficit reduction with the 1993 budget package, which passed without a single Republican vote. In fact, some members on the other side of the aisle claimed the bill would lead to economic collapse. However, because of the courageous stand we took then, we have gone from a $290 billion deficit in 1992 to an estimated $70 billion surplus in 1999.

But we did more than reduce the deficit and restore fiscal discipline, we spurred tremendous economic growth and unprecedented economic expansion. For the sake of perspective, I would like to list the following facts: we have seen 3.5% annual growth since 1993, 18.9 million new jobs, 4.3% unemployment, and the median family income grow by more than $3,500 since 1993. This is good news, and we cannot afford to squander it.

The days of red ink as far as the eye can see are gone. Instead, based on various budget projections, we can suppose that there will be a total surplus of approximately $3 trillion over the next ten years. More than $2 trillion of that total comes from Social Security payroll taxes and must absolutely be set aside to preserve Social Security for current and future beneficiaries. Social Security is a promise to those Americans who worked and fought to make this nation great, and it is a program that must be preserved.

The Office of Management and Budget and the Congressional Budget Office both project that the remaining non-Social Security surplus totals roughly $965 billion. But these are merely projections, dependent upon the performance and vagaries of the economy. And, I would caution that the Office and Management and Budget and the Congressional Budget Office have a history of predictions that fall far short of the mark. Indeed, Mr. President, because of changes in the economy between April and July of 1999, the Congressional Budget Office revised its ten year projections, adding $300 billion to the surplus. Imagine—a swing of $300 billion in three months.

But how are we generating the surplus, or more accurately, why is the Congressional Budget Office predicting a budget surplus?

Quite simply, the vast bulk of the non-Social Security surplus, nearly $600 billion of it, comes from the continuation of arbitrary spending caps established in the 1997 Balanced Budget Act. When we passed that legislation, we still had a deficit, but many of us realized then that if these budget caps were maintained beyond the period they were required to balance the budget, they would prevent us from meeting our long-term obligations for education, health care, and the environment.

The American people cannot afford, as my colleagues on the other side of the aisle have asked of them, to retain these caps for the next 10 years. We cannot afford $600 billion in cuts to Pell Grants, Head Start, the Special Supplemental Nutrition Program for Women Infants and Children, Brownfield cleanup, Community Policing, Veterans benefits, and the National Institutes of Health, to name a few essential initiatives. Let me emphasize that the $600 billion figure is not for new, outlandish investments. Rather, that figure represents the resources we need to maintain current levels of funding. Make no mistake, these are cuts, not "reductions in the rate of growth", but real cuts.

Moreover, if we adopt the Republican $800 billion tax cut plan and if we fund the President's plan to meet the military's personnel and equipment needs, as the Republican leadership has said it will do, non-defense domestic spending will be cut by a whopping 38% in 2009. Under this scenario, 375,000 children will not get Head Start services, 1.4 million veterans will lose medical care, and 6.5 million poor students will lose Title I education aid. Simply put, the $800 billion tax cut before us today crowds out every priority we know must be met in the future.

Mr. President, the most serious shortfall of the Republican tax bill is that it disposes of the entire surplus without making any provisions to shore up Medicare. By using all of the projected surplus for tax cuts, we leave ourselves severely restricted in the options we will have in the future.

Actuarial reports from the Medicare Trustees project that, under current economic conditions, we will have to contend with the inevitable fact that the Medicare program will be insolvent by 2015. Regrettably, by allocating the entire federal budget surplus for tax cuts, we will be forced to make radical changes to the program, either in the form of dramatic benefit reductions, large increases in premiums, or tax increases.

In addition, the Republican tax cut plan completely ignores the impending burdens of a retiring baby boom generation. The truth is that by 2030, there will be about 70 million Americans 65 years or older, more than twice their number in 1996. In terms of the total population, seniors will grow from 13% to 20% between 1999 and 2030.

In spite of these imminent demographic challenges, the Republican tax cut bill is structured in a way that tax breaks would explode during their second ten years. As the baby boom generation retirements occur, the cost of the tax cuts would explode to $2 trillion.

Prudence dictates that we should take the opportunity the surplus presents to make meaningful changes to the Medicare program. I believe that we should be looking at the possibility of adding a prescription drug benefit as well as additional preventive benefits to the basic package of health care benefits. For elderly Rhode Islanders the cost of prescription drugs is a major concern and a major expense. Unfortunately, Medicare does not cover this expense nor does the COLA for Social Security accurately represent the medical expenditures of today's seniors.

While consideration of these matters should be made in the context of overall structural reform, we must ensure that there are adequate resources to guarantee a basic benefit package upon which Medicare beneficiaries continue to rely.

Sadly, the Republican tax bill saps these resources before the debate can even begin. The massive size of the Republican tax plan threatens to unravel the many years of fiscal austerity that have brought us to this important juncture. Their unrealistic and dangerous proposal sacrifices the future for short-term gratification.

Mr. President, these are good times in our nation. More Americans are employed. More Americans own a home. Crime is down. Productivity is up, and inflation is low.

Working families in Rhode Island expect us to be responsible and prepare for the future. They want us to preserve Medicare, but the Republicans say "no". They want us to invest in education, but the Republicans say "no". They want us to care for our veterans, but the Republicans say "no". They want us to address the shameful fact that 1 out of every 5 children in America lives in poverty, but the Republicans say "no".

Mr. President, saying "no" to the needs of the American people is not an acceptable legacy for this Congress. On the edge of the Millennium, we should not put politics ahead of what is fair and responsible. Let's build for the future.

Ms. COLLINS. Mr. President, yesterday I offered an amendment to the Taxpayer Refund Act of 1999. My good friend Senator COVERDELL and I crafted this amendment to help our public school teachers pursue professional development and pay for incidental supplies for their classrooms.

Our amendment will allow teachers to deduct their professional development expenses without subjecting the deduction to the existing two percent floor. It will also allow teachers to deduct up to $125 for books, supplies, and equipment related to their teaching.

Mr. President, while our amendment provides financial relief for teachers, its ultimate beneficiaries will be their students. Other than involved parents, a well-qualified teacher is the most important prerequisite for student success. Educational researchers have demonstrated the close relationship between qualified teachers and successful students. Moreover, teachers themselves understand how important professional development is to maintaining and extending their levels of competence. When I meet with teachers from Maine, they repeatedly tell me of their need for more professional development and the scarcity of financial support for this worthy pursuit.

The willingness of Maine's teachers to fund their own professional development activities has impressed me deeply. For example, an English teacher who serves on my Educational Policy Advisory Committee told me of spending her own money to attend a curriculum conference. She is typical of many teachers who generously reach into their own pockets to pay for professional development and to purchase materials that enhance their teaching.

Let me explain how our amendment works in terms of real dollars. The average yearly salary of a teacher in 1997 was about $38,500. Under current law, a teacher making this salary could not deduct the first $770 in professional development and incidental instruction-related expenses that he or she paid for out of pocket. Our amendment would see to it that teachers receive tax relief for all such expenses.

I greatly admire the many teachers who have voluntarily financed the additional education that they need to improve their skills and to serve their students better and who purchase books, supplies, equipment and other materials that enhance their teaching. I hope that this change in our tax code will encourage teachers to continue to take formal course work in the subject matter that they teach, to complete graduate degrees in either their subject matter or in education, and to attend conferences to give them new ideas for presenting course work in a challenging manner. This amendment will reimburse teachers for a small part of what they invest in our children's future.

Mr. President, this would be money well spent. Investing in education is the surest way for us to build one of the most important assets for our country's future, a well-educated population. We need to ensure that our public schools have the best teachers possible in order to bring out the best in our students. Adopting this amendment will help us to accomplish this goal. I thank my colleagues in joining Senator COVERDELL and me in support of this effort.

Mr. CRAIG. Mr. President, I rise in support of S. 1429, the Taxpayer Refund Act of 1999.

This debate has been about numbers and surpluses and budget rules. To some extent, it has to be. But our efforts to provide tax relief are also about something more important:

People.

The kind of relief that both the Senate and House tax bills would provide is a matter of providing real help to real people who have real needs.

This tax relief is about returning some modest amount of liberty, some small measure of power, to the people. This is the most heavily taxed generation of Americans in history. Providing some degree of tax relief will return to individuals and families more power over their own lives, more ability to meet their pressing needs, and more of an opportunity to pursue their dreams.

I've looked at both the Senate and House bills. I think we can come up with a very good conference report based on these two bills—a conference report that preserves the best of both bills, and helps improve the lives of all Americans.

We are talking about a tax bill that removes some fundamental unfairness from the current system.

For example, it just isn't fair that two individuals should be forced to pay hundreds of dollars more in taxes simply because they get married. That's why the Senate bill ends the marriage penalty for two earners. I think we should go farther, which is why I've supported the Gramm amendment and the Hutchison amendment and hope we can do more in conference.

Mr. President, it just isn't fair that working families sometimes have to sell part or all of the family farm or the family business just to pay taxes. I've seen family farms carved up because of the death tax. The other side would have us believe that this is a debate about the so-called "estates" of rich people. It's not.

Death tax relief is a question of saving the family farm; maintaining the family business; and allowing people the fundamental freedom to dispose of their own property and their own savings as they see fit. The death tax imposes a double tax, because it confiscates property and savings built up from income left over after it's already been taxed one, two, or three times before.

But we know where the other side and the Administration are coming from. In fact, this Administration's former Secretary of Labor, in one of his books, called it a "loophole" for the tax code to allow parents actually to pass along some of their savings and possessions to their children.

I support the relief from the death tax in this bill and wish we could do more. That's why I've supported the Kyl amendment.

This tax relief bill is good for children. It would allow more parents to afford child care, both because it increases and expands the child care tax credit, also called the Dependent Care Credit, and because it allows more modest- and middle-income families to make full use of the child tax credit we enacted in the 1997 Tax Relief Act. It also would expand the tax exclusion for foster care payments.

This bill will help make education more affordable and available to individuals and families. It includes tax-free, qualified tuition plans; extends the employer-provided tuition assistance; and makes our 1997 education tax credits more fully available to modest- and middle-income families, by taking it out of the Alternative Minimum Tax calculations.

We should be doing even more to help families meet their educational needs and opportunities. This is why I've supported the Coverdell-Torricelli amendment to expand and improve Educational Savings Accounts.

The Coverdell-Torricelli amendment would give parents greater choice in how best to educate their children. The issue here is parental choice. Who knows best—parents or a distant government bureau in Washington, DC? In recent years, the focus has been entirely too much on growing the government and inventing federal programs. But much of that national government is far removed from the year-to-year and day-to-day decisions that parents must make, and work on with teachers and school boards, about their children's education.

This amendment would shift power and resources back to the most local level—Mom and Dad. The Coverdell amendment would allow more flexibility—and the use of more of their own money—as they face decisions about paying for things like tutoring, home computers, private or religious school, higher education, and vocational education. The amendment focuses especially on those who find it hard to pay for educational expenses now. In talking about public schools, supplies and activity fees are a burden on parents today. The Coverdell amendment would help families deal with those costs.

Mr. President, a few months ago, we passed the Ed-Flex bill. This law gives the state educational agency and the local educational agency the flexibility in how they spend federal dollars. Now, Mr. President, it is time to give parents similar flexibility in how they help provide for their children's education.

I hope we can do more to help families with their children's educational needs when this bill goes to conference. I hope we can include provisions that come much closer to the Coverdell-Torricelli amendment.

Besides helping families with the care and education of their children early in life, this bill also will help provide care in the twilight of life, through an additional deduction for providing in-home care for an elderly family member.

This bill takes a significant step forward in making health care coverage more affordable and available for millions of Americans. Small businesses and farm families, especially, will be helped by the accelerated, full deductibility of health care premiums, as will other workers not covered by an employer-provided plan. More Americans would be able to plan for long-term care, a critical area of growing need, because of an above-the-line deduction for individuals and inclusion in cafeteria plans at work.

America's farm families are in a period of economic crisis today. That crisis should be, and will be, addressed in a major farmers' aid package a number of us are working on. But additional, much-needed help is provided in this bill, as well.

Besides self-employed health insurance and death tax relief, this bill would provide for increased expensing, starting next year, to $30,000; create the new FARRM Accounts—Farm and Ranch Risk Management Accounts—that Senators GRASSLEY, BURNS, I, and others have been working on; protect income averaging from the Alternative Minimum Tax; increase credits for reforestation; and allow farmer co-ops more dividend flexibility.

Like farmers, small business, the over-taxed engines of job-creation, innovation, and economic opportunity in our economy, will finally receive some relief from many of these same provisions.

The Senate bill makes tremendous strides in retirement security. Today's baby boomers, the first generation to have spent their entire lives in the most heavily-taxed generation, are becoming increasingly anxious about their prospects for retirement security. Why is no mystery: Since the baby boomers were children, they have seen the average family's tax burden, at all levels, increase by more than 50 percent, as a share of income. When the government takes 50 percent more from you than it did from your parents, how do you save and invest for your own retirement?

All taxpayers, of all incomes and all ages, stand to benefit from expanding the use of Individual Retirement Accounts. In the past, IRAs were a simple, universally-understood, readily-accessible to save for retirement. One of the worst things in the 1986 tax bill was the confusing limitations placed on IRAs that, in fact, have discouraged many modest- and middle-income workers from using them. Farmers and small business owners and their employees, especially, have an important stake in more accessible IRAs, because they have no other large, employer-provided pension plan to participate in.

Mr. President, the tax relief bills moving through Congress will help real people. The real debate is over two competing visions of how the government can help people. Those of us who support tax relief say, we help people when we give them back the power and freedom to control their own destinies. The other side says, they think it would help people if the government made decisions for them, and dispensed dependency through an expensive bureaucracy.

You can confiscate more and more money from workers, savers, and families. That, in fact, has been and is the trend. Then the government can spend that money, grow the bureaucracy, write more rules, make citizens feel more like supplicants, and, in the end, hand someone another small government check.

Or we can let workers, savers, entrepreneurs, and families keep a little more of their fruits of their own labors, and let them apply that directly to taking care of their children, their parents, their health care needs, and their education.

We can, as this bill does by extending the Work Opportunity Tax Credit, tell employers they can keep a little more of what they earn, if they also provide jobs for disadvantaged, hard-to-place workers.

Today, 70 percent of taxpayers receive no recognition of charitable giving—because they don't itemize their deductions. We can, in this bill, reward and encourage those middle-class taxpayers who benefit their community, help the less fortunate, and promote the social good, by letting them keep a little more of their hard-earned income, with an above-the line deduction for charitable donations.

We are talking about a modest and reasonable package of tax relief. Both Houses are calling for a tax cut of only 3.5 percent over the next 10 years, or less than one-fourth of the total amount taxpayers have been overcharged by their government.

We are proposing a modest amount of tax relief that leaves plenty of room to safeguard Social Security completely. In fact, with the budget we passed earlier this year, for the first time in history, Congress has committed itself to reserving all of the Social Security surplus, and all future Social Security revenues, exclusively for future Social Security benefits.

Our tax relief is based upon huge over-collections of taxes from American workers and taxpayers. In other words, yes, it is based upon projections of budget surpluses—surpluses projected both by the nonpartisan Congressional Budget Office and the President's own Office of Management and Budget. It is interesting that the same critics who criticize the idea of basing tax relief on projections then make up their own, speculative projections about the cuts in future spending programs they claim would result from this tax relief.

In point of fact, we all agree that Medicare, Veterans programs, education, and other priorities must be maintained and improved in the future. The budget we passed earlier this year provides for that, and this tax relief package doesn't infringe on them.

I remember how, just a few years ago, some in Congress, the White House, and special interest groups made dire predictions of how spending on all kinds of essential programs would have to be slashed to balance the budget.

Since then, a new Congress came to town in 1995, committed to balancing the budget and reining in the growth of government.

We've still had increases in spending, but they've been more moderate. We do have some high priority programs to re-evaluate. Some increases are needed. In other places, we need more restraint, and even some cuts.

But a balanced budget and a significant surplus have emerged—along with an economy that is strong because the people who work, save, invest, and create jobs took us seriously when we said we would balance the budget and limit the growth of spending.

Now, Congress has taken the first critical steps needed to save and preserve Social Security for the current generation of seniors and those who expect to retire soon. We all agree the next step is to modernize it for future generations. Our budget, and this tax relief, is perfectly consistent with that commitment.

Most of us agree with the majority of the bipartisan Medicare Commission that we need to shore up that program as well, too. That will involve expanding or improving some of what Medicare provides, as well as expanding consumer choice, increasing market discipline, curbing waste and abuse, and finding savings. Unfortunately, the necessary super-majority of the commission didn't allow it to turn its majority views into what it could call its "official" recommendations. But we in Congress stand ready to work with the President on the responsible reforms suggested by that commission and others.

And this Congress remains committed to reducing the national debt. Under our budget, and including this tax bill, we will cut the public debt in half over the next ten years, and reduce the debt by more than $200 billion over what the President's budget recommendations called for.

Still, Mr. President, even as we tackle all these challenges, we do have the capability of refunding to the hard-working American taxpayers a little of what they have been overcharged. That's what this legislation, and this debate, are all about today.

The choice is simple: More government and more spending versus letting the people keep a little more of their hard-earned incomes and a little more control over their own lives.

Mr. President, I vote for this tax relief bill because I am casting a vote of confidence for the wisdom of the people, and a vote to help by removing some of the heavy tax burden they are bearing.

COMMUNITY RENEWAL AND CHARITY EMPOWERMENT AMENDMENT

Mr. SANTORUM. Mr. President, I rise to discuss one of my amendments, No. 1476, offered with Senator ABRAHAM and Senator DEWINE, to establish renewal communities and encourage charitable giving to those organizations which make a lasting difference in the lives of people.

The amendment creates 100 renewal communities where businesses will have the incentive to stay and locate to provide economic opportunity for some of the most disadvantaged communities in America. The amendment also allows states to utilize federal block grant funds, if they choose to, in order to offset any revenue loss associated with offering a targeted state charity tax credit for individual donations to charities working predominantly to alleviate poverty.

Mr. President, I will continue to work with the chairman of the Finance Committee in order to see that these critical provisions for expanding opportunity and transforming lives are included in the conference report. The Renewal Community provisions were included in the House of Representatives tax relief package and I look forward to working with the chairman to see that these provisions are included which unleash the power of the private sector and American charitable and faith-based resources to renew our commodities.

Mr. ROTH. I appreciate the comments of the Senator from Pennsylvania. My staff has been reviewing this proposal and we will continue working with him toward a favorable outcome.

Mr. SANTORUM. I thank the Senator. I appreciate his continued assistance.

Mr. ABRAHAM. Mr. President, I also rise in strong support of this legislation creating Renewal Communities. These distressed communities will be able to benefit from lower taxes, regulatory relief, and brownfields clean-up while committing to lowering barriers to economic opportunity. The President of the United States has voiced his support for helping these communities. The House of Representatives has already passed this legislation. Moreover, our amendment also provides states the option to leverage federal dollars to transform lives and communities to the extent that individuals are motivated to contribute to charitable organizations walking along side those in need.

Mr. ROTH. I thank the Senator from Michigan for his comments and look forward to working with him.

Mr. ABRAHAM. I thank the Senator.

Mr. ASHCROFT. Mr. President, I join the Senator from Pennsylvania and the Senator from Michigan and rise in support of the American community renewal and charity empowerment amendment. I would also encourage the Chairman to include these essential provisions in the conference report. The legislation will also provide increased flexibility for states that choose to offer targeted charity tax credits. This principle is consistent with the growing support for expansion of charitable choice and recognizes that empowering faith-based and other charities is an essential next step in welfare reform.

Mr. ROTH. I thank the Senator from Missouri and appreciate the commitment of the Senators who have spoken to these important issues.

Ms. MIKULSKI. Mr. President, I rise today to oppose what the Republicans are calling a tax cut. This so-called tax cut is a gimmick to get attention, to get votes, but not to get America what it needs.

The Republicans are trying to pander to every interest group in America and give them a tax break. And who doesn't want a tax break?

I oppose these tax cuts for three reasons. First, these tax cuts are premature. They are based on a projected surplus of funds that we do not have. We all know that this surplus exists on paper only. It is no more than a promissory note and we don't know if that note can or will be delivered.

Second, these tax cuts are irresponsible. With no surplus, we are spending money before we have it. We are on a collision course between monetary and fiscal responsibility. Shouldn't we combine our monetary and fiscal responsibilities to get the country in the right direction towards growth in the future?

Third, these tax cuts are callous. We are giving money away that we don't have—when we've not even met the compelling needs of our country: We've not fixed the draconian Medicare cuts stemming from the Balanced Budget Act of 1997. We've not ensured the long-term solvency of Social Security and Medicare. We've not addressed the spending caps—which are forcing cruel cuts in critical services for veterans health, and children's education, and which are crippling scientific research.

The Medicare cuts in the Balanced Budget Act of 1997 have already caused 34 Home Health agencies in my state to close—only two public Home Health Agencies remain in Maryland. Maryland is also facing a managed care crisis. Because of Balanced Budget Act of 1997, 18,000 people in Maryland will lose access to supplemental benefits such as prescription drug coverage and preventive health benefits.

Republicans may say that a tax cut will allow these senior citizens to use the money from a tax cut to buy supplemental coverage, such as Medi-Gap and that they are returning "choice" and "freedom" to the American people. But what about the forty-percent of Medicare beneficiaries who do not even submit tax returns because their incomes are so low. Those people will not see a dime of the tax out. They will still not have any way to afford prescription drugs like heart medication or insulin for diabetes, because their HMO left town.

Spending caps will threaten our ability to meet compelling human needs; to maintain the national security of the United States; and to stay the course on research and development.

Because of the spending caps, veterans of this nation are facing a 10% cut in health care.

Because of the spending caps, our members of the military will continue to be forced to shop in consignment shops and use food stamps because they are not making enough money. Mr. President, we cannot have a second-hand military. These are people who put their lives on the line to protect our nation. They should not have to use food stamps to feed their families and shop in second-hand stores for clothing.

Because of the spending caps, our continued technological advancement will be jeopardized. America must maintain its competitive edge if we are to maintain our leadership in science and technology.

I am not opposed to tax cuts when it is the right time to do so. I believe it is the right time for tax cuts when there is a real and actual surplus or an incredible recession and we need to stimulate consumption. It is clear that neither of these conditions exists today.

We need to get back to basics—to save lives, save communities, and save America. I urge my colleagues to join me in rejecting this phony tax cut.

CIAC

Mr. GRASSLEY. Mr. President, in the Small Business Job Protection Act of 1996, I had the good fortune of working with my esteemed colleague, the senior senator from Nevada, on an amendment restoring the exclusion for the receipt of contributions in aid of construction (CIAC) for water and sewage disposal property repealed by the Tax Reform Act of 1986.

I rise today to voice my concern about the possible direction of the Department of the Treasury's regulations interpreting the definition of CIAC under Internal Revenue Code section 118(b). Specifically, I am troubled by an effort to narrow the definition to exclude service laterals.

The Senator from Nevada and I, along with many of our colleagues here in the Chamber worked hard over the course of a number of years to restore the pre-1986 Act exclusion for the receipt of CIACs for water and sewage. As part of our efforts, we developed a revenue raiser in cooperation with the industry to make up any revenue loss due to our legislation. This revenue raiser extended the life, and changed the method, for depreciating water utility property from 20 year accelerated to 25 year straight line depreciation. As a consequence of this cooperation with the industry, our CIAC change made a net $274 million contribution toward deficit reduction.

In addition to these efforts, we made a number of changes to the pre-1986 language. The most important of these was a change to clarify that service laterals should be included in the definition of CIAC.

These lines typically run from a larger water distribution line to the property line of one or more customers. The utility is responsible for all maintenance and liability associated with service laterals. Additionally, state public utility commissions treat contributions for service laterals (or any other capital component of the water supply system) as a CIAC and, therefore, do not allow a utility company to include them in its rate base.

It is important to distinguish that service laterals are not fees charged to customers for the right to start and stop service. Such fees would be treated as taxable income. However, as elements of utility plant, the service laterals should be treated as CIAC.

Additionally, it is my sense that the final revenue estimate done by the Joint Committee on Taxation on the restoration of CIAC included service laterals. In an October 11, 1995 letter to me the Joint Committee on Taxation provided revenue estimates for the CIAC legislation. A footnote in this letter states, "These estimates have been revisited to reflect more recent data." The industry had only recently supplied the committee with comprehensive data, which reflected total CIAC in the industry including service laterals.

It is my sincere hope that the Department of the Treasury drafts the regulations on this important matter clearly reflecting the intent of Congress to include service laterals in the definition of CIAC.

Mr. REID. Mr. President, I, too, stand to express my concern over the possible direction of the Treasury regulations. The Senator from Iowa and I worked long and hard to fix this problem in 1996. We worked with the various staffs here in Congress and at the Department of the Treasury to ensure that all contributions in aid of construction as regulated by the various state utility commissions were included under our legislation. We worked with the industry to develop a revenue raiser paid for by companies receiving relief in our legislation. I urge the Department to stick closely with the congressional intent of our amendment and look forward to working with my colleague to ensure that we reach the correct result on this issue.

Mr. KOHL. Mr. President, I rise in opposition to the Roth tax bill and to express disappointment that Senator MOYNIHAN's alternative did not pass the Senate. The Moynihan amendment would have provided real tax relief to those Americans who need it most, maintained the balanced budget that we fought so hard to achieve, and strengthened the Social Security and Medicare programs for generations to come.

Senator MOYNIHAN's amendment would have reduced the unprecedented $800 billion, ten year tax cut to a more reasonable $295 billion. The Moynihan proposal pays a fair dividend, fairly distributed, to the working families that have fueled the current economic recovery. The Roth proposal breaks the bank with tax breaks for those who don't need them, and benefit cuts to those who have already suffered them. The Moynihan proposal takes a conservative, cautious estimate of the American economic pie and divides it evenly. The Roth proposal uses "pie in the sky" surplus estimates to justify huge tax breaks for a very small segment of society.

The proponents of $800 billion worth of tax relief would have us believe that a $1 trillion surplus is as reliable and inevitable as the sun coming up in the morning. But as my colleagues know, this projection is based on the most optimistic and unrealistic assumptions—assumptions about the precise direction of the economy, which is notoriously hard to predict, and assumptions about the willingness of Congress to make large and drastic spending cuts, which is notoriously nonexistent.

Over the next 5 years, the smallest changes in the economy could lead the $1 trillion surplus estimate to be off by as much as $250 billion.

And, who among us believes that Congress and the President have the ability, or the desire, to cut programs like education, agriculture, and biomedical research by the approximately 50% required? In fact, already this year we have increased spending by $35 billion with more added every day. Furthermore, members of Congress from both sides of the aisle admit there is no way we will finish our annual appropriations bill without yet another, end-of-the-year cash infusion.

The surplus is not a sure thing, and basing an $800 billion tax cut on it is a long-shot gamble. It was wrong, during the years of deficit spending, to take money from future generations and spend it on ourselves. It is equally wrong today to bet the money of future generations on shaky economic projections and the surreal expectation that Congress will suddenly—for the first time—decide to make tough cuts in government spending.

None of this is to suggest that our budget is as bad as it was ten years ago—it is just not as good as the Roth proposal assumes. Our nation is currently enjoying record unemployment, falling welfare rolls, and increased prosperity for more Americans than at any time in history. We can and should use this opportunity to fix oversights and inequities in our tax code. Working Americans have driven this economy, and they deserve to share in it—they deserve a tax code that helps them send their children to college, that eases the burden of paying for long-term care, that encourages marriage, saving and high quality child care. Simply put, in times of economic prosperity, we have the chance—and the obligation—to expand the pool of winners in our economy.

And there are definitely some provisions in the Roth proposal that do just that. Both Senator ROTH's bill and the Moynihan amendment contain a version of my Child Care Tax Credit to encourage employers to get involved in increasing the supply of quality child care. Both bills also contain my Farmer Tax Fairness Act to allow farmers to realize the benefits of income averaging. And both bills provide for education tax relief, marriage penalty relief, full health insurance deduction for the self-employed, tax relief to cover the costs of long-term care, and the extension of tax credits that are vital to our economic health.

But despite any common elements, on almost every point, the Moynihan alternative not only does a better job of containing the overall cost of tax relief, it also focuses that relief on those taxpayers most in need of help. It is a conservative package that leaves plenty of room to preserve Social Security and Medicare, preserve the fiscal balance we have worked so hard to achieve, and pay down the national debt.

Mr. President, for all these reasons, I hope, when we finally get serious about writing a tax bill later this year, we will seriously consider the Moynihan alternative. It is balanced, responsible and fiscally prudent. It will help us expand opportunities and make life better and easier for more Americans and their families. And we should reject the Roth proposal. It turns the clock back to the failed budget policies of the past, while providing too much benefit for too few Americans at too great a cost.

Mr. GORTON. Mr. President, the question now being considered by the Senate is whether we should refund a portion of the federal government surplus to American families.

Over the next ten years, the federal government will collect $996 billion more in income and other taxes than is necessary to pay fully for every existing federal program, agency and department. This means that the IRS will be taking almost $1 trillion more in taxes from the American people's paychecks than it needs to operate the government. This is a tax surplus—a tax overpayment.

This tax relief debate, serious as it is, concerns only the non-Social Security surplus. Both sides agree that the Social Security surplus itself is to be reserved for Social Security recipients only, and not be diverted to any other purpose.

There is, however, an important distinction between the two parties even on Social Security. Republicans, myself included, believe that we should pass a "lockbox" law, giving the strongest possible statutory protection to that Social Security surplus. Democrats have consistently filibustered our proposal, asking Americans simply to trust them not to raid the Social Security surplus in the future as they have in the past. That is not enough.

The difference between the parties on taxes is even more striking. Republicans believe that the lion's share of the non-Social Security surplus ought to be returned to the American taxpayer whose taxes created that surplus; Democrats want to spend that surplus on new and expanded government programs.

I am convinced that this tax overpayment should be refunded to the American people who worked for and earned it. It is their money and it should be returned to them to invest and spend as they deem best for their families and their futures. The alternative to refunding the tax surplus to taxpayers is to leave the money in Washington, DC where it will be spent to create $1 trillion in new government programs.

The President and his supporters in Congress are making outrageous claims that giving a refund to taxpayers is risky or even dangerous. They say that somehow returning a portion of the government surplus to American families will somehow endanger the very livelihoods of women and children. On that point, I would ask every American citizen to challenge the President and his Democratic allies to back up with facts their politically-charged claims.

This latest shameless charade by the President is absolutely outrageous. The inference propounded by President Clinton is that those of us in this Chamber who support a tax refund are out to harm women and children, and that those who oppose such a refund care more about women and children than we do. That's an absolute outrage, and I'm truly sorry to see that the President of the United States will stoop to such low levels in order to keep this money here in Washington, D.C. so that he can spend it on new government programs.

I will resist the temptation to join the President in his game of scare tactics, but I will take this opportunity to challenge all Americans to ask themselves this question when they hear these ridiculous charges: how will women and children, or anyone else for that matter, possibly be hurt by the government giving them back some of the money they overpaid to Washington, D.C.?

To further illustrate the weakness of the President's argument, I'd like everyone watching this on C-Span back home to take three dollars out of his or her purse or wallet. Now imagine that each dollar bill is worth a trillion dollars. That's the surplus—the people's tax overpayment. That's the amount that Americans have overpaid the government in personal income and other taxes.

We Republicans want to put two of these dollars aside to protect Social Security and Medicare and other essential programs, and to cut the national debt in half.

The debate with the Democrats is over what to do with the third dollar. Republicans want to give it back to the taxpayers who earned it. Democrats want to spend it on new programs and bureaucracies. It's as simple and clear as that.

The surplus is generated from personal income and other taxes, it belongs to the American people. It's not the government's money—it's your money . . . you sent it here. Shouldn't you get some of it back?

While I strongly support refunding the tax surplus to the taxpaying families and hardworking individuals all across this country, it is my sincere hope that Congress will ultimately pass a bill that reduces the tax burden on Washington state families while moving towards simplification of the federal tax code.

Fundamental reform of the tax code is my number one tax priority. I am a strong, committed advocate for the elimination of our current federal tax system. It is too complicated, too burdensome, too unfair. The current system should be scrapped and replaced with one that is much simpler and easier to understand. We need to focus our energy and attention in Congress on developing an alternative. I will support a replacement code that is based on four principles: the new code must be fair, simple, uniform and consistent. Americans deserve a tax code they can understand and predict.

A vast majority of the American people and those in Congress support reforming our tax code. I hope that when Congress takes action to ease the cost burden of the federal tax code, the opportunity to simplify or reduce the complexity of the tax code will be seized. I do not pretend to believe there is consensus on how to reform the code completely at this time, but at the very least Congress should pass a tax bill that does not make the code even more of a bewildering mess than it is today.

Unfortunately, the bill reported out of the Finance Committee does not achieve the goals of either simplifying the code, or even to do no further harm. The bill contains 15 titles, 19 subtitles and 163 various sections to total over 400 pages in length. It takes a report of an additional almost 300 pages to explain what the bill even does. Yes, the bill does refund nearly $800 billion in unneeded tax dollars back to the American people, but at what price? Adding more pages to the tax code? Making the code more complicated? Further confusing taxpayers as they struggle to fill out their tax returns?

What is most unfortunate is that a tax relief bill need not be so complex. It is certainly possible to refund the tax surplus simply and directly. An alternative was proposed during committee consideration by Senator GRAMM that accomplished the goal of simple tax relief by including just four elements: broad-based income tax rate relief, repeal of death taxes, elimination of the marriage penalty, and full deductibility for health insurance for all Americans. I voted for that alternative in the Senate.

While I may not fully endorse every aspect of this specific proposal, I strongly and enthusiastically support its intent to refund the taxpayers' money in a manner that simplifies and corrects injustices in the current tax code. We should get rid of death taxes, stop penalizing married couples through the tax code, allow self-employed and individual Americans to fully deduct their health insurance costs just as corporations can, and we should permanently extend the R&D tax credit so that our increasingly technology driven economy can continue to grow and create jobs.

I cannot, though, happily endorse a tax relief package that moves toward such reform only to get lost in a 443-page swamp of countless new provisions and rules. The citizens of Washington state and the taxpayers of this nation deserve to have a significant portion of the tax surplus returned to them, and they deserve it in a manner that doesn't make filling out their IRS return by April 15th even more of an exasperating experience.

For now, I will continue to push for a debate that reforms our tax code. In the meantime, I am committed to pushing onward with the principles that guide this debate: Should a portion of the government surplus be refunded to American families, or should the rest of the non-Social Security and Medicare surplus be left in Washington, D.C. for increased spending on government programs?

On that question, the answer is easy . . . give American families a tax refund. That requires a yes vote, though with serious reservations.

CAPTIAL GAINS EXCLUSION

Mr. DORGAN. Mr. President, I rise to enter into a colloquy with the chairman of the Finance Committee, Senator ROTH, about a tax issue that is important to farm families across the country.

The Senate is on record in this year's budget resolution as supporting legislation to end the disparity between family farmers and their urban and suburban counterparts with respect to the $500,000 capital gains inclusion for homes sales that Congress passed in 1997 by expanding it to cover capital gains from the sale of farmland along with the farmhouse. Under current law, farmers receive little or no benefit from the existing capital gains exclusion because farm homes away from town often hold little or no value.

It is my understanding that the chairman is supportive of the effort to end this tax inequity and will work to include this family farmers capital gains fairness proposal in conference should the final tax bill include other capital gains tax relief.

Mr. ROTH. I understand the Senator's concerns. In the context of capital gains, I believe the needs of farmers should be considered as we develop future legislation. In the conference, we will certainly be discussing capital gains. And we will consider the special needs of farmers in this area.

Mr. CAMPBELL. Mr. President. Today I express my support for S. 1429, The Taxpayer Refund Act of 1999. This is a sound bill based on real need and I believe the American taxpayers deserve and want this legislation.

The Taxpayer Refund Act of 1999 goes a long way to relieve taxpayers of an unfair tax burden. This bill provides: broad-based tax relief; family tax relief by addressing the Marriage Penalty Tax; retirement savings and education incentives; health care tax reductions; small business tax relief; international tax reform, and death and gift tax relief, among other provisions.

I am particularly interested in the estate tax relief because earlier this year I introduced the Estate and Gift Tax Rate Reduction Act of 1999, (S. 38). Estate and gift taxes remain a burden on American families, particularly those who pursue the American dream of owning their own business. This is because family-owned businesses and farms are hit with the highest tax rate when they are handed down to descendants—often immediately following the death of a loved one. These taxes, and the financial burdens and difficulties they create come at the worst possible time. Making a terrible situation worse is the fact that the rate of this estate tax is crushing, reaching as high as 55 percent for the highest bracket. That's higher than even the highest income tax rate bracket of 39 percent.

Furthermore, the tax is due as soon as the business is turned over to the heir, allowing no time for financial planning or the setting aside of money to pay the tax bills. Estate and gift taxes right now are one of the leading reasons why the number of family-owned farms and businesses are declining; the burden of this tax is just too much.

This tax sends the troubling message that families should either sell the business while they are still alive, in order to spare their descendants this huge tax after their passing, or rundown the value of the business, so that it won't make it into their higher tax brackets. Whichever the case may be, it hardly seems to encourage private investment and initiative, which have always been such a strong part of our American heritage.

I am pleased that the bill before us takes the important step to address this unfair burden. I will continue to work with my colleagues for the complete elimination of the death tax.

I have heard the argument that this tax cut will threaten Social Security, but that's just not true. In fact, this bill saves every penny of the money set aside for Social Security. Social Security is safe and secure with this bill. This bill also leaves $277 billion to finance Medicare, emergencies or other priorities, so this bill does not threaten Medicare or Medicare beneficiaries. In contrast, the administration's budget would increase spending by $1 trillion and increase taxes by $100 billion over the next 10 years according to the Congressional Budget Office. How can this administration believe that they can increase spending and taxes even though they already admitted raising taxes too much? I think since we now have a balanced budget, then the American people deserve this tax cut. The American people have earned this tax cut, this is their money and I think we should give it back to them.

I know that $792 billion is a lot of money, but we have a $3 trillion surplus and one reason we have a $3 trillion surplus is the taxpayers got their taxes raised too much. I realize that we could just go ahead and spend that extra money like the administration wants to do, but I think that would be irresponsible. I think if the American people overpaid, then the American people should get their money back—that's just fair.

The Taxpayer Refund Act of 1999 is the largest middle-class tax relief since the Reagan administration and I think it's high time the hard-working taxpayer get this refund.

I ask unanimous consent to have pertinent information printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON TAXATION,
Washington, DC, March 5, 1999.

Senator BEN NIGHTHORSE CAMPBELL,
U.S. Senate,
Washington, DC.

DEAR SENATOR CAMPBELL: This is in response to your request dated February 24, 1999, for a revenue estimate of your bill, S. 38, "The Estate and Gift Tax Rate Reduction Act." Briefly, this bill would reduce the statutory estate and gift tax rates contained in section 2010 of the Internal Revenue Code of 1986 (the "Code") each year by subtracting 5 percent from each rate in each rate bracket contained therein. In addition, your bill would also reduce the credit for State death taxes contained in section 2011 of the Code by subtracting each year 1.5 percent from each rate in each rate bracket contained therein. As the result of these reductions in the statutory estate and gift tax rates, Subtitle B of the Code pertaining to estate, gift, and generation-skipping transfer taxes will effectively be repealed for decedents dying and gifts made after December 31, 2009.

Assuming that your bill would take effect for decedents dying and gifts made after December 31, 1999, we estimate that this proposal would decrease Federal fiscal year budget receipts as follows:

[In billions of dollars]

Fiscal years:	
2000	
2001	−4.1
2002	−8.4
2003	−13.4
2004	−18.1
2005	−22.1
2006	−26.3
2007	−30.8
2008	−35.1
2009	−39.5
Total	−197.8

I hope this information is helpful to you. Please let me know if we can be of further assistance in this matter.

Sincerely,

LINDY L. PAUL.

UNITED STATES SENATE,
Washington, DC, December 11, 1998.

DEAR COLLEAGUE: As we prepare to convene the 106th Congress, I am writing to seek your co-sponsorship of legislation that would eliminate the burden of the death taxes. On July 16, 1998, I introduced S. 2318, a bill that took a fresh and prudent approach to reducing the burden of estate and gift taxes. This important bill, which I plan on re-introducing as soon as we reconvene, would amend the Internal Revenue Service Code of 1986 to phase out gift and estate taxes completely over a ten year period. A copy of S. 2318 is enclosed for your convenience.

Just this month, the Joint Economic Committee released its study entitled, "The Economics of the Estate Tax." This thorough analysis concluded that "the estate tax generates costs to taxpayers, the economy and the environment that far exceed any potential benefits that it might arguably produce." The study shows persuasively that this unfair and byzantine tax restricts economic growth and squelches entrepreneurial initiative. Of special importance to me, the study also demonstrates how this tax undermines family-owned businesses and farms—a segment of our economy responsible for about ⅔ of new job creation since the early 1970s. Clearly, the time for eliminating the estate tax has arrived.

My bill would gradually eliminate this tax completely, by reducing the tax five percent each year, until the highest rate reaches zero. Although the $23 billion received from this tax last year represents only a tiny percentage of overall IRS receipts, eliminating it requires a gradual approach. A gradual reduction over ten years is wise as we struggle to maintain our commitment to balance the budget and prune the federal government. A gradual approach minimizes possible dislocations.

Several states have already taken a similar initiative and phased out their state taxes on their own. I think it's time we follow their example and eliminate this federal tax. My bill last year was endorsed by the American Farm Bureau, the Family Business Estate Tax Coalition, the U.S. Chamber of Commerce, and other interested groups.

Should you wish to be an original cosponsor of this bill when I reintroduce it, or if you have any questions about this bill, please contact me, or have your staff contact Amy Amato of my staff at 224–5852. I look forward to working with you.

Sincerely,

BEN NIGHTHORSE CAMPBELL,
U.S. Senator.

UNITED STATES SENATE,
Washington, DC, April 22, 1999.

DEAR COLLEAGUE: We are writing to request your cosponsorship of S. 38, the Estate and Gift Tax Rate Reduction Act of 1999. This bill takes a fresh and prudent approach to reducing the burden of estate and gift taxes by phasing out gift and estate taxes completely over a ten year period.

In December, the Joint Economic Committee released its study entitled, "The Economics of the Estate Tax." This thorough analysis concluded that "the estate tax generates costs to taxpayers, the economy and the environment that far exceed any potential benefits that it might arguably produce." The study shows persuasively that this unfair and Byzantine tax retards economic growth, and squelches entrepreneurial initiative. The study also demonstrates how this tax undermines family-owned businesses and farms—a segment of our economy responsible for about ⅔ of new job creation since the early 1970s. In fact, in large part due to this tax, only 30% of family-owned businesses survive through the second generation and only 13% survive through the third. Clearly, the time for eliminating the estate tax has arrived.

S. 38 would gradually eliminate this tax completely, by reducing the tax five percent each year, until the highest rate reaches zero. Although the $23 billion received from this tax last year represents only a tiny percentage of overall IRS receipts, eliminating it requires a gradual approach to minimize possible dislocations. A gradual reduction over ten years is prudent as we struggle to maintain our commitment to balance the budget and prune the federal government.

Several states have already taken a similar initiative and phased out their state estate taxes on their own. It's time we follow their example and eliminate this federal tax. Eliminating the tax has widespread support. In fact, 60% of business owners report that they would increase investment and add more jobs if this tax were eliminated. That kind of positive effect on the American economy is tremendous. This bill has the endorsement of the American Farm Bureau, the Family Business Estate Tax Coalition, the U.S. Chamber of Commerce, the National Federation of Business, and over 100 other interested organizations. The time to eliminate this tax has clearly come.

Should you wish to be a cosponsor of this bill, or if you have any questions about this bill, please contact us, or have your staff contact Amy Amato of Senator Campbell's staff at 224–5852 or Kolan Davis of Senator Grassley's staff at 224–3744. We look forward to working with you.

Sincerely,

BEN NIGHTHORSE CAMPBELL,
U.S. Senator.
CHARLES GRASSLEY,
U.S. Senator.

Mr. AKAKA. Mr. President, I rise, while we are debating the budget reconciliation bill, to talk about an important family issue that I raised during debate on the emergency supplemental bill in March. I want to voice my strong opposition to efforts by Members in the other body to use $6 billion in unspent welfare and health care funds, intended for low-income children and their families, as a gimmick to overcome their problem with this year's low budget caps.

Mr. President, I am referring to attempts to rescind $6 billion in unobligated Temporary Assistance for Needy Families, or TANF money, and unobligated Medicaid or Children's Health Insurance Plan funds. I learned of this proposal after reading the July 28, 1999, New York Times, in which appeared a story entitled, "Leaders in House Covet States' Unspent Welfare Money." Why do they want to do this? To help fund the $792 billion tax cut proposal that the other body passed last week—a proposal that would mostly help the wealthy in our nation. Any such action would be a repudiation of our promise to help families living in poverty. It is a classic situation of reverse Robin Hood: robbing the poor to give more to the rich.

Mr. President, during debate on the welfare reform bill in 1996, states agreed to trade entitlement status under the Aid to Families with Dependent Children program for the assurance of a fixed, annual amount in the form of a block grant. Those of us who opposed the welfare bill for this and other reasons warned that it would be harder under a block grant to keep welfare funds from being cut. Now, certain members are turning our fears into reality. The cuts in this former entitlement program have begun. Cutting funds in this manner, Mr. President, would represent a betrayal of our promise to protect America's poor families.

Again, as I explained in March, the term, "unobligated," may seem self-explanatory—that these are simply funds that have not been spent under TANF, Medicaid, or CHIP. Under TANF, according to the U.S. Department of Health and Human Services, a combined total of $4.2 billion from fiscal years 1997, 1998 and 1999 is available. Some would point out that many poor families have worked their way to self-sufficiency and that welfare rolls have fallen by record numbers, as reasons why this money is not needed by states and remains unobligated.

However, many states are relying heavily on these unobligated funds and have already committed them for a wide variety of uses. States need to distribute some of this funding to counties and local agencies, or to child care and social services activities. Governors are keeping "rainy day" funds for contingencies such as recessions or periods of stagnant growth—as we have now in my State of Hawaii—that force families back onto welfare and leave states without enough money until the next quarterly federal payment. States are also planning to use this money for fundamental or new, innovative expenses to help poor families become financially independent.

In July 23, the National Governors Association wrote to Congressmen JOHN PORTER and DAVID OBEY of the House Appropriations Committee, to plead their case. This letter is signed by Governors Thomas R. Carper of Delaware and Michael O. Leavitt of Utah, one Democrat and one Republican. The letter states, "Cutting funding for vital health and human services programs such as Medicaid, CHIP, TANF, and child support would adversely affect millions of Americans—with the greatest impact on children and the elderly in the greatest need. We reiterate our adamant and uniform opposition to these unprecedented cuts and to any proposal that would result in such drastic cuts to our most vulnerable citizens."

I concur with the Governors' sentiments about these valuable programs.

Mr. President, I do this especially because the monies in question were originally designated to help our poorest children and their families. Instead, they would, over the next 10 years, go toward such things as estate tax relief and capital gains tax relief—tax benefits for the wealthiest taxpayers in the Nation.

Tax relief can be a good thing. However, it should not be the top priority when we face the urgent need to pay down our country's debt and save Social Security and Medicare. I hope my colleagues agree with me on an issue that is important to many poor Americans. I hope funding is not taken out of TANF, Medicaid or CHIP, as a solution to low budget caps.

INDEPENDENT BAKERY DRIVERS

Mr. NICKLES. Mr. President, I have been working for several years to clarify a provision of the tax code which treats certain truck drivers as "statutory employees," meaning they are independent contractors except for payroll tax purposes.

Prior to 1991, these individuals could pay their own payroll taxes if they had a substantial investment in a distribution route. However, a 1991 IRS ruling said that an investment in a distribution route no longer qualified as an investment in "facilities." This reversal by the IRS has created much uncertainty, particularly in the bakery industry.

I have prepared an amendment to clarify that an investment in facilities can include a substantial investment in a distribution route, area, or territory. Thus, an independent-contractor truck driver who has a substantial investment in a distribution route or territory will not be treated as a statutory employee for FICA and FUTA tax purposes.

Unfortunately, I am prevented from offering my amendment to this tax reconciliation bill because it affects the

Social Security program. Under Section 310(g) of the Budget Act, the adoption of my amendment would cause the entire bill to be subject to a 60-vote point of order.

Therefore, I will not offer my amendment to this bill. However, I ask my colleague from Delaware, Senator ROTH, if he would work with me to consider this amendment on the next non-reconciliation tax measure considered by the Senate Finance Committee.

Mr. ROTH. I thank the Senator from Oklahoma for his comments on this issue. The budget reconciliation procedures do prevent the consideration of some amendments such as the one described by the Senator from Oklahoma. I look forward to working with the Senator from Oklahoma on this important issue on the next non-reconciliation tax bill.

TAX RULES FOR CONSOLIDATION OF LIFE INSURANCE COMPENSATION

Mr. COVERDELL. Mr. President, let me ask the Chairman. As I understand it, the tax rules regarding the taxation of life insurance companies have changed substantially over the past years. As a vestige of these old tax rules, however, there are certain limitations on when life insurance companies can file consolidated tax returns with non-life companies.

Mr. ROTH. Yes, I agree.

Mr. SHELBY. I also want to note that in the Senator's tax bill and in the House tax bill, some of these restrictions on life insurance consolidation have been addressed.

Mr. ROTH. Yes, that is true.

Mr. SHELBY. I ask that the Chairman keep in mind the further rationalization of these restrictions as this bill heads into conference and in future action in the Committee.

Mr. ROTH. I will keep in mind the concerns of both Senators in this important issue.

BRINGING COMPUTERS TO THE CLASSROOM

Mr. DASCHLE. Mr. President, as a cosponsor of the New Millennium Classrooms Act, introduced by Senators ABRAHAM and WYDEN, I am very pleased the Senate adopted this provision to encourage computer donations to schools. While I oppose the underlying bill, and believe the magnitude of the Republican tax cut is irresponsible, I do support a more reasonable level of tax relief with provisions targeted to address national needs. This provision, which has strong bipartisan support, meets that test. I would also like to point out that Senator BAUCUS sponsored a similar provision that was part of the Democratic alternative considered earlier.

Technology is playing an increasingly important role in our society, in homes, in businesses, and in many aspects of everyday life. Employers will require increasingly sophisticated levels of technological literacy in the workplace of the 21st Century. Education Secretary Riley has pointed out that we can expect 70 percent growth in computer and technology-related jobs in the next 6 years.

Yet, a recent U.S. Department of Commerce report, "Falling Through the Net: Defining the Digital Divide," finds there is a growing disparity in terms of who has access to technology. While more Americans are embracing technology, African Americans and Hispanics, particularly from lower-income families and from rural areas, have less access to computers, and that gap is growing. We find ourselves with a new, information-age definition of "haves" and "have-nots." These conditions are not good either for those left behind, or for those who will be looking to hire employees in the future.

Every child should be able to gain technological skills through his or her classroom. Yet many schools are having difficulty meeting this challenge. Sadly, while some schools have access to the latest in equipment, too many schools, particularly in fiscally strapped urban and rural areas, have an insufficient number of computers, and most of those are outdated. The average computer in the classroom is 7 years old—and many are even older. A large proportion of these computers cannot run current educational software or connect to the Internet.

The Department of Education recommends that the optimal ratio of students per computer is five to one. Yet schools where 81 percent or more of the children meet the Title I eligibility standards have only one multimedia computer for every 32 students. Even schools where less than 20 percent of the students are economically disadvantaged have only one multimedia computer for every 22 students.

At the same time, research shows that students with the least access to technology can be helped most from effectively integrating technology into the classroom. A study by City University of New York found test scores of disadvantaged children increased dramatically with computer-aided instruction.

We have taken several steps at the federal level to increase schools' ability to integrate technology into the classroom. The creation of the E-rate program, for example, is helping schools obtain access to the Internet. Technology Challenge grants are providing resources to schools to upgrade their computer programs. We are also providing more resources to help train teachers on the best ways to use technology effectively in their classes. But many schools have a fundamental problem in obtaining suitable hardware.

Current law provides an enhanced deduction for corporate donations to schools until December 31, 2000. Unfortunately, few corporations are taking advantage of the enhanced deduction for two main reasons: the requirement that donated equipment be 2 years old or less does not fit companies' equipment use cycles, and the deduction does not provide a sufficient incentive. Modifying the tax code to address these limitations, as the Abraham-Wyden amendment proposes, will help us achieve the goal of putting a computer in every classroom and create ongoing incentives to make sure the technology is kept reasonably up-to-date.

The Rand Institute has estimated the cost of providing our schools with appropriate technology to be about $15 billion. The New Millennium Classrooms Act will help stretch federal funds efficiently and effectively to address this shortfall.

Mr. President, we all talk about the importance of encouraging businesses to become more involved in the educational process in their communities. This provision creates a strong incentive to help build those relationships while providing school children with access to updated equipment. I thank my colleagues for supporting it and intend to work to see it enacted as part of a more responsible budget plan.

Mr. WYDEN. Mr. President, I am pleased that last night the Senate adopted the Abraham-Wyden New Millennium Classrooms Act as an amendment to the reconciliation tax bill. Senator ABRAHAM and I have worked on many technology issues together as members of the Senate Commerce Committee.

The New Millennium Classrooms Act is about digital recycling. It gives companies an incentive to recycle technology. It says the computer Bill Gates may see as a dinosaur, is really a dynamic new opportunity for seniors and students who have none.

There is a growing need to encourage access to information technology for both seniors and students. The Administration on Aging estimates there are about 11,500 senior centers throughout the United States serving millions of older Americans. The centers offer a variety of services, including employee assistance and educational programs. Equipping senior centers with donated computer equipment could help open the door to employment opportunities.

We know there is a growing demand for skilled high tech workers. Just last year, the high tech community came to Congress asking for a large increase in the number of skilled H-1B visas so they could hire foreign workers to fill the gap. Congress agreed to boost the number of H-1B visas from 65,000 to 115,000 for 1999 and 2000. Those are 50,000 jobs that could have gone to Americans. Many seniors have the drive and the desire to keep working; they simply need to gain some basic computer skills.

While it is important for all Americans to have equal access to information technology, the most pressing need is in our schools. The Department of Commerce recently published a report, "Falling Through the Net: Defining the Digital Divide." It shows that the rapid build-out of the information superhighway has by-passed many in rural and in less-advantaged urban communities. The report says factors such as race, income and area of residence help limit access to information technology. For example, the study found that households earning more than $75,000 are five times more likely to own computers than those earning less than $10,000. Households earning more than $75,000 are seven times more likely to use the Internet as those earning less than $10,000.

We know that very early in the next Century 60% of all jobs will require high-tech computer skills. To prepare our children for the jobs of the future, they not only must have access to technology, but they must be trained to use it as well. But we cannot count on children in low-income and rural communities even to have access to computers.

Schools can serve as great equalizers in this equation, giving all children access to information technology resources. However, a 1997 report by the Educational Testing Service found that on average there was only one multimedia computer for every 24 students. In economically disadvantaged communities, the situation is worse: the computer to student ratio rises to one in 32.

The purpose of our amendment is to build more bridges between the technology "haves" and the "have nots" to build more on-ramps to the information superhighway. You can't get 21st Century classrooms, using Flintstones technology. However, technology is not cheap and school budgets are limited, making it tough for schools to upgrade their systems by themselves. The point of our amendment is to enhance existing incentives to businesses to donate computer equipment to schools.

There is a federal program in place, the 21st Century Classroom Act of 1997, but its use has been limited. It allows businesses to take a tax deduction for certain computer equipment donations to K–12 schools. But most businesses take longer to upgrade their computers than allowed for under the law.

The New Millennium Classrooms Act would make this law work the way it was intended, and include donations to senior centers under this tax credit. First, our legislation would increase the age limit from two to three years for donated equipment eligible for a tax credit. This more realistically tracks the time line businesses follow for their computer upgrades. It will cover hardware that possesses the necessary memory capacity and graphics capability to support Internet and multimedia applications.

Second, our bill expands the current limitation of "original use" to include both original equipment manufacturers and any corporation that reacquires their equipment. We believe that by expanding the number of donors eligible for the credit, we will expand the number of computers donated to schools and senior centers.

Third, our bill provides for a 30% tax credit of the fair market value for school and senior center computer donations, and a 50% credit for donations to schools located in empowerment zones, enterprise communities and Indian reservations. The Department of Commerce report highlights the need to encourage school computer donation in these notoriously under-served communities and we want to target donations toward these communities.

Finally, our bill requires an operating system to be included on a donated computer's hard drive in order to qualify for the tax credit. This will ensure students and seniors don't get empty computer shells, but the brains that drive the computers.

Our legislation is supported by a wide range of business and education groups. Leaders of technology associations, like the Information Technology Industry Council and TechNet, and the National Association of Manufacturers have joined education associations, such as the National Association of Secondary School Principals and the National Association of State University and Land Grant Colleges, in support of the amendment.

The Digital Millennium Classrooms Act promotes digital recycling. It will encourage companies to put their used computers into classrooms instead of into landfills. It will help build a safety net under students trying to cross the digital divide. I thank my colleagues for supporting this amendment, and again wish to commend Senator ABRAHAM for his leadership on this legislation.

Mr. McCAIN. Mr. President, as one who has advocated tax relief and reform for American families throughout my 17 years in Congress, I welcome the opportunity to speak on the Taxpayer Refund Act of 1999.

Americans want, need, and deserve tax relief. The government takes too much of the American people's earnings to fund the bloated bureaucracy in Washington. The notion that the government knows better than families how to spend their money is absurd. Americans should be able to keep much more of their hard-earned money to use and invest for themselves and their family's future.

Not only do Americans want and need tax relief, they also deserve fundamental reform of our unfair and overly complex tax code. For years, and this bill is no exception, we have compounded the tax code's complexity and put tax loopholes for special interests ahead of tax relief for working families. The result is a tax code that is a bewildering 44,000 page catalogue of favors for a privileged few and a chamber of horrors for the rest of America—except perhaps the accountants and lawyers.

No one can possibly believe it's fair to tax your salary, your investments, your property, your expenses, your marriage, and your death. Taxes claim nearly 40 percent of the average taxpayer's income. This is simply not right.

This bill takes several steps toward relieving that excessive tax burden, and I congratulate the Chairman and his colleagues on the Senate Finance Committee for their hard work in crafting this bill for the Senate's consideration.

There are many good provisions in this bill, and I intend to support it in the hope that a conference agreement can be reached that provides meaningful tax relief and that the President will sign into law. However, I am concerned that the majority of the tax relief proposed in this bill will not be available to taxpayers for several years. The bill also excludes other very good ideas but includes several provisions that are clearly intended to benefit special interests. I hope the amendment process, limited though it is by the Senate's arcane rules for dealing with reconciliation measures, will improve it before we are asked to vote on final passage.

Mr. President, the latest reports project a nearly $3 trillion federal budget surplus over the next 10 years. About two-thirds of the projected surplus comes from Social Security payroll taxes that are deposited in the Social Security Trust Funds, and must be kept away from spendthrift politicians to ensure that Social Security benefits are paid as promised. Our first priority must be to lock up the Social Security Trust Funds to prevent Presidential or Congressional raids on workers' retirement funds to pay for so-called "emergency" spending or new big government programs. Most Americans don't share the view that dubious pork-barrel projects, such as millions of dollars in assistance to reindeer ranchers and maple sugar producers, should be treated as emergencies to be paid for with their Social Security taxes, but that is what Congress did earlier this year.

That leaves nearly $1 trillion in non-Social Security revenue surpluses. Now, the typical Washington response would be to spend the money on new government programs and bureaucracies. Let me state very clearly that I vehemently oppose the view that "growing government" should be a national priority. To the contrary, our goal should be to continue to shrink the size of the federal government, returning more power and money to the people.

I firmly believe a healthy portion of the projected non-Social Security surplus should be returned to the American people in the form of tax cuts. I also believe we have a responsibility to balance the need for tax relief with other pressing national priorities.

After locking up the Social Security surpluses, I would dedicate 62 percent of the remaining $1 trillion in non-Social Security surplus revenues, or about $620 billion, to shore up the Social Security Trust Funds, extending the solvency of the Social Security system until at least the middle of the next century. The President promised to save Social Security, but he failed to include this proposal anywhere in his budget submission. In fact, he has since proposed or supported spending billions of dollars from the surplus on other government programs, depleting the funds needed to ensure retirement benefits are paid as promised.

I would also reserve 10 percent of the non-Social Security surplus to protect the Medicare system, and use 5 percent to begin paying down our $5.6 trillion national debt.

With the remaining $230 billion in surplus revenues, plus about $300 billion raised by closing inequitable corporate tax loopholes and ending unnecessary spending subsidies, I would provide meaningful tax relief that benefits Americans and fuels the economy.

My tax relief plan, which was filed as an amendment to this bill, provides slightly more than $500 billion in tax relief over 10 years, targeted toward lower- and middle-income Americans, family farmers and small businessmen, and families. The bill before the Senate includes provisions that are similar to some of the proposals included in my plan.

The bill does provide relief from the marriage penalty and gift and estate taxes, but these important provisions do not take effect for several years. I believe we should repeal, once and for all, the disgraceful tax penalty that punishes couples who want to get married. We should also slash the death tax that prevents a father or a mother from leaving the hard-earned fruits of their labor to their children. Why wait five or seven years to provide some relief from these onerous and unfair taxes?

The bill properly targets the lowest 15 percent tax bracket for a one-percent rate reduction and provides for a gradual increase in the upper limit of the bracket. My plan would also expand this bracket to allow as many as 17 million more Americans to pay taxes at the lowest rate.

The bill also increases the income threshold for tax-deferred contributions to IRAs, but not until 2008, and very gradually increases the amount that employees can contribute each year to employer-sponsored retirement plans. We should make these increases effective immediately to encourage more Americans to save now for their retirement.

What the bill before the Senate does not do is provide much-needed incentives for saving. Restoring to every American the tax exemption for the first $200 in interest and dividend income would go a long way toward reversing the abysmal savings rate in this country.

Most important, we must eliminate immediately the Social Security earnings test. This tax unfairly penalizes senior citizens who choose to, or have to, work by taking away $1 of their Social Security benefits for every $3 they earn. There is no justifiable reason to force seniors with decades of knowledge and expertise out of the workforce by imposing such a punitive tax.

Many of the other provisions in this bill that provide tax relief for education, health care, and other issues important to American families are implemented gradually or simply delayed for several years. Likewise, some of the provisions that benefit small businesses and tax-exempt organizations do not take effect for a number of years. In fact, less than half of the 120 provisions in this bill provide any tax relief at all in the year 2000. Those tax cuts that do take effect immediately amount to just $5 billion of the nearly $800 billion total tax cuts in the bill.

But look at some of the provisions that do take effect immediately:

—A provision to extend the tax credit for electricity produced from wind and closed-loop biomass sources, and also extend the credit to electricity produced from poultry waste, which is defined to include rice hulls, wood shavings, straw, bedding, and other litter. This provision goes into effect immediately, and will cost $1.6 billion over 10 years.

—A provision to exempt individuals with foreign addresses from paying the 7.5 percent air passenger ticket tax on frequent flier miles, leaving American passengers to pay for our over-burdened air traffic control system. The provision goes into effect on January 1, 2000, and will cost $238 million over 10 years.

—A provision that exempts small seaplanes from paying ticket taxes. This provision goes into effect on December 31, 1999, and will cost $11 million over 10 years.

—A provision to reduce the excise tax, from 12.4 percent to 11 percent, on component parts of arrows used for hunting fish and game that measure 18 inches overall or more in length. This provision takes effect immediately.

How can we justify giving a $33 million tax break next year to companies producing electricity from chicken waste, when senior citizens have to forego some of their Social Security benefits if they must work to make ends meet. How can we justify writing off $15 million in revenue next year from people from other countries who fly to the U.S., when American families get absolutely no relief from the egregious marriage penalty until 2005?

Mr. President, as I have said, there are many good provisions in this bill which reflect the hard work and difficult decisions that Chairman ROTH and the Finance Committee faced. They have worked hard to do the best we can for the American people who need and deserve relief from excessive taxation and a burdensome tax code.

I intend to vote for this bill, even though I know, as do my colleagues, that the President has pledged to veto both the Senate and House tax bills. Neither bill will ever become law, and the American people will never see a nickel's cut in their taxes, if the President has his way. That is the unfortunate reality that the conferees on this measure must recognize as they work to craft a meaningful tax relief bill that can be enacted and implemented for the benefit of the American people.

I will vote for this bill to move the process along and send this bill to conference with the House. What will matter at the end is that we focus on crafting a bill that can become law so that the American taxpayers get the relief they deserve and need. I have put forward a plan, described briefly here, that I believe can be a starting point for meaningful and achievable tax cuts. I urge the conferees on this legislation to focus on a conference agreement that the President will sign and that will become law this year. That is what the American people want and need.

Mr. DODD. Mr. President, I would like to take this opportunity to express my thoughts and observations on the Senate's consideration of S. 1429, The Taxpayer Refund Act of 1999.

Regrettably, in choosing to pass this bill, the Senate has missed a unique opportunity to provide Americans with long-term economic stability, improved retirement and health security for seniors, and targeted tax cuts for working families.

Instead, the Senate has adopted—along largely partisan lines—a package of reckless and fiscally irresponsible tax cuts that threatens our economic prosperity and short-changes our commitment to Social Security, Medicare, education, and other priorities.

Let me briefly express my concerns about this legislation in more detail.

First, it would harm the country's long-term economic prospects. I find it somewhat ironic that many of our Republican colleagues applaud Federal Reserve Chairman Greenspan's economic stewardship, yet choose to ignore his warnings about the ill-considered implications of their tax plan. In fact, the Chairman has made abundantly clear that this tax package will stimulate an economy that is already performing at a high level. That will only contribute to the kinds of inflationary pressures that have already caused the Fed to recently raise interest rates. The further irony, of course, is that, as we all know, an increase in interest rates acts as a hidden tax on taxpayers. So by contributing to a hike in interest rates, this tax package could actually have the effect of raising the cost of a mortgage loan, a car loan, a student loan, and so many other items upon which working families depend.

Second, S. 1429 fails the test of tax fairness. According to the Department of the Treasury, nearly 67 percent of the tax cuts would benefit the wealthiest 20 percent of families. Only 12 percent of the tax benefits are targeted at the bottom 60 percent of income earners. The bill contains estate tax relief that eases tax burdens for those with estates exceeding $10,000,000 in worth. Is this middle America? I don't believe so. Meanwhile, the Majority has once again refused to extend child care tax credits to people earning less than $28,000.

The Republicans stress the importance of securing the solvency of Social Security and Medicare. Again, it is a cruel irony that, at precisely the time early in the next century that Medicare is scheduled to become insolvent and Social Security surpluses are expected to disappear, the cost of the Majority's tax cut will begin to skyrocket to almost $2 trillion. As the baby boomers begin to retire and the solvency needle approaches zero, the Republicans have left virtually nothing to secure the viability of these important programs for future generations of retirees.

Drastic cuts to domestic and defense spending are a third consequence of this ill-conceived tax bill. It will have the effect, if not the intent, of crowding out investments in critical domestic and defense priorities. This bill assumes cuts in defense of $198 billion and cuts of $511 billion in discretionary priorities. As a result, 375,000 children would be cut from the Head Start program, 1.4 million veterans would be denied much needed medical services from VA hospitals, and approximately 1.25 million low-income tenants would lose rental subsidies in FY 2009. Even more troublesome is the fact that if defense spending is funded at the President's request, cuts in domestic spending would be as high as 40 percent.

Mr. President, I am deeply disturbed not only by the details of this tax plan but also by the erosion of the integrity of the budget process that it represents. It is premised on accounting gimmicks, false assumptions, and budgetary slights of hand to achieve its desired numbers on spending and revenues. That was tried in the 1980's, with disastrous results. In this decade, we have restored the integrity of the budget process. In some ways, that is an achievement almost as important as balancing the budget itself, since it has given confidence to taxpayers and financial markets that the Administration and Congress can keep its fiscal house in order. Now, with S. 1429, we risk simply squandering the gains that have been made. This distorted process using budgetary smoke and mirrors will, I fear, lead this nation down a precarious path in years to come.

This is not to say that I do not support some reasonable tax relief targeted at those who need it the most. But just as no family would leave for vacation without making sure that their bills could be paid, the Congress should not provide tax cuts without first meeting our obligations to strengthen Social Security and Medicare, reduce the debt, and invest in defense and domestic priorities. What the supporters of this bill have done is essentially to buy a vacation without making sure they could pay for the necessities.

Senator MOYNIHAN's amendment struck the proper balance among these important obligations by devoting one-third of the surplus to discretionary spending, one-third to paying down the debt, and $290 billion in tax cuts for low and middle income Americans. It would have, among other provisions, increased the standard deduction for the 73 percent of Americans who claim the standard deduction, provided a 100 percent deduction for health insurance for the self-employed, and offered a 25 percent credit for employers who operate child care centers on site or who help employees pay the cost of off-site child care. This is broad-based tax relief targeted to the people who need it the most. While the Dodd-Jeffords amendment on child care was adopted by voice vote, regrettably the Moynihan amendment did not prevail. Nor did other important amendments. Chief among these was Senator KENNEDY's efforts to provide a much needed prescription drug benefit. Three-quarters of American seniors lack dependable private sector coverage of prescription drugs. Yet seniors increasingly rely on new and often costly medicines to preserve their health and prolong their life. In a bill providing $792 billion in tax breaks, I regret that the Senate could not find $49 billion for modest drug coverage for seniors.

My friend and colleague from Connecticut, Senator LIEBERMAN, along with Senator HOLLINGS, offered an important amendment that would have stricken all of S. 1429's provisions, effectively eliminating the tax cut for now. The surplus would have then been used to pay down the debt. I voted in favor of this amendment not as a statement against all tax cuts, but rather to support its message of fiscal responsibility and to express my utter opposition to the Majority's tax bill.

Mr. President, in simple terms, tax cut may be compared to apple pie. Everyone likes them. Everyone would like a slice. But we have other responsibilities. We should provide tax cuts, but we should take care of our other priorities as well. Especially now, when economic times are as good as they have been in our lifetimes, we should build a strong foundation for long-term prosperity by reducing the national debt, strengthening Social Security and Medicare, boosting our national defense, and investing in education, the environment, and other vital priorities. The bill that has just passed the Senate fails to do that. I remain optimistic that in conference we can craft legislation that is more faithful to our shared vision of future prosperity and stability for all Americans.

Mr. McCONNELL. Mr. President, the amendment I submitted would reduce the capital gains holding period for horses from 24 months to 12 months and would correct an inequity in the tax code that has discriminated against the horse industry since 1969. Currently, all capital assets—with the exception of horses and cattle—qualify for the lowest capital gains tax rate if held for 12 months. This discrepancy in the tax code is simply not fair to the horse industry and must be changed.

The horse industry is extremely important to our economy, and accounts for thousands of jobs. Whether it is owning, breeding, racing, or showing horses—or simply enjoying an afternoon ride along a trail—one in thirty-five Americans is touched by the horse industry. In Kentucky alone, the horse industry has an economic impact of $3.4 billion, involving 150,000 horses and more than 50,000 employees.

What supports this industry is the investment in the horses themselves. Much like other businesses, outside investments are essential to the operation and growth of the horse industry. Without others willing to buy and breed horses, it is impossible for the industry to remain competitive. The 2-year holding period ultimately discourages investment, putting this industry—and the 1.4 million jobs it supports nationwide—at risk. Clearly, this is bad economic policy and must be changed.

The two-year holding period for horses is sorely outdated. It was established in 1969, primarily as an anti-tax shelter provision. Since then, there have been a number of changes in the tax code. Specifically, the passive loss limitations have been adopted, putting an end to these previous tax loopholes.

Although horses are categorized as livestock, they have an entirely different function than other animals, like cattle. While both are livestock, the investment in these two animals is entirely different. Beef is a commodity, with a finite and generally short life span. However, horses—whether they are used for racing, showing, or working—are frequently bought and sold multiple times over their longer life in order to maximize the return on the owner's investment. Additionally, once horses retire from the track or show arena, they continue to enhance their value through breeding.

The cost of my amendment will be completely offset by postponing for one year the 7.5 percent Air Passenger Ticket Tax that has been proposed on the frequent flier miles for persons with foreign addresses. Changes to the capital gains holding period for horses would go into effect in 2001 and the Air Passenger Ticket Tax would also go into effect in 2001.

There is no sound argument for distinguishing horses from other capital assets. The two-year holding period discriminates against the horse industry and must be reduced. I urge my colleagues to join me in correcting this unfair tax policy.

VETERANS HEALTH CARE

Mr. ROCKEFELLER. Mr. President, I filed a motion to protect veterans' health care because veterans are apt to be hurt by the tax reduction bill before us. I was joined in this effort by Senators MIKULSKI, BRYAN, DASCHLE, HARKIN, and BINGAMAN. Senator MIKULSKI, as vice chair of VA Appropriations Subcommittee, and my other cosponsors all understand what is at stake here. I did not proceed in offering this motion, however, because Senator WELLSTONE offered a similar motion.

The issue raised by my amendment still applies to this tax bill. It is very simple: approval of this $800 billion tax reduction bill leaves no ability to meet our obligations to veterans. If we spend all of the federal surplus on tax giveaways, there will be nothing left to fund veterans' health care.

In my view, the Senate Finance Committee needed to rethink this tax bill and reserve $8.5 billion over 5 years to appropriately fund VA health care.

This is simple math. My motion instructed the Finance Committee to provide for slightly more than 1 percent of the tax cut included in the bill before us. I want to repeat that—it would have set aside about 1 percent of the tax cut included in the bill for veterans.

The amount included in the motion—$8.5 billion over 5 years—has been fully justified by the Committee on Veterans' Affairs in its Views and Estimates letter to the Committee on the Budget.

I ask unanimous consent that a copy of this letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, March 15, 1999.

Hon. PETE V. DOMENICI,
Chairman,
Hon. FRANK R. LAUTENBERG,
Ranking Minority Member,
Committee on the Budget, U.S. Senate,
Washington, DC.

DEAR PETE AND FRANK: Pursuant to section 301(d) of the Congressional Budget Act of 1974, the Committee on Veterans' Affairs (hereafter, "Committee") hereby reports to the Committee on the Budget its views and estimates on the fiscal year 2000 (hereafter, "FY 00") budget for veterans' programs within the Committee's jurisdiction. This report is submitted in fulfillment of the Committee's obligation to provide recommendations for programs in Function 700 (Veterans' Benefits and Services) and for certain veterans' programs included in Function 500 (Education, Training, Employment, and Social Services).

I. SUMMARY

VA requires over $3 billion in additional discretionary account funding in FY 00 to support its medical care operations: an additional $1.26 billion to meet unanticipated spending requirements; an additional $853.1 million to overcome the effects of inflation and other "uncontrollables" in order that it might maintain current services; and at least $1 billion in additional funding to better address the needs of an aging, and increasingly female, veterans population. At this time, however, we limit our request to $1.7 billion in additional FY 00 medical care funding. We believe that this level of additional funding, coupled with ongoing VA efforts to gain efficiencies and passage of VA Medicare subvention legislation *this year*, will allow VA to meet veterans' medical care needs in FY 00.

With respect to mandatory account programs, the Budget Committee has already approved provisions of S. 4, the "Soldiers', Sailors', Airmen's and Marines' Bill of Rights Act of 1999," which will raise VA mandatory account spending by $3.8 billion over fiscal years 2000–2004. We do not request "pay-go" relief beyond that amount. We will, however, anticipate the availability of such funds in the event that S. 4 falters.

II. GENERAL COMMENTS

We note at the outset that the Nation's veterans have already contributed significantly to the cause of fiscal restraint. On the mandatory account side, numerous money-saving measures, unanimously approved by the Committee's membership in both 1996 and 1997, were enacted into law as Title VIII of Public Law 105–33, the "Balanced Budget Act of 1997." Relative to baseline assumptions then in effect, these measures are resulting in savings of $2.783 billion in mandatory account outlays over fiscal years 1998 through 2002. In addition, the statutory bar on VA compensation for disabilities stemming from in-service tobacco use, approved as section 8202 of the "Transportation Equity Act for the 21st Century," Public Law 105–178, has resulted in net savings of $15.2 billion during fiscal years 1999 through 2003.

In addition to these mandatory account savings, the Balanced Budget Act froze veterans' programs discretionary spending outlays through fiscal year 2002. This freeze has required—and will continue to require at an accelerating pace—unacceptable cuts in veterans' discretionary spending, particularly medical care spending, even after projected third-party receipt/Medical Care Cost Recovery (MCCF) funds are collected. Whatever the merits of this plan when enacted, it was passed before budgetary surpluses has materialized. The freeze on medical care funding can no longer be justified. It must now be lifted.

Regrettably, the Administration has proposed a budget that would impose further cuts in veterans' medical care programs by freezing appropriated medical care funding at $17.306 billion, the FY 99 appropriation. Since VA anticipates an increase in MCCF receipts of only $124 million in FY 00, overall medical care spending would increase under the Administration's plan by less than $\frac{7}{10}$'s of 1%. This is unacceptable; after three years of flat-line medical care appropriations, VA requires, at minimum, a 10% (or $1.7 billion) increase in appropriated funding.

III. DISCRETIONARY ACCOUNT SPENDING

A. PROPOSED MEDICAL CARE SPENDING

The standstill level of funding proposed by the Administration for FY 00 medical care spending is inadequate for VA to fulfill unanticipated spending requirements imposed on VA by events outside the Department's control. Indeed, the proposed flat-line budget will not even allow VA to maintain current services. Clearly, the budget will not permit VA to better address the single most pressing, and least met, medical need of the World War II/Korean War veteran generation: long-term care. Nor is it sufficient for VA to serve the growing cohort of female veterans. Thus, budget relief is imperative.

1. Unanticipated VA spending requirements—$1.26 billion

VA will require an additional $1.26 billion in FY 00 to meet care requirements which could not be anticipated when the Balanced Budget Act was enacted.

Hepatitis C treatment

Hepatitis C virus (HCV) is today the most common chronic bloodborne infection in the United States. The Centers for Disease Control and Prevention (CDC) reports highest prevalence rates among males aged 30–49 and intravenous drug users. VA studies now indicate that at least 20% of hospitalized veteran-patients test positive for HCV, twice the rate reported among the population generally.

No vaccine against hepatitis C exits, nor is there a cure. And while it is true that HCV was first identified in the late 1980's no treatment regime was generally recognized until last year, when a recommended drug therapy of interferon and ribavirin was approved. This drug therapy alone cost $13,200 per patient—costs that VA did not anticipate prior to approval of this treatment regime in late 1998. Related testing, biopsy and other costs amount to an additional $1,820 per patient.

VA anticipates that of the 3.3 million patients it will treat in FY 00, 36,300 will be candidates for HCV drug therapy. Taking into account the completion of treatments initiated in FY 99, VA will require an additional $625 million in FY 00 to respond to this unanticipated medical challenge.

Emergency medical services

VA currently provides enrolled veterans with a full range of hospital care and medical services. It does not, however, generally provide comprehensive emergency care services. Rather, VA patients must rely on insurance they may have to defray such expenses, or pay for such expenses themselves.

The Administration intends to propose legislation this year declaring that emergency care is a basic right of all Americans. Such legislation would, reportedly, require that all health care plans provide such care, as a matter of right, to the enrollees. In such circumstances, VA will be compelled to offer emergency care services to its enrollees, either directly or more likely, by reimbursing fees charged by other providers. Prior to the development of the Administration's proposal on the issue, VA had not anticipated the assumption of this added responsibility. Legislation requiring VA to pay for emergency care provided to veterans by non-VA medical facilities has already been introduced in the House and will be advanced in the Senate.

VA estimates the costs of providing emergency care services and subsequent hospital admission to VA enrolles will be $548 million in FY 00.

Weapons of mass destruction preparedness

In response to Public Law 105–114, VA has enchanced its role in assisting the Department of Health and Human Services (HHS) in stockpiling antidotes and other pharmaceuticals needed for response to potential domestic terrorist attacks with weapons of mass destruction. VA medical facilities are dispersed nationwide and thus, along with Department of Defense hospitals located within the continental U.S., they are natural depositories of drugs, supplies and other materials which might be needed to respond to such emergencies.

VA participation in preparatory activities is cost-efficient—but it is not without costs. Such costs, which had not been anticipated by VA prior to enactment of Public Law 105–114, will amount to $14.619 million in FY 00.

Increased prosthetic costs

VA expenditures in meeting the prosthetic device needs of its patients—needs which include not only artificial limbs and the like, but also more conventional aids such as hearing aids, eyeglasses, walkers, etc.—have increased markedly between 1993 and 1998, at annual rates of up to 18.90%. A portion of those increases are an unanticipated side effect of "eligibility reform" legislation, enacted in 1996, which allows VA to enroll all veterans, subject to available funding, for VA medical care. That legislation appears to have stimulated demand for VA services among persons needing such devices.

Even after general inflation is factored out, VA anticipates that its prosthetic device expenses will increase by a rate of 14.8%. VA will require an additional $74.075 million to defray these expenses in FY 00.

2. Current services—$853.1 million

We have closely observed VA's recent efforts to restructure to deliver health care services to the Nation's veterans more efficiently. Generally, we are satisfied with VA's effort, and we acknowledge that fiscal restraints have been—and will continue to be—a stimulus to change. Nonetheless, we believe that a fourth consecutive year of non-growth in the medical care budget would be destructive.

As anyone who pays medical bills or health insurance premiums knows, medical costs are rising. Payroll inflation, increases in the costs of goods, and other "uncontrollables" dictate funding increases of $853.1 million in FY 00 just to maintain current service levels.

Health care is an extremely labor-intensive enterprise; that is why VA is the largest civilian agency, in terms of employment, in the Federal government. Can labor efficiencies be wrung out of health care systems, VA included? Most assuredly so, as demonstrated by the annual shrinkage of VA's medical labor force (from 201,000 in FY 95 to 174,000 in FY 00) even as the number of veterans treated during that period increased by almost 40% (from 2.6 million to 3.6 million). But even with the shrinkage of VA's medical labor pool, VA's medical care payroll costs will increase by $562.6 million in FY 00 due to non-optional cost-of-living and within-grade salary and wage adjustments, and increases in Government-paid Social Security, health insurance, retirement, and other benefit costs.

Other inflation-related cost increases must also be borne by the Veterans Health Administration. While VA has implemented an aggressive pharmaceutical management program which has saved more than $350 million—making VA the model for Medicare, DOD and others to emulate—increases in VA's annual pharmaceutical costs, medical and non-medical supply costs, leased building space costs, and the like, will account for an additional $267.1 million. Finally, the Veterans Health Administration will be required to absorb an additional $23.4 million in other uncontrollable expenses (e.g., State home and CHAMPVA workload increases, storage and space requirements, additional calendar day costs, etc.)

It is imperative that the Budget Committee understand that requiring VA to absorb such cost increases continually must result, at some point, in cuts in the amount of care—or, more alarmingly, in the quality of care—which VA provides. We have documented serious quality problems, e.g., an increase in dangerous pressure ulcer sores, which appear to be directly associated with inpatient staffing shortfalls. With respect to outpatient care access, waiting times for appointments for routine services have reached 100 days or longer. Mental health services are simply unavailable at 60% of VA's outpatient clinics.

In short, VA operates in a national environment where medical care cost inflation exceeds the general inflation rate by a factor of more than two; if the medical care inflation rate, 3.6% were to be applied to VA's fiscal year 1999 medical care budget, on that basis alone a funding increase of $650 million would be justified. Yet VA is required to—and is succeeding in—treating more patients with funding that is declining in real terms. Such a situation cannot persist into a fourth year without drastically affecting quality.

3. Unmet needs—$1 billion +

The foregoing discussion has focused on additional funding of $2 billion needed to meet unanticipated requirements and to maintain current services. Further funding increases of $1 billion or more are required to address the two largest unmet needs VA faces due to demographic shifts in the veterans' population: long-term care for aging World War II and Korea veterans, and maternity and reproductive health services for the growing number of female veterans.

Long-term care

In our view, the health care issue that VA must face over the intermediate term—indeed, the health care issue that the Nation must face over the next decade—is the need for long-term care among the aging World War II generation. WWII veterans saved Western civilization. We cannot turn our backs on them now.

The Budget Committee can anticipate an extended dialog with the Committee on Veterans' Affairs on this issue. For now, we advise that, at minimum, an additional $1 billion per year in funding will be necessary, starting in FY 00, to begin addressing the needs of VA patients who seek long-term care. For the most part, such funding would not be directed to new programs. Rather, it would be devoted to providing VA-supplied, State home-supplied, or VA- supported contract/community-based care. These programs are, in our view, effective. But they are grossly underfunded and do not begin to meet the WWII generation's need for long-term care services. In addition, we anticipate other initiatives—e.g., increased VA support for State veterans' homes in the form of both increased per diem payments and pharmaceutical supplies, and initiatives to transfer excess VA property in exchange for cash to support medical operations or discounted medical services to VA-eligible patients.

Maternity benefits and reproductive health services

Women now make up 13% of the active duty military. At lower ranks, the percentage of women serving is higher. For example, 20% of new recruits to the services other than the U.S. Marine Corps are now women. These women will become veterans, and VA must be prepared to meet their care needs. Such needs invariably include maternity benefits and reproductive health services since 62% of all women veterans are under the age of 45, when childbearing generally ends. Women who are drawn to service with a promise of benefits, and then induced to enroll for VA care with the promise of a full continuum of care, rightfully demand that their basic health care needs be met.

B. MEDICAL FACILITY CONSTRUCTION

As noted above, we are generally satisfied with VA's efforts to restructure the delivery of health care services. VA's construction programs, however, have not kept pace with changes needed to accommodate the structural reorganization. Older hospitals designed around an outmoded inpatient treatment model lack space to handle increased outpatient demand. In addition, such facilities generally fall far short of modern patient privacy, handicapped accessibility, fire sprinkler, and air conditioning standards. At best, these shortcomings hinder VA's ability to attract veterans into the system. At worst, they seriously compromise patient safety.

Two construction projects which would rectify such shortcomings warrant particular mention. The first is a $29.7 million outpatient clinic expansion at the VA Medical Center in Washington, DC, which was authorized by Public Law 105–368. The second is a relatively modest ($10.8 million) environmental improvements project at VA's Medical and Regional Office Center in Fargo, ND. That project would address asbestos removal, fire prevention, patient privacy, and handicapped accessibility needs. We particularly request funding for these projects in FY 00.

C. GENERAL OPERATING EXPENSES—VETERANS BENEFITS ADMINISTRATION

In a reversal of recent trends, in the last two years the Veterans Benefits Administration (VBA) has experienced increases in both the size of the pending compensation and pension case backlog, and the average "age" of cases which comprise the backlog. At the same time, the quality of VBA decision making has not improved sufficiently despite promises of improvements which were the rationale for a slowdown in case processing. Internal VA reviews indicate an error rate of 36%.

VBA requests $49 million in additional funding to support an FY 00 personnel increase of 164 FTE. These new hires would, according to VBA, join personnel shifted from other duties to yield a net addition of 440 staff devoted to adjudication functions. We have seen no specific plan which identifies the source of the majority of these transferred employees, so we must question whether this plan will actually materialize. We do, however, support VBA's request for an additional $49 million in funding to add new adjudication staff. In addition, we believe that the adjudication backlog must be attacked now using current staff in a one-time, targeted, and carefully controlled overtime effort.

IV. PROJECTED MANDATORY ACCOUNT SPENDING

A. EDUCATION ASSISTANCE PROGRAMS

As part of the "Soldiers', Sailors', Airmens' and Marines' Bill of Rights Act of 1999," the Senate has already approved, without objection from the Budget Committee, the following improvements in VA educational assistance programs: An increase in monthly assistance payments (from $528 to $600 for veterans who served three-year enlistments, and from $325 to $429 for two-year enlistees); a repeal of the requirement that servicemembers contribute $100 per month for 12 months from base pay to "buy" eligibility; the allowance of a "lump sum" benefit at the beginning of a training term; and a provision allowing veterans to transfer benefits to a spouse and/or children. CBO has estimated that these provisions will result in additional mandatory account costs of $3.8 billion over fiscal years 2000–2004, and $13 billion over fiscal years 2000–2009.

Had this business been conducted in the regular order, these improvements would have been considered by the Committee on Veterans' Affairs, the committee of primary jurisdiction. Our committee, perhaps would have recommended a different mix of program improvements—e.g., the Commission on Servicemembers and Veterans Transition Assistance had recommended enactment of a tuition-reimbursment benefits program like that in force after World War II. We did not, however, impede these Armed Services Committee-reported measures, and we continue to support them. Of course, we reserve the right to revisit the issue within our committee irrespective of the fate of the "Soldiers', Sailors', Airmens' and Marines' Bill of Rights Act of 1999." We almost certainly will do so should that legislation falter.

V. CONCLUSION

In summary, VA requires at least $1.26 billion in additional discretionary account funding to meet unanticipated spending requirements that have been thrust upon VA by events beyond VA's control; an additional $853.1 million to overcome the effects of inflation and other "uncontrollables" and maintain current services for eligible veterans; and at least $1 billion in additional discretionary account funding to begin to better address the needs of an aging, and increasingly female, veterans population. These needs total over $3 billion.

We do not request, however, that discretionary account ceilings be raised $3 billion+ for FY 00. While such an increase would be totally justified to make up for flat VA medical care funding levels over the last three years, we believe that recent budgetary restraints have stimulated needed reform. We believe, further, that VA can squeeze out yet more efficiencies in the way it provides health care, and we would not want to impede such reforms by requesting funding increases beyond VA's ability to absorb them without waste. Thus, we request that VA discretionary spending be allowed to increase by $1.7 billion for FY 00.

As for mandatory account spending, we do not, at this time, request a five-year "pay-go" waiver beyond the $3.8 billion already acceded to by the Budget Committee.

These views reflect our best judgment as of this date. If we can provide further assistance in your consideration of this report, please feel free to call on us.

Sincerely,

ARLEN SPECTER,
Chairman.
JOHN D. ROCKEFELLER, IV,
Ranking Minority Member.

Mr. ROCKEFELLER. Mr. President, it is a reasonable amount which covers $853 million in "automatic" costs such as inflation and wage increases. It also allows for new initiatives, such as the need to address the dramatic increase in deadly hepatitis C, particularly among veterans who served in Vietnam; emergency care; and the rising long-term care needs of World War II veterans.

The Conference Report on the Budget Resolution includes this number. And in an April 30, 1999, letter to the Appropriations Committee, 51 Senators are on record supporting it.

Even with the economic prosperity our country has recently begun to experience, if we approve the proposed huge tax cuts, or fail to adjust the budget caps, there simply will not be money left to increase the veterans' health care budget to what it needs to be.

I can assure my colleagues that further cuts will seriously jeopardize the quality of VA health care. Earlier this week, I spoke about the erosion of VA's programs to help veterans with special needs. Resource shortfalls have imperiled services for the spinal-cord injured, for blind veterans, for veterans in need of prosthetics, and for veterans in need of mental health care. Health care professionals within VA are overworked. Reductions-in-force have also become a reality for them.

In my own state, we are already seeing lapses in the availability of health care. For example, at the Beckley VA Medical Center, approximately 400 new veterans are waiting to be seen in primary care. Approximately 500 veterans already in the system are on a waiting list for hearing evaluations. And the caseload in pharmacy has increased over 41 percent in the last year, with no increase in staffing, causing many veterans to wait two hours or longer to have a prescription filled.

At the Martinsburg VA Medical Center, veterans are waiting six months for a urology appointment. In the PTSD program, the number of beds have increased by 14 while the number of staff have been reduced, making one-on-one counseling very difficult.

At the Clarksburg VA Medical Center, current staffing has not kept pace with the demand for inpatient care, and veterans are too often referred to private hospitals because no beds are available at the VA.

In outpatient care at Clarksburg, the waiting times for an appointment in optometry and dermatology are approximately four months, and in urology, veterans are waiting seven months for an appointment.

There has been a recent proposal to close both the inpatient and outpatient surgical programs at the Huntington VA Medical Center and to refer veterans to a VAMC in Kentucky, over 130 miles away.

I can assure my colleagues that if these things are happening in the VA medical centers in my state of West Virginia—and trust me, they are—then you can be sure that they are occurring in the VA medical centers in your states, as well.

Staff at each of our VA medical centers have been stretched to the limit, and without additional funding, staffing will only get worse. The erosion of services and the huge reductions in staff have already put the veterans' health care system in serious jeopardy, and I cannot allow it to continue.

In summary, there is no doubt that we are at a precipice, and the fate of veterans and their families, as well as millions of other Americans, are threatened by this rush to enact hugely bloated tax giveaways.

Mr. President, I am pleased that a majority of the Senate recognized that the size of this tax bill would have jeopardized veterans' health care. As we proceed to conference, I now hope they will come to the same conclusion about other critical domestic programs and rethink this tax cut.

ALTERNATIVE FUEL VEHICLES

Mr. CHAFEE. I would like to engage the Chairman of the Finance Committee, Senator ROTH, and the Senator from Utah, Senator HATCH, in a colloquy regarding alternative fuel vehicles. As the chairman knows, Senator HATCH and I presented an amendment during the finance Committee's markup of the tax bill, to provide incentives for the sale and use of clean alternative motor fuels and alternative fuel vehicles. Although the amendment has not been included in the legislation we are considering today, I continue to believe that a tax bill should ultimately include these provisions.

As the Chairman and Senator HATCH know, the increased use of these fuels and vehicles will provide substantial environmental and energy efficiency benefits. The vehicles targeted for credits by our amendment are far less polluting than conventional cars and trucks. So, one result of our amendment would be improved air quality. One study of the effect of our proposal estimates that the number of natural gas vehicles in operation could more than triple by 2004, exceeding 250,000 vehicles. That number would continue to grow exponentially. These cars are so much cleaner than gasoline and diesel vehicles that our proposal could eliminate 58,000 tons of smog-forming emissions by 2004. That number would more than-double by 2009. In order to accomplish that without alternative fuel vehicles, we would have to remove 1.5 million conventionally-fueled vehicles from the road.

Furthermore, each gallon of alternative fuel used in such a vehicle represents one less gallon of gasoline that we need to obtain from imported oil. The Department of Energy estimates that nearly three billion gallons of gasoline would be displaced, thus reducing our foreign oil dependence.

Mr. HATCH. The Senator from Rhode Island is correct. Millions of Americans live in areas that are not in compliance with air quality standards. The increased motor vehicle traffic anticipated in the four county Wasatch front in my home state of Utah will certainly push us toward non-attainment compliance problems. Promoting the increased use of alternative fuel vehicles is a viable option available to help Utah achieve our clean air objectives. Alternative fuel vehicles represent the cleanest vehicles in the world. Market-based incentives will help encourage the use of such vehicles. I am very pleased to be part of this effort with my colleagues from the Finance Committee and am looking into getting a natural gas car of my own at this very moment.

Mr. CHAFEE. The legislation Senator HATCH and I have drafted would address the problem that currently prevents these fuels and vehicles from competing on their own in the market. Incentives to make them less costly will stimulate demand and permit the economies of scale that are needed in order for them to gain more widespread use. Our proposal has been endorsed by a diverse group of stakeholders including the Natural Resources Defense council, the Union of Concerned Scientists, virtually all the major automobile manufacturers, and the American Gas Association. There is growing bipartisan support in the Senate for many of these concepts; on the Finance Committee, Senators ROCKEFELLER, BRYAN, and ROBB have all expressed support. I would ask Senator ROTH whether there might be an opportunity to consider this legislation and whether he would work with us toward its inclusion in a future tax package.

Senator ROTH. I thank my colleagues from Rhode Island and Utah for their hard work on this legislation. The bipartisan support for this proposal is impressive. This is legislation that could make an important contribution to the environment. I look forward to working with my colleagues on this effort.

Mr. BIDEN. Mr. President, it has taken a lot of tough choices here in Washington—and a lot of hard work and restructuring in the private economy—to put our country's budget into the black. For the first time in a generation, we have a balanced federal budget. And for the first time in our modern history, we can project substantial surpluses for the foreseeable future.

There were times I believed we would never see this day, Mr. President, but our official forecasts now call for as much as one trillion dollars in surplus over the next ten years. That's on top of the two trillion in Social Security surpluses that will build up over that same time, money that is already promised to future retirees.

I want to say something about whether we should count on those surpluses actually materializing, Mr. President, but first I want to talk about what most families I know would do if they woke up to the kind of windfall in their household budgets that we anticipate in our federal budget today.

Take your average family, Mr. President, with a mortgage, maybe paying for one or two children already in college, maybe another child with college still in his or her future. They have some debts, some worries about how to pay for a retirement that gets closer every year, some aspirations for their children that they may not be able to afford. Maybe Grandma and Grandad have moved in with them, bringing with them some health care problems that add to the family's expenses.

Let's assume that after years of spending more than they took in, our family finally turns the corner. Let's borrow a story from today's new high-tech economy and say that the stock they hold in their new start-up company has just jumped in value. They cannot be sure that the stock will stay that high next year, or the year after that, but they feel a whole lot richer than they did before.

Now let's picture the discussion around their kitchen table, with this new problem to discuss. I'm betting that most of the families I know in Delaware would make plans to pay down their past debts, the mortgage hanging over their heads, make provisions for their children's education, their parents' health needs, and their own retirement. Maybe, after they had taken care of those priorities, they would allow themselves to relax and enjoy a more affluent lifestyle.

Mr. President, I don't claim that this is a perfect analogy to the situation before us in the Senate. I certainly don't claim that for many hardworking Americans sensible tax relief is some kind of luxury. But I think it makes an important point, which is simply that most Americans would be a lot more cautious, and a lot more prudent, in using any anticipated surplus in their family budget.

Those are the priorities that I think should guide us in our deliberations today. We should take the opportunity given us with the expectation of future budget surpluses first to pay down the debt that has built up in a generation of deficit finance, then we should restore solvency to Social Security and Medicare, and then we should prevent further erosion in funding for national security, law enforcement, education, and the other basic functions of a space-age, high-technology, industrial economy.

I think we can do all that, Mr. President, and still provide tax relief to the millions of Americans whose hard work and sacrifice—through downsizing, restructuring, and all the rest—has been the real driving force behind the remarkable economy we enjoy today.

But as we all know, Mr. President, the forecasts on which our projected surpluses are based make a lot of assumptions. That's all well and good for making long-term economic projections. But it is not good enough, as far as I'm concerned, for making long term economic policy.

I ask my colleagues to listen to some of these assumptions, and to answer honestly if our country can really afford the nearly $800 billion tax cut before us today.

The surplus that is forecast assumes no major interruption in the economic growth we have enjoyed in what is now the longest economic expansion in our history. That unprecedented economic growth has kept revenues strong enough to meet and exceed our spending plans. But as Alan Greenspan has reminded us, it is not a question of if, but when, that growth will slow. Still, those who call for an $800 billion tax cut are basing policy on the false hope that inevitable day will never come.

Mr. President, the surplus that some of my colleagues want to use to pay for this tax cut also assumes that there will be no emergencies—no Bosnias, no Kosovos, no Iraqs, no hurricanes, no floods—that could increase spending, even though we regularly spend an average of $8 billion a year on such emergencies.

The surplus also assumes that we will continue deep cuts in national defense, in education, health care, law enforcement, in environmental protection. It assumes that we will continue to reduce spending beyond the current levels, levels that are already causing gridlock in our budget process this year. Right now, Mr. President, spending for the basic functions of government—as well as the number of people we pay to perform those functions, down more than 340,000 in the past seven years—are both at levels we have not seen since 1962.

We should recognize the hard work that achieved those low numbers, Mr. President. They are an important part of how we got to where we are today, with a balanced budget in hand, and surpluses in sight. As the private sector has become leaner and more efficient, the federal government has also moved in the same direction.

But we must also realize that national defense, the FBI, medical research, education, veterans' health care, air traffic control, water quality—all of those things we have learned to count on as citizens of the richest nation the world has ever known—combined now comprise just 6.5 percent of GDP. But the surpluses my colleagues expect to be there to pay for this tax cut depend on pushing that down to just 5 percent of GDP—a further cut of more than 20 percent.

But after years of defense cuts at the end of the Cold War, the Pentagon is asking for substantial increases to meet future threats. I agree with those who see the need for further investments in our nation's defense. If we actually increase defense spending to meet that request, we would have to cut the remaining functions of the federal government by almost forty percent.

Now, Mr. President, I hear a lot of calls for responsible budgeting these days, but I don't hear many people calling for cutting forty percent from our law enforcement, education, or health care programs. For example, cuts of those size would eliminate health care for 1,430,000 of our country's veterans. Cuts of that size would eliminate $6.0 billion from the research into cancer and other diseases at the National Institutes of Health. Cuts of that size would require the FBI to cut over 4,000 agents from its current force of 10,600.

That's what a $800 billion tax cut would require, Mr. President—either cuts of unacceptable size in basic services, or, just as bad, we would simply return to the destructive path of deficit spending.

Mr. President, one thing that ought to sober us up is what Alan Greenspan has been saying about delaying any tax cut until the surpluses actually materialize, until a downturn in the economy might justify the boost that would come from a tax cut. Twice he has come here to Congress in the past two weeks, to tell us that he continues to be concerned about our economy overheating, and that he is prepared to bump interest rates up again to prevent that from happening.

Every American with a mortgage should think long and hard about the trade off between a tax break now and the long term costs that an increase in interest rates would mean. The Treasury Department estimates that a household in the lower 60 percent of the population—10 percent above the middle and on down—would get just an average of $174 a year from the tax plan before us today. But a one percent increase in a 7 percent mortgage on a $250,000 house amounts to over $2,000 a year in additional payments. That is not a deal any informed American would take, Mr. President.

If Greenspan thinks the economy is already at risk of overheating, imagine his reaction if we throw an $800 billion tax cut into his calculations the next time he considers increasing interest rates.

Everybody here knows that low interest rates and low inflation have been the keys that have unlocked the potential of our economy. I can't think of anything more likely to throw both of those keys out the window than a return to unbalanced budgets.

That is why I will oppose a tax cut of the size before us here today. Not because Americans don't deserve tax relief—of course they do. But they also deserve our best judgement about how we manage the public finances of their country after so many years of deficit financing. And as far as I'm concerned, I'll take my guidance from the common sense of the average American family, and put first the priorities of debt reduction, Social Security and Medicare, funding national security and law enforcement, education and health care, and then, a more prudent, sensible tax cut.

Mr. DOMENICI. Mr. President, pursuant to section 313(c) of the Congressional Budget Act of 1974, I submit for the RECORD a list of material considered to be extraneous under subsections (b)(1)(A), (b)(1)(B), and (b)(1)(E) of section 313. The inclusion or exclusion of material on the following list does not constitute a determination of extraneousness by the Presiding Officer of the Senate.

Title III, subtitle E, sec. 345—Protection of Investment of Employee Contributions to 401(k) plans—(b)(1)(A).

Title III, subtitle F, sec. 351—Periodic Pension Benefits Statements—(b)(1)(A).

Title III, subtitle F, sec. 356—Notice and Consent Period Regarding Distributions—(b)(1)(A).

Title III, subtitle G, sec. 369—Annual Report Dissemination—(b)(1)(A).

Title III, subtitle H, sec. 371—Provisions Relating to Plan Amendments—(b)(1)(A).

Title IV, sec. 407—Federal Guarantee of School Construction Bonds by Federal Home Loan Banks—(b)(1)(A).

Title IX, sec. 905—Advance Pricing Agreements Treated as Confidential Taxpayer Information—(b)(1)(A).

Title X, subtitle C, sec. 1071—Study Relating to Taxable REIT Subsidiaries—(b)(1)(A).

Title XIV, sec. 1401—Amendments Relating to Tax and Trade Relief Extension Act of 1998—(b)(1)(A).

Title XIV, sec. 1402—Amendment Related to Internal Revenue Service Restructuring and Reform Act of 1998—(b)(1)(A).

Title XIV, sec. 1403—Amendments Related to Taxpayer Relief Act of 1997—(b)(1)(A).

Title XIV, sec. 1404—Other Technical Corrections—(b)(1)(A).

Title XIV, sec. 1405—Clerical Changes—(b)(1)(A).

Mr. HELMS. Mr. President, I genuinely appreciate the courtesy of the distinguished Chairman of the Finance Committee (Mr. ROTH) for allowing me to discuss an innovative new technology more readily available to the dry cleaning industry.

Dr. Joe DeSimone, an highly-respected professor on the faculties of both the University of North Carolina at Chapel Hill and N.C. State University in Raleigh has developed an environmentally safe way to dry clean clothes while eliminating the millions of pounds of toxic solvents currently now being used to clean clothes, and, at the same time, advancing more energy-efficient technology. This procedure would dramatically reduce the dry cleaning industry's reliance on hazardous chemicals as solvents.

My amendment will allow for a 20 percent tax credit to new and existing dry cleaners who purchase the equipment which uses non-toxic solvents. The equipment includes both wet cleaning and liquid carbon dioxide cleaning systems which are now readily available. In fact, the EPA recently published a case study extolling the benefits of carbon dioxide technology.

The Joint Tax Committee estimates the tax credit would decrease revenues by a little more than $500 million during the next 10 years. I find this a modest price to pay considering the amount Americans rely on dry cleaners and by the fact that so many of these Americans bring potentially hazardous chemicals into their homes when they dry clean their clothes.

I believe that clarification of a Treasury regulation's application to an international tax treaty would provide an ample offset for this tax credit. Let me briefly explain the current situation:

Just this month, a judge in New York overturned 19 years of tax treaty policy. The judge ruled that an existing regulation that permits the Treasury to allocate interest based on a company's worldwide operations did not comply with the 1980 treaty. I disagree. The regulations allowed the U.S. Treasury to disallow abusive tax strategies and make sure that these companies pay their fair share of taxes. Tax treaties are never intended to be a means to avoid taxes, simply a means to prohibit double taxation. This amendment will continue this policy and avoid a rush for billions of dollars in tax refunds by international corporations.

Mr. President, I ask unanimous consent that an article from the July 9 edition of The New York Times entitled "British Bank Wins Dispute With the IRS" be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 1.)

Mr. HELMS. Unfortunately, Mr. President, under the rules of the budget act, my amendment is subject to a point of order. However, I do appreciate the willingness of Chairman ROTH to work with me to find a way to make this tax credit a reality.

EXHIBIT 1

[From the New York Times, July 7, 1999]

BRITISH BANK WINS DISPUTE WITH THE I.R.S.

JUDGE RULES TAX TREATY SUPERSEDES REGULATION

(By David Cay Johnston)

In a stunning defeat for the Internal Revenue Service's efforts to restrict strategies that foreign corporations employ to avoid taxes, a Federal judge ruled in favor of National Westminister Bank P.L.C. of Britain in its demand for a $180 million tax refund.

Lawyers who specialize in international corporate tax said yesterday that the decision would prompt more foreign companies to challenge the I.R.S. in future cases and to press for favorable rulings on issues currently in dispute.

Judge James T. Turner of the United States Court of Claims ruled Wednesday that the I.R.S had violated a 1980 tax treaty between the United States and Britain by refusing to allow NatWest to deduct interest on loans from its home office and Hong Kong operations to its American branches from 1981 to 1987.

In effect NatWest was taking money from one pocket, in, say, Hong Kong, and lending it to another pocket in, say, New York. Doing this allowed the bank to reduce its profits, and thus its taxes, in the United States and to shift profits to places, like Hong Kong, where tax rates are lower.

The 1980 tax treaty allowed NatWest and all other British banks to take such deductions. NatWest contended that under the tax treaty its American branch must be treated as a separate company and not just another pocket in its worldwide operations.

But the Treasury Department, ever on the alert for abusive tax strategies, issued a regulation shortly after the treaty took effect allowing the I.R.S. to disregard any deductions deemed excessive. The regulation lets the I.R.S. apply a complicated formula to allocate interest based on a company's worldwide operations.

But, Judge Turner wrote, the Treasury regulation is "fundamentally incompatible" with the tax treaty and must be ignored. In his 21-page decision, he also castigated the United States for its conduct, quoting in detail from written promises made during the treaty negotiations and other documents to show that NatWest was justified in relying on the tax treaty in preparing its corporate tax returns for the I.R.S.

The judge said the regulation "plainly violates" the tax treaty and he characterized the reasoning behind it as "fundamentally flawed."

He did not award the $180 million, plus interest, to NatWest, however. Instead, Judge Turner ruled in the bank's favor on the issue in a pretrial hearing.

Tax lawyers said the United States can now appeal the judge's ruling, continue the case and then appeal the entire case, or go to Congress for relief or give up.

The case may cause a stampede by other foreign banks to recover billions of dollars in taxes paid when their interest deductions were curtailed. More broadly, the case is an important development in a growing global battle between multinational corporations, which want to take profits and pay taxes in countries of their choice, and national governments that would be protect the integrity of their tax regimes and maximize tax revenues, a variety of tax lawyers said yesterday.

"This is a tremendously important decision, although it specifically involves a backwater of the issues about global corporate taxation," said Richard E. Andersen of the law firm Jones, Day, Reavis & Pogue. He said the size of the award, expected to ultimately be the full $180 million plus interest that NetWest sought, and the "drubbing" the I.R.S. took from the judge "will force the I.R.S. to think hard about thumbing their nose at this because if they do, they will have to devote a lot of legal resources to fighting other cases on similar issues and they will probably lose."

Mr. Andersen and other lawyers said that because of its enormous market the United States had been able to "get away with" ignoring tax treaties. "The fact is no bank has withdrawn from the U.S. because of this issue," he said.

Arthur D. Pasternak, an international tax specialist at Gibson, Dunn & Crutcher, said that "the I.R.S. has this no-cheating concept that, to its credit, it tends to apply evenly to American and foreign corporations operating in the United States."

"And the I.R.S. has become much more aggressive in recent years in fighting what it regards as using tax treaties for aggressive tax avoidance," he said. "The general rule is that the United States Government has been saying that statutes passed by Congress can override existing treaties, but this case shows that mere regulations can't override treaties."

Sydney E. Unger, chairman of the tax department at Kaye Scholer Fierman Hays & Handler in New York, said that foreign corporations operating in the United States were a convenient target for American politicians and that the regulation the judge ruled on illustrated this.

"Fundamentally, there has been a sense at Treasury and among politicians that foreign entities with operations in the United States are not paying their far share of tax," Mr. Unger said. "Whether that is true or not, certainly it is a wonderful issue for American politicians and for Treasury officials to want to pursue because it's about taxing someone else, who doesn't vote."

Inland Revenue, the British tax agency, filed a friend-of-the-court brief supporting NatWest.

Jerome Libin, a tax specialist in the Washington office of Sutherland Asbill & Brennan who filed the brief, said that Inland Revenue believed that even if NatWest's interest deductions were dubious—and that point was not conceded—the deductions still had to be allowed under the tax treaty.

Mr. Libin won a similar case three years ago in United States Tax Court over a tax treaty with Canada, but that case involved allocating income, while the NatWest case involved allocating deductions.

He said that in newer tax treaties the United States had sought to reserve a right to disallow deductions if it could show that they were abusive.

One of NatWest's lawyers, Jerry Snider of Davis Polk & Wardwell, called Judge Turner's decision "a terrific, thorough and carefully written opinion."

The Internal Revenue Service declined to comment or even to make documents available. It referred questions to the Treasury Department, where a spokeswoman, Maria Ibanez, offered to make a senior official available for an interview on condition that he neither be identified nor quoted directly. That offer was declined.

The Justice Department said last night that senior officials who could discuss the case had left and could not be reached for comment.

NatWest sold its American retail branches to the Fleet Corporation of Boston in December 1995.

Mr. ROTH. Mr. President, I appreciate the courtesy of the Senator from North Carolina in working with us to expedite consideration of the Taxpayer Refund Act by not asking for a roll call vote in relation to his amendment. This is certainly an interesting idea, and my staff and I look forward to working with him in the future to explore the possibility of a drycleaning equipment tax benefit.

REPUBLICAN TAX CUT PLAN

Mr. BYRD. Mr. President, I will vote against this Republican tax cut plan. I cannot conceive of a more ill-advised fiscal plan for the Nation over the next 10 years than the Republican tax cut bill. I say this for a number of reasons.

Having seen the National debt explode from less than $1 trillion on the day that President Reagan took office to over $5.6 trillion today, we should have learned that the supply-side economic theories of the Reagan-Bush years, which called for massive tax cuts together with a massive defense build-up, while at the same time balancing the federal budget, are pure, unadulterated hogwash. They didn't work then; they won't work now.

Thankfully, due to a number of factors—for example, the fiscal policies of the Federal Reserve, and improvements in the productivity of the Nation's businesses—we have been able not only to stem the tide of red ink that ran into the triple-digit billion-dollar levels for each of the Reagan-Bush years but, if the latest projections of both the OMB and CBO pan out, we also can look forward to huge federal surpluses each year as far as the eye can see. That's good news, if those projections come true and if Congress is able to withstand another round of tax cut fever.

The Congressional Budget Office projects surpluses over the next ten years (FY 2000–2009) totaling nearly $3 trillion. Of that amount, about $2 trillion would be surpluses in the Social Security Trust Fund, and the other $1 trillion ($996 billion to be exact) would be non-social security surpluses. However, a closer look at these non-social security surpluses projected by CBO over the next ten years, reveals that they rest on a very shaky foundation. The fact is, these non-social security surpluses which are projected to total $996 billion, are based in large part on huge cuts in investments and national priorities—such as national security, veterans' medical care, the FBI and other crime-fighting programs, the environment, agriculture, border patrol agents, health research, education, and many other critical programs. Of the $996 billion in non-social security surpluses projected by CBO for the next 10 years, $595 billion results from real and devastating cuts in these national priorities. As if that were not bad enough, the Republican tax cut plan calls for additional cuts of some $180 billion to these same programs. That makes a total of $775 billion in cuts in these national investments over the next 10 years. That is what is being proposed in the Republican tax cut bill now before the Senate. Furthermore, the Republican tax cuts of $792 billion would, if enacted, also result in increased interest on the Federal Debt over the next 10 years totaling $179 billion. In reality, then, the Republican tax cut bill eats up $971 billion of the $996 billion in projected non-social security surpluses over the next 10 years, leaving only $25 billion remaining.

We should heed the advice of Federal Reserve Chairman Greenspan in his testimony before Congressional Committees when he advised caution when considering what to do with these projected surpluses. In the first place, it is extremely unlikely that these projections will come true. The fact is that CBO's estimates of revenues over the past two decades have been off by an absolute average of $38 billion per year; their estimates on spending over that period have been off by $36 billion per year; and their deficit/surplus projections have been off by an absolute average of $54 billion per year over the past two decades. If these averages hold up over the next 10 years, the trillion-dollar non-social security surpluses could be slashed by $540 billion purely due to mis-estimates by the Congressional Budget Office. Further, as CBO states in virtually every report that they publish, cyclical disturbances such as recessions, changes in interest rates, inflation, etc., could have significant effects on their projected surpluses at any time during the projection period.

Then, there is the question of emergency spending. As Senators are aware, under the Budget Enforcement Act, unforeseen emergencies, which cannot be predicted accurately and, therefore, are not budgeted, are allowed to be funded outside the spending caps that have been in place since 1990 and which will remain in place through FY2002. The fact is, emergency spending over the past decade (other than spending for Desert Storm/Desert Shield and the $21 billion in emergency spending in the FY1999 Omnibus Appropriations Act) has averaged $8 billion per year. In other words, but for those two instances, Congress has enacted spending outside of the budgetary caps for such things as disaster assistance to the nation's farmers, relief for victims of floods, hurricanes, tornadoes, and earthquakes, as well as assistance for victims of similar occurrences overseas.

That type of assistance has averaged $8 billion per year since 1990. There is no indication that these natural disasters will suddenly cease. To the contrary, there is substantial evidence that they have become more frequent and more severe in the latter part of this Century. What does this mean? It means that it is highly likely that over the next decade, at least $80 billion in emergency spending will be needed. But, keep in mind that the $996 billion in non-social security surpluses projected by CBO, the large bulk of which results from real cuts in national priorities, does not allow for any emergency spending over the next 10 years. That being the case, wouldn't it be prudent to reduce the $996 billion projection by at least the $80 billion historical average per decade that we have seen in the past? After so doing, even if Congress and the Administration agreed to the $775 billion of cuts in purchasing power for national priorities that the Republican tax cut bill requires, there would not be sufficient surpluses remaining to cover this Republican tax cut plan without either reverting back into deficit spending, or repealing the tax cut, or dipping into the Social Security Trust Fund surpluses.

Next, let's look at the question of whether Congress can, or should, stay within the existing spending caps for FY2000, much less the more difficult caps of FY2001 and FY2002. One need only pick up the morning newspaper on any one of the past several days to find an article or two discussing the progress, or lack thereof, that the Appropriations Committees are making in completing action on the FY2000 funding bills. Recently, it is reported, the House Appropriations Committee found that the VA-HUD Subcommittee could not stay within its allocations without declaring some $3 billion in funding for VA medical care, as well as $2.5 billion in FEMA funding, as "emergency" spending, which as I have explained earlier, does not count against the spending caps, but will, nonetheless, decrease the surplus. Additionally, some $4.5 billion has been declared emergency spending for the Decennial Census by the House Appropriations Committee. Those three items alone, if enacted as emergency spending, will cut the projected FY2000 surplus by $10 billion. Furthermore, as CBO points out on page 6 of their mid-Session Review, they have been directed by the Budget Committees to reduce their outlay projections in FY2000 by $10 billion for defense, $1 billion for transportation, and $3 billion for other non-defense programs. That knocks another $14 billion dent in CBO's non-social security surplus projections for FY2000. On that same page, CBO also points out that their non-social security surplus projections exclude some $3 billion per year in spending for the administrative expenses of the Social Security Administration. When all of these factors are taken into account, for FY2000, actions by Congress to date have already added emergency spending of some $10 billion; and have increased outlays by $14 billion. This $24 billion, together with the $3 billion in administrative expenses for the Social Security Administration, means that Congress is likely to not only spend all of the $14 billion FY2000 non-social security surplus projected by CBO, but, actually, to exceed it by at least $13 billion. In other words, it is highly likely that for FY2000 alone, Congress and the Administration will enact spending levels which will not only use up the entire $14 billion non-social security surplus projected for that year, but will also eat into the Social Security Trust Fund surpluses by at least $13 billion. So much for the Social Security Lock-box! Congress has already found the key that unlocks it. What about next year, when the spending caps are much tougher to stay within? Is one to believe that Congress will make the Draconian cuts in national priorities that would be called for to stay within the Republican tax plan? If not, further erosion of these projected surpluses will occur. Keep in mind that once tax cuts are enacted, those revenues are gone, and can only be retrieved by repealing the tax cuts. Does anyone think that Congress will do that in an Election Year? If not, then it is a foregone conclusion that the surplus projections for even the upcoming three fiscal years, to say nothing of the remaining seven years of the next decade, will be eaten away because they are based on virtually impossible, and extremely unsound, cuts in spending on national priorities. Keeping two sets of books, as the Republicans are attempting to do, won't fool the American people for very long.

In closing, Mr. President, let me quote from the text of a recent statement by 50 of the Nation's most revered economists, including six Nobel laureates, concerning the tax cuts now before the Senate.

> The federal budget is projected to show substantial surpluses over the next 15 years. These surpluses offer an exceptional opportunity to pay down government debt and thereby strengthen Social Security and Medicare in order to prepare for the retirement of the baby boomers. . . .
>
> In contrast, a massive tax cut that encourages consumption would not be good economic policy. With the unemployment rate at its lowest point in a generation, now is the wrong time to stimulate the economy through tax cuts. Moreover, an ever growing tax cut would drain government resources just when the aging of the population starts to put substantial stress on Social Security and Medicare. Further, the projections assume substantial undesirable reductions in real spending for non-entitlement programs, including important public investments. Given the uncertainty of long-term budget projections, committing to a large tax cut would create significant risks to the budget and the economy.

Mr. President, it could not be any clearer to any rational human being that this Republican tax cut plan is exactly the wrong fiscal blueprint for the Nation as we enter the next Millennium. As I have shown, it is highly unlikely that these forecasts will come true. Even if they do, some $80 billion in emergency spending for natural disasters has not been accounted for; another $30 billion in administrative costs of the Social Security Administration has not been accounted for; and the budget caps for FY2000 alone are likely to be exceeded by over $20 billion. Now is not the time to return to the failed economic policies that prevailed during the Reagan-Bush years. Rosy Scenario in all her splendor could not make their policies work. The same is true of the policies that would be undertaken if we were to enact this Republican tax cut.

Mr. KENNEDY. Mr. President, very few decisions we make in Congress will have more impact on the long-term economic well-being of our nation than how we allocate the projected surplus. By our votes this week, we are setting priorities that will determine whether the American economy is on firm ground or dangerously shifting sand as we enter the 21st century. These votes will determine whether we have the financial capacity to meet our responsibilities to future generations, and whether we have fairly shared the economic benefits of our current prosperity. Sadly, the legislation before us today fails all of these standards. We should vote to reject it.

A tax cut of the enormous magnitude proposed by our Republican colleagues would reverse the sound fiscal management which has created the inflation-free economic growth of recent years. That is the clear view of the two principal architects of our current prosperity—Robert Rubin and Alan Greenspan. Devoting the entire on-budget surplus to tax cuts will deprive us of the funds essential to preserve Medicare and Social Security for future generations of retirees. It will force harsh cuts in education, in medical research, and in other vital domestic priorities. This tax cut jeopardizes our financial future—and it also dismally flunks the test of fairness. When fully implemented, the Republican plan would give 75% of the tax cuts to the wealthiest 20% of the population. The richest 1%—those earning over $300,000 a year—would receive tax breaks as high as $23,000 a year, while working men and women would receive an average of only $139 a year.

Republicans claim that the ten year surplus is three trillion dollars and that they are setting two-thirds of it aside for Social Security, and only spending one-third on tax cuts. That explanation is grossly misleading. The two trillion dollars they say they are giving to Social Security already belongs to Social Security. It consists of payroll tax dollars expressly raised for the purpose of paying future Social Security benefits. Using those dollars to fund tax cuts or new spending would be to raid the Social Security Trust Fund. The Republicans are not providing a single new dollar to help fund Social Security benefits for future generations. They are not extending the life of the Trust Fund for even one day. It is a mockery to characterize those payroll tax dollars as part of the surplus.

That leaves the $996 billion on-budget surplus as the only funds available to address all of the nation's unmet needs over the next ten years. Republicans propose to use that entire amount to fund their tax cut scheme. Since CBO projections assume that all surplus dollars are devoted to debt reduction, the $996 billion figure includes nearly $200 billion in debt service savings. The amount which is available to be spent—either to address public needs or to cut taxes—is only slightly above $800 billion. Their $792 billion tax cut will consume the entire surplus.

Even more troubling, the Republican tax cut has been designed to expand dramatically beyond the tenth year. The cost between 2010 and 2019 will dwarf the cost in the first decade. It will rise from $800 billion to $2 trillion dollars. And the cost of the debt service payments necessitated by a tax cut of that magnitude will grow exponentially as well. The GOP plan will usher in a new era of deficits—just as the baby boom generation is reaching retirement age.

While the Senate Rules have been invoked to prevent the current tax cut from going beyond ten years, the Republican leadership has made clear their intent to make these massive cuts permanent. If these tax cuts were to become permanent, they would precipitate a genuine fiscal crisis.

Most Americans understand the word "surplus" to mean dollars remaining after all financial obligations have been met. If that common sense definitions is applied to the federal budget, the surplus would be far smaller than $996 billion.

We have existing obligations which should be our first responsibility. We have an obligation to preserve Medicare for future generations of retires, and to modernize Medicare benefits to include prescription drug assistance. The Republican budget does not provide one additional dollar to meet these needs.

The American people clearly believe that strengthening Social Security and Medicare should be our highest priorities for using the surplus. By margins of more than two to one, they view preserving Social Security and Medicare as more important than cutting taxes.

We should use the surplus to meet these existing responsibilities first, in order to fulfill the promise of a secure retirement with access to needed medical care.

If we do nothing, Medicare will become insolvent by 2015. The surplus gives us a unique opportunity to preserve Medicare, without reducing medical care or raising premiums. The Republican tax cut would take that opportunity away. It would leave nothing for Medicare.

We must seize this opportunity. Senate Democrats have proposed committing one-third of the surplus—$290 billion over the next ten years—to strengthening Medicare and to assisting senior citizens with the cost of prescription drugs. The Administration's 15 year budget plan provides an additional $500 billion for Medicare between 2010 and 2014. Enactment of the Republican tax cut would make this $800 billion transfer to Medicare impossible. If we squander the entire surplus on tax breaks, there will be no money left to keep our commitment to the nations' elderly.

Unless we use a portion of the surplus to strengthen Medicare, senior citizens will be confronted with nearly a trillion dollars in health care cuts and premium increases. We know who the people are who will be asked by the Republicans to carry this enormous burden.

The typical Medicare beneficiary is a widow, seventy-six years old, with an annual income of $10,000. She has one or more chronic illnesses. She is a mother and a grandmother. Yet the Republican budget would force deep cuts in her Medicare benefits, in order to pay for new tax breaks for the wealthy. As a result, elderly women will be unable to see their doctor. They will go without needed prescription drugs, or without meals or heat, so that wealthy Americans earning hundreds of thousands of dollars a year can have additional thousands of dollars a year in tax breaks.

The projected surplus also assumes drastic cuts in a wide range of existing programs over the next decade—cuts in domestic programs such as education, medical research, and environmental cleanup; and cuts in national defense. We have an obligation to adequately fund these programs. If existing programs merely grow at the rate of inflation over the next decade and no new programs are created and no existing programs are expanded, the surplus would be reduced by $584 billion dollars. That is the amount it will cost to merely continue funding current discretionary programs at their inflation-adjusted level. In fact, the real surplus over the next ten years is only slightly above $200 billion, roughly one-quarter the size of the proposed Republican tax cut.

In other words, the Republican tax cut would necessitate more than a twenty percent across the board cut in discretionary spending—in both domestic and national defense—by the end of the next decade. If defense is funded at the Administration's proposed level, and it is highly unlikely that the Republican Congress will do less, domestic spending would have to be cut 38% by 2009. No one can reasonably argue that cuts that deep should be made, or will be made.

We know what cuts of this magnitude would mean in human terms by the end of the decade. We know who will be hurt:375,000 fewer children will receive a Head Start; 6.5 million fewer children will participate in Title I education programs; 14,000 fewer biomedical research grants will be available from the National Institutes of Health; 1,431,000 fewer veterans will receive V.A. medical care; and there will be 6,170 fewer Border Patrol agents and 6,342 fewer FBI agents insuring safer communities. These are losses that the American people are not willing to accept.

The Democratic alternative would restore $290 billion, substantially reducing the size of the proposed cuts. A significant reduction would still be required over the decade. One thing is clear—even with a bare bones budget, we cannot afford a tax cut of the magnitude the Republicans are proposing.

Our Republican friends claim that these enormous tax cuts will have no impact on Social Security, because they are not using payroll tax revenues. On the contrary, the fact that the Republican budget commits every last dollar of the on-budget surplus to tax cuts does imperil Social Security.

First, revenue estimates projected ten years into the future are notoriously unreliable. As the Director of the Congressional Budget Office candidly acknowledged:

> Ten year budget projections are highly uncertain. In the space of only six months, CBO's estimate of the cumulative surplus has increased by nearly $300 billion. Further changes of that or a greater magnitude are likely—in either direction—as a result of economic fluctuations, administrative and judicial actions, and other developments.

Despite this warning, the Republican tax cut leaves no margin for error. If we commit the entire surplus to tax cuts and the full surplus does not materialize, Social Security revenues will be required to cover the shortfall.

Second, even if the projected surplus does materialize, the cost of the Republican budget exceeds the surplus in five of the next ten years—2005, 2006, 2007, 2008, and 2009. Unless the Republican proposal is restructured, Social Security revenues will be required to cover the shortfall in each of those years.

Third, the Republican tax cut leaves no money to pay for emergency spending, which has averaged $9 billion a year in recent years. Over the next decade, we are likely to need approximately $90 billion to cover emergency needs. That money has to come from somewhere. With the entire surplus spent on tax cuts, the Social Security Trust Fund will have to fund these emergency costs as well.

The three threats to Social Security I have described are very real. However, there is an even greater impact of the Republican plan on the future of Social Security. As I noted earlier, that plan does not provide Social Security with a single new dollar to fund future benefit payments.

In contrast, the Administration has proposed using a major portion of the surplus to strengthen Social Security for future generations of retirees. Beginning in 2011, the President's budget allocates to Social Security the savings which will result from debt reduction. Between 2011 and 2014, the Social Security Trust Fund would receive 543 billion new dollars from the surplus, and it would receive an additional $189 billion each year after that. As a result, the solvency of Social Security would be extended for a generation, to well beyond 2050.

The Republican tax cut proposal, which costs over $2 trillion between 2010 and 2019, will consume all of the surplus dollars which were intended for Social Security. There will be nothing left for Social Security. As a result, no new dollars will flow into the Trust Fund, and the future of Social Security will remain clouded.

For two-thirds of America's senior citizens, Social Security retirement benefits provide more than 50% of their annual income. Without Social Security, half the nation's elderly would be living in poverty. Social Security enables millions of senior citizens to spend their retirement years in security and dignity. A Republican tax cut of the magnitude proposed here today will put their retirement security in serious jeopardy.

The votes which we cast this week—the choices which we are required to make—will say a great deal about our values. We should use the surplus as an opportunity to help those in need—senior citizens living on small fixed incomes, children who need educational opportunities, millions of men and women whose lives may well depend on medical research and access to quality health care. We should not use the surplus to further enrich those among us who are already the most affluent. The issue is a question of fundamental values and fundamental fairness.

The Republican tax cut would consume the entire surplus, and distribute the overwhelming majority of it to those with the highest incomes. The authors of the Republican plan have highlighted the reduction of the 15% tax bracket to 14%. They have pointed to this as middle class tax relief. But that relief is only a small part of the overall tax breaks in their bill. It accounts for only $216 billion of the $792 billion in GOP tax cuts. Most of the remaining provisions are heavily weighted toward the highest income taxpayers.

If the Republican plan were enacted and fully implemented, nearly 50% of the tax benefits would go to the richest 5% of taxpayers, and more than 75% of the benefits would go to the wealthiest 20%. Those with annual incomes exceeding $300,000 would receive tax breaks of $23,000 per year. The lowest 60% of wage-earners would share less than 11% of the total tax cuts—they would receive an average tax cut of only $139 per year. That gross disparity is unfair and unacceptable.

This is not the way the American people want to spend their surplus. I urge my colleagues to reject this bill. The American people deserve better than this.

Mr. DASCHLE. Mr. President, as the debate on the Senate's version of the reconciliation tax bill winds down, I wanted to come to the floor and say a few words about where we are in this process, how we got here, and where I think we ought to go.

Let me begin by saying that the discussions we have seen on the Senate floor these past few days should lead all of my colleagues—Democratic and Republican alike—to agree on one thing: the issues affected by this bill—Social Security, Medicare, education, tax relief—are serious and should not fall prey to political gamesmanship. It is not an overstatement to say that the nation's economic and fiscal health are at stake. What we do on these issues will affect the lives of millions of Americans for decades to come.

The discussion has also revealed another truth. The debate on the proper course for this nation and its people as we head into the 21st century is really a tale of two paradigms.

The Republican vision for the future is to replay the past. They would have us follow their economic policies of the 1980s, a course that can best be characterized as one of both wishful thinking and fiscal disaster. This is a course of irresponsible tax breaks for the wealthiest among us. This is a course of voodoo economics, where providing huge tax breaks to the wealthiest was to somehow benefit everyone and reduce government deficits.

As history demonstrates, this really was a course of rosy scenarios and disastrous results. The benefits of their tax breaks were, not surprisingly, essentially confined to the wealthiest. Small deficits turned into massive ones. Government debt exploded, quadrupling in the 1980s. Unemployment averaged 7.1 percent in the previous decade. Median family income fell $1,825 in just four years. Welfare rolls were up 22 percent.

The Democratic vision for the future is to continue along the path we set forth in 1993, a path marked by fiscal responsibility and economic prosperity. Just to remind my colleagues of what we have accomplished since we embarked on this road, let me talk about the state of our economy when President Clinton took office. The deficit in 1992 was $290 billion and projected to grow to over $500 billion by the end of the decade and to continue rising each year thereafter. Again, unemployment was up, and family income was down. Welfare rolls were growing.

The Democratic-led Congress enacted a comprehensive economic plan in 1993. This plan was approved without a single Republican vote. And today, the results are clear. Economists have said this is the strongest U.S. economy they have seen in a generation. The record deficits have turned into record surpluses—$120 billion this year and larger every year thereafter for at least a decade. We are experiencing the longest peacetime economic expansion in this nation's history and, if it continues for several additional months, the longest in history, period. Economic growth during this period has averaged 3.5 percent—nearly double that experienced during the Reagan-Bush years. Unemployment is just over four percent—roughly one-half the level during the Reagan-Bush years. Median income for a family of four is up $3,500 since 1993. Welfare rolls are down 35 percent since 1994.

These are the two choices presented during this debate—whether we step back into a past filled with record deficits and debt or continue moving forward to sustain the economic and fiscal progress we have achieved since 1993. The question for the Congress and the American people is which road will we take—the dangerous one or the responsible one? Will we build on our success or put our national health at risk?

After carefully listening to the debate, it is apparent to me that many on the other side of the aisle would like to do it all over again. I have heard some of the same old, dangerous rhetoric and false rosy scenarios I heard in the early 1980s. Like then, I have heard misleading representations of government spending—both current and future. I have again heard talk of irresponsible tax cuts tilted to the wealthy and special interests. Once again, my Republican colleagues are proposing that we give short shrift to Medicare and, in a new twist, a prescription drug benefit as well. And finally, Republicans are again proposing massive cuts in education, veterans' health, defense and agriculture. These cuts are as unprecedented as they are unrealistic. If one assumes the Republicans simply match the President's defense spending proposals, all remaining discretionary programs would have to be cut by 38 percent below today's levels. If we follow the new, phantom baseline created expressly for the floor debate by Senators DOMENICI and FRIST, and again exempt defense, the cuts to all remaining programs will easily exceed 50 percent.

Mr. President, it is all the more disappointing to me that in the face of the historic opportunity afforded this body by our unmatched fiscal strength, the Senate is about to fail on three counts. The Republican majority is about to prevail and pass an irresponsible fiscal policy. Their tax cuts would reverse the progress of the 1990s and lead to us back to huge deficits and more debt. The Republican position also constitutes irresponsible national policy. The cost of the Republican tax cut would explode in the second decade of the 21st century—precisely when the baby boomer generation is retiring and resources are needed if the federal government is to keep its commitments on Social Security and Medicare. Finally, the majority has chosen to pursue this course in the face of a certain Presidential veto, should the bill reach the President's desk in something even close to its current form.

Instead of wasting the precious time of this Congress and the American people, it would have been better if Republicans had opted to work together with Democrats to develop a fiscally responsible plan that could get the President's signature. Democrats have offered the major parts of such a plan during the debate. Our plan consists of five components. Democrats protect the entire $1.9 trillion Social Security surplus; every dollar, every year. Democrats strengthen and modernize Medicare by setting aside a portion of the on-budget surplus to extend solvency and provide a prescription drug benefit for Medicare beneficiaries. Democrats pay down the federal government's publicly held debt, and, if our course is followed, eventually eliminate it. Democrats invest some of the non-Social Security surplus in critical priorities, such as defense, education, veterans' health, agriculture, and NIH. Finally, Democrats believe in a significant, responsible tax cut.

It is projected there will be sufficient resources to do all of this. Yet, Republicans refuse to do most of it. Instead, they choose to follow a course that has become all too familiar to Americans. Republicans again choose to pursue ideologically extreme positions that best serve special interests instead of the needs of ordinary, hard-working Americans. The Senate has seen this before, on the overall budget plan, on juvenile justice, and, most recently, on the Patients' Bill of Rights.

This is not a political game. We face serious challenges and historic opportunities. We have wasted precious time. The list of unresolved items that the Senate should address is a long one. And time is short. I hope that when we come back next week and in September, Republicans will discard their agenda written by special interests and pursue the people's agenda. If they do so, we can accomplish much together. If they do not, the American people will be the losers.

Mr. ROTH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, we are now ready for final passage.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

The yeas and nays are ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 57, nays 43, as follows:

[Rollcall Vote No. 247 Leg.]

YEAS—57

Abraham
Allard
Ashcroft
Bennett
Bond
Breaux
Brownback
Bunning
Burns
Campbell
Chafee
Cochran
Collins
Coverdell
Craig
Crapo
DeWine
Domenici
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Grassley
Gregg
Hagel
Hatch
Helms
Hutchinson
Hutchison
Inhofe
Jeffords
Kerrey
Kyl
Landrieu
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Stevens
Thomas
Thompson
Thurmond
Torricelli
Warner

NAYS—43

Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Bryan
Byrd
Cleland
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Graham
Harkin
Hollings
Inouye
Johnson
Kennedy
Kerry
Kohl
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Schumer
Specter
Voinovich
Wellstone
Wyden

The bill (S. 1429), as amended, was passed.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROTH. Mr. President, I want to give my thanks to the many staff members on both sides of the aisle, including my good friend and colleague, PAT MOYNIHAN, and all the many people who made this possible. This afternoon, I think we took a giant step toward getting the American people a tax break.

I would like to thank the following staff on this bill; Frank Polk, Joan

Woodward, Mark Prater, Brig Pari, Jeff Kupfer, Bill Sweetnam, Tom Roesser, Ed McClellan, John Duncan, Connie Foster, and Jane Butterfield.

I also thank:

Frank Polk, Chief of Staff and Chief Counsel;
Joan Woodward, Deputy Staff Director;
Mark Prater, Chief Tax Counsel;
Alexander Vachen, Chief Social Security Analyst;
Brig Pari, Tax Counsel;
Tom Roesser, Tax Counsel;
Bill Sweetnam, Tax Counsel;
Jeff Kupfer, Tax Counsel;
Ed McClellan, Tax Counsel;
Kathy Means, Chief Health Analyst;
DeDe Spitznagel, Health Analyst;
Monica Tencate, Health Analyst;
Darcel Savage;
Jane Butterfield; and
Mark Blair.

Further, I wish to thank:

Carolyn D. Abraham, Secretary;
Robert (Greg) Bailey, Legislation Counsel;
Carl E. Bates, Refund Counsel;
B. Jean Best, Secretary;
John H. Bloyer, Chief Clerk;
Michael E. Boren, Administrative Assistant;
Mary Ann Borrelli, Economist;
Norman J. Brand, Senor Refund Counsel;
Tanya Butler, Secretary;
William J. Dahl, Senior Computer Specialist;
Debbie A. Davis, Secretary;
Kathleen Dorn, Executive Assistant;
Timothy Dowd, Economist;
Patrick A. Driessen, Senior Economist;
Christopher P. Giosa, Economist;
Robert C. Gotwald, Refund Counsel;
Richard A. Grafmeyer, Deputy Chief of Staff;
H. Benjamin Hartley, Senior Legislation Counsel;
Robert P. Harvey, Economist;
David P. Hering, Accountant;
Harold E. Hirsch, Senior Legislation Counsel;
Thomas Holtmann, Economist;
Melani M. Houser, Statistical Analyst;
Allison M. Ivory, Economist;
Deidre James, Legislation Counsel;
M.L. Sharon Jedlicka, Secretary;
Ronald A. Jeremias, Senior Economist;
John L. Kirkland, Jr., Staff Assistant;
Leon W. Klud, Special Assistant;
Gary Koenig, Economist;
Thomas F. Koerner, Associate Deputy Chief of Staff;
Debra L. McMullen, Senior Staff Assistant;
Neval E. McMullen, Staff Assistant;
David R. Macall, Intern/Tax Policy;
Laurie A. Matthews, Senior Legislation Counsel;
Pamela H. Moomau, Senior Economist;
Tracy S. Nadel, Director of Tax Resources;
John F. Navratil, Economist;
Joseph W. Nega, Legislation Counsel;
Diana L. Nelson, Computer Specialist;
Hal G. Norman, Computer Specialist;
Melissa A. O'Brien, Tax Resource Specialist;
Samuel Olchyk, Legislation Counsel;
Christopher J. Overend, Economist;
Lindy L. Paull, Chief of Staff;
Oren S. Penn, Legislation Counsel;
Cecily W. Rock, Senior Legislation Counsel;
Lucia J. Rogers, Secretary;
Paul Schmidt, Legislation Counsel;
Bernard A. Schmitt, Deputy Chief of Staff;
Mary M. Schmitt, Deputy Chief of Staff;
Melbert E. Schwarz, Accountant;
Todd Simmens, Legislation Counsel;
Christine J. Simmons, Secretary;
Carolyn E. Smith, Associate Deputy Chief of Staff;
Thomas A. St. Clair, Jr., Staff Assistant;
William T. Sutton, Senior Economist;
Peter M. Taylor, Senior Economist;
Melvin C. Thomas, Jr., Senior Legislation Counsel;
Michael A. Udell, Economist;
Carolyn (Morey) Ward, Legislation Counsel;
Barry L. Wold, Legislation Counsel; and
Joanne Yanusz, Secretary.

Mr. MOYNIHAN. Mr. President, I first express my great appreciation to the chairman. Members may have seen the affection with which he is held on our side of the aisle. I have said I will never fail to seek opportunities to congratulate his generosity.

I have the names of members of our staff we thank, including David Podoff, Russell Sullivan, and Maury Passman, who is leaving, and others who have worked so hard. I particularly thank Frank Polk and Joan Woodward on your side.

I also wish to thank

Dr. David Podoff, Staff Director and Chief Economist;
Russell Sullivan, Chief Tax Counsel;
Chuck Konigsberg, Chief Health Counsel and General Counsel;
Maury Passman, Tax Counsel;
Stan Fendley, Tax Counsel;
Anita Horn, Tax Professional Staff Member;
Mitchell Kent, Tax Legislative Research Assistant;
Kristen Testa, Medicaid Professional Staff Member;
Jon Resnick, Health Legislative Research Assistant;
Liz Fowler, Medicare Professional Staff Member;
Julianne Fisher, Assistant to the Minority Staff Director;
Jewel Harper, Receptionist; and our interns: Alison Egan, Patricia Daugherty, and Noam Mohr.

FURTHER MODIFICATION TO AMENDMENT NO. 1426

Mr. ROTH. Mr. President, I ask unanimous consent that the Coverdell-Torricelli previously agreed to amendment be modified as follows, and I send it to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 1426), as further modified, is as follows:

On page 32, strike lines 6 through 11, and insert:

(1) IN GENERAL.—Subparagraph (E) of section 56(b)(1) is amended to read as follows:

"(E) SPECIAL RULE FOR CERTAIN DEDUCTIONS.—The standard deduction under section 63(c) shall not be allowed and the deduction for personal exemptions under section 151 and the deduction under section 642(b) shall each be allowed, but shall each be reduced by $."

On page 32, strike lines 12 through 14, insert the following:

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2005.

SEC. . LONG-TERM CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

(a) GENERAL RULE.—Part I of subchapter P of chapter 1 (relating to treatment of capital gains) is amended by redesignating section 1202 as section 1203 and by inserting after section 1201 the following new section:

"SEC. 1202. CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

"(a) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction for the taxable year an amount equal to the lesser of—

"(1) the net capital gain of the taxpayer for the taxable year, or

"(2) $1,000.

"(b) SALES BETWEEN RELATED PARTIES.—Gains from sales and exchanges to any related person (within the meaning of section 267(b) or 707(b)(1)) shall not be taken into account in determining net capital gain.

"(c) SPECIAL RULE FOR SECTION 1250 PROPERTY.—Solely for purposes of this section, in applying section 1250 to any disposition of section 1250 property, all depreciation adjustments in respect of the property shall be treated as additional depreciation.

"(d) SECTION NOT TO APPLY TO CERTAIN TAXPAYERS.—No deduction shall be allowed under this section to—

"(1) an individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins,

"(2) a married individual (within the meaning of section 7703) filing a separate return for the taxable year, or

"(3) an estate or trust.

"(e) SPECIAL RULE FOR PASS-THRU ENTITIES.—

"(1) IN GENERAL.—In applying this section with respect to any pass-thru entity, the determination of when the sale or exchange occurs shall be made at the entity level.

"(2) PASS-THRU ENTITY DEFINED.—For purposes of paragraph (1), the term 'pass-thru entity' means—

"(A) a regulated investment company,
"(B) a real estate investment trust,
"(C) an S corporation,
"(D) a partnership,
"(E) an estate or trust, and
"(F) a common trust fund."

(b) COORDINATION WITH MAXIMUM CAPITAL GAINS RATE.—Paragraph (3) of section 1(h) (relating to maximum capital gains rate) is amended to read as follows:

"(3) COORDINATION WITH OTHER PROVISIONS.—For purposes of this subsection, the amount of the net capital gain shall be reduced (but not below zero) by the sum of—

"(A) the amount of the net capital gain taken into account under section 1202(a) for the taxable year, plus

"(B) the amount which the taxpayer elects to take into account as investment income for the taxable year under section 163(d)(4)(B)(iii)."

(c) DEDUCTION ALLOWABLE IN COMPUTING ADJUSTED GROSS INCOME.—Subsection (a) of section 62 (defining adjusted gross income) is amended by inserting after paragraph (17) the following new paragraph:

"(18) LONG-TERM CAPITAL GAINS.—The deduction allowed by section 1202."

(d) TREATMENT OF COLLECTIBLES.—

(1) IN GENERAL.—Section 1222 (relating to other terms relating to capital gains and losses) is amended by inserting after paragraph (11) the following new paragraph:

"(12) SPECIAL RULE FOR COLLECTIBLES.—

"(A) IN GENERAL.—Any gain or loss from the sale or exchange of a collectible shall be treated as a short-term capital gain or loss (as the case may be), without regard to the period such asset was held. The preceding sentence shall apply only to the extent the gain or loss is taken into account in computing taxable income.

"(B) TREATMENT OF CERTAIN SALES OF INTEREST IN PARTNERSHIP, ETC.—For purposes of subparagraph (A), any gain from the sale or exchange of an interest in a partnership, S corporation, or trust which is attributable to unrealized appreciation in the value of collectibles held by such entity shall be treated as gain from the sale or exchange of a collectible. Rules similar to the rules of section 751(f) shall apply for purposes of the preceding sentence.

"(C) COLLECTIBLE.—For purposes of this paragraph, the term 'collectible' means any capital asset which is a collectible (as defined in section 408(m) without regard to paragraph (3) thereof)."

(2) CHARITABLE DEDUCTION NOT AFFECTED.—

(A) Paragraph (1) of section 170(e) is amended by adding at the end the following new sentence: "For purposes of this paragraph, section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)."

(B) Clause (iv) of section 170(b)(1)(C) is amended by inserting before the period at the end the following: "and section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)".

(e) CONFORMING AMENDMENTS.—

(1) Section 57(a)(7) is amended by striking "1202" and inserting "1203".

(2) Clause (iii) of section 163(d)(4)(B) is amended to read as follows:

"(iii) the sum of—

"(I) the portion of the net capital gain referred to in clause (ii)(II) (or, if lesser, the net capital gain referred to in clause (ii)(I)) taken into account under section 1202, reduced by the amount of the deduction allowed with respect to such gain under section 1202, plus

"(II) so much of the gain described in subclause (I) which is not taken into account under section 1202 and which the taxpayer elects to take into account under this clause."

(3) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

"(B) the deduction under section 1202 and the exclusion under section 1203 shall not be allowed."

(4) Section 642(c)(4) is amended by striking "1202" and inserting "1203".

(5) Section 643(a)(3) is amended by striking "1202" and inserting "1203".

(6) Paragraph (4) of section 691(c) is amended inserting "1203," after "1202,".

(7) The second sentence of section 871(a)(2) is amended by inserting "or 1203" after "section 1202".

(8) The last sentence of section 1044(d) is amended by striking "1202" and inserting "1203".

(9) Paragraph (1) of section 1402(i) is amended by inserting ", and the deduction provided by section 1202 and the exclusion provided by section 1203 shall not apply" before the period at the end.

(10) Section 121 is amended by adding at the end the following new subsection:

"(h) CROSS REFERENCE.—

"For treatment of eligible gain not excluded under subsection (a), see section 1202."

(11) Section 1203, as redesignated by subsection (a), is amended by adding at the end the following new subsection:

"(l) CROSS REFERENCE.—

"For treatment of eligible gain not excluded under subsection (a), see section 1202."

(12) The table of sections for part I of subchapter P of chapter 1 is amended by striking the item relating to section 1202 and by inserting after the item relating to section 1201 the following new items:

"Sec. 1202. Capital gains deduction.
"Sec. 1203. 50-percent exclusion for gain from certain small business stock."

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2005.

(2) COLLECTIBLES.—The amendments made by subsection (d) shall apply to sales and exchanges after December 31, 2005.

AMENDMENT NO. 1496

(Purpose: To provide a manager's amendment)

The PRESIDING OFFICER. Under the previous order, amendment No. 1496 is agreed to.

(The text of the amendment is printed in today's RECORD under "amendments submitted.")

Mr. ROTH. I ask unanimous consent that the Senate proceed to the consideration of the House companion bill, Calendar No. 234, H.R. 2480. I further ask consent that all after the enacting clause be stricken, and the text of the Senate bill be inserted in lieu thereof, the bill then be read for the third time and passed, with a motion to reconsider laid upon the table. I also ask consent that the Senate then insist on its amendment and request a conference with the House. I finally ask consent that the passage of S. 1429 be vitiated and the bill be placed back on the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 2480), as amended, was passed.

(The bill will be printed in a future edition of the RECORD.)

Mr. BIDEN. Mr. President, I rise first to compliment my senior colleague from Delaware on his effectiveness. We agree on an awful lot of things. We disagreed on this tax bill, but that in no way diminishes my admiration for his effectiveness. As a matter of fact, this is one of the few occasions I wish he were not as effective as he has been.

I compliment him and I echo the comments of my friend from New York who said he is held in affection by Members on both sides of the aisle. I am first among those. I congratulate him for his success. I will not use the word "deplore," but I disagree strongly with the outcome. However, I admire the way in which he—and maybe only he—could have been able to put this together.

Mr. ENZI. Mr. President, I congratulate the chairman of the Finance Committee and the ranking member of the Finance Committee for the outstanding work they have done together through this week to bring together a bill that could have bipartisan support in the Senate.

I particularly thank Senator ROTH for the depth of understanding he has on tax issues, the way he has worked across the aisle, the way he has worked through such a variety of measures. There were over 126 amendments we have just done. He understood and worked through and negotiated those into a package that I hope will be accepted by the House and signed by the President.

As the accountant in the Senate, I have been fascinated by the debate we have had this week. I volunteered to serve late a couple of nights. For us accountants, what we have seen here this week has been live entertainment—some of the finest stuff you can see on television.

I know my fellow accountants across the Nation have been watching. While we did not get the simplification we would have liked to have had, and that simplification is necessary for the American people, we have gotten some very exciting, necessary provisions, some provisions where all Americans taxpayer will receive back part of the overpayment they paid in.

We have made a dent in the death taxes. We fixed the marriage penalty—eventually, with a start immediately, and a myriad of other provisions in there that will affect the lives of literally every person in the United States.

I thank the chairman of the committee who has been a part of the last great tax relief that was done as well as this great tax relief.

I thank the chairman and my colleagues who worked on and supported this measure.

I yield the floor.

Mr. HUTCHINSON. Mr. President, I also associate myself with the remarks of the Senator from Wyoming commending Senator ROTH and the Finance Committee for their work on this very important landmark tax relief legislation the Senate passed today. I believe, in taking the step we did today, in lowering the tax burden upon the American people from 21 percent of GDP to 20 percent of the gross domestic product, we have taken a modest but a very important step in providing relief to all Americans. I commend the Senate today, and the staff, and ask the President to reconsider his proposed veto.

MORNING BUSINESS

Mr. HUTCHINSON. Mr. President, I ask unanimous consent the Senate now proceed to a period of morning business with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

BALKAN HISTORICAL PARALLELS

Mr. BIDEN. Mr. President, yesterday the Committee on Foreign Relations held a remarkable hearing on the prospects for democracy in Yugoslavia. Testifying were two of the Administration's top Balkan experts, two leading representatives of the non-governmental organization community with wide and deep experience in the Balkans, the executive director of the Office of External Affairs of the Serbian Orthodox Church in the United States, and a courageous woman from Belgrade who chairs the Helsinki Committee for Human Rights in Serbia.

One of the many topics raised during this hearing was the question of the correctness of the decision of the United States to refuse to give reconstruction assistance—as distinct from humanitarian assistance—to Serbia as long as Slobodan Milosevic remains in control in Belgrade. I completely support the Administration's policy in this matter, which, I am certain, comes as no surprise to any of my colleagues.

Since on this very day President Clinton and more than forty other world leaders are meeting in Sarajevo to discuss a so-called Balkans Stability Pact, which would deliver reconstruction assistance on a regional basis, I thought it would be appropriate at this time briefly to discuss two alleged historical parallels, one of which I believe is fallacious, the other which I would assert is directly applicable to the current situation.

At yesterday's hearing it was asserted that there was a moral imperative for NATO countries to offer reconstruction aid to Serbia just as after World War II the United States included Germany in its Marshall Plan assistance.

Mr. President, I would submit that this intended parallel falls short in several respects. First of all, in spite of twelve brutal years of criminal Nazi rule, post-war Germany still had the democratic tradition of Weimar as a basis for rebuilding its political system, with several prominent surviving leaders. Nothing like that exists in Serbia today. There are no Serbian Konrad Adenauers or Kurt Schumachers.

Secondly, the United States made as preconditions for Marshall plan assistance adherence to democracy, free-market capitalism, and cooperation with neighboring countries. Needless to say, the Serbia of Slobodan Milosevic would qualify on none of those grounds.

Finally, in order to guide post-war Germany toward democracy, the victorious allies occupied the country, dividing up responsibility into four zones. The Soviets quickly made clear their intention to impose communism in what became East Germany, and Stalin pressured the East Germans and other satellite countries to refuse the offer of Marshall Plan aid. In the U.S., British, and French zones of Germany, however, hundreds of thousands of troops and civilian officials essentially ran political life until the Federal Republic of Germany was established in 1949, and allied troops have remained until today.

It may well be that in order to bring Serbia into the family of democratic nations just such an international occupation would have to happen, but it is simply not in the cards.

So, Mr. President, the alleged parallel of today's Serbia with post-war Germany is totally inappropriate.

There is, however, a historical parallel chronologically much closer to today, which is, in fact, an appropriate one. That is the case of the Republika Srpska, one of the two entities of Bosnia and Herzegovina.

After the Dayton Accords were signed in late 1995 and the two entities—the Bosniak-Croat Federation and the Republika Srpska—were established, the Congress of the United States put together a reconstruction assistance package. Because of the brutal crimes of the Bosnian Serbs under Radovan Karadzic from 1992 to 1995, the legislation excluded the new Republika Srpska, then under Karadzic's control, from any reconstruction assistance except for infrastructural projects like energy and water, which spanned the inter-entity boundary line with the Federation. That meant that in the immediate post-Dayton period the Federation received about ninety-eight percent of American development assistance to Bosnia.

Largely as a result of this policy, the Federation's economy immediately began to recover from the war, while the Republika Srpska, under Karadzic's control in the town of Pale, stagnated.

But our policy has not been one exclusively of sticks; there have also been carrots. If localities in the Republika Srpska cooperated with Dayton implementation, the U.S. Agency for International Development was prepared to channel assistance to them. USAID lays down strict conditions in contracts with the individual localities. The policy is not perfect, and it is carefully monitored by Congress. But, in general, it has worked, and it has had positive results.

People in the Republika Srpska saw the economic resuscitation of the Federation and noticed the assistance that a few of their own localities were receiving. They compared this modest, but undeniable economic progress with the persistent, grinding poverty of most of the Republika Srpska, led by Karadzic and his corrupt, criminal gang in Pale, which had been effectively isolated. The indicted war criminal Karadzic was finally banned from political life, but one of his puppets took his place.

No matter how ultra-nationalistic or even racist many of the people in the Republika Srpska were, most of the population caught on pretty quickly that their future was an absolute zero as long as their current leaders stayed in office.

The result was a reform movement, initially led by Mrs. Plavsic, which legally wrested control from the Pale thugs and moved the capital of the Republika Srpska to Banja Luka. Last year she lost an election, but the government of the Republika Srpska is now led by Prime Minister Dodik, a genuine democrat, who has survived attempts from Belgrade by Milosevic to unseat him, is supported by a multi-ethnic parliamentary coalition, kept the lid on the situation during the Yugoslav air campaign, and now is beginning to implement Dayton.

The situation in Bosnia, as we all know, is far from satisfactory, but real progress has been made. And, back to my original point, in the Republika Srpska we have the real historical parallel of a policy of excluding a government from economic reconstruction assistance as long as it is ruled by an indicted war criminal or his puppet.

I hope this discussion of historical precedents may be helpful as the Senate continues to debate our Balkan reconstruction policy.

REGULATORY OPENNESS AND FAIRNESS ACT OF 1999

Mr. BURNS. Mr. President I rise today to speak on the Regulatory Openness and Fairness Act of 1999, of which I am an original cosponsor.

This legislation will ensure that the Food Quality Protection Act (FQPA) will carry out its original intent while protecting agricultural producers from unnecessary regulations. The FQPA, enacted in 1996, was put in place to ensure that highest level of food safety. This is a necessary and worthwhile goal. However, the EPA currently makes rulings that are based on data without a sound science base. Instead, assumptions are based on propaganda and worst-case scenarios.

This legislation requires EPA to modernize the laws governing pesticide use, using science-based data and evaluations. This will ensure that American consumers will continue to receive the world's safest food supply, and still allow those agricultural producers that provide food and fiber the means to do so.

This bill will also require EPA to establish and administer a program for tracking the effect of regulatory decisions of U.S. agriculture as compared to world trends. Producers in other countries often do not face the regulatory nightmare American producers do. This will provide a measure for that different and the impact it has on agricultural producers in the U.S.

Additionally, this bill will establish a permanent Pesticide Advisory Committee including food consumers, environmental groups, farmers, non-agricultural pesticide users, food manufacturers, food distributors, pesticide manufacturers, federal and state agencies. Such a diverse group will serve all interests and maintain a safe food supply

I thank Mr. HAGEL for sponsoring this fine bill and look forward to working with him in its passage. Through it we can work for the good of agriculture and food consumers alike.

ADMINISTRATION'S CONSTRUCTIVE ENGAGEMENT WITH CHINA

Mr. GORTON. Mr. President, I submit for the CONGRESSIONAL RECORD a column by Michael Kelly that appeared in the July 28th edition of the Washington Post. Mr. Kelly asks in his column whether it "strikes anyone as odd" that the Clinton-Gore Administration continues desperately to hand onto its policy of "constructive engagement" with China, even as Beijing breaths fire in response to reasonable statement made by the freely- and fairly-elected President of Republic of China on Taiwan.

This Senator, for one, has serious questions about the wisdom of President Clinton's foreign policy as it relates to China, and the competence of the Clinton-Gore Administration to protect and advance America's interest in this vital region of the world.

In response to statements by Taiwan's President Lee Teng-hui that discussions and talks between Taiwan and China should be conducted on a "special state-to-state" basis, China has repeatedly issued not-so-veiled threats of its intent to use military force against Taiwan unless President Lee retracts his statements.

What was the response of the Clinton-Gore Administration? Let me reference a news story from the July 26th edition of the Washington Post entitled "Albright, Chinese Foreign Minister Hold 'Very Friendly Lunch.'" The article reads in part,

> Lee's announcement triggered a ferocious response by Beijing. Washington also criticized it and dispatched a representative to pressure Taiwan to modify its statement.
>
> Today, Albright said that Richard Bush, the U.S. envoy to Taiwan, told Lee "that there needs to be . . . a peaceful resolution to this and a dialogue. And I think that the explanations offered thus far don't quite do it."

Mr. President, this is an amazing as it is outrageous. Rather than defend the Republic of China on Taiwan and its right to live in peace and choose its own form of government, Secretary of State Albright has a "very friendly lunch" with one of the highest ranking members of the repressive communist Chinese regime while one of her assistants reprimands and pressures Taiwan to appease China. Can it truly be our nation's policy is to protect China from Taiwan?

Taiwan is not the bully in this matter. Taiwan deserves America's commitment to defend it against China's threats. Our nation should proudly and firmly stand by Taiwan, a blooming and prosperous democracy where free speech, religious freedom and the benefits of capitalism are practiced and enjoyed. The United States should stand in the future, as it has in the past, for freedom and democracy whenever those great qualities are threatened by the forces of repression.

Mr. President, I ask unanimous consent that the article "On The Wrong Side," by Michael Kelly be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, July 28, 1999]

ON THE WRONG SIDE

(By Michael Kelly)

Back in the dear, dead days when the Democratic Party stood for dreams a bit loftier than clinging to power, the labor wing of the party liked to ask a question: "Whose side are you on?" It was a good question because it was an awkward one and an inescapable one. The question presents itself these days, awkwardly and inescapably as always, in the matter of Taiwan and China. Whose side are we on?

On the one hand, we have Taiwan, which is an ally and a democracy. It is not a perfect ally nor a perfect democracy (but neither is the United States). Formed out of the nationalist movement that lost China to Mao's Communists, Taiwan increasingly has wished for independent statehood. In recent years, as the island has become more democratic and more wealthy, it has become more aggressive in expressing this wish.

On the one hand, we have China. The People's Republic is a doddering, desperate despotism, in which a corrupt oligarchy presides, only by the power of the gun, over a billion people who would rather live in freedom. China has always regarded Taiwan as an illegitimately errant province, ultimately to be subjugated to Beijing's rule. In recent years, as China's rulers have found themselves increasingly uneasy on their thrones, they have attempted, in the usual last refuge of dictators, to excite popular support by threatening belligerence against an exterior enemy—in this case, Taiwan.

For two decades, the United States has supported a deliberately ambiguous policy, which says that there should be "one China," but carefully does not say who should rule that China. Ambiguity worked pretty well for a long time, but it is a Cold War relic whose logic has expired, and its days are running out.

Two weeks ago, Taiwan's president, Lee Teng-hui, recognized this reality and said that henceforth Taiwan and China should deal with each other on a "state-to-state" basis. Beijing reacted with its usual hysterical bellicosity. This week, Chinese Foreign Minister Tang Jiaxuan used a session of the Association of Southeast Asian Nations to again threaten Taiwan: "If there occur any action for Taiwan independence and any attempt by foreign forces to separate Taiwan from the motherland, the Chinese people and government will not sit back," Tang said. He added a warning to Secretary of State Madeleine Albright to "be very careful not to say anything to fan the flames" of independence.

Not to worry. Neither Madame Secretary nor anyone else in the Clinton administration has the slightest intention of fanning freedom's flames. Quite the contrary. The administration has reacted to Lee's "state-to-state" remarks by repeatedly reassuring Beijing that the United States is entirely with it in this matter. On Monday Albright made a point of saying that Lee's efforts to back off of his remarks "thus far don't quite do it." So, we are on China's side.

We are on the side of a regime that, the administration's own Justice Department tells us, has engaged in (1) a massive and perhaps still ongoing campaign to steal America's most valuable nuclear secrets; and (2) an effort to corrupt the 1996 elections by funneling cash to, principally, the Clinton-Gore campaign and the Democratic National Committee.

We are on the side of a regime that, the administration assures, is becoming more tolerant of political freedom. Is that so? Beijing has intensified the persecution of political dissidents since Clinton began his policy of "constructive engagement" with China. Most recently, Beijing has been hosting old-fashioned Stalinist show trials of democratic dissidents; three organizers of the fledgling China Democratic Party drew sentences of, respectively, 13, 12 and 11 years.

China also continues its campaign to destroy independent religious movements. Accordingly to the group Human Rights in China, the regime arrested 7,410 leaders of the Protestant house-church movement in two months last year. Currently, Beijing is undertaking a countrywide effort to stamp out the spiritual movement Falun Gong. The New York Times reports that more than 5,000 people have been arrested, and 1,200 government officials who are movement members have been shipped off to re-education schools to study Communist Party doctrine.

We are on the side of a regime that forces abortions on women who attempt to give "unplanned" births; a regime that exploits the accidental bombing of its embassy to incite anti-American riots, threatening U.S. citizens; a regime that continues to sell weapons of mass destruction to rogue states inimical to U.S. interests.

We are acting against a regime that seeks democratic independence and a society rooted in the pursuit of life, liberty and happiness.

Doesn't any of this strike anyone as odd?

THE U.S. ARMY SCHOOL OF THE AMERICAS

Mr. CLELAND. Mr. President, I rise today to express my continued support for the U.S. Army School of the Americas (SOA), located at Fort Benning, Georgia. Legislation has been introduced by my colleagues both in the House and the Senate which would close the School of the Americas, and last evening the House adopted an amendment to do so. Mr. President, I rise to support the School of the Americas and the vital mission it performs in encouraging diplomacy and democracy within the militaries located in the Americas.

The School of the Americas has been a key instrument of U.S. foreign policy in Latin and Southern America for over fifty years and is the single most important instrument of our National Security Strategy of engagement in the Southern Hemisphere.

The legislation opposing the School has been accompanied by a mountain of communications alleging that this School, operated by the U.S. Army and funded by taxpayers' dollars, is the cause of horrendous human rights abuses in Central and South America. In twelve separate investigations since 1989, the Department of Defense, the Army, the GAO and others have found nothing to suggest that the School either taught or inspired Latin Americans to commit such crimes. Yet, sponsors of these measures reproduce the critics' list of atrocities allegedly committed by a small number of graduates in order to transfer responsibility for these crimes to the backs of the School and the Army rather than to the individuals themselves.

The School is, and always has been, a U.S. Army training and education institution teaching the same tactics, techniques, and procedures taught at other U.S. Army schools and imparting the very same values that the Army teaches its own soldiers. These U.S. military personnel receive the same training as all graduates of our military schools. To suggest that terrorist activities are taught to students would suggest that we in fact teach terrorist activities to all of our own military personnel. This is assuredly not the case.

The School is commanded by a U.S. Army colonel whose chain of command includes the Commanding General of the U.S. Army Infantry Center and the Commanding General of the U.S. Army Training and Doctrine Command. The School also receives oversight and direction from the Commander-in-Chief of U.S. Southern Command. The School's staff and faculty includes over 170 U.S. Army officers, noncommissioned officers, enlisted soldiers, and Department of the Army civilians. The School counts among its graduates over 1,500 U.S. military personnel including five general officers currently serving on active duty in our military.

I agree completely with critics of the School that "Human rights is not a partisan issue," and I further agree that, in the past there were indeed some shortcomings in the School's fulfillment of its mission to transmit all of the values we hold dear in our country. In that regard, today, the U.S. Army School of the Americas has the U.S. Army's premier human rights training program. The program has been expanded in recent years in consultation with the International Committee of the Red Cross and Mr. Steve Schneebaum, a noted human rights attorney and a member of the School's Board of Visitors. Every student and instructor at the School receives mandatory human rights instruction and the International Committee of the Red Cross teaches human rights each year during the School's Command and General Staff and Peace Operations courses. Last year, over 900 Latin American soldiers, civilians, and police received human rights instruction at the U.S. Army School of the Americas.

Latin America is currently undergoing an unparalleled transformation to democratic governance, civilian control of the military, and economic reform along free market principles. Almost every nation in Latin America has a democratically elected government. During this transition, the region's militaries have accepted structural cuts, reduced budgets, and curtailed influence in society. In many cases, their acceptance of this new reality has been encouraged and enhanced by the strategy of engagement of which the U.S. Army School of the Americas is an integral part. However, many Latin American democracies are fragile. True change does not occur in days, months, or even years. We must continue to engage Latin American governments, including their militaries. Marginalizing or ignoring the militaries of the region will not help in consolidating hard-won democracy but, instead, will have the opposite effect. Our efforts to engage the militaries of the region are more important and more relevant than ever. The U.S. Army School of the Americas is unique in this regard because it trains and educates large numbers of Latin American students who cannot be accommodated in other U.S. military service schools due to limited student spaces and the inability of other U.S. military schools to teach in Spanish.

Over the years, changes have been made to enhance the School's focus on human rights and diplomacy. Recently introduced courses such as Democratic Sustainment, Humanitarian Demining, International Peacekeeping Operations, Counternarcotics Operations, and Human Rights Train-the-Trainer, directly support shared security interests in the region, and are not offered elsewhere. Other proposed changes include placing the School under the jurisdiction of U.S. Southern Command and expanding the Board of Visitors to include congressional membership—both proposals which I strongly support.

By focusing on the negative, critics ignore the many recent positive contributions that U.S. Army School of the Americas graduates have made. In 1995, this nation helped broker a cease fire between Peru and Ecuador when a historical border dispute threatened to ignite into war. The key members of the delegations that put together that accord were U.S. Army School of the Americas graduates, from Peru, from Ecuador, and from the guarantor nations of the United States and Chile. In fact, the Commander of the U.S. contingent to the multinational peacekeeping force, who received special recognition from the State Department for "extraordinary contributions to U.S. diplomacy," was a 1986 graduate of the School's Command and General Staff course, and serves as the current Commandant of the School. More recently, in 1997, the President of Ecuador was removed from office, creating a constitutional crisis. Some of the people of Ecuador called for the military to take power, but their military refused. Many of the officers in the high command were U.S. Army School of the Americas graduates. Finally, less than four months ago, the President of Paraguay was impeached for misconduct. Once again, a constitutional crisis ensued. Once again, the military refused to take power. Once again many of the officers in that military were U.S. Army School of the Americas graduates, including one general officer who played a key role in the refusal.

I ask each of you to take a careful look at the U.S. Army School of the Americas as it exists today. Look to the future. As stated by the School's critics, "The contentious politics of U.S. foreign policy in Central America in the 1980s are over." I strongly urge you to continue your support of the Army School of the Americas and the U.S. Army.

REGULATORY FAIRNESS AND OPENNESS ACT

Mr. GORTON. Mr. President, I rise today to signify my support for the introduction of the Regulatory Fairness and Openness Act of 1999.

According to data compiled in the last five years, the State of Washington produces more than 230 food, feed and seed crops; ranks in the top five for the value of the commodities produced; leads the nation in the production of apples, spearmint oil, red raspberries, hops, edible peas and lentils, asparagus, sweet cherries, and pears; is second in the nation in the production of winter wheat, potatoes, Concord grapes, and carrots; and contributes more than $5 billion to the State's economy annually. Not only do all these facts signify the importance of the agriculture industry to the State of Washington and the nation, but highlight the importance of having the proper tools and chemicals necessary to produce one of the most abundant, economical, and safest food supplies in the world.

I agreed to be an original cosponsor the Regulatory Fairness and Openness Act of 1999 for many reasons, but the most significant reason comes down to common sense. I supported the passage of the Food Quality Protection Act in 1996 and still believe in the intent of the legislation. However, recent accounts from the agriculture industry cite concern about the practical application of reliable data and science to the process.

Just this week a 25-year-old apple farmer from Orondo, Washington visited my office to voice her concerns over the implementation of FQPA. Karen Simmons explained that with the current manner in which FQPA is being implemented, entire classes of pesticides are threatened with elimination. Should these tools of agriculture be lost, an orchard like Karen's faces possible extinction. Karen's story is not the first I've heard, as farmers from Washington have been invaluable in expressing their concerns to me over the future of their livliood.

Karen's account mimics the thousands of reports my colleagues and I have heard from growers across this country. Karen, like many farmers, never follows the application suggestions prescribed by the chemicals she uses. Not only does she not follow these recommendations for practical purposes, but because of the cost incurred as well.

For example, one of the pesticides she utilizes recommends application up to twice a week, but Karen informed us that she rarely uses it that frequently. While Karen might not utilize this chemical often, it is imperative that she has it as a tool. Should this tool be eliminated altogether, Karen's crop is susceptible to infestation, thereby putting her entire orchard in jeopardy.

Unfortunately, in establishing the risk cup for chemicals, EPA has been using application recommendations, often referred to as default assumptions, and not taking into consideration actual usage. This approach is threatening the tools growers have at their disposal. That is why it is imperative that we incorporate into the implementation of FQPA a rulemaking process, allowing growers, chemical utilizers, and household pest producers the ability to divulge actual usage and to apply practical sense to the process. How could we suggest threatening the livelihood of the American farmer and others, while not providing for them an avenue to participate, comment and clarify?

Children's health is equally important, and, as several of my colleagues have suggested, improper application of the FQPA to household pest controls could create a host of health hazards for children and the elderly. For example, there is a real threat that current FQPA implementation could eliminate the use of some household insecticides and repellants. As many of you know, children and the elderly are susceptible to disease, often carried by cockroaches and other insects. Improper control of these pests could equate to serious health hazards across the nation, a scenario none of us predicted with the passage of FQPA.

Again, I stress that the intent of the legislation is not to alter the importance or significance of human health, but to ensure that decisions regarding health risks are informed and not hasty, that the intent of the FQPA is carried out with the use of sound science and practical application, that a dose of common sense is applied, and that adequate time is available to make certain all decisions and tolerance standards are healthy and equitable.

Without question, the United States produces the most abundant, desirable, inexpensive, and safest food supplies in the world. The FQPA must be implemented in a fashion that not only takes into account these very facts, but continues to consider the needs, choices and health of the American consumer.

I thank my colleagues for their continuing interest in this issue, and look forward to working with everyone to pass the Regulatory Fairness and Openness Act of 1999.

Mr. SMITH of Oregon. Mr. President, I rise today to speak for a moment about the Regulatory Fairness and Openness Act that I am pleased to cosponsor with a number of my colleagues who are concerned about the state of agriculture today. I want to thank Senator HAGEL and his staff for their work on this legislation which refects the input of a number of agriculture groups, including the American Farm Bureau Federation.

When the Congress passed the Food Quality Protection Act in 1996, the idea was to update our pesticide laws so that our farmers could continue to provide the safest and most economical food supply in the world. FQPA eliminated the outdated zero-tolerance Delaney clause for pesticide residues and provided the EPA a framework to review and approve pesticides based on the best scientific evidence available about any health risks these chemicals may pose. What was not intended was to give the EPA the authority to embark on a course to eliminate pesticides based on unrealistic, worst-case scenarios while keeping important stakeholders in the dark.

Agriculture in my state of Oregon is incredibly diverse. We have everything from large wheat or nursery operations to small berry farms and hazelnut orchards. While implication of FQPA will surely have implications for program commodities like wheat and soybeans, it is the small speciality crops grown in my state that I am most concerned will be the first to find what may be the only available crop protection tool arbitrarily axed by EPA. At a time when farms all across the country are in the grip of a price depression crisis, our farmers simply can't afford to take another hit—especially one from their own government.

Despite our hopes to the contrary, it has become apparent in recent months that legislation is needed to steer the Environmental Protection Agency back towards science-based review of pesticide tolerances under the Food Quality Protection Act. The Regulatory Fairness and Openness Act that we are introducing today requires the EPA to expose its decisionmaking process for public comment, identify areas where assumptions were made, expedite data collection procedures where needed, and streamline the process to get economically viable alternative products approved. The common-sense legislation is the result of consultation with more than 60 agriculture and pest control organizations.

Mr. President, the public has a right to know what processes are beingused in the implementation of the FQPA and how the EPA is arriving at its decisions. Our farmers have a right to know that important crop protection chemicals will not be eliminated on a whim by a federal agency. I hope colleagues agree with me that this measure of regulatory relief is urgently needed, and I urge my colleagues to join me in support of the Regulatory Fairness and Openness Act.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Thursday, July 29, 1999, the Federal debt stood at $5,640,577,276,840.14 (Five trillion, six hundred forty billion, five hundred seventy-seven million, two hundred seventy-six thousand, eight hundred forty dollars and fourteen cents).

One year ago, July 29, 1998, the Federal debt stood at $5,543,291,000,000 (Five trillion, five hundred forty-three billion, two hundred ninety-one million).

Five years ago, July 29, 1994, the Federal debt stood at $4,636,362,000,000 (Four trillion, six hundred thirty-six billion, three hundred sixty-two million).

Twenty-five years ago, July 29, 1974, the Federal debt stood at

$476,155,000,000 (Four hundred seventy-six billion, one hundred fifty-five million) which reflects a debt increase of more than $5 trillion—$5,164,422,276,840.14 (Five trillion, one hundred sixty-four billion, four hundred twenty-two million, two hundred seventy-six thousand, eight hundred forty dollars and fourteen cents) during the past 25 years.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

MR. COCHRAN. I thank the Chair.

(The remarks of Mr. COCHRAN and Mr. HUTCHINSON pertaining to the submission of S. Res. 169 are located in today's RECORD under "Submission of Concurrent and Senate Resolutions.")

WETLANDS RESERVE PROGRAM ENHANCEMENT ACT

Mr. HUTCHINSON. Mr. President, earlier this week I introduced the Hutchinson-Lincoln Wetlands Reserve Program Enhancement Act to help strengthen the popular Wetlands Reserve Program administered by the Natural Resources Conservation Service. Simply put, this legislation will act to strengthen the current WRP which provides financial incentives to farmers and private landowners who voluntarily set aside marginal lands and restore them to optimal wetland wildlife habitat.

These restored wildlife areas are some of the best wildlife conservation habitat in America and are critical to the future of waterfowl throughout our Nation. Established by the 1990 farm bill as a long-term conservation option for farmers, the WRP protects farm wetlands using 10-year, 30-year, and permanent easements. Land which is eligible for WRP is characterized by wetlands that are farmed, lands adjacent to protected wetlands, and croplands and pastures which are naturally prone to flooding.

If eligible, the landowner voluntarily limits the use of the lands while retaining private ownership and access to the land. In addition, they may also lease the land for hunting, fishing, and other undeveloped recreational activities. The NRCS, in conjunction with the landowner, then develops a plan for the restoration and the maintenance of the wetland.

Once restored, wetlands act to: No. 1, improve water quality by filtering sediments; No. 2, reduce flooding; No. 3, recharge ground water; No. 4, promote biological diversity; and No. 5, furnish educational, recreational, and aesthetic benefits. These benefits, as a result of the WRP, have helped landowners throughout the 46 States where farmers have currently enrolled in what has become a very successful program.

At the local level, I want to mention three farmers in Arkansas who are benefiting from the WRP. Hattie Neely of Moro, AR, in Lee County, grows soybeans and has enrolled 31 acres in this very important program. Then there is Donald Wallace of Gillett, AR, in Arkansas County, who grows soybeans, and he has enrolled 30 acres in the WRP. And Dick Carmichael of Monticello, AR, in Drew County, grows soybeans and rice and has enrolled 115 acres in the WRP.

In each case, these farmers are using the WRP to restore bottom land hardwood forests and a natural wildlife habitat. Other farmers in Arkansas are using WRP to retire agricultural lands unsuited for crop production because of elevated levels of salt from irrigation water. In this case, WRP lands filter runoffs, keeping salts and sediments in the wetlands and out of the natural waterways.

Despite the benefits to farmers across America, the WRP will soon become a victim of its own success. The current WRP is authorized to enroll up to 975,000 acres nationally through the year 2002. WRP is in such high demand from America's farmers that it will reach its acreage cap next year. The top 10 States—Louisiana, Mississippi, Arkansas, California, Missouri, Iowa, Texas, Florida, Oklahoma, and Illinois—have a combined enrollment of almost 427,000 acres in these States alone.

In response to the success of WRP, my bill seeks to expand the acreage cap from the proposed 180,000 acres in fiscal year 2000 to a newly authorized maximum of 250,000 acres per year through the year 2005. This will help to ensure that farmers who want to enroll in the program will have the option to do so.

There is no doubt that the American farmer faces an industry that is in crisis. In the race to find solutions for the many challenges facing farmers, I want to ensure that my colleagues in the Senate do not overlook the importance of conservation to family farmers, both as a way to protect valuable wildlife resources and as a source of additional income.

In the Mississippi Delta, family farmers are using the WRP to move frequently flooded farmland away from high-risk, high-cost farming back to original hardwood timberlands.

Mr. President, I thank you for this opportunity to speak on behalf of family farmers who care about protecting the natural resources with which they are entrusted. I ask my colleagues to consider the importance of wildlife conservation in the life of family farmers. Join me in the support of what I think is very good, very important, bipartisan conservation legislation.

MESSAGES FROM THE HOUSE

At 3:20 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 2587. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes.

The message also announced that pursuant to 10 U.S.C. 9355(a), the Speaker appoints the following Members of the House to the Board of Visitors to the United States Air Force Academy: Mr. THOMPSON of California and Mr. DICKS of Washington.

The message further announced that pursuant to section 5(b) of Public Law 93-642 (20 U.S.C. 2004(b)), the Speaker appoints the following Members of the House as Members of the Board of Trustees of the Harry S. Truman Scholarship Foundation: Mrs. EMERSON of Missouri and Mr. SKELTON of Missouri.

The message also announced that the House insists upon its amendments to the bill (S. 900) to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, insurance companies, and other financial service providers, and for other purposes, disagreed to by the Senate, and agree to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints the following Members as the managers of the conference on the part of the House:

From the Committee on Banking and Financial Services, for consideration of the Senate bill, and the House amendment, and modifications committed to conference: Mr. LEACH, Mr. MCCOLLUM, Mrs. ROUKEMA, Mr. BEREUTER, Mr. BAKER, Mr. LAZIO, Mr. BACHUS, Mr. CASTLE, Mr. LAFALCE, and Mr. VENTO.

As additional conferees from the Committee on Banking and Financial Services, for consideration of titles I, III (except section 304) IV, and VII of the Senate bill, and title I of the House amendment, and modifications committed to conference: Mr. FRANK of Massachusetts, Mr. KANJORSKI, Ms. WATERS, and Mrs. MALONEY of New York.

As additional conferees from the Committee on Banking and Financial Services, for consideration of title V of the Senate bill, and title II of the House amendment, and modifications committed to conference: Mr. KANJORSKI, Mrs. MALONEY of New York, Mr. WATT of North Carolina, and Mr. MALONEY of Connecticut.

As additional conferees from the Committee on Banking and Financial Services, for consideration of title II of the Senate bill, and title III of the House amendment, and modifications committed to conference: Mr. KANJORSKI, Mrs. MALONEY of New York, Ms. VELÁZQUEZ, and Ms. HOOLEY of Oregon.

As additional conferees from the Committee on Banking an Financial Services, for consideration of title VI of the Senate bill, and title IV of the House amendment, and modifications committed to conference: Ms. WATERS, Mrs. MALONEY of New York, Mr. GUTIERREZ, and Mr. BENTSEN.

As additional conferees from the Committee on Banking an Financial Services, for consideration of section 304 of the Senate bill, and title V of the House amendment, and modifications committed to conference: Mr. FRANKS of Massachusetts, Mr. KANJORSKI, Ms. WATERS, and Mr. ACKERMAN.

From the Committee on Commerce, for consideration of the Senate bill, and the House amendment, and modifications committed to conference: Mr. BLILEY, Mr. OXLEY, Mr. TAUZIN, Mr. GILLMOR, Mr. GREENWOOD, Mr. COX, Mr. LARGENT, Mr. BILBRAY, Mr. DINGELL, Mr. TOWNS, Mr. MARKEY, Mr. WAXMAN, Ms. DEGETTE, and Mrs. CAPPS.

Provided, That Mr. RUSH is appointed in lieu of Mrs. CAPPS for consideration of section 316 of the Senate bill.

From the Committee on Agriculture, for consideration of title V of the House amendment, and modifications committed to conference: Mr. COMBEST, Mr. EWING, and Mr. STENHOLM.

From the Committee on the Judiciary, for consideration of sections 104(a), 104(d)(3), and 104(f)(2) of the Senate bill, and sections 104(a)(3), 104(b)(3)(A), 104(b)(4)(B), 136(b), 136(d)–(e), 141–44, 197, 301, and 306 of the House amendment, and modifications committed to conference: Mr. HYDE, Mr. GEKAS, and Mr. CONYERS.

The message further announced that the House disagrees to the amendment of the Senate to the bill (H.R. 1501) to amend the Omnibus Crime Control and Safe Streets Act of 1968 to provide grants to ensure increased accountability for juvenile offenders; to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to provide quality prevention programs and accountability programs relating to juvenile delinquency; and for other purposes, and agree to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints the following Members as the managers of the conference on the part of the House:

From the Committee on the Judiciary, for consideration of the House bill and the Senate amendment, and modifications committed to conference: Mr. HYDE, Mr. MCCOLLUM, Mr. GEKAS, Mr. COBLE, Mr. SMITH of Texas, Mr. CANADY of Florida, Mr. BARR of Georgia, Mr. CONYERS, Mr. FRANK of Massachusetts, Mr. SCOTT, Mr. BERMAN, and Ms. LOFGREN.

Provided, That Ms. JACKSON-LEE of Texas is appointed in lieu of Mr. FRANK of Massachusetts for consideration of sections 741, 1501, 1505, 1534–35, and titles V, VI, and IX of the Senate amendment.

Provided further, That Mr. MEEHAN is appointed in lieu of Mr. BERMAN for consideration of sections 741, 1501, 1505, 1534–35, and titles V, VI, and IX of the Senate amendment.

From the Committee on Education and the Workforce, for consideration of the House bill, and the Senate amendment (except sections 741, 1501, 1505, 1534–35, and titles V, VI, and IX), and modifications committed to conference: Mr. GOODLING, Mr. PETRI, Mr. CASTLE, Mr. GREENWOOD, Mr. DEMINT, Mr. CLAY, Mr. KILDEE, and Mrs. MCCARTHY of New York.

From the Committee on Commerce, for consideration of sections 1365 and 1401–03 of the House bill, and sections 1504, 1515, and 1523 of the Senate amendment, and modifications committed to conference: Mr. BLILEY and Mr. DINGELL.

Provided, That Mr. BILIRAKIS is appointed for consideration of section 1365 of the House bill and section 1523 of the Senate amendment.

Provided further, That Mr. TAUZIN is appointed for consideration of sections 1401–03 of the House bill and sections 1504 and 1515 of the Senate amendment.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–4448. A communication from the Acting Director, Fish and Wildlife Service, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled "Endangered and Threatened Wildlife and Plants; Final Rule to List Nine Evolutionary Significant Units of Chinook Salmon (Oncorhynchus tshawytscha), Chum Salmon (Oncorhynchus keta), Sockeye Salmon (Oncorhynchus nerka), and Steelhead (Oncorhynchus mykiss), as Threatened or Endangered", received July 28, 1999; to the Committee on Environment and Public Works.

EC–4449. A communication from the Chair, National Women's Business Council, transmitting, pursuant to law, a report entitled "The 1999 NWBC Best Practices Guide: Contracting with Women"; to the Committee on Small Business.

EC–4450. A communication from the Secretary of Housing and Urban Development, transmitting, a draft of proposed legislation relative to vouchers for extremely low-income elderly families; to the Committee on Banking, Housing, and Urban Affairs.

EC–4451. A communication from the Secretary of Housing and Urban Development, transmitting, a draft of proposed legislation relative to technical and conforming amendments necessitated by passage of the Quality Housing and Work Responsibility Act of 1998; to the Committee on Banking, Housing, and Urban Affairs.

EC–4452. A communication from the Commissioner, Bureau of Reclamation, Department of the Interior, transmitting, a draft of proposed legislation relative to the security of dams, facilities and resources under the jurisdiction of the Bureau; to the Committee on Energy and Natural Resources.

EC–4453. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Acquisition Regulation: Contractor Performance Evaluation" (FRL #6409–6), received July 27, 1999; to the Committee on Environment and Public Works.

EC–4454. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Air Quality Index Reporting" (FRL #6409–7), received July 27, 1999; to the Committee on Environment and Public Works.

EC–4455. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Approval and Promulgation of State Plans for Designated Facilities and Pollutants: Washington" (FRL #6408–6), received July 27, 1999; to the Committee on Environment and Public Works.

EC–4456. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "OMB Approvals Under the Paperwork Reduction Act; Technical Amendment" (FRL #6409–2), received July 27, 1999; to the Committee on Environment and Public Works.

EC–4457. A communication from the Director, Office of White House Liaison, Department of Commerce, transmitting, pursuant to law, a report relative to the resignation of the Chief Financial Officer and Assistant Secretary for Administration, and the designation of an Acting Chief Financial Officer and Assistant Secretary; to the Committee on Commerce, Science, and Transportation.

EC–4458. A communication from the Director, Office of White House Liaison, Department of Commerce, transmitting, pursuant to law, a report relative to the resignation of the Under Secretary for Technology, and the designation of an Acting Under Secretary; to the Committee on Commerce, Science, and Transportation.

EC–4459. A communication from the Director, Office of White House Liaison, Department of Commerce, transmitting, pursuant to law, a report relative to the resignation of the Assistant Secretary for Technology Policy; to the Committee on Commerce, Science, and Transportation.

EC–4460. A communication from the Secretary, Federal Trade Commission, transmitting, pursuant to law, a report relative to cigarette labeling and advertising for 1997; to the Committee on Commerce, Science, and Transportation.

EC–4461. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Saab Model SAAB 2000 Series Airplanes; request for Comments; Docket No. 98–NM–350 (7–22/7–26)" (RIN2120–AA64) (1999–0280), received July 26, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4462. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled

"Airworthiness Directives: Alexander Schleicher Segelflugzeubau Model ASH 26E Sailplanes; Docket No. 99–CE–06 (7–26/7–26)" (RIN2120–AA64) (1999–0282), received July 26, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4463. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Sikorsky Aircraft-Manufactured Model CH–54B Helicopters; Docket No. 97–SW–59 (7–22/7–26)" (RIN2120–AA64) (1999–0281), received July 26, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4464. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Allied Signal Inc. ALF502R and ALF502R–3A Turbofan Engines; Docket No. 98–ANE–42 (7–19/7–26)" (RIN2120–AA64) (1999–0283), received July 26, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4465. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Establishment of VOR Federal Airways, WA; Establishment of Effective Date; Docket No. 97–ANM–23 (7–26/7–26)" (RIN2120–AA66) (1999–0234), received July 26, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4466. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Change of Name of Using Agency for Restricted Areas R–210A, R–210B, and R210C; AL (7–216/7–26)" (RIN2120–AA66) (1999–0243), received July 26, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4467. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Amendment to Class E Airspace; Lawrence, KS; Direct Final Rule; Request for Comments; Docket No. 99–ACE–35 (7–21/7–26)" (RIN2120–AA66) (1999–0236), received July 26, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4468. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Amendment to Class E Airspace; Parsons, KS; Direct Final Rule; Request for Comments; Docket No. 99–ACE–36 (7–21/7–26)" (RIN2120–AA66) (1999–0235), received July 26, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4469. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Amendment to Class E Airspace; Grain Valley, MO; Direct Final Rule; Request for Comments; Docket No. 99–ACE–28 (7–21/7–26)" (RIN2120–AA66) (1999–0237), received July 26, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4470. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Amendment to Class E Airspace; Decorah, IA; Docket No. 99–ACE–19 (7–21/7–26)" (RIN2120–AA66) (1999–0242), received July 26, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4471. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Revision of Class E Airspace; Perry, OK; Direct Final Rule; Request for Comments; Docket No. 99–ASW–15 (7–21/7–26)" (RIN2120–AA66) (1999–0238), received July 26, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4472. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Revision of Class E Airspace; Center, TX; Direct Final Rule; Request for Comments; Docket No. 99–ASW–14 (7–21/7–26)" (RIN2120–AA66) (1999–0239), received July 26, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4473. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Revision of Class E Airspace; Shreveport, LA; Direct Final Rule; Request for Comments; Docket No. 99–ASW–10 (7–21/7–26)" (RIN2120–AA66) (1999–0240), received July 26, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4474. A communication from the Program Analyst, Office of the Chief Counsel, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Revision of Class E Airspace; Galveston, TX; Direct Final Rule; Request for Comments; Docket No. 99–ASW–09 (7–21/7–26)" (RIN2120–AA66) (1999–0241), received July 26, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4475. A communication from the Deputy Assistant General Counsel, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Compensation for Damage of Expensive Mobility Aids in Air Travel" (RIN2105–AC77), received July 26, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4476. A communication from the Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Closure for the Trawl Deep-Water Species Fishery in the Gulf of Alaska", received July 27, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4477. A communication from the Assistant Administrator for Satellite and Information Services, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Notice of Availability of Federal Assistance (Use of Satellite Data for Studying Local and Regional Phenomena)", received July 27, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4478. A communication from the Special Assistant to the Chief, Mass Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Tecopa, California; Council Grove, Kansas; Carbondale, Colorado; El Jebel, Colorado)" (MM Docket No. 99–46; RM–9470; MM Docket No. 99–47; RM–9471; MM Docket No. 99–48; RM–9472; MM Docket No. 99–49; RM–9473), received July 27, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4479. A communication from the Special Assistant to the Chief, Mass Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Genoa, Mt. Morris, and Oregon, Illinois)" (MM Docket No. 99–64; RM–9485), received July 27, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4480. A communication from the Special Assistant to the Chief, Mass Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Llano, Texas)" (MM Docket No. 99–131; RM–9333), received July 27, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4481. A communication from the Special Assistant to the Chief, Mass Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Lufkin, Texas)" (MM Docket No. 98–125; RM–9301), received July 27, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4482. A communication from the Special Assistant to the Chief, Mass Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Indian Springs, Nevada; Mountain Pass, California; Kingman, Arizona; and St. George, Utah)" (MM Docket No. 96–171), received July 27, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4483. A communication from the Special Assistant to the Chief, Mass Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Saltillo, Mississippi; Rozel, Kansas; New Castle, Colorado; Walden, Colorado; Aberdeen, Idaho; Palisade, Colorado; Rye, Colorado and Burdett, Kansas)" (MM Docket No. 99–2, 99–3, 99–27, 99–29, 99–30, 99–31, 99–32 and 99–33), received July 27, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4484. A communication from the Acting Chief, Enforcement Division, Common Carrier Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Amendment of Policies and Rules Concerning Operator Services and Aggregators, CC Docket No. 94–158" (FCC 99–171, CC Docket No. 94–158), received July 27, 1999; to the Committee on Commerce, Science, and Transportation.

EC–4485. A communication from the General Counsel, Federal Emergency Management Agency, transmitting, pursuant to law, the report of a rule entitled "Extension of Filing Date for Discrimination Complaints; 64 FR 38308; 07/16/99" (RIN2067–AC99), received July 22, 1999; to the Committee on Governmental Affairs.

EC-4486. A communication from the Assistant Attorney General, Office of Justice Programs, Violence Against Women Office, Department of Justice, transmitting, pursuant to law, the report of a rule entitled "Grants to Combat Violent Crimes Against Women on Campuses" (RIN1121-AA49) (OJP{OJP}-1206f), received July 23, 1999; to the Committee on the Judiciary.

EC-4487. A communication from the Deputy Executive Secretary, Office of Inspector General, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled "Revised OIG Sanction Authorities Resulting from Public Law 105-33" (RIN0991-AA95), received July 23, 1999; to the Committee on Health, Education, Labor, and Pensions.

EC-4488. A communication from the Assistant General Counsel for Regulatory Law, Department of Energy, transmitting, pursuant to law, the report of a rule entitled "Unclassified Foreign Visits and Assignments" (N 142.1), received July 26, 1999; to the Committee on Energy and Natural Resources.

EC-4489. A communication from the Assistant General Counsel for Regulatory Law, Department of Energy, transmitting, pursuant to law, the report of a rule entitled "Department of Energy Employee Concerns Program" (O 442.1 and G 442.1-1), received July 26, 1999; to the Committee on Energy and Natural Resources.

EC-4490. A communication from the Assistant General Counsel for Regulatory Law, Department of Energy, transmitting, pursuant to law, the report of a rule entitled "Management and Administration of Radiation Protection Programs Guide" (DOE G 441.1-1), received July 26, 1999; to the Committee on Energy and Natural Resources.

EC-4491. A communication from the Assistant General Counsel for Regulatory Law, Department of Energy, transmitting, pursuant to law, the report of a rule entitled "Occupational ALARA Program Guide" (G 441.1-2), received July 26, 1999; to the Committee on Energy and Natural Resources.

EC-4492. A communication from the Acting Assistant Secretary for Land and Minerals Management, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled "Amendments to Gas Valuation Regulations for Indian Leases" (RIN1010-AB57), received July 26, 1999; to the Committee on Indian Affairs.

EC-4493. A communication from the Acting Associate Chief, Forest Service, Department of Agriculture, transmitting, pursuant to law, the report of the Forest Service for fiscal year 1998; to the Committee on Agriculture, Nutrition, and Forestry.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-280. A concurrent resolution adopted by the Legislature of the State of Utah relative to state-negotiated compliance actions related to the environment: to the Committee on Environment and Public Works.

HOUSE CONCURRENT RESOLUTION 3

Be it resolved by the Legislature of the state of Utah, the Governor concurring therein:

Whereas, protection of public health and the environment are among the highest priorities of state governments;

Whereas, Congress has provided by statute for the delegation of certain federal program responsibilities to the states;

Whereas, to obtain delegation of federal environmental programs, a state must demonstrate that it has adopted laws, regulations, and policies as stringent as federal laws, regulations, and policies.

Whereas, over the past 25 years, the states have developed and demonstrated expertise in operation of federal environmental program enabling states to obtain and maintain the delegations;

Whereas, the state of Utah, Colorado, Montana, Wyoming, North Dakota, and South Dakota constitute an area designated by the Environmental Protection Agency (EPA) as Region VIII;

Whereas, the states in Region VIII make compliance with environmental laws, rules, and permits the highest priority;

Whereas, the state of Utah has full delegation in all federal environmental programs;

Whereas, the EPA and the states have bilaterally developed over the past 25 years policy agreements which reflect roles and which recognize that the primary responsibility for enforcement and compliance resides with the states, with the EPA taking enforcement action principally when the state requests assistance or is unwilling or unable to take timely and appropriate enforcement action;

Whereas, inconsistent with these policy agreements, the EPA has conducted direct federal inspections within programs delegated to states, has taken direct enforcement actions, has levied fines and penalties against regulated entities in cases where the state previously took appropriate action consistent with the agreements to bring the entities into compliance, and has failed to notify the states in advance of their action;

Whereas, the EPA had begun to use its enforcement authority in cases where the state had worked with the regulated entity to achieve compliance, and the overfiling by the EPA accomplished no further protection of the public health or environment but only imposed an additional penalty on the regulated entity;

Whereas, the EPA's current enforcement practices and policies and the resultant detailed oversight and overfiling of state actions substantially weaken the state's ability to take compliance actions and resolve environmental issues;

Whereas, the EPA's enforcement practices and policies have had an adverse impact on working relationships between the EPA and states;

Whereas, the EPA's reliance on the threat of enforcement action to force compliance may not result in environmental protection, but rather may result in delay and litigation, cripple incentives for technological innovation and provoke animosity between government, industry, and the public; and

Whereas, the Western Governor's Association has adopted "Principles of Environmental Protection in the West," which encourages collaboration not polarization, advocates the replacement of command and control with economic incentives and rewarding results and encourages the weighing of costs against benefits in environmental decisions:

Now, therefore, be it *Resolved*, That the Legislature of the state of Utah, the Governor concurring therein, requests the EPA to refrain from overfiling or threatening to overfile on state-negotiated compliance actions if the actions achieve compliance with applicable state and federal law and are protective of health and the environment.

Be it further *Resolved*, That the Legislature and the Government request that the EPA, in taking enforcement and compliance actions, recognize and defer to individual state and local priorities that are important for the protection of the environment.

Be it further *Resolved*, That the EPA should work with and assist states in evaluating the overall effectiveness of state compliance programs and not focus on the detail of individual actions.

Be it further *Resolved*, That the Legislature and the Governor request the Congress of the United States to investigate EPA enforcement activities and require the EPA to defer to state enforcement and compliance actions in delegated states where the actions achieve compliance and are protective of health and the environment.

Be it further *Resolved*, That copies of this resolution be sent to the President of the United States Senate, the Speaker of the United States House of Representatives, each member of the Utah congressional delegation, the Administrator of the U.S. Environmental Protection Agency, the Assistant Administrator of the U.S. EPA Office of Enforcement and Compliance, the Regional Administrator of the U.S. EPA Region VIII, the National Governor's Association, the National Council of State Legislators, the Council of State Governments, the Western Governor's Association, and the Environmental Council of the States.

POM-281. A joint resolution adopted by the Legislature of the State of Utah relative to Taiwan's participation in the World Health Organization; to the Committee on Foreign Relations.

HOUSE JOINT RESOLUTION 12

Be it resolved by the Legislature of the state of Utah:

Whereas, good health is a basic right for every citizen of the world and access to the highest standards of health information and services is necessary to help guarantee this right;

Whereas, direct and unobstructed participation in international health cooperation forms and programs is therefore crucial, especially with today's greater potential for the cross-border spread of various infectious diseases through increased trade and travel;

Whereas, the World Health Organization set forth in the first chapter of its charter the objective of attaining the highest possible level of health for all people;

Whereas, in 1977 the World Health Organization established "Health for all by the year 2000" as its overriding priority and reaffirmed that central vision with the initiation of its "Health for All" renewal process in 1995;

Whereas, Taiwan's population of 21 million people is larger than that of ¾ of the member states already in the World Health Organization and shares the noble goals of the organization;

Whereas, Taiwan's achievements in the field of health are substantial, including one of the highest life expectancy levels in Asia, maternal and infant mortality rates comparable to those of western countries, the eradication of such infectious diseases as cholera, smallpox, and the plague, the first country in the world to provide children with free hepatitis B vaccinations;

Whereas, prior to 1972 and its loss of membership in the World Health Organization, Taiwan sent specialists to serve in other member countries on countless health projects and its health experts held key positions in the organization, all to the benefit of the entire Pacific region;

Whereas, Taiwan is not allowed to participate in may World Health Organization-organized forums and workshops concerning the latest technologies in the diagnosis, monitoring, and control of diseases;

Whereas, in recent years both the Taiwanese Government and individual Taiwanese experts have expressed a willingness to assist financially or technically in World Health Organization-supported international aid and health activities, but have ultimately been unable to render such assistance;

Whereas, according to the constitutions of the World Health Organization, Taiwan does not fulfill the criteria for membership;

Whereas, the World Health Organization does not allow observers to participate in the activities of the organization; and

Whereas, in light of all of the benefits that such participation could bring to the state of health not only in Taiwan, but also regionally and globally:

Now, therefore, be it *Resolved,* That the Legislature of the state of Utah urge the Clinton Administration to support Taiwan and its 21 million people in obtaining appropriate and meaningful participation in the World Health Organization.

Be it further *Resolved,* That United States policy should include the pursuit of some initiative in the World Health Organization which will give Taiwan meaningful participation in a manner that is consistent with such organization's requirements.

Be it further *Resolved,* That a copy of this resolution be sent to the President of the United States, the United States Secretary of State, the Secretary of Health and Human Services, the Speaker of the United States House of Representatives, the members of Utah's congressional delegation, the Government of Taiwan, and the World Health Organization.

POM–282. A resolution adopted by the House of the Legislature of the State of Michigan relative to imported apple juice concentrate; to the Committee on Finance.

House Resolution 51

Whereas, The production of apple juice concentrate is an important component of Michigan's agricultural bounty. Michigan, which is traditionally the third largest apple-growing state, is the nation's top apple-processing state. This record of consistency has been achieved in the face of many uncertain times in farming, including wild swings in our Midwestern weather; and

Whereas, In recent years, however, our apple growers and processors have come to face even more serious threats from foreign sources of apple juice concentrate selling their products in this country at artificially low costs. From an average imported price of apple juice concentrate of $10 per gallon in 1995, the price has fallen by fifty percent. This is far below the break-even point for American growers. Coupled with the erosion of export opportunities due to the troubled economies in the Asian markets, Michigan apple growers and those in other states face severe threats to their livelihood; and

Whereas, The opening up of markets that has taken place in the past few years has brought many benefits. However, there can be situations in which the removal of restrictions on trade offers the chance for abuses. When a country, for whatever purpose, encourages certain activities by helping a specific industry gain an unfair advantage through below-cost prices, steps need to be taken to ensure the viability of American economic and social interests. The United States Department of Agriculture has taken steps to assist certain American farmers on a number of occasions. The possibility of apple juice concentrate being "dumped" on the American market is a situation that demands immediate attention and thorough study; now, therefore, be it

Resolved by the house of representatives, That we memorialize the Congress of the United States to investigate the issue of apple juice concentrate from other countries being sold in the American market at prices below cost; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.

POM–283. A concurrent resolution adopted by the Legislature of the State of New Hampshire relative to tobacco settlement funds; to the Committee on Finance.

House Concurrent Resolution 12

Whereas, on November 23, 1998, representatives from 46 states signed a settlement agreement with the 5 largest tobacco manufacturers; and

Whereas, the Attorneys General Master Tobacco Settlement Agreement culminated legal action that began in 1994 when states began filing lawsuits against the tobacco industry; and

Whereas, the respective states are presently in the process of finalizing the terms of the Mast Tobacco Settlement Agreement, and are making initial fiscal determinations relative to the most responsible ways and means to utilize the settlement funds; and

Whereas, under the terms of the agreement, tobacco manufacturers will pay $206 billion over the next 25 years to the respective states in up-front and annual payments; and

Whereas, New Hampshire is projected to receive $1,304,689,150 through the year 2025 under the terms of the Master Tobacco Settlement; and

Whereas, because many state lawsuits sought to recover Medicaid funds spent to treat illnesses caused by tobacco use, the Health Care Financing Administration (HCFA) contends that it is authorized and obligated, under the Social Security Act, to collect its share of any tobacco settlement funds attributable to Medicaid; and

Whereas, the Master Tobacco Settlement Agreement does not address the Medicaid recoupment issue, and thus the Social Security Act must be amended to resolve the recoupment issue in favor of the respective states; and

Whereas, as we move toward final approval of the Master Tobacco Settlement Agreement, it is imperative that state sovereignty be preserved; now, therefore, be it

Resolved by the State House of Representatives, the Senate concurring:

That the New Hampshire legislature urges the United States Congress to enact legislation amending the Social Security Act to prohibit recoupment by the federal government of state tobacco settlement funds; and

That it is the sense of the New Hampshire state legislature that the respective state legislatures should have complete autonomy over the appropriation and expenditure of state tobacco settlements funds; and

That the New Hampshire state legislature most fervently opposes any efforts by the federal government to earmark or impose any other restrictions on the respective states' use of state tobacco settlement funds; and

That copies of this resolution be transmitted by the house clerk to the President of the United States; the President and the Secretary of the United States Senate; the Speaker and the Clerk of the United States House of Representatives; and to each member of New Hampshire's congressional delegation.

POM–284. A concurrent resolution adopted by the Legislature of the State of Michigan relative to imported apple juice concentrate; to the Committee on Agriculture, Nutrition, and Forestry.

House Concurrent Resolution 27

Whereas, The production of apple juice concentrate is an important component of Michigan's agricultural bounty. Michigan, which is traditionally the third largest apple-growing state, is the nation's top apple-processing state. This record of consistency has been achieved in the face of many uncertain times in farming, including wild swings in our Midwestern weather; and

Whereas, In recent years, however, our apple growers and processors have come to face even more serious threats from foreign sources of apple juice concentrate selling their products in this country at artificially low costs. From an average imported price of apple juice concentrate of $10 per gallon in 1995, the price has fallen by fifty percent. This is far below the break-even point for American growers. Coupled with the erosion of export opportunities due to the troubled economies in the Asian markets, Michigan apple growers and those in other states face severe threats to their livelihood; and

Whereas, The opening up of markets that has taken place in the past few years has brought many benefits. However, there can be situations in which the removal of restrictions on trade offers the chance for abuses. When a country, for whatever purpose, encourages certain activities by helping a specific industry gain an unfair advantage through below-cost prices, steps need to be taken to ensure the viability of American economic and social interests. The United States Department of Agriculture has taken steps to assist certain American farmers on a number of occasions. The possibility of apple juice concentrate being "dumped" on the American market is a situation that demands immediate attention and thorough study; now, therefore be it

Resolved by the house of representatives (the senate concurring), That we memorialize the Congress of the United States to investigate the issue of apple juice concentrate from other countries being sold in the American market at prices below cost, and to strengthen laws to identify the country of origin for all products using concentrate and to ensure that imported concentrate meets United States standards; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.

POM–285. A joint resolution adopted by the Legislature of the State of Utah relative to federal courts levying or increasing taxes; to the Committee on the Judiciary.

House Joint Resolution 5

Be it resolved by the Legislature of the state of Utah:

Whereas, separation of powers between the legislative, executive, and judicial branches of government is a fundamental principle upon which the United States Constitution is based;

Whereas, actions of one branch of government that encroach upon the duty and authority of another branch erode the Constitution's checks and balances against abuse of power by any branch;

Whereas, the United States Supreme Court has asserted that federal judges have the power under the United States Constitution to levy or increase taxes;

Whereas, this determination places the judicial branch of government in direct competition with state legislatures and limits the fiscal resources available to legislators to serve their constituents' needs;

Whereas, it also gives the federal judiciary a virtual veto-proof spending power over political choices and spending priorities of democratically elected state legislatures;

Whereas, federal courts continue to violate the United States Constitution by ordering states to levy or increase taxes to comply with federal mandates;

Whereas, a proposed amendment to the United States Constitution to prohibit the judiciary's encroachment reads: "Neither the Supreme Court nor any inferior court of the United States shall have the power to instruct or order a state or political subdivision thereof, or an official of such state or political subdivision, to levy or increase taxes"; and

Whereas, encroachments by one branch of government upon the authority of another branch must be prevented, by a constitutional amendment if necessary, to preserve the balance of power the founding fathers constructed:

Now, therefore, be it *Resolved*, That the Legislature of the state of Utah urge the United States Congress to amend the United States Constitution to prohibit federal courts from levying or increasing taxes.

Be it further *Resolved*, That a copy of this resolution be presented to the Speaker of the United States House of Representatives, the President of the United States Senate, and to the members of Utah's congressional delegation.

POM-286. A resolution adopted by the City Council of Canton, Ohio relative to the proposed "Civil Asset Forfeiture Reform Act"; to the Committee on the Judiciary.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO TERRORISTS WHO THREATEN TO DISRUPT THE MIDDLE EAST PEACE PROCESS—MESSAGE FROM THE PRESIDENT—PM 53

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Banking, Housing, and Urban Affairs.

To the Congress of the United States:

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), I transmit herewith a 6-month periodic report on the national emergency with respect to terrorists who threaten to disrupt the Middle East peace process that was declared in Executive Order 12947 of January 23, 1995.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *July 29, 1999.*

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 244. A bill to authorize the construction of the Lewis and Clark Rural Water System and to authorize assistance to the Lewis and Clark Rural Water System, Inc., a nonprofit corporation, for the planning and construction of the water supply system, and for other purposes (Rept. No. 106–130).

By Mr. McCAIN, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 761. A bill to regulate interstate commerce by electronic means by permitting and encouraging the continued expansion of electronic commerce through the operation of free market forces, and for other purposes (Rept. No. 106–131).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. WARNER, for the Committee on Armed Services:

The following named officer for appointment in the United States Army to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Lt. Gen. John M. Pickler, 5130

The following named officer for appointment in the United States Army to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Lt. Gen. Larry R. Jordan, 0772

The following named officer for appointment in the United States Army to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Maj. Gen. James T. Hill, 7734

(The above nominations were reported with the recommendation that they be confirmed.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. McCAIN:

S. 1467. A bill to extend the funding levels for aviation programs for 60 days; considered and passed.

By Mr. LOTT (for himself, Mr. DASCHLE, Mr. GRAMM, Mr. SARBANES, Mr. McCONNELL, Mr. DODD, Mr. BENNETT, Mr. MACK, Mr. LEAHY, Mr. THURMOND, Mr. DOMENICI, Mr. GRAMS, Mr. JEFFORDS, Mr. CRAPO, Mr. COVERDELL, Mr. ROTH, Mr. INHOFE, Mr. BUNNING, Mr. DEWINE, Mr. SPECTER, Mr. HELMS, Mr. CAMPBELL, Mr. DORGAN, Mr. BURNS, Mr. GREGG, Mr. ENZI, Mr. WARNER, Mr. MURKOWSKI, Mr. COCHRAN, Mr. ROBERTS, Mr. NICKLES, Mr. SMITH of Oregon, Mr. CHAFEE, Mr. HUTCHINSON, Mr. STEVENS, Mr. CRAIG, Mr. THOMPSON, Mr. HAGEL, Mr. LUGAR, Mr. HOLLINGS, Mr. KENNEDY, Mr. KERRY, Ms. LANDRIEU, Mr. LEVIN, Mr. LAUTENBERG, Mr. AKAKA, Mr. BAYH, Mr. BIDEN, Mr. BINGAMAN, Mr. BYRD, Mr. CLELAND, Mr. DURBIN, Mrs. FEINSTEIN, Mrs. MURRAY, Mr. SMITH of New Hampshire, Mr. TORRICELLI, Mr. BREAUX, Mr. SESSIONS, Mr. REID, Mr. ROBB, Mr. BRYAN, Mr. ROCKEFELLER, Mr. VOINOVICH, Mr. THOMAS, Mr. REED, Mr. KERREY, Mr. HATCH, Mr. FRIST, Mr. CONRAD, Mr. JOHNSON, Mr. BAUCUS, Mr. INOUYE, Ms. MIKULSKI, and Mr. GORTON):

S. 1468. A bill to authorize the minting and issuance of Capitol Visitor Center Commemorative coins, and for other purposes; considered and passed.

By Mr. CONRAD:

S. 1469. A bill to amend the Community Development Banking and Financial Institutions Act of 1994 with respect to population outmigration levels in rural areas; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. LAUTENBERG:

S. 1470. A bill to amend the Clean Air Act to ensure that adequate actions are taken to detect, prevent, and minimize the consequences of accidental releases that result from criminal activity that may cause substantial harm to public health, safety, and the environment; to the Committee on Environment and Public Works.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. COCHRAN (for himself, Mr. McCAIN, Mr. STEVENS, and Mr. GRAHAM):

S. Res. 169. A resolution commending General Wesley K. Clark, United States Army; to the Committee on Armed Services.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CONRAD:

S. 1469. A bill to amend the Community Development Banking and Financial Institutions Act of 1994 with respect to population out-migration levels in rural areas; to the Committee on Banking, Housing, and Urban Affairs.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFI) TECHNICAL CORRECTIONS ACT

Mr. CONRAD. Mr. President, I rise today to introduce the Community Development Financial Institutions Fund Technical Corrections Act.

This legislation will make the CDFI program more responsive to low-population rural areas. It will allow the program to fulfill its mission of building the capacity of financial institutions in parts of the country that have experienced chronic, sustained out-migration in recent years.

As many of my colleagues know, the CDFI Fund was established by the Riegle Community Development and Regulatory Improvement Act of 1994. This program is intended to stimulate the creation and expansion of diverse community development financial institutions. The fund invests federal resources in—and builds the capacity of—private, for-profit and nonprofit financial institutions, leveraging private capital and private-sector talent and creativity. The fund invests in CDFI's using flexible tools such as equity investments, loans, grants, and deposits, depending upon market and institutional needs.

The Core Component is the CDFI Fund's main program. In order to be certified for funding, an entity must demonstrate that it has a primary mission of promoting community development, principally serves an underserved investment area or targeted population, makes loan or development investments as its predominant business activity, provides development services, maintains accountability to its target market, and is a non-government entity.

In order for a geographical area to be eligible for investment, one of a number of objectively-defined economic distress criteria must be met.

The problem, Mr. President, is that the objective measures of economic distress as currently defined by the CDFI Fund do not fully reflect economic distress in low-population areas. Allow me to share just a couple examples with my colleagues.

First, significant parts of low-population rural states like North Dakota have historically low unemployment rates and therefore cannot qualify on that basis. In many rural areas unemployment remains statistically nearly non-existent despite—and in fact because of—a lack of non-agricultural jobs. In rural North Dakota, the unemployed have little choice but to leave for urban areas.

The result is unemployment rates as low as two or three percent in rural parts of my state and the misleading impression of a strong economy. It is also worth noting that such rural areas often suffer from high underemployment, rather than high unemployment.

Additionally, the CDFI Fund program considers an area economically distressed if median family income is at or below 80 percent of the national average, or if the percentage of the population living in poverty is at least 20 percent. Here again, Mr. President, these criteria do not accurately capture the level of economic distress in low-population rural areas. Prolonged out-migration in many rural areas due to the loss of family farms and a shortage of non-agricultural jobs keeps median incomes at higher levels.

There are other economic distress criteria in the CDFI program, Mr. President, but they all share one thing in common: they all fail to fully register the unique economic distress found in a good part of rural America.

This leads me to the most frustrating aspect of the CDFI program for many low-population rural areas. Current CDFI guidelines consider an area economically distressed and suffering from out-migration if county population loss between 1980 and 1990 was at least 10 percent. This effort to utilize out-migration figures as a measure of economic distress is laudable. However, the CDFI program does so in a manner that does nothing for many parts of rural America, including my state.

Mr. President, change in the size of a population has two components. One is what demographers term natural population growth. This is computed by subtracting deaths from births. The other variable is migration, which is determined by subtracting departures from arrivals.

If you assumed that out-migration-related economic distress was determined under the CDFI program by looking at out-migration numbers, you would be mistaken. In fact, birth and mortality rates are effectively factored into calculations of out-migration.

Instead of net migration loss, the determinate criterion under current CDFI guidelines is the change in the overall sum total of the population from 1980 to 1990. Consequently, many counties that have experienced a continual hemorrhage of population to the cities, but also which have robust birth rates and long life expectancies, have not qualified for the CDFI program.

Mr. President, this makes no sense. Natality and mortality rates have nothing to do with out-migration.

Just a couple of statistics illustrate why this problem needs to be fixed. Nearly every non-metro county in North Dakota experienced a more than 10 percent net migration loss between 1980 and 1990. However, today only slightly more than two thirds of rural North Dakota counties qualify for the CDFI program because the program's guidelines measure overall population change, not net migration loss. Birth rates have been high enough and lifespans long enough to hide the real story of out-migration in a dozen counties in my state.

Mr. President, instead of wheat or sunflowers, the top export in many parts of farm country is people. Unless they can find work in the shrinking agriculture industry, increasing numbers of Americans who were born and raised in the rural Upper Great Plains are being forced to the cities to find work. They become statistics in a continuing and under-recognized exodus driven by economic depression, one that is destroying two of our nation's greatest assets: its small towns and family farms.

Mr. President, I want to see the CDFI program work for rural America, to help save our rural communities and keep people on the land. Today, I am introducing legislation that will help it do just that.

Mr. President, my bill is very simple. It amends the Riegle Community Development and Regulatory Improvement Act of 1994 to allow non-metro counties to qualify for the CDFI program if net migration loss—rather than just overall population loss—was at least 10 percent during the years 1980 to 1990.

Let me be clear: my bill does not strike any part of the Riegle Act and does not make major revisions to that landmark legislation. Rather, my bill makes a technical, perfecting correction that will help make the CDFI Fund work as intended for rural America. Consequently, I have entitled this measure the CDFI Technical Corrections Act.

Eighteen states and the District of Columbia, had populations of fewer than two million people during the 1990 Census, Mr. President. That is roughly one-third of the states. Yet of all the Core Component loans the CDFI Fund has made over the past three years, only about 12 percent have been to entities in these low-population states. The CDFI economic distress criteria need to be changed to more accurately reflect the level of economic distress in much of rural America. I urge my colleagues to join me in fixing the CDFI economic distress criteria by passing my technical corrections bill.

By Mr. LAUTENBERG:

S. 1470. A bill to amend the Clean Air Act to ensure that adequate actions are taken to detect, prevent, and minimize the consequences of accidental releases that result from criminal activity that may cause substantial harm to public health, safety, and the environment; to the Committee on Environment and Public Works.

CHEMICAL SECURITY ACT OF 1999

• Mr. LAUTENBERG. Mr. President, I rise to introduce the Chemical Security Act of 1999, a bill which will address the threat of criminal attack on chemical facilities.

The FBI and the Agency for Toxic Substances and Disease Registry have warned us that the possibility of terrorist and criminal attacks on chemical plants is a serious threat to public safety. The scenarios they describe are truly chilling.

The concerns about criminal attack on chemical plants were initially raised in the context of Internet access to chemical accident information. Some were concerned that criminals could use chemical accident information, gained through the Internet, to target their attacks. In response, we will soon send a bill to the President that will balance the benefits of public access to chemical accident information against the threat of criminal attack.

However, Mr. President, the underlying issue is not Internet access to such information—no resourceful criminal needs the Internet to find a chemical plant to attack. A chemical plant target can be found by driving through neighborhood, reading a city map, or accessing information already available from government and business sources.

The real issue is the vulnerability of chemical facilities to attack—a vulnerability which can arise from a lack of adequate security at chemical facilities, as well as the use of inherently hazardous chemical operations, even when safer technologies are available.

The Chemical Security Act of 1999 will directly address the potential danger of criminal attack on chemical facilities. First, the Act will clarify that it is the general duty of chemical facilities under the Clean Air Act to reduce their own vulnerability to criminal attack. Second, it will require the Attorney General, within one year, to determine whether chemical facilities are taking adequate measures to reduce their vulnerability to criminal attacks that could cause substantial harm to public health, safety, and environment. Third, if the Attorney General finds that chemical facilities are not taking such actions, the Act will require the Attorney General, in consultation with the Environmental Protection Agency, within two years, to promulgate regulations requiring appropriate measures to detect, prevent, and minimize the consequences of such criminal attack.

Mr. President, the American public has the right to chemical facilities that are safe from criminal attack.

I urge my colleagues to co-sponsor this legislation.•

ADDITIONAL COSPONSORS

S. 218

At the request of Mr. MOYNIHAN, the name of the Senator from Pennsylvania (Mr. SANTORUM) was added as a cosponsor of S. 218, a bill to amend the Harmonized Tariff Schedule of the United States to provide for equitable duty treatment for certain wool used in making suits.

S. 285

At the request of Mr. MCCAIN, the name of the Senator from Pennsylvania (Mr. SANTORUM) was added as a cosponsor of S. 285, a bill to amend title II of the Social Security Act to restore the link between the maximum amount of earnings by blind individuals permitted without demonstrating ability to engage in substantial gainful activity and the exempt amount permitted in determining excess earnings under the earnings test.

S. 472

At the request of Mr. GRASSLEY, the name of the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 472, a bill to amend title XVIII of the Social Security Act to provide certain medicare beneficiaries with an exemption to the financial limitations imposed on physical, speech-language pathology, and occupational therapy services under part B of the medicare program, and for other purposes.

S. 526

At the request of Mr. HAGEL, his name was added as a cosponsor of S. 526, a bill to amend the Internal Revenue Code of 1986 to allow issuance of tax-exempt private activity bonds to finance public-private partnership activities relating to school facilities in public elementary and secondary schools, and for other purposes.

S. 805

At the request of Mr. DURBIN, the names of the Senator from Hawaii (Mr. INOUYE), the Senator from Rhode Island (Mr. REED), and the Senator from New York (Mr. MOYNIHAN) were added as cosponsors of S. 805, a bill to amend title V of the Social Security Act to provide for the establishment and operation of asthma treatment services for children, and for other purposes.

S. 877

At the request of Mr. BROWNBACK, the name of the Senator from Kansas (Mr. ROBERTS) was added as a cosponsor of S. 877, a bill to encourage the provision of advanced service, and for other purposes.

S. 1023

At the request of Mr. MOYNIHAN, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 1023, a bill to amend title XVIII of the Social Security Act to stabilize indirect graduate medical education payments.

S. 1036

At the request of Mr. KOHL, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 1036, a bill to amend parts A and D of title IV of the Social Security Act to give States the option to pass through directly to a family receiving assistance under the temporary assistance to needy families program all child support collected by the State and the option to disregard any child support that the family receives in determining a family's eligibility for, or amount of, assistance under that program.

S. 1131

At the request of Mr. EDWARDS, the names of the Senator from North Carolina (Mr. HELMS) and the Senator from Rhode Island (Mr. CHAFEE) were added as cosponsors of S. 1131, a bill to promote research into, and the development of an ultimate cure for, the disease known as Fragile X.

S. 1145

At the request of Mr. LEAHY, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of S. 1145, a bill to provide for the appointment of additional Federal circuit and district judges, and for other purposes.

S. 1269

At the request of Mr. MCCONNELL, the name of the Senator from Missouri (Mr. ASHCROFT) was added as a cosponsor of S. 1269, a bill to provide that the Federal Government and States shall be subject to the same procedures and substantive laws that would apply to persons on whose behalf certain civil actions may be brought, and for other purposes.

S. 1277

At the request of Mr. BAUCUS, the name of the Senator from South Dakota (Mr. DASCHLE) was added as a cosponsor of S. 1277, a bill to amend title XIX of the Social Security Act to establish a new prospective payment system for Federally-qualified health centers and rural health clinics.

At the request of Mr. LEAHY, his name was added as a cosponsor of S. 1277, supra.

S. 1300

At the request of Mr. LEAHY, his name was added as a cosponsor of S. 1300, a bill to amend the Internal Revenue Code of 1986 and the Employee Retirement Income Security Act of 1974 to prevent the wearing away of an employee's accrued benefit under a defined plan by the adoption of a plan amendment reducing future accruals under the plan.

S. 1438

At the request of Mr. CAMPBELL, the name of the Senator from Washington (Mr. GORTON) was added as a cosponsor of S. 1438, a bill to establish the National Law Enforcement Museum on Federal land in the District of Columbia.

S. 1449

At the request of Mr. CONRAD, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 1449, a bill to amend title

XVIII of the Social Security Act to increase the payment amount for renal dialysis services furnished under the medicare program.

SENATE CONCURRENT RESOLUTION 9

At the request of Ms. SNOWE, the name of the Senator from Arkansas (Mrs. LINCOLN) was added as a cosponsor of Senate Concurrent Resolution 9, a concurrent resolution calling for a United States effort to end restrictions on the freedoms and human rights of the enclaved people in the occupied area of Cyprus.

SENATE CONCURRENT RESOLUTION 32

At the request of Mr. CONRAD, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of Senate Concurrent Resolution 32, a concurrent resolution expressing the sense of Congress regarding the guaranteed coverage of chiropractic services under the Medicare+Choice program.

SENATE RESOLUTION 92

At the request of Mrs. BOXER, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of Senate Resolution 92, a resolution expressing the sense of the Senate that funding for prostate cancer research should be increased substantially.

AMENDMENT NO. 1411

At the request of Mr. ABRAHAM the names of the Senator from Ohio (Mr. DEWINE), the Senator from Oklahoma (Mr. INHOFE), the Senator from Maine (Ms. COLLINS), and the Senator from Pennsylvania (Mr. SANTORUM) were added as cosponsors of amendment No. 1411 proposed to S. 1429, an original bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

AMENDMENT NO. 1426

At the request of Mr. THURMOND his name was added as a cosponsor of amendment No. 1426 proposed to S. 1429, an original bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

At the request of Mr. ABRAHAM his name was added as a cosponsor of amendment No. 1426 proposed to S. 1429, supra.

AMENDMENT NO. 1441

At the request of Mr. DORGAN the names of the Senator from Virginia (Mr. ROBB), the Senator from Wisconsin (Mr. KOHL), the Senator from South Dakota (Mr. JOHNSON), and the Senator from Washington (Mrs. MURRAY) were added as cosponsors of amendment No. 1441 proposed to S. 1429, an original bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

AMENDMENT NO. 1442

At the request of Mr. BREAUX the name of the Senator from Louisiana (Ms. LANDRIEU) was added as a cosponsor of amendment No. 1442 proposed to S. 1429, an original bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

AMENDMENT NO. 1454

At the request of Mr. KENNEDY his name was added as a cosponsor of amendment No. 1454 proposed to S. 1429, an original bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

At the request of Mr. WELLSTONE his name was added as a cosponsor of amendment No. 1454 proposed to S. 1429, supra.

AMENDMENT NO. 1455

At the request of Mr. ABRAHAM the name of the Senator from Nebraska (Mr. HAGEL) was added as a cosponsor of amendment No. 1455 proposed to S. 1429, an original bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

AMENDMENT NO. 1460

At the request of Mr. STEVENS the names of the Senator from Alaska (Mr. MURKOWSKI), the Senator from Hawaii (Mr. INOUYE), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Louisiana (Mr. BREAUX), the Senator from Alabama (Mr. SHELBY), the Senator from Washington (Mr. GORTON), the Senator from Washington (Mrs. MURRAY), and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of amendment No. 1460 proposed to S. 1429, an original bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

AMENDMENT NO. 1479

At the request of Mr. JOHNSON the name of the Senator from Nevada (Mr. REID) was added as a cosponsor of amendment No. 1479 proposed to S. 1429, an original bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

AMENDMENT NO. 1480

At the request of Mr. COVERDELL his name was added as a cosponsor of amendment No. 1480 intended to be proposed to S. 1429, an original bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

AMENDMENT NO. 1488

At the request of Mr. STEVENS the names of the Senator from Alaska (Mr. MURKOWSKI), the Senator from Hawaii (Mr. INOUYE), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Louisiana (Mr. BREAUX), the Senator from Alabama (Mr. SHELBY), the Senator from Washington (Mr. GORTON), the Senator from Washington (Mrs. MURRAY), and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of amendment No. 1488 proposed to S. 1429, an original bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

SENATE RESOLUTION 169—COMMENDING GENERAL WESLEY K. CLARK, UNITED STATES ARMY

Mr. COCHRAN (for himself, Mr. MCCAIN, and Mr. STEVENS) submitted the following resolution; which was referred to the Committee on Armed Services:

S. RES. 169

Whereas General Wesley K. Clark has had a long and distinguished military career, which includes graduating first in the class of 1966 from the United States Military Academy at West Point and serving in command positions at every level in the United States Army, culminating in service concurrently in the positions of Supreme Allied Commander, Europe and Commander-in-Chief of the United States European Command;

Whereas General Clark was integral to the formulation of the Dayton Accords;

Whereas General Clark most recently distinguished himself by his tireless, resourceful, and successful leadership of the first military action of the North Atlantic Treaty Organization despite severe constraints; and

Whereas General Clark's record of exemplary and dedicated service is an example which all military officers should seek to emulate and is deserving of special recognition: Now, therefore, be it

Resolved, That (a) the United States Senate commends and expresses its gratitude to General Wesley K. Clark, United States Army, for his outstanding record of military service to the United States of America.

(b) The Secretary of the Senate shall transmit a copy of this resolution to General Wesley K. Clark.

Mr. COCHRAN. Mr. President, I am submitting today a resolution which commends General Wesley K. Clark for his outstanding service to the United States. I am pleased to be joined by Mr. MCCAIN and Mr. STEVENS as cosponsors of the resolution.

I was sorry to learn from the Wednesday morning's newspapers that General Clark would be leaving his current post, where he serves simultaneously as the NATO Supreme Allied Commander Europe and as Commander-in-Chief of the United States European Command, before his tour was scheduled to end. When General Clark retires next year, the United States will be losing one of its finest officers. And I say that not just because of what he just accomplished in successfully leading NATO forces into battle for the first time, but because of the exemplary record General Clark compiled over 33 years of service to our Nation.

Wes Clark graduated first in his class from West Point in 1966, and was selected to attend Oxford University as a Rhodes Scholar. After graduating from Oxford General Clark distinguished himself in Vietnam, where he commanded a mechanized infantry company in combat. General Clark went on to command two other companies, as well as an armor battalion at Fort Carson, Colorado, a brigade in the 4th Infantry Division, also at Fort Carson, the National Training Center at Fort Irwin, California, the 1st Calvary Division at Fort Hood, Texas, and the United States Southern Command, headquartered in Panama.

I won't list the numerous staff jobs in which General Clark has served, but I do point out that General Clark, as the Director of Strategic Plans and Policy on the Joint Staff, was integral to the formulation of the Bosnian Peace Accords, negotiated in Dayton. In reviewing the numerous positions General Clark has held since he graduated from West Point, it is beyond question that Wes Clark is an officer who has served our Nation well during the last 33 years.

I recently had a chance to visit with General Clark at his headquarters in Brussels. Despite months of getting little sleep, I'm told it was about four hours per night, General Clark was able to explain to me clearly and in detail our military operations in Kosovo and Serbia. His grasp of every nuance of every plan and option, was evident, and only reinforced his reputation for thoroughness. Nothing demonstrates his reputation for thoroughness and resourcefulness. Nothing demonstrates this more clearly than one simple fact: In an environment where General Clark was operating under severe constraints, he led NATO forces to victory. He was tireless; he was imaginative; and ultimately, he was victorious.

This resolution commends General Clark and expresses the Senate's gratitude to him not just because of his recent service, but because of his lifetime of service. General Clark deserves recognition not only for achieving results, but also for his personal integrity. His record of saying what he believes should be said without respect to whether that is what other people necessarily want to hear is an example that others should seek to emulate.

General Wes Clark has had a career distinguished by exemplary and dedicated service to our Nation. I urge the adoption of the Senate of this resolution.

The PRESIDING OFFICER. The Senator from the great State of Arkansas.

Mr. HUTCHINSON. Mr. President, first of all, I commend the distinguished Senator from Mississippi for the introduction of this resolution. I associate myself with his remarks. I note for the RECORD, among the biographical comments that Senator COCHRAN made concerning General Clark, special emphasis on the fact that he hails from Little Rock, AK.

So with my fellow Arkansans, we express our pride at General Clark and his exemplary career, the service he has rendered our country with great distinction. I commend the Senator from Mississippi for introducing, I think, a very important resolution.

Mr. COCHRAN. Mr. President, I thank the distinguished Senator from Arkansas for his kind remarks. We appreciate very much his cosponsorship of the resolution.

AMENDMENTS SUBMITTED

AGRICULTURE APPROPRIATIOINS FOR FY 2000

BAUCUS AMENDMENT NO. 1495

(Ordered to lie on the table.)

Mr. BAUCUS submitted an amendment intended to be proposed by him to the bill (S. 1233) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2000, and for other purposes; as follows:

On page 76, between lines 6 and 7, insert the following:

SEC. 7 . Sense of the Senate Concerning Actions by the World Trade Organization Relating to Trade in Agricultural Commodities.—

(a) Findings.—The Senate finds that—

(1) agricultural producers in the United States compete effectively when world markets are not distorted by government intervention;

(2) the elimination of barriers to competition in world markets for agricultural commodities is in the interest of producers and consumers in the United States;

(3) the United States must provide leadership on the opening of the agricultural markets in upcoming multilateral World Trade Organization negotiations;

(4) countries that import agricultural commodities are more likely to liberalize practices if they are confident that their trading partners will not curtail the availability of agricultural commodities on world markets for foreign policy purposes; and

(5) a multilateral commitment to use the open market, rather than government intervention, to guarantee food security would advance the interests of the farm community of the United States.

(b) Sense of the Senate.—It is the sense of the Senate that—

(1) members of the World Trade Organization should undertake multilateral negotiations to eliminate policies and programs that distort world markets for agricultural commodities; and

(2) as part of the multilateral negotiations, members of the World Trade Organization should agree to renounce the use of unilateral sanctions to prohibit, restrict, or condition agricultural exports.

TAXPAYERS REFUND ACT OF 1999

ROTH (AND MOYNIHAN) AMENDMENT NO. 1496

Mr. ROTH (for himself and Mr. MOYNIHAN) proposed an amendment to the bill, S. 1429, supra; as follows:

On page 10, strike the matter between lines 19 and 20 (as added by the Hutchison amendment), and insert:

"Calendar year:	**Applicable dollar amount:**
2006	$4,000
2007 and thereafter	$5,000.

On page 11, strike the matter before line 1 (as added by the Hutchison amendment), and insert:

"Calendar year:	**Applicable dollar amount:**
2006	$2,000
2007 and thereafter	$2,500.

On page 11, line 3, strike "2008" (as added by the Hutchison amendment) and insert "2007".

On page 11, line 11, strike "2007" (as added by the Hutchison amendment) and insert "2006".

On page 19, line 7, strike "50" and insert "40".

In the section at the end of title II relating to expansion of adoption expenses (as added by the Landrieu amendment), strike "$7,500" and insert "$10,000".

On page 75, line 6, strike "section 401(a)(11)" and insert "sections 401(a)(11) and 411(b)(1)(H)".

On page 87, line 3, strike "Section" and insert "Except as provided in subsection (b)(4)(A), section".

On page 153, strike lines 17 and 18, and insert:

"(2) an individual account plan which is subject to the funding standards of section 412.

Such term shall not include a governmental plan (within the meaning of section 414(d)) or a church plan (within the meaning of section 414(e)) with respect to which an election under section 410(d) has not been made."

On page 158, strike lines 8 and 9, and insert:

"(B) an individual account plan which is subject to the funding standards of section 302.

Such term shall not include a governmental plan (within the meaning of section 3(32)) or a church plan (within the meaning of section 3(33)) with respect to which an election under section 410(d) of the Internal Revenue Code of 1986 has not been made."

On page 161, after line 23, insert:

SEC. . MAXIMUM CONTRIBUTION DEDUCTION RULES MODIFIED AND APPLIED TO ALL DEFINED BENEFIT PLANS.

(a) In General.—Subparagraph (D) of section 404(a)(1) (relating to special rule in case of certain plans) is amended to read as follows:

"(D) Special rule in case of certain plans.—

"(i) In general.—In the case of any defined benefit plan, except as provided in regulations, the maximum amount deductible under the limitations of this paragraph shall not be less than the unfunded termination liability (determined as if the proposed termination date referred to in section 4041(b)(2)(A)(i)(II) of the Employee Retirement Income Security Act of 1974 were the last day of the plan year).

"(ii) Plans with less than 100 participants.—For purposes of this subparagraph, in the case of a plan which has less than 100 participants for the plan year, termination liability shall not include the liability attributable to benefit increases for highly compensated employees (as defined in section 414(q)) resulting from a plan amendment which is made or becomes effective, whichever is later, within the last 2 years before the termination date.

"(iii) Rule for determining number of participants.—For purposes of determining whether a plan has more than 100 participants, all defined benefit plans maintained by the same employer (or any member of such employer's controlled group (within the meaning of section 412(l)(8)(C))) shall be treated as 1 plan, but only employees of such member or employer shall be taken into account.

"(iv) PLANS ESTABLISHED AND MAINTAIN BY PROFESSIONAL SERVICE EMPLOYERS.—Clause (i) shall not apply to a plan described in section 4021(b)(13) of the Employee Retirement Income Security Act of 1974.".

(b) CONFORMING AMENDMENT.—Paragraph (6) of section 4972(c) is amended to read as follows:

"(6) EXCEPTIONS.—In determining the amount of nondeductible contributions for any taxable year, there shall not be taken into account so much of the contributions to 1 or more defined contribution plans which are not deductible when contributed solely because of section 404(a)(7) as does not exceed the greater of—

"(A) the amount of contributions not in excess of 6 percent of compensation (within the meaning of section 404(a)) paid or accrued (during the taxable year for which the contributions were made) to beneficiaries under the plans, or

"(B) the sum of—

"(i) the amount of contributions described in section 401(m)(4)(A), plus

"(ii) the amount of contributions described in section 402(g)(3)(A).

For purposes of this paragraph, the deductible limits under section 404(a)(7) shall first be applied to amounts contributed to a defined benefit plan and then to amounts described in subparagraph (B).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. . INCREASE IN SECTION 415 EARLY RETIREMENT LIMIT FOR GOVERNMENTAL AND OTHER PLANS.

(a) IN GENERAL.—Subclause (II) of section 415(b)(2)(F)(i), as amended by section 346(c), is amended—

(1) by striking "$75,000" and inserting "80 percent of the dollar amount in effect under paragraph (1)(A)", and

(2) by striking "the $75,000 limitation" and inserting "80 percent of such dollar amount".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1999.

On page 180, after line 24, insert:

SEC. 370A. REPORTING SIMPLIFICATION.

(a) SIMPLIFIED ANNUAL FILING REQUIREMENT FOR OWNERS AND THEIR SPOUSES.—

(1) IN GENERAL.—The Secretary of the Treasury shall modify the requirements for filing annual returns with respect to one-participant retirement plans to ensure that such plans with assets of $500,000 or less as of the close of the plan year need not file a return for that year.

(2) ONE-PARTICIPANT RETIREMENT PLAN DEFINED.—For purposes of this subsection, the term "one-participant retirement plan" means a retirement plan that—

(A) on the first day of the plan year—

(i) covered only the employer (and the employer's spouse) and the employer owned the entire business (whether or not incorporated), or

(ii) covered only one or more partners (and their spouses) in a business partnership (including partners in an S or C corporation),

(B) meets the minimum coverage requirements of section 410(b) of the Internal Revenue Code of 1986 without being combined with any other plan of the business that covers the employees of the business,

(C) does not provide benefits to anyone except the employer (and the employer's spouse) or the partners (and their spouses),

(D) does not cover a business that is a member of an affiliated service group, a controlled group of corporations, or a group of businesses under common control, and

(E) does not cover a business that leases employees.

(3) OTHER DEFINITIONS.—Terms used in paragraph (2) which are also used in section 414 of the Internal Revenue Code of 1986 shall have the respective meanings given such terms by such section.

(b) SIMPLIFIED ANNUAL FILING REQUIREMENT FOR PLANS WITH FEWER THAN 25 EMPLOYEES.—In the case of a retirement plan which covers less than 25 employees on the 1st day of the plan year and meets the requirements described in subparagraphs (B), (D), and (E) of subsection (a)(2), the Secretary of the Treasury shall provide for the filing of a simplified annual return that is substantially similar to the annual return required to be filed by a one-participant retirement plan.

(c) EFFECTIVE DATE.—The provisions of this section shall take effect on January 1, 2001.

On page 195, strike lines 4 through 9, and insert:

SEC. 404. EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) IN GENERAL.—Section 127(d) (relating to termination of exclusion for educational assistance programs) is amended by striking "May 31, 2000" and inserting "December 31, 2003".

On page 202, between lines 9 and 10, insert:

SEC. . CERTAIN EDUCATIONAL BENEFITS PROVIDED BY AN EMPLOYER TO CHILDREN OF EMPLOYEES EXCLUDABLE FROM GROSS INCOME AS A SCHOLARSHIP.

(a) IN GENERAL.—Section 117 (relating to qualified scholarships) is amended by adding at the end the following:

"(e) EMPLOYER-PROVIDED EDUCATIONAL BENEFITS PROVIDED TO CHILDREN OF EMPLOYEES.—

"(1) IN GENERAL.—In determining whether any amount is a qualified scholarship for purposes of subsection (a), the fact that such amount is provided in connection with an employment relationship shall be disregarded if—

"(A) such amount is provided by the employer to a child (as defined in section 161(c)(3)) of an employee of such employer,

"(B) such amount is provided pursuant to a plan which meets the nondiscrimination requirements of subsection (d)(3), and

"(C) amounts provided under such plan are in addition to any other compensation payable to employees and such plan does not provide employees with a choice between such amounts and any other benefit.

For purposes of subparagraph (C), the business practices of the employer (as well as such plan) shall be taken into account.

"(2) DOLLAR LIMITATIONS.—

"(A) PER CHILD.—The amount excluded from the gross income of the employee by reason of paragraph (1) for a taxable year with respect to amounts provided to each child of such employee shall not exceed $2,000.

"(B) AGGREGATE LIMIT.—The amount excluded from the gross income of the employee by reason of paragraph (1) for a taxable year (after the application of subparagraph (A)) shall not exceed the excess of the dollar amount contained in section 127(a)(2) over the amount excluded from the employee's gross income under section 127 for such year.

"(3) PRINCIPAL SHAREHOLDERS AND OWNERS.—Paragraph (1) shall not apply to any amount provided to any child of any individual if such individual (or such individual's spouse) owns (on any day of the year) more than 5 percent of the stock or of the capital or profits interest in the employer.

"(4) DEGREE REQUIREMENT NOT TO APPLY.—In the case of an amount which is treated as a qualified scholarship by reason of this subsection, subsection (a) shall be applied without regard to the requirement that the recipient be a candidate for a degree.

"(5) CERTAIN OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (4), (5), and (7) of section 127(c) shall apply for purposes of this subsection."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of enactment of this Act.

On page 216, line 1, insert "and fishing" after "farm".

On page 225, after line 24, insert:

SEC. . INCREASE IN ESTATE TAX DEDUCTION FOR FAMILY-OWNED BUSINESS INTEREST.

(a) IN GENERAL.—Section 2057(a)(2) (relating to maximum deduction) is amended by striking "$675,000" and inserting "$1,975,000".

(b) CONFORMING AMENDMENTS.—Section 2057(a)(3)(B) (relating to coordination with unified credit) is amended by striking "$675,000" each place it appears in the text and heading and inserting "$1,975,000".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2000.

SEC. . CREDIT FOR EMPLOYEE HEALTH INSURANCE EXPENSES.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business-related credits) is amended by adding at the end the following:

"SEC. 45E. EMPLOYEE HEALTH INSURANCE EXPENSES.

"(a) GENERAL RULE.—For purposes of section 38, in the case of a small employer, the employee health insurance expenses credit determined under this section is an amount equal to the applicable percentage of the amount paid by the taxpayer during the taxable year for qualified employee health insurance expenses.

"(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a), the applicable percentage is equal to—

"(1) 60 percent in the case of self-only coverage, and

"(2) 70 percent in the case of family coverage (as defined in section 220(c)(5)).

"(c) PER EMPLOYEE DOLLAR LIMITATION.—The amount of qualified employee health insurance expenses taken into account under subsection (a) with respect to any qualified employee for any taxable year shall not exceed—

"(1) $1,000 in the case of self-only coverage, and

"(2) $1,715 in the case of family coverage (as so defined).

"(d) DEFINITIONS.—For purposes of this section—

"(1) SMALL EMPLOYER.—

"(A) IN GENERAL.—The term 'small employer' means, with respect to any calendar year, any employer if such employer employed an average of 9 or fewer employees on business days during either of the 2 preceding calendar years. For purposes of the preceding sentence, a preceding calendar year may be taken into account only if the employer was in existence throughout such year.

"(B) Employers not in existence in preceding year.—In the case of an employer which was not in existence throughout the 1st preceding calendar year, the determination under subparagraph (A) shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

"(2) Qualified employee health insurance expenses.—

"(A) In general.—The term 'qualified employee health insurance expenses' means any amount paid by an employer for health insurance coverage to the extent such amount is attributable to coverage provided to any employee while such employee is a qualified employee.

"(B) Exception for amounts paid under salary reduction arrangements.—No amount paid or incurred for health insurance coverage pursuant to a salary reduction arrangement shall be taken into account under subparagraph (A).

"(C) Health insurance coverage.—The term 'health insurance coverage' has the meaning given such term by section 9832(b)(1).

"(3) Qualified employee.—

"(A) In general.—The term 'qualified employee' means, with respect to any period, an employee of an employer if the total amount of wages paid or incurred by such employer to such employee at an annual rate during the taxable year exceeds $5,000 but does not exceed $16,000.

"(B) Treatment of certain employees.—For purposes of subparagraph (A), the term 'employee'—

"(i) shall not include an employee within the meaning of section 401(c)(1), but

"(ii) shall include a leased employee within the meaning of section 414(n).

"(C) Wages.—The term 'wages' has the meaning given such term by section 3121(a) (determined without regard to any dollar limitation contained in such section).

"(D) Inflation adjustment.—

"(i) In general.—In the case of any taxable year beginning in a calendar year after 2001, the $16,000 amount contained in subparagraph (A) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2000' for 'calendar year 1992' in subparagraph (B) thereof.

"(ii) Rounding.—If any increase determined under clause (i) is not a multiple of $100, such amount shall be rounded to the nearest multiple of $100.

"(e) Certain rules made applicable.—For purposes of this section, rules similar to the rules of section 52 shall apply.

"(f) Denial of double benefit.—No deduction or credit under any other provision of this chapter shall be allowed with respect to qualified employee health insurance expenses taken into account under subsection (a)."

(b) Credit To Be Part of General Business Credit.—Section 38(b) (relating to current year business credit) is amended by striking "plus" at the end of paragraph (13), by striking the period at the end of paragraph (14) and inserting ", plus", and by adding at the end the following:

"(15) the employee health insurance expenses credit determined under section 45E."

(c) No Carrybacks.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

"(10) No carryback of section 45E credit before effective date.—No portion of the unused business credit for any taxable year which is attributable to the employee health insurance expenses credit determined under section 45E may be carried back to a taxable year ending before January 1, 2001."

(d) Clerical Amendment.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following:

"Sec. 45E. Employee health insurance expenses."

(e) Effective Date.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2000.

On page 268, between lines 3 and 4, insert the following:

SEC. ____. HOLDING PERIOD REDUCED TO 12 MONTHS FOR PURPOSES OF DETERMINING WHETHER HORSES ARE SECTION 1231 ASSETS.

(a) In General.—Subparagraph (A) of section 1231(b)(3) (relating to definition of property used in the trade or business) is amended by striking "and horses".

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

On page 318, line 20, strike "increased" and insert "decreased".

On page 321, between lines 4 and 5, insert the following flush sentence:

Notwithstanding the preceding sentence, such securities shall be taken into account in determining whether such trust fails to meet the requirements of section 856(c)(4)(B) of such Code (as amended by such amendments) if such trust acquires or receives securities to which the preceding sentence does not apply.

On page 337, line 15, insert "on or" before "before".

On page 341, between lines 23 and 24, insert:

"(C) Earnings and profits.—The earnings and profits of any Native Corporation making a contribution to a Settlement Trust shall not be reduced on account thereof at the time of such contribution, but such earnings and profits shall be reduced (up to the amount of such contribution) as distributions are thereafter made by the Settlement Trust which exceed the sum of—

"(i) such Trust's total undistributed net income for all prior years during which an election under paragraph (2) is in effect, and

"(ii) such Trust's distributable net income.

On page 364, beginning on line 15, strike "under section 1216 of the Transportation Equity Act for the 21st Century, as in effect on July 21, 1999,".

On page 371, between lines 16 and 17, insert the following:

SEC. ____. CAPITAL GAIN TREATMENT UNDER SECTION 631(b) TO APPLY TO OUTRIGHT SALES BY LAND OWNER.

(a) In General.—Subsection (b) of section 631 (relating to disposal of timber with a retained economic interest) is amended—

(1) by inserting "And Outright Sales of Timber" after "Economic Interest" in the subsection heading, and

(2) by adding before the last sentence the following new sentence: "The requirement in the first sentence of this subsection to retain an economic interest in timber shall not apply to an outright sale of such timber by the owner thereof if such owner owned the land (at the time of such sale) from which the timber is cut."

(b) Effective Date.—The amendments made by this section shall apply to sales after the date of the enactment of this Act.

SEC. ____. CREDIT FOR CLINICAL TESTING RESEARCH EXPENSES ATTRIBUTABLE TO CERTAIN QUALIFIED ACADEMIC INSTITUTIONS INCLUDING TEACHING HOSPITALS.

(a) In General.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by inserting after section 41 the following:

"SEC. 41A. CREDIT FOR MEDICAL INNOVATION EXPENSES.

"(a) General Rule.—For purposes of section 38, the medical innovation credit determined under this section for the taxable year shall be an amount equal to 40 percent of the excess (if any) of—

"(1) the qualified medical innovation expenses for the taxable year, over

"(2) the medical innovation base period amount.

"(b) Qualified Medical Innovation Expenses.—For purposes of this section—

"(1) In general.—The term 'qualified medical innovation expenses' means the amounts which are paid or incurred by the taxpayer during the taxable year directly or indirectly to any qualified academic institution for clinical testing research activities.

"(2) Clinical testing research activities.—

"(A) In general.—The term 'clinical testing research activities' means human clinical testing conducted at any qualified academic institution in the development of any product, which occurs before—

"(i) the date on which an application with respect to such product is approved under section 505(b), 506, or 507 of the Federal Food, Drug, and Cosmetic Act (as in effect on the date of the enactment of this section),

"(ii) the date on which a license for such product is issued under section 351 of the Public Health Service Act (as so in effect), or

"(iii) the date classification or approval of such product which is a device intended for human use is given under section 513, 514, or 515 of the Federal Food, Drug, and Cosmetic Act (as so in effect).

"(B) Product.—The term 'product' means any drug, biologic, or medical device.

"(3) Qualified academic institution.—The term 'qualified academic institution' means any of the following institutions:

"(A) Educational institution.—A qualified organization described in section 170(b)(1)(A)(iii) which is owned by, or affiliated with, an institution of higher education (as defined in section 3304(f)).

"(B) Teaching hospital.—A teaching hospital which—

"(i) is publicly supported or owned by an organization described in section 501(c)(3), and

"(ii) is affiliated with an organization meeting the requirements of subparagraph (A).

"(C) Foundation.—A medical research organization described in section 501(c)(3) (other than a private foundation) which is affiliated with, or owned by—

"(i) an organization meeting the requirements of subparagraph (A), or

"(ii) a teaching hospital meeting the requirements of subparagraph (B).

"(D) Charitable research hospital.—A hospital that is designated as a cancer center by the National Cancer Institute.

"(4) Exclusion for amounts funded by grants, etc.—The term 'qualified medical innovation expenses' shall not include any amount to the extent such amount is funded by any grant, contract, or otherwise by another person (or any governmental entity).

"(c) MEDICAL INNOVATION BASE PERIOD AMOUNT.—For purposes of this section, the term 'medical innovation base period amount' means the average annual qualified medical innovation expenses paid by the taxpayer during the 3-taxable year period ending with the taxable year immediately preceding the first taxable year of the taxpayer beginning after December 31, 1998.

"(d) SPECIAL RULES.—

"(1) LIMITATION ON FOREIGN TESTING.—No credit shall be allowed under this section with respect to any clinical testing research activities conducted outside the United States.

"(2) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of subsections (f) and (g) of section 41 shall apply for purposes of this section.

"(3) ELECTION.—This section shall apply to any taxpayer for any taxable year only if such taxpayer elects to have this section apply for such taxable year.

"(4) COORDINATION WITH CREDIT FOR INCREASING RESEARCH EXPENDITURES AND WITH CREDIT FOR CLINICAL TESTING EXPENSES FOR CERTAIN DRUGS FOR RARE DISEASES.—Any qualified medical innovation expense for a taxable year to which an election under this section applies shall not be taken into account for purposes of determining the credit allowable under section 41 or 45C for such taxable year."

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—

(1) IN GENERAL.—Section 38(b) (relating to current year business credits), as amended by this Act, is amended by striking "plus" at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting ", plus", and by adding at the end the following:

"(16) the medical innovation expenses credit determined under section 41A(a).".

(2) TRANSITION RULE.—Section 39(d), as amended by this Act, is amended by adding at the end the following new paragraph:

"(11) NO CARRYBACK OF SECTION 41A CREDIT BEFORE ENACTMENT.—No portion of the unused business credit for any taxable year which is attributable to the medical innovation credit determined under section 41A may be carried back to a taxable year beginning before January 1, 1999.".

(c) DENIAL OF DOUBLE BENEFIT.—Section 280C, as amended by this Act, is amended by adding at the end the following new subsection:

"(e) CREDIT FOR INCREASING MEDICAL INNOVATION EXPENSES.—

"(1) IN GENERAL.—No deduction shall be allowed for that portion of the qualified medical innovation expenses (as defined in section 41A(b)) otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for such taxable year under section 41A(a).

"(2) CERTAIN RULES TO APPLY.—Rules similar to the rules of paragraphs (2), (3), and (4) of subsection (c) shall apply for purposes of this subsection.".

(d) DEDUCTION FOR UNUSED PORTION OF CREDIT.—Section 196(c) (defining qualified business credits) is amended by redesignating paragraphs (5) through (8) as paragraphs (6) through (9), respectively, and by inserting after paragraph (4) the following new paragraph:

"(5) the medical innovation expenses credit determined under section 41A(a) (other than such credit determined under the rules of section 280C(d)(2)),".

(e) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding after the item relating to section 41 the following:

"Sec. 41A. Credit for medical innovation expenses.".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

NOTICE OF HEARINGS

COMMITTEE ON RULES AND ADMINISTRATION

Mr. McCONNELL. Mr. President, I wish to announce that the Committee on Rules and Administration will meet on Wednesday, August 4, 1999 at 9:15 a.m. in Room SR-301 Russell Senate Office Building, to receive testimony on committee funding resolutions.

For further information concerning this meeting, please contact Tamara Somerville at the Rules Committee.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOSWKI. Mr. President, I would like to announce that a full committee oversight hearing has been scheduled before the Committee on Energy and Natural Resources. The hearing will take place Tuesday, August 10, 1999 at 8:00 a.m. at the 2nd Floor of the Federal Building and U.S. Court House, 7th & C Street in Anchorage, AK.

The purpose of this hearing is to receive testimony on the implementation of the Alaska National Interest Lands Conservation Act. The hearing will focus on how the Act has been interpreted and implemented by federal regulators since its passage in December of 1980. There will be testimony from the Administration, state and local officials, and other interested parties.

Those who wish to testify or to submit written testimony should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C. 20510. Presentation of oral testimony is by Committee invitation only. For further information, please contact Jo Meuse or Brian Malnak.

ADDITIONAL STATEMENTS

TRIBUTE TO COLONEL CHARLES W. ALSUP, USA

• Mr. WARNER. Mr. President, it is with great pleasure that I rise today to pay tribute to a great patriot, soldier, and father, Colonel Charles W. Alsup. After nearly 28 years of dedicated service around the world, Colonel Alsup will retire from the United States Army on September 30, 1999. Colonel Alsup was born in Birmingham, Alabama. He enlisted in the Army in 1971 as a private and was later commissioned as a Military Intelligence Second Lieutenant upon completion of the Infantry Officer Candidate School at Fort Benning, Georgia.

Throughout his military career, Colonel Alsup distinguished himself as a true professional and an exceptional leader. His initial assignments included: a tour with 8th Special Forces Group, Fort Gulick, Panama; duties as a counterintelligence special agent and staff officer with the 902th Military Intelligence Group, Fort Meade, MD; and intelligence officer, 4th Battalion, 69th Armor Regiment, 8th Infantry Division in Mainz, Germany during the height of the Cold War. He successfully commanded at the company, battalion, and brigade levels, culminating with the prestigious 501st Military Intelligence Brigade, Yongsan, Korea.

Colonel Alsup also excelled at a variety of teaching and staff officer positions, including Reserve Officer Training Corps duty at the University of Alabama; Staff Group Leader, Combined Arms and services Staff School, Fort Leavenworth; Director of Intelligence, 24th Infantry Division, Fort Stewart, GA; Director of Intelligence, Eight U.S. Army, Yongsan, Korea; and duty on the Army Staff in Legislative Liaison and the Directorate for Operations and Plans.

Colonel Alsup's final assignment as Assistant Director of Intelligence for the Joint Staff, Washington, DC, showcased his superior grasp of national intelligence issues, his impressive management skills, and his ability to perform under pressure. Colonel Alsup provided unparalleled intelligence support to the senior leadership of the Executive and Legislative Branches, contributing significantly to their understanding of national level crisis and contingencies. His positive impact on the Joint Staff, the Defense Intelligence Agency, and the intelligence community will be felt for years to come.

Colonel Alsup is a distinguished graduate of the U.S. Army Command and General Staff College, Fort Leavenworth and the Naval War College, Newport, Rhode Island. His awards and decorations include the Defense Superior Service Medal, the Legion of Merit with Oak Leaf Cluster, the Meritorious Service Medal with Four Oak Leaf Clusters, the Army Commendation Medal with two Oak Leaf Clusters, the Special Forces Tab, the Senior Parachutist Badge, and the Ranger Tab.

Through his distinctive accomplishments, Colonel Charles W. Alsup culminates a distinguished career in the service of his country and reflects great credit upon himself, the United States Army, the Defense Intelligence Agency, and the Department of Defense.

I wish every success to Colonel Alsup as he finishes his truly remarkable military career and thank him for a job exceedingly well done.•

TRIBUTE TO RICHARD TORTORELLI

• Mr. SMITH of New Hampshire. Mr. President, I rise today to honor Richard Tortorelli of Milford, New Hampshire, who has retired from the Milford Fire Department after 41 years of service.

Richard began his career with the Milford Fire Department while in high school. At the age of 21, he joined the fire department as an on-call fire fighter. In 1986, he became the first full-time Fire Chief in Milford's history. Under his leadership, the fire department has seen many changes: a move from Town Hall in 1974 into the current station, a change from a one-town dispatch center to the regional Milford Area Communication Center, and equipment updates along with specialized training.

Even though Richard works in one of the most dangerous professions in the country, he has never lost a member of his department. One of the most rewarding aspects of his career is that the number of fire calls in Milford has decreased over the years. He acknowledges that teaching fire prevention is not as thrilling as fighting a fire, however it is very important.

I would like to thank Chief Tortorelli for his service to the Town of Milford, and his dedication and leadership to the Milford Fire Department. I commend Richard for his exemplary career and tireless efforts. I wish him luck in his future endeavors. It is an honor to represent him in the United States Senate.•

APPOINTMENT

The PRESIDING OFFICER. The Chair, on behalf of the Majority Leader, pursuant to Public Law 100-458, appoints the Senator from Virginia (Mr. Warner) to the Board of Trustees of the John C. Stennis Center for Public Service Training and Development, for a term ending October 11, 2004.

UNANIMOUS CONSENT AGREEMENT—S. 335

Mr. HUTCHINSON. Mr. President, I ask unanimous consent that at 1 p.m. on Monday, August 2, the Senate proceed to the consideration of Calendar No. 191, S. 335, and that it be considered under the following limitations: 2 hours of total debate on the legislation equally divided between Senator Collins and Senator Levin or their designees; the only amendment in order be a managers' amendment offered by Senators Collins and Levin. I further ask unanimous consent that following the expiration or yielding back of debate time and the disposition of the managers' amendment, the bill be read a third time and then temporarily set aside. I finally ask unanimous consent that at 5:30 p.m. on Monday, the Senate proceed to a vote on passage of the bill with no intervening action or debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR PRINTING OF S. 1344

Mr. HUTCHINSON. Mr. President, I ask unanimous consent that S. 1344, the Patients' Bill of Rights Plus Act, as amended and passed by the Senate on July 15, 1999, be printed as a document of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF FUNDING LEVELS FOR AVIATION PROGRAMS

Mr. HUTCHINSON. Mr. President, I ask unanimous consent that the Senate now proceed to the immediate consideration of S. 1467 introduced earlier today by Senator McCain.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 1467) to extend the funding levels for aviation programs for 60 days.

There being no objection, the Senate proceeded to consider the bill.

Mr. McCAIN. Mr. President, I rise in support of S. 1467. This bill will extend the Federal Aviation Administration's, FAA, Airport Improvement Program, AIP, for sixty days. It is critical that Congress complete the authorization for this program for this fiscal year. Otherwise, the FAA will be prohibited from issuing much-needed grants to airports in every state, regardless of whether or not funds have been appropriated. In fact, there are still nearly $300 million in appropriated funds for the current fiscal year that cannot be spent because AIP authority expires on August 6.

If we do not act to reauthorize this program for at least the remainder of this fiscal year, we will cause harm to the transportation infrastructure of our country. AIP grants play a critical part in airport development. Without these grants, important safety, security, and capacity projects will be hampered throughout the country. Therefore, we must act swiftly.

The safety of the traveling public depends upon the continued flow of AIP monies. For example, airports use these funds to install instrument landing systems, which help guide airplanes to safe landings when visibility is impaired. AIP funds are also used for airport safety projects related to runway approach lighting; aircraft deicing equipment; snow removal equipment; repair of damaged runways; rescue and firefighting equipment; and runway safety areas for aircraft that have trouble stopping after a landing. It is my understanding that AIP funds were used to construct an innovative "arrestor bed" at the end of a runway at New York's JFK Airport. A few months ago, that arrestor bed prevented a commuter plane from plunging into a bay. It was credited with saving lives on that flight.

This bill will also extend the Aviation Insurance Program, which is commonly known as the War Risk Insurance Program. It provides insurance for commercial aircraft that are operating in high-risk areas, such as countries at war or on the verge of war. Commercial insurers will not usually provide coverage for such operations, which are often required to further U.S. foreign policy or national security objectives. For example, commercial airlines were needed to ferry troops and equipment to the Middle East for Operations Desert Shield and Desert Storm. If War Risk Insurance had not been available, our troops may not have been adequately supported.

This extension will also give us more time to work on a more comprehensive aviation bill that is still desperately needed. We have been working hard to accommodate the concerns that many Senators have with respect to provisions in S. 82, the Air Transportation Improvement Act. I believe we can bring a bill to the floor that will require very little of the Senate's time.

Mr. President, I urge all of my colleagues to support swift passage of this short-term extension of the AIP. If we fail to act, the FAA will not be able to address vital security and safety needs in every State in the Nation. We must reaffirm our commitment to providing the public with a safe and efficient air transportation system. This bill will help us meet that goal.

Mr. HUTCHINSON. Mr. President, I ask unanimous consent that the bill be read a third time and passed, the motion to reconsider be laid upon the table, and any statements relating to this bill be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1467) was read the third time and passed, as follows:

S. 1467

Be in enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF AIRPORT IMPROVEMENT PROGRAM, ETC.

(a) Authorization of Appropriations.—Section 48103 of title 49, United States Code, is amended by striking "$2,050,000,000 for the period beginning October 1, 1998 and ending August 6, 1999." and inserting $2,410,000,000 for the fiscal year ending September 30, 1999, and $34,000,000 for the period beginning October 1, 1999, and ending October 5, 1999.".

(b) Obligational Authority.—Section 47104(c) of such title is amended by striking "August 6, 1999," and inserting "October 5, 1999,".

(c) Extension of Aviation Insurance Program.—Section 44310 of such title is amended by striking "August 6, 1999." and inserting "October 5, 1999.".

(d) Airway Facilities Improvement Program.—Section 48101(a) of such title is amended by adding at the end thereof the following:

"(4) $30,000,000 for the period beginning October 1, 1999, and ending October 5, 1999."

(e) FAA Operations.—Section 106(k) of such title is amended by striking "1999." and inserting "1999," and $80,000,000 for the period beginning October 1, 1999, and ending October 5, 1999.".

(f) Liquidation of Contract Authorization.—The provision of the Department of Transportation and Related Agencies Appropriations Act, 1999, with the caption "Grants-in-Aid for Airport (Liquidation of contract authorization) (Airport and Airway trust fund)" is amended by striking "Code: *Provided further*, That no more than $975,000,000 of funds limited under this heading may be obligated prior to the enactment of a bill extending contract authorization for the Grants-in-Aid for Airports program to the third and fourth quarters of fiscal year 1999." and inserting "Code.".

UNITED STATES CAPITOL VISITOR CENTER COMMEMORATIVE COIN ACT OF 1999

Mr. HUTCHINSON. Mr. President, I ask unanimous consent that the Senate now proceed to the immediate consideration of S. 1468 introduced earlier today by Senators Lott, Daschle, and others.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 1468) to authorize the minting and issuance of Capitol Visitor Center Commemorative coins, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. HUTCHINSON. Mr. President, I ask unanimous consent that the bill be read the third time and passed, the motion to reconsider be laid upon the table, and any statements relating to this bill be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1468) was read the third time and passed, as follows:

S. 1468

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "United States Capitol Visitor Center Commemorative Coin Act of 1999".

SEC. 2. FINDINGS.

Congress finds that—

(1) Congress moved to Washington, District of Columbia, and first convened in the Capitol building in the year 1800;

(2) the Capitol building is now the greatest visible symbol of representative democracy in the world;

(3) the Capitol building has approximately 5,000,000 visitors annually and suffers from a lack of facilities necessary to properly serve them;

(4) the Capitol building and persons within the Capitol have been provided with excellent security through the dedication and sacrifice of the United States Capitol Police;

(5) Congress has appropriated $100,000,000, to be supplemented with private funds, to construct a Capitol Visitor Center to provide continued high security for the Capitol and enhance the educational experience of visitors to the Capitol;

(6) Congress would like to offer the opportunity for all persons to voluntarily participate in raising funds for the Capitol Visitor Center; and

(7) it is appropriate to authorize coins commemorating the first convening of the Congress in the Capitol building with proceeds from the sale of the coins, less expenses, being deposited for the United States Capitol Preservation Commission with the specific purpose of aiding in the construction, maintenance, and preservation of a Capitol Visitor Center.

SEC. 3. COIN SPECIFICATIONS.

(a) Denominations.—The Secretary of the Treasury (hereafter in this Act referred to as the "Secretary") shall mint and issue the following coins:

(1) Bimetallic coins.—Not more than 200,000 $10 bimetallic coins of gold and platinum, in accordance with such specifications as the Secretary determines to be appropriate.

(2) $1 silver coins.—Not more than 500,000 $1 coins, which shall—

(A) weigh 26.73 grams;

(B) have a diameter of 1.500 inches; and

(C) contain 90 percent silver and 10 percent copper.

(3) Half dollar.—Not more than 750,000 half dollar clad coins, each of which—

(A) shall weigh 11.34 grams;

(B) have a diameter of 1.205 inches; and

(C) be minted to the specifications for half dollar coins contained in section 5112(b) of title 31, United States Code.

(b) $5 Gold Coins.—If the Secretary determines that the minting and issuance of bimetallic coins under subsection (a)(1) is not feasible, the Secretary may mint and issue instead not more than 100,000 $5 coins, which shall—

(1) weigh 8.359 grams;

(2) have a diameter of 0.850 inches; and

(3) contain 90 percent gold and 10 percent alloy.

(c) Waiver.—Each of the mintage levels specified in subsection (a) may be waived in accordance with section 5112(m)(2)(B) of title 31, United States Code.

(d) Legal Tender.—The coins minted under this Act shall be legal tender, as provided in section 5103 of title 31, United States Code.

SEC. 4. SOURCES OF BULLION.

(a) Platinum and Gold.—The Secretary shall obtain platinum and gold for minting coins under this Act from available sources.

(b) Silver.—The Secretary may obtain silver for minting coins under this Act from stockpiles established under the Strategic and Critical Materials Stock Piling Act, and from other available sources.

SEC. 5. DESIGN OF COINS.

(a) Design Requirements.—

(1) In general.—The design of the coins minted under this Act shall be emblematic of the first meeting of the United States Congress in the United States Capitol Building.

(2) Designation and inscriptions.—On each coin minted under this Act, there shall be—

(A) a designation of the value of the coin;

(B) an inscription of the year "2000"; and

(C) inscriptions of the words "Liberty", "In God We Trust", "United States of America", and "E Pluribus Unum".

(b) Selection.—The design for the coins minted under this Act shall be—

(1) selected by the Secretary, after consultation with the United States Capitol Preservation Commission (in this Act referred to as the "Commission") and the Commission of Fine Arts; and

(2) reviewed by the Citizens Commemorative Coin Advisory Committee.

SEC. 6. ISSUANCE OF COINS.

(a) Quality of Coins.—Coins minted under this Act shall be issued in uncirculated and proof qualities.

(b) Mint Facility.—Only 1 facility of the United States Mint may be used to strike any particular combination of denomination and quality of the coins minted under this Act.

(c) First Use of Year 2000 Date.—The coins minted under this Act shall be the first commemorative coins of the United States to be issued bearing the inscription of the year "2000".

(d) Promotion Consultation.—The Secretary shall—

(1) consult with the Commission in order to establish a role for the Commission or an entity designated by the Commission in the promotion, advertising, and marketing of the coins minted under this Act; and

(2) if the Secretary determines that such action would be beneficial to the sale of coins minted under this Act, enter into a contract with the Commission or an entity referred to in paragraph (1) to carry out the role established under paragraph (1).

SEC. 7. SALE OF COINS.

(a) Sale Price.—The coins minted under this Act shall be sold by the Secretary at a price equal to the sum of—

(1) the face value of the coins;

(2) the surcharge provided in subsection (d) with respect to such coins; and

(3) the cost of designing and issuing the coins (including labor, materials, dies, use of machinery, overhead expenses, marketing, and shipping).

(b) Bulk Sales.—The Secretary shall make bulk sales of the coins issued under this Act at a reasonable discount.

(c) Prepaid Orders.—

(1) In general.—The Secretary shall accept prepaid orders for the coins minted under this Act before the issuance of such coins.

(2) Discount.—Sale prices with respect to prepaid orders under paragraph (1) shall be at a reasonable discount.

(d) Surcharges.—All sales under this Act shall include a surcharge established by the Secretary, in an amount equal to not more than—

(1) $50 per coin for the $10 coin or $35 per coin for the $5 coin;

(2) $10 per coin for the $1 coin; and

(3) $3 per coin for the half dollar coin.

SEC. 8. DISTRIBUTION OF SURCHARGES.

All surcharges received by the Secretary from the sale of coins minted under this Act shall be deposited in the Capitol Preservation Fund in accordance with section 5134(f) of title 31, United States Code, and shall be made available to the Commission for the purpose of aiding in the construction, maintenance, and preservation of a Capitol Visitor Center.

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. HUTCHINSON. Mr. President, I ask unanimous consent that the Senate immediately proceed to executive session to consider the following nominations, en bloc: Executive Calendar

Nos. 96, 168, 170, 171, 174, 177 through 188, 190 and 194, all nominations on the Secretary's desk in the Air Force, Army, Marine Corps, and Navy. I further ask unanimous consent that the nominations be confirmed en bloc, the motion to reconsider be laid upon the table, any statements relating to the nominations be printed in the RECORD, the President be immediately notified of the Senate's action, and the Senate then return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

REFORM BOARD (AMTRAK)

Sylvia de Leon, of Texas, to be a Member of the Reform Board (Amtrak) for a term of five years. (New Position)

DEPARTMENT OF DEFENSE

F. Whitten Peters, of the District of Columbia, to be Secretary of the Air Force.

DEPARTMENT OF ENERGY

Curt Hebert, Jr., of Mississippi, to be a Member of the Federal Energy Regulatory Commission for the term expiring June 30, 2004. (Reappointment)

THE JUDICIARY

Charles R. Wilson, of Florida, to be United States Circuit Judge for the Eleventh Circuit.

William Haskell Alsup, of California, to be United States District Judge for the Northern District of California.

AIR FORCE

The following named officer for appointment in the United States Air Force to the grade indicated under title 10, U.S.C., section 624:

To be brigadier general

Col. Gary H. Murray, 2413

The following named officer for appointment in the United States Air Force to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Lt. Gen. Robert H. Foglesong, 8617

The following named officer for appointment in the United States Air Force to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Lt. Gen. Charles R. Heflebower, 8234

The following named officer for appointment in the United States Air Force to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Lt. Gen. Lansford E. Trapp, Jr., 7799

ARMY

The following named officer for appointment in the United States Army to the grade indicated under title 10, U.S.C., section 624:

To be major general

Brig. Gen. Zannie O. Smith, 6499

The following named officer for appointment in the United States Army to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Maj. Gen. Lawson W. Magruder, III, 0729

The following named officer for appointment in the United States Army to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Maj. Gen. Johnny M. Riggs, 1680

The following named officer for appointment in the United States Army to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Maj. Gen. Daniel G. Brown, 2522

The following named officer for appointment in the United States Army to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Maj. Gen. Michael W. Ackerman, 6573

NAVY

The following named officer for appointment in the United States Navy to the grade indicated under title 10, U.S.C., section 624:

To be rear admiral

Rear Adm. (lh) Alberto Diaz, Jr., 0577
Rear Adm. (lh) Bonnie B. Potter, 9786

The following named officer for appointment in the United States Navy to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be vice admiral

Vice Adm. Robert J. Natter, 9953

The following named officer for appointment in the United States Navy to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be vice admiral

Rear Adm. Gregory G. Johnson, 3052

AGENCY FOR INTERNATIONAL DEVELOPMENT

J. Brady Anderson, of South Carolina, to be Administrator of the Agency for International Development.

DEPARTMENT OF STATE

Evelyn Simonowitz Lieberman, of New York, to be Under Secretary of State of Public Diplomacy. (New Position)

NOMINATIONS PLACED ON THE SECRETARY'S DESK

IN THE AIR FORCE, ARMY, MARINE CORPS, NAVY

Air Force nominations beginning Larita A. Aragon, and ending James J. White, which nominations were received by the Senate and appeared in the Congressional Record of June 30, 1999.

Air Force nominations beginning Milton C. Abbott, and ending Scott J. Zobrist, which nominations were received by the Senate and appeared in the Congressional Record of July 1, 1999.

Army nominations beginning Richard F. Ballard, and ending Su T. Kang, which nominations were received by the Senate and appeared in the Congressional Record of June 21, 1999.

Army nominations beginning Donald M. Cinnamond, and ending George R. Silver, which nominations were received by the Senate and appeared in the Congressional Record of June 21, 1999.

Army nominations beginning Kimberly J. Ballantyne, and ending Stephen C. Ulrich, which nominations were received by the Senate and appeared in the Congressional Record of June 21, 1999.

Army nominations beginning Denise D. Adams, and ending Tami M. Zalewski, which nominations were received by the Senate and appeared in the Congressional Record of June 21, 1999.

Army nominations beginning George D. Lanning, and ending Gregory J. Zanetti, which nominations were received by the Senate and appeared in the Congressional Record of June 23, 1999.

Army nominations beginning Phil C. Alabata, and ending Joseph J. Zubak, which nominations were received by the Senate and appeared in the Congressional Record of June 28, 1999.

Army nominations beginning Gary W. Ace, and ending X4393, which nominations were received by the Senate and appeared in the Congressional Record of July 19, 1999.

Marine Corps nominations beginning David J. Abel, and ending Raymon Zapata, Jr., which nominations were received by the Senate and appeared in the Congressional Record of June 23, 1999.

Marine Corps nominations beginning Charles E. Headden, and ending Robert L. Williams, which nominations were received by the Senate and appeared in the Congressional Record of June 30, 1999.

Marine Corps nominations of James R. Judkins, which was received by the Senate and appeared in the Congressional Record of July 14, 1999.

Navy nominations beginning Michael K. Abate, and ending Gregg W. Ziemke, which nominations were received by the Senate and appeared in the Congressional Record of June 23, 1999.

Navy nominations of Laurel A. May, which was received by the Senate and appeared in the Congressional Record of June 28, 1999.

Navy nominations beginning Dean D. Hager, and ending David F. Sanders, which nominations were received by the Senate and appeared in the Congressional Record of July 14, 1999.

Navy nominations beginning Scott R. Barry, and ending Charles L. Taylor, which nominations were received by the Senate and appeared in the Congressional Record of July 21, 1999.

Navy nominations beginning Lloyd B.J. Callis, and ending Michelle L. Wulff, which nominations were received by the Senate and appeared in the Congressional Record of July 21, 1999.

NOMINATION OF CURTIS L. HEBERT, JR.

Mr. LOTT. Mr. President, today the Senate is returning a very distinguished and qualified Commissioner back to the Federal Energy Regulatory Commission. I am pleased that my good friend Curtis L. Hebert, Jr. of Pascagoula, Mississippi is that Commissioner.

As a former member of the Senate Energy and Natural Resources Committee, I appreciate the high standard that FERC nominees are held to during committee consideration. Throughout Curt's nearly two-year tenure as a FERC Commissioner, he demonstrated that he has not only the knowledge, but the determination and skills to get the job done. He has been a responsible and able federal steward of the utility industry across the United States. I expect that he will continue to serve the FERC and our nation with the same enthusiasm and foresight.

Before Curt came to Washington, he served the state of Mississippi as a member and a chair of the Public Service Commission for several years. During that time, he demonstrated the ability to balance the diverse utility interests in our state. This was no easy task. Mississippi is the home to both public and private power companies, PUHCAs and providers of all sizes. Curt was also my representative in the Mississippi legislature, where he did an excellent job. Curt has proven that he has the skills necessary to address the needs of each of these entities, while keeping the best interest of the consumer in mind.

Congress must recognize that national electric utility deregulation is on the horizon. How and when a new system will be created remains to be seen. What is certain, however, is that the FERC will be instrumental in guiding Congress toward competition in the utility industry. I am confident that Curt has the experience and insight necessary to help us reach the right balance of interests. Most importantly, Curt understands what deregulation means at the state level. Already, Congress has witnessed deregulation of several states, but Congress will value the FERC's input concerning deregulation.

There is no industry as complex as the utility world—and none that impacts the lives of Americans more directly every hour of every day. The challenges ahead are great and must be tackled head on. There is no denying that the FERC Commissioners have their work cut out for them.

I have enjoyed working with Curt, and spending time with his wife, Virginia, and their two children, Lane and Ashley. They are an authentic, Mississippi family.

I am pleased that the Senate has unanimously confirmed Curt Hebert as a member of the FERC, thus ensuring that the future of the electric utility industry is in good hands. I congratulate him on this accomplishment and wish him the best of luck in the future.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now return to legislative session.

REJECTING THE CONCLUSIONS OF THE PSYCHOLOGICAL BULLETIN

Mr. HUTCHINSON. Mr. President, I ask unanimous consent that H. Con. Res. 107 be discharged from the HELP Committee and, further, that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the concurrent resolution by title.

The legislative clerk read as follows:

A concurrent resolution (H. Con. Res. 107) expressing the sense of Congress rejecting the conclusions of a recent article published in the Psychological Bulletin, a journal of the American Psychological Association, that suggests that sexual relationships between adults and children might be positive for children.

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. HUTCHINSON. I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The concurrent resolution (H. Con. Res. 107) was agreed to.

The preamble was agreed to.

UNANIMOUS CONSENT AGREEMENT—H. CON. RES. 168

Mr. BENNETT. Mr. President, I ask unanimous consent that when the Senate receives receives H. Con. Res 168 from the House, it be considered as agreed to and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR MONDAY, AUGUST 2, 1999

Mr. BENNETT. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until noon on Monday, August 2.

I further ask that when the Senate reconvenes on Monday, immediately following the prayer, the routine requests through the morning hour be granted and the Senate then proceed to a period of morning business until 1 p.m., with Senators to speak therein for up to 5 minutes each, with the following exceptions: Senator THOMAS for up to 30 minutes, and Senator DASCHLE, or his designee, for up to 30 minutes, beginning at noon on Monday.

Mr. President, I further ask unanimous consent that, at 1 p.m., the Senate proceed to S. 335, regarding sweepstakes, under the previous order, with a vote to occur on passage of the bill at 5:30 p.m. on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS CONSENT AGREEMENT—S. 1233

Mr. BENNETT. Mr. President, I ask unanimous consent that the Senate proceed to the Agriculture Appropriations bill, S. 1233, at 3 p.m. on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BENNETT. Mr. President, for the information of all Senators, when the Senate reconvenes on Monday, there will be an hour for morning business, to be followed by 2 hours for debate on the sweepstakes bill. At 3 p.m. on Monday, the Senate will resume the Agriculture Appropriations bill, and the next rollcall vote will occur at 5:30 p.m. Monday, August 2, on passage of S. 335. Additional votes could occur relative to the Agriculture Appropriations bill.

ADJOURNMENT UNTIL MONDAY, AUGUST 2, 1999

Mr. BENNETT. Mr. President, if there is no further business to come before the Senate, I now ask that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 3:37 p.m., adjourned until Monday, August 2, 1999, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate July 30, 1999:

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SUSAN M. WACHTER, OF PENNSYLVANIA, TO BE AN ASSISTANT SECRETARY OF HOUSING AND URBAN DEVELOPMENT, VICE MICHAEL A. STEGMAN, RESIGNED.

OVERSEAS PRIVATE INVESTMENT CORPORATION

ZELL MILLER, OF GEORGIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE OVERSEAS PRIVATE INVESTMENT CORPORATION FOR A TERM EXPIRING DECEMBER 17, 2000, VICE SIMON FERRO, TERM EXPIRED.

CONFIRMATIONS

Executive Nominations Confirmed by the Senate July 30, 1999:

REFORM BOARD (AMTRAK)

SYLVIA DE LEON, OF TEXAS, TO BE A MEMBER OF THE REFORM BOARD (AMTRAK) FOR A TERM OF FIVE YEARS.

DEPARTMENT OF DEFENSE

F. WHITTEN PETERS, OF THE DISTRICT OF COLUMBIA, TO BE SECRETARY OF THE AIR FORCE.

DEPARTMENT OF ENERGY

CURT HEBERT, JR., OF MISSISSIPPI, TO BE A MEMBER OF THE FEDERAL ENERGY REGULATORY COMMISSION FOR THE TERM EXPIRING JUNE 30, 2004.

AGENCY FOR INTERNATIONAL DEVELOPMENT

J. BRADY ANDERSON, OF SOUTH CAROLINA, TO BE ADMINISTRATOR OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT.

DEPARTMENT OF STATE

EVELYN SIMONOWITZ LIEBERMAN, OF NEW YORK, TO BE UNDER SECRETARY OF STATE FOR PUBLIC DIPLOMACY.

THE ABOVE NOMINATIONS WERE APPROVED SUBJECT TO THE NOMINEES' COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

THE JUDICIARY

CHARLES R. WILSON, OF FLORIDA, TO BE UNITED STATES CIRCUIT JUDGE FOR THE ELEVENTH CIRCUIT.

WILLIAM HASKELL ALSUP, OF CALIFORNIA, TO BE UNITED STATES DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF CALIFORNIA.

IN THE AIR FORCE

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES AIR FORCE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be brigadier general

COL. GARY H. MURRAY, 2413.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES AIR FORCE TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

LT. GEN. ROBERT H. FOGLESONG, 8617.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES AIR FORCE TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

LT. GEN. CHARLES R. HEFLEBOWER, 8234.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES AIR FORCE TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

LT. GEN. LANSFORD E. TRAPP, JR., 7799.

IN THE ARMY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be major general

BRIG. GEN. ZANNIE O. SMITH, 6499.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

MAJ. GEN. LAWSON W. MAGRUDER III, 0729.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

MAJ. GEN. JOHNNY M. RIGGS, 1680.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

MAJ. GEN. DANIEL G. BROWN, 2522.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

MAJ. GEN. MICHAEL W. ACKERMAN, 6573.

NAVY

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be rear admiral

REAR ADM. (LH) ALBERTO DIAZ, JR., 0577.
REAR ADM. (LH) BONNIE B. POTTER, 9786.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be vice admiral

VICE ADM. ROBERT J. NATTER, 9953.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be vice admiral

REAR ADM. GREGORY G. JOHNSON, 3052.

IN THE AIR FORCE

AIR FORCE NOMINATIONS BEGINNING LARITA A. ARAGON, AND ENDING JAMES J. WHITE, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JUNE 30, 1999.

AIR FORCE NOMINATIONS BEGINNING MILTON C. ABBOTT, AND ENDING SCOTT J. ZOBRIST, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 1, 1999.

IN THE ARMY

ARMY NOMINATIONS BEGINNING RICHARD F. BALLARD, AND ENDING SU T. KANG, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JUNE 21, 1999.

ARMY NOMINATIONS BEGINNING DONALD M. CINNAMOND, AND ENDING GEORGE R. SILVER, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JUNE 21, 1999.

ARMY NOMINATIONS BEGINNING KIMBERLY J. BALLANTYNE, AND ENDING STEPHEN C. ULRICH, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JUNE 21, 1999.

ARMY NOMINATIONS BEGINNING *DENISE D. ADAMS, AND ENDING *TAMI M. ZALEWSKI, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JUNE 21, 1999.

ARMY NOMINATIONS BEGINNING GEORGE D. LANNING, AND ENDING GREGORY J. ZANETTI, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JUNE 23, 1999.

ARMY NOMINATIONS BEGINNING PHIL C. ALABATA, AND ENDING JOSEPH J. ZUBAK, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JUNE 28, 1999.

ARMY NOMINATIONS BEGINNING GARY W. ACE, AND ENDING X4393, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 19, 1999.

IN THE MARINE CORPS

MARINE CORPS NOMINATIONS BEGINNING DAVID J. ABEL, AND ENDING RAYMON ZAPATA, JR., WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JUNE 23, 1999.

MARINE CORPS NOMINATIONS BEGINNING CHARLES E. HEADDEN, AND ENDING ROBERT L. WILLIAMS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JUNE 30, 1999.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be major

JAMES R. JUDKINS, 6011.

NAVY

NAVY NOMINATIONS BEGINNING MICHAEL K. ABATE, AND ENDING GREGG W. ZIEMKE, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JUNE 23, 1999.

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be commander

LAUREL A. MAY, 3025.

NAVY NOMINATIONS BEGINNING DEAN D. HAGER, AND ENDING DAVID F. SANDERS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 14, 1999.

NAVY NOMINATIONS BEGINNING SCOTT R. BARRY, AND ENDING CHARLES L. TAYLOR, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 21, 1999.

NAVY NOMINATIONS BEGINNING LLOYD B. J. CALLIS, AND ENDING MICHELLE L. WULFF, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 21, 1999.

EXTENSIONS OF REMARKS

INTRODUCTION OF LEGISLATION TO EXTEND THE AUTHORIZATION OF TITLE X OF THE ENERGY POLICY ACT OF 1992

HON. BARBARA CUBIN

OF WYOMING

IN THE HOUSE OF REPRESENTATIVES

Thurday, July 29, 1999

Mrs. CUBIN. Mr. Speaker, today on behalf of Representative STEVE LARGENT and myself, we are introducing a bill that extends the authorization of Title X of the Energy Policy Act of 1992 which has been cleaning up the radioactive contamination created by the uranium and thorium milling operations. This program has been a valuable and generally successful endeavor, and has been instrumental in completing remediation at a number of uranium and thorium milling sites. This bill addresses the environmental hurdles and rising costs facing private industries in cleaning up those sites, five of which are in the State of Wyoming.

For the most part, the tailings were created in the process of obtaining supplies of uranium and thorium for the Manhattan Project, which produced America's first nuclear weapons. Title X sites encompass a range of areas which have combined tailings of both civilian and military responsibility. At those sites, the private owners remediate the contamination, then are reimbursed by the government for that share of the tailings which were generated as a result of Federal activities.

Without this legislation, DOE and the uranium/thorium industry may be unable to continue their cleanup of the remaining Title X sites. This bill is a responsible measure—and a positive one—which allows the Federal government to continue to clean up its environmental liabilities.

The main purpose of the bill is to extend authority for title X cleanup from 2002 to 2007 and provide for a staged reimbursement increase from $6.25 per ton to $10.00 per ton. The need for the increase in the mill tailings reimbursement rate and program extension stems from several factors. Congress has decreased annual discretionary appropriations while clean-up costs have increased due to groundwater and environmental standards. After Congress' adoption of the "Polluter Should Pay" principle in CERCLA, the Federal government has the same responsibility for environmental clean-up as does private industry.

This legislation would not require an increased spending authorization for uranium/thorium reimbursement for the Federal government's share of mill tailings clean-up costs. DOE has concluded that the requested increase in the per ton reimbursement rate from $6.25 to $10.00 would not exhaust the uranium tailings authorization of $350,000,000 and therefore would not require an increase.

Representative LARGENT and I commend this legislation to my colleagues and encourage them to join us in cosponsoring it. It is our hope that it will be considered expeditiously by the Commerce Committee.

CONGRATULATIONS FIRST GRADUATES OF THE NATIONAL LABOR COLLEGE

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. VENTO. Mr. Speaker, I rise today to commend the first National Labor College class of graduates.

The National Labor College is a correspondence school that offers bachelor of arts degrees in seven different disciplines all relating to labor and its practices. Students of this university are given credits for work and union experience as well as general class work. Students that are union members and full time workers pay a substantially lower tuition rate and work independently towards their degree. This program was established 2 years ago and has advanced the skills and knowledge of many working Americans by offering them an opportunity to receive higher education at a cost they can afford while still allowing them to remain a part of the workforce. While most of the students are from the United States, the participation is international.

As a strong advocate of education and its continuing growth and improvement in our society today, I have fought to ensure that a quality education is accessible to the working class of Minnesota and America. Providing our work force with a solid, quality education is a crucial necessity in the continuation of the advancement of knowledge and skills. Today's workers and labor unions have a much greater challenge than in the past as they cope with the rapid change in the world of work and represent the most important factor in the progress of productivity, the workers.

The National Labor College aids in ensuring that the American world force is ready for the challenges of the new millennium. By providing education and support to our work force we can continue to successfully compete in the growing global economy and vastly expanding technological market. We must continue to support our work force and the National Labor College is a very important first step in doing so.

I'd like to submit, for my colleagues' review, an article from the Washington Times Sunday, July 25 issue, which highlights this program and the achievements of its graduates.

[From the Washington Times, July 25, 1999]

NATICNAL LABOR COLLEGE PITCHES TENT FOR ITS FIRST GRADUATES

88 PERSONS EARN 4-YEAR DEGREES BY MAIL, E-MAIL

(By Gerald Mizejewski)

At first glance it looked like any other college commencement, with dark gowns, tassels and gushing parents snapping photographs.

But then the speakers starting saying things like, "I say to you all, solidarity, solidarity forever," and "May God bless the labor movement."

Under a tent on a stretch of open grass in Sliver Spring, the National Labor College graduate its first class yesterday. Eighty-eight men and women from as far away as California and Panama took home four-year bachelor's degrees in subjects such as union governance and administration.

"That's what this is all about. Decent, honest pay for a hard day's work," said Maryland Gov. Parris N. Glendening, a Democrat, who was honored with a doctor of humane letters in labor studies.

Mr. Glendening, who addressed the crowd as "brothers and sisters," enjoy strong labor support during his two campaigns for governor. The Maryland General Assembly approved $650,000 this year for the school—its first public funds—but less than the $2 million included in Mr. Glendening's budget proposal.

The idea of creating a national college for union members had been around since 1899, when American Federation of Labor President Samuel Gompers proposed the University of the Federation of Labor in Baltimore. The school never materialized.

The National Labor College, a correspondence school accredited by the state of Maryland, offers bachelor of arts degrees in seven disciplines: labor studies; labor education; organizational dynamics and growth; political economies of labor; union governance and administration; labor history; and labor safety and health.

It was established two years ago by the AFL–CIO and its affiliated unions as a way to make higher education available to working Americans. The program enables workers to advance their skills as leaders in the labor movement.

Students are given credit—up to 90 quarter hours—for their work and union experience over the years. The college requires 180 quarter hours of credit for graduation.

"Most people are genuinely surprised to find out how much their life experience is worth," said Sue Schurman, president of the Labor College.

The Labor College replaces Antioch University, a degree program operated through the George Meany Center for Labor Studies in Silver Spring.

Average tuition is $8,000 a year, and $3,000 for union members, who make up the majority of the college's student body.

While enrolled, participants must take humanities, English, social science, mathematics and science, in addition to electives. They are required to complete at least eight labor courses and a senior research project.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

Participants typically spend one to two weeks each year on campus at the George Meany Center and work independently the rest of the time, completing reading assignments, writing research papers and communicating with instructors by phone, mail and e-mail.

Alex Bell, 78, a former Maryland state delegate, is the oldest graduate. An active member of the Plumbers Local 5 in the District, Mr. Bell is on the executive board and financial board of his union and also serves as a business agent.

"That college is the greatest place in the world," he said.

Yesterday's graduates, ranging in age from 29 to 78, represented 25 states and 33 unions. Most of them are the first in their families to earn a degree.

About 400 union members and leaders from throughout the country are participating in the college degree program, which has recently expanded to offer a master's degree.

Kevin P. O'Sullivan, yesterday's student speaker, plans to earn his master's degree in public administration through the college. For Mr. O'Sullivan, the labor movement is integral to his family's history.

"My father, an Irish immigrant, worked seven days a week as an electrician, providing a better life for his family," said Mr. O'Sullivan.

"His example of solidarity while supporting a Teamsters strike for three months despite the pressures of providing for his wife and seven children will be with me longer than my disdain for oatmeal that I gained during the strike."

DISAPPROVING EXTENSION OF NONDISCRIMINATORY TREATMENT TO PRODUCTS OF PEOPLE'S REPUBLIC OF CHINA

SPEECH OF

HON. MARK GREEN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. GREEN of Wisconsin. Mr. Speaker, I am reluctantly voting today to affirm the Administration's renewal of Normal Trade Relations (NTR) status with the People's Republic of China (PRC) for the coming year. At the same time, I also want to reaffirm my current opposition to the extension of permanent NTR status to China. I strongly believe the United States should preserve the annual option of suspending NTR open as a potential instrument of policy, and trust China is aware that it continues to edge ever closer to a suspension of its NTR status with the United States.

I hold grave reservations over current U.S.-China relations. Among other things, the PRC's theft of U.S. nuclear and computer technology secrets, its continued opposition to U.S. policies abroad, and its long-term history of human rights violations all raise serious concerns. I have already taken public steps this session to toughen U.S. policy on the PRC by speaking out against religious persecution in China on the House floor, voting to limit satellite exports to China, voting to prohibit military-to-military exchanges with the People's Liberation Army, and implementing the recommendations of the Cox Report.

Nevertheless, as someone who represents a state where the agricultural sector is vitally important to both our culture and our economy, I believe the expansion of markets within China for agricultural products is crucial. Our farmers face a crisis today. Commodity prices are at extraordinarily low levels as demand continues to lag behind supply worldwide. At the same time, Congress is encouraging our farmers to rely more and more on market forces, and less and less on old-style bureaucratic programs. A huge part of these market forces is dependent upon growth in our farm exports. The U.S. Department of Agriculture projects that 37 percent of the growth in our nation's farm exports could go to China by 2003. In other words, to restrict trade by suspending China's NTR status would take a key market away from our struggling farmers at an unfortunate time, likely driving agriculture prices even lower.

In recent months, the U.S. Trade Representative has negotiated conditional agreements with China that would, among other things, dramatically reduce Chinese tariffs on U.S. cheese and ice cream exports. If NTR fails, these agreements are finished—giving Wisconsin farmers bad news at a time when bad news seems to be the order of the day.

This has been a tough decision, one I have weighed for some time. There are valid and persuasive arguments on both sides of the NTR debate, and I can truly say this has been one of the most difficult issues I have faced since taking office. In the end, however, the issue's potential impact on agriculture tipped the scales in favor of renewing China's NTR status for another year.

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2000

SPEECH OF

HON. DAVID VITTER

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 22, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2561) making appropriations for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes:

Mr. VITTER. Mr. Chairman, I rise in strong support for the Department of Defense Appropriations bill for Fiscal Year 2000. This legislation reaffirms Congress' commitment to a strong national defense and takes a positive step toward restoring our hollowed-out military. This legislation provides funding for key defense projects such as the LPD–17 and the Navy Information Technology Center.

By providing full funding for the LPD–17, the United States Navy receives a highly reliable, warfare capable ship and the most survivable amphibious ship ever put to sea. The LPD–17 design incorporates state-of-the-art self-defense capabilities, C4I, and reduced signature technologies advances that will prove priceless over its 40-year service life. LPD–17 also incorporates the latest quality of life standards for our Sailors and Marines.

Furthermore, I would like to thank the Chairman for his foresight in placing additional funding above the President's request into the DIMHRS account for the Navy Information Technology Center in New Orleans. Funding for the Navy Information Technology Center will ensure continued development of the information software needed to handle personnel and pay management files for the Navy and other armed services. By investing in these improvements now, the Office of Management and Budget estimates the Navy will be able to save billions of dollars in the future. These savings will result in additional funding to rebuild our national defense.

The legislation also includes the first significant increase in defense spending in 14 years, and will also boost pay for the nation's 1.4 million active-duty service men and women by 4.8 percent.

Once again, I would like to thank the Chairman for crafting an excellent bill, and I look forward to continuing to work with him and his staff.

IN HONOR OF CHIEF PAUL J. HANAK ON HIS RETIREMENT FROM THE UNION CITY, NEW JERSEY, POLICE FORCE

HON. ROBERT MENENDEZ

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. MENENDEZ. Mr. Speaker, I rise today to recognize Police Chief Paul J. Hanak on twenty-nine years of dedicated service to the citizens of Union City, New Jersey, and to congratulate him on his retirement from the force.

In August 1970, Mr. Hanak joined the Union City Police Force as a Patrol Officer where his hard work and dedication was quickly recognized and rewarded. By 1974, Mr. Hanak started his rise through the ranks when he was promoted to Sergeant. In the following years, he rose to Lieutenant in 1979, Captain in 1983, Deputy Chief in 1987, and finally Chief of the Union City Police Force in 1997.

Through the years, Chief Hanak was revered by his fellow officers as being responsive to their needs and compassionate about their daily stresses. He always set time aside to give advice and counsel. In fact, it was his mission statement which set the stage for the entire force: "Compassion, Proficiency and Respect." It is this type of work ethic, of motivation, that epitomized Chief Hanak's career.

Always committed to his sense of civic responsibility, Chief Hanak continued to flourish and grow in the criminal justice field outside the bounds of the police force. Receiving a Law Degree from Seton Hall University, Chief Hanak passed the New Jersey State Bar in 1971. In addition, he has served as an Adjunct Professor at the Jersey City State College, teaching courses on the Criminal Justice System.

I am happy to congratulate Chief Paul Hanak for his long and distinguished career; for his dedication and service to the Union City Police Force; and for his compassion for and understanding of his fellow officers and all the people of Union City. I ask all of my colleagues to join me in wishing this exceptional man a happy and healthy retirement.

THOMAS AND BRIDGES FAMILIES CELEBRATE 28TH REUNION IN CADIZ, TRIG COUNTY, KENTUCKY

HON. ED WHITFIELD

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. WHITFIELD. Mr. Speaker, I rise in tribute to the Thomas and Bridges families, who will come together for their 28th reunion in Cadiz, Trig County, Kentucky this August.

Drury Bridges brought his family to Kentucky from North Carolina in 1804. James Thomas, Sr., also a North Carolinian, came two years later. Both patriarchs had taken part in the struggle for independence during the Revolutionary War, but they had never met until they acquired land grants near each other in a portion of Christian County that in 1820 would become Trigg County.

With the passing of time, three of the Bridges children married three of the Thomas children, the beginning of family connections that remain strong today.

During the almost 200 years since these families chose Trigg County as their home, they and their descendants have made invaluable contributions to the cultural, religious, educational and political life of the county.

It is my honor to represent these distinguished families in the Congress of the United States and I am proud to introduce them to my colleagues in the House of Representatives and recognize their patriotism and civic leadership.

IN HONOR OF MS. MARGARET BLAKE ROACH

HON. ALCEE L. HASTINGS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. HASTINGS of Florida. Mr. Speaker, it is with great sadness that I rise today to mark the loss of a remarkable leader in South Florida. Margaret Blake Roach, an educator and pioneer in civil rights, passed away on July 16, 1999, among her loving family in Ft. Lauderdale, Florida. The Broward County community is no doubt in mourning for the loss of this great leader, mentor, and role model.

Margaret Roach served as a beacon of wisdom and fairness for many who suffered from social injustice. For more than thirty years, Margaret was at the forefront of the civil rights movement. She was the founder and president emeritus of the Urban League of Broward County and a founding member of the Broward/South Palm Beach region of the National Conference for Community and Justice. She was guded by the simple principle of access to opportunity for all, and she shared that principle with everyone she came in contact.

In addition, Margaret Roach realized the need and the importance to attend to the community's future by caring for the local children. She worked as an administrator in Broward County Schools for almost 24 years and was trustee and former chairperson of the Board of Trustees at Broward Community College. Margaret nurtured her students with an uncommon commitment to education and an education that went far beyond reading, writing, and arithmetic. She taught her students by example and brought both her time and leadership to various civic establishments such as the United Way, Habitat for Humanity, and the Cleveland Clinic.

The State of Florida will truly miss Margaret Roach for both her vision and her commitment to serving others. I am confident that despite the sadness of her loss, the Broward community will celebrate her exceptional life through the organizations to which she dedicated both her time and compassion. Mr. Speaker, I ask for my colleagues to join me as we honor this great American who has left such a memorable impression on the lives of so many people. I am grateful to Margaret Roach for her years of dedicated service to humanity and mourn her loss.

CELEBRATING THE CONTRIBUTIONS OF MARGARET KELLY

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. VENTO. Mr. Speaker, recently the Saint Paul Federation of Teachers Local #28 took time out to honor a special person and friend, Margaret Kelly.

Margaret Kelly, through a long career in Saint Paul Public Schools, is committed to education and has invested in building solid representation for teachers. Politically active, her hard work has resulted in a successful educational environment and an effective teacher's labor union. Her sister and perhaps best supporter, Mary Kelly, has also been active.

The roots of this local union go back many years and in line 1940's when there was labor strife, a young Margaret Kelly was in the middle of it. Today relations are more harmonious, but the challenges to Saint Paul Federation of Teachers #28 President Ian Keith are just as great. Fortunately, he has Margaret Kelly to rely upon. As a Member of Congress, I have been proud and well served with Margaret and Mary Kelly's counsel as well.

Congratulations to Margaret Kelly. The following brief article from the July 21 Union Advocate touches upon Margaret's role and the feelings of her fellow teacher's union members.

[From the Union Advocate, July 21, 1999]

LABOR MOVEMENT PIONEERS GATHER TO CELEBRATE, REFLECT

> Some of the key leaders who helped build the St. Paul Federation of Teachers gathered July 13 to celebrate the contributions of one of their own—Margaret Kelly (left), a member of the local for more than 50 years, an officer and leader.
>
> Ian Keith, president of the St. Paul Federation of Teachers, Local 28, presented her with the American Federation of Teachers "Living the Legacy" Award.
>
> "A lot of things changed in the union, but Margaret was always there," said Tom Dosch. "She really represented the union and unionism. She certainly was a guiding force the early years I was involved."
>
> Although she's been retired, Kelly is still remembered fondly by many of her former students, said Don Sorenson, another colleague. "Margaret not only did a great job in the union, she also was a great teacher." Kelly taught junior high English and Social Studies.
>
> Kelly said she believed her greatest accomplishment was successfully working for state legislation to establish retiree health benefits for teachers.
>
> Among those honoring Kelly were family members and fellow teachers, some of whom were involved in the historic St. Paul teachers strike of 1946—the first organized teachers strike in the United States. Others have been leaders of the union in the years since.

TRIBUTE TO MICHAEL J. RILEY

HON. HOWARD L. BERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. BERMAN. Mr. Speaker, I rise today to pay tribute to my friend, Mike Riley, who is retiring after a 45-year career with the Teamsters Union. In his modest way, Mike has said that working as a union organizer is "one of the few things I was good at that I liked." I don't know about his other pursuits, but I can say without hesitation that Mike is one of the best union representatives that I have ever known.

Mike's union career began as an accident. He was working as a truck driver in San Francisco, recently back from a tour of military duty in Korea, when he attended a union meeting. The big issue that day was whether members should support an increase in dues from $3 to $3.50 per month. Mike thought the request was justified, especially since the union had recently negotiated a $2.50 per week increase for Mike and his co-workers.

As it turned out, he was in the minority. From that point, Mike started to speak in favor of the union at the monthly meetings. His efforts caught the attention of union organizers, who asked him to join their ranks. He accepted the offer, and has never looked back.

Mike has held many prominent positions with the Teamsters, including International Union Representatives, International Vice President, Chairman of the Western Conference of Teamsters and President of Teamsters Joint Council 42, the position he holds today. Mike estimates he has helped negotiate thousands of contracts and settle tens of thousands of grievances through the years.

Mike counts among his proudest achievements obtaining early retirement—with full benefits—for eligible union members and helping to establish the Teamsters Miscellaneous Health and Welfare Plan, which provides medical, dental and vision benefits to an additional 25,000 Teamsters and their families.

Although he was dedicated to the union, Mike did make room in his schedule to serve as member of the Board of Directors of Big Brothers of Greater Los Angeles. As the father of three sons (and three daughters), Mike knows better than most how important it is for a young man to have an adult male figure in his life. One of his sons is currently serving as a Big Brother.

I ask my colleagues to join me in saluting Mike Riley, whose sense of compassion, commitment to economic justice and devotion to his family is an inspiration to us all. I am proud to be his friend.

TIME TO INCREASE THE MINIMUM WAGE: THERE IS A HIGH COST FOR LOW WAGES

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. LANTOS. Mr. Speaker, with 126 of our distinguished colleagues, I am a cosponsor of the bill, H.R. 325, which was introduced by our colleagues Congressman DAVID BONIOR and Democratic Leader RICHARD A. GEPHARDT. Our legislation would raise the minimum wage from $5.15 to $5.65 on September 1, 1999, and from $5.65 to $6.15 on September 1, 2000. An identical bill has been introduced in the Senate.

Mr. Speaker, the present minimum wage is a poverty wage. A single mother, with two children, working at minimum wage earns thousands of dollars less than the poverty level. You just cannot raise a family on $5.15 an hour. As Barbara Ehrenreich said in an essay entitled "The High Cost of Low Wages" which appeared in America @ Work: "Even in an economy celebrating unequaled prosperity, a person can work hard, full-time or even more, and not make enough to live on, at least if she intends to live indoors."

It is essential that we increase the minimum wage, Mr. Speaker, in order to prevent further erosion of the purchasing power of low-wage workers. An increase in the minimum wage will serve as an important means for people to gain independence from government income support programs. It will boost worker morale and increase worker productivity.

Mr. Speaker, we can afford to increase the minimum wage—and now is the time to do it. Our nation has now experienced the longest peacetime expansion in our country's history. The unemployment rate has fallen to 4.4%, the lowest rate in a generation. Inflation remains extremely low. Based on recent studies, there would be no adverse effects on employment or job opportunities with the implementation of the proposed increases in the minimum wage. The 1996–1997 increase of the minimum wage serves as an example of the effect of such an increase upon our economy. Two months after the 1997 increase the national unemployment rate actually dropped one full percentage point. Raising the minimum wage is good for the economy. The extra money gets spent at the grocery store, at the hardware store, and throughout the local community.

Mr. Speaker, approximately, ten to twelve million Americans will benefit from this legislation. Minimum wage workers are a significant part of our workforce. Over half of these workers are women. Almost three-fourths are adults. Half of those who will benefit from this bill work full-time, and 80% of them work over twenty hours per week. They are providers of child care. They are teachers' aides. They are single heads of households with children. These are hard-working people who deserve a fair living wage.

Barbara Ehrenreich, the author of over a dozen books on politics and society, authored a particularly good essay on the consequences of the low wages and the implications of increasing the minimum wage—"The High Cost of Low Wages"—which appeared in the AFL–CIO publication America @ Work. Mr. Speaker, her article is particularly insightful. I urge my colleagues to read Ms. Ehrenreich's article, and I urge them to support the adoption of H.R. 325.

THE HIGH COST OF LOW WAGES

Last summer I undertook an unusual journalistic experiment: I set out to see whether it is possible to live on the kind of wages available to low-skilled workers. I structured my experiment around a few rules: I had to find the cheapest apartment and best-paying job I could, and I had to do my best to hold it—no sneaking off to read novels in the ladies room or agitating for a Union.

So, in early June, I moved out of my home near Key West and into a $500 efficiency apartment about a 45-minute drive from town. I would have preferred the trailer park right on the edge of town, but they wanted over $600 a month for a one-person trailer.

Finding a job turned out to be a little harder than I'd expected, given all the help-wanted signs in town. Finally at one of the big corporate discount hotels where I'd applied for a housekeeping job, I was told they needed a waitress in the associated "family restaurant."

The pay was only $2.43 an hour, but I figured with tips, I would do far better than I would have at the supermarket which was offering $6 an hour and change.

I was wrong. Business was slow, and tips averaged 10% or less, even for the more experienced "girls." I was curious as to how my fellow workers managed to pay their rent. The immigrant dishwashers (from Haiti and the Czech Republic) mostly lived in dormitory-type situations or severely overcrowded apartments. As for the servers, some were technically homeless. They just didn't think of themselves that way because they had cars or vans to sleep in. I was shocked to find that a few were sharing motel rooms costing $40 to $60 a night, and I'm talking about middle-aged women, not kids. When I naively suggested to one coworker that she could save a lot of money by getting an apartment, she pointed out that the initial expense—a month's rent in advance and security deposit—was way out of her reach.

Meanwhile, my own financial situation was declining perilously. The money I saved on rent was being burned up as gas for my commuting. I was spending too much on fast food. I began to realize it's actually more expensive to be poor than middle class: You pay more for food, especially in convenience stores, you pay to get checks cashed; and you can end up paying ridiculous prices for shelter.

I decided to redouble my efforts to survive. First, I got a waitressing job at a higher-volume restaurant where my pay averaged about $7.50 an hour. Then I moved out of my apartment and into the trailer park, calculating that, without the commute, I'd be able to handle an additional job. For a total of three days altogether, I did work two jobs—including a hotel housekeeping job I finally landed.

At the end of the month, I had to admit defeat. I had earned less than I spent, and the only things I spent money on were food, gas and rent. If I had had children to care for and support—like many of the women now coming off welfare—I wouldn't have lasted a week.

But my experiment did succeed in showing that, even in an economy celebrating unequaled prosperity, a person can work hard, full-time or even more, and not make enough to live on, at least if she intends to live indoors. I left thinking that if this were my real life, I would become an agitator in no time at all, or at least a serious nuisance.

INTRODUCTION OF THE MEDICARE PHYSICIAN SELF-REFERRAL IMPROVEMENT ACT OF 1999

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. STARK. Mr. Speaker, the physician self-referral law has successfully prevented billions of dollars worth of business deals that would have abused patients through overtesting and provision of unnecessary services and wasted Medicare funds. That's why the legislation that is sponsored by Representative BILL THOMAS—which effectively guts the statute by eliminating the Federal Government's authority to regulate providers' compensation relationships—should be summarily rejected.

Instead, I hope that my colleagues will take a careful look at the legislation that I am introducing, which makes certain responsible changes in the law to streamline and simplify it.

The principal provision in the Medicare Physician Self-Referral Improvement Act of 1999 creates a fair market value exception, or safe harbor, for providers who enter into compensation relationships with entities to which they refer Medicare and Medicaid beneficiaries for health services. All that is required under the fair-market value exception is that providers set down the terms of their arrangement in writing, that it is for a specified period of time and is signed by all parties; that it is not based on the volume or value of referrals; and that rates paid are commercially reasonable.

What honest doctor can't meet those standards?

The bill that I am introducing also makes changes in the "direct supervision" requirement that governs the in-office ancillary services safe harbor; substantially narrows financial relationship reporting requirements for providers, who would only have to produce accounts of their financial relationships and those of immediate family members upon audit; modifies the law's "direct supervision" requirement for in-office ancillary services; expands the prepared plan exception to include Medicare and Medicaid coordinated capitated plans; creates an exception for areas in which the HHS Secretary finds there are no alternative providers; exempts ambulatory surgical centers and hospices; alters the definition of a group practice; and requires HCFA to issue advisory opinions within 60 days of receiving a request.

If enacted, these changes would improve the law without undermining it—as the Thomas bill clearly would. Policymakers know that the self-referral law is uniquely effective in controlling overutilization, and that it works well precisely because providers scrub their arrangements before finalizing contracts. In effect, the self-referral law is self-enforcing.

To further substantiate that point, at a May 13 Ways & Means Health Subcommittee hearing on the physician self-referral law, the HHS Inspector General's chief counsel, D. McCarty Thornton, testified that the phony joint ventures on the 1980's have decreased significantly. That is good news.

The result is that compliance with the law is standard practice in the health industry today. Even Columbia-HCA, which I have long criticized, now has a system in place that carefully screens financial relationships with physicians in order to stay in compliance with the law.

This demonstrates that even without final regulations, the law is effectively controlling overutilization in Medicare's fee-for-service program—which still comprises 82 percent of all enrollees. Absent the law's curbs, Medicare would be highly vulnerable to overutilization again. Indeed, in 1995, when Representative THOMAS introduced similar legislation, the Congressional Budget Office estimated the bill would cost Medicare $400 million over 7 years.

It is particularly hypocritical that the American Medical Association is lobbying for repeal of the law's compensation provisions. Last time I checked, AMA's Code of Medical Ethics bars members from entering into self-referral arrangements.

The Health Care Financing Administration has promised to issue final regulations for the physician self-referral law by next spring. At this juncture, it would be deeply irresponsible to enact legislation that effectively repeals the heart of the law—which is the Federal Government's ability to require fair-market value parameters for compensation arrangements between providers.

If the law is repealed, taxpayers will again be forced to foot the bill for billions of dollars in provision of unnecessary services. Enactment of the Thomas proposal would shorten Medicare's life and return us to the days of the 1980's, when physicians created sham joint ventures to which they steered their patients for unnecessary, expensive, and even painful tests.

I hope that we will not go down that road.

THE MEDICARE PHYSICIAN SELF-REFERRAL IMPROVEMENT ACT

BILL SUMMARY

The Medicare Physician Self-Referral Improvement Act of 1999 introduced by Rep. Stark refines the self-referral laws in a number of ways. Below is a summary of the bill that highlights major provisions in current law and major changes that this legislation makes to those provisions.

Current law bans compensation between doctors and providers in certain designated health services areas. It is designed to provide a "bright line" in the law and to avoid requiring the government to investigate difficult "kickback" cases. The current law includes many complex exceptions to the total ban.

The Medicare Physician Self-Referral Improvement Act of 1999 would replace most of the compensation exceptions with a single "Fair Market Value" test. It would maintain the exceptions to the ban for physician recruitment and de minimis gifts. Under the fair market value test, an agreement must be in writing, for a definite period of time, and not be dependent on the volume or value of referrals. The compensation in the contract must be a reasonable "fair market" rate.

Current law requires "direct supervision" by referring physicians of those providing designated health services to qualify for the in-office ancillary service exception.

The Medicare Physician Self-Referral Improvement Act of 1999 would require general supervision which is a less stringent standard than current law, but it would require that generally the physician be on the premises.

Current law provides a general managed care exemption.

The Medicare Physician Self-Referral Improvement Act of 1999 would clarify that the managed care exemption extends to Medicaid managed care plans and Medicare+Choice organizations.

Current law provides an exception from the law in instances where no alternative provider is available.

The Medicare Physician Self-Referral Improvement Act of 1999 would change that exception so that the Secretary of Health and Human Services would determine whether an area is underserved and therefore needed such an exception.

Current law requires reporting of provider financial relationships and those of their immediate families, and institutes civil monetary penalties for failure to comply with such reporting requirements.

The Medicare Physician Self-Referral Improvement Act of 1999 would repeal that reporting requirement and replace it with a requirement that physicians have records available for audit purposes. It would also abolish the civil monetary penalties that go along with the current financial relationship reporting requirement.

Current law provides a list of designated health services that are covered by the self-referral ban.

The Medicare Physician Self-Referral Improvement Act of 1999 would remove eyeglasses and lenses from the list and would clarify that the law does not cover ambulatory surgical centers or hospices.

Current law requires HCFA to provide advisory opinions upon request, but has no deadline for their completion.

The Medicare Physician Self-Referral Improvement Act of 1999 would require that advisory opinions be answered by HCFA within 60 days.

Current law forbids providers from providing DME and parenteral and enteral nutrients as part of the in-office ancillary exception.

The Medicare Physician Self-Referral Improvement Act of 1999 would eliminate the ban.

RPS, INC. RECOGNIZED IN CONGRESS

HON. FRANK MASCARA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thurday, July 29, 1999

Mr. MASCARA. Mr. Speaker, I rise today to pay tribute to a company in my district, RPS, Inc., an FDX Company. This company has grown in less than 15 years to become the second largest small-package carrier in North America, and has established a reputation for efficient, affordable, and safe service.

RPS is a major employer and business operating in the southwest corner of Pennsylvania. Its headquarters have been located outside of Pittsburgh since the company was started in 1985 by President and CEO Daniel J. Sullivan. Since then, RPS has been one of the fastest growing companies in the transportation industry and currently employs over 30,000 people nationally, and ships over 1.4 million packages a day. In 1996 the company became the first small-package carrier to offer service to every business address in North America. One reason for the company's outstanding success is rooted in its commitment to technological innovation and emphasis on safe, reliable service.

Recently, RPS was awarded the 1999 Parcel Delivery Carrier of the Year by the National Small Shipments Traffic Conference (NASSTRAC), an organization of shipping executives and industry peers. In the Parcel Delivery category, this honor was bestowed solely upon RPS for its outstanding industry innovations, leadership, technology, on-time performance, service to customers, and sales support. The significance of this award is that industry professionals and peers deemed RPS to be the best in the industry, above all competitors.

In addition, the company and its employees have been recognized for their unparalleled safety record and efficient service to customers. The American Trucking Association recently named two RPS drivers, Keith Herzig and Vicki Carpenter, as Road Team Captains. This title is conferred upon 12 elite drivers annually for their exemplary safety and service records. Furthermore, RPS won the American Trucking Association's National Truck Safety Contest in 1998 or having the fewest number of accidents in the 20 million miles hauled category. RPS can serve as an example to other companies in industries which operate heavily on our nation's highways.

I am honored to have such a fine company in my district and to represent them in Congress. I am certain RPS will continue to have a long and successful future serving America's business transportation needs.

THE ANNUNCIATION PARISH COMMUNITY

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. KUCINICH. Mr. Speaker, I rise today in celebration of the Annunciation Parish Community as it celebrates its 75th year of dedicated service to the West Cleveland community.

The Annunciation Parish Community, through its "willingness to bear Jesus to the world," has served as a center for the religious expression and the spiritual growth of the West 130th and Bennington communities.

Through the rite of Baptism as well as conversions, Annunciation has brought many members of the community into the Catholic faith. Throughout the years, Annunciation has served as a center of spiritual and religious growth within the community through the rites of Eucharist and Confirmation. Also, Annunciation unites Catholic members of the community through marriage, offers spiritual pardons through confession, as well as memorializes the deceased through Christian burial.

Annunciation has also educated generations of young men, women and children who have passed through the residential school over the last seventy-five years. in addition to teaching children the fundamental academic disciplines, Annunciation has taught the importance of service to the community. Currently, Annunciation is involved in helping to bring the Bellaire-Puritas Development Corporation and the Meals-On-Wheels to the area, providing their end of the month Neighborhood Meal, and monthly Food Collection and Hunger Collection, both of which are very supportive of the West Park Community Cupboard.

It is evident that the Annunciation Parish Community has, over the years, played a crucial role in the community, and that its many years of service have been an invaluable contribution to the West Cleveland community.

IN RECOGNITION OF THE PLEASANTON LIONS CLUB'S CAMPAIGN TO RAISE AWARENESS ABOUT SCLERODERMA

HON. ELLEN O. TAUSCHER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mrs. TAUSCHER. Mr. Speaker, I rise today to bring to the attention of my colleagues a disease known as scleroderma that an estimated 500,000 Americans currently suffer from. Even though more people have this disease than have Muscular Dystrophy, Multiple Sclerosis or Cystic Fibrosis, Scleroderma, unfortunately, is not that well known by the public.

Scleroderma literally means "hard skin" and is a chronic disorder that leads to the overproduction of collagen in the body's connective tissue. It can also effect internal organs, causing severe damage and serious complications to the body's digestive, circulatory and immune system. Scleroderma is not contagious or directly hereditary nor is it gender, race or age specific. However, 80% of its victims are women, most in the prime of their lives. Unfortunately, there is no known cause or cure for scleroderma.

I would like to commend the Pleasanton Lions Club within the 10th Congressional District for taking it upon themselves to raise awareness about Scleroderma. Thanks to a request being made by the Pleasanton Lions Club, the Pleasanton City Council on May 18 of this year proclaimed the month of June as "Scleroderma Awareness Month." Also in conjunction with downtown events in Plesanton, the Pleasanton Lions Club sponsors a booth offering information about the disease that also involves members from the Scleroderma Support Group in the Bay Area who share their stories with the public.

The Pleasanton Lions Club has also established informational displays along with literature at the Pleasanton Library, the Lion's Club visitor/ticket office, the Valleycare Library, Valleycare Mental Center, the Pleasanton Senior Center and the Livermore Veterans Hospital.

On June 11, the Pleasanton Lions Club sponsored their 11th annual golf tournamaent and dinner to help raise money for scleroderma research. I have been told that the tournament and the subsequent dinner were a roaring success.

It is important that scleroderma be given the attention required to raise awareness and the funds needed to fight this chronic disease. The Pleasanton Lions Club have played a major role in this effort and I thank them for it. I hope others will follow their lead and get the word out to the public about why we need to fight scleroderma.

SALARIES FOR MEMBERS OF CONGRESS

HON. RON LEWIS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. LEWIS of Kentucky. Mr. Speaker, I rise today to address the issue of salaries for Members of Congress.

I have spoken time and again about my frustration of having to deal with the issue of automatic cost of living increases for Members of Congress each year. This year was no exception.

Representing a mostly rural district in Kentucky, I believe that I am fairly compensated for my services. It is an honor for me to represent the Second District.

It is important, at a time like this, for us to not lose sight of the fact that in the past several years we have ask America to sacrifice in order to balanced the federal budget. While we, in Congress, have made great strides toward this goal, our job is not yet complete.

I continue to be concerned with the process in which these cost of living adjustments are made. I would rather Congress take an up or down vote on all pay adjustments for Members and have cosponsored legislation to eliminate the cost of living provision all together. This was the manner in which Congress did business for over one hundred and fifty years.

This is the first time in five years I have voted for a cost of living increase. I have to recognize that many of my colleagues are not fortunate enough to live in a low cost area such as the Second District of Kentucky.

This increase is not just for Members of Congress but for the thousands of federal judges and civil service administrators which are leaving at an alarming rate for the private sector. This exodus is depriving the government of some of the best and brightest that we have to offer.

Mr. Speaker, while I supported the increase for these reasons this time, I will not accept it personally. I intend to contribute my share of the cost of living increase to worthwhile causes in the Second District of Kentucky.

TRIBUTE TO ALBERT SADOW

HON. SANDER M. LEVIN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. LEVIN. Mr. Speaker, I rise to pay tribute to Police Chief Albert Sadow who retired from Hazel Park, Michigan's Police Department on July 14, 1999, bringing closure to 38 years of distinguished public service.

Chief Sadow's career with the City of Hazel Park dates back to 1961 when he worked for the Water and Sewer Department at the hourly rate of $1.67. In addition to holding the civilian posts of Assistant City Manager and Personnel Director, Chief Sadow rose through the ranks of the Police Department from Patrolman to Sergeant to Lieutenant, and finally to Chief in 1985.

Under Chief Sadow's leadership, the City of Hazel Park profited from many positive changes and innovations in public safety. Through the acquisition of state and federal funds, Chief Sadow brought the Hazel Park Police Department into the 21st Century by installing video display terminals, video cameras, radar units and state-of-the-art computer systems in every police cruiser.

Other programs instituted during Chief Sadow's tenure include the Southeast Oakland Crime Suppression Task Force, Drug Abuse Resistance Education (DARE), the K–9 unit, Motor Vehicle Carrier and Bicycle Patrol.

In his 38 years of service, Albert Sadow never used a sick day, and has been a tireless, and dedicated public servant. Indeed, Hazel Park is as better and safer place thanks to Chief Sadow.

Mr. Speaker, I ask my colleagues to join me in wishing my friend, Albert Sadow, good health and happiness as he and his wife, Virginia, trade in his police car for their motor home, and spend their retirement visiting their three grown children and enjoying life together.

HONORING JUDGE FRANK M. JOHNSON, JR.

HON. EARL F. HILLIARD

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. HILLIARD. Mr. Speaker, We are a country of strong men united by great philosophies, yet we are divided by realities that built this country by stripping a people of their land in order to call it our own and by enslaving another people to a lifelong labor of blood and sweat to build our homes.

Mr. Speaker, I rise today, on the brink of a new millennium, not to point out the immaculate flaws of our cherished American dream. Rather, I rise to salute Judge Frank M. Johnson, Jr., a man who Time Magazine in 1967 deemed "one of the most important men in America" and whose life exemplifies the Biblical statement "To whom much is given, much is required."

Judge Johnson is a man who dedicated more than four decades of his life to ensuring that no man be limited by separate facilities that inherently violate his right to life, liberty, and the pursuit of happiness. He is an American icon, a legendary Federal jurist from Alabama whose historic civil rights decisions forever shattered segregation in a "Jim Crow" South. His monumental ruling striking down the Montgomery bus-segregation law as unconstitutional created a broad mandate for racial justice that eternally eliminated segregation in public schools and colleges, bathrooms, restaurants and other public facilities in Alabama and across the South. Judge Johnson was an innovator and a crusader for all mankind who will be remembered eternally for giving true meaning to the word justice.

Today, I rise to honor Judge Johnson for helping to bring equality to the American dream; I honor him for bringing justice to an inhumane system of law; I honor him like Martin Luther King, Jr., for allowing justice and righteousness to roll down like a mighty stream.

AMENDMENT TO CZECH CITIZENSHIP LAW PRAISED

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. HOYER. Mr. Speaker, I rise today to address an issue I have raised in this Chamber many times before: the Czech citizenship law. For 5 years, as a member of the Helsinki Commission, I have argued that the law adopted when the Czechoslovak Federal Republic dissolved, on January 1, 1993, was designed to and had the effect of leaving tens of thousands of former Czechoslovaks de jure or de facto stateless. I have argued, and as Czech officials eventually admitted, all of those people were members of the Romani minority. And I have argued that to have a law with such a narrow and discriminatory impact was no accident. Most of all, I have argued that this law needed to be changed.

In 1996, the law was amended in an effort to placate international critics of the law, but that amendment was mere window dressing and the Czech citizenship law still left tens of thousands of former Czechoslovaks stateless, every one a Rom. Moreover, there was an important principle at stake: citizenship laws in newly independent states which discriminate against permanent residents who were citizens of the former state on the basis of race, language, religion or ethnicity are not compatible with international norms. That failure to uphold this principle in the Czech Republic could have critical reverberations in every former Soviet Republic and, more to the point, every former Yugoslav Republic.

Many people working on this issue believed that the 1996 amendment was all that was politically possibly; that we would simply have to resign ourselves to a generation of stateless Roma. The leadership of the Helsinki Commission, including the current Chairman, Congressman CHRIS SMITH, held our ground and insisted that the Czech law should be amended again, to bring it into line with international norms.

Meanwhile, throughout this first post-Communist decade, the number of violent attacks against Roma climbed, year after year. By the fall of 1997, some 2000 Czech Roma had requested asylum in Canada. By 1998, NGO's reported that there had been more than 40 racially motivated murders in the Czech Republic since 1990, more than the number of racially motivated murders in Bulgaria, Romania, and Slovakia combined—countries with much larger Romani populations. Midway through 1998, the city of Usti nad Labem announced plans to build a wall to segregate Romani residents from ethnic Czechs—a ghetto in the heart of Europe.

Fortunately, the Czech Government elected last year appears to take the human rights violation of Czech Roma much more seriously. Early after taking office, Deputy Prime Minister Pavel Rychetsky announced that amending the Czech citizenship law would be a priority for his government. Acting on that commitment, the Chamber of Deputies adopted an amendment on July 9 that will enable thousands of Roma to apply for citizenship.

This amendment must still be passed by the Czech Senate and signed into law by President Havel—both steps are expected to take place this year. More critically, it will be necessary to ensure that there is an active campaign to reach all those who have been denied citizenship, to make sure this right is fully exercised. But for now, the Czech Chamber of Deputies has upheld an important principle and, even more importantly, upheld the rights of the Romani minority.

H.R. 2633—THE POLICE BADGE FRAUD PREVENTION ACT OF 1999

HON. STEPHEN HORN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. HORN. Mr. Speaker, today I reintroduced H.R. 2633, the Police Badge Fraud Prevention Act, a bill intended to remove the state and local police badge from the reach of those who wish to use badges to commit crimes.

If a man or woman in a police uniform knocks on your door and shows a badge, you wouldn't think twice about opening the door. But by doing so, you may be putting your family in danger. Counterfeit police badges—and fraudulently obtained real ones—have allowed criminals to invade people's homes and terrorize their families.

In 1997, Los Angeles police arrested two men suspected of committing more than 30 home-invasion robberies by impersonating police officers. Among the more than 100 items confiscated from the suspects' home were official Los Angeles police badges.

Despite state statutes against impersonating police officers, criminals appear to have disturbingly easy access to police badges and the means to manufacture counterfeit badges. The local Fox television affiliate in Los Angeles found out just how easy it is in an undercover investigation. The undercover reporter bought a fake Los Angeles Police Department badge from a dealer for $1,000, a fake California Highway Patrol badge for $40, and for $60 a fake badge from the police department of Signal Hill (a city in my Congressional District).

The threat of counterfeit police badges reaches across state lines. Criminals can purchase badges on the Internet and through mail-order catalogs. The interstate nature of the counterfeit badge market calls for a national response to this problem. There is currently no federal law dealing with counterfeit badges of state and local law enforcement agencies.

H.R. 2633, the Police Badge Fraud Prevention Act, would ban the interstate or foreign trafficking of counterfeit badges and genuine badges (among those not authorized to possess a genuine badge). This legislation would complement state statutes against impersonating a police officer, addressing in particular the problems posed by Internet and mail-order badge sales. The bill is similar to H.R. 4282 in the 105th Congress. The new version of the bill includes exceptions for cases where the badge is used exclusively in a collection or exhibit; for decorative purposes; or for a dramatic presentation, such as a theatrical, film, or television production. The Fraternal Order of Police is endorsing this bill.

Misuse of the badge reduces public trust in law enforcement and endangers the public. This bill should be enacted to stop criminals from using this time-honored symbol of law enforcement for illegal purposes.

I am delighted to have the following cosponsors. They are: Mrs. MORELLA, Mr. RAMSTAD, Mr. SHOWS, Mr. BARCIA, Mr. HOLDEN, Mrs. KELLY, Mr. INSLEE, Mr. VISCLOSKY, Mr. GENE GREEN, Mr. KOLBE, Mr. LUTHER, Mr. ENGLISH, Mr. ADAM SMITH, Mr. STUPAK, Ms. DANNER, Mr. OSE, Mr. REYES, Ms. BERKLEY, and Mr. GARY MILLER.

I urge my colleagues to co-sponsor this legislation and urge the House to pass it.

Mr. Speaker, the text of H.R. 2633 is short. It follows:

H.R. 2633

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Police Badge Fraud Prevention Act of 1999".

SEC. 2. POLICE BADGES.

(a) IN GENERAL.—Chapter 33 of title 18, United States Code, is amended by adding at the end the following:

"§ 716. Police badges

"(a) Whoever—

"(1) knowingly transfers, transports, or receives, in interstate or foreign commerce, a counterfeit police badge;

"(2) knowingly transfers, in interstate or foreign commerce, a genuine police badge to an individual not authorized to possess it under the law of the place in which the badge is the official badge of the police;

"(3) knowingly receives a genuine police badge in a transfer prohibited by paragraph (2); or

"(4) being a person not authorized to possess a genuine police badge under the law of the place in which the badge is the official badge of the police, knowingly transports that badge in interstate or foreign commerce;

shall be fined under this title or imprisoned not more than 180 days, or both.

"(b) It is a defense to a prosecution under this section that the badge is used exclusively—

"(1) in a collection or exhibit;

"(2) for decorative purposes; or

"(3) for a dramatic presentation, such as theatrical, film, or television production.

"(c) As used in this section—

"(1) the term 'genuine police badge' means an official badge issued by public authority to identify an individual as a law enforcement officer having police powers; and

"(2) the term 'counterfeit police badge' means an item that so resembles a police badge that it would deceive an ordinary individual into believing it was a genuine police badge.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 33 of title 18, United States Code, is amended by adding at the end the following new item:

"716. Police badges.".

THE CONNECTICUT STATE TECHNOLOGY EXTENSION PROGRAM

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise to speak in support of a program very important to Connecticut. With Congress presently debating its annual spending bills, people may wonder how the budget affects them and their well being. I would like to take this opportunity to tell you about one particular program of which I am a strong supporter—the Connecticut State Technology Extension program (CONN/STEP). CONN/STEP helps Connecticut manufacturers become more competitive through the use of advanced manufacturing and management technologies. Through their team of field engineers CONN/STEP provides onsite technical assistance, detailed assessments, outlines potential solutions, and identifies external service providers. CONN/STEP is funded jointly by the State Department of Economic and Community Development and the National Institute of Standards and Technology (NIST) under the Department of Commerce.

Here's how CONN/STEP helped one local company in Bristol, Connecticut. Ultimate Wireforms manufactures arch wires and other orthodontic appliances from superelastic/memory alloys and stainless steel for orthodontry applications. The arch wires apply pressure to teeth, slowly causing them to move a predetermined amount to correctively position teeth. The company has provided support to the orthodontic industry since 1989 and currently employs 65 people.

Ultimate Wireforms was searching for opportunities to expand their product offerings and decided to focus on the Titanium arch wire business which was undergoing rapid growth. Titanium arch wires apply higher forces to the teeth, which accelerate the corrective orthodontic process. Ultimate, however had no titanium technology experts in house and was being restricted from entering this market by an existing patent, held by a competitor.

Ultimate initially attempted to find a Titanium alloy to leap-frog the patent but all of the candidate alloys had one or more drawbacks and, consequently, were not pursued beyond the laboratory phase. With the eventual expiration of the patent, Ultimate was poised to pursue entry into this market, but lacked the in-house expertise to develop Titanium technology. This led them to CONN/STEP for help. A CONN/STEP specialist, knowledgeable in the Titanium industry, identified melting, ingot conversion and wire making suppliers to make small and medium-sized experimental quantities. CONN/STEP soon became the technical interface with the titanium suppliers, resolving problems as they arose until multiple batches with the correct composition and mechanical properties were produced. Ultimate has since entered the Titanium arch market and is now enjoying a 60% increase in sales.

Satisfied with the technical service, Ultimate Wireforms had subsequently entered into several additional projects with CONN/STEP, including a comprehensive assessment of their accounting and financial system to help Ultimate better understand their internal functions as well as their place in the market.

IN RECOGNITION OF DEDICATED SERVICE BY MR. ROBERT TOBIAS

SPEECH OF

HON. THOMAS M. DAVIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. DAVIS of Virginia. Mr. Speaker, I rise today to pay tribute to a true leader in the Federal Employees community, Robert Tobias. Since 1983, Bob Tobias has served as the President of the National Treasury Employees Union (NTEU) and he has been involved with NTEU since 1968. Bob Tobias has a proud thirty-one year legacy with NTEU and he has improved the workplace for all federal employees. Since 1995 when I first came to Congress, I have had the opportunity to work with Bob on supporting federal employees and their issues.

Tonight, several members of Congress from both sides of the aisle will pay tribute to Bob and his many victories at the helm of NTEU. When my distinguished colleague, Representative STENY HOYER, and I first sent out a request for participation in an evening of Special Orders, I was overwhelmed by the number of my colleagues who expressed an immediate interest in participating in paying tribute to Bob. It is a testament to his ability to work with members of both political parties to find a common ground that protects federal employees and continues to bring our federal government into the Twenty-First Century.

Every major battle that involved federal employees over the past twenty years has included Bob Tobias. He was integral to the creation of the Federal Employee Retirement System (FERS) in 1983, protecting the Federal Employees Health Benefits Plan (FEHBP), restructuring the Internal Revenue Service (IRS), advocating for the closure of the pay gap for federal employees, and instrumental in reforming the Hatch Act which allows federal employees to exercise their rights to participate in political activity.

Bob has not only encouraged federal employees to become more involved politically at both the national and grassroots level, but has also pursued litigation as a tool to advance and expand worker interests. Bob has not only led the fight in landmark court battles, but before the Federal Labor Relations Authority, the Merit Systems Protection Board, the Federal Service Impasses Panel, and the Office of Personnel Management.

Under his leadership, federal employees won a federal court victory giving them the right to engage in informational picketing; a Supreme Court win that overturned the ban on speaking and writing honoraria; and just earlier this year, another Supreme Court victory in a critical case that established in law the right of federal employees and their collective bargaining representatives to initiate midterm bargaining. That victory gives employees the same rights that agency managers have, and, to a very great extent, levels the negotiations playing field.

Mr. Speaker, as I mentioned previously, I have worked closely with Bob Tobias on numerous federal employee issues. Bob has dual goals that he has continually achieved throughout his tenure at NTEU—protecting the rights of federal employees, and ensuring that our government effectively and efficiently accomplishes its job. It has been my great honor to work with Bob in meeting those goals.

As one of the primary advocates for federal employees, Bob constantly reminded us of the necessity of hiring the best and the brightest to work in the government, and the necessity of retaining those employees who have the knowledge and expertise to get the job done. He and I have worked together to keep federal employees in the workforce by making sure that they have the same rights, benefits, and protections as do their colleagues in the private sector.

Before I came to Congress, I worked as high-tech executive for a government contracting firm in Northern Virginia. We made it our top priority to treat our human capital as our most valuable asset. Unfortunately, the federal government does not do that with its federal employees who often make numerous sacrifices to be in public service. Instead, it has always been more popular to ask federal employees to sacrifice pay raises, and forego benefits, or to simply perpetuate negative stereotypes of federal employees. Bob Tobias has always known this is inaccurate and he has devoted his entire career to giving federal employees a stronger voice.

For many years, Bob has sought to educate the members of NTEU and federal employees of the importance of participating in the legislative process. I have had the opportunity to speak to the Northern Virginia legislative leaders as well as those who represent their colleagues from across the country at NTEU's annual legislative conference in Washington, D.C. It is apparent to me that the legislative program is thriving because of Bob Tobias and his commitment to ensuring that the voices of federal employees are heard on Capitol Hill.

NTEU was one of the main forces behind passage of a bipartisan bill, signed into law by President George Bush that would close the pay gap between the government and the private sector. Since the Federal Employees Pay

Comparability Act (FEPCA) became law, Bob has fought to have the FEPCA language enforced and the pay raises provided for in the law fully funded for federal employees.

During the 105th Congress, Bob and I worked closely together on efforts to restructure the IRS and to ensure that the rights of both the American taxpayer and IRS employees were protected. Bob sought to make the employee's voices heard in the discussions of how to make the IRS more customer-service oriented and more responsive to the needs of the people it serves. IRS reform continues to be on-track and successful. This is in large part because of Bob Tobias' efforts to involve the employees at the agency.

I am certain that he will enjoy many new successes as he pursues writing, teaching, and educating a new generation. I am personally saddened that I will no longer be working with Bob on the numerous issues that affect the many federal employees living in the Eleventh Congressional District of Virginia but I wish Bob, his wife, and his family well as he pursues new opportunities. I will miss his leadership, his commitment, and his expertise.

Mr. Speaker, I know my colleagues join me in honoring Bob Tobias on his retirement as President of NTEU. Bob has been a tireless advocate for federal employees for the past thirty-one years, and I would like to join my colleagues in saluting him this evening. His dedication to federal employees and their issues is second to none. His commitment and leadership in the federal employees community will be surely missed.

TRIBUTE TO MR. THOMAS CHARLES UNIS

HON. EDDIE BERNICE JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise today in order to honor one of the most productive civic leaders in the history of Dallas, Mr. Thomas Charles Unis, who passed away on July 17th. Mr. Unis was a gentleman, and an outstanding public servant. He was one of the best legal minds ever produced by the state of Texas. The City of Dallas is forever indebted to Mr. Unis for his leadership, and commitment to public service. The loss of Thomas Unis is an incredible blow to Dallas. We are comforted by the fact that Mr. Unis led an exemplary life.

As a man of faith, Mr. Unis was held in the highest regard, being designated a papal knight of St. Gregory by Pope Pius XII in 1953, as well as Knight of the Holy Sepulchre, and a Knight of Malta. Honors were no stranger to Mr. Unis, as he received praise for his dedication to community service, as founder or charter member of a number of organizations including the Catholic Foundation, University of Dallas, and the Greater Dallas Community Relations Commission.

Tom Unis not only had a record of community involvement, but was also able to use an impressive educational background to gain success in his career. Mr. Unis received his law degree from the University of Texas and served in the Navy in World War II before he began practicing law in 1946. As a result of the war period, cases mounted in the District Attorney's office in Dallas. Mr. Unis, a young prosecutor after World War II, gained experience in the office of the District Attorney, working on cases accumulated from the War period. Tom recalled in an interview that, "we were trying cases morning, noon, and night." Mr. Unis' legal career extended well into the 1980's, when he made his services available to Pennzoil, in the Pennzoil v. Texaco corporate lawsuit. According to Tom, he was compelled to take the case because "it was the biggest piece of litigation that had come along in years." Though Mr. Unis was an incredibly successful attorney, having a four decade career with the firm, Strasburger and Price, he devoted a substantial portion of his time to public service.

Thomas Unis began his participation in the political realm in 1939, at the University of Texas, when he serenaded female students as part of a campaign for student office. In 1957, nearly two decades later, Mr. Unis remained involved in local politics, serving on the Dallas City Council. In the early 1960's J. Erik Jonsson ran for mayor with the backing of the Dallas Citizens' Charter Association. Jonsson eventually persuaded Mr. Unis to become his campaign manager for the mayoral race. Mr. Jonsson, with Tom Unis as his campaign manager, won the mayoral race, and ironically, Mr. Unis later became the president of the Dallas Citizens' Charter Association. During the 1980s, Thomas Unis served on the Dallas Area Rapid Transit (DART) board as an appointee of the Dallas County Commissioners Court. His presence on the DART board as well as the other associations had a significant impact on Dallas, which is why his participation was requested for a large number of public service endeavors.

Mr. Unis died at the age of 81, and is survived by his wife, Dorothy and four children, Tom, Joseph, Cheryl, and Mary. Though the City of Dallas will mourn the death of Mr. Unis, we should remember his own words: "I've had a lot of fun all my life," we should also celebrate his accomplishments, and the fact that he lived a long and memorable life. We all have lost an incredible person, but celebrate Mr. Unis's full and successful life.

HONORING YOSHITO TAKAHASHI

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to honor Clovis native Yoshito Takahashi. Mr. Takahashi is among the 34 recipients worldwide to win a Medal of Honor from Japan's Minister for Foreign Affairs. The award is the Order of the Sacred Treasure, Gold and Silver Rays for his contributions to improving the status of Japanese Americans and the promotion of judo. In this country, the award is typically given for promoting U.S.-Japan relations and community service. Fifteen people garnered the award in the United States.

Mr. Takahashi has left an indelible mark on healthcare in California's San Joaquin Valley. He helped build the first hospital in Clovis in 1950, and more recently participated in building a newer one. This hospital is a state-of-the-art healthcare facility serving not only the Clovis area but also the nearby mountain communities, including Yosemite National Park. For his service to the community and to healthcare, he was given a proclamation from the Mayor of the city of Fresno. The Board of the Community Health Foundation, which Mr. Takahashi served on for nine years, also recognized him at their annual Community Circle dinner in 1996.

Mr. Takahashi began his relationship with Community Hospitals of Central California (CHCC) when he joined the Board of Clovis Memorial Hospital in 1975. As a board member, he served on the Corporate Affairs Committee, the Long-Range Planning Committee, and the Physicians Relations Committee. Mr. Takahashi also served on the Audit Committee and the Quality Assurance Committee at Clovis Hospital. He continued to serve on the CHCC Foundation Board and until 1977, he was a member of the Foundation Committee responsible for Finance and Asset Management.

As he left his formal association with Community Hospitals of Central California, he left a relationship that started with a 40-bed hospital in Clovis and ended with much more. He was responsible for policy and support to a Community Healthcare System with an annual operating budget of over $300 million and 1,000 beds, reaching out to people from Modesto to Bakersfield.

Mr. Takahashi has also been active in numerous community organizations and held various leadership positions within them. He has been involved with the Clovis Chamber of Commerce, the Clovis Unified School District Foundation, and the Legacy Fund for the JCL. Mr. Takahashi was a Fresno County representative to the California Freestone Peach Association, served as past Director of the Clovis Rotary Club, secretary-treasurer of the Clovis District Coordinating Council, Director/Founder of Clovis Community Bank, and as president of the Clovis Japanese American National Museum in Los Angeles and is an active member of the Fresno Buddhist Church, of which he has been a member for 50 years.

Mr. Takahashi believes that participation in competitive sports is as important as community involvement. He has been president of the Central California Amateur Union and a life member of the Amateur Athletic Union of the United States since 1974. Mr. Takahashi also served on the Jr. Olympic Judo Committee for 20 years and was an officer of the Central California Judo Black Belt Association.

Yoshito Takahashi has received numerous awards for his extensive community involvement. In 1977, he was named Clovis Citizen of the Year. Two years later, he was inducted into the Clovis Citizens Hall of Fame.

Mr. Speaker, I rise today to honor Yoshito Takahashi for his time and service to his community and for promoting U.S. and Japan relations. I urge my colleagues to join me in wishing Mr. Takahashi, his wife, and family, many more years of continued success.

IN MEMORY OF FEDERAL JUDGE FRANK M. JOHNSON, JR.

HON. ALCEE L. HASTINGS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. HASTINGS of Florida. Mr. Speaker, I rise today to pay tribute to the late Federal Judge Frank M. Johnson Jr. As a federal judge, Judge Johnson's decisions literally shaped the future and the force of the civil rights movement in the 1960s. As an individual, he was a man whose commitment to his ideals and the law did not wane, despite considerable personal risk and significant sacrifice. Mr. Speaker, it is vital that Congress honor Judge Johnson for both of these roles, and to recognize the loss that his recent death represents.

Judge Johnson served on the U.S. District Court in Montgomery, Alabama, for twenty-five years, during the height of the civil rights movement in the 1950s and 1960s. In that time he made several decisions that formed the thrust of the civil rights movement. In 1956, when deliberating the Montgomery bus boycott case, he outlawed segregation on public transportation, in parks, restaurants, libraries and schools. In the 1960s, Judge Johnson also signed the original order to integrate the University of Alabama, as well as the order to allow Martin Luther King Jr. and voting rights activists to march from Selma to Montgomery. Moreover, Judge Johnson participated in the decision that ultimately became the "one man, one vote" principal put forth by the Supreme Court.

Clearly, Judge Johnson's contribution to the civil rights movement was both significant and integral to its ultimate success. His impact was felt not only in Montgomery, but throughout the South and the nation as well. One must wonder to what extent the civil rights movement would have succeeded without the support, honesty, and courage of Judge Johnson.

While these decisions are hailed today as just and honest, Judge Johnson faced severe criticism, damaging slander, and even personal danger in the time that he made them. Then Governor George Wallace fueled his gubernatorial race by denouncing Judge Johnson, while his mother's home was bombed and a burning cross was placed on his own lawn. Yet Judge Johnson did not abandon his principles or his commitment to the law. He simply upheld the Constitution and did, not question the consequences.

Judge Johnson was truly a great man, whose unwavering principles are too rare today. As a legislator, former judge and lawyer, I am personally inspired by Judge Johnson's commitment to the law, and am grateful for his influence and the example he set for us all. Indeed, I am fully aware that I was able to become the first African American Federal Judge in Florida because of the principles Judge Johnson promoted and the opportunities he made possible for the African Americans of my generation.

Today, I remember him for these opportunities, the strides he made in civil rights, the definition he gave to the movement, and most of all, his commitment to what he perceived as right and just. Judge Johnson deserves this recognition, and I hope my colleagues will join me in paying tribute to this legacy that he has left after him.

DISAPPROVING EXTENSION OF NONDISCRIMINATORY TREATMENT TO PRODUCTS OF PEOPLE'S REPUBLIC OF CHINA

SPEECH OF

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mrs. MINK of Hawaii. Mr. Speaker, I rise today in strong opposition of providing normal-trade-relations status to the People's Republic of China, because China continues to deny the greater part of its citizenry the most basic human rights; because it engages in the worse kinds of religious, political, and ethnic persecution; because it bullies neighboring countries, and because it undermines international stability by exporting missiles and nuclear technology to some of the world's leading rogue nations.

Every year, we are told that normal-trade-relations status promotes continued economic growth and human rights in the People's Republic of China. While this trade has helped China expand its economy and improve the living standards of a relatively small number of its citizens, I believe it is an absolute stretch of the imagination to argue that China's economic growth has benefited the vast majority of its 1.5 billion citizens who continue to be denied—oftentimes forcibly—the freedom to think, speak, read, worship and vote as they wish.

I simply cannot agree with those who argue that normal-trade-relations will one day result in improved human rights in China as the government of that vast nation continues to violate human rights on a massive scale.

For example, the people of Tibet have been subject to especially harsh treatment by the Chinese Government because their culture and religion are inseparable from the movement that seeks full Tibetan freedom from China—a movement that has been brutally suppressed by the Chinese Government since the late 1940's when armed Chinese forces drove the Dalai Lama into exile.

Since then, the Chinese Government has stepped up its efforts to discredit the Dalai Lama as well as its campaign to eradicate the ancient culture and traditions of Tibet. In May 1994, a new ban on the possession and display of photographs of the Dalai Lama, resulted in a raid of monasteries in which Buddhists priests were brutally beaten by Chinese military personnel.

And it is not just the Buddhists that have been victims of this harassment. Since 1996, all religious institutions in China must register with the state. The failure to do so results in the closure of such institutions—or worse. For example, Human Rights Watch—Asia reports that unofficial Protestant and Catholic communities have been harassed, with congregants arrested, fined, sentenced, and beaten.

Even as recently as July 20, 1999, the Chinese Government has implemented large-scale arrests of Falun Gong practitioners in different parts of China. Falun Gong is a widely practiced meditation exercise that upholds the principles of truth, compassion, and forbearance. Although it has no political motivation or agenda, the Chinese Government has officially banned it as an illegal operation.

Sadly, China's policies have not changed since the United States and China have normalized trade relations. It has persisted on following policies that threaten to make it an increasingly disruptive force among all other nations. China's continuing and growing practice of selling advanced weapons and nuclear technology to Iran, Iraq and other rogue nations, not to mention their theft of U.S. nuclear technology, makes it a threat to world peace.

It should be remembered that, like China today, South Africa had a growing economy, a growing middle class—albeit racially limited, a significant United States business presence, and a severely repressive government. And, just like the arguments supporting normal trade relations with China, it was argued that continued and increased United States trade with South Africa would bring about the economic, social, and political reforms that would inevitably force the South African Government to dismantle apartheid.

However, despite our continued trade relations, the Government of South Africa continued and, in fact, stepped up its campaign of repression and terror, including kidnapping, torture, jailing, and murder, to maintain apartheid. It took a worldwide trade embargo—not, increased trade—to convince a previously intractable South Africa to transform itself into the open and democratic society that it is today. The embargo—not, our previous policy of "constructive engagement"—convinced the South African leadership to, among other things, release Nelson Mandela from 27 years of imprisonment and recognize the African National Congress.

It took the Western World losing patience with the broken promises of the South African Government to bring about change.

It is time that we lose our patience with the People's Republic of China.

HONORING MARIA MORALES FOR LIFETIME ACHIEVEMENT

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Ms. DELAURO. Mr. Speaker, today, I am proud to stand and honor my good friend, Maria Morales who, at the age of 105, passed away July 27th. Maria was a resident of Casa Otonal, an Hispanic residential and service community in New Haven, Connecticut.

Living for over a century, Maria witnessed many sweeping changes to our Nation's history. Born in Juana Diaz, Puerto Rico, she came to Connecticut with her son in 1958. For over 20 years she was an active and committed member of the Casa Otonal Senior Center—sharing a myriad of stories with her many friends and family. I often spoke with Maria during my many visits to Casa Otonal. Bright and articulate, she was well-versed in many areas including politics and had a unique gift for patchwork quilts and other hand-crafted specialties. Just this past May, Maria participated in the 13th Annual Centenarian Reception and was the oldest member of the honored group. "Maintaining a strong faith and an active lifestyle" was her secret to a long and successful life. With five children and dozens of grandchildren and great-grandchildren, Maria's life was full and joyous. It was an honor to have known her.

Maria Morales was an exceptional woman and I am pleased to stand today to pay tribute to my dear friend and join with her daughter, Domitila, granddaughter, Carmen, family, friends, and the Casa Otonal community as they celebrate her life. Her vitality and spirit continues to shine in the many wonderful memories of her that we all share.

DISAPPROVING EXTENSION OF NONDISCRIMINATORY TREATMENT TO PRODUCTS OF PEOPLE'S REPUBLIC OF CHINA

SPEECH OF

HON. NICK SMITH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. SMITH of Michigan. Mr. Speaker, the President has announced the extension of Normal Trading Relations with the People's Republic of China. I support his decision because I believe that U.S. interests are best served by a stable and open China. However, most importantly, I believe that normal relations with China is the most effective way to convince them to end their human rights abuses and join the international community in support of democracy.

We should demand that China abide by international trade and non-proliferation agreements, cooperate in regional and global peace-keeping security initiatives, and maintain and respect the human rights of the Chinese people.

Our total trade and exports to China has dramatically expanded. The United States maintains a large agricultural trade surplus with China (including Hong Kong), our fourth largest agricultural market. U.S. agricultural exports to China reached almost $2.9 billion in 1998. In addition, engagement has produced significant breakthroughs in opening China's agricultural market.

If the United States chose not to continue normal relations, we would be the loser. China will find other trade countries to replace the U.S. goods now sold to China. Should I become convinced that ending our trade with China would be more effective in changing their human rights abuses and help achieve U.S. interests, I would vote to do so.

THE 25TH ANNIVERSARY OF THE CYPRUS INVASION

HON. ROBERT E. ANDREWS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. ANDREWS. Mr. Speaker, today we mark the 25th anniversary of a bitter day in world history, the Turkish invasion of Cyprus. Turkey's occupation of Cyprus now stands as the most lengthy and glaring example of contempt for the rule of law in the world today. The lack of enforcement of the scores of United Nations resolutions calling for the withdrawal of Turkey's illegal occupation forces remains a mark of unfulfilled responsibility in the global community.

Cyprus presents an exceptional opportunity for the United States to facilitate a successful solution because a settlement there is manageable. Cyprus is small in size and population, and it has clearly delineated borders as an island nation. Many United Nations and United States Congressional resolutions have been passed over the years expressing the international community's and the United States' commitment to the removal of Turkish forces and return of Cypriot sovereignty. Failure to secure a Cyprus solution undermines international law, flouts the UN mission, contravenes stated U.S. foreign policy, and is in conflict with the world community's interest in deterring aggressor states.

If the international community fails to create a just solution to this conflict, we will be implicitly accepting a defeatist premise: that ethnic conflicts are unsolvable and that their use as a pretext for international aggression is acceptable. I reject this doctrine. Events over the past decade in Northern Ireland, in the Middle East, and in the Balkans, have proven that the international community can and should negotiate and work for peace, to put an end to ethnic violence and aggression.

My strong belief in the urgency of this cause has resulted in my work to eliminate all U.S. aid to Turkey and my cosponsorship of many resolutions urging an end to this abhorrent conflict and injustice. I have also asked President Clinton to become personally involved in the peace negotiations, which are so critical to the resolution in Cyprus. The Clinton Administration has an opportunity in Cyprus to extend its reputation for supporting the international rule of law and brokering peace in conflict-ridden areas.

I will continue to urge this initiative by the Administration and to work hard with my colleagues here in Congress to pursue peace and justice—and I look forward to an end to the Turkish occupation and oppression of the sovereign nation of Cyprus.

PROTECT THE CHILDREN

HON. DAVE WELDON

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. WELDON of Florida. Mr. Speaker, I come to the floor to comment on the remarks of my colleague from the other side of the aisle, who criticized Members for support of H. Con. Res. 107. This resolution rejected the conclusions of a recent article published by the American Psychological Association that suggests sexual relationships between adults and children might be positive for children. We passed that resolution 355–0 with 13 Members voting present.

My colleague stated, "I wonder how many of us read the study before we were willing to vote to say that the methodology was flawed. I wonder how many of us were technically competent to make that decision."

I am a medical doctor and I read the meta-analysis in question. This study is based on bad data, as well as, outdated and irrelevant information. The authors cast aside studies by highly respected child-abuse researchers and instead relied heavily on non-published, non-peer reviewed studies. Sixty percent of the article relies on one study conducted in 1950 which did not even focus on physical sexual abuse.

Two of the authors have advanced pro-pedophilia arguments in other forums. One author published an article titled, "Male Intergenerational Intimacy" which questioned the taboo against man-boy love. Another article by the author was published in Paidika—The Journal of Pedophilia which advocates the legalization of sex with "willing" children.

There is nothing untrue or unsubstantiated about these facts.

Yes, the APA does a lot of good work with regard to child abuse. To their credit, the APA now recognizes the problem with publishing this article and they are making changes in the peer review process to ensure that future articles consider the social policy implications of articles on controversial topics.

It is an interesting argument that my colleague makes about Members not having the technical expertise to vote on the legislative proposal. Using this reasoning, each Member of Congress would have to recuse themselves for 95 percent of all votes because they deal with matters outside their expertise. That is a ludicrous argument and I would suggest to my colleague that a Member does not need to be trained as a psychologist to understand that pedophilia is wrong.

Pedophiles know that if society cannot demonstrate harm to victims of childhood sexual abuse they will be well on their way to "normalizing" pedophilia.

Hear what one pedophile wrote about the APA study. "For several years now studies have been slowly chipping away at the harm myth. But this study is a major hammer-blow. It represents what is really known about sex with boys, and the conclusion couldn't be clearer: When a boy and a man consent to make love with one another, the experience is positive, or at the very least, neutral. There is, simply, no harm. . . . The genie is absolutely out of the bottle now and nothing in the world will be able to stuff it back in."

Frankly, I am surprised that anyone would defend this study. My colleague even quoted scripture and implied that those who condemned the article on pedophilia were guilty of lying.

I think it is appropriate to remember what the Bible said about people who harm children.

"And whoever receives one such child in My name receives Me; but whoever causes one of these little ones who believes in Me to stumble, it is better for him that a heavy millstone be hung around his neck, and that he be drowned in the depth of the sea."

I applaud my colleagues who reached across party lines to protect children from those who would exploit them by normalizing pedophilia.

OBITUARY OF MRS. ADDIE THOMASON (1896–1999)

HON. SUE WILKINS MYRICK

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mrs. MYRICK. Mr. Speaker, Mrs. Addie Pressley Thomason was born in York County, South Carolina to the late John and Katie Wilson Pressley on October 9, 1896. She was called to her reward on Monday, July 12, 1999 at Gaston Memorial Hospital, Gastonia, North Carolina.

A lifelong resident of the Gastonia metropolitan area, Addie Thomason was the daughter and wife of farmers. She was a witness to more than a century of change and progress in the area; from mule-drawn transportation to space flight, and from rigid segregation to a society more representative of the needs and aspirations of all its citizens. Through it all, "Mother Addie" was a source of support, stability, courage, and comfort to her family, friends, and community at large. She was passionately committed to education and, despite being denied access to a formal education during her formative years, she persevered in pursuing her own goal of learning to read and write by attending school at the age of 85—an achievement recognized by the then Governor of the State of North Carolina.

During her life, "Mother Addie" was an avid gardener and active member of several area church congregations; including New Home AME Zion in York, South Carolina, Ebeneezer Baptist Church in Kings Mountain, North Carolina, and St. John Missionary Baptist Church of Gastonia, North Carolina. She often credited her faith in God as the source of her strength, determination, and longevity.

Addie Thomason was preceded in death by her husband, Fred Thomason and son Fred, Jr. She leaves six loving children: Rev. John Thomason of Bloomfield, New Jersey; Leroy Thomason of Stanley, North Carolina; and Rev. Mason Thomason, Alice Ross, Lillian Thomason, and Cora Lee Hart, all of Gastonia, North Carolina.

She is also survived by two loving daughters-in-law, sixteen grandchildren, twenty-three great-grandchildren, and sixteen great-great grandchildren, as well as a host of family and friends.

THERE IS A VIRUS LOOSE WITHIN OUR CULTURE: AN HONEST LOOK AT MUSIC'S IMPACT

HON. THOMAS G. TANCREDO

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. TANCREDO. Mr. Speaker, it has been more than three months since the tragic event of Columbine High School occurred a few blocks from my home. As we here, in Congress continue to struggle to find ways to prevent this terror from ever happening again, I would like to call attention to a report prepared by the Free Congress Foundation which will hopefully broaden our understanding of how cultural factors shape the lives of our youth.

I would like to submit into the record the attached executive summary from the report, written by Tom Jipping, Director of the Center for Law and Democracy at the Free Congress Foundation, which details popular music's contribution to youth violence. Mr. Jipping has worked with at-risk youth for a dozen years, and research and written in this area for over a decade. The report outlines research, survey data, and other evidence documenting how some popular music can lead some young people to violence. Many congressional offices have received a hard copy of the entire report already.

The report does not advocate any specific policy proposals but instead provides comprehensive information that will make anyone, no matter what plan of action they pursue, better informed.

The report has been endorsed by hundreds of grassroots organizations and religious leaders from the evangelical, Catholic, Jewish and Orthodox communities. I urge all Members to read the attached executive summary and the full report as we continue to address the problem of youth violence and delinquency.

"THERE IS A VIRUS LOOSE WITHIN OUR CULTURE:" AN HONEST LOOK AT MUSIC'S IMPACT

(By Thomas L. Jipping)

After two teenagers killed twelve of their peers, a teacher, and themselves at Columbine High School in Littleton, Colorado, Governor Bill Owens said that "there is a virus loose within our culture." The effort to identify that virus is properly focusing on visually powerful elements of youth culture such as television, movies, and video games. This report addresses whether non-visual media such as popular music are also part of this cultural virus that can help lead some young people to violence.

Five days after the massacre, on NBC's Meet the Press, host Tim Russert reported that the Littleton killers idolized shock-rocker Marilyn Manson, described by even the music press as an "ultra-violent satanic rock monstrosity." They were not alone. Kip Kinkel, who murdered his parents and two students in Springfield, Oregon, consumed Manson's message. Andrew Wurst, who killed a teacher at an eighth-grade dance in Edinboro, Pennsylvania, was nicknamed "Satan" because he "was a fan of rocker Marilyn Manson and his dark music." Luke Woodham, who murdered his parents and a classmate in Pearl, Mississippi, was a fan of Manson's "nihilistic" lyrics.

This pattern includes other violent youths whose plans were foiled. A Leesburg, Virginia, boy suspended for making threats against students who mocked his work was fascinated with Marilyn Manson. Five Wisconsin teenagers who had planned "a bloodbath at their school in revenge for being teased" consumed Manson's message.

Some claim this is all just a coincidence. Perhaps, but a series of parallels suggests a more concrete connection. The first is the parallel between the facts of these cases, the motivation of the killers, and the themes in the music they consumed. According to media reports, these boys all killed out of hatred for, or revenge against, those who had offended, harassed, or persecuted them. Luke Woodham, for example, had said that "the world has wronged me."

Consider what their idol Marilyn Manson told them to do about it:

*"The big bully try to stick his finger in my chest, try to tell me, tell me he's the best. But I don't really give a good * * * cause I got my lunchbox and I'm armed real well. . . . Next * * * gonna get my metal. . . . Pow pow pow, pow pow pow, pow pow pow, pow pow pow. . . . I wanna grow up so no one * * * with me*

*"But your selective judgments and goodguy badges don't mean a * * * to me. I throw a little fit. I slit my teenage wrist. . . . Get your gunn, get your gunn*

"I hate the hater, I'd rape the raper

*"There's no time to discriminate, hate every * * * that's in your way.*

"There is no cure for what is killing me, I'm on my way down; I've looked ahead and saw a world that's dead, I guess I am too; I'm on my way down, I'd like to take you with me

"I'll make everyone pay and you will see . . . The boy that you loved is the monster you fear.

"When you are suffering know that I have betrayed you

*"Shoot here and the world gets smaller; Shoot shoot shoot * * **

"Live like a teenage christ; I'm a saint, got a date with suicide

"I'm dying, I hope you're dying too

"I'm gonna hate you tomorrow because you make me hate you today"

The second parallel is the message Manson himself says he tries to promote. Ordained in the Church of Satan, Manson has said that "[Church of Satan founder Anton] LaVey along with Nietzsche and [British Satanist Aleistair] Crowley have all been great influences on the way that I think." In a foreword to the book Satan Speaks, Manson wrote that "Anton LaVey was the most righteous man I've ever known."

On CNN's The American Edge program, Manson explained his message: "God is dead, you are your own god. It's a lot about self preservation. . . . It's the part of you that no longer has hope in mankind. And you realize that you are the only thing you believe in." Manson has compared Christians to Nazis and insists that "hate is just as healthy and worthwhile as love." This message contributes to the situation Vice President Al Gore described at a Littleton memorial service on April 25, 1999: "Too many young people place too little value on human life."

The third parallel is Manson's own life, which looks similar to those who consume and act on his message. In one interview, he described it this way: "Then I had to go to public school and they would always kick my ass. . . . So I didn't end up having a lot of friends and music *was the only thing I had to enjoy. So I got into [heavy metal rock bands] Kiss, Black Sabbath and things like that."*

While Marilyn Manson alone is not the problem, his brand of music promotes violence more aggressively than ever. Indeed, Manson's own response to the Littleton massacre raises the issue to be addressed here. Television or even religion may cause youth violence, he says, but music plays no role whatsoever. In fact, he claims that he is actually a victim when he asserts that the media "has unfairly scapegoated the music industry. . . . and has speculated—with no basis in truth—that artists like myself are in some way [sic] to blame."

Unfortunately, it appears that the music industry's only response to this cultural crisis is simply to deny that its products have any effect on anyone. One the June 29, 1999, edition on CNN's Showbiz Today program, for example, musician Billy Joel dismissed as "absurd" the idea that music influences violent behavior. Elton John put it more bluntly: "It has nothing to do with the musical content or the lyrics whatsoever. [The idea is] absolute rubbish."

No one, or course, argues that popular music is the sole cause of youth violence. Something as complex as human behavior does not have a sole cause. The question is not whether popular music is the exclusive cause of youth (something no one seriously argues), but whether there is any "basis in truth" for the proposition that some popular music makes a real contribution to youth (something only the music industry denies).

The affirmative answer to this question rests on three pillars. First, media such as television and music are very powerful influences on attitudes and behavior. Second, popular music in an even more powerful influence on young people. Third, some of the most popular music today promotes destructive behavior such as violence and drug use.

Effective prescriptions require accurate diagnoses. Whether the solution involves parental involvement, public policy, pressure on recording companies or retailers to change their practices, or all of these and more, the effort must be informed by a comprehensive understanding of the problem.

TONI PARKS, GUEST LECTURER FOR THE RC HICKMAN YOUNG PHOTOGRAPHERS WORKSHOP

HON. EDDIE BERNICE JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise to join the constituents of the 30th Congressional District of Texas, the residents of Dallas and my colleagues in the House of Representatives in taking great pleasure to proclaim July 31st, 1999 as "Toni Parks Day."

Mr. Speaker, Ms. Toni Parks is an internationally acclaimed photographer whose works have appeared in prominent magazines and newspapers throughout the U.S. and Europe. Her pictures have appeared in Stagebill, American Visions, USIA, Life and Arts, to name a few. Toni Parks has been featured in numerous exhibitions including the Look Gallery, Tony Green Gallery in England, Columbia University, and the Martin Luther King Gallery. Her photos consist of fashion and beauty as only Toni Parks can vision. In her years as a photographer, she has received critical acclaim for her works of art.

Toni Parks will take the podium to share her experiences with the students and enthusiasts of the RC Hickman Young Photographers Workshop at the South Dallas Cultural Center, located on the corner of Robert B. Cullum and Fitzhugh. The program is presented each year by the Artist and Elaine Thornton Foundation For the Arts, Inc., a non-profit organization established to educate, promote and embrace the arts of all disciplines including drama, dance, visual, and music. Its mission is to bring about positive social awareness to the inner city community, using art as a tool for positive social change.

We salute you Toni Parks.

Therefore, I ask that all citizens of Dallas join in celebrating July 31st, 1999 as "Toni Parks Day."

RECOGNIZING JACQUE CORTEZ

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to recognize Jacque Cortez upon her selection by Visalia-area schools as a "Good Kid." Jacque was chosen based on her academic achievements, classroom leadership, and efforts in literature and music.

The "Good Kid" program was formed in an effort to provide students with positive reinforcement. The program allows Visalia teachers to nominate students, who have excelled in academics and demonstrated a good work ethic, for recognition in the Visalia Times Delta newspaper. Those individuals selected are mentioned in a piece featured daily in the Times Delta.

Jacque Cortez, who was nominated by her fifth grade teacher, currently attends sixth grade at Willow Glen Elementary in Visalia, California. Throughout Jacque's years at Willow Glen, faculty and classmates alike have considered her a leader who is eager to learn and always willing to assist others.

Mr. Speaker, I want to recognize Jacque Cortez for being selected as a "Good Kid." I urge my colleagues to join me in wishing Jacque continued success in her academic and extracurricular pursuits.

INSIGHTS ON THE PEACE PROCESS

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. PORTER. Mr. Speaker, I am delighted to enter into the record an opinion piece from the May 30th Washington Times by former Illinois Senator Chuck Percy. In this article, Senator Percy concisely points out the present status of the peace process and those steps that must occur next for progress to continue. This is a timely and insightful piece that I commend to the attention of all members.

[From Washington Times, May 30, 1999]

EMBRACING PEACE AND PROGRESS

The statement of Ehud Barak, newly elected Israeli prime minister, that he is determined to revive the Middle East peace process, to withdraw Israeli troops from Lebanon and to negotiate with Syria and the Palestinians is good news.

Mr. Barak's words are encouraging to Israelis who seek the security only peace can bring, to Palestinians whose aspirations for a place of their own can only be satisfied with the acquiescence of Israel, and to the United States, which has worked for a settlement of the Arab-Israeli dispute for so many years.

Also encouraging is Syria's quick and affirming response expressing a willingness to resume negotiations with Israel and asking that Lebanon be included.

Apparently, Mr. Barak—once he has put together his government coalition—is prepared to take bold initiatives to break the impasse in Israeli-Palestinian relations. As an example, he might implement the Wye Agreement that requires withdrawal of Israel from 13 percent of the West Bank. This wouldn't require further negotiations because it already was agreed upon and should have been done many months ago, if the Likud government had not reneged on the deal.

It would be appropriate and wise for Palestinian leader Yasser Arafat to acknowledge openly Israel's need for security by announcing and taking strong, credible new measures to suppress terrorist acts against Israel. Mr. Arafat has to do more than he has done previously.

Such moves by Mr. Barak and Mr. Arafat would begin to clear the smothering fog or acrimony and distrust left behind by Benjamin Netanyahu and would engender an atmosphere more conducive to serious negotiations.

Considering the checkered nature of the peace process up to this time, it is hard to have confidence a fresh start will succeed. But Mr. Barak comes to office with a clear mandate from his people, and the Palestinians must recognize that they now have another chance to complete the process developed in Oslo.

Mr. Barak and Mr. Arafat surely must realize the future of the region lies in peace—not stalemate, and not war. If they determine to choose a future in which their human and financial resources can be concentrated on peacetime tasks, their region can be more secure for all, and there will be an opportunity—with help from the international community—to build their economies and establish trade links between themselves and the entire world. It is still true that political relationships tend to follow the trade lanes.

In 1974, when I served as a Senate representative on the U.S. delegation to the United Nations General Assembly, I was in the hall when Mr. Arafat made his first speech there. At that time, I thought it might be possible to find the path to peace, if the leaders of Israel and the Palestinians had the courage to meet, to discuss the dimensions and details of their mutual dilemma, and to decide what risks they could afford, what concessions they could make.

Since then, much progress has been made in communications between Arabs and Israelis. From Camp David to Madrid to Oslo, the peace process became viable and promising. But always there were interruptions in the dialogue due to fears aroused on one side or the other, often by terrorist acts or unwise unilateral moves by leaders.

Nevertheless, through all the contacts over the years since Egypt's President Anwar Sadat went to Jerusalem, relationships have developed between Arabs and Israelis on many levels, including the official level. We now are at a stage where a considerable majority of Israelis support the peace process and where Mr. Arafat shows increasing sensitivity to the security concerns of Israelis.

We now are approaching the time when the largest and most difficult issues must be addressed. Mr. Barak and Mr. Arafat have a responsibility to lead and to persuade their constituencies of the necessity to make concessions for peace. They must stand strong against radical elements that will seek to undermine their efforts to settle their problems at the peace table.

After the horrors of World War II had devastated Europe, the French and Germans, traditional and bitter enemies, came together and gradually their mutual antagonisms faded and they began to enjoy the blessings of peace, security, reconstruction and economic development. And just this year, 1999, it has been announced that France and Germany have become each other's major trading partners.

This is the kind of achievement peace might bring to the peoples of Israel and the Arab world, if they take full advantage of the opportunities created by Ehud Barak.

UNLOCKING THE AVIATION TRUST FUND

HON. JOHN J. DUNCAN, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. DUNCAN. Mr. Speaker, last week the New York Times ran an editorial by Chairman BUD SHUSTER, Chairman of the House Transportation and Infrastructure Committee, concerning the Aviation Investment and Reform Act (AIR–21). I agree with Chairman SHUSTER 100 percent. Last year, Chairman SHUSTER unlocked the highways trust fund and ensured that highway taxes were spent on highways. Now, we are preparing to do the same thing this year with the aviation trust fund. I am proud to be a part of this effort to ensure that the taxes paid by aviation users will be spent only on aviation improvements. Unlocking the aviation trust fund will benefit the entire aviation community.

I have attached a copy of Chairman SHUSTER's editorial that I would like to call to the attention of my colleagues and other readers of the RECORD.

[From the New York Times, July 17, 1999]

ONCE, CONSERVATIVES KNEW THE VALUE OF TRANSPORTATION

(By Bud Shuster)

Abraham Lincoln called Senator Henry Clay "my beau ideal," largely because he was dedicated to building America. Clay, whose nickname was "Capital Improvements Harry," helped pass legislation to construct roads and inland waterways to tie America together. During the Civil War, Lincoln authorized the construction of the first transcontinental railroad. Teddy Roosevelt championed the Panama Canal, and Dwight Eisenhower created the Interstate System.

Fiscally responsible Republicans, all.

Fortunately, most modern-day conservatives still believe in building America. Witness the strong support last year from conservatives at all levels of government for the Transportation Equity Act, which unlocked Eisenhower's highway trust fund and allowed it to be used for its intended purpose of improving highways and transit systems.

Unfortunately, some conservatives seem dedicated to breathing new life into Benjamin Disraeli's adage that "it is much easier to be critical than to be correct." These critics have little inclination to deal in facts or face the reality of a growing America. They know the cost of everything but the value of nothing. Some have called this "Know-Nothing Conservatism."

They criticize increased spending on transportation, but they do not differentiate between transportation trust-fund dollars and general tax dollars. They do not tell you that the trust fund receives money from an 18.3-cent-per-gallon tax on gasoline and an 8 percent surcharge on airline tickets, all of which is designated solely to pay for our country's transportation needs.

These conservative critics oppose investments by trying to discredit them. They call spending on public works in someone else's backyard a pork barrel project, but that is far from the truth. In the Transportation Equity Act, for example, only 5 percent of the money goes to Congressionally mandated projects. The rest goes to the Department of Transportation or to the states.

This year, some conservatives are once again keeping their heads buried in the sand. The House overwhelmingly passed the Aviation Investment and Reform Act last month, by a vote of 316 to 110; 67 percent of Republicans—including the Speaker and the majority leader—approved this measure.

But this didn't stop some conservative critics from immediately attacking the bill as "busting the budget" and "fiscally irresponsible."

Never mind that many Americans are furious over the decline in air service. Never mind that our antiquated air-traffic control system, which fails somewhere nearly every week, needs both reform and an infusion of capital investment.

Never mind that the National Civil Aviation Review Commission established by our Republican Congress warns that "the United States aviation system is headed toward gridlock shortly after the turn of the century" and that "it will result in a deterioration of aviation safety, harm the efficiency and growth of our domestic economy, and hurt our position in the global marketplace."

Never mind that the money in the aviation trust fund will skyrocket to $90 billion within 10 years if we don't make the investment. Never mind that the aviation taxes would otherwise be used in smoke-and-mirrors budget gimmickry to help finance general tax cuts. Never mind the bill does not contain any projects earmarked for any specific Congressional districts.

And never mind that some "Know-Nothing" conservatives in the media will attack this session for being a "do nothing" Congress. The one thing Congress is doing, over their objections, is building assets for the future of our country.

Perhaps the next time they attack Government spending, they might reflect on an observation by the columnist George Will: "Many of today's conservatives rallied 'round keeping control of the Panama Canal. But would such conservatives have built it in the first place?"

THE RUSSIAN GOVERNMENT IS CONDUCTING A FRONTAL ASSAULT AGAINST FREEDOM OF THE PRESS

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. LANTOS. Mr. Speaker, I am extremely concerned about the very disturbing reports from Russia which indicate that Kremlin authorities are intimidating, harassing and attempting to control the nation's news media. These unwarranted attacks have been directed primarily at Media-Most, which is the largest and most successful privately-owned television and publishing company in Russia.

Democracy and freedom are still new and largely untested in Russia, and efforts are still underway to develop firmly rooted democratic institutions. Until now, however, press freedom has been one of the early successes in Russia's transformation from a totalitarian society to one that permits true freedom, including free speech and uncensored news reporting.

Mr. Speaker, any efforts to impose government censorship or control over any news media—and particularly over private news organizations—would be a tragic and serious setback for democratization in Russia. The news media must be free to report, even when that it is critical of the government. There is absolutely no justification for government agencies to threaten media companies as a means of controlling what is reported in the news.

I want to report to my colleagues in the Congress about recent disturbing actions by the Russian government that seem to be directed at some of the most professionally respected news organizations in Russia. Reports from Moscow indicate that the Director of Presidential Administration, Mr. Alexander Voloshin, is engaged in a personal campaign against the prestigious NTV and other private media enterprises because he is dissatisfied with how the news media are covering the government and its activities.

It has been widely reported by wire services that the Federal Tax Policy Service of the Russian Federation is relentlessly monitoring the financial and economic activities of privately owned television companies, publishing houses, and other mass media outlets. The Russian Government appears to be involved in a campaign of targeting these news organizations in order to undertake investigations or other legal of quasi-legal actions against those who own or operate independent news media outlets.

Mr. Speaker, another form of harassment has been an effort to censor the media. Just this month, the Russian Government established the Ministry for Publishing, Television and Radio aimed at "consolidating" the government's "ideological work." That last phrase, Mr. Speaker is a chilling throw-back to conditions under the totalitarian Soviet regime, when the government and Communist Party made a concerted and successful effort to strictly control and censor all news media under the rubic of "ideological work."

The head of this new ministry is a "press czar" who has been equipped with power to oversee and possibly censure the content of news reports and other information programs in Russia. This is a frightening prospect for all news organizations—and particularly for privately owned independent media—who could lose their freedom to report news as they see it. This censorship effort could be particularly destructive during periods of increased political activity, such as national election campaigns.

Mr. Speaker, the situation today in Russia is especially precarious given President Yeltsin's fragile health and the absence of strong leadership at the national level. This has been clearly demonstrated by the fact that President Yeltsin has dismissed three Prime Ministers in the past two years. With the upcoming parliamentary elections in December 1999 and presidential elections in June 2000, the situation is expected to become even more politically charged and volatile.

It would appear, Mr. Speaker, that the newly launched effort to control and/or censure the media in Russia is in large part explained by these upcoming elections. With the beginning of serious political activity over the next year in connection with the parliamentary and presidential elections, Kremlin authorities have accelerated their offensive against NTV and other independent news outlets. One of the clearest indications of this struggle is the fact that the state-owned television network ORT is using its news programs to undermine privately-owned rival television network.

Mr. Speaker, I have consistently supported U.S. programs to assist Russia to get back on its feet economically, to develop strong private institutions, and to establish a functioning market-oriented economy. All of us want to see Russia succeed and become a strong and viable democratic country which plays a positive role in the community of nations. Respect for freedom of expression and freedom of the press, however, are absolutely essential if we are to assist Russia, and an uncensored press is essential if Russia is to take its appropriate place in the world.

I call upon President Boris Yeltsin and Prime Minister Sergei Stepashin to take quick and decisive action to end once and for all the efforts within the Kremlin to punish, intimidate or threaten independent news reporting in Russia. The government must also end its policy of favoritism by rewarding those who gratuitously promote the official Kremline line.

Mr. Speaker, with the critical parliamentary and presidential elections coming up in Russia during the next twelve months, the Russian government must do everything in its power to insure free and fair reporting of all political events. Freedom of expression and freedom of the press are absolutely essential for any democratic nation. Russia's international reputation and its position among the community of nations depend on how it deals with this most serious threat to its democracy.

PERSONAL EXPLANATION

HON. STEPHANIE TUBBS JONES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mrs. JONES of Ohio. Mr. Speaker, due to official business, I was unable to record my vote on the following measures that were considered here in the House of Representatives today. Had I been present I would have voted "yea" on rollcall vote 343.

Mr. Speaker, had I been present for rollcall vote 344 I would have voted "no."

Mr. Speaker, had I been present for rollcall vote 345, I would have voted "aye."

Mr. Speaker, had I been present for rollcall vote 346, I would have voted "no."

Mr. Speaker, had I been present for rollcall vote 347, I would have voted "nay."

AFTER KARGIL—WHAT?

HON. BILL McCOLLUM

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. McCOLLUM. Mr. Speaker, I rise today to express my concern over an important foreign policy decision. If left unpunished, the Pakistani conduct during the recent Kargil crisis—particularly in view of the Clinton Administration's handling of the crisis—would set a dangerous precedent for would-be aggressors and rogue nations. Failing to address the Pakistani precedent swiftly and decisively is therefore detrimental to the national security and well being of the United States.

Three aspects of the Pakistani behavior during the crisis should worry us:

1. Intentional reliance on nuclear capabilities in order to shield one's own aggression. A policy advocated by radical Islamists since 1993, the current Pakistani nuclear doctrine constitutes a profound deviation from the post WWII norm of using nuclear weaponry—an ultimate deterrence in the form of weapons of last resort in case of aggression against one's own state and/or most vital interests. The Pakistani intentional and unilateral ultimatum—repeated warnings to escalate the Kargil crisis into a nuclear war in case India's reaction to the Pakistani aggression threatened to deprive Pakistani of any achievement—exceeds even the most aggressive use of the nuclear card by the USSR at the height of the Cold War (when Moscow reiterated its commitment to use nuclear weapons solely at time of a major world war). In contract, the Pakistani nuclear ultimatum is identical to the nuclear blackmail doctrine of the People's Republic of China and the Democratic People's Republic of Korea—a doctrine based on brinkmanship and blackmail which both states tinkered with but are yet to have implemented despite repeated crises. Thus, it is Islamabad that was the first to cross the threshold of aggressive use of one's own nuclear potential.

2. Concealing the use of one's own national military forces as deniable "militants." In so doing, Islamabad demonstrated unwillingness to face responsibility for actions that amount to an act of war. This is a blatant break of the international order stipulating that sovereign governments acknowledge their own actions—thus opening up to United Nations intervention as well as other forms of crisis management and containment by the international community. While such international intervention may not be welcome in Islamabad, or elsewhere for that matter, this is the way the modern world works: The acknowledged responsibility and accountability of sovereign governments are the cornerstones of international relations and are thus the key to preventing all out chaos in an already volatile world. Indeed, governments that internationally break away from this posture are labeled rogue and are shunned by the international community.

3. Using Pakistani-controlled Islamist terrorists in a war-by-proxy against India, presently waged mainly in Kashmir. The kind of terrorism Pakistan is blatantly using against India in pursuit of primary and principal interests of the state has long been considered unacceptable and illegal by the international community. The Kargil crisis and the ensuing marked intensification of Islamist terrorism throughout Kashmir constitute an unprecedented escalation of Islamabad's continued sponsorship of, and reliance on, terrorism to further national strategic objectives. Even in the aftermath of the Kargil crisis, Islamabad is yet to demonstrate any inclination to stop its war-by-proxy against India.

By stressing the imperative for a "face saving" exit for Nawaz Sharif, the Clinton Administration in effect went along with Islamabad's lies—thus covering up Islamabad's rogue-state actions. The Clinton Administration in essence rewarded Pakistan for its aggression and nuclear blackmail, as well as blatant violation of previously signed international agreements (most notably the 1972 Simla Agreement). Taken together, the "solution" to the Kargil crisis forwarded by the Clinton Administration and the definition of the "Kashmir problem" the US is now committed to help resolve, make a mockery of the most basic norms of international relations and crisis resolution dynamics. As such, the Clinton Administration effectively encourages other rogues and would-be aggressors to pursue their objectives through brinkmanship, blackmail, aggression, and terrorism.

Instead, Pakistan should be recognized as the rogue and terrorism sponsoring state that it now is. Pakistan should be treated accordingly and, given the cynical use of war-by-proxy and nuclear threats for such a long time, dealt with harshly by the international community. This is an urgent imperative for the United States. With several other rogue states accumulating weapons of mass destruction and long-range delivery systems capable of hitting the heart of the United States, as well as sponsoring high-quality terrorists capable of conducting spectacular strikes at the heart of the United States, it is imperative for Washington to ensure that none would dare to use these instruments against the United States, its allies and vital interests. The Clinton administration's "understanding" of, and support for, Islamabad's rogue state behavior and blatant aggression send the opposite message—encouraging rogues and would-be aggressors to dare the United States and harm its interests with impunity.

In contrast, India should be rewarded for the responsibility and self-restraint practiced by New Delhi. Under the extreme pressure of a foreign invasion—albeit of a limited scope—on the eve of bitterly contested national elections, the Indian government rose to the challenge and placed the national interest ahead of political expediency. In so doing, New Delhi behaved like the major democratic power India has long claimed to be. India should therefore be recognized and treated as the great power it is by the United States and the rest of the international community.

COLORADO BLUESKY ENTERPRISES IS COMMITTED TO HELPING OTHERS

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. McINNIS. Mr. Speaker, I would like to take this opportunity to recognize the innovation and dedication of Colorado Bluesky Enterprises, Inc., of Pueblo, Colorado. The services which this institution provides for the developmentally disabled citizens of Pueblo and Pueblo County are both noble and commendable.

Formerly known as Pueblo County Board for Development Disabilities, Inc., Colorado Bluesky Enterprises was established in March of 1964. As one of 20 Community Centered Boards which contracts with the state of Colorado, Colorado Bluesky provides services for people with developmental disabilities. CBE first began its work in an old former school building with only 12 students, CBE has grown to serve several thousand people. Currently, CBE dedicates time to working with the 750 citizens with developmental disabilities.

CBE provides numerous services and opportunities for the individuals whom rely on its benefits. Through an array of day programs for people of all ages, job training, community participation, and OBRA day services for individuals in nursing homes, CBE strives to make a better life for the people of Pueblo.

Colorado Bluesky Enterprises provides personal care alternatives such as host home services, staffed personal care alternatives, and drop in supports. CBE also works to ensure affordable housing for families with low incomes.

I am grateful for the dedication and courageous efforts of Colorado Bluesky Enterprises, and I would like to congratulate them on 35 years of commitment to helping others. On behalf of all of those it has served, I would like to thank CBE and offer recognition of their dedication to the Pueblo community.

TAXPAYER'S DEFENSE ACT.

HON. GEORGE W. GEKAS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. GEKAS. Mr. Speaker, today I join with Mr. HAYWORTH to introduce the Taxpayer's Defense Act. This bill simply provides that no federal agency may establish or raise a tax without the approval of Congress.

One of the principles on which the United States was founded was that there should be no taxation without representation.

In The Second Treatise of Government, John Locke said, "[I]f any one shall claim a power to lay and levy taxes on the people, * * * without * * * consent of the people, he thereby * * * subverts the end of government." Consent, according to Locke, could only be given by a majority of the people, "either by themselves or their representatives chosen by them." The Boston Tea Party celebrated Americans' opposition to taxation without representation. And the Declaration of Independence listed, among the despotic acts of King George, his "imposing Taxes on us without our Consent." First among the powers that the Constitution gave to the Congress, our new government's representative branch, was the power to levy taxes.

The logic of having only Congress establish federal taxes is clear: only Congress considers and weighs every economic and social issue that rises to national importance. While any faction, agency, or sub-agency of the government may view its own priorities as paramount, only Congress can decide which goals are of the importance to merit spending taxpayer dollars. Only Congress can determine the level at which taxpayer dollars should be spent.

The American ban on taxation without representation has not been seriously challenged during our nation's history. The modern era of restricted federal budgets, however, threatens to erode the essential principle of "no taxation without representation." In ways that are often subtle or hidden, federal agencies are taking on—or receiving from Congress—the power to tax. Federal agency taxes pass the costs of government programs on to American consumers in the form of higher prices. These secret taxes tend to be deeply regressive and they create inefficiency in the economy. They take money from everyone without helping anyone.

The worst example of administrative taxation is the Federal Communications Commission's Universal Service Tax. "Universal service" is the idea that everyone should have access to affordable telecommunications services. It originated at the beginning of the century when the nation was still being strung with telephone wires. The Telecommunications Act of 1996 included provisions that allowed the FCC to extend universal service, ensuring that telecommunications are available to all areas of the country and to institutions that benefit the community, like schools, libraries, and rural health care facilities.

Most importantly, the Act gave the FCC the power to decide the level of "contributions"—taxes—that telecommunications providers would have to pay to support universal service. The FCC now determines how much can be collected in taxes to subsidize a variety of 'universal service' spending programs. It charges telecommunications providers, who pass the costs on to consumers in the form of higher telephone bills. The FCC recently nearly doubled the tax to $2.5 billion dollars per year, and Clinton Administration budgets have projected a rise to $10 billion per year. Mr. Speaker, this administrative tax is already out of control.

The FCC's provisions for universal service have many flaws. Among them are three 'administrative corporations' set up by the FCC. The General Accounting Office determined that the establishment of these corporations was illegal and the FCC has collapsed them into one, no less illegal corporation. The head of one of these corporations was originally paid $200,000 dollars per year—as much as the President of the United States. Reports have come out about sweetheart deals between government contractors and their State government friends, who have access to huge amounts of easy universal service money.

This FCC prompted our inquiry into this issue. As our study continues, it reveals that a number of federal agencies have been given, or discovered on their own, the power to tax.

Congress has given taxing authority to the Nuclear Regulatory Commission and the U.S. Department of Agriculture. Because these taxes are within statutory parameters, we have less concern with them than others, but they are still taxes and an important principle is at stake: no taxation without representation. The Constitution gives the taxing power only to Congress. In practice, we see a direct correlation between an agency having taxing authority and the agency overspending taxpayer dollars. Congress must retain the power of the purse.

More egregious examples are those where agencies have spontaneously discovered the power to tax. We categorize the FCC's telecommunications tax as such, and note two taxes, past and proposed, on Internet domain name registration. Mr. Speaker, just when we thought we had protected the internet from taxation with Internet Tax Freedom Act, we discover new taxes right under our noses. The first, sponsored by the National Science Foundation, collected more than $60 million before a federal judge put a stop to it. The second, under the aegis of the Commerce Department, proposes to charge $1 per Internet domain name per year. I would like to know what Commerce Department official stands to be voted out of office if he or she sponsors an increase in this tax.

Finally, we note with dismay that the Administration's electricity legislation proposes a tax as high as $3 billion to be imposed by the Secretary of Energy. Federal agency taxation appears to be a popular trend in some circles.

Washington special interest groups seem to be able to unite around one thing: taking money from taxpayers. Mr. Speaker, special interests who feed at the federal trough are already geared up to accuse the Republican Congress of cutting funding for education and health care if any attempt is made to rein in the FCC. They will cynically frame the issue as a matter of federal entitlements for sympathetic causes and groups.

But the most sympathetic group is the American taxpayer, whose money is being taken, laundered through the Washington bureaucracy, and returned (in dramatically reduced amounts) for purposes set by unelected Washington poohbahs. This is why we must require the FCC, and all agencies, to get the approval of Congress before setting future tax rates.

Should tax dollars be used for federal programs? In what amounts? Or should Americans spend what they earn on their own, locally determined priorities? Requiring Congress to review any administrative taxes would answer this question.

My bill would create a new subchapter within the Congressional Review Act for mandatory review of certain rules. The portion of any agency rule that establishes or raises a tax would have to be submitted to Congress and receive the approval of Congress before the agency could put it into effect. In essence, the Act would disable agencies from establishing or raising taxes, but allow them to formulate proposals for Congress to consider under existing rulemaking procedures. It is a version of a bill introduced and ably advocated for by Mr. HAYWORTH. He joins me today as a leading cosponsor of this bill.

Once submitted to Congress, a bill noting the taxing portion of a regulation would be introduced (by request) in each House of Congress by the Majority Leader. The bill would then be subject to expedited procedures, allowing a prompt decision on whether or not the agency may put the rule into effect. The rule could take effect once a bill approving it was passed by both Houses of Congress and signed by the President. If the rule were approved, the agency would retain power to reverse the regulation, lower the amount of the tax, or take any otherwise legal actions with respect to the rule.

Mr. Speaker, the cry of "no taxation without representation" has gone up in the land before, and today we are hearing it again. Congress must not allow a federal agency comprised of unelected bureaucrats to determine the amount of taxes hardworking Americans must pay. While preserving needed flexibility, the Taxpayer's Defense Act will allow Congress alone to determine the purposes to which precious tax dollars will be put.

TAXPAYER'S DEFENSE ACT

HON. J.D. HAYWORTH

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. HAYWORTH. Mr. Speaker, the Taxpayer's Defense Act, which Mr. GEKAS and I are introducing today, would establish a system to allow Congress, and only Congress, to approve new taxes before they take effect. Before an administrative tax could be imposed on the American people, an agency would submit the rule or regulation to Congress. The Majority Leaders in both the House and Senate would introduce the bill by request. The bill would then be subjected to expedited procedures and the rule could not go into effect until an approval bill was passed by the House and Senate and signed by the President. It is important to note that this legislation would only affect future administrative taxes, not those currently in effect.

I believe the constitutional precedent for this legislation is clear. Article I, Section 8 of the Constitution gives Congress the "power to lay and collect taxes." It doesn't give unelected, unaccountable bureaucrats this power; it gives only Congress this power. Moreover, the Constitution's "separation of powers" doctrine ensures that each branch of government would have one specific duty. By delegating legislative powers to unelected officials, we are allowing the executive branch to become both the maker and enforcer of our nation's laws, which is in direct violation of the Founders' intent. By enacting the Taxpayer's Defense Act, Congress would once again restore accountability to federal taxation and reduce the hidden taxes that are being imposed on the American taxpayer.

While administrative taxation hasn't been used often, it is used increasingly to circumvent the legislative process. One of the most troubling administrative taxes is the Federal Communications Commission tax on long distance telephone service, which is also known as the Gore tax. Every telephone caller in the United States is subjected to this tax, which raises approximately $2.5 billion annually. Other regulatory agencies are also doing an end run around Congress, including the Commerce Department's $1 tax on every Internet domain name. The National Science Foundation has tried a similar approach by authorizing a $30 tax on registration of domain names on the Internet. Fortunately, a federal judge ended this illegal tax, but not before taxpayers shelled out $60 million. The U.S. Department of Agriculture, through the Agricultural Marketing Service, has also gotten into the game with taxation of food commodities in order to fund advertising a promotion of commodities.

The point is simple: Americans can't hold unelected executive branch employees accountable for administrative taxation. However, Americans can hold their representatives accountable for these taxes if we once again require Congress to vote on all of these administrative taxes. The Taxpayer's Defense Act would achieve this goal.

In December 1773, American colonists boarded three British ships in Boston harbor and emptied chests of tea into the sea. This event, which we all know as the Boston Tea Party, celebrated American opposition to taxation without representation. That is why the Constitution specifically states that Congress shall have the power to tax. I urge this Congress to once again make Congress accountable for all taxation by passing this important legislation.

EMBRYONIC STEM CELL RESEARCH: UNLAWFUL, UNACCEPTABLE, UNNECESSARY

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. SCHAFFER. Mr. Speaker, President Clinton's National Bioethic Advisory Commission recommended the United States government fund the practice of killing human embryos for research purposes. On top of the release of the Commission's report, the Health and Human Services General Counsel has advocated the use of federal funds in using the destroyed embryos for research purposes. Mr. Speaker, funding destructive embryonic research with tax dollars is unlawful, unacceptable to the American people, and unnecessary since recent advancements reveal viable stem cell alternatives in adults.

Mr. Speaker, in 1995 Congress successfully added the Dickey/Wicker amendment to FY 1996 Labor/HHS appropriations bill. Each year since then, Congress has reaffirmed this crucial amendment as part of our law. The Dickey/Wicker amendment prohibits the use of federal funds for the creation of a human embryo for research purposes or for research in which an embryo is "destroyed, discarded or knowingly subjected to risk of injury or death." While HHS has tried to rewrite the current law on embryo research, it is clear that Congress has prohibited all funding of "research in which" embryos are destroyed or discarded. Simply stated, the taxpayer funding of research which relies on the intentional killing of human beings would violate the law.

Using federal funds for such an unlawful practice is anathema to the people of the United States. Already eight states have enacted laws that make destructive embryonic research illegal. According to a 1995 Tarrance poll, 74 percent of Americans oppose the use of tax dollars for human embryo experimentation while 64 percent indicate "very strong" opposition. In addition, Bill Clinton, whose commission has not recommended the use of federal funds for destructive embryo research, issued a statement in December 1994 opposing the use of federal funds "to support the creation of human embryos for research purposes." While the American people are quite evenly polarized on the issue of abortion, a majority of the population oppose the use of tax dollars to fund lethal research on human embryos.

Furthermore, scientists have confirmed there is no medical necessity for embryonic stem cell research. Those who thought embryonic stem cells were the only or best hope for organ repair have been proven wrong. Recent advancements have led scientists to consider an alternative, adult-derived stem cells. According to D. Josefson's article in the *British Medical Journal,* new research suggesting that adult nerve stem cells "can de-differentiate and reinvent themselves" as blood-producing stem cells "means that the need for fetal cells as a source of stem cells for medical research may soon be eclipsed by the more readily available and less controversial adult stem cells." The Wall Street Journal article by L. Johannes entitled, "Adult Stem Cells Have Advantage Battling Disease," states that adult "precursor" or stem cells "may prove much more useful to medical science" than cells obtained by killing human embryos—that is, preborn human boys and girls. While scientists used to be concerned that there were no known adult stem cells for some critical organs, Harvard Medical School researcher Evan Y. Snyder now thinks "we will find these stem cells in any organ that we look."

Mr. Speaker, killing preborn babies for tissue harvest is never justified. The logic of this practice is not unlike that of the Third Reich, where torture was rationalized for medical research. It is something no civilized nation should condone, much less fund with the tax dollars of conscientious, disapproving Americans. I defy anyone in this chamber to look me in the eye and say that the deliberate taking of a new life, a unique and growing human being, is a justifiable sacrifice for the curiosity of science. When there are non-lethal alternatives, I defy anyone to tell the American people they have no choice but to pay for these experiments in defiance of their conscience, the law, and the more fundamental principles of human dignity.

SCHOOL VIOLENCE AND TEEN VIOLENCE

HON. BERNARD SANDERS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Mr. SANDERS. Mr. Speaker, I submit for printing in the RECORD this statement by high school students from my home State of Vermont, who were speaking at my recent town meeting on issues facing young people today. I believe that the views of these young people will benefit my colleagues.

REGARDING SCHOOL VIOLENCE

(On behalf of Sarah Mayer, Jessica Normand and Colleen McCormick)

Jessica Normand: Set aside the accusations, the anger and the 20–20 hindsight about the massacre of twelve students and one teacher at Columbine High School in Littleton, Colorado, on April 20th. The fact remains that Eric Harris and Dylan Klebold's disturbed states of mind are the result of problems that our society has a responsibility to acknowledge and change.

This event has broken the already damaged national spirit, but it has brought to our attention the moral decline in American society. The lack of spiritual guidance among the nation's youth that was once thought to be politically correct has only made it easier for young Americans to feel lost. Why did Eric Harris believe so strongly that life held no value, and why did Dylan Klebold feel so alone that he followed the demonic beliefs of his friend? These are the questions America must ask itself. Parents, teachers, administrators, friends, relatives, religious leaders, and especially our government need to take an active role in the lives of young Americans if future tragedies like the one at Columbine High are to be avoided.

Sarah Mayer: Why is it that prayer is forbidden in public schools, yet at the memorial service for those who died in Littleton, the theme of every speech was that the only way to heal such a wound was through faith in God and prayers of the spiritual community?

My fellow classmates and I at Rice Memorial High School are privileged to have prayer in our everyday lives. We feel that teaching kids about their spirituality gives them a stronger moral base to make better decisions throughout their lifetime. An anonymous student from a Catholic high school once said, "We do not kill together because we pray together."

Colleen McCormick: Kids need to be able to differentiate between fantasy and reality. But can they do this when video games like Doom, which teaches children how to kill people, are readily available? In order to curb the availability of those games, greater restrictions need to be placed on the Internet and sale of home games. Although the Internet has a lot faster communication and is an effective learning tool, it has also made unhealthy influences such as pornography and deadly games to be at the fingertips of the young.

The media is another aspect of our society that needs to be more careful about what images they present to children in this country. While freedom of the press is a trademark right of Americans, perhaps that right needs to be restricted in terms of violence and sex.

Our proposal is that legislation be passed to more strictly enforce the age limits at movie theaters, and all television channels be required to rate their shows according to a government rating system.

Jessica Normand: Besides the media and schools, the most important influence every child has are their parents. As a society, we need to implore all parents to be involved in their children's lives, and to keep track of the outside influences, such as the Internet and the harmful media we mentioned earlier.

Sarah Mayer: Kids need to understand that this isn't a video game, it's life, and there is no reset button.

Thank you.

REGARDING TEEN VIOLENCE

(On behalf of Alicia Prince)

ALICIA PRINCE: I am Alicia Prince, here to speak on reducing teen violence.

I think we are all ready affected by what happened in Littleton. It has definitely given me the passion to come up here to say it.

I am originally from East Los Angeles, California, and I experienced firsthand the type of violence that happens throughout our neighborhoods, communities, and in our schools. I think that firearms are a really big part of that, and I think that that should be discussed. I'm not antigun; I understand peoples' rights to carry firearms, private collectors, and households as well. But when they're in the wrong hands, there is trouble, there is a problem there. And a child's hands are the wrong hands, and there is no reason why they should even be accessible.

My specific suggestion would be that there is absolutely no reason why every gun in this country, in this state, cannot be locked up, and ammunition locked up separately. There is no reason to have a loaded gun in your car, in your house. I understand where it is an issue in big cities. But it is not an issue where you have to carry a 9 millimeter strapped to your ankle and walk into a school in Vermont.

I think that this also goes to a deep-rooted problem of the way our parenting is in this society. Too many times, I have seen people perpetuate these cycles of poverty and violence because they just don't know any better. They don't know how to direct children in a different direction, because that's the way they have been taught. I think that mandatory parenting classes are absolutely essential. It is very important, and no harm can be done in it. I think it should be mandatory, and I think it is very important that parents know how to take care of their kids and know how to prevent this from happening.

There is no reason why these kids, especially in Littleton, should not have been—you know, this couldn't have gone unnoticed. Okay? They were in the garage five hours, you know, working on bombs, and they had it written in diaries. This was accumulating for the past year and a half before it was, you know, executed. And I think that that is a direct, you know, obvious thing, that the parenting is just not happening adequately enough.

I am also a ward of the state. I am a foster kid. And all of the foster parents in which I live in their homes, every gun that is in their house and ammunition must be locked up separately. There is no reason it should not be done in every other house throughout this country.

So my two main suggestions would be, really good family counseling. Parents need to know how to create safe families, so that a teenager or a child has a sense of safety and belonging in their home and in school, instead of having to fight or shoot their way out of safety in school or in the community. And I think it is absolutely ludicrous this is happening when we have every power of preventing it.

CONGRESSMAN SANDERS. Thank you, Alicia.

DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2000

SPEECH OF

HON. EARL POMEROY

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2587) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes.

Mr. POMEROY. Mr. Chairman, I rise in opposition to the Largent amendment to H.R. 2587. This measure would undermine efforts to place children in the foster care system in the District of Columbia in permanent homes.

There are currently over 3,000 children in the D.C. foster care system, more than 1,000 of whom are currently eligible for adoption. Many of these children have special needs and are difficult to place. No other development will have as great an impact on these children's lives as whether they will be able to be part of a family of their own. By placing restrictions on joint adoptions, the Largent amendment lessens the chance that these 3,000 children will ever be part of a "forever family."

The Largent amendment would also prevent child welfare workers from making decisions based on the best interests of individual children. The success of the child welfare system depends upon its ability to recognize that every waiting child has individual needs. The Largent amendment favors the judgment of Congress over that of child welfare professionals, who are experts at determining what constitutes a safe and loving home. Child advocacy organizations across the country, including the Children's Defense Fund and the Child Welfare League of America, also oppose this amendment and have recognized that it could endanger the future of over 3,000 children.

Mr. Chairman, no event has so profoundly transformed my own family as the adoption of my children, Kathryn and Scott. I will always be deeply grateful that my wife and I were able to welcome these two exceptional children into our home. The Largent amendment could prevent other families from experiencing this joy, and I urge my colleagues to oppose it.

ST. THOMAS EPISCOPAL PARISH HOSTS YOUTH GROUP MISSION TRIP TO HONDURAS

HON. ILEANA ROS-LEHTINEN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

Ms. ROS-LEHTINEN. Mr. Speaker, the Reverend Douglas Zimmerman of St. Thomas Episcopal Parish in Miami, Florida has always been known for his unselfish giving, his Christ-like character and his invaluable service to his parish and community. Among his many gifts are the precedents he sets and the ways in which he leads children by example into following the teachings of Jesus Christ.

This Monday, August 2nd, Reverend Zimmerman will, once again, instruct students to give as Christ gave of himself, as he organizes a group of 12 dedicated students who have volunteered part of their summer vacation to lend a helping hand to underprivileged families in Central America.

During this mission trip, Reverend Zimmerman and his team of 12 students will travel to Honduras, a country which was ravaged by Hurricane Mitch, to establish places of refuge for families who were left desolate. They will bring light to a world of darkness by providing children and families with the basic necessities which we, the fortunate, often take for granted. During their 9-day trip, the mission team will have the unique opportunity of building a House of the Lord, a church where individuals, families and entire communities can come to know Jesus. The sanctuary to be built, where families will gather for worship, where the needy will receive, and where the hungry and tired will find comfort and rest, will restore faith, hope and joy to the people of Honduras.

In light of the many contributions Reverend Zimmerman and the St. Thomas Episcopal Parish Youth Mission Team will make this summer, I ask that my colleagues join me in prayer to ensure safety for this team and in commending them for their faithfulness in bringing the "good news" of Jesus Christ.

IN HONOR OF MS. BRIGID O'KEEFFE

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. KUCINICH. Mr. Speaker, I rise today in honor and recognition of Ms. Brigid O'Keeffe, a student from Ohio's 10th district. Ms. O'Keeffe has recently been announced as one of the National Security Education Program's Undergraduate Scholarship and Graduate Fellows for the 1999–2000 academic year. The National Security Education Program, which was established in 1992, was created to increase U.S. citizens' understanding of different world cultures, to increase international cooperation and security and to strengthen U.S. economic competitiveness. The National Security Education Program fellows study those languages and areas of the world most critical to future U.S. national security.

Ms. O'Keeffe was selected from a rigorous national-merit based competition made up of a pool of hundreds of well qualified applicants. Aside from traveling to Russia, where she will be studying, Ms. O'Keeffe will participate in the National Security Education Program's Federal service requirement. All National Security Education Program award recipients have agreed to seek work in the Federal government in an organization with national security responsibilities. In the past, the program has placed award recipients in various positions throughout the Federal sector, including: Departments of Commerce, Defense, State, and Treasury; NASA, USAID, USIA, and the Intelligence Community.

Ms. O'Keeffe will no doubt be a fine addition to any one of these organizations. She should be congratulated on her accomplishments.

SALUTE TO THE MEDAL OF HONOR RECIPIENTS

HON. STEVE E. BUYER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. BUYER. Mr. Speaker, I rise today to reflect on the recent Memorial Day recess.

Over that weekend, I had the distinct pleasure and honor to assemble with a very special group of veterans, nearly 100 recipients of the Medal of Honor. It was truly an inspiring gathering, and at the same time, proved a very humbling experience. These individuals epitomize the true meaning of selfless sacrifice and personal commitment.

While many have answered the call to duty, they have answered a higher calling. A calling that is spiritual in nature and bigger than one's self. For love of God, country, family and friends, these brave individuals knowingly placed themselves in harm's way, ready to sacrifice life and limb so that their comrades may live.

Their significant contributions have helped secure a more democratic and peaceful world over the last century. More importantly, their actions serve as a testament to all Americans about serving and caring for others. A recent letter to me from Major General Robert Moorehead, United States Army Retired, portrays a fitting description describing that powerful event.

General Moorehead stated:

> Memorial Day weekend in Indianapolis was one of the most significant weekends in the history of our great capital city. As the last days of the 20th century continue to unfold, Memorial Day weekend in the capitol of Indiana was one to remember. Nearly 100 Medal of Honor recipients were guests for a series of stirring tributes. These included a solemn Memorial Service; the dedication of the only memorial to recipients to the Medal of Honor; grand marshals in the IPALCO 500 Festival Parade; an outdoor concert by the Indianapolis Symphony Orchestra; and a parade lap around the famed Indianapolis Motor Speedway oval prior to the start of the race.
>
> As the 20th century draws to a close, many wonder if the nation has lost sight of the sacrifices which have been made to preserve freedom. After this Memorial Day weekend in Indianapolis, my heart remains swollen with pride in our land and my fellow citizens. The reception given these ordinary men who did extraordinary things can never be equaled.
>
> I am especially proud of the untold hundreds of volunteers who gave of their time and talent to make these events possible. Memorial Day Weekend 1999 did much to convince me that our nation's freedom loving spirit is alive and well.

A TRIBUTE MR. WING FAT

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. MATSUI. Mr. Speaker, I am honored to rise in tribute to Mr. Wing Fat of Sacramento, California. The Sacramento Chinese Community Service Center will honor him for all of his great contributions to the Asian and Pacific Islander communities in our area. I ask all of my colleagues to join me in saluting Wing Fat's outstanding philanthropic endeavors.

Wing Kai Fat was born in 1926 in Canton, China to Frank and Mary Fat. At the age of nine, Wing and his mother joined his father in the United States. While his parents worked hard to achieve the American dream, Wing, being the older sibling to his brothers and sisters, became a father figure in the family.

While helping to raise his younger brothers and sisters, Wing worked along side his father for very long hours at Frank Fat's restaurant when it opened in 1939. Wing graduated from Sacramento High School in 1945 as a very accomplished athlete.

From 1945 to 1947 Wing served in the U.S. Army Air Force during the end of World War II. He rose to the rank of sergeant while stationed in the Philippines. He returned home to graduate from Sacramento State College in 1951.

Wing became the manager at Frank Fat's restaurant where he quickly acquired a reputation as a gregarious and gracious host. While working at Frank Fat's, a famous Sacramento eatery, he hosted presidents, governors, members of Congress, legislative leaders, and many celebrities.

Governor Pat Brown appointed Wing to the California Veterans Board in 1966 and Governor Ronald Reagan re-appointed him to that post in 1971. In 1981, Governor Jerry Brown appointed Wing to the California State Fair Board. Wing remains close with former California Governors George Deukmejian and Pete Wilson.

Besides Frank Fat's, Wing is co-owner of Fat City, California Fat's, and a soon-to-be opened restaurant in Roseville, California. He has established a remarkable reputation for his business acumen, as well as his community service activities. He has served on the board of directors of Cathay Bank and River City Bank in Sacramento.

Additionally, he has served on the boards of the California State University Sacramento Foundation, the Sacramento Host Committee, and the Golden State University Board. Wing is currently active on the University of California at Davis Hospital Leadership Council and the Transplant Hope Foundation to raise funds for the UCD Transplant Research Center. He is also the past president of the Grandfathers Club of Sacramento.

Wing Fat is truly a gentleman in every sense of the word. He epitomizes honesty in business and service to community. His strong links to the business community have made the Asian Pacific Rim Festival founded by his father a great success every year in Old Sacramento. With the passing of his legendary restaurateur father, Wing devotes himself to continuing Frank Fat's legacy of strengthening the influence of Asian Americans in business and politics.

Mr. Speaker, I ask all of my colleagues to join me in applauding Wing Fat's great contributions to the Sacramento community. As he is honored I wish him a very enjoyable evening at the Sacramento Chinese Community Service Center's annual August Moon Night Dinner.

PERSONAL EXPLANATION

HON. DAN BURTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. BURTON of Indiana. Mr. Speaker, I submit the following statement into the CONGRESSIONAL RECORD.

During rollcall vote No. 354 I was unavoidably detained. Had I been here I would have voted "yea."

PERSONAL EXPLANATION

HON. STEPHANIE TUBBS JONES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mrs. JONES of Ohio. Mr. Speaker, due to official business, I was unable to record my vote on the following two measures that were considered here in the House of Representatives on July 29, 1999. Had I been present, I would have voted "nay" on rollcall vote 348 as well as rollcall vote 349.

DISAPPROVING EXTENSION OF NONDISCRIMINATORY TREATMENT TO PRODUCTS OF PEOPLE'S REPUBLIC OF CHINA

SPEECH OF

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in strong opposition to this resolution: Denying NTR to China will undermine United States economic interests. It is our twelfth largest market and China increased imports from the United States 11 percent last year, all products made by highly skilled workers earning high wages.

Connecticut exports to China in 1998 totaled more than 301 million ranking it tenth in the Nation. Connecticut businesses and its workers have a direct interest in maintaining normal trading relations with China and with further opening China's markets. With a quarter of the world's population and the third largest economy, China's buying power will grow tremendously in the years ahead. If we do not engage this emerging major market, other nations will replace U.S. companies and through the significant resulting profits gain a competitive advantage over us. That has already happened in the helicopter market through shortsighted American policy.

Mr. Speaker, it is just a fact that China is making quiet but significant progress in many areas. Unlike Russia, China has recognized the need to recapitalize their state-owned businesses and has gradually sold many to foreign companies. They are modernizing their economy without the level of unemployment, crime, and turmoil that has plagued other communist nations faced with this challenge.

Furthermore, western companies have brought management practices to China that develop individual initiative and respect workers' ideas. They have brought more stringent health safety and environmental standards accomplishing goals like reducing industrial waste 35 percent and harmful air emissions 36 percent, as did Carrier since 1995.

And western companies have brought more opportunity to workers through benefits like Otis Elevator's home ownership program.

In addition, China has had direct elections in half its villages, gaining experience with secret ballots and multicandidate elections. In some provinces, 40 percent of the candidates are young entrepreneurs and not Communist Party members. In 1997, as part of the rule of law initiative the training of legal aid lawyers began.

In sum, China is modernizing its economy and governance through a process that is harmonious with her long history and cultural traditions, but that should not obscure the growth of values in common with people in the west. It should certainly not obscure our common interest in the growth of trade between our nations based on the principles that undergird the WTO relationships. By renewing NTR and working with China to enter WTO we can help China adopt free and fair trade policies. Lower tariffs make our goods more affordable. Distribution rights under WTO will provide access to customers. Good for China, good for us.

I urge renewal of the normal trade relations with China and opposition to this resolution of disapproval.

INTRODUCTION OF LEGISLATION

HON. JIM SAXTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. SAXTON. Mr. Speaker, today I introduced a bill that will aid the families of Toms River, New Jersey, a community in my district, as we continue to determine the cause of an unusually high rate of childhood cancers. Through extensive testing, a radioactive substance known as radium 224 has been detected in this drinking water supply. Today, we know very little about radium 224 and it is time we take a closer look at its possible effects on public health.

My bill would require the Agency for Toxic Substances and Disease Registry (ATSDR) to complete a study of the toxicological effects of Radium 224 in drinking water. The study is to include an epidemiologic analysis of populations in areas where Radium 224 occurs in drinking water.

It would also require the administrator of EPA to establish safe drinking water standards for Radium 224 under the Safe Drinking Water Act. This measure would amend the Safe Drinking Water Act to instruct that each state revise its water quality assessment plan every five years and that the results be made available to the public.

It has been reported that childhood cancer rates in the United States are increasing each year. More and more, we hear of other cancer clusters appearing around the country. This measure, coupled with the efforts of all those working on the Toms River case, will provide valuable assistance in addressing many of the mysteries associated with cancers in children. We have a commitment to find the cause of this cluster, and failing to do so would be a setback for everyone living near an environmentally hazardous site.

MAVIS TOSCANO

HON. ZOE LOFGREN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Ms. LOFGREN. Mr. Speaker, today I want to extend my warmest thanks, and my fondest best wishes, to Mavis Toscano, my chief of staff, who will be leaving my office at the beginning of August. We have become accustomed in Congress to staff members who come and go in a period of months or a few years, replaced in a matter of days by their successors who themselves are destined for only limited stays. Mavis Toscano was the shining exception to this rule. Mavis has been on my staff for some 15 years, dating back to when I was a member of the County Board of Supervisors in San Jose, and in my own journey from California to Washington she has been an indispensable assistant, an invaluable help, an immeasurable asset.

Over the years Mavis has handled nearly every imaginable task for a congressional staff member, sometimes all at once by herself. For the last several years she has run my district office in San Jose, creating there a smoothly functioning enterprise whose successes on behalf of the people of the 16th District of California are innumerable. Her service to our community, both during her time with me and while she worked for the California State Assembly, has been at all times both resourceful and thoughtful. At times it has seemed like Mavis knew everyone in the District by his or her first name, and was owed a debt of gratitude by nearly all of them for her service.

Yet at the same time that I will greatly miss both the services of Mavis Toscano and her decades-long friendship, I cannot but be happy for the tremendous opportunities that remain open to her for the rest of her career. Just as my desire to serve brought me from San Jose to Washington, so have Mavis's talents offered her even greater opportunities to continue the sort of work at which she has excelled for the past 15 years.

I wish Mavis Toscano great success and good fortune in her next endeavors, and I know well that, judging by her work for me over the last 15 years, she will not be short of either.

IN HONOR OF MR. NATHAN BEDROSIAN

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. KUCINICH. Mr. Speaker, I rise today in honor and recognition of Mr. Nathan Bedrosian, a student from Ohio's 10th district. Mr. Bedrosian has recently been announced as one of the National Security Education Program's Undergraduate Scholarship and Graduate Fellows for the 1999–2000 academic year. The National Security Education Program, which was established in 1992, was created to increase U.S. citizens' understanding of different world cultures, to increase international cooperation and security and to strengthen U.S. economic competitiveness. The National Security Education Program fellows study those languages and areas of the world most critical to future U.S. national security.

Mr. Bedrosian was selected from a rigorous national-merit based competition made up of a pool of hundreds of well qualified applicants. Aside from traveling to Japan, where he will be studying. Mr. Bedrosian will participate in the National Security Education Program's Federal service requirement. All National Security Education Program award recipients have agreed to seek work in the Federal Government in an organization with national security responsibilities. In the past, the program has placed award recipients in various positions throughout the Federal sector, including: Departments of Commerce, Defense, State, and Treasury; NASA, USAID, USIA, and the Intelligence Community.

Mr. Bedrosian will no doubt be a fine addition to any one of these organizations. He should be congratulated on his accomplishment.

PERSONAL EXPLANATION

HON. TIM ROEMER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. ROEMER. Mr. Speaker, due to a family commitment I was unable to cast House rollcall vote 355 on July 30, 1999, to instruct conferees on the Financial Services Modernization bill, H.R. 10. If I had been present I would have voted "aye."

This motion requires the conferees to insist on the strongest possible consumer protections for financial and medical privacy of consumers and to protect against discrimination in access to financial services, including not weakening the Community Reinvestment Act (CRA). These are essential to protect consumers and to modernize the financial services industry.

25TH ANNIVERSARY OF TURKEY'S INVASION OF CYPRUS

SPEECH OF

HON. FRANK PALLONE, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. PALLONE. Mr. Speaker, I want to thank my colleague from Florida, Mr. BILIRAKIS, and my colleague from New York, Mrs. MALONEY for organizing this Special Order. This year the anniversary of the illegal Turkish invasion of Cyprus is, tragically, of particular significance. It is being called the "Black Anniversary" because 25 years—a quarter of a century—have now passed since the Turks invaded Cyprus on July 20, 1974. So while it is important to remember this date every year, this year's remembrance has added meaning.

The Turkish invasion and occupation of Cyprus is tragic for so many reasons. Innocent lives were lost. Families and friends were torn apart, and have been kept apart by an occupation force of 35,000. The human suffering that has been caused by the Turkish invasion can never be reversed, and we must always remember on this day that a great many Cypriots lost their lives for no good reason. None of us here tonight can say anything that can reverse the brutality that took place. We can only honor the memory of those whose lives were prematurely cut short by Turkish aggression.

In addition to the human suffering, the Cyprus problem is tragic because the history of attempts to resolve the situation is one of missed opportunities for peace. Since the invasion, hundreds of attempts to solve this problem have been made, yet to date, the island is divided and remains one of the most militarized places on the face of the earth. Recent statements from the Turkish side, moreover, indicate their obstinance is only getting worse.

Following the leading role it played in bringing NATO's war with Serbia to an end, the Group of 8 major industrialized nations, the G8, agreed to press for a new round of United Nations negotiations on the Cyprus issue. The Secretary General of the U.N., Kofi Annan, endorsed the G8's plan and subsequently announced he was prepared to invite the Greek and Turkish Cypriots to hold comprehensive peace negotiations. The Turkish Cypriot President Rauf Denktash quickly dismissed the U.N.'s proposal for a new round of peace talks as "nonsense".

The justification the Turkish leader provided for rejecting a new round of peace negotiations is absolute garbage. Denktash said he would not attend any negotiations at which the democratically elected president of Cyprus, Glafcos Clerides, represented the Cypriot government. According to Denktash and his patrons in Ankara, the Cypriot government does not have any official jurisdiction or authority over the portion of the island that has been illegally occupied by Turkish troops for almost 25 years.

Adding to this absurdity, Denktash and Turkey claimed talks based on the bizonal, bicommunal framework that had been earlier accepted by the Turkish side and endorsed repeatedly by the international community were useless because they have to date failed to acknowledge the existence of two separate governments on the island. In other words, the Turkish side is now claiming talks are useless unless Cyprus and the entire international community accept terms that have for years been rejected as absurd.

Glafcos Clerides is recognized internationally as the President of Cyprus. Turkey is alone in its recognition of the so-called Turkish Republic of Northern Cyprus. No other country in the world recognizes the portion of Cyprus that the Turks have illegally occupied as an independent state. The Turkish suggestion that future peace negotiations must be between leaders of independent nations was made by Denktash for the sole purpose of killing the proposed round of negotiations before it has a chance to succeed.

The international community has reaffirmed its position on the Cyprus issue twice in the last seven months. In December of last year, the U.N. Security Council passed a number of resolutions on the Cyprus situation, including Resolution 1217, which reiterates all previous resolutions on the Cyprus problem. Those resolutions state that any solution to the Cyprus problem must be based on a State of Cyprus with a single sovereignty and international personality and a single citizenship, in a bi-communal and bi-zonal federation, with its independence and territorial integrity safeguarded. That position was again reaffirmed in United Nations Security Council Resolution 1250, which was passed just about a month ago on June 29.

So on the one hand, we have the international community taking steps to reaffirm its commitment to a peaceful and just settlement to the Cyprus problem, and on the other, the Turks are only hardening their position and thumbing their nose at whatever the international community suggests. And as I said this is truly tragic; this most recent refusal promises to be another chapter in a historical record that clearly documents a systematic campaign by the Turkish side to undermine proposals for peace no matter where they come from.

Last year, for example, the Cypriot government again offered to demilitarize the island after it decided to cancel the deployment of a defensive air-to-surface missile system. The Turks rejected the offer. In a separate gesture, the Cypriot government invited the Turkish-Cypriot community to participate in the Cyprus-EU negotiating team. That offer was also rejected. When the United States made an attempt last year to restart talks, the Turkish side undermined them before they had a chance to begin. In that instance, they insisted on two irrational preconditions to negotiations, prompting Ambassador Richard Holbrooke, who was leading the United States effort, to publicly rebuke the Turkish side for not being seriously interested in resolving the problem. And just last month, as I mentioned earlier, the Turkish side dismissed the U.N. invitation to start a new round of comprehensive talks later this year as nonsense.

For 25 years now, the Cypriot people have had to endure this unconscionable behavior from the Turkish side. It is long, long past time to bring this nightmare to an end. In my view, the United States needs to stop looking the other way and do more to bring the Turkish side to the negotiating table. Twenty-five years of Turkish intransigence is more than enough evidence to prove that the strategies we have employed to bring Turkey to the table have been, and still are, totally ineffective.

The United States is the most powerful nation in the world. The full weight of that power should be employed to move the peace process forward. I have said many times before on this floor that we can achieve that goal by focusing American efforts to move the peace process forward on the Turkish military, which has real and substantial influence on decision-making in the Turkish government. The United States government must convey to Ankara in forceful and unequivocal terms that there will be direct consequences in United States-Turkish relations if Ankara does not prevail upon the Turks to come to the negotiating table in good faith.

I urge all of my colleagues to join me in communicating this message to the Turks, and to the key decision-makers in the United States Government, on this historic day. On the Black Anniversary of the Turkish invasion of Cyprus, the Cypriot people deserve to know that the United States has the utmost respect for their suffering and struggle, and will do whatever it takes to help them secure their freedom and independence.

A TRIBUTE TO CAPTAIN BRYAN L. ROLLINS

HON. RANDY "DUKE" CUNNINGHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. CUNNINGHAM. Mr. Speaker, I would like to take this opportunity to express my gratitude for the exceptional services which Captain Bryan L. Rollins, U.S. Navy, has performed for the United States and for the County of San Diego. Captain Rollins' selfless devotion and patriotic performance make him a truly admirable American and one deserved of recognition by this body. It is for his outstanding service to our Nation and its citizens that I wish to congratulate and thank Captain Rollins.

Captain Rollins has had an impressive Naval career with each assignment more demanding and more impressive than the last. He served aboard the U.S.S. *Constellation* as Chief Staff Officer in the Western Pacific and Indian Ocean through 1987. In November of 1990 Captain Rollins assumed duties as Commanding Officer of the Sun Downers. He amassed over 3000 hours and more than 800 carrier landings aboard the U.S.S. *Carl Vinson* and the U.S.S. *Kitty Hawk*. While serving as Navigator aboard the U.S.S. *Kitty Hawk*, Captain Rollins performed honorably and exceptionably in Somalia, the Persian Gulf and Korea. The Navy recognized his outstanding performance by awarding him four Meritorious Service Medals, the Navy Commendation Medal, and the Navy Achievement Medal.

In April of 1996, he was selected as Deputy Chief of Staff for Commander, Navy Region Southwest. It was there that he was instrumental in the formulation and implementation of a regionalization plan which involved over 65,000 personnel and four full-scale Naval bases. In addition to consolidating and incorporating commands throughout San Diego, he established the Navy's first regional business office and developed business strategies which have become standard throughout the Navy-wide regionalization plan. His effective and efficient tactics have saved the Navy countless millions of dollars as it undergoes drastic changes nationwide. His management skills, foresight, and exceptional communication skills allowed him to gain widespread support for Navy operations throughout the community.

Captain Rollins' remarkable contributions to San Diego County, the United States Navy, and our Country speak to his intellect, his professional drive, and his relentless pursuit of excellence. I wish him the very best success as he starts a new chapter in his life. Congratulations and, as always, "fair winds and following seas."

AMERICAN INDIAN EDUCATION FOUNDATION

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. KILDEE. Mr. Speaker, as Co-Chairman of the House Congressional Native American Caucus, it is a honor for me to introduce a bill creating an American Indian Education Foundation. I especially want to thank the original cosponsors of this bill, they include: Representatives Patrick Kennedy, George Miller, Tom Udall, J.D. Hayworth, Earl Pomeroy and Jim Kolbe.

As a senior member of the House Education and the Workforce Committee, I have enjoyed the opportunity of developing proposals designed to support Indian education. Up for reauthorization this Congress is the Elementary and Secondary Education Assistance Act that includes a section devoted to Indian education. This Act supports the educational, cultural and academic needs of American Indian, Alaska Native and Native Hawaiian children.

It is estimated that the BIA educates approximately 12 percent of the Native American K–12 population. This means that 88 percent of our American Indian and Alaska Native youth rely on supplemental educational programs like Johnson O'Malley. This program provides services to more than 200,000 Indian students. However, these programs are drastically underfunded.

A critical need for an increase in funding for school construction exists in Indian country. When I came to Congress 23 years ago, I was appointed Chairman of the Indian Education Task Force. I will never forget visiting schools that were in such poor condition that the children of these schools could barely keep warm let alone have a chance at getting a decent education. I know that the judges in my hometown in Michigan shutdown prisons that were in better condition than many schools I visited.

Our Native American students deserve a decent education. It is our responsibility to ensure that our children are studying in environments conducive to learning. I support the creation of an American Indian Education Foundation because I believe Congress must find a new way to supplement current funding for BIA Indian education programs. The Foundation would encourage gifts of real and personal property and income for support of the education goals of the BIA's Office of Indian Education Programs and to further the educational opportunities of American Indian and Alaska Native students.

The governing body of the Foundation would consist of 9 board of directors who are appointed by the Secretary of Interior for an initial period. The Secretary of Interior and the Assistant Secretary of Interior for Indian Affairs would serve as ex officio nonvoting members. Members of the board would have to be "knowledgeable or experienced in American Indian education and . . . represent diverse points of view relating to the education of American Indians." Election, terms of office, and duties of members would be provided in the constitution and bylaws of the Foundation. Administering the funds would be the responsibility of the Foundation.

This bill would allow the Secretary of Interior to transfer certain funds to the Foundation. It is my understanding that the initial funding for the Foundation would come from existing donations or bequests made to the BIA. Funds prohibited by the terms of the donations would not be used for the Foundation.

The Foundation is not a new idea to Congress. Congress has, from time to time, created federally chartered corporations. In 1967, Congress established the National Park Foundation. The purpose of the Foundation is to raise funds for the benefit of the National Park Service. Funds received from individuals, corporations, and foundations are distributed to individual parks through competitive grants. My bill is modeled after the 1967 Act.

I believe that an American Indian Education Foundation could be just as successful as the National Park Foundation. I want to emphasize that I believe that Congress has a federal trust responsibility to ensure that every Native American receives a decent education. This Foundation would not replace that responsibility, but would supplement it through grants designed to support educational, cultural and academic programs.

Mr. Speaker, this concludes my remarks on creating an American Indian Education Foundation.

THE AMERICAN INDIAN EDUCATION FOUNDATION ACT

HON. PATRICK J. KENNEDY

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. KENNEDY of Rhode Island. Mr. Speaker, it is an honor to be able to join my friend and cofounder of the Native American Caucus, Congressman DALE KILDEE, for the introduction of this legislation.

Over the past several years it seems to me that Indian Country has continually been on the defensive. Often tribes have had to struggle to simply keep the status quo against legislative proposals that would serve to undermine Tribal sovereignty and weaken the Trust relationship.

Today can be different. Today we have a chance to do something positive for Indian Country. Right now we can begin a process where the hallmarks of treaty and trust are celebrated. We can offer Indian Country a distinct opportunity to improve the quality of life for future generations of Native children.

As I am sure the Committee is well aware, the state of education in Indian Country is far below that of non-Native communities.

The Per Pupil Expenditure for public elementary and secondary schools during the 1994–95 school year was over $7,000. The Indian Student Equalization Program funding for BIA students was about $2,900.

Unlike public schools which have state and local resources for educations, Indian schools in the BIA are totally reliant upon the Federal Government to meet their educational needs.

According to the 1990 Census, the American Indian poverty rate is more than twice the national average as 31 percent of American Indians live below the poverty level.

The 1994 National Assessment of Education Progress showed that over 50 percent of American Indian 4th graders scored below the basic level in reading proficiency. Another NAEP Assessment showed that 55 percent of 4th grade American Indian students scored below the basic level in mathematics.

American Indian students have the highest dropout rate of any racial or ethnic group (36 percent) and the lowest high school completion and college attendance rates of any minority group. As of 1990, only 66 percent of American Natives aged 25 years or older were high school graduates, compared to 78 percent of the general population.

Approximately one-half of BIA/tribal schools (54 percent) and public schools with high Indian student enrollment (55 percent) offer college preparatory programs, compared to 76 percent of public schools with few (less than 25 percent) Indian students.

Sixty-one percent of students in public schools with Indian enrollment of 25 percent of more are eligible for free or reduced-price lunch, compared to the national average of 35 percent.

And finally, many of the 185 BIA-funded schools are in desperate need of replacement or repair.

Members of the Committee, it is clear from these statistics that there is a pressing need in elementary and secondary Indian education. My colleagues, this is a situation which must be met with fierce determination. We need to support an aggressive agenda for Indian education because the current landscape is not meeting the challenge.

Right now, the BIA and Office of Indian Education is not authorized to distribute privately donated monetary gifts or resources to supplement the missions of these agencies. Yet every year numerous inquiries from the public are made as to where they can donate funds that will be spent wisely on behalf of Indian education. Simply put, we are missing out on a unique opportunity to help funnel nongovernmental resources into Indian education. Ultimately, I believe this legislation is the appropriate answer to this situation. We can give the public a high profile mechanism to reach out to Indian Nations in a way that is apolitical and noncontroversial.

Simply put, the establishment of an American Indian Education Foundation is good government. It speaks to a modern way of going things in which successful private-public partnerships are created. It is also an efficient way to get at the heart of a very pressing problem without placing an undue additional burden on taxpayers.

Within 2 to 3 years after enactment of this bill the Foundation should be completely self-sufficient and will not use more than 10 percent of its generated funds to pay for operating expenses. My colleagues, lets be clear at the outset—the purpose of this legislation is not to create a new level of bureaucracy or make some staffer rich. In my opinion such a situation would be one more example of where this government has failed in its trust duty to Indian Country. In brief, it is my intention to hold the bureaucracy to the letter of the law that we are now beginning to draft.

As for the role of Congress, I do want to make one thing perfectly clear. It should not be the intent of this legislation to use the funds raised to take the place of existing Indian education programs. Rather, these funds should be considered entirely separate and supplemental to the efforts of the Federal and tribal governments.

My colleagues, we all understand the budget shell game and I do not want to see the success of this program leveraged against governmental funding for teacher training, school modernization, and education technology initiatives.

In short, I do not want to hear one voice out there saying that we do not need to fund the Office of Indian Education because the Foundation has X amount of dollars in its account. To do so would again be another slight against our trust and treaty obligations to the First people of this nation.

In the end, I will not reiterate the obvious. Indian Country is lacking in the resources needed to train its children for the demands of the global economy.

The 106th Congress has a chance to help rectify this problem. While we should continue to allocate more federal resources towards the growing population of children within Indian Country we can also make it easier for private interests to become involved. Helping Indian children achieve is not only a public trust but a private one as well.

Mr. Speaker, I hope the House will move this legislation in an expeditious manner.

COMMEMORATING THE RECENT SPACE SHUTTLE COLUMBIA MISSION

HON. STEVEN T. KUYKENDALL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. KUYKENDALL. Mr. Speaker, I rise to congratulate and commemorate the recent Space Shuttle Columbia mission. This is a historic event on many levels.

As many of you know, the Space Shuttle Columbia is the first shuttle mission being commanded by a woman. Eileen Collins, a U.S. Air Force colonel who became an astronaut in 1990, is leading this important mission. One of the mission objectives is to deploy one of the largest payloads ever, the Chandra Observatory. Ms. Collins is an experienced astronaut who has previously flown on two shuttle missions to the Russian space station Mir. Her experience and professionalism was a great asset to his mission.

The mission that the crew of Columbia undertook was a sizable task. At more than 45 feet in length and weighing more than 5 tons, the Chandra Observatory is one of the largest objects ever placed in Earth orbit by a space shuttle. Originally called the Advanced X-Ray Astrophysics Facility, the satellite was renamed the Chandra X-Ray Observatory in honor of the late Indian-American Nobel Laureate Subrahmanyan Chandrasekhar Chandrasekhar, one of the foremost astrophysicists of the 20th century.

Chandra is designed to give scientists images of violent, high-energy activity in the universe where temperatures can reach millions of degrees and objects are accelerated to nearly the speed of light. The observatory will provide information on the nature of objects ranging from comets in our solar system to quasars at the edge of the observable universe. The goal is to understand the structure and evolution of the universe, such as the composition and location of so-called dark matter and the source of power driving explosions in distant galaxies. I also want to recognize TRW, the primary contractor of Chandra which is based in my district, which did a first-rate job on its construction of the observatory and seeing the project through with care.

Mr. Speaker, I also take this opportunity to send my best wishes to the students from the Steven White Middle School of Los Angeles. These students, who have an avid interest in space and science issues, were on hand to witness this historic launch. Working in conjunction with TRW, the students had a first-hand experience by getting a tour of the facility where Chandra was build and speaking to engineers who worked on the project. I am happy they had the opportunity to go to Florida to witness the launch. I know it was an event they will always remember.

CONGRATULATING THE CHANDRA TEAM AT MARSHALL SPACE FLIGHT CENTER

HON. ROBERT E. (BUD) CRAMER, JR.

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. CRAMER. Mr. Speaker, today I rise to congratulate the Chandra team at Marshall Space Flight Center for their role in the successful launch of NASA's Chandra X-ray Observatory. When Chandra reaches its planned orbit in about three weeks, and first turns its instruments to the far reaches of space, NASA will have opened a new and exciting chapter in space exploration and space science. From this chapter, America will reap new and exciting educational, intellectual, and quality-of-life benefits that are critical to our Nation's future.

Chandra is 20 times more sensitive than any previous X-ray telescope, and together with NASA's other Great Observatories already in orbit—the Hubble Telescope for studying objects in space using visible light, and the Compton Gamma Ray Observatory for detecting mysterious gamma rays—this X-ray observatory will give us the most complete picture ever of our universe.

At the heart of Chandra are eight of the largest and smoothest mirrors of their kind ever created. Together, the assembled mirrors weigh more than a ton, and if the State of Colorado were polished to the same degree of smoothness that went into the manufacture of these mirrors, Pike's Peak would stand less than one inch tall. High-resolution cameras and other sensors complete the suite of hardware aboard the observatory, critical components of which have been exhaustively tested at Marshall Space Flight Center by the talented people of North Alabama. The technology and manufacturing expertise that went into constructing these instruments is no less riveting than the scientific observations that Chandra will make.

Just in building, launching, and operating the Chandra X-ray Observatory, we have added much to our store of knowledge about optics, engineering and design. What science will we learn when Chandra begins to open its X-ray eyes to space? Scientists stand to make fundamental advances in our understanding of many of the most puzzling features of the universe: black holes and quasars, the identity of "dark matter," and the very age of the universe itself. By looking deep into the hottest, most violent parts of the cosmos—providing us with a laboratory that could never be reproduced here on Earth—Chandra will reveal an entire new level of detail in the far reaches of space, and will take our minds where our feet may never have a chance to tread.

Mr. Speaker, I share pride in Chandra's launch and the excitement of discoveries yet to come with my friends and neighbors in North Alabama, with NASA, and with my colleagues in the House.

IN HONOR OF MR. JESSE LIM

HON. XAVIER BECERRA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. BECERRA. Mr. Speaker, it is with the utmost pleasure and privilege that I rise today to recognize a wonderful American, Mr. Jesse Lim, for his inspiration as a dedicated father and grandfather, hard-working businessman, and a model citizen of our great nation.

The third son in a family with seven children, he was born and raised in Toisan, China in 1921. He was fortunate to attend school in China. Jesse came to the United States in 1938, unable to speak a word of English. After being detained at Angel Island he joined his father and brother in Tucson, Arizona. Through hard work and determination and with the help of a wonderful teacher, Miss Marshall, Jesse was able to master the English language.

He met Mary Parker Lee in Tucson. They fell in love but delayed marriage because he was drafted into the United States Army during World War II. He rose to the rank of Sergeant. After the war, Jesse and Mary wed in 1946. They has three daughters: Jessica, Jennifer, and Janet.

Jesse and Mary so valued education that they made sure their children studied hard. They all did well in school, and all three attended Universities: Occidental College, the University of Arizona, and the University of California at Los Angeles.

Jesse and Mary had to work hard to provide for their family. Though Jesse was an educated man, he was also of Chinese heritage. Like so many in this country, he faced discrimination. There were few avenues a smart, handsome man could pursue, but with his beautiful and business-savvy wife, they built up a number of small businesses, most of them "mon and pop" grocery stores. Their first store was in Tucson, and they had several others after the family moved to Los Angeles, California.

As food is very important to Chinese families, Jesse and Mary made sure their family would never go hungry. By owning grocery stores, there would always be plenty to eat. To make ends meet, the Lim family at times live in the store. As the daughters grew older, they also worked in the store—cashiering, stocking shelves, and slicing bologna and cheese . . . learning the value of hard work.

But Jesse and Mary didn't just work all the time—although it was usually 364 days a year (the store was closed on Christmas). They made sure the family had some fun too. Every Sunday, they would go to Westlake Park, later re-named MacArthur Park or the Merry-Go-Round. They would eat homemade tuna sandwiches made with mayonnaise and sweet pickle relish. But they could never go to Griffith Park because the family car couldn't get up the hill. They would also get together with relatives where the adults would play mah johng while the kids would watch TV. When the kids got old enough to drive, they would go bowling or do other recreational activities.

Jesse and Mary kept on working. In additional to grocery stores, they once owned a motel in Pasadena, California. They also owned a small restaurant/coffee shop in both Beverly Hills and the City of Orange.

Jesse and Mary were very loving parents. Jesse taught the kids how to swim and how to drive. But he couldn't teach Mary either one. She had to take private driving lessons before she could chauffeur the kids around.

Jesse and Mary were devoted grandparents as well. They were "Gung-Gung and Poh-Poh" to William, Ralph, Jesse, and Erin.

Jesse and Mary were also very conscious of helping the community. They loved the Lim Family Association. They made sure their kids, and later the grandkids, would go to the annual Chinese New Year banquet in Los Angeles, Chinatown and become part of the Association activities. Jesse led the campaign to raise funds which resulted in the Lim Family Association buying its own building in Los Angeles. Jesse served as the President of the Association while Mary served as English Secretary.

Jesse is admired by his friends and family, especially his fellow Lims. Jesse likes to talk, and he is fluent in Toisanese, Cantonese, and English. He is also a very funny guy. He has always been in high demand to serve as emcee on various occasions—birthdays, weddings, baby parties. At most Chinese banquets, everyone talks, and no one listens to the emcee, but Jesse could command the room. When Jesse talked, people listened. You could hear a pin drop. With a quick wit and a vibrant personality, he became known as the Chinese "Bob Hope." Unfortunately, his daughters couldn't always understand the intricacy of his jokes in Chinese, but the audiences always roared with laughter.

As Jesse and Mary grew older, they became active in senior citizens organizations, both in California and later in Tucson. Jesse, always the handyman, would buy things at the thrift store, fix them up, and give them to the senior centers.

One of the things Jesse is most well known for is his sense of duty and responsibility. When he married Mary, he became the man of the family, because Mary's brother Jimmy had died in service to our country during WW II. He became the father to Mary's sisters May, Ruth, Margaret, and Elsie. After his brother Roy passed away, and his sister Sophie's husband passed away, he became the patriarch of the family. He is "Uncle Jesse" to many, both blood relative or not.

After 49 years of marriage, Jesse had to say farewell to his beloved Mary on May 21, 1995. But with the support of his family and friends, he has survived.

On Saturday, July 31, 1999, there will be a dinner in Tucson, Arizona to pay tribute to Jesse and to celebrate his life. A large delegation from the Lim Family Association in Los Angeles will be among the crowd of 150.

It is with great pride that I ask my colleagues to join me today in saluting this exceptional human being.

RUSSIA'S LEADERS SHOULD EMBRACE AND ENCOURAGE FREEDOM OF THE PRESS

HON. PETER DEUTSCH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. DEUTSCH. Mr. Speaker, as Russia prepares for Parliamentary and Presidential elections, there are alarming signals that the Kremlin is cracking down on privately owned news outlets who have been critical of government policies. In particular, I understand that the independent and highly regarded television station, NTV, has been pressured by officials who are displeased with its news coverage of the Kremlin. There are reports that the owners and reporters of NTV and other news organizations have been harassed, and that government agencies have threatened to deny operating licenses to these organizations, have attacked private media companies through state-owned media, and have issued veiled threats to nationalize NTV and other private media outlets.

Such activities undermine Russia's free and democratic nature. I find particularly disturbing reports that Yeltsin Administration head Alexander Voloshin has asked his staff to find any grounds possible by which to initiate criminal action against owners of private media enterprises. The most notable example is Mr. Voloshin's order to the Director of the Tax Police Federal Service to carry out inspections of the editorial offices of media outlets owned by Media Most, the largest privately owned media company in Russia, headed by Vladimir Goussinsky. The fact that Mr. Goussinsky has consistently submitted tax returns and paid all taxes required by current law since 1992 was apparently insufficient in stopping these egregious searches.

Free press may also be threatened on another front. In July, 1999, the government established a new Ministry for Publishing, TV and Radio with the task, according to Prime Minister Stepashin, of "consolidating" the government's "ideological work." This new ministry will have vast powers to oversee and control news content and other aspects of Russian media, including publishing, licensing regulations, advertising, satellite broadcasting, and press distribution. Mr. Speaker, I am extremely concerned about the possible effects that this new Ministry's policies might have on private and independent media outlets.

Whoever controls the media in Russia may well influence the outcome of the upcoming presidential elections. It is generally accepted that favorable television coverage of President Boris Yeltsin's re-election campaign made possible his ultimate success at the polls. In a democratic society, the diversity of opinion and variety of information that is fostered by a free and independent press is an important part of the political process. The subversion of independent media, especially at this critical juncture in the Russian political process, is disturbing.

If Russia's nascent democratic system is to succeed, freedom of the press must be preserved. I call on President Yeltsin and Prime Minister Stepashin to ensure that attacks on privately owned media are curtailed, and to publicly reinforce the government's favorable opinion toward freedom of the press in Russia.

DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2000

SPEECH OF

HON. HENRY BONILLA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2587) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes.

Mr. BONILLA. Mr. Chairman, I rise in strong support of the fiscal year 2000 District of Columbia Appropriations Bill. This legislation is a well crafted bill that supports initiatives which reduce crime as well as promote educational opportunities for District residents. The bill makes these significant improvements at a cost to federal taxpayers $230.6 million less than last year's bill. In addition, the bill continues current prohibitions on the use of these federal funds for abortions and needle exchanges.

I opposed several amendments which restrict the use of local funds or write local law. While these amendments are well intentioned and would be appropriately considered by this Congress in regard to federal law or the use of federal funds, Congress should not write local laws. We Texans don't want Congress making our local laws, and I respect the right of the City of Washington to decide their local laws, whether we agree with them or not. One of the foundations of our liberty is our federal system which divides responsibility between federal, state and local authorities. I believe we must respect constitutional divisions and focus on federal responsibilities. The fact that I object to these local decisions is not the issue.

INTRODUCTION OF THE FEDERAL RAILROAD SAFETY ENHANCEMENT ACT

HON. RONNIE SHOWS

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. SHOWS. Mr. Speaker, today I am introducing the Federal Railroad Safety Enhancement Act of 1999. This bill is unique in two ways: it is premised on zero tolerance for railroad accidents and injuries, and it is supportedly by all of rail labor.

Railway accidents have caused people in my district to suffer tragically. Several approaches to rail safety will be considered and it is important that the voices of all concerned parties be heard. The Federal Railroad Safety Enhancement Act is an approach that has been crafted by a coordinated effort of the many unions representing railway workers. We must pay heed to the workers who operate and maintain our rail system, just as we must pay heed to rail management and federal authorities that oversee our railways. We must keep an open mind as we examine all proposals so that we can pass legislation that best address this urgent matter.

Mr. Speaker, over the past few years, the railroad industry has achieved a reduction in the number of fatalities and in the number of certain types of accidents, such as collisions and grad-crossing accidents. But the number of derailments and employee fatalities has remained almost unchanged, and some key safety issues have not been adequately addressed.

For example, it is clear that in rail transportation, as in other modes of transportation, tired workers with insufficient rest present serious safety and health problems that must be addressed. While some individual rail unions continue to evaluate this issue in craft-specific needs, we do know with respect to hours of service and fatigue management that there are a number of loopholes in current regulations that must be closed, and updates that must be made, to the current regime.

Mr. Speaker, whether it is these issues or others such as certification, van crew safety, passenger safety service standards, etc., the fact of the matter is that current rail laws do not adequately address rail safety.

The bill I am introducing today is one approach that would go a long way in achieving new levels of safety in the rail industry. We must carefully consider all approaches to rail safety, but if the "Federal Railroad Safety Enhancement Act of 1999" is the most we can do at this time to reach that goal, then it is the very least we must do.

Mr. Speaker, I urge members to join in support of this important piece of legislation.

INTRODUCTION OF THE SPOKANE TRIBE SETTLEMENT ACT

HON. GEORGE R. NETHERCUTT, JR.

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. NETHERCUTT. Mr. Speaker, I am pleased to introduce The Spokane Tribe of Indians of the Spokane Reservation Grand Coulee Dam Equitable Compensation Act. This legislation will provide for a settlement of the claims of the Spokane Tribe of Indians resulting from its contribution to the production of hydropower by the Grand Coulee Dam. Similar settlement legislation was enacted in 1994 to compensate the neighboring Confederated Colville Tribes. That Act, P.L. 103–436, provided for a $53 million lump sum payment for past damages and roughly $15 million annually from the ongoing proceeds from the sale of hydropower by the Bonneville Power Administration to the Colville Tribes. The Spokane Settlement Act, which I am introducing today, provides for a settlement of the Spokane Tribe of Indians claims directly proportional to the settlement afforded the Colville Tribes based upon the percentage of lands appropriated from the respective tribes for the Grand Coulee Project, or approximately 39.4 percent of the past and future compensation awarded the Colville Tribes.

Although the Department of the Interior and other federal officials were well aware of the flooding of Indian trust lands and other severe impacts the Grand Coulee Project would have on the fishery and other critical resources of the Spokane and Colville Tribes, no mention was made of these impacts or the need to compensate the Tribes in either the 1933 or 1935 authorizations. Federal interdepartmental and interoffice correspondence from September 1933 through October 1934 demonstrate the government knew the Colville and Spokane Tribes should be compensated for the flooding of their lands, destruction of their fishery and other resources, destruction of their property and annual compensation from power production for the use of the Tribes' land and water resources contributing to power production.

Congress passed legislation in 1940 to authorize the Secretary of the Interior to designate whichever Indian lands he deemed necessary for Grand Coulee construction and to receive all rights, title and interest the Indians has in them in return for his appraisal of its value and payment of compensation by the Secretary. The only land that was appraised and compensated for was the newly flooded lands for which the Spokane Tribe received $4,700. There is no evidence that the Department advised or that Congress knew that the Tribes' water rights were not extinguished. Nor had the Indian title and trust status of the Tribal land underlying the river beds been extinguished. No compensation was included for the power value contributed by the use of the Tribal resources nor the loss of the Tribal fisheries or other damages to tribal resources.

In a 1976 opinion, Lawrence Aschenbrenner, Acting Associate Solicitor with the Department of the Interior's Division of Indian Affairs, stated, "The 1940 act followed seven years of construction during which farm lands, and timber lands were flooded, and a fishery destroyed, and during which Congress was silent as to the Indian interests affected by the construction. Both the Congress and the Department of the Interior appeared to proceed with the Grand Coulee project as if there were no Indians involved there. . . . It is our conclusion that the location of the dams on tribal land and the use of the water for power production, without compensation, violated the Government's fiduciary duty toward the Tribes."

The Colville settlement legislation of 1994 ratified a settlement agreement reached between the United States and the Colville Tribes to settle the claims of the Tribes to a share of the hydropower revenues from the Grand Coulee Dam. This claim was among the claims which the Colville Tribes filed with the Indian Claims Commission (ICC) under the Act of August 13, 1946. This Act provided for a five year statute of limitations to file claims before the Commission. While the Colville Tribes had been formally organized for over 15 years at this point, the Spokane Tribe did not formally organize until 16 days prior to the ICC statute of limitations deadline. In addition, evidence indicates that while the Bureau of Indian Affairs was aware of the potential claims of the Spokane Tribe, it does not appear that the Tribe was ever advised of the potential claim.

Since the mid-1970's, both Congress and Federal agencies have expressed the view that both the Colville and Spokane Tribes should be compensated. The legislation I am introducing today will provide for compensation to the Spokane Tribe. There is ample precedent for such settlement legislation that addresses the meritorious claims of a tribe and I urge my colleagues to support this bill.

HONORING AMERICA'S HEROS

HON. MICHAEL BILIRAKIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. BILIRAKIS. Mr. Speaker, early this month I had the privilege of presenting military medals to several of my constituents—a recognition which was long overdue.

Julian Burnside was serving in the U.S. Army's 106th Infantry Division when he was captured by German Nazis during the Battle of the Bulge. He spent 10 days squeezed into a railroad boxcar with other U.S. soldiers. The conditions were so bad that the men had to keep their legs folded and were only fed 4 of the 10 days.

Julian was eventually taken to a prisoner-of-war camp near Dresden, Germany. While there, he was forced to pull bodies from piles of burned human remains and dig holes for their burials. During his captivity he suffered from frozen feet, malnutrition, dysentery and yellow jaundice.

On May 9, 1945, Julian was freed when his German captors surrendered to the Allies. He spent months recovering in a hospital before being discharged in October 1945. While in the hospital, someone told Julian about all of the medals that he was eligible to receive, including the Order of the Purple Heart for Military Merit, commonly called the "Purple Heart." An officer then told him that they were no longer giving the Purple Heart for injuries like his. Julian didn't care. He was just happy to be free.

But heros like Julian Burnside should never be forgotten, and on July 3, 1999, I was honored to present Julian with both the Purple Heart and the POW medal. The Order of the Purple Heart is awarded to members of the Armed Forces of the United States who are wounded by an instrument of war in the hands of the enemy. It is a combat decoration.

The POW medal may be awarded to anyone who "was taken prisoner and held captive while engaged in an action against an enemy of the United States, while engaged in military operations involving conflict with an opposing foreign force, or while serving with friendly forces engaged in an armed conflict against an opposing armed force in which the United States is not a belligerent party."

The front of the circular medal features a golden eagle standing with its wings outspread against a lighter gold background, ringed by barbed wire and bayonet points. Although symbolically imprisoned, the American eagle is alert to regain freedom, the hope that upholds the prisoner's spirit. On the reverse side of the medal, there is the inscription: "For Honorable Service While A Prisoner of War."

Another American hero who should not be forgotten is Luis Reyes. Luis was also in the U.S. Army Infantry, but he served during the Korean War from August 1950 until August 1951. He was wounded in the Injim River area during the War and suffered a bullet wound in his leg. On July 3, I presented him with the Purple Heart for wounds received in action against an armed enemy.

That day, I was also honored to present the POW/MIA medal to the family of a third Army veteran, Lowell Pirkle. Lowell was killed while working for Air America in Vietnam in 1967. During his lifetime, he received two Purple Hearts, the Vietnam Service Medal and the Good Conduct Medal.

Lowell, who served two tours in Vietnam, was attempting to load wounded Laotian soldiers into a helicopter when the aircraft was hit by a rifle shell and exploded. The pilot and co-pilot escaped. Lowell and a Laotian soldier were not so lucky. His body was not recovered.

Lowell was survived by his wife, Deborah, and two children, Robin and Scott. Lowell's family and the Air America Association pressed the federal government for information about Lowell after discovering he had never been listed among those missing in action.

The crash site was discovered in 1995, and Lowell's remains were identified by the U.S. Army in January 1998. On August 3, 1998—thirty-one years to the day after being shot down—Lowell was laid to rest in Arlington Cemetery.

The POW/MIA medal depicts a bald eagle, which symbolizes all unaccounted for Americans, amidst the bamboo of a Southeast Asian jungle. The eagle retains the American spirit of freedom in its vigilant stance. On the reverse side is a representation of the Vietnam Campaign Medal lying on a table, issued, but not yet claimed by its owner. The words, "You Are Not Forgotten" reflect the sentiment of family, loved ones, and all Americans waiting their return.

Mr. Speaker, Julian, Luis and Lowell all answered the call to duty when their country needed them. They are true American heros.

IN RECOGNITION OF DEDICATED SERVICE BY MR. ROBERT TOBIAS

SPEECH OF

HON. BOB FILNER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. FILNER. Mr. Speaker, and colleagues, I rise today to salute a great American, Mr. Robert Tobias, the retiring president of the National Treasury Employees Union (NTEU).

Mr. Tobias' career at NTEU spans thirty busy years including the last sixteen as the union's president. As he led the fight on behalf of federal employees, he became a leading authority on these issues. In doing so he vastly expanded NTEU's influence in the halls of Congress and in the White House.

His accomplishments and memberships are an impressive collection of who's who and where's where. His memberships include President Clinton's National Partnership Council, the Executive Committee of the Internal Revenue Service, the American Arbitration Association board of directors and the Federal Salary Council that advises the President of the United States. He is the co-founder of the Federal Employee Education and Assistance fund and in 1996 was appointed by the President to the Federal Salary Council.

While this is an impressive listing of Mr. Tobias' commitments and involvements, I believe his lasting legacy will be the great contributions he helped achieve on behalf of America's federal employees.

Developing the Federal Employees Retirement System (FERS), restructuring the IRS, protecting the Federal Employee Health Benefits Plan, advocating the closure of the pay gap for federal employees, reforming the Hatch Act, securing the right to initiate midterm bargaining and to engage in informational picketing are all significant achievements with long lasting effects.

These actions will continue to directly impact America's working people and their families and the people they serve for years and years to come. The impact of these actions cannot be overstated.

Like many of his friends, I will miss Mr. Tobias' visionary leadership, his strong support and his hard work at NTEU. The union, its membership, the vast federal workforce and indeed this Congress are all the better for his stewardship at NTEU.

I thank Robert Tobias for his dedication and his efforts on behalf of America's federal employees and wish him the very best of luck.

NATIONAL MISSILE DEFENSE ACT OF 1999

HON. CURT WELDON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. WELDON of Pennsylvania. Mr. Speaker, last week the President signed H.R. 4, the National Missile Defense Act of 1999, into law. This measure unequivocally states that it is the policy of the United States to deploy a national missile defense system as soon as it is technologically feasible. In signing the bill, the President has at long last acknowledged that the missile threat that he has so long denied, and the need to defend against it.

Mr. Speaker, there was no signing ceremony, no fanfare, not even a press conference announcing this significant action. Unfortunately, there is a reason the President chose to downplay this event. In characteristic style, he is already trying to redefine the meaning of this law. The ink on the bill was not dry when the President released a statement noting that the "legislation makes clear that no decision on deployment has been made. . . . Next year, we will, for the first time, determine whether to deploy a limited national missile defense . . ." This is Orwellian. The President signs a bill that says that it is our policy to deploy a national missile defense, and in the same breath says that a decision to deploy will be made next year. It would be comical if the stakes were not so high.

I guess we should not be surprised anymore. The President has already successfully redefined the word "is," and once again it provides him with a convenient escape hatch. Perhaps we should have reconsidered the use of that word in our policy statement before submitting it to the President, because he has already made it clear that to him, "is" does not always mean "is." But most people understand that when we say it is the policy of the United States to deploy a national missile defense, that the decision to deploy has been made. The question is not whether to deploy, only when. And contrary to the President's interpretation, Congress was clear on this point.

Before the House voted on this measure, both the original bill and the conference report, I called on my colleagues to vote against this bill if they agreed with the President that we should hold off the decision on whether to deploy, and told those who agreed with moving forward with that decision now to vote for it. There was considerable discussion about whether we could deploy a system now. It was repeatedly noted that the bill was not mandating when to deploy, it was simply stating that the decision was being made to do so as soon as it is technologically feasible. Similar debate ensure in the Senate.

This time, the President says that Congress itself has qualified that it "is" the policy to deploy. He argues that the bill language subjecting deployment to the authorizations and appropriations process means that no decision has been made. That argument is a Trojan horse, because all policy decisions are subject to the authorization and appropriations process. He further argues that the bill's language supporting continued reductions in strategic nuclear arms means that the decision must account for arms control and nuclear nonproliferation objectives. Congress said nothing of the sort, and made absolutely no linkage of these objectives.

Mr. Speaker, no amount of tortured linguistics by this President or anyone else can change the legislative record. We were clear that passage of this bill would formalize U.S. policy to deploy a national missile defense system, and it was overwhelmingly adopted in both bodies. It is time for the President to stop rewriting the dictionary, and get down to the business of executing the law and ensuring the security of this nation.

THE RETIREMENT OF DDO JACK DOWNING

HON. PORTER J. GOSS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. GOSS. Mr. Speaker, I rise today, Mr. Speaker, to recognize the contributions of Jack Downing, CIA's Deputy Director of Operations, or DDO, to the security and well-being of this Nation. Just this once, on the occasion of Jack's retirement on 31 July, I want to bring this remarkable man, our Nation's "head spy," out of the shadows and into the spotlight of this forum.

Barely 2 years ago, Jack was pulled out of an earlier retirement from CIA to take over its directorate of operations, or DO, at a time when the morale, sense of mission, and strength of the DO had been sapped by careerism, corridor politics, and lack of leadership. At that time, I knew only two things about Jack: first, he couldn't be a careerist because he had already retired once. Second, he couldn't be a "corridor cowboy" back in Washington because he had spend almost all of his legendary career in the field where case officers belong. Jack, in fact, was our chief of station on the very front lines of the cold war.

What I did not know at the time, and what now causes me to offer this tribute, is the leadership that Jack would bring to the DO and to its officers. In two short years, Jack has refocused the DO on its core capability: the clandestine collection of intelligence. Under Jack, DO officers have found ways to penetrate terrorist cells, to get inside the cabinet rooms of rogue states, and to detect and disrupt the movement of narcotics. Under Jack, the DO has been put in a position to collect intelligence on whatever threats and challenges come our way in the next century.

Jack's leadership, however, is more than these accomplishments. In the unique, often peculiar, business of espionage, the DDO is more than someone who directs the operations of the DO; for young officers, particularly, the DDO is a role model in the clandestine service. And the DO, in my opinion, has never had a better role model than Jack Downing.

As chairman of the House Intelligence Committee, I visit stations overseas and talk with the young officers who hop fences, slip down alleys, and take real risks to collect the intelligence we need back here in Washington.

Over the past 2 years, the change I have seen in these young officers overseas has been extraordinary. Where there used to be malaise is now a sense of mission. Where there used to be risk aversion is now a feeling of confidence. Perhaps the most telling change under Jack Downing, and most central to the character of this former marine, is that his troops at risk in the field know that he will stand behind them when things go wrong.

I can offer no higher tribute than what Jack's own troops think of him. I commend this man for what he is and what he has done. Our country is and will be a better place because of him.

Godspeed, to Jack Downing, you are "the right stuff" and have served us well.

DISAPPROVING EXTENSION OF NONDISCRIMINATORY TREATMENT TO PRODUCTS OF PEOPLE'S REPUBLIC OF CHINA

SPEECH OF

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Mr. RANGEL. Mr. Speaker, I rise in support of extending normal trade relations status to

China for another year. I oppose this resolution and call upon my colleagues to vote against it.

As events over the past week have shown, the human rights situation in China needs to improve. Increased respect for human rights must be accompanied by political and democratic reforms. But let us not forget that our own country's record on certain human rights issues is less than perfect, as has been noted by such organizations as Amnesty International. Over 1.8 million Americans are in jail, most of them for non-violent crimes and many of them—and this is not an accident—coming from our country's worst schools. Given our own record, we should avoid hypocrisy in our insistent demands for reform in China.

Rather, we should be pragmatic in our efforts and pursue a productive engagement with Chinese society. The only way we can convey our values to other countries is to have a presence there, and to let them see who we are and how we succeed in having a better life. That means that along the way we must also raise our own country's standards and expectations so that we can show by example.

Entering the next century, the United States is experiencing a remarkable economic boom. However, as we work to maintain our technological leadership and the growth of 21st century jobs, we should also keep in mind the jobs lost to many of those at the lowest end of the economic spectrum. We must do much more to assist those who need skills and training in order to get new, better-paying jobs, and we must ensure full and real opportunities for all the children in our country. That is central to our task so that we can be a beacon to China and the world and use our policy of engagement to its fullest.

The question before us today is what are the best and most appropriate means to achieve our goals. The most effective way to bring about improvements in human rights and political and religious freedoms in China is through continued engagement with the Chinese government and increased contacts with the Chinese people about our way of life. Withdrawal and ceasing to do business with China by removal of NTR status will harm, not improve, the situation.

We must also remember that history has shown that using trade as a weapon can work only if there is a consensus among our trading partners that we will work collectively and apply similar policies. I led the fight on trade with South Africa, but the effectiveness of that effort depended on the participation of numerous other countries. By contrast, in the case of our embargo against Cuba, we stand alone. The failure of this outdated and misguided policy has proven that our unilateral trade sanctions do nothing to advance our objectives and only give our foreign competitors an advantage.

Too many other countries are ready and willing to fill the vacuum we would leave in the huge Chinese market as a consequence of withdrawal of NTR status. We would merely lose exports and the jobs they create. As also shown by our experience with Cuba, punishing a country through trade does not help the cause of democracy or promote fundamental freedoms. Isolationist policies do not promote the free exchange of ideas. Isolationist policies do not bring leaders to the negotiating table. What isolationist policies do is further separate people.

We should also not forget that the benefits of trade—of engaging fully in the global marketplace, including through trade with China—are considerable for our country. Jobs supported by exports pay 13 percent more than the average U.S. job, and the number of export-related jobs in the U.S. grew four times faster than overall private job growth from 1986–1994. U.S. exports to China have almost tripled since 1990, increasing steadily in nearly every year, and trade with China supports over 200,000 export-related jobs. Market access provisions in a WTO accession agreement with China would further open Chinese markets to U.S. products and services.

The United States must not withdraw from the world economy of the next century—a world economy that will be built increasingly on trade, trade and more trade. Our country's economic future will largely rest on educating and training our young people for the world economy of the 21st century—not by turning away from the reality of trade's benefits.

Mr. Speaker, I urge my colleagues to vote no to this resolution. Continuing dialogue and interchange with China, I truly believe, is the more rationale and better course of action than terminating the discussion.

INTRODUCTION OF LAW ENFORCEMENT TRUST AND INTEGRITY ACT OF 1999

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. CONYERS. Mr. Speaker, I am pleased to introduce the Law Enforcement Trust and Integrity Act of 1999, along with additional cosponsors. This legislation adopts a new approach to the dilemma of police misconduct. Rather than focusing on episodic incidents, this legislation targets hiring and management protocols much farther up the chain of causation that can stop incidents of misconduct long before they occur. Moreover, this bill focuses on the long-term improvement of the law enforcement profession. Further, it strengthens our federal prosecutorial tools with demonstrated effectiveness at sanctioning misconduct. This bill seizes upon the opportunity to initiate reforms that would restore public trust and accountability to law enforcement.

This legislation provides a direct contrast to other proposals that merely provide, without any selection criteria or performance benchmarks, a select number of police organizations more money—proposals which have been widely criticized by the Administration, civil rights group and even law enforcement organizations.

Our bill makes seven concrete steps toward improving law enforcement management and misconduct prosecution tools and has the support of a broad range of groups, from the NAACP to the Southern States Police Benevolent Association:

1. Accreditation of Law Enforcement Agencies—The bill requires the Justice Department to recommend additional areas for the development of national standards for accreditation of law enforcement agencies in conjunction with professional law enforcement accreditation organizations, principally the Commission on Accreditation for Law Enforcement Agencies ("CALEA"). The bill further authorizes the Attorney General to make grants to law enforcement agencies for the purpose of obtaining accreditation from CALEA.

2. Law Enforcement Agency Development Programs—The bill authorizes the Attorney General to make grants to States, units of local government, Indian Tribal Governments, or other public and private entities, and multi-jurisdictional or regional consortia to study law enforcement agency operations and to develop pilot programs focused on effective training, recruitment, hiring, management and oversight of law enforcement officers which would provide focused data for the CALEA standards promulgation process.

3. Administrative Due Process Procedures—The bill requires the Attorney General to study the prevalence and impact of any law, rule or procedure that allows a law enforcement officer to delay for an unreasonable or arbitrary period of time the answer to questions posed by a local internal affairs officer, prosecutor, or review board on the investigative integrity and prosecution of law enforcement misconduct.

4. Enhanced Funding of Civil Rights Division—The bill authorizes appropriations for expenses related to the enforcement against pattern and practice discrimination described in section 20401 of the Violent Crime Control and Law Enforcement Act of 1968 (42 U.S.C. 14141) and authorizes appropriations for expenses related to programs managed by the Community Relations Service.

5. Enhanced Authority in Pattern and Practice Investigations—The bill amends section 21041 of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C.A. 14141) to create a private cause of action for declaratory and injunctive relief relating to police pattern and practice discrimination.

6. Deprivation of Rights Under Color of Law—The bill amends section 242 of Title 18 of the United States Code to expressly define excessive use of force and non-consensual sexual conduct as deprivations of rights under color of law.

7. Study of Deaths in Custody—The bill amends section 20101(b) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C.A. 13701) to require assurances that States will follow guidelines established by the Attorney General for reporting deaths in custody.

Given the litany of incidents—Rodney King, Amadou Diallo, Abner Louima—it should now be clear to all members, and the nation at-large, that this issue must be addressed in a bipartisan manner. Faced with such compelling evidence, we cannot recommend yet another study of problems that we all know to exist. The energies of Congress should be focused on the adoption of legislative priorities that address the substance of law enforcement management and strengthen the current battery of tools available to sanction misconduct.

As a Congress we have been enthusiastic about supporting programs designed to get officers on the street. We must be just as willing to support programs designed to train and manage them after they get there. The current national climate requires decisive action to implement solutions. This legislation initiates the reforms necessary to restore public trust and accountability to law enforcement.

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2000

SPEECH OF

HON. CHARLES F. BASS

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 22, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2561) making appropriations for the Department of Defense for the fiscal year ending September 30, 2000, and for other purposes:

Mr. BASS. Mr. Chairman, I rise to speak on the FY00 Defense Appropriations Act and to express my support for the Air Force's F–22.

I wish to commend the distinguished gentleman from California, Mr. LEWIS, for producing a bill that addresses the serious and evolving challenges facing our military. Under his guidance, the Subcommittee has worked very hard to promote our national security within a constrained budget, and I believe the bill before us goes a long way toward addressing many of our most urgent military requirements.

I am, however, troubled by the Subcommittee's recommendation to cut $1.8 billion from the F–22 program. I certainly appreciate the Subcommittee's concerns about the program and am fully aware of the substantial challenges it faced as it sought to reconcile military requirements with available resources. Nevertheless, I believe that the F–22 remains critical to maintaining the air superiority that has proven invaluable to the United States to date and will continue to be fundamental requirement in the future if our interests are to be protected. Indeed, the F–22 program is the Air Force's number one priority.

Mr. Chairman, although I support the bill before us on the whole, I look forward to working with the Subcommittee Chairman and other members of the Committee to ensure that the F–22 is fully funded in the final bill.

MEDICARE PRESCRIPTION DRUG BENEFIT PLAN

HON. FORTNEY PETE STARK

OF CALIFORNIA

HON. ALBERT RUSSELL WYNN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. STARK. Mr. Speaker, I rise today with my colleague ALBERT WYNN (D-MD) on behalf of the citizens of the United States and their requests for a much-needed Medicare prescription drug benefit plan.

Some of the greatest financial difficulties faced by seniors today come as a result of increasingly exorbitant medication prices. As the price of prescription drugs continue to rise, access to these vital drugs decrease concurrently.

Just this week, we received the following petition from the Homecrest House Resident Council of Silver Spring, Maryland. This petition was sent to various members of Congress as well as President Clinton urging us to work together for the institution of a Medicare prescription drug benefit plan Close to 300 of the residents signed this letter which stretches some seven feet long. It is an urgent plea that not only lays out their own concerns, but also those of seniors nationwide who are constantly restricted financially from obtaining vital prescription drugs.

The petition notes that decreased access to vital medications only contributes to prolonged illness and more frequent hospitalization, which subsequently increases the government's costs of caring for these elderly and disabled citizens.

We ask our colleagues to join with us today in protecting our seniors and in aiding them in gaining access to the prescription drugs to which they are entitled. This petition is yet another visible example of the need for Congress to actively improve and protect the Medicare program. All seniors deserve access to prescription drug medications. It is our duty today to guarantee that access through prompt enactment of legislation that adds a prescription drug benefit to Medicare.

I am submitting a copy of the petition we received which clearly illustrates the Homecrest House residents' concerns and requests.

HOMECREST HOUSE
RESIDENT COUNCIL,
Silver Spring, MD, July 8, 1999.

Hon. PETER STARK,
House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE STARK: We are enclosing our petition signed by most of our 300 resident.

All acknowledgment would be greatly appreciated.

We are sure that we voice a concern of our friends around the nation, seniors and disabled, who do without other necessities in order to buy need medications.

We are confident that you will help us and that you and your party will get our vote, because you recognize how critically important it is to make prescription drugs more affordable for senior and disabled persons. Thank you for your cooperation.

Sincerely,

VIRGINIA BENSON,
President.
MARY RYGLER,
Chair, Community Affairs Committee.

Enclosure.

Copies of this petition have been either hand-delivered or mailed to President Clinton as well as several legislators.

As Members of Congress, you hold in your hands the future quality of life of retired and disabled Americans, most of whom worked hard all their long lives and contributed to the greatness of our beloved country!

The 300 Residents of a retirement community in Silver Spring, Maryland who signed this petition, reflect the strivings of most elderly and disabled Americans all over the country!

We are sending to you our urgent plea to address the most vital problem affecting our segment of population and that is the sky-rocketing cost of prescription drug!

The fact that many vital medications are out of financial reach of most seniors and disabled contributes to the misery of prolonged illness and more frequent hospitalization, which—in turn—increases the government cost of caring for millions of elderly and disabled.

Please keep in mind that we, seniors, take full advantage of the privilege of voting.

TAX RELIEF

HON. DAVID L. HOBSON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. HOBSON. Mr. Speaker, I commend my colleagues in the Senate for moving forward with a companion measure to the substantial tax relief and debt reduction contained in the Financial Freedom Act of 1999 that this chamber approved last week.

As we move towards a conference with the Senate, I want to urge my colleagues to continue to maintain the high priority we assigned to debt reduction.

When I am back in Ohio's 7th district, my constituents ask me to make sure Congress is paying off its debts, the same way they have to make their credit card and mortgage payments.

I agree with this approach, which will help ensure that we meet our future obligations while reducing the burden the debt represents for our children and grandchildren.

We made the right decision this year, when Congress set aside two-thirds of the surplus for Social Security and Medicare. This will help keep Social Security and Medicare solvent for the long-term.

Congress also pledged to pay down the national debt. This is a good step—we can put money back into the hands of taxpayers and maintain our fiscal responsibility.

I was very supportive of the "trigger" mechanism which was included in the Financial Freedom Act to make sure that our debt reduction plans remain on track. I urge my colleagues to insist this sensible and responsible provision remains a key priority during our negotiations with the Senate to produce a final tax relief and debt reduction measure.

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS ACT, 2000

SPEECH OF

HON. MICHAEL N. CASTLE

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Tuesday 27, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2605) making appropriations for energy and water development for the fiscal year ending September 30, 2000, and for other purposes.

Mr. CASTLE. Mr. Chairman, I rise in support of H.R. 2605, the FY 2000 Energy and Water

Appropriations Act. This $20 billion bill provides crucial funding to operate the Department of Energy ($15 billion), which includes funding for renewable energy research; the Bureau of Reclamation ($784 million); and the Army Corps of Engineers (ACOE) ($4.2 billion), which builds flood control projects, including $999,000 to build dune systems and horseshoe crab habitat along Delaware's fragile coastline. The ACOE is also responsible for keeping navigation channels clear, including the Delaware River channel. H.R. 2605 fully funds President Clinton's budget request for $16.5 million to deepen the Delaware River shipping channel from 40 feet to 45 feet—a project Congress approved in 1992. This funding compliments bipartisan support for $2 million for this project in Delaware's 1999 bond bill and other funding assistance from New Jersey and Pennsylvania.

I have spent a considerable amount of time researching this project over the last year after concerns about its environmental impacts were brought to my attention. I have reserved judgment on this project until I was satisfied that these concerns had been addressed. I would like to take this opportunity to share with this body some of the conclusions from my research and advocate a course of action for how this project should proceed.

One of the primary environmental issues that have been raised about the project is the impact of the project on water quality standards. The Delaware Department of Natural Resources and Environmental Control (DNREC) analyzed ACOE's soil samples and discovered higher concentrations of heavy metals, which I term "hot spots," at two bends in the river. One is located at the confluence of the Schuylkill and Delaware Rivers and will not be dredged as part of the project. The second spot is located north of Pea Patch Island. DNREC calculates that if this spot is dredged properly, water quality standards will not be violated. DNREC and ACOE are coordinating to make sure this spot is properly dredged and disposed at the Killcohook site, where it will be confined and monitored.

I have also raised concerns about the potential impacts of this project on the rate of erosion at Pea Patch Island, which threatens the structural soundness of one of Delaware's historic jewels—Fort Delaware. I have been a strong advocate of providing federal funds to repair the seawall protecting the island. In FY 1999, Congress provided $750,000 toward the repairs, and the ACOE has assured me the repairs will be made prior to the Delaware River Deepening Project.

It is worth noting that ACOE is not alone in its determination that this project will have no significant impacts on the environment. The state environmental agencies, the Environmental Protection Agency, and the U.S. Fish and Wildlife Service have examined the record and independent reports others have produced and they concur with ACOE's conclusion. Combined together, these agencies, which have the proper expertise and authority to evaluate the impacts, present a compelling case. Therefore, I would find it difficult to disagree with their conclusion. Should DNREC or another agency determine that Delaware would suffer unjustifiable environmental impacts, I would be pleased to reexamine this issue.

Finally, the ACOE figures underestimate the benefits to Delaware and the region, because ACOE's regulations prohibit them from taking into account business that ports along the Delaware River may take from other ports in the country. In fact, the Port of Wilmington is taking steps to compete for more business through its recent proposal to move its berth from the Christina River to the Delaware River. Even without this move, ACOE estimates that Delaware will gain over 300 jobs and $3.4 million in annual tax revenue. Other benefits to Delaware include $78 million in clean sand material that will be used for creation of wetlands at Kelly Island and Port Mahon. Furthermore, sand deposits placed along Delaware Bay beaches, such as Broadkill will provide storm damage protection against potential annual damages of $1.6 million each year. All these benefits are attributed to Delaware and Delaware's share of the cost is only $7 to $10 million. With estimated tax revenue increases from the project of $3.4 million a year, Delaware should recoup its cost in less than three years.

I have given the Delaware River Deepening Project close scrutiny. Given the conservative reputation of the ACOE's economic figures, the overwhelming benefits of the project both to the region and to Delaware, the progress in protecting Pea Patch Island, the special attention being given to proper dredging and disposal of the "hot spot," and the overwhelming conformity of opinion by the appropriate environmental agencies, I am satisfied that the economic and environmental justification is strong enough to move forward with funding the project in FY 2000. I also believe Delawareans should be given a strong voice in the future implementation of this project, particularly with the design and construction of the dredge disposal sites. Therefore, I am prepared to contact ACOE and the Environmental Protection Agency to encourage them to accommodate more public input into the process.

Mr. Speaker, ACOE and the Environmental Protection Agency have expressed a willingness to work closer with citizen groups in actively informing them about the progress of the Delaware River Deepening Project to prevent misunderstandings. Although all the interested parties will not always agree on the correct course of action, each one plays a role that is essential to our democratic process and produces a better product in the end.

As with all long-term government projects, the Delaware River Deepening Project must be monitored to maintain cost controls and compliance with environmental safeguards. I look forward to working with the House Transportation and Appropriations Committees in their oversight of this project.

TOWN MEETING

HON. BERNARD SANDERS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Friday, July 30, 1999

Mr. SANDERS. Mr. Speaker, I would like to have printed in the RECORD this statement by a high school student from my home State of Vermont, who was speaking at my recent town meeting on issues facing young people today. I am asking that you please insert this statement in the CONGRESSIONAL RECORD as I believe that the views of this young person will benefit my colleagues.

[June, 1999]

REGARDING: THE WAR IN YUGOSLAVIA

(On behalf of: Brendan Hurlbut and Anthony Blair)

Anthony Blair: American involvement in the war in Yugoslavia is morally defensible on one level: It is the right thing to do to stop atrocities. But are there not other options for America than to conduct a war against Yugoslavia in which many innocent civilians and American soldiers may be killed? Is it America's duty to be a police force all around the world, even when an action is morally right? Do we want America to be playing the role of international policeman all over the world?

Many reasons have been put forward as to why the United States should avoid being the world's police force in Kosovo. There are reasons, such as the cost. We are spending tens of million of dollars a day. The United States is carrying out about 90 percent of the bombings, while our other allies should be carrying a heavier load than they are carrying right now. Numbers of civilians are being killed by misguided cruise missiles, hitting large groups of innocent people instead of their targeted locations.

Brendan Hurlbut: The U.S. has few strategic or economic interests in Yugoslavia.

And are we really willing to damage our long-term relations with Russia over this issue? Communist and Russian nationalist groups are gaining support for their anti-American message due to this war. Hostile anti-American groups may be aided in their efforts to gain control of Russia due to this war. The threat of force did not stop Milosevic. In fact, some say it has strengthened his position among the patriotic people of Serbia.

Morally, our actions in Yugoslavia are right, but are they in the best interests of our country, and are we not in a way also committing atrocities against innocent people? Can't the U.S. find other ways to stop Milosevic? Obviously, the bombings have not worked. The U.S. could declare Milosevic a war criminal and pay $1 billion to whoever captures him. The captors could be also granted citizenship in any one of the NATO countries. This would save lives, money, and maybe a country from poverty.

Current U.S. policy is not consistent. We respond to atrocities in one nation, such as Yugoslavia, but ignore atrocities in other regions, such as Ruwanda. If the U.S. now takes the role of worldwide policeman, the U.S. will have to respond to every tribal or ethnic war worldwide. Do we really want the U.S. to be like a puppet on a string that must respond to every problem around the world?

[June, 1999]

REGARDING: TOBACCO

(On behalf of: Andy Tyson, Carey Levine, Zach Pratt, Tina Reed and Doug Lane)

Carey Levine: People who smoke are at increased risk of heart disease, cancer, emphysema and other smoking-related illnesses that contribute to over 420,000 deaths per year. These people dying from cigarettes are our mothers, fathers, aunts, uncles, sisters, brothers, colleagues, peers, and friends. Smoking is no longer just a problem, it is an epidemic that is expanding nationally and globally.

Zach Pratt: In the wake of the recent landmark tobacco settlement, which awarded $206 billion over the course of the next 25 years to fund programs aimed at aiding smoking victims, debate regarding the most appropriate use of the funds has been fierce. The current proposals very drastically by state.

According to a recent USA Today poll, popular opinion favors utilizing the appropriated money in an effort to improve public health care systems. Most Americans believe that the tobacco cash should be returned to those most affected by smoking and not split towards expanding health coverage for impoverished or uninsured families. The same poll reports that 27 percent of Americans would like to see the money spent on antismoking education. However, many governors would prefer to see the funds utilized in existing state education programs, feeling that the development of new programs would raise state expenditures to dangerous levels.

Doug Lane: I believe that the money would best be spent in educational programs. The risk of getting addicted to nicotine are reduced through a national educational program targeting preteenagers, and highlighting the negative effects of smoking. The money the government has obtained through cigarette taxes and lawsuits of tobacco companies should be used for preventative measures, to stop this addiction before it starts. Recently, President Clinton has publicly announced that he is making it part of his agenda to reduce the amount of teenage smoking that goes on in America.

Tina Reed: The "Stop Teenage Addiction to Tobacco" on Oklahoma's Teenage Facts sheets states that, every day, 3,000 teens smoke their first cigarette, and approximately one-third of these children will eventually die due to smoking-related illness. These are serious enough statistics that they demand a more intensive and proactive stance from schools to encourage students not to smoke.

The new program would take a fresh new approach in informing students about the negative effects of smoking, through hands-on projects such as seeing a healthy lung compared to a smoker's lung, science projects breaking down the actual contents of the cigarette, and guest speakers. Through these types of activities, students will see the devastating effects of smoking by guest speakers that have lived to regret ever taking a puff of a cigarette, and touching a lung that is black and distorted due to smoking.

Andy Tyson: There are many possibilities as to where the tobacco money can be spent. The money could help everything, from preventative measures to improving health and funding education. The truth is, all of these are worthwhile causes. The only thing that we must be especially careful of is the possibility of spreading the money too thin. Wherever this money goes, there must be enough of it to make a difference. Smoking should stop, and this is our opportunity to do so.

Congressman Sanders: Good job.

HOUSE OF REPRESENTATIVES—*Monday, August 2, 1999*

The House met at 12:30 p.m. and was called to order by the Speaker pro tempore (Mr. STEARNS).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
August 2, 1999.

I hereby appoint the Honorable CLIFF STEARNS to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

MORNING HOUR DEBATES

The SPEAKER pro tempore. Pursuant to the order of the House of January 19, 1999, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to 30 minutes, and each Member, except the majority leader, the minority leader, or the minority whip, limited to 5 minutes.

The Chair recognizes the gentleman from Texas (Mr. DOGGETT) for 5 minutes.

BETTER AMERICA BONDS, H.R. 2446

Mr. DOGGETT. Mr. Speaker, it has been said that the only means of conservation is innovation, and I believe that is what Vice President GORE had in mind in recommending an innovative proposal called Better America Bonds. I joined him back in January of this year over at the American Institute of Architects with a number of outstanding planners and conservationists to announce this initiative. Now, the gentleman from Missouri (Mr. GEPHARDT), the gentleman from California (Mr. MATSUI), the gentleman from Oregon (Mr. BLUMENAUER) and I, along with a number of our colleagues, have filed this legislation to establish the Better America Bonds program.

Mr. Speaker, we believe that the Federal Government should be an active partner with local communities supporting their efforts to build more livable communities as we approach the 21st century.

I believe that there is strong, broad-based support for these locally developed, "smart growth" or sustainable growth initiatives. The Better America Bonds program would assist State and local governments in their efforts to plan for their future growth and development.

Through the issuance of this new type of bond, one that carries a Federal tax credit as opposed to a small amount in interest payments, local governments would be enabled to make purchases to preserve green space, create or restore urban parks, or simply to clean up land or water.

I believe that the preservation of more open space, more green space in which families can enjoy life, is becoming a leading environmental issue across this country. Both property values on homes and the basic quality of life that we all expect are improved with additional open space and parks.

It really is not that hard to understand why that is so if we are coming or going from Washington, D.C. along the George Washington Parkway or the Rock Creek Parkway. Or if, as my wife and I like to do, one is enjoying bicycling along the trail that leads beside the parkway down to Mt. Vernon, one recognizes how much the beauty of the green space and the opportunity to walk and play in that green space adds to the quality of life.

Mr. Speaker, the Better America Bonds legislation has some 110 Members of this House now as cosponsors. We would provide up to almost $10 billion in bonding authority for communities across the country to buy up threatened farmland or to purchase downtown waterfront property to convert into a park perhaps, like the great hike and bike trail we have along Town Lake in my hometown of Austin, Texas. In Austin, we have a number of new projects that are under consideration, including a project along Waller Creek, and a project for an additional Town Lake park, both to preserve green space. Additional green space provided through these projects means not only more fun but more opportunity for economic development in some areas that have been neglected and not properly used in the past by the city.

My constituents back in central Texas have realized the importance of additional green space acquisition and of clean water by approving local bond initiatives through which the City of Austin has already purchased some 15,000 acres of land towards this objective. These new land purchases will protect our sensitive environment in central Texas and provide additional parks.

They have also provided a unique opportunity for some groups that have warred against each other to work together. In Austin, the Save Our Springs Alliance, the Greater Austin Chamber of Commerce and the Real Estate Council were once opposing each other over some of the environmental efforts in the community. Now they have united in what is called a "Vast Open Spaces" project to acquire additional land and in the process of uniting over this issue, they have come to achieve some common ground on a number of other issues toward improving the quality of life in central Texas as well. I believe that the Better America Bonds program, by supporting that kind of effort, will allow them to do an even better job, reach more parts of our community, and provide more parks and green space, not only along Town Lake but throughout central Texas.

Mr. Speaker, I think the same kind of thing can happen around the country, whether it is along the Anacostia here in Washington, the Chattahoochee in Atlanta, or along the Los Angeles River, these bonds provide the opportunity to reinvigorate downtown areas, make them more livable, and reinvigorate the economy in some of these areas.

The Better America Bonds initiative has received support from the American Institute of Architects and the National Realty Committee because they support strong neighborhood planning and this program provides the means for communities to do just that. Communities and local governments are also supporting the Better America Bonds program because these bonds are much less costly to a local government for them to use than the traditional interest bearing ones.

As Vice President GORE said earlier this year, "Plan well, and you have a community that nurtures commerce and private life. Plan badly, and you have what many of us suffer from firsthand: Gridlock, sprawl and that uniquely modern evil of all, too little time."

We incorporated this concept of Better America Bonds in the Democratic tax substitute. It received a substantial number of votes, and I hope that we can come together in a bipartisan effort to support Better America Bonds in the future. I believe that we must all be active participants in preserving our livable communities for our children and grandchildren. Through innovative conservation programs like Better

---

□This symbol represents the time of day during the House proceedings, e.g., □1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

America Bonds, we can ensure this legacy.

OCALA, FLORIDA POLICE DEPARTMENT CRIME PREVENTION: "WEED AND SEED"

The SPEAKER pro tempore (Mr. MICA). Under the Speaker's announced policy of January 19, 1999, the gentleman from Florida (Mr. STEARNS) is recognized during morning hour debates for 5 minutes.

Mr. STEARNS. Mr. Speaker, I would like to bring to the attention of my colleagues a report that was issued this spring of this year from the Department of Justice Office of Justice Programs called "Weed and Seed Best Practices." I thought this was a very interesting report and in this report is featured an officer from my hometown of Ocala, Florida.

For many of my colleagues, the "Weed and Seed" program, as they know, is a community-based crime prevention program. Federal, State, and local law enforcement agencies, community support services, local businesses, and ordinary citizens get together to weed out violent crime and drug use and plant the seeds to foster new community growth and, of course, stability in that community.

The "Weed and Seed" program began with three pilot sites in 1991. As of today, there are over 200 pilot sites and one of those, of course, Mr. Speaker, is in my hometown of Ocala, Florida, which is in my congressional district. The article, as I mentioned earlier, is written by Ken DeVilling, a lieutenant with the Ocala Police Department, the Crime Prevention section. I would like to share what Lieutenant DeVilling's observations were and actually the eminent success of the Ocala Police Department and the surrounding community in their fight against crime.

As Lieutenant DeVilling mentioned in his article, the City of Ocala was, of course, not immune to the effects of crack cocaine and the subsequent surge of crime. Additional resources were needed and the Ocala Police Department had the foresight to recognize the newly developed "Weed and Seed" program as a viable solution to rising crime in my hometown. So myself, and with the help of my other colleagues in Florida and the Florida delegation, they assisted me in getting Ocala as a site designated as a "Weed and Seed" program.

A number of initiatives were created by the Ocala Police Department using the funds that were provided by this "Weed and Seed" program. One initiative was the creation of a community organization called the Community Council Against Substance Abuse which was comprised of members of the local Community Commission, the city council, school board, State attorney's office and of course other community organizations.

As a result of these organizations getting together, Ocala recorded its lowest crime rate in 1998. Furthermore, in 1997, the city's homicide rate was only one, and in the previous decades it went as high as 20 per year.

Another program that is cited in this article is called "Problem-Oriented Policing." Under this program, officers identify possible areas which, quote, detract from good living conditions in the neighborhoods they patrol, end quote. These areas may be abandoned lots or houses that are abandoned or they might be areas that provide haven for drug trafficking and criminal activities.

Once they identify these areas, a form is completed by the officer and is sent through the chain of command. The identified site is then referred to the city department best able to handle the situation. Let me quote from Lieutenant DeVilling in the article when he says, "It is not uncommon for a police officer to identify a dilapidated building which is used as a crack House. Within a short time, the building is burned to the ground by firemen to practice and improve their skills. The property is then cleared and recycled. These recycled properties are frequently used for purposes such as building a brand-new home by Habitat for Humanity."

Other programs operated by the Ocala Police Department include drug education for young people, drug abuse resistance education, and of course dealing with the gangs through education and training.

Mr. Speaker, this morning I am pleased to be here. I commend the Ocala Police Department, the local and State officials, and all the organizations involved in this dramatic, dramatic success achieved in crime prevention. As we here in Congress attempt to find solutions to the violence that is sweeping this country and this Nation, it is comforting to know that our local law enforcement and community organizations working hard to combat this problem at its source and it is happening in my hometown of Ocala. They are succeeding.

Mr. Speaker, I will submit to enter into the RECORD Lieutenant DeVilling's article as it appears in the Department of Justice's spring 1990 report, "Weed and Seed and Best Practices Report." For brevity, Mr. Speaker, I will submit only that section dealing with "Taking it to the Streets," which is a small part of this article explaining how the Ocala Police Department actually reduced crime in my hometown using the "Weed and Seed" program.

My efforts this morning are also to recognize the fine things being done by the Ocala Police Department to reduce and eliminate crime in my hometown of Ocala, Florida.

TAKING IT TO THE STREETS

The programs and projects conducted by the Ocala Police Department, Crime Prevention Section include:

Drug Education For Youth (DEFY): This program was developed by the U.S. Navy and offered through the Department of Justice to local law enforcement organizations. The program at our level reaches out to underprivileged children and offers one-on-one mentoring for a full year. Most of the mentors are police personnel. We conduct a summer day camp and the local Army Reserve personnel attend and provide various instructional topics for the kids. We take the children on field trips to places offering educational and inspirational experiences. We also arrange for them to conduct their own community programs such as delivering fruit baskets to the elderly.

DARE (Drug Abuse Resistance Education): DARE is a well-known elementary school program which we have implemented in all of the primary schools in Ocalo with the assistance of the Marion County School Board. Our program reaches over 1000 school-children each year.

GREAT (Gang Resistance Education and Training): the GREAT program is similar in concept to DARE, but it is directed toward an older group of students and offers a different message. Street gangs are becoming a serious problem in the United States. Some cities are already overburdened with "after the fact" abatement programs and additional police efforts to cope with the violence, destruction, and crime created by these groups. The Ocala Police Department and the Marion County School Board, with the help of CCASA have implemented the GREAT program in all seventh grade classes in the city schools. The classes teach anti-violence, drug resistance, gang resistance, self-esteem, conflict resolution, and other important topics. This program will soon reach 1000 students each school year.

Other ongoing programs implemented through the Ocala Police Department are designed to address specific challenges in issue areas at various times. These projects may be operated for only a short time (one to two days) or for extended periods (a full year). We employ a concept of dynamic approach and response to community needs in order to provide our services in a timely manner. Programs can be implemented and discontinued as community needs indicate.

The following activities and events are only part of those conducted by Crime Prevention Section and the Ocala Police Department family as part of their regular duties:

Business Police Academy.
Citizens Police Academy.
Citizens Police Academy Alumni Association.
Bicycle Safety Rodeos.
"Cops" Kids & Firemen Day.
Crime Prevention Week.
Neighborhood Watch.
Business Watch.
Safe Halloween.
Community Clean-up Days.
Special Olympics Picnic.
DARE and GREAT Skate Nights.
"AMI" (Aid to the Mentally Impaired).
Police Explorers Post.
Neighborhood Cookouts.
"SAFE HOME" Program.
Police Recruit Academy.
Scholarships.
Community Resource Center.
Crime Prevention Programs.
Security Surveys.
McGruff Program Activity.

"Crash Dummies" Program.
"Casey" the talking car.
Operation "Kid ID"
Project Graduation.
Host Statewide DARE Day.
HUD Summer Programs.
Red Ribbon Campaign.
Vacation Bible School.
Health Fairs.

The future of law enforcement is already here. Crime prevention has proven to be successful and will continue to be the foundation of progressive law enforcement as we move into the 21st century.

For more information contact: Lt. Ken DeVilling, Phone (352) 629–8290, Fax (352) 629–8391.

TWO FLOODS AND YOU ARE OUT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Oregon (Mr. BLUMENAUER) is recognized during morning hour debates for 5 minutes.

Mr. BLUMENAUER. Mr. Speaker, there is a theme this morning on the floor of the House: dealing with how we can promote livable communities. Whether it is dealing with community-oriented policing, "Weed and Seed," or associating the comments of the gentleman from Texas (Mr. DOGGETT) about Better America Bonds, there is a lot that the Federal Government can do to make a difference for things that people really care about, making their families safe, economically secure and healthy.

Mr. Speaker, a critical part of making the Federal Government a better partner in promoting livable communities is the work we do with basic infrastructure. Rather than spending a lot of new money, making new rules and regulations and starting new programs, one the most important contributions the Federal Government can make is using our existing resources more wisely.

Nowhere is that more clearly illustrated than what we do with water resources. Currently, the Federal Government makes it easier to spend money paving a creek to stop flooding than to restore wetlands to achieve the same goal. I have already introduced legislation that would make it easier for communities to invest in cheaper, greener approaches to flood protection. This approach does not need to cost the Federal Government an additional dime, and it gives the communities more choices as they solve their problems and increase livability.

The National Flood Insurance program poses another critical water resource management challenge. It is appropriate for the Federal Government to step in when there is a case of unforeseen natural disaster. However, if it is clear that some people make it hard on themselves by continuing to invest in unwise anti-environmental, unsustainable situations, then we have an obligation to draw the line. The Federal taxpayer should not be paying for people to live in places where God repeatedly has shown that he does not want them.

There is a home in Houston which has an appraised value of $114,000 which has received over $800,000 in flood insurance payments in 16 events in the last 10 years. Over 5,600 properties, nearly 1 in 10, have loss claims which exceed the value of the property. Forty percent of our flood insurance goes to 2 percent of the property that is repeatedly flooded.

Mr. Speaker, if the local government and private property owners are going to be foolish, they need to do it on their own dime. Indeed, it is not just our money they are wasting; these development patterns take on a life of their own. They pressure organizations like the Corps of Engineers, FEMA and state and local communities to further engineer the environment and protect ill-advised development from flooding, often succeeding in making matters worse.

Despite having spent over $40 billion since 1960, our losses adjusted for inflation are three times greater than when we started the building spree. Our disaster relief costs have increased 550 percent in the last 10 years.

It is time for us to rethink our policies and our investments. It is time to stop the waste of money, predictable loss of property, and threat to public safety. As a basic simple common sense step, it is time to reform the National Flood Insurance program.

Mr. Speaker, I am pleased to join with the gentleman from Nebraska, (Mr. BEREUTER) who has long been a champion of reforming the Flood Insurance Program to propose a simple approach to repetitive flood loss. We retool the Flood Insurance Program so that rather than continuing to rebuild a repeatedly flooded home, the program would provide homeowners with money to help them move away from flood waters or at least floodproof their homes. Those who refuse assistance must start paying the real actuarial insurance costs for the risks that they choose to take.

This policy is both humanitarian and fiscally responsible, allowing people to move out of harm's way and protecting the Federal taxpayer by making the National Flood Insurance program solvent. We need to enforce the existing rules and regulations to keep people out of harm's way. We need to spend money to prevent loss rather than repeatedly cleaning up after it is too late.

This basic solution to more livable communities will not require more money or bureaucratic regulations. As usual, a livable community is possible if the Federal Government is a thoughtful partner with citizens and their local government. I would like to urge my colleagues to join with me and the gentleman from Nebraska (Mr. BEREUTER) to reform the National Flood Insurance program and to sign on as cosponsors of our "Two Floods and You're Out" legislation.

WHO IS RECKLESS?

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Florida (Mr. MICA) is recognized during morning hour debates for 5 minutes.

Mr. MICA. Mr. Speaker, from time to time the comments from this administration and the President of the United States lead me to the floor to comment. I think my colleagues and the American people saw the President of the United States calling the Republicans reckless. And I guess I am included in that, I am a Republican. We were called reckless for proposing a significant tax cut for the American people.

Mr. Speaker, I almost had to chuckle to hear the President of the United States call me reckless and the Republicans for offering a tax cut. It is almost hysterical when we think about it when the other side of the aisle for some 40 years had control of this body and under the Constitution of the United States we all know bills, financial bills start in the House of Representatives on the basis of a judgment made by our founding fathers. For 40 years, the recklessness of the other side nearly bankrupt this Nation.

When I came into the House of Representatives in 1992, we were facing financial disaster. This was carried through with the reckless policy of this President who instituted one of the largest tax increases in American history a few months after his election. And again when he had complete majorities in the House, the Senate, and controlled the White House.

What was reckless is 40 years of taking money out of Social Security. It is like robbing our senior citizens' pension accounts, their funds, and using it for outlandish spending. Spending really to buy votes and win elections in a giveaway program that backfired and nearly ran us into financial oblivion. That is reckless.

Reckless when they robbed every trust fund, including the Federal employee's trust funds, when they robbed the highway trust funds, which this responsible new majority has restored. Is it reckless in fact when we guarantee 63 percent and we create a lock-box to secure revenues for the future stability and security of Social Security? That is responsible.

Mr. Speaker, some people I guess just do not know the meaning of recklessness.

Then to provide health insurance, there are 43 million Americans in this Nation that do not have health insurance. What is interesting is two-thirds to three-quarters of them are employed. Our plan for financial assistance and tax cuts and tax credits will allow millions and millions of Americans who work at minimum or low wage or small employers who are the largest employers, and most of those people who do not have health insurance are not covered but they do work, we are providing in this tax relief package a responsible package. It is reckless in my opinion not to provide those working men and women with at least a minimal chance of getting some health coverage.

So somehow we have a difficulty between determining what is reckless and what is responsible. I think what the Republicans, the majority and myself, have done is a responsible action. I think we have a history of a President and a party who has dealt in recklessness. I think the examples are clear and the financial statements speak for themselves.

TAKE A CLOSE LOOK AT TAX CUT PROPOSALS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Massachusetts (Mr. OLVER) is recognized during morning hour debates for 5 minutes.

Mr. OLVER. Mr. Speaker, it is sort of irony that I should be following the gentleman who just spoke because I am going to be speaking about the same thing. That was not specifically planned, but I am glad that it comes out that way.

Mr. Speaker, we are told this week that the main business of the Congress is proposals which have now passed both the House and the Senate to provide for an $800 billion tax cut. Any time the Congress is thinking about tax cuts, it behooves everyone in America to hang on to their wallet, to sit up and take notice, to pay very close attention to who is being given tax breaks and why. But also how that differs from who the proponents are saying is going to get the tax breaks.

This week is no exception at all. The Republican leadership says that their tax cut is for the middle-class. For the middle-class in America, working Americans. For the middle-class. Well, that is clearly not true if we look at what has passed the House and the Senate. The House passed its bill 2 weeks ago. And starting at the wealthiest end of Americans, at Bill Gates, at the wealthiest end and come down to an annual income of $300,000 a year, that 1 percent, just over a million Americans who have incomes between $300,000 a year and Bill Gates, that richest 1 percent is on average going to get $54,000 of tax breaks. It turns out to be 45 percent of the total of all the tax reduction being proposed goes to the 1 percent of the wealthiest Americans.

If we take 6 million Americans, 5 percent starting at the top of the scale down to an income of $125,000 a year, I think it might be instructive to remember that every single Member of the Congress, every Member of the House and every Member of the Senate has income greater than $125,000 a year, that 5 percent will average $15,000 a year in tax cuts and gets 61 percent of the total reduction.

Mr. Speaker, if we start at the other end and come all the way up, all the way up from the lowest income American to people making under $125,000 a year, all 95 percent of them, all 120 million taxpayers, they will receive less than the 1 percent whose income is over $300,000 per year. It turns out that those people, who include the broad middle-class, income from $25,000 a year to $65,000 a year under the House-passed bill, would get less than half as much in total tax reduction as the 1 percent richest portion of the population.

Let me put that in slightly different terms. If we were to take 100 people that we know, one person whose income is over $300,000 a year and the rest whose income comes down from that point, and we have $100 to give out in tax reduction, 100 people and $100 in tax reduction, that one wealthiest person, that single one is going to get $45. Forty-five of the dollars that it is possible to give out under the circumstances. Ninty-five people, the 95 starting from the lowest income up to incomes that covers the broad middle-class, they are going to get a total of $39 divided among them.

If we look at it in terms of families, a family making $30,000 a year would get less than $1 a day in tax reduction. A family making $50,000 a year, two people working, second jobs whatever it happens to be but under $50,000 a year, at $50,000 a year they would get less than $2 a day in income. Yet the person who is making $1 million a year, that person would get $70,000 in that year. $200 a day in tax breaks.

The Senate-passed plan is a little bit different. The wealthiest 5 percent in the Senate plan gets almost the same amount as the 95 percent, the 120 million people whose income is less than $125,000 a year. And, again, I would urge my colleagues to remember that the portion of the population that is getting most of the tax break includes every Member of the House and the Senate of the United States. I have to ask, does anyone think that that is a fair way to distribute tax reduction in this country?

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until 2 p.m.

Accordingly (at 12 o'clock and 58 minutes p.m.), the House stood in recess until 2 p.m.

□ 1400

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. STEARNS) at 2 p.m.

PRAYER

The Chaplain, the Reverend James David Ford, D.D., offered the following prayer:

Let us pray. We are grateful, O God, that the scriptures remind us that You are always with us and that Your love and forgiveness and strength will never depart from us. Whatever our concern or whatever our adversity, You restore our souls; and You lead us in the paths of righteousness. So it is with gratitude that we know we are never alone and we are never apart from Your strong arm. Your rod and Your staff they comfort us. Surely goodness and mercy shall follow us all the days of our lives and we will dwell in Your house forever.

Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Ohio (Mr. CHABOT) come forward and lead the House in the Pledge of Allegiance.

Mr. CHABOT led the Pledge of Allegiance as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Sherman Williams, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed without amendment concurrent resolutions of the House of the following titles:

H. Con. Res. 107. Concurrent resolution expressing the sense of Congress rejecting the conclusions of a recent article published in the Psychological Bulletin, a journal of the American Psychological Association, that suggests that sexual relationships between adults and children might be positive for children.

H. Con. Res. 168. Concurrent resolution waiving the requirement in section 132 of the

Legislative Reorganization Act of 1946 that the Congress adjourn sine die not later than July 31, 1999.

The message also announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 2488. An act to provide for reconciliation pursuant to sections 105 and 211 of the concurrent resolution on the budget for fiscal year 2000.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2488) "An Act to provide for reconciliation pursuant to sections 105 and 211 of the concurrent resolution on the budget for fiscal year 2000," and requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ROTH, Mr. LOTT, and Mr. MOYNIHAN, to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1467. An act to extend the funding levels for aviation programs for 60 days.

S. 1468. An act to authorize the minting and issuance of Capitol Visitor Center Commemorative coins, and for other purposes.

The message also announced that pursuant to Public Law 100-458, the Chair, on behalf of the Majority Leader, appoints the Senator from Virginia (Mr. WARNER) to the Board of Trustees of the John C. Stennis Center for Public Service Training and Development, for a term ending October 11, 2004.

COMMUNICATION FROM HON. RICHARD A. GEPHARDT, DEMOCRATIC LEADER

The Speaker pro tempore laid before the House the following communication from RICHARD A. GEPHARDT, Democratic Leader:

HOUSE OF REPRESENTATIVES,
OFFICE OF THE DEMOCRATIC LEADER,
Washington, DC, July 30, 1999.

Hon. J. DENNIS HASTERT,
Speaker of the House,
House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: Pursuant to Section 591(a)(2) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1999 (112 STAT. 2681-210), I hereby appoint to the National Commission on Terrorism:

Ms. Juliette N. Kayyem of Cambridge, Massachusetts.

Yours Very Truly,
RICHARD A. GEPHARDT.

THE REAL COST OF TAXING MINING INTERESTS

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Mr. Speaker, today I rise to address the claim of some of my colleagues that gold mines get a free ride because they do not pay their fair share of Federal royalties. Well, when considering a Federal tax increase on the mining industry, we must always remind my tax and spend colleagues to take into account the adverse effect of such a tax increase on state and local tax revenues as well.

There is a direct correlation between increasing mining royalties or taxes and the reduction in mining activities. The unintended consequence is that State and local governments suffer great tax losses by these resulting decreases in mining activities. Federal royalties are deductible from the income base on which many of these State taxes are levied. This results in an even less tax dollar amount for State and local governments. Even a recent economic analysis shows that an 8 percent gross royalty would cost State and local governments hundreds of millions in tax revenues every year.

Mr. Speaker, it becomes very clear that when a Federal royalty is not in the best economic interests of this country or the mining industry, we should avoid it.

Abraham Lincoln had the great foresight when he said, "Tell the miners for me that I shall promote their interests to the utmost of my ability, because their prosperity is the prosperity of the Nation, and we shall prove in a very few short years that we are indeed the treasury of the world."

NORTH KOREA ACCUSED OF DRUG DEALING

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, needing cash to run their government, the government of North Korea has been accused of selling heroin and cocaine. I am not kidding you. Reports say that North Korean agents were arrested by international police possessing 80 pounds of cocaine and $100 million worth of methamphetamines that was sponsored for sale officially by their government.

Now, if that is not enough to trigger your overdose, on or about the same time, the White House announced they are asking Congress for another $55 million in foreign aid for North Korea.

Unbelievable. North Korea is selling dope, and Uncle Sam is fronting the buy money. Beam me up, Mr. Speaker. So help me.

I yield back further the fact that North Korea is building missiles that are being aimed in the future at America.

DEFINING A TARGETED TAX CUT

(Mr. CHABOT asked and was given permission to address the House for 1 minute and to revise and extend his remarks).

Mr. CHABOT. Mr. Speaker, when I hear some of my liberal friends on the other side of the aisle, not the gentleman who just spoke, I might add, talk about targeted tax cuts, I know exactly what they mean. It means you will not be getting one.

Republicans, I should add, also are putting forth a targeted tax cut, but there is a very big difference. If you are a taxpayer, you get one.

That is right, our targeted tax cuts target all taxpayers, a concept that really sticks in the craw of many of my liberal friends on the other side of the aisle.

Many politicians in Washington have a hard time coming to grips with the fact that the budget surplus, a tax overpayment, really, does not belong to them. That money, every penny of it, belongs to the taxpayers.

Washington is taking more than it needs out of the pockets of those who work all over this country and pay their taxes.

The bottom line is the American people are overtaxed, and the real issue is, who should decide how the money gets spent: The bureaucrats up here in Washington, or the taxpayers all over this country.

I will cast my lot with the people of this Nation. Let us cut the taxes on the American people, and let us do it now.

REPORT ON REVISED DEFERRAL OF BUDGET AUTHORITY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 106-109)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Appropriations and ordered to be printed:

To the Congress of the United States:

In accordance with the Congressional Budget and Impoundment Control Act of 1974, I herewith report one revised deferral of budget authority, now totaling $173 million.

The deferral affects programs of the Department of State.

WILLIAM J. CLINTON.
THE WHITE HOUSE, *August 2, 1999.*

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 8 of rule XX, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered or on which the vote is objected to under clause 6 of rule XX.

Such rollcall votes, if postponed, will be taken later today.

AMENDING FEDERAL RESERVE ACT TO BROADEN RANGE OF DISCOUNT WINDOW LOANS WHICH MAY BE USED AS COLLATERAL FOR FEDERAL RESERVE NOTES

Mr. LEACH. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1094) to amend the Federal Reserve Act to broaden the range of discount window loans which may be used as collateral for Federal reserve notes, as amended.

The Clerk read as follows:

H.R. 1094

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the third sentence of the second undesignated paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 412) is amended by striking "acceptances acquired under the provisions of section 13 of this Act" and inserting "acceptances acquired under section 10A, 10B, 13, or 13A of this Act".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Iowa (Mr. LEACH) and the gentleman from New York (Mr. LAFALCE) each will control 20 minutes.

The Chair recognizes the gentleman from Iowa (Mr. LEACH).

Mr. LEACH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1094, a bill to broaden the range of discount window loans which may be used as collateral for Federal Reserve notes.

I would like to point out at the outset this is not a new approach for this House. Virtually the same proposal was incorporated into the bankruptcy reform bill, H.R. 833, which passed this body on May 5, but which has not yet cleared the other body.

The bill enjoys the strong support of the Federal Reserve, as reflected in correspondence with Federal Reserve Chairman Alan Greenspan to the last Congress, and again in testimony by the member of the Federal's Board of Governors, Edward Kelly, at a hearing held by the committee in April.

The bill also enjoins strong bipartisan support on the Committee on Banking and Financial Services. The original sponsors of the bill include the ranking minority member of the full committee, the gentleman from New York (Mr. LAFALCE), as well as the Chairman of the Subcommittee on Domestic and Monetary Policy, the gentleman from Alabama (Mr. BACHUS), the ranking member, the gentlewoman from California (Ms. WATERS), and I understand it has the support of my good friend, the gentleman from Minnesota (Mr. VENTO).

Mr. Speaker, I would like to take a brief moment to explain the need for the bill and the issue of timing. Section 16 of the Federal Reserve Act requires the Federal Reserve to collateralize Federal Reserve notes when they are issued. The list of eligible collateral includes, at present, Treasury and Federal agency securities, gold certificates, special drawing rights certificates, and foreign currencies. In addition, the legally eligible backing for currency includes discount window loans made under Section 13 of the Federal Reserve Act.

Over the years, Congress has added a new section to the law to permit lending by the Federal Reserve to depository institutions under provisions other than section 13 and against a broader range of collateral. However, section 16 has not been similarly amended to accommodate these new sections, thus limiting the types of loans the Federal can use to back currency. For example, certain discount window loans made by the Federal under 10B of the Act and secured by mortgages on one-to-four family residences cannot be used to back currency.

The bill before us today, H.R. 1094, simply seeks to update the currency collateral provisions in section 16 to reflect the broader range of collateral accepted for discounted window loans under section 10A, section 10B and section 13A of the Federal Reserve Act.

Finally, I would like to point out the reason for bringing this measure to the floor today as a stand-alone proposal is one of timing. According to the Federal Reserve Board, the existing limits on currency collateral are becoming a potential problem because of the increased use of retail sweep accounts over the past 5 years and the corresponding decline in reserve balances that can be used as excess collateral for currency. The small margin of available currency collateral could pose a potential problem should there be a substantial increase in the demand for discount window loans due to temporary, or unusual, circumstances, such as might occur around the year 2000 date change.

Mr. Speaker, as I explained earlier, this is not a new proposal, but given the issues of timing and the need to ensure that our bank agencies have all the necessary tools at their disposal to smooth the transition to the year 2000, I believe it is important for this body to act separately on this bill. I appreciate the great courtesies extended by the minority in this regard.

Mr. Speaker, I reserve the balance of my time.

Mr. LAFALCE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I join the gentleman from Iowa (Chairman LEACH) of the Committee on Banking and Financial Services in supporting this much needed measure. It will ensure that the public has available any and all cash it might demand near the end of the year as the country's computer systems make their changeover to the new millennium. Although we expect few if any problems with our Nation's banks at that time, this is a prudent move to help relieve any doubt that the public will have access to hard currency.

H.R. 1094 provides for a technical change in the Federal Reserve Act to facilitate the Federal Reserve's ability to distribute as much as $50 billion in currency during this period, if needed. Under current law, every unit of currency issued by the Federal Reserve must be collateralized by certain assets held by the Federal Reserve. The assets on the current list have always been adequate to collateralize currency in circulation. However, should there be a surge in currency demand at the end of 1999 and the beginning of the year 2000, the current list could be inadequate.

The list, therefore, needs to be expanded to include other assets which the Federal Reserve already owns but which, largely due to historical oversight, are not now included.

Chairman Greenspan in a letter to me dated July 30, 1998, suggested language comparable to that contained in H.R. 1094. Federal Reserve Governor Edward Kelly in testimony before the Committee on Banking and financial services on April 13 of this year specifically endorsed H.R. 1094.

Mr. Speaker, I fully support H.R. 1094 and wish to express my appreciation to the chairman of our committee for the bipartisan attitude which has been able in all circumstances to approach Y2K problems. I also wish to thank especially the ranking minority member of the financial institutions subcommittee, the gentleman from Minnesota (Mr. VENTO), for his great work on this legislation. This legislation is merely the latest example of that general tremendous bipartisan spirit.

Mr. Speaker, I yield such time as he may consume to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Speaker, I thank the gentleman ranking Banking Member LAFALCE for yielding me time, as well as the gentleman from Iowa (Chairman LEACH) for his comments.

Mr. Speaker, I concur in their statements. I think this is an appropriate bill to forestall any emerging problems with regard to the issuance of Federal Reserve Board paper, the one dollar bills and larger bills that some of us have an opportunity to spend.

Two things have happened. One is, obviously as has been pointed out by the chairman and ranking member, the types of credit paper available have changed and evolved and we have not kept up with them with regard to the provisions of law to be used as collateral to back up the Federal Reserve Board notes the dollar bills.

The other, as pointed out by our staff and research folks, is in fact the Fed, like most accounts, are subject to sweep accounts. Some of the credit paper that they otherwise have is not deposited there long enough to use, so it cannot be used to offset the dollars placed into circulation. As our good counsel, Mr. Peterson, pointed out in the research papers of the gentleman from New York (Mr. LAFALCE), if in fact we issue treasuries, which the Fed could do, they could buy treasuries at the end of the year and that might cause a spike in the market with the demand for currency expected regarding the Y2K phenomena.

□ 1415

So in order to preserve orderly markets, to respond to Y2K problems and other events that may occur of an unusual nature in the history of monetary policy, it is prudent to, in fact, have these alternative and new instruments to offset and use as collateral.

Mr. Speaker, I yield back the balance of my time.

Mr. LEACH. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. STEARNS). The question is on the motion offered by the gentleman from Iowa (Mr. LEACH) that the House suspend the rules and pass the bill, H.R. 1094, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. LEACH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

EXPRESSING THE SENSE OF THE HOUSE WITH REGARD TO SHUTTLE MISSION STS–93, COMMANDED BY COLONEL EILEEN COLLINS, FIRST FEMALE SPACE SHUTTLE COMMANDER

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 267) expressing the sense of the House of Representatives with regard to Shuttle Mission STS–93, commanded by Colonel Eileen Collins, the first female space shuttle commander.

The Clerk read as follows:

H. RES. 267

Whereas Shuttle Mission STS–93 successfully deployed the Chandra X-Ray Observatory;

Whereas the Chandra X-Ray Observatory will provide scientists from around the world with a better understanding of the structure and evolution of the universe;

Whereas Shuttle Mission STS–93 is the first mission in the history of the United States space program to be commanded by a woman;

Whereas women continue to be underrepresented in the science, engineering, and technology fields;

Whereas the selection of Colonel Eileen Collins as the first female space shuttle commander has raised the level of awareness and appreciation of women's contributions in the advancement of science; and

Whereas Colonel Eileen Collins' accomplishments in the United States space program have made her a role model for women pursuing an education and career in scientific fields: Now, therefore, be it

Resolved, That the House of Representatives—

(1) congratulates the crew of Shuttle Mission STS–93 and honors Colonel Eileen Collins on being the first female commander of a United States space shuttle;

(2) recognizes the important contribution Colonel Eileen Collins has made to the United States space program and to the advancement of women in science; and

(3) invites Colonel Eileen Collins and the crew of STS–93 to the United States Capitol to be honored and recognized by the House of Representatives for their achievements.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin (Mr. SENSENBRENNER) and the gentlewoman from California (Ms. LOFGREN) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. SENSENBRENNER).

GENERAL LEAVE

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H. Res. 267.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, last Tuesday evening, Space Shuttle Columbia touched down at the Kennedy Space Center in Cape Canaveral, Florida. The crew of Space Shuttle Columbia completed an important mission. A few short hours after launch, shuttle mission STS–93 successfully deployed the Chandra X-ray Observatory. With the launch of Chandra, we begin to explore the universe in new and exciting ways.

Chandra will allow us to examine the hot, turbulent regions in space with images nearly 25 times sharper than previous X-ray pictures. The scientific promises that Chandra holds are far reaching and will have a significant impact on our understanding of how our universe operates.

Yet beyond the scientific accomplishments of the recent shuttle mission, we rise today to celebrate a new turning point in history. STS–93 is the first-ever shuttle mission commanded by a woman, U.S. Air Force Colonel Eileen Collins. Colonel Collins has downplayed her role as the first female space shuttle commander. In her mind, she is just another astronaut, not unlike her male predecessors, who has worked hard and has been bestowed the great honor of commanding a U.S. space shuttle into space.

In reality, Colonel Collins has emerged as a role model for all young women who aspire to one day follow in her footsteps or to pursue careers in other scientific fields. However, Mr. Speaker, a young girl watching the recent nightly news coverage of Colonel Collins' flight will not be able to command her own space shuttle flight unless she acquires the science and math skills necessary to succeed as an astronaut in the U.S. space program.

Sadly, many young girls, and boys for that matter, are not receiving a quality education even in the most basic math and science courses. The release last year of the Third International Mathematics and Science (TIM) study revealed that American high school seniors, even our Nation's best students in advanced classes, are among the world's least prepared.

We must expect more from our Nation's students with respect to math and science. Curricula for all elementary and secondary years need to be developed in a manner that conveys the excitement of science and math so that students are prepared to follow in the footsteps of Colonel Collins and her crew if they choose to do so.

Mr. Speaker, I would like to thank the gentlewoman from Maryland (Mrs. MORELLA), the chairwoman of the Subcommittee on Technology, and the gentlewoman from Texas (Ms. Eddie Bernice Johnson), the ranking member of the Subcommittee on Basic Research, for introducing H. Res. 267 for our consideration today.

I congratulate Colonel Eileen Collins and the crew of Shuttle Mission STS–93 and urge my colleagues to support H. Res. 267.

Mr. Speaker, I reserve the balance of my time.

Ms. LOFGREN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to speak in support of the resolution to honor the accomplishments of Colonel Eileen Collins, NASA astronaut.

As my colleagues know, she recently commanded the successful STS–93 shuttle mission. As such she was the first female shuttle commander in the history of the United States Space Program. She completed the mission with distinction, and she and the rest of the crew are to be congratulated.

By all accounts she has handled all of her assignments at NASA and in the Air Force with distinction, and she represents the best in service to our Nation.

In addition, Colonel Collins is a valuable role model for young women. She shows them that the sky is not the limit if they study hard, work hard, and are willing to dream. Colonel Collins shows that determination can lead one to get ahead.

She began her academic career at Corning Community College where she got a degree in mathematics and science. She went to get her bachelor's degree in mathematics and economics from Syracuse in 1978, a master's of science degree in operations research from Stanford University in 1986, and a master's of arts degree in space systems management from Webster University in 1989.

Colonel Collins had nothing given to her, but Colonel Collins worked hard and made a future for herself in the space program and as a role model for girls all over the country. She is just the person to help inspire more young Americans to seek benefits of a math and science education.

Mr. Speaker, I am pleased that Congress is planning to honor her with this resolution. Unfortunately, however, I believe that it risks being a hollow honor. On the one hand we will vote today to honor Colonel Collins for her accomplishments at NASA. On the other hand later this week, the majority is preparing to bring to the floor an appropriations bill that will cut NASA's budget by a billion dollars compared to fiscal year 1999.

It is a bill that cuts the President's request for human space flight by a quarter of a billion dollars. The request for space science research is also cut by a quarter of a billion dollars. The request for Earth science research is cut by more than a quarter of a billion dollars. And the request for NASA's infrastructure budget for facilities, personnel, and so forth, is cut by almost a quarter of a billion dollars.

I think that the majority is making a grave mistake. NASA has done a great job in streamlining its programs and delivering good value for the taxpayers' investment. We should be supporting NASA's efforts, not slashing its budgets while voting an 800 billion tax cut.

I hope that we can restore the funding for NASA when the VA-HUD bill reaches the floor.

Ms. LOFGREN. Mr. Speaker, I yield back the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I share the concern of the gentlewoman from California (Ms. LOFGREN) about the activities of the Committee on Appropriations relative to the NASA budget. And it was my hope that at least some of these funds can be added to the Committee on Appropriations mark between now and the time the VA-HUD bill comes to the floor.

Let me state, however, that passage of the VA-HUD bill is necessary even at the lower amount if we are to avoid having a government shutdown of NASA as well as HUD and VA departments at the end of September. That I think is the worst of all possible alternatives.

So we have to work together in a bipartisan basis to attempt to get a VA-HUD bill out of this House and over to the other body for its consideration as we continue working on giving NASA an appropriate appropriation.

I would like to point out to the gentlewoman from California, however, that the mark that came out of the Committee on Appropriations for fiscal year 2000 is $700 million higher than the outyear budget that was submitted in January of 1996 by the Clinton administration. In other words, the Clinton administration's projections for the NASA budget for fiscal year 2000 was $700 million lower than the Committee on Appropriations mark which has been so roundly criticized.

So I think that we ought to quit playing games with numbers, I hate to use these numbers to counter the numbers of the gentlewoman from California, and get on to the business of making sure that NASA has the funds to do its job.

Mr. Speaker, I yield back the balance of my time.

Mrs. MORELLA. Mr. Speaker, two weeks ago we celebrated the 30th anniversary of a tremendous moment in our history. Who can forget that first message from the surface of another world spoken on the morning of July 20th thirty years ago: "Houston, Tranquility Base here. The Eagle has landed." These words, spoken by Neil Armstrong, marked the beginning of a new age for humanity.

Through hard work and determination born of a national pride and international rivalry, the world saw one of our own safely journey from the Earth to the Moon. Just a short seven hours after that initial transmission from the Lunar Module, Neil Armstrong descended the ladder to the cratered surface. As he ventured away from the vehicle that brought him to that place, he again uttered words which will always be engraved in our national pride: "That's one small step for [a] man, one giant leap for mankind." With that simple statement, the world changed. No harder a challenge has ever been issued, and no greater dream has ever been accomplished.

As a testament of the possibilities that dreams present to us, I rise today to offer a resolution honoring another American hero. After two frustrating, but necessary delays, STS–93 finally launched early in the morning on July 23, and last Tuesday, the Space Shuttle *Columbia* landed safely at the Kennedy Space Center after the successful completion of its mission. On its 26th voyage to earth's orbit, *Columbia* launched the Chandra X–Ray Observatory. This marvel of technology will travel one third of the way to the moon and from that vantage point promises to unlock many secrets of the origins of the universe and the formation of galaxies, stars, and planets.

As promising and exciting as this latest enterprise of exploration is to scientists and students everywhere, there is still a greater significance to this mission.

The Commander of this mission, U.S. Air Force Colonel Eileen Marie Collins was born in 1956, just one year before the space race began with the Soviet launch of Sputnik 1. She grew up in the tense climate of the cold war, fully aware that, as demonstrated by Sputnik, the Soviet Union could launch a missile with enough force to threaten her home. No doubt she shared the apprehension that would spark the Space Race and see the United States play catch-up to the apparent dominance of the world's other Superpower.

She just turned twelve when *Apollo 8* made its 10 historic orbits of the moon on Christmas Day 1968, and I have no doubt she was among the millions who watched Neil Armstrong, Michael Collins, and Buzz Aldrin make their voyage in *Apollo 11* in the summer of 1969.

She dreamed of being a test pilot and an astronaut, but it didn't come easy for her. Though women were early pioneers of flight, in the 1930s fewer opportunities were open to women. It wasn't until the mid-1970s that women became eligible for positions as military aviators, the traditional route to the astronaut program.

Collins was working her way through community college during this time and earned a scholarship to Syracuse. She studied mathematics and economics, going on to later earn a Master of Science degree in operations research from Stanford University and a Master of Arts in space systems management from Webster University. In 1979, the same year Skylab fell out of Earth's orbit, she completed her pilot training for the Air Force.

She became a flight instructor, and in 1983, when Sally Ride became the first American woman in space, she was a C–141 commander and instructor. As a test pilot, she eventually logged over 5,000 hours in 30 different aircraft.

She was selected as an astronaut in 1990 and became the first woman pilot of the Space Shuttle aboard the *Discovery* on STS–63 in February of 1995. Going into this past mission, she had already logged over 419 hours of time in space.

With her latest mission, however, she embarked on an adventure that marks another moment in history. She became the first woman commander of a mission to space.

As Chair of the Subcommittee on Technology, I introduced the legislation that created the Commission on Women and Minorities in Science, Engineering and Technology working to reverse the underrepresentation of these groups in the sciences through better education and encouragement at all levels of learning. Through my work on the Science Committee, I have had the pleasure of meeting Col. Collins. I was impressed by her "down to earth" personality and sense of self in such an historical context. Commenting on the low number of women astronauts, she said, "If you don't have large numbers of women apply, it will be hard to select large numbers of women."

Mr. Speaker, this resolution we debate today seeks not to compare this milestone to the triumph of 30 years ago, but to recognize wider possibilities. This latest mission is a signal to little girls who dream; space is there for them too. And the next time humankind endeavors to take another giant leap, it could well be a woman to make it.

Mrs. FOWLER, Mr. Speaker, I rise today in support of House Resolution 267, honoring Colonel Eileen Collins, our first female shuttle commander, and her crew on Shuttle Mission STS–93.

While each new exploration into space remains a marvel of scientific ingenuity and the creative spirit, this mission is a truly special one. As we mark the 30th Anniversary of the greatest triumph of the American space program—mankind's first footsteps on the moon—we can see how far we have come. This latest shuttle mission deployed the most sophisticated X-ray observatory ever built and will give us even greater opportunities to observe areas of the universe about which we still know very little, such as the remnants of exploded stars.

Still more special, however, is that this 118 hour and 50 minute mission was the first commanded by a woman. Colonel Collins has four degrees in science and mathematics and spent three years teaching mathematics at the U.S. Air Force Academy, making her something of an anomaly in a society where so few of our young girls go on to science and mathematics course work in their secondary and post-secondary education. While much progress has been made over the past few years, there is still a disparity in the number of girls who go on to take advanced mathematics and science classes in high school and college. Similarly, women are less likely to pursue a science or mathematics degree in college or related career.

This disparity is not caused by lack of achievement, as earlier science and math proficiency gaps between young boys and girls have narrowed and virtually disappeared. According to a recent National Science Foundation study on women's entry into science and engineering fields, one possible reason is the lack of female teacher role models in secondary schools. Colonel Collins may not be a high school teacher, but she is certainly a fine role model for aspiring engineers, astronauts, and mathematicians. In fact, both girls and boys can look up to her as an example of where science and mathematics can take us.

I commend Colonel Collins for her pioneering role in America's space program and her crew for a job well-done.

Mrs. KELLY. Mr. Speaker, I rise today in support of H. Res. 267, to pay tribute to Col. Eileen Marie Collins, as the first female space shuttle commander. I congratulate her for her leadership and thank her for her efforts to improve our space program. Through her dedication she has become one of the most visible role models for girls in aeronautics and science today. Since 1978, when NASA hired it's first female astronaut, women have come to earn a place in the space program, peaking with Col. Collins' historic effort as the first female commander in NASA's 95 missions, commanding the space shuttle Columbia. With this mission she has earned a place in history alongside pioneers like, Amelia Earhart and Cosmonaut Valentina Tereshkova, the first woman in space.

I had the good fortune to travel to Cape Canaveral on July 20th for this historic launch. Regrettably, safety precautions grounded the mission that day. However, on July 23, this mission was able to take place. What a proud day that was for Col. Collins, NASA and for the women of our country. She has persevered in a way that most of us can only dream of.

Mr. Speaker, we all can remember the awe that we felt as children as we watched John Glenn, Neil Armstrong and their fellow astronauts, as they brought space discovery home to all of us. Thanks to Col. Collins an her colleagues, our children will also be inspired by brave Americans, who like Col. Collins, have dedicated their lives to the space program and improving our knowledge of the world around us. Once again I would like to congratulate Col. Collins and NASA on their successful mission in which they claimed a place in history and opened a new eye on the universe.

Ms. SLAUGHTER. Mr. Speaker, on July 23, 1999 Col. Eileen Marie Collins, U.S.A.F. took one giant step for all womankind by serving as the first woman in history to command a space shuttle flight. I was privileged to fly to Cape Canaveral, Florida with the First Lady and the U.S. Women's Soccer Team on July 20, 1999 to watch the shuttle's first attempt. Although we were disappointed that the flight was delayed, we all marveled that just a few years ago events such as this one could not have occurred.

Col. Collins was born in upstate New York, not far from my district, at a time when women were excluded from our nation's space exploration program. Col. Collins rarely ever missed an episode of Star Trek or Lost in Space according to her family. Along with her father, Col. Collins would watch the gliders soaring over Elmira hoping one day she too could fly.

Eileen Collins dared to dream and her dreams became our dreams. Her efforts are inspiring young women and girls to tackle and excel at math and the sciences today. Col. Collins is blazing a trail that will undoubtedly be followed by future women astronauts. She has rendered outstanding service to her country and is a true role model to young and old alike. I would like to take this opportunity to commend and congratulate her on a tremendous accomplishment.

Mrs. MINK of Hawaii. Mr. Speaker, I am delighted to join my colleagues in honoring Colonel Eileen M. Collins, the first American woman to command a mission in space. I congratulate Colonel Collins and her crew—Pilot Jeffrey S. Ashby and Mission Specialist Steven A. Hawley, Catherine G. Coleman, and Michel Tognini—on a very successful mission.

On July 23, 1999, Colonel Collins made history when the Space Shuttle Columbia took off under her command with the heaviest payload in shuttle history. The objective of the mission—to deploy the Chandra X-Ray Observatory—was flawlessly accomplished. A veteran of three space flights since becoming an astronaut in 1991, Collins has logged over 537 hours in space. She served as pilot on her two previous shuttle flights in 1995 and 1997—in fact, she was also the first woman pilot of a space shuttle.

The girls of today have some powerful role models to emulate, and Colonel Collins is one of the best. She has consistently excelled in fields dominated by men. Colonel Collins has demonstrated that there are no limits to what women can accomplish if given the opportunity. Her example will inspire more women to pursue careers in science and technology.

Mrs. MALONEY of New York. Mr. Speaker, I rise in support of H. Res. 267, the resolution congratulating NASA on its successful Shuttle Mission STS–93, commanded by Colonel Eileen Collins, the first female space shuttle commander.

Col. Eileen Marie Collins, who is originally from Elmira, New York, was selected by NASA in January 1990, and became an astronaut in July 1991. She has an extensive resume at NASA. A veteran of three space flights, Collins has logged over 537 hours in space. She served as pilot on STS–63 (February 2–11, 1995) and STS–84 (May 15–24, 1997), and was the first woman Shuttle commander on STS–93 (July 22–27, 1999).

Women have come a long way since Alan Shepard became the first American man to go into space in 1961.

Women have faced numerous barriers when it comes to advancing in science professions.

I cam remember when women were discriminated against in employment. We passed the Civil Rights Act of 1964 and Title VII which prohibits gender discrimination in employment.

I can remember when signs were put up advertising for a job but saying "women need not apply." We passed the Civil Service Act in 1973 eliminating weight and height requirements in federal jobs and the EEOC ruled that employers cannot discriminate against women.

Today, women have been leaping bounds in professional careers. It seems that today there are no limits to the professional success of women.

The selection of Col. Eileen Collins as shuttle commander is not only a product of her own hard work and effort, but a product of the rights which women have established for themselves. Col. Collins accomplishments in the U.S. space program have made her a role model for women pursuing an education and career in scientific fields.

Women continue to be underrepresented in the science, engineering, and technology fields. The statistics paint a bleak picture:

Women have historically been underrepresented in scientific and engineering occupations, and although progress has been made over the last several decades, there is still room for improvement.

Female and minority students take fewer high-level mathematics and science courses in high school.

Female students earn fewer bachelors, masters, and doctoral degrees in science and engineering.

Among recent bachelors of science and bachelors of engineering graduates, women are less likely to be in the labor force, to be employed full-time, and to be employed in their field than are men.

Among doctoral scientists and engineers, women are far more likely to be employed at 2-year institutions, are far less likely to be employed in research universities, and are much more likely to teach part-time.

Among university full-time faculty, women are less likely to chair departments or hold high-ranked positions.

A substantial salary gap exists between men and women with doctorates in science and engineering.

It is for all of these reasons that Col. Collins' accomplishment is all the more historic. The selection of Col. Eileen Collins as the first female space shuttle commander has raised the level of awareness and appreciation of women's contributions in the advancement of science.

I would like to congratulate the crew of Shuttle Mission STS–93 and honor Col. Eileen Collins on being the first female commander of a United States space shuttle.

In recognition of the important contribution Col. Eileen Collins has made to the U.S. space program and to the advancement of women in science, I would like to invite Col. Collins and the crew of STS–93 to the United States Capitol to be honored and recognized by the House of Representatives for their achievements.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and agree to the resolution, H. Res. 267.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the resolution was agreed to.

A motion to reconsider was laid on the table.

FOR THE RELIEF OF GLOBAL EXPLORATION AND DEVELOPMENT CORPORATION, KERR-McGEE CORPORATION, AND KERR-McGEE CHEMICAL, LLC

Mr. McCOLLUM. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 606) for the relief of Global Exploration and Development Corporation, Kerr-McGee Corporation, and Kerr-McGee Chemical, LLC (successor to Kerr-McGee Chemical Corporation), and for other purposes, as amended.

The Clerk read as follows:

S. 606

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SATISFACTION OF CLAIMS AGAINST THE UNITED STATES.

(a) PAYMENT OF CLAIMS.—The Secretary of the Treasury shall pay, out of money not otherwise appropriated—

(1) to the Global Exploration and Development Corporation, a Florida corporation incorporated in Delaware, $9,500,000;

(2) to Kerr-McGee Corporation, an Oklahoma corporation incorporated in Delaware, $10,000,000; and

(3) to Kerr-McGee Chemical, LLC, a limited liability company organized under the laws of Delaware, $0.

(b) CONDITION OF PAYMENT.—

(1) GLOBAL EXPLORATION AND DEVELOPMENT CORPORATION.—The payment authorized by subsection (a)(1) is in settlement and compromise of all claims of Global Exploration and Development Corporation, as described in the recommendations of the United States Court of Federal Claims set forth in 36 Fed. Cl. 776.

(2) KERR-MCGEE CORPORATION AND KERR-MCGEE CHEMICAL, LLC.—The payment authorized by subsections (a)(2) and (a)(3) are in settlement and compromise of all claims of Kerr-McGee Corporation and Kerr-McGee Chemical, LLC, as described in the recommendations of the United States Court of Federal Claims set forth in 36 Fed. Cl. 776.

(c) LIMITATION ON FEES.—Not more than 15 percent of the sums authorized to be paid by subsection (a) shall be paid to or received by any agent or attorney for services rendered in connection with the recovery of such sums. Any person violating this subsection shall be fined not more than $1,000.

SEC. 2. CRIMINAL PROHIBITION ON THE DISTRIBUTION OF CERTAIN INFORMATION RELATING TO EXPLOSIVES, DESTRUCTIVE DEVICES, AND WEAPONS OF MASS DESTRUCTION.

(a) UNLAWFUL CONDUCT.—Section 842 of title 18, United States Code, is amended by adding at the end the following:

"(p) DISTRIBUTION OF INFORMATION RELATING TO EXPLOSIVES, DESTRUCTIVE DEVICES, AND WEAPONS OF MASS DESTRUCTION.—

"(1) DEFINITIONS.—In this subsection—

"(A) the term 'destructive device' has the same meaning as in section 921(a)(4);

"(B) the term 'explosive' has the same meaning as in section 844(j); and

"(C) the term 'weapon of mass destruction' has the same meaning as in section 2332a(c)(2).

"(2) PROHIBITION.—It shall be unlawful for any person—

"(A) to teach or demonstrate the making or use of an explosive, a destructive device, or a weapon of mass destruction, or to distribute by any means information pertaining to, in whole or in part, the manufacture or use of an explosive, destructive device, or weapon of mass destruction, with the intent that the teaching, demonstration, or information be used for, or in furtherance of, an activity that constitutes a Federal crime of violence; or

"(B) to teach or demonstrate to any person the making or use of an explosive, a destructive device, or a weapon of mass destruction, or to distribute to any person, by any means, information pertaining to, in whole or in part, the manufacture or use of an explosive, destructive device, or weapon of mass destruction, knowing that such person intends to use the teaching, demonstration, or information for, or in furtherance of, an activity that constitutes a Federal crime of violence.".

(b) PENALTIES.—Section 844 of title 18, United States Code, is amended—

(1) in subsection (a)—

(A) by striking "person who violates any of subsections" and inserting the following: "person who—

"(1) violates any of subsections";

(B) by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(2) violates subsection (p)(2) of section 842, shall be fined under this title, imprisoned not more than 20 years, or both."; and

(2) in subsection (j), by inserting "and section 842(p)" after "this section".

SEC. 3. SETTLEMENT OF CLAIMS OF MENOMINEE INDIAN TRIBE OF WISCONSIN.

(a) PAYMENT.—The Secretary of the Treasury shall pay to the Menominee Indian Tribe of Wisconsin, out of any funds in the Treasury of the United States not otherwise appropriated, $32,052,547 for damages sustained by the Menominee Indian Tribe of Wisconsin by reason of—

(1) the enactment and implementation of the Act entitled "An Act to provide for a per capita distribution of Menominee tribal funds and authorize the withdrawal of the Menominee Tribe from Federal jurisdiction", approved June 17, 1954 (68 Stat. 250 et seq., chapter 303); and

(2) the mismanagement by the United States of assets of the Menominee Indian Tribe held in trust by the United States before April 30, 1961, the effective date of termination of Federal supervision of the Menominee Indian Tribe of Wisconsin.

(b) EFFECT OF PAYMENT.—Payment of the amount referred to in subsection (a) shall be in full satisfaction of any claims that the Menominee Indian Tribe of Wisconsin may have against the United States with respect to the damages referred to in that subsection.

(c) REQUIREMENTS FOR PAYMENT.—The payment to the Menominee Indian Tribe of Wisconsin under subsection (a) shall—

(1) have the status of a judgment of the United States Court of Federal Claims for the purposes of the Indian Tribal Judgment Funds Use or Distribution Act (25 U.S.C. 1401 et seq.); and

(2) be made in accordance with the requirements of that Act on the condition that, of the amounts remaining after payment of attorney fees and litigation expenses—

(A) at least 30 percent shall be distributed on a per capita basis; and

(B) the balance shall be set aside and programmed to serve tribal needs, including funding for—

(i) educational, economic development, and health care programs; and

(ii) such other programs as the circumstances of the Menominee Indian Tribe of Wisconsin may justify.

(d) LIMITATION ON FEES.—Not more than 15 percent of the sums authorized to be paid by subsection (a) shall be paid to or received by any agent or attorney for services rendered in connection with the recovery of such sums. Any person violating this subsection shall be fined not more than $1,000.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Florida (Mr. MCCOLLUM) and the gentlewoman from California (Ms. LOFGREN) each will control 20 minutes.

The Chair recognizes the gentleman from Florida (Mr. MCCOLLUM).

GENERAL LEAVE

Mr. McCOLLUM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks, and include extraneous material on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. McCOLLUM. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, section 1 of this legislation will right a long-standing wrong involving the Federal Government and Global Exploration and Development Corporation and Kerr-McGee Corporation. Global and Kerr-McGee became embroiled in a dispute with the Department of Interior more than 20 years ago when they were improperly denied an opportunity to participate in the environmental assessment process of a potential mining site in the Osceola Forest in Florida.

In January 1991, I introduced legislation for the relief of Global and Kerr-McGee for damages incurred due to wrongful government actions. That bill was successfully referred to the U.S. Court of Federal Claims which ruled that the Government had, in fact, committed a wrongful act. The parties subsequently reached a settlement, the terms of which are embodied in this legislation.

Mr. Speaker, I am hopeful that the passage of this legislation will bring long awaited and long overdue relief for the parties involved. Protecting private rights and rectifying public wrongs are essential if we are truly a government of, for, and by the people.

The second section of S. 606, authored by Senator DIANE FEINSTEIN, would amend the Federal Criminal Code to prohibit any person from teaching or demonstrating the making or use of an explosive, destructive device, or weapon of mass destruction. This conduct would be criminal if accompanied by either the intent that the teaching, demonstrating, or information be used for or in furtherance of an activity that constitutes a Federal crime of violence, or knowing that a person intends to use the teaching, demonstration, or information for such activity.

We live in dangerous times and some believe that in the next century we may witness an unprecedented number of acts of terror in the United States. We face the very real threat that a weapon of mass destruction will be used against civilians in a major American city in the next 10 or 20 years. We certainly pray that does not happen, but we must do everything in our power to reduce the threat of terrorism on a massive scale.

□ 1430

No one should be allowed to distribute bomb-making information with the intent that it be based and be used to commit a violent crime. This legislation has been carefully crafted to prohibit and punish conduct, not speech, and I am quite confident it will withstand constitutional challenge. Senator FEINSTEIN worked with the Justice Department on the constitutionality, and they support it.

With the Internet, it has become all too easy to disseminate bomb-making information to anyone with a personal computer. While we cannot and should not inhibit constitutionally-protected speech, we can and should do everything in our power to prohibit the dissemination of bomb-making information to commit a violent crime.

Similar or virtually identical provisions were passed on the floor of this House were passed previously and I am confident this will now finally become law if we pass it today.

Now, I turn to section 3 of this bill. S.606 additionally authorizes the U.S. Government to finally make good on a $32 million court settlement with the Menominee Indian Tribe of Wisconsin. The history of this settlement can be traced back to 1954, when the Federal Government terminated the tribe's Federal trust status and the Bureau of Indian Affairs grossly mismanaged many of the tribe's assets.

In 1967, the tribe filed a lawsuit challenging this determination and seeking damages. After decades of litigation, in 1993 Congress passed a congressional reference directing the U.S. Claims Court to determine what damages, if any, were owed the tribe.

Finally, in August of last year, the tribe and the Federal Government presented a settlement agreement to the Claims Court paying the tribe $32 million. That settlement was approved by the court. These dollars will only be used to improve education, health care, and economic opportunities for the tribe and the areas surrounding the reservation.

I particularly want to commend the gentleman from Wisconsin (Mr. GREEN) and the gentleman from Wisconsin (Mr. SENSENBRENNER) for their work in this particular area.

In closing, Mr. Speaker, though these three provisions are somewhat related, and as such a good illustration of the more open rules of process employed by the other body, each of the legislative initiatives contained within S.606 are straightforward and relatively noncontroversial. I ask for the support of this bill.

Mr. Speaker, I reserve the balance of my time.

Ms. LOFGREN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this bill, which passed both the Subcommittee on Immigration and Claims and the full Committee on the Judiciary during the 105th Congress, and passed the full Senate this year, will pay $10 million and $9,500,000 respectively to Kerr-McGee Corporation and Global Exploration and Development Corporation based on the recommendation made by the Court of Claims as to the amounts equitably due those companies.

This legislation is intended to resolve litigation between the Federal Government and these corporations. This litigation was based upon the corporations' allegations that the United States improperly failed to grant or approve leases or to allow phosphate mining by Global and Kerr-McGee Corporations in Osceola National Forest.

After a 6-week trial before the Court of Federal Claims, but before the court could issue an opinion, the parties agreed to a joint stipulation of settlement and submitted this stipulation to the court. On November 18, 1996, the court published its recommendation to Congress that the disputes be settled for the amounts set forth in this bill.

The Court's recommendation to Congress was not based upon the finding of any wrongdoing by the United States in its dealings with Global or the Kerr-McGee Corporations. Rather, the court's recommendation was based upon and limited to a finding that an equitable claim against the United States existed and it was in the best interest of all parties to settle this claim for the amounts set forth in the bill.

Mr. Speaker, I urge that my colleagues vote in favor of passing S. 606.

Mr. Speaker, I would note that the section referred to in the bill by my colleague, the chairman of the Subcommittee on Crime, relative to penalties for teaching individuals weapons of mass destruction may or may not prove violative of the first amendment. But clearly a very strong effort has been made to comport with the requirements of the first amendment, and I would urge my colleagues to support the measure. We will certainly find out soon enough whether our efforts to succeed in that regard are successful or not when the measure is challenged in court.

Mr. Speaker, I reserve the balance of my time.

Mr. McCOLLUM. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. SENSENBRENNER).

Mr. SENSENBRENNER. Mr. Speaker, I thank the gentleman from Florida for yielding me this time.

Let me just put a word of procedural caution relative to how this bill is being considered. All three of the provisions of this bill have merit and should be enacted into law on their own. Two of them are private bills in nature, the Kerr-McGee settlement and the Menominee Indian Tribe settlement, and the other provision is public in nature relative to disseminating on the Internet a do-it-yourself kit on how individuals can make their own weapons of mass destruction. So they all should become law, and I support this legislation today.

However, I am disturbed at the practice of the other body in mixing public and private legislation in the same bill, and I would hope that the consideration of this bill today as a mixture of both public legislation and private legislation will not be viewed as a precedent for future mixings by either this body or the other body.

I would hope that this motion to suspend the rules will be overwhelmingly agreed to so that we can get these three items out of the way and enacted into law, but I would hope we would be a little bit more careful procedurally as we deal with both public and private legislation in the future.

Ms. LOFGREN. Mr. Speaker, I yield myself such time as I may consume to simply respond that I think the gentleman from Wisconsin's point is well taken, I concur, and I also agree we should move forward today but we ought to be more vigilant. I appreciate his remarks.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. McCOLLUM. Mr. Speaker, I yield myself such time as I may consume to conclude.

I think it has been well stated what is in this legislation. It is good legislation. It is three separate provisions that should become law, and I urge its adoption.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. STEARNS). The question is on the motion offered by the gentleman from Florida (Mr. McCOLLUM) that the House suspend the rules and pass the Senate bill, S. 606, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill, as amended, was passed.

A motion to reconsider was laid on the table.

ARCTIC TUNDRA HABITAT EMERGENCY CONSERVATION ACT

Mr. SAXTON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2454) to assure the long-term conservation of mid-continent light geese and the biological diversity of the ecosystem upon which many North American migratory birds depend, by directing the Secretary of the Interior to implement rules to reduce the overabundant population of mid-continent light geese, as amended.

The Clerk read as follows:

H.R. 2454

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Arctic Tundra Habitat Emergency Conservation Act".

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds the following:

(1) The winter index population of mid-continent light geese was 800,000 birds in 1969, while the total population of such geese is more than 5,200,000 birds today.

(2) The population of mid-continent light geese is expanding by over 5 percent each year, and in the absence of new wildlife management actions it could grow to more than 6,800,000 breeding light geese in 3 years.

(3) The primary reasons for this unprecedented population growth are—

(A) the expansion of agricultural areas and the resulting abundance of cereal grain crops in the United States;

(B) the establishment of sanctuaries along the United States flyways of migrating light geese; and

(C) a decline in light geese harvest rates.

(4) As a direct result of this population explosion, the Hudson Bay Lowlands Salt-Marsh ecosystem in Canada is being systematically destroyed. This ecosystem contains approximately 135,000 acres of essential habitat for migrating light geese and many other avian species. Biologists have testified that ⅓ of this habitat has been destroyed, ⅓ is on the brink of devastation, and the remaining ⅓ is overgrazed.

(5) The destruction of the Arctic tundra is having a severe negative impact on many avian species that breed or migrate through this habitat, including the following:

(A) Canada Goose.

(B) American Wigeon.

(C) Dowitcher.

(D) Hudsonian Godwit.

(E) Stilt Sandpiper.

(F) Northern Shoveler.

(G) Red-Breasted Merganser.

(H) Oldsquaw.

(I) Parasitic Jaeger.

(J) Whimbrel.

(K) Yellow Rail.

(6) It is essential that the current population of mid-continent light geese be reduced by 50 percent by the year 2005 to ensure that the fragile Arctic tundra is not irreversibly damaged.

(b) PURPOSES.—The purposes of this Act are the following:

(1) To reduce the population of mid-continent light geese.

(2) To assure the long-term conservation of mid-continent light geese and the biological diversity of the ecosystem upon which many North American migratory birds depend.

SEC. 3. FORCE AND EFFECT OF RULES TO CONTROL OVERABUNDANT MID-CONTINENT LIGHT GEESE POPULATIONS.

(a) FORCE AND EFFECT.—

(1) IN GENERAL.—The rules published by the Service on February 16, 1999, relating to use of additional hunting methods to increase the harvest of mid-continent light geese (64 Fed. Reg. 7507–7517) and the establishment of a conservation order for the reduction of mid-continent light goose populations (64 Fed. Reg. 7517–7528), shall have the force and effect of law.

(2) PUBLIC NOTICE.—The Secretary, acting through the Director of the Service, shall take such action as is necessary to appropriately notify the public of the force and effect of the rules referred to in paragraph (1).

(b) APPLICATION.—Subsection (a) shall apply only during the period that—

(1) begins on the date of the enactment of this Act; and

(2) ends on the latest of—

(A) the effective date of rules issued by the Service after such date of enactment to control overabundant mid-continent light geese populations;

(B) the date of the publication of a final environmental impact statement for such rules under section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)); and

(C) May 15, 2001.

(c) RULE OF CONSTRUCTION.—This section shall not be construed to limit the authority of the Secretary or the Service to issue rules, under another law, to regulate the taking of mid-continent light geese.

SEC. 4. DEFINITIONS.

In this Act:

(1) MID-CONTINENT LIGHT GEESE.—The term "mid-continent light geese" means Lesser snow geese (Anser caerulescens caerulescens) and Ross' geese (Anser rossii) that primarily migrate between Canada and the States of Alabama, Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Texas, Wisconsin, and Wyoming.

(2) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(3) SERVICE.—The term "Service" means the United States Fish and Wildlife Service.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. SAXTON) and the gentleman from California (Mr. GEORGE MILLER) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. SAXTON).

Mr. SAXTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased that we are considering H.R. 2454, the Arctic Tundra Habitat Emergency Conservation Act. This bipartisan legislation addresses the devastating impact of an exploding population of light geese, more commonly known as snow geese.

Included within the Members' folders is a chronology on the issue. The U.S. Fish and Wildlife Service has been monitoring snow geese populations for over 50 years. During that time the mid-continent population, that is the population that frequents the Mississippi flyway, has increased from 800,000 birds in 1969 to more than 5.2 million geese today. In the absence of new wildlife management actions, there will be more than 6 million breeding light geese in 3 years.

This unprecedented population explosion is creating serious problems. The geese appetite for Arctic coastal tundra has created a strip of desert stretching for 2,000 miles in Canada. These birds are world-class foragers, and their favorite foods are found in the 135,000 acres that comprise the Hudson Bay lowland salt marsh ecosystem. These geese are literally eating themselves out of house and home and, in the process, destroying thousands of acres of irreplaceable nesting habitat. These wetlands are crucial to the survival not only of light geese but to dozens of other species.

On February 16, the U.S. Fish and Wildlife Service issued two final rules to reduce this ever-expanding population of light geese. Sadly, in response to a legal challenge, the U.S. Fish and Wildlife Service withdrew these two regulations on June 17. While the judge did not rule on the merits of the regulations, the Service was instructed to complete an Environmental Impact Statement. This process will take between 12 and 18 months to complete, and during that time the tundra will continue to be systematically destroyed by an ever-increasing population of light geese.

This is a simple bill. It will reinstate the two regulations already carefully evaluated, approved and then withdrawn by the Fish and Wildlife Service. States would have the flexibility to allow the use of electronic goose calls and unplugged shotguns, and to implement conservation orders to take mid-continent light geese.

H.R. 2454 enacts these regulations in their identical form. In addition, the bill sunsets when the Service has completed both its Environmental Impact Statement and a new rule on mid-continent light geese. In short, this is an interim solution to a very serious and evergrowing environmental problem.

Mr. Speaker, I urge an "aye" vote.

Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this legislation with the changes that have been made in terms of making this program available for the next two hunting seasons. I think that puts the kind of limitation on it that we can monitor and will make it a well-run program.

In game bird and wildlife management, some times our best efforts to restore wildlife populations can go awry and produce unintended consequences, and that seems to be the case with mid-continent light geese.

No reasonable field biologist who has examined light geese census data disputes the fact that the population of light geese has shot up dramatically over the past decade to a point now where the birds are virtually eating themselves out of their arctic and subarctic nesting habitats. Our own management actions, including the establishment of protective areas and abundance of cereal grain crops, are partly to blame, but so is the natural wariness and reproductive capacity of this species.

And so, we are left with the unfortunate reality that in one or another—either through increased human harvest or natural mortality—population of light geese will be culled in order to prevent widespread habitat deterioration. It is a regrettable circumstance which offers no simple, painless solutions.

H.R. 2454 would authorize two emergency regulations proposed earlier this year by the Fish and Wildlife Service to increase the harvest of light geese in States within either the Mississippi and Central flyways. These regulations were broadly supported by a wide range of State and private wildlife and conservation organizations, including Ducks Unlimited and the National Audubon Society.

These regulations were withdrawn earlier this year by the Fish and Wildlife Service after a Federal appeals court ruled that the Service needed to complete a full environmental impact statement (EIS) regarding the proposed emergency actions. I commend the Service for voluntary withdrawing their proposed regulations and for recognizing the need to develop a full EIS, and urge the Service to complete this EIS at the earliest possible date.

I think it important to note for members that Congress is legislating in this matter solely because all other administrative options available to the Service—under NEPA or any other statute—had been exhausted, and that the only remedy remaining was a legislative fix. This is an important factor driving the need for this legislation.

I do appreciate the helpful modifications made to the bill in the Resources Committee. Even improved, the bill does contain two troubling provisions of which I am still concerned. First, the bill would waive all procedural requirements under the National Environmental Policy Act (NEPA). and second, the bill authorizes the use of otherwise outlawed hunting practices, notably the use of electronic calling devices and un-plugged shotguns.

However, while I personally disagree with the Congress passing legislation to waive NEPA or to authorize the otherwise illegal hunting methods, and while I remain concerned that these regulations may be too broad, I realize that under the constraints of this specific emergency situation, such provisions may be warranted, if not necessary.

Moreover, I am pleased that the Resources Committee amended the bill to include an expiration date of May 15, 2001, or earlier if the Service files its final EIS before that date, to limit the duration of this emergency action.

And while I believe the Fish and Wildlife Service will act in good faith to complete the EIS at the earliest possible date, I also believe that a fixed expiration date is necessary to ensure that a temporary action does not inadvertently become permanent. I look forward to the Service completing its EIS, and I hope that this additional analysis will provide other alternatives to address the overabundance of light geese in a less indiscriminate manner and without requiring Congress to pass legislation.

Mr. DINGELL. Mr. Speaker, I rise in strong support of the legislation being offered today by the gentleman from New Jersey [Mr. SAXTON].

H.R. 2545, the "Arctic Tundra Habitat Emergency Conservation Act," quite simply is trying to head off an unmitigated conservation disaster for white geese, including greater and lesser snow geese and Ross' geese. During the past three decades, these mid-continent snow geese species populations have literally exploded, from an estimated 800,000 in 1969 to more than five million today. This dramatic increase has resulted in the devastation of nearly 50,000 acres of snow geese habitat around Canada's Hudson Bay. This tundra habitat, most of which comprises a coastal salt marsh, is vital for nesting. As the snow geese proliferate and consume this habitat, other populations of birds are also placed at risk by this loss of habitat.

A special report issued in January 1998, by Ducks Unlimited provides a good example of the depth and the breadth of the problem. In studies conducted in Churchill, Manitoba, there were 2,000 nesting pairs in 1968. In 1997, that number grew to more than 40,000 pairs. The result is a cruel fate for the birds, particularly the thousands of orphaned, malnourished and eventually dead goslings who cannot survive on barren tundra.

Together with expected population increases is another vexing problem: recovery of habitat, destroyed by overfeeding at this far-north latitude, is expected to take at least 15 years; it will take even longer if some of the acreage continues to be foraged by geese during the recovery period.

The U.S. Fish and Wildlife Service has been working for a few years in partnership with the Canadian Wildlife Service, several departments of Fish and Game, Ducks Unlimited, the Audubon Society and other non-governmental entities to try to address the problem. In February of this year, the Fish and Wildlife Service issued two final rules to authorize the use of additional hunting methods to reduce the population of snow geese so that a reasonable population can survive on a viable habitat. The goal was to reduce the number of mid-continent light geese in the first year by 975,000 using additional hunting methods carefully studied and approved by the Fish and Wildlife Service.

Unfortunately, the Service withdrew the rules in the aftermath of a court challenge. The result of inaction, however, would be devastating. Chairman Saxton was correct to press for a legislative solution to expedite the recovery process by implementing the Service's rules, as the bill before us does today. It is clear that human decision making has contributed mightily to the light geese problem through increased agricultural production, sanctuary designation, and reduction in harvest rates.

Mr. Speaker, the bill before us takes an affirmative and humane step to help assure the long-term survival of mid-continent light geese and the conservation of the habitat upon which they and other species depend. I urge my colleagues to support this important bill.

Mr. YOUNG of Alaska. Mr. Speaker, as coauthor of H.R. 2454, I rise in strong support of the Arctic Tundra Habitat Emergency Conservation Act. The fundamental goal of this legislation is to stop the destruction of the Canadian Arctic Tundra by a growing population of mid-continent light geese. If we do not act, these valuable wetlands may be lost forever.

Three years ago, the U.S. Fish and Wildlife Service joined with the Canadian Wildlife Service, Ducks Unlimited, the National Audubon Society and several State and Provincial Fish and Game Departments in forming the Arctic Goose Habitat Working Group. After carefully studying the problem, the Group issued a report that recommended that the population of mid-continent light geese, which now numbers more than five million birds, be cut in half within six years.

The working group suggested that the food supply be reduced along U.S. Flyways, baiting of light geese be permitted, sharpshooters be hired to kill large numbers of geese and additional hunting methods such as electronic goose calls and unplugged shotguns be utilized.

The Fish and Wildlife Service carefully reviewed these recommendations and it conducted an exhaustive analysis of the various wildlife management options to reduce the population. It flatly rejected the flawed idea of "letting nature run its course" because it would cause an environmental catastrophe and many of the suggestions of the Working Group were not implemented.

In fact, in the end, the Service issued two modest rules which would have increased the harvest of light geese by allowing hunters to use electronic calls and unplugged shotguns. While these changes by themselves would not save the fragile Arctic ecosystem, they were a responsible step in the right direction.

Once enacted these rules will reduce the population of mid-continent geese and more importantly they will slow the destruction of the Arctic Tundra that is being transformed from thickly vegetated wetlands to a virtual desert.

In La Prouse Bay in Canada, which is a critical nesting site, more than 60 percent of the salt-marsh vegetation has already been destroyed or damaged to the point where it is unable to nourish birds.

Regrettable, in response to a court order, the Fish and Wildlife Service withdrew their regulations and they are now completing an Environmental Impact Statement on mid-continent light geese.

While that occurs, the Arctic Tundra will continue to be destroyed an acre at a time and these essential wetlands which provide life for literally hundreds of avian species, besides geese, will be irreplaceably lost.

There is a better way. H.R. 2454 will reinstate the Fish and Wildlife Service's rules in their identical form. It is a temporary solution and it will sunset no later than May 15, 2001. This legislation is strongly supported by the Administration, the States, and by most of the conservation community including Ducks Unlimited and the National Audubon Society.

In closing, let me quote from the Chairman of the Arctic Goose Habitat Working Group, Dr. Bruce Batt, who testified that "the finite amount of suitable goose breeding habitat is rapidly being consumed and eventually will be lost. Every technical, Administrative, legal and political delay just adds to the problem. There is real urgency here as we may not be far from the point where the only choice is to record the aftermath of the crash of goose numbers with the related ecosystem destruction with all the other species that live there with geese."

I urge an aye vote on H.R. 2454, a bipartisan bill that will save critical Arctic wetlands.

Mr. GEORGE MILLER of California. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SAXTON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. SAXTON) that the House suspend the rules and pass the bill, H.R. 2454, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

ARIZONA STATEHOOD AND ENABLING ACT AMENDMENTS OF 1999

Mr. SAXTON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 747) to protect the permanent trust funds of the State of Arizona from erosion due to inflation and modify the basis on which distributions are made from those funds.

The Clerk read as follows:

H.R. 747

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Arizona Statehood and Enabling Act Amendments of 1999".

SEC. 2. PROTECTION OF TRUST FUNDS OF STATE OF ARIZONA.

(a) IN GENERAL.—Section 28 of the Act of June 20, 1910 (36 Stat. 574, chapter 310) is amended in the first paragraph by adding at the end the following: "The trust funds (including all interest, dividends, other income, and appreciation in the market value of assets of the funds) shall be prudently invested on a total rate of return basis. Distributions from the trust funds shall be made as provided in Article 10, Section 7 of the Constitution of the State of Arizona.".

(b) CONFORMING AMENDMENTS.—

(1) Section 25 of the Act of June 20, 1910 (36 Stat. 573, chapter 310), is amended in the proviso of the second paragraph by striking "the income therefrom only to be used" and inserting "distributions from which shall be made in accordance with the first paragraph of section 28 and shall be used".

(2) Section 27 of the Act of June 20, 1910 (36 Stat. 574, chapter 310), is amended by striking "the interest of which only shall be expended" and inserting "distributions from which shall be made in accordance with the first paragraph of section 28 and shall be expended".

SEC. 3. USE OF MINERS' HOSPITAL ENDOWMENT FUND FOR ARIZONA PIONEERS' HOME.

(a) IN GENERAL.—Section 28 of the Act of June 20, 1910 (36 Stat. 574, chapter 310) is amended in the second paragraph by inserting before the period at the end the following: ", except that amounts in the Miners' Hospital Endowment Fund may be used for the benefit of the Arizona Pioneers' Home".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall be deemed to have taken effect on June 20, 1910.

SEC. 4. CONSENT OF CONGRESS TO AMENDMENTS TO CONSTITUTION OF STATE OF ARIZONA.

Congress consents to the amendments to the Constitution of the State of Arizona proposed by Senate Concurrent Resolution 1007 of the 43rd Legislature of the State of Arizona, Second Regulator Session, 1998, entitled "Senate Concurrent Resolution requesting the Secretary of State to return Senate Concurrent Resolution 1018, Forty-Third Legislature, First Regular Session, to the Legislature and submit the Proposition contained in Sections 3, 4, and 5 of this Resolution of the proposed amendments to Article IX, Section 7, Article X, Section 7, and Article XI, Section 8, Constitution of Arizona, to the voters; relating to investment of State monies", approved by the voters of the State of Arizona on November 3, 1998.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. SAXTON) and the gentleman from California (Mr. GEORGE MILLER) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. SAXTON).

Mr. SAXTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased that we are considering H.R. 747, a bill to amend the Arizona Enabling Act of 1910 to allow the State of Arizona to manage its State trust differently.

The bill was introduced by our colleague, the gentleman from Arizona (Mr. STUMP), who we will hear from in just a moment. The State of Arizona, like many other States, receives revenues generated from lands that were granted to the State upon admission to the Union. These revenues contribute funds to schools and other public institutions.

As currently provided for in the original Enabling Act, the funds must pay all of their own income. This creates a problem because it does not account for or adjust to rates of inflation. Moreover, the current Enabling Act has a number of investment restrictions. While these restrictions may have been appropriate at one time, they are outdated and no longer necessary or advisable.

In order to make the necessary changes to allow the State trust fund to be managed differently, it is necessary for Congress to approve and amend the Arizona Enabling Act.

□ 1445

This legislation is almost identical to a bill that we passed the last Congress that amended the New Mexico Enabling Act. This is an important piece of legislation that will benefit the State of Arizona. I urge my colleagues to support it.

Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this legislation.

Mr. Speaker, the Act of June 20, 1910, which provided statehood for Arizona, granted federally owned lands to the new State and created a permanent trust fund into which revenues from these lands are invested. However, the act also placed certain limitations on the fund which have worked over time to prevent the State from managing the trust fund as profitably as possible. H.R. 747 will alter the terms of the trust fund and correct the problem.

These changes have been approved by the voters in Arizona, but because they alter the original statehood act, Congress must approve them as well. This measure is almost identical to legislation approved in a previous Congress for the State of New Mexico.

It is noncontroversial, and I urge my colleagues to support the bill.

Mr. Speaker, I reserve the balance of my time.

Mr. SAXTON. Mr. Speaker, I yield such time as he may consume to the gentleman from Arizona (Mr. STUMP).

Mr. STUMP. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I want to thank the gentleman from Utah (Mr. HANSEN) for all his hard work on this. The bill has been explained. Let me just say that it has been approved by the Governor. It is supported by the entire Arizona delegation as well.

The proposition on the ballot that was considered in the State of Arizona makes very minor changes to the 1910 Enabling Act. I urge its support.

I would also like to thank the Arizona delegation, Mr. PASTOR, Mr. KOLBE, Mr. HAYWORTH, Mr. SALMON and Mr. SHADEGG for their support and cosponsorship of H.R. 747, the Arizona Statehood and Enabling Act Amendments of 1999.

Mr. Speaker, H.R. 747 amends the 1910 act of Congress that granted the State of Arizona's entry into the Union. This bill makes two minor changes to the Arizona Enabling Act relating to the administration of state trust funds. This legislation is supported by the Governor of Arizona, our State Treasurer, State Attorney General, State Legislature, and most importantly, the citizens of Arizona through their approval of this change through the ballot process.

On November 3, 1998, Arizona voters passed Proposition 102. This ballot measure amended the Arizona constitution to authorize the investment of Permanent Land Trust Fund monies in equity securities. These trust fund monies derive from the sale of State Trust Lands granted to Arizona by the federal government at statehood. The proposition allows the State of Arizona to capitalize on the higher return rates offered through equity securities. This would improve management in the State and assist in the generation of more revenues for the beneficiaries by gaining authorization to invest part of the fund in stocks and to invest some earnings to offset inflation.

The Arizona Statehood and Enabling Act Amendments legislation will also make a much needed and essential change to the funding of the Arizona Pioneers' Home. This state-operated facility has been dedicated to the long-term care of miners and homesteaders since 1911. Inadequate funds exist in the Miners' Hospital Endowment Fund to build and operate a separate hospital for disabled miners. Disabled miners have been cared for at the Arizona Pioneers' Home, but current law prohibits the commingling of funds associated with state trust lands. H.R. 747 would allow the Arizona Pioneers' Home to expend monies from the Miners' Hospital Endowment Fund to continue care for miners who meet the statutory admission requirements.

Mr. Speaker, H.R. 747 is a bill that is supported by bipartisan interests in the State of Arizona and most importantly, the citizens of Arizona. I ask my colleagues for favorable consideration of this legislation.

Mr. SAXTON. Mr. Speaker, I yield back the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. STEARNS). The question is on the motion offered by the gentleman from New Jersey (Mr. SAXTON) that the House suspend the rules and pass the bill, H.R. 747.

The question was taken.

Mr. SAXTON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

VISITOR CENTER FOR HOME OF FRANKLIN D. ROOSEVELT NATIONAL HISTORIC SITE

Mr. SAXTON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1104) to authorize the Secretary of the Interior to transfer administrative jurisdiction over land within the boundaries of the Home of Franklin D. Roosevelt National Historic Site to the Archivist of the United States for the construction of a visitor center.

The Clerk read as follows:

H.R. 1104

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. VISITOR CENTER FOR HOME OF FRANKLIN D. ROOSEVELT NATIONAL HISTORIC SITE, HYDE PARK, NEW YORK.

(a) TRANSFER OF ADMINISTRATIVE JURISDICTION.—The Secretary of the Interior may transfer to the Archivist of the United States administrative jurisdiction over land located in the Home of Franklin D. Roosevelt National Historic Site, for use by the Archivist for the construction of a visitor center facility to jointly serve the Home of Franklin D. Roosevelt National Historic Site and the Franklin D. Roosevelt Presidential Library, located in Hyde Park, New York.

(b) CONDITIONS OF TRANSFER.—

(1) PROTECTION OF HISTORIC SITE.—The transfer authorized in subsection (a) shall be subject to an agreement between the Secretary and the Archivist that shall include such provisions for the protection of the Home of Franklin D. Roosevelt National Historic Site and the joint use of the facility to be constructed as the Secretary and the Archivist may consider necessary.

(2) CONSIDERATION.—A transfer made pursuant to subsection (a) shall be made without consideration or reimbursement.

(3) TERMINATION.—If use by the Archivist of the land referred to in subsection (a) is terminated by the Archivist at any time, administrative jurisdiction over the land shall automatically revert to the Department of the Interior.

(c) DESCRIPTION OF LAND.—The land referred to in subsection (a) shall consist of not more than 1 acre of land as may be mutually agreed to by the Secretary and the Archivist and more particularly described in the agreement required under subsection (b)(1).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. SAXTON) and the gentleman from California (Mr. GEORGE MILLER) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. SAXTON).

Mr. SAXTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 1104 is a noncontroversial bill that would authorize the Secretary of the Interior to transfer administrative jurisdiction over land within the boundaries of the Home of Franklin D. Roosevelt National Historic Site to the Archivist of the United States for the construction of a visitor center.

The visitor center facility would jointly serve the F.D.R. Historic Site and the Franklin D. Roosevelt Presidential Library, located in Hyde Park, New York. The land transferred is authorized to be not more than one acre.

H.R. 1104 is the result of efforts by the gentleman from New York (Mr. SWEENEY) and retired Congressman Jerry Solomon, also from New York.

This bill is supported by the administration.

I urge my colleagues to support the bill.

Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this legislation. H.R. 1104 is a minor housekeeping measure to authorize the National Park Service to transfer jurisdiction over approximately one acre of land to the National Archives to enable construction of a joint visitor center facility at the Franklin D. Roosevelt National Historic Site in Hyde Park, NY.

It is our understanding that the site in question has been mutually agreed upon by the two agencies and that the funds have already been appropriated to construct the joint-use facility.

Mr. Speaker, both the National Park Service and the National Archives and Records Administration testified in favor of this legislation, and we are unaware of any controversy and we support the legislation.

Mr. Speaker, I yield back the balance of my time.

Mr. SAXTON. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. SWEENEY) the author of the bill.

Mr. SWEENEY. Mr. Speaker, I thank the gentleman from New Jersey for yielding me the time and for his support.

I thank the gentleman from California (Mr. MILLER) for his support.

Finally, I would like to thank the gentleman from Utah (Mr. HANSEN), the subcommittee chair, for his support.

I am proud to rise in support of H.R. 1104, the legislation I introduced to transfer administrative jurisdiction from the National Park Service to the National Archives for the construction of a visitor center at the Franklin R. Roosevelt National Historic Site.

The much anticipated visitor center will serve three area National Historic Sites and will be a great addition to the rich history of the Nation's Roosevelt era and that of New York's Hudson Valley.

The 105th Congress provided $8.2 million to the National Archives for construction of the much-needed new facility on a one-acre parcel within the historic site. However, construction is stalled due to a legal snag; and this legislation corrects that snag.

In short, jurisdiction over this site for the visitor center must be transferred from the National Park Service to the National Archives and Records Administration before we can begin construction on this long-awaited visitor center.

Mr. Speaker, Franklin D. Roosevelt, our Nation's 32nd President, lived at his home in Hyde Park, New York, commonly referred to as

"Springwood," for most of his young life.

While Governor of New York and as President, Mr. Roosevelt frequented Springwood often and entertained many dignitaries, including Winston Churchill and King George VI.

Franklin D. Roosevelt was involved in the planning and construction of the Presidential library at the site. The F.D.R. Library is the only Presidential library that was used by a sitting President for official duty.

F.D.R. was intent on preserving his papers and mementos for future generations to cherish and study. Included in his collection are 44,000 books, photographs, Roosevelt's White House desk and chair, and his collection of naval prints, models, and many paintings.

The F.D.R. Library became the site of the broadcast of Mr. Roosevelt's popular fireside chats, and President Roosevelt would regularly hold conferences with world leaders in his personal study.

This legislation enjoys widespread support of the National Park Service, the National Archives and Records Administration, the town of Hyde Park, the Eleanor Roosevelt Site at Val-Kill, the Franklin and Eleanor Roosevelt Institute, Historic Hudson, and the Hudson River Valley Greenway.

All of these organizations and communities have dedicated their time and expertise to ensure that this visitor center becomes a reality, and I thank them all for their support.

I look forward to seeing many Americans and all of those who would travel and venture to Hyde Park, New York, to seeing the visitor center finally become a reality at the Franklin D. Roosevelt Historic Site.

Mr. SAXTON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. SAXTON) that the House suspend the rules and pass the bill, H.R. 1104.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

OLD JICARILLA ADMINISTRATIVE SITE

Mr. SAXTON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 695) to direct the Secretary of Agriculture and the Secretary of the Interior to convey an administrative site in San Juan County, New Mexico, to San Juan College, as amended.

The Clerk read as follows:

H.R. 695

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. OLD JICARILLA ADMINISTRATIVE SITE.

(a) CONVEYANCE OF PROPERTY.—Not later than one year after the date of completion of the survey referred to in subsection (b), the Secretary of the Interior shall convey to San Juan College, in Farmington, New Mexico, subject to the terms, conditions, and reservations under subsection (c), all right, title, and interest of the United States in and to a parcel of real property (including any improvements on the land) not to exceed 20 acres known as the "Old Jicarilla Site" located in San Juan County, New Mexico (T29N; R5W; portions of sections 29 and 30).

(b) DESCRIPTION OF PROPERTY.—The exact acreage and legal description of the real property conveyed under subsection (a) shall be determined by a survey satisfactory to the Secretary of the Interior, the Secretary of Agriculture, and the President of San Juan College. The cost of the survey shall be borne by San Juan College.

(c) TERMS, CONDITIONS, AND RESERVATIONS.—(1) Notwithstanding exceptions of application under the Recreation and Public Purposes Act (43 U.S.C. 869(c)), consideration for the conveyance described in subsection (a) shall be—

(A) an amount that is consistent with the Bureau of Land Management special pricing program for Governmental entities under the Recreation and Public Purposes Act; and

(B) an agreement between the Secretaries of the Interior and Agriculture and San Juan College indemnifying the Government of the United States from all liability of the Government that arises from the property.

(2) The lands conveyed by this Act shall be used for educational and recreational purposes. If such lands cease to be used for such purposes, at the option of the United States, such lands will revert to the United States.

(3) The Secretary of Agriculture shall identify any reservations of rights-of-way for ingress, egress, and utilities as the Secretary deems appropriate.

(4) The conveyance described in subsection (a) shall be subject to valid existing rights.

(d) LAND WITHDRAWALS.—Public Land Order 3443, only insofar as it pertains to lands described in subsections (a) and (b), shall be revoked simultaneous with the conveyance of the property under subsection (a).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. SAXTON) and the gentleman from California (Mr. GEORGE MILLER) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. SAXTON).

Mr. SAXTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 695 would direct the Secretary of Agriculture and the Secretary of the Interior to convey the administrative site in San Juan County, New Mexico, to San Juan College.

H.R. 695 a bill to direct the Secretary of Agriculture and the Secretary of the Interior to convey an administrative site in San Juan County, New Mexico, to San Juan College, was introduced by our colleague the honorable gentleman from New Mexico (Mr. UDALL).

This legislation will require the Secretary to convey a 10-acre parcel known as the "Old Jicarilla Site" to San Juan college. The Forest Service no longer requires its use and has not occupied the site for several years.

The bill will also require the site to be used for educational and recreational purposes. Our good friend the gentleman from New Mexico (Mr. UDALL) has done a great job on this legislation. I urge all my colleagues to support its passage under the suspended rules.

Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 695 by the gentleman from New Mexico (Mr. UDALL) which would direct the Secretary of the Interior to convey approximately 20 acres of both Forest Service and Bureau of Land Management land, including real property on the land, on the Carson National Forest in San Juan County, New Mexico, to San Juan College in Farmington, New Mexico.

The "Old Jicarilla Site," as it is known, contains a surplus and abandoned ranger station. The college would pay for all lands in accordance with the Recreation and Public Purposes Act and use the site for educational and recreational purposes.

The bill represent a bipartisan effort both in the House and the Senate. I urge my colleagues to support it.

I would like to take the time to congratulate the gentleman from New Mexico (Mr. UDALL) on his sponsorship of this piece of legislation in an effort to get it passed.

Mr. Speaker, I yield back the balance of my time.

Mr. SAXTON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. SAXTON) that the House suspend the rules and pass the bill, H.R. 695, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SAXTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on H.R. 2654, H.R. 1104, and H.R. 747, the bills just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

CONSTRUCTION INDUSTRY PAYMENT PROTECTION ACT OF 1999

Mr. HORN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1219) to amend the Office of Federal Procurement Policy Act and the

Miller Act, relating to payment protections for persons providing labor and materials for Federal construction projects, as amended.

The Clerk read as follows:

H.R. 1219

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Construction Industry Payment Protection Act of 1999".

SEC. 2. AMENDMENTS TO THE MILLER ACT.

(a) ENHANCEMENT OF PAYMENT BOND PROTECTION.—Subsection (a)(2) of the first section of the Miller Act (40 U.S.C. 270a(a)(2)) is amended by striking the second, third, and fourth sentences and inserting in lieu thereof the following: "The amount of the payment bond shall be equal to the total amount payable by the terms of the contract unless the contracting officer awarding the contract makes a written determination supported by specific findings that a payment bond in that amount is impractical, in which case the amount of the payment bond shall be set by the contracting officer. In no case shall the amount of the payment bond be less than the amount of the performance bond.".

(b) MODERNIZATION OF DELIVERY OF NOTICE.—Section 2(a) of the Miller Act (40 U.S.C. 270b(a)) is amended in the last sentence by striking "mailing the same by registered mail, postage prepaid, in an envelope addressed" and inserting "any means which provides written, third-party verification of delivery.".

(c) NONWAIVER OF RIGHTS.—The second section of the Miller Act (40 U.S.C. 270b) is amended by adding at the end the following new subsection:

"(c) Any waiver of the right to sue on the payment bond required by this Act shall be void unless it is in writing, signed by the person whose right is waived, and executed after such person has first furnished labor or material for use in the performance of the contract.".

SEC. 3. IMPLEMENTATION THROUGH THE GOVERNMENT-WIDE PROCUREMENT REGULATIONS.

(a) PROPOSED REGULATIONS.—Proposed revisions to the Government-wide Federal Acquisition Regulation to implement the amendments made by this Act shall be published not later than 120 days after the date of the enactment of this Act and provide not less than 60 days for public comment.

(b) FINAL REGULATIONS.—Final regulations shall be published not less than 180 days after the date of the enactment of this Act and shall be effective on the date that is 30 days after the date of publication.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. HORN) and the gentleman from Texas (Mr. TURNER) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. HORN).

Mr. HORN. Mr. Speaker, I yield myself such time as I may consume.

I include for the RECORD at this point a letter from the chairman of the Committee on the Judiciary, the gentleman from Illinois (Mr. HYDE), agreeing to the discharge of the Committee on the Judiciary from further consideration of H.R. 1219.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, DC, June 18, 1999.

Hon. DAN BURTON,
Chairman, Committee on Government Reform,
House of Representatives, Washington, DC.

DEAR CHAIRMAN BURTON: I understand that the Government Reform Committee desires to take H.R. 1219, the "Construction Industry Payment Protection Act," to the floor without this committee reporting the bill. The bill contains certain matters within the Rule X jurisdiction of the Judiciary Committee which were the basis of the bill's referral to us. Such matters include amendments to the Miller Act made by section 3 and procedural rules for promulgating revisions to the Federal Acquisition Regulation established by section 4.

In the interest of moving this non-controversial bill forward expeditiously, I will agree to the Judiciary Committee being discharged from further consideration of H.R. 1219. However, this should not be construed as a relinquishment of the Committee's Rule X jurisdiction as to the matters addressed by the bill or any further amendments relating to it.

Please place a copy of this letter in the record of debate on the bill.

Sincerely,

HENRY J. HYDE,
Chairman.

Mr. Speaker, H.R. 1219, the Construction Industry Payment Protection Act of 1999, is a bill introduced by my colleague, the gentlewoman from New York (Mrs. MALONEY). It would modernize the 1935 Miller Act.

Under the Miller Act, contractors performing work on a Federal public works project costing in excess of $100,000 are required to furnish a payment bond. The payment bond is intended to protect subcontractors and suppliers and materials against the risk of nonpayment when working on Federal construction projects.

The Act also requires a performance bond to guarantee completion of the project.

In addition, the Miller Act requires the contractor to provide a performance bond that guarantees completion of the project.

The 1935 Act caps the total amount of the payment bond at $2.5 million. Although that amount might have been appropriate for public works projects in 1935, in many cases today it no longer provides subcontractors with adequate protection.

Today, more than half of all Federal construction projects exceed $2.5 million. H.R. 1219 seeks to correct this problem by requiring general contractors to obtain payment bonds of an amount equivalent to the total value of the contract.

As noted, H.R. 1219 would require general contractors to obtain payment bonds of an amount equal to the total contract price unless the contracting officer makes a written determination that a payment bond in that amount is impractical. However, under no circumstances can the amount of the payment bond be less than the amount of the performance bond.

The bill also would expand the methods by which the subcontractors could use to notify the prime contractor of their intent to seek payment from the payment bond. It permits notice by any delivery service that provides written third-party verification of delivery, including the United States Postal Service or a private express delivery service.

Moreover, the bill would require that any waiver of the Miller Act protections by a beneficiary of those protections must be in writing and may be made only after a subcontractor or supplier has furnished labor or materials for use in the performance of the contract.

□ 1500

The bill also requires that the Office of Management and Budget issue final regulations implementing these provisions not less than 180 days after enactment of this legislation.

H.R. 1219 represents a bipartisan effort to update the 1935 Miller Act. This bill contains proposals to amend the Miller Act that address some of the concerns of a variety of trade associations representing essentially every segment of the construction and surety industries. Our thanks go to the Democrats and Republicans who have worked together long and hard to bring this important bipartisan measure to the floor.

I was pleased to be a cosponsor of the gentlewoman from New York's bill, the prime author, and the gentleman from Virginia (Mr. DAVIS) was also one of the key people in assuring that these different parties came together. The time has come to modernize the Miller Act. I urge my colleagues to support this measure.

Mr. Speaker, I reserve the balance of my time.

Mr. TURNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this bill was introduced by the gentlewoman from New York (Mrs. MALONEY) as a means of addressing some very serious concerns surrounding the bond requirements established in the Miller Act of 1935. I want to commend the gentlewoman from New York for her leadership in this legislation, specifically her work in bringing all the parties together that have an interest in this bill, working with them, ensuring that all of the concerns that were laid on the table by all of the parties were addressed. She did an outstanding job in working in a very bipartisan way on this bill.

Specifically, subcontractors who perform construction projects for the Federal Government have raised questions about the adequacy of the payment bond requirement. The gentlewoman from New York as a member of the Committee on Government Reform, former ranking member of the Subcommittee on Government Management, Information, and Technology, has been persistent in trying to correct the deficiencies of the current law.

H.R. 1219 would remedy these problems and ensure that the payment bond is great enough to protect all of the subcontractors. At the same time the legislation will modernize and strengthen the Miller Act and will provide a means of improving a relationship of the subcontractors that has been long needed.

This bill was reported by the Committee on Government Reform on May 19 by voice vote. The measure has also been referred to the Committee on the Judiciary which has discharged the bill. I would like to thank particularly the gentleman from Pennsylvania (Mr. GEKAS) and the gentleman from New York (Mr. NADLER) for their help in crafting this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. HORN. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia (Mr. DAVIS). He has done an outstanding job in bringing many of the parties together on this particular bill and we deeply appreciate his work on it.

Mr. DAVIS of Virginia. Mr. Speaker, I thank the chairman of the subcommittee for yielding me this time and I particularly thank the author of this bill the gentlewoman from New York who has worked, I think, over and beyond the usual call of duty in trying to bring consensus to something very technical but I think something very meaningful to government contractors and subcontractors and sureties.

I rise today in support of H.R. 1219, the Construction Industry Payments Act of 1999.

This is legislation we have been involved with since the 105th Congress when the gentlewoman from New York began working with the affected industry groups to find consensus on updating the original Miller Act of 1935. I am happy to say that this bipartisan cooperation resulted in a strong bill that industry, Congress and the Federal Government can all support. It is fiscally responsible and it offers reasonable protections to all parties involved in this type of Federal procurement.

H.R. 1219 amends the 1935 Miller Act which has stood the test of time very well. It has needed relatively little legislative attention or congressional oversight since its passage. Currently, the Miller Act requires a contractor awarded a Federal contract in excess of $100,000 to furnish the government with a performance bond and a payment bond. These bonds protect the government and certain persons providing labor and material for performance of that work. H.R. 1219 prepares the Miller Act for the 21st century. It should achieve its objectives without unreasonably increasing the financial exposure or placing additional burdens on the prime contractor or the surety bond producers and corporate sureties that provide Miller Act bond payments. It modernizes the act in three areas: The legislation raises the payment bond to the value of the contract award, allows receipt of notice through any method that provides written third party verification of receipt, and it prevents any waiver of the Miller Act rights prior to the commencement of the work. These three key updates of the 1935 legislation enhance the procedures and protections of the Miller Act for the government and those with rights under the act as we continue to update our procurement procedures the next century.

I am particularly impressed with H.R. 1219 and the reasonable updates of the Miller Act that allow it to be particularly effective in protecting all parties in the contracting process. Not only does it preserve the authority of the United States courts to adjudicate issues under the Miller Act but it preserves the freedom of the contractor and the subcontractor to choose within their own contract the particular dispute resolution process that will govern their dispute. This is an effective reform that focuses on everyone's goal, providing the best product to the Federal Government in a timely manner. Additionally, H.R. 1219 maintains a subcontract provision that allows for requiring arbitration or another alternative dispute resolution process. A protected person's Miller Act rights would be preserved by a timely suit in the District Court that can be stayed pending the subcontract dispute resolution process.

Simply put, this legislation modernizes the procedures and protections of the Miller Act, preserves the exclusive jurisdiction of the U.S. District Court to resolve issues arising under the Miller Act, and respects the freedom of the contractor and subcontractor to choose their own dispute resolution process, thereby bolstering the Federal Government's strong policy in favor of alternative dispute resolution.

Finally, I want to again thank the gentlewoman from New York for her willingness to sit down and negotiate on this legislation what appeared to be differences too great to overcome in the waning days of the 105th Congress. Instead this has resulted in a strong, updated Miller Act early on in this Congress. I believe the extensive negotiations between the gentlewoman from New York, myself and others distilled the key elements of the Miller Act to address and improve future situations in Federal contracting. H.R. 1219 is legislation that both enhances and preserves the 1935 legislation. This could not have occurred without a willingness to build consensus or work together. I would also like to thank the many industry organizations that agreed to sit down and come up with reasonable compromises that helped us develop the strong bill before us today. In particular, I want to thank the Association of General Contractors of America, the Surety Association of America, the American Insurance Association, and other organizations that I will insert in the RECORD.

I urge the passage of this bill. I would also like to thank Amy Heerink and Melissa Wojciak from my staff.

ADDITIONAL INDUSTRY GROUPS WHO ASSISTED IN DRAFTING THE MILLER ACT, H.R. 1219, THE CONSTRUCTION INDUSTRY PAYMENT ACT

Air Conditioning Contractors Association
American Insurance Association
American Subcontractors Association
Mechanical Contractors Association of America
National Association of Plumbing-Heating-Cooling Contractors
National Association of Surety Bond Producers
National Electrical Contractors Association
Painting and Decorating Contractors of America
Sheet Metal & Air Conditioning Contractors National Association
Surety Association of America
American Fire Sprinkler Association
Architectural Woodwork Institute
Association of the Wall & Ceiling Industries-International
Automatic Fire Alarm Association
Independent Electrical Contractors
Mason Contractors Association of America
National Association of Credit Management
National Ground Water Association
National Insulation Association
World Floor Covering Association

Mr. TURNER. Mr. Speaker, it is an honor for me to yield such time as she may consume to the gentlewoman from New York (Mrs. MALONEY). I too would like to thank the gentlewoman for the leadership she has provided on this bill. She has spent more time working on this than any other Member of this House. She is the sponsor of this bill.

Mrs. MALONEY of New York. Mr. Speaker, I thank the ranking member for yielding me this time and I thank him for his leadership and support.

The best legislation is bipartisan and this has truly been a bipartisan effort over the past 3 years. I particularly congratulate the gentleman from California (Mr. HORN) with whom I have worked in a constructive way on many pieces of legislation before this body and the gentleman from Pennsylvania (Mr. GEKAS) who likewise led on this effort and the gentleman from Virginia (Mr. DAVIS) who led actually a task force over the last summer between the different bodies that came forward with a consensus and compromise bill. And finally the stakeholders, all of the industries involved, over 25 industries came together and signed their own contract in support of the legislation and their pledge to work to pass it. So it has indeed been a combined effort which will ultimately not only help the employers and the employees but the American taxpayer, because the cost of the jobs will go down because those bidding on them will know that the risk of not being paid will now be covered and that risk will not be built into their bid. So it has been a day where everyone benefits in our country and I am very proud to have been part of the team that made this happen.

This is truly a historic day for the construction industry and their workers. Today we are passing bipartisan legislation that will restore full payment protection for construction firms and their employees who do business with the Federal Government. Thanks to this bill, subcontractors who work on Federal projects will actually be paid and will not have to worry about being paid for their work. H.R. 1219 will modernize the 65-year-old Miller Act which was passed in 1935 to provide payment protection for construction subcontractors and suppliers. Under the Miller Act, prime contractors on Federal projects are required to purchase two types of surety bonds, one, the performance bond which assures the government that the work will in fact be completed, and a second, the payment bond that provides payment protection for subcontractors and suppliers. The payment bond is critical, because it is the payment protection of last resort in the event of a default on the part of the prime contractor. Yet under the Miller Act's depression era requirements, prime contractors are not required to obtain a payment bond equal to the full value of the contract. In fact, for contracts of $5 million or more, the payment bond need not be worth more than $2.5 million regardless of the size of the project. Since 1935, Federal construction projects have changed dramatically in size and dollar value. The protections afforded by the Miller Act may have been adequate in 1935, but they are simply not sufficient for today. In fact, if the value of $2.5 million were simply adjusted for inflation, it would now be at least $30 million. With Federal construction projects costing hundreds of millions of dollars, $2.5 million is simply not enough to provide payment protection for subcontractors, particularly those working in the later stages of complex, multi-year construction projects.

Earlier this year, President Clinton announced that the Federal Government, along with Senator MOYNIHAN, would be taking the lead in renovating the Farley Building in my home city of New York as part of the Penn Station mass transit redevelopment project. It is estimated that this project will cost almost $400 million. Now, under the Miller Act, the general contractor would only be required to furnish a payment bond worth $2.5 million, clearly not enough to provide protection for subcontractors and suppliers and their workers on a $400 million project. But thanks to this legislation that we are about to pass today, the subcontractors working on the Farley Building will actually be paid and will enjoy full payment protection.

I learned firsthand about the problems of the Miller Act when I was contacted by one of my constituents, Fred Levinson, in 1997. Fred owns a subcontracting firm in my district. Fred Levinson was hired to work on a project for the Federal Bureau of Prisons for over $100 million. But when the prime contractor on the building was terminated, Mr. Levinson was left without any way to collect the money he was owed for the work that he performed. As a result, he lost $9.5 million simply because the Miller Act did not provide for full payment protection. Mr. Levinson was fortunate enough to be able to save his company, but this payment problem still forced him to lay off employees and scale back his business. Other subcontractors on big Federal projects are simply not so lucky and risk bankruptcy when the prime contractor defaults.

Thanks to this bill, no subcontractor in the future, including those working on the Farley Building or any Federal building, will have to suffer from inadequate payment bond protection as did my constituent Fred Levinson. This is also, I might add, a case study in democracy, an example of how one person can come to a legislator, point out a problem, and work with them to solve it and to make a difference. I would like to dedicate my work on this bill to Fred Levinson, who brought it to my attention.

Mr. Speaker, as someone who has long been interested in Federal procurement policy, I can speak firsthand to the importance of full and timely payment to all segments of the construction industry. In particular, small firms face enormous risks when they are not paid for work they complete. Many firms across the country have risked bankruptcy simply because they were not paid on time or in full by a project owner. Cases in which the Federal Government is the owner of the project are certainly no exception.

□ 1515

This bill will make three important changes to the Miller act.

First, it will require that prime contractors working on Federal projects furnish a payment bond of a value equal to the value of the contract they have been awarded. This provision will ensure full payment protection for subcontractors who choose to work on Federal projects. They will no longer be a $2.5 million limit.

Second, this bill will modernize the provisions of the Miller act which deal with notification of an intent to make a claim on a payment bond. Current law permits notification only by certified mail. Under this bill, notification will be permitted by any means that permits written third-party notification of delivery. In this era of overnight mail and electronic commerce, it simply makes no sense to permit notification only through registered mail.

Finally, this bill includes a provision that prohibits any waiver of the right to sue under a payment bond unless that waiver is signed by the person whose right is waived after they have commenced work on the project. This will ensure that no subcontractor waives his or her right to sue before beginning work on a project. This provision is critical to protecting the rights of subcontractors throughout the bidding process and beyond.

I always believe that the best legislation is bipartisan, and that is certainly true in this case. This legislation enjoys broad support from Members across the political spectrum. This bill grew out of a hearing that was held jointly by my friend from California (Mr. HORN) and my friend from Pennsylvania (Mr. GEKAS).

At that hearing we heard from several witnesses who spoke on the need to modernize the act, including my constituent Fred Levinson and one of Chairman GEKAS' constituents, Micki Weaver. Mrs. Weaver, who owns a small specialty firm told of how the inadequacies of the Miller act led her to avoid bidding altogether on future Federal projects.

Both the gentleman from California (Mr. HORN) and the gentleman from Pennsylvania (Mr. GEKAS) agreed that the Miller act needed to be modernized and joined me as an original sponsor. I am very grateful for their hard work as well as that of their staffs and my own, staff which have helped to get us to where we are today. In addition, the gentleman from Indiana (Mr. BURTON) and the gentleman from Illinois (Mr. HYDE) both were instrumental in moving this bill through the legislative process, as were the ranking members, the gentleman from California (Mr. WAXMAN) and the gentleman from Michigan (Mr. CONYERS).

My friend from Virginia (Mr. DAVIS) took the lead in getting everyone involved in this issue to agree to sit down at the table and negotiate so that we could reach the agreement on the legislation we have before us today. In addition, many other Members of this House, including the gentleman from Florida (Mr. SCARBOROUGH), the gentleman from Texas (Mr. SESSIONS), the gentleman from Texas (Mr. SMITH), and the gentleman from Pennsylvania (Mr. KANJORSKI) have supported and worked on this legislation from the beginning and were very instrumental in moving it to the floor today.

Equally important, Mr. Speaker, is the hard work that many of the industry groups have done. I am pleased that every industry group with an interest in modernizing the Miller act supports this bipartisan legislation. This bill enjoys the backing of at least 25 industry organizations, all of which have had a vested interest in the payment bond protection afforded by the act.

In particular, I would like to thank the American Subcontractors Association which has spearheaded the broad-based coalition to modernize the Miller act for their hard work on this bill as well as that of the Associated General Contractors of America and the Surety Association of America, both of which played a critical role in the negotiations which led to this bill.

Mrs. MALONEY of New York. Mr. Speaker, finally I am very pleased to announce that the administration has recently said that it, too, supports the bill. This bill will bring about a common sense reform that will make a tremendous difference for construction subcontractors and their workers who do business with the Federal Government. It will not cost the taxpayers anything, and in fact it might lower the cost of Federal projects.

Mr. Speaker, I urge all Members to support this important bipartisan bill.

Mr. TURNER. Mr. Speaker, I have no further requests for time, and I yield back the balance of the time.

Mr. HORN. Mr. Speaker, I yield myself such time as I may consume.

I just want to, in conclusion, note that the gentleman from Texas (Mr. TURNER), the ranking minority member on the subcommittee, has been very helpful on this; and I mentioned earlier, I will mention again, the gentleman from Pennsylvania (Mr. GEKAS) is a very distinguished legislator from Pennsylvania and a key person on the Committee on the Judiciary, and the gentleman from Illinois (Mr. HYDE) gave the waiver of this bill to the floor, and we are extremely grateful for that bipartisan, bi-committee cooperation.

But in closing, I want to say to the gentlewoman from New York (Mrs. MALONEY) who put it right on the nose, this is a case study in democracy. Everyone that is listening or hearing or reading the RECORD is going to see this is an example of a constituent walking through their Representative's door and say, Look, I've had a problem here. Can you do anything about it? A lot of us have had that experience, and the fact is people do not need to go through lobbyists; they do not need to go through people that are at PAC parties or anything else. They can just walk into their legislator, and if they got a good case, something will happen. The gentlewoman from New York (Mrs. MALONEY) showed something that happened, and all of us cooperated to do it because we knew this was just and we needed to update that law, and I would hope that we have a unanimous vote of the House.

I want to thank my own majority staff, George, the chief counsel and staff director, Randy. The counsel and professional staff member have worked with the staff of the gentlewoman from New York (Mrs. MALONEY) and the staff of the gentleman from Pennsylvania (Mr. GEKAS), and we thank them all for their help. I urge adoption of this measure.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. HORN) that the House suspend the rules and pass the bill, H.R. 1219, as amended.

The question was taken.

Mr. HORN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. HORN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1219, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

GOVERNMENT WASTE, FRAUD, AND ERROR REDUCTION ACT OF 1999

Mr. HORN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1442) to amend the Federal Property and Administrative Services Act of 1949 to continue and extend authority for transfers to State and local governments of certain property for law enforcement, public safety, and emergency response purposes, as amended.

The Clerk read as follows:

H.R. 1442

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Government Waste, Fraud, and Error Reduction Act of 1999".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Purposes.
Sec. 3. Definition.
Sec. 4. Application of Act.

TITLE I—GENERAL MANAGEMENT IMPROVEMENTS

Sec. 101. Improving financial management.
Sec. 102. Improving travel management.

TITLE II—IMPROVING FEDERAL DEBT COLLECTION PRACTICES

Sec. 201. Miscellaneous corrections to subchapter II of chapter 37 of title 31, United States Code.
Sec. 202. Barring delinquent Federal debtors from obtaining Federal benefits.
Sec. 203. Collection and compromise of nontax debts and claims.

TITLE III—SALE OF NONTAX DEBTS OWED TO UNITED STATES

Sec. 301. Authority to sell nontax debts.
Sec. 302. Requirement to sell certain nontax debts.

TITLE IV—TREATMENT OF HIGH VALUE NONTAX DEBTS

Sec. 401. Annual report on high value nontax debts.
Sec. 402. Review by Inspectors General.
Sec. 403. Requirement to seek seizure and forfeiture of assets securing high value nontax debt.

TITLE V—FEDERAL PAYMENTS

Sec. 501. Transfer of responsibility to Secretary of the Treasury with respect to prompt payment.
Sec. 502. Promoting electronic payments.
Sec. 503. Debt services account.

TITLE VI—FEDERAL PROPERTY

Sec. 601. Amendment to Federal Property and Administrative Services Act of 1949.

SEC. 2. PURPOSES.

The purposes of this Act are the following:

(1) To reduce waste, fraud, and error in Federal benefit programs.

(2) To focus Federal agency management attention on high-risk programs.

(3) To better collect debts owed to the United States.

(4) To improve Federal payment systems.

(5) To improve reporting on Government operations.

SEC. 3. DEFINITION.

As used in this Act, the term "nontax debt" means any debt (within the meaning of that term as used in chapter 37 of title 31, United States Code) other than a debt under the Internal Revenue Code of 1986 or the Tariff Act of 1930.

SEC. 4. APPLICATION OF ACT.

No provision of this Act shall apply to the Department of the Treasury or the Internal Revenue Service to the extent that such provision—

(1) involves the administration of the internal revenue laws; or

(2) conflicts with the Internal Revenue Service Restructuring and Reform Act of 1998, the Internal Revenue Code of 1986, or the Tariff Act of 1930.

TITLE I—GENERAL MANAGEMENT IMPROVEMENTS

SEC. 101. IMPROVING FINANCIAL MANAGEMENT.

Section 3515 of title 31, United States Code, is amended—

(1) in subsection (a)—

(A) by striking "1997" and inserting "2000"; and

(B) by inserting "Congress and" after "submit to"; and

(2) by striking subsections (e), (f), (g), and (h).

SEC. 102. IMPROVING TRAVEL MANAGEMENT.

(a) LIMITED EXCLUSION FROM REQUIREMENT REGARDING OCCUPATION OF QUARTERS.—Section 5911(e) of title 5, United States Code, is amended by adding at the end the following new sentence: "The preceding sentence shall not apply with respect to lodging provided under chapter 57 of this title.".

(b) USE OF TRAVEL MANAGEMENT CENTERS, AGENTS, AND ELECTRONIC PAYMENT SYSTEMS.—

(1) REQUIREMENT TO ENCOURAGE USE.—The head of each executive agency shall, with respect to travel by employees of the agency in the performance of the employment duties by the employee, require, to the extent practicable, the use by such employees of travel management centers, travel agents authorized for use by such employees, and electronic reservation and payment systems for the purpose of improving efficiency and economy regarding travel by employees of the agency.

(2) PLAN FOR IMPLEMENTATION.—(A) The Administrator of General Services shall develop a plan regarding the implementation of this subsection and shall, after consultation with the heads of executive agencies, submit to Congress a report describing such plan and the means by which such agency heads plan to ensure that employees use travel management centers, travel agents, and electronic reservation and payment systems as required by this subsection.

(B) The Administrator shall submit the plan required under subparagraph (A) not later than March 31, 2000.

(c) PAYMENT OF STATE AND LOCAL TAXES ON TRAVEL EXPENSES.—

(1) IN GENERAL.—The Administrator of General Services shall develop a mechanism to ensure that employees of executive agencies are not inappropriately charged State and local taxes on travel expenses, including transportation, lodging, automobile rental, and other miscellaneous travel expenses.

(2) REPORT.—Not later than March 31, 2000, the Administrator shall, after consultation with the heads of executive agencies, submit to Congress a report describing the steps taken, and proposed to be taken, to carry out this subsection.

TITLE II—IMPROVING FEDERAL DEBT COLLECTION PRACTICES

SEC. 201. MISCELLANEOUS CORRECTIONS TO SUBCHAPTER II OF CHAPTER 37 OF TITLE 31, UNITED STATES CODE.

(a) CHILD SUPPORT ENFORCEMENT.—Section 3716(h)(3) of title 31, United States Code, is amended to read as follows:

"(3) In applying this subsection with respect to any debt owed to a State, other than past due support being enforced by the State, subsection (c)(3)(A) shall not apply.".

(b) DEBT SALES.—Section 3711 of title 31, United States Code, is amended by striking subsection (i).

(c) GAINSHARING.—Section 3720C(b)(2)(D) of title 31, United States Code, is amended by striking "delinquent loans" and inserting "debts".

(d) PROVISIONS RELATING TO PRIVATE COLLECTION CONTRACTORS.—

(1) COLLECTION BY SECRETARY OF THE TREASURY.—Section 3711(g) of title 31, United States Code, is amended by adding at the end the following:

"(11) In attempting to collect under this subsection through the use of garnishment any debt owed to the United States, a private collection contractor shall not be precluded from verifying the debtor's current employer, the location of the payroll office of the debtor's current employer, the period the debtor has been employed by the current employer of the debtor, and the compensation received by the debtor from the current employer of the debtor.

"(12) In evaluating the performance of a contractor under any contract entered into under this subsection, the Secretary of the Treasury shall consider the contractor's gross collections net of commissions (as a percentage of account amounts placed with the contractor) under the contract. The existence and frequency of valid debtor complaints shall also be considered in the evaluation criteria.

"(13) In selecting contractors for performance of collection services, the Secretary of the Treasury shall evaluate bids received through a methodology that considers the bidder's prior performance in terms of net amounts collected under Government collection contracts of similar size, if applicable. The existence and frequency of valid debtor complaints shall also be considered in the evaluation criteria.".

(2) COLLECTION BY PROGRAM AGENCY.—Section 3718 of title 31, United States Code, is amended by adding at the end the following:

"(h) In attempting to collect under this subsection through the use of garnishment any debt owed to the United States, a private collection contractor shall not be precluded from verifying the current place of employment of the debtor, the location of the payroll office of the debtor's current employer, the period the debtor has been employed by the current employer of the debtor, and the compensation received by the debtor from the current employer of the debtor.

"(i) In evaluating the performance of a contractor under any contract for the performance of debt collection services entered into by an executive, judicial, or legislative agency, the head of the agency shall consider the contractor's gross collections net of commissions (as a percentage of account amounts placed with the contractor) under the contract. The existence and frequency of valid debtor complaints shall also be considered in the evaluation criteria.

"(j) In selecting contractors for performance of collection services, the head of an executive, judicial, or legislative agency shall evaluate bids received through a methodology that considers the bidder's prior performance in terms of net amounts collected under government collection contracts of similar size, if applicable. The existence and frequency of valid debtor complaints shall also be considered in the evaluation criteria.".

(3) CONSTRUCTION.—None of the amendments made by this subsection shall be construed as altering or superseding the provisions of title 11, United States Code, or section 6103 of the Internal Revenue Code of 1986.

(e) CLERICAL AMENDMENT.—Section 3720A(h) of title 31, United States Code, is amended—

(1) beginning in paragraph (3), by striking the close quotation marks and all that follows through the matter preceding subsection (i); and

(2) by adding at the end the following:

"For purposes of this subsection, the disbursing official for the Department of the Treasury is the Secretary of the Treasury or his or her designee.".

(f) CORRECTION OF REFERENCES TO FEDERAL AGENCY.—Sections 3716(c)(6) and 3720A(a), (b), (c), and (e) of title 31, United States Code, are each amended by striking "Federal agency" each place it appears and inserting "executive, judicial, or legislative agency".

(g) INAPPLICABILITY OF ACT TO CERTAIN AGENCIES.—Notwithstanding any other provision of law, no provision in this Act, the Debt Collection Improvement Act of 1996 (chapter 10 of title III of Public Law 104–134; 31 U.S.C. 3701 note), chapter 37 or subchapter II of chapter 33 of title 31, United States Code, or any amendments made by such Acts or any regulations issued thereunder, shall apply to activities carried out pursuant to a law enacted to protect, operate, and administer any deposit insurance funds, including the resolution and liquidation of failed or failing insured depository institutions.

(h) CONTRACTS FOR COLLECTION SERVICES.—Section 3718 of title 31, United States Code, is amended—

(1) in the first sentence of subsection (b)(1)(A), by inserting ", or, if appropriate, any monetary claim, including any claims for civil fines or penalties, asserted by the Attorney General" before the period;

(2) in the third sentence of subsection (b)(1)(A)—

(A) by inserting "or in connection with other monetary claims" after "collection of claims of indebtedness";

(B) by inserting "or claim" after "the indebtedness"; and

(C) by inserting "or other person" after "the debtor"; and

(3) in subsection (d), by inserting "or any other monetary claim of" after "indebtedness owed".

SEC. 202. BARRING DELINQUENT FEDERAL DEBTORS FROM OBTAINING FEDERAL BENEFITS.

(a) IN GENERAL.—Section 3720B of title 31, United States Code, is amended to read as follows:

"§ 3720B. Barring delinquent Federal debtors from obtaining Federal benefits

"(a)(1) A person shall not be eligible for the award or renewal of any Federal benefit described in paragraph (2) if the person has an outstanding nontax debt that is in a delinquent status with any executive, judicial, or legislative agency, as determined under standards prescribed by the Secretary of the Treasury. Such a person may obtain additional Federal benefits described in paragraph (2) only after such delinquency is resolved in accordance with those standards.

"(2) The Federal benefits referred to in paragraph (1) are the following:

"(A) Financial assistance in the form of a loan (other than a disaster loan) or loan insurance or guarantee.

"(B) Any Federal permit or Federal license required by law.

"(b) The Secretary of the Treasury may exempt any class of claims from the application of subsection (a) at the request of an executive, judicial, or legislative agency.

"(c)(1) The head of any executive, judicial, or legislative agency may waive the application of subsection (a) to any Federal benefit that is administered by the agency based on standards promulgated by the Secretary of the Treasury.

"(2) The head of an executive, judicial, or legislative agency may delegate the waiver authority under paragraph (1) to the chief financial officer or, in the case of any Federal performance-based organization, the chief operating officer of the agency.

"(3) The chief financial officer or chief operating officer of an agency to whom waiver authority is delegated under paragraph (2) may redelegate that authority only to the deputy chief financial officer or deputy chief operating officer of the agency. Such deputy chief financial officer or deputy chief operating officer may not redelegate such authority.

"(d) As used in this section, the term 'nontax debt' means any debt other than a debt under the Internal Revenue Code of 1986 or the Tariff Act of 1930.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 37 of title 31, United States Code, is amended by striking the item relating to section 3720B and inserting the following:

"3720B. Barring delinquent Federal debtors from obtaining Federal benefits.".

(c) CONSTRUCTION.—The amendment made by this section shall not be construed as altering or superseding the provisions of title 11, United States Code.

SEC. 203. COLLECTION AND COMPROMISE OF NONTAX DEBTS AND CLAIMS.

(a) USE OF PRIVATE COLLECTION CONTRACTORS AND FEDERAL DEBT COLLECTION CENTERS.—Paragraph (5) of section 3711(g) of title 31, United States Code, is amended to read as follows:

"(5)(A) Nontax debts referred or transferred under this subsection shall be serviced, collected, or compromised, or collection action thereon suspended or terminated, in accordance with otherwise applicable statutory requirements and authorities.

"(B) The head of each executive agency that operates a debt collection center may enter into an agreement with the Secretary of the Treasury to carry out the purposes of this subsection.

"(C) The Secretary of the Treasury shall—

"(i) maintain a schedule of private collection contractors and debt collection centers operated by agencies that are eligible for referral of claims under this subsection;

"(ii) maximize collections of delinquent nontax debts by referring delinquent nontax debts to private collection contractors promptly;

"(iii) maintain competition between private collection contractors;

"(iv) ensure, to the maximum extent practicable, that a private collection contractor to which a nontax debt is referred is responsible for any administrative costs associated with the contract under which the referral is made.

"(D) As used in this paragraph, the term 'nontax debt' means any debt other than a debt under the Internal Revenue Code of 1986 or the Tariff Act of 1930.".

(b) LIMITATION ON DISCHARGE BEFORE USE OF PRIVATE COLLECTION CONTRACTOR OR DEBT COLLECTION CENTER.—Paragraph (9) of section 3711(g) of title 31, United States Code, is amended—

(1) by redesignating subparagraphs (A) through (H) as clauses (i) through (viii);

(2) by inserting "(A)" after "(9)";

(3) in subparagraph (A) (as designated by paragraph (2) of this subsection) in the matter preceding clause (i) (as designated by paragraph (1) of this subsection), by inserting "and subject to subparagraph (B)" after "as applicable"; and

(4) by adding at the end the following:

"(B)(i) The head of an executive, judicial, or legislative agency may not discharge a nontax debt or terminate collection action on a nontax debt unless the debt has been referred to a private collection contractor or a debt collection center, referred to the Attorney General for litigation, sold without recourse, administrative wage garnishment has been undertaken, or in the event of bankruptcy, death, or disability.

"(ii) The head of an executive, judicial, or legislative agency may waive the application of clause (i) to any nontax debt, or class of nontax debts if the head of the agency determines that the waiver is in the best interest of the United States.

"(iii) As used in this subparagraph, the term 'nontax debt' means any debt other than a debt under the Internal Revenue Code of 1986 or the Tariff Act of 1930.".

TITLE III—SALE OF NONTAX DEBTS OWED TO UNITED STATES

SEC. 301. AUTHORITY TO SELL NONTAX DEBTS.

(a) PURPOSE.—The purpose of this section is to provide that the head of each executive, judicial, or legislative agency shall establish a program of nontax debt sales in order to—

(1) minimize the loan and nontax debt portfolios of the agency;

(2) improve credit management while serving public needs;

(3) reduce delinquent nontax debts held by the agency;

(4) obtain the maximum value for loan and nontax debt assets; and

(5) obtain valid data on the amount of the Federal subsidy inherent in loan programs conducted pursuant to the Federal Credit Reform Act of 1990 (Public Law 93–344).

(b) SALES AUTHORIZED.—(1) Section 3711 of title 31, United States Code, is amended by inserting after subsection (h) the following new subsection:

"(i)(1) The head of an executive, judicial, or legislative agency may sell, subject to section 504(b) of the Federal Credit Reform Act of 1990 (2 U.S.C. 661c(b)) and using competitive procedures, any nontax debt owed to the United States that is administered by the agency.

"(2) Costs the agency incurs in selling nontax debt pursuant to this subsection may be deducted from the proceeds received from the sale. Such costs include—

"(A) the costs of any contract for identification, billing, or collection services;

"(B) the costs of contractors assisting in the sale of nontax debt;

"(C) the fees of appraisers, auctioneers, and realty brokers;

"(D) the costs of advertising and surveying; and

"(E) other reasonable costs incurred by the agency, as determined by the Director of the Office of Management and Budget.

"(3) Sales of nontax debt under this subsection—

"(A) shall be for—

"(i) cash; or

"(ii) cash and a residuary equity, joint venture, or profit participation, if the head of the agency, in consultation with the Director of the Office of Management and Budget and the Secretary of the Treasury, determines that the proceeds will be greater than the proceeds from a sale solely for cash;

"(B) shall be without recourse against the United States; and

"(C) shall transfer to the purchaser all rights of the United States to demand payment of the nontax debt, other than with respect to a residuary equity, joint venture, or profit participation under subparagraph (A)(ii), but shall not transfer to the purchaser any rights or defenses uniquely available to the United States.

"(3) This subsection is not intended to limit existing statutory authority of the head of an executive, judicial, or legislative agency to sell loans, nontax debts, or other assets.".

SEC. 302. REQUIREMENT TO SELL CERTAIN NONTAX DEBTS.

Section 3711 of title 31, United States Code, is amended further by adding at the end the following new subsection:

"(j)(1)(A) The head of each executive, judicial, or legislative agency shall sell any nontax loan owed to the United States by the later of—

"(i) the date on which the nontax debt becomes 24 months delinquent; or

"(ii) 24 months after referral of the nontax debt to the Secretary of the Treasury pursuant to section 3711(g)(1) of title 31, United States Code. Sales under this subsection shall be conducted under the authority in section 301.

"(B) The head of an executive, judicial, or legislative agency, in consultation with the Director of the Office of Management and Budget and the Secretary of the Treasury, may exempt from sale delinquent debt or debts under this subsection if the head of the agency determines that the sale is not in the best financial interest of the United States.

"(2) The head of each executive, judicial, or legislative agency shall sell each loan obligation arising from a program administered by the agency, not later than 6 months after the loan is disbursed, unless the head of the agency determines that the sale would interfere with the mission of the agency administering the program under which the loan was disbursed, or the head of the agency, in consultation with the Director of the Office of Management and Budget and the Secretary of the Treasury, determines that a longer period is necessary to protect the financial interests of the United States. Sales under this subsection shall be conducted under the authority in section 301.

"(3) After terminating collection action, the head of an executive, judicial, or legislative agency shall sell, using competitive procedures, any nontax debt or class of nontax debts owed to the United States unless the head of the agency, in consultation with the Director of the Office of Management and Budget and the Secretary of the Treasury, determines that the sale is not in the best financial interests of the United States. Sales under this paragraph shall be conducted under the authority of subsection (i).

"(4)(A) The head of an executive, judicial, or legislative agency shall not, without the approval of the Attorney General, sell any nontax debt that is the subject of an allegation of or investigation for fraud, or that has been referred to the Department of Justice for litigation.

"(B) The head of an executive, judicial, or legislative agency may exempt from sale under this subsection any class of nontax debts or loans if the head of the agency determines that the sale would interfere with the mission of the agency administering the program under which the indebtedness was incurred.".

TITLE IV—TREATMENT OF HIGH VALUE NONTAX DEBTS

SEC. 401. ANNUAL REPORT ON HIGH VALUE NONTAX DEBTS.

(a) IN GENERAL.—Not later than 90 days after the end of each fiscal year, the head of each agency that administers a program that gives rise to a delinquent high value nontax debt shall submit a report to Congress that lists each such debt.

(b) CONTENT.—A report under this section shall, for each debt listed in the report, include the following:

(1) The name of each person liable for the debt, including, for a person that is a company, cooperative, or partnership, the names of the owners and principal officers.

(2) The amounts of principal, interest, and penalty comprising the debt.

(3) The actions the agency has taken to collect the debt, and prevent future losses.

(4) Specification of any portion of the debt that has been written-down administratively or due to a bankruptcy proceeding.

(5) An assessment of why the debtor defaulted.

(c) DEFINITIONS.—In this title:

(1) AGENCY.—The term "agency" has the meaning that term has in chapter 37 of title 31, United States Code, as amended by this Act.

(2) HIGH VALUE NONTAX DEBT.—The term "high value nontax debt" means a nontax debt having an outstanding value (including principal, interest, and penalties) that exceeds $1,000,000.

SEC. 402. REVIEW BY INSPECTORS GENERAL.

The Inspector General of each agency shall review the applicable annual report to Congress required in section 401 and make such recommendations as necessary to improve performance of the agency. Each Inspector General shall periodically review and report to Congress on the agency's nontax debt collection management practices. As part of such reviews, the Inspector General shall examine agency efforts to reduce the aggregate amount of high value nontax debts that are resolved in whole or in part by compromise, default, or bankruptcy.

SEC. 403. REQUIREMENT TO SEEK SEIZURE AND FORFEITURE OF ASSETS SECURING HIGH VALUE NONTAX DEBT.

The head of an agency authorized to collect a high value nontax debt that is delinquent shall, when appropriate, promptly seek seizure and forfeiture of assets pledged to the United States in any transaction giving rise to the nontax debt. When an agency determines that seizure or forfeiture is not appropriate, the agency shall include a justification for such determination in the report under section 401.

TITLE V—FEDERAL PAYMENTS

SEC. 501. TRANSFER OF RESPONSIBILITY TO SECRETARY OF THE TREASURY WITH RESPECT TO PROMPT PAYMENT.

(a) DEFINITION.—Section 3901(a)(3) of title 31, United States Code, is amended by striking "Director of the Office of Management and Budget" and inserting "Secretary of the Treasury".

(b) INTEREST.—Section 3902(c)(3)(D) of title 31, United States Code, is amended by striking "Director of the Office of Management and Budget" and inserting "Secretary of the Treasury".

(c) REGULATIONS.—Section 3903(a) of title 31, United States Code, is amended by striking "Director of the Office of Management and Budget" and inserting "Secretary of the Treasury".

SEC. 502. PROMOTING ELECTRONIC PAYMENTS.

(a) EARLY RELEASE OF ELECTRONIC PAYMENTS.—Section 3903(a) of title 31, United States Code, is amended—

(1) by amending paragraph (1) to read as follows:

"(1) provide that the required payment date is—

"(A) the date payment is due under the contract for the item of property or service provided; or

"(B) no later than 30 days after a proper invoice for the amount due is received if a specific payment date is not established by contract;"; and

(2) by striking "and" after the semicolon at the end of paragraph (8), by striking the period at the end of paragraph (9) and inserting "; and", and by adding at the end the following:

"(10) provide that the Secretary of the Treasury may waive the application of requirements under paragraph (1) to provide for early payment of vendors in cases where an agency will implement an electronic payment technology which improves agency cash management and business practice.".

(b) AUTHORITY TO ACCEPT ELECTRONIC PAYMENT.—

(1) IN GENERAL.—Subject to an agreement between the head of an executive agency and the applicable financial institution or institutions based on terms acceptable to the Secretary of the Treasury, the head of such agency may accept an electronic payment, including debit and credit cards, to satisfy a nontax debt owed to the agency.

(2) GUIDELINES FOR AGREEMENTS REGARDING PAYMENT.—The Secretary of the Treasury shall develop guidelines regarding agreements between agencies and financial institutions under paragraph (1).

SEC. 503. DEBT SERVICES ACCOUNT.

(a) TRANSFER OF FUNDS TO DEBT SERVICES ACCOUNT.—The Secretary of the Treasury may transfer balances in accounts established before the date of the enactment of this Act pursuant to section of 3711(g)(7) of title 31, United States Code, to the Debt Services Account established under subsection (b). All amounts transferred to the Debt Services Account under this section shall remain available until expended.

(b) ESTABLISHMENT OF DEBT SERVICES ACCOUNT.—Subsection (g)(7) of section 3711 of title 31, United States Code, is amended by striking the second sentence and inserting the following: "Any fee charged pursuant to this subsection shall be deposited into an account established in the Treasury to be known as the 'Debt Services Account' (hereinafter referred to in this section as the 'Account')."

(c) REIMBURSEMENT OF FUNDS.—Section 3711(g) of title 31, United States Code, is amended—

(1) by striking paragraph (8);

(2) by redesignating paragraphs (9) and (10) as paragraphs (8) and (9), respectively; and

(3) by amending paragraph (9) (as redesignated by paragraph (2)) to read as follows:

"(9) To carry out the purposes of this subsection, including services provided under sections 3716 and 3720A, the Secretary of the Treasury may—

"(A) prescribe such rules, regulations, and procedures as the Secretary considers necessary;

"(B) transfer such funds from funds appropriated to the Department of the Treasury as may be necessary to meet liabilities and obligations incurred prior to the receipt of fees that result from debt collection; and

"(C) reimburse any funds from which funds were transferred under subparagraph (B) from fees collected pursuant to sections 3711, 3716, and 3720A. Any reimbursement under this subparagraph shall occur during the period of availability of the funds transferred under subparagraph (B) and shall be available to the same extent and for the same purposes as the funds originally transferred.".

(d) DEPOSIT OF TAX REFUND OFFSET FEES.—The last sentence of section 3720A(d) of title 31, United States Code, is amended to read as follows: "Amounts paid to the Secretary of the Treasury as fees under this section shall be deposited into the Debt Services Account of the Department of the Treasury described in section 3711(g)(7) and shall be collected and accounted for in accordance with the provisions of that section.".

TITLE VI—FEDERAL PROPERTY

SEC. 601. AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949.

Section 203(p)(1)(B) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484(p)(1)(B)) is amended—

(1) by striking clause (ii);

(2) by striking "(i)";

(3) by striking "(I)" and inserting "(i)"; and

(4) by striking "(II)" and inserting "(ii)".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. HORN) and the gentleman from Texas (Mr. TURNER) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. HORN).

Mr. HORN. Mr. Speaker, I yield myself such time as I may consume.

H.R. 1442 the Law Enforcement and Public Enhancement Act of 1999 is a bill introduced by my colleague from California (Mr. CALVERT). The amendment I am offering aims to accomplish two goals. First, it would improve the efficiency and economy of Federal debt collection practices, Federal credit management and Federal travel practices.

Second, the bill would also eliminate a December 31, 1999, sunset date for a provision in the Federal Property and Administrative Services Act that authorizes the transfer of surplus Federal real property at no cost to the State and local governments for law enforcement and emergency response purposes.

In a moment I will yield to the gentleman from California (Mr. CALVERT) to explain the portion of the bill that would amend the Federal Property and Administrative Services Act of 1949. First, however, let me say that the bill before us contains a number of provisions that are designed to improve Federal debt collection, credit management and travel management. As the Subcommittee on Government Management, Information and Technology learned at its June 15, 1999, hearing on Federal debt collection, at the end of fiscal year 1998 the Federal Government was owed more than $60 billion in delinquent, non-tax debt such as student loans and housing loans.

More than $49 billion of this $60 billion in delinquent non-tax debts was delinquent for more than 180 days. To facilitate collection of this enormous amount of non-tax debt, Congress passed and the President signed into law the Debt Collection Improvement Act of 1996. This bipartisan legislation in which the gentlewoman from New York (Mrs. MALONEY) was the ranking member and joined me in authoring this legislation, this bipartisan legislation established significant new debt collection authorities and enhanced existing ones.

H.R. 1442, as amended, builds upon the Debt Collection Improvement Act by providing the Federal Government with additional authorities to improve its collection of delinquent non-tax debts. The bill would prohibit Federal agencies from writing off delinquent non-tax debts prior to initiating collection procedures. The bill authorizes the offset or withholding of Social Security benefits to recipients who owe past-due child support to a State.

Currently, Social Security benefits can be intercepted to offset a recipient's debt to the Federal Government. This bill would assist States in their efforts to collect the billions of dollars in unpaid child support, billions of dollars in unpaid child support. According to the Congressional Budget Office, this added offset authority would recover $17 million each year in past-due child support. To help eliminate waste, fraud, and error in Federal benefit and credit programs, H.R. 1442, as amended, would authorize Federal agencies to bar delinquent debtors from obtaining a Federal permit, license or from receiving financial assistance in the form of a loan or loan guarantee until the debt is repaid.

The bill also focuses attention on large debts. It would require agencies to report annually to Congress on their high value delinquent debts of $1 million or more. H.R. 1442, as amended, promotes the sale of new and delinquent loans by Federal agencies. Loan sale programs would benefit the Federal Government in a number of ways. Loans that are sold in a competitive market could yield substantial proceeds, reduce administrative costs, and allow agencies to focus their limited resources on other programs. An agency with guidance from the Office of Management and Budget could exempt any class of debt from the sale provisions of this bill if it were determined that the sale would interfere with agencies, programs or mission.

For example, certain performing loans requiring specialized services provided by the Federal departments and agencies could be exempt from the sales provision of this bill by the agency head in consultation with the director of the Office of Management and Budget provided that the sale would interfere with the mission of an agency and be not in the financial interests of the United States.

The bill, as amended, also includes provisions to improve Federal employee travel management. The administrator of General Services would be required to develop a mechanism to ensure that employees of executive branch agencies are not charged State and local taxes on travel expenses relating to official business. H.R. 1442 also includes a provision that would remove a December 31, 1999, sunset provision in the Federal Property and Administrative Services Act of 1949. It would make permanent the authority for State and local governments to acquire surplus Federal property for law enforcement and emergency response purposes.

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. CALVERT).

□ 1530

Mr. CALVERT. Mr. Speaker, I rise to support passage of this bill. H.R. 1442 will amend the Federal Property and Administrative Services Act of 1949 to extend authority for transfers to State and local governments of certain property for law enforcement and emergency response purposes.

I introduced H.R. 1442, the Law Enforcement Public Safety Enhancement Act of 1999, to permanently extend the pilot program that has become an important tool for local law enforcement and public safety officials. Without the help, leadership and support of the gentleman from California (Mr. HORN), my good friend from Long Beach, California, chairman of the Subcommittee on Government Management, Information and Technology, this legislation would never have come to the House floor. I owe a debt of gratitude to him for helping to find the offsets necessary for this bill to conform to budgetary constraints.

I would also like to thank the chairman of the Committee on Government Reform as well as the ranking members of the full committee and subcommittee for their efforts.

As we all know, one of the keys to crime prevention is a well-trained local police force and public safety officials. My bill will strengthen law enforcement and emergency management training, while saving these organizations thousands, sometimes millions, of dollars.

When the Federal Government declares real property as a surplus, various local entities may apply for the property on a no-cost basis if they use the property for some valid social purpose. To obtain the excess Federal property, the local entity must apply to a Federal agency to sponsor the no-cost transfer. My bill would permanently extend this 2-year-old authority to allow local agencies the ability to apply for surplus property at no cost for the purpose of law enforcement and emergency response training.

Due to the efforts of the Riverside, California, Sheriff's Department to create a comprehensive multijurisdictional training center, the need for this legislation became clear. In 1997, Congress passed legislation to create a 2-year pilot program to allow the Department of Justice and the Federal Emergency Management Agency to sponsor local law enforcement and emergency management response entities for a no cost transfer. The results of this 2-year program are startling. Twenty-one separate local agencies in 11 States applied for this program. Their applications are in various stages of the process. Without this legislation, these projects will be stopped in their tracks.

I would like to encourage all of my colleagues to support this pro-law enforcement legislation and give back to the men and women that battle on our streets every day.

Mr. TURNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Federal Property Act currently allows surplus Federal property to be transferred to state and local governments at a discount off the fair market value. Public benefit discounts are available under current law for public health or educational uses, public parks or recreational areas, historic monuments, correctional institutions, port facilities, public airports and wildlife conservation.

In 1997, this Congress overwhelmingly passed a bill that made Federal surplus property available to State and local authorities for law enforcement and emergency response purposes for a 2-year trial period. With the sunset date fast approaching in December of this year, H.R. 1442, which was introduced through the good work of the gentleman from California (Mr. CALVERT), we will extend that worthwhile provision and make it permanent.

Mr. Speaker, this bill would allow the Department of Justice and FEMA to sponsor the use of excess Federal property for law enforcement and fire fighting and rescue training purposes. I expect this bill will move quickly through the legislative process and become law. Only last week the Senate successfully included a similar provision in the Commerce-Justice-State appropriations bill for fiscal year 2000.

There are currently at least 22 jurisdictions around the country who have submitted applications to acquire surplus Federal property for these purposes, and at least three of them have successfully acquired their property. We must not deny the remaining 19 the opportunity to complete their application process and to secure the property that they need to make their communities safer.

Law enforcement and fire rescue services provide vital services for State and local governments, and it is critical that we allow them to acquire this Federal surplus property at a discount.

This legislation benefits police officers, fire fighters, and other emergency response officials across the country, and I commend the gentleman from California (Mr. CALVERT) for his hard work on this particular provision.

In addition, H.R. 1442, as amended, is designed to address problems with Federal debt collection and Federal credit management. In 1996 Congress passed the Debt Collection Improvement Act, which was designed to centralize management of Federal debt collection at the Department of Treasury and to enhance cooperation of Federal agencies in the collection of delinquent debt.

Within the past 2 years, the Federal Government centralized debt collection activities at the Financial Management Service have begun to work more efficiently. In fact, collections have grown from $1.7 million in fiscal year 1997 to $2.5 billion in fiscal year 1999, after the Debt Collection Improvement Act enhanced the Treasury's offset authority.

Clearly there has been improvement in the government collection efforts. There are, however, many challenges that remain. According to the Department of Treasury, the Federal Government is owed approximately $50 billion in delinquent, non-taxed debt. Of this amount, $47 billion has been delinquent for more than 180 days. In addition, the Federal Government writes off about $10 billion in delinquent debts every year.

H.R. 1442 focuses management attention on high-risk programs and builds upon prior initiatives to improve Federal debt collection practices by providing Federal agencies with the additional tools they need to improve Federal debt collection. It is almost identical to H.R. 4857, a bill that passed the House of Representatives with overwhelming bipartisan support under suspension of the rules in the 105th Congress. We passed these provisions by a vote of 419 to 1 earlier this year.

I would like to commend the gentleman from California (Chairman HORN), who has done an outstanding job in leading to improve the Federal debt collection practices through his diligent legislative oversight activities. The gentleman has worked to assure that the taxpayers get every dollar they are entitled to and no more.

I also want to mention and commend the leadership of the gentlewoman from New York (Mrs. MALONEY), who has continued her partnership with the gentleman from California (Chairman HORN) since the time she served in the position of ranking member of this subcommittee.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. HORN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I just want to thank the gentleman from Texas (Mr. TURNER), the ranking member. He had an excellent series of questions this morning of the Commissioner of Internal Revenue and the General Accounting Officer. The gentleman is deeply committed to an effective and efficient government, and especially to getting at the nontax debt.

Mr. Speaker, I urge my colleagues to support this legislation. H.R. 1442, as amended, contains provisions designed to improve the efficiency and effectiveness of Federal debt collection and credit management. It would also assist State and local governments in their efforts to acquire much needed surplus property for law enforcement and emergency response. This legislation has broad bipartisan support, as was evident on the floor. The provisions are the result of a bipartisan effort between majority and minority on the Committee on Government Reform, working closely with the administration.

Mr. CRAMER. Mr. Speaker, I rise today in support of H.R. 1442, the Law Enforcement and Public Safety Enhancement Act of 1999. I am a co-sponsor of this legislation which makes permanent the General Services Administration authority to transfer federal surplus lands at no cost to state and local governments for the purpose of law enforcement and emergency response services.

H.R. 1442 will have a direct and immediate impact on my Congressional District as well as a number of other districts throughout the country. Currently, thirteen sites across the nation, one of which is in my District, are utilizing a temporary authorization allowing the Department of Justice (DOJ) to transfer excess federal property to local government entities for law enforcement and public safety purposes.

This temporary authority, which expires December 31, 1999, allows local law enforcement, fire services, and emergency management agencies the opportunity to receive federal surplus property through a "no-cost" transfer. This legislation aims to make permanent this temporary authority.

In my Congressional District, the Fifth District of Alabama, the City of Huntsville has applied for the transfer of a Naval Reserve Center to the City for use as a public safety training facility for our police officers, firefighters, and rescue personnel. This facility will allow Huntsville to provide excellent training to the men and women who safeguard our citizens. Currently, Huntsville's application is under review. Many projects that are currently underway or those pending applications for land transfers—like the one in my district—will be severely impacted by the quickly approaching sunset date of December 31, 1999. This legislation will permanently allow the Department of Justice (DOJ) and the Federal Emergency Management Agency (FEMA) to sponsor the use of excess federal property for law enforcement, public safety, and emergency management purposes.

I would like to once again express my strong support for this legislation. We in Congress can and should do everything in our power to assist law enforcement officers, firefighters, and emergency management personnel in their efforts to improve public safety on our streets, in our schools, and in our neighborhoods.

Mr. HORN. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. HORN) that the House suspend the rules and pass the bill, H.R. 1442, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title of the bill was amended so as to read: "To reduce waste, fraud, and error in Government programs by making improvements with respect to Federal management and debt collection practices, Federal payment systems, Federal benefit programs, and for other purposes.".

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HORN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1442, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

SILK ROAD STRATEGY ACT OF 1999

Mr. BEREUTER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1152) to amend the Foreign Assistance Act of 1961 to target assistance to support the economic and political independence of the countries of South Caucasus and Central Asia, as amended.

The Clerk read as follows:

H.R. 1152

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Silk Road Strategy Act of 1999".

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) The ancient Silk Road, once the economic lifeline of Central Asia and the South Caucasus, traversed much of the territory now within the countries of Armenia, Azerbaijan, Georgia, Kazakstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

(2) Economic interdependence spurred mutual cooperation among the peoples along the Silk Road and restoration of the historic relationships and economic ties between those peoples is an important element of ensuring their sovereignty as well as the success of democratic and market reforms.

(3) The development of strong political, economic, and security ties among countries of the South Caucasus and Central Asia and the West will foster stability in this region, which is vulnerable to political and economic pressures from the south, north, and east.

(4) The development of open market economies and open democratic systems in the countries of the South Caucasus and Central Asia will provide positive incentives for international private investment, increased trade, and other forms of commercial interactions with the rest of the world.

(5) Many of the countries of the South Caucasus have secular Muslim governments that are seeking closer alliance with the United States and that have active and cordial diplomatic relations with Israel.

(6) The region of the South Caucasus and Central Asia could produce oil and gas in sufficient quantities to reduce the dependence of the United States on energy from the volatile Persian Gulf region.

(7) United States foreign policy and international assistance should be narrowly targeted to support the economic and political independence as well as democracy building, free market policies, human rights, and regional economic integration of the countries of the South Caucasus and Central Asia.

SEC. 3. POLICY OF THE UNITED STATES.

It shall be the policy of the United States in the countries of the South Caucasus and Central Asia—

(1) to promote and strengthen independence, sovereignty, democratic government, and respect for human rights;

(2) to promote tolerance, pluralism, and understanding and counter racism and anti-Semitism;

(3) to assist actively in the resolution of regional conflicts and to facilitate the removal of impediments to cross-border commerce;

(4) to promote friendly relations and economic cooperation;

(5) to help promote market-oriented principles and practices;

(6) to assist in the development of the infrastructure necessary for communications,

transportation, education, health, and energy and trade on an East-West axis in order to build strong international relations and commerce between those countries and the stable, democratic, and market-oriented countries of the Euro-Atlantic Community; and

(7) to support United States business interests and investments in the region.

SEC. 4. UNITED STATES EFFORTS TO RESOLVE CONFLICTS IN THE SOUTH CAUCASUS AND CENTRAL ASIA.

It is the sense of the Congress that the President should use all diplomatic means practicable, including the engagement of senior United States Government officials, to press for an equitable, fair, and permanent resolution to the conflicts in the South Caucasus and Central Asia.

SEC. 5. AMENDMENT TO THE FOREIGN ASSISTANCE ACT OF 1961.

Part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amended by adding at the end the following new chapter:

"CHAPTER 12—SUPPORT FOR THE ECONOMIC AND POLITICAL INDEPENDENCE OF THE COUNTRIES OF THE SOUTH CAUCASUS AND CENTRAL ASIA

"SEC. 499. UNITED STATES ASSISTANCE TO PROMOTE RECONCILIATION AND RECOVERY FROM REGIONAL CONFLICTS.

"(a) PURPOSE OF ASSISTANCE.—The purposes of assistance under this section include—

"(1) the creation of the basis for reconciliation between belligerents in the countries of the South Caucasus and Central Asia;

"(2) the promotion of economic development in areas of the countries of the South Caucasus and Central Asia impacted by civil conflict and war; and

"(3) the encouragement of broad regional cooperation among countries of the South Caucasus and Central Asia that have been destabilized by internal conflicts.

"(b) AUTHORIZATION FOR ASSISTANCE.—

"(1) IN GENERAL.—To carry out the purposes of subsection (a), the President is authorized to provide humanitarian assistance and economic reconstruction assistance for the countries of the South Caucasus and Central Asia to support the activities described in subsection (c).

"(2) DEFINITION OF HUMANITARIAN ASSISTANCE.—In this subsection, the term 'humanitarian assistance' means assistance to meet humanitarian needs, including needs for food, medicine, medical supplies and equipment, education, and clothing.

"(c) ACTIVITIES SUPPORTED.—Activities that may be supported by assistance under subsection (b) include—

"(1) providing for the humanitarian needs of victims of the conflicts;

"(2) facilitating the return of refugees and internally displaced persons to their homes; and

"(3) assisting in the reconstruction of residential and economic infrastructure destroyed by war.

"(d) POLICY.—It is the sense of the Congress that the United States should, where appropriate, support the establishment of neutral, multinational peacekeeping forces to implement peace agreements reached between belligerents in the countries of the South Caucasus and Central Asia.

"SEC. 499A. ECONOMIC ASSISTANCE.

"(a) PURPOSE OF ASSISTANCE.—The purpose of assistance under this section is to foster economic growth and development, including the conditions necessary for regional economic cooperation, among the countries of the South Caucasus and Central Asia.

"(b) AUTHORIZATION FOR ASSISTANCE.—To carry out the purpose of subsection (a), the President is authorized to provide assistance for the countries of the South Caucasus and Central Asia to support the activities described in subsection (c).

"(c) ACTIVITIES SUPPORTED.—In addition to the activities described in section 498, activities supported by assistance under subsection (b) should support the development of the structures and means necessary for the growth of private sector economies based upon market principles.

"(d) POLICY.—It is the sense of the Congress that the United States should—

"(1) assist the countries of the South Caucasus and Central Asia to develop policies, laws, and regulations that would facilitate the ability of those countries to develop free market economies and to join the World Trade Organization to enjoy all the benefits of membership; and

"(2) consider the establishment of zero-to-zero tariffs between the United States and the countries of the South Caucasus and Central Asia.

"SEC. 499B. DEVELOPMENT OF INFRASTRUCTURE.

"(a) PURPOSE OF PROGRAMS.—The purposes of programs under this section include—

"(1) to develop the physical infrastructure necessary for regional cooperation among the countries of the South Caucasus and Central Asia; and

"(2) to encourage closer economic relations and to facilitate the removal of impediments to cross-border commerce among those countries and the United States and other developed nations.

"(b) AUTHORIZATION FOR PROGRAMS.—To carry out the purposes of subsection (a), the following types of programs for the countries of the South Caucasus and Central Asia may be used to support the activities described in subsection (c):

"(1) Activities by the Export-Import Bank of the United States to complete the review process for eligibility for financing under the Export-Import Bank Act of 1945.

"(2) The provision of insurance, reinsurance, financing, or other assistance by the Overseas Private Investment Corporation.

"(3) Assistance under section 661 of this Act (relating to the Trade and Development Agency).

"(c) ACTIVITIES SUPPORTED.—Activities that may be supported by programs under subsection (b) include promoting actively the participation of United States companies and investors in the planning, financing, and construction of infrastructure for communications, transportation, including air transportation, and energy and trade, including highways, railroads, port facilities, shipping, banking, insurance, telecommunications networks, and gas and oil pipelines.

"(d) POLICY.—It is the sense of the Congress that the United States representatives at the International Bank for Reconstruction and Development, the International Finance Corporation, and the European Bank for Reconstruction and Development should encourage lending to the countries of the South Caucasus and Central Asia to assist the development of the physical infrastructure necessary for regional economic cooperation.

"SEC. 499C. BORDER CONTROL ASSISTANCE.

"(a) PURPOSE OF ASSISTANCE.—The purpose of assistance under this section includes aiding the countries of the South Caucasus and Central Asia to secure their borders and implement effective controls necessary to prevent the trafficking of illegal narcotics and the proliferation of technology and materials related to weapons of mass destruction (as defined in section 2332a(c)(2) of title 18, United States Code), and to contain and inhibit transnational organized criminal activities.

"(b) AUTHORIZATION FOR ASSISTANCE.—To carry out the purpose of subsection (a), the President is authorized to provide assistance to the countries of the South Caucasus and Central Asia to support the activities described in subsection (c).

"(c) ACTIVITIES SUPPORTED.—Activities that may be supported by assistance under subsection (b) include assisting those countries of the South Caucasus and Central Asia in developing capabilities to maintain national border guards, coast guard, and customs controls.

"(d) POLICY.—It is the sense of the Congress that the United States should encourage and assist the development of regional military cooperation among the countries of the South Caucasus and Central Asia through programs such as the Central Asian Battalion and the Partnership for Peace of the North Atlantic Treaty Organization.

"SEC. 499D. STRENGTHENING DEMOCRACY, TOLERANCE, AND THE DEVELOPMENT OF CIVIL SOCIETY.

"(a) PURPOSE OF ASSISTANCE.—The purpose of assistance under this section is to promote institutions of democratic government and to create the conditions for the growth of pluralistic societies, including religious tolerance and respect for internationally recognized human rights, in the countries of the South Caucasus and Central Asia.

"(b) AUTHORIZATION FOR ASSISTANCE.—To carry out the purpose of subsection (a), the President is authorized to provide the following types of assistance to the countries of the South Caucasus and Central Asia:

"(1) Assistance for democracy building, including programs to strengthen parliamentary institutions and practices.

"(2) Assistance for the development of nongovernmental organizations.

"(3) Assistance for development of independent media.

"(4) Assistance for the development of the rule of law, a strong independent judiciary, and transparency in political practice and commercial transactions.

"(5) International exchanges and advanced professional training programs in skill areas central to the development of civil society.

"(6) Assistance to promote increased adherence to civil and political rights under section 116(e) of this Act.

"(c) ACTIVITIES SUPPORTED.—Activities that may be supported by assistance under subsection (b) include activities that are designed to advance progress toward the development of democracy.

"(d) POLICY.—It is the sense of the Congress that the Voice of America and RFE/RL, Incorporated, should maintain high quality broadcasting for the maximum duration possible in the native languages of the countries of the South Caucasus and Central Asia.

"SEC. 499E. INELIGIBILITY FOR ASSISTANCE.

"(a) IN GENERAL.—

"(1) BASES FOR EXCLUSION.—Subject to paragraph (2), and except as provided in subsection (b), assistance may not be provided under this chapter for the government of a country of the South Caucasus or Central Asia if the President determines and certifies to the appropriate congressional committees that the government of such country—

"(A) is engaged in a consistent pattern of gross violations of internationally recognized human rights;

"(B) has, on or after the date of enactment of this chapter, knowingly transferred to, or knowingly allowed to be transferred through the territory of such country to, another country—

"(i) missiles or missile technology inconsistent with the guidelines and parameters of the Missile Technology Control Regime (as defined in section 11B(c) of the Export Administration Act of 1979 (50 U.S.C. App. 2410b(c)); or

"(ii) any material, equipment, or technology that would contribute significantly to the ability of such country to manufacture any weapon of mass destruction (including any nuclear, chemical, or biological weapon) if the President determines that the material, equipment, or technology was to be used by such country in the manufacture of such weapons;

"(C) has repeatedly provided support for acts of international terrorism;

"(D) is prohibited from receiving such assistance by chapter 10 of the Arms Export Control Act or section 306(a)(1) and 307 of the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (22 U.S.C. 5604(a)(1), 5605); or

"(E) has not made significant progress toward resolving trade disputes registered with and raised by the United States embassy in such country.

"(2) CERTIFICATIONS PRIOR TO ELIGIBILITY.—Assistance may not be provided under this chapter to a country unless the President certifies to the appropriate congressional committees that elections held in that country are free and fair and are free of substantial criticism by the Organization for Security and Cooperation in Europe and other appropriate international organizations.".

"(b) EXCEPTIONS TO INELIGIBILITY.—

"(1) EXCEPTIONS.—Assistance prohibited by subsection (a) or any similar provision of law, other than assistance prohibited by the provisions referred to in subparagraphs (B) and (D) of subsection (a)(1), may be furnished under any of the following circumstances:

"(A) The President determines that furnishing such assistance is important to the national interest of the United States.

"(B) The President determines that furnishing such assistance will foster respect for internationally recognized human rights and the rule of law or the development of institutions of democratic governance.

"(C) The assistance is furnished for the alleviation of suffering resulting from a natural or man-made disaster.

"(D) The assistance is provided under the secondary school exchange program administered by the United States Information Agency.

"(2) REPORT TO CONGRESS.—The President shall immediately report to Congress any determination under paragraph (1) (A) or (B) or any decision to provide assistance under paragraph (1)(C).

"SEC. 499F. ADMINISTRATIVE AUTHORITIES.

"(a) ASSISTANCE THROUGH GOVERNMENTS AND NONGOVERNMENTAL ORGANIZATIONS.—Assistance under this chapter may be provided to governments or through nongovernmental organizations.

"(b) USE OF ECONOMIC SUPPORT FUNDS.—Except as otherwise provided, any funds that have been allocated under chapter 4 of part II for assistance for the independent states of the former Soviet Union may be used in accordance with the provisions of this chapter.

"(c) TERMS AND CONDITIONS.—Assistance under this chapter shall be provided on such terms and conditions as the President may determine.

"(d) AVAILABLE AUTHORITIES.—The authority in this chapter to provide assistance for the countries of the South Caucasus and Central Asia is in addition to the authority to provide such assistance under the FREEDOM Support Act (22 U.S.C. 5801 et seq.) or any other Act, and the authorities applicable to the provision of assistance under chapter 11 may be used to provide assistance under this chapter.

"SEC. 499G. DEFINITIONS.

"In this chapter:

"(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term 'appropriate congressional committees' means the Committee on Foreign Relations of the Senate and the Committee on International Relations of the House of Representatives.

"(2) COUNTRIES OF THE SOUTH CAUCASUS AND CENTRAL ASIA.—The term 'countries of the South Caucasus and Central Asia' means Armenia, Azerbaijan, Georgia, Kazakstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.".

SEC. 6. ANNUAL REPORT.

Section 104 of the FREEDOM Support Act (22 U.S.C. 5814) is amended—

(1) by striking "and" at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting "; and"; and

(3) by adding the following new paragraph:

"(5) with respect to the countries of the South Caucasus and Central Asia—

"(A) identifying the progress of United States foreign policy to accomplish the policy identified in section 3 of the Silk Road Strategy Act of 1999;

"(B) evaluating the degree to which the assistance authorized by chapter 12 of part I of the Foreign Assistance Act of 1961 has been able to accomplish the purposes identified in that chapter; and

"(C) recommending any additional initiatives that should be undertaken by the United States to implement the policy and purposes contained in the Silk Road Strategy Act of 1999.".

SEC. 7. UNITED STATES-ISRAEL ECONOMIC DEVELOPMENT COOPERATION IN THE SOUTH CAUCASUS AND CENTRAL ASIA.

It is the sense of the Congress that the United States should continue to provide assistance to the Centre for International Cooperation (MASHAV) of the Ministry of Foreign Affairs of Israel under the Cooperative Development Program/Central Asian Republics (CDP/CAR) program of the United States Agency for International Development, for economic development activities in agriculture, health, and other relevant sectors, that are consistent with the priorities of the Agency for International Development in the countries of the South Caucasus and Central Asia.

SEC. 8. CONFORMING AMENDMENTS.

Section 102(a) of the FREEDOM Support Act (Public Law 102–511) is amended in paragraphs (2) and (4) by striking each place it appears "this Act)" and inserting "this Act and the Silk Road Strategy Act of 1999)".

SEC. 9. DEFINITIONS.

In this Act:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term "appropriate congressional committees" means the Committee on Foreign Relations of the Senate and the Committee on International Relations of the House of Representatives.

(2) COUNTRIES OF THE SOUTH CAUCASUS AND CENTRAL ASIA.—The term "countries of the South Caucasus and Central Asia" means Armenia, Azerbaijan, Georgia, Kazakstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Nebraska (Mr. BEREUTER) and the gentleman from Pennsylvania (Mr. HOEFFEL) each will control 20 minutes.

The Chair recognizes the gentleman from Nebraska (Mr. BEREUTER).

GENERAL LEAVE

Mr. BEREUTER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1152, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. BEREUTER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the Vice Chairman of the Committee on International Relations and the original sponsor of H.R. 1152, this Member rises in strong support of the Silk Road Strategy Act of 1999. In introducing this important legislation, this Member was joined by the distinguished ranking Democrat on the Subcommittee on Asia and the Pacific, the gentleman from California (Mr. LANTOS), the distinguished gentleman from New York (Mr. ACKERMAN), the distinguished gentleman from California (Mr. BERMAN) and many other colleagues in the House who were interested in and concerned about improving U.S. relations with the countries in this vital region of the world.

Mr. Speaker, with the disintegration of the Soviet Union in 1991, Russia became the focus of U.S. attention and heir to the vast Soviet arsenal. Russia also retained the Soviet permanent seat on the UN Security Council and membership now, of course, in the G–8.

A peaceful post-Soviet era largely depended on Washington's ability to get along with Moscow. It is not surprising then that U.S. attention, including the Freedom Support Act, was directed principally at Moscow.

We should remember, however, that 15 countries emerged or reemerged from the collapse of the Soviet Union. A few, the Baltics and Ukraine, garnered special attention in the Freedom Support Act, or in the SEED Act, which addressed Eastern Europe. But the Caucasus and Central Asia region received scant attention.

The area includes some 75 million people in the Nations of Georgia, Armenia, Azerbaijan, Turkmenistan, Uzbekistan, Kazakhstan, Kyrgystan and Tajikistan.

Mr. Speaker, two points are clear as we look at the situation in these eight countries. First, there is much at stake for our national security. The Caucasus and the Central Asian states are strategically located at the geographic nexus of Russia, China, Iran, Afghanistan and Turkey. At least six are secular Islamic states that largely have rejected the expansion of Islamic fundamentalism. They are a front-line force in U.S. efforts to contain the spread of terrorism, the proliferation of sensitive weapons and technologies and drug trafficking. Rich in natural resources, these nations are a proven storehouse of energy with vast crude oil and natural gas reserves.

Second, given the region's clear importance, it is time for the United States to become more energetically and effectively engaged in the region, for this area is at an historic crossroads, poised between merging into or retreating from the free world order. It is undergoing an uncertain and turbulent economic, political and cultural transformation.

H.R. 1152 seeks to invigorate and provide direction to U.S. policy in the Caucasus region and the Central Asian Republics.

First, it outlines what our foreign policy and foreign aid priorities should be.

Second, it delineates potential rewards for continued cooperation with the United States, as well as actions that would result in the termination of U.S. assistance.

Third, it does not authorize new money. Instead, it redirects funding already provided to the countries of the former Soviet Union.

Fourth, it does not address the difficult question of section 907 of the Foreign Assistance Act, the prohibition of assistance to Azerbaijan. Frankly, where the votes are on this issue is well-known, and elements of this legislation are too important to subordinate to a Section 907 debate.

The states of this region are looking to the outside for political and economic support, to Russia and Iran and Turkey potentially, to China and Pakistan, and even to Afghanistan, as well as to the United States. They are actively looking to the United States for leadership and guidance on a range of international issues and to long-standing U.S. friends in the area, such as Israel and Turkey, for closer relations.

At this crucial juncture in their evolution, the support the U.S. does provide can tip the scales of these countries' orientation towards or against the West. We have a unique opportunity to influence events there now by adopting a broad-based and proactive policy of engagement designed to keep conquerors away from the region, to foster cooperation among the states, and to unleash and channel the engines of growth, economic, social and democratic growth.

We cannot build toward these goals without the creation and use of effective tools. This body has been at the forefront in encouraging the formation of coherent policies for assisting the Caucasus region and Central Asian republics and, indeed, moved the Freedom Support Act for just this purpose.

□ 1545

This body can and must continue legislative initiatives in this area. This Member's proposed legislation, H.R. 1152, the Silk Road Strategy Act of 1999, is an essential tool in building toward U.S. goals in the region. Broadly, this bill targets U.S. assistance to support the economic and political independence and cross-border cooperation of the Caucasus and Central Asian states. This puts the U.S. squarely behind efforts to, first, build democracy and cross-border cooperation as well as resolve regional conflicts; second, to build market-oriented economies and legal systems as well as the infrastructure to facilitate strong East-West commerce and other relations; and, third, to promote U.S. business interests and investments in the region.

Sustained, affordable engagement that matches U.S. ambitions with resources is indispensable to the Caspian region's evolution in a manner compatible with the Free World order and interests. H.R. 1152 is an essential tool in helping to ensure that the region's political and economic options are clear and expansive, and that the far-reaching changes under way in the nations there will turn out to be desirable ones.

Mr. Speaker, this Member urges his colleagues to vote in favor of H.R. 1152, the Silk Road Strategy Act of 1999.

Mr. Speaker, I reserve the balance of my time.

Mr. HOEFFEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 1152, the Silk Road Strategy Act. I would like to start by commending the distinguished gentleman from Nebraska (Mr. BEREUTER) for his leadership on this bill. He is the prime sponsor. He is the distinguished chair of the Subcommittee on Asia and the Pacific, and has provided great leadership on this.

Mr. Speaker, I also commend as well a bipartisan group of cosponsors from the committee, including the gentleman from California (Mr. LANTOS), the gentleman from California (Mr. BERMAN), the gentleman from New York (Mr. ACKERMAN), and the gentleman from New York (Mr. KING).

Mr. Speaker, the five countries of Central Asia and the three countries of the South Caucasus are an important part of the newly independent States. This bill recognizes the unique interests that the United States has in these countries.

We have a strategic interest in seeing that the region does not become a hotbed of armed conflict, terrorism and drug trafficking, and we have some reason to worry. Many of these countries have difficult neighbors, including Iran, Afghanistan, and China.

The region is also rife with not only the seeds of ethnic and political conflict, but as we have seen in Nagorno-Karabagh, with actual conflicts that have claimed tens of thousands of lives and have created hundreds of thousands of refugees.

We have legitimate and important economic interests in Central Asia and the Caucasus. All eight of these countries have a lot to offer in terms of natural and human resources. There is great potential for trade and investment and a positive exchange of people and ideas.

We have a great political interest in Central Asia and the South Caucasus. These countries are still emerging from Soviet rule, and it is in our interest to help them in the difficult transition away from their communist past.

Unfortunately, many of the governments of the region have a long way to go regarding democratization. It is our desire to engage these countries economically and to pursue our strategic interests, but we must not neglect the democratization that must occur there. We need to keep democratic values and human rights at the top of the agenda in the bilateral meetings with leaders of all eight of these countries and need to reach out further to those within these countries that are working to develop a civil society, including independent media, the people in the nongovernmental sector and in private business.

It is imperative that we make sure that democratization becomes and remains a priority of ours in this region.

Mr. Speaker, I also welcome the inclusive nature of the bill. We recognize the fact that these countries are interrelated, there is economic integration that is needed in this region, and that includes all of the countries of this region. We will not see a full potential for this region without the full participation of all eight countries.

It is our hope that these countries understand the incentive of cooperation and make a renewed effort to solve the conflicts that have stood in the way of a greater integration.

Similarly, because we are endorsing integration within the region, this should not be seen as an endorsement of excluding others outside of the region. To tap the resources of South Asia and the Caucasus to settle these conflicts, we will need to work with others outside of the immediate region such as Russia, Ukraine and Turkey, in order to have the fullest possible success.

Mr. Speaker, I would like to note the administration is already pursuing many of these policy issues called for in this bill. It is also providing the kind of assistance authorized by this bill.

I must also note that the administration has expressed strong reservations about two amendments attached during the committee markup. The administration is concerned that these provisions which condition assistance on certification of free and fair elections and the resolution of business disputes may actually hinder progress on achieving those goals which are goals that we all share. If these issues are not resolved during the conference, it may jeopardize administration support for the final version of this bill.

Mr. Speaker, it is my view and our view that this bill is helpful; that it focuses attention on the region, makes a call for a renewed push on solving regional conflicts promoting regional integration and democratization. I urge all of the Members of the House to support this bill, H.R. 1152.

Mr. Speaker, I reserve the balance of my time.

Mr. BEREUTER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I first want to thank the distinguished gentleman from Pennsylvania (Mr. HOEFFEL), a first-term member of the Committee on International Relations, who is making a major contribution there, for his kind remarks and for his support. I recall well how the gentleman came up to me after the markup and pointed out something that we mutually agreed was a problem, and we have a way outlined to resolve it and I think to meet the administration's satisfaction. It was one of those things that we recognized, but at the moment we could not do anything about. Mr. Speaker, I want to thank the gentleman for his perceptiveness in that respect.

Mr. Speaker, at this point I submit for the RECORD a statement in support of the legislation from the gentleman from New York (Mr. GILMAN), the chairman of the committee.

Mr. Speaker, the gentleman indicates, for example, that he believes this legislation will serve as a signal to the peoples of those countries of America's desire to ensure that their future will be one of democracy, prosperity, peace and security.

Mr. GILMAN. Mr. Speaker, I rise in support of the bill before us today, H.R. 1152, the "Silk Road Strategy Act of 1999," sponsored by my colleagues from Nebraska, Congressman BEREUTER.

The Subcommittee on the International Relations Committee chaired by Congressman BEREUTER—the Subcommittee on Asia and the Pacific—has jurisdiction over the countries of Central Asia, but the countries of the Caucasus region—also covered by this bill—deserve to be a specific focus of our policy and assistance in the region of the former Soviet Union as well.

This bill, which relates to all eight countries of Central Asia and the Caucasus, attempts to ensure the implementation of that specific focus.

While it creates a new Chapter 12 of the Foreign Assistance Act to provide that focus, however, it cites, with regard to those countries, the on-going authority of Chapter 11 of that Act—known as the "FREEDOM Support Act of 1992."

I think that it is very important, given the key work done by the office of the State Department Coordinator of Assistance created by the 1992 "FREEDOM Support Act."

Nothing in this measure should or will endanger that important coordinating function for all of the New Independent States of the former Soviet Union.

The bill simply ensures that an added, specific focus on the states of Central Asia and the Caucasus.

Mr. Speaker, I support passage of this measure, which should serve as a signal of America's interest in the future of the eight newly independent states in the regions of Central Asia and the Caucasus.

It should serve as well as a signal to the peoples of those countries of America's desire to ensure that their future will be one of democracy, prosperity, peace and security.

Mr. Speaker, I urge my colleagues to join in supporting the passage of this measure.

Mr. BEREUTER. Mr. Speaker, I yield to the distinguished gentleman from California (Mr. RADANOVICH) for the purposes of a colloquy. And I would say as we begin this that the gentleman has been very much interested and concerned about this legislation and supportive overall and came to the committee hearings and participated in those hearings. Mr. Speaker, this distinguished gentleman from California is a new member of the committee.

Mr. RADANOVICH. Mr. Speaker, I thank the gentleman from Nebraska (Mr. BEREUTER) for his leadership in bringing this bill to the floor. I share the gentleman's vision in promoting greater regional cooperation, supporting increased economic integration, and facilitating the free flow of transportation and communication among the States of the Caucasus and Central Asia.

While I support these goals, I along with many of my colleagues, remain concerned that this legislation may, at a subsequent step in the legislative process, become a vehicle for the weakening or the repeal of Section 907 of the Freedom Support Act.

Mr. Speaker, it is my understanding that this bill is being brought forth today with the clear understanding that Section 907 of the Freedom Support Act will remain in place and unchanged throughout the remaining legislative process.

Mr. BEREUTER. Mr. Speaker, reclaiming my time, I will be happy to respond to the gentleman's statement. I am pleased that the gentleman has joined the Committee on International Relations this year, and as my colleague knows, this Member, the author of the legislation, has made it a point to ensure that the Silk Road Strategy Act intentionally did not include any change in Section 907. Neither the Senate version of the Silk Road legislation which was advanced after amendment, repeals or otherwise revises Section 907. So there would be no basis in a conference, with the approval of this legislation we pass in the House today, for Section 907 to be repealed or altered. Therefore, I think the gentleman's concerns are fully addressed.

Neither the House, by the passage of this legislation, or the Senate legislation, after the amendment deleting the provision of the senior Senator of the State of Kansas, contains anything referencing Section 907.

Mr. RADANOVICH. Mr. Speaker, if the gentleman would continue to yield, I thank him for his continued support on this matter. With this assurance, my colleagues and I will feel much more confident in supporting this bill.

Mr. BEREUTER. Mr. Speaker, I reserve the balance of my time.

Mr. PORTER. Mr. Speaker, I rise in support of this legislation and commend the gentleman from Nebraska for his strategy with this bill and attention to current events in Caucuses region. Since 1923, Armenia and Azerbaijan have been in conflict over Nagorno-Karabagh. In the beginning of this year, Armenia and Nagorno-Karabagh accepted a compromise peace proposal developed by the Organization for Security and Cooperation in Europe (OSCE). Azerbaijan rejected it outright. This reaction by Azerbaijan was extremely disappointing to those involved in the peace process. However, at the NATO summit in Washington in April and in recent weeks, the Presidents of Armenia and Azerbaijan have been discussing other strategies for peace. This is very promising, and I hold out hope for a permanent peace in this area.

The most important role that the United States can play at this point is to continue to encourage all parties towards a lasting peace. This includes the continued enforcement of Section 907 of the Freedom Support Act. This provision keeps needed pressure on Azerbaijan to come to the negotiating table and works toward a permanent peace settlement. All Azerbaijan must do to have Section 907 lifted is to "take demonstrable steps to cease all blockades against Armenia and Nagorno-Karabagh." Any attempt to repeal or waive Section 907 legitimizes Azerbaijan's blockade and rewards its rejection of the current OSCE compromise plan. Further, such a waiver would seriously jeopardize any chance for peace in the near future.

While I share a commitment to greater regional cooperation and economic integration in the Caucasus and Central Asia, I am very concerned that this legislation could become a vehicle for the weakening or repeal of Section 907. I would strongly oppose such action and urge the House to retain its position omitting any reference to Section 907 in conference and avoid a contentious debate that could undermine the good and important objectives of this legislation.

Mr. LANTOS. Mr. Speaker, I join my colleagues in urging the adoption of H.R. 1152, the Silk Road Strategy Act of 1999. I want to pay tribute to my distinguished colleague from Nebraska (Mr. BEREUTER) for his leadership in introducing this legislation. I am pleased to be an original cosponsor of this legislation.

The Silk Road Strategy Act deals with a number of newly-emerging countries, which only recently became independent nations—the Central Asian republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and

Uzbekistan and the Southern Caucasus republics of Armenia, Azerbaijan, and Georgia.

Mr. Speaker, this legislation calls for the United States to give greater attention to the important countries of Central Asia and the Caucasus. We have significant national concerns in this region related to our national security and our international economic interests. These countries were part of the former Soviet Union, and we have a great interest in fostering democracy, an open market economy, and respect for human rights there. Many of these countries are resource-rich, and we likewise have a strong interest in assuring that oil, gas, and other natural resources are developed and are available on the world markets through free and fair international trade.

We have a strategic interest in seeing that these areas do not become hotbeds of armed conflict, terrorism or drug trafficking. These countries are located in a difficult neighborhood—the adjacent countries include Iran, Afghanistan, and China. In this area are a number of serious ethnic conflicts and unresolved political differences which could lead to bloodshed and instability. We need only remember, Mr. Speaker, that in this region we have already seen serious strife in Nagorno-Karabakh and Abkhazia, which have resulted in the loss of tens of thousands of lives and the creation of hundreds of thousands of refugees.

Mr. Speaker, H.R. 1152 authorizes and urges that we provide humanitarian assistance, as well as help for economic development and the development of democratic institutions. These countries are already eligible for other forms of U.S. assistance, but we can and should be doing more. I would also note, Mr. Speaker, that the Administration is currently pursuing many of the policy lines that are called for in this bill, and I commend the Administration for its efforts in this regard. I support this legislation because it helps to focus attention on this important region and urges our government to make a greater effort to help solve regional conflicts, promote regional economic development, and further the development of democracy.

Mr. Speaker, I do want to express my support for an amendment adopted during the markup of this legislation in the International Relations Committee. American companies and firms from other OECD nations have made substantial direct investments in "Silk Road" countries, but they are not being accorded fair treatment. In some cases investment contracts are not being honored, export permits are not being issued, and de facto rationalizations of foreign investment have taken place. In several instances, formal complaints have been lodged by investors through embassies of the United States and other countries.

In order to discourage this kind of mistreatment, the International Relations Committee amended the legislation to include language conditioning U.S. assistance on the fair treatment of foreign investors. Specifically, the amendment requires recipient governments to demonstrate "significant progress" in resolving investment and other trade disputes that have been registered with the U.S. Embassy and raised by the U.S. Embassy with the host government.

I cosponsored this amendment in Committee and I support its inclusion in the bill, Mr. Speaker, because without it the Silk Road Strategy Act could lead countries in this region to conclude that they have a green light to renege on commitments to foreign investors, jeopardizing hundreds of millions of dollars of foreign investments. The inclusion of this amendment should send a strong signal that countries cannot expect to receive American assistance if they mistreat the companies that provide critical investment capital and employment opportunities for their own citizens.

Mr. Speaker, I urge my colleagues to support H.R. 1152, the Silk Road Act of 1999.

Mr. HOEFFEL. Mr. Speaker, I have no requests for time, and I yield back the balance of my time.

Mr. BEREUTER. Mr. Speaker, I urge again support of the legislation, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Nebraska (Mr. BEREUTER) that the House suspend the rules and pass the bill, H.R. 1152, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

CERTIFIED DEVELOPMENT COMPANY PROGRAM IMPROVEMENTS ACT OF 1999

Mrs. KELLY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2614) to amend the Small Business Investment Act to make improvements to the certified development company program, and for other purposes.

The Clerk read as follows:

H.R. 2614

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Certified Development Company Program Improvements Act of 1999".

SEC. 2. WOMEN-OWNED BUSINESSES.

Section 501(d)(3)(C) of the Small Business Investment Act (15 U.S.C. 695(d)(3)(C)) is amended by inserting before the comma "or women-owned business development".

SEC. 3. MAXIMUM DEBENTURE SIZE.

Section 502(2) of the Small Business Investment Act of 1958 (15 U.S.C. 696(2)) is amended to read as follows:

"(2) Loans made by the Administration under this section shall be limited to $1,000,000 for each such identifiable small business concern, except loans meeting the criteria specified in section 501(d)(3), which shall be limited to $1,300,000 for each such identifiable small business concern.".

SEC. 4. FEES.

Section 503(f) of the Small Business Investment Act of 1958 (15 U.S.C. 697(f)) is amended to read as follows:

"(f) EFFECTIVE DATE.—The fees authorized by subsections (b) and (d) shall apply to financings approved by the Administration on or after October 1, 1996, but shall not apply to financings approved by the Administration on or after October 1, 2003.".

SEC. 5. PREMIER CERTIFIED LENDERS PROGRAM.

Section 217(b) of the Small Business Reauthorization and Amendments Act of 1994 (relating to section 508 of the Small Business Investment Act) is repealed.

SEC. 6. SALE OF CERTAIN DEFAULTED LOANS.

Section 508 of the Small Business Investment Act of 1958 (15 U.S.C. 697e) is amended—

(1) in subsection (a), by striking "On a pilot program basis, the" and inserting "The";

(2) by redesignating subsections (d) though (i) as subsections (e) though (j), respectively;

(3) in subsection (f) (as redesignated by paragraph (2)), by striking "subsection (f)" and inserting "subsection (g)";

(4) in subsection (h) (as redesignated by paragraph (2)), by striking "subsection (f)" and inserting "subsection (g)"; and

(5) by inserting after subsection (c) the following:

"(d) SALE OF CERTAIN DEFAULTED LOANS.—

"(1) NOTICE.—If, upon default in repayment, the Administration acquires a loan guaranteed under this section and identifies such loan for inclusion in a bulk asset sale of defaulted or repurchased loans or other financings, it shall give prior notice thereof to any certified development company which has a contingent liability under this section. The notice shall be given to the company as soon as possible after the financing is identified, but not less than 90 days before the date the Administration first makes any records on such financing available for examination by prospective purchasers prior to its offering in a package of loans for bulk sale.

"(2) LIMITATIONS.—The Administration shall not offer any loan described in paragraph (1) as part of a bulk sale unless it—

"(A) provides prospective purchasers with the opportunity to examine the Administration's records with respect to such loan; and

"(B) provides the notice required by paragraph (1).".

SEC. 7. LOAN LIQUIDATION.

(a) LIQUIDATION AND FORECLOSURE.—Title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.) is amended by adding at the end the following:

"SEC. 510. FORECLOSURE AND LIQUIDATION OF LOANS.

"(a) DELEGATION OF AUTHORITY.—In accordance with this section, the Administration shall delegate to any qualified State or local development company (as defined in section 503(e)) that meets the eligibility requirements of subsection (b)(1) the authority to foreclose and liquidate, or to otherwise treat in accordance with this section, defaulted loans in its portfolio that are funded with the proceeds of debentures guaranteed by the Administration under section 503.

"(b) ELIGIBILITY FOR DELEGATION.—

"(1) REQUIREMENTS.—A qualified State or local development company shall be eligible for a delegation of authority under subsection (a) if—

"(A) the company—

"(i) has participated in the loan liquidation pilot program established by the Small Business Programs Improvement Act of 1996 (15 U.S.C. 695 note), as in effect on the day before promulgation of final regulations by the Administration implementing this section;

"(ii) is participating in the Premier Certified Lenders Program under section 508; or

"(iii) during the 3 fiscal years immediately prior to seeking such a delegation, has made an average of not less than 10 loans per year that are funded with the proceeds of debentures guaranteed under section 503; and

"(B) the company—

"(i) has 1 or more employees—

"(I) with not less than 2 years of substantive, decision-making experience in administering the liquidation and workout of problem loans secured in a manner substantially similar to loans funded with the proceeds of debentures guaranteed under section 503; and

"(II) who have completed a training program on loan liquidation developed by the Administration in conjunction with qualified State and local development companies that meet the requirements of this paragraph; or

"(ii) submits to the Administration documentation demonstrating that the company has contracted with a qualified third-party to perform any liquidation activities and secures the approval of the contract by the Administration with respect to the qualifications of the contractor and the terms and conditions of liquidation activities.

"(2) CONFIRMATION.—On request the Administration shall examine the qualifications of any company described in subsection (a) to determine if such company is eligible for the delegation of authority under this section. If the Administration determines that a company is not eligible, the Administration shall provide the company with the reasons for such ineligibility.

"(c) SCOPE OF DELEGATED AUTHORITY.—

"(1) IN GENERAL.—Each qualified State or local development company to which the Administration delegates authority under section (a) may with respect to any loan described in subsection (a)—

"(A) perform all liquidation and foreclosure functions, including the purchase in accordance with this subsection of any other indebtedness secured by the property securing the loan, in a reasonable and sound manner according to commercially accepted practices, pursuant to a liquidation plan approved in advance by the Administration under paragraph (2)(A);

"(B) litigate any matter relating to the performance of the functions described in subparagraph (A), except that the Administration may—

"(i) defend or bring any claim if—

"(I) the outcome of the litigation may adversely affect the Administration's management of the loan program established under section 502; or

"(II) the Administration is entitled to legal remedies not available to a qualified State or local development company and such remedies will benefit either the Administration or the qualified State or local development company; or

"(ii) oversee the conduct of any such litigation; and

"(C) take other appropriate actions to mitigate loan losses in lieu of total liquidation or foreclosures, including the restructuring of a loan in accordance with prudent loan servicing practices and pursuant to a workout plan approved in advance by the Administration under paragraph (2)(C).

"(2) ADMINISTRATION APPROVAL.—

"(A) LIQUIDATION PLAN.—

"(i) IN GENERAL.—Before carrying out functions described in paragraph (1)(A), a qualified State or local development company shall submit to the Administration a proposed liquidation plan.

"(ii) ADMINISTRATION ACTION ON PLAN.—

"(I) TIMING.—Not later than 15 business days after a liquidation plan is received by the Administration under clause (i), the Administration shall approve or reject the plan.

"(II) NOTICE OF NO DECISION.—With respect to any plan that cannot be approved or denied within the 15-day period required by subclause (I), the Administration shall within such period provide in accordance with subparagraph (E) notice to the company that submitted the plan.

"(iii) ROUTINE ACTIONS.—In carrying out functions described in paragraph (1)(A), a qualified State or local development company may undertake routine actions not addressed in a liquidation plan without obtaining additional approval from the Administration.

"(B) PURCHASE OF INDEBTEDNESS.—

"(i) IN GENERAL.—In carrying out functions described in paragraph (1)(A), a qualified State or local development company shall submit to the Administration a request for written approval before committing the Administration to the purchase of any other indebtedness secured by the property securing a defaulted loan.

"(ii) ADMINISTRATION ACTION ON REQUEST.—

"(I) TIMING.—Not later than 15 business days after receiving a request under clause (i), the Administration shall approve or deny the request.

"(II) NOTICE OF NO DECISION.—With respect to any request that cannot be approved or denied within the 15-day period required by subclause (I), the Administration shall within such period provide in accordance with subparagraph (E) notice to the company that submitted the request.

"(C) WORKOUT PLAN.—

"(i) IN GENERAL.—In carrying out functions described in paragraph (1)(C), a qualified State or local development company shall submit to the Administration a proposed workout plan.

"(ii) ADMINISTRATION ACTION ON PLAN.—

"(I) TIMING.—Not later than 15 business days after a workout plan is received by the Administration under clause (i), the Administration shall approve or reject the plan.

"(II) NOTICE OF NO DECISION.—With respect to any workout plan that cannot be approved or denied within the 15-day period required by subclause (I), the Administration shall within such period provide in accordance with subparagraph (E) notice to the company that submitted the plan.

"(D) COMPROMISE OF INDEBTEDNESS.—In carrying out functions described in paragraph (1)(A), a qualified State or local development company may—

"(i) consider an offer made by an obligor to compromise the debt for less than the full amount owing; and

"(ii) pursuant to such an offer, release any obligor or other party contingently liable, if the company secures the written approval of the Administration.

"(E) CONTENTS OF NOTICE OF NO DECISION.—Any notice provided by the Administration under subparagraphs (A)(ii)(II), (B)(ii)(II), or (C)(ii)(II)—

"(i) shall be in writing;

"(ii) shall state the specific reason for the Administration's inability to act on a plan or request;

"(iii) shall include an estimate of the additional time required by the Administration to act on the plan or request; and

"(iv) if the Administration cannot act because insufficient information or documentation was provided by the company submitting the plan or request, shall specify the nature of such additional information or documentation.

"(3) CONFLICT OF INTEREST.—In carrying out functions described in paragraph (1), a qualified State or local development company shall take no action that would result in an actual or apparent conflict of interest between the company (or any employee of the company) and any third party lender, associate of a third party lender, or any other person participating in a liquidation, foreclosure, or loss mitigation action.

"(d) SUSPENSION OR REVOCATION OF AUTHORITY.—The Administration may revoke or suspend a delegation of authority under this section to any qualified State or local development company, if the Administration determines that the company—

"(1) does not meet the requirements of subsection (b)(1);

"(2) has violated any applicable rule or regulation of the Administration or any other applicable law; or

"(3) fails to comply with any reporting requirement that may be established by the Administration relating to carrying out of functions described in paragraph (1).

"(e) REPORT.—

"(1) IN GENERAL.—Based on information provided by qualified State and local development companies and the Administration, the Administration shall annually submit to the Committees on Small Business of the House of Representatives and of the Senate a report on the results of delegation of authority under this section.

"(2) CONTENTS.—Each report submitted under paragraph (1) shall include the following information:

"(A) With respect to each loan foreclosed or liquidated by a qualified State or local development company under this section, or for which losses were otherwise mitigated by the company pursuant to a workout plan under this section—

"(i) the total cost of the project financed with the loan;

"(ii) the total original dollar amount guaranteed by the Administration;

"(iii) the total dollar amount of the loan at the time of liquidation, foreclosure, or mitigation of loss;

"(iv) the total dollar losses resulting from the liquidation, foreclosure, or mitigation of loss; and

"(v) the total recoveries resulting from the liquidation, foreclosure, or mitigation of loss, both as a percentage of the amount guaranteed and the total cost of the project financed.

"(B) With respect to each qualified State or local development company to which authority is delegated under this section, the totals of each of the amounts described in clauses (i) through (v) of subparagraph (A).

"(C) With respect to all loans subject to foreclosure, liquidation, or mitigation under this section, the totals of each of the amounts described in clauses (i) through (v) of subparagraph (A).

"(D) A comparison between—

"(i) the information provided under subparagraph (C) with respect to the 12-month period preceding the date on which the report is submitted; and

"(ii) the same information with respect to loans foreclosed and liquidated, or otherwise treated, by the Administration during the same period.

"(E) The number of times that the Administration has failed to approve or reject a liquidation plan in accordance with subparagraph (A)(i), a workout plan in accordance with subparagraph (C)(i), or to approve or deny a request for purchase of indebtedness under subparagraph (B)(i), including specific information regarding the reasons for the Administration's failure and any delays that resulted.".

(b) REGULATIONS.—

(1) IN GENERAL.—Not later than 150 days after the date of enactment of this Act, the

Administrator shall issue such regulations as may be necessary to carry out section 510 of the Small Business Investment Act of 1958, as added by subsection (a) of this section.

(2) TERMINATION OF PILOT PROGRAM.—Beginning on the date which the final regulations are issued under paragraph (1), section 204 of the Small Business Programs Improvement Act of 1996 (15 U.S.C. 695 note) shall cease to have effect.

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from New York (Mrs. KELLY) and the gentlewoman from New York (Ms. VELÁZQUEZ) each will control 20 minutes.

The Chair recognizes the gentlewoman from New York (Mrs. KELLY).

Mrs. KELLY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 2614, which amends the Small Business Investment Act to make changes in the Section 504 loan program administered by the Small Business Administration. The 504 loan program guarantees small business loans for construction and renovation and provides nearly $3 billion of financial assistance every year. Mr. Speaker, let me briefly describe the provisions of H.R. 2614.

H.R. 2614, will increase the maximum debenture size for Section 504 loans from $750,000 to $1 million, and the size of public policy debenture backed loans from $1 million to $1,300,000. It has been 10 years since the committee acted to increase the maximum guarantee amount in the 504 program. To keep pace with inflation, the maximum guarantee amount should be increased to approximately $1.25 million; however, the committee believes that a simple increase to $1 million is probably sufficient.

This increase is especially needed in the 504 program because it is primarily a real estate-based program and the cost of commercial real estate has increased markedly in the last several years.

H.R. 2614 also adds women-owned businesses to the current list of businesses eligible for the larger public policy loans of up to $1.3 million. This continues our efforts to increase assistance to women-owned businesses.

□ 1600

The Committee on Small Business recognizes the important role women-owned businesses play in the economy and believes this change is needed to ensure the expansion of this sector of our economy.

H.R. 2614 will reauthorize also the fees currently levied on the borrower, the Certified Development Company, and the participating bank. The 504 program now operates with a zero subsidy rate based on calculations estimating the net present value of a year's loans plus fees and recoveries from defaulted loans minus losses.

The fees in the 504 program cover all these costs, resulting in a program that operates at no cost to the taxpayer. The fees sunset on October 1, 2000 and H.R. 2614 will continue them through October 1, 2003.

Additionally, 2614 will grant permanent status to the Preferred Certified Lender Program before it sunsets at the end of fiscal year 2000. This program enables experienced CDCs to use streamlined procedures for loan making and liquidation, resulting in improved service to the small business borrower and reduced losses and liquidation costs.

Finally, to address the problem of low recovery rates on defaulting 504 loans, H.R. 2614 makes the Loan Liquidation Pilot Program a permanent program. This gives qualified and experienced CDCs the ability to handle the liquidation of loans with only minimal involvement of the SBA, resulting in savings to the program, and a corresponding reduction in the fees charged to the borrowers and the lenders.

Mr. Speaker, I again want to urge my colleagues to support H.R. 2614. It will mean a significant improvement in services to their small business constituents, and a reduction in the cost of providing those services.

Mr. Speaker, I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 2614, legislation that will update and improve the Certified Development Company, also known as the 504 program. The proposed changes to this program are thoughtful changes that will help more businesses gain access to the capital they need.

The 504 program is one of the most important small business loan programs administered by the Small Business Administration. It represents access to capital for countless entrepreneurs who might otherwise not have a chance to turn their dreams into reality. Since 1980, over 25,000 businesses have received more than $20 billion in fixed asset financing through the 504 program.

I believe that the proposed changes to the 504 program are reasonable and designed to update the program. By increasing the debenture size, granting the Premier Certified Lenders Program permanent status, adding women-owned businesses to the policy goals, and making the loan liquidation program permanent, we will be strengthening an already exemplary program. These steps also continue the committee's commitment to improve and update the program by making it more responsive to the needs of lenders and small businesses alike. This is a model program and I strongly support this legislation.

There is a lot of talk today about economic development and providing opportunity for all Americans. This comes from a realization that, despite the recent economic growth, many of our communities lag behind. There are still too many neighborhoods that are not enjoying the economic growth felt by many in our communities. We need to not only provide jobs, but jobs with a living wage, so that families can pull themselves out of poverty. Small businesses represent the engine of our economy and they have the ability to provide these jobs.

I have seen firsthand what effect the 504 program can have on a community. Recently I visited Les Fres Ford, a recipient of a 504 loan in my district. This business will use the 504 loan to build a new service center which will allow them to better serve their customers and expand their business. It will also bring up to 50 new jobs to the community. These are good-paying jobs that will help families in the communities I represent.

The changes made by H.R. 2614 will allow this program to continue assisting entrepreneurs in one of the most critical areas in business expansion, finance assistance for building and equipment purchases. These are critical ingredients for business growth, and the 504 programs make sure that small businesses continue to grow. When a business is able to expand, everyone benefits.

Mr. Speaker, I urge the adoption of this legislation.

Mr. Speaker, I reserve the balance of my time.

Mrs. KELLY. Mr. Speaker, I yield myself such time as I may consume and strongly urge passage of H.R. 2614.

Ms. MILLENDER-McDONALD. Mr. Speaker, I would like to rise in support of H.R. 2614, the Certified Development Company Loan Program.

This bill will ensure a greater access to capital for potential business owners. By providing this access, this will allow our economy to continue to grow and ensure future prosperity for the country. H.R. 2614 makes a number of necessary changes to the Small Business Administration's (SBA) 504 loan program.

H.R. 2614 allows more businesses to have access to loans. It is clear that access to loans gives business owners access to opportunities. In addition, by increasing the debenture size, we will allow Certified Development Companies (CDCs) to make more loans.

H.R. 2614 increases opportunities for business owned by women. Based on statistics, women-owned businesses contribute more than $2.38 Trillion annually in revenues to the economy, which is more than the gross domestic product of most countries. Women owned businesses also employ one out of every five workers in the United States, which is a total of 18.5 million employees. Based on these facts, women must have adequate access to capital through loans.

Mr. Speaker, we must ensure that the 504 loan program remains solvent. The 504 program is a self-sufficient program which is driven by the market. Through the reauthorization of fees, we can ensure the solvency of the program. We also have a responsibility to make the 504 program more efficient. Under the Premier Certified Lender Program, specific experienced CDC's are granted the authority to approve debentures without SBA involvement. In return, the lenders agree to reimburse the SBA 10% of any loss on a debenture guaranteed by the SBA. By making the Premier Certified Lender Program permanent, the 504 program will be more efficient.

The 504 loan program must properly serve the borrower. The current loan liquidation program has been successful in ensuring that the 504 program works for borrowers. Loan liquidation is the most expensive portion of the 504 program. Through the involvement of the CDC, which has resulted in a higher response rate, the overall costs are lowered for the program. By lowering the cost of the program, businesses will have access to reduced rates on loans, which will lower expenses to small businesses.

H.R. 2614 is good for borrowers and small businesses and is therefore good for our economy. We should vote in favor of H.R. 2614 and expand opportunities for small business owners.

Mrs. KELLY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. Miller of Florida). The question is on the motion offered by the gentlewoman from New York (Mrs. Kelly) that the House suspend the rules and pass the bill, H.R. 2614.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

AMENDING SMALL BUSINESS ACT TO MAKE IMPROVEMENTS IN GENERAL BUSINESS LOAN PROGRAM

Mr. TALENT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2615) to amend the Small Business Act to make improvements to the general business loan program, and for other purposes.

The Clerk read as follows:

H.R. 2615

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. LEVELS OF PARTICIPATION.

Section 7(a)(2)(A) of the Small Business Act (15 U.S.C. 636(a)(2)(A)) is amended—

(1) in paragraph (i) by striking “$100,000” and inserting “$150,000”; and

(2) in paragraph (ii) by striking “$100,000” and inserting “$150,000”.

SEC. 2. LOAN AMOUNTS.

Section 7(a)(3)(A) of the Small Business Act (15 U.S.C. 636(a)(3)(A)) is amended by striking “$750,000,” and inserting, “$1,000,000 (or if the gross loan amount would exceed $2,000,000),”.

SEC. 3. INTEREST ON DEFAULTED LOANS.

Subparagraph (B) of section 7(a)(4) of the Small Business Act (15 U.S.C. 636(a)(4)) is amended by adding at the end the following:

“(iii) Applicability.—Clauses (i) and (ii) shall not apply to loans made on or after October 1, 1999.”.

SEC. 4. PREPAYMENT OF LOANS.

(a) In General.—Section 7(a)(4) of the Small Business Act (15 U.S.C. 636(a)(4)) is amended—

(1) by striking “(4) Interest rates and fees.—” and inserting “(4) Interest rates and prepayment charges.—”; and

(2) by adding at the end the following:

“(C) Prepayment charges.—

“(i) In general.—A borrower who prepays any loan guaranteed under this subsection shall remit to the Administration a subsidy recoupment fee calculated in accordance with clause (ii) if—

“(I) the loan is for a term of not less than 15 years;

“(II) the prepayment is voluntary;

“(III) the amount of prepayment in any calendar year is more than 25 percent of the outstanding balance of the loan; and

“(IV) the prepayment is made within the first 3 years after disbursement of the loan proceeds.

“(ii) Subsidy recoupment fee.—The subsidy recoupment fee charged under clause (i) shall be—

“(I) 5% of the amount of prepayment, if the borrower prepays during the first year after disbursement;

“(II) 3% of the amount of prepayment, if the borrower prepays during the 2nd year after disbursement; and

“(III) 1% of the amount of prepayment, if the borrower prepays during the 3rd year after disbursement.”.

SEC. 5. GUARANTEE FEES.

Section 7(a)(18)(B) of the Small Business Act (15 U.S.C. 636(a)(18)(B)) is amended to read as follows:

“(B) Exception for certain loans.—

“(i) In general.—Notwithstanding subparagraph (A), if the total deferred participation share of a loan guaranteed under this subsection is less than or equal to $120,000, the guarantee fee collected under subparagraph (A) shall be in an amount equal to 2 percent of the total deferred participation share of the loan.

“(ii) Retention of fees.—Lenders participating in the programs established under this subsection may retain not more than 25 percent of the fee collected in accordance with this subparagraph with respect to any loan not exceeding $150,000 in gross loan amount.”.

SEC. 6. LEASE TERMS.

Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is further amended by adding at the end the following:

“(28) Leasing.—In addition to such other lease arrangements as may be authorized by the Administration, a borrower may permanently lease to 1 or more tenants not more than 20 percent of any property constructed with the proceeds of a loan guaranteed under this subsection, if the borrower permanently occupies and uses not less than 60 percent of the total business space in the property.”.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Missouri (Mr. Talent) and the gentleman from Illinois (Mr. Manzullo), as a Member opposed to the bill, each will control 20 minutes.

The Chair recognizes the gentleman from Missouri (Mr. Talent).

Ms. VELÁZQUEZ. Mr. Speaker, I ask unanimous consent that the time in support of H.R. 2615 be equally divided between myself and the gentleman from Missouri (Mr. Talent).

Mr. TALENT. Mr. Speaker, reserving the right to object, and I will not object, I would just join the gentlewoman in her unanimous consent request.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Does the gentleman from Missouri (Mr. Talent) seek to yield half his time to the gentlewoman from New York (Ms. Velázquez)?

Mr. TALENT. Yes, Mr. Speaker. It was my intention to yield the time to the gentlewoman, and I join her in her unanimous consent request.

The SPEAKER pro tempore. The Chair understands the 20 minutes in favor of the bill will be divided equally, so that the gentleman from Missouri (Mr. Talent) has 10 minutes and the gentlewoman from New York (Ms. Velázquez) has 10 minutes.

Without objection, the gentleman from Missouri (Mr. Talent) is recognized.

There was no objection.

Mr. TALENT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 2615, a bill to amend the Section 7(a) loan program at the Small Business Administration. I want to start by thanking my colleague, the gentlewoman from New York (Ms. Velázquez), the ranking Democrat on the committee, for her assistance in crafting this bill. Her help has been invaluable, and I thank her on behalf of myself and the small business community as a whole.

Mr. Speaker, the 7(a) general business loan program provides over $9 billion of financial assistance to small businesses every year. The bill before us, H.R. 2615, will improve this program and make it more responsive to the needs of small businesses.

Allow me to briefly describe the proposed changes to the 7(a) program contained in H.R. 2615. First, the maximum guarantee amount of a 7(a) loan program is increased to $1 million from the 1988 limit of $750,000 in order to keep pace with inflation. In fact, Mr. Speaker, to fully keep pace with inflation, the maximum guarantee amount should be increased to approximately $1,250,000. The committee believes a simple increase to $1 million is sufficient and has not gone further.

Second, H.R. 2615 removes a provision which reduced SBA's liability for accrued interest on defaulted loans since the provision's intended savings have failed to materialize.

The third change to the 7(a) program concerns the problem of early repayment of large loans, which is jeopardizing the subsidy rate supporting the program. H.R. 2615 will remedy this problem by assessing the fee to the borrower for prepayment of any loan with a term in excess of 15 years within the first 3 years after disbursement.

The committee believes this increase in prepayments is due to a variety of factors. There have been some instances of misuse by the program by businesses seeking bridge financing. There have also been cases where, due to the strong economy, lenders have approached borrowers offering improved terms, effectively skimming loans, and avoiding the need to process credit analyses. This removes authorization dollars from the program which could have been used for other loans and is a disservice to both the small business borrowers and the 7(a) lenders. Both parties work to put financing packages together at the cost of both time and money.

H.R. 2615 also includes three changes designed to encourage the making of smaller loans. The 80 percent guarantee rate will be expanded from loans under $100,000 to loans under $150,000. Likewise, the 2 percent guarantee fee will now apply to loans up to $150,000. That represents a significant savings for these small borrowers.

Finally, for small loans we have included a provision allowing lenders to retain one quarter of the guarantee fee on loans under $150,000 as an incentive to make these loans.

These changes add to the innovations that Congress has introduced over the past several years concerning the availability of loans at the lower end of the 7(a) spectrum. As a result, since 1994, the number of loans made under $100,000 significantly. In 1998 alone, 53 percent of the 7(a) loans were under 100,000. This compares with only 37 percent in 1994. The figure fluctuates, Mr. Speaker, but the general trend is definitely in the direction of smaller loans.

Finally, H.R. 2615 modifies current 7(a) program rules prohibiting loans from passive investments. When Congress last reauthorized the program, we modified a similar restriction in the 504 program in order to permit the financing of projects where less than 20 percent of a business space will be rented out when the small business borrower in question will occupy the remaining space. It is time we provides similar options to 7(a) borrowers.

Mr. Speaker, H.R. 2615 is a common sense bill designed to improve the financial assistance provided to small businesses, particularly the smallest of small businesses, and I urge my colleagues to support it.

Mr. Speaker, I reserve the balance of my time.

Mr. MANZULLO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am grateful to the chairman of the Committee on Small Business and the ranking member, and I agree with six-sevenths of the bill. So that is pretty good. My colleagues may say, well, if the gentleman agrees with six-sevenths of the bill, should that not be enough? Normally, under most circumstances, I would say yes, but in its current form, I rise in opposition to the bill and, therefore, will vote against it.

We should not rush to pass this bill under suspension of the rules until we actually have more information from the SBA. I realize most of my colleagues are not versed on the different programs run by the SBA. The SBA has two main loan programs, the 7(a) program and the 504 program. 7(a) mainly provides start-up capital for new entrepreneurs, while the 504 program is designed to meet the capital needs of growing small businesses for expansion or purchases of additional equipment.

We just passed, with my concurrence, H.R. 2614, which increased the maximum loan guarantee amount in the 504 loan program from $750,000 to $1 million. I agree with that because growing small businesses already in existence have greater capital needs. In addition, the 504 loan program operates at no cost to the taxpayer because the fees it charges offset its costs. However, H.R. 2615 plans to do the same thing for the 7(a) loan program and I disagree with this policy change.

No one should start up a small business with a $1 million loan backed by the SBA. If a bank needs a 75 percent government-backed guarantee to feel comfortable with a $1 million loan, then we should think twice before passing the bill. If someone requires a $1 million loan for start-up, they are probably buying a lot of new equipment and large amounts of real estate. They should rethink their business plan because this is a recipe for failure and the taxpayers will be left paying off the default.

If a loan is for an already existing small business, then the bank should make these loans on a sound commercial basis without having to rely upon the crutch of the taxpayer. These companies already have a financial track record. It should be on the merits, not an SBA guarantee, that the bank should make the loans.

If a borrower still needs government backing for an expansion project, then they should turn to the 504 loan program. The 504 program should serve capital expansion needs, not the 7(a) loan program.

The question essentially is this: At what point should companies be weaned off government guaranteed loans; 1 year, 2 years, 5 years, 10 years, 20 years?

If the purpose of the Small Business Administration is to give a jump-start to companies that otherwise would not be able to start up a business, then why are we increasing the amount of start-up capital available to them from $750,000 to $1 million? We should be keeping it the same and encouraging companies to get off the government help.

It stands to reason that if the SBA has an overall fixed amount of total loans it can support, then throughout the year, as small business owners are able to borrower larger amounts, then the overall loan volume will decrease, to the detriment of the number of small borrowers.

This is what is really confusing. The SBA maintained, for the longest period of time, and sent a memo to my office which they have never corrected in writing, that if the authorization level were kept the same, which it is, but the level of 7(a) loans went from $750,000 to $1 million, then in excess of 6,000 entrepreneurs, who otherwise would be applying for and qualifying for small business loans, would be left out because the bigger borrowers would be in there taking up all the money.

That was SBA's position for the longest period of time until they mysteriously, and without any empirical evidence, suddenly changed their mind and said that the small business incentives in the small business bill means there would be a net loss of people receiving loans.

We have to think about that. This bill has a small business incentive in the Small Business Administration loan program.

☐ 1615

So now we are in the process of defining a small business within a small business to give incentives to small businesses within the small business loan program.

It makes us wonder why we even have the program in the first place. But it is here. And if it is here, then it should not be abused. And if it is here and the money is available, it should be available for the small entrepreneurs, not the people who can borrow up to $1 million.

The cost implications in the bill are still not clear. H.R. 2615 contains much-needed incentives to encourage the banks to make the smaller loans. And there we are.

Now, we have got a system not of set-asides but a system somehow built into language that says the Small Business Administration should prefer small businesses.

I want the Members of Congress and the Speaker to think about that statement. If we are encouraging small business loans within the Small Business Administration, then I think that we have an agency now that has lost its mission when it starts dividing up what exactly is a small business.

When H.R. 2615 was marked up in committee, the sponsors of the bill readily admitted that any additional revenue that may be raised with the fees charged to higher dollar loan borrowers will be used to pay for the small loan incentive contained in the bill. Thus, the impact on most expensive items in the SBA budget supposedly would be a wash at best. But we have no empirical data, nothing, that has been furnished to this Member of Congress, who requested the SBA first of all to come to an analysis as to the loss of businesses that would be deprived of start-up capital; and they, on their own, advised this Member of Congress that it would be in excess of 6,000.

Later on they changed their mind, but they told the press still that the information given to this Member of Congress was correct.

Therefore, I can come to one conclusion, and that is that the Small Business Administration itself does not understand the mechanics of this bill. And if they do not understand the mechanics of this bill and they do not understand the wording of it and they do not understand the impact of it, then this bill should not pass, it should come up under regular order and be subject to an amendment.

I urge my colleagues to reject the bill now and send it back to committee. Once we have a more clear understanding of how this bill will impact the budget and small loan borrowers, then we can always act on this provision. We do not have the information yet.

There is plenty of time to work on this legislation. An additional hike in the maximum guarantee amount of the 7(a) loan program can be included in the regular SBA authorization bill. It would be easy to bring it up at a later time. We can mark up a separate bill later this fall. But I do not see the reason for rushing to action on this now when we have incomplete information.

Thus, I respectfully disagree with my chairman and ranking minority member and ask that H.R. 2615 be defeated in its current form.

This is the only alternative left to me because I cannot amend the bill under suspension of the rules. The rest of the bill is fine.

Mr. Speaker, I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 2615, legislation to improve and update the General Business Loan Guaranty, or 7(a), program.

With the passage of today's legislation, we will grow the 7(a) loan program in a reasonable and thoughtful way that expands the program, while continuing our commitment to those businesses that need access to start-up capital.

Although SBA administers numerous programs that provide financial and technical assistance to small firms, the 7(a) program is the agency's flagship loan program. It is far and away the agency's largest and most important both in terms of numbers of loans and program level supported.

Under 7(a), loan guarantees are provided to eligible small businesses that have been unsuccessful in obtaining private financing on reasonable terms. The proceeds from a 7(a) loan may be used for virtually any business purpose and have made the difference for countless entrepreneurs.

Under a 7(a) partnership between Government and nearly 7,000 banks and non-bank lenders that participate, small businesses are ensured the access to capital they need. Since the program's inception, more than 600,000 7(a) loans totaling $80 billion have been made to help this Nation's small businesses.

One of the important items in this legislation is the increase in the loan guarantee from $750,000 to $1 million. It has been over a decade since we increased the loan guarantee. As a matter of fact, if we were to index the current guarantee using the Consumer Price Index, we would actually have a loan guarantee that is higher than what is under consideration today.

I believe what we are doing is reasonable and necessary if the program is to continue to serve our Nation's small businesses.

To safeguard against the risk that increasing the guarantee will harm those seeking smaller loans, we have capped the total loan amount that can be made under the 7(a) program at $2 million. This is in combination with other provisions of the legislation that will ensure that the 7(a) program will be available to all who need it.

I would also like to voice my strong support for the small loan provisions contained in this legislation. The committee has made sure that small loans are still a priority by adopting such changes as reducing the program's cost to the borrower of loans of $150,000 or less from three percent of the loan to two percent, making certain that small businesses will keep more of their money.

We are also creating incentives for lenders to continue to make small loans by giving those lenders additional funds guaranteed by the SBA through an increasing guarantee from 75 percent to 80 percent and a rebate that could be as high as $600 per loan.

These proposals will ensure that the program continues its mission. If the 7(a) program is going to continue to serve this Nation's small businesses, it must keep in step with the changing financial landscape.

The changes made by H.R. 2615 create a balanced approach that updates the 7(a) program while affirming our commitment to small businesses that small loans are still accessible. I urge my colleagues to support H.R. 2615.

I just would like to take a moment to respond to the points made by the gentleman from Illinois (Mr. MANZULLO).

I am just as concerned that we continue our commitment to small loans to address this. To address this, the committee has placed several provisions aimed at encouraging small loans. These provisions offer incentives for 7(a) lenders to continue to make smaller loans, especially loans under $150,000.

These incentives include the increase in the loan guarantee amount from 75 to 80 percent for loans under $150,000 in section 1; the reduction of borrower's fees from three percent to two percent on loans up to $120,000 in section 5; and the fee-splitting provision in section 5 that will allow up to 25 percent of the borrower's fees on loans under $150,000 to go to the 7(a) lenders rather than to SBA.

Without the increase in the loan guarantee that pays for these incentives, we will be faced with a choice, either increase the program's subsidy rate, which will require additional funds are appropriated, and given the current state of the Commerce-Justice-State appropriations bill we will consider this week, that is unlikely; or eliminate these important small business loan provisions. And I believe that that will be short-sighted.

Mr. Speaker, I reserve the balance of my time.

Mr. TALENT. Mr. Speaker, may I inquire how much time I have remaining?

The SPEAKER pro tempore (Mr. MILLER of Florida). The gentleman from Missouri (Mr. TALENT) has 6½ minutes remaining.

Mr. TALENT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the jurisdiction of the small business community, the legislative jurisdiction of it, is really only over the Small Business Administration and its programs.

Since I became chairman, I have tried to use the oversight jurisdiction of the committee, which is much broader, to struggle for tax and regulatory relief for small businesses around the country. And that is really what we devote a whole lot of our time to on the committee. But we do take seriously the job of overseeing the programs in the Small Business Administration.

In order to accomplish that, we periodically work together on a bipartisan basis and we pass bills designed to update the network of statutes that on the basis of which those loan programs run. I have tried to push them in the direction in my chairmanship and with the support first of the gentleman from New York (Mr. LAFALCE) and then of the gentlewoman from New York (Ms. VELÁZQUEZ) in the direction of making those programs more efficient and making them run as entirely private lending programs do whenever we can.

This bill is part of that trend. It contains a number of different provisions which are important to achieving that effort.

We have worked together on a bipartisan basis. We produced the bill by a

24-4 vote in the committee. I ask the House to support us in these efforts. This is important to the people who rely on these programs and administer these programs and important to what we are trying to accomplish on the committee.

The gentleman from Illinois said correctly, I think, that he agrees with six-sevenths of the bill. I say it might be even more than that. The only dispute is a provision that, in the view of the gentleman, pushes the portfolio away from the direction of smaller loans.

First of all, Mr. Speaker, there is no question and I do not think the gentleman would deny that, on balance, this bill continues the trend of moving the 7(a) portfolio in the direction of smaller loans.

First of all, the bill caps the total size of any guaranteed loan at $2 million. So a lender cannot issue a 7(a) loan or make a 7(a) loan for more than $2 million. There has been no statutory cap on loan size.

The bill allows lenders to retain a somewhat greater percentage of fees that are paid when they make smaller loans, and the bill increases guarantee rates for smaller loans. So there is no question that this bill will continue prudently pushing the portfolio in the direction of smaller loans.

The sole dispute is over one small provision in this bill which allows the total amount of the guaranteed loan to go up from $750,000 to $1 million. In other words, the portion that the Government guarantees of any loan is now at $750,000. If this bill passes and the President signs it, it will be $1 million.

The reason we do that, Mr. Speaker, is that amount has not been adjusted for inflation for 11 years. It was made $750,000 in 1988 I believe. We have not changed it at all. We have made a modest adjustment that does not even keep pace with inflation. It is the only part of this bill that is in issue.

To be perfectly frank, I simply do not see why it is that big a deal. We felt it was important to do it because, without some aspect of this portfolio being somewhat larger loans, it tends to undermine the stability and the financial prudence of the portfolio as a whole.

We want to push it in the direction of the smaller loans. But if we go too far and too fast, we yank out of the portfolio the somewhat larger loans which really support the whole 7(a) portfolio. And we do not want to do that. That could result in a lot more defaults and a lot more money that we have to find out of the general revenue in order to support this program.

Again, Mr. Speaker, I respect the gentleman from Illinois (Mr. MANZULLO). He and I have worked together on our time on the committee together. I respect the sincerity of his view here.

I would say it is a small part of this bill. I am happy to work with the gentleman as we go through the process over in the Senate and then in conference. But I hope we can have the confidence of the House in supporting this bill.

It came out of the committee by an overwhelming majority. It may be housekeeping to most of the House. It is important to these programs. We try to do a responsible, bipartisan job on the Committee on Small Business. The ranking member and I are in full agreement, as was the overwhelming majority of the committee.

Again, I ask the House for its supports. We will continue working on this issue as we move through the process.

Mr. Speaker, I reserve the balance of my time.

Mr. MANZULLO. Mr. Speaker, may I inquire of the Chair the amount of time that I have remaining?

The SPEAKER pro tempore. The gentleman from Illinois (Mr. MANZULLO) has 12 minutes remaining.

Mr. MANZULLO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, first of all, I want to concur with the statements of the chairman of the Committee on Small Business, who has done a tremendous effort in turning the Committee on Small Business into a committee that has been very responsive, listening to the needs and the desires of the people across this Nation.

I chair the Subcommittee on Small Business, Tax, and Trade. I have seen the chairman conduct other hearings, and I know that he has the small business person at heart. In fact, when he practiced law before he came to this body, it was as a person involved in small business and he knows the needs of the small business community intimately well.

I would only suggest to the chairman of the Committee on Small Business, my friend the gentleman from Missouri (Mr. TALENT) this fact: With the increase of the loan amounts from $750,000 to $1 million, financially there is less money in the overall pot. Because there has been no increase in the authorization.

□ 1630

As the gentlewoman from New York (Ms. VELÁZQUEZ) says, there is little opportunity, little likelihood that there would be an increase in the authorization. Simply based upon the fact that there is less money in the pot, who is going to be the recipient of not getting the money? Is it going to be the little guy, or the people who have the attorneys and the CPAs and the bankers that can increase their amounts from $750,000 to $1 million? That begs the basic question as to what the purpose of the Small Business Administration is.

I am trying the best I can to preserve some type of mission that the SBA has. We have absolutely no empirical data, nothing to refute the original data that the SBA gave me, nothing in writing, no words from the SBA, nothing from either of the speakers here to refute the fact that the memo they gave me stated unequivocally and in concurrence with Mr. Hocker who testified at the Small Business hearing that unless the authorization were increased, the fact that we are increasing the amount that could be borrowed from $750,000 to $1 million means that in excess of 6,000 small businesspeople who otherwise would qualify for an SBA loan will be excluded from the process. To aggravate that, in the past 3 years, as the amount of SBA loans go up, the number of small business recipients goes down and the number of small businesspeople receiving the loan has now dropped to about 53 percent of the total, meaning that the larger applicants are getting the lion's share of the money and that is the dangerous trend. I am trying to stop that.

Is it worth objecting to an entire bill because you are opposed to one-seventh of the bill? The answer is yes. The name of the bill is small business. Does anybody think that borrowing $1 million today is small business? It could be, but if it is of that magnitude, then the bank should be willing to kick in the extra amount and to guarantee the extra amount, not put it upon the shoulders of the taxpayers to say we want you to guarantee up to $1 million. If you are solvent enough to borrow $750,000 with an SBA guarantee, then the banks themselves should be willing to loan the rest of the amount of money based upon their own private arrangement with the borrower. It is just that simple.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

I would just like to echo the comments made by the gentleman from Missouri. You have to continue updating a program. What works in the 1980s does not necessarily work in the 1990s. No bank would allow its loan program to go a decade without updating it. If we are going to make SBA a cutting edge financial institution of the 21st century, we must continue to improve these programs. It just makes sense.

Mr. Speaker, I yield back the balance of my time.

Mr. TALENT. Mr. Speaker, I yield myself such time as I may consume.

Let me repeat again both my friendship and my respect for the passion and the commitment of the gentleman from Illinois to small business. He and I have talked over this issue. We had a full debate over it in committee. I do want to continue working with him as this bill goes through the process. I do want to emphasize the importance to Members of the House who may not, and I certainly could not blame them if they were not familiar with the ins and outs of all these programs, but I hope they will understand that these programs are important, that the committee does oversee them and that it is important that we move this legislation through to make all the different corrections that are in there.

So I would ask of the House, let us get this bill out and get it in conference. I pledge to continue working with the gentleman. It is a small part of the bill over which we have a disagreement. There is no question that the bill as a whole moves in the direction of pushing the portfolio gently towards smaller loans. I like that. We have worked for that under my chairmanship. He have worked for that with the ranking member. This is a modest inflationary update. I would hope that we would have the House's confidence in being able to make it and that we can move this bill through.

I would urge the House to support H.R. 2615.

Mr. MANZULLO. Mr. Speaker, will the gentleman yield?

Mr. TALENT. I yield to the gentleman from Illinois.

Mr. MANZULLO. Based upon the gentleman's assertions that he is willing to continue discussing this figure of $750,000 increased to $1 million, I would still be opposed to the bill, I will vote "no" on an oral vote but not call for a recorded vote.

Mr. TALENT. Reclaiming my time, I appreciate very much the gentleman's most gracious concession in that regard. I certainly will be glad to keep working with him. He and I disagree on this. My major concern is making sure that we have a proper balance in the portfolio so that we do not have the unintended impact of undermining the stability of the smaller loans that we do make by not allowing this minor inflationary update. But perhaps we can provide for that in some other context. I am happy to work with the gentleman in that regard.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. MILLER of Florida). The question is on the motion offered by the gentleman from Missouri (Mr. TALENT) that the House suspend the rules and pass the bill, H.R. 2615.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. TALENT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on H.R. 2615.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

THOMAS S. FOLEY UNITED STATES COURTHOUSE AND WALTER F. HORAN PLAZA

Mr. COBLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 211) to designate the Federal building and United States courthouse located at West 920 Riverside Avenue in Spokane, Washington, as the "Thomas S. Foley Federal Building and United States Courthouse", and the plaza at the south entrance of such building and courthouse as the "Walter F. Horan Plaza", as amended.

The Clerk read as follows:

H.R. 211

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF COURTHOUSE.

(a) DESIGNATION.—The Federal building and United States courthouse located at 920 West Riverside Avenue in Spokane, Washington, shall be known and designated as the "Thomas S. Foley United States Courthouse".

(b) REFERENCES.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the Federal building and United States courthouse referred to in subsection (a) shall be deemed to be a reference to the "Thomas S. Foley United States Courthouse".

SEC. 2. DESIGNATION OF PLAZA.

(a) DESIGNATION.—The plaza located at the south entrance of the Federal building and United States courthouse referred to in section 1(a) shall be known and designated as the "Walter F. Horan Plaza".

(b) REFERENCES.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the plaza referred to in subsection (a) shall be deemed to be a reference to the "Walter F. Horan Plaza".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from North Carolina (Mr. COBLE) and the gentleman from Washington (Mr. BAIRD) each will control 20 minutes.

The Chair recognizes the gentleman from North Carolina (Mr. COBLE).

Mr. COBLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 211, as amended, introduced by the gentleman from Washington (Mr. NETHERCUTT), honors two former Members of this body, former Speaker Tom Foley and Congressman Walter Horan. The amendment simply corrects the address and properly designates the facility as a United States courthouse, which the building is typically referred to as in Spokane.

This legislation will designate the United States courthouse and courthouse plaza in Spokane, Washington, as the "Thomas S. Foley United States Courthouse and Walter F. Horan Plaza". This designation is a most deserving one.

Ambassador Foley served in the Congress from January 1965 until December 1994. As most of the Members here are well aware, Ambassador Foley was our 49th Speaker of the House of Representatives. Prior to his election as Speaker, Ambassador Foley was the majority leader, majority whip, chair of the Democratic Caucus and chairman of the Committee on Agriculture. Before being elected to the Congress, Ambassador Foley was special counsel to the Senate Committee on Interior and Insular Affairs. He also served as deputy prosecuting attorney in Spokane and assistant attorney general for the State of Washington.

After leaving this body, former Speaker Foley continues to distinguish himself in public service as the United States Ambassador to Japan. Naming the courthouse in Ambassador Foley's hometown is a reminder of his dedication and hard work in public service.

The plaza entrance to the courthouse will be designated as the "Walter F. Horan Plaza". This will be a reminder to all that are entering the courthouse through the main plaza of the many accomplishments by former Congressman Horan for his eastern Washington district.

If there ever was an example of the American dream, it is Walter Horan. He was born in a log cabin on the banks of the Wenatchee River in 1898. After attending the Wenatchee public schools, he was graduated from Washington State College in 1925. Prior to that, he entered World War I, serving for 2 years in the United States Navy as a gunner's mate third class. Upon graduation, he returned to his apple farm in Wenatchee, Washington where he engaged in fruit growing, packing, storing and shipping until he was elected to the 78th Congress in 1942. He went on to serve in the next 10 succeeding Congresses and rose to third in seniority on the Committee on Appropriations. He always gave close attention to agriculture and the conservation community. Former Congressman Horan passed away in 1966. Naming the Plaza on his behalf is a fitting designation.

This is a fitting tribute, Mr. Speaker, to two former Members of this body. I support the bill and urge my colleagues to join in support.

Mr. Speaker, I reserve the balance of my time.

Mr. BAIRD. Mr. Speaker, I yield myself such time as I may consume. Also, I want to thank the gentleman from North Carolina (Mr. COBLE) for introducing this bill and the gentleman from Pennsylvania (Mr. SHUSTER) for bringing this bill to the floor in such a timely manner.

I rise in strong support of H.R. 211, a bill to designate the Federal building and courthouse located at 920 West Riverside Avenue in Spokane, Washington as the Thomas S. Foley United States Courthouse, and the plaza located at the south entrance as the Walter F. Horan Plaza.

Mr. Speaker, as a new Member from Washington State, I know that we come here with big shoes to fill. We had Scoop Jackson, Warren Magnuson, and we had Speaker of the House Tom Foley. Tom Foley had an outstanding and distinguished public career and it is a career that continues to this day. As we all know, for 30 years he ably represented the Fifth Congressional District in Washington. During that time he served as the majority leader, the majority whip, chairman of the House Committee on Agriculture and was, of course, the 49th Speaker of the House. Mr. Foley continues to serve today as our country's Ambassador to Japan.

During his time in Congress, Tom Foley's top legislative priorities included increasing the minimum wage, revising clean air standards and parental leave and child care measures.

Tom was a Washington native. He was born in Spokane in 1929. He attended local school, graduated from Gonzaga High School and went on to attend the University of Washington in Seattle. He later graduated from the University of Washington Law School in 1957.

Tom Foley's legacy is lasting and his reputation for fairness, for dignity and for openness is a model for all Members to follow. He is well respected, affable and a conciliatory person. Speaker Foley served to help make Congress the best forum for democracy in the entire world. It is with great pride that I support this bill.

Mr. Speaker, as was mentioned, H.R. 211 also honors Walt F. Horan by designating the plaza at the south entrance to the building as the Walter F. Horan Plaza.

As was mentioned earlier, Mr. Horan served his country in the House of Representatives for 22 years, from 1943 to 1965. He was proud of the fact, it was mentioned, that he was born in a log cabin on the banks of the Wenatchee River, truly a pioneer in our State and a pioneer in this legislative body. He attended local public schools. After graduating high school, he served in World War I as a gunner's mate third class. In 1925 he graduated from Washington State College in Pullman.

Walter Horan served with dignity and diligence for over 20 years. It is fitting and proper to honor him with this designation.

Mr. Speaker, I strongly support H.R. 211.

Mr. Speaker, I reserve the balance of my time.

Mr. COBLE. Mr. Speaker, I am pleased to yield such time as he may consume to the gentleman from Pennsylvania (Mr. SHUSTER) the chairman of the House Committee on Transportation and Infrastructure.

Mr. SHUSTER. I thank the gentleman for yielding me this time.

Mr. Speaker, I did not have the privilege of knowing Congressman Horan. I support this legislation strongly. But I did have the privilege and do have the privilege of knowing Ambassador Foley, of knowing him as a colleague, of knowing him as the distinguished Speaker of this House, of knowing him as the chairman of the Committee on Agriculture, and I felt I had to be here today to express my enormous admiration for this distinguished American.

□ 1645

He as a Speaker, a Democratic Speaker, but a Speaker of the Whole House, was always very, very fair. This distinguished American treated those of us in the minority, when indeed Republicans in the minority, with fairness, with consideration. In fact, one of my Democratic friends some years ago when Speaker Foley was indeed in the Chair leaned over with a smile on his face and whispered to me, "You know, one of the things, perhaps the only thing, that is wrong with Tom Foley is sometimes he is too bipartisan." Well, of course the Speaker is the Speaker of the Whole House, and he was fulfilling his duties and his obligations, and he was fulfilling them with dignity, with intelligence and in the best tradition of the great speakers of this august body.

Mr. Speaker, I certainly therefore want to very strongly support this legislation today as a tribute particularly to Ambassador Foley, and I want to note that indeed it is a Republican Member of Congress, the gentleman from Washington (Mr. NETHERCUTT) who has been the prime mover of this legislation, and I think that is very fitting because I believe it sends the very clear message that we on this side of the aisle have the same respect and love and affection for Speaker Foley that our good friends on the other side of the aisle certainly have indicated.

So I urge the passage of this legislation, and I trust and hope it will be unanimous.

Mr. BAIRD. Mr. Speaker, I have no more requests for time at this point, and I yield back the balance of my time.

Mr. COBLE. Mr. Speaker, I yield such time as he may consume to the gentleman from Washington (Mr. NETHERCUTT), the sponsor of the bill.

Mr. NETHERCUTT. Mr. Speaker, I thank the gentleman from North Carolina (Mr. COBLE) for the time and the gentleman from Pennsylvania (Mr. SHUSTER) and the gentleman from Washington (Mr. BAIRD) for their kind remarks. I am proud to be the sponsor of this legislation along with the other 8 members of the Washington State congressional delegation to name the Federal Court House in Spokane, Washington, my hometown, the Thomas S. Foley United States Courthouse and the plaza in front of that courthouse as the Walter F. Horan Plaza.

As the successor to Tom Foley, I came to know him very well in the 1994 elections, and I must say, as difficult as elections can be, the one that occurred in 1994 in my judgment and I think in the judgment of many other people was one that was carried on with great dignity and discussion and debate of the issues and the leadership that was proper for the future for our Fifth Congressional District.

I won that election with mixed emotions frankly. I felt terrible for my predecessor who had served for 30 very long years and dignified years and years filled with great service, and I felt sorry that he ended his service with an election like that which occurred in 1994, but at the same time I was pleased to be able to represent the Fifth Congressional District and go forward in the years ahead, wanting to have good representation for the entire east side of the State of Washington.

So it was bitter sweet in many respects, but my respect for Mr. Foley certainly is not bitter sweet. It is undying, it is unyielding, it is constant, because I have had him as my representative before I came to public life for 30 years and Mr. Horan for the prior 22 years, virtually my entire adult life until I was elected in 1994. So I have known these two men and watched them represent eastern Washington and the State of Washington's interests with great dignity, with certainly unquestionable respect for the institution of Congress and respect for the people of eastern Washington.

During law school I happened to serve as a law clerk in the Spokane County Superior Court, and my prime judge for whom I was assigned was William F. Williams, a very close friend of Foley who was later a Supreme Court Justice in our State. But I also served as a law clerk for Thomas S. Foley's father, Judge Ralph Foley.

So Tom, the former Speaker, comes to this institution with a very distinguished background, a distinguished family. His mother and father were very highly recognized and respected in eastern Washington, as was Thomas S. Foley. He served, as was stated here, for 30 years representing our district as Speaker of the House, as majority leader, as chairman of the Committee on Agriculture, a chairmanship that was vitally important to eastern Washington and the agricultural community that exists there even to this day.

I saw Mr. Foley in Japan earlier this spring, and in characteristic conduct he conducted himself and has conducted himself as a representative of the United States of America in Japan with great respect and dignity, just as he did here in this House for so many years.

I just want the people of eastern Washington, the people of this country, to know that in designating this courthouse in the name sake of Tom Foley and Walt Horan we are paying tribute and respect to their work for all of us in eastern Washington and in our State of Washington, our beloved State of Washington. So it was with pleasure that all of the members of our delegation signed onto this bill that I introduced, most notably Democrats and Republicans alike who had worked with Mr. Foley and Mr. Horan in some respects and have enormous respect for those two men.

So I thank the House for considering this bill, I urge that it be adopted unanimously and that the respect and dignity that is due Mr. Horan and Mr. Foley will continue under the name sake of the Thomas S. Foley United States Courthouse and the Walt F. Horan Plaza.

Mr. COBLE. I have no further requests for time, Mr. Speaker, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. MILLER of Florida). The question is on the motion offered by the gentleman from North Carolina (Mr. COBLE) that the House suspend the rules and pass the bill, H.R. 211, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title of the bill was amended so as to read: "A bill to designate the Federal building and United States courthouse located at 920 West Riverside Avenue in Spokane, Washington, as the 'Thomas S. Foley United States Courthouse', and the plaza at the south entrance of such building and courthouse as the 'Walter F. Horan Plaza'."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. COBLE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 211, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

COPYRIGHT DAMAGES IMPROVEMENT ACT OF 1999

Mr. COBLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1761) to amend provisions of title 17, United States Code, relating to penalties, and for other purposes as amended.

The Clerk read as follows:

H.R. 1761

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Copyright Damages Improvement Act of 1999".

SEC. 2. STATUTORY DAMAGES ENHANCEMENT.

Section 504(c) of title 17, United States Code, is amended—

(1) in paragraph (1)—

(A) by striking "$500" and inserting "$750"; and

(B) by striking "$20,000" and inserting "$30,000"; and

(2) in paragraph (2), by striking "$100,000" and inserting "$150,000".

SEC. 3. SENTENCING COMMISSION GUIDELINES.

Section 2(g) of the No Electronic Theft (NET) Act (28 U.S.C. 994 note) is amended by striking paragraph (2) and inserting the following:

"(2) In implementing paragraph (1), the Sentencing Commission shall amend the guideline applicable to criminal infringement of a copyright or trademark to provide an enhancement based upon the retail price of the legitimate items that are infringed upon and the quantity of the infringing items. To the extent the conduct involves a violation of section 2319A of title 18, United States Code, the enhancement shall be based upon the retail price of the infringing items and the quantity of the infringing items.

"(3) Paragraph (1) shall be implemented not later than 3 months after the later of—

"(A) the first day occurring after May 20, 1999, or

"(B) the first day after the date of the enactment of this paragraph,

on which sufficient members of the Sentencing Commission have been confirmed to constitute a quorum.

"(4) The Commission shall promulgate the guidelines or amendments provided for under this section in accordance with the procedures set forth in section 21(a) of the Sentencing Act of 1987, as though the authority under that Act had not expired.".

SEC. 4. EFFECTIVE DATE.

The amendments made by section 2 shall apply to any action brought on or after the date of the enactment of this Act, regardless of the date on which the alleged activity that is the basis of the action occurred.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from North Carolina (Mr. COBLE) and the gentleman from California (Mr. BERMAN) each will control 20 minutes.

The Chair recognizes the gentleman from North Carolina (Mr. COBLE).

GENERAL LEAVE

Mr. COBLE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and insert extraneous material into the RECORD on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COBLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 1761 makes significant improvements in the ability of the Copyright Act to deter copyright infringement. It will increase the statutory damages available to copyright owners whose registered works have been infringed in an effort to deter infringing conduct. Copyright piracy is flourishing in the world. With the advanced technologies available and the fact that many computer users are either ignorant of the copyright laws or simply believe that they will not be caught or punished, the piracy trend will continue.

One way to combat this problem is to increase the statutory penalties for copyright infringement so that there will be an effective deterrent to this conduct.

Another significant aspect of H.R. 1761 addresses a problem the subcommittee learned about during an oversight hearing on the implementation of the NET Act and enforcement against Internet piracy. The House Judiciary Subcommittee on Courts and Intellectual Property received testimony about the lack of prosecutions being brought under the act by the Department of Justice and the Sentencing Commission staff failure to address Congress' desire to impose strict penalties for violations of the act that will deter infringement in their recent report. H.R. 1761 clarifies Congress' intent that the United States Sentencing Commission ensure that the sentencing guideline for the intellectual property offenses provide for consideration of the retail price of the legitimate infringed-upon item and the quantity of infringing items in order to make the guidelines sufficiently stringent to deter such crime. This language gives the Sentencing Commission the discretion to adopt an aggravating adjustment where it may be appropriate in cases of pre-released copyright piracy in which no corresponding legitimate copyrighted item yet exists, but the economic harm could be devastating. These changes will enable the Department of Justice to better prosecute crimes against intellectual property.

It is vital that the United States recognizes intellectual property rights and provides strong protection and enforcement against violations of those rights. By doing that the United States will protect its valuable intellectual property and encourage other countries to enact and enforce strong copyright protection laws.

I would like to commend the distinguished gentleman from California (Mr. ROGAN) for his leadership in introducing this bill and his hard work in bringing it to this point. H.R. 1761 is an important piece of legislation, and I urge my colleagues to support it.

Mr. Speaker, I reserve the balance of my time.

Mr. BERMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1761, the Copyright Damages Improvement Act of 1999. Consistent with the responsibility conferred on us by article 1, section 8, of the Constitution, we are required from time to time to assess the efficacy of our intellectual property laws in protecting the works of authors and inventors. Toward that end earlier this year the Subcommittee on Courts and Intellectual Property resolved to address several concerns which had been brought to our attention regarding the deterrence of copyright infringement and penalties for such infringement in those instances when it does unfortunately occur.

The bill originally reported out by the Committee on the Judiciary was broader in scope than the bill before us today, and I supported that bill in its previous form, but we resolved to bring before this body a bill reflecting a consensus, and that is what we have done. I know of no opposition to the bill under consideration today.

The bill has two key features. First the bill provides an inflation adjustment for copyright statutory damages. It has been well over a decade since we last adjusted statutory damages for inflation. Our purpose must be to provide meaningful disincentives for infringement, and to accomplish this the cost of infringement must substantially exceed the cost of compliance so that those who use or distribute intellectual property have an incentive to comply with the law. The inflation adjustments provided in H.R. 1761 accomplish that objective.

Secondly, at a hearing held this past May, the Subcommittee on Courts and Intellectual Property heard evidence that the current sentencing guidelines for intellectual property crimes is not sufficiently stringent to deter such crimes.

□ 1700

The subcommittee's conclusion ratified by the committee was that the current guideline with its reliance on the value of the infringing item should be replaced with a guideline based on the retail price of the infringed upon item. At the same time, as a result of quite productive discussions with the staff of the sentencing commission, we acknowledged the commission's ability to make reasonable adjustments, aggravating or mitigating, as appropriate.

Mr. Speaker, I want to thank the chairman of the subcommittee for bringing this bill to the floor and for his consistent work in bringing bills to strengthen our intellectual property laws to the floor.

Mr. Speaker, I yield back the balance of my time.

Mr. COBLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank my friend from California, and I was about to do the same to him. We have worked very closely on this. This has taken a good amount of time, both on the part of gentleman from California (Mr. BERMAN) and me as well as other members of the subcommittee and staff. All have done a good job. This is an important piece of legislation.

Mr. ROGAN. Mr. Speaker, copyright violations, particularly those via the Internet, are a growing problem. H.R. 1761 the Copyright Damages Improvement Act of 1999 ensures that changes in federal law keep up with changes in technology. This bill provides an effective deterrent against copyright infringers and Internet privacy. I am pleased to join the chairman of the Courts and Intellectual Property Subcommittee, Mr. COBLE, and the gentleman from Virginia Mr. GOODLATTE, along with the ranking member of the subcommittee, the gentleman from California Mr. BERMAN, to make these significant improvements to the Copyright Act and the No Electronic Theft Act.

H.R. 1761 will increase the amount of statutory damages available for copyright infringement. Specifically, this bill, as amended, increases existing penalties for infringement by 50%. Further, the bill clarifies Congress' intent that the United States Sentencing Commission consider the retail price of a legitimate infringed-upon work and the quantity of the infringed upon works when determining sentencing guidelines for intellectual property offenses.

During the subcommittee's hearing on the "Implementation of the NET Act and Enforcement Against Internet Privacy," the concern raised about the lack of prosecutions being brought by the Justice Department and the Sentencing Commission's failure to address Congress' desire to impose strict penalties for violators. The committee heard how the price that pirated material is sold for on the black market is often the value used for prosecution, not the actual value of the copyrighted item. This is wrong. My bill clarifies that the Sentencing Commission shall use the retail price and quantity of the infringed-upon goods as bases for determining their value.

Finally, I want to recognize and thank all of the interested parties who came together to work out the compromise language that is contained in the manager's amendment today. These needed changes will give added protections to copyright owners by strengthening the deterrents for intellectual property theft, and enable the Department of Justice to better prosecute crimes against copyright owners.

Mr. Speaker, it is crucial that our country remain the leader in the protection and enforcement of intellectual property rights, H.R. 1761 increases the damages for copyright infringement, and serves as a strict deterrent for those who try to skirt the law. I urge my colleagues to support the passage of this bill in its amended form.

Mr. COBLE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. MILLER of Florida). The question is on the motion offered by the gentleman from North Carolina (Mr. COBLE) that the House suspend the rules and pass the bill, H.R. 1761, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

Mr. COBLE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1257) to amend statutory damages provisions of title 17, United States Code, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

Mr. BERMAN. Mr. Speaker, reserving the right to object, I do so simply to yield to my friend from North Carolina to indicate his intentions with respect to bringing up the Senate bill at this time.

Mr. COBLE. Mr. Speaker, will the gentleman yield?

Mr. BERMAN. I yield to the gentleman from North Carolina.

Mr. COBLE. Mr. Speaker, the purpose of this request is to amend the companion Senate bill and send it back to the Senate with the amendment that the House just passed.

Mr. BERMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1257

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Digital Theft Deterrence and Copyright Damages Improvement Act of 1999".

SEC. 2. STATUTORY DAMAGES ENHANCEMENT.

Section 504(c) of title 17, United States Code, is amended—

(1) in paragraph (1)—

(A) by striking "$500" and inserting "$750"; and

(B) by striking "$20,000" and inserting "$30,000"; and

(2) in paragraph (2)—

(A) by inserting "(A)" after "(2)";

(B) by striking "$100,000" and inserting "$150,000";

(C) by inserting after the second sentence the following:

"(B) In a case where the copyright owner demonstrates that the infringement was part of a repeated pattern or practice of willful infringement, the court may increase the award of statutory damages to a sum of not more than $250,000 per work."; and

(D) by striking "The court shall remit statutory damages" and inserting the following:

"(C) The court shall remit statutory damages".

Passed the Senate July 1, 1999.

MOTION OFFERED BY MR. COBLE

Mr. COBLE. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. COBLE moves to strike all after the enacting clause of the Senate bill, S. 1257, and to insert in lieu thereof the text of H.R. 1761 as it passed the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read: "to amend provisions of title 17, United States Code, relating to penalties, and for other purposes.".

A motion to reconsider was laid on the table.

A similar House bill (H.R. 1761) was laid on the table.

GENERAL LEAVE

Mr. COBLE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1761, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until approximately 5:15 p.m.

Accordingly (at 5 o'clock and 3 minutes p.m.), the House stood in recess until approximately 5:15 p.m.

☐ 1717

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. MILLER of Florida) at 5 o'clock and 17 minutes p.m.

APPOINTMENT OF CONFEREES ON H.R. 2488, FINANCIAL FREEDOM ACT OF 1999

Mr. ARCHER. Mr. Speaker, pursuant to clause 1 of rule XXII and by the direction of the Committee on Ways and Means, I move to take from the Speaker's table the bill (H.R. 2488) to provide for reconciliation pursuant to sections 105 and 211 of the concurrent resolution on the budget for fiscal year 2000, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. The gentleman from Texas (Mr. ARCHER) is recognized for 1 hour.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is the customary motion to go to the conference with the Senate. I understand that the minority has a motion to instruct which is debatable for 1 hour, so I would yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. ARCHER).

The motion was agreed to.

MOTION TO INSTRUCT OFFERED BY MR. RANGEL

Mr. RANGEL. Mr. Speaker, I offer a motion to instruct conferees.

The Clerk read as follows:

> Mr. RANGEL moves that (1) in order to preserve 100 percent of the Social Security Trust Fund surpluses for the Social Security program and to preserve 50 percent of the currently projected non-Social Security surpluses for purposes of reducing the publicly held national debt, and:
>
> (2) in order to insure that there will be adequate budgetary resources available to extend the solvency of the Social Security and Medicare systems, and to provide a Medicare prescription drug benefit,
>
> The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendments to the bill, H.R. 2488 be instructed, to the extent permitted within the scope of conference, to insist on limiting the net 10-year tax reduction provided in the conference report to not more than 25 percent of the currently projected non-Social Security surpluses (or if greater, the smallest tax reduction permitted within the scope of the conference).

The SPEAKER pro tempore. The gentleman from New York (Mr. RANGEL) and the gentleman from Texas (Mr. ARCHER) each will control 30 minutes.

The Chair recognizes the gentleman from New York (Mr. RANGEL).

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, few people in the country and a lot of people in the House of Representatives are unaware as to what this procedure is in terms of going to conference. Civics 101 would dictate that the House and Senate conferees are trying to come out in a conference in working out their differences so that we can send a tax cut bill to the President of the United States for his consideration so that it would become law.

Yet, Mr. Speaker, nobody in the House or the Senate, no Democrats or Republicans, truly believe that anybody believes the President is going to sign such a bill.

This thing rushed through the Committee on Ways and Means in 1 day. And why? Because it was already prepackaged. We already had an offer from the majority that we had to refuse. A similar thing occurred in the Senate.

So this evening we meet for the first time. Do we really meet to work out our differences in order to have a tax cut bill? No. We meet to see how Republicans in the House and Republicans in the Senate can fashion a bill to such an extent that they know that the President of the United States will have to veto it. And so instead of talking as legislators, instead of talking as tax writers, we are having a political meeting to determine the campaign for the year 2000.

Chairman Greenspan had indicated that he thought it would be best for the economy for us just to take a deep breath, to do nothing. To just allow hundreds of billions of dollars to pay down our national debt, to give a tax cut for everybody by reducing the interest for everybody. And then we say that after we take a look at this objective suggestion by Chairman Greenspan, we should do what every responsible citizen would want us to do, and that is to find out how much money do we owe? How much money do we have? And why not pay off some of this debt before we move forward?

The Republicans would suggest, oh, my God, we have to return this money to the taxpayers because if we do not, we will spend it. Well, I know it is a very small majority that they have, but they still are the majority. They still are the leaders. And unless we have an implosion, unless we have an exodus, it seems as though they will have the majority at least until the year 2000. So what are they afraid of if they are the ones that are in control of the spending?

So we just hope that the motion to instruct the conferees is save Social Security, save Medicare, and let the conference say we do not need a political statement, but we are going to come back together, send this bill quickly to the President to get the veto that you are begging for, and then we will not have to debate throughout August what the tax bill would have been, but we can work together not as Democrats, not as Republicans, but Members of the House and Senate to say to America we fixed the Social Security system, we fixed the Medicare system, we fixed the prescription drugs that are so necessary for our senior citizens. Now we will review and see what in the responsible way we can do to reduce the tax burdens on all of America and not just the richest among us.

Mr. Speaker, I reserve the balance of my time.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume, and I rise in opposition to the motion to instruct conferees.

Mr. Speaker, this motion it is almost identical to the motion to recommit that was offered by the minority when the tax bill was debated on the floor of the House and perhaps we might simplify things by simply stipulating to the debate that occurred on that motion and then we could just go to a vote.

But I am not sure that I am quite as eloquent as the gentleman from Oklahoma (Mr. WATTS); but I would say, Mr. Speaker, that the American people are caught in a tax trap. The longer they work, the harder they work, the more they pay. And that is wrong.

Now the American people are simply paying too much. Perhaps it was unexpected, but they are paying too much. And the strongest proof of this is that the IRS is now accumulating more cash and will accumulate more cash in the future.

Americans are sending too much money to Washington and there is actually more money than is projected for the government's needs in which to operate.

Mr. Speaker, the problem is not that Washington does not have enough money. The problem is that Washington does not spend money efficiently, prudently, productively. We should begin to cut out the waste instead of saying we have got to have more money and more money and more money.

I know there are those who believe that Washington knows best how to spend the people's money and they should not be given the opportunity to do it because maybe they might make a mistake; but it is their money, not ours and I am proud that the House and Senate on a bipartisan basis think this is unfair and have passed good plans to let people keep more of their money. Yes, the plans are different, but they are both based on the principle that all Americans deserve to keep more of what they have earned. After all, it is their money. If we keep it in Washington, politicians will most surely spend it.

That has been the way it has been throughout history. And over the last hundred years right here in Washington, over 70 percent of all of the surpluses that have ever been generated into the Federal Government have been spent by politicians. Unfortunately, the motion before us is designed to keep hundreds of billions of dollars in excess taxpayer money in Washington to be spent. All along, we warned that there would be enormous pressure and great temptation to spend this budget surplus on more government programs, and it looks like we were right. But, Mr. Speaker, we do not need full-time government and part-time families. We need part-time government and full-time families.

This motion guts broad-based tax relief for the taxpayers who created the budget surplus in the first place. This motion threatens marriage penalty relief. This motion would make it tougher for people who care for elderly relatives at home by blocking health and long-term care insurance incentives. This motion would stand in the way of pension modernization that will help more men and women enjoy retirement security.

This motion would take away education incentives to make college more affordable and to give parents the ability to save for their children's education and that is what is fair.

Mr. Speaker, we can save Social Security, strengthen Medicare, and provide for prescription drug benefit for needy seniors, pay down the debt and provide tax relief for the American people. Mr. Speaker, 25 cents out of every dollar of surplus is what we are talking about in this tax relief bill. There is plenty to do all of these other things.

I hearken back again when I say deja vu to 1995, 1996, and the beginning of 1997 when the same people who offer this motion to instruct said, oh, we cannot give tax relief until after we have balanced the budget. First things first.

□ 1730

Yet, most of them voted for a tax relief bill when we did not even have a balanced budget. Most of them voted for a tax relief bill almost as big as this one today that they call risky and irresponsible when we had no surplus projections at all.

We heard not one word about Social Security. We heard not one word about Medicare. We heard not one word about paying down the debt. My how things change.

To my colleagues on the other side who say we cannot, I simply remind them of the Democratic Senator from Nebraska, BOB KERREY's comment about their argument. He said, "To suggest that we cannot afford to cut income taxes when we are running a $3 trillion surplus is ludicrous."

Mr. Speaker, I urge opposition to this motion to instruct conferees.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. MATSUI).

Mr. MATSUI. Mr. Speaker, I would just like to make a couple observations. As the ranking member of the Subcommittee on Social Security who has studied the issue of Social Security now for 2½ years, I have to say that there was a lot of misleading information passed on by the House of Representatives last week when we discussed this bill.

There has been a lot of talk about a lockbox and $3 trillion. The fact that $2 trillion will be put in a lockbox, that in fact is Social Security money. That is payroll tax money coming in over the next decade, 15 years, the $2 trillion. The problem is that will not preserve Social Security.

The gentleman from Oklahoma (Mr. WATTS) said last week that that will save Social Security. That will not save Social Security. By putting the $2 trillion in a lockbox, all that does is make sure that Social Security problem does not get any worse, that it does not get any worse. That is what the issue is. But it will not solve that problem.

In fact, what will be needed, if we do not want to cut benefits, is general fund money going into the Social Security system. The bill of the gentleman from Texas (Mr. ARCHER) and the gentleman from Florida (Mr. SHAW) puts general fund money into the Social Security system.

Now, we have a $1 trillion dollars surplus that is projected, it is only projected over the next decade in the on-budget, non-Social Security surplus. If in fact this tax cut goes through and becomes law, and we all agree it probably will not, but assuming my colleagues vote for this tax bill, that essentially means that they are going to favor cuts in benefits over the Social Security system.

I have to say the purpose of this vote is to put Members on record so that the American public in the year 2000 will find out who wants to protect Social Security and maintain the level of benefits we have now or who wants to cut benefits. Because this vote, if my colleagues vote against this motion to recommit, they are saying, in the year 2001, when we try to deal with Social Security, that they are going to cut benefits, or an alternative, they may want to raise payroll taxes, although I do not believe that is true, so they are going to be cutting benefits.

So this vote against the motion to recommit will be to cut benefits and Social Security. What we are talking about here is a reduction in benefits of 25 percent of the Social Security benefits.

So I urge a "yes" vote on the motion of the gentleman from New York (Mr. RANGEL).

Mr. ARCHER. Mr. Speaker, I yield myself 1 minute simply to respond to the gentleman from California (Mr. MATSUI), and he is my friend.

This is the same sort of statement that we heard when we passed the last tax relief bill: One cannot balance the budget and pass tax relief. One will be cutting benefits. One will be doing all these awful things. But we did it.

I say, Mr. Speaker, today we can save Social Security, we can save Medicare, we can give a prescription drug benefit, and we can pay down the debt, and we can give a small amount in tax relief to the people who earned it.

Mr. Speaker, I yield 4 minutes to the respected gentleman from Illinois (Mr. WELLER), a member of the Committee on Ways and Means.

Mr. WELLER. Mr. Speaker, as Ronald Reagan once said "Here we go again." Whenever Republicans want to lower the tax burden on families, my friends on the other side of the aisle always say it is going to somehow hurt people when they lower their taxes.

Now, where I come from, people tell me their tax burden is too high. Our tax burden today is 21 percent of our economy which is consumed by the Federal Government.

Since 1993, the tax burden has continued to go up. In fact, in 1993, the tax burden was less than 18 percent. Today it is 21 percent of our gross domestic product going to the Federal Government. That tax burden is too high.

When it comes to Medicare and Social Security, thanks to this Republican Congress, we have a balanced budget, the first balanced budget in 28 years. It is now projected to provide a $3 trillion surplus over the next 10 years.

Under our budget, of course we do something that Congresses of the past and Presidents of the past for the last 30 years have refused to do; and that is, we set aside 100 percent of Social Security for retirement security to save Medicare and Social Security.

Now these 3 dollar bills I have, each dollar bill represents $1 trillion. Under our budget, we set aside $1 trillion, $2 trillion. In fact, we set aside two-thirds of the so-called surplus over the next 10 years for retirement security, leaving one-third for other purposes.

We believe the vast majority of that extra surplus, the non-Social Security surplus, should go to help working families, helping working families by lowering their taxes.

Now, folks complain their taxes are too high. That is a common concern. But folks also tell me back home that the tax code is too complicated. They are frustrated that they will have to hire someone else to do their taxes. They are frustrated about the unfairness of the tax code. Frankly, a lot of them are just plain angry that, under our tax code, a married working couple on average pays $1,400 in higher taxes just because they are married.

Under this packaged tax relief to help working families, we eliminate the marriage tax penalty for a majority of those who suffer it. I have an example here of a couple back in Joliet, Illinois, Michelle and Shad Callahan. They are schoolteachers in the Joliet public school district. In fact, Michelle here is due any day to have a baby, their first child.

They discovered when they got married that they now pay higher taxes just because they are married. In fact, they pay the average marriage tax penalty of $1,400. Their combined income is about $60,000.

Under our legislation we passed out of the House, 70 percent of taxpayers receive direct marriage tax relief. I believe by the time the House and Senate work out their differences, more families like Michelle and Shad will receive marriage tax relief.

We work to address the marriage tax penalty, addressing the unfairness in the tax code, and also simplify the tax code. Because in the House-passed tax relief, 6 million couples will no longer need to itemize.

I would also point out that, under our legislation, since Michelle is due to have a baby, like many moms like to do, she is a working mom, she may take some time off from being in the work force to be home with her baby. Under the legislation we passed out of the House, we are going to let Michelle make up missed contributions to her retirement accounts with catch-up provisions. That will help Michelle and Shad and working families just like Michelle and Shad Callahan.

This legislation is good legislation. We simplify the code by eliminating the marriage tax penalty for millions of working couples, by eliminating the death tax which is suffered by family farmers and family businesses, by providing alternative minimum tax relief to millions of middle class families that now suffer the alternative minimum tax. Also, if one is self-employed, an entrepreneur, we give 100 percent deductibility for one's health insurance, the same corporations get. Today, one only gets 60 percent, and we believe one should get 100 percent.

Mr. Speaker, lowering taxes in a time of prosperity is a good idea. In fact, let me quote a Democrat on the other side of the aisle, BOB KERREY. He says, "To suggest we cannot afford to cut income taxes when we are running a $3 trillion surplus is ludicrous."

Cutting taxes deserves bipartisan support.

Mr. RANGEL. Mr. Speaker, I yield myself 10 seconds to thank the gentleman from Illinois (Mr. WELLER) making this so personal in sharing the happiness of Shelly and Shad Callahan, and I would like to wish them well. But if they are really looking for a simplification from what is going on in the House and Senate conference, they are in for a nightmare.

Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. CARDIN).

Mr. CARDIN. Mr. Speaker, first, let me correct the gentleman from Illinois (Mr. WELLER) in that we do not have a balanced budget. We do not have a balanced budget today unless they count the surplus for Social Security generated income, and none of us want to do that.

They talk about $3 trillion over the next 10 years. We do not have that. If they look at what is the on-budget surplus that we all acknowledge is money that could be used, we have a projected $1 trillion surplus over the next 10 years; and we have not seen dime one of it yet. Yet, the Republicans want to spend the surplus before we get the surplus. That is not responsible.

We are talking about what should the priorities be, and the Democratic motion makes it clear that our priorities should first meet our current responsibilities under Social Security and Medicare, not an expanded role, but they meet our current responsibilities. We think that should be our first priority.

Why do we say that? If they look at the Republican bill to pass this House, it not only spends the trillion dollars during the first 10 years, but then it explodes after that, because it is backloaded. It shoots up to $4 trillion over the next 10 years. Just as the baby boomers are reaching the age of eligibility for Social Security and Medicare, we are not going to be able to meet our obligations for Social Security and Medicare. That is why we say they cannot do both. We cannot do both.

Our priority is to protect Social Security and Medicare. And how about paying off some of the debt? That will help everybody. The Republicans on one hand offer tax relief, they say; and then, on the other hand, they are going to increase interest rates because of their irresponsibility.

That couple that was so nice that they are trying to help, they are going to lose all that money by increased interest costs if they have any credit responsibility under any charge accounts or financing a car. They are going to end up paying back more that is in the Republican tax bill.

This is an irresponsible and reckless proposal. That is why our motion to instruct is an attempt to try to bring some sanity to what left this House as far as the tax relief is concerned.

Fortunately, this bill will not become law. That is the good news. The President is going to veto it if it passes anywhere near its current form. We do not believe that we should go back to the 1980s when we tried trickle-down economics and we were told that tax cuts were going to help our economy, and all it did was grow our debt.

Now, I understand the Republicans did not support the 1993 economic program that brought about our prosperity. We understand that. But do not turn the clock backwards and try to accumulate large debt again.

We do have projected surpluses in the future. Let us use that to pay down our debt so that we can continue the economic prosperity that we have. Let us meet our obligations under Social Security and Medicare. Let us invest in the priorities that are important, including responsible tax legislation.

This bill is irresponsible. The motion to instruct corrects it. I urge my colleagues to support the motion.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. CUNNINGHAM).

Mr. CUNNINGHAM. Mr. Speaker, I want my colleagues to look up in the web page www.dsausa.org. It stands for Democratic Socialists of America.

In there, the Progressive Caucus, 58 Members of the Democratic party belong to that. What do they want, Mr. Speaker? This is their own 12-point agenda, not mine, but their 12-point agenda. They want government control of health care. They tried that when they had the White House, the House, and the Senate. They wanted government socialized health care. It failed miserably.

They want government control of education and environmental laws. They even want government control of private property. They want union over small business. They want the highest possible socialized spending, and they want the highest possible progressive tax that they can get. The highest progressive tax, income tax.

That is what the Democratic Party is controlled by, their leadership, the Democratic Socialists of America, the Progressive Caucus. Guess what, one of their agenda is also to cut defense by 50 percent to pay for that spending.

We fought to save Medicare, and the Democrats fought against it, dead fought against it, $100 million of union ads against it. In 1993 when they had the White House, they had the Senate, and they had the House, they raised taxes. They promised a middle-class tax cut. What did they do? They increased the tax on the middle class. They increased the tax on Social Security.

Yeah, they made some cuts, and they showed what their real stripes were because they cut veterans' COLAs, they cut military COLAs, and they increased the tax on Social Security.

□ 1745

Now, we have a balanced budget, and we are going to have tax relief, not for the rich, as the Karl Marx-Engels class warfare Democrats talk about, but we are going to have a tax break for working Americans.

Mr. RANGEL. Mr. Speaker, I yield myself 10 seconds just to say that Herbert Hoover is still alive and Herbert Hoover is well. The same accusations that were made against President Franklin Roosevelt for the Social Security System we hear today.

Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. LEVIN).

Mr. LEVIN. Mr. Speaker, I want to get back to the subject at hand. When the Republican leadership was trying to find the votes for the bill, the majority leader said this: "You always know how many horses are in the herd, it is just a question of how long it takes to get them into the barn." Well, I hope that some of the horses that went into the barn will take a second look and get out of this barn before we get a roaring deficit once again that would burn it down.

The proponents of this bill like to talk about a $792 billion cost, but look at the second 10 years. It would be $3 trillion, $3 trillion. And the timing could not be worse, as this chart shows, because at the time there would be an explosion, an explosion, in terms of revenue loss that same second 10-year period, the Social Security surplus begins to fall. During the same period, Medicare runs out of money, 2015. And during that same period, non-Social Security budget surpluses begin to fall. Look, there could not be anything worse in timing. But to make it even worse, the projected surpluses do not even include recognition that there may be emergency supplementals.

Listen, I say to the Republicans, to a fellow Republican, Alan Greenspan, who serves in a nonpartisan position at the moment. Here is what he has said about the Republican bill. "Hold off for a while," "the timing is not right for your bill," "allow the surpluses to run for a while."

The chairman of the Committee on Ways and Means refers to the 1997 tax bill, $275 over 10 years. This is a $3 trillion tax cut over 20 years. This is a ridiculous, a reckless, and an irresponsible proposal. It would return our country to the days of borrow and spend.

I heard the chairman of our committee say we can do it all; it is easy. We can do everything. Do not worry, be happy. Well, if this law ever were enacted, this country would be very sad. The Republican Party is becoming the spendthrift party. The spendthrift party.

This is reckless, it is irresponsible, let us vote for the motion to instruct.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

I would say to the gentleman from Michigan, I did not say it was easy. I did not say it would be easy to balance the budget and give tax relief, but we did it. And the President himself speaks over and over again about the accomplishment of a tax bill that we pushed, and a balanced budget that we pushed. He claims that.

I did not say it would be easy. It will not be easy. What I did say is it is not that Washington does not have enough money to spend, but if we get tough and we eliminate the waste and we become prudent and productive in the utilization of the taxpayers' dollars, we do not have to keep adding bushels and bushels of money by taxing the American people more and more and more. They earned it; they produced it; they worked hard for it; and Washington is enjoying a windfall. Maybe there should be a new windfall profits tax on the windfall to Washington to let the people keep more of their money.

As far as Alan Greenspan is concerned, a lot of what he said has been taken out of context and it needs to be set straight. He said, "If you can save the money, save it." If.

And he knows full well what the halls of history teach this country and other countries that are democracies, and that is that politicians will spend the surplus. Let me repeat again that in the last 100 years every surplus generated by the Federal Government, 70 percent has been spent by the politicians. That is a history of surpluses that are left to "ride" unencumbered.

What does the President do? In his budget, and I now cite from the CPO documents, "The President's proposals would spend most of the projected on-budget surpluses." Would spend them. And the debt would increase by a greater amount than under the budget that we Republicans passed this year and is now the congressional budget for the United States of America.

Will it be easy? No, it will not be easy. We need to assure the taxpayers that the money that they send here is spent right and not wastefully, instead of merely saying we have to throw more money at it. And there is more than enough money in the Social Security surplus to pay down the Federal debt, to save Social Security, to save Medicare.

The charts that my friend from Michigan used are a little outdated. I am sure he did not prepare them recently, in the last 24 hours. The Senate already, by their rules, prohibits any additional revenue losses outside of the 10-year window. They are shut off totally. Not $1 is permitted to be used for tax relief outside of the 10-year window.

Besides that, there are no official projections for the years after 10 years, so one can only guess. There are not official government documents, but under the Senate provisions that must be complied with, there is not $1 of revenue loss outside of the 10-year window. So the gentleman needs to find a new chart for his next speech.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. CROWLEY).

Mr. CROWLEY. Mr. Speaker, I rise to support the Democratic motion to instruct conferees on the Republican tax bill.

America needs a fiscally responsible tax bill, not an excessive and reckless $800 billion tax cut, almost a trillion dollar tax cut. A tax bill of this magnitude stands in the way of strengthening Medicare and Social Security and threatens the progress we have made in eliminating the deficit and reducing the national debt, and it does nothing, it does absolutely nothing, to help our crumbling schools.

My constituents have demanded this Congress strengthen and protect Social Security and Medicare as well as to continue to pay off the national debt, rather than give tax breaks to the top 1 percent of Americans. I am not arguing there are no Americans who need tax relief, but let me just add that no one on this side of the aisle has said no one in this country needs some tax relief, we are saying just do not give it to the 1 percent richest people on this planet. Many middle income families would greatly benefit from affordable tax cuts, however, these families are not the ones assisted by the Republican tax bill.

Mr. Speaker, please listen to the American people. And if my colleagues will not listen to them, they should listen to the chairman of the Federal Reserve, Mr. Greenspan, who has vocally denounced a massive tax cut initiative such as the ones passed by the House and the Senate as potentially harmful to our Nation.

This bill does not strengthen Social Security and Medicare and it does not assist our school districts with building new schools and modernizing their old, outdated, and ofttimes unsafe existing structures.

In closing, Mr. Speaker, I ask my colleagues to envision one classroom in my district. A single-room classroom with 50 kindergarten students in it, two teachers, and no funds under this tax proposal to improve the situation in the near future.

Mr. Speaker, I urge my colleagues to support this motion to instruct conferees.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume, because again Mr. Greenspan's comments are taken out of context. He said that as between tax relief and spending, he would far prefer tax relief. In fact, he said, "It is not even a close call."

The Congressional Budget Office has just certified that the President proposes to spend almost all of the projected on-budget surplus. Mr. Greenspan would most certainly say that tax relief is better than spending from the surplus. In fact, he did say it and he will continue to say it.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Kansas (Mr. MOORE).

Mr. MOORE. Mr. Speaker, I also would like to speak to the last gentleman who spoke and say that I also heard Mr. Greenspan in the Committee on Banking and Financial Services. I heard what he said, and what he said was, "My first preference is to pay down debt." My first preference is to pay down debt. Now, maybe the majority knows something Alan Greenspan does not, but I do not think so. I do not think so.

We have a $5.6 trillion debt in this country. We have an opportunity for the first time in a generation to do the right thing and put our financial house in order. The question is whether we will step up to the plate and do that or we will take the money and run and hand the debt to our children and grandchildren.

It is simply not right. It is unconscionable and we should not do it. The fiscally prudent and the financially sound thing to do is to use 50 percent to pay down the debt, 25 percent for tax relief, and 25 percent for Social Security and Medicare.

Mr. ARCHER. Mr. Speaker, may I inquire how much time is remaining on each side?

The SPEAKER pro tempore (Mr. MILLER of Florida). The gentleman from Texas (Mr. ARCHER) has 14 minutes remaining, and the gentleman from New York (Mr. RANGEL) has 13 minutes remaining.

Mr. ARCHER. Mr. Speaker, I yield 3½ minutes to the gentleman from Ohio (Mr. PORTMAN), a respected member of the Committee on Ways and Means.

Mr. PORTMAN. Mr. Speaker, I thank the gentleman for yielding me this time, and I would like to say that he deserves a lot of credit for getting this bill through the House and for having spent this weekend working with the Senate to come up with a compromise package that will, in the end, be able to give taxpayers the relief that they so well deserve.

Mr. Speaker, I rise in strong opposition to the motion to instruct. I was watching it over in my office and thought I should come over and talk about the fact that the Financial Freedom Act that the gentleman from Texas (Mr. ARCHER) and others have put together, so many of us have had a part in this, is, in fact, not fiscally irresponsible but it is simply taking what is $3 trillion in projected surpluses over the next 10 years and allowing the taxpayers to keep a little more of their hard-earned money, roughly one-third of that amount, rather than spending it here in Washington on new programs.

It comes down to a philosophical difference, really. The philosophical difference is that Republicans believe people should be able to keep more of their hard-earned money, and the other side believes that it ought to be spent.

Now, we have talked about Alan Greenspan here a lot today. I heard Alan Greenspan testify before the Committee on Ways and Means, and I questioned him. He was very straightforward. He said if it is going to be spent or it is going to be sent back in terms of tax relief, he would far prefer tax relief. In fact, he said it is not even a close call.

Now, Alan Greenspan may believe if it were to stay here in Washington that it would be used to reduce the surplus. I find that hard to believe when I look at the President's own budget proposal, which in fact spends the money. In fact, in this tax bill there is more debt relief than there is in the President's proposal, based on what the Congressional Budget Office, the nonpartisan Congressional Budget Office, just told us last week.

Second, I believe that if we look simply at the record of the last 40 years, we will see that every time there is indeed a surplus in this town, Congress turns around and spends it, expanding Federal programs already in place and creating new programs.

□ 1800

So what we are saying is very simple, which is one dollar out of the three ought to go back.

Second, I want to make the point that this tax bill contains a number of wonderful provisions for the taxpayer in terms of relief from excessive complication of the Tax Code and also in various areas like the marriage penalty, and one I really want to focus on is retirement security.

In this bill our provisions are the most fundamental changes in retirement security in well over a generation that allow every American to have the ability to save more money for themselves for their own retirement. It lets everybody save more on their 401(k) account. It allows everybody coming back into the workforce at age 50 or above, particularly helpful to women who have stayed at home to raise kids, to put more into their defined contribution plans, 401(k)s, 457s, 403(b)s, and so on.

It expands all the defined benefit plans. These are plans that are, unfortunately, dying on the vine out there. There are fewer and fewer of them being offered. We go into these plans. We enable people to save more. We enable people to get more in terms of a benefit. We enable people who are in multi-employer plans, section 415, to be able to get more into their own retirement, taking away some limits that do not make any sense. It will help in the end every single American.

What I love about this is that 77 percent of pension participants are precisely the people we are trying to help the most who make under $55,000 a year. It is in this bill, and it is precisely what this Congress ought to be doing, in the context of tax relief, simplifying the Tax Code, increasing the savings rate in this country, and finally providing retirement security for millions of Americans.

Sixty to 70 million Americans do not have any kind of pension at all now. Millions of those Americans will be able to get immediate retirement security from the legislation that is contained within this tax bill.

Again, I commend the chairman. I hope we can move on from this motion to instruct, get this legislation together between the House and the Senate, and get it to the President where, hopefully, he will change his mind and sign it for the American taxpayer.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. TURNER).

Mr. TURNER. Mr. Speaker, the Republican tax message is one that we cannot trust Congress to act responsibly with the surplus.

They say, get the money out of town before it even arrives here yet. Is it not a little bit ironic to think their theme is one cannot trust the Congress to manage money wisely, when they in fact are in the majority? Do my colleagues not think that we could be disciplined enough just to run one true budget surplus before we spend what we do not even have yet?

If a business had borrowed money from a bank to operate for 25 years straight and for the first time in 25 years showed a small profit, would we not think we would try to pay down that huge debt?

Two weeks ago this House had a historic opportunity that every businessman and woman understands. That is, when faced with a choice of paying down the debt or spending the surplus, we should pay down the debt. We had a motion on the floor that would dedicate 50 percent of the on-budget surplus to paying down the debt, 25 percent to tax cuts, 25 percent to priority spending needs such as Medicare and Social Security.

Today we are trying again.

Where have all the fiscal conservatives gone in the Republican Party? Fiscal conservatives do not spend money that we do not even have yet. Fiscal conservatives do not ignore the advice of Federal Reserve Chairman Alan Greenspan. Fiscal conservatives do not gamble with our economic security, our health security, our retirement security. Fiscal conservatives understand that paying down the debt means lower interest rates. Fiscal conservatives do not pass on debts to our children and our grandchildren. And fiscal conservatives do not backload tax cuts into an uncertain future.

The President is right to veto this bill. We can take it up next year. What is the rush anyway? There is only $5 billion in tax cuts next year out of the $792 billion in the bill, and half of that is extenders.

Only six-tenths of 1 percent of the tax relief will be effective next year, fiscal year 2000. The 10 percent across-the-board tax cut, the increase in standard deduction to reduce the marriage penalty, those could not even happen next year. There is little tax relief in the bill next year, so what is the rush?

I say pay down the debt. Do what is right for our children, right for Social Security, right for Medicare, and right for America.

Mr. ARCHER. Mr. Speaker, what is the time proration again, please?

The SPEAKER pro tempore (Mr. MILLER of Florida). The gentleman from Texas (Mr. ARCHER) has 10½ minutes remaining. The gentleman from New York (Mr. RANGEL) has 11 minutes remaining. The gentleman from New York has the right to close.

Mr. ARCHER. Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield 2½ minutes to the gentleman from California (Mr. BECERRA), a member of the Committee on Ways and Means.

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I rise in support of the motion to instruct. I hope we will vote for this motion to be responsible and to be prudent.

We have to remember, we are not at a crap table in Washington, D.C. This is not Vegas. And I have seen the trick made with the $3. I hope that all Americans understand that the $3 we keep hearing about, these $3 which represent $3 trillion, when we talk $2 trillion being saved for Social Security, we are not saving it for Social Security; we are just telling all the people who contributed this money, the Social Security contributors, the taxpayers who give out of their payroll taxes that money, that we are going to reserve it.

Because that is what it was supposed to go for. It was never meant to be spent for tax cuts or something else. So when my colleagues talk about the three, take the two off the table. Because no one would want us to play with that money.

When we take out of people's paycheck every month Social Security taxes, we do not tell them it is for tax cuts or anything else. We tell them it is for their retirement.

So we are left with $1 trillion, this $1 bill. Most of that, under this Republican bill, would go to tax cuts, some $800 billion dollars.

Now, if we take that $800 billion tax cut, two-thirds of all that money, two-thirds of this $1 trillion is going to go to 10 percent of all of America. The 10 percent wealthiest tax filers get two-thirds of this dollar. That means the remaining one-third is left 90 percent of America. That is what we get with this tax bill.

But forget about all that because all this is just projections. We do not know what kind of surplus we will have. The projection is we will have a large surplus. But this is all like playing craps on a crap table. They are shooting and hoping and praying that they win.

But what happens if they do not? Let me put it to my colleagues this way: the average tax cut for someone who earns about $50,000, a couple who earns about $50,000 under the Republican tax bill is about $200 per year. And that is when we have got some of these provisions fully phased in. Because, by the way, in the year 2000 no one is going to get $200 in tax relief if they earned about $50,000. They have got to wait until all these provisions are phased in.

But say they are all phased in. They get about $200 in tax cuts. They are not going to have it. Because all they have to do is save that money, use it for debt relief; and if they have a $20,000 debt, interest rates go down by one percent, they will save $200. Do not vote for the tax bill. Vote for this motion to instruct.

Mr. ARCHER. Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I have so many speakers, perhaps the distinguished chairman of the Committee on Ways and Means might yield some time to us so that we could allow the Members to speak out.

Mr. ARCHER. Mr. Speaker, will the gentleman yield?

Mr. RANGEL. I yield to the gentleman from Texas.

Mr. ARCHER. Mr. Speaker, I would be happy to yield adequate time to anyone on the side of my colleague who wants to speak against the motion to instruct.

Mr. RANGEL. Mr. Speaker, reclaiming my time, that does not sound fair.

Let me say this. Would the chairman want me to have all of the Democrats speak and then close the argument debate?

Mr. ARCHER. Mr. Speaker, if the gentleman will continue to yield, I served in the minority for 24 years, where I was greatly outnumbered. So I feel very comfortable today being by myself here.

Mr. RANGEL. Well, I guess that makes sense. But what I am trying to do is to find out whether or not my colleague intends to be the last speaker before I close the debate. Because I have half a dozen people here and I just want to know, with the time being what it is, I have 8 minutes and my colleague has 11, I do not know how to space it.

Mr. ARCHER. Mr. Speaker, if the gentleman will continue to yield, when he gets to his last speaker, then I will be glad to yield the balance of my time.

Mr. RANGEL. Very good. I understand.

Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas (Mr. DOGGETT), a member of the committee.

Mr. DOGGETT. Mr. Speaker, this Republican tax bill has declared Christmas while it sizzles.

On this Christmas tree that has been erected here in Washington, one will find a package wrapped up for anyone who has a lobbyist and a political action committee.

There is one break after another. They think nothing of having the taxpayers subsidize 80 percent of the cost of a $100 bottle of cabernet or a two-martini lunch. They want the taxpayers to subsidize our defense contractors to go out and start more arms races around the world. And these conferees will even be considering a tax subsidy for chicken manure, something that many people have said symbolizes this entire bill.

Instead of simplifying the Tax Code, this bill makes the Tax Code even more complex, and it certainly does not reduce the abusive billions of dollars that occur in corporate tax shelters that all the rest of us end up having to pay. And of course when it comes to fairness, this Christmas tree, while it sizzles, is one that provides a third of its proposed individual tax benefits to the wealthiest one percent of Americans.

It is truly amusing to listen to this debate about Alan Greenspan. After all, what difference does it really make? Well, the difference I think centers on the fact that he is a President Ronald Reagan appointee, an admitted Republican, who has been given credit by many people, Democrats and Republicans, for the success of our economic expansion.

It has been said he would prefer tax cuts to spending. My guess is he prefers tax cuts to death, as well. But that is not the alternative that he was presented. There is the alternative instead of this massive tax cut bill of reducing the Federal debt. When he was asked last week about this House and Senate Republican approach to taxes, he said it would be "creating a risk that I don't think we need."

We do not need to jeopardize either Social Security or our economic success. And the leading Republican economic expert in this country is the one who said we ought not to do it. If he were here tonight, he would be endorsing the motion of the gentleman from New York (Mr. RANGEL), which is only a motion to assure a fiscally responsible bipartisan alternative; and it ought to be preferred over this tax break and borrow-more scheme that is being advanced by our Republican colleagues.

Mr. ARCHER. Mr. Speaker, I yield 3 minutes to gentleman from Arizona (Mr. HAYWORTH), A respected member of the Committee on Ways and Means.

Mr. HAYWORTH. Mr. Speaker, I thank my colleague, the esteemed chairman of the House Committee on Ways and Means, for yielding me the time.

As I walked onto the floor, Mr. Speaker, I was greeted by the familiar incendiary rhetoric of my friend from Texas. While I appreciate his ability to frame in the most extreme terms what is a reasonably prudent bill and action to give the American people more of their hard-earned dollars, give it back to them, I do find it interesting that my friend from Texas supported tax reduction in 1997 when this government was still in a deficit and yet he would use all matters of extreme rhetoric to try and mischaracterize the essence of what we are doing here as the responsible majority in the United States House of Representatives as we prepare to go to conference with our friends from the other body.

I think the motion offered from my good friend from New York (Mr. RANGEL), the ranking member of the committee, shows the length to which the minority will go to separate the American people from their hard-earned money. It is sad but true, and the rhetoric indicates it and so does the motion to recommit.

Mr. Speaker, as we have documented before, we talk so much about billions and trillions of dollars in this body and on the airwaves across America that sometimes we tend to lose focus about what it is our common sense majority proposes.

I think the best way to characterize it, Mr. Speaker and my colleagues, is to ask us to take a look at these $3 bills and let them represent the $3 trillion of surplus that this government will have in the years to come. This is what we propose to do, to lock away almost $2 trillion dollars to save Social Security and Medicare. And that leaves the remaining trillion dollars.

This is the crux of the question, when we get through all the legislative legerdemain and the name calling, this question remains at the end of the day.

□ 1815

To whom does this money belong? We would say, in the common sense majority, this money belongs to the people who earned it, not to the Washington bureaucrats. Let us take this money and return it to the hardworking taxpayers who have been called on again and again and again to feed the gaping maw which is this insatiable Washington bureaucracy.

And so the gentleman's motion to instruct conferees again asks us, after we have seen the largest tax increase in American history, so extreme a tax increase that over 10 years' time it asked for an additional $800 billion from the pockets of every American, we are told somehow that is responsible, a tax increase so extreme that it was retroactive, to take money from taxpayers beyond the grave in terms of the death tax.

What we simply say is, Americans have had enough of this. We should put the death tax to death, we should reduce the marriage penalty, and I am glad my friend from Texas mentioned the special interests. Because, as we have seen throughout the years, no one accedes to the special interests more than the previous liberal majority.

Mr. Speaker, I stand with my friends on the right. Reject the motion to instruct conferees.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman from New York for yielding me this time. I rise to support the motion to instruct.

Mr. Speaker, I wish we had time for a philosophical debate as was just given by my esteemed colleague, but we have business to do. I would simply tell him that from the far reaches of my district and the people that I have spoken to, businesspersons, they say they do not want a tax cut that is so enormous that it damages Social Security and Medicare, they do not want a tax cut that will increase the national debt by $1 trillion over the next 10 years, will increase the national debt by an additional $4.4 trillion over the next 10 years. What they want is a family-friendly, middle-income tax cut and what the Harris County citizens want is the ability to be able to support the Harris County Hospital District with Medicare and Medicaid dollars so that we do not have to cut 165 beds, cut the treatment for AIDS and cancer, and I would imagine the public hospital systems around this Nation are crying now because we are taking $800 billion away from treating sick people, closing beds, denying them service.

What we want is a motion to instruct to protect Social Security, Medicare, and provide more Medicaid dollars. I would hope my colleague from Texas and all of my colleagues, Republicans and Democrats, will come down on the side of middle-income tax cuts and saving Social Security, Medicare and Medicaid.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the one thing that has not been debated tonight yet is what is in the Democrats' motion to instruct.

One thing that is not in it is a 10 percent across-the-board tax relief to all working Americans and families, men and women who made this surplus possible. What is not in it is marriage penalty relief for millions of Americans who are being punished simply because they got married. That is not in their motion to instruct. They do not include education incentives on student loan interest payments, education savings accounts, and making prepaid college tuition plans tax-free. Those education provisions are not in their motion to instruct. Health care provisions, providing a tax deduction for people who buy their own health insurance, and for long-term care, including help for people who take care of their elderly in their own homes. Our plan has those provisions. It is nowhere to be found in the Democrats' motion to instruct. The Democrat motion has no strengthening of our pension system to help more American workers, particularly women, get a pension and have greater retirement security. No, that is not in their motion.

To 100 million American investors, the Democrats say, "Sorry, you've got to keep paying taxes on your savings every time you sell an asset." To 68 million Americans who have small savings accounts, the Democrats have no provision in their motion to instruct to help. And the Democrats' tax hike, because that is what they proposed in their substitute, and this motion does not even lessen the unfair death tax or the punitive alternative minimum tax. This motion is a turnback to the days of more taxes and more spending and away from the days of economic growth and opportunity for every American.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Mr. Speaker, I think the biggest problem with this tax cut is that it is built upon a false assumption, a false assumption that at least the majority party is not willing to admit, and, that is, that of the $792 billion tax cut, $720 billion is attributable to cutting the existing level of Federal spending by 29 percent below today's current spending level. It is not going to happen.

The majority party is not going to cut veterans spending by 28 percent, agriculture by 33 percent, the FBI by 28 percent. Are you going to cut transportation by 23 percent, are going to cut defense by $68 billion? You are not going to do it.

The Committee on Appropriations met last week. It did not do it. It will not do it. And so if you do not do it, $720 billion of the $792 billion tax cut is not there. It evaporates because it is built upon a false assumption. You know it and we know it and that's why you should support this truthful instruction to the conferences.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. CAMP).

Mr. CAMP. I thank the distinguished gentleman for yielding me this time.

Mr. Speaker, I think it is important to point out that we are here talking about this measure only after we have a balanced budget. We have passed legislation to set aside the surplus to save Social Security and Medicare. We have locked that Social Security surplus away in a lockbox, and we are talking about part of what is left.

I think it is important to point out that the average American family, and I repeat, the average American family today pays double in taxes what it paid only in 1985. Today's tax burden is the highest ever in peacetime history.

I think the key question is, should your hard-earned tax dollars stay here in Washington to be spent on new Federal programs? Or should they be returned to you, the taxpayer, who sent them here in the first place? I think the answer is pretty clear that you, the taxpayer, deserves the money.

We have over $1 trillion in non-Social Security surplus, and I think we absolutely must return the taxpayers' money to the people who sent it here. Our bill means that the average Michigan factory worker and his family will save $1,000 in income taxes. Our across-the-board rate reduction will save the seniors who live in my district over $500 in income taxes, and, if that senior has a mutual fund, will cut her investment tax rate so that more of her savings can stay with her, not the government.

Mr. Speaker, I believe tax relief is needed. There is no doubt about that. We have balanced the budget, we have set aside money for Social Security which pays down the debt, and I think now is the time for the American people to reap the rewards of their hard work. I urge that we vote against the motion to instruct.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Speaker, my friend from Texas left off a few other things that are not in the motion to instruct. There is not a $200 billion increase in the national debt over the next 5 years. There is not a $3 trillion increase in our national debt from 2011 to 2020, or $4.5 trillion of additional debt when you add in interest. That is also not in the Democratic motion to instruct.

The motion to instruct is truly a debate about priorities and values. The priorities, we believe very strongly this is the time for us to use that which we have the opportunity to do, and, that is, to pay down our national debt. We do have a surplus. This is the time for us to be fiscally responsible and pay down the national debt. This is the time for us to be dealing with a very serious problem of 2014 and Social Security, of which the gentleman from Texas certainly knows and the gentleman from Florida (Mr. SHAW) here knows that unless we do some things of a responsible nature soon, we will have deeper problems in 2014. That is what we ought to be doing. That is what the motion to instruct is all about. Do not have a tax cut today. What we should be debating this week before we go home is Social Security reform. What we ought to be dealing with is Medicare and Medicaid reform. We ought to have the debate on this floor right now dealing with the problems of our hospitals around the country that are saying to me, "Unless you deal with some of our problems by October the 1st, we must close." That is what we ought to be doing.

Really and truly what this motion to instruct is all about is just saying "no" to a tax cut first, let us deal with Social Security, let us deal with Medicare first and then let us bring a tax cut to the floor.

If we would only do that, we would send the kind of message to our children and grandchildren that they need to hear. We should not be spending their future inheritance today based on our desires and all of the wonderful things that we say today. We ought to be paying down the debt so that they will have an opportunity for the same kind of future.

Although a lot of numbers get thrown around in the budget discussions, this is really a debate about priorities and values. This motion to instruct is based on the value that has guided generations of Americans: the value that we should leave our country stronger for children and grandchildren. This motion simply says that meeting our obligations for Social Security and Medicare and first reducing the debt burden on future generations should be a higher priority than current consumption for tax cuts or new spending.

We should put our fiscal house in order before we talk about tax cuts or new spending. We should agree to lock up a substantial portion of the surpluses outside of the Social Security trust fund to pay down national debt and deal with Social Security and Medicare before we start talking about how to carve up the surplus between tax cuts and new spending. How can we talk about having surpluses to spend when we still have a $5.6 trillion national debt and huge unfunded liabilities facing Social Security and Medicare?

The tax bills passed by the House and Senate do not deal with these obligations and do not reduce the burden on future generations at all. Even if we stick with the lock box and save the Social Security surplus, this will not reduce the total national debt—it just shifts the debt from one part of the ledger to another.

While my Republican colleagues are correct when they say that the lockbox requires us to use the $2 trillion in Social Security surpluses to pay down the debt held by the public, they forget to mention the rest of the story: that we will be accumulating $2 trillion in IOUs to the Social Security trust fund at the same time. If the lockbox is successful in requiring us to save future Social Security surpluses, it will prevent us from digging the hole deeper, but it won't do anything about the $5.6 trillion hole we have already dug for ourselves.

Despite all of the talk about the debt reduction trigger added to the tax bill, the debt left for future generations to pay would not be one dime smaller than the tax bill passed by the House. In fact, the national debt would increase by $200 billion over the next five years under the Republican tax bill according to their own numbers.

My Republican friends will say that the President's budget will increase the debt as well because his budget uses some of the surpluses for new spending. I agree with much of those criticisms, but that is not what we are talking about today. The motion before us today provides that we should reduce the debt and deal with Social Security and Medicare before we talk about tax cuts or new spending.

The only way to truly reduce burden on future generations is to lock up a significant portion of the non-Social Security surpluses to reduce debt held by public. That is what this motion to instruct calls on our conferees to do.

Paying down the national debt is the most important thing Congress can do to maintain a strong and growing economy with low inflation and providing working men and women with a tax cut in the form of lower mortgages, lower credit card payments, etc. Reducing our $5.4 trillion national debt will reduce the burden left to future generations by reducing the amount of the federal budget that will be consumed by interest payments.

The motion to recommit will provide an opportunity to begin a bipartisan process to achieve a responsible budget agreement. Members on both sides of the aisle have said they agree with the Blue Dog budget approach of paying down our national debt, dealing with Social Security and Medicare, and then dealing with tax cuts.

Voting for the motion to instruction would send a strong message to the conferees, the leadership in Congress and the President that we are committed to a fiscally responsible, bipartisan budget that is based on the principles of paying down the national debt and dealing with our obligations before agreeing to tax cuts or new spending.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Arkansas (Mr. BERRY).

Mr. BERRY. Mr. Speaker, I rise today in support of the motion to instruct on the Republican tax cut bill. This motion will urge conferees to take responsibility and commit to reducing the debt. I am for a tax cut. I think we all are. But not with funny money. We should be sure that we really have a surplus before we commit to these tax cuts, put the budget on a long-term path, take the so-called surplus and pay down the debt, deal with Social Security and Medicare first, and then talk about tax cuts. Do not spend projected surpluses that may not ever exist and certainly do not exist today.

Let us take this terrible burden of a $5.6 trillion national debt off our children. Vote for the motion to instruct.

Mr. ARCHER. Mr. Speaker, I yield the balance of my time to the gentleman from Florida (Mr. SHAW), the chairman of the Subcommittee on Social Security.

The SPEAKER pro tempore (Mr. MILLER of Florida). The gentleman from Florida is recognized for 2 minutes.

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding me this time.

In looking at what is before us and the guidelines in which the tax bill that is presently going to conference is drawn, and looking at that in comparison with the motion to instruct, these tax bills, both the House and the Senate, were very carefully drawn and crafted within the budget limitations. I think it is very important for this House to realize that the budget that passed this House and the Senate and, under which this tax bill is tailored, pays down the debt more than the President's budget.

We have heard a lot of rhetoric this afternoon regarding Social Security.

☐ 1830

There is a bill, that will be filed shortly, that the people on both sides of the aisle are fully versed in, that is the Archer-Shaw bill that could save Social Security for all time. There is ample money to save Social Security and save Medicare and pay down the debt and give the taxpayers some relief.

The previous speaker, I know he did not mean to be flip, but he talked about funny money. This is not funny money. This is the taxpayers' hard-earned dollars, and I think when my colleagues find that we are moving forward, that we have created a surplus, I think it is important that we not only pay down the debt, which I agreed with, the accumulated debt must be reduced; But I think it is also important that we let the taxpayer keep some of their own money.

This is hard-earned dollars. The taxpayers are paying far too much money today, and when we put all the taxes together that the taxpayers pay, let us reject this motion to instruct, and let us let the conferees go about their task of conferencing this most important bill and give the taxpayers some relief that they so richly deserve.

Mr. RANGEL. Mr. Speaker, I yield the balance of my time to the gentleman from Wisconsin (Mr. KLECZKA) to close the debate on the motion to instruct the conferees.

Mr. KLECZKA. Mr. Speaker, I would like to respond to some of the items that have been brought up in debate. Let me start out by saying I support the motion to instruct, and my Republican colleagues know full well that after their tax bill is vetoed, we are going to be back to precisely what we are talking about today, a tax cut which would give back about 25 percent of the projected, projected surplus.

My good friend from Florida talks about funny money. The thing that is funny about the money is it is not here yet. I have heard this afternoon Members come up and say, give it back, it is not easy to balance the budget, but we did it. My friends and colleagues, as we close out this fiscal year, the budget is not in surplus, but in a $5 billion deficit, and for those who say, give it back, we do not have it. It is a projection over the next 10 years based on some very rosy assumptions, very low inflation. One economic downturn, Mr. Speaker, and those dollars will not be here.

In fact, I said it before, and I will say it again. I have a better chance at winning the lottery than this government having a trillion dollars surplus over the next 10 years.

We have had unheralded economic success over the last 4 years. To think it is going to continue for 14 and then for another 10 to make it 24 is totally absurd.

The motion before us says, let us pay down the debt. The gentleman says already we are paying down the debt. If the Congress will go home for 2 years, that debt would be paid down because it is a double counting of the Social Security surplus. Do not kid a kidder. That is going to happen with or without the Congress doing anything.

But what we are saying in our motion is let us take it down even further. It is in excess of $5 trillion. The Republican tax bill expands all the money and leaves no room for modernizing Medicare. What happens to the extra dollars that are there? We spend it on increase on the national debt. So to say that we are doing Social Security and Medicare is totally false.

The bill will be vetoed. I ask my colleagues to vote for the motion to recommit, vote for the motion to instruct because in October that is exactly what we are going to do any way.

Mr. PACKARD. Mr. Speaker, I would like to express my extreme concern over the President's threat to veto H.R. 2488, the Financial Freedom Act of 1999. This legislation offers nearly $800 billion in tax relief for America's families, including eliminating the death tax, reducing the marriage penalty tax and capital gains tax, a 10 percent across the board income tax reduction for all Americans.

The President opposes the Financial Freedom Act because he claims this legislation does not secure Social Security. This is false. The fact is, H.R. 2688 leaves more than $2 trillion for Social Security and Debt Reduction, which exceeds the amount requested in the President's own budget.

Mr. Speaker, tax relief is the right thing to do. H.R. 2688 gives the surplus back to those who created it, the American taxpayer. Over the next ten years, the government will receive an average $5,307 more in taxes from each American family than it needs to operate. If families continue to overpay the federal government in taxes, Washington will just spend it on more big government programs. Mr. Speaker, it is time we let those who worked for the money spend it as they see fit.

I urge the President to reconsider his position against American taxpayers and support the Financial Freedom Act. Government should do more for its citizens than raise their taxes and feed the federal bureaucracy.

The SPEAKER pro tempore (Mr. MILLER of Florida). Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from New York (Mr. RANGEL).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. RANGEL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The Chair announces that proceedings will resume immediately following this vote on two motions to suspend the rules postponed from earlier today. The first vote on the motion to suspend the rules and pass H.R. 747 will be not less than 15 minutes in length, followed by a 5-minute vote on the motion to suspend the rules and pass H.R. 1219.

The vote was taken by electronic device, and there were—yeas 205, nays 213, not voting 15, as follows:

[Roll No. 356]

YEAS—205

Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson
Clay
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hall (TX)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kennedy
Kildee

Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Larson
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Phelps
Pickett
Pomeroy
Price (NC)
Rahall
Rangel
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Sherman
Shows
Sisisky
Skelton
Slaughter
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Stenholm
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Wise
Woolsey
Wu
Wynn

NAYS—213

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Biggert
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Coble
Coburn
Collins
Combest
Cook
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
McCollum
McCrery
McHugh
McInnis
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Morella
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Petri
Pickering
Pitts
Pombo
Porter
Portman
Quinn
Radanovich
Ramstad
Regula
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Talent
Tancredo
Tauzin
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NOT VOTING—15

Abercrombie
Bilbray
Clayton
Cooksey
Cox
Frank (MA)
Ganske
Lantos
McDermott
McIntosh
Peterson (PA)
Pryce (OH)
Reyes
Scarborough
Taylor (NC)

☐ 1855

Messrs. TANCREDO, VITTER, and LAHOOD changed their vote from "yea" to "nay."

So the motion to instruct conferees was rejected.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated against:

Mr. McINTOSH. Mr. Speaker, on rollcall No. 356, I was detained at the airport. Had I been present, I would have voted "no."

The SPEAKER pro tempore (Mr. CALVERT). The Chair will announce conferees at a later date.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8, rule XX, the Chair will now put the question on each motion to suspend the rules on which further proceedings were postponed earlier today in the order in which that motion was entertained.

Votes will be taken in the following order:

H.R. 747, by the yeas and nays; and

H.R. 1219 by the yeas and nays.

The Chair will reduce to 5 minutes the time for the electronic vote on the second motion to suspend the rules.

ARIZONA STATEHOOD AND ENABLING ACT AMENDMENTS OF 1999

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 747.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. SAXTON) that the House suspend the rules and pass the bill, H.R. 747, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 416, nays 0, not voting 17, as follows:

[Roll No. 357]

YEAS—416

Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Clay
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Costello
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar

Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Paul
Payne
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—17

Abercrombie
Bilbray
Clayton
Cooksey
Cox
Frank (MA)
Gephardt
Lantos
McDermott
Metcalf
Peterson (PA)
Pryce (OH)
Reyes
Scarborough
Smith (TX)
Taylor (NC)
Weldon (FL)

☐ 1912

Mr. THOMAS changed his vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 8 of rule XX, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device may be taken on each additional motion to suspend the rules on which the Chair has postponed further proceedings.

CONSTRUCTION INDUSTRY PAYMENT PROTECTION ACT OF 1999

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 1219, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion of the gentleman from California (Mr. HORN) that the House suspend the rules and pass the bill, H.R. 1219, as amended, on which the yeas and nays are ordered.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 416, nays 0, not voting 17, as follows:

[Roll No. 358]

YEAS—416

Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Clay
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Costello
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Paul
Payne
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—17

Abercrombie
Bilbray
Clayton
Cooksey
Cox
Frank (MA)
Gephardt
Hastings (WA)
Lantos
McDermott
Moran (VA)
Ney
Peterson (PA)
Pryce (OH)
Reyes
Scarborough
Taylor (NC)

☐ 1922

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

The title of the bill was amended so as to read: "A bill to amend the Miller Act, relating to payment protections for persons providing labor and materials for Federal construction projects."

A motion to reconsider was laid on the table.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 987, WORKPLACE PRESERVATION ACT

Mr. REYNOLDS, from the Committee on Rules, submitted a privileged report (Rept. No. 106-280) on the resolution (H. Res. 271) providing for consideration of the bill (H.R. 987) to require the Secretary of Labor to wait for completion of a National Academy of Sciences study before promulgating a standard or guideline on ergonomics, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2031, TWENTY-FIRST AMENDMENT ENFORCEMENT ACT

Mr. REYNOLDS, from the Committee on rules, submitted a privileged report (Rept. No. 106–281) on the resolution (H. Res. 272) providing for consideration of the bill (H.R. 2031) to provide for injunctive relief in Federal district court to enforce State laws relating to the interstate transportation of intoxicating liquor, which was referred to the House Calendar and ordered to be printed.

ANNOUNCEMENT REGARDING AMENDMENT PROCESS FOR H.R. 417, BIPARTISAN CAMPAIGN FINANCE REFORM ACT OF 1999

Mr. REYNOLDS. Mr. Speaker, a "Dear Colleague" letter will be sent to all Members informing them that the Committee on Rules is planning to meet this week to grant a rule which may limit the amendment process for floor consideration of H.R. 417, the Bipartisan Campaign Finance Reform Act of 1999.

The Committee on House Administration ordered H.R. 417 reported this evening, and is expected to file its committee report on Wednesday, August 4.

Any Member wishing to offer an amendment should submit 55 copies and a brief explanation of the amendment to the Committee on Rules in room H–312 of the Capitol by 4 p.m. on Wednesday, August 4. Amendments should be drafted to the bill as ordered reported by the Committee on House Administration. Copies of the bill may be obtained from the Committee on House Administration, and is also expected to be posted on that committee's web site.

Members should use the Office of Legislative Counsel to ensure that their amendments are properly drafted, and should check with the Office of the Parliamentarian to be certain their amendments comply with the rules of the House.

GENERAL LEAVE

Mr. CALLAHAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on further consideration of the bill (H.R. 2206), making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes.

The SPEAKER pro tempore (Mr. CALVERT). Is there objection to the request of the gentleman from Alabama?

There was no objection.

REQUEST FOR CONSIDERATION OF S. 1467

Mr. SHUSTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1467) and ask for its immediate consideration in the House.

Mr. OBEY. Mr. Speaker, I object.

The SPEAKER pro tempore. The Chair is not able to entertain the gentleman's request at this time.

Mr. SHUSTER. Mr. Speaker, the gentleman from Minnesota (Mr. OBERSTAR), I understand, is reserving the right to object.

The SPEAKER pro tempore. The gentleman from Pennsylvania (Mr. SHUSTER) is not recognized for that purpose.

Mr. SHUSTER. May I ask why the gentleman is objecting? Is it in order, Mr. Speaker, for me to ask why the gentleman is objecting?

The SPEAKER pro tempore. Under the Speaker's guidelines, the Chair is not recognizing the gentleman from Pennsylvania for that purpose at this time.

APPOINTMENT OF CONFEREES ON H.R. 2488, FINANCIAL FREEDOM ACT OF 1999

The SPEAKER pro tempore. Without objection, the Chair announces the Speaker's appointment of the following conferees on the bill (H.R. 2488) to provide for reconciliation pursuant to sections 105 and 211 of the concurrent resolution on the budget for fiscal year 2000:

For consideration of the House bill, and the Senate amendment, and modifications committed to conference:

Messrs. ARCHER, ARMEY, CRANE, THOMAS, RANGEL, and STARK.

As additional conferees for consideration of sections 313, 315–316, 318, 325, 335, 338, 341–42, 344–45, 351, 362–63, 365, 369, 371, 381, 1261, 1305, and 1406 of the Senate amendment, and modifications committed to conference:

Messrs. GOODLING, BOEHNER, and CLAY.

There was no objection.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore. Pursuant to House Resolution 263 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2606.

□ 1929

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, with Mr. THORNBERRY in the chair.

□ 1930

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Thursday, July 29, 1999, amendment No. 3 printed in part B of House Report 106–269 by the gentleman from Pennsylvania (Mr. PITTS) had been disposed of.

Under the order of the House of that day, it is now in order to consider amendment No. 6 printed in the CONGRESSIONAL RECORD by the gentleman from New Jersey (Mr. ANDREWS).

AMENDMENT NO. 6 OFFERED BY MR. ANDREWS

Mr. ANDREWS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

> Amendment No. 6 offered by Mr. ANDREWS:
> Page 116, after line 5, insert the following:
>
> PROHIBITION ON FUNDS FOR NEW OPIC PROJECTS
>
> SEC. 585. None of the funds made available by this Act may be used by the Overseas Private Investment Corporation, after the enactment of this Act, for the issuance of any new guarantee, insurance, reinsurance, or financing, or for initiating any other activity which the Corporation is otherwise authorized to undertake.

The CHAIRMAN. Pursuant to the previous order of the House, the gentleman from New Jersey (Mr. ANDREWS) and a Member opposed each will control 15 minutes.

Does the gentleman from Alabama (Mr. CALLAHAN) seek to control the time in opposition?

Mr. CALLAHAN. Yes, I do, Mr. Chairman.

Mr. Chairman, I ask unanimous consent that my time be halved with the gentlewoman from California (Ms. PELOSI), and that she be given the authority to yield the time for her 7½ minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. The gentleman from New Jersey (Mr. ANDREWS) is recognized for 15 minutes.

Mr. ANDREWS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, in 1996, this House voted to end welfare as we know it for single moms and for people struggling to raise families across America. This amendment says that it is time for us to end corporate welfare as we know it.

The amendment says that the Overseas Private Investment Corporation, OPIC, will be precluded from initiating new deals, new transactions, with the money that is in this underlying bill. It says that DuPont and General Electric, and McDonald's, and some of the largest corporations in the world, ought to risk their capital in risky international investments, not the capital of the American taxpayers.

Now, I have had the opportunity to outline my views previously on Thursday night, but I want to quickly summarize them before yielding to supporters of my amendment.

We will no doubt hear that this will cause chaos at OPIC. It will not. This amendment does not interfere with the ongoing operation and the wind-down of the entity. It simply says that funds should be used to effectuate that wind-down rather than to initiate new deals.

We will hear that this will have a devastating effect on U.S. investment overseas. Frankly, the huge majority, the immense majority of private investments by U.S. corporations overseas have nothing to do with OPIC. They have to do with the judgments of entrepreneurs and investors in the global market every day.

We will hear that somehow or another this is unilateral disarmament in the war on trade. It is nothing of the sort. It is the recognition that the real engine of international growth for the U.S. economy is not the taxpayers' pockets, but the entrepreneurs taking a risk.

This is one of the few amendments I have ever seen that is supported by Ralph Nader and Milton Freedman. And that is probably all people need to know about why they should support it.

Mr. Chairman, I reserve the balance of my time.

Ms. PELOSI. Mr. Chairman, I ask unanimous consent to yield the 7½ minutes that has been yielded to me to the gentleman from New Jersey (Mr. MENENDEZ) and that he be allowed to control that time.

The CHAIRMAN. Is there objection to the request of the gentlewoman from California?

There was no objection.

The CHAIRMAN. The gentleman from New Jersey (Mr. MENENDEZ) will control the 7½ minutes.

Mr. MENENDEZ. Mr. Chairman, I yield 1 minute to the gentleman from New York (Mr. RANGEL), the distinguished ranking Democrat on the Committee on Ways and Means.

Mr. RANGEL. Mr. Chairman, I oppose this amendment. It really puts a damper on American entrepreneurship as we try to transfer technology to the least developed countries that we have in the world.

Recently, this House passed the African Growth and Opportunity bill. It was not just out of compassion that we did it, but we wanted to make certain that we have people that are able to be able to be productive, to have disposable income, to have jobs, to have dignity, and not to be looking for welfare and to be looking for foreign assistance.

What OPIC does is encourage private investment to have partnerships so that we are able to say that all over the world, especially in developing nations, that our great Republic will be able to have meaningful commercial trade relations.

I have been to Africa. I have been there with Eximbank. I have been there with OPIC. I have been there with the State Department. Believe me, OPIC really encourages foreign investment, and we need it now more than ever.

Mr. CALLAHAN. Mr. Chairman, I yield 2 minutes to the gentleman from Nebraska (Mr. BEREUTER), the chairman of the Subcommittee on Asia and the Pacific of the Committee on International Relations.

Mr. BEREUTER. Mr. Chairman, I rise in strong opposition to the amendment. While the amendment might make for catchy so-called cost-cutting sound bites, in reality it would significantly hurt U.S. foreign policy, result in a revenue loss for the Federal Government, and cost American jobs and American export opportunities. This amendment has only costs, in my judgment, and no benefits.

First, contrary to some things that have been said, OPIC has contributed $3.3 billion to deficit reduction and the Function 1050 account. In fiscal year 2000, OPIC anticipates it will contribute approximately $200 million to deficit reduction. OPIC is self-sustaining and generates an annual increase in funding. If OPIC were eliminated, the budget would lose revenues rather than achieve savings. In fact, this amendment would put the Federal Government $200 million in the red for just the next year.

Since OPIC's operating costs are covered by user fees, eliminating OPIC does not mean these resources are available for other programs or can be considered as cut spending. There are no millions of dollars in savings as claimed by the amendment's supporters, just lost jobs and export opportunities without any offsetting benefit.

OPIC supports new, high-paying, export-oriented jobs in the United States. More than 237,000 jobs have been created as a result of OPIC-supported projects. In 1998 alone, nearly 7,000 U.S. jobs were created by OPIC projects. Without OPIC, it is estimated that 70,000 job opportunities could be lost in the next 4 years.

To those who express concern about OPIC supported investment abroad luring jobs away from America to foreign countries, this Member recommends they examine closely what kind of investments OPIC is supporting and what kind of so-called foreign jobs are being created. The United States cannot supply raw electric power to Egypt. We can supply American-made power generating equipment and services. How is selling power generating equipment and years of spare parts and services taking jobs away from Americans? If we don't sell the Egyptians these power plants, the Europeans, Japanese, Canadians, or other foreigners will.

The United States does not grow tea. Therefore, how does investing in a tea plantation in Rwanda steal American jobs? Indeed, it supports U.S. jobs insofar as that tea operation needs tools, machines, trucks and other services—and these are products and services made by American labor.

The United States is not home to the great African savannah and giraffes, lions, zebras, and baboons are not native wildlife. Therefore, how does supporting the eco-tourism industry in Botswana by investing in new hotels and tour operations take away American jobs? On the contrary, this development requires all kinds of infrastructure, construction materials, furnishings, vehicles, and services—these goods and services Americans produce and sell.

OPIC-backed projects around the world are U.S. small businesses. Over the next 4 years it is estimated that OPIC projects will generate $23 billion more in America exports. $6 billion of those exports are to be from over 150 American small businesses.

OPIC has proven itself to be a successful supporter of American foreign policy. OPIC mobilizes private sector investment in support of U.S. foreign policy at no cost to the American taxpayer. The Andrews amendment would mean no support for U.S. investment in high priority foreign policy areas. It would eliminate an estimated $9 billion in increased trade and investment with Sub-Saharan Africa, $4 billion in Central America and the Caribbean, and $8 billion for development of Caspian Sea energy resources.

Since 1971, OPIC supported projects which have resulted in the export of $58 billion of American products. More than $2.8 billion in American exports were generated by OPIC supported projects in 1998 alone.

With respect to the Andrews-Sanders-Sanford amendment, I would have to say that it hurts American competitiveness and benefits our foreign competitors. Most of our developing nations, like France, Germany and Japan, offer a comprehensive array of export and overseas investment support. They clearly understand the importance of such programs in supporting jobs and economic growth at home. The U.S. spends less per capita, as a percentage of GDP, and in dollar terms on supporting private sector investment in developing countries than any other major competitor country.

Mr. Chairman, the support OPIC provides is not corporate welfare and has not eliminated American jobs as the "Dear Colleague" letter circulated recently complained. Caterpillar was cited. It makes tractors in Illinois, and that is the epitome in Peoria of an American city. The Member, I suspect, would be surprised to find among the Caterpillar workers any of them who believe they are fat cats.

These are hard-working Americans. OPIC helps promote the sale of the tractors they make at no cost to the American taxpayer. Given the significant support foreign competitors receive from their governments, without OPIC, America's Caterpillar is in many instances at a real disadvantage to Japan's Komatsu or Korea's Hyundai. Let us not ignore the consequences—ultimately, this Amendment benefits foreign competitors like Komatsu at the expense of American workers in all 50 states.

Mr. Chairman, in response to the charges by some OPIC critics that OPIC is not even authorized, this Member would remind his colleagues that the House International Relations Committee, the appropriate authorizing body, has already considered and marked up a new reauthorization for OPIC. This legislation is pending on the Union Calendar.

Mr. Chairman, I urge opposition to the Andrews amendment.

Mr. ANDREWS. Mr. Chairman, I yield 4 minutes to the gentleman from South Carolina (Mr. SANFORD), one of the co-authors of this amendment and a person who has been very diligent about cutting costs for the American public.

Mr. SANFORD. Mr. Chairman, I thank the gentleman for yielding me this time. I support this amendment and am, indeed, a cosponsor on this amendment because it makes sense to the United States taxpayer.

This amendment is not about the inefficiency of OPIC. As government organizations go, it is quite efficient. It is not about the management. It has a good management. I have met with George Munoz, who is head of OPIC. The issue that this amendment gets to is not is OPIC able to handle the mandate that it has been given, but rather is that mandate in the best interest of the United States taxpayer. And I think if we look under the hood on this, we would come to the conclusion that no is the answer.

First, Mr. Chairman, there is a financial risk to the U.S. taxpayer with OPIC. OPIC was given a billion dollars of seed money in 1971 when OPIC was begun, and yet if we look, since 1971 there has not been, for instance, a world war. These loans or guarantees are backed with the full faith and credit of the United States Government. If there was a war, we would see the cost to those guarantees. There has not been a global depression since 1971. If there was a severe economic downturn, we would see the cost to those guarantees.

In fact, if we look in Brazil, where there is $1.9 billion of taxpayer exposure, OPIC itself has said that fully half of their portfolio could be affected by the crisis there. The same could be said, for instance, in Russia. So, one, there is a contingent liability that goes back to the United States taxpayer. Two, there is a direct cost.

With the money that was originally provided, interest is earned on that money. And if we look at the income statement of last year, $139 million was the net income and $193 million came as a result of these interest payments. That leaves a loss of $54 million.

Admittedly, $54 million is not a lot of money in Washington, but back home that is a lot of money. In fact, I did a back-of-the-envelope calculation, and it would take 13,500 taxpayers, average taxpayers, working and paying taxes for a full year, to send Washington $54 million.

Third consideration is that it does cost American jobs. And that is not my opinion or the opinion of the gentleman from New Jersey (Mr. ANDREWS). That is the opinion of Time magazine. They did a three-part series on corporate welfare. What they found was, for instance, a $29 million loan guarantee for Levi Strauss and Company to build a manufacturing plant in Turkey, while, at the same time, the Labor Department was handing out unemployment and training benefits for 6,400 American workers who had been laid off in 11 American plants with Levi Strauss and Company. The point of that article was saying that the two were directly correlated.

Finally, I would just make mention of the fact that this changes markets. If we change a market, we change where an investment can be made. And so what we are doing is subsidizing development off our coast. And as well, what we are doing is preventing a marketplace from developing with other insurers.

This is a need that needs to take place, but it could be easily handled by the Lloyds of London, who are not in this business right now because OPIC is.

Mr. MENENDEZ. Mr. Chairman, I yield myself 2¼ minutes.

First, let me thank the distinguished gentlewoman from California (Ms. PELOSI), the ranking member of the committee, for yielding me this time.

I join my colleague the gentleman from New Jersey (Mr. ANDREWS) in saying that I am against corporate welfare, but this, the subject of his amendment, is not about corporate welfare. It is hard to understand how anyone can object to a program that returns money to the U.S. Treasury while at the same time furthering our foreign policy goals and helping to increase foreign investments and exports overseas.

Last year, OPIC earned a profit of $139 million. And in fiscal year 2000, OPIC will contribute an estimated $204 million in net negative budget authority. In fact, OPIC has had a positive net income for every year of operation with reserves now totaling $3.3 billion.

All that we do through the appropriation process is to allow OPIC to spend money that it has already earned to cover its administrative costs. We do not save money for the taxpayers by cutting OPIC's appropriations. In fact, quite to the contrary. By supporting this amendment, we will forfeit an estimated over $200 million in net budget authority for the next fiscal year.

At a time when Congress is trying to adhere to the constraints of a balanced budget, OPIC stands apart as a revenue-earning program. And at a time that we are facing record high trade deficits, we need to be looking at ways to expand our export promotion programs, not contract them.

More American exports mean more American jobs. More than 237,000 American jobs have been created as a result of OPIC's supported projects. In our home State of New Jersey, OPIC has provided over $1 billion in financing and insurance, generating $3 billion in U.S. exports and creating over 10,000 jobs.

We should not be so shortsighted. We live in a global economy and only those who can compete will succeed. This is not corporate welfare. OPIC is one of the ways that we ensure that American companies and American jobs thrive in the next century. We cannot afford to be so naive as to believe that American companies, large and small, can compete without this type of support when their competitors have the full economic and diplomatic support of their governments.

Mr. Chairman, I urge my colleagues to oppose the Andrews amendment.

Mr. CALLAHAN. Mr. Chairman, I yield 30 seconds to the gentleman from Illinois (Mr. MANZULLO).

□ 1945

Mr. MANZULLO. Mr. Chairman, we have OPIC because there is no private sector that can fill that gap. Lloyds of London, nobody could come in and fill that gap.

In fact, OPIC has been partnering with Lloyds of London on being able to come up to a relationship whereby part of this type of insurance can be privatized. The reason we need OPIC is so that we can be on an even keel with our exporting partners around the world.

Mr. ANDREWS. Mr. Chairman, I am pleased to yield 4 minutes to the gentleman from Vermont (Mr. SANDERS), one of the coauthors of the amendment with a leading voice for progressive issues in America.

Mr. SANDERS. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I strongly support this amendment, which would strike a good blow against the $125 billion a year we are currently spending on corporate welfare.

My, this is a strange debate. I am hearing conservative Republicans tell us they believe in government insurance. This is what it is.

Now, it is interesting, however. This is not government insurance for middle-class homeowners. This is not government insurance for those people who are paying outrageous premiums for automobile insurance. No, no, no. We do not get government insurance for that.

But if they are J.P. Morgan, they can get government insurance for a $200 million investment in an oil field in Angola. If they are Texaco, they get government insurance for $139 million for investment of a power generating project in the Philippines. If they are the Chase Manhattan Bank, they get socialized insurance.

Here we have conservative Republicans, corporate Democrats telling us government insurance for the multinationals. I think that that is pretty strange.

Mr. Chairman, it seems to me that we should note that in Indonesia right now OPIC officials are in that country, and they are in that country because the government there is suggesting that an American-backed company may not be able to make as much money as they wanted; and if that in fact takes place, it is going to be the American taxpayer through OPIC that bails out that particular company that invested in Suharto's dictatorship.

Mr. Chairman, another disturbing aspect of this situation is that the United States Government is providing financial incentives to the largest corporations in this country to invest abroad.

Now, some of us think that it would be a very good idea for these corporations that are investing tens of billions of dollars abroad to maybe bring that investment back to the State of Vermont and other States around this country to put our people to work at decent paying jobs.

I hear our friend say that OPIC makes money, OPIC makes money. Well, if OPIC makes money, then maybe we better think about government insurance in other areas. And I would yield right now to any person who is opposing the Andrews amendment to tell us that they are prepared to support government insurance for homeowners, government insurance for automobile people who need automobile insurance.

Are they in favor of that, Mr. Chairman? Not. I ask the gentleman from New Jersey (Mr. MENENDEZ).

Only government insurance for the large multinational corporations. Let us stop corporate welfare. Let us support the Andrews amendment.

Mr. MENENDEZ. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Connecticut (Mr. GEJDENSON), ranking Democrat of the Committee on International Relations.

Mr. GEJDENSON. Mr. Chairman, I would join my friend from Vermont (Mr. SANDERS) in having universal health coverage, but that is not the debate today. The debate today is whether this program helps or hurts Americans and American workers.

I would argue that $52 billion in exports that OPIC facilitated helps American workers, that almost $3 billion in the U.S. the Treasury in fees from these corporations, not welfare, but charges to these corporations giving us profits in every year that OPIC has operated in, $20 million in 1970, in excess of $200 million in 1997, and even during the Asian financial crisis $138 million, and anticipated back over to $200 million next year.

What this does is help American jobs, helps us export manufacturing, helps America's international national foreign policy get executed. It is cheaper than a Marshall Plan and it helps American jobs.

The gentlemen who are opposing this amendment have good intentions, but they are dead wrong.

Mr. CALLAHAN. Mr. Chairman, I yield 1 minute to the gentleman from New York (Mr. GILMAN), chairman of the Committee on International Relations.

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I rise in strong opposition to the amendment offered by the gentleman from New Jersey prohibiting OPIC from supporting any new investment projects.

This amendment would not only close down any future OPIC investments in Africa, but it would eliminate billions of dollars of OPIC-related hurricane assistance for Central America and the Caribbean. The adoption of this amendment would prevent billions of dollars of future U.S. exports from ever taking place. Thousands of jobs now held by American workers would be lost, and millions of dollars in tax revenue would be unavailable to our States and local communities.

Since its inception in 1971, OPIC generated over $58 billion in U.S. exports, created more than 237,000 jobs. It operates on a self-sustaining basis and actually provides funding authority to pay for the humanitarian development and anti-narcotics programs contained in the legislation we are now debating.

Accordingly, I urge my colleagues to oppose the Andrews amendment.

Mr. ANDREWS. Mr. Chairman, I yield 3 minutes to my friend, the gentleman from Alabama (Mr. BACHUS).

Mr. KASICH. Mr. Chairman, will the gentleman yield?

Mr. BACHUS. I yield to the gentleman from Ohio.

Mr. KASICH. Mr. Chairman, let me just make one thing very clear about OPIC making money. OPIC holds government bonds. The Department of the Treasury of the United States then pays interest on the government bonds.

So when we talk OPIC making profit, the profit is being paid for by taxpayers to an organization that holds government bonds. It has nothing to do with making money or having a profit.

So let us just be clear about the fact that we use this terminology carefully. We know this is a very tough fight here because it is right at the heart of subsidies to the most powerful, and we understand that it is hard to win that. But I think it is very important that when we have this debate that we be clear about it.

I am not suggesting for a second that anybody is trying to distort the truth. We have just got to get the facts about what profits are all about. It is not about any government operation making money in the marketplace. It has to do with taxpayers giving them money that then gets scored as extra money, which some call profits. That is in error. So we ought to be clear about what this organization actually does.

Mr. BACHUS. Mr. Chairman, reclaiming my time, I would say, as chairman of the Subcommittee Domestic and International Monetary Policy, I would join the chairman in his assessment on the profit it makes.

Now, we have heard that OPIC helps American workers, and we have heard that it hurts American workers. I want to focus on that one claim.

Let us look at one of these transactions. In 1997, OPIC financed the building for Levi Strauss of a garment-making factory in Turkey, a $29-million guarantee, because they did not want to finance it themselves and private insurers would not do it.

Well, what happened when Levi Strauss built that factory? They laid off 6,400 workers at U.S. garment-making factories in 11 locations in the United States.

Now, do my colleagues think that those 6,400 employees, if any of them are listening today, that they will buy this argument that we are creating jobs? We lost those jobs. And not only did we lose those jobs, but the Labor Department had to go in, and let me tell my colleagues what they had to do. They had to provide unemployment assistance, and they also had to provide trade adjustment assistance because of the Levi Strauss factory which had been built in Turkey, financed by OPIC.

I strongly urge support of this amendment.

Mr. CALLAHAN. Mr. Chairman, I am pleased to yield 2 minutes to the gentleman from Missouri (Mr. BLUNT), the chief deputy whip.

Mr. BLUNT. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I rise in opposition to the amendment.

As the gentleman from New Jersey (Mr. MENENDEZ) and others have talked about, we are in a global economy.

OPIC does open markets. OPIC has helped create jobs in this country. And OPIC charges premiums. OPIC charges premiums.

One of the big criticisms of OPIC is that the premiums are too high and that is why they have $3.3 billion in reserves. Now, if the premiums are too high and the private sector would be interested in going into these areas, why is it not there?

OPIC fills a void that the private sector will not go into if OPIC is eliminated. They will go into troubled countries. They go into countries that insurance companies of a private nature will not go into. These premiums have generated $139 million last year. They are expected to generate $200 million this year.

OPIC's claims because of the way OPIC is funded become a priority whenever these troubled countries try to reestablish relationships with the United States.

No private company would have that great advantage in settling claims. That is why OPIC does not lose money. That is why OPIC does encourage trade. That is why OPIC works. That is why the private sector will not replace it if it is eliminated.

I urge my colleagues to vote against this amendment.

Mr. ANDREWS. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. PAUL).

Mr. PAUL. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, I rise in strong support for this amendment. If it were true that this agency is profitable, we would not be here. They would be making profit, and OPIC would not need to come here every year.

They are asking for $55 million. Where does the profit come from? It was stated earlier very clearly; from the interest they earn. They have a portfolio of $3 billion of U.S. securities.

But these did not reduce the national debt. That is part of the national debt. We pay interest on that $3 billion. And this agency gets $194 million from it, four times the amount of the requested appropriation.

No wonder on paper it looks profitable. And they say, well, the private companies will not insure some of these projects. That means it is probably risky. Why should the taxpayer assume the risk? Why should these corporations be protected with this corporate welfare?

This is the reason why jobs are exported at a cost to the American taxpayer. It is bad economics. And it is a lot of twisting of the facts if we call this agency profitable at the same time they are getting $194 million that we barely talk about.

How many other agencies of government get interest like this? This is almost a government unto itself, the fact that it has that much financing without even a direct appropriation because it is paid out of the interest budget.

This is indeed a very important amendment. I believe that we should definitely vote for this. If we care at all about the taxpayer of this country, we should expose what is happening with corporate welfare.

The little people are not coming to us today begging us to vote against this amendment. It is the corporations, the giant corporations, not our small mom-and-pop businesses. They are not coming and saying, please, please protect OPIC. No, it is the giant corporations that have been able to manipulate and get benefits from programs like this.

The CHAIRMAN. The gentleman from Alabama (Mr. CALLAHAN) has 2 minutes remaining. The gentleman from New Jersey (Mr. ANDREWS) has 2 minutes remaining. The gentleman from New Jersey (Mr. MENENDEZ) has 3½ minutes remaining. The gentleman from Alabama (Mr. CALLAHAN) has the right to close.

Mr. MENENDEZ. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. BENTSEN).

Mr. BENTSEN. Mr. Chairman, the reason why we have this insurance program is the same reason why we have the HUD insurance program for homeowners in this country, low-income homeowners, because the marketplace does not provide for it, just as my colleague from Missouri just said.

The other reason we have this program is because our trading partners around the world do this and do it a lot more. So if we are to pass this amendment and unilaterally withdraw from being a competitive trading Nation, we will only drive up the imports in this country, drive down the exports from this country, and cost Americans jobs.

By passing this amendment, we will not do anything to bring capital back into this country. OPIC is used in my district where we have companies that are looking for new markets to get into.

The Stewart & Stevenson Company builds turbine engines and then sells them throughout the world. And when they sell more engines, they hire more Americans to build them in my district.

□ 2000

That is what this is about. So if you want to try and find some pure philosophy that only the United States is going to do, it will be at the expense of the American worker.

Mr. MENENDEZ. Mr. Chairman, I yield 1½ minutes to the gentleman from Oregon (Mr. WU).

Mr. WU. Mr. Chairman, I rise today on behalf of small business owners and workers in my home State of Oregon and in opposition to the amendment offered by the gentleman from New Jersey (Mr. ANDREWS). This amendment to abolish OPIC would damage the efforts of Oregon's small businesses in emerging markets overseas. In Oregon, OPIC has financed and insured projects worth $27 million. These efforts have generated over $33 million in Oregon exports. Many new jobs come through businesses that supply goods and services to projects insured or financed by OPIC, businesses like Hyster Sales Company in Tigard, Oregon, and Interwrap Industries in Portland, Oregon.

OPIC helps level the playing field for American businesses of all sizes which compete for overseas projects. OPIC offers American businesses essential risk insurance for their investments in high-risk emerging markets. It provides temporary financing for investments when private sector support is lacking.

But OPIC does all of this in a fiscally sound manner. Customers which benefit from OPIC repay the full principal amount.

I urge my colleagues to vote "no" on the Andrews amendment.

Mr. ANDREWS. Mr. Chairman, I yield 1 minute to the gentleman from Nebraska (Mr. TERRY), a very articulate freshman Member.

Mr. TERRY. Mr. Chairman, I rise in support of the Andrews amendment. I am not debating whether or not it is corporate welfare, but I want to talk about how OPIC must get its own house in order first as I lack confidence in this program.

I am going to tell my colleagues a story about a company in my district, Mid-American Energy, who has been working with OPIC, had used OPIC to build a power plant in Indonesia.

The government did a bait and switch. They put in a claim. Now they are pursuing to recover this lost investment. In May 1999, OPIC required an arbitration. Mid-American won in the United Nations Commission on International Trade Law, 3–0.

What next? OPIC said, "That's not good enough. We need you to do it again. We want you to go somewhere else for another arbitration."

When OPIC loses this time, will they change the rules again? Will they require this company to go three out of five arbitrations?

Mr. Chairman, Mid-American has followed OPIC guidelines. Now it must fulfill its obligations. I urge the support of this amendment.

Mr. MENENDEZ. Mr. Chairman, I yield the balance of my time to the gentleman from Illinois (Mr. DAVIS).

The CHAIRMAN. The gentleman from Illinois is recognized for 1 minute.

Mr. DAVIS of Illinois. Mr. Chairman, I am opposed to corporate welfare. I am opposed to giving away taxpayers' money. I am even opposed to fattening fat cats. But I am not opposed to stimulating business growth and development in sub-Saharan Africa, the poorest region of the world. I am not opposed to saying that in order to facilitate the development of opportunity in areas that unless there was some private investment, nothing would happen. And so while generally I would be on the other side of an issue like this one, but because of the need in areas of the world for business development, I find myself in opposition to this amendment because I want to see Africa have an opportunity to grow and develop, and I support investment in countries like sub-Saharan Africa. I oppose the amendment.

Mr. Chairman, I rise in strong opposition to this amendment to prohibit any funds for new projects by the Overseas Private Investment Corporation. Cutting OPIC's administrative budget will hurt our nation's 22 million small businesses who export directly or by contract to other countries.

Specifically, cutting funds would cut what little business assistance sub Saharan Africa, the poorest region of the world receives.

During this decade OPIC has increased its effectiveness in helping Africa. For instance, OPIC has currently four privately managed investment funds available to support investment in Africa. These programs focus on mining, manufacturing, broadcasting, information technology and I hope to see soon healthcare.

The point I am trying to make here is that if we cut OPIC'S budget we would hurt small business, decrease our nation's exports, and cut jobs. For the past three years, OPIC's budget has been effectively frozen. We already have this organization working on a shoestring budget.

OPIC is not a giveaway program, it is not a subsidy and it is not general assistance. It is not corporate welfare. This is an investment and I might add, an investment that is paying off. OPIC projects have generated $58 billion in U.S. exports and created more than 237,000 U.S. jobs.

I must confess that I am at a loss to understand how or why we would want to cut funding for an effort that is producing results, and effectively carrying out its mission. Why would you cut the budget on an agency whose budget is funded from user fees? Why prevent new investments? Why eliminate $9 billion in trade and investment in sub Saharan Africa? Why eliminate $4 billion in hurricane rebuilding resources in Central America and the Caribbean? Why undercut private sector rebuilding initiatives for the war torn Balkans? There is no reason to, and there is no reason to support this amendment.

Mr. Chairman, I have always been told, if it ain't broke, don't fix it!

OPIC is not broke, let's not try to fix it.

Mr. ANDREWS. Mr. Chairman, I yield myself the balance of my time. I appreciate the opportunity to summarize our point of view in the debate. I share with my friend from Illinois a real desire to develop Africa and other less developed areas. I just think we should do it openly and directly and not through the Trojan horse of corporate welfare which I believe is what OPIC is.

Here is what OPIC really says. If someone wants to build a plant or a factory in New Jersey or Oregon or Texas, they are on their own, they have to go to a bank and take a risk and borrow the money themselves. But if they want to build the plant in a foreign country, another continent, then the United States taxpayers, if they are big enough and powerful enough, will have to reach into our pockets and subsidize it. The idea of us subsidizing these operations is wrong.

Let us end corporate welfare as we know it and support this amendment.

Mr. CALLAHAN. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, let me say that I know the distinguished gentleman from New Jersey is well-intended in his beliefs, but I do believe him to be absolutely wrong.

He mentioned the fact that plants have already spent their own money in his home State without government assistance, which is wrong to begin with, but the plants that are already there, like AT&T, like Berger International, like Schick, like Johnson & Johnson, Nabisco, Squibb and Ingersoll-Rand are all using OPIC, and I am sure that the thousands of employees who are benefitting from the fact that they are exporting the products could probably convince their fellow New Jerseyan that he was making a mistake.

The same with the gentleman from Alabama who stood up and talked about it. Yet in his hometown of Birmingham, Alabama, Mr. Chairman, they utilize OPIC more than any other city in the entire State. But the good thing about that is they ship those products through the port of Mobile and enhance the ability of the people in my district to benefit from exporting these products.

They say OPIC is not really making any money and how the books say that, but OPIC is making $200 million a year, period. That is the fact. They are not losing money. It is true that when our countries go now into a foreign country, they are on a levelized playing field with all of the other industrialized nations because all of the other nations have similar programs. These are insurance programs that for the most part insure that if the government expropriates all of the properties there, that OPIC, the United States of America, will guarantee payment to the bank from which most of this money comes from for their guarantees.

This is not corporate welfare. This is a sensible export program that is vital to American industry. I would urge my colleagues to vote "no" on the Andrews amendment.

PARLIAMENTARY INQUIRY

Mr. CALLAHAN. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CALLAHAN. Mr. Chairman, is it the Chair's understanding that after this vote, there will be no more votes tonight, that the rest of the amendments that we debate tonight will be carried over until tomorrow so that this would be the last vote of the night?

The CHAIRMAN. The gentleman is correct. Under the rule the Chair has the authority to postpone votes on amendment and intends to do so after the vote on the Andrews amendment.

Mr. CALLAHAN. Mr. Chairman, I would urge my colleagues to vote "no" on this last amendment.

Mr. FRELINGHUYSEN. Mr. Chairman, I rise today in opposition to the Andrews amendment and in support of the Overseas Private Investment Corporation, or OPIC.

Let me tell you what OPIC has meant to companies, large and small, in my state of New Jersey. With the help of risk insurance provided by OPIC since the program began, New Jersey companies have generated $3 billion in exports which supported 10,000 jobs.

I hope my colleague from New Jersey will take note of the companies from New Jersey who needed OPIC insurance in order to sell their products abroad and thus support jobs here at home in our state of New Jersey.

Many New Jersey companies have benefited from OPIC financing and insurance. They include, among others, Copelco Capital of Mahwah, Croll Reynolds Co. of Westfield; Engelhard Pollution Control of Iselin; Guest Supply Inc. of Monmouth Junction; H.W. Baker Linen Co. of Mahwah; Ingersoll-Dresser Pump Co. of Liberty Corner; Ingersoll-Rand of Woodcliff Lake, ITT of Midland Park; Maersk Inc. of Madison; Regal International of Closter.

And what have these companies been able to do with OPIC Insurance? Let's just talk about some of the small New Jersey companies that have benefited. Misco America from Holmdel supplied products for a project in Ethiopia; Casale Industries from Garwood was involved in an electrical service project in Turkey; GÁR International from Red Bank was a supplier for the privatization of a copper mine in Peru.

So, again, I hope my colleague from New Jersey takes note of the importance of OPIC to New Jersey companies, large and small, and their employees.

OPIC is a key component in our efforts to open up markets all over the globe to U.S. products and services.

Again, Mr. Chairman, I urge my colleagues to oppose this amendment and support OPIC.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. ANDREWS).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ANDREWS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 103, noes 315, not voting 15, as follows:

[Roll No. 359]

AYES—103

Andrews
Archer
Armey
Bachus
Baldwin
Barcia
Barr
Barrett (WI)
Bartlett
Bass
Berkley
Bono
Brown (OH)
Burton
Campbell
Cannon
Chabot
Chenoweth
Coble
Coburn
Collins
Condit
Cox
Crane
DeFazio
DeMint
Dickey
Doolittle
Duncan
Ehrlich
Evans
Farr
Fletcher
Goode
Goodlatte
Graham
Hayworth
Hefley
Herger
Hilleary
Hinchey
Hobson
Hoekstra
Holden
Hostettler
Hunter
Jones (NC)
Kanjorski
Kaptur
Kasich
Kingston
Kucinich
Largent
Linder
Lipinski
LoBiondo
Luther
McInnis
McIntosh
McIntyre
McKinney
Metcalf
Mica
Miller (FL)
Miller, George
Myrick
Nadler
Norwood
Obey
Pascrell
Paul
Pease
Peterson (MN)
Petri
Pombo
Ramstad
Rangel
Rivers
Rogan
Rohrabacher
Royce
Ryun (KS)
Salmon
Sanders
Sanford
Schaffer
Sensenbrenner
Shadegg
Smith (MI)
Souder
Stark
Stearns
Strickland
Stupak
Sununu
Tancredo
Terry
Tierney
Toomey
Traficant
Visclosky
Wamp
Woolsey

NOES—315

Ackerman
Aderholt
Allen
Baird
Baker
Baldacci
Ballenger
Barrett (NE)
Barton
Bateman
Becerra
Bentsen
Bereuter
Berman
Berry
Biggert
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Bryant
Burr
Buyer
Callahan
Calvert
Camp
Canady
Capps
Capuano
Cardin
Carson
Castle
Chambliss
Clay
Clayton
Clement
Clyburn
Combest
Conyers
Cook
Costello
Coyne
Cramer
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeGette
Delahunt
DeLauro
DeLay
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dreier
Dunn
Edwards
Ehlers
Emerson
Engel
English
Eshoo
Etheridge
Everett
Ewing
Fattah
Filner
Foley
Forbes
Ford
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodling
Gordon
Goss
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hill (IN)
Hill (MT)
Hilliard
Hinojosa
Hoeffel
Holt
Hooley
Horn
Houghton
Hoyer
Hulshof
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Johnson, Sam
Jones (OH)
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kleczka
Klink
Knollenberg
Kolbe
Kuykendall
LaFalce
LaHood
Lampson
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McKeon
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, Gary
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Napolitano
Neal
Nethercutt
Ney
Northup
Nussle
Oberstar
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pastor
Payne
Pelosi
Phelps
Pickering
Pickett
Pitts
Pomeroy
Porter
Portman
Price (NC)
Quinn
Radanovich
Rahall
Regula
Reynolds
Riley
Rodriguez
Roemer
Rogers
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Rush
Ryan (WI)
Sabo
Sanchez
Sandlin
Sawyer
Saxton
Schakowsky
Scott
Serrano
Sessions
Shaw
Shays
Sherman
Shimkus
Shows
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Spence
Spratt
Stabenow
Stenholm
Stump
Sweeney
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Towns
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Vitter
Walden
Walsh
Waters
Watkins
Watt (NC)
Watts (OK)
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—15

Abercrombie
Bilbray
Cooksey
Frank (MA)
Gephardt
Hall (OH)
Lantos
McDermott
Peterson (PA)
Pryce (OH)
Reyes
Scarborough
Sherwood
Shuster
Waxman

□ 2028

Mr. WATKINS and Mr. EVERETT changed their vote from "aye" to "no."

Mr. FLETCHER changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Stated against:

Mr. SHERWOOD. Mr. Chairman, on rollcall No. 359 I was inadvertently detained. Had I been present, I would have voted "no."

□ 2030

Mr. CALLAHAN. Mr. Chairman, I move to strike the last word in order to enter into a colloquy with the gentleman from Georgia (Mr. DEAL).

Mr. Chairman, the gentleman from Georgia has a very serious problem that he brought to the attention of the committee. When we went to the Committee on Rules, we found that probably it would be better suited in the bill of the gentleman from Kentucky (Mr. ROGERS) which is to come up later on this week.

In any event, the seriousness of the problem in Georgia actually impacts all others. I thought that we could enter into this colloquy with the gentleman from Georgia (Mr. DEAL) so that he might explain the problem, so in the event that the measure cannot be handled successfully in the Commerce, State, Justice bill, that we may consider it in conference.

I would like yield to the gentleman from Georgia (Mr. DEAL) to explain the problem and his request.

Mr. DEAL of Georgia. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from Georgia.

Mr. DEAL of Georgia. Mr. Chairman, as the chairman indicated, we have a serious problem in this country with regard to individuals who are noncitizens who have been arrested for serious felonies and have been ordered deported.

They are then in the custody of the Immigration and Naturalization Service pending the acceptance back by their country of their citizenship. Unfortunately, we have many countries, well over 100 countries now, who have either refused to accept their citizens back or are unduly delaying the process of accepting them back, over 3,300 people, and we are adding approximately 60 every month to this list. These are individuals who are having to be detained in our Federal detention facilities at a cost of about $67 a day, and the cost on an annual basis is somewhere in the neighborhood of about $80 million.

My amendment would have addressed that by simply saying to those nations, many of whom do receive assistance under this particular bill, that they would not be able to receive that assistance unless they cooperated, which is the responsibility and the comity of nations to accept your citizens back once they have been ordered deported from another country, and that that would be a condition for their receiving assistance under this bill.

As the chairman has indicated, unfortunately, we did not receive the waiver from the Committee on Rules, but it is a serious problem, not only in my district, but in many other parts of the country. We cannot criticize the INS for not issuing deportation orders when we run into the problems of these over 100 countries who refuse to cooperate with that deportation process.

I want to thank the chairman for his cooperation in making the matter a matter before the House tonight. I appreciate his cooperation and look forward to working with the gentleman as we approach the Commerce, Justice and State appropriation, as hopefully we can find wording that will address the issue there. I also appreciate his willingness that if we are not successful there, to continue to work with us to find a solution.

I think the American people expect when we order a person deported, that their country will accept them back, and, if they do not, that they should not expect to receive foreign aid at the same time they are costing the American taxpayers over $80 million a year.

Mr. CALLAHAN. Mr. Chairman, reclaiming my time, I would also say I believe this is the law of the land anyway. It is my understanding we are just not adequately enforcing it; that the State Department and the Justice Department have the authority already to enforce this, and yet they are failing to do so. It is an issue that needs to be addressed by this Congress, and I am very appreciative of the gentleman from Georgia for bringing it to our attention.

AMENDMENT OFFERED BY MR. BURTON

Mr. BURTON of Indiana. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. BURTON of Indiana:

Page 116, after line 5, insert the following:

SEC. . Of the funds appropriated or otherwise made available in this Act in title II under the heading "DEVELOPMENT ASSISTANCE", not more than $33,500,000 may be made available to the Government of India.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 29, 1999, the gentleman from Indiana (Mr. BURTON), and a Member opposed each will control 25 minutes.

Mr. CALLAHAN. Mr. Chairman, I rise in opposition to the Burton amendment and claim all time in opposition to the Burton amendment.

The CHAIRMAN. The gentleman from Alabama (Mr. CALLAHAN) will control 25 minutes.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent to yield half of the time allocated to me to the gentlewoman from California (Ms. PELOSI), and that she be allowed to control said time.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Ms. PELOSI. Mr. Chairman, I thank the distinguished gentleman for yielding me time.

Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from New York (Mr. ACKERMAN), and that he be allowed to control said time.

The CHAIRMAN. Is there objection to the request of the gentlewoman from California?

There was no objection.

The CHAIRMAN. The gentleman from Indiana (Mr. BURTON) is recognized.

Mr. BURTON of Indiana. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, our foreign policy in our country has been concerned about human rights violations around the world for a long time. However, Mr. Chairman, we have been concerned about human rights around the world on a very selective basis in this country.

Recently we were in Yugoslavia, in Kosovo, trying to help the people who were being persecuted on both sides, and there were about 10,000 deaths in Kosovo. In Haiti, we sent in our troops a few years ago, and there were only a few hundred people killed, and it cost us probably several hundred million dollars to have our troops down there, but we thought it was a good cause in this country. Yet in places like the Sudan, where 2 million people have been killed, 2 million, in the struggle for freedom, we have not done a thing. Our role is almost nonexistent.

In other parts of Africa, Rwanda, Burundi and Burma, where thousands and thousands, hundreds of thousands of people have been killed, we have not done a thing. We do not even talk about it.

In a place called Kashmir, where there are half a million Indian troops occupying that area, women are being gang raped and men are being tortured and killed. Amnesty International calls the policy of the Indian government "An official policy sanctioning extrajudicial killings," and we do not even talk about it.

In Punjab, since 1984, the last 14 to 15 years, a quarter of a million, 250,000 Sikhs, have been killed, not to mention those who have been tortured and maimed. In Kashmir, since 1988, a mere 10 years ago, 60,000 Muslims have been killed. Thousands of so-called untouchables, Dalits, the blacks in India, have been killed.

As result of some of these problems, there is a conflict going on on the border between India and Pakistan that could lead to a real problem for that part of the world, and, yes, the whole world itself, because both of those countries have nuclear weapons. According to our own State Department, India paid over 41,000 cash bounties to police for killing innocent Sikhs between 1991 and 1993. In July of 1998, police picked up Kashmir Sing, a man in Punjab. They said they arrested him for theft. Then they tortured him for 15 days. They rolled logs over his legs so he could not walk. They submerged him in a tub of water and slashed his thighs with razor blades and put hot peppers into the wounds.

Sikhs are routinely found floating dead in canals with their hands and feet bound together. One thousand cases of unidentified bodies were cremated not too long ago by the military.

Of course, I talked to you about the Muslim persecution in Kashmir where there are 500,000 troops. Women are gang raped while their husbands are forced to wait outside at gun point. The Christian persecution, since Christmas Day of 1998, there has been a wave of attacks on Christian churches, prayer halls, schools, including the murder of priests, one of which was beheaded.

Our State department agrees. They said, "There was a sharp increase in attacks against Christians just last year." Some of the things that are going on I cannot even talk about. They parade Dalit women, the blacks, around naked, and they are gang raped as well in many cases.

The State Department report on page 22 says, "The Human Rights Commission is prohibited by statute from directly investigating allegations of abuse involving army and paramilitary forces." They are talking about the Human Rights Commission in India. They are specifically prohibited by statute from directly investigating allegations of abuse involving the army and paramilitary forces.

The human rights organizations around the world, such as Human Rights Watch says, "Despite government claims that normalcy has returned to Kashmir, Indian troops in the state continue to carry out summary executions, disappearances, rape and torture." This report was written in July of 1999, this year.

Methods of torture include severe beatings with truncheons, rolling a heavy log on the legs, hanging the detainee upside down, and the use of electric shocks. Indian security forces have raped women in Kashmir during search operations.

I can go on and on.

Amnesty International, another human rights group says, "Torture, including rape and ill-treatment continue to be endemic throughout the country." This is in their annual report, 1999. "Disappearances continue to be reported during the year, predominantly in Punjab and Kashmir," 1999. "Hundreds of extrajudicial killings and executions were reported in many states, including Kashmir and Punjab," 1999, this year.

I talk about this year after year after year. My colleagues who defend India's government policies keep coming down saying, "Oh, well, it is a big country, the second biggest in the world. We have to keep those economic doors open. We have got to make sure that we do business with them."

Well, okay, let us do business with them, but let us at least send them a signal, send a little-bitty signal to them that these kinds of atrocities cannot be tolerated, should not be tolerated. $11 million cut from our foreign aid to India is a drop in the bucket. They are getting foreign aid from all over the world. So if we cut them by a mere $11 million, one-fourth of the developmental aid we are going to give them, to send a little signal that they should stop these human rights abuses, is that wrong? I think not.

But if the persecution of these people were not enough, let me talk to you about something else, something that I think is extremely important that we have not talked about for a while.

Last week, my colleagues who support these atrocities in India by not sending them a signal, last week the Indian oil minister attempted to circumvent the United Nations embargo on Iraq by extending a $25 million loan to Iraq in a deal that knowingly violated, or were going to knowingly violate the U.N. trade sanctions imposed on Iraq for invading Kuwait in 1990. It was not until international pressure was put on India that they reluctantly bowed and complied with the U.N. rules governing these transactions.

India's minister of oil and gas said, granted his agreement would violate U.N. sanctions, but he said his country would never allow a friend like Iraq to suffer. He went on to say India is deeply concerned about the situation in Iraq, adding that the Indian government would offer Iraq all the political, material, and moral support that they needed.

India also wants to help Iraq rehabilitate some Iraqi oil refineries and a lubricant oil plant. India and Iraqi officials have said they would like to soon sign a contract to develop two oil fields in southern Iraq.

So India wants to help one of the worst tyrannical regimes in the world, Saddam Hussein's, at a time when we are participating in a U.N. embargo. And we are going to continue to send the same amount of foreign aid or almost the same amount. We are not going to send any signal about the human rights violations or about them breaking this embargo, or wanting to break this embargo, about their intention to work with Saddam Hussein to develop the oil fields in southern Iraq? And I say to my colleagues, do you not want to say anything about this? Do you not want to send any kind of a signal to India?

Eleven million dollars is a drop in the bucket, but it will tell the whole world that the United States is paying attention to the horrible human rights abuses that are taking place, the atrocities that are taking place, the killings that are taking place, and, yes, the violations of the U.N. embargo that they want to take place.

□ 2045

So I would say to my colleagues, who I know have their minds already made up and who are going to be out here en masse tonight opposing this amendment, have a heart. Show a little bit of heart for these people who are suffering over there. Because unless we say something, nobody will.

Mr. Chairman, I reserve the balance of my time.

Mr. CALLAHAN. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I wish to point out to Members and to the author of the amendment that the intent of his amendment is unclear. The amendment places a ceiling of $33.5 million on the amount of development assistance aid available to the government of India. However, the President's fiscal year 2000 budget request for all development assistance to India, including both aid to the government and aid directly to nongovernmental organizations, is only $28.7 million. In fact, about 85 percent of all aid funding to India goes through NGOs, not the government.

Therefore, the amendment of the gentleman from Indiana (Mr. BURTON) would actually allow considerably more funding to the government of India than the President, the Secretary of State, USAID, and the committee is recommending. I do not think it was the intent of the gentleman from Indiana to increase funding for India, but based upon the reading of his amendment, it appears to me that it raises the level of assistance to India and he may want to withdraw it.

Mr. ACKERMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. BERMAN).

Mr. BERMAN. Mr. Chairman, I rise in strong opposition to the Burton amendment.

Cutting development assistance for India at this time would be totally counterproductive because it would undermine U.S.-India relations just when we're starting to make some real progress.

India showed great restraint in the recent Kashmir crisis, and the Indian government has made a strong commitment to resuming bilateral discussions with Pakistan as soon as all militants have withdrawn behind the Line of Control.

India has also indicated that signing the Comprehensive Test Ban Treaty will be a high priority.

On both counts, India is moving in a direction that's totally consistent with U.S. security interests in South Asia. It would be foolish to put this progress in jeopardy by cutting India's development assistance.

Mr. Chairman, human rights abuses should be taken seriously wherever they occur. India, like most countries in the world, doesn't have a perfect record.

But according to the latest State Department report on human rights practices, India is making real progress. The Indian Supreme Court has acknowledged and condemned earlier human rights abuses in Punjab, and the independent National Human Rights Commission is conducting an investigation.

The best way to improve human rights in India is to continue an open and frank dialogue, not to cut programs that limit the spread of AIDS, improve access to reproductive health services, and provide basic health care for mothers and children.

With some 500 million Indians living below the poverty line, the modest amount of assistance we provide barely scratches the surface when compared to the overall need.

But it's an important symbol of the relationship between the world's two largest democracies and it should be continued.

I urge my colleagues to defeat the amendment.

Mr. ACKERMAN. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Chairman, I thank the gentleman from New York (Mr. ACKERMAN) for yielding me this time.

Mr. Chairman, I rise in strong opposition to the Burton amendment. We have heard a variety of arguments as to why we should abandon ties with India, and frankly none of them make sense. The fact is that India, the world's largest democracy, is becoming more closely aligned with the United States and is increasingly important to us as a trading partner and a strategic partner.

Over a quarter of a million people are expected to vote in India's fall elections, free and fair elections open to every citizen of every religion of every region of every race. Think about that. A nation of 1 billion people with a free and open press practicing democracy.

This amendment sends the wrong message to the billions of people around the world who yearn for a secular stable political system, a political system in this country that our Founding Fathers believed should be based on universal freedoms. It sends the wrong message to the best allies that the United States will ever have, the world's fledgling democracies, whether they are the people of India, the people of Taiwan, or the people of Mali.

Mr. Chairman, I ask for opposition to the Burton amendment.

Mr. BURTON of Indiana. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, the gentleman from Alabama (Mr. CALLAHAN), chairman of the committee, just said that our amendment only addresses developmental assistance when he knows full well that this amendment has been proposed in years past when developmental assistance and child survival and disease assistance was lumped into one category. Today he is trying to say that if our amendment passes, that we are actually increasing money to India, when I think they are trying to come up with a straw issue here to defeat the amendment and it is very disconcerting.

Mr. CALLAHAN. Mr. Chairman, I yield myself 15 second in which to respond by simply reading the gentleman's amendment. It says "under the heading Development Assistance." The gentleman's amendment is drafted wrong. I know that is not his intent. I was telling the gentleman this to make him aware of the consequences. The amendment will actually increase the ability of the administration to increase development assistance.

Mr. ACKERMAN. Mr. Chairman, I yield 1 minute to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Mr. Chairman, I thank the gentleman from New York (Mr. ACKERMAN) for yielding me this time and for his great leadership on this issue and so many others.

Mr. Chairman, I rise in opposition to the Burton amendment which would cut aid to India. A similar resolution or amendment was defeated in 1997, and we should do so again tonight.

The last two State Department Human Rights reports praised India for the progress the country has made in the area of human rights. And in the wake of the recent Pakistani-backed incursion across the line of control into Kashmir, India has been praised by the international community for the restraint it demonstrated and for the steps it took to ensure that the situation did not escalate out of control.

The momentum gained in U.S.-India relations in recent years needs to be sustained and strengthened. It is the world's largest democracy and the world's strongest democracy should be supporting our friend and ally. I urge a "no" vote.

Mr. BURTON of Indiana. Mr. Chairman, I yield 4 minutes to the gentleman from California (Mr. ROHRABACHER).

Mr. ROHRABACHER. Mr. Chairman, I rise in support of the intent of the gentleman from Indiana (Mr. BURTON) to send a message to India. I really actually admire India. India is a very large country that was created in a period of turmoil after the decline and the dissolution of the British Empire, and India has managed over the years, with great hardship, to have some fundamentally democratic institutions; and we should all recognize that they have elections there and have struggled to have independent courts and free elections and some kind of freedom of speech.

There have been ups and downs. In fact, I believe that the American business community has made a tragic error in focussing on Communist China as being that country which would be the recipient of aid and the recipient of investment over the years, when India was there and ready and willing to be a country that could increase the standard of living of its people by industrializing and making itself more prosperous.

However, let us recognize that with that that India has made some major errors and some of them are based totally on ego. And when it comes to the Kashmir and the Punjab and Jammu, the Indian Government might as well not be a democracy. For people in those areas, India might as well be Nazi Germany. It might as well not have free elections at all, because those people are being denied their right and have been all along, especially in Kashmir, to determine their own destiny through a plebiscite that was required of them by the United Nations.

The Indian Government today has, as the gentleman from Indiana (Mr. BURTON) pointed out, hundreds of thousands of troops occupying Kashmir; and many of these troops have engaged in, as troops do when they are in hostile territory, engaged in major human rights abuses that have been documented time and again by Amnesty International. There is really no doubt.

Our own government's Human Rights department here and the State Department have documented these human rights abuses. And take a look at what is being said. The type of grotesque human rights abuses against the people of Kashmir is the very same things we saw Saddam Hussein committing and also Milosevic down there in Kosovo and against the Bosnians. These things require us to act and to treat India in a certain way to try to get them to change their behavior.

First of all, and again let me go back to, India is a democratic government. I would hope people would invest in India, and I hope that the United States has closer ties to India in the future. Nothing would make that more likely than for them to seek peace in Kashmir by permitting the people there to have a vote of plebiscite which India, because of ego, continues to say no, no, no. And as long as that happens, India will be spending tens of millions if not hundreds of millions of dollars on weapons.

Mr. Chairman, think of this. Today we are only talking about decreasing the foreign aid to India by $11 million, when the Indians themselves are spending hundreds of millions on conventional weapons and at least tens of millions, probably hundreds of millions, on nuclear weapons as well. That makes no sense at all for us to be subsidizing the weapons program of India. Instead, we should be sending this message to convince them to solve this long-festering problem in Kashmir and permit some of the democratic reforms to take place in Punjab and Jammu.

This would be a very positive message for us to send for only an $11 million reduction. I would hope that my colleagues join me. I am sorry if there has been some kind of a drafting problem with this amendment, and I would hope that the gentleman from Indiana is permitted to solve that drafting problem here on the floor with some minor alteration of the text.

Mr. Chairman, I ask support for the intent of the gentleman from Indiana (Mr. BURTON).

Mr. CALLAHAN. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan (Mr. KNOLLENBERG), who is a member of our subcommittee.

Mr. KNOLLENBERG. Mr. Chairman, I thank the gentleman from Alabama (Mr. CALLAHAN) for yielding me this time.

Mr. Chairman, I rise in strong opposition to the amendment offered by the gentleman from Indiana (Mr. BURTON) as I have done for the last 5 years or so.

In light of the heightened tensions in Kashmir, the Burton amendment is the wrong approach at the wrong time. The gentleman from Alabama has mentioned the NGO situation. That is aside from some of the things that I want to say. It is important, obviously, but I want to say this amendment will have the inappropriate and ill-considered effect of ostracizing India at a critical point in the ongoing conflict over Kashmir.

Mr. Chairman, instead of risking further tension in the region, the United States should be actively engaged in promoting peace in the subcontinent of Asia. While the eventual resolution of the Kashmir conflict must be resolved bilaterally between India and Pakistan, the United States has an interest in facilitating meaningful negotiations between the parties. In fact, I believe so strongly in bringing peace to this region, that I have encouraged the administration to appoint a special envoy to serve as an honest broker to the conflict.

But in order to help bring a framework for peace, the U.S. must come to the table with clean hands. Supporting the Burton amendment would put the recent progress in relations between India and America at risk. Over the past year, we have seen increased dialogue on nuclear nonproliferation, a better understanding of India's security concerns, and an increase in U.S.-India trade and investment. This improvement in U.S.-India relations should be sustained and strengthened, not put at risk.

In order to address concerns we may have about India, it is important to focus on fostering a positive and constructive dialogue. This amendment would do the exact opposite by risking the progress we have made.

Mr. Chairman, I urge my colleagues on both sides to vote against the Burton amendment and in support of peace in Kashmir and engagement with India.

Mr. ACKERMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina (Mr. PRICE).

Mr. PRICE of North Carolina. Mr. Chairman, I rise in strong opposition to the Burton amendment and ask permission to include the full text of my remarks in the RECORD.

Mr. Chairman, I rise again this year to oppose the Burton amendment which would unfairly and unwisely cut foreign assistance to India. As this body has done repeatedly in the past, I urge my colleagues to reject this amendment.

Adoption of this amendment would send the wrong message at the wrong time. We have recently witnessed the de-escalation of a dangerous confrontation between the world's two newest nuclear powers, India and Pakistan. Rather than praising India for the restraint it demonstrated during the recent situation in

Jammu and Kashmir, the Burton amendment would rebuff India and, in targeting humanitarian aid, would punish the poorest and neediest people in a country where 500 million live below the poverty line.

We are all aware of tensions in our relationship with India because of the nuclear tests fourteen months ago. Over the past year, however, we have made significant progress in intense bilateral talks between the United States and India. India has expressed readiness to cooperate in developing a multilateral agreement to halt production of fissile materials and to sign the Comprehensive Test Ban Treaty. We need to be encouraging this sort of progress. The Burton amendment could stop it cold.

India has made significant progress in liberalizing her economy and increasing trade and investment. The momentum created by these reforms would also be impeded by passage of the Burton amendment. United States businesses are India's number one overseas investor. Some 107 Fortune 500 countries are currently invested in India, and United States high tech firms see India as one of the world's most important developing markets.

Mr. Chairman, the United States must work with India to limit the proliferation of nuclear weapons, to address the security concerns of the region, and to safeguard the progress that has been made in protecting human rights. This amendment would not merely affect the level of assistance, which is already extremely limited, but far more significantly, would stigmatize India at precisely the moment we need most to build trust. I urge my colleagues to vote no on this amendment.

Mr. ACKERMAN. Mr. Chairman, I yield such time as she may consume to the gentlewoman from North Carolina (Mrs. CLAYTON).

Mrs. CLAYTON. Mr. Chairman, I rise in opposition to the Burton amendment.

Mr. Chairman, I oppose the Burton amendment.

This amendment, whether it freezes, cuts, or caps foreign assistance to India, is a step in the wrong direction.

India's Government is moving in the right direction, at a rapid pace to strengthen its ties with the United States and the world.

The economic and diplomatic relationship between the United States, the world's oldest democracy, and India, the world's largest democracy, would receive a harmful blow with successful passage of this amendment.

Mr. Chairman, the Government of India has been on a constant pace of change since 1991.

Indeed, the most recent State Department human rights reports praised India for the substantial progress it has made.

India has established a process to receive and resolve complaints of human rights violations.

Those complaints are investigated.

And when officials and members of security forces are found to have violated human rights, India has taken swift and sure action.

Indeed, the human rights violations that Mr. BURTON alleges, no longer exist.

India is a strong and vibrant democracy, with an independent judiciary, a free press and an active voting population.

More than 650 million citizens are expected to vote in India's elections later this year.

There is no other nation that can boast of voter participation by that many citizens, and few that can match India's voter turnout which ranges around two-thirds of its voters.

And, there is no other nation that can boast of its economic ties to the United States in comparison to India.

U.S. business in India has grown at an astonishing rate of nearly 50 percent a year since 1991, from $500 million then, to more than $12 billion now, with the United States becoming India's largest trading partner and largest investor.

Some one hundred of America's Fortune 500 companies have invested in India, opened offices and plants there.

With so many large American companies that have now invested in India and opened operations there, it would be foolish to break those ties, ties that we have so diligently strived to assemble.

It is false and misdirected to say that India is not our friend.

I would remind my colleagues, Mr. Chairman, that our Government and the Government of India have negotiated on very sensitive matters of disarmament and non-proliferation.

Serious efforts have been made by our two countries to find common ground on these important security issues.

Any action by the United States to stigmatize India on inaccurate human rights allegations will likely complicate our efforts to create a lasting and meaningful friendship in a very dangerous part of the World.

It should also be noted that the aid we provide to India goes for very important projects. The aid we provide to India goes to the control of AIDS, to population control, disease control and rural development.

These are important and worthy causes, causes that not only benefits India, they benefit us and the rest of the world.

In 1997, we overwhelmingly defeated this amendment by a vote of 342 to 82.

We took the right position then, and we should take the right position now.

Mr. Chairman, let us as Members of Congress not view the Government of India as being callous to alleged human rights violations.

India has made great strides in their battle to bring together diverse states within its Region.

Vote NO! on the Burton Amendment.

Mr. ACKERMAN. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Texas (Ms. JACKSON-LEE.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise in strong opposition to the Burton amendment.

Mr. ACKERMAN. Mr. Chairman, I yield 1½ minutes to the gentleman from New Jersey (Mr. PALLONE).

Mr. PALLONE. Mr. Chairman, I just find it so sad to listen to my colleagues in support of this Burton amendment spread inaccurate information about India which has tried so hard to deal effectively with human rights problems within the country.

The true human rights problem in Kashmir is that of a violent separatist movement supported by outsiders, supported by Pakistan, carried out by the followers of bin Laden and other extremist terrorist leaders destroying the homes and lives of thousands of peace-loving Hindus and Muslims.

In Kashmir, and Kashmir is part of India, the Indian security forces are trying to maintain order and protect all the citizens of Kashmir, Muslims and Hindu alike, just like we would do in any State of the United States.

I heard mention of Punjab. In Punjab, there is a Sikh government elected by the Sikhs themselves which has been in place for over 2½ years.

Mr. Chairman, I heard mention of Dalits. The President of India is a Dalit, an untouchable. The President of India. The Indian Constitution specifically provides that the caste system is outlawed and not recognized in that state.

□ 2100

We have a national human rights commission in India that has been lauded by the State Department and other international agencies for going after human rights violations, bringing people to justice, jailing people who committed those kinds of violations.

The gentleman from Indiana (Mr. BURTON) talked about a loan to Iraq. The loan to Iraq, from what we understand, we have talked to the embassy, is nothing more than basically for humanitarian purposes. It is just totally inaccurate information that we are getting on the other side.

Mr. BURTON of Indiana. Mr. Chairman, I yield myself such time as I may consume.

Inaccurate information. Human Rights Watch. My colleagues, I hear them quoting from them all the time. Amnesty International, I hear my colleagues quoting them all the time. They quote them all the time. They sit over there, and they smile and they laugh.

Amnesty International Human Rights Watch, the 1999 report that just came out, 1999 report: gang raping women, gang raping women, torturing people, throwing people in canals with their hands tied behind their back and their feet tied, drowning them; and that is an error? Come on, guys.

My colleagues are obviously concerned about constituents of theirs who lobby them hard. I understand that. But the fact of the matter is these things are going on, and we are not doing a damn thing about it.

Mr. Chairman, I reserve the balance of my time.

Mr. CALLAHAN. Mr. Chairman, I yield 1 minute to the gentleman from Nebraska (Mr. BEREUTER), who is chairman of the Subcommittee on Asia and the Pacific.

Mr. BEREUTER. Mr. Chairman, I rise in opposition to the amendment.

The amendment, according to the intent of the gentleman from Indiana (Mr. BURTON), would cut one-quarter of the development assistance aid to India. This would affect, of course, not only American national interests, but some of the neediest people in the world in South Asia.

Make no mistake about it, the purpose of the gentleman's amendment is punitive. It is designed to show our displeasure and our disapproval of the government of India. But India, a nation of a billion people, is too important to American interests to threaten or to punish in order to send a message or to show a pro-Pakistan tilt. Regrettably, despite his intent to the contrary, I have to submit that the gentleman's amendment does not serve our national interests, neither with regard to arms control nor in relationship to human rights.

It cuts off all aid except Public Law 480 Title II when it comes to humanitarian aid. Some of the most important things that we are trying to do to assist the poorest people in the world and those specifically in India in this instance would be cut off. We are talking about immunizations against communicable diseases, basic education, nutrition programs, programs relating to HIV/AIDS.

I urge opposition to the amendment of the gentleman from Indiana (Mr. BURTON).

India is already subject to a wide range of sanctions in accordance with Glenn Amendment to the Arms Export Control Act. As a result, all military assistance and even the commercial sale of defense articles are prohibited. All foreign assistance except humanitarian assistance has been terminated.

While this Amendment does not affect the $81 million in P.L. 480 Title II food aid provided by the United States, it does directly affect other kinds of humanitarian aid. Utilizing the waiver process, the remaining U.S. development aid program responds other non-food humanitarian aid which supports to two key U.S. national interests: (1) The global issues of population growth, infectious diseases and environmental conservation; and (2) the humanitarian concerns of alleviating poverty and supporting child survival.

This Amendment would directly affect these poverty alleviation and basis development programs. It would cut HIV/AIDs containment and cut immunizations against such communicable diseases as polio and tuberculosis. It would cut basic education and nutrition programs. The recipients of this aid, mostly poor Indian women and children, have absolutely nothing to do with their government's nuclear proliferation, human rights or foreign trade policies. Their lives should not be further jeopardized for the sake of making a symbolic political statement.

Our national interests in South Asia go beyond poverty alleviation. With India's and Pakistan's successful testing of nuclear weapons, it is in our own short term and long term national security interests to bring both South Asian countries into the regime of international arms control agreements. The chances for and consequences of nuclear warfare in this very volatile region are too great to belittle with symbolic political statements aimed at only party. In just the past few months, we have seen tensions escalate to a very dangerous level due to Pakistan's irresponsible provocations in Kashmir. The fact that India reacted in a relatively measured and internationally responsible way certainly helped contain and diffuse the conflict. While this Member doesnot support direct linkage between humanitarian aid and regional conflict resolution, to arbitrarily cut humanitarian assistance to India given these recent positive actions by New Delhi would, indeed, undermine the leverage we have and jeopardize our efforts to further engage India on critical nuclear proliferation issues that affect their own national security.

Human rights problems exist in India. It is appropriate for us to express concern about this issue. However, cutting humanitarian assistance is not an appropriate or effective way to influence human rights practices in India. On the contrary, it only punishes the poor in India, who unfortunately, are often the actual victims of human rights transgressions.

India is not our enemy. India is a friendly democracy. The United States continues to be India's largest trade and investment partner with trade between our two countries exceeding $10 billion annually.

Deep cuts in humanitarian assistance to some of the world's neediest people are not the way to go about addressing the gentleman's concerns and advancing American interests. Accordingly, this member urges his colleagues to reject the Burton Amendment.

Mr. ACKERMAN. Mr. Chairman, I yield 1 minute to the gentleman from Florida (Mr. HASTINGS).

Mr. HASTINGS of Florida. Mr. Chairman, I thank the ranking member for yielding me this time. This marks the fifth year that the gentleman from Indiana (Mr. Burton) has submitted an amendment that unjustly singles out India and hopefully the fifth year that we decide to vote it down.

The alleged claims of the gentleman from Indiana (Mr. BURTON) of India's human rights violations completely ignore the last two State Department human rights reports that praise India for its considerable progress in the human rights area.

Supporting the Burton amendment would not just weaken our dialogue with India but would undermine the strong economic relationship that both of our countries have achieved.

The United States is India's largest trading partner and largest investor. U.S. investment has grown from $500 million per year in 1991 to more than $12 billion in 1999. Many large American companies have seen the economic opportunities in India and have invested heavily there.

We clearly need to sustain and further strengthen the momentum that has been gained in U.S.-Indo relations, instead of proposing legislation that merely alienates an important ally.

Mr. Chairman, I rise today in opposition to the amendment offered by the gentleman from Indiana. This marks the fifth year that Mr. BURTON has submitted an amendment that unjustly singles out India, and hopefully, the fifth year that we decide to vote it down.

Mr. BURTON's alleged claims of India's human rights violations completely ignore the last two State Department human rights reports that praise India for its considerable progress in this area. The Burton amendment would substantially cut cricial U.S. humanitarian aid to India and would send the wrong message from the world's first democracy to the world's largest.

With the recent Pakistani incursion across the Line of Control into Jammu and Kashmir, India was praised by both the Administration and the International Community for the extraordinary restraint it displayed in confining its response to terrorist occupied territory. Mr. BURTON'S amendment has a peculiar way of showing our support.

The government of India has worked hard to address human rights issues. India has arrested and prosecuted more than 100 individuals associated with the recent string of religious attacks that occurred earlier this year and has passed laws to take action against those officials that have committed human rights violations. Truly, Mr. BURTON'S allegations continue to be based on outdated and inaccurate information.

Supporting the Burton amendment would not only weaken our dialogue with India but would also undermine the strong economic relationship that both of our countries have achieved. The United States is India's largest trading partner and largest investor. U.S. investment has grown from $500 million per year in 1991 to more than $12 billion in 1999. Many large American companies have seen the economic opportunities in India and have invested heavily there.

We clearly need to sustain and further strengthen the momentum that has been gained in U.S.-Indo relations. Instead of proposing legislation that merely alienates an important ally, I suggest the esteemed member from Indiana first take the time to travel to India and see its progress first-hand. Mr. Chairman, I urge all of my colleagues to help India continue its progress in spreading the ideals of democracy by voting no to the Burton amendment.

Mr. BURTON of Indiana. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just like to point out that there are seven multilateral and 13 bilateral donors that provide assistance to India.

The United States is the seventh largest donor after the World Bank, the Asian Development Bank, the European Union, Japan, Germany, and the United Kingdom.

So there is a lot of people that are giving money to India. But nobody is sending any kind of a message to them that they ought to clean up their act as far as the human rights tragedies that are going on.

Christians are dying in Nagaland. Dalits, the blacks in India, are being persecuted and are dying because of Indian repression, because of the caste system. In Punjab, Sikhs are dying and being tortured. In Kashmir, women are being gang raped and men are being tortured and dying. People are going to jail without proper judicial proceedings.

We ought to at least send a signal. That is all we are saying. They are getting money from all over the world. A signal. The signal is going to be sent tonight whether we pass this amendment or not because we are talking about it.

The Indian ambassador came to me and did not want me to introduce this amendment because of what is going on over there right now. But somebody said to me a little while ago, what about the signal this is sending because of the chaotic situation that is going on up there on the border between Kashmir and Pakistan or India and Pakistan?

But what about the signal that was sent when they were going to give $25 million to Iraq just the other day? When the Indian ambassador was in my office, they were planning to give $25 million to Iraq in violation of the U.N. embargo. Does not anybody care about that?

Do we want them to support and work with Saddam Hussein? They said they are planning to work with him in developing oil fields in southern Iraq. Saddam Hussein has not changed. He is a terror to that entire region. He is a blot on the world. India says they want to help them, and we are not going to send a signal? Let alone the human rights violations.

Mr. Chairman, I reserve the balance of my time.

Mr. CALLAHAN. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. GILMAN), the chairman of the Committee on International Relations.

Mr. GILMAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Indiana (Mr. BURTON), cutting development assistance to India.

Democratic India is in a tough neighborhood. China occupies Tibet to India's north. China sells nuclear and ballistic technology to Pakistan on India's west, and China has sold over $1 billion worth of arms to the drug-running Burmese military junta to India east. Our Nation should be strongly supporting India, the only truly democratic nation of the subcontinent.

Passage of the Burton amendment would undercut our strategic goals of supporting peace and stability through the promotion of democratic governments in the region.

In regards to the point of the gentleman from Indiana (Mr. BURTON) that India will enter into a commercial arrangement with Iraq, I received information from the State Department that the Indian ministry of external affairs has issued a statement that India will only enter into contracts approved by the U.N. sanctions committee on Iraq.

Accordingly, I urge my colleagues to vote against the Burton amendment.

Mr. ACKERMAN. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Chairman, I want to thank the gentleman for yielding me this time.

India is the world's largest democracy, and I agree that she is not a perfect nation. But I really do not know any perfect nations.

India is a young democracy, much younger than our very own. We still have problems with human rights in America. But India is moving, moving positively and progressively to try and overcome some of the difficulties of a country that has been colonized, a country steeped in poverty, a country that is seeking, working, struggling to overcome. Let us not take them back. Let us help them, not hurt them.

There is an old African proverb that says "When elephants fight, the grass gets hurt." Well, India will be hurt, 950 million of them. Let us help them, not hurt them.

Mr. Chairman, I rise in support of India and against the Burton amendment.

Today, India is the world's largest democracy with 950 million people. For half a century India has struggled to overcome colonialism, religious and ethnic conflicts and all of the problems of underdevelopment.

India has made tremendous progress in trying to address its human rights problems. India has instituted a process to receive complaints, initiate investigations of all claims, and passed laws to take action against those officials and members of security forces that have committed human rights offenses. The Burton amendment would eliminate U.S. assistance to help sustain these achievements.

Mr. Chairman, I know that India is not a perfect country. However, and perhaps unfortunately, there are none, or at the very least, none that I am aware of. Even in our own country, one whose democracy is much older, one that is more technologically advanced, we are still trying to form a more perfect union and so is India.

So why, why reduce or cut funding to the world's largest democracy? Why cut funds to a nation that is working hard and struggling to pull itself out of the depths of poverty and despair? Why cut back and or cut out the progress that is being made? W.E.B. Dubois is reported to have once said, when asked about the lack of progress being made by African Americans towards becoming a part of mainstream America, Dubois is reported to have said that "a people so deprived should not be expected to race with the wind," perhaps one could say that a young democracy like India should not be expected to progress at a much faster pace.

They are making progress in the human rights arena, but have not quite gotten there yet. They are moving in the right direction and I say, let's help and not hinder them, let us support and not oppose them, let us fund and not cut them.

Mr. Chairman, I have lived long enough to understand the African proverb that says when elephants fight it is the grass that suffers, in this case it is the people, 950 million of them. Today let us make a stand for the 950 million people who need our help.

Vote "No" on the Burton amendment and "Yes" for people of India.

Mr. CALLAHAN. Mr. Chairman, I yield 1½ minutes to the gentleman from Florida (Mr. MCCOLLUM).

Mr. McCOLLUM. Mr. Chairman, I rise to oppose the Burton amendment this evening, as I have done several times over. A very similar amendment to make the same type of point was defeated in 1997 by a vote of 82 to 342 in this House, and I would hope that this amendment would be defeated by a similarly wide margin.

The reason I feel this way and so strongly is because it is our national security interest for the United States to have a strong relationship with India.

We do not need to be showing the kind of vote that a vote for this amendment would do right now when we are having the best relationships we have ever had with India in the entire history of the two countries; at a time when India is sharing a common fight with us against terrorism, terrorism spawned by radical Islamists in that region of the world which do terrorist acts, not only in India, but all over the world, and particularly against our interests in many parts and maybe against us ourselves; at a time when China is a growing presence that we are not quite sure of and India provides a democratic ballast in that part of the world; at a time when India has just rebuffed the Pakistani incursion across the line of control in Kashmir and, under very extreme pressure of invasion, did the right thing and limited itself in restraint and, in the end, prevailed. I think this is a time to reward India, not to attack it.

I personally have spoken with the Indian ambassador within the past week, and I am very aware that the activity level involving the question of the aid to Iraq is fully within the United Nations' parameters.

There is nothing involved about human rights that has not been hashed over before. The reality is, yes, there are human rights violations; but the reality is our State Department says it is improving, and it says so in its most current report.

Mr. ACKERMAN. Mr. Chairman, I yield 30 seconds to the gentleman from New Jersey (Mr. ANDREWS).

Mr. ANDREWS. Mr. Chairman, I rise in opposition to the Burton amendment. There is no higher priority in U.S. foreign policy than checking the potential of aggression by the People's Republic of China. There is no greater interest in checking that potential aggression than the promotion of a stable, secure, and democratic India.

As the gentleman from Illinois (Mr. DAVIS) just said, no, India is not perfect. No one is. But India is essential to the future long-term interests of the United States.

This amendment takes us in the wrong direction. It should be defeated.

Mr. BURTON of Indiana. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the logic of some of the arguments tonight kind of eludes me. One of my colleagues was talking about India being such an essential ingredient in world peace and, for that reason, we ought to do everything we can to work with them.

The logic that we have used with China is that China is so big, and they are a nuclear power, we have to stay engaged with them. We cannot criticize them. We cannot do anything but appease them because it might lead to a conflict down the road. As a result, we accept things like nuclear espionage; we accept things like illegal campaign contributions coming to the United States.

Attitudes of appeasement usually do not lead to a solution. They lead to a conflict. We saw that in World War II when Lord Chamberlain went to Munich.

All I can say is we are not talking about destabilizing or causing a problem in India right now. What we are talking about is sending a message to them. We are talking about sending a message to them that human rights violations, that gang rapes by Indian soldiers who are occupying, imposing martial law on Kashmir and Punjab will not be tolerated.

I am not saying sever relations with India. I am not saying that we should not do business with India, trade with India. I am saying we should send them a strong signal like we should send to China. We do not want espionage from China. We do not want them stealing our nuclear secrets in our nuclear labs. We do not want them trying to influence our elections, like we do not try to influence theirs. We do not want India to violate human rights, or China.

So we should send signals to those countries around the world where that occurs. We are supposedly the superpower. We are supposedly the moral compass in this world. If we are the moral compass, then at least send a signal to them.

If we cut off just $11 million, and we did vote for that one year. We did pass that one year not too long ago, because I do remember debating Steven Solarz on this subject. I think sending that signal was the reason that India unleashed all of its resources that they possibly could to lobby this body so that we would not ever do it again. They evidently have been fairly successful.

But the feeling I have that is so strong and the reason I bring this up year after year is because I cannot go to sleep at night when I know that there are gang rapes taking place, people being tortured, people being put in jail for no good reason other than they do not like what is going on when we are supposed to be the people who really believe in freedom, democracy, and human rights.

Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. OWENS).

Mr. OWENS. Mr. Chairman, I have listened to the debate for the last 10 minutes, and I am appalled by the fact that the debate is taking place without any real examination of the question of Kashmir.

□ 2115

I have heard the various reasons that the gentleman has given for sending a signal to India, but the reason that all of us should be concerned about sending a signal to India is that the Kashmir bind that we have been in for almost 50 years is caused by the fact that India refuses to accept the simple route of Democratic self-determination for Kashmir.

Kashmir is a large body of people who ought to have the right to vote as to what they want to do, whether they want to be independent or join Pakistan, or maybe we will even let India cross that off and do not have annexation to Pakistan on the agenda. Let them vote either to join India or to become an independent state. They will not even agree to that.

If Kashmir were located in Europe or in Yugoslavia, we would all be concerned about the denial of self-determination by the people of Kashmir. It has gone on for decades now and nobody seems to care about the fact that the world's largest democracy, and India likes to call itself the world's largest democracy, and I applaud democracy in India, but it has great limitations and it is totally blind when it comes to democracy for Kashmir. Kashmir is not permitted to exercise the simple right to vote.

Now we have a situation where the situation has escalated because these two powers, which dispute about a number of things but mainly about Kashmir, are now nuclear powers. They are nuclear powers. And I hate to say, but as new nuclear powers or amateur nuclear powers, they may rush into something and cause havoc in that part of the world. And of course, once we start using nuclear weapons, we have a problem with the atmosphere, we have a problem with the ashes being blown and radioactivity, all kinds of things can be set off by a war over Kashmir between Pakistan and India.

I think that if we remove Kashmir as a point of contention between India and Pakistan, we would take a giant step toward promoting peace in that part of the world and toward avoiding a catastrophe which would pull in many other nations.

Now, I was all in favor of doing what we did in Kosovo, because I thought it was important to establish a new moral order and to send a message to predators like Slobodan Milosevic. But India does not have any evil person we can personify in the case of Kashmir. But they have a long-term policy, a long-term policy of just denying the right to self-determination to the people of Kashmir. Who can justify that? And why not send a signal to India? Why not do something?

I do not hear the United Nations debating it. I do not hear anybody proposing a sense of the Congress resolution. Why are we ignoring the problem of Kashmir? Why do we let it go on and on for decades? Are we waiting for an explosion? Are we waiting for something more serious that we will be drawn into? Are we waiting when we will have to take sides because of geopolitics, that China may be on one side, therefore we have to get on the other side? Why do we not proceed with a simple nonviolent solution.

People have said we should not have gone into Kosovo with bombs; we should not have gone into Kosovo with NATO; we should have had a nonviolent solution. Here is an opportunity for a nonviolent solution. And India, as a nation, has always been in favor of nonviolence in many instances. Gandhi was the founder of the whole nonviolent movement. Why do we not send a signal to India that we would like to see them change their ways and let Kashmir have a vote on self-determination. Any signal would be a good signal in my opinion.

I certainly will support the gentleman's amendment, because nothing else is being done.

Mr. CALLAHAN. Mr. Chairman, I yield 1½ minutes to the gentleman from Florida (Mr. STEARNS).

Mr. STEARNS. Mr. Chairman, I rise to oppose the amendment of my good friend the gentleman from Indiana (Mr. BURTON).

Without question, the U.S. relationship with India has been undergoing tremendous improvements in the last decade. With the rising influence of Communist China over Asia, it is in the vital national security interest of the United States to solidify our friendship and cooperation with India.

Not only is India directly threatened by the belligerent government in China, Pakistan gave military assistance to a band of terrorists who crossed into Indian territory of Kashmir and began a military assault.

The Indian military responded with equal force and fought to defend its territorial integrity. India was praised for demonstrating restraint and confined its military activities to recapturing its territory that was occupied by Pakistani-backed military forces. By adopting a proper and proportionate military response to the violation of India's borders, India took steps to ensure that the situation did not spin out of control and escalate further.

The Burton Amendment would substantially cut critical U.S. humanitarian aid to India. Examples of humanitarian aid projects include: AIDS control, population and disease control, and rural development.

In regard to trade, the U.S. is India's largest trading partner and largest investor. U.S. investment has grown from $500 million per year in 1991 to $12 billion in 1998. Despite the collapse of various economies in Southeast Asia over the last two years, the Indian economy continued to grow at a rate of 6% in 1998.

India has been criticized in the past for human rights violations. The last two reports on human rights from the State Department praised India for the substantial progress the country has made in the area of human rights and, of course, as mentioned the creation of the independent National Human Rights Commission.

As many of my colleagues know, this is the world's largest democracy. Elections have been held in this country in a fair manner and they have made tremendous strides towards their democracy. In 1997, in the State of Punjab open and democratic elections were held and there was a 67 percent turnout. Elections in India are regular. They are contested by numerous parties and scrutinized by a free press.

Later this year, India will conduct the largest exercised democracy in the world. More than 250 million people are expected to vote. More than 100 national and regional political parties will be participating in the elections. India maintains an independent judiciary, a free press, and diverse political parties. The India press corps actively insists in investigating human rights abuses on a regular basis.

So I understand my colleague. Every year he comes to the House floor and offers this amendment. But in this case, I think his differences with the government of India should not harm the Indian people, especially those who are in need of the aid.

Mr. ACKERMAN. Mr. Chairman, may I inquire as to the time remaining?

The CHAIRMAN. The gentleman from New York (Mr. ACKERMAN) has 6½ minutes remaining, the gentleman from Indiana (Mr. BURTON) has 1½ minutes remaining, and the gentleman from Alabama (Mr. CALLAHAN) has 4½ minutes remaining.

Mr. ACKERMAN. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey (Mr. HOLT).

Mr. HOLT. Mr. Chairman, I thank the gentleman for yielding me this time, and I rise in opposition to the Burton amendment.

As in the past, the gentleman from Indiana (Mr. BURTON) has cited human rights abuses in India as the reason for his legislative initiative. While human rights abuses have been uncovered in India, it is important to note the significant progress that India has made in resolving human rights problems.

As noted in the State Department's human rights report on India, India is addressing its human rights problems because it is a democracy, as noted, the world's largest. Although the country has confronted many challenges since gaining independence in 1947, it has stayed true to its founding principles.

For 50 years, India has been striving to build a civil society, to institutionalize democratic values of free expression and religion, and to find strength in the diversity of its land and its people, despite such things as outside insurgence in Kashmir.

I do not see why we would want to jeopardize this humanitarian aid. Withholding this aid would punish the same people this ill-conceived amendment seeks to protect, adequate nutrition, shelter, and education. These are human rights too.

I oppose the amendment, and I urge my colleagues to also oppose it.

Mr. ACKERMAN. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. Mr. Chairman, I rise in opposition to the Burton amendment as I have in the past.

We have heard India attacked for spending money on its own defense and yet it is subject to attack by the Pakistani army in an action of aggression as Kashmir. And just as importantly, China, one of the world's emerging powers, occupies a small part of India's territory.

We have heard talk of the Iraqi potential loan, and yet that loan would go through only with the approval of the U.N. Sanctions Committee, which means that India will do nothing without the consent of the United States which has a veto on that committee.

We are told that India should just allow Kashmir to secede, but there have already been elections in Kashmir. The chief minister is a Muslim. And we should hesitate a minute before we announce that every country should allow any province at any time to hold a referendum on secession, because when South Carolina wanted to secede, that was a rather bad idea.

The Burton amendment is the wrong approach at the wrong time. In the wake of the recent Pakistani incursion across the line of control, the U.S. and India have a new opportunity to build a broad-based relationship. Instead of applauding India for the admirable restraint shown in the recent Kashmir crisis, this amendment would punish India by cutting crucial humanitarian assistance.

The Burton amendment would substantially cut critical U.S. humanitarian aid to India. These programs limit the spread of HIV/AIDS, improve access to reproductive health services, and provide supplemental feeding and basic health services to mothers and children. A similar amendment was defeated in 1997 by a vote of 342–82. No similar amendment was offered in 1998.

India is addressing the human rights violations cited by Mr. BURTON. The last two State Department Country Reports on Human Rights praised India for making substantial progress in the area of human rights and for its independent National Human Rights Commission. The Government of India has also continued to allow the International Committee of the Red Cross to visit prisons in Kashmir.

As further evidence of progress on human rights, India has arrested and prosecuted more than 100 individuals associated with the recent string of religious attacks that occurred earlier this year. In addition, India has passed laws to take action against those officials and members of security forces that have committed human rights violations.

India is under constant terrorist attacks from the followers of people like Osama bin Ladin, who have training camps set up across India's borders in Pakistan. Groups like Harkat ul-Mujahidin, an organization officially designated as terrorist, by the State Department, routinely attack Indian citizens with car bombs, sniper attacks, kidnappings and wholesale slaughter of towns in an attempt to disrupt any kind of peace in the Indian state of Jammu and Kashmir.

The greatest violations of human rights in Kashmir are being committed by the Pakistani sponsored terrorist groups which in the last several months have targeted dozens of entirely innocent civilians, from participants in wedding parties to passengers on buses.

India is a strong and vibrant democracy that features an independent judiciary, free press and diverse political parties. In fact, the Indian press corp, among the most active in the world, assists in investigating human rights abuses, as do Indian non-governmental organizations.

The U.S. is India's largest trading partner and largest investor. U.S. direct investment has grown from $500 million per year in 1991 to $12 billion in 1998. Despite the collapse of various economies in Southeast Asia over the last two years, the Indian economy continued to grow at a rate of 6% in 1998. In the first half of 1999, new foreign investment in India totaled $600 million.

Many large American companies have invested in India and opened plants and offices there. More than 100 of the U.S. Fortune 500 have invested in India. Among those companies are General Electric, Boeing, AT&T, Citigroup, Morgan Stanley, Ford Motor Company, Microsoft, IBM, Coca Cola, Pepsico, Eli Lilly, Merrill Lynch, McDonnell Douglas, US West, Bell Atlantic, Sprint, Raytheon, Motorola, Amoco, Hughes, Mobil, and Enron.

Later this year, India will conduct the largest exercise of democracy in the history of the world. More than 250 million people are expected to vote and more than 100 national and regional parties will be participating in the elections.

The best way for us to help India continue to improve its human rights record is to engage in positive and constructive dialogue, one democracy to another. Not with punitive sanctions and cuts in assistance.

The Burton amendment will run counter to the progress that has been made in bilateral relations between the U.S. and India. During the past year, U.S.-India relations have been marked by increased dialogue on nuclear nonproliferation, a better understanding of India's security concerns, and an increase in U.S.-India trade and investment. India and the United States worked very closely to repel the Pakistani regulars and Pakistani-backed terrorists from the Indian side of the Line of Control.

The momentum gained in U.S.-India relations needs to be sustained and strengthened. A vote for the Burton amendment would send the wrong signal to the people of India.

Proponents of the Burton Amendment will make note of reports that India has offered Iraq a $25 million line of credit. India has said that they will only do this in the context of UN guidelines on the Iraqi sanctions. That means they will need unanimous approval by the Sanctions Committee, which is essentially the Security Counsel, before they will go forward with the loan. The US can stop it and India will abide by the decision of the UN.

Mr. BURTON of Indiana. Mr. Chairman, I yield myself the balance of my time, and I think I will make just a couple of points and then I will withdraw the amendment, because I have been convinced that since 2 years ago they changed the way the developmental assistance was provided and that there has been a misprinting or miswriting of the amendment, which I truly regret, but I do not think I will get unanimous consent to change it, so I will not even ask.

Mr. Chairman, the previous speaker talked about India's minister of oil and gas, and he said that India was only going to allow that loan if the U.N. said that it was all right. The fact of the matter is India's minister of oil and gas, and I am quoting him now, acknowledged the grant would violate U.N. sanctions but said his country would never allow a friend like Iran to suffer. So the intent of India was very clear. They were going to violate the embargo. They were going to violate the U.N. sanctions.

Let me just end by saying that the reason I come down here year after year is not because I like to argue with my colleagues, because I know the other side outnumbers me. And though I really liked Cyrano de Bergerac, where he fought hundreds of people by himself and emerged victorious, I come down here with no false illusions. I know when I come down, my colleagues will beat me into the ground. But I think it is important that we bring this issue up, because human rights are being violated in Kashmir and Punjab; because U.N. agreements have been violated, going back to 1948 and the plebiscite that was agreed to.

All I can say to my colleagues is that someday I hope that we will see fit to send some kind of signal to India that will bring about some positive change.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. ACKERMAN. Reserving the right to object, Mr. Chairman, I will not object if we do that after the closing statements.

Mr. BURTON of Indiana. Mr. Chairman, I withdraw my request to withdraw the amendment.

The CHAIRMAN. The gentleman withdraws his request.

The gentleman from New York (Mr. ACKERMAN) has 6½ minutes remaining.

Mr. ACKERMAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I think we are seeing a rather unique occurrence here on the floor today. Indeed, we usually enjoy doing battle with the gentleman from Indiana (Mr. BURTON). He sometimes is really a lone warrior on this issue, the overwhelming majority of the House of Representatives voting against his amendment. But, nonetheless, we have never come to the point where we have forced him into a full retreat on the floor of the House, and that is too bad, because we do appreciate hearing his point of view, in the minority though it might be.

The gentleman's amendment is being withdrawn because it is flawed, as is his logic, as are his arguments. The gentleman's intent, as it usually is, is to come to the floor, as he has time and time again, to bash India. And his intent here was to cut aid. And, instead, the flawed amendment would indeed allow an increase in aid to be sent to India. Instead of sending a letter bomb, had his amendment passed, he would have sent a Valentine's card.

The gentleman's intent was basically to hurt the most vulnerable people of the Indian society. Our assistance programs help children and the elderly and pregnant women. The gentleman from Indiana comes to the floor as a champion of human rights. Does he not know that in Kashmir there is an elected government, democratically elected; a government that is under continuous assault from secessionist terrorists who are responsible for numerous serious abuses, including extrajudicial executions, torture, kidnapping and extortion?

Mr. Chairman, the fountainhead of human rights violations in Kashmir is state-sponsored terrorism from across the border in Kashmir. Just recently, we bore witness yet again to the fact that India was being victimized by an egregious invasion of forces from across the border in Pakistan. This invasion would have become a full-fledged war but for the commendable restraint shown by New Delhi. India has demonstrated that it is a responsible nuclear power, that it does not get provoked easily, and it knows that real power means acting with restraint.

□ 2130

India should be recognized for its exceptional conduct during the recent Kargil aggression. This amendment of the gentleman from Indiana (Mr. BURTON) does just the opposite.

Who are the people terrorizing that he speaks of? These people are terrorizing the peace-loving people of the Indian state of Jammu Kashmir, Hindus and Muslims alike. They are the victims of terrorism for the last several years. It is terror that is unbridled and violent, and it is let loose by the Mujahidin members brought in from all over the world from overseas and aided and given arms by the Pakistanis. That is the real cause for human rights abuses in Kashmir.

Mr. Chairman, the real violators of human rights in Kashmir are the numerous terrorist outfits owing allegiance for the fundamentalist religious groups. It is these religious fanatics belonging to such groups as the Harkat-ul-Mujahideen, recruited, trained and unleashed by Osama bin Laden and his terror network, who are fanning the flames of human rights violations in Kashmir. The Indian troops that are there are there to maintain the peace and stability of their State of Jammu and Kashmir.

The rights that the gentleman from New York (Mr. BURTON) would seek to protect are the rights of Mr. Bin Laden, who has blown up U.S. embassies all over the world. Is that who we are concerned about? I think not. It is these terrorist groups and training camps that we have to target, not Democratic India, as violators of human rights.

India is a beacon of unity and diversity. It is a multi-ethnic, multi-lingual, multi-cultural, and multi-religious civilization with a commendable record of tolerance.

This is not the time, as the gentleman of Indiana (Mr. BURTON) recognizes, to bring this amendment up. It is not the time to bash India and to reward Pakistan. It is not time to punish the victims and to reward the aggressors.

Mr. CALLAHAN. Mr. Chairman, how much time do I have remaining?

The CHAIRMAN. The gentleman from Alabama (Mr. CALLAHAN) has 4½ minutes remaining.

Mr. CALLAHAN. Mr. Chairman, I yield myself 2½ minutes.

First of all, Mr. Chairman, and to my colleagues in the House and to those that might be watching on television, if we were to have a vote on the floor of this House tonight or anytime and we would ask the Members of Congress as to whether or not they condone atrocities that are created anyplace in the world by any people, it would be 435 against. That is not really the question here tonight.

I do not question the motives of the gentleman from Indiana (Mr. BURTON). As a matter of fact, I applaud him for bringing this issue to our attention, an issue of great concern to him. But my observation is India is the largest democracy in the world, and there are 300 million people who live in poverty in that largest democracy. And 85 percent of the monies that we appropriate in this bill goes to private, volunteer organizations who spend it on making things better for the poverty stricken people of India.

There are other monies that go to India indirectly through this committee. For example, we fund UNICEF, and we also fund indirectly the Rotary International, which is in the process today of immunizing every child in India so there will not be a polio epidemic there and we will help to eradicate it.

So I do not question the fact that the gentleman from Indiana (Mr. BURTON) is concerned. I do not question his motives at all. None of us agree with any atrocities that are committed.

If we look at the situation that the gentleman from New York (Mr. OWENS) mentioned in Kosovo, the KLA is murdering people in Kosovo. Yet, within the next few months, we are going to appropriate some more money for Kosovo for humanitarian efforts.

We have already appropriated hundreds of millions of dollars already, and yet we still see the KLA now slaughtering the Serbs as they try to exit Kosovo and back into Serbia.

So it is not an indication of tolerance. It is not an indication of no concern. It is an indication of we are doing the right thing, in my opinion, by appropriating this small amount of money, of which only probably less than $3 million goes to the Government of India and it is restricted in its use.

So, in my opinion, we are doing the right thing with the money we have agreed to give to the President in order that he can handle the international affairs as he sees fit, as the Constitution says he will.

Mr. Chairman, I yield the balance of my time to the gentleman from Indiana (Mr. BURTON).

Mr. BURTON of Indiana. Mr. Chairman, let me just close by saying to my colleague, the gentleman from New York (Mr. ACKERMAN), that I am not in full retreat. Withdrawing the amendment was because of a technicality, and I think my good friend knows that. And we are good friends. We worked together on other issues.

But the thing that motivates me is 200,000 Christians that have died over the past 30, 40, 50 years in Nagaland; the 250,000 Sikhs that were killed in Punjab in the last 15 years; the 60,000 Muslims that were killed in Kashmir in the last 10 years; and the thousands of Dalits, who are lower cast people, the blacks, who are mistreated and killed in India.

Maybe we are jousting windmills here. I do not know. But we have got to do what we think is right.

So I would just like to say to my colleague, we will be back another time to fight this battle. And I am sure I will have some formidable opponents like my colleagues over there, but we will do the best we can.

Just remember what Arnold Schwartzenegger said, "I'll be back."

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. ACKERMAN. Mr. Chairman, reserving the right to object, I just want to understand that the gentleman from Indiana (Mr. BURTON), under the unanimous consent request of last Friday I believe, has the right to offer an amendment, that this being withdrawn does not give the gentleman the right to offer a different amendment, and that that is not his intent.

Mr. BURTON of Indiana. Mr. Chairman, that is correct.

Mr. ACKERMAN. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Without objection, the amendment offered by the gentleman from Indiana (Mr. BURTON) is withdrawn.

There was no objection.

AMENDMENT OFFERED BY MR. HASTINGS OF FLORIDA

Mr. HASTINGS of Florida. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. HASTINGS of Florida:

Page 116, after line 5, insert the following:

SENSE OF THE CONGRESS RELATING TO COLOMBIAN FLOWER INDUSTRY

SEC. . (a) FINDINGS.—The Congress finds the following:

(1) The flower industry of Colombia has been recognized on several occasions by the Department of State, the Drug Enforcement Agency, and the United States Customs Service for its substantive part in reducing drug-related and other criminal activities while working closely with United States law enforcement agencies to establish extensive anti-smuggling programs.

(2) The flower industry of Colombia has been a leader as a major private industry in reducing corruption in the commercial sector and worked closely with the Government of Colombia to strengthen the commitment of such Government to preserve and advance its democratic institutions.

(3) The flower industry of Colombia employs directly and indirectly approximately 125,000 people in Colombia.

(4) The flower industry of Colombia has established numerous social programs for workers and their families such as nursing care, day care, subsidized food and nutrition programs, subsidized schooling, and most recently, a program and publication dedicated to reducing intra-family violence.

(5) This publication is designed to strengthen family value and human rights among the workers of the Colombian flower sector.

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that the flower industry of Colombia should be recognized for its contributions to strengthening United States and Colombian relations by insuring strong and healthy families, domestic stability, and promoting good government in the democratic nation of Colombia.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 29, 1999, the gentleman from Florida (Mr. HASTINGS) and a Member opposed each will control 5 minutes.

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. Does the gentleman from Alabama (Mr. CALLAHAN) also seek to control the time in opposition to the amendment?

Mr. CALLAHAN. Yes, Mr. Chairman, I do.

The CHAIRMAN. The gentleman from Florida (Mr. HASTINGS) is recognized for 5 minutes.

Mr. HASTINGS of Florida. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I thank the chairman and the ranking member for their patience with this amendment.

I rise today to offer the amendment to the Foreign Operations bill. The amendment is designed to recognize members of the Colombian flower industry who have worked diligently to improve the living standard of all people in Colombia.

Known by their countrymen as Growers of Flowers, these business persons have been leaders in Latin American private industry in reducing corruption in the commercial sector, while working closely with the Colombian Government to bolster and advance its Democratic initiatives.

Programs being supported and funded by Growers of Flowers include corruption reduction in the private sector, the establishment of nursing care, daycare, subsidized food, nutrition, and educational programs, and a new program to eradicate domestic violence.

At this time there is scarce good news coming out of Colombia. On this past weekend, we read and saw further bombings taking place in Colombia.

The work that Growers of Flowers is voluntarily doing on the ground is, however, a bright little light.

I am offering this amendment this evening to acknowledge the contributions of Growers of Flowers, and I hope my colleagues will join me in this effort.

Mr. Chairman, I reserve the balance of my time.

Mr. CALLAHAN. Mr. Chairman, continuing to reserve my point of order on the amendment, I yield such time as he may consume to the gentleman from California (Mr. FARR).

Mr. FARR of California. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise with concern over this amendment. The amendment expresses a sense of Congress. Colombia is in a very grave situation right now.

Its 40-year-old government guerrilla struggle and the latter day antidrug struggle is critical.

The Colombian flower growers have been one of its most successful enterprises in Latin America, but not without help from our country. Our country allowed Colombian flowers into this country duty free.

There is a downside to the Colombian success, the injury done to U.S. flower growers. We might note that since 1992, 50 percent of the U.S. carnation producers have left the business, 39 percent of the mini-carnation producers have left the business, 54 percent of the U.S. chrysanthemum producers have left the business, and 41 percent of the rose growers have left the business.

U.S. flower growers do not get acknowledged by U.S. Congress. Nor do they get any Federal help.

Well, I am here to congratulate those businesses in Colombia that are doing well. I think that the flower growers are a good enterprise for Colombia.

Let us not forget or let us not do this praise without remembering that there is a downside, because all of those Colombian flowers get into the United States free of duty.

Mr. CALLAHAN. Mr. Chairman, continuing to reserve my point of order, I yield such time as she may consume to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Chairman, I thank the gentleman for being so generous in yielding.

I support both of the gentlemen. I think they are both right. I think that the Hastings amendment is one that is an important one, and the recognition that he seeks to present to the flower industry of Colombia is important.

But our colleague from California (Mr. FARR) is also right. I do not think that that recognition does damage to the flower industry in the U.S.; the free market does. But we must be sensitive to those needs because we have a wonderful flower industry in our country. But that does not negate the facts that the gentleman from Florida (Mr. HASTINGS) presents. I thank him for his leadership on this, especially at this sensitive time in Colombia's future.

My colleague, the gentleman from California (Mr. FARR), has been a champion on that score. He has been a friend of Colombia and is sensitive to the concerns that are there, too.

So, hopefully, we will be able to find a way to recognize and also recognize our own industries here, as well.

Mr. CUNNINGHAM. Mr. Chairman, I rise not to oppose the gentleman's amendment, but to address the concerns many of us have about the impact that the Colombian flower industry is having on American flower growers. I won't disagree with the gentleman that the Colombian flower industry has made progress in Colombia. However, I ask Mr. Speaker, at what cost?

In 1991, Congress enacted the Andean Trade Preference Act (ATPA) which provided for duty-free treatment, or reduced duties, on many products, including fresh-cut flowers, imported from the four South American Andean countries of Bolivia, Colombia, Ecuador, and Peru. This legislation was proposed to promote alternatives to coca cultivation and production by offering broader access to U.S. markets for legal products. Unfortunately, the act has not accomplished these goals.

Since the enactment of ATPA, it is clear that Colombian fresh-cut flowers have been the greatest beneficiaries. In 1992, Colombia exported $87.7 million worth of fresh-cut flowers to the United States. By 1995, Colombian exports increased to more than $374.4 million. This represents a 427-percent increase over that 3-year period.

How does the growth in Colombian exports compare with the domestic-cut flower industry? Domestic growers of roses and carnations have been particularly hard hit. In 1996, Colombia exported approximately 1.7 billion roses and carnations to the United States. Colombia now controls more than 50 percent of the United States market for roses and 80 percent of the carnation market. Overall, Colombian flowers account for about 65 percent of the United States fresh-cut flower market.

Meanwhile, the total number of U.S. fresh-cut flower growers has plummeted from 932 in 1992 to 706 in 1995, a decline of over 10 percent a year. Specifically, since the passage of the ATPA, more than 52.52 percent of U.S. Carnation producers, 39.02 percent of U.S. mini carnation producers, 53.95 percent of the U.S. Chrysanthemum producers, 41.62 percent of the U.S. Pompon Chrysanthemum producers, and 41.3 percent of the U.S. rose producers have left the business. This impact on the domestic-cut flower industry has been disproportionately placed upon California, home of 58 percent of the United States cut flower growers.

The ATPA provides the preferential treatment for Colombian fresh-cut flowers only—not for flowers from the Netherlands, or from any other country. This preferential treatment, however, is not serving its other intended purposes of reducing illegal drug production in the nation of Colombia.

In 1996, an International Trade Commission (ITC) report found that the "ATPA had little effect on drug crop eradication in the Andean region." This is a major understatement. in fact, since ATPA's enactment illegal drug crop cultivation has increased in Colombia. The number of hectares devoted to coca cultivation in Colombia increased from 37,500 in 1991 to more than 50,000 in 1995. The ITC report also found that "[the] ATPA had a small and indirect effect on crop substitution during 1995." Thus, we have not achieved the intended goal of reducing drug crop cultivation by providing market access for alternative crops.

We must do all we can to encourage Colombia to seek alternatives to drug protection. However, the ATPA has neither effectively reduced drug crop production in Colombia, nor has it improved the economic situation of cut flower growers in the United States. If we are going to fight drug production at its source in Colombia, Members and the American people should be informed that the Andean Trade Preference Act is not up to the task.

Mr. HASTINGS of Florida. Mr. Chairman, I ask unanimous consent to withdraw the amendment. I thank the chairman and the ranking member for their indulgence.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

The CHAIRMAN. The amendment offered by the gentleman from Florida (Mr. HASTINGS) is withdrawn.

AMENDMENT OFFERED BY MR. TANCREDO

Mr. TANCREDO. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

> Amendment offered by Mr. Tancredo:
>
> Page 116, after line 5, insert the following:
>
> SEC.   . None of the funds appropriated or otherwise made available by this Act may be provided for the United Nations Man and the Biosphere (MAB) Program or the United Nations World Heritage Fund.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 29, 1999, the gentleman from Colorado (Mr. TANCREDO) and a Member opposed each will control 5 minutes.

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Colorado (Mr. TANCREDO) is recognized for 5 minutes on his amendment.

Mr. TANCREDO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the amendment I offer today cuts nothing from the total appropriations for the Foreign Operations appropriations, but it does prohibit any use of funds for the Man and the Biosphere Program and the World Heritage Convention.

Currently, there are 47 Biosphere Reserves and 20 World Heritage Sites in the United States that in total make up a land area the size of my home State of Colorado. Creation of these reserves and sites has significant impact on non-Federal lands outside the designated areas and in several instances has caused major problems for private land owners.

In fact, several States have passed resolutions opposing U.S. Biosphere Programs.

Over the past several years in both the United States and Australia, the weight levied by World Heritage Sites has been brought to bear by private citizens carrying out the course of their industry.

In Yellowstone National Park, the environmental impact statement for the New World Mine was not even finished when the World Heritage Committee voted to place Yellowstone on the "In Danger" list for World Heritage Sites.

□ 2145

Likewise, the Jabiluka Mine in Kakido National Forest in Australia came up against a similar threat by the World Heritage Committee, but this time the verdict was much more agreeable. What is ironic is that the decision was handed down in Paris.

Mr. CALLAHAN. Mr. Chairman, if the gentleman will yield, I withdraw my point of order.

The CHAIRMAN. The gentleman from Alabama withdraws the point of order.

Mr. TANCREDO. A decision affecting the land of private citizens in Australia was decided by bureaucrats in a country halfway around the world. These are decisions which should be handled by the government of the country in which the action in question takes place. It should in no way be given over to an international organization with foreign influence.

Similar amendments to the one I have proposed have been passed in previous appropriations bills because these programs draw from funds of over 10 governmental agencies. This House has gone on record before to deny funding to these two particular organizations, and I believe that we must come together again to make sure more American taxpayer money is not used for programs which do not serve the American people justly.

I believe that there are certainly better places for this funding to be spent than in UNESCO, an organization from which the United States withdrew over a decade and a half ago.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. Does the gentleman from Alabama (Mr. CALLAHAN) seek to control the time in opposition?

Mr. CALLAHAN. I do seek to control the time, Mr. Chairman, but I also ask unanimous consent to give the time to the gentlewoman from California (Ms. PELOSI) and give her the authority to yield as she so deems necessary.

The CHAIRMAN. Without objection, the gentlewoman from California (Ms. PELOSI) will control 5 minutes.

There was no objection.

Ms. PELOSI. I thank the distinguished chairman for his generosity in yielding all the time to me.

Mr. Chairman, I yield such time as he may consume to the very distinguished gentleman from California (Mr. GEORGE MILLER), the ranking member on the authorizing committee.

Mr. GEORGE MILLER of California. I thank the gentlewoman for yielding me this time in opposition to this amendment.

Mr. Chairman, the World Heritage Convention is an international treaty conceived and spearheaded by the United States during the Nixon administration under which countries voluntarily identify culturally and environmentally significant areas within their own borders and promise to continue to protect them.

The program is totally voluntary. The land must be protected in order to be nominated. It is not protected after it is nominated. The only power that the World Heritage Committee has is if the country who nominated the site goes back on its promise to protect that area, the committee can drop the site from the list.

The Man and the Biosphere program identifies protected areas where scientists can study entire ecosystems and then sets up a framework where those scientists can share their information internationally.

The framework documents which control the Man and the Biosphere program and the World Heritage Convention both contain language making clear that they in no way alter the ownership or control of these lands.

Since we were the first signatory of the World Heritage Convention in 1973, 152 other nations have followed suit. This convention was not only a promise to live up to our own standards for protecting these sites, it was an invitation to other countries around the world to follow suit.

These two programs have established the United States as a world leader in environmental protection and scientific study and the sharing of that information. Killing these programs will not hurt these sites in the U.S. They are already protected and will remain so. Yellowstone and Glacier National Parks will still be national parks if we withdraw from the World Heritage Convention. The Everglades will still be protected if we stop our scientific study under the Man and the Biosphere program.

But this action will send a signal around the world that we no longer value the kind of environmental protection and scientific study that we as a Nation pioneered and asked the world community to join.

We have seen this amendment a number of times in the last several years and the House has rejected this amendment each and every time because in fact a majority of the House understands the nature of the scientific study, the importance of designating these sites as World Heritage areas, and they also understand that this is a voluntary program. The fact that the process takes place in Belgium or in Paris or somewhere else, this is an international body. This is an international body. So that should not be foreign to the Members of Congress and that is one of the reasons why it is in this legislation. This is an international organization to foster the protection of these huge, huge world class environmental assets. The size of these assets is immaterial. Some of them are there because nations decided that these landscapes, these huge areas should be protected as we did with the Everglades, as we did with Grand Canyon, as we did with Yellowstone. That is the purpose of this program. The international scientific study is there so scientists in one country can help other scientists learn about the kind of protections, about the kinds of programs that work to protect these environmental assets.

Mr. Chairman, I rise in strong, strong opposition to this amendment.

This amendment is a late-night, backdoor attempt to kill two programs that critics of those programs have been unable to kill in the light of day. Legislation to abolish the Man and the Biosphere and World Heritage Programs failed in 1996 and 1997 and looks like it may fail again this year. So we are here tonight to short circuit the process with a little amendment buried in a huge appropriations bill.

The World Heritage Convention is an international treaty, conceived and spearheaded by the United States during the Nixon administration, under which countries voluntarily identify culturally and environmentally significant areas within their own borders and promise to continue protecting them.

1. The program is totally voluntary.

2. The land must already be protected in order to be nominated, it is not protected after its nominated.

3. The only power the World Heritage Committee has is, if the country who nominated the site goes back on its promise to protect that area, the Committee can drop the site from the list.

The Man and the Biosphere program identifies protected areas where scientists can study entire ecosystems and then set up a framework where those scientists can share their information internationally.

The framework documents which control the Man and the Biosphere program and the World Heritage Convention both contain language making clear that they in no way alter the ownership or control of these lands.

So if these programs are so innocuous, what's the big deal if we abandon them?

Well, since the United States was the first signatory of the World Heritage Convention in 1973, 152 other nations have followed suit. This convention was not only a promise to live up to our own standards for protecting these sites, it was an invitation to other countries around the world to follow suit.

These two programs have established the United States as a world leader in environmental protection and scientific study. Killing these programs won't hurt these sites in the United States. They are already protected and will remain so. Yellowstone and Glacier National Park will still be national parks if we withdraw from the World Heritage Convention and the Everglades will still protected if we stop our scientific study of that area under the MAB program.

But, this action will send a signal around the world that we no longer value the kind of environmental protection and scientific study that we pioneered. We would be relinquishing our role as a world leader in the protection and preservation of culturally and environmentally important areas.

Why at a time when the Nation is justifiably proud of its role as a world leader in so many areas, would we want to abdicate our role as a world leader in perhaps the most important fight of all, the fight to protect and preserve this planet for generations to come?

This amendment is an attempt to short circuit the will of the Congress and it would send a terrible signal to the rest of the world. Oppose the Tancredo amendment.

Mr. TANCREDO. Mr. Chairman, I yield myself such time as I may consume. The opponents of the amendment have suggested that in fact we have seen this many times before and it has been turned down by the House. In fact, the House has passed and the Congress has passed this amendment more than once on other programs, on other appropriations. I refer specifically to the State Department authorizations for fiscal year 1998 and 1999, agreed to by recorded vote of 222-202. The Interior appropriations bill, fiscal year 1998, agreed to 222-203. The Department of Defense Appropriations Act, 1998, all of these.

For one thing Mr. Chairman, these two programs actually receive funding from a variety of different organizations and a variety of different departments, and so you have to go after them as you see them arise. That is why we have had to do this before. But each time, at least in the situations that I have identified, they have been passed by this House.

Mr. Chairman, I reserve the balance of my time.

Ms. PELOSI. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, I will defend the committee position in opposing reluctantly the distinguished gentleman from Colorado's amendment to our bill.

Mr. Chairman, I think it is important to note that the House Committee on Appropriations mark for the IO&P account is $167 million, which is $25 million below the administration's request. An additional reduction of $2 million to this account would further erode our ability to gain international cooperation in protecting the environment and natural resources.

A $2 million reduction to the IO&P account exceeds our voluntary contribution to the Man and the Biosphere program, $355,000, and the World Heritage Fund, $450,000. As a result, this amendment would force reductions in other worthwhile scientific and educational activities, such as the Intergovernmental Oceanographic Commission and the International Council of Scientific Unions at a time when we look toward science to increase our understanding of global environmental problems.

Mr. TANCREDO. Mr. Chairman, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from Colorado.

Mr. TANCREDO. I thank the gentlewoman for letting me interject here. The fact is that we have amended our own amendment. We do not strike any particular dollar amount, we just prevent funds from going for these two programs. It actually would go other places in the bill.

Ms. PELOSI. Reclaiming my time, I thank the gentleman. We need to make those contributions to the Man and the Biosphere program. Everything else is fully funded.

Mr. Chairman, I urge my colleagues to vote "no" on the amendment. I commend the distinguished gentleman from California (Mr. GEORGE MILLER) for his leadership on this issue.

Mr. TANCREDO. Mr. Chairman, I yield myself such time as I may consume.

There have been a number of comments made with regard to the original treaty obligations of the United States, but concerning the Man and the Biosphere program, Congress has never gone on record either authorizing or supporting such a program to be carried out. Furthermore, many people have raised the issue as to the treaty obligation for the World Heritage Fund. This, however, is not true.

In article 16, paragraph 2 of the convention concerning the protection of world cultural and natural heritage, it states that each state may declare at the time of ratification that it shall not be bound by the provisions of paragraph 1 which deals with the payment of regular contributions to the World Heritage Fund. Likewise on October 26, 1973, the Senate consented to the ratification of the convention subject to the declaration that the United States is not bound by provisions dealing with regular contributions to the World Heritage Fund. The Senate has the power to ratify, but this House has the responsibility of the public purse. We are not bound to contribute to the program with the hard-earned money of the American people.

I strongly urge support of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado (Mr. TANCREDO).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. GEORGE MILLER of California. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 263, further proceedings on the amendment offered by the gentleman from Colorado (Mr. TANCREDO) will be postponed.

AMENDMENT OFFERED BY MR. KUCINICH

Mr. KUCINICH. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. Kucinich:

At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. . None of the funds made available in this Act may be used by the Overseas Private Investment Corporation for any category A Investment Fund project, as listed in Appendix E, Category A Projects, of the Corporation's Environmental Handbook of April 1999, as required pursuant to Executive Order 12114 and section 239(g) of the Foreign Assistance Act of 1961 (22 U.S.C. 2199(g)).

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 29, 1999, the gentleman from Ohio (Mr. KUCINICH) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Ohio (Mr. KUCINICH).

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order.

The CHAIRMAN. The gentleman from Alabama reserves a point of order.

Mr. KUCINICH. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, my amendment cuts funding to environmentally sensitive Overseas Private Investment Corporation fund projects, such as oil refineries, chemical plants, oil and gas pipelines, large scale logging projects, and projects near wetlands or other protected areas. Current OPIC investment funds are not subject to any transparency requirements. Furthermore, no specific information on these projects is contained in OPIC's annual reports.

As a consequence, Congress, the public and the residents living near OPIC projects have no knowledge of the potential environmental and related financial and political risks. What is the taxpayer's interest in these projects?

Taxpayers are liable for OPIC investments overseas if they fail. I want to repeat that. Taxpayers are liable for OPIC investments overseas if they fail. Private corporations and investors make investments in OPIC investment funds. OPIC-supported funds, in turn, make direct equity and equity-related investments in new, expanding and privatizing companies in "emerging market" economies. While taxpayer money is not actually invested in these funds, taxpayers are liable for the investments should they fail. These funds have invested in more than 240 business projects in over 40 countries. Recent estimates show that the total amount in Investment Fund programs will soon reach $4 billion.

Since taxpayers are exposed to millions of dollars of potential liabilities, I believe OPIC has a responsibility to Congress and to the public to operate in an open and transparent manner. The lack of environmental transparency conceals environmentally destructive investment of these funds not only from Congress and the American public but also to locally affected people in the countries where OPIC projects are run.

For example, a 1996 Freedom of Information lawsuit focusing on OPIC activity in Russia revealed that an investment fund project was involved in a clear cutting of primary ancient forests in northwest Russia. Russian citizens, expecting democracy building assistance from the U.S. Government, had not been provided with any environmental documentation. In fact, according to documents obtained in a lawsuit, an OPIC consultant had falsely documented the Russian citizens' support for the harmful, irreversible logging of pristine forests.

OPIC investment funds have also been involved in a gold mine in the Cote d'Ivoire in the area of a primary tropical forest which is opposed by local citizens. Reports of other troubling projects are also being circulated. Conservation groups have filed Freedom of Information requests to obtain the names, nature, location and environmental impact assessments for all OPIC investment fund projects. OPIC, however, continues to conceal the environmental consequences of these questionable investments from the public.

What little information has been uncovered about these funds reveals a checkered environmental record. With environmentally and socially sensitive projects being a main focus of the funds, public disclosure of environmental impact assessments is even more crucial.

Organizations such as the National Wildlife Federation, Friends of the Earth, Institute for Policy Studies, Environmental Defense Fund, Sierra Club, Center for International Environmental Law and Pacific Environment and Resources Center have long advocated increased transparency in OPIC investment fund projects.

Representatives of these organizations met with the new OPIC President in February, where he agreed with their assertion that these funds should be transparent when it comes to the environment. OPIC recently launched a $350 million equity fund for investment in sub-Saharan Africa which will include transparency and public disclosure provisions. But, Mr. Chairman, there are still 26 other funds which remain shrouded in secrecy. With almost $4 billion invested in these programs and OPIC's sketchy environmental record, it is ever more important that OPIC be held accountable to the public regarding its investment in environmentally sensitive projects.

□ 2200

Mr. CALLAHAN. Mr. Chairman, it is my understanding that it is the intent of the gentleman to withdraw his amendment.

That being the case, I will withdraw my reservation of objection and claim the opposition time.

The CHAIRMAN. The gentleman from Alabama is recognized for 5 minutes.

Mr. CALLAHAN. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Chairman, I thank the gentleman for yielding this time to me. So with almost $4 billion invested in these programs and OPIC's sketchy environmental record, it is ever more important that OPIC be held accountable to the public regarding its investment in environmentally sensitive projects. The ideal legislation to correct the lack of transparency in investment fund projects would require the public disclosure of environmental impact assessments conducted on all new investment projects.

It would also allow for public commentary where citizens, especially those living in the affected area of the project, could voice their opinions of the project. In the case of projects already under way, a renegotiation of contracts to allow for public disclosure would be required to avoid breach of contract concerns. In the absence of legislation like this and because of the limitations of appropriations bills, my amendment simply cuts funding for environmentally sensitive investment fund projects. If we cannot have full transparency in all investment fund projects, then OPIC should not be involved in projects that are environmentally sensitive.

While projects like oil refineries, gas and oil pipelines, chemical plants that produce hazardous or toxic materials, and large-scale logging projects may be necessary for the industrial development of developing countries, holding the U.S. taxpayers liable for investments in projects that could pose serious environmental or health risks to local populations with no public oversight or disclosure is unacceptable.

It is OPIC's policy, as outlined in the Environmental Handbook to conduct rigorous internal Environmental Impact Assessments on all environmentally sensitive projects. Environmental impact assessments are also required by law as found in Executive Order 12114 and Public Law 99–204. However, while the assessments for insurance and finance projects are publicly disclosed, assessments on Investment Fund projects are not. Accountable government demands that these assessments be disclosed.

Mr. Chairman, my amendment is endorsed by Friends of the Earth, Environmental Defense Fund, U.S. Public Interest Research Group, Sierra Club, Defenders of Wildlife, Center for International Environmental Law, Pacific Environment and Resources Center, Rainforest Action Network, Institute for Policy Studies and Amazon Watch.

I urge my colleagues to support my amendment and shed some light on OPIC's environmentally sensitive Investment Fund projects.

Mr. BEREUTER. Mr. Chairman, as vice chairman of the International Relations Committee, this Member rises in strong opposition to the Kucinich amendment which would cut the funding of the Overseas Private Investment Corporation's (OPIC) Investment Fund program. While this Member shares the distinguished gentleman's concern about funding only environmentally responsible projects, given that OPIC already has an effective environmental review program, it appears that the underlying purpose of this amendment is to drastically cut and restrict OPIC under the guise of environmental protection. Mr. Chairman, we have already had this debate on the Andrews amendment.

Contrary to the claims of some OPIC opponents, all of OPIC's fund investments must meet stringent world class environmental standards. These standards are higher than any other bilateral export credit, investment or insurance agency in the world. In fact, no other investment funds program has higher standards. OPIC requires that each environmentally sensitive fund investment must undergo a complete environmental impact assessment and must meet OPIC obligations to mitigate potential environmental harm. Each funds project is subject to OPIC environmental monitoring over the life of the project. This includes the Russian forest project which has been cited and about which this Member has been informed did meet applicable World Bank Environmental Standards.

Moreover, by imposing new, additional standards by Congressional fiat and well beyond those established at the time the fund was established, this amendment could potentially expose the U.S. taxpayer to lawsuits for breach of contract.

The Kucinich amendment as written would directly undercut U.S. assistance programs to the neediest of developing countries and leave the environments of these countries open to unregulated exploitation. For example, the new $350 million Africa Infrastructure Fund would not be able to make the most of its potential investment because infrastructure, by definition, tends to involve environmentally sensitive programs. These investments, under current laws and regulations, must follow sound environmental standards. This initial $350 million investment is expected to leverage another $2 billion in investment in Sub-Saharan Africa. It is unlikely that the Africa Infrastructure Fund could even raise private sector money under the conditions required by the pending Amendment. As a result, the benefits that Africa so desperately needs will be lost. This includes environmental improvement projects in the areas of clean water, forest protection and conservation of natural resources. Indeed, if unable to access resources from the Africa Infrastructure Fund, African nations will be forced to run to other sources of investment including those that may not require the same standards of environmental responsibility as we do thereby resulting in further exploitation of and damage to Africa's fragile environment.

This Member would refer his colleagues back to all of the sound reasons detailed during the debate we just had on the Andrews amendment about why OPIC is an important and successful component of American foreign policy and trade promotion. While the approach of the Kucinich amendment may be somewhat different, the cost of it equals that of the Andrews amendment. Mr. Chairman, this Member urges his colleagues to strongly oppose this amendment.

Any projects supported by OPIC in what is called Category A that subsequently change in nature from the description provided in application materials, and will thereby cause material impacts to the environment, shall be required to submit additional EA documents to OPIC that must be acceptable to OPIC in its sole discretion.

Industrial categories:

A. Large-scale industrial plants.

B. Industrial estates.

C. Crude oil refineries.

D. Large thermal power projects (200 megawatts or more).

E. Major installations for initial smelting of cast iron and steel and production of non ferrous metals.

F. Chemicals:

1. Manufacture and transportation of pesticides;

2. Manufacture and transportation of hazardous or toxic chemicals or other materials.

G. All projects which pose potential serious occupational or health risks.

H. Transportation infrastructure:

1. Roadways;

2. Railroads;

3. Airports (runway length of 2,100 meters or more);

4. Large port and harbor developments;

5. Inland waterways and ports that permit passage of vessels of over 1,350 tons.

I. Major oil and gas developments.

J. Oil and gas pipelines.

K. Disposal of toxic or dangerous wastes:

1. Incineration;

2. Chemical treatment.

L. Landfill.

M. Construction or significant expansion of dams and reservoirs not otherwise prohibited.

N. Pulp and paper manufacturing.

O. Mining.

P. Offshore hydrocarbon production.

Q. Major storage of petroleum, petrochemical and chemical products.

R. Forestry/large scale logging.

S. Large scale wastewater treatment.

T. Domestic solid waste processing facilities.

U. Large-scale tourism development.

V. Large-scale power transmission.

W. Large-scale reclamation.

X. Large-scale agriculture involving the intensification or development of previously undisturbed land.

Y. All projects with potentially major impacts on people or serious socioeconomic concerns.

Z. Projects, not categorically prohibited, but located in or sufficiently near sensitive locations of national or regional importance to have perceptible environmental impacts on:

1. Wetlands;

2. Areas of archaeological significance;

3. Areas prone to erosion and/or desertification;

4. Areas of importance to ethnic groups/indigenous peoples;

5. Primary temperate/boreal forests.

6. Coral reefs;

7. Mangrove swamps;

8. Nationally-designated seashore areas;

9. Managed resource protected areas, protected landscape/seascape (IUCN categories V and VI) as defined by IUCN's Guidelines for Protected Area Management Categories; additionally, these projects must meet IUCN's management objectives and follow the spirit of IUCN definitions.

Mr. Chairman, this member will finally include with information as to why the Kucinich amendment on OPIC supports investment funds will kill the new Africa Infrastructure Fund.

I. The Kucinich amendment is a bullet to the heart of OPIC's $350-million New Africa Infrastructure Fund.

This amendment would:

Stop the fund from investing in a majority of infrastructure projects (since many infrastructure projects are environmentally sensitive).

Prohibit most investments in clean water, sewage treatment, transportation, electric power and other projects that improve the lives of African people.

Undercut the fund's ability to raise the private sector matching funds.

Make the fund uneconomical and less able to invest in women and microenterprises.

It would deny the benefits of the fund, including:

6,800 new jobs for Africans.

Almost $50 million in annual revenues for the countries of sub-Saharan Africa.

$2.5 billion in additional financing capital to Africa.

$350 million in exports from the United States.

II. This amendment undercuts the environmental protections and new transparency built into the New Africa Infrastructure Fund

OPIC has world-class environmental standards that apply to all OPIC programs and funds:

All environmentally sensitive projects must undergo a complete environmental impact assessment.

The New Africa Infrastructure Fund projects will provide for public notice and public comment period in the host country.

All environmentally sensitive projects must meet OPIC requirements to mitigate potential environmental harm.

All environmentally sensitive projects are subject to OPIC environmental monitoring over the life of a project.

The New Africa Infrastructure Fund must have at all times an environmental management system and a full-time qualified environmental expert supervising the implementation of OPIC requirements.

III. The amendment would jeopardize investments by two other OPIC-supported Africa funds totaling $270 million.

These funds:

Would be prohibited from investments in many manufacturing, agricultural, and processing projects as well as many basic services in sub-Saharan Africa.

Will generate more than $300 million in US exports (estimated).

Will create an estimated 5000 African jobs.

IV. The amendment would harm, rather than help, the environment in Africa.

Because OPIC funds would be prohibited from any environmentally sensitive investment:

Some infrastructure projects will go forward with no obligation or requirement to meet OPIC's world-class environmental standards.

Africa will lose the benefit of OPIC's world-class standards being applied to a broad range of infrastructure, manufacturing and natural resource projects.

V. This amendment will undermine OPIC's ability to fulfill its commitment to create another $150 million fund for Africa as called for in the House-passed Africa Growth and Opportunity Act.

Mr. KUCINICH. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The amendment of the gentleman from Ohio (Mr. KUCINICH) is withdrawn.

AMENDMENT OFFERED BY MR. STEARNS

Mr. STEARNS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. STEARNS:

Page 116, after line 5, insert the following:

REPORT ON ATROCITIES AGAINST ETHNIC SERBIANS IN KOSOVO

SEC. . None of the funds appropriated or otherwise made available by this Act in title III under the heading "PEACEKEEPING OPERATIONS" may be obligated or expended for peacekeeping operations in the Kosovo province of the Federal Republic of Yugoslavia (Serbia and Montenegro) until the Secretary of State prepares and submits to the Congress a report containing a detailed description of the atrocities that have been committed against ethnic Serbians in Kosovo, including a description of the incident in which 14 Serbian farmers were killed on or about July 25, 1999, and a description of actions taken by North Atlantic Treaty Organization (NATO) forces in Kosovo to prevent further atrocities.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 29, 1999, the gentleman from Florida (Mr. STEARNS) and a Member opposed each will control 5 minutes.

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order.

The CHAIRMAN. A point of order is reserved.

Mr. OLVER. Mr. Chairman, I also reserve a point of order.

The CHAIRMAN. The gentleman from Massachusetts also reserves a point of order.

The Chair recognizes the gentleman from Florida (Mr. STEARNS).

Mr. STEARNS. Mr. Chairman, I yield myself such time as I may consume.

I come here tonight, Mr. Chairman, just to request a simple study. None of the funds that are appropriated under this act, under the title "peacekeeping operations," they should not be obligated or expended for peacekeeping operations in Kosovo, province of the Federal Republic of Yugoslavia, until the Secretary of State prepares and submits to this Congress a report containing a detailed description of the atrocities that have been committed in this case against the Serbians in Kosovo.

Thirty-four churches, Mr. Chairman, have been bombed since the Air Force, since NATO has stopped their bombing exercise and we declared that we won the war, and of course recently 14 Serbian farmers were massacred on or about July 25, 1999; and my point this evening is that we are going to appropriate more money for peacekeeping operations, and I really think it is appropriate that we get the State Department under NATO, State Department working with NATO, to start to tell us what actually occurred. Are Serbians now seeing reverse cleansing at the expense of the Albanians?

Now there was a recent U.S. Today article that raised so many questions about the Clinton administration talking about their numbers, and they said, quote, "many of the figures used by the administration and NATO to describe the war-time plight of the Albanians in Kosovo now appear greatly exaggerated as allied forces took control of the providence. Instead of 100,000 ethnic Albanian men feared murdered by the rampaging Serbs the estimate now is only 10,000."

So I am hoping to bring to light through the study that I have in my amendment that before we go any further let us find out what has happened in Kosovo and about these 34 churches that have been bombed and the number of people that have been killed and talking about these 14 Serbian farmers who are massacred. Why not? Let us hear the straight scoop now that we are in control of Kosovo and find out the real story.

Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Chairman, I rise in support of the Stearns amendment that would call for a report on atrocities against Serbs. A report by the Secretary of State on the atrocities against Serbs in Kosovo and the July 25 massacre is necessary because there must be ongoing accountability for the ongoing atrocities against Kosovar Serbs and Albanians in Kosovo.

Security must be our top priority in the Balkans. Peacekeeping operations are supposed to keep the peace. But there was no peace when 14 Serbian farmers were killed on July 25, 1999, in one of the worst massacres since the end of the war. Who is accountable for this? Who did this? How did this atrocity happen amidst peacekeeping troops? How can we prevent this from ever happening again? We need answers.

A report describing these atrocities will provide answers. More than 146 Kosovar Serbs and Albanians have been killed since the end of the bombing campaign on June 10. More than 150,000 Serbs have fled Kosovo since NATO arrived on June 10. More than 20 Serbian Orthodox churches have been damaged or destroyed since June 10. Only yesterday a Serb Orthodox cathedral in the province's capital, Pristina, was bombed.

These are not signs of peace. For true peace to prevail, there must be accountability of these actions. Peacekeeping operations will amount to nothing if they cannot prevent continued ethnic cleansing. Peacekeeping operations will amount to nothing if the perpetrators of these and other crimes are not brought to justice. This report on atrocities committed against the Serbs including the July 25 massacre is necessary if the NATO-led peacekeeping force intends to prevent any further atrocities from happening in Kosovo.

Again, I support this important amendment, and I ask my colleagues to join me in voting for the Stearns amendment; and again I think we are all concerned about events in Kosovo. We are all concerned about what happened to the Kosovar Albanians. Let justice be consistent, and let us also be concerned about what is happening to the Serbians.

Mr. CALLAHAN. Mr. Chairman, still reserving my point of order, I yield myself such time as I may consume.

I would like to enter into a colloquy with the gentleman from Florida (Mr. STEARNS) about his concerns in Kosovo and mindless killing of innocent Serbian citizens who are trying to do the same thing that the Kosovars were doing when they actually did Kosovar into Albania. We are not going to tolerate that.

With respect to the gentleman's concern about reconstruction in Kosovo, as subcommittee chairman, along with the full committee chairman, we have a full hold on all money going to Kosovo until such time as the administration proves to us that the money is going to be spent for the intended purpose of refugee assistance.

The United States cannot tolerate the slaughter of Serbs. They are faced with the same problem, the same philosophical differences, but in the reverse of the Kosovars; and we cannot tolerate that, and we must insist with the administration at some point, which I think I can do that as chairman of this subcommittee, of accountability.

Give us the accountability of what is taking place there. How can we continue to tolerate this? Or how can we continue not to speak out so openly against the same atrocities that led this Congress to appropriate the millions of dollars that we sent to Kosovo and the front-line states.

So I share my colleagues' concerns, but I still reserve my point of order.

Mr. KUCINICH. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentleman from Ohio.

Mr. KUCINICH. Mr. Chairman, the gentleman is absolutely correct. And I am sure the gentleman is likewise aware of the fact that another, that other action has granted $20 million for security for Kosovo, and with the KLA being in charge of the province, it raises questions as to whether or not that money would actually be for the security of the people there or would be to advance the interests of the KLA.

So I thank the gentleman for expressing his concern that was raised by the gentleman from Florida (Mr. STEARNS), and I appreciate the gentleman's sentiments.

ORGANIZED CRIME GANGS RULE KOSOVO

(By Laura Rozen)

Around 30 people a week are being killed in Kosovo as organized gangs take advantage of the U.N.'s failure to police the province.

Nato spokesman Jamie Shea admitted yesterday a "law and order vacuum" has been created by a long delay in deploying U.N. civil administrators and an expected 3,000-strong police force. But he insisted the wartorn province was not yet out of control.

Western diplomats in Pristina say gangs, some of which are suspected of having links to the Kosovo Liberation Army, are taking apartments, real estate, businesses, fuel supplies and cars from Kosovo Albanians and Serbs, who have little recourse to justice.

A British K-For official in Pristina said: "UNMIK (the U.N. interim administration) is unprepared to take over law and order. In the absence of police and legitimate rules, a vacuum has occurred.

"That vacuum is being filled by organized crime. Albanian gangs are inviting Kosovo Serbs to leave their apartments. Now Kosovo Albanians are being invited to leave."

Because so many Kosovo Albanians had identity documents and license plates seized by Serb forces, and because there are now no border controls, many gangs are moving in unhampered by the 37,000 K-For soldiers.

While the U.N. plans to deploy 3,125 international police, only 400 have arrived. The police commander has decided not to put troops into active service until he has enough to patrol entire areas. Currently, the commander says, his most urgent need is for border police to keep out more gangs and smugglers.

The German K-For commander, General Fritz von Koriff, said his soldier stop cars to search for weapons and frequently come across smuggled items, such as massive amounts of cigarettes, particularly at the Morina-Kukes border crossing. But Nato's mandate does not permit his soldiers to confiscate any item except weapons, and the smugglers are permitted into Kosovo with their loot if it is believed they are from the province.

One of the biggest problems involves gangs showing up at homes to claim ownership and threatening to beat those who refuse to move out.

No statistics are available on the number of property seizures, but anecdotal evidence suggests a growing problem. And, while initially it seemed that seizures were ethnically motivated, and targeted at Kosovo Serbs in the capital Pristina, increasingly Kosovo Albanians are victims as well.

Kosovo's provisional prime minister, KLA leader Hashim Thaci, 31, denied his organization was behind seizures of Kosovo Serb apartments. "We have no such information. We know there are those who have left Kosovo, but we have not forced anybody to leave, or put pressure on them to leave. That is propaganda. Any one who has not committed crimes is free to live in Kosovo."

According to a U.N. police commander, who asked not to be identified, intelligence suggests there are three main types of organized criminal gangs in Kosovo: Russian, Albanian, and those linked to the KLA. Some analysts suggest that the seized apartments and other looted goods are the KLA's way of paying debts to arms procurers, funders and important soldiers and there relatives.

U.N. officials deny the organization's slowness is responsible for Kosovo's growing crime problem. One senior U.N. commander said, unlike K-For, which has been preparing for a Kosovo mission since February, the U.N. wasn't told it was to take over civilian operations in Kosovo until June.

An American involved in the international police force warned that by the time the U.N. police are deployed, criminal gangs will already have their networks set up, and will be as much a menace for Kosovo's Albanian population as they are for the Serbs.

Ms. PELOSI. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentlewoman from California.

Ms. PELOSI. Mr. Chairman, I wish to associate myself with my colleagues' remarks, and I look forward to working with them to press upon the administration the concerns that were expressed here by the gentleman from Florida (Mr. STEARNS) and the gentleman from Ohio (Mr. KUCINICH), and I commend them for their leadership on this issue.

Mr. CALLAHAN. Mr. Chairman, to further comment, too, on my comments, as my colleagues know, I have a friend who is from greater Serbia. He now lives in French Guyana. His name is Mr. Nalvik, and Mr. Nalvik has kept me posted throughout this entire encounter on the feelings of a lot of Serbian people which are diametrically opposed to Mr. Milosevic. So we do have some people in Serbia who deserve some attention, some respect because they did not agree with Mr. Milosevic, but in any event the gentleman's point is taken. I hope he will withdraw it, and if so, I will remove my point of order.

Mr. STEARNS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I thank the distinguished gentleman from Alabama, and I will withdraw it. I just would like to make a final argument here.

I think the gentleman has touched upon it, and my good colleague from Ohio has touched upon it when he mentions the word "accountability." We need to take taxpayers' money and help people; I understand that. But in the overall understanding of this project, we need to have accountability for the taxpayers' money, how it is being spent.

So with that in mind, and I am hopeful that the chairman will consider part of what I have in report language, if not at least to make the attempt to tell the administration that money will not be given, taxpayers' money will not be given until there is full accountability in this case and that we have balance and fairness.

Mr. CALLAHAN. Before, Mr. Chairman, I had forgotten I told the gentleman from Massachusetts that I would yield to him. Whatever time remaining I have on my point of order, I yield to the gentleman from Massachusetts (Mr. OLVER).

The CHAIRMAN. The gentleman from Massachusetts (Mr. OLVER) is recognized for 2 minutes.

Mr. OLVER. Mr. Chairman, I thank the gentleman for yielding this time to me, and I also would like to associate myself with the comments that have been made by the distinguished chairman of the subcommittee. There is no question that there is no shortage of hatred in Kosovo these days, and I would just point out that the first sizable delegation of Members of the Congress was led by the gentleman from Ohio, the chairman of the Subcommittee on Military Construction, of which I serve as the ranking member; and we saw the attempt on the part of American forces there, having detained some 10 or so Serbian Kosovars and some, almost 30, Albanian Kosovars for a variety of actions, but there are no courts in Kosovo to send those actions to, actions of looting and arson and, in fact, murder.

In this particular instance, the 14 Serbian farmers, and one can surely not condone that kind of activity, already three people have been arrested for that. On the other hand, there have been no arrests and may well never be. In fact, the perpetrators out of the Yugoslavian armed forces are probably quite free and among the elite of the military in Belgrade at this time for the atrocities; and I could go into a list of them, one after another, the atrocities of 30 and 40 and 50 people who had been killed and burned, hacked apart by machete attack, small children, children as young as 2 years shot in the head, along with aged people thrown into a well along with cows and rocks and so forth as part of the atrocities that were perpetrated there. So there is no shortage of atrocities, but we cannot condone those activities, and I thank the gentleman for withdrawing his amendment.

Mr. STEARNS. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

The CHAIRMAN. The amendment offered by the gentleman from Florida (Mr. STEARNS) is withdrawn.

AMENDMENT OFFERED BY MS. JACKSON-LEE OF TEXAS

Ms. JACKSON-LEE of Texas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Ms. JACKSON-LEE of Texas:

Page 116, after line 5, insert the following:

SENSE OF THE CONGRESS RELATING TO RESOLUTION OF THE CONFLICT BETWEEN ERITREA AND ETHIOPIA

SEC. . The Congress—

(1) expresses its satisfaction with the decision of President Isais of the State of Eritrea and Prime Minister Meles of the Federal Democratic Republic of Ethiopia to agree to the Organization of African Unity (OAU) framework in settling the border dispute between Eritrea and Ethiopia and to enter into proximity talks in Algeria for implementing a cease-fire between the two countries;

(2) encourages the completion of the modality talks between Eritrea and Ethiopia as quickly as possible and encourages the two countries not to renew hostilities;

(3) appreciates the de facto cease-fire agreed to by Eritrea and Ethiopia;

(4) appreciates the efforts of the Organization of African Unity and the Government of Algeria for aiding in the negotiations between Eritrea and Ethiopia; and

(5) in order to more firmly move Eritrea and Ethiopia toward a resolution of the conflict between the two countries, expresses its intent to reconsider its position with respect to Eritrea and Ethiopia if there is a resumption of hostilities between the two countries.

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 29, 1999, the gentlewoman from Texas (Ms. JACKSON-LEE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from Texas (Ms. JACKSON-LEE).

□ 2215

Ms. JACKSON-LEE of Texas. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, just a few minutes ago I rose in opposition to the Burton amendment regarding cutting funds to India. Part of my reasoning for such strong opposition was to encourage opportunities for peace and the resolution of the conflict and to encourage India to engage in efforts to resolve the tragic conflict and to support India in that effort.

I now rise to express that same kind of support for the terrible tragedy that is occurring in Eritrea and Ethiopia. I rise with a sense of Congress to encourage a peaceful resolution of Eritrea and the Ethiopian conflict and to offer this amendment to acknowledge that there has been progress.

Currently negotiations are being conducted by the State of Eritrea and the Federal Democratic Republic of Ethiopia. These negotiations are in response to their governments' acceptance of the OAU framework, the Organization of African unity framework, to settle the dispute between these two critical on the Horn of Africa.

Our colleague, Mickey Leland, some 10 years ago was continuing to go back and forth to Ethiopia because of the tragedy of the famine. In a few days, it will be 10 years when we lost Mickey Leland in Ethiopia on a humanitarian mission.

I know that his continued efforts there were to ensure that Ethiopia would be a strong nation, peaceful nation, and a friend of the United States.

Now we have an opportunity to encourage Ethiopia and Eritrea to correct and resolve this latest conflict, and I applaud them for agreeing to engage in peace negotiations. The commitment the Prime Minister of Ethiopia and the President of Eritrea to move forward and give their people peace and tranquility should be applauded. The Ethiopia-Eritrea conflict has substantially damaged the economic growth and development of the countries and has led to humanitarian suffering on both sides of the border.

For 30 years, a problem dividing Ethiopia and Eritrea was Eritrea's claim that its people have a right to self-determination. In 1991, this long and costly struggle ended through a coalition built to topple the Ethiopian dictatorship that was not acceptable to either country. For 7 years of peace, both neighbors pursued paths of economic and social development to give rise to the very idea of renaissance, establishing a path to economic growth and a better quality of life for the people.

The border dispute that ignited hostilities has smothered any confidence that things would be really better. The war has taken a vicious toll on the people in the countries. The number of casualties are almost surreal. We have seen reports of over 18,000 victims within 3 or 4 days of fighting. Individual border battles have involved over 90,000 soldiers fighting from various fronts. In Eritrea the army is estimated to be over 250,000 soldiers, men and women, a huge drain on a population of 3.5 people.

That is why I brought to the attention of this Congress my desire for a sense of Congress to acknowledge the movement, the progress, that has been made, the fact that the OAU agreement has been accepted or at least has been moved on and as well that there are efforts toward trying to resolve this.

Mr. GILMAN. Mr. Chairman, will the gentlewoman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentleman from New York, the Chairman of the Committee on International Relations.

Mr. GILMAN. Mr. Chairman, I share the gentlewoman's concerns that Ethiopia and Eritrea, two fine countries that have already suffered too many years of communist dictatorship, have spent 14 months at war with one another, and the loss has been tragic. We are hopeful now that there is a cease-fire, that they will implement the cease-fire and return to peace. I want to commend the gentlewoman for focusing attention on the cease-fire that is under way.

Ms. PELOSI. Mr. Chairman, will the gentlewoman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentlewoman from California.

Ms. PELOSI. Mr. Chairman, I thank the gentlewoman for yielding me time.

Mr. Chairman, I know that the distinguished chairman of our committee will be calling for a point of order on this sense of the Congress motion, but I did want to take a half a moment to join her in commending our former colleague here, Mickey Leland. When the gentlewoman mentioned that it is 10 years, it seems impossible, but indeed it was 1989. I was with my family in Cairo when we got the bad news. We were all going to join Mickey in Nairobi when he left Ethiopia. Of course, he invited everyone to go to Ethiopia with him.

Fortunately for everyone else, he did not have a large enough plane for everyone. Maybe if he had a larger plane, he would still with be us. Every day I remember him, because his picture is on the wall of my office, holding a baby, that beautiful picture of Mickey Leland. He was there, not helping countries, but helping people.

I am particularly pleased that the gentlewoman at least has us focused on peace in that region because that is what we should be working toward. Once again, I commend the gentlewoman for calling the Congress' attention to this important region of the world.

Mr. CALLAHAN. Mr. Chairman, I yield myself such time as I may consume.

I share the gentlewoman's concern about the war in Ethiopia and Eritrea, and I too am optimistic that the war between these two nations will soon be ending. I remind Members that bin Laden has long utilized Sudan as a terrorist training ground. In fact, Sudan served as a safe-harbor for the bin Laden terrorists who blew up the U.S. embassies in Tanzania and in Kenya. But I sincerely hope that the gentlewoman would withdraw her amendment. I do not want to insist on my point of order, but I must insist if the gentlewoman does not choose to withdraw it.

Ms. JACKSON-LEE of Texas. Mr. Chairman, will the gentleman yield?

Mr. CALLAHAN. I yield to the gentlewoman from Texas.

Ms. JACKSON-LEE of Texas. If the chairman would allow me just to summarize, then I would like to ask unanimous consent upon my summary to withdraw this amendment.

I appreciate very much the chairman of the Committee, the chairman of the Committee on International Relations and their ranking members for their kind words and agreement with me on the importance of this issue.

Let me close by simply saying that we have at least the makings of the potential of an opportunity for peace. The de facto cease-fire and the work of the government of Algeria in aiding the negotiations between Eritrea and Ethiopia should also be recognized, and hopefully the Congress will continue to monitor this circumstance to avoid the loss of life and certainly in tribute to my predecessor, Mickey Leland and his love for Ethiopia and love for mankind we can monitor the circumstances there.

Mr. GILMAN. Mr. Chairman, I share the gentlewoman's concerns that Ethiopia and Eritrea, two fine countries that have already suffered many years of communist dictatorship, have spent 14 months at war with one another.

I am very hopeful that they will implement the ceasefire and return to peace.

Ms. JACKSON-LEE. of Texas. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Texas?

There was no objection.

AMENDMENT NO. 9 OFFERED BY MR. PAUL

Mr. PAUL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 9 offered by Mr. PAUL:

At the end of the bill, insert after the last section (preceding the short title) the following:

LIMITATION ON FUNDS FOR ABORTION, FAMILY PLANNING, OR POPULATION CONTROL EFFORTS

SEC. . None of the funds appropriated or otherwise made available by this Act may be made available for—

(1) population control or population planning programs;

(2) family planning activities; or

(3) abortion procedures.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 29, 1999, the gentleman from Texas (Mr. PAUL) and a Member opposed each will control 5 minutes.

Mr. CALLAHAN. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Alabama will control the time in opposition to the amendment.

Mr. CALLAHAN. Mr. Chairman, I ask unanimous consent to transfer my 5 minutes to the gentlewoman from California (Ms. PELOSI), and that she may yield said time.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. The gentleman from Texas (Mr. PAUL) is recognized for 5 minutes.

Mr. PAUL. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, the amendment is straightforward. It prohibits the use of any money for population control, family planning, or abortion of any funds authorized in this bill, appropriated in this bill.

Mr. Chairman, the question really is this: Should the American taxpayer be required to pay for birth control pills, IUDs, Depo-Provera, Norplant, condom distribution, as well as abortion in foreign countries. Those who believe this is a proper and legitimate function will vote against the amendment. Those who believe that it is not a proper function for us to be doing these things around the world would vote for my amendment.

Mr. Chairman, I mention abortion because although this bill does not authorize funds directly for abortion, any birth control center that is involved that receives funds from us and are involved with abortion, all they do is shift the funds. All funds are fungible, so any country that we give money to that is involved with abortion, for whatever reason, or especially in a family planning clinic, can very easily shift those funds and perform abortions. So this is very, very clear-cut.

I would like to spend a minute though on the authority that is cited for doing such a thing. Under the House rules, the committee is required to at least cite the constitutional authority for doing what we do on each of our bills. Of course, I was curious about this, because I was wondering whether this could be general welfare. This does not sound like the general welfare of the U.S. taxpayer, to be passing out condoms and birth control pills and forcing our will on other people, imposing our standards on them and forcing our taxpayers to pay. That does not seem to have anything to do whatsoever with the general welfare of this country.

Of course, the other clause that is generally used in our legislation is the interstate commerce clause. Well, it would be pretty tough, pretty tough, justifying passing out condoms in the various countries of the world under the interstate commerce clause.

So it was very interesting to read exactly what the justification is. The Committee on Appropriations, quoting from the committee report, the Committee on Appropriations bases its authority to report this legislation from clause 7, section 9 of Article I of the Constitution of the United States of America, which states "no money shall be drawn from the Treasury but in consequence of appropriation made by law." "Appropriations contained in this act," the report says, "are made pursuant to this specific power granted by the Constitution."

That is not a power. That was a prohibition. It was to keep us from spending money without appropriation. If this is true, we can spend money on anything in the world, and the Constitution has zero meaning. This cannot possibly be.

So all I would suggest is this: Be a little more creative when we talk about the Constitution. There must be a more creative explanation on why we are spending these kinds of monies overseas.

Ms. PELOSI. Mr. Chairman, who has the right to close?

The CHAIRMAN. The gentlewoman from California (Ms. PELOSI), defending the position of the committee.

Ms. PELOSI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in very strong opposition to the Paul amendment, and it is not even reluctantly. It is with grave disappointment, frankly, that this amendment is even being proposed, though I respect the gentleman's right to do so, and I respect the gentleman.

If this Paul amendment would be enacted, it would cause deaths and suffering for millions of women and children. I say that without any fear of contradiction.

Of course, we all want to reduce the number of abortions performed throughout the world, and the best way to do that is to promote family planning. It seems hard to believe that the gentleman would stand up and say he does not know why it is in our national interests that we improve the plight of children, poor children and 'families throughout the world by allowing them the opportunity to make decisions for themselves about the timing and the number of children that a family would have, or that the impact that this has on women, alleviating poverty, raising the literacy rate, and, again, giving more empowerment to women by having them control their own destinies.

The issue of population, certainly we understand that our world's resources are finite. I think that most would agree that it is in our interests as well as the interests of every person living on this Earth that we husband our resources very carefully, and that includes curbing uncontrolled population growth. I say that as one who does not support any forced measures in that end, but voluntary efforts to that end.

This amendment would close the most effective avenue to preventing abortions. The gentleman says that well, if we spend this money, then the organizations that use this money but also perform abortions have this underwriting, or the money is fungible, and, therefore, we are supporting abortions.

I think the gentleman knows full well that no funds may be used for abortion procedures. That is the law of the land. We reiterate it every time we have a discussion on this subject. If you are going to apply fungibility, you would have to apply it to everything we do here. I do not know why all of a sudden when it comes to international family planning, fungibility becomes a principle, but when we are dealing with the defense bill or any other appropriations, we never say that giving money for this, that or the other purpose helps that country underwrite some practices that we might not approve of.

The amendment would end a more than 30-year-old program recognized as one of the most successful components of U.S. foreign assistance. Tens of millions of couples, Mr. Chairman, in the developing world are using family planning as a direct result of this program, and the average number of children per family has declined more than one-third since the 1960's.

Three out of four Americans surveyed in 1995 wanted to increase or maintain spending on family planning for poor countries. I was, this year, in India and saw what happened in those states where there was effective family planning as opposed to what was the plight of the people in areas where the women did not have access to this family planning information.

So I believe that this amendment would be contrary to the interests and values of the vast majority of the people in the world, and certainly, speaking in our own terms, of the American people. In February 1997, both the House and the Senate showed their commitment to the USAID International Family Planning Program by voting for the early release of funds specifically for this program.

□ 2230

We had to have a vote at that time.

Mr. Chairman, I see some of my colleagues on their feet, and I am pleased to yield to the distinguished gentleman from New York (Mr. GILMAN), chairman of the authorizing committee, the Committee on International Relations.

Mr. GILMAN. Mr. Chairman, I want to associate myself with the remarks of the gentlewoman from California (Ms. PELOSI). Population control, population planning is so important today. That is the next crisis that we are to be confronted with. The growth of populations around the world are going to lead to hunger in impoverished areas. And where we have hunger and poverty, we soon have hostility.

The best way to prevent that is to help with family planning and with population control. And I thank the gentlewoman for her arguments in opposition to this amendment.

Mr. CALLAHAN. Mr. Chairman, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, it is my duty in this House as chairman of this subcommittee to draft a bill. And in order to draft a bill, I have to depend upon a very able staff which really did the drafting of this 119 pages of law that hopefully will be passed tomorrow morning.

But upon my instruction, I would like to reiterate, and I know the gentleman from Texas (Mr. PAUL) has already brought it out, but since I am responsible for writing this bill, the bill says that none of the funds made available under this heading may be used to pay for the performance of abortions as a method of family planning.

So I just wanted to make perfectly clear my position as the author of this bill with respect to abortions.

Ms. PELOSI. Mr. Chairman, reclaiming my time, the gentleman's position on this is well-known.

Mr. PAUL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the gentlewoman makes the point that we should not use the abortion issue to talk about fungibility and I believe that she is correct. I think it should apply to everything. This is the reason I do strongly oppose Export-Import Bank money going to Red China. Their violations of civil liberties and abortions are good reasons why we should not do it, and yet they are the greatest recipient of our foreign aid from the Exim Bank. $5.9 billion they have received over the years.

So I would say, yes, the gentlewoman is correct. All of these programs are fungible. And I agree that the wording in the bill says that our funds cannot be used. But when we put our funds in with other funds, all of the sudden they are in a pool and they can shift them around and there is a real thing called fungibility.

So once we send money to a country for any reason, we endorse what they do. Therefore, we should be rather cautious. As a matter of fact, if we were cautious enough we would not be in the business of taking money at the point of a gun from our American taxpayer, doing things that they find abhorrent around the world and imposing our will and our standards on them.

Mr. Chairman, birth control methods are not perfectly safe. As a gynecologist, I have seen severe complications from the use of IUDs and Depo-Provera and Norplant. Women can have strokes with birth control pill. These are not benign.

And my colleagues say we want to stop the killing and abortions, but every time that the abortion is done with fungible funds, it is killing a human being, an innocent human being. So for very real reasons, if we were serious about stopping this and protecting the American taxpayer, there is nothing wrong with some of these goals. I agree. As a gynecologist, I would agree with the goals, but they should not be done through coercion. They should be done through voluntary means through churches and charities. That is the way it should be done.

Mr. Chairman, we do not have the authority to coerce our people to work hard, pay their taxes, and then take the money into foreign countries and impose our will on them.

The CHAIRMAN. All time for debate has expired.

The question is on the amendment offered by the gentleman from Texas (Mr. PAUL).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PAUL. Mr. Chairman, I demand a recorded vote, and pending that I make the point of order that a quorum is not present.

The CHAIRMAN. Pursuant to House Resolution 263, further proceedings on the amendment offered by the gentleman from Texas (Mr. PAUL) will be postponed.

The point of no quorum is considered withdrawn.

AMENDMENT OFFERED BY MS. JACKSON-LEE OF TEXAS

Ms. JACKSON-LEE of Texas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

The amendment offered by Ms. JACKSON-LEE of Texas:

Page 116, after line 5, insert the following:

SEC. . (a) Of the amounts made available in title III under the account "INTERNATIONAL MILITARY EDUCATION AND TRAINING", $4,000,000 made available for the United States Army School of the Americas is transferred as follows:

(1) $2,000,000 is transferred to the account "ECONOMIC SUPPORT FUND" in title II and made available for providing training and education of Tibetans in democracy activities and for monitoring the human rights situation in Tibet.

(2) $2,000,000 is transferred to the account "UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND" in title II and made available for the Tibetan refugee program.

(b) Of the funds appropriated in this Act in title II under the account "ECONOMIC SUPPORT FUND", not less than $2,250,000 shall be made available for providing training and education of Tibetans in democracy activities and for monitoring the human rights situation in Tibet.

The CHAIRMAN. The gentlewoman from Texas (Ms. JACKSON-LEE) and a Member opposed each will control 5 minutes.

Mr. CALLAHAN. Mr. Chairman, I reserve a point of order against the amendment.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, in actuality I wish I did not have to rise to the floor to offer this amendment. I wish that Tibet was living in peace and harmony. I wish the Dalai Lama who is in exile, who I had an opportunity to meet and discuss these issues with, was free to go back to Tibet.

My amendment offers to provide $4 million to the Economic Support Fund to provide training and education of Tibetans in democracy activities and for monitoring the human rights situation in Tibet made worse by the activities of China. In addition, we would offer additional funds to be of assistance to the Tibetan refugee program.

Mr. Chairman, there is a need for something to be done. As we recently remembered the 10th anniversary of the Tiananmen Square tragedy, we continue to acknowledge the human rights abuses imposed by the Chinese government. Whether on the mainland or other areas, the Chinese have shown themselves to be opposed to the basic human rights principles we all aspire to achieve.

The Chinese have tripled their missile threat to Taiwan. China does not understand they cannot force a free and democratic Taiwan to unify and that they should accept its existence.

We still watch as China continues its occupation of Tibet. Since 1951, when the People's Republic of China invaded Tibet, hundreds of thousands of Tibetans have been killed outright or have died as a result of aggression, torture or starvation. Over 6,000 monasteries and temples have been destroyed. China has implemented a consistent pattern of suppression in an attempt to eradicate the Tibetan culture.

The continued population transfer of Chinese to Tibet threatens the existence of the unique national, cultural, and religious identity of the Tibetan people. The fragile Tibetan plateau is seriously threatened by the exploitation of its environmental resources by China.

The Tibetan people have demonstrated repeatedly for independence from China. Their struggle is nonviolent and worthy of special attention. It is important to provide funding to encourage them in their efforts, encourage them in democracy, encourage them in being able to monitor the various human rights abuse.

Indeed, when in 1989 the Dalai Lama, leader of the Tibetan people, received the Nobel peace prize, the international community documented its commitment to free Tibet. There are 110,000 Tibetan refugees living in 53 settlements in India, Nepal and Bhutan. Over 1.2 million Tibetans have died in a widespread program of imprisonment torture and executions orchestrated by China. Tibet's unique culture and Buddhist religion have been systematically suppressed as China has looted Tibet's enormous mineral wealth, natural resources, and priceless art treasures, transporting them back to China to fuel its own economic growth.

Mr. Chairman, I would like to congratulate the Committee on International Relations for its removal of $8 million from the World Bank to avoid this so-called apartheid system where there was a movement of 50,000 Chinese farmers into Tibet creating almost an apartheid system where the Tibetans would not have the good jobs or opportunities, but the Chinese would.

Coercive birth control policies, including forced abortion and sterilization, are continuing to wipe out the Tibetan people. It is important that the children be formost in our focus on peaceful efforts to return Tibet to its people and to bring the Dalai Lama home.

I rise Mr. Chairman to offer an amendment which will take $4 million out of the fund which contains the Foreign Ops funding for the School of the Americans, and redistribute it to the Economic Support Fund and the Emergency Refugee and Migrations Assistance Funds for specific use in Tibet.

As we recently remembered the 10th anniversary of the Tainanmen Square tragedy we continue to acknowledge the human rights abuses imposed upon the people by the Chinese government. Whether on the mainland or in other areas, the Chinese have shown themselves to be opposed to the basic human rights principles we all aspire to achieve.

The Chinese have tripled their missile threat to Taiwan. China does not understand they cannot force a free and democratic Taiwan to unify and that they should accept Taiwan as a friendly and independent neighbor and establish diplomatic ties.

And we all still watch as China continues its occupation of Tibet. Since 1951, when the People's Republic of China invaded Tibet hundreds of thousand of Tibetans have been killed outright or died as the result of aggression, torture or starvation. Over 6,000 monasteries and temples have been destroyed. China has implemented a consistent pattern of suppression in an attempt to eradicate the Tibetan religion and culture.

The continued population transfer of Chinese to Tibet threatens the existence of the unique national, cultural and religious identity of the Tibetan people.

The fragile Tibetan plateau is seriously threatened by the exploitation of its environmental resources by China.

The Tibetan people have demonstrated repeatedly for independence from China. Their struggle is nonviolent and worthy of special attention. Indeed, when in 1989, the Dalai Lama, the leader of the Tibetan people, received the Nobel Peace Prize the international community documented its commitment to a free Tibet.

There are about 110,000 Tibetan refugees living in 53 settlements in India, Nepal and Bhutan. Over 1.2 million Tibetans have died in a widespread program of imprisonment, torture and executions orchestrated by China.

Tibet's unique culture and Buddhist religion have been systematically suppressed as China has looted Tibet's enormous mineral wealth, natural resources and priceless art treasures, transporting them back to China to fuel its own economic growth.

An apartheid system is in place, following the mass migration of Chinese into Tibet. These immigrants now dominate the economy and hold all the best jobs. Employment prospects for Tibetans are virtually nonexistent.

Coercive birth control policies, including enforced abortion and sterilization, are completing the policies of wiping out Tibet's identify forever. We watch China, the world's most oppressive police state, control Tibet. There are between a quarter and half a million Chinese troops in Tibet. China permits no news media in Tibet. Amnesty International and foreign diplomats are refused permission to visit. Tibetans in Tibet are liable to interrogation, imprisonment and torture for having unofficial contact with foreigners.

Tibet covers an area the size of Western Europe and is the world's highest plateaus. The Culture is magnificent and unique. Until 1950, Tibet had retained that ancient culture.

My amendment would offer additional hope to the Tibetan people that the international community, particularly the United States is supportive of their independence and that we are providing resources for improved systems and enhancement of aid programs.

The United States Army School of the Americas will have $4 million of its appropriations transferred to a true democratic cause. Our efforts to provide international military training and education to the armed forces in Latin America has at best led to questionable practices by its graduates. We want democracy. We want to see our funds used to support the development of democracies. The Tibetans want democracy. Some graduates of the School of the Americas have not demonstrated such a commitment.

Graduates of the United States Army School of the Americas include some of the worst human rights abusers in the Western Hemisphere, including 19 Salvadoran soldiers linked to the 1989 murder of six Jesuit priests and their housekeeper and her daughter. Two of the three officers cited by the Guatemalan archbishop's office are suspected of the killing of anthropologist Myrna Mack in 1992, as well as three top leaders of the notorious Guatemalan military intelligence unit D–2 were graduates of the School of the Americas.

One-half of the 247 Colombian army officers cited in the definitive work on Colombian human rights abuses, El Terrorismo de Estado en Colombia, in 1992 were graduates of this School.

Ten of the 30 Chilean officers against whom a Spanish judge in 1998 requested indictments for crimes of terrorism, torture and disappearance as well as the El Salvador death squad leader Roberto D'Aubuisson graduated from the School of the Americas.

Two of the three killers of Archbishop Oscar Romero of El Salvador and 10 of the 12 officers responsible for the murder of 900 civilians in the El Salvadoran village El Mozote are graduates.

And the most notorious for us, three of the five officers involved in the 1980 rape and murder of four United States churchwomen in El Salvador graduated from the School of the Americas.

Reducing funding for this School does not prevent the United States from providing appropriate training for military personnel of Latin American armed forces. It is conceivable that by our actions a better military training and education program can be developed. With a most improved screening process for potential students.

I urge you to support my amendment for democracy.

Mr. Chairman, I yield to the gentleman from New York (Mr. GILMAN), chairman of the Committee on International Relations.

Mr. GILMAN. Mr. Chairman, the gentlewoman from Texas (Ms. JACKSON-LEE) has done an outstanding job of focussing attention on the violations by the People's Republic of China with regard to the Tibetan people. We cannot give enough attention to the occupation of the People's Republic of China in Tibet and we welcome the gentlewoman's remarks.

Mr. CALLAHAN. Mr. Chairman, will the gentlewoman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentleman from Alabama.

Mr. CALLAHAN. Mr. Chairman, I would point out that on page 39 of the committee report, we recommend that $250,000 be made available for democracy training and education activities for Tibetans. In addition, on page 55 of the report, we recommend $2 million for continued humanitarian assistance for the Tibetan refugees.

So the committee has already addressed the concerns of the gentlewoman from Texas. We do not earmark, as she well knows, in our bill. This amendment would earmark and, therefore, I must continue to, number one, reserve my point of order.

Mr. CALLAHAN. Mr. Chairman, I claim the time in opposition to the amendment.

The CHAIRMAN. The gentleman from Alabama (Mr. CALLAHAN) is recognized for 5 minutes.

Mr. CALLAHAN. Mr. Chairman, I yield such time as she may consume to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Chairman, the gentlewoman from Texas (Ms. JACKSON-LEE) I commend for bringing the plight of Tibet to the attention once again of our colleagues. The gentleman from Alabama (Mr. CALLAHAN), our distinguished chairman, has been most cooperative on this issue of Tibet. It is a priority for many of us on the committee. And, of course, the gentleman from New York (Mr. GILMAN), chairman of the authorizing committee, has been a champion on the Tibet issue for a long time.

But as the gentleman from Alabama said, the funds are in the bill already because this is a priority. The plight of the people of Tibet challenges the conscience of the world and by and large the world ignores their plight. Our bill does not, and the more attention we can call, the better.

Mr. Chairman, even though this may not be able to be received by the full House this evening, nonetheless, the bright light that the gentlewoman focuses on Tibet once again is appreciated and will contribute to freedom there one day.

Mr. CALLAHAN. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Chairman, I would like to conclude by simply thanking both the ranking member and the chairman for the efforts that have been made in the Subcommittee on Foreign Operations, Export Financing and Related Programs, as well as that of the chairman of the Committee on International Relations. My effort tonight was to provide more resources because of the horrific situation in Tibet. The abuse of human rights and the exile of the Dalai Lama.

I would like to continue to work with all of the committees and as well the chairman, ranking member of the subcommittee and the Chairman of the Committee on International Relations as we try to bring peace and dignity to the Tibetan people.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Texas?

There was no objection.

AMENDMENT OFFERED BY MR. PAUL

Mr. PAUL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. PAUL:

Page 116, after line 5, insert the following:

LIMITATION ON FUNDS FOR EXPORT-IMPORT BANK OF THE UNITED STATES, OVERSEAS PRIVATE INVESTMENT CORPORATION, AND THE TRADE AND DEVELOPMENT AGENCY

SEC. . None of the funds made available pursuant to this Act for the Export-Import Bank of the United States, the Overseas Private Investment Corporation, or the Trade and Development Agency, may be used to enter into any new obligation, guarantee, or agreement on or after the date of the enactment of this Act.

The CHAIRMAN. Pursuant to the order of the House of Thursday, July 29, 1999, the gentleman from Texas (Mr. PAUL) and the gentleman from Alabama (Mr. CALLAHAN) each will control 5 minutes.

The gentleman from Texas (Mr. PAUL) is recognized for 5 minutes.

Mr. PAUL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this amendment provides that no funds for new obligations, guarantees, or agreements can be issued under the Export-Import Bank under OPIC or under the Trade Development Agency. This again is an attempt to try to slow up the amount of dollars that flow into corporations and for their benefit specifically as well as our foreign competitors.

China, for instance, receives the largest amount of money from the Export-Import Bank. Outstanding liabilities for the Export-Import Bank is now $55 billion. There is $5.9 billion that have been granted to the Chinese.

Last week we had a very important vote on trade. It was hotly debated over human rights issues. I voted to trade with China because I believe it is proper to trade with people. We are less likely to fight with them. And in this institution, too often we use our terms carelessly and we talk about free trade as being something which is managed trade. Free trade here generally means that we will have the NAFTA people managing trade, the World Trade Organization managing trade, and we will subsidize our businesses.

Just this past week we had the World Trade Organization rule against us saying that we grant $2 billion worth of tax benefits to our own corporations and they ruled that that was illegal. This is all done in the name of free trade.

I say that we should have free trade. We should trade with our friends and with anybody who would trade that we are not at war with. We should really, really be careful about issuing sanctions. But here we are, last week we had the great debate and a lot of people could not stand the idea of trading with Red China because of their human rights record and I understand that, although I did not accept that position. But this is the time to do something about it.

Trading with Red China under true free trade is a benefit to both of us. It is a benefit to our consumers and it benefits both countries because we are talking with people and we are not fighting with them. But it gets to be a serious problem when we tax our people in order to benefit those who are receiving the goods overseas.

□ 2245

Now, if there is a worldwide downturn, this $55 billion of liabilities out there could be very significant in how it is going to be paid back. The Chinese right now, their economy is not all that healthy. They are talking about a devaluation.

So this is a liability that the American taxpayers are exposed to. If we do have a concern about Red China and the Chinese, yes, let us work with them, let us trade with them, but let us not subsidize them.

This is what I am trying to do. I am trying to stop this type of subsidies. So my bill, my amendment would stop any new obligation. It does not close down Export-Import Bank. It allows all the old loans to operate and function, but no new obligations can be made, no new guaranties, and no agreement, with the idea that someday we may truly move to free trade, that we do not recognize free trade as being subsidized trade as well as internationally managed trade with organizations such as NAFTA and World Trade Organization.

Those institutions are not free trade institutions. They are managed trade institutions for the benefit of special interests. That is what this type of funding is for is for the benefit of special interests, whether it is our domestic corporation, which, indeed, I would recognize does receive some benefit.

Sixty-seven percent of all the funding of the Export-Import Bank goes to, not a large number of companies, to five companies. I will bet my colleagues, if they look at those five companies in this country that gets 67 percent of the benefit and look at their political action records, my colleagues might be enlightened. I mean, I bet my colleagues we would learn something about where that money goes, because they are big corporations and they benefit, and they will have their defenders here.

It is time we look carefully at these subsidies.

Mr. CALLAHAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I yield 1½ minutes to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Chairman, I rise in opposition to the amendment. In doing so, I want to correct the record. Those of us who were asking for raising tariffs on products coming from China were not interested in cutting off trade with China. What we were doing is to say, let us have the same reciprocity between our two countries as we would expect from other countries.

But then to use that and say it is all right to give a $70 billion trade surplus to the regime so they can strengthen their hold on the people of China but we should take out our concerns with China on the Ex-Im Bank I think is very inappropriate. That is why I oppose it.

The Ex-Im Bank does not subsidize the Chinese government. The Ex-Im Bank subsidizes U.S. manufacturers selling into countries, including China.

The Paul amendment would not allow the Export-Import Bank to assume any new business. This would mean that all of the Ex-Im's resources would be used to liquidate existing transactions. In other words, Ex-Im would slowly, gradually shut down.

I agree with the gentleman that we must subject the Ex-Im, OPIC, and all of these institutions to harsh scrutiny. Are they performing the task that is their established purpose, to promote U.S. exports? The Ex-Im Bank, I think, from the scrutiny we subjected to in our committee does that.

The gentleman's amendment is ill-advised. The same would apply to OPIC, which, by the way, does not operate in China.

So I urge our colleagues to oppose this amendment for many more reasons than I have time to go into.

Mr. CALLAHAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Chairman, we have already discussed the impact of the closing down of OPIC earlier tonight, and my colleagues can see that the will of the House certainly agreed with those of us who think that we must have this competitive level playing field with the rest of the G–7 Nations.

The gentleman from Texas (Mr. PAUL) is absolutely right when it comes to basic sounding good things, a feel-good amendment, when he talks about Ex-Im Bank giving money to Red China. Ex-Im Bank does not give money to Red China. Ex-Im Bank loans money to American businesses to establish programs in Red China. There is no prohibition against Red China coming to the United States to invest with the support of a similar organization in China.

What we are saying is we want to be just like the rest of the world when it comes to global economy. This is a global economy. The only way our people can participate in global economy is to have the same advantages as do Canada, as do Japan, as do Germany, as do France. We need this in order to work today in a global economy.

So we are not talking about losing money. That is not the question here. Ex-Im bank is not losing money. We are talking about whether or not we are going to have a financing capability that will enable American jobs to be exported to all of the countries that the gentleman from Texas mentioned.

So, Mr. Chairman, I think it is the same debate that we had on OPIC except this one is twice as bad because, also, he closes down the Ex-Im Bank as well and cuts off the ability of American business people to do business in most any foreign country.

I urge opposition to the amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. PAUL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to point out that it is truly a subsidy to a foreign corporation, a foreign government. For Red China, corporations and governments are essentially identical. They are not really quite in the free market yet.

But the gentleman from Alabama (Mr. CALLAHAN) points out that, no, that is not true. The money does not go to Red China and they buy things; we just give it directly. We do not even send it round trip. This is true.

We take taxpayers' money. We take taxpayers' guarantee. We give them to those huge five corporations that do 67 percent of the business. We give them the money. But where do the goods go? Do the goods go to the American taxpayers? No. They get all of the liabilities. The subsidies help the Chinese.

So, technically, yes, we do not send the money there. But who is going to pay it back? The Chinese pays the loan back. If they default, who pays the bill if the Chinese defaults? Who pays the bill if they default? It is obviously the taxpayers.

What I am pointing out is that $5.9 billion that the Chinese now had borrowed from us, from the Export-Import Bank, is a significant obligation that,, too, is on the backs of the American taxpayer.

So I urge support for the amendment because, if we are serious about free trade, just please do not call it free trade anymore. Call it managed trade. Call it subsidized trade. Call it special interest trade. But please do not call it free trade anymore, because it is not free trade.

Mr. Chairman, I yield back the balance of my time.

Mr. CALLAHAN. Mr. Chairman, I yield myself such time as I may consume.

In closing, Mr. Chairman, I would just like to say that the $16 million, or whatever figure he is using that goes to China, goes in the form of things like airplane. Yes, a lot of it goes to Boeing, which is a huge corporation. But the benefit that the American taxpayers receive are the thousands of jobs that Boeing provides in order to export this plane to China who pays for it. If indeed there was some problem, we can always go and get the airplanes back.

It is not like we are giving something away. We are creating jobs. I might tell my colleagues that many of those Boeing jobs are located in the State of Alabama.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. PAUL).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PAUL. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to House Resolution 263, further proceedings on the amendment offered by the gentleman from Texas (Mr. PAUL) will be postponed.

Mr. DAVIS of Illinois. Mr. Chairman, I rise in support of the Payne amendment.

Mr. Chairman, the UN World Food Program (WFP) last Tuesday expressed fears of a "worsening humanitarian crisis" in southern Sudan, resulting from the inability to transport food to those who need it. This ban has made most of the region inaccessible to relief agencies trying to deliver urgent humanitarian assistance to some 150,000 people.

Mr. Chairman, the funds appropriated by this amendment which is more than $4,000,000 will be used for rehabilitation and economic recovery in areas of Sudan which have endured many hardships due to their religious and political beliefs. These funds will help support education, crop growth and other needs necessary for the basic existence of these people.

Mr. Chairman, this is a humane, well thought out, gesture offered by the gentleman from New Jersey and I urge all Members to support this amendment.

Mr. CALLAHAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. TANCREDO) having assumed the chair, Mr. THORNBERRY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, had come to no resolution thereon.

REPORT ON H.R. 2670, DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

Mr. CALLAHAN, from the Committee on Appropriations, submitted a privileged report (Rept. No. 106–283) on the bill (H.R. 2670) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 2000, and for other purposes, which was referred to the Union Calendar and ordered to be printed.

The SPEAKER pro tempore. Under the rule, all points of order are reserved on the bill.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

$800 BILLION TAX CUT, BUT NOT FOR THE MIDDLE OR LOWER CLASSES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. OLVER) is recognized for 5 minutes.

Mr. OLVER. Mr. Speaker, I am sure that I am making friends with all of the members of the staff by taking 5 minutes at this hour, including the Speaker, but since I have stayed here this long, I will take the 5 minutes.

Mr. Speaker, we are told that this is the week that the main business is going to be, for this Congress, is the final passage of an $800 billion tax cut.

The Republican leadership says that their tax cut, at least that one which passed the House of Representatives, is for the middle class. But I would like to raise that question. The bill which passed the House of Representatives about 2 weeks ago had the following features: the 1.25 million taxpayers representing the 1 percent wealthiest, richest portion of the population each, on average, got $54,000 of tax reduction. Those are the 1 percent whose incomes is more than $300,000 per year.

At the other end of the scale, starting from the bottom, from the lowest income person in this society issuing a tax return, if we took all 95 percent, starting from the lowest income and coming up to an income of $125,000 a year, all 95 percent of that population, all 120 million would have received 39 percent of the total tax cut; whereas, the 1.25 million, the wealthiest 1.25 million, or 1 percent, would have received 45 percent of that total tax reduction. The 1 percent richest of Americans got more than all 95 percent of our population whose income is beneath 125,000.

If I may put that in a slightly different way, if those who may still be watching would consider 100 people, 100 people, one of whom has income over $300,000 and consider that we might have $100 of tax reduction to be able to distribute among those 100 people, that that one person whose income is greater than $300,000 would get $45 of the total of $100 that is available for all tax reduction for all Americans.

□ 2300

Whereas 95 people, starting at the lowest income, up to the persons who might have $125,000 of income, that group of 95 people would find that they were able to receive only a total of $39 divided among the 95 of them.

Now, I do not know how many people would believe that that was a fair distribution that would suggest that this tax cut was for the middle class. That is hardly a middle class tax cut. In fact, it is designed to make the already rich a great deal richer. And that the middle class, those people between incomes of $20,000 and perhaps $80,000 per year, would receive $1 or $2 a day, hardly a middle class tax cut.

But that is only a small part of the story. The rest of the story is what the Republican leadership makes impossible if this rich-get-very-much-richer bill were to become law. I forgot to bring the chart that I have here, but I will get it because I would like to show the American people what happens on just one issue, and that is the issue of the Nation's debt.

If this tax bill is passed, as it was passed in the House of Representatives, then it would be nearly impossible to reduce the Nation's debt. Let me show this chart. This chart shows where the present $3.7 trillion of debt that is publicly held was created.

The first 38 presidents, from George Washington, our first president, through Mr. Ford, our 38th president, produced $549 billion of debt. President Carter, in his 4 years, created an additional $236 billion of debt. President Reagan created, in his 8 years, $1.4 trillion. President Bush, $1.1 trillion, and President Clinton, in his almost 7 years, an additional $472 billion.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. ABERCROMBIE (at the request of Mr. GEPHARDT) for today on account of official business.

Mr. REYES (at the request of Mr. GEPHARDT) for today on account of attending memorial service for the five soldiers whose plane crashed in Colombia.

Mrs. CLAYTON (at the request of Mr. GEPHARDT) between 5:00 p.m. and 8:30 p.m. today on account of official business.

Mr. BILBRAY (at the request of Mr. ARMEY) for today and the balance of the week on account of personal reasons.

Mr. PETERSON of Pennsylvania (at the request of Mr. ARMEY) for today and the balance of the week on account of medical reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. OLVER) to revise and extend their remarks and include extraneous material:)

Mr. ALLEN for 5 minutes, today.

Mr. PALLONE for 5 minutes, today.

Mr. SHERMAN for 5 minutes, today.

Mr. HASTINGS of Florida for 5 minutes, today.

Mr. OLVER for 5 minutes, today.

(The following Members (at the request of Mr. PAUL) to revise and extend their remarks and include extraneous material:)

Mr. GUTKNECHT for 5 minutes, August 4.

Mrs. MORELLA for 5 minutes, today.

Mr. BRYANT for 5 minutes, today.

Mr. MORAN of Kansas for 5 minutes, August 3.

Mr. DEMINT for 5 minutes, August 3.

Mr. SMITH of Michigan for 5 minutes, today.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1468. An act to authorize the minting and issuance of Capitol Visitor Center Commemorative coins, and for other purposes; to the Committee on Banking and Financial Services.

ADJOURNMENT

Mr. OLVER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 3 minutes p.m.), under its previous order, the House adjourned until tomorrow, Tuesday, August 3, 1999, at 9 a.m., for morning hour debates.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

3303. A letter from the the Director, the Office of Management and Budget, transmitting the cumulative report on rescissions and deferrals, pursuant to 2 U.S.C. 685(e); (H. Doc. No. 106–108); to the Committee on Appropriations and ordered to be printed.

3304. A communication from the President of the United States, transmitting a request for emergency supplemental appropriations for the Department of Defense; (H. Doc. No. 106–110); to the Committee on Appropriations and ordered to be printed.

3305. A letter from the Comptroller, Under Secretary of Defense, transmitting notification of a violation of the Antideficiency Act; to the Committee on Appropriations.

3306. A letter from the Acquisition and Technology, Under Secretary of Defense, transmitting a report on the Performance of Commercial Activities for Fiscal Year 1998, pursuant to 10 U.S.C. 2304 nt.; to the Committee on Armed Services.

3307. A letter from the Personnel and Readiness, Under Secretary of Defense, transmitting the Department's Defense Manpower Requirements Report for FY 2000, pursuant to 10 U.S.C. 115(b)(3)(A); to the Committee on Armed Services.

3308. A letter from the Health Affairs, Assistant Secretary of Defense, transmitting a report on TRICARE Head Injury Policy and Provider Network Adequacy; to the Committee on Armed Services.

3309. A letter from the Deputy Secretary of Defense, transmitting notification of the decision to waive the limitations for the number of management headquarters and headquarters support activities staff in the Department of Defense as of October 1, 1998; to the Committee on Armed Services.

3310. A letter from the Secretary of Defense, transmitting notification of the approval of the retirement of General Dennis J. Reimer, United States Army, and his advancement to the grade of general on the retired list; to the Committee on Armed Services.

3311. A letter from the Secretary of Defense, transmitting notification that the Department of Defense intends to obligate up to $438.4 million in FY 1999 funds to implement the Cooperative Threat Reduction Program under the FY 1999 Department of Defense Appropriations Act; to the Committee on Armed Services.

3312. A letter from the Secretary of Defense, transmitting notification of the approval of Lieutenant General John B. Hall, Jr., United States Air Force, and his advancement to the grade of lieutenant general on the retired list; to the Committee on Armed Services.

3313. A letter from the Secretary of Defense, transmitting notification of the approval of the retirement of Lieutenant General John A. Dubia, United States Army, and his advancement to the grade of lieutenant general on the retired list; to the Committee on Armed Services.

3314. A letter from the Secretary of Defense, transmitting notification of the approval of the retirement of Lieutenant General Patrick M. Hughes, United States Army, and his advancement to the grade of lieutenant general on the retired list; to the Committee on Armed Services.

3315. A letter from the Under Secretary for Domestic Finance, Department of the Treasury, transmitting the annual report on the Resolution Funding Corporation for the calendar year 1998; to the Committee on Banking and Financial Services.

3316. A letter from the Acting Under Secretary, Rural Development, Department of Agriculture, transmitting the Department's final rule—Guaranteed Rural Rental Housing Program (RIN: 0575–AC14) received June 14, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

3317. A letter from the President and Chairman, Export-Import Bank, transmitting a report involving U.S. exports to China, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

3318. A letter from the President and Chairman, Export-Import Bank, transmitting a report involving U.S. exports to Japan, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

3319. A letter from the Board of Governors, Federal Reserve System, transmitting a report on the profitability of the credit card operations of depository institutions, pursuant to 15 U.S.C. 1637; to the Committee on Banking and Financial Services.

3320. A letter from the Director, Office of Management and Budget, transmitting a report on direct spending or receipts legislation; to the Committee on the Budget.

3321. A letter from the Secretary of Education, transmitting Final Regulations Correction—Assistance to States for the Education of Children with Disabilities (RIN:

1820–AB40), pursuant to 20 U.S.C. 1232(f); to the Committee on Education and the Workforce.

3322. A letter from the Acting Assistant General Counsel for Regulatory Law, Department of Energy, transmitting a report entitled, "Interface with the Defense Nuclear Facilities Safety Board"; to the Committee on Commerce.

3323. A letter from the Assistant General Counsel for Regulatory Law, Department of Energy, transmitting a report on Conference Management; to the Committee on Commerce.

3324. A letter from the Assistant General Counsel for Regulatory Law, Office of Procurement and Assistance Management, Department of Energy, transmitting a report regarding Deviations, Local Clauses, Uniform Contract Format, and Clause Matrix; to the Committee on Commerce.

3325. A letter from the Director, Department of Health and Human Services, transmitting the NIEHS Report on Health Effects from Exposure to Power-Line Frequency Electric and Magnetic Fields; to the Committee on Commerce.

3326. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting Instruction Concerning Prenatal Radiation Exposure; to the Committee on Commerce.

3327. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting a report on Design and Fabrication Code Case Acceptability, ASME Section III, Division 1; to the Committee on Commerce.

3328. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting the Commission's Management Directive 5.6, "Integrated Materials Performance Evaluation Program"; to the Committee on Commerce.

3329. A letter from the Secretary of Energy, transmitting the 1998 Annual Report on Low-Level Radioactive Waste Management Progress; to the Committee on Commerce.

3330. A letter from the Secretary of Health and Human Services, transmitting a draft of proposed legislation entitled, "Developmental Disabilities Assistance Amendments of 1999"; to the Committee on Commerce.

3331. A letter from the Director, Defense Security Cooperation Agency, transmitting notification concerning the Department of the Army's Proposed Letter(s) of Offer and Acceptance (LOA) to Egypt for defense articles and services (Transmittal No. 99–23), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

3332. A letter from the Director, Defense Security Cooperation Agency, transmitting notification concerning the Department of the Army's Proposed Letter(s) of Offer and Acceptance (LOA) to Egypt for defense articles and services (Transmittal No. 99–22), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

3333. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to Greece [Transmittal No. DTC 81–99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

3334. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to Singapore [Transmittal No. DTC 82–99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

3335. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement with Turkey [Transmittal No. DTC 141–98], pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

3336. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to the United Kingdom [Transmittal No. DTC 69–99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

3337. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement with Canada [Transmittal No. DTC 66–99], pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

3338. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to the United Kingdom [Transmittal No. DTC 68–99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

3339. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement with Germany [Transmittal No. DTC 76–99], pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

3340. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement for the export of defense services under a contract with Italy [DTC 47–99], pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

3341. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement for the export of defense services under a contract with Canada [Transmittal No. DTC 44–99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

3342. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Technical Assistance License Agreement with Spain [Transmittal No. DTC 77–99], pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

3343. A letter from the Acting Deputy Under Secretary (International Programs), Office of the Under Secretary of Defense, transmitting a copy of Transmittal No. 08–99 which constitutes a Request for Final Approval for the Project Arrangement (PA) between the U.S. and Sweden concerning the Foliage Penetration Radar Sensor Project, pursuant to 22 U.S.C. 2767(f); to the Committee on International Relations.

3344. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting Copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on International Relations.

3345. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting Copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on International Relations.

3346. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting notification that effective July 4, 1999, the 20% danger pay allowance for Central African Republic was eliminated, pursuant to 5 U.S.C. 5928; to the Committee on International Relations.

3347. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting Copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on International Relations.

3348. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification regarding the proposed transfer of major defense equipment to Germany [Transmittal No. RSAT–1–99]; to the Committee on International Relations.

3349. A letter from the Director, Office of Personnel Management, transmitting a report entitled, "Physicians Comparability Allowances," pursuant to 5 U.S.C. 5948(j)(1); to the Committee on Government Reform.

3350. A letter from the Secretary of Commerce, transmitting the Inspector General's semiannual report and the Secretary's report on final action taken on Inspector General audits, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(d); to the Committee on Government Reform.

3351. A letter from the Secretary of Labor, transmitting the Semiannual Reports of the Corporation's Executive Director and the Office of Inspector General, respectively, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform.

3352. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13–87, "Moratorium on the Issuance of New Retailer's Licenses Class B Temporary Amendment Act of 1999" received June 18, 1999, pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

3353. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13–91, "O Street Wall Restoration Temporary Act of 1999" received June 18, 1999, pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

3354. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13–86, "Metropolitan Police Department Excepted Service Sworn Employees' Compensation System Amendment Act of 1999" received June 18, 1999, pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

3355. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 13–82, "Mount Horeb Plaza Symbolic Street Designation Act of 1999" received June 18, 1999, pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

3356. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 13–85, "Peoples Involvement Corporation Equitable Real Property Tax Relief Act of 1999" received June 18, 1999, pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

3357. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 13–83, "Lowell School, Inc., Real Property Tax Exemption and Equitable Real Property Tax Relief Act of 1999" received June 18, 1999, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform.

3358. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 13-84, "Closing and Dedication of a Public Alley in Square 275, S.O. 95-62, Act of 1999" received June 18, 1999, pursuant to D.C. Code section 1-233(c)(1); to the Committee on Government Reform.

3359. A letter from the Federal Co-Chairman, Appalachian Regional Commission, transmitting the semiannual report of the Inspector General for the period October 1, 1998, through March 31, 1999, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform.

3360. A letter from the Comptroller General, transmitting a monthly listing of new investigations, audits, and evaluations; to the Committee on Government Reform.

3361. A letter from the Deputy Director for Support, Personal and Family Readiness Division, Department of the Navy, transmitting the annual report for 1998 of the Retirement Plan for Civilian Employees of the United States Marine Corps Personal and Family Readiness Division; to the Committee on Government Reform.

3362. A letter from the Director, Office of Legislative Affairs, Federal Deposit Insurance Corporation, transmitting correction of an error in the auditor's opinion section of the Federal Deposit Insurance Corporation's 1998 Chief Financial Officers Act Report; to the Committee on Government Reform.

3363. A letter from the General Accounting Office, transmitting a list of vacancies; to the Committee on Government Reform.

3364. A letter from the Inspector General, General Services Administration, transmitting the Audit Report Register, including all financial recommendations, for the period ending March 31, 1999, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(d); to the Committee on Government Reform.

3365. A letter from the Treasurer, National Gallery of Art, transmitting the 1998 Annual Report which contains the audited financial statements for years ended September 30, 1998 and 1997, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Reform.

3366. A letter from the Secretary of Education, transmitting notification that effective February 24, 1999, the Assistant Secretary for Elementary and Secondary Education resigned; to the Committee on Government Reform.

3367. A letter from the Secretary of Transportation, transmitting the Secretary's Management Report on Management Decisions and Final Actions on Office of Inspector General Audit Recommendations for the period ending March 31, 1999, pursuant to 31 U.S.C. 9106; to the Committee on Government Reform.

3368. A letter from the Acting Assistant Attorney General, Office of Legislative Affairs, Assistant Attorney General, Office of Justice Programs, transmitting the Office of Justice Programs Annual Report for Fiscal Year 1998, pursuant to 42 U.S.C. 3712(b); to the Committee on the Judiciary.

3369. A letter from the Chairman, National Gambling Impact Study Commission, transmitting the Final Report of the National Gambling Impact Study Commission; to the Committee on the Judiciary.

3370. A letter from the Secretary, Naval Sea Cadet Corps, transmitting the Annual Audit Report of the Naval Sea Cadet Corps for the fiscal year ending 31 December 1998, pursuant to 36 U.S.C. 1101(39) and 1103; to the Committee on the Judiciary.

3371. A letter from the Attorney General, State of South Carolina, transmitting a certified copy of the 1996 South Carolina legislation which, along with Georgia's 1994 legislation, forms the basis for an interstate compact pursuant to Article IV, Section 10 of the United States Constitution; to the Committee on the Judiciary.

3372. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend title 49, United States Code, to revise and clarify the definition of "public aircraft"; to the Committee on Transportation and Infrastructure.

3373. A letter from the the Assistant Secretary for Legislative Affairs, the Department of State, transmitting notification that the President has issued the required determination necessary to continue normal trade relations with the People's Republic of China [Presidential Determination No. 99-28], pursuant to 19 U.S.C. 2432(c) and (d); (H. Doc. No. 106-107); to the Committee on Ways and Means and ordered to be printed.

3374. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Market Segment Specialization Program Audit Techniques Guide—Low-Income Housing Credit; to the Committee on Ways and Means.

3375. A letter from the Secretary of Agriculture, Secretary of the Army, transmitting notification of the intention of the Departments of the Army and Agriculture to interchange jurisdiction of civil works and Forest Service acquired lands and interests in lands at the Willow Island Locks and Dam navigation project, adjacent to the Wayne National Forest in the State of Ohio, pursuant to 16 U.S.C. 505a; jointly to the Committees on Agriculture and Transportation and Infrastructure.

3376. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting Certification that shrimp harvested with technology that may adversely affect certain species of sea turtles may not be imported into the United States unless the President makes specific certifications to the Congress annually by May 1, pursuant to Public Law 101-162, section 609(b)(2) (103 Sat. 1038); jointly to the Committees on Appropriations and Resources.

3377. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting Certification that shrimp harvested with technology that may adversely affect certain species of sea turtles may not be imported into the United States unless the President makes specific certifications to the Congress annually by May 1, pursuant to Public Law 101-162, section 609(b)(2) (103 Sat. 1038); jointly to the Committees on Appropriations and Resources.

3378. A letter from the Secretary of Transportation, transmitting the Department's report entitled "Importing Noncomplying Motor Vehicles" for calendar year 1998, pursuant to 49 U.S.C. 30169(b); jointly to the Committees on Commerce and Ways and Means.

3379. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting the President has issued the determination required to suspend the limitation on the obligation of FY 1999 State Department Appropriations [Presidential Determination 99-29]; jointly to the Committees on International Relations and Appropriations.

3380. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Woodrow Wilson Memorial Bridge Authority Act of 1995 to provide advance contract authority for fiscal years 2004 through 2007; jointly to the Committees on Transportation and Infrastructure and Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. TALENT: Committee on Small Business. H.R. 2614. A bill to amend the Small Business Investment Act to make improvements to the certified development company program, and for other purposes (Rept. 106-278). Referred to the Committee on the Whole House on the State of the Union.

Mr. TALENT: Committee on Small Business. H.R. 2615. A bill to amend the Small Business Act to make improvements to the general business loan program, and for other purposes (Rept. 106-279). Referred to the Committee of the Whole House on the State of the Union.

Mr. REYNOLDS: Committee on Rules. House Resolution 271. Resolution providing for the consideration of the bill (H.R. 987) to require the Secretary of Labor to wait for completion of a National Academy of Sciences study before promulgating a standard or guideline on ergonomics (Rept. 106-280). Referred to the House Calendar.

Mr. GOSS: Committee on Rules. House Resolution 272. Resolution providing for consideration of the bill (H.R. 2031) to provide for injunctive relief in Federal district court to enforce State laws relating to the interstate transportation of intoxicating liquor (Rept. 106-281). Referred to the House Calendar.

Mr. ARCHER: Committee on Ways and Means. House Joint Resolution 58. Resolution disapproving the extension of the waiver authority contained in section 402(c) of the Trade Act of 1974 with respect to Vietnam; adversely (Rept. 106-282). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROGERS: Committee on Appropriations. H.R. 2670. A bill making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 2000, and for other purposes (Rept. 106-283). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. ALLEN (for himself, Mr. Saxton, Ms. Baldwin, Mr. Baldacci, Mr. Barrett of Wisconsin, Mr. Bonior, Mr. Capuano, Mr. Davis of Illinois, Mr. Delahunt, Ms. DeLauro, Mr. Gutierrez, Mr. Hinchey, Mr. Inslee, Mr. Kennedy of Rhode Island, Ms. Kilpatrick, Mrs. Maloney of New York, Mr. George Miller of California, Mrs. Napolitano, Mr. Neal of Massachusetts, Mr. Olver, Mr. Quinn, Mrs. Roukema, Mr. Rush, Mr. Sanders, Ms. Schakowsky, Mr. Stark, Mr. Underwood, and Mr. Vento):

H.R. 2667. A bill to amend the Clean Air Act to establish requirements concerning the operation of fossil fuel-fired electric utility steam generating units, commercial and industrial boiler units, solid waste incineration units, medical waste incinerators, hazardous waste combustors, chlor-alkali plants, and Portland cement plants to reduce emissions of mercury to the environment, and for other purposes; to the Committee on Commerce.

By Mr. THOMAS (for himself, Mr. NEY, Mr. BOEHNER, Mr. EHLERS, Mr. MICA, and Mr. EWING):

H.R. 2668. A bill to amend the Federal Election Campaign Act of 1971 to reform the financing of campaigns for election for Federal office, and for other purposes; to the Committee on House Administration.

By Mr. SAXTON:

H.R. 2669. A bill to reauthorize the Coastal Zone Management Act of 1972, and for other purposes; to the Committee on Resources.

By Mr. ROGERS:

H.R. 2670. A bill making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 2000, and for other purposes.

By Mr. BARRETT of Nebraska:

H.R. 2671. A bill to provide for the Yankton Sioux Tribe and the Santee Sioux Tribe of Nebraska certain benefits of the Missouri River Basin Pick-Sloan project, and for other purposes; to the Committee on Resources.

By Mr. ETHERIDGE (for himself, Mr. SKELTON, Mr. MCINTYRE, Mrs. CLAYTON, Mr. WU, Mr. STUPAK, Mr. WYNN, Mr. JOHN, Mr. GREEN of Texas, Mr. MATSUI, Mr. BECERRA, Mr. BOYD, Mr. PRICE of North Carolina, Mr. DOOLEY of California, Mr. BISHOP, Mr. UDALL of New Mexico, Mrs. TAUSCHER, Mr. SPRATT, Mr. GEORGE MILLER of California, Mr. ANDREWS, Mr. GOODE, Mr. HANSEN, Mr. BALDACCI, Mr. KANJORSKI, Mr. WATT of North Carolina, Mr. DICKS, Mr. SMITH of Washington, Mr. TURNER, Mr. TAYLOR of Mississippi, Mr. BERRY, Mr. SHOWS, Mr. CONDIT, Mr. LUCAS of Kentucky, Mr. PHELPS, Ms. DANNER, Ms. SLAUGHTER, Mr. HILL of Indiana, Mr. THOMPSON of Mississippi, Mr. HALL of Texas, Mr. PICKERING, Mr. THUNE, Mr. TERRY, Mr. JONES of North Carolina, Mr. TOWNS, Mr. ADERHOLT, and Mrs. MALONEY of New York):

H.R. 2672. A bill to authorize the President to award a gold medal on behalf of the Congress to General Henry H. Shelton and to provide for the production of bronze duplicates of such medal for sale to the public; to the Committee on Banking and Financial Services.

By Mr. GEJDENSON (for himself, Mr. KUCINICH, Mr. HILLIARD, Ms. LEE, Mrs. CHRISTENSEN, Mr. MALONEY of Connecticut, Mr. WU, Mr. ETHERIDGE, Ms. JACKSON-LEE of Texas, Ms. MILLENDER-MCDONALD, Mr. SCOTT, and Mr. MCGOVERN):

H.R. 2673. A bill to provide training to professionals who work with children affected by violence, to provide for violence prevention, and for other purposes; to the Committee on Education and the Workforce.

By Mr. PAUL:

H.R. 2674. A bill providing for conveyance of the Palmetto Bend project to the State of Texas; to the Committee on Resources.

By Mr. RADANOVICH (for himself, Mr. POMBO, Mr. OSE, and Mr. HASTINGS of Washington):

H.R. 2675. A bill to amend the Workforce Investment Act of 1998 to provide increased flexibility for the transfer of within state allocations between adult and disclocated worker employment and training activities; to the Committee on Education and the Workforce.

By Ms. RIVERS:

H.R. 2676. A bill to amend the Solid Waste Disposal Act to require a refund value for certain beverage containers, to provide resources for State pollution prevention and recycling programs, and for other purposes; to the Committee on Commerce.

H.R. 2677. A bill to amend the Communications Act of 1934 to require telephone carriers to completely and accurately itemize charges and taxes collected with telephone bills; to the Committee on Commerce.

By Mr. GILMAN (for himself and Mr. MICA):

H. Con. Res. 169. Concurrent resolution expressing United States policy toward Romania; to the Committee on International Relations.

H. Con. Res. 170. Concurrent resolution expressing United States policy toward the Republic of Bulgaria; to the Committee on International Relations.

MEMORIALS

Under clause 3 of rule XII, memorials were presented and referred as follows:

174. The SPEAKER presented a memorial of the Legislature of the State of Maryland, relative to Senate Joint Resolution No. 7 memorializing Congress to amend the Employment Retirement Income Security Act of 1974 to authorize each state to monitor and to regulate self-funded employer-based health plans and to make a specific amendment to the ERISA; urging other state legislatures to enact a resolution similar to this resolution; to the Committee on Education and the Workforce.

175. Also, a memorial of the Legislature of the State of Maryland, relative to House Joint Resolution No. 8 memorializing Congress to amend the Employment Retirement Income Security Act of 1974 to authorize each state to monitor and to regulate self-funded employer-based health plans and to make a specific amendment to the ERISA; urging other state legislatures to enact a resolution similar to this resolution; to the Committee on Education and the Workforce.

176. Also, a memorial of the House of Representatives of the State of Alabama, relative to House Joint Resolution No. 178 memorializing Congress to enact legislation amending the Social Security Act to prohibit recoupment by the federal government of state tobacco settlement funds; to the Committee on Commerce.

177. Also, a memorial of the Senate of the State of Illinois, relative to Senate Resolution No. 138 memorializing President Clinton's commitment to undertake significant efforts in order to promote substantial progress towards a solution to the Cyprus problem in 1999; to the Committee on International Relations.

178. Also, a memorial of the Legislature of the State of Missouri, relative to House Joint Resolution No. 26 memorializing the current federal government policies on national forest road closures and obliteration be suspended and that Congress reaffirm its directives that forest lands be managed in accordance with forest plans that provide for multiple-use management; jointly to the Committees on Agriculture and Resources.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 82: Mr. LEWIS of Georgia, Mr. BALDACCI, and Mrs. MORELLA.

H.R. 269: Mrs. MEEK of Florida.

H.R. 306: Mr. UDALL of New Mexico.

H.R. 323: Mr. SMITH of Washington.

H.R. 355: Mr. MCHUGH and Mr. UDALL of Colorado.

H.R. 357: Mr. KOLBE.

H.R. 372: Mr. FILNER, Ms. JACKSON-LEE of Texas, and Mr. LUCAS of Kentucky.

H.R. 488: Mr. RUSH.

H.R. 557: Mr. SISISKY and Mr. GOODLATTEE.

H.R. 559: Mr. BLAGOJEVICH.

H.R. 625: Mr. COOK.

H.R. 728: Mr. LINDER.

H.R. 731: Mr. WU and Mr. WEXLER.

H.R. 750: Mr. ENGEL.

H.R. 815: Ms. ROS-LEHTINEN.

H.R. 860: Mr. DEUTSCH.

H.R. 900: Mr. BAIRD.

H.R. 960: Mr. HALL of Ohio and Mr. ROTHMAN.

H.R. 961: Mr. WEYGAND and Mr. FALEOMAVAEGA.

H.R. 1068: Mr. HASTINGS of Florida.

H.R. 1111: Mr. WATTS of Oklahoma, Mr. MCHUGH, Mr. ACKERMAN, and Mrs. THURMAN.

H.R. 1115: Mr. BROWN of Ohio, Mr. BONILLA, Mr. GOODLING, Mr. CAMP, and Mr. BARRETT of Wisconsin.

H.R. 1187: Mr. WALDEN of Oregon.

H.R. 1195: Mr. PRICE of North Carolina.

H.R. 1274: Mr. INSLEE, Ms. LOFGREN, and Mrs. TAUSCHER.

H.R. 1300; Mr. SANDERS, Mr. MASCARA, and Mr. MCGOVERN.

H.R. 1381: Mr. KNOLLENBERG.

H.R. 1388: Mr. SABO, Mr. DELAY, and Mr. DEUTSCH.

H.R. 1414: Mr. LEWIS of Georgia.

H.R. 1482: Mr. FORD.

H.R. 1488: Ms. RIVERS, Mrs. CHRISTENSEN, and Mr. QUINN.

H.R. 1497: Mr. BARRETT of Wisconsin.

H.R. 1579: Mr. KIND, Ms. JACKSON-LEE of Texas, Mr. SKELTON, Mr. HULSHOF, Mr. FARR of California, Mr. TURNER, Mr. MOORE, Mr. HYDE, Mr. FILNER, Mr. KASICH, Ms. BALDWIN, Mr. SCOTT, Ms. LOFGREN, Mr. SMITH of Texas, Mr. SMITH of Washington, and Mr. SHAYS.

H.R. 1592: Mr. SMITH of Texas, Mr. HEFLEY, Mr. EHRLICH, and Mr. STUPAK.

H.R. 1604: Ms. WOOLSEY.

H.R. 1631: Mr. FATTAH.

H.R. 1684: Ms. MCKINNEY.

H.R. 1693: Mr. ARCHER and Mr. ALLEN.

H.R. 1747: Mr. CHAMBLISS.

H.R. 1777: Ms. RIVERS.

H.R. 1816: Mr. MCGOVERN.

H.R. 1917: Mr. BAIRD, Mr. HILLIARD, Mr. PALLONE, Mr. MASCARA, Mrs. EMERSON, Mr. GREEN of Texas, and Mr. STARK.

H.R. 1932: Mr. PALLONE, Ms. BALDWIN, Mr. BECERRA, Mr. BRADY of Pennsylvania, Mr. DAVIS of Florida, Mr. EVANS, Mr. GOODE, Mr. KLECZKA, Mr. PETERSON of Minnesota, Mr. SERRANO, Ms. SLAUGHTER, and Mr. STARK.

H.R. 1933: Mr. DUNCAN and Mr. STUMP.

H.R. 1999: Mr. MCNULTY and Mr. OWENS.

H.R. 2030: Mr. MOAKLEY and Mr. CAPUANO.

H.R. 2102: Mr. ORTIZ, Mr. BARCIA, and Mr. GOODLATTE.

H.R. 2121: Mr. SCOTT, Ms. JACKSON-LEE of Texas, and Mr. KNOLLENBERG.

H.R. 2265: Mr. OBERSTAR and Mr. BERMAN.

H.R. 2288: Mr. WATTS of Oklahoma.

H.R. 2303: Ms. KAPTUR, Mr. MCDERMOTT, Mr. POMBO, Mr. DICKS, and Mr. REYNOLDS.

H.R. 2314: Mr. FORD.

H.R. 2337: Mr. GIBBONS, Mr. COBURN, and Mr. SUNUNU.

H.R. 2351: Ms. SCHAKOWSKY and Ms. LEE.

H.R. 2405: Ms. SCHAKOWSKY and Mr. SHAYS.

H.R. 2418: Mr. DEFAZIO, Mr. BAKER, Mr. CUNNINGHAM, Mr. COOKSEY, Mr. HINCHEY, Mr. ROMERO-BARCELO, and Mr. COBURN.

H.R. 2436: Mr. Fletcher, Mr. Ryan of Wisconsin, Mr. Skimkus, and Mr. Hunter.

H.R. 2494: Mr. Tancredo and Mr. Sensenbrenner.

H.R. 2529: Mr. Wamp.

H.R. 2538: Ms. Lee, Mr. Wu, and Mr. Wexler.

H.R. 2568: Mr. Hill of Montana.

H.R. 2584: Mr. Lazio.

H.R. 2612: Mr. Rahall.

H.R. 2618: Mr. Gillmor, Mr. Shows, and Ms. Jackson-Lee of Texas.

H.R. 2639: Mr. Simpson and Mr. Miller of Florida.

H.J. Res. 55: Mr. Gibbons.

H. Con. Res. 30: Mr. Isakson.

H. Con. Res. 38: Mr. Nadler.

H. Con. Res. 77: Mr. Kuykendall.

H. Con. Res. 80: Mr. Boehlert, Mr. Davis of Virginia, Mr. Delahunt, Mr. Hoyer, Mr. Lazio, Mr. Kennedy of Rhode Island, Mr. Gutknecht, Mr. Cook, Mr. Dreier, Mr. Lewis of Georgia, and Mr. Gephardt.

H. Con. Res. 100: Mr. Gejdenson, Mr. Holden, Mrs. Thurman, Mr. Costello, Mr. Scott, Mr. Allen, Mr. Bilbray, Mr. Bachus, Ms. Stabenow, Mr. Sanford, Mrs. Meek of Florida, Mr. Dreier, Mr. Davis of Virginia, Ms. DeGette, Mr. Cook, Mr. Hoyer, and Mr. Price of North Carolina.

H. Con. Res. 159: Mr. Foley, Mr. Mascara, Mr. Gejdenson, Mrs. Myrick, Mrs. Thurman, Mr. Scott, Mr. Bachus, Mr. Sanford, Mrs. Meek of Florida, Ms. DeGette, and Mr. McNulty.

H. Res. 224: Mr. Skelton, Mr. Buyer, Mr. Pastor, Mr. Watkins, Mr. Ose, Mr. Lewis of Kentucky, Mr. Frost, and Mr. Gillmor.

H. Res. 267: Mr. Gutknecht, Mr. Green of Wisconsin, Mr. Cook, Mr. Ehlers, Mrs. Capps, Ms. Jackson-Lee of Texas, and Mr. Kuykendall.

PETITIONS, ETC.

Under clause 3 of rule XII, petitions and papers were laid on the clerk's desk and referred as follows:

41. The SPEAKER presented a petition of the Berea City Counsel, relative to Resolution No. 99-28 petitioning support for the ratification, by the United States, of the United Nations convention on the elimination of all forms of discrimination against women; to the Committee on International Relations.

42. Also, a petition of Anthony Ray Wright, relative to a request for impeachment of a Baton Rouge, LA. U.S. District Court Judge Frank J. Polozola; to the Committee on the Judiciary.

DISCHARGE PETITIONS—ADDITIONS OR DELETIONS

The following Members added their names to the following discharge petitions.

Petition 3 by Mr. DINGELL on House Resolution 197: Michael P. Forbes and Chet Edwards.

Petition 4 by Ms. DEGETTE on House Resolution 192: Rod R. Blagojevich, Peter Deutsch, Elijah E. Cummings, Eliot L. Engel, Gregory W. Meeks, Gary L. Ackerman, Calvin M. Dooley, and John Lewis.

AMENDMENTS

Under clause 8 of rule XVII, proposed amendments were submitted as follows:

Commerce, Justice, State, and Judiciary Appropriations, 2000

Offered By: Mr. Visclosky

Amendment No. 2: At the end of the bill, before the short title, insert the following:

Sec. . None of the funds appropriated in this Act may be used to negotiate or otherwise enter into any suspension agreement under section 734 of the Tariff Act of 1930, with respect to any of the following categories of steel products: semifinished, plates, sheets and strips, wire rods, wire and wire products, rail type products, bars, structural shapes and units, pipes and tubes, iron ore, and coke products.

Commerce, Justice, State, and Judiciary Appropriations, 2000

Offered By: Mr. Visclosky

Amendment No. 3: At the end of the bill, before the short title, insert the following:

Sec. . None of the funds appropriated in this Act may be used to implement or continue in effect any suspension agreement under section 734 of the Tariff Act of 1930, or to negotiate or otherwise enter into any suspension agreement under section 734 of the Tariff Act of 1930, with respect to any of the following categories of steel products: semifinished, plates, sheets and strips, wire rods, wire and wire products, rail type products, bars, structural shapes and units, pipes and tubes, iron ore, and coke products.

H.R. 2031

Offered By: Mr. Cox

Amendment No. 1: Page 6, line 9, strike the close quotation marks and the period at the end.

Page 6, after line 9, insert the following:

"SEC. 3. GENERAL PROVISIONS.

"(a) Effect on Internet Tax Freedom Act.—Nothing in this Act may be construed to modify or supersede the operation of the Internet Tax Freedom Act (47 U.S.C. 151 note).

"(b) Enforcement of Twenty-First Amendment.—It is the purpose of this Act to assist the States in the enforcement of section 2 of the twenty-first article of amendment to the Constitution of the United States, and in no way to impose an impermissible burden on interstate commerce in violation of in article I, section 8, of the Constitution of the United States. No State may enforce under this Act a law regulating the importation or transportation of any intoxicating liquor that has the purpose or effect of discriminating against interstate commerce by out-of-State sellers.

"(c) Support for Internet and Other Interstate Commerce.—Nothing in this Act may be construed—

"(1) to permit the impairment of interstate telecommunications or any other related instrumentality of interstate commerce, including the Internet; or

"(2) to authorize any injunction against—

"(A) an interactive computer service (as defined in section 230(f) of the Communications Act of 1934 (47 U.S.C. 230(f)); or

"(B) electronic communication service (as defined in section 2510(15) of title 18 of the United States Code).

H.R. 2031

Offered By: Mr. Goodlatte

Amendment No. 2: Page 6, line 9, strike the close quotation marks and the period at the end.

Page 6, after line 9, insert the following:

"(f) Rules of Construction.—(1) Subject to paragraph (2), this section shall be construed only to extend the jurisdiction of Federal courts to enforce State law that is valid as an exercise of power vested in the States—

"(A) under the twenty-first article of amendment to the Constitution of the United States as such article of amendment is interpreted by the Supreme Court of the United States; or

"(B) under the first section of this Act;

but shall not be construed to grant to States any additional power.

"(2) This section shall not be construed—

"(A) to modify or supersede the operation of the Internet Tax Freedom Act (47 U.S.C. 151 note); or

"(B) to permit the commencement of an action under subsection (b) of this section against—

"(i) an interactive computer service (as defined in section 230(f) of the Communications Act of 1934 (47 U.S.C. 230(f)); or

"(ii) an electronic communication service (as defined in section 2510(15) of title 18 of the United States Code);

used by another person to engage in any activity that is subject to this Act.".

H.R. 2031

Offered By: Ms. Jackson-Lee of Texas

Amendment No. 3: Page 6, line 9, strike the close quotation marks and the period at the end.

Page 6, after line 9, insert the following (and make such technical and conforming changes as may be appropriate):

"SEC. 3. REQUIRED MARKING OF CERTAIN CONTAINERS BY SELLERS OF INTOXICATING LIQUOR.

"(a) Containers for Delivery of Intoxicating Liquor.—It shall be unlawful for a seller of intoxicating liquor to deliver such liquor in interstate commerce to the purchaser of such liquor if the outermost container of such liquor is not clearly marked to identify that such liquor is contained within.

"(b) Penalty.—Whoever violates paragraph (1) shall be liable for a fine of $1,000.".

H.R. 2031

Offered By: Ms. Jackson-Lee of Texas

Amendment No. 4: Page 6, line 9, strike the close quotation marks and the period at the end.

Page 6, after line 9, insert the following (and make such technical and conforming changes as may be appropriate):

"SEC. 3. REQUIREMENTS APPLICABLE TO CERTAIN CARRIERS IN CONNECTION WITH DELIVERY OF INTOXICATING LIQUOR TO A PLACE OF RESIDENCE.

"(a) Delivery of Intoxicating Liquor by Nongovernmental Carriers for Hire.—It shall be unlawful for a nongovernmental carrier for hire to knowingly deliver a container transported in interstate commerce that contains intoxicating liquor to a place of residence of any kind if such carrier fails to obtain the signature of the individual to whom such container is addressed.

"(b) Penalty.—Whoever violates paragraph (1) shall be liable for a fine of $500.".

H.R. 2031

Offered By Ms. Jackson-Lee of Texas

Amendment No. 5: At the end of the bill, add the following:

SEC. 4. SENSE OF THE CONGRESS.

It is the sense of the Congress that the States should enact laws to require—

(1) sellers of intoxicating liquor in containers to deliver to purchasers such liquor in outermost containers that are clearly marked to identify that such liquor is contained within; and

(2) nongovernmental carriers for hire that knowingly deliver containers that contain

intoxicating liquor to any kind of place of residence—

(A) to obtain the signatures of the individuals to whom such containers are addressed; and

(B) to obtain reasonable proof that the individuals to whom such containers are addressed are not less than 21 years of age.

H.R. 2606

OFFERED BY: MR. KUCINICH

AMENDMENT NO. 24: At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. ___. None of the funds made available in this Act may be used by the Overseas Private Investment Corporation for any category A Investment Fund project, as listed in Appendix E, Category A Projects, of the Corporation's Environmental Handbook of April 1999.

SENATE—*Monday, August 2, 1999*

The Senate met at 12:01 p.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Almighty God, we praise You for great Senators in each period of our Nation's history. And the Senate of the 106th Congress is certainly no exception. Thank you for our Senators who love You, seek Your best for our Nation, and are indefatigable in their efforts to lead with courage and vision. Over the years, You have impacted their consciences with Your Ten Commandments, Your truth, the guidance of Your Spirit, and vision for this Nation so clearly enabled by our founding fathers and mothers. Daily, refine their consciences. Purify them until they reflect the pure gold of Your character and Your priorities of righteousness, justice, and mercy. Then may their consciences guide their convictions, and may they always have the courage of these sacred convictions.

What we pray for the Senators we ask for the entire Senate family. May we all be one in asking You to develop in us a conscience saturated by Your absolutes and shaped by Your authority. To this end, Senators and all staff join in rededicating our lives to glorify You by serving our Nation. Amen.

PLEDGE OF ALLEGIANCE

The Honorable STROM THURMOND, a Senator from the State of South Carolina, led the Pledge of Allegiance, as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able Senator from Alaska is recognized.

SCHEDULE

Mr. STEVENS. Mr. President, today by previous order the Senate will begin 1 hour of morning business to be followed by 2 hours of debate on S. 335, the Deceptive Mail Prevention and Enforcement Act regarding sweepstakes. The first rollcall vote today will occur at 5:30 p.m. on passage of the sweepstakes legislation. At 3 p.m. today, the Senate will resume consideration of the Agriculture appropriations bill. It is hoped that Senators who have amendments will work with the bill managers to schedule time to debate those amendments. Additional votes beyond the 5:30 vote could occur relative to the Agriculture appropriations bill. It is the intention of the majority leader to complete action on as many appropriations bills as possible before the August recess. Therefore, Senators should be prepared to vote into the evenings throughout this whole week.

I thank my colleagues for their attention.

I yield the floor.

MORNING BUSINESS

The PRESIDENT pro tempore. The able Senator from North Dakota is recognized.

Mr. DORGAN. Mr. President, I ask unanimous consent to speak for 10 minutes in morning business under the time allocated to Senator DASCHLE.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(Mr. STEVENS assumed the chair.)

FAMILY FARMING IN AMERICA

Mr. DORGAN. Mr. President, this afternoon at 3 o'clock we will begin debate on a farm disaster relief plan that will be offered by Senator HARKIN, myself, Senators CONRAD, DASCHLE, and others. I think this will be, for those of us from farm country, one of the most important pieces of legislation addressed by this Congress this year. I know that unless one lives on a family farm, it is probably pretty hard to describe the farm crisis, but I thought I would read a couple letters from my constituents in North Dakota.

Before I do, I am reminded of the story the former chairman of the House Agriculture Committee used to tell. Kika de la Garza was his name. He used to talk about agriculture and food by telling a story about nuclear submarines. He said he met with all these folks from the Defense Department and they told him about the wonders of these nuclear submarines the United States had. They told him about all of their provisions and all their fuel and their capabilities and their speed and their distance. And he said, well, how long can a nuclear submarine stay under the sea? And the admiral says: Until the food runs out. It was Kika de la Garza's way of pointing out that food, after all, is the essence of most of our existence, and we are a world, a rather fragile, large globe—as seen by the astronauts who leave our Earth and go into space—of diverse interests, diverse people.

However, one thing that seems constant in this world is that we read that so many people go to bed hungry—especially children, but so many people across the world go to bed hungry. Somewhere around half a billion people go to bed with a serious ache in their belly because they do not have anything to eat. Malnutrition and lack of good nutrition among billions of others exists around the world.

Then we go to the farm belt in the United States where a family is struggling to make a living on the family farm and find that its farmer loaded some grain on the truck and took it to the elevator and the grain trade said to the farmer: Your food does not have any value. Our grain trade assesses the value of your food as relatively meaningless. The farmer wonders about that because we live in such a hungry world. How could it be that what we produce in such abundance has no value?

That is what our farmers wonder. Let me talk just about these farmers in the context of their words. This is a letter from a woman in the central part of our State whose family farms; she farms. Here is the kind of plaintive cry that exists from a proud and hardworking people in our country, family farmers who take enormous risks, risk everything they have to try to make a living with seeds they plant in the ground. They do not know whether they will grow; they do not know whether the natural disasters will occur—insects and hail and rain too much, too little. They don't know what will happen with this money they have invested in the soil. If they finally get their crop and they escape all of those problems, they get the crop off the ground and take it to the elevator, they don't know whether there will be a price that allows them to get a return for that crop.

Those are the kinds of people who live on our family farms. They are the people who create the backbone of our society in our country. They are the people who together build a small community where they trade and do business. They build our churches in those communities. They create charities. They do the things together in a community that we forget about sometimes in our country. What is it that makes this country work at its roots? It is entrepreneurship, it is family farming, it is a sense of community, and it is a sense of sharing.

Here is a family farm. This woman says in her letter to me:

> We aren't asking for a free ride, just the possibility of surviving. We are private people and we bear our pain alone, and we don't

> discuss the true situation out here on the family farm with anybody. Our neighbors are all in the same shape. The spirit of North Dakota will be gone with these people and their farms. We cannot survive without a reasonable income. How much longer will it be before people understand that we are trying to feed our family, and pay for basic necessities? But with today's income we are not saving money for retirement. We are not going on trips. We are not enjoying any of the fruits from our labor. We are slowly but surely going broke.

A man who lives in southeastern North Dakota on the family farm says:

> It sometimes brings a tear to my eye that maybe in a year, maybe two years, I will not be around in family farming to matter anymore. This won't be easy to explain to my three young daughters. This is where I wanted to bring them up, in a rural setting of life that I was used to and that I understand. If it happens, I hope they read in their history books that it wasn't because their dad was a dumb man. It was because it was caused by policy and giant concentration of companies who want dominance.

Or, from a woman named Susan, whose letter I have read previously on this floor. She lost her husband, and she had to sell their family farm. Prices had collapsed.

> I had an auction last week to sell the machinery so that I could help pay off some of the debts that incurred after 26 years of farming. I have a 17-year-old son who would not help me prepare for auction and did not even get out of bed the day of the auction sale because he is so heartbroken that he cannot continue to farm this land.

This is a 17-year-old boy who is not a bad boy. It is just that he couldn't get out of bed to watch the auction sale of his farm because he couldn't bear to see the loss of his dream and his families' dream. He wanted to be a farmer as well.

She said:

> My husband was an excellent manager, fully educated. He chose to farm rather than live in a big city. He had a job once with Motorola. He wanted to raise his children in a place with clean air, no crime, and good schools. He worked very hard physically and emotionally to make this farm work. And its failure was no fault of his. Something is seriously wrong with our country when we will sacrifice the family farm for a political system and an entire way of life for hundreds of years.

Her point is that farmers at this point are not at fault for what is happening. The world is hungry. Most people need food. We raise it in great abundance, and family farmers are told that what they produce doesn't matter.

I would like to use a couple of charts that show the dilemma that family farmers are facing not only in my State but around the country.

I show this chart because some people might wonder, well, what is all this farm crisis about? I ask anyone who looks at this chart—this chart shows prices received by farmers for wheat. Most of the farmers in my part of the world are wheat farmers. Put minimum wage in this chart, if this had happened with the minimum wage; put corporate profits on this chart, if this had happened to corporate profits—what do you think the outcry would be? Put congressional salaries on this chart. If this had happened to congressional salaries, what would the outcry be?

This represents the income farmers are receiving from their products when the price of every other thing is increasing. The income received by farmers is collapsing.

For purposes of comparison, let me compare the price of corn and wheat with what farmers received for those commodities during the middle of the Great Depression. With the price adjusted over time, ask yourself: What do farmers get now relative to what they got during the Great Depression?

Take a look at it in 1998. These are the worst farm prices price adjusted for 50 years. Families cannot make a living in this country in these circumstances.

I am tempted to go into a long discussion of so-called Freedom to Farm. I didn't vote for it. It was a terrible piece of farm legislation. Some loved it. Some voted for it. Some still support it. Certainly it has a wonderful name.

It reminds me of the people early on who sold insurance. They called it "death insurance." Many years ago they sold "death insurance." Do you know something? Death insurance didn't have a very good name for it. It didn't sell very well. Nobody wanted to buy death insurance. So what did they do? They changed the name to "life insurance." It is a better sounding name, and it sold much better.

So we had a farm bill called Freedom to Farm. What a nice sounding name with bankrupt policies that said family farming doesn't matter much in whatever the market system says with respect to agriculture.

There has never been a free market in agriculture, and never will be.

Do you think the European countries whose citizens have gone hungry will decide it doesn't matter whether they have family farmers? They will never make that decision. They will always have a farm program that insists on price supports for families on the farms in Europe.

The point is that this country has decided by itself that family farming as a concept doesn't matter to its future; that whatever the market decides is what our future shall be. If the market decides that corporate farms shall farm from California to Maine, so be it.

The problem with that is that all across this country we will have yardlights turned off and families leaving the farm. The economic arteries that they provide to the small towns will be closed and dried up, and those small towns will be boarded up. The people will be leaving small towns. We will see the collapse, the total collapse, of a rural lifestyle.

The author Critchfield, who was a wonderful, world-wide, world-renown author, who actually grew up in Fargo, ND, said that family values have always been nurtured on the family farms in this country, and the refreshing small towns rolled to the cities from many family farms. It was always a seedbed of family values of nurturing and helping and working together. We will lose all of that because some people say it doesn't matter.

We are having a debate this afternoon at 3 o'clock. It is critically important. This matters more than most people in this country will ever know. I hope that with my colleagues we can easily pass a disaster bill in the first step, and in the second that we can then pass a revision of the underlying farm bill, and say to farmers: You have a future. We want to provide you hope and help because we think you matter to our country.

Mr. President, I yield the floor.

Mrs. LINCOLN. Mr. President, I echo the words of my colleague.

I was raised on and continue to be a part of the seventh generation Arkansas family farm.

I think it is so important that we recognize this is an issue—those from other States, as well as farm States, agricultural-based States—and that we can impress upon our colleagues in Washington, D.C. the crisis that our small rural communities and our farming communities are going through.

I will certainly be joining the Senator later on this afternoon in that debate. We need to impress upon people that this is an issue for this country. It is not just agriculture; it is a heritage of this country and a heritage of our rural communities.

SAFE SCHOOLS ACT OF 1999

Mrs. LINCOLN. Mr. President, I rise to speak on what I think is the most critical as well as the most worthy of issues that we should be dealing with in the Senate and the Congress; that is, the emotional well-being of our children. They are truly the fabric of the success of our Nation into the next century.

All too often we have been through incidents such as Jonesboro, AK, as well as Littleton, CO. We like to talk about them and discuss these issues and the crises that are going on in our children's minds and in their souls. But all too often we talk about it, and we seem to forget it. We don't do what we really need to be doing on behalf of our children in this country.

Mr. President, the Safe Schools Act of 1999 will provide resources to public schools so they can remain safe and strong cornerstones of our communities.

As we move into the 21st century, we must adapt our approach to education to meet the changing needs of students, teachers and parents in these communities.

Although I am one of the youngest Members of the Senate, I grew up in Helena, Arkansas during what seemed to be a much simpler time—even though we were in the height of de-segregation in the South.

Our parents pulled together to make everyone's education experience a success. Students came to school prepared to learn. Teachers had control of their classroom. The threat of school violence was virtually non-existent.

Now, more than twenty years later, things are different.

Our children are subjected to unprecedented social stresses including divorce, drug and alcohol abuse, child abuse, poverty and an explosion of technology that has good and bad uses.

These stresses exhibit themselves in the behavior of teenagers, as well as in our young children. Increasingly, elementary school children exhibit symptoms of substance abuse, academic underachievement, disruptive behavior, and even suicide.

Too many students bring guns and weapons to school.

This is a very complex problem and there is no one single answer. It will take more than metal detectors and surveillance cameras to prevent the tragedies occurring in our schools today. But we must do something. We cannot wait any longer. We have to address this issue now.

I believe the Safe Schools Act reflects the needs and wishes of students, parents, teachers and school administrators. It is the first step toward addressing the emotional well-being of our young people.

During my Senate campaign last year, I spent a lot of time listening to parents and teachers. From my experience, a lot of the most effective solutions being at the local level.

This bill incorporates the lessons I have learned from the people of my state who are working on the front lines to educate and care for our children.

First, this bill would provide funds to elementary and secondary schools to hire additional mental health professionals.

Students today bring more to school than backpacks and lunchboxes. Many of them bring severe emotional troubles.

It is critical that schools be able to help these students and help teachers deal with them. We can possibly prevent a horrific act of violence, and if a disruptive student receives help, his or her teacher will have more control of the classroom in order to instruct all of the children there to learn.

Unfortunately, there are not nearly enough mental health professionals working in our nation's schools today.

The American School Health Association recommends that the student-to-counselor ratio be 250:1. In secondary schools, the current ratio is 513:1. In elementary schools, where the student-to-teacher ratio exceeds 1000:1.

This is just not acceptable for a country as advanced as ours to not be providing the needs of our children.

The second major component of my Safe Schools Act provides funding for after-school and mentoring programs.

Many of our children go home to empty houses or spend hours every day in poorly supervised settings. Studies show that youth crime peaks between 3:00 and 7:00 p.m.

Local public schools need additional resources so they can establish or expand after school and summer programs for children.

This is a wonderful chance for the community to get involved. Many non-profit organizations can bring their resources to children in the schools and to the community.

A variety of organizations can come together to build strong after school and summer programs which enhance the academic work of students and provide them with other meaningful activities.

Many communities in Arkansas are doing just that.

The city of Fort Smith has begun the SPICE Program, which has been working for nine years with adult tutors who help kids after-school with homework, and teach them arts and crafts which keep them out of trouble.

In Little Rock, the Camp Aldersgate Youth Initiative encourages teenagers to participate in supervised community service activities, such as tutoring, recreation and conflict management;

The Safe Jonesboro Mentoring Program in Jonesboro, Arkansas, brings adults from the local business community to Jonesboro High School once a week to mentor high school student.

And these programs are not just being put into place in our larger towns, they're also cropping up in rural communities.

In Monticello and six counties throughout Southeast Arkansas, the Southeast Arkansas Foster Grandparents Program has helped improve literacy and reading test scores for hundreds of children. In this program, senior citizens serve as literacy and reading tours to K–3 elementary school students twenty hours a week.

The Boys, Girls and Adults Community Development Center in Marvell, a Save the Children grantee, has been providing educational, cultural and recreational activities, as well as mentoring for children after school. 60% of the children participating in this program have improved their grade point average. It works.

Studies show that one-on-one attention raises the academic scores of children and improves their self-esteem. With just a little extra help, a child who is struggling with reading or math can catch up with the help of volunteers or mentors and excel.

We can utilize organizations like AmeriCorps and our older volunteers in the Senior Corps program. Encourage high school students to mentor elementary school students who need a little extra attention, to see an older peer being a part of their life makes a difference.

The bottom line is we don't need to reinvent the wheel. Good examples already exist in our communities, initiatives like the ones I've mentioned today. By providing added resources to the states, we can emphasize the successful programs and make them available to more students.

I'm also asking states to inform parents about the quality of public schools by issuing a Safe Schools Report Card. My own state of Arkansas will begin releasing a more comprehensive report card next year.

All states should collect this information and make it readily available to parents and the community. This information will help parents and schools officials better address the most important issues at the local level.

Above all, we must continue to share information and ideas, to talk to one another. Our country cannot possibly meet the challenges of the 21st century if each community operates in a vacuum and there is no mechanism to pass on what is working and what isn't.

During the August recess I will hold five "Back to School" meetings with students, parents, teachers, school administrators and concerned citizens.

These meetings will be a good chance to discuss the various components of my Safe Schools Act as well as other important education issues like school construction, class size, school discipline and parent involvement.

I welcome the chance to listen to those who care deeply about our public schools and I hope my colleagues will spend some of their time during the recess to do the same.

I also hope my colleagues will take the opportunity to review the components of this bill. I feel strongly it should be a critical part of any federal response to school safety issues. I look forward to its passage.

This is our opportunity to begin the process that will show our children we do care about their emotional well being and the future success of our nation.

The PRESIDING OFFICER. Who seeks recognition?

The Senator from Wyoming.

PRIVILEGE OF THE FLOOR

Mr. THOMAS. Mr. President, first of all, I ask unanimous consent that Brady Hayek from my staff be permitted the privilege of the floor during today.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMAS. Mr. President, I would like to take 12 minutes of the time allotted, and then the Senator from Montana would like 20 minutes following that time.

The PRESIDING OFFICER. Without objection, it is so ordered.

ISSUES AND ACCOMPLISHMENTS OF 1999

Mr. THOMAS. Mr. President, this is the last week before we go on recess. We will be gone approximately a month. We will have an opportunity to be home, to talk to our constituents about the issues that are here, to talk about what we have done during this calendar year, and talk about what we have not done for this year as well. We will be back, then, the first part of September. We will have, probably, 2 months to continue and to complete our work for this year.

There are 13 appropriations bills that must be passed to keep the Government running. They must be passed by September 30, the end of the fiscal year. This is a very difficult task. We are, hopefully, running on time. We passed eight bills out of the Senate. However, none has yet been sent to the President. So we will have a couple of months to wind up the year's work. I cannot tell you how important it is that we do complete that work. Of course, the Presiding Officer is the key Senator in that regard. He has done a great job.

We do not want the President to be able to put us in a position again of closing down the Government and blaming the Congress. I hope what we do is get these bills to him. I think we will do that. I cannot help but mention as we think about this a little bit, I hope in Congress we take a look at a biennial budget, as we have in many States—for instance, my home State of Wyoming. The Congress or the legislature would form a budget for a 2-year period of time, which has advantages, particularly for the agencies, and we would have the other year for oversight, which is equally as important a task for the Congress—to oversee the expenditure of those dollars. So I hope we are able to do that.

This has been a tough year. We have had lots of difficulties, starting, of course, with the impeachment process, which was difficult. I don't know that it slowed us up particularly. On the contrary, we did a lot of committee work during the time the impeachment was going on. Nevertheless, it was tough. Then came the Colorado Columbine situation, of course, the tragedy out there at the school and, with that, the great controversy over gun control, which we are likely to see again now after the tragedy in Georgia. Then Kosovo was also an issue, of course, although Congress really was not as involved. It was pretty much the President on his own, committing troops there. Obviously, we were going to support them.

So it has been a difficult year. Despite that, it seems to me we have accomplished a great deal. I am a little disappointed that most of the accomplishments have been made without the support of the minority. Our friends on the other side have, in fact, opposed nearly everything that has been done—I think, unfortunately, often more to create an issue than to create a solution. That often is the choice we have; you can cook up something you can take home to talk about in political rhetoric, as opposed to trying to find some solutions.

But we have accomplished a great deal. Much of the controversy will continue, I suppose. There are legitimate differences of view when we are on the floor on almost every issue. Generally, the issue is the larger issue of whether or not you want more and more Federal Government, more and more Federal regulation, more and more taxes—which is basically Senators on that side of the aisle as opposed to this side of the aisle, where we are looking for limited government, where we are looking for less regulation, where we are looking for an opportunity for people to spend more of their own money.

So basically, when you get down to it in almost all these issues, if you really pare it away, that is the debate. Legitimate? Yes, indeed, it is legitimate. I happen to be on the side of being more conservative, of thinking we ought to be moving more and more of these decisions back to the States and to the counties rather than deciding everything, one-size-fits-all, at the Federal level. But these are the differences, and they are the basis for most of the things we find in conflict. We have had less cooperation from the administration than I had hoped we would have, from that side of the aisle. I think the President is seeking to change his image so the politics become more important than the movement of the congressional budget.

Let's review some of the highlights. The most recent one, of course, is the passage of tax relief, something I think is very legitimate, perfectly logical. We went through great debates about it, of course. One of the keys, naturally, is that you have to talk about reduction of taxes after having done something to save Social Security, having done something to strengthen Medicare. That is part of the program. That is not the choice.

We see these polls that are run from time to time. They say: Would you rather have Social Security protected or would you rather have tax relief? That is not the issue. That is one of the things we worked at. All of us are setting aside this surplus that comes from Social Security for the preservation of Social Security. These funds which will be used to reduce taxes and give some tax relief are beyond that.

I think one of the best illustrations is the Member who had three dollars—three dollar bills. This is basically the surplus we are looking at in the next 10 years, $3 trillion, each of these. Two of them are being set aside for Social Security. Tax relief constitutes about 75 percent of the third one, with the additional amount of the third one being set aside for spending and for Medicare. The press has not been very helpful, of course, trying to get that understanding. But in any event, I think that is a real movement forward.

The thing one also has to keep in mind is, if there is money lying around here, it is going to be spent. It is going to be spent enlarging Federal Government. So if you go back to that original thesis, you go back to the original notion that you would like to move activities back closer to people, you do it that way rather than bringing more and more money here that inevitably will be spent increasing the size of Government.

I think we have some hope there. Both Houses have passed some tax relief. We will see if we can find a way to put that together, hopefully this week. Then it will be up to the President to say whether he wants to spend more and more money; wants to spend $1 trillion on 81 new programs, or let the American people have an opportunity to spend some of their own.

Education? Our position again has been that the decisions that are basic to elementary and secondary education ought to be made closest to the people. They ought to be made by the States and by the school boards. Sure, we have an obligation to provide some financial help, but the Ed-Flex program that was passed by this Senate allows those decisions to be made more at home.

I can tell you, the delivery of education is quite different in Wyoming or different in Alaska, the State of the Presiding Officer, from what it is in New York—and properly so. But to make that work, then, the local people have to have that opportunity. We have done that with Ed-Flex, and we had some other educational programs.

I feel fairly strongly about some of the Federal involvement. My wife is a teacher. She teaches special ed and spends almost half of her time on paperwork because of the kinds of Federal programs that are involved. So we are making some movement to change that.

The military fulfills what is obviously one of the principal, if not the principal, obligations of the Federal Government, to provide for the safety and protection and defense of this country. Over the last number of years, the administration has increasingly reduced the amount of resources there.

At the same time, we had more demands on the military than we had before. They are not able to conduct their mission on the amount of resources that have been available. I was very disappointed it took a congressional committee to press and push and demand from the Joint Chiefs of Staff to really get down to whether they are able to carry out their mission with the resources they have. The answer was no. So we have moved to make some additions to that, in the first step for a very long time.

The other thing is, if you are going to have a voluntary force, you have to make it fairly attractive to be in the military, and after having trained people to do technical things like flying airplanes or servicing airplanes, they have to stay in the service and do that. So we need more of that kind of support.

Social Security? For a very long time no one would talk about Social Security. It is the third rail of politics—touch it and you are dead. Now, finally, everyone does understand that you have to do something different if, indeed, your purpose is to maintain the benefits that are now going to beneficiaries and to provide an opportunity for young people, who are beginning to work and put their money into the fund, to have some anticipation of having benefits for themselves.

We have to make some changes. The sooner those changes are made the less severe they will have to be.

The President has been talking about saving Social Security for several years. He has no plan. He has done nothing except talk about it. We now have a plan. There is a bipartisan plan on this floor. There has been a lockbox amendment to preserve Social Security funds. It has been opposed on the other side of the aisle five times, but we are going to move forward on Social Security.

VA funding: The administration has for several years requested a flat budget for VA health care but at the same time has expanded the eligibility for people to utilize those facilities. We find, for instance, in my State we have two facilities, but they are underfinanced and are not providing the kinds of services to which veterans are entitled. More money needs to be provided, and we are going to do that. The Republican budget this year had an additional $1.7 billion for veterans' health. It is something that is very important.

Patients' Bill of Rights: We passed a Patients' Bill of Rights that did not involve the Federal Government, did not involve lawyers and the courts making the decisions but indeed guaranteed emergency services without having to go through some kind of clearance. It guaranteed, if you felt as if you were not getting the services, an appeal to a physician, not to a lawyer or to a court, and that was passed.

Medicare: We moved to doing something with Medicare. A bipartisan commission was set up and they have a reasonable plan for Medicare, but the President asked his folks whom he appointed to serve on that commission to vote against it, so it did not come out as a commission report and as a commission recommendation. We are going to take that, basically, and move forward and do something on Medicare.

We are moving toward the end. We have some very difficult issues to deal with, particularly in appropriations. We have to deal with them. We will deal with them. I am hopeful we will also have some kind of a relief valve so that if we get through and cannot come to an agreement with the President that it goes on as it has and will not let that political technique be used again. I hope we find a little less resistance from our friends on the other side in terms of finding solutions to these problems.

I also hope—and this is a philosophy, I admit—that as we go forward we continue to understand the greatness of this country. And it is a great country. If you have had a chance to travel about a bit, you find it is the greatest. Each time I have a chance to go somewhere, I come back thanking God this is the place in which I live. But it is a great country not because of the Federal Government. There is a legitimate role for the Federal Government, of course, described, by the way, in the Constitution, but the real strength of this country lies in its communities and in its individuals who have the freedom to make decisions for themselves. They have the freedom to get together and do things that are required to be done in their communities to make them healthy.

Admittedly, I come from a State that is unique. Maybe we are the lowest populated State now. We are one of the largest States. The delivery of services is quite different, whether it be airlines, whether it be electricity, whether it be education. We cannot have this one-size-fits-all situation.

Again, I am pleased with what we have done. I say to the Presiding Officer that he has had one of the most difficult tasks of leadership in the Appropriations Committee and has done a good job.

I hope we will continue to provide an opportunity for us to come together to resolve our problems so that we can continue to have the opportunity to serve, to let communities make some of their decisions, and we will continue to be the greatest country in the world.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Montana is recognized.

TRADE AND THE ENVIRONMENT IN AN ERA OF GLOBALIZATION

Mr. BAUCUS. Mr. President, I would like to talk today about the relationship between trade and the environment.

When I joined the Finance Committee in 1979, debate about the Tokyo Round was just concluding. I don't remember a single mention of water pollution, air pollution, or the protection of sea turtles and other endangered species—important issues, but they were not part of the trade debate.

NAFTA changed this. We negotiated the environmental side agreement, and created the North America Commission on Environmental Cooperation. There were flaws and limitations, but it was a turning point.

Now, like it or not, environmental issues are an integral part of the trade debate. Environmental group opposition was one of the major reasons for the defeat of Fast Track legislation last year. Ambassador Barshefsky has said that the next round of trade negotiations should expressly address environmental protection. Two months ago, the WTO held a series of high level roundtable discussions on trade and the environment, in part to help define the issues for consideration in Seattle.

Why has this happened?

It is partly a function of technology. Environmental groups have plugged into the Internet—aggressively. Browse the web sites of almost any environmental group, and you will see what I mean. Any citizen can follow a high-level environmental trade dispute on the Internet. The heretofore insulated, inaccessible, and arcane international trade world meets the chaotic, grassroots, democratic, and Internet-savvy environmental world.

Let me tell my friends in the trade world something about my friends in the environmental world. I have worked with them for years. Sometimes on the same side, sometimes in disagreement. They are smart, dedicated, energetic, and aggressive. And they are very good at using the latest communications technology. So, if you are uncomfortable with the new role of the environmental community in the trade debate, my only advice is: Get used to it and figure out how to work together. The same advice goes to my environmental friends: The trade folks are here to stay. Figure out how to work with them.

There's a second important reason why environmental protection is now an important part of the trade debate.

We are in the midst of an economic boom in the United States and the revolution of globalization. Globalization is bringing every classroom in every small western town, and on every Native American reservation, smack into the middle of the information-based global marketplace. It allows small businesses all over the world to tap into the global marketplace. It's forcing virtually every company to become more competitive.

But there's another side to the story. Call it the dark side of globalization. And it has a long history.

America's age of industrialization created great wealth and progress. But it left behind a terrible environmental legacy. Rivers so infected with toxic chemicals that they caught fire. Abandoned mine tailings that dot the landscape of the mountainous west. The loss of wetlands and other habitat necessary to sustain the animal and plant species upon which our survival depends.

In America, we have turned the tide. Our air and water are cleaner now. But we have seen what unchecked economic development did to us.

Extend that kind of growth worldwide. And pick up the pace, to reflect the hyper-speed of global competition. As globalization accelerates, along with the expanded trade that accompanies and fuels it, we are likely to see a rapid increase in environmental problems.

Tom Friedman puts it this way, in The Lexus and the Olive Tree:

> [globalization has] unleashed forest-crushing forces of development . . . which, if left unchecked, [has] the potential to destroy the environment and uproot cultures, at a pace never before seen in human history.

Let me give you two examples.

For years, Montanan and other U.S. softwood lumber producers have been fighting against subsidized Canadian imports. One continuing issue is Canada's relatively weak environmental standards for timber harvesting. Canada has no law, at the federal or provincial level, like our Endangered Species Act.

This gives Canadian producers an economic advantage over U.S. producers. It also can have a serious environmental effect. In Montana, we're struggling to protect the Bull Trout, which is listed as an endangered species. One of the biggest populations resides in Lake Kookanusa, just south of the Canadian border. In the spring, the fish swim up Wigwam Creek, across the border in British Columbia, to spawn.

Recently, British Columbia announced a program of aggressive timber harvesting in the Wigwam Basin. Maybe things will work out, and the harvesting will occur in a way that does not threaten the Bull Trout. But, if not, our efforts to protect an endangered species in this country will be undermined because of another developed country's environmental laws that are deliberately weak to support an industry interest.

Or consider the objectives of the Endangered Species Act which includes preserving biodiversity, the web of life that sustains us. We're losing species at an alarming speed—perhaps a thousand times the natural rate.

No matter how strictly we protect species here in the United States, if the South American rain forest continues to disappear at the current rate, all of our efforts will have been futile.

The message is simple. Globalization and expanded trade benefit us. But we must ensure that globalization and expanded trade are conducted in a way that enhances, and does not undermine, environmental protection.

One thing that worries my greatly is the polarization that has occurred among participants in the trade and environment debate. The middle ground seems to have fallen into a sink hole. Yet the middle is where we need people to find solutions to these very difficult problems.

Let's turn to the next round of multilateral trade negotiations that will be the subject of the WTO Ministerial in Seattle in late November. We must accommodate globalization and expanded trade while, at the same time, preserve and enhance environmental protection.

America must lead. We are the world's largest economy. We are the world's largest trader. And we are the world's leader in developing strong environmental laws. As in many different areas, if we don't exert leadership, no one else will. This is not arrogance. This is not unilateralism. This is leadership, and I offer no excuses and no apologies for it.

I believe that we must follow three broad precepts in developing the proper linkage between trade and the environment. Call these my "Three No's".

Trade liberalization must not harm the environment: Trade rules must not be used to stop legitimate and reasonable environmental protection; Environmental regulations must not be used as an instrument for trade protection that closes markets and distorts trade flows.

We need to balance trade and environmental goals and prevent trade and environmental abuses. So, let me turn to my agenda for trade and the environment in the next round of trade negotiations.

First, the WTO dispute resolution process must be made more open, transparent and publicly accessible. This is important in the context of environmental law and regulation, which relies heavily on citizen suits and the public's right to know. And it is important in the context of the WTO's credibility. Secrecy does not enhance respect and confidence in institutions.

The GATT was created in an era when nation-states were the only significant actors on the world scene. The WTO followed the same structure. But it does not reflect today's reality where non-governmental entities have become important international and national players. The rules and procedures must accommodate these new actors.

The dispute settlement process takes too much time and must be shortened significantly. Loopholes that allow delay in complying with decisions must be closed.

Second, the Administration must conduct an environmental assessment for the trade agreement that will emerge from the new round. I will introduce legislation soon requiring such a review.

Third, we should eliminate all tariffs on environmental goods and services. One important way to improve environmental conditions in other countries, especially in developing countries, is to reduce the cost of environmental technology—everything from the elements of a sewage treatment plant to catalytic converters to groundwater bioremediation technology. U.S. companies are leaders in this field, so reduced tariffs will have the added advantage of increasing U.S. exports.

My fourth item involves environmentally harmful subsidies. In some cases, like fishing and agriculture, excessive subsidies lead to practices that are both economically and environmentally harmful. By limiting such subsidies, we can achieve a "win-win," that makes good economic and good environmental sense. I would like to see the total elimination of fishing subsidies: Export subsidies for agriculture should be eliminated worldwide. We should also start looking seriously into the reduction of domestic agricultural subsidies throughout the world.

The fifth item relates to other subsidies—the so-called "pollution subsidy" where intentionally keeping environmental standards weak can be an unfair and unacceptable practice that distorts trade, cuts costs of production for the polluter, and makes taxpayers pay the difference through higher health and environmental cleanup costs.

A sub-set of this problem is that of PPMs—production processes and methods. How a product is produced affects the environment. Examples include the way shrimp harvesting affects sea turtles, and the way timber harvesting affects species, water pollution, and the demand for recycled materials.

These are complex issues. Some argue that the WTO has already accepted the principle that a production process can determine how a product should be treated. They point out that countries already determine if an imported product was made with improperly obtained intellectual property or with improper government subsidies. If so, those countries can prevent the import of that good because of the process of production. They argue that if this is the rule under the WTO for intellectual property and for subsidies abuses, it should be the rule for environmental processes as well.

The WTO needs to take on this set of tough issues that sits clearly at the intersection of trade and the environment. We need serious and responsible discussion now.

Sixth, the environmental community believes that we need to find a way to integrate multilateral trade agreements and multilateral environmental agreements, MEAs, and they are right. Actions taken under an MEA should not be subject to a GATT challenge. There are two ways to go about this. One is to "grandfather" specific environmental agreements, as we did in NAFTA. We could start out by providing a so-called "safe haven" for the Montreal Protocol and CITES, the Convention on International Trade in Endangered Species of Wild Fauna and Flora. The other is to describe the characteristics of an MEA that will automatically be protected.

Let me add a few other agenda items that are unrelated to my Seattle list but need to be on our "to do" list in the United States.

First, we should take a hard look at the NAFTA environmental side agreement, and see how it is working. I will ask the key Congressional Committees, including the Senate Environment and Public Works Committee, to conduct appropriate oversight.

Second, we need to improve our domestic trade policy institutions. And that includes enhancing the role of Congress in trade negotiations. Last week, in a speech at the Washington International Trade Association, I proposed the establishment of a Congressional Trade Office. This office would provide the Congress with additional independent, non-partisan, neutral trade expertise.

Its functions would include: monitoring compliance with major bilateral, regional, and multilateral trade agreements; analysis of Administration trade policy, trade actions, and proposed trade legislation; participation in dispute settlement deliberations at the WTO and NAFTA, and evaluation of the results of dispute settlement cases involving the United States.

The National Wildlife Federation and the Sierra Club have proposed such an office, although the functions in my concept are quite different.

I will be offering legislation on this later this year.

One of the most difficult issues that has arisen in recent years has been the relationship between trade policy and environmental protection. The lack of consensus on this relationship has been one of the major reasons that we have not been able to proceed with fast track legislation in the Congress.

Paralysis helps no one. I hope that the thoughts I have set out today for Seattle and for our own domestic agenda will help to begin a constructive and responsible dialogue between the trade and the environmental communities. We need trade. We need environmental protection. We need a sustainable earth, and that means a clean world and a growing world—more and better jobs everywhere, increased income, cleaner air and water, the protection of our natural heritage for future generations. These goals are only incompatible when people are unwilling to talk about them together.

I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. KYL). Under the previous order, morning business is closed.

APPOINTMENT OF CONFEREES—H.R. 2488

Ms. COLLINS. Mr. President, I ask unanimous consent that with respect to H.R. 2488, the Chair be authorized to appoint conferees on the part of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER (Mr. KYL) appointed Mr. ROTH, Mr. LOTT, and Mr. MOYNIHAN conferees on the part of the Senate.

DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2000

The PRESIDING OFFICER. Pursuant to the order of the Senate of July 1, after having received H.R. 2587, the Senate will proceed to the bill. All after the enacting clause is stricken, and the text of S. 1283 is inserted. H.R. 2587 is read a third time and passed. The Senate insists on its amendment and requests a conference with the House, and the Chair appoints Mrs. HUTCHISON of Texas, Mr. KYL, Mr. STEVENS, Mr. DURBIN, and Mr. INOUYE conferees on the part of the Senate.

(The text of S. 1283 was printed in the RECORD of July 12, 1999.)

DECEPTIVE MAIL PREVENTION AND ENFORCEMENT ACT

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to consideration of S. 335, which the clerk will report by title.

The legislative assistant read as follows:

A bill (S. 335) to amend chapter 30 of title 39, United States Code, to provide for the nonmailability of certain deceptive matter relating to games of chance, administrative procedures, orders, and civil penalties relating to such matter, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Governmental Affairs, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Deceptive Mail Prevention and Enforcement Act".

SEC. 2. RESTRICTIONS ON MAILINGS USING MISLEADING REFERENCES TO THE UNITED STATES GOVERNMENT.

Section 3001 of title 39, United States Code, is amended—

(1) in subsection (h)—

(A) in the first sentence by striking "contains a seal, insignia, trade or brand name, or any other term or symbol that reasonably could be interpreted or construed as implying any Federal Government connection, approval or endorsement" and inserting the following: "which reasonably could be interpreted or construed as implying any Federal Government connection, approval, or endorsement through the use of a seal, insignia, reference to the Postmaster General, citation to a Federal statute, name of a Federal agency, department, commission, or program, trade or brand name, or any other term or symbol; or contains any reference to the Postmaster General or a citation to a Federal statute that misrepresents either the identity of the mailer or the protection or status afforded such matter by the Federal Government"; and

(B) in paragraph (2)—

(i) in subparagraph (A) by striking "and" at the end;

(ii) in subparagraph (B) by striking "or" at the end and inserting "and"; and

(iii) by inserting after subparagraph (B) the following:

"(C) does not contain a false representation implying that Federal Government benefits or services will be affected by any purchase or nonpurchase; or";

(2) in subsection (i) in the first sentence—

(A) in the first sentence by striking "contains a seal, insignia, trade or brand name, or any other term or symbol that reasonably could be interpreted or construed as implying any Federal Government connection, approval or endorsement" and inserting the following: "which reasonably could be interpreted or construed as implying any Federal Government connection, approval, or endorsement through the use of a seal, insignia, reference to the Postmaster General, citation to a Federal statute, name of a Federal agency, department, commission, or program, trade or brand name, or any other term or symbol; or contains any reference to the Postmaster General or a citation to a Federal statute that misrepresents either the identity of the mailer or the protection or status afforded such matter by the Federal Government"; and

(B) in paragraph (2)—

(i) in subparagraph (A) by striking "and" at the end;

(ii) in subparagraph (B) by striking "or" at the end and inserting "and"; and

(iii) by inserting after subparagraph (B) the following:

"(C) does not contain a false representation implying that Federal Government benefits or services will be affected by any purchase or nonpurchase; or";

(3) by redesignating subsections (j) and (k) as subsections (m) and (o), respectively; and

(4) by inserting after subsection (i) the following:

"(j)(1) Matter otherwise legally acceptable in the mails described under paragraph (2)—

"(A) is nonmailable matter;

"(B) shall not be carried or delivered by mail; and

"(C) shall be disposed of as the Postal Service directs.

"(2) Matter that is nonmailable matter referred to under paragraph (1) is any matter that—

"(A) constitutes a solicitation for the purchase of any product or service that—

"(i) is provided by the Federal Government; and

"(ii) may be obtained without cost from the Federal Government; and

"(B) does not contain a clear and conspicuous statement giving notice of the information under subparagraph (A) (i) and (ii).".

SEC. 3. RESTRICTIONS ON SWEEPSTAKES AND DECEPTIVE MAILINGS.

Section 3001 of title 39, United States Code, is amended by inserting after subsection (j) (as added by section 2(4) of this Act) the following:

"(k)(1) In this subsection, the term—

"(A) 'facsimile check' means any matter designed to resemble a check or other negotiable instrument that is not negotiable;

"(B) 'skill contest' means a puzzle, game, competition, or other contest in which—

"(i) a prize is awarded or offered;

"(ii) the outcome depends predominately on the skill of the contestant; and

"(iii) a purchase, payment, or donation is required or implied to be required to enter the contest; and

"(C) 'sweepstakes' means a game of chance for which no consideration is required to enter.

"(2) Matter otherwise legally acceptable in the mails that is nonmailable matter described under paragraph (3) shall not be carried or delivered by mail and may be disposed of as the Postal Service directs.

"(3) Matter that is nonmailable matter referred to under paragraph (2) is any matter (except matter as provided under paragraph (4)) that—

"(A)(i) includes entry materials for a sweepstakes or a promotion that purports to be a sweepstakes; and

"(ii)(I) does not contain a statement that discloses in the mailing, in the rules, and on the order or entry form, that no purchase is necessary to enter such sweepstakes;

"(II) does not contain a statement that discloses in the mailing, in the rules, and on the order or entry form, that a purchase will not improve an individual's chances of winning with an entry from such materials;

"(III) does not state all terms and conditions of the sweepstakes promotion, including the rules and entry procedures for the sweepstakes, in language that is easy to find, read, and understand;

"(IV) does not disclose the sponsor or mailer of such matter and the principal place of business or an address at which the sponsor or mailer may be contacted;

"(V) does not contain sweepstakes rules that clearly state—

"(aa) the estimated odds of winning each prize;

"(bb) the quantity, estimated retail value, and nature of each prize; and

"(cc) the schedule of any payments made over time;

"(VI) represents that individuals not purchasing products may be disqualified from receiving future sweepstakes mailings;

"(VII) requires that a sweepstakes entry be accompanied by an order or payment for a product previously ordered;

"(VIII) represents that an individual is a winner of a prize unless that individual has won a prize;

"(IX) contains a representation that contradicts, or is inconsistent with sweepstakes rules or any other disclosure required to be made under this subsection, including any statement qualifying, limiting, or explaining the rules or disclosures in a manner inconsistent with such rules or disclosures; or

"(X) represents that the purchase of a product will allow a sweepstakes entry to receive an advantage in the winner selection process, to be eligible for additional prizes in that sweepstakes, or for an entry submitted in a future sweepstakes to have a better chance of winning;

"(B)(i) includes entry materials for a skill contest or a promotion that purports to be a skill contest; and

"(ii)(I) does not state all terms and conditions of the skill contest, including the rules and entry procedures for the skill contest, in language that is easy to find, read and understand;

"(II) does not clearly and conspicuously disclose the sponsor or mailer of the skill contest and the principal place of business or an address at which the sponsor or mailer may be contacted; or

"(III) does not contain skill contest rules that clearly state, as applicable—

"(aa) the number of rounds or levels of the contest and the cost to enter each round or level;

"(bb) that subsequent rounds or levels will be more difficult to solve;

"(cc) the maximum cost to enter all rounds or levels;

"(dd) the estimated number or percentage of entrants who may correctly solve the skill contest or the approximate number or percentage of entrants correctly solving the past 3 skill contests conducted by the sponsor;

"(ee) the identity or description of the qualifications of the judges if the contest is judged by other than the sponsor;

"(ff) the method used in judging;

"(gg) the date by which the winner or winners will be determined and the date or process by which prizes will be awarded;

"(hh) the quantity, estimated retail value, and nature of each prize; and

"(ii) the schedule of any payments made over time; or

"(C) includes any facsimile check that does not contain a statement on the check itself that such check is not a negotiable instrument and has no cash value.

"(4) Matter that appears in a magazine, newspaper, or other periodical and contains materials that are a facsimile check, skill contest, or sweepstakes is exempt from paragraph (3), if the matter—

"(A) is not directed to a named individual; or

"(B) does not include an opportunity to make a payment or order a product or service.

"(5) Any statement, notice, or disclaimer required under paragraph (3) shall be clearly and conspicuously displayed.

"(6) In the enforcement of paragraph (3), the Postal Service shall consider all of the materials included in the mailing and the material and language on and visible through the envelope.

"(l)(1) Any person who uses the mails for any matter to which subsection (h), (i), (j), or (k) applies shall adopt reasonable practices and procedures to prevent the mailing of such matter to any person who, personally or through a conservator, guardian, individual with power of attorney—

"(A) submits to the mailer of such matter a written request that such matter should not be mailed to such person; or

"(B)(i) submits such a written request to the attorney general of the appropriate State (or any State government officer who transmits the request to that attorney general); and

"(ii) that attorney general transmits such request to the mailer.

"(2) Any person who mails matter to which subsection (h), (i), (j), or (k) applies shall maintain or cause to be maintained a record of all requests made under paragraph (1). The records shall be maintained in a form to permit the suppression of an applicable name at the applicable address for a 5-year period beginning on the date the written request under paragraph (1) is submitted to the mailer.".

SEC. 4. POSTAL SERVICE ORDERS TO PROHIBIT DECEPTIVE MAILINGS.

Section 3005(a) of title 39, United States Code, is amended—

(1) by striking "or" after "(h)," both places it appears; and

(2) by inserting ", (j), or (k)" after "(i)" in both such places.

SEC. 5. TEMPORARY RESTRAINING ORDER FOR DECEPTIVE MAILINGS.

Section 3007 of title 39, United States Code, is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by striking subsection (a) and inserting the following:

"(a)(1) In preparation for or during the pendency of proceedings under sections 3005 and 3006, the Postal Service, in accordance with section 409(d), may apply to the district court in any district in which mail is sent or received as part of the alleged scheme, device, lottery, gift enterprise, sweepstakes, skill contest, or facsimile check or in any district in which the defendant is found, for a temporary restraining order and preliminary injunction under the procedural requirements of rule 65 of the Federal Rules of Civil Procedure.

"(2)(A) Upon a proper showing, the court shall enter an order which shall—

"(i) remain in effect during pendency of the statutory proceedings, any judicial review of such proceedings, or any action to enforce orders issued under the proceedings; and

"(ii) direct the detention by the postmaster, in any and all districts, of the defendant's incoming mail and outgoing mail, which is the subject of the proceedings under sections 3005 and 3006.

"(B) A proper showing under this paragraph shall require proof of a likelihood of success on the merits of the proceedings under section 3005 or 3006.

"(3) Mail detained under paragraph (2) shall—

"(A) be made available at the post office of mailing or delivery for examination by the defendant in the presence of a postal employee; and

"(B) be delivered as addressed if such mail is clearly shown not to be the subject of proceedings under sections 3005 and 3006.

"(4) No finding of the defendant's intent to make a false representation or to conduct a lottery is required to support the issuance of an order under this section.

"(b) If any order is issued under subsection (a) and the proceedings under section 3005 or 3006 are concluded with the issuance of an order under that section, any judicial review of the matter shall be in the district in which the order under subsection (a) was issued.".

SEC. 6. CIVIL PENALTIES AND COSTS.

Section 3012 of title 39, United States Code, is amended—

(1) in subsection (a) by striking "$10,000 for each day that such person engages in conduct described by paragraph (1), (2), or (3) of this subsection." and inserting "$50,000 for each mailing of less than 50,000 pieces; $100,000 for each mailing of 50,000 to 100,000 pieces; with an additional $10,000 for each additional 10,000 pieces above 100,000, not to exceed $2,000,000.";

(2) in subsection (b) (1) and (2) by inserting after "of subsection (a)" the following: ", (c), or (d)";

(3) by redesignating subsections (c) and (d), as subsections (e) and (f), respectively;

(4) by inserting after subsection (b) the following:

"(c)(1) In any proceeding in which the Postal Service may issue an order under section 3005(a), the Postal Service may in lieu of that order or as part of that order assess civil penalties in an amount not to exceed $25,000 for each mailing of less than 50,000 pieces; $50,000 for each mailing of 50,000 to 100,000 pieces; with an additional $5,000 for each additional 10,000 pieces above 100,000, not to exceed $1,000,000.

"(2) In any proceeding in which the Postal Service assesses penalties under this subsection the Postal Service shall determine the civil penalty taking into account the nature, circumstances, extent, and gravity of the violation or violations of section 3005(a), and with respect to the violator, the ability to pay the penalty, the effect of the penalty on the ability of the violator to conduct lawful business, any history of

prior violations of such section, the degree of culpability and other such matters as justice may require.

"(d) Any person who violates section 3001(l) shall be liable to the United States for a civil penalty not to exceed $10,000 for each mailing to an individual."; and

(5) by amending subsection (e) (as redesignated by paragraph (3) of this section) to read as follows:

"(e)(1) From all civil penalties collected in the administrative and judicial enforcement of this chapter, an amount equal to the administrative and judicial costs incurred by the Postal Service in such enforcement, not to equal or exceed $500,000 in each year, shall be—

"(A) deposited in the Postal Service Fund established under section 2003; and

"(B) available for payment of such costs.

"(2) Except for amounts deposited in the Postal Service Fund under paragraph (1), all civil penalties collected in the administrative and judicial enforcement of this chapter shall be deposited in the General Fund of the Treasury.".

SEC. 7. ADDITIONAL AUTHORITY FOR THE POSTAL INSPECTION SERVICE.

(a) IN GENERAL.—Chapter 30 of title 39, United States Code, is amended by adding at the end the following:

"§ 3016. Administrative subpoenas

"(a) AUTHORIZATION OF USE OF SUBPOENAS BY POSTMASTER GENERAL.—In any investigation conducted under this chapter, the Postmaster General may require by subpoena the production of any records (including books, papers, documents, and other tangible things which constitute or contain evidence) which the Postmaster General finds relevant or material to the investigation.

"(b) SERVICE.—

"(1) SERVICE WITHIN THE UNITED STATES.—A subpoena issued under this section may be served by a person designated under section 3061 of title 18 at any place within the territorial jurisdiction of any court of the United States.

"(2) FOREIGN SERVICE.—Any such subpoena may be served upon any person who is not to be found within the territorial jurisdiction of any court of the United States, in such manner as the Federal Rules of Civil Procedure prescribe for service in a foreign country. To the extent that the courts of the United States may assert jurisdiction over such person consistent with due process, the United States District Court for the District of Columbia shall have the same jurisdiction to take any action respecting compliance with this section by such person that such court would have if such person were personally within the jurisdiction of such court.

"(3) SERVICE ON BUSINESS PERSONS.—Service of any such subpoena may be made by a Postal Inspector upon a partnership, corporation, association, or other legal entity by—

"(A) delivering a duly executed copy thereof to any partner, executive officer, managing agent, or general agent thereof, or to any agent thereof authorized by appointment or by law to receive service of process on behalf of such partnership, corporation, association, or entity;

"(B) delivering a duly executed copy thereof to the principal office or place of business of the partnership, corporation, association, or entity; or

"(C) depositing such copy in the United States mails, by registered or certified mail, return receipt requested, duly addressed to such partnership, corporation, association, or entity at its principal office or place of business.

"(4) SERVICE ON NATURAL PERSONS.—Service of any subpoena may be made upon any natural person by—

"(A) delivering a duly executed copy to the person to be served; or

"(B) depositing such copy in the United States mails, by registered or certified mail, return receipt requested, duly addressed to such person at his residence or principal office or place of business.

"(5) VERIFIED RETURN.—A verified return by the individual serving any such subpoena setting forth the manner of such service shall be proof of such service. In the case of service by registered or certified mail, such return shall be accompanied by the return post office receipt of delivery of such subpoena.

"(c) ENFORCEMENT.—

"(1) IN GENERAL.—Whenever any person, partnership, corporation, association, or entity fails to comply with any subpoena duly served upon him, the Postmaster General may request that the Attorney General seek enforcement of the subpoena in the district court of the United States for any judicial district in which such person resides, is found, or transacts business, and serve upon such person a petition for an order of such court for the enforcement of this section.

"(2) JURISDICTION.—Whenever any petition is filed in any district court of the United States under this section, such court shall have jurisdiction to hear and determine the matter so presented, and to enter such order or orders as may be required to carry into effect the provisions of this section. Any final order entered shall be subject to appeal under section 1291 of title 28. Any disobedience of any final order entered under this section by any court may be punished as contempt.

"(d) DISCLOSURE.—Any documentary material provided pursuant to any subpoena issued under this section shall be exempt from disclosure under section 552 of title 5.".

(b) REGULATIONS.—Not later than 120 days after the date of enactment of this section, the Postal Service shall promulgate regulations setting out the procedures the Postal Service will use to implement this section.

(c) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 30 of title 39, United States Code, is amended by adding at the end the following:

"3016. Administrative subpoenas.".

SEC. 8. REQUIREMENTS OF PROMOTERS OF SKILL CONTESTS OR SWEEPSTAKES MAILINGS.

(a) IN GENERAL.—Chapter 30 of title 39, United States Code (as amended by section 7 of this Act) is amended by adding after section 3016 the following:

"§ 3017. Nonmailable skill contests or sweepstakes matter; notification to prohibit mailings

"(a) DEFINITIONS.—In this section, the term—

"(1) 'promoter' means any person who originates and causes to be mailed more than 500,000 mailings in any calendar year of any skill contest or sweepstakes, except for mailings that do not include an opportunity to make a payment or order a product or service;

"(2) 'removal request' means a written request stating that an individual elects to have the name and address of such individual excluded from any list used by a promoter for mailing skill contests or sweepstakes;

"(3) 'skill contest' means a puzzle, game, competition, or other contest in which—

"(A) a prize is awarded or offered;

"(B the outcome depends predominately on the skill of the contestant; and

"(C) a purchase, payment, or donation is required or implied to be required to enter the contest; and

"(4) 'sweepstakes' means a game of chance for which no consideration is required to enter.

"(b) NONMAILABLE MATTER.—

"(1) IN GENERAL.—Matter otherwise legally acceptable in the mails described under paragraph (2)—

"(A) is nonmailable matter;

"(B) shall not be carried or delivered by mail; and

"(C) shall be disposed of as the Postal Service directs.

"(2) NONMAILABLE MATTER DESCRIBED.—Matter that is nonmailable matter referred to under paragraph (1) is any matter that—

"(A) is a skill contest or sweepstakes; and

"(B)(i) is addressed to an individual who made an election to be excluded from lists under subsection (e); or

"(ii) does not comply with subsection (c)(1).

"(c) REQUIREMENTS OF PROMOTERS.—

"(1) NOTICE TO INDIVIDUALS.—Any promoter who mails a skill contest or sweepstakes shall provide with each mailing a clear and conspicuous statement that—

"(A) includes the address and toll-free telephone number of the notification system established under paragraph (2); and

"(B) states how the notification system may be used to prohibit the mailing of any skill contest or sweepstakes to such individual.

"(2) NOTIFICATION SYSTEM.—Any promoter that mails a skill contest or sweepstakes shall participate in the establishment and maintenance of a single notification system that provides for any individual (or other duly authorized person) to notify the system of the individual's election to have the name and address of the individual excluded from all lists of names and addresses used by all promoters to mail any skill contest or sweepstakes.

"(d) NOTIFICATION SYSTEM.—If an individual contacts the notification system through use of the toll-free telephone number provided under subsection (c)(1)(A), the system shall—

"(1) inform the individual of the information described under subsection (c)(1)(B); and

"(2) inform the individual that the election to prohibit mailings of skill contests or sweepstakes to that individual shall take effect 45 business days after receipt by the system of the signed removal request by the individual.

"(e) ELECTION TO BE EXCLUDED FROM LISTS.—

"(1) IN GENERAL.—An individual may elect to exclude the name and address of such individual from all mailing lists used by promoters of skill contests or sweepstakes by mailing a removal request to the notification system established under subsection (c).

"(2) RESPONSE AFTER MAILING REMOVAL REQUEST TO THE NOTIFICATION SYSTEM.—Not later than 45 business days after receipt of a removal request, all promoters who maintain lists containing the individual's name or address for purposes of mailing skill contests or sweepstakes shall exclude such individual's name and address from all such lists.

"(3) EFFECTIVENESS OF ELECTION.—An election under paragraph (1) shall—

"(A) be effective with respect to every promoter; and

"(B) remain in effect, unless an individual notifies the system in writing that such individual—

"(i) has changed the election; and

"(ii) elects to receive skill contest or sweepstakes mailings.

"(f) PROMOTER NONLIABILITY.—A promoter, or any other person maintaining the notification system established under this section, shall not be subject to civil liability for the exclusion of an individual's name or address from any mailing list maintained by a promoter for mailing skill contests or sweepstakes, if—

"(1) a removal request is received by the notification system; and

"(2) the promoter or person maintaining the system has a good faith belief that the request is from—

"(A) the individual whose name and address is to be excluded; or

"(B) another duly authorized person.

"(g) PROHIBITION ON COMMERCIAL USE OF LISTS.—

"(1) IN GENERAL.—

"(A) PROHIBITION.—No person may provide any information (including the sale or rental of any name or address) in a list described under subparagraph (B) to another person for commercial use.

"(B) LISTS.—A list referred to under subparagraph (A) is any list of names and addresses (or other related information) used, maintained, or created by the system established under this section.

"(2) CIVIL PENALTY.—Any person who violates paragraph (1) shall be assessed a civil penalty by the Postal Service not to exceed $2,000,000 per violation.

"(h) CIVIL PENALTIES.—

"(1) IN GENERAL.—Any promoter—

"(A) who recklessly mails nonmailable matter in violation of subsection (b) shall be liable to the United States in an amount of $10,000 per violation for each mailing of nonmailable matter; or

"(B) who fails to substantially comply with the requirements of subsection (c)(2) shall be liable to the United States.

"(2) ENFORCEMENT.—The Postal Service shall assess civil penalties under this section.".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—The table of sections for chapter 30 of title 39, United States Code, is amended by adding after the item relating to section 3016 the following:

"3017. Nonmailable skill contests or sweepstakes matter; notification to prohibit mailings.".

(c) EFFECTIVE DATE.—This section shall take effect 1 year after the date of enactment of this Act.

SEC. 9. STATE LAW NOT PREEMPTED.

(a) IN GENERAL.—Nothing in the provisions of this Act (including the amendments made by this Act) or in the regulations promulgated under such provisions shall be construed to preempt any provision of State or local law that imposes more restrictive requirements, regulations, damages, costs, or penalties. No determination by the Postal Service that any particular piece of mail or class of mail is in compliance with such provisions of this Act shall be construed to preempt any provision of State or local law.

(b) EFFECT ON STATE COURT PROCEEDINGS.—Nothing contained in this section shall be construed to prohibit an authorized State official from proceeding in State court on the basis of an alleged violation of any general civil or criminal statute of such State or any specific civil or criminal statute of such State.

SEC. 10. EFFECTIVE DATE.

Except as provided in section 8, this Act shall take effect 120 days after the date of enactment of this Act.

Amend the title so as to read: "A bill to amend chapter 30 of title 39, United States Code, to provide for the nonmailability of certain deceptive matter relating to sweepstakes, skill contests, facsimile checks, administrative procedures, orders, and civil penalties relating to such matter, and for other purposes.".

The PRESIDING OFFICER. Under the previous order, there will now be 2 hours for debate on S. 335, to be equally divided between the Senator from Maine and the Senator from Michigan or their designees.

PRIVILEGE OF THE FLOOR

Ms. COLLINS. Mr. President, I ask unanimous consent that the following members of my staff be granted the privilege of the floor during consideration of S. 335: Lee Blaylock and Michael Bopp.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. If the Senator will yield for a similar request, I ask unanimous consent that Leslie Bell of my staff be granted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. COLLINS. Mr. President, I ask unanimous consent that at 5:10 today Senator EDWARDS be allowed to speak for up to 10 minutes, with the time coming from the time controlled by the Senator from Michigan, that the Senator from Michigan be permitted to speak for 5 minutes following Senator EDWARDS, and that I be permitted to speak for 5 minutes immediately prior to the 5:30 vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. COLLINS. I thank the Chair.

Mr. President, I am pleased that the Senate is now considering S. 335, the Deceptive Mail Prevention and Enforcement Act, legislation I authored along with my colleagues, Senator LEVIN, Senator COCHRAN, Senator EDWARDS, Senator DURBIN, and Senator SPECTER.

S. 335 is the product of an extensive investigation and 2 days of public hearings held by the Permanent Subcommittee on Investigations, which I chair. This legislation would establish for the first time tough new Federal standards for sweepstakes and other promotional mailings.

For example, these mailings would be required to clearly inform consumers that a purchase is not necessary to win the contest and that a purchase will not increase their chances of winning. In addition to these important consumer protections, the bill confers additional investigative and enforcement authority on the U.S. Postal Service and authorizes civil fines of up to $2 million for companies that violate the consumer protection standards.

This comprehensive measure has the support of the AARP, the National Consumers League, and the U.S. Postal Service.

I particularly recognize the leadership roles played by several members of the committee. Senator LEVIN, in particular, has long been a leader in the effort to curtail deceptive mailings. Senator COCHRAN held some of the first hearings on this issue. Senator EDWARDS, Senator SPECTER, and Senator DURBIN all contributed greatly to our investigation.

Let me also express my appreciation for the assistance provided by the chairman of the Governmental Affairs Committee, Senator THOMPSON, and by the committee's ranking minority member, Senator LIEBERMAN.

In addition, I salute Senator CAMPBELL, who was one of the first to call attention to the growing problems of deceptive sweepstakes mailings. Some of the provisions in our legislation are similar to those in a bill introduced by Senator CAMPBELL.

I first became aware of the growing problem of deceptive sweepstakes last year after receiving several complaints from my constituents in Maine. In order to learn more about this growing problem, the Permanent Subcommittee on Investigations began an investigation into the nature of deceptive mailings and the extent of sweepstakes and other promotional mailings. The subcommittee soon realized that the promotional mailing industry generates an enormous volume of mail that reaches the mailboxes of millions of Americans. In fact, the four major sweepstakes companies alone flood Americans with more than 1 billion solicitations every year.

The subcommittee held 2 days of public hearings. At the first subcommittee hearing in March, we examined the practices of the four major sweepstakes companies: American Family Publishers, Publishers Clearinghouse; Time, Inc.; and Reader's Digest.

I want to make clear that they all run legitimate sweepstakes, legitimate in the sense that they do award the prizes, they do deliver the merchandise orders, and they do not seek to conceal their identities. However, there is a critical distinction between running a legal contest and treating consumers fairly, without resorting to misleading or deceptive practices.

Our hearings in March examined the key issue of whether consumers are being clearly informed that no purchase is necessary to enter sweepstakes and that buying something does not increase their chance of winning. That is the biggest misconception. Far too many consumers believe that if they make a purchase in response to the sweepstakes solicitation, they somehow improve their chances of winning. Nothing could be further from the truth. The subcommittee heard testimony indicating that the existing disclaimers used by the large sweepstakes companies are of very little value. They are too often deceptively worded or they are contradicted by the glowing promises in the promotional copy. In addition, they are hard to locate on the mailing, and they are often written in very tiny print that is difficult to read.

Our hearings in March prompted over 1,000 letters from across the country to the subcommittee. Many of those letters included mailings from smaller sweepstakes companies with which the subcommittee had not been familiar. This public response prompted an expansion of the subcommittee's investigation into the deceptive practices of these smaller sweepstakes companies.

Those smaller companies were the focus of the subcommittee's second hearing in July. Many of these smaller companies tend to be fly-by-night operations that use multiple trade names to hide their identities and to confuse consumers. In fact, we found one company that sent out solicitations under 40 different trade names. That was obviously very confusing to consumers because they believed they were getting a chance to enter 40 different contests when, in fact, it was just one sweepstakes company using 40 different names.

In some cases, these smaller companies are run by promoters for a year or two and then shut down. The operator then starts up a new company under yet another name, often one that is specifically chosen to lend credibility to the contest or to deceive consumers. These companies profit not only from their extremely deceptive mailings but also by reselling the names of their customers to other operators who then inundate the unlucky consumer with still more mailings. Unfortunately, our investigation suggests that this practice, this business, is quite lucrative.

The smaller companies investigated by the subcommittee sent approximately 100 million mailings in 1998 and received over 4 million purchases, which we conservatively estimate cost consumers in the neighborhood of $40 million.

In return, most individuals received a discount coupon book that was frequently followed by additional numerous other mailings urging consumers to purchase the exact same coupon book once again.

Anonymity, as our hearings demonstrated, is crucial to the success of many of these small operators. They depend on working in the shadows and underneath the radar of State and Federal regulators. They are, in many ways, the "stealth" sweepstakes companies—difficult to detect, to track, and to stop. Our investigation discovered that most of these companies attempt to conceal their identities through multiple corporate names and various mailbox drops in several different States. Their mailings are often designed to deceive even the most cautious and wary consumer.

Our investigation and hearings demonstrated that sweepstakes companies, both large and small, use deceptive and aggressive marketing techniques far too often to entice consumers into making purchases that they do not need or want, in the mistaken belief that a purchase will improve their chances of winning that grand prize. Indeed, we heard testimony that deceptive sweepstakes mailings can induce trusting consumers to purchase thousands of dollars of questionable merchandise. One example that was related to us by a witness was a magazine subscription extending to the year 2018 that had been purchased by her 82-year-old father-in-law in response to repeated solicitations.

The subcommittee found that many of our senior citizens are particularly vulnerable to such deceptive mailings. They come from perhaps a more trusting generation. Many seniors tend to believe what they read, particularly if it is endorsed by a trusted spokesman, such as Ed McMahon or Dick Clark, or if it comes from a well-known company, such as Reader's Digest or Time, or if it involves a mailing that appears to be official.

At the subcommittee's hearings, family members told of loved ones who were so convinced that they had won a sweepstakes that they refused to leave their home for fear of missing the Prize Patrol. One of my constituents in Maine actually postponed needed surgery because she was absolutely convinced that that was going to be the day her winnings were delivered to her.

The subcommittee investigated many cases of seniors who, enticed by the bold promises in deceptive sweepstakes, actually spent their Social Security checks, squandered their life's savings, and even borrowed money in order to continue to make purchases through these sweepstakes mailings. I will never forget one of our witnesses who actually broke down in tears before the subcommittee as he recounted how he had been enticed to spend $15,000 on merchandise he did not want because he thought it would bring him closer to winning millions of dollars.

Time and again, family members have described sweepstakes companies literally bombarding elderly relatives with repeated mailings. Our witnesses explained that their elderly family members spent thousands of dollars in the vain hope that if they just bought one more trinket, or one more videotape, or one more magazine subscription, it would greatly improve their chances of winning. Of course, it never did.

The losses suffered by consumers could not, however, be measured in dollars alone. As one elderly gentleman put it:

> My wife has finally come to realize that she has been duped by the sweepstakes solicitations for all these years. Although the financial drain is now halted, the loss of her dignity is incalculable.

Unfortunately, these are not isolated examples. According to a recent survey commissioned by the AARP, nearly 40 percent of seniors surveyed believed there was a connection between purchasing and winning, that either making a purchase would help you to win or it would ensure that you would win a prize.

You have only to look at some of these sweepstakes mailings to understand why consumers draw these conclusions. For example, one mailing by Publishers Clearinghouse, which is famous for its Prize Patrol, tells consumers to "open your door to $31 million on January 31." You can see the personalized mailing, although we blocked out the name of the person involved. This mailing clearly suggests to the consumer that his or her—her in this case—purchases are paying off. It specifically states:

> You see, your recent order and entry has proven to us that you're indeed one of our loyal friends and a savvy sweepstakes player. And now I'm pleased to tell you that you've passed our selection criteria to receive this special invitation. . . .

Mr. President, this is clearly and blatantly designed to deceive the consumers into drawing a connection between making a purchase and winning the prize.

Let me show you another example. The next example is a mailing from American Family Publishers. It states:

> It's down to a 2 person race for $11 million—you and one other person in Georgia were issued the winning number. Whoever returns it first wins it all.

Most people don't see the very fine print that declares:

> . . . if you have the winning number.

Unless the contestant reads and understands this fine print, the mailing leaves the unmistakable impression that this recipient, this lucky person, and one other person, have the winning number for the $11 million prize.

This mailing actually caused a number of contestants to fly to Florida in the hope that their entry would be received first. After all, it says, "Whoever returns it first wins it all." It also prompted lawsuits by several States' attorneys general, and American Family Publishers eventually agreed to a multistate settlement.

I wish the misleading mailings from the largest sweepstakes companies represented the worst of the lot. Unfortunately, they do not. Let's take a look at a couple of examples of deceptive practices of some of the smaller sweepstakes companies. As you will recall, these were the companies that were brought to the subcommittee's attention by outraged consumers from across this country who wrote to us after our first round of hearings.

This solicitation, or promotion, from Mellon, Astor & Fairweather is a deceptive attempt to make the consumer think that a prestigious firm—presumably an accounting firm—is ready to give him or her money. Despite describing Mellon, Astor & Fairweather as the "trustee of record," the sponsor of this mailing admitted under oath to the subcommittee that Mellon, Astor & Fairweather is not a trustee for any group or individual. In fact, there is no "Mellon," "Astor," or "Fairweather" associated with this company. The name was completely made up to give an air of legitimacy and credibility to this mailing—in short, to deceive people. Moreover, the sweepstakes promoter admitted that this is actually the address of a Mail Boxes, Etc., and that the company's offices are located not in Lake Forest, IL, but in Las Vegas, NV.

Another problem the subcommittee found was the use of words or symbols that give the impression that the mailing is connected with the Federal Government. Here is another example of this kind of mailing. It says at the top—it is hard to read: The Official United Sweepstakes of America.

Yes, this mailing implies a Government connection to the sweepstakes. It includes a photo of the U.S. Treasury building, and by using the address of 611 Pennsylvania Avenue, Southeast, Washington, DC, it sounds like a very prestigious Pennsylvania Avenue address of a Federal agency. In fact, once again, this is an address of a Mail Boxes, Etc. And, of course, the Federal Government does not sponsor sweepstakes, contrary to the implication of this mailing.

Yet another deceptive mailing shows how fraudulent operators link their company to the Government. This is a blowup of a postcard sent to me by a constituent from Machiasport, ME. As you can see, it is marked "Urgent Delivery, A Special Notification of Cash Currently Being Held By the U.S. Government is Ready for Shipment to You." It mimics the typical postcard the Postal Service uses. It is designed to look like that.

The mailing asks the consumer to send $9.97 to learn how to receive this cash. Of course, this was not in any way a legitimate postcard from the Federal Government. It was merely a ploy used by an unscrupulous promoter to trick an unsuspecting consumer into sending money. Fortunately, my consumer did not fall for this scam. But many others did, leading the Postal Service to bring action against the promoter of this scam.

Sadly, these are just a few of the many examples of deceptive mailings that the subcommittee uncovered during its investigation. The simple fact is that far too many consumers regularly fall victim to increasingly deceptive and sophisticated marketing techniques used in these mailings.

I want to emphasize that sweepstakes can, of course, be a legitimate marketing technique. While I have concerns about the deceptive nature of far too many sweepstakes mailings, I don't want to give the impression that all sweepstakes are deceptive, or that they should be outlawed. Our legislation is setting clear standards for them to follow to avoid the kind of deception that we found to be rampant in the industry.

Let me outline the major provisions of the legislation before the Senate today.

First, S. 335 requires sweepstakes mailings to clearly and conspicuously display several important disclaimers and consumer notices, including a clear statement that no purchase is necessary to win the contest, and, most of all, a statement that a purchase will not improve your chances of winning.

I think that is the most important disclaimer of all.

These statements have to appear in three places—on the solicitation, in the rules, and on the order form.

In addition, the mailings must state the odds of winning, the value and the nature of the prize, and the name and the address of the sponsor of the sweepstakes. Sweepstakes mailings would also be required to include all the rules and entry procedures for the contest. The bill would prohibit mailings from describing the recipient as a "winner" unless the recipient has really won a prize.

You can see from some of the mailings that we have discussed here today why that protection is so important.

Second, this legislation includes the provision drafted by Senator EDWARDS to require companies sending sweepstakes or skill contests to establish a system that will allow consumers to request that they be removed from sweepstakes mailing lists. Companies sending sweepstakes mailings must include either a toll-free number or the address at which the consumer may request that their name be removed altogether from future sweepstakes mailings. Companies would be required to remove such individuals from sweepstakes lists within 35 days.

Our hearings showed that far too many consumers had great difficulty in turning off the spigot of sweepstakes mailings to themselves, or, as was often the case, to an elderly family member. Senator EDWARDS' provision will assist consumers who want relief from the flood of solicitations.

Third, our legislation strengthens the current law regarding "Government look-alike" mailings by prohibiting mailings that imply a connection to, approval, or endorsement by the Federal Government through the misleading use of a seal, insignia, reference to the Postmaster General, citation to a Federal law, or any other term or symbol unless the mailings carry true disclaimers.

The bill imposes new Federal standards for facsimile checks that are sent in any mailing. These tests must include a statement on the check itself stating that it is non-negotiable and has no cash value.

Finally, S. 335 will strengthen the ability of the Postal Service to combat deceptive mailings. Under existing law, the Postal Inspection Service does not possess subpoena authority, is unable to obtain a judicial order to stop the deceptive mailing at multiple mailboxes in different States, and may only seek financial penalties after a company has violated a previously imposed order for sending deceptive mailings.

Our legislation grants the Postal Service subpoena authority, nationwide stop mail authority, and the ability to impose strong civil penalties for the first violation. At our hearings in July, the Postal Service testified that civil penalties would be a significant deterrent against deceptive mailings. We can't just have minor penalties that are treated as a cost of doing business. The penalties under our legislation can reach as high as $1 million, and, if a company violates an order, that penalty is doubled and can range as high as $2 million.

The current penalties—capped at $10,000 per day—are simply inadequate to deter deceptive mailings, especially since they can only be imposed after the mailer has evaded or failed to comply with a prior order.

Our bill recognizes the important role played by the States in investigating and prosecuting deceptive mailings. We do not preempt any provision of State or local law. In many instances, it is the States that have taken the strong action against deceptive sweepstakes mailings largely because of the gap in Federal law. During our investigation, we worked very closely with the National Association of Attorneys General.

I would like to close my initial statement by urging my colleagues to support S. 2335, the Deceptive Mail Prevention and Enforcement Act, so that the Senate, by passing this legislation later today, can take an important first legislative step in curtailing deceptive sweepstakes and protect the American consumer.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, I thank the Senator from Maine for her tremendous leadership on this issue and so many other consumer protection issues. She is leading the Permanent Subcommittee on Investigations with tremendous distinction, with great strength, and the consumers of this Nation are all better off because of that leadership. This bill is a further example of that leadership. I am proud to be her principal cosponsor of the bill that we have worked on for so long.

Sweepstakes for many Americans has become a cruel joke. Americans are overwhelmed with sweepstakes solicitations in the mail that deceptively appear to promise large winnings but deliver only empty appeals for purchases of unneeded products and more entries into additional sweepstakes.

The majority of Americans may have a healthy skepticism about these solicitations and don't believe the misleading representations. But many are not so disbelieving, and they can get caught up and do get caught up in a spiral of financial and emotional trauma.

The subcommittee heard story after story before of seniors particularly, some of the most vulnerable people in

America, who receive these mailings and believe that they have been awarded a prize.

Several of my constituents from Michigan lost tens of thousands of dollars to sweepstakes solicitations.

One woman in Grand Rapids spent over $12,000 in one year with Reader's Digest alone.

A woman in the Upper Peninsula of Michigan spent $30,000 in less than a month on sweepstakes-related promotions.

Sweepstakes solicitations are big business. Companies using sweepstakes to promote their products, be it magazines or coupon books, or jewelry, send over a billion pieces of mail a year to American consumers.

We learned that one person could get from one company alone as much as 144 different pieces of sweepstakes mail in a year. That was from a so-called "legitimate company."

Purchases through these types of mailings are in the billions of dollars. Sweepstakes are used as the "come-on" to get the recipient to purchase a product or make a contribution. They are used, companies say, to get the recipients to open the envelopes, and, once opened, used to get the person to respond with a purchase or contribution. Promoters argue that sweepstakes entrants buy these products because they want them or need them.

Our investigation demonstrated that many people who enter these sweepstakes purchase items only because they think doing so will improve their chances of winning the sweepstakes prize. A large number buy and buy and buy, spending tens of thousands of dollars, with that expectation that the purchase of items will help improve their chances of winning.

Companies are not allowed by law to use the U.S. mails to conduct a lottery. A lottery is where payment must be given in order to have a chance to win. It is illegal for a sweepstakes promotor to require a purchase in order for a person to have a chance to win or to improve a person's chances of winning. Buying something when entering a sweepstakes cannot, by law, do anything to improve a person's chances of winning. Many people don't know that or believe a purchase will improve their chance and many sweepstake companies try to leave the impression that buying something will give that recipient an advantage.

Sweepstake companies encourage this in many ways. For example, some use different envelopes for those who buy a product and those who don't. Here is an example from Reader's Digest. They send two envelopes. If a person orders something, the envelope says: Yes, Reward Entitlement [underlined], Granted and Guaranteed. If a person does not order something, the envelope says: No Reward Entitlement, Denied and Unwarranted.

They go to different post office boxes, clearly leaving a very different impression. It is a very strong different impression and a very deceptive different impression.

Other sweepstake companies use their own envelope and address card for those entering the sweepstake without purchasing a product. In another sweepstakes, they are given an envelope if they want to buy something; if they don't want to buy something but still enter, they have to fill out their own envelope or their own card, which is much more difficult than if they are simply buying a product.

Some companies try to confuse the message, leaving the recipient to believe he has to pay a fee to collect a prize that he has already won. This certificate from the "Motor Vehicle Awards" states: [You] are guaranteed to receive a brand-new automobile or a cash award.

The first envelope has the name of the person receiving it, so it is very personalized: [Mr. or Miss Someone] are guaranteed to receive a brand-new automobile or cash award.

They ask the recipient to confirm that his name is spelled correctly on the certificate and to indicate how he wants the car delivered. In the very last paragraph it says: In addition, an optional commodities package with a fully redeemable value of over $2,500 is being held pending your submission of the standard acquisition fee.

The impression is that the recipient has won a car, that all he has to do is return the certificate for the car, and pay an acquisition fee. Of course, the impression they attempt to create—and often do, according to our testimony—is that acquisition fee relates to the car.

If he does that, the impression is he will receive a car and the commodities package. That is a pretty good bargain, at $14.98 for a car and commodities package. In reality, this is a sales promotion for the commodities package connected to a sweepstake. The acquisition fee of $14.98 is buying the commodities package. The commodities package is nothing more than a booklet of coupons that require buying items in order to redeem the coupons.

One must spend thousands and thousands and thousands of dollars for items that you don't need in order to receive the savings that are promised. Yet we learned at our hearings this is a very common sweepstakes scheme. Honest businesses don't engage in these practices, or they shouldn't. Over and over we heard from victims of the deceptive sweepstakes packages that they thought they had to buy something to receive the big prize or to improve their chances of winning. The sweepstake companies are very artful at creating this impression. This is about stringing people along. Often the people being strung along are the most vulnerable.

This is a promotion from Reader's Digest to a constituent of mine whose house is filled to the brim with tapes, books, CDs, and magazines she bought believing it would help her get the prize. This is a Certificate of Recognition for her loyalty to Reader's Digest: Dear valued customer: You've been selected to receive one of our highest honors—the Reader's Digest Recognition Reward. It's your obvious love of Reader's Digest and sweepstakes that made you an ideal candidate. In fact, it was your recent subscription request that finalized our decision.

In other words, keep buying and we will keep sending opportunities to win a sweepstake. It is buying the Reader's Digest that they are saying gets the special treatment. What is the Reader's Digest Recognition Award? It is a little stick 'em label that is pulled off this letter that has my constituent's name on it so she can paste it on any article of furniture around her house. It really is a come-on, an opportunity to enter yet another sweepstake. That is the award, a little stick 'em that Mrs. Roosenberg got for spending over $12,000 in 1 year for products she didn't even open, filling up her house.

Through the artful placement of words and graphics, the sweepstakes companies make the reader believe they have won. They use such large screaming headlines: [Mr. X] is Officially Declared $833,337 Winner.

A big headline you can't miss. However, one misses the fine print that says, no, you haven't—only if you held the right number. What jumps out is the headline that you have won.

Our sweepstakes promoters try to make their envelopes look special, not like the bulk mail which they are, or try to make them look like a Government document, or even in the case of a recent Publishers Clearinghouse envelope, as if they were photographs that the recipient paid to have developed. This envelope looks exactly like envelopes received from the photo store. In fact, this is one of these sweepstake offers from Publishers Clearinghouse.

We cannot control each and every trick that a company uses to get the recipient of a sweepstakes promotion to buy something. However, there are some things we can and we should insist upon. We can insist that the companies state clearly and conspicuously that buying something will not improve a person's chances of winning. We can insist that these companies state clearly and conspicuously that you don't need to buy anything to win. We can make these companies state clearly and conspicuously what are the odds of winning. In many cases, the odds are nearly 1 in 100 million or 1 in 150 million. We can also require the sweepstake promoters not tell a person they have won if they haven't and not use devices to suggest that the mail is from a Government agency. That will hopefully alert the folks receiving the sweepstakes promotion and will help them think twice before buying items they really do not want and do not need.

In the last Congress, several of our colleagues joined in sponsoring a bill to increase enforcement of deceptive mailings by the Postal Service. This, year Senator COLLINS held hearings on sweepstakes and other forms of deceptive mail. We have introduced two bills to try to eliminate deceptive sweepstakes practices. Senator COLLINS' bill is S. 335; my bill is S. 336. We learned during the hearings that the financial costs to consumers for deceptive and fraudulent sweepstakes is a serious problem and one that particularly plagues our senior citizens. We learned that the Postal Service has inadequate law enforcement tools to effectively shut down deceptive direct marketers who use deceptive sweepstakes promotions to sell their products. We also learned that the Postal Service can't impost a fine against such a promoter until the Postal Service has issued a stop order, and the stop order has been violated. Wily promoters craft their mailing so that it technically complies with a particular stop order but is this deceptive? Thus, time and time again these promoters continue to prey on Americans, and the postal Service has been all but powerless to stop them.

The bill before us is a combination of our two bills. It establishes a special provision in law for deceptive sweepstakes mailings, requires certain disclosures to be clearly and conspicuously displayed in key parts of the sweepstakes promotion; prohibits other misleading and deceptive statements in the promotion; gives the Postal Service additional enforcement tools, and requires sweepstakes promoters to provide a mechanism for a recipient of mail to remove his or her name off a mailing list if requested.

Mr. President, what is the time situation?

The PRESIDING OFFICER. These are 34½ minutes remaining on the Senator's side.

Mr. LEVIN. I yield myself 10 additional minutes.

Three key provisions in S. 336 have been incorporated into the substitute. First, to prevent unscrupulous mailers from duping people into believing that a purchase will increase their chances of winning, the bill requires that a statement that a purchase will not increase an individual's chances of winning be clearly and conspicuously displayed in a prominent place and manner in the mailing, in the rules, and on the order or entry form.

I believe of all of the new requirements and standards, this is perhaps the most important. The statement that a purchase will not increase an individual's chances of winning must not only be clearly and conspicuously displayed but also displayed in a prominent place and manner in the mailing, in the rules, and on the order or entry form. Such a statement will, hopefully, help readers dissociate the ordering process from the sweepstakes entry.

Second, it provides the Postal Service with the authority to issue a civil penalty for a first-time violation of the statute. This means the Postal Service does not have to first issue a stop order and then wait for that order to be violated before assessing civil penalties. This has the effect of applying the penalty to the deceptive offense, not for noncompliance with the order. It makes enforcement a one-step instead of a two-step process. Third, it gives the Postal Service the subpoena authority it often needs to help identify sweepstakes scams.

Despite the specificity of the disclosures required under the bill, I remain quite concerned that the disclosures be noticeable and understandable to the reader. That is why the bill requires all disclosures to be clearly and conspicuously displayed. With a managers' amendment, we define "clearly and conspicuously displayed" in the bill so that there can be no misunderstanding by the Postal Service and the direct mail industry as to what we mean. Furthermore, two critical disclsoures—"no purchase necessary" and "a purchase will not increase an individual's chances of winning"—are required to be not only "clearly and conspicuously displayed" but "prominently" displayed as well. This means that these two diclsoures must be highly visible to and easily noticeable by the reader. These important messages will not be allowed to be hidden or disguised through illegible print size, glitzy displays which detract from the disclosure, or barely noticeable ink color.

The Deceptive Mail Prevention and Enforcement Act of 1999 takes a tough approach to dealing with sweepstakes solicitations and other games of chance offerings that are sent through the mail. If you use sweepstakes or a game of chance to promote the sale of a legitimate product, provide adequate disclosure, and abide with Postal Service regulations, then the Postal Service will deliver that solicitation without any interruption. If deceptive practices are used in a sweepstakes or game of chance solicitation, the Postal Service will be able to stop the solicitation and impose a significant penalty.

I again thank Senator COCHRAN again for her hard work and commitment to consumers in this legislation. I also thank Senator COCHRAN for his early support and Senator EDWARDS for his excellent work on the provision requiring a delisting of persons not wanting to receive sweepstakes mailings. Finally, I want to thank the staff of the Permanent Subcommittee on Investigations for the terrific job they did putting together the hearings and developing this legislation. In particular I want to thank Linda Gustitus and Leslie Bell of the minority staff, Lee Blaylock and Kirk Walder of the majority staff, and Maureen Mahon of Senator EDWARDS' staff.

I reserve the remainder of our time as Senator COLLINS has indicated, and I yield the floor.

The PRESIDING OFFICER. For the Senator's information, the Senator from Michigan has 29 minutes remaining. The Senator from Maine has 35 minutes.

Ms. COLLINS. Mr. President, first I thank my colleague from Michigan for his very generous comments. Also, once again I commend his outstanding leadership on this issue. It has been terrific working with him in a variety of areas related to consumer protection. We are where we are today because of his efforts.

I also echo the thanks to our staff who have done a tremendous job.

PRIVILEGE OF THE FLOOR

I do ask unanimous consent the privilege of the floor be granted to the following members of my staff during the pendency of this legislation: R. Emmett Mattes, Kathy D. Cutler, and Deirdre Foley.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. COLLINS. Mr. President, it is now my great pleasure to yield to the Senator from Mississippi, who is the chairman of the Subcommittee on Governmental Affairs with jurisdiction over the Postal Service. Senator COCHRAN held the very first hearings on deceptive mailings last year. He has been a tremendous supporter of the effort to curtail deceptive mailings. I really appreciate his leadership on this issue.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I am pleased to be a cosponsor and to support the passage of the Deceptive Mail Prevention and Enforcement Act, S. 335. This legislation would establish new safeguards to protect consumers against deceptive and dishonest sweepstakes and other promotional mailings. The bill grants additional investigative and enforcement authority to the U.S. Postal Service to stop deceptive mailings, and it establishes standards for all sweepstakes mailings by requiring certain disclosures on each mailing.

In the last Congress, our subcommittee examined the use of mass mail to deceive and defraud consumers. At the subcommittee's hearing, we heard how sweepstakes and other promotions were causing individuals to make unwanted or excessive purchases in the hope that the purchases would increase their chances of winning money or other prizes. Since conducting that hearing, the subcommittee has been flooded with stories from consumers all over the country who have lost thousands of dollars in some cases—sometimes their life savings—to deceptive mailing practices. But it is not just sweepstakes offers that deceive consumers. Some mailers imply an association with the Government, often enticing consumers to pay unnecessary fees.

This bill will address several types of deceptive mailings, including sweepstakes and Government look-alike mailings.

First, it will require sweepstakes mailings to display a statement that no purchase is necessary to enter the contest and that a purchase will not improve the chances of winning. Other disclosures will also be required, including the sponsor of the sweepstakes and the principal place of business or an address at which the sponsor can be reached, and the estimated odds of winning each prize and the estimated value of each prize. In addition, all terms and conditions of the sweepstakes promotion, including the rules and entry procedures for the sweepstakes, will be required on each mailing.

Second, the bill will expand the authority of the U.S. Postal Service by granting the Postal Inspection Service subpoena authority, nationwide stop-mail authority, and the ability to impose civil penalties of up to $1 million for the first offense and $2 million for a violation of an existing order.

Finally, the bill will strengthen existing law regarding Government look-alike mailings by requiring disclaimers on any mailings that might be interpreted as implying a connection to the Federal Government.

This legislation was reported out of the Subcommittee on International Security, Proliferation and Federal Services on April 12 and reported unanimously by the Committee on Governmental Affairs on May 20. It has the support of the U.S. Postal Service, a number of consumer groups, and the American Association of Retired Persons.

I commend the work of the distinguished Senator from Maine, Ms. COLLINS, in crafting this legislation to curb deceptive mailings. As chair of the Permanent Subcommittee on Investigations, Senator COLLINS has thoroughly examined the issue, and I applaud her important efforts in developing this bill and her continuing efforts to protect consumers. The distinguished ranking minority member of the committee, Senator LEVIN, has also supported this initiative, and we appreciate his assistance.

This bill takes an important step toward the prevention of deception in sweepstakes and other promotional mailings. I urge Senators to support it.

The PRESIDING OFFICER (Mr. VOINOVICH). The Senator from Maine.

Ms. COLLINS. Mr. President, I thank the Senator from Mississippi for his very kind comments and for his strong support of this initiative. He has been a partner throughout this investigation into deceptive mailings, and I am very grateful for his support.

DIFFERENT PROMOTIONS FOR THE SAME SWEEPSTAKES

Mr. LEVIN. Mr. President, during the July 1999 hearing on deceptive mail held by the Permanent Subcommittee on Investigations, several promoters testified that they use different business names and different stationery to send to the same people different-looking mailings to promote the same sweepstakes. So, for example, on day one, a person can get a solicitation to enter a $10,000 sweepstakes, and the solicitation says on the top that "Company Blue" is making the offer. In the rules it says "your chances of winning are 1 in 3 million." Let's say you enter that sweepstakes. One week later you get another solicitation for a $10,000 sweepstakes.

And we learned that the standard operating procedure for this type of sweepstakes is to send 5 or 6 mailings for the same sweepstakes after the person responds to the first mailing.

So on this second mailing, it says "Company Red" at the top and the materials look totally different from the "Company Blue" promotions. The rules of this second solicitation also say you have a 1 in 3 million chance of winning $10,000, which a reasonable person would think is a completely different sweepstakes. That's also what the promoter wants you to think. So you think you have a chance of winning $20,000 in total. But, you don't. The most you can win is $10,000.

I believe these mailings are misrepresenting the facts, and under existing law these misrepresentations are deceptive. For example, in the "Company Blue" and "Company Red" scenario I just described, the promoter wants you to think that you're receiving two separate solicitations, each involving two separate sweepstakes. In fact, the solicitations for "Company Blue" and "Company Red" are for the same sweepstakes and thus you can win only once. Section 3005 of title 39 currently allows the Postal Service to deny delivery of mail used as part of a scheme to obtain money through the mail by means of false representations. Clearly many sweepstakes promoters use different business names and different stationery to make you think their multiple solicitations are unique and have no relationship to each other.

Does the Senator from Maine agree that these multiple mailing schemes mislead people into thinking they are entering separate contests from different companies?

Ms. COLLINS. Yes, I agree with the Senator from Michigan. The practice of using different-looking promotional mailings without any information explaining that they are for the same sweepstakes serves no purpose except to lead recipients into believing that they are different sweepstakes. Once the recipient believes that they are different sweepstakes, the recipient who believes that a purchase either is required or will confer an advantage upon them will then believe that a separate purchase must be made for each unique-looking sweepstakes. Because these different-looking mailings do not clearly state that they are promoting the same sweepstakes, I agree with the Senator from Michigan that they can be deceptive.

USE OF THE WORD "PROMINENT"

Mr. LEVIN. Mr. President, our bill requires a sweepstakes or skill contest promotion, in order to be mailable matter, to contain a number of specific disclosures. Each of the disclosures required by the bill must be "clearly and conspicuously displayed." We have defined that term in the bill to mean "readily noticeable, readable, and understandable." This is a definition consistent with the definition used by the Federal Trade Commission.

Two of the required disclosures—that no purchase is necessary to win and that purchasing does not improve your chances of winning—are so important to giving a consumer the information he or she needs to decide whether or not to enter a sweepstakes and if so, whether or not to purchase an advertised product—that they should appear prominently in three places in each mailing. Our addition of the term "prominently" to these two disclosures is intended to emphasize the heightened significance of these disclaimers. This means that these two disclosures must be highly visible and highly noticeable to the reader. In *Edgeworth* v. *Fort Howard Paper Co.*, 673 F. Supp. 922, 923 (N.D. Ill. 1987), rev. on other grounds, 683 F. Supp. 1193 (1988), the District Court defined "prominent and accessible place" to mean that the message conveyed can readily be observed by the people for whom it is intended. In *Allstate Insurance Co.* v. *Clemmons*, 742 F. Supp. 1073, 1075 (D.NV 1990), the District Court defined "prominently displayed" to mean "the message must have greater prominence than the balance of the policy language. . . . In other words, a clause attains prominence by being different from its surrounding terms." "Prominently" requires, for purposes of our bill, making the two disclosures to which "prominently" applies different from other messages in appearance, manner of presentation, and location. These two disclosures must stand out from the rest of the printed material on the three locations where they are required to appear.

One can argue that there is going to be some subjectivity in deciding whether a statement is prominently placed in a promotion or not. Our intention here is to provide the Postal Service with enough guidance to ensure that when it comes to these two disclosures, there should be no close calls. These two disclosures should be obviously clearly and conspicuously displayed in a prominent manner and location.

Does the Senator from Maine agree with my description?

Ms. COLLINS. Yes, I do. Of the several disclosures we require to be included in a mailing containing a sweepstakes or skill contest promotion, these two disclosures—that no purchase is necessary and that purchasing does not improve your chances of winning—are particularly important for the reader to see in a prominent way. The statements themselves should be clear and conspicuous, as required by the bill, and they should be prominent in three places in each mailing, so it would be very difficult for a recipient not to notice them.

A number of sweepstakes and skill contest promoters currently include in their mailings the statement that no purchase is necessary. But this is often included only as a part of a lengthy set of rules or buried in other statements and notices that allow it to be easily overlooked. That is why our managers' amendment includes the requirement that these two statements be prominent, and clearly and conspicuously displayed. I thank the Senator from Michigan for his assistance on this issue.

AMENDMENT NO. 1497

(Purpose: To provide a managers' amendment)

Ms. COLLINS. Mr. President, I send to the desk the managers' amendment.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Maine [Ms. COLLINS], for herself and Mr. LEVIN, proposes an amendment numbered 1497.

Ms. COLLINS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 19, insert between lines 22 and 23 the following:

"(A) 'clearly and conspicuously displayed' means presented in a manner that is readily noticeable, readable, and understandable to the group to whom the applicable matter is disseminated;

On page 19, line 23, strike "(A)" and insert "(B)".

On page 20, line 1, strike "(B)" and insert "(C)".

On page 20, line 9, strike "(C)" and insert "(D)".

On page 20, line 21, insert "prominently" after "that".

On page 21, line 1, insert "prominently" after "that".

On page 21, lines 4 and 5, strike "an entry from such materials" and insert "such entry".

On page 21, lines 8 and 9, strike ", in language that is easy to find, read, and understand".

On page 21, line 15, strike "clearly".

On page 22, line 5, insert "or" after the semicolon.

On page 22, line 11, strike "or" after the semicolon.

On page 22, strike lines 12 through 17.

On page 22, lines 23 and 24, strike ", in language that is easy to find, read and understand".

On page 23, line 1, strike "clearly and conspicuously".

On page 23, line 6, strike "clearly".

On page 34, line 1, strike all through page 39, line 23, and insert the following:

SEC. 8. REQUIREMENTS OF PROMOTERS OF SKILL CONTESTS OR SWEEPSTAKES MAILINGS.

(a) IN GENERAL.—Chapter 30 of title 39, United States Code (as amended by section 7 of this Act) is amended by adding after section 3016 the following:

"§ 3017. Nonmailable skill contests or sweepstakes matter; notification to prohibit mailings

"(a) DEFINITIONS.—In this section, the term—

"(1) 'promoter' means any person who—

"(A) originates and mails any skill contest or sweepstakes, except for any matter described under section 3001(k)(4); or

"(B) originates and causes to be mailed any skill contest or sweepstakes, except for any matter described under section 3001(k)(4);

"(2) 'removal request' means a request stating that an individual elects to have the name and address of such individual excluded from any list used by a promoter for mailing skill contests or sweepstakes;

"(3) 'skill contest' means a puzzle, game, competition, or other contest in which—

"(A) a prize is awarded or offered;

"(B) the outcome depends predominately on the skill of the contestant; and

"(C) a purchase, payment, or donation is required or implied to be required to enter the contest; and

"(4) 'sweepstakes' means a game of chance for which no consideration is required to enter.

"(b) NONMAILABLE MATTER.—

"(1) IN GENERAL.—Matter otherwise legally acceptable in the mails described under paragraph (2)—

"(A) is nonmailable matter;

"(B) shall not be carried or delivered by mail; and

"(C) shall be disposed of as the Postal Service directs.

"(2) NONMAILABLE MATTER DESCRIBED.—Matter that is nonmailable matter referred to under paragraph (1) is any matter that—

"(A) is a skill contest or sweepstakes, except for any matter described under section 3001(k)(4); and

"(B)(i) is addressed to an individual who made an election to be excluded from lists under subsection (d); or

"(ii) does not comply with subsection (c)(1).

"(c) REQUIREMENTS OF PROMOTERS.—

"(1) NOTICE TO INDIVIDUALS.—Any promoter who mails a skill contest or sweepstakes shall provide with each mailing a statement that—

"(A) is clearly and conspicuously displayed;

"(B) includes the address or toll-free telephone number of the notification system established under paragraph (2); and

"(C) states that the notification system may be used to prohibit the mailing of all skill contests or sweepstakes by that promoter to such individual.

"(2) NOTIFICATION SYSTEM.—Any promoter that mails or causes to be mailed a skill contest or sweepstakes shall establish and maintain a notification system that provides for any individual (or other duly authorized person) to notify the system of the individual's election to have the name and address of the individual excluded from all lists of names and addresses used by that promoter to mail any skill contest or sweepstakes.

"(d) ELECTION TO BE EXCLUDED FROM LISTS.—

"(1) IN GENERAL.—An individual (or other duly authorized person) may elect to exclude the name and address of that individual from all lists of names and addresses used by a promoter of skill contests or sweepstakes by submitting a removal request to the notification system established under subsection (c).

"(2) RESPONSE AFTER SUBMITTING REMOVAL REQUEST TO THE NOTIFICATION SYSTEM.—Not later than 35 calendar days after a promoter receives a removal request pursuant to an election under paragraph (1), the promoter shall exclude the individual's name and address from all lists of names and addresses used by that promoter to select recipients for any skill contest or sweepstakes.

"(3) EFFECTIVENESS OF ELECTION.—An election under paragraph (1) shall remain in effect, unless an individual (or other duly authorized person) notifies the promoter in writing that such individual—

"(A) has changed the election; and

"(B) elects to receive skill contest or sweepstakes mailings from that promoter.

"(e) PROMOTER NONLIABILITY.—A promoter shall not be subject to civil liability for the exclusion of an individual's name or address from any list maintained by that promoter for mailing skill contests or sweepstakes, if—

"(1) a removal request is received by the promoter's notification system; and

"(2) the promoter has a good faith belief that the request is from—

"(A) the individual whose name and address is to be excluded; or

"(B) another duly authorized person.

"(f) PROHIBITION ON COMMERCIAL USE OF LISTS.—

"(1) IN GENERAL.—

"(A) PROHIBITION.—No person may provide any information (including the sale or rental of any name or address) derived from a list described under subparagraph (B) to another person for commercial use.

"(B) LISTS.—A list referred to under subparagraph (A) is any list of names and addresses (or other related information) compiled from individuals who exercise an election under subsection (d).

"(2) CIVIL PENALTY.—Any person who violates paragraph (1) shall be assessed a civil penalty by the Postal Service not to exceed $2,000,000 per violation.

"(g) CIVIL PENALTIES.—

"(1) IN GENERAL.—Any promoter—

"(A) who recklessly mails nonmailable matter in violation of subsection (b) shall be liable to the United States in an amount of $10,000 per violation for each mailing to an individual of nonmailable matter; or

"(B) who fails to comply with the requirements of subsection (c)(2) shall be liable to the United States.

"(2) ENFORCEMENT.—The Postal Service shall assess civil penalties under this section.".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—The table of sections for chapter 30 of title 39, United States Code, is amended by adding after the item relating to section 3016 the following:

"3017. Nonmailable skill contests or sweepstakes matter; notification to prohibit mailings.".

(c) EFFECTIVE DATE.—This section shall take effect 1 year after the date of enactment of this Act.

Ms. COLLINS. Mr. President, I offer this managers' amendment on behalf of myself and Senator LEVIN to clarify certain provisions of S. 335.

As I described in my opening statement, this legislation imposes a number of new standards on promotional mailings. The managers' amendment further defines the "clear and conspicuous" standard for the disclaimers and notices required in this bill. All disclaimers and notices must be "clearly and conspicuously displayed," which means "in a manner that is readily noticeable, readable and understandable to the group to whom the applicable matter is disseminated."

During its investigation into deceptive sweepstakes mailings, the Permanent Subcommittee on Investigations found numerous examples of mailings that misled consumers into believing that they must purchase a product to win a prize, or that a purchase will improve their chances of winning. The investigation showed that many mailings did not clearly inform consumers that no purchase was necessary to enter the sweepstakes and that buying a product did not increase their chances of winning. The disclaimers and notices in many existing sweepstakes mailings are of little value because they are too often buried in tiny print or contradicted by the promotional copy. Consumers should not need a law degree or a magnifying glass to read the rules or to decipher how to enter a sweepstakes without placing an order. In order to give some value to the disclaimers and consumer notices mandated by this bill, S. 335 requires each of these disclosures to be "clearly and conspicuously displayed."

The managers' amendment defines "clearly and conspicuously displayed" in a manner that is consistent with previous agency and court rulings. As the committee report for this legislation explains, the Federal Trade Commission has issued opinions on the meaning of "clear and conspicuous" and this standard is a staple of commercial law. The definition of clear and conspicuous, as used in S. 335, is meant to be consistent with the interpretation of the standard as developed in previous regulatory opinions, statements, and case law.

Thus, as the definition states, the required disclosures must be readily noticeable, readable, and understandable to the group to whom the matter is mailed. As the committee report notes, in some instances, the language may need to be highlighted, in bold letters, or placed in a visible location. We recognize that the format and layout of promotional mailings differ dramatically and, accordingly, the presentation of each required disclosure will necessarily vary. Thus, we believe it is unwise to dictate the size, font, color, or placement of each disclaimer imposed on promotional mailings. The definition in this managers' amendment, however, gives the regulators broad guidance to interpret on a case-by-case basis what is required for a disclaimer or notice to qualify as "clearly and conspicuously displayed."

The committee report accompanying S. 335 provides a detailed description of the clear and conspicuous standard as enunciated by the Federal Trade Commission and in court decisions. The standard was designed to prevent deception, and we expect those enforcing this Act to make use of this standard to protect consumers receiving promotional mailings from deceptive practices. We agree with the Federal Trade Commission that deception occurs if there is a representation, omission, or practice that is likely to mislead the reasonable consumer or his or her detriment.

Furthermore, the managers' amendment adds the word "prominently" to the two most significant disclosures required by S. 335: first, that no purchase is necessary to enter the sweepstakes; and second, that a purchase will not increase an individual's chances of winning with that entry. S. 335 already places significance on these two disclaimers by requiring that they appear in three different places in most sweepstakes mailings: (1) the mailing, (2) the rules, and (3) the entry or order form. Because the subcommittee's investigation found strong evidence that some consumers believed a purchase would increase their chances of winning, we view these two disclosures as particularly important. As such, and because of the brevity of these disclosures, we believe that it is particularly important that they be easily identifiable by the reader.

The Federal Trade Commission has used a variety of terms to describe clear and conspicuous, including sufficiently clear and prominent. Because many of the other disclosures required by S. 335 may be lengthy and may only appear in one place in a mailing, we believe that what is "clear and conspicuous" for one disclaimer may differ from what is necessitated by another. A disclosure of a few words, such as "no purchase necessary," would by its very nature dictate a different yardstick than would the entire contest rules, which might consist of several hundred words. We expect all disclosures to be clear and conspicuous but these two disclosures should be "prominent" in the three required places in each mailing.

The managers' amendment also makes several technical changes. It removes duplicative language from several different disclosures required by S. 335. These deletions, however, are not intended in any way to weaken the overall requirement that disclosures must be "clearly and conspicuously displayed." The managers' amendment also deletes a somewhat duplicative requirement relating to advantages that a sweepstakes might imply are given to those entries that accompany a purchase. Given the disclaimer which states that a purchase will not improve the contestant's chance of winning, we determined that this provision was superfluous.

Finally, the managers' amendment replaces section 8 of the bill reported by the Governmental Affairs Committee with new language requiring all companies sending sweepstakes or skill contest mailings to establish a system for removing the names of individuals who do not wish to receive such mailings. Section 8, as reported out of the Committee on Governmental Affairs, established a uniform notification system for most sweepstakes and contest mailings.

Under the new provisions companies would be required—on a company-by-company basis—to include on their mailings a notice of the address or toll-free telephone number that individuals could contact to request that their names be removed from future mailings. Such names must be removed within 35 days after appropriate notice. If a mailing is recklessly sent to consumers who have requested not to receive further solicitations, the mailer shall be subject to a penalty of $10,000. This section shall take effect one year after enactment of this legislation. We commend our colleague and friend Senator EDWARDS for his strong leadership in crafting this proposal.

In closing, I thank my colleagues, particularly Senator LEVIN, for their assistance in crafting this managers' amendment, and I urge its adoption.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 1497) was agreed to.

Ms. COLLINS. Mr. President, I move to reconsider the vote.

Mr. LEVIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Ms. COLLINS. Mr. President, we are expecting additional speakers. In the meantime, I suggest the absence of a quorum, and I ask unanimous consent that time be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. COLLINS. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, I rise today to speak in support of the Deceptive Mail Prevention and Enforcement Act. Unrequested mailings are seen by many as a nuisance. But when junk mail makes insupportable and outrageous claims of instant wealth, phantom prices, and bogus benefits annoyance becomes fraud—the small print notwithstanding.

Among its provisions, the Deceptive Mail Prevention and Enforcement Act, S. 335, would place new requirements on sweepstakes offerings and allow fines to be levied on deceptive mailings. S. 335 would also require sweepstakes information to be presented clearly, and grants the Postal Service new authority to halt misleading mailings. I feel strongly that these reforms will benefit an untold number of American families and elderly persons from some unscrupulous elements of our society.

It pleases me to remark briefly on the genesis of this proposal. In my experience, the role of oversight and investigation has enabled the Congress to craft its most informed, well reasoned, and thorough legislative proposals. As past chairman of the Senate's Permanent Subcommittee on Investigation and current chairman of the Senate Finance Committee, I have long used and will continue to use these tools to assess and reform.

I commend my successor as chairman of the Permanent Subcommittee on Investigation, Senator SUSAN COLLINS, for taking a thorough approach to crafting this proposal. Following a process of investigation and hearings, Senator COLLINS has applied the right tools to a common problem. The people of Maine, Delaware, and the rest of our Nation will benefit from her hard work.

Mr. JEFFORDS. Mr. President, I rise today to express my strong support for S. 335, the Deceptive Mail Prevention and Enforcement Act.

As a cosponsor of this legislation, let me first thank Senator COLLINS for her hard work in crafting this legislation, and for the informative and insightful oversight hearings she has held on the sweepstakes industry this year. Those hearings have exposed some troubling practices, and clearly demonstrate the need for this important legislation.

Earlier this year a constituent of mine from Huntington, Vermont, e-mailed my office and relayed his own personal story as an example of the need for this legislation. He had been asked by his mother to help review her mail as she was certain she had won something from a variety of sweepstakes mailings. He was shocked to learn in reviewing the material that while technically correct the material she was sent was very misleading. Any information that would lead the person to believe they had won was highlighted or in bold print, while the statements containing words like "if you have the winning number" are subdued, and in small print. The intent of these mailings was clearly to create a false sense of "winning" in the recipient.

As his e-mail further points out, it used to be only the big names which sent out these sweepstakes mailings, but it ow seems to be every fund-raising group, catalog, or magazine has some version of these sweepstakes mailings. However, even if you are just receiving material from one company if can be an overwhelming amount of sweepstakes mailings.

For example, another constituent of mine from Barre, Vermont, brought into my office over fifteen pounds of sweepstakes mailings from one company that related to only one contest. You heard me right, fifteen pounds of material for only one contest from one company. Multiply that by the number of contests and companies people receive mailings from and you are looking at an overwhelming amount of mail.

One of the most outrageous practices in these mailings is the request for a donation or a purchase of a product without making it clear that the donation or purchase has no effect on your chances of winning any of the prizes. This has caused some people to expend their precious resources thinking they are giving themselves a better chance at winning the grand prize, when in reality it has done nothing to change the odds.

Senator COLLINS' legislation, S. 335, will go a long way to solve the problems of these deceptive sweepstakes mailings. It requires a clear disclosure of the game's rules and an indication that the odds of winning are not improved by purchasing any products that are being advertised. It also will restrict the mailing from depicting an individual as a winner unless that person actually has won a prize. In addition, the bill will implement stricter penalties for sending mail that does not comply with the federal standards.

Every day people are being inundated with these mailings and many of them promote a belief that you have already won, or that a donation or purchase will increase your chances of winning. For many, especially for the most vulnerable in our society, it has been very difficult to separate the truth from the fantasy in these mailings, and as past history has shown sweepstakes mailings are a particular problem for the elderly in our society.

Mr. President, we have a chance to protect all Americans, particularly the elderly, and I urge all my colleagues to support this important piece of legislation.

Ms. COLLINS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. COLLINS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. COLLINS. Mr. President, how much time is remaining on the majority side?

The PRESIDING OFFICER. Fifteen minutes 12 seconds.

Ms. COLLINS. Mr. President, I ask unanimous consent that the time remaining on the majority side be equally divided between Senator THOMPSON and Senator BURNS.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. COLLINS. I thank the Chair.

Mr. LEVIN. Mr. President, I ask unanimous consent that the time under the quorum call, which I will ask for, be charged against our side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. THOMPSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMPSON. Mr. President, I lend my strong support for Senate approval of S. 335, the Deceptive Mail Prevention and Enforcement Act. This bill will establish new consumer protections to shield consumers from falling victim to deceptive and fraudulent practices found in some sweepstakes and mail promotions.

Thanks to the hard work of the Permanent Subcommittee on Investigations, under the leadership of Senator SUSAN COLLINS, we have become privy to the operations of some of these sweepstakes companies. As the hearings pointed out, sweepstakes companies are now sending out more than one billion mailings per year. In the course of these mailings, some recipients have been led to believe that their chances of winning large amounts of money could be increased through the purchase of the promoter's products or merchandise. Whether through the use of unclear and ambiguous language, symbols, or documents, these mailings have been a source of confusion and have lead to some readers spending significant sums of money ordering products in the mistaken belief that this would increase their chances of winning.

S. 335, for the first time, would establish specific guidelines and parameters for mailings containing sweepstakes, games of skill and facsimile checks. The legislation requires clear and conspicuous disclaimers that "no purchase is necessary" on the sweepstakes claim or entry form. The legislation also improves restrictions on government look-alike mailings. Further, the bill directs sweepstakes companies to adopt procedures to prevent the mailing of these materials to anyone who submits a request stating their intent not to receive these mailings.

This bill has the strong support of the Postal Service. In providing the Postal Service with the ability to protect consumers through civil enforcement, the bill further grants the Postal Service administrative subpoena authority. It will also give U.S. district courts the ability to impose nationwide temporary training orders.

As a strong proponent of federalism, I think it is important that this bill does not preempt the authority of the state attorneys general and various consumer protection agencies which also combat deceptive mailings. The Postal Service and these agencies have a history of cooperation in the investigation and prosecution of these cases. The Postal Service reports that this collective effort has produced significant results in policing a variety of frauds while enabling state prosecution efforts to investigate questionable promotion practices beyond their state borders. S. 335 will not only improve the Postal Service's ability to investigate and stop deceptive mailings, but it will also help state attorneys general work more effectively against fraud.

This bill represents the bipartisan efforts of a number of Senators. S. 335 was unanimously reported out of the Committee on Governmental Affairs with the support of both myself and the ranking minority member, Senator LIEBERMAN. I would like to take this opportunity to acknowledge the hard work put forth by the bill's sponsor, Senator COLLINS, and other cosponsors of the legislation including Senators COCHRAN, LEVIN, and EDWARDS. In addition I want to acknowledge the role of Senator CAMPBELL in first introducing legislation last year on this issue. His efforts served as the genesis for the successful investigative and legislative efforts we have seen this year.

In conclusion, Mr. President, S. 335 presents a balanced and fair approach in protecting consumers from misleading and fraudulent sweepstakes and related mailings, while not unduly burdening those mailers who legitimately use the mail as an advertising medium. I urge all Senators to support Senate approval of S. 335.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LEVIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. I yield 6 minutes to the Senator from Connecticut.

Mr. LIEBERMAN. Mr. President, I thank my friend and colleague from Michigan.

I am delighted to stand in support of defending S. 335, the Deceptive Mail Prevention and Enforcement Act. I commend my colleague from Michigan, along with Senators COLLINS, COCHRAN, and EDWARDS, for the way they have worked together with my former colleagues, the State attorneys general, the AARP, and the sweepstakes industry itself to put together this important consumer protection legislation. I think their combined efforts stand as a model not only of cooperation but of thoughtful legislating from which we can all learn. I am very proud to join them as a cosponsor of this bill.

No marketing effort should be based on misleading advertising. That principle is at the core of the legislation before the Senate. It reminds everyone that occasionally the Federal Government has to step in to make sure that the free market we celebrate and benefit so much from truly remains free. That freedom is so often based on the truthfulness of representations made by those who are marketing.

The purpose of this bill is to eliminate deceptive practices in the sweepstakes industry. We have all seen them. Who wouldn't be tantalized by a letter proclaiming you may already be a winner? It is hard not to open that one up. Everybody wants to be a winner. Most of us have probably fantasized about how we would spend a sudden windfall that dropped into our bank accounts.

Unfortunately, sweepstakes mailings often involve sophisticated marketing techniques that persuade recipients to spend money in the hope of finding the pot of gold at the end of the rainbow, but it is a long way off in almost all cases. Often the mailings are targeted at the elderly or the financially vulnerable who don't realize that sweepstake companies are not in business primarily to rain riches down upon them. Sweepstakes companies are in business to sell products that make a profit, plain and simple. That is legitimate so long as they do it fairly and truthfully.

It is a big business. The fact is that sweepstakes and telemarketing firms take in more than $400 million a year from promotional campaigns in my State of Connecticut alone. Nationally, estimates are that the sweepstakes in telemarketing firms have gross revenues between $40 and $60 billion a year. This legislation makes sure that before consumers take a chance on the sweepstakes, they know it is just that, a chance—not a winning ticket, not a prize, but a chance. They will know the odds are not improved no matter how many subscriptions they buy.

This legislation requires a clear statement that no purchase is necessary to win, as well as terms and conditions of the promotion in language that is easy to find, to read, and to understand. It prohibits abuses we have seen such as symbols or statements that imply Federal Government endorsement, and it provides meaningful disclosures to let consumers know the actual odds of winning.

Further, the bill sets up a mechanism for consumers and those who care for them to stop unwanted sweepstake solicitations and a recordkeeping requirement to assure that such requests are properly implemented.

Finally, the bill gives the Postal Service the additional enforcement authority it needs to stop unlawful sweepstake schemes, particularly those that flirt with fraud and skip from State to State.

I strongly support this legislation as a tool to help consumers negotiate their way through the high pressure sales tactics sometimes employed by marketers using sweepstakes to sell their products. I am very grateful to colleagues on the Governmental Affairs Committee for the leadership they have shown.

I am delighted to join this bipartisan effort to protect our citizens—again, particularly the aged—from these deceptive marketing tactics. I urge the Senate to vote for this strong consumer protection measure. I hope the House will then join in adopting this bill and sending it to the President.

I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. Mr. President, I am going to speak for a brief period of time in morning business. I see the Senator from Mississippi is coming into the Chamber. I know we are ready to start with the Ag appropriations bill.

FOOD ASSISTANCE PROGRAMS

Mr. WELLSTONE. Mr. President, I want to very briefly speak to an issue that actually might be one we will debate as we go through this Ag appropriations bill since part of what we deal with within the Department of Agriculture is food assistance programs such as the Women, Infants, and Children Program and the Food Stamp Program.

We have heard a great deal from the White House and from some Members of Congress about the success of the welfare bill. On Sunday, the White House released data on the number of women who were on welfare and are now working. There will be a gathering in Chicago tomorrow, I believe, where the President will be talking about welfare to work and talking about the success of this.

As a Senator, I want to raise a couple of questions that I think are important and to focus on some unpleasant facts that we should be willing to face up to.

First of all, I point out for my colleagues the fact that the welfare rolls are down 40 percent begs the question of whether or not we have reduced poverty. The fact of the matter is, the welfare rolls are down 40 percent, but poverty is barely down. The goal was not to reduce the welfare rolls; the goal everybody talked about was to move families from poverty to economic independence. That is really what the goal was all about. The issue has never been welfare; the issue has been poverty.

The question is, How do you reduce the poverty? I do not quite understand how the White House or any Democrat or any Republican can proclaim this a success when we have done so little to reduce poverty in our country, especially poverty of children. There are about 14 million people who are poor in the country.

My second point is, when the President and the White House talk about the number of mothers who are now working, that begs the question as to what kind of jobs and what kind of wages. What we should be talking about are family-wage or living-wage jobs. The evidence we have right now is that most of the mothers who are working are working in jobs with wages somewhere between about $5.50 and $7 an hour, which is barely above minimum wage but does not enable these families to escape poverty.

My third point is, Families USA just came out with a study that points out there are about 675,000 low-income citizens who have now been cut off medical assistance because of the welfare bill. There are about 675,000 low-income citizens who no longer are receiving any medical assistance.

My final point is, there was a Wall Street Journal piece today about the dramatic, precipitous decline of participation in the Food Stamp Program. I argue especially the decline of participation among children which cannot be explained alone by the state of the economy, especially with the dramatic increase in the use of food shelf service.

What is going on? Do we have a situation now where the AFDC structure is no longer there, and when people come in, no one tells them about the fact they and their families are eligible for food stamps—that is happening—or they are not told they are eligible for medical assistance—that is happening—all of which leads me to two final things today as we move into this debate about the Agriculture appropriations bill.

First, I lost by one vote on a welfare tracking amendment, and then the Senate adopted it on the Treasury-Postal bill. It is now in conference committee. The amendment called upon the States, when they apply for the $1 billion bonus money, to present to Health and Human Services the data on what kind of jobs women have, whether or not they and their children are participating in food stamps and do the families have medical assistance, so we can find out if families are better off or worse off. That is now in conference. If that gets taken out of conference committee—amendments are adopted in the Senate and taken out in conference committee—I am going to bring that amendment back up on this bill, and we are going to have a vote because sometimes we do not know what we do not want to know, and sometimes we only know what we want to know.

That is the way it is with the White House about this welfare bill. We ought to be engaged in an honest policy evaluation to find out what is happening in the country. We are talking about poor women and poor children, and we ought to know whether they are better off or whether they are worse off. There is some disturbing evidence that many of these families might, in fact, be worse off. It is a little early and premature for the White House to be declaring this a success or for any Senator or Representative, Democrat or Republican, to be declaring it a success.

My final point is, since we are dealing with an Ag appropriations bill—and I think I will have an amendment to this effect—we need to call on USDA, or someone, to do a study and to report back to the Senate and to the Congress in a relatively brief period of time, as soon as possible, what is happening with the Food Stamp Program in this country. We need to know.

There was a dramatic piece in the Washington Post about 2 weeks ago. I could hardly bear to read it. It was the front page of the B section. It was a picture of an 8-year-old child, a little boy. The whole piece was devoted to hungry children in the District of Columbia.

The gist of the article was that in August—now—the summer schools are going to shut down and the breakfasts will not be there, the School Lunch Program will not be there, and there is no food at home.

In this particular family, this grandmother with four children does not have enough money to feed her children. What I want to know is, whatever happened to the Food Stamp Program? That has been our safety net program. What is going on when we have a dramatic rise in the use of food shelves and food pantries in this country? The Catholic Church network study pointed this out just last month.

What is going on when 675,000 low-income people are removed from medical assistance as a result of the welfare bill? What is going on when the vast majority of these women are working at jobs that still do not get them and their families out of poverty? What is going on when we are unwilling to do an honest policy evaluation of this legislation, because very soon in many States there will be a drop-dead date certain, and all families, all women, and all children will be cut off from any welfare assistance at all. Before that happens, we need to know what is happening with this legislation.

I have come to the floor of the Senate today to basically challenge my colleagues to make sure this stays in the conference committee and to announce I will be out here on the floor with an amendment if it gets eliminated from the conference committee, and to announce we ought to also have a study of the Food Stamp Program to find out why it is not reaching children and families who need the help, and also to directly challenge the White House and the President. It is not enough to say we have cut the rolls by 40 percent. The question is, Have we reduced the poverty by 40 percent? We have not.

It is not enough to say these mothers are now working. The question is, Are they working jobs that will enable them and their children to no longer be poor in our country? That is the goal which I do not believe has been met.

We are talking about the lives of poor women and poor children. They deserve to be on our radar screen. They deserve an honest, rigorous policy evaluation so that we, as decisionmakers, know whether or not, by our actions, we are helping these women and children or whether or not we are hurting these women and children. We ought to have the courage to step up to the plate.

I think we are about ready to start on the Ag appropriations bill. I will yield the floor. I look forward to this debate. I came down here on the floor to debate this bill. This is the crisis that is staring my State of Minnesota in the face. I am going to leave it up to Senator HARKIN or Senator DASCHLE to start out debate on our side, but I am very anxious to be in this debate and very anxious to speak for farmers and for agriculture.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. THOMAS). The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. LOTT. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Ms. COLLINS). Without objection, it is so ordered.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 2000—Resumed

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 1233, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1233) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2000, and for other purposes.

Mr. LOTT. Madam President, I believe we have a unanimous consent request now and some motions that we will need to make. It might take a few minutes to get through this.

First, I ask unanimous consent that Senator DASCHLE be recognized to offer his amendment relative to disaster assistance and, following the reporting by the clerk, the amendment be laid aside and Senator COCHRAN be recognized to offer his disaster assistance amendment. I further ask unanimous consent that debate run concurrently on both amendments, with the votes occurring in a stacked sequence at 2:15 p.m. on Tuesday, the first in relation to the COCHRAN amendment to be followed by a vote in relation to the DASCHLE amendment, as amended, if amended, with 2 minutes of debate prior to each vote. I further ask unanimous consent that no amendments be in order to either amendment prior to the votes.

I ask unanimous consent that following those votes, Senator JEFFORDS be recognized to offer his amendment relative to dairy and immediately following the reporting by the clerk, Senator LOTT be recognized to send a cloture motion to the desk and that cloture vote occur at 9:30 a.m. on Wednesday, with the mandatory quorum being waived notwithstanding rule XXII.

The PRESIDING OFFICER. Is there objection?

Mr. KOHL. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. LOTT. Since objection has been heard, I have no alternative other than to offer a series of amendments. This is important because we do need to move forward with the Agriculture appropriations bill. We brought it up earlier, this past month. It became embroiled in an unrelated issue, and we had to set it aside.

The farmers in America and the consumers of America and the children of America are depending on this very important legislation going through the process. We are talking about $60.7 billion, probably more than that by the time it is completed, for agriculture in America. We need to get it completed.

I know there are some issues that cause a lot of concern: How do you deal with a disaster in America, when do you deal with it, and how would any assistance be apportioned among the farmers that have been impacted by disasters in a number of ways. And also, of course, we have this very important dairy issue. I have advised Senator COCHRAN, Senator JEFFORDS, Senator KOHL, and Senator DASCHLE to make sure everybody understands what I am doing here. I am doing it because I do think it is so important that we move forward on this bill.

AMENDMENT NO. 1499

(Purpose: To provide emergency and income loss assistance to agricultural producers)

Mr. LOTT. Madam President, I send an amendment to the desk on behalf of Senator DASCHLE and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Mississippi [Mr. LOTT], for Mr. HARKIN, for himself, Mr. DASCHLE, Mr. DORGAN, Mr. KERREY, Mr. JOHNSON, Mr. CONRAD, Mr. BAUCUS, Mr. DURBIN, Mr. WELLSTONE, Mrs. LINCOLN, and Mr. SARBANES, proposes an amendment numbered 1499.

Mr. LOTT. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. LOTT. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 1500 TO AMENDMENT NO. 1499

(Purpose: To make a perfecting amendment)

Mr. LOTT. Madam President, on behalf of Senator COCHRAN and others, I send a second-degree amendment to the desk and ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Mississippi [Mr. LOTT], for Mr. COCHRAN, proposes an amendment numbered 1500 to amendment No. 1499.

Mr. LOTT. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

MOTION TO RECOMMIT WITH AMENDMENT NO. 1501

(Purpose: To restrict the use of certain funds appropriated to the Agricultural Marketing Service)

Mr. LOTT. Madam President, I now move to recommit the bill with instructions to report back forthwith with an amendment, and I send the motion to the desk.

The PRESIDING OFFICER. The clerk will report the motion and the amendment.

The assistant legislative clerk read as follows:

The Senator from Mississippi [Mr. LOTT] moves to recommit the pending bill to the Appropriations Committee with instructions to report back forthwith with the following amendment.

Mr. LOTT. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 21, between lines 10 and 11, insert the following:

None of the funds appropriated or otherwise made available by this Act may be used to pay the salaries and expenses of personnel of the Department of Agriculture to implement—

(1) sections 143 or 147(3) of the Agricultural Market Transition Act (7 U.S.C. 7253, 7256(3));

(2) the final decision for the consolidation and reform of Federal milk marketing orders, as published in the Federal Register on April 2, 1999 (64 Fed. Reg. 16025); or

(3) section 738 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (Public Law 105–277; 112 Stat. 2681–30).

CLOTURE MOTION

Mr. LOTT. Madam President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The clerk will report the cloture motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the pending motion regarding the dairy compact amendment:

Trent Lott, Jim Jeffords, Susan M. Collins, John H. Chafee, Fred Thompson, Richard Shelby, Olympia J. Snowe, Christopher Bond, Jesse Helms, Paul Coverdell, John Ashcroft, Strom Thurmond, John Breaux, Jay Rockefeller, Arlen Specter, and Patrick Leahy.

Mr. LOTT. Madam President, I now withdraw the motion to recommit.

The PRESIDING OFFICER. The motion is withdrawn.

Pending is the second-degree amendment offered by the majority leader on behalf of Senator COCHRAN.

Mr. LOTT. For the information of all Senators who may have missed a step or two there, a cloture motion was just filed on the dairy amendment. The vote on the cloture motion will occur Wednesday under Rule XXII, unless agreement can be reached to set a time certain for that vote.

I encourage Senators on all sides of this issue to communicate with each other and see if there is some accommodation that could be worked out so that both sides can find it acceptable. In the meantime, it is my hope that we can continue to debate the important disaster relief amendments.

I thank my colleagues. I am delighted to yield the floor to the distinguished Senator from Mississippi, or to

Senator DASCHLE if he has any comment at this time.

I yield the floor.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The Democratic leader is recognized.

Mr. DASCHLE. Madam President, I will be very brief. I thank the majority leader for moving this process along to accommodate a procedure that takes into account a number of very important matters that we hope to resolve this week. I think this procedure will do it. I also note for my colleagues that I designate the Senator from Iowa, the ranking member of the committee, to be my designee in offering the amendment.

The yield the floor.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. COCHRAN. Madam President, as I understand the parliamentary situation at this time, pending before the Senate is a second-degree amendment to an amendment offered on behalf of the Democratic leader to provide disaster assistance and economic assistance to our Nation's farmers.

The amendment, which is the amendment in the second degree offered by the majority leader on my behalf, provides a wide range of benefits to individual farmers and ranchers who, under the terms of this legislation, are eligible for disaster assistance because of economic losses and disasters that have occurred by reason of vagaries in the weather and other conditions that will cause these farmers to undergo unusual hardship.

We think this amendment is better and a more sensitive approach to the real needs of those involved in production agriculture than the proposal coming from the Democratic leader. Here is why. Most of the funds that are appropriated in this amendment for economic and disaster assistance go directly to the agriculture producer who has been victimized by floods or drought or economic catastrophes affecting his ability to earn a profit this year.

On the other hand, much of the assistance that is appropriated or funded in the Democrats' package goes to continue or expand Federal programs, to enlarge programs. In other words, the money is going to the Government to expand and administer programs that either have to work, in some cases, or really do nothing to improve the farmer's ability to derive income from his labor. So that is a major distinction that I hope Senators will consider as they try to decide which of these proposals to support.

As Senators know, most of the funds that go to protect income, or support the production of agriculture commodities in our country, are in the form of assistance called AMTA payments. These payments are transition payments that were begun under the last farm bill to prepare farmers for the time when predictable subsidies under the old farm bill program are reduced and then finally eliminated. Over this 5-year period under this new farm law, the transition payments are made to help support farmers as they become accustomed to agriculture without the benefit of the old subsidy payments. Farmers are now free to make planting decisions, for example, for themselves, as indicated by the condition of the market and the likelihood of crops being productive and efficiently produced, rather than what the Government tells them they should produce under the restraints of Federal law.

Many farmers are beginning to make these decisions and shift from one program crop to another, without running the risk of losing Federal Government support. In order to show that the economic conditions and the market conditions have been so severe as to cause farmers not to be able to operate profitably under the new transition payment system, that payment is doubled under the Cochran amendment. And so instead of receiving $5,000 as a transition payment, a person who is entitled to that benefit under existing law this year will get twice that amount as an economic assistance payment from the Federal Government. A total of $5.54 billion will be paid to agriculture producers for market transition payments under the Cochran amendment. This is a 100 percent increase in a producer's 1999 payment under the existing farm bill.

Other benefits that are available to agriculture producers under this amendment would include $500 million in direct payments to soybean and oilseed producers; $350 million in assistance to livestock and dairy producers, to be administered by the Secretary of Agriculture. The amendment would also suspend the budget deficit reduction assessment on sugar producers for the remainder of the farm bill, as long as no Federal budget deficit exists.

There will be a direct payment provided in this amendment to producers of quota and non-quota peanuts, equal to 5 percent of the current loan rate. The Cotton Step Two Export Program is reinstated in this amendment. There is an increase in the current loan deficiency payment limit from $75,000 to $150,000. There is, additionally, a provision in this bill that expresses the sense of the Congress, encouraging the President to be more aggressive in strengthening trade negotiating authority for American agriculture and expressing the Congress' objectives for future agriculture trade negotiations. The amendment also requests that the President evaluate and make recommendations on the effectiveness of our existing export and food aid programs.

If you add up all of the direct benefits that are payable, they have been scored by the Congressional Budget Office as amounting to a total of $6.67 billion for fiscal year 2000. The added cost over the next 3 years, from 2000 to 2004, would add another $309 million to the cost of the bill, for a total of $6.979 billion in total cost from fiscal year 2000 to 2004, as scored by the Congressional Budget Office.

Madam President, Senators will remember that when we first brought this bill from the committee to the floor of the Senate, there was a great deal of concern about whether or not there should be a disaster program included in a title of the bill. We had asked the administration to submit a budget request for any funds that were expected to be needed. We have had no response whatsoever from the administration to that request. We attached that as an amendment in the Committee on Appropriations. We discussed it on the floor of the Senate when this bill was before the Senate earlier, and I am very distressed that we have yet to hear any request made by the administration for this assistance. So in spite of the absence of cooperation in trying to identify and work together on a program that would be sensitive to the problems in production agriculture, we are moving to suggest to the Senate that this is a program that ought to be adopted.

I have additional comments to make. I will be glad to respond to questions that may arise from Senators on the content of this legislation to try to answer any questions that others may have. But I know we will soon have a vote that is scheduled to occur on another bill that was debated in the Senate earlier today. In an effort to accommodate friends who have asked for time to talk on their amendment, I will yield the floor at this time so other Senators may speak.

Mr. HARKIN. Madam President, I wonder if the Senator will yield. I would like to ask the Senator a question.

Mr. COCHRAN. I would be happy to respond to the Senator.

Mr. HARKIN. I didn't get a copy of the amendment. What is the bottom line? What is the total package?

Mr. COCHRAN. The Congressional Budget Office has scored the items I discussed at $6.67 billion for fiscal year 2000, and the total cost during fiscal years 2000 to 2004 is scored at $6.979 billion.

Mr. HARKIN. I thank the Senator.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. HARKIN. Madam President, today all across America most people are doing pretty well. Unemployment is at its lowest rate in years. The stock market keeps going up. Our gross national product is going up at a great rate. As we now know, we have a surplus for the first time in almost 30 years in the Federal budget. We just had a lengthy debate last week on what we are going to do with that surplus. Our friends on the other side want to take most of it and give it, through a tax break, to people mostly in the upper-income brackets.

If you just looked at that, you would think we shouldn't be worried too much about what is happening in America; things look pretty good.

Out of the glare of Wall Street, far from the floor of the New York Stock Exchange, sort of silently and quietly, American farmers and ranchers are losing their businesses. They are at the end of their rope. Our small towns and communities that dot our countryside are facing a bleak winter, with the prospect that things will get even worse after the harvest is in and the snow falls.

The situation facing American agriculture today—according to bankers, farm economists, and agricultural economists from many of our universities—is the worst it has been since the Great Depression. We have to respond to that. We have to respond in a way that is meaningful. That is what our first-degree amendment does.

I listened to my friend from Mississippi describe this amendment. I guess my response basically would be, "Nice try." Would it help farmers? Would the Republican amendment help farmers? Why, sure. Any little bit would help. Does it get to the underlying problem? Does it really help get our farmers through this winter and into next year? The answer is no. It is hopelessly too short.

While I appreciate the effort by my friends on the Republican side to come up with a last-minute amendment to perhaps put out a smokescreen on what is really happening in agriculture and what we need to do to respond to the crisis, it is a nice effort, but it really doesn't do it. Our hard-working, dedicated, progressive farmers and ranchers across this country don't just need a little bit of a handout that the Republican amendment will give them. What they need is a package of help that will not only get them through this summer and this fall but through next winter so they can get back on their feet again next year.

You will hear a lot of talk about how one of the problems is our lack of exports. I just want to point out that even though the United States has a trade deficit, one sector that earns us money and that has a positive trade balance is agriculture. But there are those who would have you believe it is because of the lack of exports that our farmers are in such bad shape. Here is the chart that puts the lie to that.

For wheat, rice, corn, and soybeans—the major commodities we export—the exports are fully up this year over what they were in the previous couple of years. We are exporting more. If we are exporting more, what is the problem? The problem is, there is no price and farmers aren't getting anything for their commodities.

Here is what has happened to soybeans just in my State of Iowa since the fall of 1997: Basically about a 45-percent decrease in the value of that crop. The same is true with corn. There have been precipitous drops just in the last year and a half. It is not a lack of total exports. It is a lack of the money and the price that farmers are getting.

While we need to get an emergency package of money out to farmers, we need to do it now. We also have to be about changing the farm policy. We cannot go on another year under the Freedom to Farm bill and be back here again next year looking at another package of several billion dollars. The Freedom to Farm bill has failed miserably. It has failed our Nation. It has failed our farmers. It has failed our rural communities.

I have an article that was in the Kansas paper back in 1995 when we passed the Freedom to Farm bill by my friend from Kansas, Senator ROBERTS. He said:

> Finally, Freedom to Farm enhances the farmer's total economic situation. In fact, the bill results in the highest net farm income over the next seven years of any proposal before Congress.

I hate to say it to my friend from Kansas, but net farm income in key farming areas is down dramatically. For the principal field crops, net farm income is going to be down about 29 percent this year from the average of the last 5 years. That is why we are facing one of the greatest depressions in agriculture since the 1930s. That is why halfhearted measures are not going to work. That is why the bill we have come up with really does address the magnitude of the problem. It is deep, and it is a very large problem and one that has to be addressed efficiently.

The amendment that Senator DASCHLE and I, along with Senator DORGAN, Senator KERREY, Senator JOHNSON, Senator CONRAD, Senator BAUCUS, Senator DURBIN, Senator WELLSTONE, Senator LINCOLN, and Senator SARBANES have just sent to the desk provides for a total of $10.79 billion to farmers and ranchers for this next year.

There is a great gulf of difference between what the Republicans have set up and what we are proposing. First, the Republicans are proposing that we send all of this money out in a direct payment to farmers; an AMTA payment, it is called, a market transition payment. Our payments go out in supplemental loan deficiency payments, which means they are based upon a farmer's production—what that farmer actually produced this year, not what they did 10 or 20 years ago. In that way, it is more fair and it is more direct to the actual farmers this year. We include $2.6 billion for disaster assistance.

We include a number of other measures such as $212 million for emergency conservation. We have had a lot of floods and a lot of damages in a lot of States. We need to repair the damage to farm and ranch land and enhance our conservation. For emergency trade provision, we have $978 million for purchases of commodities for humanitarian assistance. We have people starving all over the world. We have a Public Law 480 food assistance program and related programs. Our bill provides about $1 billion to take the surplus food we have and send it around the world to starving people. The Republican proposal does not include that.

We include money for emergency economic development for our rural towns, small towns, and communities that are hit hard. Our total package of $10.79 billion addresses the magnitude of the problem. It is that big.

I say to the people who think $10.79 billion is a lot of money, we passed a tax break bill last week for $792 billion, most of which goes to upper-income people in this country. Very little will ever go to our farmers and our ranchers around America.

This point in time is going to decide what happens to rural America this winter. That is why it is so important to act now. That is why it is so important that we get the money out that is needed—not some halfhearted measure in a way that doesn't address the real and devastating economic problems that farmers have all over America.

I will have more to say about my amendment later.

Mr. COCHRAN. Will the Senator yield?

Mr. HARKIN. I yield to the Senator.

Mr. COCHRAN. My colleague asked me whether the Congressional Budget Office had scored the amendment that I offered. I ask my colleague the same question: What does the Congressional Budget Office say the amendment that the Democratic leader has offered will cost the American taxpayer over the next few years?

Mr. HARKIN. I answer to my friend from Mississippi that all of the items in our amendment are direct appropriations for next year. The only items that are not are the Cotton Step Two Export Program, and that is scored by CBO at $439 million for 3 years, and the adjustment to the payment limitations.

Mr. COCHRAN. Does that mean that the exact dollar amount set aside for each of the programs such as the Wetlands Restoration Program, the EQIP program—which is an emergency conservation program—emergency watershed program, all total $212 million in the bill?

Mr. HARKIN. That is the amount of money provided for those items.

Mr. COCHRAN. Emergency trade provisions, humanitarian assistance, cooperator program, for a total of $988 million; is that what the Senator is saying the CBO has verified the cost to be?

Mr. HARKIN. That is the amount of money we specifically provide in the amendment.

Mr. DORGAN. Will the Senator yield?

Mr. HARKIN. I am delighted to yield, and I want to thank the Senator from North Dakota with whom I serve on the agriculture appropriations subcommittee.

I appreciate the very strong help in putting this package together. It has been a very difficult year for farmers in North Dakota as well as Iowa and I can say without fear of contradiction the Senator from North Dakota has been one of the instrumental people in actually putting this package together.

I appreciate the support.

Mr. DORGAN. I want to address the question to the Senator from Iowa. The discussion we had about income support for family farmers in the nature of a disaster program being income support in the form of a transition payment or AMTA, the whole notion of a transition payment is to transition farmers out of a farm program into the free market.

This chart shows what has happened to the price of wheat since 1996. This chart is similar to the corn chart and the price of corn which the Senator from Iowa shared. This is what has happened to the so-called "free market" for wheat. The price of wheat has collapsed. The notion of a transition was philosophically by those in this Chamber who said let's transition people out of a farm program.

Isn't that the base of an AMTA payment?

Mr. HARKIN. As I read the debate and all the talk on the Freedom to Farm bill when it passed, the idea was that we would transition out of farm programs with AMTA payments.

Mr. DORGAN. This is the right subject and the right time; we are debating the right issues. The Senator said it well. We have an economy that is growing and prospering, more people are working, fewer people are unemployed, fewer people on welfare, inflation is down. So many good things are going on in this country, but in rural America family farmers are in desperate trouble through no fault of their own.

If any group of Americans found their income had collapsed, or if the salary for Members of Congress had fallen where income for family farmers had fallen, we would have dealt with this immediately and a long time ago. The same is true with corporate earnings.

However, we are here through no fault of the family farmers but because they are trying to do business in a marketplace where prices have just collapsed. If we don't take action soon, we won't have many family farmers left across the bread basket of the country.

Mr. HARKIN. The Senator is absolutely correct. The Freedom to Farm bill was premised that we would put farmers on the free market. As the Senator from Kansas said, they would have high net income for the next several years. However, Freedom to Farm ripped the safety net out from agriculture.

As I pointed out, our exports are up. We are exporting more of our key commodities, but there is no price. The safety net has been taken out from underneath agriculture. Farmers all across America recognize that Freedom to Farm has been a total and absolute disaster when it comes to protecting farm income, and it has to be changed. That is why the first thing we need to do is get the emergency package, but then we have to address the end-of-the-line problem of Freedom to Farm.

Mr. WELLSTONE. Madam President, I have a question.

Mr. HARKIN. I yield for a question.

Mr. WELLSTONE. I actually have three quick questions. First of all, dealing with the urgency of now, is it not true that the Senator from Iowa and other Democrat Senators have tried to pass an emergency assistance package and we have been working on this for some time? Would the Senator from Iowa give a little bit of a historical background? I think farmers are wondering how much more has to happen to them before there is some assistance.

Mr. HARKIN. I thank my friend from Minnesota. I also thank him for his help in putting this package together.

The Senator is right. We started this spring, in the emergency supplemental appropriations bill, trying to add some money. We got beat on a nearly straight party-line vote. All but one Republican voted no; Democrats voted yes.

We then came back, as the Senator from Minnesota knows, and tried it again in the subcommittee on this bill. We again lost on a straight party-line vote.

Now we are on the floor. I will say we are making some progress. At least now our friends on the other side recognize there is a problem. At least they are willing to address it somewhat. The amendment that the Senator from Mississippi sent to the desk is better than nothing, but it is not going to do enough to help get our farmers through this winter. It is only a little more than half of what is needed.

Mr. WELLSTONE. If I might ask my colleague from Iowa a second question to be clear about what is at stake—we will all have a chance to speak later. My colleague from Iowa says that what the Senator from Mississippi introduces is an emergency assistance package for farmers to try to get some income out there to families, and my colleague says it does about half the job.

Mr. HARKIN. A little bit over half. Give them the benefit of the doubt—about half, though.

Mr. WELLSTONE. Where are the gaps? In other words, I think people assume, if we pass something that we say is going to enable them to continue to stay on the farm until we deal with the structural problems, it is going to help them. Again, could the Senator emphasize the difference?

Mr. HARKIN. I will be delighted to respond to the Senator, but I understand our time is up.

Madam President, if I might inquire what the parliamentary situation is right now?

The PRESIDING OFFICER. The Senate resumes consideration of S. 335 in 15 seconds.

Mr. HARKIN. I understand there is a vote at 5:30.

The PRESIDING OFFICER. That is correct.

Mr. HARKIN. Further parliamentary inquiry. After that vote is over, will we return then to the Agriculture appropriations bill?

The PRESIDING OFFICER. The Senator is correct.

Mr. HARKIN. Madam President, I ask unanimous consent that at the end of that vote, when we return to this bill, the Senator from Iowa be recognized to complete his statement. It will not take very long to complete my statement.

The PRESIDING OFFICER. Is there objection?

The Chair hears none. It is so ordered.

DECEPTIVE MAIL PREVENTION AND ENFORCEMENT ACT—Continued

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to vote on S. 335, after recognizing Senator EDWARDS for 10 minutes, Senator LEVIN for 5 minutes, and Senator COLLINS for 5 minutes.

The Senator from Maine is recognized.

Ms. SNOWE. Madam President, I rise today in support of S. 335, the Deceptive Mail Prevention and Enforcement Act, legislation authored by my colleague from Maine, Senator SUSAN COLLINS. I applaud her leadership on this issue as chair of the Permanent Subcommittee on Investigations. I believe that this legislation strikes an important balance between consumer protection and over-regulation of the sweepstakes industry.

This issue has long been a priority for me. In the late 1980s, while in the House of Representatives, I began working on initiatives to curb deceptive mailings, and during the 101st Congress, I co-authored H.R. 2331, the Deceptive Mailings Prevention Act of

1989, which was signed into law by President Bush on November 6, 1990. H.R. 2331 prohibited solicitations by private entities for the purchase of products or services or the contribution of funds or membership fees, which imply false federal government connection or endorsement.

At the time, our main focus was on mailings that led one to believe that they were endorsed by the government—for example, offers that promise consumers information on federal benefits for which they may be eligible for a fee, when in fact such information is available at no cost directly from federal agencies.

The legislation barred the use of any seal, insignia, trade or brand name, or other symbol designed to construe government connection or endorsement. Today, I am pleased to support S. 335, which builds on the foundation laid by the 1990 law, in recognition of the problems that have emerged as sweepstakes offers have proliferated, with all of the accompanying abuses we have witnessed.

How many times have each of us received an offer in the mail promising enormous sweepstakes payoffs or other prizes? These promises are a clever way to market magazine subscriptions and other products. The old adage—"if it's too good to be true, it probably is"—comes to mind. Regrettably, for many, such offers seem too good to pass up particularly when the are accompanied by dire warnings such as "urgent advisory," "don't risk losing your multimillion dollar prize," or "don't risk forfeiture now!" Many consumers are misled by this type of advertising, which is deliberately designed to mislead.

Many offers are designed to entice the consumer into believing that he or she has already won a valuable prize, for example, or is on the verge of winning, when in fact, the odds against winning may be astronomical.

The sad truth is that companies use deceptive advertising because it works—it sells more product. And the tragic problem facing us today is this: all too often, the consumer who is being victimized is a senior on a fixed income or is disabled.

We have all heard the horror stories about unwitting victims on fixed incomes who have purchased hundreds or thousands of dollars worth of magazine subscriptions—sometimes multiple subscriptions to the same magazine, thinking they would improve their chances of winning a prize. We have heard the tragic accounts of individuals flying to another city or state to claim a prize, genuinely believing that they had been selected as the winner, only to find that they have become a victim. Some have squandered life savings on misleading offers. When these types of incidents become commonplace, I think, we have a good indication that there is a problem. And we have a responsibility to correct the problem.

What I find most troubling about this issue is that many unscrupulous companies intentionally target the most vulnerable consumers, knowing full well how devastating the results can be. S. 355 is designed to target these those companies that have demonstrated that they will not police themselves.

Among other things, S. 335 requires sweepstakes mailings to display rules clearly and state explicitly that no purchase is necessary to increase one's chance of winning. It requires the sponsor of an offer to clearly state the odds of winning and the value of the prize, and prohibits companies from making false statements, such as an individual is a winner, unless they have actually won a prize. It also strengthens safeguards to protect those who have requested not to receive sweepstakes mailings and other such offers, and enhances the Postal Service's authority to investigate, penalize, and stop deceptive mailings.

S. 335 does not prohibit legitimate offers. Rather, it puts fair, common sense restrictions in place in order to protect consumers, particularly those most at risk, such as seniors, or the disabled.

This week, the Senate Commerce Committee, of which I am a member, is scheduled to hold a hearing on fraud against seniors. It is a serious problem, and one that is not going to go away on its own. We must address the problem, and the deceptive mailings which S. 335 seeks to curb are certainly a component of this problem.

I am pleased that S. 335 has generated so much debate on this issue, because I believe that in addition to government action, the key to this challenge is increased awareness and personal responsibility—on the part of companies and individual consumers and families.

Companies should police themselves. Likewise, there are steps that consumers can take to protect themselves. For example, always read the rules for any offer very carefully, especially if it sounds too good to be true. And if it sounds too good to be true, it probably is. If you receive a letter in the mail informing you that you have won a prize, and it solicits a shipping or handling fee, be wary. This type of offer should raise a red flag, and could be a fraud. Finally, make sure you know the company is a reputable one, and don't give out your bank account or credit card number.

I hope this legislation will be a constructive step forward in this important effort, and I hope that it sends a strong message that government takes its responsibility as a watchdog and regulator of anti-consumer practices very seriously.

Mr. CAMPBELL. Madam President, today the Senate is taking another important step toward enacting sweepstakes reform legislation.

Today we continue the good fight that was launched nearly fourteen months ago when the Senate first began consideration of sweepstakes reform legislation. I was pleased to lead the fight for sweepstakes reform on June 5th, 1998, in the 105th Congress, when I introduced S. 2414, the Honesty in Sweepstakes Act of 1998. This was the first legislation of its kind.

A few months later, on September 1st, 1998, a high-impact Senate hearing focusing on the Honesty in Sweepstakes Act of 1998 attracted national attention and widespread public support. That hearing, followed by a series of hearings chaired by Senator COLLINS this year, was the turning point in the battle for sweepstakes reform and helped generate the powerful momentum that has carried sweepstakes reform forward.

I was prompted to fight for Honesty in Sweepstakes when I heard far too many horrible stories about how consumers, especially our seniors, were being taken advantage of, and all too often seriously financially harmed by sweepstakes promotions that prey upon people's hopes and dreams by making convincing yet false promises of riches. They use massive mailing lists to deliberately target our most vulnerable consumers with false promises of riches and then bombard them again and again.

Since I first introduced the Honesty in Sweepstakes Act I have been contacted by many people from Colorado and all over the country with stories of their unfortunate experiences with sweepstakes promotions. They told stories of how their loved ones, often their elderly parents, had squandered many thousands of dollars after having been lured in by cleverly presented promotions promising instant riches. Many people from all over the country have also sent me large envelopes stuffed full of examples of the misleading sweepstakes promotions they and their loved ones have received.

I am pleased to be an early cosponsor of the bill we consider today, S. 335, the Deceptive Mail Prevention and Enforcement Act, which was introduced by my colleague Senator COLLINS. This bill includes a number of provisions similar to those I included in the Honesty in Sweepstakes Act. There are two additional provisions included in S. 335 that I believe will be especially beneficial in the fight against misleading sweepstakes. The first calls for establishing centralized and easy to access toll free phone numbers where consumers' questions can be answered. The second provision makes it much easier for people to have their names removed from mailing lists.

Our nation's seniors and other vulnerable consumers are clearly being taken advantage of, and in some cases seriously financially harmed, by intentionally misleading sweepstakes promotions. Something needs to be done. I support passage of this legislation to bring this harmful practice to a halt.

Mr. DODD. Mr. President, I rise today in support of S. 335, the Deceptive Mail Prevention and Enforcement Act. I am proud to be one of the cosponsors of this important legislation.

I commend Senators COLLINS and LEVIN for their efforts in addressing the serious problems with deceptive mailings involving sweepstakes, skill contests, facsimile checks, and mailings made to look like government documents. The investigation and hearings of the Senate Governmental Affairs Permanent Subcommittee on Investigations have shed light on sweepstakes and other mailings that promise extravagant prizes in order to entice individuals to make unnecessary purchases.

Far too many of these mailings are full of deceptive and misleading statements, which lead unsuspecting recipients to believe that they must purchase various items in order to be a winner or in order to improve their chances of winning. In too many cases, the prizes and awards are never granted. In many instances, the customer receives a trinket or coupon book of little value. Those consumers who respond to these mailings are then bombarded with additional mailings seeking more money for the same or similar items.

The effect on many consumers can be devastating. One of my constituents wrote about his 88-year-old father, who had spent thousands of dollars in hopes of receiving a large cash prize.

This legislation would set new standards for mailings that use sweepstakes, skill contests, and facsimile checks as promotions to sell merchandise. More disclosures would be required, disclosures which are clear and conspicuous, displayed in a manner that is readily noticeable, readable and understandable. Sweepstakes mailings must include prominent notice that no purchase is necessary to win, and that a purchase will not increase the chances of winning. In addition, the mailing must state the estimated odds of winning.

While S. 335 will probably not put a stop to all of the egregious practices that the unscrupulous companies employ, I am hopeful that this bill will result in fewer deceptive mailings and that fewer consumers will lose their hard-earned savings and retirement funds.

One important provision of this bill would require each company that sends these mailings to have a toll-free number that consumers may call to have their names removed from that company's mailing list. This is a first step in making it possible for individuals to have their names removed from mailing lists. However, this particular system places an undue burden on the consumer to call each company that sends him a mailing. The unscrupulous companies could circumvent the intent of this provision by forming a new company that would then use the old mailing lists.

To minimize this risk, I encourage the industry groups to establish a system whereby consumers would have one toll-free number to call which would serve as the mechanism to remove their names from all mailing lists for all sweepstakes, skill contests, facsimile checks and government look-alike mailings. This system has worked in other areas, and I believe that it would work here, as well.

I urge my colleagues to support this bill.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. EDWARDS. Madam President, I rise today to urge my colleagues to vote in favor of the sweepstakes legislation, which is S. 335, the Deceptive Mail Prevention and Enforcement Act.

Let me say first, I thank my colleague, Senator LEVIN—I do not see him on the floor right now—also, my colleague, Senator COLLINS. They worked so hard and so long on this remarkably important piece of legislation.

Let me start by telling a story. It is a story I have told before, but I think it goes to the very heart of what this legislation is about.

There is an elderly man in North Carolina who lives in Raleigh, NC, I believe—right outside of Raleigh—named Bobby Bagwell. Bobby Bagwell is an elderly man who was watched over by his family, his daughter-in-law. Although he lived alone, he had a difficult time living alone.

His daughter-in-law went over to his house one day. When going through his various belongings, she discovered boxes and boxes of sweepstakes mailings. She came to discover in addition to that, in response to these sweepstakes mailings, Mr. Bagwell had purchased thousands and thousands of dollars of devices—goods that were basically useless. They were of no value to him at all. When she questioned her father-in-law about why he had bought these goods, the response was that he believed it would increase his chances of winning the sweepstakes. He had spent, I think, something on the order of $20,000, which was basically his life's savings, on purchasing this useless, worthless material.

As I mentioned earlier, Mr. Bagwell was an elderly man. For that reason, he was vulnerable. But there is an even worse part to this story. Mr. Bagwell, as it turns out, suffers from dementia. So he could not remember from day to day what he had bought, how much money he had spent, or why he had spent it. His daughter-in-law, doing everything in her power to do something about this very sad situation, contacted the sweepstakes companies, asking them to take him off the mailing lists. She got no response. She then sent a doctor's order to the sweepstakes companies saying, "My father-in-law suffers from dementia. I ask you, take him off your lists for sweepstakes mailings because he is buying all these goods, he doesn't remember that he is spending his life's savings, and we need to take him off the lists so he does not continue to engage in this kind of behavior." For the second time, she got no response.

Finally, when they contacted me and I became aware of the situation and I contacted the sweepstakes companies, they responded appropriately and took him off the lists.

The sad part of this story is that in this country, in this day and time, it was necessary for a Senator to contact the sweepstakes companies in order to get this accomplished. That goes to the very heart of what this sweepstakes legislation is about. It is the reason Senator COLLINS has done such a remarkable job in conducting hearings and bringing this matter to the attention of the American people so something can be done about it. It is something for which I believe we have broad bipartisan support, support on both sides of the aisle. Everyone knows and recognizes something needs to be done about this problem.

I do want to discuss one specific feature. The bill has many wonderful provisions, including provisions that require the sweepstakes companies, for example, to tell people that buying these goods does not increase their chances of winning. That would save a man such as Bobby Bagwell from being taken advantage of.

One specific provision I worked on awfully hard, with Senator COLLINS and Senator LEVIN, basically provides that sweepstakes companies be required to provide a vehicle for people to be taken off these mailing lists so someone such as Bobby Bagwell, who has dementia, an elderly person who is being taken advantage of, who is vulnerable, can be protected and can be taken off the lists. In addition to that, it helps every North Carolinian—in my case—and every American who simply does not want to continue to receive these sweepstakes mailings.

We all recognized during the course of the hearings there are some reputable, legitimate companies that engage in these sweepstakes techniques as a marketing tool. But people need to have a way to get off these lists if they want to get off the lists. One of the provisions in this legislation specifically provides for that.

The bottom line is this. This legislation goes a long way toward eliminating any sort of deceptive, misleading sweepstakes mailings. It allows people who do not want to receive these mailings to no longer receive them. Ultimately, what it does is it empowers American families who want to make sure the elderly members of their families—their parents, their in-laws—are taken care of. It empowers them to make sure they are not taken advantage of with these sweepstakes mailings, and in fact, if they so choose, that they no longer continue to receive these mailings.

This is a wonderful piece of legislation. As I mentioned earlier, it has bipartisan support. I am very proud to have worked with Senator COLLINS and Senator LEVIN, who have done a tremendous job for the American people in connection with this legislation.

Lastly, I ask unanimous consent that a letter from the American Association of Retired Persons be printed in the RECORD. They specifically provide their strong support for this legislation.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AARP,
Washington, DC, July 28, 1999.

Hon. JOHN EDWARDS,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR EDWARDS: AARP thanks you for including a provision to the Managers Amendment to S. 335, the Deceptive Mail Prevention and Enforcement Act, to institute a notification system. As drafted, the notification system would provide consumers with numbers to call to have their names removed from the mailing lists of companies that promote products and services through sweepstakes. The ability to have one's name removed from mailing lists is an important consumer protection, and facilitating such removal through the use of a toll free number is even better for consumers.

AARP has supported the use of toll free helplines to respond to questions or concerns in the telemarketing area, and the requirement that companies provide such a service to slow the proliferation of deceptive mailings is a logical extension. Further, we applaud the amendment's strong civil penalty provisions imposed on companies that violate a consumer's request.

AARP appreciates your efforts on behalf of consumers to eradicate the practice of fraudulent sweepstakes mailings through this provision to the Manager's Amendment to S. 335. We strongly support the "notification system" provisions that you authored, and hope that this section of the bill will be retained as it works its way through conference. We look forward to working with you and other Members on a bi-partisan basis to ensure that this issue is resolved in the 106th Congress.

Sincerely,

HORACE B. DEETS,
Executive Director.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. LEVIN. Madam President, I again commend Senator COLLINS for her really strong leadership of our subcommittee in so many consumer protection measures. This is just the latest of many on which Senator COLLINS has been the leader. That leadership is critically important to the American people. I commend her on it.

I also want to single out Senator EDWARDS. He made a major contribution to this bill by making it possible for people who no longer want to receive these sweepstakes to call a phone number to stop the deluge of mail which is received in so many homes. As in so many other areas, he is already making a great contribution to this Senate. I especially thank him for his contribution to this bipartisan bill. That part of this bill is a very important part. It is a very creative part of the bill. Again, it makes it possible, in a very practical way, for people who get sick and tired of the swamping of their mailboxes with these sweepstakes offers, to end that.

This bill attempts to end these sweepstakes swindles which are swamping our Nation. The sweepstakes scams are part of a $1 billion industry, an industry which is too often based on deception, an industry which too often tells people they have won a prize, dangles in front of them that promised prize, and then, of course, encloses the promotional materials that create the impression that buying a product will help to get that prize.

Most people are skeptical when they get this mail. They realize there could be 100,000 people who are told they have just won a huge amount of money, but there is a significant percentage of our people who are misled. The companies that do this prey on some of the most vulnerable among us and they take special advantage of our seniors. This is shown, in particular, when somebody responds to one of these promotions and then they are frequently inundated with followup targeted promotions. In fact, according to one of our witnesses, one person could get as many as 144 mailings from one company in 1 year and that, by the way, is one of the larger companies that does that, one of the so-called legitimate companies.

Our bill is aimed at ending the abuses and the deceptions and the scams. It will require the companies that are using these sweepstakes to display clearly and conspicuously and in a prominent place and in a prominent manner a statement that no purchase is necessary to enter the contest and, even more important, in my judgment at least, a statement saying that a purchase will not improve their chances of winning.

There are other requirements in this bill, and they are important requirements, but I think those are two of the most important requirements that we do now impose on an industry to see if we can clean up some of these abuses.

We also give the Postal Service some long-needed tools to put the scam artists out of business. The Postal Service will have subpoena authority. The Postal Service will no longer have to take two steps before clamping down on the deception; they will be able to do it in one step. If the representation is deceptive and violates our bill, the Postal Service will be able to end it directly and not have to first go through an order which, in turn, will have to be violated as is the current law.

If someone violates the law, they should not need two steps. One step ought to be enough to stop the violation and punish the perpetrator. This bill is intended to close the loopholes in our law, to end the deceptions that permit too many of these sweepstakes to take in too many people, usually too many vulnerable people, raising hundreds of millions of dollars from people who usually cannot afford the dollars they are scammed into sending to the deceptive mailers of some of these sweepstakes.

Madam President, again, I commend the Senator from Maine, Ms. COLLINS, for her very strong leadership, and the other members of our committee who have participated, including Senator COCHRAN who has been a leader in this and, again, Senator EDWARDS for his major contribution to this bill.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. I thank the Chair. Madam President, I ask unanimous consent that Senator DOMENICI and Senator FEINGOLD be added as cosponsors to the pending legislation S. 335.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. COLLINS. Madam President, let me start by expressing my deep appreciation to the members of the subcommittee and the full committee who worked so closely with me on this legislation. In particular, I recognize the enormous contributions of the Senator from Michigan, Mr. LEVIN; the Senator from North Carolina, Mr. EDWARDS; and the Senator from Mississippi, Mr. COCHRAN. Without their help, we would not have been able to craft such an effective bill. I am very grateful for their assistance and support.

We have heard very eloquent statements from a number of Senators today about the need for this legislation. In closing this debate, let me quote from a 74-year-old woman who wrote to me about how deceptive sweepstakes put her deeply into debt. In her letter, she said:

> My only source of income is a monthly Social Security check totaling $893. I estimate that I have spent somewhere between $10,000 and $20,000 in the last 19 years. What money I did not have, I borrowed from my daughter who is now responsible for my total financial support. I am deeply in financial debt. Their mailings were worded in such a way that I was certain I was going to win anywhere from $1 million to $10 million. I truly wish I could recoup the moneys that I squandered in the hope that a real payoff would come my way.

Unfortunately, it is too late for this woman, but today the Senate can act to avoid financial hardship, wasted savings, and a great deal of heartache for countless other vulnerable citizens by passing this legislation.

It is my hope that we will have a very strong vote today and that it will prompt the House to act and we will see this important legislation signed into law before we adjourn this year.

I yield back the remainder of my time. I ask for the yeas and nays. I think they have already been ordered, but if they have not, I request the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Ms. COLLINS. I believe the vote is slated for 5:30 p.m. Seeing no other speakers requesting time, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. COLLINS. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. COLLINS. Madam President, I ask unanimous consent that the Senator from Minnesota, Mr. WELLSTONE, be added as a cosponsor of the bill S. 335.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. COLLINS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. COLLINS. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Without objection, the substitute amendment, as amended, is agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Utah (Mr. HATCH), the Senator from Missouri (Mr. BOND), the Senator from New Mexico (Mr. DOMENICI), the Senator from Arizona (Mr. MCCAIN), the Senator from Alabama (Mr. SESSIONS), and the Senator from Alabama (Mr. SHELBY) are necessarily absent.

I further announce that, if present and voting, the Senator from Utah (Mr. HATCH) would vote "yea."

Mr. REID. I announce that the Senator from Delaware (Mr. BIDEN), is absent attending a funeral.

I further announce that, if present and voting, the Senator from Delaware (Mr. BIDEN) would vote "aye."

The result was announced—yeas 93, nays 0, as follows:

[Rollcall Vote No. 248 Leg.]

YEAS—93

Abraham
Akaka
Allard
Ashcroft
Baucus
Bayh
Bennett
Bingaman
Boxer
Breaux
Brownback
Bryan
Bunning
Burns
Byrd
Campbell
Chafee
Cleland
Cochran
Collins
Conrad
Coverdell
Craig
Crapo
Daschle
DeWine
Dodd
Dorgan
Durbin
Edwards
Enzi
Feingold
Feinstein
Fitzgerald
Frist
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hagel
Harkin
Helms
Hollings
Hutchinson
Hutchison
Inhofe
Inouye
Jeffords
Johnson
Kennedy
Kerrey
Kerry
Kohl
Kyl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Lott
Lugar
Mack
McConnell
Mikulski
Moynihan
Murkowski
Murray
Nickles
Reed
Reid
Robb
Roberts
Rockefeller
Roth
Santorum
Sarbanes
Schumer
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Torricelli
Voinovich
Warner
Wellstone
Wyden

NOT VOTING—7

Biden
Bond
Domenici
Hatch
McCain
Sessions
Shelby

The bill (S. 335), as amended, was passed, as follows:

S. 335

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Deceptive Mail Prevention and Enforcement Act".

SEC. 2. RESTRICTIONS ON MAILINGS USING MISLEADING REFERENCES TO THE UNITED STATES GOVERNMENT.

Section 3001 of title 39, United States Code, is amended—

(1) in subsection (h)—

(A) in the first sentence by striking "contains a seal, insignia, trade or brand name, or any other term or symbol that reasonably could be interpreted or construed as implying any Federal Government connection, approval or endorsement" and inserting the following: "which reasonably could be interpreted or construed as implying any Federal Government connection, approval, or endorsement through the use of a seal, insignia, reference to the Postmaster General, citation to a Federal statute, name of a Federal agency, department, commission, or program, trade or brand name, or any other term or symbol; or contains any reference to the Postmaster General or a citation to a Federal statute that misrepresents either the identity of the mailer or the protection or status afforded such matter by the Federal Government"; and

(B) in paragraph (2)—

(i) in subparagraph (A) by striking "and" at the end;

(ii) in subparagraph (B) by striking "or" at the end and inserting "and"; and

(iii) by inserting after subparagraph (B) the following:

"(C) does not contain a false representation implying that Federal Government benefits or services will be affected by any purchase or nonpurchase; or";

(2) in subsection (i) in the first sentence—

(A) in the first sentence by striking "contains a seal, insignia, trade or brand name, or any other term or symbol that reasonably could be interpreted or construed as implying any Federal Government connection, approval or endorsement" and inserting the following: "which reasonably could be interpreted or construed as implying any Federal Government connection, approval, or endorsement through the use of a seal, insignia, reference to the Postmaster General, citation to a Federal statute, name of a Federal agency, department, commission, or program, trade or brand name, or any other term or symbol; or contains any reference to the Postmaster General or a citation to a Federal statute that misrepresents either the identity of the mailer or the protection or status afforded such matter by the Federal Government"; and

(B) in paragraph (2)—

(i) in subparagraph (A) by striking "and" at the end;

(ii) in subparagraph (B) by striking "or" at the end and inserting "and"; and

(iii) by inserting after subparagraph (B) the following:

"(C) does not contain a false representation implying that Federal Government benefits or services will be affected by any purchase or nonpurchase; or";

(3) by redesignating subsections (j) and (k) as subsections (m) and (o), respectively; and

(4) by inserting after subsection (i) the following:

"(j)(1) Matter otherwise legally acceptable in the mails described under paragraph (2)—

"(A) is nonmailable matter;

"(B) shall not be carried or delivered by mail; and

"(C) shall be disposed of as the Postal Service directs.

"(2) Matter that is nonmailable matter referred to under paragraph (1) is any matter that—

"(A) constitutes a solicitation for the purchase of any product or service that—

"(i) is provided by the Federal Government; and

"(ii) may be obtained without cost from the Federal Government; and

"(B) does not contain a clear and conspicuous statement giving notice of the information under subparagraph (A) (i) and (ii).".

SEC. 3. RESTRICTIONS ON SWEEPSTAKES AND DECEPTIVE MAILINGS.

Section 3001 of title 39, United States Code, is amended by inserting after subsection (j) (as added by section 2(4) of this Act) the following:

"(k)(1) In this subsection, the term—

"(A) 'clearly and conspicuously displayed' means presented in a manner that is readily noticeable, readable, and understandable to the group to whom the applicable matter is disseminated;

"(B) 'facsimile check' means any matter designed to resemble a check or other negotiable instrument that is not negotiable;

"(C) 'skill contest' means a puzzle, game, competition, or other contest in which—

"(i) a prize is awarded or offered;

"(ii) the outcome depends predominately on the skill of the contestant; and

"(iii) a purchase, payment, or donation is required or implied to be required to enter the contest; and

"(D) 'sweepstakes' means a game of chance for which no consideration is required to enter.

"(2) Matter otherwise legally acceptable in the mails that is nonmailable matter described under paragraph (3) shall not be carried or delivered by mail and may be disposed of as the Postal Service directs.

"(3) Matter that is nonmailable matter referred to under paragraph (2) is any matter (except matter as provided under paragraph (4)) that—

"(A)(i) includes entry materials for a sweepstakes or a promotion that purports to be a sweepstakes; and

"(ii)(I) does not contain a statement that prominently discloses in the mailing, in the rules, and on the order or entry form, that no purchase is necessary to enter such sweepstakes;

"(II) does not contain a statement that prominently discloses in the mailing, in the rules, and on the order or entry form, that a purchase will not improve an individual's chances of winning with such entry;

"(III) does not state all terms and conditions of the sweepstakes promotion, including the rules and entry procedures for the sweepstakes;

"(IV) does not disclose the sponsor or mailer of such matter and the principal place of business or an address at which the sponsor or mailer may be contacted;

"(V) does not contain sweepstakes rules that state—

"(aa) the estimated odds of winning each prize;

"(bb) the quantity, estimated retail value, and nature of each prize; and

"(cc) the schedule of any payments made over time;

"(VI) represents that individuals not purchasing products may be disqualified from receiving future sweepstakes mailings;

"(VII) requires that a sweepstakes entry be accompanied by an order or payment for a product previously ordered;

"(VIII) represents that an individual is a winner of a prize unless that individual has won a prize; or

"(IX) contains a representation that contradicts, or is inconsistent with sweepstakes rules or any other disclosure required to be made under this subsection, including any statement qualifying, limiting, or explaining the rules or disclosures in a manner inconsistent with such rules or disclosures;

"(B)(i) includes entry materials for a skill contest or a promotion that purports to be a skill contest; and

"(ii)(I) does not state all terms and conditions of the skill contest, including the rules and entry procedures for the skill contest;

"(II) does not disclose the sponsor or mailer of the skill contest and the principal place of business or an address at which the sponsor or mailer may be contacted; or

"(III) does not contain skill contest rules that state, as applicable—

"(aa) the number of rounds or levels of the contest and the cost to enter each round or level;

"(bb) that subsequent rounds or levels will be more difficult to solve;

"(cc) the maximum cost to enter all rounds or levels;

"(dd) the estimated number or percentage of entrants who may correctly solve the skill contest or the approximate number or percentage of entrants correctly solving the past 3 skill contests conducted by the sponsor;

"(ee) the identity or description of the qualifications of the judges if the contest is judged by other than the sponsor;

"(ff) the method used in judging;

"(gg) the date by which the winner or winners will be determined and the date or process by which prizes will be awarded;

"(hh) the quantity, estimated retail value, and nature of each prize; and

"(ii) the schedule of any payments made over time; or

"(C) includes any facsimile check that does not contain a statement on the check itself that such check is not a negotiable instrument and has no cash value.

"(4) Matter that appears in a magazine, newspaper, or other periodical and contains materials that are a facsimile check, skill contest, or sweepstakes is exempt from paragraph (3), if the matter—

"(A) is not directed to a named individual; or

"(B) does not include an opportunity to make a payment or order a product or service.

"(5) Any statement, notice, or disclaimer required under paragraph (3) shall be clearly and conspicuously displayed.

"(6) In the enforcement of paragraph (3), the Postal Service shall consider all of the materials included in the mailing and the material and language on and visible through the envelope.

"(l)(1) Any person who uses the mails for any matter to which subsection (h), (i), (j), or (k) applies shall adopt reasonable practices and procedures to prevent the mailing of such matter to any person who, personally or through a conservator, guardian, individual with power of attorney—

"(A) submits to the mailer of such matter a written request that such matter should not be mailed to such person; or

"(B)(i) submits such a written request to the attorney general of the appropriate State (or any State government officer who transmits the request to that attorney general); and

"(ii) that attorney general transmits such request to the mailer.

"(2) Any person who mails matter to which subsection (h), (i), (j), or (k) applies shall maintain or cause to be maintained a record of all requests made under paragraph (1). The records shall be maintained in a form to permit the suppression of an applicable name at the applicable address for a 5-year period beginning on the date the written request under paragraph (1) is submitted to the mailer.".

SEC. 4. POSTAL SERVICE ORDERS TO PROHIBIT DECEPTIVE MAILINGS.

Section 3005(a) of title 39, United States Code, is amended—

(1) by striking "or" after "(h)," both places it appears; and

(2) by inserting ", (j), or (k)" after "(i)" in both such places.

SEC. 5. TEMPORARY RESTRAINING ORDER FOR DECEPTIVE MAILINGS.

Section 3007 of title 39, United States Code, is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by striking subsection (a) and inserting the following:

"(a)(1) In preparation for or during the pendency of proceedings under sections 3005 and 3006, the Postal Service, in accordance with section 409(d), may apply to the district court in any district in which mail is sent or received as part of the alleged scheme, device, lottery, gift enterprise, sweepstakes, skill contest, or facsimile check or in any district in which the defendant is found, for a temporary restraining order and preliminary injunction under the procedural requirements of rule 65 of the Federal Rules of Civil Procedure.

"(2)(A) Upon a proper showing, the court shall enter an order which shall—

"(i) remain in effect during pendency of the statutory proceedings, any judicial review of such proceedings, or any action to enforce orders issued under the proceedings; and

"(ii) direct the detention by the postmaster, in any and all districts, of the defendant's incoming mail and outgoing mail, which is the subject of the proceedings under sections 3005 and 3006.

"(B) A proper showing under this paragraph shall require proof of a likelihood of success on the merits of the proceedings under section 3005 or 3006.

"(3) Mail detained under paragraph (2) shall—

"(A) be made available at the post office of mailing or delivery for examination by the defendant in the presence of a postal employee; and

"(B) be delivered as addressed if such mail is clearly shown not to be the subject of proceedings under sections 3005 and 3006.

"(4) No finding of the defendant's intent to make a false representation or to conduct a lottery is required to support the issuance of an order under this section.

"(b) If any order is issued under subsection (a) and the proceedings under section 3005 or 3006 are concluded with the issuance of an order under that section, any judicial review of the matter shall be in the district in which the order under subsection (a) was issued.".

SEC. 6. CIVIL PENALTIES AND COSTS.

Section 3012 of title 39, United States Code, is amended—

(1) in subsection (a) by striking "$10,000 for each day that such person engages in conduct described by paragraph (1), (2), or (3) of this subsection." and inserting "$50,000 for each mailing of less than 50,000 pieces; $100,000 for each mailing of 50,000 to 100,000 pieces; with an additional $10,000 for each additional 10,000 pieces above 100,000, not to exceed $2,000,000.";

(2) in subsection (b) (1) and (2) by inserting after "of subsection (a)" the following: ", (c), or (d)";

(3) by redesignating subsections (c) and (d), as subsections (e) and (f), respectively;

(4) by inserting after subsection (b) the following:

"(c)(1) In any proceeding in which the Postal Service may issue an order under section 3005(a), the Postal Service may in lieu of that order or as part of that order assess civil penalties in an amount not to exceed $25,000 for each mailing of less than 50,000 pieces; $50,000 for each mailing of 50,000 to 100,000 pieces; with an additional $5,000 for each additional 10,000 pieces above 100,000, not to exceed $1,000,000.

"(2) In any proceeding in which the Postal Service assesses penalties under this subsection the Postal Service shall determine the civil penalty taking into account the nature, circumstances, extent, and gravity of the violation or violations of section 3005(a), and with respect to the violator, the ability to pay the penalty, the effect of the penalty on the ability of the violator to conduct lawful business, any history of prior violations of such section, the degree of culpability and other such matters as justice may require.

"(d) Any person who violates section 3001(l) shall be liable to the United States for a civil penalty not to exceed $10,000 for each mailing to an individual."; and

(5) by amending subsection (e) (as redesignated by paragraph (3) of this section) to read as follows:

"(e)(1) From all civil penalties collected in the administrative and judicial enforcement of this chapter, an amount equal to the administrative and judicial costs incurred by the Postal Service in such enforcement, not to equal or exceed $500,000 in each year, shall be—

"(A) deposited in the Postal Service Fund established under section 2003; and

"(B) available for payment of such costs.

"(2) Except for amounts deposited in the Postal Service Fund under paragraph (1), all civil penalties collected in the administrative and judicial enforcement of this chapter shall be deposited in the General Fund of the Treasury.".

SEC. 7. ADDITIONAL AUTHORITY FOR THE POSTAL INSPECTION SERVICE.

(a) In General.—Chapter 30 of title 39, United States Code, is amended by adding at the end the following:

"§ 3016. Administrative subpoenas

"(a) Authorization of Use of Subpoenas by Postmaster General.—In any investigation conducted under this chapter, the Postmaster General may require by subpoena the production of any records (including books, papers, documents, and other tangible things which constitute or contain evidence) which the Postmaster General finds relevant or material to the investigation.

"(b) Service.—

"(1) Service within the United States.—A subpoena issued under this section may be served by a person designated under section 3061 of title 18 at any place within the territorial jurisdiction of any court of the United States.

"(2) Foreign service.—Any such subpoena may be served upon any person who is not to be found within the territorial jurisdiction of any court of the United States, in such manner as the Federal Rules of Civil Procedure prescribe for service in a foreign country. To the extent that the courts of the United States may assert jurisdiction over such person consistent with due process, the United States District Court for the District of Columbia shall have the same jurisdiction to take any action respecting compliance with this section by such person that such court would have if such person were personally within the jurisdiction of such court.

"(3) Service on business persons.—Service of any such subpoena may be made by a Postal Inspector upon a partnership, corporation, association, or other legal entity by—

"(A) delivering a duly executed copy thereof to any partner, executive officer, managing agent, or general agent thereof, or to any agent thereof authorized by appointment or by law to receive service of process on behalf of such partnership, corporation, association, or entity;

"(B) delivering a duly executed copy thereof to the principal office or place of business of the partnership, corporation, association, or entity; or

"(C) depositing such copy in the United States mails, by registered or certified mail, return receipt requested, duly addressed to such partnership, corporation, association, or entity at its principal office or place of business.

"(4) Service on natural persons.—Service of any subpoena may be made upon any natural person by—

"(A) delivering a duly executed copy to the person to be served; or

"(B) depositing such copy in the United States mails, by registered or certified mail, return receipt requested, duly addressed to such person at his residence or principal office or place of business.

"(5) Verified return.—A verified return by the individual serving any such subpoena setting forth the manner of such service shall be proof of such service. In the case of service by registered or certified mail, such return shall be accompanied by the return post office receipt of delivery of such subpoena.

"(c) Enforcement.—

"(1) In general.—Whenever any person, partnership, corporation, association, or entity fails to comply with any subpoena duly served upon him, the Postmaster General may request that the Attorney General seek enforcement of the subpoena in the district court of the United States for any judicial district in which such person resides, is found, or transacts business, and serve upon such person a petition for an order of such court for the enforcement of this section.

"(2) Jurisdiction.—Whenever any petition is filed in any district court of the United States under this section, such court shall have jurisdiction to hear and determine the matter so presented, and to enter such order or orders as may be required to carry into effect the provisions of this section. Any final order entered shall be subject to appeal under section 1291 of title 28. Any disobedience of any final order entered under this section by any court may be punished as contempt.

"(d) Disclosure.—Any documentary material provided pursuant to any subpoena issued under this section shall be exempt from disclosure under section 552 of title 5.".

(b) Regulations.—Not later than 120 days after the date of enactment of this section, the Postal Service shall promulgate regulations setting out the procedures the Postal Service will use to implement this section.

(c) Technical and Conforming Amendment.—The table of sections for chapter 30 of title 39, United States Code, is amended by adding at the end the following:

"3016. Administrative subpoenas.".

SEC. 8. REQUIREMENTS OF PROMOTERS OF SKILL CONTESTS OR SWEEPSTAKES MAILINGS.

(a) In General.—Chapter 30 of title 39, United States Code (as amended by section 7 of this Act) is amended by adding after section 3016 the following:

"§ 3017. Nonmailable skill contests or sweepstakes matter; notification to prohibit mailings

"(a) Definitions.—In this section, the term—

"(1) 'promoter' means any person who—

"(A) originates and mails any skill contest or sweepstakes, except for any matter described under section 3001(k)(4); or

"(B) originates and causes to be mailed any skill contest or sweepstakes, except for any matter described under section 3001(k)(4);

"(2) 'removal request' means a request stating that an individual elects to have the name and address of such individual excluded from any list used by a promoter for mailing skill contests or sweepstakes;

"(3) 'skill contest' means a puzzle, game, competition, or other contest in which—

"(A) a prize is awarded or offered;

"(B) the outcome depends predominately on the skill of the contestant; and

"(C) a purchase, payment, or donation is required or implied to be required to enter the contest; and

"(4) 'sweepstakes' means a game of chance for which no consideration is required to enter.

"(b) Nonmailable Matter.—

"(1) In general.—Matter otherwise legally acceptable in the mails described under paragraph (2)—

"(A) is nonmailable matter;

"(B) shall not be carried or delivered by mail; and

"(C) shall be disposed of as the Postal Service directs.

"(2) Nonmailable matter described.—Matter that is nonmailable matter referred to under paragraph (1) is any matter that—

"(A) is a skill contest or sweepstakes, except for any matter described under section 3001(k)(4); and

"(B)(i) is addressed to an individual who made an election to be excluded from lists under subsection (d); or

"(ii) does not comply with subsection (c)(1).

"(c) Requirements of Promoters.—

"(1) Notice to individuals.—Any promoter who mails a skill contest or sweepstakes shall provide with each mailing a statement that—

"(A) is clearly and conspicuously displayed;

"(B) includes the address or toll-free telephone number of the notification system established under paragraph (2); and

"(C) states that the notification system may be used to prohibit the mailing of all skill contests or sweepstakes by that promoter to such individual.

"(2) Notification system.—Any promoter that mails or causes to be mailed a skill contest or sweepstakes shall establish and maintain a notification system that provides for any individual (or other duly authorized person) to notify the system of the individual's election to have the name and address of the individual excluded from all lists of names and addresses used by that promoter to mail any skill contest or sweepstakes.

"(d) Election To Be Excluded From Lists.—

"(1) In general.—An individual (or other duly authorized person) may elect to exclude the name and address of that individual from all lists of names and addresses used by a promoter of skill contests or sweepstakes by submitting a removal request to the notification system established under subsection (c).

"(2) Response after submitting removal request to the notification system.—Not later than 35 calendar days after a promoter receives a removal request pursuant to an election under paragraph (1), the promoter shall exclude the individual's name and address from all lists of names and addresses used by that promoter to select recipients for any skill contest or sweepstakes.

"(3) Effectiveness of election.—An election under paragraph (1) shall remain in effect, unless an individual (or other duly authorized person) notifies the promoter in writing that such individual—

"(A) has changed the election; and

"(B) elects to receive skill contest or sweepstakes mailings from that promoter.

"(e) Promoter Nonliability.—A promoter shall not be subject to civil liability for the exclusion of an individual's name or address from any list maintained by that promoter for mailing skill contests or sweepstakes, if—

"(1) a removal request is received by the promoter's notification system; and

"(2) the promoter has a good faith belief that the request is from—

"(A) the individual whose name and address is to be excluded; or

"(B) another duly authorized person.

"(f) Prohibition on Commercial Use of Lists.—

"(1) In general.—

"(A) Prohibition.—No person may provide any information (including the sale or rental of any name or address) derived from a list described under subparagraph (B) to another person for commercial use.

"(B) Lists.—A list referred to under subparagraph (A) is any list of names and addresses (or other related information) compiled from individuals who exercise an election under subsection (d).

"(2) Civil penalty.—Any person who violates paragraph (1) shall be assessed a civil penalty by the Postal Service not to exceed $2,000,000 per violation.

"(g) Civil Penalties.—

"(1) In general.—Any promoter—

"(A) who recklessly mails nonmailable matter in violation of subsection (b) shall be liable to the United States in an amount of $10,000 per violation for each mailing to an individual of nonmailable matter; or

"(B) who fails to comply with the requirements of subsection (c)(2) shall be liable to the United States.

"(2) Enforcement.—The Postal Service shall assess civil penalties under this section.".

(b) Technical and Conforming Amendments.—The table of sections for chapter 30 of title 39, United States Code, is amended by adding after the item relating to section 3016 the following:

"3017. Nonmailable skill contests or sweepstakes matter; notification to prohibit mailings.".

(c) Effective Date.—This section shall take effect 1 year after the date of enactment of this Act.

SEC. 9. STATE LAW NOT PREEMPTED.

(a) In General.—Nothing in the provisions of this Act (including the amendments made by this Act) or in the regulations promulgated under such provisions shall be construed to preempt any provision of State or local law that imposes more restrictive requirements, regulations, damages, costs, or penalties. No determination by the Postal Service that any particular piece of mail or class of mail is in compliance with such provisions of this Act shall be construed to preempt any provision of State or local law.

(b) Effect on State Court Proceedings.—Nothing contained in this section shall be construed to prohibit an authorized State official from proceeding in State court on the basis of an alleged violation of any general civil or criminal statute of such State or any specific civil or criminal statute of such State.

SEC. 10. EFFECTIVE DATE.

Except as provided in section 8, this Act shall take effect 120 days after the date of enactment of this Act.

The title was amended so as to read: "A bill to amend chapter 30 of title 39, United States Code, to provide for the nonmailability of certain deceptive matter relating to sweepstakes, skill contests, facsimile checks, administrative procedures, orders, and civil penalties relating to such matter, and for other purposes.".

Ms. COLLINS. Mr. President, I move to reconsider the vote.

Mr. LEVIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 2000—Continued

The PRESIDING OFFICER (Mr. Fitzgerald). The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I understand the parliamentary situation is that we are now back on the Agriculture appropriations bill. The pending amendment is the Cochran amendment to the Daschle amendment.

The PRESIDING OFFICER. The Senator is correct.

Mr. COCHRAN. The Senator from Iowa asked unanimous consent before we permitted discussion of the Collins bill that he be recognized following the vote.

I am rising to clarify the situation, and also to inquire how long the distinguished Senator is planning to speak at this point. I am hopeful that there will be time for the distinguished Senator from Indiana, Mr. Lugar, who is chairman of the Committee on Agriculture, to speak for about 30 minutes. He has to chair a committee hearing in the morning beginning at 9 o'clock and won't be available tomorrow morning. I am hopeful the Senator will either let Senator Lugar proceed now or after a reasonable time for the Senator to then be recognized for 30 minutes.

That is the purpose of my inquiry of the Senator from Iowa. I did not object when the Senator sought unanimous consent to be recognized because I thought I had talked about 15 minutes and the Senator had talked about the same period of time, or maybe a little longer. That is the purpose of my inquiry.

Mr. HARKIN. I appreciate it.

The PRESIDING OFFICER. The Senator from Iowa.

PRIVILEGE OF THE FLOOR

Mr. HARKIN. Mr. President, I ask unanimous consent that Traci Parmenter, an intern in my office, be granted floor privileges for the duration of the debate on the Agriculture appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Mr. President, I say to my friend from Mississippi that I don't intend to talk too much longer. I did want to engage in a colloquy with a couple of Senators who wanted to do so. I don't imagine it will take that long—a little bit of time, not that long.

Mr. COCHRAN. I thank the Senator for his clarification.

Mr. HARKIN. We will not take that long. As the Senator knows, I have tremendous respect for my chairman of the Agriculture Committee. But I wanted to wrap up our presentation with a short colloquy with my fellow Senators prior to yielding the floor. If I might, Mr. President, let me try to conclude the remarks that I had earlier.

Did the Senator have a question?

Mr. COCHRAN. No. My question of the Senator was how much longer he thought he would take. This is for the purpose of advising my friend from Indiana how long he would sit on the floor and listen to your colloquy, or whatever it is the Senator intends to do, or for how long the Senator intends to do it. It is just a question. I am not suggesting the Senator does not have the right to talk all night, if he wishes.

Mr. HARKIN. I am not going to talk all night.

Mr. COCHRAN. The Senator from Iowa has the floor. I am just curious about how much time he might take, or could we interrupt the remarks and let the Senator from Indiana proceed?

Mr. HARKIN. About 15 minutes—perhaps not that long.

Let me conclude my earlier remarks. Quite frankly, I find myself in a very uncomfortable position. This is extremely uncomfortable for me. I think the pending amendments are the ultimate statement on the failure of the current farm policy. Why do I say it is uncomfortable for me? Because I don't like it when farmers have to rely on government payments because they are not getting enough from the marketplace.

I am uncomfortable with an amendment that provides above $10 billion in support for our farmers. I find myself extremely uncomfortable. That is why I view what we are doing here as part of a two-step process. First, we must get the emergency money; but second, we have to change the underlying failures of the Freedom to Farm bill or we will be right back where we are again next year, asking for billions more in emergency payments to deal with the crisis in the farm economy.

Our farm policy now is based on cash payments. Now we are back here talking about even more cash payments. We are forced into this situation because the underlying farm policy is wrong. And that is how the Republicans' proposal is shaped. It is a stopgap gesture based on AMTA payments. So naturally, the larger farmers with the larger base acreages are going to get the most money. This policy goes against what government programs ought to be. Government programs ought to be for those who are in need. This amendment stands that principle on its head. The Republican proposal will give most of the money to the biggest farmers under the so-called AMTA payments. Our proposal offers a more equitable distribution by providing the assistance to producers who are actually on the farm right now and in relation to what they are growing now—not what they grew 20 or more years ago. That is a big difference between the two approaches.

The Republicans' said they wanted to get rid of the old farm programs when they passed Freedom to Farm, but their AMTA type payments are based on that very same outdated base acreage and payment yield system that is decades old. And quite frankly, with the AMTA system, payments can go to someone who is not even trying to grow a crop and has not incurred those expenses. And the benefits of AMTA payments are too easily claimed by absentee landlords. They could be long gone and living in—Palm Beach, Miami, or retired in southern Texas or someplace else. Our proposal is designed to provide the money to real farmers who are actually farming and trying to grow crops.

I might also add one other thing: We are facing some terrible disaster conditions around the country. I know out in the upper Midwest we have had floods and excessive moisture that have prevented planting, in the Dakotas for example, and we have had terrible floods and rainstorms in parts of Iowa. We are facing a tremendous drought on the eastern seaboard among the Atlantic coastal States where we also have farmers who are in dire straits.

In our package, we have over $2 billion for disaster-related assistance. The Republican package has zero dollars to help farmers survive disasters, not for those on the Eastern seaboard suffering that terrible drought or others undergoing disasters. That is another big difference because these are truly farmers in need. They need help. Our bill has that help for them; the Republican bill doesn't.

Those are the two major differences I see. I will have more to say tomorrow about the Freedom to Farm bill. Freedom to Farm had a lot of cheerleaders when it passed a few years ago, saying how great it would be. Those cheers ring hollow now. The proof of the pudding is in the eating. Quite frankly, farmers are going broke. And they know it is a failure. It has not protected farm.

We must change the underlying farm policy. We need to get loan rates up. We had a bipartisan group of State representatives and Senators from Iowa here last week, Republicans and Democrats. They had a proposal for us: Raise the loan rates, allow the Secretary of Agriculture to extend commodity loans and provide storage payments to farmers, all of which I support. I said: You are talking to the wrong person; you ought to talk to the backers of Freedom to Farm. Don't try to convince me, I am for it.

We ought to raise the loan rates. We ought to provide for storage payments. We ought to extend the loans. I think that is what we will come back and try to do in September, the second part of our two-step process.

The name Freedom to Farm reminds me of a conversation a little bit ago when it was asked, is there anything good about the bill. I said about the only thing good in the Freedom to Farm bill is the name "freedom."

But considering where the farm economy is now, I am reminded of the words in the Janis Joplin song. "Freedom is just another word for nothin' left to lose." How accurate that is when it comes to the farm crisis. For our farmers, the word "freedom" in the Freedom to Farm bill, is just another word for "nothin' left to lose."

Mr. WELLSTONE. Mr. President, every time I'm home, farmers are saying to me: We appreciate some assistance so we can live to be able to farm another day, but we want to know whether we or our children or grandchildren will have any future? How are you going to deal with the price crisis? What are you going to do to change the direction that this freedom to farm bill has taken us?

Farmers focus on the structural issues. They want Members to write a new farm bill. They don't want a bail out every year. They want to be able to get a decent price in the marketplace. They want a fair shake. That is all they want.

I ask my colleague from Iowa, also my friend from North Dakota, what should we be focusing on here in the U.S. Senate beyond this emergency assistance package to make sure that farmers can get a decent price, and that family farmers can be able to make a living and their children can farm and our rural communities can flourish?

Mr. HARKIN. In responding to my friend from Minnesota, I was meeting with farmers this week in Iowa talking about our emergency package. On more than one occasion the farmers got up and said: We appreciate what you are trying to do. We can sure use the money. But if all you are going to do is send out another check and we are going to have the Freedom to Farm bill again next year, it isn't going to work because we will be even deeper in the hole next year.

They are begging Congress to change this policy.

I tell my friend from Minnesota what I hear most often from them is they have to have a better price, they have to be able to market their grain more efficiently, and they need some limited kinds of conservation land idling program shorter than 10 years.

The vast majority of farmers I talked to said we have to get our supply and demand in line. The only way we will get them in line anytime soon is if we have some land out of production. With short-term land retirement, something to take land out for conservation purposes for 2 years, or 3 years at the most, where they get some economic benefit for that, coupled with higher loan rates and the extension of the loan and storage payments, we can start to get some stability and get the farm economy back on track.

This past weekend as well as on other Iowa visits, farmers are telling me if we don't change the underlying farm bill it will get worse next year.

Mr. DORGAN. Will the Senator yield?

Mr. HARKIN. I yield.

Mr. DORGAN. I think the points being made here are important to understand. If all we do is to pass a disaster relief package and do nothing to change the underlying farm bill, we will not have addressed problems in a way that gives family farmers hope that there is a future.

Let me ask the Senator about the underlying farm bill. The underlying farm bill, the Freedom to Farm bill, has put us in a position where payments were made to farmers early on when farm prices were very high and farmers didn't need those payments. Now, when farm prices have collapsed and farmers need a bigger payment, they are still getting the same payment or a lower payment than they were getting when prices were high.

In other words, there is a disconnection with respect to need. Freedom to Farm, was it not, was a transition payment. It was to transition them out of the farm program. That was the philosophical underpinning of the farm bill.

Is it the judgment of the Senator from Iowa that while we do this—and it is urgent that we must do this, pass some disaster relief bill—that we also must accompany that with a change in the underlying farm bill, sooner rather than later, because if we do not, those farmers who are making decisions about the future will have to decide there is no hope ahead?

Freedom to Farm means there are lower price supports even when prices collapse. Isn't it true that this must be the first step in a two-step process?

Mr. HARKIN. I could not agree more. I would proffer this. If all we do is pass this emergency package, either this one or the scaled-down package of the Republicans, and we do nothing else, farmers are going to see the handwriting on the wall. If we do not change that Freedom to Farm bill, they are going to see it and they will say, I'm going to be right back where I am again next year. Farmers are going to say, I'm getting out. They will be leaving in droves. It will drive farmers out.

In the State of Iowa, from April of 1998 to April of 1999, land prices in Central Iowa have gone down 11 percent already. The Governor of Iowa was at a meeting I held in Iowa this weekend. He said, when the legislature left 3 months ago, when they went out of session, they estimated the growth in revenues at 1.8 percent. It is now down to 1 percent. That is going to affect our schools and everything else in the State of Iowa. So the broader impacts on Iowa's economic health are already being felt. It is already happening.

I have had people tell me if all we are going to do is put the money out there, it will help them some with their debts, it will help them get through the next few months, help them get through the harvest, but if we do not change the Freedom to Farm bill, they are out, they are not going to be there next year.

Mr. DORGAN. May I ask one further question?

Mr. HARKIN. I yield for a question.

Mr. DORGAN. Payments, as I understand them, have gone too far in the current farm bill, the underlying farm bill; too high in the disaster programs. Perhaps both programs should be adjusted lower. My understanding of the program that has been offered earlier today, by the majority party, is with the triple-entity rule, the payment limits would effectively, under that rule, be about $460,000—under their disaster package. In my judgment, that is too high. In my judgment, we should craft a farm program and craft disaster programs that target help for family-size farms. If that is not what it is about, my feeling has always been, if we are not targeting help to family farmers, we don't need a Department of Agriculture. The only reason to have all of this is to help family farmers.

Mr. HARKIN. The Senator is onto something regarding payment limitations. In the Republicans' proposal, the maximum payments that an individual can receive—by setting up partnerships or corporations to maneuver around the limits—would be $460,000. Nearly half a million dollars to one individual.

Mr. DORGAN. If I might—

Mr. HARKIN. Again, I think we ought to be here to help people who really need some help and get it out. To me, that is going way beyond the bounds there.

I yield for a question.

Mr. DORGAN. If I might again just inquire, I had computed it under the three-entity rule, what they could achieve. If I have missed part of that and they can achieve $460,000, it simply makes the point; $300,000 is too much. Mr. President, $460,000 is way out of bounds. We ought to be trying to get a reasonable amount of support during this price collapse to family-size farms.

I come from ag country, but I will not support giving $300,000 to anybody in farm country. We don't need that. That is not what a farm program ought to be about, in disaster help or in regular help, when prices collapse. That is not supporting a family-size farm; that is spending taxpayers' money in support of farm operations far in excess of family farms. That doesn't make any sense to me.

Again, when I inquired of the Senator from Iowa, I was thinking of the repeal of the three-entity rule. If there is another device that goes above the $300,000, that simply compounds the aggravation with respect to who is going to get this money and how much. Let us find a way.

I ask the Senator from Iowa, isn't our job here to craft a decent disaster bill, first, that gets the most help possible to family-size farms and, second, to decide we must follow it quickly by saying the current farm bill doesn't work, that is obvious to everyone—obvious because we have to pass disaster bills every year now—and we should change the underlying farm bill in the same way that provides real help to family farmers so when prices collapse they have a chance to survive?

Mr. HARKIN. I respond to my friend from North Dakota: These big cash payments are an inherent part of the Freedom to Farm bill—an inherent part of it. A lot of that money goes to the big operators. Yet we have our family farmers out there who are just trying to get by.

That is why this Freedom to Farm bill—I wish I could say just one good thing—the only good thing about Freedom to Farm was flexibility. It gave the farmer planting flexibility. But as the Senator from North Dakota might remember, when we were debating the farm bill, the Senator from North Dakota offered an amendment to provide the planting flexibility to farmers and still have a farm program that provided higher loan rates and storage payments and some set-asides within the confines of the farm program. If I am not mistaken, it was the Senator from North Dakota who offered the amendment to provide the flexibility to farmers to plant what they wanted, where they wanted, and yet it was defeated on a party-line vote.

So there were those who sold to the farmers the Freedom to Farm bill on the basis that they would have planting flexibility. But we did so in our proposal. We provided planting flexibility in our alternative—I believe it was the Senator from North Dakota who offered it——

Mr. DORGAN. Senator CONRAD.

Mr. HARKIN. Senator CONRAD, the other Senator from North Dakota, offered it. That was to provide that planting flexibility. We were all for that. There was no one here who was not for that. I think farmers by and large got very confused by that. They were told by our friends on the other side of the aisle you had to have Freedom to Farm to get flexibility. That is not so. What happened with Freedom to Farm is that it took away the safety net and we are in the situation we are in right now. I repeat, for emphasis' sake, these big cash payments are an inherent part of the Freedom to Farm bill.

I will yield for one more question.

Mr. WELLSTONE. I will say to my colleagues—and I know they are waiting to speak, and I will soon be done after just a final question—I apologize you have to wait.

I especially say that to Senator GRASSLEY since he was gracious enough, when I was in Iowa, to tell me if I needed a place to stay, I could stay at his farm. I much appreciated it.

Mr. HARKIN. He would have fed you pretty well, too.

Mr. WELLSTONE. I know. I am going to do it next time for sure.

Let me ask one more question, and before I do, I ask unanimous consent—if tomorrow morning we are going to be in debate as well—that I could have 15 minutes to speak on this.

Mr. COCHRAN. Reserving the right to object, what is the request?

Mr. WELLSTONE. I was asking whether or not tomorrow morning we are also going to be in debate on this and that I could have 15 minutes to speak on it.

Mr. COCHRAN. I am constrained to object to any request to speak in the morning. We have not had an announcement as to what time we are coming in or how the bill will be handled. The usual rules of seeking recognition I think probably will apply tomorrow.

Mr. WELLSTONE. OK. Let me ask my colleague: My friend from North Dakota made the distinction between agriculture and family farmers; his passion is for the producers, the family farmers. Beyond this assistance bill, we would like to see something that would help people continue to survive. In Minnesota, on August 21, we are going to have a Rural Crisis Unity Day with a whole congressional delegation there to meet with the farmers and business people and all, really, of rural Minnesota. Does he think it would be helpful for people to say: We need you to do something about the price crisis; we need you to do something to make sure we get a fair shake; we need you to make sure it is not just for Cargill, it is for family farmers; it is not just for IBP or the packers—it is not for the packers, it is for the producers? Do you think this is the kind of thing we are going to need to see in many of our agricultural States over the next several months to come, to put the pressure on the House and Senate to pass a bill for family farmers as opposed to these big conglomerates?

Mr. HARKIN. I say to my friend from Minnesota, I hope each of us in our own capacity would understand what is happening out there right now. We are not blind. We are not deaf. We are not without the capability of going out in the countryside and talking to farmers and listening to them. We all do that.

If we have eyes to see and ears to hear and a decent knowledge of what is happening on the farms, I hope we will not have to have all the rallies and have farmers come to big meetings to try to impress upon us this need. I daresay, however, the way things are going that will happen.

If we do not address the underlying aspects of the Freedom to Farm bill, you are going to get more and more farmers out to these meetings, especially after harvest. Of course, farmers are busy during the harvest. You will not see too many of them probably in the fall. It is going to be a long, cold winter if we do not change the underlying bill. It will not be just the farmers, you will have the bankers come in. I have heard from bankers in, and you are going to have people from small towns and communities, the school boards and everybody else saying: Look, what is happening? Our towns are drying up.

I say to my friend from Minnesota, I hope we will not force farmers to go to meetings and plead with us to recognize the dire straits they are in. We know it. We know what it is like out there. We have all the data. We have the statistics. We know what the prices are like. Pick up the newspaper and read what the prices are. Look at what futures prices are. I had a chart earlier today about the prices. Cash price of soybeans is down about half, about 45 percent in about the last 2 years. You do not really need much more than that to understand what the problem is, I say to my friend from Minnesota.

Mr. President, I ask unanimous consent to print in the RECORD an outline of the $10.793 billion that is in the first-degree amendment, which is pending at the desk, outlining the different line items and where that money goes so people can look at it tonight.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DEMOCRATIC POSITION: EMERGENCY RELIEF FOR AGRICULTURE

[In billions of dollars]

Income	6.045
Income Loss Payment	5.600
Dairy	0.400
Peanuts	0.045
Tobacco farmers	0.328
Total	6.373
Disaster	2.274
Crop insurance—30% premium discount	0.400
Backfill 1998 disaster programs	0.356
Livestock assistance programs	0.200
Section 32 (domestic food purchases, direct payments related to natural disasters)	0.500
Disaster Reserve	0.500
Flooded land program	0.250
Emergency short-term land diversion program	0.200
Producers erroneously denied eligibility for '98 relief	0.070
FSA loans	0.100
FSA emergency staffing needs	0.040
Ag mediation	0.002
USDA rapid response teams	0.001
Shared Appreciation Agreement regulatory relief	....
Total	2.619
Income/disaster total	8.992
Emergency conservation	0.212
Emergency Watershed Program	0.060
Emergency Conservation Program	0.030
EQIP—Prioritize livestock/nutrient management	0.052
Wetlands Restoration Program	0.070
Total	0.212
Emergency trade provisions	1.288
Humanitarian assistance, oilseeds and other	0.978
Cooperator program (foreign market development)	0.010
Step 2 (cotton)	0.439
Total	1.427
Emergency economic development	0.150
Cooperative revolving loan fund	0.050
Emergency rural economic assistance	0.100
Total	0.150
Emergency policy reform	0.012
Mandatory price reporting funding	0.004
Country-of-origin labeling	0.008
Total	0.012
Grand total	10.793

Mr. HARKIN. I thank the indulgence of my friend from Indiana. I know my friend wanted to engage in a little colloquy. I am sorry for holding him up. I yield the floor.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the distinguished Senator from Indiana, Mr. LUGAR, be recognized for such time as he may consume.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Indiana.

Mr. LUGAR. Mr. President, I want to discuss the two amendments which have been offered by my colleagues, the distinguished ranking member, Senator HARKIN of Iowa, and the distinguished chairman of the Agriculture Subcommittee on Appropriations, Senator COCHRAN. But I want to do so in the context in which Senators may be thoughtful about what type of action is appropriate, given not only the problems of agriculture but likewise the general problems that we have in this country that we are trying to address.

I note, for example, that the President of the United States, in his speech to the Nation on agriculture on Saturday, indicated that there are a number of things at stake here. I quote the President:

> I am committed to working with Congress to provide the resources to help our farmers and ranchers by dealing with today's crisis and by fixing the farm bill for the future. But we must do so in a way that maintains the fiscal discipline that has created our prosperity that now makes it possible for us to save Social Security, strengthen and modernize Medicare with a prescription drug benefit and to pay off our national debt guaranteeing our long-term financial prosperity. These things are good for America's farming and ranching families, too, and they're good for all Americans.

I quote the President because the administration has been asked a number of times for an opinion on what type of emergency spending, if any, is appropriate at this point, on August 2, for a harvest that, by and large, is not yet in and with conditions that must, of necessity, be unknown. The administration has been reticent to address this situation with any figure, in large part because the administration and, for that matter, many people in this Senate have been arguing over how the surplus we believe will come after September 30 should be spent or the surplus for future years. There have been a number of strong contending ideas which include the rescue of Medicare and Social Security reform, tax reduction, prescription drugs for those in Medicare who do not have that, and the various other things the President has cited.

I make this point because usually on this floor we are into that kind of debate about our future and about how to use our resources. But from time to time, we have a debate on agriculture, and everything else is suspended. It is as if the money we are talking about today, the $10.8 billion, for example, that Senator HARKIN addressed, does not pertain to any of the above—tax reduction, Medicare, Social Security, the surplus, and what have you. It is deemed emergency spending, outside the budget, outside the budget caps, outside of our general consideration.

If we are to do emergency spending of that amount or any amount, there must be some requirements to show the criteria for what is required. That is what I want to review with the Senate this evening.

I suggest the Department of Agriculture, in its most recent summary of where agriculture stands, points out that with low commodity prices in 1999, the year we are in, net farm income will be $43.8 billion. They point out that will fall below the revised estimate of $44.1 billion for 1998, last year. That means the estimate for this year is $300 million, or less than a 1 percent change, from the net income in 1998.

I make that point because, as I have listened to the debate, Senators appear to be describing a loss that is substantially greater than that, but USDA in estimates made just last week, plugging in the low prices and plugging in also sometimes low inputs—that is, for feed costs and various other things agriculture people will need—have come to a conclusion the net change is only the difference between $44.1 billion and $43.8 billion.

Beyond that, the average net income of the last 5 years has been $46.7 billion, which means this year's figure, if it comes out this way, is $2.9 billion less than the 5-year average. The average for the 8-year period covering 1990 through 1997 is $45.7 billion, so this year's result is 1.9 less than the 8-year average, or approximately 4 percent.

I am not making a claim it is higher; I am saying it is going to be lower. It is going to be lower by $300 million as opposed to last year and at least $2 billion to $3 billion less than the 5-year and 8-year averages.

As I have been listening to the debate and Senators have described this as a depression, a circumstance, Senators must take a look at the parameters of what is the actual set of facts. Let me point out historically the high water mark for agricultural income in the last 10 years was $54.9 billion in 1996. That followed the low year in 1995 of $37.2 billion. Low of 37, high of 54.9. Average: 45, 46 for the 5-year/10-year situations. This year: 43.8, close to 44 billion.

That is the range. This is net income, not net loss. Agriculture had a substantial net income never below $37 billion and never higher than $54.9 billion in this 10-year period of time.

We are taking a look at a situation that shows loss, but we ought to quantify that loss. These are the official USDA projections as of last week.

Senators will recall that 1998's net farm income of $44 billion included $12.2 billion of direct Federal Government payments. About $9 billion was provided by the farm bill and the remaining $3 billion was made available by the October 1998 emergency appropriations bill. But this year, already, before this legislation comes to the floor, Federal payments are projected to be $16.6 billion.

Let me point out how this can be true. The safety net provided by the current farm bill—that safety net—provides for an annual transition payment, a so-called AMTA payment, of $5.1 billion. That is provided for by the farm bill, and to be paid to all farmers according to formula at the times that are prescribed. But loan deficiency payments for corn, wheat, soybean, and other crops eligible for marketing loans are estimated at $6.6 billion. This is a safety net provided by the current farm bill.

It has been suggested a number of times that the current farm bill, in its emphasis upon market economics, has no safety net. But I am pointing out $5.1 billion in AMTA payments and another $6.6 billion in so-called loan deficiency payments, still another $4.8 billion to be paid out in conservation and crop loss disaster payments, with $2 billion of that authorized by the 1998 October emergency appropriations bill.

It is important to note that most of the farm debate has focused on low prices, and charts have been given to the Senate indicating how prices have tended downward over the years. But, nevertheless, the more important figure would be price times yield; that is, the income that comes from an acre.

If, in fact, the price is low but the yield is high, the product of the two may still be a reasonable return for that acre in that year. There is an even more important fact that I suspect that many Senators have not thought through clearly. An article that I saw on the front page of USA Today talked about a farm meeting the distinguished occupant of the Chair attended in Illinois. That particular article mentioned low prices and pointed out the depression and the fall of those prices.

But if the price of corn—as has been sometimes suggested—has been quoted at elevators at $1.75 or $1.70 per bushel, the good news is that a farmer will receive, at least if he is a farmer in the central part of Indiana, $1.95. That is price guaranteed through the loan deficiency payment in that part of the state.

How does this work? Let's say the farmer brings the corn in and the market price is $1.70 per bushel at the time of harvest. At the Beach Grove elevator in Indianapolis, that farmer will receive what amounts to 25 cents a bushel more, bringing that $1.70 up to $1.95. The same is true for soybeans at Beach Grove, IN. The soybean loan rate will be $5.40. In some parts of the country it may be $5.26, I am advised, but it is not $4 or $4.50 or $4.60 or $3.75 or various figures that have been quoted.

This is a tough concept to try to get across because even after you make the point again and again, people talk about a $3.75 market price for soybeans. What I am saying is that every bushel of soybeans the farmer brings into the elevator, he is going to get $5.26 to $5.40 because the government's loan deficiency payment will provide him with a payment equal to the difference between his market price and the local county loan rate. That is very different.

This is not a question about how low the prices are going to go. If they go lower, the loan deficiency payment is higher. That is why the Federal Government will be paying out at least $6.6 billion to make up the difference. It was the same for wheat. In many parts of the country, the wheat harvest has already come in. But the government guarantees at least $2.58 for wheat at many elevators around the country.

I make that point because that is the safety net of the current farm bill. It is a pretty strong safety net. It will provide a very substantial amount of income as the harvests occur, as the grain comes in, as the loan rates are established. It will amount to $6.6 billion that has not yet been received but will be received by farmers. Hopefully, that will take the debate away from a comparison of how low the prices are going to go to the concrete figure of what the loan deficiency payment will be—specifically, as I say, again, in most parts of the country, at least $1.89 for every bushel of corn, $2.58 for every bushel of wheat, and $5.26 for every bushel of soybeans. At many elevators it will be a higher figure than that, including the one in Indianapolis that I cited. Farmers receive that even if the quoted market price is much lower.

Let me mention some other statistics the USDA has pointed out that may give you some idea about the parameters of our discussion.

In the same report last week of USDA giving estimates on net income, USDA also went into the question of farm assets and farm debt and farm equity. If you had heard the entirety of the debate today—or maybe for some time—on this issue, the Chair might logically believe that land values in this country are going down if they pertain to agriculture; that the net worth of farmers collectively in this country is going way down. That, in fact, is not the case.

The Agriculture Department points out that farm equity, which was $825 billion in 1996, rose to $857 billion in 1997. It is estimated to go up to $865 billion this year. That is an increase of approximately $9 billion more, or a 1-percent increase in net worth. The farm real estate figures are $802 billion for this year as opposed to $794 billion last year, and $783 billion the year before, and $746 billion the year before that.

It does not mean every acre of land in every county all over America is going up. As a matter of fact, the Federal Reserve Board statistics for my home State of Indiana indicate an estimate that in the first quarter of 1999, real estate values in agriculture may have gone down by 2 percent. As a matter of fact, that was true of a number of States. But in a fair number of States, obviously, the estimate is that agricultural land is going up. The aggregate, the total, for America is the land values are higher. Furthermore, the net worth is higher because farm debt will decrease from $172 billion to $171 billion.

Once again, listening to the debate you would say, how can that be? If we are in a depression circumstance, how can you be arguing that real estate on farms is going up, that net worth is going up, that debt is coming down? Because that is what is occurring. You can give any number of statistics about prices falling, but the fact is that net income is going to fall by $300 million. And that will still be within $2 to $3 billion of a range for the last 5 or 10 years of time.

Let me try to bring clarity to the argument in still another way.

The distinguished Senator from Iowa, Mr. HARKIN, has mentioned, in a fact sheet that he released and he gave some of these figures again today, that there will be a 29-percent drop in agricultural income, but Senator HARKIN correctly says this is a drop in principal field crops, not all of agriculture, but principal field crops.

I have noted that situation on my own farm. The distinguished Senator from Iowa, Mr. GRASSLEY, is on the floor. He has a family farm and could cite statistics from his farm if he were inclined to do so.

On my farm, Lugar farm in Marion County, IN, our net income in 1998 was 18 percent less than in 1997. That was true principally because our major income sources were soybeans and corn. My guess is that our net income in 1999 may have a similar reduction, although I hope not so great as the 18-percent that was suffered the earlier year.

Obviously, it makes a very great deal of difference, when you come to the net income situation or the difficulty of a farmer, whether the farmer has debt. Our situation is one in which we do not have debt. We are able to finance our operating loans, our operating expenses, without loans and out of retained capital. So that gives you a big headstart. For those farmers who have extended themselves to buy the adjacent farm or have never quite paid off the family mortgage and who must borrow each year to put a crop in the field, the interest costs are very substantial. Those are reflected still in the overall aggregate statistics of net farm income in this country.

As you take a look at ag statistics, the fourth that do the best as opposed to the fourth that do not do as well, very frequently the same amount of land is involved, same weather was involved. The question of debt intrudes and makes a big difference in the bottom line figure; likewise, the sophistication of the marketing plan. Even in the midst of the crisis we were talking about last week, I was able to make a sale of 1,000 bushels of corn to an elevator in Indianapolis at a figure higher than the loan rate, the government's guaranteed minimum price. That prospect was available to each farmer in America, I suspect, that day. We sold that corn for $1.97 for fall delivery. That is not a high price, but that is corn that will not be receiving a loan deficiency payment, corn sold in a market which is still out there. In weather-driven spurts, farmers have been able to market corn and soybeans even under these dire circumstances.

I make that point because those who made sales forward contracts last February and March were able to sell their corn and their soybeans at prices that were substantially higher. Many farmers do these sales; some farmers do not. We are attempting to deal with a situation of a total aggregate, those that did very well and those that did not do so well.

Finally, it seems to me it comes to a basic decision the Senate must make. That is, should the Senate say that agriculture, farmers in America, ought to be made whole, at least to the extent their income is raised to, say, the average level of the last 5 years or the average level of the last 10 years? Is it the goal of the Senate to say no, that is not good enough? What we ought to do is make certain that 1999 is one of the best years agriculture has ever had.

The proposals before us today will not boost the $44 billion more or less of net farm income to $54.9, although they come very close. If the Democratic amendment was adopted and, literally, you added $10.8 billion to the estimate of 43.8, you come up to 54.6, which is just 300 million short of the all-time record for net farm income. In short, not a rescue operation but an idea, I suspect, that this is a good time to, if not set a new record, at least come very close to that through additional Government payments. That may not be the intent of the Senate.

My guess is most Senators understand that farm income is down and they would like to make farmers whole, at somewhere around an average level, which would appear to mean a payment of $2 or $3 billion. Neither of the proposals before us is of that nature.

I have pointed out in colloquies with the press during the past week that there is before the Agriculture Committee now a risk management bill that would, in fact, provide about $2 billion a year for each of the next 3 years if passed, and that would pretty well fill the gap, if that was the intent of the Senate to do that.

I conclude that Senators finally will take a look at this entire situation and reach some overall judgments. Let me offer at least some reasons why some payments might be justified.

First of all, farmers or the rest of America could not have anticipated the Asian crisis that hit about 2 years ago. The last year, in 1998, probably took away 40 percent of the demand of Asian countries for American agricultural products. That probably took away 10 percent of our entire market last year, which means that demand fell overnight by 10 percent, whereas supplies for the last 3 years have not only been ample but around the world the weather has been mighty good and the amount of supply abundant, really throughout that period of time. So a 40-percent hit in terms of the Asian export demand hit very hard. It hit suddenly. Within a 90-day period of time we realized that difficulty.

Let me also mention, in addition to the Asian situation and the oversupply situation, the abnormally good weather in China, in Europe, in Brazil, in Argentina, Australia, major sources of food throughout the world, that the American farmers have run up against the problem of genetically modified organisms in European debate, which means that Europeans are rejecting corn and soybeans that come with the roundup ready genetic changes.

As we all know in America agriculture, in order to get rid of the weeds in the field, it is a much simpler process. It strengthens, certainly, the soybean and corn plants, if a gene is changed in the corn or soybean plants that rejects the herbicides that kills all the weeds but leaves the corn and the soybeans standing. We believe that not only is corn and soybeans from such situations safe, but as a matter of fact, our yields have increased. The health of the plants has increased, and we felt all over the world people might want to benefit from these breakthroughs. Not so in Europe, and a debate rages as to whether there is something fundamentally wrong with our genetically modified seeds to the point we are finding it very difficult to export a single bushel of corn or beans to the European market. That debate is going to go on for awhile, and it has not been helpful.

We are on the threshold of a World Trade Organization meeting in Seattle that comes up in October. We must have fast track authority. That is, the President must be able to negotiate on behalf of the administration with other countries, knowing this body will vote up or down on the treaty without amendment, because amendments by all of us attempting to influence the situation to benefit our particular States or crops or so forth could be matched by amendments all over the world and the treaty negotiations collapse.

We don't have fast track authority. We have tried in this body several times to obtain that. The House of Representatives had similar difficulties. It will require enormous leadership by the President and by many of us, but we cannot make a new treaty that knocks down trade barriers, that increases our exports in the way that all Senators want, without doing the basic steps. Fast track authority is one of them, as well as a determined will that agriculture will not be left off the wagon, that agriculture is an integral part of what our Nation must do at the WTO meetings.

I make this point because we talk, often glibly, about the need for exports. Of course, we have a need for exports. But they will not happen in the quantities that we need to have happen without lowering tariff and nontariff barriers, and the Seattle meeting is where that does or does not get done. If we don't have fast-track authority, it will not occur during this administration. That is a long time.

So for all these reasons, farmers have taken a direct hit, largely because of worldwide demand and in the case of many fields in the State of Illinois, or in my State of Indiana, or the State of Iowa, as much as a third to a half of all our acreage literally results in yields that must be exported, or we have it coming up around our ears. We know that and yet, as a Nation, we have not moved aggressively to make the difference that has to occur.

So for all these reasons, the Senate might come to a conclusion that some compensation is required for farmers in order to keep their cash flow going. I made the point earlier that, as a matter of fact, loans will be reduced this year. But cash flow will be reduced, also. And for those farmers who have the need for operating loans, who are genuinely in danger because of debt situations, the situation could be dire and family farms could be lost.

In the event that we are to make payments, the so-called AMTA payments, put money into the hands of farmers quickly, directly, and certainly—we had a pretty good demonstration of that last year. The Senate, in its wisdom, at the very end of the session as the large appropriation compromise came together, appropriated as part of a package about $6 billion for American agriculture. It came as a surprise to many, but the form of it came as a surprise that was even more difficult. About $3 billion of it came in AMTA payments. Those were made immediately. They were received by farmers in the first week of November, after passage late in October of the appropriation bill.

I make that point because if we are serious about money actually arriving in the hands of farmers, then we must be serious about the distribution method. The AMTA method gets the money to farmers. It does increase cash flow. It is seen as equitable. The ratios were long ago worked out on the basis of crop history and the signatures for the farm bill. The other half of the $6 billion was for so-called disaster payments. They were ill-defined then, as they are ill-defined now in the legislation in front of us.

The USDA struggled and, as a matter of fact, finally made payments in June of this year—not in November or October of last year—and it did so after exploring not only disasters of 1998 in some States, but '97, '96, '95 and '94—multiple years, all mopped up with some type of distribution and equity found among all sorts of contending parties in various States and counties.

Mr. President, money is not going to get to farmers very fast in distribution methods that suggest that type of procedure, however humane the motivation may be. As a matter of fact, payments aren't going to go to any farmer very soon from this legislation because the House of Representatives is not prepared to act upon this. So, therefore, whatever we are doing with urgency now is going to be a matter for September, or if the appropriation bills do not pass for October or November, or whenever a grand compromise occurs.

I make that point because farmers listening to this debate might feel there is some possibility as of tomorrow or the next day a vote by the Senate could lead to money coming to them. But it will not come to them very soon, whatever our result may be on the floor. Therefore, last week, I suggested that we have 3 days of hearings before the Senate Agriculture Committee, in which on the first day the Secretary of Agriculture would come before the committee and, hopefully, respond to our questions as to what the administration's recommendations are, given all that the President and the Secretary have said about the overall budget condition, about taxes, about Medicare, about Social Security, and given the administration's view of what is appropriate farm or agricultural legislation.

And if you follow this with other groups in our society who would respond to Senator's questions about this, the committee will hold a markup in the first week of September so that the Appropriations Committee that must now struggle with this legislation would have a fairly clear roadmap of what the compromises were and what considerations have been given.

Furthermore, the September debate would give us a pretty good idea of what the yields actually are going to be for a number of our major crops. I suspect that, even as we speak, as people now begin to talk about a different problem in agriculture—namely, drought—a whole slew of new considerations are going to come into the picture. The price might go up and the yield might go down. Once again, the product of the two is the critical element, rather than the new per acre.

Mr. President, obviously, we are in this debate because the occupant of the chair and, more particularly, the distinguished floor leader has indicated that we need to get on with this. I accept that fact. We will have tomorrow morning in the Agriculture Committee at 9 o'clock an appearance by the Secretary of Agriculture. We will ask him for his testimony and we will ask him for the administration's point of view, which I think is relevant to what we are discussing here.

I know it is relevant on the basis of last year's experience because we passed an agriculture appropriation bill, and it had considerable benefits for farmers. But it was vetoed by the President. And, as a result, the benefits did not accrue very rapidly, and we got into what I would say was a bidding war again. That is not advisable if it can be avoided in some normal framework. So I am hopeful that we will have a hearing, and at least that it will provide some benefit for the debate we are now having before us, and certainly for the debate we shall have again. We will have it again because the Appropriations Committees will have to come back with conference reports, and we will have to judge the adequacy or inadequacy of what we have done at that point.

Mr. President, I finally make the point that the previous speakers have stated there is an emergency to be met, an immediate need for income. But, fundamentally, we must debate the entire farm bill when we come back—not simply a question of adequate income for farmers, but the fundamental law of the land.

I am prepared for that debate, but I simply say that before Senators get engaged in the debate, it is well to gauge at least the benefits that come from the current farm bill. There are, to date, $16.6 billion this year, which is just $100 million short of an all-time record of farm payments. That is a substantial safety net. I make the point that the farm bill recognizes that point and, in fact, provides fairly amply when that occurs. But it also provides freedom to farm, and that is very important to most farmers in this country—the ability to determine how to manage their land, how many acres of corn, or beans, or cotton, or rice, or whatever the farmer wants to plant, or not to plant at all. The AMTA payment comes to a farmer who does not plant at all, because this is a transition from the date of supply control to a day in which we move into market economics and the farm area more completely. The thing the world dictates presently is that market economics is the important way to go. Our country testifies to that in almost every other debate.

I hope we will continue to testify in behalf of that when it comes to American agriculture.

I thank the Chair for this indulgence; likewise for other Senators.

I am hopeful that before action is taken on either of the two amendments, there will be testimony by the Secretary and then very thorough analysis by each Senator as to what our obligations should be to American agriculture both to encourage and enhance it and, likewise, that our obligation is to all the taxpayers of the country and the other major objectives that lie before our country.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I thank the Senator from Indiana. He has definitely elevated the level of discussion on the issue before the Senate by his remarks. He has given this debate unusual insight based on his experience and his knowledge of the subject and his personal experience as one who is engaged in production agriculture in the State of Indiana.

I think the Senate has benefited from his remarks. I, for one, want to congratulate him and thank him for remaining on the floor this evening and giving the Senate the benefit of his observations on this issue.

Tomorrow, as he points out, there will be a hearing in the Agriculture

Committee which could also be very helpful to our further understanding of the situation. The Economic Research Service and other agencies of the Department of Agriculture could make available to us information that would be very helpful and constructive as we try to decide what is best in this situation for our farmers around the country.

I don't want to overdue this or guild the lily too brightly. But I personally respect the Senator so much—and he knows that —and consider him a great friend. I again express my personal appreciation for his being here tonight and for his leadership in the agriculture area specifically.

Mr. LUGAR. Mr. President, I thank the distinguished Senator from Mississippi, who is my friend and whose leadership I appreciate so much.

Let me inquire of the distinguished Senator from Mississippi if he knows of further debate. If not, I make an inquiry because I have been asked to substitute for the leader in making motions.

Mr. COCHRAN. Mr. President, I know of no other Senator who seeks recognition on this. I think it would be appropriate to go to final wrap-up.

Mr. LUGAR. I thank the Senator.

MORNING BUSINESS

Mr. LUGAR. Mr. President, I ask unanimous consent that the Senate now proceed to a period of morning business with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAXPAYER REFORM ACT OF 1999

Mrs. LINCOLN. Mr. President, I wish to express my support for the Bingaman amendment to recommit S. 1429 to the Senate Finance Committee which would have enabled us to clarify that debt reduction is a top priority for this government in spending any budget surplus.

As we say in my home state of Arkansas, the best time to fix the roof is when the sun is still shining.

Now is the time for us to take steps to reduce our enormous federal debt. I believe we have an unprecedented opportunity before us. We've been making tough decisions—living within our means, so to speak.

We have a surplus that's bigger than we thought it would be and a chance to save Social Security for future generations, protect for Medicare and help older people afford prescription drugs.

So, now we have a shot at reducing our nation's debt, which in turn will lower interest rates and put more money back in the pockets of more Americans.

Using a major portion of any surplus accumulated in these times of prosperity to improve the financial integrity of the federal government. Reducing the national debt is a smart long-term strategy for the U.S. economy and it must be our priority in this bill.

Reducing our national debt will provide a tax cut for millions of Americans because it will restrain interest rates, saving them money on variable mortgages, new mortgages, auto loans, credit card payments, etc. Each percentage point decrease in interest rates would save American families hundreds of dollars every year.

By reducing the national debt we will protect future generations from increasing tax burdens. Currently, more than 25 percent of individual income taxes go to paying interest on our national debt. Every dollar of lower debt saves more than one dollar for future generations, a savings that can be used for tax cuts, or for covering the baby boomers retirement without tax increases.

Reducing the national debt will also make it easier for the government to deal with the future costs of Social Security and Medicare and repay the Social Security trust fund when the Social Security system faces annual shortfalls.

In addition, reducing the national debt will reduce our reliance on foreign investors. More than $1.2 trillion of the national debt—roughly one third of the publicly held debt—is held by foreign investors. In 1998, the U.S. government paid $91 billion in interest payments to foreign investors.

It was not the American way to live beyond one's means. Our parents taught us to work hard so that we can pay our bills, clothe our children and save for the future.

Accumulating debt and simply letting it grow and grow is not—and should not be—an option for most families around this country. It should no longer be the practice of this government.

Federal Reserve Board Chairman Alan Greenspan has repeatedly advised Congress that the most important action we could take to maintain a strong and growing economy is to pay down the national debt. I, for one, believe he is on the right track.

Clarifying our intent to prioritize debt reduction is the right thing to do.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Thursday, July 29, 1999, the Federal debt stood at $5,640,577,276,840.14 (Five trillion, six hundred forty billion, five hundred seventy-seven million, two hundred seventy-six thousand, eight hundred forty dollars and fourteen cents).

One year ago, July 29, 1998, the Federal debt stood at $5,543,291,000,000 (Five trillion, five hundred forty-three billion, two hundred ninety-one million).

Five years ago, July 29, 1994, the Federal debt stood at $4,636,362,000,000 (Four trillion, six hundred thirty-six billion, three hundred sixty-two million).

Twenty-five years ago, July 29, 1974, the Federal debt stood at $476,155,000,000 (Four hundred seventy-six billion, one hundred fifty-five million) which reflects a debt increase of more than $5 trillion—$5,164,422,276,840.14 (Five trillion, one hundred sixty-four billion, four hundred twenty-two million, two hundred seventy-six thousand, eight hundred forty dollars and fourteen cents) during the past 25 years.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business Friday, July 30, 1999, the Federal debt stood at $5,638,655,711,931.60 (Five trillion, six hundred thirty-eight billion, six hundred fifty-five million, seven hundred eleven thousand, nine hundred thirty-one dollars and sixty cents).

One year ago, July 30, 1998, the Federal debt stood at $5,544,483,000,000 (Five trillion, five hundred forty-four billion, four hundred eighty-three million).

Fifteen years ago, July 30, 1984, the Federal debt stood at $1,535,192,000,000 (One trillion, five hundred thirty-five billion, one hundred ninety-two million).

Twenty-five years ago, July 30, 1974, the Federal debt stood at $475,337,000,000 (Four hundred seventy-five billion, three hundred thirty-seven million) which reflects a debt increase of more than $5 trillion—$5,163,318,711,931.60 (Five trillion, one hundred sixty-three billion, three hundred eighteen million, seven hundred eleven thousand, nine hundred thirty-one dollars and sixty cents) during the past 25 years.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of this secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT ON THE UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE FUND—MESSAGE FROM THE PRESIDENT—PM 54

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committees on Appropriations, the Budget, and Foreign Relations.

To the Congress of the United States:

In accordance with the Congressional Budget and Impoundment Control Act of 1974, I herewith report one revised deferral of budget authority, now totaling $173 million.

The deferral affects programs of the Department of State.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *August 2, 1999.*

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CAMPBELL, from the Committee on Indian Affairs, without amendment:

S. 944. A bill to amend Public Law 105–188 to provide for the mineral leasing of certain Indian lands in Oklahoma (Rept. No. 106–132).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BREAUX:

S. 1471. A bill to amend the Internal Revenue Code of 1986 to allow a deduction for contributions to individual investment accounts, and for other purposes; to the Committee on Finance.

By Mr. SARBANES (for himself, Ms. MIKULSKI, Mr. WARNER, Mr. ROBB, and Mr. AKAKA):

S. 1472. A bill to amend chapters 83 and 84 of title 5, United States Code, to modify employee contributions to the Civil Service Retirement System and the Federal Employees Retirement System to the percentages in effect before the statutory temporary increase in calendar year 1999, and for other purposes; to the Committee on Governmental Affairs.

By Mr. ROBB (for himself, Ms. COLLINS, Mr. JEFFORDS, Mr. LUGAR, Mr. TORRICELLI, Ms. SNOWE, and Mr. HOLLINGS):

S. 1473. A bill to amend section 2007 of the Social Security Act to provide grant funding for additional Empowerment Zones, Enterprise Communities, and Strategic Planning Communities, and for other purposes; to the Committee on Finance.

By Mrs. HUTCHISON:

S. 1474. A bill providing conveyance of the Palmetto Bend project to the State of Texas; to the Committee on Energy and Natural Resources.

By Mr. KENNEDY (for himself, Mr. DODD, Mr. CHAFEE, Mr. ROBB, Mr. AKAKA, Mrs. MURRAY, Mr. BINGAMAN, Mr. HARKIN, Mr. FEINGOLD, Mr. KERRY, and Mr. INOUYE):

S.J. Res. 30. A joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for women and men; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. THOMPSON:

S. Res. 170. A resolution recognizing Lawrenceburg, Tennessee, as the birthplace of southern gospel music; to the Committee on the Judiciary.

By Mr. TORRICELLI:

S. Res. 171. A resolution expressing the sense of the Senate that the President should renegotiate the Extradition Treaty Between the United States of America and the United Mexican States; to the Committee on Foreign Relations.

By Mr. VOINOVICH (for himself and Mr. LIEBERMAN):

S. Con. Res. 49. A concurrent resolution expressing the sense of Congress regarding the importance of "family friendly" programming on television; to the Committee on Commerce, Science, and Transportation.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SARBANES (for himself, Ms. MIKULSKI, Mr. WARNER, Mr. ROBB, and Mr. AKAKA):

S. 1472. A bill to amend chapters 83 and 84 of title 5, United States Code, to modify employee contributions to the Civil Service Retirement System and the Federal Employees Retirement System to the percentages in effect before the statutory temporary increase in calendar year 1999, and for other purposes; to the Committee on Governmental Affairs.

FEDERAL EMPLOYEE RETIREMENT CONTRIBUTIONS ACT OF 1999

Mr. SARBANES. Mr. President, I am again pleased to join with my colleagues, Senators MIKULSKI, WARNER, ROBB and AKAKA, in introducing the Federal Employee Retirement Contributions Act of 1999. This bill makes a technical correction to legislation introduced last week that would return Federal employee retirement contribution rates to their 1998 levels, effective January 1st, 2000. It is my belief that the temporarily increased retirement contributions enacted as part of the Balanced Budget Act of 1997 represent an unfair penalty against Federal workers at a time when budget surpluses are predicted into the next ten years.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1472

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Employee Retirement Contributions Act of 1999".

SEC. 2. DEDUCTIONS, CONTRIBUTIONS, AND DEPOSITS.

(a) CIVIL SERVICE RETIREMENT SYSTEM.—The table under section 8334(c) of title 5, United States Code, is amended—

(1) in the matter relating to an employee by striking:

"7.4 January 1, 2000, to December 31, 2000.
7.5 January 1, 2001, to December 31, 2002.
7 After December 31, 2002.";

and inserting the following:

"7 After December 31, 1999.";

(2) in the matter relating to a Member or employee for Congressional employee service by striking:

"7.9 January 1, 2000, to December 31, 2000.
8 January 1, 2001, to December 31, 2002.
7.5 After December 31, 2002.";

and inserting the following:

"7.5 After December 31, 1999.";

(3) in the matter relating to a Member for Member service by striking:

"8.4 January 1, 2000, to December 31, 2000.
8.5 January 1, 2001, to December 31, 2002.
8 After December 31, 2002.";

and inserting the following:

"8 After December 31, 1999.";

(4) in the matter relating to a law enforcement officer for law enforcement service and firefighter for firefighter service by striking:

"7.9 January 1, 2000, to December 31, 2000.
8 January 1, 2001, to December 31, 2002.
7.5 After December 31, 2002.";

and inserting the following:

"7.5 After December 31, 1999.";

(5) in the matter relating to a bankruptcy judge by striking:

"8.4 January 1, 2000, to December 31, 2000.
8.5 January 1, 2001, to December 31, 2002.
8 After December 31, 2002.";

and inserting the following:

"8 After December 31, 1999.";

(6) in the matter relating to a judge of the United States Court of Appeals for the Armed Forces for service as a judge of that court by striking:

"8.4 January 1, 2000, to December 31, 2000.
8.5 January 1, 2001, to December 31, 2002.
8 After December 31, 2002.";

and inserting the following:

"8 After December 31, 1999.";

(7) in the matter relating to a United States magistrate by striking:

"8.4 January 1, 2000, to December 31, 2000.
8.5 January 1, 2001, to December 31, 2002.
8 After December 31, 2002.";

and inserting the following:

"8 After December 31, 1999.";

(8) in the matter relating to a Court of Federal Claims judge by striking:

"8.4 January 1, 2000, to December 31, 2000.
8.5 January 1, 2001, to December 31, 2002.
8 After December 31, 2002.";

and inserting the following:

"8 After December 31, 1999.";

(9) in the matter relating to the Capitol Police by striking:

"7.9 January 1, 2000, to December 31, 2000.
8 January 1, 2001, to December 31, 2002.
7.5 After December 31, 2002.".

and inserting the following:

"7.5 After December 31, 1999.";

and

(10) in the matter relating to a nuclear material courier by striking:

"7.9 January 1, 2000, to December 31, 2000.
8 January 1, 2001, to December 31, 2002.
7.5 After December 31, 2002.".

and inserting the following:

7.5 After December 31, 1999.".

(b) FEDERAL EMPLOYEES' RETIREMENT SYSTEM.—Section 8422(a) of title 5, United States Code, is amended by striking paragraph (3) and inserting the following:

"(3) The applicable percentage under this paragraph for civilian service shall be as follows:

"Employee	7	January 1, 1987, to December 31, 1998.
	7.25	January 1, 1999, to December 31, 1999.
	7	After December 31, 1999.
Congressional employee.	7.5	January 1, 1987, to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.5	After December 31, 1999.
Member	7.5	January 1, 1987, to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.5	After December 31, 1999.
Law enforcement officer, firefighter, member of the Capitol Police, or air traffic controller.	7.5	January 1, 1987, to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.5	After December 31, 1999.
Nuclear materials courier.	7	January 1, 1987, to the day before the date of enactment of the strom Thurmond National Defense Authorization Act for Fiscal Year 1999.
	7.75	The date of enactment of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 to December 31, 1998.
	7.75	January 1, 1999, to December 31, 1999.
	7.5	After December 31, 1999.".

SEC. 3. CONFORMING AMENDMENTS RELATING TO MILITARY AND VOLUNTEER SERVICE UNDER FERS.

(a) MILITARY SERVICE.—Section 8422(e)(6) of title 5, United States Code, is amended to read as follows:

"(6) The percentage of basic pay under section 204 of title 37 payable under paragraph (1), with respect to any period of military service performed during January 1, 1999, through December 31, 1999, shall be 3.25 percent.".

(b) VOLUNTEER SERVICE.—Section 8422(f)(4) of title 5, United States Code, is amended to read as follows:

"(4) The percentage of the readjustment allowance or stipend (as the case may be) payable under paragraph (1), with respect to any period of volunteer service performed during January 1, 1999, through December 31, 1999, shall be 3.25 percent.".

SEC. 4. OTHER FEDERAL RETIREMENT SYSTEMS.

(a) CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM.—

(1) DEDUCTIONS, WITHHOLDINGS, AND DEPOSITS.—Section 7001(c)(2) of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 659) is amended to read as follows:

"(2) INDIVIDUAL DEDUCTIONS, WITHHOLDINGS, AND DEPOSITS.—Notwithstanding section 211(a)(1) of the Central Intelligence Agency Retirement Act (50 U.S.C. 2021(a)(1)) beginning on January 1, 1999, through December 31, 1999, the percentage deducted and withheld from the basic pay of an employee participating in the Central Intelligence Agency Retirement and Disability System shall be 7.25 percent.".

(2) MILITARY SERVICE.—Section 252(h)(1)(A) of the Central Intelligence Agency Retirement Act (50 U.S.C. 2082(h)(1)(A)), is amended to read as follows:

"(h)(1)(A) Each participant who has performed military service before the date of separation on which entitlement to an annuity under this title is based may pay to the Agency an amount equal to 7 percent of the amount of basic pay paid under section 204 of title 37, United States Code, to the participant for each period of military service after December 1956; except, the amount to be paid for military service performed beginning on January 1, 1999, through December 31, 1999, shall be 7.25 percent of basic pay.".

(b) FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM.—

(1) IN GENERAL.—Section 7001(d)(2) of the Balanced Budget Act of 1997 (Public Law 105–33; 111 Stat. 660) is amended by striking subparagraphs (A) and (B) and inserting the following:

"(A) IN GENERAL.—Notwithstanding section 805(a)(1) of the Foreign Service Act of 1980 (22 U.S.C. 4045(a)(1)), beginning on January 1, 1999, through December 31, 1999, the amount withheld and deducted from the basic pay of a participant in the Foreign Service Retirement and Disability System shall be 7.25 percent.

"(B) FOREIGN SERVICE CRIMINAL INVESTIGATORS/INSPECTORS OF THE OFFICE OF THE INSPECTOR GENERAL, AGENCY FOR INTERNATIONAL DEVELOPMENT.—Notwithstanding section 805(a)(2) of the Foreign Service Act of 1980 (22 U.S.C. 4045(a)(2)), beginning on January 1, 1999, through December 31, 1999, the amount withheld and deducted from the basic pay of an eligible Foreign Service criminal investigator/inspector of the Office of the Inspector General, Agency for International Development participating in the Foreign Service Retirement and Disability System shall be 7.75 percent.".

(2) CONFORMING AMENDMENT.—Section 805(d)(1) of the Foreign Service Act of 1980 (22 U.S.C. 4045(d)(1)) is amended in the table in the matter following subparagraph (B) by striking:

"January 1, 1970, through December 31, 1998, inclusive	7
January 1, 1999, through December 31, 1999, inclusive	7.25
January 1, 2000, through December 31, 2000, inclusive	7.4
January 1, 2001, through December 31, 2002, inclusive	7.5
After December 31, 2002	7".

and inserting the following:

"January 1, 1970, through December 31, 1998, inclusive	7
January 1, 1999, through December 31, 1999, inclusive	7.25
After December 31, 1999	7.".

(c) FOREIGN SERVICE PENSION SYSTEM.—

(1) IN GENERAL.—Section 856(a)(2) of the Foreign Service Act of 1980 (22 U.S.C. 4071e(a)(2)) is amended to read as follows:

"(2) The applicable percentage under this subsection shall be as follows:

"7.5 Before January 1, 1999.
7.75 January 1, 1999, to December 31, 1999.
7.5 After December 31, 1999.".

(2) VOLUNTEER SERVICE.—Section 854(c)(1) of the Foreign Service Act of 1980 (22 U.S.C. 4071c(c)(1)) is amended by striking all after "volunteer service;" and inserting "except, the amount to be paid for volunteer service beginning on January 1, 1999, through December 31, 1999, shall be 3.25 percent.".

SEC. 5. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on December 31, 1999.

By Mr. ROBB (for himself, Ms. COLLINS, Mr. JEFFORDS, Mr. LUGAR, Mr. TORRICELLI, Ms. SNOWE, and Mr. HOLLINGS):

S. 1473. A bill to amend section 2007 of the Social Security Act to provide grant funding for additional Empowerment Zones, Enterprise Communities, and Strategic Planning Communities, and for other purposes; to the Committee on Finance.

EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES ACT

• Mr. ROBB. Mr. President, I am pleased to introduce today important legislation that will help low-income rural and urban areas nationwide reinvigorate their communities.

The Empowerment Zones and Enterprise Communities Act will fully fund the Round II Enterprise Zones authorized by Congress in 1997. The Enterprise Zones/Enterprise Community (EZ/ECs) concept combines tax credits and social service grants to promote long-term economic revitalization. The most important aspect of Enterprise Zones are their inclusive approach—by design—so local government, the private sector and non-profit and civic groups together create a vision and a plan to implement that vision, with the federal government playing a supportive role rather than the lead role.

I'm sure many Senators can point with pride to the successes within their own states, but I'd like to take a moment to talk about the Norfolk-Portsmouth Enterprise Zone (EZ) in my state of Virginia. The Norfolk-Portsmouth EZ won its new designation in 1997. One of the many services Norfolk-Portsmouth provides through Norfolk Works, Inc. the entity implementing the many activities of the EZ, are GED classes and job training and apprenticeship programs. There's even a Multi-media Training Course, which includes an 15-week internship at a media company. Norfolk Works also recruits and screen applicants for jobs. And they don't do this alone: Norfolk Works coordinates with many agencies, organizations and businesses to help the residents within the Norfolk-Portsmouth Zone. Already, the Norfolk Works has produced impressive results—from May 1995 to June 1999, 60 percent of those completing training are employed with another 16% involved in additional training.

The success of the Norfolk-Portsmouth Enterprise Zone is just one example of the promise and results of Enterprise Zones. But unlike Round I EZ/ECs, Round II EZ/ECs did not receive the Social Service Block Grant (SSBG) that provides resources for social services such as job training and child care which complements the tax incentives and bonding authority already approved.

Communities competed for these designations with the understanding that Congress would give them the full funding to implement their vision. We have a responsibility to fulfill our obligations to these communities, that worked very hard to win the resources to make their vision a reality.

I look forward to working with our colleagues to fulfill this promise.●

ADDITIONAL COSPONSORS

S. 37

At the request of Mr. GRASSLEY, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 37, a bill to amend title XVIII of the Social Security Act to repeal the restriction on payment for certain hospital discharges to post-acute care imposed by section 4407 of the Balanced Budget Act of 1997.

S. 307

At the request of Mr. WYDEN, the name of the Senator from Minnesota (Mr. GRAMS) was added as a cosponsor of S. 307, a bill to amend title XVIII of the Social Security Act to eliminate the budget neutrality adjustment factor used in calculating the blended capitation rate for Medicare + Choice organizations.

S. 335

At the request of Mr. FEINGOLD, his name was added as a cosponsor of S. 335, a bill to amend chapter 30 of title 39, United States Code, to provide for the nonmailability of certain deceptive matter relating to games of chance, administrative procedures, orders, and civil penalties relating to such matter, and for other purposes.

At the request of Mr. HUTCHINSON, his name was added as a cosponsor of S. 335, supra.

At the request of Mr. ABRAHAM, his name was added as a cosponsor of S. 335, supra.

At the request of Ms. COLLINS, the names of the Senator from New Mexico (Mr. DOMENICI) and the Senator from Minnesota (Mr. WELLSTONE) were added as cosponsors of S. 335, supra.

At the request of Mr. LAUTENBERG, his name was added as a cosponsor of S. 335, supra.

S. 341

At the request of Mr. CRAIG, the names of the Senator from Alabama (Mr. SESSIONS) and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of S. 341, a bill to amend the Internal Revenue Code of 1986 to increase the amount allowable for qualified adoption expenses, to permanently extend the credit for adoption expenses, and to adjust the limitations on such credit for inflation, and for other purposes.

S. 472

At the request of Mr. GRASSLEY, the names of the Senator from Ohio (Mr. DEWINE) and the Senator from Massachusetts (Mr. KERRY) were added as cosponsors of S. 472, a bill to amend title XVIII of the Social Security Act to provide certain medicare beneficiaries with an exemption to the financial limitations imposed on physical, speech-language pathology, and occupational therapy services under part B of the medicare program, and for other purposes.

S. 635

At the request of Mr. MACK, the name of the Senator from New Hampshire (Mr. SMITH) was added as a cosponsor of S. 635, a bill to amend the Internal Revenue Code of 1986 to more accurately codify the depreciable life of printed wiring board and printed wiring assembly equipment.

S. 712

At the request of Mr. LOTT, the name of the Senator from Montana (Mr. BURNS) was added as a cosponsor of S. 712, a bill to amend title 39, United States Code, to allow postal patrons to contribute to funding for highway-rail grade crossing safety through the voluntary purchase of certain specially issued United States postage stamps.

S. 777

At the request of Mr. FITZGERALD, the name of the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 777, a bill to require the Department of Agriculture to establish an electronic filing and retrieval system to enable the public to file all required paperwork electronically with the Department and to have access to public information on farm programs, quarterly trade, economic, and production reports, and other similar information.

S. 935

At the request of Mr. LUGAR, the names of the Senator from Idaho (Mr. CRAIG), the Senator from Iowa (Mr. GRASSLEY), and the Senator from South Dakota (Mr. JOHNSON) were added as cosponsors of S. 935, a bill to amend the National Agricultural Research, Extension, and Teaching Policy Act of 1977 to authorize research to promote the conversion of biomass into biobased industrial products, and for other purposes.

S. 956

At the request of Ms. SNOWE, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 956, a bill to establish programs regarding early detection, diagnosis, and interventions for newborns and infants with hearing loss.

S. 1028

At the request of Mr. HATCH, the name of the Senator from Arkansas (Mrs. LINCOLN) was added as a cosponsor of S. 1028, a bill to simplify and expedite access to the Federal courts for injured parties whose rights and privileges, secured by the United States Constitution, have been deprived by final actions of Federal agencies, or other government officials or entities acting under color of State law, and for other purposes.

S. 1128

At the request of Mr. KYL, the names of the Senator from Oregon (Mr. WYDEN) and the Senator from New Hampshire (Mr. GREGG) were added as cosponsors of S. 1128, a bill to amend the Internal Revenue Code of 1986 to repeal the Federal estate and gift taxes and the tax on generation-skipping transfers, to provide for a carryover basis at death, and to establish a partial capital gains exclusion for inherited assets.

S. 1187

At the request of Mr. DORGAN, the name of the Senator from Georgia (Mr. CLELAND) was added as a cosponsor of S. 1187, a bill to require the Secretary of the Treasury to mint coins in commemoration of the bicentennial of the Lewis and Clark Expedition, and for other purposes.

S. 1239

At the request of Mr. GRAHAM, the name of the Senator from Alaska (Mr. MURKOWSKI) was added as a cosponsor of S. 1239, a bill to amend the Internal Revenue Code of 1986 to treat spaceports like airports under the exempt facility bond rules.

S. 1240

At the request of Mr. MURKOWSKI, the name of the Senator from Georgia (Mr. COVERDELL) was added as a cosponsor of S. 1240, a bill to amend the Internal Revenue Code of 1986 to provide a partial inflation adjustment for capital gains from the sale or exchange of timber.

S. 1268

At the request of Mr. HARKIN, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 1268, a bill to amend the Public Health Service Act to provide support for the modernization and construction of biomedical and behavioral research facilities and laboratory instrumentation.

S. 1269

At the request of Mr. MCCONNELL, the name of the Senator from Idaho (Mr. CRAIG) was added as a cosponsor of S. 1269, a bill to provide that the Federal Government and States shall be subject to the same procedures and substantive laws that would apply to persons on whose behalf certain civil actions may be brought, and for other purposes.

S. 1272

At the request of Mr. NICKLES, the name of the Senator from Missouri (Mr. BOND) was added as a cosponsor of S. 1272, a bill to amend the Controlled Substances Act to promote pain management and palliative care without permitting assisted suicide and euthanasia, and for other purposes.

S. 1303

At the request of Mr. MURKOWSKI, the name of the Senator from Georgia (Mr. COVERDELL) was added as a cosponsor of S. 1303, a bill to amend the Internal Revenue Code of 1986 to modify certain provisions relating to the treatment of forestry activities.

S. 1468

At the request of Mr. LOTT, the name of the Senator from Michigan (Mr. ABRAHAM) was added as a cosponsor of S. 1468, a bill to authorize the minting and issuance of Capitol Visitor Center Commemorative coins, and for other purposes.

SENATE CONCURRENT RESOLUTION 42

At the request of Mr. ROBB, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of Senate Concurrent Resolution 42, a concurrent resolution expressing the sense of the Congress that a commemorative postage stamp should be issued by the United States Postal Service honoring the members of the Armed Forces who have been awarded the Purple Heart.

SENATE RESOLUTION 95

At the request of Mr. THURMOND, the name of the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of Senate Resolution 95, a resolution designating August 16, 1999, as "National Airborne Day."

SENATE RESOLUTION 99

At the request of Mr. REID, the name of the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of Senate Resolution 99, a resolution designating November 20, 1999, as "National Survivors for Prevention of Suicide Day."

AMENDMENT NO. 1495

At the request of Mr. BAUCUS the names of the Senator from New Mexico (Mr. BINGAMAN), the Senator from Kansas (Mr. ROBERTS), the Senator from South Dakota (Mr. JOHNSON), and the Senator from Washington (Mrs. MURRAY) were added as cosponsors of amendment No. 1495 intended to be proposed to S. 1233, an original bill making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agenoies programs for the fiscal year ending September 30, 2000, and for other purposes.

SENATE CONCURRENT RESOLUTION 49—EXPRESSING THE SENSE OF CONGRESS REGARDING THE IMPORTANCE OF "FAMILY FRIENDLY" PROGRAMMING ON TELEVISION

Mr. VOINOVICH (for himself and Mr. LIEBERMAN) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 49

Whereas American children and adolescents spend between 22 and 28 hours per week viewing television—more than any other activity except sleeping;

Whereas American homes have an average of 2.75 television sets, and 87 percent of homes with children having more than one television set;

Whereas a very limited number of prime time programs are suitable for the entire family;

Whereas surveys of television content demonstrate that many programs contain substantial sexual and/or violent content;

Whereas parents are ultimately responsible for the appropriate supervision of their child's television viewing, and critical viewing and "co-viewing" of television programming with the child are especially important;

Whereas "family friendly" programming means programs which are relevant, interesting, and appropriate for audiences of all ages, including movies, series, documentaries, and informational programs aired during hours when children and adults might be together watching television (between 8:00 p.m. and 10:00 p.m.);

Whereas "family friendly" programming is of a type that the average viewer or parent would not be embarrassed to watch with children in the room and ideally presents an uplifting message;

Whereas efforts must be made by television networks, studios, and the production community to produce more quality family friendly programs and to air them during times when parents and children are likely to be viewing together;

Whereas members of the Forum on Family Friendly Programming market products and services to entire families and are concerned about the dwindling availability of family friendly television programs during prime time viewing hours; and

Whereas Congress encourages activities by the Forum and other entities designed to promote family friendly programming, including—

(1) participating in meetings with leadership of major television networks, studios, and production companies to share concerns;

(2) expressing the importance of family friendly programming at industry conferences, meetings, and forums;

(3) honoring outstanding family friendly television programs with a new tribute, the Family Program Awards, to be held annually in Los Angeles, California;

(4) establishing a development fund to finance family friendly scripts; and

(5) underwriting scholarships at television studies departments at institutions of higher education to encourage student interest in family friendly programming: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That Congress—

(1) recognizes and honors the efforts of the Forum on Family Friendly Programming and other entities supporting family friendly programming;

(2) supports efforts to encourage television networks, studios, and the production community to produce more quality family friendly programs;

(3) supports the Family Friendly Programming Awards, which will encourage, recognize, and celebrate creative excellence in, and commitment to, family friendly programming; and

(4) encourages the media and American advertisers to further a family friendly television environment within which appropriate advertisements can accompany the programming.

• Mr. VOINOVICH. Mr. President, I rise today along with my distinguished colleague from Connecticut, Senator LIEBERMAN, to submit a concurrent resolution recognizing the importance of expanding the amount of family friendly television programming, and the contributions that the Forum for Family Friendly Programming is undertaking to make this goal a reality.

One of the more frustrating aspects of being a parent in the United States is the fact that we cannot always protect our children from what they see and hear. Images and descriptions of violence, sex and drug and alcohol consumption permeate our culture, but nowhere are these depicted more readily than on television. Recent studies support the theory that children exposed to violent video programming at a young age have a higher tendency to engage in violent and aggressive behavior later in life. Even more distressing is that children witness an average of five violent acts per hour on primetime television and 200,000 acts of violence on television by the time they are 18 years old. There is no doubt that this exposure threatens the healthy development of our children.

For families that have both parents working, it's becoming harder for them to keep track of what their children watch after school or during the summer months. More likely than not, a child will pick up the television clicker before he or she will pick up a book. Indeed, each week, the average child will watch 22–28 hours of television, which is more time than he or she spends on any outside activity other than sleeping.

The trick for parents is to establish good viewing habits for their child—as well as the entire family—that emphasize quality programming and are suited to the age of the child. While there is generally a variety of quality children's programming throughout the morning and afternoon hours, the concern for many parents is the content of evening programming. Right now, most parents indicate that the so-called "family viewing" time of evening—traditionally between 8:00 and 10:00 p.m.—often contains programming that they feel is inappropriate for their children. It is important that broadcasters recognize that the daily "family viewing" period needs to focus more on programming that is actually family friendly; shows that parents and children can readily watch together.

No one can replace the good judgment of a parent in determining what a child watches on television. However, parents can use all the help they can get in ensuring that more family oriented shows are aired during the evening hours.

To help in this endeavor, a number of our nation's largest companies have joined together to establish the Forum for Family Friendly Programming. Like many American families, the members of the Forum are concerned that fewer and fewer television programs are specifically geared towards the entire family. They are concerned, also, that too many of the programs that our children view contain storylines, language and characters to which they should not be exposed.

Most of the companies that belong to the Forum are sponsors of a wide range of television programs, but they believe that more family-friendly television programming, including movies, documentaries, series or informational programs that are interesting or relevant to a broad audience, will actually appeal to more families.

Right now, the members of the Forum for Family Friendly Programming are working with and in the entertainment community on a variety of initiatives on family friendly programming including: meetings with industry leaders; speeches and discussions at industry meetings and conferences; award tributes to family friendly television programs; a development fund for family friendly scripts; university scholarships in television studies departments to encourage student interest in family friendly programming; and a public awareness campaign to promote more family friendly programming.

Mr. President, as a father and a grandfather, I am deeply concerned about the healthy development of all of our nation's children. Since the future of our country depends upon our children, we must do all that we can to limit their exposure to negative influences and provide them with as safe and nurturing an environment as possible. Therefore, I encourage efforts that will expand the number of quality family programs that are shown on television, and I congratulate the Forum for Family Friendly Programming on their leadership towards that goal.

I believe that passage of this resolution honoring the Forum's commitment will help raise awareness and inspire others in the business world to align themselves with the goal of bringing quality television to our nation's families. I am pleased to join with my colleague, Senator LIEBERMAN, who has been a leader in the Senate on addressing the needs of our children, and I urge my colleagues to join us in co-sponsoring this resolution, and calling for it's speedy consideration by the Senate.●

SENATE RESOLUTION 170—RECOGNIZING LAWRENCEBURG, TENNESSEE, AS THE BIRTHPLACE OF SOUTHERN GOSPEL MUSIC

Mr. THOMPSON submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 170

Whereas Lawrenceburg, Tennessee, is the home of many of the first major southern gospel music songwriters, including such songwriters as James D. Vaughan, Adger Pace, James Rowe, G. T. Speer, and William Walbert;

Whereas Lawrenceburg, Tennessee, is the home of the first professional southern gospel music quartet, which was founded by James D. Vaughan in 1910;

Whereas Lawrenceburg, Tennessee, is the home of the first southern gospel music radio station WOAN, which was founded in 1922;

Whereas Lawrenceburg, Tennessee, is the home of the Vaughan School of Music, which helped train the first generation of southern gospel music artists and songwriters, including V. O. Stamps, Frank Stamps, the LeFevers, and the Speers;

Whereas Lawrenceburg, Tennessee, is the home of the *Vaughan Family Visitor*, the first influential southern gospel music newspaper which was published from 1914 to 1964;

Whereas Lawrenceburg, Tennessee, is the home of the James D. Vaughan Music Company, which has published millions of shape-note southern gospel music songbooks from the date of its founding in 1902 until 1964; and

Whereas the Southern Gospel Music Association recognizes Lawrenceburg, Tennessee, as the official birthplace of southern gospel music; Now, therefore, be it

Resolved

SECTION 1. RECOGNITION OF LAWRENCEBURG, TENNESSEE AS THE BIRTHPLACE OF SOUTHERN GOSPEL MUSIC.

The Senate—

(1) recognizes Lawrenceburg, Tennessee, as the birthplace of southern gospel music; and

(2) requests that the President issue a proclamation honoring Lawrenceburg, Tennessee, as such a birthplace.

Mr. THOMPSON. Mr. President, today I rise to submit a resolution recognizing my hometown of Lawrenceburg, TN, as the official birthplace of Southern Gospel Music.

Lawrenceburg is not a large town by any means, nor is it altogether prominent in the political landscape. What this humble town lacks in size, however, it more than makes up for with its importance in the history of American music. Since the turn of the 20th century, Lawrenceburg has been the home of Southern Gospel Music, a musical tradition embraced and perpetuated by talented and dedicated artists.

The roots of Southern Gospel Music reach back to some of the most gifted songwriters of our time, such as Adger Pace, James Rowe, G.T. Speer, William Walbert, and the great James D. Vaughan. Vaughan went on to found the first Southern Gospel Music quartet in Lawrenceburg in 1910. He also founded, in Lawrenceburg, the Vaughan School of Music and the James D. Vaughan Music Company. This school helped train the first generation of Southern Gospel Music artists, such as V.O. Stamps, Frank Stamps, the Speers, and the LeFevers, while the music company published millions of shape-note Southern Gospel Music songbooks during its existence from 1902 until 1964.

Lawrenceburg was also integral in getting the word out to the world that Southern Gospel Music was on its way. Along with the many traveling quartets originating from the training ground of the Vaughan School of Music, Lawrenceburg was the home of the first influential Southern Gospel Music newspaper, The Vaughan Family Visitor, which began publication in 1914. Eight short years later the first Southern Gospel Music radio station WOAN was founded, also in Lawrenceburg.

With the endorsement of the Southern Gospel Music Association, which has designated Lawrenceburg the birthplace of Southern Gospel Music, I proudly ask my colleagues to support this resolution recognizing Lawrenceburg, TN, as the official birthplace of Southern Gospel Music.

SENATE RESOLUTION 171—EXPRESSING THE SENSE OF THE SENATE THAT THE PRESIDENT SHOULD RENEGOTIATE THE EXTRADITION TREATY BETWEEN THE UNITED STATES OF AMERICA AND THE UNITED MEXICAN STATES

Mr. TORRICELLI submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 171

Whereas, under the Extradition Treaty Between the United States of America and the United Mexican States, Mexico refused to extradite murder suspect and United States citizen Jose Luis Del Toro to the United States until the State of Florida agreed not to exercise its right to seek capital punishment in its criminal prosecution of him;

Whereas under the Extradition Treaty Mexico has refused to extradite other suspects of capital crimes; and

Whereas the Extradition Treaty interferes with the justice system of the United States and encourages criminals to flee to Mexico: Now, therefore, be it

Resolved,

SECTION 1. SENSE OF THE SENATE REGARDING THE RENEGOTIATION OF THE UNITED STATES-MEXICAN EXTRADITION TREATY.

It is the sense of the Senate that the President should renegotiate the Extradition Treaty Between the United States of America and the United Mexican States, signed in Mexico City in 1978 (31 U.S.T. 5059), so that the possibility of capital punishment will not interfere with the timely extradition of criminal suspects from Mexico to the United States.

Mr. TORRICELLI. Mr. President, I rise today to introduce a resolution regarding our extradition treaty with Mexico. This resolution expresses the sense of the Senate that the United States renegotiate our extradition treaty to allow for the possibility of capital punishment. The case of Jose Luis del Toro has made the need for this resolution clear.

When Sheila Bellush was brutally murdered in November 1997, her accused murderer, Jose Luis del Toro, fled to Mexico to escape prosecution in the United States. From this time forward, there has been little consolation for the Bellush family, and a great deal of hardship. While Del Toro was apprehended in Mexico just 13 days later, a nightmare of government delays and roadblocks prevented his extradition to the United States.

The details of Sheila Bellush's murder are shocking. By all accounts, her four 23-month-old quadruplets probably witnessed their mother's murder, and wandered around in her blood trying to wake her up for as many as 4 or 5 hours before the 13-year-old daughter came home from school and found Mrs. Bellush's body.

There is overwhelming evidence that Del Toro was involved in the murder. The Sarasota police believe that he was, in fact, the gunman in a murder-for-hire scheme. Del Toro's cousin works at a golf course where Bellush's ex-husband plays golf. That cousin and one of the ex-husband's golfing partners have been arrested as co-conspirators. On the day of the murder, Del Toro asked directions to the Bellush house and left a clear fingerprint at the scene. He had directions to the Bellush house in his car, which was seen near the crime, and he stayed in a nearby motel, where a .45 caliber bullet was found, like the one used in the murder.

The Mexican government refused his extradition unless the United States agreed to waive the death penalty. Amazingly, we approved such a provision in the U.S.-Mexico Extradition Treaty of 1978. This agreement allows Mexico the right to refuse extradition if the death penalty may be applicable in the case. In the Bellush case, this provision allowed Del Toro to evade prosecution for over a year while awaiting his extradition.

I became involved in this case when Jamie Bellush moved their six children to Newton, New Jersey, and sought my help with Del Toro's extradition. I was in constant contact with the Justice and State Departments and the Mexican Embassy urging them to move quickly in returning Del Toro. The Mexican Government has since honored our request, and extradited Mr. Del Toro to Florida to stand trial. However, I believe that the U.S. should still move to renegotiate our extradition treaty with Mexico and prevent this unfortunate series of events from happening to other families in the future. I look forward to working with this Congress to pass this resolution.

AMENDMENTS SUBMITTED

DECEPTIVE MAIL PREVENTION AND ENFORCEMENT ACT

COLLINS (AND LEVIN) AMENDMENT NO. 1497

Ms. COLLINS (for herself and Mr. LEVIN) proposed an amendment to the bill (S. 335) to amend chapter 30 of title 39, United States Code, to provide for the nonmailability of certain deceptive matter relating to games of chance, administrative procedures, orders, and civil penalties relating to such matter, and for other purposes; as follows:

On page 19, insert between lines 22 and 23 the following:

“(A) ‘clearly and conspicuously displayed’ means presented in a manner that is readily noticeable, readable, and understandable to the group to whom the applicable matter is disseminated;

On page 19, line 23, strike “(A)” and insert “(B)”.

On page 20, line 1, strike “(B)” and insert “(C)”.

On page 20, line 9, strike “(C)” and insert “(D)”.

On page 20, line 21, insert “prominently” after “that”.

On page 21, line 1, insert “prominently” after “that”.

On page 21, lines 4 and 5, strike “an entry from such materials” and insert “such entry”.

On page 21, lines 8 and 9, strike “, in language that is easy to find, read, and understand”.

On page 21, line 15, strike “clearly”.

On page 22, line 5, insert “or” after the semicolon.

On page 22, line 11, strike “or” after the semicolon.

On page 22, strike lines 12 through 17.

On page 22, lines 23 and 24, strike “, in language that is easy to find, read and understand”.

On page 23, line 1, strike “clearly and conspicuously”.

On page 23, line 6, strike “clearly”.

On page 34, line 1, strike all through page 39, line 23, and insert the following:

SEC. 8. REQUIREMENTS OF PROMOTERS OF SKILL CONTESTS OR SWEEPSTAKES MAILINGS.

(a) IN GENERAL.—Chapter 30 of title 39, United States Code (as amended by section 7 of this Act) is amended by adding after section 3016 the following:

“§ 3017. Nonmailable skill contests or sweepstakes matter; notification to prohibit mailings

“(a) DEFINITIONS.—In this section, the term—

“(1) ‘promoter’ means any person who—

“(A) originates and mails any skill contest or sweepstakes, except for any matter described under section 3001(k)(4); or

“(B) originates and causes to be mailed any skill contest or sweepstakes, except for any matter described under section 3001(k)(4);

“(2) ‘removal request’ means a request stating that an individual elects to have the name and address of such individual excluded from any list used by a promoter for mailing skill contests or sweepstakes;

“(3) ‘skill contest’ means a puzzle, game, competition, or other contest in which—

“(A) a prize is awarded or offered;

“(B) the outcome depends predominately on the skill of the contestant; and

“(C) a purchase, payment, or donation is required or implied to be required to enter the contest; and

“(4) ‘sweepstakes’ means a game of chance for which no consideration is required to enter.

“(b) NONMAILABLE MATTER.—

“(1) IN GENERAL.—Matter otherwise legally acceptable in the mails described under paragraph (2)—

“(A) is nonmailable matter;

“(B) shall not be carried or delivered by mail; and

“(C) shall be disposed of as the Postal Service directs.

“(2) NONMAILABLE MATTER DESCRIBED.—Matter that is nonmailable matter referred to under paragraph (1) is any matter that—

“(A) is a skill contest or sweepstakes, except for any matter described under section 3001(k)(4); and

“(B)(i) is addressed to an individual who made an election to be excluded from lists under subsection (d); or

“(ii) does not comply with subsection (c)(1).

“(c) REQUIREMENTS OF PROMOTERS.—

“(1) NOTICE TO INDIVIDUALS.—Any promoter who mails a skill contest or sweepstakes shall provide with each mailing a statement that—

“(A) is clearly and conspicuously displayed;

“(B) includes the address or toll-free telephone number of the notification system established under paragraph (2); and

“(C) states that the notification system may be used to prohibit the mailing of all skill contests or sweepstakes by that promoter to such individual.

“(2) NOTIFICATION SYSTEM.—Any promoter that mails or causes to be mailed a skill contest or sweepstakes shall establish and maintain a notification system that provides for any individual (or other duly authorized person) to notify the system of the individual's election to have the name and address of the individual excluded from all lists of names and addresses used by that promoter to mail any skill contest or sweepstakes.

“(d) ELECTION TO BE EXCLUDED FROM LISTS.—

“(1) IN GENERAL.—An individual (or other duly authorized person) may elect to exclude the name and address of that individual from all lists of names and addresses used by a promoter of skill contests or sweepstakes by submitting a removal request to the notification system established under subsection (c).

"(2) RESPONSE AFTER SUBMITTING REMOVAL REQUEST TO THE NOTIFICATION SYSTEM.—Not later than 35 calendar days after a promoter receives a removal request pursuant to an election under paragraph (1), the promoter shall exclude the individual's name and address from all lists of names and addresses used by that promoter to select recipients for any skill contest or sweepstakes.

"(3) EFFECTIVENESS OF ELECTION.—An election under paragraph (1) shall remain in effect, unless an individual (or other duly authorized person) notifies the promoter in writing that such individual—

"(A) has changed the election; and

"(B) elects to receive skill contest or sweepstakes mailings from that promoter.

"(e) PROMOTER NONLIABILITY.—A promoter shall not be subject to civil liability for the exclusion of an individual's name or address from any list maintained by that promoter for mailing skill contests or sweepstakes, if—

"(1) a removal request is received by the promoter's notification system; and

"(2) the promoter has a good faith belief that the request is from—

"(A) the individual whose name and address is to be excluded; or

"(B) another duly authorized person.

"(f) PROHIBITION ON COMMERCIAL USE OF LISTS.—

"(1) IN GENERAL.—

"(A) PROHIBITION.—No person may provide any information (including the sale or rental of any name or address) derived from a list described under subparagraph (B) to another person for commercial use.

"(B) LISTS.—A list referred to under subparagraph (A) is any list of names and addresses (or other related information) compiled from individuals who exercise an election under subsection (d).

"(2) CIVIL PENALTY.—Any person who violates paragraph (1) shall be assessed a civil penalty by the Postal Service not to exceed $2,000,000 per violation.

"(g) CIVIL PENALTIES.—

"(1) IN GENERAL.—Any promoter—

"(A) who recklessly mails nonmailable matter in violation of subsection (b) shall be liable to the United States in an amount of $10,000 per violation for each mailing to an individual of nonmailable matter; or

"(B) who fails to comply with the requirements of subsection (c)(2) shall be liable to the United States.

"(2) ENFORCEMENT.—The Postal Service shall assess civil penalties under this section.".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—The table of sections for chapter 30 of title 39, United States Code, is amended by adding after the item relating to section 3016 the following:

"3017. Nonmailable skill contests or sweepstakes matter; notification to prohibit mailings.".

(c) EFFECTIVE DATE.—This section shall take effect 1 year after the date of enactment of this Act.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

MOYNIHAN AMENDMENT NO. 1498

(Ordered to lie on the table.)

Mr. MOYNIHAN submitted an amendment intend to be proposed by him to the bill (H.R. 2466) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 2000, and for other purposes; as follows:

On page 2, lines 13 and 14, strike "$634,321,000, to remain available until expended, of" and insert "$634,221,000, to remain available until expended, of which not more than $27,406,000 shall be available for annual maintenance relating to transportation and facilities maintenance and of".

On page 16, line 12, strike "$1,355,176,000, of" and insert "$1,354,976,000, of which not more than $247,805,000 shall be available for resource stewardship relating to park management and not more than $431,981,000 shall be available for maintenance relating to park management and of".

On page 17, lines 19 and 20, strike "$221,093,000, to remain available until expended, of" and insert "$220,893,000, to remain available until expended, of which not more than $32,840,000 shall be available for special programs relating to buildings and utilities and not more than $17,000,000 shall be available for construction program management and operations relating to buildings and utilities and of".

On page 27, lines 22 through 24, strike "$1,631,996,000, to remain available until September 30, 2001 except as otherwise provided herein, of" and insert "$1,631,896,000, to remain available until September 30, 2001 except as otherwise provided herein, of which not more than $131,065,000 shall be available for public safety and justice programs relating to special programs and pooled overhead and of".

On page 29, lines 18 and 19, strike "$146,884,000, to remain available until expended:" and insert "$146,784,000, to remain available until expended, of which not more than $82,277,000 shall be available for education relating to construction:".

On page 64, lines 17 and 18, strike "$362,095,000, to remain available until expended" and insert "$361,895,000, to remain available until expended, of which not more than $54,713,000 shall be available for facilities maintenance and not more than $20,345,000 shall be available for trails maintenance,".

On page 82, lines 13 and 14, strike "$2,135,561,000, together with payments received during the fiscal year pursuant to 42 U.S.C. 238(b) for services furnished by the Indian Health Service:" and insert "$2,135,461,000, together with payments received during the fiscal year pursuant to section 231(b) of the Public Health Service Act (42 U.S.C. 238(b)) for services furnished by the Indian Health Service, of which not more than $991,890,000 shall be available for hospital and health clinic programs relating to Indian Health Service and tribal health delivery, and relating to clinical services:".

On page 96, line 5, strike "$23,905,000" and insert "$24,905,000".

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

DASCHLE (AND OTHERS) AMENDMENT NO. 1499

Mr. LOTT (for Mr. DASCHLE (for himself, Mr. HARKIN, Mr. DORGAN, Mr. KERREY, Mr. JOHNSON, Mr. CONRAD, Mr. BAUCUS, Mr. DURBIN, Mr. WELLSTONE, Mrs. LINCOLN, Mr. SARBANES, and Ms. MIKULSKI)) proposed an amendment to the bill (S. 1233) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2000, and for other purposes; as follows:

On page 76, between lines 6 and 7, insert the following:

SEC. 7 . EMERGENCY AND INCOME LOSS ASSISTANCE.—(a) ADDITIONAL CROP LOSS ASSISTANCE.—

(1) IN GENERAL.—Except as provided in paragraph (2), in addition to amounts that have been made available to carry out section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1421 note; Public Law 105–277) under other law, the Secretary of Agriculture (referred to in this section as the 'Secretary') shall use not more than $756,000,000 of funds of the Commodity Credit Corporation to provide crop loss assistance in accordance with that section in a manner that, to the maximum extent practicable—

(A) fully compensates agricultural producers for crop losses in accordance with that section (including regulations promulgated to carry out that section); and

(B) provides equitable treatment under that section for agricultural producers described in subsections (b) and (c) of that section.

(2) CROP INSURANCE.—Of the total amount made available under paragraph (1), the Secretary shall use not less than $400,000,000 to assist agricultural producers in purchasing additional coverage for the 2000 crop year under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

(3) COMPENSATION FOR DENIAL OF CROP LOSS ASSISTANCE BASED ON TAXPAYER IDENTIFICATION NUMBERS.—The Secretary shall use not more than $70,000,000 of funds of the Commodity Credit Corporation to make payments to producers on a farm that were denied crop loss assistance under section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1421 note; Public Law 105–277), as the result of a change in the taxpayer identification numbers of the producers if the Secretary determines that the change was not made to create an advantage for the producers in the crop insurance program through lower premiums or higher actual production histories.

(b) INCOME LOSS ASSISTANCE.—

(1) IN GENERAL.—The Secretary shall use not more than $6,373,000,000 of funds of the Commodity Credit Corporation to provide (on an equitable basis among producers, as determined by the Secretary) supplemental loan deficiency payments to producers on a farm that are eligible for marketing assistance loans for the 1999 crop of a commodity under section 131 of the Agricultural Market Transition Act (7 U.S.C. 7231).

(2) PAYMENT LIMITATION.—The total amount of the payments that a person may receive under paragraph (1) during any crop year may not exceed $40,000.

(3) PRODUCERS WITHOUT PRODUCTION.—The payments made available under this subsection shall be provided (on an equitable basis among producers, according to actual production history, as determined by the Secretary) to producers with failed acreage, or acreage on which planting was prevented, due to circumstances beyond the control of the producers.

(4) TIME FOR PAYMENT.—The assistance made available under this subsection for an eligible owner or producer shall be provided as soon as practicable after the date of enactment of this Act by providing advance payments that are based on expected production and by taking such measures as are determined appropriate by the Secretary.

(5) DAIRY PRODUCERS.—

(A) IN GENERAL.—Of the total amount made available under paragraph (1), $400,000,000 shall be available to provide assistance to dairy producers in a manner determined by the Secretary.

(B) FEDERAL MILK MARKETING ORDERS.—Payments made under this subsection shall not affect any decision with respect to rulemaking activities under section 143 of the Agricultural Market Transition Act (7 U.S.C. 7253).

(6) PEANUTS.—

(A) IN GENERAL.—Of the total amount made available under paragraph (1), the Secretary shall use not to exceed $45,000,000 to provide payments to producers of quota peanuts or additional peanuts to partially compensate the producers for the loss of markets for the 1998 crop of peanuts.

(B) AMOUNT.—The amount of a payment made to producers on a farm of quota peanuts or additional peanuts under subparagraph (A) shall be equal to the product obtained by multiplying—

(i) the quantity of quota peanuts or additional peanuts produced or considered produced by the producers under section 155 of the Agricultural Market Transition Act (7 U.S.C. 7271); by

(ii) an amount equal to 5 percent of the loan rate established for quota peanuts or additional peanuts, respectively, under section 155 of that Act.

(7) TOBACCO GROWER ASSISTANCE.—The Secretary shall provide $328,000,000 to be distributed to tobacco growers according to the formulas established pursuant to the National Tobacco Grower Settlement Trust.

(c) FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32).—

(1) IN GENERAL.—For an additional amount for the fund maintained for funds made available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), there is appropriated, out of any money in the Treasury not otherwise appropriated, $500,000,000.

(2) SET-ASIDE FOR CERTAIN LIVESTOCK PRODUCERS.—Of the funds made available by paragraph (1), the Secretary shall use not more than $200,000,000 to provide assistance to livestock producers—

(A) the operations of which are located in counties with respect to which during 1999 a natural disaster was declared for losses due to excessive heat or drought by the Secretary, or a major disaster or emergency was declared for losses due to excessive heat or drought by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.); and

(B) that experienced livestock losses as a result of the declared disaster or emergency.

(3) WAIVER OF COMMODITY LIMITATION.—In providing assistance under this subsection, the Secretary may waive the limitation established under the second sentence of the second paragraph of section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), on the amount of funds that may be devoted to any 1 agricultural commodity or product.

(d) EMERGENCY LIVESTOCK ASSISTANCE.—For an additional amount to provide emergency livestock assistance, there is appropriated, out of any money in the Treasury not otherwise appropriated, $150,000,000.

(e) COMMODITY PURCHASES AND HUMANITARIAN DONATIONS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary shall use not less than $978,000,000 of funds of the Commodity Credit Corporation for the purchase and distribution of agricultural commodities, under applicable food aid authorities, including—

(A) section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b));

(B) the Food for Progress Act of 1985 (7 U.S.C. 1736o); and

(C) the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.).

(2) LEAST DEVELOPED COUNTRIES.—Not less than 40 percent of the commodities distributed pursuant to this subsection shall be made available to least developed countries, as determined by the Secretary.

(3) LOCAL CURRENCIES.—To the maximum extent practicable, local currencies generated from the sale of commodities under this subsection shall be used for development purposes that foster United States agricultural exports.

(f) UPLAND COTTON PRICE COMPETITIVENESS.—

(1) IN GENERAL.—Section 136(a) of the Agricultural Market Transition Act (7 U.S.C. 7236(a)) is amended—

(A) in paragraph (1), by inserting "(in the case of each of the 1999–2000, 2000–2001, and 2001–2002 marketing years for upland cotton, at the option of the recipient)" after "or cash payments";

(B) by inserting "(or, in the case of each of the 1999–2000, 2000–2001, and 2001–2002 marketing years for upland cotton, 1.25 cents per pound)" after "3 cents per pound" each place it appears;

(C) in paragraph (3), by striking subparagraph (A) and inserting the following:

"(A) REDEMPTION, MARKETING, OR EXCHANGE.—

"(i) IN GENERAL.—The Secretary shall establish procedures for redeeming marketing certificates for cash or marketing or exchange of the certificates for—

"(I) except as provided in subclause (II), agricultural commodities owned by the Commodity Credit Corporation in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates; or

"(II) in the case of each of the 1999–2000, 2000–2001, and 2001–2002 marketing years for upland cotton, agricultural commodities owned by the Commodity Credit Corporation or pledged to the Commodity Credit Corporation as collateral for a loan in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates, including enhancing the competitiveness and marketability of United States cotton.

"(ii) PRICE RESTRICTIONS.—Any price restrictions that would otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this subparagraph."; and

(D) in paragraph (4), by inserting before the period at the end the following: ", except that this paragraph shall not apply to each of fiscal years 2000, 2001, and 2002".

(2) ENSURING THE AVAILABILITY OF UPLAND COTTON.—Section 136(b) of the Agricultural Market Transition Act (7 U.S.C. 7236(b)) is amended—

(A) in paragraph (1), by striking "The" and inserting "Except as provided in paragraph (7), the"; and

(B) by adding at the end the following:

"(7) 1999–2000, 2000–2001, AND 2001–2002 MARKETING YEARS.—

"(A) IN GENERAL.—In the case of each of the 1999–2000, 2000–2001, and 2001–2002 marketing years for upland cotton, the President shall carry out an import quota program as provided in this paragraph.

"(B) PROGRAM REQUIREMENTS.—Except as provided in subparagraph (C), whenever the Secretary determines and announces that for any consecutive 4-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1$\frac{3}{32}$-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under subsection (a), exceeds the Northern Europe price by more than 1.25 cents per pound, there shall immediately be in effect a special import quota.

"(C) TIGHT DOMESTIC SUPPLY.—During any month for which the Secretary estimates the season-ending United States upland cotton stocks-to-use ratio, as determined under subparagraph (D), to be below 16 percent, the Secretary, in making the determination under subparagraph (B), shall not adjust the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1$\frac{3}{32}$-inch cotton, delivered C.I.F. Northern Europe, for the value of any certificates issued under subsection (a).

"(D) SEASON-ENDING UNITED STATES STOCKS-TO-USE RATIO.—For the purposes of making estimates under subparagraph (C), the Secretary shall, on a monthly basis, estimate and report the season-ending United States upland cotton stocks-to-use ratio, excluding projected raw cotton imports but including the quantity of raw cotton that has been imported into the United States during the marketing year.

"(E) LIMITATION.—The quantity of cotton entered into the United States during any marketing year described in subparagraph (A) under the special import quota established under this paragraph may not exceed the equivalent of 5 weeks' consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the 3 months immediately preceding the first special import quota established in any marketing year.".

(3) REMOVAL OF SUSPENSION OF MARKETING CERTIFICATE AUTHORITY.—Section 171(b)(1)(G) of the Agricultural Market Transition Act (7 U.S.C. 7301(b)(1)(G)) is amended by inserting before the period at the end the following: ", except that this subparagraph shall not apply to each of the 1999–2000, 2000–2001, and 2001–2002 marketing years for upland cotton".

(4) REDEMPTION OF MARKETING CERTIFICATES.—Section 115 of the Agricultural Act of 1949 (7 U.S.C. 1445k) is amended—

(A) in subsection (a)—

(i) by striking "rice (other than negotiable marketing certificates for upland cotton or rice)" and inserting "rice, including the issuance of negotiable marketing certificates for upland cotton or rice";

(ii) in paragraph (1), by striking "and" at the end;

(iii) in paragraph (2), by striking the period at the end and inserting "; and"; and

(iv) by adding at the end the following:

"(3) redeem negotiable marketing certificates for cash under such terms and conditions as are established by the Secretary."; and

(B) in the second sentence of subsection (c), by striking "export enhancement program or the marketing promotion program established under the Agricultural Trade Act of 1978" and inserting "market access program or the export enhancement program established under sections 203 and 301 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623, 5651)".

(g) FARM SERVICE AGENCY.—For an additional amount for the Farm Service Agency, there is appropriated, out of any money in the Treasury not otherwise appropriated, $140,000,000, of which—

(1) $40,000,000 shall be used for salaries and expenses of the Farm Service Agency; and

(2) $100,000,000 shall be used for direct or guaranteed farm ownership, operating, or emergency loans under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.),

(h) STATE MEDIATION GRANTS.—For an additional amount for grants pursuant to section 502(b) of the Agricultural Credit Act of 1987 (7 U.S.C. 5102(b)), there is appropriated, out of any money in the Treasury not otherwise appropriated, $2,000,000.

(i) DISASTER RESERVE.—

(1) IN GENERAL.—For the disaster reserve established under section 813 of the Agricultural Act of 1970 (7 U.S.C. 1427a), there is appropriated, out of any money in the Treasury not otherwise appropriated, $500,000,000.

(2) CROP AND LIVESTOCK CASH INDEMNITY PAYMENTS.—Notwithstanding any other provision of law, the Secretary may use the amount made available under this subsection to carry out a program to provide crop or livestock cash indemnity payments to agricultural producers for the purpose of remedying losses caused by damaging weather or related condition resulting from a natural or major disaster or emergency.

(3) COMMERCIAL FISHERIES FAILURE.—Notwithstanding any other provision of law, the Secretary shall provide $15,000,000 of the amount made available under this section to the Department of Commerce to provide emergency disaster assistance to persons or entities that have incurred losses from a commercial fishery failure described in section 308(b)(1) of the Interjurisdictional Fisheries Act of 1986 (16 U.S.C. 4107(b)) with respect to a Northeast multispecies fishery.

(j) FLOODED LAND RESERVE PROGRAM.—For an additional amount to carry out a flooded land reserve program in a manner that is consistent with section 1124 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1421 note; Public Law 105–277), there is appropriated, out of any money in the Treasury not otherwise appropriated, $250,000,000.

(k) EMERGENCY SHORT-TERM LAND DIVERSION.—For an additional amount to carry out an emergency short-term land diversion program, there is appropriated, out of any money in the Treasury not otherwise appropriated, $200,000,000.

(l) GRAIN INSPECTION, PACKERS, AND STOCKYARDS ADMINISTRATION.—For an additional amount for the Grain Inspection, Packers, and Stockyards Administration to support rapid response teams to enforce the Packers and Stockyards Act, 1921 (7 U.S.C. 181 et seq.), there is appropriated, out of any money in the Treasury not otherwise appropriated, $1,000,000.

(m) WATERSHED AND FLOOD PREVENTION OPERATIONS.—For an additional amount for watershed and flood prevention operations to repair damage to waterways and watersheds resulting from natural disasters, there is appropriated, out of any money in the Treasury not otherwise appropriated, $60,000,000.

(n) EMERGENCY CONSERVATION PROGRAM.—For an additional amount for the emergency conservation program authorized under sections 401, 402, and 404 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201, 2202, 2204) for expenses resulting from natural disasters, there is appropriated, out of any money in the Treasury not otherwise appropriated, $30,000,000.

(o) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—

(1) IN GENERAL.—For an additional amount for the environmental quality incentives program established under chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.), there is appropriated, out of any money in the Treasury not otherwise appropriated, $52,000,000.

(2) LIVESTOCK NUTRIENT MANAGEMENT PLANS.—The Secretary shall provide a priority in the use of funds made available under paragraph (1) to implementing livestock nutrient management plans.

(p) WETLANDS RESERVE PROGRAM.—For an additional amount for the wetlands reserve program established under subchapter C of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3837 et seq.), there is appropriated, out of any money in the Treasury not otherwise appropriated, $70,000,000.

(q) FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.—For an additional amount for the foreign market development cooperator program established under section 702 of the Agricultural Trade Act of 1978 (7 U.S.C. 5722), there is appropriated, out of any money in the Treasury not otherwise appropriated, $10,000,000.

(r) RURAL ECONOMIC ASSISTANCE.—For an additional amount for rural economic assistance, there is appropriated, out of any money in the Treasury not otherwise appropriated, $150,000,000, of which—

(1) $100,000,000 shall be used for rural economic development, with the highest priority given to the most economically disadvantaged rural communities; and

(2) $50,000,000 shall be used to establish and carry out a program of revolving loans for the support of farmer-owned cooperatives.

(s) MANDATORY PRICE REPORTING.—For an additional amount to carry out a program of mandatory price reporting for livestock and livestock products, on enactment of a law establishing the program, there is appropriated, out of any money in the Treasury not otherwise appropriated, $4,000,000.

(t) LABELING OF IMPORTED MEAT AND MEAT FOOD PRODUCTS.—

(1) DEFINITIONS.—Section 1 of the Federal Meat Inspection Act (21 U.S.C. 601) is amended by adding at the end the following:

"(w) BEEF.—The term 'beef' means meat produced from cattle (including veal).

"(x) IMPORTED BEEF.—The term 'imported beef' means beef that is not United States beef, whether or not the beef is graded with a quality grade issued by the Secretary.

"(y) IMPORTED LAMB.—The term 'imported lamb' means lamb that is not United States lamb, whether or not the lamb is graded with a quality grade issued by the Secretary.

"(z) IMPORTED PORK.—The term 'imported pork' means pork that is not United States pork.

"(aa) LAMB.—The term 'lamb' means meat, other than mutton, produced from sheep.

"(bb) PORK.—The term 'pork' means meat produced from hogs.

"(cc) UNITED STATES BEEF.—

"(1) IN GENERAL.—The term 'United States beef' means beef produced from cattle slaughtered in the United States.

"(2) EXCLUSION.—The term 'United States beef' does not include beef produced from cattle imported into the United States in sealed trucks for slaughter.

"(dd) UNITED STATES LAMB.—

"(1) IN GENERAL.—The term 'United States lamb' means lamb produced from sheep slaughtered in the United States.

"(2) EXCLUSION.—The term 'United States lamb' does not include lamb produced from sheep imported into the United States in sealed trucks for slaughter.

"(ee) UNITED STATES PORK.—

"(1) IN GENERAL.—The term 'United States pork' means pork produced from hogs slaughtered in the United States.

"(2) EXCLUSION.—The term 'United States pork' does not include pork produced from hogs imported into the United States in sealed trucks for slaughter.".

(2) MISBRANDING.—Section 1(n) of the Federal Meat Inspection Act (21 U.S.C. 601(n)) is amended—

(A) in paragraph (11), by striking "or" at the end;

(B) in paragraph (12), by striking the period at the end and inserting "; or"; and

(C) by adding at the end the following:

"(13)(A) if it is imported beef, imported lamb, or imported pork offered for retail sale as muscle cuts of beef, lamb, or pork and does not bear a label that identifies its country of origin;

"(B) if it is United States beef, United States lamb, or United States pork offered for retail sale as muscle cuts of beef, lamb, or pork, and does not bear a label that identifies its country of origin; or

"(C) if it is United States or imported ground beef, ground lamb, or ground pork and is not accompanied by labeling that identifies it as United States beef, United States lamb, United States pork, imported beef, imported lamb, imported pork, or other designation that identifies the content of United States beef, imported beef, United States lamb, imported lamb, United States pork, and imported pork contained in the product, as determined by the Secretary.".

(3) LABELING.—Section 7 of the Federal Meat Inspection Act (21 U.S.C. 607) is amended by adding at the end the following:

"(g) MANDATORY LABELING.—The Secretary shall provide by regulation that the following offered for retail sale bear a label that identifies its country of origin:

"(1) Muscle cuts of United States beef, United States lamb, United States pork, imported beef, imported lamb, and imported pork.

"(2) Ground beef, ground lamb, and ground pork.

"(h) AUDIT VERIFICATION SYSTEM FOR UNITED STATES AND IMPORTED MUSCLE CUTS OF BEEF, LAMB, AND PORK AND GROUND BEEF, LAMB, AND PORK.—The Secretary may require by regulation that any person that prepares, stores, handles, or distributes muscle cuts of United States beef, imported beef, United States lamb, imported lamb, United States pork, imported pork, ground beef, ground lamb, or ground pork for retail sale maintain a verifiable recordkeeping audit trail that will permit the Secretary to ensure compliance with the regulations promulgated under subsection (g).''.

(4) Regulations.—Not later than 1 year after the date of enactment of this Act, the Secretary shall promulgate final regulations to carry out the amendments made by this subsection.

(5) Funding.—For an additional amount to carry out this subsection and the amendments made by this subsection, there is appropriated, out of any money in the Treasury not otherwise appropriated, $8,000,000.

(6) Effective date.—The amendments made by this subsection take effect 60 days after the date on which final regulations are promulgated under paragraph (4).

(u) Indication of Country of Origin of Perishable Agricultural Commodities.—

(1) Definitions.—In this section:

(A) Food service establishment.—The term ''food service establishment'' means a restaurant, cafeteria, lunch room, food stand, saloon, tavern, bar, lounge, or other similar facility operated as an enterprise engaged in the business of selling food to the public.

(B) Perishable agricultural commodity; retailer.—The terms ''perishable agricultural commodity'' and ''retailer'' have the meanings given the terms in section 1(b) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499a(b)).

(2) Notice of country of origin required.—Except as provided in paragraph (3), a retailer of a perishable agricultural commodity shall inform consumers, at the final point of sale of the perishable agricultural commodity to consumers, of the country of origin of the perishable agricultural commodity.

(3) Exemption for food service establishments.—Paragraph (2) shall not apply to a perishable agricultural commodity if the perishable agricultural commodity is—

(A) prepared or served in a food service establishment; and

(B)(i) offered for sale or sold at the food service establishment in normal retail quantities; or

(ii) served to consumers at the food service establishment.

(4) Method of notification.—

(A) In general.—The information required by paragraph (2) may be provided to consumers by means of a label, stamp, mark, placard, or other clear and visible sign on the perishable agricultural commodity or on the package, display, holding unit, or bin containing the commodity at the final point of sale to consumers.

(B) Labeled commodities.—If the perishable agricultural commodity is already individually labeled regarding country of origin by the packer, importer, or another person, the retailer shall not be required to provide any additional information to comply with this subsection.

(5) Violations.—If a retailer fails to indicate the country of origin of a perishable agricultural commodity as required by paragraph (2), the Secretary may assess a civil penalty on the retailer in an amount not to exceed—

(A) $1,000 for the first day on which the violation occurs; and

(B) $250 for each day on which the same violation continues.

(6) Deposit of funds.—Amounts collected under paragraph (5) shall be deposited in the Treasury of the United States as miscellaneous receipts.

(7) Application of subsection.—This section shall apply with respect to a perishable agricultural commodity after the end of the 6-month period beginning on the date of the enactment of this Act.

(v) Limitation on Marketing Loan Gains and Loan Deficiency Payments.—Notwithstanding section 1001(2) of the Food Security Act of 1985 (7 U.S.C. 1308(1)), the total amount of the payments specified in section 1001(3) of that Act that a person shall be entitled to receive under the Agricultural Market Transition Act (7 U.S.C. 7201 et seq.) for 1 or more contract commodities and oilseeds during the 1999 crop year may not exceed $150,000.

(w) Emergency Requirement.—The entire amount necessary to carry out this section and the amendments made by this section shall be available only to the extent that an official budget request for the entire amount, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: *Provided*, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

(x) Availability.—The amount necessary to carry out this section and the amendments made by this section shall remain available until expended.

COCHRAN AMENDMENT NO. 1500

Mr. LOTT (for Mr. Cochran) proposed an amendment to amendment No. 1499 proposed by Mr. Daschle to the bill, S. 1233, supra; as follows:

Beginning on page 1, line 3, strike all that follows ''Sec.'' to the end of the amendment and insert the following:

. Emergency and Market Loss Assistance.—(a) Market Loss Assistance.—

(1) In general.—Except as provided in paragraph (4), the Secretary of Agriculture (referred to in this section as the ''Secretary'') shall use not more than $5,544,453,000 of funds of the Commodity Credit Corporation to provide assistance to owners and producers on a farm that are eligible for payments for fiscal year 1999 under a production flexibility contract for the farm under the Agricultural Market Transition Act (7 U.S.C. 7201 et seq.).

(2) Amount.—Except as provided in paragraph (4), the amount of assistance made available to owners and producers on a farm under this subsection shall be proportionate to the amount of the contract payment received by the owners and producers for fiscal year 1999 under a production flexibility contract for the farm under the Agricultural Market Transition Act.

(3) Time for payment.—The assistance made available under this subsection for an eligible owner or producer shall be provided not later than 45 days after the date of enactment of this Act.

(4) Peanuts.—

(A) In general.—The Secretary shall use such amounts as are necessary to provide payments to producers of quota peanuts or additional peanuts to partially compensate the producers for continuing low commodity prices, and increasing costs of production, for the 1999 crop year.

(B) Amount.—The amount of a payment made to producers on a farm of quota peanuts or additional peanuts under subparagraph (A) shall be equal to the product obtained by multiplying—

(i) the quantity of quota peanuts or additional peanuts produced or considered produced by the producers under section 155 of the Agricultural Market Transition Act (7 U.S.C. 7271); by

(ii) an amount equal to 5 percent of the loan rate established for quota peanuts or additional peanuts, respectively, under section 155 of that Act.

(b) Limitation on Marketing Loan Gains and Loan Deficiency Payments.—Notwithstanding section 1001(2) of the Food Security Act of 1985 (7 U.S.C. 1308(1)), the total amount of the payments specified in section 1001(3) of that Act that a person shall be entitled to receive under the Agricultural Market Transition Act (7 U.S.C. 7201 et seq.) for 1 or more contract commodities and oilseeds during the 1999 crop year may not exceed $150,000.

(c) Upland Cotton Price Competitiveness.—

(1) In general.—Section 136(a) of the Agricultural Market Transition Act (7 U.S.C. 7236(a)) is amended—

(A) in paragraph (1), by striking ''or cash payments'' and inserting ''or cash payments, at the option of the recipient,'';

(B) by striking ''3 cents per pound'' each place it appears and inserting ''1.25 cents per pound'';

(C) in the first sentence of paragraph (3)(A), by striking ''owned by the Commodity Credit Corporation in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates'' and inserting ''owned by the Commodity Credit Corporation or pledged to the Commodity Credit Corporation as collateral for a loan in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates, including enhancing the competitiveness and marketability of United States cotton''; and

(D) by striking paragraph (4).

(2) Ensuring the availability of upland cotton.—Section 136(b) of the Agricultural Market Transition Act (7 U.S.C. 7236(b)) is amended—

(A) by striking paragraph (1) and inserting the following:

''(1) Establishment.—

''(A) In general.—The President shall carry out an import quota program during the period ending July 31, 2003, as provided in this subsection.

''(B) Program requirements.—Except as provided in subparagraph (C), whenever the Secretary determines and announces that for any consecutive 4-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) $1\frac{3}{32}$-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under subsection (a), exceeds the Northern Europe price by more than 1.25 cents per pound, there shall immediately be in effect a special import quota.

''(C) Tight domestic supply.—During any month for which the Secretary estimates the season-ending United States upland cotton stocks-to-use ratio, as determined under subparagraph (D), to be below 16 percent, the Secretary, in making the determination under subparagraph (B), shall not adjust the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) $1\frac{3}{32}$-inch cotton, delivered C.I.F. Northern Europe, for the value of any certificates issued under subsection (a).

"(D) SEASON-ENDING UNITED STATES STOCKS-TO-USE RATIO.—For the purposes of making estimates under subparagraph (C), the Secretary shall, on a monthly basis, estimate and report the season-ending United States upland cotton stocks-to-use ratio, excluding projected raw cotton imports but including the quantity of raw cotton that has been imported into the United States during the marketing year."; and

(B) by adding at the end the following:

"(7) LIMITATION.—The quantity of cotton entered into the United States during any marketing year under the special import quota established under this subsection may not exceed the equivalent of 5 week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the 3 months immediately preceding the first special import quota established in any marketing year.".

(3) REMOVAL OF SUSPENSION OF MARKETING CERTIFICATE AUTHORITY.—Section 171(b)(1) of the Agricultural Market Transition Act (7 U.S.C. 7301(b)(1)) is amended—

(A) by striking subparagraph (G); and

(B) by redesignating subparagraphs (H) through (L) as subparagraphs (G) through (K), respectively.

(4) REDEMPTION OF MARKETING CERTIFICATES.—Section 115 of the Agricultural Act of 1949 (7 U.S.C. 1445k) is amended—

(A) in subsection (a)—

(i) by striking "rice (other than negotiable marketing certificates for upland cotton or rice)" and inserting "rice, including the issuance of negotiable marketing certificates for upland cotton or rice";

(ii) in paragraph (1), by striking "and" at the end;

(iii) in paragraph (2), by striking the period at the end and inserting "; and"; and

(iv) by adding at the end the following:

"(3) redeem negotiable marketing certificates for cash under such terms and conditions as are established by the Secretary."; and

(B) in the second sentence of subsection (c), by striking "export enhancement program or the marketing promotion program established under the Agricultural Trade Act of 1978" and inserting "market access program or the export enhancement program established under sections 203 and 301 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623, 5651)".

(d) SUSPENSION OF SUGAR ASSESSMENTS.—Section 156(f) of the Agricultural Market Transition Act (7 U.S.C. 7272(f)) is amended—

(1) in paragraph (1), by inserting "except as provided in paragraph (6)," after "years,";

(2) in paragraph (2), by inserting "except as provided in paragraph (6)," after "years,"; and

(3) by adding at the end the following:

"(6) SUSPENSION OF ASSESSMENTS.—Effective beginning with fiscal year 2000 through fiscal year 2002, no assessments shall be required under this subsection during any fiscal year that immediately follows a fiscal year during which the Federal budget was determined to be in surplus, based on the most recent estimates available from the Office of Management and Budget as of the last day of the fiscal year.".

(e) OILSEED PAYMENTS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary shall use not less than $500,000,000 of funds of the Commodity Credit Corporation to make payments to producers of the 1999 crop of oilseeds that are eligible to obtain a marketing assistance loan under section 131 of the Agricultural Market Transition Act (7 U.S.C. 7231).

(2) COMPUTATION.—A payment to producers on a farm under this subsection shall be computed by multiplying—

(A) a payment rate determined by the Secretary; by

(B) the quantity of oilseeds that the producers on the farm are eligible to place under loan under section 131 of that Act.

(3) LIMITATION.—Payments made under this subsection shall be considered to be contract payments for the purposes of section 1001(1) of the Food Security Act of 1985 (7 U.S.C. 1308(1)).

(f) ASSISTANCE TO LIVESTOCK AND DAIRY PRODUCERS.—The Secretary shall use $500,000,000 of funds of the Commodity Credit Corporation to provide assistance to livestock and dairy producers in a manner determined by the Secretary.

(g) SENSE OF CONGRESS REGARDING FAST-TRACK AUTHORITY AND FUTURE WORLD TRADE ORGANIZATION NEGOTIATIONS.—It is the sense of Congress that—

(1) the President should make a formal request for appropriate fast-track authority for future United States trade negotiations;

(2) regarding future World Trade Organization negotiations—

(A) rules for trade in agricultural commodities should be strengthened and trade-distorting import and export practices should be eliminated or substantially reduced;

(B) the rules of the World Trade Organization should be strengthened regarding the practices or policies of a foreign government that unreasonably—

(i) restrict market access for products of new technologies, including products of biotechnology; or

(ii) delay or preclude implementation of a report of a dispute panel of the World Trade Organization; and

(C) agricultural negotiations of the World Trade Organization should conclude simultaneously with nonagricultural negotiations as a single undertaking;

(3) the President should—

(A) conduct a comprehensive evaluation of all existing export and food aid programs, including—

(i) the export credit guarantee program established under section 202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5622);

(ii) the market access program established under section 203 of that Act (7 U.S.C. 5623);

(iii) the export enhancement program established under section 301 of that Act (7 U.S.C. 5651);

(iv) the foreign market development cooperator program established under section 702 of that Act (7 U.S.C. 5722); and

(v) programs established under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.); and

(B) transmit to Congress—

(i) the results of the evaluation under subparagraph (A); and

(ii) recommendations on maximizing the effectiveness of the programs described in subparagraph (A); and

(4) the Secretary should carry out a purchase and donation or concessional sales initiative in each of fiscal years 1999 and 2000 to promote the export of additional quantities of soybeans, beef, pork, poultry, and products of such commodities (including soybean meal, soybean oil, textured vegetable protein, and soy protein concentrates and isolates) using programs established under—

(A) the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.);

(B) section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431);

(C) titles I and II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701 et seq.); and

(D) the Food for Progress Act of 1985 (7 U.S.C. 1736o).

(h) EMERGENCY REQUIREMENT.—The entire amount necessary to carry out this section and the amendments made by this section shall be available only to the extent that an official budget request for the entire amount, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: *Provided*, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

LOTT AMENDMENT NO. 1501

Mr. LOTT proposed an amendment to the bill, S. 1233, supra; as follows:

On page 21, between lines 10 and 11, insert the following:

None of the funds appropriated or otherwise made available by this Act may be used to pay the salaries and expenses of personnel of the Department of Agriculture to implement—

(1) sections 143 or 147(3) of the Agricultural Market Transition Act (7 U.S.C. 7253, 7256(3));

(2) the final decision for the consolidation and reform of Federal milk marketing orders, as published in the Federal Register on April 2, 1999 (64 Fed. Reg. 16025); or

(3) section 738 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (Public Law 105–277; 112 Stat. 2681–30).

NOTICE OF HEARINGS

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. LUGAR. Mr. President, I would like to announce that the Senate Committee on Agriculture, Nutrition, and Forestry will meet on August 3, 1999, in SH–216 at 9 a.m. The purpose of this meeting will be to discuss the farm crisis.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. LUGAR. Mr. President, I would like to announce that the Senate Committee on Agriculture, Nutrition, and Forestry will meet on August 4, 1999, in SH–216 at 9 a.m. The purpose of this meeting will be to discuss the farm crisis.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. LUGAR. Mr. President, I would like to announce that the Senate Committee on Agriculture, Nutrition, and Forestry will meet on August 5, 1999, in SH–216 at 9 a.m. The purpose of this meeting will be to discuss the farm crisis.

ADDITIONAL STATEMENTS

POINT CABRILLO LIGHTHOUSE

• Mrs. BOXER. Mr. President, today, I recognize an important and historic restoration project now nearing completion in Mendocino, California. While the North Coast of California is renowned for its natural beauty and breathtaking views, in Mendocino there is another coastal landmark that has captured the imagination of this rugged region. Built in 1908, the Point Cabrillo Lighthouse is a living reminder of California's maritime history. And on August 6th, the Lighthouse celebrates the 90th anniversary of the first lighting of its light.

This one-of-a-kind structure was originally built by the United States Lighthouse Service to protect the legendary "doghole schooners" that plied the lumber trade between San Francisco and California's northern coast at the turn of the century. The Lighthouse was turned over to the U.S. Coast Guard in 1939, and still houses Coast Guard navigational aids and monitoring equipment. However, the Lighthouse structure and its rare Fresnel lens suffered significant damage after many years of neglect. Then, in 1998, the California Coastal Conservancy and North Coast Interpretive Association stepped forward to restore and reinstate the original Fresnel lens, and to renovate the Lighthouse for use as an educational and interpretive center.

Thanks to the efforts of the people of Mendocino, the Coastal Conservancy and the North Coast Interpretive Association, the Lighthouse restoration project will soon be complete. A weekend of festivities will celebrate the Lighthouse's revival and highlight the attractions of the Point Cabrillo Preserve and Light Station. This celebration will acknowledge the efforts of the many volunteers and community partners that also helped make this project a success.

It is important to take the time to applaud the restoration of this nationally significant, historic landmark. I also think it is important to recognize the significance of community projects such as the Point Cabrillo Lighthouse, which serve as invaluable, irreplaceable links to our common past and as unique educational tools for the future. I commend the efforts that have gone into this restoration project, and send the Point Cabrillo Lighthouse volunteers and other partners my best wishes for their continued success.●

TRIBUTE TO THE TOWN OF NEWTON, NEW HAMPSHIRE

● Mr. SMITH of New Hampshire. Mr. President, I rise today to pay tribute to the town of Newton, New Hampshire on its two hundred and fiftieth anniversary. The town's residents will celebrate this historic occasion on August 15, 1999 with a number of festivities including a parade and an "Olde Fashioned Fireman's Muster".

Newton's rich and fruitful history dates back to 1639 when families first settled in the area granted by England known as New Salisbury (Amesbury). Newton's actual township was incorporated in 1749, allowing the people to elect their own officials and to hold town meetings.

Much of the frontier region was wild country inhabited by the Naumkeag Indians. The settlers and the Naumkeaks had generally peaceful relations, relying on one another for trading purposes. The greatest danger facing the settlers came from the war parties of the Mic Macs, who originated from the area now known as Maine and New Brunswick, Canada. These hostile groups conducted violent raids as far south as Connecticut, killing large numbers of local populations. With a combination of the settlers' admirable fortitude and the recurring epidemics of disease, these native populations were nearly wiped out.

Newton residents have persevered in other ways throughout the years, courageously serving and defending America. They have participated in the French and Indian Wars, Revolutionary War, War of 1812, Civil War, World War I, World War II, the Korean War and the Vietnam Conflict. Newton's citizens are always willing to serve our Nation when called upon.

I congratulate the town of Newton, and it's dedicated and patriotic citizens. I am proud to serve the residents of Newton in the United States Senate.●

ICELANDIC HERITAGE

● Mr. CONRAD. Mr. President, I rise today to celebrate the Icelandic heritage of our country and of the state of North Dakota.

For a century it has been North Dakota's custom to set aside time to honor the contributions of Icelanders to North Dakota. In order to honor the thousands of people of Icelandic descent that reside in my state, the Governor has proclaimed July 30 to August 2 as Icelandic Heritage Days.

Icelandic Heritage Days culminates with a celebration of the historical presentation of a new constitution to the Icelandic Parliament. This occurred on August the second, or "August the Deuce," as many Icelanders call it, 1874 by King Kristjan the Ninth. This action formally freed Iceland from hundreds of years of Danish rule.

In 1878, people of Icelandic descent first settled in northeastern North Dakota. Since this time, Icelandic-Americans have been instrumental in the development of their communities and my state. One settler, E.H. Bergman, was a member of the Territorial Legislature, which passed legislation enabling the establishment of the states of North and South Dakota. Since Bergman's time, many more people of Icelandic descent have represented their constituencies in the ND Legislature and state government.

Mr. President, this year's celebration is especially noteworthy because an honored dignitary, the Honorable Olafur Ragnar Grimsson, the President of Iceland, will be in attendance. This visit will mark the first time that an Icelandic head-of-state has visited North Dakota.

It is a pleasure to have President Grimsson visit North Dakota, and a privilege to honor Icelandic-Americans for all they have done for North Dakota and this great country.●

ANGELO QUARANTA

● Mrs. BOXER. Mr. President, today, I extend special birthday wishes to a very special Californian, Angelo Quaranta, whose birthday is August 8.

Angelo is perhaps best known as the owner and driving force behind Allegro, an Italian restaurant on San Francisco's Russian Hill. Regardless of whether you are the Governor, the Mayor, a community organizer or just someone looking for a wonderful plate of pasta, Angelo's grace and easy manner always make you feel welcome.

Angelo was born in Taranto, Italy in 1934. Before leaving his homeland for San Francisco in 1960, he attended the police academy and became national Judo champion while serving with the Italian Police Force. Upon arriving in San Francisco, he first worked as a window washer and then began a distinguished career in the insurance industry.

Cooking may be Angelo's passion, but he can be found in many more places than the kitchen. He has long been active in local government and is a leader in community affairs. He is currently president of the Commission of Parking and Traffic, and served on San Francisco's Recreation and Park Commission. In the 1970's, he operated an Italian television station that broadcast programming from Italy. He founded Unione Sportiva Italia, and has been active in numerous efforts to celebrate the invaluable contributions of Italians and Italian-Americans to the life of the city and nation. Angelo has served as a member of the Juvenile Diabetes Foundation and founded Candlelight Again, an organization comprised of restaurant owners and their patrons dedicated to raising funds for community needs. In recognition of his work, and in addition to many other honors, the Mayor's Office has twice proclaimed it "Angelo Quaranto Day in San Francisco."

Angelo has two adult daughters who live with their husbands and children in Italy. It is a pleasure to join them and the larger civic family Angelo continues to nurture in San Francisco in wishing him a joyous 65th birthday.●

TRIBUTE TO HONOR BEDFORD PRESBYTERIAN CHURCH

• Mr. SMITH of New Hampshire. Mr. President, I rise today to honor the Bedford Presbyterian Church which is celebrating its 250th Anniversary on August 15, 1999. The church first organized on August 15, 1749 and has been serving the people of Bedford ever since.

The church was founded under the rules of Massachusetts Colony who deeded the land to the New Hampshire and also mandated that in order to organize a town there must be land for a church, a minister, and an orthodox ministry. The church was thus formed in 1749 and the town charter was signed the next year.

As a person of strong religious convictions, I applaud the services and strong sense of family and community that the church has provided to its community. Furthermore, I applaud their monthly celebrations of this historic event.

I commend the Bedford Presbyterian Church and wish them luck in the next 250 years. It is an honor to represent the members of Bedford Presbyterian Church in the United States Senate.•

TRIBUTE TO ADMIRAL BARRY COSTELLO

• Mr. GRAMM. Mr. President, I rise today to recognize Rear Admiral (Select) Barry Costello, United States Navy, for the excellent job he has done as the Director of Senate Liaison for the Navy. I want to recognize Admiral Costello for his many achievements and commend him for the exemplary service he has provided to the Senate, to the Navy, and to our great nation.

Barry Costello is a sailor's sailor who has distinguished himself through his seamanship, tactical acumen, and inspiring leadership. He has served on some of our country's finest warships, including command of the destroyer U.S.S. *Elliot* (DD 967). Prior to coming to the Senate, he commanded the prestigious "Little Beavers" of Destroyer Squadron 23, following in the footsteps of Admiral Arleigh "Thirty-One Knot" Burke, who famously led the "Little Beavers" to a decisive victory over Japanese forces in the Battle of Cape Saint George in 1943.

In March 1997, Admiral Costello took the helm of the Navy's Senate Liaison Office. His integrity, enthusiasm, and foresight have earned the admiration of all members of the Senate who have worked with him, and it is not an exaggeration to say that through his service to the Senate, Barry Costello has helped to ensure that our Navy remains the best trained, best equipped, and best prepared naval force in the world.

Mr. President, Rear Admiral (Select) Barry Costello exemplifies what is best in the Navy and in America. The Senate, the Navy and the American people are indebted to him for his many years of distinguished service. As he departs for his first assignment as a flag officer, I know that my colleagues wish Barry, his wife LuAnne, and their sons Aidan and Brendan the very best. I have a feeling we will work with Barry again in another more important role for our Navy and our nation.•

TRIBUTE TO ROBERT STEPHEN

• Mr. SMITH of New Hampshire. Mr. President, I rise today to pay tribute to Robert Stephen of Manchester, New Hampshire for his appointment to Director of Community Development Services at New Hampshire's Department of Resources and Economic Development.

After ten years of service as a New Hampshire State Senator, Democratic Leader from 1984 to 1990, Robert was appointed Deputy Executive Director of the New Hampshire Job Training Council. In this capacity Robert was responsible for providing New Hampshire businesses with the skilled labor needed to grow and be successful and New Hampshire citizens with the skills they need to become self-sufficient. He has also been a driving force in workforce development by overseeing the state's Rapid Response effort and convening the Statewide Business Relations Team.

Not only has Robert taken on the task of improving the New Hampshire workforce, but he has been an asset to his community. He has won numerous Multiple Sclerosis Fund-Raising Awards, was a former member of the New Hampshire State Athletic Commission, has received the Easter Seal VIP Award and has been a business owner in downtown Manchester. On top of all this service, Robert was also able to become a three-time New Hampshire Golden Gloves Boxing Champion.

Robert's new responsibility as Director of Community Development Services will give him the opportunity to cultivate a stronger and more job ready workforce, meeting the needs and specifications of New Hampshire companies. His presence at the New Hampshire Job Training Council will surely be missed.

I want to commend Robert Stephen for his hard work on behalf of New Hampshire citizens and wish him luck in his new endeavor. It is an honor to represent Robert in the United States Senate.•

TAXPAYER REFUND ACT OF 1999

On July 30, 1999, the Senate amended and passed H.R. 2488. The text of the bill follows:

Resolved, That the bill from the House of Representatives (H.R. 2488) entitled "An Act to provide for reconciliation pursuant to sections 105 and 211 of the concurrent resolution on the budget for fiscal year 2000.", do pass with the following amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the "Taxpayer Refund Act of 1999".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) SECTION 15 NOT TO APPLY.—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(d) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; etc.

TITLE I—BROAD BASED TAX RELIEF

Sec. 101. Reduction of 15 percent individual income tax rate.
Sec. 102. Increase in maximum taxable income for 14 percent rate bracket.

TITLE II—FAMILY TAX RELIEF PROVISIONS

Sec. 201. Combined return to which unmarried rates apply.
Sec. 202. Marriage penalty relief for earned income credit.
Sec. 203. Exclusion for foster care payments to apply to payments by qualified placement agencies.
Sec. 204. Modification of dependent care credit.
Sec. 205. Allowance of credit for employer expenses for child care assistance.
Sec. 206. Modification of alternative minimum tax for individuals.
Sec. 207. Long-term capital gains deduction for individuals.
Sec. 208. Credit for interest on higher education loans.
Sec. 209. Elimination of marriage penalty in standard deduction.
Sec. 210. Expansion of adoption credit.
Sec. 211. Modification of tax rates for trusts for individuals who are disabled.

TITLE III—RETIREMENT SAVINGS TAX RELIEF

Subtitle A—Individual Retirement Arrangements

Sec. 301. Modification of deduction limits for IRA contributions.
Sec. 302. Modification of income limits on contributions and rollovers to Roth IRAs.
Sec. 303. Deemed IRAs under employer plans.
Sec. 304. Tax credit for matching contributions to Individual Development Accounts.
Sec. 305. Certain coins not treated as collectibles.

Subtitle B—Expanding Coverage

Sec. 311. Option to treat elective deferrals as after-tax contributions.
Sec. 312. Increase in elective contribution limits.
Sec. 313. Plan loans for subchapter S owners, partners, and sole proprietors.
Sec. 314. Elective deferrals not taken into account for purposes of deduction limits.
Sec. 315. Reduced PBGC premium for new plans of small employers.
Sec. 316. Reduction of additional PBGC premium for new plans.
Sec. 317. Elimination of user fee for requests to IRS regarding new pension plans.
Sec. 318. SAFE annuities and trusts.
Sec. 319. Modification of top-heavy rules.

Subtitle C—Enhancing Fairness for Women

Sec. 321. Catchup contributions for individuals age 50 or over.

Sec. 322. Equitable treatment for contributions of employees to defined contribution plans.
Sec. 323. Clarification of tax treatment of division of section 457 plan benefits upon divorce.
Sec. 324. Modification of safe harbor relief for hardship withdrawals from cash or deferred arrangements.
Sec. 325. Faster vesting of certain employer matching contributions.

Subtitle D—Increasing Portability for Participants

Sec. 331. Rollovers allowed among various types of plans.
Sec. 332. Rollovers of IRAs into workplace retirement plans.
Sec. 333. Rollovers of after-tax contributions.
Sec. 334. Hardship exception to 60-day rule.
Sec. 335. Treatment of forms of distribution.
Sec. 336. Rationalization of restrictions on distributions.
Sec. 337. Purchase of service credit in governmental defined benefit plans.
Sec. 338. Employers may disregard rollovers for purposes of cash-out amounts.
Sec. 339. Inclusion requirements for section 457 plans.

Subtitle E—Strengthening Pension Security and Enforcement

Sec. 341. Repeal of 150 percent of current liability funding limit.
Sec. 342. Extension of missing participants program to multiemployer plans.
Sec. 343. Excise tax relief for sound pension funding.
Sec. 344. Failure to provide notice by defined benefit plans significantly reducing future benefit accruals.
Sec. 345. Protection of investment of employee contributions to 401(k) plans.
Sec. 346. Treatment of multiemployer plans under section 415.
Sec. 347. Maximum contribution deduction rules modified and applied to all defined benefit plans.
Sec. 348. Increase in section 415 early retirement limit for governmental and other plans.

Subtitle F—Encouraging Retirement Education

Sec. 351. Periodic pension benefits statements.
Sec. 352. Clarification of treatment of employer-provided retirement advice.

Subtitle G—Reducing Regulatory Burdens

Sec. 361. Flexibility in nondiscrimination and coverage rules.
Sec. 362. Modification of timing of plan valuations.
Sec. 363. Substantial owner benefits in terminated plans.
Sec. 364. ESOP dividends may be reinvested without loss of dividend deduction.
Sec. 365. Notice and consent period regarding distributions.
Sec. 366. Repeal of transition rule relating to certain highly compensated employees.
Sec. 367. Employees of tax-exempt entities.
Sec. 368. Extension to international organizations of moratorium on application of certain nondiscrimination rules applicable to State and local plans.
Sec. 369. Annual report dissemination.
Sec. 370. Modification of exclusion for employer provided transit passes and passengers permitted to utilize otherwise empty seats on aircraft.
Sec. 371. Reporting simplification.

Subtitle H—Plan Amendments

Sec. 381. Provisions relating to plan amendments.

TITLE IV—EDUCATION TAX RELIEF PROVISIONS

Sec. 401. Elimination of 60-month limit and increase in income limitation on student loan interest deduction.
Sec. 402. Modifications to qualified tuition programs.
Sec. 403. Exclusion of certain amounts received under the National Health Service Corps Scholarship Program and the F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program.
Sec. 404. Extension of exclusion for employer-provided educational assistance.
Sec. 405. Additional increase in arbitrage rebate exception for governmental bonds used to finance educational facilities.
Sec. 406. Treatment of qualified public educational facility bonds as exempt facility bonds.
Sec. 407. Federal guarantee of school construction bonds by Federal Home Loan Banks.
Sec. 408. Certain educational benefits provided by an employer to children of employees excludable from gross income as a scholarship.

TITLE V—HEALTH CARE TAX RELIEF PROVISIONS

Sec. 501. Deduction for health and long-term care insurance costs of individuals not participating in employer-subsidized health plans.
Sec. 502. Long-term care insurance permitted to be offered under cafeteria plans and flexible spending arrangements.
Sec. 503. Additional personal exemption for taxpayer caring for elderly family member in taxpayer's home.
Sec. 504. Inclusion of certain vaccines against streptococcus pneumoniae to list of taxable vaccines; reduction in per dose tax rate.

TITLE VI—SMALL BUSINESS TAX RELIEF PROVISIONS

Sec. 601. Deduction for 100 percent of health insurance costs of self-employed individuals.
Sec. 602. Increase in expense treatment for small businesses.
Sec. 603. Repeal of Federal unemployment surtax.
Sec. 604. Income averaging for farmers and fishermen not to increase alternative minimum tax liability.
Sec. 605. Farm, Fishing, and Ranch Risk Management Accounts.
Sec. 606. Exclusion of investment securities income from passive income test for bank S corporations.
Sec. 607. Treatment of qualifying director shares.
Sec. 608. Increase in estate tax deduction for family-owned business interest.
Sec. 609. Credit for employee health insurance expenses.

TITLE VII—ESTATE AND GIFT TAX RELIEF PROVISIONS

Subtitle A—Reductions of Estate, Gift, and Generation-Skipping Transfer Taxes

Sec. 701. Reductions of estate, gift, and generation-skipping transfer taxes.
Sec. 702. Unified credit against estate and gift taxes replaced with unified exemption amount.

Subtitle B—Conservation Easements

Sec. 711. Expansion of estate tax rule for conservation easements.

Subtitle C—Annual Gift Exclusion

Sec. 721. Increase in annual gift exclusion.

Subtitle D—Simplification of Generation-Skipping Transfer Tax

Sec. 731. Retroactive allocation of GST exemption.
Sec. 732. Severing of trusts.
Sec. 733. Modification of certain valuation rules.
Sec. 734. Relief provisions.

TITLE VIII—TAX EXEMPT ORGANIZATIONS PROVISIONS

Sec. 801. Exemption from income tax for State-created organizations providing property and casualty insurance for property for which such coverage is otherwise unavailable.
Sec. 802. Modifications to section 512(b)(13).
Sec. 803. Simplification of lobbying expenditure limitation.
Sec. 804. Tax-free distributions from individual retirement accounts for charitable purposes.
Sec. 805. Mileage reimbursements to charitable volunteers excluded from gross income.
Sec. 806. Charitable contribution deduction for certain expenses incurred in support of Native Alaskan subsistence whaling.
Sec. 807. Charitable contributions to certain low income schools may be made in next taxable year.
Sec. 808. Deduction for portion of charitable contributions to be allowed to individuals who do not itemize deductions.
Sec. 809. Increase in limit on charitable contributions as percentage of AGI.
Sec. 810. Limited exception to excess business holdings rule.
Sec. 811. Certain costs of private foundation in removing hazardous substances treated as qualifying distribution.
Sec. 812. Holding period reduced to 12 months for purposes of determining whether horses are section 1231 assets.

TITLE IX—INTERNATIONAL TAX RELIEF

Sec. 901. Interest allocation rules.
Sec. 902. Look-thru rules to apply to dividends from noncontrolled section 902 corporations.
Sec. 903. Clarification of treatment of pipeline transportation income.
Sec. 904. Subpart F treatment of income from transmission of high voltage electricity.
Sec. 905. Advance pricing agreements treated as confidential taxpayer information.
Sec. 906. Airline mileage awards to certain foreign persons.
Sec. 907. Repeal of foreign tax credit limitation under alternative minimum tax.
Sec. 908. Treatment of military property of foreign sales corporations.

TITLE X—HOUSING AND REAL ESTATE TAX RELIEF PROVISIONS

Subtitle A—Low-Income Housing Credit

Sec. 1001. Modification of State ceiling on low-income housing credit.

Subtitle B—Historic Homes

Sec. 1011. Tax credit for renovating historic homes.

Subtitle C—Provisions Relating to Real Estate Investment Trusts

PART I—TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES

Sec. 1021. Modifications to asset diversification test.

Sec. 1022. Treatment of income and services provided by taxable REIT subsidiaries.
Sec. 1023. Taxable REIT subsidiary.
Sec. 1024. Limitation on earnings stripping.
Sec. 1025. 100 percent tax on improperly allocated amounts.
Sec. 1026. Effective date.

PART II—HEALTH CARE REITS

Sec. 1031. Health care REITs.

PART III—CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES

Sec. 1041. Conformity with regulated investment company rules.

PART IV—CLARIFICATION OF EXCEPTION FROM IMPERMISSIBLE TENANT SERVICE INCOME

Sec. 1051. Clarification of exception for independent operators.

PART V—MODIFICATION OF EARNINGS AND PROFITS RULES

Sec. 1061. Modification of earnings and profits rules.

PART VI—STUDY RELATING TO TAXABLE REIT SUBSIDIARIES

Sec. 1071. Study relating to taxable REIT subsidiaries.

Subtitle D—Private Activity Bond Volume Cap

Sec. 1081. Increase in volume cap on private activity bonds.

Subtitle E—Leasehold Improvements Depreciation

Sec. 1091. Recovery period for depreciation of certain leasehold improvements.

TITLE XI—MISCELLANEOUS PROVISIONS

Sec. 1101. Repeal of certain motor fuel excise taxes on fuel used by railroads and on inland waterway transportation.
Sec. 1102. Tax treatment of Alaska Native Settlement Trusts.
Sec. 1103. Long-term unused credits allowed against minimum tax.
Sec. 1104. 5-year net operating loss carryback for losses attributable to operating mineral interests of independent oil and gas producers.
Sec. 1105. Election to expense geological and geophysical expenditures.
Sec. 1106. Election to expense delay rental payments
Sec. 1107. Modification of active business definition under section 355.
Sec. 1108. Temporary suspension of maximum amount of amortizable reforestation expenditures.
Sec. 1109. Modification of excise tax imposed on arrow components.
Sec. 1110. Increase in threshold for Joint Committee reports on refunds and credits.
Sec. 1111. Modification of rural airport definition.
Sec. 1112. Payment of dividends on stock of cooperatives without reducing patronage dividends.
Sec. 1113. Consolidation of life insurance companies with other corporations.
Sec. 1114. Expansion of exemption from personal holding company tax for lending or finance companies.
Sec. 1115. Credit for modifications to inter-city buses required under the Americans With Disabilities Act of 1990.
Sec. 1116. Increased deductibility of business meal expenses for individuals subject to Federal limitations on hours of service.
Sec. 1117. Tax-exempt financing of qualified highway infrastructure construction.
Sec. 1118. Expansion of DC homebuyer tax credit.
Sec. 1119. Extension of DC zero percent capital gains rate.
Sec. 1120. Natural gas gathering lines treated as 7-year property.
Sec. 1121. Exemption from ticket taxes for certain transportation provided by small seaplanes.
Sec. 1122. No Federal income tax on amounts and lands received by Holocaust victims or their heirs.
Sec. 1123. 2-Percent floor on miscellaneous itemized deductions not to apply to qualified professional development expenses and qualified incidental expenses of elementary and secondary school teachers.
Sec. 1124. Expansion of deduction for computer donations to schools.
Sec. 1125. Credit for computer donations to schools and senior centers.
Sec. 1126. Increase in mandatory spending for Child Care and Development Block Grant.
Sec. 1127. Sense of the Senate regarding savings incentives.
Sec. 1128. Sense of Congress regarding the need for additional Federal funding and tax incentives for empowerment zones and enterprise communities authorized and designated pursuant to 1997 and 1998 laws.
Sec. 1129. Sense of Congress regarding the need to encourage improvements in Main Street businesses by expanding existing small business tax expensing rules to include investments in buildings and other depreciable real property.
Sec. 1130. Certain Native American housing assistance disregarded in determining whether building is federally subsidized for purposes of the low-income housing credit.
Sec. 1131. Disclosure of tax information to facilitate combined employment tax reporting.
Sec. 1132. Treatment of maple syrup production.
Sec. 1133. Treatment of bonds issued to acquire renewable resources on land subject to conservation easement.
Sec. 1134. Modification of alternative minimum tax for individuals.
Sec. 1135. Exclusion from income of severance payment amounts.
Sec. 1136. Capital gain treatment under section 631(b) to apply to outright sales by land owner.
Sec. 1137. Credit for clinical testing research expenses attributable to certain qualified academic institutions including teaching hospitals.

TITLE XII—EXTENSION OF EXPIRED AND EXPIRING PROVISIONS

Sec. 1201. Permanent extension and modification of research credit.
Sec. 1202. Subpart F exemption for active financing income.
Sec. 1203. Taxable income limit on percentage depletion for marginal production.
Sec. 1204. Work opportunity credit and welfare-to-work credit.
Sec. 1205. Extension and modification of credit for producing electricity from certain renewable resources.
Sec. 1206. Alaska exemption from dyeing requirements.
Sec. 1207. Extension of expensing of environmental remediation costs.

TITLE XIII—REVENUE OFFSETS

Subtitle A—General Provisions

Sec. 1301. Modification to foreign tax credit carryback and carryover periods.
Sec. 1302. Returns relating to cancellations of indebtedness by organizations lending money.
Sec. 1303. Increase in elective withholding rate for nonperiodic distributions from deferred compensation plans.
Sec. 1304. Extension of Internal Revenue Service user fees.
Sec. 1305. Transfer of excess defined benefit plan assets for retiree health benefits.
Sec. 1306. Tax treatment of income and loss on derivatives.

Subtitle B—Loophole Closers

Sec. 1311. Limitation on use of non-accrual experience method of accounting.
Sec. 1312. Limitations on welfare benefit funds of 10 or more employer plans.
Sec. 1313. Modification of installment method and repeal of installment method for accrual method taxpayers.
Sec. 1314. Treatment of gain from constructive ownership transactions.
Sec. 1315. Charitable split-dollar life insurance, annuity, and endowment contracts.
Sec. 1316. Restriction on use of real estate investment trusts to avoid estimated tax payment requirements.
Sec. 1317. Prohibited allocations of S corporation stock held by an ESOP.
Sec. 1318. Modification of anti-abuse rules related to assumption of liability.
Sec. 1319. Allocation of basis on transfers of intangibles in certain nonrecognition transactions.
Sec. 1320. Controlled entities ineligible for REIT status.
Sec. 1321. Distributions to a corporate partner of stock in another corporation.

TITLE XIV—TECHNICAL CORRECTIONS

Sec. 1401. Amendments related to Tax and Trade Relief Extension Act of 1998.
Sec. 1402. Amendments related to Internal Revenue Service Restructuring and Reform Act of 1998.
Sec. 1403. Amendments related to Taxpayer Relief Act of 1997.
Sec. 1404. Other technical corrections.
Sec. 1405. Clerical changes.
Sec. 1406. Technical corrections to Saver Act.

TITLE XV—COMPLIANCE WITH CONGRESSIONAL BUDGET ACT

Sec. 1501. Sunset of provisions of Act.

TITLE I—BROAD BASED TAX RELIEF

SEC. 101. REDUCTION OF 15 PERCENT INDIVIDUAL INCOME TAX RATE.

(a) REDUCTION IN RATE.—Subsection (f) of section 1 is amended by adding at the end the following new paragraph:

"(8) RATE REDUCTION.—In prescribing the tables under paragraph (1) which apply with respect to taxable years beginning in a calendar year after 2000, the rate applicable to the lowest income bracket shall be 14 percent.".

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 1(f)(2) is amended by inserting ", except as provided in paragraph (8)," before "by not changing".

(2) Subparagraph (C) of section 1(f)(2) is amended by inserting "and the reduction under paragraph (8) in the rate of tax" before the period.

(3) The heading for subsection (f) of section 1 is amended by inserting "RATE REDUCTION;" before "ADJUSTMENTS".

(4) Section 1(g)(7)(B)(ii)(II) is amended by striking "15 percent" and inserting "14 percent".

(5) Section 3402(p)(1)(B) is amended by striking "15" and inserting "14".

(6) Section 3402(p)(2) is amended by striking "15 percent" and inserting "14 percent".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 102. INCREASE IN MAXIMUM TAXABLE INCOME FOR 14 PERCENT RATE BRACKET.

(a) IN GENERAL.—Section 1(f) (relating to adjustments in tax tables so that inflation will not result in tax increases), as amended by section 101, is amended—

(1) in paragraph (2)—

(A) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D),

(B) by inserting after subparagraph (A) the following:

"(B) in the case of the tables contained in subsections (a), (b), (c), and (d), by increasing (after adjustment under paragraph (8)) the maximum taxable income level for the 14 percent rate bracket and the minimum taxable income level for the 28 percent rate bracket otherwise determined under subparagraph (A) for taxable years beginning in any calendar year after 2005 by the applicable dollar amount for such calendar year,", and

(C) by striking "subparagraph (A)" in subparagraph (C) (as so redesignated) and inserting "subparagraphs (A) and (B)", and

(2) by adding at the end the following:

"(9) APPLICABLE DOLLAR AMOUNT.—For purposes of paragraph (2)(B)—

"(A) IN GENERAL.—The applicable dollar amount for any calendar year shall be determined as follows:

"(i) JOINT RETURNS AND SURVIVING SPOUSES.—In the case of the table contained in subsection (a)—

"Calendar year:	**Applicable dollar amount:**
2006	$4,000
2007 and thereafter	$5,000.

"(ii) OTHER TABLES.—In the case of the table contained in subsection (b), (c), or (d)—

"Calendar year:	**Applicable dollar amount:**
2006	$2,000
2007 and thereafter	$2,500.

"(B) COST-OF-LIVING ADJUSTMENT.—In the case of any taxable year beginning in any calendar year after 2007, the applicable dollar amount shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of living adjustment determined under paragraph (3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2006' for 'calendar year 1992' in subparagraph (B) thereof.".

(b) ROUNDING.—Section 1(f)(6)(A) is amended by inserting "(after being increased under paragraph (2)(B))" after "paragraph (2)(A)".

TITLE II—FAMILY TAX RELIEF PROVISIONS

SEC. 201. COMBINED RETURN TO WHICH UNMARRIED RATES APPLY.

(a) IN GENERAL.—Subpart B of part II of subchapter A of chapter 61 (relating to income tax returns) is amended by inserting after section 6013 the following new section:

"SEC. 6013A. COMBINED RETURN WITH SEPARATE RATES.

"(a) GENERAL RULE.—A husband and wife may make a combined return of income taxes under subtitle A under which—

"(1) a separate taxable income is determined for each spouse by applying the rules provided in this section, and

"(2) the tax imposed by section 1 is the aggregate amount resulting from applying the separate rates set forth in section 1(c) to each such taxable income.

"(b) TREATMENT OF INCOME.—For purposes of this section—

"(1) earned income (within the meaning of section 911(d)), and any income received as a pension or annuity which arises from an employer-employee relationship, shall be treated as the income of the spouse who rendered the services, and

"(2) income from property shall be divided between the spouses in accordance with their respective ownership rights in such property (equally in the case of property held jointly by the spouses).

"(c) TREATMENT OF DEDUCTIONS.—For purposes of this section—

"(1) except as otherwise provided in this subsection, the deductions described in section 62(a) shall be allowed to the spouse treated as having the income to which such deductions relate,

"(2) the deduction for retirement savings described in paragraph (7) of section 62(a) shall be allowed to the spouse whose earned income qualified the savings for the deduction,

"(3) the deduction for alimony described in paragraph (10) of section 62(a) shall be allowed to the spouse who has the liability to pay the alimony,

"(4) the deduction described in paragraph (16) of section 62(a) (relating to contributions to medical savings accounts) shall be allowed to the spouse with respect to whose employment or self-employment such account relates,

"(5) the deductions allowable by section 151(b) (relating to personal exemptions for taxpayer and spouse) shall be determined by allocating 1 personal exemption to each spouse,

"(6) section 63 shall be applied as if such spouses were not married, except that the election whether or not to itemize deductions shall be made jointly by both spouses and apply to each, and

"(7) each spouse's share of all other deductions shall be determined by multiplying the aggregate amount thereof by the fraction—

"(A) the numerator of which is such spouse's adjusted gross income, and

"(B) the denominator of which is the combined adjusted gross incomes of the 2 spouses.

Any fraction determined under paragraph (7) shall be rounded to the nearest percentage point.

"(d) TREATMENT OF CREDITS.—Credits shall be determined (and applied against the joint liability of the couple for tax determined under this section) as if the spouses had filed a joint return.

"(e) TREATMENT AS JOINT RETURN.—Except as otherwise provided in this section or in the regulations prescribed hereunder, for purposes of this title (other than sections 1 and 63(c)) a combined return under this section shall be treated as a joint return.

"(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this section.".

(b) UNMARRIED RATE MADE APPLICABLE.—So much of subsection (c) of section 1 as precedes the table is amended to read as follows:

"(c) SEPARATE OR UNMARRIED RETURN RATE.—There is hereby imposed on the taxable income of every individual (other than a married individual (as defined in section 7703) filing a return which is not a combined return under section 6013A, a surviving spouse as defined in section 2(a), or a head of household as defined in section 2(b)) a tax determined in accordance with the following table:".

(c) BASIC STANDARD DEDUCTION FOR UNMARRIED INDIVIDUALS MADE APPLICABLE.—Subparagraph (C) of section 63(c)(2) is amended to read as follows:

"(C) $3,000 in the case of an individual other than—

"(i) a married individual filing a return which is not a combined return under section 6013A,

"(ii) a surviving spouse, or

"(iii) a head of household, or".

(d) CLERICAL AMENDMENT.—The table of sections for subpart B of part II of subchapter A of chapter 61 is amended by inserting after the item relating to section 6013 the following:

"Sec. 6013A. Combined return with separate rates.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 202. MARRIAGE PENALTY RELIEF FOR EARNED INCOME CREDIT.

(a) IN GENERAL.—Paragraph (2) of section 32(b) (relating to percentages and amounts) is amended—

(1) by striking "AMOUNTS.—The earned" and inserting "AMOUNTS.—

"(A) IN GENERAL.—Subject to subparagraph (B), the earned", and

(2) by adding at the end the following new subparagraph:

"(B) JOINT RETURNS.—In the case of a joint return, the phaseout amount determined under subparagraph (A) shall be increased by $2,000.".

(b) INFLATION ADJUSTMENT.—Paragraph (1)(B) of section 32(j) (relating to inflation adjustments) is amended to read as follows:

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined—

"(i) in the case of amounts in subsections (b)(1)(A) and (i)(1), by substituting 'calendar year 1995' for 'calendar year 1992' in subparagraph (B) thereof, and

"(ii) in the case of the $2,000 amount in subsection (b)(1)(B), by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) of such section 1.".

(c) ROUNDING.—Section 32(j)(2)(A) (relating to rounding) is amended by striking "subsection (b)(2)" and inserting "subsection (b)(2)(A) (after being increased under subparagraph (B) thereof)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 203. EXCLUSION FOR FOSTER CARE PAYMENTS TO APPLY TO PAYMENTS BY QUALIFIED PLACEMENT AGENCIES.

(a) IN GENERAL.—The matter preceding subparagraph (B) of section 131(b)(1) (defining qualified foster care payment) is amended to read as follows:

"(1) IN GENERAL.—The term 'qualified foster care payment' means any payment made pursuant to a foster care program of a State or political subdivision thereof—

"(A) which is paid by—

"(i) the State or political subdivision thereof, or

"(ii) a qualified foster care placement agency of such State or political subdivision, and".

(b) QUALIFIED FOSTER INDIVIDUALS TO INCLUDE INDIVIDUALS PLACED BY QUALIFIED PLACEMENT AGENCIES.—Subparagraph (B) of section 131(b)(2) (defining qualified foster individual) is amended to read as follows:

"(B) a qualified foster care placement agency.".

(c) QUALIFIED FOSTER CARE PLACEMENT AGENCY DEFINED.—Subsection (b) of section 131 is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) QUALIFIED FOSTER CARE PLACEMENT AGENCY.—The term 'qualified foster care placement agency' means any placement agency which is licensed or certified by—

"(A) a State or political subdivision thereof, or

"(B) an entity designated by a State or political subdivision thereof, *to make foster care payments under the foster care program of such State or political subdivision to providers of foster care.''.*

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 204. MODIFICATION OF DEPENDENT CARE CREDIT.

(a) INCREASE IN PERCENTAGE OF EMPLOYMENT-RELATED EXPENSES TAKEN INTO ACCOUNT.—Subsection (a)(2) of section 21 (relating to expenses for household and dependent care services necessary for gainful employment) is amended—

(1) by striking "30 percent'' and inserting "40 percent'',

(2) by striking "$2,000'' and inserting "$1,000'', and

(3) by striking "$10,000'' and inserting "$30,000''.

(b) INDEXING OF LIMIT ON EMPLOYMENT-RELATED EXPENSES.—Section 21(c) (relating to dollar limit on amount creditable) is amended to read as follows:

''(c) DOLLAR LIMIT ON AMOUNT CREDITABLE.—

''(1) IN GENERAL.—The amount of the employment-related expenses incurred during any taxable year which may be taken into account under subsection (a) shall not exceed—

''(A) an amount equal to 50 percent of the amount determined under subparagraph (B) if there is 1 qualifying individual with respect to the taxpayer for such taxable year, or

''(B) $4,800 if there are 2 or more qualifying individuals with respect to the taxpayer for such taxable year.

The amount determined under subparagraph (A) or (B) (whichever is applicable) shall be reduced by the aggregate amount excludable from gross income under section 129 for the taxable year.

''(2) COST-OF-LIVING ADJUSTMENT.—

''(A) IN GENERAL.—In the case of a taxable year beginning after 2000, the $4,800 amount under paragraph (1)(B) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1999' for 'calendar year 1992' in subparagraph (B) thereof.

''(B) ROUNDING RULES.—If any amount after adjustment under subparagraph (A) is not a multiple of $50, such amount shall be rounded to the next lower multiple of $50.''.

(c) MINIMUM DEPENDENT CARE CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.—Section 21(e) (relating to special rules) is amended by adding at the end the following:

''(11) MINIMUM CREDIT ALLOWED FOR STAY-AT-HOME PARENTS.—

''(A) IN GENERAL.—Notwithstanding subsection (d), in the case of any taxpayer with 1 or more qualifying individuals described in subsection (b)(1)(A) under the age of 1, such taxpayer shall be deemed to have employment-related expenses for the taxable year with respect to each such qualifying individual in an amount equal to the sum of—

''(i) $200 for each month in such taxable year during which such qualifying individual is under the age of 1, and

''(ii) the amount of employment-related expenses otherwise incurred for such qualifying individual for the taxable year (determined under this section without regard to this paragraph).

''(B) ELECTION TO NOT APPLY THIS PARAGRAPH.—This paragraph shall not apply with respect to any qualifying individual for any taxable year if the taxpayer elects to not have this paragraph apply to such qualifying individual for such taxable year.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 205. ALLOWANCE OF CREDIT FOR EMPLOYER EXPENSES FOR CHILD CARE ASSISTANCE.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by adding at the end the following new section:

"SEC. 45D. EMPLOYER-PROVIDED CHILD CARE CREDIT.

''(a) ALLOWANCE OF CREDIT.—For purposes of section 38, the employer-provided child care credit determined under this section for the taxable year is an amount equal to the sum of—

''(1) 25 percent of the qualified child care expenditures, and

''(2) 10 percent of the qualified child care resource and referral expenditures,

of the taxpayer for such taxable year.

''(b) DOLLAR LIMITATION.—The credit allowable under subsection (a) for any taxable year shall not exceed $150,000.

''(c) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED CHILD CARE EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified child care expenditure' means any amount paid or incurred—

''(i) to acquire, construct, rehabilitate, or expand property—

''(I) which is to be used as part of an eligible qualified child care facility of the taxpayer,

''(II) with respect to which a deduction for depreciation (or amortization in lieu of depreciation) is allowable, and

''(III) which does not constitute part of the principal residence (within the meaning of section 121) of the taxpayer or any employee of the taxpayer,

''(ii) for the operating costs of an eligible qualified child care facility of the taxpayer, including costs related to the training of employees of the child care facility, to scholarship programs, to the providing of differential compensation to employees based on level of child care training, and to expenses associated with achieving accreditation, or

''(iii) under a contract with a qualified child care facility to provide child care services to employees of the taxpayer.

''(B) EXCLUSION FOR AMOUNTS FUNDED BY GRANTS, ETC.—The term 'qualified child care expenditure' shall not include any amount to the extent such amount is funded by any grant, contract, or otherwise by another person (or any governmental entity).

''(C) NONDISCRIMINATION.—The term 'qualified child care expenditure' shall not include any amount expended in relation to any child care services unless the providing of such services to employees of the taxpayer does not discriminate in favor of highly compensated employees (within the meaning of section 404(q)).

''(2) QUALIFIED CHILD CARE FACILITY.—

''(A) IN GENERAL.—The term 'qualified child care facility' means a facility—

''(i) the principal use of which is to provide child care assistance, and

''(ii) which meets the requirements of all applicable laws and regulations of the State or local government in which it is located, including, but not limited to, the licensing of the facility as a child care facility.

Clause (i) shall not apply to a facility which is the principal residence (within the meaning of section 121) of the operator of the facility.

''(B) ELIGIBLE QUALIFIED CHILD CARE FACILITY.—A qualified child care facility shall be treated as an eligible qualified child care facility with respect to the taxpayer if—

''(i) enrollment in the facility is open to employees of the taxpayer during the taxable year,

''(ii) the facility is not the principal trade or business of the taxpayer, and

''(iii) at least 30 percent of the enrollees of such facility are dependents of employees of the taxpayer.

''(C) APPLICATION OF SUBPARAGRAPH (B).—In the case of a new facility, the facility shall be treated as meeting the requirement of subparagraph (B)(iii) if not later than 2 years after placing such facility in service at least 30 percent of the enrollees of such facility are dependents of employees of the taxpayer.

''(3) QUALIFIED CHILD CARE RESOURCE AND REFERRAL EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified child care resource and referral expenditure' means any amount paid or incurred under a contract to provide child care resource and referral services to employees of the taxpayer.

''(B) EXCLUSION FOR AMOUNTS FUNDED BY GRANTS, ETC.—The term 'qualified child care resource and referral expenditure' shall not include any amount to the extent such amount is funded by any grant, contract, or otherwise by another person (or any governmental entity).

''(C) NONDISCRIMINATION.—The term 'qualified child care resource and referral expenditure' shall not include any amount expended in relation to any child care resource and referral services unless the providing of such services to employees of the taxpayer does not discriminate in favor of highly compensated employees (within the meaning of section 404(q)).

''(d) RECAPTURE OF ACQUISITION AND CONSTRUCTION CREDIT.—

''(1) IN GENERAL.—If, as of the close of any taxable year, there is a recapture event with respect to any eligible qualified child care facility of the taxpayer, then the tax of the taxpayer under this chapter for such taxable year shall be increased by an amount equal to the product of—

''(A) the applicable recapture percentage, and

''(B) the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted if the qualified child care expenditures of the taxpayer described in subsection (c)(1)(A) with respect to such facility had been zero.

''(2) APPLICABLE RECAPTURE PERCENTAGE.—

''(A) IN GENERAL.—For purposes of this subsection, the applicable recapture percentage shall be determined from the following table:

"If the recapture event occurs in:	**The applicable recapture percentage is:**
Year 1	*100*
Year 2	*80*
Year 3	*60*
Year 4	*40*
Year 5	*20*
Years 6 and thereafter	*0.*

''(B) YEARS.—For purposes of subparagraph (A), year 1 shall begin on the first day of the taxable year in which the eligible qualified child care facility is placed in service by the taxpayer.

''(3) RECAPTURE EVENT DEFINED.—For purposes of this subsection, the term 'recapture event' means—

''(A) CESSATION OF OPERATION.—The cessation of the operation of the facility as an eligible qualified child care facility.

''(B) CHANGE IN OWNERSHIP.—

''(i) IN GENERAL.—Except as provided in clause (ii), the disposition of a taxpayer's interest in an eligible qualified child care facility with respect to which the credit described in subsection (a) was allowable.

''(ii) AGREEMENT TO ASSUME RECAPTURE LIABILITY.—Clause (i) shall not apply if the person acquiring such interest in the facility agrees in writing to assume the recapture liability of the person disposing of such interest in effect

immediately before such disposition. In the event of such an assumption, the person acquiring the interest in the facility shall be treated as the taxpayer for purposes of assessing any recapture liability (computed as if there had been no change in ownership).

"(4) SPECIAL RULES.—

"(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (1) only with respect to credits allowed by reason of this section which were used to reduce tax liability. In the case of credits not so used to reduce tax liability, the carryforwards and carrybacks under section 39 shall be appropriately adjusted.

"(B) NO CREDITS AGAINST TAX.—Any increase in tax under this subsection shall not be treated as a tax imposed by this chapter for purposes of determining the amount of any credit under subpart A, B, or D of this part.

"(C) NO RECAPTURE BY REASON OF CASUALTY LOSS.—The increase in tax under this subsection shall not apply to a cessation of operation of the facility as a qualified child care facility by reason of a casualty loss to the extent such loss is restored by reconstruction or replacement within a reasonable period established by the Secretary.

"(e) SPECIAL RULES.—For purposes of this section—

"(1) AGGREGATION RULES.—All persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single taxpayer.

"(2) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

"(3) ALLOCATION IN THE CASE OF PARTNERSHIPS.—In the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary.

"(f) NO DOUBLE BENEFIT.—

"(1) REDUCTION IN BASIS.—For purposes of this subtitle—

"(A) IN GENERAL.—If a credit is determined under this section with respect to any property by reason of expenditures described in subsection (c)(1)(A), the basis of such property shall be reduced by the amount of the credit so determined.

"(B) CERTAIN DISPOSITIONS.—If during any taxable year there is a recapture amount determined with respect to any property the basis of which was reduced under subparagraph (A), the basis of such property (immediately before the event resulting in such recapture) shall be increased by an amount equal to such recapture amount. For purposes of the preceding sentence, the term 'recapture amount' means any increase in tax (or adjustment in carrybacks or carryovers) determined under subsection (d).

"(2) OTHER DEDUCTIONS AND CREDITS.—No deduction or credit shall be allowed under any other provision of this chapter with respect to the amount of the credit determined under this section.".

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) is amended—

(A) by striking out "plus" at the end of paragraph (11),

(B) by striking out the period at the end of paragraph (12), and inserting a comma and "plus", and

(C) by adding at the end the following new paragraph:

"(13) the employer-provided child care credit determined under section 45D.".

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

"Sec. 45D. Employer-provided child care credit.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 206. MODIFICATION OF ALTERNATIVE MINIMUM TAX FOR INDIVIDUALS.

(a) NONREFUNDABLE PERSONAL CREDITS FULLY ALLOWED AGAINST REGULAR TAX LIABILITY.—

(1) IN GENERAL.—Subsection (a) of section 26 (relating to limitation based on amount of tax) is amended to read as follows:

"(a) LIMITATION BASED ON AMOUNT OF TAX.—The aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the taxpayer's regular tax liability for the taxable year.".

(2) CHILD CREDIT.—Subsection (d) of section 24 is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1998.

(b) PERSONAL EXEMPTIONS ALLOWED IN COMPUTING MINIMUM TAX.—

(1) IN GENERAL.—Subparagraph (E) of section 56(b)(1) is amended to read as follows:

"(E) SPECIAL RULE FOR CERTAIN DEDUCTIONS.—The standard deduction under section 63(c) shall not be allowed and the deduction for personal exemptions under section 151 and the deduction under section 642(b) shall each be allowed, but shall each be reduced by $250.".

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2005.

SEC. 207. LONG-TERM CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

(a) GENERAL RULE.—Part I of subchapter P of chapter 1 (relating to treatment of capital gains) is amended by redesignating section 1202 as section 1203 and by inserting after section 1201 the following new section:

"SEC. 1202. CAPITAL GAINS DEDUCTION FOR INDIVIDUALS.

"(a) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction for the taxable year an amount equal to the lesser of—

"(1) the net capital gain of the taxpayer for the taxable year, or

"(2) $1,000.

"(b) SALES BETWEEN RELATED PARTIES.—Gains from sales and exchanges to any related person (within the meaning of section 267(b) or 707(b)(1)) shall not be taken into account in determining net capital gain.

"(c) SPECIAL RULE FOR SECTION 1250 PROPERTY.—Solely for purposes of this section, in applying section 1250 to any disposition of section 1250 property, all depreciation adjustments in respect of the property shall be treated as additional depreciation.

"(d) SECTION NOT TO APPLY TO CERTAIN TAXPAYERS.—No deduction shall be allowed under this section to—

"(1) an individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins,

"(2) a married individual (within the meaning of section 7703) filing a separate return for the taxable year, or

"(3) an estate or trust.

"(e) SPECIAL RULE FOR PASS-THRU ENTITIES.—

"(1) IN GENERAL.—In applying this section with respect to any pass-thru entity, the determination of when the sale or exchange occurs shall be made at the entity level.

"(2) PASS-THRU ENTITY DEFINED.—For purposes of paragraph (1), the term 'pass-thru entity' means—

"(A) a regulated investment company,

"(B) a real estate investment trust,

"(C) an S corporation,

"(D) a partnership,

"(E) an estate or trust, and

"(F) a common trust fund.".

(b) COORDINATION WITH MAXIMUM CAPITAL GAINS RATE.—Paragraph (3) of section 1(h) (relating to maximum capital gains rate) is amended to read as follows:

"(3) COORDINATION WITH OTHER PROVISIONS.—For purposes of this subsection, the amount of the net capital gain shall be reduced (but not below zero) by the sum of—

"(A) the amount of the net capital gain taken into account under section 1202(a) for the taxable year, plus

"(B) the amount which the taxpayer elects to take into account as investment income for the taxable year under section 163(d)(4)(B)(iii).".

(c) DEDUCTION ALLOWABLE IN COMPUTING ADJUSTED GROSS INCOME.—Subsection (a) of section 62 (defining adjusted gross income) is amended by inserting after paragraph (17) the following new paragraph:

"(18) LONG-TERM CAPITAL GAINS.—The deduction allowed by section 1202.".

(d) TREATMENT OF COLLECTIBLES.—

(1) IN GENERAL.—Section 1222 (relating to other terms relating to capital gains and losses) is amended by inserting after paragraph (11) the following new paragraph:

"(12) SPECIAL RULE FOR COLLECTIBLES.—

"(A) IN GENERAL.—Any gain or loss from the sale or exchange of a collectible shall be treated as a short-term capital gain or loss (as the case may be), without regard to the period such asset was held. The preceding sentence shall apply only to the extent the gain or loss is taken into account in computing taxable income.

"(B) TREATMENT OF CERTAIN SALES OF INTEREST IN PARTNERSHIP, ETC.—For purposes of subparagraph (A), any gain from the sale or exchange of an interest in a partnership, S corporation, or trust which is attributable to unrealized appreciation in the value of collectibles held by such entity shall be treated as gain from the sale or exchange of a collectible. Rules similar to the rules of section 751(f) shall apply for purposes of the preceding sentence.

"(C) COLLECTIBLE.—For purposes of this paragraph, the term 'collectible' means any capital asset which is a collectible (as defined in section 408(m) without regard to paragraph (3) thereof).".

(2) CHARITABLE DEDUCTION NOT AFFECTED.—

(A) Paragraph (1) of section 170(e) is amended by adding at the end the following new sentence: "For purposes of this paragraph, section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles).".

(B) Clause (iv) of section 170(b)(1)(C) is amended by inserting before the period at the end the following: "and section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)".

(e) CONFORMING AMENDMENTS.—

(1) Section 57(a)(7) is amended by striking "1202" and inserting "1203".

(2) Clause (iii) of section 163(d)(4)(B) is amended to read as follows:

"(iii) the sum of—

"(I) the portion of the net capital gain referred to in clause (ii)(II) (or, if lesser, the net capital gain referred to in clause (ii)(I)) taken into account under section 1202, reduced by the amount of the deduction allowed with respect to such gain under section 1202, plus

"(II) so much of the gain described in subclause (I) which is not taken into account under section 1202 and which the taxpayer elects to take into account under this clause.".

(3) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

"(B) the deduction under section 1202 and the exclusion under section 1203 shall not be allowed.".

(4) Section 642(c)(4) is amended by striking "1202" and inserting "1203".

(5) Section 643(a)(3) is amended by striking "1202" and inserting "1203".

(6) Paragraph (4) of section 691(c) is amended inserting "1203," after "1202,".

(7) The second sentence of section 871(a)(2) is amended by inserting "or 1203" after "section 1202".

(8) The last sentence of section 1044(d) is amended by striking "1202" and inserting "1203".

(9) Paragraph (1) of section 1402(i) is amended by inserting ", and the deduction provided by section 1202 and the exclusion provided by section 1203 shall not apply" before the period at the end.

(10) Section 121 is amended by adding at the end the following new subsection:

"(h) CROSS REFERENCE.—

"For treatment of eligible gain not excluded under subsection (a), see section 1202.".

(11) Section 1203, as redesignated by subsection (a), is amended by adding at the end the following new subsection:

"(l) CROSS REFERENCE.—

"For treatment of eligible gain not excluded under subsection (a), see section 1202.".

(12) The table of sections for part I of subchapter P of chapter 1 is amended by striking the item relating to section 1202 and by inserting after the item relating to section 1201 the following new items:

"Sec. 1202. Capital gains deduction.

"Sec. 1203. 50-percent exclusion for gain from certain small business stock.".

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2005.

(2) COLLECTIBLES.—The amendments made by subsection (d) shall apply to sales and exchanges after December 31, 2005.

SEC. 208. CREDIT FOR INTEREST ON HIGHER EDUCATION LOANS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 25A the following new section:

"SEC. 25B. INTEREST ON HIGHER EDUCATION LOANS.

"(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the interest paid by the taxpayer during the taxable year on any qualified education loan.

"(b) MAXIMUM CREDIT.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the credit allowed by subsection (a) for the taxable year shall not exceed $1,500.

"(2) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

"(A) IN GENERAL.—If the modified adjusted gross income of the taxpayer for the taxable year exceeds $50,000 ($80,000 in the case of a joint return), the amount which would (but for this paragraph) be allowable as a credit under this section shall be reduced (but not below zero) by the amount which bears the same ratio to the amount which would be so allowable as such excess bears to $20,000.

"(B) MODIFIED ADJUSTED GROSS INCOME.—The term 'modified adjusted gross income' means adjusted gross income determined without regard to sections 911, 931, and 933.

"(C) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2005, the $50,000 and $80,000 amounts referred to in subparagraph (A) shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section (1)(f)(3) for the calendar year in which the taxable year begins, by substituting '2004' for '1992'.

"(D) ROUNDING.—If any amount as adjusted under subparagraph (C) is not a multiple of $50, such amount shall be rounded to the nearest multiple of $50.

"(c) DEPENDENTS NOT ELIGIBLE FOR CREDIT.—No credit shall be allowed by this section to an individual for the taxable year if a deduction under section 151 with respect to such individual is allowed to another taxpayer for the taxable year beginning in the calendar year in which such individual's taxable year begins.

"(d) LIMIT ON PERIOD CREDIT ALLOWED.—A credit shall be allowed under this section only with respect to interest paid on any qualified education loan during the first 60 months (whether or not consecutive) in which interest payments are required. For purposes of this paragraph, any loan and all refinancings of such loan shall be treated as 1 loan.

"(e) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED EDUCATION LOAN.—The term 'qualified education loan' has the meaning given such term by section 221(e)(1).

"(2) DEPENDENT.—The term 'dependent' has the meaning given such term by section 152.

"(f) SPECIAL RULES.—

"(1) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under this section for any amount taken into account for any deduction under any other provision of this chapter.

"(2) MARRIED COUPLES MUST FILE JOINT RETURN.—If the taxpayer is married at the close of the taxable year, the credit shall be allowed under subsection (a) only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year.

"(3) MARITAL STATUS.—Marital status shall be determined in accordance with section 7703.".

(b) CONFORMING AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25A the following new item:

"Sec. 25B. Interest on higher education loans.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any qualified education loan (as defined in section 25B(e)(1) of the Internal Revenue Code of 1986, as added by this section) incurred on, before, or after the date of the enactment of this Act, but only with respect to any loan interest payment due after December 31, 2004.

SEC. 209. ELIMINATION OF MARRIAGE PENALTY IN STANDARD DEDUCTION.

(a) IN GENERAL.—Paragraph (2) of section 63(c) (relating to standard deduction) is amended—

(1) by striking "$5,000" in subparagraph (A) and inserting "twice the dollar amount in effect under subparagraph (C) for the taxable year",

(2) by adding "or" at the end of subparagraph (B),

(3) by striking "in the case of" and all that follows in subparagraph (C) and inserting "in any other case.", and

(4) by striking subparagraph (D).

(b) PHASE-IN.—Subsection (c) of section 63 is amended by adding at the end the following new paragraph:

"(7) PHASE-IN OF INCREASE IN BASIC STANDARD DEDUCTION.—In the case of taxable years beginning before January 1, 2008—

"(A) paragraph (2)(A) shall be applied by substituting for 'twice'—

"(i) '1.671 times' in the case of taxable years beginning during 2001,

"(ii) '1.70 times' in the case of taxable years beginning during 2002,

"(iii) '1.727 times' in the case of taxable years beginning during 2003,

"(iv) '1.837 times' in the case of taxable years beginning during 2004,

"(v) '1.951 times' in the case of taxable years beginning during 2005,

"(vi) '1.953 times' in the case of taxable years beginning during 2006, and

"(vii) '1.973 times' in the case of taxable years beginning during 2007, and

"(B) the basic standard deduction for a married individual filing a separate return shall be one-half of the amount applicable under paragraph (2)(A).

If any amount determined under subparagraph (A) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.".

(c) TECHNICAL AMENDMENTS.—

(1) Subparagraph (B) of section 1(f)(6) is amended by striking "(other than with" and all that follows through "shall be applied" and inserting "(other than with respect to sections 63(c)(4) and 151(d)(4)(A)) shall be applied".

(2) Paragraph (4) of section 63(c) is amended by adding at the end the following flush sentence:

"The preceding sentence shall not apply to the amount referred to in paragraph (2)(A).".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 210. EXPANSION OF ADOPTION CREDIT.

(a) IN GENERAL.—Section 23(a)(1) (relating to allowance of credit) is amended to read as follows:

"(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter—

"(A) in the case of an adoption of a child other than a child with special needs, the amount of the qualified adoption expenses paid or incurred by the taxpayer, and

"(B) in the case of an adoption of a child with special needs, $10,000.".

(b) DOLLAR LIMITATION.—Section 23(b)(1) is amended—

(1) by striking "($6,000, in the case of a child with special needs)", and

(2) by striking "subsection (a)" and inserting "subsection (a)(1)".

(c) YEAR CREDIT ALLOWED.—Section 23(a)(2) is amended by adding at the end the following new flush sentence:

"In the case of the adoption of a child with special needs, the credit allowed under paragraph (1) shall be allowed for the taxable year in which the adoption becomes final.".

(d) DEFINITION OF ELIGIBLE CHILD.—Section 23(d)(2) is amended to read as follows:

"(2) ELIGIBLE CHILD.—The term 'eligible child' means any individual who—

"(A) has not attained age 18, or

"(B) is physically or mentally incapable of caring for himself.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 211. MODIFICATION OF TAX RATES FOR TRUSTS FOR INDIVIDUALS WHO ARE DISABLED.

(a) IN GENERAL.—Section 1(e) (relating to tax imposed on estates and trusts) is amended to read as follows:

"(e) ESTATES AND TRUSTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), there is hereby imposed on the taxable income of—

"(A) every estate, and

"(B) every trust,

taxable under this subsection a tax determined in accordance with the following table:

"If taxable income is:	**The tax is:**
Not over $1,500	15% of taxable income.
Over $1,500 but not over $3,500.	$225, plus 28% of the excess over $1,500.
Over $3,500 but not over $5,500.	$785, plus 31% of the excess over $3,500.

"If taxable income is:	The tax is:
Over $5,500 but not over $7,500.	$1,405, plus 36% of the excess over $5,500.
Over $7,500	$2,125, plus 39.6% of the excess over $7,500.

"(2) SPECIAL RULE FOR TRUSTS FOR DISABLED INDIVIDUALS.—

"(A) IN GENERAL.—There is hereby imposed on the taxable income of an eligible trust taxable under this subsection a tax determined in the same manner as under subsection (c).

"(B) ELIGIBLE TRUST.—For purposes of subparagraph (A), a trust shall be treated as an eligible trust for any taxable year if, at all times during such year during which the trust is in existence, the exclusive purpose of the trust is to provide reasonable amounts for the support and maintenance of 1 beneficiary who is permanently and totally disabled (within the meaning of section 22(e)(3)). A trust shall not fail to meet the requirements of this subparagraph merely because the corpus of the trust may revert to the grantor or a member of the grantor's family upon the death of the beneficiary.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

TITLE III—RETIREMENT SAVINGS TAX RELIEF

Subtitle A—Individual Retirement Arrangements

SEC. 301. MODIFICATION OF DEDUCTION LIMITS FOR IRA CONTRIBUTIONS.

(a) INCREASE IN CONTRIBUTION LIMIT.—

(1) IN GENERAL.—Paragraph (1)(A) of section 219(b) (relating to maximum amount of deduction) is amended by striking "$2,000" and inserting "the deductible amount".

(2) DEDUCTIBLE AMOUNT.—Section 219(b) is amended by adding at the end the following new paragraph:

"(5) DEDUCTIBLE AMOUNT.—For purposes of paragraph (1)(A)—

"(A) IN GENERAL.—The deductible amount shall be determined in accordance with the following table:

"For taxable years beginning in:	The deductible amount is:
2001	$3,000
2002	$4,000
2003 and thereafter	$5,000.

"(B) COST-OF-LIVING ADJUSTMENT.—

"(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2003, the $5,000 amount under subparagraph (A) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2002' for 'calendar year 1992' in subparagraph (B) thereof.

"(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $100, such amount shall be rounded to the next lower multiple of $100.".

(b) INCREASE IN ADJUSTED GROSS INCOME LIMITS FOR ACTIVE PARTICIPANTS.—

(1) IN GENERAL.—Subparagraph (B) of section 219(g)(3) (relating to applicable dollar amount) is amended to read as follows:

"(B) APPLICABLE DOLLAR AMOUNT.—The term 'applicable dollar amount' means the following:

"(i) In the case of a taxpayer filing a joint return:

"For taxable years beginning in:	The applicable dollar amount is:
2001	$53,000
2002	$54,000
2003	$60,000
2004	$65,000
2005	$70,000
2006	$75,000
2007	$80,000
2008	$84,000
2009	$89,000
2010 and thereafter	$94,000.

"(ii) In the case of any other taxpayer (other than a married individual filing a separate return):

"For taxable years beginning in:	The applicable dollar amount is:
2001	$33,000
2002	$34,000
2003	$40,000
2004	$45,000
2005, 2006, and 2007	$50,000
2008	$52,000
2009	$54,500
2010 and thereafter	$57,000.".

(2) COST-OF-LIVING ADJUSTMENT.—Section 219(g)(3) is amended by adding at the end the following new subparagraph:

"(C) COST-OF-LIVING ADJUSTMENT.—

"(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2010, the $94,000 amount in subparagraph (B)(i) and the $57,000 amount in subparagraph(B)(ii) shall each be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2009' for 'calendar year 1992' in subparagraph (B) thereof.

"(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $1,000, such amount shall be reduced to the next lowest multiple of $1,000.".

(c) CONFORMING AMENDMENTS.—

(1) Section 408(a)(1) is amended by striking "in excess of $2,000 on behalf of any individual" and inserting "on behalf of any individual in excess of the amount in effect for such taxable year under section 219(b)(1)(A)".

(2) Section 408(b)(2)(B) is amended by striking "$2,000" and inserting "the dollar amount in effect under section 219(b)(1)(A)".

(3) Section 408(b) is amended by striking "$2,000" in the matter following paragraph (4) and inserting "the dollar amount in effect under section 219(b)(1)(A)".

(4) Section 408(j) is amended by striking "$2,000".

(5) Section 408(p)(8) is amended by striking "$2,000" and inserting "the dollar amount in effect under section 219(b)(1)(A)"

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 302. MODIFICATION OF INCOME LIMITS ON CONTRIBUTIONS AND ROLLOVERS TO ROTH IRAS.

(a) REPEAL OF AGI LIMIT ON CONTRIBUTIONS.—Section 408A(c)(3) (relating to limits based on modified adjusted gross income) is amended by striking subparagraph (A) and by redesignating subparagraphs (B), (C), and (D) as subparagraphs (A), (B), and (C), respectively.

(b) INCREASE IN AGI LIMIT FOR ROLLOVER CONTRIBUTIONS.—Section 408A(c)(3)(A) (relating to rollover from IRA), as redesignated by subsection (a), is amended to read as follows:

"(A) ROLLOVER FROM IRA.—A taxpayer shall not be allowed to make a qualified rollover contribution from an individual retirement plan other than a Roth IRA during any taxable year if, for the taxable year of the distribution to which the contribution relates, the taxpayer's adjusted gross income exceeds $1,000,000.".

(c) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 408A(c)(3), as redesignated by subsection (a) and as in effect before and after the amendments made by the Internal Revenue Service Restructuring and Reform Act of 1998, is amended to read as follows:

"(B) DEFINITION OF ADJUSTED GROSS INCOME.—For purposes of subparagraph (A), adjusted gross income shall be determined—

"(i) after application of sections 86 and 469, and

"(ii) without regard to sections 135, 137, 221, and 911, the deduction allowable under section 219, or any amount included in gross income under subsection (d)(3).".

(2) Subparagraph (B) of section 408A(c)(3), as amended by paragraph (1), is amended by inserting "or by reason of a required distribution under a provision described in paragraph (5)" before the period at the end.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

(2) ROLLOVERS.—The amendment made by subsection (b) shall apply to taxable years beginning after December 31, 2002.

(3) ADJUSTED GROSS INCOME.—The amendment made by subsection (c)(2) shall apply to taxable years beginning after December 31, 2004.

SEC. 303. DEEMED IRAS UNDER EMPLOYER PLANS.

(a) IN GENERAL.—Section 408 (relating to individual retirement accounts) is amended by redesignating subsection (q) as subsection (r) and by inserting after subsection (p) the following new subsection:

"(q) DEEMED IRAs UNDER QUALIFIED EMPLOYER PLANS.—

"(1) GENERAL RULE.—If—

"(A) a qualified employer plan elects to allow employees to make voluntary employee contributions to a separate account or annuity established under the plan, and

"(B) under the terms of the qualified employer plan, such account or annuity meets the applicable requirements of this section or section 408A for an individual retirement account or annuity,

then such account or annuity shall be treated for purposes of this title in the same manner as an individual retirement plan (and contributions to such account or annuity as contributions to an individual retirement plan). For purposes of subparagraph (B), the requirements of subsection (a)(5) shall not apply.

"(2) SPECIAL RULES FOR QUALIFIED EMPLOYER PLANS.—For purposes of this title—

"(A) a qualified employer plan shall not fail to meet any requirement of this title solely by reason of establishing and maintaining a program described in paragraph (1), and

"(B) any account or annuity described in paragraph (1), and any contribution to the account or annuity, shall not be subject to any requirement of this title applicable to a qualified employer plan or taken into account in applying any such requirement to any other contributions under the plan.

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) QUALIFIED EMPLOYER PLAN.—The term 'qualified employer plan' has the meaning given such term by section 72(p)(4).

"(B) VOLUNTARY EMPLOYEE CONTRIBUTION.—The term 'voluntary employee contribution' means any contribution (other than a mandatory contribution within the meaning of section 411(c)(2)(C))—

"(i) which is made by an individual as an employee under a qualified employer plan which allows employees to elect to make contributions described in paragraph (1), and

"(ii) with respect to which the individual has designated the contribution as a contribution to which this subsection applies.".

(b) AMENDMENT OF ERISA.—

(1) IN GENERAL.—Section 4 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1003) is amended by adding at the end the following new subsection:

"(c) If a pension plan allows an employee to elect to make voluntary employee contributions to accounts and annuities as provided in section 408(q) of the Internal Revenue Code of 1986, such accounts and annuities (and contributions thereto) shall not be treated as part of such plan (or as a separate pension plan) for purposes of any provision of this title other than section 403(c), 404, or 405 (relating to exclusive benefit, and fiduciary and co-fiduciary responsibilities).".

(2) CONFORMING AMENDMENT.—Section 4(a) of such Act (29 U.S.C. 1003(a)) is amended by inserting "or (c)" after "subsection (b)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 1999.

SEC. 304. TAX CREDIT FOR MATCHING CONTRIBUTIONS TO INDIVIDUAL DEVELOPMENT ACCOUNTS.

(a) IN GENERAL.—Subchapter F of chapter 1 (relating to exempt organizations) is amended by adding at the end the following new part:

"PART IX—INDIVIDUAL DEVELOPMENT ACCOUNTS

"Sec. 530A. Individual development accounts.

"SEC. 530A. INDIVIDUAL DEVELOPMENT ACCOUNTS.

"(a) INDIVIDUAL DEVELOPMENT ACCOUNT.—For purposes of this section, the term 'Individual Development Account' means a custodial account established for the exclusive benefit of an eligible individual or such individual's beneficiaries, but only if the written governing instrument creating the account meets the following requirements:

"(1) Except in the case of a qualified rollover (as defined in subsection (c)(2)(E))—

"(A) no contribution will be accepted unless it is in cash, and

"(B) contributions will not be accepted for the taxable year in excess of the lesser of—

"(i) $350, or

"(ii) an amount equal to the compensation includible in the eligible individual's gross income for such taxable year.

"(2) The custodian of the account is a qualified financial institution.

"(3) The interest of an eligible individual in the balance of the account (determined without regard to any such matching contribution or earnings thereon) is nonforfeitable.

"(4) The assets of the account will not be commingled with other property except in a common trust fund or common investment fund.

"(5) Except as provided in subsection (c), any amount in the account may be paid out only for qualified expense distributions.

"(b) MATCHING CONTRIBUTIONS WITH RESPECT TO INDIVIDUAL DEVELOPMENT ACCOUNTS.—

"(1) IN GENERAL.—If an eligible individual establishes an Individual Development Account with a qualified financial institution, the qualified financial institution may deposit into a separate, parallel, individual or pooled matching account an eligible matching contribution for the taxable year. The qualified financial institution shall maintain a separate accounting of matching contributions and earnings thereon.

"(2) ELIGIBLE MATCHING CONTRIBUTION.—For purposes of this section, the term 'eligible matching contribution' means a dollar-for-dollar match of the contributions made by the eligible individual into the Individual Development Account described in paragraph (1) with respect to any taxable year.

"(3) ALLOWANCE OF CREDIT FOR ELIGIBLE MATCHING CONTRIBUTIONS.—

"(A) IN GENERAL.—In the case of a qualified financial institution, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 85 percent of the eligible matching contributions made by such institution with respect to an eligible individual under this subsection for such taxable year (determined without regard to any amount described in paragraph (4)(B)). If any amount determined under the preceding sentence is not a multiple of $10, such amount shall be rounded to the next highest multiple of $10.

"(B) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subparagraph (A) for any taxable year shall not exceed the excess of—

"(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

"(ii) the sum of the credits allowable under part IV of subchapter A of this chapter.

"(C) CREDIT TREATED AS ALLOWED UNDER PART IV OF SUBCHAPTER A.—For purposes of subtitle F, the credit allowed under subparagraph (A) shall be treated as a credit allowable under part IV of subchapter A of this chapter.

"(4) FORFEITURE OF MATCHING FUNDS.—

"(A) IN GENERAL.—Amounts in the matching account established under this subsection for an eligible individual shall be reduced by the amount of any distribution from an Individual Development Account of such individual which is not a qualified expense distribution and which is not recontributed as part of a qualified rollover (as defined in subsection (c)(2)(E)).

"(B) USE OF FORFEITED FUNDS.—Eligible matching contributions which are forfeited by an eligible individual under subparagraph (A) shall be used by the qualified financial institution to make eligible matching contributions for other Individual Development Account contributions by eligible individuals.

"(5) EXCLUSION FROM INCOME.—Gross income of an eligible individual shall not include any eligible matching contribution and the earnings thereon deposited into a matching account under paragraph (1) on behalf of such individual.

"(6) REGULAR REPORTING OF MATCHING CONTRIBUTIONS.—Any qualified financial institution shall report eligible matching contributions to eligible individuals with Individual Development Accounts on not less than a quarterly basis.

"(7) TERMINATION.—No eligible matching contribution may be made for any taxable year beginning after December 31, 2005.

"(c) QUALIFIED EXPENSE DISTRIBUTION.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified expense distribution' means any amount paid or distributed out of an Individual Development Account and the matching account established under subsection (b) for an eligible individual if such amount—

"(A) is used exclusively to pay the qualified expenses of such individual or such individual's spouse or dependents,

"(B) is paid by the qualified financial institution directly to the person to whom the amount is due or to another Individual Development Account, and

"(C) is paid after the holder of the Individual Development Account has completed an economic literacy course offered by the qualified financial institution, a nonprofit organization, or a government entity.

"(2) QUALIFIED EXPENSES.—

"(A) IN GENERAL.—The term 'qualified expenses' means any of the following:

"(i) Qualified higher education expenses.

"(ii) Qualified first-time homebuyer costs.

"(iii) Qualified business capitalization costs.

"(iv) Qualified rollovers.

"(B) QUALIFIED HIGHER EDUCATION EXPENSES.—

"(i) IN GENERAL.—The term 'qualified higher education expenses' has the meaning given such term by section 72(t)(7), determined by treating postsecondary vocational educational schools as eligible educational institutions.

"(ii) POSTSECONDARY VOCATIONAL EDUCATION SCHOOL.—The term 'postsecondary vocational educational school' means an area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this section.

"(iii) COORDINATION WITH OTHER BENEFITS.—The amount of qualified higher education expenses for any taxable year shall be reduced as provided in section 25A(g)(2) and by the amount of such expenses for which a credit or exclusion is allowed under this chapter for such taxable year.

"(C) QUALIFIED FIRST-TIME HOMEBUYER COSTS.—The term 'qualified first-time homebuyer costs' means qualified acquisition costs (as defined in section 72(t)(8) without regard to subparagraph (B) thereof) with respect to a principal residence (within the meaning of section 121) for a qualified first-time homebuyer (as defined in section 72(t)(8)).

"(D) QUALIFIED BUSINESS CAPITALIZATION COSTS.—

"(i) IN GENERAL.—The term 'qualified business capitalization costs' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified business plan.

"(ii) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified business plan, including capital, plant, equipment, working capital and inventory expenses.

"(iii) QUALIFIED BUSINESS.—The term 'qualified business' means any business that does not contravene any law.

"(iv) QUALIFIED BUSINESS PLAN.—The term 'qualified business plan' means a business plan which meets such requirements as the Secretary of Housing and Urban Development may specify.

"(E) QUALIFIED ROLLOVERS.—The term 'qualified rollover' means, with respect to any distribution from an Individual Development Account, the payment, within 120 days of such distribution, of all or a portion of such distribution to such account or to another Individual Development Account established in another qualified financial institution for the benefit of the eligible individual. Rules similar to the rules of section 408(d)(3) (other than subparagraph (C) thereof) shall apply for purposes of this subparagraph.

"(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) ELIGIBLE INDIVIDUAL.—

"(A) IN GENERAL.—The term 'eligible individual' means an individual who—

"(i) has attained the age of 18 years,

"(ii) is a citizen or legal resident of the United States, and

"(iii) is a member of a household—

"(I) which is eligible for the earned income tax credit under section 32,

"(II) which is eligible for assistance under a State program funded under part A of title IV of the Social Security Act, or

"(III) the gross income of which does not exceed 60 percent of the area median income (as determined by the Department of Housing and Urban Affairs) and the net worth of which does not exceed $10,000.

"(B) HOUSEHOLD.—The term 'household' means all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

"(C) DETERMINATION OF NET WORTH.—

"(i) IN GENERAL.—For purposes of subparagraph (A)(iii)(III), the net worth of a household is the amount equal to—

"(I) the aggregate fair market value of all assets that are owned in whole or in part by any member of a household, minus

"(II) the obligations or debts of any member of the household.

"(ii) CERTAIN ASSETS DISREGARDED.—For purposes of determining the net worth of a household, a household's assets shall not be considered to include the primary dwelling unit and 1 motor vehicle owned by the household.

"(D) PROOF OF COMPENSATION AND STATUS AS AN ELIGIBLE INDIVIDUAL.—Statements under section 6051 and other forms specified by the Secretary proving the eligible individual's wages and other compensation and the status of the individual as an eligible individual shall be presented to the custodian at the time of the establishment of the Individual Development Account and at least once annually thereafter.

"(2) QUALIFIED FINANCIAL INSTITUTION.—The term 'qualified financial institution' means any person authorized to be a trustee of any individual retirement account under section 408(a)(2).

"(3) TREATMENT OF MORE THAN ONE ACCOUNT.—All Individual Development Accounts of an individual shall be treated as one account.

"(4) OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (1), (2), and (3) of section 219(f), section 220(f)(8), paragraphs (4) and (6) of section 408(d), and section 408(m) shall apply for purposes of this section.

"(5) REPORTS.—The custodian of an Individual Development Account shall make such reports regarding such account to the Secretary and to the individual for whom the account is maintained with respect to contributions (and the years to which they relate), distributions, and such other matters as the Secretary may require under regulations. The reports required by this paragraph—

"(A) shall be filed at such time and in such manner as the Secretary prescribes in such regulations, and

"(B) shall be furnished to individuals—

"(i) not later than January 31 of the calendar year following the calendar year to which such reports relate, and

"(ii) in such manner as the Secretary prescribes in such regulations.

"(e) APPLICATION OF SECTION.—This section shall apply to amounts paid to an Individual Development Account for any taxable year beginning after December 31, 2000, and before January 1, 2006.".

(b) TAX ON EXCESS CONTRIBUTIONS.—

(1) TAX IMPOSED.—Subsection (a) of section 4973 is amended by striking "or" at the end of paragraph (3), adding "or" at the end of paragraph (4), and inserting after paragraph (4) the following new paragraph:

"(5) an Individual Development Account (within the meaning of section 530A(a)),".

(2) EXCESS CONTRIBUTIONS.—Section 4973 is amended by adding at the end the following new subsection:

"(g) INDIVIDUAL DEVELOPMENT ACCOUNTS.—For purposes of this section, in the case of Individual Development Accounts, the term 'excess contributions' means the excess (if any) of—

"(1) the amount contributed for the taxable year to the accounts (other than a qualified rollover, as defined in section 530A(c)(2)(E)), over

"(2) the amount allowable as a contribution under section 530A.

For purposes of this subsection, any contribution which is distributed from the Individual Development Account in a distribution to which rules similar to the rules of section 408(d)(4) apply by reason of section 530A(d)(4) shall be treated as an amount not contributed.".

(c) INFORMATION RELATING TO CERTAIN TRUSTS AND ANNUITY PLANS.—Subsection (c) of section 6047 is amended—

(1) by inserting "or section 530A" after "section 219"; and

(2) by inserting ", of any Individual Development Account described in section 530A(a),", after "section 408(a)".

(d) FAILURE TO PROVIDE REPORTS ON INDIVIDUAL DEVELOPMENT ACCOUNTS.—Paragraph (2) of section 6693(a) is amended by striking "and" at the end of subparagraph (C), by striking the period and inserting ", and" at the end of subparagraph (D), and by adding at the end the following new subparagraph:

"(E) section 530(d)(5) (relating to Individual Development Accounts).".

(e) CLERICAL AMENDMENT.—The table of parts for subchapter F of chapter 1 is amended by adding at the end the following new item:

"Part IX. Individual development accounts.".

(f) FUNDS IN ACCOUNTS DISREGARDED FOR PURPOSES OF CERTAIN MEANS-TESTED FEDERAL PROGRAMS.—Notwithstanding any other provision of the Internal Revenue Code of 1986 or the Social Security Act that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such provision to be provided to or for the benefit of such individual, contributions (including earnings thereon) in any Individual Development Account and applicable matching account under section 530A of such Code shall be disregarded for such purpose.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 305. CERTAIN COINS NOT TREATED AS COLLECTIBLES.

(a) IN GENERAL.—Subparagraph (A) of section 408(m)(3) (relating to exception for certain coins and bullion) is amended to read as follows:

"(A) any coin certified by a recognized grading service and traded on a nationally recognized electronic network, or listed by a recognized wholesale reporting service, and—

"(i) which is or was at any time legal tender in the United States, or

"(ii) issued under the laws of any State, or".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

Subtitle B—Expanding Coverage

SEC. 311. OPTION TO TREAT ELECTIVE DEFERRALS AS AFTER-TAX CONTRIBUTIONS.

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 (relating to deferred compensation, etc.) is amended by inserting after section 402 the following new section:

"SEC. 402A. OPTIONAL TREATMENT OF ELECTIVE DEFERRALS AS PLUS CONTRIBUTIONS.

"(a) GENERAL RULE.—If an applicable retirement plan includes a qualified plus contribution program—

"(1) any designated plus contribution made by an employee pursuant to the program shall be treated as an elective deferral for purposes of this chapter, except that such contribution shall not be excludable from gross income, and

"(2) such plan (and any arrangement which is part of such plan) shall not be treated as failing to meet any requirement of this chapter solely by reason of including such program.

"(b) QUALIFIED PLUS CONTRIBUTION PROGRAM.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified plus contribution program' means a program under which an employee may elect to make designated plus contributions in lieu of all or a portion of elective deferrals the employee is otherwise eligible to make under the applicable retirement plan.

"(2) SEPARATE ACCOUNTING REQUIRED.—A program shall not be treated as a qualified plus contribution program unless the applicable retirement plan—

"(A) establishes separate accounts ('designated plus accounts') for the designated plus contributions of each employee and any earnings properly allocable to the contributions, and

"(B) maintains separate recordkeeping with respect to each account.

"(c) DEFINITIONS AND RULES RELATING TO DESIGNATED PLUS CONTRIBUTIONS.—For purposes of this section—

"(1) DESIGNATED PLUS CONTRIBUTION.—The term 'designated plus contribution' means any elective deferral which—

"(A) is excludable from gross income of an employee without regard to this section, and

"(B) the employee designates (at such time and in such manner as the Secretary may prescribe) as not being so excludable.

"(2) DESIGNATION LIMITS.—The amount of elective deferrals which an employee may designate under paragraph (1) shall not exceed the excess (if any) of—

"(A) the maximum amount of elective deferrals excludable from gross income of the employee for the taxable year (without regard to this section), over

"(B) the aggregate amount of elective deferrals of the employee for the taxable year which the employee does not designate under paragraph (1).

"(3) ROLLOVER CONTRIBUTIONS.—

"(A) IN GENERAL.—A rollover contribution of any payment or distribution from a designated plus account which is otherwise allowable under this chapter may be made only if the contribution is to—

"(i) another designated plus account of the individual from whose account the payment or distribution was made, or

"(ii) a Roth IRA of such individual.

"(B) COORDINATION WITH LIMIT.—Any rollover contribution to a designated plus account under subparagraph (A) shall not be taken into account for purposes of paragraph (1).

"(d) DISTRIBUTION RULES.—For purposes of this title—

"(1) EXCLUSION.—Any qualified distribution from a designated plus account shall not be includible in gross income.

"(2) QUALIFIED DISTRIBUTION.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'qualified distribution' has the meaning given such term by section 408A(d)(2)(A) (without regard to clause (iv) thereof).

"(B) DISTRIBUTIONS WITHIN NONEXCLUSION PERIOD.—A payment or distribution from a designated plus account shall not be treated as a qualified distribution if such payment or distribution is made within the 5-taxable-year period beginning with the earlier of—

"(i) the 1st taxable year for which the individual made a designated plus contribution to any designated plus account established for such individual under the same applicable retirement plan, or

"(ii) if a rollover contribution was made to such designated plus account from a designated plus account previously established for such individual under another applicable retirement plan, the 1st taxable year for which the individual made a designated plus contribution to such previously established account.

"(C) DISTRIBUTIONS OF EXCESS DEFERRALS AND EARNINGS.—The term 'qualified distribution' shall not include any distribution of any excess deferral under section 402(g)(2) and any income on the excess deferral.

"(3) AGGREGATION RULES.—Section 72 shall be applied separately with respect to distributions and payments from a designated plus account and other distributions and payments from the plan.

"(e) OTHER DEFINITIONS.—For purposes of this section—

"(1) APPLICABLE RETIREMENT PLAN.—The term 'applicable retirement plan' means—

"(A) an employees' trust described in section 401(a) which is exempt from tax under section 501(a), and

"(B) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b).

"(2) ELECTIVE DEFERRAL.—The term 'elective deferral' means any elective deferral described in subparagraph (A) or (C) of section 402(g)(3).".

(b) EXCESS DEFERRALS.—Section 402(g) (relating to limitation on exclusion for elective deferrals) is amended—

(1) by adding at the end of paragraph (1) the following new sentence: "The preceding sentence shall not apply to so much of such excess as does not exceed the designated plus contributions of the individual for the taxable year.", and

(2) by inserting "(or would be included but for the last sentence thereof)" after "paragraph (1)" in paragraph (2)(A).

(c) ROLLOVERS.—Subparagraph (B) of section 402(c)(8) is amended by adding at the end the following:

"If any portion of an eligible rollover distribution is attributable to payments or distributions from a designated plus account (as defined in section 402A), an eligible retirement plan with respect to such portion shall include only another designated plus account and a Roth IRA.".

(d) REPORTING REQUIREMENTS.—

(1) W–2 INFORMATION.—Section 6051(a)(8) is amended by inserting ", including the amount of designated plus contributions (as defined in section 402A)" before the comma at the end.

(2) INFORMATION.—Section 6047 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) DESIGNATED PLUS CONTRIBUTIONS.—The Secretary shall require the plan administrator of each applicable retirement plan (as defined in section 402A) to make such returns and reports regarding designated plus contributions (as so defined) to the Secretary, participants and beneficiaries of the plan, and such other persons as the Secretary may prescribe.".

(e) CONFORMING AMENDMENTS.—

(1) Section 408A(e) is amended by adding after the first sentence the following new sentence: "Such term includes a rollover contribution described in section 402A(c)(3)(A).".

(2) The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by inserting after the item relating to section 402 the following new item:

"Sec. 402A. Optional treatment of elective deferrals as plus contributions.".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 312. INCREASE IN ELECTIVE CONTRIBUTION LIMITS.

(a) ELECTIVE DEFERRALS.—

(1) IN GENERAL.—Paragraph (1) of section 402(g) (relating to limitation on exclusion for elective deferrals) is amended to read as follows:

"(1) IN GENERAL.—

"(A) LIMITATION.—Notwithstanding subsections (e)(3) and (h)(1)(B), the elective deferrals of any individual for any taxable year shall be included in such individual's gross income to the extent the amount of such deferrals for the taxable year exceeds the applicable dollar amount.

"(B) APPLICABLE DOLLAR AMOUNT.—For purposes of subparagraph (A), the applicable dollar amount shall be the amount determined in accordance with the following table:

"For taxable years beginning in:	**The applicable dollar amount is:**
2001	$11,000
2002	$12,000
2003	$13,000
2004	$14,000
2005 or thereafter	$15,000.".

(2) COST-OF-LIVING ADJUSTMENT.—Paragraph (5) of section 402(g) is amended to read as follows:

"(5) COST-OF-LIVING ADJUSTMENT.—In the case of taxable years beginning after December 31, 2005, the Secretary shall adjust the $15,000 amount under paragraph (1)(B) at the same time and in the same manner as under section 415(d); except that the base period shall be the calendar quarter beginning July 1, 2004, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.".

(3) CONFORMING AMENDMENTS.—

(A) Section 402(g) (relating to limitation on exclusion for elective deferrals), as amended by paragraphs (1) and (2), is further amended by striking paragraph (4) and redesignating paragraphs (5), (6), (7), (8), and (9) as paragraphs (4), (5), (6), (7), and (8), respectively.

(B) Paragraph (2) of section 457(c) is amended by striking "402(g)(8)(A)(iii)" and inserting "402(g)(7)(A)(iii)".

(C) Clause (iii) of section 501(c)(18)(D) is amended by striking "(other than paragraph (4) thereof)".

(b) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Section 457 (relating to deferred compensation plans of State and local governments and tax-exempt organizations) is amended—

(A) by striking "$7,500" each place it appears in subsections (b)(2)(A) and (c)(1) and inserting "the applicable dollar amount", and

(B) by striking "$15,000" in subsection (b)(3)(A) and inserting "twice the dollar amount in effect under subsection (b)(2)(A)".

(2) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—Paragraph (15) of section 457(e) is amended to read as follows:

"(15) APPLICABLE DOLLAR AMOUNT.—

"(A) IN GENERAL.—The applicable dollar amount shall be the amount determined in accordance with the following table:

"For taxable years beginning in:	**The applicable dollar amount is:**
2001	$9,000
2002	$10,000
2003	$11,000
2004 or thereafter	$12,000.

"(B) COST-OF-LIVING ADJUSTMENTS.—In the case of taxable years beginning after December 31, 2004, the Secretary shall adjust the $12,000 amount specified in the table in subparagraph (A) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning July 1, 2003, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.".

(c) SIMPLE RETIREMENT ACCOUNTS.—

(1) LIMITATION.—Clause (ii) of section 408(p)(2)(A) (relating to general rule for qualified salary reduction arrangement) is amended by striking "$6,000" and inserting "the applicable dollar amount".

(2) APPLICABLE DOLLAR AMOUNT.—Subparagraph (E) of 408(p)(2) is amended to read as follows:

"(E) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—

"(i) IN GENERAL.—For purposes of subparagraph (A)(ii), the applicable dollar amount shall be the amount determined in accordance with the following table:

"For taxable years beginning in:	**The applicable dollar amount is:**
2001	$7,000
2002	$8,000
2003	$9,000
2004 or thereafter	$10,000.

"(ii) COST-OF-LIVING ADJUSTMENT.—In the case of a year beginning after December 31, 2004, the Secretary shall adjust the $10,000 amount under clause (i) at the same time and in the same manner as under section 415(d), except that the base period taken into account shall be the calendar quarter beginning July 1, 2003, and any increase under this subparagraph which is not a multiple of $500 shall be rounded to the next lower multiple of $500.".

(3) CONFORMING AMENDMENTS.—

(A) Subclause (I) of section 401(k)(11)(B)(i) is amended by striking "$6,000" and inserting "the amount in effect under section 408(p)(2)(A)(ii)".

(B) Section 401(k)(11) is amended by striking subparagraph (E).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 313. PLAN LOANS FOR SUBCHAPTER S OWNERS, PARTNERS, AND SOLE PROPRIETORS.

(a) AMENDMENT TO 1986 CODE.—Subparagraph (B) of section 4975(f)(6) (relating to exemptions not to apply to certain transactions) is amended by adding at the end the following new clause:

"(iii) LOAN EXCEPTION.—For purposes of subparagraph (A)(i), the term 'owner-employee' shall only include a person described in subclause (II) or (III) of clause (i).".

(b) AMENDMENT TO ERISA.—Section 408(d)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(d)(2)) is amended by adding at the end the following new subparagraph:

"(C) For purposes of paragraph (1)(A), the term 'owner-employee' shall only include a person described in clause (ii) or (iii) of subparagraph (A).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to loans made after December 31, 2000.

SEC. 314. ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF DEDUCTION LIMITS.

(a) IN GENERAL.—Section 404 (relating to deduction for contributions of an employer to an employees' trust or annuity plan and compensation under a deferred payment plan) is amended by adding at the end the following new subsection:

"(n) ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF DEDUCTION LIMITS.—Elective deferrals (as defined in section 402(g)(3)) shall not be subject to any limitation contained in paragraph (3), (7), or (9) of subsection (a), and such elective deferrals shall not be taken into account in applying any such limitation to any other contributions.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 2000.

SEC. 315. REDUCED PBGC PREMIUM FOR NEW PLANS OF SMALL EMPLOYERS.

(a) IN GENERAL.—Subparagraph (A) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(A)) is amended—

(1) in clause (i), by inserting "other than a new single-employer plan (as defined in subparagraph (F)) maintained by a small employer (as so defined)," after "single-employer plan,",

(2) in clause (iii), by striking the period at the end and inserting ", and", and

(3) by adding at the end the following new clause:

"(iv) in the case of a new single-employer plan (as defined in subparagraph (F)) maintained by a small employer (as so defined) for the plan year, $5 for each individual who is a participant in such plan during the plan year.".

(b) DEFINITION OF NEW SINGLE-EMPLOYER PLAN.—Section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)) is amended by adding at the end the following new subparagraph:

"(F)(i) For purposes of this paragraph, a single-employer plan maintained by a contributing sponsor shall be treated as a new single-employer plan for each of its first 5 plan years if, during the 36-month period ending on the date of the adoption of such plan, the sponsor or any member of such sponsor's controlled group (or any predecessor of either) had not established or maintained a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new single-employer plan.

"(ii)(I) For purposes of this paragraph, the term 'small employer' means an employer which on the first day of any plan year has, in aggregation with all members of the controlled group of such employer, 100 or fewer employees.

"(II) In the case of a plan maintained by 2 or more contributing sponsors that are not part of the same controlled group, the employees of all contributing sponsors and controlled groups of such sponsors shall be aggregated for purposes of determining whether any contributing sponsor is a small employer.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plans established after December 31, 2000.

SEC. 316. REDUCTION OF ADDITIONAL PBGC PREMIUM FOR NEW PLANS.

(a) IN GENERAL.—Subparagraph (E) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by adding at the end the following new clause:

"(v) In the case of a new defined benefit plan, the amount determined under clause (ii) for any plan year shall be an amount equal to the product of the amount determined under clause (ii) and the applicable percentage. For purposes of this clause, the term 'applicable percentage' means—

"(I) 0 percent, for the first plan year.

"(II) 20 percent, for the second plan year.

"(III) 40 percent, for the third plan year.

"(IV) 60 percent, for the fourth plan year.

"(V) 80 percent, for the fifth plan year.

For purposes of this clause, a defined benefit plan (as defined in section 3(35)) maintained by a contributing sponsor shall be treated as a new defined benefit plan for its first 5 plan years if, during the 36-month period ending on the date of the adoption of the plan, the sponsor and each member of any controlled group including the sponsor (or any predecessor of either) did not establish or maintain a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new plan.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plans established after December 31, 2000.

SEC. 317. ELIMINATION OF USER FEE FOR REQUESTS TO IRS REGARDING NEW PENSION PLANS.

(a) ELIMINATION OF CERTAIN USER FEES.—The Secretary of the Treasury or the Secretary's delegate shall not require payment of user fees under the program established under section 7527 of the Internal Revenue Code of 1986 for requests to the Internal Revenue Service for ruling letters, opinion letters, and determination letters or similar requests with respect to the qualified status of a new pension benefit plan or any trust which is part of the plan.

(b) NEW PENSION BENEFIT PLAN.—For purposes of this section—

(1) IN GENERAL.—The term "new pension benefit plan" means a pension, profit-sharing, stock bonus, annuity, or employee stock ownership plan which is maintained by one or more eligible employers if such employer (or any predecessor employer) has not made a prior request described in subsection (a) for such plan (or any predecessor plan).

(2) ELIGIBLE EMPLOYER.—The term "eligible employer" means an employer (or any predecessor employer) which has not established or maintained a qualified employer plan with respect to which contributions were made, or benefits were accrued for service, in the 3 most recent taxable years ending prior to the first taxable year in which the request is made.

(c) EFFECTIVE DATE.—The provisions of this section shall apply with respect to requests made after December 31, 2000.

SEC. 318. SAFE ANNUITIES AND TRUSTS:

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 (relating to deferred compensation, etc.) is amended by inserting after section 408A the following new section:

"SEC. 408B. SAFE ANNUITIES AND TRUSTS.

"(a) EMPLOYER ELIGIBILITY.—

"(1) IN GENERAL.—An employer may establish and maintain a SAFE annuity or a SAFE trust for any year only if—

"(A) the employer is an eligible employer (as defined in section 408(p)(2)(C)), and

"(B) the employer does not maintain (and no predecessor of the employer maintains) a qualified plan (other than a permissible plan) with respect to which contributions were made, or benefits were accrued, for service in any year in the period beginning with the year such annuity or trust became effective and ending with the year for which the determination is being made.

"(2) DEFINITIONS.—For purposes of paragraph (1)—

"(A) QUALIFIED PLAN.—The term 'qualified plan' has the meaning given such term by section 408(p)(2)(D)(ii).

"(B) PERMISSIBLE PLAN.—The term 'permissible plan' means—

"(i) a SIMPLE plan described in section 408(p).

"(ii) a SIMPLE 401(k) plan described in section 401(k)(11),

"(iii) an eligible deferred compensation plan described in section 457(b),

"(iv) a collectively bargained plan but only if the employees eligible to participate in such plan are not also entitled to a benefit described in subsection (b)(5) or (c)(5), or

"(v) a plan under which there may be made only—

"(I) elective deferrals described in section 402(g)(3), and

"(II) employer matching contributions not in excess of the amounts described in subclauses (I) and (II) of section 401(k)(12)(B)(i).

"(b) SAFE ANNUITY.—

"(1) IN GENERAL.—For purposes of this title, the term 'SAFE annuity' means an individual retirement annuity (as defined in section 408(b) without regard to paragraph (2) thereof and without regard to the limitation on aggregate annual premiums contained in the flush language of section 408(b)) if—

"(A) such annuity meets the requirements of paragraphs (2) through (7), and

"(B) the only contributions to such annuity (other than rollover contributions) are employer contributions.

Nothing in this section shall be construed as preventing an employer from using a group annuity contract which is divisible into individual retirement annuities for purposes of providing SAFE annuities.

"(2) PARTICIPATION REQUIREMENTS.—

"(A) IN GENERAL.—The requirements of this paragraph are met for any year only if all employees of the employer who—

"(i) received at least $5,000 in compensation from the employer during any 2 consecutive preceding years, and

"(ii) received at least $5,000 in compensation during the year,

are entitled to the benefit described in paragraph (5) for such year.

"(B) EXCLUDABLE EMPLOYEES.—An employer may elect to exclude from the requirements under subparagraph (A) employees described in section 410(b)(3).

"(3) VESTING.—The requirements of this paragraph are met if the employee's rights to any benefits under the annuity are nonforfeitable.

"(4) BENEFIT FORM.—

"(A) IN GENERAL.—The requirements of this paragraph are met if the only form of benefit is—

"(i) a benefit payable annually in the form of a single life annuity with monthly payments (with no ancillary benefits) beginning at age 65, or

"(ii) at the election of the participant, any other form of benefit which is the actuarial equivalent (based on the assumptions specified in the SAFE annuity) of the benefit described in clause (i).

The requirements of sections 401(a)(11) and 411(b)(1)(H) shall apply to the benefits described in this subparagraph.

"(B) DIRECT TRANSFERS AND ROLLOVERS.—A plan shall not fail to meet the requirements of this paragraph by reason of permitting, at the election of the employee, a trustee-to-trustee transfer or a rollover contribution.

"(5) AMOUNT OF ANNUAL ACCRUED BENEFIT.—

"(A) IN GENERAL.—The requirements of this paragraph are met for any year if the accrued benefit of each participant derived from employer contributions for such year, when expressed as a benefit described in paragraph (4)(A), is not less than the applicable percentage of the participant's compensation for such year.

"(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'applicable percentage' means 3 percent.

"(ii) ELECTION OF LOWER PERCENTAGE.—An employer may elect to apply an applicable percentage of 1 percent, 2 percent or zero percent for any plan year for all employees eligible to participate in the plan for such year if the employer notifies the employees of such percentage within a reasonable period before the beginning of such year.

"(C) COMPENSATION LIMIT.—The compensation taken into account under this paragraph for any year shall not exceed the limitation in effect for such year under section 401(a)(17).

"(D) CREDIT FOR SERVICE BEFORE PLAN ADOPTED.—

"(i) IN GENERAL.—An employer may elect to take into account a specified number of years of service (not greater than 10) performed before the adoption of the plan (each hereinafter referred to as a 'prior service year') as service under the plan if the same specified number of years is available to all employees eligible to participate in the plan for the first plan year.

"(ii) ACCRUAL OF PRIOR SERVICE BENEFIT.—Such an election shall be effective for a prior service year only if the requirements of this paragraph are met for an eligible plan year (with respect to employees entitled to credit for such prior service year) by doubling the applicable percentage (if any) for such plan year. For purposes of the preceding sentence, an eligible plan year is a plan year in the period of consecutive plan years (but not more than the number specified under clause (i)) beginning with the first plan year that the plan is in effect.

"(iii) ELECTION MAY NOT APPLY TO CERTAIN PRIOR SERVICE YEARS.—This subparagraph shall not apply with respect to any prior service year of an employee if—

"(I) for any part of such prior service year such employee was an active participant (within the meaning of section 219(g)(5)) under any defined benefit plan of the employer (or any predecessor thereof), or

"(II) such employee received during such prior service year less than $5,000 in compensation from the employer.

"(6) FUNDING.—

"(A) IN GENERAL.—The requirements of this paragraph are met only if the employer is required to contribute to the annuity for each plan year the amount necessary to purchase a SAFE annuity in the amount of the benefit accrued for such year for each participant entitled to such benefit.

"(B) TIME WHEN CONTRIBUTIONS DEEMED MADE.—For purposes of this paragraph, an employer shall be deemed to have made a contribution on the last day of the preceding taxable year if the payment is on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (including extensions thereof).

"(C) PENALTY FOR FAILURE TO MAKE REQUIRED CONTRIBUTION.—The taxes imposed by section 4971 shall apply to a failure to make the contribution required by this paragraph in the same manner as if the amount of the failure were an accumulated funding deficiency to which such section applies.

"(7) LIMITATION ON DISTRIBUTIONS.—The requirements of this paragraph are met only if payments under the contract may be made only after the employee attains age 65 or when the employee separates from service, dies, or becomes disabled (within the meaning of section 72(m)(7)).

"(c) SAFE TRUST.—

"(1) IN GENERAL.—For purposes of this title, the term 'SAFE trust' means a trust forming part of a defined benefit plan if—

"(A) such trust meets the requirements of section 401(a) as modified by subsection (d),

"(B) a participant's benefits under the plan are based solely on the balance of a separate account in such plan of such participant,

"(C) such plan meets the requirements of paragraphs (2) through (8), and

"(D) the only contributions to such trust (other than rollover contributions) are employer contributions.

"(2) PARTICIPATION REQUIREMENTS.—A plan meets the requirements of this paragraph for any year only if the requirements of subsection (b)(2) are met for such year.

"(3) VESTING.—A plan meets the requirements of this paragraph for any year only if the requirements of subsection (b)(3) are met for such year.

"(4) BENEFIT FORM.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a plan meets the requirements of this paragraph only if the trustee distributes a SAFE annuity that satisfies subsection (b)(4) where the annual benefit described in subsection (b)(4)(A) is not less than the accrued benefit determined under paragraph (5).

"(B) DIRECT TRANSFERS TO INDIVIDUAL RETIREMENT PLAN OR SAFE ANNUITY.—A plan shall not fail to meet the requirements of this paragraph by reason of permitting, as an optional form of benefit, the distribution of the entire balance to the credit of the employee. If the employee is under age 65, such distribution must be in the form of a direct trustee-to-trustee transfer to a SAFE annuity, another SAFE trust, or a SAFE rollover plan (or, in the case of a distribution that does not exceed the dollar limit in effect under section 411(a)(11)(A), any other individual retirement plan).

"(C) SAFE ROLLOVER PLAN.—For purposes of this section, the term 'SAFE rollover plan' means an individual retirement plan for the benefit of the employee to which a rollover was made from a SAFE annuity, SAFE trust, or another SAFE rollover plan.

"(5) AMOUNT OF ANNUAL ACCRUED BENEFIT.—A plan meets the requirements of this paragraph for any year only if the requirements of subsection (b)(5) are met for such year.

"(6) FUNDING.—

"(A) IN GENERAL.—A plan meets the requirements of this paragraph for any year only if—

"(i) the requirements of subsection (b)(6) are met for such year,

"(ii) in the case of a plan which has an unfunded annuity amount with respect to the account of any participant, the plan requires that the employer make an additional contribution to such plan (at the time the annuity contract to which such amount relates is purchased) equal to the unfunded annuity amount, and

"(iii) in the case of a plan which has an unfunded prior year liability as of the close of such plan year, the plan requires that the employer make an additional contribution to such plan for such year equal to the amount of such unfunded prior year liability no later than 8½ months following the end of the plan year.

"(B) UNFUNDED ANNUITY AMOUNT.—For purposes of this paragraph, the term 'unfunded annuity amount' means, with respect to the account of any participant for whom an annuity is being purchased, the excess (if any) of—

"(i) the amount necessary to purchase an annuity contract which meets the requirements of subsection (b)(4) in the amount of the participant's accrued benefit determined under paragraph (5), over

"(ii) the balance in such account at the time such contract is purchased.

"(C) UNFUNDED PRIOR YEAR LIABILITY.—For purposes of this paragraph, the term 'unfunded prior year liability' means, with respect to any plan year, the excess (if any) of—

"(i) the aggregate of the present value of the accrued liabilities under the plan as of the close of the prior plan year, over

"(ii) the value of the plan's assets determined under section 412(c)(2) as of the close of the plan year (determined without regard to any contributions for such plan year).

Such present value shall be determined using the assumptions specified in subparagraph (D).

"(D) ACTUARIAL ASSUMPTIONS.—In determining the amount required to be contributed under subparagraph (A)—

"(i) the assumed interest rate shall be not less than 3 percent, and not greater than 5 percent, per year,

"(ii) the assumed mortality shall be determined under the applicable mortality table (as defined in section 417(e)(3), as modified by the Secretary so that it does not include any assumption for preretirement mortality), and

"(iii) the assumed retirement age shall be 65.

"(E) CHANGES IN MORTALITY TABLE.—If, for purposes of this subsection, the applicable mortality table under section 417(e)(3) for any plan year is not the same as such table for the prior plan year, the Secretary shall prescribe regulations for such purposes which phase in the effect of the changes over a reasonable period of plan years determined by the Secretary.

"(F) PENALTY FOR FAILURE TO MAKE REQUIRED CONTRIBUTION.—The taxes imposed by section 4971 shall apply to a failure to make the contribution required by this paragraph in the same manner as if the amount of the failure were an accumulated funding deficiency to which such section applies.

"(7) SEPARATE ACCOUNTS FOR PARTICIPANTS.—A plan meets the requirements of this paragraph for any year only if the plan provides—

"(A) for an individual account for each participant, and

"(B) for benefits based solely on—

"(i) the amount contributed to the participant's account,

"(ii) any income, expenses, gains and losses, and any forfeitures of accounts of other participants which may be allocated to such participant's account, and

"(iii) the amount of any unfunded annuity amount with respect to the participant.

"(8) TRUST MAY NOT HOLD SECURITIES WHICH ARE NOT READILY TRADABLE.—A plan meets the requirements of this paragraph only if the plan prohibits the trust from holding directly or indirectly securities which are not readily tradable on an established securities market or otherwise. Nothing in this paragraph shall prohibit the trust from holding insurance company products regulated by State law.

"(d) SPECIAL RULES FOR SAFE ANNUITIES AND TRUSTS.—

"(1) CERTAIN REQUIREMENTS TREATED AS MET.—For purposes of section 401(a), a SAFE annuity and a SAFE trust shall be treated as meeting the requirements of the following provisions:

"(A) Section 401(a)(4) (relating to nondiscrimination rules).

"(B) Section 401(a)(26) (relating to minimum participation).

"(C) Section 410 (relating to minimum participation and coverage requirements).

"(D) Except as provided in subsection (b)(4(A), section 411(b) (relating to accrued benefit requirements).

"(E) Section 412 (relating to minimum funding standards).

"(F) Section 415 (relating to limitations on benefits and contributions under qualified plans).

"(G) Section 416 (relating to special rules for top-heavy plans).

"(2) CONTRIBUTIONS NOT TAKEN INTO ACCOUNT IN APPLYING LIMITS TO OTHER PLANS.—

"(A) DEDUCTION LIMITS.—Contributions to a SAFE annuity or a SAFE trust shall not be taken into account in applying sections 404 to other plans maintained by the employer.

"(B) BENEFIT LIMITS.—A SAFE annuity or a SAFE trust shall be treated as a defined benefit plan for purposes of section 415.

"(3) USE OF DESIGNATED FINANCIAL INSTITUTIONS.—A rule similar to the rule of section 408(p)(7) (without regard to the last sentence thereof) shall apply for purposes of this section.

"(4) DEFINITIONS.—The definitions in section 408(p)(6) shall apply for purposes of this section.".

(b) DEDUCTION LIMITS NOT TO APPLY TO EMPLOYER CONTRIBUTIONS.—

(1) IN GENERAL.—Section 404 (relating to deductions for contributions of an employer to pension, etc., plans), as amended by section 314, is amended by adding at the end the following new subsection:

"(o) SPECIAL RULES FOR SAFE ANNUITIES.—

"(1) IN GENERAL.—Employer contributions to a SAFE annuity shall be treated as if they are made to a plan subject to the requirements of this section.

"(2) DEDUCTIBLE LIMIT.—For purposes of subsection (a)(1)(A)(i), the amount necessary to satisfy the minimum funding requirement of section 408B(b)(6) or (c)(6) shall be treated as the amount necessary to satisfy the minimum funding requirement of section 412.".

(2) COORDINATION WITH DEDUCTION UNDER SECTION 219.—

(A) Section 219(b) (relating to maximum amount of deduction), as amended by section 301, is amended by adding at the end the following new paragraph:

"(6) SPECIAL RULE FOR SAFE ANNUITIES.—This section shall not apply with respect to any

amount contributed to a SAFE annuity established under section 408B(b).".

(B) Section 219(g)(5)(A) (defining active participant) is amended by striking "or" at the end of clause (v) and by adding at the end the following new clause:

"(vii) any SAFE annuity (within the meaning of section 408B), or".

(c) CONTRIBUTIONS AND DISTRIBUTIONS.—

(1) Section 402 (relating to taxability of beneficiary of employees' trust) is amended by adding at the end the following new subsection:

"(l) TREATMENT OF SAFE ANNUITIES.—Rules similar to the rules of paragraphs (1) and (3) of subsection (h) shall apply to contributions and distributions with respect to a SAFE annuities under section 408B.".

(2) Section 408(d)(3) is amended by adding at the end the following new subparagraph:

"(H) SAFE ANNUITIES.—This paragraph shall not apply to any amount paid or distributed out of a SAFE annuity (as defined in section 408B) unless it is paid in a trustee-to-trustee transfer into another SAFE annuity.".

(d) INCREASED PENALTY ON EARLY WITHDRAWALS.—Section 72(t) (relating to additional tax on early distributions) is amended by adding at the end the following new paragraph:

"(7) SPECIAL RULES FOR SAFE ANNUITIES AND TRUSTS.—In the case of any amount received from a SAFE annuity or a SAFE trust (within the meaning of section 408B), paragraph (1) shall be applied by substituting '20 percent' for '10 percent'.".

(e) SIMPLIFIED EMPLOYER REPORTS.—

(1) SAFE ANNUITIES.—Section 408(l) (relating to simplified employer reports) is amended by adding at the end the following new paragraph:

"(3) SAFE ANNUITIES.—

"(A) SIMPLIFIED REPORT.—The employer maintaining any SAFE annuity (within the meaning of section 408B) shall file a simplified annual return with the Secretary containing only the information described in subparagraph (B).

"(B) CONTENTS.—The return required by subparagraph (A) shall set forth—

"(i) the name and address of the employer,

"(ii) the date the plan was adopted,

"(iii) the number of employees of the employer,

"(iv) the number of such employees who are eligible to participate in the plan,

"(v) the total amount contributed by the employer to each such annuity for such year and the minimum amount required under section 408B to be so contributed,

"(vi) the percentage elected under section 408B(b)(5)(B), and

"(vii) the number of employees with respect to whom contributions are required to be made for such year under section 408B(b)(5)(D).

"(C) REPORTING BY ISSUER OF SAFE ANNUITY.—

"(i) IN GENERAL.—The issuer of each SAFE annuity shall provide to the owner of the annuity for each year a statement setting forth as of the close of such year—

"(I) the benefits guaranteed at age 65 under the annuity, and

"(II) the cash surrender value of the annuity.

"(ii) SUMMARY DESCRIPTION.—The issuer of any SAFE annuity shall provide to the employer maintaining the annuity for each year a description containing the following information:

"(I) The name and address of the employer and the issuer.

"(II) The requirements for eligibility for participation.

"(III) The benefits provided with respect to the annuity.

"(IV) The procedures for, and effects of, withdrawals (including rollovers) from the annuity.

"(D) TIME AND MANNER OF REPORTING.—Any return, report, or statement required under this paragraph shall be made in such form and at such time as the Secretary shall prescribe.".

(2) SAFE TRUSTS.—Section 6059 (relating to actuarial reports) is amended by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by inserting after subsection (b) the following new subsection:

"(c) SAFE TRUSTS.—In the case of a SAFE trust (within the meaning of section 408B), the Secretary shall require a simplified actuarial report which contains information similar to the information required in section 408(l)(3)(B).".

(f) CONFORMING AMENDMENTS.—

(1) Section 280G(b)(6) is amended by striking "or" at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting ", or" and by adding after subparagraph (D) the following new subparagraph:

"(E) a SAFE annuity described in section 408B.".

(2) Clause (ii) of section 408(p)(2)(D) is amended by inserting before the period "(other than clause (vii) of such subparagraph (A))".

(3) Subsections (b), (c), (m)(4)(B), and (n)(3)(B) of section 414 are each amended by inserting "408B," after "408(p),".

(4) Section 4972(d)(1)(A) is amended by striking "and" at the end of clause (iii), by striking the period at the end of clause (iv) and inserting ", and", and by adding after clause (iv) the following new clause:

"(v) any SAFE annuity (within the meaning of section 408B).".

(5) The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by inserting after the item relating to section 408A the following new item:

"Sec. 408B. SAFE annuities and trusts.".

(g) MODIFICATIONS OF ERISA.—

(1) EXEMPTION FROM INSURANCE COVERAGE.—Subsection (b) of section 4021 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1321) is amended by striking "or" at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting "; or", and by adding at the end the following new paragraph:

"(14) which is established and maintained as part of a SAFE trust (as defined in section 408B of the Internal Revenue Code of 1986).".

(2) REPORTING REQUIREMENTS.—Section 101 of such Act (29 U.S.C. 1021) is amended by redesignating the second subsection (h) as subsection (j) and by inserting after the first subsection (h) the following new subsection:

"(i) SAFE ANNUITIES.—

"(1) NO EMPLOYER REPORTS.—Except as provided in this subsection, no report shall be required under this section by an employer maintaining a SAFE annuity under section 408B(b) of the Internal Revenue Code of 1986.

"(2) SUMMARY DESCRIPTION.—The issuer of any SAFE annuity shall provide to the employer maintaining the annuity for each year a description containing the following information:

"(A) The name and address of the employer and the issuer.

"(B) The requirements for eligibility for participation.

"(C) The benefits provided with respect to the annuity.

"(D) The procedures for, and effects of, withdrawals (including rollovers) from the annuity.

"(3) EMPLOYEE NOTIFICATION.—The employer shall provide each employee eligible to participate in the SAFE annuity with the description described in paragraph (2) at the same time as the notification required under section 408B(b)(5)(B) of the Internal Revenue Code of 1986.".

(3) WAIVER OF FUNDING STANDARDS.—Section 301(a) of such Act (29 U.S.C. 1081) is amended by striking "or" at the end of paragraph (9), by striking the period at the end of paragraph (10) and inserting "; or", and by adding at the end the following new paragraph:

"(11) any plan providing for the purchase of any SAFE annuity or any SAFE trust (as such terms are defined in section 408B of such Code).".

(h) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 319. MODIFICATION OF TOP-HEAVY RULES.

(a) MATCHING CONTRIBUTIONS TAKEN INTO ACCOUNT FOR MINIMUM CONTRIBUTION REQUIREMENTS.—Section 416(c)(2)(A) (relating to defined contribution plans) is amended by adding at the end the following: "Employer matching contributions (as defined in section 401(m)(4)(A)) shall be taken into account for purposes of this subparagraph.".

(b) ELIMINATION OF FAMILY ATTRIBUTION.—Section 416(i)(1)(B) (defining 5-percent owner) is amended by adding at the end the following new clause:

"(iv) FAMILY ATTRIBUTION DISREGARDED.—Solely for purposes of applying this paragraph (and not for purposes of any provision of this title which incorporates by reference the definition of a key employee or 5-percent owner under this paragraph), section 318 shall be applied without regard to subsection (a)(1) thereof in determining whether any person is a 5-percent owner.".

(c) DEFINITION OF TOP-HEAVY PLANS.—Paragraph (4) of section 416(g) (relating to other special rules for top-heavy plans) is amended by adding at the end the following new subparagraph:

"(H) CASH OR DEFERRED ARRANGEMENTS USING ALTERNATIVE METHODS OF MEETING NONDISCRIMINATION REQUIREMENTS.—The term 'top-heavy plan' shall not include a plan which consists solely of—

"(i) a cash or deferred arrangement which meets the requirements of section 401(k)(12), and

"(ii) matching contributions with respect to which the requirements of section 401(m)(11) are met.

If, but for this subparagraph, a plan would be treated as a top-heavy plan because it is a member of an aggregation group which is a top-heavy group, contributions under the plan may be taken into account in determining whether any other plan in the group meets the requirements of subsection (c)(2).".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

Subtitle C—Enhancing Fairness for Women

SEC. 321. CATCHUP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.

(a) ELECTIVE DEFERRALS.—Section 414 (relating to definitions and special rules) is amended by adding at the end the following new subsection:

"(v) CATCHUP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.—

"(1) IN GENERAL.—An applicable employer plan shall not be treated as failing to meet any requirement of this title solely because the plan permits an eligible participant to make additional elective deferrals in any plan year.

"(2) LIMITATION ON AMOUNT OF ADDITIONAL DEFERRALS.—

"(A) IN GENERAL.—A plan shall not permit additional elective deferrals under paragraph (1) for any year in an amount greater than the lesser of—

"(i) the applicable percentage of the applicable dollar amount for such elective deferrals for such year, or

"(ii) the excess (if any) of—

"(I) the participant's compensation for the year, over

"(II) any other elective deferrals of the participant for such year which are made without regard to this subsection.

''(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in:	**The applicable dollar amount is:**
2001	10 percent
2002	20 percent
2003	30 percent
2004	40 percent
2005 and thereafter	50 percent.

''(3) TREATMENT OF CONTRIBUTIONS.—In the case of any contribution to a plan under paragraph (1)—

''(A) such contribution shall not, with respect to the year in which the contribution is made—

''(i) be subject to any otherwise applicable limitation contained in section 402(g), 402(h), 403(b), 404(a), 404(h), 408, 415, or 457, or

''(ii) be taken into account in applying such limitations to other contributions or benefits under such plan or any other such plan, and

''(B) such plan shall not be treated as failing to meet the requirements of section 401(a)(4), 401(a)(26), 401(k)(3), 401(k)(11), 401(k)(12), 401(m), 403(b)(12), 408(k), 408(p), 408B, 410(b), or 416 by reason of the making of (or the right to make) such contribution.

''(4) ELIGIBLE PARTICIPANT.—For purposes of this subsection, the term 'eligible participant' means, with respect to any plan year, a participant in a plan—

''(A) who has attained the age of 50 before the close of the plan year, and

''(B) with respect to whom no other elective deferrals may (without regard to this subsection) be made to the plan for the plan year by reason of the application of any limitation or other restriction described in paragraph (3) or contained in the terms of the plan.

''(5) OTHER DEFINITIONS AND RULES.—For purposes of this subsection—

''(A) APPLICABLE DOLLAR AMOUNT.—The term 'applicable dollar amount' means, with respect to any year, the amount in effect under section 402(g)(1)(B). 408(p)(2)(E)(i), or 457(e)(15)(A), whichever is applicable to an applicable employer plan, for such year.

''(B) APPLICABLE EMPLOYER PLAN.—The term 'applicable employer plan' means—

''(i) an employees' trust described in section 401(a) which is exempt from tax under section 501(a),

''(ii) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b),

''(iii) an eligible deferred compensation plan under section 457 of an eligible employer as defined in section 457(e)(1)(A), and

''(iv) an arrangement meeting the requirements of section 408 (k) or (p).

''(C) ELECTIVE DEFERRAL.—The term 'elective deferral' has the meaning given such term by subsection (u)(2)(C).

''(D) EXCEPTION FOR SECTION 457 PLANS.—This subsection shall not apply to an applicable employer plan described in paragraph (5)(B)(iii) for any year to which section 457(b)(3) applies.''.

(b) INDIVIDUAL RETIREMENT PLANS.—Section 219(b), as amended by sections 301 and 318, is amended by adding at the end the following new paragraph:

''(7) CATCHUP CONTRIBUTIONS.—

''(A) IN GENERAL.—In the case of an individual who has attained the age of 50 before the close of the taxable year, the dollar amount in effect under paragraph (1)(A) for such taxable year shall be equal to the applicable percentage of such amount determined without regard to this paragraph.

''(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in:	**The applicable dollar amount is:**
2001	110 percent
2002	120 percent
2003	130 percent
2004	140 percent
2005 and thereafter	150 percent.''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions in taxable years beginning after December 31, 2000.

SEC. 322. EQUITABLE TREATMENT FOR CONTRIBUTIONS OF EMPLOYEES TO DEFINED CONTRIBUTION PLANS.

(a) EQUITABLE TREATMENT.—

(1) IN GENERAL.—Subparagraph (B) of section 415(c)(1) (relating to limitation for defined contribution plans) is amended by striking ''25 percent'' and inserting ''100 percent''.

(2) APPLICATION TO SECTION 403(b).—Section 403(b) is amended—

(A) by striking ''the exclusion allowance for such taxable year'' in paragraph (1) and inserting ''the applicable limit under section 415'',

(B) by striking paragraph (2), and

(C) by inserting ''or any amount received by a former employee after the 5th taxable year following the taxable year in which such employee was terminated'' before the period at the end of the second sentence of paragraph (3).

(3) CONFORMING AMENDMENTS.—

(A) Subsection (f) of section 72 is amended by striking ''section 403(b)(2)(D)(iii))'' and inserting ''section 403(b)(2)(D)(iii), as in effect before the enactment of the Taxpayer Refund Act of 1999)''.

(B) Section 404(a)(10)(B) is amended by striking '', the exclusion allowance under section 403(b)(2),''.

(C) Section 415(a)(2) is amended by striking '', and the amount of the contribution for such portion shall reduce the exclusion allowance as provided in section 403(b)(2)''.

(D) Section 415(c)(3) is amended by adding at the end the following new subparagraph:

''(E) ANNUITY CONTRACTS.—In the case of an annuity contract described in section 403(b), the term 'participant's compensation' means the participant's includible compensation determined under section 403(b)(3).''.

(E) Section 415(c) is amended by striking paragraph (4).

(F) Section 415(c)(7) is amended to read as follows:

''(7) CERTAIN CONTRIBUTIONS BY CHURCH PLANS NOT TREATED AS EXCEEDING LIMIT.—

''(A) IN GENERAL.—Notwithstanding any other provision of this subsection, at the election of a participant who is an employee of a church or a convention or association of churches, including an organization described in section 414(e)(3)(B)(ii), contributions and other additions for an annuity contract or retirement income account described in section 403(b) with respect to such participant, when expressed as an annual addition to such participant's account, shall be treated as not exceeding the limitation of paragraph (1) if such annual addition is not in excess of $10,000.

''(B) $40,000 AGGREGATE LIMITATION.—The total amount of additions with respect to any participant which may be taken into account for purposes of this subparagraph for all years may not exceed $40,000.

''(C) ANNUAL ADDITION.—For purposes of this paragraph, the term 'annual addition' has the meaning given such term by paragraph (2).''.

(G) Subparagraph (B) of section 402(g)(7) (as redesignated by section 312(a)) is amended by inserting before the period at the end the following: ''(as in effect before the enactment of the Taxpayer Refund Act of 1999)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to years beginning after December 31, 2000.

(b) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—

(1) IN GENERAL.—Subsection (k) of section 415 is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—For purposes of this section, any annuity contract described in section 403(b) for the benefit of a participant shall be treated as a defined contribution plan maintained by each employer with respect to which the participant has the control required under subsection (b) or (c) of section 414 (as modified by subsection (h)). For purposes of this section, any contribution by an employer to a simplified employee pension plan for an individual for a taxable year shall be treated as an employer contribution to a defined contribution plan for such individual for such year.''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to limitation years beginning after December 31, 2000.

(c) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Subparagraph (B) of section 457(b)(2) (relating to salary limitation on eligible deferred compensation plans) is amended by striking ''33⅓ percent'' and inserting ''100 percent''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning after December 31, 2000.

SEC. 323. CLARIFICATION OF TAX TREATMENT OF DIVISION OF SECTION 457 PLAN BENEFITS UPON DIVORCE.

(a) IN GENERAL.—Section 414(p)(11) (relating to application of rules to governmental and church plans) is amended—

(1) by inserting ''or an eligible deferred compensation plan (within the meaning of section 457(b))'' after ''subsection (e))'', and

(2) in the heading, by striking ''GOVERNMENTAL AND CHURCH PLANS'' and inserting ''CERTAIN OTHER PLANS''.

(b) WAIVER OF CERTAIN DISTRIBUTION REQUIREMENTS.—Paragraph (10) of section 414(p) is amended by striking ''and section 409(d)'' and inserting ''section 409(d), and section 457(d)''.

(c) TAX TREATMENT OF PAYMENTS FROM A SECTION 457 PLAN.—Subsection (p) of section 414 is amended by redesignating paragraph (12) as paragraph (13) and inserting after paragraph (11) the following new paragraph:

''(12) TAX TREATMENT OF PAYMENTS FROM A SECTION 457 PLAN.—If a distribution or payment from an eligible deferred compensation plan described in section 457(b) is made pursuant to a qualified domestic relations order, rules similar to the rules of section 402(e)(1)(A) shall apply to such distribution or payment.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers, distributions, and payments made after December 31, 2000.

SEC. 324. MODIFICATION OF SAFE HARBOR RELIEF FOR HARDSHIP WITHDRAWALS FROM CASH OR DEFERRED ARRANGEMENTS.

(a) IN GENERAL.—The Secretary of the Treasury shall revise the regulations relating to hardship distributions under section 401(k)(2)(B)(i)(IV) of the Internal Revenue Code of 1986 to provide that the period an employee is prohibited from making elective and employee contributions in order for a distribution to be deemed necessary to satisfy financial need shall be equal to 6 months.

(b) EFFECTIVE DATE.—The revised regulations under subsection (a) shall apply to years beginning after December 31, 2000.

SEC. 325. FASTER VESTING OF CERTAIN EMPLOYER MATCHING CONTRIBUTIONS.

(a) AMENDMENTS TO 1986 CODE.—Section 411(a) (relating to minimum vesting standards) is amended—

(1) in paragraph (2), by striking "A plan" and inserting "Except as provided in paragraph (12), a plan", and

(2) by adding at the end the following:

"(12) FASTER VESTING FOR MATCHING CONTRIBUTIONS.—In the case of matching contributions (as defined in section 401(m)(4)(A)), paragraph (2) shall be applied—

"(A) by substituting '3 years' for '5 years' in subparagraph (A), and

"(B) by substituting the following table for the table contained in subparagraph (B):

"Years of service:	**The nonforfeitable percentage is:**
2	20
3	40
4	60
5	80
6	100.".

(b) AMENDMENTS TO ERISA.—Section 203(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(a)) is amended—

(1) in paragraph (2), by striking "A plan" and inserting "Except as provided in paragraph (4), a plan", and

(2) by adding at the end the following:

"(4) FASTER VESTING FOR MATCHING CONTRIBUTIONS.—In the case of matching contributions (as defined in section 401(m)(4)(A) of the Internal Revenue Code of 1986), paragraph (2) shall be applied—

"(A) by substituting '3 years' for '5 years' in subparagraph (A), and

"(B) by substituting the following table for the table contained in subparagraph (B):

"Years of service:	**The nonforfeitable percentage is:**
2	20
3	40
4	60
5	80
6	100.".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to contributions for plan years beginning after December 31, 2000.

(2) COLLECTIVE BARGAINING AGREEMENTS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified by the date of enactment of this Act, the amendments made by this section shall not apply to contributions on behalf of employees covered by any such agreement for plan years beginning before the earlier of—

(A) the later of—

(i) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof on or after such date of enactment), or

(ii) January 1, 2001, or

(B) January 1, 2005.

(3) SERVICE REQUIRED.—With respect to any plan, the amendments made by this section shall not apply to any employee before the date that such employee has 1 hour of service under such plan in any plan year to which the amendments made by this section apply.

Subtitle D—Increasing Portability for Participants

SEC. 331. ROLLOVERS ALLOWED AMONG VARIOUS TYPES OF PLANS.

(a) ROLLOVERS FROM AND TO SECTION 457 PLANS.—

(1) ROLLOVERS FROM SECTION 457 PLANS.—

(A) IN GENERAL.—Section 457(e) (relating to other definitions and special rules) is amended by adding at the end the following:

"(16) ROLLOVER AMOUNTS.—

"(A) GENERAL RULE.—In the case of an eligible deferred compensation plan established and maintained by an employer described in subsection (e)(1)(A), if—

"(i) any portion of the balance to the credit of an employee in such plan is paid to such employee in an eligible rollover distribution (within the meaning of section 402(c)(4) without regard to subparagraph (C) thereof),

"(ii) the employee transfers any portion of the property such employee receives in such distribution to an eligible retirement plan described in section 402(c)(8)(B), and

"(iii) in the case of a distribution of property other than money, the amount so transferred consists of the property distributed,

then such distribution (to the extent so transferred) shall not be includible in gross income for the taxable year in which paid.

"(B) CERTAIN RULES MADE APPLICABLE.—The rules of paragraphs (2) through (7) (other than paragraph (4)(C)) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A).

"(C) REPORTING.—Rollovers under this paragraph shall be reported to the Secretary in the same manner as rollovers from qualified retirement plans (as defined in section 4974(c)).".

(B) DEFERRAL LIMIT DETERMINED WITHOUT REGARD TO ROLLOVER AMOUNTS.—Section 457(b)(2) (defining eligible deferred compensation plan) is amended by inserting "(other than rollover amounts)" after "taxable year".

(C) DIRECT ROLLOVER.—Paragraph (1) of section 457(d) is amended by striking "and" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", and", and by inserting after subparagraph (B) the following:

"(C) in the case of a plan maintained by an employer described in subsection (e)(1)(A), the plan meets requirements similar to the requirements of section 401(a)(31).

Any amount transferred in a direct trustee-to-trustee transfer in accordance with section 401(a)(31) shall not be includible in gross income for the taxable year of transfer.".

(D) WITHHOLDING.—

(i) Paragraph (12) of section 3401(a) is amended by adding at the end the following:

"(E) under or to an eligible deferred compensation plan which, at the time of such payment, is a plan described in section 457(b) maintained by an employer described in section 457(e)(1)(A); or".

(ii) Paragraph (3) of section 3405(c) is amended to read as follows:

"(3) ELIGIBLE ROLLOVER DISTRIBUTION.—For purposes of this subsection, the term 'eligible rollover distribution' has the meaning given such term by section 402(f)(2)(A).".

(iii) LIABILITY FOR WITHHOLDING.—Subparagraph (B) of section 3405(d)(2) is amended by striking "or" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ", or", and by adding at the end the following:

"(iv) section 457(b).".

(2) ROLLOVERS TO SECTION 457 PLANS.—

(A) IN GENERAL.—Section 402(c)(8)(B) (defining eligible retirement plan) is amended by striking "and" at the end of clause (iii), by striking the period at the end of clause (iv) and inserting ", and", and by inserting after clause (iv) the following new clause:

"(v) an eligible deferred compensation plan described in section 457(b) of an employer described in section 457(e)(1)(A).".

(B) SEPARATE ACCOUNTING.—Section 402(c) is amended by adding at the end the following new paragraph:

"(11) SEPARATE ACCOUNTING.—Unless a plan described in clause (v) of paragraph (8)(B) agrees to separately account for amounts rolled into such plan from eligible retirement plans not described in such clause, the plan described in such clause may not accept transfers or rollovers from such retirement plans.".

(C) 10 PERCENT ADDITIONAL TAX.—Subsection (t) of section 72 (relating to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end the following new paragraph:

"(9) SPECIAL RULE FOR ROLLOVERS TO SECTION 457 PLANS.—For purposes of this subsection, a distribution from an eligible deferred compensation plan (as defined in section 457(b)) of an employer described in section 457(e)(1)(A) shall be treated as a distribution from a qualified retirement plan described in 4974(c)(1) to the extent that such distribution is attributable to an amount transferred to an eligible deferred compensation plan from a qualified retirement plan (as defined in section 4974(c)).".

(b) ALLOWANCE OF ROLLOVERS FROM AND TO 403(b) PLANS.—

(1) ROLLOVERS FROM SECTION 403(b) PLANS.—Section 403(b)(8)(A)(ii) (relating to rollover amounts) is amended by striking "such distribution" and all that follows and inserting "such distribution to an eligible retirement plan described in section 402(c)(8)(B), and".

(2) ROLLOVERS TO SECTION 403(b) PLANS.—Section 402(c)(8)(B) (defining eligible retirement plan), as amended by subsection (a), is amended by striking "and" at the end of clause (iv), by striking the period at the end of clause (v) and inserting ", and", and by inserting after clause (v) the following new clause:

"(vi) an annuity contract described in section 403(b).".

(c) EXPANDED EXPLANATION TO RECIPIENTS OF ROLLOVER DISTRIBUTIONS.—Paragraph (1) of section 402(f) (relating to written explanation to recipients of distributions eligible for rollover treatment) is amended by striking "and" at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting ", and", and by adding at the end the following new subparagraph:

"(E) of the provisions under which distributions from the eligible retirement plan receiving the distribution may be subject to restrictions and tax consequences which are different from those applicable to distributions from the plan making such distribution.".

(d) SPOUSAL ROLLOVERS.—Section 402(c)(9) (relating to rollover where spouse receives distribution after death of employee) is amended by striking "; except that" and all that follows up to the end period.

(e) CONFORMING AMENDMENTS.—

(1) Section 72(o)(4) is amended by striking "and 408(d)(3)" and inserting "403(b)(8), 408(d)(3), and 457(e)(16)".

(2) Section 219(d)(2) is amended by striking "or 408(d)(3)" and inserting "408(d)(3), or 457(e)(16)".

(3) Section 401(a)(31)(B) is amended by striking "and 403(a)(4)" and inserting ", 403(a)(4), 403(b)(8), and 457(e)(16)".

(4) Subparagraph (A) of section 402(f)(2) is amended by striking "or paragraph (4) of section 403(a)" and inserting ", paragraph (4) of section 403(a), subparagraph (A) of section 403(b)(8), or subparagraph (A) of section 457(e)(16)".

(5) Paragraph (1) of section 402(f) is amended by striking "from an eligible retirement plan".

(6) Subparagraphs (A) and (B) of section 402(f)(1) are amended by striking "another eligible retirement plan" and inserting "an eligible retirement plan".

(7) Subparagraph (B) of section 403(b)(8) is amended to read as follows:

"(B) CERTAIN RULES MADE APPLICABLE.—The rules of paragraphs (2) through (7) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A), except that section 402(f) shall be applied to the payor in lieu of the plan administrator.''.

(8) Section 408(a)(1) is amended by striking ''or 403(b)(8)'' and inserting '', 403(b)(8), or 457(e)(16)''.

(9) Subparagraphs (A) and (B) of section 415(b)(2) are each amended by striking ''and 408(d)(3)'' and inserting ''403(b)(8), 408(d)(3), and 457(e)(16)''.

(10) Section 415(c)(2) is amended by striking ''and 408(d)(3)'' and inserting ''408(d)(3), and 457(e)(16)''.

(11) Section 4973(b)(1)(A) is amended by striking ''or 408(d)(3)'' and inserting ''408(d)(3), or 457(e)(16)''.

(f) Effective Date; Special Rule.—

(1) Effective date.—The amendments made by this section shall apply to distributions after December 31, 2000.

(2) Special rule.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan (as defined in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986) on behalf of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of any amendment made by this section.

SEC. 332. ROLLOVERS OF IRAS INTO WORKPLACE RETIREMENT PLANS.

(a) In General.—Subparagraph (A) of section 408(d)(3) (relating to rollover amounts) is amended by adding ''or'' at the end of clause (i), by striking clauses (ii) and (iii), and by adding at the end the following:

''(ii) the entire amount received (including money and any other property) is paid into an eligible retirement plan for the benefit of such individual not later than the 60th day after the date on which the payment or distribution is received, except that the maximum amount which may be paid into such plan may not exceed the portion of the amount received which is includible in gross income (determined without regard to this paragraph).

For purposes of clause (ii), the term 'eligible retirement plan' means an eligible retirement plan described in clause (iii), (iv), (v), or (vi) of section 402(c)(8)(B).''.

(b) Conforming Amendments.—

(1) Paragraph (1) of section 403(b) is amended by striking ''section 408(d)(3)(A)(iii)'' and inserting ''section 408(d)(3)(A)(ii)''.

(2) Clause (i) of section 408(d)(3)(D) is amended by striking ''(i), (ii), or (iii)'' and inserting ''(i) or (ii)''.

(3) Subparagraph (G) of section 408(d)(3) is amended to read as follows:

''(G) Simple retirement accounts.—In the case of any payment or distribution out of a simple retirement account (as defined in subsection (p)) to which section 72(t)(6) applies, this paragraph shall not apply unless such payment or distribution is paid into another simple retirement account.''.

(c) Effective Date; Special Rule.—

(1) Effective date.—The amendments made by this section shall apply to distributions after December 31, 2000.

(2) Special rule.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan (as defined in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986) on behalf of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of the amendments made by this section.

SEC. 333. ROLLOVERS OF AFTER-TAX CONTRIBUTIONS.

(a) Rollovers From Exempt Trusts.—Paragraph (2) of section 402(c) (relating to maximum amount which may be rolled over) is amended by adding at the end the following: ''The preceding sentence shall not apply to such distribution to the extent—

''(A) such portion is transferred in a direct trustee-to-trustee transfer to a qualified trust which is part of a plan which is a defined contribution plan and which agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

''(B) such portion is transferred to an eligible retirement plan described in clause (i) or (ii) of paragraph (8)(B).''.

(b) Optional Direct Transfer of Eligible Rollover Distributions.—Subparagraph (B) of section 401(a)(31) (relating to limitation) is amended by adding at the end the following: ''The preceding sentence shall not apply to such distribution if the plan to which such distribution is transferred—

''(i) agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

''(ii) is an eligible retirement plan described in clause (i) or (ii) of section 402(c)(8)(B).''.

(c) Rules for Applying Section 72 to IRAs.—Paragraph (3) of section 408(d) (relating to special rules for applying section 72) is amended by inserting at the end the following:

''(H) Application of section 72.—

''(i) In general.—If—

''(I) a distribution is made from an individual retirement plan, and

''(II) a rollover contribution is made to an eligible retirement plan described in section 402(c)(8)(B)(iii), (iv), (v), or (vi) with respect to all or part of such distribution,

then, notwithstanding paragraph (2), the rules of clause (ii) shall apply for purposes of applying section 72.

''(ii) Applicable rules.—In the case of a distribution described in clause (i)—

''(I) section 72 shall be applied separately to such distribution,

''(II) notwithstanding the pro rata allocation of income on, and investment in the contract, to distributions under section 72, the portion of such distribution rolled over to an eligible retirement plan described in clause (i) shall be treated as from income on the contract (to the extent of the aggregate income on the contract from all individual retirement plans of the distributee), and

''(III) appropriate adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.''.

(d) Effective Date.—The amendments made by this section shall apply to distributions made after December 31, 2000.

SEC. 334. HARDSHIP EXCEPTION TO 60-DAY RULE.

(a) Exempt Trusts.—Paragraph (3) of section 402(c) (relating to transfer must be made within 60 days of receipt) is amended to read as follows:

''(3) Transfer must be made within 60 days of receipt.—

''(A) In general.—Except as provided in subparagraph (B), paragraph (1) shall not apply to any transfer of a distribution made after the 60th day following the day on which the distributee received the property distributed.

''(B) Hardship exception.—The Secretary may waive the 60-day requirement under subparagraph (A) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement.''.

(b) IRAs.—Paragraph (3) of section 408(d) (relating to rollover contributions), as amended by section 333, is amended by adding after subparagraph (H) the following new subparagraph:

''(I) Waiver of 60-day requirement.—The Secretary may waive the 60-day requirement under subparagraphs (A) and (D) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement.''.

(c) Effective Date.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 335. TREATMENT OF FORMS OF DISTRIBUTION.

(a) Plan Transfers.—

(1) Amendment to Internal Revenue Code of 1986.—Paragraph (6) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended by adding at the end the following:

''(D) Plan transfers.—

''(i) A defined contribution plan (in this subparagraph referred to as the 'transferee plan') shall not be treated as failing to meet the requirements of this subsection merely because the transferee plan does not provide some or all of the forms of distribution previously available under another defined contribution plan (in this subparagraph referred to as the 'transferor plan') to the extent that—

''(I) the forms of distribution previously available under the transferor plan applied to the account of a participant or beneficiary under the transferor plan that was transferred from the transferor plan to the transferee plan pursuant to a direct transfer rather than pursuant to a distribution from the transferor plan,

''(II) the terms of both the transferor plan and the transferee plan authorize the transfer described in subclause (I),

''(III) the transfer described in subclause (I) was made pursuant to a voluntary election by the participant or beneficiary whose account was transferred to the transferee plan,

''(IV) the election described in subclause (III) was made after the participant or beneficiary received a notice describing the consequences of making the election,

''(V) if the transferor plan provides for an annuity as the normal form of distribution under the plan in accordance with section 417, the transfer is made with the consent of the participant's spouse (if any), and such consent meets requirements similar to the requirements imposed by section 417(a)(2), and

''(VI) the transferee plan allows the participant or beneficiary described in subclause (III) to receive any distribution to which the participant or beneficiary is entitled under the transferee plan in the form of a single sum distribution.

''(ii) Clause (i) shall apply to plan mergers and other transactions having the effect of a direct transfer, including consolidations of benefits attributable to different employers within a multiple employer plan.

''(E) Elimination of form of distribution.—Except to the extent provided in regulations, a defined contribution plan shall not be treated as failing to meet the requirements of this section merely because of the elimination of a form of distribution previously available thereunder. This subparagraph shall not apply to the elimination of a form of distribution with respect to any participant unless—

''(i) a single sum payment is available to such participant at the same time or times as the form of distribution being eliminated, and *"(ii) such single sum payment is based on the same or greater portion of the participant's account as the form of distribution being eliminated.".*

(2) AMENDMENT TO ERISA.—Section 204(g) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)) is amended by adding at the end the following:

"(4)(A) A defined contribution plan (in this subparagraph referred to as the 'transferee plan') shall not be treated as failing to meet the requirements of this subsection merely because the transferee plan does not provide some or all of the forms of distribution previously available under another defined contribution plan (in this paragraph referred to as the 'transferor plan') to the extent that—

"(i) the forms of distribution previously available under the transferor plan applied to the account of a participant or beneficiary under the transferor plan that was transferred from the transferor plan to the transferee plan pursuant to a direct transfer rather than pursuant to a distribution from the transferor plan;

"(ii) the terms of both the transferor plan and the transferee plan authorize the transfer described in clause (i);

"(iii) the transfer described in clause (i) was made pursuant to a voluntary election by the participant or beneficiary whose account was transferred to the transferee plan;

"(iv) the election described in clause (iii) was made after the participant or beneficiary received a notice describing the consequences of making the election;

"(v) if the transferor plan provides for an annuity as the normal form of distribution under the plan in accordance with section 417, the transfer is made with the consent of the participant's spouse (if any), and such consent meets requirements similar to the requirements imposed by section 417(a)(2); and

"(vi) the transferee plan allows the participant or beneficiary described in subclause (III) to receive any distribution to which the participant or beneficiary is entitled under the transferee plan in the form of a single sum distribution.

"(B) Subparagraph (A) shall apply to plan mergers and other transactions having the effect of a direct transfer, including consolidations of benefits attributable to different employers within a multiple employer plan.

"(5) ELIMINATION OF FORM OF DISTRIBUTION.—Except to the extent provided in regulations, a defined contribution plan shall not be treated as failing to meet the requirements of this section merely because of the elimination of a form of distribution previously available thereunder. This paragraph shall not apply to the elimination of a form of distribution with respect to any participant unless—

"(A) a single sum payment is available to such participant at the same time or times as the form of distribution being eliminated; and

"(B) such single sum payment is based on the same or greater portion of the participant's account as the form of distribution being eliminated.".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to years beginning after December 31, 2000.

(b) REGULATIONS.—

(1) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—The last sentence of paragraph (6)(B) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended to read as follows: "The Secretary may by regulations provide that this subparagraph shall not apply to any plan amendment that does not adversely affect the rights of participants in a material manner.".

(2) AMENDMENT TO ERISA.—The last sentence of section 204(g)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)(2)) is amended to read as follows: "The Secretary of the Treasury may by regulations provide that this paragraph shall not apply to any plan amendment that does not adversely affect the rights of participants in a material manner.".

(3) SECRETARY DIRECTED.—Not later than December 31, 2001, the Secretary of the Treasury is directed to issue final regulations under section 411(d)(6) of the Internal Revenue Code of 1986 and section 204(g)(2) of the Employee Retirement Income Security Act of 1974. Such regulations shall apply to plan years beginning after December 31, 2001, or such earlier date as is specified by the Secretary of the Treasury.

SEC. 336. RATIONALIZATION OF RESTRICTIONS ON DISTRIBUTIONS.

(a) MODIFICATION OF SAME DESK EXCEPTION.—

(1) SECTION 401(k).—

(A) Section 401(k)(2)(B)(i)(I) (relating to qualified cash or deferred arrangements) is amended by striking "separation from service" and inserting "severance from employment".

(B) Subparagraph (A) of section 401(k)(10) (relating to distributions upon termination of plan or disposition of assets or subsidiary) is amended to read as follows:

"(A) IN GENERAL.—An event described in this subparagraph is the termination of the plan without establishment or maintenance of another defined contribution plan (other than an employee stock ownership plan as defined in section 4975(e)(7)).".

(C) Section 401(k)(10) is amended—

(i) in subparagraph (B)—

(I) by striking "An event" in clause (i) and inserting "A termination", and

(II) by striking "the event" in clause (i) and inserting "the termination",

(ii) by striking subparagraph (C), and

(iii) by striking "OR DISPOSITION OF ASSETS OR SUBSIDIARY" in the heading.

(2) SECTION 403(b).—

(A) Paragraphs (7)(A)(ii) and (11)(A) of section 403(b) are each amended by striking "separates from service" and inserting "has a severance from employment".

(B) The heading for paragraph (11) of section 403(b) is amended by striking "SEPARATION FROM SERVICE" and inserting "SEVERANCE FROM EMPLOYMENT".

(3) SECTION 457.—Clause (ii) of section 457(d)(1)(A) is amended by striking "is separated from service" and inserting "has a severance from employment".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 337. PURCHASE OF SERVICE CREDIT IN GOVERNMENTAL DEFINED BENEFIT PLANS.

(a) 403(b) PLANS.—Subsection (b) of section 403 is amended by adding at the end the following new paragraph:

"(13) TRUSTEE-TO-TRUSTEE TRANSFERS TO PURCHASE PERMISSIVE SERVICE CREDIT.—No amount shall be includible in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)) if such transfer is—

"(A) for the purchase of permissive service credit (as defined in section 415(n)(3)(A)) under such plan, or

"(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof.".

(b) 457 PLANS.—

(1) Subsection (e) of section 457 is amended by adding after paragraph (17) the following new paragraph:

"(18) TRUSTEE-TO-TRUSTEE TRANSFERS TO PURCHASE PERMISSIVE SERVICE CREDIT.—No amount shall be includible in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)) if such transfer is—

"(A) for the purchase of permissive service credit (as defined in section 415(n)(3)(A)) under such plan, or

"(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof.".

(2) Section 457(b)(2) is amended by striking "(other than rollover amounts)" and inserting "(other than rollover amounts and amounts received in a transfer referred to in subsection (e)(16))".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to trustee-to-trustee transfers after December 31, 2000.

SEC. 338. EMPLOYERS MAY DISREGARD ROLLOVERS FOR PURPOSES OF CASH-OUT AMOUNTS.

(a) QUALIFIED PLANS.—

(1) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Section 411(a)(11) (relating to restrictions on certain mandatory distributions) is amended by adding at the end the following:

"(D) SPECIAL RULE FOR ROLLOVER CONTRIBUTIONS.—A plan shall not fail to meet the requirements of this paragraph if, under the terms of the plan, the present value of the nonforfeitable accrued benefit is determined without regard to that portion of such benefit which is attributable to rollover contributions (and earnings allocable thereto). For purposes of this subparagraph, the term 'rollover contributions' means any rollover contribution under sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16).".

(2) AMENDMENT TO ERISA.—Section 203(e) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(c)) is amended by adding at the end the following:

"(4) A plan shall not fail to meet the requirements of this subsection if, under the terms of the plan, the present value of the nonforfeitable accrued benefit is determined without regard to that portion of such benefit which is attributable to rollover contributions (and earnings allocable thereto). For purposes of this subparagraph, the term 'rollover contributions' means any rollover contribution under sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16) of the Internal Revenue Code of 1986.".

(b) ELIGIBLE DEFERRED COMPENSATION PLANS.—Clause (i) of section 457(e)(9)(A) is amended by striking "such amount" and inserting "the portion of such amount which is not attributable to rollover contributions (as defined in section 411(a)(11)(D))".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 339. INCLUSION REQUIREMENTS FOR SECTION 457 PLANS.

(a) YEAR OF INCLUSION.—Subsection (a) of section 457 (relating to year of inclusion in gross income) is amended to read as follows:

"(a) YEAR OF INCLUSION IN GROSS INCOME.—

"(1) IN GENERAL.—Any amount of compensation deferred under an eligible deferred compensation plan, and any income attributable to the amounts so deferred, shall be includible in gross income only for the taxable year in which such compensation or other income—

"(A) is paid to the participant or other beneficiary, in the case of a plan of an eligible employer described in subsection (e)(1)(A), and

"(B) is paid or otherwise made available to the participant or other beneficiary, in the case of a plan of an eligible employer described in subsection (e)(1)(B).

"(2) SPECIAL RULE FOR ROLLOVER AMOUNTS.—To the extent provided in section 72(t)(9), section 72(t) shall apply to any amount includible in gross income under this subsection.".

(b) CONFORMING AMENDMENT.—So much of paragraph (9) of section 457(e) as precedes subparagraph (A) is amended to read as follows:

"(9) BENEFITS OF TAX EXEMPT ORGANIZATION PLANS NOT TREATED AS MADE AVAILABLE BY REASON OF CERTAIN ELECTIONS, ETC.—In the case of an eligible deferred compensation plan of an employer described in paragraph (1)(B)—".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

Subtitle E—Strengthening Pension Security and Enforcement

SEC. 341. REPEAL OF 150 PERCENT OF CURRENT LIABILITY FUNDING LIMIT.

(a) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Section 412(c)(7) (relating to full-funding limitation) is amended—

(1) by striking "the applicable percentage" in subparagraph (A)(i)(I) and inserting "in the case of plan years beginning before January 1, 2004, the applicable percentage", and

(2) by amending subparagraph (F) to read as follows:

"(F) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

"In the case of any plan year beginning in—	**The applicable percentage is—**
2001	160
2002	165
2003	170.".

(b) AMENDMENT TO ERISA.—Section 302(c)(7) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(c)(7)) is amended—

(1) by striking "the applicable percentage" in subparagraph (A)(i)(I) and inserting "in the case of plan years beginning before January 1, 2004, the applicable percentage", and

(2) by amending subparagraph (F) to read as follows:

"(F) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

"In the case of any plan year beginning in—	**The applicable percentage is—**
2001	160
2002	165
2003	170.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 342. EXTENSION OF MISSING PARTICIPANTS PROGRAM TO MULTIEMPLOYER PLANS.

(a) IN GENERAL.—Section 4050 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1350) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following:

"(c) MULTIEMPLOYER PLANS.—The corporation shall prescribe rules similar to the rules in subsection (a) for multiemployer plans covered by this title that terminate under section 4041A.".

(b) CONFORMING AMENDMENT.—Section 206(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056(f)) is amended by striking "the plan shall provide that,".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after final regulations implementing subsection (c) of section 4050 of the Employee Retirement Income Security Act of 1974 (as added by subsection (a)) are prescribed.

SEC. 343. EXCISE TAX RELIEF FOR SOUND PENSION FUNDING.

(a) IN GENERAL.—Subsection (c) of section 4972 (relating to nondeductible contributions) is amended by adding at the end the following new paragraph:

"(7) DEFINED BENEFIT PLAN EXCEPTION.—In determining the amount of nondeductible contributions for any taxable year, an employer may elect for such year not to take into account any contributions to a defined benefit plan except to the extent that such contributions exceed the full-funding limitation (as defined in section 412(c)(7), determined without regard to subparagraph (A)(i)(I) thereof). For purposes of this paragraph, the deductible limits under section 404(a)(7) shall first be applied to amounts contributed to defined contribution plans and then to amounts described in this paragraph. If an employer makes an election under this paragraph for a taxable year, paragraph (6) shall not apply to such employer for such taxable year.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 344. FAILURE TO PROVIDE NOTICE BY DEFINED BENEFIT PLANS SIGNIFICANTLY REDUCING FUTURE BENEFIT ACCRUALS.

(a) EXCISE TAX.—

(1) IN GENERAL.—Chapter 43 of subtitle D (relating to qualified pension, etc., plans) is amended by adding at the end the following new section:

"SEC. 4980F. FAILURE OF DEFINED BENEFIT PLANS REDUCING BENEFIT ACCRUALS TO SATISFY NOTICE REQUIREMENTS.

"(a) IMPOSITION OF TAX.—There is hereby imposed a tax on the failure of an applicable pension plan to meet the requirements of subsection (e) with respect to any applicable individual.

"(b) AMOUNT OF TAX.—

"(1) IN GENERAL.—The amount of the tax imposed by subsection (a) on any failure with respect to any applicable individual shall be $100 for each day in the noncompliance period with respect to such failure.

"(2) NONCOMPLIANCE PERIOD.—For purposes of this section, the term 'noncompliance period' means, with respect to any failure, the period beginning on the date the failure first occurs and ending on the date the failure is corrected.

"(3) MINIMUM TAX FOR NONCOMPLIANCE PERIOD WHERE FAILURE DISCOVERED AFTER NOTICE OF EXAMINATION.—Notwithstanding paragraphs (1) and (2) of subsection (c)—

"(A) IN GENERAL.—In the case of 1 or more failures with respect to an applicable individual—

"(i) which are not corrected before the date a notice of examination of income tax liability is sent to the employer, and

"(ii) which occurred or continued during the period under examination,

the amount of tax imposed by subsection (a) by reason of such failures with respect to such beneficiary shall not be less than the lesser of $2,500 or the amount of tax which would be imposed by subsection (a) without regard to such paragraphs.

"(B) HIGHER MINIMUM TAX WHERE VIOLATIONS ARE MORE THAN DE MINIMIS.—To the extent violations by the employer (or the plan in the case of a multiemployer plan) for any year are more than de minimis, subparagraph (A) shall be applied by substituting '$15,000' for '$2,500' with respect to the employer (or such plan).

"(c) LIMITATIONS ON AMOUNT OF TAX.—

"(1) TAX NOT TO APPLY WHERE FAILURE NOT DISCOVERED EXERCISING REASONABLE DILIGENCE.—No tax shall be imposed by subsection (a) on any failure during any period for which it is established to the satisfaction of the Secretary that none of the persons referred to in subsection (d) knew, or exercising reasonable diligence would have known, that the failure existed.

"(2) TAX NOT TO APPLY TO FAILURES CORRECTED WITHIN 30 DAYS.—No tax shall be imposed by subsection (a) on any failure if—

"(A) such failure was due to reasonable cause and not to willful neglect, and

"(B) such failure is corrected during the 30-day period beginning on the first date any of the persons referred to in subsection (d) knew, or exercising reasonable diligence would have known, that such failure existed.

"(3) OVERALL LIMITATION FOR UNINTENTIONAL FAILURES.—

"(A) IN GENERAL.—In the case of failures that are due to reasonable cause and not to willful neglect, the tax imposed by subsection (a) for failures during the taxable year of the employer (or, in the case of a multiemployer plan, the taxable year of the trust forming part of the plan) shall not exceed $500,000. For purposes of the preceding sentence, all multiemployer plans of which the same trust forms a part shall be treated as 1 plan.

"(B) TAXABLE YEARS IN THE CASE OF CERTAIN CONTROLLED GROUPS.—For purposes of this paragraph, if all persons who are treated as a single employer for purposes of this section do not have the same taxable year, the taxable years taken into account shall be determined under principles similar to the principles of section 1561.

"(4) WAIVER BY SECRETARY.—In the case of a failure which is due to reasonable cause and not to willful neglect, the Secretary may waive part or all of the tax imposed by subsection (a) to the extent that the payment of such tax would be excessive relative to the failure involved.

"(d) LIABILITY FOR TAX.—The following shall be liable for the tax imposed by subsection (a):

"(1) In the case of a plan other than a multiemployer plan, the employer.

"(2) In the case of a multiemployer plan, the plan.

"(e) NOTICE REQUIREMENTS FOR PLANS SIGNIFICANTLY REDUCING BENEFIT ACCRUALS.—

"(1) IN GENERAL.—If a defined benefit plan adopts an amendment which has the effect of significantly reducing the rate of future benefit accrual of 1 or more participants (including any elimination or reduction of an early retirement benefit or retirement-type subsidy), the plan administrator shall, not later than the 30th day before the effective date of the amendment, provide written notice to each applicable individual (and to each employee organization representing applicable individuals) which—

"(A) sets forth the plan amendment and its effective date, and

"(B) includes sufficient information (as determined in accordance with regulations prescribed by the Secretary) to allow such participants and beneficiaries to understand how the amendment generally affects different classes of employees.

"(2) ADDITIONAL NOTICE REQUIRED IN CERTAIN CASES.—

"(A) IN GENERAL.—If a plan amendment to which paragraph (1) applies—

"(i) either—

"(I) provides for a significant change in the manner in which the accrued benefit of an applicable individual is determined under the plan, or

"(II) requires an applicable individual to choose between 2 or more benefit formulas, and

"(ii) may reasonably be expected to affect such applicable individual,

the plan shall, not later than the date which is 6 months after the effective date of the amendment, provide written notice to such applicable individual which includes the information described in subparagraph (B).

"(B) ADDITIONAL INFORMATION.—The notice under subparagraph (A) shall include the following information:

"(i) The accrued benefit (and if the amendment adds the option of an immediate lump sum distribution, the present value of the accrued benefit) as of the effective date, determined *under the terms of the plan in effect immediately before the effective date.*

"(ii) The accrued benefit as of the effective date, determined under the terms of the plan in effect on the effective date and without regard to any minimum accrued benefit required by reason of section 411(d)(6).

"(iii) Sufficient information (as determined in accordance with regulations prescribed by the Secretary) for an applicable individual to compute their projected accrued benefit under the terms of the plan in effect on the effective date or to acquire information necessary to compute such projected accrued benefit.

"(C) OPTION TO PROVIDE PROJECTED ACCRUED BENEFIT.—A plan may, in lieu of the information described in subparagraph (B)(iii), include a determination of an applicable individual's projected accrued benefit under the terms of the plan in effect on the effective date. Such determination shall include a disclosure of the assumptions used by the plan in determining such benefit and such assumptions must be reasonable in the aggregate.

"(D) RULES FOR COMPUTING BENEFITS.—For purposes of this paragraph, an applicable individual's accrued benefit and projected accrued benefit shall be computed—

"(i) as if the accrued benefit were in the form of a single life annuity commencing at normal retirement age (and by taking into account any early retirement subsidy), and

"(ii) by using the applicable mortality table and the applicable interest rate under section 417(e)(3)(A).

"(3) SECRETARY MAY CHANGE NOTICE AND TIME FOR NOTICE.—If a plan amendment to which paragraph (1) applies requires an applicable individual to choose between 2 or more benefit formulas, the Secretary may, after consultation with the Secretary of Labor—

"(A) require additional information to be provided in either of the notices described in paragraph (1) or (2), and

"(B) require either of such notices to be provided at a time other than the time required under either such paragraph.

"(4) NOTICE BEFORE ADOPTION OF AMENDMENT.—A plan shall not be treated as failing to meet the requirements of paragraph (1) or (2) merely because notice is provided before the adoption of the plan amendment if no material modification of the amendment occurs before the amendment is adopted.

"(5) NOTICE TO DESIGNEE.—Any notice under paragraph (1) or (2) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

"(f) APPLICABLE INDIVIDUAL.—For purposes of this section—

"(1) IN GENERAL.—The term 'applicable individual' means, with respect to any plan amendment—

"(A) any participant in the plan, and

"(B) any beneficiary who is an alternate payee (within the meaning of section 414(p)(8)) under an applicable qualified domestic relations order (within the meaning of section 414(p)(1)(A)).

"(2) EXCEPTION FOR PARTICIPANTS WITH LESS THAN 1 YEAR OF PARTICIPATION.—Such term shall not include a participant who has less than 1 year of participation (within the meaning of section 411(b)(4)) under the plan as of the effective date of the plan amendment.

"(3) PARTICIPANTS GETTING HIGHER OF BENEFITS.—Such term shall not include a participant or beneficiary who, under the terms of the plan as of the effective date of the plan amendment, is entitled to the greater of the accrued benefit under such terms or the accrued benefit under the terms of the plan in effect immediately before the effective date.

"(g) APPLICABLE PENSION PLAN.—For purposes of this section, the term 'applicable pension plan' means—

"(1) a defined benefit plan, or

"(2) an individual account plan which is subject to the funding standards of section 412.

Such term shall not include a governmental plan (within the meaning of section 414(d)) or a church plan (within the meaning of section 414(e)) with respect to which an election under section 410(d) has not been made.".

(2) CONFORMING AMENDMENT.—The table of sections for chapter 43 of subtitle D is amended by adding at the end the following new item:

"Sec. 4980F. Failure of defined benefit plans reducing benefit accruals to satisfy notice requirements.".

(b) AMENDMENT TO ERISA.—Section 204(h) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(h)) is amended to read as follows:

"(h)(1) An applicable pension plan may not adopt an amendment which has the effect of significantly reducing the rate of future benefit accrual of 1 or more participants (including any elimination or reduction of an early retirement benefit or retirement-type subsidy) unless the plan administrator provides, not later than the 30th day before the effective date of the amendment, written notice to each applicable individual (and to each employee organization representing applicable individuals) which—

"(A) sets forth the plan amendment and its effective date, and

"(B) includes sufficient information (as determined in accordance with regulations prescribed by the Secretary of the Treasury) to allow applicable individuals to understand how the amendment generally affects different classes of employees.

"(2)(A) If a plan amendment to which paragraph (1) applies—

"(i) either—

"(I) provides for a significant change in the manner in which the accrued benefit is determined under the plan, or

"(II) requires an applicable individual to choose between 2 or more benefit formulas, and

"(ii) may reasonably be expected to affect such applicable individual,

the plan shall, not later than the date which is 6 months after the effective date of the amendment, provide written notice to such applicable individual which includes the information described in subparagraph (B).

"(B) The notice under subparagraph (A) shall include the following information:

"(i) The accrued benefit (and if the amendment adds the option of an immediate lump sum distribution, the present value of the accrued benefit) as of the effective date, determined under the terms of the plan in effect immediately before the effective date.

"(ii) The accrued benefit as of the effective date, determined under the terms of the plan in effect on the effective date and without regard to any minimum accrued benefit required by reason of section 204(g).

"(iii) Sufficient information (as determined in accordance with regulations prescribed by the Secretary of the Treasury) for an applicable individual to compute their projected accrued benefit under the terms of the plan in effect on the effective date or to acquire information necessary to compute such projected accrued benefit.

"(C) A plan may, in lieu of the information described in subparagraph (B)(iii), include a determination of an applicable individual's projected accrued benefit under the terms of the plan in effect on the effective date. Such determination shall include a disclosure of the assumptions used by the plan in determining such benefit and such assumptions must be reasonable in the aggregate.

"(D) For purposes of this paragraph, an applicable individual's accrued benefit and projected accrued benefit shall be computed—

"(i) as if the accrued benefit were in the form of a single life annuity commencing at normal retirement age (and by taking into account any early retirement subsidy), and

"(ii) by using the applicable mortality table and the applicable interest rate under section 205(g)(3)(A).

"(3) If a plan amendment to which paragraph (1) applies requires an applicable individual to choose between 2 or more benefit formulas, the Secretary of the Treasury may, after consultation with the Secretary—

"(A) require additional information to be provided in either of the notices described in paragraph (1) or (2), and

"(B) require either of such notices to be provided at a time other than the time required under either such paragraph.

"(4) A plan shall not be treated as failing to meet the requirements of paragraph (1) or (2) merely because notice is provided before the adoption of the plan amendment if no material modification of the amendment occurs before the amendment is adopted.

"(5) Any notice under paragraph (1) or (2) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

"(6)(A) For purposes of this subsection, the term 'applicable individual' means, with respect to any plan amendment—

"(i) any participant in the plan, and

"(ii) any beneficiary who is an alternate payee (within the meaning of section 206(d)(3)(K)) under an applicable qualified domestic relations order (within the meaning of section 206(d)(3)(B)).

"(B) Such term shall not include a participant who has less than 1 year of participation (within the meaning of section 204(b)(4)) under the plan as of the effective date of the plan amendment.

"(C) Such term shall not include a participant or beneficiary who, under the terms of the plan as of the effective date of the plan amendment, is entitled to the greater of the accrued benefit under such terms or the accrued benefit under the terms of the plan in effect immediately before the effective date.

"(7) For purposes of this subsection, the term 'applicable pension plan' means—

"(A) a defined benefit plan, or

"(B) an individual account plan which is subject to the funding standards of section 302.

Such term shall not include a governmental plan (within the meaning of section 3(32)) or a church plan (within the meaning of section 3(33)) with respect to which an election under section 410(d) of the Internal Revenue Code of 1986 has not been made.".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan amendments taking effect on or after the date of the enactment of this Act.

(2) SPECIAL RULE FOR COLLECTIVELY BARGAINED PLANS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified by the date of the enactment of this Act, the amendments made by this section shall not apply to plan amendments taking effect before the earlier of—

(A) the later of—

(i) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof on or after such date of enactment), or

(ii) January 1, 2000, or

(B) January 1, 2002.

(3) SPECIAL RULE.—The period for providing any notice required by the amendments made by this section shall not end before the date which

is 3 months after the date of the enactment of this Act.

SEC. 345. PROTECTION OF INVESTMENT OF EMPLOYEE CONTRIBUTIONS TO 401(K) PLANS.

(a) In General.—Section 1524(b) of the Taxpayer Relief Act of 1997 is amended to read as follows:

"(b) Effective Date.—

"(1) In general.—Except as provided in paragraph (2), the amendments made by this section shall apply to elective deferrals for plan years beginning after December 31, 1998.

"(2) Nonapplication to previously acquired property.—The amendments made by this section shall not apply to any elective deferral used to acquire an interest in the income or gain from employer securities or employer real property acquired—

"(A) before January 1, 1999, or

"(B) after such date pursuant to a written contract which was binding on such date and at all times thereafter on such plan.".

(b) Effective Date.—The amendment made by this section shall apply as if included in the provision of the Taxpayer Relief Act of 1997 to which it relates.

SEC. 346. TREATMENT OF MULTIEMPLOYER PLANS UNDER SECTION 415.

(a) Compensation Limit.—Paragraph (11) of section 415(b) (relating to limitation for defined benefit plans) is amended to read as follows:

"(11) Special limitation rule for governmental and multiemployer plans.—In the case of a governmental plan (as defined in section 414(d)) or a multiemployer plan (as defined in section 414(f)), subparagraph (B) of paragraph (1) shall not apply.".

(b) Combining and Aggregation of Plans.—

(1) Combining of plans.—Subsection (f) of section 415 (relating to combining of plans) is amended by adding at the end the following:

"(3) Exception for multiemployer plans.—Notwithstanding paragraph (1) and subsection (g), a multiemployer plan (as defined in section 414(f)) shall not be combined or aggregated with any other plan maintained by an employer for purposes of applying the limitations established in this section. The preceding sentence shall not apply for purposes of applying subsection (b)(1)(A) to a plan which is not a multiemployer plan.".

(2) Conforming amendment for aggregation of plans.—Subsection (g) of section 415 (relating to aggregation of plans) is amended by striking "The Secretary" and inserting "Except as provided in subsection (f)(3), the Secretary".

(c) Application of Special Early Retirement Rules.—Section 415(b)(2)(F) (relating to plans maintained by governments and tax-exempt organizations) is amended—

(1) by inserting "a multiemployer plan (within the meaning of section 414(f))," after "section 414(d)),", and

(2) by striking the heading and inserting:

"(F) Special early retirement rules for certain plans.—".

(d) Effective Date.—The amendments made by this section shall apply to years beginning after December 31, 1999.

SEC. 347. MAXIMUM CONTRIBUTION DEDUCTION RULES MODIFIED AND APPLIED TO ALL DEFINED BENEFIT PLANS.

(a) In General.—Subparagraph (D) of section 404(a)(1) (relating to special rule in case of certain plans) is amended to read as follows:

"(D) Special rule in case of certain plans.—

"(i) In general.—In the case of any defined benefit plan, except as provided in regulations, the maximum amount deductible under the limitations of this paragraph shall not be less than the unfunded termination liability (determined as if the proposed termination date referred to in section 4041(b)(2)(A)(i)(II) of the Employee Retirement Income Security Act of 1974 were the last day of the plan year).

"(ii) Plans with less than 100 participants.—For purposes of this subparagraph, in the case of a plan which has less than 100 participants for the plan year, termination liability shall not include the liability attributable to benefit increases for highly compensated employees (as defined in section 414(q)) resulting from a plan amendment which is made or becomes effective, whichever is later, within the last 2 years before the termination date.

"(iii) Rule for determining number of participants.—For purposes of determining whether a plan has more than 100 participants, all defined benefit plans maintained by the same employer (or any member of such employer's controlled group (within the meaning of section 412(l)(8)(C))) shall be treated as 1 plan, but only employees of such member or employer shall be taken into account.

"(iv) Plans established and maintain by professional service employers.—Clause (i) shall not apply to a plan described in section 4021(b)(13) of the Employee Retirement Income Security Act of 1974.".

(b) Conforming Amendment.—Paragraph (6) of section 4972(c) is amended to read as follows:

"(6) Exceptions.—In determining the amount of nondeductible contributions for any taxable year, there shall not be taken into account so much of the contributions to 1 or more defined contribution plans which are not deductible when contributed solely because of section 404(a)(7) as does not exceed the greater of—

"(A) the amount of contributions not in excess of 6 percent of compensation (within the meaning of section 404(a)) paid or accrued (during the taxable year for which the contributions were made) to beneficiaries under the plans, or

"(B) the sum of—

"(i) the amount of contributions described in section 401(m)(4)(A), plus

"(ii) the amount of contributions described in section 402(g)(3)(A).

For purposes of this paragraph, the deductible limits under section 404(a)(7) shall first be applied to amounts contributed to a defined benefit plan and then to amounts described in subparagraph (B).".

(c) Effective Date.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 348. INCREASE IN SECTION 415 EARLY RETIREMENT LIMIT FOR GOVERNMENTAL AND OTHER PLANS.

(a) In General.—Subclause (II) of section 415(b)(2)(F)(i), as amended by section 346(c), is amended—

(1) by striking "$75,000" and inserting "80 percent of the dollar amount in effect under paragraph (1)(A)", and

(2) by striking "the $75,000 limitation" and inserting "80 percent of such dollar amount".

(b) Effective Date.—The amendments made by this section shall apply to years beginning after December 31, 1999.

Subtitle F—Encouraging Retirement Education

SEC. 351. PERIODIC PENSION BENEFITS STATEMENTS.

(a) In General.—Section 105(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025 (a)) is amended to read as follows:

"(a)(1) Except as provided in paragraph (2)—

"(A) the administrator of an individual account plan shall furnish a pension benefit statement—

"(i) to a plan participant at least once annually, and

"(ii) to a plan beneficiary upon written request, and

"(B) the administrator of a defined benefit plan shall furnish a pension benefit statement—

"(i) at least once every 3 years to each participant with a nonforfeitable accrued benefit who is employed by the employer maintaining the plan at the time the statement is furnished to participants, and

"(ii) to a participant or beneficiary of the plan upon written request.

"(2) Notwithstanding paragraph (1), the administrator of a plan to which more than 1 unaffiliated employer is required to contribute shall only be required to furnish a pension benefit statement under paragraph (1) upon the written request of a participant or beneficiary of the plan.

"(3) A pension benefit statement under paragraph (1)—

"(A) shall indicate, on the basis of the latest available information—

"(i) the total benefits accrued, and

"(ii) the nonforfeitable pension benefits, if any, which have accrued, or the earliest date on which benefits will become nonforfeitable,

"(B) shall be written in a manner calculated to be understood by the average plan participant, and

"(C) may be provided in written, electronic, telephonic, or other appropriate form.

"(4) In the case of a defined benefit plan, the requirements of paragraph (1)(B)(i) shall be treated as met with respect to a participant if the administrator provides the participant at least once each year with notice of the availability of the pension benefit statement and the ways in which the participant may obtain such statement. Such notice shall be provided in written, electronic, telephonic, or other appropriate form, and may be included with other communications to the participant if done in a manner reasonably designed to attract the attention of the participant.".

(b) Conforming Amendments.—

(1) Section 105 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025) is amended by striking subsection (d).

(2) Section 105(b) of such Act (29 U.S.C. 1025(b)) is amended to read as follows:

"(b) In no case shall a participant or beneficiary of a plan be entitled to more than one statement described in subsection (a)(1)(A) or (a)(1)(B)(ii), whichever is applicable, in any 12-month period.".

(c) Effective Date.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 352. CLARIFICATION OF TREATMENT OF EMPLOYER-PROVIDED RETIREMENT ADVICE.

(a) In General.—Subsection (a) of section 132 (relating to exclusion from gross income) is amended by striking "or" at the end of paragraph (5), by striking the period at the end of paragraph (6) and inserting ", or", and by adding at the end the following new paragraph:

"(7) qualified retirement planning services.".

(b) Qualified Retirement Planning Services Defined.—Section 132 is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following:

"(m) Qualified Retirement Planning Services.—

"(1) In general.—For purposes of this section, the term 'qualified retirement planning services' means any retirement planning service provided to an employee and his spouse by an employer maintaining a qualified employer plan.

"(2) Nondiscrimination rule.—Subsection (a)(7) shall apply in the case of highly compensated employees only if such services are available on substantially the same terms to each member of the group of employees normally provided education and information regarding the employer's qualified employer plan.

"(3) QUALIFIED EMPLOYER PLAN.—For purposes of this subsection, the term 'qualified employer plan' means a plan, contract, pension, or account described in section 219(g)(5).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

Subtitle G—Reducing Regulatory Burdens

SEC. 361. FLEXIBILITY IN NONDISCRIMINATION AND COVERAGE RULES.

(a) NONDISCRIMINATION.—

(1) IN GENERAL.—The Secretary of the Treasury shall, by regulation, provide that a plan shall be deemed to satisfy the requirements of section 401(a)(4) of the Internal Revenue Code of 1986 if such plan satisfies the facts and circumstances test under section 401(a)(4) of such Code, as in effect before January 1, 1994, but only if—

(A) the plan satisfies conditions prescribed by the Secretary to appropriately limit the availability of such test, and

(B) the plan is submitted to the Secretary for a determination of whether it satisfies such test. Subparagraph (B) shall only apply to the extent provided by the Secretary.

(2) EFFECTIVE DATES.—

(A) REGULATIONS.—The regulation required by subsection (a) shall apply to years beginning after December 31, 2000.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under paragraph (1)(A) shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

(b) COVERAGE TEST.—

(1) IN GENERAL.—Section 410(b)(1) (relating to minimum coverage requirements) is amended by adding at the end the following:

"(D) In the case that the plan fails to meet the requirements of subparagraphs (A), (B) and (C), the plan—

"(i) satisfies subparagraph (B), as in effect immediately before the enactment of the Tax Reform Act of 1986,

"(ii) is submitted to the Secretary for a determination of whether it satisfies the requirement described in clause (i), and

"(iii) satisfies conditions prescribed by the Secretary by regulation that appropriately limit the availability of this subparagraph.

Clause (ii) shall apply only to the extent provided by the Secretary.".

(2) EFFECTIVE DATES.—

(A) IN GENERAL.—The amendment made by subsection (a) shall apply to years beginning after December 31, 2000.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under regulations prescribed by the Secretary under section 410(b)(1)(D) of the Internal Revenue Code of 1986 shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

SEC. 362. MODIFICATION OF TIMING OF PLAN VALUATIONS.

(a) IN GENERAL.—Section 412(c)(9) (relating to annual valuation) is amended—

(1) by striking "For purposes" and inserting the following:

"(A) IN GENERAL.—For purposes", and

(2) by adding at the end the following:

"(B) ELECTION TO USE PRIOR YEAR VALUATION.—

"(i) IN GENERAL.—Except as provided in clause (ii), if, for any plan year—

"(I) an election is in effect under this subparagraph with respect to a plan, and

"(II) the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)), determined as of the valuation date for the preceding plan year,

then this section shall be applied using the information available as of such valuation date.

"(ii) EXCEPTIONS.—

"(I) ACTUAL VALUATION EVERY 3 YEARS.—Clause (i) shall not apply for more than 2 consecutive plan years and valuation shall be under subparagraph (A) with respect to any plan year to which clause (i) does not apply by reason of this subclause.

"(II) REGULATIONS.—Clause (i) shall not apply to the extent that more frequent valuations are required under the regulations under subparagraph (A).

"(iii) ADJUSTMENTS.—Information under clause (i) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

"(iv) ELECTION.—An election under this subparagraph, once made, shall be irrevocable without the consent of the Secretary.".

(b) AMENDMENTS TO ERISA.—Paragraph (9) of section 302(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(c)) is amended—

(1) by inserting "(A)" after "(9)", and

(2) by adding at the end the following:

"(B)(i) Except as provided in clause (ii), if, for any plan year—

"(I) an election is in effect under this subparagraph with respect to a plan, and

"(II) the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)), determined as of the valuation date for the preceding plan year,

then this section shall be applied using the information available as of such valuation date.

"(ii)(I) Clause (i) shall not apply for more than 2 consecutive plan years and valuation shall be under subparagraph (A) with respect to any plan year to which clause (i) does not apply by reason of this subclause.

"(II) Clause (i) shall not apply to the extent that more frequent valuations are required under the regulations under subparagraph (A).

"(iii) Information under clause (i) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

"(iv) An election under this subparagraph, once made, shall be irrevocable without the consent of the Secretary of the Treasury.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 363. SUBSTANTIAL OWNER BENEFITS IN TERMINATED PLANS.

(a) MODIFICATION OF PHASE-IN OF GUARANTEE.—Section 4022(b)(5) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322(b)(5)) is amended to read as follows:

"(5)(A) For purposes of this paragraph, the term 'majority owner' means an individual who, at any time during the 60-month period ending on the date the determination is being made—

"(i) owns the entire interest in an unincorporated trade or business,

"(ii) in the case of a partnership, is a partner who owns, directly or indirectly, 50 percent or more of either the capital interest or the profits interest in such partnership, or

"(iii) in the case of a corporation, owns, directly or indirectly, 50 percent or more in value of either the voting stock of that corporation or all the stock of that corporation.

For purposes of clause (iii), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 shall apply (determined without regard to section 1563(e)(3)(C)).

"(B) In the case of a participant who is a majority owner, the amount of benefits guaranteed under this section shall equal the product of—

"(i) a fraction (not to exceed 1) the numerator of which is the number of years from the later of the effective date or the adoption date of the plan to the termination date, and the denominator of which is 10, and

"(ii) the amount of benefits that would be guaranteed under this section if the participant were not a majority owner.".

(b) MODIFICATION OF ALLOCATION OF ASSETS.—

(1) Section 4044(a)(4)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1344(a)(4)(B)) is amended by striking "section 4022(b)(5)" and inserting "section 4022(b)(5)(B)".

(2) Section 4044(b) of such Act (29 U.S.C. 1344(b)) is amended—

(A) by striking "(5)" in paragraph (2) and inserting "(4), (5),", and

(B) by redesignating paragraphs (3) through (6) as paragraphs (4) through (7), respectively, and by inserting after paragraph (2) the following:

"(3) If assets available for allocation under paragraph (4) of subsection (a) are insufficient to satisfy in full the benefits of all individuals who are described in that paragraph, the assets shall be allocated first to benefits described in subparagraph (A) of that paragraph. Any remaining assets shall then be allocated to benefits described in subparagraph (B) of that paragraph. If assets allocated to such subparagraph (B) are insufficient to satisfy in full the benefits described in that subparagraph, the assets shall be allocated pro rata among individuals on the basis of the present value (as of the termination date) of their respective benefits described in that subparagraph.".

(c) CONFORMING AMENDMENTS.—

(1) Section 4021 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1321) is amended—

(A) in subsection (b)(9), by striking "as defined in section 4022(b)(6)", and

(B) by adding at the end the following:

"(d) For purposes of subsection (b)(9), the term 'substantial owner' means an individual who, at any time during the 60-month period ending on the date the determination is being made—

"(1) owns the entire interest in an unincorporated trade or business,

"(2) in the case of a partnership, is a partner who owns, directly or indirectly, more than 10 percent of either the capital interest or the profits interest in such partnership, or

"(3) in the case of a corporation, owns, directly or indirectly, more than 10 percent in value of either the voting stock of that corporation or all the stock of that corporation.

For purposes of paragraph (3), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 shall apply (determined without regard to section 1563(e)(3)(C)).".

(2) Section 4043(c)(7) of such Act (29 U.S.C. 1343(c)(7)) is amended by striking "section 4022(b)(6)" and inserting "section 4021(d)".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to plan terminations—

(A) under section 4041(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341(c)) with respect to which notices of intent to terminate are provided under section 4041(a)(2) of such Act (29 U.S.C. 1341(a)(2)) after December 31, 2000, and

(B) under section 4042 of such Act (29 U.S.C. 1342) with respect to which proceedings are instituted by the corporation after such date.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (c) shall take effect on the date of enactment of this Act.

SEC. 364. ESOP DIVIDENDS MAY BE REINVESTED WITHOUT LOSS OF DIVIDEND DEDUCTION.

(a) IN GENERAL.—Section 404(k)(2)(A) (defining applicable dividends) is amended by striking "or" at the end of clause (ii), by redesignating

clause (iii) as clause (iv), and by inserting after clause (ii) the following new clause:

"(iii) is, at the election of such participants or their beneficiaries—

"(I) payable as provided in clause (i) or (ii), or

"(II) paid to the plan and reinvested in qualifying employer securities, or".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 365. NOTICE AND CONSENT PERIOD REGARDING DISTRIBUTIONS.

(a) EXPANSION OF PERIOD.—

(1) IN GENERAL.—

(A) AMENDMENT OF INTERNAL REVENUE CODE OF 1986.—Subparagraph (A) of section 417(a)(6) is amended by striking "90-day" and inserting "1-year".

(B) AMENDMENT TO ERISA.—Subparagraph (A) of section 205(c)(7) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1055(c)(7)) is amended by striking "90-day" and inserting "1-year".

(2) MODIFICATION OF REGULATIONS.—The Secretary of the Treasury shall modify the regulations under sections 402(f), 411(a)(11), and 417 of the Internal Revenue Code of 1986 to substitute "1-year" for "90 days" each place it appears in Treasury Regulations sections 1.402(f)–1, 1.411(a)–11(c), and 1.417(e)–1(b).

(3) EFFECTIVE DATE.—The amendments made by paragraph (1) and the modifications required by paragraph (2) shall apply to years beginning after December 31, 2000.

(b) CONSENT REGULATION INAPPLICABLE TO CERTAIN DISTRIBUTIONS.—

(1) IN GENERAL.—The Secretary of the Treasury shall modify the regulations under section 411(a)(11) of the Internal Revenue Code of 1986 to provide that the description of a participant's right, if any, to defer receipt of a distribution shall also describe the consequences of failing to defer such receipt.

(2) EFFECTIVE DATE.—The modifications required by paragraph (1) shall apply to years beginning after December 31, 2000.

SEC. 366. REPEAL OF TRANSITION RULE RELATING TO CERTAIN HIGHLY COMPENSATED EMPLOYEES.

(a) IN GENERAL.—Paragraph (4) of section 1114(c) of the Tax Reform Act of 1986 is hereby repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply to plan years beginning after December 31, 1999.

SEC. 367. EMPLOYEES OF TAX-EXEMPT ENTITIES.

(a) IN GENERAL.—The Secretary of the Treasury shall modify Treasury Regulations section 1.410(b)–6(g) to provide that employees of an organization described in section 403(b)(1)(A)(i) of the Internal Revenue Code of 1986 who are eligible to make contributions under section 403(b) of such Code pursuant to a salary reduction agreement may be treated as excludable with respect to a plan under section 401 (k) or (m) of such Code that is provided under the same general arrangement as a plan under such section 401(k), if—

(1) no employee of an organization described in section 403(b)(1)(A)(i) of such Code is eligible to participate in such section 401(k) plan or section 401(m) plan, and

(2) 95 percent of the employees who are not employees of an organization described in section 403(b)(1)(A)(i) of such Code are eligible to participate in such plan under such section 401 (k) or (m).

(b) EFFECTIVE DATE.—The modification required by subsection (a) shall apply as of the same date set forth in section 1426(b) of the Small Business Job Protection Act of 1996.

SEC. 368. EXTENSION TO INTERNATIONAL ORGANIZATIONS OF MORATORIUM ON APPLICATION OF CERTAIN NONDISCRIMINATION RULES APPLICABLE TO STATE AND LOCAL PLANS.

(a) IN GENERAL.—Subparagraph (G) of section 401(a)(5), subparagraph (H) of section 401(a)(26), subparagraph (G) of section 401(k)(3), and paragraph (2) of section 1505(d) of the Taxpayer Relief Act of 1997 are each amended by inserting "or by an international organization which is described in section 414(d)" after "or instrumentality thereof)".

(b) CONFORMING AMENDMENTS.—

(1) The headings for subparagraph (G) of section 401(a)(5) and subparagraph (H) of section 401(a)(26) are each amended by inserting "AND INTERNATIONAL ORGANIZATION" after "GOVERNMENTAL".

(2) Subparagraph (G) of section 401(k)(3) is amended by inserting "STATE AND LOCAL GOVERNMENTAL AND INTERNATIONAL ORGANIZATION PLANS.—" after "(G)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 369. ANNUAL REPORT DISSEMINATION.

(a) IN GENERAL.—Section 104(b)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1024(b)(3)) is amended by striking "shall furnish" and inserting "shall make available for examination (and, upon request, shall furnish)".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to reports for years beginning after December 31, 1998.

SEC. 370. MODIFICATION OF EXCLUSION FOR EMPLOYER PROVIDED TRANSIT PASSES AND PASSENGERS PERMITTED TO UTILIZE OTHERWISE EMPTY SEATS ON AIRCRAFT.

(a) IN GENERAL.—Section 132(f)(3) (relating to cash reimbursements) is amended by striking the last sentence.

(b) Subsection (h) of section 132 of the Internal Revenue Code of 1986 (relating to certain fringe benefits) is amended by adding at the end thereof the following new paragraph:

"(4) SPECIAL RULE FOR PASSENGERS TRAVELING ON NONCOMMERCIAL AIRCRAFT.—Any use of noncommercial air transportation by an individual shall be treated as use by an employee if no regularly scheduled commercial flight is available that day from the air facility at the individual's location.".

(c) Subsection (j) of section 132 of the Internal Revenue Code of 1986 (relating to certain fringe benefits) is amended by adding at the end thereof the following new paragraph:

"(9) SPECIAL RULE FOR CERTAIN NONCOMMERCIAL AIR TRANSPORTATION.—For the purposes of subsection (b) the term 'no-additional-cost service' includes the value of transportation provided by an employer to an employee on a noncommercially operated aircraft if—

"(A) such transportation is provided on a flight made in the ordinary course of the trade or business of the employer owning or leasing such aircraft for use in such trade or business,

"(B) the flight on which the transportation is provided by the employer would have been made whether or not such employee was transported on the flight, and

"(C) the employer incurs no substantial additional cost in providing such transportation to such employee.

For purposes of this paragraph, an aircraft is noncommercially operated if transportation provided by the employer is not provided or made available to the general public by purchase of a ticket or other fare.".

(d) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 371. REPORTING SIMPLIFICATION.

(a) SIMPLIFIED ANNUAL FILING REQUIREMENT FOR OWNERS AND THEIR SPOUSES.—

(1) IN GENERAL.—The Secretary of the Treasury shall modify the requirements for filing annual returns with respect to one-participant retirement plans to ensure that such plans with assets of $500,000 or less as of the close of the plan year need not file a return for that year.

(2) ONE-PARTICIPANT RETIREMENT PLAN DEFINED.—For purposes of this subsection, the term "one-participant retirement plan" means a retirement plan that—

(A) on the first day of the plan year—

(i) covered only the employer (and the employer's spouse) and the employer owned the entire business (whether or not incorporated), or

(ii) covered only one or more partners (and their spouses) in a business partnership (including partners in an S or C corporation),

(B) meets the minimum coverage requirements of section 410(b) of the Internal Revenue Code of 1986 without being combined with any other plan of the business that covers the employees of the business,

(C) does not provide benefits to anyone except the employer (and the employer's spouse) or the partners (and their spouses),

(D) does not cover a business that is a member of an affiliated service group, a controlled group of corporations, or a group of businesses under common control, and

(E) does not cover a business that leases employees.

(3) OTHER DEFINITIONS.—Terms used in paragraph (2) which are also used in section 414 of the Internal Revenue Code of 1986 shall have the respective meanings given such terms by such section.

(b) SIMPLIFIED ANNUAL FILING REQUIREMENT FOR PLANS WITH FEWER THAN 25 EMPLOYEES.—In the case of a retirement plan which covers less than 25 employees on the 1st day of the plan year and meets the requirements described in subparagraphs (B), (D), and (E) of subsection (a)(2), the Secretary of the Treasury shall provide for the filing of a simplified annual return that is substantially similar to the annual return required to be filed by a one-participant retirement plan.

(c) EFFECTIVE DATE.—The provisions of this section shall take effect on January 1, 2001.

Subtitle H—Plan Amendments

SEC. 381. PROVISIONS RELATING TO PLAN AMENDMENTS.

(a) IN GENERAL.—If this section applies to any plan or contract amendment—

(1) such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A), and

(2) such plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 by reason of such amendment.

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—This section shall apply to any amendment to any plan or annuity contract which is made—

(A) pursuant to any amendment made by this title, or pursuant to any regulation issued under this title, and

(B) on or before the last day of the first plan year beginning on or after January 1, 2003.

In the case of a government plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this paragraph shall be applied by substituting "2005" for "2003".

(2) CONDITIONS.—This section shall not apply to any amendment unless—

(A) during the period—

(i) beginning on the date the legislative or regulatory amendment described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not required by such legislative or regulatory amendment, the effective date specified by the plan), and *(ii) ending on the date described in paragraph (1)(B) (or, if earlier, the date the plan or contract amendment is adopted),*

the plan or contract is operated as if such plan or contract amendment were in effect, and

(B) such plan or contract amendment applies retroactively for such period.

TITLE IV—EDUCATION TAX RELIEF PROVISIONS

SEC. 401. ELIMINATION OF 60-MONTH LIMIT AND INCREASE IN INCOME LIMITATION ON STUDENT LOAN INTEREST DEDUCTION.

(a) ELIMINATION OF 60-MONTH LIMIT.—

(1) IN GENERAL.—Section 221 (relating to interest on education loans) is amended by striking subsection (d) and by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

(2) CONFORMING AMENDMENT.—Section 6050S(e) is amended by striking "section 221(e)(1)" and inserting "section 221(d)(1)".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to any loan interest paid after December 31, 1999, in taxable years ending after such date.

(b) INCREASE IN INCOME LIMITATION.—

(1) IN GENERAL.—Section 221(b)(2)(B) (relating to amount of reduction) is amended by striking clauses (i) and (ii) and inserting the following:

"(i) the excess of—

"(I) the taxpayer's modified adjusted gross income for such taxable year, over

"(II) $50,000 (twice such dollar amount in the case of a joint return), bears to

"(ii) $15,000.".

(2) CONFORMING AMENDMENT.—Section 221(g)(1) is amended by striking "$40,000 and $60,000 amounts" and inserting "$50,000 amount".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after December 31, 1999.

SEC. 402. MODIFICATIONS TO QUALIFIED TUITION PROGRAMS.

(a) SHORT TITLE.—This section may be cited as the "Collegiate Learning and Student Savings (CLASS) Act".

(b) ELIGIBLE EDUCATIONAL INSTITUTIONS PERMITTED TO MAINTAIN QUALIFIED TUITION PROGRAMS.—

(1) IN GENERAL.—Section 529(b)(1) (defining qualified State tuition program) is amended by inserting "or by 1 or more eligible educational institutions" after "maintained by a State or agency or instrumentality thereof".

(2) PRIVATE QUALIFIED TUITION PROGRAMS LIMITED TO BENEFIT PLANS.—Clause (ii) of section 529(b)(1)(A) is amended by inserting "in the case of a program established and maintained by a State or agency or instrumentality thereof," before "may make".

(3) CONFORMING AMENDMENTS.—

(A) Sections 72(e)(9), 135(c)(2)(C), 135(d)(1)(D), 529, 530(b)(2)(B), 4973(e), and 6693(a)(2)(C) are each amended by striking "qualified State tuition" each place it appears and inserting "qualified tuition".

(B) The headings for sections 72(e)(9) and 135(c)(2)(C) are each amended by striking "QUALIFIED STATE TUITION" and inserting "QUALIFIED TUITION".

(C) The headings for sections 529(b) and 530(b)(2)(B) are each amended by striking "QUALIFIED STATE TUITION" and inserting "QUALIFIED TUITION".

*(D) The heading for section 529 is amended by striking "**STATE**".*

(E) The item relating to section 529 in the table of sections for part VIII of subchapter F of chapter 1 is amended by striking "State".

(c) EXCLUSION FROM GROSS INCOME OF EDUCATION DISTRIBUTIONS FROM QUALIFIED TUITION PROGRAMS.—

(1) IN GENERAL.—Section 529(c)(3)(B) (relating to distributions) is amended to read as follows:

"(B) DISTRIBUTIONS FOR QUALIFIED HIGHER EDUCATION EXPENSES.—For purposes of this paragraph—

"(i) IN-KIND DISTRIBUTIONS.—No amount shall be includible in gross income under subparagraph (A) by reason of a distribution which consists of providing a benefit to the distributee which, if paid for by the distributee, would constitute payment of a qualified higher education expense.

"(ii) CASH DISTRIBUTIONS.—In the case of distributions not described in clause (i), if—

"(I) such distributions do not exceed the qualified higher education expenses (reduced by expenses described in clause (i)), no amount shall be includible in gross income, and

"(II) in any other case, the amount otherwise includible in gross income shall be reduced by an amount which bears the same ratio to such amount as such expenses bear to such distributions.

"(iii) EXCEPTION FOR INSTITUTIONAL PROGRAMS.—In the case of any taxable year beginning before January 1, 2004, clauses (i) and (ii) shall not apply with respect to any distribution during such taxable year under a qualified tuition program established and maintained by 1 or more eligible educational institutions.

"(iv) TREATMENT AS DISTRIBUTIONS.—Any benefit furnished to a designated beneficiary under a qualified tuition program shall be treated as a distribution to the beneficiary for purposes of this paragraph.

"(v) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS.—The total amount of qualified higher education expenses with respect to an individual for the taxable year shall be reduced—

"(I) as provided in section 25A(g)(2), and

"(II) by the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A.

"(vi) COORDINATION WITH EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.—If, with respect to an individual for any taxable year—

"(I) the aggregate distributions to which clauses (i) and (ii) and section 530(d)(2)(A) apply, exceed

"(II) the total amount of qualified higher education expenses otherwise taken into account under clauses (i) and (ii) (after the application of clause (v)) for such year,

the taxpayer shall allocate such expenses among such distributions for purposes of determining the amount of the exclusion under clauses (i) and (ii) and section 530(d)(2)(A).".

(2) CONFORMING AMENDMENTS.—

(A) Section 135(d)(2)(B) is amended by striking "the exclusion under section 530(d)(2)" and inserting "the exclusions under sections 529(c)(3)(B)(i) and 530(d)(2)".

(B) Section 221(e)(2)(A) is amended by inserting "529," after "135,".

(d) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS AND QUALIFIED TUITION PROGRAMS.—

(1) IN GENERAL.—Section 530(d)(2)(C) is amended to read as follows:

"(C) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS AND QUALIFIED TUITION PROGRAMS.—For purposes of subparagraph (A)—

"(i) CREDIT COORDINATION.—The total amount of qualified higher education expenses with respect to an individual for the taxable year shall be reduced—

"(I) as provided in section 25A(g)(2), and

"(II) by the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A.

"(ii) COORDINATION WITH QUALIFIED TUITION PROGRAMS.—If, with respect to an individual for any taxable year—

"(I) the aggregate distributions during such year to which subparagraph (A) and section 529(c)(3)(B) apply, exceed

"(II) the total amount of qualified higher education expenses otherwise taken into account under subparagraph (A) (after the application of clause (i)) for such year,

the taxpayer shall allocate such expenses among such distributions for purposes of determining the amount of the exclusion under subparagraph (A) and section 529(c)(3)(B).".

(2) CONFORMING AMENDMENTS.—

(A) Subsection (e) of section 25A is amended to read as follows:

"(e) ELECTION TO HAVE SECTION APPLY.—No credit shall be allowed under subsection (a) for a taxable year with respect to the qualified tuition and related expenses of an individual unless the taxpayer elects to have this section apply with respect to such individual for such year.".

(B) Section 135(d)(2)(A) is amended by striking "allowable" and inserting "allowed".

(C) Section 530(d)(2)(D) is amended—

(i) by striking "or credit", and

(ii) by striking "CREDIT OR" in the heading.

(e) ROLLOVER TO DIFFERENT PROGRAM FOR BENEFIT OF SAME DESIGNATED BENEFICIARY.—Section 529(c)(3)(C) (relating to change in beneficiaries) is amended—

(1) by striking "transferred to the credit" in clause (i) and inserting "transferred—

"(I) to another qualified tuition program for the benefit of the designated beneficiary, or

"(II) to the credit",

(2) by adding at the end the following new clause:

"(iii) LIMITATION ON CERTAIN ROLLOVERS.—Clause (i)(I) shall not apply to any amount transferred with respect to a designated beneficiary if, at any time during the 1-year period ending on the day of such transfer, any other amount was transferred with respect to such beneficiary which was not includible in gross income by reason of clause (i)(I).", and

(3) by inserting "OR PROGRAMS" after "BENEFICIARIES" in the heading.

(f) MEMBER OF FAMILY INCLUDES FIRST COUSIN.—Section 529(e)(2) (defining member of family) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and by inserting "; and", and by adding at the end the following new subparagraph:

"(D) any first cousin of such beneficiary.".

(g) DEFINITION OF QUALIFIED HIGHER EDUCATION EXPENSES.—

(1) IN GENERAL.—Subparagraph (A) of section 529(e)(3) (relating to definition of qualified higher education expenses) is amended to read as follows:

"(A) IN GENERAL.—The term 'qualified higher education expenses' means—

"(i) tuition and fees required for the enrollment or attendance of a designated beneficiary at an eligible educational institution for courses of instruction of such beneficiary at such institution, and

"(ii) expenses for books, supplies, and equipment which are incurred in connection with such enrollment or attendance, but not to exceed the allowance for books and supplies included in the cost of attendance (as defined in section 472 of the Higher Education Act of 1965 (20 U.S.C. 1087ll), as in effect on the date of enactment of the Taxpayer Refund Act of 1999) as determined by the eligible educational institution.".

(2) EXCEPTION FOR EDUCATION INVOLVING SPORTS, ETC.—Paragraph (3) of section 529(e) (relating to qualified higher education expenses) is amended by adding at the end the following new subparagraph:

"(C) EXCEPTION FOR EDUCATION INVOLVING SPORTS, ETC.—The term 'qualified higher education expenses' shall not include expenses with

respect to any course or other education involving sports, games, or hobbies unless such course or other education is part of the beneficiary's degree program or is taken to acquire or improve job skills of the beneficiary.''.

(h) Effective Dates.—

(1) In general.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

(2) Qualified higher education expenses.—The amendments made by subsection (g) shall apply to amounts paid for courses beginning after December 31, 1999.

SEC. 403. EXCLUSION OF CERTAIN AMOUNTS RECEIVED UNDER THE NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM AND THE F. EDWARD HEBERT ARMED FORCES HEALTH PROFESSIONS SCHOLARSHIP AND FINANCIAL ASSISTANCE PROGRAM.

(a) In General.—Section 117(c) (relating to the exclusion from gross income amounts received as a qualified scholarship) is amended—

(1) by striking "Subsections (a)" and inserting the following:

"(1) In general.—Except as provided in paragraph (2), subsections (a)", and

(2) by adding at the end the following new paragraph:

"(2) Exceptions.—Paragraph (1) shall not apply to any amount received by an individual under—

"(A) the National Health Service Corps Scholarship program under section 338A(g)(1)(A) of the Public Health Service Act, or

"(B) the Armed Forces Health Professions Scholarship and Financial Assistance program under subchapter I of chapter 105 of title 10, United States Code.''.

(b) Effective Date.—The amendments made by subsection (a) shall apply to amounts received in taxable years beginning after December 31, 1993.

SEC. 404. EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) In General.—Section 127(d) (relating to termination of exclusion for educational assistance programs) is amended by striking "May 31, 2000" and inserting "December 31, 2003".

(b) Repeal of Limitation on Graduate Education.—

(1) In general.—The last sentence of section 127(c)(1) is amended by striking ", and such term also does not include any payment for, or the provision of any benefits with respect to, any graduate level course of a kind normally taken by an individual pursuing a program leading to a law, business, medical, or other advanced academic or professional degree".

(2) Effective date.—The amendment made by paragraph (1) shall apply with respect to expenses relating to courses beginning after December 31, 1999.

SEC. 405. ADDITIONAL INCREASE IN ARBITRAGE REBATE EXCEPTION FOR GOVERNMENTAL BONDS USED TO FINANCE EDUCATIONAL FACILITIES.

(a) In General.—Section 148(f)(4)(D)(vii) (relating to increase in exception for bonds financing public school capital expenditures) is amended by striking "$5,000,000" the second place it appears and inserting "$10,000,000".

(b) Effective Date.—The amendment made by subsection (a) shall apply to obligations issued in calendar years beginning after December 31, 1999.

SEC. 406. TREATMENT OF QUALIFIED PUBLIC EDUCATIONAL FACILITY BONDS AS EXEMPT FACILITY BONDS.

(a) Treatment as Exempt Facility Bond.—Subsection (a) of section 142 (relating to exempt facility bond) is amended by striking "or" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ", or", and by adding at the end the following new paragraph:

"(13) qualified public educational facilities.''.

(b) Qualified Public Educational Facilities.—Section 142 (relating to exempt facility bond) is amended by adding at the end the following new subsection:

"(k) Qualified Public Educational Facilities.—

"(1) In general.—For purposes of subsection (a)(13), the term 'qualified public educational facility' means any school facility which is—

"(A) part of a public elementary school or a public secondary school, and

"(B) owned by a private, for-profit corporation pursuant to a public-private partnership agreement with a State or local educational agency described in paragraph (2).

"(2) Public-private partnership agreement described.—A public-private partnership agreement is described in this paragraph if it is an agreement—

"(A) under which the corporation agrees—

"(i) to do 1 or more of the following: construct, rehabilitate, refurbish, or equip a school facility, and

"(ii) at the end of the term of the agreement, to transfer the school facility to such agency for no additional consideration, and

"(B) the term of which does not exceed the last maturity date of any bond which is a part of the issue to be used to finance the activities described in subparagraph (A)(i).

"(3) School facility.—For purposes of this subsection, the term 'school facility' means—

"(A) school buildings,

"(B) functionally related and subordinate facilities and land with respect to such buildings, including any stadium or other facility primarily used for school events, and

"(C) any property, to which section 168 applies (or would apply but for section 179), for use in the facility.

"(4) Public schools.—For purposes of this subsection, the terms 'elementary school' and 'secondary school' have the meanings given such terms by section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), as in effect on the date of the enactment of this subsection.

"(5) Annual aggregate face amount of tax-exempt financing.—

"(A) In general.—An issue shall not be treated as an issue described in subsection (a)(13) if the aggregate face amount of bonds issued by the State pursuant thereto (when added to the aggregate face amount of bonds previously so issued during the calendar year) exceeds an amount equal to the greater of—

"(i) $10 multiplied by the State population, or

"(ii) $5,000,000.

"(B) Allocation rules.—

"(i) In general.—Except as otherwise provided in this subparagraph, the State may allocate the amount described in subparagraph (A) for any calendar year in such manner as the State determines appropriate.

"(ii) Rules for carryforward of unused limitation.—A State may elect to carry forward an unused limitation for any calendar year for 3 calendar years following the calendar year in which the unused limitation arose under rules similar to the rules of section 146(f), except that the only purpose for which the carryforward may be elected is the issuance of exempt facility bonds described in subsection (a)(13).''.

(c) Exemption From General State Volume Caps.—Paragraph (3) of section 146(g) (relating to exception for certain bonds) is amended—

(1) by striking "or (12)" and inserting "(12), or (13)", and

(2) by striking "and environmental enhancements of hydroelectric generating facilities" and inserting "environmental enhancements of hydroelectric generating facilities, and qualified public educational facilities".

(d) Exemption From Limitation on Use for Land Acquisition.—Section 147(h) (relating to certain rules not to apply to mortgage revenue bonds, qualified student loan bonds, and qualified 501(c)(3) bonds) is amended by adding at the end the following new paragraph:

"(3) Exempt facility bonds for qualified public-private schools.—Subsection (c) shall not apply to any exempt facility bond issued as part of an issue described in section 142(a)(13) (relating to qualified public educational facilities).''.

(e) Conforming Amendment.—The heading for section 147(h) is amended by striking "Mortgage Revenue Bonds, Qualified Student Loan Bonds, and Qualified 501(c)(3) Bonds" and inserting "Certain Bonds".

(f) Effective Date.—The amendments made by this section shall apply to bonds issued after December 31, 1999.

SEC. 407. FEDERAL GUARANTEE OF SCHOOL CONSTRUCTION BONDS BY FEDERAL HOME LOAN BANKS.

(a) In General.—Section 149(b)(3) (relating to exceptions) is amended by adding at the end the following new subparagraph:

"(E) Certain guaranteed school construction bonds.—Any bond issued as part of an issue 95 percent or more of the net proceeds of which are used for public school construction shall not be treated as federally guaranteed by reason of any guarantee by any Federal Home Loan Bank under the Federal Home Loan Bank Act (12 U.S.C. 1421 et seq.), to the extent the Federal Housing Finance Board allocates authority to such Bank to so guarantee such bond. For purposes of the preceding sentence, the aggregate face amount of such bonds which may be so guaranteed may not exceed $500,000,000 in any calendar year.''.

(b) Effective Date.—Subparagraph (E) of section 149(b)(3) of the Internal Revenue Code of 1986, as added by the amendment made by subsection (a), shall take effect upon the enactment, after the date of the enactment of this Act, of legislation authorizing the Federal Housing Finance Board to allocate authority to Federal Home Loan Banks to guarantee any bond described in such subparagraph, but only if such legislation makes specific reference to such subparagraph.

SEC. 408. CERTAIN EDUCATIONAL BENEFITS PROVIDED BY AN EMPLOYER TO CHILDREN OF EMPLOYEES EXCLUDABLE FROM GROSS INCOME AS A SCHOLARSHIP.

(a) In General.—Section 117 (relating to qualified scholarships) is amended by adding at the end the following:

"(e) Employer-Provided Educational Benefits Provided to Children of Employees.—

"(1) In general.—In determining whether any amount is a qualified scholarship for purposes of subsection (a), the fact that such amount is provided in connection with an employment relationship shall be disregarded if—

"(A) such amount is provided by the employer to a child (as defined in section 161(c)(3)) of an employee of such employer,

"(B) such amount is provided pursuant to a plan which meets the nondiscrimination requirements of subsection (d)(3), and

"(C) amounts provided under such plan are in addition to any other compensation payable to employees and such plan does not provide employees with a choice between such amounts and any other benefit.

For purposes of subparagraph (C), the business practices of the employer (as well as such plan) shall be taken into account.

"(2) Dollar limitations.—

"(A) Per child.—The amount excluded from the gross income of the employee by reason of paragraph (1) for a taxable year with respect to amounts provided to each child of such employee shall not exceed $2,000.

"(B) AGGREGATE LIMIT.—The amount excluded from the gross income of the employee by reason of paragraph (1) for a taxable year (after the application of subparagraph (A)) shall not exceed the excess of the dollar amount contained in section 127(a)(2) over the amount excluded from the employee's gross income under section 127 for such year.

"(3) PRINCIPAL SHAREHOLDERS AND OWNERS.—Paragraph (1) shall not apply to any amount provided to any child of any individual if such individual (or such individual's spouse) owns (on any day of the year) more than 5 percent of the stock or of the capital or profits interest in the employer.

"(4) DEGREE REQUIREMENT NOT TO APPLY.—In the case of an amount which is treated as a qualified scholarship by reason of this subsection, subsection (a) shall be applied without regard to the requirement that the recipient be a candidate for a degree.

"(5) CERTAIN OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (4), (5), and (7) of section 127(c) shall apply for purposes of this subsection.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of enactment of this Act.

TITLE V—HEALTH CARE TAX RELIEF PROVISIONS

SEC. 501. DEDUCTION FOR HEALTH AND LONG-TERM CARE INSURANCE COSTS OF INDIVIDUALS NOT PARTICIPATING IN EMPLOYER-SUBSIDIZED HEALTH PLANS.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 is amended by redesignating section 222 as section 223 and by inserting after section 221 the following new section:

"SEC. 222. HEALTH AND LONG-TERM CARE INSURANCE COSTS.

"(a) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction an amount equal to the applicable percentage of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer and the taxpayer's spouse and dependents.

"(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a), the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in calendar year—	The applicable percentage is—
2001, 2002, 2003	25
2004 and 2005	50
2006 and thereafter	100.

"(c) LIMITATION BASED ON OTHER COVERAGE.—

"(1) COVERAGE UNDER CERTAIN SUBSIDIZED EMPLOYER PLANS.—

"(A) IN GENERAL.—Subsection (a) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any health plan maintained by any employer of the taxpayer or of the spouse of the taxpayer if 50 percent or more of the cost of coverage under such plan (determined under section 4980B and without regard to payments made with respect to any coverage described in subsection (e)) is paid or incurred by the employer.

"(B) EMPLOYER CONTRIBUTIONS TO CAFETERIA PLANS, FLEXIBLE SPENDING ARRANGEMENTS, AND MEDICAL SAVINGS ACCOUNTS.—Employer contributions to a cafeteria plan, a flexible spending or similar arrangement, or a medical savings account which are excluded from gross income under section 106 shall be treated for purposes of subparagraph (A) as paid by the employer.

"(C) AGGREGATION OF PLANS OF EMPLOYER.—A health plan which is not otherwise described in subparagraph (A) shall be treated as described in such subparagraph if such plan would be so described if all health plans of persons treated as a single employer under subsections (b), (c), (m), or (o) of section 414 were treated as one health plan.

"(D) SEPARATE APPLICATION TO HEALTH INSURANCE AND LONG-TERM CARE INSURANCE.—Subparagraphs (A) and (C) shall be applied separately with respect to—

"(i) plans which include primarily coverage for qualified long-term care services or are qualified long-term care insurance contracts, and

"(ii) plans which do not include such coverage and are not such contracts.

"(2) COVERAGE UNDER CERTAIN FEDERAL PROGRAMS.—

"(A) IN GENERAL.—Subsection (a) shall not apply to any amount paid for any coverage for an individual for any calendar month if, as of the first day of such month, the individual is covered under any medical care program described in—

"(i) title XVIII, XIX, or XXI of the Social Security Act,

"(ii) chapter 55 of title 10, United States Code,

"(iii) chapter 17 of title 38, United States Code,

"(iv) chapter 89 of title 5, United States Code, or

"(v) the Indian Health Care Improvement Act.

"(B) EXCEPTIONS.—

"(i) QUALIFIED LONG-TERM CARE.—Subparagraph (A) shall not apply to amounts paid for coverage under a qualified long-term care insurance contract.

"(ii) CONTINUATION COVERAGE OF FEHBP.—Subparagraph (A)(iv) shall not apply to coverage which is comparable to continuation coverage under section 4980B.

"(d) LONG-TERM CARE DEDUCTION LIMITED TO QUALIFIED LONG-TERM CARE INSURANCE CONTRACTS.—In the case of a qualified long-term care insurance contract, only eligible long-term care premiums (as defined in section 213(d)(10)) may be taken into account under subsection (a).

"(e) DEDUCTION NOT AVAILABLE FOR PAYMENT OF ANCILLARY COVERAGE PREMIUMS.—Any amount paid as a premium for insurance which provides for—

"(1) coverage for accidents, disability, dental care, vision care, or a specified illness, or

"(2) making payments of a fixed amount per day (or other period) by reason of being hospitalized,

shall not be taken into account under subsection (a).

"(f) SPECIAL RULES.—

"(1) COORDINATION WITH DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.—The amount taken into account by the taxpayer in computing the deduction under section 162(l) shall not be taken into account under this section.

"(2) COORDINATION WITH MEDICAL EXPENSE DEDUCTION.—The amount taken into account by the taxpayer in computing the deduction under this section shall not be taken into account under section 213.

"(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out this section, including regulations requiring employers to report to their employees and the Secretary such information as the Secretary determines to be appropriate.".

(b) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62 is amended by inserting after paragraph (17) the following new item:

"(18) HEALTH AND LONG-TERM CARE INSURANCE COSTS.—The deduction allowed by section 222.".

(c) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 is amended by striking the last item and inserting the following new items:

"Sec. 222. Health and long-term care insurance costs.

"Sec. 223. Cross reference.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 502. LONG-TERM CARE INSURANCE PERMITTED TO BE OFFERED UNDER CAFETERIA PLANS AND FLEXIBLE SPENDING ARRANGEMENTS.

(a) CAFETERIA PLANS.—

(1) IN GENERAL.—Subsection (f) of section 125 (defining qualified benefits) is amended by inserting before the period at the end "; except that such term shall include the payment of premiums for any qualified long-term care insurance contract (as defined in section 7702B) to the extent the amount of such payment does not exceed the eligible long-term care premiums (as defined in section 213(d)(10)) for such contract.".

(b) FLEXIBLE SPENDING ARRANGEMENTS.—Section 106 (relating to contributions by employer to accident and health plans) is amended by striking subsection (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 503. ADDITIONAL PERSONAL EXEMPTION FOR TAXPAYER CARING FOR ELDERLY FAMILY MEMBER IN TAXPAYER'S HOME.

(a) IN GENERAL.—Section 151 (relating to allowance of deductions for personal exemptions) is amended by adding at the end redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) ADDITIONAL EXEMPTION FOR CERTAIN ELDERLY FAMILY MEMBERS RESIDING WITH TAXPAYER.—

"(1) IN GENERAL.—An exemption of the exemption amount for each qualified family member of the taxpayer.

"(2) QUALIFIED FAMILY MEMBER.—For purposes of this subsection, the term 'qualified family member' means, with respect to any taxable year, any individual—

"(A) who is—

"(i) the father or mother, or an ancestor of either, or

"(ii) a stepfather or stepmother,

of the taxpayer or of the taxpayer's spouse or former spouse,

"(B) who is a member for the entire taxable year of a household maintained by the taxpayer, and

"(C) who has been certified, before the due date for filing the return of tax for the taxable year (without extensions), by a physician (as defined in section 1861(r)(1) of the Social Security Act) as being an individual with long-term care needs described in paragraph (3) for a period—

"(i) which is at least 180 consecutive days, and

"(ii) a portion of which occurs within the taxable year.

Such term shall not include any individual otherwise meeting the requirements of the preceding sentence unless within the 39½ month period ending on such due date (or such other period as the Secretary prescribes) a physician (as so defined) has certified that such individual meets such requirements.

"(3) INDIVIDUALS WITH LONG-TERM CARE NEEDS.—An individual is described in this paragraph if the individual—

"(A) is unable to perform (without substantial assistance from another individual) at least 2 activities of daily living (as defined in section 7702B(c)(2)(B)) due to a loss of functional capacity, or

"(B) requires substantial supervision to protect such individual from threats to health and safety due to severe cognitive impairment and is unable to perform, without reminding or cuing assistance, at least 1 activity of at least 1 activity of daily living (as so defined) or to the extent provided in regulations prescribed by the Secretary (in consultation with the Secretary of Health and Human Services), is unable to engage in age appropriate activities.

"(4) SPECIAL RULES.—Rules similar to the rules of paragraphs (1), (2), (3), (4), and (5) of section 21(e) shall apply for purposes of this subsection.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 504. INCLUSION OF CERTAIN VACCINES AGAINST STREPTOCOCCUS PNEUMONIAE TO LIST OF TAXABLE VACCINES; REDUCTION IN PER DOSE TAX RATE.

(a) INCLUSION OF VACCINES.—

(1) IN GENERAL.—Section 4132(a)(1) (defining taxable vaccine) is amended by adding at the end the following new subparagraph:

"(L) Any conjugate vaccine against streptococcus pneumoniae.".

(2) EFFECTIVE DATE.—

(A) SALES.—The amendment made by this subsection shall apply to vaccine sales beginning on the day after the date on which the Centers for Disease Control makes a final recommendation for routine administration to children of any conjugate vaccine against streptococcus pneumoniae, but shall not take effect if subsection (c) does not take effect.

(B) DELIVERIES.—For purposes of subparagraph (A), in the case of sales on or before the date described in such subparagraph for which delivery is made after such date, the delivery date shall be considered the sale date.

(b) REDUCTION IN PER DOSE TAX RATE.—

(1) IN GENERAL.—Section 4131(b)(1) (relating to amount of tax) is amended by striking "75 cents" and inserting "25 cents".

(2) EFFECTIVE DATE.—

(A) SALES.—The amendment made by this subsection shall apply to vaccine sales after December 31, 2004, but shall not take effect if subsection (c) does not take effect.

(B) DELIVERIES.—For purposes of subparagraph (A), in the case of sales on or before the date described in such subparagraph for which delivery is made after such date, the delivery date shall be considered the sale date.

(3) LIMITATION ON CERTAIN CREDITS OR REFUNDS.—For purposes of applying section 4132(b) of the Internal Revenue Code of 1986 with respect to any claim for credit or refund filed after August 31, 2004, the amount of tax taken into account shall not exceed the tax computed under the rate in effect on January 1, 2005.

(c) VACCINE TAX AND TRUST FUND AMENDMENTS.—

(1) Sections 1503 and 1504 of the Vaccine Injury Compensation Program Modification Act (and the amendments made by such sections) are hereby repealed.

(2) Subparagraph (A) of section 9510(c)(1) is amended by striking "August 5, 1997" and inserting "October 21, 1998".

(3) The amendments made by this subsection shall take effect as if included in the provisions of the Tax and Trade Relief Extension Act of 1998 to which they relate.

(d) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General of the United States shall prepare and submit a report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate on the operation the Vaccine Injury Compensation Trust Fund and on the adequacy of such Fund to meet future claims made under the Vaccine Injury Compensation Program.

TITLE VI—SMALL BUSINESS TAX RELIEF PROVISIONS

SEC. 601. DEDUCTION FOR 100 PERCENT OF HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (1) of section 162(l) is amended to read as follows:

"(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to 100 percent of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer and the taxpayer's spouse and dependents.".

(b) CLARIFICATION OF LIMITATIONS ON OTHER COVERAGE.—The first sentence of section 162(l)(2)(B) of the Internal Revenue Code of 1986 is amended to read as follows: "Paragraph (1) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any subsidized health plan maintained by any employer (other than an employer described in section 401(c)(4)) of the taxpayer or the spouse of the taxpayer.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 602. INCREASE IN EXPENSE TREATMENT FOR SMALL BUSINESSES.

(a) IN GENERAL.—Paragraph (1) of section 179(b) (relating to dollar limitation) is amended to read as follows:

"(1) DOLLAR LIMITATION.—The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed $30,000.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 603. REPEAL OF FEDERAL UNEMPLOYMENT SURTAX.

Section 3301 (relating to rate of Federal unemployment tax) is amended—

(1) by striking "2007" and inserting "2004", and

(2) by striking "2008" and inserting "2005".

SEC. 604. INCOME AVERAGING FOR FARMERS AND FISHERMEN NOT TO INCREASE ALTERNATIVE MINIMUM TAX LIABILITY.

(a) IN GENERAL.—Section 55(c) (defining regular tax) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following:

"(2) COORDINATION WITH INCOME AVERAGING FOR FARMERS AND FISHERMEN.—Solely for purposes of this section, section 1301 (relating to averaging of farm and fishing income) shall not apply in computing the regular tax.".

(b) ALLOWING INCOME AVERAGING FOR FISHERMEN.—(1) Section 1301(a) of the Internal Revenue Code of 1986 is amended by striking "farming business" and inserting "farming business or fishing business,".

(2) Section 1301(b)(1)(A)(i) is amended by striking "and" and inserting "or", and by striking subsection (b)(1)(A)(ii) and replacing it with "(b)(1)(A)(ii) a fishing business; and" and by redesignating subsection (b)(1)(A)(ii) as subsection (b)(1)(A)(iii).

(3) Section 1301(b) is amended by inserting the following paragraph after subsection (b)(3):

"(4) FISHING BUSINESS.—The term fishing business means the conduct of commercial fishing as defined in section 3 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 605. FARM, FISHING, AND RANCH RISK MANAGEMENT ACCOUNTS.

(a) IN GENERAL.—Subpart C of part II of subchapter E of chapter 1 (relating to taxable year for which deductions taken) is amended by inserting after section 468B the following:

"SEC. 468C. FARM AND RANCH RISK MANAGEMENT ACCOUNTS.

"(a) DEDUCTION ALLOWED.—In the case of an individual engaged in an eligible farming business or commercial fishing, there shall be allowed as a deduction for any taxable year the amount paid in cash by the taxpayer during the taxable year to a Farm, Fishing, and Ranch Risk Management Account (hereinafter referred to as the 'FFARRM Account').

"(b) LIMITATION.—(1) The amount which a taxpayer may pay into the FFARRM Account for any taxable year shall not exceed 20 percent of so much of the taxable income of the taxpayer (determined without regard to this section) which is attributable (determined in the manner applicable under section 1301) to any eligible farming business or commercial fishing.

"(2) Distributions from a FFARRM Account may not be used to purchase, lease, or finance any new fishing vessel, add capacity to any fishery, or otherwise contribute to the overcapitalization of any fishery. The Secretary of Commerce shall implement regulations to enforce this paragraph.

"(c) ELIGIBLE FARMING BUSINESS.—(1) For purposes of this section, the term 'eligible farming business' means any farming business (as defined in section 263A(e)(4)) which is not a passive activity (within the meaning of section 469(c)) of the taxpayer.

"(2) COMMERCIAL FISHING.—For purposes of this section, the term 'commercial fishing' is defined under section (3) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802).

"(d) FFARRM ACCOUNT.—For purposes of this section—

"(1) IN GENERAL.—The term 'FFARRM Account' means a trust created or organized in the United States for the exclusive benefit of the taxpayer, but only if the written governing instrument creating the trust meets the following requirements:

"(A) No contribution will be accepted for any taxable year in excess of the amount allowed as a deduction under subsection (a) for such year.

"(B) The trustee is a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section.

"(C) The assets of the trust consist entirely of cash or of obligations which have adequate stated interest (as defined in section 1274(c)(2)) and which pay such interest not less often than annually.

"(D) All income of the trust is distributed currently to the grantor.

"(E) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

"(2) ACCOUNT TAXED AS GRANTOR TRUST.—The grantor of a FFARRM Account shall be treated for purposes of this title as the owner of such Account and shall be subject to tax thereon in accordance with subpart E of part I of subchapter J of this chapter (relating to grantors and others treated as substantial owners).

"(e) INCLUSION OF AMOUNTS DISTRIBUTED.—

"(1) IN GENERAL.—Except as provided in paragraph (2), there shall be includible in the gross income of the taxpayer for any taxable year—

"(A) any amount distributed from a FFARRM Account of the taxpayer during such taxable year, and

"(B) any deemed distribution under—

"(i) subsection (f)(1) (relating to deposits not distributed within 5 years),

"(ii) subsection (f)(2) (relating to cessation in eligible farming business), and

"(iii) subparagraph (A) or (B) of subsection (f)(3) (relating to prohibited transactions and pledging account as security).

"(2) EXCEPTIONS.—Paragraph (1)(A) shall not apply to—

"(A) any distribution to the extent attributable to income of the Account, and

"(B) the distribution of any contribution paid during a taxable year to a FFARRM Account to the extent that such contribution exceeds the limitation applicable under subsection (b) if requirements similar to the requirements of section 408(d)(4) are met.

For purposes of subparagraph (A), distributions shall be treated as first attributable to income and then to other amounts.

"(f) SPECIAL RULES.—

"(1) TAX ON DEPOSITS IN ACCOUNT WHICH ARE NOT DISTRIBUTED WITHIN 5 YEARS.—

"(A) IN GENERAL.—If, at the close of any taxable year, there is a nonqualified balance in any FFARRM Account—

"(i) there shall be deemed distributed from such Account during such taxable year an amount equal to such balance, and

"(ii) the taxpayer's tax imposed by this chapter for such taxable year shall be increased by 10 percent of such deemed distribution.

The preceding sentence shall not apply if an amount equal to such nonqualified balance is distributed from such Account to the taxpayer before the due date (including extensions) for filing the return of tax imposed by this chapter for such year (or, if earlier, the date the taxpayer files such return for such year).

"(B) NONQUALIFIED BALANCE.—For purposes of subparagraph (A), the term 'nonqualified balance' means any balance in the Account on the last day of the taxable year which is attributable to amounts deposited in such Account before the 4th preceding taxable year.

"(C) ORDERING RULE.—For purposes of this paragraph, distributions from a FFARRM Account (other than distributions of current income) shall be treated as made from deposits in the order in which such deposits were made, beginning with the earliest deposits.

"(2) CESSATION IN ELIGIBLE BUSINESS.—At the close of the first disqualification period after a period for which the taxpayer was engaged in an eligible farming business or commercial fishing, there shall be deemed distributed from the FFARRM Account of the taxpayer an amount equal to the balance in such Account (if any) at the close of such disqualification period. For purposes of the preceding sentence, the term 'disqualification period' means any period of 2 consecutive taxable years for which the taxpayer is not engaged in an eligible farming business or commercial fishing.

"(3) CERTAIN RULES TO APPLY.—Rules similar to the following rules shall apply for purposes of this section:

"(A) Section 220(f)(8) (relating to treatment on death).

"(B) Section 408(e)(2) (relating to loss of exemption of account where individual engages in prohibited transaction).

"(C) Section 408(e)(4) (relating to effect of pledging account as security).

"(D) Section 408(g) (relating to community property laws).

"(E) Section 408(h) (relating to custodial accounts).

"(4) TIME WHEN PAYMENTS DEEMED MADE.—For purposes of this section, a taxpayer shall be deemed to have made a payment to a FFARRM Account on the last day of a taxable year if such payment is made on account of such taxable year and is made on or before the due date (without regard to extensions) for filing the return of tax for such taxable year.

"(5) INDIVIDUAL.—For purposes of this section, the term 'individual' shall not include an estate or trust.

"(6) DEDUCTION NOT ALLOWED FOR SELF-EMPLOYMENT TAX.—The deduction allowable by reason of subsection (a) shall not be taken into account in determining an individual's net earnings from self-employment (within the meaning of section 1402(a)) for purposes of chapter 2.

"(g) REPORTS.—The trustee of a FFARRM Account shall make such reports regarding such Account to the Secretary and to the person for whose benefit the Account is maintained with respect to contributions, distributions, and such other matters as the Secretary may require under regulations. The reports required by this subsection shall be filed at such time and in such manner and furnished to such persons at such time and in such manner as may be required by such regulations.".

(b) TAX ON EXCESS CONTRIBUTIONS.—

(1) Subsection (a) of section 4973 (relating to tax on excess contributions to certain tax-favored accounts and annuities), as amended by section 304(b)(1), is amended by striking "or" at the end of paragraph (4), by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following:

"(4) a FFARRM Account (within the meaning of section 468C(d)), or".

(2) Section 4973, as amended by section 304(b)(2), is amended by adding at the end the following:

"(h) EXCESS CONTRIBUTIONS TO FFARRM ACCOUNTS.—For purposes of this section, in the case of a FFARRM Account (within the meaning of section 468C(d)), the term 'excess contributions' means the amount by which the amount contributed for the taxable year to the Account exceeds the amount which may be contributed to the Account under section 468C(b) for such taxable year. For purposes of this subsection, any contribution which is distributed out of the FFARRM Account in a distribution to which section 468C(e)(2)(B) applies shall be treated as an amount not contributed.".

(3) The section heading for section 4973 is amended to read as follows:

"SEC. 4973. EXCESS CONTRIBUTIONS TO CERTAIN ACCOUNTS, ANNUITIES, ETC.".

(4) The table of sections for chapter 43 is amended by striking the item relating to section 4973 and inserting the following:

"Sec. 4973. Excess contributions to certain accounts, annuities, etc.".

(c) TAX ON PROHIBITED TRANSACTIONS.—

(1) Subsection (c) of section 4975 (relating to tax on prohibited transactions) is amended by adding at the end the following:

"(6) SPECIAL RULE FOR FFARRM ACCOUNTS.—A person for whose benefit a FFARRM Account (within the meaning of section 468C(d)) is established shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be a FFARRM Account by reason of the application of section 468C(f)(3)(A) to such account.".

(2) Paragraph (1) of section 4975(e) is amended by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively, and by inserting after subparagraph (D) the following:

"(E) a FFARRM Account described in section 468C(d),".

(d) FAILURE TO PROVIDE REPORTS ON FFARRM ACCOUNTS.—Paragraph (2) of section 6693(a) (relating to failure to provide reports on certain tax-favored accounts or annuities), as amended by section 304(d), is amended by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively, and by inserting after subparagraph (B) the following:

"(C) section 468C(g) (relating to FFARRM Accounts),".

(e) CLERICAL AMENDMENT.—The table of sections for subpart C of part II of subchapter E of chapter 1 is amended by inserting after the item relating to section 468B the following:

"Sec. 468C. Farm, Fishing and Ranch Risk Management Accounts.".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 606. EXCLUSION OF INVESTMENT SECURITIES INCOME FROM PASSIVE INCOME TEST FOR BANK S CORPORATIONS.

(a) IN GENERAL.—Section 1362(d)(3)(C) (defining passive investment income) is amended by adding at the end the following:

"(v) EXCEPTION FOR BANKS; ETC.—In the case of a bank (as defined in section 581), a bank holding company (as defined in section 246A(c)(3)(B)(ii)), or a qualified subchapter S subsidiary bank, the term 'passive investment income' shall not include—

"(I) interest income earned by such bank, bank holding company, or qualified subchapter S subsidiary bank, or

"(II) dividends on assets required to be held by such bank, bank holding company, or qualified subchapter S subsidiary bank to conduct a banking business, including stock in the Federal Reserve Bank, the Federal Home Loan Bank, or the Federal Agricultural Mortgage Bank or participation certificates issued by a Federal Intermediate Credit Bank.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 607. TREATMENT OF QUALIFYING DIRECTOR SHARES.

(a) IN GENERAL.—Section 1361 is amended by adding at the end the following:

"(f) TREATMENT OF QUALIFYING DIRECTOR SHARES.—

"(1) IN GENERAL.—For purposes of this subchapter—

"(A) qualifying director shares shall not be treated as a second class of stock, and

"(B) no person shall be treated as a shareholder of the corporation by reason of holding qualifying director shares.

"(2) QUALIFYING DIRECTOR SHARES DEFINED.—For purposes of this subsection, the term 'qualifying director shares' means any shares of stock in a bank (as defined in section 581) or in a bank holding company registered as such with the Federal Reserve System—

"(i) which are held by an individual solely by reason of status as a director of such bank or company or its controlled subsidiary; and

"(ii) which are subject to an agreement pursuant to which the holder is required to dispose of the shares of stock upon termination of the holder's status as a director at the same price as the individual acquired such shares of stock.

"(3) DISTRIBUTIONS.—A distribution (not in part or full payment in exchange for stock) made by the corporation with respect to qualifying director shares shall be includible as ordinary income of the holder and deductible to the corporation as an expense in computing taxable income under section 1363(b) in the year such distribution is received.".

(b) CONFORMING AMENDMENTS.—

(1) Section 1361(b)(1) is amended by inserting ", except as provided in subsection (f)," before "which does not".

(2) Section 1366(a) is amended by adding at the end the following:

"(3) ALLOCATION WITH RESPECT TO QUALIFYING DIRECTOR SHARES.—The holders of qualifying director shares (as defined in section

1361(f)) shall not, with respect to such shares of stock, be allocated any of the items described in paragraph (1).".

(3) Section 1373(a) is amended by striking "and" at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting ", and", and adding at the end the following:

"(3) no amount of an expense deductible under this subchapter by reason of section 1361(f)(3) shall be apportioned or allocated to such income.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 608. INCREASE IN ESTATE TAX DEDUCTION FOR FAMILY-OWNED BUSINESS INTEREST.

(a) IN GENERAL.—Section 2057(a)(2) (relating to maximum deduction) is amended by striking "$675,000" and inserting "$1,975,000".

(b) CONFORMING AMENDMENTS.—Section 2057(a)(3)(B) (relating to coordination with unified credit) is amended by striking "$675,000" each place it appears in the text and heading and inserting "$1,975,000".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2000.

SEC. 609. CREDIT FOR EMPLOYEE HEALTH INSURANCE EXPENSES.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business-related credits) is amended by adding at the end the following:

"SEC. 45E. EMPLOYEE HEALTH INSURANCE EXPENSES.

"(a) GENERAL RULE.—For purposes of section 38, in the case of a small employer, the employee health insurance expenses credit determined under this section is an amount equal to the applicable percentage of the amount paid by the taxpayer during the taxable year for qualified employee health insurance expenses.

"(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a), the applicable percentage is equal to—

"(1) 60 percent in the case of self-only coverage, and

"(2) 70 percent in the case of family coverage (as defined in section 220(c)(5)).

"(c) PER EMPLOYEE DOLLAR LIMITATION.—The amount of qualified employee health insurance expenses taken into account under subsection (a) with respect to any qualified employee for any taxable year shall not exceed—

"(1) $1,000 in the case of self-only coverage, and

"(2) $1,715 in the case of family coverage (as so defined).

"(d) DEFINITIONS.—For purposes of this section—

"(1) SMALL EMPLOYER.—

"(A) IN GENERAL.—The term 'small employer' means, with respect to any calendar year, any employer if such employer employed an average of 9 or fewer employees on business days during either of the 2 preceding calendar years. For purposes of the preceding sentence, a preceding calendar year may be taken into account only if the employer was in existence throughout such year.

"(B) EMPLOYERS NOT IN EXISTENCE IN PRECEDING YEAR.—In the case of an employer which was not in existence throughout the 1st preceding calendar year, the determination under subparagraph (A) shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

"(2) QUALIFIED EMPLOYEE HEALTH INSURANCE EXPENSES.—

"(A) IN GENERAL.—The term 'qualified employee health insurance expenses' means any amount paid by an employer for health insurance coverage to the extent such amount is attributable to coverage provided to any employee while such employee is a qualified employee.

"(B) EXCEPTION FOR AMOUNTS PAID UNDER SALARY REDUCTION ARRANGEMENTS.—No amount paid or incurred for health insurance coverage pursuant to a salary reduction arrangement shall be taken into account under subparagraph (A).

"(C) HEALTH INSURANCE COVERAGE.—The term 'health insurance coverage' has the meaning given such term by section 9832(b)(1).

"(3) QUALIFIED EMPLOYEE.—

"(A) IN GENERAL.—The term 'qualified employee' means, with respect to any period, an employee of an employer if the total amount of wages paid or incurred by such employer to such employee at an annual rate during the taxable year exceeds $5,000 but does not exceed $16,000.

"(B) TREATMENT OF CERTAIN EMPLOYEES.—For purposes of subparagraph (A), the term 'employee'—

"(i) shall not include an employee within the meaning of section 401(c)(1), but

"(ii) shall include a leased employee within the meaning of section 414(n).

"(C) WAGES.—The term 'wages' has the meaning given such term by section 3121(a) (determined without regard to any dollar limitation contained in such section).

"(D) INFLATION ADJUSTMENT.—

"(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2001, the $16,000 amount contained in subparagraph (A) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2000' for 'calendar year 1992' in subparagraph (B) thereof.

"(ii) ROUNDING.—If any increase determined under clause (i) is not a multiple of $100, such amount shall be rounded to the nearest multiple of $100.

"(e) CERTAIN RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of section 52 shall apply.

"(f) DENIAL OF DOUBLE BENEFIT.—No deduction or credit under any other provision of this chapter shall be allowed with respect to qualified employee health insurance expenses taken into account under subsection (a).".

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (relating to current year business credit) is amended by striking "plus" at the end of paragraph (13), by striking the period at the end of paragraph (14) and inserting ", plus", and by adding at the end the following:

"(15) the employee health insurance expenses credit determined under section 45E.".

(c) NO CARRYBACKS.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

"(10) NO CARRYBACK OF SECTION 45E CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the employee health insurance expenses credit determined under section 45E may be carried back to a taxable year ending before January 1, 2001.".

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following:

"Sec. 45E. Employee health insurance expenses.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2000.

TITLE VII—ESTATE AND GIFT TAX RELIEF PROVISIONS

Subtitle A—Reductions of Estate, Gift, and Generation-Skipping Transfer Taxes

SEC. 701. REDUCTIONS OF ESTATE, GIFT, AND GENERATION-SKIPPING TRANSFER TAXES.

(a) MAXIMUM RATE OF TAX REDUCED TO 53 PERCENT.—The table contained in section 2001(c)(1) is amended by striking the 2 highest brackets and inserting the following:

"Over $2,500,000	*$1,025,800, plus 53% of the excess over $2,500,000.".*

(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by striking paragraph (2).

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall apply to estates of decedents dying, and gifts made, after December 31, 2003.

SEC. 702. UNIFIED CREDIT AGAINST ESTATE AND GIFT TAXES REPLACED WITH UNIFIED EXEMPTION AMOUNT.

(a) IN GENERAL.—

(1) ESTATE TAX.—Part IV of subchapter A of chapter 11 is amended by inserting after section 2051 the following new section:

"SEC. 2052. EXEMPTION.

"(a) IN GENERAL.—For purposes of the tax imposed by section 2001, the value of the taxable estate shall be determined by deducting from the value of the gross estate an amount equal to the excess (if any) of—

"(1) the exemption amount for the calendar year in which the decedent died, over

"(2) the sum of—

"(A) the aggregate amount allowed as an exemption under section 2521 with respect to gifts made by the decedent after December 31, 2003, and

"(B) the aggregate amount of gifts made by the decedent for which credit was allowed by section 2505 (as in effect on the day before the date of the enactment of the Taxpayer Refund Act of 1999).

Gifts which are includible in the gross estate of the decedent shall not be taken into account in determining the amounts under paragraph (2).

"(b) EXEMPTION AMOUNT.—For purposes of subsection (a), the term 'exemption amount' means the amount determined in accordance with the following table:

"In the case of	***The exemption amount is:***
2004	*$850,000*
2005	*$950,000*
2006	*$1,000,000*
2007 or thereafter	*$1,500,000.".*

(2) GIFT TAX.—Subchapter C of chapter 12 (relating to deductions) is amended by inserting before section 2522 the following new section:

"SEC. 2521. EXEMPTION.

"(a) IN GENERAL.—In computing taxable gifts for any calendar year, there shall be allowed as a deduction in the case of a citizen or resident of the United States an amount equal to the excess of—

"(1) the exemption amount determined under section 2052 for such calendar year, over

"(2) the sum of—

"(A) the aggregate amount allowed as an exemption under this section for all preceding calendar years after 2003, and

"(B) the aggregate amount of gifts for which credit was allowed by section 2505 (as in effect on the day before the date of the enactment of the Taxpayer Refund Act of 1999).".

(b) REPEAL OF UNIFIED CREDITS.—

(1) Section 2010 (relating to unified credit against estate tax) is hereby repealed.

(2) Section 2505 (relating to unified credit against gift tax) is hereby repealed.

(c) CONFORMING AMENDMENTS.—

(1)(A) Subparagraph (B) of section 2001(b)(1) is amended by inserting before the comma "reduced by the amount described in section 2052(a)(2)".

(B) Subsection (b) of section 2001 is amended by adding at the end the following new sentence: "For purposes of paragraph (2), the amount of the tax payable under chapter 12 shall be determined without regard to the credit provided by section 2505 (as in effect on the day before the date of the enactment of the Taxpayer Refund Act of 1999).".

(2) Subsection (f) of section 2011 is amended by striking ", reduced by the amount of the unified credit provided by section 2010".

(3) Subsection (a) of section 2012 is amended by striking "and the unified credit provided by section 2010".

(4) Subsection (b) of section 2013 is amended by inserting before the period at the end of the first sentence "and increased by the exemption allowed under section 2052 or 2106(a)(4) (or the corresponding provisions of prior law) in determining the taxable estate of the transferor for purposes of the estate tax".

(5) Subparagraph (A) of section 2013(c)(1) is amended by striking "2010,".

(6) Paragraph (2) of section 2014(b) is amended by striking "2010,".

(7) Clause (ii) of section 2056A(b)(12)(C) is amended to read as follows:

"(ii) to treat any reduction in the tax imposed by paragraph (1)(A) by reason of the credit allowable under section 2010 (as in effect on the day before the date of the enactment of the Taxpayer Refund Act of 1999) or the exemption allowable under section 2052 with respect to the decedent as such a credit or exemption (as the case may be) allowable to such surviving spouse for purposes of determining the amount of the exemption allowable under section 2521 with respect to taxable gifts made by the surviving spouse during the year in which the spouse becomes a citizen or any subsequent year,".

(8) Section 2102 is amended by striking subsection (c).

(9) Subsection (a) of section 2106 is amended by adding at the end the following new paragraph:

"(4) EXEMPTION.—

"(A) IN GENERAL.—An exemption of $60,000.

"(B) RESIDENTS OF POSSESSIONS OF THE UNITED STATES.—In the case of a decedent who is considered to be a nonresident not a citizen of the United States under section 2209, the exemption under this paragraph shall be the greater of—

"(i) $60,000, or

"(ii) that proportion of $175,000 which the value of that part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated.

"(C) SPECIAL RULES.—

"(i) COORDINATION WITH TREATIES.—To the extent required under any treaty obligation of the United States, the exemption allowed under this paragraph shall be equal to the amount which bears the same ratio to the exemption amount under section 2052 (for the calendar year in which the decedent died) as the value of the part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated. For purposes of the preceding sentence, property shall not be treated as situated in the United States if such property is exempt from the tax imposed by this subchapter under any treaty obligation of the United States.

"(ii) COORDINATION WITH GIFT TAX EXEMPTION AND UNIFIED CREDIT.—If an exemption has been allowed under section 2521 (or a credit has been allowed under section 2505 as in effect on the day before the date of the enactment of the Taxpayer Refund Act of 1999) with respect to any gift made by the decedent, each dollar amount contained in subparagraph (A) or (B) or the exemption amount applicable under clause (i) of this subparagraph (whichever applies) shall be reduced by the exemption so allowed under 2521 (or, in the case of such a credit, by the amount of the gift for which the credit was so allowed).".

(10) Subsection (c) of section 2107 is amended—

(A) by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively, and

(B) by striking the second sentence of paragraph (2) (as so redesignated).

(11) Section 2206 is amended by striking "the taxable estate" in the first sentence and inserting "the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate".

(12) Section 2207 is amended by striking "the taxable estate" in the first sentence and inserting "the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate".

(13) Subparagraph (B) of section 2207B(a)(1) is amended to read as follows:

"(B) the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate.".

(14) Subsection (a) of section 2503 is amended by striking "section 2522" and inserting "section 2521".

(15) Paragraph (1) of section 6018(a) is amended by striking "the applicable exclusion amount" and inserting "the exemption amount under section 2052 for the calendar year which includes the date of death".

(16) Subparagraph (A) of section 6601(j)(2) is amended to read as follows:

"(A)(i) the amount of the tax which would be imposed by chapter 11 on an amount of taxable estate equal to the sum of $1,000,000 and the exemption amount allowable under section 2052, reduced by

"(ii) the amount of tax which would be so imposed if the taxable estate equaled such exemption amount, or".

(17) The table of sections for part II of subchapter A of chapter 11 is amended by striking the item relating to section 2010.

(18) The table of sections for subchapter A of chapter 12 is amended by striking the item relating to section 2505.

(d) EFFECTIVE DATE.—The amendments made by this section—

(1) insofar as they relate to the tax imposed by chapter 11 of the Internal Revenue Code of 1986, shall apply to estates of decedents dying after December 31, 2003, and

(2) insofar as they relate to the tax imposed by chapter 12 of such Code, shall apply to gifts made after December 31, 2003.

Subtitle B—Conservation Easements

SEC. 711. EXPANSION OF ESTATE TAX RULE FOR CONSERVATION EASEMENTS.

(a) WHERE LAND IS LOCATED.—

(1) IN GENERAL.—Clause (i) of section 2031(c)(8)(A) (defining land subject to a conservation easement) is amended—

(A) by striking "25 miles" both places it appears and inserting "50 miles", and

(B) striking "10 miles" and inserting "25 miles".

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to estates of decedents dying after December 31, 1999.

(b) CLARIFICATION OF DATE FOR DETERMINING VALUE OF LAND AND EASEMENT.—

(1) IN GENERAL.—Section 2031(c)(2) (defining applicable percentage) is amended by adding at the end the following new sentence: "The values taken into account under the preceding sentence shall be such values as of the date of the contribution referred to in paragraph (8)(B).".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to estates of decedents dying after December 31, 1997.

Subtitle C—Annual Gift Exclusion

SEC. 721. INCREASE IN ANNUAL GIFT EXCLUSION.

(a) IN GENERAL.—Section 2503(b) (relating to exclusions from gifts) is amended—

(1) by striking the following:

"(b) EXCLUSIONS FROM GIFTS.—

"(1) IN GENERAL.—In the case of gifts",

(2) by inserting the following:

"(b) EXCLUSIONS FROM GIFTS.—In the case of gifts",

(3) by striking paragraph (2), and

(4) by striking "$10,000" and inserting "$20,000".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to gifts made after December 31, 2004.

Subtitle D—Simplification of Generation-Skipping Transfer Tax

SEC. 731. RETROACTIVE ALLOCATION OF GST EXEMPTION.

(a) IN GENERAL.—Section 2632 (relating to special rules for allocation of GST exemption) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) RETROACTIVE ALLOCATIONS.—

"(1) IN GENERAL.—If—

"(A) a non-skip person has an interest or a future interest in a trust to which any transfer has been made,

"(B) such person—

"(i) is a lineal descendant of a grandparent of the transferor or of a grandparent of the transferor's spouse, and

"(ii) is assigned to a generation below the generation assignment of the transferor, and

"(C) such person predeceases the transferor,

then the transferor may make an allocation of any of such transferor's unused GST exemption to any previous transfer or transfers to the trust on a chronological basis.

"(2) SPECIAL RULES.—If the allocation under paragraph (1) by the transferor is made on a gift tax return filed on or before the date prescribed by section 6075(b) for gifts made within the calendar year within which the non-skip person's death occurred—

"(A) the value of such transfer or transfers for purposes of section 2642(a) shall be determined as if such allocation had been made on a timely filed gift tax return for each calendar year within which each transfer was made,

"(B) such allocation shall be effective immediately before such death, and

"(C) the amount of the transferor's unused GST exemption available to be allocated shall be determined immediately before such death.

"(3) FUTURE INTEREST.—For purposes of this subsection, a person has a future interest in a trust if the trust may permit income or corpus to be paid to such person on a date or dates in the future.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to deaths of non-skip persons occurring after the date of the enactment of this Act.

SEC. 732. SEVERING OF TRUSTS.

(a) IN GENERAL.—Subsection (a) of section 2642 (relating to inclusion ratio) is amended by adding at the end the following new paragraph:

"(3) SEVERING OF TRUSTS.—

"(A) IN GENERAL.—If a trust is severed in a qualified severance, the trusts resulting from such severance shall be treated as separate trusts thereafter for purposes of this chapter.

"(B) QUALIFIED SEVERANCE.—For purposes of subparagraph (A)—

"(i) IN GENERAL.—The term 'qualified severance' means the division of a single trust and the creation (by any means available under the governing instrument or under local law) of 2 or more trusts if—

"(I) the single trust was divided on a fractional basis, and

"(II) the terms of the new trusts, in the aggregate, provide for the same succession of interests of beneficiaries as are provided in the original trust.

"(ii) TRUSTS WITH INCLUSION RATIO GREATER THAN ZERO.—If a trust has an inclusion ratio of greater than zero and less than 1, a severance is a qualified severance only if the single trust is divided into 2 trusts, one of which receives a fractional share of the total value of all trust assets equal to the applicable fraction of the single trust immediately before the severance. In such case, the trust receiving such fractional share shall have an inclusion ratio of zero and the other trust shall have an inclusion ratio of 1.

"(iii) REGULATIONS.—The term 'qualified severance' includes any other severance permitted under regulations prescribed by the Secretary.

"(C) TIMING AND MANNER OF SEVERANCES.—A severance pursuant to this paragraph may be made at any time. The Secretary shall prescribe by forms or regulations the manner in which the qualified severance shall be reported to the Secretary.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to severances after the date of the enactment of this Act.

SEC. 733. MODIFICATION OF CERTAIN VALUATION RULES.

(a) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED ALLOCATION MADE.—Paragraph (1) of section 2642(b) (relating to valuation rules, etc.) is amended to read as follows:

"(1) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED ALLOCATION MADE.—If the allocation of the GST exemption to any transfers of property is made on a gift tax return filed on or before the date prescribed by section 6075(b) for such transfer or is deemed to be made under section 2632(b)(1)—

"(A) the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of chapter 12 (within the meaning of section 2001(f)(2)), or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, its value at the time of the close of the estate tax inclusion period, and

"(B) such allocation shall be effective on and after the date of such transfer, or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, on and after the close of such estate tax inclusion period.".

(b) TRANSFERS AT DEATH.—Subparagraph (A) of section 2642(b)(2) is amended to read as follows:

"(A) TRANSFERS AT DEATH.—If property is transferred as a result of the death of the transferor, the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of chapter 11; except that, if the requirements prescribed by the Secretary respecting allocation of post-death changes in value are not met, the value of such property shall be determined as of the time of the distribution concerned.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by section 1431 of the Tax Reform Act of 1986.

SEC. 734. RELIEF PROVISIONS.

(a) IN GENERAL.—Section 2642 is amended by adding at the end the following new subsection:

"(g) RELIEF PROVISIONS.—

"(1) RELIEF FOR LATE ELECTIONS.—

"(A) IN GENERAL.—The Secretary shall by regulation prescribe such circumstances and procedures under which extensions of time will be granted to make—

"(i) an allocation of GST exemption described in paragraph (1) or (2) of subsection (b), and

"(ii) an election under section 2632(b)(3).

Such regulations shall include procedures for requesting comparable relief with respect to transfers made before the date of enactment of this paragraph.

"(B) BASIS FOR DETERMINATIONS.—In determining whether to grant relief under this paragraph, the Secretary shall take into account all relevant circumstances, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant. For purposes of determining whether to grant relief under this paragraph, the time for making the allocation (or election) shall be treated as if not expressly prescribed by statute.

"(2) SUBSTANTIAL COMPLIANCE.—An allocation of GST exemption under section 2632 that demonstrates an intent to have the lowest possible inclusion ratio with respect to a transfer or a trust shall be deemed to be an allocation of so much of the transferor's unused GST exemption as produces the lowest possible inclusion ratio. In determining whether there has been substantial compliance, all relevant circumstances shall be taken into account, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant.".

(b) EFFECTIVE DATES.—

(1) RELIEF FOR LATE ELECTIONS.—Section 2642(g)(1) (as added by subsection (a)) shall apply to requests pending on, or filed after, the date of the enactment of this Act.

(2) SUBSTANTIAL COMPLIANCE.—Section 2642(g)(2) (as so added) shall take effect on the date of the enactment of this Act and shall apply to allocations made prior to such date for purposes of determining the tax consequences of generation-skipping transfers with respect to which the period of time for filing claims for refund has not expired. No implication is intended with respect to the availability of relief for late elections or the application of a rule of substantial compliance before the enactment of this amendment.

TITLE VIII—TAX EXEMPT ORGANIZATIONS PROVISIONS

SEC. 801. EXEMPTION FROM INCOME TAX FOR STATE-CREATED ORGANIZATIONS PROVIDING PROPERTY AND CASUALTY INSURANCE FOR PROPERTY FOR WHICH SUCH COVERAGE IS OTHERWISE UNAVAILABLE.

(a) IN GENERAL.—Subsection (c) of section 501 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by adding at the end the following new paragraph:

"(28)(A) Any association created before January 1, 1999, by State law and organized and operated exclusively to provide property and casualty insurance coverage for property located within the State for which the State has determined that coverage in the authorized insurance market is limited or unavailable at reasonable rates, if—

"(i) no part of the net earnings of which inures to the benefit of any private shareholder or individual,

"(ii) except as provided in clause (v), no part of the assets of which may be used for, or diverted to, any purpose other than—

"(I) to satisfy, in whole or in part, the liability of the association for, or with respect to, claims made on policies written by the association,

"(II) to invest in investments authorized by applicable law,

"(III) to pay reasonable and necessary administration expenses in connection with the establishment and operation of the association and the processing of claims against the association, or

"(IV) to make remittances pursuant to State law to be used by the State to provide for the payment of claims on policies written by the association, purchase reinsurance covering losses under such policies, or to support governmental programs to prepare for or mitigate the effects of natural catastrophic events,

"(iii) the State law governing the association permits the association to levy assessments on insurance companies authorized to sell property and casualty insurance in the State, or on property and casualty insurance policyholders with insurable interests in property located in the State to fund deficits of the association, including the creation of reserves,

"(iv) the plan of operation of the association is subject to approval by the chief executive officer or other executive branch official of the State, by the State legislature, or both, and

"(v) the assets of the association revert upon dissolution to the State, the State's designee, or an entity designated by the State law governing the association, or State law does not permit the dissolution of the association.

"(B)(i) An entity described in clause (ii) shall be disregarded as a separate entity and treated as part of the association described in subparagraph (A) from which it receives remittances described in clause (ii) if an election is made within 30 days after the date that such association is determined to be exempt from tax.

"(ii) An entity is described in this clause if it is an entity or fund created before January 1, 1999, pursuant to State law and organized and operated exclusively to receive, hold, and invest remittances from an association described in subparagraph (A) and exempt from tax under subsection (a) and to make disbursements to pay claims on insurance contracts issued by such association, and to make disbursements to support governmental programs to prepare for or mitigate the effects of natural catastrophic events.".

(b) UNRELATED BUSINESS TAXABLE INCOME.—Subsection (a) of section 512 (relating to unrelated business taxable income) is amended by adding at the end the following new paragraph:

"(6) SPECIAL RULE APPLICABLE TO ORGANIZATIONS DESCRIBED IN SECTION 501(C)(28).—In the case of an organization described in section 501(c)(28), the term 'unrelated business taxable income' means taxable income for a taxable year computed without the application of section 501(c)(28) if, at the end of the immediately preceding taxable year, the organization's net equity exceeded 15 percent of the total coverage in force under insurance contracts issued by the organization and outstanding at the end of such preceding year.".

(c) TRANSITIONAL RULE.—No income or gain shall be recognized by an association as a result of a change in status to that of an association described by section 501(c)(28) of the Internal Revenue Code of 1986, as amended by subsection (a).

(d) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1999.

SEC. 802. MODIFICATIONS TO SECTION 512(b)(13).

(a) IN GENERAL.—Paragraph (13) of section 512(b) is amended by redesignating subparagraph (E) as subparagraph (F) and by inserting after subparagraph (D) the following new paragraph:

"(E) PARAGRAPH TO APPLY ONLY TO EXCESS PAYMENTS.—

"(i) IN GENERAL.—Subparagraph (A) shall apply only to the portion of a specified payment *received by the controlling organization which exceeds the amount which would have been paid if such payment met the requirements prescribed under section 482.*

"(ii) ADDITION TO TAX FOR VALUATION MISSTATEMENTS.—The tax imposed by this chapter on the controlling organization shall be increased by an amount equal to 20 percent of such excess.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to payments received or accrued after December 31, 1999.

(2) PAYMENTS SUBJECT TO BINDING CONTRACT TRANSITION RULE.—If the amendments made by section 1041 of the Taxpayer Relief Act of 1997 do not apply to any amount received or accrued after the date of the enactment of this Act under any contract described in subsection (b)(2) of such section, such amendments also shall not apply to amounts received or accrued under such contract before January 1, 2000.

SEC. 803. SIMPLIFICATION OF LOBBYING EXPENDITURE LIMITATION.

(a) REPEAL OF GRASSROOTS EXPENDITURE LIMIT.—Paragraph (1) of section 501(h) (relating to expenditures by public charities to influence legislation) is amended to read as follows:

"(1) GENERAL RULE.—In the case of an organization to which this subsection applies, exemption from taxation under subsection (a) shall be denied because a substantial part of the activities of such organization consists of carrying on propaganda, or otherwise attempting, to influence legislation, but only if such organization normally makes lobbying expenditures in excess of the lobbying ceiling amount for such organization for each taxable year.".

(b) CONFORMING AMENDMENTS.—

(1) Section 501(h)(2) is amended by striking subparagraphs (C) and (D).

(2) Section 4911(b) is amended to read as follows:

"(b) EXCESS LOBBYING EXPENDITURES.—For purposes of this section, the term 'excess lobbying expenditures' means, for a taxable year, the amount by which the lobbying expenditures made by the organization during the taxable year exceed the lobbying nontaxable amount for such organization for such taxable year.".

(3) Section 4911(c) is amended by striking paragraphs (3) and (4).

(4) Paragraph (1)(A) of section 4911(f) is amended by striking "limits of section 501(h)(1) have" and inserting "limit of section 501(h)(1) has".

(5) Paragraph (1)(C) of section 4911(f) is amended by striking "limits of section 501(h)(1) are" and inserting "limit of section 501(h)(1) is".

(6) Paragraphs (4)(A) and (4)(B) of section 4911(f) are each amended by striking "limits of section 501(h)(1)" and inserting "limit of section 501(h)(1)".

(7) Paragraph (8) of section 6033(b) (relating to certain organizations described in section 501(c)(3)) is amended by inserting "and" at the end of subparagraph (A) and by striking subparagraphs (C) and (D).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 804. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subsection (d) of section 408 (relating to individual retirement accounts) is amended by adding at the end the following new paragraph:

"(8) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

"(A) IN GENERAL.—In the case of a qualified charitable distribution from an individual retirement account to an organization described in section 170(c), no amount shall be includible in the gross income of the distributee.

"(B) SPECIAL RULES RELATING TO CHARITABLE REMAINDER TRUSTS, POOLED INCOME FUNDS, AND CHARITABLE GIFT ANNUITIES.—

"(i) IN GENERAL.—In the case of a qualified charitable distribution from an individual retirement account—

"(I) to a charitable remainder annuity trust or a charitable remainder unitrust (as such terms are defined in section 664(d)),

"(II) to a pooled income fund (as defined in section 642(c)(5)), or

"(III) for the issuance of a charitable gift annuity (as defined in section 501(m)(5)),

no amount shall be includible in gross income of the distributee. The preceding sentence shall apply only if no person holds any interest in the amounts in the trust, fund, or annuity attributable to such distribution other than one or more of the following: the individual for whose benefit such account is maintained, the spouse of such individual, or any organization described in section 170(c).

"(ii) DETERMINATION OF INCLUSION OF AMOUNTS DISTRIBUTED.—In determining the amount includible in the gross income of the distributee of a distribution from a trust described in clause (i)(I) or an annuity (as described in clause (i)(III)), the portion of any qualified charitable distribution to such trust or for such annuity which would (but for this subparagraph) have been includible in gross income—

"(I) in the case of any such trust, shall be treated as income described in section 664(b)(1), or

"(II) in the case of any such annuity, shall not be treated as an investment in the contract.

"(iii) NO INCLUSION FOR DISTRIBUTION TO POOLED INCOME FUND.—No amount shall be includible in the gross income of a pooled income fund (as so defined) by reason of a qualified charitable distribution to such fund.

"(C) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the term 'qualified charitable distribution' means any distribution from an individual retirement account—

"(i) which is made on or after the date that the individual for whose benefit the account is maintained has attained age 70½, and

"(ii) which is a charitable contribution (as defined in section 170(c)) made directly from the account to—

"(I) an organization described in section 170(c), or

"(II) a trust, fund, or annuity described in subparagraph (B).

"(D) DENIAL OF DEDUCTION.—The amount allowable as a deduction to the taxpayer for the taxable year under section 170 for qualified charitable distributions shall be reduced (but not below zero) by the sum of the amounts of the qualified charitable distributions during such year which (but for this paragraph) would have been includible in the gross income of the taxpayer for such year.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2000.

SEC. 805. MILEAGE REIMBURSEMENTS TO CHARITABLE VOLUNTEERS EXCLUDED FROM GROSS INCOME.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 is amended by inserting after section 138 the following new section:

"SEC. 138A. MILEAGE REIMBURSEMENTS TO CHARITABLE VOLUNTEERS.

"(a) IN GENERAL.—Gross income of an individual does not include amounts received, from an organization described in section 170(c), as reimbursement of operating expenses with respect to use of a passenger automobile for the benefit of such organization for which a deduction would otherwise be allowable under section 170. The preceding sentence shall apply only to the extent that such reimbursement would be deductible under section 274(d) (determined by applying the standard business mileage rate established pursuant to section 274(d)) if the organization were not so described and such individual were an employee of such organization.

"(b) NO DOUBLE BENEFIT.—Subsection (a) shall not apply with respect to any expenses if the individual claims a deduction or credit for such expenses under any other provision of this title.

"(c) EXEMPTION FROM REPORTING REQUIREMENTS.—Section 6041 shall not apply with respect to reimbursements excluded from income under subsection (a).".

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 138 the following new items:

"Sec. 138A. Reimbursement for use of passenger automobile for charity.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 806. CHARITABLE CONTRIBUTION DEDUCTION FOR CERTAIN EXPENSES INCURRED IN SUPPORT OF NATIVE ALASKAN SUBSISTENCE WHALING.

(a) IN GENERAL.—Section 170 (relating to charitable, etc., contributions and gifts) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

"(m) EXPENSES PAID BY CERTAIN WHALING CAPTAINS IN SUPPORT OF NATIVE ALASKAN SUBSISTENCE WHALING.—

"(1) IN GENERAL.—In the case of an individual who is recognized by the Alaska Eskimo Whaling Commission as a whaling captain charged with the responsibility of maintaining and carrying out sanctioned whaling activities and who engages in such activities during the taxable year, the amount described in paragraph (2) (to the extent such amount does not exceed $7,500 for the taxable year) shall be treated for purposes of this section as a charitable contribution.

"(2) AMOUNT DESCRIBED.—

"(A) IN GENERAL.—The amount described in this paragraph is the aggregate of the reasonable and necessary whaling expenses paid by the taxpayer during the taxable year in carrying out sanctioned whaling activities.

"(B) WHALING EXPENSES.—For purposes of subparagraph (A), the term 'whaling expenses' includes expenses for—

"(i) the acquisition and maintenance of whaling boats, weapons, and gear used in sanctioned whaling activities,

"(ii) the supplying of food for the crew and other provisions for carrying out such activities, and

"(iii) storage and distribution of the catch from such activities.

"(3) SANCTIONED WHALING ACTIVITIES.—For purposes of this subsection, the term 'sanctioned whaling activities' means subsistence bowhead whale hunting activities conducted pursuant to the management plan of the Alaska Eskimo Whaling Commission.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1999.

SEC. 807. CHARITABLE CONTRIBUTIONS TO CERTAIN LOW INCOME SCHOOLS MAY BE MADE IN NEXT TAXABLE YEAR.

(a) IN GENERAL.—Section 170(f) (relating to disallowance of deduction in certain cases and special rules) is amended by adding at the end the following new paragraph:

"(10) TIME WHEN CERTAIN CONTRIBUTIONS DEEMED MADE.—

"(A) IN GENERAL.—At the election of the taxpayer, a qualified low-income school contribution shall be deemed to be made on the last day

of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof). The election may be made at the time of the filing of the return for such table year, and shall be made and substantiated in such manner as the Secretary shall by regulations prescribe.

"(B) Qualified low-income school contribution.—For purposes of subparagraph (A), the term 'qualified low-income school contribution' means a charitable contribution to an educational organization described in subsection (b)(1)(A)(ii)—

"(i) which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), as determined under State law, and

"(ii) with respect to which at least 50 percent of the students attending such school are eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.".

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 808. DEDUCTION FOR PORTION OF CHARITABLE CONTRIBUTIONS TO BE ALLOWED TO INDIVIDUALS WHO DO NOT ITEMIZE DEDUCTIONS.

(a) In General.—Section 170 (relating to charitable, etc., contributions and gifts), as amended by section 806, is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

"(n) Deduction for Individuals Not Itemizing Deductions.—In the case of an individual who does not itemize his deductions for the taxable year, there shall be taken into account as a direct charitable deduction under section 63 an amount equal to the lesser of—

"(1) the amount allowable as a deduction under subsection (a) for the taxable year, or

"(2) $50 ($100 in the case of a joint return).".

(b) Direct Charitable Deduction.—

(1) In general.—Subsection (b) of section 63 is amended by striking "and" at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting ", and", and by adding at the end thereof the following new paragraph:

"(3) the direct charitable deduction.".

(2) Definition.—Section 63 is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

"(g) Direct Charitable Deduction.—For purposes of this section, the term 'direct charitable deduction' means that portion of the amount allowable under section 170(a) which is taken as a direct charitable deduction for the taxable year under section 170(n).".

(3) Conforming amendment.—Subsection (d) of section 63 is amended by striking "and" at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting ", and", and by adding at the end thereof the following new paragraph:

"(3) the direct charitable deduction.".

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004, and before January 1, 2007.

SEC. 809. INCREASE IN LIMIT ON CHARITABLE CONTRIBUTIONS AS PERCENTAGE OF AGI.

(a) In General.—

(1) Individual limit.—Section 170(b)(1) (relating to percentage limitations) is amended—

(A) by striking "50 percent" in subparagraph (A) and inserting "the applicable percentage", and

(B) by striking "30 percent" each place it appears in subparagraph (C) and inserting "the applicable percentage".

(2) Corporate limit.—Section 170(b)(2) is amended by striking "10 percent" and inserting "the applicable percentage".

(b) Applicable Percentage.—Section 170(b) is amended by adding at the end the following new paragraph:

"(3) Applicable percentage.—For purposes of this subsection, the applicable percentage shall be determined under the following tables:

"(A) In the case of paragraph (1)(A):

"For taxable year—	***The applicable percentage is—***
2002	*52*
2003	*54*
2004	*56*
2005	*58*
2006	*60*
2007 and thereafter	*70.*

"(B) In the case of paragraph (1)(C):

"For taxable year—	***The applicable percentage is—***
2002	*32*
2003	*34*
2004	*36*
2005	*38*
2006	*40*
2007 and thereafter	*50.*

"(C) In the case of paragraph (2):

"For taxable year—	***The applicable percentage is—***
2002	*12*
2003	*14*
2004	*16*
2005	*18*
2006 and thereafter	*20.".*

(c) Conforming Amendment.—Section 170(d)(1)(A) is amended by striking "50 percent" each place it appears and inserting "the applicable percentage in effect under subsection (b)(1)(A)".

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 810. LIMITED EXCEPTION TO EXCESS BUSINESS HOLDINGS RULE.

(a) In General.—Section 4943(c)(2) (relating to permitted holdings in a corporation) is amended by adding at the end the following new subparagraphs:

"(D) Rule where voting stock is publicly traded.—

"(i) In general.—If—

"(I) the private foundation and all disqualified persons together do not own more than the applicable percentage of the voting stock and not more than the applicable percentage in value of all outstanding shares of all classes of stock of an incorporated business enterprise,

"(II) the voting stock owned by the private foundation and all disqualified persons together is stock for which market quotations are readily available on an established securities market, and

"(III) the requirements of clause (ii) are met,

then subparagraph (A) shall be applied by substituting 'the applicable percentage' for '20 percent'.

"(ii) Requirements to be met.—The requirements of this clause are met during any taxable year—

"(I) in which disqualified persons with respect to the private foundation do not receive compensation (as an employee or otherwise) from the corporation or engage in any act with such corporation which would constitute self-dealing within the meaning of section 4941(d) if such corporation were a private foundation and if each such disqualified person were a disqualified person with respect to such corporation,

"(II) in which disqualified persons with respect to such private foundation do not own in the aggregate more than 2 percent of the voting stock and not more than 2 percent in value of all outstanding shares of all classes of stock in such corporation, and

"(III) for which there is submitted with the annual return of the private foundation for such year (filed within the time prescribed by law, including extensions, for filing such return) a certification which is signed by all the members of an audit committee of the Board of Directors of such corporation consisting of a majority of persons who are not disqualified persons with respect to such private foundation and which certifies that such members, after due inquiry, are not aware that any disqualified person has received compensation from such corporation or has engaged in any act with such corporation that would constitute self-dealing within the meaning of section 4941(d) if such corporation were a private foundation and if each such disqualified person were a disqualified person with respect to such corporation.

For purposes of this clause, the fact that a disqualified person has received compensation from such corporation or has engaged in any act with such corporation which would constitute self-dealing within the meaning of section 4941(d) shall be disregarded if such receipt or act is corrected not later than the due date (not including extensions thereof) for the filing of the private foundation's annual return for the year in which the receipt or act occurs and on the terms that would be necessary to correct such receipt or act and thereby avoid imposition of tax under section 4941(b).

"(E) Applicable percentage.—For purposes of this paragraph, the applicable percentage shall be determined under the following table:

"For taxable year—	***The applicable percentage is—***
2007	*40*
2008 and thereafter	*49.".*

(b) Effective Date.—The amendment made by this section shall apply to foundations established by bequest of decedents dying after December 31, 2006.

SEC. 811. CERTAIN COSTS OF PRIVATE FOUNDATION IN REMOVING HAZARDOUS SUBSTANCES TREATED AS QUALIFYING DISTRIBUTION.

(a) In General.—In the case of any taxable year beginning after December 31, 1999, the distributable amount of a private foundation for such taxable year for purposes of section 4942 of the Internal Revenue Code of 1986 shall be reduced (but not below zero) by any amount paid or incurred (or set aside) by such private foundation for the investigatory costs and direct costs of removal or taking remedial action with respect to a hazardous substance released at a facility which was owned or operated by such private foundation.

(b) Limitations.—Subsection (a) shall only apply to costs—

(1) incurred with respect to hazardous substances disposed of at a facility owned or operated by the private foundation but only if—

(A) such facility was transferred to such foundation by bequest before December 11, 1980, and

(B) the active operation of such facility by such foundation was terminated before December 12, 1980, and

(2) which were not incurred pursuant to a pending order issued to the private foundation unilaterally by the President or the President's assignee under section 106 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9606), or pursuant to a nonconsensual judgment against the private foundation issued in a governmental cost recovery action under section 107 of such Act (42 U.S.C. 9607).

(c) Hazardous Substance.—For purposes of this section, the term "hazardous substance" has the meaning given such term by section

101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(14)).

SEC. 812. HOLDING PERIOD REDUCED TO 12 MONTHS FOR PURPOSES OF DETERMINING WHETHER HORSES ARE SECTION 1231 ASSETS.

(a) IN GENERAL.—Subparagraph (A) of section 1231(b)(3) (relating to definition of property used in the trade or business) is amended by striking "and horses".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

TITLE IX—INTERNATIONAL TAX RELIEF

SEC. 901. INTEREST ALLOCATION RULES.

(a) ELECTION TO ALLOCATE INTEREST ON A WORLDWIDE BASIS.—Subsection (e) of section 864 (relating to rules for allocating interest, etc.) is amended by redesignating paragraphs (6) and (7) as paragraphs (7) and (8), respectively, and by inserting after paragraph (5) the following new paragraph:

"(6) ELECTION TO ALLOCATE INTEREST ON A WORLDWIDE BASIS.—

"(A) IN GENERAL.—Except as provided in this paragraph, this subsection shall be applied by treating a worldwide affiliated group for which an election is in effect under this paragraph as an affiliated group solely for purposes of allocating and apportioning interest expense of each domestic corporation which is a member of such group.

"(B) WORLDWIDE AFFILIATED GROUP.—For purposes of this paragraph, the term 'worldwide affiliated group' means the group of corporations which consists of—

"(i) all corporations in an affiliated group (as defined in paragraph (5)(A), except that section 1504 shall also be applied without regard to subsection (b)(2) thereof), and

"(ii) all foreign corporations (other than a FSC, as defined in section 922(a)) which would be a member of such affiliated group if paragraph (3) of section 1504 (b) did not apply.

"(C) TREATMENT OF WORLDWIDE AFFILIATED GROUP.—For purposes of applying paragraph (1), the taxable income of the domestic members of a worldwide affiliated group from sources outside the United States shall be determined by allocating and apportioning the interest expense of such domestic members to such income in an amount equal to the excess (if any) of—

"(i) the total interest expense of the worldwide affiliated group multiplied by the ratio which the foreign assets of the worldwide affiliated group bears to all the assets of the worldwide affiliated group, over

"(ii) the interest expense of all foreign corporations which are members of the worldwide affiliated group to the extent such interest expense of such foreign corporations would have been allocated and apportioned to foreign source income if this subsection were applied to a group consisting of all the foreign corporations in such worldwide affiliated group.

"(D) ELECTION.—An election under this paragraph with respect to any worldwide affiliated group may be made only by the common parent of the affiliated group referred to in subparagraph (B)(i) and may be made only for the first taxable year beginning after December 31, 2004, in which a worldwide affiliated group exists which includes such affiliated group and at least 1 corporation described in subparagraph (B)(ii). Such an election, once made, shall apply to such common parent and all other corporations which are members of such worldwide affiliated group for such taxable year and all subsequent years unless revoked with the consent of the Secretary.".

(b) ELECTION TO EXPAND FINANCIAL INSTITUTION GROUP OF WORLDWIDE GROUP.—Section 864 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) ELECTION TO EXPAND FINANCIAL INSTITUTION GROUP OF WORLDWIDE GROUP.—

"(1) IN GENERAL.—If a worldwide affiliated group for which an election under subsection (e)(6) is in effect elects the application of this subsection, all financial corporations which—

"(A) are members of such worldwide affiliated group, but

"(B) are not corporations described in subsection (e)(5)(C),

shall be treated as described in subsection (e)(5)(C) for purposes of applying subsection (e)(5)(B). Subsection (e) shall apply to any such group in the same manner as subsection (e) applies to the pre-election worldwide affiliated group of which such group is a part.

"(2) FINANCIAL CORPORATION.—For purposes of this subsection, the term 'financial corporation' means any corporation if at least 80 percent of its gross income is income described in section 904(d)(2)(C)(ii) and the regulations thereunder which is derived from transactions with persons not bearing a relationship described in section 267(b) or 707(b)(1) to the corporation.

"(3) ANTIABUSE RULES.—In the case of a corporation which is a member of an electing financial institution group, to the extent that such corporation—

"(A) distributes dividends or makes other distributions with respect to its stock after the date of the enactment of this paragraph to any member of the pre-election worldwide affiliated group (other than to a member of the electing financial institution group) in excess of the greater of—

"(i) its average annual dividend (expressed as a percentage of current earnings and profits) during the 5-taxable-year period ending with the taxable year preceding the taxable year, or

"(ii) 25 percent of its average annual earnings and profits for such 5 taxable year period, or

"(B) deals with any person in any manner not clearly reflecting the income of the corporation (as determined under principles similar to the principles of section 482),

an amount of indebtedness of the electing financial institution group equal to the excess distribution or the understatement or overstatement of income, as the case may be, shall be recharacterized (for the taxable year and subsequent taxable years) for purposes of this subsection as indebtedness of the worldwide affiliated group (excluding the electing financial institution group). If a corporation has not been in existence for 5 taxable years, this subparagraph shall be applied with respect to the period it was in existence.

"(4) ELECTION.—An election under this subsection with respect to any financial institution group may be made only by the common parent of the pre-election worldwide affiliated group and may be made only for the first taxable year beginning after December 31, 2004, in which such affiliated group includes 1 or more financial corporations described in paragraph (1)(B). Such an election, once made, shall apply to all financial corporations which are members of the electing financial institution group for such taxable year and all subsequent years unless revoked with the consent of the Secretary.

"(5) DEFINITIONS RELATING TO GROUPS.—For purposes of this subsection—

"(A) PRE-ELECTION WORLDWIDE AFFILIATED GROUP.—The term 'pre-election worldwide affiliated group' means, with respect to a corporation, the worldwide affiliated group of which such corporation would (but for an election under this subsection) be a member for purposes of applying subsection (e).

"(B) ELECTING FINANCIAL INSTITUTION GROUP.—The term 'electing financial institution group' means the group of corporations to which subsection (e) applies separately by reason of the application of subsection (e)(5)(B) and which includes financial corporations by reason of an election under paragraph (1).

"(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out this subsection and subsection (e), including regulations—

"(A) providing for the direct allocation of interest expense in other circumstances where such allocation would be appropriate to carry out the purposes of this subsection,

"(B) preventing assets or interest expense from being taken into account more than once, and

"(C) dealing with changes in members of any group (through acquisitions or otherwise) treated under this subsection as an affiliated group for purposes of subsection (e).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 902. LOOK-THRU RULES TO APPLY TO DIVIDENDS FROM NONCONTROLLED SECTION 902 CORPORATIONS.

(a) IN GENERAL.—Section 904(d)(4) (relating to application of look-thru rules to dividends from noncontrolled section 902 corporations) is amended to read as follows:

"(4) LOOK-THRU APPLIES TO DIVIDENDS FROM NONCONTROLLED SECTION 902 CORPORATIONS.—

"(A) IN GENERAL.—For purposes of this subsection, any dividend from a noncontrolled section 902 corporation with respect to the taxpayer shall be treated as income in a separate category in proportion to the ratio of—

"(i) the portion of earnings and profits attributable to income in such category, to

"(ii) the total amount of earnings and profits.

"(B) SPECIAL RULES.—For purposes of this paragraph—

"(i) IN GENERAL.—Rules similar to the rules of paragraph (3)(F) shall apply, except that the term 'separate category' shall include the category of income described in paragraph (1)(I).

"(ii) EARNINGS AND PROFITS.—

"(I) IN GENERAL.—The rules of section 316 shall apply.

"(II) REGULATIONS.—The Secretary may prescribe regulations regarding the treatment of distributions out of earnings and profits for periods before the taxpayer's acquisition of the stock to which the distributions relate.

"(iii) DIVIDENDS NOT ALLOCABLE TO SEPARATE CATEGORY.—The portion of any dividend from a noncontrolled section 902 corporation which is not treated as income in a separate category under subparagraph (A) shall be treated as a dividend to which subparagraph (A) does not apply.

"(iv) LOOK-THRU WITH RESPECT TO CARRYFORWARDS OF CREDIT.—Rules similar to subparagraph (A) also shall apply to any carryforward under subsection (c) from a taxable year beginning before January 1, 2005, of tax allocable to a dividend from a noncontrolled section 902 corporation with respect to the taxpayer.".

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (E) of section 904(d)(1), as in effect both before and after the amendments made by section 1105 of the Taxpayer Relief Act of 1997, is hereby repealed.

(2) Section 904(d)(2)(C)(iii), as so in effect, is amended by striking subclause (II) and by redesignating subclause (III) as subclause (II).

(3) The last sentence of section 904(d)(2)(D), as so in effect, is amended to read as follows: "Such term does not include any financial services income.".

(4) Section 904(d)(2)(E) is amended by striking clauses (ii) and (iv) and by redesignating clause (iii) as clause (ii).

(5) Section 904(d)(3)(F) is amended by striking "(D), or (E)" and inserting "or (D)".

(6) Section 864(d)(5)(A)(i) is amended by striking "(C)(iii)(III)" and inserting "(C)(iii)(II)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 903. CLARIFICATION OF TREATMENT OF PIPELINE TRANSPORTATION INCOME.

(a) IN GENERAL.—Section 954(g)(1) (defining foreign base company oil related income) is amended by striking "or" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", or", and by inserting after subparagraph (B) the following new subparagraph:

"(C) the pipeline transportation of oil or gas within such foreign country.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations beginning after December 31, 2002, and taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

SEC. 904. SUBPART F TREATMENT OF INCOME FROM TRANSMISSION OF HIGH VOLTAGE ELECTRICITY.

(a) IN GENERAL.—Paragraph (2) of section 954(e) (relating to foreign base company services income) is amended by striking "or" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", or", and by inserting after subparagraph (B) the following new subparagraph:

"(C) the transmission of high voltage electricity.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations beginning after December 31, 2002, and taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

SEC. 905. ADVANCE PRICING AGREEMENTS TREATED AS CONFIDENTIAL TAXPAYER INFORMATION.

(a) IN GENERAL.—

(1) TREATMENT AS RETURN INFORMATION.—Paragraph (2) of section 6103(b) (defining return information) is amended by striking "and" at the end of subparagraph (A), by inserting "and" at the end of subparagraph (B), and by inserting after subparagraph (B) the following new subparagraph:

"(C) any advance pricing agreement entered into by a taxpayer and the Secretary and any background information related to such agreement or any application for an advance pricing agreement,".

(2) EXCEPTION FROM PUBLIC INSPECTION AS WRITTEN DETERMINATION.—Paragraph (1) of section 6110(b) (defining written determination) is amended by adding at the end the following new sentence: "Such term shall not include any advance pricing agreement entered into by a taxpayer and the Secretary and any background information related to such agreement or any application for an advance pricing agreement.".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(b) ANNUAL REPORT REGARDING ADVANCE PRICING AGREEMENTS.—

(1) IN GENERAL.—Not later than 90 days after the end of each calendar year, the Secretary of the Treasury shall prepare and publish a report regarding advance pricing agreements.

(2) CONTENTS OF REPORT.—The report shall include the following for the calendar year to which such report relates:

(A) Information about the structure, composition, and operation of the advance pricing agreement program office.

(B) A copy of each model advance pricing agreement.

(C) The number of—

(i) applications filed during such calendar year for advanced pricing agreements;

(ii) advance pricing agreements executed cumulatively to date and during such calendar year;

(iii) renewals of advanced pricing agreements issued;

(iv) pending requests for advance pricing agreements;

(v) pending renewals of advance pricing agreements;

(vi) for each of the items in clauses (ii) through (v), the number that are unilateral, bilateral, and multilateral, respectively;

(vii) advance pricing agreements revoked or canceled, and the number of withdrawals from the advance pricing agreement program; and

(viii) advanced pricing agreements finalized or renewed by industry.

(D) General descriptions of—

(i) the nature of the relationships between the related organizations, trades, or businesses covered by advance pricing agreements;

(ii) the covered transactions and the business functions performed and risks assumed by such organizations, trades, or businesses;

(iii) the related organizations, trades, or businesses whose prices or results are tested to determine compliance with transfer pricing methodologies prescribed in advanced pricing agreements;

(iv) methodologies used to evaluate tested parties and transactions and the circumstances leading to the use of those methodologies;

(v) critical assumptions made and sources of comparables used;

(vi) comparable selection criteria and the rationale used in determining such criteria;

(vii) the nature of adjustments to comparables or tested parties;

(viii) the nature of any ranges agreed to, including information regarding when no range was used and why, when interquartile ranges were used, and when there was a statistical narrowing of the comparables;

(ix) adjustment mechanisms provided to rectify results that fall outside of the agreed upon advance pricing agreement range;

(x) the various term lengths for advance pricing agreements, including rollback years, and the number of advance pricing agreements with each such term length;

(xi) the nature of documentation required; and

(xii) approaches for sharing of currency or other risks.

(E) Statistics regarding the amount of time taken to complete new and renewal advance pricing agreements.

(3) CONFIDENTIALITY.—The reports required by this subsection shall be treated as authorized by the Internal Revenue Code of 1986 for purposes of section 6103 of such Code, but the reports shall not include information—

(A) which would not be permitted to be disclosed under section 6110(c) of such Code if such report were a written determination as defined in section 6110 of such Code, or

(B) which can be associated with, or otherwise identify, directly or indirectly, a particular taxpayer.

(4) FIRST REPORT.—The report for calendar year 1999 shall include prior calendar years after 1990.

(c) USER FEE.—Section 7527, as added by this Act, is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) ADVANCE PRICING AGREEMENTS.—

"(1) IN GENERAL.—In addition to any fee otherwise imposed under this section, the fee imposed for requests for advance pricing agreements shall be increased by $500.

"(2) REDUCED FEE FOR SMALL BUSINESSES.—The Secretary shall provide an appropriate reduction in the amount imposed by reason of paragraph (1) for requests for advance pricing agreements for small businesses.".

(d) REGULATIONS.—The Secretary of the Treasury or the Secretary's delegate shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of section 6103(b)(2)(C), and the last sentence of section 6110(b)(1), of the Internal Revenue Code of 1986, as added by this section.

SEC. 906. AIRLINE MILEAGE AWARDS TO CERTAIN FOREIGN PERSONS.

(a) IN GENERAL.—The last sentence of section 4261(e)(3)(C) (relating to regulations) is amended by inserting "and mileage awards which are issued to individuals whose mailing addresses on record with the person providing the right to air transportation are outside the United States" before the period at the end thereof.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid after December 31, 2004.

SEC. 907. REPEAL OF FOREIGN TAX CREDIT LIMITATION UNDER ALTERNATIVE MINIMUM TAX.

(a) IN GENERAL.—Section 59(a) (relating to alternative minimum tax foreign tax credit) is amended by striking paragraph (2) and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(b) CONFORMING AMENDMENT.—Section 53(d)(1)(B)(i)(II) is amended by striking "and if section 59(a)(2) did not apply".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 908. TREATMENT OF MILITARY PROPERTY OF FOREIGN SALES CORPORATIONS.

(a) IN GENERAL.—Section 923(a) (defining exempt foreign trade income) is amended by striking paragraph (5) and by redesignating paragraph (6) as paragraph (5).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2004.

TITLE X—HOUSING AND REAL ESTATE TAX RELIEF PROVISIONS

Subtitle A—Low-Income Housing Credit

SEC. 1001. MODIFICATION OF STATE CEILING ON LOW-INCOME HOUSING CREDIT.

(a) IN GENERAL.—Clauses (i) and (ii) of section 42(h)(3)(C) (relating to State housing credit ceiling) are amended to read as follows:

"(i) the unused State housing credit ceiling (if any) of such State for the preceding calendar year,

"(ii) the greater of—

"(I) the applicable amount under subparagraph (H) multiplied by the State population, or

"(II) $2,000,000,".

(b) APPLICABLE AMOUNT.—Paragraph (3) of section 42(h) (relating to housing credit dollar amount for agencies) is amended by adding at the end the following new subparagraph:

"(H) APPLICABLE AMOUNT OF STATE CEILING.—For purposes of subparagraph (C)(ii), the applicable amount shall be determined under the following table:

"For calendar year—	**The applicable amount is—**
2001	$1.35
2002	1.45
2003	1.55
2004	1.65
2005 and thereafter	1.75.".

(c) ADJUSTMENT OF STATE CEILING FOR INCREASES IN COST-OF-LIVING.—Paragraph (3) of section 42(h) (relating to housing credit dollar amount for agencies), as amended by subsection (b), is amended by adding at the end the following new subparagraph:

"(I) COST-OF-LIVING ADJUSTMENT.—

"(i) IN GENERAL.—In the case of a calendar year after 2005, the $1.75 amount in subparagraph (H) shall be increased by an amount equal to—

"(I) such dollar amount, multiplied by

"(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) thereof.

"(ii) ROUNDING.—Any increase under clause (i) which is not a multiple of 5 cents shall be rounded to the next lowest multiple of 5 cents.".

(d) CONFORMING AMENDMENTS.—

(1) Section 42(h)(3)(C), as amended by subsection (a), is amended—

(A) by striking "clause (ii)" in the matter following clause (iv) and inserting "clause (i)", and

(B) by striking "clauses (i)" in the matter following clause (iv) and inserting "clauses (ii)".

(2) Section 42(h)(3)(D)(ii) is amended—

(A) by striking "subparagraph (C)(ii)" and inserting "subparagraph (C)(i)", and

(B) by striking "clauses (i)" in subclause (II) and inserting "clauses (ii)".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years after 2000.

Subtitle B—Historic Homes

SEC. 1011. TAX CREDIT FOR RENOVATING HISTORIC HOMES.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 25A the following new section:

"SEC. 25B. HISTORIC HOMEOWNERSHIP REHABILITATION CREDIT.

"(a) GENERAL RULE.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 20 percent of the qualified rehabilitation expenditures made by the taxpayer with respect to a qualified historic home.

"(b) DOLLAR LIMITATION.—The credit allowed by subsection (a) with respect to any residence of a taxpayer shall not exceed $20,000 ($10,000 in the case of a married individual filing a separate return).

"(c) QUALIFIED REHABILITATION EXPENDITURE.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified rehabilitation expenditure' means any amount properly chargeable to capital account—

"(A) in connection with the certified rehabilitation of a qualified historic home, and

"(B) for property for which depreciation would be allowable under section 168 if the qualified historic home were used in a trade or business.

"(2) CERTAIN EXPENDITURES NOT INCLUDED.—

"(A) EXTERIOR.—Such term shall not include any expenditure in connection with the rehabilitation of a building unless at least 5 percent of the total expenditures made in the rehabilitation process are allocable to the rehabilitation of the exterior of such building.

"(B) OTHER RULES TO APPLY.—Rules similar to the rules of clauses (ii) and (iii) of section 47(c)(2)(B) shall apply.

"(3) MIXED USE OR MULTIFAMILY BUILDING.—If only a portion of a building is used as the principal residence of the taxpayer, only qualified rehabilitation expenditures which are properly allocable to such portion shall be taken into account under this section.

"(d) CERTIFIED REHABILITATION.—For purposes of this section:

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'certified rehabilitation' has the meaning given such term by section 47(c)(2)(C).

"(2) FACTORS TO BE CONSIDERED IN THE CASE OF TARGETED AREA RESIDENCES, ETC.—

"(A) IN GENERAL.—For purposes of applying section 47(c)(2)(C) under this section with respect to the rehabilitation of a building to which this paragraph applies, consideration shall be given to—

"(i) the feasibility of preserving existing architectural and design elements of the interior of such building,

"(ii) the risk of further deterioration or demolition of such building in the event that certification is denied because of the failure to preserve such interior elements, and

"(iii) the effects of such deterioration or demolition on neighboring historic properties.

"(B) BUILDINGS TO WHICH THIS PARAGRAPH APPLIES.—This paragraph shall apply with respect to any building—

"(i) any part of which is a targeted area residence within the meaning of section 143(j)(1), or

"(ii) which is located within an enterprise community or empowerment zone as designated under section 1391,

but shall not apply with respect to any building which is listed in the National Register.

"(3) APPROVED STATE PROGRAM.—The term 'certified rehabilitation' includes a certification made by—

"(A) a State Historic Preservation Officer who administers a State Historic Preservation Program approved by the Secretary of the Interior pursuant to section 101(b)(1) of the National Historic Preservation Act, as in effect on July 21, 1999, or

"(B) a local government, certified pursuant to section 101(c)(1) of the National Historic Preservation Act, as in effect on July 21, 1999, and authorized by a State Historic Preservation Officer, or the Secretary of the Interior where there is no approved State program),

subject to such terms and conditions as may be specified by the Secretary of the Interior for the rehabilitation of buildings within the jurisdiction of such officer (or local government) for purposes of this section.

"(e) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) QUALIFIED HISTORIC HOME.—The term 'qualified historic home' means a certified historic structure—

"(A) which has been substantially rehabilitated, and

"(B) which (or any portion of which)—

"(i) is owned by the taxpayer, and

"(ii) is used (or will, within a reasonable period, be used) by such taxpayer as his principal residence.

"(2) SUBSTANTIALLY REHABILITATED.—The term 'substantially rehabilitated' has the meaning given such term by section 47(c)(1)(C); except that, in the case of any building described in subsection (d)(2), clause (i)(I) thereof shall not apply.

"(3) PRINCIPAL RESIDENCE.—The term 'principal residence' has the same meaning as when used in section 121.

"(4) CERTIFIED HISTORIC STRUCTURE.—

"(A) IN GENERAL.—The term 'certified historic structure' means any building (and its structural components) which—

"(i) is listed in the National Register, or

"(ii) is located in a registered historic district (as defined in section 47(c)(3)(B)) within which only qualified census tracts (or portions thereof) are located, and is certified by the Secretary of the Interior to the Secretary as being of historic significance to the district.

"(B) CERTAIN STRUCTURES INCLUDED.—Such term includes any building (and its structural components) which is designated as being of historic significance under a statute of a State or local government, if such statute is certified by the Secretary of the Interior to the Secretary as containing criteria which will substantially achieve the purpose of preserving and rehabilitating buildings of historic significance.

"(C) QUALIFIED CENSUS TRACTS.—For purposes of subparagraph (A)(ii)—

"(i) IN GENERAL.—The term 'qualified census tract' means a census tract in which the median family income is less than twice the statewide median family income.

"(ii) DATA USED.—The determination under clause (i) shall be made on the basis of the most recent decennial census for which data are available.

"(5) REHABILITATION NOT COMPLETE BEFORE CERTIFICATION.—A rehabilitation shall not be treated as complete before the date of the certification referred to in subsection (d).

"(6) LESSEES.—A taxpayer who leases his principal residence shall, for purposes of this section, be treated as the owner thereof if the remaining term of the lease (as of the date determined under regulations prescribed by the Secretary) is not less than such minimum period as the regulations require.

"(7) TENANT-STOCKHOLDER IN COOPERATIVE HOUSING CORPORATION.—If the taxpayer holds stock as a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in such section), such stockholder shall be treated as owning the house or apartment which the taxpayer is entitled to occupy as such stockholder.

"(8) ALLOCATION OF EXPENDITURES RELATING TO EXTERIOR OF BUILDING CONTAINING COOPERATIVE OR CONDOMINIUM UNITS.—The percentage of the total expenditures made in the rehabilitation of a building containing cooperative or condominium residential units allocated to the rehabilitation of the exterior of the building shall be attributed proportionately to each cooperative or condominium residential unit in such building for which a credit under this section is claimed.

"(f) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—In the case of a building other than a building to which subsection (g) applies, qualified rehabilitation expenditures shall be treated for purposes of this section as made on the date the rehabilitation is completed.

"(g) ALLOWANCE OF CREDIT FOR PURCHASE OF REHABILITATED HISTORIC HOME.—

"(1) IN GENERAL.—In the case of a qualified purchased historic home, the taxpayer shall be treated as having made (on the date of purchase) the qualified rehabilitation expenditures made by the seller of such home. For purposes of the preceding sentence, expenditures made by the seller shall be deemed to be qualified rehabilitation expenditures if such expenditures, if made by the purchaser, would be qualified rehabilitation expenditures.

"(2) QUALIFIED PURCHASED HISTORIC HOME.—For purposes of this subsection, the term 'qualified purchased historic home' means any substantially rehabilitated certified historic structure purchased by the taxpayer if—

"(A) the taxpayer is the first purchaser of such structure after the date rehabilitation is completed, and the purchase occurs within 5 years after such date,

"(B) the structure (or a portion thereof) will, within a reasonable period, be the principal residence of the taxpayer,

"(C) no credit was allowed to the seller under this section or section 47 with respect to such rehabilitation, and

"(D) the taxpayer is furnished with such information as the Secretary determines is necessary to determine the credit under this subsection.

"(h) HISTORIC REHABILITATION MORTGAGE CREDIT CERTIFICATE.—

"(1) IN GENERAL.—The taxpayer may elect, in lieu of the credit otherwise allowable under this section, to receive a historic rehabilitation mortgage credit certificate. An election under this paragraph shall be made—

"(A) in the case of a building to which subsection (g) applies, at the time of purchase, or

"(B) in any other case, at the time rehabilitation is completed.

"(2) HISTORIC REHABILITATION MORTGAGE CREDIT CERTIFICATE.—For purposes of this subsection, the term 'historic rehabilitation mortgage credit certificate' means a certificate—

"(A) issued to the taxpayer, in accordance with procedures prescribed by the Secretary, with respect to a certified rehabilitation,

"(B) the face amount of which shall be equal to the credit which would (but for this subsection) be allowable under subsection (a) to the taxpayer with respect to such rehabilitation,

"(C) which may only be transferred by the taxpayer to a lending institution (including a non-depository institution) in connection with a loan—

"(i) that is secured by the building with respect to which the credit relates, and

"(ii) the proceeds of which may not be used for any purpose other than the acquisition or rehabilitation of such building, and

"(D) in exchange for which such lending institution provides the taxpayer—

"(i) a reduction in the rate of interest on the loan which results in interest payment reductions which are substantially equivalent on a present value basis to the face amount of such certificate, or

"(ii) if the taxpayer so elects with respect to a specified amount of the face amount of such a certificate relating to a building—

"(I) which is a targeted area residence within the meaning of section 143(j)(1), or

"(II) which is located in an enterprise community or empowerment zone as designated under section 1391,

a payment which is substantially equivalent to such specified amount to be used to reduce the taxpayer's cost of purchasing the building (and only the remainder of such face amount shall be taken into account under clause (i)).

"(3) METHOD OF DISCOUNTING.—The present value under paragraph (2)(D)(i) shall be determined—

"(A) for a period equal to the term of the loan referred to in subparagraph (D)(i),

"(B) by using the convention that any payment on such loan in any taxable year within such period is deemed to have been made on the last day of such taxable year,

"(C) by using a discount rate equal to 65 percent of the average of the annual Federal mid-term rate and the annual Federal long-term rate applicable under section 1274(d)(1) to the month in which the taxpayer makes an election under paragraph (1) and compounded annually, and

"(D) by assuming that the credit allowable under this section for any year is received on the last day of such year.

"(4) USE OF CERTIFICATE BY LENDER.—The amount of the credit specified in the certificate shall be allowed to the lender only to offset the regular tax (as defined in section 55(c)) of such lender. The lender may carry forward all unused amounts under this subsection until exhausted.

"(5) HISTORIC REHABILITATION MORTGAGE CREDIT CERTIFICATE NOT TREATED AS TAXABLE INCOME.—Notwithstanding any other provision of law, no benefit accruing to the taxpayer through the use of an historic rehabilitation mortgage credit certificate shall be treated as taxable income for purposes of this title.

"(i) RECAPTURE.—

"(1) IN GENERAL.—If, before the end of the 5-year period beginning on the date on which the rehabilitation of the building is completed (or, if subsection (g) applies, the date of purchase of such building by the taxpayer, or, if subsection (h) applies, the date of the loan)—

"(A) the taxpayer disposes of such taxpayer's interest in such building, or

"(B) such building ceases to be used as the principal residence of the taxpayer,

the taxpayer's tax imposed by this chapter for the taxable year in which such disposition or cessation occurs shall be increased by the recapture percentage of the credit allowed under this section for all prior taxable years with respect to such rehabilitation.

"(2) RECAPTURE PERCENTAGE.—For purposes of paragraph (1), the recapture percentage shall be determined in accordance with the following table:

"If the disposition or cessation occurs within—	The recapture percentage is—
(i) One full year after the taxpayer becomes entitled to the credit.	100
(ii) One full year after the close of the period described in clause (i).	80
(iii) One full year after the close of the period described in clause (ii).	60
(iv) One full year after the close of the period described in clause (iii).	40
(v) One full year after the close of the period described in clause (iv).	20.".

"(j) BASIS ADJUSTMENTS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property (including any purchase under subsection (g) and any transfer under subsection (h)), the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

"(k) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under this section for any amount for which credit is allowed under section 47.

"(l) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including regulations where less than all of a building is used as a principal residence and where more than 1 taxpayer use the same dwelling unit as their principal residence.".

(b) CONFORMING AMENDMENT.—Subsection (a) of section 1016 is amended by striking "and" at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting ", and", and by adding at the end the following new item:

"(28) to the extent provided in section 25B(j).".

(c) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25A the following new item:

"Sec. 25B. Historic homeownership rehabilitation credit.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to expenses paid or incurred in taxable years beginning after December 31, 1999.

Subtitle C—Provisions Relating to Real Estate Investment Trusts

PART I—TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES

SEC. 1021. MODIFICATIONS TO ASSET DIVERSIFICATION TEST.

(a) IN GENERAL.—Subparagraph (B) of section 856(c)(4) is amended to read as follows:

"(B)(i) not more than 25 percent of the value of its total assets is represented by securities (other than those includible under subparagraph (A)), and

"(ii) except with respect to a taxable REIT subsidiary and securities includible under subparagraph (A)—

"(I) not more than 5 percent of the value of its total assets is represented by securities of any 1 issuer,

"(II) the trust does not hold securities possessing more than 10 percent of the total voting power of the outstanding securities of any 1 issuer, and

"(III) the trust does not hold securities having a value of more than 10 percent of the total value of the outstanding securities of any 1 issuer.".

(b) EXCEPTION FOR STRAIGHT DEBT SECURITIES.—Subsection (c) of section 856 is amended by adding at the end the following new paragraph:

"(7) STRAIGHT DEBT SAFE HARBOR IN APPLYING PARAGRAPH (4).—Securities of an issuer which are straight debt (as defined in section 1361(c)(5) without regard to subparagraph (B)(iii) thereof) shall not be taken into account in applying paragraph (4)(B)(ii)(III) if—

"(A) the issuer is an individual, or

"(B) the only securities of such issuer which are held by the trust or a taxable REIT subsidiary of the trust are straight debt (as so defined), or

"(C) the issuer is a partnership and the trust holds at least a 20 percent profits interest in the partnership.".

SEC. 1022. TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES.

(a) INCOME FROM TAXABLE REIT SUBSIDIARIES NOT TREATED AS IMPERMISSIBLE TENANT SERVICE INCOME.—Clause (i) of section 856(d)(7)(C) (relating to exceptions to impermissible tenant service income) is amended by inserting "or through a taxable REIT subsidiary of such trust" after "income".

(b) CERTAIN INCOME FROM TAXABLE REIT SUBSIDIARIES NOT EXCLUDED FROM RENTS FROM REAL PROPERTY.—

(1) IN GENERAL.—Subsection (d) of section 856 (relating to rents from real property defined) is amended by adding at the end the following new paragraphs:

"(8) SPECIAL RULE FOR TAXABLE REIT SUBSIDIARIES.—For purposes of this subsection, amounts paid to a real estate investment trust by a taxable REIT subsidiary of such trust shall not be excluded from rents from real property by reason of paragraph (2)(B) if the requirements of subparagraph (A) or (B) are met.

"(A) LIMITED RENTAL EXCEPTION.—The requirements of this subparagraph are met with respect to any property if at least 90 percent of the leased space of the property is rented to persons other than taxable REIT subsidiaries of such trust and other than persons described in section 856(d)(2)(B). The preceding sentence shall apply only to the extent that the amounts paid to the trust as rents from real property (as defined in paragraph (1) without regard to paragraph (2)(B)) from such property are substantially comparable to such rents made by the other tenants of the trust's property for comparable space.

"(B) EXCEPTION FOR CERTAIN LODGING FACILITIES.—The requirements of this subparagraph are met with respect to an interest in real property which is a qualified lodging facility leased by the trust to a taxable REIT subsidiary of the trust if the property is operated on behalf of such subsidiary by a person who is an eligible independent contractor.

"(9) ELIGIBLE INDEPENDENT CONTRACTOR.—For purposes of paragraph (8)(B)—

"(A) IN GENERAL.—The term 'eligible independent contractor' means, with respect to any qualified lodging facility, any independent contractor if, at the time such contractor enters into a management agreement or other similar service contract with the taxable REIT subsidiary to operate the facility, such contractor (or any related person) is actively engaged in the trade or *business of operating qualified lodging facilities for any person who is not a related person with respect to the real estate investment trust or the taxable REIT subsidiary.*

"(B) SPECIAL RULES.—Solely for purposes of this paragraph and paragraph (8)(B), a person shall not fail to be treated as an independent contractor with respect to any qualified lodging facility by reason of any of the following:

"(i) The taxable REIT subsidiary bears the expenses for the operation of the facility pursuant to the management agreement or other similar service contract.

"(ii) The taxable REIT subsidiary receives the revenues from the operation of such facility, net of expenses for such operation and fees payable to the operator pursuant to such agreement or contract.

"(iii) The real estate investment trust receives income from such person with respect to another property that is attributable to a lease of such other property to such person that was in effect as on the later of—

"(I) January 1, 1999, or

"(II) the earliest date that any taxable REIT subsidiary of such trust entered into a management agreement or other similar service contract with such person with respect to such qualified lodging facility.

"(C) RENEWALS, ETC., OF EXISTING LEASES.—For purposes of subparagraph (B)(iii)—

"(i) a lease shall be treated as in effect on January 1, 1999, without regard to its renewal after such date, so long as such renewal is pursuant to the terms of such lease as in effect on whichever of the dates under subparagraph (B)(iii) is the latest, and

"(ii) a lease of a property entered into after whichever of the dates under subparagraph (B)(iii) is the latest shall be treated as in effect on such date if—

"(I) on such date, a lease of such property from the trust was in effect, and

"(II) under the terms of the new lease, such trust receives a substantially similar or lesser benefit in comparison to the lease referred to in subclause (I).

"(D) QUALIFIED LODGING FACILITY.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'qualified lodging facility' means any lodging facility unless wagering activities are conducted at or in connection with such facility by any person who is engaged in the business of accepting wagers and who is legally authorized to engage in such business at or in connection with such facility.

"(ii) LODGING FACILITY.—The term 'lodging facility' means a hotel, motel, or other establishment more than one-half of the dwelling units in which are used on a transient basis.

"(iii) CUSTOMARY AMENITIES AND FACILITIES.—The term 'lodging facility' includes customary amenities and facilities operated as part of, or associated with, the lodging facility so long as such amenities and facilities are customary for other properties of a comparable size and class owned by other owners unrelated to such real estate investment trust.

"(E) OPERATE INCLUDES MANAGE.—References in this paragraph to operating a property shall be treated as including a reference to managing the property.

"(F) RELATED PERSON.—Persons shall be treated as related to each other if such persons are treated as a single employer under subsection (a) or (b) of section 52.".

(2) CONFORMING AMENDMENT.—Subparagraph (B) of section 856(d)(2) is amended by inserting "except as provided in paragraph (8)," after "(B)".

(3) DETERMINING RENTS FROM REAL PROPERTY.—

(A)(i) Paragraph (1) of section 856(d) is amended by striking "adjusted bases" in each place that it occurs and inserting "fair market values" in each such place.

(ii) The amendment made by this paragraph shall apply to taxable years beginning after December 31, 1999.

(B)(i) Clause (i) of section 856(d)(2)(B) is amended by striking "number" and inserting "value".

(ii) The amendment made by this paragraph shall apply to amounts received or accrued in taxable years beginning after December 31, 1999, except for amounts paid pursuant to leases in effect on July 12, 1999 or pursuant to a binding contract in effect on such date and at all times thereafter.

SEC. 1023. TAXABLE REIT SUBSIDIARY.

(a) IN GENERAL.—Section 856 is amended by adding at the end the following new subsection:

"(l) TAXABLE REIT SUBSIDIARY.—For purposes of this part—

"(1) IN GENERAL.—The term 'taxable REIT subsidiary' means, with respect to a real estate investment trust, a corporation (other than a real estate investment trust) if—

"(A) such trust directly or indirectly owns stock in such corporation, and

"(B) such trust and such corporation jointly elect that such corporation shall be treated as a taxable REIT subsidiary of such trust for purposes of this part.

Such an election, once made, shall be irrevocable unless both such trust and corporation consent to its revocation. Such election, and any revocation thereof, may be made without the consent of the Secretary.

"(2) 35 PERCENT OWNERSHIP IN ANOTHER TAXABLE REIT SUBSIDIARY.—The term 'taxable REIT subsidiary' includes, with respect to any real estate investment trust, any corporation (other than a real estate investment trust) with respect to which a taxable REIT subsidiary of such trust owns directly or indirectly—

"(A) securities possessing more than 35 percent of the total voting power of the outstanding securities of such corporation, or

"(B) securities having a value of more than 35 percent of the total value of the outstanding securities of such corporation.

The preceding sentence shall not apply to a qualified REIT subsidiary (as defined in subsection (i)(2)). The rule of section 856(c)(7) shall apply for purposes of subparagraph (B).

"(3) EXCEPTIONS.—The term 'taxable REIT subsidiary' shall not include—

"(A) any corporation which directly or indirectly operates or manages a lodging facility or a health care facility, and

"(B) any corporation which directly or indirectly provides to any other person (under a franchise, license, or otherwise) rights to any brand name under which any lodging facility or health care facility is operated.

Subparagraph (B) shall not apply to rights provided to an eligible independent contractor to operate or manage a lodging facility if such rights are held by such corporation as a franchisee, licensee, or in a similar capacity and such lodging facility is either owned by such corporation or is leased to such corporation from the real estate investment trust.

"(4) DEFINITIONS.—For purposes of paragraph (3)—

"(A) LODGING FACILITY.—The term 'lodging facility' has the meaning given to such term by paragraph (9)(D)(ii).

"(B) HEALTH CARE FACILITY.—The term 'health care facility' has the meaning given to such term by subsection (e)(6)(D)(ii).".

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 856(i) is amended by adding at the end the following new sentence: "Such term shall not include a taxable REIT subsidiary.".

SEC. 1024. LIMITATION ON EARNINGS STRIPPING.

Paragraph (3) of section 163(j) (relating to limitation on deduction for interest on certain indebtedness) is amended by striking "and" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", and", and by adding at the end the following new subparagraph:

"(C) any interest paid or accrued (directly or indirectly) by a taxable REIT subsidiary (as defined in section 856(l)) of a real estate investment trust to such trust.".

SEC. 1025. 100 PERCENT TAX ON IMPROPERLY ALLOCATED AMOUNTS.

(a) IN GENERAL.—Subsection (b) of section 857 (relating to method of taxation of real estate investment trusts and holders of shares or certificates of beneficial interest) is amended by redesignating paragraphs (7) and (8) as paragraphs (8) and (9), respectively, and by inserting after paragraph (6) the following new paragraph:

"(7) INCOME FROM REDETERMINED RENTS, REDETERMINED DEDUCTIONS, AND EXCESS INTEREST.—

"(A) IMPOSITION OF TAX.—There is hereby imposed for each taxable year of the real estate investment trust a tax equal to 100 percent of redetermined rents, redetermined deductions, and excess interest.

"(B) REDETERMINED RENTS.—

"(i) IN GENERAL.—The term 'redetermined rents' means rents from real property (as defined in subsection 856(d)) the amount of which would (but for subparagraph (E)) be reduced on distribution, apportionment, or allocation under section 482 to clearly reflect income as a result of services furnished or rendered by a taxable REIT subsidiary of the real estate investment trust to a tenant of such trust.

"(ii) EXCEPTION FOR CERTAIN SERVICES.—Clause (i) shall not apply to amounts received directly or indirectly by a real estate investment trust for services described in paragraph (1)(B) or (7)(C)(i) of section 856(d).

"(iii) EXCEPTION FOR DE MINIMIS AMOUNTS.—Clause (i) shall not apply to amounts described in section 856(d)(7)(A) with respect to a property to the extent such amounts do not exceed the one percent threshold described in section 856(d)(7)(B) with respect to such property.

"(iv) EXCEPTION FOR COMPARABLY PRICED SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if—

"(I) such subsidiary renders a significant amount of similar services to persons other than such trust and tenants of such trust who are unrelated (within the meaning of section 856(d)(8)(F)) to such subsidiary, trust, and tenants, but

"(II) only to the extent the charge for such service so rendered is substantially comparable to the charge for the similar services rendered to persons referred to in subclause (I).

"(v) EXCEPTION FOR CERTAIN SEPARATELY CHARGED SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if—

"(I) the rents paid to the trust by tenants (leasing at least 25 percent of the net leasable space in the trust's property) who are not receiving such service from such subsidiary are substantially comparable to the rents paid by tenants leasing comparable space who are receiving such service from such subsidiary, and

"(II) the charge for such service from such subsidiary is separately stated.

"(vi) EXCEPTION FOR CERTAIN SERVICES BASED ON SUBSIDIARY'S INCOME FROM THE SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if the gross income of such subsidiary from such service is not less than 150 percent of such subsidiary's direct cost in furnishing or rendering the service.

"(vii) EXCEPTIONS GRANTED BY SECRETARY.—The Secretary may waive the tax otherwise imposed by subparagraph (A) if the trust establishes to the satisfaction of the Secretary that rents charged to tenants were established on an arms' length basis even though a taxable REIT subsidiary of the trust provided services to such tenants.

"(C) REDETERMINED DEDUCTIONS.—The term 'redetermined deductions' means deductions (other than redetermined rents) of a taxable REIT subsidiary of a real estate investment trust if the amount of such deductions would (but for subparagraph (E)) be decreased on distribution, apportionment, or allocation under section 482 to clearly reflect income as between such subsidiary and such trust.

"(D) EXCESS INTEREST.—The term 'excess interest' means any deductions for interest payments by a taxable REIT subsidiary of a real estate investment trust to such trust to the extent that the interest payments are in excess of a rate that is commercially reasonable.

"(E) COORDINATION WITH SECTION 482.—The imposition of tax under subparagraph (A) shall be in lieu of any distribution, apportionment, or allocation under section 482.

"(F) REGULATORY AUTHORITY.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph. Until the Secretary prescribes such regulations, real estate investment trusts and their taxable REIT subsidiaries may base their allocations on any reasonable method.".

(b) AMOUNT SUBJECT TO TAX NOT REQUIRED TO BE DISTRIBUTED.—Subparagraph (E) of section 857(b)(2) (relating to real estate investment trust taxable income) is amended by striking "paragraph (5)" and inserting "paragraphs (5) and (7)".

SEC. 1026. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this part shall apply to taxable years beginning after December 31, 2000.

(b) TRANSITIONAL RULES RELATED TO SECTION 1021.—

(1) EXISTING ARRANGEMENTS.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendment made by section 1021 shall not apply to a real estate investment trust with respect to—

(i) securities of a corporation held directly or indirectly by such trust on July 12, 1999,

(ii) securities of a corporation held by an entity on July 12, 1999, if such trust acquires control of such entity pursuant to a written binding contract in effect on such date and at all times thereafter before such acquisition,

(iii) securities received by such trust (or a successor) in exchange for, or with respect to, securities described in clause (i) or (ii) in a transaction in which gain or loss is not recognized, and

(iv) securities acquired directly or indirectly by such trust as part of a reorganization (as defined in section 368(a)(1) of the Internal Revenue Code of 1986) with respect to such trust if such securities are described in clause (i), (ii), or (iii) with respect to any other real estate investment trust.

Notwithstanding the preceding sentence, such securities shall be taken into account in determining whether such trust fails to meet the requirements of section 856(c)(4)(B) of such Code (as amended by such amendments) if such trust acquires or receives securities to which the preceding sentence does not apply.

(B) NEW TRADE OR BUSINESS OR SUBSTANTIAL NEW ASSETS.—Subparagraph (A) shall cease to apply to securities of a corporation as of the first day after July 12, 1999, on which such corporation engages in a substantial new line of business, or acquires any substantial asset, other than—

(i) pursuant to a binding contract in effect on such date and at all times thereafter before the acquisition of such asset,

(ii) in a transaction in which gain or loss is not recognized by reason of section 1031 or 1033 of the Internal Revenue Code of 1986, or

(iii) in a reorganization (as so defined) with another corporation the securities of which are described in paragraph (1)(A) of this subsection.

(C) LIMITATION ON TRANSITION RULES.—Subparagraph (A) shall cease to apply to securities of a corporation held, acquired, or received, directly or indirectly, by a real estate investment trust as of the first day after July 12, 1999, on which such trust acquires any additional securities of such corporation other than—

(i) pursuant to a binding contract in effect on such date and at all times thereafter, or

(ii) in a reorganization (as so defined) with another corporation the securities of which are described in paragraph (1)(A) of this subsection.

(2) TAX-FREE CONVERSION.—If—

(A) at the time of an election for a corporation to become a taxable REIT subsidiary, the amendment made by section 1021 does not apply to such corporation by reason of paragraph (1), and

(B) such election first takes effect before January 1, 2004,

such election shall be treated as a reorganization qualifying under section 368(a)(1)(A) of such Code.

PART II—HEALTH CARE REITS

SEC. 1031. HEALTH CARE REITS.

(a) SPECIAL FORECLOSURE RULE FOR HEALTH CARE PROPERTIES.—Subsection (e) of section 856 (relating to special rules for foreclosure property) is amended by adding at the end the following new paragraph:

"(6) SPECIAL RULE FOR QUALIFIED HEALTH CARE PROPERTIES.—For purposes of this subsection—

"(A) ACQUISITION AT EXPIRATION OF LEASE.—The term 'foreclosure property' shall include any qualified health care property acquired by a real estate investment trust as the result of the termination of a lease of such property (other than a termination by reason of a default, or the imminence of a default, on the lease).

"(B) GRACE PERIOD.—In the case of a qualified health care property which is foreclosure property solely by reason of subparagraph (A), in lieu of applying paragraphs (2) and (3)—

"(i) the qualified health care property shall cease to be foreclosure property as of the close of the second taxable year after the taxable year in which such trust acquired such property, and

"(ii) if the real estate investment trust establishes to the satisfaction of the Secretary that an extension of the grace period in clause (i) is necessary to the orderly leasing or liquidation of the trust's interest in such qualified health care property, the Secretary may grant 1 or more extensions of the grace period for such qualified health care property.

Any such extension shall not extend the grace period beyond the close of the 6th year after the taxable year in which such trust acquired such qualified health care property.

"(C) INCOME FROM INDEPENDENT CONTRACTORS.—For purposes of applying paragraph (4)(C) with respect to qualified health care property which is foreclosure property by reason of subparagraph (A) or paragraph (1), income derived or received by the trust from an independent contractor shall be disregarded to the extent such income is attributable to—

"(i) any lease of property in effect on the date the real estate investment trust acquired the qualified health care property (without regard to its renewal after such date so long as such renewal is pursuant to the terms of such lease as in effect on such date), or

"(ii) any lease of property entered into after such date if—

"(I) on such date, a lease of such property from the trust was in effect, and

"(II) under the terms of the new lease, such trust receives a substantially similar or lesser benefit in comparison to the lease referred to in subclause (I).

"(D) QUALIFIED HEALTH CARE PROPERTY.—

"(i) IN GENERAL.—The term 'qualified health care property' means any real property (including interests therein), and any personal property incident to such real property, which—

"(I) is a health care facility, or

"(II) is necessary or incidental to the use of a health care facility.

"(ii) HEALTH CARE FACILITY.—For purposes of clause (i), the term 'health care facility' means a hospital, nursing facility, assisted living facility, congregate care facility, qualified continuing care facility (as defined in section 7872(g)(4)), or other licensed facility which extends medical or nursing or ancillary services to patients and which, immediately before the termination, expiration, default, or breach of the lease of or mortgage secured by such facility, was operated by a provider of such services which was eligible for participation in the medicare program under title XVIII of the Social Security Act with respect to such facility.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

PART III—CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES

SEC. 1041. CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES.

(a) DISTRIBUTION REQUIREMENT.—Clauses (i) and (ii) of section 857(a)(1)(A) (relating to requirements applicable to real estate investment trusts) are each amended by striking "95 percent (90 percent for taxable years beginning before January 1, 1980)" and inserting "90 percent".

(b) IMPOSITION OF TAX.—Clause (i) of section 857(b)(5)(A) (relating to imposition of tax in case of failure to meet certain requirements) is amended by striking "95 percent (90 percent in the case of taxable years beginning before January 1, 1980)" and inserting "90 percent".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

PART IV—CLARIFICATION OF EXCEPTION FROM IMPERMISSIBLE TENANT SERVICE INCOME

SEC. 1051. CLARIFICATION OF EXCEPTION FOR INDEPENDENT OPERATORS.

(a) IN GENERAL.—Paragraph (3) of section 856(d) (relating to independent contractor defined) is amended by adding at the end the following flush sentence:

"In the event that any class of stock of either the real estate investment trust or such person is regularly traded on an established securities market, only persons who own, directly or indirectly, more than 5 percent of such class of stock shall be taken into account as owning any of the stock of such class for purposes of applying the 35 percent limitation set forth in subparagraph (B) (but all of the outstanding stock of such class shall be considered outstanding in order to compute the denominator for purpose of determining the applicable percentage of ownership).".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

PART V—MODIFICATION OF EARNINGS AND PROFITS RULES

SEC. 1061. MODIFICATION OF EARNINGS AND PROFITS RULES.

(a) RULES FOR DETERMINING WHETHER REGULATED INVESTMENT COMPANY HAS EARNINGS AND

Profits From Non-RIC Year.—Subsection (c) of section 852 is amended by adding at the end the following new paragraph:

"(3) Distributions to meet requirements of subsection (a)(2)(B).—Any distribution which is made in order to comply with the requirements of subsection (a)(2)(B)—

"(A) shall be treated for purposes of this subsection and subsection (a)(2)(B) as made from the earliest earnings and profits accumulated in any taxable year to which the provisions of this part did not apply rather than the most recently accumulated earnings and profits, and

"(B) to the extent treated under subparagraph (A) as made from accumulated earnings and profits, shall not be treated as a distribution for purposes of subsection (b)(2)(D) and section 855.".

(b) Clarification of Application of REIT Spillover Dividend Rules to Distributions To Meet Qualification Requirement.—Subparagraph (B) of section 857(d)(3) is amended by inserting before the period "and section 858".

(c) Application of Deficiency Dividend Procedures.—Paragraph (1) of section 852(e) is amended by adding at the end the following new sentence: "If the determination under subparagraph (A) is solely as a result of the failure to meet the requirements of subsection (a)(2), the preceding sentence shall also apply for purposes of applying subsection (a)(2) to the non-RIC year.".

(d) Effective Date.—The amendments made by this section shall apply to distributions after December 31, 2000.

PART VI—STUDY RELATING TO TAXABLE REIT SUBSIDIARIES

SEC. 1071. STUDY RELATING TO TAXABLE REIT SUBSIDIARIES.

The Commissioner of the Internal Revenue shall conduct a study to determine how many taxable REIT subsidiaries are in existence and the aggregate amount of taxes paid by such subsidiaries. The Secretary shall submit a report to the Congress describing the results of such study.

Subtitle D—Private Activity Bond Volume Cap

SEC. 1081. INCREASE IN VOLUME CAP ON PRIVATE ACTIVITY BONDS.

(a) In General.—The table contained in section 146(d)(2) (relating to per capita limit; aggregate limit) is amended by striking "2002", "2003", "2004", "2005", "2006", and "2007" and inserting "2000", "2001", "2002", "2003", "2004", and "2005", respectively.

(b) Effective Date.—The amendments made by this section shall apply to calendar years after 2000.

Subtitle E—Leasehold Improvements Depreciation

SEC. 1091. RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN LEASEHOLD IMPROVEMENTS.

(a) 15-Year Recovery Period.—Subparagraph (E) of section 168(e)(3) (relating to 15-year property) is amended by striking "and" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ", and", and by adding at the end the following new clause:

"(iv) any qualified leasehold improvement property.".

(b) Qualified Leasehold Improvement Property.—Subsection (e) of section 168 is amended by adding at the end the following new paragraph:

"(6) Qualified leasehold improvement property.—

"(A) In general.—The term 'qualified leasehold improvement property' means any improvement to an interior portion of a building which is nonresidential real property if—

"(i) such improvement is made under or pursuant to a lease (as defined in subsection (h)(7))—

"(I) by the lessee (or any sublessee) of such portion, or

"(II) by the lessor of such portion,

"(ii) the original use of such improvement begins with the lessee and after December 31, 2002,

"(iii) such portion is to be occupied exclusively by the lessee (or any sublessee) of such portion, and

"(iv) such improvement is placed in service more than 3 years after the date the building was first placed in service.

"(B) Certain improvements not included.—Such term shall not include any improvement for which the expenditure is attributable to—

"(i) the enlargement of the building,

"(ii) any elevator or escalator,

"(iii) any structural component benefiting a common area, and

"(iv) the internal structural framework of the building.

"(C) Definitions and special rules.—For purposes of this paragraph—

"(i) Commitment to lease treated as lease.—A commitment to enter into a lease shall be treated as a lease, and the parties to such commitment shall be treated as lessor and lessee, respectively, if the lease is in effect at the time the property is placed in service.

"(ii) Related persons.—A lease between related persons shall not be considered a lease. For purposes of the preceding sentence, the term 'related persons' means—

"(I) members of an affiliated group (as defined in section 1504), and

"(II) persons having a relationship described in subsection (b) of section 267(b) or 707(b)(1); except that, for purposes of this clause, the phrase '80 percent or more' shall be substituted for the phrase 'more than 50 percent' each place it appears in such subsections.".

(c) Requirement To Use Straight Line Method.—Paragraph (3) of section 168(b) is amended by adding at the end the following new subparagraph:

"(G) Qualified leasehold improvement property described in subsection (e)(6).".

(d) Effective Date.—The amendments made by this section shall apply to qualified leasehold improvement property placed in service after December 31, 2002.

TITLE XI—MISCELLANEOUS PROVISIONS

SEC. 1101. REPEAL OF CERTAIN MOTOR FUEL EXCISE TAXES ON FUEL USED BY RAILROADS AND ON INLAND WATERWAY TRANSPORTATION.

(a) Repeal of 4.3-Cent Motor Fuel Excise Taxes on Railroads and Inland Waterway Transportation Which Remain in General Fund.—

(1) Taxes on trains.—

(A) In general.—Subparagraph (A) of section 4041(a)(1) is amended by striking "or a diesel-powered train" each place it appears and by striking "or train".

(B) Conforming amendments.—

(i) Subparagraph (C) of section 4041(a)(1) is amended by striking clause (ii) and by redesignating clause (iii) as clause (ii).

(ii) Subparagraph (C) of section 4041(b)(1) is amended by striking all that follows "section 6421(e)(2)" and inserting a period.

(iii) Paragraph (3) of section 4083(a) is amended by striking "or a diesel-powered train".

(iv) Section 6427(l) is amended by striking paragraph (3) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(2) Fuel used on inland waterways.—

(A) In general.—Paragraph (1) of section 4042(b) is amended by adding "and" at the end of subparagraph (A), by striking ", and" at the end of subparagraph (B) and inserting a period, and by striking subparagraph (C).

(B) Conforming amendment.—Paragraph (2) of section 4042(b) is amended by striking subparagraph (C).

(b) Effective Date.—The amendments made by this subsection shall take effect on October 1, 2000.

SEC. 1102. TAX TREATMENT OF ALASKA NATIVE SETTLEMENT TRUSTS.

(a) Tax Exemption.—Section 501(c), as amended by section 801(a), is amended by adding at the end the following new paragraph:

"(29) A trust which—

"(A) constitutes a Settlement Trust under section 39 of the Alaska Native Claims Settlement Act (43 U.S.C. 1629e), and

"(B) with respect to which an election under subsection (p)(2) is in effect.".

(b) Special Rules Relating to Taxation of Alaska Native Settlement Trusts.—Section 501 is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

"(p) Special Rules for Taxation of Alaska Native Settlement Trusts.—

"(1) In general.—For purposes of this title, the following rules shall apply in the case of a Settlement Trust:

"(A) Electing trust.—If an election under paragraph (2) is in effect for any taxable year—

"(i) no amount shall be includible in the gross income of a beneficiary of the Settlement Trust by reason of a contribution to the Settlement Trust made during such taxable year, and

"(ii) except as provided in this subsection, the provisions of subchapter J and section 1(e) shall not apply to the Settlement Trust and its beneficiaries for such taxable year.

"(B) Nonelecting trust.—If an election is not in effect under paragraph (2) for any taxable year, the provisions of subchapter J and section 1(e) shall apply to the Settlement Trust and its beneficiaries for such taxable year.

"(2) One-time election.—

"(A) In general.—A Settlement Trust may elect to have the provisions of this subsection and subsection (c)(29) apply to the trust and its beneficiaries.

"(B) Time and method of election.—An election under subparagraph (A) shall be made—

"(i) on or before the due date (including extensions) for filing the Settlement Trust's return of tax for the 1st taxable year of the Settlement Trust ending after December 31, 1999, and

"(ii) by attaching to such return of tax a statement specifically providing for such election.

"(C) Period election in effect.—Except as provided in paragraph (3), an election under subparagraph (A)—

"(i) shall apply to the 1st taxable year described in subparagraph (B)(i) and all subsequent taxable years, and

"(ii) may not be revoked once it is made.

"(3) Special rules where transfer restrictions modified.—

"(A) Transfer of beneficial interests.—If, at any time, a beneficial interest in a Settlement Trust may be disposed of in a manner which would not be permitted by section 7(h) of the Alaska Native Claims Settlement Act (43 U.S.C. 1606(h)) if the interest were Settlement Common Stock—

"(i) no election may be made under paragraph (2)(A) with respect to such trust, and

"(ii) if an election under paragraph (2)(A) is in effect as of such time—

"(I) such election is revoked as of the 1st day of the taxable year following the taxable year in which such disposition is first permitted, and

"(II) there is hereby imposed on such trust a tax equal to the product of the fair market value of the assets held by the trust as of the close of the taxable year in which such disposition is first permitted and the highest rate of tax under section 1(e) for such taxable year.

The tax imposed by clause (ii)(II) shall be in lieu of any other tax imposed by this chapter for the taxable year.

"(B) STOCK IN CORPORATION.—If—

"(i) the Settlement Common Stock in any Native Corporation which transferred assets to a Settlement Trust making an election under paragraph (2)(A) may be disposed of in a manner not permitted by section 7(h) of the Alaska Native Claims Settlement Act (43 U.S.C. 1606(h)), and

"(ii) at any time after such disposition of stock is first permitted, such corporation transfers assets to such trust,

clause (ii) of subparagraph (A) shall be applied to such trust on and after the date of the transfer in the same manner as if the trust permitted dispositions of beneficial interests in the trust in a manner not permitted by such section 7(h).

"(C) ADMINISTRATIVE PROVISIONS.—For purposes of subtitle F, any tax imposed by subparagraph (A)(ii)(II) shall be treated as an excise tax with respect to which the deficiency procedures of such subtitle apply.

"(4) DISTRIBUTION REQUIREMENT ON ELECTING SETTLEMENT TRUST.—

"(A) IN GENERAL.—If an election is in effect under paragraph (2) for any taxable year, a Settlement Trust shall distribute at least 55 percent of its adjusted taxable income for such taxable year.

"(B) TAX IMPOSED IF INSUFFICIENT DISTRIBUTION.—If a Settlement Trust fails to meet the distribution requirement of subparagraph (A) for any taxable year, then, notwithstanding subsection (c)(29), a tax shall be imposed on the trust under section 1(e) on an amount of taxable income equal to the amount of such failure.

"(C) DESIGNATION OF DISTRIBUTION.—Solely for purposes of meeting the requirements of this paragraph, a Settlement Trust may elect to treat any distribution (or portion) during the 65-day period following the close of any taxable year as made on the last day of such taxable year. Any such distribution (or portion) may not be taken into account under this paragraph for any other taxable year.

"(D) ADJUSTED TAXABLE INCOME.—For purposes of this paragraph, the term 'adjusted taxable income' means taxable income determined under section 641(b) without regard to any deduction under section 651 or 661.

"(5) TAX TREATMENT OF DISTRIBUTIONS TO BENEFICIARIES.—

"(A) ELECTING TRUST.—If an election is in effect under paragraph (2) for any taxable year, any distribution to a beneficiary shall be included in gross income of the beneficiary as ordinary income.

"(B) NONELECTING TRUSTS.—Any distribution to a beneficiary from a Settlement Trust not described in subparagraph (A) shall be includible in income as provided under subchapter J.

"(C) EARNINGS AND PROFITS.—The earnings and profits of any Native Corporation making a contribution to a Settlement Trust shall not be reduced on account thereof at the time of such contribution, but such earnings and profits shall be reduced (up to the amount of such contribution) as distributions are thereafter made by the Settlement Trust which exceed the sum of—

"(i) such Trust's total undistributed net income for all prior years during which an election under paragraph (2) is in effect, and

"(ii) such Trust's distributable net income.

"(6) DEFINITIONS.—For purposes of this subsection—

"(A) NATIVE CORPORATION.—The term 'Native Corporation' has the meaning given such term by section 3(m) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(m)).

"(B) SETTLEMENT TRUST.—The term 'Settlement Trust' means a trust which constitutes a Settlement Trust under section 39 of the Alaska Native Claims Settlement Act (43 U.S.C. 1629e).".

(c) WITHHOLDING ON DISTRIBUTIONS BY ELECTING ANCSA SETTLEMENT TRUSTS.—Section 3402 is amended by adding at the end the following new subsection:

"(t) TAX WITHHOLDING ON DISTRIBUTIONS BY ELECTING ANCSA SETTLEMENT TRUSTS.—

"(1) IN GENERAL.—Any Settlement Trust (as defined in section 501(p)(6)(B)) which is exempt from income tax under section 501(c)(29) (in this subsection referred to as an 'electing trust') and which makes a payment to any beneficiary shall deduct and withhold from such payment a tax in an amount equal to such payment's proportionate share of the annualized tax.

"(2) EXCEPTION.—The tax imposed by paragraph (1) shall not apply to any payment to the extent that such payment, when annualized, does not exceed an amount equal to the amount in effect under section 6012(a)(1)(A)(i) for taxable years beginning in the calendar year in which the payment is made.

"(3) ANNUALIZED TAX.—For purposes of paragraph (1), the term 'annualized tax' means, with respect to any payment, the amount of tax which would be imposed by section 1(c) (determined without regard to any rate of tax in excess of 31 percent) on an amount of taxable income equal to the excess of—

"(A) the annualized amount of such payment, over

"(B) the amount determined under paragraph (2).

"(4) ANNUALIZATION.—For purposes of this subsection, amounts shall be annualized in the manner prescribed by the Secretary.

"(5) ALTERNATE WITHHOLDING PROCEDURES.—At the election of an electing trust, the tax imposed by this subsection on any payment made by such trust shall be determined in accordance with such tables or computational procedures as may be specified in regulations prescribed by the Secretary (in lieu of in accordance with paragraphs (2) and (3)).

"(6) COORDINATION WITH OTHER SECTIONS.—For purposes of this chapter and so much of subtitle F as relates to this chapter, payments which are subject to withholding under this subsection shall be treated as if they were wages paid by an employer to an employee.".

(d) REPORTING.—Section 6041 is amended by adding at the end the following new subsection:

"(f) APPLICATION TO ALASKA NATIVE SETTLEMENT TRUSTS.—In the case of any distribution from a Settlement Trust (as defined in section 501(p)(6)(B)) to a beneficiary, this section shall apply, except that—

"(1) this section shall apply to such distribution without regard to the amount thereof,

"(2) the Settlement Trust shall include on any return or statement required by this section information as to the character of such distribution (if applicable) and the amount of tax imposed by chapter 1 which has been deducted and withheld from such distribution, and

"(3) the filing of any return or statement required by this section shall satisfy any requirement to file any other form or schedule under this title with respect to distributive share information (including any form or schedule to be included with the trust's tax return).".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of Settlement Trusts ending after December 31, 1999, and to contributions to such trusts after such date.

SEC. 1103. LONG-TERM UNUSED CREDITS ALLOWED AGAINST MINIMUM TAX.

(a) IN GENERAL.—Subsection (c) of section 53 (relating to limitation) is amended by adding at the end the following:

"(2) SPECIAL RULE FOR CORPORATIONS WITH LONG-TERM UNUSED CREDITS.—

"(A) IN GENERAL.—If—

"(i) a corporation to which section 56(g) applies has a long-term unused minimum tax credit for a taxable year, and

"(ii) no credit would be allowable under this section for the taxable year by reason of paragraph (1),

then there shall be allowed a credit under subsection (a) for the taxable year in the amount determined under subparagraph (B).

"(B) AMOUNT OF CREDIT.—For purposes of subparagraph (A), the amount of the credit shall be equal to the least of the following for the taxable year:

"(i) The long-term unused minimum tax credit.

"(ii) 50 percent of the taxpayer's tentative minimum tax.

"(iii) The excess (if any) of the amount under paragraph (1)(B) over the amount under paragraph (1)(A).

"(C) LONG-TERM UNUSED MINIMUM TAX CREDIT.—For purposes of this paragraph—

"(i) IN GENERAL.—The long-term unused minimum tax credit for any taxable year is the portion of the minimum tax credit determined under subsection (b) attributable to the adjusted net minimum tax for taxable years beginning after 1986 and ending before the 5th taxable year immediately preceding the taxable year for which the determination is being made.

"(ii) FIRST-IN, FIRST-OUT ORDERING RULE.—For purposes of clause (i), credits shall be treated as allowed under subsection (a) on a first-in, first-out basis.".

(b) CONFORMING AMENDMENTS.—Section 53(c) (as in effect before the amendment made by subsection (a)) is amended—

(1) by striking "The" and inserting the following:

"(1) IN GENERAL.—The"; and

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 1104. 5-YEAR NET OPERATING LOSS CARRYBACK FOR LOSSES ATTRIBUTABLE TO OPERATING MINERAL INTERESTS OF INDEPENDENT OIL AND GAS PRODUCERS.

(a) IN GENERAL.—Paragraph (1) of section 172(b) (relating to years to which loss may be carried) is amended by adding at the end the following new subparagraph:

"(H) LOSSES ON OPERATING MINERAL INTERESTS OF INDEPENDENT OIL AND GAS PRODUCERS.—In the case of a taxpayer—

"(i) which has an eligible oil and gas loss (as defined in subsection (j)) for a taxable year, and

"(ii) which is not an integrated oil company (as defined in section 291(b)(4)),

such eligible oil and gas loss shall be a net operating loss carryback to each of the 5 taxable years preceding the taxable year of such loss.".

(b) ELIGIBLE OIL AND GAS LOSS.—Section 172 is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

"(j) ELIGIBLE OIL AND GAS LOSS.—For purposes of this section—

"(1) IN GENERAL.—The term 'eligible oil and gas loss' means the lesser of—

"(A) the amount which would be the net operating loss for the taxable year if only income and deductions attributable to operating mineral interests (as defined in section 614(d)) in oil and gas wells are taken into account, or

"(B) the amount of the net operating loss for such taxable year.

"(2) COORDINATION WITH SUBSECTION (b)(2).—For purposes of applying subsection (b)(2), an eligible oil and gas loss for any taxable year shall be treated in a manner similar to the manner in which a specified liability loss is treated.

"(3) ELECTION.—Any taxpayer entitled to a 5-year carryback under subsection (b)(1)(H) from any loss year may elect to have the carryback period with respect to such loss year determined without regard to subsection (b)(1)(H).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to net operating losses for taxable years beginning after December 31, 1998.

SEC. 1105. ELECTION TO EXPENSE GEOLOGICAL AND GEOPHYSICAL EXPENDITURES.

(a) IN GENERAL.—Section 263 (relating to capital expenditures) is amended by adding at the end the following:

"(j) GEOLOGICAL AND GEOPHYSICAL EXPENDITURES FOR DOMESTIC OIL AND GAS WELLS.—Notwithstanding subsection (a), a taxpayer may elect to treat geological and geophysical expenses incurred in connection with the exploration for, or development of, oil or gas within the United States (as defined in section 638) as expenses which are not chargeable to capital account. Any expenses so treated shall be allowed as a deduction in the taxable year in which paid or incurred.".

(b) CONFORMING AMENDMENT.—Section 263A(c)(3) is amended by inserting "263(j)," after "263(i),".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenses paid or incurred in taxable years beginning after December 31, 1999.

SEC. 1106. ELECTION TO EXPENSE DELAY RENTAL PAYMENTS

(a) IN GENERAL.—Section 263 (relating to capital expenditures), as amended by section 1105(a), is amended by adding at the end the following:

"(k) DELAY RENTAL PAYMENTS FOR DOMESTIC OIL AND GAS WELLS.—

"(1) IN GENERAL.—Notwithstanding subsection (a), a taxpayer may elect to treat delay rental payments incurred in connection with the development of oil or gas within the United States (as defined in section 638) as payments which are not chargeable to capital account. Any payments so treated shall be allowed as a deduction in the taxable year in which paid or incurred.

"(2) DELAY RENTAL PAYMENTS.—For purposes of paragraph (1), the term 'delay rental payment' means an amount paid for the privilege of deferring development of an oil or gas well.".

(b) CONFORMING AMENDMENT.—Section 263A(c)(3), as amended by section 1105(b), is amended by inserting "263(k)," after "263(j),".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made or incurred in taxable years beginning after December 31, 1999.

SEC. 1107. MODIFICATION OF ACTIVE BUSINESS DEFINITION UNDER SECTION 355.

(a) IN GENERAL.—Section 355(b) (defining active conduct of a trade or business) is amended by adding at the end the following new paragraph:

"(3) SPECIAL RULES RELATING TO ACTIVE BUSINESS REQUIREMENT.—

"(A) IN GENERAL.—For purposes of determining whether a corporation meets the requirement of paragraph (2)(A), all members of such corporation's separate affiliated group shall be treated as 1 corporation. For purposes of the preceding sentence, a corporation's separate affiliated group is the affiliated group which would be determined under section 1504(a) if such corporation were the common parent and section 1504(b) did not apply.

"(B) CONTROL.—For purposes of paragraph (2)(D), all distributee corporations which are members of the same affiliated group (as defined in section 1504(a) without regard to section 1504(b)) shall be treated as 1 distributee corporation.".

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (A) of section 355(b)(2) is amended to read as follows:

"(A) it is engaged in the active conduct of a trade or business,".

(2) Section 355(b)(2) is amended by striking the last sentence.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to distributions after the date of the enactment of this Act.

(2) TRANSITION RULE.—The amendments made by this section shall not apply to any distribution pursuant to a transaction which is—

(A) made pursuant to an agreement which was binding on such date and at all times thereafter,

(B) described in a ruling request submitted to the Internal Revenue Service on or before such date, or

(C) described on or before such date in a public announcement or in a filing with the Securities and Exchange Commission.

(3) ELECTION TO HAVE AMENDMENTS APPLY.—Paragraph (2) shall not apply if the distributing corporation elects not to have such paragraph apply to distributions of such corporation. Any such election, once made, shall be irrevocable.

SEC. 1108. TEMPORARY SUSPENSION OF MAXIMUM AMOUNT OF AMORTIZABLE REFORESTATION EXPENDITURES.

(a) INCREASE IN DOLLAR LIMITATION.—Paragraph (1) of section 194(b) (relating to amortization of reforestation expenditures) is amended by striking "$10,000 ($5,000" and inserting "$25,000 ($12,500".

(b) TEMPORARY SUSPENSION OF INCREASED DOLLAR LIMITATION.—Subsection (b) of section 194(b) (relating to amortization of reforestation expenditures) is amended by adding at the end the following new paragraph:

"(5) SUSPENSION OF DOLLAR LIMITATION.—Paragraph (1) shall not apply to taxable years beginning after December 31, 1999, and before January 1, 2004.

(c) CONFORMING AMENDMENT.—Paragraph (1) of section 48(b) is amended by striking "section 194(b)(1)" and inserting "section 194(b)(1) and without regard to section 194(b)(5)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1109. MODIFICATION OF EXCISE TAX IMPOSED ON ARROW COMPONENTS.

(a) IN GENERAL.—Paragraph (2) of section 4161(b) (relating to bows and arrows, etc.) is amended to read as follows:

"(2) ARROWS.—

"(A) IN GENERAL.—There is hereby imposed on the sale by the manufacturer, producer, or importer of any shaft, point, article used to attach a point to a shaft, nock, or vane of a type used in the manufacture of any arrow which after its assembly—

"(i) measures 18 inches overall or more in length, or

"(ii) measures less than 18 inches overall in length but is suitable for use with a bow described in paragraph (1)(A),

a tax equal to 12.4 percent of the price for which so sold.

"(B) REDUCED RATE ON CERTAIN HUNTING POINTS.—Subparagraph (A) shall be applied by substituting '11 percent' for '12.4 percent' in the case of a point which is designed primarily for use in hunting fish or large animals.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to articles sold by the manufacturer, producer, or importer after the close of the first calendar month ending more than 30 days after the date of the enactment of this Act.

SEC. 1110. INCREASE IN THRESHOLD FOR JOINT COMMITTEE REPORTS ON REFUNDS AND CREDITS.

(a) GENERAL RULE.—Subsections (a) and (b) of section 6405 are each amended by striking "$1,000,000" and inserting "$2,000,000".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act, except that such amendment shall not apply with respect to any refund or credit with respect to a report that has been made before such date of enactment under section 6405 of the Internal Revenue Code of 1986.

SEC. 1111. MODIFICATION OF RURAL AIRPORT DEFINITION.

(a) IN GENERAL.—Clause (ii) of section 4261(e)(1)(B) (defining rural airport) is amended by striking the period at the end of subclause (II) and inserting ", or", and by adding at the end the following new subclause:

"(III) is not connected by paved roads to another airport.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years beginning after 1999.

SEC. 1112. PAYMENT OF DIVIDENDS ON STOCK OF COOPERATIVES WITHOUT REDUCING PATRONAGE DIVIDENDS.

(a) IN GENERAL.—Subsection (a) of section 1388 (relating to patronage dividend defined) is amended by adding at the end the following: "For purposes of paragraph (3), net earnings shall not be reduced by amounts paid during the year as dividends on capital stock or other proprietary capital interests of the organization to the extent that the articles of incorporation or bylaws of such organization or other contract with patrons provide that such dividends are in addition to amounts otherwise payable to patrons which are derived from business done with or for patrons during the taxable year.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions in taxable years beginning after the date of the enactment of this Act.

SEC. 1113. CONSOLIDATION OF LIFE INSURANCE COMPANIES WITH OTHER CORPORATIONS.

(a) IN GENERAL.—Section 1504(b) (defining includible corporation) is amended by striking paragraph (2).

(b) CONFORMING AMENDMENTS.—

(1) Section 1504 is amended by striking subsection (c) and by redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively.

(2) Section 1503(c)(1) (relating to special rule for application of certain losses against income of insurance companies taxed under section 801) is amended by striking "an election under section 1504(c)(2) is in effect for the taxable year and".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(d) NO CARRYBACK BEFORE JANUARY 1, 2001.—To the extent that a consolidated net operating loss is allowed or increased by reason of the amendments made by this section, such loss may not be carried back to a taxable year beginning before January 1, 2001.

(e) NONTERMINATION OF GROUP.—No affiliated group shall terminate solely as a result of the amendments made by this section.

(f) WAIVER OF 5-YEAR WAITING PERIOD.—Under regulations prescribed by the Secretary of the Treasury or his delegate, an automatic waiver from the 5-year waiting period for reconsolidation provided in section 1504(a)(3) of the Internal Revenue Code of 1986 shall be granted to any corporation which was previously an includible corporation but was subsequently deemed a nonincludible corporation as a result of becoming a subsidiary of a corporation which was not an includible corporation solely by operation of section 1504(c)(2) of such Code (as in effect on the day before the date of the enactment of this Act).

SEC. 1114. EXPANSION OF EXEMPTION FROM PERSONAL HOLDING COMPANY TAX FOR LENDING OR FINANCE COMPANIES.

(a) IN GENERAL.—Paragraph (6) of section 542(c) (defining personal holding company) is amended—

(1) by striking "rents," in subparagraph (B), and

(2) by adding "and" at the end of subparagraph (B),

(3) by striking subparagraph (C), and

(4) by redesignating subparagraph (D) as subparagraph (C).

(b) EXCEPTION FOR LENDING OR FINANCE COMPANIES DETERMINED ON AFFILIATED GROUP BASIS.—Subsection (d) of section 542 is amended by striking paragraphs (1) and (2) and inserting the following new paragraphs:

"(1) LENDING OR FINANCE BUSINESS DEFINED.—For purposes of subsection (c)(6), the term 'lending or finance business' means a business of—

"(A) making loans,

"(B) purchasing or discounting accounts receivable, notes, or installment obligations,

"(C) engaging in leasing (including entering into leases and purchasing, servicing, and disposing of leases and leased assets),

"(D) rendering services or making facilities available in the ordinary course of a lending or finance business.

"(E) rendering services or making facilities available in connection with activities described in subparagraphs (A), (B), and (C) carried on by the corporation rendering services or making facilities available, or

"(F) rendering services or making facilities available to another corporation which is engaged in the lending or finance business (within the meaning of this paragraph), if such services or facilities are related to the lending or finance business (within such meaning) of such other corporation and such other corporation and the corporation rendering services or making facilities available are members of the same affiliated group (as defined in section 1504).

"(2) EXCEPTION DETERMINED ON AN AFFILIATED GROUP BASIS.—In the case of a lending or finance company which is a member of an affiliated group (as defined in section 1504), such company shall be treated as meeting the requirements of subsection (c)(6) if such group (determined by taking into account only members of such group which are engaged in a lending or finance business) meets such requirements.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 1999.

SEC. 1115. CREDIT FOR MODIFICATIONS TO INTER-CITY BUSES REQUIRED UNDER THE AMERICANS WITH DISABILITIES ACT OF 1990.

(a) IN GENERAL.—Subsection (a) of section 44 (relating to expenditures to provide access to disabled individuals) is amended to read as follows:

"(a) GENERAL RULE.—For purposes of section 38, the amount of the disabled access credit determined under this section for any taxable year shall be an amount equal to the sum of—

"(1) in the case of an eligible small business, 50 percent of so much of the eligible access expenditures for the taxable year as exceed $250 but do not exceed $10,250, and

"(2) 50 percent of so much of the eligible bus access expenditures for the taxable year with respect to each eligible bus as exceed $250 but do not exceed $30,250.".

(b) ELIGIBLE BUS ACCESS EXPENDITURES.—Section 44 is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

"(d) ELIGIBLE BUS ACCESS EXPENDITURES.—For purposes of this section—

"(1) IN GENERAL.—The term 'eligible bus access expenditures' means amounts paid or incurred by the taxpayer for the purpose of enabling the taxpayer's eligible bus to comply with applicable requirements under the Americans With Disabilities Act of 1990 (as in effect on the date of the enactment of this subsection).

"(2) CERTAIN EXPENDITURES NOT INCLUDED.—The amount of eligible bus access expenditures otherwise taken into account under subsection (a)(2) shall be reduced to the extent that funds for such expenditures are received under any Federal, State, or local program.

"(3) ELIGIBLE BUS.—The term 'eligible bus' means any automobile bus eligible for a refund under section 6427(b) by reason of transportation described in section 6427(b)(1)(A).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999, and before January 1, 2012.

SEC. 1116. INCREASED DEDUCTIBILITY OF BUSINESS MEAL EXPENSES FOR INDIVIDUALS SUBJECT TO FEDERAL LIMITATIONS ON HOURS OF SERVICE.

The table in section 274(n)(3)(B) (relating to special rule for individuals subject to Federal hours of service) is amended—

(1) by striking "or 2007", and

(2) by striking "2008" and inserting "2007".

SEC. 1117. TAX-EXEMPT FINANCING OF QUALIFIED HIGHWAY INFRASTRUCTURE CONSTRUCTION.

(a) TREATMENT AS EXEMPT FACILITY BOND.—A bond described in subsection (b) shall be treated as described in section 141(e)(1)(A) of the Internal Revenue Code of 1986, except that—

(1) section 146 of such Code shall not apply to such bond, and

(2) section 147(c)(1) of such Code shall be applied by substituting "any portion of" for "25 percent or more".

(b) BOND DESCRIBED.—

(1) IN GENERAL.—A bond is described in this subsection if such bond is issued after December 31, 1999, as part of an issue—

(A) 95 percent or more of the net proceeds of which are to be used to provide a qualified highway infrastructure project, and

(B) to which there has been allocated a portion of the allocation to the project under paragraph (2)(C)(ii) which is equal to the aggregate face amount of bonds to be issued as part of such issue.

(2) QUALIFIED HIGHWAY INFRASTRUCTURE PROJECTS.—

(A) IN GENERAL.—For purposes of paragraph (1), the term "qualified highway infrastructure project" means a project—

(i) for the construction or reconstruction of a highway, and

(ii) designated under subparagraph (B) as an eligible pilot project.

(B) ELIGIBLE PILOT PROJECT.—

(i) IN GENERAL.—The Secretary of Transportation, in consultation with the Secretary of the Treasury, shall select not more than 15 highway infrastructure projects to be pilot projects eligible for tax-exempt financing.

(ii) ELIGIBILITY CRITERIA.—In determining the criteria necessary for the eligibility of pilot projects, the Secretary of Transportation shall include the following:

(I) The project must serve the general public.

(II) The project is necessary to evaluate the potential of the private sector's participation in the provision of the highway infrastructure of the United States.

(III) The project must be located on publicly-owned rights-of-way.

(IV) The project must be publicly owned or the ownership of the highway constructed or reconstructed under the project must revert to the public.

(V) The project must be consistent with a transportation plan developed pursuant to section 134(g) or 135(e) of title 23, United States Code.

(C) AGGREGATE FACE AMOUNT OF TAX-EXEMPT FINANCING.—

(i) IN GENERAL.—The aggregate face amount of bonds issued pursuant to this section shall not exceed $15,000,000,000, determined without regard to any bond the proceeds of which are used exclusively to refund (other than to advance refund) a bond issued pursuant to this section (or a bond which is a part of a series of refundings of a bond so issued) if the amount of the refunding bond does not exceed the outstanding amount of the refunded bond.

(ii) ALLOCATION.—The Secretary of Transportation, in consultation with the Secretary of the Treasury, shall allocate the amount described in clause (i) among the eligible pilot projects designated under subparagraph (B).

(iii) REALLOCATION.—If any portion of an allocation under clause (ii) is unused on the date which is 3 years after such allocdtion, the Secretary of Transportation, in consultation with the Secretary of the Treasury, may reallocate such portion among the remaining eligible pilot projects.

(c) REPORT.—

(1) IN GENERAL.—Not later than the earlier of—

(A) 1 year after either ½ of the projects authorized under this section have been identified or ½ of the total bonds allowable for the projects under this section have been issued, or

(B) 7 years after the date of the enactment of this Act,

the Secretary of Transportation, in consultation with the Secretary of the Treasury, shall submit the report described in paragraph (2) to the Committees on Finance and on Environment and Public Works of the Senate and the Committees on Ways and Means and on Transportation and Infrastructure of the House of Representatives.

(2) CONTENTS.—The report under paragraph (1) shall evaluate the overall success of the program conducted pursuant to this section, including—

(A) a description of each project under the program,

(B) the extent to which the projects used new technologies, construction techniques, or innovative cost controls that resulted in savings in building the project, and

(C) the use and efficiency of the Federal tax subsidy provided by the bond financing.

SEC. 1118. EXPANSION OF DC HOMEBUYER TAX CREDIT.

(a) EXTENSION.—Section 1400C(i) (relating to application of section) is amended by striking "2001" and inserting "2002".

(b) EXPANSION OF INCOME LIMITATION.—Section 1400C(b)(1) (relating to limitation based on modified adjusted gross income) is amended—

(1) by striking "$110,000" in subparagraph (A)(i) and inserting "$140,000", and

(2) by inserting "($40,000 in the case of a joint return)" after "$20,000" in subparagraph (B).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1119. EXTENSION OF DC ZERO PERCENT CAPITAL GAINS RATE.

(a) IN GENERAL.—Section 1400B (relating to zero percent capital gains rate) is amended by adding at the end the following new subsection:

"(h) EXTENSION TO ENTIRE DISTRICT OF COLUMBIA.—In determining whether any stock or partnership interest which is originally issued after December 31, 1999, or any tangible property acquired by the taxpayer by purchase after December 31, 1999, is a DC Zone asset, subsection (d) shall be applied without regard to paragraph (2) thereof.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on January 1, 2000.

SEC. 1120. NATURAL GAS GATHERING LINES TREATED AS 7-YEAR PROPERTY.

(a) IN GENERAL.—Subparagraph (C) of section 168(e)(3) (relating to classification of certain property) is amended by redesignating clause (ii) as clause (iii) and by inserting after clause (i) the following new clause:

"(ii) any natural gas gathering line, and".

(b) NATURAL GAS GATHERING LINE.—Subsection (i) of section 168 is amended by adding at the end the following new paragraph:

"(15) NATURAL GAS GATHERING LINE.—The term 'natural gas gathering line' means—

"(A) the pipe, equipment, and appurtenances determined to be a gathering line by the Federal Energy Regulatory Commission, or

"(B) the pipe, equipment, and appurtenances used to deliver natural gas from the wellhead or a common point to the point at which such gas first reaches—

"(i) a gas processing plant,

"(ii) an interconnection with a transmission pipeline certificated by the Federal Energy Regulatory Commission as an interstate transmission pipeline,

"(iii) an interconnection with an intrastate transmission pipeline, or

"(iv) a direct interconnection with a local distribution company, a gas storage facility, or an industrial consumer.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service on or after the date of the enactment of this Act.

SEC. 1121. EXEMPTION FROM TICKET TAXES FOR CERTAIN TRANSPORTATION PROVIDED BY SMALL SEAPLANES.

(a) IN GENERAL.—Section 4281 (relating to small aircraft on nonestablished lines) is amended to read as follows:

"SEC. 4281. SMALL AIRCRAFT.

"The taxes imposed by sections 4261 and 4271 shall not apply to—

"(1) transportation by an aircraft having a maximum certificated takeoff weight of 6,000 pounds or less, except when such aircraft is operated on an established line, and

"(2) transportation by a seaplane having a maximum certificated takeoff weight of 6,000 pounds or less with respect to any segment consisting of a takeoff from, and a landing on, water.

For purposes of the preceding sentence, the term 'maximum certificated takeoff weight' means the maximum such weight contained in the type certificate or airworthiness certificate.".

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter C of chapter 33 is amended by striking "on nonestablished lines" in the item relating to section 4281.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act but shall not apply to any amount paid on or before such date with respect to taxes imposed by sections 4261 and 4271 of the Internal Revenue Code of 1986.

SEC. 1122. NO FEDERAL INCOME TAX ON AMOUNTS AND LANDS RECEIVED BY HOLOCAUST VICTIMS OR THEIR HEIRS.

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, gross income shall not include—

(1) any amount received by an individual (or any heir of the individual)—

(A) from the Swiss Humanitarian Fund established by the Government of Switzerland or from any similar fund established by any foreign country, or

(B) as a result of the settlement of the action entitled "In re Holocaust Victims' Asset Litigation", (E.D. NY), C.A. No. 96–4849, or as a result of any similar action; and

(2) the value of any land (including structures thereon) recovered by an individual (or any heir of the individual) from a government of a foreign country as a result of a settlement of a claim arising out of the confiscation of such land in connection with the Holocaust.

(b) EFFECTIVE DATE.—This section shall apply to any amount received before, on, or after the date of the enactment of this Act.

SEC. 1123. 2-PERCENT FLOOR ON MISCELLANEOUS ITEMIZED DEDUCTIONS NOT TO APPLY TO QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES AND QUALIFIED INCIDENTAL EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES DEDUCTION.—

(1) IN GENERAL.—Section 67(b) (defining miscellaneous itemized deductions) is amended by striking "and" at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ", and", and by adding at the end the following new paragraph:

"(13) any deduction allowable for the qualified professional development expenses of an eligible teacher.".

(2) DEFINITIONS.—Section 67 (relating to 2-percent floor on miscellaneous itemized deductions) is amended by adding at the end the following new subsection:

"(g) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES OF ELIGIBLE TEACHERS.—For purposes of subsection (b)(13)—

"(1) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES.—

"(A) IN GENERAL.—The term 'qualified professional development expenses' means expenses—

"(i) for tuition, fees, books, supplies, equipment, and transportation required for the enrollment or attendance of an individual in a qualified course of instruction, and

"(ii) with respect to which a deduction is allowable under section 162 (determined without regard to this section).

"(B) QUALIFIED COURSE OF INSTRUCTION.—The term 'qualified course of instruction' means a course of instruction which—

"(i) is—

"(I) at an institution of higher education (as defined in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this subsection), or

"(II) a professional conference, and

"(ii) is part of a program of professional development which is approved and certified by the appropriate local educational agency as furthering the individual's teaching skills.

"(C) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given such term by section 14101 of the Elementary and Secondary Education Act of 1965, as so in effect.

"(2) ELIGIBLE TEACHER.—

"(A) IN GENERAL.—The term 'eligible teacher' means an individual who is a kindergarten through grade 12 classroom teacher, instructor, counselor, aide, or principal in an elementary or secondary school.

"(B) ELEMENTARY OR SECONDARY SCHOOL.—The terms 'elementary school' and 'secondary school' have the meanings given such terms by section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), as so in effect.".

(3) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000, and ending before December 31, 2004.

(b) QUALIFIED INCIDENTAL EXPENSES.—

(1) IN GENERAL.—Section 67(g)(1)(A), as added by subsection (a)(2), is amended by striking "and" at the end of clause (i), by redesignating clause (ii) as clause (iii), and by inserting after clause (i) the following new clause:

"(ii) for qualified incidental expenses, and".

(2) DEFINITION.—Section 67(g), as added by subsection (a)(2), is amended by adding at the end the following new paragraph:

"(3) QUALIFIED INCIDENTAL EXPENSES.—

"(A) IN GENERAL.—The term 'qualified incidental expenses' means expenses paid or incurred by an eligible teacher in an amount not to exceed $125 for any taxable year for books, supplies, and equipment related to instruction, teaching, or other educational job-related activities of such eligible teacher.

"(B) SPECIAL RULE FOR HOMESCHOOLING.—Such term shall include expenses described in subparagraph (A) in connection with education provided by homeschooling if the requirements of any applicable State or local law are met with respect to such education.".

(3) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000, and ending before December 31, 2004.

SEC. 1124. EXPANSION OF DEDUCTION FOR COMPUTER DONATIONS TO SCHOOLS.

(a) EXTENSION OF AGE OF ELIGIBLE COMPUTERS.—Section 170(e)(6)(B)(ii) (defining qualified elementary or secondary educational contribution) is amended—

(1) by striking "2 years" and inserting "3 years", and

(2) by inserting "for the taxpayer's own use" after "constructed by the taxpayer".

(b) REACQUIRED COMPUTERS ELIGIBLE FOR DONATION.—

(1) IN GENERAL.—Section 170(e)(6)(B)(iii) (defining qualified elementary or secondary educational contribution) is amended by inserting ", the person from whom the donor reacquires the property," after "the donor".

(2) CONFORMING AMENDMENT.—Section 170(e)(6)(B)(ii) is amended by inserting "or reacquired" after "acquired".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable years ending after the date of the enactment of this Act.

SEC. 1125. CREDIT FOR COMPUTER DONATIONS TO SCHOOLS AND SENIOR CENTERS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by this Act, is amended by adding at the end the following:

"SEC. 45E. CREDIT FOR COMPUTER DONATIONS TO SCHOOLS AND SENIOR CENTERS.

"(a) GENERAL RULE.—For purposes of section 38, the computer donation credit determined under this section is an amount equal to 30 percent of the qualified computer contributions made by the taxpayer during the taxable year.

"(b) QUALIFIED COMPUTER CONTRIBUTION.—For purposes of this section, the term 'qualified computer contribution' has the meaning given the term 'qualified elementary or secondary educational contribution' by section 170(e)(6)(B), except that—

"(1) such term shall include the contribution of a computer (as defined in section 168(i)(2)(B)(ii)) only if computer software (as defined in section 197(e)(3)(B)) that serves as a computer operating system has been lawfully installed in such computer, and

"(2) for purposes of clauses (i) and (iv) of section 170(e)(6)(B), such term shall include the contribution of computer technology or equipment to multipurpose senior centers (as defined in section 102(35) of the Older Americans Act of 1965 (42 U.S.C. 3002(35)) to be used by individuals who have attained 60 years of age to improve job skills in computers.

"(c) INCREASED PERCENTAGE FOR CONTRIBUTIONS TO ENTITIES IN EMPOWERMENT ZONES, ENTERPRISE COMMUNITIES, AND INDIAN RESERVATIONS.—In the case of a qualified computer contribution to an entity located in an empowerment zone or enterprise community designated under section 1391 or an Indian reservation (as defined in section 168(j)(6)), subsection (a) shall be applied by substituting '50 percent' for '30 percent'.

"(d) CERTAIN RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of paragraphs (1) and (2) of section 41(f) and of section 170(e)(6)(A) shall apply.

"(e) TERMINATION.—This section shall not apply to taxable years beginning on or after the date which is 3 years after the date of the enactment of the Taxpayer Refund Act of 1999.".

(b) CURRENT YEAR BUSINESS CREDIT CALCULATION.—Section 38(b) (relating to current year business credit), as amended by this Act, is amended by striking "plus" at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting ", plus", and by adding at the end the following:

"(14) the computer donation credit determined under section 45E(a).".

(c) DISALLOWANCE OF DEDUCTION BY AMOUNT OF CREDIT.—Section 280C (relating to certain expenses for which credits are allowable) is amended by adding at the end the following:

"(d) CREDIT FOR COMPUTER DONATIONS.—No deduction shall be allowed for that portion of the qualified computer contributions (as defined in section 45E(b)) made during the taxable year that is equal to the amount of credit determined for the taxable year under section 45E(a). In the case of a corporation which is a member of a controlled group of corporations (within the meaning of section 52(a)) or a trade or business which is treated as being under common control with other trades or businesses (within the meaning of section 52(b)), this subsection shall be applied under rules prescribed by the Secretary similar to the rules applicable under subsections (a) and (b) of section 52.".

(d) LIMITATION ON CARRYBACK.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

"(9) NO CARRYBACK OF COMPUTER DONATION CREDIT BEFORE EFFECTIVE DATE.—No amount of unused business credit available under section 45E may be carried back to a taxable year beginning on or before the date of the enactment of this paragraph.".

(e) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 45D the following:

"Sec. 45E. Credit for computer donations to schools and senior centers.".

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to contributions made in taxable years beginning after the date of the enactment of this Act.

(2) CERTAIN CONTRIBUTIONS.—The amendments made by this section shall apply to contributions made to an organization or entity not described in section 45E(c) of the Internal Revenue Code of 1986, as added by subsection (a), in taxable years beginning after the date that is one year after the date of the enactment of this Act.

SEC. 1126. INCREASE IN MANDATORY SPENDING FOR CHILD CARE AND DEVELOPMENT BLOCK GRANT.

Section 418(a)(3) of the Social Security Act (42 U.S.C. 618(a)(3)) is amended—

(1) in subparagraph (E), by striking "and" at the end;

(2) in subparagraph (F), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(E) $3,918,000,000 for fiscal year 2002;
"(F) $3,979,000,000 for fiscal year 2003;
"(G) $4,010,000,000 for fiscal year 2004;
"(H) $3,860,000,000 for fiscal year 2005;
"(I) $3,954,000,000 for fiscal year 2006;
"(J) $4,004,000,000 for fiscal year 2007;
"(K) $4,073,000,000 for fiscal year 2008; and
"(L) $4,075,000,000 for fiscal year 2009.".

SEC. 1127. SENSE OF THE SENATE REGARDING SAVINGS INCENTIVES.

It is the sense of the Senate that before December 31, 1999, Congress should pass legislation that creates savings incentives by providing a partial Federal income tax exclusion for income derived from interest and dividends of no less than $400 for married taxpayers and $200 for single taxpayers.

SEC. 1128. SENSE OF CONGRESS REGARDING THE NEED FOR ADDITIONAL FEDERAL FUNDING AND TAX INCENTIVES FOR EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES AUTHORIZED AND DESIGNATED PURSUANT TO 1997 AND 1998 LAWS.

(a) FINDINGS.—The Senate finds that—

(1) providing Federal tax incentives and other incentives to distressed communities across the Nation to help them rebuild and grow was one of the important goals of the Taxpayer Relief Act of 1997 and the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999;

(2) to help reach that goal, the Taxpayer Relief Act of 1997 authorized 20 additional empowerment zones, 15 urban and 5 rural, followed by 20 new rural enterprise communities authorized in 1998;

(3) the 1997 law authorizing this second round of empowerment zones (EZs) was also significant and important because it broadened empowerment zone eligibility, for the first time, to Indian tribes and rural regions suffering from massive out-migration;

(4) many of our urban and rural communities are not sharing in the benefits of the prolonged economic expansion now enjoyed by many other parts of our country;

(5) a total of more than 250 economically distressed urban and rural communities competed for the 20 new empowerment zones and 20 new rural enterprise communities, and those areas designated as zones and communities should be provided with the Federal incentives and encouragement they need to attract new businesses, and the jobs they provide, in order to stimulate economic growth and improvement;

(6) unfortunately, those areas that are designated EZs or ECs under the 1997 and 1998 laws or rural economic area partnerships (REAPs) by the Department of Agriculture, are not given the full advantage of Social Services Block Grant funds, tax credits, and some other Federal incentives that Congress provided to the first round of empowerment zones and enterprise communities authorized pursuant to 1993 budget legislation;

(7) Congress should act swiftly to provide such designated areas an equal share of tax incentives, grant benefits, and other Federal support at aggregate levels of at least that provided by Congress to distressed urban and rural empowerment zones and enterprise communities pursuant to the 1993 omnibus budget reconciliation bill; and

(8) a fully funded second round of EZs and ECs is estimated to create and retain about 90,000 jobs and stimulate $10,000,000,000 in private and public investments over the next decade.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) if Congress and the President agree to a substantial tax relief measure, it should ensure that such measure includes full funding for the second round of empowerment zones and enterprise communities authorized in 1997 and 1998 as well as those areas currently designated rural economic area partnerships (REAPs) by the Department of Agriculture; and

(2) all such designated distressed areas, rural and urban, should equally share at least the same aggregate level of funding, tax incentives, and other Federal support that Congress provided to urban and rural empowerment zones and enterprise communities authorized by the 1993 omnibus budget reconciliation bill.

SEC. 1129. SENSE OF CONGRESS REGARDING THE NEED TO ENCOURAGE IMPROVEMENTS IN MAIN STREET BUSINESSES BY EXPANDING EXISTING SMALL BUSINESS TAX EXPENSING RULES TO INCLUDE INVESTMENTS IN BUILDINGS AND OTHER DEPRECIABLE REAL PROPERTY.

(a) FINDINGS.—Congress finds that—

(1) under current tax law, small businesses can immediately deduct, that is, "expense", up to $19,000 in purchases of equipment and similar assets;

(2) there is bipartisan support for increasing the amount of this expensing provision because it helps many small businesses make the investments in equipment and machinery they need by allowing them to immediately write off the costs of such investments and bolstering their cash flow;

(3) this expensing provision, however, is not as helpful as it could be for some small businesses because it does not cover their investments in improving the storefront or the buildings in which they conduct their business;

(4) in many small towns, the local drug store, shoe store, or grocery store doesn't have much need for new equipment, but it does need to improve the storefront or the interior;

(5) although such investments are good for Main Streets across this Nation, our current tax law creates a disincentive to make them by requiring a small business owner to depreciate the costs of the building improvements over 39 years for tax purposes;

(6) legislation to expand the current expensing provision to cover investments in depreciable real property was recently introduced in the Senate with broad bipartisan cosponsorship, including the leaders of the Republican and Democratic parties;

(7) this proposal is also strongly supported by small business-oriented trade groups, including the National Federation of Independent Business, the Small Business Legislative Council, and the National Association of Realtors;

(8) the Department of the Treasury is currently conducting a comprehensive study of all depreciation provisions in our tax laws; and

(9) Congress should consider expanding the existing expensing provision to cover investments in storefront improvements and other depreciable real property in any reform legislation that results from this study or, if possible, in any earlier legislation.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) many small businesses trying to improve their storefronts on Main Street or investing to upgrade their property would benefit if Congress expanded the existing expensing provision to cover investments in depreciable real property; and

(2) Congress should consider including this proposal in any future tax legislation.

SEC. 1130. CERTAIN NATIVE AMERICAN HOUSING ASSISTANCE DISREGARDED IN DETERMINING WHETHER BUILDING IS FEDERALLY SUBSIDIZED FOR PURPOSES OF THE LOW-INCOME HOUSING CREDIT.

(a) IN GENERAL.—Subparagraph (E) of section 42(i)(2) of the Internal Revenue Code of 1986 (relating to determination of whether building is federally subsidized) is amended—

(1) in clause (i), by inserting "or the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 et seq.) (as in effect on October 1, 1997)" after "this subparagraph)", and

(2) in the subparagraph heading, by inserting "OR NATIVE AMERICAN HOUSING ASSISTANCE" after "HOME ASSISTANCE".

(b) Effective Date.—The amendments made by subsection (a) shall apply to periods after the date of the enactment of this Act.

SEC. 1131. DISCLOSURE OF TAX INFORMATION TO FACILITATE COMBINED EMPLOYMENT TAX REPORTING.

Section 6103(d)(5) of the Internal Revenue Code of 1986 is amended to read as follows:

"(5) Disclosure for combined employment tax reporting.—The Secretary may disclose taxpayer identity information and signatures to any agency, body, or commission of any State for the purpose of carrying out with such agency, body, or commission a combined Federal and State employment tax reporting program approved by the Secretary. Subsections (a)(2) and (p)(4) and sections 7213 and 7213A shall not apply with respect to disclosures or inspections made pursuant to this paragraph.".

SEC. 1132. TREATMENT OF MAPLE SYRUP PRODUCTION.

Line 3 of subsection (k) of section 3306 of the Internal Revenue Code of 1986 is amended by inserting after "chapter" the following: "agricultural labor includes labor connected to the harvesting or production of maple sap into maple syrup or sugar, and".

SEC. 1133. TREATMENT OF BONDS ISSUED TO ACQUIRE RENEWABLE RESOURCES ON LAND SUBJECT TO CONSERVATION EASEMENT.

(a) In General.—Section 145 (defining qualified 501(c)(3) bond) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) Bonds Issued To Acquire Renewable Resources on Land Subject to Conservation Easement.—

"(1) In general.—If—

"(A) the proceeds of any bond are used to acquire land (or a long-term lease thereof) together with any renewable resource associated with the land (including standing timber, agricultural crops, or water rights) from an unaffiliated person,

"(B) the land is subject to a conservation restriction—

"(i) which is granted in perpetuity to an unaffiliated person that is—

"(I) a 501(c)(3) organization, or

"(II) a Federal, State, or local government conservation organization,

"(ii) which meets the requirements of clauses (ii) and (iii)(II) of section 170(h)(4)(A),

"(iii) which exceeds the requirements of relevant environmental and land use statutes and regulations, and

"(iv) which obligates the owner of the land to pay the costs incurred by the holder of the conservation restriction in monitoring compliance with such restriction,

"(C) a management plan which meets the requirements of the statutes and regulations referred to in subparagraph (B)(iii) is developed for the conservation of the renewable resources, and

"(D) such bond would be a qualified 501(c)(3) bond (after the application of paragraph (2)) but for the failure to use revenues derived by the 501(c)(3) organization from the sale, lease, or other use of such resource as otherwise required by this part,

such bond shall not fail to be a qualified 501(c)(3) bond by reason of the failure to so use such revenues if the revenues which are not used as otherwise required by this part are used in a manner consistent with the stated charitable purposes of the 501(c)(3) organization.

"(2) Treatment of timber, etc.—

"(A) In general.—For purposes of subsection (a), the cost of any renewable resource acquired with proceeds of any bond described in paragraph (1) shall be treated as a cost of acquiring the land associated with the renewable resource and such land shall not be treated as used for a private business use because of the sale or leasing of the renewable resource to, or other use of the renewable resource by, an unaffiliated person to the extent that such sale, leasing, or other use does not constitute an unrelated trade or business, determined by applying section 513(a).

"(B) Application of bond maturity limitation.—For purposes of section 147(b), the cost of any land or renewable resource acquired with proceeds of any bond described in paragraph (1) shall have an economic life commensurate with the economic and ecological feasibility of the financing of such land or renewable resource.

"(C) Unaffiliated person.—For purposes of this subsection, the term 'unaffiliated person' means any person who controls not more than 20 percent of the governing body of another person.".

(b) Effective Date.—The amendment made by subsection (a) shall apply to obligations issued after the date of the enactment of this Act.

SEC. 1134. MODIFICATION OF ALTERNATIVE MINIMUM TAX FOR INDIVIDUALS.

Section 56(b)(1)(E), as amended by section 206, is amended by striking "$250" and inserting "$300".

SEC. 1135. EXCLUSION FROM INCOME OF SEVERANCE PAYMENT AMOUNTS.

(a) In General.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 139 as section 140 and by inserting after section 138 the following new section:

"SEC. 139. SEVERANCE PAYMENTS.

"(a) In General.—In the case of an individual, gross income shall not include any qualified severance payment.

"(b) Limitation.—The amount to which the exclusion under subsection (a) applies shall not exceed $2,000 with respect to any separation from employment.

"(c) Qualified Severance Payment.—For purposes of this section—

"(1) In general.—The term 'qualified severance payment' means any payment received by an individual if—

"(A) such payment was paid by such individual's employer on account of such individual's separation from employment,

"(B) such separation was in connection with a reduction in the work force of the employer, and

"(C) such individual does not attain employment within 6 months of the date of such separation in which the amount of compensation is equal to or greater than 95 percent of the amount of compensation for the employment that is related to such payment.

"(2) Limitation.—Such term shall not include any payment received by an individual if the aggregate payments received with respect to the separation from employment exceed $75,000.".

(b) Clerical Amendment.—The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 139 and inserting the following new items:

"Sec. 139. Severance payments.

"Sec. 140. Cross references to other Acts.".

(c) Effective Date.—The amendments made by subsections (a) and (b) shall apply to taxable years beginning after December 31, 2000, and before January 1, 2002.

SEC. 1136. CAPITAL GAIN TREATMENT UNDER SECTION 631(b) TO APPLY TO OUTRIGHT SALES BY LAND OWNER.

(a) In General.—Subsection (b) of section 631 (relating to disposal of timber with a retained economic interest) is amended—

(1) by inserting "And Outright Sales of Timber" after "Economic Interest" in the subsection heading, and

(2) by adding before the last sentence the following new sentence: "The requirement in the first sentence of this subsection to retain an economic interest in timber shall not apply to an outright sale of such timber by the owner thereof if such owner owned the land (at the time of such sale) from which the timber is cut.".

(b) Effective Date.—The amendments made by this section shall apply to sales after the date of the enactment of this Act.

SEC. 1137. CREDIT FOR CLINICAL TESTING RESEARCH EXPENSES ATTRIBUTABLE TO CERTAIN QUALIFIED ACADEMIC INSTITUTIONS INCLUDING TEACHING HOSPITALS.

(a) In General.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by inserting after section 41 the following:

"SEC. 41A. CREDIT FOR MEDICAL INNOVATION EXPENSES.

"(a) General Rule.—For purposes of section 38, the medical innovation credit determined under this section for the taxable year shall be an amount equal to 40 percent of the excess (if any) of—

"(1) the qualified medical innovation expenses for the taxable year, over

"(2) the medical innovation base period amount.

"(b) Qualified Medical Innovation Expenses.—For purposes of this section—

"(1) In general.—The term 'qualified medical innovation expenses' means the amounts which are paid or incurred by the taxpayer during the taxable year directly or indirectly to any qualified academic institution for clinical testing research activities.

"(2) Clinical testing research activities.—

"(A) In general.—The term 'clinical testing research activities' means human clinical testing conducted at any qualified academic institution in the development of any product, which occurs before—

"(i) the date on which an application with respect to such product is approved under section 505(b), 506, or 507 of the Federal Food, Drug, and Cosmetic Act (as in effect on the date of the enactment of this section),

"(ii) the date on which a license for such product is issued under section 351 of the Public Health Service Act (as so in effect), or

"(iii) the date classification or approval of such product which is a device intended for human use is given under section 513, 514, or 515 of the Federal Food, Drug, and Cosmetic Act (as so in effect).

"(B) Product.—The term 'product' means any drug, biologic, or medical device.

"(3) Qualified academic institution.—The term 'qualified academic institution' means any of the following institutions:

"(A) Educational institution.—A qualified organization described in section 170(b)(1)(A)(iii) which is owned by, or affiliated with, an institution of higher education (as defined in section 3304(f)).

"(B) Teaching hospital.—A teaching hospital which—

"(i) is publicly supported or owned by an organization described in section 501(c)(3), and

"(ii) is affiliated with an organization meeting the requirements of subparagraph (A).

"(C) Foundation.—A medical research organization described in section 501(c)(3) (other than a private foundation) which is affiliated with, or owned by—

"(i) an organization meeting the requirements of subparagraph (A), or

"(ii) a teaching hospital meeting the requirements of subparagraph (B).

"(D) Charitable research hospital.—A hospital that is designated as a cancer center by the National Cancer Institute.

"(4) Exclusion for amounts funded by grants, etc.—The term 'qualified medical innovation expenses' shall not include any amount

to the extent such amount is funded by any grant, contract, or otherwise by another person (or any governmental entity).

"(c) Medical Innovation Base Period Amount.—For purposes of this section, the term 'medical innovation base period amount' means the average annual qualified medical innovation expenses paid by the taxpayer during the 3-taxable year period ending with the taxable year immediately preceding the first taxable year of the taxpayer beginning after December 31, 1998.

"(d) Special Rules.—

"(1) Limitation on foreign testing.—No credit shall be allowed under this section with respect to any clinical testing research activities conducted outside the United States.

"(2) Certain rules made applicable.—Rules similar to the rules of subsections (f) and (g) of section 41 shall apply for purposes of this section.

"(3) Election.—This section shall apply to any taxpayer for any taxable year only if such taxpayer elects to have this section apply for such taxable year.

"(4) Coordination with credit for increasing research expenditures and with credit for clinical testing expenses for certain drugs for rare diseases.—Any qualified medical innovation expense for a taxable year to which an election under this section applies shall not be taken into account for purposes of determining the credit allowable under section 41 or 45C for such taxable year.".

(b) Credit To Be Part of General Business Credit.—

(1) In general.—Section 38(b) (relating to current year business credits), as amended by this Act, is amended by striking "plus" at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting ", plus", and by adding at the end the following:

"(16) the medical innovation expenses credit determined under section 41A(a).".

(2) Transition rule.—Section 39(d), as amended by this Act, is amended by adding at the end the following new paragraph:

"(11) No carryback of section 41A credit before enactment.—No portion of the unused business credit for any taxable year which is attributable to the medical innovation credit determined under section 41A may be carried back to a taxable year beginning before January 1, 1999.".

(c) Denial of Double Benefit.—Section 280C, as amended by this Act, is amended by adding at the end the following new subsection:

"(e) Credit for Increasing Medical Innovation Expenses.—

"(1) In general.—No deduction shall be allowed for that portion of the qualified medical innovation expenses (as defined in section 41A(b)) otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for such taxable year under section 41A(a).

"(2) Certain rules to apply.—Rules similar to the rules of paragraphs (2), (3), and (4) of subsection (c) shall apply for purposes of this subsection.".

(d) Deduction for Unused Portion of Credit.—Section 196(c) (defining qualified business credits) is amended by redesignating paragraphs (5) through (8) as paragraphs (6) through (9), respectively, and by inserting after paragraph (4) the following new paragraph:

"(5) the medical innovation expenses credit determined under section 41A(a) (other than such credit determined under the rules of section 280C(d)(2)).".

(e) Clerical Amendment.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding after the item relating to section 41 the following:

"Sec. 41A. Credit for medical innovation expenses.".

(f) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

TITLE XII—EXTENSION OF EXPIRED AND EXPIRING PROVISIONS

SEC. 1201. PERMANENT EXTENSION AND MODIFICATION OF RESEARCH CREDIT.

(a) Permanent Extension.—

(1) In general.—Section 41 (relating to credit for increasing research activities) is amended by striking subsection (h).

(2) Conforming amendment.—Paragraph (1) of section 45C(b) is amended by striking subparagraph (D).

(3) Effective date.—The amendments made by this subsection shall apply to amounts paid or incurred after June 30, 1999.

(b) Increase in Percentages Under Alternative Incremental Credit.—

(1) In general.—Subparagraph (A) of section 41(c)(4) is amended—

(A) by striking "1.65 percent" and inserting "2.65 percent",

(B) by striking "2.2 percent" and inserting "3.2 percent", and

(C) by striking "2.75 percent" and inserting "3.75 percent".

(2) Effective date.—The amendments made by this subsection shall apply to taxable years beginning after June 30, 1999.

SEC. 1202. SUBPART F EXEMPTION FOR ACTIVE FINANCING INCOME.

(a) In General.—Sections 953(e)(10) and 954(h)(9) are each amended—

(1) by striking "the first taxable year" and inserting "taxable years", and

(2) by striking "January 1, 2000" and inserting "January 1, 2005".

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1203. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR MARGINAL PRODUCTION.

(a) In General.—Subparagraph (H) of section 613A(c)(6) is amended by striking "January 1, 2000" and inserting "January 1, 2005".

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 1204. WORK OPPORTUNITY CREDIT AND WELFARE-TO-WORK CREDIT.

(a) Temporary Extension.—Sections 51(c)(4)(B) and 51A(f) (relating to termination) are each amended by striking "June 30, 1999" and inserting "June 30, 2004".

(b) Clarification of First Year of Employment.—Paragraph (2) of section 51(i) is amended by striking "during which he was not a member of a targeted group".

(c) Effective Date.—The amendments made by this section shall apply to individuals who begin work for the employer after June 30, 1999.

SEC. 1205. EXTENSION AND MODIFICATION OF CREDIT FOR PRODUCING ELECTRICITY FROM CERTAIN RENEWABLE RESOURCES.

(a) Extension and Modification of Placed-in-Service Rules.—Paragraph (3) of section 45(c) is amended to read as follows:

"(3) Qualified facility.—

"(A) Wind facility.—In the case of a facility using wind to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after December 31, 1993, and before July 1, 2004.

"(B) Closed-loop biomass facility.—In the case of a facility using closed-loop biomass to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after December 31, 1992, and before July 1, 2004.

"(C) Biomass facility.—In the case of a facility using biomass (other than closed-loop biomass) to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service before January 1, 2003.

"(D) Landfill gas or poultry waste facility.—

"(i) In general.—In the case of a facility using landfill gas or poultry waste to produce electricity, the term 'qualified facility' means any facility of the taxpayer which is originally placed in service after December 31, 1999, and before July 1, 2004.

"(ii) Landfill gas.—In the case of a facility using landfill gas, such term shall include equipment and housing (not including wells and related systems required to collect and transmit gas to the production facility) required to generate electricity which are owned by the taxpayer and so placed in service.

"(E) Special rule.—In the case of a qualified facility described in subparagraph (C), the 10-year period referred to in subsection (a) shall be treated as beginning no earlier than January 1, 2000.".

(b) Expansion of Qualified Energy Resources.—

(1) In general.—Section 45(c)(1) (defining qualified energy resources) is amended by striking "and" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting a comma, and by adding at the end the following new subparagraphs:

"(C) biomass (other than closed-loop biomass),

"(B) landfill gas, and

"(C) poultry waste.".

(2) Definitions.—Section 45(c) is amended by redesignating paragraph (3) as paragraph (6) and inserting after paragraph (2) the following new paragraphs:

"(3) Biomass.—The term 'biomass' means any solid, nonhazardous, cellulosic waste material which is segregated from other waste materials and which is derived from—

"(A) any of the following forest-related resources: mill residues, precommercial thinnings, slash, and brush, but not including old-growth timber,

"(B) urban sources, including waste pallets, crates, and dunnage, manufacturing and construction wood wastes, and landscape or right-of-way tree trimmings, but not including unsegregated municipal solid waste (garbage) or paper that is commonly recycled, or

"(C) agriculture sources, including orchard tree crops, vineyard, grain, legumes, sugar, and other crop by-products or residues.

"(4) Landfill gas.—The term 'landfill gas' means gas from the decomposition of any household solid waste, commercial solid waste, and industrial solid waste disposed of in a municipal solid waste landfill unit (as such terms are defined in regulations promulgated under subtitle D of the Solid Waste Disposal Act (42 U.S.C. 6941 et seq.)).

"(5) Poultry waste.—The term 'poultry waste' means poultry manure and litter, including wood shavings, straw, rice hulls, and other bedding material for the disposition of manure.".

(c) Special Rules.—Section 45(d) (relating to definitions and special rules) is amended by adding at the end the following new paragraphs:

"(6) Credit eligibility in the case of government-owned facilities using poultry waste.—In the case of a facility using poultry waste to produce electricity and owned by a governmental unit, the person eligible for the credit under subsection (a) is the lessor or the operator of such facility.

"(7) PROPORTIONAL CREDIT FOR FACILITY USING COAL TO CO-FIRE WITH CERTAIN BIOMASS.—In the case of a qualified facility as defined in subsection (c)(3)(C) using coal to co-fire with biomass (other than closed-loop biomass), the amount of the credit determined under subsection (a) for the taxable year shall be reduced by the percentage coal comprises (on a Btu basis) of the average fuel input of the facility for the taxable year.".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 1206. ALASKA EXEMPTION FROM DYEING REQUIREMENTS.

(a) EXCEPTION TO DYEING REQUIREMENTS FOR EXEMPT DIESEL FUEL AND KEROSENE.—Paragraph (1) of section 4082(c) (relating to exception to dyeing requirements) is amended to read as follows:

"(1) removed, entered, or sold in the State of Alaska for ultimate sale or use in such State, and".

(b) EFFECTIVE DATE.—The amendment made by this section applies with respect to fuel removed, entered, or sold on or after the date of the enactment of this Act.

SEC. 1207. EXTENSION OF EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) EXTENSION OF TERMINATION DATE.—Subsection (h) of section 198 is amended by striking "December 31, 2000" and inserting "June 30, 2004".

(b) EXPANSION OF QUALIFIED CONTAMINATED SITE.—Section 198(c) is amended to read as follows:

"(c) QUALIFIED CONTAMINATED SITE.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified contaminated site' means any area—

"(A) which is held by the taxpayer for use in a trade or business or for the production of income, or which is property described in section 1221(1) in the hands of the taxpayer, and

"(B) at or on which there has been a release (or threat of release) or disposal of any hazardous substance.

"(2) NATIONAL PRIORITIES LISTED SITES NOT INCLUDED.—Such term shall not include any site which is on, or proposed for, the national priorities list under section 105(a)(8)(B) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (as in effect on the date of the enactment of this section).

"(3) TAXPAYER MUST RECEIVE STATEMENT FROM STATE ENVIRONMENTAL AGENCY.—An area shall be treated as a qualified contaminated site with respect to expenditures paid or incurred during any taxable year only if the taxpayer receives a statement from the appropriate agency of the State in which such area is located that such area meets the requirement of paragraph (1)(B).

"(4) APPROPRIATE STATE AGENCY.—For purposes of paragraph (2), the chief executive officer of each State may, in consultation with the Administrator of the Environmental Protection Agency, designate the appropriate State environmental agency within 60 days of the date of the enactment of this section. If the chief executive officer of a State has not designated an appropriate State environmental agency within such 60-day period, the appropriate environmental agency for such State shall be designated by the Administrator of the Environmental Protection Agency.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures paid or incurred after December 31, 1999.

TITLE XIII—REVENUE OFFSETS

Subtitle A—General Provisions

SEC. 1301. MODIFICATION TO FOREIGN TAX CREDIT CARRYBACK AND CARRYOVER PERIODS.

(a) IN GENERAL.—Section 904(c) (relating to limitation on credit) is amended—

(1) by striking "in the second preceding taxable year,", and

(2) by striking "or fifth" and inserting "fifth, sixth, or seventh".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to credits arising in taxable years beginning after December 31, 1999.

SEC. 1302. RETURNS RELATING TO CANCELLATIONS OF INDEBTEDNESS BY ORGANIZATIONS LENDING MONEY.

(a) IN GENERAL.—Paragraph (2) of section 6050P(c) (relating to definitions and special rules) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", and", and by inserting after subparagraph (C) the following new subparagraph:

"(D) any organization a significant trade or business of which is the lending of money.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to discharges of indebtedness after December 31, 1999.

SEC. 1303. INCREASE IN ELECTIVE WITHHOLDING RATE FOR NONPERIODIC DISTRIBUTIONS FROM DEFERRED COMPENSATION PLANS.

(a) IN GENERAL.—Section 3405(b)(1) (relating to withholding) is amended by striking "10 percent" and inserting "15 percent".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to distributions after December 31, 2000.

SEC. 1304. EXTENSION OF INTERNAL REVENUE SERVICE USER FEES.

(a) IN GENERAL.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end the following new section:

"SEC. 7527. INTERNAL REVENUE SERVICE USER FEES.

"(a) GENERAL RULE.—The Secretary shall establish a program requiring the payment of user fees for—

"(1) requests to the Internal Revenue Service for ruling letters, opinion letters, and determination letters, and

"(2) other similar requests.

"(b) PROGRAM CRITERIA.—

"(1) IN GENERAL.—The fees charged under the program required by subsection (a)—

"(A) shall vary according to categories (or subcategories) established by the Secretary,

"(B) shall be determined after taking into account the average time for (and difficulty of) complying with requests in each category (and subcategory), and

"(C) shall be payable in advance.

"(2) EXEMPTIONS, ETC.—The Secretary shall provide for such exemptions (and reduced fees) under such program as the Secretary determines to be appropriate.

"(3) AVERAGE FEE REQUIREMENT.—The average fee charged under the program required by subsection (a) shall not be less than the amount determined under the following table:

"Category	***Average Fee***
Employee plan ruling and opinion	*$250*
Exempt organization ruling	*$350*
Employee plan determination	*$300*
Exempt organization determination	*$275*
Chief counsel ruling	*$200.*

"(c) TERMINATION.—No fee shall be imposed under this section with respect to requests made after September 30, 2009.".

(b) CONFORMING AMENDMENTS.—

(1) The table of sections for chapter 77 is amended by adding at the end the following new item:

"Sec. 7527. Internal Revenue Service user fees.".

(2) Section 10511 of the Revenue Act of 1987 is repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to requests made after the date of the enactment of this Act.

SEC. 1305. TRANSFER OF EXCESS DEFINED BENEFIT PLAN ASSETS FOR RETIREE HEALTH BENEFITS.

(a) EXTENSION.—

(1) IN GENERAL.—Paragraph (5) of section 420(b) (relating to expiration) is amended by striking "in any taxable year beginning after December 31, 2000" and inserting "made after September 30, 2009".

(2) CONFORMING AMENDMENTS.—

(A) Section 101(e)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(e)(3)) is amended by striking "1995" and inserting "2001".

(B) Section 403(c)(1) of such Act (29 U.S.C. 1103(c)(1)) is amended by striking "1995" and inserting "2001".

(C) Paragraph (13) of section 408(b) of such Act (29 U.S.C. 1108(b)(13)) is amended—

(i) by striking "in a taxable year beginning before January 1, 2001" and inserting "made before October 1, 2009", and

(ii) by striking "1995" and inserting "2001".

(b) APPLICATION OF MINIMUM COST REQUIREMENTS.—

(1) IN GENERAL.—Paragraph (3) of section 420(c) is amended to read as follows:

"(3) MINIMUM COST REQUIREMENTS.—

"(A) IN GENERAL.—The requirements of this paragraph are met if each group health plan or arrangement under which applicable health benefits are provided provides that the applicable employer cost for each taxable year during the cost maintenance period shall not be less than the higher of the applicable employer costs for each of the 2 taxable years immediately preceding the taxable year of the qualified transfer.

"(B) APPLICABLE EMPLOYER COST.—For purposes of this paragraph, the term 'applicable employer cost' means, with respect to any taxable year, the amount determined by dividing—

"(i) the qualified current retiree health liabilities of the employer for such taxable year determined—

"(I) without regard to any reduction under subsection (e)(1)(B), and

"(II) in the case of a taxable year in which there was no qualified transfer, in the same manner as if there had been such a transfer at the end of the taxable year, by

"(ii) the number of individuals to whom coverage for applicable health benefits was provided during such taxable year.

"(C) ELECTION TO COMPUTE COST SEPARATELY.—An employer may elect to have this paragraph applied separately with respect to individuals eligible for benefits under title XVIII of the Social Security Act at any time during the taxable year and with respect to individuals not so eligible.

"(D) COST MAINTENANCE PERIOD.—For purposes of this paragraph, the term 'cost maintenance period' means the period of 5 taxable years beginning with the taxable year in which the qualified transfer occurs. If a taxable year is in 2 or more overlapping cost maintenance periods, this paragraph shall be applied by taking into account the highest applicable employer cost required to be provided under subparagraph (A) for such taxable year.".

(2) CONFORMING AMENDMENTS.—

(A) Clause (iii) of section 420(b)(1)(C) is amended by striking "benefits" and inserting "cost".

(B) Subparagraph (D) of section 420(e)(1) is amended by striking "and shall not be subject to the minimum benefit requirements of subsection (c)(3)" and inserting "or in calculating applicable employer cost under subsection (c)(3)(B)".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to qualified transfers occurring after the date of the enactment of this Act.

(2) TRANSITION RULE.—If the cost maintenance period for any qualified transfer after the date of the enactment of this Act includes any portion of a benefit maintenance period for any qualified transfer on or before such date, the amendments made by subsection (b) shall not apply to such portion of the cost maintenance period (and such portion shall be treated as a benefit maintenance period).

SEC. 1306. TAX TREATMENT OF INCOME AND LOSS ON DERIVATIVES.

(a) IN GENERAL.—Section 1221 (defining capital assets) is amended—

(1) by striking "For purposes" and inserting the following:

"(a) IN GENERAL.—For purposes",

(2) by striking the period at the end of paragraph (5) and inserting a semicolon, and

(3) by adding at the end the following:

"(6) any commodities derivative financial instrument held by a commodities derivatives dealer, unless—

"(A) it is established to the satisfaction of the Secretary that such instrument has no connection to the activities of such dealer as a dealer, and

"(B) such instrument is clearly identified in such dealer's records as being described in subparagraph (A) before the close of the day on which it was acquired, originated, or entered into (or such other time as the Secretary may by regulations prescribe);

"(7) any hedging transaction which is clearly identified as such before the close of the day on which it was acquired, originated, or entered into (or such other time as the Secretary may by regulations prescribe); or

"(8) supplies of a type regularly used or consumed by the taxpayer in the ordinary course of a trade or business of the taxpayer.

"(b) DEFINITIONS AND SPECIAL RULES.—

"(1) COMMODITIES DERIVATIVE FINANCIAL INSTRUMENTS.—For purposes of subsection (a)(6)—

"(A) COMMODITIES DERIVATIVES DEALER.—The term 'commodities derivatives dealer' means a person which regularly offers to enter into, assume, offset, assign, or terminate positions in commodities derivative financial instruments with customers in the ordinary course of a trade or business.

"(B) COMMODITIES DERIVATIVE FINANCIAL INSTRUMENT.—

"(i) IN GENERAL.—The term 'commodities derivative financial instrument' means any contract or financial instrument with respect to commodities (other than a share of stock in a corporation, a beneficial interest in a partnership or trust, a note, bond, debenture, or other evidence of indebtedness, or a section 1256 contract (as defined in section 1256(b)), the value or settlement price of which is calculated by or determined by reference to a specified index.

"(ii) SPECIFIED INDEX.—The term 'specified index' means any one or more or any combination of—

"(I) a fixed rate, price, or amount, or

"(II) a variable rate, price, or amount,

which is based on any current, objectively determinable financial or economic information with respect to commodities which is not within the control of any of the parties to the contract or instrument and is not unique to any of the parties' circumstances.

"(2) HEDGING TRANSACTION.—

"(A) IN GENERAL.—For purposes of this section, the term 'hedging transaction' means any transaction entered into by the taxpayer in the normal course of the taxpayer's trade or business primarily—

"(i) to manage risk of price changes or currency fluctuations with respect to ordinary property which is held or to be held by the taxpayer,

"(ii) to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, by the taxpayer, or

"(iii) to manage such other risks as the Secretary may prescribe in regulations.

"(B) TREATMENT OF NONIDENTIFICATION OR IMPROPER IDENTIFICATION OF HEDGING TRANSACTIONS.—Notwithstanding subsection (a)(7), the Secretary shall prescribe regulations to properly characterize any income, gain, expense, or loss arising from a transaction—

"(i) which is a hedging transaction but which was not identified as such in accordance with subsection (a)(7), or

"(ii) which was so identified but is not a hedging transaction.

"(3) REGULATIONS.—The Secretary shall prescribe such regulations as are appropriate to carry out the purposes of paragraph (6) and (7) of subsection (a) in the case of transactions involving related parties.".

(b) MANAGEMENT OF RISK.—

(1) Section 475(c)(3) is amended by striking "reduces" and inserting "manages".

(2) Section 871(h)(4)(C)(iv) is amended by striking "to reduce" and inserting "to manage".

(3) Clauses (i) and (ii) of section 988(d)(2)(A) are each amended by striking "to reduce" and inserting "to manage".

(4) Paragraph (2) of section 1256(e) is amended to read as follows:

"(2) DEFINITION OF HEDGING TRANSACTION.—For purposes of this subsection, the term 'hedging transaction' means any hedging transaction (as defined in section 1221(b)(2)(A)) if, before the close of the day on which such transaction was entered into (or such earlier time as the Secretary may prescribe by regulations), the taxpayer clearly identifies such transaction as being a hedging transaction.".

(c) CONFORMING AMENDMENTS.—

(1) Each of the following sections are amended by striking "section 1221" and inserting "section 1221(a)":

(A) Section 170(e)(3)(A).

(B) Section 170(e)(4)(B).

(C) Section 367(a)(3)(B)(i).

(D) Section 818(c)(3).

(E) Section 865(i)(1).

(F) Section 1092(a)(3)(B)(ii)(II).

(G) Subparagraphs (C) and (D) of section 1231(b)(1).

(H) Section 1234(a)(3)(A).

(2) Each of the following sections are amended by striking "section 1221(1)" and inserting "section 1221(a)(1)":

(A) Section 198(c)(1)(A)(i).

(B) Section 263A(b)(2)(A).

(C) Clauses (i) and (iii) of section 267(f)(3)(B).

(D) Section 341(d)(3).

(E) Section 543(a)(1)(D)(i).

(F) Section 751(d)(1).

(G) Section 775(c).

(H) Section 856(c)(2)(D).

(I) Section 856(c)(3)(C).

(J) Section 856(e)(1).

(K) Section 856(j)(2)(B).

(L) Section 857(b)(4)(B)(i).

(M) Section 857(b)(6)(B)(iii).

(N) Section 864(c)(4)(B)(iii).

(O) Section 864(d)(3)(A).

(P) Section 864(d)(6)(A).

(Q) Section 954(c)(1)(B)(iii).

(R) Section 995(b)(1)(C).

(S) Section 1017(b)(3)(E)(i).

(T) Section 1362(d)(3)(C)(ii).

(U) Section 4662(c)(2)(C).

(V) Section 7704(c)(3).

(W) Section 7704(d)(1)(D).

(X) Section 7704(d)(1)(G).

(Y) Section 7704(d)(5).

(3) Section 818(b)(2) is amended by striking "section 1221(2)" and inserting "section 1221(a)(2)".

(4) Section 1397B(e)(2) is amended by striking "section 1221(4)" and inserting "section 1221(a)(4)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to any instrument held, acquired, or entered into, any transaction entered into, and supplies held or acquired on or after the date of enactment of this Act.

Subtitle B—Loophole Closers

SEC. 1311. LIMITATION ON USE OF NON-ACCRUAL EXPERIENCE METHOD OF ACCOUNTING.

(a) IN GENERAL.—Section 448(d)(5) (relating to special rule for services) is amended—

(1) by inserting "in fields described in paragraph (2)(A)" after "services by such person", and

(2) by inserting "CERTAIN PERSONAL" before "SERVICES" in the heading.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by the amendments made by this section to change its method of accounting for its first taxable year ending after the date of the enactment of this Act—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary of the Treasury, and

(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481 of the Internal Revenue Code of 1986 shall be taken into account over a period (not greater than 4 taxable years) beginning with such first taxable year.

SEC. 1312. LIMITATIONS ON WELFARE BENEFIT FUNDS OF 10 OR MORE EMPLOYER PLANS.

(a) BENEFITS TO WHICH EXCEPTION APPLIES.—Section 419A(f)(6)(A) (relating to exception for 10 or more employer plans) is amended to read as follows:

"(A) IN GENERAL.—This subpart shall not apply to a welfare benefit fund which is part of a 10 or more employer plan if the only benefits provided through the fund are 1 or more of the following:

"(i) Medical benefits.

"(ii) Disability benefits.

"(iii) Group term life insurance benefits which do not provide directly or indirectly for any cash surrender value or other money that can be paid, assigned, borrowed, or pledged for collateral for a loan.

The preceding sentence shall not apply to any plan which maintains experience-rating arrangements with respect to individual employers.".

(b) LIMITATION ON USE OF AMOUNTS FOR OTHER PURPOSES.—Section 4976(b) (defining disqualified benefit) is amended by adding at the end the following new paragraph:

"(5) SPECIAL RULE FOR 10 OR MORE EMPLOYER PLANS EXEMPTED FROM PREFUNDING LIMITS.—For purposes of paragraph (1)(C), if—

"(A) subpart D of part I of subchapter D of chapter 1 does not apply by reason of section 419A(f)(6) to contributions to provide 1 or more welfare benefits through a welfare benefit fund under a 10 or more employer plan, and

"(B) any portion of the welfare benefit fund attributable to such contributions is used for a purpose other than that for which the contributions were made,

then such portion shall be treated as reverting to the benefit of the employers maintaining the fund.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions paid or accrued after June 9, 1999, in taxable years ending after such date.

SEC. 1313. MODIFICATION OF INSTALLMENT METHOD AND REPEAL OF INSTALLMENT METHOD FOR ACCRUAL METHOD TAXPAYERS.

(a) REPEAL OF INSTALLMENT METHOD FOR ACCRUAL BASIS TAXPAYERS.—

(1) IN GENERAL.—Subsection (a) of section 453 (relating to installment method) is amended to read as follows:

"(a) USE OF INSTALLMENT METHOD.—

"(1) IN GENERAL.—Except as otherwise provided in this section, income from an installment sale shall be taken into account for purposes of this title under the installment method.

"(2) ACCRUAL METHOD TAXPAYER.—The installment method shall not apply to income from an installment sale if such income would be reported under an accrual method of accounting without regard to this section. The preceding sentence shall not apply to a disposition described in subparagraph (A) or (B) of subsection (l)(2).".

(2) CONFORMING AMENDMENTS.—Sections 453(d)(1), 453(i)(1), and 453(k) are each amended by striking "(a)" each place it appears and inserting "(a)(1)".

(b) MODIFICATION OF PLEDGE RULES.—Paragraph (4) of section 453A(d) (relating to pledges, etc., of installment obligations) is amended by adding at the end the following: "A payment shall be treated as directly secured by an interest in an installment obligation to the extent an arrangement allows the taxpayer to satisfy all or a portion of the indebtedness with the installment obligation.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or other dispositions occurring on or after the date of the enactment of this Act.

SEC. 1314. TREATMENT OF GAIN FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS.

(a) IN GENERAL.—Part IV of subchapter P of chapter 1 (relating to special rules for determining capital gains and losses) is amended by inserting after section 1259 the following new section:

"SEC. 1260. GAINS FROM CONSTRUCTIVE OWNERSHIP TRANSACTIONS.

"(a) IN GENERAL.—If the taxpayer has gain from a constructive ownership transaction with respect to any financial asset and such gain would (without regard to this section) be treated as a long-term capital gain—

"(1) such gain shall be treated as ordinary income to the extent that such gain exceeds the net underlying long-term capital gain, and

"(2) to the extent such gain is treated as a long-term capital gain after the application of paragraph (1), the determination of the capital gain rate (or rates) applicable to such gain under section 1(h) shall be determined on the basis of the respective rate (or rates) that would have been applicable to the net underlying long-term capital gain.

"(b) INTEREST CHARGE ON DEFERRAL OF GAIN RECOGNITION.—

"(1) IN GENERAL.—If any gain is treated as ordinary income for any taxable year by reason of subsection (a)(1), the tax imposed by this chapter for such taxable year shall be increased by the amount of interest determined under paragraph (2) with respect to each prior taxable year during any portion of which the constructive ownership transaction was open. Any amount payable under this paragraph shall be taken into account in computing the amount of any deduction allowable to the taxpayer for interest paid or accrued during such taxable year.

"(2) AMOUNT OF INTEREST.—The amount of interest determined under this paragraph with respect to a prior taxable year is the amount of interest which would have been imposed under section 6601 on the underpayment of tax for such year which would have resulted if the gain (which is treated as ordinary income by reason of subsection (a)(1)) had been included in gross income in the taxable years in which it accrued (determined by treating the income as accruing at a constant rate equal to the applicable Federal rate as in effect on the day the transaction closed). The period during which such interest shall accrue shall end on the due date (without extensions) for the return of tax imposed by this chapter for the taxable year in which such transaction closed.

"(3) APPLICABLE FEDERAL RATE.—For purposes of paragraph (2), the applicable Federal rate is the applicable Federal rate determined under 1274(d) (compounded semiannually) which would apply to a debt instrument with a term equal to the period the transaction was open.

"(4) NO CREDITS AGAINST INCREASE IN TAX.—Any increase in tax under paragraph (1) shall not be treated as tax imposed by this chapter for purposes of determining—

"(A) the amount of any credit allowable under this chapter, or

"(B) the amount of the tax imposed by section 55.

"(c) FINANCIAL ASSET.—For purposes of this section—

"(1) IN GENERAL.—The term 'financial asset' means—

"(A) any equity interest in any pass-thru entity, and

"(B) to the extent provided in regulations—

"(i) any debt instrument, and

"(ii) any stock in a corporation which is not a pass-thru entity.

"(2) PASS-THRU ENTITY.—For purposes of paragraph (1), the term 'pass-thru entity' means—

"(A) a regulated investment company,

"(B) a real estate investment trust,

"(C) an S corporation,

"(D) a partnership,

"(E) a trust,

"(F) a common trust fund,

"(G) a passive foreign investment company (as defined in section 1297 without regard to subsection (e) thereof),

"(H) a foreign personal holding company,

"(I) a foreign investment company (as defined in section 1246(b)), and

"(J) a REMIC.

"(d) CONSTRUCTIVE OWNERSHIP TRANSACTION.—For purposes of this section—

"(1) IN GENERAL.—The taxpayer shall be treated as having entered into a constructive ownership transaction with respect to any financial asset if the taxpayer—

"(A) holds a long position under a notional principal contract with respect to the financial asset,

"(B) enters into a forward or futures contract to acquire the financial asset,

"(C) is the holder of a call option, and is the grantor of a put option, with respect to the financial asset and such options have substantially equal strike prices and substantially contemporaneous maturity dates, or

"(D) to the extent provided in regulations prescribed by the Secretary, enters into 1 or more other transactions (or acquires 1 or more positions) that have substantially the same effect as a transaction described in any of the preceding subparagraphs.

"(2) EXCEPTION FOR POSITIONS WHICH ARE MARKED TO MARKET.—This section shall not apply to any constructive ownership transaction if all of the positions which are part of such transaction are marked to market under any provision of this title or the regulations thereunder.

"(3) LONG POSITION UNDER NOTIONAL PRINCIPAL CONTRACT.—A person shall be treated as holding a long position under a notional principal contract with respect to any financial asset if such person—

"(A) has the right to be paid (or receive credit for) all or substantially all of the investment yield (including appreciation) on such financial asset for a specified period, and

"(B) is obligated to reimburse (or provide credit for) all or substantially all of any decline in the value of such financial asset.

"(4) FORWARD CONTRACT.—The term 'forward contract' means any contract to acquire in the future (or provide or receive credit for the future value of) any financial asset.

"(e) NET UNDERLYING LONG-TERM CAPITAL GAIN.—For purposes of this section, in the case of any constructive ownership transaction with respect to any financial asset, the term 'net underlying long-term capital gain' means the aggregate net capital gain that the taxpayer would have had if—

"(1) the financial asset had been acquired for fair market value on the date such transaction was opened and sold for fair market value on the date such transaction was closed, and

"(2) only gains and losses that would have resulted from the deemed ownership under paragraph (1) were taken into account.

The amount of the net underlying long-term capital gain with respect to any financial asset shall be treated as zero unless the amount thereof is established by clear and convincing evidence.

"(f) SPECIAL RULE WHERE TAXPAYER TAKES DELIVERY.—Except as provided in regulations prescribed by the Secretary, if a constructive ownership transaction is closed by reason of taking delivery, this section shall be applied as if the taxpayer had sold all the contracts, options, or other positions which are part of such transaction for fair market value on the closing date. The amount of gain recognized under the preceding sentence shall not exceed the amount of gain treated as ordinary income under subsection (a). Proper adjustments shall be made in the amount of any gain or loss subsequently realized for gain recognized and treated as ordinary income under this subsection.

"(g) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations—

"(1) to permit taxpayers to mark to market constructive ownership transactions in lieu of applying this section, and

"(2) to exclude certain forward contracts which do not convey substantially all of the economic return with respect to a financial asset.".

(b) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 is amended by adding at the end the following new item:

"Sec. 1260. Gains from constructive ownership transactions.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after July 11, 1999.

SEC. 1315. CHARITABLE SPLIT-DOLLAR LIFE INSURANCE, ANNUITY, AND ENDOWMENT CONTRACTS.

(a) IN GENERAL.—Subsection (f) of section 170 (relating to disallowance of deduction in certain cases and special rules), as amended by section 807, is amended by adding at the end the following new paragraph:

"(11) SPLIT-DOLLAR LIFE INSURANCE, ANNUITY, AND ENDOWMENT CONTRACTS.—

"(A) IN GENERAL.—Nothing in this section or in section 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 shall be construed to allow a deduction, and no deduction shall be allowed, for any transfer to or for the use of an organization described in subsection (c) if in connection with such transfer—

"(i) the organization directly or indirectly pays, or has previously paid, any premium on any personal benefit contract with respect to the transferor, or

"(ii) there is an understanding or expectation that any person will directly or indirectly pay any premium on any personal benefit contract with respect to the transferor.

"(B) PERSONAL BENEFIT CONTRACT.—For purposes of subparagraph (A), the term 'personal benefit contract' means, with respect to the transferor, any life insurance, annuity, or endowment contract if any direct or indirect beneficiary under such contract is the transferor, any member of the transferor's family, or any other person (other than an organization described in subsection (c)) designated by the transferor.

"(C) APPLICATION TO CHARITABLE REMAINDER TRUSTS.—In the case of a transfer to a trust referred to in subparagraph (E), references in subparagraphs (A) and (F) to an organization described in subsection (c) shall be treated as a reference to such trust.

"(D) EXCEPTION FOR CERTAIN ANNUITY CONTRACTS.—If, in connection with a transfer to or for the use of an organization described in subsection (c), such organization incurs an obligation to pay a charitable gift annuity (as defined in section 501(m)) and such organization purchases any annuity contract to fund such obligation, persons receiving payments under the charitable gift annuity shall not be treated for purposes of subparagraph (B) as indirect beneficiaries under such contract if—

"(i) such organization possesses all of the incidents of ownership under such contract,

"(ii) such organization is entitled to all the payments under such contract, and

"(iii) the timing and amount of payments under such contract are substantially the same as the timing and amount of payments to each such person under such obligation (as such obligation is in effect at the time of such transfer).

"(E) EXCEPTION FOR CERTAIN CONTRACTS HELD BY CHARITABLE REMAINDER TRUSTS.—A person shall not be treated for purposes of subparagraph (B) as an indirect beneficiary under any life insurance, annuity, or endowment contract held by a charitable remainder annuity trust or a charitable remainder unitrust (as defined in section 664(d)) solely by reason of being entitled to any payment referred to in paragraph (1)(A) or (2)(A) of section 664(d) if—

"(i) such trust possesses all of the incidents of ownership under such contract, and

"(ii) such trust is entitled to all the payments under such contract.

"(F) EXCISE TAX ON PREMIUMS PAID.—

"(i) IN GENERAL.—There is hereby imposed on any organization described in subsection (c) an excise tax equal to the premiums paid by such organization on any life insurance, annuity, or endowment contract if the payment of premiums on such contract is in connection with a transfer for which a deduction is not allowable under subparagraph (A), determined without regard to when such transfer is made.

"(ii) PAYMENTS BY OTHER PERSONS.—For purposes of clause (i), payments made by any other person pursuant to an understanding or expectation referred to in subparagraph (A) shall be treated as made by the organization.

"(iii) REPORTING.—Any organization on which tax is imposed by clause (i) with respect to any premium shall file an annual return which includes—

"(I) the amount of such premium paid during the year and the name and TIN of each beneficiary under the contract to which the premium relates, and

"(II) such other information as the Secretary may require.

The penalties applicable to returns required under section 6033 shall apply to returns required under this clause. Returns required under this clause shall be furnished at such time and in such manner as the Secretary shall by forms or regulations require.

"(iv) CERTAIN RULES TO APPLY.—The tax imposed by this subparagraph shall be treated as imposed by chapter 42 for purposes of this title other than subchapter B of chapter 42.

"(G) SPECIAL RULE WHERE STATE REQUIRES SPECIFICATION OF CHARITABLE GIFT ANNUITANT IN CONTRACT.—In the case of an obligation to pay a charitable gift annuity referred to in subparagraph (D) which is entered into under the laws of a State which requires, in order for the charitable gift annuity to be exempt from insurance regulation by such State, that each beneficiary under the charitable gift annuity be named as a beneficiary under an annuity contract issued by an insurance company authorized to transact business in such State, the requirements of clauses (i) and (ii) of subparagraph (D) shall be treated as met if—

"(i) such State law requirement was in effect on February 8, 1999,

"(ii) each such beneficiary under the charitable gift annuity is a bona fide resident of such State at the time the obligation to pay a charitable gift annuity is entered into, and

"(iii) the only persons entitled to payments under such contract are persons entitled to payments as beneficiaries under such obligation on the date such obligation is entered into.

"(H) MEMBER OF FAMILY.—For purposes of this paragraph, an individual's family consists of the individual's grandparents, the grandparents of such individual's spouse, the lineal descendants of such grandparents, and any spouse of such a lineal descendant.

"(I) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph, including regulations to prevent the avoidance of such purposes.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this section, the amendment made by this section shall apply to transfers made after February 8, 1999.

(2) EXCISE TAX.—Except as provided in paragraph (3) of this subsection, section 170(f)(11)(F) of the Internal Revenue Code of 1986 (as added by this section) shall apply to premiums paid after the date of the enactment of this Act.

(3) REPORTING.—Clause (iii) of such section 170(f)(11)(F) shall apply to premiums paid after February 8, 1999 (determined as if the tax imposed by such section applies to premiums paid after such date).

SEC. 1316. RESTRICTION ON USE OF REAL ESTATE INVESTMENT TRUSTS TO AVOID ESTIMATED TAX PAYMENT REQUIREMENTS.

(a) IN GENERAL.—Subsection (e) of section 6655 (relating to estimated tax by corporations) is amended by adding at the end the following new paragraph:

"(5) TREATMENT OF CERTAIN REIT DIVIDENDS.—

"(A) IN GENERAL.—Any dividend received from a closely held real estate investment trust by any person which owns (after application of subsections (d)(5) and (l)(3)(B) of section 856) 10 percent or more (by vote or value) of the stock or beneficial interests in the trust shall be taken into account in computing annualized income installments under paragraph (2) in a manner similar to the manner under which partnership income inclusions are taken into account.

"(B) CLOSELY HELD REIT.—For purposes of subparagraph (A), the term 'closely held real estate investment trust' means a real estate investment trust with respect to which 5 or fewer persons own (after application of subsections (d)(5) and (l)(3)(B) of section 856) 50 percent or more (by vote or value) of the stock or beneficial interests in the trust.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to estimated tax payments due on or after September 15, 1999.

SEC. 1317. PROHIBITED ALLOCATIONS OF S CORPORATION STOCK HELD BY AN ESOP.

(a) IN GENERAL.—Section 409 (relating to qualifications for tax credit employee stock ownership plans) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

"(p) PROHIBITED ALLOCATION OF SECURITIES IN AN S CORPORATION.—

"(1) IN GENERAL.—An employee stock ownership plan holding employer securities consisting of stock in an S corporation shall provide that no portion of the assets of the plan attributable to (or allocable in lieu of) such employer securities may, during a nonallocation year, accrue (or be allocated directly or indirectly under any plan of the employer meeting the requirements of section 401(a)) for the benefit of any disqualified individual.

"(2) FAILURE TO MEET REQUIREMENTS.—If a plan fails to meet the requirements of paragraph (1)—

"(A) the plan shall be treated as having distributed to any disqualified individual the amount allocated to the account of such individual in violation of paragraph (1) at the time of such allocation,

"(B) the provisions of section 4979A shall apply, and

"(C) the statutory period for the assessment of any tax imposed by section 4979A shall not expire before the date which is 3 years from the later of—

"(i) the allocation of employer securities resulting in the failure under paragraph (1) giving rise to such tax, or

"(ii) the date on which the Secretary is notified of such failure.

"(3) NONALLOCATION YEAR.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'nonallocation year' means any plan year of an employee stock ownership plan if, at any time during such plan year—

"(i) such plan holds employer securities consisting of stock in an S corporation, and

"(ii) disqualified individuals own at least 50 percent of the number of outstanding shares of stock in such S corporation.

"(B) ATTRIBUTION RULES.—For purposes of subparagraph (A)—

"(i) IN GENERAL.—The rules of section 318(a) shall apply for purposes of determining ownership, except that—

"(I) in applying paragraph (1) thereof, the members of an individual's family shall include members of the family described in paragraph (4)(D), and

"(II) paragraph (4) thereof shall not apply.

"(ii) DEEMED-OWNED SHARES.—Notwithstanding the employee trust exception in section 318(a)(2)(B)(i), disqualified individuals shall be treated as owning deemed-owned shares.

"(4) DISQUALIFIED INDIVIDUAL.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'disqualified individual' means any individual who is a participant or beneficiary under the employee stock ownership plan if—

"(i) the aggregate number of deemed-owned shares of such individual and the members of the individual's family is at least 20 percent of the number of outstanding shares of stock in the S corporation constituting employer securities of such plan, or

"(ii) if such individual is not described in clause (i), the number of deemed-owned shares of such individual is at least 10 percent of the number of outstanding shares of stock in such corporation.

"(B) TREATMENT OF FAMILY MEMBERS.—In the case of a disqualified individual described in subparagraph (A)(i), any member of the individual's family with deemed-owned shares shall be treated as a disqualified individual if not otherwise a disqualified individual under subparagraph (A).

"(C) DEEMED-OWNED SHARES.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'deemed-owned shares' means, with respect to any participant or beneficiary under the employee stock ownership plan—

"(I) the stock in the S corporation constituting employer securities of such plan which is allocated to such participant or beneficiary under the plan, and

"(II) such participant's or beneficiary's share of the stock in such corporation which is held by such trust but which is not allocated under the plan to employees.

"(ii) INDIVIDUAL'S SHARE OF UNALLOCATED STOCK.—For purposes of clause (i)(II), an individual's share of unallocated S corporation stock held by the trust is the amount of the unallocated stock which would be allocated to such individual if the unallocated stock were allocated to individuals in the same proportions as the most recent stock allocation under the plan.

"(D) MEMBER OF FAMILY.—For purposes of this paragraph, the term 'member of the family' means, with respect to any individual—

"(i) the spouse of the individual,

"(ii) an ancestor or lineal descendant of the individual or the individual's spouse,

"(iii) a brother or sister of the individual or the individual's spouse and any lineal descendant of the brother or sister, and

"(iv) the spouse of any person described in clause (ii) or (iii).

"(5) DEFINITIONS.—For purposes of this subsection—

"(A) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' has the meaning given such term by section 4975(e)(7).

"(B) EMPLOYER SECURITIES.—The term 'employer security' has the meaning given such term by section 409(l).

"(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations providing for the treatment of any stock option, restricted stock, stock appreciation right, phantom stock unit, performance unit, or similar instrument granted by an S corporation as stock or not stock.".

(b) EXCISE TAX.—

(1) IN GENERAL.—Section 4979A(b) (defining prohibited allocation) is amended by striking "and" at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting ", and", and by adding at the end the following new paragraph:

"(3) any allocation of employer securities which violates the provisions of section 409(p).".

(2) LIABILITY.—Section 4979A(c) (defining liability for tax) is amended by adding at the end the following new sentence: "In the case of a prohibited allocation described in subsection (b)(3), such tax shall be paid by the S corporation the stock in which was allocated in violation of section 409(p).".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

(2) EXCEPTION FOR CERTAIN PLANS.—In the case of any—

(A) employee stock ownership plan established after July 14, 1999, or

(B) employee stock ownership plan established on or before such date if employer securities held by the plan consist of stock in a corporation with respect to which an election under section 1362(a) of the Internal Revenue Code of 1986 is not in effect on such date,

the amendments made by this section shall apply to plan years ending after July 14, 1999.

SEC. 1318. MODIFICATION OF ANTI-ABUSE RULES RELATED TO ASSUMPTION OF LIABILITY.

(a) IN GENERAL.—Section 357(b)(1) (relating to tax avoidance purpose) is amended—

(1) by striking "the principal purpose" and inserting "a principal purpose", and

(2) by striking "on the exchange" in subparagraph (A).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to assumptions of liability after July 14, 1999.

SEC. 1319. ALLOCATION OF BASIS ON TRANSFERS OF INTANGIBLES IN CERTAIN NONRECOGNITION TRANSACTIONS.

(a) TRANSFERS TO CORPORATIONS.—Section 351 (relating to transfer to corporation controlled by transferor) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) TREATMENT OF TRANSFERS OF INTANGIBLE PROPERTY.—

"(1) TRANSFERS OF LESS THAN ALL SUBSTANTIAL RIGHTS.

"(A) IN GENERAL.—A transfer of an interest in intangible property (as defined in section 936(h)(3)(B)) shall be treated under this section as a transfer of property even if the transfer is of less than all of the substantial rights of the transferor in the property.

"(B) ALLOCATION OF BASIS.—In the case of a transfer of less than all of the substantial rights of the transferor in the intangible property, the transferor's basis immediately before the transfer shall be allocated among the rights retained by the transferor and the rights transferred on the basis of their respective fair market values.

"(2) NONRECOGNITION NOT TO APPLY TO INTANGIBLE PROPERTY DEVELOPED FOR TRANSFEREE.—This section shall not apply to a transfer of intangible property developed by the transferor or any related person if such development was pursuant to an arrangement with the transferee.".

(b) TRANSFERS TO PARTNERSHIPS.—Subsection (d) of section 721 is amended to read as follows:

"(d) TRANSFERS OF INTANGIBLE PROPERTY.—

"(1) IN GENERAL.—Rules similar to the rules of section 351(h) shall apply for purposes of this section.

"(2) TRANSFERS TO FOREIGN PARTNERSHIPS.—For regulatory authority to treat intangibles transferred to a partnership as sold, see section 367(d)(3).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers on or after the date of the enactment of this Act.

SEC. 1320. CONTROLLED ENTITIES INELIGIBLE FOR REIT STATUS.

(a) IN GENERAL.—Subsection (a) of section 856 (relating to definition of real estate investment trust) is amended by striking "and" at the end of paragraph (6), by redesignating paragraph (7) as paragraph (8), and by inserting after paragraph (6) the following new paragraph:

"(7) which is not a controlled entity (as defined in subsection (l)); and".

(b) CONTROLLED ENTITY.—Section 856 is amended by adding at the end the following new subsection:

"(l) CONTROLLED ENTITY.—

"(1) IN GENERAL.—For purposes of subsection (a)(7), an entity is a controlled entity if, at any time during the taxable year, one person (other than a qualified entity)—

"(A) in the case of a corporation, owns stock—

"(i) possessing at least 50 percent of the total voting power of the stock of such corporation, or

"(ii) having a value equal to at least 50 percent of the total value of the stock of such corporation, or

"(B) in the case of a trust, owns beneficial interests in the trust which would meet the requirements of subparagraph (A) if such interests were stock.

"(2) QUALIFIED ENTITY.—For purposes of paragraph (1), the term 'qualified entity' means—

"(A) any real estate investment trust, and

"(B) any partnership in which one real estate investment trust owns at least 50 percent of the capital and profits interests in the partnership.

"(3) ATTRIBUTION RULES.—For purposes of this paragraphs (1) and (2)—

"(A) IN GENERAL.—Rules similar to the rules of subsections (d)(5) and (h)(3) shall apply.

"(B) STAPLED ENTITIES.—A group of entities which are stapled entities (as defined in section 269B(c)(2)) shall be treated as 1 person.

"(4) EXCEPTION FOR CERTAIN NEW REITS.—

"(A) IN GENERAL.—The term 'controlled entity' shall not include an incubator REIT.

"(B) INCUBATOR REIT.—A corporation shall be treated as an incubator REIT for any taxable year during the eligibility period if it meets all the following requirements for such year:

"(i) The corporation elects to be treated as an incubator REIT.

"(ii) The corporation has only voting common stock outstanding.

"(iii) Not more than 50 percent of the corporation's real estate assets consist of mortgages.

"(iv) From not later than the beginning of the last half of the second taxable year, at least 10 percent of the corporation's capital is provided by lenders or equity investors who are unrelated to the corporation's largest shareholder.

"(v) The corporation annually increases the value of its real estate assets by at least 10 percent.

"(vi) The directors of the corporation adopt a resolution setting forth an intent to engage in a going public transaction.

No election may be made with respect to any REIT if an election under this subsection was in effect for any predecessor of such REIT.

"(C) ELIGIBILITY PERIOD.—

"(i) IN GENERAL.—The eligibility period (for which an incubator REIT election can be made) begins with the REIT's second taxable year and ends at the close of the REIT's third taxable year, except that the REIT may, subject to clauses (ii), (iii), and (iv), elect to extend such period for an additional 2 taxable years.

"(ii) GOING PUBLIC TRANSACTION.—A REIT may not elect to extend the eligibility period under clause (i) unless it enters into an agreement with the Secretary that if it does not engage in a going public transaction by the end of the extended eligibility period, it shall pay Federal income taxes for the 2 years of the extended eligibility period as if it had not made an incubator REIT election and had ceased to qualify as a REIT for those 2 taxable years.

"(iii) RETURNS, INTEREST, AND NOTICE.—

"(I) RETURNS.—In the event the corporation ceases to be treated as a REIT by operation of clause (ii), the corporation shall file any appropriate amended returns reflecting the change in status within 3 months of the close of the extended eligibility period.

"(II) INTEREST.—Interest shall be payable on any tax imposed by reason of clause (ii) for any *taxable year but, unless there was a finding under subparagraph (D), no substantial underpayment penalties shall be imposed.*

"(III) NOTICE.—The corporation shall, at the same time it files its returns under subclause (I), notify its shareholders and any other persons whose tax position is, or may reasonably be expected to be, affected by the change in status so they also may file any appropriate amended returns to conform their tax treatment consistent with the corporation's loss of REIT status.

"(IV) REGULATIONS.—The Secretary shall provide appropriate regulations setting forth transferee liability and other provisions to ensure collection of tax and the proper administration of this provision.

"(iv) Clauses (ii) and (iii) shall not apply if the corporation allows its incubator REIT status to lapse at the end of the initial 2-year eligibility period without engaging in a going public transaction if the corporation is not a controlled entity as of the beginning of its fourth taxable year. In such a case, the corporation's directors may still be liable for the penalties described in subparagraph (D) during the eligibility period.

"(D) SPECIAL PENALTIES.—If the Secretary determines that an incubator REIT election was filed for a principal purpose other than as part of a reasonable plan to undertake a going public transaction, an excise tax of $20,000 shall be imposed on each of the corporation's directors for each taxable year for which an election was in effect.

"(E) GOING PUBLIC TRANSACTION.—For purposes of this paragraph, a going public transaction means—

"(i) a public offering of shares of the stock of the incubator REIT;

"(ii) a transaction, or series of transactions, that results in the stock of the incubator REIT being regularly traded on an established securities market and that results in at least 50 percent of such stock being held by shareholders who are unrelated to persons who held such stock before it began to be so regularly traded; or

"(iii) any transaction resulting in ownership of the REIT by 200 or more persons (excluding the largest single shareholder) who in the aggregate own at least 50 percent of the stock of the REIT.

For the purposes of this subparagraph, the rules of paragraph (3) shall apply in determining the ownership of stock.

"(F) DEFINITIONS.—The term 'established securities market' shall have the meaning set forth in the regulations under section 897.".

(c) CONFORMING AMENDMENT.—Paragraph (2) of section 856(h) is amended by striking "and (6)" each place it appears and inserting ", (6), and (7)".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after July 14, 1999.

(2) EXCEPTION FOR EXISTING CONTROLLED ENTITIES.—The amendments made by this section shall not apply to any entity which is a controlled entity (as defined in section 856(l) of the Internal Revenue Code of 1986, as added by this section) as of July 14, 1999, which is a real estate investment trust for the taxable year which includes such date, and which has significant business assets or activities as of such date. For purposes of the preceding sentence, an entity shall be treated as such a controlled entity on July 14, 1999, if it becomes such an entity after such date in a transaction—

(A) made pursuant to a written agreement which was binding on such date and at all times thereafter, or

(B) described on or before such date in a filing with the Securities and Exchange Commission required solely by reason of the transaction.

SEC. 1321. DISTRIBUTIONS TO A CORPORATE PARTNER OF STOCK IN ANOTHER CORPORATION.

(a) IN GENERAL.—Section 732 (relating to basis of distributed property other than money) is amended by adding at the end the following new subsection:

"(f) CORRESPONDING ADJUSTMENT TO BASIS OF ASSETS OF A DISTRIBUTED CORPORATION CONTROLLED BY A CORPORATE PARTNER.—

"(1) IN GENERAL.—If—

"(A) a corporation (hereafter in this subsection referred to as the 'corporate partner') receives a distribution from a partnership of stock in another corporation (hereafter in this subsection referred to as the 'distributed corporation'),

"(B) the corporate partner has control of the distributed corporation immediately after the distribution or at any time thereafter, and

"(C) the partnership's adjusted basis in such stock immediately before the distribution exceeded the corporate partner's adjusted basis in such stock immediately after the distribution,

then an amount equal to such excess shall be applied to reduce (in accordance with subsection (c)) the basis of property held by the distributed corporation at such time (or, if the corporate partner does not control the distributed corporation at such time, at the time the corporate partner first has such control).

"(2) EXCEPTION FOR CERTAIN DISTRIBUTIONS BEFORE CONTROL ACQUIRED.—Paragraph (1) shall not apply to any distribution of stock in the distributed corporation if—

"(A) the corporate partner does not have control of such corporation immediately after such distribution, and

"(B) the corporate partner establishes to the satisfaction of the Secretary that such distribution was not part of a plan or arrangement to acquire control of the distributed corporation.

"(3) LIMITATIONS ON BASIS REDUCTION.—

"(A) IN GENERAL.—The amount of the reduction under paragraph (1) shall not exceed the amount by which the sum of the aggregate adjusted bases of the property and the amount of money of the distributed corporation exceeds the corporate partner's adjusted basis in the stock of the distributed corporation.

"(B) REDUCTION NOT TO EXCEED ADJUSTED BASIS OF PROPERTY.—No reduction under paragraph (1) in the basis of any property shall exceed the adjusted basis of such property (determined without regard to such reduction).

"(4) GAIN RECOGNITION WHERE REDUCTION LIMITED.—If the amount of any reduction under paragraph (1) (determined after the application of paragraph (3)(A)) exceeds the aggregate adjusted bases of the property of the distributed corporation—

"(A) such excess shall be recognized by the corporate partner as long-term capital gain, and

"(B) the corporate partner's adjusted basis in the stock of the distributed corporation shall be increased by such excess.

"(5) CONTROL.—For purposes of this subsection, the term 'control' means ownership of stock meeting the requirements of section 1504(a)(2).

"(6) INDIRECT DISTRIBUTIONS.—For purposes of paragraph (1), if a corporation acquires (other than in a distribution from a partnership) stock the basis of which is determined in whole or in part by reference to subsection (a)(2) or (b), the corporation shall be treated as receiving a distribution of such stock from a partnership.

"(7) SPECIAL RULE FOR STOCK IN CONTROLLED CORPORATION.—If the property held by a distributed corporation is stock in a corporation which the distributed corporation controls, this subsection shall be applied to reduce the basis of the property of such controlled corporation. This subsection shall be reapplied to any property of any controlled corporation which is stock in a corporation which it controls.

"(8) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations to avoid double counting and to prevent the abuse of such purposes.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made after July 14, 1999.

TITLE XIV—TECHNICAL CORRECTIONS

SEC. 1401. AMENDMENTS RELATED TO TAX AND TRADE RELIEF EXTENSION ACT OF 1998.

(a) AMENDMENT RELATED TO SECTION 1004(b) OF THE ACT.—Subsection (d) of section 6104 is amended by adding at the end the following new paragraph:

"(6) APPLICATION TO NONEXEMPT CHARITABLE TRUSTS AND NONEXEMPT PRIVATE FOUNDATIONS.—The organizations referred to in paragraphs (1) and (2) of section 6033(d) shall comply with the requirements of this subsection relating to annual returns filed under section 6033 in the same manner as the organizations referred to in paragraph (1).".

(b) AMENDMENT RELATED TO SECTION 4003 OF THE ACT.—Subsection (b) of section 4003 of the Tax and Trade Relief Extension Act of 1998 is amended by inserting "(7)(A)(i)(II)," after "(5)(A)(ii)(I),".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Tax and Trade Relief Extension Act of 1998 to which they relate.

SEC. 1402. AMENDMENTS RELATED TO INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998.

(a) AMENDMENT RELATED TO 1103 OF THE ACT.—Paragraph (6) of section 6103(k) is amended—

(1) by inserting "and an officer or employee of the Office of Treasury Inspector General for Tax Administration" after "internal revenue officer or employee", and

(2) by striking "INTERNAL REVENUE" in the heading and inserting "CERTAIN".

(b) AMENDMENT RELATED TO SECTION 3509 OF THE ACT.—Subparagraph (A) of section 6110(g)(5) is amended by inserting ", any Chief Counsel advice," after "technical advice memorandum".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Internal Revenue Service Restructuring and Reform Act of 1998 to which they relate.

SEC. 1403. AMENDMENTS RELATED TO TAXPAYER RELIEF ACT OF 1997.

(a) AMENDMENT RELATED TO SECTION 302 OF THE ACT.—The last sentence of section 3405(e)(1)(B) is amended by inserting "(other than a Roth IRA)" after "individual retirement plan".

(b) AMENDMENTS RELATED TO SECTION 1072 OF THE ACT.—

(1) Clause (ii) of section 415(c)(3)(D) and subparagraph (B) of section 403(b)(3) are each amended by striking "section 125 or" and inserting "section 125, 132(f)(4), or".

(2) Paragraph (2) of section 414(s) is amended by striking "section 125, 402(e)(3)" and inserting "section 125, 132(f)(4), 402(e)(3)".

(c) AMENDMENT RELATED TO SECTION 1454 OF THE ACT.—Subsection (a) of section 7436 is amended by inserting before the period at the end of the first sentence "and the proper amount of employment tax under such determination".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Taxpayer Relief of 1997 to which they relate.

SEC. 1404. OTHER TECHNICAL CORRECTIONS.

(a) AFFILIATED CORPORATIONS IN CONTEXT OF WORTHLESS SECURITIES.—

(1) Subparagraph (A) of section 165(g)(3) is amended to read as follows:

"(A) the taxpayer owns directly stock in such corporation meeting the requirements of section 1504(a)(2), and".

(2) Paragraph (3) of section 165(g) is amended by striking the last sentence.

(3) The amendments made by this subsection shall apply to taxable years beginning after December 31, 1984.

(b) REFERENCE TO CERTAIN STATE PLANS.—

(1) Subparagraph (B) of section 51(d)(2) is amended—

(A) by striking "plan approved" and inserting "program funded", and

(B) by striking "(relating to assistance for needy families with minor children)".

(2) The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 1201 of the Small Business Job Protection Act of 1996.

(c) AMOUNT OF IRA CONTRIBUTION OF LESSER EARNING SPOUSE.—

(1) Clause (ii) of section 219(c)(1)(B) is amended by striking "and" at the end of subclause (I), by redesignating subclause (II) as subclause (III), and by inserting after subclause (I) the following new subclause:

"(II) the amount of any designated nondeductible contribution (as defined in section 408(o)) on behalf of such spouse for such taxable year, and".

(2) The amendment made by paragraph (1) shall take effect as if included in section 1427 of the Small Business Job Protection Act of 1996.

(d) MODIFIED ENDOWMENT CONTRACTS.—

(1) Paragraph (2) of section 7702A(a) is amended by inserting "or this paragraph" before the period.

(2) Clause (ii) of section 7702A(c)(3)(A) is amended by striking "under the contract" and inserting "under the old contract".

(3) The amendments made by this subsection shall take effect as if included in the amendments made by section 5012 of the Technical and Miscellaneous Revenue Act of 1988.

(e) LUMP-SUM DISTRIBUTIONS.—

(1) Clause (ii) of section 401(k)(10)(B) is amended by adding at the end the following new sentence: "Such term includes a distribution of an annuity contract from—

"(I) a trust which forms a part of a plan described in section 401(a) and which is exempt from tax under section 501(a), or

"(II) an annuity plan described in section 403(a).".

(2) The amendment made by paragraph (1) shall take effect as if included in section 1401 of the Small Business Job Protection Act of 1996.

(f) TENTATIVE CARRYBACK ADJUSTMENTS OF LOSSES FROM SECTION 1256 CONTRACTS.—

(1) Subsection (a) of section 6411 is amended by striking "section 1212(a)(1)" and inserting "subsection (a)(1) or (c) of section 1212".

(2) The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 504 of the Economic Recovery Tax Act of 1981.

SEC. 1405. CLERICAL CHANGES.

(1) Subsection (f) of section 67 is amended by striking "the last sentence" and inserting "the second sentence".

(2) The heading for paragraph (5) of section 408(d) is amended to read as follows:

"(5) DISTRIBUTIONS OF EXCESS CONTRIBUTIONS AFTER DUE DATE FOR TAXABLE YEAR AND CERTAIN EXCESS ROLLOVER CONTRIBUTIONS.—".

(3) The heading for subparagraph (B) of section 529(e)(3) is amended by striking "UNDER GUARANTEED PLANS".

(4)(A) Subsection (e) of section 678 is amended by striking "an electing small business corporation" and inserting "an S corporation".

(B) Clause (v) of section 6103(e)(1)(D) is amended to read as follows:

"(v) if the corporation was an S corporation, any person who was a shareholder during any part of the period covered by such return during which an election under section 1362(a) was in effect, or".

(5) Subparagraph (B) of section 995(b)(3) is amended by striking "the Military Security Act of 1954 (22 U.S.C. 1934)" and inserting "section 38 of the International Security Assistance and Arms Export Control Act of 1976 (22 U.S.C. 2778)".

(6) Subparagraph (B) of section 4946(c)(3) is amended by striking "the lowest rate of compensation prescribed for GS–16 of the General Schedule under section 5332" and inserting "the lowest rate of basic pay for the Senior Executive Service under section 5382".

SEC. 1406. TECHNICAL CORRECTIONS TO SAVER ACT.

Section 517 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1147) is amended—

(1) in subsection (a), by striking "2001 and 2005 on or after September 1 of each year involved" and inserting "2001, 2005, and 2009 in the month of September of each year involved";

(2) in subsection (b), by adding at the end the following new sentence: "To effectuate the purposes of this paragraph, the Secretary may enter into a cooperative agreement, pursuant to the Federal Grant and Cooperative Agreement Act of 1977 (31 U.S.C. 6301 et seq.), with the American Savings Education Council.";

(3) in subsection (e)(2)—

(A) by striking "Committee on Labor and Human Resources" in subparagraph (B) and inserting "Committee on Health, Education, Labor, and Pensions";

(B) by striking subparagraph (D) and inserting the following:

"(D) the Chairman and Ranking Member of the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations of the House of Representatives and the Chairman and Ranking Member of the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations of the Senate;";

(C) by redesignating subparagraph (G) as subparagraph (J); and

(D) by inserting after subparagraph (F) the following new subparagraphs:

"(G) the Chairman and Ranking Member of the Committee on Finance of the Senate;

"(H) the Chairman and Ranking Member of the Committee on Ways and Means of the House of Representatives;

"(I) the Chairman and Ranking Member of the Subcommittee on Employer-Employee Relations of the Committee on Education and the Workforce of the House of Representatives; and";

(4) in subsection (e)(3)(A)—

(A) by striking "There shall be no more than 200 additional participants." and inserting "The participants in the National Summit shall also include additional participants appointed under this subparagraph.";

(B) by striking "one-half shall be appointed by the President," in clause (i) and inserting "not more than 100 participants shall be appointed under this clause by the President,", and by striking "and" at the end of clause (i);

(C) by striking "one-half shall be appointed by the elected leaders of Congress" in clause (ii) and inserting "not more than 100 participants shall be appointed under this clause by the elected leaders of Congress", and by striking the period at the end of clause (ii) and inserting "; and"; and

(D) by adding at the end the following new clause:

"(iii) The President, in consultation with the elected leaders of Congress referred to in subsection (a), may appoint under this clause additional participants to the National Summit. The number of such additional participants appointed under this clause may not exceed the lesser of 3 percent of the total number of all additional participants appointed under this paragraph, or 10. Such additional participants shall be appointed from persons nominated by the organization referred to in subsection (b)(2) which is made up of private sector businesses and associations partnered with Government entities to promote long term financial security in retirement through savings and with which the Secretary is required thereunder to consult and cooperate and shall not be Federal, State, or local government employees.";

(5) in subsection (e)(3)(B), by striking "January 31, 1998" in subparagraph (B) and inserting "May 1, 2001, May 1, 2005, and May 1, 2009, for each of the subsequent summits, respectively";

(6) in subsection (f)(1)(C), by inserting ", no later than 90 days prior to the date of the commencement of the National Summit," after "comment" in paragraph (1)(C);

(7) in subsection (g), by inserting ", in consultation with the congressional leaders specified in subsection (e)(2)," after "report";

(8) in subsection (i)—

(A) by striking "beginning on or after October 1, 1997" in paragraph (1) and inserting "2001, 2005, and 2009"; and

(B) by adding at the end the following new paragraph:

"(3) RECEPTION AND REPRESENTATION AUTHORITY.—The Secretary is hereby granted reception and representation authority limited specifically to the events at the National Summit. The Secretary shall use any private contributions received in connection with the National Summit prior to using funds appropriated for purposes of the National Summit pursuant to this paragraph."; and

(9) in subsection (k)—

(A) by striking "shall enter into a contract on a sole-source basis" and inserting "may enter into a contract on a sole-source basis"; and

(B) by striking "fiscal year 1998" and inserting "fiscal years 2001, 2005, and 2009".

TITLE XV—COMPLIANCE WITH CONGRESSIONAL BUDGET ACT

SEC. 1501. SUNSET OF PROVISIONS OF ACT.

All provisions of, and amendments made by, this Act which are in effect on September 30, 2009, shall cease to apply as of the close of September 30, 2009.

CHEMICAL SAFETY INFORMATION, SITE SECURITY AND FUELS REGULATORY RELIEF ACT

Mr. LUGAR. Mr. President, I ask the Chair lay before the Senate a message from the House of Representatives on the bill (S. 880) to amend the Clean Air Act to remove flammable fuels from the list of substances with respect to which reporting and other activities are required under the risk management plan program.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 880) entitled "An Act to amend the Clean Air Act to remove flammable fuels from the list of substances with respect to which reporting and other activities are required under the risk management plan program", do pass with the following amendments:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Chemical Safety Information, Site Security and Fuels Regulatory Relief Act".

SEC. 2. REMOVAL OF PROPANE SOLD BY RETAILERS AND OTHER FLAMMABLE FUELS FROM RISK MANAGEMENT LIST.

Section 112(r) of the Clean Air Act (42 U.S.C. 7412(r)) is amended—

(1) by redesignating subparagraphs (A) through (C) of paragraph (4) as clauses (i) through (iii), respectively, and indenting appropriately;

(2) by striking in paragraph (4) "Administrator shall consider each of the following criteria—" and inserting the following: "Administrator—

"(A) shall consider—";

(3) in subparagraph (A)(iii) (as designated by paragraphs (1) and (2)), of paragraph (4)by striking the period at the end and inserting "; and";

(4) by adding at the end of paragraph (4) the following:

"(B) shall not list a flammable substance when used as a fuel or held for sale as a fuel at a retail facility under this subsection solely because of the explosive or flammable properties of the substance, unless a fire or explosion caused by the substance will result in acute adverse heath effects from human exposure to the substance, including the unburned fuel or its combustion byproducts, other than those caused by the heat of the fire or impact of the explosion."; and

(5) by inserting the following new subparagraph at the end of paragraph (2):

"(D) The term 'retail facility' means a stationary source at which more than one-half of the income is obtained from direct sales to end users or at which more than one-half of the fuel sold, by volume, is sold through a cylinder exchange program.".

SEC. 3. PUBLIC ACCESS TO OFF-SITE CONSEQUENCE ANALYSIS INFORMATION.

(a) IN GENERAL.—Section 112(r)(7) of the Clean Air Act (42 U.S.C. 7412(r)(7)) is amended by adding at the end the following:

"(H) PUBLIC ACCESS TO OFF-SITE CONSEQUENCE ANALYSIS INFORMATION.—

"(i) DEFINITIONS.—In this subparagraph:

"(I) COVERED PERSON.—The term 'covered person' means—

"(aa) an officer or employee of the United States;

"(bb) an officer or employee of an agent or contractor of the Federal Government;

"(cc) an officer or employee of a State or local government;

"(dd) an officer or employee of an agent or contractor of a State or local government;

"(ee) an individual affiliated with an entity that has been given, by a State or local government, responsibility for preventing, planning for, or responding to accidental releases;

"(ff) an officer or employee or an agent or contractor of an entity described in item (ee); and

"(gg) a qualified researcher under clause (vii).

"(II) OFFICIAL USE.—The term 'official use' means an action of a Federal, State, or local government agency or an entity referred to in subclause (I)(ee) intended to carry out a function relevant to preventing, planning for, or responding to accidental releases.

"(III) OFF-SITE CONSEQUENCE ANALYSIS INFORMATION.—The term 'off-site consequence analysis information' means those portions of a risk management plan, excluding the executive summary of the plan, consisting of an evaluation of 1 or more worst-case release scenarios or alternative release scenarios, and any electronic data base created by the Administrator from those portions.

"(IV) RISK MANAGEMENT PLAN.—The term 'risk management plan' means a risk management plan submitted to the Administrator by an owner or operator of a stationary source under subparagraph (B)(iii).

"(ii) REGULATIONS.—Not later than 1 year after the date of enactment of this subparagraph, the President shall—

"(I) assess—

"(aa) the increased risk of terrorist and other criminal activity associated with the posting of off-site consequence analysis information on the Internet; and

"(bb) the incentives created by public disclosure of off-site consequence analysis information for reduction in the risk of accidental releases; and

"(II) based on the assessment under subclause (I), promulgate regulations governing the distribution of off-site consequence analysis information in a manner that, in the opinion of the President, minimizes the likelihood of accidental releases and the risk described in subclause (I)(aa) and the likelihood of harm to public health and welfare, and—

"(aa) allows access by any member of the public to paper copies of off-site consequence analysis information for a limited number of stationary sources located anywhere in the United States, without any geographical restriction;

"(bb) allows other public access to off-site consequence analysis information as appropriate;

"(cc) allows access for official use by a covered person described in any of items (cc) through (ff) of clause (i)(I) (referred to in this subclause as a 'State or local covered person') to off-site consequence analysis information relating to stationary sources located in the person's State;

"(dd) allows a State or local covered person to provide, for official use, off-site consequence analysis information relating to stationary sources located in the person's State to a State or local covered person in a contiguous State; and

"(ee) allows a State or local covered person to obtain for official use, by request to the Administrator, off-site consequence analysis information that is not available to the person under item (cc).

"(iii) AVAILABILITY UNDER FREEDOM OF INFORMATION ACT.—

"(I) FIRST YEAR.—Off-site consequence analysis information, and any ranking of stationary sources derived from the information, shall not be made available under section 552 of title 5, United States Code, during the 1-year period beginning on the date of enactment of this subparagraph.

"(II) AFTER FIRST YEAR.—If the regulations under clause (ii) are promulgated on or before the end of the period described in subclause (I), off-site consequence analysis information covered by the regulations, and any ranking of stationary sources derived from the information, shall not be made available under section 552 of title 5, United States Code, after the end of that period.

"(III) APPLICABILITY.—Subclauses (I) and (II) apply to off-site consequence analysis information submitted to the Administrator before, on, or after the date of enactment of this subparagraph.

"(iv) AVAILABILITY OF INFORMATION DURING TRANSITION PERIOD.—The Administrator shall make off-site consequence analysis information available to covered persons for official use in a manner that meets the requirements of items (cc) through (ee) of clause (ii)(II), and to the public in a form that does not make available any information concerning the identity or location of stationary sources, during the period—

"(I) beginning on the date of enactment of this subparagraph; and

"(II) ending on the earlier of the date of promulgation of the regulations under clause (ii) or the date that is 1 year after the date of enactment of this subparagraph.

"(v) PROHIBITION ON UNAUTHORIZED DISCLOSURE OF INFORMATION BY COVERED PERSONS.—

"(I) IN GENERAL.—Beginning on the date of enactment of this subparagraph, a covered person shall not disclose to the public off-site consequence analysis information in any form, or any statewide or national ranking of identified stationary sources derived from such information, except as authorized by this subparagraph (including the regulations promulgated under clause (ii)). After the end of the 1-year period beginning on the date of enactment of this subparagraph, if regulations have not been promulgated under clause (ii), the preceding sentence shall not apply.

"(II) CRIMINAL PENALTIES.—Notwithstanding section 113, a covered person that willfully violates a restriction or prohibition established by this subparagraph (including the regulations promulgated under clause (ii)) shall, upon conviction, be fined for an infraction under section 3571 of title 18, United States Code, (but shall not be subject to imprisonment) for each unauthorized disclosure of off-site consequence analysis information, except that subsection (d) of such section 3571 shall not apply to a case in which the offense results in pecuniary loss unless the defendant knew that such loss would occur. The disclosure of off-site consequence analysis information for each specific stationary source shall be considered a separate offense. The total of all penalties that may be imposed on a single person or organization under this item shall not exceed $1,000,000 for violations committed during any 1 calendar year.

"(III) APPLICABILITY.—If the owner or operator of a stationary source makes off-site consequence analysis information relating to that stationary source available to the public without restriction—

"(aa) subclauses (I) and (II) shall not apply with respect to the information; and

"(bb) the owner or operator shall notify the Administrator of the public availability of the information.

"(IV) LIST.—The Administrator shall maintain and make publicly available a list of all stationary sources that have provided notification under subclause (III)(bb).

"(vi) NOTICE.—The Administrator shall provide notice of the definition of official use as provided in clause (i)(III) and examples of actions that would and would not meet that definition, and notice of the restrictions on further dissemination and the penalties established by this Act to each covered person who receives off-site consequence analysis information under clause (iv) and each covered person who receives off-site consequence analysis information for an official use under the regulations promulgated under clause (ii).

"(vii) QUALIFIED RESEARCHERS.—

"(I) IN GENERAL.—Not later than 180 days after the date of enactment of this subparagraph, the Administrator, in consultation with the Attorney General, shall develop and implement a system for providing off-site consequence analysis information, including facility identification, to any qualified researcher, including a qualified researcher from industry or any public interest group.

"(II) LIMITATION ON DISSEMINATION.—The system shall not allow the researcher to disseminate, or make available on the Internet, the off-site consequence analysis information, or any portion of the off-site consequence analysis information, received under this clause.

"(viii) READ-ONLY INFORMATION TECHNOLOGY SYSTEM.—In consultation with the Attorney General and the heads of other appropriate Federal agencies, the Administrator shall establish *an information technology system that provides for the availability to the public of off-site consequence analysis information by means of a central data base under the control of the Federal Government that contains information that users may read, but that provides no means by which an electronic or mechanical copy of the information may be made.*

"(ix) VOLUNTARY INDUSTRY ACCIDENT PREVENTION STANDARDS.—The Environmental Protection Agency, the Department of Justice, and other appropriate agencies may provide technical assistance to owners and operators of stationary sources and participate in the development of voluntary industry standards that will help achieve the objectives set forth in paragraph (1).

"(x) EFFECT ON STATE OR LOCAL LAW.—

"(I) IN GENERAL.—Subject to subclause (II), this subparagraph (including the regulations promulgated under this subparagraph) shall supersede any provision of State or local law that is inconsistent with this subparagraph (including the regulations).

"(II) AVAILABILITY OF INFORMATION UNDER STATE LAW.—Nothing in this subparagraph precludes a State from making available data on the off-site consequences of chemical releases collected in accordance with State law.

"(xi) REPORT.—

"(I) IN GENERAL.—Not later than 3 years after the date of enactment of this subparagraph, the Attorney General, in consultation with appropriate State, local, and Federal Government agencies, affected industry, and the public, shall submit to Congress a report that describes the extent to which regulations promulgated under this paragraph have resulted in actions, including the design and maintenance of safe facilities, that are effective in detecting, preventing, and minimizing the consequences of releases of regulated substances that may be caused by criminal activity. As part of this report, the Attorney General, using available data to the extent possible, and a sampling of covered stationary sources selected at the discretion of the Attorney General, and in consultation with appropriate State, local, and Federal governmental agencies, affected industry, and the public, shall review the vulnerability of covered stationary sources to criminal and terrorist activity, current industry practices regarding site security, and security of transportation of regulated substances. The Attorney General shall submit this report, containing the results of the review, together with recommendations, if any, for reducing vulnerability of covered stationary sources to criminal and terrorist activity, to the Committee on Commerce of the United States House of Representatives and the Committee on Environment and Public Works of the United States Senate and other relevant committees of Congress.

"(II) INTERIM REPORT.—Not later than 12 months after the date of enactment of this subparagraph, the Attorney General shall submit to the Committee on Commerce of the United States House of Representatives and the Committee on Environment and Public Works of the United States Senate, and other relevant committees of Congress, an interim report that includes, at a minimum—

"(aa) the preliminary findings under subclause (I);

"(bb) the methods used to develop the findings; and

"(cc) an explanation of the activities expected to occur that could cause the findings of the report under subclause (I) to be different than the preliminary findings.

"(III) AVAILABILITY OF INFORMATION.—Information that is developed by the Attorney General or requested by the Attorney General and received from a covered stationary source for the purpose of conducting the review under subclauses (I) and (II) shall be exempt from disclosure under section 552 of title 5, United States Code, if such information would pose a threat to national security.

"(xii) SCOPE.—This subparagraph—

"(I) applies only to covered persons; and

"(II) does not restrict the dissemination of off-site consequence analysis information by any covered person in any manner or form except in the form of a risk management plan or an electronic data base created by the Administrator from off-site consequence analysis information.

"(xiii) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Administrator and the Attorney General such sums as are necessary to carry out this subparagraph (including the regulations promulgated under clause (ii)), to remain available until expended.".

(b) REPORTS.—

(1) DEFINITION OF ACCIDENTAL RELEASE.—In this subsection, the term "accidental release" has the meaning given the term in section 112(r)(2) of the Clean Air Act (42 U.S.C. 7412(r)(2)).

(2) REPORT ON STATUS OF CERTAIN AMENDMENTS.—Not later than 2 years after the date of enactment of this Act, the Comptroller General of the United States shall submit to Congress a report on the status of the development of amendments to the National Fire Protection Association Code for Liquefied Petroleum Gas that will result in the provision of information to local emergency response personnel concerning the off-site effects of accidental releases of substances exempted from listing under section 112(r)(4)(B) of the Clean Air Act (as added by section 3).

(3) REPORT ON COMPLIANCE WITH CERTAIN INFORMATION SUBMISSION REQUIREMENTS.—Not later than 3 years after the date of enactment of this Act, the Comptroller General of the United States shall submit to Congress a report that—

(A) describes the level of compliance with Federal and State requirements relating to the submission to local emergency response personnel of information intended to help the local emergency response personnel respond to chemical accidents or related environmental or public health threats; and

(B) contains an analysis of the adequacy of the information required to be submitted and the efficacy of the methods for delivering the information to local emergency response personnel.

(c) REEVALUATION OF REGULATIONS.—The President shall reevaluate the regulations promulgated under this section within 6 years after the enactment of this Act. If the President determines not to modify such regulations, the President shall publish a notice in the Federal Register stating that such reevaluation has been completed and that a determination has been made not to modify the regulations. Such notice shall include an explanation of the basis of such decision.

SEC. 4. PUBLIC MEETING DURING MORATORIUM PERIOD.

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, each owner or operator of a stationary source covered by section 112(r)(7)(B)(ii) of the Clean Air Act shall convene a public meeting, after reasonable public notice, in order to describe and discuss the local implications of the risk management plan submitted by the stationary source pursuant to section 112(r)(7)(B)(iii) of the Clean Air Act, including a summary of the off-site consequence analysis portion of the plan. Two or more stationary sources may conduct a joint meeting. In lieu of conducting such a meeting, small business stationary sources as defined in section 507(c)(1) of the Clean Air Act may comply with this section by publicly posting a summary of the off-site consequence analysis information for their facility not later than 180 days after the enactment of this Act. Not later than 10 months after the date of enactment of this Act, each such owner or operator shall send a certification to the director of the Federal Bureau of Investigation stating that such meeting has been held, or that such summary has been posted, within 1 year prior to, or within 6 months after, the date of the enactment of this Act. This section shall not apply to sources that employ only Program 1 processes within the meaning of regulations promulgated under section 112(r)(7)(B)(i) of the Clean Air Act.

(b) ENFORCEMENT.—The Administrator of the Environmental Protection Agency may bring an action in the appropriate United States district court against any person who fails or refuses to comply with the requirements of this section, and such court may issue such orders, and take such other actions, as may be necessary to require compliance with such requirements.

Mr. LAUTENBERG. Mr. President, I was heavily involved in the negotiations over the manager's amendment to S. 880 as passed by the Senate by unanimous consent on June 23, and have carefully studied the House's amendments to S. 880, which we accept today. I rise to clarify the congressional intent with respect to S. 880, the Chemical Safety Information, Site Security and Fuels Regulatory Relief Act of 1999, as we pass it and send it to the President.

Balance between the right-to-know effect and risks of criminal activity (New section 112(r)(7)(H)(ii)): The amendment directs the President to promulgate regulations governing the disclosure of the off-site Consequence Analysis (OCA) information in a way that minimizes the likelihood of releases of the regulated chemicals, whether these releases are accidental or the result of criminal activity. In other words, the amendment calls for a balancing of the risk-reducing effect of public disclosure (the "Right-to-Know Effect") against the potential of increased risk of criminal activity associated with the posting of the OCA information on the Internet. Most importantly, reducing the threat of criminal activity is not the sole or even primary focus of the rule-making. Rather the objective is to minimize the release of regulated chemicals, which requires a balanced approach, and nothing in this Act necessarily precludes the eventual electronic dissemination of the information.

Off-site consequence analysis information (New section 112(r)(7)(H)(i)(IV) and (V), and (xii)): The amendment defines "off-site consequence analysis information" (OCA information) as a portion of a "risk management plan," which is in turn defined as referring only to information "submitted to the Administrator by an owner or operator of a stationary source under subparagraph (B)" of section 112(r)(7) of the Clean Air Act. Similarly, the amendment makes clear that its restrictions apply only to OCA information in the form submitted to the Administrator

(New section 112(r)(7)(H)(xii)). In other words, no information, except OCA information submitted to the Administrator, in the form in which it was submitted, is affected by the amendment. Even identical information that is made available to members of the public (unless there is a legally-binding restriction) or that is submitted to state or local agencies is not affected by the constraints on disclosure established by the Act.

Official use (New section 112(r)(7)(H)(i)(III) and (vi)): The amendment defines "official use" broadly—"an action . . . intended to carry out a function relevant to preventing, planning for or responding to accidental releases or criminal releases"—to reflect the sense that there are a broad range of official uses to which the OCA information may appropriately be put, so long as its public availability is constrained in accord with the regulations developed under the amendment. The bill does not authorize the Administrator to establish restrictions on such official use.

State and local official access to all OCA information (New section 112(r)(7)(H)(ii)(II)(ee)): The amendment requires that any covered State and local official be provided, upon request, OCA information on any facility in the country, not just on facilities in the individual's State or community. This reflects, among other things, the fact that a comprehensive evaluation of the facility next door should include comparison with other facilities, including those owned by the same company or its competitors. Similarly, a comprehensive evaluation of the hazard reduction programs of Community A requires a comparison of the hazards presented by facilities in Community A with those presented in Community B.

Public access to OCA information regardless of geographic location (New section 112(r)(7)(H)(ii)(II)(aa)): The amendment makes clear that the regulations shall allow any member of the public access to the OCA information for a limited number of facilities regardless of geographic location. This reflects the fact that the need to compare the neighborhood facility with facilities in other locations, or to compare one's community with others, is just as important and appropriate for the public as it is for officials.

Voluntary disclosure of OCA information: New section 112(r)(7)(H)(v)(III): The amendment directs any facility that chooses to provide its OCA information to the public without legally-binding restriction to inform the public, through EPA, of that voluntary disclosure.

Qualified researchers (New section 112(r)(7)(H)(vii)): The amendment directs the Administrator, in consultation with the Attorney General, to develop a system for providing access to OCA information for "qualified researchers." The Administrator is given authority to determine whether researchers are "qualified," but is otherwise given no authority to screen researchers nor to deny them access to OCA information on the basis of political persuasion, likely findings, purpose to which findings would be put, or any other such factor.

Interaction with State law (New section 112(r)(7)H)(x)(II)): The amendment makes clear that States with existing or new laws that collect even data that is identical to OCA information are not precluded from making the State- or local-gathered data available.

Reports on vulnerability to criminal activity (New section 112(r)(7)(H)(xi)): The amendment directs the Attorney General to submit a preliminary report in one year and a final report in three years on the extent to which the Risk Management Program regulations have resulted in actions, by stationary sources among others, that are effective in detecting, preventing, and minimizing the consequences of releases caused by criminal activity. The Comptroller General is specifically directed to study the "design and maintenance of safe facilities" so that Congress may learn the extent to which the best protection against criminal activity is to maintain a facility that is inherently safe.

Reevaluation of disclosure regulations (Section 3(c)): The Act directs the President to reevaluate the regulations governing disclosure within six years. This reevaluation should be made on the same basis used to promulgate the regulations—i.e. the President should perform two separate assessments: (1) an assessment of the increased risk of criminal activity associated with the internet posting of OCA information, and (2) an assessment of the incentives created by public disclosure of OCA information for reduction in the risk of accidental releases. Written documentation of the two assessments and all information and data the President utilizes in preparation of the assessments should be a part of the administrative record associated with any determination the President makes regarding the regulations, or any modification of the regulations.

General duty; Finally, the Act leaves the general duty clause of section 112(r) of the Clean Air Act unchanged, in recognition of the fact that the Environmental Protection Agency believes that the general duty clause applies to releases caused by criminal or terrorist activities.

Mr. INHOFE. Mr. President, I rise today to discuss my legislation, S. 880, the Fuels Regulatory Relief Act, which passed Congress today, and according to the Administration should be signed into law shortly. This bill was passed in the Senate by unanimous consent on June 23, 1999, and passed by the House with amendments, on July 21, 1999.

I appreciate the speediness with which the House acted on this legislation and the support of my good friend Chairman TOM BLILEY. Unfortunately the Senate is forced to act just as quickly on this legislation because of delays created by the administration. In early 1998, I raised concerns to the administration regarding the security risks posed by disseminating the worst-case scenario data on the Internet. The FBI agreed with my concerns. Despite the acknowledgment of the risks involved the administration did not cooperate with Congress to fix this problem until the eleventh hour.

Because of the urgency in passing this legislation I have decided that a conference would not be beneficial. While I agree with most of the changes incorporated in the House-passed version, due to the haste of their consideration, I feel the necessity to explain in more detail my view, as the lead sponsor, of one particular provision.

Section 3 of the act requires the "Attorney General, and in consultation with appropriate State, local, and Federal governmental agencies, affected industry, and the public, shall review the vulnerability of covered stationary sources to criminal and terrorist activity, current industry practices regarding site security, and security of transportation of regulated substances."

In carrying out this provision, I ask the Attorney General, in consulting with the Federal governmental agencies, to work with the Intelligence Community as well as the FBI. If any technical assistance regarding chemicals is needed I direct the Attorney General to work with the Department of Energy facilities, particularly the Hazardous Material Spill Center at the Nevada Test site and the Sandia laboratory in New Mexico. Regarding the transportation issues, the Attorney General should consult with the Department of Transportation. In addition, I would like to emphasize that any confidential information or national security information should be closely safeguarded.

Mr. LUGAR. Mr. President, I ask unanimous consent that the Senate concur in the amendments of the House.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE CALENDAR

EXECUTIVE SESSION

Mr. LUGAR. Mr. President, I ask unanimous consent that the Senate immediately proceed to executive session to consider the following nominations en bloc: Executive Calendar Nos. 202, 205, 207, and 216.

I further ask unanimous consent that the nominations be confirmed en bloc, the motions to reconsider be laid upon the table, and that any statements relating to the nominations be printed in the RECORD, the President be immediately notified of the Senate's action, and the Senate then return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations were considered and confirmed, as follows:

BARRY GOLDWATER SCHOLARSHIP & EXCELLENCE IN EDUCATION FOUNDATION

James Roger Angel, of Arizona, to be a Member of the Board of Trustees of the Barry Goldwater Scholarship and Excellence in Education Foundation for a term expiring February 4, 2002.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

Jack E. Hightower, of Texas, to be a Member of the National Commission on Libraries and Information Science for a term expiring July 19, 1999.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Jerry D. Florence, of California, to be a Member of the National Museum Services Board for a term expiring December 6, 2002.

DEPARTMENT OF JUSTICE

Alejandro N. Mayorkas, of California, to be United States Attorney for the Central District of California.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will resume legislative session.

ORDERS FOR TUESDAY, AUGUST 3, 1999

Mr. LUGAR. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until the hour of 9:30 a.m. on Tuesday, August 3. I further ask unanimous consent that on Tuesday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and the Senate then begin a period of morning business until 10:30 a.m. with Senators speaking for up to 5 minutes each, with the following exceptions:

Senator HAGEL, or his designee, from 9:30 to 10 a.m., to be followed by Senator REED of Rhode Island for 10 minutes, Senator BAUCUS for 10 minutes, and Senator DURBIN for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LUGAR. Mr. President, further, I ask unanimous consent that the Senate stand in recess from the hours of 12:30 p.m. to 2:15 p.m. for the weekly policy conferences to meet.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. LUGAR. Mr. President, for the information of all Senators, the Senate will convene at 9:30 a.m. and be in a period of morning business until 10:30. Following morning business, the Senate will resume consideration of the pending disaster relief amendment to the Agriculture appropriations bill. It is hoped that a time agreement can be made so that votes on this issue can take place by tomorrow afternoon.

As a reminder, the Senate will recess tomorrow from 12:30 to 2:15 so that the weekly policy conferences can meet. Further, a cloture motion on the dairy compact amendment was filed today. Therefore, under the provisions of rule XXII, that cloture vote will take place 1 hour after the Senate convenes on Wednesday unless an agreement is made by the two leaders.

COMMENDING GENERAL WESLEY K. CLARK

Mr. LUGAR. Mr. President, I ask unanimous consent that Senate Resolution 169 be discharged from the Armed Services Committee and, further, that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 169) commending General Wesley K. Clark, United States Army.

There being no objection, the Senate proceeded to consider the resolution.

Mr. LUGAR. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to S. Res. 169 be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 169) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 169

Whereas General Wesley K. Clark has had a long and distinguished military career, which includes graduating first in the class of 1966 from the United States Military Academy at West Point and serving in command positions at every level in the United States Army, culminating in service concurrently in the positions of Supreme Allied Commander, Europe and Commander-in-Chief of the United States European Command;

Whereas General Clark was integral to the formulation of the Dayton Accords;

Whereas General Clark most recently distinguished himself by his tireless, resourceful, and successful leadership of the first military action of the North Atlantic Treaty Organization despite severe constraints; and

Whereas General Clark's record of exemplary and dedicated service is an example which all military officers should seek to emulate and is deserving of special recognition: Now, therefore, be it

Resolved, That—

(1) the United States Senate commends and expresses its gratitude to General Wesley K. Clark, United States Army, for his outstanding record of military service to the United States of America; and

(2) the Secretary of the Senate shall transmit a copy of this resolution to General Wesley K. Clark.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. LUGAR. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 7:16 p.m., adjourned until Tuesday, August 3, 1999, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate August 2, 1999:

DEPARTMENT OF TRANSPORTATION

STEPHEN D. VAN BEEK, OF THE DISTRICT OF COLUMBIA, TO BE ASSOCIATE DEPUTY SECRETARY OF TRANSPORTATION, VICE JOHN CHARLES HORSLEY, RESIGNED.

DEPARTMENT OF THE TREASURY

NEAL S. WOLIN, OF ILLINOIS, TO BE GENERAL COUNSEL FOR THE DEPARTMENT OF THE TREASURY, VICE EDWARD S. KNIGHT, RESIGNED.

MISSISSIPPI RIVER COMMISSION

SAM EPSTEIN ANGEL, OF ARKANSAS, TO BE A MEMBER OF THE MISSISSIPPI RIVER COMMISSION FOR A TERM OF NINE YEARS. (REAPPOINTMENT)

BRIGADIER GENERAL ROBERT H. GRIFFIN, UNITED STATES ARMY, TO BE A MEMBER OF THE MISSISSIPPI RIVER COMMISSION, UNDER THE PROVISIONS OF SECTION 2 OF AN ACT OF CONGRESS, APPROVED JUNE 1879 (21 STAT. 37) (33 USC 642).

CONFIRMATIONS

Executive nominations confirmed by the Senate August 2, 1999:

BARRY GOLDWATER SCHOLARSHIP AND EXCELLENCE IN EDUCATION FOUNDATION

JAMES ROGER ANGEL, OF ARIZONA, TO BE A MEMBER OF THE BOARD OF TRUSTEES OF THE BARRY GOLDWATER SCHOLARSHIP AND EXCELLENCE IN EDUCATION FOUNDATION FOR A TERM EXPIRING FEBRUARY 4, 2002.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

JACK E. HIGHTOWER, OF TEXAS, TO BE A MEMBER OF THE NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE FOR A TERM EXPIRING JULY 19, 1999.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

JERRY D. FLORENCE, OF CALIFORNIA, TO BE A MEMBER OF THE NATIONAL MUSEUM SERVICES BOARD FOR A TERM EXPIRING DECEMBER 6, 2002, VICE JOHN L. BRYANT, JR., TERM EXPIRED.

THE ABOVE NOMINATIONS WERE APPROVED SUBJECT TO THE NOMINEES' COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

DEPARTMENT OF JUSTICE

ALEJANDRO N. MAYORKAS, OF CALIFORNIA, TO BE UNITED STATES ATTORNEY FOR THE CENTRAL DISTRICT OF CALIFORNIA.

EXTENSIONS OF REMARKS

THE VIOLENCE PREVENTION TRAINING FOR EARLY CHILDHOOD EDUCATORS ACT

HON. SAM GEJDENSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. GEJDENSON. Mr. Speaker, I rise to introduce the Violence Prevention Training for Early Childhood Educators Act.

Students, parents, I rise to introduce the Violence Prevention Training for Early Childhood Educators Act.

Students, parents, teachers and members of communities across our country have been grappling with the issue of school violence. There is no magic solution to this difficult matter, there is no single cause that can be addressed to guarantee our schools will be violence-free. However, I believe that to effectively address this issue we must ensure that those who are entering careers in early childhood development and education are properly trained in violence prevention.

The legislation that my colleagues and I are introducing today will authorize the Secretary of Education to award grants ranging from $500,000 to $1,000,000 to institutions of higher learning and other facilities in order to assist them in making violence prevention training available to prospective teachers and those returning for additional professional development. Moreover, the bill will ensure that teachers, school counselors and child care providers are provided with the skills necessary to prevent violent behavior in young children at the very earliest stages. In 1992, Congress enacted legislation which funded similar training programs at Eastern Connecticut State University, University of Colorado at Denver, University of Kansas, University of Minnesota, University of North Carolina, Temple University and a dozen other colleges and universities.

There is evidence that strongly suggests that early intervention and education is effective in preventing delinquency. For example, one study has indicated that when preschool teachers instruct young children about interpersonal problem-solving skills and other forms of conflict resolution, children are less likely to demonstrate problematic behavior, which is effective in preventing delinquency later on. In addition, there is further evidence that indicates that support programs for families with very young children—those under the age of five—are effective in preventing delinquency.

Teachers are on the frontline every day. They need to be prepared to discuss with the children and the entire family how to resolve issues without resorting to violence. I believe we must reinvest in this proven, worthwhile program in order to ensure that our teachers, daycare providers and school counselors have the training they need to combat violence in school and society at large.

I am pleased to be joined in this effort by Mr. KUCINICH of Ohio, Mr. HILLIARD of Alabama, Ms. LEE of California, Ms. CHRISTENSEN of Virginia Islands, Mr. MALONEY of Connecticut, Mr. WU of Oregon, Mr. ETHERIDGE of North Carolina, Ms. JACKSON-LEE of Texas, Ms. MILLENDER-MCDONALD of California, Mr. SCOTT of Virginia, and Mr. MCGOVERN of Massachusetts.

HONORING DINO PETRUCCI

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to honor Dino Petrucci for receiving the Senior Farmer of the Year Award. Dino Petrucci's efforts to educate and inspire young people toward agriculture render him deserving of this award.

Dino was born on a farm in Madera and still lives on the property his family cultivated while he was growing up. He attended Howard Elementary School, graduated from Madera High School in 1947, and earned a college degree in Crop Science from Cal Poly, San Luis Obispo.

During his four years at Madera High, Dino was actively involved in student government and the Future Farmers of America. He was elected Student Body Vice President and Senior Class Speaker. He also served as Chapter President of FFA and won the FAA State Speaking contest.

Petrucci went on to hold numerous leadership positions in various organizations as a young adult. He was elected the State FFA President and was a National Public Speaker at the National FFA Convention in Kansas City. In addition, he served as President of the Crop Science Department at Cal Poly.

Mr. Petrucci was successful in his undertakings on behalf of these organizations and in his academic endeavors. He earned the coveted American Farmer Degree and co-authored a book that was used in school agriculture departments across the state.

After college, Dino began his teaching career in the Ag Department in Victorville. Two years later, he returned to Madera and embarked upon a 29-year career with the Madera High Ag Department. During this time, Dino was actively farming a variety of crops with his brother, Enzo. Dino and wife Peggy were also raising a family of two children and supporting them on their 4–H and FFA projects.

Many of his former students attest that Mr. Petrucci was a committed teacher, giving more hours than were required of him. For fifteen years, he advised the California Young Farmers and was instrumental in the Madera Chapter receiving recognition as "Outstanding Chapter" for many of those years. He also served as State President of the California Ag Teachers Association, and found time to serve as Chairman of the Livestock Department at the Madera District Fair.

While balancing a family and career Dino has made time for community involvement by serving as President of the Lion's Club, President of Madera Toastmasters, and President of Madera County Farm Bureau. He was also elected last year to serve as a Trustee on the Madera Unified School District Board. In addition, Mr. Petrucci began the MUST Center and served as its Director for two years. This program was designed to teach vocational skills to the underprivileged to order to afford them better job opportunities. Currently, Petrucci is actively involved at Howard Elementary School where he attended as a boy, his children attended, and his grandchildren now attend.

Mr. Speaker, I rise today to honor Dino Petrucci for his outstanding accomplishments and service to his community. I urge my colleagues to join me in wishing Dino many more years of continued success and happiness.

PERSONAL EXPLANATION

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. GEORGE MILLER of California. Mr. Speaker, I submit the following statement into the CONGRESSIONAL RECORD.

On rollcall vote No. 344 on July 29, 1999 I mistakenly voted "yea." I would like the RECORD to reflect the fact that I oppose the amendment and should have voted "nay". The amendment would prohibit the District of Columbia from spending its own funds on a needle exchange program that has saved hundreds of residents from death and disease caused by the HIV–AIDS epidemic. I support such proven programs and oppose efforts by Congress to intrude into the affairs of the District of Columbia in such a misinformed and heavy-handed fashion.

TRIBUTE TO CORMAC HENNESSY

HON. PETER T. KING

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday August 2, 1999

Mr. KING. Mr. Speaker, I rise today to recognize the commitment and selfless dedication one young man, Cormac Hennessy has made to myself, my staff and the people of the Third District of New York. Cormac began interning in my office in the Summer of 1998 and since

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

that time he has exhibited all the qualities: intellect, wit and a certain style that make him truly the son of a Diplomat's Deiplomat. In fact, Cormac was an inspiration to those who loved the game of golf, for there was never too dull an assignment or too onerous a task that Cormac did not shirk for the sake of eighteen holes. I am confident that in the care of two truly wonderful people, Pat and Pauline Hennessy, Cormac will amount to something more than the self-proclaimed title of "King of all Interns." Indeed I am certain that his unsurpassed sarcasm, his indecipherable "Southern" dialect and his unique charm will cause him to rise to the highest levels of leadership and success. I wish him all the best in his future endeavors and I thank him for all that he has done and meant to me.

PERSONAL EXPLANATION

HON. ASA HUTCHINSON

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. HUTCHINSON. Mr. Speaker, on Friday, July 30, 1999, I was inadvertently detained and did not vote on rollcall No. 354 or 355. Had I been present, I would have voted "aye" on both.

HONORING JAN DUKE

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to honor Jan Duke for receiving the prestigious Milken Educator Award. Duke teaches fourth grade at John Adam's Elementary School in the Madera Unified School District.

Jan Duke was one of four teachers in California to receive this honor, and one of 160 to be honored nationwide. She is the first from Madera Unified School District to be given this award.

Beyond her role as an exemplary teacher, Jan is a skilled writer and presenter. Duke has written two books on teaching fourth-graders and co-authored, with her husband, a book on teaching individuals to read. She also advises national scholastic book clubs on what literature would be best for children. In addition, she conducts 5 to 20 seminars annually for fourth-grade teachers nationwide.

Mr. Speaker, I rise today to honor Jan Duke for her achievements and service to the community. I urge my colleagues to join me in wishing Jan many more years of continued success and happiness.

CONCERN FOR RESIDENTS OF VIEQUES, PUERTO RICO

HON. DAN BURTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. BURTON. Mr. Speaker, I rise today to bring to the forefront a very important issue that has not been given the attention it deserves by this Congress. More than 9,000 American citizens, living on the island of Vieques, live in fear. But, it isn't a fear of drug trafficking. It isn't a fear of violent gangs or terrorism either. Our fellow citizens live in fear of our own military, and I would like to explain why.

For more than 50 years, the residents of Vieques, Puerto Rico, an island encompassing fewer than 52 square miles of which the Navy occupies 35 square miles, have had to endure live military ammunition and bombing exercises. Vieques is the largest area in the Western hemisphere used for military exercises with live ammunition, and the only place where bombing still occurs near a substantial civilian population. For years, the residents of Vieques have expressed their concerns about the negative impact that the bombing and live ammunition exercises are having on their health and safety. Unfortunately, their voices have not been heard and that concerns me. On April 19, 1999, the people of Vieques raised their voices once again, this time in despair. It was on that date, during routine military practices conducted by two Navy F/A–18 Hornet jets, that two bombs were accidentally dropped near an observation post manned by civilian security guards. As a result, a security guard was killed and four others were wounded. I believe that if the citizens of Puerto Rico had equal representation in Congress, legitimate concerns for their safety and health would have been better safeguarded.

Since that accident, the Navy has temporarily ceased military maneuvers while an investigation is carried out, and Puerto Rico's Governor, the Honorable Pedro Rossello, appointed a Commission that investigated the incident and reported its findings to the President's Special Panel on Military Operations on Vieques on July 9, 1999. The Governor's Commission unanimously concluded that it is not possible to protect the people of Vieques, or the environment, from the extreme danger posed by live ammunition testing. The Navy argues that Vieques is a unique site for training exercises with live ammunition, making it essential to our National security. I've always worked to protect our National security, however, it should never be achieved at the expense of the personal rights or safety of our own citizens. The only solution may be to end permanently the military's live ammunition testing on Vieques.

No one in this House would tolerate what the military is doing on Vieques if it were taking place in our Congressional district, and neither would our constituents. Imagine trying to explain to the voters why they should welcome the bombardment of their communities with live ammunition. Try convincing your constituents to accept, and in return thank you, for having uranium-coated bombs dropped within a few miles of their homes, schools, hospitals, and public parks. Imagine asking your constituents to accept having their children attend classrooms which reverberate during the school day as live shells explode nearby. No one in this chamber would permit the continuation of a practice by our own military that endangers the lives of the very people we have been elected to represent.

There's a reality about Puerto Rico, one that is wonderful and abhorrent at the same time. The people of Puerto Rico are truly American citizens, part of America's great democracy, and that is wonderful. However, the people of Puerto Rico currently lack the single most important tool that our democracy provides, two Senators and a voting delegation in the House of Representatives, and that is abhorrent. It is precisely because the people of Puerto Rico don't have equal representation in Congress that they need our help now. If they had real representation here, the military would have the proper incentive to solve the problem of live ammunition testing on Vieques. I trust that my colleagues in the House of Representatives would agree with me. If this practice were occurring in any one of the fifty States, I know we would all stand together to oppose it. We owe our fellow American citizens in Puerto Rico the same level of respect. They deserve nothing less. In fact, their safety and their lives may depend on it.

Mr. Speaker, I strongly encourage my colleagues to take a hard look at this issue.

CELEBRATING THE CITY OF LOMITA

HON. STEVEN T. KUYKENDALL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. KUYKENDALL Mr. Speaker, I rise today to recognize the City of Lomita, California. Lomita is celebrating its 35th year as an incorporated city. The City of Lomita is widely recognized for its rustic, small-town atmosphere amongst the larger cities of the South Bay.

Lomita was first established as a German farming community in 1907. The farming community continued to grow throughout the years, and in June of 1964, after several unsuccessful attempts, Lomita was finally incorporated as a city.

While surrounding communities have experienced tremendous growth, Lomita has remained relatively unchanged since incorporation. Lomita's small town attributes attract young families in search of a safe, close knit community. Lomita is a culturally diverse community and it also boasts one of the lowest crime rates in the South Bay region. It is an ideal place to raise a family and live the American Dream, and many of its residents are homeowners and small business entrepreneurs.

The future looks bright for the city of Lomita. Preparations are currently underway for an ambitious revitalization of Lomita's downtown area to ensure that Lomita maintains its small-town atmosphere.

Lomita has thrived over the last 35 years, and as we enter the 21st century, Lomita will continue to stand out as a small, unique town of the South Bay. I congratulate the City of Lomita and its 20,000 residents on this milestone.

IN HONOR OF MYLDRED JONES

HON. LORETTA SANCHEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Ms. SANCHEZ. Mr. Speaker, today I rise to honor Myldred Jones, an Orange County resident, and a great humanitarian, on this her ninetieth birthday.

Myldred moved to California from Pennsylvania with her family when she was four years old. Growing up during the Depression, the Jones family experienced the poverty that affected millions of Americans. Even so, Myldred's parents, who were also her greatest mentors, would share whatever food they had with other people. Although the Jones' family was also poor, they seemed to always have enough to give to others.

Early on, Myldred learned the lessons of humanitarianism, of unconditional love, and of providing and caring for others. These gifts were to become the very essence of her life.

Myldred began her career as a high school teacher and, later, became a juvenile probation officer. During World War II, she was one of the first eight WAVES from California. Her military career included duty as a Special Assistant to Commandant 14th Naval District, Assistant Director of the Department of Welfare, and a faculty member on international relations for the Armed Forces Graduate School. She was also the Naval Liaison Officer for both the United Nations and the National Red Cross. When she retired in 1959, she was the director of Social Services of the Navy Relief Society.

After her retirement, Myldred became active in the Civil Rights Movement and marched with Martin Luther King from Selma, Alabama, to Montgomery, Alabama. In 1969, she joined Cesar Chavez on his marches for the United Farm Workers. Her work in the Watts district of Los Angeles, California, earned her recognition from Governor Ronald Reagan, who employed her as a consultant on youth affairs.

Recognizing the need that many young people had for assistance with different problems, Myldred developed the first "hotline" for troubled teenagers. Many of the teenagers were runaways or "throwaways" whose parents had either forced them to leave their homes, or whose parents had left them. With no place to go, the teenagers were in a desperate situation.

Myldred's deep compassion to help these teenagers, led her to sell her home and purchase another home which could house runaway children on a temporary basis. Out of this need was born the Casa Youth Shelter which has since its inception in 1978, has assisted thousands of "lost youth" find their way back home and into the mainstream of society.

The philosophy behind Myldred's home for teenagers comes from a belief that all of the children can turn their lives into a success if they have the love and attention which had been denied to them all of their lives.

Housing twelve youths at a time for a period of two weeks, Casa Youth Shelter, has become a safe haven for many youth whose lives were on the line. To this day, Myldred meets each of the youth and talks with them. Myldred is regarded by many as "our own Mother Teresa" for her life has been dedicated to taking care of others who are in need. She is an angel amongst us.

Colleagues, please join me today in wishing Myldred Jones a very happy birthday and also in congratulating her on her life which has been lived to the fullest.

TRIBUTE TO KING HASSAN II OF MOROCCO

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. LANTOS. Mr. Speaker, on July 23, His Majesty King Hassan II of Morocco passed away and his son, Sidi Mohammad ben Al Hassan, assumed the throne of Morocco.

King Hassan II reigned over the Kingdom of Morocco for thirty-eight years after succeeding his father as monarch on March 3, 1961. Under his leadership Morocco has undergone a significant transformation. King Hassan fostered the evolution of a more democratic constitutional government, encouraged tolerance for ethnic and religious minorities in Morocco, and made measurable improvement in respect for human rights.

Mr. Speaker, in the area of foreign policy, King Hassan played an important role personally in advancing the Middle East peace process. He was instrumental in bringing together leaders of Israel and the Arab states on a number of different occasions. It is significant that in September 1993 Israeli Prime Minister Yitzhak Rabin and Foreign Minister Shimon Peres stopped in Morocco to thank King Hassan on their return to Israel from Washington, D.C., following the signature of the Oslo Accords on the South Lawn of the White House.

The relationship between Morocco and the United States has flourished under the leadership of King Hassan. Our association with Morocco are long and friendly, having begun in 1777 when Morocco was one of the first nations formally to recognize the Government of the United States of America. Ten years later, in 1787, our two countries negotiated a Treaty of Peace and Friendship, which was the first such treaty concluded by our young nation. The unique relationship of our countries was strengthened and deepened under the leadership of King Hassan.

Mr. Speaker, I know that my colleagues join me in extending my deepest condolences to the Moroccan people on the passing of King Hassan and also in extending to Crown Prince Sidi Mohammed ben Al Hassan our congratulations on his accession to the throne. I wish the new King well as he assumes the awesome responsibility for the welfare and well-being of the Moroccan people.

RECOGNIZING RODGER B. JENSEN

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. RADANOVICH. Mr. Speaker, I rise today to recognize Rodger Jensen for receiving the 1999 Community Salute honor. Mr. Jensen is being honored for his dedication and leadership in agriculture, and the local community.

Rodger Jensen is President of S and J Ranch in Madera, a farm management company that began in 1950 with 2,600 acres of open land, dry-farmed for barley and wheat. Today, S and J farms citrus, nuts, and olives in Madera, Merced, Fresno, Kern, and Tulare Counties. The company also manages thousands of acres of permanent crops and boasts a commercial citrus and pistachio nursery and an insectary. in order to ensure the success of these crops and entities, S and J employs 97 full-time non-harvest personnel and as many as 500 harvest employees.

Rodger's work at S and J Ranch is not his only contribution to Valley agriculture. Twenty years ago, Rodger, along with several faculty, alumni, and friends of California State University, Fresno, had a million-dollar idea. They wanted to start a foundation that would benefit, promote, and support the School of Agricultural Sciences and Technology, along with its programs. The supporters set out to raise $1 million in endowed scholarships. Today, their success is apparent, as the Ag One Endowment Fund stands at over $1.4 million and indications are that $2 million will be reached by the end of this year.

Rodger Jensen, a 1941 Fresno State graduate, has touched the lives of countless young people through his involvement in Ag One, the School and University, Valley Children's Hospital, the San Joaquin River Parkway Trust, the Boy Scouts, and many other organizations.

Rodger Jensen is also involved in many professional affiliations including: The California Pistachio Commission—Board of Directors, the California Chamber of Commerce—Board of Directors, the California Commission of Agriculture, the California Pistachio Association—President, Chairman, the Fresno City & County Chamber of Commerce—Board of Directors, the Fresno County Farm Bureau—Board of Directors, and the Western Pistachio Association—Board of Directors.

Mr. Jensen has contributed to the agriculture food business by serving on many boards. In previous years, he served on the boards of Mid-Cal Citrus Exchange, Sunkist Growers, and the Fruit Growers Supply.

During his many years of involvement in agriculture and the community Rodger has received numerous awards. He was given the School of Agriculture Distinguished Service Award in 1980, the Fresno Foundation Award in 1989, and the FSU Alumni Arthur Safstrom Award in 1995. Mr. Jensen was also named Ag USA Citrus Farmer of the Year in 1967.

Mr. Speaker, I want to recognize Rodger Jensen for his dedication to the community and the agriculture industry. I urge my colleagues to join me in wishing Mr. Jensen many more years of continued success.

INTRODUCTION OF THE OMNIBUS MERCURY EMISSIONS REDUCTION ACT OF 1999

HON. THOMAS H. ALLEN

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. ALLEN. Mr. Speaker, today I rise to introduce the Omnibus Mercury Emissions Reduction Act of 1999, a bill to reduce mercury emissions by 95 percent nationwide. I am pleased to be joined by 27 of my colleagues who have agreed to be original cosponsors of this important legislation.

Although mercury is a naturally occurring element, it has built up to dangerous levels in the environment. Mercury pollution impairs the reproductive and nervous systems of fish and wildlife, and can be extremely harmful when ingested by humans. It is especially dangerous to pregnant women, children and developing fetuses. Ingesting mercury can severely damage the central nervous system, causing numbness in extremities, impaired vision, kidney disease, and, in some cases, even death.

According to EPA's "Mercury Study Report to Congress," exposure to mercury poses a significant threat to human health, and concentrations of mercury in the environment are increasing. The report concludes that mercury pollution in the U.S. comes primarily from a few categories of combustion units and incinerators. Together, these sources emit more than 155 tons of mercury into our environment each year. These emissions can be suspended in the air for up to a year, and travel hundreds of miles before settling in bodies of water and soil.

Nearly every State confronts the health risks posed by mercury pollution, and the problem is growing. Just six years ago, 27 States had issued mercury advisories warning the public about consuming fish contaminated with mercury. Today, the number of States issuing advisories has risen to 40, and the number of water bodies covered by the warnings has nearly doubled. In some States, including my home State of Maine, every single river, lake, and stream is under a mercury advisory.

This growing problem has already prompted action at the State and regional level. Last year the New England Governors and Eastern Canadian Premiers enacted a plan to reduce emissions, educate the public and label products that contain mercury. Maine and Vermont have passed legislation to cut mercury pollution, and Massachusetts and New Jersey have enacted strict mercury emissions standards on waste incinerators.

Although there is a clear consensus that mercury pollution poses a serious threat, State and regional initiatives alone are not sufficient to deal with this problem. As Congress recognized when it passed the Clean Air Act nearly 30 years ago, Federal legislation is the only effective way to deal with airborne pollutants that know no State boundaries.

That is why I am introducing legislation to reduce the amount of mercury emitted from the largest polluters. This bill sets mercury emissions standards for coal-fired utilities, waste combustors, commercial and industrial boilers, chlor-alkali plants and Portland cement plants. According to EPA's report to Congress, these sources are responsible for more than 87 percent of all mercury emissions in the U.S.

My bill also phases out the use of mercury in products and ensures that municipalities work with waste incinerators to keep products that contain mercury out of the waste stream. It would also require a recycling program for products that contain mercury as an essential component, and increases research into the effects of mercury pollution.

With mercury levels in the environment growing every year, it is long past time to enact a comprehensive strategy for controlling mercury pollution. We have the technology for companies to meet these standards, and this bill will allow them to choose the best approach for their facility. We have reduced or eliminated other toxins, without the catastrophic effects that some industries predicted. Now we should eliminate dangerous levels of mercury. I urge my colleagues to support this legislation and stop mercury from polluting our waters, infecting our fish and wildlife, and threatening the health of our children.

DISAPPROVING EXTENSION OF NONDISCRIMINATORY TREATMENT TO PRODUCTS OF PEOPLE'S REPUBLIC OF CHINA

SPEECH OF

HON. KAREN McCARTHY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Ms. McCARTHY of Missouri. Mr. Speaker, I rise today to speak in favor of extending Normal Trade Relations to China for the coming year and against House Joint Resolution 57. Extending Normal Trade Relations will maintain our healthy economic ties with China, the world's fourth largest economy, and allow us to move closer to agreement on a stable and acceptable plan for China's international economic engagement.

China today is America's fourth largest trading partner. In 1998 Americans exported $14 billion worth of goods to China, making China the 13th largest market abroad for U.S. goods, such as aircraft and aircraft parts, fertilizer, and electronic equipment.

My district exports plastic materials and resins, automotive parts, telecommunications equipment, building materials, food and dairy products, agricultural machinery, and pollution control equipment to China. Continued engagement with China enhances future economic opportunities for U.S. workers and businesses. Dan Bunch Enterprises, a company in Kansas City that exports cleaning products to China, has shared with me that they have seen significant increases in available jobs for their company this year as a direct result of trade relations with China, and they expect this trend to continue in the coming years.

Another company in my district that depends on extensive and successful participation in the Chinese market is AlliedSignal. China is one of the top 3 global markets where AlliedSignal is focusing its efforts to grow. AlliedSignal presently has 1,000 employees in China and 60,000 U.S. employees. Among the major products they export to China are commercial aircraft equipment (e.g., engines, auxiliary power units, landing systems, avionics), turbochargers, electrical power distribution transformer cores, fabrics, fibers, and friction materials. AlliedSignal has taken a proactive stance regarding the issue of security, especially cyber security, even going so far as to hire an outside firm to attempt to penetrate their firewalls.

AlliedSignal's interests in China also promote capitalistic and democratic ideals in China. They provide their Chinese associates with comprehensive training in economics fundamentals, as well as major supervisory and managerial fundamental skills training. This training teaches things like delegation of authority, team participation, high performance work team practices, priority setting, respect for individuals, and due process under the work rule and plant adjudication processes. They also provide funding for their associates to attend China-Europe International Business School to receive a western style MBA.

Approximately 400,000 American jobs depend on exports to China and Hong Kong, and exports to these countries have more than tripled over the past decade. In 1998, Missouri exported $137 billion worth of goods to China. The most recent statistics from the International Trade Administration indicate that Greater Kansas City's merchandise export sales to China total $61 million per year, a 151% increase since 1993.

I applaud the extension of Normal Trade Relations with China, which has helped to lift 200 million Chinese out of poverty since 1978. Mr. Speaker, let us continue our efforts toward engaging China in negotiations to reform human rights, worker rights, and international security.

THE SOUTH PACIFIC GAMES

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. UNDERWOOD. Mr. Speaker, one of the largest regional multi-sporting events in the Pacific, the South Pacific Games, was recently hosted by the island of Guam. The 11th South Pacific Games consisted of roughly 6,000 athletes and officials. Athletes from 22 countries competed in 26 sporting events over a 15 day period in May and June.

Once again, athletes from the North and South Pacific gathered and engaged in various sporting events—a celebration of goodwill, cultural exchange, brotherhood and healthy competition. This year's competitors represented the geographic locations of Melanesia, Polynesia and Micronesia.

The island of Guam was responsible for all aspects of the organization of the 11th South Pacific Games. Every effort was made to make this year's Games the most memorable in the history. Organizers developed and implemented a Master Plan that guided the Games to a successful conclusion. The 1999 Guam South Pacific Games Commission consisted of the chairman, executive chairman, eleven board members, and the commission staff. As chairman, the island's governor, the Honorable Carl T.C. Gutierrez, committed extensive resources in support of the Games. It was all a great success.

Competing on home turf, Guam athletes gave their best performance yet. I would like to commend and congratulate Team Guam for their superb performance, efforts and contributions toward the success of the Games. Participating in regional competitions such as the South Pacific Games strengthens our relations with our neighbors and prepares our athletes for higher levels of competition.

I am pleased to submit for the RECORD the names of the Guam athletes who have distinguished themselves by winning medals in the 11th South Pacific Games.

TRACK & FIELD

Brent Butler: 10k—Men: Silver
Debra Cardenas: 5000m—Women: Bronze
Brent Butler: 5000m—Men: Silver
Susan Seay: Marathon—Women: Silver
Debra Cardenas: 1500m—Women: Silver
Anthony Quan: 1500—Men: Silver
Neil Weare: 1500—Men: Bronze

BASEBALL

Guam Team: Gold

BASKETBALL

Guam Men's Team: Silver
Guam Women's Team: Bronze

BOXING

Nomer Alegre: 57 kg: Silver
Tana Meafou: 91kg: Silver
Duane Roberts: 91 kg: Bronze

CANOEING

Guam Women's Team: Women's 2500 Meter G6: Bronze

GOLF

Guam Men's Team: Bronze
Teresita Blair: Women—Individuals: Gold

JUDO

Kazuhiro Sonoda: 60 kg: Bronze
Patrick Fleming: 66kg: Bronze
Caesar Whitt: 90 kg: Bronze

KARATE—MEN

Pan Kim: 60 kg: Silver
Roger Nochefranca: 65 kg: Silver
Rickey Flores: 75 kg: Bronze
Atsuyoshi Shiroma: 80 kg: Gold
Atsuyoshi Shiroma: Open Category Bronze

KARATE—WOMEN

Roxanne Vertulfo:—53 kg: Silver
Dolores Flores: 60 kg: Silver
June Uson: 60 kg+: Bronze
June Uson: Open Category: Bronze
Guam Team: Silver

SAILING

Brett Chivers: Laser—Men: Gold
Erik Lewis: Laser—Men: Silver
Michele Jacobs: Laser—Women: Silver
Guam Team: Laser—Men Team: Gold
Guam Team: Boards—Lightweight Men Team: Bronze
Guam Team: Boards—Women Team: Bronze

SOFTBALL

Guam Team: Fast Pitch—Men: Silver
Guam Team: Slow Pitch—Men: Silver
Guam Team: Slow Pitch—Women: Bronze

SWIMMING—MEN

Darrick Bollinger: 50m Freestyle: Bronze
Peter Manglona: 100m Breaststroke: Silver
Darrick Bollinger: 100m Freestyle: Bronze
Daniel O'Keefe: 200m Butterfly: Silver
Daniel O'Keefe: 200m Medley: Silver
Daniel O'Keefe: 400m Medley: Silver
Daniel O'Keefe: 400m Freestyle: Bronze
Darrick Bollinger, Daniel O'Keefe, Joshua Taitano, Mushashi Flores: 4x100 Medley Relay: Silver
Joshua Taitano, Peter Manglona, Daniel O'Keefe, Darrick Bollinger: 4x100 Freestyle Relay: Silver

TABLE TENNIS

Guam Team: Bronze

TAEKWONDO—MEN

Vincent Flores: 58 kg: Gold
Joe Daryle Cruz: 62 kg: Gold
Christian Lee: 67 kg: Silver
Sonny Chargualaf: 72 kg: Silver
Ken Orland: 84 kg: Bronze
Guam Team: Bronze

TAEKWONDO—WOMEN

Eleanor Minor: 57 kg: Gold

TRIATHLON

Kari Wicklund: Women: Gold
Alison Ward: Women: Silver
Guam Team: Bronze

WRESTLING—FREESTYLE

Anthony Santos: 54 kg: Gold
Regel Agahan: 58 kg: Bronze
Melchor Manibusan: 69 kg: Silver
Ben Hernandez: 76 kg: Bronze
Joseph Santos: 85 kg: Gold
Drew Santos: 97 kg: Bronze
John Meyenberg: 130 kg: Silver

WRESTLING—GRECO-ROMAN

Anthony Santos: 54 kg: Gold
Regel Agahan: 58 kg: Silver
Melchor Manibusan: 69 kg: Gold
Ben Hernandez: 76 kg: Silver
Joseph Santos: 85 kg: Gold
Joaquin Dydasco: 97 kg: Bronze
Jose Dydasco: 130 kg: Silver

IN MEMORY OF G. SAGE LYONS

HON. SONNY CALLAHAN

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. CALLAHAN. Mr. Speaker, recently, Mobile, and indeed, the entire state of Alabama, lost a true statesman, a fine public servant and simply put, an overall wonderful human being when my longtime friend, Sage Lyons, passed away earlier this year following a brief battle with pancreatic cancer.

Not only did I consider Sage a close personal friend, but I also looked upon him as one of my political mentors. Even though in age he was a few years my junior, I began my stint in public service in 1970 with my first election to the Alabama House of Representatives, the same year Sage would be elected Speaker of the House. For this reason, and for so many others, I recall with great fondness Sage's wonderful sense of humor, his strong will, his keen intellect and one of his lasting trademarks, the fact that his word was always as good as his bond.

Mr. Speaker, while Sage's name may not appear as often in Alabama history as some of our more colorful political figures, the fact is in his own quiet, yet very effective way, Sage made many lasting contributions to Mobile and to Alabama, and it is very much an understatement to say his legacy will live on for generations to come. Almost without equal, there are few men who have left such a distinguished mark of public service as did my friend Sage.

Born in Mobile, Alabama, on October 1, 1936, George Sage Lyons graduated first from University Military School in Mobile and later from Washington and Lee University. From there, he proceeded to The University of Alabama where he earned his law degree. In 1962, he returned to Mobile and helped establish the firm Lyons, Pipes & Cook.

Elected to the Alabama House of Representatives in 1969, Sage flourished as a politician. In 1971, at the age of 34, he became the youngest legislator ever to be elected Speaker, a post he held until 1975 when he declined to seek reelection and threw himself back into his legal practice.

But Sage's ties to the State Capitol in Montgomery did not end with his departure from office.

Throughout both his professional and political career, Sage's advice and support continued to be sought by people from all walks of life—Republicans and Democrats, blacks and whites, rich and poor alike. It was commonly believed if you had Sage Lyons in your corner, then you had a real warrior on your side.

In 1995, Sage once again answered the call to public service by putting his personal interests aside to return to Montgomery to assist then-Governor Fob James, first as his chief legal advisor and later as his finance director. As he had more than 20 years before, Sage provided a sound voice of reason and lent a steady hand on the ship of state.

In an editorial reflecting on Sage's death, the Mobile Register wrote: "Alabama has lost a competent, willing public servant. Even more, it has lost a man of integrity, who routinely placed good government over politics and people over political parties."

Mr. Speaker, on March 5th Alabama lost one of her most giving and gifted native sons. Naturally, his death left a big void in the lives of his many friends and family, as well as his hometown which benefitted so greatly by his involvement in the public arena. Sage is survived by his widow, Elsie, their two children, George Sage, Jr. and Amelia, as well as three grandchildren. They remain in our thoughts and prayers, just as Sage remains in a select group which is clearly among the best and brightest our state has ever produced.

RECOGNIZING ROBERT HUME BRADY

HON. FRANK D. LUCAS

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. LUCAS of Oklahoma. Mr. Speaker, I rise today to recognize one man's many accomplishments and contributions to the University of Oklahoma and the State of Oklahoma. Mr. Robert Hume Brady was born and raised in Seiling, Oklahoma. He was awarded the OU Regents' Alumni Award in 1998 for his exceptional dedication and service to the University of Oklahoma and served as an honorary chair of the 100th anniversary celebration of the OU Association's founding. A 1960 graduate with a bachelor's degree in business administration, he joined Travelers Property Casualty Corporation in 1963 and today serves as regional vice president. In many of the cities where his career has taken him, he has made the OU presence stronger. He formed the OU Club of New Orleans in 1969, reactivated the OU Club of Kansas City in 1985, and organized the OU Club of Charlotte in 1991. He served as president of the OU Club of Charlotte for seven years and currently is a member of the Board of Directors. He has worked to raise funds for scholarship support to potential OU students and to bring new energy to the OU Club through recruiting and nominating younger members to leadership positions. He continues a long OU family tradition established by his great-uncle C. Ross Hume, a member of the first graduating class in 1898 and one of the founders of the OU Alumni Association in 1899. His grandfather, Dr. R.R. Hume, a member of the second graduating class, was instrumental in the selection of OU's colors of crimson and cream.

Robert Brady will retire July 31, 1999, after 37 years with Travelers, and he and his wife Betty plan to return to Oklahoma City. Bob started with Travelers in 1963 after graduating from the University of Oklahoma. Further tours of duty included New Orleans, Home Office, Oklahoma City, Kansas City and Charlotte. While in Charlotte, Bob helped make Travelers North Carolina's leading Independent Agency carrier.

Respected among his peers for his elegance and character, Bob is a colleague, mentor, friend, husband, father and grandfather.

CONGRATULATIONS TO DEBBIE McGOLDRICK AND NIALL O'DOWD UPON THE BIRTH OF THEIR DAUGHTER ALANA KATHLEEN

HON. PETER T. KING

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. KING. Mr. Speaker, I rise to inform the House that on Sunday, July 25, 1999, at 1:34 a.m., Debbie McGoldrick and Niall O'Dowd became the proud parents of a baby daughter, Alana Kathleen. Alana Kathleen weighed in at 8 pounds, 5½ ounces and is 21 inches long. The best news is that Alana Kathleen and her mother Debbie are in perfect health.

I am proud to be able to call Debbie and Niall my good friends. Niall is the Founding Publisher of the Irish Voice newspaper and Irish America magazine. Debbie, who is clearly the brains and the beauty of the operation, is the Senior Editor of the Irish Voice. Niall and Debbie are leaders in the Irish-American community and have been in the very forefront of the Irish peace process.

As happy as Niall and Debbie are over the birth of their beautiful daughter, I know that Alana Kathleen will soon realize how fortunate she is to have such outstanding parents. On behalf of myself and my family I wish them the very best of health and happiness.

VAN ARSDALES HONORED

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. KANJORSKI. Mr. Speaker, I rise today to bring to the attention of my colleagues, two distinguished community leaders, Tom and Suzette van Arsdale. My good friends Tom and Suzette will be honored this month by the Luzerne Foundation for their community service and leadership. I am pleased and proud to have been asked to participate in this tribute.

Born in New York City in 1937, Tom van Arsdale grew up in New England. Tom joined the U.S. Army after high school and served in the Signal Corps as a top secret cryptographer for two years before receiving an honorable discharge. Tom began his business career as a teller in a New Jersey bank in 1959. Within two years, Tom was a bank officer and within four years, he was a senior executive. While pursuing his career, Tom was also earning degrees from Routon Valley Community College and Edison State College.

Tom's business acumen gained the attention in the banking world when he assumed the position of President of a troubled New Jersey bank, guided it out of its financial crisis, converted it to a public bank and subsequently sold it to the Dime Bank of New York. Tom continued to serve as the bank's President and CEO and was named to a directorship of the Dime Bank of New York.

Tom moved to northeastern Pennsylvania in 1990 after being named President and CEO of Franklin First Financial Corporation and Franklin First Savings Bank. After Franklin First was sold to Onbancorp in 1993, Tom continued to serve as its President and was elected to the parent bank's board until his recent retirement.

Suzette van Arsdale also spent her early years in banking. Born in New Jersey, Suzette rose in the ranks rapidly shortly after beginning her banking career, becoming a corporate officer of one of the Nation's largest commercial banks. While working full time, Suzette earned a degree in management from Kean University. Tom and Suzette were married in 1986 and now have two children: Thomas Robert, age 12, and Matthew Ernest, age 20 months.

Mr. Speaker, both van Arsdales have been active members of the community. Tom serves on several local boards, including the Luzerne County Community College Foundation, the Committee for Economic Growth, the Wyoming Valley United Way, Wyoming Seminary, College Misericordia, the Central Division of Pennsylvania Economy League, WVIA public radio and television, and the Northeast Philharmonic Orchestra, to name just a few. He is a member of the Pennsylvania Bankers Association and America's Community Bankers and a former chair of the Community Bankers Council of the Federal Reserve Bank of Philadelphia.

Suzette has an equally impressive resume of community activity and involvement, currently serving or having served as President of the Junior League, member of the Presidents Council of King's College, second chair the Wyoming Valley Red Cross, member of the Wyoming Seminary Board of Directors, and as an active member of United Way of Wyoming Valley, Leadership Wilkes-Barre, Family Services Association and the Luzerne Foundation. Suzette has helped raise funds for the Osterhout Library, the Back Mountain Library, the Northeast Philharmonic, the American Cancer Society, the St. Vincent's South Kitchen, the Catherine McCauley House, the Meals on Wheels program, the Fine Arts Fiesta, and the Theater on the Green at College Misericordia.

In 1998, both Tom and Suzette were honored by Her Majesty, the Queen of England. Tom was invested to the Order of St. John as an Associate Commander while Suzette was given a similar honor by the Queen and also invested to the Cathedral of the Church of St. John by Lord Prior.

Mr. Speaker, I am extremely proud to call Tom and Suzette van Arsdale my friends. In just 10 years, they have both had an enormous impact on northeastern Pennsylvania. I have called on them numerous times to help support community efforts and they have always provided their leadership. More importantly, they have been wonderful friends to me, my wife, Nancy, and to many people throughout the area. I am proud to join with the community in thanking them for their years of service and wishing them the best for the future.

TRIBUTE TO TOM TIPPY, SR.

HON. SONNY CALLAHAN

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. CALLAHAN. Mr. Speaker, I rise today to pay tribute to an important constituent, a fine community and business leader, and a close personal friend, Mr. Tom Tippy, Sr.

Tom, who passed away back on March 12th following a long illness, will be sorely missed by his family and many friends, as well as numerous associates throughout the First District of Alabama.

Tom Tippy's relationship with the people of South Alabama began over twenty-five years ago when, as an executive with Parsons & Whittemore, he came to the area as part of the delegation sent by the Landegger family to locate a site for the construction of a new pulp and paper facility.

This mill, which became known as Alabama River Pulp, grew to employ hundreds of men and women from Monroe County and the surrounding area, and it is a testament to the hard work of the entire Parsons & Whittemore corporate family, as well as the tremendous dedication and perseverance displayed by Tom Tippy and his staff.

Prior to entering the world of business, Tom was a distinguished veteran of the United States Army Air Corps and saw a great deal of service in the Pacific Theater of operations. While serving as a gunner with the crew of a B–24 Liberator in the 5th Army Air Corps, and later as a top turret gunner and flight engineer on a crew assigned to the 90th Bomber Group, Tom exhibited the same qualities of leadership, professionalism and dedication to his crew mates and his nation that he displayed repeatedly throughout his life. I was saddened, but nonetheless honored, to have an American flag flown over this very building, a shrine to democracy throughout the world, which was draped over Tom's casket and presented to his family at his burial.

Perhaps one of the finest comments on Tom's life was offered by his dear friend and mine, Monroe County Probate Judge Otha Lee Biggs, when he said, "He wasn't happy unless he was present with the employees of that company. They were a part of his family. If they needed him, he wanted to be there for him. And, for the leadership he gave to them, they gave him their support in return. For he was a people's man and he was a working man's executive."

Indeed he was.

Mr. Speaker, I offer this memorial tribute to Tom Tippy with the belief that his legacy of goodness, of sound decisions and of always being a man of his word, will continue in perpetuity. Truly, he lived his life with an enthusiasm toward helping others and in so doing, I believe he inspired the rest of us to try to do a little better ourselves as we approach our fellow man.

Tom is survived by his lovely wife, Rita; three sons, Tommy Tippy, Jr., Bill Tippy and Richard Tippy; one stepdaughter, Melanie Lee Ford; eight grandchildren and five great-grandchildren. My condolences go out to each of them.

DISAPPROVING EXTENSION OF NONDISCRIMINATORY TREATMENT TO PRODUCTS OF PEOPLE'S REPUBLIC OF CHINA

SPEECH OF

HON. ZOE LOFGREN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 27, 1999

Ms. LOFGREN. Mr. Speaker, I rise to express my opposition to House Joint Resolution 57 disapproving the extension of nondiscriminatory treatment (or normal trade relations) to the People's Republic of China. The continued extension of normal trade relations (NTR) to China will do much to benefit the United States domestically, while engagement with China remains the most powerful means of advancing our interests abroad.

I share the concerns of many of my colleagues over China's record on human rights. In particular, the plight of the people of Tibet is one that we must not ignore. As we engage China economically, we should work to engage China in a policy that allows Tibetan peoples, cultures, and beliefs to flourish. As President Clinton has repeatedly emphasized, engagement with China is one path by which to encourage reform. The Clinton administration and Congress will continue to press China for human rights' reform and democratization of its political process.

Approximately 400,000 American jobs depend on trade with China. Nearly all of China's other major trading partners, including Japan and Europe, currently grant normal trade status to the People's Republic of China. Were China to retaliate with trade restrictions against the United States, these nations would gain a competitive trade edge against the United States that would jeopardize vast numbers of American jobs.

Additionally, the revocation of China's NTR status would likely simply replace Chinese imports with goods imported from its neighboring nations, harming only the American consumer. Let us also remember that over the past decade, American exports to China have quadrupled to $14.3 billion, a large portion of which is made up by high-technology imports produced in locations such as my district in Silicon Valley.

It is also possible that China might soon gain entrance into the World Trade Organization (WTO), an action that might result in the critical and historic acceptance by Chinese markets of American agricultural and industrial products. The chances of opening these Chinese markets would be severely diminished if the United States were to revoke NTR status at this point.

China also plays an extremely important role in guaranteeing regional security and stability from the Korean Peninsular to the Indian Subcontinent. China's constructive efforts for peace between North and South Korea, and its push for restraint by India and Pakistan in the wake of their nuclear tests, highlight the positive role China is capable of playing in the international arena. And our policy of engagement has exhibited some meaningful success; as a result of our policy China has signed the Nuclear Nonproliferation Treaty and the Comprehensive Test Ban Treaty and joined the Chemical Weapons Convention and the Biological Weapons Convention.

China clearly must take substantial steps to improve its record on human rights and democratize its government if it wishes to be fully accepted by the international community. Yet only further engagement with China will allow the United States the opportunity to advocate on behalf of its own interests and those of the Chinese people. I urge you vote against House Joint Resolution 57.

SUPPORT FOR BULGARIA, H. CON. RES. 170

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. GILMAN. Mr. Speaker, House Concurrent Resolution 170 outlines our United States foreign policy towards Bulgaria, notes the objectives of our new, post-Cold War relationship with Bulgaria, and points out some of the positive changes now underway in Bulgaria.

Since elections held in April 1997, the government of Bulgaria has committed itself to making progress on badly-needed economic reforms, fair treatment of all of Bulgaria's citizens, including those from its large ethnic Turkish minority, and Bulgaria's eventual integration into the pan-European and trans-Atlantic community.

However, despite Bulgaria's economic reforms, democratization, and progressive foreign policy, the breakup of the Soviet-dominated "COMECON" economic organization, the failure of the previous Bulgarian government to adequately address corrupt activities, and the imposition of international sanctions on neighboring Serbia and nearby Iraq during most of this decade have placed serious burdens on the Bulgarian economy.

I believe it is important that the United States recognize and commend Bulgaria's efforts to make progress in the midst of its current economic difficulties. House Concurrent Resolution 170 does that and makes it clear that the United States also supports Bulgaria's eventual integration into pan-European and trans-Atlantic economic and security institutions.

Bulgaria is working hard to overcome the legacy of four decades of communist rule and to assume its proper place in the trans-Atlantic community of states. Accordingly, I strongly encourage my colleagues to support House Concurrent Resolution 170, which I believe to be a recognition of our new relationship with this important country. I submit the text of H. Con. Res. 170 to be inserted at this point in the RECORD.

H. CON. RES. 170

Resolved by the House of Representatives (the Senate concurring),

SECTION 1. FINDINGS.

The Congress finds the following:

(1) Elections held in April 1997 in the Republic of Bulgaria brought to office a government committed to full economic reforms, discipline in government budgetary and currency policies, increased foreign, direct investment in Bulgaria, and energetic efforts to combat corrupt and criminal activities that had undermined previous economic reforms.

(2) The Government of the Republic of Bulgaria has worked to ensure the proper treatment of its citizens, regardless of ethnic background, including those of ethnic Turkish background, many of whom were subjected to forced assimilation campaigns and deportation under the former communist regime in Bulgaria.

(3) The Government of the Republic of Bulgaria has made Bulgaria's integration into pan-European and trans-Atlantic institutions, including the European Union and the North Atlantic Treaty Organization (NATO), the highest priority of its foreign policy, and has undertaken efforts to promote stability in southeastern Europe and the Black Sea region.

(4) The economy of the Republic of Bulgaria has suffered considerable decline due to the disruption of important markets caused by the break-up of the former, Soviet-dominated "COMECON" economic and trade organization, the application of international sanctions on Iraq, and the failure of the Government of the Republic of Bulgaria to confront widespread corrupt activities prior to the elections of April 1997 that resulted in the theft of large sums from both government and industry and that bankrupted many Bulgarian banks.

(5) The economy of the Republic of Bulgaria has suffered as well from the imposition of international sanctions on neighboring Serbia and continues to suffer from the conflict in that country, which has disrupted commerce throughout the region of southeastern Europe.

(6) The Government of the Republic of Bulgaria has recently taken steps to finalize bilateral agreements with the neighboring Republic of Macedonia, recognized by the

United States as the "Former Yugoslav Republic of Macedonia", overcoming long-standing dispute over the language to be used in those agreements.

(7) The Government of the Republic of Bulgaria has undertaken to reform Bulgaria's armed forces, adopting a military doctrine to that effect in March 1999.

(8) The Government of the Republic of Bulgaria has stated its continuing support for the mission of NATO in supporting democratization and stability across Europe.

(9) As a result of the conflict in Serbia with regard to the region of Kosovo, the Republic of Bulgaria has accepted several thousand refugees from the conflict.

SEC. 2. POLICY TOWARD THE REPUBLIC OF BULGARIA.

It is the policy of the United States—

(1) to promote the development in the Republic of Bulgaria of a market-based economy and a democratic government that respects the rights of all of its citizens, regardless of ethnic background;

(2) to support the territorial integrity of the Republic of Bulgaria;

(3) to insist that the territorial integrity of the Republic of Bulgaria be respected by neighboring countries and by all political movements within and outside Bulgaria; and

(4) to support the integration of the Republic of Bulgaria into pan-European and trans-Atlantic economic and security institutions.

SEC. 3. SENSE OF THE CONGRESS.

It is the sense of Congress that—

(1) the Government of the Republic of Bulgaria is to be commended for its efforts to ensure proper treatment of all of its citizens, regardless of ethnic background, particularly those of ethnic Turkish background;

(2) the Government of the Republic of Bulgaria is to be commended—

(A) for its efforts to accelerate the privatization of state-owned enterprises in a fair and transparent process;

(B) for its establishment of a currency board to ensure the value of the Bulgarian currency; and

(C) for its efforts to combat corrupt and criminal activities that undermine reforms and the viability of Bulgaria's government and industry;

(3) the Government of the Republic of Bulgaria should continue to implement programs that may qualify Bulgaria for entrance into the European Union and the North Atlantic Treaty Organization (NATO) and is to be commended for its continuing support of the NATO effort to ensure stability and democratization across Europe;

(4) the Republic of Bulgaria is suffering the adverse economic impact of the disruption of commerce in southeastern Europe and an influx of refugees caused by the conflict in neighboring Serbia;

(5) the Government of the Republic of Bulgaria should ensure the expedition ratification of all bilateral treaties that have been negotiated with the neighboring Government of the Former Yugoslav Republic of Macedonia;

(6) the Government of the Republic of Bulgaria should undertake steps to immediately halt any illicit transfer of arms and military equipment that may occur in Bulgaria or may cross Bulgarian territory;

(7) the Republic of Bulgaria should play a central role in any effort by the NATO to create a joint peacekeeping military unit involving personnel from throughout the countries of southeastern Europe or in the creation of facilities in support of such a peacekeeping unit; and

(8) the United States should join other official creditors of the Republic of Bulgaria in providing Bulgaria with relief from such official debt through rescheduling and, where appropriate, forgiveness.

PERSONAL EXPLANATION

HON. NICK J. RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. RAHALL. Mr. Speaker, on Thursday, July 29, 1999, I inadvertently voted "no" on rollcall vote No. 352, the Moakley amendment to prohibit any funding for the U.S. Army School of the America's located at Fort Benning, GA. As a cosponsor of legislation calling for the closure of the School of the Americas, and having consistently voted to prohibit funding for the School of the Americas in the past, I fully intended to cast my vote in favor of the Moakley amendment, rollcall vote No. 352.

TRIBUTE TO HUGH CHISOLM DALE

HON. SONNY CALLAHAN

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. CALLAHAN. Mr. Speaker, I rise today in honor of Hugh Chisolm Dale who received the honorary Doctor of Humanities degree on May 15, 1999, from Erskine College in Due West, South Carolina.

Without question, Hugh Dale is one of Erskine's most loyal alumni, and one of South Alabama's most outstanding citizens. Erskine awarded him the Alumni Distinguished Service Award in 1972 and the Algernon Sydney Sullivan Award in 1987. In addition, he served as a member of the Erskine Board of Trustees for twelve years, and was Chairman of the Board from 1967 to 1969.

While he is naturally proud of his relationship to his alma mater, Mr. Dale has also been a one-man chamber of commerce for his hometown of Camden, Alabama. He retired as senior vice President with the Camden National Bank in 1973, having first started with the bank back in 1951. In this capacity, he was often called upon to help lead numerous civic and community events which, in turn, helped the growth and development of Camden and Wilcox County.

Mr. Dale is the son of Hugh Henry Dale and Lillie Packer Chisolm and was born in Camden in 1911. He was valedictorian of the 1928 Wilcox County High School class and graduated cum laude from Erskine with a BA in chemistry in 1932. In 1935, he received a Master of Arts degree, also in chemistry, from Columbia University.

The first ten years after graduation were spent teaching school in Alabama, South Carolina, and Georgia. He then served in the United States Air Force as a preflight instructor during the Second World War, rising to the rank of Major. For the five years immediately following the war he worked for the Veterans Administration in Montgomery. After that, he returned to his hometown of Camden, where he has lived ever since.

Mr. Dale is married to the former Margaret Isabel Ware, and they have two daughters, Margaret Caroline Dale Austin and Jane Shelton Dale, both of whom also graduated from Erskine College. He has been a deacon and elder in the Associate Reformed Presbyterian Church, in Camden, where he served for years as its treasurer.

Mr. Speaker, Hugh Dale is a man of the highest moral character, and he has lived his entire life with the aim of serving his fellow man. It is appropriate that Erskine College recognized one of its most outstanding alumni in this way, and it is a tribute for a job well done.

I salute Mr. Dale for his many lifetime achievements, and wish him only good health and God's Blessings as he continues on life's journey.

SUPPORT FOR ROMANIA, H. CON. RES. 169

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. GILMAN. Mr. Speaker, House Concurrent Resolution 169 outlines our United States foreign policy towards Romania, recognizes the strides Romania has taken in economic and political reforms since the end of the cold war, recognizes the steps Romania has taken to improve relations with its neighbors and to prepare itself for eventual integration into the pan-European and trans-Atlantic communities, and urges Romania forward in its reforms, despite its current economic difficulties.

Mr. Speaker, although Romania had taken reform-oriented steps early in this decade, the elections of November 1996, the first since 1937 that led to a peaceful transfer of power under a democratic system, provided a fresh opportunity to push reforms forward. These reforms undertaken in the midst of economic hardship made worse by corruption, criminal activities, and the disruptions in commerce in southeast Europe caused by international sanctions and military actions against neighboring Serbia, have a long way to go.

I believe, however, that it is important to encourage Romania to continue with its reforms. I also believe that it should be our policy to support Romania's eventual integration into pan-European and trans-Atlantic economic and security institutions. In this regard, I note that Romania was the very first country to join NATO's "Partnership for Peace" program and that it has spent most of this decade working to reform its military and adopt procedures for its military forces that are compatible with those of the NATO alliance.

Mr. Speaker, I strongly encourage my colleagues to support House Concurrent Resolution 169, an important statement of United States support for Romania, for its program of reforms, and for its eventual integration into the trans-Atlantic community. I submit that the text of H. Con. Res. 169 be inserted at this point in the RECORD.

H. CON. RES. 169

Resolved by the House of Representatives (the Senate concurring),

SECTION 1. FINDINGS.

The Congress finds the following:

(1) Romania has negotiated, agreed to, and ratified an important bilateral treaty with the neighboring Republic of Hungary that recognizes the borders of those two countries and provides for the protection of the civil liberties of citizens who are members of national minorities.

(2) Romania has negotiated, agreed to, and ratified an important bilateral treaty with neighboring Ukraine that recognizes the borders of those two countries.

(3) The November 1996 electoral change in the Government of Romania was the first such change under a democratic political system in Romania since 1937.

(4) Romania was the first country to join the "Partnership for Peace" program of the North Atlantic Treaty Organization (NATO), in January 1994, has since become an active participant in that program, is a member of NATO's Euro-Atlantic Partnership Council, and has stated its strong interest in admission into NATO and into the European Union.

(5) The Government of Romania has worked to ensure civilian control over its armed forces and has begun to implement military reform through force reductions, reorganization of officer ranks, and adoption of NATO-compatible procedures.

(6) Romania has provided military personnel for participation in and support of multinational peacekeeping operations.

(7) The Government of Romania has stated its continuing support for the mission of NATO in supporting democratization and stability across Europe.

SEC. 2. POLICY TOWARD ROMANIA.

It is the policy of the United States—

(1) to promote the development in Romania of a market-based economy and a democratic government that respects the rights of all of its citizens, regardless of ethnic background;

(2) to support the territorial integrity of Romania and to insist that the territorial integrity of Romania be respected by all neighboring countries and by all political movements within and outside Romania; and

(3) to support the integration of Romania into pan-European and trans-Atlantic economic and security institutions.

SEC. 3. SENSE OF THE CONGRESS.

It is the sense of the Congress that—

(1) the United States should support efforts by Romania to integrate into pan-European and trans-Atlantic institutions and should view such integration as an important factor in consolidating democratic government in Romania;

(2) Romania is to be commended for its work to achieve bilateral treaties with the Republic of Hungary and Ukraine and the Government of Romania should now work expeditiously to negotiate, agree to, and ratify a bilateral treaty with the neighboring Republic of Moldova that recognizes the borders of those two countries;

(3) the Government of Romania should accelerate necessary economic reforms, particularly privatization of state-owned enterprises under a fair and transparent process and privatization of the agricultural sector to include privatization of land and of major agri-business enterprises;

(4) the Government of Romania should, in a concrete manner, address corrupt and criminal activities at all levels;

(5) the United States should undertake to assist Romania to address the costs of disruptions in commerce in southeastern Europe caused by the conflict in neighboring Serbia; and

(6) the United States should join other official creditors of Romania in providing Romania with relief from such official debt through rescheduling and, where appropriate, forgiveness.

PERSONAL EXPLANATION

HON. JULIA CARSON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Ms. CARSON. Mr. Speaker, I was unavoidably absent for one vote on Friday, July 30, 1999, missing rollcall vote 355. Had I been present, I would have voted "yes."

TRIBUTE TO ROBERT A. GUTHANS

HON. SONNY CALLAHAN

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. CALLAHAN. Mr. Speaker, I rise today to honor Bobby Guthans a respected leader in his field, an outstanding citizen in our community and quite frankly, as fine a gentleman as I have ever known. On a personal note, I am also pleased and honored to call Bobby Guthans my friend.

Bobby recently retired as president of Midstream Fuel Inc., Petroleum Energy Products Co., and Tenn-Tom Towing Co. As one of the founders of Midstream back in 1974, Bobby helped build a company that soon became recognized around the world as one of the innovative leaders in the maritime industry.

Bobby's success at Midstream didn't just happen because he's a nice guy with a great outlook on life, although he is certainly that.

It was the product of hard work, a good business head on his shoulders and a work ethic and respect for others that is second-to-none. In addition, Bobby, and his lovely wife Barbara Ann, come from the old school who believe "it is better to give than receive."

As such, they have volunteered literally untold hours in worthy civic and charitable endeavors, always with the attitude that it is right to give something back to your community and to your fellow man. Both Bobby and Barbara Ann are without peers when it comes to their generosity.

While being a first-class CEO, as well as a wonderful husband, father and grandfather, Bobby has also found time to hold down many important positions of leadership in his industry as well as his community. Some of these include: Chairman of the Board of American Waterways Operators; Chairman of the Southern Region of the AWO; Chairman of the Board of the Mobile Area Chamber of Commerce; Director of the Executive Committee of the Warrior-Tombigbee Development Association; and Director of the World Dredging Association.

In addition, he is on the boards of the Mobile Economic Development Council, the Mobile Industrial Development Board, the National Waterways Conference, Blue Cross Blue Shield of Alabama, the Geological Survey of Alabama and the Navy League of Mobile.

Bobby's community spirit has not gone without notice or thanks. Earlier this year, the U.S. Coast Guard bestowed upon Bobby its second-highest honor, the Meritorious Public Service Commendation. In addition, he has received the Alfred F. Delchamps, Jr. Award and the National Rivers Hall of Fame Achievement Award. In 1990, the Propellor Club named him Maritime Man of the Year.

Bobby is a native of Mobile and is a graduate of Virginia Military Institute, where he was commissioned as an Army officer and spent the next two years fighting for his country in the Korean Conflict. Today, Bobby serves on the board of VMI, as well as on the board of Spring Hill College in Mobile.

There are few people in the life of Mobile who have given as much, and as often, as has Bobby Guthans. Today, Bobby has chosen to spend a little more time with his bride of 40-plus years, their two children, Robert A. Guthans, Jr. and Jean Guthans Wilkins, and their five beautiful grandchildren. But that doesn't mean he's going to have a lot of free time on his hands, for Bobby doesn't know how to slow down. As he recently told a reporter from the Mobile Register, "I've got to be doing something. I'm not the kind of person who can spend his days hitting golf balls around."

Mr. Speaker, that's good news for Mobile, Alabama. For if you think about all that Bobby Guthans has been able to do for his community, his state and his nation while he was also running a multi-million dollar corporation, just think what he'll be able to do now that he doesn't have to show up to work at seven o'clock in the morning.

Mr. Speaker, I salute Bobby Guthans. He's a good man and a wonderful role model for us all.

THE PASSING OF FATHER PETER LAPPIN

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. GILMAN. Mr. Speaker, I deeply regret informing our colleagues of the passing of one of the most remarkable and accomplished residents of my 20th Congressional District of New York.

Father Peter Lappin, the author of 17 books on Christian theology, has been considered the spiritual leader of the Irish community in my congressional district. He long served as chaplain to the Rockland County Ancient Order of Hibernians and was a longtime supporter of the peace process in Ireland.

Father Peter Lappin devoted his life to the Salesian Fathers of which he was a member. He resided at the Marian Shrine and Don Bosco Retreat in Rockland County for over 25 years. He had first taken his vows as a Salesian of Don Bosco back in 1933, and lived in our Hudson Valley region of New York since 1961.

Father Lappin, who was 88 years young when a heart attack claimed him suddenly yesterday, was born in Belfast. He attended the Belfast School of Technology, the

Pallakenry College, and the Salesian College, Cowley, Oxford. Father Lappin then traveled to China where he continued his studies at the International School of Theology in Shanghai and the Salesian Studenate in Hong Kong. Father Lappin was finally ordained as a Salesian Priest in Shanghai, and subsequently he spent 16 years in Shanghai as a teacher and a parish priest.

Father Lappin also studied at Fordham University and the Columbia School Writing, both in New York City.

Father Lappin gained fame in many ways. In addition to his noted best selling books, including "Stories of Don Bosco" and biographies of contemporary Christian heroes, he was author of the "Salesian Bulletin". He was an editorial board member of "The Biographical Memoirs of Saint John Bosco" and was a lecturer on South America and the Far East. Father Lappin was active in the Knights of Columbus and in the Cambridge Society of Biographers.

Father Lappin was widely regarded for his talent at writing children's books which expressed the Catholic faith in a manner that youngsters could readily understand. He has a tremendous impact on countless generations of young readers.

Father Lapin's writings earned for him the Venice Festival awards, the Catholic Family Club award, and two Catholic Literacy Foundation awards.

Mrs. Gilman and I came to know Father Peter Lappin over many years, as a result of his deeply felt passion for a permanent peace in Ireland. Father Lappin traveled to the emerald isle extensively in his quest for a lasting peace in his homeland. He devoted much of his life to a resolution of the troubles in the north, and closely followed—and supported—the recent peace initiatives for Ireland.

In losing Father Lappin, Georgia and I have lost not only a fond friend but an outstanding advocate of peace throughout the world.

Danny Withers, one of the more prominent of Irish-American leaders in my district, stated:

> Father Lappin was a great supporter of independence for Ireland, and he used his God-given gift of the written word to help garner support for this worthy cause.

Father Lappin came to our Nation in 1961. He worked out of the New Rochelle headquarters of the Salesians for 11 years, traveling throughout our Nation and continuing his writings. He became a household word in Rockland Country for the past quarter century, due to his compassion, his love of all people but most especially children, and his dynamic personality.

Mr. Speaker, I invite my colleagues to join with me in extending our condolences to Father Lappin's half brother, Father James Brawley of Australia, and to all of his fellow Salesian fathers. His were huge footsteps that will be difficult to fill.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Tuesday, August 3, 1999 may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

AUGUST 4

8:30 a.m.
Judiciary
To hold hearings on the nomination of David W. Ogden, of Virginia, to be an Assistant Attorney General; and the nomination of Robert Raben, of Florida, to be an Assistant Attorney General.
SD–628

9 a.m.
Agriculture, Nutrition, and Forestry
To continue hearings on farm crisis issues.
SR–328A

Environment and Public Works
Business meeting to resume markup of S. 1090, to reauthorize and amend the Comprehensive Environmental Response, Liability, and Compensation Act of 1980.
SD–406

9:15 a.m.
Rules and Administration
To hold hearings on certain propsoed committee resolutions requesting funds for operating expenses.
SR–301

9:30 a.m.
Indian Affairs
To hold hearings on S. 299, to elevate the position of Director of the Indian Health Service within the Department of Health and Human Services to Assistant Secretary for Indian Health; and S. 406, to amend the Indian Health Care Improvement Act to make permanent the demonstration program that allows for direct billing of medicare, medicaid, and other third party payors, and to expand the eligibility under such program to other tribes and tribal organizations; followed by a business meeting to consider pending calendar business.
SR–485

10 a.m.
Judiciary
To hold hearings on S. 1172, to provide a patent term restoration review procedure for certain drug products, focusing on proposed remedies for relief, relating to pipeline drugs.
SD–628

10:30 a.m.
Foreign Relations
To hold hearings on S. 693, to assist in the enhancement of the security of Taiwan.
SD–419

Governmental Affairs
Oversight of Government Management, Restructuring and the District of Columbia Subcommittee
To hold hearings on overlap and duplication in the Federal Food Safety System.
SD–342

2 p.m.
Judiciary
Immigration Subcommittee
To hold hearings on annual refugee consultation.
SD–628

Intelligence
To hold closed hearings on pending intelligence matters.
SH–219

2:15 p.m.
Energy and Natural Resources
National Parks, Historic Preservation, and Recreation Subcommittee
To hold oversight hearings to review the performance management process under the requirements of the Government Performance and Results Act, by the National Park Service.
SD–366

Commerce, Science, and Transportation
To hold hearings to examine fraud against seniors.
SR–253

2:30 p.m.
Foreign Relations
International Economic Policy, Export and Trade Promotion Subcommittee
To hold hearings on economic reform and trade opportunities in Vietnam.
SD–419

AUGUST 5

9 a.m.
Agriculture, Nutrition, and Forestry
To continue hearings on farm crisis issues.
SR–328A

9:30 a.m.
Banking, Housing, and Urban Affairs
Housing and Transportation Subcommittee
To hold oversight hearings on activities of the Office of Multifamily Housing Assistance Restructuring of the Department of Housing and Urban Development.
SD–538

10 a.m.
Foreign Relations
Near Eastern and South Asian Affairs Subcommittee
To hold hearings on United States strategic interests in India.
SD–419

Judiciary
Business meeting to markup S. 486, to provide for the punishment of methoamphetamine laboratory operators, provide additional resources to combat methamphetamine production, trafficking, and abuse in the United States; and S. 620, to grant a Federal charter to Korean War Veterans Association, Incorporated.
SD–628

2:15 p.m.
Foreign Relations
To hold hearings on pending nominations.
SD–419

AUGUST 6

9:30 a.m.
Joint Economic Committee
To hold hearings on the employment and unemployment situation for July.
Room to be announced

SEPTEMBER 28

9:30 a.m.
Veterans' Affairs
To hold joint hearings with the House Committee on Veterans Affairs to review the legislative recommendations of the American Legion.
345 Cannon Building

POSTPONEMENTS

AUGUST 4

9:30 a.m.
Veterans' Affairs
To hold hearings on the maintenance of unneeded medical facilities of the Department of Veteran Affairs.
SD-106

SENATE—*Tuesday, August 3, 1999*

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious God, all that we have and are is the result of Your goodness. We dedicate this day to counting our blessings and naming them one by one all through the hours of this day. We praise You for the gift of life. You have given us intellect to know You, emotions to praise You, and determination to do Your will. You have blessed us with loved ones, families, and friends. And what a privilege it is to live in this free land of opportunity. Today, help us recount the privileges that we have as citizens and leaders of this Nation.

Father, we also want to praise You for the courage and the strength You provide to face the challenges You give us as individuals and as a Senate. Thank You for problems that define the next steps of what You want us to do. You have shown us that problems are only the flip side of an undiscovered answer. Our problems give us an opportunity to discover Your power.

With everything within us, we praise, thank, and glorify You, our God, Savior, Lord, Provider, and Friend. Amen.

PLEDGE OF ALLEGIANCE

The Honorable GEORGE VOINOVICH, a Senator from the State of Ohio, led the Pledge of Allegiance as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDING OFFICER (Mr. VOINOVICH). The Senator from Nebraska, Mr. HAGEL, is recognized.

SCHEDULE

Mr. HAGEL. Mr. President, on behalf of the leader I wish to announce that today the Senate will be in a period of morning business until 10:30 a.m. Following morning business, the Senate will resume consideration of the pending disaster relief amendment to the Agriculture Appropriations Act. It is hoped that the Senate will be able to dispose of those amendments today at a reasonable hour. As a reminder, the Senate will recess today from 12:30 to 2:15 so that the weekly party conferences can meet. As a further reminder, a cloture motion on the dairy compact amendment was filed on Monday. Therefore, under the provisions of rule XXII, that cloture vote will take place 1 hour after the Senate convenes tomorrow, unless an agreement is made by the two leaders.

Prior to the August recess, it is the intention of the leader to complete action on the Agriculture appropriations bill, the Interior appropriations bill, and it is also hoped that the conference report to the tax reconciliation bill will be available for consideration.

I thank my colleagues for their attention.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 10:30 a.m. Senators are permitted to speak therein for up to 5 minutes each.

Under the previous order, the Senator from Nebraska or his designee is recognized to speak for up to 30 minutes.

Mr. HAGEL. Mr. President, I yield such time as I may require.

AGRICULTURE APPROPRIATIONS

Mr. HAGEL. Mr. President, over the weekend in Nebraska, I met with a number of agricultural producers about the current prices in American agriculture. Over the last 3 weeks, my staff and I have spoken to over 100 agricultural producers in the State of Nebraska—hog producers, cattle producers, grain producers; and then the second rim, the outer rim representing the agricultural community—bankers, implement dealers, automobile dealers. All had a consistent theme as to what we must do to direct our attention and our effort to dealing with this crisis in America.

As we begin debate today on the fiscal year 2000 Agriculture appropriations bill and on the emergency appropriation for agriculture, we should keep in mind some important dynamics about American agriculture. Leaders of both parties in the Senate committed last week to including in the fiscal year 2000 Agriculture appropriations bill an emergency funding measure to provide the short-term assistance needed for our agricultural producers, and that assistance should include increasing the market transition payments—I am confident we will see legislation to do that—lifting the caps on loan deficiency payments, and additional funding for crop insurance. I know that part of Freedom to Farm in 1996 was the commitment to America's agricultural producers to, in fact, reform crop insurance. We are on our way in that area, but we have not yet arrived at that reform.

Crop insurance is a very key dynamic to the future of American agriculture. The emergency appropriations bill should include relief for livestock producers, and I am confident we will see that in both of the bills that will be presented today, plus other emergency measures.

As we address this immediate crisis, we must continue to work on the long-term priorities. The perspective is clear. We have an immediate problem, and we will address that immediate problem. But let us not lose sight of the long-term priorities for American agriculture.

To do that we must focus on the demand side of the equation. When I talk about the demand side of the equation, I am talking about trade. I am talking about trade policies that encourage market development and the opening of new markets for our producers. We must continue to work for trade and sanctions reform—another critical component of the 1996 farm bill. I regret to say that Congress and the President have not done a very good job in the area of trade and sanctions reform. We are working on it, but we are a long way from being where we should be.

For example, it is estimated that current unilateral sanctions cost the U.S. economy more than $20 billion each year. Who do we penalize? Who do we hurt? We hurt ourselves. We must stop using agricultural policy as a foreign policy weapon. Instead, we must extend a strong message to our customers and competitors around the world that U.S. agricultural producers are consistent and reliable suppliers of quality and plentiful agricultural products.

We need fast track authority for the President in order to reach trade agreements that will open more markets to our agricultural goods and allow our producers to compete on a level playing field.

Today we stand in a situation that is unprecedented in the last 25 years. This President of the United States has been without fast track negotiating authority since 1994. Obviously, there has been a lack of focus on priority on this issue. Every day the President does not have the authority to negotiate trade treaties and arrangements and deals, the European Union is doing it; the South American trade organization Mercosur is doing it; others are doing it. We are not. Do we not understand that we will pay a very significant price, a high price, for being moved out of those markets because we have not placed trade as a high priority? Fast track authority is certainly a very clear example.

We must work to break down protectionist barriers in the next round of the World Trade Organization negotiations being held this fall in Seattle and strongly oppose the European Union's delay on lifting the ban on hormone-enhanced beef.

We should work with China to encourage its entrance into the WTO. Do we really not understand that it is surely in the best interests of America, stability in the world, and new markets for all American products to have China in the World Trade Organization, not cutting corners but complying with all the necessary criteria to be a member of the WTO? It is in our best interests to continue to bring China into responsible organizations where China has more responsibility and accountability and opens a market of 1.3 billion people. We need more focus in that effort.

The President must make trade a top priority. He must make trade a top priority and then lead. It is not good enough to say our trade ambassador will negotiate. The President sets the agenda; the President sets the priority. Presidents lead. The next President of the United States is going to be consumed with an immense series of challenges. The Congress needs to place a higher priority on working in these challenges.

We must fulfill our commitment to American agriculture for tax and regulatory reform. Our national tax policy should encourage long-term investment in production agriculture that helps our current producers stay in business.

We must reduce Government regulation and cut taxes. There are a number of things we can do, that we promised we would do in 1996:

Eliminate the estate tax. Our family farmers should not have to sell the family farm to pay taxes in order to keep the farm going. That cuts right to the core for our future and for the next generation of farmers;

Provide capital gains tax relief on the sale of the farmland by our producers, expanding on the exclusion given to homeowners in 1997. Eventually, we should abolish capital gains taxes. The Chairman of the Federal Reserve Board, Alan Greenspan, affirmed his view on that before the Senate Banking Committee;

Create tax-deferred farm and ranch risk management accounts to help ease fluctuations in income, thereby giving our producers another management tool;

Ensure that farmers and ranchers receive the full benefits of the permanent income-averaging provisions and not lose them because of the alternative minimum tax;

Obviously, we must eliminate the marriage penalty and provide 100 percent deductibility for health insurance premiums.

These are real; these connect; they are relevant. They will help American agriculture; they will help our country.

We must ease the regulatory burdens on our agricultural producers. The USDA, the EPA, and other regulatory agencies hit farmers with dozens of different regulations that tie up their land, they tie up their time, they tie up their capital, and reduce their efficiency and reduce their profits. To what end? What is the cost-benefit ratio?

Let's take a real-life example. Two of our biggest competitors, Brazil and Argentina, have been gaining in their share of the world's commodity trade, especially in corn and wheat. The Brazilians and the Argentines are able to make a profit on these crops at prices lower than production costs in the United States.

Why? There are many reasons we can measure. I will state a couple. The Brazilians and Argentines pay much lower taxes than our American agricultural producers pay. Second, they have fewer Government regulations to contend with. Their Government does not place added burdens on them, not only as producers but as marketers. Their Government actually helps. Their Government doesn't stand in the way. We need to do the same thing.

In 1996, we got the Federal Government out of the farmers' fields. Now we need to get the Federal Government off the farmers' backs.

In the short term, we must swiftly conclude action on an agricultural appropriations bill that will provide emergency relief to our commodity and our livestock producers. Over the long term, it is good public policy, domestically and internationally, to provide for abundant and inexpensive food. We can support that policy by adopting prudent Government policies, Government policies such as trade policies that encourage market development, policies which create international financial stability.

Here is a very clear example of how the globe connects, how all 6 billion people in the world connect. Stability is the base from which we work to help develop emerging democracies, market economies, opening new opportunities and new markets. All of our policies are connected—national defense, foreign policy, trade policy—and "ground" all of our other policies with an anchor of stability so that the people of the world will have the hope that they must have to have a better world and a better life. It gives all people of the world an opportunity to build bridges to each other.

We need tax policies which encourage long-term investments in production agriculture to help sustain our current producers. These are the most important ways we can help our farmers and our consumers, our taxpayers, and our international trade partners.

In the short term, we need to share the risks—yes, share the risks—that from time to time will adversely impact farming, such as has been the case for the last 2 years. We cannot sustain a long-term policy of providing abundant and inexpensive food without occasionally producing more than the market will absorb in the short term. We cannot control the weather or international markets. We need to factor in those realities of farming and not act shocked every time this happens.

Most agricultural producers I have spoken to, not just in the last month but in the last 4 years, 5 years, 10 years, do not believe that the United States should retreat to the 1980 set-aside, higher price support policies which they believe only extended and deepened problems of the 1980s and certainly would extend and deepen the current crisis. I agree.

To support production agriculture and sustain the producer base which has contributed so much to our economic stability and prosperity, we need to provide short-term support to our agricultural producers now.

Congress needs to pass a realistic and a responsible emergency agriculture bill. The Congress must act this week.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HAGEL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE REGULATORY OPENNESS AND FAIRNESS ACT

Mr. HAGEL. Mr. President, last week, 20 of my colleagues of both parties joined me in introducing the Regulatory Openness and Fairness Act, a bill to amend the Food Quality Protection Act to ensure that the EPA used sound science in its evaluation of pesticide uses. This legislation is particularly relevant given yesterday's announcement by the EPA that they will ban two important pesticides.

Let me begin by saying that a safe food supply is, of course, in everyone's best interests. We all want to ensure that our children and American consumers continue to have access to abundant, safe agricultural products. It is in the best interests of consumers and agricultural producers that decisions on pesticide uses are based on sound scientific analysis—sound scientific analysis. That was the intent of the law which passed, with strong bipartisan support, 3 years ago. In 1996, Congress passed the Food Quality Protection Act to ensure the safety of our Nation's food supply. It passed with the overwhelming support of the agricultural industry and was seen as a much-needed modernization of laws governing all pesticide use.

As written and signed by the President, the FQPA requires the EPA to reassess all of the Nation's pesticides, using more data, taking more factors into account, and allowing greater margins of safety. The FQPA also requires that these standards be based on hard data and sound science, not arbitrary assumptions or computer models.

Under the FQPA, next week the EPA faces its first deadline for announcing its evaluation of some 3,000 uses of pesticides. As EPA prepares for its deadline, it has not fully used the sound scientific analysis called for in the 1996 FQPA bill. Instead, the EPA has relied on theoretical computer models and worst case scenarios in many of these cases. The EPA frequently prefers this approach, partly as a result of not having the resources or the time to focus. But this is not what Congress intended in 1996. We did not intend for farmers to lose the use of safe and effective pesticides. We did not intend for public health officials dealing with pest control issues to lose the products that help them protect the public.

The bill my colleagues and I have introduced, the Regulatory Openness and Fairness Act, makes sure that EPA follows what was the intent of Congress 3 years ago. It will lessen the chance that safe and effective pesticides would be removed from the market without scientific justification; it provides a clear and predictable regulatory process based on scientific data; it streamlines the process for evaluating new pesticides; and it provides Congress with facts on how the act, as applied by the EPA, affects agriculture exports.

We cannot forget that crop protection allows our farmers to produce the grains, the fruits, and the vegetables that feed not just our Nation but the world. Unnecessary regulations have a dampening effect on the engine that has fueled America's economic growth. That engine is called productivity. If the FQPA is not implemented fully and fairly, based on sound science, we will unnecessarily place our agricultural producers at a very great competitive disadvantage in world markets. Production prices will increase, productivity will decrease, and consequently our farmers will see their exports decline. This is hardly the time to be placing extra, unnecessary burdens on America's farmers.

This bill is good for both consumers and agricultural producers. Consumers will continue to have safe, affordable, and abundant agricultural goods and farmers will continue to have the tools they need to produce safe, quality food products and to compete in the world market.

In Nebraska, we call that common sense. I am proud to join my 20 colleagues in a strong bipartisan effort to introduce the Regulatory Fairness and Openness Act.

I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. I ask unanimous consent to be recognized in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

LITTLE CONGRESSIONAL ACCOMPLISHMENT

Mr. DURBIN. Mr. President, we are coming to the end of one segment of this Congress. We are about to break for an August recess which is an opportunity for Members to be back in their States and with their families. I am looking forward to that, as I am sure are many of my colleagues. But it is a good time for us to reflect on what we have done and what we have failed to do in the last several months.

Each of us is elected with a responsibility to come to Washington and try to respond to some of the challenges facing families and individuals and businesses across America. I am sad to report as of this moment we have little to show for our efforts this year. The Columbine shooting, which focused the attention of America on violence in our schools, rallied the Senate in a rare bipartisan fashion to deal with violence in schools. We passed the Juvenile Justice Act, which had sensible gun control provisions contained in it, and tried as well to attack this culture of violence which is becoming more dominant in our society.

If you will recall, it was a tie vote, 50–50. The tie was broken by Vice President GORE, the bill passed, it went over to the House, and was hopelessly mired down by the efforts of the gun lobby because of their resistance to any changes in gun control. So we are here today, the first part of August, with literally nothing to show for this whole issue of school safety. By the time we return, our kids will be back in school, another school year will have started, and this Congress will have failed to react to a problem that is on everyone's mind.

The second issue, one that continues to haunt us, is the issue of the Patients' Bill of Rights. Yesterday, I was in Bloomington, IL, and met with a group of doctors and nurses at hospitals to talk about what is happening with health insurance, how families feel so helpless when health insurance clerks are making decisions that doctors should make. When we tried to address it on the floor, sadly, we were defeated by the health insurance lobby, a lobby which continues to spend millions of dollars to overcome our efforts on behalf of patients and families. That, again, is another issue with which we failed to deal.

Finally, of course, we will be talking a lot this week about the tax break as well as the whole question of the budget. There are many of us who think the action by the Senate last week was not a very wise one. We have a chance now, if our economy recovers and continues to grow, to generate a surplus. Then we have to decide what to do with it. First and foremost, I think we should do no harm to this economy. The economy moves forward, creating jobs and businesses and new housing starts. Yet Alan Greenspan, the Federal Reserve Chairman, warns Congress on a weekly basis not to pass the Republican tax cut package, a $800 billion tax cut primarily for wealthy individuals, which could fuel the fires of inflation and raise interest rates, jeopardizing home mortgages, business loans, and family farmers, who are trying to stay in business.

First and foremost, we ought to be cautioned that Alan Greenspan, who has no partisan interest in whose ox is gored in this battle, has warned us do not do it. Second, even when I go home and speak to the most conservative Republicans in my home State of Illinois, they say: If you have a surplus, Senator, for goodness' sake, the first thing you ought to do is get rid of the national debt, the $5.7 trillion we have amassed in debts over the last, well, two centuries plus, most of it in the last 10 or 15 years. That debt costs us $1 billion a day. All across America we collect payroll taxes and income taxes—for what? To pay the interest on the debt, not to do something good and new for this country; not to improve education or the safety of our streets or to build new highways or mass transit. No, it is interest on the national debt.

So on the Democratic side, we think the highest priority, if there is to be a surplus, is to eliminate that debt. What legacy do we want to leave to our children? Wouldn't it be great to leave them a debt-free America and say to them: You have it here, the best country in the world, a history and tradition you can be proud of, and you do not have to pay for the debts of our generation.

That to me is so basic, so sound, in opposition to the concept that we are somehow going to give tax breaks to the wealthiest people among us as an alternative.

If we are going to do that and reduce the debt, we can do it in a fashion that is fair to everyone and do it in a way that preserves Social Security and Medicare. Many senior citizens are not even aware of the fact the Medicare system is in trouble. Yet it is. They would like to see Medicare expanded, as I would, to cover prescription drugs and to be even a better program so seniors can remain healthy and independent for a longer period of time. But, sadly, the Republican approach to this includes no money for Medicare, no money for Medicare out of this surplus. Do you know what that means? Seniors who are striving to be independent and healthy will not get a helping hand when they should. That is what this budget and tax debate has been about.

Sadly, that is where we find ourselves as we head toward the August recess—our failure to enact the juvenile justice bill to make our schools safer; our failure to enact the Patients' Bill of Rights so that people across America who have health insurance can believe they have a doctor they can trust and a doctor who is making decisions for them and their family; our failure to enact a bill to deal with our surplus which is responsible, a bill that will not jeopardize the economy, a law which, in fact, will make sure we reduce our debt and reduce these interest payments which we have to pay; and something that deals with the whole question of the solvency and future of Social Security and Medicare.

When I look at this Congress, it is sad, with all the talent we have on both sides of the aisle, Republican and Democrat alike, that we have been unable to come to any conclusion where we can go home in the month of August and point with pride to what we have accomplished.

Unfortunately, there is little we can point to.

Mrs. BOXER. Will the Senator yield for a question?

Mr. DURBIN. I would be happy to yield to the Senator from California for a question.

Mrs. BOXER. I thank the Senator for crystallizing where we are. When the Senator says we will go home and there is nothing we can point to, he is right. What happened to the juvenile justice bill and all the sensible gun control measures? Every day we wake up to some other horrible incident, and we are doing nothing to protect our children and our people from gun violence. It strikes me that the same thing happened with the Patients' Bill of Rights—nothing. The kind of sham bill that came across this place and passed isn't going to make any lives better.

But then, it seems to me, when our colleagues on the other side of the aisle do something, they do something bad. My friend was alluding to it. I just want to ask a couple questions on that point.

Is it not a fact that the tax bill which we passed did not allocate one slim dime for Medicare?

Mr. DURBIN. That is a fact. It has been a sad commentary that we know in the year 2015, if I am not mistaken, the Medicare system, as we know it—this current system—is going to go bankrupt, be insolvent. Many seniors want additional benefits to help them stay healthy and independent, like the prescription drug program which we support. When we made an effort on the floor, in a vote just last week we could not rally any support from the Republican side of the aisle for the prescription drug program so that seniors can stay independent and healthy. That, I think, is a shame.

I would like to go home this August and say to seniors and those of us soon to be in the program: We have done something positive. You can live a longer, more independent, and healthier life. But we can't even point to that. Instead, the Republicans suggest we can give tax cuts to wealthy people and special tax breaks to certain businesses.

Mrs. BOXER. I want to pick up on that Medicare question. Because when my friend said seniors want to live fuller lives, this is so true. That is where we are now. We have come such a long way with our health research and with our ability to take certain prescription drugs that help us live fuller lives; that when we look out into the future, with the demographic changes that are coming, this is our biggest challenge. How do we make sure that when we pass age 60, 65, 70, 75, we are living full lives?

This tax bill turns its back on this whole matter by doing zero for Medicare. They can say: Oh, we left a whole lot of money over here, and we can possibly use it, but the fact is, it is zero for something we know is coming down the road at us and something that is very important.

So it seems to me—and I would just ask my friend to comment; then I will yield the floor—that when we go home, assuming this Republican tax bill continues to roll—and from what we can tell it may well continue to roll right through—what will have been done will be bad for Medicare, bad for paying down the debt, and threatens this economy. Just listen to Alan Greenspan. He is the one my friends from the other side of the aisle have followed very religiously.

Suddenly, Alan Greenspan gets up and says: You better not now. Don't stimulate this economy now. You could threaten recovery. They roll right over Alan Greenspan, and they are going to roll right over us. So we are going to go home and probably say they didn't do what they should have done on juvenile justice, sensible gun control, HMOs—fighting against them—and what they did do threatens this economic recovery and does nothing for Medicare. It is a bad deal all the way around.

The PRESIDING OFFICER (Mr. CRAPO). The time of the Senator has expired.

Mrs. BOXER. I ask for 1 additional minute.

Mr. DURBIN. I ask unanimous consent for 1 additional minute in morning business.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. DURBIN. In response to the Senator from California, I agree with her. The sad thing is, if we give these tax cuts to the wealthiest among us, as proposed by the Republican bill, we are going to ultimately shortchange, in the outyears, some critically important programs for America, such as education.

Think about it. As we go into the 21st century, with all the demands on our children, what they need to learn to be competitive and succeed is the very best educational system. The Republicans, with their tax bill to create shortfalls in spending on education, are really shortsighted.

So as you look at it, here we stand on the third day of August, about to adjourn at the end of this week, with precious little to point to. We have been here for months. We have not listened to the American people. We have not responded to them. As we go home, I hope that we can build up some bipartisan approach as we conclude this year to address safety in schools, the Patients' Bill of Rights, and a sensible approach to using any budget surplus that is good for the long-term needs of America.

I thank the Senator from California for joining me on the floor.

Mrs. BOXER. I thank my friend.

The PRESIDING OFFICER. Under the previous order, the Senator from Rhode Island, Mr. REED, is recognized for up to 10 minutes.

PRIVILEGE OF THE FLOOR

Mr. REED. I ask unanimous consent that a fellow in my office, Ms. Barbara Murray, be granted floor privileges during the pendency of my discussion on the child care quality incentive bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. REED pertaining to the introduction of S. 1475 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. REED. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. CONRAD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. CONRAD. Mr. President, I ask unanimous consent that I may be permitted to continue past the hour of 10:30 in morning business.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

THE FARM CRISIS

Mr. CONRAD. Mr. President, I wanted an opportunity to talk about the farm crisis that is now facing our country, and certainly facing my State. I represent North Dakota, which is one of the most agricultural States in the Nation. There is no question that our farmers are facing a crisis of really unprecedented proportion.

As I go around my State, every place that I have a farm meeting, farmers have a sense of hopelessness. One of the reasons is that is happening to farm income. I have just come from a hearing where the Secretary of Agriculture is testifying. We were talking there about the pattern of farm income. It is very interesting, if you back out Government payments, which have been increasing now in the last several years in response to this economic calamity—in 1996, farm income absent Government payments was $46 billion.

This year farm income, absent Government payments, is estimated to be $27 billion. Farm income from the prices that farmers receive for the commodities they sell is in a virtual free-fall.

This chart shows headlines from the newspapers back home talking about what is happening to farm prices. The first one is from the major paper in our State: "Going down, down, down. USDA sees lower prices for wheat, corn, soybeans, and other major crops."

Another major story: "Lower crop prices predicted."

Again, the story is the same—collapsing farm prices.

Farmers have been hurt by more than low prices. They have been hurt by what I call the "triple whammy" of bad prices, bad weather, and bad policy.

The bad prices are right at the heart of what is causing this farm collapse. This chart shows farm prices of two major commodities, wheat and barley, for a 53-year period. It really tells the story.

These are inflation-adjusted prices. So we are comparing apples to apples.

These are what farmers have been receiving for these major commodities from 1946 to 1999. You can see that the blue line is wheat. Wheat has gone from almost $18 a bushel back in the 1940s to about $2.50 a bushel today—a long-term price decline without many real interruptions, although we saw a major one back in the 1970s. We all remember that period when farm prices skyrocketed. But absent that, we have really been in a long-term price decline for wheat, barley, and many other commodities as well.

I think this chart tells a very important story because it compares the prices farmers receive for what they sell and the prices they pay for what they buy.

The green line goes back to 1991 and shows what prices farmers are paying for the inputs that they must buy to produce crops. You can see that the prices farmers pay have been going up very sharply. On the other hand, prices that farmers have been receiving went up to a peak in 1996—interestingly enough, right at the time we passed the last farm bill. In fact, we were told at the time we would see permanently high farm prices. That proved to be absolutely wrong. Those permanently high prices lasted about 90 days. Since then, we have seen a virtual price collapse.

Just as I indicated before, prices farmers have been receiving have been dropping dramatically, and the prices for the things they pay have been rising inexorably. That creates this enormous gap between the prices they are paying and the prices they are receiving. That is what has led to that reduction in farm income I talked about in my initial remarks. This is a crisis by any definition.

If we look at what is happening to individual commodities in relationship to the prices farmers receive and the actual costs of producing those commodities, we can see it very clearly.

This is what has happened with respect to wheat prices. The green line is the cost of production. The red line is the prices farmers are receiving for their product. You can see the prices farmers receive are far below the costs of producing the product. That is what has led to this cash flow crunch. That is why farmers are telling us: If you do not take dramatic action, tens of thousands of us are going to go out of business.

In my State, the estimates are that we will lose 20 or 30 percent of our farmers in the next 18 months unless we act. Let me repeat that. In North Dakota, we are being told by the experts at the State university and major farm organizations that unless we act we will lose 20 to 30 percent of the farmers in my State in the next 18 months. That is a crisis.

It is not just in wheat. You see the same pattern. This is soybeans. We don't grow many soybeans in North Dakota. Soybeans are grown further south and to the east. But you can see the same kind of pattern.

Here is the cost of production. Here is what the farmers are receiving. Since 1997, farmers are well below the cost of production with respect to soybeans. In wheat, the pattern is the same, and in soybeans. But there are other crops as well that are critically important.

This shows what has happened in corn. The red line again is the price. The green line is the cost of production. Since 1997, we have been below the cost of production in corn.

You can't stay in business very long in that circumstance. You can't stay in business very long when you are getting less in terms of a price for your product than what it costs you to produce that product. You can hang in there a while as you give up equity and as you go backwards on your balance sheet, but at some point the banker comes calling. He says: Mr. farmer, you are out of business. You can't continue to lose equity.

The result has been that we have started to lose farm families in my State in a very dramatic way. Back in 1989 we had over 28,000 family farmers in our State. We can see that we held that in 1990, and in 1991 we saw a drop of about a thousand farmers. Then, in 1992, we actually got some recovery. In 1993, we dropped down to about 26,000. Since then, it has been a constant erosion, so that now we are down to about 22,000 family-sized farms in our State. It is really a dramatic decline in the last 20 years—almost a 20-percent drop.

Remember what I said. The experts are telling us now that we could see another 20-percent drop in just the next 18 months—perhaps even more than that; perhaps even as much as a 30-percent loss unless we act.

What are the reasons for this? Part of the reason is the financial collapse in Asia and the financial collapse in Russia because those were major customers for our farm commodities. But there are other reasons as well.

I believe one of the key reasons is the budget decisions that were made at the time of the last farm bill. The last farm bill had some strengths to it, some pluses. The biggest strength, I believe, is the flexibility it provided to farmers to plant for the market rather than a farm program. But we also made some budget decisions at the time that made it very difficult to write any kind of reasonable farm bill.

This chart shows what I am talking about. It shows the resources that were provided to agriculture under the previous farm bill. That averaged $10 billion a year. The new farm bill provided $5 billion a year. In other words, the support for agriculture was cut in half at the time of the last farm bill.

That has special implications because if we look at what was happening with our major competitors, we see that they were doing something quite differently. While we were dramatically cutting our support for producers, our European competitors—our major competitors—were maintaining very high levels of support. The Europeans were spending, on average, $44 billion a year—on average, $6 billion for us. This is from 1996 to 1999, just those 3 years. You can see that the Europeans really have us whipsawed. They are outspending us seven to one. They are winning their competition the old-fashioned way. They are buying these markets. That is what the Europeans are up to.

Unfortunately, we are engaged in unilateral disarmament. We are cutting in the face of massive superiority on the other side. One of the chief trade negotiators for the Europeans told me several years ago: Senator, we believe we are in a trade war in agriculture. We believe at some point there will be a cease-fire. We believe there will be a cease-fire in place, and we want to occupy the high ground. The high ground is market share.

That is exactly what they are up to. And how well it is working. They have gone, in 20 years, from being major importers to being major exporters. In fact, they have surpassed the United States in terms of agriculture exports. One of the ways they have done it is to spend enormous sums of money to put themselves in a position of superiority.

This chart shows how the European Union is flooding the world with agricultural export subsidies. This is the European share of world agricultural export subsidies, accounting for nearly 84 percent of all world agricultural export subsidies; the United States' share, this little red piece of the pie, is 1.4 percent. They are outgunning the United States 60 to 1.

It is no wonder farm income is declining. It is no wonder exports are declining. It is no wonder our farmers are under enormous pressure. They are under enormous pressure because our European friends have a plan and a strategy to dominate world agricultural trade. Again, they are doing it the old-fashioned way: They are buying these markets. They think the United States is asleep. They think we will not fight back. They have told me: Senator, we think you are so prosperous in so many other areas, you will give up on agriculture.

So far, we are proving them right. We are engaged in unilateral disarmament in a trade confrontation. We would never do it in a military confrontation. Why are we doing it? Why are we giving up and letting them dominate world agricultural trade? What are the implications this fall when we go to negotiate with them? I can tell you what I believe the implications are. I believe we are headed for a guaranteed loss.

I was referring to the trade negotiator for the Europeans saying to me they believe we are in a trade war. They believe at some point there will be a cease-fire. They believe there will be a cease-fire in place, and they want to occupy the high ground. The high ground is market share. He is right. That is the high ground. We are headed into negotiations with them this fall, and we have no leverage. How will we possibly get a good result when they have America outspent 7 to 1 in overall support, 60 to 1 in export subsidies? How are we going to win that negotiation? What is our leverage to change this relationship? There is no leverage. We are going to lose unless we do something.

I personally believe we have to rearm in agriculture, to put more resources into the fight, to send the Europeans a clear and unmistakable message that the United States is not going to roll over; we are not going to surrender; we are not going to wave a white flag and turn over world agricultural trade to them; we will insist on a level playing field.

In the last trade negotiation, that gap existed as well. The Europeans have a much higher level of support than we have. Did that gap close? Did our level of support go up? Did the European level go down? Did the gap close? No, it did not. Instead, we got equal percentage reductions on both sides from an unequal base, leaving the Europeans in the superior position.

If we look back at the last trade negotiation, we got a 36-percent reduction in export trade subsidy and a 24-percent reduction in internal support on both sides. But the Europeans were at a much higher level. When there are equal percentage reductions from unequal bases, the Europeans remain in a superior position. It does not take a whole lot to figure out that if we continue that pattern of equal percentage reductions from an unequal basis, we will continue to leave the Europeans in a superior position; we will continue to leave our farmers at a competitive disadvantage; we will continue to sign the death warrant of tens of thousands of family farmers.

That is the hard reality of what we confront. We have before the Senate a disaster response. It is clearly called for. It is clearly necessary to meet this collapse of farm income and to meet these adverse weather conditions.

With respect to weather, in my State there are 3 million acres of land not even planted this year. There are millions more planted very late because of overly wet conditions. It may sound strange out here on the east coast. I saw a story in an east coast newspaper that in one location they are out painting the grass green because of the drought. We can't paint a crop; we can't go out and paint wheat and somehow make it healthy. We can't paint corn. It doesn't work. Maybe one can paint a lawn. I have never seen that done. It sounds rather bizarre to me, but that is what they were doing in New Jersey the other day. They were painting the lawn green, trying to respond to this drought. That is an unusual response. But it is not going to work in agriculture. Farmers in West Virginia, in Delaware, and in Maryland cannot go out and paint a crop. That will not do the job. The fact is, they don't have a crop.

In my part of the country it is not drought; it is overly wet conditions, 5 and 6 years of incredibly wet conditions. You cannot even get into the fields to plant. There has to be a disaster response. It has to deal with the bad weather. It has to deal with these ruinously low prices. Yes, it has to deal with the bad policy of putting our farmers at a severe disadvantage to their European competitors.

We are telling our farmers: Go out there and compete against the French farmer, the German farmer; and while you are at it, take on the French and German Governments as well. That is not a fair fight. We have to help level the playing field.

Yes, there has to be a disaster response, absolutely. But there has to be more than that. There has to be a long-term policy response. We have to be able to say to our European competitors that the United States is not going to roll over; we are not going to surrender; we are not going to give up the agricultural markets; we intend to fight.

That is why I have introduced legislation we call the Fight bill, Farm Income and Equity Act, to level the playing field. If the Europeans are going to play the game this way, we will play it that way. We will fight back. We will put our farmers in a place that they can compete. That is fair. That puts us in a position to go to the next trade talks and have a chance to come out winners rather than losers.

Mr. COCHRAN. Will the Senator yield?

Mr. CONRAD. I am happy to yield to the Senator.

Mr. COCHRAN. I don't recall when the Senator began talking, but we were to go back on the bill at 10:30. I understand we are not on the bill. I was going to ask if the Senator would yield for that purpose.

Mr. CONRAD. I am happy to yield. I just reached the conclusion.

I am happy to yield with the concluding thought that we do need to respond. We need to respond to this disaster emergency. We also need to respond with a longer-term policy change.

I yield the floor.

CBO COST ESTIMATE—S. 244

Mr. MURKOWSKI. Mr. President, on July 30, 1999, I filed Report 106–130 to accompany S. 244, the Lewis and Clark Rural Water System Act of 1999, that had been ordered favorable reported on July 28, 1999. At the time the report was filed, the estimate by the Congressional Budget Office was not available. The estimate is now available and concludes that enactment of S. 244, which authorizes the appropriation of $244 million to the Department of the Interior to make grants to the Lewis and Clark Rural Water System, would cost $62 million over the 2000–2004 period, with the rest of the authorized spending coming after 2004. I ask unanimous consent that a copy of the CBO estimate be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 2, 1999.

Hon. FRANK H. MURKOWSKI,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 244, the Lewis and Clark Rural Water System Act of 1999.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kim Cawley, who can be reached at 226–2860.

Sincerely,
BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

S. 244.—Lewis and Clark Rural Water System Act of 1999

Summary: S. 244 would authorize the appropriations of $224 million to the Department of Interior (DOI) to make grants to the Lewis and Clark Rural Water System for the construction of a drinking water supply project. The Lewis and Clark Rural Water System is a group of cities and rural areas in southeastern South Dakota, northwestern Iowa, and southwestern Minnesota. CBO estimates that implementing S. 244 would cost $62 million over the 2000–2004 period, with the rest of the authorized spending coming after 2004.

Enactment of this bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). State and local governments might incur some costs as a result of the bill's enactment, but these costs would be voluntary.

Estimated Cost to the Federal Government: The estimated budgetary impact of S. 244 is shown in the following table. The costs of this legislation fall within the budget function 300 (natural resources and environment).

SPENDING SUBJECT TO APPROPRIATION

	By fiscal year, in millions of dollars				
	2000	2001	2002	2003	2004
Authorization Level	224	0	0	0	0
Estimated Outlays	1	2	9	25	25

Basis of Estimate: For purposes of this estimate, CBO assumes that the full amount of the authorization will be provided in 2000. We estimated the annual amount of spending on this drinking water system construction project using information from the local water system and historical spending rates for similar projects. Completion of this project is expected to take about 12 years.

Pay-as-You-Go Considerations: None.

Estimated Impact on State, Local and Tribal Governments: S. 244 contains no intergovernmental mandates as defined UMRA. The bill would require that the nonfederal share of project costs equal 20 percent, except for the incremental cost of participation in the project by the city of Sioux Falls. The city would be required to pay 50 percent of that cost. Any State or local governments choosing to participate in the project authorized by this would do so on a voluntary basis, and any cost that they might incur would be accepted by them on that basis.

Estimated Impact on the Private Sector: This bill contains no new private-sector mandates as defined in UMRA.

Estimate Prepared by: Federal Costs: Kim Cawley (226–2860); Impact on State, Local, and Tribal Governments: Marjorie Miller (225–3220).

Estimate Approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

TRIBUTE TO CAPTAIN JENNIFER SHAFER ODOM

Ms. MIKULSKI. Mr. President, it is with great sadness that I rise to pay tribute to the life of Captain Jennifer Shafer Odom. She died on a mountainside in Colombia—where she was defending our Nation and our values.

This morning, her grieving family is at Dover Air Force Base—to bring their daughter home for the last time.

On July 23, Captain Odom was on an Army reconnaissance plane that was flying near a major drug-producing region of Colombia. During bad weather, the plane crashed into a mountainside—killing the five Americans and two Colombians on board. These brave soldiers were casualties in our war against drugs. They were fighting to keep drugs off our streets and out of our schools. They know that this is essential to our national security and our national values.

Captain Odom grew up in Brunswick, Maryland. She was a valedictorian at Brunswick High School. She was active in so many areas—from sports to theater.

As a scholar, an athlete and a leader—it's not surprising that she chose to attend the U.S. Military Academy at West Point. She wanted to use her many talents to serve her country.

She graduated from West Point in the top quarter of her class. She served in the United States Army with valor and distinction—raising to rank of Captain.

But it is not just for her accomplishments that she will be missed. I've spoken to her family several times in the past few days. What comes across is their pride in the kind of person that she was. She was so dear to her friends and neighbors that the entire community joined in a prayer chain to pray for her and for her family.

Captain Jennifer Shafer Odom served our country with distinction. Her courage and her sacrifice remind us that our freedom abides in the heroism of pilots like Captain Odom.

Her death was a tragedy—but her life was a triumph. She leaves behind a grieving husband, and her heartbroken parents. I ask my colleagues to join me in keeping Captain Odom and her family in our prayers.

HOLOCAUST SURVIVORS' ASSETS

Mr. ABRAHAM. Mr. President, I rise today to discuss the Holocaust Era Assets Tax Exclusion Act amendment to the Taxpayer Relief Act of 1999. I am pleased that this amendment was cleared on both sides of the aisle and has been accepted by the full United States Senate. The passage of the Abraham-Fitzgerald-Moynihan-Schumer Holocaust Era Assets Tax Exclusion Act amendment by unanimous consent, demonstrates beyond shadow of a doubt the United States Senate's firm solidarity with those who suffered during the Holocaust. In addition, I would like to offer my sincere gratitude to Chairman ROTH for his leadership and support during this process, without which we might not have had this opportunity to pass such important legislation.

The passing decades have not obscured the horrors of the Nazi regime and the horrors it committed during its 12 years in power. Many people in America and around the world live every day with memories of atrocities they suffered during this terrible time. Rounded up, placed in ghettoes or death camps, left to starve or tortured and murdered, millions had their lives taken from them, figuratively and literally.

We must never forget these atrocities. Thanks to the hard work of many, particularly within the Jewish community, we have numerous reminders of this inhumanity which can and should increase our awareness and our commitment to preventing any such events from occurring ever again. But there is more that we must do. Only recently has public attention been properly directed toward another great crime of the Nazi regime and those who cooperated with it: the systematic looting of Jewish economic assets. In addition to committing outright theft and looting, the Nazis seized liquid assets that could be converted easily into cash, such as insurance policy proceeds and bank accounts. Documents discovered over the past several years show that the Nazis specifically targeted insurance policies held by Jews as a source of funding for their expansionist, totalitarian regime.

I am sorry to say that some insurance companies also specifically (and illegally) targeted Jewish families. Knowing that Jewish policy holders soon would be taken to concentration camps, these firms sold specifically tailored policies, taking as much cash as possible up front, with no intention of honoring their obligations.

After the war, Holocaust survivors struggling to restart their lives tried to collect on their policies, access their bank accounts and/or reclaim assets that had been illegally seized from them. Unfortunately, governments, banks, and insurance companies failed to fulfill their duty to treat Holocaust victims with justice and dignity. Instead, they refused to honor policies or return stolen assets. In this way, survivors of the Holocaust were victimized twice, first by the Nazis, then by the financial institutions that deprived them of their assets.

Today, after over 50 years of injustice, Holocaust survivors and their families are finally reclaiming what is rightfully theirs. It is high time these victims of oppression finally got back some of the property stolen from them. It also is time, in my view, that the rest of us stood up to protect them from further raids on their assets. Under current law, any money received by Holocaust survivors in their settlements with banks and other organizations that once cooperated with the Nazis is treated as gross income for federal tax purposes. And that's just plain wrong.

My colleagues and I offer this amendment to prevent the federal government from imposing income tax on any settlement payments, received by Holocaust survivors or their families resulting from a Holocaust claim. We do so because we feel it is morally imperative that we stand with the victims of this injustice, and that this nation not treat as income what is in fact the return of what had been stolen.

Specifically, our amendment would allow a Holocaust survivor or the surviving heirs to receive a tax exemption for any monies received as payment resulting from a Holocaust claim from any international fund for survivors.

This would include settlements from the action "*In re* Holocaust Victims' Asset Litigation" or any other similar lawsuit, including actions already settled.

Also included would be the value of any land recovered from a foreign government as a result of a settlement arising out of the illegal confiscation of such land in connection with the Holocaust.

The victims of the Holocaust have suffered far too much for any such taxation to be just. These settlements represent but a fraction of what is owed to those who suffered under Nazi tyranny. To treat them as income subject to taxation would be to add a new injury to the old.

Mr. President, we cannot undo the evil acts of the Nazi regime. But we can put ourselves firmly on the side of those who suffered so unjustly by passing this amendment. By excluding Holocaust settlement monies from taxation, we will show that we understand what justice demands of us as we face the continuing consequences of an unjust regime.

KOSOVO'S DEADLY LEGACY

Mr. LEAHY. Mr. President, as NATO soldiers struggle to keep the peace in Kosovo, war crimes investigators labor to identify and exhume bodies from hundreds of mass graves, and the costly effort to rebuild homes and communities gets underway, we are seeing a repeat of many of the challenges that confront any post-conflict society.

One I want to mention today is a threat that is hidden among the debris, killing and horribly injuring civilians and NATO peacekeepers indiscriminately as they work to rebuild what was destroyed in the war.

The threat is unexploded ordnance, and in Kosovo that means landmines left by the Serbs and the Kosovo Liberation Army, and cluster bombs dropped by NATO forces, mostly by American aircraft.

I have often spoken about the problem of landmines. There are tens of thousands of them scattered in the fields, forests, and roads of Kosovo.

Each one is designed to blow the legs off the unsuspecting person who triggers it. Usually it is a farmer, or child, or some other innocent person trying to rebuild a normal life. The United States is helping to clear the mines, but it is a tedious, costly, and dangerous job.

But even more than landmines, it is unexploded cluster bombs which pose the greatest danger to civilians and NATO peacekeepers in Kosovo.

Cluster bombs are a favorite antipersonnel weapon of the U.S. military, and hundreds of thousands of them were dropped by NATO planes over Kosovo. They cover wide areas, are designed to explode on impact, and they spread shrapnel in all directions.

People and lightly armored vehicles are the usual targets, but since cluster bombs are often dropped from high altitudes they often miss the target.

Not only do they too often miss the target, between 5 and 20 percent of cluster bombs do not explode on impact. According to the State Department, there may be as many as 11,000 of these deadly bomblets currently lying on Kosovo soil, waiting for someone, anyone, to walk or drive by and set them off.

Unlike landmines, their location cannot be accurately mapped. We do not know where they are. Like landmines, it is the victim who pulls the trigger.

The usual victims of these explosions, like landmines, are innocent civilians, not military targets. And they remain active for years. In Laos, where millions of United States cluster bombs were dropped during the Vietnam war a quarter century ago, people are still losing their lives, their limbs, and their eyesight from these weapons.

Cluster bombs do not discriminate. NATO peacekeepers are not immune. Children are not immune. Approximately 5 Kosovars each day are killed by unexploded ordnance, mostly U.S. cluster bombs. Over 170 people have died this way since the war ended.

Even though we have known about this problem for decades, little has been done to try to minimize the harm to civilians from cluster bombs.

Recently, to its credit, the Pentagon began studying this problem. There are two things that could and should be done immediately.

First, we need to significantly reduce or eliminate the problem of dud cluster bombs that remain active and dangerous. We have the technology to make landmines self-destruct or self-deactivate after a short period of time. Why can't that same technology—usually a simple battery that runs out after a few hours—be applied to cluster bombs? It needs to be done.

Second, the Pentagon should revisit its rules of engagement for using cluster bombs. In Kosovo, NATO showered cluster bombs over densely populated areas. Was this militarily necessary or justified? Was it consistent with international law?

Since too often they miss the target, what limits should be imposed on where and when cluster bombs can be used so the innocent are not harmed? These questions need answers.

I am not the only one concerned about this. The same concerns have been conveyed to me by active duty and retired members of our Armed Forces. Just recently, the House Armed Services Committee included language in its report accompanying the fiscal year 2000 National Defense Appropriation Act, which directs the Secretary of Defense to establish a defense-wide program to develop affordable, reliable self-destruct fuses for munitions.

I see a real problem, and countless tragedies, resulting from the way these munitions are designed and used. We can do better.

There is always too much death and destruction in any military conflict. The lingering threat of landmines and unexploded bombs can be significantly reduced. If implemented, the changes I have suggested could save many innocent lives in the aftermath of war.

Mr. President, I ask unanimous consent that a brief article and a letter to the editor about cluster bombs that appeared in the August 3 Washington Post, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, August 3, 1999]

THE REMAINS OF WAR

U.S. warplanes dropped 1,100 cluster bombs during Operation Allied Force against Yugoslavia, says the Defense Department. Each contained 202 bomblets. That's 222,200 bomblets each. With a dud rate of 5 percent, it is likely, a DOD spokesman said, that about 11,110 bomblets are sitting around unexploded.

Duds Keep On Killing

The problem of high dud rates in cluster bombs has been well known to the military for years. The 5 percent dud rate mentioned in "NATO 'Duds' Keep Killing in Kosovo" [front page, July 19] must be characterized as more of a prayer than a fact: Dud rates among cluster munitions were as high as 30 percent during the Vietnam War. Dud rates during the Gulf War were as high as 20 percent.

Laos remains littered with millions of duds in unmarked minefields. They continue to kill farmers who strike them with implements and children who mistake them for toys. Many young victims' parents were not even born when the United States dropped these weapons in unprecedented numbers. The grandchildren of Kosovars and Serbs alike will die as they discover unexploded bombs in the future.

The military was aware of how attractive these "bomblets" are. Numerous similar stories came out of the Gulf War explaining that the brightly colored and appealing shapes made unexploded cluster bombs irresistible to child and soldier alike.

These weapons should be banned from the U.S. arsenal and arsenals around the world.—VIRGIL WIEBE.

THE NEW MILLENNIUM CLASSROOMS ACT

Mr. ABRAHAM. Mr. President, I rise today to discuss the New Millennium Classrooms Act amendment to the Taxpayer Relief Act of 1999. I am pleased that this amendment was cleared on both sides of the aisle and has been accepted by the full United States Senate. The passage of the Abraham-Wyden New Millennium Classrooms Act amendment by unanimous consent, demonstrates beyond shadow of a doubt that the United States Senate is firmly committed to bringing quality high technology to schools and seniors. This provision will go a long way toward ensuring our nation's technological and economic leadership in the New Economy.

First, I would like to take this opportunity to thank the Chairman for his leadership and support during this process, without which we might not have had this opportunity to pass such important legislation. In addition, I would like to express my thanks to Senator WYDEN who has worked closely with me to develop this strong legislation which would bridge the digital divide between technological haves and have-nots, ensuring that all our nation's students, and seniors, enjoy access to quality technology and the Internet.

When I first introduced this legislation, I was joined by Senators WYDEN, HATCH, KERREY, COVERDELL, DASCHLE, JEFFORDS, LIEBERMAN, ALLARD, GORTON, BURNS, and MCCONNELL. Like me, they believe it will encourage companies and individuals to donate more computers to schools, helping these institutions train kids for jobs in the fast-growing high technology sector of our economy. Since then we have been joined by 14 additional colleagues from both sides of the aisle.

Mr. President, our kids must be prepared for the jobs of the 21st century, which requires training and experience with computers and the Internet. Unfortunately, not enough schools have the equipment they need to teach the essential skills our kids and our nation need to keep our economic future bright.

Education Secretary Riley recently testified before the Joint Economic Committee, saying that he expects us to see 70 percent growth in computer and technology-related jobs in the next six years alone. In less then six months, 60 percent of all jobs will require computers.

However, Mr. President, our classrooms have too few computers. And the computers they do have are so old and outdated that they cannot run the most basic software or even access the Internet. One of the more common computers in our schools today is the Apple IIc, a model so archaic it is now on display at the Smithsonian.

Mr. President, the problem is even worse for those already disadvantaged. A recent Commerce Department report, Falling through the Net: Defining the Digital Divide" shows a growing divide between technological haves and have-nots. Among the study's findings:

The gap between white and black/Hispanic households with incomes between $15-$35,000 per year has increased, from 8% five years ago to 13% today.

Households with annual incomes of at least $75,000 are more than 20 times as likely to have Internet access than households at the lowest income levels.

All this points up the need to encourage access to the Internet from computers outside the home. Access translates into usage, then experience and knowledge. Bringing high technology to schools, especially schools in economically disadvantaged areas, and senior centers will provide students and seniors the opportunity to succeed in the next millennium that they might not have had otherwise.

The Detwiler Foundation, an organization with unparalleled status as a facilitator of computer donations to K-12 schools nationwide, estimates that if just 10 percent of the computers taken out of service each year were donated to schools, the national ratio of students to computers would be brought down to five to one, or even less.

Mr. President, this amendment, through tax incentives, would increase the amount of computer technology donated to schools.

Our amendment would do the following:

First, allow a tax credit equal to 30 percent of the fair market value of the donated computer equipment, including computers, peripheral equipment, software and fiber optic cable related to computer use, generally, and a 50 percent credit for donations made within designated empowerment zones, enterprise communities, and Indian reservations. Increasing the amount of the tax credits for donations made to schools and senior centers in economically-distressed areas will increase the availability of computers to the children and seniors who need them most.

Second, increase the age limit to include equipment three years old or less. Many companies update their equipment every 3 to 5 years. Yet three year old computers equipped with Pentium-based or equivalent chips have the processing power, memory, and graphics capabilities to provide sufficient Internet and multi-media access and run any necessary software.

Third, expand the pool of eligible donors. By expanding the number of donors eligible for the tax credit we can increase the number of computers available as well.

In addition, this amendment would require that donated computers include an installed operating system. Sophisticated hardware can be easily damaged during transport or even when the donating company's private files and documents are removed. Without the operating system, it could be weeks before the school is aware of any problems concerning the donation. Further, inclusion of an operating system will ensure that students can begin using the machines as soon as they are plugged in, without further burdening school budgets with the added purchasing costs of an operating system and license.

This amendment has been endorsed by: the National Association of Secondary School Principals, Microsoft, The Information Technology Industry Council, The National Association of Manufacturers, The Technology Training Tax Credit Coalition, 11 senior executives of leading technology companies and venture capital firms, The National Association of State Universities and Land Grant Colleges, TechNet, and the United States Chamber of Commerce.

All of these organizations agree that this amendment will provide powerful tax incentives for businesses to donate high-tech equipment to our classrooms.

Mr. President, without duly increasing federal expenditures or creating yet another federal program or department this amendment will give all our children an equal chance to succeed in the new millennium.

I yield the floor.

DR. GERALD WALTON, RETIRED UNIVERSITY OF MISSISSIPPI PROVOST

Mr. LOTT. Mr. President, today I want to honor a man of integrity, perseverance, intellect, and dedication. Dr. Gerald Walton recently retired from my alma mater, the University of

Mississippi. Dr. Walton has served Ole Miss for nearly forty years in several capacities ranging from a part-time English instructor in 1959 to the position of Provost from which he is retiring.

Born and raised in Neshoba County, Mississippi, Dr. Walton has been a great servant of higher education in Mississippi. He graduated from the University of Southern Mississippi in 1956 with a degree in English. He then attended Ole Miss, where he obtained his master's degree and then his doctorate. Dr. Walton's next step was a stint as a teaching assistant. Once he got his foot in the door, he quickly gained the respect of his colleagues and began to move up in the ranks. He has demonstrated exemplary commitment to public education.

In addition to managing the demands of a career in academia, Dr. Walton has been dedicated to his family. He has always put his wife and three daughters first. I am envious of all the free time he will have for his four grandchildren.

Mr. President, Dr. Walton has stood the test of time. He has adjusted to the many changes Ole Miss and our society have experienced. Dr. Walton has always stood by his principles of right and wrong, which were first professionally tested in 1962. He was one of only a handful of faculty who publicly supported James Meredith and the integration of Ole Miss. Several members of the faculty advised him not to sign a letter of support, but as Dr. Walton would say, "I felt it was the right thing for me to do." His character was challenged early and he passed with flying colors.

Dr. Walton's abilities and personal demeanor have made him one of the favorite administrators on campus, a fact which is evidenced by his holding several leadership positions during his tenure at Ole Miss. He has been described as modest and deeply principled. Often, Dr. Walton has been the one who carried the responsibility and made crucial decisions, but he shies from the spotlight, and allows others to be recognized and applauded. Today, we applaud Gerald Walton.

Mr. President, at Ole Miss, Dr. Walton has proven himself to be multi-talented. He has served the University as a teaching assistant, Assistant Professor, the Director of Freshman English, the Associate Dean and Dean of Liberal Arts, Associate Vice Chancellor for Academic Affairs, Interim Chancellor, and finally in the position of Provost. In each of his positions, Dr. Walton has been the type of leader for whom every one of his students and colleagues would do most anything. Other contributions on his long list of accomplishments are the roles he played in organizing the first Faulkner and Yoknapatawpha Conference and the Oxford Conference for the Book.

Mr. President, Dr. Walton is not one to brag on himself, but never thought twice about bragging on the University or his colleagues. I am pleased to have the opportunity to honor such a deserving individual. I trust that the Senate will join me in congratulating Dr. Gerald Walton on his retirement from a distinguished career at the University of Mississippi. My dear friend, Chancellor Robert C. Khayat, said it best when he was speaking of Dr. Walton. He said, "Truly, Gerald Walton can move into the next phase of his life knowing that the words, 'Well done, my faithful servant,' apply to him."

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Monday, August 2, 1999, the Federal debt stood at $5,626,552,692,300.04 (Five trillion, six hundred twenty-six billion, five hundred fifty-two million, six hundred ninety-two thousand, three hundred dollars and four cents).

Five years ago, August 2, 1994, the Federal debt stood at $4,648,620,000,000 (Four trillion, six hundred forty-eight billion, six hundred twenty million).

Ten years ago, August 2, 1989, the Federal debt stood at $2,815,326,000,000 (Two trillion, eight hundred fifteen billion, three hundred twenty-six million).

Fifteen years ago, August 2, 1984, the Federal debt stood at $1,555,562,000,000 (One trillion, five hundred fifty-five billion, five hundred sixty-two million).

Twenty-five years ago, August 2, 1974, the Federal debt stood at $475,930,000,000 (Four hundred seventy-five billion, nine hundred thirty million) which reflects a debt increase of more than $5 trillion—$5,150,622,692,300.04 (Five trillion, one hundred fifty billion, six hundred twenty-two million, six hundred ninety-two thousand, three hundred dollars and four cents) during the past 25 years.

TOBACCO MARKETS IN SOUTH CAROLINA

Mr. HOLLINGS. Mr. President, I rise today to discuss the opening of the 1999 tobacco marketing season in my home state of South Carolina. According to the U.S. Department of Agriculture, the United States is one of the world's leading producers of tobacco. It is second only to China in total tobacco production. Tobacco is the seventh largest U.S. crop, with over 130,000 tobacco farms in the United States.

In South Carolina, tobacco is the top cash crop, worth about $200 million annually. It also generates over $1 billion in economic activity for my state. Tobacco production is responsible for more than 40,000 jobs on over 2,000 farms and continues to account for about one-fourth of all crops and around 13 percent of total crop and livestock agriculture in South Carolina.

It has been a hard couple of years for tobacco farmers in my state. Last year, a settlement between the State Attorneys General and five tobacco companies was completed. This settlement has created insecurity in these farmers' lives, as well as in their communities. Once again tobacco quota was cut this year. The cut was 17 percent, which means that these farmers have seen their quota reduced by 35 percent over the last 2 years.

In recent years, we have seen a rise in tobacco imports, as domestic purchases by companies have declined. This has had a direct effect on the economy of my state. Many of the rural towns in South Carolina have grown up around producing tobacco, and decreased demand for domestic tobacco has affected them greatly. I hope these companies see the need to purchase more domestic tobacco and decrease the amount of tobacco they import. It is imperative for these rural communities' economic stability that domestic tobacco purchases rise.

Mr. President, in conclusion I want to wish the tobacco farmers and warehousemen in South Carolina the best of luck this year. I wish that I could be down in South Carolina for this festive occasion of opening day, but duty calls. Although I can't be there physically, they all know that I'm there in spirit. And as hard as I have worked in the past for them, they can expect me to work even harder to ensure farmers and their communities remain economically sound.

TRIBUTE TO DR. RUDOLPH E. WATERS

Mr. LOTT. Mr. President, I want to pay tribute to a great educator who has fought diligently on behalf of all Mississippi students.

Dr. Rudolph E. Waters has been employed at Alcorn State University, the nation's oldest historically black land-grant institution since 1957. Over the past 40 years, Dr. Waters has worked tirelessly to improve education standards.

While at Alcorn State, Dr. Waters has served as Dean of Students, Dean of Instruction, Coordinator of Title III Programs, Vice President, Interim President, and Executive Vice President. In 1964, while serving as Dean of Instruction, he was a participant in the Institute for Academic Deans at Harvard University.

Born in Brookhaven, Mississippi, Waters received his B.S.C. from DePaul University in 1954. After studying for his master's degree at Boston University and doing a stint at Southern Illinois University, he received his Doctorate of Philosophy from Kansas State University in 1977.

His professional affiliations include the American Association for Higher Education, the National Association of

Collegiate Deans and Registrars, Phi Delta Kappa, Delta Mu Delta, and the National Society for the Study of Education.

Dr. Waters has worked with youth of all ages. He has been a member of the Commission on School Accreditation; the Commission of Interinstitutional Cooperation for Alcorn State University and Mississippi State University; and a member of the board of directors for several organizations including the Andrew Jackson Council of the Boy Scouts of America, the University Press of Mississippi and the National Commission for Cooperative Education.

Dr. Waters's commitment to excellence has allowed him to serve on visitation teams for the Commission on Colleges of the Southern Association of Colleges and Schools and the Council on Study and Accreditation. In his work, he has advised schools across the southeast including Morris Brown College in Atlanta, Alabama Lutheran Junior College in Selma, Morris College of Sumter, South Carolina; and Natchez College in Mississippi.

He has been awarded several special honors and commendations throughout his professional career including the Outstanding Educator Award from Rust College in 1976, the Alumni Fellow Award from Kansas State in 1988, and the Kappan Of The Year from the Utica chapter of Phi Delta Kappa in 1993.

Dr. Waters's writings have focused on teaching and the shaping of young minds He authored "Implications of Studies on Class and School Size for Programs in Business Education in the Public Secondary Schools" and "A Profile of Presidents of Historically Black Colleges and Universities." He also co-authored "Justice, Society, and the Individual: Improving the Human Condition" which was published in the 1978 Yearbook of the Association for Supervision and Curriculum Development.

Dr. Waters is not only a great educator, but a great rhetorician and historian. On numerous occasions, he has been called upon to represent the university at both state and national events. He has a great knowledge of history and a distinguished usage of rhetoric and philosophy.

On the campus, Dr. Waters is loved by administrators students and faculty. His kindness and gentle manner are always appreciated, and his upbeat spirit and attitude are an attribute is caught by all who come in contact with him.

I commend Dr. Waters for all he has accomplished and all that he has yet to achieve. Dr. Waters is truly a shining star for Alcorn State University and for all Mississippians.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 2000—Resumed

The PRESIDING OFFICER. The clerk will report the pending business.

The legislative assistant read as follows:

> A bill (S. 1233) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for fiscal year ending September 30, 2000, and for other purposes.

Pending:

> Lott (for Daschle) amendment No. 1499, to provide emergency and income loss assistance to agricultural producers.
>
> Lott (for Cochran) amendment No. 1500 (to Amendment No. 1499), of a perfecting nature.

Mr. COCHRAN. Mr. President, I thank the distinguished Senator from North Dakota for his willingness to let the Senate resume the bill. I appreciate very much also his efforts to try to identify the ways we can develop a comprehensive response to the disaster situation and the economic crisis that exists in agriculture today.

Last evening, before the Senate adjourned, the distinguished Senator from Indiana, Mr. LUGAR, spoke for about 30 minutes, focusing the attention of the Senate, as we should be focused, on the difficulties of designing a plan to deal with this problem in agriculture that affects all commodities, all regions of the country, because there are disparities around the country in terms of economic losses, weather-related damages to crops, and market influences in the agricultural sector. All of that means some farmers are doing fairly well.

There was an article in my home State press yesterday, as a matter of fact, talking about the aquacultural industry in the State of Mississippi, and what a good year those who are producing farm-raised fish are having in comparison with the other agricultural producers in our State.

This is probably replicated in many other States. Some farmers are having a good year but many are not. We are trying to identify ways we can design a program of special assistance to deal with those catastrophic situations where the Government does need to respond. It is my hope we can design a disaster program that sends money directly to farmers who need financial assistance rather than create larger Government programs with money going into the bureaucracy, or expanding conservation programs, as the first-degree amendment would do, and instead opt for the alternative that is the second-degree amendment which I have offered that sends the money directly to farmers.

I was called this morning by one of the network radio news reporters and was asked whether or not the program we are recommending is more loans for farmers. Farmers, he had heard, do not want more loans. I assured him that is not what we were proposing. We are not proposing that farmers be given more loans. We are proposing that they be given more money, direct payments, using the vehicle of the existing farm legislation that gives authority to the Secretary of Agriculture to make direct payments to farmers in the form of transition payments. We are doubling the amount of the transition payments in this second-degree amendment. That makes up the bulk of the dollar cost of the second-degree amendment as estimated by the Congressional Budget Office.

So I think we are on the right track in trying to identify the best way to help farmers who are in an emergency situation, to identify those who are in an emergency and to give them money in direct payments in this special situation.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, actually, I do not know whether it is a jump ball. I will be pleased to go in order, if we could do it that way. I see the Senator from Kansas was ready to speak, and the Senator from North Dakota. Can we alternate from side to side?

I ask unanimous consent to follow the Senator from Kansas. I didn't mean to beat him to the punch. I am anxious to debate.

Mr. ROBERTS. I have no objection to that whatsoever. I have about 15 or 20 minutes of remarks.

Mr. WELLSTONE. I will listen to my colleague and then ask unanimous consent I be able to follow.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Reserving the right to object, and I will not object, but if we are going to establish an order, and if there is an appropriate back and forth, I ask that I follow Senator WELLSTONE on this side of the aisle.

Mr. COCHRAN. Rather than agree to that, and I think it is a good idea to go back and forth from one side of the aisle to the other, we do not have a time agreement, and I think it is a mistake now to try to get a time agreement. Senator GRASSLEY, I know, was on the floor making notes a while ago. He stepped off the floor just now. I wouldn't want to jeopardize his right. He has been here for some time this morning.

I hope what we can do is, if the Senator from Kansas can proceed as suggested by the Senator from Minnesota, and then the Senator from Minnesota, at that time we can take a look and see who wants to speak. But I know the Senator from North Dakota is interested in this debate and participated in the debate yesterday. We look forward to hearing his comments again today.

Several Senators addressed the chair.

Mr. DORGAN. Reserving the right to object, I think the Senator from Mississippi misunderstood. My intention was to say if there is a request after Senator WELLSTONE to speak on that side, I understand that. But if we are going to establish an order, because I am here and would like to speak, I am happy to leave and come back at an appropriate time. If we going are to establish an order now, I would like to be in that order.

Mr. COCHRAN. Mr. President, if the distinguished Senator from Kansas will yield further, I had suggested we not try to establish an order. That was my response to the question. He asked if we were going to establish an order. My answer is, as the manager of the bill, I recommend against it at this point.

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Mr. HARKIN. Reserving the right to object, what is the unanimous consent request?

The PRESIDING OFFICER. The unanimous consent request of the Senator from Minnesota is, immediately following the remarks of the Senator from Kansas, he be allowed to speak.

Mr. WELLSTONE. May I clarify this? I had the floor. I was trying to be accommodating.

Mr. COCHRAN. Yes. He was.

Mr. WELLSTONE. I simply said, if the Senator felt I jumped in, beat him to the punch, I would be pleased to follow the Senator from Kansas. I am ready to yield, or I will keep the floor. Shall we do that?

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Mr. ROBERTS. Who has the floor?

The PRESIDING OFFICER. The Senator from Minnesota has the floor and has propounded a unanimous consent request. Is there objection?

Mr. COCHRAN. Reserving the right to object, I was thanking the Senator from Minnesota for his graciousness, for his generosity of spirit, for his courtesy to the Senator from Kansas. I appreciate that very much, as the manager of the bill. I think what he suggested was eminently fair.

The PRESIDING OFFICER (Mr. ENZI). No objection is heard. Without objection, it is so ordered.

The Senator from Kansas is recognized.

Mr. ROBERTS. I thank my colleagues.

Mr. President, I rise to discuss the need to provide emergency financial relief to our country's farmers and ranchers and to rural America in what will hopefully be short-term assistance that will allow our producers to meet their cash flow needs while Congress also pursues the long-term objectives needed to provide a profitable agriculture sector into the 21st century.

As one Kansas farmer told me recently: "Pat, in farm country today we are just not in very good shape for the shape we are in."

Farmers today, as many of my colleagues are pointing out, are struggling with depressed prices and cash flow difficulties, especially farmers who do not receive program payments under the current farm bill.

We can and should provide relief to enable our producers to get through these very difficult times, and the choice between the relief package that has been offered by Senator COCHRAN and that offered by Senator HARKIN will determine the kind and amount of assistance that will be forthcoming—or some other substitute.

In this regard, I have been urging Congress to act on a program of limited but effective assistance before this August break to send a strong signal to farmers, ranchers, and most important, the agriculture lending community. Land values have not tailed off, but the continuing stress certainly could lead to that. We need to nip that in the bud.

On the other hand, I do not believe it is in the interest of American agriculture to rewrite the current farm bill or to enact policy that will be market interfering, market disruptive, and lead us back down the road to command and control farm policy from Washington. Unfortunately, I believe both of the proposals that are before us today, or at least some aspects of those proposals, do fall into that category, especially the amendment offered by the distinguished Senator from South Dakota, Mr. DASCHLE.

I will discuss the shortcomings of these proposals later, but first let me point out, this emergency assistance debate is only part of the story. The rest of the story involves the drumbeat of rhetoric we have heard from our Democrat colleagues and friends across the aisle, and the Clinton administration, who, month after month, week after week, day after day, have blamed the 1996 farm bill, called Freedom to Farm, for the collapse of commodity prices, if not the end of production agriculture and family farms in the United States.

Reading the press releases, the resulting headlines, and listening to my colleagues, you would think the current farm bill was the result of some sinister plot concocted in the dead of night.

Apparently, they would like farmers and ranchers to believe our current farm policy is responsible for record worldwide production; increasing and record yield production and productivity; the worst international economic crisis since the early 1980s decimating our largest markets; record subsidies by the European Union, some $60 billion; weather—too much rain, too little rain, the obvious drought in the Atlantic States, La Niña and El Niño; persistent plant diseases in the northern plains, and crop infestation in all other regions; new technology and precision agriculture; currency changes and the value of the dollar that have reduced American exports—that would be some farm bill. But those are the causes that have actually led to the low commodity prices.

In fact, the current farm bill came after 38 full committee and subcommittee hearings in the House Agriculture Committee during my tenure as Chairman, 21 of which were held in farm country—every region, every commodity—all open-microphone listening sessions. Extensive hearings were also held here in Washington on this side of the Capitol in the Senate Agriculture Committee.

Literally thousands of farmers and ranchers voiced their opinion. They overwhelmingly stated they wanted the Government to get out of their planting decisions, to quit interfering in the marketplace, so they could make their own marketing decisions based on what was best for their farms, their ranches, according to the market.

The bottom line, farmers told us there was too much in command and control that came from Washington. They were tired of standing in line outside the Farm Service Agency so that Washington could tell them what to plant in exchange for a Government subsidy.

As one 89-year-old Kansas farmer told us in Dodge City—and I quote:

> I farmed for nearly 60 years and I never planted a crop that the government had not told me I could plant.

The single most important goal and rationale behind the 1996 farm bill was to restore decision making back to the individual producer, i.e., the freedom to farm.

It is true—almost all of the speeches that have been made on the floor of the Senate, and all of the press conferences that we have heard all throughout farm country—it is true our commodity prices are depressed. Markets are depressed worldwide. Everyone involved in agriculture certainly knows and is dealing with that firsthand.

But as the saying goes in farm country: Comin' as close to the truth as a man can come without gettin' there is comin' pretty close but it still ain't the truth.

Or put another way, no matter who says what, don't believe it if it doesn't make sense. With all due respect to my colleagues who apparently believe the 1996 Farm Act is the root cause of problems in farm country, I do not believe that is simply the case.

I understand the politics of the issue. As scarce as the truth is, the supply seems greater than demand. And with Freedom to Farm, there is no demand amongst some of my Democrat friends.

But politics aside, I must admit I am both puzzled and amazed by the rhetoric we have heard over and over and over and over again. How can a farm bill that has provided on average more income assistance during difficult times over the past 3 years than occurred during the five-year average under the old farm bill be bad for farmers?

Let me point out that the market situation for all raw commodities is under stress. In addition to low crop prices, we have also been suffering through low farm prices for cattle, for hogs, for oil, for gold, for gas, and all raw commodities. None of these commodities has been covered by a farm bill—any farm bill. Is the current farm bill responsible for the market collapse in these commodities? Obviously not. But the causes that caused those low prices are the same ones that caused the problem with regard to farm country.

There was an interesting press report about a week ago. It was on the front page of a newspaper about the severity of the agriculture situation—and it is severe. The lead of the story said:

> In the wake of dismal prairie farm income projections, agriculture officials emphasized the need for an improved long term safety net. If something is not done we are going to lose a lot of farmers.

But you know, that story was not about the United States; it was about Canada and their farm crisis. Canadian farmers are facing bleak prospects; and the same is true in Great Britain; and the same is true in Europe; and the same is true all over this world, in Latin America and South America, as well.

I do not think that Freedom to Farm caused their problems. This is a worldwide market decline, and as such is unprecedented.

What has caused the low commodity prices?

First, farmers worldwide have had good growing weather and produced record crops for 3 years in a row—unprecedented. That is what my good friend and colleague, the Secretary of Agriculture, Dan Glickman, said a few weeks ago when we attended a joint meeting—unprecedented record crops.

Second, we have experienced a world depression in regard to our export markets, both in Asia and Latin America and South America.

Third, the European Union is now spending a record $60 billion—85 percent of the world's ag subsidies—on their subsidies.

Fourth, the currency exchange rates reduced the level of farm exports and farm prices. A 16-percent appreciation in the value of the U.S. dollar has been responsible for 17 to 25 percentage points of the decline in corn and wheat prices.

Fifth, a market-oriented farm program depends on an aggressive trade policy. In regard to trade, although it is very controversial, we did not do fast track. We had a very historic agreement with China, with bipartisan work on it, and then it was pulled back; and then it was followed by the bombing of the Chinese Embassy. That was not the intent, but that is what has happened. And we are about to put agriculture last—certainly not first—in the coming WTO trade talks in Seattle. We continue to employ counterproductive sanctions that punish U.S. farmers and reward our competitors with market share and have no effect on our foreign policy.

The administration has moved in this regard. We have bipartisan support for sanctions reform, but we still cannot use the USDA export programs in regard to making those sales.

Again, the cause for these low prices is not the 1996 farm bill. Quite the contrary, under Freedom to Farm—and I want everybody to listen to this—farmers in each State represented by most of the critics of the 1996 act have and are receiving more income assistance on average than they did under the old bill.

Under Freedom to Farm, farmers themselves—not Washington—have set aside their crop production and switched to other higher value crops. Nevertheless, we hear the mantra that we do not have a safety net.

Let me point out, for the past 3 years of the current farm bill we have provided transition payments—somehow or other in this debate the reality of transition payments over the 6-year life of the farm bill has been ignored. It is almost like they do not exist in the minds of the critics, but we have provided them. They are direct income support, and that amounts to approximately $23 billion to our farmers and ranchers for the past 3 years of the bill.

On the downside, we have also provided nearly $3 billion in what is called loan deficiency payments. That means the price goes below the loan rate. The loan rate was pretty low. We would never have imagined we would have to use the LDP program, but we had to—$3 billion. Recent estimates by the USDA are projecting possible LDPs totaling $8 billion this year.

These numbers total to nearly $34.5 billion by the end of 1999, and they do not include the $6 billion in lost market payments and disaster relief that were paid to farmers in 1998.

If you add in the $6 billion emergency package of last year, and the proposed assistance now being debated, the total is unprecedented—unprecedented—but even before these disaster payments you still had more income under the current farm bill than farmers would have received under the old one, under the 5-year average. So from that standpoint, I do think we have a safety net.

In the past 3 years in Minnesota, for the benefit of my dear friend and colleague, Senator WELLSTONE, the safety net for farmers under Freedom to Farm averaged $136 million more in total payments compared to the state average under the old bill.

In South Dakota, the safety net for farmers under Freedom to Farm averaged for the past 3 years was $58 million more than the state average under the old bill.

In North Dakota—Senator DORGAN and Senator CONRAD are two Members who fight for their farmers and believe very passionately that we must address this problem—$15 million more; in Nebraska, $109 million more; and in Iowa, the safety net for farmers under Freedom to Farm in the last 3 years provided $162 million more than the previous bill.

Is it enough in regard to the problems we face that are unprecedented? Is it enough for the northern prairie States with border problems and wheat scab and weather you can't believe? I do not know. That is for those Senators and those farmers to determine. But there has been a significant increase in that direct income assistance to those producers.

Finally, for those who like roosters at the dawn and coyotes at dusk, crow and howl that we have ripped the rug out from underneath our farmers and the safety net, let me point out that during the first 3 years of Freedom to Farm, the average amount of income assistance to hard-pressed farmers was higher in every one of the 50 States than the 5-year average for each State during the previous farm bill. Again, these higher 3-year averages do not include emergency assistance that producers received through the structure of the Freedom to Farm Act that farmers received last year and they will receive this year when we finally get to the determination of whatever emergency package we should pass.

In making these statements, let me urge my colleagues to do their homework. Take time to read an assessment of the 1996 Farm Act by the Coalition for Competitive Food in the Agriculture System, published this June. In brief, the summary concluded the act did not cause the low commodity prices—I mentioned the two causes—supported the underlying health of the farm economy, and has provided a strong safety net—yes, buttressed by the emergency legislation—and, one of the biggest conclusions, forces U.S. competitors to adjust to the world market.

There is a summary of this report, and I ask unanimous consent to have the summary printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

AN ASSESSMENT OF THE FAIR ACT

Food and agriculture remains the US economy's largest single economic sector, accounting for $1 trillion in national income, and employing 18 percent of the nation's entire work force. Almost one-fourth of US economy.

In 1996, the US Congress passed historic farm legislation, allowing the US agricultural economy to respond to the global market. The FAIR Act provided farmers with a strong safety net, coupled with the freedom to plant for the market. It ended the counterproductive practices of taking good US cropland out of production and of setting a global price floor for all the world's farmers, which served only to intensify foreign competition against U.S. growers.

Fundamentals of the FAIR Act

Eliminated planting requirements.

Eliminated supply controls and acreage idling programs.

Freed farmers to plant for the market.

Eliminated variable deficiency payments.

Provided guaranteed transition payments.

Retained competitive price support levels.

Retained marketing loans to prevent government stockpiling.

THE FAIR ACT DID NOT CAUSE LOW COMMODITY PRICES

The passage of the FAIR Act coincided with sea changes in the global economy, which have dramatically affected the US agricultural economy. Years of worldwide economic growth, particularly in middle income developing countries, led to rising demand for meat and animal feed. Increased market access achieved by the Uruguay Round Agreement, as well as regional agreements such as NAFTA, allowed US farmers to take advantage of that growth overseas. New technologies (biotechnology, precision farming, no till agriculture) were increasing crop yields at the same time as record high prices led farmers in the United States and overseas to expand acreage.

Two years after the enactment of the FAIR Act, the global economy suffered the worst international crisis since the early 1980s. The fast growing Asian economies, which together are the largest single market for US exports had been the fastest growing importer of US food and agricultural products, suffered dramatic reversals, as did Russia.

Asian demand was down 17 percent in 1998, and will be down another 23 percent this year. Ironically, sales to Mexico were up 17 percent, and NAFTA is the fastest growing market for U.S. farmers.

The sharp drop in demand for food and agricultural products coincided with record harvests in the United States, Brazil, Argentina and other food producing nations. Between 1993 and 1998, world wheat production has shifted from 65.4 MMT below trend to 31.7 MMT above trend—an increase in supply of nearly 100 MMT. World corn production has shifted from 52 MMT below trend in the early 1990s to 36 MMT above trend in the late 1990s—an increase of 88 MMT. Soybean production has seen similar trends, with production 7 MMT below trend in the early 1990s and 11 MMT in the latter half of the 1990s. As a result of these huge shifts in supply, world prices have dropped far from their uncharacteristic highs in the mid-1999s, to slightly below average levels, when compared to the firt half of the decade.

THE FAIR ACT HAS SUPPORTED THE UNDERLYING HEALTH OF THE FARM ECONOMY

During the tenure of the FAIR Act, the underlying financial health of the sector has improved, when compared to the first half of the 1990s. Total farm assets were 18 percent higher than the 1990–94 average in 1996 and are estimated to be 30 percent higher in 1999. Similarly, land values in 1998 were 16 percent higher than their average value in 1990–94, and are projected to be 38 percent higher in 1999. Moreover, liquidity ratios are up, debt servicing ratios are down, and return on equity has increased from 0.5 percent in 1995 to 2.3 percent in 1998.

While there have certainly been regions and commodities that have suffered from sharp prices declines and from various weather and crop related disasters, overall, average farm income during the FAIR Act has been higher than farm income under previous legislation. Even with the declines in 1998 and 1999, farm income during the FAIR Act is higher on average than during the previous farm legislation.

In perhaps the most important measure of the financial outlook for the sector, farmland prices continue to rise throughout the country. Since 1995, the price of farmland in the Corn Belt has risen from $1600 per acre to over $1800 per acre; land in the Great Lakes has risen from just over $1000 per acre to almost $1300 per acre. Even in the Northern Plains, which has suffered the most in terms of prices and disasters, farmland prices are up from just under $1000 per acre to almost $1100 per acre.

THE FAIR ACT PROVIDES A STRONG SAFETY NET

Under the terms of the FAIR Act, $35.6 billion will be provided to farmers through direct income payments over seven years, for an average of $5 billion annually. In addition, expenditures under the commodity loan program, which makes up the difference between the loan rate and a lower market price, have added an additional $1 billion annually, an amount that could reach $3.5 billion in 1999 alone. In addition, the disaster relief and market loss payments during 1998 added an additional $6 billion in government payments to farmers. In all, payments under the FAIR Act have totaled $5.7 billion per year. By comparison, payments under the old farm program averaged $5.5 billion per year. Because they are based on previous production levels and historical program yields, the bulk of those payments go to large, commercial farmers who account for the bulk of U.S. production.

THE FAIR ACT FORCES U.S. COMPETITORS TO ADJUST TO THE WORLD MARKET

In the past, when the United States took land out of production in response to low prices, our competitors in Brazil, Argentina and other countries simply expanded their acreage to take up the slack. When the United States raised its support prices in the early 1980s, farmers in other countries took advantage of the price floor set by the United States, to expand their production. In effect, the United States functioned as the Saudi Arabia of the World grain market. Those policies provided a safety net not just to US farmers, but to the world's farmers.

Under the FAIR Act, U.S. farmers face no government-mandated set-asides. As a result, they have brought nearly 10 million acres back into production. With the safety net of the marketing loan in place, U.S. farmers are guaranteed to receive the loan rate, even if world prices fall to lower levels. This means that farmers in other countries will be forced to respond to world markets prices, while U.S. farmers benefit from the higher U.S. loan rate. Should world prices rise above U.S. loan rates, U.S. farmers will be able to receive the full benefit of those higher prices.

Mr. ROBERTS. Mr. President, most of the critics of the current act have recommended that we rewrite the farm bill, and I think most, at least—and I don't want to be too specific here because I am not sure—have indicated they would like a return to set-aside programs and higher loan rates and farmer-owned reserves, basically a return to the old farm bill. They say we need to do it so we can control production and increase the price of our commodities. Lord knows, I would like to try anything, almost, to increase the price of our commodities.

My question is this: How do we convince our competitors to follow suit? Past history shows us that when we reduce our acreages, our competitors do not follow suit. World stocks are not reduced. They increase their production by more than we reduce ours. There is no clearer example than during the 5-year period from 1982 to 1988 when the United States harvested 12 million fewer acres of soybeans and, during the same period, Argentina and Brazil increased their production by 14 million acres. Guess which countries are now the largest competitors of the United States in the soybean market.

Critics will also claim that plantings and stocks have increased and prices have plummeted because our farmers were allowed to plant fence row to fence row. That is not true either. The United States was not the cause of increased world production. In 1996, farmers in the United States planted about 75 million acres of wheat. Under Freedom to Farm, that fell to 70 million in 1997, 65 million acres in 1998. That is almost a 14-percent drop in wheat acreage. The farmer made that decision, not somebody in Washington, a voluntary set-aside. It was a paid diversion because he got the AMTA payment. USDA projections are an additional decrease this year of another 9 percent. That is a voluntary farmer set-aside, not a government mandated set-aside.

If U.S. wheat farmers planted less wheat, where did the record crops come from? We have been blessed with near perfect growing conditions in most of wheat country. The average farmer's yield went from 36 bushels an acre to 43 last year, 47 this year. Once again, the American farmer's record of productivity is simply amazing. I don't know of any farm bill that has ever been able to control production in other countries, or the weather, or growing conditions. I don't think even our friends across the aisle who are most critical would propose trying to limit the farmer's yield.

Still despite these facts, the naysayers say we must control production and raise loan rates. Raising loan rates will only increase or prolong the excess levels of crops in storage and on the market and actually result in lower prices down the road. Excess stocks will depress prices. Do we then extend the loan rate or raise it, leading to an endless cycle, leading to a return to planting requirements and Washington telling farmers to set aside ground to control production and limit the budgetary costs?

How do higher loan rates help producers who have suffered crop failures and have no crop underneath the loan? We had low prices in the mid-1980s. As a matter of fact, in 1985, and, it seems to me, in 1986, we spent almost $25.9 billion. We tried PIK and Roll; we tried certificates; we tried set-asides. We tried everything under the sun. We passed the 1985 act dealing with unprecedented world conditions. So we tried that. We had the higher loan rates.

It is one thing to propose a new farm program, albeit we haven't seen anything too specific. But how do you pay for the budget cost, notwithstanding the emergency declaration of this legislation, which I think is appropriate? There was no request from the President, after 3 years of complaining, no request from Secretary Glickman for additional funding. It seems to me it is one thing to propose changes in the farm bill in the form of increased loan rates, however you want to change it—or, as the President says, we just need a better farm bill—and another to propose how we pay for it.

The reason I am bringing this up is, I think we need a little truth in budgeting, aside from the proposed emergency legislation that we need. Do the advocates of change pay for the new program, set-asides, and increased loan rates or whatever it is in regards to the new farm program by taking away the transition payments now provided to farmers under Freedom to Farm? Will farmers willingly give up the transition payments, direct income assistance, and go back to the days of standing in line at the Farm Service Agency, filling out the forms and the paperwork, and set aside 20 percent or more of their acreage?

What do we tell farmers who have on their own made historic planting changes from primary crops in the past to crops of higher value—oil seeds, sorghum, dry peas, navy beans, soybeans, and, yes, cotton? Under Freedom to Farm, I tell my distinguished friend and colleague from Mississippi, in the heart of cotton country, we have 40,000 acres in Kansas that are now in cotton production. When Steve Foster wrote the song "Those Old Cotton Fields Back Home," he was talking about Kansas. We have the most cost-efficient cotton in the world because the temperatures are so low, you don't have to use pesticides on the insects. None of that would have happened without the flexibility in regards to the new farm bill.

The reduction in wheat acreage going to other crops has been dramatic in 1997 to 1998: 15 percent down in North Dakota, 15.5 percent in South Dakota; 18 percent in Kansas; 18 percent in Minnesota; 15 percent in Texas. These are farmer-made decisions, and the changes in American agriculture have exceeded all expectations. Farmers have switched because it made economic sense.

The plain and simple and sometimes painful truth is that all U.S. producers are no longer the most efficient producers of certain crops, now wheat, in the world. That is true of other crops. But if you give the farmer the proper research and the proper export tools and the proper precision agriculture tools and the proverbial so-called level and fair trading field—which does not exist right now—he can be.

But we must also have the flexibility and the freedom to respond to market signals. So instead of looking back to the failed policies of the past, I think we must look to a long-term agenda for the future that allows our farmers and ranchers to be successful. That agenda includes most of what was promised during the passage of the Freedom to Farm Act—promises, promises, promises. I held up this ledger. I had two of them. On one side it said, if we go to a market-oriented farm program, these are the things we will have to do to complement it in order that it may work. And we listed them. That was the other side of the ledger.

Unfortunately, I am sad to say that those promises have not been kept by either side of the aisle. If I get a little thin skinned in regards to all the criticism in regards to the act that we put together, I am more than a little unhappy in regards to the Republican and Democrat leadership and the lack of progress on things we promised that would complement Freedom to Farm, things that attract bipartisan support from all of us who are privileged to represent agriculture.

I am talking about an aggressive and consistent trade policy, fast track legislation, sanctions reform with authority to use USDA export programs, a strategy for WTO negotiations that puts agriculture first, a renewed effort to complete the trade breakthrough we had with China. I am talking about tax legislation. Some of it is in the tax bill. Unfortunately, we have a political fussing and feuding exercise, and some of these will not actually take place—100-percent self-employed health insurance deductibility, farm savings accounts. If we had farm savings accounts, this situation would be tough but it wouldn't be grim.

Capital gains and estate tax reform. I am talking about crop insurance reform. Senator KERREY and I have what I think is a very good crop insurance bill. I am talking about regulatory reform and about commonsense management of the Food Quality Protection Act. And, yes, I am talking about reasonable emergency assistance to provide income assistance due to the unprecedented record crops, EU subsidies, world depression of the export markets. And that brings us to the two proposals we have before us today.

Let me point out that, given the dynamic change in agriculture and world markets, no farm bill has ever been perfect or set in stone. That has been the case with the seven farm bills I have been directly involved with since I have had the privilege—seven of them. That statement is buttressed by the fact that, in the last 10 years, there have been no less than 13 emergency supplementals or disaster bills. Given the current drought in the Atlantic States and our price and cash flow problems due to the unprecedented developments I have already discussed, there are going to be 14. It is just what form it will take. But it seems to me we should not be in the business of spending more than is necessary, or making changes in farm program policy that will be market disruptive, or that will lead us back down the road to command and control agriculture in Washington. That, of course, depends on your definition.

There are several questions, or concerns, I have in regard to the emergency assistance package introduced by my friend, Senator HARKIN, and my friend from Mississippi, the distinguished chairman of the Appropriations Subcommittee. The income loss assistance that has been proposed by Senator HARKIN, as I understand it, has a fixed amount of $6.4 billion made available. But it sets up a parallel supplemental loan deficiency payment system with a separate $40,000 payment. It provides that payments be made to producers with failed acreage, or acreage prevented from plantings, based on actual production history, and provides for advance payments to producers as soon as possible. And we want that.

I think we are headed toward a train wreck in regard to the payment limitation. One of the major concerns among farmers is the $75,000 payment limitation on an existing $7 billion to $8 billion worth of loan deficiency payments. Now we are trying to cram an additional $6.4 billion through a payment limitation half that size, and it seems to me we are going to have some real problems. Per unit payments will go up, and a smaller and smaller percentage of production will be covered.

Now, if this new payment form is supposed to go to those who produce, it is ironic that we are going to see 85 percent of the producers who produce the field crops shortchanged to bulk up payments to those that really create 15 percent of the crops. This isn't the big producer/small producer argument. I think the penalty will reach down to the medium-size commercial farmer, while the part-timer with a job in town may reap a windfall.

Discretion to the Secretary. Last year's disaster program was predicated on giving the Secretary maximum discretion to use his expertise to create a fair and speedy program. The delivery of disaster payments was delayed for 8 months. This program relies even more heavily on the Secretary. I hope that Secretary Glickman has magic in the way he can get the payments out.

The Secretary must take a fixed amount of money and fairly divide it among producers; guess in August the total production of a variety of crops for the year; determine which producers will have failed acres and determine their actual production history; calculate how a $40,000 payment limit will affect the division of the funds; create a per bushel, pound, or hundredweight payment for crops not yet harvested; determine how to make advanced payments; and he must prorate payments when and if all the guesses happen to turn out to be wrong.

Last year, with a far simpler task, the Secretary gave up and waited until June to make the payments. Let me point out that transition payments under the AMTA supplemental plan went out in 10 days. They were delivered to producers in 10 days. Direct income assistance: A farmer could take the check and show it to his banker and say: I can make it through the next year.

WTO limits. Almost unnoticed in the farm crisis is the rapid increase in payments made to producers. The United States is rapidly approaching the limit allowed in the treaty for payments defined in something called the amber box as trade distorting. All payments associated with commodity loans, including LDPs, are counted in the amber box. They are not counted in the AMTA box if you provide farmers direct assistance due to unprecedented things. That will nearly double LDPs in 2000 and may very well put us over the limit, making it very difficult for the President to sign a bill that would violate the Uruguay Round agreement.

My question is: What is the White House position on the Harkin amendment as it applies to payments to farmers through the loan deficiency payment program, as opposed to the AMTA payments? I have other questions, too.

I have indicated to my colleague from Minnesota that I would not take too long, and I have already done that. I apologize to him. Again, we know the money can be distributed through the AMTA system in as little as 10 days.

Mr. WELLSTONE. Will the Senator yield for a second?

Mr. ROBERTS. I only have about 2 minutes left.

Mr. WELLSTONE. This is the Senator's life. I don't agree with him, but he must lay out his case.

Mr. ROBERTS. I thank the Senator.

Mr. President, the most important thing is to get this emergency assistance out to farmers as fast as we can and keep it within a realm that is at least reasonable in regard to the budget and in a way the farmer can get the assistance. We can do that in 10 days by the system that is proposed by the Senator from Mississippi.

I have already mentioned the payment limitation concern. I must say, if you look at the Harkin amendment, it not only deals with emergency assistance—and Senator HARKIN truly believes we ought to rewrite the farm bill, and he is doing that in regard to his amendment.

We have peanuts, dairy payments, and livestock payments; and I am assuming most of it would go to the hog producers, but we means test that again. We have set-aside authority and we have disaster funding, where we set aside another $600 million. We backfill the 1998 disaster assistance. Then we have money to establish a permanent program for land that has been flooded for continuous years. With all due respect to my colleagues from the Northern Plains, we have a name for a land in Kansas that has been covered with water for 3 years; it is called a lake.

We have millions for tobacco producers. My golly, are we going back to 1982 when we all decided in the House of Representatives—and we were all there at that time—we were going to get the Government out of subsidizing tobacco farmers? Are we back to that? Be careful what you ask for. So we have included tobacco in this bill. I am not making any aspersions on the hard-hit tobacco producers, but, folks, that is not PC. I am not sure about that one. And then we have mandatory price reporting, something I have supported in the Agriculture Committee, with some changes made by Senator KERREY. But we are approving funding for legislation and we haven't even marked it up yet.

Then we have mandatory country-of-origin labeling for meat and vegetables. Right now, we have a tremendous problem with the European Union and all countries in Europe on GMOs, genetically modified organisms. People in white coats are descending upon the fields over in Great Britain, ripping up the GMO crops. The problem is, they made a mistake and ripped up the wrong crop. We ought to go to sound science and work out these problems, and we are trying to do that.

In regard to the trade problems we have—which Secretary Glickman talks about and most aggies are worried about—we are going to put this in country-of-origin labeling on top of that issue. I don't think it has really been proven that our producers will increase prices and that it will result in trade retaliations.

We have $200 million for a short-term set-aside. I don't want to go back to set-asides; I think that would be counterproductive. Some of these provisions I have mentioned are also in the provision introduced by my dear friend and colleague, the Senator from Mississippi.

I think, again, we ought to be providing emergency assistance to farmers and not be writing the farm bill but proceeding to work together in a bipartisan way, if we possibly can, to address the real reasons as to why we have these low commodity prices.

When this comes up this afternoon, I urge Members to pay attention. A lot of this gets very convoluted and very technical, I know, in regard to farm program policy. But it would be my desire that Members look very closely at this in regard to the budget implications and things that can go bump in the night—the law of unattended effects—down the road that I don't think we want to experience in farm country.

I yield the floor.

The PRESIDING OFFICER. Under the previous agreement, the Senator from Minnesota is recognized.

Mr. WELLSTONE. Thank you, Mr. President.

Mr. President, first of all, I want to say to my colleague from Kansas that he ended up talking about the emergency bill that is before us. But a good part of his remarks were devoted to the farm bill, what I call the "freedom to fail" bill. I want to say to my colleague from Kansas that he kept talking about the failed policy of the past. I think he ought to focus on the failed policy of the present. The failed policy of the present is the "freedom to fail" bill.

My colleagues also talked about the painful truth. The painful truth in the State of Minnesota is that we are going to lose yet thousands more of farmers on the present course. We have to change the course. That is the painful truth.

I remember that maybe a year and a half ago when I went to a gathering in Crookston, MN in northwest Minnesota, there was a sign outside that said, "Farm Crisis Meeting." I thought: My God, are we going back to the mid-1980s? But it is not only northwest Minnesota.

I was in Roseau County two weekends ago. It is pretty incredible. It is the low prices. It is also the weather. The county typically plants about 500,000 acres of wheat. This year only 10 percent—50,000 acres—was planted. It appears that a mere 10 percent of the 50,000 acres will produce a crop.

It is northwest Minnesota with the low price. It is the weather. It is the scab disease, and now the price crisis affects all of Greater Minnesota.

When my colleague talks about $136 million spent in Minnesota with the AMTA payments, it reminds me of what farmers always say, not about the smaller banks but about the big branch banks: They are always there with the umbrella when there is sunshine outside, but whenever it is raining they take the umbrella away.

Of course, the payments were up when we were doing well. But the whole point of what we had in our farm bill before "freedom to fail" was we had some countercyclical measures to make sure there was some price stability. That is the point.

The point is that when part of our export market collapses, and when family farmers can't make a go of it, or when you continue to have to deal with conglomerates that control almost all phases of the food industry—when I hear my good friend from Kansas talking about laws of supply and demand, I smile. Family farmers in Minnesota want to know: Where is Adam Smith's invisible hand? Family farmers in the Midwest want to know, where is the competition? Because when they look to whom they buy from, and when they look to whom they sell, they are faced with a few large conglomerates that dominate the market.

I say to my good friend from Iowa that in Fayette County—I guess there is a town of Fayette also in northeast Iowa—on Sunday I went to a pig roast. This farmer said: I am out of business. This is the last pig. This is it for me.

Our pork producers are facing extinction, and the packers are in hog heaven.

We have a frightening concentration of power.

All of my colleagues who are strong free enterprise men and women, all my colleagues who talk about the importance of the market and competition, ought to look at what my friend from Kansas talks about as a painful truth, which is we don't have Adam Smith's invisible hand and law of supply and demand. Everywhere we look in this industry, you have conglomerates that have muscled their way to the dinner table, exercising their raw political and economic power over our producers, over consumers, and I also argue over taxpayers.

In all due respect, when my friend from Kansas says we ought to look at the failed policies of the past, I want to say that we ought to look at the failed policy of the present.

My colleagues on the other side of the aisle can talk about anything they want to talk about. All of it is relatively important. Crop insurance is important. We can do better. We can do better in a lot of different areas. But let's not talk about failed policies of the past. Let's talk about the failed policy of the present because that is what farmers are dealing with. Family farmers are going under, and time is not neutral.

I want to shout it from the mountain top of the Senate in response to the remarks of my good friend and colleague from Kansas. The most important thing that we can do is rewrite this farm bill. The most important thing we can do is make the kind of structural changes we need to make so that family farmers can get a fair shake because right now what we did in that "freedom to fail" bill is take away any opportunity for farmers to have any kind of leverage and bargaining in the marketplace with these large grain companies. And, in addition, we took away any kind of safety net.

So when part of the export market isn't there, although we are doing fine and the exporters are doing well, our family farmers aren't.

The point is that for those farmers who do not have huge reserves for capital and aren't the conglomerates, they go under.

Senators and United States of America, this debate about this emergency package—and more importantly the debate that is going to take place this fall about how we write a farm bill—is a debate that is as important as we can have for anyone who values the family farm structure of agriculture because we will lose it all if we don't change this course of policy.

Mr. HARKIN. Mr. President, will the Senator yield on that point?

Mr. WELLSTONE. I am pleased to yield.

Mr. HARKIN. Just for a question.

I think the Senator from Minnesota put his finger on it. When I heard the Senator from Kansas speak, it seemed as if what he was saying was that we are going to leave farmers and ranchers out there at the mercy of the grain companies, the packers, the wholesalers, the retailers, and the processors. They are making money in the domestic market, but the farmers are not.

I ask the Senator from Minnesota: Does the Senator believe that it is a viable responsibility for our government to ensure that family farmers have some bargaining power, some power out there in the marketplace so they can get a better share of the consumer dollar that is being spent in America today?

I add to that, I say to the Senator, that under previous farm programs—and under what we have been advocating in terms of raising loan rates and providing for storage and things such as that—they provided that farmers have a little bit better bargaining power in terms of selling their crops, and thus hopefully getting a better portion of their income from the market.

I thought it was a curious argument for a conservative from Kansas to be making that the measure of the success of the Freedom to Farm bill is how the Government checks go out to farmers. I find that a curious argument.

My question to the Senator is whether or not it is a legitimate role for the Federal Government to play to help level the playing field between farmers and those who buy their products from the farm.

Mr. WELLSTONE. Mr. President, let me respond to my friend from Iowa. First, I agree it is ironic to hear some of our colleagues try to boast about direct payments to farmers when they talk about the "freedom to fail" bill. By definition, if we are spending $17 billion a year for payments to farmers, the market is not doing a very good job.

Second, let me say to my colleague from Iowa, when I hear my good friend from Kansas talk about the law of supply and demand, I smile because the family farmers throughout the country want to know where is Adam Smith's invisible hand? Where is the competition? It misses the very essence of our debate. Conglomerates basically control almost all phases of the food industry, whether it is from whom the farmers buy or to whom they sell.

There are two questions: No. 1, how can we give family farmers some kind of leverage in the marketplace? We tried to do that in some of our past farm bills through the loan rate, and also a safety net, to try and deal with farmers when prices plummeted. Second is the compelling case for antitrust action.

Let me say we are going to pass a bill that will provide some assistance to farmers, but there are two questions: What kind of assistance? I will analyze that in a moment. The challenge before the Senate is the kind of assistance. I think there are pretty huge differences.

In our bill, the Democrats bill, we have about $2 billion in assistance for disaster relief. In case anybody hasn't noticed, we have drought in the country. We have people who are devastated, people who cannot grow anything. We have some disaster relief, $2 billion. I don't think our colleagues on the other side have anything in that bill, in which case I say to colleagues when they vote on these amendments, it would seem to me Members would be hard pressed to vote against an amendment purporting to provide emergency disaster relief that doesn't take into account the weather. Not only are my colleagues not taking into account the failed policy of the present, they are not taking into account the drought.

My second point: I far prefer, to the extent we can, to make sure the assistance gets to those farmers who need it the most. The AMTA payments tend to go to the larger producers and tend to go to land owners, even if they are not producers. It is quite different than LDP. I would like the LDP targeted, as targeted as possible.

There are some differences between these two proposals. The Republican plan is similar to their tax cut plan. They parcel out benefits in inverse relationship to need. What farmers are saying to me in Minnesota or when I was in Iowa this past weekend: Look, we want to get the price. We want to deal with the price crisis. We want to have a future.

If you are going to provide some assistance, I didn't hear farmers talking about AMTA payments because they know the great share of the benefits will go to those who need it the least.

We have some major differences. We take into account the drought—small thing, the drought. We make sure there is some direct assistance to people who are confronted with the drought. Our colleagues on the other side don't have such assistance.

In addition, we try to target to production as opposed to AMTA payments, which is all a part of the "freedom to fail" bill. It was transition for people to go out. AMTA payments were great, as my colleague from Kansas points out, when prices were up. Everybody loved it. The problem is the "freedom to fail" bill, which was passed, did not take into account what would happen to family farmers when the markets collapsed, the prices were low, and there was no safety net, no bargaining power and no way that family farmers would be able to cash flow and make a living. There is no future for family farmers in the State of Minnesota with this failed farm policy.

I say to my colleagues, we have some votes this afternoon on the whole question of some emergency assistance. That is step one.

I believe for reasons I have explained that our proposal makes much more sense in terms of getting some help to people. If we are going to call it emergency assistance—and that is what it is—then we better get some assistance to people who are devastated because of the drought. We better have disaster relief in a bill which purports to be an emergency assistance package.

Second, we ought to try and make sure the benefits go to the people who need it the most.

Finally, I say to my friends on the other side, I don't believe anybody should have to stand up and say the Freedom to Farm bill was a "freedom to fail." I don't care whether people have to admit to a past mistake. I don't want anybody to believe they have to admit to a past mistake. But we better change the policy. However we do it, whatever Senators want to say, my focus is on the failed policy—not of the past but of the failed policy of the present. My focus is on this "freedom to fail" bill.

We have to take the cap off the loan rate, raise the loan rate. We have to get a decent price. We have to target it and have a much tougher and fair trade policy. We have to make sure we have some conservation practices. We have to make sure we don't have people planting fence row to fence row. We have to make sure we take antitrust action seriously. Teddy Roosevelt was for antitrust action a long time ago.

It seems to me that the United States Senate can go on record to support antitrust action. It seems to me we can be on the side of family farmers.

I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Texas.

Mr. GRAMM. I am happy to yield. I thought we were going back and forth but if the Senator would like to speak.

Mr. BYRD. The Senator is very gracious to offer that. I do not ask that. However, I wanted to have an understanding as to how we are proceeding. I believe I probably was on the floor ahead of most others other than the Senator. If the Senators are alternating, does the Senator from North Dakota wish to go next?

All I want is a chance to speak at some point.

Mr. DORGAN. Let me ask the Senator to yield for a question.

Mr. GRAMM. I am happy to yield to the Senator.

Mr. DORGAN. I say to the Senator from West Virginia, I sought an answer to that question some while ago. I have been on the floor an hour. I stepped off the floor for a moment.

I believe the Senator from Mississippi indicated the Senator from Iowa, Mr. GRASSLEY, perhaps wanted to speak next. In any event, I think perhaps it would be helpful if we established some order, and I am willing to accept whatever order the managers wish to establish. If I am not able to speak now or soon, I will ask consent to be recognized at 2:15 to speak.

Mr. BYRD. Will the Senator yield?

Mr. GRAMM. I am happy to yield to the Senator.

Mr. BYRD. Mr. President, I propose the following unanimous consent request, if it is agreeable to the Senator from Texas, the Senator who is managing the bill, and Senator HARKIN. I ask unanimous consent that after Mr. GRAMM has completed his remarks, Mr. DORGAN be recognized, then Senator GRASSLEY, and then I be recognized.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. I thank all Senators. I thank the Senator from Texas.

Mr. GRAMM. Mr. President, I did not come over this morning to get into a political debate about farm policy. But the issue is so important that I thought there were some things that need to be said that I do not believe have been said. I would like to preface my remarks by saying that, to the best of my knowledge, my State is the biggest beneficiary of American farm programs, not on any kind of per capita basis but because we have a lot of farmers and ranchers.

I am very concerned about the drought in some parts of the country, which we have a long tradition of responding to and dealing with. That tradition has been based on documenting the drought, documenting the loss, and then compensating people who lose. It has not been based on anticipating a loss, estimating it, appropriating money on a widely discretionary basis and allowing bureaucrats to give out literally billions of dollars. That has never been the policy in the past. I do not think we ought to undertake it today. So before I get into the text of what I wanted to talk about, let me make it clear there are many areas of the country that are suffering from drought. We have a long tradition, an established program. I have been supportive of that program and I intend to continue to be.

What I want to talk about is not the drought. What I want to talk about is what is happening in agriculture and my concern that we are partially misreading what is happening. I want to talk about farm prices, and I want to talk about the two remedies that have been proposed and that are currently before the Senate, and I want to voice my concern about both of them.

I do not want to get into a political debate about farm policy, but I want to make the point that I believe we are drifting far afield from any kind of rational farm policy in America in what we are doing. Maybe some would view it as an unkind judgment, but in my opinion we are engaged now in a political bidding contest where we simply are seeing figures made up on both sides of the aisle, I would say, where we are competing to show our compassion and competing to show our compassion with somebody else's money. I would be moved into thinking this was pure compassion if we were debating giving our own money. But since we are debating giving the taxpayers' money, it is hard to be compassionate with somebody else's money.

Having said that, I see this farm problem a little bit differently than most of my colleagues. Since I do not think this point has been made in the debate, I want to make it.

First of all, it is clear, and I think everybody is in agreement on this, that American agriculture has been affected by the Asian financial crisis and that the demand for American farm products from Asia has fallen off by 40 percent. The demand for farm products is what economists call "inelastic." That is, when the price changes, it doesn't have an immediate, instantaneous or substantial impact on production. So this decline in the demand for products in Asia has had a substantial impact on price.

Obviously, we are all hopeful that Asia is going to recover from its financial crisis and that they are going to be back in the market and that this part of the factors that are driving down farm prices will go away over time. That is the basic logic of the proposal that has been offered by Senator COCHRAN. It basically is that as the Asian financial crisis is solved, as Asians get used to, once again, consuming American farm products—the best rice, the best meat, the best cotton; as they get used to the joys of wearing cotton underwear made of American cotton—they are going to buy a lot more of it and everything is going to come back and prices are going to be good again. To the extent that thesis is correct, the right thing to do is to adopt the Cochran substitute.

The Democrat substitute is really based on the logic that there are no markets. Our Democrat colleagues do not largely believe in markets and do not, by and large, believe in the basic principles of economics. They would rather the Government make the price of farm products. So it is not surprising that their substitute has grown from $9.9 billion to $10.7 billion, 50 percent bigger than Senator COCHRAN, but they would basically begin to take steps to go back to the old supply management program where the Government would be the setter of prices and where we would, in essence, take American agriculture ultimately under this program out of the world market.

The problem with that, besides having a substantial impact on the state of the American economy, is that primarily, while there are many farm State Senators, there are relatively few farm district Members of the House. If we go back to supply management, given the apportionment of representation in the House, we will never set prices that will be high enough to produce prosperity in rural America.

So I know all of the rhetoric, going back to the 1920s, much of which has very leftist roots, would lead many of our Democrat colleagues to believe if we could get Government to manage agriculture, we could make it great. The problem is—and I say this as a person representing an agricultural State, a State that produces most farm products, the only State in the Union that produces both cane and beet sugar, a State that is in virtually every kind of agriculture that you can name—the plain truth is that agriculture does not have enough political clout, day in and day out, to get the Government to set prices high enough that we will ever have true prosperity in rural America. That is why I am never supporting going back to the Government managing agriculture.

The only chance we have to make rural America not just a good place to live—because it is the best place to live. When I ultimately leave Washington—and I hope to be here as long as STROM THURMOND, which would give me another 40 years—I do not ever plan to live in a town that has a stoplight again. I prefer rural America. I think it is the best place to live. I want to make it one of the best places to make a living, which is why I was for Freedom to Farm and why the underlying philosophy of the Cochran program is superior.

It does not appeal to people who want Government to manage things, who believe that Government can do it better. But the plain truth is, without being unkind, there is only one place in the world where socialism still has dedicated adherents, and that is on the floor of the Senate and the floor of the House of Representatives. Everywhere else in the world it has been rejected. But here it still has dedicated adherents, people who believe if we just let Government run things—health care, agriculture, whatever—that it would go better. I do not believe that is true.

But I want to go beyond simply pointing out the superiority of the Cochran approach to the Democrat substitute. I want to raise a question about both because there is another force at work that nobody is talking about, and with which we are going to have to come to grips. Frankly, in representing a farm State, it is something about which I worry.

It is a blessing that creates a problem. The blessing is that while America is in the midst of a technological explosion, technology in agriculture is growing twice as fast as technology in the economy as a whole. Productivity per farm worker is growing twice as fast as the productivity of the worker in the economy as a whole. So there is an underlying factor which is driving down farm prices which has nothing to do with the Asian financial crisis. That underlying factor is the explosion of farm technology. Farm technology, by driving down the cost of production, is driving down the cost of farm products by increasing supply.

Let me give an example of it. We have fewer chickens in America today than we had 10 years ago. Yet we are producing more poultry. We have fewer pigs today and yet we are producing more pork. How is that possible? Because of a technological revolution that is occurring in American agriculture.

As I look at agriculture and as I look at the use of sensors, as I look at the use of new technology, nobody can know the future but it seems to me, looking at it—the only way we can see the future is by looking to the past. Looking at the recent past, it seems to me we are probably on the edge of an explosion of technology driven by biotechnology, driven by sensing devices, driven by the communication age where we are probably looking at a 20-year period where the natural trend in farm prices, independent of the Asian financial crisis, will be down.

Please do not believe because I say this that I want the trend to be down. But I think if we are going to set out a long-term policy, we have to understand the world at which we are looking. I believe these technological changes, which are partially responsible now for declining farm prices, are probably not going to go away.

One of the things I think that is hidden—I will get to these figures in a moment—is that while farm prices are down, so are farm costs. So this is leading some people to look at farm prices and define a financial crisis which is clearly there but not to the degree that the price of the final product alone would show.

Let me note that we had a recent estimate come out by USDA of net farm income. Let me also remind my Democrat colleagues that the Clinton administration runs the Department of Agriculture, not the Republican majority in Congress. The Clinton administration is now forecasting 1999 farm income to be $43.8 billion. Farm income in 1998 was $44.1 billion. So that is three-tenths of $1 billion below last year.

If you look at the last 8 years, from 1990 through 1998, average farm income has been $45.7 billion. We are looking at an income level that is basically $1.9 billion below that level. If you look at the last 5 years of average farm income, it has been $46.7 billion. So in looking at that number, we are looking at an income level there where we are about $2.9 billion below that level.

Part of the story that is not being told in this debate, as we sort of jockey back and forth as to who can tell the grimmest tale in agriculture, is that the current farm program is doing a lot for American agriculture.

Last year, the American farm program, in dealing with a decline in prices, put into American agricultural $12.2 billion of income. Under the existing programs that are in place, through guaranteed minimum prices, and other programs, we are looking already, without any legislative action, because of the way the current law is written, at the taxpayer paying $16.6 billion of payments to farmers. Or, in other words, when the Department of Agriculture estimates that net farm income next year is $43.8 billion, 39 percent of that estimate is made up of payments that are being made under the existing farm program.

Especially when our Democrat colleagues get up and talk about the sky falling, they completely leave out of the story that under existing programs we have guaranteed minimum prices, through our loan program, that will mean $16.6 billion of payments from the Federal Treasury to the American farmer without any legislative action whatsoever by the Congress.

So I guess the first question that I pose is, that if farm income today is $2.9 billion below the average of the last 5 years, and if the income for the last 5 years has been the highest level of income in the modern era, Why are we talking about $10.7 billion of new payments to American agriculture?

From where did the $10.7 billion come? And $10.7 billion added to the level of farm income today would put average farm income substantially above the average for the last 5 years, substantially above the average for the last 8 years, and substantially above the average of farm income in the modern era of America. From where did the $10.7 billion come?

It seems to me that the $10.7 billion figure is simply a political figure. It started out fairly low at the beginning of the year. It has gotten bigger every month. I now understand that in the House, Democrats are asking for $12.9 billion. So what is happening is we are in a bidding contest.

Let me also say that in terms of the $6.9 billion that has been proposed on our side of the aisle, I do not see the logic of that number, either. It seems to me that since we have a loan program which in some cases has yet to be triggered because we have not harvested the crops, so that we do not know, in the final analysis, the extent of the drought or the impact of the bumper crop that is being produced in some parts of the country —we know the impact on price for corn and wheat and cotton and soybeans; we have a guaranteed minimum price—the logical thing to do would be to not get involved in a political bidding game but to simply allow the crop to be harvested, assess the drought damage, and decide how much to do and how to target it to the people who have actually lost money instead of a giant effort to simply throw money at the problem.

I am sure all of my colleagues are aware that from the disaster assistance for agriculture last year, still some of those programs have yet to be spent by the Clinton administration. So rather than getting in a bidding contest, it seems to me, with all due respect, that what we ought to be doing is waiting until our crops are harvested and assess what farm income is, compare it to a norm for the recent historic period, and then decide what we want to do to try to make a correction, see to the extent to which programs that are now in effect have an impact on farm income, and then figure out what the gap is compared to the norm, and then decide who lost money, and then see what we might do about it.

But with $10.7 billion, if you spent the money by giving it to farmers, you would drive incomes far above the national norm, you would be overcompensating, in some cases, several times; and in reality, much of this money goes to a bureaucracy in Washington and not to the farmer.

So I am sorry that we have gotten into this debate, which ultimately had to come when we brought up Ag appropriations because we are going to have an election on the first Tuesday after the first Monday of next year. So we are engaged in this political bidding contest for the support of American agriculture. I do not see how these kinds of numbers can be justified, especially when we do not know what farm income is going to be.

Let me also say that this appropriations bill does not even go into effect until October 1. Not one penny that would be spent by the adoption of either one of these amendments will be available to farmers until October 1, and given the record of the Clinton administration, it is highly probable that most of this money won't even be distributed until next year. My point is, why don't we wait until we have the actual data, until we know who actually lost money, and make a rational decision.

Another point I would like to make——

Mr. DORGAN. Will the Senator yield for a unanimous consent request?

Mr. GRAMM. I am happy to yield.

Mr. DORGAN. Mr. President, because of another engagement, I ask unanimous consent that I be recognized to speak at 2:15 when the Senate reconvenes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAMM. Mr. President, there are some other figures I think we need to look at in deciding what we should be doing. I want to raise these. I know people are going to object to the fact that someone would actually try to raise concerns about the actual numbers we are talking about in American agriculture, when we are engaged in a debate about trying to outbid each other and spending money. This is from the Economic Research Service of the U.S. Department of Agriculture. This is their agricultural outlook, just published in July of this year on page 55.

Let me tell my colleagues why this is important, and then I will go through the numbers. Why this is important is, we are basically pointing fingers back and forth saying we are not doing enough for American agriculture and that we ought to spend $10.7 billion or we ought to spend, in the House, $12.9 billion. I will go over a few figures which stand out to me in that somehow what is being shown in the actual numbers about agriculture and what is being debated on the floor of the Senate are two entirely different things.

Facts are persistent things. In listening, especially to our colleagues on the Democrat side of the aisle, one would assume that farm assets are falling right through the floor. One would assume we are virtually back in the Depression and the Dust Bowl and that USDA initial estimates for 1999 would be falling dramatically. Anybody who is listening to this debate would believe that is true.

Well, it is not true. In fact, in 1998, the preliminary number is that the total value of farm assets was $1,124,700,000,000. The initial estimate by USDA—this is the Clinton administration—is that farm assets at the end of this year will be $1,140,300,000,000. So while we are talking about the world coming to an end in agriculture, we have to junk the farm program and go back to letting Government dictate farm prices and engage in artificial scarcity and pay farmers not to plant and basically turn agriculture into one giant cooperative on the Soviet style plan because of the collapse in American agriculture. The reality is that we are projecting farm assets to rise this year and not fall. In fact, last year was a terrible year in agriculture. We had a huge farm payment at the end of the year as part of our emergency spending.

What do you think happened to farm assets last year? They went up, not down. They rose from $1,088,800,000,000 to $1,124,000,000,000. Something about this picture doesn't fit.

Let me go on. What do you think is happening to financial assets held by American farmers and ranchers? If you listen to all this doomsday scenario from our Democrat colleagues about how we have to junk the farm program and go back to a Government-run program, you would think farmers and ranchers are having to sell off financial assets, cash in their retirement, withdraw money out of the bank, close down their IRAs to try to stay in agriculture.

Facts are persistent things. In fact, we are projecting that financial assets held by American agriculture will actually rise this year from $50 billion to $51 billion.

Now, what do you think is happening to farm debt? You listen to all of this doomsday discussion about how we have to junk the farm program and have an American commissar of agriculture who has to go in and say: You cut back production by 20 percent; you plant this crop; you plant that crop; we will guarantee your prices. We will have artificial scarcity, and then we will make all this work through Government edict. What is the justification for all these program proposals? The justification, you would think, would be that farm debt is exploding; right? We are having a crisis?

Does anybody listening to this debate believe that farm debt in America is not exploding? You would never believe it wasn't exploding. You would think farmers are going deeper and deeper and deeper into debt. You would be wrong. In fact, the USDA estimate is that farm debt will actually decline in 1999, and it will decline from $170.4 billion to $169.1 billion.

What would you think would be happening to real estate debt? In listening to our Democrat colleagues talk about how we have to have the Government take over agriculture and go back to a program where you basically work off Government edicts because of a collapse in agriculture, you would think real estate debt is rising. People are having to borrow money against their land. They are having massive foreclosures. Could anybody listening to this debate not believe that real estate debt was exploding in America? They couldn't. They would know it had to be happening. But facts are persistent things. The fact is that real estate debt is actually declining in America. The projection by USDA is that the amount of real estate debt that farmers and ranchers have will decline from $87.6 billion to $86.7 billion.

Could anybody listen to this debate and not believe that non-real estate debt that farmers have is exploding? That is not possible. You listen to this debate, you have to conclude that every farmer in America is going deeper and deeper and deeper into debt. They are borrowing money. They are losing money. There is a catastrophe, a crisis, and we have to have Government take over agriculture. But astounding as it is, when you look at the numbers, non-real estate debt in agriculture is actually projected to decline in 1999 from $82.8 billion to $82.4 billion.

Finally, there could be no doubt about it, listening to this debate. Equity in farms and ranches in America has to be plummeting. There is no way that you can have all these catastrophes we have heard about, leading us to the argument that we need to spend in excess of $10 billion right now in agriculture, and we need to junk our whole export production-based farm system to go back to a program that we couldn't make work in a simpler era when the Government basically ran agriculture. No one could doubt, not one person who listened to this debate, if you did a survey, not one person in 1,000 would have any doubt that farm equity, the equity of farmers and ranchers, what they own, has to be declining as a result of this agricultural crisis. But it is not so. In fact, equity, by the U.S. Department of Agriculture, is projected to not only rise but to rise substantially in 1999, to rise from $954.3 billion to $971.2 billion. How can farm equity be rising when we have a crisis of such magnitude that we are debating having the Government take over American agriculture?

Well, the reality is, it is rising.

Let me mention two other figures. Could anybody listening to this debate believe that the debt-to-equity ratio in American agriculture is actually declining in 1999 or that equity is rising and debt is falling? Could you believe that, listening to this debate? You probably could not, but it is. And in terms of debt-to-assets, it is also declining from a ratio of 15.2 to a ratio of 14.8.

Now, the reason I went through all these numbers is, we should not be having this debate right now. This has turned into a political bidding contest where we are literally bidding to see who can spend more money. We need to know what is going to happen in terms of this year's harvest, and we need to know what farm income is when the harvest is in, before we set out a program to spend billions and billions of dollars to, A, be sure we are helping the people who need help and, B, be sure that the program makes sense.

There are some things we should be doing. We should be working to open world markets. Part of Freedom to Farm was a commitment to change trade policy. We ought to be debating trade today. We ought to be talking about how we can get the President to go ahead and finish the negotiations with China on WTO accession, so that they would have to lower their trade barriers against American agriculture. We should be debating taxes today. We committed to a program of letting farmers not only income average but to set aside a certain amount of income for a 5-year period, so that when times are good, they can set aside money so they have it when times are bad.

We ought to be talking about risk management and what we can do to deal with it. We ought to be talking about regulatory reform, where regulations are having a heavier and heavier burden on American agriculture. But we are not. What we are doing is talking about spending vast sums of money when we have no documentation of the exact magnitude of our problem or the distribution of that problem.

Now, I know the vote is going to be on, and I know we are going to have it this afternoon. I know we are going to have an opportunity to spend $10.7 billion to junk the American farm program and go back to supply management. I know we are going to have a vote on spending $6.9 billion to keep the current system and just allocate $6.9 billion to be given away if and when, later on, the administration gets around to allocating it. But surely there must be some question raised when average farm income for the last 5 years has been $46.7 billion. The projection by USDA is that farm income will be $43.8 billion, and the adoption of either one of these amendments will produce farm income far above the average of the last 5 years.

Why is that a problem? It is a problem because if I am right that this explosion of technology in agriculture, which is growing twice as fast in terms of technological advances as the whole economy, if this is going to mean that for 20 years we are going to tend to have downward pressure on agriculture prices because of expansion in production and lower cost of production, to be in essence subsidizing and encouraging people to come into agriculture, or stay in it if they are inefficient, we are working counter to what we know has to happen for agricultural prosperity to occur.

The reason I went to the trouble to come over here and raise all these unpleasant facts in the midst of a debate about giving money is that there is one other figure that just is extraordinary to me. What would you think is happening to the amount of land being rented by American farmers? Prices are falling. We had prices falling last year, and we had an emergency spending bill. What would you think would be happening to cash rents? Well, everything I know about economics and about agriculture would tell me that, knowing what happened last year with prices declining and knowing the projections for this year, cash rents would have gone down. Everything you know would suggest that. But, in reality, cash rents are up—up—so that farmers are spending more money renting land in 1999 than they did in 1998. What does that suggest? Well, it suggests that what we did in 1998 actually pulled in more production, not less, and that we actually contributed to this problem by what we did in 1998.

The world is not going to come to an end if we spend $10.7 billion or $6.9 billion. Every penny of it is going to be added to the deficit. That is money that is not going to go to reduce debt, or fix Medicare, or pay for Social Security. We have all heard and used all those arguments—mostly when it benefited our side of the argument.

But please consider what is going to happen if we continue with these programs where the net impact is to bring more resources into an industry that is having a technological explosion, which is expanding supply, where we are producing more pork with fewer pigs, more poultry with fewer chickens—what is going to happen if we continue for 3 or 4 more years the kind of program we had last year, which apparently—and I simply raise the concern because nobody has mentioned it—what is going to happen if we are paying so much money that we are actually encouraging more production rather than compensating people partially for their losses. The adoption of either one of these amendments will mean that farm income next year will be above the average for the last 5 years.

Now, I would like farm income to be high. But the point is, I am afraid we are overriding the natural adjustment mechanism whereby, as people can produce more and more product with fewer inputs, what tends to happen is, they put fewer inputs into the industry. If I am right about this technology change, we are, with either one of these dollar figures, planting a seed that is going to destroy American agriculture as we know it because we are going to end up exacerbating oversupply and driving prices further and further down, and then we are going to have no choice except to let an awful lot of people go broke or to have the Government come in and say: OK, you produce at 50 percent of your capacity, and you produce at 50 percent of your capacity.

I just wish we were having somebody look at these kinds of problems before we got into this bidding war in the midst of an Agriculture appropriation bill. I wish we could wait until the fall and know what the losses were. None of this money will be available until October 1. Then we can come up with a reasonable program to try to compensate for some of these losses. But to simply be making up numbers in the billions is very dangerous and irresponsible, and we could end up really hurting the most efficient farmers and ranchers.

I thank my colleagues for giving me all this time. I yield the floor.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from West Virginia.

Mr. BYRD. Mr. President, has the order been entered as yet with reference to the conference luncheons today?

The PRESIDING OFFICER. Yes, it has.

Mr. BYRD. Mr. President, I ask unanimous consent that the time for the Senate to recess for those luncheons be temporarily extended for a half hour.

The PRESIDING OFFICER. Reserving the right to object, the Presiding Officer has something that I have to do in the policy session and would not be able to Chair.

Mr. BYRD. Mr. President, I would be happy to Chair.

I have done a little bit of that.

The PRESIDING OFFICER. If the request were propounded to be here to hear the Senator's speech, the Chair would be willing to do that.

Mr. BYRD. The Chair is very gracious.

I ask unanimous consent that I be permitted to proceed at this point in lieu of Mr. DORGAN. The list of names of Senators, I think, that have been entered up to this point would be, as of this moment, Mr. DORGAN, Mr. GRASSLEY, and Mr. BYRD. And I have permission of Mr. DORGAN to substitute myself for his name at the moment, and let his name fall in place for my name under the present circumstance. So it would be Mr. BYRD, Mr. GRASSLEY, and Mr. DORGAN.

I seek the help of the distinguished manager of the bill, Mr. COCHRAN, who is my friend. I ask unanimous consent that I may proceed at this point.

Would it be the wish of the manager, then, that the Senate recess, and the others on the list be recognized following the conferences?

Mr. COCHRAN. Mr. President, if the Senator will yield, I think that is a good suggestion.

Mr. BYRD. Very well. I thank the Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I was on the floor and objected.

Mr. BYRD. If the Senator will allow me, I haven't forgotten my promise to the Senator.

Mr. President, I ask unanimous consent that following the recognition of Mr. DORGAN, in order to comport with the understanding that there be alternative speakers, that a Republican Senator be recognized, and that he then be followed by Mr. BAUCUS. This will all occur after the conference luncheons.

Mr. COCHRAN. Mr. President, I have no objection. I think that is a good suggestion.

I thank the distinguished Senator from West Virginia.

Mr. BYRD. I thank the distinguished Senator.

Mr. BAUCUS. I thank the Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from West Virginia.

Mr. BYRD. Mr. President, what is the Chair's understanding as to how long I will speak and when the Senate will recess for the conference luncheons?

The PRESIDING OFFICER. It is the Chair's understanding that the Senator will speak as long as he wishes.

Mr. BYRD. After which the conference luncheons will occur.

The PRESIDING OFFICER. Until the hour of 2:15.

Mr. BYRD. Yes. At which time those Senators on the list as presently drawn would be recognized in the order stated.

The PRESIDING OFFICER. That is correct.

Mr. BYRD. I thank the Chair.

Mr. President, usually, in this town, newspaper headlines are about politics. News stories feature articles about tax cuts, health care plans, and various partisan tactics.

But, yesterday's headline in the Washington Post, reads "Drought Is Worst Since Depression," and the story that follows warns of drought conditions that have gripped the Mid-Atlantic that are second only to the those seen during the bleak years of the Great Depression.

We have begun to feel the pinch of this drought, with water usage limited in certain areas. With these restrictions, many people are inconvenienced by the loss of their home landscaping investments—watching their grass, flowers, and shrubs slowly withering and turning brown.

But, this drought is more than an inconvenience for those employed in one of America's hardest-working, most selfless professions. That is farming. Farming is hard luck even at best.

I speak of the farmers throughout our region, including West Virginia, Virginia, Pennsylvania, Maryland, and Delaware, they are more than just inconvenienced. They are watching their very livelihoods slowly wither and turn to dust.

In West Virginia, this drought has devastated—devastated—the lives of hundreds of family farmers, and I am deeply concerned about the fate of West Virginia's last 17,000 surviving small family farms. West Virginia farmers work hard on land most often held in the same family for generations. They farm an average of 194 acres in the rough mountain terrain, and they earn an average of just $25,000 annually. That is $25,000 annually for 365 days of never-ending labor.

The distinguished occupant of the Chair, who hails from Wyoming, understands that farming is an every-day, every-week, every-month, 365-day operation every year with no time off. In farming there is no time off. That is $68.50 a day for days that begin at dawn and run past sunset in this scorching heat. Today, as the drought lingers on, West Virginia farmers, particularly cattle farmers, find themselves in critical financial circumstances.

To address this crisis, I urge my colleagues to support the inclusion of a $200 million emergency relief program for cattle farmers in the Fiscal Year 2000 Agricultural Appropriations Bill which is before the Senate. My provision—if enacted—would provide Federal disaster payments to cattle farmers for losses incurred as a result of this year's heat and drought. Compensation would depend on the type and level of losses suffered, and would be available to cattle farmers in counties across the Nation which have received a Federal declaration of disaster for severe drought and heat conditions.

My provision provides direct assistance to farmers who have dedicated their lives to feeding this Nation, and who suffer at the will of Mother Nature with no recourse.

In West Virginia, my emergency drought aid for cattle farmers will literally decide the future fate of hundreds of small family farmers. The drought has sucked the life from the land, and is on the verge of draining the last resources from the pockets of the drought-stricken farmers.

As of yesterday, Senator ROCKEFELLER and I went to West Virginia and were there when the Secretary of Agriculture, Mr. Glickman, was there to witness some of the drought-stricken areas in the eastern panhandle.

On that trip to West Virginia, Gus Douglas, the West Virginia commissioner of agriculture, told of being at a market where animals were being taken for sale.

One farmer, who had worked his entire life breeding a herd of which he could be proud, was there with his animals. He was there to sell his cattle at this market. He was not there just with ten or twenty head of cattle. He was there with his entire herd. He knew that he did not have enough feed to make it through winter, so despite the fact that his animals would be poor prospects at auction, he had brought them all to be sold. They had already consumed the fodder that would otherwise sustain them through the coming winter months.

This farmer was losing twice. First, he would make no profit on the cattle he would sell. Second, he could no longer afford to keep his herd. It was time to completely liquidate the herd. As the farmer unloaded his animals at the market, there were tears in his eyes.

It was too late for this farmer, and if we do not act quickly to get an emergency assistance package passed, it will be too late for many, many more family farmers throughout the land.

During our visit to West Virginia, Secretary Glickman declared all fifty-five West Virginia counties a federally designated disaster area. West Virginia is not alone, and my provision will help, if it is accepted, if it is adopted, will help cattle farmers in Virginia, Maryland, Pennsylvania, and any other region that receives a natural disaster declaration for excessive heat and drought.

During this visit with the Secretary, more than twenty farmers and their wives, gathered inside a barn on Mr. Terry Dunn's property in Jefferson County to share their personal stories about how the drought is impacting them and what kind of help they need. The overwhelming consensus was that programs that were designed to work at a time when our agriculture markets were strong, are not going to be enough to keep a new generation on the family farm.

In spite of all types of adversity, family farmers have had the ingenuity to keep their farms working for generations. Surely they can be trusted to wisely use direct federal payments, and with this same time-tested ingenuity, keep their farms running. Farmers in West Virginia have wisely diversified their crops. In ordinary years, many farmers grow enough different kinds of crops to be able to feed their animals, their families, and still take produce to market for a good portion of the summer. But, the extraordinary times of this drought require that we act now to help West Virginia's farmers and other farmers in the non "farm states" who are currently experiencing difficulties as the result of extreme weather conditions.

According to government statistics, West Virginia is experiencing some of the most severe water shortages in the nation. Crop losses in one county alone, Jefferson County, were estimated two weeks ago to be almost $8.7 million and they are above that now. In the Potomac Headwaters region of the state, conditions are much worse. Total damages in the state for crop losses are more than $100 million. This figure does not even include the value of grazing pasture lost and winter feed eaten during the summer, or losses incurred from selling livestock early, due to extreme weather conditions.

Almost fifty percent of West Virginia's cropland is pasture, forty-six percent is harvested, and the remaining four percent is idle. The hay and corn that usually feed the cattle herds are gone. The ponds are shallow and foul, the springs are dried up, and the wells are dry.

Although West Virginia farmers are willing to work day and night to keep up with the backbreaking work of farming, no amount of work will restock the dwindling stores of grain that are now being used to keep animals alive at the height of the summer growing season, when pastureland should be more than enough to satiate an animal's hunger. No amount of sweat can restore vigor to stunted crops that have gone too long without a soaking downpour of rain reaching the deepest roots. There is little that these farmers can do to fill their wells or farm ponds with water.

I traveled to see the damage that the drought in West Virginia is causing for farmers. I heard for myself the stories they told. I saw for myself the impact this drought is having, and I saw on those tired, drawn faces the impact this drought is having on the bodies, the minds, and the souls of men and women who earn their bread by the sweat of their brow, in accordance with the edict that was issued by the Creator Himself when He drove Adam and Eve from the Garden of Eden.

We visited a corn field on Terry Dunn's farm. The reddish soil was dust at my feet. The corn stalks that should have grown beyond my head by this time of the season were barely knee high.

I wanted to see what kind of ears these stunted stalks were producing. The ear of corn that I reached down and selected snapped too easily from the stalk. This not yet shucked ear of corn was barely bigger than two rolls of quarters. I saw the conditions of the cattle and pastureland in West Virginia. I saw the dry, cracked fields; I saw the stunted corn stalks; and I heard the stories of farmers. It all amounts to a heart-breaking picture.

I urge my colleagues to help all cattle farmers in areas declared as Federal disaster areas as a result of excessive heat or drought, and to support my provision in their behalf. My amendment will ensure direct relief to the cattle farmers in the Northeast affected by this natural disaster. It will serve to bolster other important aid for fruit and crop losses.

The sweltering temperatures have taken their toll on farmers in the Mid-Atlantic region. Let us not turn the heat up further. Let us support the small family farmer in his or her hour of need.

My amendment is a part of the Daschle-Harkin bill. I thank all Senators for listening.

I yield the floor.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until the hour of 2:15 p.m.

Thereupon, the Senate, at 12:46 p.m., recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. INHOFE].

AGRICULTURE RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 2000—Continued

AMENDMENT NO. 1500

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I rise to support the amendment offered on this side of the aisle because I think it meets all the income deficiency needs of American agriculture pretty much in the same way as the Democrat proposal does, but it also does not spend money in a lot of other areas that do not meet the immediate needs of agriculture.

I have always thought of agriculture and the needs of food production and the process of food and fiber production in America as kind of a social contract between the 2 percent of the people in the United States who earn their livelihood in farming and the rest of the 98 percent of the people, as well as a social contract of the last 60 years of some Government involvement and some Government support of agriculture, particularly in times when income was very low.

Thinking of it as a social contract, then, I do not like to believe there is a Democrat way of helping farmers or a Republican way of helping farmers. I like to think of our being able to work together on this social contract pretty much the same way we work together on Medicare and Social Security—to get agreements when there are changes made in those programs.

In those particular programs—and, thank God, for most agricultural programs—there have not been dramatic changes over the years unless there has been a bipartisan way of accomplishing those changes. So, here we are, with a Democrat proposal and a Republican proposal. People watching this throughout the country, then, have their cynicism reinforced about how Congress does not cooperate.

While this debate has not been going on just today and yesterday but over the last 2 or 3 months, there was an assumption that there would be help for agriculture under almost any circumstances; it was just a question of how to do it and exactly how much. While this debate was going on, we have had different approaches, and it has brought us to a point where we have a Republican proposal and a Democrat proposal and we are talking past each other. I am hoping sometime before this debate gets over today and we have a final document to vote on, that we are able to get together in a Republican and Democrat way and have a bipartisan solution, at least for the essential aspects of the debate today, which is to have an infusion of income into agriculture considering that we have the lowest prices we have had in a quarter century.

I think there are two stumbling blocks to this. I think on the Democrat side the stumbling block to bipartisan cooperation is a belief among some of those Members that some of the money should find its way to the farmers through changes in the LDP programs as opposed to the transition payments. On our side, the stumbling block seems to be that we are locked into no more than $7 billion to be spent on the agricultural program.

So I hope somewhere along the line we can get a compromise on this side and a compromise on that side of those two points of contention. Hopefully, we on this side could see the ability to go some over $7 billion—and that the Democrats would see an opportunity to use the most efficient way of getting all the money into the farmer's pocket through the AMTA payments.

The reason for doing it that way is because we do have a crisis. The best way to respond to that crisis is through that mechanism because within 10 days after the President signs the bill, the help that we seek to give farmers can be out there, as opposed to a convoluted way of doing it through the LDP payment.

I do not know why we could not get a bipartisan compromise with each side giving to that extent—Republicans willing to spend more money and the Democrats willing to give it out in the way that most efficiently can be done.

So I see ourselves right now as two ships passing in the night, not speaking to each other. We ought to be able to get together to solve this. That is my hope. I know there are some meetings going on about that now. I'm part of some of those meetings. I hope they can be successful.

In the meantime, talking about helping the family farmer, I think it is very good to have a description of a family farm so we kind of know what we are talking about. I am going to give it the way I understand it in the Midwest, and not only in my State of Iowa.

But it seems to me there are three factors that are essential in a family farming operation: That the family makes all the management decisions; that the family provides all or most of the labor—that does not preclude the hiring of some help sometimes or maybe even a little bit of help for a long period of time; but still most of the labor being done by the family—and, thirdly, that the capital, whether it is self-financed or whether it is borrowing from the local bank or from another generation within the family, is controlled by the family farmer—the management by the family, the labor by the family, and the capital controlled by the family.

Some people would say: Well, you have a lot of corporate farms. I do not know what percent, but we do have corporate family farms. But that is a structure they choose to do business in, especially if they have a multigenerational operation to pass on from one generation to the other and want to with a little more ease.

In addition, some people would say: Well, you have a lot of corporate agriculture. You might have a lot of corporate agriculture in America, but I do not see a lot of corporate agriculture, at least in grain farming in my State of Iowa—mainly because most corporate people who want to invest their money do not get the return on land and labor through grain production that they normally want for a return on their money. Of course, that strengthens the opportunity to family farm. But at least when I talk about the family farmer, that is the definition that I use.

In my State, the average family farm is about 340 acres. We have about 92,000 farming units in my State. By the way, if we do not get this agricultural economy turned around, we are going to have a lot less than 92,000 in a few months, as well.

Nationwide, there are about 2 million family farming operations with an average acreage of about 500 acres. So the average family farm size nationally is bigger than in my State. But remember, whether you farm 10,000 acres as a cattle farmer in Wyoming or 2,000 or 3,000 acres as a wheat farmer in Kansas or 350 as a corn, soybean, or livestock operation in my State of Iowa, it still is one job or maybe two jobs being created with all that capital investment.

Let me tell you, it takes a tremendous amount of capital—both machinery as well as land—to create one job in agriculture compared to a factory, and many times more than for a service job. So those are the family farmers I am talking about whom I want to protect.

Earlier in this debate there was some hinting about the problems of the farmers being related directly to the situation with the 1996 farm bill. I am not going to ever say that a farm bill is perfectly written and should never be looked at, but I think when you have a 7-year program, to make a judgment after 3½ years that it ought to be changed, then what was the point in having a 7-year program in the first place?

It was that we wanted to bring some certainty for the family farmer without politics meddling in their business. A 7-year program was better than a 4- or 5- or 6-year program. So we wanted to bring some certainty to agriculture. Obviously, a 7-year program does that more so than a shorter program. So a family farm manager would not have to always be wondering, as he was making decisions for the long term: Well, is Washington going to mess this up for me as so many times decisions made by bureaucrats in Washington have the ability to do?

So I am saying some people here are hinting at the 1996 farm bill being that way. Others of us are saying that the trade situation is the problem because farmers have to sell about a third of their product in export if they are going to have a financially profitable situation.

I want to quote from Wallaces Farmer, January 1998, in which there were tremendous prospects, even just 18 months ago, before the Southeast Asia financial crisis was fully known, for opportunities for exports to Southeast Asia. That situation for the farmer was further exacerbated by the problems in Latin America. So I want to quote, then, a short statement by a person by the name of John Otte: "World financial worries rock grains."

> "Expanding world demand, particularly in Asia, is the cornerstone of the case for continued strength in corn, wheat and soybean prices," points out Darrel Good, University of Illinois economist.

Quoting further from the article:

> Asian customers bought 57% of our 1995-96 corn exports, 66% of our 1996–97 corn exports and almost 50% of our wheat exports in both years. They [meaning Asian markets] are important markets. No wonder Asian currency and stock market problems bring grain market jitters.
>
> "Signs of stability in Asian financial markets as central banks intervened to support currency values brought a sigh of relief to U.S. commodity markets," says Good.
>
> "Whether late fall problems represent an economic hiccup or the beginning of more serious problems is still unknown. However, the developments underscore the importance of Asian markets for U.S. crops."

We know the end of that story. The end of that story is that we did have that collapse of markets. And it very dramatically hurt our prosperity in grains in the United States last year, and more so this year.

Now, just to put in perspective the debate today, because there is so much crepe-hanging going on, particularly from the other side of the aisle, there is a quote here by Michael Barone of the August 28, 1995, U.S. News and World Report. One sentence that will remind everybody about the greatness of our country and our ability to overcome some of the problems we face comes from an article called "A Century of Renewal." It is a review of the 1900s. He says:

> There is something about America that makes things almost always work out very much better than the cleverest doomsayers predict.

So for my colleagues, particularly those on the other side of the aisle who want to hang crepe and want to talk about the disastrous situation we are in right now, I do not want to find fault with their bringing to the attention of our colleagues the seriousness of that problem. But they should not leave the impression that there is no hope because this is America. We have gone through tough times before. All you have to do is remember 1985 and 1986 in agriculture and the 1930s in agriculture. Yet the American family farm that was the institution then—probably on average back in those days of only about 150 acres nationwide; today that is 500 acres nationwide—was a smaller operation, but remember, it was still run by the family farmer, the family making the management decisions, the family controlling the capital, and the family doing the labor.

Please remember that, even the most cleverest of doomsayers here today: Don't give up on America. Don't give up on American agriculture. Don't give up on the family farmer. We are in a partnership during the period of time of this farm bill. We have to meet our obligations, and that is what this debate is about. But this debate ought to be about hope for the family farmer as well.

I rise in support of our family farmers. Agriculture producers are in desperate need of immediate assistance. We need to find the best options available in these trying times. The Democrat proposal attempts to address the problems confronting our family farmers but, I think, falls short of our most important goal, which is providing assistance as quickly as possible.

I realize this disaster affects farmers all across the Nation, but at this moment I am most concerned about my friends and neighbors back home. I am concerned that the Democrat alternative, by tying revenue relief to the LDP payments, will delay the efficiency of delivering the payment, unlike the transition payment which is more efficient.

The Democratic alternative offers provisions that would have a long-term effect upon agriculture. I don't want anyone to misunderstand me on that point. There are many things we can do to improve the agricultural economy, but the task before us today is to develop and to pass a short-term relief package that we can get out to those in need as quickly as possible.

According to the Farm Service Agency's estimate, the transition payments provided to corn growers this year will pay out at a rate of 36 cents per bushel. The supplemental transition payment Republicans are offering will equal an additional 36-cent increase on every bushel of corn produced this year. That is 76 cents in assistance for Iowa family farmers, before you figure in any income through the loan deficiency payment.

As a Senator from my State of Iowa, I believe it is also particularly important to include language providing relief for soybean growers who are not eligible for the transition payments. That is why our proposal also contains $475 million in direct payments to soybean and other oilseed producers. I am proud to say that Iowa is No. 1 in the Nation in the production of soybeans, but our growers have been hard hit by devastatingly low prices. Prices for soybeans are the lowest they have been in nearly a quarter of a century, down from the $7-a-bushel range just a couple of years ago to less than $4 today, which is way, way below the cost of production. That is why I and other Senators representing soybean-producing States wanted to make sure that soybean growers were not left out of any relief package.

Finally, the Democrat proposal falls short in another very important area. I think it undermines our U.S. negotiating objectives in the new multilateral trade negotiations that the United States will launch later this year. It will sharply weaken, and perhaps destroy, our country's efforts to limit the enormously expensive European Union production subsidies that make it impossible for our farmers to sell to the 540 million European consumers.

I will say a brief word on that point. First, the United States just presented four papers to the World Trade Organization in Geneva outlining U.S. objectives for the new agriculture negotiations starting this fall. The first of these papers deals with domestic support. It states that the United States negotiating objective with regard to domestic support is a negotiation that results in "substantial reductions in trade-distorting support and stronger rules that ensure all production-related support is subject to discipline."

Production-related payments are by definition trade distorting. They are exactly the kind of payments that we want the European Union to get rid of. I don't know how we can enter into tough negotiations with Europeans, with their production payments our No. 1 negotiating target, while we boost our production-related payments at the same time, which is what is done with part of the money under the Democrat proposal. This would undermine our negotiators and give the Europeans plenty of reason to hang tough and to not give an inch.

My second point is closely related to the first. We will measure success at the new world trade talks based on how well we do at creating an open global trading system. The European Union's common agricultural policy nearly torpedoed world trade negotiations as early as 1990. The European Union later said it was reforming its common agriculture policy, but farm handouts this year in the European Union will reach $47 billion, nearly half of the entire European Union budget. Moreover, the largely production-based European Union subsidies still help those who least need help. Twenty percent of the European Union's richest farmers receive 80 percent of the common agriculture policy handout.

World farming is sliding deeper into recession with prices of some commodities at historic lows. Now is not the time to give up on pressing the European Union hard to truly reform this vastly wasteful subsidy program in their continent. But that is exactly what we would end up doing if we go down the same road of tying part of these payments to production, as the Democrat alternative would do.

There are many enemies of agriculture market reform in the European Union who are just looking for any circumstance to justify their special pleading and to combat and counteract United States negotiators in order for the European Union to keep their production subsidies going. I am afraid that is exactly what the Democrat plan would do. I think as chairman of the International Trade Subcommittee, I have a responsibility to tell my colleagues this.

We should not hand the European Union an excuse to back away from real reform that opens the European Union's huge agricultural markets to American farmers.

The proposal that we pass today should be the fastest and most efficient option available to help our family farmers. The most important thing we can do today is to work towards providing emergency revenue relief to our farmers as quickly as possible.

It is for that reason I urge my colleagues to vote for our Republican alternative, to provide ample and immediate relief for hard-hit farmers, assuming we are not able to work out some sort of bipartisan agreement between now and that final vote.

I only ask, in closing, for people on the other side of the aisle who are criticizing the 1996 farm bill to remember that what we call the 1996 farm bill relates mostly to agricultural programs and totally to the subject of agriculture. We need to look beyond that basic legislation and realize there were a lot of things promised in conjunction with that farm bill through public policy that we have not given the American farmer, which makes it difficult to say we have fully given the American farmer—the family farmer—the tools he or she needs to manage their operation in the way they should.

Yes, we have given them the flexibility to plant what they want to plant without waiting for some Washington bureaucrat to do that. We have given them the certainty of a certain transition payment every year, from 1996 through the year 2002. We have told them, with the 7-year farm program, that they have 7 years where we are going to have some certainty, political certainty, in Washington of what our policies are. But we also promised them more trading opportunities.

We have not made the maximum use of the Export Enhancement Program so that we have a level playing field for our farmers. We have not given the President fast track trading authority so that in the 24 agreements that have been reached around the world among other countries we could have been at the table, and haven't been at the table, and that there is no President of the United States looking out for U.S. interests in those negotiations; and for the sake of the American farmer, we should be at some of those tables—at least those tables where agriculture is being talked about.

We have not given the farmer the regulatory reform that has been promised. And from the standpoint of taxes, we haven't given the farmer the opportunity, through the farmers savings account, to level out the peaks and valleys of his income by being able to retain 20 percent of his income to tax in a low-income year, so that he is not paying high taxes one year and no taxes another year. We haven't given him the ability to do income averaging without running into the alternative minimum tax. We haven't reduced the capital gains tax enough. And we still have the death tax, the estate tax, which makes a lot of family farmers who want to keep the farm in the family sometimes have to sell the farm to pay the inheritance tax, instead of keeping the family farm and passing it down from one generation to another. Sometimes, if they can't afford to do that, they either make their operation so inefficient that they close down business or else they have a terrific tax burden over them as well.

So here we have an opportunity to—in the spirit of the 1996 farm bill, when we told the farmers of America we were going to have a smooth transition over the next 7 years, we said to them we are going to set aside $43 billion for each of those next 7 years—not for each, but cumulative for those 7 years. This year, it is $5.6 billion. Well, we look back now, and in 1996 we did not anticipate the dramatic drop-off in exports because we could not have predicted the Southeast Asian financial crisis and the contagion that caught on in Latin America. So we are going back now, unapologetically, on keeping a promise to the family farmers that we are going to keep this smooth transition we promised them, and that is what the amount of money we are talking about here on the floor is all about.

The PRESIDING OFFICER. Under the previous order, the Senator from North Dakota is recognized.

Mr. DORGAN. Mr. President, I have waited some while to be able to speak on these disaster bills and on this general issue. I am very pleased to have the opportunity for my colleague from New York who asked if I would yield for a minute for a question. I am happy to do that.

Mr. SCHUMER. First, I thank the Senator from North Dakota and Senators HARKIN and DASCHLE for the farm aid amendment, and for their hard work. This measure will help farmers across the country, including the farmers of New York State, who were hard hit by drought and last year's storms.

We are in the midst of the worst drought since the Dust Bowl in my State. There is not a penny of relief for farmers with drought assistance. This drought is affecting farmers throughout the Eastern United States. When I meet with farmers in New York who tell me they are facing unprecedented losses, they are now pointing to letting fields die off to conserve water, or other fields. We can't do anything about the rain, but the Democratic amendment would increase section 32 funding to give farmers some relief from the devastation on the farm and would increase funding for the disaster relief fund—something that would help New York's apple and onion farmers who faced tens of millions in losses last year.

In urging my colleagues to support the Democratic amendment, I simply ask the Senator from North Dakota, am I correct in assuming that the Democratic amendment does have this kind of drought relief, which is not in the other bill?

Mr. DORGAN. The Senator from New York is correct. That is one of the distinctions between these two pieces of legislation. As the drought spreads across the eastern seaboard and other parts of the country and begins to devastate producers there, there needs to be some disaster relief. We have two pieces of legislation proposed today, one of which has no disaster relief at all, even in the face of this increasingly difficult drought.

So the Senator from New York, speaking on behalf of producers who are hard-hit in New York, is certainly accurate to say that the amendment we have offered provides drought relief and the alternative does not.

Mr. SCHUMER. I thank the Senator for his generosity.

Mr. DORGAN. Mr. President, this is not about Republicans and Democrats. I start by saying to my colleague from Iowa that I hope, whatever comes from all of this debate, at the end of the time we can, as Republicans and Democrats, find a way to provide appropriate relief to people who are hurting. There is not a Republican or a Democratic way to go broke on the family farm. The destruction of hopes and dreams on the family farm is something that is tragic and something to which we need to respond.

This is not of the family farmers' making. They didn't cause prices to collapse or the Asian economies to have difficulty, and they didn't cause a wet cycle or crop disease. It is not their fault. We must, it seems to me, respond to it. But it is appropriate, I think, for there to be differences in the way we respond. There is a philosophical difference in the way we respond. Also, there has been a difference in the aggressiveness and interest in responding. I know that if this kind of economic trouble were occurring on Wall Street or in the area of corporate profits, we would have a legislative ambulance, with its siren, going full speed in trying to find a solution. It has not been quite so easy because it is family farmers.

Darrel Sudzback is an auctioneer from Minot, ND. Blake Nicholson, an Associated Press writer, wrote a piece the other day. He said:

> Darrel Sudzback likens farm sales to funerals. He said, "If you don't know the deceased, you are not likely to get emotional." But more often than not these days, auctioneers must help a friend or a neighbor sell off a lifetime of hard work. Marvin Hoffman says, "It just hurts me to do this. When they hurt, I hurt." With many families [Mr. Nicholson writes] sliding deeper into an economic nightmare, the number of farm sales in North Dakota continues to rise. "It used to be," one auctioneer said, "that a farm auction was kind of like a social event, a joyful event when somebody was retiring." Julian Hagen said that he conducted auction sales for 43 years, but he said, "Now there is a different atmosphere at auction sales. If people know that a man is forced out, that is not a good feeling. It is tough to deal with when you have known a family farmer for quite a few years, and now they have to give up a career or property they have had in the family for generations. I try to stay as upbeat as I can. Bankers in north-central North Dakota say that area has been hit by 5 years of flooding and crop disease, and many farmers have been forced off the land.

People need to think of this problem in terms of not only lost income, but assume you are on a farm and you have a tractor; you have some land; you have a family; you have hopes and dreams. You put a crop in the ground and see that this is what has happened to your income—to your price.

Then on top of that, add not only collapsed prices, but add the worst crop disease in this century—the worst in a century in North Dakota. On top of that, add a wet spring so that 3.2 million acres—yes, I said 3.2 million acres—of land could not be planted. It was left idle. Add all of those things together, and you have a catastrophe for families out there struggling to make a living.

Will Rogers was always trying to be funny. He used to talk about the difference between Republicans and Democrats. He said on April 6, 1930, "Even the Lord couldn't stand to wait on the Republicans forever."

He was talking about the farm program.

There is a difference, it seems to me. There is a difference between Republicans and Democrats in how we construct a solution to the disaster and the crisis, and how we feel the underlying farm bill should be changed.

Will Rogers also said, "If farmers could harvest the political promises made to them, they would be sitting pretty."

I want to talk a bit about those political promises—the political promises given farmers early on to say that we want to get rid of the farm program as we know it in this country, get rid of the safety net as we know it, and create something called "transition payments" under the Freedom to Farm bill.

I mentioned yesterday that the title was interesting to me. Sometimes titles can change how people perceive things notwithstanding what might be the real part of a proposal. Early on when people began to sell insurance in this country, they called it death insurance. You know, death insurance didn't sell too well. So they decided that they had better rename it. So they renamed it life insurance, and it started selling. It was a better name. It is a product that most Americans need and use.

It is interesting. What is in a name. The name for the farm bill a few years ago was Freedom to Farm. We passed a Freedom to Farm bill. The wheat price slump on this chart may be unconnected, or maybe not to Freedom to Farm.

Here are the wheat prices before—Freedom to Farm—and wheat prices since. Chance? Happenstance? Maybe. Maybe not. Maybe we face a circumstance in this country where the underlying farm bill was never designed to work and allowed for collapsed prices. Maybe that is the fact.

I want to begin with a bit of history. About 40 years ago, a biologist by the name of Rachel Carson wrote a book that in many ways changed our country. It was called "The Silent Spring." The book documented how the products of America's industrial production were seeping into our country's food chain. The modern environmental movement was also from Rachel Carson's book, "The Silent Spring."

Today we face another "silent spring" in this country. Like the first, it is of a human making. But it is not about birds, and it is not about fish. It involves our country's independent family farmers and producers. It involves our social habitat—the farm communities of which family farmers are the base.

We know that family farmers are hurting. In fact, many would consider it an extraordinary year if they had any opportunity at all to meet their cost of production. I know of cases that break my heart—people who have fought for decades, and now are losing everything they have. What is worse is that some opinion leaders are starting to throw in the towel. They say, well, maybe family farming is a relic of the past. Maybe it is not of value to our country anymore. Maybe it is time to do something else.

I don't buy that at all. I think one thing we can say about the future is that people will be eating. The world's population is growing rapidly. Every month in this world we add another New York City in population. Every single month, another New York City in population is added to our globe. We know there is no more farmland being created on this Earth. It doesn't take a genius to put those two together.

Mr. SARBANES. Will the Senator yield?

Mr. DORGAN. I am happy to yield.

Mr. SARBANES. I want to underscore the point the distinguished Senator from North Dakota is making.

Yesterday, I had the opportunity to go with Secretary Glickman and Governor Glendening to visit one of the farms that has been affected by the drought in our State. It is devastating to see. Of course, it is a compound of two things: The low commodity prices, which the Senator is demonstrating with his charts—this is not only wheat but the same thing applies to other basic commodities as well—and the drought, which is crippling certain parts of the country.

We talked to this farmer who has been farming ever since he was a young boy. His father was a farmer. His grandfather was a farmer. He doesn't know whether he will be in farming next year because of what has hit them—the combination of the low commodity prices and the drought which is now desperately affecting our country.

He is not alone. Farmers across Maryland and indeed, the nation, are finding themselves facing similar circumstances. Nearly one fourth of Maryland's corn crop is in poor to very poor condition. Likewise, 55 percent of pastures and hay fields are in poor or very poor condition. Milk production has decreased because of the high temperatures. And because pastures and field crops are in such bad shape, cattle and dairy farmers are now faced with a dilemma, whether or not to sell their animals or begin feeding them hay which should be utilized over the winter.

Maryland has suffered extensive drought damage for three consecutive years. However the drought this year is by far the worst since the depression. Yesterday, the United States Geological Survey reported that we may be in the midst of what could become the worst drought of the 20th century. Rainfall throughout Maryland is currently between 40 and 50 percent below normal. Throughout Maryland, counties are reporting losses as high as 100 percent for certain crops. Most alarmingly, there is no end in sight.

But the crisis affecting agriculture is about more than the drought. The dramatic drop in commodity prices, since the enactment of the Freedom to Farm Act, has had its affect on farmers throughout the country and the State of Maryland. The poultry industry, which is Maryland's largest agricultural producer, has witnessed a 45-percent decrease in exports. The situation for farmers is bleak and many are losing their businesses.

Mr. President, Maryland depends on agriculture. Agriculture is Maryland's largest industry contributing more than $11 billion annually to our economy. More than 350,000 Marylanders—some 14 percent of our State's workforce—are employed in all aspects of agriculture from farm production of wholesaling and retaining. Forty percent of our State's land is in agriculture—more than 2 million acres. So when our family farmers and the farm economy start hurting—everyone suffers.

Our farmers are in trouble and they deserve our assistance. This measure provides that assistance in the form of direct payments and low interest loans. It gives nearly $11 billion in emergency assistance to farmers and ranchers who have been affected by natural disaster and economic crisis. $6 billion of that amount will deliver income assistance to farmers hit hard by the economic disaster. And more than $2.6 billion will be used to address natural disasters such as the drought. Within the disaster funds, nearly $300 million in section 32 and disaster reserve funds has been included to specifically address the Mid-Atlantic drought.

Mr. President, the need for this amendment is real. Until we are able to reform the Freedom to Farm Act or manufacture rain, these funds are vital to the preservation of the farm industry throughout the State of Maryland and the United States.

In my judgment, it is imperative that we pass this legislation.

I very much appreciate the Senator from North Dakota yielding. I want to underscore the crisis nature of the situation to which he is referring.

I want to acknowledge the consistent and effective leadership which he has exercised on many of these farm issues. He and others of us expressed concerns and questions at the time the 1996 act was passed. Much of that now seems to have come around to hit us—compounded, of course, by these serious weather circumstances which exist not in all parts of the country but in certain parts of the country.

I thank the Senator for yielding.

Mr. DORGAN. I thank the Senator from Maryland. He is talking about a drought which is devastating part of our country even as collapsed prices have been devastating wheat farmers and the grain farmers in my part of the country.

I want to respond to some things that were said earlier today that somehow we are not as efficient as we need to be as family farmers.

In my judgment—and I think the evidence supports this—the family farmer in our country is as productive as any in the world. It supports our rural communities in ways that corporations never will and never can.

Family farmers have faced hard times before. This is not something new. The history of farming is a history of difficulty. But never before has the Federal Government done so little to help and so much to push the producer off the edge.

On top of the floods that we have talked about and the drought and the slump in the foreign markets, our farmers are facing a plague of deliberate public policies—yes, established here in Washington—that undermine their economic interest. They face trade agreements designed for the convenience of food processors rather than food producers. They face a "see-no-evil" posture toward antitrust enforcement that has left family farmers selling into controlled markets that dictate the terms to them. On top of that, they face a 1996 farm bill that fundamentally doesn't and can't work.

There is a larger issue than dollars and cents; namely, the kind of country we are going to be.

It is not fashionable to raise all of these issues. We are supposed to keep our mouths shut and cash in on the stock market which has done quite well. But the Founding Fathers didn't create this country primarily to be an engine of stock market riches or rising gross domestic product. They created this country to promote a way of life based on freedom and democracy and independent producers in contrast to the aristocracy they left behind in Europe.

The concept of independence and freedom was rooted in the land, and they couldn't conceive of these things being separate.

Wendell Berry, a farmer, testified recently in Washington at a hearing that I chaired. He said:

> Thomas Jefferson thought the small land owners were the most precious part of state, and he thought government should give priority to their survival. But increasingly, since World War II our government's manifest policy has been to get rid of them. This country is paying a price for this. That price doesn't show up on the supermarket shelves but rather our Nation's spirit and our character.

Independent family-based agriculture produces more than wheat, beef, and pork. It produces a society and a culture, our main streets, our equipment dealers, our schools, our churches, and our hospitals. It is the "culture" in agriculture. Take away family-based producers and all that is left are calories. That is a radical change in our country. I am not talking about rural sentimentalism or nostalgia. It is something we know from experience. Rural communities work. They have so many of the things the Americans all over this country say they want, including stable families, low crime rates, neighborliness, a volunteer spirit.

In my hometown of Regent, ND, they still leave the keys in the car when they park on Main Street. Try doing that here. Many Americans have plenty of food on their tables, but what they feel is a growing dearth of the qualities that they want most are the qualities that farm communities represent. It would be insane, in my judgment, to stand by and let these communities wither on the vine by neglecting the economic base that sustains them.

Yes, the Nation's financial establishment is enthused about that prospect. It can't wait to turn hog barns into agrifactories and more. However, that will not advance this country's interests. We can't stop bad weather and we can't stop unruly markets, but we can change Federal policies that turn adversity into quicksand for family farmers.

I listened to a ringing defense of the current farm program. I listened to one of my colleagues who was an economist, and I mentioned before I used to teach economics but was able to overcome that and go on to think clearly. There is an interesting debate among economists about all of these issues. First, is there a crisis? Listening to part of the debate this morning one would think there is nothing wrong on the family farm. Is there a crisis? Would anyone in this country be feeling there is a crisis if this is what happened to their income? If any sector of the American economy had this happen to their income, would they consider it a crisis? The answer is, of course.

I had a farmer come to a meeting who farmed the lands that his granddad farmed, his dad farmed, and he farmed. He stood up and said: For 23 years, I farmed this land. His chin began to quiver and his eyes began to water. He could hardly speak. He said: I'm going to have to leave this farm.

Anyone could tell he loved what he did. He was going to lose the farm that his granddad, dad, and he had farmed for those many decades. Is that a crisis? I think so.

In my State, add to the fact that incomes have collapsed because of price collapses, 3.2 million acres were not planted because of wet conditions in the spring—3.2 million acres. A young boy wrote some while ago and said: My dad could feed 180 people and he can't feed his family.

Is that a crisis? Of course.

Why the crisis? I mentioned collapsed prices and a wet spring and the worst crop disease in the century in our part of the country. This notion of a farm bill that says the free market shall determine what happens in agriculture, by cutting the tether and turning it all loose, finds you scratching your head and wondering, gee, why didn't this work out the way we thought? Because the market isn't free. It never has been free and never will be free.

That bill that says we will transition farmers out of any help, over 7 years that bill transitions farmers into a marketplace that is fixed. Does anybody know what kind of tariff we have putting beef into Japan at this moment? I guess it costs $30 or $35 a pound to buy T-bone steak in Tokyo. Does anybody know what tariff exists on beef going into Japan? Very close to 50 percent. That is a failed free market by any definition anywhere. That is after we reached an agreement with them 10 years ago.

How about China? They consume half the world's pork. Are we delivering a lot of hogs into China? No, we have a $50 billion to $60 billion trade deficit with China and we are not exporting enough hogs into China.

What about wheat in Canada? No. I drove to the border of Canada with a truck and couldn't get the wheat into Canada. I stopped at the border, and all the way to the border, semitruckload after semitruckload after semitruckload was coming into this country, hauling Canadian grain into our country and undercutting our farmer's prices. We sit at the border trying to go north, you can't. The border coming south is flooded by millions of wheat acres, unfairly subsidized, sold to us by a Canadian wheat board. It is a state monopoly and would be illegal in this country, with it's secret prices. Our trade officials downtown wouldn't lift a finger—never have and never will—to deal with the unfair trade practices.

I mention Japan, China, and Canada. I could list other countries for an hour, but I won't. Then we say to the family farmers, operate in a free marketplace. That is what we have created, a marketplace that is fundamentally corrupt with respect to fairness to our family farmers.

My colleague this morning, Senator CONRAD, talked about the Europeans subsidizing exports to the tune of ten times our subsidies. Is that fair competition? I don't think so.

Over and over and over, if it is not just unfair competition in selling, selling into our marketplace with products that ought not be allowed, produced with growth hormones or produced with chemicals that we wouldn't allow to be used in this country on animals or grains—that happens every day in every way.

We produce canola in this country and we are prevented from using a chemical on the canola that we would purchase from Canada because that chemical can't be allowed into the country. However, the Canadians can use that chemical on their canola, plant the canola, harvest it, and ship it into Belfield, ND, to put it at a crushing plant, crush it, and put it into our food chain.

My farmers say: Why is that the case? What is going on here?

What is going on here is family farmers have been set up in every single way, set up for failure.

I heard this morning what was being proposed here was socialism. I heard what was being proposed here was being proposed by a bunch of leftists. I heard what was being proposed here was being proposed by people who don't believe in the principles of economics. I sat here and thought, that is novel; an interesting, pithy new political debate calling people socialists or leftists. Or maybe it isn't so new. Maybe it is just a tired, rheumatoid, calcified debate by people who can't think of anything else to say.

Deciding to stand up and help family farmers in a time of crisis and trouble is socialistic? Are you kidding me? It is everything that is right about the instincts of this country.

When part of this country is in trouble, the rest of the country moves to help. I wasn't there, but in the old wagon train days when we populated the western part of this country with wagon trains, one of the first lessons learned was don't move ahead by leaving somebody behind. That is an indelible lesson. The same is true with this country and its economy. Don't move ahead by leaving some behind. When family farmers are in trouble, we have a responsibility to help, not crow about socialism and leftists. What a bunch of nonsense.

The fact is, the same kind of debate includes this: We are no longer the most efficient in farming. I heard that this morning. We are no longer the most efficient in farming. Nonsense. Show me who is better. Tell me who is better. I am sick and tired of this "blame America first" notion. We lose because we are no longer the most efficient. Tell me who is more efficient anywhere else in the world. Stop blaming this country first for everything.

If we had a free market, if we had open markets, if we had fair competition, if we didn't have policymakers setting up family farmers for failure, and if they paid as much attention to the family economic unit—which apparently has no value to a lot of folks in this country—as we do for the corporate economic unit, maybe we would see some policies that would say to family farmers, you matter in this country's future and we want to keep you.

I do not understand much of this debate, except we face the requirement to do two things, and we need to do them soon. First, we must respond to a farm crisis. That is the purpose of the two bills on the floor of the Senate today. We do it in very different ways.

As my colleague from New York mentioned, the majority party bill doesn't even respond to any part of the disaster; there are no disaster provisions at all. Of course, we have a substantial part of this country now facing a serious drought, so it is a very serious problem. We have very different ways in which we provide income support to family farmers. The majority party follows the Freedom to Farm bill, which of course is a total flop, total failure. It gives payments to people who are not producing. It says: You are not producing; you are not in trouble; you don't have any crop; here's some money. What kind of logic is that? It doesn't make any sense.

We propose a mechanism by which we provide help to people who are producing and are losing money as a result of that production, trying to provide help to shore up that family farm. Our position is simple. When prices hit a valley, we want a bridge across that valley so family farmers can get across that valley. We want to build a bridge, and other people want to blow up the bridge. But if we don't take the first step to provide some crisis and disaster relief and then follow it very quickly in September and October, as I discussed with my colleague from Iowa and others, with a change in the underlying farm bill, we will not have done much for farmers.

Farmers say to me: We very much appreciate some disaster help, but it will not provide the hope that is necessary for me to plant a crop and believe that I can make it. We need a change in the farm bill. We need a safety net that we think has a chance to work for us in the future.

Mr. HARKIN. If the Senator will yield?

Mr. DORGAN. I will be happy to yield.

Mr. HARKIN. First, I thank the Senator from North Dakota for his statement, which is exemplary in its clarity. The arguments the Senator has made, the point he made, this should crystallize clearly what this debate is all about, what is happening, what we are all talking about.

I picked up on one thing the Senator said—that under the Republican's proposal the payments would go out without regard to whether someone was producing anything or not; it could actually go out to absentee landlords, people who are not on the farm, hadn't even planted anything.

As the Senator knows, the AMTA payments that are in their bill go out without regard to whether they are planting anything or not. It is based upon outdated, outmoded provisions of base acreages and proven yields. It goes back as far as 20 years.

I wonder if it occurred to the Senator from North Dakota—I heard a couple of Republicans this morning talk about the failed policies of the past. Yet they are basing their payments on a policy that goes back 20 years, base acreages and proven yields, which any farmer will tell you has no basis in reality as to what is going on in the farm today.

I am curious. Does the Senator have any idea why they would want to make payments based on something that is not even happening out there today? It is not even based on production, not helping the family farmer. I am still a little confused as to why they would suggest that kind of payment mechanism rather than what we are suggesting, which goes out to farmers based on the crops they bring in from the fields.

Mr. DORGAN. The payment mechanism is called an AMTA payment or a transition payment. This would actually enhance the transition payment. The purpose of a transition payment, by its very name, is to transition family farmers out of a farm program. It said: Whatever your little boat is, let it float on whatever marketplace exists out there. The problem is, they declare it a free market when in fact it is a market that is totally stacked against family farmers. So family farmers cannot make it in this kind of system.

This farm bill that provides transition payments is a faulty concept. Yet even for disaster relief, they cling to this same faulty concept of moving some income out largely because, I think, they are worried, if they do not cling to that, somehow they will be seen as retreating from the farm bill. I would say: Retreat as fast as you can from a farm bill that has put us in this position on wheat prices.

You may think it is totally unfair to say wheat prices have anything to do with the farm bill. I don't know. Maybe this is pure coincidence. Maybe it is just some sort of a cruel irony that we passed a new farm bill and all these prices collapsed. But the point is, I was hearing this morning discussions from people who were standing up to say things are really good on the family farm. I did not look closely at their shoes to see whether they had been on a family farm recently. They looked as if they were wearing pretty good pants and shirts and so on. It occurred to me, if things are so good on the family farm, why are we seeing all these farm auctions and all this misery and all this pain and agony with family farmers losing their lifetime of investment? Why? Because prices have collapsed. Things are not good on the family farm. The current farm bill doesn't work.

People stand here—I guess I can listen to them—they stand here for hours and tell us how wonderful things are and how much income the current farm bill is spreading in rural America. I would say, however much income that is, it does not make up for the radical, total collapse of the grain markets. What has happened is, we have a payment system that says, under Freedom to Farm, when prices are high, you get a payment that you do not need, and when prices are low, you don't get a payment that is sufficient to give you the help you need.

Mr. HARKIN. If the Senator will yield further, the Senator has stated it absolutely correctly. I was interested in the chart there of wheat prices. I ask the Senator if he would put it back up there again, on wheat prices. It just about mirrors corn and soybeans, all the major production crops in the Southwest.

I have an article from the Wichita Eagle, from 1995, I believe. It is an article written by the distinguished Senator from Kansas. I think he was a House Member at the time, Senator ROBERTS. So this article says:

> Good Bill for Farm Reality, by Pat Roberts.

The first sentence says:

> My Freedom to Farm legislation now before Congress is a new agricultural policy for a new century.

"My Freedom to Farm. . . ." That is by PAT ROBERTS, now Senator ROBERTS. I want to read to the Senator from North Dakota this paragraph in there. He says:

> Finally, Freedom to Farm enhances the farmer's total economic situation. In fact, the bill results in the highest net farm income over the next seven years of any proposal before Congress.

He says:

> The AMTA payment cushions the Nation's agriculture economy from collapse during the 7-year transition process.

I have to ask my friend from South Dakota, are your farmers receiving the highest net farm income that they have received ever in any farm program? Are they receiving the highest farm income? And are your farmers being cushioned by the Freedom to Farm bill?

Mr. DORGAN. I say to the Senator from Iowa, the answer to that question is, clearly, farm income is collapsing. It is collapsing with grain prices, with commodity prices generally, and family farmers are put in terrible trouble as a result of it. Many of them are facing extinction.

I have here a report from the Economic Policy Institute that describes the almost complete failure of the current farm bill and current strategy. It is written by Robert Scott. It is about an eight-page report. I ask unanimous consent to have that printed in the RECORD following my remarks.

The PRESIDING OFFICER (Ms. COLLINS). Without objection, it is so ordered.

(See Exhibit 1.)

Mr. DORGAN. Let me make one final point, and then I will relinquish the floor. I know my colleagues wish to speak.

This is a map of the United States. This map shows in red the counties of our country that have lost more than 10 percent of their population. It shows where people are moving out, not coming in. We have cities growing in various parts of America, but in the center of our country, in the farm belt of our country, we are being depopulated. People are leaving. My home county, which is about the size of the State of Rhode Island, was 5,000 people when I left, in population. It is now 3,000. The neighboring county, which is about the same size, the size of the State of Rhode Island, had 920 people last year. The fact is, people are moving out. Why? Because family farmers cannot make a living.

We have had other farm policies that have not worked. I mean we have had Democratic and Republican failures. Both parties have failed in many ways in farm policy.

It is just the circumstance today where we have farm prices, in constant dollars, that are at Depression level; and we have a farm program that, like it or not, was offered by the majority party that does not work. It does not work at all in the context of what our needs are to try to save family farmers.

We will have two votes today: One on a disaster package or a price relief package that offers more help, and one that offers less; one that offers some help for disaster relief, and one that does not.

A whole series of differences exist between these proposals. My hope is that at the end of this day the Senate will have agreed to the proposal that Senators DASCHLE, HARKIN, CONRAD, myself, and others have helped draft and that we will be able to send a message of hope to family farmers, to say, we know what is happening, we know we need change. This is the first step. The second step, in September or October, will be to force a fundamental change in our underlying farm policy.

Madam President, I yield the floor.

EXHIBIT 1

EXPORTED TO DEATH

THE FAILURE OF AGRICULTURAL DEREGULATION

(By Robert E. Scott)

In 1996, free market Republicans and budget-cutting Democrats offered farmers a deal: accept a cut in farm subsidies and, in return, the government would promote exports in new trade deals with Latin America and in the World Trade Organization (WTO) and eliminate restrictions on planting decisions. In economic terms, farmers were asked to take on risks heretofore assumed by the government in exchange for deregulation and the promise of increased exports.

This sounded like a good deal to many farmers, especially since exports and prices had been rising for several years. Many farmers and agribusiness interests supported the bill, and it was in keeping with the position of many farm representatives and most members of Congress from farm states who already supported the WTO, the North American Free Trade Agreement (NAFTA), and the extension of fast-track trade negotiating authority, usually in the name of supporting family farmers.

But for family farmers, the Omnibus Farm Bill—and the export-led growth strategy upon which it was based—has been a massive failure. The U.S. farm trade balance declined by more than $13 billion between 1996 and 1998, and prices have plummeted. August U.S. corn prices fell from $4.30 per bushel in 1996 to $1.89, or 56%. Wheat prices fell from $4.57 per bushel in 1996 to $2.46 in 1998, a drop of 46%.

The combination of export dependence and deregulation have left increased numbers of family farmers facing extinction. At the same time, U.S. agriculture becomes more centralized in the hands of large farms and national and multinational companies.

Contrary to the Department of Agriculture's rosy predictions, the plight of farmers is likely to get worse under current policies. Expanding supplies are likely to outpace the growth in demand for U.S. farm products; restricted access to foreign markets will continue; and the strong dollar, actively supported by the U.S. Treasury, will further depress the prices farmers receive for their goods.

It is time to end this cruel hoax on the American family farmer. The U.S. government should: reduce the value of the dollar in order to boost farm prices; shift subsidies away from large farms and corporate farmers to independent, family-run farms; increase expenditures for research, development, and infrastructure; and support new uses for farm products.

FREEDOM TO FAIL: THE OMNIBUS 1996 FARM BILL

For more than a half-century after the Great Depression, government policies helped create a highly successful U.S. agricultural sector by reducing risks to family farmers. Crop insurance and disaster programs reduced production risk, and a variety of price and income support programs, plus set-aside programs that paid farmers to remove excess land from production, reduced price risks. But the Omnibus 1996 Farm Bill eliminated price and income supports and replaced them with annual income payments, to be phased out, on a fixed declining schedule, over seven years (Chite and Jickling 1999, 2). The 1996 farm bill also eliminated the set-aside program, thus giving farmers, in the words of one commentator, "the freedom to plant what they wanted, when they wanted. . . . With prices rising and global demand soaring, lawmakers and farmers were happy to exchange the bureaucratic rulebook for the Invisible Hand" (Carey 1999).

The rapid growth in U.S. agricultural exports—they more than doubled between 1985 and 1996—encouraged many farmers to buy into the deregulation strategy. But rising exports have not translated into rising incomes. Due to globalization and relentless declines in the real prices of basic farm products, the structure of American agriculture has been transformed, and, as a result, real U.S. farm income has been steady or declining for many years despite the long-run trend of rising exports.

In the two decades from 1978 to 1997, real grain prices were slashed in half. Then, in 1998, prices fell an additional 10–20%, pushing many family farmers to the brink of bankruptcy.[1] In this environment, only the largest and most capital intensive farms are able to survive and prosper.

Growing concentration throughout the food chain

There are about 2 million farms in the U.S., but three-quarters of those generate minimal or negative net incomes (USDA 1996). Since farms with less than $50,000 in gross revenues tend to be primarily part-time or recreational ventures, this section analyzes working farms that generate gross revenues in excess of $50,000 per year.

Within this group, the number of large farms is growing while small farms are disappearing at a rapid pace, as shown in Table 1. There were 554,000 working farms in the U.S. in 1993. More than 42,000 farms with revenues of less than $250,000 per year disappeared between 1994 and 1997, a decline of about 10%. Nearly 20,000 farms with revenues in excess of $250,000 per year were added in this three-year period, an increase of about 17%. Thus, the U.S. experienced a net loss of about 22,000 farms between 1994 and 1997 alone.

TABLE 1.—CHANGES IN THE DISTRIBUTION OF WORKING FARMS, 1993–98

	Size class (annual sales)					
	$1,000,000 or more	$500,000–$999,999	$250,000–$499,000	$100,000–249,999	$50,000–$99,999	Total
1993	14,980	30,876	70,982	224,823	212,531	554,192
1997	18,767	34,764	82,984	207,058	187,831	531,404
Percent change	25.3%	12.6%	16.9%	−7.9%	−11.6%	−4.1%
Number gained or lost	3,788	3,888	12,001	−17,765	−24,700	−22,788
Number lost with gross incomes of $50,000–250,000						−42,465

Source: USDA, Farm Business Economics Briefing Room, Farm Structure Reading Room, A Close-Up Of Changes in Farm Organization (http://usda.mannlib.cornell.edu/usda/).

Corporate influence is growing throughout the U.S. food supply system. While the share of farms owned by individuals and families (operating as sole proprietors) was roughly constant between 1978 and 1992, at about 85% of all farms, the output share of such farms declined during this period from about 62% to 54% (USDA 1996). Corporations absorbed most of this production lost by sole proprietors between 1978 and 1992. Moreover, an increasing number of family farmers are raising crops under contract for big purchasers.

Corporate control is becoming much more concentrated both upstream and downstream from farmers. On the input side, considerable consolidation is taking place among firms that supply farmers with seeds and chemical inputs. A small number of companies are assuming control of the seed production business, including Monsanto, Dupont, and Novartis (Melcher and Carey 1999, 32).

The story is similar on the distributional side. Grain distribution, for example, which has been tightly controlled by a handful of companies since the 19th century, is becoming even more concentrated. Recently, Cargill has proposed to purchase Continental's grain storage unit, which would result in a single firm that would control more than one-third of U.S. grain exports (Melcher and Carey 1999, 32).

INTERNATIONAL TRADE: THE SIREN'S SONG

The growth in agricultural exports, especially in the first half of 1990s, suggested to small farmers that sales to foreign markets were the key to solving their problems. However, export markets have proven to be more volatile than domestic ones, and globalization has increased the vulnerability of farmers to sudden price swings.

TABLE 2—U.S. AGRICULTURAL TRADE BALANCE WITH INDIVIDUAL COUNTRIES,[1] 1990–98

[In millions of dollars]

Country/region	1990	1996	1998[2]	Changes:	
				1990–96	1996–98
World	17,292	27,994	14,756	10,702	−13,238
Europe	5,228	4,835	606	−393	−4,229
NAFTA	1,488	1,787	691	299	−1,096
Canada	1,587	133	−781	−1,454	−914
Mexico	−98	1,654	1,472	1,752	−182
Asia	14,147	22,249	14,655	8,102	−7,594
Rest of world	−3,572	−877	−1,196	2,695	−319

[1] Census basis; foreign and domestic exports, f.a.s.

[2] Estimated—incomplefe data for all countries.

Source: U.S. Department of Commerce, Foreign Trade Highlights, Internet: http://www.ita.doc.gov/cgi-binotea ctr?task=readfile&file=hili; and U.S. Department of Agriculture, Foreign Agricultural Trade of the U.S., Internet: http://www.econ.ag.gov/db/FATUS/.

Unreliable export markets

The U.S. agricultural trade balance with the rest of the world increased by almost $11 billion between 1990 and 1996 (Table 2), then declined by $13.2 billion between 1996 and 1998. This drop in the volume of exports, which was equal to a 6% decline in farm revenues, was compounded by a sharp decline in domestic commodity prices (discussed below). These two factors combined in 1997 and 1998 to severely depress farm incomes.

Closer examination of regional trends in U.S. farm trade shows that only a limited number of markets were open to U.S. farm products. The U.S. agricultural trade balance with Europe declined sharply between 1990 and 1998, as shown in Table 2. During that time exports to Europe fell by about $2 billion while U.S. imports increased by $3 billion (U.S. Department of Commerce 1999; USDA 1999b).

U.S. trade problems with Europe result from continued high subsidies to European farms and European resistance to certain U.S. farm products, such as hormone-treated beef. The Uruguay Round trade agreements were designed, in part, to reduce agricultural subsidies, but European farm spending actually increased from $46.0 billion in 1995 (the year before the agreements went into effect) to $55 billion in 1997.[2] During the same period, U.S. government payments to farmers were $7 billion, less than 13% of the European level.[3]

Under NAFTA and the earlier U.S.-Canada Free Trade Agreement (which went into effect in 1989), the *volume* of farm trade has significantly increased throughout the region. However, the net result has been a small but significant *decline* in the U.S. farm trade surplus with Mexico and Canada. This fact contradicts the U.S. Trade Representative's statement that "NAFTA has been a tremendous success for American agriculture" (Huenemann 1999).

NAFTA has also resulted in a massive shift in the structure of trade and production within North America. U.S. exports of corn and other feed grains (such as sorghum) have increased, but U.S. imports of fruits, vegetables, wheat, barley, and cattle have all increased much more. For example, U.S. grain exports to Canada (primarily corn and other feed grains) increased by 127% between 1990 and 1998, but at the same time U.S. imports of wheat from Canada increased by 249%, from $79 million in 1990 to $278 million in 1998. Similarly, U.S. corn exports to Mexico increased by 47% during that period, while cattle and calf imports from Mexico soared by 1,280%.[4]

Since the trade balance with Europe and North America was relatively flat from 1990 to 1996, what was the source of strongly growing demand for U.S. farm products in the 1990s? Answer: the trade balance with Asia increased by $8 billion (Table 2). Unfortunately for U.S. farmers, though, the demand that pulled in U.S. farm exports to Asia was driven by the same inflationary bubble that ultimately caused the world financial crisis. An unprecedented inflow of short-term capital into Asia stimulated a huge growth in consumption. When this capital flowed out even more quickly in the wake of the Thai financial crisis in July 1997, the U.S. agricultural trade balance with Asia collapsed back to its 1990 level.[5]

Thus, the boom in U.S. agriculture in the early 1990s, which convinced farmers that trade liberalization was the solution to their problems, was built on the false foundation of a speculative bubble. Increased trade has certainly increased the volatility of farm incomes, but it has yet to improve their average level. Globalization has also stacked the deck against family farmers, since they tend to be under-capitalized and more vulnerable to financial cycles in comparison to large and diversified corporate farms.

Globalization and future farm prices

The U.S. Department of Agriculture has fueled expectations that global demand for U.S. agricultural products will increase in the future. Its most recent baseline forecasts predict that commodity prices, net farm income, and U.S. exports will all recover rapidly in 2000 and climb steadily thereafter.[6] The USDA has also forecast that U.S. agriculture would benefit from further trade liberalization. For example, it estimated that the proposed Free Trade Agreement of the

Americas (FTAA) "that includes the United States would cause annual U.S. farm income (in 1992 dollars) to be $180 million higher than it otherwise would be" (Raney and Link 1998, 2).

This forecast is particularly surprising because the same report also predicts that the FTAA will reduce the U.S. trade balance. Specifically, it predicts that the FTAA will have a larger impact on U.S. farm imports than on exports (Raney and Link 1998, 2), thus increasing the current U.S. agricultural trade deficit with Latin America. The reported income effects include only "efficiency gains" from the shift of resources from one crop to another, and exclude the losses from declining demand for U.S. farm products and from rising imports resulting from deregulated trade. The report does acknowledge that the reported gains "are very small changes in U.S. farm income" and that:

". . . the short-run adjustment costs for some farm households could be large. Hence, the debate on the acceptability of an FTAA may hinge on its distributional consequences rather than on the gains to the entire economy or to the agricultural sector as a whole." (Raney and Link 1998, 38)

The FTAA report further assumes that the economy will be at full employment and that there are no adjustment costs due to changes in trade. Moreover (as the author note), the impacts of agricultural trade deficits and structural change on the farm sector are excluded from the study.

Similar predictions were made about the benefits of NAFTA and the Uruguay Round trade agreements that created the WTO. U.S. farmers were supposed to benefit because they are the world's low-cost producers of many types of grain and livestock. As we have seen, it did not turn out that way.

Are the USDA's predictions that rising exports will cause farm prices to increase in the future likely to be any more accurate now? An economic analysis (see the Appendix for methodological details) of the various forces that influence U.S. commodity prices—namely, (1) U.S. income (in terms of gross domestic product, or GDP), (2) the real (inflation adjusted) U.S. exchange rate, and (3) worldwide average crop yields (which reflect the influence of technology on crop supplies)—shows that U.S. farm prices are unlikely to rise in the future unless U.S. agricultural policies are substantially revised.

Looking at U.S. corn and wheat over the past 26 years, income, somewhat surprisingly, seems to have only a weakly significant effect on price. Furthermore, the changes in U.S. income associated with the Asian crisis have not reduced grain prices, but this result is not strong, statistically speaking.[7]

Exchange rates, on the other hand, have large and statistically significant effects on farm prices. Each 1% increase in the value of the dollar generates a 1.1% decline in the price of corn and a 1.5% decline in the price of wheat. Thus, the 16% appreciation in the value of the U.S. dollar that occurred between 1995 and 1997 is responsible for 17 to 24 percentage points of the decline in U.S. corn and wheat prices, respectively.[8]

World commodity yields also have a large and significant effect on prices. As yields per acre rise, prices fall. The expansion in world supplies of each commodity depresses its price. While the growth in income has only a weak effect on prices, technology and the growth in world agricultural productivity has a strong, negative impact on prices over time.[9]

These results show why farmers have been misled about the benefits of trade liberalization. Previous rounds of trade negotiations have failed to generated sustained, reliable growth in demand for U.S. farm products. In addition, the diffusion of advanced agricultural technologies (the "green revolution") around the globe has had a depressing effect on U.S. farm prices, despite, or perhaps because of, the benefits generated for farmers and consumers throughout the developing world.

TIME FOR A NEW FARM POLICY

There is nothing wrong with expanding trade in agriculture as long as it can be accomplished in ways that benefit U.S. farmers. However, unless the U.S. government is willing to address such fundamental problems as global excess crop supplies and rising currency values, then pushing for freer trade in agriculture will be counterproductive. It is time to stop artificially expanding trade without regard for the consequences.

The Omnibus 1996 Farm Bill was a complete failure. It failed to generate export-led growth, and it transferred substantial risks to farmers with no visible benefits. Given the diffusion of technology to the rest of the world, and because other countries seek to maintain their own food security, agriculture will never be a substantial growth industry for the U.S. However, for the same reason, the U.S. needs a viable farm sector, one that can deliver a high and rising standard of living for family farmers and consumers. A number of policies could help achieve these goals, including:

Carefully managed reductions in the value of the dollar;

The shift of agricultural subsidies away from large farms and corporate farmers to independent, family-run farms;

An increase in expenditures for research and development, and the construction of infrastructure and distribution systems for new, higher-valued products that can be produced with sustainable technologies and that meet consumer demand for high-quality, niche, and specialty foods such as organic products and humanely raised livestock; and

The exploration of other possibilities for stimulating agricultural consumption (such as the conversion of biomass to energy) to build domestic demand for agricultural products.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CRAIG. I yield to the Senator.

The PRESIDING OFFICER. The Senator from Mississippi.

AMENDMENT NO. 1500, AS MODIFIED

Mr. COCHRAN. Madam President, I asked the Senator to yield so I can send a modification of my amendment to the desk. I do send the modification of my amendment to the desk.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment, as modified, is as follows:

Beginning on page 1, line 3, strike all that follows "SEC." to the end of the amendment and insert the following:

. EMERGENCY AND MARKET LOSS ASSISTANCE.—(a) MARKET LOSS ASSISTANCE.—

(1) IN GENERAL.—The Secretary of Agriculture (referred to in this section as the "Secretary") shall use not more than $5,544,453,000 of funds of the Commodity Credit Corporation to provide assistance to owners and producers on a farm that are eligible for payments for fiscal year 1999 under a production flexibility contract for the farm under the Agricultural Market Transition Act (7 U.S.C. 7201 et seq.).

(2) AMOUNT.—The amount of assistance made available to owners and producers on a farm under this subsection shall be proportionate to the amount of the contract payment received by the owners and producers for fiscal year 1999 under a production flexibility contract for the farm under the Agricultural Market Transition Act.

(3) TIME FOR PAYMENT.—The assistance made available under this subsection for an eligible owner or producer shall be provided not later than 45 days after the date of enactment of this Act.

(b) SPECIALTY CROPS.—

(1) ASSISTANCE TO CERTAIN PRODUCERS.—The Secretary shall use not more than $50,000,000 of funds of the Commodity Credit Corporation to provide assistance to producers of fruits and vegetables in a manner determined by the Secretary.

(2) PAYMENTS TO CERTAIN PRODUCERS.—

(A) IN GENERAL.—The Secretary shall use such amounts as are necessary to provide payments to producers of quota peanuts or additional peanuts to partially compensate the producers for continuing low commodity prices, and increasing costs of production, for the 1999 crop year.

(B) AMOUNT.—The amount of a payment made to producers on a farm of quota peanuts or additional peanuts under subparagraph (A) shall be equal to the product obtained by multiplying—

(i) the quantity of quota peanuts or additional peanuts produced or considered produced by the producers under section 155 of the Agricultural Market Transition Act (7 U.S.C. 7271); by

(ii) an amount equal to 5 percent of the loan rate established for quota peanuts or additional peanuts, respectively, under section 155 of that Act.

(3) CONDITION ON PAYMENT OF SALARIES AND EXPENSES.—None of the funds appropriated or otherwise made available by this Act or any other Act may be used to pay the salaries and expenses of personnel of the Department of Agriculture to carry out or enforce section 156(f) of the Agricultural Market Transition Act (7 U.S.C. 7272(f)) through fiscal year 2001, if the Federal budget is determined by the Office of Management and Budget to be in surplus for fiscal year 2000.

(c) LIMITATION ON MARKETING LOAN GAINS AND LOAN DEFICIENCY PAYMENTS.—Notwithstanding section 1001(2) of the Food Security Act of 1985 (7 U.S.C. 1308(1)), the total amount of the payments specified in section 1001(3) of that Act that a person shall be entitled to receive under the Agricultural Market Transition Act (7 U.S.C. 7201 et seq.) for 1 or more contract commodities and oilseeds during the 1999 crop year may not exceed $150,000.

(d) UPLAND COTTON PRICE COMPETITIVENESS.—

(1) IN GENERAL.—Section 136(a) of the Agricultural Market Transition Act (7 U.S.C. 7236(a)) is amended—

(A) in paragraph (1), by striking "or cash payments" and inserting "or cash payments, at the option of the recipient,";

(B) by striking "3 cents per pound" each place it appears and inserting "1.25 cents per pound";

(C) in the first sentence of paragraph (3)(A), by striking "owned by the Commodity Credit Corporation in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates" and inserting "owned by the Commodity Credit Corporation or pledged to the Commodity Credit Corporation as collateral for a loan in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates, including enhancing the competitiveness and marketability of United States cotton"; and

(D) by striking paragraph (4).

(2) ENSURING THE AVAILABILITY OF UPLAND COTTON.—Section 136(b) of the Agricultural Market Transition Act (7 U.S.C. 7236(b)) is amended—

(A) by striking paragraph (1) and inserting the following:

"(1) ESTABLISHMENT.—

"(A) IN GENERAL.—The President shall carry out an import quota program during the period ending July 31, 2003, as provided in this subsection.

"(B) PROGRAM REQUIREMENTS.—Except as provided in subparagraph (C), whenever the Secretary determines and announces that for any consecutive 4-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) $1\frac{3}{32}$-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under subsection (a), exceeds the Northern Europe price by more than 1.25 cents per pound, there shall immediately be in effect a special import quota.

"(C) TIGHT DOMESTIC SUPPLY.—During any month for which the Secretary estimates the season-ending United States upland cotton stocks-to-use ratio, as determined under subparagraph (D), to be below 16 percent, the Secretary, in making the determination under subparagraph (B), shall not adjust the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) $1\frac{3}{32}$-inch cotton, delivered C.I.F. Northern Europe, for the value of any certificates issued under subsection (a).

"(D) SEASON-ENDING UNITED STATES STOCKS-TO-USE RATIO.—For the purposes of making estimates under subparagraph (C), the Secretary shall, on a monthly basis, estimate and report the season-ending United States upland cotton stocks-to-use ratio, excluding projected raw cotton imports but including the quantity of raw cotton that has been imported into the United States during the marketing year."; and

(B) by adding at the end the following:

"(7) LIMITATION.—The quantity of cotton entered into the United States during any marketing year under the special import quota established under this subsection may not exceed the equivalent of 5 week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the 3 months immediately preceding the first special import quota established in any marketing year.".

(3) REMOVAL OF SUSPENSION OF MARKETING CERTIFICATE AUTHORITY.—Section 171(b)(1) of the Agricultural Market Transition Act (7 U.S.C. 7301(b)(1)) is amended—

(A) by striking subparagraph (G); and

(B) by redesignating subparagraphs (H) through (L) as subparagraphs (G) through (K), respectively.

(4) REDEMPTION OF MARKETING CERTIFICATES.—Section 115 of the Agricultural Act of 1949 (7 U.S.C. 1445k) is amended—

(A) in subsection (a)—

(i) by striking "rice (other than negotiable marketing certificates for upland cotton or rice)" and inserting "rice, including the issuance of negotiable marketing certificates for upland cotton or rice";

(ii) in paragraph (1), by striking "and" at the end;

(iii) in paragraph (2), by striking the period at the end and inserting "; and"; and

(iv) by adding at the end the following:

"(3) redeem negotiable marketing certificates for cash under such terms and conditions as are established by the Secretary."; and

(B) in the second sentence of subsection (c), by striking "export enhancement program or the marketing promotion program established under the Agricultural Trade Act of 1978" and inserting "market access program or the export enhancement program established under sections 203 and 301 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623, 5651)".

(e) OILSEED PAYMENTS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the Secretary shall use not less than $475,000,000 of funds of the Commodity Credit Corporation to make payments to producers of the 1999 crop of oilseeds that are eligible to obtain a marketing assistance loan under section 131 of the Agricultural Market Transition Act (7 U.S.C. 7231).

(2) COMPUTATION.—A payment to producers on a farm under this subsection shall be computed by multiplying—

(A) a payment rate determined by the Secretary; by

(B) the quantity of oilseeds that the producers on the farm are eligible to place under loan under section 131 of that Act.

(3) LIMITATION.—Payments made under this subsection shall be considered to be contract payments for the purposes of section 1001(1) of the Food Security Act of 1985 (7 U.S.C. 1308(1)).

(f) ASSISTANCE TO LIVESTOCK AND DAIRY PRODUCERS.—The Secretary shall use $325,000,000 of funds of the Commodity Credit Corporation to provide assistance to livestock and dairy producers in a manner determined by the Secretary.

(g) TOBACCO.—The Secretary shall use $328,000,000 of funds of the Commodity Credit Corporation to make distributions to tobacco growers in accordance with the formulas established under the National Tobacco Grower Settlement Trust.

(h) SENSE OF CONGRESS REGARDING FAST-TRACK AUTHORITY AND FUTURE WORLD TRADE ORGANIZATION NEGOTIATIONS.—It is the sense of Congress that—

(1) the President should make a formal request for appropriate fast-track authority for future United States trade negotiations;

(2) regarding future World Trade Organization negotiations—

(A) rules for trade in agricultural commodities should be strengthened and trade-distorting import and export practices should be eliminated or substantially reduced;

(B) the rules of the World Trade Organization should be strengthened regarding the practices or policies of a foreign government that unreasonably—

(i) restrict market access for products of new technologies, including products of biotechnology; or

(ii) delay or preclude implementation of a report of a dispute panel of the World Trade Organization; and

(C) negotiations within the World Trade Organization should be structured so as to provide the maximum leverage possible to ensure the successful conclusion of negotiations on agricultural products;

(3) the President should—

(A) conduct a comprehensive evaluation of all existing export and food aid programs, including—

(i) the export credit guarantee program established under section 202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5622);

(ii) the market access program established under section 203 of that Act (7 U.S.C. 5623);

(iii) the export enhancement program established under section 301 of that Act (7 U.S.C. 5651);

(iv) the foreign market development cooperator program established under section 702 of that Act (7 U.S.C. 5722); and

(v) programs established under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.); and

(B) transmit to Congress—

(i) the results of the evaluation under subparagraph (A); and

(ii) recommendations on maximizing the effectiveness of the programs described in subparagraph (A); and

(4) the Secretary should carry out a purchase and donation or concessional sales initiative in each of fiscal years 1999 and 2000 to promote the export of additional quantities of soybeans, beef, pork, poultry, and products of such commodities (including soybean meal, soybean oil, textured vegetable protein, and soy protein concentrates and isolates) using programs established under—

(A) the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.);

(B) section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431);

(C) titles I and II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701 et seq.); and

(D) the Food for Progress Act of 1985 (7 U.S.C. 1736o).

(i) EMERGENCY REQUIREMENT.—The entire amount necessary to carry out this section and the amendments made by this section shall be available only to the extent that an official budget request for the entire amount, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: *Provided*, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

Mr. COCHRAN. I thank the Senator.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CRAIG. Thank you, Madam President.

For the last 20 minutes, I have listened to my colleague from North Dakota with some degree of clarity discuss the issue that is true in his State today and true in most areas of American agriculture. I will in no way attempt to modify or suggest any different kind of impact on the family farm, but I suggest that most family farms in Idaho today are multimillion-dollar operations, and we should not attempt to invoke the image of a small farm, a husband and wife, struggling to stay alive.

A husband and wife and family team in production agriculture today are struggling to stay alive in an industry that recognizes their investment in the hundreds of thousands, if not millions, of dollars.

There is no question that the character of American agriculture has changed. While some are still caught up in the rhetoric of the family farm—and there are still some small farming units—most of those who farm small units today recognized some years ago that their life could not be made there unless they supplemented it with outside income. That, of course, has been the character of the change in production agriculture for the last good number of decades—true in Idaho, true in North Dakota, true in Mississippi, true in almost every other agricultural State in our Nation.

How do I know that? That is what the statistics show.

But in 1965 and 1966, as a young person, I was given a unique opportunity to travel through our Nation on behalf of agriculture as a national officer of FFA, Future Farmers of America. I was in almost every agricultural State in this Nation speaking to young farmers and young ranchers.

I happened to have had the privilege of staying on many of those farms and ranches. For the course of 1 year, I saw American agriculture like few are given the opportunity to see it. I must tell you, it was an exciting time because I met wonderful people, I saw a unique lifestyle that is true in many instances today, and I did see and feel the heartland of America as few get the opportunity to experience.

While I was traveling, I gave many speeches. The speech oftentimes started like this: That a family farmer or a farmer in American agriculture today produces enough for him or herself and 30 other people. That was 1965.

Today, if I were that young FFA officer traveling the Nation, my speech would have to change, because I would say that that farmer or rancher produces enough for him or herself and 170 to 180 additional Americans.

Has the family unit changed? Oh, very significantly. In almost all instances, it is four or five times larger than it was in 1965 and 1966. But it is phenomenally more efficient and much more productive. Because of those efficiencies, instituted by new technology or biogenetics, we have seen great productivity. So it isn't just a measurement of crops produced against prices for those crops; it is a combination of the whole.

I think it is very important that we portray American agriculture today for what it is and for what it asks from us.

In 1965 and 1966, it was not just Government and politicians that suggested farm policy in this country ought to change; it was American agriculture itself that came to us in 1965 and 1966 and said: Get Government off our backs. American agriculture has changed. We don't want to farm to a program. We want to farm to a market. We don't want to be restricted in limited acreages. We don't want to be restricted in limited markets. We want the ability to be flexible to move with the market.

Congress listened. Out of that listening came the Federal Agriculture Improvement and Reform Act of 1996, which is now called Freedom to Farm. The Senator from North Dakota said it is a failure. The Senator from North Dakota is wrong. It has met every objective it was intended to meet—expanded markets, expanded production, with flexibility for the individual producer. All of those goals that were a part of Freedom to Farm have been met today.

Today, before the Ag Committee, we heard about a comprehensive study that said agricultural income in the decade of the 1990s will surpass any other decade, at a time when the number of farmers has gone down and productivity has gone up dramatically. That is all part of the good news of the story.

So it is not an abject failure, unless you did not vote for it because you did not believe in it in the first place, and you really do want Government controls, and you really do want a Government plan to which farmers farm instead of the market. My guess is, that is part of what the Senator from North Dakota was talking about. That is not what I am here to talk about today. That is where we differ substantially.

But we do not differ on the other issue. That is the issue of the current commodity price crisis in production agriculture across our Nation and across the world. That is very real today. Many of our commodities are finding their price in the marketplace at or below Depression-era prices. That in itself is a crisis, and that we should respond to.

Last year, we did not cast a deaf ear on production agriculture in this country. The taxpayers of this country, recognizing the plight the American producer in agriculture was in, gave handsomely. Billions of dollars flowed into production agriculture, and directly through to the farmer, and to the rancher in some instances. As a result of that, farm income was substantially buoyed. That will happen again this year. But it will happen in the context of Freedom to Farm.

We are not going to go in and start changing long-term farm policy until the Senator from North Dakota and the Senator from Idaho can agree that Freedom to Farm was an abject failure—when, in fact, I do not believe it was; and I think the Senator from North Dakota would be hard pressed, looking at the facts and the intent, to argue that it was either.

So we are here today not to talk about a long-term policy change but to talk about the current crisis. It is a crisis that is not just taking place within this country; it is a commodity crisis that is worldwide.

Let's talk about 1996, 1997, and part of 1998. That is when we crafted a new farm bill. That is when commodity prices were higher than they had ever been around the world, and we drained all of our reserves, and we were told never again would we see low prices. But there were some things missing from that "never again" argument. We didn't anticipate a general downturn in world economies, especially the Asian economy, an Asian economy that had increased its overall import of agricultural foodstuffs from the United States by nearly 27 percent in the period of a 5- to 6-year span. Those imports are down by 11 percent today. Those are the facts. Is that a direct result of Freedom to Farm policy failing? I suggest that it isn't. I don't think the Senator from North Dakota would disagree.

Now, what has that caused? It has plummeted commodity prices in our country. We agree that there is a current farm crisis, and we agree that that crisis could extend itself for some time to come. We agree that Congress ought to respond to it so we don't lose those production units and the families and the human side of it that is so critical across our country and to smalltown Idaho just as much as smalltown North Dakota.

The difference, at least in the current situation of the moment, is the heavy hand of politics, tragically enough. Last year we were able to agree, and we worked at crafting a bipartisan package. This morning, while we were there in the Ag Committee holding a hearing with the Secretary, all of a sudden the committee room emptied. I wondered where they had gone. The chairman said: Well, they have gone out to hold a press conference with the Vice President. The heavy hand of Presidential politics now tragically plays at this issue. It shouldn't have to be that way and, in the end, it won't be that way, if we are to craft the right kind of policy to deal with a crisis that isn't Democrat or isn't Republican, but it is at the heartland of America's fundamental production unit, American agriculture.

The chairman of the Ag Subcommittee of Appropriations has struggled mightily over the course of the last several weeks to try to see if we couldn't arrive at a package that would respond. Our goal is not to add hundreds of billions of dollars to programs that don't have any sense of immediacy or any sense of getting money directly through to the farmer. Our bill is substantially smaller in that regard than the bill offered by the minority leader of the Senate. But our bill, when it comes to money to production units, money to farmers, and money to ranchers, is there. It is real and it is the same dollar amount.

I am willing to talk farm policy, and I am willing to debate it, but not in the short-term and not in the immediate sense of an emergency, because it is awfully hard to argue that the emergency at hand was produced by Freedom to Farm.

Let me read briefly from a report called "Record and Outlook," put together by a very responsible group called the Sparks Company out of McLean, VA. This report is called "Freedom to Farm, Record and Outlook," prepared for the Coalition for Competitive Food in the Agricultural System.

Here is their analysis. Most people say that the Sparks Company is widely recognized as reputable and is nonpartisan in its analyses of those issues that it examines.

Here is what they say:

> The recent slowing of the farm economy primarily reflects two major factors: Farmers response worldwide to mid-decade record high prices. . .

In other words, what they are saying was those prices in 1996 and 1997 sent a message to American agriculture: Gear up your production. They sent a message to world agriculture: Gear up your production. Consumption and prices are here to stay. And that is what happened, and worldwide production is at an all-time record. They go on:

> . . .and the downturn in the economic and financial health of one region of the world, Asia, which also is the largest market for U.S. farm and food products.

I have already mentioned the tremendous ramp up in the increase in purchases of agricultural foodstuffs in Asia and now the dramatic decline.

The study concludes that both the high record prices of 1995, 1996, and part of 1997, and the more recent readjustments, are the result of "ordinary market developments and reactions, with some unusually good weather patterns helping boost output, while the economic downturn in Asia and elsewhere has weakened the prices. As a result, the current market downturn reflects temporary, rather than fundamental market changes."

Temporary problems, but a real crisis. Permanent problems? They say not so. So if you are going to change permanent policy, you ought to be able to determine that there is first a permanent problem. That is what I think the Senator from North Dakota has failed to argue, while he and I would agree on the sense of immediacy to the current crisis.

The report goes on to talk about modest shortfalls in harvests and yields during 1993 through 1995, during the time when these markets were ramping up. Output fell below the 10-year trend and stocks plummeted. In other words, storage and surplus. Strong world economic growth then stimulated demand and record high grain and oilseed prices; world planting and harvests above trends in the United States and worldwide during 1996 through 1998; also good weather and high grain and oilseed yields, especially in the United States, rapidly rebuilt depleted stocks in spite of significantly above-trend consumption during that period. In other words, we were pushing production, but the world was consuming. Significant increases in non-U.S. production competing for growing world markets largely in response to record high prices of the mid-1990s. For example, all of the very considerable above-trend wheat production has been outside the United States, while the share of increased production outside the United States has been 44 percent for corn and 35 percent for soybeans.

Lastly, they point out that the downturn in economic and financial health of key world markets, especially Asia, the largest U.S. export market, has increased pressure on U.S. prices, although world grain and oilseed use has been well above trend during the last 3 years.

What is the point of those comments? The point is that no matter how we would have designed the policy, we were working against a world situation, both economically and climactically, and productionwise that would have been very difficult to foresee. We did not foresee it, nor was it debated in 1995 and 1996, as we were crafting Freedom to Farm. We didn't recognize it in 1997. Toward the tail end of 1997, it became an indicator of problems to come. By 1998, it was very clear, and Congress responded. It is now 1999 and Congress will respond again, with a multibillion-dollar direct aid package to production agriculture.

I said before the Ag Committee today and before Secretary Glickman that I am willing, starting next year, to review Freedom to Farm. I don't think production agriculture is going to walk away from the freedoms and the flexibility it has. Is there a way of crafting a safety net or something that causes some adjustments over time? It is possible. I would not suggest that it isn't. But the rest of the story of Freedom to Farm that we have not successfully matched yet, but something that Congress, Democrat and Republican, agreed with and promised production agriculture with the passage of Freedom to Farm in 1996, were two other elements.

One was a risk management practice, better known as crop insurance. We have placed that money in the budget, but we can't yet agree on a package that is bipartisan in character, that meets the regional differences within our country, certainly the regional differences between the Midwest and Idaho or the Midwest and the South or the Northeast. If we had had a comprehensive risk management crop insurance package today, the very real drought that Washington, DC, and States east of the Alleghenies are in at this moment would have been dramatically offset if farmers had had that kind of risk management tool. But we have not yet agreed as to how to make it flexible and diversified in a way that meets those kinds of needs of specialty crops and the uniqueness of agriculture across this country. So a promise made; we have not fulfilled it yet.

The other area, of course, is the expansion of world trade. The Senator from North Dakota is right. We are not trading in world markets like we should. Let me tell you, Bill Clinton and company have been asleep at the switch now for many years. Do they have a division down at the Department of State that goes out and aggressively markets on a daily basis American agricultural surpluses? No, they don't. We offered them and provided them the tools to move aggressively in the markets. There was a bit of a yawn down at the Department of Agriculture, and that yawn has continued for the last good number of years. So point the finger, I am; but I am pointing the finger at the very agencies of our Government that are responsible for breaking down those political barriers between a consuming market somewhere else in the world and a production unit here in the United States. We have not done that well, and we should. We promised it, in part.

Last year, I and Senators from the other side of the aisle stood together and were able to knock down the sanctions against Pakistan and India to move markets. This year, at our urging—and I applaud the President; now that I have criticized him, let me applaud him for bringing forth an Executive order that said that foodstuffs and medical supplies would not be subject to sanction. That was 3 months ago, and 3 months later, in the time of an agriculture crisis, they are just getting the regulations out.

Well, now, give me a break, Mr. President. You mean your bureaucracy takes 3 months to write a regulation that says farmers can supply a world market that they were denied? There is a lot of blame to be shared here, but, Mr. Vice President, you were on the Hill today talking about a farm crisis. Last I checked, the Department of Agriculture and State Department were under your watch, and for 3 long months you have sat and watched as the bureaucracy ground out regulations that allow access to world markets. I am sorry, Mr. President and Mr. Vice President, there is blame to be shared all around.

Let me shift just a little of it to you, Mr. Vice President, and you, Mr. President. The spirit is in the right place, but couldn't you have cut to the chase? Couldn't we be moving grains, rice, and food commodities, and lentils into mid-Asian and the Central Eastern markets today like we should be? Well, we will be by fall and into the winter, thanks to a policy you put in place, Mr. President. But 3 months later, we are finally beginning to see its regulations. Late is better than none at all. I will accept that and we will move on. But, again, open the world markets.

It is political barriers that are out there, not market barriers. Those are political barriers that only governments can knock down. When it is nation-to-nation, our Government at the Federal level has to be responsible, and we fail to be.

My credit goes to the chairman of our Senate Agriculture Committee who, for several years, has been pushing legislation to pull down those barriers. Last year, he offered it on the floor. It passed. This year, it will pass this Senate again, and I hope it passes the Congress. I hope the President can deal with it, and I hope he will sign it. Those are long-term provisions, but once in place, they are a legitimate and responsible role for Government to participate in.

Manipulating the market, shaping the price? Absolutely not. We have to let the marketplace work its will. But it is very important that Government play the role it should play, and that is in dealing with the political barriers of trade, most assuredly in times of need, providing some safety nets. We did that last year, and we are going to do it again this year. I hope in the end we can craft a crop insurance plan that will provide the risk management tools that we have said to production agriculture we would provide.

Well, those are the circumstances in which we find ourselves today. In the course of the next few hours, the Senate will have an opportunity to vote on two very different measures, in the sense of a total package. They are very similar in the dollars and cents that go directly to production agriculture. I hope that, in the end, out of this can come a bipartisan package. There is a great deal in the DASCHLE-HARKIN package that may be OK at some point down the road; but my guess is not without hearings held and no understanding of some broad policy changes that are at this moment not necessarily justifiable in this time of dealing with crises, both a price crisis and the situation that deals with weather disaster.

Those are the circumstances as I see it. I hope my colleagues will vote with the chairman of the Agriculture Appropriations Subcommittee in supporting his amendment and not allowing it to be tabled, so we can get at a clear vote and finalize this work today. If that can't be done, I hope my colleagues on the other side of the aisle will join with us in seeing if we can make some adjustments in a final package. But I believe that the package offered up by the chairman is certainly in good faith and responds in an immediate way to need, and that the money can move directly to production agriculture, sending a very critical message to the families and the men and women engaged in agriculture in our economy that we care and we understand the importance of them and what they do for all of us as Americans, and Americans are responding by a substantial ag package of nearly $7 billion.

I yield the floor.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Madam President, a lot of us have listened quite intently, and some of us not very intently, to the debate. Very simply, cutting to the chase, the question before us is whether to adopt an agriculture emergency assistance bill in the amount of roughly $10 billion—$10.6 billion, I think—that is proposed by Members essentially on this side of the aisle, or, in the alternative, a bill that is about half that much.

The main difference between the two is not only the amount, but also the failure, in my judgment, of the bill on the other side to provide drought assistance. It is emergency drought assistance. We have all watched on television in the last several days how dry so much of America is and how farmers' crops are not growing and are not going to be harvested. In some parts of the country, it is not only drought; paradoxically, strangely, it is flooding. There is too much moisture in some parts of the country, making it impossible for farmers to grow a productive crop.

Compounding that, there is a very low price. According to the wheat producers and barley producers, livestock, hogs—you name it—the prices are just rock bottom, and they have been very low for a long time. So it is a combination of very low prices, historically low prices, for some commodities, and the weather.

The outlook is not good. The outlook for increased prices in the basic commodities we are talking about, as well as livestock, is grim. Nobody can project or foresee a solid, sound reason why prices necessarily are going to go up in the next several years.

What conditions are going to cause prices to go up? What is going to change or be different? To be truthful, there isn't much we can see that is going to be much different. Producers are going to still produce. Other countries, particularly emerging and developing countries, are going to try to produce more agricultural products than they now are producing. On top of that, there is the phenomenon of a growing concentration of economic power in the beef packing industry, or in the grain trade, where the middlemen, if you will—that is, the traders, the packing plants, and retailers—are making money but the producers are not. That is not going to change in the foreseeable future. At least I don't see anything that will cause that change.

So, essentially, we are here today because farmers are getting deeper and deeper and deeper in trouble. Their prices are continually falling. I hope my colleagues took a good look at the chart presented by my good friend, the Senator from North Dakota, Mr. DORGAN—the one that showed in current dollars what the price of wheat was in 1930, 1940, 1950, and 1960. The current price of wheat in today's dollars is roughly $2 a bushel. Back in 1930, in current dollars, adjusted for inflation, it was about $7.50 a bushel. In 1940 and in 1950—I have forgotten the chart, but I think it was as high as maybe $13 or $14 a bushel.

You can see how the price generally has declined over the years for farmers, and it has declined greatly. This is not just a minor drop in price. It is a precipitous drop in price. It is steady. It is constant.

As I said, I can't see much that is going to cause a significant difference unless we in the Congress and in the country make the changes, which I will get to in a few minutes.

On the other hand, the prices that farmers pay for their products over the same period of time have risen dramatically— whether it is the prices the farmers pay for fertilizer, for gasoline, for tractors or combines, for fencing, or for labor costs. You name it.

All of the costs that farmers pay have continually risen to a very steep trend over the past 20 or 30 years since the Depression, and at the same time prices that farmers get for their products generally have fallen, although there was a period several years ago where prices were high—$5, $6, or $7 a bushel. That was about 5, 6, 7, or 8 years ago, as I recall. But generally the trend is down.

Why has this happened? It has happened for a couple of reasons: One, many more countries are producing products—wheat, barley, and so on and so forth. Second, as I mentioned, the concentration of economic power in the retail industry, in the wholesale industry, and in the packing industry, but not a concentration of power for the farmers.

On top of that, recently there is the Asian downturn where the Asian economies a couple of years ago began to deteriorate. Their purchasing power dropped dramatically. They devalued their currencies in order to try to prop themselves up. As a consequence, American exports to Asia fell dramatically—in combination with the low demand, particularly from Asia, and the higher supply, particularly in countries producing and, on top of that, the drought and too much rain in some parts of the country.

So we are here today to try to decide what the size of the emergency assistance should be.

I submit that we should not only make the direct payments to farmers but we also should accommodate the drought. We should accommodate the farm disaster that has beset the farmers in addition to the economic disaster.

That is just a short-term, immediate solution. We should get on it right away, and we should get it passed this week, lock, stock, and barrel—all of it passed this week to give farmers a little bit of hope.

Then, to begin to give farmers a little more hope for the future, we have to pass a modification to the so-called Freedom to Farm bill. We have to pass a new farm bill.

I remember when Freedom to Farm was debated. Most farmers I talked to in my home State of Montana were very leery and very nervous about this Freedom to Farm bill. A lot of them—I daresay a majority of them—went along with it because at that time prices were a little higher. As I recall, it was about one-plus a bushel. The so-called AMTA payments were a little higher. There was more money in farmers' pockets. But farmers knew—the ones I talked to, and I talked to a whole bunch of them—that we would get on with it then, but on down the road there was going to be a real problem, and probably times were not going to be nearly as good as they were then. But we kind of swept that problem under the rug and thought we would cross that bridge when we got there.

We are there. It has happened. We are in trouble. Farmers know it. So let's just get this thing passed. But we very quickly have to begin to address the peaks and the valleys in the prices that farmers face.

I would like to remind folks in the cities that farmers are in a much different situation from most any other business person because farmers cannot control their price. The price is determined by the vagaries of the market, the vagaries of weather, and it is international; it is an international price in most cases. They have virtually no control over their prices. Take any other businessperson. He or she can raise or lower their prices to sell to retailers or to sell to consumers. There are ways to adjust to help maximize their return.

Moreover, farmers cannot control their costs. They have to pay what that farm implement dealer charges. They have to pay what that fertilizer costs. They just have to pay that price. They have virtually no control over their costs. Any other businessperson has a lot of control over his or her costs—either by downsizing, laying a few people off here or there, making other adjustments, or cutbacks. Big businesses can certainly make big adjustments to costs, and have, with major downsizing. The farmer can't do that. The farmer has no control over costs and virtually no control over prices.

That is why we have to have some kind of legislation that evens out the peaks and valleys and gives farmers a modicum of a safety net. We need that desperately, and, for the sake of farmers, we need to get that passed.

One final point: This is a subject for a later day. But we need a level international playing field. We do not have it today. I give a lot of credit to our USTR, to the administration, and to others who have worked to try to make it more level. They have worked harder, if the truth be known, than other administrations have. We are nowhere close to the position where we have to be.

I will mention two subjects, and then I will close. One is export subsidies. We need an end to world export subsidies for agriculture. They have to be eliminated.

Today the European Union accounts for about 86 percent of all the world's agricultural export subsidies. We Americans account for about 1 to 2 percent.

Europeans have 60 times the agricultural export subsidies that we have. That is a very great distortion of the market. Agricultural export subsidies are paid to European farmers if they export. What is the farmer going to do in Europe? He exports. He gets a subsidy for it—and a big, healthy subsidy for it. That is to say nothing about all the internal price supports the Europeans have that are much greater than ours.

The ministerial in Seattle begins at the end of this year. As we approach the next WTO, one of our main objectives, one of our main goals should be the total elimination of agricultural export subsidies. That is going to help. That is going to help reduce the worldwide supply just a little bit. And every little bit helps. I have a lot of other ideas about what we can do as well, but that is one that is very critical.

Point No. 2: In general, on the WTO, there are a lot of things we have to do to level the playing field so that Americans are no longer suckers and taken for granted to the degree that we have been.

But to sum it all up, let's pass this agriculture emergency aid bill immediately. Let's pass the bill that makes sense, the one that helps farmers. And that is the one that not only puts some money back into farmers' pockets for the short term but also addresses the drought, which the other bill does not address. It addresses the disaster caused in some parts of the country by excessive flooding and rain.

Really, what is happening is that the farmer is in intensive care. The farmer needs an oxygen mask, and the farmer needs a blood transfusion. That is where we are. We have to give the farmer the oxygen mask. We have to give the farmer the blood transfusion so that the farmer is no longer in intensive care.

That oxygen mask and that blood transfusion is this bill. It is the bill that is sponsored by the Democratic leader and the Senator from Iowa. That is the bill that is going to take care to get that patient back out of intensive care. The next step, which we have to take very soon, is to get that patient rehabilitated and get that patient some physical therapy. It will take some other procedures in the hospital so that the farmer can compete in the real world as a real person again. I hope we get to that point very quickly.

I yield the floor.

Mr. ROCKEFELLER. Madam President, I urge my colleagues, on both sides of the aisle, to vote for the Harkin-Daschle farm crisis aid amendment. This legislation is the desperately needed response for many thousands of American farmers and their families whose survival is threatened. This is precisely the situation that obligates us to use our authority to enact emergency spending; and to provide enough funding to save our farmers and their livelihoods. This is a crisis that demands the Senate's immediate approval of emergency spending, and the Harkin-Daschle amendment is the step we must take now to respond to a genuine and severe crisis.

My plea is for the farmers I represent in West Virginia. Yesterday, the President declared all 55 counties of West Virginia a federal drought disaster area, along with over 30 counties from neighboring states. In West Virginia, the relentless drought has dried up our crops, drained our streams, and brought death to livestock and despair to thousands of farmers suffering these horrendous losses.

Yesterday, with the senior Senator of West Virginia and Agricultural Secretary Glickman, I visited the farm of Terry Dunn in Charles Town, West Virginia. We witnessed the tragic effects of the drought on his farm, and sat down with farmers across the state to hear their similar stories. The drought has devastated agricultural production in West Virginia in a way that even old-time farmers have never seen.

Because of the desperate situation, Senator BYRD has once again stepped in to ensure that help will be on the way. Through his dogged efforts working with the sponsors of the Harkin-Daschle amendment, there are various sources of funds that will be available for West Virginia's farmers—and, I emphasize this point, funds that will also be available to farmers in similar straits in Kentucky, Ohio, Maryland, Virginia, and Pennsylvania. There is nothing partisan or parochial about voting for this amendment and the drought assistance included. All of us have a responsibility to respond to crises like the one created by the drought.

I share the feelings of my colleagues on both sides of the aisle who have risen to extol the virtues of family farmers and rural America. I truly believe that farmers may be the hardest working people—day in, day out, morning, noon and night—in all the land.

Now, these farmers are being hurt by acts of nature totally beyond their control. We have a choice to make today that will decide just how willing we are to help our farmers when they are in such dire need. We can decide that we owe it to our farmers to stand with them in this time of severe crisis, and adopt the Harkin-Daschle amendment that will truly address their needs. Or we can settle for the far smaller level of funding provided by the distinguished chairman of the Agriculture Appropriations Subcommittee, Senator COCHRAN, that won't be nearly enough help.

For anyone who represents a drought-stricken state, there really is no choice. The Harkin-Daschle amendment is the humane and right thing to do. And for anyone who represents states and counties that have received disaster assistance after a tornado or hurricane or sweeping fires have struck, or following a crippling flood, this is the time to extend the same kind of immediate help to a different but very real disaster.

We have heard for some time that rural America is in crisis. I doubt that many people in this body think of West Virginia when agriculture and farming are the topic. But in fact, in West Virginia thousands of farmers and their families labor hard to grow a variety of crops and raise livestock. They are farmers who have rarely asked for help from anyone, but today they are facing the crisis of a lifetime, and they do not want to give up the life and work they love.

I am asking my colleagues to vote for the Harkin-Daschle amendment because it will help the West Virginia farmers who have been the victim of two years of historic drought conditions that have ravaged their fields, orchards, and herds. Some of these families have run the same farms since before West Virginia was admitted to the union, and now they are in danger of losing everything.

Farmers in my state and many others need the Senate to act and to provide a level of assistance that matches the magnitude of the crisis. We have the means to do that today—in the form of the Harkin-Daschle amendment. We have the authority to do that today—by voting for emergency funding in a time of real crisis. We have the obligation to respond, not along partisan lines and not only if we represent farmers in need—but because a disaster has struck that requires the entire Senate to respond.

The PRESIDING OFFICER. The Democratic leader is recognized.

Mr. DASCHLE. Madam President, I commend the distinguished Senator from Montana for his powerful statement and for the empathy that he again demonstrates for the people in rural America. He has been an extraordinary leader on the agriculture issue, as well as on so many issues relating to the farmer over the years. Again, his eloquence this afternoon clearly illustrates the degree to which he understands their problem and the degree to which he is committed to solving it.

There is a silent death in rural America today—a death that is pervasive, a death that increasingly is affecting not only farmers but people who live in rural America, whether it is on the farm or in the town. Thousands upon thousands of family farmers and small businessmen and people who run the schools and run the towns are being forced to change their lives—are being forced to leave their existence in rural America in large measure because it isn't economically viable.

The situation we have all called attention to over the course of the last 24 months has worsened. Just in the last 12 months, more than 1,900 family farmers have left the farm in South Dakota alone.

So there can be no question, this situation is as grave as anything we will face in rural America at any time in the foreseeable future. The question is, what should we do about it? Our response is the amendment that Senator HARKIN and I have offered. I will have more of an opportunity to discuss that in a moment.

Let me say, regardless of what legislation I have offered, and what legislation may have been offered on the Republican side, I think there are five factors that should be included, five factors that ought to be considered as we contemplate what kind of an approach we in the Senate and in the Congress must subscribe to if we are going to respond to the disastrous situation we find in rural America today.

The first is that this must be immediate. We cannot wait until September, or October, or November, at least to take the first step. I realize the legislative process is slow and cumbersome, but if we don't start now, we will never be able to respond in time to meet the needs created by the serious circumstances we face today. First and foremost, in an emergency way, this has to be responsive to the situation by allowing the Senate to work its will and do something this week.

Second, it has to be sufficient. The situation, as I have noted, is already worse than it was last year. Last year, we were able to pass a $6 billion emergency plan. I believe $6 billion this year is a drop in the bucket, given the circumstances we are facing in rural America today. Our bill recognizes the insufficiency of the level of commitment we made in emergency funding last year. Our bill is sufficient. Our bill recognizes the importance and the magnitude of this problem and commits resources to it: $10.7 billion. Groups from the Farm Bureau to the Farmers Union to virtually every farm organization I know have said we cannot underestimate how serious this situation is. We recognize that, provide the resources, and provide the sufficient level of commitment that will allow Members to address this problem.

So, No. 2, it has to be sufficient.

No. 3, it has to be fair. Our country is very diverse. I heard Senator SARBANES talk about the disastrous circumstances we are facing right now in Maryland. Maryland is different. We don't have a drought in South Dakota, we have floods. We have low prices. We have commodities that cannot be sold because they cannot be stored. We have agricultural situations, regardless of commodity, that are the worst since the Great Depression in terms of real purchasing power. Southerners have different crop problems. We have to recognize that there are regional differences and there are differences in commodities. Our emergency response has to address them all.

We also have to recognize that we must respond to the disaster that is out there. Unfortunately, our Republican colleagues have drafted legislation that, at least in its current form, does not respond at all to the disaster. There is no disaster commitment in that legislation. For a lot of reasons—its insufficiency, its lack of fairness to commodities, its lack of appreciation of the problems within regions, the fact that it doesn't respond to the disaster—this side is convinced that if we were to pass the Republican bill today, it would not do the job.

I congratulate my colleagues for joining in responding to the situation, but I don't think it is broad enough. I don't think it is sufficient enough. I certainly don't think it is fair enough, given the circumstances we are facing today.

The final factor is simply this: As my colleague from Montana said, emergency assistance alone will not do it. We passed emergency assistance last year and here we are, back again, less than a year later, with an urgent plea on the part of all of agriculture to provide them with additional assistance. Why? Because the market isn't working. Why is the market not working? There are a lot of reasons, but I argue first and foremost it is not working because we don't have an agricultural policy framework for it to work.

Freedom to Farm is not working. We can debate that on and on and on, but there are more farm organizations, there are more economic experts, there are more people from all walks of life, and there are more policy analysts who are arguing today that we have to change the framework, that we have to reopen the Freedom to Farm bill. That is a debate for another day.

Today, this week, the debate must be: can we provide sufficient emergency assistance to bridge the gap to that day when we can achieve better prices, a better marketplace, more stability, and greater economic security?

In just a moment I will move to table the Republican plan. This is in keeping with an understanding I have with the majority leader and the distinguished chair of the Appropriations Committee. It would be my hope, once it is tabled, we can have a debate on the Democratic alternative and have a vote on that at some point in the not-too-distant future, once people have had the chance to be heard. Then, hopefully, we will find some resolution.

I think it is important at the end of the day, or no later than the end of the week, for the Senate to have agreed on something. I don't think it is enough to simply have a Republican vote and a Democratic vote and leave it at that. It is my hope that we can work together to resolve the deficiencies in the Republican bill and listen to them as they express themselves on what it is about the Democratic bill with which they are uncomfortable. At the end of the week, we simply cannot close and leave without having acted successfully on this issue. It is too important. It sends the wrong message if we simply walk away without having accomplished anything.

I am very hopeful we can accomplish something, that as Republicans and Democrats we can come together to send the right message to farmers that we hear them, to send the right message to rural America that we understand, and that we are prepared to respond.

As I noted, we have two versions that have not yet been reconciled. Because I don't believe the Republican plan is sufficient, because I don't think it is fair, because it doesn't respond to all regions and all commodities, I believe today we can do better than that and we must find a way with which to do better than that.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. I thank the leader for yielding before he makes a motion. I will not take more than a couple of minutes. I didn't get a chance to make a couple of points earlier in the day.

I want to say a few words about the great work of the Senator from West Virginia. I opened the New York Times this morning and saw his picture. He was standing in a drought-stricken cornfield in West Virginia yesterday with the Secretary of Agriculture, Secretary Glickman. He called me on the phone yesterday before the Secretary had gotten there. We talked about the terrible drought situation facing the farmers in West Virginia. Senator BYRD wanted to make sure that we addressed that situation, which we have in our bill, to address the severe drought situation not only in West Virginia but on the entire east coast. I also heard personally from Senator BYRD on the great problem facing our livestock farmers. So we have placed in this amendment an amount of $200 million to be added to Section 32 funds to be used for assistance to livestock producers who have suffered losses from excessive heat and drought in declared disaster areas.

Again, I commend Senator BYRD from West Virginia for bringing this to our attention so we were able to put this amount of money into the bill for livestock producers. I also want to mention a couple of other things that were not said earlier.

We have some situations where crops have suffered damage, some in 1998 and some in 1999, where the existing farm programs are not adequately addressing the situation and the problems. So we provided $500 million in our amendment to respond to these situations, in other words, to take a comprehensive view of the disasters that have struck many farmers around the country. We have problems with the citrus crop in California, with apples and onions in New York, that I understand is a $50 million problem. We expect the Secretary to also address that situation with crops in New Jersey, New Mexico, and I know in other States.

We have done all we can in our bill to accommodate the request to address these issues in a comprehensive manner in disaster payments. Again, I point out we take care of those disasters in our bill. Those are not addressed in the bill put forward by the other side.

Last, I point out that Section 32 funding is also available to purchase commodities to reduce surpluses in a lot of different areas. That is why Section 32 funding is so important. I expect at least $3 million would be available to make up the existing shortfall in the TEFAP funding under our proposal.

I thank Senator DASCHLE again for his great leadership on this bill. We may have to continue to do some work, but I agree with our leader, we have to do something before we leave here this week. I thank him for his leadership and yield the floor.

The PRESIDING OFFICER (Mr. GORTON). The minority leader.

Mr. DASCHLE. Let me reiterate my admiration and gratitude to the Senator from Iowa. It has been his effort on the floor. He has managed our side in this regard. He has led us in working to come up with a comprehensive approach. No one has put more effort and leadership and commitment into this than has Senator HARKIN. I am grateful to him.

Mr. HARKIN. I thank the minority leader.

EMERGENCY FARM RELIEF

Mr. KOHL. Mr. President, I rise in support of the Daschle amendment to provide relief to the farmers of this nation who now suffer from the irony of an economic crisis in rural America at a time when the rest of the nation is enjoying one of our history's greatest period of economic prosperity. Senator DASCHLE's amendment will bring much needed relief to America's farmers who face the real threat of a failed market and, in some cases, farmers who are caught in the grips of one of the worst droughts of this century.

Last year, Congress provided similar relief to farmers totaling nearly $6 million. The amendment offered by Senator DASCHLE is in the $10 billion range. Without question, these are huge sums of money and this Congress should not recommend their expenditure without serious consideration of the need and the consequences. However, I would like to remind my colleagues that during the farm crisis of a decade ago, farm spending for commodity price support programs in some years exceeded $25 billion. By comparison, the Daschle amendment when coupled with USDA farm outlays under current law, especially when adjusted for inflation, are modest by comparison.

Ask any farmer across America, including dairy farmers in Wisconsin who a few months ago witnessed the greatest drop in milk prices in history, and you will learn just how serious the current farm crisis is. The Daschle amendment is necessary to protect our farmers and their ability to protect our national food security. We can point to many different reasons why the farm economy is now suffering. But more importantly, action is needed to deal with the immediate problem. Farmers now suffer from a failed safety net and Senator DASCHLE's amendment will help patch the holes in that safety net until one of greater substance and success can be put in place.

Mr. DASCHLE. Mr. President, at this point I move to table the amendment offered by the distinguished Senator from Mississippi.

Mr. COCHRAN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table amendment No. 1500, as modified.

The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Utah (Mr. HATCH) and the Senator from New Mexico (Mr. DOMENICI) are necessarily absent.

I further announce that, if present and voting, the Senator from Utah (Mr. HATCH) would vote "no."

The result was announced—yeas 47, nays 51, as follows:

[Rollcall Vote No. 249 Leg.]

YEAS—47

Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Breaux
Bryan
Byrd
Cleland
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feingold
Feinstein
Graham
Gregg
Harkin
Hollings
Inouye
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Santorum
Sarbanes
Schumer
Torricelli
Wellstone
Wyden

NAYS—51

Abraham
Allard
Ashcroft
Bennett
Bond
Brownback
Bunning
Burns
Campbell
Chafee
Cochran
Collins
Coverdell
Craig
Crapo
DeWine
Enzi
Fitzgerald
Frist
Gorton
Gramm
Grams
Grassley
Hagel
Helms
Hutchinson
Hutchison
Inhofe
Jeffords
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Voinovich
Warner

NOT VOTING—2

Domenici
Hatch

The motion was rejected.

Mr. LOTT. Mr. President, I move to reconsider the vote.

Mr. CRAIG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1500, WITHDRAWN

Mr. LOTT. Mr. President, I now withdraw the amendment I offered on behalf of Senator COCHRAN, amendment No. 1500.

The PRESIDING OFFICER. The amendment is withdrawn.

AMENDMENT NO. 1506 TO AMENDMENT NO. 1499

(Purpose: To provide emergency and income loss assistance to agricultural producers)

Mr. HARKIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for himself, Mr. DASCHLE, Mr. DORGAN, Mr. KERREY, Mr. JOHNSON, Mr. CONRAD, Mr. BAUCUS, Mr. DURBIN, Mr. WELLSTONE, Mrs. LINCOLN, and Mr. SARBANES, proposes an amendment numbered 1506 to amendment No. 1499.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. LOTT. Mr. President, I move to table the pending amendment and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. LOTT. Mr. President, I ask unanimous consent that a vote occur on the motion to table that I just made at 5 p.m., with the time between now and then equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, I ask the majority leader, for the purpose of scheduling, as I understand it, this will be the last vote and we will return to the dairy debate following this, is that correct?

Mr. LOTT. Mr. President, if I can respond, I understand that, depending on how this vote goes, there may be a second-degree amendment that would be offered perhaps by Senator ASHCROFT. But after that is dispensed with, that would be the final vote of the day, I believe, once we dispense with this whole process. Then we can go on to debate dairy, and the vote on dairy cloture will occur in the morning. We would have time for debate on cloture tonight.

Mr. DASCHLE. I thank the majority leader.

The PRESIDING OFFICER. Who yields time?

Mr. DASCHLE. Mr. President, as I understand it, time is equally divided, so we have about 7 minutes on our side.

The PRESIDING OFFICER. The Senator is correct.

Mr. DASCHLE. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN. Mr. President, who controls time?

The PRESIDING OFFICER. The two leaders or their designees.

The Senator from Iowa is recognized on the Democrats' time.

Mr. HARKIN. I thank the Chair.

The PRESIDING OFFICER. There is less than 15 minutes remaining before the 5 o'clock vote.

Mr. HARKIN. Mr. President, we just had a vote on a package that was proposed by the other side which would have gone out in direct payments to farmers as sort of income support for the low prices this year. The motion to table was unsuccessful. But I note that the vote was 51–47, a very close vote, to be sure. So now, under the previous arrangement, the first-degree amendment offered by Senator DASCHLE and I, and others on this side, is now the pending amendment.

I would like to explain for a couple of minutes the differences between what we have proposed and what was previously voted on. The package that was previously voted on was basically direct payments to farmers, AMTA payments, transition-type payments, which would go out.

Our package is a lot more comprehensive in that it addresses not only the income loss of farmers this year because of disastrously low prices, but our proposal also has $2.6 billion in there for disaster assistance. It covers such things as the 30-percent premium discount for crop insurance, so we can get farmers to buy more crop insurance all over America. We have money in there for 1998 disaster programs that were not fully compensated for with money from last fall's disaster package. We have some livestock assistance programs, Section 32 funding, related to natural disasters, and flooded land programs. I might also point out that because of the disastrous drought affecting the East Coast, we have money in our proposal that would cover disaster payments to farmers up and down the Middle Atlantic because of the severe drought that is happening.

I might also point out that because of the need to get this money out rapidly to farmers, we have adequate funds in our disaster provision for staffing needs for the Farm Service Agency, so they can get these funds out in a hurry to our farmers.

I also point out that in the proposal now before us, we have an emergency conservation program for watershed and for wetlands restoration. We have some trade provisions that I think are eminently very important. They include $1.4 billion that would go for humanitarian assistance. This would be to purchase oilseed and products, and other food grains that would be sent in humanitarian assistance to starving people around the world. That was not in the previous amendment we voted on.

Mr. DORGAN. Will the Senator yield for a question?

Mr. HARKIN. In one second, I will.

Also, we have some emergency economic development because the disasters that have befallen our farmers and the low grain prices have affected many of our people in the smaller communities. We have funds for those problems also.

I yield for a question.

Mr. DORGAN. Mr. President, I wonder if the Senator can emphasize disaster relief. As the Senator indicated—and I knew this—the previous initiative we voted on by the majority party, and was not tabled, that did not include disaster relief. We know disaster is occurring. Drought is spreading across the country. Disaster relief is necessary. Is it the case that the proposal we just voted on had no disaster relief and the proposal we will vote on at 5 o'clock, which you and I and so many others helped draft, does include disaster relief; is that not a significant difference?

Mr. HARKIN. The Senator from North Dakota is absolutely right. There was no disaster assistance in the other bill. There is disaster assistance in ours—$2.6 billion that would cover the droughts, cover the floods, and cover a lot of the natural disasters that have befallen farmers all over America. That is a big difference in these two bills. That is encompassing the bill that we now have before us.

Lastly, I would like to say that the payments that go out under our bill go out to producers and go out to actual farmers. Under the bill that we just voted on, some of the payments would go out to people who maybe didn't even plant a thing this year. They may not have even lived on a farm. This has to do with 20-year-old base acreages and program yields. So a lot of money can go out to people who aren't farming any longer. Our payments go out to actual farmers and people who are actually out there on the land.

I yield to my friend from New York.

Mr. SCHUMER. I thank the Senator from Iowa.

I ask the Senator to yield for a question.

I want to underscore the point about disaster relief in the Northeast. We have farmers who are hurting in my State of New York. Further south, in the middle Atlantic States, the drought is probably the worst it has been in this century. It is awful. In my State, it goes from county to county. Some have had some rain. Many have not. In other States, it is the whole State.

The fact that this proposal has money for disaster relief and the other doesn't is going to mean a great deal for the Northeast, I would presume.

Mr. HARKIN. Absolutely. In response to my friend from New York, absolutely for New York and all the States in the upper Northeast. It is not only just the price problem that you have. You have some disasters hitting you up there, and no money to help those farmers is included in their bill. That is why it is so important that this bill is passed and not tabled.

I hope Senators will recognize that in this bill it is not only income support, but it is also disaster payments to farmers.

Mr. President, how much time do we have left on this side?

The PRESIDING OFFICER. One minute 19 seconds.

Mr. HARKIN. I reserve that time in case our leader wants to use it.

I yield the floor.

The PRESIDING OFFICER. Who yields time? If neither side yields time, it will be equally to both sides.

The Democratic leader.

Mr. DASCHLE. Mr. President, it is my understanding that a couple of other colleagues wish to speak. I don't see them. There is only a minute left. We are not going to delay this vote.

I again compliment the distinguished Senator from Iowa and my other colleagues for their effort to get us to this point. I think for rural America this is one of the most important votes we are going to cast this session. Whether or not we send a clear message about the seriousness of this situation, the breadth and the depth of this situation, whether we really understand the magnitude of the problem will be determined by how this vote turns out.

If I had my way, we would do a lot more. But at the very least, we must do this. There are millions of people who are going to be watching to see whether or not the Congress gets it —whether or not the Congress understands the magnitude of the problem, whether or not we can fully appreciate the fact that people are being forced off the farms and ranches today, whether or not that happens, and whether or not we understand how serious this situation is will be determined in the next 20 minutes.

I must tell you, Mr. President, that this is a very critical vote. I urge my colleagues on both sides of the aisle not to table this amendment. Join with us in support. Let's send the right message to American agriculture.

I yield the floor.

The PRESIDING OFFICER. All time for the proponents of the amendment has expired.

The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I know of no Senator who is seeking recognition on this side. The issue has been debated fully. I think we are prepared to go to vote.

I yield the time on this side on the amendment.

Ms. MIKULSKI. Mr. President, I rise today in strong support of the Democratic Emergency Relief Package for Agriculture. I am pleased to be a cosponsor of this critical amendment. American farms are struggling to survive. This package creates a safety net for our farmers who are facing a devastating drought.

I support this amendment for three reasons. First it will help our farmers in Maryland who are suffering through an extreme drought. Second, it will help us maintain our agri-economy in the United States. Third, it is comprehensive because it helps farmers in all regions of the country.

My state of Maryland is suffering from the most severe drought in the State's history. Last week, Governor Glendening declared a state-wide drought emergency. This is the first time in Maryland's history that the Governor has had to take such drastic measures. Up to this point, water conservation efforts have been voluntary. Now, Marylanders will be required by law to conserve water. The United States Geological Survey officials are calling the drought of 1999 possibly the century's worst in the Mid Atlantic region. We can't stand by and let our farmers face this drought on their own. These are hard working, tax paying Americans who are facing a crisis. If we don't help them, we all lose.

Maryland has now been plagued by drought for the third consecutive year. The drought has destroyed between 30 percent and 80 percent of the crops in nineteen counties in Maryland. Loss of soybean, tobacco, wheat and corn crops is making this a very tough season for Maryland farmers. Our farmers need our help. Our farmers are losing crops and they are losing money—without help, they might lose their farms. Couple the drought with the record low prices, high costs and a glut in the market and that spells disaster for Maryland farmers.

I am already fighting with the rest of the Maryland delegation to designate Maryland farmland as disaster areas because of the drought. This means the Department of Agriculture will provide emergency loans to our farmers. But we need to do more. Loans need to be paid back. Loans do not provide any real long term assistance for our farming community. We must also provide grants for these farmers who are suffering most from the drought. The Democratic package contains direct payments to help our farmers. These grants could mean the difference between saving the family farm or selling out to the highest bidder.

Mr. President, the second reason I support this package is because it supports our family farms. Agriculture is a critical component of the U.S. economy. Our country was built on agriculture. Agriculture helps us maintain our robust economy. It is what fills our grocery stores with fresh, plentiful supplies of safe food for our families. It allows us to trade with other countries and build global economies and partnerships. It allows us to assist other countries whose people need food. Agriculture is the number one industry in the State of Maryland. We need to make sure U.S. agriculture is strong. We cannot allow natural disasters to ruin this crucial sector by putting farms out of business for good. These are good farmers who, through no fault of their own, have been put in devastating situations. These are farmers we need. I will not stand by and allow them to go under. We must pass this farm package to save our farmers.

Finally, Mr. President, I support this package because it supports farmers in all regions of the country. The combination of low prices, lack of adequate crop insurance and natural disasters has made it a challenge to draft a package that helps everyone. Different areas of the country suffer from one or all of these contingencies. As I mentioned, Maryland suffers from all three. This makes it especially hard for us. It also makes it especially vital that we pass this farm relief package today.

I strongly urge my colleagues to vote to help our American farmers and to save our farms.

The PRESIDING OFFICER. Is there objection to voting at this time?

Without objection, it is so ordered.

The question is on agreeing to the motion to table the amendment. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative assistant called the roll.

Mr. NICKLES. I announce that the Senator from Utah (Mr. HATCH) and the Senator from New Mexico (Mr. DOMENICI), are necessarily absent.

The PRESIDING OFFICER (Mr. SMITH of Oregon). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 54, nays 44, as follows:

[Rollcall Vote No. 250 Leg.]

YEAS—54

Abraham
Allard
Ashcroft
Bennett
Bond
Brownback
Bunning
Campbell
Chafee
Cochran
Collins
Coverdell
Craig
Crapo
DeWine
Enzi
Feingold
Fitzgerald
Frist
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hagel
Helms
Hutchinson
Hutchison
Inhofe
Jeffords
Kyl
Lott
Lugar
Mack
McCain
McConnell
Murkowski
Nickles
Roberts
Roth
Santorum
Sessions
Shelby
Smith (NH)
Smith (OR)
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Voinovich
Warner

NAYS—44

Akaka
Baucus
Bayh
Biden
Bingaman
Boxer
Breaux
Bryan
Burns
Byrd
Cleland
Conrad
Daschle
Dodd
Dorgan
Durbin
Edwards
Feinstein
Harkin
Hollings
Inouye
Johnson
Kennedy
Kerrey
Kerry
Kohl
Landrieu
Lautenberg
Leahy
Levin
Lieberman
Lincoln
Mikulski
Moynihan
Murray
Reed
Reid
Robb
Rockefeller
Sarbanes
Schumer
Torricelli
Wellstone
Wyden

NOT VOTING—2

Domenici
Hatch

The motion was agreed to.

Mr. COCHRAN. I move to reconsider the vote.

Mr. CRAIG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. COCHRAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1507 TO AMENDMENT NO. 1499

(Purpose: To provide stability in the United States agriculture sector and to promote adequate availability of food and medicine for humanitarian assistance abroad by requiring congressional approval before the imposition of any unilateral agricultural or medical sanction against a foreign country or foreign entity)

Mr. ASHCROFT. Mr. President, it is my intention to send an amendment to the desk.

Mr. HARKIN. May we have order, please. This is an important amendment.

The PRESIDING OFFICER. The Senate will be in order.

Mr. ASHCROFT. I thank the Chair. And I am grateful to the Senator for asking for order in the Chamber.

I intend to send an amendment to the desk relating to something that I think is very important to the members of the agricultural community in the United States of America.

This is an amendment that relates to farmers because it relates to their ability to sell the things they work hard to produce. Currently, it is possible for the President of the United States to sanction—meaning, to curtail—the right of farmers to export and sell that which they produce on their farms.

The farmers work hard, they get a bumper crop, and then, because the President would decide that he wanted to make some foreign power or another respond to his interests or his requirements, or our interests or our requirements, the President would impose an embargo, a trade embargo, which would forbid our agriculture community to export corn or wheat or soybeans—agricultural products—to these other countries.

Sanctions do play an important and vital role in the U.S. foreign policy. But I think when you talk about unilateral sanctions that the Government of the United States enters into alone, and you talk about food and medicine as the subject of sanctions, you have to ask yourself a variety of different questions that I think really result in sort of a different conclusion about food and medicine type sanctions than a lot of other sanctions.

Put it this way. I think it is important that we make sure we do not provide countries with the wrong kind of hardware, the wrong kind of commercial assets. But it makes very little sense, in most circumstances, to say to other countries: We are not going to let you spend money on food; we are not going to let you spend money on medicine.

This amendment, which I will be offering, is an amendment that is designed to involve the Congress in the important decision about whether or not we should have sanctions that relate to food and medicine that are unilaterally imposed by the United States of America, not in conjunction with any other powers.

To summarize the kind of regime that would be specified in this amendment, the bill would not tie the hands of the executive by making it necessary for the President to get the consent of Congress. The President's hands wouldn't be tied. He could still get sanctions. He would simply have to have the agreement of the Congress so that while the President would need the agreement of Congress, his hands would not be tied. He would literally have to shake hands with Congress before he embargoes agriculture or medicine. The amendment would not restrict or alter the President's current ability to impose broad sanctions with other nations. It certainly does not preclude sanctions on food and medicine. It simply says the President may include food and medicine in a sanction regime, but he must first obtain congressional consent.

We did add a special provision to this amendment with regard to countries that are already sanctioned. For the seven countries under a broad sanctions regime, we want to afford the President and the Congress some time to review the sanctions on food and medicine on a country-by-country basis. Therefore, the bill would not take effect until 180 days after it is signed by the President. This gives both branches of Government enough time to review current policy and to act jointly, as would be necessary if jointly they were to decide that sanctions against food and medicine should be maintained.

There are some exceptions. If Congress declares war, there is no question about it; the President should have the authority to sanction food and medicine without congressional approval. The President's authority to cut off food and medicine sales in wartime obviously should exist and would continue to exist.

The bill specifically excludes all dual-use items and products that could be used to develop chemical or biological weapons. There are not many agricultural or medicinal products that have military applications, but the bill provides safeguards to ensure our national security is not harmed.

We made sure that no taxpayer money could be used to subsidize exports to any terrorist governments. We specifically exclude any kind of agricultural credits or guarantees for governments that are sponsors of international terrorism. However, we do allow credit guarantees to be extended to private sector and nongovernmental organizations. This targeted approach helps us show support for the very people who need to be strengthened in these countries, and by specifically excluding terrorist governments, we send a message that the United States will in no way assist or endorse the activities of nations which threaten our interests.

Just last week, the American Farm Bureau and all State farm bureaus across the Nation released an ag recovery action plan. It requested $14 billion in emergency funding. I think it is a serious request. It is not a request that I take lightly. We are now considering proposals in the Congress from about $7- to $11 billion. We need to be addressing the emergency needs of farmers, but we also need to reduce our own barriers that our own farmers suffer under such as unilateral agricultural embargoes.

The USDA estimated that there has been a $1.2 billion annual decline in our economy during the mid-1990s as a result of these kinds of embargoes. The National Association of Wheat Growers estimated that sanctions have shut U.S. wheat farmers out of 10 percent of the world's wheat market. The Washington Wheat Commission projects that if sanctions were lifted this year, our wheat farmers could export an additional 4.1 million metric tons of wheat, a value of almost half a billion dollars to the United States and to American farmers. American soybean farmers could capture a substantial part of the soybean market in sanctioned countries. For example, an estimated 90 percent of the demand for soybean meal in one country, 60 percent of the demand for soybeans in another. Soybean farmers' income could rise by an estimated $100- to $147 million annually, according to the American Soybean Association.

For us to raise barriers for the freedom of our farmers to market the things they produce and hold them hostage to our foreign policy objectives would require that we could get great foreign policy benefit from these objectives. And there isn't any clear benefit.

One of the most ironic of all the case studies about agricultural sanctions was the study of our grain embargo against the Soviet Union in the late 1970s. Indeed, there we were upset about activities in the Soviet Union, so we indicated we wouldn't sell to the Soviet Union the grain we had agreed to sell to them. It was something like 17 million tons.

It turns out that by canceling our agreements, the Soviets went to the world market, according to the best studies I know of, and they saved $250 million buying grain on the world market instead of buying it from us. So our embargo not only hurt our own farmers but aided the very country to which we had directed our sanction. It seems to me we should not be strengthening our targets when we are weakening American farmers through the imposition of unilateral sanctions on food and medicine—the idea somehow that we allow foreign governments to starve their people and to spend their resources on things that destabilize regions of the world, telling their people: We can't have food in this country, the U.S. won't sell us food, when I think we should be glad for any country to buy things like soybean and wheat and rice and corn so that they are not buying things that are used to destabilize their neighbors or weaponry and the like. I believe it is important for us to say to our farmers that we are not going to make them a pawn in the hands of people for international diplomacy. The rest of America continues to go merrily forward, and they are bearing the brunt because they operate in a world marketplace where there are markets for these commodities that, in the event the foreign powers want them, they get them and replace them very easily.

It is with that in mind that this amendment has been constructed, carefully constructed, and designed to respect the need for sanctions where they are appropriate. When we engage in sanctions multilaterally, this does not come into play. This is designed to affect unilateral sanctions on food and medicine, and it doesn't prohibit them. It simply says that in order for the President to impose them, he would have to gain the consent of the Congress.

I am pleased that there is a long list of individuals who have been willing to cosponsor this amendment with me. Frankly, this amendment is a combination of provisions that were in a measure Senator HAGEL of Nebraska and I had proposed. We have come together to work on it. Senator BAUCUS, Senator ROBERTS, Senator KERREY of Nebraska, Senator DODD of Connecticut, Senator BROWNBACK of Kansas, Senator GRAMS of Minnesota, Senator WARNER of Virginia, Senator LEAHY of Vermont, Senator CRAIG of Idaho, Senator FITZGERALD of Illinois, Senator DORGAN, Senator SESSIONS, Senator LINCOLN of Arkansas, Senator LANDRIEU, Senator HARKIN, Senator CONRAD, Senator INHOFE and others have been willing to cosponsor this amendment. I think it is an important amendment. I am pleased to have this opportunity to offer the amendment.

I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mr. ASHCROFT], for himself, Mr. HAGEL, Mr. BAUCUS, Mr. ROBERTS, Mr. KERREY, Mr. DODD, Mr. BROWNBACK, Mr. GRAMS, Mr. WARNER, Mr. LEAHY, Mr. CRAIG, Mr. FITZGERALD, Mr. DORGAN, Mr. SESSIONS, Mrs. LINCOLN, Ms. LANDRIEU, Mr. CONRAD, Mr. HARKIN, Mr. INHOFE, and Mr. CHAFEE, proposes an amendment numbered 1507 to amendment No. 1499.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

PRIVILEGE OF THE FLOOR

Mr. ASHCROFT. Mr. President, I ask unanimous consent that James Odom of my staff be granted the privilege of the floor during today's session.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHAFEE. Mr. President, I ask unanimous consent that I be added as a cosponsor of the Ashcroft amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERREY. Mr. President, I rise today in support of the pending amendment regarding agricultural sanctions reform. One only has to run a search for legislation regarding sanctions to see that economic sanctions reform has become a key issue for the 106th Congress. I am pleased to be the cosponsor of several pieces of legislation that seek to address the problem of current U.S. sanctions policies.

In particular, I am pleased to be the cosponsor of Senator LUGAR's bill, S. 757, which seeks to create a more rational framework for consideration of future U.S. sanctions. While I strongly support the amendment currently pending before the Senate, this is only the first step in addressing economic sanctions reform. It is my hope Congress will continue to work in a bipartisan manner to make our sanctions policy more focused and effective.

I am sure it comes as no surprise to my colleagues from farm states that there is a crisis in rural America. It is a crisis that is threatening the very foundations of family-based agriculture. Export markets have shrunk, commodity prices have plummeted, and rural incomes have decreased at an alarming rate. Yet while this is occurring, both Congress and the President have continued to pursue a foreign policy that places restrictions on our agricultural producers, closes off markets, and lowers the value of commodities.

Too often, we have used the blunt instrument of unilateral economic sanctions—including restrictions on the sale of U.S. agricultural products—as a simple means to address complex foreign policy problems. These agricultural sanctions end up hurting the most vulnerable in the target country, eroding confidence in the United States as a supplier of food, disrupting our export markets, and placing an unfair burden on America's farmers.

Mr. President, I do not mean to suggest we will bring relief to rural America by simply reforming our sanctions policy. The crisis in agriculture is principally a result of the failure—not of our foreign policy—but of our farm policy. It is time to rewrite the farm bill to safeguard producer incomes and to stop the outmigration from our rural communities. Those who argue sanctions are the sole cause of the problems in agriculture fail to realize the challenges we are facing require a more comprehensive solution. However, while we work to improve farm legislation, we cannot continue to ask our farmers to bear the brunt of U.S. foreign policy decisions.

The amendment we are currently considering would be a positive first step in addressing sanctions reform. Under current law, agricultural and medicinal products may be included under a sanctions package without any special protections against such actions. However, if this amendment is adopted, agricultural products and medicine would be precluded from any new unilateral sanctions unless the President submits a report to Congress specifically requesting these products be sanctioned. Congress would then have to approve the request by joint resolution. Furthermore, should an agricultural sanction be imposed, it would automatically sunset after two years. Renewal would require a new request from the President and approval by the Congress.

This amendment undoubtedly sets a high standard for the imposition of unilateral economic sanctions for food and medicine. It is a standard that seeks to end the practice of using food and medicine as a foreign policy weapon at the expense of our agricultural producers.

Mr. President, the strong support we are receiving from commodity groups is a testament to the importance of this amendment to our agricultural producers. Organizations such as the American Soybean Association, the National Corn Growers Association, and the National Association of Wheat Growers—groups that represent America's farmers—support this amendment because they understand the costs and consequences associated with unilateral economic sanctions.

Mr. President, this measure will help our agricultural producers by returning some common sense to the imposition of U.S. sanctions. I urge my colleagues to join with the cosponsors of this amendment to take the first step toward economic sanctions reform.

Mr. TORRICELLI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. TORRICELLI. Mr. President, I rise in opposition to the Ashcroft amendment. As every other Member of this institution, I understand the hardship in American agriculture. I know the suffering of American families, and I know something of the problem of the policy. This amendment is based on a false promise. We are telling the American farmer that with all of his problems, a significant difference in his life can be made if only we can stop these sanctions.

It is a false promise. All of these countries combined, their total importation of agricultural products is 1.7 percent of agricultural imports.

So even if they bought nothing from Canada, nothing from Argentina, nothing from Australia, and nothing from Europe, altogether it would be 1.7 percent of these imports. What is the potential of these countries that we are being told markets will open by the Ashcroft amendment? How much money is it that these people have to spend to help the American farmer? In North Korea, the total per capita annual income of a North Korean is $480. In Cuba, it is $150.

Mr. President, the American farmer is being told: There is a rescue here for you. Rather than deal with the substantive problems of American agriculture at home, we have an answer for you. We are going to open up importation and export to all these terrorist nations, and that will solve the problem. Really? With $150 in purchasing power in Cuba? The purchasing power of the North Koreans?

The fact of the matter is, to the extent there is any potential in these countries to purchase American agricultural products, the administration has already responded. There may not be much of a potential, but what there is, we have responded to.

Last week, the administration permitted the limited sale of food and agricultural commodities to these countries by licenses on a country-by-country basis. We did so for a responsible reason. If the North Koreans are going to import American agricultural products, we want to know who is importing them and who is getting them—in other words, that they are going to go to the people of North Korea and not the military of North Korea. If they are going to Cuba, we want to know the Cuban people are getting them, not the Cuban military. The same goes for Iran and Libya.

The potential of what Mr. ASHCROFT is asking we have already done but in a responsible way. Indeed, potentially, with Iran, Libya, and Sudan, this could be $2 billion worth of sales to those countries—but ensuring that they go to people—not militaries, not terrorist sects, but the people. Here is an example of the policy the administration has had since May 10 with regard to Cuba. Regulations permit the license and sale of food and commodities on a case-by-case basis if they go to nongovernment agencies, religious organizations, private farmers, family-owned businesses. If your intention is to sell food to any of those entities, you can get a license and you can do it. To whom can't you sell? The Communist Party, the Cuban military for re-export by the Cuban Government for Fidel Castro.

The amendment offered by the Senator from Missouri solves no problem and simply contradicts the administration's policy of ensuring that this goes to the people we want to be the end users. The same is true in North Korea. Today, the United States is in a humanitarian assistance program to North Korea. Over $459 million worth of food has been donated to North Korea through the World Food Program. UNICEF has done the same. But we send monitors. When the food arrives in North Korea, we monitor that it is going to the people of North Korea, not the military. We want to know the end users.

The amendment by the Senator from Missouri will be a wholesale change in American foreign policy. Sanctions that have been in place since the Kennedy administration, through Johnson, Nixon, Carter, and Reagan, will be abandoned wholesale—a radical change in American foreign policy.

What are the nations and what are the policies that would be changed? I want my colleagues to walk down memory lane with me. Before you vote to end the policy of 30 years of American administrations, I want you to understand who will be getting these food exports, without licenses, which are not required to ensure the end users. I cannot be the only person in this institution who remembers Mr. Qadhafi, his destruction of an American airliner, his refusal to bring the terrorists to justice who did so to Pan Am 103. We are now in an agreement with Libya to bring those terrorists to trial. Now, in the middle of the trial, while there is an agreement, this amendment would lift the sanctions and allow the exportation of those products.

The Sudan. Sanctions have not been in place long. In an act I am sure my colleagues recall, Mr. bin Laden's lieutenants plotted and executed the destruction of American embassies in Kenya and Tanzania in August 1998; 224 people were murdered. The administration appropriately responded with sanctions, prohibiting the exportation of products of any kind to the Sudan. The amendment of the Senator from Missouri would lift those sanctions.

North Korea. The intelligence community and the Japanese Government have put us on notice that, in a matter of weeks or months, the North Korean Government may test fire an intermediate to long-range missile capable of hitting the United States. We are in discussions with the North Koreans urging them not to do so. We have entered into a limited humanitarian food program to convince them not to engage in the design or testing of an atomic weapon. The amendment of the Senator from Missouri would negate that program, where we already sell food, knowing its end use and end sanctions.

Iran. The administration has already entered into a program where we can license the exportation of food to Iran if we know its end use. But only this year, the administration again noted that Iran supports terrorist groups responsible for the deaths of at least 12 Americans and has funded a $100 million program to undermine the Middle

East peace process, giving direct bilateral assistance to every terrorist group in the Middle East, undermining Israel and American foreign policy.

Cuba. In October 1997, the United States found that the Cuban Government had murdered four Americans and found them guilty of gross violations of human rights. Last year, 12 Cubans were indicted in Florida for a plot to do a terrorist act against American military facilities in Florida. The United States already licenses food to Cuba, where we know the end use. The amendment of the Senator from Missouri would allow the wholesale exportation of food to Cuba despite these indictments, gross human rights violations, and 30 years of American foreign policy.

I respect the concern of the Senator from Missouri for the American farmer. I understand the plight. But let's deal truthfully with the American farmer, his family, and his plight. The Cuban family who earns $150 a year, through their purchasing power, is not going to salvage American agriculture. If Cuba was capable of importing food today, they would do so from Argentina, Canada, or Europe. They don't because they can't, because they have no money. The same is true of North Korea. If North Korea had the money to import food, they would do so from every other nation in the world that does not have sanctions on them. They don't because they can't, because they can't afford it, because they have no money. You are making an offer no one can accept—an answer to the American farmer that has no substance. I don't believe there is a single farmer in America who either believes this argument or, even if it would be successful, even if they did have money, would want to profit off the misery of others who are victims of this kind of terrorism.

I, too, represent an agricultural State. Farmers in the State of New Jersey—the Garden State—are also suffering.

I have yet to find one American farmer—good Americans, patriotic Americans—who believes the answer to their problem is selling Qadhafi products, or the Iranians. American farmers—all of the American people—have long memories.

These people are outlaws. Every one of these nations is on the terrorist list. Is our policy to put nations on the terrorist list because they kill our citizens, bomb our embassies, destroy our planes, and then to say: It is outrageous but would you like to do business? Can we profit by you? We know our citizens have been hurt. But, you know, that was yesterday; now we would like to make a buck.

Please, my colleagues, don't come to this floor and argue that you are contradicting the foreign policy of Bill Clinton. You are. And you are undermining his negotiations as to the North Korean missile tests and atomic weapons, and you are undermining our efforts to bring people to justice in Libya and for human rights in Cuba. But don't come to this floor and just claim you are undermining Bill Clinton. Half of these sanctions were put in place by Ronald Reagan and George Bush. This is 30 years of American foreign policy with a single vote, with a stroke of a pen, that you would undermine.

Some of you may be prepared to forget some of the things through all of these years. Maybe some of these acts are distant. But my God. Saddam, the destruction of American embassies? Some of those families are still grieving. We haven't even rebuilt the embassies. We are still closing them because of terrorist threats. The man who masterminded it is still being hunted.

The Sudan?

This is our idea of how to correct American foreign policy? My colleagues, I want to see this amendment defeated. But, indeed, that is not enough.

If from North Korea to the Sudan to Iran there is a belief that you can just wait the United States out, that we are the kind of people who will forget that quickly, who will profit in spite of these terrible actions against our people, what a signal that is to others. What a signal it is to others who engage in terrorism.

I do not hold a high standard with whom we do business. Business is business. Politics is politics. But there is a point at which they meet. These rogue nations, identified after careful analysis of having engaged in the sponsoring of international terrorism, deserve these sanctions. On a bipartisan basis, we have always given them these sanctions. Don't desert that policy.

Bin Laden in his cave in Afghanistan, Abu Nidal in the Middle East are even now plotting against Israel and the peace process.

I don't know whether the American farmer will know of or appreciate this vote. But I know that in those capitals in those countries where the people committed these acts it will be noted.

This is not a partisan affair. I am very proud that from CONNIE MACK, who has joined this fight for some years, to the distinguished chairman of the committee, Chairman HELMS, to BOB GRAHAM, to our own leadership in HARRY REID, to, indeed, the majority leader, Senator LOTT, they have all joined in defeating this amendment because it is right for American foreign policy.

Let's do justice to the American farmer by dealing with the substantive problem—not dealing with excuses, and not dealing with other matters. We do nothing by fooling the American farmer. The American farmer stands shoulder to shoulder with every other American against terrorism and the defense of our country and its interests.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. HAGEL. Thank you, Mr. President.

Mr. President, I rise to strongly support this amendment. I am a cosponsor. As Senator ASHCROFT noted, it is the blending of Senator ASHCROFT's bill and my bill that produced this amendment.

This amendment establishes a basic principle: Food and medicine are the most fundamental of human needs and should not be included in unilateral sahctions.

The rate of change in today's world is unprecedented in history. Trade, and particularly trade in food and medicine, is the common denominator that ties together the nations of the world. American exports of food and medicine act to build bridges around the world. It strengthens ties between people and demonstrates the innate goodness and humanitarianism of the American people.

This amendment recognizes that there could be reasons to restrict food and medicine exports and recognizes that, in fact, sometimes unilateral sanctions are in the best interests of this Nation's security. We do not take that ability away from the President of the United States. That is not what this amendment does. We all recognize that there are times when unilateral sanctions should, in fact, be in the arsenal of our foreign policy tools, but it also recognizes that the Congress should have a role in that decision.

This amendment recognizes that there are circumstances where export controls may be necessary, such as in times of war, if it is a dual-use item controlled by the Commerce Department, or if the product could be used in the manufacture of chemical or biological weapons. That is not the debate here. That is not the debate.

But we have had a long and sad history in understanding what unilateral sanctions do to those who impose them. We don't isolate Cuba. We don't isolate China. We don't isolate any nation other than our own interests when we say: We will not sell you our grain, our medicines.

Do we really believe that in the world we live in today a nation cannot get wheat from Australia, from Canada, or cannot get soybeans from Brazil? The fact is that the world is dynamic. It has always been dynamic. The challenges change. The solutions to those challenges, the answers to those challenges, must be dynamic as well.

We need to send a strong message to our customers and our competitors around the world that our agricultural producers are going to be consistent and reliable suppliers of quality and plentiful agricultural products.

I heard the discussion on the floor of the Senate today about this amendment—talking about, well, my goodness, are we trying to fix the problems of farmers with this amendment with sanctions reform? No. No, we are not.

But I think it is important we understand that this is connected. This is linked. Trade reform and sanctions reform were, in fact, part of the commitment that this Congress made to our agricultural community in 1996.

We need to lead. We need to be creative. We need to be relevant. We need to connect the challenges with the policy. USDA, for example, reports that the value of agricultural exports this year will drop to $49 billion. That is a reduction from $60 billion just 3 years ago. American agriculture is already suffering from depressed prices and reduced global markets, as we have heard very clearly today, making sanctions reform even more important. Again, let's not blur the lines of this debate.

I noted as well the debate today on the floor regarding the Iranian piece of sanctions reform.

Let's not forget that when America broke diplomatic relations with Iran, Iran was the largest importer of American wheat in the world. I think, as has been noted, Iran this year will import almost $3 billion worth of wheat. Are we talking about just the commercial interests and the agricultural interests of America and national security interests be damned? No, we are not talking about that.

This amendment gives the President the power, when he thinks it is in our national security interests or in our national interests as he defines those through his policy, to impose unilateral sanctions. However, he does it with the Congress as a partner; the Congress has a say when we use unilateral sanctions.

This is not just about doing what is right for the American farmer and rancher, the agricultural producer. This amendment also makes good humanitarian and foreign policy sense. Our amendment will say to the hungry and oppressed of the world that the United States will not make their suffering worse by restricting access to food and medicine.

I have heard the arguments; I understand the arguments. I don't believe I live in a fairyland about where the food goes, where the medicine goes. We understand there always is that issue when we export food, sell food, give food to dictators, to tyrants. We understand realistically where some of that may be placed.

To arbitrarily shut off to the people, the oppressed masses of the world, food, medicine, and opportunities is not smart foreign policy. It is not smart foreign policy. It will make it harder for an oppressive government, the tyrants and dictators, to blame the United States for humanitarian plights of their own people. In today's world, unilateral trade sanctions primarily isolate those who impose them.

For those reasons and many others that Members will hear in comments made yet this afternoon on the floor of the Senate, I strongly encourage my colleagues to take a hard look at what we are doing, what we are trying to do, to make some progress toward bringing a unilateral sanctions policy into a world that is relevant with the borderless challenges of our time. I believe we do protect the national interests of this country, that we sacrifice none of the national interests on behalf of American agriculture. In fact, this amendment accomplishes both.

I yield the floor.

Mr. GRAHAM. Will the Senator yield?

Mr. HAGEL. I am happy to yield to the Senator.

Mr. GRAHAM. I am struck with some of the inconsistencies within this amendment. I appreciate my colleague's elucidation as to their significance.

Under "New Sanctions," it states:

> . . .the President may not impose a unilateral agricultural sanction or a unilateral medical sanction against a foreign country or a foreign entity for any fiscal year, unless—

And there are certain exceptions. In terms of "new sanctions," we are speaking as to presidentially imposed.

Under "Existing Sanctions" it says:

> . . .with respect to any unilateral agricultural sanction or unilateral medical sanction that is in effect as of the date of enactment of this Act for any fiscal year. . . .

As my colleague knows, some of the sanctions that would be covered by this existing sanctions language are congressionally imposed, not presidentially imposed.

The question I have is, Why make the distinction for new sanctions, that they must be presidentially imposed, assumedly reserving to Congress the right to impose a new sanction? Yet with old existing sanctions, the amendment wipes out both those that were presidentially as well as those which had been sanctioned by action of Congress. What is the rationale?

Mr. HAGEL. I will yield to Senator ASHCROFT. That is in his part of the bill. Our two bills were melded together.

Mr. ASHCROFT. May I respond to the question of the Senator from Florida?

The PRESIDING OFFICER (Mr. BROWNBACK). The Senator from Missouri.

Mr. ASHCROFT. I thank the Senator from Florida for his question.

This bill is to harmonize the regime of potential sanctions and basically requires an agreement by the President and the Congress for any unilateral sanction that would be expressed by this country against exporting agricultural or medicinal commodities to other countries.

This results in having to come back to reestablish any existing sanctions, and that has been considered in the drafting of this bill. This bill is not to go into effect for 180 days after it is signed by the President, to give time for the consideration of any sanctions that exist in the measure, and if the President and Congress agree that there are additional sanctions to be levied unilaterally against any of these countries, then those can in fact be achieved.

The intention of the bill is to give the Congress and the President the ability to so agree on those issues.

Mr. GRAHAM. To continue my question, I don't think that was quite responsive to the issue I am raising.

In the Senator's opening statement, the principal argument was that we should not allow the President to unilaterally be imposing these sanctions, and in terms of new sanctions as outlined on page 4, you clearly restrict the application by the President of the prohibition to those that are unilateral.

As it relates to existing sanctions, this language appears to sweep up both sanctions that were unilaterally imposed by the President, such as the one against Sudan last year, as well as those that were imposed by action of Congress, such as the legislation that bears the name of the chairman of the Foreign Relations Committee which was adopted some time ago. That was an action which had the support of the Senate, the House of Representatives, and was signed into law by the President of the United States.

Who else does the Senator want to have sanctioned in order to be an effective statement of policy of the United States of America?

Mr. ASHCROFT. Mr. President, in response to the inquiry of the Senator from Florida, it is clear that the intent of this bill and the language which would be carried forward is that sanctions should be the joint agreement between the Congress and the President. This bill does set aside existing sanctions and establish a singular regime in which sanctions would exist unless another bill or enactment changed that.

Now, a Congress in the future could impose, with the agreement of sanctions, sanctions in a regime that was contradictory to this bill because Congress always has the capacity to change the law. One law we pass today doesn't bind future Congresses from changing that law and future enactments.

I think the Senator from Florida is correct that this measure sets aside existing sanctions and requires that future sanctions, be they initiated by the Congress or by the President of the United States, involve an agreement between the executive and the legislative branches. There is a timeframe during which that is to happen provided for in this amendment.

Mr. GRAHAM. Continuing with the questions, would the Senator from Missouri be amenable to a modification of this amendment to make the existing sanctions provision on page 5 consistent with the new sanctions standards on page 4?

Mr. ASHCROFT. Mr. President, I am willing to consider and would like to have an opportunity to discuss that. I am pleased during the course of the debate this evening to see if something can be worked out. If the Senator from Florida believes there is progress to be made in addressing that, we would be pleased to talk about those issues.

Mr. GRAHAM. If I could move to another provision, which is beginning at line 12, we have the "Countries Supporting International Terrorism" section, which reads:

> This subsection shall not affect the current prohibitions on providing, to the government of any country supporting international terrorism, United States government assistance, including United States foreign assistance, United States export assistance, or any United States credits or credit guarantees.

What is missing from that set of prohibitions is prohibitions against direct, unaided commercial sales. As I gather from the Senator's earlier presentation of this amendment, it is his intention that a nonassisted commercial sale between a U.S. entity and one of these terrorist states would be acceptable, i.e., would not be subject to continued prohibitions?

Mr. ASHCROFT. It is our intention, absent an agreement by the President of the United States and the Congress, to so embargo such sales. Such entities would be able to use their hard currency to buy from American producers, agricultural or medicinal products. Our underlying reasoning for that is that when these governments invest in soybeans or corn or rice or wheat, they are not buying explosives; they are not repressing their population. As a matter of fact, if we could get them to use all of their currency to buy American farm products instead of buying the capacity to repress their own people or destabilize other parts of the world, we want them to do that. The conspicuous absence here, obviously, is we will not provide credit for them which would release them to spend their hard currency in these counterproductive ways.

So the philosophy of this measure is such that we think any time these people will spend money on food and medicine, they are not spending their resources on other things which are much more threatening, not only to the United States but to the community of nations at large.

Mr. GRAHAM. The concern I have is that what essentially we have, or what the Senator proposes to do—I hope we do not follow this suggestion—is to say, if you are a sufficiently rich terrorist state, you can afford to buy the products without any of the credit or other assistance that is often available in those transactions. If you are rich enough to be able to make the purchase without depending upon that, then these prohibitions that are currently in place—by action of the Congress or action of the President or, in the case of several of these, by action of both the Congress and the President—will not apply. But if you are a poor terrorist country and cannot afford to buy the food unless you have one of these subsidies, then you are prohibited. Is it that a rich terrorist state gets a preference over a poor terrorist state?

Mr. ASHCROFT. No, I do not think so. I really think what we are saying is no matter how much money you have, if you are a terrorist state we would rather have you spend that money on food and medicine than we would have you spend that money on weaponry or destabilizing your surrounding territory. No matter how much money you have or you do not have, we are willing and pleased to have you spend that to acquire things that will keep you from oppressing individuals.

I suppose you could argue rich terrorist states are going to be better off than poor terrorist states. I think that is something that exists independent of this particular proposal of this particular amendment. Rich nations, be they good, bad or indifferent, generally are better off than poor ones. But I think it is pretty clear that we do not have an intention of saying we are going to take a regime which is in power and we are going to sustain it by allowing it to displace what would otherwise be its purchases of food by providing credit so they can then use their hard currency to buy arms or other things that would be repressive.

Our intention is to make sure, if the money is spent, they spend it on food and medicine to the extent we can have them do so.

Mr. GRAHAM. Is it a fair characterization of subsection 4 that commercial sales of food and medicine to a rich terrorist state are acceptable; i.e., would be exempt from the current licensing provisions but humanitarian sales, that is, sales that qualify for one of the various forms of U.S. Government assistance to a poor terrorist state, would continue to be subject to those licensing requirements?

Mr. ASHCROFT. I think one of the things we have sought to do in this legislation is to indicate we are not at war with the people of many of these regimes. As a matter of fact, these regimes are at war with their people. Our intention is to be able to provide food and medicine to those people because we are not at war with them. As a matter of fact, too frequently their government is.

That means we are willing to sell it to them. We are willing to sell it to nongovernmental organizations, to commercial organizations, even to governments, if the governments will put up the money for it. I find that to be an acceptable indication that we are not against the people of these countries; we are against these countries' repressive, terrorist ways.

The terror is worse on their own people, in most of these cases. When we align ourselves with the people, align ourselves with the population in terms of their food and in terms of their health care and in terms of their medicine, that is good foreign policy. It shows the United States, while it will not endorse, fund or sustain, creditwise, a terrorist government, is not at war with people who happen to have to sustain the burden of living under a terrorist government.

So, yes, this allows people in those settings to make purchases if they have the capacity to do so. But it does not allow the government to command the credit of the United States, and in our view it should not.

Mr. GRAHAM. So I think the answer to the question is yes. That raises the question: I notice before the amendment was sent to the desk there was a handwritten insertion in the title of the amendment. The original title had said, "to promote adequate availability of food and medicine abroad by requiring congressional approval. . .." In the handwritten insertion, the prepositional phrase was added so it now reads "promote adequate availability of food and medicine for humanitarian assistance abroad by requiring congressional approval. . .." It seems actually the substance of the amendment does quite the opposite of the prepositional phrase.

The substance of the amendment says if you are rich enough to be able to buy at commercial standards, you can avoid the necessity of licensing and all of the constraints that have been imposed by action of Congress, action of the President, or both on terrorist states. But if you are a poor terrorist state and have been sanctioned by Congress or the President, or both, and would require some assistance in order to be able to get food, then you are still subject to all of these licensing requirements.

So the actual substance of the amendment is inconsistent with the modification that was made in the title. I suspect I know why that was done.

Mr. ASHCROFT. Let me just say, if it is permissible for me to respond, I thank the Senator from Florida for his careful questioning and the opportunity to make a response. I think this is a very constructive way to handle this.

I do not think there is anything that is not humanitarian about allowing nongovernmental organizations, commercial organizations, to buy food so people can eat. I think that is humanitarian. I do not find that to be inconsistent with the title. I do not think in order to have the character of being assistance and humanitarian, they have to be gifts or they have to be credit guarantees. The mere fact that Americans would make possible the sale of vital medicinal supplies and vital food supplies in a world marketplace to people who are hungry and people who need medicinal care is humanitarian.

We do make it possible for certain kinds of nongovernmental organizations and commercial organizations to get credit, but we simply draw a line in extending credit to governments which have demonstrated themselves to be unwilling to observe the rules of human decency and have been perpetrators of international terrorism and propagators of the instability that such terrorism promotes in the world community.

So it is with that in mind that we want people to be able to eat, understanding that the United States is not at war with the people of the world but has very serious disagreements with terrorist governments. We want people to be able to get the right kind of medicinal help, understanding that we are not at war with people who are unhealthy and who need help medicinally, and understanding that when people get that kind of help, and understand that the United States is a part of it, it can be good foreign policy for the United States.

But we do not believe that addressing the needs of the Government itself, especially allowing them to take their hard currency to buy arms, by our providing them with credit guarantees for their purchase of foodstuffs, would be appropriate.

Mr. GRAHAM. Mr. President, I appreciate the answers to the questions, and I think the summary of those answers is that we have established an inconsistent policy as between actions of the Congress relative to new sanctions and to existing sanctions.

Second, we have established a policy that, if you are a rich terrorist state and have the money to buy food at straight commercial standards, you can do so; if you are a poor terrorist state that would require the access to some of these various trade assistance programs, then you cannot buy American food.

I do not believe this is an amendment that, once fully understood, the Members of the Senate will wish to be associated with.

Mr. MACK addressed the Chair.

The PRESIDING OFFICER. The Senator from the great State of Florida, Mr. MACK.

Mr. MACK. I thank the Chair.

First, I want to address a point that was made a few moments ago, an argument that went something like this: If we were to open up our markets, that action would, in essence, allow terrorists or countries to buy more food products. I just think that is fundamentally wrong. I think in fact they are buying all of the product that they can afford to buy now. And I would make the case that if they buy the product from us at a cheaper price because of it being subsidized, we are in fact subsidizing terrorist states.

So I just fundamentally disagree with where the proponents of this amendment are going.

Mr. ASHCROFT. Will the Senator yield?

Mr. MACK. Sure.

Mr. ASHCROFT. Is it the Senator's belief that somehow all our agricultural products are subsidized; therefore, it would be cheaper than the world market price?

Mr. MACK. Again, I say to my colleague who has raised this question that I do find it strange that at just the time when Members are coming to the floor and asking the American taxpayer to come to the aid of the American farmer, they are at the same time asking us to lift sanctions to allow them to sell products to terrorist states.

I think, in fact, there is a connection between what is happening today—that is, some $6–$7 billion, depending on what this bill finally turns out to produce, $8–$9 billion in aid to American farmers, just after a few months ago with the additional aid to the American farmer—that you would find it appropriate to say to the American taxpayer: Now that you have given us this aid, we would like to have permission to sell our product to terrorist countries. I just find that unsupportable.

I thank the Senator for raising the question.

Mr. ASHCROFT. That is not the question I raise. But if I may ask, the Senator's answer, then, is that he thinks what we are talking about in disaster assistance to farmers in this aid is a subsidy that would allow us to sell below world market prices, and that is why we will not do that?

Mr. MACK. It clearly is a subsidy to the American farmer. What kind of effect it will have on the world price I do not think I am qualified to say. But it seems to me it is clear that if in fact there is a subsidy being received by the American farmer, that farmer could sell the product at a lower price.

I thank the Senator for his question.

Mr. President, I oppose trade with tyrants and dictators, and I emphatically oppose subsidized trade with terrorist states. Again, make no mistake, that is exactly what this amendment does. Specifically, with my colleagues from Florida, New Jersey, and the distinguished chairman of the Foreign Relations Committee, we oppose the amendment to prevent any action by this body to limit the President of the United States' ability to impose sanctions on terrorist states.

We had a similar vote last year, in which 67 Senators voted to oppose trade with terrorists. At the risk of stating the obvious, let me try to explain once again why the Senate should not change this position.

Freedom is not free. I know my colleagues understand this simple axiom—this self-evident truth. But today we hear from our colleagues that the farmers of our Nation are undergoing a difficult time. So today, they have put before us a fundamental question: Does this great Nation, the United States of America, support freedom, or do we support terror?

A few weeks ago, as I was preparing a statement on another issue, I came across a letter from His Holiness, the Dalai Lama of Tibet. In this letter the Dalai Lama says, and I quote, "America's real strength comes not from its status as a 'superpower' but from the ideals and principles on which it was founded."

How may times have my colleagues been with me when a visiting head of state delivered to us the same message as the Dalai Lama's? I will provide one example.

Last summer, the President of Romania addressed a joint session of Congress. He began his remarks by reminding us that Romania considered the United States the country of freedom and the guardian of fundamental human rights all over the world. He went on to say:

> Throughout its history, your country has been a beacon of hope for the oppressed and the needy, a source of inspiration for the creative, the courageous and the achieving. It has always been, and may it ever remain, the land of the free and the home of the brave.

We are a nation founded on principles—the principles of freedom, liberty, and the respect for human dignity. And our commitment to these principles gives us our real strength today. It is that simple.

I began this statement by posing a question on freedom versus terror. We know, even take for granted, the answer to that question—the United States opposes terror. But what about the strength or our commitment to these principles? On occasion, a short-term crisis can blind us—cause us to lose sight of our values and their importance to who we are and from where we derive our strength.

Today's debate typifies one such moment. The poster which has been shown on this floor indicates the issue before us with respect to terrorist nations and their leaders—Qadhafi, Castro, and others.

In exchange for very limited market expansion, some would take away the President's authority to restrict trade with six terrorist regimes—six countries whose combined markets represent a mere 1.7 percent of global agricultural imports; yet these minor importers perpetrate or harbor those who commit the world's greatest acts of terror.

Some would have us open trade in agricultural products with these terrorists—in effect placing our principles up for sale. So what is the strength of our commitment to these principles? If we are to choose freedom over terror, what price should we expect to pay? There can be no doubt in anyone's mind the value of our commitment to freedom certainly exceeds the U.S. share of 1.7 percent of the world's agriculture market.

But for those who may actually find this less clear than I do, it gets easier. The request by those who wish to trade with terrorists gets more extreme. With this amendment to language providing subsidies of U.S. agriculture, we are in effect being asked to subsidize global terrorism. The supporters of this amendment are asking the taxpayers of the United States to subsidize American farmers, who will then sell to terrorist states.

The United States must not subsidize terrorist regimes. I find it unconscionable that we would even consider such a proposal. When two countries engage in a trade, even if just one commodity is being exported, both countries benefit from the exchange. So by opening agriculture exports to Iran, Sudan, Cuba, Iraq, Libya, and North Korea, we are offering direct support to the regimes in power. If they chose to purchase from the United States, they would be doing so because they see it as being in their best interest. Their benefit would be greater in this case because the products sold to terrorists would be subsidized by the U.S. taxpayer.

Terrorism poses a direct threat to the United States. The terrorist threat was considerable during the cold war when the Soviet Union and its allies often backed movements or governments that justified the use of terror. The threat is even greater today, when chemical or biological weapons, no bigger than a suitcase, can bring death and devastation to tens of thousands of people. The deaths in the World Trade Center bombing or in Pan Am 103 remind of us what terrorism can produce. Another important reminder is the image of American humanitarian aircraft being blown out of the sky by Cuban Air Force MiG fighters in the Florida Straits. We are moving from a world where terrorists use dynamite or rifles to one where they may use a weapon of mass destruction. The world today is more dangerous in many ways than it was 10 years ago, and the form of that danger is terrorism, which makes it even more dangerous for the United States to engage in trade with terrorist states.

So where does this leave us? With this simple principle—the United States must not trade with any nation that supports terrorism in any way, direct or indirect. We must insist that there can be no business-as-usual approach to nations that threaten our national security and national interests. We are well aware of the counterarguments. If we don't sell, some other country will, so what is the point? Or why not sell food? You can't turn wheat into a bomb, can you? Well, maybe not, but it is possible for a government that supports terror to use our food exports to win popular support, and it is possible to use the money saved by purchasing subsidized American goods for yet more terror.

We can all agree that the United States must stand for freedom and against terror, and I hope the strength of our commitment to this principled stand runs deep. Today we are being asked how deeply are we committed to opposing terrorism. Make no mistake, our principles provide the real source of America's strength. If we are serious about battling terrorism, there can be no compromise with terror and no trade with terrorist nations.

Mr. President, I yield the floor.

Mr. FITZGERALD addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. FITZGERALD. I thank the Chair.

Mr. President, I am proud to rise in support of Senator ASHCROFT's amendment, of which I am a cosponsor. Before getting into the specifics of Senator ASHCROFT's amendment, I want to lay the table a little bit by describing what I have heard in the agricultural community in my State and to talk for a moment about a farm rally that I attended last Saturday in Plainfield, IL. At that rally, which was held on the Schultz farm in Plainfield, IL, there were more than 500 farmers, not just from Illinois but from all over the country. There were farmers from as far away as Washington State and from Oklahoma and from the Southern and Eastern States as well.

The one message I heard, talking to the farmers, not just those from Illinois but those from all across the country, was that there is a severe crisis in agriculture right now. Crop prices are at almost record low levels, if you consider the effects of inflation. The prices are low not just for corn and soybeans but also for hogs and wheat, and the list goes on.

On top of that, we are seeing a trade situation now in which the countries in the European Union, to whom we used to export large amounts of our grain and livestock products, are, with increasing frequency, raising not just tariff barriers to the importation of American agricultural goods but also nontariff barriers, pseudoscientific trade barriers, objections to the safety of our food, objections for which very few in the scientific community have said there is any basis.

Also we have seen a slump in the economy in Asia. The near depression in Asia in the last year has caused a severe drop-off in the amount they are importing from the United States and from our farmers in this country. On top of that, as was said earlier today, some parts of our country are experiencing drought, other parts floods. Farmers have complaints, as we all know, about the tax code and its consequences that are particularly felt by family farmers who can't deduct health insurance, for example, who have a very hard time meeting the obligations of the death tax, which taxes their family farms at 55 and, in some cases, 60 percent of their value when a farmer dies.

I am very pleased that Senator COCHRAN and the Agriculture Appropriations Committee have come up with some short-term relief that I think most of us agree is needed. I think Senator COCHRAN's bill will be adequate to meet the challenges we now have in the short term.

I am concerned that we not just address the short term, Mr. President. I think it is very important that we think about long-term solutions for the farm crisis in this country so that we don't have to come back every year and face ongoing crises year after year. Perhaps the best thing we can do for the long-term survival and success of our American farmers is to improve the trade climate.

Several years ago, we passed the Freedom to Farm Act. The farmers in my State of Illinois frequently say: You gave us the freedom to farm, but you didn't give us the freedom to trade. What good is that freedom to farm, that freedom to plant all the acres we wish, if we don't have the freedom to sell our products abroad as we need?

So I think it is very important that we work on a variety of fronts in the trade area. I favor fast track trade negotiating authority for our President. I think that normal trade relations with China would help our farmers. Accession of China into the WTO would be helpful. Agriculture needs a seat at the trade table next fall in the negotiations for the Seattle round of the multilateral trade negotiations. We need to have representatives from the USDA right there with Charlene Barshefsky when we are negotiating trade issues next fall. We also need strong enforcement of WTO trade disputes and, of course, open access for our GMO food products in Europe.

One step toward improving the trade climate for our Nation's farmers is the pending amendment that Senator ASHCROFT and I and a number of my colleagues have cosponsored. I am rising today to support that amendment to exempt food and medicine from unilateral sanctions. Unilateral sanctions on food and agricultural products clearly hurt American agriculture more than anyone else. The target country simply buys its food from some other country, leaving less money in our farmers' pockets. When the U.S. Government decides to sanction food and agriculture, it simply tells our international competitors to produce more to meet the excess international demand. Once American agriculture loses these markets to our foreign competitors, our reputation then as a reliable supplier is tarnished, making it difficult for us to regain these markets for future sales.

Our agricultural trade surplus totaled $272 billion just 3 years ago in 1996. But this year, the U.S. Department of Agriculture projects that our ag trade surplus will have dwindled to approximately $12 billion. Reversing this downward trend in the value of our exports through effective sanctions policy reform should be a top priority of this Congress. America's farmers demand it and they deserve it. We should be responsive.

The current slump in commodity prices makes significant sanctions policy reform even more timely and necessary. In fact, recent estimates calculate the cost of U.S. sanctions at $15 to $19 billion annually. These potential sales could give a significant boost to our rural economy, if only they were allowed by the Federal Government. Free and open international markets are vital to my home State. Illinois' farm products sales generate $9 billion annually, and Illinois ranks third in this country in agricultural exports.

In fiscal year 1997 alone, Illinois agricultural exports totaled $3.7 billion and created 57,000 jobs for the State of Illinois. Needless to say, agriculture makes up a significant portion of my State's economy, and a healthy export market for these products is important to all my constituents. For this reason, I am proud to cosponsor Senator ASHCROFT's amendment.

The amendment simply exempts food and medicine from unilateral sanctions, unless the President submits a report to Congress requesting that agriculture be sanctioned and the Congress approves the request by joint resolution. With commodity prices where they are, and with the Seattle round of trade negotiations looming on the horizon, we must act quickly to unbridle the farm economy from the tight reins of current U.S. sanctions policy.

Mr. President, I note that Senator ASHCROFT has crafted this amendment so that there are escape hatches that, in severe cases, the President, working with Congress, can, if he absolutely believes it necessary, go forward and maintain sanctions in a particular case and perhaps, in some cases, we in Congress will deem that advisable.

With that, I yield the floor.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

PRIVILEGE OF THE FLOOR

Mr. GRAHAM. Mr. President, I ask unanimous consent that Kim Alexander be granted floor privileges during the consideration of the Agriculture appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DURBIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois, Mr. DURBIN.

Mr. DURBIN. Mr. President, I stand in support of the amendment offered by the Senator from Missouri, Mr. ASHCROFT. I have listened to the arguments of both sides to this point and have found them interesting. I certainly join Senator FITZGERALD in noting that Illinois is a great agricultural State. I have visited that State regularly over the past several months, including most recently on Monday, in Lincoln, IL, meeting with farmers who are, in fact, suffering from perhaps one of the worst price depressions that they have witnessed in decades. They need help. That is why the underlying bill, the Agriculture appropriations bill, and the emergency bill that is part of it, is so important.

It has been portrayed during the course of this debate that addressing the question of unilateral sanctions involving food and medicine exports from the United States will be of some assistance to the farmers. I think that is possible. But I have to concede that the countries we are talking about are generally so small as to not have a major impact on the agricultural exports of the United States.

I believe the Senator from New Jersey, who opposes this amendment, mentioned that we are talking about a potential export of 1.7 percent of our entire agricultural export budget. That is not the kind of infusion of purchasing in our agricultural economy that will turn it around. So I don't believe this amendment, in and of itself, is a major agricultural amendment, although it clearly will have some impact on agriculture. But I do believe it stands for a proposition that is worth supporting. Let me tell you why.

First, I believe that we have learned over the course of recent history that unilateral sanctions by the United States just don't work. When we decide on our own to impose sanctions on a country, it is usually because we are unhappy with their conduct, so we will stop trade or impose some sort of embargo to show our displeasure. You can understand that because some of the actions we have responded to were horrendous and heinous. The bombings of embassies and other terrorist acts raise the anger of the American people, and through their elected representatives, we respond with sanctions. That is understandable, and it is a natural human and political reaction.

I think we would have to concede that over time those unilateral sanctions have very little impact on the targeted country. In the time I have served on Capitol Hill, for about 17 years, I can only think of one instance where the imposition of sanctions had the desired result, and that, of course, was in the case of South Africa. It was not a unilateral sanction by the United States. We were involved in multilateral sanctions with other countries against the apartheid regime in South Africa, and we were successful in changing that regime.

But as you look back at the other countries we have imposed unilateral sanctions on, with the United States standing alone, you can hardly point to similar positive results. So I think we have learned a lesson well that merely imposing those sanctions alone seldom accomplishes the goals that we seek.

I do note, in reviewing this amendment by Senator ASHCROFT, as has been noted by others, he makes allowances for the United States to continue to impose unilateral sanctions under specific situations. Of course, if there is a declaration of war, and certainly if the President comes to Congress and asks that we impose sanctions for products which may in and of themselves be dangerous, such as high technology and the like, products which have been identified by the Department of Commerce as being dangerous to America's best interests.

I applaud the Senator from Missouri for making those provisions. It gives any administration the wherewithal to impose unilateral sanctions in extraordinary cases. But I understand this amendment to suggest that if we are not dealing with extraordinary cases, we should basically be willing to sell food and medicine to countries around the world.

I have found it interesting that my colleagues who oppose this amendment have come to the floor to describe these potential trading partners as tyrants, dictators, and terrorist states. One of the Senators came to the floor with graphic presentations of some of the dictators in these countries. Not a single person on the floor this evening would make any allowance for the terrible conduct by some of these terrorist regimes. But I must remind my colleagues during the course of this debate that, after World War II, we were engaged in a cold war that went on for almost five decades, which involved the Soviet Union and China. During that cold war, some terrible things occurred involving those countries and the United States.

We expended trillions of dollars defending against the Soviet Union and trying to stop the expansion of communism. We decided they were our major target, and so many debates in the Senate and in the House were predicated on whether or not we were stopping, or in any way aiding, the growth of communism.

Despite this cold war's intensity, which more or less monopolized foreign relations in the United States for half of this century, we found ourselves during that same period of time trading and selling food to Russia, the Soviet Union, and selling foodstuffs to China and other countries. I guess we adopted the premise that former Senator Hubert Humphrey used to say should guide us when it comes to this economy. We asked him whether he would sell food to the Communists and he said, "I will sell them anything they can't shoot back at me." I think it was a practical viewpoint that, when it gets down to it, we are not the sole suppliers of food in the world. For us to cut off food supplies to any given country is no guarantee they will starve. In fact, they can turn to other resources.

So those who would say to us we should impose unilateral sanctions on a country such as Cuba, I think, have forgotten the lesson of history that, not that long ago, we were selling wheat to Russia at a time when we were at the height of the cold war. I think that is a lesson in history to be remembered.

The second question is whether or not we should, as a policy, exempt food and medicine when it comes to any sanctions. I believe that is the gravamen of the amendment offered by the Senator from Missouri. I think he is right. I say to those who believe that by imposing unilateral sanctions involving the sale of food and medicine from the United States on these dictatorial regimes we will have some impact, please take a look at the pictures of the dictators that you presented for us to view this evening.

Now, I have been watching Mr. Castro in the media for over 40 years and I don't see him thin and emaciated or malnourished. He seems to be finding food somewhere, as do many other people in states where we have our differences. But I do suspect that when you get closer to the real people in these countries, you will find they are the ones who are disadvantaged by these sanctions on food and medicine.

Let me tell you, there was a report issued 2 years ago by the American Association for World Health, "Denial of Food and Medicine: The Impact of the U.S. Embargo on Health and Nutrition in Cuba." It concluded that:

> The U.S. embargo of Cuba has dramatically harmed the health and nutrition of large numbers of ordinary Cubans.

The report went on to say:

> The declining availability of foodstuffs, medicines, and such basic medical supplies as replacement parts for 30-year-old x-ray machines is taking a tragic human toll. The embargo has closed so many windows that, in some instances, Cuban physicians have found it impossible to obtain life-saving machines from any source under any circumstances. Patients have died.

I quote from a letter I received from Bishop William Purcell from the Diocese of Chicago who told me his experience in visiting villages.

He said:

> I was especially struck by the impact of the American embargo on people's health. We saw huge boxes of expired bill samples in a hospital. Other than those, the shelves of the pharmacy were almost bare. We talked with patients waiting for surgeons who could not be operated upon because their X ray machines from Germany had broken down. A woman was choking from asthma from lack of inhaler.

I hope you will pay particular attention to this. The bishop says:

> At the AIDS center, plastic gloves had been washed and hung on a line to dry for reuse. The examples of people directly suffering from the impact of our government's policy after all of these years was sad and embarrassing to see.

That was in the letter he sent to me. But many other religious groups in the United States have reached the same conclusion. The U.S. Catholic Conference and others have termed our policy with Cuba "morally unacceptable."

I don't come to the floor today to in any way apologize or defend the policies of Fidel Castro in Cuba or for shooting the plane down in 1997. That was a savage, barbaric act. No excuse can be made for that type of conduct. But when we try to focus on stopping the conduct of leaders such as Castro by imposing sanctions that embargo food and medicine, I don't think we strike at the heart of the leadership of these countries. Instead, we strike at poor people—poor people who continue to suffer.

Many folks on this floor will remember the debate just a few weeks ago when we were shocked to learn that India and Pakistan had detonated nuclear devices. This was a dramatic change in the balance of power in the world, with two new entries in the nuclear club. Countries which we suspected were developing nuclear weapons had in fact detonated them to indicate that our fears were real.

Under existing law, we could have imposed sanctions on India and Pakistan at that time to show our displeasure. We did not. We made a conscious decision to vote in the Senate not to do that. We concluded, even at the risk of nuclear war in the subcontinent, that it was not in our best interests or smart foreign policy to impose these sanctions.

So you have to ask yourself, why do we continue to cling to this concept when it comes to Cuba, that after some 40 years this is the way we are going to change the Cuban regime?

I think the way to change the regime in Cuba and many other countries has been demonstrated clearly over the last decade. Think about the Berlin Wall coming down and the end of communism in Eastern Europe. It had as much to do with the fact that we opened up these countries after years of isolation. Finally, these countries saw what the rest of the world had to offer. They understood better what lifestyle and quality of life meant in the Western part of the world, and when they compared that to the Communist regime, they started racing for democracy.

That, to me, is an indication of what would also happen in Cuba. If we start opening up trade in food and medicine and other relations with that country, I predict that we would have much more success in bringing down an objectionable regime than anything we have done over the past four decades.

We have learned the lesson from the cold war. We know you cannot bring a country to its knees by denying export of food and medicine. We should also know that the best way to end dictatorial and totalitarian regimes is to open trade, open commerce, and open channels of communication.

The amendment that has been offered by the Senator from Missouri is an attempt to address not only the agricultural crisis that faces America but, from my point of view, a much more sensible approach to a foreign policy goal which all Americans share.

Let us find ways to punish the terrorists and punish those guilty of wrongdoing. But let us not do it at the expense of innocent people, whether they are farmers in the United States or populations overseas which are the unwitting pawns in this foreign policy game.

I support this amendment. I hope my colleagues will join in that effort.

I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, I thank the Chair.

I join with my colleague, Senator ASHCROFT, and others in urging the adoption of this amendment with respect to exempting exports of food and medicine from U.S. sanctions regimes.

Mr. President this amendment is quick, simple, and straight forward—it would exempt donations and sales of food, other agricultural commodities, medicines and medical equipment from being used as an economic weapon in conjunction with the imposition of unilaterally imposed economic sanctions.

Since last year, we have heard about the serious economic crisis that confronts America's heartland and is bankrupting American farm families. Not only do American farm families have to worry about weather and other natural disasters which threaten their livelihood. They also must worry about actions of their own government which can do irreparable harm to the farm economy by closing off markets to American farm products because we happen to dislike some foreign government official or some policy action that has been taken. Time and time again unilateral sanctions on agricultural products have cost American farmers important export markets. Time and time again the offending official remains in power or the offensive policy remains in effect.

On July 23 of last year, President Clinton stated that "food should not be used as a tool of foreign policy except under the most compelling circumstances." On April 28 of this year, the Clinton Administration took some long overdue steps toward bringing U.S. practice in this area into conformity with the President's pronouncement. It announced that it would reverse existing U.S. policy of prohibiting sales of food and medicine to Iran, Libya, and Sudan—three countries currently on the terrorism list.

In announcing the change in policy, Under Secretary of State Stuart Eizenstat stated that President Clinton had approved the policy after a two-year review concluded that the sale of food and medicine "doesn't encourage a nation's military capability or its ability to support terrorism."

I am gratified that the administration has finally recognized what we determined some time ago, namely that "sales of food, medicine and other human necessities do not generally enhance a nation's military capacities or support terrorism." On the contrary, funds spent on agricultural commodities and products are not available for other, less desirable uses.

Regrettably, the Administration did not include Cuba in its announced policy changes. It seems to me terribly inconsistent to say that it is wrong to deny the children of Iran, Sudan and Libya access to food and medicine, but it is all right to deny Cuban children—living ninety miles from our shores, similar access. The administration's rationale for not including Cuba was rather confused. The best I can discern from the conflicting rationale for not including Cuba in the announced policy changes was that policy toward Cuba has been established by legislation rather than executive order, and therefore should be changed through legislative action.

I disagree with that judgement. However, in order to facilitate the lifting of such restrictions on such sales to Cuba, and to prevent such sanctions from being introduced against other countries in the future, I have joined with Senators ASHCROFT, HAGEL, ROBERTS, LEAHY and others in offering the amendment that is currently pending. Not only would it codify in law the administration's decision with respect to Iran, Libya, and Sudan, it would also create a politically viable way for such sanctions to be lifted from Cuba, unless the President and the Congress both take the affirmative step of acting to keep them in place.

What about those who say that it is already possible to sell food and medicine to Cuba? To those people I would say, "if that is what you think, then you should have no problem supporting this legislation."

However, I must tell you, Mr. President, that the people who say that are not members of the U.S. agricultural or pharmaceutical industries. Ask any representative of a major drug or grain company about selling to Cuba and they will tell you it is virtually impossible.

The Administration's own statistics speak for themselves. Department of Commerce licensing statistics prove our point:

Between 1992 and mid-1997, the Commerce Department approved only 28 licenses for such sales, valued at less than $1 million, for the entire period. In 1998, following the introduction of procedures to "expedite license reviews" Commerce reported that, three licenses valued at $19 million were approved, however no exports occurred because of difficulties with on-site verification requirements.

Even if these three exports had occurred, the assistance being provided to the Cuban people would be minuscule. To give you some perspective: prior to the passage of the 1992 Cuba Democracy Act which shut down U.S. food and medicine exports, Cuba was importing roughly $700 million of such products on an annual basis from U.S. subsidiaries.

Moreover, since Commerce Department officials do not follow up on whether proposed licenses culminate in actual sales, the high water mark for the export of U.S. medicines to Cuba over a four and one half year period doesn't even represent roughly .1% of the exports of U.S. food and medicines that took place prior to 1992.

For these reasons we feel strongly that the complexities of the U.S. licensing process, coupled with on-site verification requirements, serve as de facto prohibitions on U.S. pharmaceutical companies doing business with Cuba. Do we really believe that aspirin or bandaid are possible instruments of torture that mandate the U.S. companies have in place a costly on-site verification mechanism to monitor how each bottle of aspirin is dispensed?

I cannot come up with a rationale for arguing that we are on strong moral grounds in barring access to American medicines and medical equipment. American pharmaceutical companies and medical equipment manufacturers are dominant in the international market place with respect to development and production of state of the art medicines and equipment. In some cases there are no other foreign suppliers that make comparable products—particularly in the case of the most life threatening diseases such as cancer.

How can we justify denying innocent people access to drugs that could save them or their children's lives. How can we justify prohibiting access to vaccines that ensure the protection of the public health of an entire country or large segments thereof, simply because we disagree with their government leaders? I don't believe we should.

Food sales to Cuba continue to be prohibited as well, despite the so called January measures promulgated by the Clinton Administration. At that time, the outright prohibition on the sale of food was modified to provide a narrow exception to that prohibition. With the change in regulations, the Commerce Department will now consider licensing, on a case-by-case basis, sales of food "to independent non-government entities in Cuba, including religious groups, private farmers and private sector enterprises such as restaurants."

For those of my colleagues who have any knowledge about the Cuban economy they will immediately know that this translates into virtually zero sales of food to Cuba. Yes, there are some private restaurants in Cuba—so called paladares—but they are run out of family homes serving at most ten to twelve people at lunch and dinner on a daily basis. These small operations are hardly in any position logistically or financially to contract with foreign exporters, navigate U.S. and Cuban customs in order to arrange for U.S. shipments to be delivered to their restaurants—shipments that are otherwise barred to the Cuban government. Who are we kidding when we say it is possible to sell food in the current regulatory environment.

I don't believe except in the most limited of circumstances that we should deny food and medicine to anyone. I take strong exception to argument that we are doing it for the good of the Cuban people or the Libyan people—that we are putting pressure on authorities to respect human rights in doing so.

The highly respected human rights organization, Human Rights Watch—a severe critic of the Cuban government's human rights practices—recently concluded, that the "(U.S.) embargo has not only failed to bring about human rights improvements in Cuba," it has actually "become counterproductive" to achieving that goal.

America is not about denying medicine or food to the people in Sudan, in Libya, or in Iran, and it shouldn't be about denying food and medicine to the Cuban people either, certainly not my America.

Let me be clear—I am not defending the Cuban government for its human rights practices or some of its other policy decisions. I believe that we should speak out strongly on such matters as respect for human rights and the treatment of political dissidents. But U.S. policy with respect to Cuba goes far beyond that—it denies eleven million innocent Cuban men, women and children access to U.S. food and medicine.

That is why I hope my colleagues will support this amendment and restrict future efforts to water down its scope.

The United States stands alone among all of the nations of the world as an advocate for respecting the human rights of all peoples throughout the globe. In my view denying access to food and medicine is a violation of international recognized human rights and weakens the ability of the United States to advocate what is otherwise a very principled position on this issue. It is time to return U.S. policy to the moral high ground.

Mr. President, I commend my colleague from Missouri, Mr. ASHCROFT, and Senator HAGEL, Senator FITZGERALD, Senator CRAIG, Senator LINCOLN, Senator CONRAD, Senator BROWNBACK, the Presiding Officer, Senator WARNER, and all of the others who are cosponsors of this amendment.

It is a very solid, thoughtful, precise amendment that principally, of course, allows us to be involved as a legislative branch if unilateral sanctions are going to be imposed. That is not a radical idea. We have seen the effects of the importance and the significance of unilateral sanctions.

Certainly those who represent the farm community can speak not just theoretically about this but in practice as to the damage that can be done. It certainly is hard enough to have to face weather conditions, drought, and floods. But when you have to also face unilateral decisions that deny your community the opportunity to market in certain areas, that can make the life of a farm family even more difficult.

I happen to agree with my colleague from Illinois, Senator DURBIN, and others who have made the case that if we are truly interested in creating change, it is not in the interest of our own Nation to take actions which would deny innocent people—be they the 11 million innocent people who live 90 miles off our shore in Cuba, or in other nations—the opportunity to benefit from the sale of medicine and food supplies that can improve the quality of their life.

It is radical, in my view, to impose that kind of a sanction, particularly unilaterally. That is not my America. My America says we will do everything we can to get rid of dictators and to change governments which deny their people basic rights. But my America doesn't say to the innocents who live in these countries that if we have food that can make you stronger, if we have medicine that can make you healthier, we are going to deny the opportunity for the average citizens of these countries to have access to these products through sale. That is not my America.

I live in a bigger, a larger country, which has stood as a symbol of understanding, of human decency, and of human kindness, even with adversaries that have taken the lives of our fellow citizens—in a Vietnam, in a Germany, in other nations around the globe. My America, a big America, at the end of those conflicts has reached out to people in these nations to get them back on their feet again.

Today, I say to you that in these countries around the globe that still, unfortunately and regretfully, use the power of their institutions to impose human rights violations, we will do everything in our power to change these governments but we will not deny these people food and we will not deny them medicines through sale.

That is what Senator ASHCROFT, Senator HAGEL, and others are trying to achieve. I think it is a noble cause and one we ought to bring Democrats and Republicans together on in common effort and in common purpose to change the system that is fundamentally wrong and a denial of the fundamental things that we stand for as a people.

That does not suggest in any way that we applaud, or agree with, or back, or in any way want to sustain the policies of Fidel Castro, or the leader of Sudan, or Iran, or Lybia. It says that when unilateral sanctions are being imposed, we ought to have some say in all of that, and we don't believe generally that the imposition of unilateral sanctions, except under unique circumstances which the Senator from Missouri and his cosponsors have identified in this bill, ought to deny people in these countries—the average citizen—the benefit of our success in food and medicine. I applaud them for their efforts. I am delighted to be a cosponsor of their amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. GRAMS. Thank you very much, Mr. President.

Mr. President, I rise in strong support for the Ashcroft food and medicine sanctions reform amendment. While I would prefer this amendment addressed all unilateral sanctions, not just food and medicine, I support the amendment as a good start to reforming our sanctions policy. As a cosponsor of the Lugar Sanctions Reform Act, I believe it is long overdue that the administration and the Congress think before we sanction.

It makes no sense to punish the people of a country with which we have a dispute. Denying food and medicine does nothing to penalize the leaders of any country. Government leaders can always obtain adequate food and medicine, but people suffer under these sanctions, whether they are multilateral or unilateral. Those two areas should never be a part of any sanction.

At the same time our farmers suffer from the lingering effects of the Asian financial crisis as well as those in other areas of the world, we either have, or are debating, sanctions that further restrict markets for our farmers and medical supply companies. And denys that food and medical supplies to some of the worlds most needy.

Since most of our sanctions are unilateral, it makes no sense to deny our farmers and workers important markets when those sales are being made by our allies.

I need not remind any of you that we are still experiencing the aftermath of the Soviet grain embargo of the late 1970's when the United States earned a reputation as an unreliable supplier.

Another example of how we have harmed our farmers is the Cuban embargo. For 40 years this policy was aimed at removing Fidel Castro—yet he is still there. This is a huge market for midwestern farmers, yet it is shut off to us. Because Cuba has fiscal problems, many of its people are experiencing hardship. Those who have relationships with Cuban-Americans receive financial support, but those who don't need access to scarce food and medical supplies. This bill does not aid the government, as U.S. guarantees can only be provided through NGO's and the private sector not armies, not to terrorists. Currently, donations are permitted, as well as sales of medicine, but they are very bureaucratically difficult to obtain, and they don't help everyone. Our farmers are in a good position to help and they should be allowed to do so.

I applaud Senators ASCHROFT and HAGEL for their work to ensure farmers and medical companies will not be held hostage to those who believe sanctions can make a difference. Any administration would have to get congressional approval for any food and medicine sanction. This is our best opportunity to help farmers and provide much-needed food supplies to the overage people in these countries, and to show the world we are reliable suppliers. I urge the support of my colleagues for this long overdue amendment. I yield the floor.

The PRESIDING OFFICER (Mr. ALLARD). The Senator from Florida.

Mr. GRAHAM. Mr. President, it is my intention to raise a point of order. Before I do so, I will provide some context.

We have entered into a unanimous consent agreement to govern the disposition of this legislation. That unanimous consent agreement states that during the consideration of the agricultural appropriations bill, when the Democratic leader or his designee offers an agricultural relief amendment, no rule XVI point of order lie against the amendment or amendments thereto relating to the same subject.

The question is, Does this amendment to the amendment offered by the Democratic leader on agricultural relief constitute an amendment relating to the same subject? Let me anticipate what might be considered by the Parliamentarian.

In the underlying amendment, there is reference made to two agricultural programs: The Agricultural Trade Development and Assistance Act of 1954 and section 416 of the Agricultural Act of 1949. Both of those statutes are again referenced in the amendment that has been offered by the Senator from Missouri.

Where are they offered in the amendment offered by the Senator from Missouri? They are offered in the section of the amendment which is the definitions, so they are stated to be agricultural programs and then listed in the definition section.

I can find no other reference to those specific statutes other than in the definition section, raising the question as to whether they were inserted in the definition section in order to attempt to overcome what was the clear purpose of the unanimous consent agreement, which was to provide a narrow exception to the rule XVI prohibition against legislating on an appropriations bill.

Even beyond that, I point out on page 6, in one of the most significant provisions of this amendment, the provision that relates to countries supporting international terrorism, the only potential relevance of defining those pieces of legislation is to exclude them from the operation of this amendment. So they are put in the definition section so they can be removed from the operation of this amendment on page 6. Clearly, in my opinion, that is a specious attempt to gain the advantage of the unanimous consent agreement.

One final point. During the colloquy I had with the Senator from Missouri, I think he was quite candid in saying that the purpose of that support for the international terrorism section was to draw a distinction between commercial sales of agricultural and medical products, which were approved under this amendment, could be made without any of the existing conditions such as a license, and sales that were made on a humanitarian basis through one of these various U.S. trade or export of agricultural products provisions which continued to be prohibited.

We have the ironic circumstance that the humanitarian provision is prohibited but commercial sales are rendered acceptable by this amendment.

Yet in the headline, the footnote, the summary of this amendment, by a handwritten insertion, the prepositional phrase is inserted which says "for humanitarian assistance." The purpose of inserting that specific reference is clearly just to establish the most tenuous connection to the underlying bill and to attempt to create the facade that this amendment has something to do with humanitarian assistance, where, by the very description of the Senator from Missouri, it is for commercial, not assisted humanitarian agricultural, sales.

Mr. President, with that description of what I think the amendment is, what the underlying amendment and what the purpose of the unanimous consent agreement was, which was a narrow exception for agricultural relief amendments and amendments to that amendment which related to the same subject, since this fails to meet that standard, I raise the point of order under rule XVI that this amendment constitutes, clearly, explicitly, legislation on an appropriations bill and therefore, under rule XVI, is out of order.

The PRESIDING OFFICER. The agreement precludes making a point of order for an amendment that is considered relevant. This is considered a relevant amendment.

Mr. HELMS. Mr. President, inasmuch as the amendment of the Senator from Missouri, however well intentioned, would have the effect of lifting restrictions on trade with terrorist states or governments and would allow trade with the coercive elements of these repressive, hostile, regimes, I move to table the amendment and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from New Mexico (Mr. DOMENICI) is necessarily absent.

Mr. REID. I announce that the Senator from Massachusetts (Mr. KENNEDY) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 28, nays 70, as follows:

[Rollcall Vote No. 251 Leg.]

YEAS—28

Bryan
Bunning
Byrd
Coverdell
DeWine
Graham
Gramm
Gregg
Helms
Kohl
Kyl
Lautenberg
Lieberman
Lott
Mack
McCain
McConnell
Murkowski
Reid
Robb
Santorum
Sarbanes
Smith (NH)
Snowe
Stevens
Thompson
Thurmond
Torricelli

NAYS—70

Abraham
Akaka
Allard
Ashcroft
Baucus
Bayh
Bennett
Biden
Bingaman
Bond
Boxer
Breaux
Brownback
Burns
Campbell
Chafee
Cleland
Cochran
Collins
Conrad
Craig
Crapo
Daschle
Dodd
Dorgan
Durbin
Edwards
Enzi
Feingold
Feinstein
Fitzgerald
Frist
Gorton
Grams
Grassley
Hagel
Harkin
Hatch
Hollings
Hutchinson
Hutchison
Inhofe
Inouye
Jeffords
Johnson
Kerrey
Kerry
Landrieu
Leahy
Levin
Lincoln
Lugar
Mikulski
Moynihan
Murray
Nickles
Reed
Roberts
Rockefeller
Roth
Schumer
Sessions
Shelby
Smith (OR)
Specter
Thomas
Voinovich
Warner
Wellstone
Wyden

NOT VOTING—2

Domenici
Kennedy

The motion was rejected.

Mr. COCHRAN. I move to reconsider the vote.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BURNS. Mr. President, I rise today as an individual who has spent his entire life involved in agriculture. I am extremely concerned about the current state of the agricultural economy. Farmers and ranchers in my state of Montana and across America cannot afford another year of zero profit. Price declines for agricultural commodities have had a devastating impact on agricultural producers in Montana and the economy of the entire state, which depends so heavily on agriculture. The farmers and ranchers in Montana have suffered too much already. With continued low prices, many agricultural producers have been forced to sell the farms and ranches many have spent their entire lives working.

They seem to have all the cards stacked against them. Agricultural producers face high numbers of imports as well as a downward trend in demand for their product. Further, the world market is not providing adequate opportunities for international trade. The European Union continues to place non-scientific trade barriers on U.S. beef as well as bans on Genetically Modified grain products. Asia, usually a strong export market, continues to recover from the economic flu and many of our other trade partners have been subjected to sanctions by this administration. Additionally, the value of beef and grain imports have decreased dramatically as a percent of the world market.

Montana may not be able to survive another year of this economic plight. If market prices continue to go down as they have, I am fearful that more farmers and ranchers will be forced out of business. If a drastic measure is not passed in Congress this year, I don't know how much longer the agricultural community can persevere.

As I said before, the impact is not limited to those working the fields or raising livestock. Look at Main Street, Rural America. The agricultural economy is so bad that other businesses are failing as well. And not just agri-business. No longer is it just the livestock feed store or seed companies that are failing due to the economic crunch. It reaches much further. All kinds and types of businesses are feeling the depressed agricultural economy. Montana is ranked in the bottom five per capita income by state, in the nation.

Ironically, I also read recently that Montana is rated in a nationwide poll as the 7th most desirable place to live in America. That won't be the case much longer if we can't return more of the economic dollar to the agricultural producer. Montana is a desirable place to live because of agriculture. Without the wheat fields and grazing pastures, Montana loses its very being. Without the return of more of the economic dollar to the agricultural producer there will be no more farming or ranching and consequently no more wheat fields or pastures to graze livestock.

I have used the comparison before of the agricultural producer drowning. I believe he is. The way I see it, the farmer is drowning in a sea of debt and many in Congress want to continue to send lifeboats. The problem is, that once the producer makes it into the boat he never makes it to shore. He just keeps paddling trying to keep his head above water, and waiting for the next boat.

I want the farmer to get back to land and on his feet. We have to provide them the oars to get to shore and then keep them out of the water. I would like to see a strong agriculture assistance package passed and then a base for long-term benefits, in the form of laws on country of origin labeling, crop insurance reform and mandatory price reporting.

My Montana farmers and ranchers need help now. They need a package that provides solid short-term assistance. They need AMTA payments at 100% to bring the price of wheat per bushel to a price that will allow them to meet their cost-of-production. Additionally, they need funding for specialty crops, sugar and livestock.

I don't agree with many of the provisions included in the Democratic package. Funding for cotton and peanuts does not help my agricultural producers. Neither does $300 million for the Step 2 cotton program. These provisions bump the price tag up significantly and seem to help other areas of the country more than the Northwest.

However, all agriculture is in dire straits. Montana needs funding and they need it fast. Thus, I will vote for the package that gets that money to my producers as quickly as possible.

I believe that AMTA is the most effective way to distribute the funding that grain producers need. The Republican package contains 100% AMTA payments, which will bring the price of wheat up to $3.84. It also contains important provisions for specialty crops, lifts the LDP cap and encourages the President to be more aggressive in strengthening trade negotiating authority for American agriculture.

Freedom to Farm needs a boost. It is a good program, but simply cannot provide for the needs of farmers and ranchers during this kind of economic crunch. From 1995 to 1999, $50.9 billion have been distributed as direct payments. This tells us that commodity prices are not going up. Farmers and ranchers are not doing better on their net income sheets.

We need to let Freedom to Farm work. I believe it will. When more of the economic dollar is returned to the producer and when the farmer or rancher receives a price for commodities that meet the cost-of-production. For now, we must keep the agricultural producer afloat. An assistance measure which will provide them a means to stay in business at a profitable level is the only way to do that this year.

Mr. McCAIN. Mr. President, as I travel around the country, I see the devastation caused by the ongoing drought in many sections of the country. Crops are stunted and dying, fields are dusty, streams and lakes are drying up. Many farmers are still reeling from the effects of last year's Asian economic crisis. Clearly, some form of assistance is needed to prevent the demise of more of America's family farms, and I support efforts to provide needed government aid to farmers and their families.

Both pending proposals specify that aid to farmers is to be considered emergency spending, which is not counted against the budget caps. Mr. President, again, I recognize the dire circumstances that have many Americans in the agriculture industry facing economic ruin. However, already this year, the Senate has approved appropriations bills containing $7.9 billion in wasteful and unnecessary spending. Surely, among these billions of dollars, there are at least a few programs that we could all agree are lower priority than desperately needed aid for America's farmers.

My colleagues should be aware that every dollar spent above the budget caps is a dollar that comes from the budget surplus. This year, the only surplus is in the Social Security accounts, so this farm aid will be paid for by further exacerbating the impending financial crisis in the Social Security Trust Funds. And every dollar that is spent on future emergencies comes from the surplus we just promised last week to return to the American people in the form of tax relief. It is the same surplus that we have to use to shore up Social Security and Medicare, and begin to pay down the national debt.

Unfortunately, though, it seems to be easier to slap on an emergency designation, rather than try to find lower priority spending cuts as offsets.

Once again, Mr. President, Congress is taking its usual opportunistic approach to any disaster or emergency—adding billions of dollars in non-emergency spending and policy proposals to the emergency farm aid proposals.

The competing amendments pending before the Senate contain provisions that provide special, targeted relief to certain sectors of the agricultural community. For example, in addition to the billions of dollars of assistance payments for which all farmers would be eligible:

Both proposals single out peanut producers for special direct payments to partially compensate them for low prices and increasing production costs.

The Republican proposal also provides $50 million to be used to assist fruit and vegetable producers, at the Secretary of Agriculture's discretion.

Both proposals give the Secretary of Agriculture broad authority to provide some kinds of assistance to livestock and dairy producers, the only difference being the amount of money set aside for this unspecified relief. The Democrats set aside $750 million, the Republicans $325 million.

Both proposals set up more restrictive import quotas and new price supports for cotton producers.

Both proposals provide $328 million in direct aid for tobacco farmers.

The Republican proposal also specifically targets $475 million for direct payments to oilseed producers, most of which is to be paid to soybean producers.

The Democrat proposal, which is about $3 billion more expensive than the Republican proposal, expands to address non-agricultural disaster-related requirements, such as wetlands and watershed restoration and conservation, short-term land diversion programs, and flood prevention projects. It also establishes a new $500 million disaster reserve account, in anticipation of future disasters, I assume. But the proposal then adds a number of very narrowly targeted provisions and provisions wholly unrelated to the purposes of aiding economically distressed farmers, including:

—$40 million for salaries and expenses of the Farm Service Agency, apparently to administer $100 million in new loan funds;

—$100 million for rural economic development;

—$50 million for a new revolving loan program for farmer-owned cooperatives;

—$4 million to implement a new mandatory price reporting program for livestock;

—$8 million for a new product labeling system for imported meat;

—$1 million for rapid response teams to enforce the Packers and Stockyards Act; and finally,

—$15 million for a Northeast multispecies fishery.

These provisions have no place in a bill to provide emergency assistance to America's farmers. There is an established process for dealing with spending and policy matters that are not emergencies. It is the normal authorization and appropriations process, where each program or policy can be assessed as part of a merit-based review. Many of the provisions I have listed above may very well be meritorious and deserving of support and funding, but the process we are following here today does not provide an appropriate forum for assessing their relative merit compared to the many other important programs for which non-emergency dollars should be made available. I think even some of the potential recipients of these non-emergency programs would agree that they should be considered in the normal appropriations and authorization processes.

There is one special interest provision of the Republican proposal that I would like to discuss further and that I intend to address directly in an amendment later in the debate. The Republican proposal gives the already heavily subsidized sugar industry one more perk—relief from paying a minuscule assessment of just 25 cents on each 100 pounds of sugar. This tiny tax raised just $37.8 million last year, and was supposed to be the sugar industry's sole contribution to reducing annual budget deficits. Thanks to their successful lobbying, for the next three years, big sugar will not have to pay this assessment if the federal government has a budget surplus. While the assessment was initially imposed to help reduce annual budget deficits, which fortunately have been eliminated as a result of the Balanced Budget Act, what about the $5.6 trillion national debt?

This little bit of targeted tax relief for big sugar comes on top of a $130 million per year government-subsidized loan program for sugar producers, and price supports that cost American consumers over $1.4 billion a year in higher sugar prices at the store. The sponsors of the proposal make no claim that this provision is in any way related to a disaster or drought-related economic crisis in the sugar industry that would merit its inclusion in this emergency farm aid bill. Its inclusion simply adds one more perk to the already broad array of special subsidies for big sugar companies.

I intend to offer an amendment later during the debate on this bill to terminate taxpayer support of the sugar industry. If the Republican farm aid proposal is adopted, as I expect it will be, I will include in my amendment a proposal to strike this newly created perk for big sugar.

Mr. President, I am going to support the more modest Republican proposal, regardless of the outcome of my amendment to eliminate the inequitable and unnecessary sugar subsidies. But I do so only because of the real economic hardship faced by many of our nation's farmers and their families.

I abhor the continuing practice of attaching pork-barrel spending to any and every bill that comes before the Senate, especially when real disasters are cynically exploited to designate pork as emergency spending. This kind of fiscal irresponsibility undermines the balanced budget and hinders debt reduction efforts, exacerbates the need to preserve and protect Social Security and Medicare, and threatens efforts to provide meaningful tax relief to American families.

Once again, I can only hope that the final farm aid proposal will be targeted only at those in need—America's farmers. I urge the conferees on this legislation to eliminate the provisions that solely benefit special interests who have once again managed to turn needed emergency relief into opportunism. I also urge the conferees to seek offsets for the additional spending in this bill, to avoid again dipping into the Social Security surplus and putting our balanced budget at risk.

Mr. LOTT. Mr. President, for the information of all Senators, there will be no further votes this evening. The discussion regarding the dairy issue will occur from 9 a.m. until 9:40 a.m. on Wednesday, with the cloture vote occurring at approximately 9:45 a.m.

Assuming cloture is not invoked on Wednesday morning, I anticipate the Senate will resume consideration of the pending Ashcroft amendment, which is an amendment to the disaster amendment by Senators HARKIN and DASCHLE.

Also, if an opportunity does present itself, I understand that there will be another disaster-related amendment by Senator ROBERTS and Senator SANTORUM. Of course, that will be in line behind the other amendments because of procedure. But at the appropriate time there is a plan by those two Senators, and others, to offer another amendment.

MORNING BUSINESS

Mr. LOTT. Having said that, I now ask unanimous consent that there be a period of morning business with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. I yield the floor, Mr. President.

Mr. ASHCROFT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRAHAM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. GRAHAM. Mr. President, I ask that Mr. Sean McCluskie, Mr. Adam Foslid, and Ms. Brooke Russ of my office be granted the privilege of the floor for the duration of the Agriculture appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 2:30 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bills, with amendment, in which it requests the concurrence of the Senate:

S. 606. An act for the relief of Global Exploration and Development Corporation, Kerr-McGee Corporation, and Kerr-McGee Chemical, LLC (successor to Kerr-McGee Chemical Corporation), and for other purposes.

S. 1257. An act to amend statutory damages provisions of title 17, United States Code.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 211. An act to designate the Federal building and United States courthouse located at West 920 Riverside Avenue in Spokane, Washington, as the "Thomas S. Foley Federal Building and United States Courthouse," and the plaza at the south entrance of such building and courthouse as the "Walter F. Horan Plaza."

H.R. 695. An act to direct the Secretary of Agriculture and the Secretary of the Interior to convey an administrative site in San Juan County, New Mexico, to San Juan College.

H.R. 747. An act to protect the permanent trust funds of the State of Arizona from erosion due to inflation and modify the basis on which distributions are made from those funds.

H.R. 1094. An act to amend the Federal Reserve Act to broaden the range of discount window loans which may be used as collateral for Federal reserve notes.

H.R. 1104. An act to authorize the Secretary of the Interior to transfer administrative jurisdiction over land within the boundaries of the Home of Franklin D. Roosevelt National Historic Site to the Archivist of the United States for the construction of a visitor center.

H.R. 1152. An act to amend the Foreign Assistance Act of 1961 to target assistance to support the economic and political independence of the countries of the South Caucasus and Central Asia.

H.R. 1219. An act to amend the Office of Federal Procurement Policy Act and the Miller Act, relating to payment protections for persons providing labor and materials for Federal construction projects.

H.R. 1442. An act to amend the Federal Property and Administrative Services Act of 1949 to continue and extend authority for transfers to State and local governments of certain property for law enforcement, public safety, and emergency response purposes.

H.R. 2454. An act to assure the long-term conservation of mid-continent light geese and the biological diversity of the ecosystem upon which many North American migratory birds depend, by directing the Secretary of the Interior to implement rules to reduce the overabundant population of mid-continent light geese.

H.R. 2614. An act to amend the Small Business Investment Act to make improvements to the certified development company program, and for other purposes.

H.R. 2615. An act to amend the Small Business Act to make improvements to the general business loan program, and for other purposes.

The message further announced that the House disagrees to the amendment of the Senate to the bill (H.R. 2488) to provide for reconciliation pursuant to sections 105 and 211 of the concurrent resolution on the budget for fiscal year 2000, and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints the following members as managers of the conference on the part of the House:

For consideration of the House bill, and the Senate amendment, and modifications committed to conference: Mr. ARCHER, Mr. ARMEY, Mr. CRANE, Mr. THOMAS, Mr. RANGEL, and Mr. STARK.

As additional conferees for consideration of sections 313, 315–16, 318, 325, 335, 338, 341–42, 344–45, 351, 362–63, 365, 369, 371, 381, 1261, 1305, and 1406 of the Senate amendment, and modifications committed to conference: Mr. GOODLING, Mr. BOEHNER, and Mr. CLAY.

The message also announced that pursuant to the provisions of section 591(a)(2) of the Foreign Operation, Export Financing, and Related Programs Appropriations Act, 1999 (112 Stat. 2681–210) the Minority Leader appoints the following individuals to the National Commission on Terrorism: Ms. Juliette N. Kayyem of Cambridge, Massachusetts.

ENROLLED BILL SIGNED

At 4:05 p.m., a message from the House of Representatives, delivered by Mr. Hanrahan, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

S. 880. An act to amend the Clean Air Act to remove flammable fuels from the list of substances with respect to which reporting and other activities are required under the risk management plan program, and for other purposes.

The enrolled bill was signed subsequently by the President pro tempore (Mr. THURMOND).

At 6:20 p.m., a message from the House of Representatives, delivered by Mr. Hanrahan, one of its reading clerks, announced that the House disagrees to the amendment of the Senate to the bill (H.R. 2587) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints the following members as managers of the conference on the part of the House:'

Mr. ISTOOK, Mr. CUNNINGHAM, Mr. TIAHRT, Mr. ADERHOLT, Mrs. EMERSON, Mr. SUNUNU, Mr. YOUNG of Florida, Mr. MORAN of Virginia, Mr. DIXON, Mr. MOLLOHAN, and Mr. OBEY.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 1094. An act to amend the Federal Reserve Act to broaden the range of discount window loans which may be used as collateral for Federal reserve notes; to the Committee on Banking, Housing, and Urban Affairs.

H.R. 1442. An act to amend the Federal Property and Administrative Services Act of 1949 to continue and extend authority for transfers to State and local governments of certain property for law enforcement, public safety, and emergency response purposes; to the Committee on Governmental Affairs.

H.R. 2454. An act to assure the long-term conservation of mid-continent light geese and the biological diversity of the ecosystem upon which many North American migratory birds depend, by directing the Secretary of the Interior to implement rules to reduce the overabundant population of mid-continent light geese; to the Committee on Environment and Public Works.

H.R. 2614. An act to amend the Small Business Investment Act to make improvements to the certified development company program, and for other purposes; to the Committee on Small Business.

H.R. 2615. an act to amend the Small Business Act to make improvements to the general business loan program, and for other purposes; to the Committee on Small Business.

MEASURES PLACED ON THE CALENDAR

The following bills were read twice and placed on the calendar:

H.R. 211. An act to designate the Federal building and United States courthouse located at West 920 Riverside Avenue in Spokane, Washington, as the "Thomas S. Foley Federal Building and United States Courthouse", and the plaza at the south entrance of such building and courthouse as the "Walter F. Horan Plaza".

H.R. 695. An act to direct the Secretary of Agriculture and the Secretary of the Interior to convey an administrative site in San Juan County, New Mexico, to San Juan College.

H.R. 747. An act to protect the permanent trust funds of the State of Arizona from erosion due to inflation and modify the basis on which distributions are made from those funds.

H.R. 1104. An act to authorize the Secretary of the Interior to transfer administrative jurisdiction over land within the boundaries of the Home of Franklin D. Roosevelt National Historic Site to the Archivist of the United States for the construction of a visitor center.

H.R. 1152. An act to amend the Foreign Assistance Act of 1961 to target assistance to support the economic and political independence of the countries of the South Caucasus and Central Asia.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment:

S. 1329. A bill to direct the Secretary of the Interior to convey certain land to Nye County, Nevada, and for other purposes (Rept. No. 106–133).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, without amendment:

S. 1330. A bill to give the city of Mesquite, Nevada, the right to purchase at fair market value certain parcels of public land in the city (Rept. No. 106–134).

EXECUTIVE REPORTS OF COMMITTEE

The following executive reports of committees were submitted:

By Mr. THOMPSON, for the Committee on Governmental Affairs: Earl E. Devaney, of Massachusetts, to be Inspector General, Department of the Interior.

(The above nominations were reported with the recommendation that they be confirmed.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. REED (for himself, Mr. DODD, Mr. KENNEDY, Mrs. FEINSTEIN, Mr. INOUYE, and Mrs. MURRAY):

S. 1475. A bill to amend the Child Care and Development Block Grant Act of 1990 to provide incentive grants to improve the quality of child care; to the Committee on Health, Education, Labor, and Pensions.

By Mr. MURKOWSKI (for himself, Mr. STEVENS, Mr. INOUYE, and Mr. AKAKA):

S. 1476. A bill to amend title XVIII of the Social Security Act to provide an increase in payments for physician services provided in health professional shortage areas in Alaska and Hawaii; to the Committee on Finance.

By Mr. ROBB:

S. 1477. A bill to reduce traffic congestion, promote economic development, and improve the quality of life in the metropolitan Washington region; to the Committee on Environment and Public Works.

By Mr. DASCHLE (for himself, Mr. MCCAIN, and Mr. INOUYE):

S. 1478. A bill to amend part E of title IV of the Social Security Act to provide equitable access for foster care and adoption services for Indian children in tribal areas; to the Committee on Finance.

By Mr. GREGG (for himself, Mr. LOTT, Ms. COLLINS, Mr. BROWNBACK, Mr.

HAGEL, Mr. COVERDELL, Mr. GORTON, Mr. VOINOVICH, Mr. MACK, and Mr. SESSIONS):

S. 1479. A bill to amend the Elementary and Secondary Education Act of 1965 to empower teachers, improve student achievement through high-quality professional development for teachers, reauthorize the Reading Excellence Act, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. REED (for himself, Mr. DODD, Mr. KENNEDY, Mrs. FEINSTEIN, Mr. INOUYE, and Mrs. MURRAY):

S. 1475. A bill to amend the Child Care and Development Block Grant Act of 1990 to provide incentive grants to improve the quality of child care; to the Committee on Health, Education, Labor, and Pensions.

CHILD CARE QUALITY INCENTIVE ACT OF 1999

Mr. REED. Mr. President, I rise to talk about a crisis that is affecting the families of this country. That crisis is the child care system, the ability to obtain safe, affordable, high-quality child care.

Today there are an estimated 13 million children, 6 million of them infants and toddlers, who require some form of day care. For working families, the price of this day care is exceedingly difficult to meet each and every day.

Full-day child care ranges from $4,000 to $10,000 a year. For some low-income families, that represents 25 percent of their income.

This is a huge obligation. We have, I fear and believe, the responsibility to ensure that we can help these families meet this obligation to protect their children. Not only is this necessary simply for the custodial protection and care of children, it is necessary for their enhancement, their advancement, for their intellectual development.

We have discovered over the last several years, because of all the research that is being done at the National Institutes of Health, and other places, the crucial role of the early development of children in their ultimate intellectual and social development as adults.

We know if we have good, nurturing care in the early days of life, this care will lead to better cognitive performance later on. It will increase classroom success. It will lead to more fully developed individuals who can cope with the challenges of this next century that is just upon us.

So our investment in child care is not simply something that is altruistic—something we want to do because it is for the kids and for working families—it is in the best interests of this country in order to provide for the citizens of this country of the next century.

We know also, as we look around, that one of the problems in child care, I say to Senators, is that because of the low reimbursement rates that the child care centers receive from the States, that they are not able to retain good employees and that they are not able to train the employees they can retain—particularly in this booming economy we see today.

So what you have in so many child care centers is a situation where they cannot retain their employees, they cannot attract the very best employees, they do not have the resources to fully develop the potential for these employees, and as a result, ultimately, children suffer.

In fact, there have been numerous studies. The one that I found most disturbing is one where four States were studied in the United States, and it was found that in those States only one out of seven child care centers provided care that promoted the healthy development of the child. Even more shocking, one in eight of these child care centers actually provided care that threatened the health of the child. We have to do something about it.

Prior to welfare reform, there was a law on the books that said the State, when they were subsidizing day care for low-income parents, had to at least try to achieve the 75th percentile in terms of their reimbursement rate. What that means is that they had to have a reimbursement rate that could at least meet the cost of 75 out of 100 of the centers in their particular State. That has gone by the wayside. But in order to keep quality in our child care system, we have to get to reimbursement rates that will, in fact, provide the resources for child care centers to have quality, enhancing care to benefit the children of this country.

What has also been abandoned in the last several years is even the attempt by the States to go ahead and do surveys of the market so they know what it costs different child care centers to provide care and know what it costs for the parents to send their children to day-care centers. Having abandoned these market surveys, essentially there is no connection between their subsidy rate and, in fact, the cost of day care. So working families who receive these subsidies—and there are more and more families who are receiving subsidies as we move welfare recipients to work—have no correlation between what they are getting and essentially what the cost of child care is in the real world.

What I have done, along with some of my colleagues, is introduce legislation that would, in fact, give the States an incentive, first to do their market surveys, to find out the cost of day care in their communities, and then to strive to meet those market rates.

I have been very pleased to be joined by Senators CHRIS DODD and TED KENNEDY, who are leaders in the field of improving child care in this country, together with Senators FEINSTEIN, INOUYE, and MURRAY in introducing the Child Care Quality Incentive Act. Essentially, this legislation would establish a new mandatory pool of funding, $300 million each year over the next 5 years, as part of the Child Care Development Block Grant Program. This funding would be an incentive for States to first conduct a market survey and then to make significant movement towards raising their subsidy rates to that market rate. In so doing, we can directly contribute to the bottom line of these child care centers. They, in turn, can retain personnel, train their personnel, and create a more enhancing environment for the development of children. This, I think, is a goal we should have.

Increased reimbursement rates also expand the number of choices parents have in finding quality child care.

We will also, I hope, at the same time try to increase the overall scope of the child development block grants. One of the consequences of simply increasing funding for the child care development block grant, is many States will not increase the subsidy they pay for children; they will simply try to enroll more children. This puts centers in a very cruel dilemma because the more children they have at that far-below-market rate the greater the economic pressure on the centers.

The program I am presenting today with my colleagues would do what child care providers have argued must be done, and that is to give them additional resources so they can, in fact, improve the quality of day care—not simply the number of children in day care but the quality of day care. If we do these things we are going to be in a strong position to face the challenges ahead.

One of the greatest challenges for working families is the cost of day care for their children. I have been very pleased to note that this legislation has been endorsed by the USA Child Care, the Children's Defense Fund, Catholic Charities of the United States, the Child Welfare League of America, the YMCA of the United States, the National Association of Child Care Resource and Referral Agencies, the National Head Start Association, the National Child Care Association and a host of other agencies and organizations throughout the country. They recognize, as I do, and as my colleagues who are introducing this legislation do, that we can talk a lot about child care, we can emphasize how important it is to families, we can stress the importance to our economy and to our long-run future in this country, but until we put real resources to work, we will not be able to meet the real needs of families. These needs grow each day.

I urge strong support for this legislation. Again, I thank and commend my colleagues who have joined me in this effort: Senators DODD, KENNEDY, FEINSTEIN, INOUYE, and MURRAY, and encourage others to join us. I believe if we make this investment in quality child care, we will be making one of the most important investments we can make in the future of this country and in the individual future of families throughout the United States.

I thank my colleagues for joining me, and I ask unanimous consent to have printed in the RECORD a copy of the legislation.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1475

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Child Care Quality Incentive Act of 1999".

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress makes the following findings:

(1) Recent research on early brain development reveals that much of a child's growth is determined by early learning and nurturing care. Research also shows that quality early care and education leads to increased cognitive abilities, positive classroom learning behavior, increased likelihood of long-term school success, and greater likelihood of long-term economic and social self-sufficiency.

(2) Each day an estimated 13,000,000 children, including 6,000,000 infants and toddlers, spend some part of their day in child care. However, a study in 4 States found that only 1 in 7 child care centers provide care that promotes healthy development, while 1 in 8 child care centers provide care that threatens the safety and health of children.

(3) Full-day child care can cost $4,000 to $10,000 per year.

(4) Although Federal assistance is available for child care, funding is severely limited. Even with Federal subsidies, many families cannot afford child care. For families with young children and a monthly income under $1,200, the cost of child care typically consumes 25 percent of their income.

(5) Payment (or reimbursement) rates, the maximum the State will reimburse a child care provider for the care of a child who receives a subsidy, are too low to ensure that quality care is accessible to all families.

(6) Low payment rates directly affect the kind of care children get and whether families can find quality child care in their communities. In many instances, low payment rates force child care providers to cut corners in ways that lower the quality of care for children, including reducing number of staff, eliminating staff training opportunities, and cutting enriching educational activities and services.

(7) Children in low quality child care are more likely to have delayed reading and language skills, and display more aggression toward other children and adults.

(8) Increased payment rates lead to higher quality child care as child care providers are able to attract and retain qualified staff, provide salary increases and professional training, maintain a safe and healthy environment, and purchase basic supplies and developmentally appropriate educational materials.

(b) PURPOSE.—The purpose of this Act is to improve the quality of, and access to, child care by increasing child care payment rates.

SEC. 3. INCENTIVE GRANTS TO IMPROVE THE QUALITY OF CHILD CARE.

(a) FUNDING.—Section 658B of the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858) is amended—

(1) by striking "There" and inserting the following:

"(a) AUTHORIZATION OF APPROPRIATIONS.—There"; and

(2) by adding at the end the following:

"(b) APPROPRIATION OF FUNDS FOR GRANTS TO IMPROVE THE QUALITY OF CHILD CARE.—Out of any funds in the Treasury that are not otherwise appropriated, there are authorized to be appropriated and there are appropriated, for each of fiscal years 2000 through 2004, $300,000,000 for the purpose of making grants under section 658H.".

(b) GRANTS TO IMPROVE THE QUALITY OF CHILD CARE.—The Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858 et seq.) is amended by inserting after section 658G the following:

"SEC. 658H. GRANTS TO IMPROVE THE QUALITY OF CHILD CARE.

"(a) AUTHORITY.—

"(1) IN GENERAL.—The Secretary shall use the amount appropriated under section 658B(b) for a fiscal year to make grants to eligible States in accordance with this section.

"(2) ANNUAL PAYMENTS.—The Secretary shall make annual payments to each eligible State out of the allotment for that State determined under subsection (c).

"(b) ELIGIBLE STATES.—

"(1) IN GENERAL.—In this section, the term 'eligible States' means a State that—

"(A) has conducted a survey of the market rates for child care services in the State within the 2 years preceding the date of the submission of an application under paragraph (2); and

"(B) submits an application in accordance with paragraph (2).

"(2) APPLICATION.—

"(A) IN GENERAL.—To be eligible to receive a grant under this section, a State shall submit an application to the Secretary at such time, in such manner, and accompanied by such information, in addition to the information required under subparagraph (B), as the Secretary may require.

"(B) INFORMATION REQUIRED.—Each application submitted for a grant under this section shall—

"(i) detail the methodology and results of the State market rates survey conducted pursuant to paragraph (1)(A);

"(ii) describe the State's plan to increase payment rates from the initial baseline determined under clause (i); and

"(iii) describe how the State will increase payment rates in accordance with the market survey findings.

"(3) CONTINUING ELIGIBILITY REQUIREMENT.—The Secretary may make an annual payment under this section to an eligible State only if—

"(A) the Secretary determines that the State has made progress, through the activities assisted under this subchapter, in maintaining increased payment rates; and

"(B) at least once every 2 years, the State conducts an update of the survey described in paragraph (1)(A).

"(4) REQUIREMENT OF MATCHING FUNDS.—

"(A) IN GENERAL.—To be eligible to receive a grant under this section, the State shall agree to make available State contributions from State sources toward the costs of the activities to be carried out by a State pursuant to subsection (d) in an amount that is not less than 25 percent of such costs.

"(B) DETERMINATION OF STATE CONTRIBUTIONS.—State contributions shall be in cash. Amounts provided by the Federal Government may not be included in determining the amount of such State contributions.

"(c) ALLOTMENTS TO ELIGIBLE STATES.—The amount appropriated under section 658B(b) for a fiscal year shall be allotted among the eligible States in the same manner as amounts are allotted under section 658O(b).

"(d) USE OF FUNDS.—

"(1) PRIORITY USE.—An eligible State that receives a grant under this section shall use the funds received to significantly increase the payment rate for the provision of child care assistance in accordance with this subchapter up to the 100th percentile of the market rate survey described in subsection (b)(1)(A).

"(2) ADDITIONAL USES.—An eligible State that demonstrates to the Secretary that the State has achieved a payment rate of the 100th percentile of the market rate survey described in subsection (b)(1)(A) may use funds received under a grant made under this section for any other activity that the State demonstrates to the Secretary will enhance the quality of child care services provided in the State.

"(3) PAYMENT RATE.—In this section, the term 'payment rate' means the rate of reimbursement to providers for subsidized child care.

"(4) SUPPLEMENT NOT SUPPLANT.—Amounts paid to a State under this section shall be used to supplement and not supplant other Federal, State, or local funds provided to the State under this subchapter or any other provision of law.

"(e) EVALUATIONS AND REPORTS.—

"(1) STATE EVALUATIONS.—Each eligible State shall submit to the Secretary, at such time and in such form and manner as the Secretary may require, information regarding the State's efforts to increase payment rates and the impact increased rates are having on the quality of, and accessibility to, child care in the State.

"(2) REPORTS TO CONGRESS.—The Secretary shall submit biennial reports to Congress on the information described in paragraph (1). Such reports shall include data from the applications submitted under subsection (b)(2) as a baseline for determining the progress of each eligible State in maintaining increased payment rates.".

By Mr. MURKOWSKI (for himself, Mr. STEVENS, Mr. INOUYE, and Mr. AKAKA):

S. 1476. A bill to amend title XVIII of the Social Security Act to provide an increase in payments for physician services provided in health professional shortage areas in Alaska and Hawaii; to the Committee on Finance.

HEALTH PROFESSIONAL SHORTAGE IN ALASKA AND HAWAII

Mr. MURKOWSKI: Mr. President, I rise today to introduce legislation cosponsored by my colleagues Senator STEVENS, Senator AKAKA, and Senator INOUYE which will help to alleviate some of the financial hardships that currently face physicians who practice in remote areas of Alaska and Hawaii.

Access to health care is the overriding problem for Alaska's elderly. Almost weekly, I receive letters from seniors in Alaska who tell me that their doctor is no longer willing to accept Medicare patients. Why? Because doctors in rural areas lose money on Medicare patients.

In a 1987 report to Congress, the Physician Payment Review Commission recognized that low Medicare payments in rural areas affect physicians' willingness to see Medicare beneficiaries. In response, Congress provided a 10 percent bonus payment for all physician services provided in rural areas with the greatest degree of physician shortages. Unfortunately, reimbursement rates continue to be inadequate in Alaska and Hawaii where physicians must contend with extreme remoteness and high transportation costs. Alaska is currently 70 percent medically underserved.

The legislation which I am introducing today will increase the bonus payment for rural physicians in Alaska and Hawaii to 20 percent. By increasing these payments, physicians in Alaska and Hawaii will be better able to cover the additional costs which accompanies the delivery of health care in remote areas. Furthermore, this legislation will go far in helping Alaska and Hawaii retain current physician staffs and better meet the needs of Alaskan Native and Hawaiian Native communities.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1476

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. INCREASE IN PAYMENTS FOR PHYSICIAN SERVICES PROVIDED IN HEALTH PROFESSIONAL SHORTAGE AREAS IN ALASKA AND HAWAII.

(a) In General.—Section 1833(m) of the Social Security Act (42 U.S.C. 13951(m)) is amended by inserting "(20 percent in such an area in Alaska or Hawaii) after "10 percent".

(b) Effective Date.—The amendment made by subsection (a) shall apply to physician services furnished on or after the date of enactment of this Act.

By Mr. DASCHLE (for himself, Mr. McCain and Mr. Inouye):

S. 1478. A bill to amend part E of title IV of the Social Security Act to provide equitable access for foster care and adoption services for Indian children in tribal areas; to the Committee on Finance.

IMPROVING FOSTER CARE AND ADOPTION SERVICES FOR NATIVE AMERICAN CHILDREN

Mr. DASCHLE. Mr. President, today I am introducing, along with Senator McCain and Senator Inouye, an important bill to correct an inequity in the law affecting many Native American children. Every year, for a variety of often tragic reasons, thousands of children across the country are placed in foster care. To assist with the cost of food, shelter, clothing, daily supervision and school supplies, foster parents of children who have come to them through state agency placements receive money through Title IV–E of the Social Security Act. Additionally, States receive funds for administrative training and data collection to support this program. Unfortunately, because of a legislative oversight, many income-eligible Native American children placed in foster care by tribal agencies do not receive foster care and adoptive services to which all other income-eligible children are entitled.

Not only are otherwise eligible Native children denied foster care maintenance payments, but this inequity also extends to children adopted through tribal placements. Currently, the IV–E program offers sporadic assistance for expenses associated with adoption and no assistance for training professional staff or parents involved in the adoption absent a tribal-state agreement.

In many instances, these children face insurmountable odds. Many come from abusive homes. Foster parents who open their doors to care for these special children deserve our help. These generous people who are willing to take these children into their homes shouldn't have sleepless nights worrying about whether they have the resources to provide nourishing food or a warm coat, or even adequate shelter for these children. This legislation will go a long way to ease their concerns.

Currently, some tribes and states have entered into IV–E agreements, but these arrangements are the exception. They also, by and large, do not include funds to train tribal social workers and other program administrators. This bill would authorize tribes to operate IV–E programs in the same manner as states. Upon approval of a tribal plan by HHS, the tribe would be able to provide services to income-eligible children under its custody. The bill would also allow children in tribal custody to receive foster care payments where a tribe chooses not to operate the entire program if adequate arrangements are made between the tribe and the state for provision of child welfare services and protections required by Title IV–E.

The bill we are introducing today would:

Authorize reimbursement of Title IV–E entitlement programs for tribal placements in foster and adoptive homes;

Authorize tribal governments to receive direct funding from the Department of Health and Human Services for training and administration of IV–E programs (tribes must have HHS-approved programs);

Allow the Secretary flexibility to modify the requirements of the IV–E law for tribes if those requirements are not in the best interest of Native children and if the tribal plans include alternative provisions that would achieve the purpose of the requirement that is altered or waived; and

Allow continuation of tribal-state IV–E agreements.

In a 1994 report, HHS found that the best way to serve this underfunded group is to provide direct assistance to tribal governments and qualified tribal families. This bill would not reduce the entitlement funding for states, as they would continue to be reimbursed for their expenses under the law. I strongly believe Congress should address this oversight and provide equitable benefits to Native American children under the jurisdiction of their tribal governments, and I hope my colleagues will join me in supporting this bill.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1478

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AUTHORITY OF INDIAN TRIBES TO RECEIVE FEDERAL FUNDS FOR FOSTER CARE AND ADOPTION ASSISTANCE.

(a) Children Placed in Tribal Custody Eligible for Foster Care Funding.—Section 472(a)(2) of the Social Security Act (42 U.S.C. 672(a)(2)) is amended—

(1) by striking "or (B)" and inserting "(B)"; and

(2) by inserting before the semicolon the following: ", or (C) an Indian tribe as defined in section 479B(b)(5), in the case of an Indian child (as defined in section 4(4) of the Indian Child Welfare Act of 1978 (25 U.S.C. 1903(4))) if the tribe is not operating a program pursuant to section 479B and (i) has an agreement with a State pursuant to section 479B(b)(3) or (ii) submits to the Secretary a description of the arrangements, jointly developed or in consultation with the State, made for the payment of funds and the provision of the child welfare services and protections required by this title".

(b) Programs Operated By Indian Tribal Organizations.—Part E of title IV of the Social Security Act (42 U.S.C. 670 et seq.) is amended by adding at the end the following:

"PROGRAMS OPERATED BY INDIAN TRIBAL ORGANIZATIONS

"Sec. 479B. (a) Except as provided in subsection (b), this part shall apply to an Indian Tribe that chooses to operate a program under this part in the same manner as this part applies to a State.

"(b)(1) In the case of an Indian tribe submitting a plan for approval under section 471, the plan shall—

"(A) in lieu of the requirement of section 471(a)(3), identify the service area or areas and population to be served by the Indian tribe; and

"(B) in lieu of the requirement of section 471(a)(10), provide for the approval of foster homes pursuant to tribal standards and in a manner that ensures the safety of, and accountability for, children placed in foster care.

"(2)(A)(i) For purposes of determining the Federal medical assistance percentage applicable to an Indian tribe under paragraphs (1) and (2) of section 474(a), the calculation of an Indian tribe's per capita income shall be based upon the service population of the Indian tribe as defined in its plan.

"(ii) An Indian tribe may submit to the Secretary such information as the tribe considers may be relevant to making the calculation of the per capita income of the tribe, and the Secretary shall consider such information before making the calculation.

"(B) The Secretary shall, by regulation, determine the proportions to be paid to Indian tribes pursuant to section 474(a)(3), except that in no case shall an Indian tribe receive a lesser proportion than specified for States in that section.

"(C) An Indian tribe may use Federal or State funds to match payments for which the Indian tribe is eligible under section 474.

"(3) An Indian tribe and a State may enter into a cooperative agreement for the administration or payment of funds pursuant to this part. Any such agreement that is in effect as of the date of the enactment of this section shall remain in full force and effect subject to the right of either party to revoke or modify the agreement pursuant to its terms.

"(4) The Secretary may prescribe regulations that alter or waive any requirement under this part with respect to an Indian tribe or tribes if the Secretary, after consulting with the tribe or tribes—

"(A) determines that the strict enforcement of the requirement would not advance the best interests and the safety of children served by the Indian tribe or tribes; and

"(B) provides in the regulations that tribal plans include alternative provisions that would achieve the purposes of the requirement that is to be altered or waived.

"(5) For purposes of this section, the term 'Indian tribe' means any Indian tribe, band, nation, or organized group or community of Indians, including any Alaska Native village, that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

"(6) Nothing in this section shall preclude the development and submission of a single plan under section 471 that meets the requirements of this section by the participating Indian tribes of an intertribal consortium.".

(c) EFFECTIVE DATE.—The amendments made by this Act take effect on the date of enactment of this Act.

Mr. MCCAIN. Mr. President, I am pleased to co-sponsor legislation with my colleagues, Senators DASCHLE and INOUYE, to amend the Social Security Act and extend eligibility for Indian tribes to fully implement, like states, the Title IV–E Foster Care and Adoption Assistance Act. This important legislation will finally allow Indian children living in tribal areas to have the same access to services of the Title IV–E Foster Care and Adoption Assistance Program enjoyed by other children nationwide.

The purpose of the Title IV–E program is to ensure that children receive adequate care when placed in foster care and adoption programs. The Title IV–E program operates as an open-ended entitlement program for eligible state governments with approved plans. State governments receive funding for foster care maintenance payments to cover food, shelter, clothing, school supplies, and liability insurance for income-eligible children placed in foster homes by state courts, and for related administrative and training costs.

While Congress intended that the Title IV–E program should benefit all eligible children, Indian children who are under the jurisdiction of their tribal court are not eligible. When enacted, the Title IV–E law did not properly consider that Indian tribal governments retain sole jurisdiction over the domestic affairs of their own tribal members, particularly Indian children.

State administrators have attempted to meet the intended goals of these programs by extending their efforts to Indian country. However, administrative and jurisdictional hurdles make it nearly impossible to provide these services. As a result, Indian children in need of foster care and child support are not accorded the same level of service as other children nationwide. Tribal governments, who are legally responsible for Indian children in foster care, are not entitled to federal reimbursement for children placed in foster care by a tribal court, unless the tribe, as a public agency, enters into a cooperative agreement with the state.

A cooperative agreement may not sound all that difficult, but in reality, such an agreement can prove impossible. Rather than providing incentives, current law more often discourages states from entering into agreements with tribes. For example, a state is accountable for tribal compliance with Title IV–E requirements. If a tribe cannot fulfill a matching requirement, the state must assume the costs on behalf of the tribe in order to retain federal funds. It is entirely possible that states could lose their Title IV–E funds if tribal records were out of compliance.

State-tribal relations are not always productive, particularly when disputes arise over issues unrelated to child welfare. Providing this direct eligibility for tribal governments, with the same accountability and enforcement requirements, will resolve such problems. State agencies have indicated that direct participation by the tribes would help address an overburden of casework and preclude tension over jurisdictional issues.

I want to make clear that enactment of this legislation will in no way supplant or discourage State-tribal agreements. Existing agreements will be honored, while allowing Indian tribes to directly access needed resources for further protection for income-eligible Indian children.

I also want to comment briefly on efforts made by the Administration to implement a limited pilot program to provide direct authority to tribes to administer the Title IV–E and Title IV–B programs. The 1997 Adoption and Safe Families Act authorized up to ten demonstration programs. Five demonstration programs have been approved by the Administration to meet the needs of Indian children. I applaud the initiative, but this limited approval will not extend to any other tribe who may choose to administer their own programs and the needs of many Indian children will still be unmet. I sincerely hope the Administration would seek to include five more tribes as participants in the demonstration program.

We sought to include similar eligibility provisions in the 1996 Personal Responsibility and Work Opportunity Act, but were unsuccessful in finding the necessary off-sets to pay for this program.

The Congressional Budget Office (CBO) estimates that this legislation would cost $236 million over a five-year period, which generally amounts to less than one percent of total Federal Title IV–E expenditures. While this legislation does not currently include any identified off-sets to pay for adding tribal eligibility for this entitlement program, I have assurances from Senators DASCHLE and INOUYE that the inclusion of off-sets, prior to final passage, will in no way affect the Social Security Trust Fund or increase the federal debt. We have pledged to work together to find necessary and agreeable off-sets for this program.

Mr. President, enactment of this legislation will bring an end to the disparate treatment of eligible Indian children under Title IV–E programs. I urge my colleagues to correct this unfair oversight and make the benefits of the Title IV–E entitlement program available for all children as intended.

By Mr. GREGG (for himself, Mr. LOTT, Ms. COLLINS, Mr. BROWNBACK, Mr. HAGEL, Mr. COVERDELL, Mr. GORTON, Mr. VOINOVICH, Mr. MACK, and Mr. SESSIONS):

S. 1479. A bill a amend the Elementary and Secondary Education Act of 1965 to empower teachers, improve student achievement through high-quality professional development for teachers, reauthorize the Reading Excellence Act, and for other purposes; to the Committee on Health, Education, Labor and Pensions.

TEACHER EMPOWERMENT ACT

• Mr. GREGG. Mr President, today I am joined with my colleagues, Senators LOTT, COLLINS, BROWNBACK, HAGEL, COVERDELL, GORTON, MACK, VOINOVICH and SESSIONS in introducing the Teacher Empowerment Act (TEA). This Act is similar to H.R. 1995 which recently passed the House.

The bill provides a little over $2 billion annually over 5 years by consolidating funds for Title II of ESEA, GOALS 2000 and Classroom Size into one flexible funding stream for the purposes of increasing teacher quality and the number of high quality teachers in our schools.

Over 300 studies have found that the number one contributor to student achievement is a highly qualified teacher. Outside of parental involvement, no other factor has as much impact on determining whether a student will succeed or fail in school. Unfortunately, we know that over 25% of those who enter the teacher workforce are poorly qualified to teach. Furthermore, we know that many teachers who are already in the classroom lack necessary skills or do not possess adequate knowledge of the subject area in which they teach.

Since teacher quality is the most significant determinant to student success and there is a shortage of high quality teachers in our schools, it is readily apparent that we need to focus our efforts on increasing teacher quality. Nothing else will improve our public schools or lead to increased student achievement as much as increasing the number of high quality teachers in our schools.

TEA improves teacher quality by requiring that professional development activities increase teacher knowledge and skills as well as student achievement. TEA builds upon extensive research on what type of professional development activities improve teacher knowledge and skills. First and foremost high quality professional development activities must be directly related to the curriculum and subject area in which the teacher provides instruction. Second, they must be of sufficient intensity and duration to have a positive and lasting impact. TEA only funds those professional activities that meet these requirements and only if the activities are tied to challenging State content and student performance standards.

Not only does TEA improve teacher quality, but it gives school districts the ability to recruit and retain high quality teachers. Many school districts, especially inner city and rural school districts, are unable to either attract or retain high quality teachers. Blanket classroom size reduction proposals, which call for reduced class size at all costs, only exacerbate the situation.

A recent Rand study found that California's classroom size initiative led to more uncredentialed, underqualifed teachers and an increase in teacher aides (rather than teachers) providing direct instruction to students. Inner city schools in Los Angeles actually witnessed a decrease in the number of qualified teachers, as many of those that were qualified left the inner city schools when jobs opened up in more affluent schools.

Clearly, school districts must be given the resources to not only recruit, but also to retain, high quality teachers. TEA does this through a variety of measures. It permits school districts to award differential pay to retain and recruit teachers in high need subject areas, such as math and science. It permits schools to provide signing bonuses to retain their best teachers and reduce the rate of attrition.

It permits school districts to establish incentive programs to attract and hire highly skilled and knowledgeable teachers. It permits schools to recruit individuals who have had careers outside of teaching but whose life experience provides a solid foundation for teaching. And, it permits schools to invest in teacher mentors and master teachers; studies and teacher polls have found that hiring master teachers who mentor new teachers improves both teacher quality and the likelihood that new teachers will stay and thrive at the school.

In addition to promoting high quality professional development programs and to giving school districts the ability to retain, recruit and train high quality teachers, TEA also promotes a number of innovative common sense reforms, such as tenure reform, teacher testing, merit-based performance systems, teacher academies, and alternative certification programs.

TEA also creates Teacher Opportunity Payments (TOPS), payments that would be provided directly to teachers so they can choose their own professional development. Teachers have reported that professional activities selected by the school districts are often not as helpful as those activities they might have selected themselves. Under TOPS, if a group of teachers is not satisfied with the professional opportunities offered by the school district, they could request that the LEA pay for them to attend a professional development program of their choice, provided the program met the professional activity requirements under the Act. This means that science teachers could attend a local university that has a reputation for intensive professional development programs in math and science; programs that they otherwise might not have had the opportunity to attend.

I urge my colleagues to cosponsor TEA. TEA gives States and schools the resources and the flexibility to use those resources to retain, recruit, train and hire highly qualified teachers.

I ask that the bill be printed in the RECORD.

The bill follows:

S. 1479

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Teacher Empowerment Act".

SEC. 2. TEACHER EMPOWERMENT.

(a) IN GENERAL.—Title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6601 et seq.) is amended—

(1) by striking the heading for title II and inserting the following:

"TITLE II—TEACHER QUALITY";

(2) by repealing sections 2001 through 2003; and

(3) by amending part A to read as follows:

"PART A—TEACHER EMPOWERMENT

"SEC. 2001. PURPOSE.

"The purpose of this part is to provide grants to States and local educational agencies, in order to assist their efforts to increase student academic achievement through such strategies as improving teacher quality.

"Subpart 1—Grants to States

"SEC. 2011. FORMULA GRANTS TO STATES.

"(a) IN GENERAL.—In the case of each State that, in accordance with section 2014, submits to the Secretary and obtains approval of an application for a fiscal year, the Secretary shall make a grant for the year to the State for the uses specified in section 2012. The grant shall consist of the allotment determined for the State under subsection (b).

"(b) DETERMINATION OF AMOUNT OF ALLOTMENT.—

"(1) RESERVATION OF FUNDS.—

"(A) IN GENERAL.—From the total amount made available to carry out this subpart for any fiscal year, the Secretary shall reserve—

"(i) ½ of 1 percent for allotments for the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, to be distributed among those outlying areas on the basis of their relative need, as determined by the Secretary in accordance with the purpose of this part; and

"(ii) ½ of 1 percent for the Secretary of the Interior for programs under this part for professional development activities for teachers, other staff, and administrators in schools operated or funded by the Bureau of Indian Affairs.

"(B) LIMITATION.—In reserving an amount for the purposes described in clauses (i) and (ii) of subparagraph (A) for a fiscal year, the Secretary shall not reserve more than the total amount the outlying areas and the schools operated or funded by the Bureau of Indian Affairs received under the authorities described in paragraph (2)(A)(i) for fiscal year 1999.

"(2) STATE ALLOTMENTS.—

"(A) HOLD HARMLESS.—

"(i) IN GENERAL.—Subject to subparagraph (B), from the total amount made available to carry out this subpart for any fiscal year and not reserved under paragraph (1), the Secretary shall allot to each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico an amount equal to the total amount that such State received for fiscal year 1999 under—

"(I) section 2202(b) of this Act (as in effect on the day before the date of enactment of the Teacher Empowerment Act);

"(II) section 307 of the Department of Education Appropriations Act, 1999; and

"(III) section 304(b) of the Goals 2000: Educate America Act (20 U.S.C. 5884(b)).

"(ii) RATABLE REDUCTION.—If the total amount made available to carry out this subpart for any fiscal year and not reserved under paragraph (1) is insufficient to pay the full amounts that all States are eligible to receive under clause (i) for any fiscal year, the Secretary shall ratably reduce such amounts for such fiscal year.

"(B) ALLOTMENT OF ADDITIONAL FUNDS.—

"(i) IN GENERAL.—Subject to clause (ii), for any fiscal year for which the total amount made available to carry out this subpart and not reserved under paragraph (1) exceeds the total amount made available to the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico for fiscal year

1999 under the authorities described in subparagraph (A)(i), the Secretary shall allot to each of those States the sum of—

"(I) an amount that bears the same relationship to 50 percent of the excess amount as the number of individuals age 5 through 17 in the State, as determined by the Secretary on the basis of the most recent satisfactory data, bears to the number of those individuals in all such States, as so determined; and

"(II) an amount that bears the same relationship to 50 percent of the excess amount as the number of individuals age 5 through 17 from families with incomes below the poverty line in the State, as determined by the Secretary on the basis of the most recent satisfactory data, bears to the number of those individuals in all such States, as so determined.

"(ii) Exception.—No State receiving an allotment under clause (i) may receive less than ½ of 1 percent of the total excess amount allotted under clause (i) for a fiscal year.

"(3) Reallotment.—If any State does not apply for an allotment under this subsection for any fiscal year, the Secretary shall reallot such amount to the remaining States in accordance with this subsection.

"SEC. 2012. ALLOCATIONS WITHIN STATES.

"(a) Use of Funds.—Each State receiving a grant under this subpart shall use the funds provided under the grant in accordance with this section to carry out activities for the improvement of teaching and learning.

"(b) Required and Authorized Expenditures.—

"(1) Required expenditures.—The Secretary may make a grant to a State under this subpart only if the State agrees to expend not less than 90 percent of the amount of the funds provided under the grant for the purpose of making subgrants to local educational agencies and eligible partnerships (as defined in section 2021(d)), in accordance with subsection (c).

"(2) Authorized expenditures.—A State that receives a grant under this subpart may expend a portion equal to not more than 10 percent of the amount of the funds provided under the grant for 1 or more of the authorized State activities described in section 2013 or to make grants to eligible partnerships to enable the partnerships to carry out subpart 2 (but not more than 5 percent of such portion may be used for planning and administration related to carrying out such purpose).

"(c) Distribution of Subgrants to Local Educational Agencies and Eligible Partnerships.—

"(1) Allocations to local educational agencies.—

"(A) In general.—Subject to subparagraph (B), a State receiving a grant under this subpart shall distribute a portion equal to 80 percent of the amount described in subsection (b)(1) by allocating to each eligible local educational agency the sum of—

"(i) an amount that bears the same relationship to 50 percent of the portion as the number of individuals enrolled in public and private nonprofit elementary schools and secondary schools in the geographic area served by the agency bears to the number of those individuals in the geographic areas served by all the local educational agencies in the State; and

"(ii) an amount that bears the same relationship to 50 percent of the portion as the number of individuals age 5 through 17 from families with incomes below the poverty line, in the geographic area served by the agency, as determined by the Secretary on the basis of the most recent satisfactory data, bears to the number of those individuals in the geographic areas served by all the local educational agencies in the State, as so determined.

"(B) Alternative formula.—A State may increase the percentage described in subparagraph (A)(ii) (and commensurately decrease the percentage described in subparagraph (A)(i)).

"(C) Use of funds.—The State shall make subgrants to local educational agencies from allocations made under this paragraph to enable the agencies to carry out subpart 3.

"(2) Competitive subgrants to local educational agencies and eligible partnerships.—

"(A) Competitive process.—A State receiving a grant under this subpart shall distribute a portion equal to 20 percent of the amount described in subsection (b)(1) through a competitive process.

"(B) Participants.—The competitive process carried out under subparagraph (A) shall be open to local educational agencies and eligible partnerships (as defined in section 2021(d)). In carrying out the process, the State shall give priority to high-need local educational agencies that focus on math, science, or reading professional development programs.

"(C) Subgrants to eligible partnerships.—A State receiving a grant under this subpart shall distribute at least 3 percent of the portion described in subparagraph (A) to the eligible partnerships through the competitive process.

"(D) Use of funds.—In distributing funds under this paragraph, the State shall make subgrants—

"(i) to local educational agencies to enable the agencies to carry out subpart 3; and

"(ii) to the eligible partnerships to enable the partnerships to carry out subpart 2 (but not more than 5 percent of the funds made available to the eligible partnerships through the subgrants may be used for planning and administration related to carrying out such purpose).

"SEC. 2013. STATE USE OF FUNDS.

"(a) Authorized State Activities.—The authorized State activities referred to in section 2012(b)(2) are the following:

"(1) Reforming teacher certification (including recertification) or licensure requirements to ensure that—

"(A) teachers have the necessary teaching skills and academic content knowledge in the academic subjects in which the teachers are assigned to teach;

"(B) the requirements are aligned with the State's challenging State content standards; and

"(C) teachers have the knowledge and skills necessary to help students meet challenging State student performance standards.

"(2) Carrying out programs that—

"(A) include support during the initial teaching experience, such as mentoring programs; and

"(B) establish, expand, or improve alternative routes to State certification of teachers for highly qualified individuals with a baccalaureate degree, including mid-career professionals from other occupations, paraprofessionals, former military personnel, and recent college or university graduates with records of academic distinction who demonstrate the potential to become highly effective teachers.

"(3) Developing and implementing effective mechanisms to assist local educational agencies and schools in effectively recruiting and retaining highly qualified and effective teachers and principals.

"(4) Reforming tenure systems and implementing teacher testing and other procedures to remove expeditiously incompetent and ineffective teachers from the classroom.

"(5) Developing or improving systems of performance measures to evaluate the effectiveness of professional development programs and activities in improving teacher quality, skills, and content knowledge, and increasing student achievement.

"(6) Developing or improving systems to evaluate the impact of teachers on student achievement.

"(7) Providing technical assistance to local educational agencies consistent with this part.

"(8) Funding projects to promote reciprocity of teacher certification or licensure between or among States, except that no reciprocity agreement developed under this paragraph or developed using funds provided under this part may lead to the weakening of any State teaching certification or licensing requirement.

"(9) Developing or assisting local educational agencies or eligible partnerships (as defined in section 2021(d)) in the development and utilization of proven, innovative strategies to deliver intensive professional development programs and activities that are both cost-effective and easily accessible, such as through the use of technology and distance learning.

"(b) Coordination.—A State that receives a grant to carry out this subpart and a grant under section 202 of the Higher Education Act of 1965 (20 U.S.C. 1022) shall coordinate the activities carried out under this section and the activities carried out under that section 202.

"(c) Public Accountability.—

"(1) In general.—A State that receives a grant under this subpart—

"(A) in the event the State provides public State report cards on education, shall include in such report cards information on the State's progress with respect to—

"(i) subject to paragraph (2), improving student academic achievement, as defined by the State;

"(ii) closing academic achievement gaps, as defined by the State, between groups described in paragraph (2)(A)(i); and

"(iii) increasing the percentage of classes in core academic subjects that are taught by highly qualified teachers; or

"(B) in the event the State provides no such report card, shall publicly report the information described in subparagraph (A) through other means.

"(2) Disaggregated data.—The information described in clauses (i) and (ii) of paragraph (1)(A) and clauses (i) and (ii) of section 2014(b)(2)(A) shall be—

"(A) disaggregated—

"(i) by minority and non-minority group and by low-income and non-low-income group; and

"(ii) using assessments under section 1111(b)(3); and

"(B) publicly reported in the form of disaggregated data only when such data are statistically sound.

"(3) Public availability.—Such information shall be made widely available to the public, including parents and students, through major print and broadcast media outlets throughout the State.

"SEC. 2014. APPLICATIONS BY STATES.

"(a) In General.—To be eligible to receive a grant under this subpart, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

“(b) Contents.—Each application submitted under this section shall include the following:

“(1) A description of how the State will ensure that a local educational agency receiving a subgrant to carry out subpart 3 will comply with the requirements of such subpart.

“(2)(A) A description of the performance indicators that the State will use to measure the annual progress of the local educational agencies and schools in the State with respect to—

“(i) subject to section 2013(c)(2), improving student academic achievement, as defined by the State;

“(ii) closing academic achievement gaps, as defined by the State, between groups described in section 2013(c)(2)(A)(i); and

“(iii) increasing the percentage of classes in core academic subjects that are taught by highly qualified teachers.

“(B) An assurance that the State will require each local educational agency and school in the State receiving funds under this part to publicly report information on the agency's or school's annual progress, as measured by the performance indicators.

“(3) A description of how the State will hold the local educational agencies and schools accountable for making annual gains toward meeting the performance indicators described in paragraph (2).

“(4)(A) A description of how the State will coordinate professional development activities authorized under this part with professional development activities provided under other Federal, State, and local programs, including those authorized under title I, title III, title IV, part A of title VII, and (where applicable) the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) and the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301 et seq.).

“(B) A description of the comprehensive strategy that the State will use as part of the effort to carry out the coordination, to ensure that teachers are trained in the utilization of technology so that technology and technology applications are effectively used in the classroom to improve teaching and learning in all curriculum areas and academic subjects, as appropriate.

“(5) A description of how the State will encourage the development of proven, innovative strategies to deliver intensive professional development programs that are both cost-effective and easily accessible, such as through the use of technology and distance learning.

“(c) Application Submission.—A State application submitted to the Secretary under this section shall be approved by the Secretary unless the Secretary makes a written determination, within 90 days after receiving the application, that the application is in violation of the provisions of this Act.

“Subpart 2—Subgrants to Eligible Partnerships

“SEC. 2021. PARTNERSHIP GRANTS.

“(a) In General.—From the amount described in section 2012(c)(2)(C), the State agency for higher education, working in conjunction with the State educational agency (if such agencies are separate), shall award subgrants on a competitive basis under section 2012(c) to eligible partnerships to enable such partnerships to carry out activities described in subsection (b). Such subgrants shall be equitably distributed by geographic area within the State.

“(b) Use of Funds.—An eligible partnership that receives funds under section 2012 shall use the funds for—

“(1) professional development activities in core academic subjects to ensure that teachers have content knowledge in the academic subjects that the teachers teach; and

“(2) developing and providing assistance to local educational agencies and the teachers, principals, and administrators of public and private schools served by each such agency, for sustained, high-quality professional development activities that—

“(A) ensure the agencies and individuals are able to use State content standards, performance standards, and assessments to improve instructional practices and improve student achievement; and

“(B) may include intensive programs designed to prepare teachers who will return to a school to provide such instruction to other teachers within such school.

“(c) Special Rule.—No single participant in an eligible partnership may use more than 50 percent of the funds made available to the partnership under section 2012.

“(d) Coordination.—An eligible partnership that receives a grant to carry out this subpart and a grant under section 203 of the Higher Education Act of 1965 (20 U.S.C. 1023) shall coordinate the activities carried out under this section and the activities carried out under that section 203.

“(e) Eligible Partnership.—In this section, the term ‘eligible partnership’ means an entity that—

“(1) shall include—

“(A) a high-need local educational agency;

“(B) a school of arts and sciences; and

“(C) an institution that prepares teachers; and

“(2) may include other local educational agencies, a public charter school, a public or private elementary school or secondary school, an educational service agency, a public or private nonprofit educational organization, or a business.

“Subpart 3—Subgrants to Local Educational Agencies

“SEC. 2031. LOCAL USE OF FUNDS.

“(a) Required Activities.—

“(1) In general.—Each local educational agency that receives a subgrant to carry out this subpart shall use the subgrant to carry out the activities described in this subsection.

“(2) Required professional development activities.—

“(A) Mathematics and science.—

“(i) In general.—Each local educational agency that receives a subgrant to carry out this subpart shall use a portion of the funds made available through the subgrant for professional development activities in mathematics and science in accordance with section 2032.

“(ii) Grandfather of old waivers.—A waiver provided to a local educational agency under part D of title XIV prior to the date of enactment of the Teacher Empowerment Act shall be deemed to be in effect until such time as the waiver otherwise would have ceased to be effective.

“(B) Professional development activities.—Each local educational agency that receives a subgrant to carry out this subpart shall use a portion of the funds made available through the subgrant for professional development activities that give teachers, principals, and administrators the knowledge and skills to provide students with the opportunity to meet challenging State or local content standards and student performance standards. Such activities shall be consistent with section 2032.

“(b) Allowable Activities.—Each local educational agency that receives a subgrant to carry out this subpart may use the funds made available through the subgrant to carry out the following activities:

“(1) Recruiting and hiring certified or licensed teachers, including teachers certified through State and local alternative routes, in order to reduce class size, or hiring special education teachers.

“(2) Initiatives to assist in recruitment of highly qualified teachers who will be assigned teaching positions within their fields, including—

“(A) providing signing bonuses or other financial incentives, such as differential pay, for teachers to teach in academic subjects in which there exists a shortage of such teachers within a school or the area served by the local educational agency;

“(B) establishing programs that—

“(i) recruit professionals from other fields and provide such professionals with alternative routes to teacher certification; and

“(ii) provide increased opportunities for minorities, individuals with disabilities, and other individuals underrepresented in the teaching profession; and

“(C) implementing hiring policies that ensure comprehensive recruitment efforts as a way to expand the applicant pool of teachers, such as identifying teachers certified through alternative routes, and by implementing a system of intensive screening designed to hire the most qualified applicants.

“(3) Initiatives to promote retention of highly qualified teachers and principals, including—

“(A) programs that provide mentoring to newly hired teachers, such as mentoring from master teachers, and to newly hired principals; and

“(B) programs that provide other incentives, including financial incentives, to retain teachers who have a record of success in helping low-achieving students improve their academic success.

“(4) Programs and activities that are designed to improve the quality of the teacher force, such as—

“(A) innovative professional development programs (which may be through partnerships including institutions of higher education), including programs that train teachers to utilize technology to improve teaching and learning, that are consistent with the requirements of section 2032;

“(B) development and utilization of proven, cost-effective strategies for the implementation of professional development activities, such as through the utilization of technology and distance learning;

“(C) professional development programs that provide instruction in how to teach children with different learning styles, particularly children with disabilities and children with special learning needs (including children who are gifted and talented); and

“(D) professional development programs that provide instruction in how best to discipline children in the classroom and identify early and appropriate interventions to help children described in subparagraph (C) to learn.

“(5) Programs and activities related to—

“(A) tenure reform;

“(B) provision of merit pay; and

“(C) testing of elementary school and secondary school teachers in the academic subjects taught by such teachers.

“(6) Activities that provide teacher opportunity payments, consistent with section 2033.

"SEC. 2032. PROFESSIONAL DEVELOPMENT FOR TEACHERS.

"(a) LIMITATION RELATING TO CURRICULUM AND ACADEMIC SUBJECTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), funds made available to carry out this subpart may not be provided for a teacher and a professional development activity if the activity is not—

"(A) directly related to the curriculum and academic subjects in which the teacher provides instruction; or

"(B) designed to enhance the ability of the teacher to understand and use State standards for the academic subjects in which the teacher provides instruction.

"(2) EXCEPTION.—Paragraph (1) shall not be construed to prohibit the use of the funds for professional development activities that provide instruction described in subparagraphs (C) and (D) of section 2031(b)(4).

"(b) OTHER REQUIREMENTS.—Professional development activities provided under this subpart—

"(1) shall be measured, in terms of progress, using the specific performance indicators established by the State involved in accordance with section 2014(b)(2);

"(2) shall be tied to challenging State or local content standards and student performance standards;

"(3) shall be tied to scientifically based research demonstrating the effectiveness of the activities in increasing student achievement or substantially increasing the knowledge and teaching skills of the teachers participating in the activities;

"(4) shall be of sufficient intensity and duration to have a positive and lasting impact on the performance of a teacher in the classroom (which shall not include 1-day or short-term workshops and conferences), except that this paragraph shall not apply to an activity if such activity is 1 component described in a long-term comprehensive professional development plan established by the teacher and the teacher's supervisor based upon an assessment of the needs of the teacher, the students of the teacher, and the local educational agency involved; and

"(5) shall be developed with extensive participation of teachers, principals, and administrators of schools to be served under this part.

"(c) ACCOUNTABILITY AND REQUIRED PAYMENTS.—

"(1) IN GENERAL.—A State shall notify a local educational agency that the agency may be subject to the requirement of paragraph (3) if, after any fiscal year, the State determines that the professional development activities funded by the agency under this subpart fail to meet the requirements of subsections (a) and (b).

"(2) TECHNICAL ASSISTANCE.—A local educational agency that has received notification pursuant to paragraph (1) may request technical assistance from the State in order to provide the opportunity for such local educational agency to comply with the requirements of subsections (a) and (b).

"(3) REQUIREMENT TO PROVIDE TEACHER OPPORTUNITY PAYMENTS.—

"(A) IN GENERAL.—A local educational agency that has received notification from the State pursuant to paragraph (1) during any 2 consecutive fiscal years shall expend under section 2033 for the succeeding fiscal year a proportion of the funds made available to the agency to carry out this subpart equal to the proportion of such funds expended by the agency for professional development activities for the second fiscal year in which the agency received the notification.

"(B) REQUESTS.—On request by a group of teachers in schools served by the local educational agency, the agency shall use a portion of the funds provided to the agency to carry out this subpart, to provide payments in accordance with section 2033.

"(d) DEFINITION.—In this section, the term 'professional development activity' means an activity described in subsection (a)(2) or (b)(4) of section 2031.

"SEC. 2033. TEACHER OPPORTUNITY PAYMENTS.

"(a) IN GENERAL.—A local educational agency receiving funds to carry out this subpart may (or in the case of section 2032(c)(3), shall) provide payments directly to a teacher or a group of teachers seeking opportunities to participate in a professional development activity of their choice.

"(b) NOTICE TO TEACHERS.—Each local educational agency distributing payments under this section—

"(1) shall establish and implement a timely process through which proper notice of availability of the payments will be given to all teachers in schools served by the agency; and

"(2) shall develop a process through which teachers will be specifically recommended by principals to participate in such opportunities by virtue of—

"(A) the teachers' lack of full certification or licensing to teach the academic subjects in which the teachers teach; or

"(B) the teachers' need for additional assistance to ensure that their students make progress toward meeting challenging State content standards and student performance standards.

"(c) SELECTION OF TEACHERS.—In the event adequate funding is not available to provide payments under this section to all teachers seeking such payments, or recommended under subsection (b)(2), a local educational agency shall establish procedures for selecting teachers for the payments, which shall provide priority for those teachers recommended under subsection (b)(2).

"(d) ELIGIBLE ACTIVITY.—A teacher receiving a payment under this section shall have the choice of attending any professional development activity that meets the criteria set forth in subsections (a) and (b) of section 2032.

"SEC. 2034. LOCAL APPLICATIONS.

"(a) IN GENERAL.—A local educational agency seeking to receive a subgrant from a State to carry out this subpart shall submit an application to the State—

"(1) at such time as the State shall require; and

"(2) that is coordinated with other programs carried out under this Act (other than programs carried out under this subpart).

"(b) LOCAL APPLICATION CONTENTS.—The local application described in subsection (a) shall include, at a minimum, the following:

"(1) A description of how the local educational agency intends to use funds provided to carry out this subpart.

"(2) An assurance that the local educational agency will target funds to schools served by the local educational agency that—

"(A) have the lowest proportions of highly qualified teachers; or

"(B) are identified for school improvement under section 1116(c).

"(3) A description of how the local educational agency will coordinate professional development activities authorized under this subpart with professional development activities provided through other Federal, State, and local programs, including those authorized under title I, title III, title IV, part A of title VII, and (where applicable) the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) and the Carl D. Perkins Vocational and Technical Education Act of 1998 (20 U.S.C. 2301 et seq.).

"(4) A description of how the local educational agency will integrate funds received to carry out this subpart with funds received under title III that are used for professional development to train teachers in how to use technology to improve learning and teaching.

"(5) A description of how the local educational agency has collaborated with teachers, principals, parents, and administrators in the preparation of the application.

"(c) PARENTS' RIGHT-TO-KNOW.—A local educational agency that receives funds to carry out this subpart shall provide, upon request and in an understandable and uniform format, to any parent of a student attending any school receiving funds under this subpart from the agency, information regarding the professional qualifications of the student's classroom teachers, including, at a minimum, whether the teachers are highly qualified.

"Subpart 4—National Activities

"SEC. 2041. ALTERNATIVE ROUTES TO TEACHING.

"(a) TEACHER EXCELLENCE ACADEMIES.—

"(1) IN GENERAL.—The Secretary may award grants on a competitive basis to eligible consortia to carry out activities described in this subsection.

"(2) USE OF FUNDS.—

"(A) IN GENERAL.—An eligible consortium receiving funds under this subsection shall use the funds to pay the costs associated with the establishment or expansion of a teacher academy, in an elementary school or secondary school facility, that carries out—

"(i) the activities promoting alternative routes to State teacher certification specified in subparagraph (B); or

"(ii) the model professional development activities specified in subparagraph (C).

"(B) PROMOTING ALTERNATIVE ROUTES TO TEACHER CERTIFICATION.—The activities promoting alternative routes to State teacher certification specified in this subparagraph are the design and implementation of a course of study and activities providing an alternative route to State teacher certification that—

"(i) provide opportunities to highly qualified individuals with a baccalaureate degree, including mid-career professionals from other occupations, paraprofessionals, former military personnel, and recent college or university graduates with records of academic distinction;

"(ii) provide stipends, for not more than 2 years, to permit individuals described in clause (i) to participate as student teachers able to fill teaching needs in academic subjects in which there is a demonstrated shortage of teachers;

"(iii) provide for the recruitment and hiring of master teachers to mentor and train student teachers within such academies; and

"(iv) include a reasonable service requirement for individuals completing the course of study and alternative certification activities established by the eligible consortium.

"(C) MODEL PROFESSIONAL DEVELOPMENT.—The model professional development activities specified in this subparagraph are activities providing ongoing professional development opportunities for teachers, such as—

"(i) innovative programs and model curricula in the area of professional development, which may serve as models to be disseminated to other schools and local educational agencies; and "(ii) the development of innovative techniques for evaluating the effectiveness of professional development programs.

"(3) GRANT FOR SPECIAL CONSORTIUM.—In making grants under this subsection, the Secretary shall award not less than 1 grant to an eligible consortium that—

"(A) includes a high-need local educational agency located in a rural area; and

"(B) proposes activities that involve the extensive use of distance learning in order to provide the applicable course work to student teachers.

"(4) SPECIAL RULE.—No single participant in an eligible consortium may use more than 50 percent of the funds made available to the consortium under this subsection.

"(5) APPLICATION.—To be eligible to receive a grant under this subsection, an eligible consortium shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

"(6) ELIGIBLE CONSORTIUM.—In this subsection, the term 'eligible consortium' means a consortium for a State that—

"(A) shall include—

"(i) the State agency responsible for certifying or licensing teachers;

"(ii) not less than 1 high-need local educational agency;

"(iii) a school of arts and sciences; and

"(iv) an institution that prepares teachers; and

"(B) may include local educational agencies, public charter schools, public or private elementary schools or secondary schools, educational service agencies, public or private nonprofit educational organizations, museums, or businesses.

"(b) TROOPS-TO-TEACHERS PROGRAM.—

"(1) PURPOSE.—The purpose of this subsection is to authorize a mechanism for the funding and administration after September 30, 2000, of the Troops-to-Teachers Program established by the Troops-to-Teachers Program Act of 1999 (subtitle I of title V of the National Defense Authorization Act for Fiscal Year 2000).

"(2) TRANSFER OF FUNDS FOR ADMINISTRATION OF PROGRAM.—Subject to paragraph (3), to the extent that funds are made available under this Act for the Troops-to-Teachers Program, the Secretary of Education shall transfer the funds to the Defense Activity for Non-Traditional Education Support of the Department of Defense. The Defense Activity shall use the funds to perform the actual administration of the Troops-to-Teachers Program, including the selection of participants in the Program under section 594 of the Troops-to-Teachers Program Act of 1999. The Secretary of Education may retain a portion of the funds to identify local educational agencies with teacher shortages and States with alternative certification requirements, as required by section 592 of such Act.

"(3) DEFENSE AND COAST GUARD CONTRIBUTION.—The Secretary of Education may not transfer funds under paragraph (2) unless the Secretary of Defense, and the Secretary of Transportation with respect to the Coast Guard, agree to pay for not less than 25 percent of the costs associated with the activities conducted under the Troops-to-Teachers Program. The contributions may be in cash or in kind, fairly evaluated, including plant, equipment, and services, and may be from private contributions made for purposes of the Program.

"SEC. 2042. EISENHOWER NATIONAL CLEARINGHOUSE FOR MATHEMATICS AND SCIENCE EDUCATION.

"The Secretary may award a grant or contract, in consultation with the Director of the National Science Foundation, to an entity to continue the Eisenhower National Clearinghouse for Mathematics and Science Education.

"Subpart 5—Funding

"SEC. 2051. AUTHORIZATION OF APPROPRIATIONS.

"(a) FISCAL YEAR 2000.—There are authorized to be appropriated to carry out this part $2,060,000,000 for fiscal year 2000, of which $15,000,000 shall be available to carry out subpart 4.

"(b) OTHER FISCAL YEARS.—There are authorized to be appropriated to carry out this part such sums as may be necessary for fiscal years 2001 through 2004.

"Subpart 6—General Provisions

"SEC. 2061. DEFINITIONS.

"In this part:

"(1) ARTS AND SCIENCES.—The term 'arts and sciences' has the meaning given the term in section 201(b) of the Higher Education Act of 1965 (20 U.S.C. 1021(b)).

"(2) HIGHLY QUALIFIED.—The term 'highly qualified' means—

"(A) with respect to an elementary school teacher, a teacher—

"(i) with an academic major in the arts and sciences; or

"(ii) who can demonstrate competence through a high level of performance in core academic subjects; and

"(B) with respect to a secondary school teacher, a teacher—

"(i) with an academic major in the academic subject in which the teacher teaches or in a related field;

"(ii) who can demonstrate a high level of competence through rigorous academic subject tests; or

"(iii) who can demonstrate competence through a high level of performance in relevant content areas.

"(3) HIGH-NEED LOCAL EDUCATIONAL AGENCY.—The term 'high-need local educational agency' means a local educational agency that serves an elementary school or secondary school located in an area in which there is—

"(A) a high percentage of individuals from families with incomes below the poverty line;

"(B) a high percentage of secondary school teachers not teaching in the academic subject in which the teachers were trained to teach; or

"(C) a high teacher turnover rate.

"(4) OUT-OF-FIELD TEACHER.—The term 'out-of-field teacher' means a teacher—

"(A) teaching an academic subject for which the teacher is not highly qualified, as determined by the State involved; or

"(B) who did not receive a degree from an institution of higher education with a major or minor in the field in which the teacher teaches.

"(5) POVERTY LINE.—The term 'poverty line' means the poverty line (as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2))) applicable to a family of the size involved.

"(6) SCIENTIFICALLY BASED RESEARCH.—The term 'scientifically based research'—

"(A) means the application of rigorous, systematic, and objective procedures to obtain valid knowledge relevant to professional development of teachers; and

"(B) includes research that—

"(i) employs systematic, empirical methods that draw on observation or experiment;

"(ii) involves rigorous data analyses that are adequate to test the stated hypotheses and justify the general conclusions drawn;

"(iii) relies on measurements or observational methods that provide valid data across evaluators and observers and across multiple measurements and observations; and

"(iv) has been accepted by a peer-reviewed journal or approved by a panel of independent experts through a comparably rigorous, objective, and scientific review.".

(b) CONFORMING AMENDMENT.—Section 13302(1) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8672(1)) is amended by striking "2102(b)" and inserting "2042".

SEC. 3. AMENDMENTS RELATING TO READING EXCELLENCE ACT.

(a) REPEAL OF PART B.—Part B of title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6641 et seq.) is repealed.

(b) READING EXCELLENCE ACT.—

(1) PART HEADING.—Part C of title II of such Act is redesignated as part B and the heading for such part B is amended to read as follows:

"PART B—READING EXCELLENCE ACT".

(2) AUTHORIZATION OF APPROPRIATIONS.—Section 2260(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6661i(a)) is amended by adding at the end the following:

"(3) FISCAL YEARS 2001 THROUGH 2004.—There are authorized to be appropriated to carry out this part $260,000,000 for fiscal year 2001 and such sums as may be necessary for fiscal years 2002 through 2004.".

(3) SHORT TITLE.—Part B of title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6661) is amended by adding at the end the following:

"SEC. 2261. SHORT TITLE.

"This part may be cited as the 'Reading Excellence Act'.".

SEC. 4. GENERAL PROVISIONS.

(a) IN GENERAL.—Title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6601 et seq.) is amended—

(1) by repealing part D;

(2) by redesignating part E as part C; and

(3) by repealing sections 2401 and 2402 and inserting the following:

"SEC. 2401. PROHIBITION ON MANDATORY NATIONAL CERTIFICATION OR LICENSING OF TEACHERS.

"(a) PROHIBITION ON MANDATORY TESTING, CERTIFICATION, OR LICENSING.—Notwithstanding any other provision of law, the Secretary may not use Federal funds to plan, develop, implement, or administer any mandatory national teacher test or method of certification or licensing.

"(b) PROHIBITION ON WITHHOLDING FUNDS.—The Secretary may not withhold funds from any State or local educational agency if such State or local educational agency fails to adopt a specific method of teacher certification or licensing.

"SEC. 2402. PROVISIONS RELATED TO PRIVATE SCHOOLS.

"The provisions of sections 14503 through 14506 apply to programs carried out under this title.

"SEC. 2403. HOME SCHOOLS.

"Nothing in this title shall be construed to permit, allow, encourage, or authorize any Federal control over any aspect of any private, religious, or home school, whether a home school is treated as a private school or home school under the law of the State involved, except that the Secretary may require that funds provided to a school under this title be used for the purposes described in this title. This section shall not be construed to bar private, religious, or home schools from participating in or receiving programs or services under this title.''.

(b) CONFORMING AMENDMENTS.—

(1) COORDINATION.—Section 1202(c)(2)(C) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6362(c)(2)(C)) is amended, in the subparagraph heading, by striking ''PART C'' and inserting ''PART B''.

(2) DEFINITION OF COVERED PROGRAM.—Section 14101(10)(C) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801(10)(C)) is amended by striking ''(other than section 2103 and part D)''.

(3) PRIVATE SCHOOL PARTICIPATION.—Section 14503(b)(1)(B) (20 U.S.C. 8893(b)(1)(B)) of such Act is amended by striking ''(other than section 2103 and part D of such title)''.●

● Mr. MACK. Mr. President, I rise today to speak on behalf of the Teacher Empowerment Act, which is legislation introduced by my friend and colleague Senator GREGG. I am proud to be an original cosponsor of this legislation, which responds to several critical needs facing American education. In particular, it addresses teacher quality and quantity. It addresses local control of educating our children. It requires accountability to parents and students. In short, it is a plan to ensure that every child in America is prepared for global competition in the 21st Century.

The Teacher Empowerment Act recognizes the expertise of our state and local governments in educating our children. American parents trust their teachers and principals to make appropriate educational decisions for their children. In reality, Washington bureaucrats have called the shots for far too long. The results indicate that in lieu of achievement, we now have reams of paperwork and a myriad of programs to address local problems at the national level. We can and must do better.

The Teacher Empowerment Act puts decision making authority back into the hands of local schools. It encourages states to implement innovative teacher reforms and high quality professional development programs to increase teacher knowledge and student achievement. Local schools would be encouraged to fund innovative programs such as teacher testing—a concept which I have strongly supported and which this body supported last year in a bipartisan vote—as well as tenure reform, merit-based pay, alternative routes to teacher certification, differential and bonus pay for teachers in high need subject areas, teacher mentoring, and in-service teacher academies.

Our children are counting on us to ensure that they receive an education second to none. That starts with exceptional teachers and schools that are able to address the individual needs of its students. This bill returns to local schools the ability and authority to accomplish these goals. I urge my colleagues to support this bill.●

ADDITIONAL COSPONSORS

S. 37

At the request of Mr. GRASSLEY, the name of the Senator from Virginia (Mr. ROBB) was added as a cosponsor of S. 37, a bill to amend title XVIII of the Social Security Act to repeal the restriction on payment for certain hospital discharges to post-acute care imposed by section 4407 of the Balanced Budget Act of 1997.

S. 218

At the request of Mr. MOYNIHAN, the name of the Senator from Texas (Mr. GRAMM) was added as a cosponsor of S. 218, a bill to amend the Harmonized Tariff Schedule of the United States to provide for equitable duty treatment for certain wool used in making suits.

S. 329

At the request of Mr. ROBB, the name of the Senator from Massachusetts (Mr. KERRY) was added as a cosponsor of S. 329, a bill to amend title 38, United States Code, to extend eligibility for hospital care and medical services under chapter 17 of that title to veterans who have been awarded the Purple Heart, and for other purposes.

S. 459

At the request of Mr. BREAUX, the name of the Senator from Ohio (Mr. DEWINE) was added as a cosponsor of S. 459, a bill to amend the Internal Revenue Code of 1986 to increase the State ceiling on private activity bonds.

S. 484

At the request of Mr. CAMPBELL, the names of the Senator from North Dakota (Mr. CONRAD), and the Senator from Washington (Mr. GORTON) were added as cosponsors of S. 484, a bill to provide for the granting of refugee status in the United States to nationals of certain foreign countries in which American Vietnam War POW/MIAs or American Korean War POW/MIAs may be present, if those nationals assist in the return to the United States of those POW/MIAs alive.

S. 556

At the request of Mr. BAUCUS, the name of the Senator from Utah (Mr. HATCH) was added as a cosponsor of S. 556, a bill to amend title 39, United States Code, to establish guidelines for the relocation, closing, consolidation, or construction of post offices, and for other purposes.

S. 620

At the request of Mr. SARBANES, the names of the Senator from Massachusetts (Mr. KERRY), the Senator from New Mexico (Mr. BINGAMAN), and the Senator from Nebraska (Mr. KERREY) were added as cosponsors of S. 620, a bill to grant a Federal charter to Korean War Veterans Association, Incorporated, and for other purposes.

S. 631

At the request of Mr. DEWINE, the name of the Senator from Virginia (Mr. ROBB) was added as a cosponsor of S. 631, a bill to amend the Social Security Act to eliminate the time limitation on benefits for immunosuppressive drugs under the medicare program, to provide continued entitlement for such drugs for certain individuals after medicare benefits end, and to extend certain medicare secondary payer requirements.

S. 659

At the request of Mr. MOYNIHAN, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 659, a bill to amend the Internal Revenue Code of 1986 to require pension plans to provide adequate notice to individuals whose future benefit accruals are being significantly reduced, and for other purposes.

S. 666

At the request of Mr. LUGAR, the name of the Senator from California (Mrs. FEINSTEIN) was added as a cosponsor of S. 666, a bill to authorize a new trade and investment policy for sub-Saharan Africa.

S. 693

At the request of Mr. HELMS, the name of the Senator from Washington (Mr. GORTON) was added as a cosponsor of S. 693, a bill to assist in the enhancement of the security of Taiwan, and for other purposes.

S. 796

At the request of Mr. WELLSTONE, the names of the Senator from Connecticut (Mr. DODD) and the Senator from South Dakota (Mr. JOHNSON) were added as cosponsors of S. 796, a bill to provide for full parity with respect to health insurance coverage for certain severe biologically-based mental illnesses and to prohibit limits on the number of mental illness-related hospital days and outpatient visits that are covered for all mental illnesses.

S. 1022

At the request of Mr. DORGAN, the name of the Senator from Louisiana (Ms. LANDRIEU) was added as a cosponsor of S. 1022, a bill to authorize the appropriation of an additional $1,700,000,000 for fiscal year 2000 for health care for veterans.

S. 1144

At the request of Mr. VOINOVICH, the name of the Senator from Colorado (Mr. ALLARD) was added as a cosponsor of S. 1144, a bill to provide increased flexibility in use of highway funding, and for other purposes.

S. 1187

At the request of Mr. DORGAN, the name of the Senator from Oregon (Mr. WYDEN) was added as a cosponsor of S. 1187, a bill to require the Secretary of the Treasury to mint coins in commemoration of the bicentennial of the Lewis and Clark Expedition, and for other purposes.

S. 1214

At the request of Mr. THOMPSON, the name of the Senator from Maine (Ms.

COLLINS) was added as a cosponsor of S. 1214, a bill to ensure the liberties of the people by promoting federalism, to protect the reserved powers of the States, to impose accountability for Federal preemption of State and local laws, and for other purposes.

S. 1232

At the request of Mr. COCHRAN, the name of the Senator from Virginia (Mr. ROBB) was added as a cosponsor of S. 1232, a bill to provide for the correction of retirement coverage errors under chapters 83 and 84 of title 5, United States Code.

S. 1296

At the request of Mr. HELMS, his name was withdrawn as a cosponsor of S. 1296, a bill to designate portions of the lower Delaware River and associated tributaries as a component of the National Wild and Scenic Rivers System.

S. 1312

At the request of Mr. HOLLINGS, the name of the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 1312, a bill to ensure full and expeditious enforcement of the provisions of the Communications Act of 1934 that seek to bring about competition in local telecommunications markets, and for other purposes.

S. 1317

At the request of Mr. AKAKA, the name of the Senator from Florida (Mr. GRAHAM) was added as a cosponsor of S. 1317, a bill to reauthorize the Welfare-To-Work program to provide additional resources and flexibility to improve the administration of the program.

S. 1334

At the request of Mr. AKAKA, the name of the Senator from Pennsylvania (Mr. SANTORUM) was added as a cosponsor of S. 1334, a bill to amend chapter 63 of title 5, United States Code, to increase the amount of leave time available to a Federal employee in any year in connection with serving as an organ donor, and for other purposes.

S. 1438

At the request of Mr. CAMPBELL, the names of the Senator from North Dakota (Mr. CONRAD) and the Senator from South Carolina (Mr. THURMOND) were added as cosponsors of S. 1438, a bill to establish the National Law Enforcement Museum on Federal land in the District of Columbia.

S. 1440

At the request of Mr. GRAMM, the name of the Senator from Missouri (Mr. ASHCROFT) was added as a cosponsor of S. 1440, a bill to promote economic growth and opportunity by increasing the level of visas available for highly specialized scientists and engineers and by eliminating the earnings penalty on senior citizens who continue to work after reaching retirement age.

S. 1464

At the request of Mr. HAGEL, the name of the Senator from Colorado (Mr. ALLARD) was added as a cosponsor of S. 1464, a bill to amend the Federal Food, Drug, and Cosmetic Act to establish certain requirements regarding the Food Quality Protection Act of 1996, and for other purposes.

SENATE RESOLUTION 95

At the request of Mr. THURMOND, the names of the Senator from Delaware (Mr. ROTH) and the Senator from North Dakota (Mr. DORGAN) were added as cosponsors of Senate Resolution 95, a resolution designating August 16, 1999, as "National Airborne Day."

AMENDMENT NO. 1062

At the request of Mr. JOHNSON the name of the Senator from Montana (Mr. BAUCUS) was added as a cosponsor of amendment No. 1062 intended to be proposed to S. 1233, an original bill making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2000, and for other purposes.

AMENDMENT NO. 1489

At the request of Mr. ENZI the names of the Senator from South Dakota (Mr. DASCHLE) and the Senator from Wyoming (Mr. THOMAS) were added as cosponsors of amendment No. 1489 intended to be proposed to H.R. 2466, a bill making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 2000, and for other purposes.

AMENDMENT NO. 1495

At the request of Mr. BAUCUS the name of the Senator from Illinois (Mr. FITZGERALD) was added as a cosponsor of amendment No. 1495 intended to be proposed to S. 1233, an original bill making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2000, and for other purposes.

AMENDMENT NO. 1499

At the request of Mr. DASCHLE the names of the Senator from West Virginia (Mr. ROCKEFELLER) and the Senator from New Mexico (Mr. BINGAMAN) were added as cosponsors of amendment No. 1499 proposed to S. 1233, an original bill making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2000, and for other purposes.

AMENDMENTS SUBMITTED

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

ABRAHAM AMENDMENT NO. 1502

(Ordered to lie on the table.)

Mr. ABRAHAM submitted an amendment intended to be proposed by him to the bill (S. 1233) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2000, and for other purposes; as follows:

On page 68, line 5, before the period insert the following: ", or the Food and Drug Administration Detroit, Michigan District Office Laboratory; or to reduce the Detroit Michigan Food and Drug Administration District Office below the operating and fulltime equivalent staffing level of July 31, 1999; or to change the Detroit District Office to a station, residence post or similarly modified office; or to reassign residence posts assigned to the Detroit District Office."

ROBERTS AMENDMENTS NOS. 1503-1504

(Ordered to lie on the table.)

Mr. ROBERTS submitted two amendments intended to be proposed by him to the bill, S. 1233, supra; as follows:

AMENDMENT NO. 1503

On page 76, between lines 6 and 7, insert the following:

SEC. 7 . PROHIBITED ACTIVITIES ON CRP ACREAGE.—None of the funds made available by this Act shall be used to implement Notice CRP–327, issued by the Farm Service Agency on October 26, 1998.

AMENDMENT NO. 1504

On page 76, between lines 6 and 7, insert the following:

SEC. 7 . SENSE OF THE SENATE REGARDING ACCESS TO ITEMS AND SERVICES UNDER THE MEDICARE PROGRAM.

(a) FINDINGS.—The Senate finds the following:

(1) Total hospital operating margins with respect to items and services provided to medicare beneficiaries are expected to decline from 4.3 percent in fiscal year 1997 to negative 4.4 percent in fiscal year 2002.

(2) Total operating margins for small rural hospitals are expected to decline from 4.2 percent in fiscal year 1998 to negative 7.1 percent in fiscal year 2002.

(3) The Congressional Budget Office recently has estimated that the amount of savings to the medicare program in fiscal years 1998 through 2002 by reason of the amendments to that program contained in the Balanced Budget Act of 1997 is $206,000,000,000, exactly double the level of cuts expected when the bill was enacted.

(4) Health care providers are beginning to provide fewer health care services to medicare beneficiaries in both urban and rural areas as a result of the implementation of the Balanced Budget Act of 1997.

(5) The concurrent resolution on the budget for fiscal year 2000 recognized that Congress has the responsibility to review payment levels under the medicare program to

ensure that medicare beneficiaries have access to high-quality health care services.

(b) Sense of the Senate.—It is the sense of the Senate that Congress should—

(1) reject further reductions in the medicare program under title XVIII of the Social Security Act;

(2) reject extensions of the provisions of the Balanced Budget Act of 1997; and

(3) target new resources for the medicare program that—

(A) address the unintended consequences of the Balanced Budget Act of 1997; and

(B) ensure the access of medicare beneficiaries to high-quality skilled nursing services, home health care services, teaching hospitals, inpatient and outpatient hospital services, and health care services in rural areas.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

CRAPO (AND OTHERS) AMENDMENT NO. 1505

(Ordered to lie on the table.)

Mr. CRAPO (for himself, Mr. Burns, Mr. Baucus, and Mr. Craig) submitted an amendment intended to be proposed by them to the bill (H.R. 2466) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 2000, and for other purposes; as follows:

On page 10, line 16, after "herein," insert "of which $500,000 of the amount available for consultation shall be available for development of a voluntary-enrollment habitat conservation plan for cold water fish in cooperation with the States of Idaho and Montana (of which $250,000 shall be made available to each of the States of Idaho and Montana), and".

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

HARKIN (AND OTHERS) AMENDMENT NO. 1506

Mr. HARKIN (for himself, Mr. Daschle, Mr. Dorgan, Mr. Kerrey, Mr. Johnson, Mr. Conrad, Mr. Baucus, Mr. Durbin, Mr. Wellstone, Mrs. Lincoln, and Mr. Sarbanes) proposed an amendment to amendment No. 1499 proposed by Mr. Daschle to the bill, S. 1233, supra; as follows:

Beginning on page 1, line 3, strike all that follows "Sec." to the end of the amendment and insert the following:

. Emergency and Income Loss Assistance.—(a) Additional Crop Loss Assistance.—

(1) In general.—Except as provided in paragraph (2), in addition to amounts that have been made available to carry out section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1421 note; Public Law 105–277) under other law, the Secretary of Agriculture (referred to in this section as the 'Secretary') shall use not more than $756,000,000 of funds of the Commodity Credit Corporation to provide crop loss assistance in accordance with that section in a manner that, to the maximum extent practicable—

(A) fully compensates agricultural producers for crop losses in accordance with that section (including regulations promulgated to carry out that section); and

(B) provides equitable treatment under that section for agricultural producers described in subsections (b) and (c) of that section.

(2) Crop insurance.—Of the total amount made available under paragraph (1), the Secretary shall use not less than $400,000,000 to assist agricultural producers in purchasing additional coverage for the 2000 crop year under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

(3) Compensation for denial of crop loss assistance based on taxpayer identification numbers.—The Secretary shall use not more than $70,000,000 of funds of the Commodity Credit Corporation to make payments to producers on a farm that were denied crop loss assistance under section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1421 note; Public Law 105–277), as the result of a change in the taxpayer identification numbers of the producers if the Secretary determines that the change was not made to create an advantage for the producers in the crop insurance program through lower premiums or higher actual production histories.

(b) Income Loss Assistance.—

(1) In general.—The Secretary shall use not more than $6,373,000,000 of funds of the Commodity Credit Corporation to provide (on an equitable basis among producers, as determined by the Secretary) supplemental loan deficiency payments to producers on a farm that are eligible for marketing assistance loans for the 1999 crop of a commodity under section 131 of the Agricultural Market Transition Act (7 U.S.C. 7231).

(2) Payment limitation.—The total amount of the payments that a person may receive under paragraph (1) during any crop year may not exceed $40,000.

(3) Producers without production.—The payments made available under this subsection shall be provided (on an equitable basis among producers, according to actual production history, as determined by the Secretary) to producers with failed acreage, or acreage on which planting was prevented, due to circumstances beyond the control of the producers.

(4) Time for payment.—The assistance made available under this subsection for an eligible owner or producer shall be provided as soon as practicable after the date of enactment of this Act by providing advance payments that are based on expected production and by taking such measures as are determined appropriate by the Secretary.

(5) Dairy producers.—

(A) In general.—Of the total amount made available under paragraph (1), $400,000,000 shall be available to provide assistance to dairy producers in a manner determined by the Secretary.

(B) Federal milk marketing orders.—Payments made under this subsection shall not affect any decision with respect to rulemaking activities under section 143 of the Agricultural Market Transition Act (7 U.S.C. 7253).

(6) Peanuts.—

(A) In general.—Of the total amount made available under paragraph (1), the Secretary shall use not to exceed $45,000,000 to provide payments to producers of quota peanuts or additional peanuts to partially compensate the producers for the loss of markets for the 1998 crop of peanuts.

(B) Amount.—The amount of a payment made to producers on a farm of quota peanuts or additional peanuts under subparagraph (A) shall be equal to the product obtained by multiplying—

(i) the quantity of quota peanuts or additional peanuts produced or considered produced by the producers under section 155 of the Agricultural Market Transition Act (7 U.S.C. 7271); by

(ii) an amount equal to 5 percent of the loan rate established for quota peanuts or additional peanuts, respectively, under section 155 of that Act.

(7) Tobacco grower assistance.—The Secretary shall provide $328,000,000 to be distributed to tobacco growers according to the formulas established pursuant to the National Tobacco Grower Settlement Trust.

(c) Funds for Strengthening Markets, Income, and Supply (Section 32).—

(1) In general.—For an additional amount for the fund maintained for funds made available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), there is appropriated, out of any money in the Treasury not otherwise appropriated, $500,000,000.

(2) Set-aside for certain livestock producers.—Of the funds made available by paragraph (1), the Secretary shall use not more than $200,000,000 to provide assistance to livestock producers—

(A) the operations of which are located in counties with respect to which during 1999 a natural disaster was declared for losses due to excessive heat or drought by the Secretary, or a major disaster or emergency was declared for losses due to excessive heat or drought by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.); and

(B) that experienced livestock losses as a result of the declared disaster or emergency.

(3) Waiver of commodity limitation.—In providing assistance under this subsection, the Secretary may waive the limitation established under the second sentence of the second paragraph of section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), on the amount of funds that may be devoted to any 1 agricultural commodity or product.

(d) Emergency Livestock Assistance.—For an additional amount to provide emergency livestock assistance, there is appropriated, out of any money in the Treasury not otherwise appropriated, $200,000,000.

(e) Commodity Purchases and Humanitarian Donations.—

(1) In general.—Notwithstanding any other provision of law, the Secretary shall use not less than $978,000,000 of additional funds of the Commodity Credit Corporation for the purchase and distribution of agricultural commodities, under applicable food aid authorities, including—

(A) section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b));

(B) the Food for Progress Act of 1985 (7 U.S.C. 1736o); and

(C) the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.).

(2) Least developed countries.—Not less than 40 percent of the commodities distributed pursuant to this subsection shall be made available to least developed countries, as determined by the Secretary.

(3) Local currencies.—To the maximum extent practicable, local currencies generated from the sale of commodities under

this subsection shall be used for development purposes that foster United States agricultural exports.

(f) Upland Cotton Price Competitiveness.—

(1) In general.—Section 136(a) of the Agricultural Market Transition Act (7 U.S.C. 7236(a)) is amended—

(A) in paragraph (1), by inserting "(in the case of each of the 1999–2000, 2000–2001, and 2001–2002 marketing years for upland cotton, at the option of the recipient)" after "or cash payments";

(B) by inserting "(or, in the case of each of the 1999–2000, 2000–2001, and 2001–2002 marketing years for upland cotton, 1.25 cents per pound)" after "3 cents per pound" each place it appears;

(C) in paragraph (3), by striking subparagraph (A) and inserting the following:

"(A) Redemption, marketing, or exchange.—

"(i) In general.—The Secretary shall establish procedures for redeeming marketing certificates for cash or marketing or exchange of the certificates for—

"(I) except as provided in subclause (II), agricultural commodities owned by the Commodity Credit Corporation in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates; or

"(II) in the case of each of the 1999–2000, 2000–2001, and 2001–2002 marketing years for upland cotton, agricultural commodities owned by the Commodity Credit Corporation or pledged to the Commodity Credit Corporation as collateral for a loan in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates, including enhancing the competitiveness and marketability of United States cotton.

"(ii) Price restrictions.—Any price restrictions that would otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this subparagraph."; and

(D) in paragraph (4), by inserting before the period at the end the following: ", except that this paragraph shall not apply to each of fiscal years 2000, 2001, and 2002".

(2) Ensuring the availability of upland cotton.—Section 136(b) of the Agricultural Market Transition Act (7 U.S.C. 7236(b)) is amended—

(A) in paragraph (1), by striking "The" and inserting "Except as provided in paragraph (7), the"; and

(B) by adding at the end the following:

"(7) 1999–2000, 2000–2001, and 2001–2002 marketing years.—

"(A) In general.—In the case of each of the 1999–2000, 2000–2001, and 2001–2002 marketing years for upland cotton, the President shall carry out an import quota program as provided in this paragraph.

"(B) Program requirements.—Except as provided in subparagraph (C), whenever the Secretary determines and announces that for any consecutive 4-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) $1\frac{3}{32}$-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under subsection (a), exceeds the Northern Europe price by more than 1.25 cents per pound, there shall immediately be in effect a special import quota.

"(C) Tight domestic supply.—During any month for which the Secretary estimates the season-ending United States upland cotton stocks-to-use ratio, as determined under subparagraph (D), to be below 16 percent, the Secretary, in making the determination under subparagraph (B), shall not adjust the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) $1\frac{3}{32}$-inch cotton, delivered C.I.F. Northern Europe, for the value of any certificates issued under subsection (a).

"(D) Season-ending United States stocks-to-use ratio.—For the purposes of making estimates under subparagraph (C), the Secretary shall, on a monthly basis, estimate and report the season-ending United States upland cotton stocks-to-use ratio, excluding projected raw cotton imports but including the quantity of raw cotton that has been imported into the United States during the marketing year.

"(E) Limitation.—The quantity of cotton entered into the United States during any marketing year described in subparagraph (A) under the special import quota established under this paragraph may not exceed the equivalent of 5 weeks' consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the 3 months immediately preceding the first special import quota established in any marketing year.".

(3) Removal of suspension of marketing certificate authority.—Section 171(b)(1)(G) of the Agricultural Market Transition Act (7 U.S.C. 7301(b)(1)(G)) is amended by inserting before the period at the end the following: ", except that this subparagraph shall not apply to each of the 1999–2000, 2000–2001, and 2001–2002 marketing years for upland cotton".

(4) Redemption of marketing certificates.—Section 115 of the Agricultural Act of 1949 (7 U.S.C. 1445k) is amended—

(A) in subsection (a)—

(i) by striking "rice (other than negotiable marketing certificates for upland cotton or rice)" and inserting "rice, including the issuance of negotiable marketing certificates for upland cotton or rice";

(ii) in paragraph (1), by striking "and" at the end;

(iii) in paragraph (2), by striking the period at the end and inserting "; and"; and

(iv) by adding at the end the following:

"(3) redeem negotiable marketing certificates for cash under such terms and conditions as are established by the Secretary."; and

(B) in the second sentence of subsection (c), by striking "export enhancement program or the marketing promotion program established under the Agricultural Trade Act of 1978" and inserting "market access program or the export enhancement program established under sections 203 and 301 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623, 5651)".

(g) Farm Service Agency.—For an additional amount for the Farm Service Agency, there is appropriated, out of any money in the Treasury not otherwise appropriated, $140,000,000, of which—

(1) $40,000,000 shall be used for salaries and expenses of the Farm Service Agency; and

(2) $100,000,000 shall be used for direct or guaranteed farm ownership, operating, or emergency loans under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.),

(h) State Mediation Grants.—For an additional amount for grants pursuant to section 502(b) of the Agricultural Credit Act of 1987 (7 U.S.C. 5102(b)), there is appropriated, out of any money in the Treasury not otherwise appropriated, $2,000,000.

(i) Disaster Reserve.—

(1) In general.—For the disaster reserve established under section 813 of the Agricultural Act of 1970 (7 U.S.C. 1427a), there is appropriated, out of any money in the Treasury not otherwise appropriated, $500,000,000.

(2) Crop and livestock cash indemnity payments.—Notwithstanding any other provision of law, the Secretary may use the amount made available under this subsection to carry out a program to provide crop or livestock cash indemnity payments to agricultural producers for the purpose of remedying losses caused by damaging weather or related condition resulting from a natural or major disaster or emergency.

(3) Commercial fisheries failure.—Notwithstanding any other provision of law, the Secretary shall provide $15,000,000, of the amount made available under this section to the Department of Commerce to provide emergency disaster assistance to persons or entities that have incurred losses from a commercial fishery failure described in section 308(b)(1) of the Interjurisdictional Fisheries Act of 1986 (16 U.S.C. 4107(b)) with respect to a Northeast multispecies fishery.

(j) Flooded Land Reserve Program.—For an additional amount to carry out a flooded land reserve program in a manner that is consistent with section 1124 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1421 note; Public Law 105–277), there is appropriated, out of any money in the Treasury not otherwise appropriated, $250,000,000.

(k) Emergency Short-Term Land Diversion.—For an additional amount to carry out an emergency short-term land diversion program, there is appropriated, out of any money in the Treasury not otherwise appropriated, $200,000,000.

(l) Grain Inspection, Packers, and Stockyards Administration.—For an additional amount for the Grain Inspection, Packers, and Stockyards Administration to support rapid response teams to enforce the Packers and Stockyards Act, 1921 (7 U.S.C. 181 et seq.), there is appropriated, out of any money in the Treasury not otherwise appropriated, $1,000,000.

(m) Watershed and Flood Prevention Operations.—For an additional amount for watershed and flood prevention operations to repair damage to waterways and watersheds resulting from natural disasters, there is appropriated, out of any money in the Treasury not otherwise appropriated, $60,000,000.

(n) Emergency Conservation Program.—For an additional amount for the emergency conservation program authorized under sections 401, 402, and 404 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201, 2202, 2204) for expenses resulting from natural disasters, there is appropriated, out of any money in the Treasury not otherwise appropriated, $30,000,000.

(o) Environmental Quality Incentives Program.—

(1) In general.—For an additional amount for the environmental quality incentives program established under chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.), there is appropriated, out of any money in the Treasury not otherwise appropriated, $52,000,000.

(2) Livestock nutrient management plans.—The Secretary shall provide a priority in the use of funds made available under paragraph (1) to implementing livestock nutrient management plans.

(p) Wetlands Reserve Program.—Notwithstanding section 727 of this Act, for an additional amount for the wetlands reserve program established under subchapter C of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3837 et seq.), there is appropriated, out of any money in the Treasury not otherwise appropriated, $70,000,000.

(q) Foreign Market Development Cooperator Program.—For an additional amount for the foreign market development cooperator program established under section 702 of the Agricultural Trade Act of 1978 (7 U.S.C. 5722), there is appropriated, out of any money in the Treasury not otherwise appropriated, $10,000,000.

(r) Rural Economic Assistance.—For an additional amount for rural economic assistance, there is appropriated, out of any money in the Treasury not otherwise appropriated, $150,000,000, of which—

(1) $100,000,000 shall be used for rural economic development, with the highest priority given to the most economically disadvantaged rural communities; and

(2) $50,000,000 shall be used to establish and carry out a program of revolving loans for the support of farmer-owned cooperatives.

(s) Mandatory Price Reporting.—For an additional amount to carry out a program of mandatory price reporting for livestock and livestock products, on enactment of a law establishing the program, there is appropriated, out of any money in the Treasury not otherwise appropriated, $4,000,000.

(t) Labeling of Imported Meat and Meat Food Products.—

(1) Definitions.—Section 1 of the Federal Meat Inspection Act (21 U.S.C. 601) is amended by adding at the end the following:

"(w) Beef.—The term 'beef' means meat produced from cattle (including veal).

"(x) Imported beef.—The term 'imported beef' means beef that is not United States beef, whether or not the beef is graded with a quality grade issued by the Secretary.

"(y) Imported lamb.—The term 'imported lamb' means lamb that is not United States lamb, whether or not the lamb is graded with a quality grade issued by the Secretary.

"(z) Imported pork.—The term 'imported pork' means pork that is not United States pork.

"(aa) Lamb.—The term 'lamb' means meat, other than mutton, produced from sheep.

"(bb) Pork.—The term 'pork' means meat produced from hogs.

"(cc) United states beef.—

"(1) In general.—The term 'United States beef' means beef produced from cattle slaughtered in the United States.

"(2) Exclusion.—The term 'United States beef' does not include beef produced from cattle imported into the United States in sealed trucks for slaughter.

"(dd) United states lamb.—

"(1) In general.—The term 'United States lamb' means lamb produced from sheep slaughtered in the United States.

"(2) Exclusion.—The term 'United States lamb' does not include lamb produced from sheep imported into the United States in sealed trucks for slaughter.

"(ee) United states pork.—

"(1) In general.—The term 'United States pork' means pork produced from hogs slaughtered in the United States.

"(2) Exclusion.—The term 'United States pork' does not include pork produced from hogs imported into the United States in sealed trucks for slaughter.".

(2) Misbranding.—Section 1(n) of the Federal Meat Inspection Act (21 U.S.C. 601(n)) is amended—

(A) in paragraph (11), by striking "or" at the end;

(B) in paragraph (12), by striking the period at the end and inserting "; or"; and

(C) by adding at the end the following:

"(13)(A) if it is imported beef, imported lamb, or imported pork offered for retail sale as muscle cuts of beef, lamb, or pork and does not bear a label that identifies its country of origin;

"(B) if it is United States beef, United States lamb, or United States pork offered for retail sale as muscle cuts of beef, lamb, or pork, and does not bear a label that identifies its country of origin; or

"(C) if it is United States or imported ground beef, ground lamb, or ground pork and is not accompanied by labeling that identifies it as United States beef, United States lamb, United States pork, imported beef, imported lamb, imported pork, or other designation that identifies the content of United States beef, imported beef, United States lamb, imported lamb, United States pork, and imported pork contained in the product, as determined by the Secretary.".

(3) Labeling.—Section 7 of the Federal Meat Inspection Act (21 U.S.C. 607) is amended by adding at the end the following:

"(g) Mandatory Labeling.—The Secretary shall provide by regulation that the following offered for retail sale bear a label that identifies its country of origin:

"(1) Muscle cuts of United States beef, United States lamb, United States pork, imported beef, imported lamb, and imported pork.

"(2) Ground beef, ground lamb, and ground pork.

"(h) Audit Verification System for United States and Imported Muscle Cuts of Beef, Lamb, and Pork and Ground Beef, Lamb, and Pork.—The Secretary may require by regulation that any person that prepares, stores, handles, or distributes muscle cuts of United States beef, imported beef, United States lamb, imported lamb, United States pork, imported pork, ground beef, ground lamb, or ground pork for retail sale maintain a verifiable recordkeeping audit trail that will permit the Secretary to ensure compliance with the regulations promulgated under subsection (g).".

(4) Regulations.—Not later than 1 year after the date of enactment of this Act, the Secretary shall promulgate final regulations to carry out the amendments made by this subsection.

(5) Funding.—For an additional amount to carry out this subsection and the amendments made by this subsection, there is appropriated, out of any money in the Treasury not otherwise appropriated, $8,000,000.

(6) Effective date.—The amendments made by this subsection take effect 60 days after the date on which final regulations are promulgated under paragraph (4).

(u) Indication of Country of Origin of Perishable Agricultural Commodities.—

(1) Definitions.—In this section:

(A) Food service establishment.—The term "food service establishment" means a restaurant, cafeteria, lunch room, food stand, saloon, tavern, bar, lounge, or other similar facility operated as an enterprise engaged in the business of selling food to the public.

(B) Perishable agricultural commodity; retailer.—The terms "perishable agricultural commodity" and "retailer" have the meanings given the terms in section 1(b) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499a(b)).

(2) Notice of country of origin required.—Except as provided in paragraph (3), a retailer of a perishable agricultural commodity shall inform consumers, at the final point of sale of the perishable agricultural commodity to consumers, of the country of origin of the perishable agricultural commodity.

(3) Exemption for food service establishments.—Paragraph (2) shall not apply to a perishable agricultural commodity if the perishable agricultural commodity is—

(A) prepared or served in a food service establishment; and

(B)(i) offered for sale or sold at the food service establishment in normal retail quantities; or

(ii) served to consumers at the food service establishment.

(4) Method of notification.—

(A) In general.—The information required by paragraph (2) may be provided to consumers by means of a label, stamp, mark, placard, or other clear and visible sign on the perishable agricultural commodity or on the package, display, holding unit, or bin containing the commodity at the final point of sale to consumers.

(B) Labeled commodities.—If the perishable agricultural commodity is already individually labeled regarding country of origin by the packer, importer, or another person, the retailer shall not be required to provide any additional information to comply with this subsection.

(5) Violations.—If a retailer fails to indicate the country of origin of a perishable agricultural commodity as required by paragraph (2), the Secretary may assess a civil penalty on the retailer in an amount not to exceed—

(A) $1,000 for the first day on which the violation occurs; and

(B) $250 for each day on which the same violation continues.

(6) Deposit of funds.—Amounts collected under paragraph (5) shall be deposited in the Treasury of the United States as miscellaneous receipts.

(7) Application of subsection.—This section shall apply with respect to a perishable agricultural commodity after the end of the 6-month period beginning on the date of the enactment of this Act.

(v) Limitation on Marketing Loan Gains and Loan Deficiency Payments.—Notwithstanding section 1001(2) of the Food Security Act of 1985 (7 U.S.C. 1308(1)), the total amount of the payments specified in section 1001A(a) of that Act that an individual, directly or indirectly, shall be entitled to receive under the Agricultural Market Transition Act (7 U.S.C. 7201 et seq.) for 1 or more contract commodities and oilseeds during the 1999 crop year may not exceed $150,000.

(w) Suspension of Sugar Assessments.—Section 156(f) of the Agricultural Market Transition Act (7 U.S.C. 7272(f)) is amended—

(1) in paragraph (1), by inserting "except as provided in paragraph (6)," after "years,";

(2) in paragraph (2), by inserting "except as provided in paragraph (6)," after "years,"; and

(3) by adding at the end the following:

"(6) Suspension of assessments.—Effective beginning with fiscal year 2000, no assessments shall be required under this subsection during any fiscal year that immediately follows a fiscal year during which the Federal budget was determined to be in surplus, based on the most recent estimates available from the Office of Management and Budget as of the last day of the fiscal year.".

(x) Farmers Market Program.—For an additional amount for the Farmers Market Program in the Supplemental Nutrition Program for Women, Infants, and Children, there is appropriated, out of any money in the Treasury not otherwise appropriated, $10,000,000.

(y) EMERGENCY REQUIREMENT.—The entire amount necessary to carry out this section and the amendments made by this section shall be available only to the extent that an official budget request for the entire amount, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, is transmitted by the President to the Congress: *Provided*, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A) of such Act.

(z) AVAILABILITY.—The amount necessary to carry out this section and the amendments made by this section shall be available upon enactment of this Act for the remainder of fiscal year 1999 and for fiscal year 2000, and shall remain available until expended.

ASHCROFT (AND OTHERS) AMENDMENT NO. 1507

Mr. ASHCROFT (for himself, Mr. HAGEL, Mr. BAUCUS, Mr. ROBERTS, Mr. KERREY, Mr. DODD, Mr. BROWNBACK, Mr. GRAMS, Mr. WARNER, Mr. LEAHY, Mr. CRAIG, Mr. FITZGERALD, Mr. DORGAN, Mr. SESSIONS, Mrs. LINCOLN, Ms. LANDRIEU, Mr. CONRAD, Mr. HARKIN, Mr. INHOFE, Mr. CHAFEE, Mr. WELLSTONE, and Mr. BURNS) proposed an amendment to amendment No. 1499 proposed by Mr. DASCHLE to the bill, S. 1233, supra; as follows:

At the appropriate place, insert the followig:

( ) REQUIREMENT OF CONGRESSIONAL APPROVAL OF ANY UNILATERAL AGRICULTURAL OR MEDICAL SANCTION.—

(1) DEFINITIONS.—In this subsection:

(A) AGRICULTURAL COMMODITY.—The term "agricultural commodity" has the meaning given the term in section 402 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1732).

(B) AGRICULTURAL PROGRAM.—The term "agricultural program" means—

(i) any program administered under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et. seq.);

(ii) any program administered under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431);

(iii) any commercial sale of agricultural commodities, including a commercial sale of an agricultural commodity that is prohibited under a unilateral agricultural sanction that is in effect on the date of enactment of this Act; or

(iv) any export financing (including credits or credit guarantees) for agricultural commodities.

(C) JOINT RESOLUTION.—The term "joint resolution" means—

(i) in the case of paragraph (2)(A)(ii), only a joint resolution introduced within 10 session days of Congress after the date on which the report of the President under paragraph (2)(A)(i) is received by Congress, the matter after the resolving clause of which is as follows: "That Congress approves the report of the President pursuant to section ( )(2)(A)(i) of the Act , transmitted on .", with the blank completed with the appropriate date; and

(ii) in the case of paragraph (5)(B), only a joint resolution introduced within 10 session days of Congress after the date on which the report of the President under paragraph (5)(A) is received by Congress, the matter after the resolving clause of which is as follows: "That Congress approves the report of the President pursuant to section ( )(5)(A) of the Act , transmitted on .", with the blank completed with the appropriate date.

(D) UNILATERAL AGRICULTURAL SANCTION.—The term "unilateral agricultural sanction" means any prohibition, restriction, or condition on carrying out an agricultural program with respect to a foreign country or foreign entity that is imposed by the United States for reasons of foreign policy or national security, except in a case in which the United States imposes the measure pursuant to a multilateral regime and the other member countries of that regime have agreed to impose substantially equivalent measures.

(E) UNILATERAL MEDICAL SANCTION.—The term "unilateral medical sanction" means any prohibition, restriction, or condition on exports of, or the provision of assistance consisting of, medicine or a medical device with respect to a foreign country or foreign entity that is imposed by the United States for reasons of foreign policy or national security, except in a case in which the United States imposes the measure pursuant to a multilateral regime and the other member countries of that regime have agreed to impose substantially equivalent measures.

(2) RESTRICTION.—

(A) NEW SANCTIONS.—Except as provided in paragraphs (3) and (4) and notwithstanding any other provision of law, the President may not impose a unilateral agricultural sanction or unilateral medical sanction against a foreign country or foreign entity for any fiscal year, unless—

(i) not later than 60 days before the sanction is proposed to be imposed, the President submits a report to Congress that—

(I) describes the activity proposed to be prohibited, restricted, or conditioned; and

(II) describes the actions by the foreign country or foreign entity that justify the sanction; and

(ii) Congress enacts a joint resolution stating the approval of Congress for the report submitted under clause (i).

(B) EXISTING SANCTIONS.—

(i) IN GENERAL.—Except as provided in clause (ii), with respect to any unilateral agricultural sanction or unilateral medical sanction that is in effect as of the date of enactment of this Act for any fiscal year, the President shall immediately cease to implement such sanction.

(ii) EXEMPTIONS.—Clause (i) shall not apply to a unilateral agricultural sanction or unilateral medical sanction imposed with respect to an agricultural program or activity described in clause (ii) or (iv) of paragraph (1)(B).

(3) EXCEPTIONS.—The President may impose (or continue to impose) a sanction described in paragraph (2) without regard to the procedures required by that paragraph—

(A) against a foreign country or foreign entity with respect to which Congress has enacted a declaration of war that is in effect on or after the date of enactment of this Act; or

(B) to the extent that the sanction would prohibit, restrict, or condition the provision or use of any agricultural commodity, medicine, or medical device that is—

(i) controlled on the United States Munitions List;

(ii) an item for which export controls are administered by the Department of Commerce for foreign policy or national security reasons; or

(iii) used to facilitate the development or production of a chemical or biological weapon.

(4) COUNTRIES SUPPORTING INTERNATIONAL TERRORISM.—This subsection shall not affect the current prohibitions on providing, to the government of any country supporting international terrorism, United States government assistance, including United States foreign assistance, United States export assistance, or any United States credits or credit guarantees.

(5) TERMINATION OF SANCTIONS.—Any unilateral agricultural sanction or unilateral medical sanction that is imposed pursuant to the procedures described in paragraph (2)(A) shall terminate not later than 2 years after the date on which the sanction became effective unless—

(A) not later than 60 days before the date of termination of the sanction, the President submits to Congress a report containing the recommendation of the President for the continuation of the sanction for an additional period of not to exceed 2 years and the request of the President for approval by Congress of the recommendation; and

(B) Congress enacts a joint resolution stating the approval of Congress for the report submitted under subparagraph (A).

(6) CONGRESSIONAL PRIORITY PROCEDURES.—

(A) REFERRAL OF REPORT.—A report described in paragraph (2)(A)(i) or (5)(A) shall be referred to the appropriate committee or committees of the House of Representatives and to the appropriate committee or committees of the Senate.

(B) REFERRAL OF JOINT RESOLUTION.—

(i) IN GENERAL.—A joint resolution shall be referred to the committees in each House of Congress with jurisdiction.

(ii) REPORTING DATE.—A joint resolution referred to in clause (i) may not be reported before the eighth session day of Congress after the introduction of the joint resolution.

(C) DISCHARGE OF COMMITTEE.—If the committee to which is referred a joint resolution has not reported the joint resolution (or an identical joint resolution) at the end of 30 session days of Congress after the date of introduction of the joint resolution—

(i) the committee shall be discharged from further consideration of the joint resolution; and

(ii) the joint resolution shall be placed on the appropriate calendar of the House concerned.

(D) FLOOR CONSIDERATION.—

(i) MOTION TO PROCEED.—

(I) IN GENERAL.—When the committee to which a joint resolution is referred has reported, or when a committee is discharged under subparagraph (C) from further consideration of, a joint resolution—

(aa) it shall be at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for any member of the House concerned to move to proceed to the consideration of the joint resolution; and

(bb) all points of order against the joint resolution (and against consideration of the joint resolution) are waived.

(II) PRIVILEGE.—The motion to proceed to the consideration of the joint resolution—

(aa) shall be highly privileged in the House of Representatives and privileged in the Senate; and

(bb) not debatable.

(III) AMENDMENTS AND MOTIONS NOT IN ORDER.—The motion to proceed to the consideration of the joint resolution shall not be subject to—

(aa) amendment;

(bb) a motion to postpone; or

(cc) a motion to proceed to the consideration of other business.

(IV) MOTION TO RECONSIDER NOT IN ORDER.—A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order.

(V) BUSINESS UNTIL DISPOSITION.—If a motion to proceed to the consideration of the joint resolution is agreed to, the joint resolution shall remain the unfinished business of the House concerned until disposed of.

(ii) LIMITATIONS ON DEBATE.—

(I) IN GENERAL.—Debate on the joint resolution, and on all debatable motions and appeals in connection with the joint resolution, shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the joint resolution.

(II) FURTHER DEBATE LIMITATIONS.—A motion to limit debate shall be in order and shall not be debatable.

(III) AMENDMENTS AND MOTIONS NOT IN ORDER.—An amendment to, a motion to postpone, a motion to proceed to the consideration of other business, a motion to recommit the joint resolution, or a motion to reconsider the vote by which the joint resolution is agreed to or disagreed to shall not be in order.

(iii) VOTE ON FINAL PASSAGE.—Immediately following the conclusion of the debate on a joint resolution, and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the House concerned, the vote on final passage of the joint resolution shall occur.

(iv) RULINGS OF THE CHAIR ON PROCEDURE.—An appeal from a decision of the Chair relating to the application of the rules of the Senate or House of Representatives, as the case may be, to the procedure relating to a joint resolution shall be decided without debate.

(E) COORDINATION WITH ACTION BY OTHER HOUSE.—If, before the passage by 1 House of a joint resolution of that House, that House receives from the other House a joint resolution, the following procedures shall apply:

(i) NO COMMITTEE REFERRAL.—The joint resolution of the other House shall not be referred to a committee.

(ii) FLOOR PROCEDURE.—With respect to a joint resolution of the House receiving the joint resolution—

(I) the procedure in that House shall be the same as if no joint resolution had been received from the other House; but

(II) the vote on final passage shall be on the joint resolution of the other House.

(iii) DISPOSITION OF JOINT RESOLUTIONS OF RECEIVING HOUSE.—On disposition of the joint resolution received from the other House, it shall no longer be in order to consider the joint resolution originated in the receiving House.

(F) PROCEDURES AFTER ACTION BY BOTH THE HOUSE AND SENATE.—If a House receives a joint resolution from the other House after the receiving House has disposed of a joint resolution originated in that House, the action of the receiving House with regard to the disposition of the joint resolution originated in that House shall be deemed to be the action of the receiving House with regard to the joint resolution originated in the other House.

(G) RULEMAKING POWER.—This paragraph is enacted by Congress—

(i) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such this paragraph—

(I) is deemed to be a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a joint resolution; and

(II) supersedes other rules only to the extent that this paragraph is inconsistent with those rules; and

(ii) with full recognition of the constitutional right of either House to change the rules (so far as the rules relate to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(7) EFFECTIVE DATE.—This subsection takes effect 180 days after the date of enactment of this Act.

McCAIN (AND GREGG) AMENDMENT NO. 1508

(Ordered to lie on the table.)

Mr. McCAIN (for himself and Mr. GREGG) submitted an amendment intended to be proposed by them to the bill, S. 1233, supra; as follows:

On page 76, between lines 6 and 7, insert the following:

SEC. 7 . SUGAR PROGRAM.—None of the funds appropriated or otherwise made available by this Act may be used to pay the salaries and expenses of personnel of the Department of Agriculture to carry out section 156 of the Agricultural Market Transition Act (7 U.S.C. 7272), other than subsection (f).

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the public that a hearing has been scheduled before the full Energy and Natural Resources Committee to receive testimony regarding S. 1052, to implement further the Act (Public Law 94–241) approving the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, and for other purposes.

The Governor of the Commonwealth and the Administration will be the only witnesses. Other individuals wishing to testify will be asked to submit their testimony for the record.

The hearing will take place on Tuesday, September 14, 1999, at 9:30 a.m. in room SD–366 of the Dirksen Senate Office Building.

For further information, please call James Beirne, Deputy Chief Counsel at (202) 224–2564 or Betty Nevitt, Staff Assistant at (202) 224–0765.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry, be allowed to meet during the session of the Senate on Tuesday, August 3, 1999. The purpose of this meeting will be to discuss the farm crisis.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet at 9:30 a.m., on Tuesday, August 3, 1999, in open session, to consider the nominations of Carol DiBattiste to be Under Secretary of the Air Force and Charles A. Blanchard to be General Counsel of the Department of the Army.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON INDIAN AFFAIRS

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Senate Committee on Indian Affairs be authorized to meet during the session of the Senate on Tuesday, August 3, 1999, at 10 a.m., to conduct a hearing on S. 964, a bill to provide for equitable compensation for the Cheyenne River Sioux Tribe. The hearing will be held in room 485, Russell Senate Office Building.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON INDIAN AFFAIRS

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Senate Committee on Indian Affairs be authorized to meet during the session of the Senate on Tuesday, August 3, 1999, at 2:30 p.m., to conduct a hearing on S. 692, a bill to prohibit Internet gaming. The hearing will be held in room 485, Russell Senate Office Building.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Governmental Affairs Committee be permitted to meet on Tuesday, August 3, 1999, at 10 a.m., for a business meeting to consider pending business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

TRIBUTE TO CHARLES BENNETT GREENWOOD

• Mr. McCONNELL. Mr. President, I rise today to pay tribute to a fellow Kentuckian and friend Charles Bennett Greenwood of Central City, who died July 16, 1999, at his home.

Charles, or C.B. to his friends, was a unique individual who loved his home state of Kentucky and revered life in small-town Central City. You see, C.B. lived all of his 93 years within a four block area of downtown Central City. Almost all of the milestones of his life occurred within the same four blocks of Central City. C.B. never went away to college and took very few vacations. It was obvious to everybody who knew him that C.B. was satisfied with his view of the world from Central City.

C.B. was born to William H. and Viola "Louisa" Greenwood on March 6, 1906, at the family home on Fourth Street and went to school just a few hundred feet from his birthplace. In 1934, C.B. and his bride, Louise Batsel, were married at the minister's residence on Third Street, just one block away from the homeplace. All of C.B.'s children—daughter Margaret Ann Long of Oklahoma City; and sons Charles Jr., William and David of Central City—were born at their home on Fourth Street.

Incredibly, C.B. never worked more than four blocks from his birthplace. In the 1920s, C.B. worked for J.C. Batsel Meat Market and Perry Drugstore and in 1932, he went to work for J.C. Penney, all of which were located downtown. In 1945, C.B. purchased Barnes Mercantile Clothing Store on Broad Street, again just four blocks away from his birthplace and residence. He worked at the store until he retired in 1989. For 75 years C.B. walked to and from his jobs in downtown Central City in deep snow or 100 degree weather.

An active community leader, C.B. was a member of the First Baptist Church of Central City, and served on both the Central City Council and the Central City School Board. C.B. was laid to rest in the Rose Hill Cemetery in Central City, four city blocks from where he was born, lived his life, raised his children, worked and ran his business, and served his community.

In today's highly mobile society, few people live their lives like C.B., rooted in their hometown. C.B. was a special person who was happy in his life and lived life to the fullest. I express my condolences to C.B.'s family—his wife, Louise, and children, Charles, Jr.; my close friend Bill and his wife Leslie; and David, and Margaret; 10 grandchildren, 9 great-grandchildren, and one great-great grandchild.•

TRIBUTE TO HIS HOLINESS KAREKIN I, CATHOLICOS OF THE ARMENIAN ORTHODOX CHURCH

• Mr. REED. Mr. President, I rise today to pay tribute to His Holiness Karekin I, Catholicos of the Armenian Orthodox Church. His Holiness passed away on June 29, 1999 at the Holy See of Etcmiadzin, Armenia.

In 1997, I had the opportunity to meet personally with His Holiness, the supreme patriarch of the Armenian Church, in Yerevan. I was moved by his devotion to his church and the love and compassion he had for all people. His Holiness Karekin I was not only respected and loved by Armenian people throughout the world, but his wisdom, compassion and courage was renowned in international religious circles. Throughout his life, His Holiness traveled to many countries, including the United States and my home state of Rhode Island, to strengthen and reconfirm the faith of the Armenian community. He was truly an inspiration to all who knew him.

His Holiness dedicated more than fifty years to his faith, and his devotion raised him rapidly to the highest ranks of the Church. He was born in the village of Kessab, Syria in 1932 and was ordained as a priest in the Church's celibate order in 1949 after his graduation from the Armenian Church Seminary in Antilias, Lebanon. His Holiness was recognized as an exceptional scholar and sent to Oxford University for theological studies. After completing his studies, he returned to Antilias to serve as Dean of the seminary. His Holiness was recognized for his leadership skills by being asked to lead church dioceses in Iran and the United States. In 1977, he was elected Catholicos of the Catholicosate of Cilicia, based in Lebanon.

The people of Armenia elected Karekin I Supreme Catholicos of the Armenian people in 1995. Karekin I was the first Catholicos in centuries to reign within an independent Armenian state. His Holiness worked tirelessly for the spiritual revival of the Armenian Orthodox Church in Armenia. His Holiness also decentralized the infrastructure of the church in Armenia by adding new diocese throughout the country, and he restored churches and monasteries which had been closed during the era of Soviet rule.

The Armenian people throughout the world are mourning the death of His Holiness, and Armenia will be paying tribute to his extraordinary life by holding a period of national mourning through August 8.

I urge my colleagues to join with the Armenian community in remembering the legacy of hope, courage, and compassion left by His Holiness Karekin I.•

TRIBUTE TO LELAND PERRY

• Mr. HATCH. Mr. President, this Friday, on the campus of Brigham Young University, in Provo, Utah, the family, friends, former associates and successors of Leland M. Perry will gather to honor his quiet but substantial contributions to the dynamic growth and greatness that characterizes BYU.

Leland Perry, who marks his 98th birthday on August 23, and who still lives in Provo, was the director of the physical plant at BYU from April 1947 to July 1957, when he and his late wife, McNone Perry, set their vocations aside for several years to organize and preside over the West Spanish American Mission of the LDS Church.

Afterward, Mr. Perry went on to head the physical plant at Ricks College in Idaho, which is also an institution in the system of higher education affiliated with the Church of Jesus Christ of Latter-day Saints, during that college's explosive building program. From there, he was appointed director of all physical plants in the LDS Church's higher education system, except BYU, until he retired in the mid 1960s.

Leland Perry directed BYU's physical plant during a time when the university was beginning an era of enormous growth; and, from the account I have heard, it is clear that he played an important role during that critical period.

One especially noteworthy example typifies his vital contributions. In 1955, he learned about a new concept for heating widely spread, isolated buildings, in a more efficient and less costly way, using pressurized water, which was heated to levels much higher than the boiling point, and combined with a method of forced circulation. Until then, steam was commonly used in such settings, delivered through pipes from a central heating plant. Heat engineering was still a young science, so he took it upon himself to learn all he could about this new technique. He then advocated its use in modernizing the BYU physical plant.

Leland Perry did such a good job in mastering the concept and then in explaining and advocating the system that his idea was accepted, and BYU because the first university in the United States to install and use it campus-wide. Since then, virtually all other campuses of any size have followed BYU's lead, savings untold millions of dollars for American colleges and universities—and for students—nationwide.

At the dedication ceremony for the new system in 1957 former BYU President William F. Edwards said, "Leland caught the vision of a new idea and had the courage to promote the idea."

The physical plant of any major facility or complex of buildings is easy to take for granted. We tend not to notice the pipes and the boilers and the controls unless they break down. But they are the structural bones and the circulatory system that make our buildings useful, comfortable, and practical.

I might mention that I was a student at BYU during Leland's tenure as plant manager. I confess that I did not fully appreciate at the time that there was heat in the library, the classrooms and in the dorms because of Leland Perry.

Leland Perry, like many Utahns, is truly a pioneer. With humility and dedication, he has made the vocation of caring for Utah's physical plant a calling. And, he led the way through the last half of this century and created the standards applied to his successors who will lead us into the next century.

I want to join my fellow Utahns and fellow Cougars in commending Leland Perry for his years of service and in wishing him a happy 98th birthday.•

TRIBUTE TO SIGURD OLSON

• Mr. FEINGOLD. Mr. President, I rise today to pay tribute one of our nation's most beloved nature writers and dedicated wilderness conservationists, Mr. Sigurd Olson. As an architect of the federal government's protection of wilderness areas, as well as a poetic voice that captured the importance of these pristine sites, Mr. Olson left us and our children a legacy of natural sanctuaries and an ethic by which to better appreciate them.

Mr. President, 1999 marks the 100th anniversary of the birth of Sigurd Olson. Over the July recess, I had the opportunity to travel to Northern Minnesota to commemorate and celebrate Sigurd Olson's life and work. I think it is fitting that the Senate take this opportunity to honor the life of Mr. Olson, who sadly passed away 17 years ago, and to renew our dedication to continue his legacy of wilderness preservation.

Born in Chicago in 1899, Sigurd Olson and his family soon moved to the beautiful Door County Peninsula of Wisconsin. It was there that he formed his life-long attachment to nature and to outdoor recreation. Half a century later, he described what he experienced as a boy along the coast of Green Bay:

> A school of perch darted in and out of the rocks. They were green and gold and black, and I was fascinated by their beauty. Seagulls wheeled and cried above me. Waves crashed against the pier. I was alone in a wild and lovely place, part of the dark forest through which I had come, and of all the wild sounds and colors and feelings of the place I had found. That day I entered into a life of indescribable beauty and delight. There I believe I heard the singing wilderness for the first time.

A few years after graduating from the University of Wisconsin in Madison, Olson moved to northeastern Minnesota. He traveled and guided for many years in the surrounding millions of acres of lakeland wilderness—what eventually became the Boundary Waters Canoe Area Wilderness—and he grew convinced that wilderness provided the spiritual experiences vital to modern society. It was this conviction that formed the basis of both his conservation and his writing careers. As he said at a Sierra Club conference in 1965:

> I have discovered in a lifetime of traveling in primitive regions, a lifetime of seeing people living in the wilderness and using it, that there is a hard core of wilderness need in everyone, a core that makes its spiritual values a basic human necessity. There is no hiding it. . . . Unless we can preserve places where the endless spiritual needs of man can be fulfilled and nourished, we will destroy our culture and ourselves.

Olson became an active conservationist in the 1920's, fighting to keep roads, dams and airplanes out of his "special place" in northeastern Minnesota. He went on to serve as the president of both the National Parks Association and the Wilderness Society. Yet, perhaps his greatest contribution to conservation came during his tenure as an advisor to Secretary of the Interior from 1959 to the early 1970's, when he helped draft the Wilderness Act, which became law in 1964 and established the U.S. wilderness preservation system that still exists today.

While I never knew Sigurd Olson, those who worked with "Sig," as he was called, were infected by his unwavering commitment to the Boundary Waters and his desire to help people truly understand the meaning and legacy of wilderness.

Central to Olson's agenda was his perseverance as public advocate for the Boundary Waters, in spite of the sometimes quite open hostility that he faced in taking that stand. Twenty-two years ago on July 8, 1977, a public field hearing was held at Ely High School on Congressman Fraser's bill that became the Boundary Waters Canoe Area Wilderness Act of 1978. Sigurd Olson, then 77 years old, stepped forward to testify in the midst of hisses, catcalls and boos from the roughly thousand-person crowd that packed the hearing. Despite the fact that an effigy in his likeness was hanging outside the school, he testified, saying in part:

> Some places should be preserved from development and exploitation for they satisfy a human need for solace, belonging, and perspective. In the end we turn to nature in a frenzied chaotic world to find silence—oneness—wholeness—spiritual release.

I am inspired by Sigurd Olson's actions in my own work, as I have been inspired by my predecessor in the United States Senate Gaylord Nelson. I also share Olson's great respect for America's public lands and for the Boundary Waters.

Mr. President, as I mentioned, I recently visited the Boundary Waters and spent a day canoeing in the pristine area that Olson loved so dearly on the Hegman Lake chain. His words, from his first book, The Singing Wilderness, best describe the experience:

> The movement of a canoe is like a reed in the wind. Silence is part of it and the sounds of lapping water, bird songs, and wind in the trees. It is part of the medium through which it floats, the sky, the water, the shores. . . . There is magic in the feel of a paddle and the movement of a canoe, a magic compounded of distance, adventure, solitude, and peace. The way of a canoe is the way of the wilderness, and of a freedom almost forgotten. It is an antidote to insecurity, the open door to waterways of ages past and a way of life with profound and abiding satisfactions. When a man is part of his canoe, he is part of all that canoes have ever known.

In addition to canoeing the Hegman Lakes, I also had an opportunity to visit Listening Point on Burntside Lake with Sigurd Olson's son, Bob Olson, and Bob's wife, Vonnie Olson. Many people have a special place where they go to experience nature. Perhaps it is a park, or a campsite, or a favorite hiking trail. For Sigurd Olson, it was a cabin on a tree-covered glaciated point of rock. He called it his "Listening Point," and it is at the center of his book of the same name.

In his book, Sigurd Olson talks about that place on Burntside Lake from his first night sleeping there under the stars to the eventual building of his cabin:

> "From this one place I would explore the entire north and all life, including my own," he writes. "For me, it would be a listening-post from which I might even hear the music of the spheres."

From his cabin, Olson also experienced the wonder and danger of significant storms in the Boundary Waters, an experience nearly identical to my own. Over the Fourth of July weekend this year, shortly before I arrived, serious winds hit the Boundary Waters, downing trees in a quarter of the wilderness area.

I was comforted to learn, as I arrived at Listening Point to see Bob Olson clearing trees from the driveway, that Listening Point has weathered significant storms before. Sigurd Olson writes of another storm, and its aftermath in Of Time and Place:

> As we approached Listening Point we could see the damage, trees down and twisted, blocking the road to the cabin. We chopped and hacked our way through to the turn-around and found the trail to the cabin was a crisscross of broken treetops, a jackstraw puzzle of tangled debris. It was unbelievable; I looked at the trees, remembering how over the years we had treasured each one of them. . . .

Olson continues:

> I sometimes wonder about the meaning of such things as this tornado—why it happened, why it leapfrogged over some areas and hit others. We paddled to the islands beyond Listening Point and saw where many trees had been blown over, all old landmarks along the shore. They would lie there for many years until they, too, would sink into the soil and disappear.

Mr. President, I have been a defender of the Boundary Waters, and my constituents adore this area.

I have also joined in the fight to protect the public lands of Southern Utah, and have sponsored legislation to have the lands of wilderness potential in the Apostle Islands National Lakeshore identified. All my efforts are linked to unfinished business that Sigurd Olson began in the Boundary Waters and to his commitment to designating and protecting our country's special wild places.

In addition to conveying my own admiration for Sigurd Olson, I rise today to share the reflections of my own home state. Wisconsinites have a special fondness for Sigurd Olson for several reasons. Olson, who began his environmental education as a kid from Northern Wisconsin who loved the outdoors, turned out to be a serious conservationist whose name is among the greatest conservationists of the Twentieth Century. With his special wilderness writing, Olson was a reformer who didn't come across as self-important.

Second, Wisconsinites truly appreciate an accomplished outdoor enthusiast turned advocate. That's a rarity in politics, especially these days. Olson will be long remembered for his character and fundamental decency in defense of the wilderness he loved. On behalf of myself and the citizens of my state, as well as all Americans, I wish Sigurd Olson a very happy birthday. We are a greater country for his dedication.•

TRIBUTE TO FREDERICK A. MEISTER

• Mr. BUNNING. Mr. President, my home state, the great Commonwealth of Kentucky is known throughout the world for many fine things—fast horses, bluegrass countryside, the best burley tobacco in the world and winning basketball teams. And of course, Kentucky is also known as the home of fine Bourbon whiskey.

Bourbon is interwoven through the history, heritage and economy of our Commonwealth. First developed in 1797 by an early settler from Virginia named Elijah Pepper who settled in Versailles, Kentucky and built a still behind the Woodford County Courthouse, Bourbon is a distinctively Kentucky product that still plays an important role in our state's economy.

For the past nineteen years, the interests of this deeply rooted Kentucky industry have been served very well by a gentleman with no Kentucky roots of his own: a man from the snowy plains of Minnestoa—Frederick A. Meister. For the past nineteen years, Fred Meister has served as President and CEO of the Distilled Spirits Council of the United States (DISCUS). He is planning to retire soon and I wanted to take this opportunity to thank him, on the behalf of the many Kentuckians who are employed by the distillery industry throughout our Commonwealth for a job well done.

While the leadership of many Washington trade associations seems to come and go, Fred's tenure at DISCUS stands out as a distinguished exception. For almost two decades, the millions of Americans who choose to drink in moderation could not have had a more zealous advocate. At the same time, Fred and DISCUS have wisely taken a hard line against drunk driving and other forms of reckless drinking.

Whether the issue has been taxes, free trade or the First Amendment freedom of distillers to advertise their products on television and radio, Fred has been there making a persuasive case for the spirit industry's legitimate commercial interests. No one has fought harder or more effectively on these issues than Fred Meister.

At the same time, Fred and DISCUS long ago recognized that the beverage alcohol industry mut do its part to stop drunk driving and other forms of reckless drinking. Under Fred's leadership, the industry has made great progress in this regard.

Under his leadership, DISCUS has successfully developed model legislation, the Drunk Driving Prevention Act, which has encouraged many states to pass life saving laws preventing drunk driving, including a ban on open containers and "zero tolerance" for underage consumption. Fred was among the first to call for the establishment of the Presidential Commission on Drunk Driving. Subsequently, he served with distinction on this panel. Under Fred's leadership, DISCUS has maintained and enforced a strict Code of Good Practice governing the advertising and marketing of distilled spirits. In 1991, the majority of the DISCUS companies made a multi-million dollar investment to form an organization known as the Century Council which went on to develop a number of life saving programs aimed at the problems of underage drinking, drunk driving and, most recently, college binge drinking.

As Fred Meister steps down from the leadership at the Distilled Spirits Council, he leaves behihd him a proud and positive legacy and he leaves behind an industry that is both commercially strong and socially responsible.

I know that I can safely speak on the behalf of the thousands of Kentuckians who earn their living in the distilling industry when I say "Congratulations and thank You" to Fred Meister for a job well done.•

APPRECIATION TO JOHN BRADLEY

Mr. SPECTER. Mr. President, on Friday, August 6, 1999 John Bradley completes a two year assignment to the Senate Committee on Veterans' Affairs. In view of his outstanding performance and contributions to the Committee and our country's veterans, I am taking this occasion to recognize John.

In mid 1997, the Committee was without a professional staff member with expertise in veterans' health care delivery system. I turned to the Department of Veterans Affairs for the temporary assignment of such a person. In truth, I anticipated retaining whoever was assigned only until such time as my Staff Director was able to interview and propose a permanent professional staff member. VA's then Acting Secretary Herschel Gober agreed to the detailing of John Bradley since John had served a similar assignment to this Committee in the 103rd Congress.

John Bradley turned out to be the consummate professional and the search for a permanent professional staff member was halted. A veteran of the Vietnam conflict and a career employee of the VA with over 25 years of service, primarily with the Veterans Health Administration, John made an immediate impact. With the Committee's legislative agenda completed, he directed with great professional skill the rigors of staff conferencing with his House counterparts.

It also soon became apparent that John was not a bureaucrat or intent on maintaining the status quo. In fact, he is an intellectual and innovative thinker who is willing to explore new ideas to advance the cause of veterans health care.

During his assignment to the Committee, John played a major role in shaping the following legislation: the Veterans' Health Care Improvements Act of 1998, the Persian Gulf War Veterans Act of 1998, and the Veterans Compensation Cost of Living Adjustment Act of 1998. Additionally, John has spent many hours this year working on S. 1076, the Veterans Benefits Improvements Act of 1999 which I hope will pass the Senate soon.

Upon his departure and on behalf of the Committee, I extend my deep appreciation to John for his courage, his innovation, his professionalism and, above all, his enduring concern for veterans. He shall be missed.

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate immediately proceed to executive session to consider the following nominations en bloc: Executive Calendar Nos. 192, 193, and 200. These nominations are Michael A. Sheehan to be Coordinator for Counterterrorism; Robert S. Gelbard, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Indonesia; and William B. Taylor to be Ambassador during tenure of service as Coordinator of the U.S. Assistance for the New Independent States.

I further ask unanimous consent that the nominations be confirmed en bloc, the motion to reconsider be laid upon the table, any statements be printed in the RECORD, the President be immediately notified of the Senate's action, and the Senate then return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

DEPARTMENT OF STATE

Michael A. Sheehan, of New Jersey, to be Coordinator for Counterterrorism, with the rank and status of Ambassador at Large.

Robert S. Gelbard, of Washington, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Indonesia.

William B. Taylor, Jr., of Virginia, for the Rank of Ambassador during tenure of service as Coordinator of U.S. Assistance for the New Independent States.

NOMINATION OF JACK E. HIGHTOWER OF TEXAS TO BE A MEMBER OF THE NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

Mr. LOTT. In executive session, I ask unanimous consent that the nomination of Jack E. Hightower be discharged from the Committee on Health, Education, Labor, and Pensions, and further the Senate proceed to its consideration.

I further ask unanimous consent that the nomination be confirmed, the motion to reconsider be laid upon the table, any statements be printed in the RECORD, the President be immediately notified of the Senate's action, and the Senate then return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nomination considered and confirmed is as follows:

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

Jack E. Hightower, of Texas, to be a Member of the National Commission on Libraries and Information Science for a term expiring July 19, 2004.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will resume legislative session.

MILITARY CONSTRUCTION APPROPRIATIONS ACT, 2000—CONFERENCE REPORT

Mr. LOTT. I ask unanimous consent that the Senate proceed to the immediate consideration of the conference report to accompany H.R. 2465.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2465), have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report. (The conference report is printed in the House proceedings of the RECORD of July 27, 1999.)

Mr. BURNS. Mr. President, I am very pleased to bring before the Senate the Military Construction Conference Report for fiscal year 2000.

Mr. President, this conference report was passed by the House of Representatives last week by a vote of 412 to 8. It was sent to the Senate late last week and now awaits or final passage.

We have worked hard with our House colleagues to bring the Military Construction Conference to a successful conclusion.

It reflects a strong bipartisan effort of behalf of the Senate and the House of Representatives.

Both bodies took a different perspective on the allocation of military construction funding for the Department of Defense.

However, in the final conference report, we met our goals of promoting quality of life initiatives and enhancing mission readiness.

Mr. President, this bill has some points I want to highlight. It provides a total of $8.37 billion for military construction.

Even though this is an increase' of $2.9 billion over the President's budget for fiscal year 2000, it is still a reduction of $79 million from what was appropriated last year.

The conferees rejected the administration proposal to incrementally fund military construction and family housing projects throughout the Department of Defense.

Instead the conferees believed that fully funding these projects was essential for the well being and moral of the men and women who serve in uniform.

Some 43 percent of the bill is allocated to family housing—a total of $3.6 billion. This includes new construction, improvements to existing units and funding for operation and maintenance of that housing.

We strongly protected quality of life initiatives. We provided $643 million for barracks, $22 million for child development centers, and $151 million for hospital and medical facilities.

We provided a total of $695 million for the Guard and Reserve components. Overall this represents an increase of $560 million from the President's budget request.

Many of those projects will enhance the readiness and mission capabilities of our Reserve and Guard forces, vital to out national defense.

I would like to thank my ranking member, Senator MURRAY, for her assistance and support throughout this process. She and her staff was extremely helpful.

I commend this product to the Senate and recommend that it be signed by the President without delay.

Mrs. MURRAY. Mr. President, I am pleased to bring before the Senate this conference report on the fiscal year 2000 military construction appropriations bill—the first of the 13 regular appropriations bills to be completed this year.

This is a good bill, leaner than we would wish but sufficient to meet the Services' most pressing military construction needs, particularly in terms of readiness and quality of life projects. The projects funded in this bill will give the men and women of our armed forces—and their families—a wide array of improved facilities in which to work, to train, and to live.

In my home state of Washington, for example, this bill provides nearly $129 million in funding for 16 different military construction projects plus $9 million for Army family housing at Fort Lewis.

Congress was faced with a difficult situation this year when the Pentagon, in a radical departure from regular procedure, requested incremental funding for the entire slate of fiscal year 2000 military construction projects. Thanks to the cooperation of Chairman STEVENS and Ranking Member BYRD, and to the efforts of Senator BURNS on the Subcommittee, it didn't happen. What's more, we included language in our Committee report directing the Administration to fully fund all military construction requests in future budgets.

Unfortunately, this bill reflects a continued decline in the amount of money that is being allocated to military construction. This year's bill is funded at a level of $8.374 billion, which is $76 million less than the fiscal year 1999 bill. And this is at a time when funding for the Defense appropriations bill is heading toward a major increase. Military construction does not have the glamour of some of the gee whiz, high-tech items in the defense bill, but it is an integral part of readiness and quality of life in the military. If military construction is underfunded, we will wind up undercutting our nation's war fighting capability. We must not allow that to occur.

We will continue to fight the good fight for military construction dollars, ably led by our chairman, Senator BURNS, who is an extremely effective advocate for the needs of the military and a pleasure to work with on the Committee. I thank Senator BURNS, and Senators STEVENS and BYRD, for their unflagging support, and I also thank the Subcommittee staff for their hard work on this bill.

This is a good bipartisan conference report, and I urge my colleagues to accept it so that it can be sent to the President without delay and become the first fiscal year 2000 regular appropriations bills to be signed into law.

Mr. LOTT. I ask unanimous consent that the conference report be agreed to, the motion to reconsider be laid upon the table, and any statements relating to the conference report be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The conference report was agreed to.

FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 2000 AND 2001

Mr. LOTT. I ask unanimous consent the Senate proceed to the consideration of Calendar No. 229, H.R. 2415.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 2415) to enhance security of the United States missions and personnel overseas, to authorize appropriations for the Department of State for fiscal year 2000, and for other purposes.

Mr. LOTT. I ask unanimous consent that all after the enacting clause be stricken and the text of S. 886 as passed by the Senate be inserted in lieu thereof. I further ask consent that the bill be read the third time and passed, the motion to reconsider be laid upon the table. I further ask consent that the Senate insist on its amendment, request a conference with the House, and the Chair be authorized to appoint conferees on the part of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 2415), as amended, was passed.

(The text of S. 886 was printed in the RECORD of June 22, 1999)

The Presiding Officer (Mr. ALLARD) appointed Mr. HELMS, Mr. LUGAR, Mr. COVERDELL, Mr. GRAMS of Minnesota, Mr. BIDEN, Mr. SARBANES, and Mr. DODD conferees on the part of the Senate.

NATIONAL AIRBORNE DAY

Mr. LOTT. I ask unanimous consent that the Senate now proceed to the immediate consideration of Calendar No. 241, S. Res. 95.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 95) designating August 16, 1999, as "National Airborne Day."

Mr. LOTT. I ask unanimous consent the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and any statements relating to this resolution be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. 95) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 95

Whereas the Parachute Test Platoon was authorized by the War Department on June 25, 1940, to experiment with the potential use of airborne troops;

Whereas the Parachute Test Platoon was composed of 48 volunteers that began training in July, 1940;

Whereas the Parachute Test Platoon performed the first official Army parachute jump on August 16, 1940;

Whereas the success of the Parachute Test Platoon led to the formation of a large and successful airborne contingent serving from World War II until the present;

Whereas the 11th, 13th, 17th, 82nd, and 101st Airborne Divisions and the numerous other regimental and battalion-sized airborne units were organized following the success of the Parachute Test Platoon;

Whereas the 501st Parachute Battalion participated successfully and valiantly in achieving victory in World War II;

Whereas the airborne achievements during World War II provided the basis for continuing the development of a diversified force of parachute and air assault troops;

Whereas paratroopers, glidermen, and air assault troops of the United States were and are proud members of the world's most exclusive and honorable fraternity, have earned and wear the "Silver Wings of Courage", have participated in a total of 93 combat jumps, and have distinguished themselves in battle by earning 68 Congressional Medals of Honor, the highest military decoration of the United States, and hundreds of Distinguished Service Crosses and Silver Stars;

Whereas these airborne forces have performed in important military and peacekeeping operations, wherever needed, in World War II, Korea, Vietnam, Lebanon, Sinai, the Dominican Republic, Panama, Somalia, Haiti, and Bosnia; and

Whereas the Senate joins together with the airborne community to celebrate August 16, 1999, as "National Airborne Day": Now, therefore, be it

Resolved, That the Senate—

(1) designates August 16, 1999, as "National Airborne Day"; and

(2) requests that the President issue a proclamation calling on Federal, State, and local administrators and the people of the United States to observe the day with appropriate programs, ceremonies, and activities.

ORDERS FOR WEDNESDAY, AUGUST 4, 1999

Mr. LOTT. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until the hour of 9 a.m. on Wednesday, August 4. I further ask consent that on Wednesday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and the Senate immediately begin 40 minutes of debate on the dairy issue to be equally divided between the opponents and proponents, and the cloture vote occur at 9:45 a.m. with the mandatory quorum having been waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. LOTT. Therefore, the Senate will convene at 9 a.m. and we will have 40 minutes of debate, equally divided, on the dairy issue; at 9:45 will be the cloture vote on the dairy amendment. Following the vote, the Senate will resume consideration of the pending Agriculture appropriations bill. Amendments and votes are expected throughout tomorrow's session of the Senate with the anticipation of completing action on the bill.

After that is completed, we could have a vote on a nomination after some period of debate, and then we would turn to the Interior appropriations bill.

ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. LOTT. If there is no further business to come before the Senate, I now ask unanimous consent the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 8:15 p.m., adjourned until Wednesday, August 4, 1999, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate August 3, 1999:

DEPARTMENT OF TRANSPORTATION

MICHAEL J. FRAZIER, OF MARYLAND, TO BE AN ASSISTANT SECRETARY OF TRANSPORTATION, VICE STEVEN O. PALMER, RESIGNED.

DEPARTMENT OF COMMERCE

GREGORY ROHDE, OF NORTH DAKOTA, TO BE ASSISTANT SECRETARY OF COMMERCE FOR COMMUNICATIONS AND INFORMATION, VICE CLARENCE L. IRVING, JR.

DEPARTMENT OF THE INTERIOR

DAVID J. HAYES, OF VIRGINIA, TO BE DEPUTY SECRETARY OF THE INTERIOR, VICE JOHN RAYMOND GARAMENDI, RESIGNED.

DEPARTMENT OF ENERGY

IVAN ITKIN, OF PENNSYLVANIA, TO BE DIRECTOR OF THE OFFICE OF CIVILIAN RADIOACTIVE WASTE MANAGEMENT, DEPARTMENT OF ENERGY, VICE DANIEL A. DREYFUS, RESIGNED.

DEPARTMENT OF STATE

EDWARD W. STIMPSON, OF IDAHO, FOR THE RANK OF AMBASSADOR DURING HIS TENURE OF SERVICE AS REPRESENTATIVE OF THE UNITED STATES OF AMERICA ON THE COUNCIL OF THE INTERNATIONAL CIVIL AVIATION ORGANIZATION.

THE JUDICIARY

GAIL S. TUSAN, OF GEORGIA, TO BE UNITED STATES DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF GEORGIA, VICE G. ERNEST TIDWELL, RETIRED.

RICHARD K. EATON, OF THE DISTRICT OF COLUMBIA, TO BE A JUDGE OF THE UNITED STATES COURT OF INTERNATIONAL TRADE, VICE R. KENTON MUSGRAVE, RETIRED.

DEPARTMENT OF THE JUDICIARY

KATHRYN M. TURMAN, OF VIRGINIA, TO BE DIRECTOR OF THE OFFICE FOR VICTIMS OF CRIME, VICE AILEEN CATHERINE ADAMS.

IN THE ARMY

THE FOLLOWING NAMED ARMY NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, U.S.C., SECTIONS 12203 AND 12211:

To be colonel

ROGER F. HALL, JR., 0829
JOHN R. HERRIN, 0709
HOWARD E. HILL, JR., 6129
THOMAS E. JOHNSON, 7091
ROBERT A. MARTINEZ, 6433
HENRY C. MCCANN, 1781
ALAN R. PETERSON, 9304
TIMOTHY L. ROOTES, 8203
ARNOLD H. SOEDER, 6872
STEPHEN C. TRUESDELL, 6095
PAUL K. WOHL, 8567

IN THE AIR FORCE

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADES INDICATED IN THE UNITED STATES AIR FORCE AND FOR REGULAR APPOINTMENT (IDENTIFIED BY AN ASTERISK (*) UNDER TITLE 10, U.S.C., SECTIONS 624, 628, AND 531:

To be colonel

MICHAEL L. COLOPY, 7168
STEVEN A. GABRIAL, 5729
STEVEN J. PECINOVSKY, 7492
KEITH L. ROBERTS, 8830

To be lieutenant colonel

MARIO T. AVALOS, 0108
PETER J. BLOME, 3012
LARRY J. CHODZKO, 5347
DOUGLAS L. DURAND, 3706
ALAAELDEEN M. ELSAYED, 4553
MARK E. ISRAELITT, 2322
DANIEL E. JOHNSON, 6080
CHARLES E. LATIMER, 0457
*RICHARD L. MILLER, 4726

RONNIE E. NICKEL, 3448
JAMES A. ROMAN, 9193
JOHN T. STEHMAN, 2145
JOHN T. TRESEMER, 1456

To be major

CHARLES G. BELENY, 5646
LORI L. EVERETT, 6505
BENEDICT G. HEIDERSCHEDIT, 5759
DEREK A. KNIGHT, 1029
JOHN G. LINK, 2134
EDMOND K. SAFARIAN, 2768
BLAIN W. SECOR, 0813
EVELINE F. YAOTIU, 0823

IN THE ARMY

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY AND FOR REGULAR APPOINTMENT AS CHAPLAIN (IDENTIFIED BY AN ASTERISK (*)) UNDER TITLE 10, U.S.C. SECTIONS 624, 531 AND 3064:

To be major

*ERIC J. ALBERTSON, 1997
*CARLETON W. BIRCH, 5715
*RANDY L. BRANDT, 8180
*DAVID B. CRARY, 7398
*OCTAVIO J. DIIULIO, 8128
*JACK E. DIXON, 3031
*ORLANDO R. FULLER, 8656
*MARC S. GAUTHIER, 8610
*JEFFREY J. GIANNOLA, 5699
*JOHN W. GRIESSEL, 9540
*KENNETH R. HARRIS, 4123
*JAMES C. HARTZ, 7248
IRA C. HOUCK III, 5885
*KEITH E. KILGORE, 0703
*ROBERT F. LAND, 0818
*RICHARD E. LUND, 3548
*ROBERT C. LYONS, 3812
*JAMES J. MADDEN, 9267
*JO A. MANN, 2198
*MARK B. NORDSTROM, 6700
*RICHARD R. PACANIA, 7028
*KRISTI P. PAPPAS, 3811
*JAMES E. PAULSON, 9442
*JOE E. PEDERSON, 6009
*MARK A. PENFOLD, 7084
*HARRY R. REED, JR., 3497
*CHARLES E. REYNOLDS, 1162
*LEE E. RODGERS, 8544
*LUIS R. SCOTT, 7944
*DAVID K. SHURTLEFF, 0604
*PETER R. SNIFFIN, 1866
*TIMOTHY E. SOWERS, 5312
*TIMOTHY D. WALLS, 1913
*KEVIN B. WESTON, 5147
*ROBERT H. WHITLOCK, 1633
*STANLEY E. WHITTEN, 5466

CONFIRMATIONS

Executive nominations confirmed by the Senate August 3, 1999:

DEPARTMENT OF STATE

MICHAEL A. SHEEHAN, OF NEW JERSEY, TO BE COORDINATOR FOR COUNTERTERRORISM, WITH THE RANK AND STATUS OF AMBASSADOR AT LARGE.

ROBERT S. GELBARD, OF WASHINGTON, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF CAREER MINISTER, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF INDONESIA.

WILLIAM B. TAYLOR, JR., OF VIRGINIA, FOR THE RANK OF AMBASSADOR DURING TENURE OF SERVICE AS COORDINATOR OF U.S. ASSISTANCE FOR THE NEW INDEPENDENT STATES.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

JACK E. HIGHTOWER, OF TEXAS, TO BE A MEMBER OF THE NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE FOR A TERM EXPIRING JULY 19, 2004. (REAPPOINTMENT)

THE ABOVE NOMINATIONS WERE APPROVED SUBJECT TO THE NOMINEES' COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

HOUSE OF REPRESENTATIVES—*Tuesday, August 3, 1999*

The House met at 9:00 a.m.

MORNING HOUR DEBATES

The SPEAKER. Pursuant to the order of the House of January 19, 1999, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited not to exceed 25 minutes, and each Member except the majority leader, the minority leader, or the minority whip limited to not to exceed 5 minutes, but in no event shall debate continue beyond 9:50 a.m.

The Chair recognizes the gentleman from Oregon (Mr. BLUMENAUER) for 5 minutes.

WAIVER FOR VIETNAM

Mr. BLUMENAUER. Mr. Speaker, it is not often that on the floor of this Chamber we can deal with several major issues simultaneously, but such is the case today as we deal with House Resolution 58, which would deny the waiver of the Jackson-Vanik for the nation of Vietnam. This issue is not just of trade and international commerce. It truly is an opportunity for the United States to help get our story straight regarding one of the great tragedies of our time.

The war in Vietnam was truly a tragedy for that nation. Great damage was inflicted upon the people, on a country that had been at war for over a third of the century, from World War II to the conclusion of that effort, but it had serious implications for our country. It divided generations, divided families, polarized our society.

I have great respect for the men who served in Vietnam. It has been a privilege for me to become acquainted with our colleague, the gentleman from Texas (Mr. SAM JOHNSON), and the suffering that he and his family went through. I have been touched by that extraordinary sacrifice.

Yet, at the same time it is clear to me that it is important for us to acknowledge the problems that we faced as a Nation dealing with the war in Vietnam. We were on the wrong side of history. Just this week, we had before the John Quincy Adams Society, Robert McNamara acknowledging that he was well aware, during his tenure, that the war was not winnable and acknowledged the problems with the rationale that was advanced. These were items that were known, frankly, on college campuses around the country at this time but denied at the highest levels of our government.

Last year, on the eve of the Jackson-Vanik waiver vote, I received a call from Vietnam from my daughter who was visiting. She was struck by the kindness of the Vietnamese people, the beauty of the landscape and as a college student she was not really aware, until her experience in Vietnam, of the tragedy of that conflict.

I have in mind today that conversation and her experience as we come forward. We are going to talk about trade and economic opportunity, and that is important. We are on the verge of signing a major trade agreement with Vietnam that will accelerate the economic prospects of that country. We have in the capitol today, Ambassador Pete Peterson, who has performed a tremendous service over the last few years in his work in Vietnam. He is arguably the best qualified person in America to bring about the reconciliation. His political and military experience, his passion and his compassion set him apart and make him uniquely qualified. I continue to be amazed at his efforts.

We have the opportunity to build on his efforts with the rejection of the disallowal, to make progress on human rights, transparency of economic activities. We have the opportunity to help in Southeast Asia, the world's 12th most populous country, hasten their economic progress, but it goes far beyond that. The defeat of House Resolution 58 will help accelerate the integration of Vietnam into the world economy. It will help open up their society, but more important it will be an opportunity for us here on this floor to acknowledge the United States needs to get beyond this terrible legacy.

It is more than economics. It is an opportunity for America to get things right.

I strongly urge my colleagues to join with us this morning in the Capitol, room H-137. Pete Peterson will be meeting with us individually to talk about his experience, to talk about this opportunity, to give us a chance to not only move Vietnam forward economically but to do what is right by the American people in this conflict.

GAO REPORT CLAIMS VETERANS ADMINISTRATION WASTES MILLIONS

The SPEAKER pro tempore (Mr. SIMPSON). Under the Speaker's announced policy of January 19, 1999, the gentleman from Florida (Mr. STEARNS) is recognized during morning hour debates for 5 minutes.

Mr. STEARNS. Mr. Speaker, all of us know that here on the Republican side we are trying to fight to increase the amount of money we give to the Veterans Administration because the President's budget was a flat line budget which did not provide enough money and particularly the fact that there are many more cases of hepatitis C. And we hope to increase cost of living for a lot of the employees, but I wanted to call my colleagues' attention to a GAO audit that was performed on the Veterans Affairs on July 22 that found over the next 5 years as much as $20 billion could be wasted. And I think that is a concern for all of us here in Congress.

The Veterans Health Administration is spending one of every four medical care dollars just caring for buildings that are old and obsolete. They spend it to operate and maintain these major delivery locations, but these locations have very low occupancy and a lot of unused space. So as I mentioned earlier, there is $20 billion that could be saved over the next 5 years.

I think many of my colleagues know that the Veterans Health Administration hospital utilization plan has been dropping because the number of patients has gone down. That is right, it has gone from 49,000 patients a day in 1989 to 21,000 in 1998. Almost half of this decline has occurred over the past 3 years. Not only has the hospital utilization dropped but the number of hospital admissions has decreased from over 1 million in 1989 to about 400,000 in 1998. So that is about a 40 percent drop, Mr. Speaker.

By the VA's own estimates, the veteran population is now 25 million and will drop to about 16 million in the year 2020. So I am concerned, I think all of us should be concerned, about those facilities that cost so much to operate. More than 40 percent of the VA health care facilities are over 50 years old and we are just not getting a good bang for the buck for the taxpayers. It cost as much as $1 million a day to run these underutilized and unused facilities, according to the GAO; and I do not think we should continue to do that. That is why myself and my colleague, the gentleman from Alabama (Mr. EVERETT), who is chairman of the Subcommittee on Oversight and Investigations, have held hearings to discuss this and try to correct this egregious use of taxpayers' money.

Let us not forget, of course, that veterans pay taxes themselves, so we want

□This symbol represents the time of day during the House proceedings, e.g., □1407 is 2:07 p.m.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

to make sure that the taxes they pay are effectively used also.

The GAO found that the Veterans Health Administration has made limited progress over the past 4 months in implementing a realignment process. They also found that the VA contains a diverse group of competing stakeholders who oppose plan changes in the areas I have just talked about. The GAO has made suggestions. They suggested more independent planning by those with no vested interest in geographic locations. They also recommend that the VA consider consolidating services, developing partnerships with other health care providers, and replacing obsolete assets with modern ones that address the health needs of today's and future veterans.

I have a bill, Mr. Speaker, that addresses part of these concerns. It is H.R. 2116. I am hoping that this bill will come to the floor. One of the major components of my bill, called the Veterans Millennium Health Care Act, contains elements targeted at capital asset management issues, in fact, what I like to call enhanced stakeholder involvement for all of the veterans.

My bill offers a blueprint to help position the VA for the future. The point is that VA has the closure authority. The administration can take those facilities that are obsolete and not being used and close them, but it does not seem to want to. I think what we need to do is allow a new process to get this started. So my bill calls for a process to be sure that decisions on closing hospitals can only be made based upon comprehensive planning with veterans' participation, and that is very important and very appropriate.

The bill sets numerous safeguards in place and would specifically provide that VA cannot simply stop operating a hospital and walk away from its responsibilities to veterans. It must, quote, reinvest savings in a new, improved treatment facility or improve services in the area.

I think the bill responds to the pressing veterans' needs. It opens the door to an expansion of long-term care, to greater access to outpatient care and to improved benefits, including emergency care coverage.

So in turn, Mr. Speaker, I think it provides the reforms we need for the next millennium that could advance the goals of the GAO, and I think it is another important feature towards getting better efficient use of the money.

OMNIBUS MERCURY EMISSIONS REDUCTION ACT OF 1999

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Maine (Mr. ALLEN) is recognized during morning hour debates for 5 minutes.

Mr. ALLEN. Mr. Speaker, yesterday I introduced the Omnibus Mercury Emissions Reduction Act of 1999, a bill to reduce mercury emissions by 95 percent nationwide. I am pleased to be joined by 27 of my colleagues who have agreed to be original cosponsors of this important bipartisan legislation.

Although mercury is a naturally occurring element, it has built up to dangerous levels in the environment. Mercury pollution impairs the reproductive and nervous systems of freshwater fish and wildlife, especially loons. It can be extremely harmful when ingested by humans. It is especially dangerous to pregnant women, children, and developing fetuses. Ingesting mercury can severely damage the central nervous system, causing numbness in extremities, impaired vision, kidney disease, and in some cases even death.

According to EPA's mercury study report to Congress, exposure to mercury poses a significant threat to human health, and concentrations of mercury in the environment are increasing.

The report concludes that mercury pollution in the U.S. comes primarily from a few categories of combustion units and incinerators. Together, these sources emit more than 155 tons of mercury into our environment each year. These emissions can be suspended in the air for up to a year and travel hundreds of miles before settling in bodies of water and soil.

Nearly every State confronts the health risks posed by mercury pollution and the problem is growing. Just 6 years ago, 27 States had issued mercury advisories warning the public about consuming freshwater fish contaminated with mercury. Today, the number of States issuing advisories has risen to 40, and the number of water bodies covered by the warnings has nearly doubled.

In some States, including my home State of Maine, every single river, lake, and stream is under a mercury advisory, and that applies to the States shown in black on this chart.

The growing problem has already prompted action at the State and regional level. Last year, the New England governors and Eastern Canadians premiers enacted a plan to reduce emissions, educate the public, and label products that contain mercury. Maine and Vermont have passed legislation to cut mercury pollution, and Massachusetts and New Jersey have enacted strict mercury emission standards on waste incinerators.

Although there is a clear consensus that mercury pollution poses a significant threat, State and regional initiatives alone are not sufficient to deal with this problem. As Congress recognized when it passed the Clean Air Act nearly 30 years ago, Federal legislation is the only effective way to deal with airborne pollutants that know no State boundaries. That is why I am introducing legislation to reduce the amount of mercury emitted from the largest polluters. This bill sets mercury emission standards for coal-fired utilities, waste combustors, commercial and industrial boilers, chlor-alkali plants, and Portland cement plants. According to the EPA's report to Congress, these sources are responsible for more than 87 percent of all mercury emissions in the U.S.

My bill also phases out the use of mercury in products and ensures that municipalities work with waste incinerators that keep products that contain mercury out of the waste stream. It would also require a recycling program for products that contain mercury as an essential component and increases research into the effects of mercury pollution.

With mercury levels in the environment growing every year, it is long past time to enact a comprehensive strategy for controlling mercury pollution. We have the technology for companies to meet these standards, and this bill will allow them to choose the best approach for their facility.

We have reduced or eliminated other toxins without the catastrophic effects that some industries predicted. Now we should eliminate dangerous levels of mercury. I urge my colleagues to support this legislation and stop mercury from polluting our waters, infecting our fish and wildlife, and threatening the health of our children.

A SOURING DEBATE OVER MILK PRICES

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Minnesota (Mr. GUTKNECHT) is recognized during morning hour debates for 5 minutes.

Mr. GUTKNECHT. Mr. Speaker, very soon the Congress will be engaged in a very vicious debate about milk. And that may surprise some people; but when we start talking about milk marketing order reforms, it is amazing how aggressive some Members can become.

Mr. Speaker, in the last couple of days our colleague, the gentleman from Wisconsin (Mr. GREEN) and myself have sent to all of our other colleagues a copy of an editorial which appeared recently in the Kansas City Star.

Mr. Speaker, I would like to read some excerpts of that editorial because as far as I am concerned they got the debate exactly right. I read and I quote, in 1996, Congress ordered the administration to simplify the pricing of milk. That is easy enough. Stop regulating it. But this is the farm sector and a free market in milk is somehow inconceivable. Instead, milk prices are calculated from rules and equations filling several volumes of the Code of Federal Regulations.

The administration's proposed reform would reduce the number of regions for which the price of wholesale milk is regulated from 33 to 11. Fine, but it would also perpetuate the loopy Depression-era notion that the price of milk should in some respects be based in part on its distance from Eau Claire, Wisconsin. Under current policy, producers farther away from this supposed heart of the dairy region generally receive higher premiums or differentials.

The administration called for slightly lower differentials for beverage milk in many regions, but in Congress even this minuscule step towards rationality is being swept aside. The Committee on Agriculture has substituted a measure that essentially maintains a status quo. Similar moves are afoot in the Senate. Worse, some dairy supporters are working to reauthorize and expand the Northeast Interstate Dairy Compact, a regional milk cartel, and allow similar grouping for southern States. Missouri's legislature, by the way, has already voted to join the Southern Compact, even though it would result in higher prices for consumers. The Consumer Federation of America reports that the Northeast Dairy Compact raised retail milk prices by an average of 15 cents a gallon over 2 years.

Dairy producers concerned about the long view should be worried. Critics point out that the higher milk differentials endorsed by the House Committee on Agriculture may well lead to lower revenue for many producers. This is because the higher prices will encourage more production, driving down the base milk price and negating the higher differential.

The worst idea in this developing stew is the prospect for dairy-compact proliferation. A compact works like an internal tariff, because the cartel prohibits sales above an agreed-upon floor price. Producers within the region are protected from would-be outside competitors.

Opponents point out that more regional compacts, and the higher prices they support, will breed excessive production, creating dairy surpluses that will be dumped into markets of other regions. This will prompt other States to demand similar protection, promoting the spread of dairy compacts.

Ultimately, as in the 1980s, political pressure will build to liquidate the dairy surplus in a huge multibillion dollar buyout of cheese, milk powder, and even entire herds.

Congress should permit the Northeast Compact to sunset or expire, which will occur if the lawmakers simply do nothing. In fact, doing nothing to the administration's proposal seems to be the best choice in this case, or more properly the least bad. Perhaps some day Washington will debate real price simplification as in ditching dairy socialism and letting prices fluctuate according to the law of supply and demand, closed quote.

Mr. Speaker, the Kansas City Star is right. We should allow Secretary Glickman's modest reforms to go forward. We should sunset the Dairy Compact. Mr. Speaker, markets are more powerful than armies. They allow the market to set the price of milk in Moscow. Maybe we should try it right here in Washington, D.C.

TWO OF THE MANY PROBLEMS WITH THE PROPOSED TAX CUT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Massachusetts (Mr. OLVER) is recognized during morning hour debates for 5 minutes.

Mr. OLVER. Mr. Speaker, for this week the high profile, main business of the Republican leadership in Congress is to reach a final version of the $800 billion tax cut that has been proposed.

Now, the Republican leadership says that their tax cut is for the middle class, but that is clearly not true.

The House-passed version of the bill passed here, passed this branch 2 weeks ago, and in that version the 6 million highest income taxpayers, which represent about 5 percent of all taxpayers in this country, with incomes of over $125,000 a year, would get 61 percent, more than three-fifths of the total tax reduction, while the other 120 million taxpayers in this country, 95 percent of all the taxpayers, they would get only 39 percent of the total tax reduction that is involved.

Now, I do not think that many people would consider that a middle class tax cut. In fact, it is designed to make the already rich a very great deal richer, while the broad middle class of people in this country, the families that are living on an income of between $20,000 to, say, $80,000 a year, are only going to see a tax cut that is worth one or two cups of coffee a day for those families.

But that is only a small part of the story. The rest of the story is what cannot be done if the Republican leadership's tax cut bill were to become law. For that, I would like to just indicate a couple of areas of what cannot be done. Look at and consider the question of the national debt. On this chart, this chart shows what the publicly-held national debt of $3.7 trillion is made up of.

These pie chart sections, 38 presidents from 1789 until 1977 produced this blue piece. This is President Carter's portion of the debt. This is President Reagan's. This is President Bush's. This is President Clinton's. The interest on that $3.7 trillion of debt now is about as large, it is about $230 billion a year, is about as large as the whole debt that was created during the Carter administration, that was built up during the Carter administration.

What happens? The tax cut makes certain that we will not be able to pay off that debt, and we will have to continue paying $200 billion or more per year for years into the future. That means higher interest rates for every American family that wants to buy a home, higher interest rates for every business person who wants to create a business that is going to provide more jobs.

So, the debt problem.

Let me take a different issue. If you take a look at the Social Security situation, the tax cut, if it were to become law in its present form, would make it very much more difficult to extend the Social Security system beyond the year 2030. We know the demographics. We know how many people are going to be retiring between now and then. We know how many are going to enter the workforce between now and then, and we know that the reserve funds in the Social Security system will run out in 2030. And we will only be able to operate on the basis of whatever is paid into the Social Security trust fund year by year, which means the benefits for the ever-growing number of senior citizens will have to be reduced or the retirement age for people will have to go up.

At the same time, at the same time, we know that for those people who are businesspeople who are wealthy Americans, the retirement age is going down. People are retiring, if they are wealthy enough, at 50, 55, some even younger than that. Some of them never have worked so they never have to retire.

So the Social Security system is in serious jeopardy of not having any additional revenue to put into the protection and preservation of the Social Security system.

Now, my mother, who is 92 years old, is living now on Social Security that is under $500 per month. She also has a couple hundred dollars of income from other sources but she certainly could not live on a reduced benefit as would happen if this tax cut were to become law.

So those are two reasons. There are many others but those are two of what the problems are with the tax cut that is being proposed.

WE MUST TAKE ACTION TO ENSURE THE SAFETY AND SECURITY OF ALL AMERICANS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from North Carolina (Mr. JONES) is recognized during morning hour debates for 5 minutes.

Mr. JONES of North Carolina. Mr. Speaker, 3 weeks ago I first learned the story of a lieutenant colonel working for the Department of Energy whose job had been threatened. Colonel Ed McCallum was the director of the Office of Safeguards and Security for the Department of Energy. He and his staff were responsible for the policy that governs the protection of the Energy

Department's national security assets. This includes nuclear weapons, nuclear materials, highly classified information, and personnel clearances.

In his position within the Department, Colonel McCallum was responsible for evaluating and working to prevent security challenges with regard to our Nation's most sensitive technology. In his 9 years as director, Colonel McCallum worked under Clinton appointee Secretary Hazel O'Leary and then under current Energy Secretary Bill Richardson. Under both, he worked to highlight security lapses within the Department. Unfortunately, he faced a steep uphill battle getting anyone in the department to listen to his concerns.

Instead, his reports and memos were ultimately carelessly set aside. Even after gaining the attention of the Secretary, little or no action was taken. Time after time, his efforts were stonewalled.

Now Colonel McCallum is speaking out about the Department's efforts to ignore the great breaches of national security at our weapons laboratories. Since coming forward with the truth, Colonel McCallum was placed on administrative leave and his career was threatened. Now with the help of Bill O'Reilly and Fox News, I have been working to draw attention to the subject of China and other nations' efforts to steal American military secrets, as well as the administration's treatment of the men and women who are coming forward with the truth.

Colonel McCallum and members of his staff are working to protect the security of each and every American citizen. Rather than being rewarded for their patriotism, they are being punished by this administration.

After appearing on the O'Reilly Factor last month, my office has received numerous calls and letters from concerned citizens asking that we continue working to address this issue.

Mr. Speaker, the American people care that our national security has been compromised. The American people care about what other sensitive U.S. information China and rogue nations have been able to access. Our potential adversaries may have been able to steal information on our most advanced stealth technology. Our military space research or information on our most advanced communications equipment.

Each of these technologies by themselves pose real risks to the security of the American people. For that reason, I am concerned not only for the safety of our generation but also that of the future generations. My friend and colleague, the gentleman from Pennsylvania (Mr. WELDON), and I have asked the Committee on Armed Services chairman, the gentleman from South Carolina (Mr. SPENCE), to hold a hearing allowing members of Colonel McCallum's staff to testify. The information they can provide will be critical in assessing Congress' effort to halt the leakage of sensitive military secrets.

Mr. Speaker, we must take action to protect those individuals who are willing to come forward with the information that will keep our sensitive national security information protected and secret. We must take actions to ensure the safety and security of all Americans.

EILEEN COLLINS, A TESTAMENT OF THE POSSIBILITIES THAT DREAMS PRESENT TO US

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentlewoman from Maryland (Mrs. MORELLA) is recognized during morning hour debates for 5 minutes.

Mrs. MORELLA. Mr. Speaker, as a testament of the possibilities that dreams present to us, I rise this morning to speak on a resolution that I introduced which passed the House yesterday honoring a true American hero.

After two frustrating but necessary delays, STS–93 finally launched early in the morning on July 23, and last Tuesday the Space Shuttle Columbia landed safely at the Kennedy Space Center after the successful completion of its mission. On its 26th voyage to Earth's orbit, Columbia launched the Chandra X-Ray Observatory. This marvel of technology promises to unlock many secrets of the origins of the universe and the formation of galaxies, stars and planets. As promising and as exciting as this latest enterprise of exploration is to scientists and students everywhere, there is still a greater significance to this mission.

The commander of this mission, U.S. Air Force Lieutenant Colonel Eileen Marie Collins, was born in 1956, just one year before the space race began with the Soviet launch of Sputnik 1. She grew up in the tense climate of the Cold War, fully aware that as demonstrated by Sputnik the Soviet Union could launch a missile with enough force to threaten her home. No doubt, she shared the apprehension that would spark the space race and see the United States play catch-up to the apparent dominance of the world's other superpower.

She just turned 12 when Apollo 8 made its 10 historic orbits of the Moon on Christmas day 1968, and I have no doubt she was among the millions who watched Neil Armstrong, Michael Collins, and Buzz Aldrin make their voyage in Apollo 11 in July of 1969.

She dreamed of being a test pilot and an astronaut but it did not come easy for her. Though women were early pioneers of flight, since the 1930s fewer opportunities were open to women. It was not until the mid-1970s that women became eligible for positions as military aviators, the traditional route to the astronaut program.

Collins was working her way through community college during this time and earned a scholarship to Syracuse. She studied mathematics and economics, going on to later earn a Master of Science degree in operations research from Stanford University and a Master of Arts in space systems management from Webster University.

In 1979, the same year Skylab fell out of Earth's orbit, she completed her pilot training for the Air Force. She became a flight instructor, and in 1983 when Sally Ride became the first American woman in space, she was a C–141 commander and instructor. As a test pilot, she eventually logged over 5,000 hours in 30 different aircraft.

She was selected as an astronaut in 1990, became the first woman pilot of the Space Shuttle aboard the Discovery on STS–63 in February of 1995. Going into this most recent mission, she had already logged over 419 hours of time in space.

With her latest mission, however, she embarked on an adventure that marks another moment in history. She became the first woman commander of a mission to space.

As chair of the Subcommittee on Technology, I introduced the legislation that created the Commission on the Advancement of Women and Minorities in Science, Engineering and Technology Development, working to reverse the underrepresentation of these groups in the sciences through better education and encouragement at all levels of learning. Through my work on the Committee on Science, I have had the pleasure of meeting Colonel Collins. I have been impressed by her down-to-earth personality and sense of self in such a historic context.

Commenting on the low number of women astronauts, she said, "If you do not have large numbers of women apply, it will be hard to select large numbers of women."

Mr. Speaker, H. Res. 267 seeks to recognize the wider possibilities demonstrated by this flight. This latest mission is a signal to little girls who dream. Space is there for them, too. And the next time humankind endeavors to take another joint leap, it could well be a woman to make it.

NAIVETE OR CRASS PARTISAN, POLITICAL ADVANTAGE THROUGH SCANDALOUS FUNDRAISING?

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from Arizona (Mr. HAYWORTH) is recognized during morning hour debates for 5 minutes.

Mr. HAYWORTH. Mr. Speaker, my colleague from Maryland spoke eloquently of the dreams of all Americans, and it is with a sense of profound anxiety that I come to the floor today to talk about those elements in our world that could defer those dreams.

The lead story, Mr. Speaker, in today's Washington Times reads as follows: "China Tests New Long Range Missile." Bill Gertz, the byline, he writes and I quote, "China successfully test-fired its newest long-range missile yesterday amid heightened tensions with Taiwan over pro-independence remarks by the island's President. The CIA believes the DF–31 test launched from a base in central China will be the first new Chinese intercontinental ballistic missile to incorporate stolen U.S. warhead design and missile technology, according to U.S. officials."

Mr. Speaker, when I read those words this morning, I could not help but reflect on the revelations that have rocked our Nation's capital and our entire country in the past several months. The fund-raising scandals, the apparent absence of concern at our Nation's nuclear laboratories, the wholesale theft of our nuclear secrets and the apparent cooperation of some in the private sector, and some in alleged government service to make it so.

Mr. Speaker, what perverse pride can anyone derive from these revelations? Is there actually pride on the part of the Clinton-Gore gang and their fundraisers this morning? Is there actually pride in the heart of Bernard Schwartz, the leading giver to the Democratic National Committee, whose firm, Loral, gave technology to the Communist Chinese? C. Michael Armstrong, the one-time CEO of Hughes, another company that gave technology to the Communist Chinese, can he feel pride at these revelations this morning?

Is our national security advisor, Sandy Berger, who sat on this information and apparently withheld it from the highest levels of government, does he feel pride this morning that our Nation is at risk?

How proud former Energy Secretary Hazel O'Leary must be this morning, with her socialist utopian vision of sharing our nuclear technology with those who oppose us in the world. And finally and sadly, how proud the President and Vice President of the United States must be.

Mr. Speaker, our constitutional republic has survived scores of scoundrels and scalawags, but to have those at the highest level of government speak of a strategic partnership with Communist China and then have it revealed in the fullness of time just what that strategic partnership meant, crass partisan, political advantage through scandalous fund-raising that has led us to this sorry state of affairs. If it is not by design then at least by naivete, and that leads us to another item in this morning's paper.

William F. Buckley writes in his column and I quote, "With reference to North Korea, specifically American intelligence has said that as things are now going the North Koreans plan to test the Taepodong II, an advanced version of the T–1 missile that rocked the world when last August it soared right over the island of Japan. T–2 is designed to do better than T–1, and better means that it could land a nuclear payload in Alaska or in Hawaii."

I recall the words and the intent of this administration by former Defense Secretary William Perry who lectured new Members of Congress on the necessity of giving, giving nuclear reactors to the outlaw nation, that is North Korea, and worse it has been reported in our press that the State Department kept from Congress information that the core of one of those reactors is now missing.

Mr. Speaker, when will we awaken to the threat that has been created by naivete or crass political advantage that some have sought in direct contravention and dereliction of the oath of office which we all take as constitutional officials to provide for the common defense, to defend the people and the Constitution of the United States?

Mr. Speaker, when will the partisan press awaken to these revelations?

COOPERATION BETWEEN THE UNITED STATES AND INDIA REGARDING ENERGY ISSUES

The SPEAKER pro tempore. Under the Speaker's announced policy of January 19, 1999, the gentleman from New Jersey (Mr. PALLONE) is recognized during morning hour debates for 5 minutes.

Mr. PALLONE. Mr. Speaker, I wanted to take the opportunity this morning to comment on the fact that Secretary of Energy, Bill Richardson, recently announced at the Energy Department that he will be visiting India this fall after the parliamentary elections that are supposed to take place next month, and basically indicated very strongly that the purpose of his visit is to encourage even more cooperation between the United States and India with regard to energy issues.

Yesterday, Mr. Speaker, last night actually on the floor, we initially had a debate on the Burton amendment, which was seeking to cut development assistance to India, and wisely the gentleman from Indiana (Mr. BURTON) decided at the last minute to withdraw his amendment because the votes fortunately were not there; but during that debate many of us who opposed the Burton amendment pointed to increased trade and opportunities between the United States and India in various areas, and the support of the U.S. business community for more investment and trade with India.

I have to say that as Secretary Richardson and many of the Clinton Cabinet members have really taken the lead the last few years in trying to promote more opportunities for cooperation in various areas between the United States and India, some of us remember when Ron Brown, who when he was the Commerce Secretary, went to India a few times and did a trade mission to India. After that, Secretary Daley took a mission to India to talk about the opportunities for trade and investment, and certainly Bill Richardson, when he was the U.N. ambassador and on other occasions, was there in India trying to promote more opportunities between our two countries.

Secretary Shalala did the same thing when she made a trip and talked about health issues. So I think that it is particularly opportune that after the parliamentary elections, which are likely to set a new course for India not only in terms of its diplomacy in politics but also in terms of its economic policy, would be followed by a trip to India by Bill Richardson this fall.

My understanding is that the Secretary plans to visit New Delhi to expand energy cooperation. During his visit, he will be discussing ways of reducing emission from thermal power plants through better technology and also explore possibilities for cooperation between the two countries in solar energy and related technologies.

So it is renewable resources, in particular, something that I am very concerned about and I think is very important for the future. We know that in the northeastern part of the United States recently we had blackouts. We know how important it is to try and use renewable resources and to find ways not only in developing countries like India but also in the United States, in developed countries, to try to conserve and find new ways of dealing with the scarce energy resources.

My understanding is that the Energy Secretary would also visit China for a similar exercise and discuss with Beijing ways to reduce pollution from thermal power generating units.

One other thing that happened relating to the Energy Department, again announced by the Secretary, is that because of his responsibility not only for peaceful uses of energy but also for America's nuclear weapons laboratories, Richardson announced that his senior advisor for national security, Joan Rohlfing, would work at the U.S. embassy in New Delhi to deal with nonproliferation issues. Essentially, Ms. Rohlfing's position is effective from September 1 for a specific period of about 6 months, and she obviously will be dealing with the whole issue of nonproliferation, ways of trying to deal with the fact that India is now a nuclear power; and we certainly recognize the fact that India is a nuclear power, but obviously we need to have better cooperation between the United States and India with regard to the nuclear issue in terms of security as well, and so I would encourage that.

I am very pleased to see that Secretary Richardson is taking this initiative both with regard to the peaceful uses of energy as well as on the nuclear power issue and what might happen in terms of our national security interests. I think this is a strong indication of further U.S. India cooperation in an area that is very crucial to all of us, and that is our energy resources.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until 10 a.m.

Accordingly (at 9 o'clock and 45 minutes a.m.), the House stood in recess until 10 a.m.

□ 1000

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mrs. WILSON) at 10 a.m.

PRAYER

The Reverend Dr. Donald Carter, Pastor, Baptist Temple of Alamance County, Burlington, North Carolina, offered the following prayer:

May we pray.

Heavenly Father, thank You for our forefathers who carved out of the wilderness a great Nation, a Nation that has enjoyed the blessings of Almighty God. We acknowledge Your protective and guiding hand upon our Nation during these 223 years.

I request that You give the men and women who are servants of our trust and who represent us understanding of the problems and needs of our country. Give them wisdom to address them. We have sinned as a people and as a Nation. Forgive us of our sins. May these who represent us do what is right, not what is popular, as John Adams said.

May that being who is supreme overall, the Patron of Order, the Fountain of Justice and the Protector of all ages of the world of virtuous liberty, continue His blessings upon this, our Nation.

In Jesus' name I pray.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House her approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Ohio (Mr. TRAFICANT) come forward and lead the House in the Pledge of Allegiance.

Mr. TRAFICANT led the Pledge of Allegiance as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

WELCOME TO REVEREND DR. DONALD CARTER, BAPTIST TEMPLE OF ALAMANCE COUNTY, BURLINGTON, NORTH CAROLINA

(Mr. COBLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COBLE. Madam Speaker, the gentleman who opened the House today, Reverend Carter, I came to know him, his wife, Betty, his son David, and the Baptist Temple Church family when I initially was a candidate for Congress in 1984.

Don and his church family and the entire Alamance County Ministerial Association serve their county well, and we are honored to have Don to open our service today.

The bad news is I no longer represent him. As a result of redistricting, Alamance County was assigned to another Congressional District, and they are now ably represented by the gentleman to whom I yield.

I am pleased to yield, Madam Speaker, to the gentleman from North Carolina (Mr. BURR).

Mr. BURR of North Carolina. Madam Speaker, I thank the gentleman for yielding.

Madam Speaker, I also welcome Pastor Carter and his wife Betty. In fact, in every community, we find families that we represent. Pastor Carter represents a family in Burlington of several hundred of his parishioners that every week turn to him for their spiritual guidance and for the leadership that they need, both personally and professionally. Dr. Carter, we are glad to have you today and your lovely wife.

I also pledge to my dear colleague, the gentleman from North Carolina (Mr. COBLE) that I will carry on the good tradition that he has established, not only with the Baptist Temple, but with Alamance County.

TAX CUTS TO BENEFIT ALL TAXPAYERS

(Mr. ROGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROGAN. Madam Speaker, we Republicans across the country campaigned last year on the issue of tax relief for working families. We said that Americans are overtaxed, and America agreed. That is why last year more Americans voted for Republicans than voted Democrat in the Congressional elections.

By now it is no surprise that Republicans actually meant what they said. The House of Representatives under the Republicans have passed tax relief for working families. This is upsetting to many on the left, still locked in the 1960s mentality that demonizes those that save, invest, create jobs, and pay the lion's share of taxes.

Our relief package is fair and balanced. It puts aside $2 for Social Security and Medicare for every $1 in tax relief for working families.

It does something foreign to the left that controlled this chamber for 40 years before us. It pays down the national debt by some $1 trillion, and it cuts taxes so that all taxpaying families will benefit.

The Republican Party is the party of tax relief for working families.

ADDRESSING THE PROBLEMS OF HEPATITIS C

(Mr. WEINER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEINER. Madam Speaker, the Queens Courier, a distinguished local newspaper in New York, recently concluded in an exclusive study that they did in this edition that hepatitis C has reached near epidemic proportions in New York City and, in fact, in the Nation as a whole.

The Queens Courier study actually does a great national service to bring our attention to what is an often and unrecognized epidemic: Nearly 4 million Americans have been affected by hepatitis C. As a result, there are almost 10,000 deaths every year in this country, and it causes over $600 million in medical bills in our country. This is indeed an epidemic, albeit a quiet one. This is particularly poignant to New York City, where there are so many immigrant communities.

Now is the time for not only authorities in New York State, but the Center for Disease Control here in Washington, to finally recognize that hepatitis C has reached a crisis proportion. The Queens Courier has done a very important job by calling this to our attention. Now we in Congress have to take up this call and address the problems of hepatitis C.

NETWORKS NOT COVERING GREENSPAN STATEMENTS PROPERLY

(Mr. HEFLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HEFLEY. Madam Speaker, today is the first installment of our Media Watch. Media Watch is an effort to cover the stories the networks will not cover, the stories which are distorted by liberals, and the stories which are buried in the back pages for political reasons.

As always, there is a lot to choose from, but I think most people would agree that the way the major networks covered Federal Reserve Chairman Alan Greenspan's comments on the Republican tax proposal deserves a second look.

Anybody watching ABC, NBC, CBS or CNN would come away thinking that the Federal Reserve Chairman opposed the Republican tax cuts and felt them unwise.

Well, Alan Greenspan's comments were not exactly as they were portrayed. In fact, the Chairman warned against more spending. Those comments were ignored. In fact, the Chairman said that if the choice were between more spending and tax cuts, he thought tax cuts made sense, and that more spending would be the worst of all outcomes.

Surprise, surprise. We get spin from the networks.

STRENGTHENING AND MODERNIZING MEDICARE

(Mr. ALLEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALLEN. Madam Speaker, anyone who has been paying attention in this country in the last year would think, would know, that we have got some problems with Medicare. The program becomes insolvent in the year 2015.

So let us look at this Republican tax cut proposal. It devotes $792 billion for tax cuts and does absolutely nothing to strengthen and modernize Medicare. The GOP plan does not extend the solvency of Medicare by one day.

By contrast, the Democratic plan invests $325 billion of the on-budget surplus over the next 10 years in the Medicare Trust Fund and extends it out to 2027.

The GOP plan contains absolutely nothing for prescription drug benefits. The Democratic plan contains $45 billion over 10 years to help provide our seniors with help in buying their prescription drugs.

There is no question, this tax cut and helping Medicare, improving Medicare, providing the prescription drug benefit, they cannot both be done. Moreover, the surplus, frankly, is not there.

WESTERN SAHARA PRISONERS OF WAR NEED TO GO HOME

(Mr. PITTS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PITTS. Madam Speaker, the country of Morocco has been in the news a lot the last couple of weeks. This morning, I rise on behalf of 83 freed Moroccan POWs in the midst of the Sahara Desert. These men were originally imprisoned due to the conflict between Western Saraha and Morocco.

These prisoners were released in 1997 by Western Sahara as a goodwill gesture when former Secretary of State George Baker, who was the emissary of the UN Secretary General, visited the Sahrawi people in their refugee camps. Eighty-five prisoners were released and filled with anticipation of going home. Unfortunately, two of the men have died while waiting for permission from their government to visit Morocco.

Last year I visited these released POWs in their camp. You can see these men in the photo around me.

Madam Speaker, some of these men have languished, along with the Sahrawi refugees, in the desert for 20 years. Yet, even though they are free, Morocco has not allowed them to return home to Morocco to their families.

Why? No one knows.

Madam Speaker, I urge the new King of Morocco as a gesture of good will to accept the freed Moroccan citizens so they can return home to their families.

ENACT PATIENTS' BILL OF RIGHTS NOW

(Mr. STUPAK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STUPAK. Madam Speaker, I rose just about a year ago to join my colleagues in offering a one minute on a proposed patients' bill of rights. We were discussing this topic in the House because the leadership of the majority, both in the House and the other body, had finally entered into the public discussion on adoption of a Patients' Bill of Rights.

I regret to say that my optimism was misplaced. I am sorry to say 1 year and 2 weeks later, we still have not passed the Patients' Bill of Rights.

Since that time, public clamor for a real, genuine Patients' Bill of Rights has only grown. The public recognizes that, like the first ten amendments to the Constitution, there are real people and real rights that need to be protected. Medical decisions which affect the very livelihood of people and their quality of life must be made by doctors, in consultation with patients, not insurance accountants. Patients must be able to hold HMOs liable, accountable, for decisions that affect their lives and the quality of life, not some travesty of an internal review process.

REPUBLICAN BUDGET PROPOSAL BEING MISREPRESENTED AND MISCHARACTERIZED

(Mr. BALLENGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BALLENGER. Madam Speaker, if you take a look at this chart here, you will notice that the Republican budget proposal will reduce the debt held by the public by approximately $2 trillion. You will also notice that the Republican debt reduction proposal bears absolutely no relation whatsoever to the rhetoric we are hearing on the other side of the aisle.

Democrat after Democrat, over the past several weeks, has come down to the House floor and railed against the Republican tax cut proposal, claiming that it would do nothing for debt reduction, do nothing for Social Security, blah, blah, blah. But our proposal reduces the debt by $2 trillion. The Congressional Budget Office confirms this. Not only that, but the Congressional Budget Office scores our budget proposal as $200 billion better on debt reduction than the Democrat plan. In other words, our plan reduces the debt more than the Democrats do.

How are we to take their rhetoric seriously? How can we possibly have an honest debate, when our budget proposal is routinely mischaracterized and misrepresented beyond any recognition?

All I can say is thank God for C-SPAN.

INTENSIFY WAR ON DRUGS

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Madam Speaker, the Drug Czar said only 38 percent of teenagers in America have tried drugs, and he is all excited.

Now, look, I like the Czar. I think he is doing a good job. But 38 percent is not exactly a number we should be celebrating, folks.

Let us tell it like it is: Drugs account for 80 percent of all crime, 70 percent of all murder, 50 percent of all healthcare costs, and heroin and cocaine is as easy to get as aspirin in every city in America, and it all comes across the border. Our borders are wide open and our eyes are wide shut.

Beam me up. We do not have a war on drugs going on; we have a propaganda game going on in America.

THE LAKE TAHOE ENVIRONMENTAL SUMMIT

(Mr. GIBBONS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GIBBONS. Madam Speaker, today I rise to pay tribute to Lake Tahoe. Mark Twain once said, as he described Lake Tahoe, it was "the fairest picture the whole Earth afforded."

With an estimated 30 percent of the trees and forests surrounding Lake Tahoe dead or dying, and the lake losing almost a foot of clarity a year, many environmental changes must be made to ensure that we pass on to our children the same wonderful gift of nature in the same pristine condition in which we found it.

A very important first step in this battle was taken when we hosted the Lake Tahoe Environmental Summit in July of 1997. As a result of these meetings $48 million in Federal funds were committed to the Lake Tahoe Basin for clean-up and conservation efforts. But most importantly, the majority of these dollars were available to State and local agencies of Lake Tahoe, and not a Federal bureaucracy.

The agreement reached at Lake Tahoe is a shining example of concerns of environmentalists, conservationists, and even private property owners are not mutually exclusive. I commend all those involved, and look forward to the second annual Tahoe Summit to report on the positive and cooperative efforts that would truly benefit this gem in the sky.

SUPPORT THE PATIENTS' BILL OF RIGHTS

(Mr. SANDLIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SANDLIN. Madam Speaker, insurance companies, there they go again, attempting to mislead and deceive the American public. Television ads that they are placing all across this country incorrectly state that a Patients' Bill of Rights will make insurance premiums skyrocket.

Nothing could be further from the truth. Madam Speaker, the State of Texas enacted these protections that the insurance companies claim will increase premiums. The Texas experience proves that the insurance companies are dead wrong. One of those protections that is most often cited is the right to sue an HMO if treatment is denied.

Texas enacted a similar provision in 1997. There have been 516 complaints filed, half in favor of the patient, half in favor of the plan. Only three lawsuits have been filed, three lawsuits. That is hardly an explosion in a population of 20 million people.

Texas has some of the lowest premium rates in the entire country, and a study from the Kaiser Family Foundation found that liability accounted for only 3 to 13 cents per person per month in premiums, 3 to 13 cents. Mr. Speaker, the Democrats are working to put the needs of patients first. Let us enact a real Patients' Bill of Rights, not a bill of goods.

THE TAX RELIEF BILL

(Mr. SAM JOHNSON of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SAM JOHNSON of Texas. Madam Speaker, Americans do not want, need, or deserve the highest taxes since World War II. For too long, our tax system has punished the very virtues Americans live by: hard work, marriage, savings, entrepreneurship, and freedom.

Look what happens when we play by the rules. If we get married, the government punishes us with taxes. If we save and invest for our family's future, we pay taxes on the earnings. If we work hard to earn more, we end up paying what is called an alternative minimum tax, and lose all our family tax credits.

Finally, if we build a successful business and try to leave it to our kids, they will probably have to sell it in order to pay taxes when we die.

We want to end the assault on American values of family, savings, hard work, entrepreneurship, and freedom. It is our money, and we deserve to get it back. Americans do not want or need the President to spend our money on big government.

CONGRESS MUST PASS A MEANINGFUL PATIENTS' BILL OF RIGHTS

(Ms. DeLAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DeLAURO. Madam Speaker, for the past 2 years the American people have consistently asked for reasonable health care reforms that put those decisions back in the hands of doctors and patients and out of the hands of insurance company bureaucrats. People want to be able to choose their own doctor, to have access to the nearest emergency room, to see a specialist when necessary, to be free from HMO gag rules that prevent doctors from discussing treatment options for them, and to have the right to hold HMOs accountable for their decisions.

This Congress can and should pass these reforms now. The Members of this body who are doctors, whether Democrats or Republicans, almost all agree that these measures will benefit patients, make our health system stronger.

In the past year, thousands of Medicare recipients have been dropped by their HMOs. Millions of Americans have health care without basic coverage protections. We must pass a meaningful Patients' Bill of Rights. It must reflect our values for quality health care in this country. If we do, we can once again make the doctor's office a place for medical decisions.

TAXPAYERS KNOW WHICH PARTY IS CAREFUL WITH THEIR MONEY

(Mr. BARTLETT of Maryland asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTLETT of Maryland. Madam Speaker, for 40 years Democrats controlled Congress. For 40 years Democrats expanded government, spent beyond our needs, and called Republicans extremists or mean-spirited any time they tried to limit spending, cut wasteful government programs, and return power back to the State and local level. They have a 40-year track record of being the party for which fiscal discipline was the last thing on their minds.

So please, with all due respect, Democrat allegations that Republicans are being fiscally irresponsible for proposing tax relief in the face of increasing surpluses do not pass the credibility test. As C–Span junkies know, on virtually every amendment, on virtually every bill, Democrats attempt to increase spending and Republicans try to reduce spending.

How is it that increased spending is not a threat to fiscal discipline, but tax cuts are? Just how liberal am I to conclude the Democrat party has become if tax cuts are viewed as dangerous to the economy? One has to wonder just where they learned economics. Taxpayers know which party is careful with their money and which party is not.

WE NEED A TRUE PATIENTS' BILL OF RIGHTS

(Mr. WEYGAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEYGAND. Madam Speaker, how many times have we heard about a woman being denied to designate her OB–GYN doctor as her primary care physician? How many times have we heard about patients being denied emergency room care because an HMO bureaucrat has said no to the billing? How many times have we heard doctors say, we need more time to stay for this patient, but the HMO has said no?

Sometimes these decisions cause harm, sometimes even death. The Declaration of Independence states that we are endowed with certainly unalienable rights, including life, liberty, and the pursuit of happiness. Serving as the foundation for our Bill of Rights, it is now time to call for a true Patients' Bill of Rights, a Patients' Bill of Rights that will provide real access to emergency room care, will strengthen the doctor-patient relationship, and most importantly, most importantly, provide patients with the right to hold insurance companies for wrongdoing, to be able to sue them when they are wrong.

Let us provide a true Patients' Bill of Rights, and declare a Declaration of Independence from the gag rules of HMOs. Please support a true Patients' Bill of Rights.

THE REPUBLICAN AGENDA IS THE BEST AGENDA

(Mr. SHIMKUS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHIMKUS. Madam Speaker, what is the Republican agenda? The Republican agenda is the best agenda for all Americans. B is for bolstering our national security, E is for education excellence, S is for strengthening retirement security, and T is for tax relief for working Americans.

Republicans have the BEST agenda. It is a positive, forward-looking agenda that recognizes that our military needs must be given a higher priority in a dangerous world, that our schools need to be improved if our kids are going to enjoy a bright future, that our seniors need to be protected against a looming social security and Medicare crisis, and that Americans who pay the taxes should be given tax relief, not more rhetoric about why Washington needs more money.

Bolstering national security, education excellence, strengthening retirement security, tax relief for working Americans, Republicans have the BEST agenda.

THE PATIENTS' BILL OF RIGHTS

(Ms. SLAUGHTER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. SLAUGHTER. Madam Speaker, I am continually amazed by the misinformation spread about the Patients' Bill of Rights. I know the businesses in my district believe this Patients' Bill of Rights would allow enrollees to sue their employers for denied benefits, but nothing could be further from the truth. In fact, the Patients' Bill of Rights contains explicit provisions stating that employers cannot be sued for decisions made by health insurers.

I hope that the American people this time will see through the smokescreen being thrown up by too many groups who have too much interest in killing this legislation. The more time goes by, we risk losing this opportunity altogether. The powerful forces lined up against this legislation will accept another delay to give them the chance to marshall their forces.

We have plenty of time to pass an irresponsible tax cut, time to prevent the Department of Labor from protecting people against workplace injuries, time to name buildings and courthouses, but evidently we do not have the time to protect the very lives and limbs of our constituents.

After this Friday, this Chamber is out of session for 36 days. How many of those days will we fritter away on sound bites and legislation designed for special groups?

POLITICS AS USUAL WHEN IT COMES TO SPENDING THE MONEY OF THE PEOPLE OF AMERICA

(Mr. KINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KINGSTON. Madam Speaker, it is politics as usual when it comes to spending our money, the money of the people of America.

The Republican approach is threefold. Number one, the Republican party wants to preserve 100 percent of the social security surplus as compared to 62 percent that the President wants to protect.

Now, we do this, we put aside $1.9 trillion for social security and Medicare, and the second thing we do is we pay down the debt, $2 trillion, as seen on this chart. The third thing we do, and only after social security, Medicare, and debt reduction, we return to American people their money for overpayment on taxes.

The President's attitude is somewhat epitomized in this statement: "We could give the surplus all back to you and hope you spend it right." Gee, whiz, people of America, Bill Clinton can spend your money better than you can spend it. Does that not make us feel good?

All I can say is, the people in America must not know how to spend money at all, judging by the responsibility exhibited over at the White House the past 2 years.

Let me say this, this is Americans' money. It ought to go back to them.

UNDER THE REPUBLICAN TAX CUT, WORKING AMERICANS GET THE SHAFT

(Mr. SHERMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHERMAN. Madam Speaker, I ran down to this floor when I heard my colleague, the gentleman from California, refer to the Republican tax cut as fair and balanced. I thought, how could such a huge tax cut, aimed almost exclusively at the super wealthy and the giant corporations, be called balanced? And then I understood what he must have meant.

See, under this tax cut, the top 1 percent wealthiest Americans get ten times the tax relief as 100 million Americans, constituting the lower 40 percent of income earners. At the same time, this tax cut provides more tax relief to job-exporting corporations than it provides to over 50 million Americans.

Madam Speaker, that is the balance. Compared to the super wealthy, working Americans get the shaft. Compared to giant corporations, working families get the shaft. That is the only sense in which the Republican tax cut is balanced.

CONGRESS MUST PASS THE PATIENTS' BILL OF RIGHTS

(Mr. HOEFFEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HOEFFEL. Madam Speaker, we must pass the Patients' Bill of Rights. Our system of HMOs has run amok.

As evidence, I offer a survey of doctors conducted by one of the newspapers in my district, the Reporter, in Lansdale, Pennsylvania. Most of the doctors responding were not against the original idea of HMOs, they have just said the rules have gone haywire.

Eighty-seven percent of the doctors responding have had conflicts with HMOs. Fifty-eight percent of those say the conflicts have been serious, and happen frequently. Seventy percent of the doctors say they do not have sufficient control over treatment.

As damning as the numbers are, the doctor's comments say even more. Dr. Ruth Schiller, a Harleysville, Pennsylvania, pediatrician, says that "HMOs are worse in the sense that I cannot make all of the decisions for appropriate care."

Another doctor said, "The American people need to wake up. Their lives are in danger with HMO control. Doctors have to put away their medical books and do what the HMO manual says for their patients."

A third doctor was afraid to sign his survey for fear of HMO retaliation. Something has gone wrong. "HMO" stands for How Much Outrage must the American people put up with? Pass the Patients' Bill of Rights.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

The SPEAKER pro tempore (Mrs. WILSON). Pursuant to House Resolution 263 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 2606.

□ 1030

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, with Mr. THORNBERRY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Monday, August 2, 1999, the demand for a recorded vote on the amendment offered by the gentleman from Texas (Mr. PAUL) had been postponed.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN. Pursuant to House Resolution 263, proceedings will now resume on those amendments on which further proceedings were postponed in the following order: The amendment offered by the gentleman from Colorado (Mr. TANCREDO), amendment No. 9 offered by the gentleman from Texas (Mr. PAUL), and a further amendment offered by the gentleman from Texas (Mr. PAUL).

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT OFFERED BY MR. TANCREDO

The CHAIRMAN. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Colorado (Mr. TANCREDO) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. TANCREDO:

Page 116, after line 5, insert the following:

SEC. . None of the funds appropriated or otherwise made available by this Act may be provided for the United Nations Man and the Biosphere (MAB) Program or the United Nations World Heritage Fund.

Mr. GEORGE MILLER of California. Mr. Chairman, I ask unanimous consent to withdraw my request for a recorded vote.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

So the amendment was agreed to.

AMENDMENT NO. 9 OFFERED BY MR. PAUL

The CHAIRMAN. The unfinished business is the demand for a recorded vote on amendment No. 9 offered by the gentleman from Texas (Mr. Paul) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The text of the amendment is as follows:

Amendment No. 9 offered by Mr. PAUL:

At the end of the bill, insert after the last section (preceding the short title) the following:

LIMITATION ON FUNDS FOR ABORTION, FAMILY PLANNING, OR POPULATION CONTROL EFFORTS

SEC. . None of the funds appropriated or otherwise made available by this Act may be made available for—

(1) population control or population planning programs;

(2) family planning activities; or

(3) abortion procedures.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 145, noes 272, not voting 16, as follows:

[Roll No. 360]

AYES—145

Aderholt
Archer
Armey
Bachus
Baker
Barr
Barrett (NE)
Bartlett
Barton
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Bono
Bryant
Burr
Burton
Buyer
Calvert
Camp
Canady
Cannon
Chabot
Chambliss
Chenoweth
Coble
Coburn
Collins
Combest
Cook
Costello
Crane
Cubin
Danner
Deal
DeLay
DeMint
Dickey
Doolittle
Duncan
Emerson
English
Everett
Fletcher
Forbes
Fossella
Goode
Goodlatte
Goodling
Graham
Green (WI)
Gutknecht
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hoekstra
Hostettler
Hunter
Hutchinson
Hyde
Istook
Jenkins
Johnson, Sam
Jones (NC)
Kasich
King (NY)
Kingston
LaHood
Largent
Latham
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
McCollum
McCrery
McInnis
McIntosh
Metcalf
Mica
Miller, Gary
Moran (KS)
Myrick
Ney
Norwood
Nussle
Packard
Paul
Pease
Peterson (MN)
Petri
Phelps
Pitts
Pombo
Portman
Quinn
Radanovich
Rahall
Reynolds
Riley
Rogan
Rogers
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Sherwood
Shimkus
Shows
Shuster
Souder
Spence
Stearns
Stump
Talent
Tancredo
Taylor (MS)
Taylor (NC)
Terry
Thune
Tiahrt
Vitter
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weller
Whitfield
Wicker

NOES—272

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Ballenger
Barcia
Barrett (WI)
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Callahan
Campbell
Capps
Capuano
Cardin
Carson
Castle
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Cooksey
Cox
Coyne
Cramer
Crowley
Cummings
Davis (FL)
Davis (IL)
Davis (VA)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dreier
Dunn
Edwards
Ehlers
Ehrlich
Engel
Eshoo
Etheridge
Evans
Ewing
Farr
Fattah
Filner
Foley
Ford
Fowler
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Gordon
Goss
Granger
Green (TX)
Greenwood
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinojosa
Hobson
Hoeffel
Holden
Holt
Hooley
Horn
Houghton
Hoyer
Hulshof
Inslee
Isakson
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
Lampson
Larson
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McHugh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller (FL)
Miller, George
Minge
Mink
Moakley
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Nethercutt
Northup
Oberstar
Obey
Olver
Ortiz
Ose
Oxley
Pallone
Pascrell
Pastor
Payne
Pelosi
Pickett
Pomeroy
Porter
Price (NC)
Ramstad
Rangel
Regula
Reyes
Rivers
Rodriguez
Roemer
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Shaw
Shays
Sherman
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (TX)
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Stenholm
Strickland
Stupak
Sununu
Sweeney
Tanner
Tauscher
Tauzin
Thomas
Thompson (CA)
Thornberry
Thurman
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Walden
Walsh
Waters
Watt (NC)
Waxman
Weiner
Weldon (PA)
Wexler
Weygand
Wilson
Wise
Woolsey
Wu
Wynn
Young (FL)

NOT VOTING—16

Bilbray
Cunningham
Frank (MA)
Hinchey
Johnson (CT)
Lantos
McDermott
Mollohan
Owens
Peterson (PA)
Pickering
Pryce (OH)
Smith (NJ)
Thompson (MS)
Wolf
Young (AK)

□ 1056

Messrs. PASCRELL, SMITH of Washington, CUMMINGS, PORTER, ACKERMAN, BARCIA, LAFALCE, STUPAK, SKELTON, KUCINICH, and Ms. SLAUGHTER changed their vote from "aye" to "no."

Messrs. COMBEST, REYNOLDS, McCOLLUM, CHAMBLISS, DOOLITTLE, ARCHER, EVERETT, CALVERT, GOODLING, LIPINSKI, HYDE, TERRY, ROGAN, BARRETT of Nebraska, METCALF, SAM JOHNSON of Texas, SHERWOOD, COSTELLO, PHELPS, Mrs. BONO, and Mrs. CUBIN changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Stated for:

Mrs. NORTHUP. Mr. Chairman, on rollcall No. 360, I inadvertantly voted incorrectly. I intended to vote "aye."

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. Pursuant to House Resolution 263, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device will be taken on the additional amendment on which the Chair has postponed further proceedings.

AMENDMENT OFFERED BY MR. PAUL

The CHAIRMAN. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from Texas (Mr. PAUL) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. PAUL:

Page 116, after line 5, insert the following:

LIMITATION ON FUNDS FOR EXPORT-IMPORT BANK OF THE UNITED STATES, OVERSEAS PRIVATE INVESTMENT CORPORATION, AND THE TRADE AND DEVELOPMENT AGENCY

SEC. . None of the funds made available pursuant to this At for the Export-Import Bank of the United States, the Overseas Private Investment Corporation, or the Trade and Development Agency, may be used to enter into any new obligation, guarantee, or agreement on or after the date of the enactment of this Act.

RECORDED VOTE

The CHAIRMAN. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 58, noes 360, not voting 15, as follows:

[Roll No. 361]

AYES—58

Armey
Barr
Bartlett
Bono
Burton
Campbell
Cannon
Chabot
Chenoweth
Coble
Coburn
Collins
Condit
Cox
DeFazio
DeMint
Doolittle
Duncan
Goode
Hayes
Hayworth
Hefley
Hilleary
Hoekstra
Hostettler
Hunter
Istook
Jones (NC)
Kasich
Kingston
Linder
McInnis
McIntosh
McIntyre
McKinney
Miller (FL)
Myrick
Paul
Pease
Pombo
Radanovich
Rogan
Rohrabacher
Royce
Ryun (KS)
Sanders
Sanford
Scarborough
Schaffer
Sessions
Shadegg
Smith (MI)
Stupak
Tancredo
Terry
Thune
Visclosky
Wamp

NOES—360

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barrett (NE)
Barrett (WI)
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Buyer
Callahan
Calvert
Camp
Canady
Capps
Capuano
Cardin
Carson
Castle
Chambliss
Clay
Clayton
Clement
Clyburn
Combest
Conyers
Cook
Cooksey
Costello
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeGette
Delahunt
DeLauro
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dreier
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Herger
Hill (IN)
Hill (MT)
Hilliard
Hinojosa
Hobson
Hoeffel
Holden
Holt
Hooley
Horn
Houghton
Hoyer
Hulshof
Hutchinson
Hyde
Inslee
Isakson
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson, E.B.
Johnson, Sam
Jones (OH)
Kanjorski
Kaptur
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kleczka
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Largent
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McKeon
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller, Gary
Miller, George
Minge
Mink
Moakley
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Oxley
Packard
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Petri
Phelps
Pickett
Pitts
Pomeroy
Porter
Portman
Price (NC)
Quinn
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogers
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Rush
Ryan (WI)
Sabo
Salmon
Sanchez
Sandlin
Sawyer
Saxton
Schakowsky
Scott
Sensenbrenner
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Sununu
Sweeney
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thompson (CA)
Thornberry
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Vitter
Walden
Walsh
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (FL)

NOT VOTING—15

Bilbray
Frank (MA)
Hinchey
Johnson (CT)
Klink
Lantos
McDermott
Mollohan
Owens
Peterson (PA)
Pickering
Pryce (OH)
Serrano
Thompson (MS)
Young (AK)

□ 1103

So the amendment was rejected.

The result of the vote was announced as above recorded.

Ms. PELOSI. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to take a moment to briefly address the final passage of the Foreign Operations bill. The President has issued a veto threat on the bill both for its low funding level and the inclusion of the objectionable Mexico City language.

Members when they cast their vote today should do so with the thought that at some future date, they may be asked to sustain a presidential veto. At the present time, I plan to vote "aye" to move the bill along, but again advising Members that at a future date if the funding level is not increased and the objectionable language is not removed and the President vetoes the bill that we may be called upon it.

The allocation of discretionary resources available in this bill is insufficient to make the investments that our citizens need and expect in implementing our foreign policy. With that thought in mind, I say to Members, it is a free vote, I will be voting "yes," but we may be calling upon you at a future date to sustain a presidential veto.

Mr. Chairman, I want to commend the distinguished chairman of the committee. He had too little money to work with, but he allocated it well. I also commend staff: Mark Murray and Carolyn Bartholamew on the Democratic side; and Charlie Flickner, John Shank, Chris Walker, Lori Maes and Nancy Tippins on the Republican side.

Mr. GILMAN. Mr. Chairman, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from New York, chairman of the authorizing committee.

Mr. GILMAN. I thank the gentlewoman for yielding.

Mr. Chairman, I rise to commend both the gentlewoman and the distinguished chairman of the Subcommittee on Foreign Operations, Export Financing and Related Programs for an outstanding bill and for their hard work and to their staffs for bringing this to the floor in a very expeditious manner. They worked long and late last night to wind up this measure. I urge our colleagues to fully support this measure.

Ms. PELOSI. Reclaiming my time, Mr. Chairman, many people who follow this bill have heard me say this over and over again, but I want to make the point another time. Every person in America is familiar with President Kennedy's inaugural address when he said, "My fellow Americans, ask not what your country can do for you but what you can do for your country." The very next line in that speech, Mr. Chairman, says, "To the citizens of the world, ask not what America can do for you but what we can do working together for the freedom of mankind." That is a responsibility that we have in this bill. That is why we are disappointed the funding level is so low, but we want to move it forward in the hope that the funding level will be raised so that we can work together with the people of the world for the freedom of mankind.

The CHAIRMAN. There being no further amendments, under the rule the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. HANSEN) having assumed the chair, Mr. THORNBERRY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, pursuant to House Resolution 263, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Pursuant to clause 10 of rule XX, the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 385, nays 35, not voting 14, as follows:

[Roll No. 362]

YEAS—385

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chambliss
Clay
Clayton
Clement
Clyburn
Coble
Collins
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dreier
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gillmor
Gilman
Gonzalez
Goodlatte
Gordon
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson, E.B.
Johnson, Sam
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaHood
Lampson
Larson
Latham
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McGovern
McHugh
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Oxley
Packard
Pallone
Pascrell
Pastor
Payne
Pease
Pelosi
Peterson (MN)
Phelps
Pickett
Pitts
Pomeroy
Porter
Portman
Price (NC)
Quinn
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Rogan
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Strickland
Stupak
Sununu
Sweeney
Talent
Tancredo
Tauscher
Tauzin
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Vento
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—35

Barr
Chabot
Chenoweth
Coburn
Combest
Condit
Doolittle
Duncan
Goode
Goodling
Hall (TX)
Hansen
Hefley
Herger
Jones (NC)
LaFalce
Largent
Lucas (OK)
McInnis
Paul
Petri
Pombo
Rahall
Roemer
Rogers
Rohrabacher
Sanford
Sensenbrenner
Stark
Stearns
Stenholm
Stump
Tanner
Taylor (MS)
Traficant

NOT VOTING—14

Bilbray
Buyer
Frank (MA)
Gilchrest
Johnson (CT)
Lantos
McDermott
Mollohan
Owens
Peterson (PA)
Pickering
Pryce (OH)
Radanovich
Thompson (MS)

□ 1128

Mr. BLAGOJEVICH changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 2587. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2587) "An Act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 2000, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mrs. HUTCHISON, Mr. KYL, Mr. STEVENS, Mr. DURBIN, and Mr. INOUYE, to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 335. An act to amend chapter 30 of title 39, United States Code, to provide for the nonmailability of certain deceptive matter relating to sweepstakes, skill contests, facsimile checks, administrative procedures, orders, and civil penalties relating to such matter, and for other purposes.

The message also announced that the Senate agrees to the amendment of the House to the bill (S. 880) "An Act to amend the Clean Air Act to remove flammable fuels from the list of substances with respect to which reporting and other activities are required under the risk management plan program."

□ 1130

TWENTY-FIRST AMENDMENT ENFORCEMENT ACT

Mr. GOSS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 272 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 272

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 2031) to provide for injunctive relief in Federal district court to enforce State laws relating to the interstate transportation of intoxicating liquor. The first reading of the bill shall be dispensed with. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary. After general debate the bill shall be considered for amendment under the five-minute rule for a period not to exceed two hours. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on the Judiciary now printed in the bill. The committee amendment in the nature of a substitute shall be considered as read. During consideration of the bill for amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 8 of rule XVIII. Amendments so printed shall be considered as read. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. Hansen). The gentleman from Florida (Mr. Goss) is recognized for one hour.

Mr. GOSS. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the distinguished gentleman from the Commonwealth of Massachusetts (Mr. Moakley), my friend and colleague, pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purposes of debate only.

Mr. Speaker, this is a fair rule. It provides for adequate and appropriate consideration of H.R. 2031, the Twenty-First Amendment Enforcement Act. It is a modified open rule that will accommodate Member interests in the amendment process while keeping us on track to meet our Friday deadline for August recess, a deadline that many Members, including the minority leader, have urged the Speaker, in writing, to keep.

While the lack of time may argue for a more closed structure, the Committee on Rules has erred on the side of openness and provided an open rule with a 2-hour limit on amendments. Of course, the rule also provides for a motion to recommit, with or without instructions.

Introduced by my colleague, the gentleman from Florida (Mr. Scarborough), H.R. 2031 was reported favorably by the Committee on the Judiciary on July 20 by voice vote. I understand that while hearings were not held in this Congress, the Subcommittee on Courts and Intellectual Property did convene hearings in the 105th Congress on nearly an identical bill.

I would like to commend the gentleman from Florida (Mr. Scarborough) for his continued efforts on behalf of American children, particularly when it comes to the tricky business of alcohol access. It is clearly a difficult question to resolve. However, it is encouraging to see the major players, the beer and wine distributors, as well as the vintners, the growers, fully engaged in the deliberative process.

Mr. Speaker, while the underlying legislation may engender some debate, this rule should receive unanimous support. It is certainly an open and fair rule.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank my dear friend, the gentleman from Florida (Mr. Goss), for yielding me the customary half-hour.

Mr. Speaker, as most people know, the Twenty-First Amendment to the Constitution ended prohibition. It also bestowed upon the States the authority to write their own liquor laws. The problem, Mr. Speaker, is there is no interstate enforcement mechanism. The way the law is written, States have virtually no way to enforce the liquor laws when they are violated by distributors in other States, especially now that there are so many ways to buy alcohol.

People can call a 1-800 number, they can order over the Internet, they can do all sorts of things to buy alcohol, and with the limited judicial options available to them now, State attorneys general are having a very hard time making sure that people abide by the law.

This bill will give the State attorneys general another option. If they believe someone is in violation of their State's liquor laws, this bill will enable them to file suit in Federal Court to get them to stop. It says you cannot ship alcohol into a State in violation of that State's liquor laws. It is that simple.

It is not a new Federal law, it is not a new State law, it is not a threat to anyone who sells alcohol legally. It is just a way for State attorneys general to get people who sell alcohol illegally to stop.

Mr. Speaker, in my home State of Massachusetts, Massachusetts is considered a limited personal importation State. We allow Massachusetts residents to buy alcohol from outside of Massachusetts but only for their own consumption and only in limited quantities.

The Commonwealth of Massachusetts determined how alcohol could cross its borders. If a liquor distributor outside of Massachusetts breaks that law, our attorney general should be able to get them to stop.

This bill will help stop the illegal interstate shipments of alcohol by giving State attorneys general the power to enforce State laws. In particular, Mr. Speaker, it takes us a step closer to stopping the sale of alcohol to minors over the Internet. But I still believe we can do more to stop underage drinking, especially underage drinking and driving.

This is a good bill, and I urge my colleagues to support it.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. GOSS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we have no requests for time, and I do not anticipate any. Again, the purpose of this hour of debate is to discuss the rule, which is an open and fair rule. I would prefer that we not engage in the debate on the substance of the bill until we get to the time carefully set aside. I have not encouraged any speakers to come forward.

Mr. Speaker, I have no further requests for time, I yield back the balance of my time, and I move the previous questions on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. GOSS). Pursuant to House Resolution 272 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2031.

□ 1139

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2031) to provide for injunctive relief in Federal district court to enforce State laws relating to the interstate transportation of intoxicating liquor, with Mr. HANSEN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Florida (Mr. SCARBOROUGH) and the gentleman from Massachusetts (Mr. DELAHUNT) each will control 30 minutes.

The Chair recognizes the gentleman from Florida (Mr. SCARBOROUGH).

Mr. SCARBOROUGH. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to begin my testimony by reading Section 2 of the Twenty-First Amendment to the Constitution: "The transportation or importation into any State, Territory or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited."

Mr. Chairman, the Twenty-First Amendment's import is clear. States have been given the right to stop interstate bootlegging. This right was reaffirmed by Congress in the Webb-Kenyon Act 65 years ago, by 6 decades of Supreme Court case law, and by subsequent Congressional acts. Yet, today, some modern-day bootleggers still seek refuge from the Twenty-First Amendment.

They seek to avoid State laws and constitutional amendments so they can sell their liquor more profitably than small businesses who dare to play by the rules. Bootleggers sell liquors to minors over the Internet, again avoiding State laws given preeminence by the Twenty-First Amendment.

Shamed by the countless media stories detailing how young children are buying liquor from these modern-day bootleggers over the Internet, they have shrugged off such media stories, calling them nothing more than stings by their economic enemies. But the only sting here comes from the harsh reality that too many young children can buy alcohol over the Internet.

Selling liquor to minors, or anyone, illegally, is simply wrong. It is bootlegging, and bootlegging is not protected by the commerce clause. Bootlegging is not cleansed by full page ads or media campaigns or by hiring public relations firms. You can dress it stylistically, but, in the end, just like Fitzgerald's Jay Gatsby, a bootlegger is a bootlegger.

Mr. Speaker, our bill allows States simply to protect themselves from illegal alcohol sales. It also allows States to protect children, like my 11- and 8-year-old boys, from interstate bootleggers over the Internet, and it allows States to enforce the laws that they passed because of direction given them by the Twenty-First Amendment.

With that in mind, this bill allows State attorneys general to seek injunctive relief in Federal court to stop illegal direct shipments of alcohol into their respective States. Nothing more, nothing less. This bill only affects those people who break liquor laws.

Now, you will have people coming up here today, saying some of these laws are not fair and saying some of these laws do not allow wineries to sell to this State or that State.

The bottom line is if you do not break the law, then this bill will not apply to you. If you play by the rules, you have nothing to worry about. Yet we are going to have red herrings piled high on this floor today, like we had in the Committee on the Judiciary. Opponents will distract. They will talk about fairness. They will talk about the commerce clause. They will talk about the Internet, trying to claim that this bill will destroy E-commerce in the 21st Century.

And get, the only E-commerce this will destroy in the 21st Century is illegal E-commerce. You can make the same arguments if you want to import pot from Amsterdam and say nobody can stop me from importing pot from Amsterdam, because doing so will compromise the future of E-commerce.

□ 1145

That is laughable. If someone imports wine or alcohol legally, our bill is inapplicable. If they do it illegally, then all this does is allow States Attorneys General to bring the person to court, to get injunctive relief to stop illegal shipments.

Some people do not like that. They say it will destroy some wineries in California. We are going to have a lot of people from California talking today on the floor, talking about how small wineries are going to be destroyed.

Let me tell the Members something, small wineries will only be destroyed if small wineries' existence depends on the illegal sale of alcohol to minors and adults.

What needs to be understood is that this narrowly focused bill assures States that they have a course of action against bootleggers. They need to enforce their own alcohol laws to control out-of-State companies, many of whom have shown no interest in preventing the sales of alcohol to minors.

It would make clear that States have the right once again, under Webb-Kenyon that was passed 60 years ago, under the 21st amendment that was passed 56 years ago, under existing Supreme Court case law that has been ruled on over the past six decades, it will simply allow them to enforce these laws in the Constitution, and to use Federal courts to enforce their laws against individuals, against modern-day bootleggers who are illegally shipping alcohol products into States from other jurisdictions.

These direct shipments bypass a key part of the States' control method, the face-to-face transaction, in order to sell their products at the highest possible profit margin.

This new black market in alcohol is dangerous. It is dangerous because, if left unchecked, it will ultimately frustrate the ability of States to regulate and control the shipment of alcoholic products, a responsibility mandated under the 21st amendment to the Constitution. It will also cut off their regulation, it will cut off any fees they collect, it will cut off tax revenue that States depend on to regulate alcohol inside their own border. That is the way we have set this up. That is the way we have set it up.

Mr. Speaker, it is very important today to ask those coming to the floor and opposing this bill, to ask the simple question: How does the bill affect people that play by the rules, that abide by the law, and that understand the Constitution and the constitutional amendments?

I think if we ask those direct questions, we will understand that this is something that needs to be passed to stop illegal interstate bootlegging, and to protect not only minors but to protect everybody from the scourge of illegal alcohol shipping across State lines.

Mr. Chairman, I reserve the balance of my time.

Mr. DELAHUNT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of the bill. As my friend, the gentleman from Florida (Mr. SCARBOROUGH) indicated, this bill is very simple, Mr. Chairman. It does nothing more than to confer upon a State the right to go to Federal court to stop someone from outside the State from violating its liquor laws. It is nothing more, it is nothing less. It in no way changes substantive law at the State or Federal level.

The bill is necessary not only to prevent illegal shipments to minors, but to enable States to police licensing standards, track sales, and collect taxes on those sales.

Last year, illegal alcohol shipments cost States some $600 million in lost revenues. State taxes on alcohol are an important source of support for State programs, and protecting that funding stream is a legitimate State objective.

Some who are opposed to this legislation argue that it would impede the development of electronic commerce by taxing the Internet, or chilling direct sales of wine and spirits over the Internet. Well, whatever the merits of chilled wine are, Mr. Chairman, there is no merit whatsoever to these arguments.

As my friend, the gentleman from Florida, pointed out, lawful sales of alcohol over the Internet are thriving. Such online enterprises as wineshopper.com, sendwine.com, and virtualvineyard.com, generated hundreds of millions of dollars in lawful online sales last year alone.

Just last month, Geerlings & Wade of Massachusetts, which has endorsed this bill and is the Nation's largest direct marketer of wines, announced another new website called winebins.com, which will sell thousands of labels in the 27 States in which the company is operating, is licensed to operate. No doubt it will continue to add new labels.

Let us be clear, the bill would impose no new taxes on any of these electronic transactions, nor would it make them illegal. The State laws we seek to defend were put into place to regulate alcohol sales after the failure of Prohibition. In effect, they were the instrument by which an illegal enterprise, bootlegging, was turned into a lawful and regulated activity.

Some will argue that now these laws are an anachronism. Well, maybe they are correct. Maybe there is a better way for States to protect minors, track sales, ensure quality control, and to raise taxes. But that is an argument better addressed by State legislatures, which have the power to rewrite those laws. Until they do so, they have a right to expect that the laws on the books will be enforced.

That is really what the legislation is all about. If we permit States to pass laws but deny them a remedy when those laws are broken, we encourage disrespect for the law. It is really that simple. That is why attorneys general from across the country support this legislation.

I include for the RECORD, Mr. Chairman, letters of support from the chief law enforcement officers of Alabama, Alaska, Arkansas, Colorado, Georgia, Illinois, Indiana, Iowa, Kansas, Michigan, Montana, Nebraska, Nevada, New Hampshire, North Carolina, North Dakota, Oregon, Utah, Virginia, West Virginia, Wyoming, and my own Commonwealth of Massachusetts.

The letters referred to are as follows:

COMMONWEALTH OF VIRGINIA,
OFFICE OF THE ATTORNEY GENERAL,
Richmond, VA, July 29, 1999.

Hon. LEE TERRY,
House of Representatives,
Washington, DC.

DEAR MR. TERRY: As the chief law enforcement officers of our respective states, we are pleased that on July 20 the Judiciary Committee voted overwhelmingly in favor H.R. 2031, the 21st Amendment Enforcement Act, and understand that the House is expected to vote on this important legislation soon.

We are very concerned by media reports that opponents of this common sense, law and order legislation are raising superfluous issues and misrepresenting the facts in an effort to defeat it, and would like to underscore the following points:

This is not anti-Internet legislation. There is no language or intent in the bill that could even be remotely construed to impede lawful Internet commerce in wine or any other consumer product. This bill does not even mention online sales. H.R. 2031 merely seeks to stop illegal alcohol distribution, regardless of how the order was placed—by computer, toll-free number, or by mail.

We strongly support online commerce for all legal products and want to encourage its growth to improve consumer choice and convenience. This goal is actually harmed, however, by those who distribute their products illegally. H.R. 2031 would not impose a burden on any manufacturer, wholesaler or retailer of alcohol beverages that is operating lawfully. In fact, it would still be possible to purchase alcohol over the Internet and have it shipped to a licensed distributor, where it could then be obtained.

This is a states' rights issue. The 21st Amendment recognizes the right of each state to structure its laws accordingly, and as law enforcement officials we have an obligation to stand in strong opposition to businesses that ignore them. We are not asking for any new federal laws regarding the transportation or distribution of alcohol; we are merely asking for the power to enforce our own state laws already on the books.

None of us has a vested interest in the alcohol beverage industry beyond making sure that our alcohol-related laws are obeyed and that we have adequate enforcement authority. H.R. 2031 will give us access to federal courts, thereby simplifying the legal process for prosecuting those who are distributing in our states illegally.

Sincerely,

MARK L. EARLEY,
Attorney General of Virginia.
BILL PRYOR,
Attorney General of Alabama
BRUCE M. BOTELHO,
Attorney General of Alaska.
MARK PRYOR,
Attorney General of Arkansas.
KEN SALAZAR,
Attorney General of Colorado.
THURBERT E. BAKER,
Attorney General of Georgia.
JIM RYAN,
Attorney General of Illinois.
JEFFREY A. MODISETT,
Attorney General of Indiana.
TOM MILLER,
Attorney General of Iowa.
CARLA J. STOVALL,
Attorney General of Kansas.
JENNIFER GRANHOLM,
Attorney General of Michigan.
JOSEPH P. MAZUREK,
Attorney General of Montana.
DON STENBERG,
Attorney General of Nebraska.
FRANKIE SUE DEL PAPA,
Attorney General of Nevada.
PHILIP T. MCLAUGHLIN,
Attorney General of New Hampshire.
MICHAEL F. EASLEY,
Attorney General of North Carolina.
HEIDI HEIKAMP,
Attorney General of North Dakota.
HARDY MYERS,
Attorney General of Oregon.
JAN GRAHAM,
Attorney General of Utah.
DARRELL V. MCGRAW, JR.,
Attorney General of West Virginia.
GAY WOODHOUSE,
Attorney General of Wyoming.

STATE OF MICHIGAN,
DEPARTMENT OF ATTORNEY GENERAL,
Detroit, MI, July 2, 1999.

Hon. JOHN CONYERS,
House of Representatives, Longworth House O.B., Washington, DC.

DEAR CONGRESSMAN CONYERS: I am writing to ask that you support and co-sponsor H.R. 2031, a bill introduced by Congressman Scarborough, which will give my office the ability to better enforce our laws against underage access to alcohol, excise and sales tax collection and other restrictions on alcoholic beverage distribution and sale.

H.R. 2031 will allow states to file for federal court injunctions against out-of-state wineries and retailers who illegally bypass our state system and ship alcohol directly to consumers. These clandestine shipments make it easier for young people to obtain alcohol and make a mockery of our other alcoholic beverage laws. Recent court decisions in Utah and Florida make it clear that all states need this federal court access to ensure their ability to enforce their alcoholic beverage laws.

H.R. 2031 is common sense legislation that makes no change in current state law and makes no restrictions on Internet or catalogue sales. H.R. 2031 simply gives my office the tools we need to take against out-so-state interests that bypass our existing regulations and controls with immunity. As you may know, H.R. 2031 may be brought to the House floor in the next few days. I would appreciate your support of this bill.

Very truly yours,

JENNIFER M. GRANHOLM,
Attorney General.

COMMONWEALTH OF VIRGINIA,
OFFICE OF THE ATTORNEY GENERAL,
Richmond, VA, June 14, 1999.
Hon. DENNIS HASTERT,
Office of the Speaker,
The Capitol, Washington, DC.

DEAR SPEAKER HASTERT: The Violent and Repeat Juvenile Offender Accountability and Rehabilitation Act passed in the U.S. Senate recently, and the U.S. House of Representatives plans to vote on similar legislation next week. The legislation contains an amendment to help stop the illegal shipment of alcohol to minors and other violations of state alcohol laws.

The amendment was first introduced last March as S. 577 by Senator Orrin Hatch (R–UT) in response to dozens of television station investigative reports showing how teenagers can have alcohol sent directly to them by ordering it through the mail, over the Internet, through toll-free phone services, and by other means. The amendment was offered to the juvenile justice bill by Senator Robert C. Byrd (D–WV) and passed by an overwhelming 80–17 bipartisan vote.

The amendment gives state attorneys general access to federal courts to seek injunctive relief against those who are violating our state laws and shipping alcohol directly to minors. States have difficulty detecting these illegal shipments, which also evade our state tax systems. Because of jurisdictional issues, prosecuting violators is a very uncertain process in state courts. Access to federal courts is needed to handle these cases expeditiously and in a manner consistent with the alcohol laws and regulations in Virginia and other states.

This amendment would not restrict legitimate commerce in alcohol or any other product, or impose a burden on any manufacturer, wholesaler or retailer of alcohol beverages that is operating lawfully. As things now stand, those companies that are doing business in a manner that respects the law are at a competitive disadvantage to those who are engaged in illegal tactics.

This amendment is not an attempt to change or revise any alcohol law; rather, it would simply give attorneys general the ability to enforce their state laws, whatever those laws may be. If an individual or entity can flout our states' alcohol laws without consequence, it erodes the very integrity of our states' legislative authority.

In the fall of 1997, five Virginia college students died due to binge drinking related accidents. In response, my Office launched a statewide task force to address the subject of college binge drinking. After speaking with students and parents who have been affected by alcohol abuse, I have made a personal commitment to fighting binge drinking among our young people, and I am convinced that curbing the direct shipment of alcohol to minors is an important part of that effort.

Beyond college alcohol abuse, there are many other health and safety issues related to underage drinking. These concerns are shared by parents across the nation, in every state of the union. Attorneys general must have the enforcement tools needed to help combat this problem

I urge you to support this important amendment, H.R. 2031, introduced by Congressmen Scarborough (R–FL), Delahunt (D–MA), and Sensenbrenner (R–WI). It will give attorneys general the option to use the federal court system for injunctive relief to stop the direct shipment of alcohol to minors and other violations of state law regarding the importation and transportation of alcohol.

In addition to contacting my own state's Congressional delegation in support of this amendment, I have written other attorneys general encouraging them to do the same.

If anyone in your office has questions about this legislation, they can call Jonathan Amacker in my officer at 804–786–4596. Thank you for your consideration of this matter.

Sincerely,

MARK L. EARLEY,
Attorney General.

COMMONWEALTH OF MASSACHUSETTS,
OFFICE OF THE ATTORNEY GENERAL,
Boston, MA, July 15, 1999.
Senator EDWARD M. KENNEDY,
Russell Senate Office Building,
Washington, DC.

DEAR ED KENNEDY: I am writing to enlist your support for H.R. 2031, a bill introduced by Congressmen Scarborough, Delahunt, Sensenbrenner and Cannon, to provide State Attorneys General with the ability to seek federal injunctive relief against out-of-state alcohol beverage distributors which ship alcohol directly to minors in contravention of state laws and regulations.

Specifically, H.R. 2031 allows states to file for federal injunction relief where the Attorney General has reasonable cause to believe that an out-of-state entity is engaging in, or about to engage in, an act that would constitute a violation of a state law regulating the importation or transportation of alcohol. Shipments by alcohol distributors to minors provide our youth with the opportunity to obtain alcohol in direct contravention of state laws. By giving State Attorneys General access to federal courts to seek injunctive relief against those who are violating our state laws, we can hopefully prevent such direct shipment of alcohol to minors.

This bill is important and will provide my office with the tools we need to take action against out-of-state businesses that bypass our existing laws and regulations, and in so doing, jeopardize the health and welfare of our children. On behalf of the citizens of the Commonwealth of Massachusetts, particularly our young people, I ask for your vote of support for this important legislation.

Sincerely,

TOM REILLY,
Attorney General.

STATE OF UTAH,
OFFICE OF THE ATTORNEY GENERAL,
Salt Lake City, UT, June 14, 1999.
Congressmember JAMES V. HANSEN,
House of Representatives, Rayburn Building, Washington, DC.

DEAR JIM HANSEN: I am writing to encourage you to support a bill that will be voted upon this week. H.R. 2031, introduced by Congressmen Scarborough, Delahunt, and Sensenbrenner, contains an amendment to help stop the illegal shipment of alcohol to minors and other violations of state alcohol law.

The amendment was first introduced last March by Senator Hatch, days after Utah secured a significant ruling in the Court of Appeals which asserted state jurisdiction of all liquor sales that cause unlawful results in Utah and enables the State to criminally prosecute businesses that violate Utah's liquor laws.

Utah must have the authority to enforce its state laws governing the sale and distribution of alcohol, and this amendment does just that. By giving state attorneys general access to federal courts to seek injunctive relief against those who are violating our state laws, we can prevent the direct shipment of alcohol to minors.

I hope you support this important piece of legislation; it will enhance Utah's ability to enforce its laws and will contribute greatly to the safety and welfare of Utah's children.

Sincerely,

JAN GRAHAM,
Attorney General.

COMMONWEALTH OF PENNSYLVANIA,
OFFICE OF ATTORNEY GENERAL,
Harrisburg, PA, June 29, 1999.
Hon. ARLEN SPECTER,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR SPECTER: I am writing to urge your support for H.R. 2031, the proposed "Twenty-First Amendment Enforcement Act." This legislation, introduced by Congressmen Scarborough (R–FL), Delahunt (D–MA) and Sensenbrenner (R–WI), will help prevent illegal shipments of alcohol to minors, and the evasion of state tax laws.

The "Twenty-First Amendment Enforcement Act" would give state attorneys general access to federal courts to seek injunctive relief against individuals and businesses who violate state liquor laws by shipping alcohol directly to consumers. These transactions, usually completed over the Internet, allow purchases to be made without adequate proof of age, giving minors easy access to alcohol.

It is important to note that this measure will have no impact on legitimate sales of alcoholic beverages by manufacturers, wholesalers, or retailers who operate within the parameters set by law. House Resolution 2031 merely gives the states a better opportunity to enforce their current liquor and tax laws.

The problem of underage drinking has been exacerbated by the explosion of Internet liquor sales. Passage of H.R. 2031 would provide a valuable tool with which state attorneys general can work to prevent the direct shipment of alcohol to minors. Again, I urge you to support this important legislation.

Very truly yours,

MIKE FISHER,
Attorney General.

STATE OF NEBRASKA,
OFFICE OF THE ATTORNEY GENERAL,
Lincoln, NE, June 17, 1999.
Congressman BIL BARRETT,
Rayburn House Office Building,
Washington, DC.

DEAR CONGRESSMAN BARRETT: H.R 2031 would give states access to federal courts to enforce their laws against illegal, direct shipping of alcoholic beverages. I urge you to support this bill.

Illegal, direct shipping of alcoholic beverages into the State of Nebraska undermines Nebraska's Liquor Control Act, creates unfair competition for Nebraska liquor wholesalers and retailers who are complying with the Liquor Control Act and who are paying applicable taxes, and creates a risk of alcohol shipment of under-age persons.

A copy of H.R. 2031 is enclosed for your quick reference. As you can see it is a simple, common sense approach to a rapidly growing problem.

Yours truly,

DON STENBERG,
Attorney General.

STATE OF KANSAS,
OFFICE OF THE ATTORNEY GENERAL,
Topeka, KS, June 15, 1999.

Hon. JERRY MORAN,
House of Representatives, Longworth House O.B., Washington, DC.

DEAR CONGRESSMAN MORAN: I am writing to ask that your support and co-sponsor H.R. 2031, a bill introduced by Congressman Scarborough that will give my office the ability to better enforce our laws against underage access to alcohol, excise and sales tax collection and other restrictions on alcoholic beverage distribution and sale.

H.R. 2031 will allow states to file for federal court injunctions against out-of-state wineries and retailers who illegally bypass our state system and ship alcohol directly to consumers. These clandestine shipments make it easier for young people to obtain alcohol and make a mockery of our other alcoholic beverage laws. recent court decisions in Utah and Florida make it clear that all states need this federal court access to ensure their ability to enforce their alcoholic beverage laws.

H.R. 2031 is common sense legislation that makes no change in current state law and makes no restrictions on Internet or catalogue sales. H.R. 2031 simply gives my office the tools we need to take action against out-of-state interests that bypass our existing regulations and controls with impunity. As you may know, H.R. 2031 may be brought to the House floor in the next few days. I would appreciate your prompt co-sponsorship of this important legislation and your vote of support if it should be offered as an amendment to the Juvenile Justice bill.

Very truly yours,

CARLA J. STOVALL,
Attorney General.

Mr. DELAHUNT. Mr. Chairman, let us make no mistake, the online bootleggers who evade State alcohol control laws are hopefully not the future of electronic commerce. They are a throwback to a bygone era.

Let us embrace E commerce and do all we can to encourage it, but let us do it in a manner that respects the rule of law.

Mr. Chairman, I reserve the balance of my time.

Mr. SCARBOROUGH. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin (Mr. SENSENBRENNER).

Mr. SENSENBRENNER. Mr. Chairman, this legislation will allow State Attorneys General to seek Federal court injunctions against any out-of-State companies that illegally direct ship alcohol to consumers. These illegal direct shippers are bypassing State excise and sales taxes, operating without required licenses, and most appallingly, illegally selling alcohol to underage persons.

It is important to note what H.R. 2031 does not do. It does not change existing State laws, and makes no restrictions on legal Internet or catalog sales. It does not open the door to Internet taxation. In fact, the word "Internet" does not appear anywhere in the text. It does not create a new Internet E commerce policy. It only deals with direct shipments of alcohol.

The legislation has bipartisan support. It was adopted overwhelmingly as an amendment to the other body's juvenile justice bill. Attorneys General from 23 States have signed a letter of support on this bill.

Mr. Chairman, I rise in support of States' rights, and urge my colleagues to allow States to enforçe their own alcohol laws by voting in favor of this much needed legislation.

Mr. DELAHUNT. Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Mr. DEUTSCH).

Mr. DEUTSCH. Mr. Chairman, I rise in support of H.R. 2031, the 21st Amendment Enforcement Act. The rational for this bill is simple and straightforward. State laws governing alcohol shipping and distribution must be followed and enforced. This bill ensures that States have the tools needed to fully enforce their laws, especially those governing the distribution of alcohol to minors.

This bill will ensure that States have legal recourse against alcohol distributors who deliberately seek to violate State laws. Any vintner, retailer, or marketer who ships alcohol to adults in compliance with laws governing the shipments's destination should support this legislation. H.R. 2031 will simply allow States to take legal action in Federal courts against illegal business practices which often jeopardize the welfare of children.

Just as law enforcement officials need the proper tools to fight crime, and drug enforcement officials need the proper tools to fight the war on drugs, liquor enforcement officials need the tools to enforce State liquor laws. These laws keep alcohol out of the hands of minors, and ensure that consumers receive safe products from people who sell these products.

I urge my colleagues to support the 21st Amendment Enforcement Act.

I would just quickly add that I served 10 years in the Florida legislature, Mr. Chairman, and was involved in legislating areas of enforcement of the structure that Florida has for alcohol sales in Florida.

What is going on today, I do not think there will be any speaker here today who would question it, is absolutely in violation not just of Florida laws, but laws in the 50 States and the District of Columbia.

Essentially, people have created a way to evade systems that legislatures have in place for the sale of alcoholic beverage, which are different in the 50 States, but these systems literally violate those laws in the 50 States and the District of Columbia.

Again, it has been made clear that this is not against E commerce in any way, but in fact what the Internet has done is allow a new way of bootlegging. I, as one of many millions, tens of millions of Americans, have purchased products through the Internet. I encourage that.

But as I sat with my son, and my son, who is 8 years old, has the ability, he remembers credit card numbers and access numbers pretty well, and has the ability today or tomorrow to, in his own way, perhaps, purchase things through the Internet. Obviously, that is not what we want to see happen. On top of that, there are legal ways to purchase these products through the Internet today.

Again, I urge my colleagues to close a loophole. This is not an issue of trying to stop commerce on the Internet, it is an issue of enforcement of State liquor laws which have existed in the 50 States, with a great deal of authority for that enforcement.

Mr. SCARBOROUGH. Mr. Chairman, I yield 3 minutes to the gentleman from Georgia (Mr. BARR).

Mr. BARR of Georgia. Mr. Chairman, I thank the gentleman from Florida for yielding time to me, and I thank the gentleman from Massachusetts and the gentleman from Florida for their leadership on this very important issue.

Mr. Chairman, as the previous speaker from Florida said, this is an issue about States' rights. It is not anti-commerce, it is not anti-free enterprise. What we must keep in mind is that there are legitimate areas where States have carved out the responsibility in support of their constituents to regulate certain types of activity, whether it be illicit drugs or sale of alcohol to minors.

We must constantly try and balance the rights of States, the powers of States, to exercise legitimate supervision in those particular areas which, if not properly supervised, would be harmful to the citizens of that State against what we all here believe in, and that is free enterprise and the capitalist system.

But we must ask ourselves, in that regard, at what price is free enterprise allowed to reign? We have witnessed in recent weeks tremendous damage to our national security, information on that damage coming forward, where secrets and very important military national security information was disclosed and made available to China, including information made available to China by companies seeking to exercise so-called free enterprise.

□ 1200

Free enterprise does not mean that corporations and companies in America can do whatever they want whenever they want with whom they want. They have to act responsibly, and they have to subject themselves to legitimate exercises of State authority.

The sale of alcohol to minors in particular States, and other laws within those States regarding the regulation of the sale of alcoholic beverages, is a long-standing authority recognized by the courts and by this Congress. As a matter of fact, in the Constitution itself, as the gentleman from Florida (Mr. SCARBOROUGH) indicated, is a legitimate area where there are going to be placed and have been placed some restrictions.

But that power is hollow if, in fact, companies are allowed, as they are doing now, to circumvent State law by Internet sales of alcohol in circumvention of and derogation of and flouting State laws.

This legislation that the gentleman from Florida has proposed, supported by the gentleman from Massachusetts, mandates nothing. It simply empowers those States who wish to exercise the power through their attorneys general, duly elected by the people of the several States, to enforce laws against the sale of alcoholic beverages in their State which are in violation of State laws. It does nothing more. It does nothing less.

We hope to keep the debate focused, Mr. Chairman, with regard to amendments that might be opposed on that fundamental power of States' rights.

One certainly will see, as amendments are proposed, we suspect that it is commercial interests that are behind the amendments. Again, while all of us are very, very strong proponents of free enterprise, we also are proponents of States rights and to protect American families.

In an age where we are seeing far too much youth violence, for example, Mr. Chairman, I think we need to be especially mindful that our families all across America need to be empowered and need to be able to rely on the legitimate authorities that they have elected in their States, such as the attorneys general, to protect their children in those legitimate areas where State exercise of authority can, indeed, do so in regulation of alcohol; and sales of alcoholic beverages is one such area.

We must enact this legislation. It is a very specific, very narrow, very limited response to a problem that has developed in recent years that is a very real problem. Again, to emphasize Mr. Chairman, while we are in favor of Internet sales, we are in favor of commerce generally between the States, this is a legitimate area long recognized by the Congress, by the courts, and by the legislatures of the several States for State regulation.

In order for that State regulation to be meaningful, the State attorneys general must have the power to enforce the interstate sale of alcoholic beverages in derogation of State laws. I urge support of this bill.

Mr. DELAHUNT. Mr. Chairman, I yield as much time as he may consume to the distinguished gentleman from California (Mr. THOMPSON).

Mr. THOMPSON of California. Mr. Speaker, it is unfortunate that this bill is on the floor today. This bill is no more than an attempt to advantage one industry group over another. It comes at a time when we should be working to find a solution to the problem, the problem of consumers not having access to the wines of their choice because distributors are unable to service the growth in small wineries.

In 1963, there were 375 wineries. Today, in 1999, there are 2,000 wineries. In 1963, we had 10,900 distributors. Today, we have 300 distributors. This is the problem. This is why small wineries and consumers who want to buy premium wine from small wineries are looking for other available places in order to purchase it.

There is an Amador Foothill grower in California that was interviewed by the press; and he said, "A lot of large distributors look on wineries of our size as a nuisance. They cannot sell much of our wine. And the larger wineries are banking on them to sell 10 percent more each year, so they do not have time to sell small premium wines."

That is the problem. This problem is not about kids buying wine in cyberspace. As a matter of fact, that argument does not even pass the giggle test. The fact of the matter is, teenage kids across this Nation are not going to be purchasing premium Cabernet wine from my district, from anywhere from $40 to $150 a bottle.

Everyone has been able to see through this clever cover. As a matter of fact, two of the original supporters of this idea, the Mothers Against Drunk Driving and the Emergency Room Nurses have withdrawn their support. The Mothers Against Drunk Driving stated that, in fact, this is a battle between various elements within the alcohol beverage industry. They go on to say that they are dismayed that the industry would go this far or go to such lengths to misrepresent their views.

Even the National Council on State legislatures is opposed to this measure. They have been working on this issue for the past couple of years, and they see some progress being made. Last week, they voted 41 to 7 in opposition to this legislation. They, too, understand it is a turf issue and have asked this Congress not to interfere.

The Wall Street Journal just editorialized against this, citing it as "an obstacle to interstate commerce of precisely the type the Founders intended to prohibit." The Journal goes on to say and to warn that "Today wine; tomorrow any out-of-State competition that some local interest with campaign money did not want to deal with."

I also want to point out that this bill deals with all liquor violations, not just the ones that were mentioned by the supporters of the bill.

Attorneys General across this Nation could take all and any liquor violation regarding importation and transportation to the Federal courts. This is true even in States that allow direct shipment of wine.

Oklahoma, for example, has a limited personal importation. However, they disallow any transaction on Memorial Day, Labor Day, or Election Day. So if one transports an alcoholic beverage in Oklahoma on the day of a special election to pass a school bond, one could find oneself in Federal court.

Wyoming has a law that prohibits the sale of private labeled wines. So if one sells or transports private labeled wines in Wyoming, it could be Federal court.

Now, the supporters will tell us that this is farfetched; that an Attorney General would not do that. I want to tell my colleagues that it is no more farfetched than the supporters' claims that kids are buying high-priced premium wine over the Internet.

Most troubling, Mr. Chairman, is the fact that one of the coauthors of this bill has informed me that small wineries and consumers are not going to be disenfranchised because, in the end, the distributors will go online and sell online themselves.

I cannot understand why direct sales can be harmful to one industry, the small wineries, but then be good in their eyes for the distributors who are trying to sell these wines.

Finally, I want to point out that this bill has had no public input. It was rushed to the floor. It was a markup in the Committee on the Judiciary. The public has not been able to speak. Small wineries have not been able to speak. Consumers have not been able to speak. That is particularly troubling, given the long list of amendments that we are looking at today on the bill.

One of the amendments, I understand, is going to provide immunity for Internet service providers. What does this mean, that Yahoo can go online and sell direct in States that prohibit the direct sale of alcoholic beverages? I think this is a huge loophole, and it is one that the supporters of this bill were not counting on.

There was also a great deal of discussion about the loss of tax revenue. I can tell my colleagues that, without an analysis of this bill, I do not know how one can ascertain what the impact, the economic impact of this bill would be one way or the other.

I also want to point out that there are a couple of local laws that could end up landing their constituents in Federal court. Indiana allows a person to bring one bottle of wine home per trip every time they come back to Indiana. If one brings back two bottles of wine, it could be Federal court.

Maryland allows one bottle at a time, but not more than two bottles per calendar month. What if someone visits the Virginia wine country three times over the course of the month and brings back three bottles of wine? They are subject to Federal court.

Right here in D.C., you can bring back four bottles of wine. If one visits Virginia wine country or my district in

California, and one comes back with a six-pack of premium wine, the little six-pack containers that are so common for people to carry on the airplanes, one can be in violation of this district's laws, and one can be prosecuted in Federal court.

Mr. Chairman, this bill should be defeated, and this issue should be left up to the States to decide without the heavy hand of the Federal Government's interference.

Mr. SCARBOROUGH. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I would just like to ask if the gentleman from California (Mr. THOMPSON) would be open to a few questions about some statements he made.

The gentleman from California criticized selected State laws.

Mr. THOMPSON of California. Mr. Chairman, will the gentleman yield?

Mr. SCARBOROUGH. I yield to the gentleman from California.

Mr. THOMPSON of California. Mr. Chairman, I have not criticized any State laws. I am just pointing out that this measure could put violation of something, of a law such as the Oklahoma measure that allows transportation of an alcoholic beverage product, into Federal court. I do not think that is what the gentleman's intention is.

I do not think it is the intention of the gentleman's supporters that, if the Internet service provider does direct sales, that they could sell wine in Florida, which makes it a felony to directly ship to Florida. It is completely at odds with the State law that you claim that the gentleman is trying to protect.

Mr. SCARBOROUGH. Mr. Chairman, reclaiming my time for a question, I need to ask the gentleman from California this question. Does the gentleman from California understand that all this provides is Federal injunctive relief for attorneys general towards businesses that continually ship in alcohol illegally; since it provides for injunctive relief, nobody is going to be thrown into Federal court and then thrown into prison? Does the gentleman understand that?

Mr. THOMPSON of California. Mr. Chairman, I understand that. I also understand that the Federal court is not the place to determine how much wine one can bring back if one decides to go to the vineyards of Virginia over the course of a weekend that one spends here in D.C.

Mr. SCARBOROUGH. Mr. Chairman, I think the gentleman said it is his position that minors are not purchasing alcohol over the Internet. Is that the gentleman's position?

Mr. THOMPSON of California. Mr. Chairman, I think it is a clever cover for what the gentleman from Florida is trying to do, and that is advantage one industry player. I believe that the gentleman was privy to the same tape that I saw in Mr. HATCH's committee hearing that showed a 14-year-old girl accessing the Internet, trying to buy an alcoholic beverage. But the thing that was not talked much about in that hearing was the fact that her older brother or father was standing right there next to the television camera operator and filming this using his credit card. It is a far stretch from leading us to believe that some youngster is going to plan weeks ahead to purchase some alcoholic beverage and, in the case that impacts my district, a bottle of Cabernet.

I do not think the teenagers of the gentleman from Florida (Mr. SCARBOROUGH) are going to buy Opus Cabernet over the Internet with their parents' credit card.

Mr. SCARBOROUGH. Mr. Chairman, reclaiming my time, if they did try to use my credit card, it would not go through for the type of wine that the gentleman sells in his district.

Mr. SCARBOROUGH. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia (Mr. BARR).

Mr. BARR of Georgia. Mr. Chairman, one might ask the opponents of this very measured legislation why they think the International Association of Chiefs of Police is endorsing it. The International Association of Chiefs of Police certainly has no problem with the legitimate sale of alcohol. They are not beholden to the wine industry, large or small. They are not beholden to the beer industry, large or microbrew. Yet, they are very strongly in support of this legislation.

The reason they are very strongly in support of this legislation is they know, as I suspect the opponents do also but will not admit it, that there are in fact numerous documented instances of minors purchasing alcoholic beverages over the Internet. For anybody to claim otherwise, they are simply misleading this debate or cannot make that argument with a straight face.

There is a case, a documented case just recently reported in Alabama, of a 17-year-old boy able to buy alcoholic beverages over the Internet according to some plan where they will send it periodically, once a month.

There is also, documented through Americans for Responsible Alcohol Access, a documentary that shows teenagers in various States, including Mississippi, buying alcoholic beverages.

Also for the opponents of this very measured legislation, also to make the speechless argument that there has been no public input, that is absolutely wrong. There have been debates on this issue in the Congress. There have been hearings on this, two hearings. This passed overwhelmingly in the United States Senate. Every one of those Senators who voted in support of this, I would presume maybe the opponents of this measured bill know otherwise, but I would certainly presume that those Senators were speaking for their constituents, the citizens of the State.

□ 1215

So there are plenty of documented instances of minors using the internet in violation of State law to purchase or receive alcoholic beverages.

Mr. Chairman, this is a very measured response to a real problem. I urge support of the legislation.

Mr. DELAHUNT. Mr. Chairman, I yield 5 minutes to the gentlewoman from California (Ms. WOOLSEY).

Ms. WOOLSEY. Mr. Chairman, I rise in strong opposition to this legislation that would criminalize the efforts of the small wineries in my district in responding to their consumers.

This bill is a wolf in sheep's clothing. It is not about State's rights, it is not about combating the problem of underage drinking. Instead, this bill is about wholesalers and distributors that do not want small wineries to move into their turf.

Make no mistake, I firmly believe that we have a national obligation to take care of our children and protect them from threats to their health and safety. Nobody speaks more to that than I do. Too many young people are starting to drink at an early age leading to alcohol and other substance abuse problems. That is why I have fought so strongly in this Congress to support the passage of zero tolerance legislation for underage drinking and driving.

But this legislation does not address that pressing issue. In fact, Mothers Against Drunk Driving, MADD, will not even endorse this bill. That is because they recognize this bill for what it is: A power grab by wholesalers and distributors.

This power grab involves a 65-year-old regulatory scheme that grew out of prohibition and stands on three legs: Politics, policy, and profits. Through the three-tier system, manufacturers are required to sell their beer, wine, and liquor to licensed wholesalers who are the sole suppliers for stores, bars and restaurants, sports arenas, and other retailers. They have got it all tied up and they do not want to give any of that up.

But guess what, this distribution system does not work for consumers who want to access hard-to-find good wines from small wineries. The wineries in my district in Sonoma and Marin Counties, just north of the Golden Gate Bridge, produce some of the world's finest wines, and we will have to say Napa too, because that is where my colleague, the gentleman from California (Mr. THOMPSON) is from, but many of them cannot get their products to markets the traditional ways.

Wholesalers and distributors will not carry their products because the wineries are not big enough. These winemakers now are joining the point-and-click-world of Internet commerce to get their products directly to the consumers. So, do not inhibit their ability to sell their product.

At another time support efforts to ensure that children and teenagers do not buy alcoholic beverages, but today is not the day to address that. Vote against H.R. 2031.

Mr. SCARBOROUGH. Mr. Chairman, I yield myself 4 minutes.

The statement has been made that alcohol sales to minors over the internet is not a real problem. In fact, one individual stood up and said that I was clever in using this as a front. I thank him for calling me clever, but I am not clever enough to have about 30 news stations across the country running stories specifically on minors purchasing alcohol over the Internet.

WBRC–TV in Birmingham; WIAT–TV in Birmingham; KPMO in Phoenix, Arizona; KEYT–ABC in Santa Barbara; WUSA–CBS in Washington; WPEC in West Palm Beach; WPLG in Miami; WWSB in Sarasota, Florida; WICS in Springfield, Illinois, a three-part series; WEVV–TV in Evansville, Indiana, a two-part series; WBFF in Baltimore; stations also in Boston; Lansing, Michigan; Greenville, Mississippi; Syracuse, New York; Charlotte, North Carolina; Columbus, Ohio; Cleveland, Ohio; Oklahoma City; Philadelphia; Lancaster, Pennsylvania; Pittsburgh, Pennsylvania; Providence, Rhode Island; Spartanburg, South Carolina; Amarillo, Texas, a three-part series; San Antonio; Salt Lake City; Norfolk; Seattle; Green Bay; WISC, Wisconsin; WMTV, Wisconsin; CNN Morning News, Hard Copy; NWCN–TV cable news in Seattle; and ZDTV cable news have all done stories on illegal sales of alcohol to minors over the Internet.

While I thank the gentleman for saying I am clever and suggesting that I would be resourceful enough to set up such a media explosion on this happening from coast to coast, but regretfully I would have to disagree with the gentleman and say I am not quite that clever.

Also, regarding the question of no public input, I sat through the Committee on the Judiciary hearings and can report we heard all the input we could get for about 6 or 7 hours. There have been 2 other days and two other committee hearings over the past several years where this issue has been debated over and over and over again.

In the end, again, all it comes down to is the fact that there are some people that want to allow small businesses to sell wine illegally over the Internet. I want to be able to have my rich Republican supporters to be able to purchase the finest wine from Napa valley, or purchase the finest wine from Sausalito, a beautiful region I recently visited. I have nothing against that. It just has to be legal.

And it does not matter how small the winery is, it does not matter how fine the wine is, it does not matter how strong these businesses may support my colleagues in their districts, or how strong my wine lovers in my district may support me. If it is illegal, it is illegal. If it is bootlegging, it is bootlegging. The only thing this bill does is stop the illegal shipment of alcohol into States, and it does it by allowing the State's attorney general to file an injunction. Nothing more, nothing less.

Mr. Chairman, I reserve the balance of my time.

Mr. DELAHUNT. Mr. Chairman, I yield myself such time as I may consume to concur with my friend from Florida. I too want my middle class Democrats to have availability on the Internet to purchase the wines out in Sausalito, California.

Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. RANGEL).

Mr. RANGEL. Mr. Chairman, I would have to agree that the gentleman from Florida is clever, and I do hope we can use his ingenuity as relates to the interstate sale of guns. Because, clearly, we ought to have as much concern about these dangerous weapons as we do about our children consuming wine.

Now, in the old days, when I was a kid, kids did not wait 2, 3, 4 days in order to get wine. They used to get outside the liquor store and get someone to go there and buy wine for them. So if they are clever enough to use the Internet to do it, I do not really think that this law is going to catch too many of them.

It seems to me, coming from a State that has wineries, that we have a major problem here, and that is whether or not some of my Republican friends want to throw the baby out with the bathwater. We want to be able to have as much competition in this great Republic of ours that we can. I do not think it can be challenged that we have some 1700 small wineries that are unable to penetrate the larger distributors that we have in this country. They have fine products, but they do not have the money and the know-how to get it into the stores.

Finally, technology has given them the opportunity to break through these barriers and to be able to sell their products, subject to State law. Now, we know that one of the things that Congress wants to do is to get government out of the lives of people, especially the Federal Government, and we do not have a lot of attorneys general pleading, knocking down our doors and saying, for God's sake come in here and provide oversight for us.

If we are going to start doing this with wine, there is no reason why we do not start controlling competition in books and recordings and in clothing, and taking away the very same technology that is pumping up our economy and allowing people to be able to get their wares to the marketplace.

Mr. SCARBOROUGH. Mr. Chairman, I yield myself 30 seconds just to respond.

There is a big difference between books and liquor. Amazon.com can still continue to sell books. There is nothing in the Constitution regarding the importance of books. There is nothing in the Constitution regarding sweaters from J. Crew. There is something in the Constitution regarding the twenty-First Amendment, which says it is going to be the province of the States to regulate alcohol sales. So there is a big difference.

Regarding guns, guns can also be shipped, they just have to be shipped legally.

Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. RADANOVICH). We violently disagree on this issue, but he is a good friend, nonetheless.

Mr. RADANOVICH. Mr. Chairman, I thank the gentleman for yielding me this time on this issue, even though I oppose this legislation.

I am not a lawyer, I am a small winery owner. I am one of more than 2,000 wineries in about 47 States, however, only 50 wines are available in a typical retail marketplace. More specifically, about 20 wineries produce 90 percent of all the wine produced. Despite this, sales of regional or limited availability of wine, of which there are perhaps over 10,000 labels, have grown. Unfortunately, at the same time the traditional distribution avenues have decreased from over 20,000 wholesalers to fewer than 400.

These wholesalers are not sufficient to handle the shipment and delivery of wines from numerous small producers. Direct mail and the Internet, on the other hand, have helped these small wineries stay afloat, while at the same time helping to satisfy a growing consumer demand for smaller, lesser-known wines produced in this country.

The reason H.R. 2031 is proposed is to stop these alternative avenues to market in favor of existing monopolistic wholesalers. The Twenty-First Amendment to the Constitution is not an absolute divestment of Federal power of the States. The U.S. Supreme Court has long established that the amendment has its limits and must be considered in the context of the constitutional provisions, including Congress' exclusive right to regulate interstate commerce.

Proponents of this legislation claim that it is necessary to curb the delivery of alcohol products to underage purchasers. I believe that there are few more important causes than to stem the tide of underage drinking in this country, however, I am convinced that direct shipment of wine, beer, and spirits does not contribute to the problem.

The two States with the highest consumption of wines, California and New

York, have long permitted interstate shipments over the phone or by mail. Surely if these mechanisms were inherently open to abuse, the authorities in those States would have discovered that by now, but they have not.

I am sure we can all remember when we were kids, when we were teenagers in high school and we stole our dad's credit card to order a $200 case of premium wine over the phone to have parties with our friends 30 days down the line. And in the meantime, 38 percent of those kids who go into retail stores in the District of Columbia to purchase beer over the counter succeed. So my advice to those that are so concerned about underage purchasers is to focus their direction where the problem really is. The issue is not an issue under this piece of legislation.

The National Conference of State Legislatures recently passed a resolution that opposed legislation which allowed Federal interference in the purchase and delivery of wine across State borders. Forty-one States joined in the passing of the resolution, with only 7 States supporting this attempt to Federalize the laws. The Federal Government should not empower States to engage in this kind of activity. This is monopoly protection at its best. And even those wineries can ship into approximately 12 States now, they will, through the support of the attorneys general, limit that as well.

I am a California farmer. In 1982, I established a small vineyard and winery in the Sierra foothill community of Mariposa, my hometown. The Radanovich Winery, which produces Sauvignon blanc, Chardonnay, Merlot, Zinfandel and Cabernet Sauvignon, has grown to over 4,000 cases annually.

Like most wineries, mine is small. Of the more than 2,000 wineries in this country, only 50 are available in a typical retail marketplace. More specifically, about 20 wineries produce 90% of all the wine produced. Despite this, sales of regional or limited availability wine—of which there are perhaps over ten thousand labels—have grown. Unfortunately, traditional distribution avenues are insufficient for the shipment and delivery of wines from these numerous small producers. Direct mail, the Internet and other alternative forms of distribution have helped these small wineries stay afloat, while at the same time helping to satisfy the growing consumer demand for smaller, lesser known wines produced in this country.

Grape growing is a very important agricultural crop, the largest crop in California and the sixth largest crop in the nation. Over 60% of the grape crop is used in the production of wine. The resulting wine industry in total annually contributes over $45 billion to the American economy; provides 556,000 jobs, accounting for $12.8 billion in wages; and pays $3.3 billion in state and local tax revenues. In addition, wine is our third largest horticultural export. Wine is commercially produced in 47 states.

Consumers in every state should be able to obtain access to a wide variety of wines, especially the wines of small producers who lack the distribution channels of the major wine producers in this nation. To meet these consumer needs, I point to the 20 states which have chosen to enact limited interstate shipments directly from winery to consumer or retailer to consumer. Intrastate direct shipments are legal in 30 states. I also direct your attention to recently passed "shipper permit" legislation in New Hampshire and Louisiana and to the special order system developed and implemented by the Pennsylvania state liquor monopoly.

I am concerned that passage of the proposed legislation would have a chilling effect on efforts underway to craft creative state-by-state solutions such as these.

Legislation to allow states to bring to Federal court an action to enjoin shipment or transportation of liquor in violation of the laws of a particular state would have the unintended consequence of crippling small wineries in this country. The proposed legislation does much more than simply providing a remedy for a violation of the Webb-Kenyon statute that generally governs states authority over interstate shipments. I fear that it will authorize a state to erect discriminatory barriers to interstate commerce, which will be used to favor in-state commercial interests to the detriment of out-of-state wine producers. The Commerce Clause protects against state imposed barriers to free trade. That protection should apply to wineries as well as all other businesses.

The twenty-first amendment to the Constitution is not an absolute divestment of Federal power to the States. The U.S. Supreme Court has long established that the amendment has its limits and must be considered in the context of other constitutional provisions, including Congresses exclusive right to regulate interstate commerce.

Further, existing remedies are available for violations of liquor laws. In the case of wine (as with harder liquors) there is an underlying federal permit which is required to operate a winery. That permit is subject to oversight by the Bureau of Alcohol, Tobacco and Firearms, and requires conformance to applicable laws. There have been successful compliance actions through this mechanism. An additional mechanism is not necessary.

Professor Jesse H. Choper, a distinguished scholar in the field of constitutional law from the University of California has written expressing his concerns about the possible consequences of Federal legislation in this arena. Professor Choper concludes that the proposed legislation would violate the Commerce Clause protection against barriers to free trade among the states, by allowing states, rather than the Congress, to establish those barriers.

I am also concerned that the thrust of this legislation is to allow states to use the Federal courts to obtain direct jurisdiction over small businesses located in other states in a manner which invites abuse of the court system and a trampling of the rights of out-of-state citizens in order to satisfy the demands of politically powerful local interests. Allowing the federal courts to be used as enforcement machinery for state action seems to me a huge expansion of federalism and a very dangerous precedent.

Proponents of this legislation claim it is necessary to curb the delivery of alcohol product to underage purchasers. I believe that there are few more important causes than to stem the tide of underage drinking in this country. A Health and Human Services survey reflects that more than half of 18–20 year olds were drinking alcohol in the month prior to the survey, and an astonishing quarter of that age group have engaged in binge drinking during the same period.

However, I am convinced that direct shipment of wine, beer or spirits does not contribute to the problem. The two states with the highest consumption of wines—California and New York—have long permitted Intrastate shipments ordered by phone or mail. Surely, if such mechanisms were inherently open to abuse the authorities in those states would have discovered that by now. But they have not.

Manuel Espinoza, Chief Deputy Director of the California Alcoholic Beverage Control agency has written to Congressman THOMPSON and myself that as a result of remote sales of alcohol in California, a practice that has been legal for almost fifty years, the state has experienced no enforcement problems or impediments in its ability to enforce laws related to sales to minors. California has only received one complaint about the delivery of alcohol to underage recipients via interstate mail orders. That complaint originated from a privately organized "sting" and subsequent investigation determined that the actual delivery, though left at the door, was accepted by the minor's mother.

Another concern raised by proponents is the avoidance of state excise taxes by interstate shippers. There is no indication that taxes avoided by shippers constitute a significant loss of revenue to any state. It is estimate that interstate direct shipments consist primarily of ultra premium wine and never constitute more than one-half of one percent of a state's total wine volume. For the entire country, a tax loss of that magnitude would be $2 million annually. For the State of Maryland, even if it were to allow direct shipment of wine, annual tax losses at full volume would be less than $20,000 per year.

To address even this minuscule problem, forty-one members of California's Congressional delegation have written to the Advisory Commission on Electronic Commerce requesting that the Commission address this problem when it examines means to ensure the fair imposition of consumption, sales and use taxes arising from remote sales of all products, a far more significant revenue problem estimated to involve many billions of dollars in lost revenue. Congress established this Commission for just such a purpose, and this member suggests that we wait for the report we requested of them.

Legislation which preempts the Advisory Commission on Electronic Commerce regarding wine will have the effect of setting a precedent in regulation of the Internet before the Commission has done its' work. We are moving into an arena that all of us have not had the opportunity to think through, and our narrow attempts with wine may end up with far-reaching impacts on the sale of anything through the Internet. That is why Andy Sernovitz, the President of the Association for Interactive Media (AIM) a 300 member Internet trade group, said; "If they can stop you from selling wine on the Internet, books and music are next."

Mr. Chairman, the National Conference on State Legislatures recently passed a resolution that opposed legislation which allowed federal interference in the purchase and delivery of wine across state borders." Forty-one states joined in passing that resolution, with only 7 states supporting this bodies attempt to federalize state laws.

Mr. Chairman, I am not convinced there is an urgent national problem which needs to be solved by allowing virtually unprecedented use of federal courts to solve state problems which can be addressed by state legislative and judicial means. States can make it a crime for a person under 21 to attempt to purchase alcohol. Most have. Why don't the Attorneys general in the states prosecute their own citizens when they violate state laws?

Rather than the proposed legislation, alternatives include legislation which would encourage the development of open markets so that consumers can have access to the products which they wish to purchase.

I close by quoting for you from a letter by Florida Attorney General Robert Butterworth urging the veto of a bill making direct interstate shipment of wine to a Florida consumer a felony: "[The bill] is the perfect tool for the vested interests who seek additional control over the marketplace, at the expense of competition and consumer choice."

The federal government should not empower states to engage in anti-competitive actions favoring their in-state businesses. The federal government should not use the power of the courts to suppress competition. The federal government should not expand its reach into the private purchases of consumers, or the activities of the small businesses, which make up the largest part of the wine business.

Mr. Chairman, I thank the gentleman once again for yielding me this time, but I must ask my colleagues to join me in opposing the bill.

□ 1230

Mr. DELAHUNT. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Wisconsin (Mr. BARRETT.)

Mr. BARRETT of Wisconsin. Mr. Chairman, I thank the gentleman from Massachusetts for yielding me the time.

Mr. Chairman, I rise in support of the 21st Amendment Enforcement Act, which will help States such as my home State of Wisconsin crack down on the illegal shipment of alcoholic beverages.

But I am concerned that today's debate is being framed as an effort to restrict E-commerce.

Ironically, this bill does not even mention Internet and would have no effect on the direct shipment of alcohol and other products just as long as those shipments comply with State law.

The issue today is whether a State should have the right to take action against a company that violates the law of that State by shipping alcohol directly to the customer.

The 21st Amendment to the Constitution repealed prohibition but gave each State the right to regulate the sale of alcoholic beverages. Direct sales, whether over the Internet, by phone, or through the mail, violate the laws of certain States, make it easier for children to obtain alcohol, and drain needed tax revenue. This bill merely gives these States an additional tool to stop a practice that is already illegal.

Commerce over the Internet continues to grow at an incredible rate, and Congress should do nothing to discourage fair growth. But companies in one State should not be able to disregard the laws of another State in an effort to reach new customers.

I urge my colleagues to cast a vote for fair Internet commerce and for States' rights by passing the 21st Amendment Endorsement Act.

Mr. SCARBOROUGH. Mr. Chairman, I yield 2 minutes to the gentleman from Washington (Mr. NETHERCUTT) another friend and classmate with whom I disagree today.

Mr. NETHERCUTT. Mr. Chairman, I thank the gentleman from Florida for his gracious yielding of time even though we disagree on this.

My colleagues, I think this is a legislation that is ill-advised. And I commend to the sponsors and the managers today, the gentlemen from Florida, Massachusetts, and Georgia, to the National Conference of State Legislatures vote which occurred on July 29, just a few days ago, by a vote of 41–7.

Forty-one States oppose H.R. 2031, including Massachusetts, Georgia, and Florida. These State legislators who made this judgment believe that the direct shipping issue should be resolved at the State and local levels of government. And so I think there is a disconnection here between a perceived problem, as I see it, by the sponsors and an actual problem.

I come from a State and represent a district, Washington State, and the Fifth Congressional District, where we have emerging small wineries who do direct customer transfers and shipments. They are not trying or do not violate the law. But there is a chilling effect that this legislation would have on it on this emerging business.

It is clear to me that this is a job loser to the extent that there is a restriction on these emerging companies over the Internet. What they do and what they have explained to me very clearly is there is a very complicated process they must go through in order to ship a bottle of wine or a case of wine from manufacturer A to customer B in another State.

The Federal Express transfer company has to make sure there is a signature on the other end from an adult over the age of 18 able to buy this kind of product. And if not, it has to be sent back. So it is the shipper and the shipping company that is the most at risk.

So I urge my colleagues to reject this bill.

Mr. DELAHUNT. Mr. Chairman, I yield 1 minute to the gentleman from Tennessee (Mr. GORDON).

Mr. GORDON. Mr. Chairman, as I have listened to the debate this morning, I have discovered that there has been an abundance of debate on pros and cons of this legislation, contradictory pros and cons.

However, there has been one common denominator. That common denominator is that no one wants to see the Internet used to encourage alcohol abuse by minors. So the real question before us today is how can we stop the Internet from using or being used as a vehicle for alcohol abuse by minors?

After reviewing this legislation, it seems to me that there is a better way, that this legislation simply oversteps and that a better approach would be requiring sellers and shippers to clearly label packages as containing alcohol and that they obtain proof that the recipient is of legal drinking age.

I am co-sponsoring legislation to do that and would suggest that is a better approach.

The CHAIRMAN. The gentleman from Florida (Mr. SCARBOROUGH) has 3 minutes remaining. The gentleman from Massachusetts (Mr. DELAHUNT) has 7½ minutes remaining.

Mr. DELAHUNT. Mr. Chairman, I yield 3 minutes to the gentlewoman from California (Mrs. CAPPS).

Mrs. CAPPS. Mr. Chairman, I thank my colleague for yielding me the time.

Mr. Chairman, I rise in strong opposition to H.R. 2031. This legislation would restrict interstate commerce and limit consumers' choices throughout the country. It would also seriously harm the small vintners in my district and around this Nation.

Let me explain how some people from our States and districts like to buy wine. They come to places like the central coast of California and spend a few days touring the vineyards and tasting the wines of my district and maybe they buy some to take home.

After they get home, they will discover they cannot find any wine from these lovely vineyards in Paso Robles or the Santa Maria Valley that they like so much. So they try to order some over the phone or through the Internet, until the vineyard tells them, "No, sorry, but your State will not let us ship to you. You're out of luck."

Right now a number of States have adopted laws that restrict the rights of their citizens to order wine from out-of-state wineries. This bill would encourage more State legislatures to adopt these anti-consumer laws.

Is that really what the authors of this legislation want to do, restrict the choices of law-abiding adult consumers?

Let me quote from the Wall Street Journal. "Shutting down shipments of

$300 cases of wine is not a reasonable regulation of intoxicating beverages; it is an obstacle to interstate commerce of precisely the type the Founders intended to prohibit."

What this legislation will do is harm the little guy, the small family vintners and wineries. I have heard from so many vintners in my district who would like to be able to reach more consumers throughout the country. However, this is not possible without going through a large distributor who simply will not ship small quantities of wine. And besides, retailers only have so much shelf space and certainly not enough for the wine productioned by 1,600 small wineries throughout the United States.

So vintners seek to expand their businesses and serve their loyal customers through phone orders or through the Internet. This bill will seek to shut down that avenue of commerce.

The authors of this legislation claim that its purpose is to cut down on underage drinking, and that is a noble goal.

As a school nurse for 20 years, I have worked very hard to fight underaged drinking. But this bill is not about stopping kids from drinking. If it were, we would think Mothers Against Drunk Driving would be in favor of it. They are not.

California has allowed direct sales for over 20 years, and it has had no measurable effect on underage drinking. If we really want to discourage underage drinking, we should support programs like Fighting Back in my district, which works through public awareness initiatives and provides youth services, or we should challenge the drug czar to include anti-youth drinking ads as part of the government's anti-drug ad campaign.

If this were a bill to cut down on underage drinking, I would be for it. But it is not. It is an attack on our small vintners.

Mr. Chairman, I urge my colleagues to join me in opposition to this misguided legislation.

Mr. SCARBOROUGH. Mr. Chairman, I yield myself 30 seconds to respond to something that the gentlewoman from California (Mrs. CAPPS) said.

She said that this would restrict choices of legal purchases of wine. That is just not the case. If they sell alcohol legally, this does not apply to them. If they sell alcohol illegally, it applies to them.

Because all this language says is, if they sell alcohol illegally, that States' attorneys general will be able to go to court and stop them from selling alcohol illegally and stopping interstate bootlegging.

Mr. DELAHUNT. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri (Mr. HULSHOF).

Mr. HULSHOF. Mr. Chairman, I thank the gentleman for yielding me the time, especially as time is drawing short.

Mr. Chairman, I rise in opposition to the bill of the gentleman and in the interest of full and complete disclosure.

I have got to tell my colleagues that I am an avid wine enthusiast and that my wife and I took our honeymoon vacation to the wineries of California, and we have enjoyed our subsequent visits there. But I will tell my colleagues, Mr. Chairman, this is not just an issue that affects California but one that impacts Texas, Oregon, Washington, Virginia, New York. And my own beloved State of Missouri is home to many family-run wineries whose intentions are not criminal.

Instead, these small businesses attempt to satisfy long-time repeat customers and cultivate new ones, those who have left those well-worn tourist paths and have chosen to adventure to experience the adventure and hospitality of a small but friendly winery.

These long-time family businesses in my district, one dating back to 1855, nonetheless depend on E-commerce, a way to attract new business and survive alongside the large wholesalers.

Mr. Chairman, this law, in my belief, is unnecessary. I have listened and I have accepted the invitation of my friend from Florida, and I have listened to the debate; and I have got to tell my colleagues that I am unmoved by arguments offered by the proponents that massive numbers of underage drinkers are searching the Internet for basement bargains of bottles of Bordeaux to binge with their friends on their parents' next night out. I am struck, however, by the apparent inconsistency demonstrated by some of those who are leading the charge in favor of this measure.

A few weeks ago, the gentleman from Georgia, we were leading the charge, a very emotional debate, about the availability of and access to firearms and whether further restrictions were needed. Many argued against further intrusions claiming appropriately, in my view, that additional gun laws were in violation of the rights of law-abiding citizens.

Here is my question: If gun manufacturers are immune from civil liability in the case of criminal conduct committed by a violent felon who has purchased a firearm, and I support that immunity, then how can we hold vintners responsible for the unlawful purchases of wine?

I urge the defeat.

The CHAIRMAN. Both gentlemen have 2½ minutes remaining. The manager of the bill has the right to close.

Mr. GOODLATTE. Mr. Chairman, I yield 1 minute to the gentleman from Georgia (Mr. BARR).

Mr. BARR of Georgia. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Chairman, this particular analogy just put forth by the gentleman from Missouri (Mr. HULSHOF) with gun liability is completely misplaced.

We are not saying that anybody should or should not be immune from ultimate illegal use of the alcohol, such as the drunk driver. This bill simply goes to the shipping into the State in violation of an existing State law.

Now, if those States, and we have heard from a number of Members that are speaking for the wineries, if those States have a disagreement with a particular alcoholic restrictive law of a particular State, then their remedy should be to go to those State legislators and change the State laws that relate to how liquor can be brought into and distributed within that State.

But again, to make perfectly clear, and let us remove the clouds of the gun debate and the commerce debate here, this is a bill that simply empowers attorneys general of the States to seek injunctive relief to stop shippers, large or small, from shipping into their State in violation of State laws. It does not affect the legal shipper.

I urge support of the bill.

Mr. DELAHUNT. Mr. Chairman, I yield 30 seconds to the gentleman from Oregon (Mr. DEFAZIO).

Mr. DEFAZIO. Mr. Chairman, I thank the gentleman for the generous grant of time.

Mr. Chairman, I rise in opposition to the bill. Where in this bill do we target or state explicitly that what we are doing is going after underage purchasers of wine over the Internet or microbrew over the Internet?

This is a very broad bill. The target is much larger than underaged drinking and access to alcohol. They are still going to go down to the concern and give the guy an extra couple of bucks who is a bad guy to go into the store and buy the stuff. They are not going to do it over the Internet and buy an expensive case of wine. That is not what we are after here. We are trying to close down the small wineries and breweries.

Mr. SCARBOROUGH. Mr. Chairman, how much time do I have remaining?

The CHAIRMAN. The gentleman from Florida (Mr. SCARBOROUGH) has 1½ minutes remaining. The gentleman from Massachusetts (Mr. DELAHUNT) has 2 minutes remaining.

Mr. DELAHUNT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I think the point has been made again and again that this particular proposal has nothing whatsoever to do with impeding the growth of E-commerce in terms of the sales of wine or any spirits or alcohols.

What it has to do is with respect to State laws. The fact and the reality is that we should be here to respect and provide an opportunity to States that find themselves with limited capacity and ability to enforce their own laws.

Now, the gentleman from New York (Mr. RANGEL) spoke to the issue of guns. Now, I know I have a disagreement with my friends from Georgia and Florida. But let me say, when it comes to that particular issue, I want the laws in Massachusetts relative to guns respected and honored anywhere in this Nation.

☐ 1245

I do not want the shipment of firearms into Massachusetts from Georgia, Florida or California. I want to ensure that my Attorney General has the right to go to court and have the firearm laws of Massachusetts respected, initially.

Another item here, Mr. Chairman. This is from the New York Times. "Officials Struggle to Regulate On-Line Sale of Prescription Drugs." I am just going to quote:

> The Food and Drug Administration announced steps today to curb the illegitimate sale of prescription drugs over the Internet. Now doctors are prescribing pills on-line to patients they have never met in States where they are not authorized to work. Pharmacies are shipping pills across State lines without the requisite license.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. DELAHUNT) has expired.

Mr. SCARBOROUGH. Mr. Chairman, I yield myself such time as I may consume. I would just like to say in closing, again bringing up what I brought up at the very beginning of the debate. We can talk about a lot of different things, we can throw red herrings in front of the people in this Chamber, but in the end the dividing line of this bill is between legal alcohol sales and illegal alcoholic sales.

We have had some people who are angry because they say we are trying to destroy local wineries. Again, the only local wineries that will be destroyed will be the local wineries whose very existence depends on illegal sales, because their legal sales will not be affected. We have people that are angry because we are not limiting this to merely people under 21 years of age. Their argument seems to be that if you are 21 years old and 1 day, then illegal bootlegging to you is okay while it is not okay to minors. That is just not right.

We have had the argument that this is a made-up issue. Again, I do not know how many times we have to read the 30 plus television stations that have run stings on this thing.

Also, one thing, going back to what my good friend the gentleman from Missouri said about gun sales. That is just not relevant. I will say to the gentleman right now, I, too, oppose illegal gun sales across State lines, and I think it is very courageous that you do that, also. Now I am asking you and everybody in this House to join with me and support the banning of illegal alcoholic sales.

Ms. ROYBAL-ALLARD. Mr. Chairman, I rise in opposition to H.R. 2031, the 21st Amendment Enforcement Act.

H.R. 2031's proponents contend that it will address the problem of illegal sales to minors over the Internet. I strongly support cracking down on underage drinking, but this bill does nothing to address this serious problem. Rather, H.R. 2031 is nothing more than an intra-industry battle between liquor wholesalers and Internet liquor retailers. Under the guise of protecting minors from Internet alcohol sales, this bill's true intent is to tie up Internet liquor retailers in federal litigation.

Supporters of this legislation have failed to provide evidence of any wide-spread problem with illegal, under-age Internet alcohol sales. In fact, in California, we have had telephone and mail-ordered wine deliveries since 1963 and our law enforcement agencies report they have not encountered problems with these deliveries. Moreover, legitimate concerns over underage Internet purchases of alcohol have been adequately addressed by the industry's practice of visibly labeling shipping packages as containing alcohol and requiring the signature of persons over the age of 21 for receipt. Finally, state and federal enforcement mechanisms already exist to address illegal alcohol sales. H.R. 2031 will add a duplicative and unnecessary layer to already existing law.

I find it ironic that one of the chief proponents of this bill, the National Beer Wholesalers Association, actively opposed my efforts to include language in the Treasury-Postal Appropriations Bill to include underage drinking in the billion-dollar anti-drug media campaign administered by the Office of National Drug Control Policy. If the National Beer Wholesalers are so devoted to fighting underage drinking, you would think they would have joined forces with me. Instead, they fought tooth and nail against establishing an effective effort to combat illegal alcohol use by teenagers.

Not only is this bill bad policy, it's also anti-business. As small vintners in California and across the nation seek innovative ways to promote their quality product, they are naturally looking at the marketing opportunities presented by the Internet. This bill would work directly against such marketing and trade opportunities.

Direct access has been a long-standing problem for the 1,600 family-owned wineries who compete with the 10 mega-wineries that produce 90% of the wine in the United States. Wholesalers cannot supply all of the unique wines available from smaller wineries to the majority of consumers and thus, these small wineries are excluded from the national market. The Internet is a vital sales tool for the small wineries to directly promote their wines to consumers.

H.R. 2031's true design is simple: it would protect wholesalers of wine, beer and distilled spirits from Internet competition. I urge my colleagues to defeat this proposal and work instead to promote interstate trade. Let's support the 1,600 small wineries in California and across the United States who are using their good business sense to expand markets and create jobs in their communities.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the committee amendment in the nature of a substitute printed in the bill is considered as an original bill for the purpose of amendment and is considered read.

The text of the committee amendment in the nature of a substitute is as follows:

H.R. 2031

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Twenty-First Amendment Enforcement Act".

SEC. 2. SHIPMENT OF INTOXICATING LIQUOR INTO STATE IN VIOLATION OF STATE LAW.

The Act entitled "An Act divesting intoxicating liquors of their interstate character in certain cases", approved March 1, 1913 (commonly known as the "Webb-Kenyon Act") (27 U.S.C. 122) is amended by adding at the end the following:

"SEC. 2. INJUNCTIVE RELIEF IN FEDERAL DISTRICT COURT.

"(a) DEFINITIONS.—In this section—

"(1) the term 'attorney general' means the attorney general or other chief law enforcement officer of a State, or the designee thereof;

"(2) the term 'intoxicating liquor' means any spirituous, vinous, malted, fermented, or other intoxicating liquor of any kind;

"(3) the term 'person' means any individual and any partnership, corporation, company, firm, society, association, joint stock company, trust, or other entity capable of holding a legal or beneficial interest in property, but does not include a State or agency thereof; and

"(4) the term 'State' means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

"(b) ACTION BY STATE ATTORNEY GENERAL.—If the attorney general has reasonable cause to believe that a person is engaged in, or has engaged in, any act that would constitute a violation of a State law regulating the importation or transportation of any intoxicating liquor, the attorney general may bring a civil action in accordance with this section for injunctive relief (including a preliminary or permanent injunction or other order) against the person, as the attorney general determines to be necessary to—

"(1) restrain the person from engaging, or continuing to engage, in the violation; and

"(2) enforce compliance with the State law.

"(c) FEDERAL JURISDICTION.—

"(1) IN GENERAL.—The district courts of the United States shall have jurisdiction over any action brought under this section by an attorney general against any person, except one licensed or otherwise authorized to produce, sell, or store intoxicating liquor in such State.

"(2) VENUE.—An action under this section may be brought only in accordance with section 1391 of title 28, United States Code, or in the district in which the recipient of the intoxicating liquor resides or is found.

"(d) REQUIREMENTS FOR INJUNCTIONS AND ORDERS.—

"(1) IN GENERAL.—In any action brought under this section, upon a proper showing by the attorney general of the State, the court may issue a preliminary or permanent injunction or other order to restrain a violation of this section. A proper showing under this paragraph shall require clear and convincing evidence that a violation of State law as described in subsection (b) has taken place. In addition, no temporary restraining order or preliminary injunction may be granted except upon—

"(A) evidence demonstrating the probability of irreparable injury if injunctive relief is not granted; and

"(B) evidence supporting the probability of success on the merits.

"(2) NOTICE.—No preliminary injunction or permanent injunction or other order may be issued under paragraph (1) without notice to the adverse party and an opportunity for a hearing.

"(3) FORM AND SCOPE OF ORDER.—Any preliminary or permanent injunction or other order entered in an action brought under this section shall—

"(A) set forth the reasons for the issuance of the order;

"(B) be specific in its terms;

"(C) describe in reasonable detail, and not by reference to the complaint or other document, the act or acts sought to be restrained;

"(D) be binding upon—

"(i) the parties to the action and the officers, agents, employees, and attorneys of those parties; and

"(ii) persons in active concert or participation with the parties to the action who receive actual notice of the order by personal service or otherwise.

"(e) ADDITIONAL REMEDIES.—

"(1) IN GENERAL.—A remedy under this section is in addition to any other remedies provided by law.

"(2) STATE COURT PROCEEDINGS.—Nothing in this section may be construed to prohibit an authorized State official from proceeding in State court on the basis of an alleged violation of any State law.".

SEC. 3. EFFECTIVE DATE; APPLICATION OF AMENDMENT.

(a) EFFECTIVE DATE.—Except as provided in subsection (b), this Act and the amendment made by this Act shall take effect on the date of the enactment of this Act.

(b) APPLICATION OF AMENDMENT.—The amendment made by this Act shall apply only with respect to the importation or transportation of any intoxicating liquor occurring after—

(1) October 31, 1999, or the expiration of the 90-day period beginning on the date of the enactment of this Act, whichever is earlier, if this Act is enacted before November 1, 1999; or

(2) the date of the enactment of this Act if this Act is enacted after October 31, 1999.

The CHAIRMAN. The bill shall be considered under the 5-minute rule for a period not to exceed 2 hours.

During consideration of the bill for amendment, the Chair may accord priority in recognition to a Member offering an amendment that he has printed in the designated place in the CONGRESSIONAL RECORD. Those amendments will be considered read.

The Chairman of the Committee of the Whole may postpone a request for a recorded vote on any amendment and may reduce to a minimum of 5 minutes the time for voting on any postponed question that immediately follows another vote, provided that the time for voting on the first question shall be a minimum of 15 minutes.

AMENDMENT OFFERED BY MR. GOODLATTE

Mr. GOODLATTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GOODLATTE:

Page 6, line 9, strike the close quotation marks and the period at the end.

Page 6, after line 9, insert the following:

"SEC. 3. GENERAL PROVISIONS.

"(a) EFFECT ON INTERNET TAX FREEDOM ACT.—Nothing in this Act may be construed to modify or supersede the operation of the Internet Tax Freedom Act (47 U.S.C. 151 note).

"(b) ENFORCEMENT OF TWENTY-FIRST AMENDMENT.—It is the purpose of this Act to assist the States in the enforcement of section 2 of the twenty-first article of amendment to the Constitution of the United States, and not to impose an unconstitutional burden on interstate commerce in violation of in article I, section 8, of the Constitution of the United States. No State may enforce under this Act a law regulating the importation or transportation of any intoxicating liquor that unconstitutionally discriminates against interstate commerce by out-of-State sellers by favoring local industries, thus erecting barriers to competition and constituting mere economic protectionism.

"(c) SUPPORT FOR INTERNET AND OTHER INTERSTATE COMMERCE.—Nothing in this Act may be construed—

"(1) to permit state regulation or taxation of Internet services or any other related interstate telecommunications services

"(2) to authorize any injunction against—

"(A) an interactive computer service (as defined in section 230(f) of the Communications Act of 1934 (47 U.S.C. 230(f)); or

"(B) electronic communication service (a defined in section 2510(15) of title 18 of the United States Code).

Mr. GOODLATTE. Mr. Chairman, I offer this amendment along with the gentleman from California (Mr. COX) and the gentleman from Michigan (Mr. CONYERS) and with the support of the gentleman from Florida who has offered the underlying legislation.

The amendment to H.R. 2031 clarifies that this bill is not meant to interfere with legitimate electronic commerce on the Internet. First, the amendment clarifies that the bill in no way supersedes the recently enacted Internet Tax Freedom Act which placed a 3-year moratorium on new multiple and discriminatory Internet taxes. I strongly supported passage of that act and do not wish to see it compromised.

Second, our amendment clarifies that this bill in no way extends the powers of States to interfere with electronic commerce. It includes language that clarifies that the authority granted to States under this bill is limited to the enforcement of State laws regarding the transportation of alcohol within its borders, not to the legal advertisement or sale of alcohol on-line.

Third, our amendment ensures that injunctive relief is available against the entity shipping alcohol in violation of applicable laws, not against communications companies used by these third parties' activities for advertising and other communication purposes.

Mr. Chairman, it is important as we craft laws that apply to the Internet and other communications services that we avoid imposing liability on these service providers for the actions of third parties. The approach of this amendment is fully consistent with the approach we have adopted in the Telecommunications Act of 1996 which has played a very beneficial role in the growth of the Internet over the last 3½ years.

Mr. Chairman, aiming injunctive relief at the individual engaged in the commercial activity we are concerned about, not the communications company, is a common-sense solution. Unlike the seller or transporter engaged in an illegal transaction, the communications company has no idea what States the transaction affects and is not in a position to tailor the transaction to comply with the different laws of 50 States. Furthermore, Internet service providers and other communications companies are in no position to monitor the conduct of their users or to prevent transactions. Indeed, enforcement approaches such as injunction to block Internet sites can seriously disrupt lawful Internet communications and slow the operations of a service provider's network for all users.

Mr. Chairman, if we do not adopt this amendment, we risk needless legal uncertainty and pointless litigation against Internet service providers and other communications companies. The amendment has the support of groups such as America Online, the Commercial Internet Exchange, Prodigy, PSI Net, BellSouth and Bell Atlantic.

Mr. Chairman, I urge my colleagues to adopt the tech-friendly, common-sense solution and pass this amendment.

Mr. DELAHUNT. Mr. Chairman, I rise in support of the amendment.

I want to applaud the gentleman from Virginia and the gentleman from California. I concur that this is an amendment that is needed and it addresses a problem. I support the amendment.

Mr. COX. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I wish to thank the author of the bill the gentleman from Florida (Mr. SCARBOROUGH) and the gentleman from Virginia (Mr. GOODLATTE) who just offered this amendment for their excellent work in support not only of the main purpose of the law but also in another area, and, that is, Internet freedom, Internet freedom from regulation and Internet freedom from taxation so that that dynamic medium can continue to grow and prosper.

The amendment's language makes it clear that search engines, Internet service providers, web hosting services and other interactive computer services will not be adversely affected by this bill. In addition, the bill makes it clear, as presently written with this amendment, that it is for the enforcement of the 21st amendment that we are granting State attorneys general the power to enter Federal court. This is not the beginning of a slippery slope in which new laws can be written to regulate and tax the Internet under the guise of regulating alcoholic beverage transactions. To the contrary, it is the 21st amendment which will control, and the Supreme Court has told us that the 21st amendment did not have the effect of repealing the interstate commerce clause. Rather, States are free to regulate within their boundaries the sale, distribution and production of alcoholic beverages and the importation of alcoholic beverages produced and sold elsewhere in order to promote temperance, in order to maintain their status as dry States or even counties to be dry counties, to promote those social purposes behind the 21st amendment. But in doing so, in vindicating the purposes of the 21st amendment, a State cannot discriminate as mere economic protectionism against other sellers, other producers in the rest of the United States. I think that this language that is agreed upon all around makes it clear so that today what we are talking about is alcohol, we are talking about the 21st amendment. We are not talking about newfound powers of the parochial, of the municipality, the county, the State, to tax or regulate either instrumentalities of interstate commerce, particularly the Internet and other telecommunications, and neither are we talking about new opportunities to tax and regulate the things that move across it. We are limiting ourselves, as properly we should, to those things that are covered by the 21st amendment and nothing else.

Mr. BARR of Georgia. Mr. Chairman, will the gentleman yield?

Mr. COX. I yield to the gentleman from Georgia.

Mr. BARR of Georgia. Mr. Chairman, if the gentleman would engage in a brief colloquy: It is, then, with the language that the gentleman is proposing here, if in fact hypothetically, if you have the recipient State which prohibits the sale of alcoholic beverages to anyone under the age of 21 and you have a seller winery in another State and there is a transaction made over the Internet to sell the alcoholic beverage to somebody in the recipient State who is in fact under 21, the language that the gentleman is proposing here, which is really clarifying language, would not prohibit the attorney general of the recipient State from seeking injunctive relief if they can otherwise meet the burdens of the legislation, is that correct?

Mr. COX. Yes. That is true if the underlying State legislation is itself consistent with the 21st amendment and the interstate commerce clause.

Mr. BARR of Georgia. In other words, if a State, as many States do, have a flat out prohibition on the sale of alcoholic beverages to a person under the age of 21, then the language that the gentleman is proposing here would not prohibit the recipient State from seeking injunctive relief from an out-of-State seller using the Internet to sell the alcohol to somebody under 21 in the recipient State?

Mr. COX. Yes. The State law itself is authorized, to the extent it is authorized, by the 21st amendment to the Constitution. And because the United States Supreme Court has interpreted the 21st amendment to mean that it does not empower States to pass laws that favor local liquor industries by erecting barriers to competition and that State laws that constitute mere economic protectionism are not entitled to the same deference as laws enacted to combat the perceived evils of an unrestricted traffic in liquor. We are simply restating those constitutional principles in the statute.

Mr. BARR of Georgia. In other words, so long as there is the basis for the recipient State's prohibition on the sale of alcoholic beverages to somebody under 21.

The CHAIRMAN. The time of the gentleman from California (Mr. COX) has expired.

(On request of Mr. BARR of Georgia, and by unanimous consent, Mr. COX was allowed to proceed for 1 additional minute.)

Mr. COX. Mr. Chairman, I continue to yield to the gentleman from Georgia.

□ 1300

Mr. BARR of Georgia. In other words, just to clarify this point, I appreciate the indulgence of the gentleman from California. If in fact the law prohibiting the sale of alcoholic beverages to anyone under the age of 21 in the recipient State is based on a legitimate public interest and public safety, not on economic protectionism, then under the scenario that I indicated, the attorney general of the recipient State could, under this legislation as proposed to be amended by the gentleman from California, seek injunctive relief.

Mr. COX. That is correct. What we are trying to do is restate in simple, easy to understand language the balance that the courts, I think, have properly struck between vindicating the purpose of the 21st amendment and at the same time making sure that we do not subtract in any way from the interstate commerce clause. They are both parts of the Constitution, both read together. I think that the current case law that we have cited and that we repeat in the statute expresses it as elegantly and simply as it can be expressed.

Ms. LOFGREN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do want to comment briefly on the amendment offered by the gentleman from California (Mr. COX).

I will support this amendment. It does clarify issues relative to Internet service providers and to the Net itself. However, I do want Members to know that, although this amendment should be supported and I intend to vote for it, it does not cure other problems that we find troubling in the underlying bill.

The issues relate to the commerce clause and to the conflict between that clause and the 21st amendment. This conflict continues to be problematic. As we discussed at some length in the Committee on the Judiciary when the bill was considered, the 21st amendment did not repeal the commerce clause. So even though this amendment does accommodate the Internet—and I credit the gentleman from California (Mr. COX) for bringing this forward and commend the gentleman from Virginia (Mr. GOODLATTE) and the gentleman from Michigan (Mr. CONYERS) for their considerable effort on Internet issues—the problem in the underlying bill persists. If this bill becomes law, State AG's shall be able to burden impermissibly interstate commerce using the cover of the 21st amendment.

Thus, even with this fine amendment, the underlying bill continues to be overbroad. We can't seem to agree to limit it to the one issue that we all agree is significant, namely that we should not permit or facilitate underage drinking. By contrast, this bill would allow a variety of arcane blue laws that have nothing whatsoever to do with underage drinking or any other legitimate concern of the Federal Government to be enforced by a State attorney general in a Federal court.

I will wholeheartedly support this amendment, and I sincerely hope it is approved, but I intend, even if it is adopted, to oppose the underlying bill because of the other problems I've enumerated.

Mr. SCARBOROUGH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to enter into a colloquy with the gentleman from California (Mr. COX) briefly just to clarify a few things.

The gentleman from Georgia (Mr. BARR) was asking the gentleman if a State would still be able to enforce their alcohol laws, and the gentleman said they could. If he can explain the purpose of this clarifying language regarding economic protectionism and a bill a State legislature passes for the mere purposes of economic protectionism.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. SCARBOROUGH. I yield to the gentleman from California.

Mr. COX. Yes, the language in section 1 is now written as section 3(b) on Line 17 of the amendment, as reported, states that no State may enforce under this act a law regulating the importation or transportation of any intoxicating liquor and with some additional language interpolated that constitutes mere economic protectionism, and that is the existing Supreme Court test, and we wish simply to conform our statute with that Supreme Court test.

Mr. SCARBOROUGH. Mr. Chairman, reclaiming my time, let me ask the gentleman another question.

We go to support for Internet and other interstate commerce, and it says nothing in this act may be construed to permit State regulation or taxation of Internet services or any other related interstate telecommunications, and it is important for us to differentiate here that we are talking about the actual Internet service itself or the telecommunication service and not the goods that are sold over the Internet.

Mr. COX. Yes, I think that that is correct.

In addition, when combined with the preceding section, we make it clear that the goods that we are talking about letting States regulate and tax are alcoholic beverages and those things covered by the 21st amendment, so that it is also true what we are not doing in this legislation today is opening up new vistas of taxation and regulation of products that move across the Internet. We are restricting ourselves only to the four corners of the power that States have under the 21st amendment.

Mr. SCARBOROUGH. And the gentleman's actual language, the language that we have all agreed to, goes again to the Internet service and not the goods, and the goods here being alcohol.

Mr. COX. Yes, and the reason we hope that this is a belt-and-suspenders operation, that this is surplusage, but perhaps not because States and localities have been very aggressive about taxation and regulation of the Internet. We want to make sure that no State confuses its power to tax or regulate alcoholic beverages with a new one found in this statute or anywhere else to tax or regulate the Internet or the means of interstate communication or sale.

Mr. SCARBOROUGH. And reclaiming my time, I just like to say I agree with the gentleman and the gentleman from Virginia (Mr. GOODLATTE) 100 percent, and it is very important that we allow E-commerce to flourish without new regulations or tax burdens, and I believe this language does so while still allowing the State to enforce its alcohol laws as it was given the right in the 21st amendment some 60 or 65 years ago.

Mr. GOODLATTE. Mr. Chairman, will the gentleman yield?

Mr. SCARBOROUGH. I yield to the gentleman from Virginia.

Mr. GOODLATTE. Mr. Chairman, I just want to make it clear that it is my intention and I believe the intention of the gentleman from California, and he may want to speak for himself, that if there is an existing State law that taxes the sale of alcohol in that State and the sale happens to come into the State from out of State and the original purchase was made over the Internet, that that taxation still applies as it does with the Internet Tax Freedom Act. The Internet Tax Freedom Act does not overturn existing State laws on the sale of products from one State to another, just like it does not with a catalogue sale or any other type of sale. It simply imposes a moratorium on new taxes on Internet services.

Is that a correct statement?

Mr. COX of California. Mr. Chairman, will the gentleman yield?

Mr. SCARBOROUGH. I yield to the gentleman from California.

Mr. COX of California. It is certainly correct as far as the gentleman has taken it. I would add to that the following:

Some State laws are unconstitutionally and impermissibly discriminatory, as for example the Hawaii tax that exempted pineapple wine. The Supreme Court properly said that that was an unconstitutional impermissible discrimination in favor of instate and against out-of-state producers, and all of these laws not having been tested under the commerce clause, we cannot say that we are trying to grandfather them here against that.

The CHAIRMAN. The time of the gentleman from Florida (Mr. SCARBOROUGH) has expired.

(On request of Mr. GOODLATTE, and by unanimous consent, Mr. SCARBOROUGH was allowed to proceed for an additional 2 minutes.)

Mr. GOODLATTE. Mr. Chairman, will the gentleman yield?

Mr. SCARBOROUGH. I yield to the gentleman from Virginia.

Mr. GOODLATTE. What the gentleman is saying is that if there is a law existing out there or one that may be proposed in the future that is unconstitutional, we do not want this act, whether it could or could not, we do not want it to be read as encouraging anybody in that direction. We want to make sure that unconstitutional laws are discouraged because they are unconstitutional whether we pass this amendment or not.

Mr. DELAHUNT. Mr. Chairman, will the gentleman yield?

Mr. SCARBOROUGH. I yield to the gentleman from Massachusetts.

Mr. DELAHUNT. I think it is very important because during the course of the general debate, mention was made that this proposal could lead to new taxation, taxation on the Internet; and I think that the colloquy that has occurred here has clarified that. In fact, it was the gentleman from California (Mr. COX) who during the 105th session of Congress was the key sponsor that led to the enactment of the moratorium on taxation on the Internet; but that did not, that did not extinguish the right of States to tax on the Internet according to their preexisting taxation scheme.

Am I correct, Mr. Chairman?

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. SCARBOROUGH. I yield to the gentleman from California.

Mr. COX. Yes, the purpose of the Internet Tax Freedom Act was to prevent new taxes on the Internet and discriminatory taxes that prayed upon the Internet.

Mr. DELAHUNT. And if the gentleman yield, nothing that this bill proposes in any way impacts that moratorium.

Mr. COX. Again, Mr. Chairman, if the gentleman from Florida will yield?

Mr. SCARBOROUGH. I yield to the gentleman from California.

Mr. COX. Mr. Chairman, I thank the gentleman. That is correct.

AMENDMENT OFFERED BY MR. CONYERS TO THE AMENDMENT OFFERED BY MR. GOODLATTE

Mr. CONYERS. Mr. Chairman, I offer a perfecting amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. CONYERS to the amendment offered by Mr. GOODLATTE:

At the end of the matter proposed to be inserted, strike the period and insert a semicolon and add the following text: "used by another person to engage in any activity that is subject to this Act.".

Mr. CONYERS. Mr. Chairman, I want to thank my friends who have introduced this. I had an amendment quite similar to it, and I do not think it will be necessary to offer it now. But the perfecting amendment I am offering will clarify that Internet service providers and electronic communication services will be exempted only where they are used by another person to engage in activity covered by the act. Thus, for example, if Yahoo or another Internet provider goes into the business of selling or shipping liquor, they would not be exempted from liability.

Now, Mr. Chairman, Internet commerce has opened new doors of opportunities for entrepreneurs around the country as well as provided consumers with a vast array of new choices of goods and services; and with the expansion of commerce over the Internet comes the added benefit of greater competition which will lead to lower prices for consumers.

Of course, we do not want people to use Internet to violate the law, but we also do not want to create unnecessary and burdensome regulations that will hinder this emerging new marketplace, nor do we want to hinder the types of commercial transactions that permit direct contact between producers and consumers.

The best marketplace is one that promotes robust competition, and therefore we want to encourage new entrants to the market and not erect barriers blocking them.

As is currently written, the legislation could have negative repercussions for the emerging Internet marketplace. State alcohol laws often target liquor sold over the Internet, and therefore I urge that we proceed cautiously when we grant a Federal forum for these types of State actions to ensure the

Internet service providers and other telecommunication services do not bear the brunt of the liability.

□ 1315

Another problem is that the bill gives and encourages the imposition of new Internet taxes by giving States another forum in which to collect those taxes from out-of-State defendants. This is a bipartisan and non-controversial improvement, and I hope that my perfecting amendment will be accepted, which remedies these problems.

What we are doing here, I believe, is clarifying that this measure cannot be used as a tool to bring actions against Internet providers and other wired telecommunications services.

It seems to me we can all agree that we do not want Internet carriers to be the targets of State attorney general actions to enforce our State alcohol laws. The amendment also clarifies that the legislation does not modify or supersede the Internet Tax Freedom Act, in which Congress placed a moratorium on new Internet taxes. We do not want to undermine Congress' prior legislation and permit selective carveouts to that important commitment.

This amendment is supported by many groups and organizations, America Online, Bell Atlantic, Bell South, the Commercial Internet Exchange Association, Prodigy and PSInet. Whether or not one ultimately supports 2031, this very important amendment deserves your vote. Although these changes do not address all of my concerns, this is an important improvement to the legislation, and I urge that the perfecting amendment be accepted and the amendment be supported.

Among other things the Cox amendment makes it clear that neither this act nor Webb Kenyon are in anyway designed to supersede any other provision of the Constitution, such as the first amendment or the Commerce clause (including the so-called "dormant" Commerce clause). In this regard, the amendment reaffirms the Supreme Court's 1984 decision in *Bacchus Imports* v. *Dias*, 468 U.S. 263 (1984), which held that a state law which imposed an excise tax on sales of liquor but exempted certain locally produced alcoholic beverages violated the Commerce clause. The Court concluded that this state legislative scheme was clearly discriminatory legislation and constituted "economic protectionism." The Court noted that "one thing is certain: The central purpose of the [Twenty-First Amendment] was not to empower States to favor local liquor industries by erecting barriers to competition." The Court held that the state's law was not designed to promote temperance but was "mere economic protectionism."

The Court has adopted this line of reasoning in striking down numerous other state liquor laws. See e.g., *Brown-Forman Distillers Corp.* v. *New York State Liquor Authority,* 476 U.S. 573 (1986) (relying on Bacchus); *Healy* v. *Beer Inst.,* 491 U.S. 324 (1989) (relying on Brown-Forman). See also Capital Cities Cable versus Crisp (holding that a state statute which banned the transmission of out of state alcoholic beverage commercials by cable television stations in the state violated the Commerce Clause and was outside of the state's Twenty-First Amendment power); *California Retail Liquor Dealers Ass'n* v. *Medcal Aluminum* 445 U.S. 97 (1980) (holding that a state wine pricing system violated Sherman Antitrust Act and noting that the "Federal Government retains some Commerce clause authority over liquor); *Hostetter* v. *Idlewild Bon Voyage,* 377 U.S. 324, (1968) (holding that the Commerce clause prohibited the State of New York from interfering with the sale of alcohol to departing international airline travelers at a New York airport and that the argument that the Twenty-First amendment trumps the Commerce clause where states regulate alcohol is "patently bizarre," "an absurd oversimplification," and "demonstrably incorrect").

AUGUST 2, 1999.

Re amendment to H.R. 2031.

Hon. JOHN CONYERS,
Ranking member, House Judiciary Committee, Rayburn House Office, Washington, DC.

Hon. BOB GOODLATTE,
Rayburn House Office Building,
Washington, DC.

DEAR REPRESENTATIVE CONYERS AND REPRESENTATIVE GOODLATTE: We write to express our strong support for the amendment you intend to offer tomorrow to H.R. 2031 to clarify that injunctive relief under the bill is available against certain shippers of alcohol, and not against providers of communications services.

This important clarification will avoid confusion and needless litigation against internet service providers and other providers of communications services who are not engaged in the sort of shipments that are the subject of the bill.

Thank you very much for your leadership on this issue.

Sincerely,

AOL.
BELL ATLANTIC.
BELLSOUTH.
COMMERCIAL INTERNET EXCHANGE ASSOCIATION. ("CIX")
PRODIGY.
PSINET.

Mr. GOODLATTE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I support the perfecting amendment offered by the gentleman from Michigan (Mr. CONYERS), and I commend him for offering this amendment. The underlying amendment that I have offered makes it clear that Internet service providers, those who provide interactive computer service or an electronic communications service, would not be subject to the injunction provided for in the underlying bill if all they did was provide the ability to communicate with people and were not involved in transactions themselves.

The gentleman from Michigan's amendment makes it clear that if that company, that Internet service provider, is, in fact, themselves selling the alcoholic beverage, then they would be subject to the injunction, because it adds the language used by another person to engage in any activity that is subject to this act to create an exception to the exception already created for them to the injunction.

The gentleman's language is well taken, I support it, and I urge my colleagues to support it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. CONYERS) to the amendment offered by the gentleman from Virginia (Mr. GOODLATTE).

The amendment to the amendment was agreed to.

Mr. BARR of Georgia. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I do not see the gentleman from California on the floor. Perhaps the gentleman from Virginia would engage in a colloquy.

I think, getting to the intent, the Congressional intent of the proposed amendment, as amended, needs further clarification. If I could engage the gentleman from Virginia in a brief colloquy and elicit from him if he thinks it is accurate, just a simple yes or no.

If, in fact, under the legislation as proposed and as amended, as proposed to be amended by the gentleman from California, if State A has a law on the books that prohibits the sale of alcoholic beverages to anyone under 21, and the attorney general of that State seeks to go into Federal court under this law simply based on that law to seek an injunction to enjoin a seller of an alcoholic beverage from State B from shipping that alcoholic beverage into State A and it being directed to or received by somebody under 21 in violation of State law, this proposal would still allow the attorney general of State A to seek injunctive relief. Is that correct?

Mr. GOODLATTE. Mr. Chairman, will the gentleman yield?

Mr. BARR of Georgia. I yield to the gentleman from Virginia.

Mr. GOODLATTE. Mr. Chairman, the one word answer is yes, and that is certainly my intention in offering this amendment to make sure that the underlying purpose of the bill is preserved, but make sure that, A, there are no efforts here to create new taxes or new regulations of Internet activities, and, B, that there is no unconstitutionally, and I think that is an important word we use here, unconstitutionally discriminatory action taken by a State that would disfavor out-of-State purveyors of these products.

Mr. BARR of Georgia. Mr. Chairman, reclaiming my time, this is the problem, and maybe the gentleman from Florida could listen also, this is the problem that I have with this language. It has taken us approximately half an hour to debate this, trying to get just a simple yes or no.

If State A has a law on the books that says no sales of alcoholic beverages to somebody under 21, with this language, does this modify or in some way limit the ability that the attorney general would have in the bill as proposed to stop an Internet sale of alcoholic beverage coming in from another State to that person?

Mr. GOODLATTE. Mr. Chairman, if the gentleman will yield further, it would not stop the attorney general of a State that wishes to seek an injunction against a company violating that State's laws, prohibiting either the sale of alcohol in the State or the sale of alcohol to minors in that State from continuing to seek that injunction. I strongly support the gentleman and the gentleman from Florida's efforts to allow the States to go into Federal court to achieve that injunction.

Mr. BARR of Georgia. Mr. Chairman, reclaiming my time, is it the purpose of this amendment to limit the scope of the Webb-Kenyon Act?

Mr. GOODLATTE. Mr. Chairman, it is not the purpose of this amendment to limit the scope of the Webb-Kenyon Act.

Mr. BARR of Georgia. Does this amendment create any new right of action to challenge State laws regulating alcohol?

Mr. GOODLATTE. In my opinion, it does not, and it is not my intention in offering this amendment to in any way affect the rights of the States to regulate the sale of alcohol in their State as provided by the Twenty-First Amendment to the Constitution.

Mr. BARR of Georgia. Would this language, as proposed, permit a defendant in the recipient State or in the shipping State to delay enforcement of a valid State alcohol law by claiming that the law creates a barrier to competition, that this language creates a barrier to competition?

Mr. GOODLATTE. That may be an issue in seeking an injunction, but certainly is not the intention of this amendment, to allow anybody to delay State enforcement of State laws controlling the sale of alcohol in their State borders.

Mr. BARR of Georgia. Finally, are there any State laws today that would be subject to a challenge under this proposed language?

Mr. GOODLATTE. Would the gentleman repeat the question?

Mr. BARR of Georgia. Are there any State laws today that would be subject to a challenge under this proposed language by the gentleman from California?

Mr. GOODLATTE. I am not aware of any laws that would be subject to them. However, I would say to the gentleman, the way I read section 3(b) of the amendment, that if they would be subject to challenge, they would have already been subject to challenge as being unconstitutional to begin with. I think that portion of this amendment reinforces the gentleman from California's concern that we do not have any unconstitutionally discriminatory treatment, but, if it exists, I think it would have been treatable under existing law and certainly would also be treatable under this law.

Mr. BARR of Georgia. The gentleman from Virginia, who has researched issue extensively, is not aware of any State laws that would be subject to challenge under the proposed language today?

Mr. GOODLATTE. None that I know of.

Mr. NETHERCUTT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, let me ask the gentleman from Virginia further clarification. I heard the gentleman say in the colloquy with the gentleman from Georgia that under the example that the gentleman from Georgia gave, that the attorney general of a State where there was an alleged violation relating to a sale to a person under 21, I thought I heard the gentleman say that if there was a violation, that the State attorney general would thereafter be enabled under this amendment to prohibit any further Internet sales into that State, even though it was to someone over the age of 21. Did I misunderstand the gentleman?

Mr. GOODLATTE. Mr. Chairman will the gentleman yield?

Mr. NETHERCUTT. I yield to the gentleman from Virginia.

Mr. GOODLATTE. The gentleman misheard. The question from the gentleman from Georgia was whether or not anything in my amendment would undermine the purpose of the underlying bill, which is to allow the attorney general to go into Federal Court and to seek an injunction restraining the sale of alcohol to minors. Then later, or maybe in an earlier conversation, in reference to a dry State, whether they could seek an injunction from violating the laws of the State for shipping any alcohol into the State.

If you have a dry State that prohibits the sale of alcohol, now or in the future, this amendment would not affect that one way or another. That is the assurance the gentleman from Georgia wanted, that the underlying bill would still have the effect the gentleman intends, which is that the attorney general of that State could go into Federal court and seek an injunction, but he would not be able to seek an injunction for the sale of alcohol to an adult unless that sale itself violated that State law in some way, shape, or form. This amendment does not in any way change that.

Mr. NETHERCUTT. Mr. Chairman, reclaiming my time, I appreciate the clarification.

Mr. Chairman, I want to rise in support of the Goodlatte amendment, which I believe improves significantly on H.R. 2031. The proponents have argued that this bill does not inappropriately interfere with Internet commerce. It is true they worked very hard to avoid any reference to the Internet on this legislation, but the reality is quite different.

A great many of the wine sales we are discussing occur over the Internet sites of small wineries. The entrepreneurial owners of these wineries have learned, like many other small businessmen and women, that the Internet levels the playing field and makes it possible for small proprietors to reach customers. These companies cannot afford sales departments or national advertising. They are forced by their size to rely on Internet sales. That is what I want to be sure that this legislation does not prohibit.

This amendment ensures that Internet sales by wineries are not treated any differently than any other product. The Internet Tax Freedom Act blocked the imposition of new Internet taxes, and this amendment ensures compliance with that act.

Proponents of this legislation have called small wineries and brewers bootleggers and smugglers, suggesting somehow their intent in selling wine is criminal. To the contrary, these small businesses play by the rules and only want an opportunity to sell their superior product in the interstate marketplace. There is no pressing problem of minors buying cases of ultra-premium wines, and the authors of the legislation have shown no evidence to the contrary, notwithstanding the few news clips that they have discussed.

I have talked with wineries in Washington State about the supposed problem of minors purchasing alcohol. They have told me that in fact they know virtually all of their customers. Their buyers have in virtually all cases bought wine in person from the winery in the first place. These are repeat customers who have taken the time to travel all the way to rural wineries in eastern Washington. Once they get home, these customers enjoy the superior product that Washington State provides and that these wineries provide, and they want to order again. Many of these customers are from other States and would be unable to purchase wines with this legislation.

Small businesses are the actual target of this legislation. These small wineries will never be able to ship their product through normal distributor channels. They simply do not produce enough to be worth the large distributors' time. These producers bottle 2,000 cases a year, an insignificant amount to a distributor, but a very significant quantity when the survival of these small businesses is on the line.

We are adding a winery in our State of Washington every 18 days. It is a growth industry that creates new jobs in rural areas. These are small wineries, specialty wineries. Any Member representing constituencies that rely on Internet telemarketing or catalog sales should be concerned about where this legislation is taking us.

From the perspective of the States, this bill is all about taxation. Any company or industry that is perceived to be circumventing State laws, State taxes through mail sales, could run afoul of such efforts in the future. This is why the National Conference on Legislators has opposed this bill, because of a belief that the problem should be resolved at the State level. I am still concerned about this bill, and I urge my colleagues to support this amendment.

□ 1330

Mr. DOOLEY of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of this particular amendment, but I remain opposed to the underlying bill. I oppose the legislation because it is clearly anti-small business, and it is also anti-consumer.

We are moving into a new economy, an economy that is giving opportunities for small business people to participate by offering their products over the Internet. One of the greatest innovations and greatest opportunities that we are seeing in E commerce is the fact that we are almost eliminating all barriers to entry. We are allowing almost any company to set up and develop a web page, and they can immediately be in a worldwide business.

What we are doing with this legislation is to preclude a lot of small business people that are involved in the wine industry, that do not have the volumes to work with the archaic structure that is currently in place in many parts of the country to distribute their product, from having the opportunity to have the access to consumers that they need. This is clearly not a direction that we should be going, and is clearly a direction that is inconsistent with the changes in the United States' economy and the changes in the international economy.

This legislation is a heavy-handed approach that would chill the rights of adults to purchase wine over the Internet, unfairly discourage small wineries from marketing their products nationwide through E commerce, and create a new Federal remedy for a problem that is already addressed by State and Federal statutes.

Supporters of this legislation contend that the bill is being done at the behest of States' rights, but nothing could be further from the truth. As we saw just in the last week, the National Conference of State Legislatures overwhelmingly passed a resolution opposing this legislation.

The arguments that this is somehow going to result in more alcohol being in the hands of minors is also equally without foundation and substantiation. Nothing could be further from the truth.

I ask my colleagues to oppose this legislation. We ought to be passing policies which encourage and provide greater opportunity for more families to enter into business, for more families to live out a dream. What we are doing here, in so many ways, is impeding that opportunity.

Also speaking as a wine consumer, I almost think it is un-American because I might live in a particular part of the country, in a particular State, that I am precluded from purchasing a bottle of wine over the Internet. That is not what our Founding Fathers had in mind when they passed the interstate commerce clauses. They had in mind that we would allow for free competition that would benefit consumers and benefit our businesses.

I urge my colleagues to oppose this legislation.

Mr. KOLBE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, although I rise in support of the pending amendment, which I think certainly improves the bill, I do want to express my concerns about the legislation as a whole, H.R. 2031.

This is legislation that directly impacts interstate commerce, and it drastically tips the scales of commerce in favor of large wholesale distributors at the expense of consumers and small local vineyards, which rely heavily on direct sales for their business. This legislation gives attorneys general the power to sue out-of-State wine and beer distributors in Federal court for violations of State liquor laws.

As a recent editorial in the Wall Street Journal makes clear, giving State attorneys general the power to sue out-of-State vineyards in Federal court can lead to nothing but political mischief. What better way for a politically ambitious attorney general to build political support at home than to sue out-of-State shippers on behalf of local wholesalers to help keep the competition out?

The 21st amendment was designed to give States the power to regulate alcohol sales within their States, and to ban it altogether, if they choose. It was not designed to give States the power to keep the wine sales of some distributors out while allowing others in. Such a result flies directly in the face of the interstate commerce clause by establishing special interest protections for local distributors.

Any resident who seeks to buy a rare or obscure vintage of wine not offered by his local distributor with this legislation is simply out of luck. The legislation is anticompetitive, it is anticonsumer. Unfortunately, it sounds good.

This legislation would do great mischief. It injects the strong arm of the Federal courts into an area of commerce that is best left to the States. It imposes unnecessary Federal interference in the enforcement of State laws, and gives the State Attorney General a new weapon, the Federal court, to favor local over interstate commerce.

The result will not balance the scales of justice. It will, instead, tip those scales against consumers who have found in the Internet a cornucopia of goods and services heretofore unknown to them.

I urge us to defeat this legislation.

AMENDMENT OFFERED BY MR. BARR OF GEORGIA TO THE AMENDMENT OFFERED BY MR. GOODLATTE, AS AMENDED

Mr. BARR of Georgia. Mr. Chairman, I offer an amendment to the amendment, as amended.

The Clerk read as follows:

Amendment offered by Mr. BARR of Georgia to the amendment offered by Mr. GOODLATTE, as amended:

On page 1 of the amendment offered by Mr. GOODLATTE, at line 16, strike the words "thus" and continuing to the end of line 17, and inserting the following: "erecting barriers to competition, and constituting mere economic protectionism."

Mr. BARR of Georgia. Mr. Chairman, this simply cleans up the language.

It struck a number of us, in trying to analyze the final language on this page of the amendment offered by the gentleman from Virginia (Mr. GOODLATTE) that the words "thus erecting barriers to competition" was unusual language to use in a statutory provision. Therefore, what we do is simply keep the same intent, but clarify it so it reads, "erecting barriers to competition and constituting mere economic protectionism."

We are just taking out and changing the grammar so that it is consistent with the earlier language in the particular provision.

Mr. Chairman, I would ask the gentleman from Virginia (Mr. GOODLATTE) if he has any problem with the clarifying language.

Mr. GOODLATTE. Mr. Chairman, will the gentleman yield?

Mr. BARR of Georgia. I yield to the gentleman from Virginia.

Mr. GOODLATTE. Mr. Chairman, I thank the gentleman for yielding. This language is perfectly fine with us. We have no objection to the amendment, and urge its adoption.

Mr. DAVIS of Virginia. Mr. Chairman, I rise today to urge my colleagues to support the Goodlatte/Conyers/Davis amendment to the Twenty-First Amendment Enforcement Act because it is essential to ensuring that this legislation does not restrict the growth of Internet commerce. This amendment clarifies first that the Act does not modify or supersede the Internet Tax Freedom Act that we worked hard to enact last year under the leadership of my colleague Representative Cox. Equally important is the clarification that an injunctive relief action may not be sought against an Internet Service Provider. Indeed, enforcement approaches such as injunctions to block Internet sites can seriously disrupt lawful Internet communications, and slow the operations of a service provider's network for all other uses.

In sponsoring this clarifying amendment today with my colleagues, I want to alleviate the concern I had that in its current form, H.R. 2031 could be misinterpreted as authorizing injunctions by the states against communications companies who are not involved in the shipping or importing of liquor, but are simply used by third parties for communications purposes. I want to ensure that in enacting this legislation, we do not implement a burdensome Federal enforcement action that would hamper the growth of the Internet. Not just when it comes to the sale of alcohol over the Internet, but we must consider the message we send to business—from the small entrepreneurs to large industry—when they make commercial decisions about how they use the Internet to do business.

While the Twenty-First Amendment Enforcement Act does not specifically mention the Internet, there is no doubt that it is the inmate nature of the Internet that has spurred the call for this legislation. It is my firm belief that Federal policy must use market-driven principles as the underpinning of any enacted legislation affecting the Internet. Despite the Federal Government's initiation and financing of the Internet, its expansion and diversity has been driven mainly by the private sector. Each piece of legislation that will change people's commercial behavior must be thoroughly examined and the consequences understood, lest we unleash a federal mandate or restriction that will harm the Internet's success and growth as the primary tool for communication between people and business.

The Federal Government can be the leader in developing incentives to move the Internet forward as the primary tool of businesses, educators, scholars, students, and the ordinary citizen. We must ensure the no Government can hinder that development. I ask my colleagues to support the Goodlatte/Conyers/Davis/Boucher/McCollum/Dunn amendment and guarantee the continued growth of the Internet as a tool of business.

Mr. CHAMBLISS. Mr. Chairman, today, I rise in support of the Twenty-First Amendment Enforcement Act, which will provide individual states the ability to enforce statutes regulating the distribution and sale of alcoholic beverages within their border, a right guaranteed by the Twenty-First Amendment.

Most states, including my home state of Georgia, employ a three-tiered system of alcohol distribution to control the distribution and sale of alcoholic beverages within their borders. Under this system alcohol producers go through state-licensed wholesalers, who must go through retailers, who alone may sell to consumers. Furthermore, Georgia is one of nineteen "express prohibition" states that expressly outlaw direct shipments of alcohol from out-of-state. Georgia's system has proven quite effective in combating illegal alcohol sales to minors.

While Georgia's alcohol statutes have proven successful throughout the years, the recent development of electronic commerce via the Internet has presented new challenges to preventing illegal shipments of alcohol into our state. Confronted with this new challenge, as well as the difficulty of enforcing its laws in court, Georgia in 1997 enacted statutes making the illegal shipment of alcoholic beverages within its borders a felony. This action was necessary to ensure the state would have jurisdiction over violators of its state liquor transportation laws.

I believe if states are unable to effectively enforce their laws against illegal interstate shipment of alcoholic beverages, they may also lose some ability to police sales to underage purchasers. Illegal direct shipments also deprive the state of the excise and sales tax revenue that would otherwise be generated by a regulated state, placing regulated businesses at a distinct commercial disadvantage. Finally, if direct shippers violate state law, they exclude themselves from other state obligations such as submitting to quality control inspections, licensing requirements, and complying with other restrictions placed upon sellers of alcohol.

As an advocate of smaller government and state's rights, I favor a resolution to this problem that does not mandate changes to any existing state laws or alter existing case law interpreting the Commerce clause of the Constitution. I believe the Twenty-First Amendment Enforcement Act is the common-sense solution to this problem as it allows Georgia the authority to seek enforcement, through a federal district court injunction, of its state laws regulating the importation or transportation of intoxicating liquors without infringing on states' rights or creating Constitutional confusion.

For these reasons, I support the passage of H.R. 2031, the Twenty-First Amendment Enforcement Act, and urge its adoption.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia (Mr. BARR) to the amendment offered by the gentleman from Virginia (Mr. GOODLATTE), as amended.

The amendment to the amendment, as amended, was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia (Mr. GOODLATTE), as amended.

The amendment, as amended, was agreed to.

The CHAIRMAN. Are there further amendments to the bill?

AMENDMENT OFFERED BY MS. LOFGREN

Ms. LOFGREN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. LOFGREN:

Page 21, after line 17, insert the following (and make such technical and conforming changes as may be appropriate):

"(2) the term 'firearm' shall have the meaning given such term in section 921(a) of title 18 of the United States Code;

Page 3, line 128, insert "or firearm" after "liquor".

Mr. SCARBOROUGH. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. A point of order is reserved by the gentleman from Virginia (Mr. SCARBOROUGH) to the amendment offered by the gentlewoman from California (Ms. LOFGREN).

Ms. LOFGREN. Mr. Chairman, I offer this amendment on behalf of myself, as well as the gentlewomen from New York, Mrs. MCCARTHY and Mrs. LOWEY.

As I mentioned earlier, Mr. Chairman, in a discussion on the Cox amendment, I do have concerns about the underlying amendment and its ability to constrain interstate commerce unreasonably. However, if this House is insistent upon pursuing the remedies outlined in the Scarborough bill, I would suggest that we ought to provide those tools equally to the chief law enforcement officers of our States in the enforcement of gun laws.

As many of my colleagues know, the State of California has recently passed, by wide margins in the assembly and the State Senate, and these measures have been signed into law by the Governor, a whole series of gun safety measures that I believe put California on the cutting edge of gun safety measures among the 50 States.

It seems to me that, if we are going to give the Attorneys General of the 50 States the ability to go into Federal court to protect their citizens from $20 bottles of cabernet, we ought to be at least as willing to give the attorney general of the State of California the ability to go into Federal court to protect his citizens against the Tech–DC9, the AK–47, and other weapons of mass destruction.

Mr. Chairman, as we know, we failed to come together across the aisle on a bipartisan basis to adopt gun safety measures earlier in this Congress, but we have an opportunity here to at least allow those States that have been more progressive and more receptive to the people of the country than has the United States Congress to have an additional tool to protect the citizens of the States who have forward-thinking State legislatures and forward-thinking Governors.

Mr. CONYERS. Mr. Chairman, will the gentlewoman yield?

Ms. LOFGREN. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, I want to commend the gentlewoman from California (Ms. LOFGREN), who finds it, as do many of us, ironic that this House apparently does not demonstrate the same concern for the dangers of interstate shipment of firearms as they claim to have about the interstate shipment of alcohol.

If we opened the Federal courts to State alcohol suits, we should at least do the same for firearms. I thank the gentlewoman for making the connection in this debate.

Ms. LOFGREN. I thank the gentleman from Michigan (Mr. CONYERS), the ranking member.

I would note, as to the issue of germaneness, noting that the gentleman from Florida (Mr. SCARBOROUGH) has reserved a point of order, that it is my contention that the amendment is germane.

As we know, the underlying bill deals with issues that are governed by the Alcohol, Tobacco, and Firearms Bureau, as is the issue of guns. It seems to me, if we are going to give a tool to States to use the Federal courts for an item that is regulated by ATF, to wit, bottles of cabernet, that we ought to provide that same remedy and tool to States to deal with another item which is within the jurisdiction of ATF, to wit, firearms, as defined in title 18 of the U.S. Code.

I would hope that we might move apace to adopt this resolution. I have two teenage children. They will be starting high school again this fall. They will be starting school, before this House finishes our annual recess. I would like to be able to tell them and to tell their classmates that the House of Representatives has done something, anything rational, to preserve and to enhance gun safety in America. I think we owe that to the mothers and fathers across the United States.

Although we have not been able previously to come together, although we have not been able to support the gun safety measures that have passed the United States Senate, although we have not been able to deliver that level of safety to the American people, we could act today and at least do this much.

So I am hopeful that we can approve this amendment. It is so important to me that I believe I would vote for the underlying bill, despite the reservations I have, in order to get this important new enforcement tool for State Attorneys General.

POINT OF ORDER

Mr. SCARBOROUGH. Mr. Chairman, I ask to speak on the point of order, the fundamental purpose of the bill is to provide the attorney general of any State with the authority to bring a civil action to the United States district court to enjoin any person or entity that the attorney general has reasonable cause to believe is engaged in any act that would constitute a violation of State law regulating the importation or transportation of any intoxicating liquor.

The fundamental purpose of the amendment is to expand the single class of merchandise covered by this bill, to wit, intoxicating liquor, by adding another class of merchandise, to wit, firearms, to the one class covered by this bill.

A distinction also exists that the distinguished ranking member of the Committee on the Judiciary did not touch on when he said we ought to be able to blur alcohol and firearms together in this sort of stew. The main difference is that none of us here support the illegal transportation of firearms across State lines.

☐ 1345

What this amendment does is this amendment tries to bring in the gun amendments. We all agree illegal transportation of firearms across State lines should not be permissible. Unfortunately, illegal alcohol sales being transported across State lines is still being defended by many people here today.

According to House Practice Germaneness section 9: "One individual proposition is not germane to another individual proposition." This is clearly one individual proposition being added to another. Accordingly, Mr. Chairman, the amendment is not germane, and I insist on my point of order.

The CHAIRMAN. Does the gentlewoman from California (Ms. LOFGREN) desire to be heard on the point of order?

Ms. LOFGREN. Yes, Mr. Chairman.

Mr. Chairman, I believe that the amendment is germane. I would ask, clearly even if there is a question as to germaneness, it does not need to be raised if all Members agree that the underlying measure should be supported by us all. I was glad to hear the comments of the gentleman from Florida (Mr. SCARBOROUGH) that none of us support the illegal transport of firearms across State laws. The question is whose laws? In California, it is now, because of what the State legislature has done, it is illegal. TEC–9s are covered. TEC DC–9s are covered.

That is not the case under Federal law. So this would allow those States' Attorneys General, the State of California, to go to Federal court to enforce California State laws vis-a-vis firearms.

I hope that we might be able to come together, the gentleman from Florida (Mr. SCARBOROUGH) and I, to allow this amendment to be offered and adopted; and that if he would withdraw his point of order, we need not discuss the germaneness issue any further.

I would hope that he would do that since, if I understood him correctly, he agrees or says he agrees with the intention of the amendment. Therefore, I would hope, and I do not know if he wishes to respond, but I would hope that he might withdraw his objection on this point.

The CHAIRMAN. Does the gentleman from Georgia (Mr. BARR) desire to be heard on the point of order?

Mr. BARR of Georgia. I do, Mr. Chairman. Mr. Chairman, I am not quite sure whether the gentlewoman from California (Ms. LOFGREN) correctly characterized the earlier remarks of the gentleman from Florida (Mr. SCARBOROUGH) who has sponsored the underlying bill here and who has risen and asserted and insisted on a point of order against the amendment of the gentlewoman from California.

I think the gentleman from Florida has made very clear that he is opposed to this amendment. I think the point that the gentleman was making earlier is a very accurate one; and that is that Federal law already provides that, when one ships a firearm in interstate commerce, it has to be shipped consistent with State laws, and it has to be shipped, for example, to a licensed firearms dealer if it is shipped through the mails.

There already, in other words, are very sever limitations on the interstate shipment of firearms. And to open that Pandora's box or that can of worms now to insert into a piece of legislation that is very specific, very clear, very limited, very reasonable, a whole new issue on which there have not been hearings, I mean, the opponents of the bill of the gentleman from Florida earlier were bemoaning the fact, erroneously as it turns out, bemoaning the fact that there had not been hearings and debate and information solicited on his proposed piece of legislation. In fact, as the gentleman from Florida correctly stated, there have been hearings. There has been information. There has been evidence to support his legislation.

What the gentlewoman from California is now proposing to do is to raise another whole issue which has not been debated certainly in the context of the intent of this legislation.

I believe the gentleman from Florida is very correct when he points respectfully to the Chair on section 9 of House Practice on Germaneness. The proposed amendment from the gentlewoman from California has nothing whatsoever to do with the intent or the effect of the underlying bill proposed by the gentleman from Florida.

I rise in support of the reservation on this and I join the gentleman from Florida (Mr. SCARBOROUGH) in insisting on his point of order. I respectfully urge the Chair to strike the amendment as not germane and out of order.

The CHAIRMAN. The Chair is prepared to rule on the point of order.

The bill permits a State Attorney General to bring a civil action in Federal court against a person who has violated a State law regulating the importation and transportation of intoxicating liquor.

The amendment offered by the gentlewoman from California attempts to create an additional Federal cause of action against a person who violates a State law regulating firearms.

As stated in section 798a of the House Rules and Manual, an amendment must address the same subject as the bill under consideration.

This amendment addresses a separate subject matter (regulating traffic in firearms) than that addressed by the bill (regulating traffic in intoxicating liquors).

Accordingly, the amendment is not germane and the point of order is sustained.

AMENDMENT OFFERED BY MS. LOFGREN

Ms. LOFGREN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. Lofgren:

On page 6 at the end, insert the following: (c) Application of Amendment with regard to Certain Violations of Law. This Act and the amendment made by this act shall take immediate effect with regard to any violation of a state law regulating the importation or transportation of any intoxicating liquor which results from any violation of a state's firearms laws.

Mr. SCARBOROUGH. Mr. Chairman, I reserve a point of order.

The CHAIRMAN. The gentleman from Florida reserves a point of order on the amendment.

Ms. LOFGREN. Mr. Chairman, I believe that the amendment offered by myself and by the gentlewoman from New York (Mrs. McCarthy) and the gentlewoman from New York (Mrs. Lowey) adequately addresses the germaneness issue that was the subject of the point of order on the prior amendment we offered.

There are a series of cases that relate to the interplay between alcohol laws of the States and firearms. I would note for the Record and will include for the Record two cases: first, the case of *Davis versus State of Alabama Alcohol Beverage Control Board* wherein the court found that the ABC Board in Alabama was able to refuse the renewal of liquor licenses for good cause including the discharge of firearms in the parking lot of the facility in question.

Second, a case from Illinois, *Sip and Save Liquors versus Richard M. Daley, Mayor*, cited at 657 N.E.2d. 1, provides that the Commission may take notice of gun law violations of the State in the proceedings instituted pursuant to the Illinois liquor laws.

This amendment would allow State AGs to utilize the Federal courts to enforce the State gun laws relative to liquor law violations. Let me give an example where this might be pertinent. For example, as I mentioned earlier, in California, TEC–DC9s are no longer a legal weapon.

It would be possible for a State AG, Mr. Lockyer, to go into Federal Court and to seek removal of the liquor license or the license of a winery when the violation of the winery owner related to the violation of the State weapons laws. This may be a niche, and it is a niche I propose only because of the germaneness issue, given the prior ruling of the Chair, and given the unwillingness of those who raised the germaneness issue to waive or withdraw it.

But, once again, as I argued earlier, if we are able to do something, anything to enhance the Nation's gun safety laws, we should do it. As I mentioned before, school will commence all across America before our recess has ended. This is one of the last opportunities the House of Representatives will have before our recess to do something, to do something reasonable, to do something responsible to enhance gun safety laws.

I would hope that we could come together across the aisle on a bipartisan basis to do even this modest thing to help guarantee the safety of the children of this country and the children of the high schools in California, even if it is only some modicum of increased safety when they return to school in September.

(Cite as: 657 N.E.2d 1, 212 Ill.Dec. 306)

SIP & SAVE LIQUORS, INC., AN ILLINOIS CORPORATION, PLAINTIFF-APPELLANT, *v.* RICHARD M. DALEY, MAYOR AND LOCAL LIQUOR CONTROL COMMISSIONER OF THE CITY OF CHICAGO, AND WILLIAM D. O'DONAGHUE, CHAIRMAN OF THE LICENSE APPEAL COMMISSION, DEFENDANTS-APPELLEES

No. 1–93–0760

Appellate Court of Illinois, First District, Third Division, Sept. 6, 1995, Rehearing Denied Nov. 9, 1995

Liquor retailer sought review of revocation of retailer's license by mayor and city liquor control commissioner. The Circuit Court, Cook County, Edward C. Hofert, J., denied relief, and retailer appealed. The Appellate Court, Cerda, J., held that: (1) municipal code section placing time limit on issuance of revocation applied to liquor licenses; (2) state's five-day time limit, not code's 60-day limit, was applicable to revocation of liquor license; (3) failure to issue revocation within five days did not deprive commission of jurisdiction; (4) retailer was not deprived of due process; and (5) revocation was warranted.

Affirmed.

[1] INTOXICATING LIQUORS—106(1)—223k106(1)

City code section allowing mayor to suspend or revoke any license issued under code and state reasons for any revocation or suspension within 60 days was applicable to liquor licenses. Chicago, Ill., Municipal Code §§4–4–280, 4–60–070.

[1] INTOXICATING LIQUORS—108.1—223k108.1

City code section allowing mayor to suspend or revoke any license issued under code and state reasons for any revocation or suspension within 60 days was applicable to liquor licenses. Chicago, Ill., Municipal Code §§4–4–280, 4–60–070.

[2] INTOXICATING LIQUORS—10(2)—223k10(2)

Liquor control is subject to concurrent jurisdiction of state and local government; home-rule municipalities may legislate in area of liquor control, except as restricted by state, pursuant to home-rule provisions of state constitution. S.H.A. Const. Art. 7, §6.

[2] INTOXICATING LIQUORS—11—223k11

Liquor control is subject to concurrent jurisdiction of state and local government; home-rule municipalities may legislate in area of liquor control, except as restricted by state, pursuant to home-rule provisions of state constitution. S.H.A. Const. Art. 7, §6.

[3] INTOXICATING LIQUORS—11—223k11

State statute requiring that revocation of liquor license be issued within five days of hearing prevailed over municipal code section imposing 60-day time limitation for issuing revocation, as code expanded state's time limit and was thus inconsistent with state law. S.H.A. 235 ILCS 5/7–5; Chicago, Ill., Municipal Code §4–4–280.

[3] INTOXICATING LIQUORS—15—223k15

State statute requiring that revocation of liquor license be issued within five days of hearing prevailed over municipal code section imposing 60-day time limitation for issuing revocation, as code expanded state's time limit and was thus inconsistent with state law. S.H.A. 235 ILCS 5/7–5; Chicago, Ill., Municipal Code §4–4–280.

[4] ADMINISTRATIVE LAW AND PROCEDURE—489.1—15Ak489.1

City liquor control commission's failure to issue reasons for revocation within five-day period prescribed by state law did not deprive commission of jurisdiction to revoke license, as statute setting forth five-day period was directory, not mandatory, Liquor Act was to be liberally construed, licensee was not injured by late decision, and Liquor Act did not provide that jurisdiction was lost. S.H.A. 235 ILCS 5/1–2, 7–5.

[4] INTOXICATING LIQUORS—108.9—223K108.9

City liquor control commission's failure to issue reasons for revocation within five-day period prescribed by state law did not deprive commission of jurisdiction to revoke license, as statute setting forth five-day period was directory, not mandatory, Liquor Act was to be liberally construed, licensee was not injured by late decision, and Liquor Act did not provide that jurisdiction was lost. S.H.A. 235 ILCS 5/1–2, 7–5.

[5] STATUTES—227—361k227

Word "shall" generally is mandatory and not directory, but it can be construed as meaning "may" depending on legislative intent.

[6] STATUTES—227—361k227

Generally, statutory regulations designed to secure order, system and dispatch in proceedings, and by disregard of which rights of interested parties cannot be injuriously affected, are not mandatory unless they are accompanied by negative language that imports that acts required shall not be done in any other manner or time than designated.

[7] STATUTES—227—361k227

If statute is mandatory, it prescribes result that will follow if required acts are not done; if statute is directory then its terms are limited to what is required to be done.

[8] STATUTES—227—361k227

Failure to comply with mandatory provision will render void proceeding to which provision relates, but strict observance of directory provision is not essential to validity of proceedings.

[9] ADMINISTRATIVE LAW AND PROCEDURE—670—15Ak670

Liquor retailer waived issued that he was denied due process because shotgun which retailer was charged with possessing in license revocation proceeding was destroyed and police officer was allowed to testify to its measurement, where retailer did not object to testimony, and did not make motion in limine at hearing, and did not raise issue until penalty hearing.

[9] INTOXICATING LIQUORS—108.10(4)—223k108.10(4)

Liquor retailer waived issue that he was denied due process because shotgun which retailer was charged with possessing in license revocation proceeding was destroyed and police officer was allowed to testify to its measurement, where retailer did not object to testimony, did not make motion in limine at hearing, and did not raise issue until penalty hearing.

[10] CONSTITUTIONAL LAW—287.2(3)—92k287.2(3)

Liquor retailer received sufficient notice of charge of possessing sawed-off shotgun, thus, retailer was not denied due process in license revocation proceeding. U.S.C.A. Const. Amend. 14.

[10] INTOXICATING LIQUORS—108.2—223k108.2

Liquor retailer received sufficient notice of charge of possessing sawed-off shotgun, thus, retailer was not denied due process in license revocation proceeding. U.S.C.A. Const. Amend. 14.

[11] INTOXICATING LIQUORS—106(4)—223k106(4)

Presence of sawed-off shotgun on premises of liquor retailer warranted revocation of liquor license; retailer was not improperly found guilty of failing to register gun which was not registerable, location of shotgun permitted inference that retailer had control of gun, and factors both in favor of and against revocation existed.

[12] INTOXICATING LIQUORS—108.10(8)—223k108.10(8)

Appellate court may reverse licensing decision of liquor control commission only if manifest weight of evidence supports opposite conclusion.

*2 **307 Lamendella & Daniel, Chicago (Joseph A. Lamendella, Kris Daniel, of counsel), for appellant.

Corp. Counsel, Chicago (Susan S. Sher, Lawrence Rosenthal, Benna Ruth Solomon, Mardell Nereim, of cousel), for appellees.

Justice CERDA delivered the opinion of the court:

Plaintiff, Sip & Save Liquors, Inc., an Illinois corporation, appeals from the revocation of its retail liquor license. It argues on appeal that: (1) the City of Chicago Local Liquor Control Commission (the commission) lost jurisdiction when it did not timely issue a decision; (2) plaintiff was denied due process; and (3) revocation was an unreasonable penalty.

One of the issues in this case is whether the City of Chicago Local Liquor Control Commission lost jurisdiction to impose any sanction when it failed to render a decision within the mandatory 15-day period prescribed by section 4-4-280 of the Chicago Municipal Code (the Code) (Chicago Municipal Code §4-4-280 (1990)) and the holding in Puss N Boots, Inc. v. Mayor's License Commission (1992), 232 Ill. App. 3d 984, 173 Ill. Dec. 676, 597 N.E. 2d 650 or whether instead the Liquor Control Act of 1934 (235 ILCS 5/1-1 et seq. (West 1992)) (the Liquor Act) of the State of Illinois was applicable.

The commission charged in a notice of hearing to plaintiff that on August 19, 1990, the Code was violated when Thomas Shubalis, plaintiff's president, possessed an unregistered Winchester .22-caliber rifle, a Harlin 20-gauge shotgun, a Ruger .357 Magnum firearm, and a .25-caliber automatic firearm. It was also charged that Shubailis violated State law by possessing firearms without possessing an Illinois firearm owner's identification card. The notice also charged that on August 29, 1990, plaintiff sold or gave alcoholic beverages on the licensed premises to a person under the age of 21 years.

The notice stated that the city would present evidence of previous acts of misconduct. Attached as exhibits were orders of dispositions of previous charges: (1) sale to a minor on November 4, 1983, resulting in a warning on July 18, 1984; (2) sale to a minor on January 11, 1985, resulting in a warning on July 17, 1985; and (3) sale to a minor on August 31, 1985, resulting in a $300 voluntary fine on April 29, 1986.

A hearing was held before the commission on January 17, February 14, and April 4, 1991.

Chicago police officer Anthony Wilczak testified at the hearing that he responded to a burglary alarm on August 19, 1990, at plaintiff's liquor store. He searched the premises and found a .357 Magnum revolver and a .25-caliber automatic pistol below the cash register on the shelf. He asked Shubalis *3**308 about the guns, and Shubalis said that the guns were his brother's. Shubalis also said that the did not know where the .22-caliber rifle came from and that the sawed-off shotgun belonged to friend of his brother. He did not find a firearm owner's identification card when he searched Shubalis nor did he find a city registration for any of the weapons.

Chicago police officer Sharon Gaynor testified at the hearing that she recovered in the search a sawed-off 20-gauge shotgun and a Winchester rifle, which were found in a large safe in a back storage area. The safe was open, and the guns were lying in the safe.

On April 26, 1991, Richard M. Daley, mayor and local liquor control commissioner of the city of Chicago, revoked plaintiff's city of Chicago retail liquor license. The order stated that the proceedings were instituted pursuant to the Liquor Act (Ill. Reve. Stat. 1989, ch. 43, pars. 93.9 through 195). The order made the following findings: (1) on or about August 19, 1990, the licensee possessed unregistered firearms (Harlin 20-gauge shotgun, Ruger .357 Magnum firearm, and .25-caliber automatic firearm) on the licensed premises in violation of former section 11.1-13 of chapter 11.1 of the code (Chicago Municipal Code §11.1-13 (1983) (now codified as Chicago Municipal Code §8-20-150 (1995))); (2) on or about August 19, 1990, the licensee possessed firearms on the licensed premises without possessing a firearm owner's identification card issued by the State of Illinois in violation of State law; and (3) on or about August 29, 1990, plaintiff sold or gave alcoholic beverages on the licensed premises to a person under 21 years of age in violation of former section 147-14(a) of chapter 147 of the Code (Chicago Municipal Code §147-14(a) (1983) (now codified as Chicago Municipal Code §4-60-140(a) (1993))).

Plaintiff appealed to the City of Chicago License Appeal Commission (the appeal commission), which affirmed Daley's action on September 30, 1991. Plaintiff's petition for rehearing was denied by the appeal commission on November 6, 1991.

On December 6, 1991, plaintiff filed a complaint in administrative review against defendants Daley and William D. O'Donaghue, chairman of the appeal commission.

On May 6, 1992, the trial court found the following: (1) finding charge number one (Harlin 20-gauge shotgun) was sustained; (2) the other findings were not sustained; (3) the matter was remanded to the commission to consider its order of revocation with respect to finding against the plaintiff on charge number one.

On June 6, 1992, the commission reconfirmed the revocation of the license based on the finding that the owner possessed an unregistered Harlin 20-gauge shotgun.

On August 14, 1992, the trial court reversed the order reconfirming revocation and remanded the matter for a hearing by the commission on the penalty in view of the fact that the charges were modified. The commission was ordered not to consider the charges that were not sustained by the trial court. It was also ordered that both parties would have a full hearing in aggravation and mitigation.

A hearing on the penalty was held on October 8, 1992, before the commission. During Chicago police officer Lawrence Seidler's testimony, plaintiff made an oral motion in limine based on the following: (1) the charge was the failure to exhibit a registration certificate and not the possession of a sawed off shotgun; and (2) the shotgun was destroyed by the police. The motion was denied.

Officer Seidler testified that the barrel of the shotgun was 14 inches long and that a portion of the stock was sawed off.

Thomas Shubalis testified at the hearing that the liquor store had been in business at the same location for 17 years. He recognized the shotgun and had seen it once before on the premises. He did not believe that the shotgun was on the premises on August 19, 1990. The shotgun had been brought in by a neighbor who was moving and who was going to pick up the gun in a *4 **309 couple of days. The shotgun had been on the premises in a storeroom safe for a number of years but he thought it had long been removed and never even thought of it. The safe was not used, and it was hardly visible because there were liquor boxes in front of it. He never had occasion to open the safe between the time he saw the shotgun and the time of the burglary. He had no registration for the shotgun.

On October 14, 1992, plaintiff moved in the trial court to reverse all orders of the commission and the appeal commission on the basis that the mayor lost jurisdiction to revoke the liquor license. The hearings had terminated on April 4, 1991, and the decision was rendered on April 26, 1991, which was later than the mandatory 15-day period.

On October 16, 1992, the commission sustained "charge one" and revoked the license. The following findings of fact were made. Shubalis admitted that he first saw the sawed-off shotgun eight or nine years before the burglary and that he did nothing to assure that the shotgun was removed from the premises. Shubalis's testimony that the gun was hidden in the old safe and that he did not even think about it after first seeing it was not credible. The licensee had a history of three prior violations, one of which resulted in a fine of $300. The weapon was an extremely dangerous type of weapon. In light of the serious nature of the offense, revocation was appropriate.

On January 22, 1993, the trial court denied plaintiff's motion to reverse and to reinstate the license, denied plaintiff's motion to reverse the post-remand order of revocation, and affirmed the order of revocation.

Plaintiff filed a notice of appeal on February 19, 1993.

I. JURISDICTION

Plaintiff first argues that the commission lost jurisdiction to impose any sanction when it failed to render a decision within the 15 days following the hearing as prescribed by section 4-4-280 of the Code (Chicago Municipal Code §4-4-280 (1990)), which was amended in 1992 to expand the time period to 60 days (Journal of the Proceedings of the City Council of the City of Chicago, July 29, 1992, at 20041-42). If the proceedings were initiated exclusively under the Liquor Act, then the procedural requirements of section 7-5 of the Liquor Act were not met (235 ILCS 5/7-5 (West 1995)). The term "shall" was mandatory and not directory.

[1] The first issue is whether section 4-4-280 of the Code applied to the revocation of plaintiff's liquor license. It states in part:

> "The mayor shall have the power to * * * suspend or revoke any license issued under the provisions of this code * * *.
>
> If the mayor shall determine after [a] hearing that the license should be revoked or suspended, within 60 days he shall state the reason or reasons for such determination in a written order or revocation or suspension * * *."

According to the Journal of the Proceedings of the City Council of the City of Chicago, the ordinance was:

"intended to ratify prior actions of the Mayor in revoking licenses and * * * shall apply to all cases in which licenses have been revoked * * * within 60 days of the conclusion of a hearing required by Section 4–4–280 * * *." Journal of the Proceedings of the City Council of the City of Chicago, July 29, 1992, at p. 20042.

Section 4–4–280 states that it is applicable to the revocation of any license, and it does not exempt liquor licenses. Section 4–60–070 of the Code states that a liquor license shall be issued subject to chapter 4–4, the chapter in which section 4–4–280 appears. [FN1] (Chicago Municipal Code §4–60–070 (1994).) We find that section 4–4–280 covers liquor licenses.

"FN1. Section 4–60–070(a) of title four of the Code states in part that "[a] city retailer's license for the sale of alcoholic liquor shall be issued by the local liquor control commissioner, subject to the provisions of an act entitled 'An Act relating to alcoholic liquor,' approved January 31, 1934, as amended, and subject to the provisions of this chapter and Chapter 4–4 relating to licenses in general not inconsistent with the law relating to alcoholic liquor." (Emphasis added.) Chicago Municipal Code §4–60–070 (1994)."

*5 **310 The next issue is whether section 7–5 of the Liquor Act states with its requirement that a statement of reasons for revocation be given within five days of hearing controls over Code section 4–4–280's time frame of 60 days. Section 7–5 of the Liquor Act states in part:

"The local liquor control commissioner shall within 5 days after [a] hearing, if he determines after such hearing that the license should be revoked or suspended or that the licensee should be fined, state the reason or reasons for such determination in a written order * * *." 235 ILCS 5/7–5 (West 1995).

[2] Liquor control is subject to concurrent jurisdiction of the State and local government. (Easter Enterprises, Inc. v. Illinois Liquor Control Commission (1983), 114 Ill. App. 3d 855, 858–59, 70 Ill. Dec. 666, 449 N.E. 2d 1013.) Home-rule municipalities such as Chicago may legislate in the area of liquor control, except as restricted by the State, pursuant to the home-rule provisions of the 1970 Illinois Constitution (Ill. Cont. 1970, art. VII, §6). (Easter, 114 Ill. App. 3d at 858–59, 70 Ill. Dec. 666, 449 N.E. 2d 1013.) Courts have approved local liquor ordinances in home-rule municipalities that were either more restrictive than State statutes on the same subject matter or that placed additional requirements on licenses not found in State statutes. Easter, 114 Ill. App. 3d at 859, 60 Ill. Dec. 666, 449 N.E. 2d 1013.

[3] Section 4–60–070 states that provisions of the Code chapter relating to licenses in general would govern liquor licenses except when they are inconsistent with "the law relating to alcoholic liquor." (Chicago Municipal Code §4–60–070 (1994).) The ordinance also states that the license was subject to the provisions of the Liquor Act. The Liquor Act enumerates in section 4–1 certain powers of municipalities including the power "to establish * * * regulations and restrictions upon the issuance of an operations under local licenses not inconsistent with law as the public good and convenience may require." 235 ILCS 5/4–1 (West 1993).

The Code's time limit is not just different than State law but expands a time limit established by State law. The longer time period is not a further restriction or an additional requirement. (Easter, 114 Ill. App. 3d at 859, 70 Ill. Dec. 666, 449 N.E. 2d 1013.) The Code's longer time for the issuance of the penalty decision is inconsistent with the five-day time limit in the Liquor Act. Under the terms of the Code and the Liquor Act, the inconsistent 15- and 60-day limits cannot stand. (Village of Mundelein v. Hartnett (1983), 117 Ill. App. 3d 1011, 1015, 73 I11.Dec. 285, 454 N.E.2d 29 (where there is a conflict between a statute and an ordinance, the ordinance must give way).) The State five-day limitation for issuing a revocation decision prevails over the Code.

The case of Puss N Boots, Inc. v. Mayor's License Commission (1992), 232 I11.App.3d 984, 173 I11.Dec. 676, 597 N.E.2d 650, was an appeal from an order of the mayor of the city of Chicago revoking the public place of amusement license of the plaintiff. Plaintiff argues that this court should follow the decision in Puss N Boots. One of the issues in that case was whether the mayor had lost jurisdiction to revoke the public place of amusement license because of failure to act within a 15-day time period prescribed by ordinance section 4–4–280. The court pointed out that the Code section providing for "interpretation of language" expressly stated that "[t]he word 'shall' as used in this code is mandatory." (Puss N Boots, 232 I11.App.3d at 987, 173 I11.Dec. 676, 597 N.E.2d 650.) The court concluded that "shall" in section 4– 4–280 was mandatory and therefore the failure to render a decision within the mandatory time deprived the mayor of jurisdiction. Puss N Boots, 232 I11.App.3d at 987–89, 173 I11.Dec.676, 597 N.E.2d 650.

We agree with the decision rendered in the Puss N Boots case. The word "shall" in section 4–4–280 of the Municipal Code of Chicago is mandatory rather than directory, and the commission would have lost jurisdiction when the mayor failed to act within the 15-day period in this case if only the local code were involved. However, liquor control is subject to concurrent jurisdiction of the State and the city of Chicago. (Easter Enterprises, Inc. v. Illinois Liquor Control Commission (1983), 114 I11.App.3d 855, 858–59, 70 I11.Dec. 666, 449 N.E.2d 1013.) In this *6 **311 case, the order of April 26, 1991, was issued by Richard M. Daley as mayor and local liquor control commissioner. The order also stated that the proceedings were instituted pursuant to the Liquor Act. In the Puss N Boots case the State of Illinois had no involvement in the revocation of a Chicago public place of amusement license whereas in this case the proceedings were conducted subject to the Liquor Act. We find that the Puss N Boots case is distinguishable from the case sub judice and is not controlling.

[4] The next issue is whether the failure to issue the reasons for revocation within the five-day period provided by State law deprived the commission of jurisdiction. If the five-day requirement of the Liquor Act was mandatory and not directory, then the failure to act within the required time meant the commission did not have jurisdiction to act beyond the time limit. See Johnkol, Inc. v. License Appeal Commission (1969), 42 I11.2d 377, 383– 84, 247 N.E.2d 901 (failure of liquor license appeal commission to render a decision within 20 days of filing the appeal as required by State law resulted in loss of jurisdiction for noncompliance).

[5][6][7][8] Section 7–5 of the Liquor Act states that the local liquor control commissioner "shall" within five days of the hearing state the reasons for revocation. (235 ILCS 5/7–5 (West 1995).) The word "shall" generally is mandatory and not directory, but it can be construed as meaning "may" depending on the legislative intent. (Village of Mundelein v. Hartnett (1983), 117 I11.App.3d 1011, 1016, 73 I11.Dec. 285, 454 N.E.2d 29.) Generally, statutory regulations designed "to secure order, system and dispatch in proceedings, and by a disregard of which the rights interested parties cannot be injuriously affected" are not mandatory unless they are accompanied by negative language that imports that the acts required shall not be done in any other manner or time than designated. (Village of Mundelein, 117 I11.App.3d at 1016, 73 I11.Dec. 285, 454 N.E.2d 29.) If a statute is mandatory, it prescribes the result that will follow if the required acts are not done; if the statute is directory then its terms are limited to what is required to be done. (Village of Mundelein, 117 I11.App.3d at 1016, 73 I11.Dec. 285, 454 N.E.2d 29.) The failure to comply with a mandatory provision will render void the proceeding to which the provision relates, but strict observance of a directory provision is not essential to the validity of the proceedings. Village of Mundelein, 117 I11.App.3d at 1016, 73 I11.Dec. 285, 454 N.E.2d 29.

Alpern v. License Appeal Commission (1976), 38 I11.App.3d 565, 567, 348 N.E.2d 271, was the first decision that held that the Liquor Act's five-day requirement was directory so that a revocation issued beyond that time was valid and the commissioner did not lose jurisdiction. The court adopted the reason that ordinarily a statute that specifies the time for the performance of an official duty will be considered directory only where the rights of the parties cannot be injuriously affected by the failure to act within the time indicated. (Alpern, 38 Ill. App. 3d at 567, 348 N.E. 2d 271.) The court also noted that the Liquor Act provided that it was to be liberally construed to protect the welfare of the people. (Alpern, 38 Ill. App. 3d at 567, 348 N.E. 2d 271.) The five-day provision did not contain language denying the exercise of the power after the time named and no right of plaintiff would be injuriously affected by a failure to serve the revocation order timely. Alpern, 38 Ill. App. 3d at 568, 348 N.E. 2d 271.

Several first district cases have followed Alpern; Dugan's Bistro, Inc. v. Daley (1977), 56 Ill. App. 3d 463, 475, 14 Ill. Dec. 63, 371 N.E. 2d 1116; Rincon v. License Appeal Commission (1978), 62 Ill. App. 3d 600, 606, 19 Ill. Dec. 406, 378 N.E. 2d 1281; Watra, Inc. v. License Appeal Commission (1979), 71 Ill. App. 3d 596, 600, 28 Ill Dec. 120, 390, N.E. 2d. 102; and Cox v. Daley (1981), 93 Ill. App. 3d 593, 595–96, 49 Ill. Dec. 55, 417 N.E. 2d 745.

Miller v. Daley (1973), 14 Ill. App. 3d 394, 397, 302 N.E. 2d 347, stated that the five-day limit was mandatory but found that the order was served within the period prescribed by the statute so that the conclusion that it was mandatory was dictum. (See Alpern, 38 Ill. App. 3d at 568, 348 N.E. 2d 271 (the interpretation in Miller was dictum).) The weight of the authority is that the five-day period is directory.

*7 **312 We concur with the cases finding that the failure to act in five days does not result in the loss of jurisdiction because even though the word "shall" is used (1) the Liquor Act is to be liberally construed to protect the welfare of the people (235 ILCS 5/1–2 (West 1993)), and a construction voiding a late revocation order would not serve the welfare of the people; (2) the license was not injured by a late decision as he continued to run his business until the license was revoked; and (3) the Liquor Act does not provide that jurisdiction is lost after the five-day period.

II. DUE PROCESS

Plaintiff next argues that the plaintiff was denied due process because the shotgun was destroyed and a police officer was permitted to testify about the measurements of one barrel of the shotgun. Plaintiff was also denied due process because he did not receive notice of the charge of possession of a sawed-off shotgun. The penalty was based on possession of a sawed-off shotgun, which was a separate offense from the charge of possession of an unregistered shotgun.

[9] Plaintiff did not object to the testimony concerning the shotgun at the first hearing, which was when the charges were tried. A motion in limine was not made at the first hearing. Plaintiff did not raise the issue of the denial of due process based on destruction of the shotgun until the penalty hearing. Therefore, that issue was waived. Harbor Insurance C. v. Arthur Andersen & Co. (1986), 149 Ill. App. 3d 235, 240, 102 Ill. Dec. 814, 500 N.E. 2d 707.

[10] The charge of possessing an unregistered shotgun was stated in the notice of hearing to be a violation of former section 11.1–13 of chapter 11.1 of the Code, which is now codified as section 8–20–150. Section 8–20–150 of the Code requires one to exhibit a valid registration certificate. (Chicago Municipal Code §8–20–150 (1995).) Section 8–20–040 of the Code states in part that no person shall within the city possess or have under his control any firearm unless he holds a valid registration certificate for that firearm. (Chicago Municipal Code §8–20–040(a) (1990).) A sawed-off shotgun is unregisterable. (Chicago Municipal Code §8–20–050(a) (1995).) Although the predecessor of section 8–2–150 was cited in the notice of hearing instead of the predecessor of section 8–20–040, plaintiff received adequate notice that he was charged with possessing an unregistered sawed-off shotgun. From the beginning of the proceedings plaintiff knew that possession of a shotgun was the issue.

III. REVOCATION

[11] Plaintiff next argues that the revocation was unreasonable. Plaintiff had no duty to register a firearm and display a registration certificate for a firearm that was unregisterable, that the licensee did not own, and that the licensee did not constructively possess. The revocation order states that the ordinance violated was section 8–20–150 requiring a registration certificate (Chicago Municipal Code § 8–20–150 (1995)), but the conduct was described as possession of an unregistered firearm, which was prohibited by section 8–20–040 Chicago Municipal Code §8–20–040 (1990)).

Plaintiff further argues that the finding of possession was erroneously based on the fact that the licensee had knowledge of the presence of the shotgun on the premises eight or nine years earlier. Plaintiff operated the business for 17 years. In a two-year period plaintiff was charged with three separate sales of alcohol to minors, but there was no other record of wrongful conduct. Failure to display a certificate was the most venial of the firearms offenses and should have resulted in a more lenient sanction of either fine or suspension. There was no evidence that the shotgun was functional.

The second revocation order issued does not refer to the specific ordinance violated as plaintiff contends but merely states that "charge one" was sustained. The order should have referred to the first "finding" of the revocation order, which was that plaintiff possessed an unregistered shotgun, because the first charge in the notice of hearing was possession of a rifle. Plaintiff was informed as to the basis for the revocation. Furthermore, the findings of the commission were given, and they emphasized the possession of the shotgun.

*8 **313 The licensee was found to have possessed an unregistered gun and was not found guilty of the offense of failing to register the unregisterable shotgun. Therefore the licensee was not punished for failing to perform an impossible act, and United States v. Dalton (10th Cir. 1992), 960 F.2d 121, is distinguishable. The Dalton court held that due process barred a conviction under a statute that required registration of a firearm where the subject firearm could not be legally registered. (Dalton, 960 F.2d at 124.) Section 8–20–040 does not only state that one cannot possese an unregistered gun (which would imply that the gun was registerable); the ordinance precludes possession of any firearm that is unregisterable. Chicago Municipal Ordinance §8–20–040 (1995).

The next issue is whether the licensee possessed the shotgun within the meaning of section 8–20–040(a), which states that no person shall "possess, harbor, have under his control, * * * or accept" Any unregisterable firearm. (Chicago Municipal Code §8–20–040(a) (1999).) Although there were employees who had access to the room where the shotgun was located, the shotgun was at the licensee's place of business so that it can be inferred that the licensee had control over the area where the shotgun was found.

[12] The appellate court may reverse the commission's decision only if the manifest weight of the evidence supports the opposite conclusion. (Lopez v. Illinois Liquor Control Commission (1983), 120 Ill.App.3d 756, 762–63, 76 Ill.Dec. 199, 458 N.E.2d 599.) Section 7–5 of the Liquor Act permits revocation if the licensee violated any provisions of the act or any ordinance of the municipality or any rule of the local liquor control commission (235 ILCS 5/7–5 (West 1995)), but the violation must fairly relate to the control of liquor. Lopez, 120 Ill. App. 3d at 761, 765, 76 Ill.Dec. 199, 458 N.E.2d 599.

That shotgun was deemed to be especially dangerous because it was unregisterable. The presence of this firearm on the premises jeopardized the safety of the public because employees of the licensee would have access to it. On the other hand, the business had been operated for 17 years with only three other charges. There were factors going in favor and against revocation. A less severe penalty could have been imposed, but under the abuse of discretion standard, the revocation must be upheld.

The judgment of the trial court is affirmed.

Affirmed.

RIZZI and TULLY, JJ., concur.

(Cite as: 636 So.2d 448)

ROBERT DAVIS D/B/A SOLID GOLD, INC. v. STATE OF ALABAMA ALCOHOLIC BEVERAGE CONTROL BOARD.

AV92000711

Court of Civil Appeals of Alabama, Feb. 25, 1994

Owner of lounge sought review of Alcoholic Beverage Control (ABC) Board decision denying renewal of lounge liquor license. The Mobile Circuit Court, Ferill D. McRae, J., affirmed. Owner appealed. The Court of Civil Appeals, Robertson, P.J., held that substantial evidence supported ABC Board's finding that operation of lounge was prejudicial to health, welfare and morals of community.

Affirmed.

[1] ADMINISTRATIVE LAW AND PROCEDURE—701—15Ak701

Circuit court review of decision of Alcoholic Beverage Control (ABC) Board decision denying renewal of liquor license is governed by administrative procedure statute pertaining generally to judicial review of agency actions in contested cases. Code 1975, §41–22–20.

[1] INTOXICATING LIQUORS—102—223k102

Circuit court review of decision of Alcoholic Beverage Control (ABC) Board decision denying renewal of liquor license is governed by administrative procedure statute pertaining generally to judicial review of agency actions in contested cases. Code 1975, §41–22–20.

[2] ADMINISTRATIVE LAW AND PROCEDURE—683—15Ak683

In reviewing trial court's determination as to propriety of action of Alcoholic Beverage Control (ABC) Board, standard of review of Court of Civil Appeals is same as that of trial court. Code 1975, §41–22–20.

[2] INTOXICATING LIQUORS—102—223k102

In reviewing trial court's determination as to propriety of action of Alcoholic Beverage Control (ABC) Board, standard of review of Court of Civil Appeals is same as that of trial court. Code 1975, §41–22–20.

[3] INTOXICATING LIQUORS—102—223k102

Substantial evidence supported Alcoholic Beverage Control (ABC) Board's finding that operation of lounge was prejudicial to health, welfare and morals of community, thus supporting Board's denial of lounge's liquor license renewal, where neighborhood residents testified that lounge patrons discharged firearms, brawled in parking lot, made excessive noise, loitered, trespassed, deposited weapons and narcotics in yards, parked illegally, and urinated, defecated, and engaged in sexual activities on residents' property, and residents' testimony was supported by testimony of ABC Board employees and city police sergeant. Code 1975, §28–3A–5(b).

*448 Major E. Madison, Jr., Mobile, for appellant.

H. Lewis Gillis and Anita L. Kelly of Thomas, Means & Gillis, P.C., Montgomery, for appellee.

ROBERTSON, Presiding Judge.

Robert Davis d/b/a Solid Gold, Inc., appeals from a judgment of the trial court upholding a decision of the State of Alabama Alcoholic Beverage Control Board (ABC *449 Board) denying a renewal of his lounge liquor license.

By a letter to the ABC Board dated August 20, 1991, Thomas Sullivan, the City of Mobile council member representing the district in which Davis operated his business, protested the renewal of Davis's liquor license for the lounge known as the Solid Gold Social Club (lounge), stating that he had received several complaints from nearby residents that shootings, prostitution, and drug deals had occurred at the lounge. The ABC Board notified Davis of protests it had received that the lounge's "operation and location [were] prejudicial to the health, welfare and morals of the community."

The ABC Board held a hearing on the protests on September 26, 1991. By a letter dated October 11, 1991, the ABC Board notified Davis that it had denied a renewal of his liquor license. Davis appealed the Board's decision to the Mobile County Circuit Court, which, following an ore tenus hearing, affirmed the Board's decision.

The sole issue presented to this court on appeal is whether the ABC Board's decision not to renew Davis's liquor license for his lounge was clearly erroneous, unreasonable, arbitrary, or an abuse of discretion.

[1][2] The ABC Board may refuse the renewal of liquor licenses for "good cause," provided that "within one month prior to the scheduled date of expiration of such licenses the applicant shall have been notified

by the board of objections to the [renewal] signed by persons authorized to do so." §28-3A-5(b), Ala. Code 1975. The judicial review of such an action in circuit court is governed by §41-22-20, Ala. Code 1975. Dawson v. Department of Environmental Management, 529 So.2d 1012 (Ala. Civ. App. 1988). Section 41-22-20(k) provides that "the agency order shall be taken as prima facie just and reasonable and the court shall not substitute its judgment for that of the agency as to the weight of the evidence on questions of fact, except where otherwise authorized by statute." The trial court may reverse, modify, or alter a decision of the ABC Board if the Board's action was clearly erroneous, unreasonable, arbitrary, capricious, or an abuse of discretion. §41-22-20(k)(6), (7), Ala. Code 1975. In reviewing a trial court's determination as to the propriety of an ABC Board action, this court's standard of review is the same as that of the trial court. Dawson, supra.

[3] The record of the ABC Board's hearing reflects that the lounge is located in Mobile, at 1385 Dr. Martin Luther King, Jr., Avenue, an area of mixed commercial and residential properties. Neighborhood residents testified that the lounge's patrons discharged firearms; brawled in the parking lot; made excessive noise; loitered; trespassed; deposited weapons and narcotics in neighborhood yards; illegally parked their cars; and urinated, defecated, and engaged in sexual activities on the residents' property. Supporting testimony was offered by George Boan and Kenneth Kirkland, two ABC Board employees, and by Sgt. Kay Taylor of the Mobile Police Department. Boan, an ABC Board district supervisor, testified that he had personally observed loitering, noise, and illegal parking at the lounge, and he stated that during an investigation of the lounge he had been approached by prostitutes working the area. Kirkland, an ABC Board agent, played a videotape that he had made of the parking lot and the area surrounding the lounge; on that tape he had captured an apparent drug deal. Sgt. Taylor presented a telephone log listing 95 complaints lodged with the police department between January 1, 1990, and September 25, 1991, concerning activities allegedly occurring inside the lounge or on its premises.

Davis denied that his patrons were responsible for the illegal activities that had occurred in the vicinity, blaming persons driving by and the occupants of a nearby house for causing the trouble. However, after a thorough review of the record, we find that the ABC Board heard substantial evidence that the operation of the lounge was prejudicial to the health, welfare, and morals of the community. Consequently, we cannot hold that the Board's action was clearly erroneous, unreasonable, arbitrary, or an abuse of discretion.

*450 The judgment of the trial court is affirmed.

AFFIRMED.

THIGPEN and YATES, JJ., concur.

Mr. CONYERS. Mr. Chairman, will the gentlewoman yield?

Ms. LOFGREN. I yield to the gentleman from Michigan, the ranking member.

Mr. CONYERS. Mr. Chairman, I want to thank the gentlewoman from California (Ms. LOFGREN) for her insistence.

PARLIAMENTARY INQUIRY

Mr. SCARBOROUGH. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. Does the gentlewoman from California yield to the gentleman from Michigan (Mr. CONYERS)?

Ms. LOFGREN. I have yielded to the gentleman from Michigan.

Mr. SCARBOROUGH. Parliamentary inquiry. Is this for the first 5 minutes?

Ms. LOFGREN. Yes, it is.

Mr. SCARBOROUGH. Parliamentary inquiry. Is it the rule of the Chair, then, that they can yield during the first 5 minutes when a point of order has been raised?

The CHAIRMAN. Does the gentlewoman from California yield to the gentleman from Florida for a parliamentary inquiry?

Ms. LOFGREN. I will yield for a parliamentary inquiry which has been stated. May I yield time to the gentleman from Michigan (Mr. CONYERS), the ranking member, under regular order?

The CHAIRMAN. The gentleman from Florida may state his parliamentary inquiry.

Mr. SCARBOROUGH. Mr. Chairman, the parliamentary inquiry, earlier I had tried to yield some time on reserving a point of order.

The CHAIRMAN. The Chair controls debate on the point of order when it is raised.

Ms. LOFGREN. Mr. Chairman, reclaiming my time, that was on the germaneness issue. This is on the 5 minutes.

Mr. SCARBOROUGH. I am trying to get a ruling from the Chair.

The CHAIRMAN. Members will suspend. Earlier the gentleman tried to yield time during argument on a point of order. That cannot be done under the rules.

The gentlewoman from California (Ms. LOFGREN) controls 5 minutes and can yield to the gentleman from Florida for a parliamentary inquiry.

Mr. SCARBOROUGH. Okay.

Ms. LOFGREN. Mr. Chairman, I yield to the gentleman from Michigan (Mr. CONYERS).

Mr. CONYERS. Mr. Chairman, I thank the gentlewoman from California for yielding to me.

I am glad the gentleman from Florida (Mr. SCARBOROUGH) realizes that this is perfectly orderly procedure.

I wanted to just thank the gentlewoman for her persistence in trying to connect at a Federal level the relationship between gun safety, the shipment of firearms, and the shipment of alcoholic beverages. There is nothing illogical or irrational about it. They are both very related subject matter.

The need for using these regulations and looking at them from this perspective of a Federally licensed firearm dealer and wine distributor or alcohol beverage distributor are related.

I am glad that the gentlewoman has reformulated her amendment. I think it now attaches to this bill with a great rationality, and it is an amendment on its own that I support very strongly.

Ms. LOFGREN. Mr. Chairman, I thank the ranking member for his kind comments.

POINT OF ORDER

Mr. SCARBOROUGH. Mr. Chairman, I rise to speak on the point of order that I reserved.

The CHAIRMAN. The gentleman may state his point of order.

Mr. SCARBOROUGH. Mr. Chairman, again, the fundamental purpose of this bill is to provide the attorney general of any State with the authority to bring a civil action in the United States district court to enjoin any person or entity that the attorney general has a reasonable cause to believe is engaged in any act that would constitute a violation of State law regulating the importation or transportation of intoxicating liquor.

Now, the fundamental purpose of this amendment is again to expand the single class of merchandise covered by the bill from intoxicating liquor to now adding another class of merchandise, which is firearms to the one class covered by the bill.

Secondly, it makes absolutely no sense because it adds an unrelated contingency in the final line when, again, reading the amendment, it says: "This Act and the amendment made by this act shall take immediate effect with regard to any violation of a State law regulating the importation or transportation of any intoxicating liquor which results from any violation of a State's firearms laws."

□ 1400

Now that is clearly, clearly, an unrelated contingency.

Also, I think it is very important to understand that what we are doing here is we are commingling again two issues. Instead of the single issue of alcohol that is being illegally shipped across State lines, we are actually talking about gun sales or the transporting of guns inside of a State. Obviously, that can already be taken care of inside the State by a State attorney general who simply goes to State court. The State attorney general also has the power to simply take away the State liquor license of the person who is illegally selling guns, and so it is unnecessary.

Again, it is a commingling of two issues and, as I said earlier, the fundamental purpose of this bill is a single issue, and that is to stop the illegal sales of alcohol across State lines. So for those reasons and many others, I think, once again, we have to go back to House Practice, Germaneness, section 9, which says, "One individual proposition is not germane to another individual proposition." And this is clearly one individual proposition that is being added to another in a mix, sort of a legislative goo that I think even gives sausage making a bad name.

Accordingly, Mr. Chairman, I do not believe this amendment is germane and I insist on my point of order.

The CHAIRMAN. Does the gentlewoman from California wish to be heard on the point of order?

Ms. LOFGREN. Yes, Mr. Chairman.

The CHAIRMAN. The gentlewoman from California (Ms. LOFGREN) is recognized.

Ms. LOFGREN. Mr. Chairman, I would disagree with my colleague from Florida on the germaneness issue. In the example I gave in my 5 minutes in support of my amendment, I mentioned the issue where we had the possession of a Tech DC 9 by the owner of a winery and the holder of a Federal license of a winery. That is not a State license, that is a Federal license. And in order to affect that Federal license, recourse first of the ATF and later, and arguably necessarily, to the Federal courts, would be necessary. The State does not have jurisdiction over the Bureau of Alcohol, Tobacco and Firearms.

Further, I would note that the forum of a Federal court gives multi-State enforcement opportunities that arguably are not available to the attorneys general by recourse to a State forum. And if that is not the case, if that turns out to be incorrect, then the entire basis for this act being asserted by the proponents of the Scarborough bill evaporates. Because if the point of the gentleman from Florida (Mr. SCARBOROUGH) is that there is adequate remedy in State court, then there ought to be adequate remedy in State court for alcohol violations as well.

As the Chair will note, I did not ask for a vote on his prior ruling on the first amendment, because although I think an argument, and a good argument, could be made on its germaneness, I think that the arguments on germaneness on this amendment are weak indeed, and I would hope that the Chair would allow a vote to be taken on this amendment.

We have gone to great lengths to make sure it deals with the germaneness issue. Consequently, it is much smaller in scope than I think is appropriate and warranted by the violence emergency that faces us. But I offer it because at least it is something that this Congress could do as a show of good faith to the mothers and fathers of America who, like myself, are preparing to send their children back to school in just a month or so.

So I would hope that the Chair would rule that this is germane, and that absent that, those who have raised the point of order might consider withdrawing that point of order. I think it is only fair that this House be given the opportunity to do something, something for gun safety for the mothers and fathers of this country.

Mr. Chairman, I submitted for the RECORD legal citations from the Appellate Court of Illinois on this subject matter.

The CHAIRMAN. Does the gentleman from Georgia desire to be heard on the point of order?

Mr. BARR of Georgia. He does.

The CHAIRMAN. The gentleman from Georgia (Mr. BARR) is recognized.

Mr. BARR of Georgia. Mr. Chairman, in looking at this amendment, I have to conclude that Rube Goldberg is alive and well. If the Chair can figure out what this amendment means, the Chair is indeed very smart.

I think, though, that it can be stated very clearly, very succinctly, Mr. Chairman, that this is simply an evidence of the gun control advocates seeking to interject gun control into any piece of legislation they can at whatever the cost. And the cost here would be at the price of clarity and germaneness.

What the gentlewoman is proposing here in bringing in the issue of State firearms laws, which have nothing whatsoever to do with the laws of a State regarding the sale of alcoholic beverages, is to try to bring in an unrelated contingency. That, Mr. Chairman, is specifically precluded by House rules, number 22, on germaneness, entitled Conditions or Qualifications, which I would respectfully quote to the Chair. It says, "A condition or qualification sought to be added by way of amendment must be germane to the provisions of the bill."

The provisions of this bill relate solely and exclusively to State laws regarding the sale of alcoholic beverages. They have nothing whatsoever to do with firearms violations. This is not germane, it is unrelated, and I urge the Chair to sustain the point of order raised by the gentleman from Florida.

The CHAIRMAN. Does the gentleman from Michigan wish to be heard on the point of order?

Mr. CONYERS. Yes, Mr. Chairman.

The CHAIRMAN. The gentleman from Michigan (Mr. CONYERS) is recognized.

Mr. CONYERS. Mr. Chairman, I rise in opposition to the point of order that is made, and I simply want to make it clear that this is a completely different amendment that is being brought forward.

What the gentlewoman is pointing out is that this is a subset of liquor violations, and some liquor violations result from gun violations. She is merely setting a different effective date for those violations. This is just empowering the States to enforce their own liquor laws, which sometimes involve gun laws.

So this supports the principle purpose of the bill. It in no way is caught by germaneness. It is stopping the sale of alcohol in violation of State laws. It does this by allowing cases where firearms' use violate State alcohol laws to be heard immediately. She merely changes the date.

So to argue the same nongermaneness arguments that were previously advanced fails to recognize that this is a substantially different amendment, and that it is clearly germane and is in accord with the precedence of the House.

This amendment does nothing whatsoever to expand the scope of the bill. It merely deals with the effective date issue, and for that reason I urge that the point of order be rejected.

The CHAIRMAN. The Chair is prepared to rule on the point of order raised by the gentleman from Florida.

The gentleman from Florida raises a point of order that the amendment offered by the gentlewoman from California is not germane.

The bill amends the Webb-Kenyon Act to authorize an attorney general of a State to bring a civil action in a Federal court against a person that an attorney general has reason to believe has engaged in an act in violation of a State law regulating the importation or transportation of intoxicating liquor. The bill also establishes certain parameters for Federal judicial purview of an action brought under the new law.

Clause 7 of Rule XVI, the germaneness rule, provides that no proposition on a "subject different from that under consideration shall be admitted under color of amendment." One of the central tenets of the germaneness rule is that the fundamental purpose of an amendment must be germane to the fundamental purpose of the bill.

The Chair discerns that fundamental purpose of a bill by examining the text of the bill and the report language accompanying the bill as evidenced by the ruling of the Chair on July 18, 1990, recorded in Volume 10, Chapter 28, section 5.6 of the Deschler-Brown Precedents. As indicated on page 5 and 6 of the committee report, the underlying bill was "introduced in order to specifically provide States with access to Federal court to enforce their laws regulating interstate shipments of alcoholic beverages."

The fundamental purpose of the amendment appears to be to single out certain violations of liquor trafficking laws on the basis of their regard for any and all firearms issues. The Chair is of the opinion that the question illustrates the principle that an amendment may relate to the same subject matter, yet still stray from adherence to a common fundamental purpose, by singling out one constituent element of the larger subject for specific and unrelated scrutiny.

The fundamental purpose of the amendment is not the same as the fundamental purpose of the bill, nor is it a mere component of the larger purpose. Rather, the amendment pursues a purpose that, by its specialized focus, bears a corollary relationship to that pursued by the bill.

The proponent of this amendment has argued that her amendment merely addresses a subset of those State laws already addressed in the bill and is germane based on subject matter grounds. The Chair would note that general principle found on page 618 of the House Rules and Manual that the standards by which the germaneness of an amendment may be measured are not exclusive. Thus, while the amendment may arguably address the same subject matter, or a subset thereof, as that of the underlying bill, the fundamental purpose of the amendment must still be germane under every application thereof to that of the bill.

In the opinion of the Chair, the amendment is not germane and the point of order is sustained.

Are there further amendments to the bill?

AMENDMENT OFFERED BY MS. JACKSON-LEE OF TEXAS

Ms. JACKSON-LEE of Texas. Mr. Chairman, I offer an amendment.

Mr. SCARBOROUGH. Mr. Chairman, I reserve a point of order.

The CHAIRMAN. The point of order by the gentleman from Florida is reserved.

The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Ms. JACKSON-LEE of Texas: Page 6, line 9, strike the close quotation marks and the period at the end.

Page 6, after line 9, insert the following (and make such technical and conforming changes as may be appropriate):

"SEC. 3. REQUIREMENTS APPLICABLE TO CERTAIN CARRIERS IN CONNECTION WITH DELIVERY OF INTOXICATING LIQUOR TO A PLACE OF RESIDENCE.

"(a) DELIVERY OF INTOXICATING LIQUOR BY NON-GOVERNMENTAL CARRIERS FOR HIRE.—It shall be unlawful for a nongovernmental carrier for hire to knowingly deliver a container transported in interstate commerce that contains intoxicating liquor to a place of residence of any kind if such carrier fails to obtain the signature of the individual to whom such container is addressed.

"(b) PENALTY.—Whoever violates paragraph (1) shall be liable for a fine of $500.".

Ms. JACKSON-LEE of Texas (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore (Mr. BARRETT of Nebraska). Is there objection to the request of the gentlewoman from Texas?

Mr. SCARBOROUGH. Objection, Mr. Chairman.

The CHAIRMAN pro tempore. Objection is heard.

The Clerk will continue the reading.

The Clerk continued reading the amendment.

Mr. SCARBOROUGH. Mr. Chairman, I continue to reserve a point of order.

The CHAIRMAN pro tempore. The gentlewoman from Texas (Ms. JACKSON-LEE) is recognized.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I hope my colleague will see fit to join me in this amendment, and I would like to share with him language in H.R. 2031 in particular that specifically states, "if the Attorney General has reasonable cause to believe that a person is engaged or has engaged in any act that would constitute a violation of State law regulating the importation or transportation of any liquor." In part, this provision reads that we are dealing with the illegal transportation of liquor. And the supporting materials that my colleagues have circulated to even support this legislation all goes to the underage drinking of our young people.

We realize and have seen documentation, Mr. Chairman, that underage drinking is more devastating in our youth community than drugs. And interestingly enough, the amendment that I have just offered, and I might add that I would be happy to see if the gentleman would accept a friendly amendment to my amendment or a perfecting amendment that deals with narrowing the opportunity by way of requiring the carrier, and I might amend that to be shipper, to in fact make sure that they have the signature of the individual to whom the container is addressed, which would, in and of itself, help to bring down the amendment of illegal alcohol being shipped and transported to youth.

□ 1415

In particular, materials that were sent out by the beer wholesalers, national beer wholesalers, speak to this issue, as well as some additional new faces and anecdotal stories that tell us what happens when young people use the Internet and these amounts of liquor come without any restraint whatsoever.

In Greenville, Mississippi, a teenage girl says ordering liquor or alcohol over the Internet is easier than walking into a store and buying it. February 16, 1999, in Boston, Massachusetts, indicates an 18-year-old lies about his age and uses his own debit card to order wine by the Internet. One package is left at the door without an ID check. One winery uses a deceptive return label that indicates the package was shipped from a printing company.

In addition, on May 13, 1999, again beer is sent to a 17-year-old. The UPS delivers it to an unmarked box. No ID check.

Materials that the beer wholesalers have offered to us have said several things. There is a new black market in alcohol. It says State laws are broken. Today this sensitive marketplace structure is in jeopardy, a national problem with local impact. Television stations in more than three dozen communities across the Nation have produced investigative reports that document how easy it is for teenagers to use the Internet to acquire beer.

If this is the premise upon which this legislation has been written, if we are to assist the attorney general in preventing illegal intoxicating liquors from being shipped across State lines, then I would argue that in fact this is an amendment that should be accepted. Because what it asks the carrier to do is to simply get a signature of the individual on the container that is addressed.

I would say to the gentleman from Florida (Mr. SCARBOROUGH) as well that we need to do what he says the legislation is attempting to do and that is to respond to underage drinking.

We can all rally around underage drinking, Mr. Chairman. For many of the carriers who are receiving alcohol from the shippers, they are in fact shipping to teenagers, leaving it, getting no ID, getting no signature, getting absolutely nothing. And that allows our teenagers, our youth, our college students to engage in alcohol abuse, which enhances and increases the numbers of those who are abusing alcohol.

I ask the gentleman from Florida to consider this amendment and, as well, be happy to offer a friendly amendment that should say that such requirement that requires the carriers to get the signature would be subject to the passage of a State law.

Mr. CONYERS. Mr. Chairman, will the gentlewoman yield?

Ms. JACKSON-LEE of Texas. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, I want to compliment the gentlewoman from Texas (Ms. JACKSON-LEE).

If I understand the amendment, all she is asking is that the outside package have some identifying label that this is alcohol. Is that correct?

Ms. JACKSON-LEE of Texas. Mr. Chairman, reclaiming my time, I am asking for the signature.

Mr. CONYERS. Mr. Chairman, if the gentlewoman would continue to yield, plus the signature when it is received to determine that it is going into the proper hands.

Ms. JACKSON-LEE of Texas. Mr. Chairman, that is correct.

Mr. CONYERS. Mr. Chairman, first of all, I am sure that is consistent with the bill. I mean, I hope we do not have a germaneness problem.

Secondly, it makes pretty good sense. It would seem that those who support the bill might want to make this improvement merely because it makes more efficacious the whole process.

POINT OF ORDER

Mr. SCARBOROUGH. Mr. Chairman, I insist on my point of order and disagree with the gentlewoman from Texas (Ms. JACKSON-LEE) and also the ranking member of the Committee on the Judiciary. This is not consistent at all with the bill, and it is far outside the fundamental scope of this legislation.

Mr. Chairman, again, the fundamental purpose of this bill is to provide the attorneys general of any State with the authority to bring civil action in the United States District Court to enjoin any person or entity that the attorney general has reasonable cause to believe is engaged in any act that would constitute a violation of State law regulating the importation or transportation of an intoxicating liquor.

Now, what we have here from the gentlewoman from Texas (Ms. JACKSON-LEE) is actually a new set of substantive laws that would actually apply fines, penalties, and hold them accountable in Federal court for actual criminal or civil penalties. It is a substantive approach.

It is very important to remember, in this legislation the only thing we are talking about is providing States' attorneys general a procedural mechanism to go into State courts.

So by proposing this bill and if it passes, after it passes, we have not proposed any new Federal laws regarding the sale of alcohol. We have not proposed any new civil penalties. We have not proposed any new criminal penalties.

The only thing that we are doing is providing States' attorneys general with a procedural mechanism to go into court and stop illegal wine sales that are transported across State lines.

So when the gentlewoman from Texas (Ms. JACKSON-LEE) offers this amendment, she is taking us out of this very narrowly limited procedural safeguard for States' attorneys general and instead expanding it to a point where we are going to have an entirely new class of individuals and businesses that are going to be liable under Federal law that are going to be able to be dragged into Federal court and be held accountable under civil or criminal penalties.

Despite the debate that has preceded this conversation on the floor right now, there is nothing in my legislation and in the legislation of the gentleman from Massachusetts (Mr. DELAHUNT) that would hold anybody accountable under any new civil or criminal penalty. Again, it only provides a simple procedural safeguard so States' attorneys general are allowed only to stop the illegal shipment of alcohol into their States.

According to House Practice Germaneness Section 9, one individual proposition is not germane to another individual proposition.

This is clearly one individual proposition that is being added to another. We are clearly bringing in an entirely new group of people who will be liable under this. We are trying to add new Federal regulations, telling shippers, nongovernmental shippers, what they may or may not ship and when they ship and how they ship and what procedures they must go through so they are not dragged into Federal court and then held liable.

So accordingly, Mr. Chairman, this amendment is clearly not germane. And I will insist on my point of order.

The CHAIRMAN pro tempore (Mr. BARRETT of Nebraska). Does the gentlewoman from Texas (Ms. JACKSON-LEE) wish to speak to the point of order?

Ms. JACKSON-LEE of Texas. Yes, I would, Mr. Chairman.

Mr. Chairman, I am disappointed in my colleague from Florida. And I realize that he has turned the debate away from the premise of the bill.

Again I say, Mr. Chairman, that this bill was argued on and discussed in the Committee on the Judiciary on the question of underaged drinking. What are we here for on the floor of the House?

Again I refer to H.R. 2031, which says, "if the attorney general has reasonable cause to believe that a person is engaged or has engaged in any act that would violate a constitution of State law regarding the importation or transportation of any intoxicating liquor."

That is what this amendment proposes to do. It proposes to make illegal for a nongovernmental carrier to deliver liquor to a place of residence without a signature.

I have already indicated to the gentleman from Florida (Mr. SCARBOROUGH) that I would be more than willing to make it subject to the passage of such State law. But we have a problem with underage drinking. And as the materials have indicated, sent out by the supporters of this bill, the national beer wholesalers who indicate that, if I might just cite some of their information, Mr. Chairman, State laws are broken. A national problem with local impact exists. They cited a number of instances where college students were receiving large amounts of alcohol and, of course, without any identification and, therefore, engaging in alcohol abuse.

I would simply raise the specter to the gentleman that germaneness is a potential waiver to something that is on the crisis level. We are at a crisis level with the abuse of alcohol by our young people.

First of all, I would ask the gentleman from Florida (Mr. SCARBOROUGH) would he accept a friendly amendment to modify it to make this subject to the passage of State laws in order to get to the point that we are trying to do?

Let me say this, Mr. Chairman, in particular. We have a situation where our children are being negatively impacted. We have clear evidence that laws are being broken, that there is no enforcement. The amendment that I offer would provide enforcement. It would encourage carriers to make sure that the addressee and the individual that signs equals the same person. By that they would determine whether or not to deliver to underage drinkers.

I think, Mr. Chairman, that we can do no less. If this bill is argued on the premise of bringing down underage drinking, then I clearly believe this amendment should be ruled not only in order but should be ruled as germane.

Mr. BARR of Georgia. Mr. Chairman, I wish to be heard on the point of order.

Mr. Chairman, here again, similarly, though not exactly the same as the prior amendments, there is a germaneness issue that jumps to the fore in looking at the amendment proposed by the gentlewoman from Texas.

I would note particularly in the House Practice Volume, Section 27, that what the gentlewoman is proposing to do is to amend a bill that amends existing law and going beyond the proposed amendment to the existing law.

It says, "A germaneness rule may provide the basis for a point of order against an amendment that is offered to a bill amending existing law."

The gentleman from Florida (Mr. SCARBOROUGH) is proposing an amendment to an existing law in a very narrow respect.

What the gentlewoman from Texas (Ms. JACKSON-LEE) is proposing to do by way of an amendment to the bill of the gentleman goes beyond that. It indeed would establish not an amendment to what the gentleman is proposing, and that is a change to Section 28 of the Federal Rules of Procedure relating to injunctive relief, but she is proposing a new substantive provision of the Federal Criminal Code.

We are talking about two entirely different titles of the Federal Code. We are talking here about the Civil Code. She is talking about a new substantive criminal provision.

It clearly raises germaneness questions. She is attempting to amend a bill that amends existing law in a way that is clearly improper pursuant to precedent and House Practice.

I would urge the Chair to sustain the point of order raised by the gentleman from Florida (Mr. SCARBOROUGH).

The CHAIRMAN pro tempore. Does the gentlewoman from Texas (Ms. JACKSON-LEE) have further argument on the point of order?

Ms. JACKSON-LEE of Texas. Yes, Mr. Chairman, I do.

Mr. Chairman, I am disappointed. And I hear the opponents' arguments.

As I indicated, the bill itself speaks to the attorney general being able to prohibit the illegal transfer or interstate transfer of alcohol. The underlying arguments for the bill speak to underage drinking.

My amendment in particular deals with carriers shipping interstate, in the course of interstate commerce, alcohol and the requirement thereof for a signature to the addressee.

I cannot imagine the unwillingness of the proponents of this legislation to be willing to accept this amendment based on the premise of the legislation to reduce underage drinking.

The CHAIRMAN pro tempore. The Chair is prepared to rule on the point of order.

□ 1430

The gentleman from Florida raises a point of order that the amendment offered by the gentlewoman from Texas is not germane.

Under clause 7 of rule XVI, one of the fundamental tenets of the germaneness test is that the amendment must have the same fundamental purpose as the bill. The fundamental purpose of the bill under consideration is the creation of Federal court jurisdiction for civil actions arising under State laws regulating the importation or the transportation of intoxicating liquor. The fundamental purpose of the amendment offered by the gentlewoman from Texas is the creation of new Federal prohibitions regarding the transportation of intoxicating liquor under Federal law. Therefore, the amendment has a different fundamental purpose and is not germane.

The point of order is sustained.

AMENDMENT OFFERED BY MS. JACKSON-LEE OF TEXAS

Ms. JACKSON-LEE of Texas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. JACKSON-LEE of Texas:

At the end of the bill, add the following:

SEC. 4. EFFECTIVE DATE.

(a) STUDY.—This Act shall not take effect until 90 days after the Attorney General submits to the Congress the results of a study to determine the effect the amendment made by this Act will have on reducing consumption of intoxicating liquor by individuals who by reason of age may not lawfully purchase such liquor.

(b) COMPLETION OF STUDY.—The Attorney General shall carry out the study required by subsection (a) and shall submit the results of such study not later than 180 days after the date of the enactment of this Act.

Mr. SCARBOROUGH. Mr. Chairman, I reserve a point of order.

The CHAIRMAN pro tempore (Mr. BARRETT of Nebraska). The gentleman from Florida reserves a point of order.

Ms. JACKSON-LEE of Texas. Mr. Chairman, we commit ourselves as Members of the United States Congress to not waste the taxpayers' dollars, to solve national crises, and to respond to the immediacy of the issue. As I indicated in all of the underlying arguments and supporting documentation that the proponents of this legislation have utilized, they have utilized the premises of teenagers getting alcohol, underage drinking, the abuse of alcohol. In fact, in their own documentation, there is a recounting of the tragedies of what happens when underage drinkers or how they get alcohol.

This amendment is a simple request, Mr. Chairman. I would ask my good friend from Florida to reconsider his point of order, because it simply asks for a study to determine the impact of this act on underage drinking. It then asks for the Attorney General to carry out the study required by subsection A and it asks for these results to be presented back to us, this Congress, to ensure that what we are trying to do, to bring down the numbers of underage drinking and to stop the abuse of alcohol, has really occurred by passage of this legislation.

This is an amendment that deals with the question of what is H.R. 2031 going to accomplish and what are we doing today with the passage of this legislation. Does it help the 17-year-old who calls a retailer's toll-free number to order a case of beer, she gives a fake birth date and uses someone else's credit card, the operator asks why she wants to pay $20 for a $7 case of beer and the teen says that she cannot get that brand where she lives although the brand is brewed in Michigan. The driver's license is never verified and the package is dropped off on the doorstep without an ID.

So it is important that we understand as we pass this legislation whether or not we are seeing the results that we should see, whether or not it will impact, as I indicated earlier, the 19-year-old who lies about his age, uses his own debit card to order wine via the Internet, one package is left at the door without an ID, one winery uses a deceptive return label that indicates the package was shipped from a printing company. There we are, Mr. Chairman, misrepresenting.

Or May 13, 1999, another television viewpoint, a 17-year-old orders beer from a Colorado company admitting that she is under 21, the company calls to confirm her age, she again admits she is under 21, beer arrives, anyway, left on the doorstep by UPS in an unmarked box, no ID checked.

My amendment simply asks that all of the points that we have made today regarding the impact of this legislation on again underage drinking would be studied in order to, first of all, assess what impact legislation like this might have, to assist the States, many of whom do not have legislation like this. Most of them have the 21 requirement but they do not have the requirement dealing with shipper's labeling, they do not require the requirement of signatures, none of that is required, and this is a study, Mr. Chairman, that would simply be able to provide us with the necessary information.

The CHAIRMAN pro tempore. Does the gentleman insist upon his point of order?

Mr. SCARBOROUGH. No, I do not.

The CHAIRMAN pro tempore. The gentleman from Florida withdraws the point of order.

Mr. SCARBOROUGH. Mr. Chairman, I rise in opposition to the amendment.

Let me, first of all, respond to some things that have been said by the gentlewoman from Texas. She has been saying them several times today regarding the main purposes of this bill being to stop the illegal sales of alcohol to minors. That certainly is a very important part of it, but I believe it is just as important that we stop illegal bootlegging to people over 21 years of age as it is to stop illegal bootlegging for people under 21 years of age. I am hopeful that the gentlewoman from Texas will be able to support this overall bill.

I must say that I was a bit confused in committee after she had expressed her deep concerns about underage drinking and said that it was a national crisis and that it was extraordinarily important for us to stop the illegal sales of alcohol to minors and then voted against the bill because she said that it applied also to people over the age of 21. This is a great first step. I know the gentlewoman wants to expand and wants to have carriers, nongovernmental carriers held liable, wants to put nongovernmental carriers in a position where they are actually going to be responsible for carding, and I certainly know that my friends, or perhaps my former friends, in the wine industry would not want to make Federal Express and UPS and other common carriers liable for carding at doors across the United States, because obviously their response to that would be to stop transporting wine across State lines.

So I certainly am hopeful that the gentlewoman will be supportive of the overall bill. If she believes that illegal alcohol sales to minors is a national crisis, then this is the way you stop it. The argument that you oppose stopping illegal bootlegging to minors through a bill form because you also are trying to stop illegal bootlegging to people over the age of 21 is an argument that quite bluntly I just do not understand. I certainly am hopeful that the gentlewoman is not going to oppose this bill if again she is concerned about this national crisis.

Let me also say, further, I am very pleased that she sees this as a national crisis. I mentioned 30, 35 news stations across the country that had identified this as a national crisis. I was accused of being clever and somehow, I do not know, I guess somehow getting these 35 stations from San Francisco to Washington, DC to do this. I wish I could have had that influence in the media. I do not. I think it is helpful, though, that the gentlewoman understands that there is a national crisis out there but the national crisis is not limited to illegal alcoholic sales for people that are under the age of 21. Illegal bootlegging is occurring across the country now, people of all ages.

I do obviously withdraw the point of order that I reserved. I do understand the purpose of this amendment. I will not be supporting this amendment. I do not think we need to stall an additional 90 days. If it is a crisis, I do not think we should give minors or people over 21 an additional 3 months to purchase alcohol illegally over the Internet. Likewise, I do not think you need a study for 180 days from the Attorney General to the State attorneys general telling them that illegal wine sales are occurring. They are occurring. Everybody knows they are occurring.

Again the only thing this bill does, the overall bill that she is seeking to amend, is it differentiates between illegal alcoholic sales and legal alcoholic sales.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. SCARBOROUGH. I yield to the gentleman from Michigan.

Mr. CONYERS. I was wondering over here on our side, if we strike out the not taking effect for 90 days and make this a straight study, would that meet the objections and then the approval of the leadership on that side?

Mr. SCARBOROUGH. Again, my only concern with that is if we strike out the 90 days, I am concerned that that gives in to the argument that this measure strictly is concerned with illegal sales to people under the age of 21.

The CHAIRMAN pro tempore. The time of the gentleman from Florida (Mr. SCARBOROUGH) has expired.

(On request of Mr. CONYERS, and by unanimous consent, Mr. SCARBOROUGH was allowed to proceed for 2 additional minutes.)

Mr. SCARBOROUGH. I continue to yield to the gentleman from Michigan.

Mr. CONYERS. Suppose we make it a study of the impact of this legislation assuming that it passes, so that there would be no taking of effect and it would have no negative implications.

Mr. SCARBOROUGH. If it will have no negative effect on the effective date, I certainly will consider it. I cannot give the gentleman an answer right now, but I certainly would consider that. My main concern is that we do not delay implementation of this obviously, because if it is a national crisis, as the gentlewoman from Texas says it is, we do not want to waste 3 months.

Mr. BARR of Georgia. Mr. Chairman, will the gentleman yield?

Mr. SCARBOROUGH. I yield to the gentleman from Georgia.

Mr. BARR of Georgia. I am still not quite sure what the purpose of a study just to have a study is. Members on the other side have spoken very eloquently in committee as well as on the floor today recognizing that there is indeed a very serious national problem with underage drinking. That conclusion has been reached in the absence of a magical study by the Attorney General. So we all know there is a problem out there. This bill has nothing to do with Federal authorities. This bill has to do with the authorities of State attorneys general, not the United States Attorney General. I think this is makework, I do not think we need this, and I would urge my colleagues, and especially the gentleman from Florida, to oppose the amendment as unnecessary and costly. The Attorney General of the United States has far too many issues, including what I presume my colleagues on the other side would agree is inadequate enforcement of gun laws already, and now we are sayihg take some of those scarce resources and conduct a study of an issue that we are not even proposing here because what we are proposing here is the authority of State attorneys general, not the U.S. Attorney General. I would oppose the amendment.

Mr. SCARBOROUGH. Reclaiming my time, let me ask the gentleman, is he saying here that it is his position that this study would not delay the implementation of this?

Mr. CONYERS. Absolutely. I am trying to save time actually, I am trying not to go to a vote and all of that, if we could merely have the impact of the legislation studied, which is not inconsistent with anything in the bill, nor anything that either of us on either side have debated in this matter.

The CHAIRMAN pro tempore. The time of the gentleman from Florida (Mr. SCARBOROUGH) has again expired.

Mr. CONYERS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, what we are trying to do is suggest that there be a study, an impact study on the legislation if and when it is passed. I do not think that will hurt anybody pro or con. It should be very helpful to us, particularly on the Committee on the Judiciary, who will be looking at this matter across the years. This is not some fly-by-night provision. And it expedites time. We are working under 2 hours of amendments. The gentlewoman from California has an amendment she would like to put forward. It would save us a vote. I think that without a not taking effect for 90 days taken out of this, we are in a position to move forward expeditiously.

Mr. SCARBOROUGH. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from Florida.

Mr. SCARBOROUGH. We have concerns from the gentleman from Georgia regarding the cost of this. Is there any estimate, CBO estimate or any other estimate on what the cost of this study would be? Because certainly if it is a national crisis, as you say it is, it is certainly something that we need to address and we need to know the depth of that national crisis and certainly we know what kind of impact this is having.

□ 1445

Mr. CONYERS. Mr. Chairman, let me comfort the gentleman by saying that I am sure that the Attorney General has one or two or three people who could conduct a study here that would be negligible in the budget of the Department of Justice. I think cost would be no immediate concern whatsoever.

Mr. SCARBOROUGH. Mr. Chairman, if the gentleman would yield one more time?

Mr. CONYERS. Of course.

Mr. SCARBOROUGH. Mr. Chairman, is the gentleman also willing to get rid of the age issue and not only look at under-age, illegal alcohol sales to under age drinkers, but also illegal bootlegging for all ages? Would he be willing to do that?

Mr. CONYERS. Yes, we are looking at an impact of this entire legislation. So we have taken out the specific references.

Mr. SCARBOROUGH. So, Mr. Chairman, all aspects of this legislation, including lost revenues to States to enforce their laws.

Mr. CONYERS. Absolutely.

Mr. SCARBOROUGH. Mr. Chairman, I have got to say I have no objection to that. I would like to see the draft.

Mr. CONYERS. Mr. Chairman, we assure the gentleman that there is nothing but fairness exuding from this side of the aisle, no underhanded motives, and the impact study of the legislation, nothing could be more neutral than that.

Mr. SCARBOROUGH. Certainly, and if the gentleman would yield, if the gentlewoman would withdraw this amendment and then have the modified language offered at the desk, I would have no objection to that.

Mr. CONYERS. There is no other way we can do that.

I want to assure the gentleman that from my point of view there is no other way we can proceed without withdrawing this and advancing the other, and because I know the gentleman's good faith is no less than mine, I am prepared to go that way.

Mrs. MALONEY of New York. Mr. Chairman, I rise in opposition to this bill and in support of the amendment offered by my friend from California.

I share the concern of my friend from Florida and other supporters that we must do everything possible to reduce underage drinking, and I would be proud to vote for this bill if I thought it would achieve that goal.

But in reality, Mr. Chairman, this bill will do little to stop underage drinking while potentially crippling an industry that is very important to our nation and to my home state of New York.

New York, like many other states across the country, has a thriving wine industry dominated by small vineyards.

These vineyards have taken advantage of the Internet to sell their products across the nation.

The vast majority of these sales are to responsible adult consumers.

This legislation threatens these small wineries by permitting other states to seek action in federal court to block them from distributing their wines.

This bill is an unjustified intrusion by the federal government into matters that should be left to the states. It is opposed by the National Conference of State Legislatures—the very same people that this bill is supposed to be helping. Moreover, it would effectively give states the authority to regulate interstate commerce, in direct violation of the Constitution.

Mr. Chairman, the real purpose of this bill is not to prevent underage drinking. The real purpose of this bill is to protect the large beer and wine wholesalers from competition from independent producers, like many of the small wineries found in my home state of New York.

The amendment, by contrast, will target our efforts toward preventing underage drinking, where they belong.

I urge my colleagues to support this amendment, and to oppose this bill.

The CHAIRMAN. All time authorized under the rule for consideration of amendments is now expired.

The question is on the amendment offered by the gentlewoman from Texas (Ms. JACKSON-LEE).

The question was taken; and the Chairman announced that the noes appeared to have it.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count for a quorum.

Ms. JACKSON-LEE of Texas. Mr. Chairman, can we ask unanimous consent for additional time of 10 minutes? It is always better when we can work together.

I ask unanimous consent for an additional 10 minutes to be able to respond to these concerns and work out some of the issues that we are working on.

The CHAIRMAN. The Chair continues to count for a quorum, but the gentlewoman from Texas is advised that the Committee of the Whole cannot entertain such a unanimous consent request to change the rule adopted by the House.

Does the gentlewoman withdraw her request?

Ms. JACKSON-LEE of Texas. Can the Chair restate the motion that he cannot entertain for clarification?

The CHAIRMAN. The Committee of the Whole may not entertain such a unanimous consent request.

Ms. JACKSON-LEE of Texas. All right, Mr. Chairman. I now withdraw my request for a vote.

The CHAIRMAN. The request for a vote on Amendment No. 4 offered by the gentlewoman from Texas (Ms. JACKSON-LEE) is withdrawn.

The amendment is rejected.

The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. CALVERT) having assumed the chair, Mr. BARRETT of Nebraska, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2031) to provide for injunctive relief in Federal district court to enforce State laws relating to the interstate transportation of intoxicating liquor, pursuant to House Resolution 272, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on the amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. BARR of Georgia. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 325, nays 99, not voting 9, as follows:

[Roll No. 363]

YEAS—325

Abercrombie
Aderholt
Allen
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berry
Biggert
Bilirakis
Bishop
Blagojevich
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Boswell
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Callahan
Camp
Campbell
Canady
Cannon
Capuano
Cardin
Castle
Chabot
Chambliss
Chenoweth
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Costello
Coyne
Cramer
Crane
Crowley
Cubin
Cunningham
Danner
Davis (FL)
Davis (VA)
Deal
Delahunt
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dingell
Dixon
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
English
Etheridge
Evans
Everett
Ewing
Filner
Fletcher
Foley
Ford
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Frost
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hilliard
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Hostettler
Hutchinson
Hyde
Isakson
Istook
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E. B.
Johnson, Sam
Kanjorski
Kaptur
Kelly
Kennedy
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Largent
Larson
Latham
Lazio
Leach
Levin
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Manzullo
Markey
Mascara
McCollum
McCrery
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McNulty
Meehan
Menendez
Metcalf
Mica
Miller (FL)
Miller, Gary
Mink
Moakley
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Neal
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Pascrell
Payne
Pease
Peterson (MN)
Petri
Pickering
Pickett
Pitts
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Rahall
Ramstad
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Ros-Lehtinen
Rothman
Roukema
Royce
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaffer
Scott
Sensenbrenner
Sessions
Shadegg
Shaw
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Taylor (MS)
Taylor (NC)
Terry
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Upton
Visclosky
Walden
Walsh
Wamp
Watkins
Watt (NC)
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Wu
Young (AK)
Young (FL)

NAYS—99

Ackerman
Andrews
Berman
Blumenauer
Borski
Boucher
Buyer
Calvert
Capps
Carson
Clay
Conyers
Cox
Cummings
Davis (IL)
DeFazio
DeGette
DeLauro
Dicks
Doggett
Dooley
Engel
Eshoo
Farr
Fattah
Forbes
Gallegly
Gejdenson
Gordon
Gutierrez
Hastings (FL)
Hastings (WA)
Hill (IN)
Hinchey
Horn
Houghton
Hoyer
Hulshof
Hunter
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jones (NC)
Jones (OH)
Kasich
Kildee
Kilpatrick
Kuykendall
LaTourette
Lee
Lewis (CA)
Lofgren
Lowey

Maloney (NY)
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McKinney
Meek (FL)
Meeks (NY)
Millender-McDonald
Miller, George
Minge
Nadler
Napolitano
Nethercutt
Owens
Oxley
Packard
Pallone
Pastor
Paul
Pelosi
Phelps
Pombo
Radanovich
Rangel
Rohrabacher
Roybal-Allard
Rush
Schakowsky
Serrano
Shays
Sherman
Skelton
Slaughter
Stark
Tauscher
Tauzin
Thomas
Thompson (CA)
Udall (NM)
Velazquez
Vento
Waters
Waxman
Weiner
Woolsey

NOT VOTING—9

Bilbray
Frank (MA)
Gephardt
Lantos
McDermott
Mollohan
Peterson (PA)
Vitter
Wynn

□ 1513

Mr. HASTINGS of Florida and Mr. ENGEL changed their vote from "yea" to "nay."

Messrs. CRANE, SISISKY, LaFACE, HINOJOSA, MALONEY of Connecticut, CUNNINGHAM, LaHOOD, BLILEY, ADERHOLT and SAWYER and Ms. BROWN of Florida changed their vote from "nay" to "yea."

So the bill was ordered to be engrossed and read a third time and was read the third time.

The result of the vote was announced as above recorded.

□ 1515

MOTION TO RECOMMIT OFFERED BY MR. CONYERS

Mr. CONYERS. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore (Mr. CALVERT). Is the gentleman opposed to the bill?

Mr. CONYERS. Yes, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CONYERS moves to recommit the bill H.R. 2031 to the Committee on the Judiciary with instructions to report the bill forthwith to the House with the following amendment:

At the end of the bill, add the following:

SEC. 4. STUDY.

The Attorney General shall submit to the Congress the results of a study to determine the impact of this Act. The Attorney General shall carry out the study required by subsection (a) and shall submit the results of such study not later than 180 days after the date of enactment of this Act.

The SPEAKER pro tempore. The gentleman from Michigan (Mr. CONYERS) is recognized for 5 minutes on his motion to recommit.

Mr. CONYERS. Mr. Speaker, I wish the membership to know that there was a vote taken on the third reading. That has only occurred about 2 times in recent years.

So this is a motion to recommit for which I will not ask a record vote, and then there will be a final passage vote, which may or may not be a record vote.

Mr. Speaker, this motion to recommit is simple. It merely provides for a study to ascertain the impact of the legislation. It does not limit the study to the impact on underage drinking or any other specific area, although the amendment of the gentlewoman from Texas (Ms. JACKSON-LEE) originally did that.

This will give the Congress the information we need to assess how the legislation is working so that we can determine any changes that might be needed in the bill in the future.

As the bill passed the committee, I opposed it. I believed the bill had the potential to burden Internet providers, to discriminate against out-of-State winemakers, and to authorize discriminatory taxes. Many of these concerns were addressed in the Goodlatte-Conyers-Cox amendment, which passed.

The acceptance of this motion to recommit will offer an additional modest improvement to the bill.

Mr. SCARBOROUGH. Mr. Speaker, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from Florida.

Mr. SCARBOROUGH. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, we can make this brief. I do not intend to oppose this motion to recommit. I certainly understand the concerns of many people from California and other wine-producing regions, and understand their eagerness. I would like to thank them for working with us to make this a better bill. I would also like to thank them, in their eagerness, for allowing me the opportunity to vote on the engrossment and third reading. I have not done that before. I thank the gentleman from California that did that.

Mr. Speaker, I think this is very important for us to have this study. I understand the gentleman's concerns. I thank the gentleman from California (Mr. COX) and others for coming together and having us produce something that works. The study, I think, of the gentlewoman from Texas (Ms. JACKSON-LEE) would be helpful. As she said, we have a national crisis right now regarding the sale of alcohol to minors, and a national crisis on the sale of alcohol to people of majority age.

I thank the gentleman for working with us on the motion to recommit, and I will be supporting it, as well as the final bill.

Mr. CONYERS. I thank the gentleman, Mr. Speaker. I urge the Members to support the motion to recommit.

The SPEAKER pro tempore. If no Member rises in opposition, without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The motion to recommit was agreed to.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Florida (Mr. SCARBOROUGH).

Mr. SCARBOROUGH. Mr. Speaker, acting under the instructions of the House on behalf of the Committee on the Judiciary, I report the bill, H.R. 2031, back to the House with an amendment.

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment:

At the end of the bill, add the following:

SEC. 4. STUDY.

The Attorney General shall submit to the Congress the results of a study to determine the impact of this Act. The Attorney General shall carry out the study required by subsection (a) and shall submit the results of such study not later than 180 days after the date of enactment of this Act.

The SPEAKER pro tempore. The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Ms. LOFGREN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 310, nays 112, not voting 11, as follows:

[Roll No. 364]

YEAS—310

Abercrombie
Aderholt
Allen
Archer
Armey
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berry
Biggert
Bilirakis
Bishop
Blagojevich
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Callahan
Camp
Campbell
Canady
Cannon
Capuano
Cardin
Castle
Chabot
Chambliss
Chenoweth
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Cook
Costello
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Deal
Delahunt
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Doyle
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
English
Etheridge
Evans
Everett
Ewing
Fattah
Filner
Fletcher
Foley
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Ganske
Gekas
Gephardt
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Graham
Granger
Green (TX)
Green (WI)
Greenwood
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hayes
Hefley
Herger
Hill (MT)

Hilleary
Hilliard
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Hutchinson
Hyde
Isakson
Istook
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E. B.
Johnson, Sam
Kanjorski
Kaptur
Kelly
Kildee
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kucinich
LaHood
Lampson
Largent
Larson
Latham
Lazio
Leach
Levin
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Manzullo
Markey
Mascara
McCollum
McHugh
McInnis
McIntosh
McIntyre
McNulty
Meehan
Menendez
Mica
Miller, Gary
Mink

Moakley
Moore
Moran (KS)
Morella
Murtha
Myrick
Neal
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Pascrell
Pastor
Pease
Peterson (MN)
Petri
Pickering
Pickett
Pitts
Pomeroy
Porter
Price (NC)
Pryce (OH)
Quinn
Rahall
Ramstad
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Ros-Lehtinen
Rothman
Roukema
Royce
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaffer
Scott
Sensenbrenner
Sessions
Shadegg
Sherwood

Shimkus
Shows
Shuster
Simpson
Sisisky
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Taylor (MS)
Taylor (NC)
Terry
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Visclosky
Walden
Walsh
Wamp
Watkins
Watt (NC)
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Young (FL)

NAYS—112

Ackerman
Andrews
Barton
Berman
Blumenauer
Boucher
Buyer
Calvert
Capps
Carson
Clay
Conyers
Cooksey
Cox
Davis (IL)
Davis (VA)
DeFazio
DeGette
DeLauro
Dixon
Doggett
Dooley
Doolittle
Dreier
Engel
Eshoo
Farr
Forbes
Gallegly
Gejdenson
Gibbons
Gordon

Goss
Gutierrez
Hastings (WA)
Hayworth
Hill (IN)
Hinchey
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jones (NC)
Jones (OH)
Kasich
Kilpatrick
Kolbe
Kuykendall
LaFalce
LaTourette
Lee
Lewis (CA)
Lofgren
Lowey
Maloney (NY)
Martinez
Matsui
McCarthy (MO)

McCarthy (NY)
McCrery
McGovern
McKeon
McKinney
Meeks (NY)
Metcalf
Millender-McDonald
Miller (FL)
Miller, George
Minge
Moran (VA)
Nadler
Napolitano
Nethercutt
Owens
Oxley
Packard
Pallone
Paul
Payne
Pelosi
Phelps
Pombo
Radanovich
Rangel
Rohrabacher
Roybal-Allard
Rush
Schakowsky
Serrano

Shaw
Shays
Sherman
Skeen
Slaughter
Stark

Tauscher
Tauzin
Thomas
Thompson (CA)
Velazquez
Vento

Waters
Waxman
Weiner
Woolsey
Wu
Young (AK)

NOT VOTING—11

Barcia
Bilbray
Kennedy
Lantos

McDermott
Meek (FL)
Mollohan
Peterson (PA)

•Portman
Vitter
Wynn

□ 1539

Mr. FOSSELLA changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. KENNEDY of Rhode Island. Mr. Speaker, on rollcall No. 364, final passage of H.R. 2031, I was unavoidably detained. Had I been present, I would have voted "yea."

Mr. PORTMAN. Mr. Speaker, on rollcall No. 364, I was detained in a conference committee meeting and did not hear the bells. Had I been present, I would have voted "yea."

GENERAL LEAVE

Mr. SCARBOROUGH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 2031.

The SPEAKER pro tempore (Mr. CALVERT). Is there objection to the request of the gentleman from Florida?

There was no objection.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN THE ENGROSSMENT OF H.R. 2031, TWENTY-FIRST AMENDMENT ENFORCEMENT ACT

Mr. SCARBOROUGH. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill, H.R. 2031, the Clerk be authorized to make technical corrections and conforming changes to the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

DISAPPROVAL OF NORMAL TRADE RELATIONS TREATMENT TO PRODUCTS OF VIETNAM

Mr. CRANE. Mr. Speaker, pursuant to the previous order of the House, I call up the joint resolution (H.J. Res. 58) disapproving the extension of the waiver authority contained in section 402(c) of the Trade Act of 1974 with respect to Vietnam, and ask for its immediate consideration in the House.

The Clerk read the title of the joint resolution.

The text of House Joint Resolution 58 is as follows:

H.J. RES. 58

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That Congress does not approve the extension of the authority contained in section 402(c) of the Trade Act of 1974 recommended by the President to Congress on June 3, 1999, with respect to Vietnam.

The SPEAKER pro tempore. Pursuant to the order of the House of Friday, July 30, 1999, the gentleman from Illinois (Mr. CRANE) and a Member in support of the joint resolution each will control 30 minutes.

The Chair recognizes the gentleman from Illinois (Mr. CRANE).

GENERAL LEAVE

Mr. CRANE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous materials on House Joint Resolution 58.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CRANE. Mr. Speaker, I ask unanimous consent to yield one-half of my time to the gentleman from New York (Mr. RANGEL) in opposition to the joint resolution and that he be permitted to yield further blocks of time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CRANE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in opposition to H.J. Res. 58 and in support of Vietnam's Jackson-Vanik waiver.

Over the past decade, the United States has taken gradual steps to normalize our bilateral regulations with Vietnam. This process has borne tangible results on the full range of issues in our bilateral agenda, including increased accounting of our missing in action, increased trade and investment opportunities for U.S. firms and workers, and substantial progress toward resolution of the remaining emigration cases.

Last week, the administration reached a bilateral trade agreement in principle with the Vietnamese that will serve as the basis for a reciprocal extension of normal trade relations once it is finalized and approved by Congress.

The agreement in principle contains provisions on market access in goods, trade, and services, intellectual property protection, and investment, which are necessary for U.S. firms to compete in the Vietnamese market, the 12th most populous in the world.

The Vietnamese pledge to lift import quotas and bans, reduce key tariffs, protect intellectual property rights, ensure transparency in rules and regulations, and ease restrictions on financial services, telecommunications, and distribution.

Because Vietnam and the United States have not yet finalized and approved a bilateral agreement, the effects of the Jackson-Vanik waiver at this time is quite limited.

The waiver enables U.S. exporters doing business with Vietnam to have access to U.S. trade financing programs, provided that Vietnam meets the relevant program criteria.

The significance of Vietnam's waiver is that it permits us to stay engaged with the Vietnamese and to pursue further reforms. Vietnam is not an easy place to do business; however, our engagement enables us to influence the pace and direction of Vietnamese reform.

I will insert in the RECORD a letter I received for more than 150 U.S. companies and trade associations supporting Vietnam's Jackson-Vanik waivers, an important step in the ability of the U.S. business community to compete in the Vietnamese market.

Terminating Vietnam's waiver will give Vietnam an excuse to halt further reforms.

Do not take away our ability to pressure the Vietnamese for progress on issues of importance to the United States.

I urge a "no" vote on H.J. Res. 58.

Mr. Speaker, the letter I referred to is as follows:

JULY 23, 1999.

Hon. PHILIP CRANE,
House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE CRANE: As members of the American business and agricultural community, we strongly support action to normalize trade relations with Vietnam. Renewal of the Jackson-Vanik waiver is a key step in this direction. We strongly oppose H.J. Res. 58, which would overturn the waiver. Renewal of the Jackson-Vanik waiver will ensure that U.S. companies and farmers selling to Vietnam will maintain access to critical U.S. export promotion programs, such as those of the U.S. Export-Import Bank, the Overseas Private Investment Corporation, and agricultural credit programs.

Furthermore, overturning the Jackson-Vanik waiver could derail current bilateral trade negotiations at a critical time. The talks, which have been ongoing for three years, could be successfully completed in a matter of a few weeks. The U.S. Trade Representative is seeking commitments from Vietnam on market access for goods, agricultural products, services and investment, and the protection of intellectual property rights. The final agreement will thus bring Vietnamese law closer to international norms, thereby helping U.S. companies and farmers to tap the long-term potential of Vietnam, the second most populous country in Southeast Asia. The American business and agricultural community will work hard for congressional approval of a trade agreement that provides meaningful access to Vietnam's markets.

The American business and agricultural community believes that a policy of economic normalization with Vietnam is in our national interest. We urge you to support the renewal of the Jackson-Vanik waiver as an important step in this process. We also stand ready to work with Congress toward passage of a trade agreement that opens Vietnamese markets to U.S. goods, agricultural products, services and investment.

Sincerely,

ABB; Ablondi, Foster, Sobin, Davidow; ACE International; AEA International SOS; Aetna International, Inc.; AgriSource Co. Ltd.; American Apparel Manufactures Association; American Chamber of Commerce in Australia; American Chamber of Commerce in Guangdong, China; American Chamber of Commerce in Hong Kong; American Chamber of Commerce in Korea; American Chamber of Commerce in the Philippines; American Chamber of Commerce Vietnam; American Council of Life Insurance; American Electronics Association; American Express Company; American Farm Bureau Federation; American International Group, Inc.; American-Vietamese Management Consortium, Inc.; Amstan Sanitaryware, Inc., ARCO; Arthur Anderson Vietnam; Asia-Pacific Council of American Chamber of Commerce; Associated General Contractors of America; Association for Manufacturing Technology; ATKearney; Banker and McKenzie, Vietnam; BBDO Advertising Agency; Bechtel; Black and Veatch; Bridgecreek Group; Brown & Root; California Chamber of Commerce; Caltex; Camp Dresser & McKee International, Inc.

Cargill; Caterpillar, Inc., Centrifugal Casting Machine Co., Inc.; Chamber of Commerce of the Princeton Area; Checkpoint Systems, Asia Pacific; Chevron Corporation; Chillicothe-Ross Chamber of Commerce Citigroup; Coalition for Employment through Exports, Inc.; Commerce Advisory Partners; Condor Consulting; Connell Brothers Company, Ltd.; Coudert Brothers, Vietnam; Craft Corporation; Crown Worldwide Ltd.; DAI-Asia; Deacons Graham & James; Delco Chamber of Commerce; Delta Equipment and Construction Company; Direct Selling Association; Eastman Kodak Co.; East-West Trade and Investment, Inc.; Electronic Industries Alliance; Eli Lilly (Asia) Inc.; Ellicott International; Emergency Committee for American Trade; Environmental-Services Inc.; ERM Hong Kong Ltd.; Exact Software; Fashion Garments Ltd.; FDX Corporation; Fertilizer Institute; Firmenich Inc.; Foster Wheeler Corporation; Freehill Hollingdale & Page; Freeport Area Chamber of Commerce; Freshfields Vietnam; General Electric Company; Habersham County Chamber of Commerce; Halliburton Company.

Hewlett-Packard Company; Hills and Co.; Humphrey International Healthcare Inc.; IAMBIC, Ltd.; IBC Corporation; IBM; Illinois State Chamber of Commerce; Indochina Asset Management Ltd.; Ingersoll-Rand Company; Interior Architects, Inc.; John Hancock Mutual Life Insurance Company; Johnson & Johnson; Joseph Simon & Sons; Kansas Chamber of Commerce & Industry; KHM Inc.; Leo Burnett/M&T Vietnam; LiG Products Ltd.; Long Beach Area Chamber of Commerce; Louis Dreyfus Corp.; Luk, Inc.; McDermott Incorporated; Metro Atlanta Chamber of Commerce; Mobil Corporation; Motion Picture Association of America; Motorola; National Association of Manufacturers; National Foreign Trade Council; National Institute for World Trade;

National Oilseed Processors Association; National Retail Federation; Netrak Logistics & Consultants; New Jersey Chamber of Commerce; New York Life International; Nike; Norpac Food Sales; North American Export Grain Association, Inc.; Ohsman & Sons Company, Inc.; Oracle; Otis-Lilama Elevator Company, Ltd.; Pacific Architects and Engineers, Inc.; Pacific Ventures Inc.; Pacific View Partners, Inc.; Parsons Corporation; PASCO Scientific; PepsiCo Inc.; Pioneer Hi-Bred International; Polaris Co., Ltd. HCMC; Pricewaterhousecoopers Vietnam Ltd.; Procter and Gamble Company; Projects International, Inc.; Quaker Fabric Corporation; Raytheon; Rotex; RRC Schneider Electric; Rural Enterprises of Oklahoma, Inc.; Russin & Vecchi; S.C. Johnson & Son;

Samuels International Associates, Inc.; SciClone Pharmaceuticals International; Small Business Exporters Association; S-Tec Corporation; Telecommunications Industry Association; Telemobile Inc.; Texaco Inc.; The Boeing Company; The Chamber/Southwest Louisiana; Tileke & Gibbins Consultants Ltd.; U.S. Association of Importers of Textiles and Apparel; U.S. Chamber of Commerce; U.S. Committee Pacific Basin Economic Council-PBEC US; U.S. Council for International Business; U.S. Trading & Investment Company; U.S.-ASEAN Business Council; U.S.-Vietnam Trade Council; Unisys Corporation; United Parcel Service; United Technologies Corporation; Unocal; Valve Manufacturers Association; Vietnam Auditing Company; Vietnam Venture Group, Inc.; Vinifera Wine Growers Association; Warnaco Inc.; Wharton Chamber of Commerce and Agriculture.

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. ROHRABACHER), though we disagree perhaps at times.

□ 1545

Mr. ROHRABACHER. Mr. Speaker, I certainly appreciate the gentleman yielding me this time, as I am the author of the bill; and I wanted to have this opportunity to speak at this time.

It has been 1 year since President Clinton issued the first Jackson-Vanik waiver for Vietnam. Unfortunately, there has been no progress concerning democracy and human rights in Vietnam. And more specifically, in violation of Jackson-Vanik, the U.S. Government reports systematic corruption in Vietnam's refugee program.

My joint resolution disapproving Jackson-Vanik waivers for the Vietnamese dictatorship does not intend to isolate Vietnam nor stop U.S. companies from doing business there. It simply prevents Communist Vietnam from enjoying a trade status that enables American businessmen to invest there with loan guarantees and subsidies provided by the U.S. taxpayer. If private banks or insurance companies will not back up or insure private business ventures in Vietnam, American taxpayers should not be asked to do so.

Rampant corruption and mismanagement are as valid a reason to oppose this waiver as repression in Vietnam. And during the last year, rather than open up its state-managed economy, the Vietnamese Communist regime has further tightened its grip. There has been no move whatsoever towards free elections. And yesterday's Reuters News Agency reported that the Vietnamese government announced that opposition parties will not be tolerated. This morning's Washington Times reports a new campaign in Vietnam to crush Christians.

The lack of real progress to honestly resolve the MIA–POW cases and the continued persecution of America's former Vietnamese allies is why House Joint Resolution 58 is strongly supported by the American Legion, our country's largest veterans' organization, as well as other veterans' organizations and the National League of MIA–POW Families, and the National Alliance of POW–MIA Families.

Mr. CRANE. Mr. Speaker, I reclaim my time, and I reserve the balance of my time.

Mr. McNULTY. Mr. Speaker, I claim the time in support of the joint resolution.

The SPEAKER pro tempore (Mr. BARRETT of Nebraska). The gentleman from New York (Mr. McNULTY) is recognized for 30 minutes.

Mr. McNULTY. Mr. Speaker, I ask unanimous consent that half the time be yielded to the gentleman from California (Mr. ROHRABACHER) and that he be permitted to allocate that time as he sees fit; and that, further, I be permitted to yield the time that I have remaining.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. McNULTY. Mr. Speaker, I yield myself such time as I may consume.

(Mr. McNULTY asked and was given permission to revise and extend his remarks, and include extraneous material.)

Mr. McNULTY. Mr. Speaker, I rise in support of House Joint Resolution 58 which disapproves the President's determination to waive the Jackson-Vanik freedom of emigration requirements for Vietnam.

Others have pointed out that this debate is not about extension of normal trade relations to Vietnam, but rather about the more limited issue of whether Vietnam should be eligible to participate in U.S. credit and credit guarantee programs. Technically, Mr. Speaker, that is correct. However, I think we all know that this debate is about something much more.

In granting this waiver, we send a message of support to the government of Vietnam. We are telling the government of Vietnam that despite their continued failure to assist us in finding lost servicemen, despite their refusal to allow Vietnamese, including Vietnamese who bravely fought alongside us, to leave Vietnam, despite their blatant disregard for human rights, that we support them. These are not the values for which 58,000 U.S. servicemen and women gave their lives.

The trade embargo with Vietnam was lifted in 1994. In the intervening years, what progress has Vietnam shown? There are still 2,063 Americans still unaccounted for in southeast Asia. While the remains of some of those Americans may not be recoverable, it strains belief that the Vietnamese have no information as to the fate or location of all of these men and women.

Much will be said today about increased cooperation between the United States and Vietnam. In my opinion, Mr. Speaker, it is too little and it is coming too late. It has been 25 years since the communist takeover of the entire country, and in that time the Vietnamese have only cooperated with us when it would benefit them, and then only to the extent that they saw fit. This is not my definition of cooperation.

Mr. Speaker, I do not oppose the eventual normalization of relations with the people of Vietnam. I do, however, oppose normalization of relations with this government under these circumstances.

Now, some may claim, Mr. Speaker, that I have an emotional attachment to this issue, and they are correct. On August the 9th, 1970, HM3 William F. McNulty was killed in Vietnam. He was a medical Navy corpsman transferred to the Marines. He spent his time patching up his buddies. One day he stepped on a land mine and lost his life.

That was a tremendous loss for our family. And I can tell my colleagues from personal experience that the pain may subside, but it never goes away. But there is a difference between what the McNulty family went through and what an MIA family goes through. Because Bill's body was returned to us, we had a wake and a funeral and a burial. What we had, Mr. Speaker, was closure. I can only imagine what the family of an MIA has gone through over these past 25 years and longer.

Mr. Speaker, until there is a more complete accounting for those missing in action, until there is progress on the immigration front, and until there is respect for human rights, this waiver should not be granted.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in opposition to House Resolution 58, which disapproves of the President's determination to waive the Jackson-Vanik Freedom of Immigration Requirements for Vietnam. This resolution, if passed, would preclude Vietnam from participating in United States trade financing programs, such as those sponsored by the Ex-Im Bank, OPIC, and agricultural credit programs under the United States Department of Agriculture.

At a broader level, passage of this resolution would seriously undermine the progress in United States-Vietnam relations made in the last 10 years. Since the late 1980s, Vietnam has shown an increasing commitment towards reengaging with the United States, evidenced by greater cooperation with the POW–MIA accounting and on immigration issues.

As a result of this progress, beginning in 1992, the United States has gradually normalized relations with Vietnam. This normalization process helped to keep Vietnam on track with its reforms and has resulted in greater cooperation on the POW–MIA accounting efforts, immigration, and economic reform.

Most recently, the administration announced that it reached a tentative bilateral commercial agreement with Vietnam. Clearly, our policy of engagement is helping to create a change in that society. Ending engagement at this juncture will end our ability to shape the pace and the direction of this change, including undercutting our ability to promote democratic reform.

In fact, as we have seen in our failed policy toward Cuba, a policy of isolation does little to promote the values which we care so much about. A policy of isolation, as we have seen in Cuba, only serves to separate people and prevents us from sharing our ideals and our beliefs.

I recognize that our history of Vietnam is a troubled one. The scars of the past run deep, and we can never forget those who sacrificed their lives in service to their country. However, isolating Vietnam will not heal those scars.

Perhaps no one can speak more authoritatively on that issue than one of our former colleagues, Pete Peterson. Pete Peterson was shot down flying his 67th mission during the Vietnam War and spent 6½ years as a prisoner of war. After serving 6 years with us in the House of Representatives, Pete Peterson returned to Vietnam, this time as the first United States ambassador since the Communist takeover. It is Ambassador Peterson's remarkable optimism about the changes going on in Vietnam that I believe sheds the greatest light on what our policy toward Vietnam should be.

Mr. Speaker, I ask unanimous consent that the remainder of my time be yielded to the gentleman from Michigan (Mr. LEVIN), a member of the Committee on Ways and Means, and that he be permitted to allocate that time as he sees fit.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ROHRABACHER. Mr. Speaker, I ask unanimous consent that I be allowed to yield 2 minutes to the gentleman from Illinois (Mr. CRANE), and that he be allowed to control that time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. CRANE. Mr. Speaker, I thank the gentleman for yielding me the time, and I reserve the balance of my time.

Mr. ROHRABACHER. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. ROYCE).

Mr. ROYCE. Mr. Speaker, opponents of this resolution say they are opposed to this resolution because they support a more free and open Vietnam. Well, I too support a more free and open Vietnam, but I support this resolution because by passing it we send a clear signal that business as usual is not acceptable.

No one is looking to take away the right of American corporations to do business in Vietnam. First, let us be clear. Since the U.S. trade embargo on Vietnam was lifted in 1994, businesses have had the ability to trade with and invest in Vietnam, and some have done so. The debate over Jackson-Vanik waiver for Vietnam is not about trade and investment. This is about government subsidies for companies operating in Vietnam.

This resolution is also about maintaining the focus on changes we would like to see in Vietnam. And I thought this was why we first normalized relations with Vietnam, with the expectation that the government would make a genuine reform, a genuine effort at progress. It is no secret that the Vietnamese government wants this waiver, but in granting the waiver once again we are saying it is okay that religious freedom continues to be restricted, it is okay that there is minimal political freedom, it is okay to have repression and to have it intensified this past year.

If this waiver is upheld or rejected, American companies will be no more or less free to invest in Vietnam. It should be noted, however, that the investment climate in Vietnam is not good and that several American companies have pulled out and several others are considering pulling out. We should realize that one simply cannot do business, whether a foreigner or as a Vietnamese, in a place where the rule of law is disregarded.

For the U.S. to subsidize companies that do business in Vietnam through OPIC or Ex-Im would be for us to ignore this reality. As long as the Vietnamese government continues to jam Radio Free Asia, which is an attempt to deny the Vietnamese people access to objective news, and as long as it violates human rights and disrespects economic freedom, we should not waive Jackson-Vanik.

It is only through taking these steps that we can leverage and bring about the necessary changes concerning respect for individual rights, religious freedom and liberalized markets in one of the world's most politically and economically repressive countries.

Mr. CRANE. Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska (Mr. BEREUTER).

□ 1600

Mr. BEREUTER. Mr. Speaker, as chairman of the Subcommittee on Asia and the Pacific, I rise in opposition to the resolution.

The Jackson-Vanik waiver does not constitute an endorsement of the communist regime in Hanoi. However, our experience has been that the isolation and disengagement does not promote progress in human rights.

New sanctions, including the symbolic disapproval of the Jackson-Vanik waiver, only strengthen the position of the Communist hard-liners at the expense of those in Vietnam's leadership who are inclined to support more openness.

Engagement with Vietnam has resulted in some improvements in Vietnam's human rights practices, although we still remain disappointed at the limit scope and nature of those reforms.

Mr. Speaker, Americans must conclusively recognize that the war with Vietnam is over. With the restoration of diplomatic relationships in 1995, the U.S. and Vietnam embarked on a new relationship for the future. It will not be an easy or quick process.

The emotional scars of the Vietnam war remain with many Americans. In the mid-1960s, this Member was an intelligence officer with the First Infantry Division; less than a month after the completion of my service, members of our tight-knit detachment of that division were in Vietnam taking casualties the very first night after arrival.

Like other Vietnam-era veterans, this Member has emotional baggage. A great many Americans have emotional baggage on Vietnam, but this Member would suggest it is time to get on with our bilateral relationship and not reverse course on Vietnam.

Distinguished Americans like JOHN MCCAIN, Pete Peterson, ROBERT KERREY, JOHN KERRY, CHUCK HAGEL, MAX CLELAND, CHUCK ROBB, and others support the effort to normalize our relationships with Vietnam. If they can do it, so can we.

Passing this resolution of disapproval on the Jackson-Vanik waiver would represent yet another reflection of animosities of the past at a time when Vietnam is finally looking ahead and making changes towards integration into the international community.

A retrenchment on our part by this disapproval resolution is not in America's short- and long-term national interest.

Accordingly, this Member strongly urges the rejection of House Resolution 58.

By law, the underlying issue is about emigration. That is what Jackson-Vanik is all about and that is what we ought to be addressing. Since March of 1998, the United States has granted Vietnam a waiver of the Jackson-Vanik emigration provisions of the Trade Act of 1974. As this is only an annual waiver, the President decided on June 3, 1999 to renew this extension because he determined that doing so would substantially promote greater freedom of emigration from that country in the future. This determination was based on Vietnam's record of progress on emigration and on Vietnam's continued cooperation on U.S. refugee programs over the past year. As a result, we are approaching the completion of many refugee admissions categories under the Orderly Departure Program (ODP), including the Resettlement Opportunity for Vietnamese Returnees, Former Re-education Camp Detainees, "McCain Amendment" sub-programs and Montagnards. The Vietnamese government has also agreed to help implement our decision to resume the ODP program for former U.S. Government employees, which was suspended in 1996. The renewal of the Jackson-Vanik waiver is an acknowledgment of that progress. Disapproval of the waiver would, undoubtedly, result in Vietnam's immediate cessation of cooperation.

The Jackson-Vanik waiver also symbolizes our interest in further developing relations with Vietnam. Having lifted the trade embargo and established diplomatic relations four years ago, the United States has tried to work with Vietnam to normalize incrementally our bilateral political, economic and consular relationship. This policy builds on Vietnam's own policy of political and economic reintegration into the world. In the judgment of this Member, this will be a lengthy and challenging process. However, he suggests that now is not the time to reverse course on Vietnam. Over the past four years, Vietnam has increasingly cooperated on a wide range of issues. The most important of these is the progress and cooperation in obtaining the fullest possible accounting of Americans missing from the Vietnam War. Those Members who attended the briefing by the distinguished Ambassador to Vietnam, a former Prisoner of War and former Member of this body, the Honorable "Pete" Peterson, learned of the significant efforts to which Vietnam is now extending to address our concerns regarding the POW/MIA issue, including their participation in remains recovery efforts which are physically very dangerous.

The Jackson-Vanik waiver does not provide Vietnam with any new trade benefits, including Normal Trade Relations (NTR) status. However, with the Jackson-Vanik waiver, the United States has been able to negotiate a new bilateral commercial trade agreement in principle with Vietnam. Achieving such an agreement is in our own short and long term national interest. Vietnam remains a very difficult place for American firms to do business. Vietnam needs to undertake additional fundamental economic reforms. A new bilateral trade agreement will require Vietnam to make these reforms and will result in increased U.S. exports. When the final version of this agreement is complete, Congress will then have to decide whether to approve it or reject it and whether or not to grant NTR. As the Jackson-Vanik waiver is only a limited prerequisite for any future trade agreement, the renewal of the Jackson-Vanik waiver only keeps this negotiating and approval process going—nothing more. However, terminating Vietnam's waiver through passage of the resolution of disapproval before us would certainly derail this entire process as well as rejecting the modest trade opportunities currently available to American businesses.

Mr. Speaker, contrary to the claims of some, renewal of the Jackson-Vanik waiver does not automatically make Vietnam eligible for possible coverage by U.S. trade financing programs such as those administered by the Overseas Private Investment Corporation, the Export-Import Bank, and the U.S. Department of Agriculture. The waiver only allows Vietnam to be eligible for such coverage and that country must still face separate individual reviews against each program's relevant criteria.

Mr. McNULTY. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Ms. SANCHEZ).

Ms. SANCHEZ. Mr. Speaker, I rise today to support House Joint Resolution 58, the resolution to disapprove the Jackson-Vanik waiver to Vietnam.

This provision was first waived in 1998 on the premise that it would promote free and open emigration with Vietnam. Sadly, things have not turned out that way.

My colleagues, let us consider the facts. An average immigrant now must pay about $1,000 in bribes to have access to U.S. refugee programs, three times the average annual salary of a Vietnamese worker.

A recent report to Congress stated that over 15,000 former United States Government employees and their families have been denied exit visas, leaving them trapped in Vietnam.

In my hand I have copies of hundreds of unresolved constituent casework, unresolved because the emigration policy of the Vietnamese Government still results in far too many people being prevented from leaving Vietnam due to unfair decisions. These are the parents, the siblings, and the offspring of families who have fought communism for two decades.

I will support H.J. Res. 58 because I believe the Government of Vietnam has not earned the right to improve trade privileges.

I urge my colleagues to put pressure on the Government of Vietnam to meet the conditions of emigration and to improve their political and human rights record by voting "yes."

Do not surrender our principal leverage with this regime. Vote "yes" for free immigration. Vote "yes" for family reunification. Vote "yes" to end religious persecution. Vote "yes" to promote free speech and democracy. Vote "yes" to honor the values which we are sworn to uphold.

The fact is the Vietnamese Government does not meet the conditions of good emigration. And by rewarding Vietnam regardless of its lack of cooperation, we are sending them the wrong message.

Mr. ROHRABACHER. Mr. Speaker, how much time is remaining?

The SPEAKER pro tempore (Mr. BURR). The gentleman from California (Mr. ROHRABACHER) has 11 minutes remaining. The gentleman from Illinois (Mr. CRANE) has 10 minutes remaining. The gentleman from Michigan (Mr. LEVIN) has 12 minutes remaining. The gentleman from New York (Mr. MCNULTY) has 9 minutes remaining.

Mr. LEVIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in opposition to H.J. Res. 58 and in support of the President's waiver of the Jackson-Vanik amendment with respect to Vietnam.

In considering this resolution, I ask my colleagues to bear a few matters in mind. First, today's vote is not a vote on whether to give normal trade relations, NTR, to Vietnam.

For that to happen, the United States first must enter into a bilateral commercial agreement with Vietnam and that agreement must be approved by Congress.

Second, if we reject this resolution, as we did last year, the result would be a continuation of Vietnam's eligibility to participate in financing programs, those administered by OPIC, the Export-Import Bank, and the Department of Agriculture.

Those programs support U.S. exports to and investments in Vietnam and thereby enable U.S. businesses and workers to compete in Vietnam with businesses and workers from other countries.

The programs have been available since the President first waived Jackson-Vanik for Vietnam in April of last year. To cut them off now would be to pull the rug from under U.S. producers of goods and services. It would be a setback in our effort to improve U.S. relations with Vietnam and to encourage the development of a market economy in that country.

By contrast, continuing those programs for another year represents a small but important step forward. Importantly, it should bolster our efforts to encourage the development of the bases of a free market and rule of law in Vietnam.

Third, our trade negotiators have been negotiating a trade agreement with Vietnam, which is a prerequisite to giving Vietnam NTR.

On July 25, the U.S. trade representative announced that an agreement in principle had been reached. She also stated that the administration "will now consult with Congress and others, and work toward completion of a formal Bilateral Commercial Agreement and a mutual grant of normal trade relations."

We look forward to those consultations which would give us an opportunity to review negotiations to date and other trade issues and any other additional issues relating to trade of concern to us in the Congress.

At the June 17 Subcommittee on Trade hearing on relations with Vietnam, I cited a number of important issues that have to be resolved before we can agree to full normalization. Of particular concern is the pace of economic reform in Vietnam. They are taking steps to reform the economy, including steps to root out corruption, enforcement of intellectual property rights, and improvement of the reliability of government-published data.

Another area of concern that I mentioned at that time is the potentially disturbing effects that Vietnam's labor market structure, including the exploitation of child labor, may have on competition. Labor market issues are trade issues.

Progress on each of the foregoing fronts is necessary to ensure that the benefits of U.S. businesses and workers from normalization with commercial relations with Vietnam are real.

Our ambassador to Vietnam and our former distinguished colleague, Pete Peterson, testified before the Subcommittee on Trade of the Committee on Ways and Means. He stated, based on his active work as ambassador, as follows. I urge all to listen to the conclusions or the findings, the experiences of our ambassador:

"Vietnam has eased restrictions on emigration," he said. "Over 500,000 people have left Vietnam for the U.S. under the Orderly Departure Program."

Next: "Vietnam continues to cooperate fully with the U.S. on locating Americans missing in action."

Next: "Last fall, the Government of Vietnam released several prisoners of conscience."

He also said: "Tolerance of religious worship," far, far from perfect, "is improving."

"In 1998," he also mentioned, "there were 60 independently organized worker strikes protesting unfair wages and working conditions.

"The Government is in the process of writing legislation to protect the freedom of association."

And lastly, that "the United States," he says, under his leadership, "continues to engage with Vietnam in a very frank dialogue on human rights. The most recent round in this dialogue took place at the assistant secretary level in mid-July."

Members of Congress will be watching for further progress closely. For now, let us support the accomplishments that have been made to date toward normalization of our relationship with Vietnam. Let us take a cautious step forward by continuing the Jackson-Vanik waiver for Vietnam.

In short, let us keep intact the groundwork on which a meaningful and enduring relationship can be built. Support the waiver. Vote against H.J. Res. 58.

Mr. Speaker, I reserve the balance of my time.

Mr. ROHRABACHER. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. GILMAN), the distinguished chairman of the Committee on International Relations, a veteran, and a great leader in international relations in this Congress.

Mr. GILMAN. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I rise in support of House Joint Resolution 58 offered by the distinguished gentleman from California (Mr. ROHRABACHER) in disapproving the extension of the Jackson-Vanik waiver for the Socialist Republic of Vietnam.

The issue before us is progress, progress on human rights, on freedom of religion, freedom of emigration, and obtaining the fullest possible accounting for our POW/MIAs from the war in Southeast Asia.

Simply stated, the Vietnamese Government has not demonstrated the progress on these issues to warrant an extension of the Jackson-Vanik waiver. Many of us have voiced our concerns with regard to the rapid pace of normalizing relations with Vietnam.

The President insists that extending the waiver of the Jackson-Vanik amendment and its ensuing privileges is in our best national interest and will encourage the Vietnamese Government to cooperate on many issues, including economic reforms, political liberalization, and respect for human rights.

OPIC guarantee and Export-Import Bank financing programs should be a reward for achievement and not offered as an incentive for future conduct.

Despite the opening of diplomatic relations 4 years ago, prisoners of conscience are still in prison in Vietnam. Many of our former comrades in arms are still unaccounted for in the Vietnam War.

The Vietnamese Government still arbitrarily arrests and detains its citizens, including those who peacefully express political and religious objections to government policies.

The hard-line communist government also denies its citizens the right to fair and expeditious trials and still hold a number of political prisoners.

Moreover, Radio Free Asia is continuously jammed, preventing the free flow of information which Congress has worked to promote.

Vietnam continues to "severely restrict those religious activities it defined as being at variance with State laws and policies," as stated in the State Department Report on Human Rights Practices.

Along with a number of Members of Congress, I recently wrote to President Clinton expressing our concern over the persecution of the Unified Buddhist Church, the Catholic Church, Protestant Christians, and the Montagnards in Vietnam.

In conclusion, a proposed extension of the waiver of Jackson-Vanik would essentially reward a lack of progress on human rights, political liberalization, economic reform, and the POW/MIA effort. This is illogical.

Accordingly, I call upon our colleagues to vote "yes" on this resolution of disapproval of the extension of the Jackson-Vanik waiver and send a strong message that our Nation still values principle over profits.

Mr. CRANE. Mr. Speaker, I yield 2 minutes to our distinguished colleague, the gentleman from Arizona (Mr. KOLBE).

Mr. KOLBE. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I rise in opposition to House Joint Resolution 58.

As a Vietnam War veteran, I empathize with many of the arguments that are made by opponents to this waiver. I, too, am concerned about freedom of emigration. I, too, want a full accounting for our MIA and POWs. I, too, am concerned about religious freedom. But I strongly disagree with how this solution proposes to resolve these problems.

Denying the Jackson-Vanik waiver for Vietnam will do nothing to further progress in any of these areas. In fact, it will have the opposite effect.

I hope my colleagues will take a moment to consider the changes that have occurred and that are occurring to Vietnam.

Vietnam is not the same country it was 30 years ago when I was there. Over the past 15 years, 500,000 Vietnamese have emigrated to the United States. Over 96 percent of the resettlement opportunities for Vietnamese returnees cases have been cleared for interview by Vietnam. On emigration issues, we are clearly headed in the right direction.

On POW/MIA accounting, we have had and continue to have substantial cooperation from the Vietnamese Government in all areas. On religious freedom, progress is also being made.

Three weeks ago, a high-level U.S. delegation traveled to Vietnam to engage in the seventh session of our annual human rights dialogue with Vietnamese officials.

At each of these meetings, religious freedom has been a major topic of discussion; and each time U.S. officials have been able to report that progress is being made.

□ 1615

In October of this year, five American Catholic bishops will be visiting Vietnam, the first visit by an American bishop since 1975. This will be a momentous event.

Let me be clear. While there is progress, the situation in Vietnam today is far from perfect. But it is important that we put this vote in its historical perspective. In 1991, President Bush proposed a road map for improving our relations with Vietnam. To follow the road map, Vietnam had to take steps to help us account for our missing servicemen. In return for this cooperation, the United States was to move incrementally toward normalized relations. We have moved in that direction.

I urge my colleagues not to abandon decades of progress. Only with engagement can we have commerce and only with commerce can we have change.

I urge a "no" vote on this resolution.

Mr. McNULTY. Mr. Speaker, I yield 2½ minutes to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Speaker, I thank the gentleman from New York for yielding me this time.

I rise in strong support of H.J. Res. 58 and in support of trade agreements that put people before corporate profits, trade agreements that act as if human beings mattered.

Today we are debating whether to give the very same multinationals that last month succeed in gaining NAFTA for Africa and higher trade surpluses with China, whether to give those same multinationals more government-backed guarantees to protect their investments in another poor nation with a horrible human rights record, a nation with absolutely no worker rights or religious or political freedoms, the Socialist Republic of Vietnam.

Think about that, because that is what the President's waiver does. It is a green light for businessmen and businesswomen to take advantage of another people's misfortune, of their inability to organize political change in the face of overwhelming government opposition. We are asking our constituents, the men and women who voted us into office, to back American corporations that want to do business with a Communist dictatorship that reviles the very form of government that lets us debate this measure.

This is a government that for the last 20 years has arrested, tortured and put hundreds of thousands of people into prisons and reeducation camps for crimes like forming independent trade unions, for worshiping in churches, for, quote, using freedom and democracy to injure national unity.

The Vietnamese people should have the opportunity to earn better wages, to live longer and healthier lives, to enter into better relationships with the United States and the rest of the world. However, rubber-stamping the President's waiver makes a mockery of our Constitution and the provisions in the 1974 Trade Act that uphold human rights, that uphold worker rights, that uphold religious rights.

Mr. Speaker, I would hope that my colleagues would join us in affirming that human rights and those principles that our country stands for do count for something. We should not just waive them. I urge my colleagues to support this resolution and to support trade agreements that require nations to first enter the family of nations, agreements that support free trade between free people.

Mr. LEVIN. Mr. Speaker, I yield 2 minutes to the very capable and distinguished gentleman from Illinois (Mr. EVANS).

Mr. EVANS. Mr. Speaker, today's vote on the resolution of disapproval is really a vote on if we are truly dedicated to the hard work of getting a full accounting of the missing in action from the Vietnam War. As the Veterans of Foreign Wars has argued, passing this resolution of disapproval will only hurt our efforts at a time that they are receiving the access and cooperation we need from the Vietnamese to determine the fate of our POW/MIAs.

There is no more authoritative voice on this issue than our former colleague and now Ambassador to Vietnam, Pete Peterson, who supports the waiver. As a prisoner of war who underwent years of imprisonment in the notorious Hanoi Hilton, he should have every right to be skeptical and harbor bitterness against the Vietnamese. Yet he believes the best course of action is to develop better relations between our countries.

We have achieved progress on the POW/MIA issue because of our evolving relationship with the Vietnamese, not despite it. Without access to the jungles and rice paddies, to the archival information and documents, and to the witnesses of these tragic incidents, we cannot give the families of the missing the answers they deserve.

Our Nation is making progress in providing these answers. Much of this is due to the Joint Task Force-Full Accounting, our military presence in Vietnam who are looking into missing issues. I have visited these young men and women and they are among the finest and bravest and most gung ho soldiers I have ever met. Every day from the searches of battle sites in treacherous jungles or the excavation of crash sites on precarious mountain summits, they put themselves in harm's way to perform a mission they truly believe in.

It is moving to see these men and women in action, some of whom were not even born when our missing served, perform a mission that they see as a sacred duty. They tell me time and time again one thing: "Allow us to remain here so we can do our job."

This resolution before us today puts that at risk. I urge my colleagues to please vote against this resolution.

Mr. ROHRABACHER. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. SAM JOHNSON), a distinguished colleague who spent 6 years as a prisoner of war, a man who was a pilot, a man who fought for his country and a man who has a unique opinion on this issue that we are discussing today.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I appreciate what the gentleman says, but even with the Ambassador over there, we still are not getting into some of the places that we need to get into. If you send our military to do a job, they are going to do it, regardless of where they are, and they are doing that job over there.

But I ask you, who better than our Vietnamese Americans to know what should happen in Vietnam? No waiver. They do not want a waiver. If you recall in 1995, I think it was, or 1993, rather, Clinton said that he would have a full and accurate accounting of all our POWs. That is our President. Again, in 1995, if you recall, he flip-flopped and went back on his word and recognized them. And now we want to put another nose under the tent, or push the nose a little further and try to recognize them for trade. Even now, we still have over 2,000 unaccounted for servicemen in Vietnam. Our MIA, missing in action, families, deserve our full support and that means "yes" to no waiver.

Mr. CRANE. Mr. Speaker, I yield 1 minute to the gentlewoman from Illinois (Mrs. BIGGERT).

Mrs. BIGGERT. Mr. Speaker, H.J. Res. 58 is the wrong direction for us to take today. Who is hurt if we pass this resolution today? We are. It is the wrong direction for U.S. farmers and manufacturers who will not have a level playing field when they compete with their European or Japanese counterparts in Vietnam. It is the wrong direction for our joint efforts with the Vietnamese to account for the last remains of our soldiers, and to answer finally the questions of their loved ones here. And it is the wrong direction for our efforts to influence the Vietnamese people, 65 percent of whom were not even born when the war was being waged.

Let us not turn the clock back on Vietnam. Let us continue to work with the Vietnamese, and in so doing teach the youthful Vietnamese the values of democracy, the principles of capitalism, and the merits of a free and open society. I urge a "no" vote.

Mr. McNULTY. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Ms. LOFGREN).

Ms. LOFGREN. Mr. Speaker, Vietnam should be able to trade with America, but only when Hanoi halts human rights abuses and establishes a fair, sound economic environment that embraces human rights.

It is clear that Vietnam is eager to have an economic relationship with the United States and is willing to take the steps necessary to do so. Unfortunately, they are not where they need to be and they will not get there unless we stand firm for democratic principles and for human rights for the people of Vietnam.

Vietnam embarked down the road to reform in 1986, achieving high economic growth of 8 percent per year with low inflation. As a result, the U.S. lifted economic sanctions in 1994 and normalized diplomatic relations in 1995.

It was all downhill from there. The economic growth did not produce democratic and market reforms. In addition to quashing the religious, political and social freedoms of its citizens and restricting their rights to emigrate, Hanoi has taken giant steps backward from fostering sound policies and stability to bolster its economy and attract foreign investors. Erratic decision making, government red tape and high overhead makes many businesses unviable.

The government's refusal to loosen its political domination and accelerate the transition to a market economy has brought the country to a critical juncture. We cannot abandon the Vietnamese people and American businesses at this critical juncture. In the case of Vietnam, trade sanctions can be an effective way of ensuring Hanoi chooses the path of reform. As we saw in South Africa, 5 years after the U.S. first imposed economic sanctions, the Pretoria government abolished apartheid. While some question the economic effectiveness of U.S. sanctions, economists agree that the psychological and political effects were of fundamental importance to eliminating apartheid.

Economic sanctions are not the right tool in every case. But when they are, they take time. They only are effective when we have the patience to wait for results. The people of Vietnam deserve the same patience.

Please support this resolution and join with the Vietnamese people in their struggle against communism and oppression.

Mr. LEVIN. Mr. Speaker, I yield 1½ minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Speaker, I have a certain degree of irony being here on the floor having this resolution debated today, when earlier this week we had former Secretary of Defense Robert McNamara here on Capitol Hill meeting and admitting basically that the college students were right 30 years ago and that the government and Mr. McNamara were not telling the American people the truth.

I think it is amazing for us to look at the progress that has in fact occurred over the last third of a century. We have heard referenced on the floor the 500,000 people that have been able to legally emigrate. We had opportunities today for Members of this assembly to meet with our former colleague Pete Peterson to talk about his experience with the progress in terms of religious freedom in Vietnam and the rebuilding of churches and pagodas, the progress on the MIAs where we have more accountability than any war in American history. Even in the area of democratic government, there were 61 people elected to the Vietnamese Assembly who were independents, who were not Communists. Consider this, given where they have been, that one even is a former South Vietnamese military officer.

Pete Peterson has made huge progress in his life's work of trying to bring 350 million people together between our two countries, the majority of whom in both countries were not even alive during the Vietnam War. I strongly urge a rejection of this resolution before us today. Reject the resolution in order to hasten the day when we can get beyond the tortured struggle that has, I think, divided our country unnecessarily and bring about a healing and an integration of the Vietnamese nation into the world economy and allow us to be able to deal honestly with the history that got us here in the first place.

Mr. ROHRABACHER. Mr. Speaker, I yield 1 minute to the gentleman from Virginia (Mr. DAVIS) who represents thousands of Vietnamese Americans who know full well what repression their family members live under in Vietnam.

Mr. DAVIS of Virginia. Mr. Speaker, I rise today in support of H.J. Res. 58, disapproving the extension of emigration waiver authority to Vietnam.

As Members know, last year the President granted Vietnam a waiver of the Jackson-Vanik's condition, but not much really I think has been cited or documented in that last year. Boat People SOS, an organization located in my district, has informed me that there is rampant corruption in Vietnam and the Vietnamese government and it continues to exclude thousands of former political prisoners and former U.S. Government employees from participating in the U.S. refugee programs. On average, an applicant has to pay $1,000 in bribes to gain access to these programs. In a country where the average Vietnamese's salary is $250, how can an impoverished former political prisoner or former U.S. Government employee who the government already discriminates against afford a $1,000 bribe per person just to apply for these programs? Since last year's waiver, the Vietnamese government has not deemed a single case among this group of thousands to be eligible for the refugee program.

Corruption exists not only in the Vietnamese government but it also undermines U.S. exchange programs as well.

□ 1630

Our programs offer outstanding Vietnamese students the opportunity to participate and study in the U.S.; however, the Vietnamese Government excludes those students whose parents are not members of the Communist cadre.

I hope my colleagues will join me in supporting this resolution.

Mr. CRANE. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Illinois (Mr. MANZULLO).

Mr. MANZULLO. Mr. Speaker, a small business exporter of wireless telecommunications equipment from Torrance, California, had never sold to Vietnam. Telemobile's Japanese, French, and Canadian competitors all had the support of their home government's export credit agencies. Telemobile had no hope of selling to Vietnam until the President and Congress approved the Jackson-Vanik waiver last year allowing the Export-Import Bank and other Federal export promotion programs to operate in Vietnam. Then Telemobile won a $6 million contract with Vietnam to sell their product backed with the letter of interest from the Export-Import Bank.

The purpose of the vote today is to allow those types of partnerships so American companies can utilize our export credit agencies in order to have American jobs. With the already large U.S. trade deficit, we should not impose yet another sanction on our exports. We should vote against this resolution of disapproval.

Open letter to Congress from Telemobile is as follows:

TELEMOBILE, INC,
Torrance, CA, July 27, 1999.

CONGRESS OF THE UNITED STATES,
House of Representatives.

OPEN LETTER TO CONGRESS: I am President of a small electronics manufacturing company, employing about 100 people in the Los Angeles metropolitan area. I am writing to express my opposition to the resolution of disapproval regarding Vietnam's Jackson-Vanik's waiver (H.J. Res. 58) because it will have a serious impact on our business and our employees who live and work here.

Telemobile, Inc. is a manufacturer of wireless rural telecommunications equipment. We compete against Canadian, French, and Japanese manufacturers of similar equipment. They all have the support of their home governments in the area of trade promotion, including their government-supported export credit agencies. We had no hope of winning any business in Vietnam until the President and Congress supported a waiver of the Jackson-Vanik amendment last year. Since then, we received a Letter of Interest from the Export-Import Bank of the United States (Ex-Im) for a project we plan to do in Vietnam worth about $6 million. We would have never won this contract if we did not have the backing of the Ex-Im Bank. Even still, all of our foreign competitors tell our Vietnamese customers to abandon their project with us because their governments do not go through this annual Jackson-Vanik waiver process. Fortunately, the Vietnamese want to buy American products.

But if Ex-Im is forced to leave Vietnam because of the passage of H.J. Res. 58, then our Vietnamese customers will have no choice but to go with one of our foreign competitors. Thus, if this bill passes, the real-life practical effect upon Telemobile is that the work on this $6 million contract will be transferred from the 100 employees here in Torrance, California to Canada, Japan or France. While a $6 million sale may be insignificant in the eyes of Washington, it is significant to our small business, which is 95 percent export-oriented.

I firmly believe that renewal of the Jackson-Vanik waiver is a necessary step in the process of normalizing our relations with Vietnam and would be good for the American people, as well as the business activities of American workers engaged in exports. Please oppose H.J. Res. 58.

Very truly,

W.I. THOMAS,
President.

Mr. LEVIN. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Mr. Speaker, I rise in opposition to this resolution and in favor of the Jackson-Vanik waiver.

I rise in opposition to this resolution and urge my colleagues to uphold the current waiver from the Jackson-Vanik provision.

Mr. Speaker, the Jackson-Vanik provision of the 1974 Trade Act was intended to encourage communist countries to relax their restrictive emigration policies.

At the time, the Soviet Union was prohibiting Soviet Jewry from emigrating to the U.S. and Israel.

It specifically granted the President the power to waive restrictions on U.S. government credits or investment guarantees to communist countries if the waiver would help promote significant progress toward relaxing emigration controls.

The co-author of this provision, Senator Scoop Jackson was a staunch anti-communist.

Yet, he was willing to consider incentives to encourage the Soviet Union to relax its emigration policy.

Vietnam is experiencing a new era, driven by a population where 65% of its citizens were born after the war. Vietnam today is thirsty for U.S. trade and economic investment.

Last year, Charles Vanik, former Member and co-author of the Jackson-Vanik provision, sent me a letter expressing his strong opposition to the motion to disapprove trade credits for Vietnam.

Ironically, the economic incentives provided in Jackson-Vanik are all one sided favoring U.S. firms doing business in Vietnam.

A waiver of Jackson-Vanik does not establish normal trading relations with Vietnam.

The Vietnamese Government has made tremendous progress in meeting the emigration criteria in the Jackson-Vanik amendment.

Despite problems of corruption and government repression, there is reason to believe that our presence in Vietnam can improve the situation and encourage its government to become less isolated and to follow the rule of law.

Through a policy of engagement and U.S. business investment, Vietnam has improved its emigration policies.

As of June 1 of this year, the Vietnamese Government had cleared nearly 20,000 individuals, or 96% of applicants, for interviews under the Resettlement Opportunity for Vietnamese Returnees (ROVR).

The Immigration and Naturalization Service has approved 15,833 ROVR applicants for admission to the United States as refugees—14,715 of which have left Vietnam for the U.S.

According to the State Department, we are also obtaining "the fullest possible accounting" of our missing in action from the Vietnam War.

Just last week, the U.S. and Vietnam finalized the terms of a bilateral trade agreement to address issues ranging from import quotas, import bans, and high tariffs to financial services, telecommunications, and other issues that are critical to opening Vietnam to U.S. products and services.

U.S. Ambassador to Vietnam, Pete Peterson, our esteemed former colleague and former POW, has been one of our nation's strongest advocates for expanding trade with Vietnam. Renewing the Jackson-Vanik waiver will increase market access for U.S. products and services in the 12th most populous country in the world.

Disapproval of this waiver will have several negative outcomes. It will discourage U.S. businesses from operating in Vietnam, arm Soviet-style hardliners with the pretext to clamp down on what economic and social freedoms the Vietnamese people now experience, and eliminate what opportunity we have to influence Vietnam in the future.

I can see nothing gained by overturning the waiver and urge my colleagues to defeat this resolution.

Mr. ROHRABACHER. Mr. Speaker, I yield 1 minute, and I understand that the gentleman from Illinois (Mr. CRANE) will also yield 1 minute to the gentleman from California (Mr. CUNNINGHAM).

Mr. CRANE. Yes, Mr. Speaker, I yield 1 minute as well to our good colleague and friend from San Diego, California (Mr. CUNNINGHAM).

The SPEAKER pro tempore (Mr. BURR of North Carolina). The Chair recognizes the gentleman from California (Mr. CUNNINGHAM) for 2 minutes.

Mr. CUNNINGHAM. Mr. Speaker, for some of us this issue is very, very difficult, when heart, economics, pain are all tied up into one. I understand the version of the gentleman from New York (Mr. MCNULTY) of this, and I understand the gentleman's, and what I would do is point out a couple things on each side because I still do not know how I am going to vote on this issue.

When one lives through Private Ryan, it is very difficult for something like this, and one side we see economics, like the gentleman from Illinois (Mr. MANZULLO) talked about for his constituents, and on the other side, Mr. Speaker, I went with the gentleman from Kentucky (Mr. ROGERS) to Vietnam. He asked me to go four times, and I said no, it is too hard, and then he said, Well, Pete Peterson asked you to come and help raise the American flag for the first time in 25 years.

I saw American children there, Eurasians, that can not be helped by this on one side, but yet I saw very strong Communism. As a matter of fact, the Communist premier told me, he said, Duke, we don't engage in free trade. I can't do this quickly. He is very open, he said, because it will put us out of a job, which meant Communism.

To me on one side that says, Hey, American involvement is good because it hammers away at Communism; but yet on the other side I see where not even Pete Peterson can be there when an American citizen is tried in their courts, and it is difficult, Mr. Speaker.

I had a young lady in my district named Foo Lee, had to work a year. Her whole family escaped in a boat, lives in my district, and the mom had to stay behind because they knew that if they were caught, they would be put into a reeducation camp, and not many people survive; and it took a year to get her back into the United States and rejoined with the family.

And on that side it is very hard for this. I look at that we cannot go in with intellectual property rights, but on the other side we have the same problem with China, and I voted for trade with China, so why not for this? And it is one of the more difficult. For most of my colleagues it is not, but for us, and Sam, and I understand both sides of this issue. I see my friend Pete Peterson spent 6 years as a POW there, and it is very difficult to look at heart, to look at logic, to look at economics.

Mr. Speaker, I will not chastise anybody for either side of this vote.

Mr. CRANE. Mr. Speaker, I yield 2 minutes to our distinguished colleague, the gentleman from Maryland (Mr. GILCHREST).

Mr. GILCHREST. Mr. Speaker, I thank the gentleman for yielding this time to me, and what I would like to do is address my remarks to all of my colleagues, but especially to the gentleman from California (Mr. CUNNINGHAM).

As a young soldier in Vietnam, I like to speak to my colleagues through the eyes of many young soldiers in Vietnam where we would every once in a while help corps men deliver babies, some alive and some dead. We as very young men saw leprosy for the first time. We saw the eyes of the dying Viet Cong. We saw the eyes and looked into the eyes of dying young Americans and said good bye. We laughed and cried with the Vietnamese people, the very old and the very young.

One incident, we moved into a small little village, pulled an old man out of a grass hut with one leg, and the old woman in the grass hut began to cry because we thought he was shooting at us and we were going to take him away. And a little girl about 10 screamed and cried and grabbed at our clothes as we were walking this old man away from the village, and then suddenly we young soldiers just stopped. We looked into the eyes of the old man. The old woman froze in fear as to what might happen next, and the little girl just stopped crying, and then the old man looked at us, and we looked back at him, and we suddenly realized something. We were just all people together caught in a horrible struggle, none of which we created.

There was an Israeli soldier in 1967 that said, We need to learn to love our children more than we hate our enemies. We can never forget the pain of the past. But in this vote I think it is time that we start a new future for us, for the Vietnamese children.

We remember the quote from President Kennedy at the Berlin Wall where he said:

"We all cherish our children's future, we all breathe the same air, and we are all mortal."

Let us vote for America and Vietnam.

Mr. LEVIN. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Indiana (Mr. ROEMER).

Mr. ROEMER. Mr. Speaker, on August 3 in 1492 Christopher Columbus set sail on a new journey across the Atlantic, and he set sail with new maritime instruments, a quadrant, an astrolabe, a cross staff, that helped him find the shores of the Bahamas. Today the new instruments to help us navigate to help our workers, to help our businesses, navigate the complicated world of international trade are access to OPIC, agricultural loans and Ex-Im Bank loans. That is why we should reject this resolution and allow us the opportunity for Boeing to compete against Airbus and sell our planes to Vietnam.

Now Pete Peterson, a good friend of mine, has been mentioned as our ambassador who spent 6 years as a POW. Pete Peterson will never forget, nor will Congress forget the MIAs, and we are ripping up highways and searching in mountains for every clue to find those MIAs, and we will never forget the 58,000 soldiers that were lost in that war.

But it is also time for us to move in a positive way to bring Vietnam into the community of nations.

Mr. ROHRABACHER. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. SMITH) one of the most distinguished and ferocious champions of human rights in this body.

Mr. SMITH of New Jersey. Mr. Speaker, a few weeks ago the U.S. sent a representative to Vietnam to conduct a human rights dialog with the government there. At the conclusion of the dialogue the Vietnamese government issued a statement essentially denying that the U.S. had any right whatsoever to concern itself with human rights outside of its borders. However, less than 2 weeks later, with the obligatory dialogue out of the way, the U.S. sent another representative to Vietnam, and this time we signed an agreement in principle to give MFN, or normal trading status to Vietnam, sending a clear message to the Hanoi dictatorship that they can safely ignore everything else we say about human rights and still get what they want from our government.

Mr. Speaker, let us be very clear on one thing. There is no freedom of immigration from Vietnam. If there were, there would be no need for this waiver. The administration could simply certify that Vietnam complies with the Jackson-Vanik freedom of immigration requirement. Instead, by waiving the requirement, the administration has conceded that there is no such freedom.

Mr. Speaker, the only significant human rights concession the Vietnamese Government has made in order to get the waiver was to finally begin letting us interview people under the rover program. Now I happen to be a very enthusiastic supporter of this program, and for the RECORD Members will recall that I was the prime sponsor of the amendment on this floor that stopped us from doing what I think would have been very, very cruel, and that would be to end the CPA, the Comprehensive Plan of Action, to just send the people back without giving them any opportunity to get re-reviewed after some bogus reviews were done, or interviews.

The refugee program, the rover program, works when there was a real push, and the ambassador, Pete Peterson, did do a good job in pushing when he had the effort of ourselves holding up the waiver. 13,000 people were cleared, but as soon as the waiver was granted, the clearances slowed right back to a trickle.

Mr. Speaker, let us not forget the prisoners of conscience; let us not forget the Catholic priests and the Buddhist monks. The religious persecution situation has gotten worse since last April when additional restrictions on exercise of religion was put on those people.

Mr. Speaker, I urge support for the gentleman from California's (Mr. ROHRABACHER) resolution.

Mr. Speaker, a few weeks ago the United States sent a representative to Vietnam to conduct a "human rights dialogue" with the government there. At the conclusion of the dialogue, the Vietnamese Government issued a statement essentially denying that the United States had any right at all to concern itself with human rights outside its own borders. Less than two weeks later with the obligatory dialogue out of the way, the United States sent another representative to Vietnam. This one signed an "agreement in principle" to give Most Favored Nation status to Vietnam—sending a clear message that the Hanoi dictatorship can safely ignore everything we say about human rights, and still get what it wants from our government. Because the waiver of the Jackson-Vanik freedom of emigration provisions is a prerequisite to MFN, the communist regime—and its victims—are watching today's vote very closely.

Let use be clear, Mr. Speaker, on what this vote is about. It is about U.S. taxpayer subsidies for one of the worst dictatorships in the world.

And let's be clear on one other thing: there is no freedom of emigration from Vietnam. If there were, there would be no need for a waiver. The Administration could simply certify that Viet Nam complies with the Jackson-Vanik freedom-of-emigration requirement. Instead, by waving the requirement, the Administration has conceded that there is no such freedom. Yes, the government allows some people to leave, when it is good and ready. But for many thousands who have been persecuted because they were on our side during the war, Vietnam is still a prison.

Finally, I hope my colleagues understand that this is not a vote about free trade. It is about subsidies—corporate welfare for Communists. Since the President gave the waiver in March of 1998, the U.S. taxpayers have been paying for Eximbank and OPIC subsidies of trade and investment in Vietnam. Many of these taxpayer dollars subsidize ventures owned in large part by the government of the Socialist Republic of Vietnam.

Overregulation and widespread corruption make Vietnam a terrible place to do business. Starting this year, foreign businesses in Vietnam are no longer allowed to hire Vietnamese employees directly, but must go through the government. No only does this practice encourage corruption, it also excludes victims of persecution from what for many is the only potential source of employment available to them. In addition, according to a recent Ministry of finance audit, 5.8 billion dollars—one third of Vietnam's total civil service assets—are unaccounted for. Most of the money reportedly was spend on luxury items for high-ranking communist officials. So U.S. taxpayers are now forced to compensate businesses for the greed and inefficiency of their partners in Hanoi.

The only significant human rights concession the Vietnamese Government made in order to get the waiver was to finally begin letting us interview people under the "ROVER" program (Resettlement Opportunities for Vietnamese Refugees). Now I happen to be an enthusiastic supporter of this program was prime sponsor of the amendment to ensure that the Boat People refugees weren't sent back. ROVR was the compromise, it provide a new interview for people who managed to escape Vietnam but were forced back—althought many were refugees. They were promised that as soon as they got back, the U.S. would interview them and resettle them if they were eligible for our protection. But of course the Vietnamese government broke its promise. For over a year and a half they hardly let us interview nobody. Finally, when we really held their feet to the fire, they cleared 13,000 people. But as soon as the waiver was granted, the clearances slowed back to a trickle.

In fact, the emigration situation has become worse since the waiver. In the last year, communist officials reportedly have been demanding much larger bribes in exchange for access to U.S. refugee programs. An average emigrant must pay about one thousand dollars in bribes—more than three times the average annual salary of Vietnamese workers. In some cases, government officials have demanded tens of thousands of dollars from eligible refugees.

Finally, we must not forget the prisoners of conscience. Hanoi imprisons Catholic priests, Buddhist monks, pro-democracy activists, scholars, and poets. Last April, the regime placed additional restrictions on religious exercise and permanently appropriated properties that it had confiscated from different churches. When we complain to the Vietnamese Government, they just respond that "we have a different system." They need to be persuaded that a system like this is not one that Americans will subsidize.

The lesson is obvious: the Vietnamese Government has no trouble clearing refugees for interview when it really wants to. But once they get what they want from us, they have no interest in allowing people to leave. So we should disapprove the Jackson–Vanik waiver at least until the government allows all the refugees to leave: not only the returnees who are eligible for the ROVR Program, but also those who never left Vietnam and are still trapped there, including longterm re-education camp survivors and former U.S. Government employees. Many of these people are members of the Montagnard ethnic minority who fought valiantly for the U.S. and have suffered greatly ever since.

The list of human rights violations goes on and on. Vietnam enforces a "two-child per couple" policy by depriving the parents of "unauthorized" children of employment and other government benefits. It denies workers the right to organize independent trade unions, and has subjected many to forced labor. The government not only denies freedom of the press, but also systematically jams Radio Free Asia, which tries to bring them the kind of broadcasting they would provide for themselves if their government would allow freedom of expression.

Mr. Speaker, the Vietnamese Government and its victims will both be watching this vote. We must send the message that economic benefits from the United States absolutely depend on decent treatment of Vietnam's own people. We may not be able to insist on perfection, but we must insist on minimal decency.

Mr. McNULTY. Mr. Speaker, I yield 2½ minutes to the gentlewoman from California (Ms. SANCHEZ) who represents the largest number of Vietnamese Americans in the country.

Ms. SANCHEZ. Mr. Speaker, I would like to ask my colleagues to explain to Dr. Giang why the Communist government of Vietnam should be rewarded and granted the Jackson-Vanik waiver. On March 4 of this year, Dr. Giang was a respected geophysicist and writer and was arrested in Hanoi for allegedly possessing anti-Communist documents. Unfortunately, this was not the first time that he had been harassed by the authorities for peacefully expressing his viewpoints.

In January of 1997, he wrote an essay and argued the universality of human rights and concluded that the world needs to unite its actions for human rights.

□ 1645

In March of 1997, Dr. Giang was also summoned to appear before the Communist Party for a session of public accusation. After a storm of international protest of governments and human rights organizations, Dr. Giang was finally released. In fact, I went to Vietnam in April to try and find him. Officials in communist-ruled Vietnam never explained to Giang why he was arrested on March 4 or formally charged.

In my hand, I have a copy of a letter that he sent to my office detailing his current situation. I would like to share his thoughts with you today.

It says,

> Dear Ms. Sanchez: I am still being restricted by a police writ which bans me to go elsewhere outside my residence. This oppression causes me to suffer in my home detention status. Even so, I am not dejected in this indignant circumstance. I will always aspire for better conditions and freedom and democracy for our people. Thank you again. I pray that global allegiance for democracy and human rights will spread far and wide as we build greater victories for all people.

This is one of the many examples of human rights abuses which occurs in Vietnam. The United States must take a stand on human rights, and we must say enough is enough. We have an opportunity to send a signal to Vietnam, that human rights cannot be ignored.

Vote "yes" on House Joint Resolution 58.

Mr. LEVIN. Mr. Speaker, I yield 1 minute to the gentleman from Virginia, Mr. BOUCHER.

Mr. BOUCHER. Mr. Speaker, I rise today in support of the President's decision to extend the Jackson-Vanik waiver for Vietnam and in strong opposition to the resolution of disapproval. The Jackson-Vanik waiver process is designed to promote immigration from countries that do not have market economies. In the case of Vietnam, the waiver is working as intended.

Since the waiver was granted, Vietnam has made steady progress under both the ROVR and the orderly departure programs. If the waiver is rescinded through the passage of this resolution, that progress, which depends entirely upon the cooperation of the Vietnamese government, will almost certainly be reversed.

We have now negotiated a bilateral trade agreement with Vietnam and progress is being made on human rights and on religious freedom matters.

I urge the Members to reject this resolution and, in doing so, to give a vote of confidence to the very fine work of our former colleague, the Ambassador to Vietnam, Pete Peterson, and his excellent staff, under whose guidance this outstanding progress is being made.

Mr. LEVIN. Mr. Speaker, I yield 1 minute to the distinguished gentleman from California (Mr. GEORGE MILLER).

Mr. GEORGE MILLER of California. Mr. Speaker, earlier this year I had an opportunity to travel to Vietnam and to talk to members of the business community, to the international environmental community, to workers, to representatives of labor organizations, and to U.S. manufacturers and had an opportunity to travel throughout the country. I think that my conclusion is that the waiver can continue to be justified because of the progress that is being made.

I think it is also clear that the waiver helps to empower our ambassador, Pete Peterson, who may be the greatest catalyst for change inside this country, so that he can continue his work to get Vietnam to improve its human rights conditions, to improve its labor conditions, to improve its environmental conditions and so many of the other issues that are of concern to all of us here.

This is not about not being concerned about human rights, labor conditions, or any of the rest of it. It is about whether or not we can have a process where we can continue to make progress. Unlike the vote last week on China, where I voted against extending the relationship with China because, in fact, there we have gone backwards, here we have an opportunity to continue the progress forward.

We will have much debate on the trade agreement and whether or not that can be justified or not be justified, but the fact of the matter is, in this particular case, the continued waiver for another year so that we can continue to monitor, continue to work with the government of Vietnam on all of these issues, is a positive step that we should and can take today.

Mr. Speaker, I rise in opposition to H.J. Res. 58 so that we might continue the existing waiver of the Jackson-Vanik restrictions as they apply to Vietnam.

Mr. Speaker, I had the opportunity to travel to Vietnam earlier this year on official business to attend an international environmental conference, to inspect labor conditions at factories that subcontract for United States manufacturers, and to meet with our Embassy officials on a broad range of United States-Vietnam issues.

Vietnam today is a country struggling to become a player in the global economic market. It is once again a major agricultural power and is the world's second largest exporter of rice. Hundreds of foreign companies are investing in this nation of 80 million people, the 12th largest population in the world, because of its key role in Asia and its educated and diligent work force. Most of the representatives of American businesses with whom I spoke in Vietnam praise the local business opportunities and actively promote the normalization of economic relations so that trade between the United States and Vietnam, now less than $300 million a year, can expand and investment can flourish.

The conditions for waiving Jackson-Vanik are quite specific, and in my view, Vietnam has met those tests and should again be granted the waiver as it was last year by nearly 100 vote margin in the House. Jackson-Vanik was developed to use our economic leverage to force political and immigration reforms, and it has had the desired effect in Vietnam where we have seen significant and steady movement towards expanded emigration.

Our Ambassador, who is our former colleague and a distinguished Vietnam veteran, Pete Peterson, has documented broad cooperation by the Vietnamese government with the emigration program and has even noted that in some cases, it has been impossible to fill the slots allocated for some categories of applicants. Ambassador Peterson has also noted expanding religious activity and I was able to observe the expanded construction of churches in northern Vietnam. Lastly, the Vietnamese and United States governments now operate a Joint Task Force that conducts interviews, archaeological digs, genetic testing, and other efforts to locate the remains of United States soldiers and pilots. Nearly 400 remains have been repatriated since the end of the war, several just this past month.

Vietnam has a considerable way to go to fully open its economy and bring it into conformity with international standards on transparency. Moreover, I remain concerned by the continued denial of labor rights by the government, including the fundamental right to join an independent labor union. Some of these issues will be addressed when we have the opportunity later this year to debate the United States-Vietnam Trade Agreement.

Last week, this House voted on granting normal trade relations to China, and many members took the floor to denounce, rightly I believe, that nation's continued repressive government and its unacceptable human rights record. It is terribly important that, during this current debate, we distinguish what is different in Vietnam from the Chinese example. For Vietnam has made and continues to make major steps forward on economic reform, is cooperating on emigration and MIA issues, and is showing promising signs of political liberalization. If we see retrenchment in Hanoi, then I believe many of those who today are prepared to vote for this waiver and for expanded trade between our countries will reconsider their decision.

We vote to waive Jackson-Vanik in recognition of Vietnam's changing political system and to encourage further liberalization. But understand that the Congress and the American people are serious about assuring that open trade is also fair trade: that working men and women in America are assured that their counterparts in Vietnam labor under reasonable conditions and with the enjoyment of basic human and labor rights recognized by international law.

The continued waiver of the Jackson-Vanik restrictions should be voted by the House tonight to recognize Vietnam's steady steps towards reform. Similarly, the Congress should expect that the waiver of Jackson-Vanik will promote a continuation of democracy in Vietnam, unlike the China case where despite expanded trade relations, political reform has worsened.

Mr. ROHRABACHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, Jackson-Vanik, this waiver we are talking about, yes, it deals with immigration. For the record, I have a statement issued by the United States embassy in Bangkok on July 14 of this year stating that the orderly departure program has some severe problems. So much for all the progress we have made for Jackson-Vanik just in terms of the immigration issue.

We are also told that there has been so much progress in other areas, especially in the area of democratization, which is not directly to Jackson-Vanik. But the fact is today all of us understand that we are sending a message to Vietnam, and that by moving forward in the area of Jackson-Vanik, we are giving them the idea that they can get away with the type of repression that they have been getting away with and still have better trading relations and make more money off their relations with the United States.

I have something here, a report just yesterday, August 2, talking about in Hanoi where the government in Hanoi has declared they will not tolerate any other political parties except the Communist Party of Vietnam. I will submit both of those for the record.

Let us get right down to brass tacks. Over this last year since we came here and went along with the Jackson-Vanik waiver that this administration has decided to give to the communist government of Vietnam, there has been no human rights progress. There has been no political parties that have been able to be formed. There has been no more free speech. There has been no examples whatsoever of more freedom of the press. There have been many examples also of repression of religious individuals. So we have no progress on that front whatsoever.

I would hope that my colleagues, maybe they can enlighten me to the parties that are springing up in opposition to the Communist Party or these other examples of freedom of speech or freedom of press or freedom of religion that are nonexistent. Please, tell us about that.

No, that does not exist in Vietnam. That is why we will not hear about that and have not heard about it in this debate.

A constituent of mine, Mr. Ku Noc Dong, went back to Vietnam. He is an American of Vietnamese descent. He went back, and within 1 day he was thrown in jail. For what? For passing out leaflets talking about liberty and justice. He is imprisoned as we speak.

Do not tell me there has been human rights progress in Vietnam. There has been none, and by moving on this legislation, we are giving the stamp of approval of this Congress on that type of behavior by this regime.

Let me just suggest something else. We have heard about the progress in MIA/POWs. I totally reject that contention. I am afraid that some of our other Members, including our former distinguished Member, Mr. Peterson, are sadly misinformed about what is going on in this effort.

I have two pictures that were taken that I would submit for the record of MIA/POWs who were incarcerated in Vietnam. Their remains were never returned. Plus, none of the records of the prisons that held our POWs has ever been made available to us after requests for those records of 5 years.

Mr. Speaker, I would suggest that this body vote against the Jackson-Vanik waiver, and send the Vietnamese communists a message that we stand for freedom.

VIETNAM COMMUNISTS SAY TO KEEP SINGLE-PARTY SYSTEM

HANOI, Aug. 2, 1999 (Reuters).—A top ideologue from Vietnam's ruling Community Party said on Monday that Hanoi would not tolerate a multi-party system.

"The Communist Party of Vietnam is the leader of Vietnam's entire society, we will not accept any other parties or a multi-party system," said Dao Duy Quat, deputy head, of the party's powerful Ideology and Culture Commission. He was speaking at a rare news conference held for foreign media and diplomats that discussed party-building and a two-year criticism and self-criticism campaign.

But one veteran diplomat in Hanoi was unconvinced, questioning how legitimacy could be gauged when Vietnam's vast internal security machine went to such lengths to isolate or silence contradictory voices. "They want power, on that there is no compromise," he said. "They stamped out all opposition in the past—even those groups that supported the same aims—and see absolutely no reason to liberalise."

Some foreign governments and international human rights groups say Vietnam imprisons people for the peaceful expression of political or religious beliefs—a charge that Hanoi denies. Quat said the party would not repress minority views unless people violated the law. Anti-socialist activities in Vietnam are treated as a crime.

MEMORANDUM

JOINT VOLUNTARY AGENCY ORDERLY DEPARTURE PROGRAM, AMERICAN EMBASSY, BANGKOK, JULY 14, 1999

Re request for refugee statistics and assessment of ODP cases.

ODP Cases: The Socialist Republic of Vietnam has frequently determined applicants did not meet ODP criteria, despite our confirmation that they did; many applicants are still awaiting interview authorization. . . . As of July 9th, there are 3,432 ODP refugee applicants and 747 ROVR applicants awaiting Vietnamese Government authorization for interview. . . . ODP has continually received requests from applicants for assistance in dealing with local officials; many applicants originally applied to ODP as long ago as 1988 but have yet to be given authorization by the Vietnamese Government to attend an interview.

Impact of Jackson-Vanik Waiver: It would not appear that Jackson-Vanik had a telling impact on ODP activities. . . . Staff are of the opinion that there has been little, if any, indication of improvement in the Vietnamese Government's efforts to deal with remaining ODP cases.

Mr. LEVIN. Mr. Speaker, I yield 30 seconds to the gentleman from Florida (Mr. DEUTSCH).

Mr. DEUTSCH. Mr. Speaker, I, along with I think probably 30 of my colleagues last week, had an interesting dinner meeting with Bob McNamara. If there is any lesson that he has learned in looking back on Vietnam, it is really hearing and receiving, giving the wrong messages and not talking to each other. We really have an opportunity right now to heed some of the lessons that he talked about.

Vietnam is making progress, contrary to the previous speaker. There is a great deal of evidence which our former colleague, the Ambassador, has articulated to us, and the press has as well. It is a relationship that can continue to be good for the United States as we are moving a young nation towards moving into the community of nations, of living within international standards. It is a region in the world that for 4,000 years has faced uncertainty and conflict.

What we are talking about is normal trading relationships. That is really what the issue is about. Obviously people can see it differently, but I urge the defeat of the resolution.

Mr. McNULTY. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, as I grow older, I try to keep my priorities in proper order. I am not always successful at that, but I work at it. That is why when I get up every morning, the first two things that I do are to thank God for my life and veterans for my way of life. Because had it not been for my brother Bill and all those who gave their lives in service to this country through the years, had it not been for people like SAM JOHNSON and Pete Peterson and JOHN McCAIN, who endured torture as prisoners of war, had it not been for people like Pete Dalessandro, a World War II Congressional Medal of Honor winner from my district who was just laid to rest last week in our new Veterans National Cemetery in Saratoga, if it had not been for them and all of the men and women who wore the uniform of the United States military through the years, I would not have the privilege of going around bragging about how I live in the freest and most open democracy on the face of the Earth. Freedom is not free. We paid a tremendous price for it.

So today, Mr. Speaker, based upon the comments that I made earlier and on behalf of all 2,063 Americans who are still missing in Southeast Asia, I ask my colleagues to join me, the American Legion, the National League of POW/MIA Families, the National Alliance of POW/MIA Families, the National Vietnam Veterans Coalition, the Veterans of the Vietnam War and the Disabled American Veterans in supporting this resolution of disapproval.

Mr. CRANE. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, there have been arguments raised here, ones that I think are worth listening to by all of us, regardless of our position on the issues, and I respect the disagreements that I have with some of my colleagues, but I think personally that if you examine the evidence, you will realize that the hope for mankind in the future lies in moving down this path of expanding our relationships with one another and especially expanding our economic relationships.

☐ 1700

Keep in mind, too, that as Ambassador Peterson told a group of us this morning, 65 percent of the population over there has been born since the end of the Vietnam War. The overwhelming majority of these people know nothing about it except what they have heard from those who preceded them.

In that regard, I think it is important to note, too, that we have a recent report that just came out from the U.S. Ambassador for International Religious Freedom, this was in July, last month, mentioning that three-fourths of the population are nominally Buddhist now, an estimated 6 to 7 million are Roman Catholics, and there are a variety of other religious affiliations, including Mormons in Vietnam. In addition to that, they are growing in population.

I think further that it is important for us to recognize that in the last national election there, and that was last year, this was not an absolute Communist dictatorship in place. There were almost two candidates running in every race for their national assembly, 800, and 450 seats. The result was the election of 61 National Assembly members who are not members of the Communist party, and as indicated earlier, one of those 61 was a major in the South Vietnamese army, a former major.

We have also something else, I think, to keep in mind. That is a point that the gentleman from California (Mr. CUNNINGHAM) brought up, the response he got from a Communist he spoke to while he was there who said that they cannot advance free trade because that would put him out of a job. Think about that for a moment, Mr. Chairman, a Communist cannot participate in the advancement of free trade because that will put him, a Communist, out of a job; to which I say, amen. That is a fringe benefit.

The immediate benefit is the material benefits to the people of Vietnam, and the material benefits here as we advance down that path creating expanded free trade worldwide.

I would remind Members also, this is not a vote on normal trade relations. This simply provides an expanded opportunity for increased business contact in Vietnam. I would urge all of my colleagues to vote no on H.R. 58. I think it is in the best interests of our country and the best interests of the people of Vietnam.

Mr. WOLF. Mr. Speaker, I rise in strong support of H.J. Res. 58. I do so because I am deeply concerned about the human rights situation in Vietnam which has not improved despite normalization of relations between the U.S. and Vietnam.

Religious persecution has continued to intensify. I submit for the RECORD a recent Reuters story about The Venerable Thich Quang Do, head of the Unified Buddhist Church of Vietnam (UBCV). This 80-year-old Buddhist leader has been in prison for over twenty years. Before we rush down the path of providing U.S. taxpayer dollars to businesses wanting to get into Vietnam, we must consider people like Thich Quang Do.

Earlier this year, the Religious Liberty Commission of the World Evangelical Fellowship issued a report describing the intense persecution of Christians in the Hmong minority group in Vietnam's Northwest province and as well as members of the Hre and Bahnar minority groups. It has pages and pages of testimony from persecuted believers and edicts from the Vietnamese government regarding its anti-religion policies.

The U.S. should be keeping the pressure on Vietnam to improve its human rights record, not rewarding them.

MONK URGES HANOI TO FREE BUDDHIST LEADER

(By Andy Soloman)

HO CHI MINH CITY, Vietnam, Aug. 3 (Reuters)—A dissident Buddhist monk in Vietnam has demanded the country's communist rulers immediately release from detention the aged patriarch of the banned Unified Buddhist Church of Vietnam (UBCV).

Thich Quang Do, head of the UBCV's Institute for the Propagation of the Dharma and a former long-term political prisoner, said 80-year-old Thich Huyen Quang should either be tried or unconditionally released.

The patriarch is detained at Quang Phuoc pagoda in central Quang Ngai province. The United Nations and international human groups say he has been held without trial since 1981.

Hanoi rarely makes mention of Quang, but routinely denies it detains or jails people for the peaceful expression of religious or political views.

"On what grounds have they detained him for nearly 20 years?" Do said in a recent interview at the Buddhist monastery where he lives in the former Saigon.

"If he is guilty of a crime he should be put on trial, but they can find no (legitimate) reasons."

Quang and Do were prominent Buddhists who led protests in the former South Vietnam against the U.S.-backed Saigon regime during the Vietnam War.

"During the night there is nobody, he is alone. We are very worried about his health during the night. If anything happened to him there would be nobody to help," Do said.

He added that Quang has no official documents or identity papers and is therefore unable to travel.

"All his visitors are checked and questioned. We ask for international help to put pressure and use influence to press the government to release him as soon as possible," Do said.

Following World War Two, Quang led Buddhists against French colonial forces, but he also opposed the communist Viet Minh, who jailed him from 1952–54.

In the years following the end of the Vietnam War in 1975, the victorious communists banned the UBCV and replaced it with the state-sponsored Vietnam Buddhist Church.

Quang, Do and other UBCV activists remained a constant thorn in the side of the Hanoi authorities.

In March, 72-year-old Do secretly travelled for his first meeting with Quang in 18 years, but he was detained by police and questioned for hours before being escorted back to Ho Chi Minh City.

Abdelfattah Amor, the U.N. Special Rapporteur for Religious Intolerance, in a visit to Vietnam last October, said he was prevented from travelling to meet the patriarch and was physically barred by security personnel from meeting Do.

In a report, Amor slammed Vietnam for failing to allow basic religious freedoms—a charge Hanoi rejected.

Do, who has spent much of the last 20 years under detention or in prison, was freed under an amnesty last September after serving three-and-a-half years of a five-year sentence for offenses connected with attempts to send relief supplies to flood victims in 1994.

The SPEAKER pro tempore (Mr. BURR of North Carolina). All time for debate has expired.

Pursuant to the order of the House of Friday, July 30, 1999, the joint resolution is considered as read for amendment, and the previous question is ordered.

The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the joint resolution.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. MCNULTY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 130, nays 297, not voting 6, as follows:

[Roll No. 365]

YEAS—130

Aderholt
Andrews
Baker
Barcia
Barr
Bartlett
Barton
Bilirakis
Bonilla
Bonior
Bono
Brown (OH)
Bryant
Burton
Buyer
Canady
Carson
Chabot
Chenoweth
Coble
Coburn
Collins
Cook
Costello
Cox
Cunningham
Davis (VA)
Deal
Diaz-Balart
Doolittle
Duncan
Ehrlich
Emerson
English
Everett
Forbes
Frelinghuysen
Gibbons
Gillmor
Gilman
Goode
Goodling
Graham
Green (TX)
Green (WI)
Gutknecht
Hall (TX)
Hansen
Hayes
Hayworth
Hefley
Hill (MT)
Hilleary
Hoekstra
Holden
Hostettler
Hunter
Hutchinson
Hyde
Jackson-Lee (TX)
Jenkins
Johnson, Sam
Jones (NC)
Kasich
Kelly
Kennedy
King (NY)
Kingston
LaHood
Lazio
LoBiondo
Lofgren
Martinez
McCollum
McIntyre
McKinney
McNulty
Menendez
Mica
Miller (FL)
Miller, Gary
Norwood
Paul
Pelosi
Pombo
Porter
Radanovich
Regula
Riley
Rivers
Rogan
Rohrabacher
Ros-Lehtinen
Rothman
Royce
Ryun (KS)
Sanchez
Sanders
Saxton
Scarborough
Schaffer
Serrano
Shadegg
Shuster
Slaughter
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Strickland
Stump
Stupak
Sweeney
Talent
Taylor (NC)
Thornberry
Thune
Towns
Traficant
Turner
Velazquez

Vento
Visclosky
Wamp
Weldon (FL)
Weldon (PA)
Wolf
Wu
Young (AK)

NAYS—297

Abercrombie
Ackerman
Allen
Archer
Armey
Bachus
Baird
Baldacci
Baldwin
Ballenger
Barrett (NE)
Barrett (WI)
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Burr
Callahan
Calvert
Camp
Campbell
Cannon
Capps
Capuano
Cardin
Castle
Chambliss
Clay
Clayton
Clement
Clyburn
Combest
Condit
Conyers
Cooksey
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Dreier
Dunn
Edwards
Ehlers
Engel
Eshoo
Etheridge
Evans
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gilchrest
Gonzalez
Goodlatte
Gordon
Goss
Granger
Greenwood
Gutierrez
Hall (OH)
Hastings (FL)
Hastings (WA)
Herger
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Holt
Hooley
Horn
Houghton
Hoyer
Hulshof
Inslee
Isakson
Istook
Jackson (IL)
Jefferson
John
Johnson (CT)
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
Lampson
Largent
Larson
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCrery
McGovern
McHugh
McInnis
McIntosh
McKeon
Meehan
Meek (FL)
Meeks (NY)
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Payne
Pease
Peterson (MN)
Petri
Phelps
Pickering
Pickett
Pitts
Pomeroy
Portman
Price (NC)
Pryce (OH)
Quinn
Rahall
Ramstad
Rangel
Reyes
Reynolds
Rodriguez
Roemer
Rogers
Roukema
Roybal-Allard
Rush
Ryan (WI)
Sabo
Salmon
Sandlin
Sanford
Sawyer
Schakowsky
Scott
Sensenbrenner
Sessions
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Simpson
Sisisky
Skeen
Skelton
Smith (MI)
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Stenholm
Sununu
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thurman
Tiahrt
Tierney
Toomey
Udall (CO)
Udall (NM)
Upton
Vitter
Walden
Walsh
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Woolsey
Wynn
Young (FL)

NOT VOTING—6

Bilbray
Lantos
McDermott
Metcalf
Mollohan
Peterson (PA)

□ 1722

Mr. DAVIS of Illinois and Mr. POMEROY changed their vote from "yea" to "nay."

Messrs. HAYWORTH, KINGSTON, STRICKLAND, GIBBONS, ROTHMAN, BUYER, SMITH of Texas, , and WELDON of Florida changed their vote from "nay" to "yea."

So the joint resolution was not passed.

The result of the vote was announced as above recorded.

Stated against:

Mr. SERRANO. Mr. Speaker, on rollcall no. 365, it has been brought to my attention that I was recorded as voting AYE. I seem to recall pressing the red button for a NAY vote. So that there is no misunderstanding of my position, I wish for the record to indicate that I should be recorded as a NO vote.

APPOINTMENT OF CONFEREES ON H.R. 2587, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2000

Mr. ISTOOK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2587) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore (Mr. BURR of North Carolina). Is there objection to the request of the gentleman from Oklahoma?

Mr. MORAN of Virginia. Mr. Speaker, reserving the right to object, we have no objection to this motion. We do want to use this opportunity, though, to thank the gentleman from Oklahoma (Chairman ISTOOK) and congratulate him for the 333 to 92 vote on final passage of the D.C. appropriations bill.

I do not know that anybody in this body is aware of this, but over the past 20 years, no D.C. appropriations bill has ever passed the House of Representatives with a higher margin of votes. This strong bipartisan support reflects a vote of confidence on a number of positive developments in the district. It is important to understand that that was unprecedented, virtually unprecedented to get that kind of margin of support for a D.C. appropriations bill.

It is really for three reasons, a strong fiscal picture that includes a budget surplus that will make it possible for the first time in a decade to cut any taxes for D.C. businesses and residents. We have got a new mayor and city council who are committed to revitalizing the district, its businesses, its infrastructure and schools, and its public services.

Thirdly, we have a new chairman who has made every effort to familiarize himself with the affairs of the District and played a fair and an even hand with District officials, with the gentlewoman from the District of Columbia (Ms. NORTON), and with myself.

I believe the strong bipartisan support, however, also reflects confidence that at least two of the riders that both the administration and many in Congress have objected to can be modified in conference.

I am speaking of the commitment of the gentleman from Oklahoma (Chairman ISTOOK) to revisit provisions restricting the District from using even its own funds to pursue legal redress in Federal court on its voting rights claim.

□ 1730

The amendment of the gentlewoman from the District of Columbia (Ms. NORTON) to allow local funds to be used on this lawsuit lost on a tie vote, and the chairman of the appropriations subcommittee has given us a commitment that he will try to fix that because it was so close in the House.

The second issue is the needle exchange program. As my colleagues know, the amendment offered by the gentleman from Kansas (Mr. TIAHRT) prohibits the use of Federal or local funds for any needle exchange program in the District. The amendment goes even further to prevent any private organization or individual from offering a needle exchange program if they are in receipt of other Federal funds.

This amendment ties the hands of the District to respond to a public health crisis. D.C. has the highest rate of HIV infection in the United States, and intravenous drug use is the second leading cause. It is the most likely cause that we can reduce with action that we might take, or at least enabling the District to take such action.

It is wrong that the District suffers from the most restrictive language of any other city in the country, hampering its ability to stem the spread of AIDS. No such ban would ever be considered in any other jurisdiction where the other 113 needle exchange programs are operated throughout the country.

Since the Senate is silent on restricting the District's needle exchange program, many are confident that this language will be modified in conference. I hope this will be the case so that the final conference report will be a document we can all support and, thus, will be signed by the President.

Mr. Speaker, I thank the chairman for letting us express our views on this again. We are not going to try to instruct the conferees. We had an overwhelmingly positive vote, I hope we can continue that spirit in conference, and I hope we can bring back a bill to this floor that will get the same type of overwhelming vote in support of it and get a bill signed by the President.

Mr. ISTOOK. Mr. Speaker, will the gentleman yield?

Mr. MORAN of Virginia. I yield to the gentleman from Oklahoma.

Mr. ISTOOK. Mr. Speaker, I very much appreciate the gentleman's very positive comments, and like him, I am committed to accenting the positive on this bill.

As we know, I certainly made a commitment, which I intend to honor fully, regarding working something out on the local funding of the litigation that the gentleman described.

We are both aware of the issues surrounding the needle program, and there is a privately funded needle program operated. We certainly do not intend anything that would go beyond the language the President signed into law last year.

I do not think we are in a position where he would take the extreme action of vetoing something, but I look forward to working with the gentleman on this and all other issues in this conference.

Mr. MORAN of Virginia. Mr. Speaker, reclaiming my time, I will just conclude that the President has indicated that if we could get that language that said no Federal funds could be used for such a program, that would certainly be acceptable to him, and I believe to the body of this House, in the conference report.

But again let me conclude where I started. I thank the chairman for his cooperation and his leadership on this bill.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. BURR of North Carolina). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees: Messrs. ISTOOK, CUNNINGHAM, TIAHRT, ADERHOLT, Mrs. EMERSON, and Messrs. SUNUNU, YOUNG of Florida, MORAN of Virginia, DIXON, MOLLOHAN and OBEY.

There was no objection.

ANNOUNCEMENT OF PASSING OF ROBERT H. MOLLOHAN, FORMER MEMBER OF THE HOUSE FROM WEST VIRGINIA

(Mr. RAHALL asked and was given permission to address the House for 1 minute.)

Mr. RAHALL. Mr. Speaker, it is with a great deal of sorrow that I rise to announce to the body the passing of a former Member of the House of Representatives from West Virginia, Robert H. Mollohan.

Bob Mollohan served the United States Senate early in his career as Clerk of the Senate Committee on the District of Columbia from 1949 to 1952. He was elected to this body in 1953, where he served until 1957, at which time he ran for governor of West Virginia.

He returned to the House in the 91st Congress, serving from 1969 to 1983 when he retired, and returned to the family insurance business in Fairmont, West Virginia.

Bob Mollohan is the father of our distinguished colleague and dear friend, ALAN B. MOLLOHAN, who succeeded his father when he was first elected to fill his seat in 1982.

Robert Mollohan served with distinction during his time in the House, working for the people of his Congressional District for 17 years. He was a compassionate and caring representative of his people, and a pillar of his community throughout his lifetime.

Indeed, Mr. Speaker, it was not until he retired from this body that this corner back here became known as the Pennsylvania Corner. Prior to that, it was known only as the West Virginia Corner.

He will be sorely missed by West Virginians who will remember his dedication, his compassion, and his thoughtful, caring nature. Robert Mollohan was greatly beloved by his people for his tireless efforts to bring quality and dignity to the lives of West Virginians, and for his deep personal commitment to making sure that their government served them well.

But more, he will be missed by his family. Our thoughts and prayers go out to Mrs. Robert, Helen, Mollohan, who survives her husband, and to his son, Representative ALAN B. MOLLOHAN, his wife, Barbara, and children, and to other family members as they mourn the great loss of a husband, father, and grandfather, Robert H. Mollohan.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2670, DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY AND RELATED AGENCIES APPROPRIATIONS ACT, 2000

Mr. REYNOLDS, from the Committee on Rules, submitted a privileged report (Rept. No. 106–284) on the resolution (H.Res. 273) providing for the consideration of the bill (H.R. 2670) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary and related agencies for the fiscal year ending September 30, 2000, and for other purposes, which was referred to the House Calendar and ordered to be printed.

WORKPLACE PRESERVATION ACT

Mr. REYNOLDS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 271 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 271

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 987) to require the Secretary of Labor to wait for completion of a National Academy of Sciences study before promulgating a standard or guideline on ergonomics. The first reading of the bill shall be dispensed with. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Education and the Workforce. After general debate the bill shall be considered for amendment under the five-minute rule for a period not to exceed two hours. The bill shall be considered as read. During consideration of the bill for amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 8 of rule XVIII. Amendments so printed shall be considered as read. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from New York (Mr. REYNOLDS) is recognized for 1 hour.

Mr. REYNOLDS. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Texas (Mr. FROST), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

House Resolution 271 is a modified open rule, providing for the consideration of H.R. 987, the Workplace Preservation Act.

The purpose of this legislation is to ensure that the National Academy of Sciences completes and submits to Congress its study of a cause-and-effect relationship between repetitive tasks in the workplace and physical disorders or repetitive stress injuries before issuing standards or guidelines on ergonomics.

The rule provides for 1 hour of general debate, equally divided and controlled by the chairman and the ranking member of the Committee on Education and the Workforce.

The rule also provides that the bill shall be open for amendment at any point and limits the amendment process to 2 hours.

The rule authorizes the Chair to accord priority in recognition to Members who have preprinted their amendments in the CONGRESSIONAL RECORD.

Additionally, the rule allows the Chairman of the Committee of the Whole to postpone votes during consideration of the bill, and to reduce voting time to 5 minutes on a postponed question if the vote follows a 15-minute vote.

Finally, the rule provides for 1 motion to recommit with or without instructions.

Mr. Speaker, House Resolution 271 is a modified open and fair rule for consideration of H.R. 987. The rule provides for debate and amendments on this measure to consume up to 3 full hours. This is an extremely fair rule, given the amount of work Congress must complete this week.

The Workforce Preservation Act is a brief and simple measure that prohibits OSHA from promulgating an ergonomics standard until the National Academy of Sciences completes its study and reports the results to Congress.

Mr. Speaker, this body has long been concerned with the issue of sound scientific definitions of these types of workplace injuries. This bill merely requires OSHA to base their definitions on sound, scientific data.

Last year, Congress authorized and American taxpayers paid almost $1 million for the nonpartisan National Academy of Sciences to conduct a comprehensive study of all the available scientific literature examining the cause-and-effect relationship between repetitive tasks in the workplace. The study is currently underway and is expected to be completed within a 2-year time frame, and would be ready by mid-2001.

Mr. Speaker, the study of ergonomics is one of OSHA's top priorities. This bill recognizes the importance of this study and requires that the most up-to-date scientific information is analyzed and included. This bill will in no way prohibit or deny OSHA the opportunity to create these standards. Rather, it will make sure that we get the most accurate information based on sound science.

Mr. Speaker, I would like to commend the chairman of the Committee on Education and the Workforce, the gentleman from Pennsylvania (Mr. GOODLING) and the gentleman from Missouri (Mr. BLUNT), the sponsor of this legislation. I urge my colleagues to support both this rule and the underlying bill.

Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Republican majority spends a lot of time opining about how they want to help working men and women in this country. Yet, Mr. Speaker, at a time when the Occupational Health and Safety Administration is poised to issue a rule which seeks to protect American workers from workplace hazards which can lead to serious injury, the Republican majority wants to call a time-out.

H.R. 987 does nothing to help working men and women in this country, and the Republican majority should not waste the time of this House by saying that it does. This bill is nothing more than another attack by the majority on establishing workplace protections that might very well save American businesses money in lost productivity, worker compensation claims, and disability insurance. If the House is going to call time-out, Mr. Speaker, it ought to be on the consideration of this bill and not on the health and safety of the American workforce.

Mr. Speaker, work-related musculoskeletal disorders cost employers between $15 and $20 billion a year in workers compensation costs. Ergonomic injuries and illnesses are the single largest cause of injury-related lost workdays, with nearly 650,000 lost-time injuries each year. These injuries are found in every sector of our economy and cause real pain and suffering.

Women workers are particularly victimized by ergonomic injuries and illness. They represent 69 percent of workers who lose time due to carpal tunnel syndrome, 63 percent of those who suffer repetitive motion injuries, and 61 percent who lose work time to tendonitis.

□ 1745

In fact, Mr. Speaker, nearly half of all injuries and illnesses to women workers are due to ergonomic hazards.

Mr. Speaker, H.R. 987 proposes for at least another year and a half the promulgation of a rule that will provide needed health and safety standards for American workers. There is sound scientific evidence that shows that workplace factors cause musculoskeletal injuries and that show these injuries can be prevented.

Many employers have seen the benefit in improving workplace conditions to prevent these injuries and have, as a result, seen injuries fall and productivity rise.

If the Republican majority really wanted to do something for working men and women in this country, they would drop their opposition to these workplace protections and withdraw this bill.

I urge a "no" vote on the rule providing for consideration of H.R. 987 and a "no" vote on the bill.

Mr. Speaker, I reserve the balance of my time.

Mr. REYNOLDS. Mr. Speaker, I yield 3 minutes to the gentleman from North Carolina (Mr. BALLENGER.)

Mr. BALLENGER. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I rise in support of this open rule.

Mr. Speaker, I also rise in strong support of H.R. 982. It is a very simple bill. It simply says that the National Academy of Sciences must complete its study on ergonomics and report to Congress before OSHA promulgates a proposed or final standard.

Clearly, the will of the House is that an almost million-dollar study on ergonomics by the National Academy of Sciences, NAS, should be completed before we rush to regulate. Science should precede regulation, not the other way around.

Let me just summarize the following points in support of the bill: first, ergonomics regulation would be a substantially mandated cost on the American companies and the American economy. OSHA's own estimates show that draft regulation could cost an additional $3.5 billion annually. I believe that cost is greatly underestimated.

Before we consider imposing this standard on the American people, let us have the scientific and medical proof to back it up.

Second, there is no question that there is a great deal of scientific and medical uncertainty and debate about ergonomics. If OSHA regulates before the causes are understood, OSHA may very well regulate the wrong thing and impose a lot of unnecessary costs without benefiting workers.

Third, Congress and the President agree that we need a comprehensive study of ergonomics by NAS. The purpose of the study is to inform Congress, the Department of Labor, employers and employees about the state of scientific information on ergonomics. Only then can we determine whether a broad ergonomics regulation is appropriate. To issue a regulation before NAS completes its study is an outrage and a gross waste of taxpayers' funds.

Fourth, an appropriations letter does not take precedence over the will of Congress in calling for an NAS study.

Finally, the fact that OSHA has worked on ergonomics for over a decade is irrelevant since Congress decided the issue needed further study.

Moreover, the fact that there has been substantial study with no conclusions about ergonomics suggests that more study is needed before imposing a nationwide standard at a great cost.

In conclusion, I urge the Members to vote for the rule and H.R. 987.

Mr. FROST. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri (Mr. CLAY).

Mr. CLAY. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I rise in opposition to the rule.

H.R. 987 is a measure of how antagonistic the majority of the Republican majority is to the interest of working people.

Despite 7 years of unprecedented prosperity under the Clinton administration, there remains much that this House can do to improve the well-being of workers. We should be considering legislation to make a job pay a decent salary and increase the minimum wage. We should be ensuring that all workers have affordable health care. We should be expanding pension coverage. We should be ensuring better family leave coverage.

Instead, Mr. Speaker, this rule makes in order a bill that will result in hundreds of thousands of workers suffering avoidable serious injury in the workplace.

We should not let special interests downplay the seriousness of ergonomic injuries and illnesses.

Imagine suffering from a workplace injury that prevents one from lifting anything over a half a pound. Imagine being disabled, so disabled that one cannot hold a book to read to their child. Imagine being unable to caress their newborn or to give him or her a shower or a bath.

Mr. Speaker, there is no excuse for further delaying OSHA's ergonomic standard.

The National Academy of Sciences study is a review of existing scientific literature. It is not intended and will not produce new information. Two previous studies of the existing scientific literature, one by NIOSH and one by NAS, have already confirmed that ergonomic injuries and illnesses are work related and that they cannot be prevented by workplace interventions.

More importantly, Mr. Speaker, practical experience by thousands of companies has proven that ergonomic injuries and illnesses can be significantly reduced. Passage of H.R. 987 only ensures that some employers will continue to ignore the working welfare of the workers for that much longer.

So, Mr. Speaker, I urge a "no" vote on this rule.

Mr. Speaker, I reserve the balance of my time.

Mr. REYNOLDS. Mr. Speaker, I yield 3 minutes to the gentleman from North Carolina (Mr. HAYES).

Mr. HAYES. Mr. Speaker, I rise today in support of this rule and in support of the Workplace Preservation Act.

During the Easter recess, I embarked on an industry tour in my district in North Carolina. The industries of the 8th district are primarily agriculture and textile related.

I visited eight small- and medium-sized manufacturers, including Cuddy Farms in Monroe and Clayson Knitting Mill in Star. These companies and many others like them represent the backbone of our district's economy.

The number one concern on their minds was the new ergonomics regulations being considered by OSHA. They were truly fearful of the burdensome regulation that would not only create more paperwork and costly, unneeded changes but would also hinder communications between employer and employee.

All too often it appears as if the government is slightly behind the times. The current unemployment rate is so low that in many parts of the country employers do and in fact must offer the most attractive work environment in order to recruit and retain employees.

As one employer from the district wrote to me, "My company is begging for employees from laborers to drivers to high-tech computer operators. We are doing everything we can to attract employees." Plant managers, human resources managers, and office managers are more than willing to work with their own employees on grievances and workplace conditions rather than plow through layers of government bureaucracy.

The number of manufacturing jobs is on the decline. We are seeing more and more jobs going to Central America and overseas because, frankly, our government is making the cost of doing business in the United States too high for too many companies.

Rural areas in our Nation are being hit hardest by the decline in manufacturing jobs. Keeping more unsubstantiated government regulation on these industries will only encourage them to continue to flee.

Mr. Speaker, there is no question that politically powerful forces are at work here. Why else would OSHA hastily recognize a casual relationship between repetitive tasks and repetitive stress injuries without complete scientific documentation?

I urge my colleagues to support this legislation and allow the National Academy of Sciences to complete its work. With all the facts, Congress can step back and prudently evaluate the need for new ergonomic guidelines. We must resist another in a long line of attempts to impose costly restrictions upon employers and employees with the one-size-fits-all Federal approach.

Please support the rule and this bill.

Mr. FROST. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin (Mr. OBEY).

Mr. OBEY. Mr. Speaker, every time I tour a plant in my district I run into workers, especially women, who are wearing wrist braces. When I ask them about their problem, the answer over and over again is the same: carpal tunnel syndrome.

Where does carpal tunnel syndrome or many of those other injuries come from? They come from workers having to do the same thing hundreds of times and thousands of times without properly designed equipment and work stations. And workers I see are not isolated examples.

Repetitive motion injuries affect 650,000 workers each year. That is more than the number of people who die each year from cancer and stroke. Those injuries account for more lost workday injuries than any other cause, especially for women workers. Nearly half of all workplace injuries for women are due to repetitive motion problems.

Now, there are those in this body who say there ought to be more delay in protecting those workers, but they are virtually alone in the world. Every industrialized country has recognized that there is more than enough evidence to move forward on a repetitive motion standard.

Most progressive businesses recognize it is their duty to protect workers and to protect their stockholders from the economic impact of huge amounts of lost work time.

But a powerful band of economic royalists in this country and in this Congress continue to fight that protection, and it is time to get on with it.

In 1990, that well-known "radical" liberal Elizabeth Dole said that it was time to move forward on this. In 1995, the Republican majority attached a rider blocking the issuance of draft regulations. In 1996, they tried to prevent OSHA from even collecting the data on repetitive motion injuries.

In 1997, they tried to block it again but failed. At that time, the National Institutes for Occupational Health and Safety conducted a detailed review of more than 600 scientific studies on the problem, and they found a strong correlation between workplace conditions and worker injuries.

That study was peer reviewed by 27 experts throughout the country. But that was not good enough for some of my colleagues. So in 1998, they pushed the National Institutes of Health to fund another study at the National Academy of Sciences. They convened 65 of the world's leading scientists, and again they found evidence that clearly demonstrates that specific intervention can reduce injury.

But that is not good enough for some of my colleagues. They want yet another delay. That delay does not hurt anybody in this room. The only repetitive motion injury that Members of Congress are likely to get are knee injuries from continuous genuflecting to big business special interests who want us to put their profit margins ahead of worker health.

Maybe the time has not come for my colleagues. But, by God, it has come for those workers. We need action and we need it now. No delays. No foot dragging. No excuses. We need action and we need action now.

Mr. REYNOLDS. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. ISAKSON).

Mr. ISAKSON. Mr. Speaker, I appreciate the gentleman yield me the time. I appreciate the opportunity.

Mr. Speaker, I want to address myself to the rule first because that is what we are debating. I have heard it said here today that we should not wait any longer for the scientific evidence to be evaluated by the National Academy of Science, what we should immediately do is proceed to pass rules and regulations.

That is a little bit like going into a waiting room of a sick patient and saying, let us just not do any diagnostic testing, let us go ahead and operate. It is risky business.

Secondly, I want to agree completely that this is about the cost to American business and the safety of American workers. In a period of unprecedented prosperity, in a period of full employment, the last thing an employer wants for a moment is to have workers getting hurt on the job, because there are not good replacements, because we are fully employed.

They want workplace safety. But the last thing they want, also, is conflicting scientific data dictating to a bureaucracy to go ahead and establish rules and regulations preceding a final determination.

In committee on this bill, whether my colleagues agree with the bill or not, no one can argue that professionals and physicians from both sides of the musculoskeletal disorder syndrome agree that there were conflicting data and it was time to have a decision.

Mr. Speaker, I believe we should move forward with what will be a very contested debate. To vote against this rule makes no sense. When the debate on the rule is over and the rule passes, I think the evidence will come forward that we are doing what is right for workers and what is right for the employer and what is right for America, to depend on conclusive evidence and not conflict opinions.

Mr. FROST. Mr. Speaker, I yield 4 minutes to the gentleman from New York (Mr. OWENS).

□ 1800

Mr. OWENS. Mr. Speaker, I rise in opposition to this rule, but I welcome the opportunity to discuss the platforms of the two parties in respect to the lives of working people and what kinds of programs we would like to offer for working people.

One party is clearly against working families and they express it in many ways. This particular piece of legislation has a symbolic significance far beyond what you see written on the paper. It is one part of an overall attack by the majority Republicans on working families.

I think the President has made it clear in his message on this bill what we are about here today and it is pretty simple. The administration has written that it strongly opposes enactment of H.R. 987, a bill that would unnecessarily delay the Occupational Safety and Health Administration's issuance of a protective standard on ergonomics until the National Academy of Sciences has completed a second study of the scientific literature regarding musculoskeletal disorders and ergonomics.

I think that it is very clear that what the Republican majority is saying is, let the workers suffer, let the working families suffer. Six hundred thousand people are affected yearly by these work-related musculoskeletal disorders, but it does not matter, let the workers suffer. They are only working families. We are Republicans. We care only about the upper income and we want to spend our time getting benefits out to them in the form of a massive, $794 billion tax cut over 10 years.

I would like to see all of the Members come to the floor and use this opportunity. I think we may have about 3 hours to discuss the working families of America and which party really represents them and their welfare. Let them suffer for another 2 years, that is what the immediate concrete message is. So what?

We have had studies. The studies clearly show that there is a cause and effect. The new studies that the NAS will be attempting and continuing to undertake relate to intervention strategies. How do you intervene to prevent these disorders. How do you intervene to lessen the impact of the kinds of unhealthy working conditions in the workplace? They want to go on gathering evidence and data which can go on forever and that is the way that any scientific gathering of evidence should take place. But why make the workers wait before you issue standards and you begin the process of intervening to lessen the impact of the injuries?

The Republicans say, let them wait. Small businesses and even big businesses are going to suffer because the amount of workmen's compensation payments will continue to go up. It is around $20 billion a year now, related to these various disorders, and there have been many successful attempts by businesses to install ergonomic standards and to take steps to deal with the ergonomics of the workplace which have benefited the businesses as well as the workers.

By preventing OSHA from formalizing these procedures and allowing DSHA to do what some businesses have done and what the State of California has done with their standards; by preventing OSHA from moving forward with the number of positive kinds of developments that have taken place, we are going to force more workers to suffer unnecessarily. We have case histories of workers in every State in the union; terrible things have happened in terms of injuries that have wrecked whole families. No, people do not bleed a great deal, they do not have concussions, it is not the kind of dramatic workplace accident situation that you have in the construction industry, but the slow death that is taking place more and more as we increase our digital, world and people are more and more sitting before keyboards, eyestrain, all kinds of carpal tunnel syndromes from the actions of the wrists, all kinds of disorders are developing rapidly that injure more and more workers. More and more women, also, are drawn into this, more and more women incidentally who happen to be the wage earners and their families have been drawn into this.

Why let the workers suffer? Let us get it over with. Let us get the standards out there and stop the suffering of the workers. The Democrats want to stop the suffering.

Mr. REYNOLDS. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. BONILLA).

Mr. BONILLA. Mr. Speaker, the American worker makes up the lifeblood of our economy and we can all agree in this Chamber that our utmost concern is their safety and well-being in the workplace. Every employer in America understands that it is to their advantage and the employee's advantage to keep workers healthy and happy on the job. In fact, we should all be celebrating today here that because of the safety measures that have been taken in the private sector. Working with some folks in OSHA, we have dropped employee injuries by 17 percent. The number of injuries dropped by 17 percent since 1995 because of the changes that employers have made in the workplace. There is no crisis at hand. Let us be honest about what we are debating here. We are debating a power grab by a government agency and by America's big labor unions who are trying to get a stranglehold on America's businesses both small and large. The debate we have here today is about the rush to promulgate and to write a rule dealing with repetitive stress injuries, with ergonomics, something that would be far more dangerous to the American worker if it is written too fast versus waiting for sound science to guide them versus having political science guide them.

Imagine for 1 second if OSHA rushes to write a rule without sound science, a one-size-fits-all rule that would apply to florists as it would to people who work in manufacturing plants, to people who work in auto parts stores, at restaurants and on farms and ranches throughout this country. What a nightmare this would be for the American workers. They would suddenly have their bosses having to spend gobs of money, money that could go to raises and better benefits and instead trying to comply with a one-size-fits-all regulation.

Let us all remember that the first draft that OSHA had of this rule was 600 pages long. Imagine if you are working in a bakery out in the heartland in America, you are working in a dentist's office, in a lab, in an auto parts store or a restaurant and you suddenly saw this regulation show up on your doorstep. That is why the calculation of what this would cost the American workers in this country is at about $4 billion, because this is the kind of penalty we pay in our American society when we have a one-size-fits-all regulation hastily written and showing up at the doorstep of America's workplaces.

All we are asking in this bill and in this rule is to allow us to stop the rush. There is no need to rush. We can wait for the sound science to take over and have the political science take a back seat so that we can do this the right way. There is no guarantee. When this National Academy of Science study is ultimately completed, it could in fact recommend that an ergonomics regulation move forward. We understand that. But let us let the scientists decide, let us let the researchers decide. Let us not turn this process over to a power-hungry Federal agency and labor unions that are also behind it.

Mr. FROST. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Speaker, I rise in opposition to this rule and in opposition to this measure which is not letting the scientists decide, it is not letting the experts at OSHA decide. It is putting it here on the floor in a political way and letting all the experts here, the political experts, decide.

This is not something being pushed by labor. If labor is interested in it, they are only interested because they are trying to protect the safety and health of workers. This is not some arcane problem that exists with regards to workers. Almost half the injuries that occur on the part of workers are related to repetitive stress type of injuries.

If we wait another year, another year and a half, we are going to have another million people that are injured in this way. For those of you that love science, it sounds like you like it just to study. You do not want to apply the science. It is time we take the knowledge and information we have and put it in place so that we can protect the workers that are intended to be protected by the Occupational Safety and Health Administration that has been working on this for a decade, that depended upon 600 studies to base their decision upon. Over 2,000 articles and reviews were written of those studies and endless hearings to make certain as to the appropriateness of such rule.

This bill is just an effort to study this into infinity, to frustrate the implementation of a legitimate law and rule. What is the cost? The cost in the end is a very high cost, because it means that individuals that are on the job, that are trying to work, will have to lay down their bodies, they will cripple their bodies simply to earn a living. That is really what this is about.

We have to open our eyes up and begin to see what is happening. This is like some bad film. "Eyes Wide Shut" on the other side, disregarding reality is what we really have here with regards to this repetitive stress issue. Open them up to the people you shake hands with when you are out campaigning and they draw their hand back because of the injuries that they have sustained in the world of work. We can change it. We can make it better.

This Congress ought to take its political act and go home with it and leave the experts that are supposed to be working on this issue and rule do their job. We should defeat this rule and defeat this bill.

This measure, H.R. 987, seeks to study to infinity worker injuries and yet again delay Occupational Safety and Health Act (OSHA) action on rules that would govern and prevent such injuries. This is no less than a frontal attack on all of OSHA to frustrate, dismantle and renege on worker safety embodied in the Occupational Safety Health Act. Repetitive work related motion trauma is not some arcane, isolated occurrence—nearly half of all workplace illnesses documented are caused by such repetitive motion, ergonomics.

Each year injuries which result from such work-related musculoskeletal disorders harm nearly 650,000 workers and are estimated to cost businesses $60 billion dollars in worker compensation payments and other costs. More than 100 different injuries can result from repetitive motions causing painful wear and tear to the bodies of working men and women. Women are especially affected by this problem, comprising 60 to 70 percent of those injured in many categories.

This repetitive injury OSHA rule is an all too common case of good news, bad news. The good news is that for almost every job that results in such injuries, there are alternative methods of performing work which can decrease the risk of harm. The bad news is that there isn't a focus on such prevention, and in fact some want to frustrate implementation. In February 1999, OSHA released a discussion draft for an ergonomics standard which would implement the use of ergonomics in the workplace. This draft proposal is an important step toward protecting workers from musculoskeletal disorders in a way which allows employers the flexibility to adopt solutions that fit their workplaces.

The legislation we are debating today, H.R. 987, is euphemistically titled the "Workplace Preservation Act." This bill is an unnecessary tactic which could ultimately result in thousands more workers being needlessly injured on the job—650,000 in one year more. Proponents of H.R. 987, playing a game of delay, mock and question the soundness and effectiveness of a well researched ergonomics standard, all the time wrapping themselves in "sound science". However, both a 1998 National Academy of Science study and a 1997 National Institute for Occupational Safety and Health study provides scientific evidence linking musculoskeletal disorders to the job. A document based on 600 research studies of such injuries and 2000 scientific articles build a solid foundation upon which to act. Even beyond official studies, there is practical proof that ergonomics programs work. The draft standard that OSHA is developing is actually based on programs which have been implemented and proven successful in various work sites across the country. OSHA would be irresponsible and derelict in its duties to not act upon such a clear record which pinpoints the cause of one half of workplace illnesses.

We have waited long enough to address this problem, any opposition by Congress now will serve to needlessly delay the process even further. For every day that we waste on redundant research, life-altering impairment which could have been avoided will occur. It is truly a travesty that our workforce continues to suffer serious disabling injuries while Congress debates whether or not a known solution should be set in place. Clearly, this is exactly the kind of issue that OSHA was created to address, and attempts to block this organization from implementing solution to improve harmful work environments are disingenuous, misdirected and counterproductive.

This Congressional measure to delay sound OSHA action should be identified for what it is; "The Right to Risk Worker's Health Act." Enough is enough—too many bodies and limbs have been needlessly worn to numbness and a life of pain and permanent injury. We owe it to elemental common sense and fairness to accord workers the OSHA rule and safeguard, to prevent working conditions which force them to sacrifice their health and cripple their bodies to earn a living.

Mr. Speaker, I will oppose this harmful legislation and encourage my colleagues to do the same.

Mr. REYNOLDS. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. SAM JOHNSON).

Mr. SAM JOHNSON of Texas. Mr. Speaker, I cannot believe the rhetoric I am hearing today. I listened to the gentleman from Texas (Mr. BONILLA). He is absolutely on track. All that is happening is a takeover by big government trying to interfere in individuals' lives.

Last year, the Congress and the President agreed to spend nearly $1 million on a study, and it is going to be completed in 2001. Why can we not wait until then? OSHA instead wants to rush forward and eliminate thousands of jobs and cost us billions of dollars while failing to assure the prevention of one single injury. Some single industry estimates go as high as 18 to $30 billion of cost. It is going to cost our businesses money. That means you, the consumer, the taxpayer, you are not only going to pay taxes, you are going to pay higher costs on everything you do.

Let me just tell my colleagues something. When I was down at Homestead Air Force Base as commander, we had a little platform out on every level in a three-story barracks that our men lived in. OSHA came in and said you have to put a rail around there so when the guys get out there to clean the windows, they will not fall off. And furthermore, they have to have a hook to hook on that rail to make sure that if they do fall off, they will not fall and hurt themselves.

Now, that is your government at work. Let me tell you what happened. A hurricane came through and destroyed that base totally. It does not anymore exist. So we got rid of the OSHA requirement in that way.

Mr. Speaker, we need water here pretty bad. I hope we get a hurricane and just push OSHA out to sea.

Mr. FROST. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania (Mr. KLINK).

Mr. KLINK. Mr. Speaker, I thank the gentleman for yielding me this time. It is very plain to me that this rule should not be on the floor and this bill should not be on the floor. This is probably the biggest health and safety vote that we will see this year if not this Congress. The impact that ergonomic injuries have had on workers will touch every part of the family of labor. If this is such a big organized labor deal as some of the speakers have talked about, then that tool of organized labor, Elizabeth Dole, back in 1990 when she was Secretary of Labor, and I do not think anyone has ever accused her of being that closely aligned with organized labor, but her comment was that these injuries, and this is a direct quote, "one of the Nation's most debilitating across-the-board worker safety and health illnesses of the 1990s." Ms. Dole was right then and she is right today.

Business has to recognize the need to incorporate a new philosophy. We have to be able to adjust the way we manufacture, to adjust our equipment rather than asking workers to adjust their bodies to the way we manufacture. If we do that, the workers will be healthier and they will miss fewer days of work; workers' comp costs are going to go down, productivity would be higher, jobs would be secure and, yes, profit margins for our companies would go up.

Let us look at the figures in 1997. There were 620,459 lost workdays due to workplace ergonomic injuries. These injuries were overexertion, repetitive motion, carpal tunnel syndrome, back injuries. This represents 34 percent, over one-third, of all the workdays that were lost by injured workers were due to ergonomic injuries.

There has been some discussion on the other side about what this might cost the employers of this Nation. Someone threw out the figure of $4 billion. I do not know if that is true, I do not know if it is an exaggerated figure, but these ergonomic injuries each year cost business and workers between 15 and $20 billion.

We ought to take a look at what Red Wing Shoes did. Here is an example of a company that modified its work stations. This was not an inexpensive thing for them to do. It cost them money. But at Red Wing, they reduced their workers' comp costs by 75 percent over a 4-year period.

There was also some discussion on the other side about the fact that studies have not been done yet. The fact is the studies have been done. If you take a look at the NIOSH report it says, and I am quoting here, NIOSH director Dr. Linda Rosenstock, it found strong evidence of its association between musculoskeletal disorders and work factors such as heavy lifting.

Then we go to this bill, H.R. 987, in the "Findings" section, you quoted exactly the opposite. You say that there is insufficient evidence to assess the level of risk that workers have from repetitive motion.

□ 1815

When the finding section of their own bill is exactly opposite of the finding that is actually in the study, no wonder they brought a cockeyed bill to the floor, because they do not know how to read the findings.

Whoops, I am sorry.

What was it Gilda Radner said? Excuse me.

My colleagues have got to read the finding section. NIOSH has found that in fact repetitive motion does cause injuries. We have seen it; we have heard the stories. People who injure themselves on the job through ergonomic problems, they cannot comb their children's hair, cannot wash dishes, cannot sweep the floors at home.

This bill should go down; the rule should go down. In fact, we should not even be here.

Mr. REYNOLDS. Mr. Speaker, I yield myself as much time as I may consume just to make out a simple point that House Resolution 271 is a modified and open, fair rule for consideration of H.R. 987. The rule provides for the debate and amendments on this measure to consume up to three full hours. It is an extremely fair rule, and given the amount of work that Congress is needed to do to complete its work this week, there will be ample time to have great debate on the merits of the legislation.

But I remind my colleagues my view is we have a fair and open rule.

Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania (Mr. GOODLING), the chairman of the Committee on Education and the Workforce.

Mr. GOODLING. Mr. Speaker, I want to make sure that everybody understands exactly what we are doing today. No one is saying that we are here to say that there will not be any ergonomic regulations in the future. In fact, I am sure there will be, but it seems to me, if there are going to be, then we should have the best scientific knowledge we possibly can so we do it right because we may just do the opposite of what we should be doing to try to help the people who we are trying to help.

I would point out very quickly to my colleague from Pennsylvania that the NIOSH study also said additional research would be very, very valuable, and that is what it is all about. That is what it is all about; that is what the discussion is all about.

We said in legislation, agreed by the President and by the Congress, that we would spend up to almost a million dollars of taxpayers' money to get the kind of scientific knowledge that we need in order to make sure what regulations are promulgated, that they are done properly, that they are done to help. That is all this legislation says:

Get the study, colleagues asked for the study, they are willing to pay taxpayers' dollars for the study, get the study, use it, and then write the regulations that go with it.

As my colleagues know, we have had 2 years of hearings where we have heard, if nothing else, a lot of inconclusive evidence, a lot of people who are not positively sure what the cause is and are not positively sure how to solve the problem. That is why we are asking the National Academy of Sciences to help us, help us determine what the problem is, help us determine what the direction is that we should be going.

We had one of the finest back surgeons, one of the most prominent back surgeons in the country who said after years of his study and years of his dealing with the issue he found that in many instances it is not physical factors like how often you lift or how often you bend. In fact, he said that it is in many instances nonphysical factors, just stress in life, not enjoying one's job, and I think we can all relate to that. Get down low enough, boy, people can have aches and pains. We all go through that process.

And so here is a back surgeon, a prominent back surgeon who made that statement. So again, all the hearings that we have had, there is so much indecision as to what is the proper way to go, what do we specifically know and how do we handle the issue? And so all we say is, wait, get the study. We are paying almost a million bucks for it, and then see whether you can promulgate regulations that will truly help the men and women that we are trying to help.

So no one is here trying to prevent forever ergonomic regulations. We are here saying let us do it right, let us get the scientific evidence first, and then proceed.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, today we vote on legislation to block OSHA from protecting America's working men and women from workplace injuries and illnesses caused by ergonomic-related issues. My colleagues have the figures, but they bear repeating. Each year more than 2 million workers suffer these injures, more than 640,000 workers lose time at work, and each year this costs the economy $15 to $20 billion in worker compensation, an overall $60 billion, all things considered.

I oppose this legislation and support workplace protection for American workers.

What is ergonomics? What is that word? What does it mean? Ergonomics and what are ergonomic-related injuries? Ergonomics is the science of adapting the workplace to the physical needs of the workers such as giving telephone headsets to telephone operators to avoid cradling the phone to reduce neck and shoulder pain, a work place that is poorly adapted to workers' causes, ergonomics injuries.

One type of injury, repetitive motion injuries frequently mentioned here, is caused when a worker repeats a specific motion hundreds or thousands of times. For example, secretaries and office workers who type all day at their computer keyboards often suffer wrist and arm injuries.

Similarly, America's poultry workers who cut up and sliced up the chicken parts for our meals repeat the same cutting and slicing motion hundreds of time an hour each day as they cut up thousands of chickens for our meals. The cumulative stress of these repetitive motions cause secretaries, poultry workers, and other workers to suffer health problems.

But I want to get personal about this, Mr. Speaker. I want to talk about one particular poultry worker.

Betty Yvonne Green. Betty worked as a chicken fillet puller for seven years. Her job required her to use her thumbs to separate the fillet from the bone, cut the tips off the fillet with scissors and then place the product in a tub. Betty performed this task 16 to 17 times a minute for 2½ hours straight without a break.

In 1984, Betty began to feel pain in her right arm and reported it to her supervisor, the directors of personnel and the plant manager. They all told her there was nothing wrong and she would have to live with this problem. Management felt her pain did not warrant medical assistance, and nothing was to be done until Betty went to her personal physician.

Betty's doctor found that both her rotator cuffs had been torn and required surgery. She went back to work after both surgeries, but was unable to continue to do her fillet job. She worked some light duty, but to no avail. Betty was terminated by the company for what they said was excessive absenteeism. She was denied unemployment and only received workers compensation after retaining an attorney.

On behalf of Betty Yvonne Green and many, many workers throughout this country who deserve our respect, in fact deserve our protection, I urge our colleagues to vote no on this so-called Workplace Preservation Act. Indeed it should be called the Workplace Persecution Act because that is exactly what it does to the American worker. We can study this thing to death. Of course we are always open to more science, but we have to also know when we have enough science to proceed and learn many more ways that we can do better in the workplace, but not to deny, not to deny what has been fully documented by NIOSH, which has been fully documented by the National Academy of Sciences as a relationship between repetitive motion and ergonomic disease.

I urge my colleagues to vote "no."

Mr. REYNOLDS. Mr. Speaker, I yield 4 minutes to the gentleman from California (Mr. CUNNINGHAM).

Mr. CUNNINGHAM. Mr. Speaker, the gentleman from Texas (Mr. FROST) says that the Democrats are for working people, for working men and women, but yet every piece of legislation that they had out of here in support are against 90 percent of the working people. But if it is for the union bosses, they will support it. In 1993, they put the highest tax on the American people possible and increased the tax on middle-income workers, and this year they are trying to stop tax relief for those same workers. Salting for the unions where the unions go in and just destroy a small business, not even looking to overtake that business. That is wrong, but yet our union brothers over here support it.

Davis-Bacon, that increases inflation 15 to 35 percent of construction for school buildings, but yet will they waive for the children? No, they will support the unions. Now we are asking for a scientific study, and I would say that even Republicans, we need to go one step further because when colleagues say based on science you need to look at who pays for the science. Is it the Republican groups or the Democrat groups, and people need an individual peer review to be fair, a nonpartisan independent review. Sometimes that does not exist, and I will give into that and we need that.

As my colleagues know, in the office the people that work with computers all the times, they have carpel tunnel. There is good scientific basis that we need to help those people and provide the pads and make sure there is rotation and lights, and we have some pretty good science on it. But the problem is our colleagues want to go in without a study or agenda instead of science, and we are saying, no, let us back it up with the science to show so there will not be a big input on it, and I brought up yesterday www.dsa/usa.

Democrat Socialists of America, progressive caucus, has a 12 point agenda: government control of health care, government control of education, government control of private property, and guess what? Union over small business and cut military by half, by 50 percent, and it is to support the union. That is their working men and women, but not the 90 percent of the people that have all of the other jobs.

My colleagues should put their mouth and money where their rhetoric is. Support the people, the working men and women.

Who is for this? The union bosses. Who is against it? Chamber, NFIB, every small business group out there because they know that the only thing that my colleagues are focusing on is the union bosses who give them their campaign finance money. Admit it. Why do they fight against 90 percent of the small businesses and workers every single bill that we have? They do not support the networking men and women in this country; they only support the union members.

As my colleagues know, I take a look at the gentleman from Missouri (Mr. GEPHARDT) who gets up here and says, Oh, the poor lady in the red dress, not again, and he talks about the working men and women and the class warfare, only the rich versus the poor.

Well, cut out the rhetoric. Do things based on science; the environmentalists, the same thing. We want environmental changes. Do my colleagues think we want bad environment, the Republicans over the Democrats? We just want it based on good science, and then we want a peer review. The same thing with ergonomics. We want a good science and peer review so they do not destroy the 90 percent of the jobs that are out there in favor of their union bosses.

And that is what we are asking, Mr. Speaker. We are tired and tired and tired of the Democrats' rhetoric trying to make points for the year 2000 where they get their campaign money, and that is what they support.

If colleagues really support the working men and women, support the Republican position on this.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. PETERSON).

Mr. PETERSON of Minnesota. Mr. Speaker, I rise today in opposition to this rule and this bill, and I would hope that we could cut back a little bit on the rhetoric.

First of all, people need to understand this talk about this study. There is no study that is going on. All that is happening is it is going to be a compilation of a bunch of studies that have already been done. So we need to get that clear.

Second thing I think that people need to understand is that it would help if somebody would have talked to the people in the department that are actually working on this.

□ 1830

I have met with Secretary Jeffers more than once and talked to him about this proposed rule that they are looking at. They have been working on it a long time. There is a lot of science that has gone into this. I do not think a lot of people that are talking on this floor have actually looked into what this is about.

This only applies to manufacturing and manual lifting businesses, where 60 percent of these injuries take place. If you do not have an injury, this is not going to apply to you. It only applies when you have an injury where there is ergonomics involved, and at that point, you have to come up with a way to deal with it.

If you have got a situation where it is only one injury and you are a small employer, they have something called a quick fix where you can go in and work on this without having to put a plan together. So they have listened to small business, they have tried to make this workable, and if anybody sat down and read this, they would understand that.

The other thing is that businesses that have gone out and actually worked on this have found it to be cost effective. It saves money for their company, and it is good for their employees. This afternoon I talked to 3M. They have an ergonomist on their staff. That person has saved them money. It is better for the company and better for the workers. This is something that clearly works. So I hope that people will focus on what is really going on here.

Back in October of 1998, then appropriations Chairman Livingston and the gentleman from Wisconsin (Mr. OBEY) sent a letter to Alexis Herman saying we are funding this NAS study and it is in no way our intent to block or delay issuance by OSHA of a proposed rule on ergonomics.

Well, it looks to me today like what is going on here is delay, and is contrary to what was said. So I urge my colleagues to reject this rule and reject this bill.

Mr. REYNOLDS. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. DREIER) the Chairman of the Committee on Rules.

Mr. DREIER. Mr. Speaker, I thank my friend for yielding me time, and I assure him I will reserve time for my friend from Louisiana and will not fill out the entire hour here.

Mr. Speaker, I rise in strong support of the rule and congratulate my friend from Buffalo for his super management.

We have an expression that we have been trying our doggonedest to successfully implement around here in the 106th Congress, and we call it regular order. We try to, as much as possible, follow regular order.

Frankly, that is exactly what the gentleman from Pennsylvania (Chairman GOODLING) is trying to do with this legislation. We authorized $1 million for the National Academy of Sciences to come up with some sort of finding before the Occupational Safety and Health Administration proceeds with implementation of its regulations on ergonomics.

The fact of the matter is, nothing, as has been said by several of my colleagues, nothing prevents them from moving ahead. But what we are saying is get every bit of information you possibly can so that you come up with good public policy.

Now, that will be unique for OSHA in the eyes of many, because a number of us have been very critical of the fact that regulations that they over the years have imposed have been extraordinarily costly to the private sector, and, in turn, to the consumers of this country.

But, obviously we are all wanting to deal with the problems of stress-related repetitive actions that people take in their work, so all we are saying is let us do it right. This is a very fair and balanced rule which allows for a free-flowing debate, while at the same time recognizing that most of my colleagues with whom I have spoken over the last few days want us to complete our work by the end of this week so we can go home for August. This rule allows us to have a debate and do it in a fair way, and also get this, and I hope the rest of our work, done. So I urge support of the rule.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. ANDREWS).

Mr. ANDREWS. Mr. Speaker, I thank my friend from Texas for yielding me time.

Mr. Speaker, I rise in opposition to the rule. I listened intently to my friend from New York, a member of the Committee on Rules who spoke about this rule a few minutes ago, and I wanted to make several points about the rule.

We are operating here under the facade that this will give, as the chairman of the Committee on Rules just said, a free-flowing and open debate about worker safety.

I want to point something out: There are many of us who believe that OSHA is understaffed, that OSHA does not have enough inspectors to go find workplace violations and do something about them. But, if I am not mistaken, and my friend from the Committee on Rules can correct me, an amendment that would add inspectors to OSHA's inspection force would be ruled out of order because it is not germane.

There are many of us who are concerned about sick building syndrome, about people going to work, day after day, in buildings where the heating and air conditioning systems do not work properly and they cannot breathe properly and their asthma is aggravated or their other breathing related disabilities are aggravated, and many of us believe OSHA should do something about that. An amendment that would address that problem would be out of order because it would not be germane.

In fact, it is almost impossible to think of any amendment that could be offered under this bill that would do anything other than kill this regulation or delay this regulation that would be germane.

So let us get the record straight here. There are dozens of important worker safety issues that confront this country. None of them, none of them, are in order for debate under this rule on the floor. The only thing we can do is either accept or reject this attempt to delay, and I think ultimately defeat, the new ergonomic standard by OSHA.

So let us be very clear about this, that this is an open rule in form only. Every other consideration in worker safety is not in order. That is why the rule should be defeated.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from New York, Mr. CROWLEY.

Mr. CROWLEY. Mr. Speaker, I rise today in strong opposition to my good friend from Buffalo, New York, a fellow New Yorker, to this rule and to, even more importantly, to H.R. 987, the Workforce Preservation Act.

Injuries resulting from workplace stress and strain have long been studied. We cannot continue to needlessly put off a standard by the Occupational Safety and Health Administration. There is overwhelming scientific evidence supporting the belief that ergonomically unsafe conditions result in repetitive strain injuries, also called RSIs.

Approximately 700,000 serious workplace injuries result from ergonomically unsafe working conditions. This accounts for 31 percent of all injuries and illnesses involving lost workdays. The cost of these lost workdays has been estimated to be between $15 and 20 billion.

Now, these are not made-up injuries, they are not fantasies in workers' minds. These are real injuries, not only costing billions of dollars, but destroying people's everyday lives, people who can no longer work in their chosen professions, no longer cook at home, no longer play the guitar, no longer ride their bicycles even, and even no longer picking up their little children. That is what we are talking about here.

I cannot understand how my colleagues could want to delay the implementation of a standard that would not only reduce pain and suffering but save the business community of this country billions of dollars each year. I applaud last year's appropriation funding of the National Academy of Sciences study of ergonomic injuries. However, that is no reason to delay the implementation of a highly researched and needed OSHA standard. Stand up for working Americans, stand up for healthy workplaces. Vote against this rule, H.R. 987, to help prevent thousands of injuries and save employers up to $20 billion a year.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York (Mrs. LOWEY).

Mrs. LOWEY. Mr. Speaker, I rise in strong opposition to the rule and to the bill. Like many of my colleagues, I feel as if I am in a time warp. Last year when the latest NAS scientific review was funded, there was an agreement that this study should not and would not block or delay a proposed rule on ergonomics. Yet here we are again.

The bill is not about the need for more research. Both NAS and NIOSH have conducted exhaustive reviews of the scientific literature and concluded that this is a compelling workplace safety and health issue.

This is about delaying the implementation of sensible regulations that OSHA has crafted after consulting with and taking advice from employers around the country on the actions those employers have taken to prevent workplace injuries.

There is simply no need to further delay OSHA from issuing a standard or guideline. In fact, there is an urgent need to let them move ahead to prevent these workplace problems.

Each year more than three-quarters of a million serious and chronic disorders related to repetitive motion, heavy lifting, or awkward postures occur in our workplaces. These ergonomic injuries cost billions annually.

Let me remind colleagues this is a women's health issue. Women are five times more likely to develop carpal tunnel syndrome than men, one of the most painful ergonomic problems. Women are disproportionately represented in the jobs and workplaces where ergonomic hazards are the most common.

We know that many ergonomic problems are preventable. OSHA's draft proposal provides clear guidance to employers and employees on how to prevent ergonomic injuries, relieve the suffering, and save billions in healthcare and productivity costs.

Let us stop delaying. Let us give OSHA the authority they need to work with employers to prevent these serious health problems. I urge a "no" vote.

Mr. REYNOLDS. Mr. Speaker, I yield 2 minutes to the gentleman from Louisiana (Mr. TAUZIN).

Mr. TAUZIN. Mr. Speaker, I am often asked when I am at home, when is the government going to live by the same rules and by the same procedures that it asks other Americans to live by? For example, if I wanted to get a permit from the government in an area that might be considered a wetland, I have got to go through all the procedures of finding out whether or not an EPA assessment is required, and we have to file all those reports before we can get a permit.

If I have a drug I want to sell in this country, I cannot say to the FDA, let me sell it first; we will do the scientific work later on, whether or not it works or whether or not it is going to hurt anybody.

Americans are subjected to a simple rule when it comes to many of those agencies; get the science done, and then we will tell you whether you can do something or not.

What the gentleman from Pennsylvania (Chairman GOODLING) is doing, what this rule proposes, is a simple proposition, that this agency, OSHA, ought to get its good science done before it issues a regulation. It ought to have in front of it the best science possible to make the best rule that is the most efficient in our society. Not that it should not regulate, not that this is not a problem in the workplace, we know it is, but it ought to do it right, it ought to do it efficiently, and, most importantly, it ought to do it according to the best science.

Now, this Congress funded that good science. This Congress put out nearly $900,000 to get that work done. All the gentleman from Pennsylvania (Mr. GOODLING) is asking is that that work be completed so that we can have the best rule, the most efficient rule, one that works, without causing undue cost or burden on the rest of the citizens of this country who pay their taxes and go to work every day and expect to be treated decently in our society.

They are asking, is this government agency going to live by the rules we have to live by? Is this government agency going to do the good science first before it imposes a regulation on us, the same way we are required to do the good science first before we can get a permit from this government? It is that simple.

Please support this rule, and please support the gentleman from Pennsylvania (Chairman GOODLING) in the bill.

Mr. FROST. Mr. Speaker, I urge the rule be defeated, and I yield back the balance of my time.

Mr. REYNOLDS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in closing, as an up-through-the-ranks legislator of town, county and State before getting elected to Congress, and as a small businessman, I have watched small businesses, I have watched farmers, I have watched local volunteer fire companies, and I have watched local municipalities hindered by OSHA when they were asked to enforce regulations that were sometimes hastily written and created by Federal bureaucrats.]

□ 1845

Mr. Speaker, this body has long been concerned about the issue of sound scientific definitions of these types of workplace injuries. The bill merely requires OSHA to base their definitions on sound scientific data.

Last year the Congress authorized and American taxpayers paid almost $1 million for the nonpartisan National Academy of Sciences to conduct a comprehensive study of all the available scientific literature, examining the cause and effect relationship between repetitive tasks in the workplace. The study is currently under way. It is expected to be completed within a 2-year time frame, and would be ready by 2001.

As my colleague, the gentleman from Texas (Mr. BONILLA) said, we should make sure that OSHA bases its regulations on sound science, not political science.

Mr. Speaker, I urge my colleagues to support this fair rule and the underlying bill.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. SHIMKUS). Pursuant to House Resolution 271 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 987.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 987) to require the Secretary of Labor to wait for completion of a National Academy of Sciences study before promulgating a study or guideline on ergonomics, with Mr. SHIMKUS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Pennsylvania (Mr. GOODLING) and the gentleman from Missouri (Mr. CLAY) each will control 30 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, H.R. 987 is a very simple bill. It ensures that the National Academy of Sciences completes the congressionally mandated study of ergonomics and reports its findings to Congress before OSHA promulgates a proposed or final standard.

As I said during the debate on the rule, everyone knows that eventually there probably will be standards and regulations, but certainly we should make sure that science precedes regulation, not the other way around. We get in real trouble when we reverse that.

There is a great deal of scientific and medical uncertainty in this debate about ergonomics. Our Subcommittee on WorkForce Protections, as I indicated also during the discussion of the rule, has had many hearings during the last 2 years. The only thing that was certain was that there was a great deal of uncertainty.

I indicated that even a very well known back surgeon indicated that, with all of the work that he has done, he realizes that in many instances, it is distress in life and job dissatisfaction. Well, I sure hope that OSHA does not start writing regulations in relationship to distress in life and job dissatisfaction, or we will be in real trouble. So we really need to wait, because that is what the Congress said.

Who said that in the Congress? Three hundred thirty-three Members, 333 Members said that there should be an in-depth scientific study, and we will put up almost $1 million for that purpose, agreed to by the President, agreed to by the Congress. Three hundred thirty-three voted for that legislation that contained that.

Now all of a sudden we hear, oh, but two people said that they do not have to pay any attention to what the Congress said and what the law said. That is a pretty interesting turn of events. Two people said? That probably was the best kept secret. Probably 331 others who voted for it did not know that. They thought that as a matter of fact, they were saying let us get the facts before we write regulations.

So again, I would hope that we remind ourselves that it was we, the Congress, 333 Members, who said it is very necessary to get this additional information by a nonpartisan group, by people who do this for a living, people who are scientists, before we delve into regulating something that we are not sure will help or hurt the very people we are trying to help.

Any time a broad government regulation like this proposal goes into effect, livelihoods of our constituents are in jeopardy, so we want to make very, very sure that we have the facts, the scientific facts, so that we can write regulations that as a matter of fact will help, not hurt. One-size-fits-all could really do great damage to the very people we are trying to help.

Mr. Chairman, I reserve the balance of my time.

Mr. CLAY. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I rise in opposition to this bill. Mr. Chairman, there is such a thing as political speech, and courts have sanctioned it under the first amendment. In reality, it allows politicians to exaggerate incidents, to embellish facts, and still maintain protection under that first amendment.

What we just heard is a perfect example of political speech. Members will probably hear it over and over from that side today. President Clinton never agreed to delaying the issuance of ergonomic rules while the study is being conducted.

Of course, they are entitled to political speech, according to the Federal courts. Mr. Chairman, H.R. 987 prohibits the Secretary of Labor from promulgating any standard or guidelines on ergonomics until the National Academy of Sciences completes a study. This bill is simply one more attempt to delay and ultimately block the issuance of critical ergonomic workplace guidelines which are needed to reduce an epidemic of work-related stress and strain injuries.

Ergonomic injuries and illnesses remain the most common, the most serious health risk workers face, and ergonomic illnesses and injuries remain the single largest cause of injury-related lost work days. In 1997, there were more than 600,000 lost workday injuries and illnesses due to overexertion, repetitive motion, and other bodily reactions related to ergonomic hazards. This represents 34 percent of all lost workday illnesses and injuries.

Work-related musculoskeletal disorders cost employers between $15 and $20 billion in workers compensation costs each year. Women workers are particularly victimized by ergonomic injuries and illnesses. For example, women are 69 percent of those who lose work time due to carpal tunnel syndrome.

The contention that we do not know enough to regulate in this area is disputed by the overwhelming majority of scientific opinion, and has been disproved by the real world experiences of thousands of employers who have taken steps to address ergonomic hazards and have substantially reduced injuries as a result.

This bill is opposed by the AFL-CIO and all the major labor organizations that represent working people. It is contrary to the recommendations of the major occupational associations, the National Institute of Occupational Safety and Health, and the clear conclusions of the National Academy of Sciences.

Additionally, President Clinton will veto this bill if it reaches his desk.

Mr. Chairman, how odd, how unfortunate, that the first significant labor bill to come to the floor of this Congress attempts to strip working people of their rights, instead of enhancing them. We should be taking action on behalf of working families to pass a comprehensive Patients' Bill of Rights, to pass an increase in the minimum wage, and to address inadequate family leave and retirement savings of workers.

This bill says a good deal about the misguided priorities of the majority and the failure of this Congress to take action on behalf of working families.

Mr. Chairman, I urge Members to oppose this anti-worker legislation, and I reserve the balance of my time.

Mr. GOODLING. Mr. Chairman, I yield 2½ minutes to the gentleman from Missouri (Mr. BLUNT), the author of the legislation.

Mr. BLUNT. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, where I am from, and where my friend, the gentleman from Missouri (Mr. CLAY) is from, the State of Missouri, $1 million is still a lot of money. It may not be a lot of money here in Washington, but it is a lot of money where I am from.

I keep asking myself as I hear this debate, as I have looked at this issue over the last several months, why are we spending this money? Why did the administration agree to this study? Why did the Congress appropriate the money? Why are we spending the money?

We are spending the money because the one weekend study that NAS has already done is not adequate. We are spending the money because there is a tremendous lack of clarity and agreement on these issues. In fact, if Members read the draft standard, I think it is clear why we are spending the money. The draft standard is not clear. The draft standard is ambiguous.

The reviews on the draft standard, from the SBREFA panel, the Small Business Review Panel, to all kinds of journals that have reviewed this, have talked about the problems the draft standard would create. We need to be sure, when we talk about people's jobs, that we are talking about specific and certain facts.

One of the facts we hear here tonight is the groups that are disproportionately affected by these kinds of injuries. I am sure later we will eventually hear what the source for that is, but I would tell the Members that the whole work force is ill affected by standards that are not based on sound science.

My concern is that as we look at these standards, as we look at the liability, as we look at the vagueness if those did become the standards, that people who are in the business of creating jobs, people who are in the business of sustaining jobs, would have to look at these standards, and their push would be not to hire more people but their push would be to make a greater capital investment instead of a people investment, because of the way the standards are written.

In our country, a person's job has a degree of sanctity to it that I think we have to be careful about here in Washington if we treat that casually. If we decide that, based on the instincts of some bureaucrat over at OSHA who had not lifted anything that day heavier than a pencil, that that is the person who is going to decide what is hard to do at the workplace and somebody's job winds up eliminated because of that, I think that is a serious concern. I think that is a serious problem.

I think there is much evidence as to why we need this standard. The SBREFA group said that the draft standard was a problem. One of the reasons was the vagueness. One of the reasons was the vagueness of the terms. Well, this study will solve problems like that. This study will create the sound science. This study will create an atmosphere where people are encouraged to show up at a safe workplace every day, but that their jobs are still there.

This is about people's jobs. This is not about some political play here in Washington, this is about people's jobs. It is about a $1 million study, and it is about seeing that study before the final regulation is drafted.

Mr. Chairman, I urge support of the bill.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentlewoman from California (Ms. WOOLSEY).

Ms. WOOLSEY. Mr. Chairman, back in the seventies, I was the human resources manager at an electronic manufacturing company. At one point we started to see a large number of repeated stress injuries. It was not hard for us to figure out why the problems were occurring, because our printed circuit board assemblers were using the same motions repeatedly to insert electronic components into their printed circuit boards. But it was difficult to figure out why it was happening and what was the solution.

So I did something that most of those who speak so negatively about OSHA on the other side probably would think very odd. I asked CAL OSHA to come to our company and help us work through our problems. With their help, we changed some of our assembly processes and the symptoms stopped.

Mr. Chairman, we knew that it was important to protect our workers from injuries because if we did not, our company was not going to be able to become a Fortune 300 company, which, by the way, it did.

□ 1900

But it would not have without a healthy workforce.

Mr. Chairman, all businesses and all employers and all employees will benefit from ergonomic standards. We already have sound science regarding the problems caused by repetitive motion. The problem appears that, when the Republican majority disagrees with science, they insist on more studies. They hope that science will eventually support what they want it to say.

H.R. 987 is an inexcusable delay tactic. It is a tactic that benefits no one, not business, and certainly not workers. I urge my colleagues to oppose it. A vote against H.R. 987 is a vote for workers.

Mr. GOODLING. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio (Mr. BOEHNER), chairman of the Subcommittee on Employer-Employee Relations.

Mr. BOEHNER. Mr. Chairman, I thank the gentleman from Pennsylvania (Mr. GOODLING), the chairman of the Committee on Education and the Workforce, for yielding me this time, and I appreciate his efforts and my colleagues' efforts for bringing this bill before us.

Mr. Chairman, I rise tonight in favor of H.R. 987, the Workplace Preservation Act. I am sure that if we went out and explained this bill to most Americans, they would wonder why we are even here tonight having to debate this.

First, let us be very clear about this. We are not prohibiting OSHA from regulating ergonomics. We are simply saying that before OSHA issues a set of sweeping new regulations that impact millions of employees and employers, we ought to at least look at the science that we paid for just a year ago and what the American people paid for when Congress appropriated $980,000 to the National Academy of Sciences to take a comprehensive look at this issue. We are simply saying let us let good science precede regulation, not the other way around.

If OSHA meets its current timetable, the final ergonomics regulations will be in place before the National Academy of Science's studies are even finished. Not only will the efforts of the National Academy be wasted, but the money that the taxpayers put up last year for the study will be wasted as well.

Mr. Chairman, that is just not acceptable. That is why we are here to pass H.R. 987 tonight. OSHA's decision to disregard the need for sound science, not to mention the will of this Congress, is an example of the kind of bureaucratic arrogance that is making Americans cynical about their government today.

Many questions remain about the nature of the relationship between workplace activities and these types of injuries. But OSHA has concluded that it does not need to wait for medical and scientific communities to answer these questions. OSHA has decided it already has the answers, and it is going ahead with its new regulation as it sees fit.

I think we can all agree that this kind of bureaucratic free-wheeling is wrong. Mr. Chairman, the debate today is not about whether we need to assure the safety in the workplace for the American workers. There can be no debate about that. The debate today is about whether we expect regulatory agencies to base their rules on medical evidence and sound science. I do not think there can be any debate about that either, Mr. Chairman.

So I urge my colleagues on both sides of the aisle to support the bill of the gentleman from Missouri (Mr. BLUNT), H.R. 987, and allow the taxpayers to get their money's worth for the science and the study that we paid for last year before proceeding down this very dangerous path.

Mr. CLAY. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan (Mr. BONIOR), the distinguished minority whip.

Mr. BONIOR. Mr. Chairman, recently I traveled to the Eastern Shore of Maryland and the district of the gentleman from Maryland (Mr. GILCHREST) to learn about the poultry industry and to talk with some of the people who have been suffering injuries in the Nation's chicken processing plants.

Chickens are processed on something akin to an assembly line. Most of the actual cutting up is done hand by hand, chicken by chicken, day after day, hour after hour.

One of the cutters that we talked to was a woman named Sharon Mitchell. She made her living as a cutter on the line, standing on a wet concrete floor, in a factory as cold as a refrigerator, with a knife in her hand, deboning breasts and thighs.

Earlier today, as I was in my office, I had the sound off, I had it on mute, and I was watching the screen and this debate, and the gentleman from Louisiana (Mr. TAUZIN) was making this motion.

Sharon Mitchell makes that motion. She told us as we were sitting there, "You try to do this." I invite everybody who is watching me today to do this. Because she does this 50 times a minute, 8 hours a day, at least 5 days a week. I want my colleagues to feel the repetitiveness of what this is about.

That means that Sharon Mitchell performs the same cutting motion 3,000 times an hour, 24,000 times a day, 120,000 times per week, and more than 6 million times a year. It is no wonder that the poultry industry has a hard time keeping healthy workers.

Ergonomic industries are the leading cause of turnover, 100 percent in some of the plants. Do my colleagues know what the wage is, the average wage for people who do this 6 million times a year, 3,000 times an hour? Five dollars and sixty-one cents.

Ergonomic injuries affect virtually every economic sector in the country, truckers, nurses, cashiers, computer operators, construction workers, meat cutters, assembly line workers. 600,000 Americans are hurt every year from these injuries.

Workers compensation costs related to these injuries top $20 billion a year. Study after study have documented the problems, beginning with studies under the Bush administration a decade ago.

So ignoring Sharon Mitchell's concern and that of the literally thousands of people that work with her will not make this go away.

Now, several companies like Ford and 3M and AT&T, for example, have adopted a low-cost measure to prevent these injuries from happening. It is time that we follow their lead.

I will never forget that woman standing there with tears in her eyes doing this and suggesting to us that we can do better. Think about it. One hundred percent of the workers in some of these plants turn over every year because of these injuries.

Mr. GOODLING. Mr. Chairman, I yield 3½ minutes to the gentleman from Colorado (Mr. SCHAFFER).

Mr. SCHAFFER. Mr. Chairman, I appreciate the gentleman from Pennsylvania for yielding me this time.

Mr. Chairman, my first job out of college was in a salmon cannery in Alaska. The opportunities for injury associated with repetitive motions were ones our employers new an awful lot about and upon which they spent a lot of time ensuring safety came first. They understood it to be an economic issue, as well as one that, in the context of humane treatment of employees and compassion of workers, was an integral part of business.

I have often said that standing boot deep in fish heads, gut, and entrails was probably the best training that I ever received for serving in Congress. But I also point out that OSHA's decision to move forward on regulations without benefit of thorough study is a classic example of the phrase often used in business "ready, fire, aim."

Our goal here in proposing this bill's passage is to arrive at a set of goals, rules, and regulations that actually hit the mark, that actually are useful goals and regulations that actually can, with some confidence, be attributed to a safer workplace.

Now, it is rare for the current President and the current Congress to agree so completely on such a topic, but in October of 1998 both the executive branch and the Congress did agree that a comprehensive study by the National Academy of Sciences of the medical and scientific evidence regarding musculoskeletal disorders be initiated. That study was and is to become the basis for future OSHA regulations. That study is not yet completed. This is the one fact that we need to keep in mind.

It is often argued that the fact Congress requested and funded the study by the National Academy of Sciences does not matter because there was some kind of letter signed by the chairman of the Committee on Appropriations and the ranking member telling OSHA it was not barred from going forward with its intended regulations. But the fact of the matter is, while everyone knew about the study, no one, with the exception of a few Members of Congress, was aware of the letter. It certainly would not stand up in any court as the basis for expression of legislative intent.

Second, the opponents argue that OSHA has worked on ergonomics for almost a decade and that fact somehow makes the NAS study irrelevant. Well, again, Congress and the President agreed to fund the comprehensive study by the National Academy of Sciences just in October, not 10 years ago. We, Congress, decided the issue needed more study, and we were willing to spend nearly a million taxpayer dollars to finally get the comprehensive and impartial look at the scientific and medical evidence before OSHA should regulate.

Looking back, 10 years is instructive in one regard. Ten years ago, the Department of Labor claimed that ergonomics-related injuries accounted for about 3 percent of all workplace injuries and illnesses. OSHA now claims that ergonomic-related injuries account for 34 percent of workplace injuries.

Now, that huge difference is not just because of an increase in injuries. In fact, workplace injuries have been declining in recent years. The difference between the 3 percent in 1990 and the 34 percent that OSHA refers to today is simply due to the Department of Labor's changing definition.

There has not even been a consistent, uniform definition of what injuries would be addressed by an ergonomics regulation. Now that in itself is a good indication of the scientific and medical uncertainty itself surrounding this issue and why we need the NAS study that OSHA wants to ignore.

A vote in favor of H.R. 987 is an exercise in prudent judgment and a responsible step towards sound workplace safety regulation. To reject this bill is to advance the misguided philosophy of "ready, fire, aim."

Mr. CLAY. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. OWENS).

Mr. OWENS. Mr. Chairman, it would be good to have a few facts on the record. I think it is important to take another section from the President's veto message where he states that the administration agreed to the inclusion of funding for this study based on a clear understanding that the study would not be used as a reason to delay OSHA's proposed ergonomic standards.

H.R. 987 would reverse this agreement by forcing OSHA to wait up to 2 years before issuing a standard in expectation that the conclusions of a new NAS study were different from those reached by NAS just last year and already reached by the National Institute for Occupational Safety and Health which completed an exhaustive study in 1997.

Both of these studies concluded that musculoskeletal disorders are caused by physical forces in the workplace and that ergonomic solutions can reduce those forces and the incidence of MSDs. These two studies do exist. They keep saying they do not exist. This NAS study was completed in 1998, published in 1999.

The conclusion reached here in the study is that: "better understanding of the course of these disorders would provide information that would assist in formulating strategies for tertiary intervention."

So the new studies, the continuing studies will seek ways to intervene. There is certainly room in this complex area for studies for a long time to come. I hope that we do not stop after we complete 2 more years of study. But there will be an ongoing set of gathering of evidence and development of intervention strategies that will make it safer for the people in the workplace. That is no reason to delay.

What we really hear today is a clear statement of the Republican platform on the workplace. The workplace is not a place that they want to make safe for the workers. They are indicating their great contempt for workers, as they have indicated repeatedly. OSHA, of course, is a major target.

They have several bills which attack OSHA, and they always give them strange names or names that camouflage the real intent. There is the "Science Integrity Act," which is actually a bill to allow businesses with financial interest in particular regulations to place their own experts on the peer review panels. That is a majority Republican bill for OSHA.

There is a "Safety Advancement For Employees Act," and that is a bill to exempt penalties to employers who violate the OSHA standards.

There is the "OSHA Reform Act of 1999" which would totally eliminate OSHA's enforcement of standards in its protection of whistle blowers. Then there is the "Fair Access to Indemnity and Reimbursement Act" which would chill OSHA enforcement by awarding attorney fees to businesses whenever OSHA lost a case.

They are consistent. They have been plugging away at OSHA for a long time. They are consistently hostile to working families. That is what we are hearing today. It is good that we are having this debate to have the destructive Republican platform for working families clearly stated on this floor.

□ 1915

Mr. GOODLING. What is the division of time at the present time, Mr. Chairman?

The CHAIRMAN. The gentleman from Pennsylvania (Mr. GOODLING) has 17 minutes remaining, and the gentleman from Missouri (Mr. CLAY) has 18½ minutes remaining.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. MCKEON), our erstwhile subcommittee chair.

Mr. MCKEON. Mr. Chairman, I thank the gentleman for yielding me this time, and I rise in strong support of H.R. 987, the Workplace Preservation Act.

For years, the issue of ergonomics has been fiercely debated. Unfortunately, many would like to make this a partisan debate, when, in fact, we all want what is best for the American worker. Therefore, in order to best address the issue, last year Congress and the President agreed to fund a comprehensive 2-year study to look at the scientific evidence surrounding repetitive tasks and workplace injuries.

I supported this provision when it was included in last year's omnibus bill because it provided a commonsense solution to a very difficult issue. As such, I was alarmed when I heard that OSHA was moving forward earlier this year on a proposed ergonomics standard barely before the study had begun. Consequently, I cosponsored H.R. 987 and voted for it when it was considered by the Committee on Education and the Workforce.

To me, this bill is very basic. It simply says that the Labor Department must wait to move forward until the fundamental medical and scientific questions surrounding ergonomics are answered. We owe that to the Members of this body who supported the provision. We owe that to the taxpayers, who funded this million dollar study. We owe it to the thousands of businesses who would be accountable to the new standards. And most importantly, we owe it to the American workers who deserve a safe and healthy workplace.

Again, I urge all my colleagues to vote for H.R. 987.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Chairman, I thank the distinguished ranking member for yielding me this time and for his leadership on this issue, as well as the ranking member on the subcommittee of jurisdiction, the gentleman from New York (Mr. OWENS).

Mr. Chairman, I think it is quite ironic that many people have said in the course of this year that this century began with violence in the Balkans and it is ending with violence in the Balkans. So too with this issue. This century began with the muckrakers, with Ida Tarbell and Upton Sinclair pointing out dangers in the workplace for American workers. They showed the exploitation of the worker. And here we are at the end of the century, much enlightened, much improved, but not completely.

And ironically, the new information technology age has presented new and additional challenges. As more people work on keyboards and look at screens, it presents more possibilities for ergonomic disease. So let us not ignore the history of it. We look with great embarrassment at what happened at the beginning of the century. We know so much more now. We owe it to the American worker to do better.

But I do not ask my colleagues to take my word for it. In saying this, I am joining the major national occupational and safety health groups, which believe that existing science supports the need for an ergonomics standard and oppose H.R. 987. The American Public Health Association, the American Nurses Association, the American Association of Occupational Health Nurses, the American College of Occupational and Environmental Medicine, representing over 2.7 million safety and health professionals, have documented the need for and support an ergonomics safety standard to protect workers from workplace injuries.

The American College of Occupational and Environmental Medicine is America's largest occupational medicine society concerned with workforce health, and they have said and I quote, "There is adequate scientific foundation for OSHA to proceed with a proposal and, therefore, no reason for OSHA to delay the rulemaking process."

The American Public Health Association's national women's groups, according to Women Work, the National Network for Women's Employment, all urge a "no" vote on this resolution. I urge my colleagues to join them.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan (Mr. EHLERS) from the committee.

Mr. EHLERS. Mr. Speaker, I thank the gentleman for yielding me this time. I am very sympathetic to the problems of ergonomics. That may not be a statement that my colleagues have heard too much from this side of the aisle, but I am sympathetic for reasons relating to the ailments I have encountered, and I will amplify on that during debate later on.

At the same time, I still support this bill, because I have learned that the issues revolving around some of the things I have had, including a herniated disk in my back, and surgery for that; carpal tunnel syndrome, with surgery on both hands for that; and chronic asthma, I have learned that all of these issues are extremely complex as related to the workplace.

These issues are so complex that it is important that we do the National Academy study. I want to make certain that we do it not because we are trying to delay the issue or somehow avoid the issue, I think it is important to wait until the National Academy study is finished simply because we should have the result of the National Academy study before any final decisions are made on precisely what we should do, and what the best approach is regarding ergonomics.

So I support the bill. I think it is very important that we do take the time to deal with the complexities of the issue, make certain that whatever we decide in this body or through the regulatory agencies is the appropriate approach, the right way to deal with the problem, so that we actually come up with good solutions rather than just have individuals sitting at desks saying, well, this makes sense, let us do this, let us do that, let us try this.

We have to make certain we do it right. So I urge you to vote for this bill, demonstrate our ability to be patient and study the complexities of the issue before taking action.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentlewoman from Connecticut (Ms. DELAURO).

Ms. DELAURO. Mr. Chairman, I rise in opposition to the Workplace Preservation Act, which bars OSHA from issuing vital ergonomics standards until the National Academy of Sciences has completed its study on this issue.

This legislation is unnecessary. The NAS study duplicates work that has already been completed by the National Association for Occupational Safety and Health. OSHA could have published regulations this year if it could move forward on this issue. This is another scheme to prohibit OSHA from carrying out its mandate, which is to protect employees across the country from hazards of the workplace.

Ergonomic injuries are the most common serious workplace health problems that face workers. Each delay means another 620,000 employees involved in everything from heavy lifting to data entry will suffer injuries associated with repeated trauma such as carpal tunnel syndrome. One of three workers' compensation dollars goes to repetitive stress injuries. The number continues to rise.

Let me just mention that, in fact, ergonomic guidelines are good for employees and are good for business. Let me give my colleagues two examples from the State of Connecticut. In New Haven, at the Ives Company, which is a hardware manufacturer, they reduced employee injuries by 90 percent by cutting out manual lifting. Aetna Life redesigned its workstations and productivity increased by 64 percent. Businesses can win. Ives cut its injury costs from $88,400 to $8,700. Aetna calculated its productivity increase and brought it to $621,000 annually.

Ergonomic guidelines are good for hard-working men and women. They are good for businesses, large and small. We need to end this delay, and we need to support progress. We need to support and protect hard-working men and women and save money in health care costs and lost wages.

I urge my colleagues to oppose this bill.

Mr. GOODLING. Mr. Chairman, may I have the division of time again?

The CHAIRMAN. The gentleman from Pennsylvania (Mr. GOODLING) has 13½ minutes remaining, and the gentleman from Missouri (Mr. CLAY) has 14½ minutes remaining.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia (Mr. ISAKSON), a member of the committee.

Mr. ISAKSON. Mr. Chairman, I thank the gentleman for yielding me this time, and I rise in support of H.R. 987, as introduced by the distinguished gentleman from Missouri.

I rise to make really two points. The first is based on experience. In the State of Georgia, for years, where I worked in the legislature on workers compensation legislation, without question, the preponderance of the cases that went to final court were cases over musculoskeletal disorders. I believe if we were to check the other 50 States in the United States of America, we would find also the preponderance of those cases that had to go to court were over musculoskeletal disorders. And we would also find that in every case a physician of renown, a physician with experience, testified on behalf of the injured party and on behalf of the business. And decisions fell on both sides. And why? For a very simple reason. It is a very difficult task to determine exactly what the cause was.

To wait for scientific data to be conclusive is important, and to wait for this study that has been funded to come back before those regulations is also very important.

But I also want to address what the gentleman from New York (Mr. OWENS) said. This is not a battle of us against workers and someone else for them. This is not a battle against the lady that the gentleman from Michigan (Mr. BONIOR) mentioned, who over and over repeated those motions. But it is a battle over looking at all the interest of regulation.

So let me personalize the story. Let me talk about James Abney, a doctor in Marietta, Georgia, who employs his wife and two dental assistants. A few years ago, when a major problem in our country arose over the possible spread of AIDS in the use of dentistry, and many will remember that case, immediate regulations came down which caused the acquisition of almost $40,000 in additional equipment, additional techniques, additional coverings in treatment and additional policies.

None of us would argue that was not the appropriate response, but they were so quick, and in the absence of data, that over half of those within a year were repealed as being unnecessary. But the $40,000 was not paid back to Dr. Abney.

Businesses deserve the right to have scientific data before business does what it will do, and that is take care of the best interest of its workers.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts (Mr. TIERNEY).

Mr. TIERNEY. Mr. Chairman, I thank the gentleman for yielding me this time.

Earlier, one of our colleagues said this was ready, fire, aim. I think what we really have here is ready, aim, delay, delay some more, delay forever, if we can.

They talked about this being an effort not to prohibit, but it is in fact an effort to delay this for up to 2 years.

They talked about wanting to make sure they have all the studies before there are some sweeping regulations. The irony is that their proposed study would merely review existing information in literature.

This is the same group standing up saying delay, we want to await the National Academy of Sciences report that rejected the National Academy of Sciences report saying that there should be statistical sampling in the census. They threw that out. But now, because it is to their benefit to wait and delay, they want to wait for the National Academy of Sciences report.

There are reports out there, Mr. Chairman. Let me say that the National Institute of Safety and Health has already had the most comprehensive compilation of review research on this issue to date. And the relationship between those types of injuries and the exposure to the workplace risk factors was shown. They have identified over 2,000 studies of work-related injuries and hazards, two thousand.

They selected 600 of the studies for detailed review based on well-accepted criteria, that included strength of association, consistency, temporality, and coherence of evidence. Twenty-seven peer reviewers examined that document, including epidemiologists and other scientists, physicians, ergonomists, engineers, industrial hygienists, employers and employee representatives. Based on that review of the scientific evidence, they had a substantial body of credible research that showed strong evidence of association between those types of injuries and work-related physical factors.

The NAS study in 1998, Mr. Chairman, reviewed the same body of evidence, but it supplemented that evidence by including reviews of biomechanical and other control intervention studies. They then had scientists review it and had panel discussions. They had a 10-member steering committee prepare the report. They had a peer review by an additional 10 scientists.

Mr. Chairman, I think my colleagues get the point. This is ready, aim, delay, delay, delay.

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume to again remind everyone that NIOSH said that an in-depth study would be very, very beneficial.

Mr. Chairman, I yield 2 minutes to the gentleman from Nebraska (Mr. TERRY).

Mr. TERRY. Mr. Chairman, I rise in support of H.R. 987. Prior to my service here in the House, I was a trial lawyer in Omaha, Nebraska. Now, I know that is not necessarily a term of endearment on this side of the aisle; but it does give me certain experiences and insight into issues such as this because as much as 50 percent of my practice was representing people with injuries, worker compensation claims.

I represented many clients who suffered from repetitive motion injuries, the most common of which is to the wrists, known as carpal tunnel syndrome, and I sympathize with these folks. I have seen it affect people minimally, and I have seen it affect them seriously, some enough to lose their jobs.

☐ 1930

I have learned from speaking to many medical experts and reading a great many medical studies on this subject that there is much controversy on the cause of these injuries, including how much repetitive motion versus trauma is necessary to cause the onset of symptoms.

Until we know more facts about the various causes of repetitive motion injuries, how do we know the best method to avoid reducing these injuries? We are only guessing at the best way to protect workers.

I am concerned that without the National Academy of Sciences study, we may allow regulations that have the unintended consequences of one extreme doing nothing and the other exacerbating injuries or causing different types of injuries. And I am not willing to accept that risk.

Mr. Chairman, I support H.R. 987; and I urge my colleagues to join me in voting for it.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Chairman, I thank the distinguished gentleman for yielding me the time.

Mr. Chairman, I urge my colleagues to vote against H.R. 987, the so-called "Workplace Preservation Act." Perhaps it ought to be called "Woman Out of the Workplace Act." Because this legislation is against working women.

This bill is about our aunts. It is about our mothers, our sisters. It is about women who have many responsibilities not only in the workplace but at home that when they have a repetitive motion problem it compounds their life.

H.R. 987 would stop the writing of regulations that protects workers, primarily women, who suffer the crippling and painful injuries caused by repetitive motion.

Each year, according to the AFL–CIO, 400,000 women workers suffer injuries from ergonomic hazards. Sixty-nine percent of all workers who suffer from carpal tunnel syndrome are women.

Now, everyone has their personal stories. A dear aunt of mine who worked as a secretary required surgery in both wrists to deal with carpal tunnel. I have a sister who worked as a meat cutter who because of repetitive motion injury could not do her job anymore; and then when she tried to file a workers comp claim, the company fought her.

That is typical, also. It is not just the people get injured; it is that they often cannot get help, so they are victimized further.

Besides the physical and emotional costs caused by these workplace injuries, there is a huge economic cost. workers compensation costs of repetitive motion injuries is $20 billion each year. So this, of course, hurts families, but it also hurts businesses in reduced productivity. It cuts business profits. It increases claims. It increases litigation.

This is time for new thinking. We are entering a new millennium. Let us have new thinking and let us start by voting "no" on H.R. 987.

Mr. GOODLING. Mr. Chairman, I yield 3 minutes to the gentleman from Tennessee (Mr. HILLEARY), another member of the committee.

Mr. HILLEARY. Mr. Chairman, I am proud to stand before this House today as a cosponsor and strong supporter of H.R. 987, the Workplace Preservation Act.

Do not let some of the opponents of this legislation fool us. They say that if this legislation passes, workers will be subject to an endless amount of illnesses and workplace injuries.

However, they seem to forget that passage of this bill maintains the status quo and simply allows the National Academy of Sciences to complete a study on ergonomics to ensure the safety of American workers.

In last year's omnibus appropriations bill, Congress gave the Clinton administration almost $1 million to complete this study. That is the law. The President signed the bill. He agreed to do this study as a prudent first step.

What I do not understand is why we should not wait until the National Academy of Sciences study comes back with that study paid for by Mr. and Mrs. American taxpayer before we make a decision on the issue. It is silly to throw the American taxpayers' money down the drain in order to prematurely enact a regulation that has been referred to as counterproductive.

While the administration continues to threaten to enact a regulation on ergonomics before a study is completed, I find their actions akin to a doctor delivering a treatment before diagnosis. There is no scientific certainty in the causes, the diagnosis, prevention, and correction of workplace injuries, and we should not hastily make rules without having proper scientific evidence.

Meanwhile, the potential impact of the administration's regulatory scheme could reach into the billions of dollars. OSHA estimated the compliance cost within the trucking industry alone at $257 million and $3.5 billion for all industries. Private studies have estimated that it might cost as much as $6.5 billion.

Now, who is going to pay for this additional cost? Consumers? Businesses, of course, will pass on this new cost to those who purchase products. So not only are we throwing away the $1 million the taxpayers give us, but we are also telling them that they would have to pay more in order to provide food and other items for their families.

Another claim my colleagues may hear is that ergonomics regulations will help the American worker. Yet, these regulations also alarm many of the people that they are designed to help. Several workers who would be covered under an ergonomics standard make their money based on the number of items they deliver. If we restrict the amount they can officially deliver, the workers themselves lose money.

So let us see, where does this leave us?

The American taxpayers. They lose under any new regulation because we are throwing $1 million of their money away and forcing them to pay higher prices.

American business? They lose because it will likely cost billions for them to comply with these prospective regulations.

Does the American worker win? No. Many of them will lose because they will receive less in salary and commissions thanks to the new regulations. And some of them will lose their jobs altogether to off-shore labor.

Let us protect hard-working Americans and not establish uncertain ergonomic standards.

I urge a "yes" vote on H.R. 987.

Mr. CLAY. Mr. Chairman, may I inquire as to how much time remains on both sides?

The CHAIRMAN. The gentleman from Missouri (Mr. CLAY) has 10½ minutes remaining. The gentleman from Pennsylvania (Mr. GOODLING) has 7 minutes remaining.

Mr. CLAY. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin (Mr. KIND).

Mr. KIND. Mr. Chairman, I thank the ranking member for yielding to me the time.

There has been a lot of reference this evening in regards to the money appropriated last fall in the omnibus appropriations bill for the 2-year NAS study. While that may be true, the legislative history behind that was also perfectly clear. At least it was on this side, and it was with the chairman and ranking member of the Committee on Appropriations when they wrote to Secretary Herman a letter in which they stated, "We are writing to make clear that by funding the NAS study, it is no way our intent to block or delay issuance by OSHA of a proposed rule on ergonomics."

Mr. Chairman, as a member of the Committee on Education and the Workforce, I rise in opposition to H.R. 987. And let us also be clear that if H.R. 987 does pass tonight, it will be the fourth time in 5 years in which this Congress was able to effectively block any movement, any progress, on issuing ergonomics rules from the Department of Labor and OSHA.

Proponents of the legislation claim that there is not enough science to justify moving forward. This, however, is an issue that has been studied to death, over 2,000 studies exist examining ergonomics.

As my friend from Massachusetts (Mr. TIERNEY) already indicated, in 1997 the National Institute of Occupational Safety and Health evaluated over 600 of those 2,000 studies; and they concluded that there is a substantial body of credible evidence showing the cause and effects of repetitive motion and injuries in the workplace.

I am concerned that Members are using the 2-year NAS study as an excuse to go into a four-corner offense and just delay, delay, and delay and hope that no rule is every promulgated.

Quite frankly, I do not understand why. There are a lot of companies in western Wisconsin that are already implementing their only ergonomic standards in the workplace, one of which is 3M, one of the largest manufacturing companies in the Nation, three fairly large significant plants are located in my district. And they are doing it for two reasons: first, because they recognize the need for it and, second, because it makes good business sense.

In fact, the chief ergonomics officer for 3M, Tom Alban stated, "Our experience has shown that incorporating good ergonomics into our manufacturing and administrative process can be effective in reducing the number of and the severity of work-related MSDS, which not only benefits our employees but also makes good business sense."

3M's evolving ergonomics process has been effective at reducing the impacts of these disorders on their employees and their business.

From 1993 to 1997, 3M has experienced a 50-percent reduction in ergonomics-related OSHA recordables and a 70-percent reduction in ergonomics-related lost time. I think that is another good reason to vote against this legislation tonight.

I would encourage my colleagues tonight to stand up for working families. Do what a lot of good businesses are already doing. Allow OSHA to move forward on implementing rules on ergonomics standards. It makes sense. It makes good business sense. And in the long run it is going to help the working people in this country.

Mr. GOODLING. Mr. Chairman, I yield 3 minutes to the gentlewoman from Texas (Ms. GRANGER).

Ms. GRANGER. Mr. Chairman, I rise in support of the bipartisan Workplace Preservation Act.

I do so because of a very simple premise: we cannot prescribe a solution until we diagnose the problem. Doctors know this. In fact, every day they examine patients' symptoms hoping to discover the underlying disease. But no doctor will ever order a specific medication until he or she is satisfied the actual sickness has been discovered.

Mr. Chairman, I believe it would serve us well to remember this analogy as we consider this issue. Workplace injuries is a serious matter. There is no question this issue is an important concern to millions of Americans. But there are a great many questions as to the cause and effect of ergonomics.

In fact, over the last few years, many of the country's leading physicians and researchers on injuries of hand, back, and upper extremities have testified before Congress that the causes and impact of these disorders are not easy to discern.

Are they caused by too much typing on a computer or too many hours in front of a scanner? We do not know. But we need to know, and we are trying to find out.

That is why last year Congress appropriated $890,000 for the National Academy of Sciences to conduct a study of all the available scientific literature examining the cause-and-effect relationship between repetitive task and physical pain. The study is scheduled. to be concluded by the middle of the year 2001.

Yet, amazingly, in a March hearing before the Subcommittee on Workforce Protections, the Assistant Secretary of the Office of Health and Safety Administration vowed that issuing an ergonomic standard was the agency's top priority for this year.

Mr. Chairman, I urge my colleagues not to confuse motion with action. I am afraid that is exactly what the Office of Health and Safety Administration is about to do.

Congress had it right last fall. Let us take our time and let us do it right. Let us put science before politics, and let us determine exactly what the problem is before we prescribe the solution.

I hope all of my colleagues will support this common sense bill, which simply requires the Secretary of Labor to wait for the National Academy of Sciences to complete their study before it issues any new regulations.

Is this too much to ask? After all, is this not what we expect when we do see our doctors? Why should we expect our Congress to do anything less?

Mr. Chairman, let us get our facts straight before we legislate. Let us pause before we determine a cause. I urge my colleagues to support this bipartisan bill.

Mr. CLAY. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Hawaii (Mrs. MINK).

Mrs. MINK of Hawaii. Mr. Chairman, I thank the ranking member for yielding me the time.

Mr. Chairman, I rise in strong opposition to the passage of H.R. 987, the Workplace Preservation Act. It is merely another delaying tactic. We have seen this every year when this matter comes up.

H.R. 987 requires the Secretary of Labor to wait for the completion of another National Academy of Science study. We have had many studies. This delay is simply not supportable by the evidence. Scientific literature supported by safety experts already shows that the workplace factors cause musculoskeletal disorders.

The National Academy of Sciences and National Institute for Occupational Safety and Environmental Medicine have clearly demonstrated the relationship between ergonomic problems and the onset of these disorders.

The American College of Occupational and Environmental Medicine has confirmed that there is adequate scientific foundation for the OSHA to proceed.

Since 1995, we have seen one request after another for a delay. The Department of Labor is prepared to issue these standards. We need the standards to prevent injuries.

It is incomprehensible why an industry that is suffering from $20 billion of losses because of these injuries is still seeking to block the issuance of standards which could save these injuries and in fact keep the workers at the workplace producing the goods, producing the values that these industries fully need.

□ 1945

I hope that this bill will be defeated and that the workers' safety will come first.

Mr. GOODLING. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Georgia (Mr. NORWOOD), a member of the committee.

Mr. NORWOOD. I thank the gentleman very much for yielding me this time.

Mr. Chairman, I rise today in strong support of H.R. 987, the Workplace Preservation Act, and I commend the gentleman from Missouri (Mr. BLUNT) for pushing this bill.

The purpose of this bill is pretty clear and I think very compelling. It requires the Secretary of Labor to hold off before issuing standards or regulations on ergonomics until the National Academy of Sciences completes a study on the actual cause of ergonomic injuries.

This Congress has spent nearly $1 million to determine with some degree of accuracy just what is the status of medical science with respect to the diagnosis and the classification of ergonomics problems. Why in the world OSHA would want to proceed before we have a good understanding of this is frankly beyond me. I do not know how many hearings over the last 3 years I have sat through where scientists and doctors have come before us and testified they do not know or understand the cause-and-effect relationship between work activities and musculoskeletal disorders.

Now, what is ergonomics? It is simply a repetitive motion syndrome. If you take two people and both of them work and in their work they move their hand like this all day in doing their job, that is in fact repetitive motion. The question may be, will one of them have a carpal tunnel, will one of them have a musculoskeletal pain? If that is the case, why does one have it and not the other? We do not understand that. Medicine does not understand why one does and one does not. In addition to that, one of those two people may go home at night and knit and they use that motion over and over again. If they have musculoskeletal pain, the question then would be, what caused it? Is there a direct correlation between that motion and the pain? Is that pain being caused by knitting every night or is that pain being caused by working every day?

Never fear, OSHA is here. OSHA is an agency that is incompetent in writing these standards. OSHA cops are incompetent in regulating people on this subject. The business community, it is true, is working very, very hard to try to make the workplace an easier place, in lifting, in turning, in twisting, in doing the same repetitive motion all day. They frankly are doing a pretty good job. Why is OSHA wanting to regulate that? Well, it is an agency that likes to regulate. They are trying their best to give themselves something else to do. We all know agencies up here spend a lot of the taxpayers' money getting studies to say exactly what they want to say. What the doctors and scientists tell us is that they do not know for sure. There is not a direct correlation. OSHA, of course, tells us it is very sure, that it knows, and it is sure they know what to do.

Mr. Chairman, we should absolutely wait until this study is complete. Use good science.

Mr. CLAY. Mr. Chairman, I yield 1½ minutes to the gentlewoman from California (Ms. SANCHEZ).

Ms. SANCHEZ. Mr. Chairman, I want to thank the ranking member for yielding me this time.

American workers should not have to wait for OSHA to proceed with its ergonomic standards. In fact, 16 years ago while an MBA student, we as future employees and employers were studying ergonomic standards and what to do in the work area. This is not new.

Scientists and researchers have documented over and over again that musculoskeletal disorders, or MSDs, are related to workplace risk factors. These disorders affect people of all types of occupations, laborers, nurses, accountants, and many of us here know about the injuries personally.

For example, my first job in high school was scooping ice cream 20 hours a week, 6 years. That job involved the same motion over and over and over again 20 hours a week. I still have problems with one of my wrists today.

It is estimated that every year, over 600,000 workers suffer from work-related MSDs. For many workers, these injuries are debilitating, causing constant and intense pain. It is estimated that these work-related injuries cost employers between $15 and $20 billion a year in workers' compensation.

We need to allow OSHA to proceed with its ergonomic standards. I ask that my colleagues vote "no" on this bill.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. ROEMER).

Mr. ROEMER. Mr. Chairman, we all know in Congress and throughout the country that smoking is bad for you and that cigarettes can do great harm to your health and possibly kill you. We also know that repetitive stress disorders and ergonomics hurt, harm, put people out of work to the number of 600,000 people a year.

Now, we did not wait with cigarettes to identify every carcinogenic agent before we finally said, "We are going to do something about cigarettes." We have had 2,000 studies on ergonomics and what they do to people to harm them doing the same thing over and over in the workplace. We need to now act. That is why people in our home States send us here.

Now, who supports this kind of action? I have a press release here from the Secretary of Labor:

"These painful and sometimes crippling illnesses now make up 48 percent of all recordable industrial workplace illnesses. We must do our utmost to protect workers from these hazards not only in the red meat industry but all U.S. industries." Secretary Reich? No. Secretary Herman? No. That is dated August 30, 1990. That is Secretary Elizabeth Dole. Secretary Elizabeth Dole.

Now, who else supports this on science that we need to act and act now? Well, the list goes on and on. The American College of Occupational and Environmental Medicine, a pretty reputable organization. The National Advisory Committee on Occupational Safety and Health. I would go with them. The National Academy of Sciences. Those are pretty good organizations, Mr. Chairman.

When you have businesses like Intel and Chrysler and 3M and Ford Motor Company out there doing this in the workplace, we need to act now.

Mr. CLAY. Mr. Chairman, I yield 2½ minutes to the gentleman from New Jersey (Mr. ANDREWS).

Mr. ANDREWS. Mr. Chairman, I thank the gentleman for yielding me this time. I rise in strong opposition to this bill.

There is something attractive about the argument that we should just wait and listen for more science. But that was the argument that was made prior to 1990 when Secretary of Labor Elizabeth Dole said, "It's time to do this." And that was the argument that was made prior to 1992 and Secretary of Labor Lynn Martin said, "No, it's time to do this."

Mr. Chairman, this is not about more science or when we do this because, I assure you, there will be another attempt later on to stop this regulation. This debate is about the merits of this regulation. I would ask my Republican friends, Mr. Chairman, to think about doing what comes naturally to them and, that is, trusting the marketplace.

This regulation reminds me of the furor that took place in the late 1960s and early 1970s about unleaded gasoline. There was a proposal to have a Federal law that would eventually bar the use of leaded gasoline by making us make cars that could not use it. We were told at that time it would be the end of the auto industry, the end of the gasoline industry, it would cripple domestic producers of automobiles. It would raise costs. It would be a disaster. But we went forward and did it, anyway.

What happened? The marketplace responded. People throughout American industry built a better mousetrap. The amount of ambient lead in our air dropped dramatically and so did the price of gasoline, in real terms.

I believe here as well, if we set a clear standard that says you shall protect your workers from repetitive stress syndrome, it will say to a whole class of inventors and entrepreneurs and good businesspeople, there is profit in finding ways to do that. Different kind of chairs, different kind of screens, different kind of keyboards on computers. The market will respond. Trust the market. Let entrepreneurs get to work in finding safer working conditions to help workers stay safer.

Mr. Chairman, this is going to be a very close vote. I would urge Members to consider the merits and reject this bill.

Mr. GOODLING. Mr. Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 1½ minutes.

Mr. GOODLING. Mr. Chairman, two quick observations: One, OPEC has a lot to say about the price of gasoline. Secondly, they always say if you are going to get a campaign, you have to get to be known. Elizabeth could not have paid for any more attention than she got this evening. She certainly is known all over the country, if she was not before, after this debate and I am sure she thanks all of you for giving her that great opportunity this evening.

Let me again say that so many times we rush into things, so many times we do legislation, so many times we promulgate regulation without any scientific knowledge as to will this help the people we are trying to help or will it not?

Last October, 333 Members of this House of Representatives, the Senate, the President said, "We believe that the National Academy of Sciences should do an in-depth study so that when we regulate, we regulate to help, not regulate to harm." They also said at that time, we should pay $800,000 of taxpayers' money to do it. All we say now is, "Let's see what they say," so that we do it. Let us not regulate and then see that we have caused more problems than we have cured. Let us regulate with the scientific knowledge before the regulations are written.

Again, I would ask all to vote in favor of the legislation and try to help those that we want to protect in the workplace. Vote "yes" on this legislation.

Mr. PAYNE. Mr. Chairman, the implication of the so-called "Workplace Preservation Act" is clear—passage of this bill will do nothing more than unnecessarily delay the adoption of a standard for ergonomics in the workplace. As a matter of fact, the only thing preserved by H.R. 987 is the employers' ability to further exploit the hard-working American laborer.

Since 1990 the number of workers that have suffered from MSDs totals over 5 million people. Adoption of this bill won't do anything to help our workforce, rather it would only ensure that another 1 million workers will suffer the same fate. And as if these 5 million injured workers isn't enough evidence that something has to be done, we have studies from the National Institute of Occupational Safety and Health and the National Academy of Sciences that conclude that musculoskeletal disorders can be reduced and prevented through ergonomic intervention in the workplace.

The evidence is comprehensive and clear this request for more research is a weak attempt to stall the adoption of safe ergonomic conditions for our hard-working laborers. We already know what must be done to provide our workforce with safe working conditions and we therefore owe it to every American worker to vote against this bill, H.R. 987.

Mr. HOLT. Mr. Chairman, I oppose H.R. 987, the Workplace Preservation Act.

The human body is a complicated machine. There is a lot we are still learning about the body, how it works, and how to protect it. Far be it for me as a scientist to say that we should avoid studies to get the facts. I expect, in fact, that we will learn a lot about the human body and how to take care of it in the workplace for decades to come.

But several of my colleagues here have talked about the unpredictability of workplace injuries. They may not be sure why they have back problems or other injuries. Well, in fact that is the point. Because the human body is so complicated, in many cases, it is difficult to determine the cause of an individual musculoskeletal disorder.

If we could identify the cause of injury in each case, we could rely on the employer's altruism or self-interest or worker's comp findings or even the threat of a lawsuit to see that each individual threatening situation was taken care of. But it is in just such circumstances where we have statistical evidence about this complicated machine that we need the kind of general regulations and protections that OSHA provides. We want to continue the effort to obtain the best evidence, but that is not a reason to delay providing guidelines.

There is now concrete evidence. There are clear relationships between occupational assignments and musculoskeletal injuries. See the National Research Council, National Academy report and the NIOSH report. There are clear techniques and equipment for reducing injury or, as the National Academy says, specific interventions.

Ergonomic guidelines are not antibusiness. There are hundreds of outstanding businesses around the country that are working on ergonomic solutions and applying ergonomic remedies. There is an industry total of something like $20 billion a year lost due to ergonomic injuries. And we have to remember there are hundreds of thousands of people who are not able to pick up and hug their children due to ergonomic injuries.

So what we need, of course, are good studies and good facts, and I hope we will continue to get them. But we have now enough knowledge about specific interventions in the workplace that will help reduce this cost to our economy and, more important, will reduce this harm and pain and suffering to individuals. We don't need political delay.

Congress should vote against H.R. 987.

Mrs. MINK of Hawaii. Mr. Chairman, I rise to express my opposition to the passage of H.R. 987, the Workplace Preservation Act.

H.R. 987 requires the Secretary of Labor to wait for completion of a National Academy of Sciences study before issuing regulations creating standards or guidelines for ergonomics in the workplace.

This delay is unnecessary. Scientific literature supported by safety and health experts already shows that workplace factors cause musculoskeletal disorders. The National Academy of Sciences and National Institute for Occupational Safety and Environmental Medicine have clearly demonstrated a relationship between ergonomic problems and the onset of musculoskeletal disorders.

The American College of Occupational and Environmental Medicine has confirmed that "there is an adequate scientific foundation for OSHA to proceed . . . and no reason for OSHA to delay the rulemaking process while the National Academy of Science panel conducts its review."

Duplicative studies are doing nothing to prevent injuries already being suffered by millions of workers in all sectors of society: nurses, meatpackers, cashiers, computer users, and construction workers. Since 1995 the implementation of ergonomic guidelines have been repeatedly blocked, and this opposition has resulted in over 6 million workers suffering preventable injuries. Workers' compensation costs have totaled $20 billion annually.

Further delay will be even more costly to industries as well as to workers. Clearly, we cannot afford to wait any longer for the issuance of workplace standards on ergonomics.

For the health and safety of America's workers, I urge my colleagues to vote against the passage of H.R. 987.

Mr. PACKARD. Mr. Chairman, I would like to express my support for H.R. 987, The Workplace Preservation Act. This legislation will block proposed OSHA rules regarding ergonomic injuries until a scientific study comparing work place conditions and repetitive stress injuries is complete.

It is estimated that if the OSHA rules are put into effect, it could cost American businesses an extra $3.5 billion per year. H.R. 987 simply allows for the completion of the study by the National Academy of Sciences, which is expected in the next year, to discover if in fact there is a link between repetitive stress injuries and work conditions. Completing this study before implementing this costly regulation is simply common sense.

The fact is, these regulations could cost our country billions of dollars without guaranteeing the prevention of a single injury. Small business is the engine which drives our economy. We owe more to small business owners than to blindly allow implementation of these potentially devastating regulations. We must correct this proposed federal rule.

Mr. Chairman, I agree American workers should have the best working conditions. However, I do not believe we are moving forward to prevent work place injuries by initiating rules that may not even address the problem. I urge my colleagues to support the further examination of these regulations by voting in favor of H.R. 987.

Mr. STARK. Mr. Chairman, I oppose H.R. 987, the Workplace Preservation Act.

This legislation would prevent the Occupational Safety and Health Administration (OSHA) from promulgating a desperately needed rule on ergonomics. H.R. 987 will needlessly subject hundreds of thousands of workers to occupational injuries while yet another study is completed.

Repetitive injuries are one of the leading causes of work-related illness. More than 647,000 Americans suffer serious injuries and illnesses due to musculoskeletal disorders, costing businesses $15 to $20 billion annually in workers' compensation costs. Total costs of these injuries are estimated at $60 billion a year.

Ergonomics is the science of fitting the job physically to a worker—for example, by altering chairs, adjusting the speed of an assembly line, or using special braces to ease back strain from lifting heavy loads. A federal ergonomics standard is needed to protect American workers from those organizations who refuse to protect their employees. Unfortunately, the majority leadership would rather kowtow to industry and delay promulgation of an inevitable standard.

For the past several years, OSHA has been working toward the implementation of a regulation designed to reduce workplace injuries attributable to ergonomic factors in the workplace. OSHA has advanced a draft proposal that would provide an urgently needed health and safety standard for working Americans. The proposal draws from the businesses that have successfully prevented ergonomic injuries or reduced their severity in the workplace.

The issue of ergonomics and its impact on workplace injuries has been studied. It has been documented that ergonomics prevent workplace injuries. For example, in 1997, the National Institute of Occupational Safety and Health produced a study demonstrating the validity of the science underlying an ergonomics standard. A 1998 review by the National Academy of Sciences also found that musculoskeletal disorders in workers are caused by ergonomic hazards in the workplace.

A nursing home in Maine implemented ergonomics changes in the workplace. The nursing home cut their number of lost workdays from 573 in 1991 to 12 in 1996 by investing $60,000 on patient lifting devices and instituting a policy banning the lifting of patients unless there was more than one worker present to assist. This saved the employer more than $730,000 annually in workers' compensation premiums as a result of this policy. This nursing home provides a clear example of the potential benefits of a uniform ergonomics standard.

Despite the multiple studies already completed, the FY 1999 Labor, Health and Human Services Appropriations Act provided $890,000 for the National Academy of Sciences (NAS) to review the scientific literature on the issue of work-related musculoskeletal disorders. The study was expected to take at least 24 months to complete. However, on October 19, 19998, Appropriations Chairman BOB LIVINGSTON and Ranking Democrat DAVID OBEY assured Labor Secretary Alexis Herman in a letter that "by funding the NAS study, it is in no way our intent to block or delay issuance by OSHA of a proposed rule on ergonomics."

Unfortunately, nine months later, the Republicans have broken their promise. This bill requires OSHA to delay its work until yet another government study is concluded. The facts are clear—providing guidance to employers and employees on ergonomics will prevent tens of thousands of injuries, alleviate considerable human suffering, and save billions of dollars.

We should not have to wait for completion of yet another study to tell us what we already know. We must defeat H.R. 987. I urge my colleagues to join me in opposing H.R. 987.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the bill shall be considered for amendment under the 5-minute rule for 2 hours and is considered read.

The text of H.R. 987 is as follows:

H.R. 987

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Workplace Preservation Act".

SEC. 2. FINDINGS.

(a) Congress finds the following:

(1) The Department of Labor, Occupational Safety and Health Administration (OSHA) has announced that it plans to propose regulations during 1999 to regulate "ergonomics" in the workplace. A draft of OSHA's ergonomics regulation became available in January 1999.

(2) A July, 1997, report by the National Institute for Occupational Safety and Health (NIOSH) reviewing epidemiological studies that have been conducted of "work related musculoskeletal disorders of the neck, upper extremity, and low back" showed that there is insufficient evidence to assess the level of risk to workers from repetitive motions. Such characterization would be necessary to write an efficient and effective regulation.

(3) An August 1998, workshop on "work related musculoskeletal injuries" held by the National Academy of Sciences also reviewed existing research on musculoskeletal disorders. It also showed that there is insufficient evidence to assess the level of risk to workers from repetitive motions.

(4) The risk of OSHA imposing a "solution" to ailments and disorders that are grouped as "repetitive stress injuries" and "musculoskeletal disorders" before sufficient information about the diagnosis, causes, and prevention of such injuries and disorders is shown by the fact that such disorders have often increased in workplaces and industries in which OSHA has focused ergonomics-related enforcement actions under the General Duty Clause of the Occupational Safety and Health Act, while such disorders have been decreasing in workplaces generally.

(5) In October, 1998, Congress and the President agreed upon a comprehensive study by the National Academy of Science of the medical and scientific evidence regarding musculoskeletal disorders. The study is intended to evaluate the basic questions about diagnosis and causes of such disorders. Given the level of uncertainty and dispute about these basic questions, and Congress' intention that they be addressed in a comprehensive study by the National Academy of Science, it is premature for OSHA to decide that a regulation on ergonomics is necessary or appropriate to improving workers' health and safety before such study is completed.

(6) The estimated costs of OSHA's proposed ergonomics regulation range from OSHA's low national estimate of $20,000,000,000 to some single industry costs of $18,000,000,000 to $30,000,000,000. Any regulation with this potential impact on the Nation's economy merits a sound scientific and medical foundation.

SEC. 3. DELAY OF STANDARD OR GUIDELINE.

The Secretary of Labor, acting through the Occupational Safety and Health Administration, may not promulgate or issue any standard or guideline on ergonomics until the National Academy of Sciences—

(1) completes a peer-reviewed scientific study of the available evidence examining a cause and effect relationship between repetitive tasks in the workplace and musculoskeletal disorders or repetitive stress injuries; and

(2) submits to Congress a report setting forth the findings resulting from such study.

The CHAIRMAN. During consideration of the bill for amendment, the Chair may accord priority in recognition to a Member offering an amendment that he has printed in the designated place in the CONGRESSIONAL RECORD. Those amendments will be considered read.

The Chairman of the Committee of the Whole may postpone a request for a recorded vote on any amendment and may reduce to a minimum of 5 minutes the time for voting on any postponed question that immediately follows another vote, provided that the time for voting on the first question shall be a minimum of 15 minutes.

Are there any amendments to the bill?

Mrs. CLAYTON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise to speak in strong opposition against the Workplace Preservation Act. I do that with recognition that what we did in the appropriation bill last time when we indeed funded $890,000 for a study to be completed by the National Academy of Sciences was the right thing to do.

Mr. Chairman, I think the question is, why is this bill needed? Why is this act needed? Assuming the very best intention, the sponsors of this bill say this act is needed because we have a study that is in progress, a study that indeed would give us additional scientific information as to how best to respond to the illness caused by repetitive motion. I support that study. I think we ought to go forward and complete that study.

But that reason is so faulty on its premise. Why delay the issuing of higher standards before you get that? You do not do that with cancer, you do not do that with AIDS, you do not do that with any other illness. You work with the scientific knowledge you have, because you want to alleviate the illness there may be.

□ 2000

In fact, if this study is completed, and I hope it is, and I think it will give us valuable information, it would supplement what is already there.

By the way, in 1998 I think the gentleman from New York (Mr. OWENS) put it poignantly. In 1996 there was a study. Again in 1998, the year we passed this bill, there was a study that showed a direct relationship, a cause factor, between the illness suffered and the repetitive motion.

So there is not any question that indeed there is evidence, scientific evidence.

Now do we need more studies? Of course we do. Even after the next study is completed, if we are true to trying to relieve this illness, we will always have to do diligent, frugal and always doing the kind of research that will allow us to gain the best scientific method.

I say we should really be about protecting our workers with the current science we have now as we seek additional science. They are not in contradiction with each other. This is only a stalling tactic, to use it as a reason to do nothing. We should not see this as a reason to stall; we should see this as a reason to look forward for additional information that gives us additional ways in which we can respond to the workers.

So I urge our colleagues to understand that this study completion does not deny and should not prevent us from having enough scientific data to go into the workplace and say we need to raise these standards, and if we get additional information, as I hope we will, we will have the courage again to say that we need to refine that.

Consider also there are already companies not waiting for these studies. They are doing it on their own. Why? Because they want to protect their workers. They also want to have a more productive workforce.

In my district alone, I know many of the workers compensation claims I get from workers are related to repeated motion, and those people are suffering severely. They are not producing for their workers, and they are certainly not producing for themselves.

So this bill needs to be defeated. It is flawed in its logic, and it is only a stalling tactic that should be recognized for what it is. We should be protecting the workers with the clear, scientific data we have in hand, and there is sufficient scientific data to know.

In fact, I heard one of my colleagues say that there have been thousands of studies, and this is not something new. This is something that will be evolving as we go forward, and to use this as a tactic to not do anything clearly is seen by the workers as a way of not respecting their rights, and I think we do a dishonor.

We indeed support this. I urge a defeat of the Workplace Preservation Act.

Mrs. NORTHUP. Mr. Chairman, I move to strike the last word.

Mr. Chairman, tonight, as we consider this bill, I think it is important that we consider the consequences that the bill will have. I think it is interesting that the bill is called the Workplace Protection Act, and I would just like to point out that maybe what we are really doing by passing this bill is protecting the jobs that we have in the workplace today.

The truth is that we all know that we are in an international competition in that we are working hard to make sure that our jobs stay here in the United States, and so every time we consider the costs that are involved in jobs, we have to consider that what government does may create such high costs that we drive additional good jobs, good jobs for working men and women, overseas.

As we look at workers compensation, it is a very delicate balance that we have designed the workers compensation program for. We are trying to balance the very important aspect of protecting workers who are injured on the job, to provide for their medical expenses, to pay them a portion of their missed wages and to help them get back to work as quickly as they possibly can.

At the same time we are eager not to just write a blank check because the Congress does not write the blank check; the workplace writes the check for paying for these workers' costs, and so if we drive workers compensation costs higher and higher, if we begin to incur a super amount of costs that have not been paid for in the past, what we really do is encourage our companies to finally realize that, if they are going to compete internationally, that they are going to have to move these workplaces overseas in order to avoid an absolutely unassumable cost.

Mr. Chairman, we know that the human body wears out. All of us that have moms and dads know today that they are getting hip replacements; they are getting knee replacement operations. As my colleagues know, I myself after fixing dinner for years for a family of 6 children find that slicing up food has caused my thumb joint to wear out. The fact is who can say whether it is that or the fact that I sit at a desk now and write that has caused that thumb joint to wear out.

So, Mr. Chairman, before we enact huge new costs on the workplace, a workplace that might steal away our best jobs, we ought to have the science to figure out whether or not these are work induced, what we can do to prevent them and make sure that we do not create an enormous cost that take away our good jobs.

As my colleagues know, the truth is today that Congress could pass workers compensation laws that would cover everything. We could cover employees that get sick and miss a day because they caught a cold or caught a virus or the flu at work. We could cover everything for our workers, and all of us who care about workers would like to do that. But if in doing that we caused some of our best jobs to leave this country so that they could continue to be competitive, we would create the worst for our workers.

Secondly, the effect we have is that we supersede all State laws here. What we do is we not only say this is a new standard, not only do we say this has to be prevented, but we say all workers who have an injury and suffer an injury get super benefits over and above any other benefits that are established in State laws today.

We would say they get a hundred percent of their weekly pay; we say that this has to continue for 6 months, and so all the State programs right now that are designed in a way to help the worker and the employer have the incentive to get the worker back to work so that they can have the best resolution of this and they can have the opportunity to get back to work, all of that is lost.

It creates an incentive for every worker, no matter what the particular cause is, to see to it that their injury would fall under the repetitive motion scheme so that they would get more than anybody else in their workplace that would have an injury under any other scheme. We take away all of the ways that workers compensation has been designed to fairly meet workers' needs and workers' compensations for injuries and instead drive everybody into this new super-sized scheme for paying for injuries.

I am sorry tonight that this debate has been framed as a debate about pro workers or against workers because I believe that everybody here in this Congress wants workers to have the best. They want our American workers to have their good jobs, and they want them to stay in this country, and they want the workers compensation to be affordable.

Let us vote yes on this bill and continue this.

Mr. GEORGE MILLER of California. Mr. Chairman, I move to strike the last word.

I rise in opposition to this legislation. I appreciate the speech just given by the gentlewoman, except this is a little different than the problem she outlined. This is about preventing the injuries to those workers. This is about the fact that if we do this right, those workers will not have to go on workers comp, their employers will not have to pay their health costs, they will not have to pay their compensation costs, and people can stay on the job, and they can feed their families and provide the wherewithal for their children. That is what this legislation is about.

To suggest somehow that what we need is one more study, we need good science. The opposition to this legislation is not about good science; it is not about one more study. It is about a flat out opposition to the imposition of these rules and regulations to try to protect workers from musculoskeletal syndrome, and the purpose of that is this, that we can keep people on the job where they can remain productive.

Now to listen to the Republican argument here simply we must suspend reality, we must suspend the reality of what every Member of Congress experiences when they fly back to their districts, and that is the number of flight attendants and others who are working on the airplane, delivering meals, taking care of us while we are there, who are wearing wrist braces, elbow braces, tendon braces, all the rest of it because of repetitive motion. The redesign of the carts on the airplanes because of repetitive motion, the baggage handlers and others because of repetitive motion who are wearing belts and back supports and all those kinds of activities because of repetitive motion because they understand that if they do not do that, they are going to end up disabled, they are going to end up with health care costs, and they are going to end up out of work, and their employer understands that.

Suspend reality when going into the Home Depot, suspend reality when going into the Price Club or into Costco where we see people engaged in repetitive motion, who are wearing the kinds of preventive apparatus on their backs, on their arms and the rest of it so that they will not lose the working hours; they will not lose that kind of income. Again, their employers understand that, their insurers understand that, and they require that to be part of the workplace.

Mr. Chairman, that is what this legislation is really about. It is about the recognition of the reality of the workplace and what we can now do, what we have the ability to do, and what we know from a medical/scientific standpoint will help prevent these kinds of injuries, injuries that plague hundreds of thousands of workers a year who are disabled and lose income, employers who lose the productivity of those workers, who have to train and retrain new people, who have to go out and find replacements for those individuals. That is what this legislation is about. It is not about one more study. We have peer reviewed the evidence here until we are blue in the face. We have provided the studies, and it has been going on and on and on.

As somebody mentioned earlier, it was originally Elizabeth Dole who said the time has come now to deal with this problem because of the injuries that were occurring in the workplace. We see this being responded to where we redesign keyboards or structuring for the keyboard that will not induce the kind of pain for people who have to work at it all the time at the checkout counters in the supermarket. We are redesigning the checkout counter so that people, the clerks there, will not suffer these kinds of injuries to their arms and to their elbows as they do their job.

So that is the kind of recognition that we are looking for; that is the kind of remedial activities that can be dealt with that can reduce the cost to the employer, can reduce the cost in the workplace and reduce health care costs.

That is why it is so urgent that we not pass this legislation which is an attempt to obstruct the imposition of this rule, because this is a rule that workers deserve. This is a rule that workers need, that their families need if they are going to be able to continue to be gainfully employed.

The evidence is clear, the science is clear, the health is clear on this measure, and the time has come, the time has come to implement this rule.

We have had statements before from the Committee on Appropriations, as I was saying, that the effort was not to delay this. We now see that this is an effort to delay this because the Republicans believe somehow that if they win the election, they can cut a better deal 18 months from now. Well, the better deal is not for the American workers. It may be for the Republican Party, but it is not for the workers.

This rule ought to be implemented, it ought to go into force and effect, and we ought to start protecting. We ought to start protecting working men and women in this country who exhibit to us every day in the crafts and the trades and in the occupations in which they are employed at, the need for this rule because of the damage that is done to them. This damage is evident on its face, and that is why we ought to deal with this rule.

Mr. DELAY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of this bill. I think OSHA should not be trying to tie down American businesses and the American worker with regulations based on potentially unsound science.

□ 2015

The gentleman from California said we should be doing what is right. Well, Mr. Chairman, how does he know what is right, because what we are wanting is a study, a pure scientific study, not some conjecture, not something that has been cooked up by some politico sitting over in OSHA or the Department of Labor, real science.

The gentleman listed all kinds of wonderful things that are happening for the workers out there. Most of what is happening, in order to work with repetitive action, is happening within the marketplace without regulations.

I am not saying we should not regulate, but we should know what we are doing and have a study and rely on these studies in order to know what we are doing, because if we do not, we end up costing these same workers their jobs.

Last fall, President Clinton agreed with this Congress to authorize a study by the National Academy of Sciences to determine whether there is a need for some ergonomic regulation. I guess to the President and his OSHA, that agreement with this Congress is no good anymore, that his word is no good anymore.

This study will be done in a year or so. Despite this sincere effort to guarantee that regulations are at least based on sound science, OSHA has decided that it does not want to wait for the scientific findings. Why, do you ask, do they not want to wait? It is amazing to me that the workers or the unions would be against this bill because it is to the benefit of the workers to do what is right and what science dictates.

No, this is a political move by Washington union bosses in order to control the marketplace. That is all this is about. It has nothing to do with protecting the workers, because if they truly wanted to protect the workers, they would want to do it based on sound science.

OSHA wants to regulate as much as it can as soon as possible, and they are planning to do so, in direct contradiction to the will of this body.

Mr. Chairman, burdensome regulations already hinder American businesses and American workers. Too many of these regulations are outdated, they have been unnecessarily oppressive or they are just simply based on trendy but unproven scientific theories of the moment.

It is amazing, when the bureaucrats have taken this approach, and many times are proven to be embarrassed by the approach that they take because in actual practice, the regulations are undermined and proven to be onerous and unproductive.

Irresponsible regulation of this kind hurts American companies and the workers that they employ. Despite the excessive regulatory zeal of OSHA, it should be the policy of the United States to research before we regulate, and this is all that this legislation does, it mandates that OSHA must wait until the ergonomic research is completed by NAS before it starts sticking its fingers deeper into American business.

It is age-old advice, Mr. Chairman, to look before you leap. Likewise, government must research before it regulates.

So, Mr. Chairman, there is simply no consensus in the scientific community regarding the need to implement widespread, oppressive ergonomic policies. No new OSHA regulation should be enforced until conclusive research shows actions should be taken. But that time has not yet come, and I urge my colleagues to vote for this legislation.

Ms. WOOLSEY. Mr. Chairman, I move to strike the last word.

Mrs. FOWLER. Mr. Chairman, ergonomic standards have been delayed enough. I have been here long enough myself to be able to get the pattern and the rhythm of what goes on on the other side of the aisle when they do not agree with scientific studies. When we get scientific answers to studies and that science does not say what they wanted to hear, then they demand more studies, and that is exactly what is happening right now. We know it, they know it, and it is not going to work. We can only delay this so long.

Mr. Chairman, before I came to Congress I was a human resources professional in the electronics manufacturing industry. That was back in the seventies when I first went into that business. And at that time, we understood the problems that were caused by related stress injuries. In fact, it was trendy to take care of our employees and find solutions when we had carpal tunnel syndrome on our assembly floor.

In fact, the company I worked for began to see a large number of repeated stress injuries. And when we figured out that the problems were occurring with one group of workers, we realized that our printed circuit board assemblers were using the same motions repeatedly in order to do their job as efficiently as possible but in inserting electronic components into printed circuit boards, they were causing themselves carpal tunnel syndrome. The company was causing it without knowing it.

In fact, what happened was in hand-inserting components into printed circuit boards, one of the components was just not going in smoothly, and it was the same component over and over, and workers had to use their thumb to push that component into the board.

Well, little by little, you can imagine what started happening to their arm. Now, today, to prevent such injury to employees, most electronic companies have automatic insertion machines. Employees do not even use those same processes, but back then the repeated push with the thumb did result in carpal tunnel syndrome over time.

Well, what I did as the human resources manager for this company was something that I am sure everybody over there would think is pretty darn odd. I called CAL-OSHA and brought them into the company, and they came. They observed the workers carrying out their task. We worked with them as partners and came up with the appropriate solution for our workers, and their symptoms disappeared.

You see, it was important for us, because we were a company that was growing rapidly. And we knew that our workers' injuries would certainly inhibit our growth and we probably would not become what had been our goal, to become a Fortune 300 company, which we did, but it would not have happened without a healthy work force.

The point is that business knew about repetitive stress injuries years and years and years ago. Many employers have stepped up to the challenge to prevent repetitive stress injuries. They worked with OSHA, they worked with their workers comp carriers, because they know that their workers comp costs go up when they have injured workers. So we do not need further studies. Employers and employees will not benefit from further studies, but they will benefit from ergonomic standards.

We already have sound science regarding the problems caused by repetitive motion. The problem, I said it before and I will say it again, the problem appears to be when the Republican majority disagrees with science, they insist on more studies. The problem really should be to put together ergonomic standards to prevent injury in the workplace, to make the workplace safe for our employees, and this bill, H.R. 987, is an inexcusable delay tactic.

This delay tactic benefits no one. It does not benefit business, and it certainly does not benefit workers. I would urge my colleagues to oppose H.R. 987, because a vote against H.R. 987 is a vote for workers.

Mr. PORTER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in strong support of this legislation. First, I want to commend the gentleman from Missouri (Mr. BLUNT) and the Committee on Education and Workforce, the proper committee of jurisdiction on this issue, for advancing through the normal process this legislation to address ergonomics.

This is an issue that we have examined in Appropriations Committee hearings in recent years, and it is an issue of major concern to both employers and employees. Indeed, through fiscal year 1998, we carried a provision in appropriations law to bar any ergonomics regulation before agreeing in that year that such a bar was better left to consideration by the authorizers.

Mr. Chairman, there are situations where poor workplace ergonomics cause serious injuries that can and should be avoided. Clearly, in modern times, insurers demand risk management of employers, and employers are concerned not only with the health and safety of their workers, but also with the minimizing of the cost burden of injuries and illnesses of their employees on the bottom line. As Director Jeffries of OSHA has testified before our subcommittee on other occasions, such cases are already actionable in many circumstances under the general duty clause.

The issue today is whether the present state of science justifies imposing a prophylactic regulation of broad scope. I think that it does not. And make no mistake about it, the draft proposed regulation is a very broad one. It would apply to any general industry whose employees engage in manufacture or manual handling, and such workplaces would be required to implement a full ergonomics program upon the reporting of a work-related musculoskeletal disorder, notwithstanding the difficulties in determining whether such disorders are in fact work-related.

My own exploration of this issue has left me convinced that such a broad regulatory approach cannot be justified at this time in light of the state of science, and should not be advanced without further study.

In 1996, after OSHA had already moved forward with stakeholder discussions on a draft ergonomic standard, I asked Dr. Katz, the director of the National Institute of Arthritis and Musculoskeletal and Skin Diseases at the National Institutes of Health if we knew enough scientifically for the Federal Government to be promulgating ergonomic standards.

His response was not yet. He went on to explain that despite extensive study, we are a long way from knowing the best medical management of repetitive motion disorders.

I do not believe the science has moved enough in the intervening years, that is, 2 years, to justify OSHA's draft proposed regulation. I note that the Academy of Orthopedic Surgeons supports this conclusion as well.

At a minimum, the burden of proof should be upon the proponents of broad ergonomics regulation to show that there has been such a dramatic change in the state of science in the past 2 years that a sweeping regulation can be justified. It seems to me that the NAS study provides such a needed check.

Mr. Chairman, this is a major regulatory change and one that should not be undertaken lightly. I think the gentleman from Missouri's legislation adopts a wise approach to the issue, and I urge all Members to support passage of this bill.

Mrs. MALONEY of New York. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am rising really in opposition strongly to H.R. 987. This is a needless delay to give American workers the protection that they need and deserve. Since 1995, this is the fourth delay in 5 years. And each year the standard is delayed, another 650,000 workers will suffer disabling injuries.

In the interest of time, because many of my colleagues want to speak on this subject, I would like to put in the record case studies of constituents who have suffered from this disease and really the success stories of several businesses that have implemented their own ergonomic programs and greatly reduced the repetitive motion injury claims in their companies.

We need to go forward with these OSHA rules. It truly helps businesses too, because these disorders cost employers between $15 billion and $20 billion each year in workers compensation costs.

□ 2030

I would also like to point out that it is very much of a woman's issue. Sixty percent of the claims are women that are in these repetitive typing jobs.

Mr. Chairman, I include for the RECORD information on ergonomics from articles and studies.

The material referred to is as follows:

SUCCESS WITH ERGONOMICS

State: New York, 14th.

Company: The New York Times, New York, NY.

Industry: Newspaper.

Employees: 5,000.

Success Brief: Reduced the number of workers' compensation cases by 84%, cut lost-time cases by 75% and reduced the total days lost by 91%.

THE PROBLEM

In 1991, The New York Times began addressing work-related musculoskeletal disorders (MSDs) informally. By 1992 the company realized it needed to take a more structured approach to reduce the increasing number of MSDs. Many of the newspaper's hardest working and most creative employees were getting hurt.

THE SOLUTION

The newspaper implemented an ergonomics program that included worksite and work-process evaluations, workplace redesign and renovation, training, on-site medical management, ergonomic equipment, a computerized tracking system and an in-house hot line telephone number to address ergonomic concerns and requests. Workstations were redesigned to fit the variety of jobs (graphic designers, reporters, editors) at the newspaper. Management support and employee involvement were key factors to the success of the newspaper's program.

THE IMPACT

Over the four-year period (1992–1996), the company's efforts resulted in an 84% drop in the number of MSD workers' compensation cases, a 75% drop in lost-time case and a 91% decrease in total days lost.

Source: CTD News, January 1998.

ANGELA DIAZ (ILGWU)—NEW YORK, NY, LADIES' GARMENT WORKERS

Angela Diaz has been a seamstress for 25 years.

Now 48, Diaz has suffered with a severe case of carpal tunnel syndrome for seven years.

With help from the ILGWU, she finally has gotten some relief through treatment at the union's Occupational Health Clinic and surgery. The ILGWU also guided Diaz through the maze of applying for workers' compensation; a two-year wait is normal for victims of carpal tunnel syndrome. During that period, most workers lose their health benefits and some must apply for welfare benefits to support their families.

Diaz says her life has been turned upside down. She cannot physically do the work necessary to maintain her home and family, much less the activities she once enjoyed.

SUCCESS WITH ERGONOMICS

State: New York, 8th.

Company: Banker's Trust Co., New York, N.Y.

Industry: Banking and Finance.

Employees: Not availab.

Success Brief: Claims tied to ergonomic issues dropped by almost 50% in one year.

THE PROBLEM

With one employee facing her second surgery for carpal tunnel syndrome, Banker's Trust recognized a potential problem early on and decided to implement an ergonomics program. In 1995, the company received more than 100 workers' compensation claims tied to ergonomic issues.

THE SOLUTION

Banker's Trust initiated an ergonomics program in 1993. The company's program focuses on two main issues: acquiring the right equipment and making sure it is used properly. An ergonomics committee, comprised of representatives from all departments, was formed to design new work stations, and a video was created to train staff on proper postures and the correct way to set up one's workstation. Banker's Trust also distributes a workstation safety handout to employees.

THE IMPACT

In one year, Banker's Trust significantly reduced repetitive motion injury claims. In 1995, the bank faced more than 100 claims tied to ergonomic issues, while in 1996 there were only 60 claims. Employee morale has increased, and the company has seen an improvement in its lost workday injury rate.

Source: "Ergonomics project exemplifies Opferkuch's ambition," Business Insurance, April 1997.

ERGONOMICS IS A WOMAN'S ISSUE

Women are Affected Disproportionately. In 1997 women made up 46% of the American workforce and accounted for 33% of all workplace injuries. Yet, in certain jobs such as typing or key entry, they suffered 91% of all repetitive motion injuries. Overall, women experienced 70% of all lost-time cases caused by carpal tunnel syndrome and close to two-thirds of all lost work-time cases caused by tendinitis. A study from Washington State reported that while women submit less than ⅓ of all workers compensation claims in the state, 61% of all claims for Carpal Tunnel Syndrome are submitted by women.

Many Occupations with a Majority of Women Employees are Disproportionately Impacted by Musculoskeletal Disorders (MSDs). For example, women in the health care profession are hard hit by musculoskeletal disorders. Just one profession—Registered nurses, Licensed Practical Nurses, Nurses Aides, and Healthcare Aides—accounted for 12% of all MSDS reported in 1997 according to BLS. A significant number of textile sewing machine operators, data key operators, and secretaries suffer numerous cases of MSDs.

Carpal Tunnel Syndrome is More Prevalent in Female—Dominated Industries. Ninety-one percent of cashiers who suffer from carpal tunnel syndrome are women. Women make up 85% of packagers who experience carpal tunnel syndrome. Female assemblers experience 70% of all cases. Virtually all cases of carpal tunnel syndrome among data-entry keyers, textile sewing machine operators, general office clerks, telephone operators, bank tellers, and typists are experienced by women.

Top Jobs in which women are at risk for MSDs. (1) Nursing Aids and Orderlies; (2) Registered nurses; (3) Assemblers; (4) Cashiers; (5) Miscellaneous Machine Operators; (6) Maid.

Top Jobs in which women are at risk for Carpal Tunnel Syndrome. (1) Assemblers; (2) Secretaries; (3) Miscellaneous machine operators; (4) Data-Entry Keyers; (5) Textile Sewing Machines; (6) Cashier.

Ergonomic-Related Injuries are crippling. According to BLS, workers with Carpal Tunnel Syndrome average more days away from work than workers who suffer amputations, falls, and fractures. Carpal Tunnel Syndrome cases average 25 days away from work; amputations average 18 days. Workers who suffer MSDs may never return to the job or may never be able to handle simple, everyday task such as combing their hair or picking up a baby.

Mr. Chairman, I yield to the gentleman from Massachusetts (Mr. TIERNEY).

Mr. TIERNEY. Mr. Chairman, I thank the gentlewoman from New York for yielding to me.

Mr. Chairman, what we are talking about here is whether or not OSHA should be allowed to go forward with the rules they have established. Proponents of this bill say no, kill it, delay it, do whatever you can, but do not implement it. They use the same excuse or tactic that they have used before, simply to propose yet another study.

The irony here is that the delay would be for 24 months, 2 years. The irony in particular is that the proposed study would merely review existing literature. Even more ironic is the study that they seek to be done, they seek it by the National Academy of Sciences, a group whose studies they rejected when it came time for the Census, because this particular group said the Census should be done with statistical sampling.

Our friends on the other side did not like it then, but now, because they want a delay, they do not want to see the standards go into effect, they cannot wait to put this off and have the National Academy of Sciences do yet another study.

The harm is not just to working men and women, although that harm is severe. The harm is also to businesses. We do not hear that from the other side, but $15 billion to $20 billion a year is going to be spent on workers compensation costs because of workers' injuries.

My small businesses want to know that they can rely on reasonable regulations to help them stop that kind of expenditures. Up to $60 billion is spent every year on these kinds of injuries. The harm to workers, Mr. Chairman, each year more than 600,000 American workers suffer work-related musculoskeletal disorders.

No one champions excessive regulation, but no one can seriously argue that there should be a total absence of oversight, or that that is appropriate. If it is the government's appropriate function to strike a balance for business, for workers, and for consumers, it is especially so, Mr. Chairman, in this particular instance, when good regulation can save business money, can enhance efficiency, as well as save individuals from painful and debilitating injuries.

Mr. Chairman, the standards in this particular instance are limited in scope. They are based on science. There have been, in fact, some 2,000 studies done, and they have been reviewed and reviewed again by peer groups and scientists from all walks. These proposals provide flexibility for each employer to tailor the program to their particular workplace. It covers manufacturing and manual handling operations, which account for about 60 percent of these types of injuries.

Mr. Chairman, the science shows that this is warranted. There is no need to delay it again for yet another study when that in fact has been done. Workers say they need it, and businesses clearly say they see the merits and need these standards.

Mr. Chairman, we have to just listen to what some of these businesses say. 3M said they estimate that because of these efforts since 1993, over 1,000 employees did not develop work-related musculoskeletal disorders, and it resulted in approximately 16,000 fewer lost work days. 3M's experience is that implementing an ergonomics program is effective for reducing the number of work-related musculoskeletal disorders, and additionally, is good business, Mr. Chairman.

Peter Meyer, the human resources director for Sequins International Quality in New York, Mr. Chairman, agrees, as does the General Accounting Office, this is good for business, as well as good for workers.

Mr. GOODLING. Mr. Chairman, I ask unanimous consent that all debate on the bill and amendments thereto be limited to 20 minutes, divided equally between myself and the gentleman from Missouri (Mr. CLAY).

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. CLAY. Reserving the right to object, Mr. Chairman, the gentleman said 20 minutes, 10 on each side?

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. CLAY. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. Yes, Mr. Chairman.

Mr. CLAY. I have no objection, Mr. Chairman, and I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan (Mr. EHLERS).

Mr. EHLERS. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, as I mentioned earlier, I am somewhat sympathetic to this because of my experience with a serious back problem, a lumbar laminectomy and carpal tunnel surgery.

At the same time, when I asked where these came from, did they come from the workplace, I am not engaged in heavy lifting, unless I am dealing with heavy issues on the floor; or did it come from my history of driving a 30-foot semi trailer truck when I was younger? Again, the answers are not clear.

My carpal tunnel injury, did it come from repetitive motion? No. I rarely engage in repetitive motion with my hands.

My point simply is that these are very, very complex issues. That is why Congress asked for and provided funding for the National Academy of Sciences study, because of the continuing controversy of the medical and scientific questions relating to ergonomics.

There are other issues here, other than separating out what happens at home, such as what are the effective treatments? For example, I wore wrist splints for my carpal tunnel surgery. Did it help? It turned out to be more important to wear them at night than during the day when I was at work.

I think one of the key factors that we need is education on this issue. As my wife commented to me after I had back surgery, and I studied the problems involved with backs, if we had known all this beforehand, we could have prevented it, and that is exactly true. Preventative medicine is the answer, in many cases. That involves education, it involves accommodation to the problems that individuals have.

Something else I have heard commonly during this debate is the need for sound science. As a scientist, I find this amusing. Sometimes people saying that really means they want science that supports their opinion, rather than really what people mean by sound science.

Nevertheless, we do need that in this case, but also we need a good dose of plain, ordinary common sense in designing regulations and meeting the needs of the workplace, and particularly ensuring that our workers do not suffer. I support the bill, but I also want to make clear, I support efforts to provide proper ergonomic controls in the workplace.

Mr. CLAY. Mr. Chairman, I yield 4 minutes to the gentleman from Washington (Mr. BAIRD).

Mr. BAIRD. Mr. Chairman, I rise in strong opposition to this irresponsible legislation, which threatens the health and safety of our Nation's work force.

Each year, Mr. Chairman, more than 650,000 American workers suffer from work-related musculoskeletal disorders, 650,000. That is not just a number. That is working people, our constituents throughout our districts. It is nurses injured while they try to transfer patients from a bed to a wheelchair. It is machinists injured on the job. It is workers throughout our districts.

I can tell my colleagues that these are hardly minor aches and pains, these are serious disabling conditions that have extensive impacts on workers' lives, and are estimated to cost the American public something in the realm of $20 billion a year.

Mr. Chairman, those costs are not just economic. When a mother has carpal tunnel syndrome and cannot lift her child as a result, when a father injures his back on the workplace and cannot play ball with his daughter or son, those are also real impacts. We need to stop those impacts. This legislation would limit our ability to stop those impacts.

People do not just lose time with their families, they lose their jobs. They sometimes become permanently unemployed or are forced to take severe pay cuts. I want to emphasize that as a scientist myself, as a teacher of the scientific method and as a practicing clinician, I am dogged in demanding a strong peer reviewed science in making important public health decisions.

But my colleagues should know by now that the American Public Health Association, the National Academy of Sciences, the National Institute for Occupational Safety and Health, and the American College of Occupational and Environmental Medicine, have all indicated the strong need for a standard. We have that draft standard. We need to implement it.

This bill is not really about requiring science, because if it were, the people who have introduced it would have supported funding for scientific studies in the past, but in fact they have opposed it.

It is not about science, because common sense tells us if we do the same repetitive motion for 8 hours a day, we are going to injure ourselves. We do not need more science, we need to implement the regulations we have put forward.

There was a time, Mr. Chairman, when in our country workers were considered expendable. If they injured themselves on the job, tough luck, they were dismissed with no compensation, their family lost a breadwinner, they lost mobility, and they simply replaced them with whoever else was willing to work for the cheapest wage in the most dangerous conditions imaginable.

That time was past, but this legislation would like to see us move back. This legislation is wrong.

A very interesting thing just happened on the floor of this House. We saw a negotiation between the two parties, which was good. We said, folks, we are all tired. It has been a long day. It is going to be a long week. We have worked hard. Let us cut this debate a little short so we can go home to our families. I favor that negotiation. I am glad we supported it.

But here is the problem. Working people, men and women in this country who work in unsafe conditions, or where they risk ergonomic injuries, do not always have that opportunity. They cannot go to their boss or their supervisor and say, I am getting injured on this job.

We need to change the conditions. They do not have that right to negotiate, the very negotiation we just conducted here. They are forced to work in situations that injure them. We have an obligation to create standards that protect them from those injuries, to protect the mothers, fathers, and the working people throughout this country.

I urge my colleagues to vote no on this anti-worker, anti-safety, anti-family legislation.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina (Mr. BALLENGER).

Mr. BALLENGER. Mr. Chairman, my subcommittee had several hearings with specialists in these fields. This is what the experts said.

For example, Dr. Morton Kasden, a clinical professor of surgery at the University of Louisville, testified that "There is a lack of scientific evidence that using our hands repetitively causes so-called cumulative trauma."

A quote on the chart from Dr. Stanley Bigos, professor of orthopedics at the University of Washington:

> We cannot provide a universal mandate without knowing specific dimensions that might work. How high should the bench be? How tall is too tall and too short? What about differences in age?

Who will all of a sudden determine, without data, what is right or wrong, legal or illegal, borderline or punishable? From whose pockets will the costs come? As usual, they will probably come from the employees take-home pay. Do not be confused by those who want to oversimplify the model of the human body. Usually the human body does not mean you wear it out. Discomfort from spring gardening and spring training is not caused by damage but deconditioning of the winter rest.

Dr. Howard Sandler, a former medical officer with NIOSH and a consultant to OSHA, said

> Considerable interest and concern has been focused on the relationship between work and musculoskeletal disorders. At the present time, the risk factors, their interactions and their thresholds for causing effects have not been sufficiently identified. Once this information is established, risk can be effectively predicted and appropriate preventive actions can be instituted across a wide range of business and industry. Research presently underway should help to establish the scientific data which is currently lacking.

Finally, on the chart, Dr. Morton Hadler, who is from the University of North Carolina:

> Any attempt to construct an ergonomic standard as a remedy for regional musculoskeletal injuries in the workplace is not just premature, it is likely to be counterproductive in its application and enforcement.

Finally, Dr. Michael Vender, who is with the American Society of Surgery of the Hand: "With our present level of understanding, we cannot distinguish between on-the-job or off-the-job activities because the quantitative relationships" are bad. This proves that we need a complete study.

Mr. CLAY. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. OWENS).

Mr. OWENS. Mr. Chairman, the following informational items can contribute greatly to the lifting of the veil of confusion being promulgated by the Republican majority.

I am also submitting examples of victims of ergonomic disorders and examples of business owners in establishing their own ergonomic standards.

Truth is on the side of the American working families.

The material referred to is as follows:

Misleading Myths on Ergonomics

Myth: There is no sound science tying musculoskeletal disorders to work.

Fact: There is a tremendous wealth of solid, scientific evidence linking musculoskeletal disorders and work. NIOSH evaluated 600 of 2,000 studies available in 1997 and the National Academy of Sciences surveyed the literature in 1998. The academy concluded there is compelling evidence that reducing physical stress on the job reduces the risk of injuries.

Myth: There is no need to act until we know exactly how many repetitions produce injuries.

Fact: We don't know how many cigarettes someone must smoke before developing cancer—individuals vary—but we do know smoking significantly increases cancer risk. The same is true with awkward postures, repetitive motion, heavy lifting and forceful exertions. Reducing these risk can prevent work-related musculoskeletal disorders.

Myth: Medical professionals disagree about the need for ergonomics regulations.

Fact: Most of the medical community has strongly encouraged OSHA to act without further delay in promulgating a proposed ergonomics program rule. This includes the American College of Occupational and Environmental Medicine, the American Academy of Orthopaedic Surgeons, the American Association of Occupational Health Nurses, the American Nurses Association and the American Public Health Association.

Myth: A new NAS study will produce definitive conclusions supporting/dismissing the need for an OSHA ergonomics standard.

Fact: Another review of the literature will not produce any new information and is most likely to replicate the findings and conclusions of the earlier NIOSH and NAS evaluations, which critics refused to accept as definitive. And those who are adamantly opposed to an OSHA ergonomics standard have declined to commit themselves to support the findings of the second NAS review, whatever they may be.

Myth: Work-related musculoskeletal disorders are decreasing; therefore, there is no need for an OSHA ergonomics standard.

Fact: All workplace injuries and illnesses are declining—that's great news. Repetitive motion injuries, as they are reported on the OSHA 200 Log, constitute a small portion of these injuries—just 4 percent. However, when these injuries are combined with back injuries that are due to repetitive motions or overexertion, they account for over one-third of lost workday injuries and illnesses. An OSHA standard would help protect the more than 600,000 workers who suffer serious and potentially disabling work-related musculoskeletal disorders each year.

Myth: There is no proof that ergonomics programs reduce injuries.

Fact: There are many examples of companies that have established ergonomic programs, reduced injuries, cut costs and increased productivity and employee morale. Hundreds of stakeholders have shared their successes with OSHA in stakeholder meetings and best practices ergonomics conferences.

Myth: An OSHA ergonomics standard will be extremely costly for businesses.

Fact: Today, U.S. businesses are spending $15 to $20 billion each year in workers' compensation costs alone for work-related musculoskeletal disorders. As employers fix ergonomic problems in line with their ergonomic programs, injuries—and costs—will decline. Ergonomics programs ultimately save money—for everyone. Good ergonomics is good economics.

SUCCESS WITH ERGONOMICS

State: New York, 8th; Company: King Kullen Grocery, New York; Industry: Retail grocery; Employees: 4,500; Success Brief: Over four years, reduced workers' compensation claims from 21 to 5.

THE PROBLEM

In 1992, King Kullen faced a rising rate of carpal tunnel syndrome (CTS) among its cashiers. The company attributed the increase in CTS cases to the checkout scanners introduced in their stores in the late 1980s.

THE SOLUTION

The company implemented a comprehensive ergonomics program. King Kullen modified its checkout stations and scanners to reduce lifting and twisting motions. The company's medical management program ensured immediate care and treatment to employees who were experiencing problems on the job. Employees also received training on the causes and symptoms of work-related musculoskeletal disorders (MSDs) and on good work practices.

THE IMPACT

Over a four-year period, workers' compensation claims for MSDs dropped from 21 to 5. Source: "Keeping Grocery Checkout Lines Moving," Risk Management, January 1998.

Angela Diaz (ILGWU), New York, NY; Ladies Garment Workers.

Angela Diaz has been a seamstress for 25 years.

Now 48, Diaz has suffered with a severe case of carpal tunnel syndrome for seven years.

With help from the ILGWU, she finally has gotten some relief through treatment at the union's Occupational Health Clinic and surgery. The ILGWU also guided Diaz through the maze of applying for workers' compensation; a two-year wait is normal for victims of carpal tunnel syndrome. During that period, most workers lost their health benefits and some must apply for welfare benefits to support their families.

Diaz says here life has been turned upside down. She cannot physically do the work necessary to maintain her home and family, much less the activities she once enjoyed.

Nadine Brown (USWA Local 1753), Buffalo, NY; FEDCO Automotive.

Nadine works for FEDCO Automotive Components Company, Inc. of Buffalo, a manufacturer of heat exchangers for the automotive industry. She has worked at FEDCO for ten years. For the past five years, Nadine has worked lifting heater cores that weigh at least 2-4 pounds onto an assembly line. Each day, Nadine lifts between 4,000 and 6,000 heater cores. She gets 2 fifteen minute breaks a day, plus a half hour for lunch. Last August Nadine underwent surgery to relieve the pain in her hand caused by carpal tunnel syndrome.

The pain in her hand started several years ago. It made it difficult to grip things, to drive and to fix her children's hair. She went to the company doctor, who referred her to a specialist. He told her she needed surgery. Nadine spent about four months recovering from the surgery and returned back to work in the same job. No adjustments have been made, so she is doing the exact same work now that caused her injury. Several other people in the company have had surgery for similar injuries.

Lorraine Baker (USWA), Solvay, NY; Landis Plastics.

Lorraine was injured on the job and was diagnosed with bilateral carpal tunnel in 1996.

Lorraine found out that she had been fired when she tried to use her insurance for her daughter and was told that it had been canceled even though she continued to make her weekly co-payments to her employer.

She was forced to file a lawsuit in Federal Court before her employer would reinstate her and her insurance. In 1997 the company's doctors agreed that she did in fact have bilateral carpal tunnel but they said that it didn't happen at work. Her compensation was reduce by 50 percent and would not approve the surgery that two orthopedic surgeons recommended. Her attorney was seeking an expedited hearing with the Workers' Compensation Board.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Mr. MILLER).

Mr. MILLER of Florida. Mr. Chairman, let me first of all commend the chairman of the Committee on Education and the Workforce for bringing this commonsense legislation to the floor today. This really is common sense.

One thing we can all agree on in this Chamber, all 435 of us, is we do not want to have workplace injuries. We want to eliminate them. We want to minimize them. We all agree on that. The debate is where we want power and the influence to control that.

My friends on the other side believe Washington knows the answer. The more power we can bring to Washington, the better it is for the Washington bureaucracy, and also for the benefit of organized labor. Those of us on this side of the aisle believe it belongs to business and State and local regulations. It does not belong in Washington. Washington does not know all the answers.

I am a former small business man. Before I entered Congress, I served for 19 years in family businesses back in Florida. We were highly motivated in our business to keep workplace injuries to a minimum. First of all, it is the right thing to do. You do not want to see your friends and employees hurt.

But workmens compensation insurance was so expensive you were highly motivated to keep injuries at a minimum, because it made economic sense, because it affected your bottom line by not having people injured. So you were motivated to have people trained to avoid injuries, lifting injuries or hand injuries and such.

The other reason you are motivated is that you do not want to have your employees lose work. You have a trained employee and that is a valuable asset. The last thing you want to do is have that person hurt and miss work. So employers are motivated to minimize those injuries, just like the government thinks they can decide it up here in Washington. This regulation is common sense. This says, let science address the issue.

The other question that is unanswered, besides science, is cost. I know OSHA says, Oh, it is only $3.5 billion a year on business. That is costing jobs, $3.5 billion, and that is a ball park estimate. Other estimates are in the tens of billions of dollars a year. That is like a tax on small business.

This makes common sense. Let us wait for science to give us some answers.

Mr. CLAY. Mr. Chairman, I yield 1 minute to the gentlewoman from Florida (Ms. BROWN).

Ms. BROWN of Florida. Mr. Chairman, I have been an elected official for 17 years, and never in those 17 years have I voted against the working people of the country. I rise today in opposition to this bill. This is another attempt by the Republicans to trample upon the rights of the American workers.

Working men and women are the backbone of this country. As usual, this Republican bill ignores the problems of worker safety.

□ 2045

It is the working men and women who have built up this country, and the Republicans would rather conduct a study than take real action to protect these men and women. Work-related injuries are a critical problem that affect more than 600,000 workers each year.

OSHA is finally moving forward to develop a standard to prevent unnecessary injuries, and this bill would only cause those workers more pain.

I urge my colleagues to stand up for the working men and women and vote "no" on this bill.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky (Mr. FLETCHER), a member of the committee.

Mr. FLETCHER. Mr. Chairman, I rise to speak in support of the bill, and I certainly thank the gentleman from Missouri (Mr. BLUNT) and the gentleman from Pennsylvania (Mr. GOODLING), the committee chairman, for their work to ensure that we make sure that we evaluate fully what we are doing before we begin to promulgate regulations that can have extensive effects upon the workers, the workplace, and job availability.

I think we all agree on both sides of the aisle that paramount in our concern is worker safety, making sure that we have the kind of jobs that are needed, that are safe jobs, that folks do have the kind of protections that they need so that they do not have injury, permanent injury and problems that will affect their livelihood and their families.

But when we look at past history of OSHA, sometimes they promulgated regulations that really do not make a whole lot of sense. Let me give my colleagues just one simple illustration of what they do in a physician's office.

I generally keep a cup of coffee sitting right on the counter, so that when I come out from seeing a patient, I just grab it and get a sip of coffee. But OSHA passed a regulation that, because I have got a microscope right there on the counter, and I do some urinalysis on it, that somehow this is a major safety hazard, and this is against the law for me to have that cup of coffee setting there because it may be a detriment to my health.

I think it is clearly that, many times, regulations are promulgated that are not fully thought out, that have not been investigated thoroughly.

We have certainly petitioned, the Congress has, a study by the National Academy of Sciences to study this. We have allocated almost $1 million of taxpayers' money so that they can do this study so that we can hopefully resolve the conflict.

We find physicians in medical organizations on both sides of this issue. Clearly it is not resolved. Musculoskeletal disorders are very complicated disorders. There are folks that have opinions on both sides.

I think it is paramount and very necessary that we make sure that we have definitive studies, a review of studies by an organization of the National Academy of Sciences. Then we can promulgate the regulations that are necessary to ensure the safety, ensure that we do things properly, right, and do not do some ridiculous things that OSHA has a history of doing in the past.

I encourage my colleagues to vote for this bill.

Mr. CLAY. Mr. Chairman, I yield 1 minute to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Chairman, I thank the distinguished gentleman for yielding me this time.

Mr. Chairman, I rise to raise an enormous and strong opposition to H.R. 987. Mr. Chairman, just a few weeks ago, I visited a factory in my district that was about to close. As I was walking through, I inquired of those who were there, the working people of America, "How long have you been at this plant, using your hands, and putting things together?" Forty years, 25 years, 18 years. The working people of America are committed to their work.

This is a horrific bill that takes away the respect and the humanity and the dignity of working men and women. It says to them we do not care about their injuries. We do not care about the fact that they need to work to provide for their family. If they get hurt, there will be no regulations. We will just throw them out the door.

OSHA has worked yesterday, it works today, and it will work tomorrow. Any time we start hearing people talking about putting in a study on working people's rights, we know what they are trying to do. Cast them aside.

H.R. 987 does not address the question of the commitment of working men and women to their positions. It is a bad bill. It should be defeated.

Mr. CLAY. Mr. Chairman, I yield 4½ minutes to the gentleman from North Carolina (Mr. WATT).

Mr. WATT of North Carolina. Mr. Chairman, I am observing this debate in somewhat disbelief. About 25, 30 years ago, when I was a young lawyer just starting to practice law in North Carolina, I tried the first carpal tunnel syndrome case under the North Carolina workers compensation law. Ever since that time, in North Carolina, carpal tunnel has been recognized as a compensable workers compensation injury in North Carolina.

It comes as a substantial surprise to me that my colleagues who say that they are using the States as laboratories on many issues are now back here 25 or 30 years later questioning whether carpal tunnel and other ergonomic injuries are even workplace injuries.

It strikes me that, if a number of people were getting sick in a plant, and we did not know exactly the best way to solve the problem of keeping them from getting sick, maybe we should write some regulations and not pass any kind of safety rules to address the situation in the interim. That is what my Republican colleagues seem to be suggesting here.

I am not opposed to the study that is being done. But what I do wonder is, what happens between now and the time the study is completed. Why should the American workers not be protected when we know that they are walking into these workplace situations, engaging in repetitive motion activities, developing carpal tunnel syndrome and other kinds of ergonomic injuries; and we should just turn around and walk away and pretend that this is not happening.

This is an unbelievable, unreal debate that we are having here on this bill. It is like we want the perfect to be the enemy of the good. Because the department had not written the perfect set of regulations to deal with this issue, we want to delay any kind of regulations when we know full well that these injuries are caused by repetitive motion and workplace conditions.

This is an unreal debate that can only be engaged in in a Congress that has no acknowledgment of the rights of working people. Over 650,000 workers were injured last year by repetitive motion and ergonomic-related injuries. The bulk of those were women who sit at a desk or do some repetitive motion kind of activity, and they do it over and over and over again. We are going to penalize those people trying to say that we ought to hold off on writing any kind of regulations until we can get a perfect set of regulations.

We can revise a regulation at any point in the process. It is not a big deal. We revise regulations all the time in the Federal Government. So what is the problem with putting some regulations in place, operating under those, allowing the study to be completed, and then, if necessary, in response to that study, revising the regulations to make them better?

We cannot afford in this situation to let the perfect be the enemy of the good. I urge my colleagues not to engage in this unbelievable kind of activity and slam against the working people of this country to vote against this bill and let us get on with some real business of the country.

Mr. GOODLING. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri (Mr. TALENT), a valued member of our committee and the chairman of the Committee on Small Business.

Mr. TALENT. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, we have had discussion on the floor of the House tonight about this regulation having taken 8 years, 9 years, 12 years. We do not know how long OSHA has been working on this. Does that not tell us something about the process?

It has taken a long time. Because OSHA sits like this great brooding planning agency, planning for everybody in America, trying to shove down the throats of small business people a regulation that will hurt them, that will hurt their employees, and will accomplish nothing. The small business community is not going to take that anymore.

It is exactly to prevent this kind of thing that the Congress passed SBREFA 3 years ago, the Small Business Regulatory Enforcement Fairness Act. What we said to the agencies of the Federal Government is, Look, we do not want you to hurt small business people while accomplishing nothing. So listen to them. Tell them what you are going to do and listen. Do not discount what they are telling you. Make adjustments in the regulation. Work in partnership with them because they want worker safety. They are not out to hurt their people.

OSHA has over and over and over again with this regulation and so many others systematically and deliberately overestimated the benefits of it, underestimated the costs, and tried to pass vague regulations that nobody understands and push it down the throats of America's small businesses; and they are not taking it, and that is why this is taking so long.

In March, the Small Business Advocacy Review Panel met and said that OSHA has underestimated the costs of this regulation by a factor of 4 to 10 times on America's small business people. A dentist, a lady came and said, Look, it is going to cost me $5,000 just to determine the extent to which I am covered by this regulation.

OSHA says, Well, we do not take into account costs like that because they are indirect. We do not figure out the costs that people are going to have to incur to determine whether or not they are covered. We are not going to change the regulation to accommodate people like you.

That is why we are here year after year after year. That is what this bill is trying to address.

Mr. Chairman, look, it is time to stop treating America's small business people like they were the enemies of their workers, like they were the enemies of the public interest. They want worker safety. Let us work in partnership with them. Develop a regulation based on good science; that is what this bill is about.

The CHAIRMAN. All time for debate has expired. If there are no further amendments, under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. MILLER of Florida) having assumed the Chair, Mr. SHIMKUS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 987) to require the Secretary of Labor to wait for completion of a National Academy of Sciences study before promulgating a standard or guideline on ergonomics, pursuant to House Resolution 271, he reported the bill back to the House.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. CLAY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 217, nays 209, not voting 8, as follows:

[Roll No. 366]

YEAS—217

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Berry
Biggert
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Bono
Boyd
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth
Clement
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Dooley
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
John
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
Kingston
Knollenberg
Kolbe
Kuykendall
Largent
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Lucas (OK)
Manzullo
McCollum
McCrery
McInnis
McIntosh
McIntyre
McKeon
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Morella
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Pickering
Pickett
Pitts
Pombo
Porter
Portman
Pryce (OH)
Radanovich
Ramstad
Regula
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Smith (MI)
Smith (TX)
Souder
Spence
Stearns
Stenholm
Stump
Sununu
Talent
Tancredo
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Turner
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NAYS—209

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Borski
Boswell
Boucher
Brady (PA)
Brown (FL)
Brown (OH)

Campbell
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Doyle
Edwards
Engel
English
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gilman
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Horn
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kleczka
Klink
Kucinich
LaFalce
LaHood
Lampson
Larson
Lazio
Lee
Levin
Lewis (GA)
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McHugh
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Petri
Phelps
Pomeroy
Price (NC)
Quinn
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Ryan (WI)
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Sherman
Skelton
Slaughter
Smith (NJ)
Smith (WA)
Snyder
Spratt
Stabenow
Stark
Strickland
Stupak
Sweeney
Tauscher
Thompson (CA)
Thurman
Tierney
Towns
Traficant
Udall (CO)
Udall (NM)
Velazquez
Vento
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Weldon (PA)
Weller
Wexler
Weygand
Wise
Woolsey
Wu
Wynn

NOT VOTING—8

Bilbray
Jefferson
Lantos
McDermott
Metcalf
Mollohan
Peterson (PA)
Thompson (MS)

□ 2121

Mr. BALDACCI changed his vote from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GOODLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 987, the Workplace Preservation Act.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

REPORT ON H.R. 2684, DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 2000

Mr. WALSH, from the Committee on Appropriations, submitted a privileged report (Rept. No. 106–286) on the bill (H.R. 2684) making appropriations for the Department of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 2000, and for other purposes, which was referred to the Union Calendar and ordered to be printed.

The SPEAKER pro tempore (Mr. MILLER of Florida). All points of order are reserved on the bill.

MAKING IN ORDER ON AUGUST 4, 1999, OR ANY DAY THEREAFTER, MOTION TO CONCUR IN SENATE AMENDMENTS TO H.R. 1664, KOSOVO AND SOUTHWEST ASIA EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT, 1999

Mr. DREIER. Mr. Speaker, I ask unanimous consent that it be in order at any time on August 4, 1999, or any day thereafter, to take from the Speaker's table H.R. 1664, with Senate amendments thereto, and to consider in the House, any rule of the House to the contrary notwithstanding, a single motion offered by the chairman of the Committee on Appropriations or his designee that the House concur in the Senate amendments; that the Senate amendments and the motion to be considered as read; that the motion be debatable for 1 hour equally divided and controlled among the gentleman from Ohio (Mr. REGULA), the gentleman from West Virginia (Mr. MOLLOHAN), and the chairman and ranking minority member of the Committee on Banking and Financial Services, or their designees; and that the previous question be considered as ordered on the motion to final adoption without intervening motion or demand for division of the question.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 8 of rule XX, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Such rollcall votes, if postponed, will be taken tomorrow.

AUTHORIZING ARCHITECT OF THE CAPITOL TO PERMIT TEMPORARY CONSTRUCTION AND OTHER WORK ON CAPITOL GROUNDS

Mr. FRANKS of New Jersey. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 167) authorizing the Architect of the Capitol to permit temporary construction and other work on the Capitol Grounds that may be necessary for construction of a building on Constitution Avenue Northwest, between 2nd Street Northwest and Louisiana Avenue Northwest.

The Clerk read as follows:

H. CON. RES. 167

Resolved by the House of Representatives (the Senate concurring),

SECTION 1. USE OF CAPITOL GROUNDS.

The Architect of the Capitol may permit temporary construction and other work on the Capitol Grounds that may be necessary for construction of a building on Constitution Avenue Northwest, between 2nd Street Northwest and Louisiana Avenue Northwest. Such work may include activities resulting in temporary obstruction of a curbside parking lane on Louisiana Avenue Northwest and on Constitution Avenue Northwest, between 2nd Street Northwest and Louisiana Avenue Northwest.

SEC. 2. PERIOD OF USE.

Work on the Capitol Grounds under section 1 is authorized during the period beginning August 6, 1999, and ending October 31, 2001, or such longer period as the Architect of the Capitol determines necessary.

SEC. 3. TERMS AND CONDITIONS.

(a) IN GENERAL.—Work on the Capitol Grounds under section 1 may not begin until the Architect of the Capitol receives such assurances as the Architect may require to ensure that—

(1) all areas of the Capitol Grounds that are disturbed by reason of such work will be restored to their original condition without expense to the United States; and

(2) such work will be carried out so as not to interfere with the needs of Congress, under conditions to be prescribed by the Architect of the Capitol.

(b) EXPENSES AND LIABILITIES.—The United States shall not incur any expense or liability incident to any activity associated with work on the Capitol Grounds under section 1.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey (Mr. FRANKS) and the gentlewoman from the District of Columbia (Ms. NORTON) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. FRANKS).

Mr. FRANKS of New Jersey. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Concurrent Resolution 167 will authorize the Architect of the Capitol to enter into an agreement with the United Brotherhood of Carpenters and Joiners for a construction project that is scheduled to begin August 15, 1999.

The Carpenters and Joiners Union headquarters is located on Constitution Avenue between 2nd Street and

Louisiana Avenue, Northwest. This property is adjacent to the Capitol Grounds.

The Union plans to demolish its existing headquarters and construct a new larger facility. In order to do this, a small section of parking spots and a sidewalk on Louisiana Avenue will be closed for about 2 years.

Let me be clear about the affected area along Constitution Avenue and Louisiana Avenue. It is the curbside lane between 1st and 2nd Street, Northwest only. This authority in no way extends beyond those two streets insofar as the Capitol Grounds are concerned.

This activity will not interfere with the needs of Congress and will not cost the government. The building owners will restore all affected areas of the Capitol Grounds to its original condition once construction is completed.

I support this resolution wholeheartedly and urge my colleagues to join in support.

Mr. Speaker, I reserve the balance of my time.

□ 2130

Ms. NORTON. Mr. Speaker, I yield myself such time as I may consume.

First, Mr. Speaker, may I thank the gentleman from Pennsylvania (Mr. SHUSTER) for the way in which he has shepherded this matter through committee and to the floor. I am very grateful for the attention he has given it. May I also thank the distinguished ranking member the gentleman from Minnesota (Mr. OBERSTAR) for his invaluable assistance in getting this matter to the floor this evening. I very much appreciate the work of my own chairman the gentleman from New Jersey (Mr. FRANKS) who in committee today saw to it that this matter came and was expeditiously handled in the subcommittee itself. This straightforward resolution will allow the Architect of the Capitol to permit temporary construction and necessary other work on the Capitol grounds. The site is along Constitution Avenue in my district between Second Street and Louisiana Avenue Northwest and along Louisiana to First Street Northwest. The construction project will create a high end building with class A office space right here at the foot of Capitol Hill. The new building will be 10 stories high and will contain 500,000 square feet. The Architect has requested a resolution to permit the temporary closing of the curb lane along Louisiana Avenue and Constitution Avenue.

Again I want to thank the gentleman from New Jersey for the very expeditious way in which he has handled this matter and for his continued support for activities that positively affect the economic health of the Nation's capital, the District of Columbia.

Mr. Speaker, I yield such time as he may consume to the gentleman from Minnesota (Mr. OBERSTAR), the ranking member of the Committee on Transportation and Infrastructure.

Mr. OBERSTAR. Mr. Speaker, I thank the gentlewoman for yielding me this time. I rise to support the resolution and to express my great appreciation to the gentleman from Pennsylvania (Mr. SHUSTER) for moving so expeditiously on this matter which is very timely for the carpenters union for the replacement and construction of this facility so near to the Capitol. I appreciate the support of the chairman of the subcommittee also for acting so quickly. I want to compliment the gentlewoman from the District of Columbia on her steadfast persistence and leadership on this matter. She is a true advocate and champion for the District and a great voice.

This facility has one of the prime locations in all of Washington. It shall be very interesting to see the facility removed and reconstructed. I understand that there is a splendid plan to replace that facility. It is very important to all who are concerned, not only those building the structure but those who are going to rent, the various associations that would be a part of this.

I just wanted to rise and express my great appreciation to the majority for moving so quickly on a matter of such timely importance to those involved and again to compliment the gentlewoman for her leadership and express my great appreciation to the gentleman from Pennsylvania (Mr. SHUSTER) for his cooperation.

Ms. NORTON. Mr. Speaker, I yield myself such time as I may consume. I very much appreciate the remarks of the ranking member the gentleman from Minnesota (Mr. OBERSTAR). I do want to say that I know that the carpenters union is as grateful for the way in which this has been handled this evening as I am. I want to assure the House that the matter under construction has received already the approval of the appropriate Federal and local authorities and will continue to go through those approvals. We needed only now the approval of the House to make sure the construction could indeed proceed.

Mr. Speaker, I yield back the balance of my time.

Mr. FRANKS of New Jersey. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. MILLER of Florida). The question is on the motion offered by the gentleman from New Jersey (Mr. FRANKS) that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 167.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FRANKS of New Jersey. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on House Concurrent Resolution 167, the measure just considered by the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

AMERICAN INVENTORS PROTECTION ACT OF 1999

Mr. COBLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1907) to amend title 35, United States Code, to provide enhanced protection for inventors and innovators, protect patent terms, reduce patent litigation, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1907

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "American Inventors Protection Act of 1999".

SEC. 2. TABLE OF CONTENTS.

The table of contents is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.

TITLE I—INVENTORS' RIGHTS

Sec. 101. Short title.
Sec. 102. Invention promotion services.
Sec. 103. Effective date.

TITLE II—FIRST INVENTOR DEFENSE

Sec. 201. Short title.
Sec. 202. Defense to patent infringement based on earlier inventor.
Sec. 203. Effective date and applicability.

TITLE III—PATENT TERM GUARANTEE

Sec. 301. Short title.
Sec. 302. Patent term guarantee authority.
Sec. 303. Continued examination of patent applications.
Sec. 304. Technical clarification.
Sec. 305. Effective date.

TITLE IV—UNITED STATES PUBLICATION OF PATENT APPLICATIONS PUBLISHED ABROAD

Sec. 401. Short title.
Sec. 402. Publication.
Sec. 403. Time for claiming benefit of earlier filing date.
Sec. 404. Provisional rights.
Sec. 405. Prior art effect of published applications.
Sec. 406. Cost recovery for publication.
Sec. 407. Conforming amendments.
Sec. 408. Effective date.

TITLE V—OPTIONAL INTER PARTES REEXAMINATION PROCEDURE

Sec. 501. Short title.
Sec. 502. Ex parte reexamination of patents.
Sec. 503. Definitions.
Sec. 504. Optional inter partes reexamination procedures.
Sec. 505. Conforming amendments.
Sec. 506. Report to Congress.
Sec. 507. Estoppel effect of reexamination.
Sec. 508. Effective date.

TITLE VI—PATENT AND TRADEMARK OFFICE

Sec. 601. Short title.

Subtitle A—United States Patent and Trademark Office

Sec. 611. Establishment of Patent and Trademark Office.
Sec. 612. Powers and duties.
Sec. 613. Organization and management.
Sec. 614. Public Advisory Committees.
Sec. 615. Patent and Trademark Office funding.
Sec. 616. Conforming amendments.
Sec. 617. Trademark Trial and Appeal Board.
Sec. 618. Board of Patent Appeals and Interferences.
Sec. 619. Annual report of Director.
Sec. 620. Suspension or exclusion from practice.
Sec. 621. Pay of Director and Deputy Director.
Sec. 622. Study on Alternative Fee Structures.

Subtitle B—Effective Date; Technical Amendments

Sec. 631. Effective date.
Sec. 632. Technical and conforming amendments.

Subtitle C—Miscellaneous Provisions

Sec. 641. References.
Sec. 642. Exercise of authorities.
Sec. 643. Savings provisions.
Sec. 644. Transfer of assets.
Sec. 645. Delegation and assignment.
Sec. 646. Authority of Director of the Office of Management and Budget with respect to functions transferred.
Sec. 647. Certain vesting of functions considered transfers.
Sec. 648. Availability of existing funds.
Sec. 649. Definitions.

TITLE VII—MISCELLANEOUS PATENT PROVISIONS

Sec. 701. Provisional applications.
Sec. 702. International applications.
Sec. 703. Certain limitations on damages for patent infringement not applicable.
Sec. 704. Electronic filing and publications.
Sec. 705. Study and report on biological deposits in support of biotechnology patents.
Sec. 706. Prior invention.
Sec. 707. Prior art exclusion for certain commonly assigned patents.

TITLE I—INVENTORS' RIGHTS

SEC. 101. SHORT TITLE.

This title may be cited as the "Inventors' Rights Act".

SEC. 102. INVENTION PROMOTION SERVICES.

Part I of title 35, United States Code, is amended by adding after chapter 4 the following chapter:

"CHAPTER 5—INVENTION PROMOTION SERVICES

"Sec.
"51. Definitions.
"52. Contracting requirements.
"53. Standard provisions for cover notice.
"54. Reports to customer required.
"55. Mandatory contract terms.
"56. Remedies.
"57. Records of complaints.
"58. Fraudulent representation by an invention promoter.
"59. Rule of construction.

"§ 51. Definitions

"For purposes of this chapter—

"(1) the term 'contract for invention promotion services' means a contract by which an invention promoter undertakes invention promotion services for a customer;

"(2) the term 'customer' means any person, firm, partnership, corporation, or other entity who enters into a financial relationship or a contract with an invention promoter for invention promotion services;

"(3) the term 'invention promoter' means any person, firm, partnership, corporation, or other entity who offers to perform or performs for, or on behalf of, a customer any act described under paragraph (4), but does not include—

"(A) any department or agency of the Federal Government or of a State or local government;

"(B) any nonprofit, charitable, scientific, or educational organization, qualified under applicable State law or described under section 170(b)(1)(A) of the Internal Revenue Code of 1986;

"(C) any person duly registered with, and in good standing before, the United States Patent and Trademark Office acting within the scope of that person's registration to practice before the Patent and Trademark Office, except when that person performs any act described in subparagraph (B) or (C) of paragraph (4); or

"(D) any person or entity involved in the evaluation to determine commercial potential of, or offering to license or sell, a utility patent or a previously filed nonprovisional utility patent application; and

"(4) the term 'invention promotion services' means, with respect to an invention by a customer, any act involved in—

"(A) evaluating the invention to determine its protectability as some form of intellectual property, other than evaluation by a person licensed by a State to practice law who is acting solely within the scope of that person's professional license;

"(B) evaluating the invention to determine its commercial potential by any person for purposes other than providing venture capital; or

"(C) marketing, brokering, offering to license or sell, or promoting the invention or a product or service in which the invention is incorporated or used, except that the display only of an invention at a trade show or exhibit shall not be considered to be invention promotion services.

"§ 52. Contracting requirements

"(a) IN GENERAL.—(1) Every contract for invention promotion services shall be in writing and shall be subject to the provisions of this chapter. A copy of the signed written contract shall be given to the customer at the time the customer enters into the contract.

"(2) If a contract is entered into for the benefit of a third party, the identity and address of such party shall be disclosed by such party's agent and such party shall be considered a customer for purposes of this chapter.

"(b) REQUIREMENTS OF INVENTION PROMOTER.—The invention promoter shall—

"(1) state in a written document, at the time a customer enters into a contract for invention promotion services, whether the usual business practice of the invention promoter is to—

"(A) seek more than 1 contract in connection with an invention; or

"(B) seek to perform services in connection with an invention in 1 or more phases, with the performance of each phase covered in 1 or more subsequent contracts; and

"(2) supply to the customer a copy of the written document together with a written summary of the usual business practices of the invention promoter, including—

"(A) the usual business terms of contracts; and

"(B) the approximate amount of the usual fees or other consideration that may be required from the customer for each of the services provided by the invention promoter.

"(c) RIGHT OF CUSTOMER TO CANCEL CONTRACT.—(1) Notwithstanding any contractual provision to the contrary, a customer shall have the right to terminate a contract for invention promotion services by sending a written letter to the invention promoter stating the customer's intent to cancel the contract. The letter of termination must be deposited with the United States Postal Service on or before 5 business days after the date upon which the customer or the invention promoter executes the contract, whichever is later.

"(2) Delivery of a promissory note, check, bill of exchange, or negotiable instrument of any kind to the invention promoter or to a third party for the benefit of the invention promoter, without regard to the date or dates appearing in such instrument, shall be deemed payment received by the invention promoter on the date received for purposes of this section.

"§ 53. Standard provisions for cover notice

"(a) CONTENTS.—Every contract for invention promotion services shall have a conspicuous and legible cover sheet attached with the following notice imprinted in boldface type of not less than 12-point size:

'YOU HAVE THE RIGHT TO TERMINATE THIS CONTRACT. TO TERMINATE THIS CONTRACT, YOU MUST SEND A WRITTEN LETTER TO THE COMPANY STATING YOUR INTENT TO CANCEL THIS CONTRACT.

'THE LETTER OF TERMINATION MUST BE DEPOSITED WITH THE UNITED STATES POSTAL SERVICE ON OR BEFORE FIVE (5) BUSINESS DAYS AFTER THE DATE ON WHICH YOU OR THE COMPANY EXECUTE THE CONTRACT, WHICHEVER IS LATER.

'THE TOTAL NUMBER OF INVENTIONS EVALUATED BY THE INVENTION PROMOTER FOR COMMERCIAL POTENTIAL IN THE PAST FIVE (5) YEARS IS XXXXX. OF THAT NUMBER, XXXXX RECEIVED POSITIVE EVALUATIONS AND XXXXX RECEIVED NEGATIVE EVALUATIONS.

'IF YOU ASSIGN EVEN A PARTIAL INTEREST IN THE INVENTION TO THE INVENTION PROMOTER, THE INVENTION PROMOTER MAY HAVE THE RIGHT TO SELL OR DISPOSE OF THE INVENTION WITHOUT YOUR CONSENT AND MAY NOT HAVE TO SHARE THE PROFITS WITH YOU.

'THE TOTAL NUMBER OF CUSTOMERS WHO HAVE CONTRACTED WITH THE INVENTION PROMOTER IN THE PAST FIVE (5) YEARS IS XXXXX. THE TOTAL NUMBER OF CUSTOMERS KNOWN BY THIS INVENTION PROMOTER TO HAVE RECEIVED, BY VIRTUE OF THIS INVENTION PROMOTER'S PERFORMANCE, AN AMOUNT OF MONEY IN EXCESS OF THE AMOUNT PAID BY THE CUSTOMER TO THIS INVENTION PROMOTER IS XXXXXXX. AS A RESULT OF THE EFFORTS OF THIS INVENTION PROMOTER, XXXXX NUMBER OF CUSTOMERS HAVE RECEIVED LICENSE AGREEMENTS FOR THEIR INVENTIONS.

'THE OFFICERS OF THIS INVENTION PROMOTER HAVE COLLECTIVELY OR INDIVIDUALLY BEEN AFFILIATED IN THE LAST TEN (10) YEARS WITH THE FOLLOWING INVENTION PROMOTION COMPANIES: (LIST THE NAMES AND ADDRESSES OF ALL PREVIOUS INVENTION PROMOTION COMPANIES WITH WHICH THE

PRINCIPAL OFFICERS HAVE BEEN AFFILIATED AS OWNERS, AGENTS, OR EMPLOYEES). YOU ARE ENCOURAGED TO CHECK WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE, THE FEDERAL TRADE COMMISSION, YOUR STATE ATTORNEY GENERAL'S OFFICE, AND THE BETTER BUSINESS BUREAU FOR ANY COMPLAINTS FILED AGAINST ANY OF THESE COMPANIES WHICH RESULTED IN REGULATORY SANCTIONS OR OTHER CORRECTIVE ACTIONS.

'YOU ARE ENCOURAGED TO CONSULT WITH AN ATTORNEY OF YOUR OWN CHOOSING BEFORE SIGNING THIS CONTRACT. BY PROCEEDING WITHOUT THE ADVICE OF AN ATTORNEY REGISTERED TO PRACTICE BEFORE THE UNITED STATES PATENT AND TRADEMARK OFFICE, YOU COULD LOSE ANY RIGHTS YOU MIGHT HAVE IN YOUR IDEA OR INVENTION.'.

"(b) Other Requirements for Cover Notice.—The cover notice shall contain the items required under subsection (a) and the name, primary office address, and local office address of the invention promoter, and may contain no other matter.

"(c) Disclosure of Certain Customers Not Required.—The requirement in the notice set forth in subsection (a) to include the 'TOTAL NUMBER OF CUSTOMERS WHO HAVE CONTRACTED WITH THE INVENTION PROMOTER IN THE PAST FIVE (5) YEARS' need not include information with respect to customers who have purchased trade show services, research, advertising, or other nonmarketing services from the invention promoter, nor with respect to customers who have defaulted in their payment to the invention promoter.

"§ 54. Reports to customer required

"With respect to every contract for invention promotion services, the invention promoter shall deliver to the customer at the address specified in the contract, at least once every 3 months throughout the term of the contract, a written report that identifies the contract and includes—

"(1) a full, clear, and concise description of the services performed to the date of the report and of the services yet to be performed and names of all persons who it is known will perform the services; and

"(2) the name and address of each person, firm, corporation, or other entity to whom the subject matter of the contract has been disclosed, the reason for each such disclosure, the nature of the disclosure, and complete and accurate summaries of all responses received as a result of those disclosures.

"§ 55. Mandatory contract terms

"(a) Mandatory Terms.—Each contract for invention promotion services shall include in boldface type of not less than 12-point size—

"(1) the terms and conditions of payment and contract termination rights required under section 52;

"(2) a statement that the customer may avoid entering into the contract by not making the initial payment to the invention promoter;

"(3) a full, clear, and concise description of the specific acts or services that the invention promoter undertakes to perform for the customer;

"(4) a statement as to whether the invention promoter undertakes to construct, sell, or distribute one or more prototypes, models, or devices embodying the invention of the customer;

"(5) the full name and principal place of business of the invention promoter and the name and principal place of business of any parent, subsidiary, agent, independent contractor, and any affiliated company or person who it is known will perform any of the services or acts that the invention promoter undertakes to perform for the customer;

"(6) if any oral or written representation of estimated or projected customer earnings is given by the invention promoter (or any agent, employee, officer, director, partner, or independent contractor of such invention promoter), a statement of that estimation or projection and a description of the data upon which such representation is based;

"(7) the name and address of the custodian of all records and correspondence relating to the contracted for invention promotion services, and a statement that the invention promoter is required to maintain all records and correspondence relating to performance of the invention promotion services for such customer for a period of not less than 2 years after expiration of the term of such contract; and

"(8) a statement setting forth a time schedule for performance of the invention promotion services, including an estimated date in which such performance is expected to be completed.

"(b) Invention Promoter as Fiduciary.—To the extent that the description of the specific acts or services affords discretion to the invention promoter with respect to what specific acts or services shall be performed, the invention promoter shall be deemed a fiduciary.

"(c) Availability of Information.—Records and correspondence described under subsection (a)(7) shall be made available after 7 days written notice to the customer or the representative of the customer to review and copy at a reasonable cost on the invention promoter's premises during normal business hours.

"§ 56. Remedies

"(a) In General.—(1) Any contract for invention promotion services that does not comply with the applicable provisions of this chapter shall be voidable at the option of the customer.

"(2) Any contract for invention promotion services entered into in reliance upon any material false, fraudulent, or misleading information, representation, notice, or advertisement of the invention promoter (or any agent, employee, officer, director, partner, or independent contractor of such invention promoter) shall be voidable at the option of the customer.

"(3) Any waiver by the customer of any provision of this chapter shall be deemed contrary to public policy and shall be void and unenforceable.

"(4) Any contract for invention promotion services which provides for filing for and obtaining utility, design, or plant patent protection shall be voidable at the option of the customer unless the invention promoter offers to perform or performs such act through aperson duly registered to practice before, and in good standing with, the Patent and Trademark Office.

"(b) Civil Action.—(1) Any customer who is injured by a violation of this chapter by an invention promoter or by any material false or fraudulent statement or representation, or any omission of material fact, by an invention promoter (or any agent, employee, director, officer, partner, or independent contractor of such invention promoter) or by failure of an invention promoter to make all the disclosures required under this chapter, may recover in a civil action against the invention promoter (or the officers, directors, or partners of such invention promoter) in addition to reasonable costs and attorneys' fees, the greater of—

"(A) $5,000; or

"(B) the amount of actual damages sustained by the customer.

"(2) Notwithstanding paragraph (1), the court may increase damages to not more than 3 times the amount awarded, taking into account past complaints made against the invention promoter that resulted in regulatory sanctions or other corrective actions based on those record compiled by the Director under section 57.

"(c) Rebuttable Presumption of Injury.—For purposes of this section, substantial violation of any provision of this chapter by an invention promoter or execution by the customer of a contract for invention promotion services in reliance on any material false or fraudulent statements or representations or omissions of material fact shall establish a rebuttable presumption of injury.

"§ 57. Records of complaints

"(a) Release of Complaints.—The Director shall make all complaints received by the United States Patent and Trademark Office involving invention promoters publicly available, together with any response of the invention promoters.

"(b) Request for Complaints.—The Director may request complaints relating to invention promotion services from any Federal or State agency and include such complaints in the records maintained under subsection (a), together with any response of the invention promoters.

"§ 58. Fraudulent representation by an invention promoter

"Whoever, in providing invention promotion services, knowingly provides any false or misleading statement, representation, or omission of material fact to a customer or fails to make all the disclosures required under this chapter, shall be guilty of a misdemeanor and fined not more than $10,000 for each offense.

"§ 59. Rule of construction

"Except as expressly provided in this chapter, no provision of this chapter shall be construed to affect any obligation, right, or remedy provided under any other Federal or State law.".

SEC. 103. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect 60 days after the date of the enactment of this Act.

TITLE II—FIRST INVENTOR DEFENSE

SEC. 201. SHORT TITLE.

This title may be cited as the "First Inventor Defense Act".

SEC. 202. DEFENSE TO PATENT INFRINGEMENT BASED ON EARLIER INVENTOR.

(a) Defense.—Chapter 28 of title 35, United States Code, is amended by adding at the end the following new section:

"§ 273. Defense to infringement based on earlier inventor

"(a) Definitions.—For purposes of this section—

"(1) the terms 'commercially used' and 'commercial use' mean use of a method in the United States or the use of a method in the United States, so long as such use is in connection with an internal commercial use or an actual arm's-length sale or other arm's-length commercial transfer of a useful end result, whether or not the subject matter at issue is accessible to or otherwise known to the public, except that the subject matter for which commercial marketing or use is subject to a premarketing regulatory review period during which the safety or efficacy of the subject matter is established, including any period specified in section 156(g), shall be deemed 'commercially used' and in 'commercial use' during such regulatory review period;

"(2) in the case of activities performed by a nonprofit research laboratory, or nonprofit entity such as a university, research center, or hospital, a use for which the public is the intended beneficiary shall be considered to be a use described in paragraph (1), except that the use—

"(A) may be asserted as a defense under this section only for continued use by and in the laboratory or nonprofit entity; and

"(B) may not be asserted as a defense with respect to any subsequent commercialization or use outside such laboratory or nonprofit entity;

"(3) the term 'method' means a method of doing or conducting business ; and

"(4) the 'effective filing date' of a patent is the earlier of the actual filing date of the application for the patent or the filing date of any earlier United States, foreign, or international application to which the subject matter at issue is entitled under section 119, 120, or 365 of this title.

"(b) DEFENSE TO INFRINGEMENT.—.

"(1) IN GENERAL.—It shall be a defense to an action for infringement under section 271 of this title with respect to any subject matter that would otherwise infringe one or more claims asserting a method in the patent being asserted against a person, if such person had, acting in good faith, actually reduced the subject matter to practice at least one year before the effective filing date of such patent, and commercially used the subject matter before the effective filing date of such patent.

"(2) EXHAUSTION OF RIGHT.—The sale or other disposition, of a useful end result produced by a patented method, by a person entitled to assert a defense under this section with respect to that useful end result shall exhaust the patent owner's rights under the patent to the extent such rights would have been exhausted had such sale or other disposition been made by the patent owner.

"(3) LIMITATIONS AND QUALIFICATIONS OF DEFENSE.—The defense to infringement under this section is subject to the following:

"(A) PATENT.—A person may not assert the defense under this section unless the invention for which the defense is asserted is for a method.

"(B) DERIVATION.—A person may not assert the defense under this section if the subject matter on which the defense is based was derived from the patentee or persons in privity with the patentee.

"(C) NOT A GENERAL LICENSE.—The defense asserted by a person under this section is not a general license under all claims of the patent at issue, but extends only to the specific subject matter claimed in the patent with respect to which the person can assert a defense under this chapter, except that the defense shall also extend to variations in the quantity or volume of use of the claimed subject matter, and to improvements in the claimed subject matter that do not infringe additional specifically claimed subject matter of the patent.

"(4) BURDEN OF PROOF.—A person asserting the defense under this section shall have the burden of establishing the defense by clear and convincing evidence.

"(5) ABANDONMENT OF USE.—A person who has abandoned commercial use of subject matter may not rely on activities performed before the date of such abandonment in establishing a defense under this section with respect to actions taken after the date of such abandonment.

"(6) PERSONAL DEFENSE.—The defense under this section may be asserted only by the person who performed the acts necessary to establish the defense and, except for any transfer to the patent owner, the right to assert the defense shall not be licensed or assigned or transferred to another person except as an ancillary and subordinate part of a good faith assignment or transfer for other reasons of the entire enterprise or line of business to which the defense relates.

"(7) LIMITATION ON SITES.—A defense under this section, when acquired as part of a good faith assignment or transfer of an entire enterprise or line of business to which the defense relates, may only be asserted for uses at sites where the subject matter that would otherwise infringe one or more of the claims is in use before the later of the effective filing date of the patent or the date of the assignment or transfer of such enterprise or line of business.

"(8) UNSUCCESSFUL ASSERTION OF DEFENSE.—If the defense under this section is pleaded by a person who is found to infringe the patent and who subsequently fails to demonstrate a reasonable basis for asserting the defense, the court shall find the case exceptional for the purpose of awarding attorney's fees under section 285 of this title.

"(9) INVALIDITY.—A patent shall not be deemed to be invalid under section 102 or 103 of this title solely because a defense is raised or established under this section.".

(b) CONFORMING AMENDMENT.—The table of sections at the beginning of chapter 28 of title 35, United States Code, is amended by adding at the end the following new item:

"273. Defense to infringement based on earlier inventor.".

SEC. 203. EFFECTIVE DATE AND APPLICABILITY.

This title and the amendments made by this title shall take effect on the date of the enactment of this Act, but shall not apply to any action for infringement that is pending on such date of enactment or with respect to any subject matter for which an adjudication of infringement, including a consent judgment, has been made before such date of enactment.

TITLE III—PATENT TERM GUARANTEE

SEC. 301. SHORT TITLE.

This title may be cited as the "Patent Term Guarantee Act".

SEC. 302. PATENT TERM GUARANTEE AUTHORITY.

(a) ADJUSTMENT OF PATENT TERM.—Section 154(b) of title 35, United States Code, is amended to read as follows:

"(b) ADJUSTMENT OF PATENT TERM.—

"(1) PATENT TERM GUARANTEES.—

"(A) GUARANTEE OF PROMPT PATENT AND TRADEMARK OFFICE RESPONSES.—Subject to the limitations under paragraph (2), if the issue of an original patent is delayed due to the failure of the Patent and Trademark Office to—

"(i) make a notification of the rejection of any claim for a patent or any objection or argument under section 132, or give or mail a written notice of allowance under section 151, within 14 months after the date on which the application was filed;

"(ii) respond to a reply under section 132, or to an appeal taken under section 134, within 4 months after the date on which the reply was filed or the appeal was taken;

"(iii) act on an application within 4 months after the date of a decision by the Board of Patent Appeals and Interferences under section 134 or 135 or a decision by a Federal court under section 141, 145, or 146 in a case in which allowable claims remain in the application; or

"(iv) issue a patent within 4 months after the date on which the issue fee was paid under section 151 and all outstanding requirements were satisfied;

the term of the patent shall be extended one day for each day after the end of the period specified in clause (i), (ii), (iii), or (iv), as the case may be, until the action described in such clause is taken.

"(B) GUARANTEE OF NO MORE THAN 3-YEAR APPLICATION PENDENCY.—Subject to the limitations under paragraph (2), if the issue of an original patent is delayed due to the failure of the Patent and Trademark Office to issue a patent within 3 years after the actual filing date of the application in the United States, not including—

"(i) any time consumed by continued examination of the application requested by the applicant under section 132(b);

"(ii) any time consumed by a proceeding under section 135(a), any time consumed by the imposition of an order pursuant to section 181, or any time consumed by appellate review by the Board of Patent Appeals and Interferences or by a Federal court; or

"(iii) any delay in the processing of the application by the Patent and Trademark Office requested by the applicant except as permitted by paragraph (3)(C),

the term of the patent shall be extended 1 day for each day after the end of that 3-year period until the patent is issued.

"(C) GUARANTEE OR ADJUSTMENTS FOR DELAYS DUE TO INTERFERENCES, SECRECY ORDERS, AND APPEALS.—Subject to the limitations under paragraph (2), if the issue of an original patent is delayed due to—

"(i) a proceeding under section 135(a);

"(ii) the imposition of an order pursuant to section 181; or

"(iii) appellate review by the Board of Patent Appeals and Interferences or by a Federal court in a case in which the patent was issued pursuant to a decision in the review reversing an adverse determination of patentability,

the term of the patent shall be extended one day for each day of the pendency of the proceeding, order, or review, as the case may be.

"(2) LIMITATIONS.—

"(A) IN GENERAL.—To the extent that periods of delay attributable to grounds specified in paragraph (1) overlap, the period of any adjustment granted under this subsection shall not exceed the actual number of days the issuance of the patent was delayed.

"(B) DISCLAIMED TERM.—No patent the term of which has been disclaimed beyond a specified date may be adjusted under this section beyond the expiration date specified in the disclaimer.

"(C) REDUCTION OF PERIOD OF ADJUSTMENT.—

"(i) The period of adjustment of the term of a patent under paragraph (1) shall be reduced by a period equal to the period of time during which the applicant failed to engage in reasonable efforts to conclude prosecution of the application.

"(ii) With respect to adjustments to patent term made under the authority of paragraph (1)(B), an applicant shall be deemed to have failed to engage in reasonable efforts to conclude processing or examination of an application for the cumulative total of any periods of time in excess of 3 months that are taken to respond to a notice from the Office making any rejection, objection, argument, or other request, measuring such 3-month period from the date the notice was given or mailed to the applicant.

"(iii) The Director shall prescribe regulations establishing the circumstances that constitute a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application.

"(3) PROCEDURES FOR PATENT TERM ADJUSTMENT DETERMINATION.—

"(A) The Director shall prescribe regulations establishing procedures for the application for and determination of patent term adjustments under this subsection.

"(B) Under the procedures established under subparagraph (A), the Director shall—

"(i) make a determination of the period of any patent term adjustment under this subsection, and shall transmit a notice of that determination with the written notice of allowance of the application under section 151; and

"(ii) provide the applicant one opportunity to request reconsideration of any patent term adjustment determination made by the Director.

"(C) The Director shall reinstate all or part of the cumulative period of time of an adjustment under paragraph (2)(C) if the applicant, prior to the issuance of the patent, makes a showing that, in spite of all due care, the applicant was unable to respond within the 3-month period, but in no case shall more than 3 additional months for each such response beyond the original 3-month period be reinstated.

"(D) The Director shall proceed to grant the patent after completion of the Director's determination of a patent term adjustment under the procedures established under this subsection, notwithstanding any appeal taken by the applicant of such determination.

"(4) APPEAL OF PATENT TERM ADJUSTMENT DETERMINATION.—

"(A) An applicant dissatisfied with a determination made by the Director under paragraph (3) shall have remedy by a civil action against the Director filed in the United States District Court for the District of Columbia within 180 days after the grant of the patent. Chapter 7 of title 5 shall apply to such action. Any final judgment resulting in a change to the period of adjustment of the patent term shall be served on the Director, and the Director shall thereafter alter the term of the patent to reflect such change.

"(B) The determination of a patent term adjustment under this subsection shall not be subject to appeal or challenge by a third party prior to the grant of the patent.".

(b) CONFORMING AMENDMENTS.—

(1) Section 282 of title 35, United States Code, is amended in the fourth paragraph by striking "156 of this title" and inserting "154(b) or 156 of this title".

(2) Section 1295(a)(4)(C) of title 28, United States Code, is amended by striking "145 or 146" and inserting "145, 146, or 154(b)".

SEC. 303. CONTINUED EXAMINATION OF PATENT APPLICATIONS.

Section 132 of title 35, United States Code, is amended—

(1) in the first sentence by striking "Whenever" and inserting "(a) Whenever"; and

(2) by adding at the end the following:

"(b) The Director shall prescribe regulations to provide for the continued examination of applications for patent at the request of the applicant. The Commissioner may establish appropriate fees for such continued examination and shall provide a 50 percent reduction on such fees for small entities that qualify for reduced fees under section 41(h)(1) of this title.".

SEC. 304. TECHNICAL CLARIFICATION.

Section 156(a) of title 35, United States Code, is amended in the matter preceding paragraph (1) by inserting ", which shall include any patent term adjustment granted under section 154(b)," after "the original expiration date of the patent".

SEC. 305. EFFECTIVE DATE.

(a) SECTIONS 302 AND 304.—The amendments made by sections 302 and 304 shall take effect on the date of the enactment of this Act and, except for a design patent application filed under chapter 16 of title 35, United States Code, shall apply to any application filed on or after the date of the enactment of this Act.

(b) SECTION 303.—The amendments made by section 303 shall take effect 6 months after the date of the enactment of this Act.

TITLE IV—UNITED STATES PUBLICATION OF PATENT APPLICATIONS PUBLISHED ABROAD

SEC. 401. SHORT TITLE.

This title may be referred to as the "Publication of Foreign Filed Applications Act".

SEC. 402. PUBLICATION.

(a) PUBLICATION.—Section 122 of title 35, United States Code, is amended to read as follows:

"§ 122. Confidential status of applications; publication of patent applications

"(a) CONFIDENTIALITY.—Except as provided in subsection (b), applications for patents shall be kept in confidence by the Patent and Trademark Office and no information concerning any such application shall be given without authority of the applicant or owner unless necessary to carry out the provisions of an Act of Congress or in such special circumstances as may be determined by the Director.

"(b) UNITED STATES PUBLICATION OF APPLICATIONS PUBLISHED ABROAD.—

"(1) IN GENERAL.—(A) Subject to paragraph (2), each application for patent, except applications for design patents filed under chapter 16 and provisional applications filed under section 111(b), shall be published, in accordance with procedures determined by the Director, promptly upon the expiration of a period of 18 months after the earliest filing date for which a benefit is sought under this title. At the request of the applicant, an application may be published earlier than the end of such 18-month period.

"(B) No information concerning published patent applications shall be made available to the public except as the Director determines.

"(C) Pursuant to this title and notwithstanding any other provision of law, a determination by the Director to release or not to release information concerning a published patent application shall be final and nonreviewable.

"(2) EXCEPTIONS.—(A) An application that is no longer pending shall not be published.

"(B) An application that is subject to a secrecy order under section 181 shall not be published.

"(C)(i) If an applicant, upon filing, makes a request that an application not be published pursuant to paragraph (1), and states in such request that the invention disclosed in the application has not been the subject of an application filed in another country, or under a multilateral international agreement, that requires publication of applications 18 months after filing, the application shall not be published as provided in paragraph (1).

"(ii) An applicant may rescind a request made under clause (i) at any time.

"(iii) An applicant who has made a request under clause (i) but who subsequently files, in a foreign country or under a multilateral international agreement specified in clause (i), an application directed to the invention disclosed in the application filed in the Patent and Trademark Office, shall notify the Director of such filing not later than 45 days after the date of the filing of such foreign or international application. A failure of the applicant to provide such notice within the prescribed period shall result in the application being regarded as abandoned, unless it is shown to the satisfaction of the Director that the delay in submitting the notice was unintentional.

"(iv) If a notice is made pursuant to clause (iii), or the applicant rescinds a request pursuant to clause (ii), the Director shall publish the application on or as soon as is practical after the date that is specified in clause (i).

"(v) If an applicant has filed applications in one or more foreign countries, directly or through a multilateral international agreement, and such foreign filed applications corresponding to an application filed in the Patent and Trademark Office or the description of the invention in such foreign filed applications is less extensive than the application or description of the invention in the application filed in the Patent and Trademark Office, the applicant may submit a redacted copy of the application filed in the Patent and Trademark Office eliminating any part or description of the invention in such application that is not also contained in any of the corresponding applications filed in a foreign country. The Director may only publish the redacted copy of the application unless the redacted copy of the application is not received within 16 months after the earliest effective filing date for which a benefit is sought under this title. The provisions of section 154(d) shall not apply to a claim if the description of the invention published in the redacted application filed under this clause with respect to the claim does not enable a person skilled in the art to make and use the subject matter of the claim.

"(c) PROTEST AND PRE-ISSUANCE OPPOSITION.—The Director shall establish appropriate procedures to ensure that no protest or other form of pre-issuance opposition to the grant of a patent on an application may be initiated after publication of the application without the express written consent of the applicant.".

(b) STUDY BY GAO.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study of applicants for patents who file only in the United States during the 3-year period beginning on the effective date of this title.

(2) CONTENTS.—The study conducted under paragraph (1) shall—

(A) consider the number of such applicants for patent in relation to the number of applicants who file in the United States and outside the United States;

(B) examine how many domestic-only filers request at the time of filing not to be published;

(C) examine how many such filers rescind that request or later choose to file abroad; and

(D) examine the manner of entity seeking an application and any correlation that may exist between such manner and publication of patent applications.

(3) REPORT TO JUDICIARY COMMITTEES.—The Comptroller General shall submit to the Committees on the Judiciary of the House of

Representatives and the Senate the results of the study conducted under this subsection.

SEC. 403. TIME FOR CLAIMING BENEFIT OF EARLIER FILING DATE.

(a) IN A FOREIGN COUNTRY.—Section 119(b) of title 35, United States Code, is amended to read as follows:

"(b)(1) No application for patent shall be entitled to this right of priority unless a claim, identifying the foreign application by specifying its application number, country, and the day, month, and year of its filing, is filed in the Patent and Trademark Office at such time during the pendency of the application as required by the Director.

"(2) The Director may consider the failure of the applicant to file a timely claim for priority as a waiver of any such claim. The Director may establish procedures, including the payment of a surcharge, to accept an unintentionally delayed claim under this section.

"(3) The Director may require a certified copy of the original foreign application, specification, and drawings upon which it is based, a translation if not in the English language, and such other information as the Director considers necessary. Any such certification shall be made by the foreign intellectual property authority in which the foreign application was filed and show the date of the application and of the filing of the specification and other papers.".

(b) IN THE UNITED STATES.—Section 120 of title 35, United States Code, is amended by adding at the end the following: "The Director may determine the time period during the pendency of the application within which an amendment containing the specific reference to the earlier filed application is submitted. The Director may consider the failure to submit such an amendment within that time period as a waiver of any benefit under this section. The Director may establish procedures, including the payment of a surcharge, to accept unintentionally late submissions of amendments under this section.".

SEC. 404. PROVISIONAL RIGHTS.

Section 154 of title 35, United States Code, is amended—

(1) in the section caption by inserting "; **provisional rights**" after "**patent**"; and

(2) by adding at the end the following new subsection:

"(d) PROVISIONAL RIGHTS.—

"(1) IN GENERAL.—In addition to other rights provided by this section, a patent shall include the right to obtain a reasonable royalty from any person who, during the period beginning on the date of publication of the application for such patent pursuant to section 122(b), or in the case of an international application filed under the treaty defined in section 351(a) designating the United States under Article 21(2)(a) of such treaty, the date of publication of the application, and ending on the date the patent is issued—

"(A)(i) makes, uses, offers for sale, or sells in the United States the invention as claimed in the published patent application or imports such an invention into the United States; or

"(ii) if the invention as claimed in the published patent application is a process, uses, offers for sale, or sells in the United States or imports into the United States products made by that process as claimed in the published patent application; and

"(B) had actual notice of the published patent application, and in a case in which the right arising under this paragraph is based upon an international application designating the United States that is published in a language other than English, a translation of the international application into the English language.

"(2) RIGHT BASED ON SUBSTANTIALLY IDENTICAL INVENTIONS.—The right under paragraph (1) to obtain a reasonable royalty shall not be available under this subsection unless the invention as claimed in the patent is substantially identical to the invention as claimed in the published patent application.

"(3) TIME LIMITATION ON OBTAINING A REASONABLE ROYALTY.—The right under paragraph (1) to obtain a reasonable royalty shall be available only in an action brought not later than 6 years after the patent is issued. The right under paragraph (1) to obtain a reasonable royalty shall not be affected by the duration of the period described in paragraph (1).

"(4) REQUIREMENTS FOR INTERNATIONAL APPLICATIONS.—

"(A) EFFECTIVE DATE.—The right under paragraph (1) to obtain a reasonable royalty based upon the publication under the treaty defined in section 351(a) of an international application designating the United States shall commence on the date on which the Patent and Trademark Office receives a copy of the publication under the treaty of the international application, or, if the publication under the treaty of the international application is in a language other than English, on the date on which the Patent and Trademark Office receives a translation of the international application in the English language.

"(B) COPIES.—The Director may require the applicant to provide a copy of the international application and a translation thereof.".

SEC. 405. PRIOR ART EFFECT OF PUBLISHED APPLICATIONS.

Section 102(e) of title 35, United States Code, is amended to read as follows:

"(e) the invention was described in—

"(1)(A) an application for patent, published pursuant to section 122(b), by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effect under this subsection of a national application published under section 122(b) only if the international application designating the United States was published under Article 21(2)(a) of such treaty in the English language, or

"(B) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that a patent shall not be deemed filed in the United States for the purposes of this subsection based on the filing of an international application filed under the treaty defined in section 351(a), or".

SEC. 406. COST RECOVERY FOR PUBLICATION.

The Director of the United States Patent and Trademark Office shall recover the cost of early publication required by the amendment made by section 402 by charging a separate publication fee after notice of allowance is given pursuant to section 151 of title 35, United States Code.

SEC. 407. CONFORMING AMENDMENTS.

The following provisions of title 35, United States Code, are amended:

(1) Section 11 is amended in paragraph 1 of subsection (a) by inserting "and published applications for patents" after "Patents".

(2) Section 12 is amended—

(A) in the section caption by inserting "**and applications**" after "**patents**"; and

(B) by inserting "and published applications for patents" after "patents".

(3) Section 13 is amended—

(A) in the section caption by inserting "**and applications**" after "**patents**"; and

(B) by inserting "and published applications for patents" after "patents".

(4) The item relating to section 122 in the table of sections for chapter 11 is amended by inserting "; publication of patent applications" after "applications".

(5) The item relating to section 154 in the table of sections for chapter 14 is amended by inserting "; provisional rights" after "patent".

(6) Section 181 is amended—

(A) in the first undesignated paragraph—

(i) by inserting "by the publication of an application or" after "disclosure"; and

(ii) by inserting "the publication of the application or" after "withhold";

(B) in the second undesignated paragraph by inserting "by the publication of an application or" after "disclosure of an invention";

(C) in the third undesignated paragraph—

(i) by inserting "by the publication of the application or" after "disclosure of the invention"; and

(ii) by inserting "the publication of the application or" after "withhold"; and

(D) in the fourth undesignated paragraph by inserting "the publication of an application or" after "and" in the first sentence.

(7) Section 252 is amended in the first undesignated paragraph by inserting "substantially" before "identical" each place it appears.

(8) Section 284 is amended by adding at the end of the second undesignated paragraph the following: "Increased damages under this paragraph shall not apply to provisional rights under section 154(d) of this title.".

(9) Section 374 is amended to read as follows:

"§ 374. Publication of international application: effect

"The publication under the treaty defined in section 351(a) of this title of an international application designating the United States shall confer the same rights and shall have the same effect under this title as an application for patent published under section 122(b), except as provided in sections 102(e) and 154(d).".

SEC. 408. EFFECTIVE DATE.

This title and the amendments made by this title, shall take effect on the date that is 1 year after the date of the enactment of this Act and shall apply to all applications filed under section 111 of title 35, United States Code, on or after that date, and all applications complying with section 371 of title 35, United States Code, that resulted from international applications filed on or after that date. The amendments made by sections 404 and 405 shall apply to any such application voluntarily published by the applicant under procedures established under this title that is pending on the date that is 1 year after the date of enactment of this Act. The amendment made by section 404 shall also apply to international applications designating the United States that are filed on or after the date that is 1 year after the date of the enactment of this Act.

TITLE V—OPTIONAL INTER PARTES REEXAMINATION PROCEDURE

SEC. 501. SHORT TITLE.

This title may be cited as the "Optional Inter Partes Reexamination Procedure Act".

SEC. 502. EX PARTE REEXAMINATION OF PATENTS.

Chapter 30 of title 35, United States Code, is amended in the title by inserting "**EX PARTE**" before "**REEXAMINATION OF PATENTS**".

SEC. 503. DEFINITIONS.

Section 100 of title 35, United States Code, is amended by adding at the end the following new subsection:

"(e) The term 'third-party requester' means a person requesting ex parte reexamination under section 302 or inter partes reexaminaiton under section 311 who is not the patent owner.".

SEC. 504. OPTIONAL INTER PARTES REEXAMINATION PROCEDURES.

(a) IN GENERAL.—Part 3 of title 35, United Stats Code, is amended by adding after chapter 30 the following new chapter:

"CHAPTER 31—OPTIONAL INTER PARTES REEXAMINATION PROCEDURES

"Sec.
"311. Request for inter partes reexamination.
"312. Determination of issue by Director.
"313. Inter partes reexamination order by Director.
"314. Conduct of inter partes reexamination proceedings.
"315. Appeal.
"316. Certificate of patentability, unpatentability, and claim cancellation.
"317. Inter partes reexamination prohibited.
"318. Stay of litigation.

"§ 311. Request for inter partes reexamination

"(a) IN GENERAL.—Any person at any time may file a request for inter partes reexamination by the Office of a patent on the basis of any prior art cited under the provisions of section 301.

"(b) REQUIREMENTS.—The request shall—

"(1) be in writing, include the identity of the real party in interest, and be accompanied by payment of an inter partes reexamination fee established by the Director under section 41; and

"(2) set forth the pertinency and manner of applying cited prior art to every claim for which reexamination is requested.

"(c) COPY.—Unless the requesting person is the owner of the patent, the Director promptly shall send a copy of the request to the owner of record of the patent.

"§ 312. Determination of issue by Director

"(a) REEXAMINATION.—Not later than 3 months after the filing of a request for inter partes reexamination under section 311, the Director shall determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. On the Director's initiative, and any time, the Director may determine whether a substantial new question of patentability is raised by patents and publications.

"(b) RECORD.—A record of the Director's determination under subsection (a) shall be placed in the official file of the patent, and a copy shall be promptly given or mailed to the owner of record of the patent and to the third-party requester, if any.

"(c) FINAL DECISION.—A determination by the Director pursuant to subsection (a) shall be final and nonappealable. Upon a determination that no substantial new question of patentability has been raised, the Director may refund a portion of the inter partes reexamination fee required under section 311.

"§ 313. Inter partes reexamination order by Director

"If, in a determination made under section 312(a), the Director finds that a substantial new question of patentability affecting a claim of a patent is raised, the determination shall include an order for inter partes reexamination of the patent for resolution of the question. The order may be accompanied by the initial action of the Patent and Trademark Office on the merits of the inter partes reexamination conducted in accordance with section 314.

"§ 314. Conduct of inter partes reexamination proceedings

"(a) IN GENERAL.—Subject to subsection (b), reexamination shall be conducted according to the procedures established for initial examination under the provisions of sections 132 and 133, except as provided for under this section. In any inter partes reexamination proceeding under this chapter, the patent owner shall be permitted to propose any amendment to the patent and a new claim or claims, except that no proposed amended or new claim enlarging the scope of the claims of the patent shall be permitted.

"(b) RESPONSE.—(1) This subsection shall apply to any inter partes reexamination proceeding in which the order for inter partes reexamination is based upon a request by a third-party requester.

"(2) With the exception of the inter partes reexamination request, any document filed by either the patent owner or the third-party requester shall be served on the other party. In addition, the third-party requester shall receive a copy of any communication sent by the Office to the patent owner concerning the patent subject to the inter partes reexamination proceeding.

"(3) Each time that the patent owner files a response to an action on the merits from the Patent and Trademark Office, the third-party requester shall have one opportunity to file written comments addressing issues raised by the action of the Office or the patent owner's response thereto, if those written comments are received by the Office within 30 days after the date of service of the patent owner's response.

"(c) SPECIAL DISPATCH.—Unless otherwise provided by the Director for good cause, all inter partes reexamination proceedings under this section, including any appeal to the Board of Patent Appeals and Interferences, shall be conducted with special dispatch within the Office.

"§ 315. Appeal

"(a) PATENT OWNER.—The patent owner involved in an inter partes reexamination proceeding under this chapter—

"(1) may appeal under the provisions of section 134, and may appeal under the provisions of sections 141 through 144, with respect to any decision adverse to the patentability of any original or proposed amended or new claim of the patent; and

"(2) may be a party to any appeal taken by a third-party requester under subsection (b).

"(b) THIRD-PARTY REQUESTER.—A third-party requester may—

"(1) appeal under the provisions of section 134 with respect to any final decision favorable to the patentability of any original or proposed amended or new claim of the patent; or

"(2) be a party to any appeal taken by the patent owner under the provisions of section 134, subject to subsection (c).

"(c) CIVIL ACTION.—A third-party requester whose request for an inter partes reexamination results in an order under section 313 is estopped from asserting at a later time, in any civil action arising in whole or in part under section 1338 of title 28, the invalidity of any claim finally determined to be valid and patentable on any ground which the third-party requester raised or could have raised during the inter partes reexamination proceedings. This subsection does not prevent the assertion of invalidity based on newly discovered prior art unavailable to the third-party requester and the Patent and Trademark Office at the time of the inter partes reexamination proceedings.

"§ 316. Certificate of patentability, unpatentability, and claim cancellation

"(a) IN GENERAL.—In an inter partes reexamination proceeding under this chapter, when the time for appeal has expired or any appeal proceeding has terminated, the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent any proposed amended or new claim determined to be patentable.

"(b) AMENDED OR NEW CLAIM.—Any proposed amended or new claim determined to be patentable and incorporated into a patent following an inter partes reexamination proceeding shall have the same effect as that specified in section 252 of this title for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into the United States, anything patented by such proposed amended or new claim, or who made substantial preparation for the same, prior to issuance of a certificate under the provisions of subsection (a) of this section.

"§ 317. Inter partes reexamination prohibited

"(a) ORDER FOR REEXAMINATION.—Notwithstanding any provision of this chapter, once an order for inter partes reexamination of a patent has been issued under section 313, neither the patent owner nor the third-party requester, if any, nor privies of either, may file a subsequent request for inter partes reexamination of the patent until an inter partes reexamination certificate is issued and published under section 316, unless authorized by the Director.

"(b) FINAL DECISION.—Once a final decision has been entered against a party in a civil action arising in whole or in part under section 1338 of title 28 that the party has not sustained its burden of proving the invalidity of any patent claim in suit or if a final decision in an inter partes reexamination proceeding instituted by a third-party requester is favorable to the patentability of any original or proposed amended or new claim of the patent then neither that party nor its privies may thereafter request inter partes reexamination of any such patent claim on the basis of issues which that party or its privies raised or could have raised in such civil action or inter partes reexamination proceeding, and an inter partes reexamination requested by that party or its privies on the basis of such issues may not thereafter be maintained by the Office, notwithstanding any other provision of this chapter. This subsection does not prevent the assertion of invalidity based on newly discovered prior art unavailable to the third-party requester and the Patent and Trademark Office at the time of the inter partes reexamination proceedings.

"§ 318. Stay of litigation

"Once an order for inter partes reexamination of a patent has been issued under section 313, the patent owner may obtain a stay of any pending litigation which involves an issue of patentability of any claims of the patent which are the subject of the inter partes reexamination order, unless the court before which such litigation is pending determines that a stay would not serve the interests of justice.".

(b) CONFORMING AMENDMENTS.—The table of chapters for part III of title 35, United States Code, is amended by striking the item relating to chapter 30 and inserting the following:

"30. Prior Art Citations to Office and Ex Parte Reexamination of Patents 301
"31. Optional Inter Partes Reexamination of Patents .... 311".

SEC. 505. CONFORMING AMENDMENTS.

(a) PATENT FEES; PATENT SEARCH SYSTEMS.—Section 41(a)(7) of title 35, United States Code, is amended to read as follows:

"(7) On filing each petition for the revival of an unintentionally abandoned application for a patent, for the unintentionally delayed payment of the fee for issuing each patent, or for an unintentionally delayed response by the patent owner in a reexamination proceeding, $1,210, unless the petition is filed under section 133 or 151 of this title, in which case the fee shall be $110.".

(b) APPEAL TO THE BOARD OF PATENT APPEALS AND INTERFERENCES.—Section 134 of title 35, United States Code, is amended to read as follows:

"§ 134. Appeal to the Board of Patent Appeals and Interferences

"(a) PATENT APPLICANT.—An applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.

"(b) PATENT OWNER.—A patent owner in any inter partes reexamination proceeding may appeal from the final rejection of any claim by the primary examiner to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.

"(c) THIRD-PARTY.—A third-party requester in an inter partes proceeding may appeal to the Board of Patent Appeals and Interferences from the final decision of the primary examiner favorable to the patentability of any original or proposed amended or new claim of a patent, having once paid the fee for such appeal. The third-party requester may not appeal the decision of the Board of Patent Appeals and Interferences.".

(c) APPEAL TO COURT OF APPEALS FOR THE FEDERAL CIRCUIT.—Section 141 of title 35, United States Code, is amended by adding the following after the second sentence: "A patent owner in any reexamination proceeding dissatisfied with the final decision in an appeal to the Board of Patent Appeals and Interferences under section 134 may appeal the decision only to the United States Court of Appeals for the Federal Circuit.".

(d) PROCEEDINGS ON APPEAL.—Section 143 of title 35, United States Code, is amended by amending the third sentence to read as follows: "In ex parte and reexamination cases, the Director shall submit to the court in writing the grounds for the decision of the Patent and Trademark Office, addressing all the issues involved in the appeal.".

(e) CIVIL ACTION TO OBTAIN PATENT.—Section 145 of title 35, United States Code, is amended in the first sentence by inserting "(a)" after "section 134".

SEC. 506. REPORT TO CONGRESS.

Not later than 5 years after the effective date of this title, the Director of the United States Patent and Trademark Office shall submit to the Congress a report evaluating whether the inter partes reexamination proceedings established under the amendments made by this title are inequitable to any of the parties in interest and, if so, the report shall contain recommendations for changes to the amendments made by this title to remove such inequity.

SEC. 507. ESTOPPEL EFFECT OF REEXAMINATION.

Any party who requests an inter partes reexamination under section 311 of title 35, United States Code, is estopped from challenging at a later time, in any civil action, any fact determined during the process of such reexamination, except with respect to a fact determination later proved to be erroneous based on information unavailable at the time of the inter partes reexamination decision. If this section is held to be unenforceable, the enforceability of the rest of this title or of this Act shall not be denied as a result.

SEC. 508. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect on the date that is 1 year after the date of the enactment of this Act and shall apply to inter partes reexamination requests filed on or after such date.

TITLE VI—PATENT AND TRADEMARK OFFICE

SEC. 601. SHORT TITLE.

This title may be cited as the "Patent and Trademark Office Efficiency Act".

Subtitle A—United States Patent and Trademark Office

SEC. 611. ESTABLISHMENT OF PATENT AND TRADEMARK OFFICE.

Section 1 of title 35, United States Code, is amended to read as follows:

"§ 1. Establishment

"(a) ESTABLISHMENT.—The United States Patent and Trademark Office is established as an agency of the United States, within the Department of Commerce. In carrying out its functions, the United States Patent and Trademark Office shall be subject to the policy direction of the Secretary of Commerce, but otherwise shall retain responsibility for decisions regarding the management and administration of its operations and shall exercise independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions in accordance with this title and applicable provisions of law. Those operations designed to grant and issue patents and those operations which are designed to facilitate the registration of trademarks shall be treated as separate operating units within the Office.

"(b) OFFICES.—The United States Patent and Trademark Office shall maintain its principal office in the metropolitan Washington, DC, area, for the service of process and papers and for the purpose of carrying out its functions. The United States Patent and Trademark Office shall be deemed, for purposes of venue in civil actions, to be a resident of the district in which its principal office is located, except where jurisdiction is otherwise provided by law. The United States Patent and Trademark Office may establish satellite offices in such other places in the United States as it considers necessary and appropriate in the conduct of its business.

"(c) REFERENCE.—For purposes of this title, the United States Patent and Trademark Office shall also be referred to as the 'Office' and the 'Patent and Trademark Office'.".

SEC. 612. POWERS AND DUTIES.

Section 2 of title 35, United States Code, is amended to read as follows:

"§ 2. Powers and duties

"(a) IN GENERAL.—The United States Patent and Trademark Office, subject to the policy direction of the Secretary of Commerce—

"(1) shall be responsible for the granting and issuing of patents and the registration of trademarks; and

"(2) shall be responsible for disseminating to the public information with respect to patents and trademarks.

"(b) SPECIFIC POWERS.—The Office—

"(1) shall adopt and use a seal of the Office, which shall be judicially noticed and with which letters patent, certificates of trademark registrations, and papers issued by the Office shall be authenticated;

"(2) may establish regulations, not inconsistent with law, which—

"(A) shall govern the conduct of proceedings in the Office;

"(B) shall be made in accordance with section 553 of title 5;

"(C) shall facilitate and expedite the processing of patent applications, particularly those which can be filed, stored, processed, searched, and retrieved electronically, subject to the provisions of section 122 relating to the confidential status of applications;

"(D) may govern the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Office, and may require them, before being recognized as representatives of applicants or other persons, to show that they are of good moral character and reputation and are possessed of the necessary qualifications to render to applicants or other persons valuable service, advice, and assistance in the presentation or prosecution of their applications or other business before the Office;

"(E) shall recognize the public interest in continuing to safeguard broad access to the United States patent system through the reduced fee structure for small entities under section 41(h)(1) of this title; and

"(F) provide for the development of a performance-based process that includes quantitative and qualitative measures and standards for evaluating cost-effectiveness and is consistent with the principles of impartiality and competitiveness;

"(3) may acquire, construct, purchase, lease, hold, manage, operate, improve, alter, and renovate any real, personal, or mixed property, or any interest therein, as it considers necessary to carry out its functions;

"(4)(A) may make such purchases, contracts for the construction, maintenance, or management and operation of facilities, and contracts for supplies or services, without regard to the provisions of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 and following), the Public Buildings Act (40 U.S.C. 601 and following), and the Stewart B. McKinney Homeless Assistance Act (42 U.S.C.11301 and following); and

"(B) may enter into and perform such purchases and contracts for printing services, including the process of composition, platemaking, presswork, silk screen processes, binding, microform, and the products of such processes, as it considers necessary to carry out the functions of the Office, without regard to sections 501 through 517 and 1101 through 1123 of title 44;

"(5) may use, with their consent, services, equipment, personnel, and facilities of other departments, agencies, and instrumentalities of the Federal Government, on a reimbursable basis, and cooperate with such other departments, agencies, and instrumentalities in the establishment and use of services, equipment, and facilities of the Office;

“(6) may, when the Director determines that it is practicable, efficient, and cost-effective to do so, use, with the consent of the United States and the agency, instrumentality, patent and trademark office, or international organization concerned, the services, records, facilities, or personnel of any State or local government agency or instrumentality or foreign patent and trademark office or international organization to perform functions on its behalf;

“(7) may retain and use all of its revenues and receipts, including revenues from the sale, lease, or disposal of any real, personal, or mixed property, or any interest therein, of the Office;

“(8) shall advise the President, through the Secretary of Commerce, on national and certain international intellectual property policy issues;

“(9) shall advise Federal departments and agencies on matters of intellectual property policy in the United States and intellectual property protection in other countries;

“(10) shall provide guidance, as appropriate, with respect to proposals by agencies to assist foreign governments and international intergovernmental organizations on matters of intellectual property protection;

“(11) may conduct programs, studies, or exchanges of items or services regarding domestic and international intellectual property law and the effectiveness of intellectual property protection domestically and throughout the world;

“(12)(A) shall advise the Secretary of Commerce on programs and studies relating to intellectual property policy that are conducted, or authorized to be conducted, cooperatively with foreign intellectual property offices and international intergovernmental organizations; and

“(B) may conduct programs and studies described in subparagraph (A); and

“(13)(A) in coordination with the Department of State, may conduct programs and studies cooperatively with foreign intellectual property offices and international intergovernmental organizations; and

“(B) with the concurrence of the Secretary of State, may authorize the transfer of not to exceed $100,000 in any year to the Department of State for the purpose of making special payments to international intergovernmental organizations for studies and programs for advancing international cooperation concerning patents, trademarks, and other matters.

“(c) CLARIFICATION OF SPECIFIC POWERS.—(1) The special payments under subsection (b)(13)(B) shall be in addition to any other payments or contributions to international organizations described in subsection (b)(13)(B) and shall not be subject to any limitations imposed by law on the amounts of such other payments or contributions by the United States Government.

“(2) Nothing in subsection (b) shall derogate from the duties of the Secretary of State or from the duties of the United States Trade Representative as set forth in section 141 of the Trade Act of 1974 (19 U.S.C. 2171).

“(3) Nothing in subsection (b) shall derogate from the duties and functions of the Register of Copyrights or otherwise alter current authorities relating to copyright matters.

“(4) In exercising the Director's powers under paragraphs (3) and (4)(A) of subsection (b), the Director shall consult with the Administrator of General Services.

“(d) CONSTRUCTION.—Nothing in this section shall be construed to nullify, void, cancel, or interrupt any pending request-for-proposal let or contract issued by the General Services Administration for the specific purpose of relocating or leasing space to the United States Patent and Trademark Office.”.

SEC. 613. ORGANIZATION AND MANAGEMENT.

Section 3 of title 35, United States Code, is amended to read as follows:

“§ 3. Officers and employees

“(a) UNDER SECRETARY AND DIRECTOR.—

“(1) IN GENERAL.—The powers and duties of the United States Patent and Trademark Office shall be vested in an Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (in this title referred to as the ‘Director’), who shall be a citizen of the United States and who shall be appointed by the President, by and with the advice and consent of the Senate. The Director shall be a person who has a professional background and experience in patent or trademark law.

“(2) DUTIES.—

“(A) IN GENERAL.—The Director shall be responsible for providing policy direction and management supervision for the Office and for the issuance of patents and the registration of trademarks. The Director shall perform these duties in a fair, impartial, and equitable manner.

“(B) CONSULTING WITH THE PUBLIC ADVISORY COMMITTEES.—The Director shall consult with the Patent Public Advisory Committee established in section 5 on a regular basis on matters relating to the patent operations of the Office, shall consult with the Trademark Public Advisory Committee established in section 5 on a regular basis on matters relating to the trademark operations of the Office, and shall consult with the respective Public Advisory Committee before submitting budgetary proposals to the Office of Management and Budget or changing or proposing to change patent or trademark user fees or patent or trademark regulations which are subject to the requirement to provide notice and opportunity for public comment pursuant to section 553 of title 5, as the case may be.

“(3) OATH.—The Director shall, before taking office, take an oath to discharge faithfully the duties of the Office.

“(4) REMOVAL.—The Director may be removed from office by the President. The President shall provide notification of any such removal to both Houses of Congress.

“(b) OFFICERS AND EMPLOYEES OF THE OFFICE.—

“(1) DEPUTY UNDER SECRETARY AND DEPUTY DIRECTOR.—The Secretary of Commerce, upon nomination by the Director, shall appoint a Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office who shall be vested with the authority to act in the capacity of the Director in the event of the absence or incapacity of the Director. The Deputy Director shall be a citizen of the United States who has a professional background and experience in patent or trademark law.

“(2) COMMISSIONERS.—

“(A) APPOINTMENT AND DUTIES.—The Secretary of Commerce shall appoint a Commissioner for Patents and a Commissioner for Trademarks, without regard to chapter 33, 51, or 53 of title 5. The Commissioner for Patents shall be a citizen of the United States with demonstrated management ability and professional background and experience in patent law and serve for a term of 5 years. The Commissioner for Trademarks shall be a citizen of the United States with demonstrated management ability and professional background and experience in trademark law and serve for a term of 5 years. The Commissioner for Patents and the Commissioner for Trademarks shall serve as the chief operating officers for the operations of the Office relating to patents and trademarks, respectively, and shall be responsible for the management and direction of all aspects of the activities of the Office that affect the administration of patent and trademark operations, respectively. The Secretary may reappoint a Commissioner to subsequent terms of 5 years as long as the performance of the Commissioner as set forth in the performance agreement in subparagraph (B) is satisfactory.

“(B) SALARY AND PERFORMANCE AGREEMENT.—The Commissioners shall be paid an annual rate of basic pay not to exceed the maximum rate of basic pay for the Senior Executive Service established under section 5382 of title 5, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of title 5. The compensation of the Commissioners shall be considered, for purposes of section 207(c)(2)(A) of title 18, to be the equivalent of that described under clause (ii) of section 207(c)(2)(A) of title 18. In addition, the Commissioners may receive a bonus in an amount of up to, but not in excess of, 50 percent of the Commissioner's annual rate of basic pay, based upon an evaluation by the Secretary of Commerce, acting through the Director, of the Commissioners' performance as defined in an annual performance agreement between the Commissioners and the Secretary. The annual performance agreements shall incorporate measurable organization and individual goals in key operational areas as delineated in an annual performance plan agreed to by the Commissioners and the Secretary. Payment of a bonus under this subparagraph may be made to the Commissioners only to the extent that such payment does not cause the Commissioners' total aggregate compensation in a calendar year to equal or exceed the amount of the salary of the Vice President under section 104 of title 3.

“(C) REMOVAL.—The Commissioners may be removed from office by the Secretary for misconduct or nonsatisfactory performance under the performance agreement described in subparagraph (B), without regard to the provisions of title 5. The Secretary shall provide notification of any such removal to both Houses of Congress.

“(3) OTHER OFFICERS AND EMPLOYEES.—The Director shall—

“(A) appoint such officers, employees (including attorneys), and agents of the Office as the Director considers necessary to carry out the functions of the Office; and

“(B) define the title, authority, and duties of such officers and employees and delegate to them such of the powers vested in the Office as the Director may determine.

The Office shall not be subject to any administratively or statutorily imposed limitation on positions or personnel, and no positions or personnel of the Office shall be taken into account for purposes of applying any such limitation.

“(4) TRAINING OF EXAMINERS.—The Office shall submit to the Congress a proposal to provide an incentive program to retain as employees patent and trademark examiners of the primary examiner grade or higher who are eligible for retirement, for the sole purpose of training patent and trademark examiners.

“(c) CONTINUED APPLICABILITY OF TITLE 5.—Officers and employees of the Office shall be subject to the provisions of title 5 relating to Federal employees.

"(d) ADOPTION OF EXISTING LABOR AGREEMENTS.—The Office shall adopt all labor agreements which are in effect, as of the day before the effective date of the Patent and Trademark Office Efficiency Act, with respect to such Office (as then in effect).

"(e) CARRYOVER OF PERSONNEL.—

"(1) FROM PTO.—Effective as of the effective date of the Patent and Trademark Office Efficiency Act, all officers and employees of the Patent and Trademark Office on the day before such effective date shall become officers and employees of the Office, without a break in service.

"(2) OTHER PERSONNEL.—Any individual who, on the day before the effective date of the Patent and Trademark Office Efficiency Act, is an officer or employee of the Department of Commerce (other than an officer or employee under paragraph (1)) shall be transferred to the Office, as necessary to carry out the purposes of this Act, if—

"(A) such individual serves in a position for which a major function is the performance of work reimbursed by the Patent and Trademark Office, as determined by the Secretary of Commerce;

"(B) such individual serves in a position that performed work in support of the Patent and Trademark Office during at least half of the incumbent's work time, as determined by the Secretary of Commerce; or

"(C) such transfer would be in the interest of the Office, as determined by the Secretary of Commerce in consultation with the Director.

Any transfer under this paragraph shall be effective as of the same effective date as referred to in paragraph (1), and shall be made without a break in service.

"(f) TRANSITION PROVISIONS.—

"(1) INTERIM APPOINTMENT OF DIRECTOR.—On or after the effective date of the Patent and Trademark Office Efficiency Act, the President shall appoint an individual to serve as the Director until the date on which a Director qualifies under subsection (a). The President shall not make more than one such appointment under this subsection.

"(2) CONTINUATION IN OFFICE OF CERTAIN OFFICERS.—(A) The individual serving as the Assistant Commissioner for Patents on the day before the effective date of the Patent and Trademark Office Efficiency Act may serve as the Commissioner for Patents until the date on which a Commissioner for Patents is appointed under subsection (b).

"(B) The individual serving as the Assistant Commissioner for Trademarks on the day before the effective date of the Patent and Trademark Office Efficiency Act may serve as the Commissioner for Trademarks until the date on which a Commissioner for Trademarks is appointed under subsection (b).".

SEC. 614. PUBLIC ADVISORY COMMITTEES.

Chapter 1 of part I of title 35, United States Code, is amended by inserting after section 4 the following:

"§5. Patent and Trademark Office Public Advisory Committees

"(a) ESTABLISHMENT OF PUBLIC ADVISORY COMMITTEES.—

"(1) APPOINTMENT.—The United States Patent and Trademark Office shall have a Patent Public Advisory Committee and a Trademark Public Advisory Committee, each of which shall have 9 voting members who shall be appointed by the Secretary of Commerce and serve at the pleasure of the Secretary of Commerce. Members of each Public Advisory Committee shall be appointed for a term of 3 years, except that of the members first appointed, 3 shall be appointed for a term of 1 year, and 3 shall be appointed for a term of 2 years. In making appointments to each Committee, the Secretary of Commerce shall consider the risk of loss of competitive advantage in international commerce or other harm to United States companies as a result of such appointments.

"(2) CHAIR.—The Secretary shall designate a chair of each Advisory Committee, whose term as chair shall be for 3 years.

"(3) TIMING OF APPOINTMENTS.—Initial appointments to each Advisory Committee shall be made within 3 months after the effective date of the Patent and Trademark Office Efficiency Act. Vacancies shall be filled within 3 months after they occur.

"(b) BASIS FOR APPOINTMENTS.—Members of each Advisory Committee—

"(1) shall be citizens of the United States who shall be chosen so as to represent the interests of diverse users of the United States Patent and Trademark Office with respect to patents, in the case of the Patent Public Advisory Committee, and with respect to trademarks, in the case of the Trademark Public Advisory Committee;

"(2) shall include members who represent small and large entity applicants located in the United States in proportion to the number of applications filed by such applicants, but in no case shall members who represent small entity patent applicants, including small business concerns, independent inventors, and nonprofit organizations, constitute less than 25 percent of the members of the Patent Public Advisory Committee, and such members shall include at least 1 independent inventor; and

"(3) shall include individuals with substantial background and achievement in finance, management, labor relations, science, technology, and office automation.

In addition to the voting members, each Advisory Committee shall include a representative of each labor organization recognized by the United States Patent and Trademark Office. Such representatives shall be nonvoting members of the Advisory Committee to which they are appointed.

"(c) MEETINGS.—Each Advisory Committee shall meet at the call of the chair to consider an agenda set by the chair.

"(d) DUTIES.—Each Advisory Committee shall—

"(1) review the policies, goals, performance, budget, and user fees of the United States Patent and Trademark Office with respect to patents, in the case of the Patent Public Advisory Committee, and with respect to Trademarks, in the case of the Trademark Public Advisory Committee, and advise the Director on these matters;

"(2) within 60 days after the end of each fiscal year—

"(A) prepare an annual report on the matters referred to in paragraph (1);

"(B) transmit the report to the Secretary of Commerce, the President, and the Committees on the Judiciary of the Senate and the House of Representatives; and

"(C) publish the report in the Official Gazette of the United States Patent and Trademark Office.

"(e) COMPENSATION.—Each member of each Advisory Committee shall be compensated for each day (including travel time) during which such member is attending meetings or conferences of that Advisory Committee or otherwise engaged in the business of that Advisory Committee, at the rate which is the daily equivalent of the annual rate of basic pay in effect for level III of the Executive Schedule under section 5314 of title 5. While away from such member's home or regular place of business such member shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5.

"(f) ACCESS TO INFORMATION.—Members of each Advisory Committee shall be provided access to records and information in the United States Patent and Trademark Office, except for personnel or other privileged information and information concerning patent applications required to be kept in confidence by section 122.

"(g) APPLICABILITY OF CERTAIN ETHICS LAWS.—Members of each Advisory Committee shall be special Government employees within the meaning of section 202 of title 18.

"(h) INAPPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to each Advisory Committee.

"(i) OPEN MEETINGS.—The meetings of each Advisory Committee shall be open to the public, except that each Advisory Committee may by majority vote meet in executive session when considering personnel or other confidential information.".

SEC. 615. PATENT AND TRADEMARK OFFICE FUNDING.

Section 42(c) of title 35, United States Code, is amended in the second sentence—

(1) by striking "Fees available" and inserting "All fees available"; and

(2) by striking "may" and inserting "shall".

SEC. 616. CONFORMING AMENDMENTS.

(a) DUTIES.—Chapter 1 of title 35, United States Code, is amended by striking section 6.

(b) REGULATIONS FOR AGENTS AND ATTORNEYS.—Section 31 of title 35, United States Code, and the item relating to such section in the table of sections for chapter 3 of title 35, United States Code, are repealed.

(c) SUSPENSION OR EXCLUSION FROM PRACTICE.—Section 32 of title 35, United States Code, is amended by striking "31" and inserting "2(b)(2)(D)".

SEC. 617. TRADEMARK TRIAL AND APPEAL BOARD.

Section 17 of the Act of July 5, 1946 (commonly referred to as the "Trademark Act of 1946") (15 U.S.C. 1067) is amended to read as follows:

"SEC. 17. (a) In every case of interference, opposition to registration, application to register as a lawful concurrent user, or application to cancel the registration of a mark, the Director shall give notice to all parties and shall direct a Trademark Trial and Appeal Board to determine and decide the respective rights of registration.

"(b) The Trademark Trial and Appeal Board shall include the Director, the Commissioner for Patents, the Commissioner for Trademarks, and administrative trademark judges who are appointed by the Director.".

SEC. 618. BOARD OF PATENT APPEALS AND INTERFERENCES.

Chapter 1 of title 35, United States Code, is amended—

(1) by striking section 7 and redesignating sections 8 through 14 as sections 7 through 13, respectively; and

(2) by inserting after section 5 the following:

"§6. Board of Patent Appeals and Interferences

"(a) ESTABLISHMENT AND COMPOSITION.—There shall be in the United States Patent and Trademark Office a Board of Patent Appeals and Interferences. The Director, the

Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges shall constitute the Board. The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Director.

"(b) DUTIES.—The Board of Patent Appeals and Interferences shall, on written appeal of an applicant, review adverse decisions of examiners upon applications for patents and shall determine priority and patentability of invention in interferences declared under section 135(a). Each appeal and interference shall be heard by at least 3 members of the Board, who shall be designated by the Director. Only the Board of Patent Appeals and Interferences may grant rehearings.".

SEC. 619. ANNUAL REPORT OF DIRECTOR.

Section 13 of title 35, United States Code, as redesignated by section 618 of this Act, is amended to read as follows:

"§ 13. Annual report to Congress

"The Director shall report to the Congress, not later than 180 days after the end of each fiscal year, the moneys received and expended by the Office, the purposes for which the moneys were spent, the quality and quantity of the work of the Office, the nature of training provided to examiners, the evaluation of the Commissioner of Patents and the Commissioner of Trademarks by the Secretary of Commerce, the compensation of the Commissioners, and other information relating to the Office.".

SEC. 620. SUSPENSION OR EXCLUSION FROM PRACTICE.

Section 32 of title 35, United States Code, is amended by inserting before the last sentence the following: "The Director shall have the discretion to designate any attorney who is an officer or employee of the United States Patent and Trademark Office to conduct the hearing required by this section.".

SEC. 621. PAY OF DIRECTOR AND DEPUTY DIRECTOR.

(a) PAY OF DIRECTOR.—Section 5314 of title 5, United States Code, is amended by striking 22 "Assistant Secretary of Commerce and Commissioner of Patents and Trademarks."

and inserting

"Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.".

(b) PAY OF DEPUTY DIRECTOR.—Section 5315 of title 5, United States Code, is amended by adding at the end the following:

"Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office.".

SEC. 622. STUDY ON ALTERNATIVE FEE STRUCTURES.

The Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office shall conduct a study of alternative fee structures that could be adopted by the United States Patent and Trademark Office to encourage maximum participation by the inventor community in the United States. The Director shall submit to the Committees on the Judiciary of the House of Representatives and the Senate a report on the study not later than 1 year after the date of the enactment of this Act.

Subtitle B—Effective Date; Technical Amendments

SEC. 631. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect 4 months after the date of the enactment of this Act.

SEC. 632. TECHNICAL AND CONFORMING AMENDMENTS.

(a) AMENDMENTS TO TITLE 35.—

(1) The item relating to part I in the table of parts for chapter 35, United States Code, is amended to read as follows:

"I. United States Patent and Trademark Office .... 1".

(2) The heading for part I of title 35, United States Code, is amended to read as follows:

"PART I—UNITED STATES PATENT AND TRADEMARK OFFICE".

(3) The table of chapters for part I of title 35, United States Code, is amended by amending the item relating to chapter 1 to read as follows:

"1. Establishment, Officers and Employees, Functions .... 1".

(4) The table of sections for chapter 1 of title 35, United States Code, is amended to read as follows:

"CHAPTER 1—ESTABLISHMENT, OFFICERS AND EMPLOYEES, FUNCTIONS

"Sec.
"1. Establishment.
"2. Powers and duties.
"3. Officers and employees.
"4. Restrictions on officers and employees as to interest in patents.
"5. Patent and Trademark Office Public Advisory Committees.
"6. Board of Patent Appeals and Interferences.
"7. Library.
"8. Classification of patents.
"9. Certified copies of records.
"10. Publications.
"11. Exchange of copies of patents and applications with foreign countries.
"12. Copies of patents and applications for public libraries.
"13. Annual report to Congress.".

(5) Section 41(h) of title 35, United States Code, is amended by striking "Commissioner of Patents and Trademarks" and inserting "Director".

(6) Section 155 of title 35, United States Code, is amended by striking "Commissioner of Patents and Trademarks" and inserting "Director".

(7) Section 155A(c) of title 35, United States Code, is amended by striking "Commissioner of Patents and Trademarks" and inserting "Director".

(8) Section 302 of title 35, United States Code, is amended by striking "Commissioner of Patents" and inserting "Director".

(9) Section 303(b) of title 35, United States Code, is amended by striking "Commissioner's" and inserting "Director's".

(10)(A) Except as provided in subparagraph (B), title 35, United States Code, is amended by striking "Commissioner" each place it appears and inserting "Director".

(B) Chapter 17 of title 35, United States Code, is amended by striking "Commissioner" each place it appears and inserting "Commissioner of Patents".

(11) Section 157(d) of title 35, United States Code, is amended by striking "Secretary of Commerce" and inserting "Director".

(12) Section 202(a) of title 35, United States Code, is amended—

(A) by striking "iv)" and inserting "(iv)"; and

(B) by striking the second period after "Department of Energy" at the end of the first sentence.

(b) OTHER PROVISIONS OF LAW.—

(1)(A) Section 45 of the Act of July 5, 1946 (commonly referred to as the "Trademark Act of 1946"; 15 U.S.C. 1127), is amended by striking "The term 'Commissioner' means the Commissioner of Patents and Trademarks.' and inserting "The term 'Director' means the Director of the United States Patent and Trademark Office.".

(B) The Act of July 5, 1946 (commonly referred to as the "Trademark Act of 1946"; 15 U.S.C. 1051 and following), except for section 17, as amended by section 617 of this Act, is amended by striking "Commissioner" each place it appears and inserting "Director".

(2) Section 500(e) of title 5, United States Code, is amended by striking "Patent Office" and inserting "United States Patent and Trademark Office".

(3) Section 5102(c)(23) of title 5, United States Code, is amended to read as follows:

"(23) administrative patent judges and designated administrative patent judges in the United States Patent and Trademark Office;".

(4) Section 5316 of title 5, United States Code (5 U.S.C. 5316) is amended by striking "Commissioner of Patents, Department of Commerce.", "Deputy Commissioner of Patents and Trademarks.", "Assistant Commissioner for Patents.", and "Assistant Commissioner for Trademarks.".

(5) Section 9(p)(1)(B) of the Small Business Act (15 U.S.C. 638(p)(1)(B)) is amended to read as follows:

"(B) the Director of the United States Patent and Trademark Office; and".

(6) Section 12 of the Act of February 14, 1903 (15 U.S.C. 1511) is amended—

(A) by striking "(d) Patent and Trademark Office;" and inserting

"(4) United States Patent and Trademark Office; and

(B) by redesignating subsections (a), (b), (c), (e), (f), and (g) as paragraphs (1), (2), (3), (5), (6), and (7), respectively and indenting the paragraphs as so redesignated 2 ems to the right.

(7) Section 19 of the Tennessee Valley Authority Act of 1933 (16 U.S.C. 831r) is amended—

(A) by striking "Patent Office of the United States" and inserting "United States Patent and Trademark Office"; and

(B) by striking "Commissioner of Patents" and inserting "Director of the United States Patent and Trademark Office".

(8) Section 182(b)(2)(A) of the Trade Act of 1974 (19 U.S.C. 2242(b)(2)(A)) is amended by striking "Commissioner of Patents and Trademarks" and inserting "Director of the United States Patent and Trademark Office".

(9) Section 302(b)(2)(D) of the Trade Act of 1974 (19 U.S.C. 2412(b)(2)(D)) is amended by striking "Commissioner of Patents and Trademarks" and inserting "Director of the United States Patent and Trademark Office".

(10) The Act of April 12, 1892 (27 Stat. 395; 20 U.S.C. 91) is amended by striking "Patent Office" and inserting "United States Patent and Trademark Office".

(11) Sections 505(m) and 512(o) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(m) and 360b(o)) are each amended by striking "Patent and Trademark Office of the Department of Commerce" and inserting "United States Patent and Trademark Office".

(12) Section 702(d) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 372(d)) is amended by striking "Commissioner of Patents" and inserting "Director of the United States Patent and Trademark Office" and by striking "Commissioner" and inserting "Director".

(13) Section 105(e) of the Federal Alcohol Administration Act (27 U.S.C. 205(e)) is

amended by striking "United States Patent Office" and inserting "United States Patent and Trademark Office".

(14) Section 1295(a)(4) of title 28, United States Code, is amended—

(A) in subparagraph (A) by inserting "United States" before "Patent and Trademark"; and

(B) in subparagraph (B) by striking "Commissioner of Patents and Trademarks" and inserting "Director of the United States Patent and Trademark Office".

(15) Chapter 115 of title 28, United States Code, is amended—

(A) in the item relating to section 1744 in the table of sections by striking "Patent Office" and inserting "United States Patent and Trademark Office";

(B) in section 1744—

(i) by striking "Patent Office" each place it appears in the text and section heading and inserting "United States Patent and Trademark Office";

(ii) by striking "Commissioner of Patents" and inserting "Director of the United States Patent and Trademark Office"; and

(C) by striking "Commissioner" and inserting "Director".

(16) Section 1745 of title 28, United States Code, is amended by striking "United States Patent Office" and inserting "United States Patent and Trademark Office".

(17) Section 1928 of title 28, United States Code, is amended by striking "Patent Office" and inserting "United States Patent and Trademark Office".

(18) Section 151 of the Atomic Energy Act of 1954 (42 U.S.C. 2181) is amended in subsections c. and d. by striking "Commissioner of Patents" and inserting "Director of the United States Patent and Trademark Office".

(19) Section 152 of the Atomic Energy Act of 1954 (42 U.S.C. 2182) is amended by striking "Commissioner of Patents" each place it appears and inserting "Director of the United States Patent and Trademark Office".

(20) Section 305 of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2457) is amended—

(A) in subsection (c) by striking "Commissioner of Patents" and inserting "Director of the United States Patent and Trademark Office (hereafter in this section referred to as the 'Director')"; and

(B) by striking "Commissioner" each subsequent place it appears and inserting "Director".

(21) Section 12(a) of the Solar Heating and Cooling Demonstration Act of 1974 (42 U.S.C. 5510(a)) is amended by striking "Commissioner of the Patent Office" and inserting "Director of the United States Patent and Trademark Office".

(22) Section 1111 of title 44, United States Code, is amended by striking "the Commissioner of Patents,".

(23) Section 1114 of title 44, United States Code, is amended by striking "the Commissioner of Patents,".

(24) Section 1123 of title 44, United States Code, is amended by striking "the Patent Office,".

(25) Sections 1337 and 1338 of title 44, United States Code, and the items relating to those sections in the table of contents for chapter 13 of such title, are repealed.

(26) Section 10(i) of the Trading with the enemy Act (50 U.S.C. App. 10(i)) is amended by striking "Commissioner of Patents" and inserting "Director of the United States Patent and Trademark Office".

Subtitle C—Miscellaneous Provisions

SEC. 641. REFERENCES.

(a) In General.—Any reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or pertaining to a department or office from which a function is transferred by this title—

(1) to the head of such department or office is deemed to refer to the head of the department or office to which such function is transferred; or

(2) to such department or office is deemed to refer to the department or office to which such function is transferred.

(b) Specific References.—Any reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or pertaining to the Patent and Trademark Office—

(1) to the Commissioner of Patents and Trademarks is deemed to refer to the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office;

(2) to the Assistant Commissioner for Patents is deemed to refer to the Commissioner for Patents; or

(3) to the Assistant Commissioner for Trademarks is deemed to refer to the Commissioner for Trademarks.

SEC. 642. EXERCISE OF AUTHORITIES.

Except as otherwise provided by law, a Federal official to whom a function is transferred by this title may, for purposes of performing the function, exercise all authorities under any other provision of law that were available with respect to the performance of that function to the official responsible for the performance of the function immediately before the effective date of the transfer of the function under this title.

SEC. 643. SAVINGS PROVISIONS.

(a) Legal Documents.—All orders, determinations, rules, regulations, permits, grants, loans, contracts, agreements, certificates, licenses, and privileges—

(1) that have been issued, made, granted, or allowed to become effective by the President, the Secretary of Commerce, any officer or employee of any office transferred by this title, or any other Government official, or by a court of competent jurisdiction, in the performance of any function that is transferred by this title, and

(2) that are in effect on the effective date of such transfer (or become effective after such date pursuant to their terms as in effect on such effective date), shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the President, any other authorized official, a court of competent jurisdiction, or operation of law.

(b) Proceedings.—This title shall not affect any proceedings or any application for any benefits, service, license, permit, certificate, or financial assistance pending on the effective date of this title before an office transferred by this title, but such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this title had not been enacted, and orders issued in any such proceeding shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be considered to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this title had not been enacted.

(c) Suits.—This title shall not affect suits commenced before the effective date of this title, and in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this title had not been enacted.

(d) Nonabatement of Actions.—No suit, action, or other proceeding commenced by or against the Department of Commerce or the Secretary of Commerce, or by or against any individual in the official capacity of such individual as an officer or employee of an office transferred by this title, shall abate by reason of the enactment of this title.

(e) Continuance of Suits.—If any Government officer in the official capacity of such officer is party to a suit with respect to a function of the officer, and under this title such function is transferred to any other officer or office, then such suit shall be continued with the other officer or the head of such other office, as applicable, substituted or added as a party.

(f) Administrative Procedure and Judicial Review.—Except as otherwise provided by this title, any statutory requirements relating to notice, hearings, action upon the record, or administrative or judicial review that apply to any function transferred by this title shall apply to the exercise of such function by the head of the Federal agency, and other officers of the agency, to which such function is transferred by this title.

SEC. 644. TRANSFER OF ASSETS.

Except as otherwise provided in this title, so much of the personnel, property, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available in connection with a function transferred to an official or agency by this title shall be available to the official or the head of that agency, respectively, at such time or times as the Director of the Office of Management and Budget directs for use in connection with the functions transferred.

SEC. 645. DELEGATION AND ASSIGNMENT.

Except as otherwise expressly prohibited by law or otherwise provided in this title, an official to whom functions are transferred under this title (including the head of any office to which functions are transferred under this title) may delegate any of the functions so transferred to such officers and employees of the office of the official as the official may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions under this section or under any other provision of this title shall relieve the official to whom a function is transferred under this title of responsibility for the administration of the function.

SEC. 646. AUTHORITY OF DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET WITH RESPECT TO FUNCTIONS TRANSFERRED.

(a) Determinations.—If necessary, the Director of the Office of Management and Budget shall make any determination of the functions that are transferred under this title.

(b) Incidental Transfers.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this title, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of this title. The Director shall provide for the termination of the affairs of all entities terminated by this title and for such further measures and dispositions as may be necessary to effectuate the purposes of this title.

SEC. 647. CERTAIN VESTING OF FUNCTIONS CONSIDERED TRANSFERS.

For purposes of this title, the vesting of a function in a department or office pursuant to reestablishment of an office shall be considered to be the transfer of the function.

SEC. 648. AVAILABILITY OF EXISTING FUNDS.

Existing appropriations and funds available for the performance of functions, programs, and activities terminated pursuant to this title shall remain available, for the duration of their period of availability, for necessary expenses in connection with the termination and resolution of such functions, programs, and activities, subject to the submission of a plan to the Committees on Appropriations of the House and Senate in accordance with the procedures set forth in section 605 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1999, as contained in Public Law 105-277.

SEC. 649. DEFINITIONS.

For purposes of this title—

(1) the term "function" includes any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and

(2) the term "office" includes any office, administration, agency, bureau, institute, council, unit, organizational entity, or component thereof.

TITLE VII—MISCELLANEOUS PATENT PROVISIONS

SEC. 701. PROVISIONAL APPLICATIONS.

(a) Abandonment.—Section 111(b)(5) of title 35, United States Code, is amended to read as follows:

"(5) Abandonment.—Notwithstanding the absence of a claim, upon timely request and as prescribed by the Commissioner, a provisional application may be treated as an application filed under subsection (a). Subject to section 119(e)(3) of this title, if no such request is made, the provisional application shall be regarded as abandoned 12 months after the filing date of such application and shall not be subject to revival thereafter.".

(b) Technical Amendment Relating to Weekends and Holidays.—Section 119(e) of title 35, United States code, is amended by adding at the end the following:

"(3) If the day that is 12 months after the filing date of a provisional application falls on a Saturday, Sunday, or Federal holiday within the District of Columbia, the period of pendency of the provisional application shall be extended to the next succeeding secular or business day.".

(c) Elimination of Copendency Requirement.—Section 119(e)(2) of title 35, United States Code, is amended by striking "and the provisional application was pending on the filing date of the application for patent under section 111(a) or section 363 of this title".

(d) Effective Date.—The amendments made by this section shall take effect on the date of the enactment of this Act and shall apply to any provisional application filed on or after June 8, 1995, except that the amendments made by subsections (b) and (c) shall have no effect with respect to any patent which is the subject of litigation in an action commenced before such date of enactment.

SEC. 702. INTERNATIONAL APPLICATIONS.

Section 119 of title 35, United States Code, is amended—

(1) in subsection (a)—

(A) by inserting "in a WTO member country or" after "patent for the same invention"; and

(B) by inserting "such WTO member country or" after "first filed in";

(2) in subsection (c), by inserting "WTO member country or" after "application in the same"; and

(3) by adding at the end the following:

"(f) Applications for plant breeder's rights filed in a WTO member country (or in a foreign UPOV Contracting Party) shall have the same effect for the purpose of the right of priority under subsections (a) through (c) of this section as applications for patent, subject to the same conditions and requirements of this section as apply to applications for patents.

"(g) As used in this section—

"(1) the term 'WTO member country' has the meaning given that term in section 2(10) of the Uruguay Round Agreements Act; and

"(2) the term 'UPOV Contracting Party' means a member of the International Convention for the Protection of New Varieties of Plants.".

SEC. 703. CERTAIN LIMITATIONS ON DAMAGES FOR PATENT INFRINGEMENT NOT APPLICABLE.

Section 287(c)(4) of title 35, United States Code, is amended by striking "before the date of enactment of this subsection" and inserting "based on an application the earliest effective filing date of which is prior to September 30, 1996".

SEC. 704. ELECTRONIC FILING AND PUBLICATIONS.

(a) Printing of Papers Filed.—Section 22 of title 35, United States Code, is amended by striking "printed or typewritten" and inserting "printed, typewritten, or on an electronic medium".

(b) Publications.—Section 11(a) of title 35, United States Code, is amended by amending the matter preceding paragraph 1 to read as follows:

"(a) The Director may publish in printed, typewritten, or electronic form, the following:".

(c) Copies of Patents for Public Libraries.—Section 13 of title 35, United States Code, is amended by striking "The Commissioner may supply printed copies of specifications and drawings of patents" and inserting "The Director may supply copies of specifications and drawings of patents in printed or electronic form".

(d) Maintenance of Collections.—Section 41(i)(1) of title 35, United States Code, is amended by striking "The Commissioner shall maintain, for use by the public, paper or microform" and inserting "The Director shall maintain, for use by the public, paper, microform, or electronic".

SEC. 705. STUDY AND REPORT ON BIOLOGICAL DEPOSITS IN SUPPORT OF BIOTECHNOLOGY PATENTS.

(a) In General.—No later than 6 months after the date of the enactment of this Act, the Comptroller General of the United States, in consultation with the Director of the United States Patent and Trademark Office, shall conduct a study and submit a report to the Congress on the potential risks to the United States biotechnology industry relating to biological deposits in support of biotechnology patents.

(b) Contents.—The study conducted under this section shall include—

(1) an examination of the risk of export and the risk of transfers to third parties of biological deposits, and the risks posed by the change to 18-month publication requirements made by this Act;

(2) an analysis of comparative legal and regulatory regimes; and

(3) any related recommendations.

(c) Consideration of Report.—In drafting regulations affecting biological deposits (including any modification of title 37, Code of Federal Regulations, section 1.801 et seq.), the Patent and Trademark Office shall consider the recommendations of the study conducted under this section.

SEC. 706. PRIOR INVENTION.

Section 102(g) of title 35, United States Code, is amended to read as follows:

"(g)(1) during the course of an interference conducted under section 135 or section 291, another inventor involved therein establishes, to the extent permitted in section 104, that before such person's invention thereof the invention was made by such other inventor and not abandoned, suppressed, or concealed, or (2) before such person's invention thereof, the invention was made in this country by another inventor who had not abandoned, suppressed, or concealed it. In determining priority of invention under this subsection, there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.".

SEC. 707. PRIOR ART EXCLUSION FOR CERTAIN COMMONLY ASSIGNED PATENTS.

(a) Prior Art Exclusion.—Section 103(c) of title 35, United States Code, is amended by striking "subsection (f) or (g)" and inserting "one or more of subsections (e), (f), and (g)".

(b) Effective Date.—The amendment made by subsection (a) shall apply to any application for patent filed on or after the date of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from North Carolina (Mr. Coble) and the gentlewoman from California (Ms. Lofgren) each will control 20 minutes.

Ms. KAPTUR. Mr. Speaker, I would like to ask if the gentlewoman from California is opposed to the resolution that will be under consideration.

The SPEAKER pro tempore. Is the gentlewoman from California opposed to the bill?

Ms. LOFGREN. Mr. Speaker, if necessary to claim the time representing the Democratic part of the aisle, but I think, pursuant to the rule, I have been designated as the member of the minority on the committee to represent our side. But I will certainly yield time to the gentlewoman from Ohio to express her opinion.

The SPEAKER pro tempore. Is the gentlewoman from Ohio challenging the gentlewoman from California for the right to control the time?

Ms. KAPTUR. I would like to claim time in opposition, and I would like to know if the gentlewoman is opposed to the measure before us.

The SPEAKER pro tempore. Is the gentlewoman from Ohio opposed to the bill?

Ms. KAPTUR. The gentlewoman from Ohio is opposed.

The SPEAKER pro tempore. Is the gentlewoman from California opposed to the bill?

Ms. LOFGREN. Mr. Speaker, the gentlewoman from Ohio is not a member of the committee of jurisdiction and is not, therefore, eligible to manage our time. I would ask for a ruling.

The SPEAKER pro tempore. The gentlewoman from Ohio is eligible if the gentlewoman from California is not opposed.

Ms. LOFGREN. Then I will claim opposition.

The SPEAKER pro tempore. The gentlewoman from California is opposed?

Ms. LOFGREN. I will claim opposition and the time.

The SPEAKER pro tempore. Then the gentlewoman from California qualifies since the gentlewoman is opposed to the bill.

The gentlewoman from California will then be recognized for 20 minutes.

POINT OF ORDER

Mr. ROHRABACHER. Point of order, Mr. Speaker. With all fairness here, claiming opposition is not what the question is. If the gentlewoman from Ohio is indeed opposed to the bill, she deserves to have this time as compared to someone who is unwilling to say that they are opposed to the bill.

Ms. LOFGREN. Mr. Speaker, if I may, I have reservations about the changes made today. I hope that I can be convinced that they are adequately made by the time the debate is over.

The SPEAKER pro tempore. At this point, the Chair does not question the motives of the Member. The Member has stated she is in opposition to the bill.

The Chair recognizes the gentleman from North Carolina (Mr. COBLE).

Mr. ROHRABACHER. Continuing my point of order, Mr. Speaker, does the Member not just claiming opposition, does she oppose the bill?

Ms. LOFGREN. I believe the Chair has ruled.

Mr. ROHRABACHER. If not, if she cannot state this, I would state as a point of order, the gentlewoman from Ohio (Ms. KAPTUR), who does say she is opposed to the bill, this is not in my interest to do this, this is in the interest of fairness, we should make sure the time is allotted to someone who opposes the bill.

The SPEAKER pro tempore. The gentlewoman from California has stated that she is in opposition to the bill; is that correct?

Is the gentlewoman from California in opposition to the bill?

Ms. LOFGREN. Until convinced about the changes made, yes.

The SPEAKER pro tempore. At this point the gentlewoman from California is in opposition to the bill. The gentlewoman qualifies.

POINT OF ORDER

Ms. KAPTUR. Point of order, Mr. Speaker.

Mr. Speaker, do I take it, then, that under your ruling, I, as someone who is opposed to this measure, will not be allowed my own time during debate this evening?

The SPEAKER pro tempore. Under a motion to suspend the rules, only two Members may control the time. The gentlewoman from California has qualified to claim the time in opposition. She will, of course, be able to yield time if she is so inclined.

Ms. LOFGREN. Mr. Chairman, if I may, I plan to expansively yield time to the gentlewoman from Ohio.

Ms. KAPTUR. I wanted to ask, Mr. Speaker, how much time would that be of the total time allotted, then?

The SPEAKER pro tempore. Each side has 20 minutes. The gentlewoman from California will control 20 minutes.

PARLIAMENTARY INQUIRY

Mr. HOYER. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. HOYER. Am I correct that under the rules as they now exist, that if in fact the gentlewoman from Ohio (Ms. KAPTUR) were recognized in opposition, she would receive half of the time allotted to the minority side of 20 minutes? Is that correct?

The SPEAKER pro tempore. Only one Member may control time in opposition. The gentlewoman from California, a member of the committee, controls the time because she is opposed.

Mr. HOYER. So if she were in opposition, she would receive the entire 20 minutes?

The SPEAKER pro tempore. If the gentlewoman from California were not in opposition, someone else could seek that time.

Mr. HOYER. Further parliamentary inquiry. If that in fact occurred, could the gentlewoman from Ohio (Ms. KAPTUR) yield to the gentlewoman from California (Ms. LOFGREN) 10 minutes?

The SPEAKER pro tempore. Any Member in control of time can yield time to anyone else.

Mr. HOYER. In other words, there would be nothing to preclude her from doing so?

The SPEAKER pro tempore. Repeat your question, please.

Mr. HOYER. The Speaker's response was, as I take it, if the gentlewoman from Ohio (Ms. KAPTUR) were recognized as an opponent to the legislation, she could yield such time as she desired to the gentlewoman from California (Ms. LOFGREN) who obviously has been asked by the committee to represent the minority side of the committee in this action.

The SPEAKER pro tempore. That would be possible. But the gentlewoman from California, a member of the committee, has claimed the time because in opposition and will have the 20 minutes and will be able to yield that time as she so desires.

Mr. HOYER. I understand.

Ms. KAPTUR. Mr. Speaker, could I ask unanimous consent to control my own 10 minutes?

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Ohio?

Ms. LOFGREN. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

The gentlewoman from California (Ms. LOFGREN) controls the time.

POINT OF ORDER

Mr. ROHRABACHER. Mr. Speaker, I have a point of order.

The SPEAKER pro tempore. The gentleman will state his point of order.

Mr. ROHRABACHER. Mr. Speaker, the point of order is such that it seems to me that by being a little heavy-handed here, we are undermining this process.

Ms. LOFGREN. Will the gentleman yield?

The CHAIRMAN. The gentleman will state his point of order first.

Mr. ROHRABACHER. I withdraw my point of order.

Ms. LOFGREN. Mr. Speaker, I ask unanimous consent to make a 10-second statement that will save us all a lot of time.

After I make my opening statement, it is my intention to yield 10 minutes to the gentlewoman from Ohio.

The SPEAKER pro tempore. The gentlewoman may take 10 seconds of her time and solve the problem.

Ms. LOFGREN. I think we just solved it, Mr. Speaker.

The SPEAKER pro tempore. Very well.

The Chair recognizes the gentleman from North Carolina (Mr. COBLE).

GENERAL LEAVE

Mr. COBLE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and include extraneous material on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COBLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to say to my friend from California and to my friend from Ohio, the gentlewoman from California's comments, I think, make it clear that no one is trying to roll anyone. I think that has been made clear by the gentlewoman from California's comment subsequent to the beginning of the debate.

I rise tonight, Mr. Speaker, in support of H.R. 1907, the American Inventors Protection Act, and urge the House to adopt the measure.

Mr. Speaker, a coalition of Members, staff, administration officials and other contributors have negotiated in good faith into the early evening to clarify what few outstanding issues remain in this 100-plus-page bill. I now anticipate overwhelming support for this complex, important and often misunderstood measure which will bring our patent and trademark system into the 21st century to the benefit of American inventors and American consumers.

Mr. Speaker, H.R. 1907 is a product of compromise and negotiation. It is comprised of several provisions that have been suggested by the gentleman from California (Mr. ROHRABACHER), the gentleman from California (Mr. CAMPBELL), each of whom opposed this the last session, the gentleman from Illinois (Mr. MANZULLO) and the gentleman from Indiana (Mr. BURTON), in addition to other administration and industry officials.

The gentlewoman from California (Ms. LOFGREN), the gentleman from California (Mr. BERMAN), the ranking member of the subcommittee, among others, have been very helpful in this process. I want to thank all the participants and others too numerous to name for their patience and insight as we have labored to bring this bill finally to the floor.

Mr. Speaker, with a bill this complex and lengthy, no one who participates in its construction can get everything he or she wants. I think we have all done a good job, however, of addressing those legitimate concerns registered by independent inventors while retaining the core protections of the legislation. There is no doubt in my mind that H.R. 1907 will make our patent and trademark system, already the world's best, even better in the new millennium.

Mr. Speaker, I place an exchange of letters in the RECORD concerning committee jurisdiction on the bill H.R. 1907 between Chairman BURTON and Chairman HYDE.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC, August 3, 1999.
Hon. HENRY J. HYDE,
Chairman, Committee on the Judiciary,
Washington, DC.

DEAR MR. CHAIRMAN: I am writing with regard to H.R. 1907, the American Inventors Protection Act of 1999.

As you know, under House Rule X of the Committee on Government Reform and Oversight has jurisdiction over the federal civil service and the overall economy, efficiency, and management of government operations and activities. Sections 612, 613, 614, and 621 of the amended bill address matters that are within the jurisdiction of this Committee.

In the interest of expediting floor consideration for this measure, the Committee on Government Reform will agree not to exercise its jurisdiction over those sections on the understanding that you have agreed to amend the bill as follows:

1. Section 613 will be revised to provide that the total compensation of the Commissioner for Patents and the Commissioner for Trademarks may not exceed the salary of the Vice President. (It is our understanding that the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office and the Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office will not be eligible for bonuses under a revised version of the bill that your committee has already agreed to.)

2. Section 614 will be further revised to require the Patent and Trademark Office to submit to Congress a legislative proposal to retain patent and trademark examiners for the purpose of training other patent and trademark examiners rather than allow the Office to develop and implement such program without congressional intervention.

Our decision not to exercise our jurisdiction over this measure is not intended or designed to waive or limit our jurisdiction over any future consideration of related matters.

Sincerely,

DAN BURTON,
Chairman.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, DC, August 3, 1999.
Hon. DAN BURTON,
Chairman, Committee on Government Reform,
Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter regarding H.R. 1907, the "American Inventors Protection Act." This letter will serve to acknowledge your jurisdiction over sections 612, 613, 614, and 621 of the amended bill, and to confirm our understanding that we have agreed to amend the bill as follows:

1. Section 613 will be revised to provide that the total compensation of the Commissioner for Patents and the Commissioner for Trademarks may not exceed the salary of the Vice President. (You are correct in your understanding that the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, and the Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office will not be eligible for bonuses under the amendment.)

2. Section 614 will be further revised to require the Patent and Trademark Office to submit to Congress a legislative proposal to retain certain patent and trademark examiners for the purpose of training other patent and trademark examiners rather than allow the Office to develop and implement such a program without congressional intervention.

I understand that your decision not to conduct a markup over the provisions over which you have jurisdiction does not serve to waive your jurisdiction over these provisions or over any future consideration of related matters.

Sincerely,

HENRY HYDE,
Chairman.

Mr. Speaker, I reserve the balance of my time.

Ms. LOFGREN. Mr. Speaker, I yield myself such time as I may consume.

I would like to inquire of the chairman of the committee, rising in opposition to the bill, I need to explore the changes that have been made to this bill to understand why it is worthy of my support.

□ 2145

In title II there is a first inventor defense that is limited to methods of doing or conducting business, and I need to understand why, what the impact of that would be and why it merits our support.

Mr. COBLE. Mr. Speaker, will the gentlewoman yield?

Ms. LOFGREN. I yield to the gentleman from North Carolina.

Mr. COBLE. Mr. Speaker, it is limited, I say to the gentlewoman from California, to the State Street Bank case. There was some discussion early on that. Perhaps the first inventive defense should apply to processes as well as methods. But we finally concluded that we would restrict it to methods only, and that, by having done that, we were able to satisfy some folks who were opposed to the bill otherwise.

Ms. LOFGREN. All right. So that is an accommodation that we have done, given that legislation is sausage making, to move this whole process forward.

On title IV there is a provision permitting applicants to request the issuance of a patent as soon as one claim was allowed with the remaining claims to be added later, and that was deleted. I am concerned that this would change the bill as passed by the Committee on the Judiciary, but there may be some good reason that I am not aware of for the change that is proposed.

Can the gentleman convince me as to why this should be supported?

Mr. COBLE. Mr. Speaker, will the gentlewoman yield?

Ms. LOFGREN. I yield to the gentleman from North Carolina.

Mr. COBLE. This deletion was done at the request of the Patent and Trademark Office, and the reason given by PTO was that it considered it a constitution of an additional administrative burden, and for that reason that change was made.

Ms. LOFGREN. On title V, and this is something of actual considerable concern to me, the bill was amended to retain existing law for ex parte reexaminations. For inter parte's reexamination the basic framework in the bill was retained under title V but with the limitation that a third party requestor cannot appeal an adverse decision to the court of appeals for the Federal circuit court.

I am wondering if the gentleman can convince us why this change made after the bill was reported from the committee was necessary and why it should compel our support.

Mr. COBLE. If the gentlewoman from California would continue to yield?

Ms. LOFGREN. I yield to the gentleman from North Carolina.

Mr. COBLE. Primarily this was done for the benefit of the independent inventors to balance the interest of a third party with those of a patent need, patentee, by allowing a third party to pursue reexamination under the existing system or opting for a strictly limited ex parte reexamination while assuring that a patentee would not be subject to harassment in such proceedings.

Ms. LOFGREN. Mr. Speaker, under title VI the Public Advisory Committee for Patents has been altered to provide a quarter of the representation to independents, so-called independent inventors. There is concern that institutional inventors, including universities, might be disadvantaged by this change. Can the gentleman advise us as to the wisdom of this proposal?

Mr. COBLE. If the gentlewoman would yield?

Ms. LOFGREN. I yield to the gentleman from North Carolina.

Mr. COBLE. This title VI, as the gentlewoman knows, came in for much discussion. It was part of the cause for the delay. The distinguished gentleman from Indiana (Mr. BURTON) chairs a committee that has jurisdiction over this title. He asserted that jurisdiction, and we were in exchange with him since May, to be specific, for the desired language that he preferred; and we finally were able to get that language handed to us late today, and the purpose for his insisting upon that, and probably a good idea, was to ensure that independent inventors are not without a voice in the oversight of the operation of the PTO as far as sitting on one of the boards is concerned.

Ms. LOFGREN. Finally at this point, Mr. Speaker, I note that one change that I think I support but I have some concerns about is that the Patent and Trademark Office would be authorized to publish documents electronically. That makes sense, but because of the lack of vigorous encryption involved in the world and in government offices, I do have concerns as to the security of such publication. I do not know whether that can be addressed in the bill, but I do want to raise the issue, and my 5 minutes is expired. I want to reserve the time for the gentlewoman from Ohio (Ms. KAPTUR), so I will leave that out for a later answer.

Mr. COBLE. We will get to that substantively.

Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. ROHRABACHER).

Mr. ROHRABACHER. Mr. Speaker, I rise in strong support of H.R. 1907, as amended. This bill is the culmination of a long process of negotiations that followed floor battles in the last Congress between the leadership of the Committee on the Judiciary and a group of Members led by myself. It was far more than sausage making because we have people with honest beliefs on both sides, and I certainly can see where people can have honest differences on something as complicated as patent law.

I began this fight in 1994 when I fought against provisions that were inserted into the GATT trade agreement implementation bill to eliminate our Nation's traditional guarantee of a 17-year patent term in an attempt to harmonize our patent law with those of other nations with a 20-year-from-filing limit that was imposed through that legislation, thus taking away a guaranteed patent term that had been the right of every American inventor. This change, by the way, would have resulted in decreasing the patent term of every application held in the Patent Office for more than 3 years, which is a common occurrence with breakthrough technologies.

I was further energized in this fight when additional changes in our patent system were proposed, including the publishing of all patent applications 18 months after filing, even when no patent had been issued, and establishing prior user rights for all inventions, opening up new opportunities to challenge already-granted patents through reexamination and the turning of the Patent Office into a government corporation. These things caused me great pain and concern.

The battles we had ultimately resulted in a standoff in the Senate in which no patent legislation was adopted, and I am pleased to note that the negotiations I referred to earlier have resulted in a bill that is very much different than the patent bills that went through the Committee on the Judiciary last year and the fights we have had in the last 4 years.

Instead of making minor, tenuous extensions in the patent term, H.R. 1907 goes most of the way in reversing the 1994 patent term reduction by extending patent term completely to compensate for delays in the processing of the Patent and Trademark Office or any other delay resulting from actions taken by anyone else other than the patent applicant. Instead of publishing all patent applications after 18 months, 1907 publishes only, only the pending applications that have been published abroad, and thus they are already published and already known to the people and only to the extent that they are published abroad.

Instead of a prior user defense that applies to all inventions which we just heard a question about a moment ago, H.R. 1907 contains a very limited prior user defense that applies only to those business methods which have only been considered patentable in the last few years, and this, of course, flows from an adverse case before the court that changed patent law.

We want to have our say in what is going on here, and we are correcting it in this legislation; and instead of corporatizing the Patent Office and removing civil service protection from patent examiners, H.R. 1907 leaves the PTO as an agency within the Department of Commerce while including valuable provisions keeping patent revenue within the Patent Office and providing for enhanced training and professional development for patent examiners and retaining their civil service status.

Mr. Speaker, although as in all compromises both sides have to give up something, maybe a little, I would say that my Committee on the Judiciary colleagues will not mind that I am stating for the RECORD that I believe that H.R. 1907 represents a major victory for the independent inventor whose interests I have vigorously defended these past 5 years.

I ask my colleagues to give H.R. 1907 their overwhelming support and to join me in urging the other body to take up this compromise as is and send it to the President for his signature without change.

Mr. Speaker, I have some more detailed comments, and I will be inserting them at this point in the RECORD, but I would not want to let this moment go by without thanking the gentleman from North Carolina (Mr. COBLE) who has, as my colleagues know, stepped forward in a spirit of compromise, and we have worked really hard on this; the gentleman from Illinois (Mr. HYDE) who also played an important role in this. Their spirit of goodwill and the negotiations we have had have resulted in a superior bill that is going to do great things for America and to keep us technologically ahead.

I also thank the gentleman from Illinois (Mr. MANZULLO). In his late-breaking contributions to this fight he has greatly improved this legislation, and he can be justly proud he has done a good job for America in doing so. Finally, I would like to thank the gentleman from California (Mr. CAMPBELL) and the gentlewoman from Ohio (Ms. KAPTUR), and Ms. KAPTUR has been deeply involved in these negotiations from the beginning.

Ms. KAPTUR has been very deeply involved in this whole fight from the very beginning, and over the last 4 years she stood firm with us, and in fact in the last month we have had meetings in her office trying to negotiate these details out. We have been working with her staff, and I do not know, it sounds like we have not satisfied all of her concerns, but she has certainly played an important role in this process, and the gentleman from Ohio (Mr. KUCINICH) and the gentleman from California (Mr. HUNTER).

All of these people played such a significant role along with, of course, the gentleman from North Carolina (Mr. COBLE) and the gentleman from Illinois (Mr. HYDE) in giving us this incredible piece of legislation that I believe is going to do great things for America. Also, my staff members Rick Dykema and Wayne Paugh and other science fellows who worked with me, Paul Crilly, John Morgan, Biff Kramer, Dick Backe and Richard Cowan, for all the hard work they have put in on this piece of legislation.

I urge my colleagues to support it.

Mr. Speaker, for the last several years, this is a day I had hoped would come. I have fought long and hard to protect the products of our nation's independent inventors. I have fought diligently to strengthen our patent system and to prevent changes in the name of harmonization. Now, after the continued competition and polarization of the past, this was finally a time for cooperation. Chairman COBLE and I have both spent many hours of individual effort pursuing our respective goals for patent reform the past several years, and indeed the time was ripe to work together toward a unified effort. It was time to have an open-ended process in which everyone had an opportunity to come to the table.

With that, I am proud to say that after a long and successful negotiation period with my friend from North Carolina, Chairman COBLE, and with the invaluable help of my fellow colleague from California, Mr. CAMPBELL and with late-breaking help from my friend from Illinois, Mr. MANZULLO, we were finally able to reach agreement on the issues. As was always the case, the devil has been in the details. Therefore, this has been a carefully crafted effort, but has resulted in a resounding victory for the United States patent system and the American inventor.

TITLE II—FIRST TO INVENT DEFENSE ACT

With regard to Title II, the First Inventor Defense, I have always held that we simply cannot champion trade secret protection over patent protection for clearly patentable subject matter. We cannot betray our Founding Fathers by abandoning the foundation upon which our patent system is based. We cannot openly advocate secrecy when our patent system calls for us to vigorously promote the progress of science through the sharing of critical technology.

In the patent bill that passed the House last year, all patents were subjected to prior user rights. This Congress, we were initially able to limit this title to processes and methods only. More recently, however, we were able to even further limit this section to business methods only. This is an important limitation in scope to take note of because now Title II will not affect the vast majority of independent inventors and small businesses.

A first inventor defense that is strictly limited to business methods will severely reduce its applicability. Furthermore, the defense applies only to business methods that have been reduced to practice at least one year prior to the effective filing date of the patent in question. Even further, to successfully use this defense a litigant must satisfy a clear and convincing evidentiary standard and risk being subjected to paying reasonable attorney fees to the prevailing party. Bottom line, the best defense to a charge of patent infringement will remain the successful assertion of invalidity, and not a first inventor defense.

TITLE III—PATENT TERM GUARANTEE ACT

My goal all along has been to assure a minimum patent term of 17 years from the date a patent is granted. Failing that, I have insisted on a guarantee that the PTO will extend the patent term as necessary to assure a term of 17 years from filing for non-dilatory applicants. The language of this bill clearly codifies this approach.

As everyone is aware, the current law governing patent term is 20 years from the date of file. Since June 8, 1995, when the 17-years-from-grant was changed, patents have been losing precious time under the current law. Inventors can no longer rely on a guaranteed term of protection. In some cases, several years of effective post-grant protection is lost due to Patent and Trademark Office (PTO) administrative delay. This title represents an opportunity to recapture some of the reliance of pre-GATT standards.

By codifying what constitutes PTO delay, this title can compensate the patent applicant for lost time on a day-for-day basis without time limitation. Furthermore, if the PTO does not issue a patent within 3 years from the date of original file, the patent term will be compensated day-for-day until the patent issues, minus any time the applicant has delayed prosecution by engaging in dilatory behavior.

This approach effectively eliminates the claimed submarine patent dilemma while providing a specific framework from which the Patent and Trademark Office must monitor and compensate the loss of any patent term due to delay for which the applicant has no responsibility.

This approach essentially gives back to the non-dilatory patent holder what I have fought so hard for—a guaranteed 17 year patent term. The patentee once again will have the right to exclude the public from using his invention for a limited time—a time that is guaranteed and clearly defined. This Title essentially regains what GATT gave away. It has been my core initiative and now I am proud to say that it is my most significant success in this bill.

TITLE IV—PUBLICATION OF FOREIGN APPLICATIONS ACT

As I supported last year, this bill includes a provision similar in spirit to the amendment successfully offered last year to H.R. 400 by my friend from Ohio, MARCY KAPTUR. Essentially, this year's effort only permits early publication of U.S. patent applications that are filed abroad in a country that also publishes early. Additionally, the U.S. application will not be published before the foreign application, and in no greater content.

Curiously, this title has generated an abundance of controversy, although its provisions are of a positive nature. There are over 170 patent systems that currently exist globally. Our nation cannot control foreign policies on early publication. A majority of foreign nations choose to publish patent applications prior to granting a patent. The published patent application is also normally printed in the home language of each respective foreign patent system.

Generally, this title will affect large corporations, because they are more likely to file abroad than the independent inventor community. Since American patent applications filed abroad are indeed published early and are in a foreign language, foreign nations have a chance to view them at their leisure. This is the reality and the argument from the other side in the last Congress that was the hardest to counter.

Thus we have agreed to permit the PTO to publish after 18 months only those applications that are filed internationally. If an applicant files an application only domestically, he will have the unqualified right to maintain confidentiality of his patent application. If an applicant files abroad and domestically, he will have the right to limit the content of early domestic publication to that content which the foreign entity has published. In no event will America publish prior to the actual publication date in a foreign patent system. It's that simple.

Also included, for those applications published early, is a provisional right which allows the patent holder to recover royalties for infringement activity during the pre-issuance period. There will also be no pre-issuance 3rd party opposition to the patent application permitted. Finally, the costs derived from early publication will be applied only to those applicants who are actually subjected to publication.

Essentially, this title is reactive to circumstances beyond our control already present in many foreign patent systems, while going to lengths to protect the American inventor community.

TITLE V—PATENT LITIGATION REDUCTION ACT

Considering both the patent holder and third party, reexamination is a seldom used process in proportion to the number of patent applications filed each year. Yet, when Congress originally enacted the reexamination statute it had an important public purpose in mind: to restore confidence in the validity of patents issued by the PTO.

Specifically, three principal benefits were noted: 1. Resolve patent validity disputes more quickly and less expensively than litigation; 2. Permit courts to defer issues of patent validity to the expertise of the PTO; and 3. Reinforce investor confidence in the certainty of patents.

Reexamination was enacted as an important step to permitting the PTO to better serve the public interest. As the Supreme Court stated in Graham v. Deere, "it must be remembered that the primary responsibility for sifting out unpatentable material lies in the Patent Office. To await litigation is—for all practical purposes—to debilitate the patent system."

The current statute permits any patent holder or third party to submit prior art in the form of prior patents and printed publications throughout the term of the patent for the PTO to determine whether a substantial new question of patentability exists. Reexam procedures currently limit a third party's participation to arguing why there is a substantial new question of patentability.

This title was an attempt to provide an alternative to existing law and to further encourage potential litigants to use the PTO as a avenue to resolve patentability issues without expanding the process into one resembling courtroom proceedings. Fundamentally, in addition to the reexam process in law today, this title creates an additional reexam option that permits a 3rd party requestor to file additional written briefs. The price paid by those who would challenge a patent, however, is that the 3rd party requestor is barred from any appeals outside of the PTO and from subsequently litigating the same issues in a district court or making a second reexam request. This estoppel is the insulation that effectively protects patent holders.

Ultimately, the expanded reexam option does not subject the patent to any greater challenge in scope than currently exists today. It merely allows a reexam requestor the option to further explain why a particular patent should not have been granted.

Mr. Speaker, this bill does not create new opportunities to pursue litigation and does not create additional ways to invalidate patents. In fact, the bill seeks to provide even further ways to reduce the incentive for litigation in the courts and to protect against the needless wasting of dollars independent inventors don't have.

CONCLUSION

Certainly, last year's bill was an exercise in harmonization brought about by the interests of large corporations. In contrast, this year's bill, H.R. 1907, is designed to protect the products of our nation's inventors and to help sustain our unprecedented technological leadership. I saw to that through many intense negotiations with my colleagues. Unfortunately, there are still those who cannot recognize victory even when it stares them in the face.

I assure you, Mr. Speaker, that if H.R. 1907 was similar to either H.R. 400 or S. 507 last Congress, my views would not have changed this Congress. But that is not the case. H.R. 1907 is a brand new effort reached through an open-ended and fair debate, and it is a bill I am unequivocally supporting today. It is also a bill that I will stand firmly behind as it moves through the Senate.

I know it is up to Congress to carry on the tradition of Thomas Jefferson, Benjamin Franklin, and the will of our Founding Fathers. It was they who provided our newly formed nation with a foundation for freedom and the power to protect the achievements of our inventors.

I have been intimately involved in these issues because I want to ensure that our patent system continues to respect the fundamentals of our Founding Fathers while at the same time enhancing its operability in modern society. We have a chance this Congress to enhance a system that better provides a stronger protection for our nation's inventors.

Our patent system always has—and always will—stimulate the creation of jobs, advance our technological leadership, and help sustain our standard of living. It has helped to fortify our economic success, strengthen our national defense, and reinforce our global leadership.

I look forward to passing this bill with the resounding support of my colleagues on the House side and I look forward to the unshakeable support for its text when it is reported in the Senate.

I want to make sure that we will firmly stand behind the text of this bill in the event of contrary action by the Senate. But I am confident that the other noble body of this Congress will accept the House's efforts in patent reform and will move our version of the bill forward without delay.

Mr. Speaker, I applaud my colleagues who have endured a labor-intensive process to reach the final accord we have today. I know it was not an easy thing to do and that it was a long time coming, but it is the American people who will ultimately benefit.

This body can rest assured knowing we faithfully served American technology. Mr. Speaker, although I know there is much work left to do by way of vigilance and continued involvement, I am pleased looking back and realizing all the good work that has been accomplished so far.

Ms. LOFGREN. Mr. Speaker, I yield 10 minutes to the gentlewoman from Ohio (Ms. KAPTUR), and I ask unanimous consent that she be permitted to further yield time.

The SPEAKER pro tempore (Mr. MILLER of Florida). Is there objection to the request of the gentlewoman from California?

There was no objection.

The SPEAKER pro tempore. The gentlewoman from Ohio (Ms. KAPTUR) will now control 10 minutes of time.

Ms. KAPTUR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I must say I find it very interesting here close to 10 p.m. Washington time that we have had walked to the floor less than a half an hour ago the bill that we are going to be asked to vote on tomorrow. This is likely to be the last item of business tonight. This bill is 105 pages long, and I must say I am extremely disappointed that I could not even get 20 minutes to talk about a measure that has been worked on in this Congress for several years, and now under the unusual, unusual procedure of bringing up a major bill like this with constitutional implications it is brought up under suspension, and I, as the only person in opposition here with perhaps the exception of one other are allowed 10 minutes. Mr. Speaker, I will not yield time at this point, having so few minutes myself.

Mr. Speaker, any reasonable person would ask why the silence. Why are we being silenced and not allowed to explore some of the questions that have troubled us over several years?

I listened very carefully to those that have been involved in these negotiations: the gentleman from Indiana (Mr. BURTON), the gentleman from Illinois (Mr. MANZULLO), the gentleman from California (Mr. ROHRABACHER), the gentleman from California (Mr. CAMPBELL).

Frankly I was not involved in the negotiations that have been occurring here over the last several weeks. There were two meetings I think in my office where we tried to gain clarification of language that never came back, and I would like to ask the chairman of the full committee, if I might, my good friend, the gentleman from North Carolina (Mr. COBLE), if this bill before us, H.R. 1907, is the same bill that was voted out of the Committee on the Judiciary on May 24 of this year, 1999.

Is this the same bill?

Mr. COBLE. Mr. Speaker, will the gentlewoman yield?

Ms. KAPTUR. I yield to the gentleman from North Carolina.

Mr. COBLE. It has been amended many times for the benefit of independent inventors, many of the people the gentlewoman from Ohio (Ms. KAPTUR) represents, and that is one of the reasons why it has taken awhile for it to get here, because there have been countless hours that have been put into this.

Ms. KAPTUR. Excuse me, on that point where the gentleman says it has been amended, in what formal process on the record has it been amended?

Mr. COBLE. There is a manager's amendment now.

Ms. KAPTUR. There is a manager's amendment now which was walked to the floor at 9:17 p.m., which I could only get up to Page 54 reading very quickly here this evening. There are 105 pages in the bill.

So the manager's amendment is the bill that was walked to the floor tonight, so it has not come through any subcommittee; it has not come through any full committee. It is going to be offered here and then voted on tomorrow; is that correct?

Mr. COBLE. That is correct, and if the gentlewoman would yield, for the people, for the very people she represents, we have done this for them.

Ms. KAPTUR. I would say to the gentleman I have many fewer minutes than he does here this evening, and I hate to reclaim my time, but I am going to do that and say to the gentleman that for me, and again I have not had to study this bill every single word as the gentleman has over the last several weeks, but the reason for my objection is this:

□ 2200

The Constitution of the United States sets up a very precious right of property. I am going to read it. It is only 32 words. It says in article I, section 8, "The Congress shall have power to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right"—exclusive right—"to their respective writings and discoveries."

Now, this is not some little amendment that is part of a manager's effort. This is the Constitution of the United States. Therefore, when a 105-page bill comes before us on suspension, those of us who value this document and devote much of our lives to preserving it under the oath that we take are very suspicious of any bill of such consequence that comes before us on suspension when we are allowed only 10 minutes to debate.

I also would say that with all due respect to the excellent minds that were involved in crafting this manager's amendment, it is only a handful of Members of this institution. This bill is not up on the web. I cannot ask the inventors I represent back home to go to any site to look at it so I can be advised on how to vote tomorrow morning.

I know a fast ball when I see one. I have been here long enough to know that. I am offended by this, simply because I think the constitutional issues are so very important. I am not afraid of sunshine on this issue or any other issue, and I would say to my good friends from California, some of whom are on the floor tonight, I understand a little bit about industry differences, and I know that there are some industries that will benefit more than others from the publication in foreign locales of some of these patents.

I would say, and I have only marked one paragraph that I will read here, because the public will know nothing of this bill before it is voted on tomorrow, but on page 33 there is this section that is called "United States publications of applications published abroad." It says, "Subject to paragraph (2), each application for patent except applications for design patents filed under chapter 16 and provisional applications filed under section 111(b) shall be filed in accordance with procedures determined by the Director, promptly upon the expiration of a period of 18 months after the earliest filing date for which a benefit is sought under this title."

Now, that is an interesting set of words there, but I guess I would want to take sections like that and let the sun shine in, let those back home whose livelihoods and futures, and, frankly, the future of this country depend on, have an opportunity to think and comment before this particular vote.

I agree with the chairman; this is complex, it is very important, and it is often misunderstood. I would have to say as a Member, I take some offense that some professor from MIT, and I attended MIT, had more influence with the committee and more ability to review these sections than Members like myself. You must understand this frustration.

So I do really feel that we are being closed out. That means that some interests are being looped in, and it means that we are not to be given the chance to review this extremely important measure with constitutional consequences before we are asked to vote on it tomorrow.

Mr. Speaker, I yield 2 minutes to my good friend, the gentleman from Maryland (Mr. HOYER), who has fought so hard trying to get reform that is fair to all concerned.

Mr. HOYER. Mr. Speaker, I thank the gentlewoman for yielding, and I want to join her in her expressions of concern about the process.

The gentleman from California, myself, and others as well as the gentlewoman from Ohio (Ms. KAPTUR) throughout the process of consideration of legislation, the history of which Mr. ROHRABACHER gave a little earlier, have raised very significant concerns. Those concerns were raised not for those who can lobby this House very effectively, but for those small inventors whose lifeblood relies on the integrity of their patent application.

Because of that concern we have raised repeatedly the reservations, I do not even want to say opposition, but reservations to this bill that were expressed to us by hundreds of small inventors, perhaps thousands of small inventors, represented by them around this country.

My concern tonight is that the gentleman from California (Mr. ROHRABACHER), for whom I have a great deal of respect, the gentleman from Illinois (Mr. MANZULLO), for whom I have a great deal of respect, who signed a letter with me, with the gentlewoman from Ohio (Ms. KAPTUR) and the gentleman from California (Mr. HUNTER) with reference to the bill in its previous form, we did not want it to move quickly.

We have now had changes in the bill which the gentlewoman from Ohio (Ms. KAPTUR) has referred to which, frankly, I have not had the opportunity to review fully, and I have a sense that maybe I am with the 430 people in this House. There perhaps have been four or five who have reviewed this legislation. But I am very concerned that we are moving this tonight on suspension. We are not going to vote until tomorrow, I understand that, without having the opportunity to fully review, debate, the provisions of this bill.

The gentleman from California made a very good statement, I thought, going through various provisions in the bill about which we had concerns. I regret I do not have more time to speak.

Ms. KAPTUR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I regret the gentleman does not have more time as well. I wish to say to the gentleman, thank you very much for being here this evening, and to say thanks to our colleagues who have also labored on this bill.

There is regular order here. We should have regular order, especially on a bill of constitutional magnitude. We all recognize it is.

Let me say for those of us who may question why do we need to change anything about this patent system which protects the seed corn of our country, the lifeblood of our ideas, what is so bad about the current system we have today, when we are the leading industrial-military-arts-power in the world? Everyone else wants to file their patents here because of the very successful system that we have. If we do it wrong, we jeopardize our own leadership.

So why are we so afraid to take the time to let Members read these provisions? If the bill is so good, then it will go through on its own merits, but not through clamping down on regular order in the debate that should precede on a measure with constitutional consequences.

Frankly, if it is a bad bill, it is going to end up in the courts and it is not going to go anywhere. So we owe it to the American people to do it right the first time.

Mr. Speaker, I thank the gentlewoman for yielding me the 10 minutes, but I truly wish at a minimum 20 minutes for a constitutional question, is that really asking too much?

Ms. LOFGREN. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. SANCHEZ).

Ms. SANCHEZ. Mr. Speaker, I thank my colleague from California for generously yielding me time tonight on this subject.

Mr. Speaker, I rise today in support of H.R. 2654, the American Inventors Protection Act. The bill improves current patent law and it is in our national interests. The United States is currently the only industrial nation without a first invention defense, and this bill will close that gap.

The first invention defense allows a company who is using a manufacturing process, if someone patents that process after the company has been using it, to continue to use it. This is in the best interests of competitive growth and our industrial technology. The bill also makes the Patent and Trademark Office better equipped to deal with the flood of patent applications that come in every day.

Clearly this is a bill that is good for American business, and it therefore will also be good for the American consumer. I urge my colleagues to vote for H.R. 2654.

Mr. COBLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentlewoman from Ohio said she was offended. Well, I am becoming offended too, when I think of all the time that we have put in listening to every person who wanted to be heard. The gentlewoman from Ohio (Ms. KAPTUR) submitted a PTO fees for study for small businesses. It is in the bill. Her own study is in the bill, section 622.

The Alliance for American Innovation, a group known to the gentlewoman from Ohio (Ms. KAPTUR) and adamantly opposed to our bill, I invited them not once, but twice to send a witness to a public hearing. On each occasion, Mr. Speaker, my invitation was declined. So, yes, I am becoming a little bit impatient as well, because I think we have indeed turned the other cheek, and I am proud of it.

My friend the gentlewoman from Ohio (Ms. KAPTUR), when she was reading earlier the provision that she read, of course, it is subject to paragraph 2, exceptions for independent inventors who file only in the United States. That is covered.

I apologize, Mr. Speaker, if I am becoming a little wrought, but I am a little wrought, and I am normally an easy dog with which to hunt. But when I think about all we have done, and then I see the gentleman from California.

Mr. ROHRABACHER. Mr. Speaker, will the gentleman yield?

Mr. COBLE. I yield to the gentleman from California.

Mr. ROHRABACHER. Mr. Speaker, let me just note that the section of the bill that the gentlewoman from Ohio (Ms. KAPTUR) read and said, my gosh, we need to look at this more, and why just foist it on us, the gentlewoman from Ohio (Ms. KAPTUR), that portion of the bill has not been changed and has been available for 3 or 4 months now.

This is not something that somebody is moving through, trying to slide through the system. The gentlewoman is complaining about the section of the bill dealing with the 18-month publication. That has not changed. The gentlewoman has had that in her possession ever since it went through committee a couple months ago.

Let me make one or two more points. We have in the last few days, most of what has been talked about, the gentlewoman did not get this 100-something page bill and never had a chance to read it. Most of that bill is exactly the same, and the changes that have taken place are small changes that were done in order, as the gentleman from North Carolina (Chairman COBLE) said, to accommodate the very people that we have been trying to protect. Those changes are not so dramatic that it takes very long to digest them. It is not a 118 page bill that is shoved in your lap that is totally new. Almost all of that has been in your possession all of this time.

Mr. COBLE. Mr. Speaker, reclaiming my time, I want to address a question that the gentlewoman from California (Ms. LOFGREN) asked earlier, and I want to do it before I forget it. When the gentlewoman talked about the PTO authorizing the publishing of documents electronically, it was done to ensure that the users of the Patent and Trademark Office may have a more expeditious and thorough access to patent-related information. I think I know from where the gentlewoman from California (Ms. LOFGREN) is coming from, and I will be happy to discuss the security aspect with her at a subsequent time.

Ms. LOFGREN. Mr. Speaker, will the gentleman yield?

Mr. COBLE. I yield to the gentlewoman from California.

Ms. LOFGREN. Mr. Speaker, I do not believe we need to specify the security issues in this bill, but I accept the chairman's commitment to work with me, and I am sure with the gentleman from Virginia (Mr. GOODLATTE), to ensure the encrypted security of these measures.

Mr. COBLE. I thank the gentlewoman.

Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. MANZULLO).

Mr. MANZULLO. Mr. Speaker, these past 2 days have been perhaps the most challenging in my life as a United States Congressman. I, first of all, want to thank the gentleman from North Carolina (Chairman COBLE) for his patience, his understanding, his wisdom, and his knowledge of this subject. I come to this gentleman's defense not only because of the scholarship and the reputation he has for honesty in this country, but also for the fact that many people have attacked the gentleman from North Carolina (Mr. COBLE) personally because of this bill. I believe that if there is any attack, it should be to the legislative language, and not to an individual's integrity.

These have been challenging days. In addition to the gentleman from North Carolina (Mr. COBLE), I want to thank the gentleman from California (Mr. ROHRABACHER), the gentleman from Indiana (Mr. BURTON) and the gentleman from Illinois (Mr. HYDE), the chairman of the Committee on the Judiciary.

We have labored endlessly in these past 2 days to come up with a bill that protects the integrity of the patent system of this country, while giving fair and open access to it by large corporations and by individual inventors.

The bill is not a compromise in that parties give up or gain any rights. Rather, it is a coming together of all interests in forging a bill that represents openly and fairly the interests of everybody, especially and including the American people.

I worked in two areas of the bill, first with regard to title II of the first inventor defense. Before the State Street Bank and Trust case as to which in 1998 the U.S. Supreme Court upheld the Court of Appeals for the Federal court, it was universally thought that methods of doing or conducting business were not patentable items.

□ 2215

Before that case, everybody would keep that secret and never tried to patent it. In recognition of this pioneer clarification in the law by that case, we felt that those who kept their business practices secret had an equitable cause not to be stopped by someone who subsequently reinvented the method of doing or conducting the business or obtaining a patent. We, therefore, limited the first inventor defense solely to that class of rights dealing with methods of doing or conducting business.

It is succinctly to be understood that we do not intend to create by legislative fiat the first inventor defense or any prior user rights for any other process, method, or product or other statutorily recognized class of patentable rights.

Second, with regard to title V, Optional Inter Partes Reexamination Procedure, what we did in that was, in addition to keeping the present law of ex parte reexamination procedure, which gave certain rights to the inventor and to the challenger, we came up with an additional section, the inter partes reexamination which, if selected by the third party requester, would entitle that person to participate further by filing written documents within the Patent Office.

In exchange for that, there would be a complete estoppel or prohibition to contest the decision. The purposes of our making those changes was to stop any additional litigation that may come as a result of this law.

This means fairness for everybody. For the inventor who has a request for reexamination filed against him, in the present ex parte reexamination process, he still has the same rights he does under the present law; that is, the third party has to rely on his initial written documents. The third party has no right to appeal in the event that he loses a challenge. If the inventor loses, he still may obtain his right to appeal to the Court of Appeals.

To the third party, he may proceed under the present law or the option to file the inter partes reexamination.

So it is a matter of fairness to everybody in maintaining the integrity of the Patent Office. Sure, we have had a lot of people help us on this in addition to the Members and Bob Rines who founded the Franklin Pierce Law Center at MIT, founder of the Academy of Applied Science, an inductee of the Investors' Hall of Fame, an inductee of the Army Signal Corps Wall of Fame, a Lecturer at the MIT since 1933, a former lecturer of patent law at Harvard, the inventor of the sonogram, a person who has practiced patent law for 55 years and has no interest other than to maintain the rule of law and the integrity of the patent system. He came and helped everybody out.

But, Mr. Speaker, this bill is a good bill because it protects everybody. But most of all, it protects the integrity of the patent system. I would ask that when the Senate takes it up that the bill would be unchanged in its present form.

Mr. Speaker, these past two days have been two of the most challenging I have had as a Member of Congress. I have had the opportunity to work with my good friends and colleagues, Congressmen HENRY HYDE, chairman of the Judiciary Committee, HOWARD COBLE, chairman of the Judiciary Subcommittee on Intellectual Property, and DANA ROHRABACHER. We have labored endlessly these past 2 days to come up with a bill that protects the integrity of the patent system in the country, while giving fair and open access to it by large corporations and individual inventors. The bill is not a compromise in that parties "give up" or "gain" any rights; rather, it is a coming together of all interests in forging a bill that represents openly and fairly the interests of everybody—including and especially the American people.

I have had a hand in working in the following areas of the bills.

First, with regard to title II—First Inventor Defense: Before the State Street Bank and Trust case, as to which in 1998 the U.S. Supreme Court denied certiorari and thereby upheld the Court of Appeals for the Federal Circuit, it was universally thought that methods of doing or conducting business were not among the statutory items that could be patented. Before that case, everybody would keep their methods of doing or conducting business as secret as they could and never tried to patent them. In recognition of this pioneer clarification in the law, we felt that those who kept their business practices secret had an equitable cause not to be stopped by someone who subsequently reinvented the method of doing or conducting business and obtained a patent. We, therefore, limited the first inventor defense solely to that class of rights dealing with "methods of doing or conducting business." It is distinctly to be understood that we do not intend to create first inventor defense or prior user rights for any other process, method, or product, or other statutorily recognized class of patentable rights, which in fact had been included in the original draft of this legislation, but which was stricken upon agreement of all the parties on this legislation.

Second, with regard to title V—Optional Inter Partes Reexamination Procedure: We clearly retain the present existing ex parte reexamination rules without change, Chapter 30 of title 35, United States Code. In addition we added an optional inter partes reexamination procedure, which, if selected by a third party requestor, would entitle that requestor to participate by filing written documents within the Patent Office only, and would bar the requestor from appealing to the Federal Court of Appeals of the Federal Circuit if the Patent Office decided the patent reexamination in favor of the inventor. In selecting this optional inter partes procedure, however, the requestor would be bound by the decision of the Patent Office and estopped (or prohibited) to contest the decision in any other civil action outside the Patent Office.

This means fairness for everybody. For the inventor who has a request for reexamination filed against him in the present ex parte reexamination process, he still has the same rights as he does under the present law: (a) the third party has to rely on his initial written documents and cannot participate in the discussion between the inventor and the patent office; (b) the third party has no right to appeal in the event he loses his challenge; and (c) if the inventor loses, he still maintains his right to appeal to the Court of Appeals.

For the third party, he may either proceed under the present law, as outlined above, or have the option to filed under the inter partes reexamination procedure, and file further documents (as opposed to just the initial document) and thus participate in the proceedings in the patent office, but with no right to a court appeal if the Patent Office decides against him, and with an estoppel (prohibition) against his challenging the Patent Office decision in any forum.

With regard to title VI—Patent and Trademark Office, we are proud to say that the sole mission of the Patent Office is to protect intellectual property of the inventor and to that end, the title lets the Patent Office retain and use for its purposes all the revenues and receipts. This means the Patent Office will have additional funds to retain professional staff, provide increase training and facilities, and make the patent system as affordable as possible to the inventors.

Ms. LOFGREN. Mr. Speaker, how much time is remaining?

The SPEAKER pro tempore (Mr. MILLER of Florida). The gentlewoman from California (Ms. LOFGREN) has 4 minutes remaining. The gentleman from North Carolina (Mr. COBLE) has 3 minutes remaining.

Ms. LOFGREN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the American Inventors Protection Act of 1999 revamps our patent system so it is ready to meet the challenge of our Nation's high-tech industry and the global economy.

We had a spirited debate in the last Congress on our predecessor bill, H.R. 400. While H.R. 400 did pass the House, it died in the Senate. This year I believe we made the changes that meet the concerns raised during the floor debate in committee.

The bill was first published as a committee print so everyone could make known their objections and so final details could be carefully considered before the bill's formal introduction.

Now that the Subcommittee on Courts and Intellectual Property has favorably reported the result of all that effort, as has the full committee, I encourage support of the bill.

It requires early publication of our foreign competitors' technology, it protects American investors from unscrupulous invention promotors, it protects domestic manufacturers and jobs from late-filed and issuing patents, half of which are foreign owned, it provides an inexpensive and efficient system for challenging improvidently granted patents, and it gives the Patent and Trademark Office operational flexibility that it needs.

Under this bill, no U.S. inventor who seeks patent protection only in the United States will have to publish their patent application, that is, if they wish to maintain their invention's secrecy.

But a U.S. inventor will get to see what foreign competitors are seeking to patent here more than a full year earlier than is the case under current law.

While the administrative procedure for testing patents in the PTO by expert examiners will be made fairer, thus enhancing its utility, a number of safeguards have been added to ensure that patentees, especially those of limited financial means, will not be harassed or otherwise subject to predatory tactics.

In addition to the PTO's being reorganized into a performance-based organization, the creation of the statutory advisory committee will be of value both to the Congress, the President, and the public.

This Act will strengthen our Nation's technological leadership, protect American workers, and reduce the cost of obtaining and enforcing patents in the United States.

When I stood earlier this evening, I expressed reservations about the changes that were made in the bill between reporting, I would say unanimously by the full committee, and receipt of the bill today.

As I mentioned, legislating is like making sausage. There are many aspects that are not delightful. But I would note that the changes that have been made as explained by the chairman are really discrete ones.

As the gentleman from California (Mr. ROHRABACHER) pointed out, the bulk of this bill is exactly what was reported by the committee. It has been available to every Member of the public and this House for many months.

The five changes that have been made, although not what I necessarily would have crafted, are those that I can tolerate, that I think American inventors can tolerate. I understand that they are necessary in order to garner the kind of broad consensus that is required in order to move this bill forward.

We know that the intellectual property is the coin of the realm in an information-based economy that ours has become. Without strong protection of intellectual property, including patent law, we put at risk the tremendous prosperity that we have created here in America, our wonderful country.

This bill will go a long ways towards enhancing the protection that we need for our intellectual property. Therefore, I can now, understanding the five discrete changes, support the bill. I urge that my colleagues would support the bill. I hope that the Senate will act swiftly to get this long overdue measure enacted into law.

Mr. COBLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I say to the gentlewoman from Ohio (Ms. KAPTUR) I did not yield to her earlier because I did not have the time; and the gentlewoman from California (Ms. LOFGREN) did yield 10 minutes, so I do not think anybody was cutting anybody off.

Much has been said about coming here tonight. Last night, this bill was on the calendar. But in an effort to make yet more changes for the independent inventors, we are here tonight, almost at the bewitching hour. Fifty-five cosponsors, Mr. Speaker, nine hearings have been conducted, 90 witnesses have been before three sessions of the Congress.

No, this is not a Johnny-come-lately. This is not a guy who came to the party at midnight. We know this visitor. This visitor is well known to all of us.

Let me tell my colleagues, Mr. Speaker, who sponsors it, who supports the bill: Inventors Digest and independent inventor Robert Rines. I mentioned the gentleman from California

(Mr. ROHRABACHER), the gentleman from California (Mr. CAMPBELL), the gentleman from Illinois (Mr. MANZULLO), and the gentleman from Indiana (Mr. BURTON) because they opposed this last year.

The gentlewoman from Ohio (Ms. KAPTUR) said, well, there is only four or five. Well, this is representative government. We cannot have 435 out here. This is representative. If we get a sampling of a dozen people, we have gotten a good input.

The gentleman from Missouri (Mr. GEPHARDT), the minority leader. Both parties, Republican and Democrat, have high-tech agendas, and this matter is on both those agendas. Patent Coalition, major associations involved in intellectual property. Bipartisan and unanimous support of members of the Subcommittee on Courts and Intellectual Property and the Committee on the Judiciary.

I think the significant feature here, Mr. Speaker, is that intellectual property is so obviously important to the well-being of our economy, and it should not be casually dismissed.

I want to thank the gentlewoman from California (Ms. LOFGREN) for her effort tonight. I want to thank the gentleman from Illinois (Chairman HYDE), the gentleman from Michigan (Mr. CONYERS), the ranking member, the Democrats and Republicans alike who sat on our subcommittee.

I am proud of what we have done. I am happy to have our converts over from last year who opposed us. We embrace one another now. I think we are on our way. Even the Whip appears to be smiling as if he is in our corner.

I want to echo what the gentlewoman from California (Ms. LOFGREN) said. Let us send this to the Senate. Let the Senate, the other body, act with dispatch, and let us get this into law for the benefit of America generally and the inventing community specifically.

Mr. ROHRABACHER. Mr. Speaker, will the gentleman yield?

Mr. COBLE. I yield to the gentleman from California.

Mr. ROHRABACHER. Mr. Speaker, I think we should pay tribute also to the gentlewoman from Ohio (Ms. KAPTUR) who has put a lot work in on this. When she reads all of this, she is going to be so happy with this bill.

The gentleman from North Carolina (Chairman COBLE) has done a great job, and the gentlewoman from Ohio (Ms. KAPTUR) is going to be happy with it.

Mr. COBLE. Mr. Speaker, I say to the gentleman, I hope she will be happy because her study report is in the bill. Most of what the gentlewoman wanted is in here, so I would be amazed if she was not happy.

Mrs. KELLY. Mr. Speaker, I rise in strong support of H.R. 1907, the American Inventors Protection Act, legislation which might be more aptly titled the "Keep America Competitive Act."

H.R. 1907 comes before us as a consensus bill. In the last Congress we had a battle on the floor when we debated this issue. Now we have a bill before us that, while, as we have heard, there is very limited opposition, I believe almost all of us can support. A manager's amendment contains the core provisions of H.R. 1907 which enjoys 56 cosponsors nearly equally represented by both sides of the aisle.

H.R. 1907 makes a number of commonsense improvements to our patent system. It is the culmination of over 4 years of extensive hearings and debate among Members of differing views on patent reform who have had many opportunities to refine the legislation to what we will be voting upon today.

Members have agreed upon these provisions because they recognize that we in Congress cannot continue to postpone action on this critical topic of how our patent system works. Those of you who are businessmen and women know that to be successful, you must constantly refine how your organizations operate in order to remain competitive in the face of a changing environment. The same is true to our patent system.

We are facing an economic environment that is changing more rapidly than ever, and we must give our inventors, entrepreneurs, and patent system the tools they need to address these changes.

H.R. 1907 provides significant benefits and additional protection for all those with the inventive and entrepreneurial spirit, while addressing some of the abuses in the patent system, that we have witnessed in the past. Among the attractions of H.R. 1907 are:

The opportunity for inventors to collect royalties from the time a patent application is published;

Assurance that diligent inventors will get a minimum patent term of 17 years;

Protection for small businesses who are first to invent and use processes, so that they do not have to pay others who later usurp their technology and patent it;

Publication of U.S. patent applications which are also filed abroad, thus eliminating an advantage our patent system gives to foreign companies;

Reducing costly patent litigation by improving the Patent Trademark Office reexamination process for patents which may have been issued inappropriately.

We are all working hard to make sure that U.S. inventors and entrepreneurs are positioned to take advantage of the significant transformations underway in our economy, transformations that are unsurpassed in increasing new jobs. These transformations, many of which can rightly be labeled electronic commerce, are generating significant innovations. However, not all innovations are patented. We must make sure that true innovators have the incentives and protection they need to continue the process of invention, whether or not they elect to patent their inventions. However, nothing in H.R. 1907 eliminates a patentee's exclusive right to collect royalties on his or her invention. At the same time, we must continue to provide new incentives for our patentees, and to make sure that a U.S. letter patent remains a thing of quality and value.

H.R. 1907 does all these things, and I urge its passage by this Body and its enactment at the earliest opportunity. In short, I hope my colleagues will join me in supporting this important legislation to keep America competitive in the 21st century. I thank you, Mr. COBLE, Chairman HYDE and all others in making this bill a reality.

Mr. GOODLATTE. Mr. Speaker, I rise today in strong support of this important legislation, and I want to congratulate those who worked so hard to reach this agreement. This is a very good bill and a very, very important bill to protect the competitiveness of American business and American inventors, large and small.

I commend the gentleman from North Carolina, my good conservative friend, and the gentleman from California, Mr. ROHRABACHER, for pushing this legislation forward. Both gentlemen know how important this legislation is for the American people.

Mr. Speaker, we are currently dealing with a situation where we have got to act and act now to protect American inventors from a situation where that technology is being stolen under current law.

Under current law, every single patent that is filed in the other major industrial countries around the world is published after 18-months, in Japanese, in German, in French, for those inventors and those countries to see. Forty-five percent of all the patents filed with the U.S. Patent Office are filed by foreign inventors, and U.S. inventors do not get to see that technology filed here in the United States.

This bill provides greater protection for the small inventor by improving the patent pending provisions of the law. This bill protects the small inventor in this country by giving them the opportunity to get capital behind those inventions much sooner than they get under current law.

Mr. Speaker, this is a good bill. It is a good bill for the little guy, and we should vote for the bill and get this major improvement to competitiveness in the United States against our foreign competition done.

Mr. BERMAN. Mr. Speaker, I rise in strong support of H.R. 1907. As ranking member of the Subcommittee on Courts and Intellectual Property, I can attest to the longstanding efforts of my colleagues and predecessors on the Subcommittee, Carlos Moorehead, Pat Schroeder, and BARNEY FRANK, on behalf of this legislation. Now thanks to the very hard work of the gentleman from North Carolina and his staff, with the assistance of the gentlelady from California, we now move one step closer to enactment of reforms that will more effectively protect the creativity and investments of American inventors, entrepreneurs, and businesses.

A voluminous record has been complied by our subcommittee in support of this legislation, comprising many days of hearings over several Congresses. As a result of that record, I am convinced that this bill is unquestionably in the national interest. I embrace the conclusions of the 21st Century Patent Coalition that the bill will improve the quality of patents, reduce the costs of resolving patent disputes, put an end to rules favoring foreign applicants over American companies, protect American businesses and jobs, and not least of all, strengthen the rights of inventors who now suffer from delays at PTO that are not their fault.

In view of the strong support of a wide range of associations and interests, including a very large number of Fortune 500 companies, the Biotechnology Industry Association, the Computer and Communications Industry Association, the Pharmaceutical Research and Manufacturers Association, the Business Software Alliance, the National Association of Manufacturers—why even the Indiana Manufacturers Association—the obstacles that have been thrown up to our efforts to get this bill scheduled for consideration are very hard to understand.

While I supported earlier versions of this legislation, including H.R. 400 as approved by our Committee last year, I am always loathe to make the best enemy of the good. Today's legislation has won broader support than previous versions of this legislation, and I salute my colleague from North Carolina and his staff for their patience and persistence in bringing us a giant step closer today to our mutual goal of patent reform.

I strongly support this bill, and urge my colleagues to do so as well.

Mr. DOOLEY of California. Mr. Speaker, I rise today in support of H.R. 1907, the American Inventors Protection Act. The bill, introduced by Representatives COBLE and BERMAN, and now cosponsored by a bipartisan coalition, will provide much needed patent protection to American inventors. This bill also makes the Patent and Trademark Office (PTO) more accountable to its customers, and allows customers to recoup patent term lost during the patent process at the PTO. Without a doubt, H.R. 1907 is a pro-growth bill that would foster technological advancements without leaving the small businessperson behind.

The United States is by far the world's largest producer of intellectual property. Many other nations have learned from our success, and have enacted laws targeted to protecting intellectual property developed by small businesses, inventors and industries. Major changes are needed in U.S. patent law to ensure that American inventors and businesses that are largely dependent on the development of intellectual property have the opportunity to compete and win in the global marketplace.

Enactment of this legislation is crucial to promoting growth in the New Economy and to ensuring that the competitiveness of the U.S. high-tech sector, including biotechnology will be enhanced by this bill.

The bill would require the publication of patent applications at eighteen months—a requirement that would make U.S. patent law consistent with the laws of our leading foreign competitors. Under the current two-tiered system almost 80 percent of all patent applications pending in the United States are also filed and published in other countries and printed in the language of the host country. This publication requirement means that foreign competitors may review the U.S. patent application. But because the U.S. system does not require patent publication prior to issuance, foreign competitors are not required to reveal the subject of their applications until after a U.S. patent is issued.

Patent reform legislation also targets a practice known as "submarine patenting," in which a patent applicant deliberately files a very broad application and then delays the issuance of a patent for several years until someone else, who is unaware of the hidden patent application, invests in research and technology to develop a new consumer product. When the product is developed, the holder of the "submarine patent" rises above the surface to sue those who have developed the technology.

Submarine patent filings have risen sharply since the early 1980's. One of these submarine patents cost one company more than $500 million, not including court costs, taking R&D dollars out of the system. Reform is needed to prevent individuals from manipulating the system at great costs to others who are investing in research and innovation.

The U.S. should promote industries and sectors of our economy that provide the U.S. with the greatest relative competitive advantage in the global marketplace. The U.S. is a leader in research, innovation, and the development of intellectual property, but this advantage could be jeopardized if U.S. patent law is not reformed to create a level playing field with our competitors. U.S. patent law should be reformed to ensure that our businesses and researchers are well positioned to compete in the global economy today and into the future.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina (Mr. COBLE) that the House suspend the rules and pass the bill, H.R. 1907, as amended.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. COBLE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceeding on this motion will be postponed.

ANNOUNCEMENT OF INTENTION TO OFFER MOTION TO INSTRUCT ON H.R. 1905, LEGISLATIVE BRANCH APPROPRIATIONS ACT, 2000

Mr. TOOMEY. Mr. Speaker, pursuant to section 7(c) of House rule XX, I hereby notify the House of my intention tomorrow to offer the following motion to instruct House conferees on H.R. 1905, making appropriations for the Legislative Branch for the fiscal year ending September 30, 2000, and for other purposes.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. TOOMEY moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendments to the bill H.R. 1905 be instructed to insist upon—

(1) the House provisions for the funding of the House of Representatives under title I of the bill;

(2) the Senate amendment for the funding of the Senate under title I of the bill, including funding provided under the heading "JOINT ITEMS—ARCHITECT OF THE CAPITOL—Capitol Buildings and Grounds—senate office buildings";

(3) the House provisions for the funding of Joint Items under title I of the bill, other than the funding provided under the heading "JOINT ITEMS—ARCHITECT OF THE CAPITOL—Capitol Buildings and Grounds—senate office buildings"; and

(4) the House version of title II of the bill.

SPECIAL ORDERS

The SPEAKER pro tempore (Ms. NORTHUP). Under the Speaker's announced policy of January 6, 1999, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

VACATION OF SPECIAL ORDER AND GRANTING OF SPECIAL ORDER

Mr. DELAY. Madam Speaker, I ask unanimous consent to vacate the time allotted to the gentleman from Indiana (Mr. BURTON) and take it myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

PRESIDENT IS REWRITING HISTORY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. DELAY) is recognized for 5 minutes.

Mr. DELAY. Madam Speaker, I rise today to set the record straight. The President of the United States was in Chicago today taking all kinds of credit for the successes of the Welfare Reform Act that was passed by this Congress and signed by the President.

This President has taken a lot of credit for a lot of things over the last few years, particularly over the years that the Republicans had maintained a majority of this Congress. Frankly, Madam Speaker, I have had just enough.

This President, Madam Speaker, has not initiated one thing, one piece of legislation that he takes credit for.

□ 2230

I will grant him that he finally signed many of the pieces of the legislation, but he has not lifted one finger to pass any of this legislation that he takes credit for through this Congress.

There should be no mistake about it, the well-documented success of welfare reform is the work of the Republican majority in this Congress. Back in 1994, Republicans campaigned on a plan that included comprehensive welfare reform. The Contract With America put Republicans in control of Congress, and we delivered on our agenda.

History should not be rewritten. The President and the Democrats in Congress fought Republicans tooth and nail on welfare reform. And, frankly, Madam Speaker, the debate was not very civil. My colleagues on the other side of the aisle charged that Republicans wanted to kick desperate people out on the street to fend for themselves. Our opponents on welfare reform screamed that the Republicans would be responsible for countless starving people in this country. Our opponents maintained that reforming welfare would create an unmitigated social disaster.

Well, it is time to set the record straight. Americans are not starving due to the Republican insistence for welfare reform. Americans are not sleeping on park benches due to Republican insistence on welfare reform. And without question, there have been no social upheavals of any kind as a result of the Republicans' insistence to reform welfare.

In fact, quite the opposite is true. The results of Republican welfare reform have been so incredible that President Clinton has typically been taking credit for the success, despite the fact that he vetoed welfare reform twice before reluctantly signing it into law. That is right, President Clinton vetoed welfare reform not once but twice, and now he is trumpeting the success on his own and traveling around the country claiming all this success as being his success, his idea, his initiative.

Well, this tactic is nothing new. We are used to it. We have been used to it for 4½ years now. Republicans are accustomed to working hard to initiate commonsense reforms that the Democrats oppose only to watch Democrats adopt these ideas after they succeed. Democrats even tried to take credit for the budget surplus, even though everyone knows that it was the Republicans in Congress who rammed the balanced budget agreement through 2 years ago.

But the American people know better. The American people understand what separates the Republican philosophy from the Democrat philosophy. The Republican philosophy wants the government to do more with less. The Republican philosophy seeks to empower communities with more local control by freeing them from the restraints of big government spending in Washington. And the Republican philosophy places ultimate trust in the individual, who, in most cases, will succeed if he is cut free from the chain of dependence.

This stands in stark contrast to the big government philosophy of the liberal Democrats. They do not trust the strength and dedication of the average American. The Democrats do not think that individuals can succeed without the government holding their hands all throughout their life.

Well, the record speaks for itself, Madam Speaker. In the 3 years since welfare reform was passed, over 12 million Americans have moved from welfare to work. That is 12 million Americans who have moved from dependency and despondency to independence and dignity.

By December of last year, welfare rolls had dropped by 45 percent. And that is a national average. Many of the States have much higher success rates. For example, caseloads are down by 81 percent in Idaho and over 70 percent in Wisconsin. And this is very important. Child poverty rates and overall poverty rates have declined every year since welfare was reformed. Beyond any doubt, these facts show that hope for those on welfare is found in more personal responsibility not more government bureaucracy.

So, Madam Speaker, the spirit of the American people is based on the freedom that comes from hard work and combating the odds. From the beginning of this Nation, Americans of all walks of life have fought uphill battles and won. The Republicans in Congress believe in the American spirit, and that is why we fought so hard to reform welfare reform and we should have the credit.

The President has no right to take credit. When the going gets tough, the tough get going, and the Republican Congress is responsible for welfare reform, not the President of the United States.

REVISING HISTORY

The SPEAKER pro tempore (Mrs. NORTHUP). Under a previous order of the House, the gentleman from Maryland (Mr. HOYER) is recognized for 5 minutes.

Mr. HOYER. Madam Speaker, I was constrained to rise and respond to my friend, the gentleman from Texas (Mr. DELAY). The gentleman revises history. On a normal night, perhaps no one would rise to say that it was revisionist history at best, or at worst, depending upon one's perspective.

In 1992, Bill Clinton ran for President of the United States, and he put forward a document called The New Covenant. Not a contract on America, a new covenant, a new promise, a new commitment, a new cooperation, a new working arrangement with America. And in that new covenant he said that, yes, we expect government to do good things for people.

Government, in my perspective, is our community at large trying to work together trying to make lives better. But in that new covenant, that my Republican friends so quickly forget, I am sure, Bill Clinton said that we need to expect of each American personal responsibility; that they will commit themselves to use their best talents to enhance their own lives because that, in turn, would enhance the lives of our community, if each and every one of us carried our share of the load.

It was the President, in 1992, who said that personal responsibility ought to be a key word for America's revival. America heard that, and America elected him. And in that new covenant as well, when he talked about personal responsibility, he said we need welfare reform. I guess the Republicans forget that.

They chuckle, Madam Speaker, but I will remind my colleagues of some history, for those who were not here, when every Democrat voted for a welfare reform bill sponsored by NATHAN DEAL. Does that name ring a bell? He was a Democrat at that time, but he had a bill that we worked on that demanded personal responsibility; the expectation that if we could, we would be expected to work, because the work ethic is critical to the success of a family, of a community, and of a society. That bill did not become law, but we had other bills.

Now, my colleagues, how many times have we all heard it complained, oh, if the President would only let us do this, we could have done great things? They know that they could not possibly have overridden the veto of the President of the United States. If he had not been committed, and if he had not led the fight for welfare reform, the Republicans could not have done it. And they know that. Period.

My friend, the majority whip, likes to say we did it, we get the credit. Very frankly, everybody in this House deserves the credit, and Americans deserve the credit, and governors deserve the credit, and State legislators deserve the credit. Why? Because we all perceived that there was a system that existed which did not encourage and have the expectation of work. But for the fact that Bill Clinton was president and led that effort, it would not have happened because he could have vetoed it. And all of my colleagues know that his veto would have been sustained because there were more than 146 Democrats in this House and more than 40 Democrats in the United States Senate.

Now, let me go on to balancing the budget. Frankly, my colleagues, what the Republican Party has been responsible for since I have been in Congress, since 1981, is the gargantuan deficits and debt that confronts our country. Period. Why? Because Ronald Reagan and George Bush proposed in their budgets those deficits.

Now, my Republican colleagues may say it is absurd that the gentleman from Maryland (Mr. HOYER) would say that. Well, look at the budgets. Presidents Reagan and Bush asked for more spending in those 12 years than the Congress appropriated. Now, if they did, obviously they planned for those deficits.

Now, were the priorities slightly different? They were. But the fact of the matter is Ronald Reagan never vetoed a bill for spending too much that was not sustained by the Congress. In other words, not a nickel could have been spent in this country that Ronald Reagan did not put his signature on. Not a nickel.

So the budget balancing came at the hands of Bill Clinton, when for 7 years in a row now the budget deficit has decreased, for the first time in this century.

ALL THE ARROWS ARE DOWN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kansas (Mr. MORAN) is recognized for 5 minutes.

Mr. MORAN of Kansas. Madam Speaker, I keep a board in my office that lists the cash prices of the major commodities grown in my home State of Kansas. An arrow next to the price indicates whether the price is up or down, and for too long now, and for more days than not, all the arrows are down.

Prices for all our major commodities grown in the State of Kansas are at historic lows. The wheat crop in Kansas is worth $500 million less this year than last, and prices for corn, soybeans, and milo paint a similar picture for the fall crops. The prices for beef and pork are depressed as well. And behind these numbers are real people. Every day, farmers and ranchers are being forced out of business and off the farm and ranch never to return.

Madam Speaker, I appreciate the statements made on Friday about the crisis in agriculture and the call upon President Clinton to work with Congress to provide relief soon. I could not agree more. We need to do something and we need to do something now.

On July 21, I introduced H.R. 2568, the Market Loss Assistance Act. H.R. 2568 would provide supplemental farm income program payments equal to 75 percent of a producer's 1999 payment under the Agricultural Market Transition Act. This is the same mechanism that Congress used last year to provide emergency relief to farm country. Today, the need is greater and more urgent than it was a year ago.

I hope the House will honor my request to consider H.R. 2568 or other disaster relief before Congress goes home for the August recess. Our farm and ranch constituents are counting on us to do the right thing and to do it sooner rather than later. Farmers need assurance that Congress and this administration will respond to the crisis. Otherwise we will lose another generation of family farmers and rural America will continue its difficult struggle.

Over the long haul there are many things that Congress can and must do to get the price arrows up on the chart and pointed in the right direction. We need to open new markets and expand trade opportunities for U.S. producers. We need a farm policy that preserves flexibility and provides price protection. We need adequate risk management tools and research that enhances our competitiveness. But these are all long-term solutions to a near-term crisis.

H.R. 2568 can get assistance to farm country immediately. I ask my colleagues to join me in supporting this legislation. The time to respond is now, not later.

RESTORING THE HONOR OF JOSEPH JEFFERSON "SHOELESS JOE" JACKSON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from South Carolina (Mr. DEMINT) is recognized for 5 minutes.

Mr. DEMINT. Mr. Speaker, this is a true story. In 1908, a textile mill worker from Greenville, South Carolina, who learned to play baseball on mill teams, made his minor league baseball debut for the Greenville Spinners. He could not read or write, but he could sure play the game. His name was Joseph Jefferson Jackson. And in my town and in my State and in baseball circles around the world, he is a legend.

During a game in his first year in the minor leagues, Joseph Jackson's feet began to hurt because of his shoes, so he took them off. He then proceeded to hit a triple, sliding into third. One of the fans in the crowd heckled him, saying he was a shoeless son of a gun. The nickname "Shoeless" stuck.

Shoeless Joe Jackson had one of the most mythical careers in baseball history.

□ 2245

He is mentioned among the greats: Babe Ruth, Ted Williams, Hank Aaron, Lou Gehrig. His 356 lifetime batting average achieved over a 13-year career is third only behind Ty Cobb and Rogers Hornsby.

In 1911, in his first major league season with Cleveland, Shoeless Joe batted 408, the highest batting average ever by a rookie. Traded to the Chicago White Sox in 1915, he led the team to victory in the 1917 World Series against the New York Giants.

Yet, while his name is mentioned among the greats, Joe Jackson is not with them in the baseball Hall of Fame. After the infamous 1919 Black Sox scandal, Jackson was suspended for life from the league by the commissioner of baseball.

Madam Speaker, this was a bad call. In 1919, a New York gambler allegedly bribed eight players of the Chicago White Sox, including Shoeless Joe, to throw the first and second game of the 1919 World Series. When the news came out the following year, the case was brought to criminal court.

A number of individuals, including local sportswriters and White Sox owner Charles Comisky, all testified to Jackson's innocence. After the trial he was acquitted. However, the new commissioner of baseball, Judge Kennesaw Landis, decided to ban all the players who were allegedly involved without even conducting an investigation.

If Commissioner Landis had taken some time to review the evidence, I believe he would have found that Shoeless Joe played no part in throwing the Series. It was obvious by the way he played.

In the 1919 World Series, Shoeless Joe Jackson batted 375, the highest of any player on either team. He set a World Series record with 12 hits. His fielding was flawless. He had six of the White Sox's 17 RBIs, and he hit the only homerun of the series.

A number of people from Senator TOM HARKIN of Iowa to the great Ted Williams have called for Commissioner Bud Selig to review the judgment made in haste 80 years ago. I would like to add the names of every Member of this House to that list.

Shoeless Joe was undoubtedly one of the greatest to play America's favorite pastime. He worked his way up through the textile mills of South Carolina and lived the American dream. He loved the game of baseball. The time has come for the commissioner to review the record and give Joe Jackson his rightful place of honor.

When the heroes of today, McGuire, Sosa, Ripken, Griffey, and when the heroes of tomorrow who are still dreaming their dreams on little league fields and school playgrounds, when they all come to Cooperstown to be enshrined with the other greats in the baseball Hall of Fame, they deserve to be alongside one of the greatest players who ever played the game.

I think they would all want Shoeless Joe there with them. The people from my district and people from all over the country have been working for years to have Jackson's good name cleared and his honor restored.

I want to do whatever I can to give him the honor that he is due and to honor the people who have been inspired by his memory to rebuild and revitalize his hometown, West Greenville, to honor his name.

On behalf of the people of my district who have worked so hard to uphold the memory and the honor of Shoeless Joe Jackson and along with the entire South Carolina Congressional Delegation, last Friday I introduced a resolution calling for Shoeless Joe to be appropriately honored. I believe this resolution is an opportunity to pay respect to one of the all-time great players of America's great national pastime.

I urge my colleagues to support this resolution to restore the name of Shoeless Joe.

REPUBLICAN TAX BILL IS TRULY TAX FRAUD

The SPEAKER pro tempore (Mrs. NORTHUP). Under a previous order of the House, the gentleman from California (Mr. SHERMAN) is recognized for 5 minutes.

Mr. SHERMAN. Madam Speaker, after 20 years as a CPA, 6 years as a tax judge, I know tax fraud when I see it. The tax bill passed by the Republican majority is truly tax fraud.

It is a giant shift of our national income to the wealthiest one percent, cleverly disguised as a grand expedition to the furthest reaches of fiscal irresponsibility.

Many speakers have come to this floor and explained how this country cannot now afford to lock itself into an $800-billion tax cut exploding in its second 10 years to a $3-trillion cut, that we should not take steps today which Alan Greenspan has cautioned us against, that we should not risk the greatest economic expansion of our lifetimes.

But after all the conversation about this $800-billion to $3-trillion tax cut and what it means in its fiscal effect, there has been precious little discussion about what is actually in the bill.

Well, I will tell my colleagues what is not in it. A repeal of the marriage penalty is not in this bill. They could not find a way to do it, limited as they were to $800 billion. In fact, there is far less marriage penalty relief in this bill than there was in the Democratic alternative that cost only $250 billion.

What also is not in this bill is any real help for school construction. The Democratic alternative said we as a Federal Government would pay the interest on school bonds so that if school districts have more classrooms for smaller class sizes, the Federal Government would help.

All this bill does is relax the arbitrage rules, inviting local school boards to invest their money in debentures and derivatives and other things that caused Orange County to go bankrupt. It does nothing more for schools than give the school boards a free ticket to Las Vegas with the bond money.

So what is in this bill? How have they managed to allocate 45 percent of the benefits to the top one percent in our society?

Well, for example, they have got the interest allocation rules, costing over $43 billion over 10 years that turn to major multinationals and say, if you close down your factories in the United States and invest abroad, we will cut your taxes.

But there is more. There is the modification of treatment of worthless securities, certain financial institutions. There is a whole lot of stuff in here for the oil companies. My favorite and their favorite is the repeal for special foreign tax rules.

This means that if Texaco gives a ton of money to Saudi Arabia or Kuwait in return for the oil that they remove from their desert sands, Uncle Sam reimburses them penny for penny for what they pay for the oil that they then charge you and me for.

But there is more for the oil companies, like allowing a 5-year carry-back of NOL carry-forwards under a special rule; suspending the 65-percent tax limit on the percentage depletion allowance; allowing geological and geophysical costs to be deducted currently; allowing delay rental payments to be deducted currently, while modifying the section 613(d)(4) rules so that integrated oil producers can get the same benefits as independent wildcatters.

Then there is the stuff for the big chain store, such as the liberalization of the tax treatment of certain construction allowances and contributions received by retail operators.

What does that mean? It means the big chains can get a big payment to put a big store as the anchor tenant in a big mall, and they do not have to pay taxes on that big payment. But of course, people have to pay taxes on salaries and small business has to pay taxes on their profit.

There is the repeal of the 5-year limitations relating to life insurance companies filing consolidated tax returns with the affiliated group including non-life-insurance companies. There is a host of others that I have no time to get into.

But then finally there is the phase-in repeal of the estate gift and generation skipping tax. What does that mean? That means that Bill Gates saves $50 billion. But what is in it for working families? For the 50 million Americans, 8 cents a day.

CHINA TRADE

The SPEAKER pro tempore (Mr. VITTER). Under a previous order of the House, the gentleman from Illinois (Mr. MANZULLO) is recognized for 5 minutes.

Mr. MANZULLO. Mr. Speaker, our relationship with China will always be extremely difficult and complex. We must continue the hard engagement process with China. But we do not need to sacrifice national security for trade. This has been and always will be a false choice.

The Cox report was a good sturdy point for us to more realistically evaluate our relationship with China. We have already begun to implement many of the Cox committee recommendations, such as requiring Defense Department monitors at satellite launch sites. Let us also be vigilant by enforcing existing laws.

If further reforms are needed to enhance national security, then Congress should not shy away from changing the law. But as we go through this process, we must not fool ourselves into thinking that more restrictions on our exports to China will protect us.

When we think about trade sanctions and export controls, we should not go down this road alone. We only put our heads in the sand if we think we can enhance our national security by ignoring our foreign competitors. The world has changed and the U.S. is no longer the only manufacturer of high-technology products.

Congress overreacted 2 years ago in placing unrealistic limits on computer sales abroad. Now China has a home-grown computer industry. Soon one penny and a chip the size of your fingernail will exceed the supercomputer definition. And European machine tool manufacturers have almost totally captured the high-end market in China because of our Government's export control policy. This at the same time domestic consumption of U.S. machine tools has dropped 45 percent.

Europe sells the same machines to China that we could that do the same things, but we are barred by selling them because of our export policy. We only hurt ourselves.

We are now learning the same lesson on commercial satellite exports. Last week, a major satellite manufacturer reported a loss of nearly $100 million because of delays in development and delivery of new satellites. This is an industry that has made a dramatic shift away from relying on Government procurement to commercial sales.

They also compete against German, French, and Japanese satellite manufacturers of similar equipment. These foreign firms would eagerly seize export opportunities from U.S. satellite makers if they are denied permission to launch by our Government. We can protect our national security and our national economic interests while engaging China at the same time. But we should not put up walls that will block our high-technology industry and hurt our overall national interests.

Let us solve the specific problems highlighted in the Cox report but keep our export options open in China.

ILLEGAL NARCOTIC TRAFFICKING IN AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. MICA) is recognized for 5 minutes.

Mr. MICA. Mr. Speaker, I come to the floor again tonight to talk about the problem of illegal narcotics. Tonight I would like to help set the record straight.

After years and months of nearly deadly silence by the President of the United States on one of the most pressing issues facing our Nation, that is the problem of illegal narcotics use and abuse, the President spoke out yesterday.

I have a transcript of his speech, and I was really stunned to hear his remarks. These are his exact comments.

□ 2300

He said, "When we were out there running for office in 1992, the Vice President had this hilarious rap about everything that should be up was down and everything that should be down was up, and everything was all mixed up. And it is true." And then the President said, and again let me quote him, "And one of the sad things that was up was drug use." Now, this is what the President of the United States said yesterday.

Mr. Speaker, this does not gibe with the facts. In fact, we did a little bit of research and we found, and this chart states quite clearly, that long-term trends in lifetime prevalence of drug use, from 1980 when President Reagan took office, and this is the Reagan administration, through 1988, with President Bush during that period, we found that the trend in prevalence of drug use actually went down. These are the facts.

Now, again the President said, "And one of the sad things that was up was drug use." That is what the President said. These in fact, Mr. Speaker, are the statistics. These are not tainted or misconstrued in any way or partisanly presented. Those are the facts.

Then if we looked at individual narcotics, the trends in cocaine use, the President said, "And one of the sad things that was up was drug use."

So we can look at drugs individually. We see that during President Reagan and Bush's era, that the point at which President Clinton took office that there was a downward spiral in cocaine use. In fact, when President Clinton took office, we see the resurgence of that in fact returning and going up. This does not show the dramatic increase in drug use. Because of the Clinton policy, we in fact had a shift of more people going not only to cocaine but also to heroin in unprecedented amounts and also to methamphetamine which did not appear on any of these charts. So what the President said, "And one of the sad things that was up was drug use" is not in any way correct or does it relate to facts.

Then if we look at heroin, in the Reagan administration and Bush administration, we see downward trends. He said, "And one of the sad things was that drug use was up." We see in fact during President Clinton's term, it dramatically shot up, and heroin, deadly heroin, in incredible quantities. I do not have a chart on methamphetamine, but meth was not even on this chart and now is staggering up. The only reason we see any change here in a downward spiral in the last several years is because of the Republicans taking over the Congress and restarting the war on drugs.

Finally, the President also said, "We tried to do more to keep drugs from coming into the United States." This is the quote of the President. I do not have all the charts with me, but under complete control by the Democrat-controlled Congress, the White House and the Senate, the administration and this other controlled legislative body, 1992 to 1993 dramatically decreased the source country programs, they cut them by over 50 percent, dramatically cut the military. He said, "We tried to do more to keep drugs from coming into the United States." Dramatically cut the military and interdiction programs. Nearly cut in half the Coast Guard drug programs, stopped antidrug resources from getting to Colombia which is now the major source of heroin and cocaine coming into the United States. And certified Mexico, which is the greatest source of illegal narcotics and now methamphetamines of anywhere coming into the United States. And our President said yesterday, "We tried to do more to keep drugs from coming into the United States."

Mr. Speaker, the President says one thing. The facts prove something totally different. It is sad that after years and years of deadly silence, we finally have the President come out in one of the rare occasions he ever mentions illegal narcotics and says two things that do not gibe in any fashion with the facts as to what actually took place.

It is very sad that I report this to the House, but I think that the facts relating to this important problem that is facing our Nation that has condemned so many families tragically to losing loved ones, 14,000 people died last year alone because of direct results of illegal narcotics. It is very sad, indeed, that the President of the United States paints a picture that does not gibe with the facts.

MANAGED CARE REFORM

The SPEAKER pro tempore (Mr. VITTER). Under the Speaker's announced policy of January 6, 1999, the gentleman from New Jersey (Mr. PALLONE) is recognized for 27 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, in just 3 days, this House will adjourn without having brought to the floor the Patients' Bill of Rights, the Democrats' legislation for comprehensive HMO reform.

I bemoan the fact that that is the case. I think that this legislation and the need to address the issue of HMO reform is really the preeminent issue that needs to be addressed in this House, in this Congress, in this session of Congress.

I have to say that the Republican leadership since the beginning of the year has made many promises with regard to the Patients' Bill of Rights and the whole issue of HMO reform. First, the Speaker said that we would follow the normal committee process and an HMO reform bill would have hearings in the relevant committees and have a markup in committee and come to the floor in the normal way, but that has not happened.

Then, as Members know, in the other body basically the Democrats forced the issue, forced the other body to bring up HMO reform. Unfortunately, the bill that was finally passed was not real reform, was ineffective, was a sham, but the impetus, if you will, that at least some sort of HMO reform would be brought up in the Senate caused the Speaker and the Republican leadership just a few weeks ago after the Senate took action and had a hearing and had a markup on the floor, basically forced the Speaker to say that a bill would come to the floor, an HMO reform bill would come to the floor in the House of Representatives sometime before the August recess.

Well, Mr. Speaker, the August recess begins probably this Friday and Democrats have basically been pushing to achieve action here on the floor for the Patients' Bill of Rights, our Democratic HMO reform. We actually had Members come to the floor over here in the well and sign a discharge petition that would force the Republican leadership to bring up our Patients' Bill of Rights. One hundred eighty-three Members signed that discharge petition. But now ultimately to no avail. The Speaker, the Republican Speaker, just announced that no action will be taken on the bill before the August recess.

I ask why? The answer, I think, is very simple. That is, because the Republican leadership here in the House as well as in the Senate is a captive of the insurance industry. The insurance industry does not want a true HMO reform, a true comprehensive bill to come to the floor of the House because, unlike the other body, they realize that if it does, it will pass. Some of my colleagues, a handful of my colleagues on the other side who are health care professionals, doctors, dentists, have made the point that they will vote for a strong HMO reform bill, something akin to the Democrats' Patients' Bill of Rights. When they made that statement and basically indicated to the Republican leadership that they would join with the Democrats in passing a bill, well, all of a sudden this week we find that the Speaker and the Republican leadership say, "No, no, we're not going to bring a bill to the floor. We can wait until the fall. We'll have further discussions. No action will be taken now."

I just want to commend the Republicans on the other side of the aisle, those few, all of whom, I think, who have been most outspoken are health care professionals, doctors, because they have stood up and said that we need a strong HMO reform bill and they refuse to say that the action taken by the other body meets that need. In fact, it does not meet that need.

Mr. Speaker, if I could, I hope that during the August break and when we come back in September that we will see a bipartisan coalition of the Democrats, all of whom support the Patients' Bill of Rights, and enough Republicans on the other side that will come together in a bipartisan way to demand action on something like the Patients' Bill of Rights so we can have true comprehensive HMO reform come to the floor when we return in September.

□ 2310

Mr. Speaker, if the House leadership is not willing to bring it up, I think we will simply have to get every Democrat to sign the discharge petition and join with some of the Republicans who are willing to sign it to force the issue to make sure that the Patients' Bill of Rights or some strong comprehensive reform like it comes to the floor.

As my colleagues know, Mr. Speaker, I just wanted to point out that increasingly we are seeing every comprehensive report, every study that is being done around the country about what the American people want, what the health professionals want, what people see basically as common sense reform with regard to HMOs, that we need some kind of action taken.

There were two reports that came out just in the last week that I wanted to mention tonight. One of them was basically a report, if you will, where various doctors and health care professionals were interviewed. It was a survey that found nearly nine in 10 doctors and more than one in four consumers are having trouble receiving the medical care and services they need within the context of HMOs managed care, and as a result between one-third and two-thirds of the doctors said the service denial resulted in adverse health consequences for the patient.

The types of problems that we are seeing that myself and others have documented on the floor about people who have had abusive situations with managed care and with HMOs, this is becoming commonplace, and both consumers, patients as well as doctors, are decrying the situation, and I say to my colleagues and, I guess, to the American people as well, why is it that the Republican leadership will not allow us to take action when the majority of us in a bipartisan way would like to see comprehensive HMO reform? And it always comes back to the same thing, and that is the money spent by the insurance industry against this type of comprehensive HMO reform.

The second survey that came out in the last week or so basically said that last year 1.4 to $2 billion was paid to lobbyists to influence politicians and policy, a 13 percent increase from 1997; and for the second year in a row the insurance industry topped the list in lobbying costs, nearly $203 million last year alone.

The Republicans basically on the leadership or amongst the Republican leadership are bowing to the insurance industry which is spending millions of dollars once again trying to defeat true HMO reform.

Mr. Speaker, I just wanted to, if I could, make reference to a New York Times editorial that was in the New York Times on July 16 of this year, and it just kind of sums up what is happening out there and why we cannot see action on the House floor, and I quote. It says:

"There is no mystery here. Campaign money is dictating medical policy in the Senate. The political system and especially the Republican party is awash in money from the health care industry. As President Clinton said yesterday, and this was back on July 16, GOP senators could not support the Patients' Bill of Rights because the health insurers will not let them do so. That is the bottom line, Mr. Speaker."

Mr. Speaker, if I could just use a couple minutes of my time to talk about some of the comparisons between the Patients' Bill of Rights, the bill that the Democrats and some of the Republicans want to bring to the floor, versus the bill that passed the Senate and the one that would have been considered, I believe, on the floor pursuant to the Republican leadership if they thought that they could get the votes to pass it. There is a real contrast, if you will, between that Republican Senate bill and the Democratic Patients' Bill of Rights, and let me just go through a few highlights of it, if I could this evening.

The Republican bill, and I refer to the Senate bill, leaves more than 100 million Americans uncovered because most substantive protections in the bill apply only to individuals enrolled in private, employer-based, self-funded insurance plans, and self-funded coverage is typically offered only by large companies. Only 48 million people are enrolled in such plans, and of those 48 million only a small number, at most 10 percent, are in HMOs.

So the Senate Republican bill really does not help effectively anyone, does not provide patient protections really to almost anyone.

What the Democrats insist on in the Patients' Bill of Rights and the Republicans that support us have said is that all, all 161 million privately insured Americans have to be covered by the bill, by the patient protections.

Let me just give my colleagues some of the other examples that I think are important. In the Democratic bill we have talked about the prudent lay-person standard in the situation where you go to an emergency room. This is so important. So many people come up to me and say, if I have under my HMO, if I want to go to the local emergency room, I cannot. I have to go to one maybe 20 miles away, 30 miles away, 50 miles away, and when a person is in extremis or has a problem and has to go to an emergency room, they do not want to have to travel 20 or 30 miles away when the emergency room for the local hospital is maybe only within a mile distance from where they are.

Well, under the Democratic bill, what we say is that an individual who has symptoms that meet a prudent lay person, what the average person would think is the need to go to the emergency room under given certain circumstances, that that standard should allow them to go to the local emergency room, the closest one, without pre-authorization, and the insurance plan must cover the visit. The plan may not impose additional charges for use of non-network facilities.

It is unclear in the Republican Senate bill whether that kind of standard would apply. There really is not any prudent lay person standard, if you will, in the Republican bill.

Most important in the Democratic bill is that we provide for adequate specialty care. It provides the right in our Patients' Bill of Rights to specialty care if specialty care is medically indicated. It ensures no extra charge for use of non-network specialists if the HMO has no specialist in the network that is appropriate to treat the condition.

I just wanted to mention a couple other things that I think that are really crucial in terms of the differences between the Democratic bill and what the Republicans passed in the Senate, and one of those most important distinctions is on the issue of medical necessity. The issue of medical necessity is basically whether or not a particular type of care, operation, equipment, length of stay in the hospital will be provided in a given circumstance if you get sick, and basically the Republican Senate bill allows HMOs to define what is medically necessary. No matter how narrow or unfair to patients, the HMO's definition is their definition controls in any coverage situation including decisions by an independent third-party reviewer.

The Democratic bill by contrast codifies a traditional definition of medically necessary or appropriate means of service or benefit consistent with generally accepted principles of professional medical practice. In other words, what we are saying in the Patients' Bill of Rights is that the doctor and the patient have to decide based on standards that are used for most physicians in a given circumstance. It is an independent standard, if you will, not defined by the HMO.

Most important also, the distinction on the issue of external appeals. The Republican Senate bill allows the HMO to choose and pay the appeal entity that decides the case. It also allows the HMO or insured to define medical necessity, tying the hands of the independent review entity and forcing them to defer to the HMO's definition. It does not provide, the Republican bill, an appeal when most rights under the bill are denied. For example, when emergency care is denied or access to a specialist is denied, no appeal is allowed.

The Democratic Patients' Bill of Rights by contrast ensures the State or Federal agency controls the process for choosing the independent appeal entity, not the insurer.

□ 2320

It ensures a de novo review, a fresh look at the facts. It ensures the reviewer's decision is based on a statutory definition of medical necessity, not the insurer's plan's definition, and the review of best available medical evidence, and all denials of care are appealable.

Finally, the most important distinction between the Democratic Patients' Bill of Rights and the Republican Senate bill is the ability to hold HMOs accountable. Under the Republican bill, it maintains existing Federal law that basically preempts state remedies, and the only remedy under ERISA, which is the federally covered plans, is recovery of the cost of the denied benefit.

For example, if a patient is denied a mammogram and dies of breast cancer as a result, the only remedy under the Republican bill available to the family is the recovery of the costs of the mammogram, not the damages that result, including the death of the patient.

Under the Democratic bill, by contrast, the ERISA presumption of State remedies, the ability to go to State court, only exists when the actions of an HMO have killed—well, essentially what we are saying is that that ERISA preemption is repealed, and you can go to State court and you can seek damages and you can recover for the damage that the HMO has inflicted, just like you would in any normal tort action.

Mr. Speaker, I think that there are crucial differences here, and I think that ultimately what it comes down to is money. It is a very sad day, but what we are seeing is the insurers increasingly spending a lot of money on TV trying to get the word out that somehow what we are trying to do with the Patients' Bill of Rights is not going to work, that it is going to cost more money, that it is not going to achieve the desired result.

The fact of the matter is that the American people are crying out for comprehensive HMO reform. They want to see something like the Patients' Bill of Rights passed. Again, I want to commend some of my Republican colleagues, particularly the physicians on the other side of the aisle who are saying, you know, we are practicing doctors. We see what happens. We know there are abuses, and we want strong HMO reform passed, something like the Democratic bill, and we will work together with the Democrats to achieve a bipartisan proposal.

If I could just conclude tonight, I always like to talk when I come to the floor about local people in my part of New Jersey who have had problems with HMOs, because that is really what it is all about. We are talking a little bit in the abstract here about what needs to be done, but the bottom line is it is our own constituents coming to us and saying we need HMO reform, we need something done because of what is happening to them.

If I could just conclude tonight with a letter that was in the Asbury Park press, which is the largest circulation daily in my district in Monmouth County, New Jersey, and this was in the Asbury Park Press, a letter to the editor on Thursday, July 15, from Jack Moriarty of Dover Township. I am going to read part of it because I think it is so telling.

He says,

> Each time I must deal with my health maintenance organization on any matter other than the routine and the basic, problems continue. This is a system designed and managed to restrict our access to medical care and to place roadblock after roadblock in our way as we attempt to circumvent that design feature.
>
> On July 6th I sustained an eye injury while swimming when a thumb with sharpened fingernail found its way into my eye. I stopped the bleeding, applied ice and went to bed. This morning there was blood on the pillowcase, the pain had intensified, and my vision was blurred. I reasoned this required an objective medical evaluation to ensure there was no permanent damage. Thus began my hassle for the day.
>
> What followed was more than a dozen telephone calls to various medical professionals and administrators to get permission to go to the doctor and secure the required referral for them to be paid. I knew what had to be done, but what is the justification for wasting my time and causing me anxiety and aggravation? As a professional, if I am not working, I am not being paid. Consequently, the very real financial loss I endure by sitting in a waiting room makes me choose the medical visit option only as a last resort.
>
> That day I wasted additional time and resources playing phone tag all around the State trying to get some paperwork-pushing clerk to give me permission to do what I knew to be right. And, by the way, we pay for this, which is what truly amazes me.
>
> What should we do? I suggest we all write to our State and Federal elected officials demanding that they return the right of self-determination in health matters to us by passing the Patients' Bill of Rights and similar state statutes. It is no wonder the doctors are unionizing. Perhaps the patients should too.

He was talking about an eye injury, but we just know that with the case of eye injury or so many other serious problems that people face the same reality.

All I am really saying tonight, Mr. Speaker, because this may be the last opportunity we get to talk about this before the August break, is let us bring up the Patients' Bill of Rights. Let us bring up HMO reform. Let those Democrats and those Republicans, and I see my colleague is going to come after me, the gentleman from Iowa (Mr. GANSKE), let us put together a bill I think that is very close to the Patients' Bill of Rights that really provides comprehensive HMO reform. This is what the public wants, this is what we keep hearing every day from our constituents, and I know that I am going to use the time during this August break to go out and explain to the public why we need to bring this up on the floor of the House when we come back in September.

I am confident when I see people like my colleague, the gentleman from Iowa (Mr. GANSKE) and others on the Republican side that are demanding that we take action, that when we come back in September, either through the means of a discharge petition or because the Republican leadership finally sees they have to do something, that we will see comprehensive HMO reform. But I am not going to rest, and I know the gentleman from Iowa (Mr. GANSKE) and a lot of us are not going to rest until that happens.

MANAGED CARE REFORM

The SPEAKER pro tempore (Mr. VITTER). Under the Speaker's announced policy of January 6, 1999, the gentleman from Iowa (Mr. GANSKE) is recognized for 34 minutes as the designee of the majority leader.

Mr. GANSKE. Mr. Speaker, here it is, about 11:30 p.m. in Washington, and our families will be happy to know that we are here on the floor, taking care of the country's business. I wish to speak for the remainder of this evening about managed care reform. One of these days we are going to pass this, and my friend from New Jersey and I will maybe have to stop passing like ships in the middle of the night, coming to the floor to speak about this issue.

But, Mr. Speaker, it has become I think commonplace knowledge that we have problems with managed care in this country. That is recognized by a lot of the humor that we see in the country.

Several years ago, a joke started going around the country about the three doctors who died and went to heaven. The first doctor was a neurosurgeon. St. Peter asked him, "What did you do for a living?" He said, "I took care of victims of automobile crashes who had injured their heads and tried to get them back to a normal life." St. Peter said, "Enter, my son, and enjoy heaven."

The next doctor who came up to the pearly gates was asked by St. Peter what he did. She said, "I was a heart surgeon and I took care of people who were having heart attacks and managed to prolong their lives so that they could spend them with their families." St. Peter said, "Enter, my daughter, and enjoy heaven."

The third doctor who came up to the Pearly Gates was asked by St. Peter, "What did you do?" He said, "Well, I was an HMO manager." St. Peter kind of stroked his beard and he said, "Son, you may enter, but only for 3 days."

Now, everyone has heard that joke. Why is that funny? Well, number one, because there is a kernel of truth in it and there is a twist. All of us who have had to deal with managed care, and as a physician I certainly have in advocating for my patients, knows that managed care has put severe time limits on whether patients can stay in the hospital. We will talk about some of those examples.

So now it is sort of funny that this HMO manager is going to get his comeuppance. I think that is part of the humor.

The humor of HMOs, in order for something to be humorous, people have to understand the underlying point. So let us just look, for example, at some of the cartoons that we have seen around the country.

Here is one. We see a doctor sitting at a desk. He is reading a paper. Behind him is an eye chart that says "enough is enough," and the doctor is saying, "Your best option is cremation, $359 fully covered." The patient, sort of nonplussed, is sitting there saying, "This is one of those HMO gag rules, isn't it doctor?"

Now, this is a little harder to see for my colleagues here in the audience tonight. I will have to read this to you. Here is a physician sitting behind his desk. He is talking to a patient. The physician is saying, "I will have to check my contract before I answer that question."

Now, what is the point of this cartoon? Well, about 3 years ago it became known that HMOs were writing contracts that required the doctor to check with the HMO before they told the patient all their treatment options. Now, think about that.

□ 2330

Let us say that one is a woman, one has a lump in one's breast, one goes in to see one's doctor. One's doctor takes one's history, does one's physical exam, and then says, ah-hah, excuse me, and steps outside, gets on the phone to the HMO and says, "Mrs. So-and-so has a lump in her breast. She has got three treatment options. One is more expensive than the other. Is it okay if I tell her what her three options are?"

I mean, that is awful. As a practicing physician in solo practice for 10 years after medical school and residency, I can tell my colleagues, that the doctor-patient relationship will not stand that type of restriction on communication.

Patients have to trust their physician to be able to tell them the whole story. It may be that the HMO is not going to cover part of the treatment or one of the options, but the patient has every right to know what all the options are at a minimum.

Then we start to get into some things that are a little less than funny on an issue like this. Here is a headline from the New York Post: "What his parents did not know about HMOs may have killed this baby." Now, here is an infant that died possibly because his HMO prevented his physician from communicating to his parents the entire story. It is not so funny anymore.

Let us go to the case of a lady whose story was covered in Time Magazine a couple years ago, well documented. This lady is no longer alive. Her HMO made a medical decision to try to limit her and her family, her husband, from knowing all of her treatment options. They put a lot of pressure on the medical center to prevent and actually change their opinion on what kind of treatment this patient should have.

This lady could be alive today as a mother to her children and a wife to her husband had not that HMO made a medical decision that limited the information that she got. Not so funny anymore.

So what happened? Well, I and the gentleman from Massachusetts (Mr. MARKEY) in a bipartisan fashion reached across the aisle, and we got about 285 co-sponsors to sign a bill called the Patient Right To Know Act. This was about 3 years ago now, 285 bipartisan co-sponsors.

We discussed some suspension bills here tonight. Just with the cosponsors alone, we could have brought that to the floor and passed it under suspension. Not to be. I could not get my leadership to allow that limited bill with such widespread bipartisan support to handle the problem that HMOs were limiting communications between the doctors and their patients. I could not get the leadership to allow that to be voted on and debated on the floor.

Well, let us go back to some of the humor that has gone on about HMOs. Remember the movie "As Good As It Gets"? I went with my wife to this movie in Des Moines, Iowa, and something happened I had never seen before. When Helen Hunt was describing the care that her HMO gave in the movie to her asthmatic son, she expressed a rather strong expletive about her HMO and the treatment she was getting for her son. It elicited a lot of laughs in the audience.

But something else happened that I had never seen in a comedy in a movie theater. Some people stood up and clapped. They actually started clapping for her strong statement of disapproval about the way her son was being treated. Now, that does not happen. Humor like that is not effective if it is not understood and if it doesn't strike a nerve and a cord. But it sure did in that movie.

Now, she was having problems with her son getting care and was frequently having to take him to emergency rooms.

Here is another cartoon, sort of, that I saw. Here is a nurse on the phone. I think this is from an old TV show, this picture. She is saying, "Chest pains? Well let me find the emergency room preapproval forms."

What is one of the other problems that we have seen with HMOs? Well, it happens to be that a lot of HMOs, a few have refused to pay for emergency room visits. Let us say a patient gets a chest pain, severe crushing chest pain. The American Heart Association says this is a sign one could be having a heart attack.

One's wife takes one to the emergency room. They do the EKG, but it is normal. They find out that, instead, one has severe inflammation of one's esophagus and one's stomach instead.

Afterwards, what does the HMO do? They say, "See, your EKG was normal. You were not having a heart attack. You did not need to go to the emergency room. We are not going to pay for it."

What is the lessen that people start learning from that? Gee, maybe if the HMO is not going to cover these things that the common layperson would say is an emergency, maybe I should just take my time a little bit. Except that we know, when that happens, a certain number of people die before they get to the hospital.

Now there certainly is such a thing as black humor, and this cartoon has some of the blackest humor I have seen. What we have here is a medical reviewer at an HMO, and I am going to read this for my colleagues. She is speaking on the telephone.

She says, "Cuddly Care HMO. My name is Bambi. How may I help you?"

She continues speaking on the phone. "Oh, you are at the emergency room and your husband needs approval for treatment. He is gasping? Writhing? Eyes rolled back in his head? It does not sound all that serious to me.", she says.

Far side. She says, "Clutching his throat? Turning purple? Uh-huh. Have you tried an inhaler? Oh, he is dead? Well, then he certainly does not need treatment, does he?"

Her last comment is, "People are always trying to rip us off."

Pretty black humor.

But let us talk about a real case. Let us talk about this young woman who, about a year and a half ago was hiking in the Appalachian Mountains. She fell off a 40-foot cliff. She was lying at the bottom of that cliff with a broken skull, a broken arm, a broken pelvis, semi-comatose, almost drowning in a pool of water.

Fortunately, her boyfriend was able to get an air ambulance in. They took her to the hospital. Here she is all bundled up on the stretcher going to airlift her to the hospital.

She makes it to the hospital emergency room. She is stabilized. She is treated. She is in the hospital for a month or so, in the ICU for a couple of weeks. She is on a morphine drip. Those are pretty painful problems that she had. Plus she has broken her head. She has got a fractured skull.

What happens to this young woman? Her HMO refuses to pay the bill. Now, why is that? Well, the HMO said that she did not call ahead for prior authorization. I mean, think of that. She was supposed to know that she was going to fall off this cliff. Maybe when she is lying at the bottom of the cliff with the broken skull, a broken arm, and a broken pelvis, she is supposed to reach into her coat pocket with her non-broken arm, pull out a cellular phone, dial a 1-800 number and say, "Bambi at that HMO, I have a broken skull. I need to go to the emergency room. Is that okay?"

□ 2340

I mean that is the type of thing that we do not need to see; that we need to fix. And we need to fix it because Congress passed a law about 25 years ago called ERISA, and what it did for employer plans was it took them out of State oversight.

State insurance commissioners and State legislatures, they do not have much to say about plans that are offered by employers. We talk a lot as Republicans about devolving power back to the States, but I have not seen my leadership too much interested in making sure that the States can provide proper oversight for health plans.

And so we have this law that Congress created that basically left a vacuum. State insurance commissioners cannot tell a plan, like that woman who fell off the cliff, they cannot tell her plan, if she is in an employer plan, that they have to cover her services. Those plans have been exempted from State oversight. Congress made that problem; Congress needs to fix it.

Let us look at a few other cartoons that have been in the press. Here is one called the HMO bedside manner, and we have an individual lying there with broken arms, in traction. And on the wall is the HMO bedside manner, and it says, "Time is money. Bed space is loss. Turnover is profit." And then we have a physician at the bedside saying, "After consulting my colleagues in accounting, we have concluded you're well enough. Now go home."

Or how about this one. "Remember the good old days, when we took refresher courses in medical procedures," this doctor is saying to a colleague. Now they are going into the HMO medical school and the course directory for the HMO medical school is, first floor, basic bookkeeping and accounting; second floor, advanced bookkeeping and accounting; third floor, graduate bookkeeping and accounting.

Now here we have another example of the HMO emphasis on bottom line profits versus taking care of the patient. This is the HMO claims department, and we have a claim's reviewer saying into her telephone, "No, we don't authorize that specialist." Then she goes on, "No, we don't cover that operation." Then she says, "No, we don't pay for that medication." Then, apparently the person on the other end of the line says something where she kind of jerks, and she says, "No, we don't consider this assisted suicide."

How about this cartoon that appeared in the Boston Globe. We have an HMO doctor here and the patient is saying, "Do you make more money if you give patients less care?" The HMO employee says, "That's absurd, crazy, delusiona." The patient comes back and says, "Are you saying I'm paranoid?" The HMO employee says, "Yes, but we can treat it in three visits."

Now, my colleagues may think that this is kind of funny, but as a plastic and reconstructive surgeon, I took care of a lot of patients with this type of defect. This is a little child born with a cleft lip and a cleft palate. Now, the standard treatment for correction of this child's cleft palate is a surgical repair. That gets the roof of the mouth together so that this child can learn to speak normally. It also keeps food and liquids from going out his nose. That is standard treatment.

Do my colleagues know what some HMOs are doing now? They are writing into their contract language a definition of medical necessity that says we will only authorize payment for the cheapest, least expensive care. Under Federal law they can do that and nobody can challenge it because that is written into their contract.

So what does that mean for a little baby that is born with this type of defect? It means that that HMO, under Federal law, could tell the parents that they are not going to cover surgery; that they are just going to provide their child with a little piece of plastic to kind of shove up into the roof of his mouth that will kind of fill in that hole.

Of course, if baby spits it out, that does not matter. If baby chokes on it, I guess that could be a problem. And, of course, the baby will not be able to learn to speak normally, and eventually will continue to have problems with food coming out of his nose. But under current Federal law, the current Employee Retirement Income Security Act law, that HMO can write that medical definition any way they want.

Not exactly the best way to take care of patients, and one of the reasons why we need to do something to fix that.

Now, I just read this. This is from the Albany Times Union. Here is another emergency room story, and this is about a lady by the name of Elsa Goldstein. She had a medical emergency one night. She went to the hospital emergency room. She was given a medication in the hospital by the emergency room doctor. She was supposed to take the medicine twice a day. So she went to the local pharmacy where she has coverage through her HMO, but the pharmacy would not provide her the medicine. They wanted to charge her $109 for the medication.

So she said, why is that? I mean my insurance company is supposed to pay for this, is it not? And she was told, yes, but only if the HMO doctor writes the prescription. She said, well, wait a minute, I was in the emergency room. This was an emergency room doctor who wrote me the prescription. My HMO doctor's office is closed. It is in the middle of the night and I need that medication. The response was, sorry, you cannot have it. You can pay for it yourself.

And then she got on the phone with an HMO representative who said, oh, just take this medication, this over-the-counter medication. Funny thing about this, though. This Elsa Goldstein happened to be a physician herself, and the medication that this HMO bureaucrat was prescribing over the telephone she knew would have been detrimental to her health.

This is the type of stuff that goes on all of the time. Here is another one of these cost-cutting mechanisms. What did that HMO try to do? They tried to just dun this patient. If they do it enough, enough people will just give in, they will just buy it on their own and then the HMO just makes more money.

Now, what did the HMOs come up with as a great idea a few years ago? Remember this? Remember when they were saying, oh, people can just go to the hospital and go home right away?

□ 2350

In fact, we are going to mandate those sort of drive-through deliveries. So here we have a picture of the maternity hospital and we have here the drive-through window. Now only 6-minute stays for new moms. "Congratulations. Would you like fries with that?" And you have this as far as the woman in the car holding her newborn baby ready to drive through and drive out.

By the way, this was the result of one of those Milleman and Robertson guidelines that the HMOs like to use that they like to flaunt as their solutions.

How about Dr. Welby? Now maybe he would be saying, she had her baby 45 minutes ago; discharge her.

Once again we are getting into a little bit more black humor. Because here we have the operating room. We have the doctors here. And the doctor is saying, "scalpel," and the HMO bean counter says, "pocket knife." And then the doctor says, "suture," and the HMO bean counter says, "Band-Aid." And the doctor says, "Let us get him into intensive care." And the HMO bentonite says, "Call a cab."

But here is a real story, front page headlines, New York Post: "HMO's Cruel Rules Leave Her Dying for the Doc She Needs." All of a sudden it is not so funny anymore. Because now we have a picture of a person who has probably lost her life because of an HMO medical decision, which, by the way, under Federal law, an employer plan is not liable for the consequences of their medical decisions other than providing the cost of care not delivered. And if the patient happens to die early, then they are not responsible for anything.

Well, Mr. Speaker, it is getting kind of late, so I want to talk about two more patients. I want to talk about a conversation I had about a year ago with a pediatrician who worked in the Washington, D.C. area. She is now doing research at one of the national labs.

I asked her why she left the practice of medicine. She was a pediatric specialist in a pediatric ICU. And she said, Well, I just got past the point of being able to deal with those HMOs anymore. But the straw that really broke my back was one day we had come into the intensive care unit a 5- or 6-year-old boy who had been drowning. He was still alive but just barely. We had him hooked up to the ventilator. We had him plugged into the IV. We were giving him all the medicine that we could to try to save his life. We were standing around the bedside. It was not looking good. But we were expending every effort to try to save this child's life. And the phone rings in the ICU and it is some HMO reviewer a thousand miles away wanting to know about the case, probably looking at a computer screen and an algorithm, and the questioning went sort of like this:

Well, tell me about this young patient. Oh, he is on the ventilator. Well, what is his prognosis? The doctor says, well, it is not too good. We are trying to do everything to save his life. He has only been here an hour or so.

This HMO reviewer from a thousand miles away, never having seen this patient, then says this incredible thing, probably looking at that computer screen, on the ventilator, poor prognosis. Next suggestion from the HMO, one of these HMO guidelines: Well, if his prognosis is so bad, why do you not just send him home on a home ventilator?

Now, for anyone who has any medical experience on this, that would make the hair on the back of their head stand up. If that little child is going to survive, he is going to need every ounce of expertise and skill from a whole team of nurses and doctors. And for this medical reviewer to say send him home on a home ventilator is a death sentence.

What is the motivation behind it? To save a few bucks.

I am going to close with one story. This is a story about this little boy right here. You see him tugging at his sister's sleeve. When he was about 2 months old, about 3 in the morning he was pretty sick. He had a temperature of 104. And as mothers can tell, he needed to go to the emergency room.

So his parents lived south of Atlanta, Georgia. His mother does the thing that the HMO says, phones the 1–800 number, gets a distant voice from somebody who has never seen this little boy. He says, Well, I will let you go to an emergency room, but I am only going to let you go to this one emergency room which is more than 65 miles away. That is all I will authorize. That is the only one we have a contract with, to save money.

So Mom and Dad, they are not health professionals, they wrap up little Jimmy in a blanket. They get in the car. Dad starts driving. They are halfway there, and they pass three other hospital emergency rooms they could have stopped Jimmy at. But they do not have authorization. They are not health care professionals. But they do know if they stop unauthorized they will be stuck with potentially a very large bill.

So they follow the medical decision that that HMO reviewer made and push on. Except that before they get to the hospital that Jimmy is supposed to go to, he has a cardiac arrest. His eyes roll back in his head. He stops breathing. His heart stops. And his mom tries to keep him alive. They pull into the emergency room.

Mom leaps out of the car with this little baby, screaming, save my baby. Save my baby.

A nurse comes out gives him mouth-to-mouth resuscitation. They bring the crash cart out. They start the IVs. They give him the medicine. And they manage to get him going again. They manage to save his life.

Unfortunately, they do not manage to save everything on Jimmy. Because of that cardiac arrest from that decision that that HMO made, Jimmy ends up with gangrene of both hands and both feet and the doctors have to amputate both hands and both feet.

Here is a picture of little Jimmy today. In order to save as much length on his arms and his legs, they put skin grafts on after they amputated his hands and his feet.

I talked to his mom about a month ago. Jimmy is now learning to put on his bilateral leg prosthesis. But he still needs a lot of help on getting on his bilateral hook prosthesis.

This little boy will never play basketball. I will tell the Speaker of the House that that little boy will never wrestle. When this little boy grows up and marries the woman that he loves, he will never be able to caress her cheek with his hand.

Do my colleagues know what the opponents of this patient protection legislation say? They say this is just an anecdote; we should not legislate on the basis of anecdotes.

I would say to them, this little anecdote, if he had a finger and you pricked it, it would bleed. And do my colleagues know that, under Federal law, that HMO which made that medical decision is liable for nothing.

Is that justice? Is that fair? We need to change that law to encourage HMOs not to cut corners like this so that we do not end up having to cut off hands and feet.

A judge reviewed this case and the HMO's decision and came to the determination that that HMO's margin of safety was "razor thin." I would add to that, as razor thin as the scalpel that had to amputate little Jimmy's hands and feet.

My colleagues, as my colleague from New Jersey pointed out, for years now we have been trying to get this to the floor for a fair debate. We had a rigged debate last year with a fig leaf bill.

I am telling my friends on both sides of the aisle that there are Republicans and there are Democrats that have come together and we are working on a bipartisan bill. We will introduce that soon, and we will do everything we can with more than a majority of the Members of this House to bring this to the floor and to correct these types of abuses.

I would encourage my friends on the Republican side of the aisle to contact myself or the gentleman from Georgia (Mr. NORWOOD), the Georgia bulldog, who has done as much as anyone to advance this, or my friends on the Democratic side of the aisle, to contact the gentleman from New Jersey (Mr. PALLONE) or the gentleman from Michigan (Mr. DINGELL) and get on board this bipartisan effort.

The only way we are going to solve this is to work together, both Republicans and Democrats, put aside partisan differences, and fix this for the people in our country.

CORRECTION TO THE CONGRESSIONAL RECORD OF MONDAY, AUGUST 2, 1999, AT PAGE 18942

REQUEST FOR CONSIDERATION OF S. 1467, EXTENSION OF AIRPORT IMPROVEMENT PROGRAM

Mr. SHUSTER. Mr. Speaker, I ask unanimous consent to take from the

Speaker's table the bill (S. 1467) and ask for its immediate consideration in the House.

Mr. OBEY. Mr. Speaker, I object.

The SPEAKER pro tempore. The Chair is not able to entertain the gentleman's request at this time.

Mr. SHUSTER. Mr. Speaker, the gentleman from Minnesota (Mr. OBERSTAR), I understand, is reserving the right to object.

The SPEAKER pro tempore. The gentleman from Pennsylvania (Mr. SHUSTER) is not recognized for that purpose.

Mr. SHUSTER. May I ask why the gentleman is objecting? Is it in order, Mr. Speaker, for me to ask why the gentleman is objecting?

The SPEAKER pro tempore. Under the Speaker's guidelines, the Chair is not recognizing the gentleman from Pennsylvania for that purpose at this time.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HOYER) to revise and extend their remarks and include extraneous material:)

Ms. WOOLSEY, for 5 minutes, today.

Mr. HASTINGS of Florida, for 5 minutes, today.

Mr. SPRATT, for 5 minutes, today.

Mr. SHERMAN, for 5 minutes, today.

(The following Members (at the request of Mr. TOOMEY) to revise and extend their remarks and include extraneous material:)

Mr. MANZULLO, for 5 minutes, today.

Mr. JONES of North Carolina, for 5 minutes, today.

Mr. DELAY, for 5 minutes, today.

Mr. MICA, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. HOYER.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 335. An act to amend chapter 30 of title 39, United States Code, to provide for the nonmailability of certain deceptive matter relating to sweeptakes, skill contests, facsimile checks, administrative procedures, orders, and civil penalties relating to such matter, and for other purposes; to the Committee on Government Reform.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 880. An act to amend the Clean Air Act to remove flammable fuels from the list of substances with respect to which reporting and other activities are required under the risk management plan program, and for other purposes.

ADJOURNMENT

Mr. GANSKE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 59 minutes p.m.), the House adjourned until tomorrow, Wednesday, August 4, 1999, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

3381. A letter from the Secretary of Agriculture, transmitting the annual Animal Welfare Enforcement Report for fiscal year 1998, pursuant to 7 U.S.C. 2155; to the Committee on Agriculture.

3382. A letter from the Acting Administrator, Agricultural Marketing Service, Department of Agriculture, transmitting the Department's final rule— Tart Cherries Grown in the States of Michigan, et al.; Decreased Assessment Rates [Docket No. FV99-930-3 IFR] received July 28, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3383. A letter from the Animal and Plant Health Inspection Service, Congressional Review Coordinator, Department of Agriculture, transmitting the Department's final rule—Limited Ports; Memphis, TN Sec.Docket No. 98-102-2] received June 24, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3384. A letter from the Administrator, Agricultural Marketing Service, Department of Agriculture, transmitting the Department's final rule—Grapes Grown in a Designated Area of Southeastern California and Imported Table Grapes; Revision in Minimum Grade, Container, and Pack Requirements [Docket No. FV98-925-3 FIR] received July 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3385. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting the Department's final rule—Licensing Requirements for Dogs and Cats [Docket No. 97-018-4] (RIN: 0579-AA95) received July 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3386. A letter from the Animal and Plant Health Inspection Service, Congressional Review Coordinator, Department of Agriculture, transmitting the Department's final rule—Noxious Weeds; Permits and Interstate Movement [Docket No. 98-091-1] (RIN: 0579-AB08) received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3387. A letter from the Congressional Review Coordinator Animal and Plant Health Inspection Service, Department of Agriculture, transmitting the Department's final rule—Cut Flowers [Docket No. 98-021-2] received July 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3388. A letter from the Congressional Review Coordinator Animal and Plant Health Inspection Service, Department of Agriculture, transmitting the Department's final rule—Citrus Canker; Addition to Quarantined Areas [Docket No. 95-086-3] received July 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3389. A letter from the Administrator, Agricultural Marketing Service, Department of Agriculture, transmitting the Department's final rule— Amendments to Rules of Practice Under the Perishable Agricultural Commodities Act (PACA) [Docket Number FV98-358] received July 16, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3390. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Tebufenozide; Benzoic Acid, 3, 5-dimethyl-1-(1,1-dimethylethyl)-2-(4-ethylbenzoyl) hydrazide; Pesticide Tolerance [OPP-300896; FRL-6092-1] (RIN: 2070-AB78) received July 14, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3391. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Tebufenozide; Benzoic Acid, 3,5-dimethyl-1-(1,1-dimethylethyl)-2-(4-ethylbenzoyl) hydrazide; Pesticide Tolerance [OPP-300886; FRL-6088-8] (RIN: 2070-AB78) received July 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3392. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Fosetyl-Al; Pesticide Tolerance for Emergency Exemptions [OPP-300889; FRL-6089-8] (RIN: 2070-AB78) received July 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3393. A letter from the Chairman and Chief Executive Officer, Farm Credit Administration, transmitting the Administration's final rule—Loan Policies and Operations Leasing; General Provisions; Accounting and Reporting Requirements (RIN: 3052-AB63) received June 24, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

3394. A letter from the Secretary of Defense, transmitting notification of the approval of the retirement of Lieutenant General Joseph E. Hurd, United States Air Force, and his advancement to the grade of lieutenant general on the retired list; to the Committee on Armed Services.

3395. A letter from the Secretary of Housing and Urban Development, transmitting the Department's Five Year Plan for Energy Efficiency for the five years from 1999 through 2003, pursuant to Public Law 101—625, section 945(d) (104 Stat. 4416); to the Committee on Banking and Financial Services.

3396. A letter from the Assistant General Counsel for Regulations, Office of the Assistant Secretary for Public and Indian Housing, Department of Housing and Urban transmitting the Department's final rule—Technical Amendment to the Section 8 Management Assessment Program (SEMAP) [Docket No. FR-4498-1-01] (RIN: 2577-AC10) received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

3397. A letter from the Assistant General Counsel for Regulations, Department of Housing and Urban Development, transmitting the Department's final rule—Community Development Block Grant (CDBG) Program; Clarification of the Nature of Required

CDBG Expenditure Documentation [Docket No. FR–4449–I–01] (RIN: 2506–AC00) received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

3398. A letter from the President and Chairman, Export-Import Bank, transmitting a report involving U.S. exports to China, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

3399. A letter from the President and Chairman, Export-Import Bank, transmitting a report involving U.S. exports to Taiwan, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

3400. A letter from the General Counsel, Federal Emergency Management Agency, transmitting the Agency's final rule—List of Communities Eligible for the Sale of Flood Insurance [Docket No. FEMA–7716] received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

3401. A letter from the General Counsel, Federal Emergency Management Agency, transmitting the Agency's final rule—Suspension of Community Eligibility [Docket No. FEMA–7717] received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

3402. A letter from the General Counsel, Federal Emergency Management Agency, transmitting the Agency's final rule—Final Flood Elevation Determinations—received July 12, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

3403. A letter from the Chairman, Federal Reserve System, transmitting the Board's mid-year Monetary Policy Report, pursuant to 12 U.S.C. 225a; to the Committee on Banking and Financial Services.

3404. A letter from the Director, Office of Management and Budget, transmitting a report to Congress on appropriations legislation within seven days of enactment; to the Committee on the Budget.

3405. A letter from the Assistant Attorney General, Office of Justice Programs, Violence Against Women Office, Department of Justice, transmitting the Department's final rule—Grants to Combat Violent Crimes Against Women on Campuses (RIN: 1121–AA49) received July 20, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

3406. A letter from the Chairman, Federal Energy Regulatory Commission, transmitting the 1998 Annual Report of the Federal Energy Regulatory Commission, pursuant to 16 U.S.C. 797(d); to the Committee on Commerce.

3407. A letter from the General Counsel, Consumer Product Safety Commission, transmitting the Commission's final rule—Requirements for Child Resistant Packaging; Household Products Containing Methacrylic Acid—received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3408. A letter from the Assistant General Counsel for Regulatory Law, Department of Energy, transmitting the Occupational ALARA Program Guide; to the Committee on Commerce.

3409. A letter from the Acting Assistant General Counsel for Regulatory Law, Department of Energy, transmitting the Department of Energy Employee Concerns Program; to the Committee on Commerce.

3410. A letter from the Assistant General Counsel for Regulatory Law, Department of Energy, transmitting the Management and Administration of Radiation Protection Programs Guide; to the Committee on Commerce.

3411. A letter from the Acting Assistant General Counsel for Regulatory Law, Department of Energy, transmitting the report entitled, "Interface with the Defense Nuclear Facilities Safety Board"; to the Committee on Commerce.

3412. A letter from the Assistant General Counsel for Regulatory Law, Department of Energy, transmitting an Acquisition Letter on Consortium Buying; to the Committee on Commerce.

3413. A letter from the Acting Assistant General Counsel for Regulatory Law, Department of Energy, transmitting an Assessment; to the Committee on Commerce.

3414. A letter from the Senior Attorney, NHTS, Department of Transportation, transmitting the Adminstration's final rule—Importation of Vehicles and Equipment Subject to Federal Safety, Bumper, and Theft Prevention Standards [Docket No. 99–NHTSA–5240; Notice 2] (RIN: 2127–AH45) received July 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3415. A letter from the Senior Attorney, NHTSA, Department of Transportation, transmitting the Department's final rule—Civil Penalities [Docket No. NHTSA 99–5448; Notice 2] (RIN: 2127–AH48) received July 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3416. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implemention Plans; California State Implementation Plan Revision; Kern County Air Pollution Control District; Mojave Desert Air Quality Management District; Ventura County Air Pollution Control District[CA 105–153a; FRL–6378–7] received July 14, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3417. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality Implementation Plans; Maryland —Fuel Burning Equipment [MD063–3023a; FRL–6379–6] received July 14, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3418. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—National Emission Standards for Hazardous Air Pollutants: Halogenated Solvent Cleaning [FRL–6376–5] received July 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3419. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality Implementation Plans; West Virginia; Approval of Revisions to Coal Preparation Plants and Coal Handling Operations [WV016–6010a; FRL–6372–3] received July 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3420. A letter from the Secretary, Federal Trade Commission, transmitting the Commission's Report to Congress: Cigar Sales and Advertising and Promotional Expenditures for Calendar Years 1996 and 1997; to the Committee on Commerce.

3421. A letter from the Director, Regulations Policy and Management Staff, Food and Drug Administration, transmitting the Administration's final rule— Secondary Direct Food Additives Permitted in Food for Human Consumption [Docket No. 98F–0894] received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3422. A letter from the Chairman, Nuclear Regulatory Commission, transmitting the 1997 annual report as required by the Energy Reorganization Act of 1974; to the Committee on Commerce.

3423. A letter from the Secretary of Health and Human Services, transmitting the sixteenth annual report to Congress of the Orphan Products Board (OPB), pursuant to 42 U.S.C. 236(e); to the Committee on Commerce.

3424. A letter from the Deputy Secretary, Market Regulation, Securities and Exchange Commission, transmitting the Commission's final rule— Broker-Dealer Registration and Reporting [Release No. 34–41594; File No. S7–16–99] (RIN: 3235–AH73) received July 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

3425. A letter from the Director, Defense Security Cooperation Agency, transmitting notification concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance (LOA) to Australia for defense articles and services (Transmittal No. 99–20), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

3426. A letter from the Acting Director, Defense Security Cooperation Agency, transmitting notification concerning the Department of the Army's Proposed Letter(s) of Offer and Acceptance (LOA) to Egypt for defense articles and services (Transmittal No. 99–25), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

3427. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting notification of a proposed license for the export of defense articles or defense services to French Guiana (Transmittal No. DTC 74–99), pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

3428. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of major defense equipment sold under a contract to Turkey [Transmittal No. DTC 80–99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

3429. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement for export of defense services under a contract to Spain (Transmittal No. DTC 2–99), pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

3430. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to Japan [Transmittal No. DTC 78–99], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

3431. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting notification that effective July 4, 1999, the 15% danger pay allowance for Eritrea has been eliminated, pursuant to 5 U.S.C. 5928; to the Committee on International Relations.

3432. A letter from the Secretary of Agriculture, transmitting the Management Report for the 6-month period ending March 31, 1999, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform.

3433. A letter from the Secretary of Energy, transmitting the twentieth Semiannual Report to Congress prepared by the Department of Energy's Inspector General, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform.

3434. A letter from the Comptroller General, transmitting a list of GAO reports from the previous month; to the Committee on Government Reform.

3435. A letter from the Associate Administrator for Human Resources and Education, General Accounting Office, transmitting a list of vacancies; to the Committee on Government Reform.

3436. A letter from the Director, Office of Management and Budget, transmitting the Office's report entitled the "1999 Federal Financial Management Status Report and Five-Year Plan," pursuant to Public Law 101—576, section 301(a) (104 Stat. 2849); to the Committee on Government Reform.

3437. A letter from the Director, Office of Management and Budget, transmitting Amendments to Deferred Maintenance Reporting; to the Committee on Government Reform.

3438. A letter from the Acting Deputy Director for Management, Office of Management and Budget, transmitting the report entitled, "Electronic Purchasing and Payment in the Federal Government"; to the Committee on Government Reform.

3439. A letter from the Director, Office of Personnel Management, transmitting notification of the approval of the final plan for a human resources management demonstration project at the Naval Research Laboratory; to the Committee on Government Reform.

3440. A letter from the Office of Special Counsel, transmitting the Annual Report of the Office of the Special Counsel (OSC) for Fiscal Year (FY) 1998, pursuant to Public Law 101—12, section 3(a)(11) (103 Stat. 29); to the Committee on Government Reform.

3441. A letter from the Secretary of Education, transmitting notification that effective June 21, 1999, the Commissioner of the National Center for Education Statistics resigned; to the Committee on Government Reform.

3442. A letter from the Librarian of Congress, transmitting the Annual Report of the Librarian of Congress, for the fiscal year ending September 30, 1998, pursuant to 2 U.S.C. 139; to the Committee on House Administration.

3443. A letter from the Secretary of the Interior, transmitting the 1998 Annual Report for the Office of Surface Mining (OSM), pursuant to 30 U.S.C. 1211(f), 1267(g), and 1295; to the Committee on Resources.

3444. A letter from the Assistant Secretary, Lands and Minerals Management, Department of the Interior, transmitting the Department's final rule—Leasing of Sulphur or Oil and Gas in the Outer Continental Shelf—Bonus Payments with Bids (RIN: 1010–AC49) received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3445. A letter from the Acting Assistant Secretary for Land and Minerals Management, Department of the Interior, transmitting the Department's final rule—Amendments to Gas Valuation Regulations for Indian Leases (RIN: 1010–AB57) received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3446. A letter from the Manager, Yakima River Basin Water Enhancement Project, Department of the Interior, transmitting a report on Biologically Based Flows for the Yakima River Basin; to the Committee on Resources.

3447. A letter from the Acting Director, Office of Sustainable Fisheries National Marine Fisheries Service, Department of Commerce, transmitting the Department's final rule—Fisheries of the Economic Exclusive Zone Off Alaska; Deep-Water Species Fishery by Vessels Using Trawl Gear in the Gulf of Alaska [Docket No. 990304062–9060–01; I.D. 072199A] received July 27, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3448. A letter from the Assistant Administrator for Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting the Department's final rule—Financial Assistance for Research and Development Projects to Strengthen and Develop the U.S. Fishing Industry [Docket No. 960223046–9151–04; I.D. 050799B] (RIN: 0648–ZA09) received July 21, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3449. A letter from the Assistant Administrator for Fisheries, National Marine Fisheries Service, Department of Commerce, transmitting the Department's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Observer and Inseason Management Requirements for Pollock Catcher/Processors; Extension of Expiration Date [Docket No. 990113011–9011–01; I.D. 010699A] (RIN: 0648–AM06) received June 21, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3450. A letter from the Director, Fish and Wildlife Service, transmitting the Service's final rule—Safe Harbor Agreements and Candidate Conservation Agreements With Assurances (RIN: 1018–AD95) received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3451. A letter from the Deputy Assistant Administrator for Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Caribbean, Gulf of Mexico, and South Atlantic; Shrimp Fishery of the Gulf of Mexico; Certification Bycatch [Docket No. 990330083–9166–02; I.D. 031999B] (RIN: 0648–AK32) received July 28, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3452. A letter from the Assistant Administrator for Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Atlantic Highly Migratory Species (HMS) Fisheries; Fishery Management Plan (FMP), Plan Amendment, and Consolidation of Regulations [Docket No. 981216308–9124–02; I.D. 071698B] (RIN:0648–AJ67) received July 19, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3453. A letter from the Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Pacific Ocean Perch in the West Yakutat District of the Gulf of Alaska [Docket No. 990304062–9062–01; I.D. 071699B] received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3454. A letter from the Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Northern Rockfish in the Central Regulatory Area of the Gulf of Alaska [Docket No. 990304062–9062–01; I.D. 071699A] received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3455. A letter from the Deputy Assistant Administrator For Fisheries National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Steller Sea Lion Protection Measures for the Pollock Fisheries off Alaska; Extension of an Expiration Date [Docket No. 990115017–9193–02; I.D. 011199A] (RIN: 0648–AM08) received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3456. A letter from the Acting Director, Office of Sustainable Fisheries National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Pacific Ocean Perch in the Western Regulatory Area of the Gulf of Alaska [Docket No. 990304062–9062–01; I.D. 071699C] received July 26, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

3457. A letter from the Secretary of the Interior, transmitting notification that the National Park Service has recently purchased lands and interests in land in Katmai National Park and Preserve, Alaska, and has conveyed other lands into private ownership within this unit of the National Park System; to the Committee on Resources.

3458. A letter from the Assistant Secretary for Employment and Training, Department of Labor, transmitting the Department's final rule—Labor Certification Process for the Temporary Employment of Nonimmigrant Aliens in Agriculture in the United States; Administrative Measure To Improve Program Performance (RIN: 1205–AB19) received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

3459. A letter from the Secretary of Transportation, transmitting the Department's annual report entitled "Report to Congress on Transportation Security" for Calendar Year 1997, pursuant to Public Law 101—604, section 102(a) (104 Stat. 3068); to the Committee on Transportation and Infrastructure.

3460. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule— Airworthiness Directives; Airbus Industrie Model A300–600 Series Airplanes [Docket No. 98–NM–62–AD; Amendment 39–11236; AD 99–16–01] (RIN: 2120–AA64) received July 29, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3461. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule— Airworthiness Directives; Pratt & Whitney JT9D Series Turbofan Engines [Docket No. 98–ANE–21–AD; Amendment 39–11233; AD 98–23–07 R1] received July 29, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3462. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule— Airworthiness Directives; Boeing Model 737–600 Series Airplanes [Docket No. 99–NM–155–AD; Amendment 39–11229; AD 99–15–09] (RIN: 2120–AA64) received July 29, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3463. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule— Establishment of Class E Airspace; Taylor, AZ [Airspace Docket No. 97–AWP–2] received July 29, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3464. A letter from the Program Analyst, Office of the Chief Counsel, FAA, Department of Transportation, transmitting the Department's final rule— Correction of Class D Airspace, Bullhead City, AZ [Airspace Docket No. 99–AWP–8] received July 29, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3465. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Management Information System (MIS) Requirements [USCG–1998–4469] (RIN: 2115–AF67) received July 22, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3466. A letter from the Regulations Officer, Federal Highway Administration, Department of Transportation, transmitting the Department's final rule—National Standards for Traffic Control Devices; Metric Conversion [FHWA Docket No. FHWA–97–2353; 96–20] (RIN: 2125–AD63) received July 9, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3467. A letter from the Program Analyst, Office of the Chief Counsel, Department of Transportation, transmitting the Department's final rule— Amendment to Class E Airspace; York, NE [Airspace Docket No. 99–ACE–25] received June 21, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3468. A letter from the Program Analyst, Office of the Chief Counsel, Department of Transportation, transmitting the Department's final rule— Revision of Class E Airspace, Santa Catalina, Ca [Airspace Docket No. 99–AWP–6] received June 21, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3469. A letter from the Program Analyst, Office of the Chief Counsel, Department of Transportation, transmitting the Department's final rule— Establishment of Class E Airspace; Taylor, AZ [Airspace Docket No. 97–AWP–2] received June 21, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3470. A letter from the Program Analyst, Office of the Chief Counsel, Department of Transportation, transmitting the Department's final rule— Airworthiness Directives; Cessna Aircraft Company Models 206H and T206H Airplanes [Docket No. 99–CE–23–AD'; Amendment 39–11197; AD 99–13–04] (RIN: 2120–AA64) received June 21, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3471. A letter from the Program Analyst, Office of the Chief Counsel, Department of Transportation, transmitting the Department's final rule— Amendment to Class E Airspace; Macon, MO [Airspace Docket No. 99–ACE–20] received June 21, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3472. A letter from the Program Analyst, Office of the Chief Counsel, Department of Transportation, transmitting the Department's final rule— Amendment to Class E Airspace; Emporia, KS [Airspace Docket No. 099–ACE–24] received June 21, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

3473. A letter from the Associate Administrator for Procurement, National Aeronautics and Space Administration, transmitting the Administration's final rule—Miscellaneous Administrative Revisions—received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Science.

3474. A letter from the Associate Administrator for Procurement, National Aeronautics and Space Administration, transmitting the Administration's final rule—NASA FAR Supplement; Protests to the Agency—received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Science.

3475. A letter from the Secretary of Veterans Affairs, transmitting a response to the Report of the Congressional Commission on Servicemembers and Veterans Transition Assistance; to the Committee on Veterans' Affairs.

3476. A letter from the Chief Counsel, Bureau of the Public Debt, Department of the Treasury, transmitting the Department's final rule—General Regulations Governing U.S. Securities—received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

3477. A letter from the Chief Counsel, Bureau of the Public Debt, Department of the Treasury, transmitting the Department's final rule— Regulations Governing U.S. Savings BONDS, Series A, B, C, D, E, F, G, H, J, and K, and U.S. Savings Notes; Regulations Governing United States Savings BONDS, Series EE and HH; Regulations Governing Book-Entry Treasury BONDS, Notes and Bills; and Electronic Transactions and Funds Transfers Related to U.S. Securities—received July 2, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

3478. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—BLS-LIFO Department Store Indexes— June 1999—received July 29, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

3479. A letter from the Secretary of Health and Human Services, transmitting notification that the Department is allotting emergency funds to 16 States and the District of Columbia; jointly to the Committees on Commerce and Education and the Workforce.

3480. A letter from the Secretary of Health and Human Services, transmitting a draft of proposed legislation entitled, "Medicaid and Children's Health Insurance Program Amendments of 1999"; jointly to the Committees on Commerce and Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LINDER: Committee on Rules. House Resolution 273. Resolution providing for consideration of the bill (H.R. 2670) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 2000, and for other purposes (Rept. 106–284). Referred to the House Calendar.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 940. A bill to establish the Lackawanna Heritage Valley American Heritage Area; with amendments (Rept. 106–285). Referred to the Committee of the Whole House on the State of the Union.

Mr. WALSH: Committee on Appropriations. H.R. 2684. A bill making appropriations for the Department of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 2000, and for other purposes (Rept. 106–286). Referred to the Committee of the Whole House on the State of the Union.

DISCHARGE OF COMMITTEE

Pursuant to clause 5 of rule X, Committee on Government Reform discharged. H.R. 1907 referred to the Committee of the Whole House on the State of the Union.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. COBLE: Committee on the Judiciary. H.R. 1907. A bill to amend title 35, United States Code, to provide enhanced protection for inventors and innovators, protect patent terms, reduce patent litigation, and for other purposes, with an amendment; referred to the Committee on Government Reform for a period ending not later than August 3, 1999, for consideration of such provisions of the bill and amendment as fall within the jurisdiction of that committee pursuant to clause 1(h), rule X (Rept. 106–287, Pt. 1). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. McCOLLUM:

H.R. 2678. A bill to amend title 39, United States Code, to provide for the establishment of a notification system under which individuals may elect not to receive mailings related to skill contests or sweepstakes, and for other purposes; to the Committee on Government Reform.

By Mr. SHUSTER (for himself, Mr. OBERSTAR, Mr. PETRI, and Mr. RAHALL):

H.R. 2679. A bill to amend title 49, United States Code, to establish the National Motor Carrier Administration in the Department of Transportation, to improve the safety of commercial motor vehicle operators and carriers, to strengthen commercial driver's licenses, and for other purposes; to the Committee on Transportation and Infrastructure.

By Ms. JACKSON-LEE of Texas (for herself, Mr. CONYERS, Mr. BERMAN, Mr. GUTIERREZ, and Mr. MEEHAN):

H.R. 2680. A bill to replace the Immigration and Naturalization Service with the National Immigration Bureau, to separate the immigration enforcement and adjudication functions performed by officers and employees of the Bureau reporting to the Director, to amend the Immigration and Nationality Act to restore eligibility for adjustment of status under section 245(i) of that Act and to restructure the use of fees collected for providing adjudication and naturalization services, and for other purposes; to the Committee on the Judiciary.

By Mr. SHUSTER (for himself, Mr. OBERSTAR, Mr. PETRI, and Mr. RAHALL):

H.R. 2681. A bill to establish a program, coordinated by the National Transportation Safety Board, of assistance to families of passengers involved in rail passenger accidents; to the Committee on Transportation and Infrastructure.

By Mr. SHUSTER (for himself, Mr. Oberstar, Mr. Petri, and Mr. Rahall) (all by request):

H.R. 2682. A bill to amend title 49, United States Code, to enhance the safety of motor carrier operations and the Nation's highway system, including highway-rail crossings, by amending existing safety laws to strengthen commercial driver licensing, to improve compliance, and for other purposes; to the Committee on Transportation and Infrastructure.

H.R. 2683. A bill to authorize activities under the Federal railroad safety laws for fiscal years 2000 through 2003, and for other purposes; to the Committee on Transportation and Infrastructure.

By Mr. WALSH:

H.R. 2684. A bill making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 2000, and for other purposes.

By Mr. BONILLA (for himself and Mr. Sam Johnson of Texas):

H.R. 2685. A bill to guarantee the right of all active duty military personnel, merchant mariners, and their dependents to vote in Federal, State, and local elections; to the Committee on House Administration, and in addition to the Committees on Veterans' Affairs, and the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. DAVIS of Virginia:

H.R. 2686. A bill to amend subchapter III of chapter 83 of title 5, United States Code, to make service performed as an employee of a nonappropriated fund instrumentality after 1965 and before 1987 creditable for retirement purposes; to the Committee on Government Reform.

By Ms. LOFGREN (for herself, Mr. Conyers, Mr. Dooley of California, Ms. Eshoo, Ms. Pelosi, Ms. Sanchez, Mrs. Tauscher, Ms. Woolsey, Mr. Matsui, Mr. Thompson of California, Ms. Jackson-Lee of Texas, Mr. Berman, Mr. Meehan, and Mr. Kind):

H.R. 2687. A bill to amend the Immigration and Nationality Act to establish a 5-year pilot program under which certain aliens completing a postsecondary degree in mathematics, science, engineering, or computer science are permitted to change nonimmigrant classification in order to remain in the United States for a 5-year period for the purpose of working in one of those fields; to the Committee on the Judiciary.

By Mr. MORAN of Virginia (for himself and Ms. Norton):

H.R. 2688. A bill to reduce traffic congestion, promote economic development, and improve the quality of life in the metropolitan Washington region; to the Committee on Transportation and Infrastructure.

By Mr. NEY:

H.R. 2689. A bill to impose a one-year moratorium on promulgation of new rules by the Health Care Financing Administration; to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SMITH of New Jersey (for himself and Mr. Payne):

H.R. 2690. A bill to prohibit States from imposing a family cap under the program of temporary assistance to needy families; to the Committee on Ways and Means.

By Mr. STARK (for himself, Mr. Markey, Mr. McGovern, Mr. McDermott, Mr. Moakley, Mr. Olver, Mr. Capuano, and Mr. Gordon):

H.R. 2691. A bill to amend the Internal Revenue Code of 1986 and titles XVIII and XIX of the Social Security Act to provide a range of long-term care services; to the Committee on Ways and Means, and in addition to the Committees on Commerce, Government Reform, and Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. WEINER:

H.R. 2692. A bill to amend the Internal Revenue Code of 1986 to expand the child tax credit; to the Committee on Ways and Means.

By Ms. WOOLSEY:

H.R. 2693. A bill to amend the Child Care and Development Grant Act of 1990 to provide for improved care for young children; to the Committee on Education and the Workforce.

H.R. 2694. A bill to increase the availability of child care for children whose parents work nontraditional hours or shifts; to the Committee on Education and the Workforce.

By Mr. SHUSTER (for himself, Mr. Oberstar, Mr. Petri, and Mr. Rahall):

H. Con. Res. 171. Concurrent resolution congratulating the American Public Transit Association for 25 years of commendable service to the transit industry and the Nation; to the Committee on Transportation and Infrastructure.

MEMORIALS

Under clause 3 of rule XII, memorials were presented and referred as follows:

179. The SPEAKER presented a memorial of the House of Representatives of the State of Colorado, relative to House Joint Resolution No. 99-1043 memorializing Congress to pass legislation requiring labels that disclose the country of origin on meats, poultry, and fresh produce; to the Committee on Agriculture.

180. Also, a memorial of the House of Representatives of the State of Illinois, relative to House Joint Resolution No. 12 memorializing Congress and the Department of Agriculture to re-examine our national agricultural policy and give due attention and action to remedy the current agricultural economic dilemma; to the Committee on Agriculture.

181. Also, a memorial of the House of Representatives of the State of New Hampshire, relative to House Joint Resolution No. 7 memorializing support for the continued management of the White Mountain National Forest for multiple uses as a part of the National Forest System; to the Committee on Agriculture.

182. Also, a memorial of the House of Representatives of the State of Colorado, relative to House Joint Resolution No. 99-1032 memorializing Congress to repeal all provisions of federal law that allow or require a labor organization to represent employees who choose not to join or financially support such labor organization; to the Committee on Education and the Workforce.

183. Also, a memorial of the House of Representatives of the State of New Hampshire, relative to House Concurrent Resolution No. 6 memorializing the President and Congress to fund 40 percent of the average per pupil expenditure in public elementary and secondary schools in the United States as promised under the IDEA to ensure that all children, regardless of disability, receive a quality education and are treated with the dignity and respect they deserve; to the Committee on Education and the Workforce.

184. Also, a memorial of the Legislature of the State of New York, relative to Senate No. 1557 memorializing the New York State Congressional Delegation to effectuate a repeal of the oxygenate mandate for reformulated gasoline; to the Committee on Commerce.

185. Also, a memorial of the House of Representatives of the State of Colorado, relative to House Joint Resolution No. 99-1047 memorializing Congress to subject the "Regional Haze Rule" to congressional rule review, to reject the rule, and return it to the EPA for proper participation by all interested parties prior to promulgation in accordance with the requirements of the federal "Administrative Procedures Act"; to the Committee on Commerce.

186. Also, a memorial of the House of Representatives of the State of Colorado, relative to House Joint Resolution No. 99-1037 memorializing Congress to require the EPA to recognize that the State of Colorado has the requisite authority, expertise, experience, and resources to administer delegated federal environmental programs; to the Committee on Commerce.

187. Also, a memorial of the House of Representatives of the State of New Hampshire, relative to House Joint Resolution No. 2 memorializing federal air pollution programs to not punish early adopters of air pollution control technology; to the Committee on Commerce.

188. Also, a memorial of the House of Representatives of the State of New Hampshire, relative to House Joint Resolution No. 9 memorializing Congress to eliminate the oxygenate requirements of the federal Clean Air Act without imposing any new federal requirements to reduce air pollution; to the Committee on Commerce.

189. Also, a memorial of the House of Representatives of the State of New Hampshire, relative to House Concurrent Resolution No. 12 memorializing Congress to enact legislation amending the Social Security Act to prohibit recoupment by the federal government of state tobacco settlement funds; to the Committee on Commerce.

190. Also, a memorial of the House of Representatives of the State of New Hampshire, relative to House Concurrent Resolution No. 12 memorializing Congress to enact legislation amending the Social Security Act to prohibit recoupment by the federal government of state tobacco settlement funds; to the Committee on Commerce.

191. Also, a memorial of the House of Representatives of the State of Alabama, relative to House Joint Resolution No. 178 memorializing Congress to enact legislation amending the Social Security Act to prohibit recoupment by the federal government of state tobacco settlement funds; to the Committee on Commerce.

192. Also, a memorial of the General Assembly of the State of Rhode Island, relative

to Joint Resolution 99–S 1003 memorializing the President and Congress to ratify the United Nations convention on the Rights of the Child; to the Committee on International Relations.

193. Also, a memorial of the House of Representatives of the State of Hawaii, relative to House Resolution No. 219 HD1 memorializing the United Nations Children's Fund to establish a center for the health, welfare, and rights of children and youth in Hawaii and support for the center is respectfully requested from the President of the United States and Congress; to the Committee on International Relations.

194. Also, a memorial of the Legislature of the Commonwealth of Guam, relative to Resolution No. 126 memorializing Guam's Delegate to the U.S. Congress introduce legislation that would further amend the Organic Act of Guam to allow for the first election of the Attorney General of Guam to be held in the General Election in the year 2000; to the Committee on Resources.

195. Also, a memorial of the House of Representatives of the State of Colorado, relative to House Joint Resolution No. 99–1023 memorializing the Department of the Interior and the Bureau of Land Management to withdraw the current proposal to amend the federal regulations, 43 C.F.R. subpart 3809 and published at 64 F.R. 6422 on February 9, 1999, governing hardrock mining activity; to the Committee on Resources.

196. Also, a memorial of the House of Representatives of the State of Colorado, relative to House Joint Resolution No. 99–1020 memorializing opposition towards H.R. 829, the "Colorado Wilderness Act of 1999"; to the Committee on Resources.

197. Also, a memorial of the House of Representatives of the State of Colorado, relative to House Joint Resolution No. 99–1051 memorializing Congress to adopt certain amendments to the federal "Endangered Species Act of 1973"; to the Committee on Resources.

198. Also, a memorial of the House of Representatives of the State of Colorado, relative to House Joint Resolution No. 99–1049 memorializing support for the most integrated setting mandate in regulations adopted by the United States Attorney General pursuant to the federal "Americans With Disabilities Act of 1990"; to the Committee on the Judiciary.

199. Also, a memorial of the House of Representatives of the State of New Hampshire, relative to House Concurrent Resolution No. 4 memorializing the Secretary of Transportation to expeditiously authorize the inclusion of U.S. Route 2 through the states of Maine, New Hampshire, and Vermont as a designated border corridor highway under the auspices of Section 1118 and 1119 of the Transportation Equity Act of the 21st Century; to the Committee on Transportation and Infrastructure.

200. Also, a memorial of the House of Representatives of the State of New Hampshire, relative to House Concurrent Resolution No. 11 memorializing Congress and the Internal Revenue Service to make changes to the Internal Revenue Code and federal tax regulations necessary to broaden the ability of taxpayers to make tax-deductible contributions to Nuclear Decommissioning Reserve Funds and to permit all contributions toward future decommissioning expenses to receive beneficial tax treatment; to the Committee on Ways and Means.

201. Also, a memorial of the Senate of the State of Nevada, relative to Senate Joint Resolution No. 22 memorializing Congress to ensure that the provisions of H.R. 10, S. 900 and any similar federal legislation do not interfere with the jurisdiction of Nevada to regulate providers of insurance for the protection of its residents; jointly to the Committees on Commerce and Banking and Financial Services.

202. Also, a memorial of the Legislature of the State of Idaho, relative to House Joint Memorial No. 5 memorializing support for the stabilization of payments of the United States Forest Service to county governments through the State Treasurer; jointly to the Committees on Resources and Agriculture.

203. Also, a memorial of the Senate of the State of Colorado, relative to Senate Joint Memorial No. 99–003 memorializing Congress to establish a block grant program for the distribution of federal highway moneys, to use a uniform measure when considering the donor and donee issue, to eliminate demonstration projects, and to expand activities to combat the evasion of federal highway taxes and fees; jointly to the Committees on Transportation and Infrastructure and Ways and Means.

204. Also, a memorial of the House of Representatives of the State of New Hampshire, relative to House Concurrent Resolution No. 9 memorializing the federal government to review Medicare policies and procedures to ensure that New Hampshire senior citizens retain all Medicare options; jointly to the Committees on Ways and Means and Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 3 of rule XII,

Mr. FRANK of Massachusetts introduced A bill (H.R. 2695) to provide for the relief of Kathy Barrett; which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 44: Mr. Cook, Ms. Eshoo, Mr. McHugh, Mr. Gary Miller of California, and Mr. Watts of Oklahoma.

H.R. 269: Mrs. Thurman, Mr. Stark, and Mr. Hilliard.

H.R. 274: Mr. English and Mr. Smith of Washington.

H.R. 303: Ms. Stabenow, Mr. Ryan of Wisconsin, and Ms. Lee.

H.R. 382: Mr. Doyle and Mr. Wexler.

H.R. 393: Mrs. Napolitano.

H.R. 405: Mr. Kolbe and Mr. Murtha.

H.R. 410: Mr. Wu.

H.R. 488: Mr. Stark.

H.R. 489: Mr. Blumenauer.

H.R. 531: Mr. Oxley.

H.R. 552: Mr. Packard.

H.R. 566: Mr. Gallegly.

H.R. 583: Mr. Kucinich and Mr. Cunningham.

H.R. 595: Mr. Reyes.

H.R. 601: Mr. Watts of Oklahoma.

H.R. 606: Mr. Bass.

H.R. 655: Mr. Smith of Washington.

H.R. 671: Mr. Snyder.

H.R. 776: Mr. Lampson.

H.R. 783: Mr. LaHood.

H.R. 784: Mr. Ackerman and Mrs. Morella.

H.R. 809: Mr. Watts of Oklahoma.

H.R. 852: Mrs. Emerson.

H.R. 854: Mr. Weygand.

H.R. 919: Mr. Berman, Mr. Cummings, Mr. Lantos, and Mr. Tierney.

H.R. 997: Mr. Smith of Washington, and Mr. Blumenauer.

H.R. 1055: Mr. English and Mr. Green of Texas.

H.R. 1067: Mr. Campbell and Mr. Shows.

H.R. 1102: Mr. Mascara, Mr. Pascrell, Mr. Sununu, Mr. Green of Texas, Mr. Cunningham, and Mr. Kuykendall.

H.R. 1111: Mr. Walsh, Mr. Bonilla, Mr. Baker, Mr. Kildee, and Mr. Menendez.

H.R. 1168: Mr. Diaz-Balart and Mr. Allen.

H.R. 1221: Mr. Wexler and Mr. Goss.

H.R. 1272: Mr. Fletcher.

H.R. 1317: Mr. McCrery.

H.R. 1322: Mr. Minge and Mr. Royce.

H.R. 1334: Mr. Stenholm.

H.R. 1344: Mr. Baker, Mr. Kolbe, and Mr. Udall of New Mexico.

H.R. 1355: Mr. Ose.

H.R. 1356: Mr. Goodling, Mr. Stearns, Mrs. Kelly, Mr. Pitts, and Mr. Hall of Ohio.

H.R. 1360: Mr. Gordon and Mr. Rahall.

H.R. 1399: Mr. Weiner and Mr. Neal of Massachusetts.

H.R. 1452: Mr. Hinchey, Mr. Ney, and Mr. Jefferson.

H.R. 1505: Mr. Kucinich and Mr. Cannon.

H.R. 1531: Mr. Weiner and Mrs. Thurman.

H.R. 1547: Mr. McHugh.

H.R. 1577: Mr. Doolittle, Mr. Graham, Mr. Sam Johnson of Texas, Mr. Lewis of Kentucky, Mr. Pombo, Mr. Sessions, and Mr. Whitfield.

H.R. 1579: Mr. Ose.

H.R. 1592: Mr. Berry and Mr. Stenholm.

H.R. 1594: Mr. Berman, Mr. Stark, Ms. Slaughter, Mr. Wynn, Mr. Weygand, Mr. McDermott, Mr. Traficant, and Mr. Meehan.

H.R. 1621: Mr. Coyne, Mr. Aderholt, Ms. Lee, Mr. Holden, and Mr. Blumenauer.

H.R. 1622: Mr. Isakson.

H.R. 1640: Mr. Kildee, Ms. Kilpatrick, Mr. Neal of Massachusetts, Mr. Brown of Ohio, Mr. McNulty, Mr. McGovern, Mr. Clay, Mr. Moakley, Mr. Barcia, and Mr. Scott.

H.R. 1649: Mr. Stump.

H.R. 1685: Mr. Peterson of Pennsylvania.

H.R. 1728: Mr. Olver, Mr. Coyne, and Ms. Danner.

H.R. 1750: Mr. Peterson of Minnesota.

H.R. 1777: Mr. Kucinich.

H.R. 1791: Mr. Doyle.

H.R. 1810: Mr. Costello.

H.R. 1821: Ms. Danner, Mr. Reyes, and Ms. DeLauro.

H.R. 1824: Mr. Hyde.

H.R. 1832: Mr. Hall of Texas, Mr. Smith of New Jersey, and Mr. Traficant.

H.R. 1838: Mrs. Maloney of New York, Mr. Bilirakis, and Mr. Linder.

H.R. 1844: Mr. Boehlert.

H.R. 1856: Mr. Vitter.

H.R. 1876: Mr. Barton of Texas, Mr. Hall of Texas, Mrs. Northup, Mr. Sessions, and Mr. Isakson.

H.R. 1883: Mr. Delahunt, Mr. Fossella, Mrs. Napolitano, Mr. Minge, Mr. Phelps, Mr. Dreier, and Mr. Lewis of Georgia.

H.R. 1887: Mr. Doyle.

H.R. 1899: Mr. Gejdenson, Mr. Barton of Texas, and Mr. Olver.

H.R. 1933: Mr. Souder, Mr. Tiahrt, and Mr. Hostettler.

H.R. 1977: Mr. Hilliard and Ms. Kilpatrick.

H.R. 1987: Mr. Nethercutt.

H.R. 1990: Mr. Barrett of Wisconsin, Mr. Holt, Mr. Oxley, and Mr. Gilchrest.

H.R. 1998: Mr. Lewis of California.

H.R. 2004: Ms. Lee.

H.R. 2030: Mr. Luther.

H.R. 2057: Mr. PETERSON of Pennsylvania and Mr. BLUNT.

H.R. 2120: Mr. HASTINGS of Florida and Mr. EDWARDS.

H.R. 2221: Mr. VITTER.

H.R. 2241: Mr. KOLBE, Mr. DELAHUNT, Mr. MURTHA, Mr. GEJDENSON, and Mr. GEKAS.

H.R. 2245: Mr. WHITFIELD.

H.R. 2258: Mr. DAVIS of Illinois.

H.R. 2260: Mr. DUNCAN, Mr. RYAN of Wisconsin, Mr. QUINN, Mr. BLILEY, and Mr. GALLEGLY.

H.R. 2268: Mr. KOLBE.

H.R. 2282: Mr. NETHERCUTT.

H.R. 2303: Mrs. TAUSCHER, Mr. PORTMAN, Mr. HAYES, Mr. HASTINGS of Washington, Mrs. CUBIN, Mr. DOYLE, Mr. REGULA, Mr. SUNUNU, Mr. HALL of Ohio, and Mr. NADLER.

H.R. 2308: Mr. UDALL of New Mexico.

H.R. 2354: Mrs. MEEK of Florida.

H.R. 2357: Mrs. JONES of Ohio, Mr. HALL of Ohio, Mr. OXLEY, Mr. STRICKLAND, Mr. HOBSON, Ms. KAPTUR, Mr. KUCINICH, Mr. BROWN of Ohio, Mr. SAWYER, Mr. NEY, Mr. LATOURETTE, Mr. PORTMAN, Mr. FRELINGHUYSEN, Mr. LIPINSKI, Mr. FRANK of Massachusetts, Mr. JACKSON of Illinois, Ms. MCKINNEY, Mr. CLAY, Mrs. CHRISTENSEN, Mrs. THURMAN, Mr. SKELTON, Mrs. MEEK of Florida, Mr. HILLIARD, Mr. CHABOT, and Mr. GILLMOR.

H.R. 2372: Mr. MCHUGH, Ms. PRYCE of Ohio, Mr. WATKINS, Mr. SHIMKUS, Mr. BOYD, Mr. DEAL of Georgia, Mr. THORNBERRY, Mr. TURNER, Mr. FOLEY, Mr. HUTCHINSON, Mr. HOEKSTRA, Mr. STEARNS, Mr. HILLEARY, Mrs. EMERSON, Mr. HOLDEN, Mr. HOBSON, Mr. HOYER, and Mr. POMBO.

H.R. 2395: Mr. BEREUTER and Mr. SIMPSON.

H.R. 2419: Mr. HILLIARD, Mr. RODRIGUEZ, Mr. RADANOVICH, and Mr. ROGERS.

H.R. 2420: Mr. JONES of North Carolina, Mr. BOYD, and Mr. ISAKSON.

H.R. 2424: Mr. DAVIS of Illinois.

H.R. 2434: Mr. BARRETT of Nebraska, Mr. BLILEY, Mr. LEWIS of Kentucky, and Mr. NETHERCUTT.

H.R. 2441: Mr. UPTON, Mr. COX, Mr. OWENS, and Mr. BARRETT of Wisconsin.

H.R. 2470: Mr. LIPINSKI.

H.R. 2494: Mr. LARGENT.

H.R. 2498: Mr. RAMSTAD, Mrs. CAPPS, and Mr. SMITH of Washington.

H.R. 2512: Ms. MCCARTHY of Missouri, Mr. FORD, and Mr. SAWYER.

H.R. 2515: Ms. LOFGREN.

H.R. 2534: Ms. LOFGREN and Mr. MOORE.

H.R. 2543: Mr. STEARNS and Mr. GILMAN.

H.R. 2548: Mr. BURTON of Indiana, Mr. JONES of North Carolina, Mr. TRAFICANT, and Ms. KILPATRICK.

H.R. 2558: Mr. FROST.

H.R. 2559: Mr. HILL. of Montana, Mr. GILMAN, Mr. SMITH of Michigan, and Mr. COOKSEY.

H.R. 2574: Mrs. NAPOLITANO, Mr. UDALL of Colorado, and Mrs. MCCARTHY. of New York.

H.R. 2586: Mr. ROMERO-BARCELO..

H.R. 2631: Mr. UNDERWOOD and Mr. DICKS.

H.R. 2662: Mr. HOUGHTON.

H.J. Res. 2: Mr. FORBES.

H Con. Res. 111: Mr. WEINER and Ms. SANCHEZ.

H. Con. Res. 129: Mr. PORTER.

H. Con. Res. 134: Mr. OBERSTAR.

H. Res. 155: Mr. DEFAZIO, Mr. HOYER, Mr. HUNTER, Mrs. LOWEY, and Mr. STARK.

H. Res. 268: Mr. BAKER.

PETITIONS, ETC.

Under clause 3 of rule XII, petitions and papers were laid on the clerk's desk and referred as follows:

43. The SPEAKER presented a petition of the Municipal Assembly of Isabela, relative to Resolution No. 87 petitioning the President of the United States to withdraw the Navy from Vieques, Puerto Rico; to the Committee on Armed Services.

44. Also, a petition of the City of Strongsville, relative to Resolution No. 1999-141 petitioning support for the ratification, by the United States, of the United Nations Convention on the elimination of all forms of discimination against women; to the Committee on International Relations.

45. Also, a petition of the Legislature of Rockland County, relative to Resolution No. 191 of 1999 petitioning Congress to return to state side Land and Water Conservation Fund funding in the 1999–2000 Federal Budget; to the Committee on Resources.

46. Also, a petition of the City of Miami Commission, relative to Resolution No. 99-359 petitioning support for Stiltsville, and recommending that it not be demolished as presently intended, and supporting efforts to have Stiltsville reconsidered as a designated historic site by Biscayne National Park, the National Park Service, the U.S. Department of the Interior, and further directing the City Clerk to transmit a copy of this resolution to the officials designated herein; to the Committee on Resources.

47. Also, a petition of the Common Council of the City of Albany, relative to Resolution No. 79.102.98R petitioning support for the adoption of pending federal and state hate crimes legislation and urging speedy action by colleagues in the Congress and State Legislature; to the Committee on the Judiciary.

48. Also, a petition of the Legislature of Rockland County, relative to Resolution No. 204 of 1999 petitioning Congress to adopt the Immunosuppresive Drug Extension Coverage Act of 1999; jointly to the Committees on Ways and Means and Commerce.

AMENDMENTS

Under clause 8 of rule XVIII, proposed amendments were submitted as follows:

H.R. 2670

OFFERED BY: MR. BLAGOJEVICH OF ILLINOIS

AMENDMENT NO. 4: At the end of title I, insert the following new section:

SENSE OF THE CONGRESS THAT THE NATIONAL INSTANT CRIMINAL BACKGROUND CHECK SYSTEM SHOULD IMMEDIATELY NOTIFY THE APPROPRIATE AUTHORITIES ABOUT ATTEMPTED FIREARMS PURCHASES BY INELIGIBLE PERSONS

It is the sense of the Congress that—

(1) if the national instant criminal background check system determines that receipt of a firearm by a person would violate subsection (g) or (n) of section 922 of title 18, United States Code, or State law, the system should immediately notify the State and local law enforcement authorities (if willing to accept the information), and the field office of the Bureau of Alcohol, Tobacco and Firearms, that the Attorney General deems appropriate, of—

(A) the determination (including why the receipt would constitute such a violation);

(B) the name of, and such other identifying information about the person as the system possesses; and

(C) the location of the licensee involved.

(2) neither a government nor an employee of a government responsible for providing a notice or information pursuant to subparagraph (A) should be liable in an action at law for damages for failure to so provide such a notice or such information.

H.R. 2670

OFFERED BY: MR. CAMPBELL

AMENDMENT NO. 5: At the end of the bill, insert after the last section (preceding the short title) the following:

SEC. . None of the funds appropriated under this Act may be used to enforce the provisions of 8 U.S.C. 1534(e)(3)(F)(ii).

H.R. 2670

OFFERED BY: MR. COOK

AMENDMENT NO. 6: Page 28, line 11, after the dollar amount, insert the following: "(increased by $2,500,000)".

Page 29, line 5, after the dollar amount, insert the following: "(increased by $2,500,000)".

Page 32, line 18, after the dollar amount, insert the following: "(increased by $2,500,000)".

Page 32, line 23, after the dollar amount, insert the following: "(increased by $2,500,000)".

Page 32, line 25, after the dollar amount, insert the following: "(increased by $2,500,000)".

Page 43, line 1, after the dollar amount, insert the following: "(reduced by $11,972,000)".

Page 43, line 5, after the dollar amount, insert the following: "(reduced by $11,972,000)".

Page 43, line 6, after the dollar amount, insert the following: "(reduced by $11,972,000)".

Page 43, line 12, after the dollar amount, insert the following: "(reduced by $11,972,000)".

H.R. 2670

OFFERED BY: MR. CROWLEY

AMENDMENT NO. 7: At the end of the bill, insert after the last section (preceding the short title) the following:

TITLE VIII—ADDITIONAL GENERAL PROVISIONS

SEC. 801. None of the funds made available in this Act may be used for joint training programs between the Royal Ulster Constabulary and any Federal law enforcement agency.

H.R. 2670

OFFERED BY: MR. HALL OF OHIO

AMENDMENT NO. 8: In title IV, under DEPARTMENT OF STATE, ARREARAGE PAYMENTS, strike the first proviso.

H.R. 2670

OFFERED BY: MS. JACKSON-LEE OF TEXAS

AMENDMENT NO. 9: Page 18, line 18, after the dollar amount, insert the following: "(increased by $3,700,000)".

Page 27, line 17, after the dollar amount, insert the following: "(reduced by $3,700,000)".

H.R. 2670

OFFERED BY: MS. JACKSON-LEE OF TEXAS

AMENDMENT NO. 10: Page 19, line 24, after the dollar amount, insert the following: "(increased by $15,600,000)".

Page 22, line 9, after the dollar amount, insert the following: "(reduced by $15,600,000)".

H.R. 2670

OFFERED BY: MR. MALONEY OF CONNECTICUT

AMENDMENT NO. 11: In title I, in the item relating to "DEPARTMENT OF JUSTICE—OFFICE OF JUSTICE PROGRAMS—COMMUNITY ORIENTED POLICING SERVICES"—

(1) after the third dollar amount, insert "(increased by $500,000)"; and

(2) after the fourth and eighth dollar amounts, insert "(reduced by $500,000)".

H.R. 2670

OFFERED BY: MRS. MEEK OF FLORIDA

AMENDMENT NO. 12: Page 47, line 19, strike "activities;" and insert "activities (of which

$26,000,000 is for community-based organizations for community outreach in census tracts undercounted in the 1990 census);''.

H.R. 2670

OFFERED BY: MR. GEORGE MILLER OF CALIFORNIA

AMENDMENT NO. 13: At the end of the bill (preceding the short title), add the following:

TITLE —LIMITATION

SEC. . Of the amounts made available by this Act, not more than $2,350,000 may be obligated or expended for the Inter-American Tropical Tuna Commission.

H.R. 2670

OFFERED BY: MR. OBEY

AMENDMENT NO. 14: In title II, in the item relating to "BUREAU OF THE CENSUS—PERIODIC CENSUSES AND PROGRAMS", strike "the entire amount" the first and third places it appears and insert "of this amount, $1,723,000,000".

H.R. 2670

OFFERED BY: MR. SANFORD

AMENDMENT NO. 15: Page 110, after line 6, insert the following new title:

TITLE VIII—OTHER GENERAL PROVISIONS

SEC. 801. None of the funds appropriated in this Act shall be available for a United States assessed contribution for membership during calendar or fiscal year 2000 to the following international organizations:

(1) Bureau of International Expositions.

(2) International Copper Study Group.

(3) International Cotton Advisory Committee.

(4) International Center for the Study of Preservation and Restoration of Cultural Property.

(5) International Institute for the Unification of Private Law.

(6) International Lead and Zinc Study Group.

(7) International Natural Rubber Organizations.

(8) International Vine and Wine.

(9) International Union for the Conservation of Nature and Natural Resources.

H.R. 2670

OFFERED BY: MR. STEARNS

AMENDMENT NO. 16: Page 110, after line 6, insert the following new title:

TITLE VIII—LIMITATION PROVISIONS

SEC. 801. None of the funds appropriated in this Act shall be available for the official entertainment expenses of the Secretary of State until Linda Shenwick, a former senior executive service level employee of the Department of State, (1) is reinstated to her former position as Minister Counselor for Resources Management at the United States Mission to the United Nations, (2) is fully reimbursed for all lost wages and expenses incurred in defending herself from the Department of State's retaliation against her, and (3) has her employment files expunged of the unprecedented and punitive "Unsatisfactory" evaluation and the documentation used to support such evaluation.

H.R. 2670

OFFERED BY: MR. STEARNS

AMENDMENT NO. 17: At the end of the bill, insert after the last section (preceding the short title) the following new title:

TITLE VIII—ADDITIONAL GENERAL PROVISIONS

SEC. 801.(a) None of the funds provided under this Act to combat violence in schools in the item relating to "DEPARTMENT OF JUSTICE—Community Oriented Policing Services" may be used to provide funds to a State that has not enacted a law requiring local educational agencies to expel from school for a period of not less than 1 year a student who is determined—

(1) to be in possession of an illegal drug, or illegal drug paraphernalia, on school property under the jurisdiction of, or on a vehicle operated by an employee or agent of, a local educational agency in that State; or

(2) to have brought a firearm to a school under the jurisdiction of a local educational agency in that State;

except that the State law shall allow the chief administering officer of the local educational agency to modify the expulsion requirement for a student on a case-by-case basis.

(b) Nothing in subsection (a) shall be construed to prevent a State from allowing a local educational agency that has expelled a student from the student's regular school setting from providing educational services to the student in an alternative setting and the provisions of subsection (a) shall be construed in a manner consistent with the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.).

H.R. 2670

OFFERED BY: MR. TERRY

AMENDMENT NO. 18: Page 53, line 26, after the dollar amount insert "(reduced by $14,000,000)".

Page 54, line 12, after the dollar amount insert "(reduced by $14,000,000)".

Page 54, line 13, after the dollar amount insert "(reduced by $14,000,000)".

Page 54, line 19, after the dollar amount insert "(reduced by $14,000,000)".

Page 88, line 3, after the dollar amount insert "(increased by $10,000,000)".

H.R. 2670

OFFERED BY: MR. TRAFICANT

AMENDMENT NO. 19: At the end of the bill, insert after the last section (preceding the short title) the following:

TITLE VIII—ADDITIONAL GENERAL PROVISIONS

SEC. 801. None of the funds made available to the Department of Justice in this Act may be used for the purpose of transporting an individual who is a prisoner pursuant to conviction for crime under State or Federal law and is classified as a maximum security prisoner, other than to a prison or other facility classified as a maximum security prison or facility.

H.R. 2670

OFFERED BY: MR. VISCLOSKY

AMENDMENT NO. 20: At the end of the bill, insert after the last section (preceding the short title), the following:

TITLE VIII—ADDITIONAL GENERAL PROVISIONS

SEC. 801. None of the funds appropriated in this Act may be used to negotiate or otherwise enter into any suspension agreement under section 734 of the Tariff Act of 1930, with respect to any of the following categories of steel products: semifinished, plates, sheets and strips, wire rods, wire and wire products, rail type products, bars, structural shapes and units, pipes and tubes, iron ore, and coke products.

H.R. 2670

OFFERED BY: MR. WU

AMENDMENT NO. 21: Page 52, line 19, after the dollar amount, insert the following: "(increased by $194,996,950 for the Advanced Technology Program)".

At the end of the bill, insert after the last section (preceding the short title) the following:

TITLE VIII—ADDITIONAL GENERAL PROVISIONS

SEC. 801. Total appropriations made in this Act for "DEPARTMENT OF STATE—Administration of Foreign Affairs" are hereby reduced by 5 percent.

EXTENSIONS OF REMARKS

ADDRESS OF JOHN BRADEMAS TO LAUNCH A DEMOCRACY FOUNDATION IN SPAIN

HON. TIM ROEMER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. ROEMER. Mr. Speaker, because Congress is now debating legislation to continue funding the National Endowment for Democracy (NED), I wish to draw to the attention of my colleagues a most compelling address delivered on July 7, 1999 in Ibiza, Spain, by the chairman of the board of NED. He is one of my most distinguished predecessors as the U.S. Representative in Congress of the Third Congressional District of Indiana that I am now privileged to represent, the Honorable John Brademas.

As those of you who served with John Brademas know, he was for 22 years (1959–1981), an active and productive Member of the Committee on Education and Labor. In his last four years as a Member of Congress, John Brademas was, by appointment of Speaker Thomas P. ("Tip") O'Neill, Jr., the House Majority Whip.

On leaving Congress, Dr. Brademas became president of New York University, the nation's largest private university, a position in which he served for 11 years (1981–1992). Now president-emeritus, Dr. Brademas is also chairman, by appointment from President Clinton, of the President's Committee on the Arts and the Humanities.

Dr. Brademas, a graduate of Harvard University, wrote his doctoral dissertation at Oxford University, where he was a Rhodes Scholar. His subject was the anarcho-syndicalist movement in Spain from the 1920s through the first year of the Spanish Civil War. In 1997, in the presence of Their Majesties King Juan Carlos and Queen Sofia of Spain, and the First Lady of the United States, Dr. Brademas dedicated the King Juan Carlos I of Spain Center at New York University. This Center is devoted to the study of modern Spain and the Spanish-speaking world.

On July 7, 1999, Dr. Brademas delivered an address at a forum in Ibiza, Spain, where representatives of the two major Spanish political parties, including Abel Matutes, Spanish Minister of Foreign Affairs, announced the establishment of the "Spanish Commission to Support Democracy," a Spanish counterpart of our National Endowment for Democracy.

Speaking in Spanish, Dr. Brademas said, "The fact of a common language and cultural heritage, combined with the Spanish experience of transition from authoritarianism to democracy, afford the new Spanish Commission unique ways to champion the democratic cause in Spanish-speaking America. Although every country in Latin America is at least semi-democratic, democratic institutions are fragile or even weakening."

Mr. Speaker, I submit the text of Dr. Brademas' address in Spain.

ADDRESS OF JOHN BRADEMAS AT A FORUM TO LAUNCH A DEMOCRACY FOUNDATION IN SPAIN

There are several reasons I was pleased to accept the invitation to take part in this conference to mark the launch of the "Comisión Española de Apoyo a la Democracia."

In the first place, Spain has been especially important in my own life. I first came to this country nearly fifty years ago as a student at Oxford University where I produced a doctoral dissertation on the anarcho-syndicalist movement in Spain from the mid-1920s through the first year of the Spanish Civil War.

Essential to my research on the Confederación Nacional del Trabajo were interviews in Paris, Toulouse and Bordeaux with Spanish anarchists in exile, such as the remarkable Federica Montseny and Felipe Aláiz, one of the founders of the Federación Anarquista Ibérica.

While at Oxford, I several times visited Barcelona where I met one of the leaders of the democratic Socialist underground who went on to positions of great responsibility in this country, Joan Reventós Carner, now the distinguished President of the Parliament of Catalonia, even as I recall, in 1952, lunching with the monks at Montserrat and listening to their caustic comments on both General Franco and certain Bishops of the Church of Spain.

Although this is my first visit to Ibiza, I today recall having in 1952 in Mallorca had tea with the famed British writer, Robert Graves, and my wife and I were pleased only this week to have spent some time in Palma.

SERVICE IN CONGRESS

As all of us here are by definition engaged in politics, I should tell you that in 1958, five years after leaving Oxford to return to my hometown in Indiana, I was on my third attempt elected to the Congress of the United States where I served for twenty-two years, all on the committee with responsibility for legislation affecting education.

In 1980 I led a delegation of Congressmen to visit Spain where, at Moncloa, we talked with Prime Minister Adolfo Suárez, then in Barcelona visited the campaign headquarters of the two candidates seeking, in the first post-Franco free election, the presidency of the Generalitat of Catalonia. Their names were Jordi Pujol and Joan Reventós Carner.

Later that year, seeking my 12th term, and a Democrat, was defeated in Ronald Reagan's landslide victory over President Jimmy Carter, My mother thought the loss fortuitous for shortly thereafter I was invited to become president of New York University, the largest private university in the United States.

During my 11 years as president of NYU, as we call it, I think it's fair to say that we transformed the institution from a regional commuter school into a national, indeed international, residential research university.

In fact, one of my major commitments as NYU's president was to strengthen our capacity for teaching and research about other countries and cultures. During my tenure, New York University established a Center on Japan-U.S. Business and Economic Studies, an Onassis Center for Hellenic Studies, a Casa Italiana and a Department and Hebrew and Judaic Studies.

Finally, given my own interest in Spain and that Spanish is now the second language of the United States—indeed, 25 percent of the people in New York City speak Spanish—I decided to move on the frente español!

In 1983 I awarded his first honorary degree to His Majesty, King Juan Carlos I of Spain, and established a cátedra in his name under which there have come to NYU, as visiting professors, some of the world's leading authorities on modern Spain, including Francisco Ayala, José Ferrater Mora, John Elliott, José María Maravall, Hugh Thomas, Eduardo Subirats, Jon Juaristi, Estrella de Diego and my own Oxford dissertation advisor, Raymond Carr.

KING JUAN CARLOS I OF SPAIN CENTER

In 1997, in the presence of Their Majesties, King Juan Carlos and Queen Sofia, and of the First Lady of the United States, Hillary Rodham Clinton, we dedicated the King Juan Carlos I of Spain Center, devoted to the study of modern Spain and the Spanish-speaking world.

In the relatively brief life of the Center, we have developed an intensive program of activities. We have been honored by visits of the former Prime Minister of Spain, Felipe González, and his successor, José Maria Aznar. Last year, under the leadership of the distinguished former Mayor of Barcelona, Pasqual Maragall, we conducted a forum on the future of cities. Among those participating were the Mayors of Barcelona, Joan Clos; Sevilla, Soledad Becerril; Santiago de Compostela, Xerardo Estévez; and of Santiago de Chile; Cuauhtemoc Cárdenas of Mexico City; Rio de Janciro; New York City; Indianapolis and San Juan, Puerto Rico.

In September the King Juan Carlos Center conducted a symposium on "Twenty Years of Spanish Democracy", with eminent intellectuals from Spain joining American scholars. The conference included such persons as Javier Tussell, Charles Powell, Juan Linz, Victor Pérez-Díaz and José Pedro Pérez-Llorca and featured addresses by the new United States Ambassador, Eduardo Romero, and the distinguished Foreign Minister of Spain, Abel Matutes, whose consistency, I am well aware, is Ibiza.

In November I was in Buenos Aires, speaking at the National Academy of Education in Argentina and the University of Buenos Aires while in December I was here in Spain, to speak at the University of Alcalá, in Alcalá de Henares, birthplace of Cervantes.

In April I was in Cádiz, birthplace of the Constitution of 1812, for nearly two centuries

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.
Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

an inspiration to peoples throughout the world who cherish the principles of democracy, freedom and the protections of constitutional government.

In all these places, I took note of the rising importance in the United States of Spanish speakers, now some 28 million—and urged that even as we have been forging, with increased investment in Latin America by Spanish business firms and continuing U.S. investment there, a "triangular" economic relationship, so, too, we should develop what I would call "triangular" relationships among universities in the United States, Latin America and Spain.

So from what I've said, you will understand why I rejoice at the opportunity to be back in Spain.

But there is another reason I'm pleased to participate in this conference. For over two decades, as I have said, I was a working politician—fourteen times a candidate for election to the Congress of the United States, winning eleven and losing three campaigns.

So I am deeply devoted to the processes of democracy and that my late father was born in Greece—I was the first native-born American of Greek origin elected to Congress—enhanced that commitment.

NATIONAL ENDOWMENT FOR DEMOCRACY

For the last several years, however, I've had a direct involvement with an entity dedicated to encouraging democracy in countries that do not enjoy it.

I speak of the National Endowment of Democracy, established in 1983 by a Republican President, Ronald Reagan, and a Democratic Congress. NED, as we call it, is a non-governmental organization, albeit financed with government funds, that makes grants to private organizations in other countries, organizations struggling to develop free and fair elections, independent media, independent judiciary and the other components of a democratic society.

I am pleased that the able President of NED, Carl Gershman, will take part in our discussions in Ibiza later this week.

In light of developments in Kosovo, I must note that last March I joined a colleague in the United States and several in Europe to create what we are calling a Center for Democracy and Reconciliation in Southeast Europe, the Balkans.

Based in Salonika, the Center is governed by persons, the majority of whom are from the region itself.

We know that the task of building democracy in that troubled part of Europe will be daunting and require not months but years. Yet we want at least to plant the seeds of free and democratic institutions in the Balkans.

I think it significant in this respect that several eminent Spanish leaders have been playing significant roles in pursuing this same objective. I cite here, to illustrate, Felipe González, Javier Solana, Carlos Westendorp and Alberto Navarro, Director of ECHO, the European Community Office for Human Assistance.

This observation brings me to the third and final reason I'm pleased to be here. As a sometime scholar, practicing politician and university president, I have pursued careers central to which has been the connection—or lack thereof—between ideas and action. For the purpose of this forum is to consider how the political parties of modern, democratic Spain can, working together, help translate the idea of democracy into reality in places of the world where the institutions of self-government either do not exist or are struggling to survive.

"DEMOCRATIC SPAIN HAS A DEMOCRATIC VOCATION"

The thesis of my remarks today is simple and straightforward. It is that democratic Spain has a democratic vocation, a calling, a responsibility—use whatever word you like—to join the National Endowment for Democracy, the Westminster Foundation and other democracy-promoting organizations in contributing to that cause.

I am especially impressed that representatives of the major Spanish political parties are cooperating to that end even as, in the United States, the National Endowment for Democracy was the product of collaboration between a Republican President, Ronald Reagan, and a Congress controlled in both chambers by the Democratic Party.

Now having been coming to Spain since before some of you here were born, I have observed at first hand the transition that Spaniards have made from an authoritarian regime to democracy.

The drama of that transition is exciting and one of which Spaniards can be justly proud. At the same time, you and I know that Spain has still much work to do to ensure that the institutions of democracy in your country are functioning as they should and that all the peoples of Spain are effectively engaged in the democratic process.

I add that I have just read a splendid new book that I commend to you as a history of the Spanish transition and an articulation of the challenges ahead. The book, by my friend, the distinguished Spanish scholar, Victor Pérez-Diaz, is entitled, Spain at the Crossroads: Civil Society, Politics and the Rule of Law, to be published in September by Harvard University Press.

I hasten to say that we in the United States have challenges to our own political system. For example, far too few eligible citizens even bother to vote, and the scramble for huge sums of money to finance electoral campaigns is an ongoing threat to the integrity of the American democracy.

In any event, I believe that Spain, and Spanish political parties in particular, can offer lessons of immense value to other parts of the world where democracy is under siege.

I have already noted Spanish leadership in Southeast Europe. You here will much better know than I the opportunities for Spain in promoting democracy in North Africa, in Algeria and Morocco.

The region to which, it seems to me, in the century soon to begin, democratic Spain has now an opportunity—indeed, a particular responsibility—to assist democracy, is Latin America.

THE DEMOCRATIC CAUSE IN LATIN AMERICA

First, I think it obvious that the fact of a common language and cultural roots combines with Spain's experience of democratic transition to afford Spain unique gateways to champion the democratic cause in Latin America.

Here let me take as a point of reference a series of articles on "Latin America's Imperiled Progress" in the latest issue of the Journal of Democracy, the quarterly published by the National Endowment for Democracy. For the thread that runs through most of these essays is that although "[e]very country except Cuba is now at least a semidemocracy . . . in many countries democratic institutions are fragile or even weakening." [1]

The Journal of Democracy offers several analyses characterized by such comments as these:

". . . [In] Brazil . . . in spite of President Fernando Henrique Cardosó's valiant efforts to prevent an economic meltdown, political reform appears imperative if Brazil is to avoid a renewed descent into crisis and ungovernability." [2]

'Of Venezuela and of the recent presidential election, "the future of democracy now seems in doubt . . ." [3]

Again, ". . . In the wake of President Alberto Fujimori's 1992 autogolpe, Peru's traditional political parties have been decimated, and the democratic opposition remains weak and narrowly based . . ." [4]

Another comment: "A more heartening story comes from Paraguay, where the murder of the vice-president galvanized an outpouring of popular indignation that ultimately forced the resignation of President Raul Cubas . . ." [5]

PRESIDENT CARTER'S FORUM

Here I note that last May I was in Atlanta, Georgia, to take part in a forum convened by former President Jimmy Carter who brought together former presidents and prime ministers from Latin America to discuss issues of transparency, corruption and political reform in the region.

In Argentina and Mexico, as we are all aware, corruption scandals at the highest levels of government have commanded the attention of observers all over the world. Indeed, I think you will agree that the issue of corruption today is far more visible than it has ever been. I myself am active in the organization, Transparency International, founded several years ago, for the express purpose of combating corruption in international business transaction.

Obstacles to genuine democracy in Latin America include, in too many countries—Peru is a blatant example—of a rubber-stamp Congress and a judiciary controlled by the executive.

In many Latin American countries, on the other hand, we have seen the development of lively and vigorous non-governmental organizations, essential to a flourishing civil society which, in turn, is indispensable to an effective democracy.

I must note another Journal of Democracy article whose author, Professor Scott Mainwaring of the University of Notre Dame (in the district I once represented in Congress) reminds us that although "In 1978, the outlook for democracy in Latin America was bleak . . ., [t]he situation has now changed profoundly in the last two decades. By 1990, virtually every government in the region was either democratic or semidemocratic. . . ." [6]

Mainwaring observes that since 1978, "The increase in the number of democracies in Latin America has been dramatic, and the demise of authoritarianism even more so", [7] but

---

Footnotes follow address.

lists two countries "where democracy has lost ground: Venezuela and arguably, Colombia. . . ."[8]

Mainwaring adds that despite often dismal economic performance and continued presidentialism, a number of Latin American countries with elected governments have survived.

CHALLENGES TO DEMOCRACY IN LATIN AMERICA

What then are the challenges to effective democracy in Latin America, democracy that goes beyond the characteristic, essential but not sufficient, of "elected government"?

I can do no better in listing these challenges than by referring to the testimony, on June 16, 1999, before the Committee on International Relations of the United States House of Representatives, of the Senior Program Officer for Latin America and the Caribbean of the National Endowment for Democracy, Christopher Sabatini.

All the areas cited by Dr. Sabatini are ones to which the United States, other countries, international organizations and, I am asserting, especially Spain, can make a significant, and positive, contribution:

Strengthening the rule of law and enhancing citizen access to the judicial system. The administration of justice is weak in most countries of Latin America.

Fighting corruption. This means finding ways in which civil society can press elected officials for public access to information and can work to increase the transparency and effectiveness of election and campaign finance laws.

Building democratic political parties. Establishing viable and representative political parties is essential to democratic participation, governance and stability in Latin America.

Battling crime. The democratic solution to rising crime requires improving the criminal justice system, bolstering the police and involving civil society groups both to combat crime and check state encroachment on civil liberties.

Improving civil-military relations. Both civilians and military leaders need to understand their respective responsibilities. The armed forces should be educated on their roles and duties in a democracy.

Defending freedom of the press. Liberty of expression is fundamental to a transparent, democratic system but such freedom is under attack in Latin America. Each country must develop a national network to defend a freedom indispensable to genuine democracy.

Pressing economic growth and reducing inequality of incomes. The wide gap between rich and poor in Latin America is a continuing threat to democratic development there.

Modernizing local governments. Decentralization of resources and responsibilities can better serve citizens but only if accompanied by measures to ensure local levels of accountability.

I add, by way of generalization, that it seems to me imperative, if democratic institutions are to take root and flourish in Latin America, legislative bodies and judicial systems must, like the media, be independent of control by the executive branch of government.

ROLE OF UNIVERSITIES IN STRENGTHENING DEMOCRACY

In all these respects, I take the further liberty of suggesting, I believe there are potential contributions to the development of democracy to be made by universities. Institutions of higher learning can play a valuable role in strengthening democracy. As two respected scholars, Jorge Balán of the Ford Foundation and Daniel C. Levy of the State University of New York at Albany, have insisted, in shaping an agenda for research on higher education policy in Latin America, it is not enough to focus on modernization. Although, they argue, political economics, public policy-making, management and leadership are all legitimate subjects for university courses, they do not suffice. Universities must also look to the study of democracy, of civil society, freedom, of transitions from authoritarianism, of the consolidation of democratic regimes.

WORDS OF KING JUAN CARLOS I

Allow me to conclude these remarks with words spoken at my university just sixteen years ago by a distinguished foreign visitor. Upon receiving the degree of doctor of laws, honoris causa, our guest spoke of the new challenges posed by society and of the role of what he called the "humanistic vocation" in meeting those challenges. Said our eminent honoree: "For all of us, professors, students, citizens and rulers, the adaptation of . . . structures to a world in which universal values of freedom, equality and justice prevail, must be a task of high priority. It is a mission that justifies any sacrifice, and must inspire our will and our imagination."

The speaker at New York University was, of course, His Majesty, King Juan Carlos I, and his words in December 1983 eloquently invoke the spirit that draws us together today.

I congratulate all of you on your historic achievement in creating the "Comisión Española de Apoyo a la Democracia" and wish you well.

FOOTNOTES

[1] "Latin America's Imperiled Progress, Journal of Democracy, vol. 10, no. 3, July 1999, p. 33.

[2] *Ibid.*

[3] *Ibid.*

[4] *Ibid.*

[5] *Ibid.*

[6] "The Surprising Resilience of Elected Governments," Journal of Democracy, vol. 10, no. 3, July 1999, p. 101.

[7] *Ibid.*, p. 103.

[8] *Ibid.*, p. 106.

RECOGNIZING SHIRLEY LOCKE

HON. JOHN SHIMKUS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. SHIMKUS. Mr. Speaker, I would like to take this time to thank Vandalia resident Shirley Locke who has selflessly volunteered at the Fayette County Hospital's long-term care unit for the last 23 years. As a volunteer, 64-year-old Shirley Locke works seven days a week for five to nine hours a day calling bingo, serving coffee, and going on outings with the patients. "She's here more often than any other volunteer", Shelly Rosenkoetter, activities director for long-term care, said. "We don't know what we'd do without her."

Shirley wouldn't trade her volunteer work for anything. "I just wanted something to do," she said. "It's like a second home to me. I'm going to do it as long as I can." I think it is great to see people like Shirley who are willing to volunteer long hours to lend a hand to the people of her community.

IN HONOR OF OFFICER JOAN HONEBEIN AND HER 25 YEARS OF SERVICE TO THE RESIDENTS OF UNION CITY, CA

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. STARK. Mr. Speaker, I would like to take this opportunity to honor and congratulate Patrol Officer Joan Honebein on her retirement from twenty-five years of service to the residents of the 13th Congressional District.

Officer Honebein began her career with the Union City Police Department in 1974 when she was assigned to the patrol division. She was one of the first female patrol officers in South County. Joan, like every other officer, was responsible for handling a beat within Union City.

In 1977, Joan was selected to be the director of the Youth Services Bureau. She supervised two youth and family counselors at Y.S.B. and served as the Union City Police Department's Juvenile Officer until 1984.

In 1984, Officer Honebein returned to the patrol division to resume the duties of patrol officer and the responsibility of a beat. Joan remained a patrol officer until 1992 when she was selected to be the Court Liaison and Juvenile Detective. As a Court Liaison it was Joan's responsibility to take all pending court cases to the District Attorney's officer for review by the District Attorney. As the Juvenile Detective, she handled all juvenile cases referred to her by the patrol division. In 1997, Joan returned to the patrol division once again as a patrol officer responsible for a beat.

Joan has been a member of several Union City Police Officers Association Executive Boards, rising to the rank of Vice-President. She was also a member of the Union City Lions Club for many years and is a past President. She has volunteered for many of the projects sponsored by the Lions Club in Union City.

In 1998, Joan was voted Officer of the Year by the members of the Union City Police Officers Association in recognition of her willingness to go the extra mile when providing service to the citizens of the community. It was a fitting tribute to an excellent career.

On August 20, 1999 the Union City Police Officer's Association will honor Officer Honebein at a recognition dinner. I would like to join them in expressing my appreciation for her hard work and dedication. I wish her success in all her future endeavors.

RETIREMENT OF ROGER W. PUTNAM, PRESIDENT OF THE NON COMMISSIONED OFFICERS ASSOCIATION

HON. BOB STUMP

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. STUMP. Mr. Speaker, I rise today to pay tribute to an outstanding American, a true patriot, and veteran of the Armed Forces of the United States. On August 31, 1999, Roger W. Putnam will retire from his position as president and chief executive officer of the Non Commissioned Officers Association. On that date, Roger Putnam will bring to a close more than 40 years of service to the Nation and military members and veterans.

A retired U.S. Army Command Sergeant Major, Roger Putnam's military service was indeed distinguished and varied. He originally entered the Air Force in 1949 and served until his discharge in 1952. He continued his public service as a Detroit police officer before returning to the Army in September 1961. During the ensuing 24 years, he rose through the enlisted ranks to Command Sergeant Major in various assignments overseas, including Japan, Ethiopia and Germany, and within the United States. He is a combat veteran of both the Korean and Vietnam Wars. Among numerous campaign and service awards, Roger earned the Silver Star for gallantry in action, Legion of Merit with Oak Leaf Cluster, Bronze Star Medal with 1st Oak Leaf Cluster and Air Medal (5th Award). Roger also earned and is entitled to wear the Master Aircraft Crewman Badge.

Roger is the Past President of the Enterprise Alabama Rotary Club and has been recognized by the Rotary International as a Paul Harris Fellow. He is a Past Chairman of the Commanding General's Retiree Council, Fort Rucker, Alabama, and has served on the Board of Directors of the Enterprise Chamber of Commerce and the Army Aviation Museum Foundation. Roger also served as vice president of the Community Bank and Trust at Fort Rucker and Enterprise, Alabama.

In March 1998, the NCOA International Board of Directors elected Roger to his current office as President and Chief Executive Officer of the Association. This position was preceded by membership on the International Board of Directors since 1983, including service as its Chairman, and as NCOA's Vice President for Field Membership Development.

Mr. Speaker, veterans of all eras, indeed all Americans, have benefited from the magnificent service that Roger Putnam has so unselfishly given to the Nation. I know that his leadership will be missed within the Non Commissioned Officers Association and veterans' organizations as well. Mr. Speaker, I am honored to stand before the people's House and salute Roger for a job exceedingly well done. Thanks for your service, Roger, and may your days ahead be filled with happiness, prosperity and health.

A TRIBUTE TO CAPTAIN BRYAN L. ROLLINS

HON. RANDY "DUKE" CUNNINGHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. CUNNINGHAM. Mr. Speaker, I would like to take this opportunity to express my gratitude for the exceptional services which Captain Bryan L. Rollins, U.S. Navy, has performed for the United States and for the county of San Diego. Captain Rollins' selfless devotion and patriotic performance make him a truly admirable American and one deserved of recognition by this body. It is for his outstanding service to our Nation and its citizens that I wish to congratulate and thank Captain Rollins.

Captain Rollins has had an impressive Naval career with each assignment more demanding and more impressive than the last. He served aboard the U.S.S. *Constellation* as the chief staff officer of Carrier Air Wing 14 with deployments to both the Western Pacific and Indian Ocean through 1987. In November of 1990 Captain Rollins assumed duties as commanding officer of the Sun Downers and was deployed once again to the Indian Ocean and to the Western Pacific. He amassed over 3,000 hours and more than 800 carrier landings aboard the U.S.S. *Carl Vinson* and the U.S.S. *Kitty Hawk*. While serving as navigator, and later as the executive officer, aboard the U.S.C. *Kitty Hawk*, Captain Rollins performed honorably in Somalia, the Persian Gulf, and Korea. He was awarded the Legion of Merit, four Meritorious Service Medals, the Navy Commendation Medal, and the Navy Achievement medal.

In April of 1996, while serving as the commanding officer of Naval Air Station Miramar, home of the famed Top Gun aviation aggressor school, he was selected as the Chief of Staff for Commander, Navy Region Southwest. It was there that he was instrumental in the formulation and implementation of a regionalization plan which involved over 65,000 personnel and four full-scale Naval bases. In addition to consolidating and incorporating commands throughout San Diego, he established the Navy's first regional business office and developed business strategies which have become standard throughout the Navy-wide regionalization plan. His effective and efficient tactics have saved the Navy countless millions of dollars as it undergoes drastic changes nationwide. His management skills, foresight, and exceptional communication skills allowed him to gain widespread support for Navy operations throughout the community.

Captain Rollins remarkable contributions to San Diego County, the United States Navy, and our country speak to his intellect, his professional drive, and his relentless pursuit of excellence. I wish him the very best success as he starts a new chapter in his life. Congratulations and, as always, "fair winds and following seas."

RECOGNIZING THE ORDER OF THE NOBLE COMPANIONS OF THE SWAN

HON. BOB FRANKS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. FRANKS of New Jersey. Mr. Speaker, in these troubled times of misguided values, when good is often called evil and evil called good, our nation cries out for examples of genuine virtue from which our citizens may take inspiration. That is why I am proud that my home State of New Jersey is the headquarters of the Order of the Noble Companions of the Swan; an international order of Christian chivalry dedicated to perpetuating traditional virtues in the modern world in memory of those Soldiers of the Cross who embarked upon the First Crusade with Godfrey de Bouillon to free the Holy Sepulcher.

Under the leadership of their Grand master, William Anthony Maszer of North Brunswick, New Jersey, who is a hereditary prince of Alabona-Ostrogojsk and Garama, the Order of the Noble Companions of the Swan has been raised to the high and noble estate of knighthood amongst Christian chivalry. The members of the Order have sworn solemn knightly vows to bring chivalric virtues into the modern world by preferring honor to worldly wealth, by being just and faithful in words and deeds and by serving as guarantors of the weak and humble through their private acts of mercy and charity.

The exemplary efforts of the Order of the Noble Companions of the Swan have brought them international recognition from the Russian College of Heraldry as well as the Diccionario de Ordens de Caballeria y Corporaciones Nobilares in the Kingdom of Spain. Closer to home they have been honored and formally recognized by a Resolution of the New Jersey State Senate and count our Governor, Christine Todd Whitman, among their well wishers. Governor Whitman has observed that "the principles of chivalry are as relevant today as ever before" and expressed her hope that the Order's "efforts to preserve the notion of chivalry are rewarded by a renewed commitment to these values throughout society."

Mr. Speaker, I join with Governor Whitman in the fervent desire that the knightly works of the Order of the Noble Companions of the Swan shall continue to serve as an example of virtue in a modern world desperately in need of a moral compass. I would call upon all of our citizens to aspire toward the traditional virtues embodied in this noble Order.

RECOGNIZING FORMER U.S. SPEAKER OF THE HOUSE THE LATE HENRY T. RAINEY

HON. JOHN SHIMKUS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. SHIMKUS. Mr. Speaker, I would like to take this time to recognize the extraordinary work of Carrollton's home town hero, former Speaker of the House Henry T. Rainey. A memorial to the famous resident will hang in the new visitors center in Alton. "Rainey put the Alton area into the world trade and transportation market by pushing an appropriation through the U.S. House to build Locks and Dam 26 in Alton in 1938," Greene County historian Phil Alfred said. Rainey worked closely with President Roosevelt during the depression until his sudden death in 1934.

Although Rainey served in Congress for thirty years and became one of the most powerful speakers in the history of the U.S. House, he never forgot his roots in Carrollton. He always came back to his farm to visit the people of his home town. My colleague Congressman JERRY COSTELLO and I are extremely proud of the residents of the Alton area for taking pride in their community and honoring a great man.

IN HONOR OF SERGEANT JAMES SUK AND HIS 28 YEARS OF SERVICE TO THE RESIDENTS OF UNION CITY, CA

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. STARK. Mr. Speaker, I would like to take this opportunity to honor Sergeant James Suk, a dedicated member of the Union City Police Department. Sergeant Suk recently retired from service after twenty-eight years of service, and will be honored by the Union City Police Department at a dinner on August 20, 1999.

Officer Suk began his law enforcement career in Union City as a Patrol Officer in 1968, just two years after the Union City Police Department was formed. For the first six years of his career, Jim worked as a regular beat officer handling calls for service. During this time, he also worked in the Traffic Section and as a detective in the Investigations Section.

In 1974, Jim was promoted to the rank of Police Sergeant and was assigned to the Patrol Division as a Watch Commander. He was the first director of the Youth Services Bureau. He also supervised the Investigations and Juvenile Sections. Jim's many assignments have included supervision of the Reserve Police Officer Program, the Prisoner Transportation Section, and the Crime Scene Technicians.

During his long tenure at the Union City Police Department, Jim worked for every Chief of Police the department has had, and is one of the first Police Officers to retire.

Each year, members of the Union City Police Officer's Association vote one outstanding officer as Officer of the Year. In 1996, the honor was awarded to Sergeant James Suk. It was an appropriate recognition for a career of exemplary performance.

James genuinely cares about the people with whom he works. He has taken many new officers under his wing and help guide them in their careers. He is well respected by both his peers and the officers he supervises.

The city will be honoring Sergeant Suk at a retirement dinner on August 20, 1999. I would like to join them in applauding his hard work and dedication. He has a fine record of accomplishments and is an inspiring example of citizenship. I wish Sergeant Suk the best in all his future endeavors.

OLD JICARILLA ADMINISTRATIVE SITE

SPEECH OF

HON. TOM UDALL

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. UDALL of New Mexico. Mr. Speaker, H.R. 695 would direct the Secretary of the Interior to convey approximately twenty acres of real property and improvements at an abandoned and surplus ranger station administrative site in San Juan County, New Mexico to San Juan College in Farmington, New Mexico. The Forest Service has determined that the "Old Jicarilla Site," as the site is known, is of no further use because the Forest Service moved its operations to a new administrative facility in Bloomfield, New Mexico several years ago. In fact, the site has been unoccupied for several years.

The College would pay for all lands to be conveyed in accordance with the Recreation and Public Purposes Act and would use the site for educational and recreational purposes. In the event that the land ceases to be used for such purposes, they would revert to the United States.

According to Dr. James C. Henderson, President of San Juan College, "San Juan College has grown to be the fourth largest college in New Mexico. The college serves the people of the Northwest quadrant of the state in numerous ways [by] providing business and industrial training, life-long learning opportunities, and various academic and technical degree programs." The transfer of the "Old Jicarilla Site" to San Juan College to better serve the surrounding community by offering new programs that meet the needs of that community. In addition, the facilities would be available to other civic organizations such as the Scouts and the Boys and Girls Club.

This legislation creates a situation in which the federal government, the State of New Mexico, the people of San Juan County, and most importantly, the students and faculty of San Juan College all benefit. I would like to thank Dr. Henderson, Ms. Marjorie Black, Executive Assistant to the President, and the Staff of San Juan College, the Forest Service and the Bureau of Land Management for their hard work directed towards making this transfer a reality. In addition, I would like to thank Representative WILSON for her support as well as my New Mexico colleagues in the Senate; Senator BINGAMAN, and in particular, Senator DOMENICI for beginning this effort in the last Congress and for continuing his efforts again this Congress.

FOR THE RELIEF OF GLOBAL EXPLORATION AND DEVELOPMENT CORPORATION, KERR–McGEE CORPORATION, AND KERR–McGEE CHEMICAL, LLC

SPEECH OF

HON. MARK GREEN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. GREEN of Wisconsin. Mr. Speaker, I rise today to encourage my colleagues to join me in supporting the passage of S. 606.

Among other matters already discussed, S. 606 authorizes the U.S. government to finally make good on a $32 million court settlement with the Menominee Indian Tribe in my district. The history of this settlement can be traced to 1954, when the federal government terminated the tribe's federal trust status and the Bureau of Indian Affairs grossly mismanaged many of the tribe's assets.

In 1967, the tribe filed a lawsuit in federal court challenging this termination and seeking damages. After decades of litigation, in 1993 Congress passed a congressional reference directing the U.S. Claims Court to determine what damages, if any, were owed to the tribe.

In August of last year, more than three decades after the initial suit was filed, the tribe finally settled its claim against the federal government for $32 million.

As the members of this House are aware, Congress must authorize the payment of this court settlement before any U.S. funds can be released. The court has done its job and the tribe has waited long enough Now it is time for Congress to do its job and agree to this settlement.

S. 606 passed the Senate by unanimous consent and I am not aware of any opposition to this measure in this House.

I would like to thank Mr. MCCOLLUM for his help and leadership on moving this legislation forward.

I also applaud Senator KOHL for his many years of work on this issue. I have enjoyed the opportunity to partner with him to bring this matter to a close.

Finally, I would also like to thank Menominee Chairman Apesanahkwat for his willingness to work with me to ensure these funds won't be used to take any land off the tax rolls. These dollars will only be used to improve education, health care and economic opportunities for the tribe and the areas surrounding the reservation.

Again, I encourage all of my colleagues to help me bring to an end a decades-long legal struggle and also provide much-needed financial assistance to one of the most impoverished areas of my Congressional District.

HONORING NEW BELGIUM BREWERY

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. SCHAFFER. Mr. Speaker, I rise today to honor a unique entrepreneurial enterprise in the Fourth Congressional District of Colorado, The New Belgium Brewing Company of Fort Collins. Recently I visited the brewery and saw firsthand the innovation that is the key to this successful company. Employees participate, manage, and run the business providing a stimulating and diversified job experience, and a competitive, first-rate product.

Mr. Speaker, the New Belgium Brewery recently received the distinguished honor of the 1999 Ernst & Young Rock Mountain Entrepreneur of the Year Award in the manufacturing category, and also won the "emerging entrepreneur" category in the past. Their output increased 31 percent in 1998, maintaining their prominence within the competitive market of micro brewers.

I hereby commend the success of this outstanding Colorado entrepreneurial company, New Belgium Brewing Company of Fort Collins, Colorado.

RECOGNIZING KEVIN ANDERSON OF GODFREY, ILLINOIS

HON. JOHN SHIMKUS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. SHIMKUS. Mr. Speaker, I would like to take this time to recognize the artistic talent possessed by Kevin Anderson of Godfrey, Illinois. Kevin's painting of a red woodpecker has been chosen as one of the ten pieces to be featured in the Illinois Audubon Society's Wildlife Art Challenge exhibit which will be on display at shopping centers, libraries, and other locations throughout the state this year.

Kevin, the son of Sam and Myra Anderson, is a second grade student at Lewis and Clark School. Kevin is the youngest of the 10 pupils whose artwork is included in the Audubon Society display. When Kevin was asked about his painting he responded, "The woodpecker is one of my favorites. I like its bright red head." It is great to see our youth take interest in our local wildlife. It is very important to educate our young people to appreciate wildlife so that it can be enjoyed for future generations.

THE RYDER ELEMENTARY CHARTER SCHOOL

HON. ILEANA ROS-LEHTINEN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Ms. ROS-LEHTINEN. Mr. Speaker, Thursday, August 19, will mark the opening of the Ryder Elementary Charter School in my district in Miami, Florida where Ryder System, Inc. will ensure quality education for children of their valued and respected employees. The Ryder Elementary Charter School will be the nation's first "charter school-in-the-workplace."

Children of Ryder employees will be educated at no cost with a unique curriculum designed specifically to ensure success for its students. Providing child care in the mornings before school and in the early evening while parents are still at work, the Ryder Elementary Charter School will enable parents to continue working in order to better provide for their children, all the while knowing that they are safe and among friends who care. By providing these invaluable services to employees and families of the South Florida community, Ryder has set a grand precedent that I hope other American companies and businesses will follow.

This year, the Ryder Elementary Charter School will educate 300 kindergarten through third graders, and will expand to 500 students in kindergarten through fifth grade within the next two years. By initiating this remarkable first of a kind charter school, Ryder has demonstrated a clear commitment to work hard to care for their employees and for their families.

In light of their unselfish dedication to the future of America, I ask my colleagues to join me in congratulating, and thanking Ryder for their fine work.

INTRODUCTION OF THE METROPOLITAN WASHINGTON REGIONAL TRANSPORTATION ACT

HON. JAMES P. MORAN

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. MORAN of Virginia. Mr. Speaker, I am pleased to join my House colleague Delegate ELEANOR HOLMES NORTON and Senator CHARLES ROBB today in introducing the "Metropolitan Washington Regional Transportation Act." This legislation will help jump start relief and ease congestion within the metropolitan Washington, DC region.

For more than four years running, we have the second longest average commuting time in the nation. According to the Greater Washington Board of Trade, this increased commuting time and congestion costs each man, woman, and child in the region more than $1,050 per year in lost time, wasted fuel, and environmental damage. Long commutes and traffic congestion have also become quality of life issues to area residents, robbing many families of the one commodity Washingtonians never seem to have enough of—time.

Some drivers facing a longer commute have even become a safety hazard as they race recklessly to cut a precious few minutes from their daily commute. For those who lack cars, the distance between employment opportunities and affordable housing has grown more and more difficult to traverse. Our economic prosperity and quality of life hinge on improving our congestion problem.

Unfortunately, as we look to the future the traffic situation only grows worse. Even with the increase in federal funds Virginia, Maryland and DC will receive under legislation reauthorizing federal surface transportation programs, "TEA–21," this region will still fall seriously short of meeting the growing demand for transportation improvements.

For the period of 1990 through 2020, this region can expect both a 43 percent increase in population and 43 percent increase in employment. This growth and increased dependency on the automobile is expected to increase, by 79 percent, the number of vehicle miles traveled in the region by 2020. The Board of Trade estimates that transportation spending is expected to fall short of the region's transportation needs more than $500 million annually.

Any solution to current and future congestion demands strategic investment in both our road and mass transit system. It demands better land use and planning decisions and better interjurisdictional cooperation. And it also demands that this region come together and raise additional revenue to finance priority transportation projects that will provide immediate congestion relief. It may not be a popular idea, but we have to do more, and we have to do it ourselves. It seems to me, that the only way to ensure that we get 100 percent of the funds we need for our transportation projects is to raise more ourselves and spend it locally.

It is also a process that ensures that the money gets spent where we determine it is needed most. I think the key to public support is identifying a list of priority projects that could be completed on a fast track providing the public with the assurances that their additional tax dollars will buy specific congestion relief. A large number of urban communities have already established a dedicated funding source for their transit systems.

In the past, leaders from this region have shared a vision and worked together successfully to address important transportation needs, through such institutions as the Metropolitan Washington. Airports Authority, the Washington Metropolitan Area Transit Authority, and the National Capital Region Transportation Planning Board at the Metropolitan Washington Council of Governments. We need a similar vision to carry us forward another 30 years. The Metropolitan Washington Regional Transportation Act will help us craft this vision.

The legislation we are introducing today has five key elements.

(1) It provides a new option to help the metropolitan Washington region more effectively address its transportation needs;

(2) It empowers the National Capital Region Transportation Planning Board to consult with the metropolitan Washington region jurisdictions and the public to achieve consensus on a list of critical transportation projects and a funding mechanism that is needed to address the growing congestion crisis in the region but cannot be funded within the current and forecasted federal, state and local funding levels for such projects.

(3) It establishes a corporation with the power to accept revenue and issue debt to provide short-term funding for projects that have been agreed to by the region;

(4) It grants consent to the metropolitan Washington region jurisdictions to enter into an interstate compact or agreement that would help meet the region's long-term transportation needs; and

(5) It provides $60 million in matching federal grants as an incentive to encourage the creation of the federal corporation.

This legislation provides the framework under which regional transportation needs could be addressed. It requires consultation with state and local officials at every level and in an effort to win state support, the legislation preciously guards state control of both the corporation and the authority through veto power. It does not raise anyone's taxes, but it does provide a mechanism or a "vehicle" through which the local jurisdictions could coordinate and commit future revenues to finance the construction of specific transportation projects that otherwise will not get built or built anytime soon.

The "Metropolitan Washington Regional Transportation Act" gives us a choice and helps start a debate on how we should take control and improve our future transportation system and improve our quality of life. Our failure to act and meet our transportation needs will have a much higher cost. The Board of Trade places the cumulative regional economic losses from the failure to meet our transportation needs in the year 2020 at between $70.2 billion to $182 billion. That economic loss includes: a 350 percent of $345 million increase in shipping costs; $1.3 billion to $2.6 billion in higher warehousing and inventory costs; $1.365 per household, per year, higher consumer costs; and more than $1,000 per household, per year, in higher personal travel costs.

I note that this legislation is supported by the county chairs and mayors of all eight Northern Virginia jurisdictions, D.C. Mayor Anthony Williams and D.C. City Council, the Greater Washington Board of Trade, and the Alexandria, District of Columbia and Fairfax County Chamber of Commerce.

SPECIAL RECOGNITION TO LEONARD A. HADLEY FOR 40 YEARS OF SERVICE TO MAYTAG

HON. LEONARD L. BOSWELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. BOSWELL. Mr. Speaker, I take this opportunity to give special recognition to Mr. Leonard A. Hadley, for his 40 years of service to Maytag Corporation of Newton, Iowa. I am privileged to represent Iowa's 3rd Congressional District, which is home to Maytag Corporation. I, along with the residents of the 3rd Congressional District, wish to recognize the many valuable contributions made by Mr. Hadley as he enters retirement.

We, in Iowa, are particularly proud of the Maytag Corporation. It is recognized as a worldwide leader in the appliance industry. Mr. Hadley's contributions as Chairman and Chief Executive Officer, since 1992, contributed greatly to that success. The continued emphasis on developing unique, innovative products while maintaining its reputation for quality and traditional Iowa values makes Leonard A. Hadley's tenure at Maytag Corporation particularly noteworthy.

Mr. Hadley has also distinguished himself through his service on the boards of other leading businesses, indicating his strong commitment to building and maintaining a vibrant business climate in Iowa and the nation. He was recognized within the business community for his dedication and commitment to excellence by being inducted into the Iowa Business Hall of Fame in 1997.

Another important contribution by Leonard A. Hadley was his commitment to education. With education serving as the great equalizer, we must continue enhancing opportunities for our youth to secure a strong education. Mr. Hadley has done just that through his efforts on the Board of Visitors of the University of Iowa College of Business, the Iowa College Foundation and the Board of the University of Iowa Foundation.

I am confident we will continue to hear of many future contributions made by Mr. Hadley in his retirement which will greatly enhance our community, state and nation. I ask my colleagues to join me in offering a hearty congratulations and special recognition to Leonard A. Hadley as he prepares to retire after 40 successful years at Maytag Corporation.

CONGRATULATIONS DAVID BAILEY

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. McINNIS. Mr. Speaker, I would like to take a moment to recognize the career and contributions to small businesses of one of Colorado's esteemed citizens, president and chief operating officer of Norwest Bank Colorado, David E. Bailey. In doing so, I would like to honor this man who, for many years, has exhibited dedication and experience to the banking industry.

Mr. Bailey has recently been honored for his achievements for small businesses. He began his career in 1969 by holding several managerial positions, at Norwest Bank in Denver. He went on to undertake the responsibilities of chairman, president, and CEO of Norwest Banks in Boulder, Greeley, and Fort Collins. At this time he also took responsibility for eight banks in northern Colorado. From there Mr. Bailey was elected chairman of the board and was in charge when the merger of Norwest Colorado, N.A. went into effect. He was then named president of Norwest, Colorado, N.A.

David Bailey has more than proven himself a valuable asset to the business and banking system of Colorado. As a trustee of the Colorado State University Research Foundation, a member of the Denver Rotary and Colorado Concern he has also proven himself as an asset to the community of Colorado in general.

It is with this, Mr. Speaker, that I say thank you to David E. Bailey on his truly exceptional career in the Norwest banking system and for his dedication to small businesses and our community at large. Due to Mr. Bailey's dedicated service, it is clear that Colorado is a better place

FOREIGN OPERATIONS, EXPORT, FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

SPEECH OF

HON. MARK UDALL

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes:

Mr. UDALL of Colorado. Mr. Chairman, I rise in opposition to the amendment.

The amendment would cut off funding for the World Heritage Convention and the Man in the Biosphere program. I think this would be a mistake. It could set back important programs for protection of internationally-important cultural, historical, and environmental resources.

It's claimed that these programs are a threat to Congress' authority over federal lands, but in fact they don't lessen that authority. They also don't affect any other part of the Constitution, or any private property rights. Let me repeat—these programs don't have an effect on those rights.

But the amendment would have an effect. It would undermine America's international leadership in environmental conservation and in the protection of historical and cultural resources. So, I think this amendment is bad for our country—and I know it's bad for Colorado.

In Colorado, we have several Biosphere Reserves—areas that are part of the Man in the Biosphere program. One is the Niwot Ridge Research area. Another is Rocky Mountain National Park. This amendment could terminate their participation in the program.

Earlier this year, I asked Professor William Bowman, the Director of the University of Colorado's Mountain Research Station, about the significance of Niwot Ridge's participation in the program.

He explained that having Niwot Ridge in the Biosphere Reserve System had provided a framework for international cooperation in important research efforts, including work with a Biosphere Reserve in the Czech Republic to address air pollution problems—a matter of great importance to Colorado as well as to the Czechs.

He also told me that the Biosphere Reserve program had been helpful to the people at Niwot Ridge as they worked with the Forest Service to develop a land-management plan that would promote multiple use by minimizing conflicts between recreational, scientific, and other uses—again, a matter of great importance to Colorado and other public land states.

I also contacted the National Park Service, to find out what it meant to have Rocky Mountain National Park included as a Biosphere Reserve. They told me that it not only meant more research activities occurred in the park, but also that it meant a significant increase in park visitation—tourism that not only provides important educational benefits for the visitors but also provides important economic benefits to Colorado.

So, ending this program would be bad for Colorado, and something that I can't support. I urge the defeat of the amendment.

FOREIGN OPERATIONS, EXPORT, FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

SPEECH OF

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes:

Mrs. MINK of Hawaii. Mr. Chairman, I rise to express my support for the Moakley amendment to H.R. 2606, Foreign Operations Appropriations for FY2000.

The Moakley amendment would prohibit funding for the United States Army School of the Americas (SOA) located in Fort Benning, GA—a school which has produced some of the most notorious human rights violators in Latin America. Currently $20 million of the U.S. taxpayers money goes to train approximately 2,000 Latin American soldiers in military techniques, ostensibly to advance respect for civil authority and human rights.

Supporters of the SOA claim this school is a key foreign policy tool for the U.S. in Latin America and the Caribbean, helping to shape the region's leadership in ways favorable to American interests. They assert that the school has played a constructive role in promoting democracy in Latin America over the last decade; in reducing the flow of illicit drugs to the United States; and in emphasizing respect for human rights and civilian control of the military through their academic curriculum.

In fact, the SOA has repeatedly proven its disregard for human rights and democratic values.

In a school professing to advance democratic values and human rights, only 15 percent of the courses offered relate to these subjects. Less than 10 percent of the student body enroll in these courses. Only 8 percent of students enroll in the counter-narcotics course in any given year. Dozens of those who have taken this course have been tied to drug trafficking.

With the help of courses such as "Methods of Torture" and "Murder 101," the SOA has produced apt pupils. When six Jesuit priests, their housekeeper, and her daughter were murdered on November 16, 1989 in El Salvador, 19 of the 26 implicated in the murders were graduates of the SOA. Two of the three officers responsible for the assassination of pacifist Archbishop Romero went to the SOA. The officer who commanded the massacre of 30 defenseless peasants in the Colombian village of Mapiripan graduated from the SOA. Panamanian dictator and drug kingpin Manuel Antonio Noriega is one of the SOA's distinguished alumni.

These atrocious examples of terror and violence exhibit the extent to which the SOA has violated human rights and undermined democratic values throughout the Western hemisphere. Clearly, officers who attended SOA are not spreading American values of peace and democracy throughout Latin America.

It is not in American interests to continue support for the U.S. Army School of the Americas. For the sake of human rights and democracy, I urge my colleagues to support the Moakley amendment to end funding for the SOA.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

SPEECH OF

HON. LUCILLE ROYBAL-ALLARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 29, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes;

Ms. ROYBAL-ALLARD. Mr. Chairman, the Foreign Operations Appropriation bill for fiscal year 2000 that was reported by the appropriations subcommittee, was a fair and bipartisan bill, given the tight funding restrictions.

Although the subcommittee's allocation of $12.8 million was $2.7 million below the FY 1999 funding level, I am pleased that the panel included increases in critical programs such as, the Child Survival Account and the Assistance for Displaced and Orphaned and Children Account within U.S.A.I.D. These programs provide critically needed assistance to sick, needy, and orphaned children in developing countries.

I would like thank Chairman SONNY CALLAHAN and Ranking Member NANCY PELOSI for including $34 million, for the U.S. Agency for International Development's Collaborative Research Support Programs—a 100% increase over last year's funding. This program utilizes our leading universities, including the University of California, to help developing countries make improvements in agriculture. Supporting agricultural research is critical because we know that political stability is largely dependent on a developing country's ability to maintain a stable food supply. The Collaborative Research Support Program helps developing counties achieve this goal, thereby furthering our own interests as well as theirs.

However, despite the increases in these valuable programs, I must strongly object to the $200 million that was cut from the World Bank's International Development Association at the direction of the Republican leadership. Cutting funds from this multilateral development program sends a message to other member-countries that the U.S. believes it is O.K. to shirk one's responsibility to developing countries. We should not send this message.

I object, not only to the substance of this cut, but also to the manner in which this cut was made. As I previously stated, the bill reported out of subcommittee was a fair, bi-partisan bill. Unfortunately, the continuing insistence of the Republican leadership to make last minute cuts to our appropriations bills during full committee and House floor consideration has sorely undermined what should be a bi-partisan process.

Not providing responsible levels of funding for our government programs not only hurts our country, but results in increased emergency spending in the long run. While I will vote in favor of the bill in order to move the process along, it is my hope that the Republican leadership will recognize the shortsightedness of this strategy and restore this bill and others to their original funding levels.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

SPEECH OF

HON. NORMAN D. DICKS

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes:

Mr. DICKS. Mr. Chairman, the United States is the world's largest trader. Our exports directly support almost 12 million U.S. jobs and have accounted for 30 percent of the U.S. economic growth over the past decade. With 94 percent of the world's population and the fastest-growing markets all located overseas, there is no question that U.S. exports are key to our nation's economic success and future.

Competition for these growing markets is fierce, and competitive financing is often the critical element to winning sales for U.S. goods and services. It is therefore crucial to our nation's interest to preserve and strengthen U.S. export finance and the Export-Import Bank to provide the foundation and means for expanding overseas trade.

In FY 1998, the Bank supported $13 billion in exports that otherwise may not have been sold. These sales have sustained tens of thousands of well-paying jobs here in the United States. Furthermore, the Bank is working to help U.S. exporters maintain a foothold in countries like South Korea and Brazil, which are suffering difficulties yet still offer important opportunities for exporters.

The Ex-Im Bank is also an important source of assistance to small businesses to sell their products overseas. Each year, the Bank services about 2,000 new small business transactions, and is involved in more than 10,000 small business transactions.

Although the overall funding for the Bank was reduced by $1 million, the Committee did approve a crucial $5 million increase in the Bank's Administrative budget that will enable the Bank to modernize their computer systems and to insert personnel into key markets to help American businesses sell overseas. This modernization is absolutely necessary at this time to ensure that the Bank is Y2K compliant. New systems and personnel will also help the bank reduce turn-around time on decisions for both small and large U.S. exporters.

The gentleman's amendment would prohibit the Bank, as well and the Overseas Private Investment Corporation and the Trade Development Agency, from entering into any new obligations. This extremely dangerous amendment plays right into the hands of our European and Asian competitors, who will not cease to subsidize and finance the deals that their companies make simply because we will have chosen to do so; rather, this amendment will make it even more difficult for American exporters to compete in the combative worldwide marketplace, cutting U.S. jobs in the process.

This amendment may save a few dollars, but I assure my colleagues that the costs in lost exports and lost jobs far outweigh any savings we may incur. I urge my colleagues to fight to preserve American jobs and vote against this amendment.

IN SUPPORT FOR THE PATIENTS' BILL OF RIGHTS

HON. EARL POMEROY

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. POMEROY. Mr. Speaker, today I am signing the discharge petition for the purpose of forcing floor consideration of the Patient's Bill of Rights.

I have held back from this action before this time out of my expectation the House Speaker would have brought this issue—if not this bill—forward before the August recess.

I am disappointed the majority leadership has broken its commitment to have House action on this matter this week. The Senate has acted. The American people want Congress to act. Because the indefinate House delay is irresponsible and very unfortunate I am signing the discharge petition. I hope all minority members who have yet to sign will join me in this action. I further hope that we will be joined by a sufficient number of Republicans who understand that it is time to act, in order to finally force House action on this issue.

EXPLANATION OF OMNIBUS LONG-TERM HEALTH CARE ACT OF 1999

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. STARK. Mr. Speaker, Representative MARKEY and I have introduced the Omnibus Long-Term Health Care Act of 1999. We are joined by Representatives MCGOVERN, MCDERMOTT, MOAKLEY, OLVER, CAPUANO, and GORDON.

The following is a detailed outline of the provisions of this legislation. We invite members of the House to join us in cosponsoring this legislation. We invite the public to suggest refinements and additions to the legislation to make it more comprehensive, workable, and effective legislation to help the millions of Americans facing the problems of obtaining quality long-term health care.

TITLE I: LONG-TERM CARE GIVER TAX CREDIT

Title I of the bill provides a $1000 tax credit similar to the one described by the President in his State of the Union address. Our proposal has several notable differences. First, our tax credit is completely refundable, and there is no distinction between care for an adult or a child. If the credit is not refundable, it will fail to help those families in greatest need of help.

To be honest, $1000 is not that much money for long-term care, but it does provide a family with modest relief that they can use as they see fit. That is why we have structured the bill to ensure that those who most need the support will receive the refund.

Another important distinction between our proposal and the President's is the treatment of children with long term care needs. The President's proposal would limit the tax credit to $500 for children with long term care needs. We do not agree with this policy. The long-term care needs of a disabled child are just as expensive and emotionally and troubling as they are for an adult.

Our legislation also has a broader definition of individuals with long-term care needs. The President's proposal includes individuals who require assistance in to perform activities of daily living (bathing, dressing, eating, continence, toileting, and transferring in and out of a bed or chair). This is a good start but does not include people with severe mental health disabilities or developmental disabilities who cannot live independently.

Finally, our legislation limits the amount of the refund for the wealthy, not the poor. In our bill, reductions in the refund begin at the upper income levels, not the lower income levels. The full refund is available up to income of $110,000 for a joint return, $75,000 for an individual return, and $55,000 for a married individual filing a separate return. Above these levels, the refund is decreased by $50 by every $1,000 over the threshold level.

TITLE II: LONG-TERM CARE MEDICARE IMPROVEMENTS

Title II of the legislation addresses a range of reforms and improvements to Medicare benefits. The goal of this title is to provide adequate long-term coverage to patients with chronic health care needs. We believe that we can adjust Medicare benefits so that people can continue to live in their homes and communities, and enjoy the contact with their families and friends. These proposals are cost effective as they rely on services in facilities other than hospitals and skilled nursing facilities, and allow people to continue to live in familiar surroundings with their family.

1. LONG-TERM HOME HEALTH AIDE BENEFITS

The first section extends Medicare Home Health Aid-Type services to chronically dependent individuals. This section establishes a new "long-term" home health benefit to maintain people with chronic conditions at home rather than in more expensive settings. Many people can no longer take care of themselves because physical or mental disabilities impair their ability to perform basic activities of daily living (ADLs), including eating, bathing, dressing, toileting, transferring in and out of a bed or chair, and continence. These are activities that we all take for granted. The inability to do any of these independently is distressing for the patient and a clear indication of the extent of the impairment.

This provision allows individuals who suffer from a chronic physical or mental condition that impairs two or more ADLs to receive in-home care. To help contain costs, the provision would require competitive bidding of these services.

2. ADULT DAY CARE

The second section of this title's reforms is a provision for Medicare Substitute Adult Day Care Services. This provision would incorporate the adult day care setting into the current Medicare home health benefit. The provision allows beneficiaries to substitute any portion of their Medicare home health services for care in an adult day care center (ADC). Adult day care centers provide effective alternatives to complete confinement at home. Many States have used Medicaid funding to take advantage of ADCs for their patients.

For many, the ADC setting is superior to traditional home health care. The ADC can provide skilled therapy like the home health provider. In addition, the ADC also provides rehabilitation activities and means for the patients. Similarly, the ADCs provide a social setting within a therapeutic environment to serve patients with a variety of needs.

To achieve cost-savings, the ADC would be paid a flat rate of 95% of the rate that would have been paid for the service had it been delivered in the patient's home. The care would include the home health benefit and transportation, meals and supervised activities. As an added budget neutrality measure, the title allows the Secretary of Health and Human Services to lower the payment rate for ADC services if growth in those services is greater than current projections under the traditional home health program.

This program is not an expansion of the home health benefit. It would not make any new people eligible for the Medicare home health benefit. Nor would it expand the definition of what qualifies for reimbursement by Medicare for home health services. This legislation recognizes that ADCs can provide the same services, at lower costs, than traditional home care. Futhermore, the legislation recognizes the benefits of social interaction, activities, meals, and a therapeutic environment in which trained professionals can treat, monitor, and support patients.

The legislation also includes important quality and anti-fraud protections. In order to participate in the Medicare home care program, ADCs must meet the same standards set for home health agencies. The only exception is that the ADCs would not be required to be "primarily" involved in the provision of skilled nursing services and therapy services. The exception recognizes that ADCs provide services to an array of patients and that skilled nursing services and therapy services are not their primary activity.

Here is an example of how the system would work. A physician prescribes home care for the patient. Next, the patient and his or her family decide how to arrange for the services. They could choose to receive all services through home care, or choose a mix of adult day care and home care services. Therefore, if the patient required three physical therapy visits and two home health aide visits, the patient could receive the physical therapy at the ADC while retaining the home health aide visits. When the patient goes to the ADC, he or she will receive the physical therapy and other benefits the ADC provides. All of these services would be incorporated into the payment rate of 95% of the home setting rate for the physical therapy service. This plan offers a savings for Medicare and an improved benefit to the patient.

3. HOME HEALTH CASE MANAGERS

The third section of this title makes a number of improvements in the quality of services provided through home care. First it establishes a case manager who will oversee the provision of home health care. This section of the legislation will ensure that those in need of long-term health care will receive necessary and cost effective care.

The Balanced Budget Act of 1997 (BBA) implemented a number of policies designed to slow the growth of a health benefit that was doubling in cost every three or four years. Prior to the BBA, the incentive to home health agencies was to over-use services to boost profits. In the BBA's prospective payment system (PPS), the incentive will be the opposite and there are real concerns about potential under-utilization of services.

The Medicare Home Health Case Manager legislation would ensure that an independent case manager evaluates the patient's needs and service level. The case manager will be financially independent of the home health agency and would be paid through a Medicare fee-schedule, independent of the amount or type of care the patients receive. The legislation would also provide the Health Care Financing Administration (HCFA) with the flexibility to investigate the effectiveness of reimbursing home health case managers on a competitively bid basis.

This type of case manager program is endorsed by the Medicare Payment Advisory Commission (MedPAC), a Commission appointed by Congress to provide expert advice on Medicare and Medicaid policy. In their March 1998 report to Congress they recommended that such a case manager be adopted for the home health benefit. Their report states:

> Such an assessment would help to minimize the provision of services of marginal clinical value, while ensuring that patients receive appropriate care. *Requiring case management of long-term home health users could improve outcomes for individuals with long-term home health needs and at the same time slow the growth of Medicare home health expenditures.* (Emphasis added).

In addition, there are real-life examples of case management systems saving money and improving care. For example, Maryland's Medicaid program has a high cost user initiative which in FY 96 saved the state $3.30 for each $1 spent—a savings of 230%. The Health Insurance Association of America also commissioned a study of its member plans and found that rehabilitation/case management programs return an investment of $30 for every $1 spent.

Therefore, this section would achieve two important goals. First, it saves money. Second, the program ensures that patient's needs are met. Patient's care should be determined based on an objective and independent evaluation of the patient's condition, not the bottom line of a health care corporation.

4. COORDINATED CARE

Another section recognizes that there are many medical conditions, such as congestive heart failure, that create severe long-term care needs that need coordinated, comprehensive care. Many people suffer an acute condition that leaves them weakened and in need of health care long after the acute phase of the condition passes. Currently, Medicare does not adequately cover an expensive recuperation that can last for months. This section directs the Secretary to identify 10 medical conditions, clustered by diagnostic related groups (DRGs) that consistently require intense follow-up care. Along with the 10 DRGs, the Secretary would determine reasonable costs to cover comprehensive case management, caregiver education and training, and other general assistance. Our proposal requires the Secretary of Health and Human Services to identify those medical conditions, clustered into logical DRGs that represent the most expensive home health services, most consistently require home health services, and require the longest period of convalescence. Using these DRGs, the Secretary will be able to develop a better system of coordinating care and helping families.

5. OTHER HOME HEALTH SERVICE IMPROVEMENT

Adopting a provision from Rep. Jim McGovern's bill, we propose an outlier policy. In brief, this provision requires that HCFA develop a home health agency outlier program, so that agencies do not avoid the money-losing, harder to care for cases. We also propose to strengthen the provisions in the BBA that require hospitals to give more objective information to patients about the full range of post-hospital services, and not just direct patients to their hospital-owned services. Finally, we give more flexibility to the "homebound" rule.

6. HOSPICE IMPROVEMENTS

Another section provides broad revisions and improvements to the hospice care benefit. Hospice care includes interdisciplinary professional services for patients whose health condition will not benefit from cure-based treatments. Hospice care, which may be offered in the person's residence or a skilled facility, provides palliative care to reduce pain and enhance the patient's quality of life. For those patients in the terminal phase of their life, hospice care offers final comfort for the patient and the patient's family. The current rules governing hospice care offer physicians few incentives to recommend this alternative for their patients.

In a 1999 report to Congress, MedPAC commented that,

> Another vulnerable population is the nearly 2 million Medicare beneficiaries who die each year. Too many of their physical, emotional, and other needs go unmet, although good care could minimize or eliminate this unnecessary suffering. Even hospices—which pioneered care for the dying—help only a fraction of patients and are often used far later than they should be. Ensuring that beneficiaries receive human, appropriate care at the end of their lives should be a priority for the Medicare program.

The consequence of our current medical practice is that patients remain in more expensive treatment facilities and do not receive the palliative care they require. This section of the bill offers three specific improvements.

First, the legislation would direct the Secretary to designate DRGs that indicate a chronic and terminal condition that are most likely to lead to death, and for which hospice care may provide assistance. These DRGs would then be used as a part of the patient's discharge planning. The intent of this section is to ensure that patients receive a complete review of their treatment and care options, including hospice options in the patient's community.

A second solution is to ensure that information regarding hospice care becomes a part of physician training. This section does not require that physicians become proficient in the medical practice of hospice care, only that they become more aware of its services as an option for terminally ill patients.

The legislation would also include hospice care within the federal employees health benefits program (FEHBP). We hope that by including this benefit for our nation's federal employees, we will set a standard for other insurance providers. The net result would be that more patients will obtain necessary hospice care during the final days of their lives.

7. HELP FOR LOW-INCOME SENIORS AND DISABLED

Another section of this title will help all lower-income Medicare beneficiaries—and the chronically ill, the disabled, and the frail 'old-old' who tend to be those with the least income. This amendment is a repeat of a bill introduced by Rep. McDermott and Stark (HR 1455) which coordinates SSA and IRS data to presume that individuals who show income below the poverty level are eligible for the QMBy and SLMBy programs and presumptively enrolls them in those programs. Today about 40% to 50% of those who are eligible for these programs which pay Medicare's premiums, deductibles, and copays, fail to enroll. Presumptive enrollment will provide hundreds, even thousands of dollars of help per year to our nation's poorest, most vulnerable citizens.

TITLE III: NURSING HOME IMPROVEMENTS

Title three of the legislation provides a number of reforms to laws and regulations governing skilled nursing facilities. Earlier this year, the General Accounting Office released a report that several members of Congress and Rep. Stark requested. That report, "Nursing Homes: Additional Steps Needed to Strengthen Enforcement of Federal Quality Standards (GAO/HEHS–99–46)" indicated that more than 40 percent of the skilled nursing facilities did not comply with fundamental quality standards. In many cases, these deviations from quality standards represent an egregious threat to the health of patients living in nursing homes. At least 25 percent of the homes reviewed violated standards that eventually created actual harm to the residents.

Currently, 1.6 million elderly live in skilled nursing facilities. These people are among the sickest and most vulnerable segment of the population. A major portion of the Omnibus Budget Reconciliation Act of 1987 (OBRA 87) brought sweeping reforms to the nursing home industry. That legislation did much to improve and ensure the quality of health care provided in skilled nursing facilities. Fortunately, the majority of skilled nursing facilities responded well to these changes and continue of offer quality care for their patients. Unfortunately, a sizable minority of skilled nursing facilities continues to place profits ahead of quality care. Because of the continued failure of these providers, we must give the states and health care regulators the legal tools to bring these providers into line or remove them from the system.

This title provides several important modifications and additions to the OBRA-87 legislation. First, all skilled nursing facilities will be required to conspicuously post in each ward of the facility a list of the names and credentials of the on-staff employees directly responsible for resident care and the current ratios of residents to staff. This simple requirement will allow families and the nursing home ombudsman program to determine whether the facility provides adequate staff to attend to the residents" needs. In addition, the legislation would direct the Secretary of Health and Human Services to issue guidelines for adequate staffing for skilled nursing facilities.

The second provision of this title gives states alternative punitive measures to use with repeatedly noncompliant nursing facilities. One of the distressing trends identified in the GAO report is a phenomenon they describe as a "yo-yo" effect. A nursing facility will correct the problem and avoid the fines or penalties. Once found to be in compliance, the facility will slip back and provide substandard services until cited again by regulators.

Our proposed legislation offers two fixes. First, the legislation would allow states to recover the expense of resurveying and reinspecting the skilled nursing facility where there has been a substantial violation of the regulations. Second, the legislation would prohibit the facility from including the costs of the resurveying and reinspection in its reasonable costs figures. In other words, they cannot pass the bill of rectification onto Medicare or Medicaid. This proposal is a clear financial disincentive for homes to practice a yo-yo management and adds an important regulatory tool for the states.

The third major initiative in our legislation is the requirement of criminal background checks. Skilled nursing facilities would be required to conduct a criminal background check of all employees and would be prohibited from hiring any person who has been convicted of patient or residence abuse. This portion of the legislation makes clear that we do not want felons who have a history of abusing others working with one of the most vulnerable groups of people in the nation.

Finally, the legislation requires skilled nursing facilities to report cases when an employee has harmed a patient or resident. The legislation calls for revising the current Nursing Aide Registry. Under our legislation, the new name of the data base will be the Nursing Facility Employee Registry and will list any nursing facility employee who has been convicted or had a finding of abuse or neglect of a patient.

TITLE IV: LONG-TERM CARE INSURANCE

Title four of the legislation addresses long-term care insurance. The first chapter encourages long-term health care policies for federal and nongovernmental employees. The second chapter extends the consumer protection standards contained within the Health Insurance Portability and Accountability Act to all long-term care policies.

First, it directs the Office of Personnel Management to provide for the sale to the general public of group long-term care insurance policies that are offered to federal employees.

The legislation keeps separate the premiums and costs of nongovernmental employees from governmental employees, thus protecting the federal employees from potential adverse cost impacts. In other words, nongovernment employees could pay a higher premium if the cost of underwriting that population is higher than the cost of underwriting federal employees. It is our hope, however, that by helping create a group market and offering economies of scale, this provision will help nonfederal employees obtain lower cost policies.

The next section extends the consumer protection standards contained within the Health Insurance Portability and Accountability Act to all long-term care policies. Currently, these standards apply to only tax-qualified policies. Without these protections, some insurance providers may be tempted to provide long-term care policies that do not provide the level of financial protection that consumers need. Because of the expense of these policies, the consequences of purchasing inadequate insurance, and the difficulty of understanding these policies, we need to ensure that reasonable quality standards protect consumers from buying inadequate and inappropriate long-term care policies.

TITLE V: REAUTHORIZATION OF THE OLDER AMERICANS ACT OF 1965

Title five of the legislation is an extension of the Older Americans Act of 1965, as proposed by the President to include grants for care giver assistance.

TITLE VI: EARLY BUY-IN FOR MEDICARE

Title six of the legislation would provide caregivers an early option to join Medicare. This important portion of the bill would provide increased access to health coverage for Americans who are the primary caregivers for family member with long-term care needs.

Many Americans must quit job or retire early to care for a family member who has long care needs. In addition, they tend to range in age from 55 to 64. Consequently, health insurance companies refuse to insure them or charge huge premiums. Our proposal would cover nearly five million early caregivers who face the prospect of being uninsured and who are helping all of us by keeping other individuals out of taxpayer-subsidized institutions. This provision allows qualifying individuals to receive Medicare coverage when they leave their employment to provide long-term care for a spouse or relative.

TITLE VII: LONG-TERM CARE GIVER SOCIAL SECURITY CREDIT PROTECTION

Title seven also protects the future retirement income of caregivers who leave their employment to offer long-term care. This title does two things. First, it ensures that caregivers will continue to receive their Social Security credits while they are caregivers. Second, while the caregiver is unemployed he or she will be credited with the arithmetic average of his or her previous three years of employment as a contribution to income.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

SPEECH OF

HON. LORETTA SANCHEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2606) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes:

Ms. SANCHEZ. Mr. Chairman, today the House considered the Foreign Operations Appropriations Bill for fiscal year 2000. One issue of great concern to me was the absence of funding for the Community Adjustment and Investment Program (CAIP) in this appropriations bill. The CAIP is a way of helping communities that are negatively impacted by NAFTA.

With NAFTA came hard times for many areas around the country. Businesses moved operations to Mexico, leaving thousands of Americans without jobs and many communities in economic distress.

The CAIP program allows NAFTA affected communities to receive funding for job training and investment capital for job creation. Providing workers with the skills to acquire new jobs, and providing the communities with the funding to establish new enterprises, will help to bolster the economies of many NAFTA impacted areas. President Clinton understood this when he requested that the CAIP receive $17 million in his fiscal year 2000 budget.

NAFTA was supposed to increase economic prosperity for everyone involved in this agreement. The least we can do in Congress is to make sure that those American workers who were negatively impacted by NAFTA have a chance to succeed as well. The CAIP is a program which helps to achieve that goal.

I am hopeful that my colleagues will realize the importance of CAIP and ensure that it will receive funding when this bill goes to conference.

A TRIBUTE TO MANUEL A. ESQUIBEL

HON. CALVIN M. DOOLEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. DOOLEY of California. Mr. Speaker, I rise today to pay tribute to Manuel A. Esquibel, who is retiring this month from his position as City Manager of Selma, California. He has dedicated his life to improving the quality of life for Selma residents.

Mr. Esquibel was born and raised in Colorado, and earned a degree from the University of Southern Colorado. He has served in local government for over 25 years, holding the positions of Assistant City Manager of Pueblo, Colorado, and later City Manager of Lindsborg, Kansas.

In 1990, Mr. Esquibel began his current position as City Manager of Selma, California. During his tenure in Selma, he has developed an effective community team approach and a motivational management style, generating excellence among city staff members.

Mr. Esquibel has been a leader in promoting economic development in Selma, participating in the "Team Selma" program, which led to the creation of over 3,500 new jobs. During his term as City Manager, Selma has received regional, state, and national recognition in the promotion of economic development. Mr. Esquibel played a critical role in planning President Clinton's successful visit to Selma in 1995.

Mr. Esquibel's tremendous dedication to Selma is surpassed only by his dedication to his family. He and his wife, Beverly, have two children—Renee and Tony—and four grandchildren.

Mr. Speaker, I ask my colleagues to join me today in congratulating Manuel Esquibel for his tireless service and countless contributions to the City of Selma. We wish him nothing but the best as he retires from a long and successful career in public service.

A TRIBUTE TO THE LATE STANTON CRAIG HOEFLER

HON. GARY G. MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. GARY MILLER of California. Mr. Speaker, I rise today to honor the late Mr. Stanton Craig Hoefler, who passed away on February 17, 1999 of natural causes. Born in San Francisco on February 18, 1924, Mr. Hoefler attended Lowell High School and joined the Army Air Corps in 1942 where he flew with the "Mighty 8th" as pilot in command of a B–17 bomber over Germany. He completed his tour and later flew photo-recon aboard P–51's.

In 1976, Mr. Hoefler became the curator of the Yanks Air Museum where he was responsible for the restoration of many Golden Years and World War II airplanes. Among these are the Curtiss Jenny, Ryan B–1, Stearman 4–D, AT–6, F6f "Hellcat", P–38 "Lightning", P–40 "Warhawk", P–47 "Thunderbolt", the P–63, and the Dauntlas SBD to name just a few. He became an expert in the aircraft restoration field and his accomplishments have been featured in aviation periodicals around the world.

Stanton Craig Hoefler is survived by his wife Phyllis of Phillips Ranch, five children, and nine grand-children. Memorial services were held on February 25, 1999 at the Yanks Air Museum in Chino Hills, CA.

Mr. Speaker, he will be sorely missed.

KING HASSAN II OF MOROCCO—AN APPRECIATION BY DR. JOHN DUKE ANTHONY

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. LANTOS. Mr. Speaker, on July 23, His Majesty King Hassan II of Morocco passed away and his son, Sidi Mohammad ben Al Hassan assumed the throne of Morocco.

I would like to call the attention of my colleagues to a particularly thoughtful and insightful essay on the role of King Hassan and his positive impact upon Morocco. The essay—"The Passing of Morocco's King Hassan II"—was written by Dr. John Duke Anthony, the president of the National Council on U.S.-Arab Relations, secretary-treasurer of the U.S.-Gulf Cooperation Council Corporate Cooperation Committee, and a distinguished American scholar of Middle Eastern affairs.

Mr. Speaker, I ask that Dr. Anthony's essay be placed in the RECORD, and I urge my colleagues to reflect upon his discerning appreciation of the role and significance of the reign of King Hassan II.

THE PASSING OF MOROCCO'S KING HASSAN II

(By Dr. John Duke Anthony)

In the history of America's foreign affairs, a long-running chapter with Morocco, one of our country's oldest and most important allies, closed and a new one opened this past week.

The King of Morocco, the first country to recognize the fledgling U.S. republic during the Administration of President George Washington, was laid to rest.

As anticipated, accession to the kingship of King Hassan II's eldest son and Heir Apparent, the 36-year old Moulay, now King, Mohammad VI, proceeded smoothly and effectively. Also as expected, no significant changes in Morocco's domestic and foreign policies are envisioned at this time.

What, if anything, are the implications for American and other international interests in the passing of Africa's and one of the Arab and Islamic world's longest-serving heads of state?

At first glance, the most important certainty is the certainty that key Moroccan policies are likely to continue as before.

In this, for the many who have applauded some of the routes less traveled that Morocco chose to traverse for the past decade—in the areas of constitutional reform, economic liberalization, political pluralism, advancement of human rights, the pursuit of a just and durable peace between Arabs and Israelis—there is comfort.

For those who pray and plot for the quicker rather than later passing of hereditary systems of governance—for the demise of the Arab and Islamic world's emirs, shaikhs, sultans, and monarchs—their day, certainly with regard to Morocco, appears to be no nearer to hand than before.

Indeed, a case can be made that, in large measure because of the timeliness, relevance, and overall popularity of the late King's reforms, the imminence of the Moroccan monarchy's political demise is even more distant than it was when Hassan II succeeded his father as King of Morocco in 1960.

To say this is but to underscore the extent to which the Middle East has become so topsy-turvy within the adult lifetime of a single person: the late King of Morocco.

Had Hassan II lived and chosen to speak his mind on the subject, it's likely that he would have agreed with Diogenes, who is alleged to have requested that he be "buried with my fact to the ground, for in no time at all the world will likely be upside down."

There are ironies here. For one, search any library on the Middle East from the mid-1950s onward, and the work of one political science author to the next will be shown as having predicted with a certainty bordering on arrogance that, in short order, all the Arab world's dynasts would be overthrown, blown away as so many will-o'-the-wisp dandelions into the dust.

Conventional wisdom of the day postulated that the wave of the future belonged to the Nasirists and their camp followers from Morocco to Muscat, from Baghdad to Berbera, from Aden to Algiers and Aleppo in between.

Pundits prognosticated that the coming generation, nowadays' nineteen nineties—yesterday's tomorrow—would be led not by Hassan II and his dynastic counterparts, or anyone else whose lot was hereditary, but, rather, by the proverbial middle class military officer, the khaki-clad knight on horseback.

But, in Morocco, as elsewhere in the Arab world, this was not to be. That it proved not to be the case was in large measure because Hassan II was not bereft of equestrian political skills of his own.

That those who sought to precipitate the late King's political demise failed in the end was not, however, for lack of trying. Twice, in 1970 and again in 1971, they came close to succeeding. Nor, for that matter, can it be said that they truly failed.

Indeed, the King's opponents can claim credit for having quickened his conscience andcommon sense to realize Morocco's national interests dictated that he institute sweeping constitutional, political, economic, and human rights reforms.

Few developing countries have traveled as far and as fast in reforming the underpinnings and trappings of its economy and socio-political system as Morocco in the last decade of the late King's reign.

In the past few years, a steady stream of American leaders have become eye-witnesses to the ongoing implementation of a range of economic and political reforms launched during the era of Hassan II.

Together with Tunisia, Morocco has been a pacesetter in embracing the economic precepts of globalization and in forging a multifaceted trade and investment relationship with the member-states of the European Union.

In heightening their awareness of the opportunities for American businesses in the "new Morocco," U.S. Congressional Representatives and staff have not been far behind. In March 1999, 110 Members of Congress signed a "Congressional Friends of Morocco" letter to President Bill Clinton. Shortly afterwards, First Lady Hillary Clinton visited Morocco, Egypt, and Tunisia.

In keeping with this momentum, Under-Secretary of State for Economic Affairs Stuart Eizenstadt visited the region and articulated a vision of enhanced foreign investment, liberalized trade arrangements, and regional economic cooperation between the U.S. and three Maghreb nations—Algeria, Morocco, and Tunisia.

It is too soon to gauge the full measure of the legacy that Hassan II bequeathed to his son and the Moroccan people. However, beyond the fact that the baton of national leadership has been passed to the new king, Mohammad VI, and with it the task of governing one of the developing world's most fascinating and important countries, there is much else of interest and value for Americans and others to ponder.

Consider for a moment the following. Morocco is a country that is at once African, Arab, Maghrebian, Mediterranean, Middle Eastern, and Islamic. Its international strategic importance is underscored by its coastal frontage and twenty ports on two of the world's largest and most fabled seas.

Moreover, Morocco's geography and natural resource base—with its mountains, valleys, rivers, trees, and verdant fields—are as variegated as any in the developing world. Its people are the heirs of an extraordinarily rich culture and heritage that, long before we became an independent nation, had links to our own.

Within Morocco's archives, and continuing to this day in the country's international relations, is abundant and ongoing evidence of a record of friendship with the United States and the American people that, among the world's politics, is second to none.

The implications of the change in Morocco's leadership for American national interests are that the U.S. needn't change any of its policies toward this oldest among contemporary Arab kingdoms.

They are to underscore the value of Morocco's having stood by the U.S.—and the U.S. having stood by Morocco—throughout the Cold War and after, and our joint commitment to remain each other's ally in the future.

They are to take heart in the realization that, if anything, the new King, who is no stranger to the United States and American values, is likely to work even harder at strengthening the U.S. Morrocco relationship.

The implications of the smooth and effective passing of the mantle of leadership from father to son, as had been envisioned all along, were encapsulated in the act of Presidents Clinton and Bush walking with other heads of state behind the King's coffin on the day of his funeral.

They lie in the predictability of continued American national benefit from the leadership of a ruling family that, from the time of Eisenhower's visit to Morocco in the midst of World War Two, straight through until the present, has never buckled when the going got rough.

They lie in the agreement of American and Moroccan foreign affairs practitioners on the ongoing relevance of a leader with the courage to act upon her or his convictions. In Hassan II, the world was blessed with a visionary and dedicated leader who never shied from tackling the controversial issue of Middle East peace.

Longer than any other living Muslim leader, the late king, always far from the limelight, generated an immense amount of trust and confidence among Arab and Jew alike.

In the end, Hassan II will be remembered for many things. Among them, not least will be the fact that, for more than a quarter of a century, he worked tirelessly at nudging, but never shoving, the protagonists much nearer to an enduring peaceful settlement than would have been likely had he, and now his son, upon whom the burden falls to continue the effort, not passed our way.

TRIBUTE TO MRS. MARILYN JONES MORRING OF HUNTSVILLE, ALABAMA

HON. ROBERT E. (BUD) CRAMER, JR.

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. CRAMER. Mr. Speaker, I would like to take this opportunity to recognize Mrs. Marilyn Morring of Huntsville, Alabama, for her many years of outstanding service to our community.

In the Huntsville community, Mrs. Morring is an emblem of education. She has lovingly devoted 25 years of her life to the service of imparting wisdom and a love of learning to the children of our community. In her many years of teaching both in public and private schools, Mrs. Morring taught every subject from sixth to twelfth grade, produced musicals for the school and initiated an organized a bus tour to Washington, D.C.

In her modest and selfless manner, Mrs. Morring has touched the lives of so many families in my district. To me, she symbolizes the model educator, dedicated, intelligent, caring and leading by example. Her reflections on her long career in education exemplify the simple joy she finds in children, teaching and life; ". . . by teaching others I learned about my own self, my community, and about other people. I made life-long friends and have watched with great satisfaction the lives and achievements of the young people I taught."

This is a fitting honor for one who has instilled in several generations of Huntsville citizens a respect and understanding for history and government. In 1982, her school honored her by establishing the Marilyn J. Morring History and Alabama Government Award.

Mrs. Mooring's volunteer work has been essential in building the quality of life the people of Huntsville enjoy today. Described as the "glue" that holds it all together, Mrs. Morring has given of herself in countless capacities including the Huntsville Symphony Orchestra, the Huntsville Museum of Art, the Huntsville Public Library, Burritt Museum, the Leukemia Society and the Arts Council. In 1996, she won the prestigious Virginia Hammill Sims award. Her nominators said it best, "For over 46 years she has been a part of the beginning, growth and development of the cultural 'best' in this city, working tirelessly behind the scenes to make her home town a better place in which to live."

I want to offer my best wishes to Mrs. Morring and her family. She has indeed inspired me and countless other students old and new to seek knowledge and to use that knowledge to serve others.

RECOGNIZING THE THOMAS AND BRIDGES FAMILIES

HON. ED WHITFIELD

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. WHITFIELD. Mr. Speaker, I rise in tribute to the Thomas and Bridges families, who will come together for their 28th reunion in Cadiz, Trigg County, KY, this weekend.

Drury Bridges brought his family to Kentucky from North Carolina in 1804. James Thomas, Sr., also a North Carolina, came 2 years later. Both patriarchs had taken part in the struggle for independence during the Revolutionary War, but they had never met until they acquired land grants near each other in a portion of Christian County that in 1820 would become Trigg County.

With the passing of time, three of the Bridges children married three of the Thomas children, the beginning of family connections that remain strong today.

During the almost 200 years since these two families chose Trigg County as their home, they and their descendants have made invaluable contributions to the cultural, religious, educational, and political life of the count

It is my honor to represent these distinguished families in the Congress of the United States and I am proud to introduce them to my colleagues in the House of Representatives and recognize their patriotism and civic leadership.

OMNIBUS LONG-TERM HEALTH CARE ACT OF 1999

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. STARK. Mr. Speaker, today, Representative ED MARKEY, I and others are introducing legislation that will affect the qualify of life for all Americans with long-term health care needs. Each day, millions of families struggle as they care for their loved ones who suffer from chronic and debilitative diseases. Alzheimer's disease, Parkinson's disease, multiple sclerosis, and the ravages of old age make many people dependent on others for their basic care. We legislators have a fundamental obligation to act decisively to ensure the quality of life for all citizens, especially those who can no longer care for themselves.

The simple fact is that we need to act now to avoid the "baby boomer" crisis in long-term health care. As Professor Ken Thorpe testified before the Senate Finance Committee on May 26, 1999,

> The number of persons requiring assistance due to physical, cognitive or other disabilities is expected to rise from 7 million today to over 15 million by the year 2030. Our current patchwork of programs funded through Medicare and Medicaid are not well positioned to meet the demographic challenges that await us.

There are no "good-old" days we can turn to and proclaim as the golden age of care for the elderly. The simple fact is that old age and the need for long-term care is a modern phenomenon. In the 1930s, the life expectancy of most people was around 65 years. Consequently, previous generations did not have to confront the prospect of tens of millions of citizens needing long-term care.

Current estimates greatly expand the life expectancy of Americans. A man born in 1957, the height of the baby boom, can expect to live to 78. A woman born the same year will live to 85, an additional 7 years. Improvements in general public health and medical practice, and changes in life style will continue to extend the average age that people can expect to live. The practice of medicine has witnessed monumental changes during recent decades. What was once considered medically impossible is now common place. Lifestyles have changed as well. Our constituents are learning to ignore the lies spread by cigarette manufacturers and are turning away from this deadly habit. Similarly, more Americans now understand how diet and exercise can improve their health and extend their lives.

A common urban legend we must avoid is the belief that families gladly dump their parents into nursing homes as a ready convenience. The truth is that families want to look after each other and use nursing homes only as a last resort when the burden of care is beyond their control. The majority of the persons with long term health care needs continue to live in their home. Of the extreme elderly, those 85 and older, only 21 percent live in nursing homes. Most of those residents are not there by choice, but because they require skilled nursing services.

We need to focus on the facts and plan for the future. The end of World War II was the beginning of the baby boom. By 2010, those children born in 1945 will begin to retire. According to a recent CBO report, in the year 2010 there will be 40.6 million people over the age of 65—a 14 percent increase from the year 2000. The trend will continue. By 2040, there will be 77.9 million people over the age of 65, 118 percent more than in 2000. Indeed, the 85 and older age group is the fastest growing segment of the population. As the average age of Americans increases, the proportion of citizens with disabilities will also increase. According to the CBO, by 2040 over 12% of the elderly will be disabled by a physical or mental condition. The growth in the number of persons with Alzheimer's disease illustrates the need to develop a comprehensive long-term care program.

As many as 4 million of the nation's elderly currently suffer Alzheimer's disease. Unless someone finds a cure for this condition, the numbers are sure to grow. Within the next 20 to 30 years there may well be over 14 million persons with this terrible disease that slowly destroys the brain. According to recent surveys, over 50 percent of persons with Alzheimer's disease continue to live with a relative or spouse who sees to their day-to-day care. This personal care may last for many years and represents the equivalent of a full-time job.

Most Americans neither understand nor have prepared for their long-term care needs. Many of our constituents do not understand the difference between Medicare and Medicaid. They also have many misperceptions of the benefits available from Medicare. The general public does not understand that Medicare does not provide for long-term care. This error is compounded by the fact that most people mistakenly believe that their health care will cover their long-term care needs. For these reasons, and many others, Americans do not have sufficient financial resources to pay for long-term care.

Women are especially hard hit by the lack of planning for long-term care. In general, women live longer, earn less money, and are often required to be the primary care giver. The consequence is that they do not have sufficient resources to meet their own health care needs. Take as an example a young woman who decides to take time from her career, stay at home, and raise a family. The time out of the job market means that she is not earning an income and contributing to a retirement plan. In addition, she is not contributing to social security. Finally, she is not keeping pace with her career and her salary will be less than those who remained in the work force. When this women retires, her Social Security benefits will be far less than a man the same age who worked uninterrupted his adult life. Moreover, this women will not have comparable financial assets including pensions and health care insurance. All too often, women then deplete their retirement savings and assets paying for the ailing husband's long-term care needs. Anyone who believes that women now enjoy equal opportunity is woefully ill-informed.

These facts and trends lead to a clear conclusion: We must plan for the future and act decisively now. If we do not, millions of our fellow citizens will face catastrophic health care problems without ample financial and social support.

We cannot depend on single simple-minded solutions. Neither private insurance nor Medicaid can cover long-term care to any meaningful extent. Long-term care insurance is a shell game of dollar trading. Those who can afford these policies are usually better off investing their money in other ventures that produce better financial yields. Those who need long-term care typically cannot afford the insurance. Those who are young enough to afford the policies typically have other pressing financial obligations including raising a family, mortgages, and college tuition. Any mandate to require folks to buy long-term insurance is a regressive tax hidden behind a fancy name.

We cannot count on Medicaid as it is the resource of last resort. Patients cannot use this benefit until they have exhausted all their personal resources. Do we really intend to demand that people face financial ruin to maintain health care? Suffering a severe physical or mental health problem is stressful enough, we should not further burden patients with the anxiety surrounding financial disaster.

Mr. Speaker, my colleagues, we have the opportunity to create the golden era for long-term care, but we must start now. The legislation that we offer today sets the stage for better long-term care.

Our legislation recognizes that there is no single quick fix for long-term care. For this reason, we propose a range of legislative initiatives that, when combined, offer a comprehensive package. We describe the details of the Comprehensive Long Term Health Care Act elsewhere in today's RECORD. We hope that our colleagues and advocacy groups will join in support and in recommending refinements and improvements.

SILK ROAD STRATEGY ACT OF 1999

SPEECH OF

HON. DAN BURTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 2, 1999

Mr. BURTON of Indiana. Mr. Speaker, the House, today, considered H.R. 1152, which seeks to promote free market policies in the new republics of Central Asia and the Caucasus and to encourage foreign investment, increased trade and other forms of commercial ties between the countries of these regions and the rest of the world.

These are praiseworthy objectives, and legislation expressing U.S. support for the fledgling democracies of the Silk Road region deserves priority attention. Consequently, I support the goals of H.R. 1152, the Silk Road Strategy Act of 1999.

At the same time, however, many companies from OECD countries, including the United States, have substantial direct investments in several of the Silk Road countries and are not being accorded fair treatment. Investment contracts are not being honored, export permits are not being issued and de facto nationalizations of foreign investment have occurred. In several instances, formal complaints have been lodged by investors through U.S. and other embassies in the region.

In an effort to discourage this kind of mistreatment, the International Relations Committee amended the bill to include language conditioning U.S. assistance on the fair treatment of foreign investors. Specifically, the amendment requires recipient governments to demonstrate "significant progress" in resolving investment and other trade disputes that have been registered with the U.S. Embassy and raised by the U.S. Embassy with the host government.

I was pleased to sponsor this amendment, because without it the Silk Road bill could have caused the beneficiary governments to conclude that they had a green light to renege on commitments to foreign investors, jeopardizing hundreds of millions of dollars of investments. In this regard, a number of pension plans have investments in companies doing business in countries such as Kazakhstan. The average worker participating in a pension is adversely affected as well, and this must stop.

As amended, this bill should send a strong signal that countries should not expect to receive U.S. assistance if they mistreat companies that provide critical investment capital and employment opportunities.

Mr. Speaker, I urge my colleagues to support H.R. 1152.

CONGRATULATING MS. TAMMARA DEANE' CRAWFORD ON HER SELECTION AS A 1999 DEBUTANTE OF DELTA SIGMA THETA SORORITY

HON. RICHARD H. BAKER

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. BAKER. Mr. Speaker, I rise to congratulate a constituent of mine, Ms. Tammara Deane' Crawford on her selection as a 1999 Debutante of Delta Sigma Theta Sorority. Ms. Crawford is to be commended for her accomplishment and is, in my opinion, very deserving of this honor.

Ms. Crawford is sixteen years old and is a senior at Woodlawn High School in Baton Rouge. She sets the example for many of her classmates by being involved in both the Student Government Association and the Woodlawn High School track team.

Not only has Ms. Crawford been a positive example to her peers at Woodlawn High School as a scholar, a student leader, and an athlete, she is also a shining example to her community. Ms. Crawford, in her spare time, is an active member of St. Francis Xavier Catholic Church, the Louisiana National Association for the Advancement of Colored People, the African American Christian Youth Organization, and the Baton Rouge Area Girl Scouts of America. In addition to her involvement with these community organizations, Ms. Crawford also volunteers her time with the Volunteens as well as teaching the proper handling of horses at a local camp, Camp Marydale.

Mr. Speaker, Ms. Crawford represents everything that is right with our youth in America. At a time when the news regarding our young people is so disturbing, and quite frankly depressing, it is refreshing to take the time to look at young women like Ms. Crawford who not only recognize the need to excel in their studies, but also recognize the need to become involved in society at large. I am proud to know that she is a constituent in Louisiana's Sixth Congressional District and I am proud to have this opportunity to recognize her achievements.

Mr. Speaker, I know that you and all of my colleagues in the House of Representatives join in congratulating Ms. Tammara Deane' Crawford upon her selection as a 1999 Debutante of Delta Sigma Theta Sorority. I know that she has made her parents, Eddie and Myra, and her sister and brother, Taylor and Timothy very proud.

WILLIE MORRIS, FAMED MISSISSIPPI WRITER PASSES AWAY

HON. RONNIE SHOWS

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. SHOWS. Mr. Speaker, this morning I stand before you, my colleagues and the American people with sad news. One of our nation's greatest artists has passed away. Yesterday, Willie Morris died. Willie lived in my district down in Jackson. Willie will always live, Mr. Speaker, in the hearts of thousands around our planet who have read his words discovering a world of penetrating wit, warm memories, and prose that can bring the angels to earth and soothe our longings to connect with our broader world.

Willie Morris grew up in Yazoo City. We know about small town America in the 1950's because Willie told us about it. He told us about childhood friends like Bubba and Henjie. And he let us remember the loving wags and pants of childhood pets like his beloved dog Skip. We remember an America that only children can recall; an America of simple dreams poised to enter the turbulent period we call the sixties. Willie's memories were our memories—Christmas with Uncle Percy in Jackson, the smell of turkey and talk of baseball, high school football on cool autumn nights, and those first dates with sweaty palms and nervous laughs. How can we thank Willie Morris enough for putting our memories on paper?

Willie gave us the sixties as a student at the University of Texas and a Rhodes Scholar in England. We came of age with Willie as he recalled campus ramblings and long road trips. Willie Morris told us about the reality of America and being a young person finding his place in the greater American family. We see ourselves seeking to understand and find our places in the words of Willie.

When Willie Morris became editor of Harper's Magazine, he was the youngest to do so in their history. He led Harper's through the late 1960's and early 1970's with courage and honesty. He addressed the tough issues of the day and refused to cave in to conventionality for the sake of getting along. We met Truman Capote, Bill Styron, and so many others through Willie's essays. In broadening his world, ours was enlarged as well.

Following his years in New York, Willie became Writer-in-Residence at Ole Miss and finished his years in Jackson. His commitment in encouraging and bringing out the best of Mississippi's collective nature was impactful and profound. He mentored and gave us new Southern writers like Donna Tartt. Willie made us laugh at ourselves. He brought us together as one.

I think Willie Morris let us embrace our Southernness in the context of being a member of the entire American family. In his prose, Willie was honest about himself and his culture. Yet while embracing the truth, Willie made us proud of our accomplishments, our potential and ourselves. He was a visionary who could make the past alive and relevant while caring for the people and events of the present.

We will always remember and have Willie Morris at our side. We will read the pages of North Toward Home, The Courtship of Marcus Dupree, My Dog Skip, and his many other books and essays with a reverence and realization of our place in the world. Willie Morris was our bridge between past and present, and our voice for the better angels in us all. He always will be.

HONORING ALAN KARCHER, ARCHITECT OF NEW JERSEY'S LEGISLATURE

HON. RUSH D. HOLT

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. HOLT. Mr. Speaker, I rise today to direct the attention of my colleagues to the accomplishments of Central New Jersey's Alan Karcher, who died on Monday, July 26 at the age of 56.

Mr. Karcher, a dedicated member of the Democratic Party, represented the city of New Brunswick and the rest of the 19th Legislative District in the New Jersey Assembly for seventeen years.

His years of service had a lasting impact on the politics of my state. As Lou Rainone, a friend, aide, and law partner to Mr. Karcher, has said, Mr. Karcher was "the architect of the modern legislature in New Jersey. He made the Legislature an equal branch of government with the Governor's administration."

Governor Christine Todd Whitman agrees. On Tuesday, she ordered state government flags flown at half-staff for the remainder of the week, and remarked that Mr. Karcher "was a worthy and capable adversary who truly embodied the spirit of the loyal opposition."

Mr. Karcher began his remarkable political career early in life. In 1966, while still a student at Rutgers University Law School, Mr. Karcher served as Secretary to the President of the New Jersey Senate. After several more years of staff service to the legislature, Mr. Karcher was elected to office himself in 1973. Mr. Karcher went on to become Majority Leader in 1980 and Speaker of the Assembly in 1981.

A political upset in 1985 brought the Republicans a majority in the assembly and removed Mr. Karcher from the Speaker's chair. Yet Mr. Karcher continued to serve in New Jersey politics, campaigning unsuccessfully for the Democratic Governor's nomination in 1989 and serving in the Democratic National Convention in 1984 and 1988. Mr. Karcher retired from the New Jersey Assembly in 1990.

Mr. Karcher's service to his state and country did not end there. In 1990, Mr. Karcher accepted an appointment as a fellow in residence at the Institute of Politics at Harvard University's John F. Kennedy School of Government. He wrote two books on political issues and helped found the successful Sayreville law practice of Karcher & Rainone. In 1987, he served as an appellate counsel for Mary Beth Whitehead-Gould in the historic "Baby M" surrogate-mother case which was successfully argued before the New Jersey Supreme Court.

After retiring to Princeton, New Jersey several years ago, Mr. Karcher's last great accomplishment was to rebuild the Democratic party of Mercer County, where in 1998 he helped to bring about my own upset victory against a favored incumbent.

Mr. Speaker, Alan Karcher's life was a model of public service, commitment, and political integrity. He stands as an example to us all, regardless of party and persuasion. I hope that my colleagues in the House will join me and other Central New Jerseyans in extending our gratitude and condolences to Mr. Karcher's friends and family.

HONORING DR. JOE TARON

HON. WES WATKINS

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. WATKINS. Mr. Speaker, I rise today to honor Dr. Joe Taron, a faithful servant of the people of Pottawatomie County, in the Third Congressional District of the Great State of Oklahoma. Dr. Joe has committed his life to improving the quality of life of the people around him, and his accomplishments over the years are considerable.

For 23 years Dr. Joe's vision, hard work, perseverance and leadership have been the inspiration of the effort of build the Wes Watkins Reservoir near McLoud, Oklahoma, to provide a permanent new water source to the citizens of Pottawatomie County. On Monday, August 9, the lake will be officially dedicated, providing not only a valuable new source of drinking water to the cities of Shawnee and Tecumseh, but also providing the citizens of Pottawatomie County and the people of central Oklahoma with a great recreational resource for swimming, boating and fishing.

I am proud to call Dr. Joe my friend. He is a wonderful "role model" for our children and grandchildren, and our country is a better place because of his work to help those around him. Mr. Speaker, I rise today to honor Dr. Joe Taron for his outstanding commitment to his community, state and country. I urge my colleagues to join me in wishing Dr. Joe many more years of continued joy and happiness.

THE ANTHRAX ISSUE IN THE DEPARTMENT OF DEFENSE

HON. WALTER B. JONES

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. JONES of North Carolina. Mr. Speaker, earlier today, a number of my colleagues joined me in a press conference to discuss an issue that I believe may jeopardize the readiness of our military—the Department of Defense Anthrax Vaccination Immunization Program.

Mr. GILMAN, Mr. BURTON, Mr. FILNER, Mr. METCALF, and Mr. HAYES all joined me to express our shared concerns over the mandatory anthrax vaccination program.

I wanted to take a few moments to share some of my thoughts on the press conference and the anthrax issue as a whole.

In March of this year, I met with a number of reservists from Seymour Johnson Air Force Base in the Third District of North Carolina, which I am proud to represent, to hear their concerns about the mandatory anthrax vaccination program.

After listening to their concerns, I contacted Secretary Cohen and requested the program be halted until the questions surrounding the program could be answered.

The Department denied my request. It also failed to address my concerns.

Mr. Speaker, all branches of the military are currently experiencing great difficulty in recruiting and retaining quality military personnel.

Since the announcement of the mandatory vaccination program in 1997, growing numbers of military personnel—particularly Guard and Reservists—are choosing to resign rather than take what may be an unsafe anthrax vaccine.

Now, military personnel across the country are struggling with their options: take the vaccine or leave the service.

Unfortunately, too many are choosing the latter.

At Travis Air Force Base alone, 32 pilots in the 301st Airlift Squadron have resigned or are planning to do so because of the anthrax vaccine.

That is more than a fifty percent attrition rate.

The Air Force estimates it costs $6 million to train each pilot.

If this figure holds true, the United States is losing over $190 million dollars worth of training and over 450 years worth of combined experience in the cockpit!

These statistics are not isolated to one unit or one base.

A recent Baltimore Sun article reported that as many as 25 F–16 pilots of 35 pilots in the 122nd Fighter Wing of the Indiana National Guard might refuse the vaccination. This could effectively ground the squadron.

At least one-third of the F–16 pilots in the Wisconsin National Guard's 115th Fighter Wing is expected to refuse the vaccinations.

Another Air National Guard unit in Connecticut reportedly lost one-third of their pilots for the same reason.

The active duty force is also plagued by this problem.

Fourteen Marines in Hawaii and at least a dozen in California have refused the vaccine and are awaiting likely court-martials and dishonorable discharges.

Other reports indicate that even the Department of Defense estimates several hundred active personnel have refused the vaccine and are awaiting disciplinary action.

In a time when all branches of our military are faced with severe challenges in recruiting and retaining quality military personnel, we should be looking for ways to recruit and retain these men and women, not drive them away.

For this reason, Mr. GILMAN and I each introduced separate pieces of legislation to address the problem.

My legislation, H.R. 2543, the American Military Health Protection Act, would make the current Department of Defense Anthrax Vaccination Immunization Program voluntary for all members of the Uniformed Services until either: (1) The Food and Drug Administration has approved a new anthrax vaccination for humans; or (2) the Food and Drug Administration has approved a new, reduced shot course for the anthrax vaccination for humans.

Mr. GILMAN's legislation, H.R. 2548, stops the vaccination program until the National Institutes of Health has completed additional studies.

However, today's press conference was not about pushing a single bill. Instead, we were there today because despite our respective differences, there is solidarity in our goals.

Each of the men and women at the press conference represented differing views on how to best deal with the anthrax vaccination program.

Yet, we all agreed on one point: The mandatory anthrax program must be changed!

For that reason, today Mr. GILMAN and I were able to announce our joint efforts to secure a hearing in the Armed Services Committee on our respective legislative proposals.

If our American men and women are willing to risk their lives to defend this great nation, the least we can do is ensure their questions of safety have been adequately answered before requiring them to take it.

It is important to respond to this issue before a small readiness problem affects the entire force.

I am hopeful that all of our colleagues will join us in working to achieve that goal.

TOBACCO AND U.S. INTELLIGENCE ISSUES

HON. BERNARD SANDERS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. SANDERS. Mr. Speaker, I submit for printing in the RECORD statements by high school students from my home State of Vermont, who were speaking at my recent town meeting on issues facing young people today. I believe that the views of these young persons will benefit my colleagues.

TOBACCO

(On behalf of Sara Sinclair)

Sara Sinclair: Hi. My name is Sara Sinclair.

I'm here to talk about an issue that in many ways relates to nationwide health care, and in many ways would make it more feasible, and that is tobacco control.

Right now in the state of Vermont, 36 percent of our peers are addicted to nicotine, which is the active drug in tobacco. 2,000 of us become addicted to it every year, and roughly 12,000 of us, alive and in high school now, will die because of tobacco use. And personally, that scarce me a whole bunch.

I remember when I was in elementary school—I will be graduating next year; I am a junior this year—and we were the Smoke Free Class of 2000. In elementary school, we had all these wonderful programs, and everyone said, "Okay, I'm not going to smoke,I'm not going to smoke." And as time wore on, we got into high school, and the program sort of fell away. And now I look at my peers, and I see a huge number of them addicted to tobacco. Their skin is becoming wrinkled. They get shaky when they don't have their cigarette. They have this strong need for it.

And it's very frightening for me to see my peers addicted to that so early, and to know that they will probably suffer long-term effects from their tobacco use now. I have a ten-year-old sister right now who says, "I'm not going to smoke, I'm not going to smoke." And I hope she will be able to hold true to that. But I fear that, even if she does, that many of her peers won't.

I think that the government needs to take strong steps to prevent tobacco use in children and in teens, because it is a very serious issue. And even though people say, sometimes, "Oh, teens are going to do whatever they want no matter what," there are effective programs out there. I believe, in the state of Massachusetts, the smoking rate amongst pregnant mothers was cut in half by one particular program. And I believe that there are effective programs out there that need to be organized by our government. Luckily, our state government here in Vermont has taken steps in that direction, but we need it on a nationwide level, we need it to be comprehensive, it needs to start before a child is in school, in their preschool, on television, in the newspapers, and it needs to continue right up through adulthood.

I also believe that there should be programs out there to help adults, like my father right now, who is addicted to nicotine and struggling with it. He is having an awful time quitting. And there needs to be a program out there to help people like him get rid of his addiction.

Congressman Sanders: Thank you for a very strong presentation.

U.S. INTELLIGENCE ISSUES

(On behalf of Bethany Heywood and Laura Freeman)

Bethany Heywood: How would you feel if a total stranger demanded your money and wouldn't tell you what it was being used for, but assured you it wouldn't be misused? Would you trust this person? Of course not. But this is essentially what the CIA does to the American taxpayer, and with their track record, we certainly shouldn't trust them to use our money properly.

Taxpayers don't even know how much money the CIA receives, although a rough estimate is $3.1 billion per year. In the past, the CIA has used a substantial part of its budget to finance covert operations, many of which we are just finding out about. Details of covert operations aren't declassified until decades after the actual event. Conveniently, by the time a covert operation is disclosed, any public outrage that might have erupted will have been squelched by the time lapse.

Whether they're in the past or not, some of the CIA's actions have been inexcusable: Assassinations, attempted assassinations, massive propaganda efforts to prevent undesirable people from winning foreign elections, operations to topple democratically elected foreign leaders from power, internal spying on American citizens, extensive mind control experiments conducted at universities, prisons and hospitals. The list goes on and on. Are these activities the government should be spending money on?

Although the CIA is prohibited from engaging in assassinations, attempts have been made to assassinate quite a few foreign leaders. Some of the targets have been Castro, DeGaulle, Khadafy, Khomeini and Hussein, just to name a few. One of the CIA's supposed restrictions is that its limited to intelligence operations on foreign soil only. Apparently, the CIA has trouble discerning foreign soil from American soil, because, in the 1970s, 300,000 Americans considered potentially dangerous to national security were indexed in the CIA computer. Citizens considered particularly dangerous were place under surveillance, with bugs in their phones, microphones in their bedrooms, or warrantless break-ins into their homes.

One way to stop the CIA's activities would be to cut CIA funding so there isn't enough for covert operations. Right now, the president can direct the CIA to undertake a covert operation, and is advised to do so by the National Security Counsel, or NSC. Members of the NSC are appointed by the president. This does not represent a diversity of people and ideas, because the president is going to pick people who will agree with him. If the members of the NSC were democratically elected, the abuse of power by a small group of like-minded individuals could be stopped.

Another way to make the decision of whether or not to go ahead with the covert operation more democratically decided would be to have congressional oversight. This might be seen by some as too great a threat to CIA authority, but would prevent unethical abuse of power.

The problems with CIA covert operations and abuse of power won't go away overnight, but steps can and should be taken to limit and hopefully eliminate covert operations.

Laura Freeman: I am speaking on the School of the Americas.

Would you willingly arm a murderer? Would you support the education of some of the worst human rights violators in this hemisphere? Would you finance a school which trained its graduates in the most effective ways to interrogate, including torture, blackmail and execution?

Whatever the answer of American citizens, every year, $20 million go from the taxpayers to a school that does exactly these things. The School of the Americas, or SOA, was started in Panama in 1946. Its original purpose was to train Latin Americans in military techniques, which would allow them to create stable democratic governments in Latin America, as well as repress communist activities and revolutions.

SOA students learn combat skills, military intelligence, commando tactics, sniper training, torture techniques, and psychological warfare. Most of the courses resolve around what they call counterinsurgency, states Father Roy Bourgeois, a priest who has dedicated his time to protesting the SOA.

Who are the insurgents? They are the poor. They are the people in Latin America who call for reform. They are the landless peasants who are hungry. They are healthcare workers, human rights activists, labor organizers. They become the insurgents. How do the graduates of the School of the Americas use their skills? They murder priests and archbishops, missionaries, and, perhaps worst of all, civilians, their own people.

With the advent of the SOA's move to Fort Benning, Georgia, the school has become something we are less and less able to disassociate from. As Father Bourgeois said: "We are talking about a school of assassins right here in our backyard, being supported by our tax money. It's being done in our name."

What can we do to clear our name of this stain? The answer is simple: Close the School of the Americas. We must act to save the lives of people all over Latin America. To quote Salvadorian Archbishop Oscar Romero, "We who have a voice, we have to speak for the voiceless."

THE INTRODUCTION OF THE OMNIBUS LONG-TERM CARE ACT OF 1999

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. MARKEY. Mr. Speaker, I am pleased to join my good friend PETE STARK today as we introduce a comprehensive long-term care bill. PETE and I have been concerned about the long-term care needs of seniors, near-seniors, and the disabled for quite some time—and PETE has been a real leader on this issue in the Congress. In the remarks Rep. STARK has made for the RECORD, he gives an excellent summary of our bill. We hope that our bill begins to get Congress and the American people focused on the issue of long-term care because doing something about people's long-term care needs will be one of our Nation's biggest challenges in the next century.

This bill contains a number of important provisions. It's got a $1,000 refundable tax credit for family caregiver expenses. The legislation makes some changes to Medicare which will result in the program being more useful to beneficiaries with chronic care needs that are best met in the home or in adult day care and other community-based settings. We clarify the definition of homebound. We've got provisions to enhance and ensure that our Nation's nursing homes are top-notch. We also incorporate President Clinton's proposal permitting Federal employees to buy long-term care insurance at group rates through the Office of Personnel Management and require that a plan be developed to allow all Americans to buy these types of policies—all the while paying special attention to the highest consumer protection standards. We have adopted the President's proposal to create a family caregiver support program through grants to the States. Our bill will extend Medicare eligibility to family caregivers who are qualified to receive the tax credit. And finally, we protect family caregivers who must leave the workforce to care for a loved one by making them eligible for Social Security credits to protect their retirement income.

This legislation is not perfect. We will need to iron out some kinks along the way. But it is a beginning. It will be expensive and we don't specify from where the money will come. Earlier this year, I proposed the 2 Percent Solution—using 2 percent of the projected future budget surplus to fund a long-term care program for in-home and community-based chronic care and respite care. I offered the proposal as an amendment in the Budget Committee and every Republican voted against it—a party line vote. The Republicans needed every penny they could find to pay for $800 billion in tax cuts. Surely, we can do better. This problem is not going to go away.

One of the greatest American achievements of the 20th century has been our ability to increase life expectancy. From the dawn of time to the year 1900, the average life expectancy in the United States was 47 years. Over the last 99 years, we have nearly doubled the life expectancy of Americans. We have done so with a massive infusion of Federal research dollars, and through thoughtful and compassionate programs that provide health care for millions of Americans—Medicaid and Medicare.

What of the quality of that longer life however? I believe we have a moral obligation to ensure that people who are living longer are not living sicker and poorer.

Today, Alzheimer's Disease is on track to wreak havoc on our nation's health care system and leave millions of American families in emotional and financial ruin. The disease affects over 4 million people nationwide and will affect as many as 14 million by 2050. Alzheimer's patients will symptomatically lose ability to perform routine tasks, and suffer impaired judgment, personality change and loss of language and communication skills. More than 7 out of 10 people with this disease live at home. Their caregivers are not wealthy, yet they spend on average $12,500 per year to support the person with Alzheimer's they are caring for. They work hard, but often must leave, reduce, or change employment to care for their loved ones. Ninety percent of Alzheimer's caregivers are giving care to a relative, and an overwhelming majority, 75 percent, of caregivers are women. Studies have shown that the typical family caregiver is in her 70's and has two chronic health problems.

Of course, the real tragedy of Alzheimer's is the human cost associated with the disease—it ravages patients and caregivers. For millions, being an Alzheimer caregiver means giving up more hours for more years and more money. It means less time, less energy, and fewer resources for other family members, for dear friends, and for the caregivers themselves.

Alzheimer's is now the third most expensive disease in our country after heart disease and cancer, and yet the federal commitment to Alzheimer's research is three to five times less than the commitment the government has made to research on those other diseases. Last year, I led the effort to have Congress increase Alzheimer's funding at NIH by $100 million—we got $50 million. This year I'm working to increase that funding by $100 million again.

Alzheimer's Disease is only part of the problem, however. We have a chronic care crisis in our country today. Without a coherent and comprehensive approach to care for people with disabling chronic conditions, this situation will only worsen. People with chronic diseases and disabilities will continue to suffer the consequences of deteriorating health if a strategy is not implemented to meet their long-term care needs.

As part of that strategy, we must recognize that there are thousands of spouses and other family members struggling to provide care for their loved ones in their homes each year. A new study in the latest issue of Health Affairs estimates the current market value of unpaid caregiving to adults who are disabled or chronically ill to be nearly $200 billion a year.

These family caregivers are heroes—they fill a virtual "no care zone" where loved ones have no chronic care coverage but still have chronic care needs that require monitoring, oversight, and assistance.

The cuts passed as part of the Balanced Budget Act have had a devastating impact on real people's lives. In my district, one hospital has closed and two have been radically altered—one of them became a "hospial without beds" performing only outpatient day surgeries and closing its emergency room and maternity ward. Home health agencies and community health centers are closing. And the community hospital system serving my hometown of Malden and the surrounding communities has slashed its home health visits from 470,000 in 1997 to 332,000 in 1998 and they estimate only 260,000 for 1999. 1,400 patients have been cut from the system's home health care roster.

The Congressional Budget Office is having a hard time explaining the remarkably slow rate of growth in Medicare. At the same time, the CBO has drastically miscalculated the level of Medicare cuts attributable to the Balanced Budget Act. The CBO now predicts that the BBA will result in $207 billion in "Medicare savings" over the 1997–2002 period, nearly double its August 1997 estimate of $112 billion. The collapse of Medicare growth will result, in budget terms, in over $63 billion in unanticipated savings in the next three years. These unanticipated savings should be redirected to their unintended victims.

Our plan will help to alleviate some of the pain caused by the BBA and ease the burdens of patients and families affected by conditions like Alzheimer's, Parkinson's, Congestive Heart Failure, Multiple Sclerosis, Cerebral Palsy, Spinal Cord Injury, Muscular Dystrophy, and Stroke to name a few.

Our bill will help these caregivers in many different ways—through refundable tax credits, and a change in Medicare to better meet beneficiaries' chronic care needs at home or in adult day care and other community-based settings to name just a few.

This legislation is not perfect. But it is a beginning. It will be expensive—but I think there is a compelling argument to be made that long-term care needs to be at the top of our priority list. In 1995, Republicans were prepared to let Medicare "wither on the vine." In 1997, in the mad rush to pass the BBA the Republicans said Medicare is too expensive, and by the way, we need to cut it to pay for a tax cut. So in 1997 they chose Millionaires over Medicare. Earlier this year, I proposed the 2 percent Solution—using 2 percent of the projected future budget surplus to fund a long-term care program for in-home and community-based chronic care and respite care. I offered the proposal as an amendment in the Budget Committee and every Republican voted against it—they said covering long-term care through Medicare is too expensive, and by the way, we need every penny to pay for $800 billion in tax cuts. So, despite a soaring economy that's filling the pockets of the wealthy, and despite the fact that the Republicans gave them a Balanced Budget Bonus in 1997, the 1999 atrocity is their choice of Billionaires over Beneficiaries.

What's worse, in 10 years, just as the first wave of baby boomers is set to retire—the price tag for the second 10 years of this year's Republican tax cut will explode to nearly $3 trillion. Surely, we can do better.

We have entered a new era in Washington—an era with surplus as far as the eye can see—an era when the stock market is soaring, unemployment is at record lows, and American prosperity is unparalleled in the world. We can afford to give America's caregiver heroes help—PETE STARK and I have a plan which will send the message to these heroes that help is on the way.

I am pleased to join in introducing this bill today. Rep. STARK and I will be devoting a lot of time and energy recruiting members who care deeply about the long-term care crisis in our country—together we will be working on solutions for patients, for caregivers, and for families managing the impact of chronic and disabling conditions on their everyday lives. We look forward to working with our colleagues in the weeks and months to come building the coalition and passing legislation to bridge the gap between need and coverage for people suffering from chronic illness and disability in our country.

OPPOSING THE BURTON AMENDMENT

HON. RUSH D. HOLT

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. HOLT. Mr. Speaker, for the last few years, my distinguished colleague from Indiana, DAN BURTON, has been introducing legislation to either eliminate or greatly reduce development assistance to India unless certain conditions with regards to human rights are met. These initiatives have never won the approval of the House.

Yesterday, we were slated to vote on amendment to the foreign operations appropriations bill that threatened to reduce development assistance to India under the Agency for International Development by 25 percent.

I rosé in opposition to this amendment.

As in the past, my colleague cited human rights abuses in India as the reason for his legislative initiative. While human rights abuses have been uncovered in India, it is important to note the significant progress India has made in resolving human rights problems, as noted in the State Department's human rights report on India.

In Punjab the serious abuses of the early 1990's were acknowledged and condemned by the Supreme Court. The Supreme Court delegated responsibility for investigation of these abuses in the Punjab to the National Human Rights Commission (NHRC), whose investigation continues. Prison visits by the International Committee of the Red Cross in Jammu and Kashmir are another example of government transparency.

India is addressing its human rights problems because it is a democracy—the world's largest. Although the country has confronted many challenges since gaining independence in 1947, it has stayed true to its founding principles. India is a model for other nations that are still striving to build civil societies, institutionalize democratic values of free expression and religion, and find strength in the diversity of their land and their people.

All this sets India favorably apart from other countries all over the world. It is incomprehensible to me why my colleague chose to single out the country that is particularly well prepared to address its human rights problems—and has shown the willingness to do so.

It is also incomprehensible to me why we would jeopardize the development assistance provided by the Agency for International Development. This development assistance is essentially humanitarian aid. Withholding this aid would have punished the same people his ill-conceived amendment sought to protect. Access to adequate nutrition, shelter, and education—the objective of our aid to India—is a human right as well.

It is for these reasons that I spoke in opposition to the Burton amendment last night. I am glad that my colleague withdrew his amendment in light of the overwhelming opposition he faced.

PERSONAL EXPLANATION

HON. CHARLES W. "CHIP" PICKERING

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. PICKERING. Mr. Speaker, on rollcall votes Nos. 360, 361, and 362, I was unavoidably detained. Had I been present, I would have voted "aye" on No. 360; "no" on No. 361; and "aye" on No. 362.

PERSONAL EXPLANATION

HON. MAJOR R. OWENS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 3, 1999

Mr. OWENS. Mr. Speaker, I was unavoidably absent on a matter of critical importance and missed the following rollcall votes:

On the amendment to H.R. 2606 by the gentleman from Colorado, Mr. TANCREDO, regarding the reduction of funding for international organizations, specifically UNESCO, I would have voted "nay."

On the amendment to H.R. 2606 by the gentleman from Texas, Mr. PAUL, to prohibit the use of funds in the bill for international population control or family planning activities, I would have voted "nay."

On the amendment to H.R. 2606 also by the gentleman from Texas, Mr. PAUL, to prohibit the export-import bank, the overseas private investment corporation or the trade and development agency from entering into new obligations, I would have voted "nay."

Finally, Mr. Speaker on final passage of H.R. 2606, the foreign operations appropriations, I would have voted "yea."

1999

ESCO, I

by the
prohibit
national
ctivities,

by the
prohibit
private
devel-
obliga-

sage of
propria-